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To All Shareholders:

Stock Code: 6645
May 26, 2021

Yoshihito Yamada
President and CEO

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

CONVOCATION NOTICE FOR THE 84TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the 84th 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 Wednesday, June 23, 2021.

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

1. Date: Thursday, June 24, 2021, 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 84th Fiscal Year (April 1, 2020 to March 31, 2021)
 2. Financial Statements for the 84th Fiscal Year
(April 1, 2020 to March 31, 2021)
 - B. Proposals
 - No. 1 Dividends from Retained Earnings
 - No. 2 Election of Eight (8) Directors
 - No. 3 Election of Two (2) Audit & Supervisory Board Members
 - No. 4 Election of One (1) Alternate Audit & Supervisory Board Member
 - No. 5 Partial Revision of the Performance-linked and Share-based Incentive Plan for Directors

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 have been 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 has always been 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 made efforts to 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 8,502,108,132

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

June 25, 2021

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.

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

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 14.

Candidate number	Name	Current position in the Company	Tenure as Director
1	<Reelection> Mr. Fumio Tateishi	Chairman of the Board	15 years
2	<Reelection> Mr. Yoshihito Yamada	Representative Director	10 years
3	<Reelection> Mr. Kiichiro Miyata	Representative Director	4 years
4	<Reelection> Mr. Koji Nitto	Director	7 years
5	<Reelection> Mr. Satoshi Ando	Director	4 years
6	<Reelection> Mr. Eizo Kobayashi <Outside Executive candidate> <Independent Officer candidate>	Outside Director	8 years
7	<Reelection> Mr. Takehiro Kamigama <Outside Executive candidate> <Independent Officer candidate>	Outside Director	4 years
8	<Reelection> Ms. Izumi Kobayashi <Outside Executive candidate> <Independent Officer candidate>	Outside Director	1 year

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	Mr. Fumio Tateishi (July 6, 1949) Reelection Tenure as Director: 15 years Attendance at the Board of Directors meetings during fiscal 2020: 13/13 times (100%)	<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><Reasons nominated as a candidate> 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 conduct business operations in a society co-existing with COVID-19 and business reforms in anticipation of a new society after the COVID-19 shock. 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 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>	1,180,027

- Notes: 1. There are no special interests between the Company and Mr. Fumio Tateishi.
2. If the reelection of Mr. Fumio Tateishi is approved, in order to ensure that he can adequately fulfill his expected role, the Company plans to conclude an indemnity agreement with him, which will indemnify him for expenses in Article 430-2, Paragraph 1, Item 1 of the Companies Act and for losses in Item 2 of the same paragraph within the limits stipulated by laws and regulations.
3. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has entered into a directors and officers liability insurance contract to insure its Directors and Audit & Supervisory Board Members. The contract shall cover damage that may arise due to the insured assuming liability for the execution of their duties, or receiving a claim pertaining to the pursuit of such liability. If the reelection of Mr. Fumio Tateishi is approved, he shall be insured under the said insurance contract. The Company plans to renew the said insurance contract during his term of office.

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	Mr. Yoshihito Yamada (November 30, 1961) Reelection Tenure as Director: 10 years Attendance at the Board of Directors meetings during fiscal 2020: 13/13 times (100%)	<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><Reasons nominated as a candidate> 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 to conduct business operations in a society co-existing with COVID-19 and business reforms in anticipation of a new society after the COVID-19 shock, and therefore requests his reelection as a Director.</p>	31,332

- Notes: 1. There are no special interests between the Company and Mr. Yoshihito Yamada.
2. If the reelection of Mr. Yoshihito Yamada is approved, in order to ensure that he can adequately fulfill his expected role, the Company plans to conclude an indemnity agreement with him, which will indemnify him for expenses in Article 430-2, Paragraph 1, Item 1 of the Companies Act and for losses in Item 2 of the same paragraph within the limits stipulated by laws and regulations.
3. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has entered into a directors and officers liability insurance contract to insure its Directors and Audit & Supervisory Board Members. The contract shall cover damage that may arise due to the insured assuming liability for the execution of their duties, or receiving a claim pertaining to the pursuit of such liability. If the reelection of Mr. Yoshihito Yamada is approved, he shall be insured under the said insurance contract. The Company plans to renew the said insurance contract during his term of office.
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 (as of March 31, 2021).

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: 4 years Attendance at the Board of Directors meetings during fiscal 2020: 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 & 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</p> <p><i>Areas of responsibility in the Company:</i> Senior Managing Executive Officer CTO and Senior General Manager of Technology & Intellectual Property H.Q. Member of the Personnel Advisory Committee</p> <p><Reasons nominated as a candidate> 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 and Senior General Manager of Technology & Intellectual Property H.Q., 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>	10,799

- Notes: 1. There are no special interests between the Company and Mr. Kiichiro Miyata.
2. If the reelection of Mr. Kiichiro Miyata is approved, in order to ensure that he can adequately fulfill his expected role, the Company plans to conclude an indemnity agreement with him, which will indemnify him for expenses in Article 430-2, Paragraph 1, Item 1 of the Companies Act and for losses in Item 2 of the same paragraph within the limits stipulated by laws and regulations.
3. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has entered into a directors and officers liability insurance contract to insure its Directors and Audit & Supervisory Board Members. The contract shall cover damage that may arise due to the insured assuming liability for the execution of their duties, or receiving a claim pertaining to the pursuit of such liability. If the reelection of Mr. Kiichiro Miyata is approved, he shall be insured under the said insurance contract. The Company plans to renew the said insurance contract during his term of office.
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 (as of March 31, 2021).

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	Mr. Koji Nitto (February 1, 1961) Reelection Tenure as Director: 7 years Attendance at the Board of Directors meetings during fiscal 2020: 13/13 times (100%)	<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><Reasons nominated as a candidate> 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>	13,043

- Notes: 1. There are no special interests between the Company and Mr. Koji Nitto.
2. If the reelection of Mr. Koji Nitto is approved, in order to ensure that he can adequately fulfill his expected role, the Company plans to conclude an indemnity agreement with him, which will indemnify him for expenses in Article 430-2, Paragraph 1, Item 1 of the Companies Act and for losses in Item 2 of the same paragraph within the limits stipulated by laws and regulations.
3. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has entered into a directors and officers liability insurance contract to insure its Directors and Audit & Supervisory Board Members. The contract shall cover damage that may arise due to the insured assuming liability for the execution of their duties, or receiving a claim pertaining to the pursuit of such liability. If the reelection of Mr. Koji Nitto is approved, he shall be insured under the said insurance contract. The Company plans to renew the said insurance contract during his term of office.
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 (as of March 31, 2021).

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: 4 years Attendance at the Board of Directors meetings during fiscal 2020: 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 & 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 & 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><Reasons nominated as a candidate> Mr. Satoshi Ando appropriately supervises the corporate management as full-time Director not engaged in business execution, with an aim to conduct business operations in a society co-existing with COVID-19 and business reforms in anticipation of a new society after the COVID-19 shock. 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>	17,877

- Notes: 1. There are no special interests between the Company and Mr. Satoshi Ando.
2. If the reelection of Mr. Satoshi Ando is approved, in order to ensure that he can adequately fulfill his expected role, the Company plans to conclude an indemnity agreement with him, which will indemnify him for expenses in Article 430-2, Paragraph 1, Item 1 of the Companies Act and for losses in Item 2 of the same paragraph within the limits stipulated by laws and regulations.
3. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has entered into a directors and officers liability insurance contract to insure its Directors and Audit & Supervisory Board Members. The contract shall cover damage that may arise due to the insured assuming liability for the execution of their duties, or receiving a claim pertaining to the pursuit of such liability. If the reelection of Mr. Satoshi Ando is approved, he shall be insured under the said insurance contract. The Company plans to renew the said insurance contract during his term of office.
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 (as of March 31, 2021).

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: 8 years Attendance at the Board of Directors meetings during fiscal 2020: 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 Outside Director 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. Supervisory Committee Member of The Norinchukin Bank Outside Director of Nippon Venture Capital Co., Ltd. Chairman of ITOCHU Foundation</p> <p><Reasons nominated as a candidate and overview of expected role> 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 an Outside Director. 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 expects that he will be a suitable person for supervising management for sustained improvements in corporate value and therefore requests his reelection as an Outside Director.</p>	9,790

- 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 2020 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 an Outside Director of the Company, and the Company has provided notification as an Independent Officer to Tokyo Stock Exchange, Inc. If Mr. Kobayashi's reelection is approved, the Company plans to provide notification as an Independent Officer to Tokyo Stock Exchange, Inc. Details of "The Company's policy regarding the independence of Outside Executives" are described on pages 22 to 23.
3. The Company has established a provision in its Articles of Incorporation for limited liability agreements with Outside Directors 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. If the reelection of Mr. Eizo Kobayashi is approved, in order to ensure that he can adequately fulfill his expected role, the Company plans to conclude an indemnity agreement with him, which will indemnify him for expenses in Article 430-2, Paragraph 1, Item 1 of the Companies Act and for losses in Item 2 of the same paragraph within the limits stipulated by laws and regulations.
5. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has entered into a directors and officers liability insurance contract to insure its Directors and Audit & Supervisory Board Members. The contract shall cover damage that may arise due to the insured assuming liability for the execution of their duties, or receiving a claim pertaining to the pursuit of such liability. If the reelection of Mr. Eizo Kobayashi is approved, he shall be insured under the said insurance contract. The Company plans to renew the said insurance contract during his term of office.
6. 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.
7. 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.
8. Japan Exchange Group, Inc., at which Mr. Eizo Kobayashi serves as Outside Director, received a business improvement order from the Financial Services Agency in November 2020, on account of issues including equipment setting defects and insufficient rules concerning the reopening of trading, following the failure of the stock trading system “arrowhead” operated by its subsidiary Tokyo Stock Exchange, Inc. and the consequent suspension of transactions. Mr. Kobayashi had already been making appropriate proposals prior to the incident regarding how to conduct market operations with high levels of safety and reliability at the Board of Directors meetings and other meetings. Even after the facts above occurred, he gave appropriate proposals, etc. regarding matters such as measures to prevent recurrence in the future, based on the status of investigation by the “System Failure Investigation Committee” established by the said company and the said committee’s investigation report, thereby fulfilling his duties.
9. 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 (as of March 31, 2021).

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: 4 years Attendance at the Board of Directors meetings during fiscal 2020: 13/13 times (100%) Number of listed companies including OMRON where he concurrently serves as an officer with business execution 0 without business execution 4	<p>April 1981 Joined TDK Corporation</p> <p>June 2002 Appointed Corporate Officer of TDK Corporation</p> <p>June 2003 Appointed Senior Vice President of TDK Corporation</p> <p>June 2004 Appointed Director & Executive Vice President of TDK Corporation</p> <p>June 2006 Appointed President & Representative Director of TDK Corporation</p> <p>June 2016 Appointed Chairman & Representative Director of TDK Corporation</p> <p>June 2017 Appointed Outside Director of the Company (to present)</p> <p>June 2018 Appointed Mission Executive of TDK Corporation (to present)</p> <p><i>Areas of responsibility, etc., in the Company:</i> 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</p> <p><i>Significant concurrent positions:</i> Mission Executive of TDK Corporation Outside Director of Yamaha Motor Co., Ltd. External Director of SoftBank Corp. Outside Director of the Board of KOKUYO Co., Ltd.</p> <p><Reasons nominated as a candidate and overview of expected role> 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 an Outside Director. In addition, Mr. Kamigama shares his experience and insight as management expert, and actively comments as Chairman of the Compensation Advisory Committee, Vice Chairman of the Corporate Governance Committee, and as a member of the Personnel Advisory Committee and CEO Selection Advisory Committee to contribute to increasing transparency and fairness in the management of the Company. Based on these factors, the Company expects that he will be a suitable person for supervising management for sustained improvements in corporate value and therefore requests his reelection as an Outside Director.</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 2020 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 an Outside Director of the Company, and the Company has provided notification as an Independent Officer to Tokyo Stock Exchange, Inc. If Mr. Kamigama's reelection is approved, the Company plans to provide notification as an Independent Officer to Tokyo Stock Exchange, Inc. Details of "The Company's policy regarding the independence of Outside Executives" are described on pages 22 to 23.
3. The Company has established a provision in its Articles of Incorporation for limited liability agreements with Outside Directors 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. If the reelection of Mr. Takehiro Kamigama is approved, in order to ensure that he can adequately fulfill his expected role, the Company plans to conclude an indemnity agreement with him, which will indemnify him for expenses in Article 430-2, Paragraph 1, Item 1 of the Companies Act and for losses in Item 2 of the same paragraph within the limits stipulated by laws and regulations.
5. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has entered into a directors and officers liability insurance contract to insure its Directors and Audit & Supervisory Board Members. The contract shall cover damage that may arise due to the insured assuming liability for the execution of their duties, or receiving a claim pertaining to the pursuit of such liability.

If the reelection of Mr. Takehiro Kamigama is approved, he shall be insured under the said insurance contract. The Company plans to renew the said insurance contract during his term of office.

6. 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> Reelection Tenure as Director: 1 year Attendance at the Board of Directors meetings during fiscal 2020: 10/10 times (100%) 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>June 2020 Appointed Outside Director of the Company (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> Outside Director of ANA HOLDINGS INC. External Director of Mitsui & Co., Ltd. Outside Director of Mizuho Financial Group, Inc.</p> <p><Reasons nominated as a candidate and overview of expected role> 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, and appropriately supervises corporate management as an Outside Director. In addition, Ms. Kobayashi shares her 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 expects that she will be a suitable person for supervising management for sustained improvements in corporate value and therefore requests her reelection as an Outside Director.</p>	310

- Notes: 1. There are no special interests between the Company and Ms. Izumi Kobayashi.
2. Ms. Izumi Kobayashi is currently an Outside Director of the Company, and the Company has provided notification as an Independent Officer to Tokyo Stock Exchange, Inc. If Ms. Kobayashi's reelection is approved, the Company plans to provide notification as an Independent Officer to Tokyo Stock Exchange, Inc. Details of "The Company's policy regarding the independence of Outside Executives" are described on pages 22 to 23.
3. The Company has established a provision in its Articles of Incorporation for limited liability agreements with Outside Directors 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 Ms. Izumi Kobayashi 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. If Ms. Kobayashi's reelection is approved, the Company plans to continue the aforementioned limited liability agreement.
4. If the reelection of Ms. Izumi Kobayashi is approved, in order to ensure that she can adequately fulfill her expected role, the Company plans to conclude an indemnity agreement with her, which will indemnify her for expenses in Article 430-2, Paragraph 1, Item 1 of the Companies Act and for losses in Item 2 of the same paragraph within the limits stipulated by laws and regulations.
5. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has entered into a directors and officers liability insurance contract to insure its Directors and Audit & Supervisory Board Members. The contract shall cover damage that may arise due to the insured assuming liability for the execution of their duties, or receiving a claim pertaining to the pursuit of such liability. If the reelection of Ms. Izumi Kobayashi is approved, she shall be insured under the said insurance contract. The Company plans to renew the said insurance contract during her term of office.
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 (as of March 31, 2021).

7. As Ms. Izumi Kobayashi was newly elected as a Director at the 83rd Ordinary General Meeting of Shareholders held on June 23, 2020, and assumed office thereafter, her attendance at the Board of Directors meetings indicates the Board of Directors meetings held on and after June 23, 2020 that she attended.

No. 3: Election of Two (2) Audit & Supervisory Board Members

At the close of this Ordinary General Meeting of Shareholders, the term of office of the Audit & Supervisory Board Member Mr. Tadashi Kunihiro will expire, and Audit & Supervisory Board Member Mr. Kiichiro Kondo will retire from his position. The Company therefore requests the election of two (2) Audit & Supervisory Board Members.

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 candidates for Audit & Supervisory Board Member.

The Audit & Supervisory Board Member candidates are as stated on pages 16 to 17.

