

To All Shareholders:

Stock Code: 6645  
May 25, 2020

**Yoshihito Yamada**  
President and CEO

OMRON CORPORATION  
Shiokoji Horikawa, Shimogyo-ku,  
Kyoto, Japan

**CONVOCATION NOTICE FOR THE 83RD ORDINARY GENERAL  
MEETING OF SHAREHOLDERS**

We would like to extend our deepest sympathies to those affected by COVID-19, and we sincerely hope for their speedy recovery.

Notice is hereby given that the 83rd Ordinary General Meeting of Shareholders will be held as detailed below.

Instead of attending the Meeting in person, you may exercise your voting rights in writing or by electronic methods. You are kindly requested to examine the attached Reference Materials for the General Meeting of Shareholders and to exercise your voting rights no later than 5:30 p.m. on Monday, June 22, 2020.

\* Please note that there is no ballot attached to this translation.

1. Date: Tuesday, June 23, 2020, 10:00 a.m.  
(The reception is scheduled to start at 9:00 a.m.)
2. Place: Banquet room “Genji,” 3rd Floor of Hotel Granvia Kyoto (inside Kyoto Station building)  
Karasuma-dori, Shiokoji-sagaru, Shimogyo-ku, Kyoto
3. Agenda:
  - A. Reports
    1. The Business Report, Consolidated Financial Statements, and the Reports of the Accounting Auditors and Audit & Supervisory Board on the Results of Audits of Consolidated Financial Statements for the 83rd Fiscal Year (April 1, 2019 to March 31, 2020)
    2. Financial Statements for the 83rd Fiscal Year  
(April 1, 2019 to March 31, 2020)
  - B. Proposals
    - No. 1 Dividends from Retained Earnings
    - No. 2 Election of Eight (8) Directors
    - No. 3 Election of One (1) Audit & Supervisory Board Member
    - No. 4 Election of One (1) Alternate Audit & Supervisory Board Member

## REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

### Proposals and Reference Items

#### No. 1: Dividends from Retained Earnings

In aiming toward the sustained improvements in corporate value, the Company prioritizes investments in R&D expenditures, capital investments, and M&As, which are vital to OMRON's future growth, and ongoing efforts are made to enhance shareholder returns by securing the necessary internal reserves for these investments and taking capital efficiency into account.

For dividends in each fiscal year, OMRON's policy is to enhance stable and uninterrupted profit distributions based on consolidated results, the payout ratio, and indicators including dividends on equity (DOE), which is return on equity (ROE) multiplied by the payout ratio. Specifically, during the period covered by the medium-term management plan for fiscal 2017 to fiscal 2020 ("VG2.0"), the Company will pay dividends based on a payout ratio of approximately 30% and a DOE of approximately 3% as a guide.

The Company plans to pay a year-end dividend of JPY 42 per share, in view of business performance and upon consideration the DOE level and past dividend levels, in order to secure stable and continuous dividends. As the Company has paid an interim cash dividend of JPY 42 per share, total cash dividends for the fiscal year will be JPY 84 per share.

(1) Type of dividend assets:

Cash

(2) Item concerning allotment of dividend assets to shareholders and total amount of dividends:

JPY 42 per share of common stock. Total amount JPY 8,513,373,372

(3) Effective date of the dividend (First payment date for year-end dividend):

June 24, 2020

**No. 2: Election of Eight (8) Directors**

The terms of all eight (8) Directors will expire at the close of this General Meeting of Shareholders.

In this election, the Company will appoint one (1) new Director following the retirement of Director Ms. Kuniko Nishikawa.

The Company therefore requests the election of eight (8) Directors, including three (3) Directors (Independent).

The Company has established the Personnel Advisory Committee to enhance the transparency, objectivity and timeliness in the nomination process of candidates for Directors. In response to consultation from the Chairman of the Board of Directors, the Personnel Advisory Committee discusses and makes recommendations on the candidates for Directors in accordance with the election criteria. Reflecting the Personnel Advisory Committee's recommendations, the Board of Directors nominates the candidates for Directors.

The Director candidates are as stated on pages 4 to 13.

Candidate number	Name	Current position in the Company	Tenure as Director
1	<Reelection> Mr. Fumio Tateishi	Chairman of the Board	14 years
2	<Reelection> Mr. Yoshihito Yamada	Representative Director	9 years
3	<Reelection> Mr. Kiichiro Miyata	Representative Director	3 years
4	<Reelection> Mr. Koji Nitto	Director	6 years
5	<Reelection> Mr. Satoshi Ando	Director	3 years
6	<Reelection> Mr. Eizo Kobayashi <Outside Executive candidate> <Independent Officer candidate>	Director (Independent)	7 years
7	<Reelection> Mr. Takehiro Kamigama <Outside Executive candidate> <Independent Officer candidate>	Director (Independent)	3 years
8	<New election> Ms. Izumi Kobayashi <Outside Executive candidate> <Independent Officer candidate>	Director (Independent)	-

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
1	<p>Mr. Fumio Tateishi (July 6, 1949) Reelection Tenure as Director: 14 years Attendance at the Board of Directors meetings during fiscal 2019: 13/13 times (100%)</p>	<p>Aug. 1975 Joined the Company June 1997 Appointed Director June 1999 Retired as Director, appointed Managing Executive Officer June 2001 Appointed Senior General Manager of Corporate Strategic Planning H.Q. June 2003 Appointed Executive Officer and Executive Vice President, and President of Industrial Automation Business Company June 2008 Appointed Director and Executive Vice Chairman June 2013 Appointed Chairman of the Board (to present)</p> <p><i>Areas of responsibility, etc., in the Company:</i> Chairman of the Board of Directors Member of the CEO Selection Advisory Committee</p> <p>&lt;Reasons nominated as a candidate&gt; Mr. Fumio Tateishi serves as Chairman of the Board of Directors as Director not engaged in business execution, and in this role he manages the Board of Directors in an appropriate manner and supervises the corporate management properly with an aim to achieve the long-term vision. Mr. Tateishi actively comments as a member of the CEO Selection Advisory Committee to contribute to increasing transparency and fairness in the appointment of CEO. Furthermore, he actively makes proposals for dissemination of the corporate principles within the Group based on his site visits. Based on these factors, the Company believes that he is a suitable person for achieving sustained improvements in corporate value and therefore requests his reelection as a Director.</p>	1,189,527

Note: There are no special interests between the Company and Mr. Fumio Tateishi.

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
2	<p>Mr. Yoshihito Yamada (November 30, 1961) Reelection Tenure as Director: 9 years Attendance at the Board of Directors meetings during fiscal 2019: 13/13 times (100%)</p>	<p>April 1984 Joined the Company June 2008 Appointed Executive Officer, and President and CEO of OMRON Healthcare Co., Ltd. March 2010 Appointed Senior General Manager of Corporate Strategic Planning H.Q. June 2010 Appointed Managing Executive Officer June 2011 Appointed President and CEO (to present)</p> <p><i>Areas of responsibility, etc., in the Company:</i> President and CEO</p> <p>&lt;Reasons nominated as a candidate&gt; Mr. Yoshihito Yamada appropriately supervises the corporate management as Representative Director. By providing sufficient and adequate explanations on significant management issues at the Board of Directors, Mr. Yamada contributes to improve the decision-making function of the Board of Directors. Furthermore, Mr. Yamada leads the management and business execution as President and CEO in an effort to achieve sustained improvements in corporate value by putting the corporate principles in practice. Based on these factors, the Company believes that he is a suitable person for serving as leader for the achievement of the long-term vision and therefore requests his reelection as a Director.</p>	36,033

Notes: 1. There are no special interests between the Company and Mr. Yoshihito Yamada.

2. The number of shares of the Company owned above includes the real number of shares held in the name of the OMRON Officers' Stock Ownership Plan.

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
3	Mr. Kiichiro Miyata (July 24, 1960) Reelection Tenure as Director: 3 years Attendance at the Board of Directors meetings during fiscal 2019: 13/13 times (100%)	<p>April 1985 Joined Tateisi Institute of Life Science, Inc. (now OMRON Healthcare, Co., Ltd)</p> <p>March 2010 Appointed President and CEO of OMRON Healthcare Co., Ltd. (Retired in March 2015)</p> <p>June 2010 Appointed Executive Officer of the Company</p> <p>June 2012 Appointed Managing Executive Officer</p> <p>April 2015 Appointed Chief Technology Officer (CTO) and Senior General Manager of Technology &amp; Intellectual Property H.Q. (to present)</p> <p>April 2017 Appointed Senior Managing Director (to present)</p> <p>June 2017 Appointed Representative Director (to present)</p> <p>March 2018 Appointed Senior General Manager of Innovation Exploring Initiative HQ (to present)</p> <p><i>Areas of responsibility in the Company:</i> Senior Managing Executive Officer CTO, Senior General Manager of Technology &amp; Intellectual Property HQ and Senior General Manager of Innovation Exploring Initiative HQ Member of the Personnel Advisory Committee</p> <p>&lt;Reasons nominated as a candidate&gt; Mr. Kiichiro Miyata appropriately supervises the corporate management as Representative Director based on a technical perspective. Mr. Miyata actively comments as a member of the Personnel Advisory Committee to contribute to increasing transparency and fairness in executive personnel matters. In addition, as CTO, Senior General Manager of Technology &amp; Intellectual Property H.Q. and Senior General Manager of Innovation Exploring Initiative HQ, Mr. Miyata currently formulates and implements technology strategies from a management standpoint over the medium-to-long-term. Based on these factors, the Company believes that he is a suitable person for achieving sustained improvements in corporate value and therefore requests his reelection as a Director.</p>	10,419

Notes: 1. There are no special interests between the Company and Mr. Kiichiro Miyata.

2. The number of shares of the Company owned above includes the real number of shares held in the name of the OMRON Officers' Stock Ownership Plan.

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
4	<p>Mr. Koji Nitto (February 1, 1961) Reelection Tenure as Director: 6 years Attendance at the Board of Directors meetings during fiscal 2019: 13/13 times (100%)</p>	<p>April 1983 Joined the Company March 2011 Appointed Senior General Manager of Global Resource Management H.Q. June 2011 Appointed Executive Officer March 2013 Concurrently appointed Senior General Manager of Global SCM and IT Innovation H.Q. April 2013 Appointed Managing Executive Officer March 2014 Appointed Senior General Manager of Global Strategy H.Q. (to present) April 2014 Appointed Senior Managing Executive Officer (to present) June 2014 Appointed Director (to present) April 2017 Appointed Chief Financial Officer (CFO) (to present)</p> <p><i>Areas of responsibility, etc., in the Company:</i> Senior Managing Executive Officer CFO and Senior General Manager of Global Strategy H.Q. Member of the Compensation Advisory Committee</p> <p>&lt;Reasons nominated as a candidate&gt; Mr. Koji Nitto appropriately supervises the corporate management based on financial and strategic perspectives as Director. Mr. Nitto actively comments as a member of the Compensation Advisory Committee to contribute to increasing transparency and fairness of compensation of Directors. In addition, as CFO and Senior General Manager of Global Strategy H.Q., Mr. Nitto implements appropriate management for finance and strategy as a group by quickly adapting to changes in economic condition and business environment. Based on these factors, the Company believes that he is a suitable person for achieving sustained improvements in corporate value and therefore requests his reelection as a Director.</p>	12,669

- Notes: 1. There are no special interests between the Company and Mr. Koji Nitto.  
2. The number of shares of the Company owned above includes the real number of shares held in the name of the OMRON Officers' Stock Ownership Plan.

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
5	Mr. Satoshi Ando (January 27, 1955) Reelection Tenure as Director: 3 years Attendance at the Board of Directors meetings during fiscal 2019: 13/13 times (100%)	<p>April 1977 Joined The Bank of Tokyo, Ltd. (now MUFG Bank, Ltd.)</p> <p>July 2003 Appointed Branch Manager of Jakarta Branch of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Left the bank in June 2007)</p> <p>June 2007 Appointed Audit &amp; Supervisory Board Member (Independent) of the Company</p> <p>June 2011 Appointed Executive Officer and Senior General Manager of Investor Relations H.Q.</p> <p>March 2015 Appointed Senior General Manager of Global Investor Relations &amp; Corporate Communications H.Q.</p> <p>April 2015 Appointed Managing Executive Officer</p> <p>June 2017 Appointed Director (to present)</p> <p><i>Areas of responsibility, etc., in the Company:</i> Vice Chairman of the Personnel Advisory Committee Vice Chairman of the CEO Selection Advisory Committee Vice Chairman of the Compensation Advisory Committee</p> <p>&lt;Reasons nominated as a candidate&gt; Mr. Satoshi Ando appropriately supervises the corporate management as full-time Director not engaged in business execution with an aim to achieve the long-term corporate vision. Mr. Ando actively comments as Vice Chairman of the Personnel Advisory Committee, CEO Selection Advisory Committee and Compensation Advisory Committee to contribute to increasing transparency and fairness in executive personnel matters, the appointment of CEO, and compensation of Directors. Based on these factors, the Company believes that he is a suitable person for achieving sustained improvements in corporate value and therefore requests his reelection as a Director.</p>	17,467

- Notes: 1. There are no special interests between the Company and Mr. Satoshi Ando.  
2. The number of shares of the Company owned above includes the real number of shares held in the name of the OMRON Officers' Stock Ownership Plan.



Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
6	Mr. Eizo Kobayashi (January 7, 1949) <Outside Executive Candidate> <Independent Officer candidate> Reelection Tenure as Director: 7 years Attendance at the Board of Directors meetings during fiscal 2019: 13/13 times (100%) Number of listed companies including OMRON where he concurrently serves as an officer: with business execution 0 without business execution 3	<p>April 1972 Joined ITOCHU Corporation</p> <p>June 2000 Appointed Executive Officer of ITOCHU Corporation</p> <p>April 2002 Appointed Managing Executive Officer of ITOCHU Corporation</p> <p>June 2003 Appointed Representative Director and Managing Director of ITOCHU Corporation</p> <p>April 2004 Appointed Representative Director and Senior Managing Director of ITOCHU Corporation</p> <p>June 2004 Appointed President and CEO of ITOCHU Corporation</p> <p>April 2010 Appointed Chairman and Representative Director of ITOCHU Corporation</p> <p>June 2011 Appointed Chairman of ITOCHU Corporation</p> <p>June 2013 Appointed Director (Independent) of the Company (to present)</p> <p>June 2016 Appointed Chairman of ITOCHU Corporation</p> <p>April 2018 Appointed Senior Representative for Business Community Relations of ITOCHU Corporation</p> <p>April 2020 Appointed Director Emeritus of ITOCHU Corporation (to present)</p> <p><i>Areas of responsibility, etc., in the Company:</i> Chairman of the Personnel Advisory Committee Chairman of the CEO Selection Advisory Committee Chairman of the Corporate Governance Committee Member of the Compensation Advisory Committee</p> <p><i>Significant concurrent positions:</i> Director Emeritus of ITOCHU Corporation External Director of Japan Airlines Co., Ltd. Outside Director of Japan Exchange Group, Inc. Outside Director of Nippon Venture Capital Co., Ltd. Chairman of ITOCHU Foundation</p> <p>&lt;Reasons nominated as a candidate&gt; Having served in management positions at a global company, Mr. Eizo Kobayashi has experience in proactive business development in a wide range of fields along with superior insight into management and appropriately supervises the corporate management as a Director (Independent). In addition, Mr. Kobayashi shares his experience and insight as a management expert, and actively comments as Chairman of the Personnel Advisory Committee, CEO Selection Advisory Committee and Corporate Governance Committee and as a member of the Compensation Advisory Committee to contribute to increasing transparency and fairness in the management of the Company. Based on these factors, the Company believes that he is a suitable person for supervising management for sustained improvements in corporate value and therefore requests his reelection as a Director (Independent).</p>	8,968

- Notes: 1. Mr. Eizo Kobayashi currently serves as Director Emeritus of ITOCHU Corporation. While the OMRON Group has a business relationship with the ITOCHU Group including sales of products, such transactions in fiscal 2019 accounted for less than 1% of the consolidated net sales of the OMRON Group and those of the ITOCHU Group. Therefore there is nothing questionable regarding the independence of Mr. Kobayashi, and there are no special interests between Mr. Kobayashi and the Company.
2. Mr. Eizo Kobayashi is currently a Director (Independent) of the Company, and the Company has provided notification as an Independent Officer to Tokyo Stock Exchange Group, Inc. If Mr. Kobayashi's reelection is approved, the Company plans to provide notification as an Independent Officer to Tokyo Stock Exchange Group, Inc. Details of "The Company's policy regarding the independence of Outside Executives" are described on pages 18 to 19.
3. The Company has established a provision in its Articles of Incorporation for limited liability agreements with Directors (Independent) and Audit & Supervisory Board Members (Independent) with the approval of shareholders, to ensure that they can adequately fulfill their expected roles. Accordingly, the Company has formed a limited liability agreement with Mr. Eizo Kobayashi that sets the amount of his liability at either JPY 10 million or the minimum liability amount prescribed in Article 425-1 of the Companies Act, whichever is

- higher. If Mr. Kobayashi's reelection is approved, the Company plans to continue the aforementioned limited liability agreement.
4. ITOCHU Corporation, at which Mr. Eizo Kobayashi served as Director until June 2016, received a cease and desist order from the Japan Fair Trade Commission in January, February and July of 2018, on account of violations of the Antimonopoly Act, with respect to the sale of uniforms to West Japan Railway Company, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION, and ALL NIPPON AIRWAYS CO., LTD., respectively, while he was serving as Director. In addition, ITOCHU Corporation received a cease and desist order and a surcharge payment order from the Japan Fair Trade Commission in October 2018, on account of violations of the Antimonopoly Act, with respect to the supply of uniforms to NTT DOCOMO, INC. Since the facts of these incidents became known, ITOCHU Corporation has been striving to further strengthen its compliance framework including its compliance with the Antimonopoly Act, and the prevention of violation thereof.
  5. Japan Airlines Co., Ltd., at which Mr. Eizo Kobayashi serves as External Director, received a business improvement order from the Ministry of Land, Infrastructure, Transport and Tourism in December 2018, on account of serious violations that affect air safety, such as the problem related to drinking by a flight crew member and the decision to change the organization of the crew, and a recommendation to improve operations from the Ministry in January 2019, in connection with the drinking incident of a flight attendant. In addition, Japan Airlines Co., Ltd. received a business improvement order from the said Ministry in October of the same year, on account of its flight crew management and safety management systems not functioning effectively. Mr. Kobayashi has made proposals from the standpoint of compliance with laws and regulations at the Board of Directors meetings and other meetings. Even after recognizing the facts above, he has given instructions to conduct a thorough investigation and formulate measures to prevent such violation, thereby fulfilling his duties.
  6. The number of shares of the Company owned above includes the real number of shares held in the name of the OMRON Officers' Stock Ownership Plan.

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
7	Mr. Takehiro Kamigama (January 12, 1958) <Outside Executive Candidate> <Independent Officer candidate> Reelection Tenure as Director: 3 years Attendance at the Board of Directors meetings during fiscal 2019: 13/13 times (100%) Number of listed companies including OMRON where he concurrently serves as an officer with business execution 0 without business execution 3	<p>April 1981 Joined TDK Corporation June 2002 Appointed Corporate Officer of TDK Corporation June 2003 Appointed Senior Vice President of TDK Corporation June 2004 Appointed Director &amp; Executive Vice President of TDK Corporation June 2006 Appointed President &amp; Representative Director of TDK Corporation June 2016 Appointed Chairman &amp; Representative Director of TDK Corporation June 2017 Appointed Director (Independent) of the Company (to present) June 2018 Appointed Mission Executive of TDK Corporation (to present)</p> <p><i>Areas of responsibility, etc., in the Company:</i> Member of the Personnel Advisory Committee Member of the CEO Selection Advisory Committee Member of the Compensation Advisory Committee Member of the Corporate Governance Committee</p> <p><i>Significant concurrent positions:</i> Mission Executive of TDK Corporation Outside Director of Yamaha Motor Co., Ltd. External Director of SoftBank Corp.</p> <p>&lt;Reasons nominated as a candidate&gt; Having served in management positions at a global company, Mr. Takehiro Kamigama has a considerable track record of management achievements and superior insight, and appropriately supervises corporate management as a Director (Independent). In addition, Mr. Kamigama shares his experience and insight as management expert, and actively comments as a member of the Personnel Advisory Committee, CEO Selection Advisory Committee, Compensation Advisory Committee and Corporate Governance Committee to contribute to increasing transparency and fairness in the management of the Company. Based on these factors, the Company believes that he is a suitable person for supervising management for sustained improvements in corporate value and therefore requests his reelection as a Director (Independent).</p>	0

- Notes: 1. Mr. Takehiro Kamigama currently serves as Mission Executive of TDK Corporation. While the OMRON Group has a business relationship with the TDK Group including sales of products, such transactions in fiscal 2019 accounted for less than 1% of the consolidated net sales of the OMRON Group and those of the TDK Group. Therefore there is nothing questionable regarding the independence of Mr. Kamigama.
2. Mr. Takehiro Kamigama is currently a Director (Independent) of the Company, and the Company has provided notification as an Independent Officer to Tokyo Stock Exchange Group, Inc. If Mr. Kamigama's reelection is approved, the Company plans to provide notification as an Independent Officer to Tokyo Stock Exchange Group, Inc. Details of "The Company's policy regarding the independence of Outside Executives" are described on pages 18 to 19.
3. The Company has established a provision in its Articles of Incorporation for limited liability agreements with Directors (Independent) and Audit & Supervisory Board Members (Independent) with the approval of shareholders, to ensure that they can adequately fulfill their expected roles. Accordingly, the Company has formed a limited liability agreement with Mr. Takehiro Kamigama that sets the amount of his liability at either JPY 10 million or the minimum liability amount prescribed in Article 425-1 of the Companies Act, whichever is higher. If Mr. Kamigama's reelection is approved, the Company plans to continue the aforementioned limited liability agreement.
4. TDK Corporation, at which Mr. Takehiro Kamigama served as Director until June 2018, was found by the Japan Fair Trade Commission to have committed a violation of the Antimonopoly Act in its HDD suspension business, while he was serving as Director. The company then filed an application for surcharge reduction and exemption (the leniency policy), which was accepted and allowed the company to receive exemption from surcharge, while it was not penalized by a cease and desist order. Mr. Kamigama has been dedicated to accomplishing complete compliance with laws and regulations, and after the fact of this incident became

known, he is now striving to further strengthen the compliance frameworks including compliance with Antimonopoly Act and the prevention of violation thereof, thereby fulfilling his duties.