Candidate number	Name	Current position in the Company	Tenure as Audit & Supervisory Board Member
1	<New election> Mr. Shuji Tamaki	New candidate	–
2	<Reelection> Mr. Tadashi Kunihiro <Outside Executive candidate> <Independent Officer candidate>	Audit & Supervisory Board Member (Independent)	4 years

Candidate number	Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions	Number of shares of the Company owned
1	Mr. Shuji Tamaki (December 3, 1961) New election	<p>April 1985 Joined the Company March 2008 Appointed General Manager of the Legal Center, Management Resources Innovation H.Q. March 2015 Appointed Senior General Manager of Global Risk Management and Legal HQ April 2015 Appointed Executive Officer</p> <p><Reasons nominated as a candidate> Mr. Shuji Tamaki has many years of legal experience at the Company, and has considerable knowledge regarding legal affairs, compliance, internal control and risk management. Furthermore, as the Senior General Manager of the Global Risk Management and Legal HQ, he has led efforts to instill Group governance and integrated risk management activities. While supporting the global business activities of the Company, he also contributed to the Company's fulfillment of its corporate social responsibility through efforts including the thorough enforcement of compliance. Based on his track record and abundant experience stated above, the Company believes that he is a suitable person for an Audit & Supervisory Board Member, and therefore requests his new election as an Audit & Supervisory Board Member.</p>	5,104

- Notes: 1. There are no special interests between the Company and Mr. Shuji Tamaki.
2. If the election of Mr. Shuji Tamaki is approved, in order to ensure that he can adequately fulfill his expected role, the Company plans to conclude an indemnity agreement with him, which will indemnify him for expenses in Article 430-2, Paragraph 1, Item 1 of the Companies Act and for losses in Item 2 of the same paragraph within the limits stipulated by laws and regulations.
 3. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has entered into a directors and officers liability insurance contract to insure its Directors and Audit & Supervisory Board Members. The contract shall cover damage that may arise due to the insured assuming liability for the execution of their duties, or receiving a claim pertaining to the pursuit of such liability. If the election of Mr. Shuji Tamaki is approved, he shall be insured under the said insurance contract. The Company plans to renew the said insurance contract during his term of office.
 4. In line with Mr. Shuji Tamaki's retirement as Executive Officer of the Company on March 31, 2021, the Company plans to issue 1,300 shares of the Company to him on June 17, 2021, as the non-performance-linked component of stock compensation. The number of shares of the Company owned above does not include the said shares.

Candidate number	Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions	Number of shares of the Company owned
2	Mr. Tadashi Kunihiro (November 29, 1955) <Outside Executive candidate> <Independent Officer candidate> Reelection Tenure as Audit & Supervisory Board Member: 4 years Attendance at the Board of Directors meetings during fiscal 2020: 12/13 times (92.3%) Attendance at the Audit & Supervisory Board meetings during fiscal 2020: 12/13 times (92.3%) Number of listed companies including OMRON where he concurrently serves as an officer: with business execution 0 without business execution 2	<p>April 1986 Registered as attorney with the Daini Tokyo Bar Association; Joined Nasu & Iguchi Law Office</p> <p>Jan. 1994 Established Kunihiro Law Office (now T. Kunihiro & Co. Attorneys-at-Law)</p> <p>June 2017 Appointed Audit & 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> Partner of T. Kunihiro & Co. Attorneys-at-Law Outside Director of Z Holdings Corporation Outside Director of Tokio Marine & Nichido Fire Insurance Co., Ltd.</p> <p><Reasons nominated as a candidate> Mr. Tadashi Kunihiro is an attorney specializing primarily in corporate governance, compliance and the Companies Act. He is also well-versed in corporate risk management (crisis management), and has served in various important positions such as advisor of the Cabinet Office and the Consumer Affairs Agency. As an Audit & Supervisory Board Member (Independent), he attends the Board of Directors meetings and other important meetings, at which he proactively provides his opinion 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. Kunihiro 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 Outside Director or an Audit & Supervisory Board Member (Independent), for the reasons stated above, the Company believes that he is a suitable person for an Audit & Supervisory Board Member (Independent) and therefore requests his reelection as an Audit & Supervisory Board Member (Independent).</p>	1,125

Notes: 1. There are no special interests between the Company and Mr. Tadashi Kunihiro.

2. Mr. Tadashi Kunihiro 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, Inc. If Mr. Kunihiro's reelection is approved, the Company plans to provide notification as an Independent Officer to Tokyo Stock Exchange, Inc. Details of "The Company's policy regarding the independence of Outside Executives" are described on pages 22 to 23.
3. The Company has established a provision in its Articles of Incorporation for limited liability agreements with Outside Directors 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. Tadashi Kunihiro 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. Kunihiro's reelection is approved, the Company plans to continue the aforementioned limited liability agreement.
4. If the reelection of Mr. Tadashi Kunihiro is approved, in order to ensure that he can adequately fulfill his expected role, the Company plans to conclude an indemnity agreement with him, which will indemnify him for expenses in Article 430-2, Paragraph 1, Item 1 of the Companies Act and for losses in Item 2 of the same paragraph within the limits stipulated by laws and regulations.
5. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has entered into a directors and officers liability insurance contract to insure its Directors and Audit & Supervisory Board Members. The contract shall cover damage that may arise due to the insured assuming liability for the execution of their duties, or receiving a claim pertaining to the pursuit of such liability. If the reelection of Mr. Tadashi Kunihiro is approved, he shall be insured under the said insurance contract. The Company plans to renew the said insurance contract during his term of office.
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 (as of March 31, 2021).

(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
<New election> Mr. Shuji Tamaki	Audit & Supervisory Board Member (Full-time)	—
<Incumbent> Mr. Kiyoshi Yoshikawa	Audit & Supervisory Board Member (Full-time)	2 years
<Incumbent> Mr. Hideyo Uchiyama <Outside Executive> <Independent Officer>	Audit & Supervisory Board Member (Independent)	5 years
<Reelection> Mr. Tadashi Kunihiro <Outside Executive> <Independent Officer>	Audit & Supervisory Board Member (Independent)	4 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 Two (2) Audit & Supervisory Board Members” on page 15.)

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 Outside Audit & Supervisory Board Member of AOYAMA TRADING Co., Ltd. Outside Director of O-WELL CORPORATION <Reasons nominated as an alternate 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 an Outside Director 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, 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, Inc. Details of “The Company’s policy regarding the independence of Outside Executives” are described on pages 22 to 23.
3. The Company has established a provision in its Articles of Incorporation for limited liability agreements with Outside Directors 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.
4. If Mr. Toru Watanabe is elected as Audit & Supervisory Board Member (Independent), in order to ensure that he can adequately fulfill his expected role, the Company plans to conclude an indemnity agreement with him, which will indemnify him for expenses in Article 430-2, Paragraph 1, Item 1 of the Companies Act and for losses in Item 2 of the same paragraph within the limits stipulated by laws and regulations.
5. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has entered into a directors and officers liability insurance contract to insure its Directors and Audit & Supervisory Board Members. The contract shall cover damage that may arise due to the insured assuming liability for the execution of their duties, or receiving a claim pertaining to the pursuit of such liability.

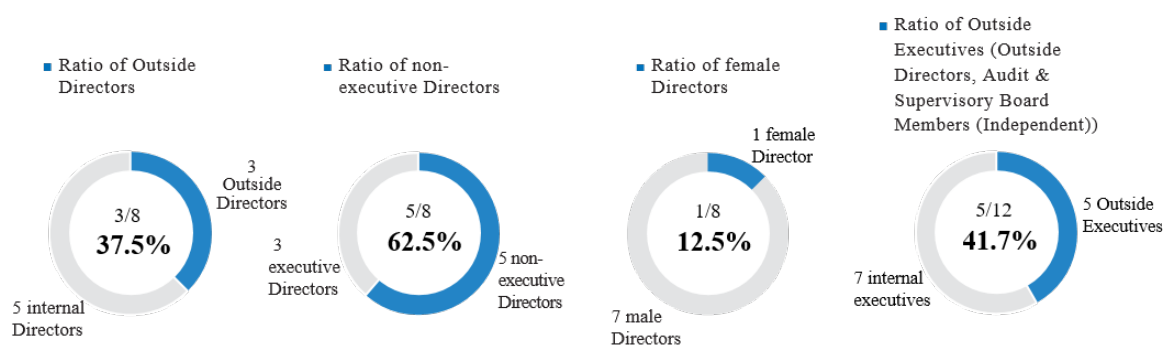
If Mr. Toru Watanabe is elected as Audit & Supervisory Board Member (Independent), he shall be insured under the said insurance contract.

(Reference)

Policy regarding Composition of the Board of Directors

In order to strengthen the supervision function of the Board of Directors, at the Company, 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. In addition, at least one-third of the Board of Directors shall consist of Outside Directors. Regarding Outside Directors and Audit & Supervisory Board Members (Independent), from the perspective of ensuring their independence, they are elected in accordance with the Company’s “Independence Requirements for Outside Executives.” Based on the above, regarding Directors and Audit & Supervisory Board Members who make up the members of the Board of Directors, the Company shall select human resources with a good balance of experience, specialized knowledge and insights, thereby ensuring sufficient diversity in the Board of Directors.

Composition of the Board of Directors



Main areas of expertise and specialization of Outside Directors and Audit & Supervisory Board Members (Independent)

Name and position	Corporate management	Finance and accounting	Legal affairs, compliance, internal control	Global affairs, working abroad	Manufacturing technologies, research and development	Original industry or certifications
Eizo Kobayashi Outside Director	●			●		General trading company
Takehiro Kamigama Outside Director	●			●	●	Manufacturing industry
Izumi Kobayashi Outside Director	●			●		Finance, international organizations
Hideyo Uchiyama Audit & Supervisory Board Member (Independent)	●	●	●	●		Certified Public Accountant
Tadashi Kunihiro Audit & Supervisory Board Member (Independent)	●		●	●		Attorney

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 an Outside Director, 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 Outside Directors), 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 Outside Directors), 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.

No. 5: Partial Revision of the Performance-linked and Share-based Incentive Plan for Directors

At the 80th Ordinary General Meeting of Shareholders held on June 22, 2017, a performance-linked stock compensation plan for the Company's Directors (the "Plan") was resolved. With the aim of further heightening motivation to contribute to sustained improvements in corporate value, this proposal seeks approval for implementing the Plan in the four years from fiscal 2021 to fiscal 2024 ("covered period"), and for revisions, etc. to the performance achievement conditions of the Plan.

1. Reasons for the Proposal and such Compensation Deemed as Appropriate

Compensation for Directors of the Company (excluding Outside Directors; the same applies hereinafter) consists of a "base salary," "short-term performance-linked compensation (bonuses)," and "medium-to-long-term, performance-linked compensation (compensation via the Plan)." The Plan is intended to clarify the linkage between compensation for Directors and the Company's stock value to heighten their motivation to attain performance targets specified in the medium-term management plan and to contribute to sustained improvements in corporate value (stock value) through Directors' ownership of the Company's shares. The Plan was approved and adopted at the 80th Ordinary General Meeting of Shareholders held on June 22, 2017, up until the present day.

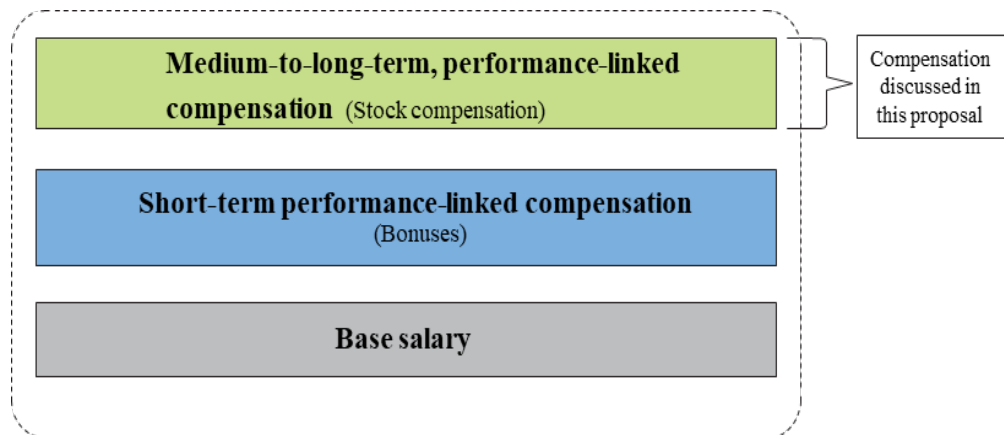
As the COVID-19 pandemic continues to spread throughout the world, we consider it essential to place our first priority on implementing emergency response measures to ensure business continuity and secure earnings, while also preparing for the post-COVID-19 era and promoting the transformation of the Company. As such, the Company specified fiscal 2021 as the period for making preparations for the next medium-term management plan, which covers the three years from fiscal 2022 to fiscal 2024. In order to achieve the targets in the next medium-term management plan, the preparation period of fiscal 2021 is essential. In order to heighten motivation to contribute to sustained improvements in corporate value through attaining performance targets specified in the next medium-term management plan, the Company sees the adoption of the Plan over the four years from fiscal 2021 to fiscal 2024 as appropriate. Previously, in the Plan, performance achievement conditions were evaluated based on the degree of achievement of performance targets, etc. in the medium-term management plan. In line with this revision, indicators that evaluate the degree of achievement, etc. of performance targets shall be set for each applicable medium-term management plan. For the purpose of further heightening motivation to contribute to sustained improvements in corporate value, the Company believes that setting indicators that evaluate the degree of achievement of performance targets, etc. for each applicable medium-term management plan is appropriate.

The partial revision of the Plan has already been deliberated at the meeting of the Compensation Advisory Committee chaired by an Outside Director, the majority members of which are Outside Directors.

The number of Directors who are eligible for the Plan will be five (5) if Proposal 2 "Election of Eight (8) Directors" is approved as originally proposed.

Reference

<Chart of Structure of Compensation for Directors>



*Compensation for Outside Directors consists only of the base salary.

*The chart above does not indicate the percentage of each compensation.

2. Amount and Details of Compensation under the Plan

(1) Overview of the Plan

The Plan is a stock compensation plan, whereby a trust acquires shares of the Company using funds contributed by the Company for the compensation for Directors, and the Company's shares and the money equivalent to the amount of converted value of such Company's shares (the "Company's shares, etc.") are granted and paid ("grant(ing), etc.") to the Directors through such trust. ((2) below and subsequent sections summarize the details.)

The Plan consists of the "performance-linked portion" in which the Company's shares, etc., shall be granted, etc. after the completion of the medium-term management plan and the "non-performance-linked portion" in which the Company's shares, etc., shall be granted, etc. after the Directors retire. The "performance-linked portion" is aimed at motivating the Directors to achieve the goals of the Company's medium-term management plan and strengthening the linkage of compensation for Directors with the medium-to-long-term corporate performance. The "non-performance-linked portion" in turn is intended to promote alignment of interests of the Directors with those of other shareholders of the Company through ownership of the Company's shares. The "performance-linked portion" and the "non-performance-linked portion" account for 60% and 40%, respectively.

1) Persons eligible for the grant, etc., of the Company's shares, etc., under this proposal	<ul style="list-style-type: none"> The Directors (excluding Outside Directors) of the Company 	
2) Impact of the Company's shares under this proposal on the total number of shares issued		
Maximum limit of money to be contributed by the Company for the acquisition of the Company's shares subject to granting, etc. to Directors (as described in (2) below)	<ul style="list-style-type: none"> Amount calculated by multiplying JPY 600 million by the number of years of the covered period, and the maximum limit for four fiscal years of the covered period will be JPY 2.4 billion. (The covered period shall be four fiscal years from fiscal 2021 to fiscal 2024.) 	
Method of acquisition of the Company's shares (as described in (2) below) and the maximum limit of the number of the Company's shares, etc. subject to granting, etc. to Directors (as described in (3) below)	<ul style="list-style-type: none"> The number of shares calculated by multiplying 150,000 shares by the number of years of the covered period, and the maximum limit of the total number of the Company's shares, etc., subject to granting, etc. to Directors for four fiscal years of the covered period is 600,000 shares. The average number of above maximum limit of the Company's shares, etc. to be granted per fiscal year, 150,000 shares, accounts for about 0.07% of the Company's total number of shares issued (after deducting treasury stock as of March 31, 2021) The Trust will acquire the Company's shares from the stock market. 	
3) Details of performance achievement conditions (as described in (3) below)	<ul style="list-style-type: none"> The performance-linked portion varies between 0% and 200% depending on the degree of achievement of performance targets, etc., in the medium-term management plan (Indicators that evaluate the degree of achievement of performance targets, etc. shall be set for each applicable medium-term management plan) 	
4) Timing of the granting, etc., of the Company's shares, etc., to Directors (as described in (4) below)	Performance-linked portion (Composition ratio: 60%)	After the end of the covered period
	Non-performance-linked portion (Composition ratio: 40%)	After the Director's retirement

(2) Maximum Limit of Money to be Contributed by the Company

The covered period of the Plan this time shall be the four fiscal years from fiscal 2021 to fiscal 2024.

In each covered period, the Company shall contribute the trust money whose amount is calculated by multiplying JPY 600 million by the number of years of the relevant covered period (JPY 2.4 billion for four fiscal years of the covered period) and establish ("establish" includes extending the period of an existing trust and continuing usage of it; the same applies hereinafter for this proposal) a trust ("the Trust") for the period equivalent to the covered period wherein Directors who meet the beneficiary requirements are beneficiaries. The Trust shall acquire the Company's shares from the stock market in one lump sum using the trust money as funds, in accordance with the instructions of the trust administrator. The Company shall award points to Directors during the covered period (as described in (4) below), and the Trust shall grant, etc. the Company's shares, etc. corresponding to the points awarded during a certain period determined in advance.

Upon expiry of the trust period, the Company may continue the Trust by making amendments to the trust agreement and making additional contributions instead of establishing a new Trust. In such a case, the number of years corresponding to the medium-term management plan established at that point will become a new covered period, and the trust period will also be extended further by the same period as the new covered period. The Company will make additional contributions for each extended trust period

within the amount calculated by multiplying JPY 600 million by the number of years of such new covered period. In such cases where such additional contributions are to be made when there are any Company's shares (excluding Company's shares, etc., equivalent to points awarded to Directors that are yet to be granted, etc.) and money still remaining in the trust property ("the "residual shares, etc.") at the last day of the trust period prior to the extension, then the sum of the amount of such residual shares, etc. and additional trust money to be contributed by the Company shall be within the amount calculated by multiplying JPY 600 million by the number of years of the new covered period.

In cases where the Company will not make amendments to the trust agreement and make no additional contributions of each Trust and Directors who may possibly meet the beneficiary requirements remain in office at the expiry of the trust period, the Company will not award points to the said Directors from then onward. However, the trust period may be extended until the said Directors retire and the granting, etc. of the Company's shares, etc. to the said Directors is completed.

(3) Method of Calculation and Maximum Number of the Company's Shares, etc. to be Granted, etc. to Directors

The number of the Company's shares, etc. to be granted, etc. to each Director shall be decided according to the number of points calculated by the formulas described below, whereby one point shall be equivalent to one share of the Company. If, however, the number of the Company's shares under the Trust increases or decreases because the Company's stock is subject to a share split or share consolidation, or allotment of shares without contribution, etc., the Company will adjust the number of the Company's shares, etc. to be granted, etc. for each point according to the percentage of increase or decrease of the Company's shares.

(Point calculation formula)

1) Performance-linked portion

The points calculated by dividing the individual compensation amount, which has been determined in advance with respect to each executive position by the stock price at the time when the Trust acquired the Company's shares, will serve as the base ("base points"). Based on the base points, single fiscal-year points shall be calculated by the following formula, and awarded to Directors who hold office on the last day of each fiscal year of the covered period. After the end of the covered period, the number of performance-linked points is calculated by adding up single fiscal-year points granted to Directors, and then multiplying the cumulative total by the performance-linked coefficient that is determined by the degree of achievement of performance targets, etc. specified in the medium-term management plan.

Calculation formula for single fiscal-year points	:	Base Points x 60%
Calculation formula for performance-linked points	:	Sum of single fiscal-year points during the covered period x Performance-linked coefficient ^{*1} ^{*2}

*1 The performance-linked coefficient varies between 0% and 200% depending on the degree of achievement of performance targets, etc. in the medium-term management plan. Indicators that evaluate the degree of achievement of performance targets, etc. shall be set with each new applicable medium-term management plan.

*2 If a Director passes away before the end of the covered period (including cases in which the Director passes away before the end of the covered period after retirement due to expiry of term of office or other reasons), the number of performance-linked points shall be calculated by adding up the number of single fiscal-year points granted up to the time of passing, and assuming that the performance-linked coefficient is 100%.

2) Non-performance-linked portion

The non-performance-linked points, calculated by the following formula based on the base points, will be awarded to Directors who hold office on the last day of each fiscal year of the covered period. The cumulative total (hereinafter referred to as “cumulative total non-performance-linked points”) will be calculated by adding up non-performance-linked points awarded for each fiscal year.

Calculation formula for non-performance-linked points : Base Points x 40%

The maximum limit of the number of points to be awarded to Directors during the trust period of the Trust is calculated by multiplying 150,000 points by the number of years of the covered period, and the maximum limit of the number of the Company’s shares, etc. to be granted, etc. to Directors from the Trust during the trust period will be equivalent to such maximum limit of the number of points (the “maximum limit of the number of shares to be granted”). Therefore, the maximum limit of the number of shares to be granted for the covered period that covers four fiscal years shall be 600,000 shares (if one point shall be equivalent to one share of the Company). Taking into account the maximum limit of money to be contributed by the Company as stated in (2) above, the Company determines the maximum limit of the number of shares to be granted with reference to the stock price range. If the Company continues the Trust pursuant to (2) above, the maximum limit of the number of shares to be granted during the extended trust period shall be the number of shares equivalent to the number of points calculated by multiplying 150,000 points by the number of years of new covered period.

(4) Method and Timing for Granting, etc. of the Company’s Shares, etc. to Directors

1) Performance-linked portion

The Company’s shares, etc. relating to the performance-linked portion are granted, etc. after the end of the covered period. The Directors who meet beneficiary requirements shall receive the Company’s shares corresponding to 50% of the number of their performance-linked points (odd-lot shares shall be rounded off), and with respect to the Company’s shares corresponding to the number of remaining performance-linked points, an amount of money equivalent to the converted value of such Company’s shares shall be paid after conversion under the Trust.

If a Director passes away before the end of the covered period (including cases in which the Director passes away before the end of the covered period after retirement due to expiry of term of office or for other reasons), the legal heir(s) of the said Director shall receive an amount of money equivalent to the converted value of the Company’s shares corresponding to the number of performance-linked points at that point, after conversion under the Trust.

If a Director does not have a securities brokerage account that handles Japanese shares, he or she shall receive an amount of money equivalent to the converted value of the Company’s shares corresponding to the number of performance-linked points after conversion under the Trust.

2) Non-performance-linked portion

The Company’s shares, etc. relating to the non-performance-linked portion are granted, etc. to Directors covered by the Plan after their retirement.

The Directors who meet beneficiary requirements shall receive the Company’s shares corresponding to 50% of the cumulative total non-performance-linked points accumulated before they retire (odd-lot shares shall be rounded off), and with respect to the Company’s shares corresponding to the number of remaining cumulative total non-performance-linked points, an amount of money equivalent to the converted value of such Company’s shares shall be paid after conversion under the Trust.

If a Director passes away while holding office, the legal heir(s) of the said Director shall receive an amount of money equivalent to the converted value of the Company’s shares corresponding to the number of cumulative total non-performance-linked points up to the time of his or her passing, after conversion under the Trust.

If a Director does not have a securities brokerage account that handles Japanese shares, he or she shall receive an amount of money equivalent to the converted value of the Company's shares corresponding to the number of cumulative total non-performance-linked points, after conversion under the Trust.

(5) Voting Rights Related to the Company's Shares under the Trust

To ensure the neutrality for the Company's management, voting rights shall not be exercised for the Company's shares held in the Trust during the trust period.

(6) Treatment of Dividends of the Company's Shares under the Trust

Dividends related to the Company's shares under the Trust will be paid to the Trust, and allocated to trust fees and trust expenses. If, after the allocation to trust fees and expenses, residual assets remain at the expiry of the Trust, such assets will be donated to organizations with no interest in the Company.

(7) Other details of the Plan

Other details of the Plan shall be determined by the Board of Directors on each occasion, such as the establishment of the Trust, changes to the trust agreement, and additional contributions to the Trust.

[Reference]

If this proposal is approved as originally proposed, indicators of medium-to-long-term, performance-linked compensation (stock compensation) for the period from fiscal 2021 to fiscal 2024 are as follows.

<Medium-to-long-term, performance-linked compensation (stock compensation) for the period from fiscal 2021 to fiscal 2024>

Stock compensation is paid as medium-to-long-term, performance-linked compensation to Directors excluding Outside Directors. 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.

The performance-linked portion varies between 0% and 200% depending on the degree of achievement of performance targets, etc., in the medium-term management plan.

Performance-linked portion = Base amount for each position x (Financial targets evaluation: 60% + Corporate value evaluation: 20% + Sustainability evaluation: 20%)

	Evaluation weight	Indicators
Financial targets evaluation	60%	<ul style="list-style-type: none"> • EPS • ROE
Corporate value evaluation	20%	<ul style="list-style-type: none"> • Relative TSR^{*1}
Sustainability evaluation	20%	<ul style="list-style-type: none"> • Reduction of greenhouse gas emissions (internal target) • Score of Sustainable Engagement Index (SEI)^{*3} in engagement survey^{*2} (internal target) • Dow Jones Sustainability Indices (third-party evaluation)

*1 Indicator that compares total shareholder return (TSR) of the Company in the covered period to the percentage change of TOPIX, dividends included (Relative TSR = $\text{TSR} \div \text{Percentage change of TOPIX, dividends included}$)

*2 Survey measuring employees' voluntary motivation to contribute to targets of the organization

*3 Indicator that measures the presence of a high level of motivation to contribute to the achievement of targets, maintained through good mental and physical health, or a strong sense of belonging to the organization, or a productive work environment

Business Report (Consolidated)

(April 1, 2020 to March 31, 2021)

1. Current State of the OMRON Group

(1) Consolidated Results

General Overview

During the fiscal year, the business environment surrounding the OMRON Group continued to present challenges due to the impact of the spread of COVID-19, beginning at the end of the previous fiscal year. However, market conditions recovered quickly in China, driving demand recovery globally through the second half of the fiscal year. In the manufacturing industry, which is our main customer base, the digital industry, including semiconductor-related products and secondary batteries, performed well, while the automobile industry continued to curb investment.

Amid this business environment, the Group demonstrated its ability to respond to changes, which it had cultivated over the years, while it accurately seized business opportunities in an opportunistic manner. In our Industrial Automation Business, we bolstered our abilities to provide solutions, accurately seizing the resumption of capital investment in the digital and manufacturing industries, particularly in the manufacturing industry of China. In addition, we responded quickly to demand for masks and other products in industries related to the measures against COVID-19. Our Healthcare Business responded to demand for blood pressure monitors and thermometers, driven by rising awareness of health management, by strengthening online sales channels and increasing production capacity.

As a result of these developments, and despite lower full-year net sales compared to the previous fiscal year, we recorded a record high in gross profit margin, owing to expanded sales of high-value-added products, a stronger capacity to propose solutions, lower variable costs, and other factors we have continued to pursue. We recorded significantly higher operating income due to improved gross profit margin and achieving the JPY 20.0 billion fixed cost reduction target set at the beginning of the fiscal year as planned.

Net sales	JPY 655,500 million, 3.3 percent decrease year on year
Gross profit margin	45.5 percent, 0.7 point increase year on year
Operating income	JPY 62,500 million, 14.1 percent increase year on year
Net income attributable to shareholders	JPY 43,300 million, 42.2 percent decrease year on year

Note: Net income attributable to shareholders for the previous fiscal year was JPY 74,900 million, but this figure includes income from discontinued operations (including gain on sale of the Automotive Electronic Components Business). Net income attributable to shareholders excluding income from discontinued operations for the previous fiscal year amounted to JPY 39,200 million, which calculates to an increase of 10.6% year on year.

Average exchange rates for fiscal 2020:

USD 1 = JPY 105.8

EUR 1 = JPY 123.2

RMB 1 = JPY 15.5

The average exchange rates for the fiscal year ended March 31, 2021 were USD 1 = JPY 105.8 (3.3 yen more than the previous fiscal year), EUR 1 = JPY 123.2 (2.0 yen less than the previous fiscal year) and RMB 1 = JPY 15.5 (0.2 yen more than the previous fiscal year).

Results by Business Segment

IAB: Industrial Automation Business

Outline of business

With the vision to “bring innovation to manufacturing by automation, to enrich lives of people all over the world,” the Industrial Automation Business leverages OMRON technologies to create innovations in manufacturing. These innovations contribute to productivity advancements in the world’s manufacturing industry. Setting our unique “innovative -Automation”* concept, our aim is to enrich the lives of people around the world by generating/making manufacturing innovations through our technologies and solutions based on the widest range of control devices in the industrial market.

*“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.

Major products/services

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

In the automobile industry, the IAB continued to face challenging conditions due to production cutbacks and revised investments due to the impact of COVID-19. Meanwhile, capital investment in semiconductors and secondary batteries in the digital industry became active, and particularly in China, investment demand continued to be strong. In addition, demand for capital investment in connection with masks and other products in industries related to measures against COVID-19 grew globally. We leveraged local sales and systems engineering staff, which we have been strengthening, to accurately capture these rising demands, leading to a recovery in net sales over the second half of the fiscal year. However, net sales for the fiscal year were lower year on year.

While net sales decreased year on year, segment profit increased due to our efforts to increase added value and control fixed costs.

As a result, net sales for the fiscal year totaled JPY 346,400 million, a decrease of 1.8 percent compared with the previous fiscal year, and operating income totaled JPY 58,800 million, an increase of 9.7 percent compared with the previous fiscal year.

EMC: Electronic and Mechanical Components Business

Outline of business

The mission of the Electronic and Mechanical Components Business (EMC): “With our devices and modules, create customer value, and contribute to society.” EMC is OMRON’s core business unit as a global component supplier of relays, switches, connectors and sensors that act as eyes and ears for wide variety of products playing a vital role in switching and connecting devices, for customers across various industries including smartphones, home appliances, automotive and industrial equipment manufacturers.

Major products/services

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

Demand declined significantly at the beginning of the fiscal year due to the impact of COVID-19-related lockdowns. The decline in demand reached a low point in the second quarter as customers resumed production and sales activities. Since then, demand has been on a recovery track globally, most notably in China. In addition to responding quickly to these changes in demand, we launched new products in focused markets such as power tools and PC peripherals, where demand increased due to the COVID-19 pandemic. As a result, while net sales in the second half of the fiscal year recovered to levels on par with the same period in the prior year, net sales for the fiscal year were lower year on year due to the significant impact of the decline in sales at the beginning of the fiscal year.

Segment profit rose significantly year on year, owing to the recovery in net sales, in addition to our efforts to control fixed costs and implement structural reforms.

As a result, net sales for the fiscal year totaled JPY 86,000 million, a decrease of 2.6 percent compared with the previous fiscal year, and operating income totaled JPY 3,000 million, an increase of 222.7 percent compared with the previous fiscal year.

SSB: Social Systems, Solutions and Service Business

Outline of business

The mission of the Social Systems, Solutions and Service Business (SSB) is “Creating a society in which the people of the world live in safety, security, and comfort.” We provide a wide range of terminals and systems, including PV inverters, storage batteries, railway station systems such as automated ticket gates and ticket vending machines, traffic and road management systems, payment systems, and UPS that protect equipment from unexpected power disruption which cause data loss. We also provide total solutions ranging from software development to comprehensive maintenance services to support the social infrastructure.

Major products/services

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

Demand was firm for upgrades in our Traffic and Road Management Systems Business. Meanwhile, the Public Transportation System (Automated Ticket Gates, Ticket Vending Machines) Business experienced the impact of ongoing restrained investment by customers. Our Energy Solutions Business also experienced weak sales of storage battery systems due to the impact of voluntary restraints on social activities. As a result, net sales fell sharply compared to the prior fiscal year.

Despite efforts to control fixed costs and improve added value, segment profit declined significantly compared to the prior fiscal year due to a sizable decrease in net sales.

As a result, net sales for the fiscal year was JPY 95,700 million, a decrease of 17.5 percent compared with the previous fiscal year, and operating income totaled JPY 5,700 million, a decrease of 47.5 percent compared with the previous fiscal year.

Note: As the Environmental Business has been transferred to the Social Systems, Solutions and Service Business, and the Backlight Business has been concluded, from the fiscal year under review, the “Businesses under direct control of headquarters (Other Businesses)” segment shall be included in “Social Systems, Solutions and Service Business” and “Eliminations & Corporate.” Therefore, the Company shall disclose information in four segments: the Industrial Automation Business, Electronic and Mechanical Components Business, Social Systems, Solutions and Service Business, and Healthcare Business. In line with this change, the figures for the fiscal year ended March 31, 2020 (83rd term) have been restated and presented in accordance with the new management categories.

HCB: Healthcare Business

Outline of business

The mission of our Healthcare Business is “To help realize healthy and comfortable lives for people around the world.” By living up to this mission, we have developed healthcare products and services with a focus on usability and accuracy of readings. This is intended to allow anyone to take measurements easily and correctly, with accuracy that ensures reliability for medical use. OMRON has achieved certification for medical use for a variety of devices in various countries, including blood pressure monitors, digital thermometers, and nebulizers (devices that deliver asthma medication through inhalation by patients). Moreover, OMRON also provides services that are compatible with each country’s/region’s social infrastructures and healthcare system, which varies from country to country. These products and services are now available in more than 110 countries across the world.

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

Global demand for blood pressure monitors and thermometers rose in response to rising awareness of health management among consumers in response to the spread of COVID-19. In addition, the impact of lockdowns and curfews further accelerated the shift of consumer purchasing behavior to the online market. In response to these changes in demand, we strengthened our product supply capacity by quickly establishing a system to increase production. We also strengthened sales activities through online channels. These efforts combined led to a significant increase in net sales compared to the prior fiscal year.

Segment profit rose significantly compared to the prior fiscal year due to a large increase in net sales, as well as our efforts to control fixed costs and add greater value.

As a result, net sales for the fiscal year was JPY 123,100 million, an increase of 9.9 percent compared with the previous fiscal year, and operating income totaled JPY 20,600 million, an increase of 52.3 percent compared with the previous fiscal year.