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
8	Ms. Izumi Kobayashi (January 18, 1959) <Outside Executive Candidate> <Independent Officer candidate> New election Number of listed companies including OMRON where she concurrently serves as an officer: with business execution 0 without business execution 4	<p>April 1981 Joined Mitsubishi Chemical Industries Limited (now Mitsubishi Chemical Corporation)</p> <p>June 1985 Joined Merrill Lynch Futures Japan Inc.</p> <p>Dec. 2001 Appointed President and Representative Director of Merrill Lynch Japan Securities Co., Ltd.</p> <p>Nov. 2008 Appointed Executive Vice President of Multilateral Investment Guarantee Agency, The World Bank Group</p> <p>April 2015 Appointed Vice Chairperson of Japan Association of Corporate Executives</p> <p>June 2016 Appointed Governor of Japan Broadcasting Corporation</p> <p><i>Significant concurrent positions:</i> Outside Director of ANA HOLDINGS INC. External Director of Mitsui &amp; Co., Ltd. Outside Director of Mizuho Financial Group, Inc.</p> <p>&lt;Reasons nominated as a candidate&gt; Ms. Izumi Kobayashi has abundant experience and international insight cultivated through her tenure as a representative for private financial institutions and an international development financial institution. Furthermore, she has expertise in corporate governance along with superior insight into management. Based on these factors, the Company believes that she is a suitable person for supervising management for sustained improvements in corporate value and therefore requests her new election as a Director (Independent).</p>	0

- Notes: 1. There are no special interests between the Company and Ms. Izumi Kobayashi.
2. Ms. Izumi Kobayashi is a Director (Independent) candidate, and meets the conditions of an Independent Officer as defined by Tokyo Stock Exchange Group, Inc. If Ms. Kobayashi's election is approved, the Company plans to provide notification as an Independent Officer to Tokyo Stock Exchange Group, Inc. Details of "The Company's policy regarding the independence of Outside Executives" are described on pages 18 to 19.
3. The Company has established a provision in its Articles of Incorporation for limited liability agreements with Directors (Independent) and Audit & Supervisory Board Members (Independent) with the approval of shareholders, to ensure that they can adequately fulfill their expected roles. Accordingly, if Ms. Kobayashi's election is approved, the Company plans to form a limited liability agreement with her that sets the amount of her liability at either JPY 10 million or the minimum liability amount prescribed in Article 425-1 of the Companies Act, whichever is higher.

**No. 3: Election of One (1) Audit & Supervisory Board Member**

The term of office of the Audit & Supervisory Board Member Mr. Hideyo Uchiyama will expire at the close of this Ordinary General Meeting of Shareholders. The Company therefore requests the election of one (1) Audit & Supervisory Board Member.

The Company has obtained the consent of the Audit & Supervisory Board regarding this proposal.

The Company has established the Personnel Advisory Committee to enhance the transparency and objectivity in the nomination process of candidates for Audit & Supervisory Board Members. In response to consultation from the Chairman of the Board, who has been entrusted by the Audit & Supervisory Board, the Personnel Advisory Committee discusses and makes recommendations on the candidates for Audit & Supervisory Board Members in accordance with the election criteria. Reflecting the Personnel Advisory Committee's recommendations, and with the consent of the Audit & Supervisory Board, the Board of Directors nominates the candidate for Audit & Supervisory Board Member.

The Audit & Supervisory Board Member candidate is as follows.

Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions	Number of shares of the Company owned
<p>Mr. Hideyo Uchiyama (March 30, 1953) &lt;Outside Executive candidate&gt; &lt;Independent Officer candidate&gt; Reelection Tenure as Audit &amp; Supervisory Board Member: 4 years Attendance at the Board of Directors meetings during fiscal 2019: 13/13 times (100%) Attendance at the Audit &amp; Supervisory Board meetings during fiscal 2019: 13/13 times (100%) Number of listed companies including OMRON where she concurrently serves as an officer: with business execution 0 without business execution 3</p>	<p>Nov. 1975    Joined Arthur Young &amp; Company Dec. 1979    Joined Asahi Accounting Company (now KPMG AZSA LLC) March 1980   Registered as Certified Public Accountant July 1999    Appointed Representative Partner of KPMG AZSA LLC May 2002    Appointed Board Member of KPMG AZSA LLC June 2006    Appointed Executive Board Member of KPMG AZSA LLC June 2010    Appointed Managing Partner of KPMG AZSA LLC Appointed Chairman of KPMG Japan Sep. 2011    Appointed Chairman of KPMG Asia Pacific Oct. 2013    Appointed CEO of KPMG Japan Sep. 2015    Appointed Executive Advisor of ASAHI Tax Corporation (to present) June 2016    Appointed Audit &amp; Supervisory Board Member (Independent) of the Company (to present)</p> <p><i>Areas of responsibility, etc., in the Company:</i> Member of the Corporate Governance Committee</p> <p><i>Significant concurrent positions:</i> Executive Advisor of ASAHI Tax Corporation, Certified Public Accountant Outside Director of Sompo Holdings, Inc. Outside Director of Eisai Co., Ltd. &lt;Reasons nominated as a candidate&gt; Mr. Hideyo Uchiyama has years of working experience as a certified public accountant in an auditing firm and considerable knowledge regarding finance and accounting. Furthermore, having served as a top executive for an auditing firm and a corporate manager of a global consulting firm, he has abundant experience and superior insight. As an Audit &amp; Supervisory Board Member (Independent), he attends the Board of Directors meetings and other important meetings, at which he proactively comments from the standpoint of audit on legality and adequacy, and he appropriately fulfills his role of auditing the performance of duties by Directors. In addition, Mr. Uchiyama actively comments as a member of the Corporate Governance Committee to contribute to increasing transparency and fairness in the Company's management. Although he has not been involved directly in corporate management other than serving as Director (Independent) or an Audit &amp; Supervisory Board Member (Independent), for the reasons stated above, the Company believes that he is a suitable person for an Audit &amp; Supervisory Board Member (Independent) and therefore requests his reelection as an Audit &amp; Supervisory Board Member (Independent).</p>	<p>639</p>

- Notes:
1. There are no special interests between the Company and Mr. Hideyo Uchiyama.
  2. Mr. Hideyo Uchiyama is currently an Audit & Supervisory Board Member (Independent) of the Company, and the Company has provided notification as an Independent Officer to Tokyo Stock Exchange Group, Inc. If Mr. Uchiyama's reelection is approved, the Company plans to provide notification as an Independent Officer to Tokyo Stock Exchange Group, Inc. Details of "The Company's policy regarding the independence of Outside Executives" are described on pages 18 to 19.
  3. The Company has established a provision in its Articles of Incorporation for limited liability agreements with Directors (Independent) and Audit & Supervisory Board Members (Independent) with the approval of shareholders, to ensure that they can adequately fulfill their expected roles. Accordingly, the Company has formed a limited liability agreement with Mr. Hideyo Uchiyama that sets the amount of his liability at either JPY 10 million or the minimum liability amount prescribed in Article 425-1 of the Companies Act, whichever is higher. If Mr. Uchiyama's reelection is approved, the Company plans to continue the aforementioned limited liability agreement.
  4. The number of shares of the Company owned above includes the real number of shares held in the name of the OMRON Officers' Stock Ownership Plan.

(Reference)

If this item is approved and resolved as originally proposed, the members of the Audit & Supervisory Board will be as follows.

There is no change in the current number and composition of Audit & Supervisory Board Members (two Audit & Supervisory Board Members (Full-time) and two Audit & Supervisory Board Members (Independent)).

Name	Position in the Company	Tenure as Audit & Supervisory Board Member
<Incumbent> Mr. Kiichiro Kondo	Audit & Supervisory Board Member (Full-time)	5 years
<Incumbent> Mr. Kiyoshi Yoshikawa	Audit & Supervisory Board Member (Full-time)	1 year
<Reelection> Mr. Hideyo Uchiyama <Outside Executive> <Independent Officer>	Audit & Supervisory Board Member (Independent)	4 years
<Incumbent > Mr. Tadashi Kunihiro <Outside Executive> <Independent Officer>	Audit & Supervisory Board Member (Independent)	3 years



**No. 4: Election of One (1) Alternate Audit & Supervisory Board Member**

The term of office of the currently appointed Alternate Audit & Supervisory Board Member will expire at the opening of this Ordinary General Meeting of Shareholders. To ensure that the Company will not lack the number of Audit & Supervisory Board Members stipulated by laws and regulations, the Company requests the election of one (1) Alternate Audit & Supervisory Board Member as an Alternate Audit & Supervisory Board Member (Independent).

This Alternate Audit & Supervisory Board Member shall be appointed only if the Company lacks the number of Audit & Supervisory Board Members (Independent) stipulated by laws and regulations, and shall serve the remaining term of his predecessor.

The Company has obtained the consent of the Audit & Supervisory Board regarding this proposal.

The Alternate Audit & Supervisory Board Member candidate is as follows. (Procedures for nominating candidates for Alternate Audit & Supervisory Board Members is the same as that of candidates for Audit & Supervisory Board Members, as described in “No. 3: Election of One (1) Audit & Supervisory Board Member” on page 14.)

Name (Date of birth)	Career summary and significant concurrent positions	Number of shares of the Company owned
Mr. Toru Watanabe (February 2, 1966) <Alternate Audit & Supervisory Board Member candidate> <Outside Executive candidate> <Independent Officer candidate>	April 1993 Registered as attorney with the Osaka Bar Association; joined Kitahama Partners (now Kitahama Partners - Foreign Law Joint Enterprise) Jan. 1998 Appointed partner of Kitahama Partners (to present)  <i>Significant concurrent positions:</i> Partner of Kitahama Partners - Foreign Law Joint Enterprise, Attorney at Law Outside Director of SHOBIDO Corporation (company name changed from SHO-BI Corporation in January 2020) Outside Audit & Supervisory Board Member of AOYAMA TRADING Co., Ltd. Outside Auditor of O-WELL CORPORATION  <Reasons nominated as a candidate> Mr. Toru Watanabe is an attorney specializing in primarily in the Companies Act and corporate legal affairs. The Company expects Mr. Watanabe to reflect his legal expertise in the auditing of the Company and requests his election as an Alternate Audit & Supervisory Board Member (Independent). He has not been involved directly in corporate management other than acting as a Director (Independent) or an Audit & Supervisory Board Member (Independent), but for the reasons stated above, the Company believes that he can adequately fulfill the duties of an Audit & Supervisory Board Member (Independent).	0

Notes: 1. There are no special interests between the Company and Mr. Toru Watanabe.

2. Mr. Toru Watanabe is an Alternate Audit & Supervisory Board Member (Independent) candidate, and meets the conditions of an Independent Officer as defined by Tokyo Stock Exchange Group, Inc. If Mr. Watanabe is appointed as an Audit & Supervisory Board Member (Independent), the Company plans to provide notification as an Independent Officer to Tokyo Stock Exchange Group, Inc. Details of “The Company’s policy regarding the independence of Outside Executives” are described on pages 18 to 19.
3. The Company has established a provision in its Articles of Incorporation for limited liability agreements with Directors (Independent) and Audit & Supervisory Board Members (Independent) with the approval of shareholders, to ensure that they can adequately fulfill their expected roles. If Mr. Watanabe is appointed as an Audit & Supervisory Board Member (Independent), the Company plans to form a limited liability agreement with Mr. Watanabe that sets the amount of his liability at either JPY 10 million or the minimum liability amount prescribed in Article 425-1 of the Companies Act, whichever is higher.

## **The Company's policy regarding the independence of Outside Executives**

- The Company makes it a rule to elect and appoint Outside Executive nominees following resolutions by the Board of Directors, based on the consultation to, deliberation by and reporting from the Personnel Advisory Committee chaired by a Director (Independent), in accordance with the independence requirements stated in the Company's own "Independence Requirements for Outside Executives (see Note)" in addition to the requirements under the Companies Act.
- With regard to making all Outside Executives Independent Officers, the matter was resolved at a meeting of the Board of Directors. This decision followed consultation with the Corporate Governance Committee, composed of Outside Executives, with a view to ensuring that the Company's own "Independence Requirements for Outside Executives" are appropriate criteria for judging the independence of Outside Executives.

(Note) "Independence Requirements for Outside Executives" (revised on December 25, 2014)

In selecting new Outside Executive nominees, the Company has set the following independence requirements to define relations between the OMRON Group and the nominees as well as companies or organizations to which they belong. Outside Executives shall maintain the following independence requirements after appointment as well, and if there is an appointment to a principal position, independence shall be reviewed based on these independence requirements by the Personnel Advisory Committee.

1. Nominees for Outside Executives shall not be Directors (excluding Directors (Independent)), Audit & Supervisory Board Members (excluding Audit & Supervisory Board Members (Independent)), Executive Officers or employees of the OMRON Group (see Note) and they shall not have been Directors (excluding a Directors (Independent)), Audit & Supervisory Board Members (excluding Audit & Supervisory Board Members (Independent)), Executive Officers or employees of the OMRON Group in the past.
2. They shall not have been large shareholders of the OMRON Group (\*), or Directors, Audit & Supervisory Board Members, Executive Officers or employees of a company in which the OMRON Group is a large shareholder in any of the past five fiscal years.
  - (\* ) A large shareholder refers to a company, etc. with a shareholding ratio exceeding 10% of total voting rights.
3. They shall not be Directors, Audit & Supervisory Board Members, Executive Officers or employees at significant transaction partners (\*) of the OMRON Group.
  - (\* ) A significant transaction partner refers to a company whose payments or received transaction amount in business with the OMRON Group in the previous fiscal year and the past three fiscal years represent more than 2% of the consolidated net sales of the Group or the transaction partner (including its parent company and significant subsidiaries).
4. They shall not be Directors, Audit & Supervisory Board Members, Executive Officers or employees of a corporation, organization, etc. receiving large donations (\*) from the OMRON Group.
  - (\* ) Large donations refer to donations of JPY 10 million per year or donations that represent more than 2% of the consolidated net sales or total income of the donation recipient, whichever amount is larger, based on the average for the past three fiscal years.
5. Companies or organizations to which the nominee belongs must not have appointed designated Directors, Audit & Supervisory Board Members, or Executive Officers to the OMRON Group or vice versa.
6. They shall not have been representative partners, staff members, partners or employees at the Accounting Auditors serving the OMRON Group in any of the past five fiscal years.
7. They shall not be legal specialists, certified public accountants, consultants, etc., that receive large amounts of money (\*) or other assets from the OMRON Group besides compensation of Directors or Audit & Supervisory Board Members.
  - (\* ) Large amounts of money refer to JPY 10 million per year in the cases of an individual or an amount that represents more than 2% of the consolidated net sales in the case of an organization based on the average for the past three fiscal years.
8. They shall not be a spouse, family member within the second degree of relationship, family member that lives in the same residence, or a dependent of any of the following parties.
  - (1) Directors, Audit & Supervisory Board Members, Executive Officers or principal employees (\*) of the OMRON Group
  - (2) Parties that were Directors, Audit & Supervisory Board Members, Executive Officers or principal employees of the OMRON Group in any of the past five fiscal years

(3) Parties that are restricted from appointment based on items 2. through 7. above

(\*) Principal employees refer to employees at the Senior General Manager level or above.

9. In addition, there shall be nothing questionable regarding the independence in performing duties as an Outside Executive.

Note: The above term 'OMRON Group' means OMRON Corporation and its subsidiaries.

# Business Report (Consolidated)

(April 1, 2019 to March 31, 2020)

## 1. Current State of the OMRON Group

### (1) Consolidated Results

#### General Overview

The business environment surrounding the OMRON Group during the fiscal year was underscored by severe conditions globally. The U.S.-China trade frictions from the beginning of the fiscal year resulted in weak business sentiment among manufacturers, while the negative impact of the spread of COVID-19 beginning in the fourth quarter expanded. In this environment, OMRON Group results for net sales and operating income underperformed the prior fiscal year. The group recorded a record high in gross profit margin, owing to earnings structure reforms conducted jointly among manufacturing, sales, and development across our organization, steadily improving our earnings capacity. Net income attributable to OMRON shareholders rose significantly compared to the previous fiscal year. This result was due to a gain on sale of JPY51.5 billion recorded in connection with the completion of the transfer of the OMRON Automotive Electronic Components Business to the Nidec Corporation Group on October 31, 2019.

Despite signs of recovery in certain areas of the digital industry during the second half of the fiscal year, our Industrial Automation Business and Electronic and Mechanical Components Business recorded lower sales and operating profits compared to the prior fiscal year due to weakening capital investment in the automobile and other industries. Our Public Transportation (Automated Ticket Gates, Ticket Vending Machines) and Road Management Systems businesses experienced firm demand for upgrades, which helped drive Social Systems, Solutions and Service Business sales and operating profit significantly higher. The Healthcare Business reported lower sales due to slow demand in Japan and North America. On the other hand, the segment recorded an increase in operating profit.

Net sales	JPY 678,000 million, 7.5 percent decrease year on year
Gross profit margin	44.8 percent, 0.4 point increase year on year
Operating income	JPY 54,800 million, 18.6 percent decrease year on year
Net income attributable to shareholders	JPY 74,900 million, 37.9 percent increase year on year

Average exchange rates for fiscal 2019:

USD 1 = JPY 109.1                      EUR 1 = JPY 121.2                      RMB 1 = JPY 15.7

The average exchange rates for the fiscal year ended March 31, 2020 were USD 1 = JPY 109.1 (1.6 yen more than the previous fiscal year), EUR 1 = JPY 121.2 (7.6 yen more than the previous fiscal year) and RMB 1 = JPY 15.7 (0.8 yen more than the previous fiscal year).

## Results by Business Segment

### IAB: Industrial Automation Business

#### Outline of business

Innovating manufacturing worksites with the widest range of control devices in the industry and unique control technologies to contribute to productivity improvements throughout the manufacturing industries worldwide.

#### Major products/services

Programmable controllers, motion controllers, sensing devices, industrial camera/code reader devices, inspection systems, safety devices and industrial robots

Despite weak demand for capital investment in the digital industry at the beginning of the fiscal year, we saw signs of a recovery during the second half of the year, including a recommencement of certain investments related to semiconductors. Meanwhile, the automobile industry experienced limited investment in connection with lower sales of new vehicles globally, resulting in weak demand. Further, the impact of foreign exchange due to a stronger yen and other factors combined to drive sales significantly lower year on year.

Segment profit was significantly lower compared to the prior fiscal year due to the impact of lower sales and foreign currency fluctuation.

As a result, net sales for the fiscal year totaled JPY 352,800 million, a decrease of 10.0 percent compared with the previous fiscal year, and operating income totaled JPY 53,600 million, a decrease of 14.8 percent compared with the previous fiscal year.

### **EMC: Electronic and Mechanical Components Business**

#### Outline of business

Provides electronic components globally in a wide range of fields including built-in control components for general application (consumer) devices, automotive devices, environmental and energy devices, industrial equipment, built-in components for mobile devices such as mobile phones, etc.

#### Major products/services

Relays, switches, connectors, amusement components and units, general sensors, face recognition software, image sensing component and MEMS sensors

Constrained capital investment in China due to lower exports and declining consumer purchase sentiment have combined to reduce demand significantly for home appliances, machine tools, and automotive electronic components. Demand in the Americas and Europe fell as a result of weak economic sentiment. Further, the impact of foreign exchange due to a stronger yen and other factors combined to drive sales significantly lower compared to the prior fiscal year.

In addition to lower sales to external customers and group companies, the impact of foreign exchange resulted in a significant decrease in segment profit for the year.

As a result, net sales for the fiscal year totaled JPY 88,400 million, a decrease of 14.3 percent compared with the previous fiscal year, and operating income totaled JPY 900 million, a decrease of 88.8 percent compared with the previous fiscal year.

Note: In connection with the classification of the Automotive Electronic Components Business as a discontinued operation, we have reclassified certain Electronic and Mechanical Components Business sales for the fiscal year ended March 31, 2019 from intersegment sales to sales to external customers.

### **SSB: Social Systems, Solutions and Service Business**

#### Outline of business

Creates solutions using sensing & control technologies, software, and total maintenance services to create enriched communities with safer, more secure, and more comfortable living, and works with customers to contribute to building an optimized society.

#### Major products/services

Railway station service systems, traffic and road management systems, card payment services, security and safety solutions, energy management business, IoT (power protection, data protection) solutions and related maintenance business

The segment experienced firm demand for upgrades in the Public Transportation (Automated Ticket Gates, Ticket Vending Machines) and Road Management Systems Business. In response, we proposed solutions tailored to the needs of our clients.

The segment reported significantly higher profit due to higher sales and improved profitability.

As a result, net sales for the fiscal year was JPY 84,500 million, an increase of 12.6 percent compared with the previous fiscal year, and operating income totaled JPY 8,200 million, an increase of 41.9 percent compared with the previous fiscal year.

## **HCB: Healthcare Business**

### Outline of business

Provides numerous types of products and services worldwide that helps with the prevention, improvement, and management of lifestyle diseases from household-use measurement devices to professional medical equipment in order to contribute to the health and comfortable life for people. In the data service business field, provides *OMRON connect* that allows for data coordination between various health and medical applications of other companies and data measured using OMRON products, as well as corporate wellness, remote diagnosis, and other services, to support people's health.

### Major products/services

Digital blood pressure monitors, nebulizers, low-frequency therapy equipment, ECGs, oxygen generators, digital thermometers, body composition monitors, pedometers and activity meters, electric toothbrushes, massagers, blood glucose monitors, vascular screening devices and visceral fat monitors

Demand for blood pressure monitors was firm in China, Europe, and Asia. In contrast, Japan experienced slow demand due to factors including the consumption tax increase, while the impact of U.S.-China trade frictions resulted in declining demand in North America. Further, the global spread of COVID-19 during the fourth quarter had a negative impact on performance. Foreign exchange differences due to a stronger yen also contributed to drive sales lower.

Despite the impact of foreign exchange, segment profit rose compared to the prior fiscal year, mainly due to productivity improvements and efficient management of fixed costs.

As a result, net sales for the fiscal year was JPY 112,000 million, a decrease of 3.0 percent compared with the previous fiscal year, and operating income totaled JPY 13,500 million, an increase of 3.7 percent compared with the previous fiscal year.

## **Businesses under direct control of headquarters (Other Businesses)**

(Environmental Business, Backlight Business)

### Outline of business

Develops and strengthens businesses as well as explores and develops new business fields under the direct control of headquarters.

### Major products/services

#### \*Environmental Business

Solar power conditioners, electricity storage system, electrical power measuring devices, power protection devices

#### \*Backlight Business

High-quality backlight units for LCDs

The Environmental Solutions Business reported strong performance for the year in response to growth in demand for storage battery systems. The Backlights Business recorded sharply lower sales due to structural reform.

Higher sales in the Environmental Solutions Business and the impact of structural reform in our Backlights Business were the main factors resulting in significantly higher segment profit year on year.

As a result, net sales for the fiscal year was JPY 36,400 million, a decrease of 12.7 percent compared with the previous fiscal year, and operating income totaled JPY 700 million.

## Sales by Division (Consolidated) (OMRON Group)

Division	Amount (JPY millions)	Share of total (%)	Year-on-year comparison (%)
Industrial Automation Business	352,762	52	90
Electronic and Mechanical Components Business	88,357	13	86
Social Systems, Solutions and Service Business	84,501	12	113
Healthcare Business	111,999	17	97
Businesses under direct control of headquarters (Other Businesses)	36,428	5	87
Eliminations & Corporate	3,933	1	73
<b>Total</b>	<b>677,980</b>	<b>100</b>	<b>93</b>

Notes: 1. "Businesses under direct control of headquarters (Other Businesses)" include the environmental business and backlight business.  
2. "Eliminations & Corporate" includes the figures of subsidiaries and affiliates outside the scope of the above divisions.  
3. In conjunction with the transfer of the Automotive Electronic Components Business to Nidec Corporation Group during the fiscal year ended March 31, 2020, in accordance with FASB Statement No. 205-20, "Presentation of Financial Statements - Discontinued Operations," the Automotive Electronic Components Business is treated as discontinued operations in the consolidated statements of income. Accordingly, the Group's consolidated net sales and operating income do not include net sales or operating income of the Automotive Electronic Components Business.

## (2) Capital Investment

The OMRON Group engaged in select capital investment, including enhancement of production equipment and investment in bases with the aim of creating future growth. As a result, total capital investment was JPY 36,770 million, a 12.2 % decrease from the previous fiscal year.

Capital investment amounts by division were as shown below.

Division	Amount (JPY millions)
Industrial Automation Business	4,812
Electronic and Mechanical Components Business	5,940
Social Systems, Solutions and Service Business	2,180
Healthcare Business	5,961
Businesses under direct control of headquarters (Other Businesses)	857
Eliminations & Corporate	13,360
<b>Total of continuing operations</b>	<b>33,110</b>
<b>Discontinued operation</b>	<b>3,660</b>
<b>Total</b>	<b>36,770</b>

Notes: 1. "Businesses under direct control of headquarters (Other Businesses)" include the environmental business and backlight business.  
2. "Eliminations & Corporate" includes the figures of head office divisions and subsidiaries and affiliates outside the scope of the above divisions.  
3. In conjunction with the transfer to Nidec Corporation Group during the fiscal year ended March 31, 2020, in accordance with FASB Statement No. 205-20, "Presentation of Financial Statements - Discontinued Operations," the Automotive Electronic Components Business has been categorized as a discontinued operation.

## (3) Capital Procurement

Due to the efficient use of the Group's internal capital, the Group did not conduct any material external procurement of capital necessary for its business activities, including working capital and capital investments, during the fiscal year.



## (4) Issues Facing the Company

### Summary

The OMRON Group began operating under the VG2.0 medium-term management plan (VG2.0), the final stage of VG2020, in fiscal 2017. We continue to work under the VG2.0 group-wide banner of achieving self-driven growth by proactively creating innovation originating in technological evolution, speeding the advancement of our own core Sensing & Control + THINK technologies and creating social needs through innovations in technology, thereby aiming for sustainable growth.

[Results for fiscal 2019]

During fiscal 2019, the Group continued to secure a platform to *soundly establish a self-driven growth structure in times of adversity*. We pursued a basic policy to increase earnings power, enhance growth power, and strengthen our ability to respond to change. Due to the impact of the U.S.-China trade friction and COVID-19, both revenue and profit fell for the fiscal year ended March 31, 2020, but greatly exceeded the most recent forecasts.

#### 1. Enhance Growth Power

During the first two years of VG2.0 (fiscal years 2017 and 2018), we accelerated initiatives to link product capacity, technological capacity, and business infrastructure to tangible results.

#### 2. Increase Earnings Power

Despite the reduction in revenue, the gross profit margin improved. Furthermore, we standardized finance, human resources, and general affairs operations by aggregating them, centralized purchasing of indirect materials, and revised our logistics infrastructure, streamlining our fixed costs.

#### 3. Strengthen Ability to Respond to Change

We made progress in the optimization of our business portfolio, focusing on the three businesses of factory automation, healthcare, and social solutions, as well as the devices/modules businesses that provide related support. In conjunction with these efforts, we finalized the sale of the Automotive Electronic Components Business and concluded the Backlight Business.

[Initiatives in Response to COVID-19]

With regard to COVID-19, we will satisfy our social responsibilities and responsibilities to supply products to customers, while making the health and safety of our employees the highest priority. In order to further establish a self-driven growth structure that is not significantly affected by external macroeconomic factors surrounding our businesses, we will restructure our Electronic and Mechanical Components Business, continue with the company-wide IT infrastructure investment, and create bolder initiatives for solving new social issues in the post-COVID-19 environment.

[Fiscal 2020 Plan]

In the next fiscal year (fiscal 2020), we will operate in an emergency mode, in which we will prioritize COVID-19 countermeasures and the securing of profits. As various social changes are accelerated by the recent COVID-19 pandemic, we will accelerate our efforts to solve new social issues following the containment of the virus. At the time of the announcement of the financial results in April, we had not announced the plan for fiscal 2020. However, we expect to announce it by the end of July.

### Main Text

The OMRON Group aims to become a global value-creating group that is qualitatively and quantitatively superior by conducting management based on Value Generation 2020 (VG2020), our ten-year vision formulated in 2011. We began operating under the current medium-term management plan (VG2.0), the final stage of VG2020, in fiscal 2017.

Our VG2.0 plan accurately identified further rises in social needs, including labor shortages, declining birth rates, aging societies, climate change, and other issues. The OMRON Group has to *progress technologically to innovate and grow* as defined under VG2.0, making progress in our core Sensing & Control + THINK technologies and aiming for sustainable growth as we answer social needs through innovations in technology.

[Results for fiscal 2019]

During fiscal 2019, the third year of VG2.0, OMRON continued to secure a platform to soundly establish a self-driven growth structure in times of adversity. We pursued a basic policy to increase earnings power, enhance growth power, and strengthen our ability to respond to change.

Under VG2.0, we also set fiscal 2019 targets of JPY830.0 billion in net sales, JPY65.0 billion in operating income, and a gross profit margin of 42%. With the April 2019 announcement related to the transfer of our Automotive Electronic Components Business, we also revised fiscal 2019 earnings targets for continuing operations to JPY709.0 billion in net sales, JPY57.5 billion in operating income, and a gross profit margin of 45.5%, adjusted for the exclusion of this business. Our objective in transferring the Automotive Electronic Components Business, etc., is to allow the business to develop and survive in an automobile industry undergoing a major revolution. At the same time, this transfer strengthens our business portfolio, consolidated management resources in targeted business domains, and accelerates our competitive and growth strategies.

Given the subsequent worsening in the business environment due to U.S.-China trade frictions, we further revised fiscal 2019 earnings targets to JPY670.0 billion in net sales, JPY45.0 billion in operating income, and a gross profit margin of 44.5%. Although we incurred the negative impact of COVID-19 beginning January 2020, we were able to record JPY678.0 billion in net sales, JPY54.8 billion in operating income, and a gross profit margin of 44.8%, exceeding forecasts significantly in all three measures.

We have made steady progress in basic policy initiatives to strengthen our earning capacity, growing capability, and responsiveness to change. The following provides more specifics about our performance.

### 1. Enhance Growth Power

During the first two years of VG2.0 (fiscal years 2017 and 2018), we accelerated initiatives to link product capacity, technological capacity, and business infrastructure to tangible results.

In particular, our Industrial Automation Business worked to speed our pace of innovative-Automation (\*). Here, we have expanded the number of Automation Centers to 37 globally. These centers serve as bases for us to work with customers in solving their production floor issues. In January 2020, we built the world's largest automation center, ATC-TOKYO, in Shinagawa, Tokyo. We have leveraged this Tokyo location to invite customer top management and factory general managers from throughout the world to work with us in co-creation. Further, we increased the number of application engineers by 20% to strengthen our ability to solve customer issues. Application engineers are responsible for providing practical implementations of solutions developed through co-creation.

Our Healthcare Business strives to eliminate serious circulatory disease events, moving forward in offering solutions through innovative devices. We began selling the world's first wristwatch-style wearable blood pressure monitor in Japan, the Americas, and Europe. We also introduced a combination blood pressure monitor and electrocardiograph device, which monitors both blood pressure and ECG at the same time, in the U.S. market. Both of these products are firsts of their kind to receive medical device certifications from authorities around the world, including certification by the U.S. Food and Drug Administration. We expect to expand sales of these products to global markets in the future.

In the field of renewable energy, our Environmental Solutions Business has combined product capacity, consisting mainly of PV inverters and storage battery systems, with the engineering capabilities and 24/7/365 maintenance services of our Social Systems, Solutions and Service Business to create a total solutions platform for energy management.

### 2. Increase Earnings Power

Despite decreasing sales, OMRON has raised gross profit margins, steadily increasing our earnings power. This is the result of the unified efforts of our manufacturing, sales, and development companies to generate higher unit prices through solutions proposals, to introduce new, highly competitive products, and to reduce variable and fixed manufacturing costs. For example, our Electronic and Mechanical Components Business generated greater efficiency in fixed manufacturing costs, mainly through consolidating operating locations and production lines.

Further, we achieved more efficient use of fixed costs by consolidating business entities and office locations under head office functional departments. At the same time, we have centralized and standardized finance, human resources, general affairs, and other support functions from each group company. We have also reduced costs of indirect materials in Japan, China, and elsewhere through centralized purchasing, while also revising our global logistics infrastructure. In this way and others, we have created more efficiencies in fixed costs.

### 3. Strengthen Ability to Respond to Change

The OMRON Group has optimized our business portfolio looking toward future changes in our business environment. Our factory automation, healthcare, and social solutions business feature many core products and services that enjoy barriers to entry and significant market shares. We have decided to focus management resources in these three businesses and in the devices/modules businesses that provide related support. In conjunction with this measure, we finalized the sale of the Automotive Electronic Components Business and the conclusion of the Backlights Business, aiming to secure long-term competitive advantage.

[Initiatives in Response to COVID-19]

In late January 2020, soon after the outbreak of COVID-19, the OMRON Group acted quickly for the sake of employee safety and business continuity by launching a Pandemic Task Force. Headed by our CEO, the Pandemic Task Force is working closely with each OMRON Group company around the world, prioritizing the health and safety of our employees, while arranging to deliver support supplies for employees working in regulated areas, to expand options for telecommuting, and to provide support via other measures. Beginning in January 2020, the spread of COVID-19 forced us to suspend manufacturing at our production centers in China, Italy, and America. Our facilities in Japan and other regions experienced a decrease in capacity utilization due to delays in securing manufacturing components, personnel, etc. However, our production centers have now recovered to mostly normal levels. We will continue to place the highest priority on the safety and security of our employees as we engage in business continuity measures designed to accomplish our responsibilities to our customers and society.

The OMRON Group experienced the negative impact of a declining business environment due to the U.S.-China trade friction and COVID-19 this fiscal year. Even so, our lower year-on-year performance in net sales means we have yet to reach our goal of building a self-driven growth structure. As one example, we must continue with restructuring in our Electronic and Mechanical Components Business, which recorded significantly lower sales and profits due to the negative impact of the business environment. We will also continue investments in IT infrastructure to digitize company-wide, building a strong business foundation capable of taking us into the future.

[Fiscal 2020 Plan]

Fiscal 2020 is the final year of our Long-Term Vision VG2020 business plan, and a year in which to complete the efforts to realize this vision. However, we will operate in an emergency mode with the highest priority given to countermeasures and the securing of profits, as we cannot foresee when the COVID-19 pandemic will be contained. Specifically, we will fulfill our responsibility to supply products to our customers, upon thoroughly ensuring the safety of our employees and preventing the spread of the infection. In addition, we have initiated a plan in April to secure profits based on the assumption of a fixed costs reduction of JPY 20 billion per year.

At the same time, we will continue to invest by leveraging the strong financial foundations that we have accumulated during the VG2020 period, with a view to the new social issues following the COVID-19 pandemic. The spread of COVID-19 has had an impact on our personal values and industrial structures, accelerating social change in a variety of areas. New social issues have emerged, leading to more potential business opportunities. OMRON will accelerate initiatives to leverage business opportunities in our three focus business domains for the post-COVID-19 world. For example, we will connect the resolving of social issues to growth by focusing on traceability that supports the safety and security of medicinal and food products and the spread of 5G, next-generation social infrastructure, in our factory automation business, and remote medicine services in the healthcare field. In the social solutions field, we will contribute to the realization of a resilient society, including in energy management, by integrating the Social Systems, Solutions and Service Business and the Environmental Solutions Business.

At the time of announcement of the financial results in April, it was difficult to predict the impact of COVID-19 on business, and we refrained from announcing the plan for fiscal 2020. However, we expect to announce it by the end of July.

(\*) innovative-Automation: innovative-Automation is the OMRON concept to introduce innovations to manufacturing. innovative-Automation consists of three “i”s representing evolutions in automation that bring dramatic advancements to the production floor and high added value to manufacturing processes.

*integrated*: Evolution in control technologies allowing any operator of any experience the ability to perform work efficiently.

*intelligent*: Using a broad range of control devices and AI connected through ICT to introduce self-learning and self-maintenance in production machinery for ever-evolving equipment and production lines.

*interactive*: Machines in the workplace anticipate and assist human movement, introducing a new harmony between human and machine.

**(5) Financial Assets and Profit and Loss**  
**Consolidated Financial Position and Operating Results**

(JPY millions)

	79th term (April 1, 2015 to March 31, 2016)	80th term (April 1, 2016 to March 31, 2017)	81st term (April 1, 2017 to March 31, 2018)	82nd term (April 1, 2018 to March 31, 2019)	83rd term (April 1, 2019 to March 31, 2020)
Net Sales	833,604	794,201	732,306	732,581	677,980
Operating Income	62,287	68,529	76,987	67,254	54,760
Income before Income Taxes from Continuing Operations	65,686	65,492	75,133	65,912	51,836
Net Income Attributable to OMRON Shareholders	47,290	45,987	63,159	54,323	74,895
Basic Net Income Attributable to OMRON Shareholders per Share (JPY)	218.95	215.09	296.85	260.78	365.26
Total Assets	683,325	697,701	744,952	749,878	758,124
Shareholders' Equity	444,718	469,029	505,530	504,212	530,415
Shareholders' Equity per Share (JPY)	2,079.98	2,193.72	2,400.37	2,455.24	2,626.62
Return on Equity (%)	10.1	10.1	13.0	10.8	14.5

- Notes: 1. The Company prepares its Consolidated Financial Statements in accordance with generally accepted accounting principles in the United States (U.S. GAAP).  
Operating income is presented as gross profit less selling, general and administrative expenses and research and development expenses.
2. In conjunction with the transfer of the Automotive Electronic Components Business to Nidec Corporation Group during the fiscal year ended March 31, 2020, in accordance with FASB Statement No. 205-20, "Presentation of Financial Statements - Discontinued Operations," the Automotive Electronic Components Business has been categorized as a discontinued operation, and its profit/loss figures have been displayed separately in the consolidated statements of income. Accordingly, the figures for the fiscal years ended March 31, 2018 and March 31, 2019 have been reclassified for presentation purposes.

**Non-Consolidated Financial Position and Operating Results**

(JPY millions)

	79th term (April 1, 2015 to March 31, 2016)	80th term (April 1, 2016 to March 31, 2017)	81st term (April 1, 2017 to March 31, 2018)	82nd term (April 1, 2018 to March 31, 2019)	83rd term (April 1, 2019 to March 31, 2020)
Net Sales	263,593	269,083	320,048	324,908	295,651
Ordinary Income	34,993	41,963	38,275	49,135	28,122
Net Income	32,659	29,652	30,458	45,017	79,376
Net Income per Share (JPY)	151.21	138.69	143.15	216.11	387.12
Total Assets	427,278	448,158	485,113	464,405	510,158
Net Assets	249,743	260,124	257,956	259,824	302,811
Net Assets per Share (JPY)	1,167.90	1,216.64	1,224.83	1,265.20	1,499.52

**(6) Principal Subsidiaries**

(As of March 31, 2020)

Division	Name	Capital (JPY millions)	Parent ownership (%)	Principal business
Industrial Automation Business	OMRON KANSAI-SEIGYO Corporation	310	100.0	Sale of industrial automation control equipment
Electronic and Mechanical Components Business	OMRON Relay & Devices Corporation	300	100.0	Electronic components for home appliances and communications devices
Social Systems, Solutions and Service Business	OMRON Social Solutions Co., Ltd.	5,000	100.0	Social systems
Healthcare Business	OMRON Healthcare Co., Ltd.	5,021	100.0	Healthcare and medical devices
Headquarters and others	OMRON Management Center of America, Inc.	(Thousands of U.S. dollars) 6,891	100.0	Regional management of business in the Americas
Headquarters and others, and Industrial Automation Business	OMRON Europe B.V.	(Thousands of Euro) 16,883	100.0	Regional management of business, and supervision of industrial automation business in Europe
Headquarters and others	OMRON (China) Co., Ltd.	(Thousands of RMB) 1,468,771	100.0	Regional management of business in China
Headquarters and others, and Industrial Automation Business	OMRON Asia Pacific Pte. Ltd.	(Thousands of Singapore dollars) 47,888	100.0	Regional management of business and supervision of industrial automation business in Southeast Asia
Headquarters and others, and Industrial Automation Business	OMRON Electronics Korea Co., Ltd.	(Thousands of South Korean won) 950,000	100.0	Regional management of business and supervision of industrial automation business in South Korea

The OMRON Group consists of 129 consolidated subsidiaries and 19 affiliates accounted for using the equity method including the above companies.

There are no unconsolidated subsidiaries or affiliates unaccounted for by the equity method.

Note: Due to the share transfer to Nidec during the fiscal year ended March 31, 2020, OMRON Automotive Electronics Co., Ltd. is no longer a Principal Subsidiary.

**(7) Principal Places of Business, etc.**

(As of March 31, 2020)

OMRON	Headquarters (Head Office)	Shimogyo-ku, Kyoto
	Tokyo Office (Branch Office)	Minato-ku, Tokyo
	Places of Business	Nagoya Office (Nishi-ku, Nagoya City), Yasu Office (Yasu City, Shiga Pref.), Kusatsu Office (Kusatsu City, Shiga Pref.), Ayabe Office (Ayabe City, Kyoto Pref.), Katsuragawa Office (Muko City, Kyoto Pref.), Osaka Office (Kita-ku, Osaka City)
	Research Site	Keihanna Technology Innovation Center (Kizugawa City, Kyoto Pref.)
Subsidiaries	Japan	OMRON KANSAI-SEIGYO Corporation (Kita-ku, Osaka City) OMRON Relay & Devices Corporation (Yamaga City, Kumamoto Pref.) OMRON Social Solutions Co., Ltd. (Minato-ku, Tokyo) OMRON Healthcare, Co., Ltd. (Muko City, Kyoto Pref.)
	Overseas	OMRON Management Center of America, Inc. (Illinois, U.S.A.) OMRON Europe B.V. (Hoofddorp, the Netherlands) OMRON (China) Co., Ltd. (Beijing, China) OMRON Asia Pacific Pte. Ltd. (Singapore) OMRON ELECTRONICS KOREA CO., LTD. (Seoul, South Korea)

Note: Due to the share transfer to Nidec during the fiscal year ended March 31, 2020, OMRON Automotive Electronics Co., Ltd. (Komaki City, Aichi Pref.) is no longer a principal place of business.

**(8) Employees****OMRON Group Employees (Consolidated)**

(As of March 31, 2020)

Number of employees	Change from March 31, 2019
28,006	Decrease of 7,084 employees

- Notes: 1. Number of employees refers to full time employees (people assigned by the OMRON Group to work outside the OMRON Group are excluded; people assigned from outside the OMRON Group to work within the OMRON Group are included).
2. The principal reason for the decrease in the number of employees compared with that on March 31, 2019 is the transfer of the Automotive Electronic Components Business to Nidec Corporation Group during the fiscal year ended March 31, 2020.

**OMRON Group Employees by Region (Consolidated)**

(As of March 31, 2020)

Japan	The Americas	Europe	Greater China	Southeast Asia and others	Total
10,600	1,798	2,320	8,031	5,257	28,006
38%	6%	8%	29%	19%	100%

Note: Major countries and regions belonging to categories other than Japan

- (1) The Americas the United States, Canada, Brazil  
(2) Europe the Netherlands, the United Kingdom, Germany, France, Italy, Spain  
(3) Greater China China, Hong Kong, Taiwan  
(4) Southeast Asia and others Singapore, South Korea, India, Australia

**(9) Major Lenders**

There were no major lenders at the end of the fiscal year ended March 31, 2020.

## **(10) Other Significant Matters regarding the Current State of the OMRON Group**

At a meeting held on October 29, 2019, the OMRON Board of Directors resolved to split off its Environmental Solutions Business (“this business”) and transfer it to its consolidated subsidiary, OMRON Social Solutions Co., Ltd. (“OSS”) through a corporate split. An absorption-type split agreement was executed on December 25, 2019.

The OMRON Group decided to integrate this business with the OSS business for the objective of promoting further development of business in the Social Solutions domain, which is one of the OMRON Group’s focus domains. The integration of this business and the OSS business will enable unification of their strategies and operations. By correctly seizing business opportunities, further growth of business is targeted.

### **1. Split method**

This is a simple absorption-type corporate split\* in which OMRON is the splitting company and OSS is the successor company.

\* Because the simple absorption-type corporate split implemented by OMRON satisfied the provisions of Article 784-2 of the Companies Act of Japan, OMRON did not seek shareholder approval at a general meeting of shareholders for this corporate split.

### **2. Allocation of shares or payment of cash made upon this corporate split**

None

### **3. Effective date of this corporate split**

April 1, 2020

## 2. Stock Information (As of March 31, 2020)

(1) Total Number of Issuable Shares 487,000,000 shares

(2) Total Number of Shares Issued 206,244,872 shares  
(including 3,545,506 shares of treasury stock)

(3) Number of Shareholders 32,238

### (4) Major Shareholders (Top Ten Shareholders)

Shareholder	Number (thousands of shares)	Percentage Held (%)
The Master Trust Bank of Japan, Ltd. (trust account)	30,354	14.97
Japan Trustee Services Bank, Ltd. (trust account)	14,473	7.14
The Bank of Kyoto, Ltd.	7,069	3.48
State Street Bank & Trust Company 505223	6,264	3.09
MUFG Bank, Ltd.	5,143	2.53
Japan Trustee Services Bank, Ltd. (trust account 7)	4,661	2.29
Japan Trustee Services Bank, Ltd. (trust account 5)	3,652	1.80
Nippon Life Insurance Company	3,640	1.79
JP Morgan Chase Bank 385151	3,311	1.63
OMRON Employee Stockholding Association	3,025	1.49

- Notes: 1. The percentage of shares is calculated excluding treasury stock.
2. Although the Company holds 3,546 thousand shares of treasury stock (the ratio to a total of shares issued: 1.71%), it is excluded from the above list of major shareholders.
3. On April 1, 2019, Mitsubishi UFJ Financial Group, Inc. filed an amendment to the major shareholding status report, which is open to public, stating that its four (4) group companies held 18,749 thousand shares of the Company (representing 8.76% of the total number of shares issued) as of March 25, 2019. However, OMRON has not been able to confirm the number of shares currently possessed by the company, and therefore these shares are not included in major shareholders stated above.
4. On April 5, 2019, Mizuho Securities Co., Ltd. filed an amendment to the major shareholding status report, which is open to public, stating that its two (2) group companies held 10,149 thousand shares of the Company (representing 4.74% of the total number of shares issued) as of March 29, 2019. However, OMRON has not been able to confirm the number of shares currently possessed by the company, and therefore these shares are not included in major shareholders stated above.
5. On August 21, 2019, Nomura Securities Co., Ltd. filed an amendment to the major shareholding status report, which is open to public, stating that its two (2) group companies held 16,879 thousand shares of the Company (representing 7.89% of the total number of shares issued) as of August 15, 2019. However, OMRON has not been able to confirm the number of shares currently possessed by the company, and therefore these shares are not included in major shareholders stated above.
6. On August 21, 2019, Sumitomo Mitsui Trust Bank, Limited filed an amendment to the major shareholding status report, which is open to public, stating that its two (2) group companies held 14,945 thousand shares of the Company (representing 6.99% of the total number of shares issued) as of August 15, 2019. However, OMRON has not been able to confirm the number of shares currently possessed by the company, and therefore these shares are not included in major shareholders stated above.
7. On March 19, 2020, BlackRock Japan Co., Ltd. filed an amendment to the major shareholding status report, which is open to public, stating that its seven (7) group companies held 11,985 thousand shares of the Company (representing 5.81% of the total number of shares issued) as of March 13, 2020. However, OMRON has not been able to confirm the number of shares currently possessed by the company, and therefore these shares are not included in major shareholders stated above.