Sales by Division (Consolidated) (OMRON Group)

Division	Amount (JPY millions)	Share of total (%)	Year-on-year comparison (%)
Industrial Automation Business	346,446	53	98
Electronic and Mechanical Components Business	86,028	13	97
Social Systems, Solutions and Service Business	95,663	15	82
Healthcare Business	123,087	19	110
Eliminations & Corporate	4,305	0	49
Total	655,529	100	97

Notes: 1. "Eliminations & Corporate" includes the figures of subsidiaries and affiliates outside the scope of the above divisions.

2. As the Environmental Business has been transferred to "Social Systems, Solutions and Service Business" and the Backlight Business has been concluded, from the fiscal year under review, "Businesses under direct control of headquarters (Other Businesses)" shall be included in "Social Systems, Solutions and Service Business" and "Eliminations & Corporate." The year-on-year comparisons are made with restated figures of the previous fiscal year.

(2) Capital Investment

The OMRON Group engaged in select capital investments as necessary, including enhancement of production equipment and investment in bases with the aim of creating future growth, as well as the renewal of IT infrastructure. As a result, total capital investment was JPY 23,959 million, a 27.6 % decrease from the previous fiscal year.

Capital investment amounts by division were as shown below.

Division	Amount (JPY millions)
Industrial Automation Business	4,125
Electronic and Mechanical Components Business	4,055
Social Systems, Solutions and Service Business	2,877
Healthcare Business	4,348
Eliminations & Corporate	8,554
Total	23,959

Notes: 1. "Eliminations & Corporate" includes the figures of head office divisions and subsidiaries and affiliates outside the scope of the above divisions.

2. The capital investment amount of the Group (consolidated) in the previous fiscal year, used to make a year-on-year comparison, does not include the capital investment amount of the Automotive Electronic Components Business.

(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 upheld Value Generation 2020 (“VG2020”) as its long-term vision from fiscal 2011 to fiscal 2020, and worked to improve corporate value through enhancing its growth power, increasing its earning capacity and strengthening its ability to respond to change. For the fiscal year under review (fiscal 2020) and the next fiscal year (fiscal 2021), assuming that the “with-COVID-19” period will continue, we shall set this as a period of transformation to accelerate business reforms, and begin our next long-term vision from fiscal 2022. In fiscal 2021, in preparation for the next long-term vision, we shall engage in business model reforms and the creation of new businesses, and thereby realize sustainable growth.

[Fiscal 2020 Results]

During the fiscal year under review (fiscal 2020), we began operating under an emergency mode, placing our highest priorities on preventing the spread of COVID-19 and on business continuity. Despite the challenging business environment, we fully demonstrated our responsiveness to change and earning capacity that we had focused on cultivating up until now. As a result, for this fiscal year, although sales declined, gross profit margin rose to a record high, and we achieved a growth in profit.

[Overview of Our Long-Term Vision, VG2020]

The OMRON Group has conducted business from a long-term perspective under VG2020. We endeavored to enhance financial value by strengthening our three capacities of growth power, earning capacity and ability to respond to change, and non-financial value by engaging in ESG management, resulting in a significant increase in corporate value. We actively made investments aimed at growth, strengthened our business portfolio through ROIC management, and also endeavored to build a resilient structure that is resistant to change by optimizing our production centers and supply chains. While we have steadily augmented our earning capacity and our ability to respond to change, we recognize that growth is still an issue that we must continue working on.

[The Direction of Our Next Long-Term Vision]

Through the purpose of existence of the OMRON Group, “To create social value through our businesses and continue to contribute to society,” we will maximize our corporate value. While strengthening our existing business, we will create new value by seizing the following as growth opportunities: (1) increasing sophistication on the production floor, (2) automating primary and tertiary industries, (3) providing preventive medical support for chronic diseases, and (4) delivering energy solutions toward carbon neutrality. We will not only provide value through products, but also evolve our business model through combined services and co-creation with partners, as we take on the challenge to expand added value on a continual basis.

[Fiscal 2021 Plan]

The OMRON Group believes the next fiscal year will be the perfect opportunity to hasten the creation of new value and evolve our work style and operations. Therefore, our policies will consist of maximizing our ability to respond to change and accelerating transformation. To achieve sales growth, we plan to leverage the assets that we have built through our existing businesses, to seize business opportunities swiftly, and demonstrate our responsiveness to change. We will also work on the following three reforms as we look ahead to our next long-term vision: 1) transform our business models and take on the challenge of creating new businesses, 2) transform our operations, and 3) transform work styles and human resources management. Our planned targets are net sales of JPY 700.0 billion, a gross profit margin of 46.4%, and operating income of JPY 70.0 billion, and we expect both revenue and profits to rise.

Main Text

Since its founding, the OMRON Group has viewed the creation of a better society, realized by resolving social issues through its businesses, as its mission. By practicing the corporate principles, we aim for

sustained improvements in corporate value, and we will continue conducting management that revolves around the corporate principles.

[Fiscal 2020 Results]

During fiscal 2020, we began operating under an emergency response mode due to the COVID-19 pandemic, placing our highest priorities on preventing the spread of infection and on business continuity. More specifically, we minimized the negative impact of COVID-19 on our business by leveraging our strong financial base and business continuity planning (BCP) system in our supply chain developed to date, and also reducing fixed costs by JPY 20.0 billion per year. In addition, we quickly responded to the changing tide in the market over the second half of the fiscal year. Here, we demonstrated our responsiveness to change in connection with the recovery in global demand, driven by China. In so doing, we saw a recovery in our sales figures. Further, we improved our gross profit margin despite the challenging business environment presented by the COVID-19 pandemic. This success reflected the results of solutions-based sales and variable cost reductions—efforts we have pursued for some time. As a result, net sales amounted to JPY 655.5 billion (down 3.3% year on year), while operating income amounted to JPY 62.5 billion (up 14.1%), and gross profit margin rose to a record 45.5% (up 0.7%). Despite a slight decline in sales, we achieved more than double-digit growth in profit.

We have designated the two-year period between fiscal years 2020 and 2021 as a period to accelerate business transformation to achieve sustainable growth in the era of the new normal. We assume that the “with-COVID-19” period will extend throughout this time. Our next long-term vision will begin in fiscal 2022.

[Overview of Our Long-Term Vision, Value Generation 2020]

The OMRON Group has conducted business from a long-term perspective under its ten-year long-term vision, Value Generation 2020 (“VG2020”), from fiscal 2011 to fiscal 2020. During the effective period of VG2020, we endeavored to enhance financial value by strengthening our three capacities of growth power, earning capacity and ability to respond to change, and non-financial value by engaging in ESG management. As a result of our efforts, total shareholder return (TSR), which is an indicator of corporate value creation, grew approximately 400% over the past ten years, proving a significant increase in corporate value.

The following provides specific examples of improved financial value through our efforts to enhance growth power, increase earning capacity, and strengthen ability to respond to change.

1. Enhance Growth Power

Through proactive investment, we have built three assets that will support future growth. The first is a strengthened ability to provide solutions. We have developed competitive and innovative products and applications, while strengthening our front-line human resources (sales and sales engineers) to communicate the value of these products and applications. The second is the formation of new business models. We invested in commercializing services that we expect to grow significantly in the future. These services include i-BELT, a data utilization service in our Industrial Automation Business, and remote medical consultation services in our Healthcare Business. The third is the acquisition of new products and new technologies. In our Industrial Automation Business, we acquired a robotics business and a motion controller business, etc. to expand our product lineup and technological capabilities. The Healthcare Business saw an increase in competitiveness through the acquisition of a nebulizer business and investments in emerging companies.

2. Increase Earning Capacity

We have been strengthening our earning capacity steadily by optimizing our business portfolio through ROIC management. We sold off the Automotive Electronic Components Business and wrapped up low-profit businesses, narrowing our business portfolio to businesses with higher profits and market shares, while concentrating our management resources. In fiscal 2011, our only business with an operating income margin of more than 10% was the Industrial Automation Business, which accounted for about 40% of total net sales. In fiscal 2020, our Healthcare Business also exceeded 10% in operating income margin. Combined with the Industrial Automation Business, these two businesses have grown to account for approximately 70% of total net sales. In addition to our efforts in portfolio management, we have continued to improve our earnings power by expanding sales of high-value-added products and by strengthening our ability to provide solutions. As a result, we improved gross profit margin, our focus for the past ten years, from 36.8% in fiscal 2011 to 45.5% in fiscal 2020.

3. Strengthen Ability to Respond to Change

We have endeavored to optimize our production centers and supply chains, aiming to support global business expansion, improve productivity, and build a resilient structure that is resistant to change. In addition to M&A activities to acquire new businesses in our Industrial Automation Business, we doubled the number of production centers from four in fiscal 2011 to eight, responding to the global expansion of our customers. In our Healthcare Business, we expanded the number of our production centers from three in fiscal 2011 to five through M&As. This increase in production has enabled us to quickly respond to demand fluctuations in the major markets of the Americas and Europe. At the same time, we consolidated 11 production centers to seven in our Electronic and Mechanical Components Business. We were able to improve our productivity by consolidating and eliminating small production centers.

From a non-financial perspective, we incorporated sustainability targets into our medium-term management plan, which we launched in 2017. Since then, we have pursued sustainability targets as an integral part of our business activities. We have also pursued ESG management. Here, we adopted a sustainability evaluation-based survey conducted by third-party organizations, using these measures as indicators for medium- to long-term performance-linked compensation for directors. As a result of our efforts, OMRON has been selected for many ESG indexes, and we have received numerous recognitions from outside the company.

In this way, the OMRON Group has accelerated its financial and non-financial initiatives throughout the period covered by VG2020. In so doing, it has enhanced its corporate value significantly. At the same time, we recognize that there are ongoing issues which we must address in establishing a sound self-driven growth structure that will help us fight against headwinds and grow profits in times of adversity, including changes in the economic environment. Throughout VG2020, the OMRON Group invested in growth through M&A, technological development, and other means, building a variety of assets. We will utilize these assets throughout our next long-term vision to achieve self-driven growth.

[The Direction of Our Next Long-Term Vision]

The OMRON Group sees the next decade as a time of uncertainty and rapid change. In recent years, for example, we have seen a number of social changes. These changes include the frequent occurrence of natural disasters on a global scale, the spread of COVID-19, and the increasing risk of global fragmentation due to the U.S.-China trade friction. Along with these changes, social and economic systems are gradually shifting toward sustainable mechanisms, whereas traditionally, such systems have been based on the premise of sharp upward growth stemming from mass consumption and mass production. Many new social issues will emerge in the future. Solving these issues is the very purpose we exist as the OMRON Group: To create social value through our businesses and continue to contribute to society.

To tie solutions for social issues to OMRON growth, the next OMRON Group long-term vision will call for strengthening our existing business, while creating value by seizing four new growth opportunities. Specifically, these opportunities consist of (1) increasing sophistication on the production floor, (2) automating primary and tertiary industries, (3) providing preventive medical support for chronic diseases, and (4) delivering energy solutions toward carbon neutrality. We will create social value by identifying and solving social issues arising from climate change, aging population, and economic disparity among individuals. To achieve this goal, we will not only provide value through products, but also evolve our business model through combined services and co-creation with partners, as we take on the challenge to expand added value on a continual basis.

These efforts will require focus on three key topics across our organization. The first is evolution in automation. Here, we will create unique technologies that maximize human capabilities and achieve cooperation and harmony between humans and machines. The second is transformation of human resources management. Moving forward, the OMRON Group will welcome people with highly specialized and diverse abilities; people who will be indispensable for solving social issues through our business. And by creating an environment that allows these individuals to fulfill their potential, we will create new, unprecedented value. The third is the acceleration of digital transformation. Mastering digital technologies, we will leverage data to extend our business models and evolve our corporate operations.

Through these aforementioned initiatives, the OMRON Group will achieve sustainable growth over the next ten years by solving social issues through our businesses and maximizing corporate value.

[Fiscal 2021 Policies and Action Plans]

Fiscal 2021 is an important year for the OMRON Group to begin taking actions toward its next long-term vision. Fiscal 2021 will also be a year in which we see an acceleration in transition to the new social and economic systems of the post-COVID-19 era. The OMRON Group believes this period of change will be the perfect opportunity to hasten the creation of new value and evolve our work style and operations.

Therefore, our policies will consist of maximizing our ability to respond to change and accelerating transformation.

To achieve sales growth, we plan to leverage the assets that we have built through our existing businesses, to seize business opportunities more swiftly than ever, and to demonstrate our responsiveness to change. In the current fiscal year, we will continue to prepare for various risks, including COVID-19 and even greater trade friction between the U.S. and China. At the same time, we will ensure that we seize business opportunities created by the recovery of economic activity and the acceleration of innovation, linking these opportunities to growth.

We will also speed up progress in the following three reforms as we look ahead to our next long-term vision. The first reform is to transform our business models and take on the challenge of creating new businesses. By reforming our business models through remote maintenance, remote medical services, and other means, we plan to generate more business with existing customers and develop new customers, thereby growing sales. We will also identify emerging social issues and new businesses addressable by the OMRON Group, creating and implementing new business concepts.

The second reform is to transform our operations. Here, we intend to shift resources to high-value-added operations, such as solutions and services that support new business models. Productivity and efficiency gains will come through evolutions in business process improvements and other initiatives aimed at business continuity under the COVID-19 pandemic. To support these efforts, we will continue to strengthen our group IT infrastructure, which we have already been pursuing for some time.

The third reform is to transform work styles and human resources management. The OMRON Group intends to build a structure that allows it to use human resources information formerly managed locally by each business and area on a global basis. In addition, we will actively recruit specialized human resources from outside our organization to create a structure for taking on the challenge of solving social issues as a global mixed team spanning countries and areas.

Driven by these initiatives, we will strive to grow sales and profits, aiming for fiscal 2021 net sales of JPY 700.0 billion (up 6.8% year on year), gross profit margin of 46.4% (up 0.9 points), and operating income of JPY 70.0 billion (up 12.0%). By maximizing our ability to respond to change and accelerating transformation, the OMRON Group will make a concerted effort in a strong start toward its long-term vision, which we will begin in fiscal 2022.

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

(JPY millions)

	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)	84th term (April 1, 2020 to March 31, 2021)
Net Sales	794,201	732,306	732,581	677,980	655,529
Operating Income	68,529	76,987	67,254	54,760	62,480
Income before Income Taxes from Continuing Operations	65,492	75,133	65,912	51,836	65,089
Net Income Attributable to OMRON Shareholders	45,987	63,159	54,323	74,895	43,307
Basic Net Income Attributable to OMRON Shareholders per Share (JPY)	215.09	296.85	260.78	365.26	214.72
Total Assets	697,701	744,952	749,878	758,124	820,379
Shareholders' Equity	469,029	505,530	504,212	530,415	606,858
Shareholders' Equity per Share (JPY)	2,193.72	2,400.37	2,455.24	2,626.62	3,009.15
Return on Equity (%)	10.1	13.0	10.8	14.5	7.6

Note: 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.

Non-Consolidated Financial Position and Operating Results

(JPY millions)

	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)	84th term (April 1, 2020 to March 31, 2021)
Net Sales	269,083	320,048	324,908	295,651	258,494
Ordinary Income	41,963	38,275	49,135	28,122	23,562
Net Income	29,652	30,458	45,017	79,376	18,503
Net Income per Share (JPY)	138.69	143.15	216.11	387.12	91.74
Total Assets	448,158	485,113	464,405	510,158	537,742
Net Assets	260,124	257,956	259,824	302,811	298,916
Net Assets per Share (JPY)	1,216.64	1,224.83	1,265.20	1,499.52	1,482.20

(6) Principal Subsidiaries

(As of March 31, 2021)

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 126 consolidated subsidiaries and 6 affiliates accounted for using the equity method including the above companies.

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

(7) Principal Places of Business, etc.

(As of March 31, 2021)

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)

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

(As of March 31, 2021)

Number of employees	Change from March 31, 2020
28,254	Increase of 248 employees

Note: 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).

OMRON Group Employees by Region (Consolidated)

(As of March 31, 2021)

Japan	The Americas	Europe	Greater China	Southeast Asia and others	Total
10,488	1,618	2,343	8,523	5,282	28,254
37%	6%	8%	30%	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, 2021.

2. Stock Information (As of March 31, 2021)

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

(2) Total Number of Shares Issued 206,244,872 shares
(including 3,813,726 shares of treasury stock)

(3) Number of Shareholders 27,848

(4) Major Shareholders (Top Ten Shareholders)

Shareholder	Number (thousands of shares)	Percentage Held (%)
The Master Trust Bank of Japan, Ltd. (trust account)	32,123	15.86
Custody Bank of Japan, Ltd. (trust account)	14,265	7.04
The Bank of Kyoto, Ltd.	7,069	3.49
MUFG Bank, Ltd.	5,143	2.54
SSBTC Client Omnibus Account	5,111	2.52
State Street Bank and Trust Company 505223	4,473	2.20
Custody Bank of Japan, Ltd. (trust account 7)	4,412	2.17
Nippon Life Insurance Company	3,640	1.79
Moxley and Co LLC	3,495	1.72
State Street Bank West Client - Treaty 505234	3,125	1.54

- Notes: 1. The percentage of shares is calculated excluding treasury stock.
2. Although the Company holds 3,814 thousand shares of treasury stock (the ratio to a total of shares issued: 1.84%), 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 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. On May 21, 2020, 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 14,731 thousand shares of the Company (representing 7.14% of the total number of shares issued) as of May 15, 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.
6. On July 20, 2020, Nomura Securities Co., Ltd. filed an amendment to the major shareholding status report, which is open to public, stating that its one (1) group company held 16,272 thousand shares of the Company (representing 7.89% of the total number of shares issued) as of July 15, 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	Treasury Stock	Securities Companies	Other Domestic Companies	Foreign Investors	Individuals and Others	Total
Percent of total (%)	44	2	2	5	37	10	100.00

Note: Shareholders who only own odd-lot (less than one trading unit) shares are excluded from the table.