### **(5) Breakdown of Shareholders by Type of Owner**

Category	Financial Institutions	Securities Companies	Other Domestic Companies	Foreign Investors	Individuals and Others	Total
Percent of total (%)	45	2	5	35	13	100.00

Notes: 1. Shareholders who only own odd-lot (less than one trading unit) shares are excluded from the table.  
2. 3,545,500 shares of treasury stock (trading unit) recorded in the shareholder register as of March 31, 2020 are included in the "Individuals and Others".

### **(6) Other Important Matters Related to Shares**

Based on the resolution by the OMRON Board of Directors at a meeting held on October 29, 2019, the Company has cancelled treasury stock as indicated below.

Types of shares cancelled:	Common stock
Total number of shares cancelled:	7,713,300 shares
Date of cancellation:	November 29, 2019

### **3. Stock Acquisition Rights of the Company**

None applicable.

#### 4. Directors and Audit & Supervisory Board Members

##### (1) Names and Other Information of Directors and Audit & Supervisory Board Members

Title	Name	Areas of Responsibility and Significant Concurrent Positions, etc.
Chairman of the Board	Fumio Tateishi	Chairman of the Board of Directors Member of the CEO Selection Advisory Committee
Representative Director	Yoshihito Yamada	President and CEO
Representative Director	Kiichiro Miyata	Senior Managing Executive Officer CTO, Senior General Manager of Technology & Intellectual Property HQ and Senior General Manager of Innovation Exploring Initiative HQ Member of the Personnel Advisory Committee
Director	Koji Nitto	Senior Managing Executive Officer CFO and Senior General Manager of Global Strategy H.Q. Member of the Compensation Advisory Committee
Director	Satoshi Ando	Vice Chairman of the Personnel Advisory Committee Vice Chairman of the CEO Selection Advisory Committee Vice Chairman of the Compensation Advisory Committee
Director (Independent)	Eizo Kobayashi [Outside Executive] [Independent Officer]	Chairman of the Personnel Advisory Committee Chairman of the CEO Selection Advisory Committee Chairman of the Corporate Governance Committee Member of the Compensation Advisory Committee Senior Representative for Business Community Relations of ITOCHU Corporation (retired from the position in March 2020) External Director of Japan Airlines Co., Ltd. Outside Director of Japan Exchange Group, Inc. Outside Director of Nippon Venture Capital Co., Ltd. Chairman of ITOCHU Foundation

Title	Name	Areas of Responsibility and Significant Concurrent Positions, etc.
Director (Independent)	Kuniko Nishikawa [Outside Executive] [Independent Officer]	Chairman of the Compensation Advisory Committee Vice Chairman of the Corporate Governance Committee Member of the Personnel Advisory Committee Member of the CEO Selection Advisory Committee President & CEO of Firststar Healthcare Co. Ltd. Chief Executive Officer of FRONTEO Healthcare, Inc. (retired from the position in September 2019) Audit & Supervisory Board Member of AIG Japan Holdings Kabushiki Kaisha
Director (Independent)	Takehiro Kamigama [Outside Executive] [Independent Officer]	Member of the Personnel Advisory Committee Member of the CEO Selection Advisory Committee Member of the Compensation Advisory Committee Member of the Corporate Governance Committee Mission Executive of TDK Corporation Outside Director of Yamaha Motor Co., Ltd. External Director of SoftBank Corp.

Title	Name	Significant Concurrent Positions, etc.
Audit & Supervisory Board Member (Full-time)	Kiichiro Kondo	
Audit & Supervisory Board Member (Full-time)	Kiyoshi Yoshikawa	
Audit & Supervisory Board Member (Independent)	Hideyo Uchiyama [Outside Executive] [Independent Officer]	Member of the Corporate Governance Committee Executive Advisor of ASAHI Tax Corporation Outside Director of Sompo Holdings, Inc. (retired from the position of Outside Audit & Supervisory Board Member in June 2019) Outside Director of Eisai Co., Ltd.
Audit & Supervisory Board Member (Independent)	Tadashi Kunihiro [Outside Executive] [Independent Officer]	Member of the Corporate Governance Committee Partner of T. Kunihiro & Co. Attorneys-at-Law Outside Audit & Supervisory Board Member of Mitsubishi Corporation Outside Director of LINE Corporation Outside Director of Tokio Marine & Nichido Fire Insurance Co., Ltd.

Notes: 1. For Directors (Independent) Eizo Kobayashi, Kuniko Nishikawa and Takehiro Kamigama, and Audit & Supervisory Board Members (Independent) Hideyo Uchiyama and Tadashi Kunihiro, the Company has provided notification as Independent Officers to Tokyo Stock Exchange Group, Inc. Details of “The Company’s policy regarding the independence of Outside Executives” are described on pages 18 to 19.

- Mr. Eizo Kobayashi serves as Senior Representative for Business Community Relations of ITOCHU Corporation (“ITOCHE”) (retired from the position in March 2020) with which the Group has a business relationship that includes sales of products. However, such transactions account for less than 1% of the consolidated net sales of the Group and those of the ITOCHU Group. In addition, Mr. Kobayashi concurrently serves as an Outside Director of Nippon Venture Capital Co., Ltd., of which the Company holds 1.21% of the total number of shares issued.
- Mr. Takehiro Kamigama serves as Mission Executive of TDK Corporation (“TDK”), with which the Group has a business relationship that includes sales of products. However, such transactions account for less than 1% of the consolidated net sales of the Group and those of the TDK Group. In addition, Mr. Kamigama concurrently serves as an Outside Director of Yamaha Motor Co., Ltd. (“Yamaha Motor”), with which the Group has a business relationship that includes sales of products. However, such transactions account for less than 1% of the consolidated net sales of the Group and those of the Yamaha Motor Group. Mr. Kamigama concurrently serves as External Director of SoftBank Corp., with which the Group has a business relationship that includes operational consignment of products. However, such transactions account for less than 1% of the consolidated net sales of the Group and those of the SoftBank Group.

4. Mr. Hideyo Uchiyama serves as an Outside Director of Sampo Holdings, Inc. (“Sampo Holdings”), with which the Group has a business relationship relating to insurance. However, such transactions account for less than 1% of the consolidated net sales of the Group and those of the Sampo Holdings Group.
5. Mr. Tadashi Kunihiro serves as an Outside Director of Tokio Marine & Nichido Fire Insurance Co., Ltd. (“Tokio Marine & Nichido Fire Insurance”), with which the Group has a business relationship relating to insurance. However, such transactions account for less than 1% of the consolidated net sales of the Group and those of the Tokio Marine & Nichido Fire Insurance Group.
6. There are no special relationships between the Company and significant concurrent employers of other Outside Executives.
7. Mr. Eizo Kobayashi retired from the position of Senior Representative for Business Community Relations of ITOCHU Corporation on March 31, 2020, and was appointed as Director Emeritus of ITOCHU Corporation on April 1, 2020.
8. Audit & Supervisory Board Member (Full-time) Kiichiro Kondo has work experience in financial institutions, and has considerable knowledge regarding finance and accounting.
9. Mr. Hideyo Uchiyama has years of working experience as a certified public accountant in an auditing firm, and has considerable knowledge regarding finance and accounting.
10. Changes in Audit & Supervisory Board Members’ positions in the fiscal year under review are as follows.  
(Appointment) At the 82nd Ordinary General Meeting of Shareholders held on June 18, 2019, Mr. Kiyoshi Yoshikawa was newly elected and appointed as an Audit & Supervisory Board Member.  
(Retirement) At the close of the 82nd Ordinary General Meeting of Shareholders held on June 18, 2019, Mr. Tokio Kawashima retired from the position of Audit & Supervisory Board Member due to the expiry of his term.
11. Executive Officers as of April 1, 2020 are as follows.

Title	Name	Position
* President	Yoshihito Yamada	CEO
Executive Vice President	Yutaka Miyanaga	Company President of Industrial Automation Company
* Senior Managing Executive Officer	Kiichiro Miyata	CTO, Senior General Manager of Technology & Intellectual Property HQ, and Senior General Manager of Innovation Exploring Initiative HQ
* Senior Managing Executive Officer	Koji Nitto	CFO and Senior General Manager of Global Strategy HQ
Managing Executive Officer	Shizuto Yukumoto	Company President of Electronic and Mechanical Components Company, and Senior General Manager of Business Development HQ
Managing Executive Officer	Toshio Hosoi	President and CEO of OMRON SOCIAL SOLUTIONS Co., Ltd.
Managing Executive Officer	Isao Ogino	President and CEO of OMRON HEALTHCARE Co., Ltd.
Managing Executive Officer	Nigel Blakeway	Chairman and CEO of OMRON MANAGEMENT CENTER OF AMERICA INC., Chairman of OMRON MANAGEMENT CENTER OF EUROPE, and Chairman of OMRON MANAGEMENT CENTER OF ASIA PACIFIC
Managing Executive Officer	Seigo Kinugawa	CEO of OMRON EUROPE B.V., Industrial Automation Company
Managing Executive Officer	Masahiko Tomita	Senior General Manager of Global Human Resources and Administration HQ
Managing Executive Officer	Junta Tsujinaga	Senior General Manager of Product Business Division HQ, Industrial Automation Company
Executive Officer	Goshi Oba	Chairman and President of OMRON INDUSTRIAL AUTOMATION (CHINA) CO., LTD
Executive Officer	Takayoshi Oue	Senior General Manager of Global Finance and Accounting HQ
Executive Officer	Takashi Kitagawa	Senior General Manager of Board of Directors Office

Title	Name	Position
Executive Officer	Shuji Tamaki	Senior General Manager of Global Risk Management and Legal HQ
Executive Officer	Makoto Ota	Senior General Manager of Production Division HQ, Electronic and Mechanical Components Company
Executive Officer	Tsutomu Igaki	Senior General Manager of Global Investor & Brand Communications HQ
Executive Officer	Jian Xu	President and CEO of OMRON (CHINA) CO., LTD.
Executive Officer	Kenji Eda	Senior General Manager of Global Procurement and Quality Management HQ
Executive Officer	Shinji Fukui	Senior General Manager of Technology Development Division HQ, Industrial Automation Company
Executive Officer	Masako Kubo	President and CEO of OMRON EXPERTLINK CO., LTD.
Executive Officer	Seiji Takeda	General Manager of Corporate Planning Department, Global Strategy HQ
Executive Officer	Taisuke Tateishi	Senior General Manager of Energy Solutions Business HQ, OMRON SOCIAL SOLUTIONS Co., Ltd.
Executive Officer	Katsuhiko Shikata	President and CEO of OMRON FIELD ENGINEERING CO., LTD.
Executive Officer	Virendra Shelar	President of OMRON MANAGEMENT CENTER OF ASIA PACIFIC, and General Manager of Global Human Resource Strategy Department, Global Human Resources and Administration HQ
Executive Officer	Masayuki Yamamoto	Senior General Manager of Strategy Planning Division HQ, Industrial Automation Company
Executive Officer	Robert Black	President, CEO and COO of OMRON ELECTRONICS LLC, Industrial Automation Company

Notes: Executive Officers marked with \* concurrently serve as Director.

## (2) Compensation of Directors and Audit & Supervisory Board Members

### 1) Policy on Determining Amount of Compensation, etc., and Methods Used for Calculation

The Company has a Compensation Advisory Committee to increase objectivity and transparency with respect to the compensation of Directors. The Compensation Advisory Committee is composed of members the majority of whom are Directors (Independent), and is chaired by a Director (Independent). The Company determines the Compensation Policy for Directors by resolution of the Board of Directors based on discussions by and recommendations from the Compensation Advisory Committee.

The amount of compensation for each Director is determined by resolution of the Board of Directors, within the scope of the aggregate amount of compensation, etc. for Directors set by resolution of the General Meeting of Shareholders, in light of discussions by and recommendations from the Compensation Advisory Committee based on the above policy.

In addition, the amount of compensation for each Audit & Supervisory Board Member is determined by discussions among Audit & Supervisory Board Members, based on the Compensation Policy for Audit & Supervisory Board Members, which has been set forth through discussions among Audit & Supervisory Board Members, within the scope of the aggregate amount of compensation, etc. for Audit & Supervisory Board Members set by resolution of the General Meeting of Shareholders.

The Company's Compensation Policy for Directors, Overview of Compensation Structure for Directors and Compensation Policy for Audit & Supervisory Board Members are as described in the following pages.

### 2) Amount of Compensation of Directors and Audit & Supervisory Board Members

(JPY millions)

Title	Number (Persons)	Base Salary	Short-term Performance-Linked Compensation (Bonuses)	Medium-to-long-term, Performance-Linked Compensation (Performance-linked and Share-based Incentive Plan)	Aggregate Compensation
Directors [Directors (Independent)]:	8 [3]	325 [44]	105 [—]	162 [—]	592 [44]
Audit & Supervisory Board Members [Audit & Supervisory Board Members (Independent)]:	5 [2]	88 [24]	— [—]	— [—]	88 [24]
Total [Outside Executives included in total]:	13 [5]	413 [68]	105 [—]	162 [—]	680 [68]

Notes: 1. The amounts include compensation paid to one Audit & Supervisory Board Member who retired at the close of the 82nd Ordinary General Meeting of Shareholders held on June 18, 2019.

2. The maximum limit of the aggregate compensation of Directors was set at JPY 35 million per month (by resolution of the 63rd Ordinary General Meeting of Shareholders held on June 27, 2000). The amounts of base salary for Directors are determined by resolution of the Board of Directors based on discussions by and recommendations from the Compensation Advisory Committee. Each Director receives an individual compensation amount determined based on discussions by and recommendations from the Compensation Advisory Committee.

3. The maximum limit of the aggregate compensation of Audit & Supervisory Board Members was set at JPY 11 million per month (by resolution of the 81st Ordinary General Meeting of Shareholders held on June 19, 2018). The amount of base salary for Audit & Supervisory Board Members is determined by discussions among Audit & Supervisory Board Members.

4. The maximum limit of Directors' bonuses was set at JPY 600 million per year (by resolution of the 81st Ordinary General Meeting of Shareholders held on June 19, 2018). The amounts of bonuses for Directors are determined by resolution of the Board of Directors based on discussions by and recommendations from the Compensation Advisory Committee. Each Director receives an individual compensation amount determined based on discussions by and recommendations from the Compensation Advisory Committee.

5. The 80th Ordinary General Meeting of Shareholders held on June 22, 2017 made a resolution to introduce a Performance-linked and Share-based Incentive Plan. Under the Plan, the maximum limit of money to be

contributed by the Company is JPY 2.4 billion, and the maximum limit of the number of the Company's shares to be granted and delivered as sales proceeds ("grant(ing), etc.") is 600,000 shares during the four fiscal years of the medium-term management plan. Under the Performance-linked and Share-based Incentive Plan, the Company shall award points to Directors calculated according to a prescribed formula, and the trust shall grant, etc. the Company's shares corresponding to the points awarded during a certain period to the Directors. Expenses of the Performance-linked and Share-based Incentive Plan, as indicated above, are associated with the points granted during the fiscal year under review.

6. No Directors of the Company received any employee wages other than their compensation as Directors.

## Compensation Policy for Directors

### 1) Basic policy

- The Company shall provide compensation sufficient to recruit as Directors exceptional people who are capable of putting the OMRON Principles into practice.
- The compensation structure shall be sufficient to motivate Directors to contribute to sustainable enhancement of corporate value.
- The compensation structure shall maintain a high level of transparency, fairness, and rationality to ensure accountability to shareholders and other stakeholders.

### 2) Structure of compensation

- Compensation for Directors shall consist of a base salary, which is fixed compensation, and performance-linked compensation, which varies depending on the Company's performance.
- Compensation for Directors (Independent) shall consist of a base salary only, reflecting their roles and the need for maintaining independence.

### 3) Base salary

- The amount of a base salary shall be determined by taking into account the salary levels of other companies, as surveyed by a specialized outside organization.

### 4) Performance-linked compensation

- As short-term performance-linked compensation, the Company shall provide bonuses linked to yearly performance indicators, and to the degree of achievement of performance targets.
- As medium- to long-term performance-linked compensation, the Company shall grant stock compensation linked to the degree of achievement of the goals of the medium-term management plan, and to the improvement in corporate value (value of stock).
- The Company shall determine the target amounts for short-term performance-linked compensation and medium-to-long-term, performance-linked compensation based on the target pay mix specified according to each Director's role and responsibility.

### 5) Governance of compensation

- All compensation for Directors shall be determined by a resolution of the Board of Directors reflecting the deliberations and recommendations of the Compensation Advisory Committee.



**Overview of Compensation Structure for Directors**

**(1) Compensation composition ratio**

Compensation consists of a “base salary” (fixed compensation) and compensation according to Company performance, namely “short-term performance-linked compensation (bonuses)” and “medium-to-long-term, performance-linked compensation (Performance-linked and Share-based Incentive Plan).” The ratio of compensation consisting of performance-linked compensation compared to base salary has been determined for each role:

Base salary	:	Short-term performance-linked compensation (bonuses)	:	Medium-to-long-term, performance-linked compensation (Performance-linked and Share-based Incentive Plan)	= 1 : 1 : 1.5*
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\*Referring to President and CEO  
 \*The ratio is based on the assumption that the performance targets are set as 100% for each performance-linked compensation

**(2) Base salary**

A base salary is paid to Directors as fixed compensation. Base salaries are determined for each role by taking into account the salary levels of officers at other companies (benchmarked companies of the same industry and scope selected by the Compensation Advisory Committee), as surveyed by a specialized outside organization.

**(3) Short-term performance-linked compensation (bonuses)**

Bonuses are paid to Directors excluding Directors (Independent) as short-term performance-linked compensation, which is linked to yearly performance indicators and the degree of achievement of performance targets. Director bonuses vary between 0% and 200% according to the achievement of operating income, net income, and ROIC targets defined in the annual operating plan.

Base amount for each position	×	Performance score (Operating income 50%, net income 50%)	×	ROIC score	=	Short-term performance-linked compensation (bonuses)
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**(4) Medium-to-long-term, performance-linked compensation (Performance-linked and Share-based Incentive Plan)**

Stock compensation is paid as medium-to-long-term, performance-linked compensation to Directors excluding Directors (Independent). Stock compensation comprises the performance-linked component (60%), which is linked to the degree of achievement of the medium-term management plan, and the non-performance-linked component (40%), which aims for retention and motivation to improve share prices over the medium- to long-term, and is paid under the condition of a certain term of service. Stock compensation for performance-linked component varies between 0% and 200%, according to achievement of net sales, EPS, and ROE targets based on the medium-term management plan, as well as sustainability evaluation\* based on a third-party organization.

Base amount for each position	×	Performance score (Net sales 30%, EPS 70%)	×	ROE score	×	Sustainability evaluation	=	Stock compensation (performance-linked)
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As a rule, stock paid in stock-based compensation must be held by the individual during their term of service. In the event that an individual Director in question engages in serious misconduct during their term of service, and such misconduct harms the Company, the Compensation Advisory Committee will deliberate and make a recommendation. Based on this discussion and recommendation, the Board of Directors shall resolve to limit the payment of stock-based compensation.

\* Sustainability evaluation  
 An evaluation based on the Dow Jones Sustainability Indices (DJSI). The DJSI are a series of ESG Indices which include companies evaluated and selected based on long-term shareholder value perspective, reflecting economic, environmental, and social factors comprehensively.

## **Compensation Policy for Audit & Supervisory Board Members**

### **1) Basic policy**

- Compensation shall be sufficient to recruit exceptional people who are capable of performing the duties of Audit & Supervisory Board Members entrusted by shareholders.
- The compensation structure shall maintain a high level of transparency, fairness, and rationality to ensure accountability to shareholders and other stakeholders.

### **2) Structure of compensation**

- Compensation for Audit & Supervisory Board Members shall consist of a base salary only, reflecting their roles and the need for maintaining independence.

### **3) Base salary**

- The amount of a base salary shall be determined by taking into account the salary levels of other companies, as surveyed by a specialized outside organization.

### **4) Governance of compensation**

- All compensation for Audit & Supervisory Board Members shall be determined through discussions by Audit & Supervisory Board Members.

### (3) Items Related to Outside Executives

#### 1) Concurrent Positions as Executive Director or Outside Executive of Other Companies

As listed in “(1) Names and Other Information of Directors and Audit & Supervisory Board Members” (pages 34 to 35).

#### 2) Main Activities in the Past Fiscal Year

	Name	Main Activities
Directors (Independent)	Eizo Kobayashi	Attended all 13 of the 13 Board of Directors meetings held during the period, and exercised oversight functions particularly in terms of the Company's portfolio management (management resource allocation) and capital efficiency enhancement, drawing on his experience and insights gained through his experience as a corporate manager at a globally operating general trading company. He currently serves as Chairman of the Personnel Advisory Committee, CEO Selection Advisory Committee, Corporate Governance Committee, and Member of Compensation Advisory Committee.
	Kuniko Nishikawa	Attended all 13 of the 13 Board of Directors meetings held during the period, and exercised oversight functions particularly in terms of the Company's talent utilization and information systems, drawing on her experience and insights gained through her experience as an entrepreneur who started her own business after serving as a corporate manager of a medical staffing company. She currently serves as Chairman of the Compensation Advisory Committee, Vice Chairman of the Corporate Governance Committee, Member of the Personnel Advisory Committee and CEO Selection Advisory Committee.
	Takehiro Kamigama	Attended all 13 of the 13 Board of Directors meetings held during the period, and exercise oversight functions particularly in terms of the Company's technical management and product quality, drawing on his experience and insights gained through his experience as a corporate manager at a globally operating electronic components company. He currently serves as Member of the Personnel Advisory Committee, CEO Selection Advisory Committee, Compensation Advisory Committee and Corporate Governance Committee.

	Name	Main Activities
Audit & Supervisory Board Members (Independent)	Hideyo Uchiyama	Attended all 13 of the 13 Board of Directors meetings and all 13 of the 13 Audit & Supervisory Board meetings held during the period, and made statements particularly in terms of the Company's finance and accounting as necessary from an expert's perspective as a certified public accountant to ensure the legality and appropriateness of decision-making by the Board of Directors. In accordance with the audit policy and plan determined by the Audit & Supervisory Board, he held periodic view exchange with the President and CEO, periodic interviews of Directors and Executive Officers, periodic information exchange with the Accounting Auditor, and conducted on-site audits in the domestic and overseas subsidiaries. He currently serves as Member of the Corporate Governance Committee.
	Tadashi Kunihiro	Attended all 13 of the 13 Board of Directors meetings and all 13 of the 13 Audit & Supervisory Board meetings held during the period, and made statements particularly in terms of the Company's internal control and risk management as necessary from an expert perspective as a lawyer to ensure the legality and appropriateness of decision-making by the Board of Directors. In accordance with the audit policy and plan determined by the Audit & Supervisory Board, he held periodic view exchange with the President and CEO, periodic interviews of Directors and Executive Officers, and conducted on-site audits in the overseas subsidiaries. He also made an extensive range of statements regarding the Company's risk and crisis management from an expert perspective. He currently serves as Member of the Corporate Governance Committee.

### 3) Summary of Details of Limited Liability Agreements

The Company has established a provision in its articles of incorporation for limited liability agreements with Directors (Independent) and Audit & Supervisory Board Members (Independent) to ensure that they can adequately fulfill their expected roles. Based on this provision in the articles of incorporation, the Company has entered into limited liability agreements with all of the Directors (Independent) and Audit & Supervisory Board Members (Independent) based on the relevant provision of the articles of incorporation. These agreements limit their liability for damages with respect to the liabilities of Article 423-1 of the Companies Act to JPY 10 million or the minimum liability amount prescribed in Article 425-1 of the Companies Act, whichever is higher, when the Director (Independent) or Audit & Supervisory Board Member (Independent) has performed his duties in good faith and has not been grossly negligent.

## 5. Accounting Auditors

### (1) Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC

### (2) Amount of Compensation of Accounting Auditors for the Fiscal Year Ended March 31, 2020

1)	Total amount of compensation to be paid to the Accounting Auditor by the Company and its subsidiaries	JPY 272 million
2)	Of the total amount in 1), total amount to be paid by the Company and its subsidiaries as compensation for audit certification services	JPY 272 million
3)	Of the total amount in 2), amount of compensation as Accounting Auditor to be paid by the Company	JPY 218 million

Notes: 1. The amount of audit compensation under the Companies Act and the amount of audit compensation for the audit of financial statements, fourth quarter review and audit of the Internal Control System under the Financial Instruments and Exchange Law are not separated in the audit contract between the Company and the Accounting Auditor, and cannot be separated practically. Therefore, the amount in 3) is stated as the total of these.

2. The Audit & Supervisory Board, upon confirmation and deliberation of the plans for the Accounting Auditor's audit for the fiscal year, which had been explained by the Accounting Auditor and the relevant internal divisions, the records of the previous fiscal year's audit, the performance status of the audit by the Accounting Auditor, and the grounds for calculation of compensation estimation, judged them to be appropriate and gave consent to the amount of compensation to be paid to the Accounting Auditor.

3. Among the Company's principal consolidated subsidiaries, OMRON Management Center of America, Inc., OMRON Europe B.V., OMRON Asia Pacific Pte. Ltd., OMRON (China) Co., Ltd. and OMRON Electronics Korea Co., Ltd. receive audits by an auditor other than the Accounting Auditor of the Company.

### (3) Contents of Services other than Services of Article 2-1 of the Certified Public Accountants Act (Non-Audit Services)

None applicable.

### (4) Policy for Dismissal or Non-Reappointment of Accounting Auditor

The Company may dismiss or decline to reappoint the Accounting Auditor for any of the following reasons:

- 1) If deemed necessary, such as in cases where the execution of duties by the Accounting Auditor has been disrupted, the Audit & Supervisory Board determines the contents of the proposal for the dismissal or non-reappointment of the Accounting Auditor to be submitted to the shareholders' meeting.
- 2) If the Audit & Supervisory Board judges that the Accounting Auditor falls under any of the numbered items in Article 340-1 of the Companies Act, it dismisses the Accounting Auditor with the consent of all Audit & Supervisory Board Members. In such cases, the Audit & Supervisory Board Member who has been selected by the Audit & Supervisory Board will report the fact of and the reason for the dismissal of the Accounting Auditor at the first shareholders' meeting convened after the dismissal of the Accounting Auditor.

## **6. Systems and Policies of the Company**

### **(1) Corporate Principles of the OMRON Group**

In 1959, Kazuma Tateishi, the Company's founder, set forth "To improve lives and contribute to a better society" as Our Mission for the OMRON Group. Subsequently, the spirit of Our Mission was developed into the corporate principles of the OMRON Group, and has been revised in line with the changing times, while serving as the driver as well as the unifying force for business development leading to countless innovations and contributing to the development of society and the improvement of people's lives.

The OMRON Group is accelerating the globalization through "Value Generation 2020" (VG2020), its long-term vision towards the year ending March 31, 2021 (fiscal 2020), and accordingly the OMRON Group aims for improvements in corporate value through the resolution of various social issues around the world. To achieve this end, it is becoming increasingly important that all employees around the world take action based on an understanding of our stance towards the corporate principles. Currently the Group is reinforcing efforts to put the corporate principles into practice on a global scale.

Going forward, the OMRON Group will fulfill its corporate social responsibility by practicing the corporate principles as it aims for sustained improvements in corporate value.

#### **Our Mission**

To improve lives and contribute to a better society

#### **Our Values**

The values that are important for us

- Innovation Driven by Social Needs  
Be a pioneer in creating inspired solutions for the future.
- Challenging Ourselves  
Pursue new challenges with passion and courage.
- Respect for All  
Act with integrity and encourage everyone's potential.

### **(2) Management Philosophy of the OMRON Group**

The OMRON Group has declared the following Management Philosophy to all stakeholders, representing the OMRON Group's stance and way of thinking towards management to put the corporate principles into practice through business. It will continue to evolve according to the demands of the times and society.

#### **Management Philosophy**

We believe a business should create value for society through its key practices.

We are committed to sustainably increasing our long-term value by putting Our Mission and Values into practice.

- We uphold a long-term vision in our business practices to create solutions to society's needs.
- We operate as a truly global company through our fair and transparent management practices.
- We cultivate strong relationships with all of our stakeholders through responsible engagement.

### **(3) Corporate Governance of the Company**

#### **Basic Stance for Corporate Governance of the Company**

At the OMRON Group, corporate governance is defined as the system of processes and practices based on the Omron Principles and the Omron Management Philosophy. The system is intended to ensure transparency and fairness in business and speed up management decisions and practices. This is done by connecting the entire process from oversight and supervision all the way to business execution in order to boost the OMRON Group's competitive edge. OMRON's corporate governance also involves building such a system and maintaining its proper function. The ultimate objective is to achieve sustained enhancement of corporate value by earning the support of all stakeholders.

### **Reasons for OMRON's Selection of its Current Corporate Governance System**

The Company has chosen to adopt the organizational structure of a "Company with Audit & Supervisory Board."

The Board of Directors strives toward sustained improvements in the OMRON's Group corporate value by exercising oversight functions over the overall management through the election of Directors, Audit & Supervisory Board Members and Executive Officers; the determination of compensation for Directors and Executive Officers; and making important operational decisions.

The Audit & Supervisory Board and the Audit Supervisory Board Members work to secure the integrity of the OMRON Group and the sustained improvement of corporate value by conducting audits on legality and appropriateness of Directors' duties, and the fulfillment of the Board of Directors' oversight obligations. In addition, each Audit & Supervisory Board Member can exercise his/her authority on his/her own as a single-person organ in which the power of final decision-making is given to one person. This allows them to play a crucial role in strengthening internal controls.

Furthermore, to enhance the oversight functions of the Board of Directors, four voluntary advisory committees are attached to the Board of Directors. The Personnel Advisory Committee, the CEO Selection Advisory Committee and the Compensation Advisory Committee are chaired by a Director (Independent), and the majority of each committee should be composed of Directors (Independent). The CEO Selection Advisory Committee, in particular, is dedicated to the deliberation and nomination of candidates for CEO, which is the top-priority matter in management oversight. In addition, the Corporate Governance Committee, established for the purpose of enhancing corporate governance, is also chaired by a Director (Independent), and exclusively comprises Directors (Independent) and Audit & Supervisory Board Members (Independent). Through these unique initiatives, the Company has established and adopted a system that enhances the transparency and objectivity of management's decision-making process.

By incorporating the best aspects of the corporate governance system of a so-called "Company with Committees (Nomination, etc.)" in this way, we have created the kind of hybrid corporate governance structure that we feel is most appropriate for OMRON as a Company with Audit & Supervisory Board.

### **OMRON Corporate Governance Policies**

In accordance with this basic stance for Corporate Governance, the Company has set forth the corporate governance policies (the "Policies"). Since establishing the Management Personnel Advisory Committee in 1996, the Company has spent more than 20 years formalizing and strengthening its systems of corporate governance. The Company intends to continue its pursuit of ongoing improvement of corporate governance to achieve sustainable enhancement of corporate value.

## Corporate Governance Initiatives (Reference)

	1999	2003	2011
President	1987: Yoshio Tateishi	2003: Hisao Sakuta	2011: Yoshihito Yamada
Chairman of the Board of Directors Meeting / CEO	President served as both		2003: Chairman serves as Chairman of the Board of Directors; President serves as CEO
Separation of management oversight and business execution	30 Directors	1999: Revised articles of incorporation, setting number of board members to 10 or fewer	2017: Eliminated board titles*
		1999: Adopted executive officer system	2017: Positioned president as an executive officer
Advisory Board	1999: Advisory Board		
Directors (Independent)		2001: One Director (Independent)	2003: Two Directors (Independent) (seven Directors) 2015: Three Directors (Independent) (eight Directors)
Audit & Supervisory Board Members (Independent)	1998: One member	1999: Two members	2003: Three members (four Auditors) 2011: Two members (four Auditors)
Advisory Committees	1996: Management Personnel Advisory Committee		2000: Personnel Advisory Committee
			2003: Compensation Advisory Committee
			2006: CEO Selection Advisory Committee
			2008: Corporate Governance Committee
Corporate Philosophy	1959: Corporate Motto 1990: OMRON Principles	1998: Revised	2006: Revised 2015: Revised
OMRON Corporate Governance Policies			2015: Established

\* Not including Chairman of the Board

### [Organizational Structure]

The OMRON Group has chosen to adopt the organizational structure of “Company with Audit & Supervisory Board” as stipulated by the Companies Act. To complement the functions of the Board of Directors, four advisory committees are in place, namely the Personnel Advisory Committee, the CEO Selection Advisory Committee, the Compensation Advisory Committee and the Corporate Governance Committee. By incorporating the best aspects of the governance system of a “Company with Committees” as well, the OMRON Group has established and adopted a hybrid type governance structure.

### [Roles and Responsibilities of the Board of Directors]

The Board of Directors recognizes its fiduciary responsibility to shareholders and assumes the responsibility of sustainably improving the OMRON Group’s corporate value through appropriate exercise of its authority.

- To fulfill the above responsibilities, the Board of Directors exercises oversight functions over the overall management in order to ensure fairness and transparency of management practices. The Board of Directors does so through election of Directors, Audit & Supervisory Board Members, and Executive Officers. It also determines compensation for Directors and Executive Officers, and makes important operational decisions.
- The Board of Directors is also responsible for establishing a system to respond to cases when Audit & Supervisory Board Members or Accounting Auditors have discovered fraud within the OMRON Group and demanded appropriate remedies or pointed out deficiencies or problems.

### [Composition of Board of Directors]

- Management oversight and business execution are kept separate and a majority of the Board of Directors shall consist of Directors who are not involved with business execution.
- At least one-third of the Board of Directors shall consist of Directors (Independent).



- The Personnel Advisory Committee concerning nomination and personnel evaluation of Directors, Audit & Supervisory Board Members, and Executive Officers; and the Compensation Advisory Committee concerning remuneration of Directors and Executive Officers; are attached to the Board of Directors. The CEO Selection Advisory Committee is dedicated to the deliberation and nomination of candidates for CEO, which is the top-priority matter in management oversight.
- The Personnel Advisory Committee, the Compensation Advisory Committee and the CEO Selection Advisory Committee are chaired by a Director (Independent), and the majority of each committee should be composed of Directors (Independent).
- The Corporate Governance Committee, established for the purpose of enhancing corporate governance, is also to be chaired by Director (Independent), and comprises Directors (Independent) and Audit & Supervisory Board Members (Independent).
- The lead Director (Independent) assumes the position of chair of the Corporate Governance Committee.

#### **[Chairman of the Board of Directors]**

- To clarify the oversight function of Directors, the Chairman of the Board of Directors without authority to represent the company will take on the position of chair of the Board of Directors meeting.
- The Chairman of the Board of Directors should not be involved with business execution.
- The Chairman of the Board of Directors shall strive to facilitate free, open, and constructive discussions to take place at Board of Directors meetings.

#### **[Advisory Committees]**

##### **(1) The Personnel Advisory Committee**

In accordance with the relevant rules, the Personnel Advisory Committee is intended to bolster the management oversight functions of the Board of Directors by enhancing transparency, objectivity and timeliness of decision-making process regarding nomination of candidates for Directors, Audit & Supervisory Board Members and Executive Officers.

- The Personnel Advisory Committee deliberates and sets criteria for the selection of Directors, Audit & Supervisory Board Members and Executive Officers.
- To swiftly respond to the need for global-scale growth and greater competitive strength, as well as significant changes in the business environment, the Personnel Advisory Committee shall work to provide diversity in the Board of Directors, Audit & Supervisory Board and among Executive Officers.
- The Personnel Advisory Committee receives reports from the Chairman of the Board of Directors on results of interviews with each Director, in order to evaluate each Director.
- In response to consultation from the Chairman of the Board of Directors (for Directors), who has been entrusted by the Audit & Supervisory Board (for its Members), and from the CEO (for Executive Officers), the Personnel Advisory Committee deliberates on personnel evaluation of such executives in accordance with the selection criteria established by the committee. Also considered is the degree of implementation of the Omron Principles, achievement of performance targets, etc. Based on these, the Personnel Advisory Committee makes recommendations to the Board of Directors.
- Based on the Personnel Advisory Committee's recommendations, the Board of Directors determines the proposition regarding the election of Directors to be resolved at the general shareholders meeting.
- Based on the Personnel Advisory Committee's recommendations, the Board of Directors, with the consent of the Audit & Supervisory Board, determines the proposition regarding the election of Audit & Supervisory Board Members to be resolved at the general meeting of shareholders.
- The propositions regarding the election of Directors and Audit & Supervisory Board Members shall describe and explain brief personal records of the candidates (including current posts and duties at OMRON for candidates for Directors), reasons for nominating the candidates, and other important posts assumed by the candidates.

##### **(2) The CEO Selection Advisory Committee**

In accordance with the relevant rules, the CEO Selection Advisory Committee is intended to bolster the management oversight function of the Board of Directors by enhancing transparency, objectivity and timeliness of the decision-making process regarding nomination of candidates for CEO.

- The CEO Selection Advisory Committee evaluates performance of the President and CEO annually and appoints the President and CEO for the next fiscal year.
- In the case of reappointment, the CEO Selection Advisory Committee appoints the President and CEO for the next fiscal year based on the evaluation factoring in his/her performance, etc., and makes recommendations to the Board of Directors.

- In the case of replacement, the CEO Selection Advisory Committee appoints the President and CEO for the next fiscal year based on the CEO succession planning, etc., and makes recommendations to the Board of Directors.
- The CEO Selection Advisory Committee annually deliberates about CEO succession planning and contingent succession planning to take over the position in emergency situations and makes recommendations to the Board of Directors.
- Based on the CEO Selection Advisory Committee's recommendations, the Board of Directors determines the candidate and sets a proposal to be resolved at the general meeting of shareholders.

(3) The Compensation Advisory Committee

In accordance with the relevant rules, the Compensation Advisory Committee is intended to bolster the management oversight function of the Board of Directors by increasing transparency and objectivity in determining compensation amounts for each Director and Executive Officer.

- The Compensation Advisory Committee discusses the Compensation Policy for Directors and makes recommendations to the Board of Directors. Based on these, the Board of Directors determines the Compensation Policy for Directors.
- The Compensation Advisory Committee deliberates on the Compensation Policy for Executive Officers.
- In response to consultation from the Chairman of the Board of Directors (for Directors), and from the CEO (for Executive Officers), and based on the above-mentioned policies, the Compensation Advisory Committee deliberates on compensation for Directors and Executive Officers.
- Compensation for Directors based on the above-mentioned deliberation is as follows:
  - Compensation for Directors shall consist of a base salary, which is fixed compensation, and performance-linked compensation, which varies depending on performance.
  - Compensation for Directors (Independent) shall consist of a base salary only, reflecting their roles and the need for maintaining independence.
  - The amount of a base salary shall be determined by taking into account the salary levels of other companies, as surveyed by a specialized outside organization.
  - Performance-linked compensation comprises short-term performance-linked compensation and medium-to-long-term, performance-linked compensation. As short-term performance-linked compensation, the Company shall provide bonuses linked to yearly performance indicators, and to the degree of achievement of performance targets. As medium- to long-term performance-linked compensation, the Company shall grant stock compensation linked to the degree of achievement of the goals of the medium-term management plan, and to the improvement in corporate value (value of stock).
  - The Company shall determine the basic amount of short-term performance-linked compensation and medium-to-long-term, performance-linked compensation based on the compensation composition ratio set forth according to roles and responsibilities.
- Based on the Compensation Advisory Committee's recommendations, the Board of Directors determines the amounts of compensation for individual Directors within the scope of the sum of compensation amounts for all Directors set by resolution of the general meeting of shareholders.

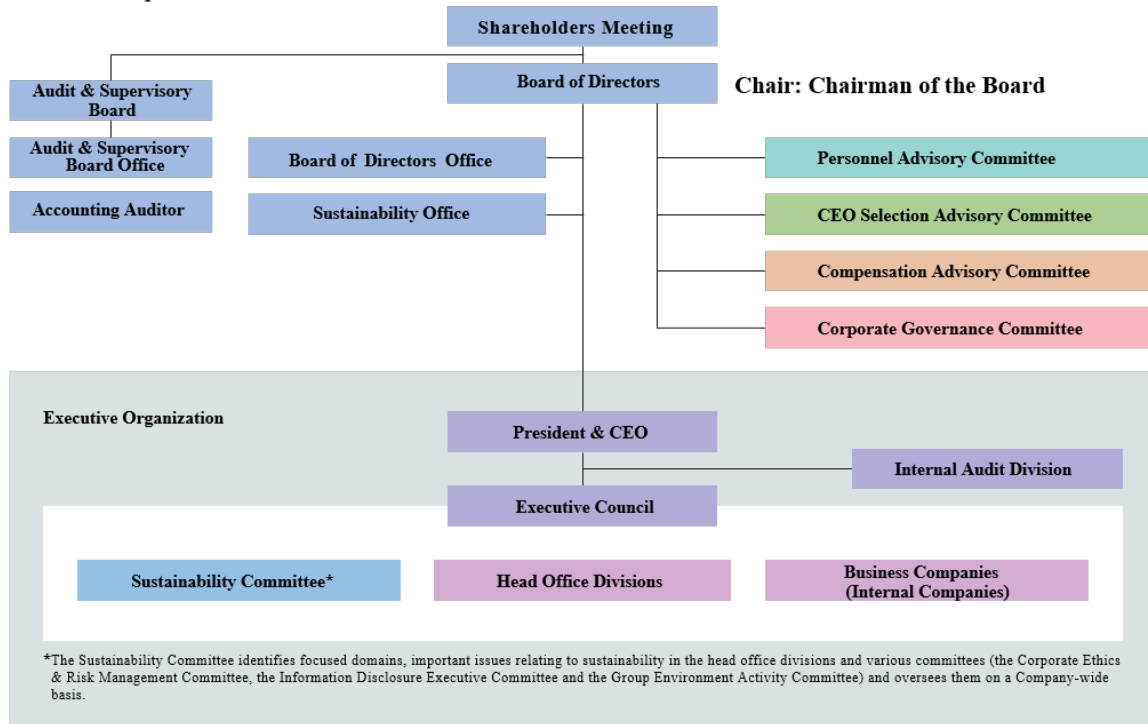
(4) Corporate Governance Committee

In accordance with the relevant rules, the Corporate Governance Committee is intended to enhance the transparency and fairness of management practices from the standpoint of all stakeholders and continuously take steps to enhance corporate governance.

- The Corporate Governance Committee evaluates the composition, operation, and effectiveness of the Board of Directors, and reports the results of evaluation to the Board of Directors.
- The Corporate Governance Committee draws up "Independence Requirements for Outside Executives" and makes recommendations to the Board of Directors.
- Regarding corporate governance-related matters other than the above, the Corporate Governance Committee, in response to consultation from the Board of Directors or the Chairman of the Board of Directors, makes recommendations to the Board of Directors.

For the entire text of the OMRON Corporate Governance Policies, please refer to the website below.  
<https://www.omron.com/about/corporate/governance/policy/>

Omron's Corporate Governance Structure



The following four committees are established under the umbrella of the Board of Directors for transparency and objectivity of management decisions. Directors (Independent) chair these committees, and the President and CEO does not belong to them as a Member. Details of Advisory Committees are described on pages 49 to 51.

**【The Personnel Advisory Committee】**

A committee to set criteria and policies relating to the selection of Directors, Audit & Supervisory Board Members and Executive Officers. The committee also deliberates about candidates.

**【The CEO Selection Advisory Committee】**

A committee that specializes in selection of the President and appoints a candidate for the President and CEO for the next fiscal year, and deliberates about CEO succession planning and contingent succession planning to take over the position in emergency situations.

**【The Compensation Advisory Committee】**

A committee to deliberate about compensation levels and amounts for Directors and Executive Officers, as well as setting compensation policies and carrying out compensation assessments.

**【The Corporate Governance Committee】**

A committee to discuss measures required to ensure the continuous proper execution of the corporate governance regime and measures to improve the fairness and transparency of management activities.

**Advisory Committee Members in Fiscal 2019**

Title	Name	Personnel Advisory Committee	CEO Selection Advisory Committee	Compensation Advisory Committee	Corporate Governance Committee
Chairman of the Board	Fumio Tateishi		□		
Representative Director	Yoshihito Yamada				
Representative Director	Kiichiro Miyata	□			
Director	Koji Nitto			□	
Director	Satoshi Ando	○	○	○	
Director (Independent)	Eizo Kobayashi ★	●	●	□	●
Director (Independent)	Kuniko Nishikawa ★	□	□	●	○
Director (Independent)	Takehiro Kamigama ★	□	□	□	□
Audit & Supervisory Board Member (Full-time)	Kiichiro Kondo				
Audit & Supervisory Board Member (Full-time)	Kiyoshi Yoshikawa				
Audit & Supervisory Board Member (Independent)	Hideyo Uchiyama ★				□
Audit & Supervisory Board Member (Independent)	Tadashi Kunihiro ★				□

Notes: ● Chairperson ○ Vice-Chairperson □ Committee Member ★ Independent Officer

## Status of initiatives towards improving the Board of Directors' effectiveness

### 1. Overview of initiatives towards improving the Board of Directors' effectiveness

The Company ensures transparency and fairness in business management, speeds up management decisions and practices, and strives to boost the OMRON Group's competitive edge. The ultimate objective is to achieve sustained enhancement of corporate value. To this end, the Company reinforces the supervisory functions of the Board of Directors through initiatives for improving its effectiveness. Such initiatives are undertaken in a cycle of (1) evaluation of the Board of Directors' effectiveness and (2) determination of the policy for the operation and focus themes of the Board of Directors and formulation and implementation of annual plans.