(6) Shares Issued to the Company's Officers as Compensation for the Execution of Duties in the Fiscal Year under Review

None applicable.

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 (retired as Senior General Manager of Innovation Exploring Initiative HQ in March 2021) 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
Outside Director	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 Director Emeritus of ITOCHU Corporation External Director of Japan Airlines Co., Ltd. Outside Director of Japan Exchange Group, Inc. Supervisory Committee Member of The Norinchukin Bank Outside Director of Nippon Venture Capital Co., Ltd. Chairman of ITOCHU Foundation

Title	Name	Areas of Responsibility and Significant Concurrent Positions, etc.
Outside Director	Takehiro Kamigama [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 Mission Executive of TDK Corporation Outside Director of Yamaha Motor Co., Ltd. External Director of SoftBank Corp. Outside Director of the Board of KOKUYO Co., Ltd.
Outside Director	Izumi Kobayashi [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 Outside Director of ANA HOLDINGS INC. External Director of Mitsui & Co., Ltd. Outside Director of Mizuho Financial Group, Inc.

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. 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 (retired from the position in June 2020) Outside Director of LINE Corporation (retired from the position in February 2021) Outside Director of Z Holdings Corporation Outside Director of Tokio Marine & Nichido Fire Insurance Co., Ltd.

Notes: 1. For Outside Directors Eizo Kobayashi, Takehiro Kamigama and Izumi Kobayashi, and Audit & Supervisory Board Members (Independent) Hideyo Uchiyama and Tadashi Kunihiro, the Company has provided notification as Independent Officers to Tokyo Stock Exchange, Inc. Details of “The Company’s policy regarding the independence of Outside Executives” are described on pages 22 to 23.

2. Mr. Eizo Kobayashi serves as Director Emeritus of ITOCHU Corporation (“ITOCHU”) 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 Outside Director of Nippon Venture Capital Co., Ltd., of which the Company holds 1.25% of the total number of shares issued.

3. 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 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. Furthermore, Mr. Kamigama concurrently serves as Outside Director of the Board of KOKUYO Co., Ltd. (“KOKUYO”), with which the Group has a business relationship that includes operational consignment. However, such transactions account for less than 1% of the consolidated net sales of the Group and those of the KOKUYO Group.

4. Ms. Izumi Kobayashi concurrently serves as Outside Director of ANA HOLDINGS INC. (“ANA HOLDINGS”), with which the Group has a business relationship that includes a contract of removal work of products. However, such transactions account for less than 1% of the consolidated net sales of the Group and those of the ANA HOLDINGS Group. In addition, Ms. Izumi Kobayashi concurrently serves as External Director of Mitsui & Co., Ltd. (“Mitsui & Co.”), with which the Group has a business relationship that includes transactions relating to raw materials of products. However, such transactions account for less than 1% of the consolidated net sales of the Group and those of the Mitsui & Co. Group.
5. Mr. Hideyo Uchiyama concurrently serves as Outside Director of Sompo Holdings, Inc. (“Sompo 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 Sompo Holdings Group.
6. Mr. Tadashi Kunihiro concurrently serves as Outside Director of Z Holdings Corporation (“Z Holdings”), 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 Z Holdings Group. In addition, Mr. Tadashi Kunihiro concurrently serves as 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.
7. There are no special relationships between the Company and significant concurrent employers of other Outside Executives.
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 Directors’ positions in the fiscal year under review are as follows.
 (Appointment) At the 83rd Ordinary General Meeting of Shareholders held on June 23, 2020, Ms. Izumi Kobayashi was newly elected and appointed as a Director.
 (Retirement) At the close of the 83rd Ordinary General Meeting of Shareholders held on June 23, 2020, Ms. Kuniko Nishikawa retired from the position of Director due to the expiry of her term.
11. Executive Officers as of April 1, 2021 are as follows.

Title	Name	Position
* President	Yoshihito Yamada	CEO
* Senior Managing Executive Officer	Kiichiro Miyata	CTO and Senior General Manager of Technology & Intellectual Property 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
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	Company President of 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

Title	Name	Position
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	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
Executive Officer	Masahiko Ezaki	Senior General Manager of Business Management Division HQ, Electronic and Mechanical Components Company
Executive Officer	Hidetaka Ishihara	Senior General Manager of Innovation Exploring Initiative HQ
Executive Officer	Hisako Takada	Senior General Manager of CEO Office
Executive Officer	Motohiro Yamanishi	Senior General Manager of Product Business Division HQ, Industrial Automation Company

Note: 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 Outside Directors, and is chaired by an Outside Director. 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 (Stock compensation)	Aggregate Compensation
Directors [Outside Directors]:	9 [4]	325 [44]	132 [—]	469 [—]	926 [44]
Audit & Supervisory Board Members [Audit & Supervisory Board Members (Independent)]:	4 [2]	88 [24]	— [—]	— [—]	88 [24]
Total [Outside Executives included in total]:	13 [6]	413 [68]	132 [—]	469 [—]	1,014 [68]

Notes: 1. The amounts include compensation paid to one Director who retired at the close of the 83rd Ordinary General Meeting of Shareholders held on June 23, 2020.

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 said resolution pertained to seven (7) Directors). The amounts of base salaries for each Director are determined by resolution of the Board of Directors 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 said resolution pertained to four (4) Audit & Supervisory Board Members). 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 said resolution pertained to five (5) Directors). The amount of bonus for each Director is calculated based on the targets and actual results of operating income, net income, and ROIC for the 84th term (fiscal year ended March 31, 2021), and determined by resolution of the Board of Directors based on discussions by and recommendations from the Compensation Advisory Committee. Regarding each indicator's actual results, please refer to Trends in Consolidated Results (available in Japanese only).

5. The 80th Ordinary General Meeting of Shareholders held on June 22, 2017 made a resolution to introduce stock compensation. Based on the resolution, 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. The said resolution pertained to five (5) Directors. Regarding stock compensation, 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 stock compensation, as indicated above, are associated with the points granted during the fiscal year under review. The amount of stock compensation for each Director is calculated based on the targets and actual results of net sales, EPS and ROE in the medium-term management plan as well as the sustainability evaluation, and determined by resolution of the Board of Directors based on discussions by and recommendations from the Compensation Advisory Committee. Regarding each indicator's actual results, please refer to Trends in Consolidated Results (available in Japanese only). Furthermore, the sustainability evaluation was made based on the fact that the Company was selected as a constituent of the DJSI World.

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.
- The compensation composition ratio of performance-linked compensation to base salary shall be determined according to each Director's role and responsibility.
- Compensation for Outside Directors 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, paid monthly, 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. Bonuses shall be paid as a lump sum after the conclusion of the fiscal year.
- 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 performance-linked component of stock compensation shall be paid after the medium-term management plan concludes, while the non-performance-linked component shall be paid after the Director retires.
- 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

- The compensation composition, compensation composition ratio, level of the base salary, as well as performance indicators and evaluation methods of performance-linked compensation shall be determined based on the deliberations and recommendations of the Compensation Advisory Committee.
- The amount of compensation for each Director 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 (stock compensation).” 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 (stock compensation)	=	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 monthly 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 as a lump sum after the fiscal year concludes to Directors excluding Outside Directors 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 (stock compensation)

Stock compensation is paid as medium-to-long-term, performance-linked compensation to Directors excluding Outside Directors. 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. The performance-linked component of stock compensation is paid after the medium-term management plan concludes, while the non-performance-linked component is paid after the Director retires.

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.

(5) Performance indicators of performance-linked compensation

The medium-term management plan that spanned the period from fiscal 2017 to fiscal 2020 was a growth strategy. Indicators based on financial targets of short-term performance-linked compensation and medium- to long-term, performance-linked compensation were set from the perspective of “growth,” “profitability” and “efficiency,” thereby forming a performance-linked design that evaluated the growth that accompanied profits. From the medium-term management plan that began in fiscal 2017, for medium- to long-term, performance-linked compensation, indicators related to non-financial targets were set, thereby forming a performance-linked design that evaluated sustainable management.

Compensation Policy for Audit & Supervisory Board Members
<p>1) Basic policy</p> <ul style="list-style-type: none">• 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. <p>2) Structure of compensation</p> <ul style="list-style-type: none">• Compensation for Audit & Supervisory Board Members shall consist of a base salary only, reflecting their roles and the need for maintaining independence. <p>3) Base salary</p> <ul style="list-style-type: none">• The amount of a base salary, paid monthly, shall be determined by taking into account the salary levels of other companies, as surveyed by a specialized outside organization. <p>4) Governance of compensation</p> <ul style="list-style-type: none">• The amount of compensation for each Audit & Supervisory Board Member 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 44 to 47).

2) Main Activities in the Past Fiscal Year

	Name	Main Activities
Outside Directors	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.
	Takehiro Kamigama	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 technical management and product quality, drawing on his experience and insights gained through his experience as a corporate manager at a globally operating manufacturing company. He currently serves as Chairman of the Compensation Advisory Committee, Vice Chairman of the Corporate Governance Committee, Member of the Personnel Advisory Committee, and Member of the CEO Selection Advisory Committee.
	Izumi Kobayashi	Attended all 10 of the 10 Board of Directors meetings held during the period, and exercised oversight functions particularly in terms of the Company's diversity and geopolitical risks, drawing on her experience and insights gained through her tenure as a corporate manager at private financial institutions and a representative of an international development financial institution. She currently serves as Member of the Personnel Advisory Committee, Member of the CEO Selection Advisory Committee, Member of the Compensation Advisory Committee and Member of the 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, and periodic information exchange with the Accounting Auditor. He currently serves as Member of the Corporate Governance Committee.
	Tadashi Kunihiro	Attended 12 of the 13 Board of Directors meetings (92.3% attendance) and 12 of the 13 Audit & Supervisory Board meetings (92.3% attendance) 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, and periodic interviews of Directors and Executive Officers. 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.

Note: As Ms. Izumi Kobayashi was newly elected as a Director at the 83rd Ordinary General Meeting of Shareholders held on June 23, 2020, and assumed office thereafter, her attendance at the Board of Directors meetings indicates the Board of Directors meetings held on and after June 23, 2020 that she attended.

3) Summary of Details of Limited Liability Agreements

The Company has established a provision in its articles of incorporation for limited liability agreements with Outside Directors 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 Outside Directors 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 Outside Director 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, 2021

1)	Total amount of compensation to be paid to the Accounting Auditor by the Company and its subsidiaries	JPY 250 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 250 million
3)	Of the total amount in 2), amount of compensation as Accounting Auditor to be paid by the Company	JPY 192 million

Notes: 1. The amount of audit compensation under the Companies Act and the amount of audit compensation for the audit of financial statements, quarterly 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 its globalization, 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 an Outside Director, and the majority of each committee should be composed of Outside Directors. 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 an Outside Director, and exclusively comprises Outside Directors 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: OMRON 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 strengthen 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 Outside Directors.
- 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 an Outside Director, and the majority of each committee should be composed of Outside Directors.
- The Corporate Governance Committee, established for the purpose of enhancing corporate governance, is also to be chaired by Outside Director, and comprises Outside Directors and Audit & Supervisory Board Members (Independent).
- The lead Outside Director 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 composition, compensation composition ratio, the level of the base salary, as well as the performance indicators and evaluation methods of performance-linked 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.
 - The compensation composition ratio of performance-linked compensation to base salary shall be determined according to each Director's role and responsibility.
 - Compensation for Outside Directors shall consist of a base salary only, reflecting their roles and the need for maintaining independence.
 - The amount of a base salary, paid monthly, 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. Bonuses shall be paid as a lump sum after the conclusion of the fiscal year. 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 performance-linked component of stock compensation shall be paid after the medium-term management plan concludes, while the non-performance-linked component shall be paid after the Director retires.
 - 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 amount of compensation for each individual Director within the scope of the sum of compensation amounts for all Directors set by resolution of the general meeting of shareholders.

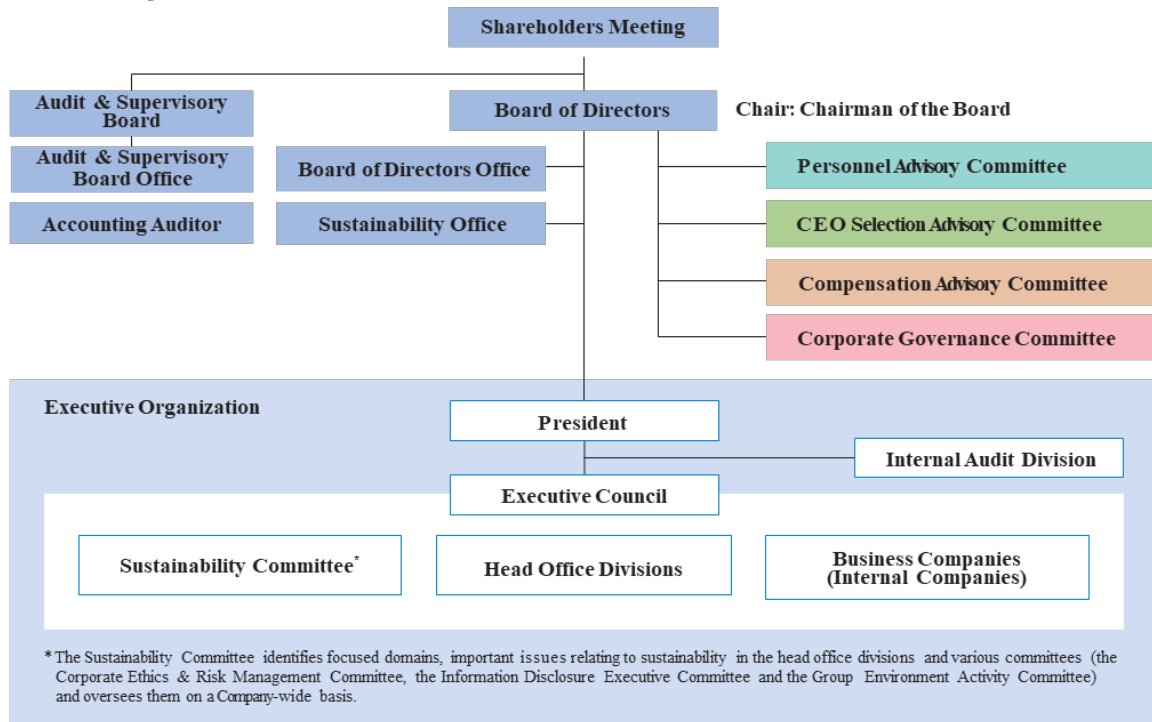
(4) Corporate Governance Committee

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/global/en/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. Outside Directors chair these committees, and the President and CEO does not belong to them as a Member. Details of Advisory Committees are described on pages 59 to 61.

【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 2020

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	○	○	○	
Outside Director	Eizo Kobayashi ★	◎	◎	□	◎
Outside Director	Takehiro Kamigama ★	□	□	◎	○
Outside Director	Izumi Kobayashi ★	□	□	□	□
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

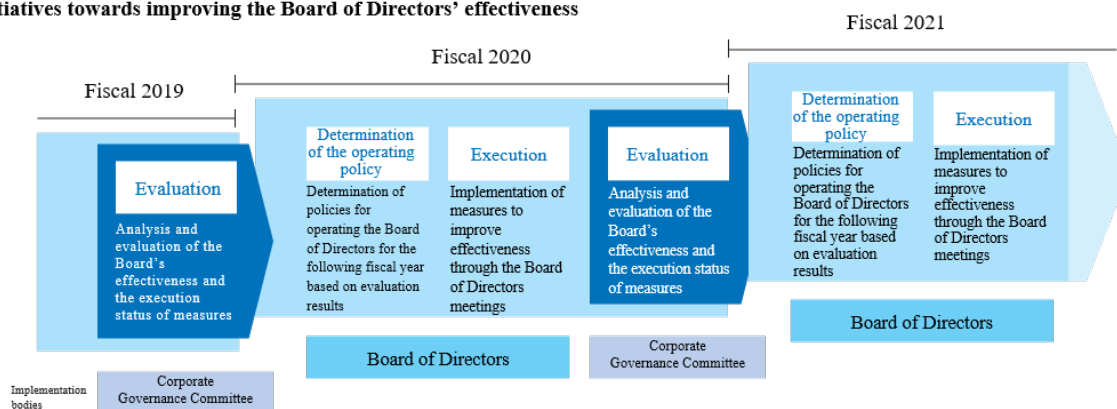
The Company's evaluation of the Board of Directors' effectiveness is conducted by the Corporate Governance Committee chaired by an Outside Director and comprising only Outside Directors and Audit & Supervisory Board Members (Independent) (hereinafter "Outside Executives"). Outside Executives act as members 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 2020

The methods of the evaluation of the Board of Directors' effectiveness and the evaluation items in the self-evaluation for fiscal 2020 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.
 - 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 February and March 2021.
- 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 2021.
- 3) Evaluation by the Corporate Governance Committee
 - The Corporate Governance Committee conducted evaluations of the Board of Directors' effectiveness in March and April 2021.