#### (1) Evaluation of the Board of Directors' effectiveness

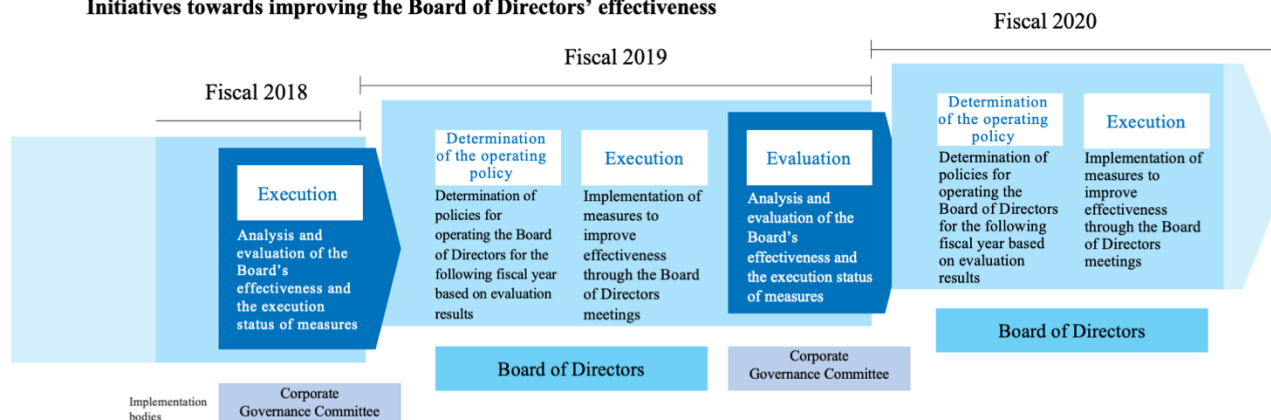
The Company's evaluation of the Board of Directors' effectiveness is conducted by the Corporate Governance Committee chaired by a Director (Independent) and comprising only Directors (Independent) and Audit & Supervisory Board Members (Independent) (hereinafter "Outside Executives"). Outside Executives act as members of the Board of Directors while having the perspectives of all stakeholders including the shareholders. The Corporate Governance Committee, which is composed only of Outside Executives, performs evaluations in order to ensure that evaluations are both objective and effective.

#### (2) Determination of the policy for the operation and focus themes of the Board of Directors and formulation and implementation of annual plans

Based on the evaluation results by the Corporate Governance Committee in (1) and the business environment, etc., the Board of Directors determines the policy for the operation and focus themes of the Board of Directors for the next fiscal year. The Board of Directors formulates and implements annual plans based on this operation policy.

The Company continues to improve the Board of Directors' effectiveness by implementing (1) and (2) above on a yearly basis. The Corporate Governance Committee has evaluated these initiatives to be the Company's unique, optimal activities that are both objective and effective. The Board of Directors recognizes the Company's initiatives as being more effective than evaluations by third parties.

#### Initiatives towards improving the Board of Directors' effectiveness



## **2. Evaluation of the Board of Directors' effectiveness for fiscal 2019**

The methods of the evaluation of the Board of Directors' effectiveness and the evaluation items in the self-evaluation for fiscal 2019 are as described below.

### **(1) Evaluation methods**

- 1) Self-evaluations by Directors and Audit & Supervisory Board Members
  - Each Director and Audit & Supervisory Board Member performed self-evaluations of the contents of discussions at the meetings of the Board of Directors and the extent of oversight functions exercised, immediately following each meeting of the Board of Directors held in and after July 2019.
  - Each Director and Audit & Supervisory Board Member performed self-evaluations of the operation, etc. of the Board of Directors over the course of the year following the meeting of the Board of Directors held in March 2020.
- 2) Interviews by the Chairman of the Board of Directors
  - The Chairman of the Board of Directors conducted individual interviews to Directors and Audit & Supervisory Board Members between January and March 2020.
- 3) Evaluation by the Corporate Governance Committee
  - The Corporate Governance Committee conducted evaluations of the focus themes in (1) above in March 2020. In April, the effectiveness of the Board of Directors was scheduled to be evaluated based on the results of the self-evaluations for fiscal 2019 as a whole in (1) above and the results of the interviews in (2) above, and the results were to be reported to the Board of Directors in May 2020. However, because the meeting of the Corporate Governance Committee was postponed in response to COVID-19, the evaluation could not be performed in April.

### **(2) Self-evaluation items**

Self-evaluation items are as follows. Evaluations were performed from the perspectives of whether or not the Board of Directors sufficiently exercised its oversight functions, and whether it contributed to the exercise of its oversight functions. Evaluations are performed by completing anonymous questionnaires. For each evaluation item, answers are provided using five-point scales and free comment fields.

- Self-evaluations performed immediately following meetings of the Board of Directors
  - Contents of discussions at the meeting of the Board of Directors
  - Extent of oversight functions exercised by the Board of Directors
- Self-evaluations for the entire year, performed at the end of the fiscal year
  1. Operation of the Board of Directors
    - 1) Policy for the operation of the Board of Directors for fiscal 2019
    - 2) Focus themes in the operation policy
    - 3) Deliberations and reports regarding issues other than focus themes
    - 4) Policy for the operation and focus themes of the Board of Directors for fiscal 2020
  2. Issues other than operation of the Board of Directors
    - 1) Individual meetings
    - 2) Provision of information such as site visits
    - 3) Self-evaluations performed immediately following the meetings of the Board of Directors
  3. Advisory committees
  4. Other overall issues regarding the Board of Directors
- Other self-evaluations (evaluations performed when new officers are appointed, when medium-term management plans are formulated, when changes are made to the corporate governance system, etc.)
  - Scale and composition of the Board of Directors
  - State of operations of the Board of Directors
  - Operation of advisory committees

## **3. Results of evaluation of the Board of Directors' effectiveness for fiscal 2019**

The Corporate Governance Committee initially planned to evaluate the effectiveness of the Board of Directors in April 2020 and report the results to the Board of Directors in May 2020. However, the meeting of the Corporate Governance Committee has been postponed in response to COVID-19. Accordingly, the results of the evaluation of the Board of Directors' effectiveness for fiscal 2019 will be announced after the Corporate Governance Committee performs its evaluation.

#### **(4) Systems to Ensure that Execution of Directors' Duties Conforms to Laws and the Articles of Incorporation and Other Systems to Ensure Appropriateness of Operations (Basic Policy on Maintenance of Internal Control System) and Overview of Operational Status of Internal Control System**

##### **Basic Policy on Maintenance of Internal Control System**

Based on the Companies Act and the Ordinance for Enforcement of the Companies Act, the Company has set the Internal Control System of the Company and its subsidiaries ("the OMRON Group") as follows:

##### **1. System to Ensure that Execution of Duties by Directors and Employees of the OMRON Group Conforms to Laws and Regulations and the Articles of Incorporation**

- (1) The OMRON Group Management Policies and the OMRON Group Rules have been established to ensure transparency, fairness and the global nature of management in the OMRON Group, as well as serve as the management base for conducting appropriate and timely decision-making.
- (2) The key theme of "socially responsible corporate management" is promoting corporate ethics and compliance whereby the Company complies with laws and regulations in carrying out business activities. In particular, the Company has devoted every effort to prevent anti-competitive activities such as cartel, bribery, and other significant risks from occurring.
- (3) The Company has familiarized its officers and employees with the OMRON Group Rules for Ethical Conduct as specific action guidelines for practicing "socially responsible corporate management" and enforces strict compliance.
- (4) The Company appoints an executive in charge of corporate ethics and compliance and establishes the Corporate Ethics & Risk Management Committee as an organization to promote corporate ethics and compliance. As specific activities, the President himself issues instructions on corporate ethics and compliance, providing opportunities to disseminate awareness. In addition, the Committee conducts regular training and education for officers and employees on anti-competitive activities such as cartel and bribery as well as on corporate ethics and compliance.
- (5) The Company has set up a whistleblower hotline both inside and outside the Company to receive reports of acts that are, or could potentially be, in violation of the OMRON Group Rules for Ethical Conduct, work rules or laws. In accordance with laws and internal company rules, the content of these reports is protected as confidential, and employees may not be given unfavorable treatment for making such reports.
- (6) With the aim of realizing highly transparent management, the Company positions information disclosure as an important task, and has established an Information Disclosure Executive Committee directly under the President to promote the disclosure. The Committee engages in activities to ensure the accuracy, timeliness and completeness of information disclosure across the OMRON Group, and proactively makes disclosure to the public according to the standard set out by the Group.
- (7) The Company has set up an internal control department directly under the President to conduct operational audits.
- (8) To ensure the propriety of the OMRON Group's financial reporting, a system has been established that enables reports to be submitted appropriately in accordance with laws and regulations through measures such as monitoring by Internal Audit Divisions after each division conducts its own review of maintenance and operation of business processes.
- (9) The OMRON Group's policy on exclusion of antisocial forces is defined in the OMRON Group Management Policies and the OMRON Group Rules for Ethical Conduct.

##### **2. System for Storage and Management of Information Related to Execution of Directors' Duties**

- (1) Under the Board of Directors Rules, the minutes of Board of Directors meetings are recorded and kept for 10 years.
- (2) Under the Management Rules, which state the basic policy and principles for Group management and decision making, decision reports are issued for decisions on significant issues. Decision reports, minutes of Executive Committee meetings, and other important documents showing the state of execution of duties are preserved and managed in accordance with laws and internal company rules.

##### **3. Regulations and Other Systems Concerning Loss Risk Management of the OMRON Group**

- (1) The Company will engage in risk management integrating all activities that entail risks on a global scale, to ensure the Company's survival and to secure the achievement of corporate objectives while fulfilling its corporate social responsibility.

- (2) The Company will strive to avoid, mitigate and transfer risk of loss through collecting information on and conducting analysis of risks while taking countermeasures against them, in accordance with the OMRON Group Rules for Integrated Risk Management.
- (3) Significant risks for the OMRON Group shall be designated, and Group-wide response measures across all internal companies shall be determined at Executive Committee meeting
- (4) When a crisis occurs, the Company makes reports, transmits information, and assembles the necessary response teams in accordance with the procedures specified in the OMRON Group Rules for Integrated Risk Management.

#### **4. Systems to Ensure Efficient Execution of Duties by Directors of the OMRON Group**

- (1) The Company uses the Executive Officer system and keeps the number of Directors small to ensure substantive discussion and swift decision making at Board of Directors meetings.
- (2) In addition to the Board of Directors, the Company has an Executive Committee, which discusses and decides on significant business execution issues within the scope of the President's authority.
- (3) The Company uses an internal company system, and promotes faster decision making and efficient business operations by delegating substantial authority to the President of each internal company.
- (4) The OMRON Group performs its duties in accordance with the division of duties and scope of decision-making authority set forth based on a concept of proper control and prompt decision making as basic principles.
- (5) The OMRON Group establishes a medium-to-long-term management plan. In order to substantiate this management plan, it formulates a business plan in each fiscal year.

#### **5. System to Report to the Company on Matters concerning Execution of Duties by Directors of Subsidiaries**

Information regarding operational results, financial status and other significant matters of subsidiaries must be reported to respective superior units responsible for the management of subsidiaries in accordance with the internal regulations, etc.

#### **6. Systems to Ensure Effectiveness of Audit Performed by Audit & Supervisory Board Members**

- (1) An Audit & Supervisory Board Office with dedicated full-time support staff has been established to assist Audit & Supervisory Board Members in performing their duties. The staff members of the Audit & Supervisory Board Office perform their work under the supervision and instruction of the Audit & Supervisory Board Members.
- (2) Personnel evaluations, appointments and transfers of the staff of Audit & Supervisory Board Office are carried out with the consent of the Audit & Supervisory Board.
- (3) A system is in place for Directors, Audit & Supervisory Board Members and employees of the OMRON Group and those who have been reported from any of them to immediately report to Audit & Supervisory Board Members of the Company regarding incidents of material violations of laws and/or articles of incorporation, misconduct within the OMRON Group, or information relating to potential risk of significant loss to the company, in accordance with predetermined regulations and procedures. Notwithstanding these, the Audit & Supervisory Board Members of the Company may request reports from Directors and employees of the OMRON Group at any time as needed. The Company shall not treat whistleblowers in an unfair way on the ground of reporting of wrongdoing.
- (4) When Audit & Supervisory Board Members request for advance payment of expenses pertaining to the execution of their duties in accordance with Article 388 of the Companies Act, the Company shall handle the request in a prompt manner.
- (5) As a mechanism for securing an effective audit by Audit & Supervisory Board Members, systems are in place for the Audit & Supervisory Board to hold periodic interviews of Directors and Executive Officers, periodically exchange views with the President, periodically exchange information with Accounting Auditors, and receive operational reports from Executive Officers. In addition, the Internal Audit Manager is invited to Audit & Supervisory Board meetings and makes internal audit reports.
- (6) Half or more of the Audit & Supervisory Board Members are Audit & Supervisory Board Members (Independent), including legal professionals such as attorneys and Certified Public Accountants, or individuals with extensive knowledge of finance and accounting, to enhance audit objectivity and effectiveness.
- (7) Audit & Supervisory Board Members attend and state their opinions at Board of Directors meetings as well as Executive Committee meetings and other important meetings.



## **Overview of Operational Status of Internal Control System**

The Company, in accordance with the Basic Policy stated above, operates an Internal Control System, and the following is an overview of the operational status of said System for the fiscal year under review.

### **1. Initiatives towards compliance and risk management**

The OMRON Group promotes integrated responses to compliance and risk management matters through the Corporate Ethics & Risk Management Committee.

The OMRON Group further reinforced its capabilities to respond to change through a department directly under the President to oversee compliance and risk management, and by further promoting and enforcing such kind of responses.

#### **(1) Compliance**

The OMRON Group familiarized its officers and employees with the Group's action guidelines, and conducted the necessary trainings. In addition, the Corporate Ethics and Risk Management Committee convened regular meetings, while at the same time the month of October was designated Corporate Ethics Month, and various initiatives have been implemented including sending messages from the President to the officers and employees in Japan and overseas, conducting workplace seminars on corporate ethics and compliance, and distributing corporate ethics cards. Whistle-blower hotlines have been established and are in operation at the major bases in Japan and overseas. Additionally, the Information Disclosure Executive Committee convened regular meetings in order to ensure the accuracy, timeliness and completeness of disclosures, while seminars were held for the prevention of insider trading. Furthermore, the internal audit department conducted regular operational audits on the divisions of the OMRON Group.

During the fiscal year under review, the Group companies worldwide checked their own compliance status with the OMRON Group Rules and promoted the expansion and enrichment of discussions regarding governance-related issues at the decision-making bodies in each company, such as their Boards of Directors, striving to improve the Company's group governance.

#### **(2) Risk management**

Based on the OMRON Group Rules for Integrated Risk Management, risks associated with the OMRON Group are identified each year from a global perspective, and upon analyzing such risks, critical risks for the OMRON Group are designated. With regard to these designated risks, countermeasures are implemented on a Group wide level through the Executive Committee. In addition, the OMRON Group systematically promoted its risk management initiatives by selecting a division to oversee the implementation of risk countermeasures and confirming the progress made on such measures with the Corporate Ethics & Risk Management Committee on a quarterly basis. Additionally, concerted efforts were made by the field and management in order to implement measures to respond to changes in the internal and external environments, namely the appointment of risk managers at the Group companies in Japan and overseas, who utilized the global network to share daily risk information and to quickly organize response to risks.

During the fiscal year under review, in order to respond to the rapidly changing geopolitical risks, the Group swiftly assessed trends in individual countries and confirmed their impact. Furthermore, the entire OMRON Group has worked as one to respond to the ongoing crisis by implementing COVID-19 countermeasures.

### **2. Initiatives to ensure the appropriateness of operations**

The Company preserves and manages important documents related to the execution of Directors' duties in accordance with the Board of Directors Rules and other rules related to information management. The Company has reduced the number of Directors in order to ensure substantive discussion of the Board of Directors, as well as uses the Executive Officer System and the internal company system to promote faster decision making and efficient business operations by delegating substantial authority to the President of each internal company. At the monthly Executive Committee, significant business execution issues are discussed and decided within the scope of the President's authority. The OMRON Group has also established a system which ensures proper control and prompt decision-making by clearly setting forth the applicable division of duties, decision-making authority and reporting rules.

During the fiscal year under review, the Company improved the promptness of decision-making procedures by continuously incorporating IT systems into the decision-making processes in Japan and overseas, from the previous fiscal year.

### **3. Initiatives to ensure the effectiveness of audits by Audit & Supervisory Board Members**

The Company has established an Audit & Supervisory Board Office independent from business execution to assist the Audit & Supervisory Board Members in performing their duties and has also appointed the necessary staff members to the Office. The Audit & Supervisory Board Office holds periodic interviews of Directors and Executive Officers, periodically exchange views with the President, periodically exchange information with Accounting Auditor, and receive operational reports from Executive Officers. Audit & Supervisory Board Members also attend and state their opinions, as necessary, at Board of Directors meetings as well as Executive Committee meetings and other important meetings.

Each year, the Audit & Supervisory Board evaluates its own effectiveness based on anonymous questionnaire responses. Based on the results of this evaluation, during the period under review, the Audit & Supervisory Board increased the number of opportunities for Directors (Independent) and Audit & Supervisory Board Members to exchange opinions in order to enhance communication, with the aim of reinforcing coordination between Directors (Independent) and Audit & Supervisory Board Members.

## **(5) Policy on Setting Dividends**

Pursuant to the articles of incorporation, the Company presents proposals for setting dividends to the General Meeting of Shareholders, except for interim dividends, which are set by resolution of the Board of Directors. The Company applies the following basic policy regarding distribution of profits including shareholder returns.

- 1) In aiming toward the sustained improvements in corporate value, the Company prioritizes investments in R&D, capital investments and M&As, which are vital to OMRON's future growth, and ongoing efforts are made to enhance shareholder returns by securing the necessary internal reserves for these investments and taking capital efficiency into account.
- 2) For dividends in each fiscal year, OMRON's policy is to enhance stable and uninterrupted profit distributions based on consolidated results, the payout ratio, and indicators including dividends on equity (DOE), which is return on equity (ROE) multiplied by the payout ratio. Specifically, during the period covered by the medium-term management plan for fiscal 2017 to fiscal 2020 ("VG2.0"), the Company will pay dividends based on a payout ratio of approximately 30% and a DOE of approximately 3% as a guide.
- 3) Utilizing retained earnings that have been accumulated over a long period of time, OMRON intends to strategically repurchase and retire the Company's stock in a manner that benefits shareholders.

## **(6) Other Policies, etc.**

### **Basic Strategy for Capital Policy**

- 1) To maintain and improve shareholder value, the OMRON Group will implement management practices by taking into consideration the adequate target levels for return on invested capital (ROIC), return on equity (ROE), and earnings per share (EPS). To prepare for rapid fluctuations in economic conditions, we will also set the equity ratio target at a level sufficient for maintaining a corporate credit rating that enables raising of funds without regard to monetary market conditions.
- 2) With respect to capital policy that results in a change of control or in significant dilution, the Board of Directors will make a rational decision by fully taking into consideration the effects it would have on the aforementioned ROIC, ROE, and EPS.
- 3) If the OMRON Group implements a fund raising program that will result in significant dilution, the use of the fund and its collection plan will be fully examined and deliberated at a meeting of the Board of Directors before making a resolution, and sufficient explanation will be given to investors and shareholders.

### **Anti-Takeover Measures**

No anti-takeover measures are in place at the OMRON Group.

### **Constructive Dialogue with Shareholders**

The OMRON Group strives to contribute to sustainably increasing its corporate value through dialogue with shareholders. Additionally, we will release our basic policy for the development of systems and initiatives for facilitating constructive dialogue with shareholders (the "Basic Policy").

For the Basic Policy, please refer to the website below.

<https://www.omron.com/about/corporate/governance/policy/>

# Consolidated Financial Statements

## Consolidated Balance Sheets

(JPY millions)

Item	83rd term (As of March 31, 2020)	(Reference) 82nd term (As of March 31, 2019)	Item	83rd term (As of March 31, 2020)	(Reference) 82nd term (As of March 31, 2019)
<b>ASSETS</b>			<b>LIABILITIES</b>		
<b>Current Assets:</b>	<b>447,139</b>	<b>459,973</b>	<b>Current Liabilities:</b>	<b>151,299</b>	<b>175,555</b>
Cash and cash equivalents	185,533	103,850	Notes and accounts payable — trade	64,496	71,360
Notes and accounts receivable — trade	134,786	149,171	Accrued expenses	37,179	38,290
Allowance for doubtful receivables	(759)	(861)	Income taxes payable	2,516	3,174
Inventories	104,301	120,379	Short-term operating lease liabilities	11,070	—
Assets held for sale	441	73,331	Liabilities held for sale	—	27,730
Other current assets	22,837	14,103	Other current liabilities	36,038	35,001
<b>Property, Plant and Equipment:</b>	<b>114,526</b>	<b>115,083</b>	<b>Deferred Income Taxes</b>	<b>1,717</b>	<b>733</b>
Land	20,446	21,746	<b>Termination and Retirement</b> <b>Benefits</b>	<b>40,236</b>	<b>55,036</b>
Buildings	129,110	118,036	<b>Long-term operating lease</b> <b>liabilities</b>	<b>19,820</b>	<b>—</b>
Machinery and equipment	147,038	151,355	<b>Other Long-Term Liabilities</b>	<b>12,463</b>	<b>12,243</b>
Construction in progress	5,467	11,316	<b>Total Liabilities</b>	<b>225,535</b>	<b>243,567</b>
Accumulated depreciation	(187,535)	(187,370)	<b>NET ASSETS</b>		
<b>Investments and Other Assets:</b>	<b>196,459</b>	<b>174,822</b>	<b>Shareholders' Equity:</b>	<b>530,415</b>	<b>504,212</b>
Right-of-use assets under operating leases	30,327	—	Common stock	64,100	64,100
Goodwill	38,568	40,532	Capital surplus	100,521	100,233
Investments in and advances to affiliates	29,251	26,022	Legal reserve	20,981	21,826
Investment securities	25,782	28,997	Retained earnings	451,768	433,639
Leasehold deposits	7,486	7,533	Accumulated other comprehensive income (loss):	(83,606)	(70,200)
Deferred income taxes	37,416	42,537	Foreign currency translation adjustments	(31,408)	(7,687)
Other assets	27,629	29,201	Pension liability adjustments	(52,250)	(62,648)
			Net gains (losses) on derivative instruments	52	135
			Treasury stock, at cost	(23,349)	(45,386)
			<b>Noncontrolling Interests</b>	<b>2,174</b>	<b>2,099</b>
			<b>Total Net Assets</b>	<b>532,589</b>	<b>506,311</b>
<b>Total Assets</b>	<b>758,124</b>	<b>749,878</b>	<b>Total Liabilities and Net Assets</b>	<b>758,124</b>	<b>749,878</b>

Notes: 1. The amounts above are rounded to the nearest million JPY.

2. The consolidated balance sheets for the fiscal year ended March 31, 2019 have been reclassified for presentation purposes in connection with the classification of the Automotive Electronic Components Business as discontinued operations. For more details regarding the discontinued operations, please refer to the "Other Notes" of the "Notes to Consolidated Financial Statements" on page 68

## Consolidated Statements of Income

(JPY millions)

Item	83rd term (April 1, 2019 to March 31, 2020)	(Reference) 82nd term (April 1, 2018 to March 31, 2019)
Net sales	677,980	732,581
Cost of sales	374,278	407,097
Gross profit	303,702	325,484
Selling, general and administrative expenses	202,954	208,895
Research and development expenses	45,988	49,335
Other expenses, net	2,924	1,342
Income before income taxes from continuing operations	51,836	65,912
Income taxes	11,270	17,016
Current	10,470	17,691
Deferred	800	(675)
Equity in loss (earnings) of affiliates	963	1,578
Income from continuing operations	39,603	47,318
Income from discontinued operations	35,732	7,673
Net income	75,335	54,991
Net income attributable to noncontrolling interests	440	668
Net income attributable to OMRON shareholders	74,895	54,323

Notes: 1. The amounts above are rounded to the nearest million JPY.

2. The consolidated statements of income for the fiscal year ended March 31, 2019 have been reclassified for presentation purposes in connection with the classification of the Automotive Electronic Components Business as discontinued operations. For more details regarding the discontinued operations, please refer to the "Other Notes" of the "Notes to Consolidated Financial Statements" on page 68.

(Reference)

**Consolidated Statements of Comprehensive Income**

(JPY millions)

	83rd term (April 1, 2019 to March 31, 2020)	82nd term (April 1, 2018 to March 31, 2019)
Net income	75,335	54,991
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	(23,793)	(4,528)
Pension liability adjustments	10,398	(8,863)
Net gains (losses) on derivative instruments	(83)	(41)
Other comprehensive income (loss)	(13,478)	(13,432)
Comprehensive income	61,857	41,559
(Breakdown)		
Comprehensive income attributable to noncontrolling interests	368	651
Comprehensive income attributable to OMRON shareholders	61,489	40,908

Note: The amounts above are rounded to the nearest million JPY.

## Consolidated Statements of Shareholders' Equity

(JPY millions)

	Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total shareholders' equity	Non-controlling interests	Total net assets
(Reference)									
Balance, beginning of the 82nd term (April 1, 2018)	64,100	99,588	19,940	398,600	(56,785)	(19,689)	505,754	1,856	507,610
Net income				54,323			54,323	668	54,991
Cash dividends paid to OMRON Corporation shareholders				(17,398)			(17,398)		(17,398)
Cash dividends paid to noncontrolling interests							—	(343)	(343)
Decrease in noncontrolling interests due to a decrease in the number of consolidated subsidiaries							—	(65)	(65)
Stock-based payment		645					645		645
Transfer to legal reserve			1,886	(1,886)			—		—
Foreign currency translation adjustments					(4,511)		(4,511)	(17)	(4,528)
Pension liability adjustments					(8,863)		(8,863)		(8,863)
Net gains (losses) on derivative instruments					(41)		(41)		(41)
Acquisition of treasury stock and others						(25,697)	(25,697)		(25,697)
Balance, end of the 82nd term (March 31, 2019)	64,100	100,233	21,826	433,639	(70,200)	(45,386)	504,212	2,099	506,311
Net income				74,895			74,895	440	75,335
Cash dividends paid to OMRON Corporation shareholders				(17,107)			(17,107)		(17,107)
Cash dividends paid to noncontrolling interests							—	(293)	(293)
Equity transactions with noncontrolling interests and other		2					2		2
Change in shareholders' equity due to decrease in consolidated subsidiaries		(74)	(2,386)	2,460			—		—
Stock-based compensation (Note 2)		360					360		360
Transfer to legal reserve			1,541	(1,541)			—		—
Foreign currency translation adjustments					(23,721)		(23,721)	(72)	(23,793)
Pension liability adjustments					10,398		10,398		10,398
Net gains (losses) on derivative instruments					(83)		(83)		(83)
Acquisition of treasury stock and others						(18,541)	(18,541)		(18,541)
Cancellation of treasury stock				(40,578)		40,578	—		—
Balance, end of the 83rd term (March 31, 2020)	64,100	100,521	20,981	451,768	(83,606)	(23,349)	530,415	2,174	532,589

Notes: 1. The amounts above are rounded to the nearest million JPY.

2. Includes a decrease of JPY275 million in capital surplus due to a change in estimate related to stock-based compensation.

(Reference)

## Consolidated Statements of Cash Flows

(JPY millions)

Item	83rd term (April 1, 2019 to March 31, 2020)	82nd term (April 1, 2018 to March 31, 2019)
<b>I Operating Activities:</b>		
1. Net income	75,335	54,991
2. Adjustments to reconcile net income to net cash provided by operating activities:		
(1) Depreciation and amortization	28,605	30,459
(2) Net gain on sale and disposals of property, plant, and equipment	(1,487)	(1,098)
(3) Loss on impairment of long-lived assets	498	196
(4) Gain on sale of investment securities	43	—
(5) Gain on sale of business	(51,450)	(407)
(6) Net loss on valuation of investment securities	1,170	563
(7) Termination and retirement benefits	(436)	3,818
(8) Deferred income taxes	(125)	(383)
(9) Equity in loss (earnings) of affiliates	963	1,578
(10) Changes in assets and liabilities	35,071	(19,346)
(11) Other, net	1,600	874
Total adjustments	14,452	16,254
<b>Net cash provided by operating activities</b>	<b>89,787</b>	<b>71,245</b>
<b>II Investing Activities:</b>		
1. Proceeds from sale of investment securities	1,423	465
2. Purchase of investment securities	(2,344)	(602)
3. Capital expenditures	(37,629)	(39,045)
4. Decrease (increase) in leasehold deposits, net	62	(193)
5. Proceeds from sale of property, plant and equipment	4,565	3,475
6. Increase in investment in and loans to affiliates	(2,231)	(498)
7. Proceeds from sale of business, net of cash paid	64,460	1,817
8. Acquisition of business, net of cash acquired	—	(830)
9. Other, net	333	454
<b>Net cash used in investing activities</b>	<b>28,639</b>	<b>(34,957)</b>
<b>III Financing Activities:</b>		
1. Net repayments of short-term debt	6,365	2,109
2. Dividends paid by the Company	(17,250)	(16,776)
3. Dividends paid to noncontrolling interests	(293)	(343)
4. Acquisition of treasury stock	(18,571)	(25,716)
5. Other, net	319	(57)
<b>Net cash used in financing activities</b>	<b>(29,430)</b>	<b>(40,783)</b>
<b>IV Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>(13,713)</b>	<b>1,722</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>75,283</b>	<b>(2,773)</b>
<b>Cash and Cash Equivalents at Beginning of the Year</b>	<b>110,250</b>	<b>113,023</b>
<b>Cash and Cash Equivalents at End of the Year</b>	<b>185,533</b>	<b>110,250</b>
<b>Cash and Cash Equivalents from Discontinued Operations at End of the Year</b>	<b>—</b>	<b>6,400</b>
<b>Cash and Cash Equivalents from Continuing Operations at End of the Year</b>	<b>185,533</b>	<b>103,850</b>

Notes: 1. The amounts above are rounded to the nearest million JPY.

2. The consolidated statements of cash flows consist of cash flows from continuing operations and cash flows from discontinued operations, and cash flows for discontinued operations are not presented separately. For more details regarding the discontinued operations, please refer to the "Other Notes" of the "Notes to Consolidated Financial Statements" on page 68.



## **Notes to Consolidated Financial Statements**

### **Basis of Presenting Consolidated Financial Statements**

#### Significant Accounting Policies

##### 1. Principles of Consolidation

The Consolidated Financial Statements include all the Company's 129 subsidiaries.

##### 2. Application of Equity Method

Investments in the Company's 19 affiliated companies are accounted for using the equity method.

##### 3. Basis of Consolidated Financial Statements

The Company prepares its Consolidated Financial Statements in conformance with the terminology, formats and preparation methods based on accounting principles generally accepted in the United States of America, in accordance with Article 120(3), Paragraph 1 of the Company Accounting Regulations. However, certain disclosure items required by accounting principles generally accepted in the United States of America have been omitted, in conformance with provisions of the latter part of Paragraph 1 of Article 120 of the same Regulations, which is applied mutatis mutandis to Paragraph 3 of the same Article.

##### 4. Revenue

With respect to revenue from contracts with customers, the Company adopts Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, "Revenue from Contracts with Customers" and thus recognizes such revenue at the time when or over time as the control of goods and services is transferred to customers.

With respect to Social System Business and businesses other than environmental business included in Other Businesses, performance obligations largely for the sales transactions within a same country are deemed to be satisfied at the time when products reach the customer unless otherwise specified under contracts, and performance obligations for export sales are deemed to be satisfied at the time when borne risks specified under the terms and conditions of exports including Intercoms is transferred to customers. Accordingly, revenues are recognized at the time when the performance obligation is satisfied.

The Social System Business and environmental business included in Other Businesses involves certain sales in which the performance obligations are deemed to be satisfied largely at the time when inspection is performed by customers.

In some transactions, revenues are recognized over time as performance obligations are satisfied over time because maintenance service is provided on a long-term basis.

##### 5. Valuation standards and methods for inventories

Domestic inventories are mainly stated at the lower of cost, determined by the first-in, first-out method, or market value. Also, overseas inventories are mainly stated at the lower of cost, determined by the moving-average method, or market value.

##### 6. Valuation standards and methods for securities

The Company applies FASB ASC Topic 321, "Investment – Equity Securities."

Marketable equity securities held by the Company and its subsidiaries are measured at fair value reflecting unrealized gains or losses, while unrealized gains or losses are presented in "Gain on valuation of investment securities" or "Loss on valuation of investment securities."

Non-marketable equity securities without readily determinable fair value held by the Company and its subsidiaries are assessed by using the method, in which book value after impairment-based downward revaluation is adjusted by addition or subtraction of observable price fluctuations in the orderly transactions of an identical or similar investment made by the same issuer, or other reasonable method, where unrealized gains or losses are presented in "Gain on valuation of investment securities" or "Loss on valuation of investment securities." Selling price is determined by using the moving-average method.

##### 7. Methods of depreciating property, plant and equipment

Property, plant and equipment is principally depreciated on a declining-balance method.

##### 8. Goodwill and other intangible fixed assets

Goodwill and other intangible fixed assets are depreciated on a straight-line method. (However, in accordance with FASB ASC Topic 350, "Intangibles—Goodwill and Other," goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually, instead of amortization.)

9. Accounting standards for reserves are as follows:

Allowance for doubtful receivables: An allowance for doubtful receivables is established in amounts considered to be appropriate based primarily upon the Companies' past credit loss experience and an evaluation of potential losses within the outstanding receivables.

Termination and retirement benefits: Termination and retirement benefits are accounted for and are disclosed in accordance with FASB ASC Topic 715, "Compensation-Retirement Benefits" based on the fiscal year-end fair value of plan assets and the projected benefit obligations of employees.

Unrecognized prior service cost is expensed using the straight-line method based on the average remaining life expectancy of employees.

Unrecognized actuarial net losses are expensed using the straight-line method based on the average remaining length of service of employees for the amount exceeding the "corridor" (10% of projected benefit obligation or fair value of plan assets, whichever is greater).

10. Accounting Treatment of Consumption Taxes

Consumption taxes and other value-added taxes have been excluded from sales.

11. Stock-based Compensation

For accounting for stock-based compensation, FASB ASC Topic 718, "Compensation-Stock Compensation" has been adopted. Stock-based compensation expenses are measured at fair value of the grant date and are recognized over the vesting period.

**Notes Related to Changes in Accounting Policy**

Beginning with the current consolidated fiscal year, OMRON has adopted FASB Accounting Standards Update 2016-02 Leases and FASB Accounting Standards Update 2018-11 Leases. Under Accounting Standards update 2016-02 Leases, lease transactions classified as operating leases (with certain exceptions) are required to be recognized as right-of-use assets and lease liabilities on consolidated balance sheet presentations.

In addition, FASB Accounting Standards Update 2018-11 Leases allows companies to elect not to adjust comparative periods for presentation and disclosure when applying FASB Accounting Standards Update 2016-02 Leases, and OMRON and OMRON subsidiaries have applied this rule.

These accounting standards updates recognize measurement exemptions and short-term lease exceptions for leases that have concluded as of the standards application date or investigations of whether the standard applies to leases for which an agreement exists, lease classifications, and non-remeasurement of capitalized initial direct costs. Accordingly, OMRON and OMRON subsidiaries have applied these exemptions and exceptions.

As of April 1, 2019, right-of-use assets and lease liabilities related to operating leases amounted to JPY34,946 million. OMRON has recorded this amount as assets and liabilities on the company's consolidated balance sheets. The impact of the adoption of these rules on the OMRON consolidated statements of operations is not significant.

Beginning with the current consolidated fiscal year, OMRON has adopted FASB Accounting Standards Update 2017-12 Derivatives and Hedging: This accounting standards update changed guidance for recognition and measurement of hedge accounting for the appropriate presentation of hedging transactions and hedge results. This standards update requires all changes in the value of hedging instruments to be presented in the same consolidated income statement line item as the earnings effect of the hedged item. The impact of the adoption of this rule on the OMRON consolidated financial statements is not significant.

## Notes Related to Consolidated Balance Sheets

Pledged assets

Assets pledged as collateral

Investment securities

Total

JPY 200 million

JPY 200 million

## Notes Related to Consolidated Statements of Income

The major components of “Other expenses, net” are as follows:

Foreign exchange loss, net	JPY 797 million
Net loss on sales and disposals of property, plant, and equipment	JPY (1,089) million
Insurance income	JPY (326) million
Net loss on valuation of investment securities	JPY 1,170 million
Provision for retirement benefits	JPY 1,282 million
Restructuring charges	JPY 1,250 million

## Notes Related to Financial Instruments

### 1. Matters Related to Financial Instruments

The Company limits its fund management to short-term deposits and similar instruments, and raises capital through borrowings from banks and other financial institutions. Investment securities are mainly publicly traded stocks. In regard to derivative transactions, the Company enters into foreign exchange forward contracts, foreign currency options and commodity swaps. The Company does not use derivatives for trading purposes.

### 2. Matters Related to Fair Value, etc. of Financial Instruments

The amounts recorded on the Consolidated Balance Sheet on March 31, 2020 (83rd consolidated account settlement date), fair value and differences are as follows.

(JPY millions)			
	Balance Sheet Amount (*)	Fair Value (*)	Difference
(1) Investment securities			
Marketable securities	18,036	18,036	—
Non-marketable securities	5,056	5,056	—
(2) Derivatives			
Other current assets	1,125	1,125	—
Other current liabilities	(1,563)	(1,563)	—

(\*) Amounts accounted for in liabilities are shown in parentheses.

Notes: 1. Method of calculation of fair value of financial instruments

- (1) The fair values of cash and cash equivalents, notes and accounts receivable-trade, leasehold deposits, short-term debt, and notes and accounts payable-trade are estimated to be essentially equivalent to the balance sheet amounts.
  - (2) Investment Securities  
Fair value of marketable equity securities is measured at market value, while non-marketable equity securities without readily determinable fair value are measured by using the method, in which book value after impairment-based downward revaluation is adjusted by addition or subtraction of observable price fluctuations in the orderly transactions of an identical or similar investment made by the same issuer, or other reasonable method.
  - (3) Derivatives  
Estimated using dealer transaction prices or valuation models.
2. The fair value of unlisted securities (JPY 2,690 million in the Consolidated Balance Sheets) is not practically estimable because they have no readily determinable public market value and their future cash flow cannot be estimated. Therefore, they are not included in (1) Investment securities.

### Notes Related to Per Share Data

1. Net income from continuing operations attributable to shareholders per share, basic	JPY 191.00
2. Net income from continuing operations attributable to shareholders per share, diluted	JPY —
3. Net income from discontinued operations attributable to shareholders per share, basic	JPY 174.26
4. Net income from discontinued operations attributable to shareholders per share, diluted	JPY —
5. Net income attributable to shareholders per share, basic	JPY 365.26
6. Net income attributable to shareholders per share, diluted	JPY —
7. Shareholders' equity per share	JPY 2,626.62

Notes: 1. Net income from continuing operations attributable to shareholders per share, diluted, net income from discontinued operations attributable to shareholders per share, diluted, and net income attributable to shareholders per share, diluted are not stated due to the absence of potential equity with a dilutive effect.

2. During the fiscal year ended March 31, 2020, OMRON stock held for Board Incentive Plan and Employee Stock Ownership Plan purposes is included in treasury stock deducted in the calculation of per share data.

### Subsequent Events

None applicable

### Other Notes

The transfer of the Automotive Electronic Components Business is a strategic change with an important impact on the Group's business operations, financial position, and business performance. Therefore, in accordance with FASB Statement No. 205-20, "Presentation of Financial Statements—Discontinued Operations," Automotive Electronic Components Business' performance, gain on sale of business related to this transaction, and costs related to the transfer of the business have been classified and presented separately as discontinued operations in the consolidated statements of operation.

In the consolidated statements of operation for the 82nd term, disclosed as reference information, the corresponding figures have been reclassified as discontinued operations, and the consolidated balance sheets have been reclassified so that the assets and liabilities of Automotive Electronic Components Business are classified and presented separately as assets held for sale and liabilities held for sale.

#### Business performance for discontinued operations

Net sales	JPY 65,793 million
Cost of sales	JPY 52,435 million
Gross profit	JPY 13,358 million
Selling, general and administrative expenses	JPY 7,812 million
Research and development expenses	JPY 5,363 million
Operating income	JPY 183 million
Other expenses, net	JPY 209 million
Income before income taxes from discontinued operations	JPY 392 million
Gain on sale of discontinued operations before income taxes	JPY 51,450 million
Income taxes	JPY 16,110 million
Net income from discontinued operations	JPY 35,732 million

Note: Business performance for discontinued operations represent a seven-month period through October 31, 2019, on which the transfer was conducted.

## Non-consolidated Financial Statements

### Non-consolidated Balance Sheets

(JPY millions)

Item	83rd term (As of March 31, 2020)	(Reference) 82nd term (As of March 31, 2019)	Item	83rd term (As of March 31, 2020)	(Reference) 82nd term (As of March 31, 2019)
<b>ASSETS</b>			<b>LIABILITIES</b>		
<b>Current Assets:</b>	<b>200,938</b>	<b>138,952</b>	<b>Current Liabilities:</b>	<b>192,707</b>	<b>188,238</b>
Cash and time deposits	101,509	27,312	Notes payable - trade	7,187	8,165
Notes receivable – trade	3,512	2,771	Accounts payable - trade	27,577	28,696
Accounts receivable – trade	47,921	53,207	Short-term borrowings from affiliated companies	130,007	119,040
Finished products	11,126	13,862	Lease liabilities	915	997
Materials	4,217	5,032	Other payables	10,447	13,345
Work in process	3,463	3,495	Accrued expenses	10,572	10,569
Supplies	766	725	Income taxes payable	1,088	1,733
Short-term loans to affiliates	12,866	14,826	Advances received	143	29
Other accounts receivable	10,521	11,990	Deposits received	989	1,078
Other receivable	3,904	4,508	Accrued bonus to officers	105	105
Other current assets	6,903	4,457	Other current liabilities	3,677	4,481
Allowance for doubtful receivables	(5,770)	(3,233)	<b>Long-term Liabilities:</b>	<b>14,640</b>	<b>16,343</b>
<b>Fixed Assets:</b>	<b>309,220</b>	<b>325,453</b>	Long-term borrowings from affiliated companies	—	6,917
<b>Property and equipment:</b>	<b>45,625</b>	<b>43,131</b>	Lease liabilities	1,143	1,320
Buildings	24,067	15,643	Provision for share grant	1,362	1,071
Structures	1,164	1,037	Deferred tax liabilities related to revaluation	957	1,205
Machinery and equipment	3,039	2,861	Other long-term liabilities	11,178	5,830
Vehicles and delivery equipment	2	1	<b>Total Liabilities</b>	<b>207,347</b>	<b>204,581</b>
Tools, furniture and fixtures	2,812	2,359	<b>NET ASSETS</b>		
Land	11,585	13,167	<b>Shareholders' Equity:</b>	<b>298,946</b>	<b>255,418</b>
Lease assets	2,051	2,285	<b>Common stock</b>	<b>64,100</b>	<b>64,100</b>
Construction in progress	905	5,778	<b>Capital surplus</b>	<b>88,771</b>	<b>88,771</b>
<b>Intangible fixed assets:</b>	<b>8,108</b>	<b>7,971</b>	Additional paid-in capital	88,771	88,771
Software and others	8,108	7,971	<b>Retained earnings</b>	<b>169,422</b>	<b>147,933</b>
<b>Investments and other assets:</b>	<b>255,487</b>	<b>274,351</b>	Legal reserve	6,774	6,774
Investment securities	20,411	23,486	Other retained earnings:	162,648	141,159
Investments in affiliated companies	150,708	158,289	Reserve for dividends	3,400	3,400
Contribution to affiliated companies	22,837	20,918	Non-restrictive reserve	73,500	73,500
Long-term advances to affiliates	27,283	37,589	Retained earnings unappropriated	85,748	64,259
Leasehold deposits	4,664	4,646	<b>Treasury stock, at cost</b>	<b>(23,347)</b>	<b>(45,386)</b>
Prepaid pension cost	15,438	14,266	<b>Valuation and Translation</b>		
Deferred income taxes	9,230	10,275	<b>Adjustments:</b>	<b>3,865</b>	<b>4,406</b>
Other	4,930	4,939	Unrealized gains on available-for- sale securities	8,133	8,606
Allowance for doubtful receivables	(14)	(57)	Deferred hedge gain (loss)	46	123
			Land revaluation difference	(4,314)	(4,323)
<b>Total Assets</b>	<b>510,158</b>	<b>464,405</b>	<b>Total Net Assets</b>	<b>302,811</b>	<b>259,824</b>
			<b>Total Liabilities and Net Assets</b>	<b>510,158</b>	<b>464,405</b>

Note: The amounts above are rounded to the nearest million JPY.

## Non-consolidated Statements of Income

(JPY millions)

Item	83rd term (April 1, 2019 to March 31, 2020)	(Reference) 82nd term (April 1, 2018 to March 31, 2019)
<b>Net sales</b>	<b>295,651</b>	<b>324,908</b>
Cost of sales	182,950	194,892
<b>Gross profit</b>	<b>112,701</b>	<b>130,016</b>
Selling, general and administrative expenses	98,501	102,967
<b>Operating income</b>	<b>14,200</b>	<b>27,049</b>
<b>Non-operating income:</b>	<b>18,032</b>	<b>26,357</b>
Interest and dividends received	15,369	22,618
Other non-operating income	2,663	3,739
<b>Non-operating expenses:</b>	<b>4,110</b>	<b>4,271</b>
Interest paid	1,499	1,430
Cash discount on sales	705	795
Foreign exchange loss	810	905
Quality handling expenses	142	318
Commission expenses	630	76
Other non-operating expenses	324	747
<b>Ordinary income</b>	<b>28,122</b>	<b>49,135</b>
<b>Extraordinary gains:</b>	<b>63,259</b>	<b>2,856</b>
Gain on sales of property and equipment	802	1
Gain on sales of investment securities	161	134
Gain on sales of shares of subsidiaries and associates	62,296	830
Gain on transfer of business	—	1,760
Other extraordinary gains	—	131
<b>Extraordinary losses:</b>	<b>7,863</b>	<b>525</b>
Loss on sales and disposal of property, equipment and intangible fixed assets	604	188
Impairment loss	339	—
Provision of allowance for doubtful receivables	2,540	310
Loss on revision of retirement benefit plan	4,368	—
Other extraordinary losses	12	27
<b>Income before income taxes:</b>	<b>83,518</b>	<b>51,466</b>
Income taxes - current	3,101	7,006
Income taxes - deferred	1,041	(557)
<b>Net income</b>	<b>79,376</b>	<b>45,017</b>

Note: The amounts above are rounded to the nearest million JPY.