(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.

- 1) Self-evaluations performed immediately following meetings of the Board of Directors
 - Contents of discussions at the meeting of the Board of Directors, and extent of oversight functions exercised by the Board of Directors
- 2) 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 2020
 - 2) Fiscal 2020 focus themes
 - 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 2021
 2. Increasing information sharing opportunities
 - 1) Individual meetings
 - 2) Initiatives on information sharing opportunities
 3. Advisory committees
 4. Other overall issues regarding the Board of Directors
- 3) 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 2020

Board of Directors Operation Policy for Fiscal 2020

“To enable the OMRON Group to deliver new value in this period of social structure transformation, Board of Directors will exercise its oversight functions in a multifaceted manner and from the short-term and medium- to long-term perspectives.”

Focus Themes

- Business operations with COVID-19 in mind
- Response to increasing geopolitical risks
- Creation of new businesses in the period of transformation and taking on the challenge of new business model development
- Building a new core information system
- Determination of the direction of next long-term vision with new values in mind

(1) General comments on evaluation

(i) Operation of the Board of Directors

In order to realize further improvements in corporate value, based on the results of the evaluation of the Board of Directors' effectiveness for fiscal 2019, the Board of Directors discussed the Board of Directors' operation policy for fiscal 2020. The Board determined that in fiscal 2020, on top of the need to respond to the COVID-19 pandemic, it is important to accurately and speedily grasp global changes, and to provide new value during this period of transformation of the social structure. Based on these discussions, the Board of Directors set the "exercise of its oversight functions in a multifaceted manner and from the short-term and medium- to long-term perspectives" as its operation policy, and listed five focus themes. Based on this operation policy of the Board of Directors, the President and CEO reported on issues including initiatives for focus themes and the status of responses to environmental changes to the Board of Directors, and discussed the issues.

(*Please refer to (2) (i) "Initiatives regarding focus themes" below for more details on focus themes.)

While the next long-term vision had been scheduled to start in fiscal 2021, affected by the COVID-19 global pandemic, the Company placed the highest priorities on crisis response so as to ensure business continuity and profits. At the same time, since it is necessary to conduct preparations and transformation for the world after the containment of the COVID-19 pandemic ("post-COVID"), the President and CEO proposed to the Board of Directors to postpone the start of the next long-term vision by a year. In addition, besides resolving social issues based on SDGs, it was suggested that the next long-term vision should be formulated such that it reflects initiatives made from a medium- to long-term perspective in preparation for the post-COVID world. With regard to this, the Board of Directors deemed the postponement of the start of the next long-term vision to be appropriate. The Board also debated the importance of recognizing the speed of transformation of the social structure and the messages that must be given to both parties within and outside the Company when announcing the reason for the postponement. In particular, in order to adapt to the rapid speed of change of the social structure, the Board reaffirmed the necessity of accelerating responses at a pace beyond current expectations.

In addition to the above, the President and CEO reported the status of business execution to the Board of Directors, on issues including: the status of response to COVID-19, the performance of each fiscal year in light of the impact thereof, the short-term management plan of each business company, and initiatives related to sustainability. Regarding these issues, the Board of Directors positively evaluated the President and CEO's business operations amidst the COVID-19 crisis. Furthermore, from the perspective of social structural changes due to COVID-19, geopolitical risks and such, the Board discussed the importance of further strengthening existing businesses, creating new business opportunities, and disseminating information from the viewpoint of stakeholders, including investors. In particular, in order for the Company to grow further in the post-COVID era, the Board recognized the further importance of acquiring and utilizing human resources who are not entrapped by existing mindsets and are able to think freely and creatively, and the cultivation of a corporate culture where the spirit of constantly challenging oneself can be demonstrated. In discussions regarding sustainability, the Board recognized that it is vital for OMRON to further link sustainability initiatives to opportunities for the creation of new businesses, in order to achieve its goal of resolving social issues through its businesses.

The Corporate Governance Committee, recognizing that the Board of Directors has positioned fiscal 2020 as a year required to operate under the COVID-19 crisis and as a preparation period for the next long-term vision in view of the new society post-COVID, evaluated favorably on the following: timely reports on business conditions and focus themes were made from those involved in business execution; and Outside Directors and Audit & Supervisory Board Members (Independent) raised issues about the responses needed to realize further improvements in corporate value in the post-COVID era, and engaged in discussions thereof. Furthermore, while discussions at meetings of the Board of Directors revolved around the medium-to-long-term strategies and its function as a monitoring board heightened, it also appropriately functioned as a management board, with each important case, including the responses to quality issues, components procurement and geopolitical risks, being deliberated individually. The fine balance of these aspects was also commended by the Committee.

From the above-mentioned facts, the Corporate Governance Committee recognized that the Board of Directors exercised its oversight functions from multifaceted viewpoints including both the short-term and medium-to-long-term perspectives. Those involved in business execution took advice from the Board of Directors earnestly and evolved their strategies or initiatives accordingly. As a result of the Board and those involved in business execution working together to make the two-wheel system of management oversight and business execution function properly, gross profit margin improved despite the COVID-19

crisis, and profits grew as well. Therefore, the Committee has deemed that the effectiveness of the Board of Directors has increased.

(ii) Increasing information sharing opportunities

The Board of Directors strove to increase information sharing opportunities by conducting individual meetings, etc. aimed at improving the effectiveness of the Board of Directors. In fiscal 2020, amidst the impact of the COVID-19 pandemic, the following meetings were held: “Interviews by the Chairman of the Board of Directors” where the Chairman of the Board of Directors meets with individual Directors or Audit & Supervisory Board Members; “Outside Executives Discussions” attended only by Outside Directors and Audit & Supervisory Board Members (Independent) to exchange opinions; and “Direct Meetings with the Accounting Auditor” where the Board of Directors and the Accounting Auditor have discussions directly.

The Corporate Governance Committee considered these initiatives to be effective opportunities for improving the Board’s effectiveness. Specifically, Interviews by the Chairman of the Board of Directors were commended, as they provided a place for executives to voice concerns that they may not be able to fully convey during Board of Directors meetings. In Outside Executives Discussions, younger management executives introduced new businesses, which allowed for a deeper understanding of each of the Company’s businesses as well as of the next-generation management personnel. The Committee deemed these discussions meaningful, as they also provided a chance to offer advice from a different perspective, from outside the Company. In a Direct Meeting with the Accounting Auditor, a discussion was conducted about the medium to long term based on the Accounting Auditor’s auditing knowledge. In this meeting, due to the different perspectives and stances of the Accounting Auditor and Directors and Audit & Supervisory Board Members, the subjects could not be sufficiently deliberated. The Committee requested that they should carefully determine the themes and consider how to proceed the discussion more smoothly from the next time onwards. Regarding on-site visits that could not be conducted due to the impact of COVID-19, since these visits are an important activity that allows Outside Executives to have a sense of the Company’s businesses, the Committee requested for their resumption depending on the situation of the pandemic.

(2) Overview of Board of Directors’ Operations

(i) Initiatives regarding focus themes

Focus theme: Business operations with COVID-19 in mind

As COVID-19 has a material impact on business, the Board of Directors has set “Business operations with COVID-19 in mind” as one of its focus themes. Based on this theme, the President and CEO determined three pillars of business operations: 1) prioritizing the safety and health of employees; 2) fulfilling responsibility as a supplier in the supply chain; 3) secure revenue even in the emergency mode. The President and CEO reported at Board of Directors meetings about issues including the state of infections, countermeasures, production systems worldwide, the careful handling of fixed costs, and measures to improve the Company’s earnings ability. In response, the Board affirmed that the safety and health of employees should be the top priority, and discussed about the necessity of a stably supply by establishing a tri-polar framework among Japan, China and Southeast Asia, demand trends and procurement conditions for core components such as semiconductors, as well as the necessity of making growth investments when fixed costs have to be carefully handled. In particular, concerns over a further worsening of supply shortage of semiconductors were discussed and shared.

Through continuous monitoring by the Board of Directors, the Company fulfilled its social responsibility towards employees and the supply chain based on its corporate principles. Even amidst the COVID-19 crisis, the Company increased its profits through improving its gross profit margin and other means. The Corporate Governance Committee commends such achievement and deems that the Board of Directors has appropriately exercised its oversight functions.

Focus theme: Response to increasing geopolitical risks

As the relationships between countries evolve and become more complex by the day, and such changes have a material impact on business and performance, the Board of Directors has set “Response to increasing geopolitical risks” as a focus theme. Based on this, the President and CEO regularly reported to the Board of Directors about changes in the business environment in each region and how performance is being impacted, in relation to topics about business performance. The President and CEO also reported on the optimal production, research and development, and the ideal management of intellectual property, as well as systems that can speedily detect and provide insight about changes in legal regulations that will affect each business. In response, the Board discussed the need to constantly bear in mind the fact that relationships between countries may evolve beyond the previous scope of expectations. In particular, due

to rapid changes in geopolitical risks, the Board recognized that risk management based on an assessment of each country's circumstances is a necessary task, and confirmed that the Board will continue this discussion.

The impact of geopolitical risks are reported at Board of Directors meetings, and appropriate responses are discussed. Responses against geopolitical risks are incorporated into the internal control system, and the Board of Directors sufficiently monitors such risks and recognizes the issues that must be tackled going forward. Therefore, the Corporate Governance Committee deems that the Board of Directors has appropriately exercised its oversight functions.

**Focus themes: “Determination of the direction of next long-term vision with new values in mind”
“Creation of new businesses in the period of transformation and taking on the challenge of new business model development”**

Continuing from the previous fiscal year, the Board of Directors has set the “Determination of the direction of next long-term vision with new values in mind” as a focus theme relating to the next long-term vision, which is being formulated. In addition, the Board has set the “Creation of new businesses in the period of transformation and taking on the challenge of new business model development” as a focus theme. Based on this, at Board of Directors meetings, the President and CEO reflected the current state of the assumptions and targets set for the next long-term vision, raised at Board of Directors meetings in the previous fiscal year. Furthermore, the President and CEO reported to the Board about the next long-term vision based on the post-COVID worldview and changes in values, as well as the direction of new businesses that use existing businesses as their starting point. Regarding this, the Board discussed how one's viewpoint can widen through exchanges with people from different industries, the employment of human resources with specialized expertise, and the utilization of talented personnel obtained through M&As, since the nurturing of next-generation leaders who can guide the Company towards the next long-term vision is an important issue that is necessary for further growth. At the same time, the Board recognized the importance of creating a corporate culture that encourages employees to take on challenges, and the necessity of building mechanisms that enable trial and error. Regarding the creation of new businesses, the Board recognized that the active utilization of corporate venture capitals will be important going forward. Furthermore, in order to realize its goals, the Board concluded that it is important to link the Company's goals to the dreams and ambitions of employees.

The President and CEO also gave an interim report on the next long-term vision regarding the Industrial Automation Business and the Healthcare Business, which are mainstay businesses. In the interim report, the President and CEO reflected on each of the two above businesses over the past ten years, and reported on the social issues of each business domain in the next decade, the technologies and new business models required to resolve those issues, as well as on the status of reviews of M&A&As. With regard to this, the Board of Directors discussed the possibility of realizing the creation of new businesses and measures. In particular, based upon that discussion, the Board recognized that it is necessary to employ a more flexible human resources strategy throughout the Company, since the implementation of measures for new businesses will require human resources with vastly different capabilities.

Regarding the next long-term vision, the Board displayed their awareness of issues based on changes in the external environment, including the COVID-19 crisis and geopolitical risks. The Committee commends the Board for making steady progress towards completion within fiscal 2021. Furthermore, since discussions are being made at Board of Directors meetings about issues and tasks necessary for further growth, the Corporate Governance Committee deems that it has appropriately exercised its oversight functions. The Committee has also verified that the Board will continue to fulfill its oversight functions in preparation for the start of the next long-term vision in fiscal 2022.

Focus theme: Building a new core information system

As IT systems vary between business divisions and regions, recognizing the importance of having a unified system globally, the Board of Directors has set “Building a new core information system” as a focus theme, for the third year following fiscal 2018 and fiscal 2019. Based on this, the President and CEO reported to the Board of Directors that the planning phase is progressing according to schedule and the advanced introduction of a portion of the systems, including the purchase of indirect materials and reimbursements, is progressing smoothly, but that it is necessary to review the scope of implementation due to the issue of a lack of IT personnel. Regarding this, the Board discussed the importance of spreading awareness throughout the Company that they are building an operational process that must be compatible with system flows based on global standards, the importance of bridging the people in charge of bringing this large-scale decade-long project to its fruition, the people on site, and the human resources who are constructing the system, as well as the need to continue discussions on this theme, from the standpoint of

scale and difficulty. In particular, the Committee recognized that the most important issue which should be the top priority is to secure and allocate talented personnel from each business division.

Based on the experience and insights of the Outside Executives, the Board discussed about the inculcation of the mindset that is key to bringing this large-scale project to realization and the types of human resources needed for the project. Since the direction of monitoring in the future has been clearly defined, the Corporate Governance Committee deems that the Board of Directors has appropriately exercised its oversight functions.

(ii) Other deliberated or reported matters

The Board of Directors has deliberated on 29 proposals to be resolved and 30 reported cases, including quarterly business results as a legally required matter for deliberation, election proposals of executives, etc., and regularly reported proposals such as those relating to product quality risks and disciplinary cases. The Corporate Governance Committee commends the Board of Directors for making explanations in election proposals of executives, a legally required matter for deliberation, based on the status of the promotion of diversity, as well as for making highly transparent explanation for each individual case for Outside Executives.

(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 are 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, in order to improve the efficacy of Group governance, the Group companies checked their own state of operations against the OMRON Group Rules, and discussions regarding governance-related issues at the decision-making bodies in each company, such as their Boards of Directors, were established globally. In addition, through efforts to consolidate information that all executives and employees should be aware of in the OMRON Group Rules for Ethical Conduct, the Group organized and optimized its internal regulations.

(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, the entire OMRON Group continued to work as one to implement COVID-19 countermeasures, and continued the provision of products and services while prioritizing the securing of employees' health and safety as well as the prevention of infections in the region. Furthermore, regarding the rapidly changing geopolitical risks, the Group responded to export control regulations and such, and strove to strengthen the system of monitoring trends in individual countries.

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. Although on-site audits at subsidiaries both in Japan and overseas were conducted every year, due to the impact of COVID-19, travel restrictions were in place this year. Nonetheless, audits were still conducted by utilizing phones or online conference tools.

Furthermore, 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, with the aim of reinforcing coordination with the Internal Audit Division, the Audit & Supervisory Board deepened discussions regarding the evolution and enhancement of internal audits.

(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 applied the following basic policy regarding distribution of profits including shareholder returns during the period covered by the medium-term management plan for fiscal 2017 to fiscal 2020 (“VG2.0”).