## Non-consolidated Statements of Changes in Shareholders' Equity

83rd Term: April 1, 2019 — March 31, 2020

(JPY millions)

	Shareholders' equity							
	Common stock	Capital surplus		Legal reserve	Retained earnings			Total retained earnings
		Additional paid-in capital	Total capital surplus		Other retained earnings			
					Reserve for dividends	Non-restrictive reserve	Retained earnings unappropriated	
Balance, April 1, 2019	64,100	88,771	88,771	6,774	3,400	73,500	64,259	147,933
Changes during the year ended March 31, 2020								
Dividends paid			—				(17,314)	(17,314)
Net income			—				79,376	79,376
Acquisition and sale of treasury stock			—					—
Cancellation of treasury stock			—				(40,580)	(40,580)
Reversal of revaluation reserve for land			—				7	7
Net change in items other than shareholders' equity during the year			—					—
Total changes during the fiscal year	—	—	—	—	—	—	21,489	21,489
Balance, March 31, 2020	64,100	88,771	88,771	6,774	3,400	73,500	85,748	169,422

	Shareholders' equity		Valuation and translation adjustment				Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gains on available-for-sale securities	Deferred hedge gain (loss)	Land revaluation difference	Total valuation and translation adjustment	
Balance, April 1, 2019	(45,386)	255,418	8,606	123	(4,323)	4,406	259,824
Changes during the year ended March 31, 2020							
Dividends paid		(17,314)				—	(17,314)
Net income		79,376				—	79,376
Acquisition and sale of treasury stock	(18,541)	(18,541)				—	(18,541)
Cancellation of treasury stock	40,580	—				—	—
Reversal of revaluation reserve for land		7				—	7
Net change in items other than shareholders' equity during the year		—	(473)	(77)	9	(541)	(541)
Total changes during the fiscal year	22,039	43,528	(473)	(77)	9	(541)	42,987
Balance, March 31, 2020	(23,347)	298,946	8,133	46	(4,314)	3,865	302,811

Note: The amounts above are rounded to the nearest million JPY.

## Non-consolidated Statements of Changes in Shareholders' Equity (Reference)

82nd Term: April 1, 2018 — March 31, 2019

(JPY millions)

	Shareholders' equity							
	Common stock	Capital surplus		Legal reserve	Retained earnings			Total retained earnings
		Additional paid-in capital	Total capital surplus		Other retained earnings			
					Reserve for dividends	Non-restrictive reserve	Retained earnings unappropriated	
Balance, April 1, 2018	64,100	88,771	88,771	6,774	3,400	73,500	36,080	119,754
Changes during the year ended March 31, 2019								
Dividends paid			—				(16,838)	(16,838)
Net income			—				45,017	45,017
Acquisition and sale of treasury stock			—					—
Net change in items other than shareholders' equity during the year			—					—
Total changes during the fiscal year	—	—	—	—	—	—	28,179	28,179
Balance, March 31, 2019	64,100	88,771	88,771	6,774	3,400	73,500	64,259	147,933

	Shareholders' equity		Valuation and translation adjustment				Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gains on available-for-sale securities	Deferred hedge gain (loss)	Land revaluation difference	Total valuation and translation adjustment	
Balance, April 1, 2018	(19,689)	252,936	9,193	150	(4,323)	5,020	257,956
Changes during the year ended March 31, 2019							
Dividends paid		(16,838)				—	(16,838)
Net income		45,017				—	45,017
Acquisition and sale of treasury stock	(25,697)	(25,697)				—	(25,697)
Net change in items other than shareholders' equity during the year		—	(587)	(27)	—	(614)	(614)
Total changes during the fiscal year	(25,697)	2,482	(587)	(27)	—	(614)	1,868
Balance, March 31, 2019	(45,386)	255,418	8,606	123	(4,323)	4,406	259,824

Note: The amounts above are rounded to the nearest million JPY.



## Notes to Non-consolidated Financial Statements

### Significant Accounting Policies

- Valuation standards and method for securities  
Common stock of subsidiaries and affiliates: Stated at cost using the moving-average method  
  
Other marketable securities:  
Securities to which market value applies: Stated at market value based on market prices, etc.  
(Unrealized gains and losses are reported in a separate component of equity and selling prices are determined by the moving-average method.)  
Securities to which market value does not apply: Stated at cost using the moving-average method
- Derivatives are stated at fair value.
- Inventories are stated at cost, determined by the first-in, first-out method. Inventories are stated on the Non-consolidated Balance Sheets at book value after adjustment to reflect reduced profitability.
- Fixed assets are depreciated by the following methods:  
Property and equipment (excluding leased assets): Declining balance method (Useful lives of buildings are generally 15-50 years)  
Intangible fixed assets (excluding leased assets): Straight-line method (Estimated useful life of software is 3-5 years)  
  
Leased Assets:  
Leased assets related to finance lease transactions without ownership transfer: Straight-line method with the lease period as the useful life and zero residual value.
- Deferred charges are charged to income in their full amount when they are paid or incurred.
- The allowance for doubtful receivables is established based on the Company's past credit loss experience for ordinary receivables, and evaluation of financial condition for receivables at risk of default and receivables from customers in bankruptcy.
- The provision for officers' bonuses is provided based on the projected amount required to be paid at the end of the term to cover payment of bonuses to Directors and Auditors.
- The termination and retirement benefits is provided based on the projected amount of pension plan assets and retirement benefit obligations at the end of the fiscal year.  
Past service cost is expensed using the straight-line method over 15 years, based on the average remaining length of service of employees at the time the cost is incurred.  
Actuarial gains or losses are expensed in a proportionally divided amount using the straight-line method over 15 years, starting from the fiscal year following the fiscal year in which gains or losses are occurred, based on the average remaining length of service of employees at the time the gains or losses are incurred in each fiscal year.  
As the amount of pension plan assets exceeded retirement benefit obligations, after adjustment of unrecognized past service cost and unrecognized actuarial gains or losses, at the end of the fiscal year, it is recoded as prepaid pension cost on the Non-consolidated Balance Sheets.
- In order to prepare for the grant of the Company's shares to Directors and Executive Officers in accordance with the share grant provisions, provision for share grant is recorded based on the estimated amount of payment to be made at the end of the fiscal year, considering the amount multiplied by the stock price at the time when the Trust acquired the Company's shares.
- Foreign-currency denominated credits and debts are translated to JPY according to spot exchange rates on the balance sheet date. Translation gains or losses are credited or charged to income.
- The Company uses deferred hedge accounting as its hedge accounting method.
- Consumption taxes and other value-added taxes have been excluded from sales.

Non-deductible consumption tax relating to assets, etc. is treated as period cost in the fiscal year of accrual.

13. The Company applies the consolidated taxation system.

#### Notes to Non-consolidated Balance Sheets

1. Accumulated depreciation for property and equipment (Note: Includes accumulated impairment loss.)	JPY 66,790 million
2. Pledged assets	
Assets pledged as collateral	
Investment securities	<u>JPY 200 million</u>
Total	<u>JPY 200 million</u>
3. Guarantees	
Guaranteed parties	
OMRON Eletronica do Brasil Ltda.	JPY 13 million
OMRON Mexico, S.A. de C.V.	<u>JPY 129 million</u>
Total	<u>JPY 142 million</u>
4. Financial Credits and Debts with Regard to Affiliates	
Short-term credits due from affiliated companies	JPY 57,613 million
Long-term credits due from affiliated companies	JPY 27,283 million
Short-term liabilities due to affiliated companies	JPY 153,899 million
Long-term liabilities due to affiliated companies	JPY 1,240 million

#### 5. Land Revaluation Difference

The Company revalued land used for business operations on the basis prescribed by the Law Concerning Revaluation of Land (Cabinet Order No. 34, March 31, 1998) and the Revised Law Concerning Revaluation of Land (Cabinet Order No. 94, June 29, 2001). The resulting revaluation difference is stated in net assets as "Revaluation of land," net of deferred tax liabilities related to the revaluation.

#### Revaluation method:

The revaluation was based on calculations made with appropriate adjustments to prices registered in the land tax register, pursuant to Article 2, Item 3 of Cabinet Order No. 119 (March 31, 1998) of the Law Concerning Revaluation of Land, and on appraisal values given by property appraisers, as provided in Article 2, Item 5 of the same cabinet order.

Date of revaluation: March 31, 2002

The difference between the total market value at March 31, 2020, of land used for business operations that was revalued pursuant to Article 10 of the above law, and the total book value of such land after revaluation (the amount of market value less than book value) is JPY 3,331 million.

## Notes to Non-consolidated Statements of Income

### 1. Transactions with affiliated companies:

Sales to subsidiaries:	JPY 175,289 million
Purchases from subsidiaries:	JPY 134,146 million
Other transactions:	JPY 18,682 million
Non-operating transactions:	JPY 21,033 million

### 2. Loss on revision of retirement benefit plan

The Company decided to transfer, in the fiscal year ended March 31, 2020, the portion of the fund to be accumulated on and after July 1, 2019 under the current defined benefit pension plan and the lump-sum retirement benefit plan (the "Future Portion"), to a defined contribution pension plan. As for the portion accumulated on and before June 30, 2019 under the existing arrangement (the "Past Portion") shall also be partially transferred to the defined contribution plan over the number of years as statutorily required, while plan amendments is made.

Accordingly, the Company adopted the "Accounting for Transfer between Retirement Benefit Plans" (ASBJ Guidance No.1, December 16, 2016) and the "Practical Solution on Accounting for Transfer between Retirement Benefit Plans" (ASBJ PITF No. 2, February 7, 2007), whereby part of the retirement benefit plan concerning the portion to be transferred to defined contribution plan shall be terminated.

As a result, JPY 4,368 million of extraordinary losses was recorded for the fiscal year ended March 31, 2020.

## Notes to Non-consolidated Statements of Changes in Shareholders' Equity

### 1. Number of shares issued and outstanding as of March 31, 2020:

Common stock	206,244,872 shares
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### 2. Number of shares of treasury stock as of March 31, 2020:

Common stock	4,306,748 shares
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Note: OMRON stock held for Board Incentive Plan and Employee Stock Ownership Plan purposes out of treasury stock as of March 31, 2020 was 761,242 shares.

### 3. Dividends

#### (1) Dividends paid

Resolution	Total amount (JPY millions)	Dividend per share (JPY)	Record date	Effective date
June 18, 2019 General Meeting of Shareholders	8,657	42.00	March 31, 2019	June 19, 2019
October 29, 2019 Board of Directors Meeting	8,657	42.00	September 30, 2019	December 3, 2019

#### (2) Dividends applicable to this fiscal year with an effective date in the following fiscal year

Scheduled resolution	Total amount (JPY millions)	Dividend per share (JPY)	Record date	Effective date
June 23, 2020 General Meeting of Shareholders	8,513	42.00	March 31, 2020	June 24, 2020

## Notes on Tax-Effect Accounting

1. Principal components of deferred tax assets and deferred tax liabilities are shown below.

Deferred tax assets	
Allowance for doubtful receivables	JPY 1,764 million
Inventories	JPY 995 million
Investment securities	JPY 1,003 million
Investments in affiliated companies	JPY 4,131 million
Accrued bonuses	JPY 2,130 million
Retirement benefit trust	JPY 5,206 million
Unspecified debt	JPY 2,620 million
Depreciable assets	JPY 1,828 million
Unearned revenue	JPY 1,984 million
Others	<u>JPY 523 million</u>
Deferred tax assets, Subtotal	JPY 22,184 million
Valuation Allowance	<u>JPY (4,602) million</u>
Deferred tax assets, Total	<u>JPY 17,582 million</u>
Deferred tax liabilities	
Unrealized gains on securities	JPY 3,569 million
Prepaid pension cost	JPY 4,709 million
Others	<u>JPY 74 million</u>
Deferred tax liabilities, Total	<u>JPY 8,352 million</u>
Net deferred tax assets	<u>JPY 9,230 million</u>

## Transactions with Related Parties

### 1. Subsidiaries, affiliates and other related parties

Type	Name	Voting Rights Held by Company (%)	Relationship	Transactions	Amount of Transactions (JPY millions)	Accounts	Year-end Balance (JPY millions)
Subsidiary	OMRON Field Engineering Co., Ltd.	Indirect ownership, 100%	Borrowing Dispatch of Directors	Borrowing Payment of interest <sup>1,3</sup>	16,161 59	Affiliate short-term borrowings Accrued expenses	15,595 —
Subsidiary	OMRON Social Solutions Co., Ltd.	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing Payment of interest <sup>1,3</sup>	10,692 37	Affiliate short-term borrowings Accrued expenses	13,818 —
Subsidiary	OMRON PRECISION TECHNOLOGY Co., Ltd.	Direct ownership, 100%	Lending Dispatch of Directors	Lending Receipt of interest <sup>2,3</sup>	7,982 45	Affiliate short-term loans Accounts receivable <sup>4</sup>	9,433 —
Subsidiary	OMRON Healthcare Co., Ltd.	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing Payment of interest <sup>1,3</sup>	19,254 71	Affiliate short-term borrowings Accrued expenses	23,486 —
Subsidiary	OMRON Management Center of America, Inc.	Direct ownership, 100%	Lending Dispatch of Directors	Lending Recovery of funds Receipt of interest <sup>3</sup>	6,002 9,822 989	Affiliate long-term loans Accounts receivable	26,526 717
Subsidiary	OMRON Europe B.V.	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing Payment of interest <sup>3</sup>	4 60	Affiliate short-term borrowings Accrued expenses	25,360 50
Subsidiary	OMRON (China) Co., Ltd.	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing Payment of interest <sup>3</sup>	18,831 616	Affiliate short-term borrowings Accrued expenses	24,802 511

#### Transaction Terms and Relevant Policies

- Notes:
1. For borrowing of funds, the parties enter into a contract using the pooling service of MUFG Bank Ltd., and funds are borrowed if the daily account balance of the concerned parties is JPY 1 or more. Borrowing and lending amounts are the average of the ending monthly balance for the relevant period (negative balance in the case of lending).
  2. For lending of funds, the parties enter into a contract using the pooling service of MUFG Bank Ltd., and funds are lent if the daily account balance of the concerned parties is less than JPY 0. Borrowing and lending amounts are the average of the ending monthly balance for the relevant period (negative balance in the case of borrowing).
  3. Loan interest is determined on the basis of market interest rates.
  4. Allowance for doubtful receivables of JPY 5,770 million was recorded for receivables at risk of default to OMRON PRECISION TECHNOLOGY Co., Ltd. In connection with this allowance, provision of allowance for doubtful receivables of JPY 2,540 million was recorded for the fiscal year ended March 31, 2020.

## Per Share Information

1. Net assets per share JPY 1,499.52

2. Net income per share JPY 387.12

Note: During the fiscal year ended March 31, 2020, OMRON stock held for Board Incentive Plan and Employee Stock Ownership Plan purposes is included in treasury stock deducted in the calculation of per share data.

## Subsequent Events

(Corporate split)

Based on the resolution of the meeting of the OMRON Board of Directors held on October 29, 2019, an absorption-type split was carried out, transferring its Environmental Solutions Business to OMRON Social Solutions Co., Ltd., a wholly owned subsidiary.

### (1) Overview of the corporate split

#### 1) Name and description of the targeted business

Name of business: Environmental Solutions Business

Description of business: Manufacture and sale of PV inverters for solar power systems and energy storage systems

#### 2) Date of the corporate split

April 1, 2020

#### 3) Legal method of the corporate split

This is a simple absorption-type corporate split in which the Company is the splitting company and OMRON Social Solutions Co., Ltd., the Company's wholly owned subsidiary, is the successor company.

As this corporate split meets the requirements of Article 784, Paragraph 2 of the Companies Act, it was performed as a simple split without obtaining the approval of the General Meeting of Shareholders of the Company, pursuant to the said Paragraph.

#### 4) Name of the successor company

OMRON Social Solutions Co., Ltd.

#### 5) Overview of the transaction including its objectives

The Company has given consideration to reinforcing the energy business, a business area of both the Energy Management Business HQ and OMRON Social Solutions Co., Ltd. Looking toward future changes in the energy business, the Company resolved to split off the Energy Management Business HQ, which handles the Environmental Solutions Business, and carried out a corporate split with the objective of seizing new business opportunities and further expanding business by combining the strengths of the Energy Management Business HQ and OMRON Social Solutions Co., Ltd.

### (2) Overview of accounting treatment

In accordance with the Accounting Standard for Business Combinations (ASBJ Statement No.21), Accounting Standard for Business Divestitures (ASBJ Statement No. 7), and Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10), this transaction is processed as a transaction involving entities under common control.

### (3) Approximate amount of sales of divested business included in the statements of income for the fiscal year ended March 31, 2020

Net sales of JPY 30,675 million

(TRANSLATION)

## INDEPENDENT AUDITOR'S REPORT

May 13, 2020

To the Board of Directors of  
OMRON Corporation:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Yoshio Sato

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Hiroaki Sakai

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Kenjiro Ikehata

### Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position as of March 31, 2020, and consolidated statement of income, consolidated statement of shareholder's equity of OMRON Corporation and its consolidated subsidiaries (the "Group") for the fiscal year from April 1, 2019 to March 31, 2020, and the related notes.

In our opinion, the accompanying consolidated financial statements, prepared with the omission of a part of the disclosures required under accounting principles generally accepted in the United States of America pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which is applied mutatis mutandis pursuant to the third paragraph of Article 120-3 of the Ordinance on Company Accounting, present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2020, and its consolidated financial performance for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Emphasis of Matter

As discussed in Notes Regarding Consolidated Financial Statements (Other Notes), the Company has classified results of operation of Automotive Electronics Component Business (AEC), gain on sale of AEC and costs resulting from the sale as discontinued operations in consolidated statement of income in accordance with Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 205-20, "Presentation of Financial Statements - Discontinued Operations". Our opinion is not modified with respect to this matter.

## Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which is applied mutatis mutandis pursuant to the third paragraph of Article 120-3 of the Ordinance on Company Accounting, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in the United States of America pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which is applied mutatis mutandis pursuant to the third paragraph of Article 120-3 of the Ordinance on Company Accounting.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we



conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

· Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in the United States of America pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which is applied mutatis mutandis pursuant to the third paragraph of Article 120-3 of the Ordinance on Company Accounting, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

· Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### Interest Required to Be Disclosed by the Certified Public Accounting Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

(TRANSLATION)

**INDEPENDENT AUDITOR'S REPORT**

May 13, 2020

To the Board of Directors of  
OMRON Corporation:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Yoshio Sato

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Hiroaki Sakai

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Kenjiro Ikehata

Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of March 31, 2020, and statement of income, statement of shareholder's equity of OMRON Corporation (the "Company") for the 83th fiscal year from April 1, 2019 to March 31, 2020, and the related notes, and the accompanying supplemental schedules.

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2020, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan..

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements and the accompanying supplemental schedules section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplemental schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplemental schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements and the accompanying supplemental schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the accompanying supplemental schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the financial statements and the accompanying supplemental schedules are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements and the accompanying supplemental schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### Interest Required to Be Disclosed by the Certified Public Accounting Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

### **Audit Report**

The Audit & Supervisory Board has prepared this audit report, following deliberations, based on the audit reports prepared by each Audit & Supervisory Board Member regarding the execution of Directors' duties for the 83rd fiscal year from April 1, 2019 to March 31, 2020, and hereby reports as follows:

1. Auditing Methods adopted by the Audit & Supervisory Board Members and the Audit & Supervisory Board and Details Thereof
  - (1) The Audit & Supervisory Board determined audit policies, allocation of duties and the like, and received reports from each Audit & Supervisory Board Member on the status of the implementation of audits and results thereof, as well as reports from the Directors, other relevant employees and the Accounting Auditors regarding the status of execution of their duties and sought explanations as necessary.
  - (2) Each Audit & Supervisory Board Member, adhered to the audit standards of Audit & Supervisory Board Members' audit standards established by the Audit & Supervisory Board, as well as the audit policies, the allocation of duties and the like, strove to develop an audit environment and collect information through mutual communication with Directors, the Internal Auditing Division and other relevant employees, and conducted audits by the following methods:
    - 1) Each Audit & Supervisory Board Member attended the Board of Directors meetings and other important meetings, received reports from Directors, employees and other relevant personnel on the status of the execution of their duties, sought explanations as necessary, inspected material internal decision-making documents and the like, and examined the status of operations and assets at the headquarters and principal business offices. Regarding subsidiaries, each Audit & Supervisory Board Member communicated and exchanged information with Directors, Audit & Supervisory Board Members and other relevant personnel of the subsidiaries and received reports on business from them as necessary.
    - 2) Each Audit & Supervisory Board Member received reports regularly from Directors, employees and other relevant personnel, sought explanations as necessary, and expressed opinions regarding the status of establishment and operations of a system developed based on the Board of Directors' resolution and its contents concerning the development of a system (Internal Control System) to ensure that execution of Directors' duties conforms to laws and the Articles of Incorporation and other systems needed to ensure appropriateness of operations of the Company and its consolidated subsidiaries, pursuant to Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act.
    - 3) Each Audit & Supervisory Board Member received reports on the evaluation of internal control of the financial reporting and the audit status thereof from Directors and other relevant personnel, as well as Deloitte Touche Tohmatsu LLC, and sought explanations as necessary.
    - 4) Each Audit & Supervisory Board Member monitored and verified whether the Accounting Auditors maintained independence and conducted its audits appropriately, received reports from the Accounting Auditors on the status of execution of its duties, and sought explanations as necessary. Each Audit & Supervisory Board Member also received notification from the Accounting Auditors that the "system to ensure appropriate execution of duties" (matters set forth in each item of Article 131 of the Regulation for Corporate Accounting) has been prepared in accordance with the "Quality Management Standard for Audits" (Business Accounting Council, October 28, 2005) and sought explanations as necessary.

Based on the above methods, the Audit & Supervisory Board Members reviewed the Business Report and the accompanying supplemental schedules, the Non-consolidated Financial Statements (Non-consolidated Balance Sheets, Non-consolidated Statements of Income, Non-consolidated Statements of Changes in Shareholders' Equity and Notes to Non-consolidated Financial Statements) and the accompanying supplemental schedules as well as the Consolidated Financial Statements (Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Shareholders' Equity and Notes to Consolidated Financial Statements) related to the fiscal year under review.

## 2. Audit Results

### (1) Audit results on the Business Report and Others

- 1) In our opinion, the Business Report and the accompanying supplemental schedules correctly present the status of the Company in accordance with applicable laws and regulations as well as the Articles of Incorporation of the Company.
- 2) We have found no evidence of misconduct or material acts in violation of the applicable laws and regulations, nor of any violation regarding the Articles of Incorporation of the Company, concerning the execution of Directors' duties.
- 3) In our opinion, details of the resolution of the Board of Directors regarding the Internal Control System are appropriate. Furthermore, we have found no matters to remark regarding details of the Internal Control System described in the Business Report as well as the execution of Directors' duties.

### (2) Results of Audit of the Non-consolidated Financial Statements and the Accompanying Supplemental Schedules

In our opinion, the methods and results of the audit conducted by Deloitte Touche Tohmatsu LLC, the Accounting Auditor, are appropriate.

### (3) Results of Audit of the Consolidated Financial Statements

In our opinion, the methods and results of the audit conducted by Deloitte Touche Tohmatsu LLC, the Accounting Auditor, are appropriate.

May 14, 2020

The Audit & Supervisory Board of OMRON Corporation

Audit & Supervisory Board Member (Full-time)	Kiichiro Kondo (Seal)
Audit & Supervisory Board Member (Full-time)	Kiyoshi Yoshikawa (Seal)
Audit & Supervisory Board Member (Independent)	Hideyo Uchiyama (Seal)
Audit & Supervisory Board Member (Independent)	Tadashi Kunihiro (Seal)