- 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 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/global/en/about/corporate/governance/policy/>

Consolidated Financial Statements

Consolidated Balance Sheets

(JPY millions)

Item	84th term (As of March 31, 2021)	(Reference) 83rd term (As of March 31, 2020)	Item	84th term (As of March 31, 2021)	(Reference) 83rd term (As of March 31, 2020)
ASSETS			LIABILITIES		
Current Assets:	514,432	447,139	Current Liabilities:	161,370	151,299
Cash and cash equivalents	250,755	185,533	Notes and accounts payable — trade	69,561	64,496
Notes and accounts receivable — trade	135,161	134,786	Accrued expenses	44,441	37,179
Allowance for doubtful receivables	(756)	(759)	Income taxes payable	3,504	2,516
Inventories	103,265	104,301	Short-term operating lease liabilities	11,179	11,070
Assets held for sale	—	441	Other current liabilities	32,685	36,038
Other current assets	26,007	22,837	Deferred Income Taxes	1,671	1,717
Property, Plant and Equipment:	113,028	114,526	Termination and Retirement		
Land	19,778	20,446	Benefits	7,598	40,236
Buildings	124,404	129,110	Long-term operating lease		
Machinery and equipment	153,142	147,038	liabilities	27,709	19,820
Construction in progress	3,281	5,467	Other Long-Term Liabilities	12,673	12,463
Accumulated depreciation	(187,577)	(187,535)	Total Liabilities	211,021	225,535
Investments and Other Assets:	192,919	196,459	NET ASSETS		
Right-of-use assets under operating leases	38,153	30,327	Shareholders' Equity:	606,858	530,415
Goodwill	39,160	38,568	Common stock	64,100	64,100
Investments in and advances to affiliates	13,159	29,251	Capital surplus	101,403	100,521
Investment securities	33,423	25,782	Legal reserve	22,931	20,981
Leasehold deposits	7,675	7,486	Retained earnings	476,185	451,768
Prepaid pension cost	6,736	—	Accumulated other comprehensive income (loss):	(32,945)	(83,606)
Deferred income taxes	24,179	37,416	Foreign currency translation adjustments	(8,096)	(31,408)
Other assets	30,434	27,629	Pension liability adjustments	(24,567)	(52,250)
			Net gains (losses) on derivative instruments	(282)	52
			Treasury stock, at cost	(24,816)	(23,349)
			Noncontrolling Interests	2,500	2,174
			Total Net Assets	609,358	532,589
Total Assets	820,379	758,124	Total Liabilities and Net Assets	820,379	758,124

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

Consolidated Statements of Income

(JPY millions)

Item	84th term (April 1, 2020 to March 31, 2021)	(Reference) 83rd term (April 1, 2019 to March 31, 2020)
Net sales	655,529	677,980
Cost of sales	357,178	374,278
Gross profit	298,351	303,702
Selling, general and administrative expenses	192,687	202,954
Research and development expenses	43,184	45,988
Other expenses (income), net	(2,609)	2,924
Income before income taxes from continuing operations	65,089	51,836
Income taxes	15,093	11,270
Current	13,929	10,470
Deferred	1,164	800
Equity in loss (earnings) of affiliates	6,098	963
Income from continuing operations	43,898	39,603
Income from discontinued operations	—	35,732
Net income	43,898	75,335
Net income attributable to noncontrolling interests	591	440
Net income attributable to OMRON shareholders	43,307	74,895

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

(Reference)

Consolidated Statements of Comprehensive Income

(JPY millions)

	84th term (April 1, 2020 to March 31, 2021)	83rd term (April 1, 2019 to March 31, 2020)
Net income	43,898	75,335
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	23,448	(23,793)
Pension liability adjustments	27,683	10,398
Net gains (losses) on derivative instruments	(334)	(83)
Other comprehensive income (loss)	50,797	(13,478)
Comprehensive income	94,695	61,857
(Breakdown)		
Comprehensive income attributable to noncontrolling interests	727	368
Comprehensive income attributable to OMRON shareholders	93,968	61,489

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, 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
Net income				43,307			43,307	591	43,898
Cash dividends paid to OMRON Corporation shareholders				(16,940)			(16,940)		(16,940)
Cash dividends paid to noncontrolling interests							—	(401)	(401)
Equity transactions with noncontrolling interests and other		0					0		0
Stock-based compensation		882					882		882
Transfer to legal reserve			1,950	(1,950)			—		—
Foreign currency translation adjustments					23,312		23,312	136	23,448
Pension liability adjustments					27,683		27,683		27,683
Net gains (losses) on derivative instruments					(334)		(334)		(334)
Acquisition of treasury stock and others						(1,467)	(1,467)		(1,467)
Balance, end of the 84th term (March 31, 2021)	64,100	101,403	22,931	476,185	(32,945)	(24,816)	606,858	2,500	609,358

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

2. Includes a decrease of JPY 275 million in capital surplus due to a change in estimate related to stock-based compensation.

(Reference)

Consolidated Statements of Cash Flows

(JPY millions)

Item	84th term (April 1, 2020 to March 31, 2021)	83rd term (April 1, 2019 to March 31, 2020)
I Operating Activities:		
1. Net income	43,898	75,335
2. Adjustments to reconcile net income to net cash provided by operating activities:		
(1) Depreciation and amortization	22,756	28,605
(2) Net gain on sale and disposals of property, plant, and equipment	(325)	(1,487)
(3) Loss on impairment of long-lived assets	1,976	498
(4) Gain on sale of investment securities	—	43
(5) Gain on sale of business	—	(51,450)
(6) Net loss (gain) on valuation of investment securities	(7,615)	1,170
(7) Termination and retirement benefits and prepaid pension cost	(617)	(436)
(8) Deferred income taxes	1,164	(125)
(9) Equity in loss (earnings) of affiliates	6,098	963
(10) Changes in assets and liabilities	22,644	35,071
(11) Other, net	3,852	1,600
Total adjustments	49,933	14,452
Net cash provided by operating activities	93,831	89,787
II Investing Activities:		
1. Proceeds from sale of investment securities	751	1,423
2. Purchase of investment securities	(1,057)	(2,344)
3. Capital expenditures	(26,662)	(37,629)
4. Decrease (increase) in leasehold deposits, net	(189)	62
5. Proceeds from sale of property, plant and equipment	2,069	4,565
6. Decrease (increase) in investment in affiliates	7,850	(2,231)
7. Proceeds from sale of business, net of cash paid	2,453	64,460
8. Other, net	0	333
Net cash provided by (used in) investing activities	(14,785)	28,639
III Financing Activities:		
1. Net increase (decrease) in short-term debt	(1,587)	6,365
2. Dividends paid by the Company	(16,952)	(17,250)
3. Dividends paid to noncontrolling interests	(352)	(293)
4. Acquisition of treasury stock	(1,471)	(18,571)
5. Other, net	10	319
Net cash used in financing activities	(20,352)	(29,430)
IV Effect of Exchange Rate Changes on Cash and Cash Equivalents	6,528	(13,713)
Net Increase in Cash and Cash Equivalents	65,222	75,283
Cash and Cash Equivalents at Beginning of the Year	185,533	110,250
Cash and Cash Equivalents at End of the Year	250,755	185,533

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.

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 126 subsidiaries.

2. Application of Equity Method

Investments in the Company's 6 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 businesses other than the Social System Business, 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.

Businesses, primarily the Social System Business, involve 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 straight-line method.

8. Goodwill and other intangible assets

Goodwill and other intangible 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

None applicable

Notes Related to Accounting Estimates

The items whose amounts are recognized in the Consolidated Financial Statements for the fiscal year ended March 31, 2021 based on accounting estimates and which are considered to have a significant impact on the Consolidated Financial Statements for the fiscal year ending March 31, 2022 are as follows:

1. Goodwill

Goodwill is not amortized, but instead tested for impairment. Impairment test of goodwill is performed by comparing the fair value of a reporting unit with its carrying amount including goodwill. The amount of goodwill recognized on the Consolidated Balance Sheets for the 84th term is JPY 39,160 million.

The fair value is calculated by discounting the estimated future cash flow based on a business plan approved by the management to the present value with a discount rate calculated based on the weighted average cost of capital. The business plan is formulated using assumptions, such as macroeconomic conditions, market growth rates, profit margins, and facility plans, and the cash flow after the business plan forecast period is calculated based on the growth rate estimated within the range of the long-term average growth rate of the market to which the reporting unit belongs. The impact of COVID-19 has also been reflected in the assumptions made in formulating the business plan.

If the premises of the main assumptions used in the calculation of the fair value deviate significantly from the situation at the end of the fiscal year ended March 31, 2021 and the carrying amount of goodwill exceeds its fair value, it may have a significant impact on the amount of goodwill.

The balance of goodwill by segment for the fiscal year ended March 31, 2021 was JPY 33,938 million for the Industrial Automation Business, JPY 5,121 million for the Healthcare Business, and JPY 101 million for others.

Goodwill in the Industrial Automation Business and the Healthcare Business is primarily attributable to business acquisitions implemented as part of the growth strategies during the VG2020 period, and has been allocated to reporting units that are expected to benefit from the synergies of the business acquisitions.

2. Investments in affiliates

The amount of the acquisition cost in excess of our interests in the net fair value of assets, liabilities, and contingent liabilities of the affiliates on the acquisition dates is recorded as goodwill under the equity method and is included in the carrying amount of the investments.

Of the JPY 13,159 million in investments in and advances to affiliates recognized on the Consolidated Balance Sheets for the 84th term, the goodwill under the equity method was JPY 9,164 million, the entire amount of which was attributable to an investment in AliveCor, Inc., which provides remote diagnosis and monitoring services of atrial fibrillation in the United States, that was made during the VG2020 period as part of growth strategy investments of the Healthcare Business.

The Company conducts a fair value measurement of investments in affiliates based on the excess earning capacity of the investees. If a decline in the value is not deemed temporary, the amount of the book value of our interests in excess of our interests in the fair value of the affiliates is recognized as a loss under the equity method.

The fair value of investments in affiliates is calculated by discounting the estimated future cash flow based on a business plan approved by the management to the present value with a discount rate calculated based on the weighted average cost of capital. The business plan is formulated using assumptions, such as macroeconomic conditions, market growth rates, profit margins, and facility plans, and the cash flow after the business plan forecast period is calculated based on the growth rate estimated within the range of the long-term average growth rate of the market to which the investees belong. The impact of COVID-19 has also been reflected in the assumptions made in formulating the business plan.

If the premises of the main assumptions used in the calculation of the amount recognized in the Consolidated Financial Statements for the fiscal year ended March 31, 2021 deviate significantly from the situation at the end of the fiscal year ended March 31, 2021 and the carrying amount of investments in affiliates exceeds its fair value, it may have a significant impact on the amount of investments in affiliates.

3. Deferred income taxes

Deferred income taxes reflect the tax consequences on future years of differences between the tax bases of assets and liabilities and their financial reporting amounts, operating loss carryforwards, and tax credit carryforwards. Deferred tax assets are recognized to the extent that sufficient taxable income will be generated to realize them. The amount of deferred tax assets is reduced to the extent that, as a result of reassessment at the end of each reporting period with appropriate consideration given to positive and negative evidence related to the realization of the deferred tax assets, it is more likely than not that such assets will not be realized.

Management's judgments related to this assessment consider, among other matters, the nature, frequency and severity of current and cumulative losses on an individual tax jurisdiction basis, forecasts of future profitability, excess of appreciated asset value over the tax basis of net assets, the duration of statutory carryforward periods, the past utilization of net operating loss carryforwards prior to expiration, as well as the probability of the future utilization of operating loss carryforwards and tax credit carryforwards. The impact of COVID-19 has also been reflected in the forecasts of future profitability.

Based on past taxable income levels and future taxable income forecasts during the period in which deferred tax assets may be utilized to reduce taxable income, we believe that the deferred tax assets currently recognized for the Company and its consolidated subsidiaries are likely to be realized. However, if factors that affect the forecast of taxable income change, such as trends in the markets surrounding the Company and its consolidated subsidiaries and foreign exchange fluctuations, to increase the uncertainty of the forecast of taxable income, it may have an impact on the estimate of the recoverability of deferred tax assets.

The balance of deferred tax assets on the Consolidated Balance Sheets for the 84th term is JPY 24,179 million.

Notes Related to Changes in Accounting Estimates

Beginning with the 84th term, the Company and our domestic consolidated subsidiaries changed from the declining balance method to the straight-line method for property, plant and equipment.

Based on the growth strategies of our long-term vision Value Generation 2020 (launched in 2011) and VG2.0 medium-term management plan, we have invested in manufacturing and development facilities for our focus business domains: Industrial Automation Business, Healthcare Business, and Social Systems, Solutions and Service Business. In the fiscal year ended March 31, 2020, we expanded our Yasu office and Katsuragawa office and reconstructed the OMRON Healthcare Co., Ltd. Matsusaka factory. In addition, we reorganized our production centers and consolidated production lines to build a global production system for our Electronic and Mechanical Components Business. We have also conducted a review of our business portfolio, including the divestment of the Automotive Electronic Components Business. As a result, the Company and our consolidated subsidiaries in Japan expect the stable operations of our facilities and more normalized levels of capital investment and repairs and maintenance expense.

Taking advantage of the circumstances discussed above, we decided that depreciation via the straight-line method more appropriately reflects the actual usage of our property, plant and equipment for which we expect stable operations. This change in depreciation method will be handled as a change in accounting estimate based on FASB Accounting Standards Codification No.250, Accounting Changes and Error Corrections, the impact of which will be recognized in the future. As a result of this change, depreciation for the 84th term decreased by JPY 2,120 million compared to the former method, while net income attributable to OMRON shareholders and basic net income per share increased JPY 1,580 million and JPY 7.83, respectively.

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 (income), net” are as follows:

Foreign exchange loss (net)	JPY 1,238 million
Gain on sales and disposals of property, plant, and equipment (net)	JPY (325) million
Provision for retirement benefits	JPY 3,006 million
Gain on valuation of investment securities (net)	JPY (7,615) million
Impairment losses on long-lived assets	JPY 1,976 million
Settlements paid	JPY 844 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 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 Sheets on March 31, 2021 (84th consolidated account settlement date), fair value and differences are as follows.

(JPY millions)

	Balance Sheet Amount (*)	Fair Value (*)	Difference
(1) Investment securities	24,439	24,439	—
(2) Derivatives			
Other current assets	6,781	6,781	—
Other current liabilities	(918)	(918)	—

(*) 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. The Amount of investment in non-marketable equity securities, etc. without readily determinable fair value (JPY 8,984 million in the Consolidated Balance Sheets) is not included in (1) Investment securities.
- (3) Derivatives
Estimated using dealer transaction prices or valuation models.

Notes Related to Per Share Data

1. Net income attributable to shareholders per share, basic	JPY 214.72
2. Net income attributable to shareholders per share, diluted	JPY —
3. Shareholders' equity per share	JPY 3,009.15

Notes: 1. Net income attributable to shareholders per share, diluted is not stated due to the absence of potential equity with a dilutive effect.

2. During the fiscal year ended March 31, 2021, 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 Note

On March 29, 2021, the Company entered into a share transfer agreement to transfer all shares of Hitachi-Omron Terminal Solutions, Corp. held by the Company to Hitachi, Ltd. The relevant share transfer was completed on March 31, 2021. In connection with this transaction, the Company recorded equity in loss of affiliates in the amount of JPY 6,787 million on the Consolidated Statements of Income for the 84th term.

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(JPY millions)

Item	84th term (As of March 31, 2021)	(Reference) 83rd term (As of March 31, 2020)	Item	84th term (As of March 31, 2021)	(Reference) 83rd term (As of March 31, 2020)
ASSETS			LIABILITIES		
Current Assets:	232,127	200,938	Current Liabilities:	230,196	192,707
Cash and time deposits	135,621	101,509	Notes payable - trade	4,590	7,187
Notes receivable – trade	238	3,512	Accounts payable - trade	30,743	27,577
Accounts receivable – trade	50,563	47,921	Short-term borrowings from affiliated companies	168,188	130,007
Finished products	8,362	11,126	Lease liabilities	726	915
Materials	4,340	4,217	Other payables	10,278	10,447
Work in process	2,911	3,463	Accrued expenses	11,789	10,572
Supplies	419	766	Income taxes payable	606	1,088
Short-term loans to affiliates	11,560	12,866	Advances received	55	143
Accounts receivable - other	9,456	10,521	Deposits received	1,004	989
Other receivable	4,408	3,904	Accrued bonus to officers	132	105
Other current assets	11,099	6,903	Other current liabilities	2,085	3,677
Allowance for doubtful receivables	(6,850)	(5,770)	Long-term Liabilities:	8,630	14,640
Fixed Assets:	305,615	309,220	Lease liabilities	914	1,143
Property and equipment:	42,472	45,625	Provision for share grant	2,111	1,362
Buildings	22,562	24,067	Deferred tax liabilities related to revaluation	957	957
Structures	973	1,164	Other long-term liabilities	4,648	11,178
Machinery and equipment	2,971	3,039			
Vehicles and delivery equipment	0	2			
Tools, furniture and fixtures	2,794	2,812			
Land	10,980	11,585			
Lease assets	1,629	2,051			
Construction in progress	563	905			
Intangible fixed assets:	15,137	8,108	Total Liabilities	238,826	207,347
Software and others	8,377	6,333	NET ASSETS		
Technical assets	6,760	1,775	Shareholders' Equity:	291,241	298,946
Investments and other assets:	248,006	255,487	Common stock	64,100	64,100
Investment securities	27,329	20,411	Capital surplus	88,771	88,771
Investments in affiliated companies	168,165	150,708	Additional paid-in capital	88,771	88,771
Contribution to affiliated companies	22,837	22,837	Other capital surplus	0	—
Long-term advances to affiliates	1,032	27,283	Retained earnings	163,184	169,422
Leasehold deposits	4,653	4,664	Legal reserve	6,774	6,774
Prepaid pension cost	15,746	15,438	Other retained earnings:	156,410	162,648
Deferred income taxes	6,355	9,230	Reserve for dividends	3,400	3,400
Other	1,903	4,930	Reserve for special account	1,177	—
Allowance for doubtful receivables	(14)	(14)	Non-restrictive reserve	73,500	73,500
			Retained earnings unappropriated	78,333	85,748
			Treasury stock, at cost	(24,814)	(23,347)
			Valuation and Translation Adjustments:	7,675	3,865
			Unrealized gains on available-for- sale securities	12,355	8,133
			Deferred hedge gain (loss)	(366)	46
			Land revaluation difference	(4,314)	(4,314)
			Total Net Assets	298,916	302,811
Total Assets	537,742	510,158	Total Liabilities and Net Assets	537,742	510,158

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

Non-consolidated Statements of Income

Item	(JPY millions)	
	84th term (April 1, 2020 to March 31, 2021)	(Reference) 83rd term (April 1, 2019 to March 31, 2020)
Net sales	258,494	295,651
Cost of sales	158,231	182,950
Gross profit	100,263	112,701
Selling, general and administrative expenses	93,997	98,501
Operating income	6,266	14,200
Non-operating income:	20,842	18,032
Interest and dividends received	17,384	15,369
Foreign exchange gains	1,018	—
Other non-operating income	2,440	2,663
Non-operating expenses:	3,546	4,110
Interest paid	1,496	1,499
Cash discount on sales	639	705
Foreign exchange losses	—	810
Quality handling expenses	—	142
Commission expenses	376	630
Settlements paid	844	—
Other non-operating expenses	191	324
Ordinary income	23,562	28,122
Extraordinary gains:	242	63,259
Gain on sales of property and equipment	34	802
Gain on sales of investment securities	1	161
Gain on sales of shares of subsidiaries and associates	199	62,296
Other extraordinary gains	8	—
Extraordinary losses:	7,746	7,863
Loss on sales and disposal of property, equipment and intangible fixed assets	110	604
Impairment loss	1,976	339
Loss on sales of shares of subsidiaries and associates	4,222	—
Provision of allowance for doubtful receivables	1,080	2,540
Loss on revision of retirement benefit plan	—	4,368
Other extraordinary losses	358	12
Income before income taxes:	16,058	83,518
Income taxes - current	162	3,101
Income taxes - refund	(1,572)	—
Income taxes - deferred	(1,035)	1,041
Net income	18,503	79,376

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

Non-consolidated Statements of Changes in Shareholders' Equity

84th Term: April 1, 2020 — March 31, 2021

(JPY millions)

	Shareholders' equity									
	Common stock	Capital surplus			Retained earnings					
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings				Total retained earnings
					Reserve for dividends	Reserve for special account	Non-restrictive reserve	Retained earnings unappropriated		
Balance, April 1, 2020	64,100	88,771	—	88,771	6,774	3,400	—	73,500	85,748	169,422
Changes during the year ended March 31, 2021										
Dividends paid				—					(17,016)	(17,016)
Net income				—					18,503	18,503
Provision of reserve for special account				—			1,177		(1,177)	—
Acquisition and sale of treasury stock			0	0						—
Decrease by corporate division				—					(7,725)	(7,725)
Net change in items other than shareholders' equity during the year				—						—
Total changes during the fiscal year	—	—	0	0	—	—	1,177	—	(7,415)	(6,238)
Balance, March 31, 2021	64,100	88,771	0	88,771	6,774	3,400	1,177	73,500	78,333	163,184

	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, 2020	(23,347)	298,946	8,133	46	(4,314)	3,865	302,811
Changes during the year ended March 31, 2021							
Dividends paid		(17,016)				—	(17,016)
Net income		18,503				—	18,503
Provision of reserve for special account		—				—	—
Acquisition and sale of treasury stock	(1,467)	(1,467)				—	(1,467)
Decrease by corporate division		(7,725)				—	(7,725)
Net change in items other than shareholders' equity during the year		—	4,222	(412)	—	3,810	3,810
Total changes during the fiscal year	(1,467)	(7,705)	4,222	(412)	—	3,810	(3,895)
Balance, March 31, 2021	(24,814)	291,241	12,355	(366)	(4,314)	7,675	298,916

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

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

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

(JPY millions)

	Shareholders' equity							
	Common stock	Capital surplus		Retained earnings				Total retained earnings
				Legal reserve	Other retained earnings			
		Additional paid-in capital	Total capital surplus		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.

Notes to Non-consolidated Financial Statements

Significant Accounting Policies

1. Valuation standards and method for securities

Common stock of subsidiaries and affiliates: Stated at cost using the moving-average method

Other marketable securities:

Securities other than stocks, etc. to which market value does not apply:

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.)

Stocks, etc. to which market value does not apply:

Stated at cost using the moving-average method

2. Derivatives are stated at fair value.

3. 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.

4. Fixed assets are depreciated by the following methods:

Property and equipment (excluding leased assets):

Straight-line 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.

5. Deferred charges are charged to income in their full amount when they are paid or incurred.

6. 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.

7. 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.

8. The termination and retirement benefits are 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.

9. 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.

10. 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.
11. The Company uses deferred hedge accounting as its hedge accounting method.
12. 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 Related to Changes in Accounting Policies

Beginning with the fiscal year ended March 31, 2021, the Company changed from the declining balance method to the straight-line method for property, plant and equipment.

Based on the growth strategies of our long-term vision VG2020 (launched in 2011) and VG2.0 medium-term management plan, we have reinforced our manufacturing facilities and invested in our business bases primarily for our focus business domain: Industrial Automation Business (IAB). In the fiscal year ended March 31, 2020, we expanded our Yasu office and Katsuragawa office. As a result, the Company expects the stable operations of our facilities and more normalized levels of capital investment and repairs and maintenance expense.

Taking advantage of the circumstances discussed above, we decided that depreciation via the straight-line method more appropriately reflects the actual usage of our property, plant and equipment for which we expect stable operations. Consequently, operating income, ordinary income, and income before income taxes increased by JPY 1,089 million, respectively.

Notes Related to Changes in the Presentation Method

Technical assets, which were included in software and others under intangible fixed assets in the fiscal year ended March 31, 2020, have been presented independently starting from the fiscal year ended March 31, 2021 as their monetary importance has increased. In order to reflect this change in the presentation method, the Non-consolidated Financial Statements for the fiscal year ended March 31, 2020 have been reclassified.

“Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020) has been adopted starting with the Non-consolidated Financial Statements as of the end of the fiscal year ended March 31, 2021, and the Non-consolidated Financial Statements have notes related to accounting estimates.

Notes Related to Accounting Estimates

(1) Amounts recorded on the Non-consolidated Financial Statements for the fiscal year ended March 31, 2021

Investments in affiliated companies	<u>JPY 168,165 million</u>
Contribution to affiliated companies	<u>JPY 22,837 million</u>

(2) Other information to facilitate understanding of the content of accounting estimates

(i) Calculation method of the amounts recorded in the Non-consolidated Financial Statements for the fiscal year ended March 31, 2021

Investments in affiliated companies and contribution to affiliated companies are stocks, etc. to which market value does not apply, and the acquisition cost is used as the balance sheet value. In the valuation of the stocks, etc., if the real value declines significantly due to the deterioration of the financial condition of the issuing company, an appropriate reduction will be made and the valuation difference will be treated as a loss for the current period.

Deterioration of the financial condition is, in principle, defined as a decrease of 50% or more in net assets per share compared to those at the time of the acquisition of the stocks. However, if the recoverability of the real value of stocks, etc. to which market value does not apply is confirmed by sufficient evidence, the valuation difference will not be treated as a loss for the current period.

As for the investment in AliveCor, Inc., which provides remote diagnosis and monitoring services of atrial fibrillation in the United States, that was made during the VG2020 period as part of growth strategy investments of the Healthcare Business, the value that reflects several elements, including excess earning capacity of the company, is recognized as the real value, and the deterioration of the

financial condition in this case is defined as a situation where the real value declines by 50% or more compared to that at the time of acquisition.

- (ii) Main assumptions used in the calculation of the amounts recorded in the Non-consolidated Financial Statements for the fiscal year ended March 31, 2021

The most recent financial condition that is available by the closing date of the Non-consolidated Financial Statements is used as the basis for calculating the amount of net assets per share. If a matter that would have a significant impact on the financial condition is found out in the situation afterwards, that matter is also taken into consideration. In addition, in assessing the recoverability of the real value of stocks, etc., we examine, in principle, if the real value is likely to recover to 100% of the book value within approximately the next five years from the business plan of the issuing company of the stocks, etc.

As for the investment in AliveCor, Inc., the real value is calculated by discounting the estimated future cash flow based on a business plan approved by the management to the present value with a discount rate calculated based on the weighted average cost of capital. In addition, the business plan is formulated for a period of five years or less, in principle, using assumptions, such as macroeconomic conditions, market growth rates, profit margins, and facility plans, and the cash flow after the business plan is calculated based on the growth rate estimated within the range of the long-term average growth rate of the market to which the affiliated company belongs. The impact of COVID-19 has also been reflected in the assumptions made in formulating the business plan.

- (iii) Impact on the Non-consolidated Financial Statements for the fiscal year ending March 31, 2022

If the premises of the main assumptions used in the calculation of the amounts recorded in the Non-consolidated Financial Statements for the fiscal year ended March 31, 2021 deviate significantly from the situation at the end of the fiscal year ended March 31, 2021, it may have a significant impact on the figures related to the stocks, etc., as it will affect the valuation of the stocks, etc.

Notes to Non-consolidated Balance Sheets

1. Accumulated depreciation for property and equipment	JPY 70,220 million
(Note) The amount of accumulated depreciation for property and equipment presented above includes the amount of accumulated impairment.	
2. Pledged assets	
Assets pledged as collateral	
Investment securities	JPY 200 million
Total	<u>JPY 200 million</u>
3. Guarantees	
Guaranteed parties	
OMRON Eletronica do Brasil Ltda.	JPY 6 million
OMRON Mexico, S.A. de C.V.	JPY 96 million
Total	<u>JPY 102 million</u>
4. Financial Credits and Debts with Regard to Affiliates	
Short-term credits due from affiliated companies	JPY 60,738 million
Long-term credits due from affiliated companies	JPY 1,032 million
Short-term liabilities due to affiliated companies	JPY 191,623 million
Long-term liabilities due to affiliated companies	JPY 998 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, 2021, 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 3,058 million.

Notes to Non-consolidated Statements of Income

1. Transactions with affiliated companies:

Sales to subsidiaries:	JPY 170,079 million
Purchases from subsidiaries:	JPY 107,600 million
Other transactions:	JPY 17,750 million
Non-operating transactions:	JPY 21,487 million

2. Impairment loss

The amount of manufacturing equipment, etc. for semiconductor-related products was reduced to the recoverable amount, and the reduced amount was recognized as impairment loss (JPY 1,976 million) under extraordinary losses.

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

1. Number of shares issued and outstanding as of March 31, 2021:

Common stock 206,244,872 shares

2. Number of shares of treasury stock as of March 31, 2021:

Common stock 4,574,294 shares

Note: OMRON stock held for Board Incentive Plan and Employee Stock Ownership Plan purposes out of treasury stock as of March 31, 2021 was 760,568 shares.

3. Dividends

(1) Dividends paid

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
October 29, 2020 Board of Directors Meeting	8,502	42.00	September 30, 2020	December 2, 2020

(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 24, 2021 General Meeting of Shareholders	8,502	42.00	March 31, 2021	June 25, 2021

Notes on Tax-Effect Accounting

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

Deferred tax assets	
Allowance for doubtful receivables	JPY 2,094 million
Inventories	JPY 789 million
Investment securities	JPY 1,050 million
Investments in affiliated companies	JPY 3,138 million
Accrued bonuses	JPY 2,506 million
Retirement benefit trust	JPY 5,831 million
Unspecified debt	JPY 2,088 million
Depreciable assets	JPY 2,362 million
Others	<u>JPY 724 million</u>
Deferred tax assets, Subtotal	JPY 20,582 million
Valuation Allowance	<u>JPY (3,948) million</u>
Deferred tax assets, Total	<u>JPY 16,634 million</u>
Deferred tax liabilities	
Unrealized gains on securities	JPY 5,422 million
Prepaid pension cost	JPY 4,802 million
Others	<u>JPY 55 million</u>
Deferred tax liabilities, Total	<u>JPY 10,279 million</u>
Net deferred tax assets	<u>JPY 6,355 million</u>

Transactions with Related Parties

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	15,258	Affiliate short-term borrowings	14,696
				Payment of interest ^{1,3}	55	Accrued expenses	—
Subsidiary	OMRON Social Solutions Co., Ltd.	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing	20,562	Affiliate short-term borrowings	22,561
				Payment of interest ^{1,3}	73	Accrued expenses	—
Subsidiary	OMRON PRECISION TECHNOLOGY Co., Ltd.	Direct ownership, 100%	Lending Dispatch of Directors	Lending	8,526	Affiliate short-term loans	8,006
				Receipt of interest ^{2,3}	48	Accounts receivable - other ⁵	—
Subsidiary	OMRON Healthcare Co., Ltd.	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing	21,560	Affiliate short-term borrowings	26,558
				Payment of interest ^{1,3}	79	Accrued expenses	—
				Receipt of dividends ⁴	4,879		
Subsidiary	OMRON Management Center of America, Inc.	Direct ownership, 100%	Lending Dispatch of Directors Underwriting of capital increase	Lending	3,236	Affiliate long-term loans	—
				Recovery of funds	28,618		
				Receipt of interest	356	Accounts receivable - other	—
				Underwriting of capital increase ^{3,6}	30,607		
Subsidiary	OMRON Europe B.V.	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing	—	Affiliate short-term borrowings	27,534
				Payment of interest ³	95	Accrued expenses	90
Subsidiary	OMRON (China) Co., Ltd.	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing	20,810	Affiliate short-term borrowings	49,846
				Payment of interest ³	1,027	Accrued expenses	705

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. Dividends are determined after discussion based on the results of operations of the subsidiary for the previous term.
 5. Allowance for doubtful receivables of JPY 6,850 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 1,080 million was recorded for the fiscal year ended March 31, 2021.
 6. The capital increase conducted by the subsidiary has been fully underwritten by the Company.

Per Share Information

1. Net assets per share JPY 1,482.20
2. Net income per share JPY 91.74

Note: During the fiscal year ended March 31, 2021, 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.

Notes Related to Business Combinations, etc.

(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) Appropriate book values of assets and liabilities related to the transferred business and their main breakdown

Current assets	JPY 11,343 million	Current liabilities	JPY 3,626 million
Fixed assets	JPY 6,130 million	Long-term liabilities	JPY 6,122 million
Total assets	JPY 17, 473 million	Total liabilities	JPY 9,748 million

Subsequent Events

None applicable

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 13, 2021

To the Board of Directors of
OMRON Corporation:

Deloitte Touche Tohmatsu LLC
Kyoto Office

Designated Engagement Partner,
Certified Public Accountant:

Yoshio Sato

Designated Engagement Partner,
Certified Public Accountant:

Hiroaki Sakai

Designated 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 of OMRON Corporation and its consolidated subsidiaries (the "Group"), namely, the consolidated balance sheet as of March 31, 2021, and the consolidated statement of income and consolidated statement of equity for the fiscal year from April 1, 2020 to March 31, 2021, 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, 2021, and its consolidated results of its operations 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.

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 pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under accounting principles generally accepted in the United States of America, 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 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 which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under accounting principles generally accepted in the United States of America.

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 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 which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under accounting principles generally accepted in the United States of America, 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 Accountants 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.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 13, 2021

To the Board of Directors of
OMRON Corporation:

Deloitte Touche Tohmatsu LLC
Kyoto Office

Designated Engagement Partner,
Certified Public Accountant:

Yoshio Sato

Designated Engagement Partner,
Certified Public Accountant:

Hiroaki Sakai

Designated 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 nonconsolidated financial statements of OMRON Corporation (the "Company"), namely, the nonconsolidated balance sheet as of March 31, 2021, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 84th fiscal year from April 1, 2020 to March 31, 2021, and the related notes, and the accompanying supplemental schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2021, and its financial performance for the year then ended in accordance 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 Nonconsolidated Financial Statements 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 nonconsolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the nonconsolidated financial statements, 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 Nonconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the nonconsolidated 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 nonconsolidated 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 nonconsolidated 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 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 nonconsolidated 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 nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated 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 Accountants 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.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

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 84th fiscal year from April 1, 2020 to March 31, 2021, and hereby reports as follows:

1. Auditing Methods Adopted by the Audit & Supervisory Board Members and the Audit & Supervisory Board and the 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, adhering 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 the audit environment and collect information through mutual communications with the Directors, the Internal Auditing Division and other relevant employees while utilizing phones, online meeting tools and the like, 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 the 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 the 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, also received reports on their 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 from the Directors and other relevant personnel, as well as Deloitte Touche Tohmatsu LLC, on the evaluation of internal control of the financial reporting and the audit status thereof, and sought explanations as necessary.
 - 4) Each Audit & Supervisory Board Member monitored and verified whether the Accounting Auditors maintained independence and conducted appropriate audits, and received reports from the Accounting Auditors on the status of execution of their 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 methods above, the Audit & Supervisory Board Members have reviewed the Business Report and the accompanying supplementary 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 supplementary 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 supplementary 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 Supplementary 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, 2021

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)