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To All Shareholders:

Stock Code: 6645
May 27, 2022

Yoshihito Yamada
President and CEO

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

CONVOCATION NOTICE FOR THE 85TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the 85th 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 22, 2022.

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

1. Date: Thursday, June 23, 2022, 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 85th Fiscal Year (April 1, 2021 to March 31, 2022)
 2. Financial Statements for the 85th Fiscal Year (April 1, 2021 to March 31, 2022)
 - B. Proposals
 - No. 1 Dividends from Retained Earnings
 - No. 2 Partial Amendments to the Articles of Incorporation
 - No. 3 Election of Eight (8) Directors
 - No. 4 Election of One (1) Alternate Audit & Supervisory Board Member

REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and Reference Items

No. 1: Dividends from Retained Earnings

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

For dividends, 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, in fiscal 2021, the Company made efforts to pay dividends based on a DOE of approximately 3% as a guide.

The Company plans to pay a year-end dividend of JPY 46 per share, in view of business performance and upon consideration of 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 46 per share, total cash dividends for the fiscal year will be JPY 92 per share.

(1) Type of dividend assets:

Cash

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

JPY 46 per share of common stock. Total amount JPY 9,190,692,314

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

June 24, 2022

No. 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the Change

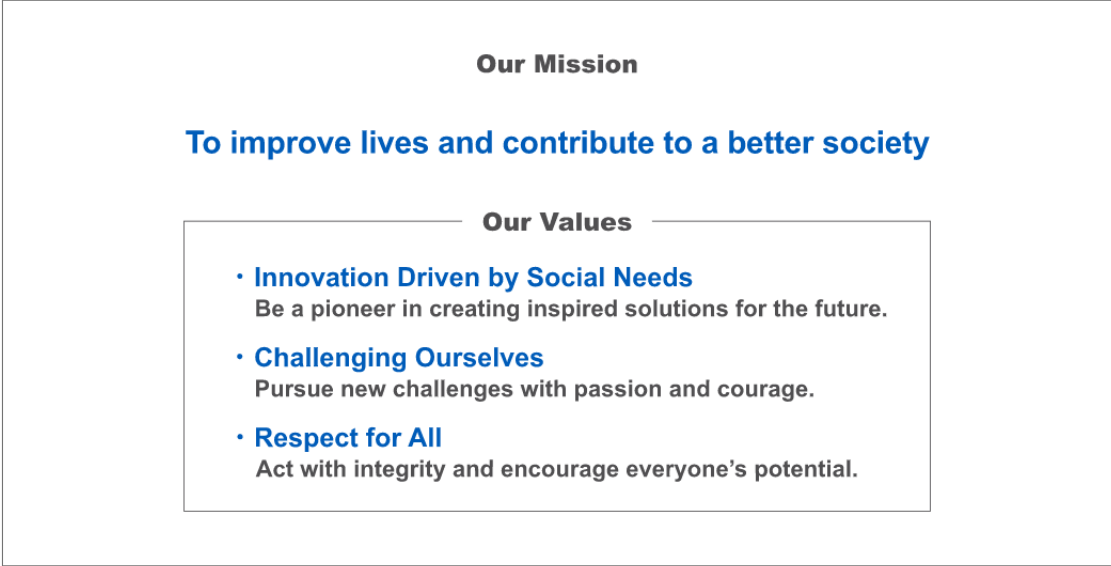
Reasons for (1) Amendments to Articles of Incorporation Regarding Corporate Principles, and (2) Amendments Articles of Incorporation Concerning Electronic Provision Systems are as follows:

(1) Amendments to Articles of Incorporation Regarding Corporate Principles

Since its founding in 1933, the OMRON Group has always striven to create solutions to society’s needs through our business and to consistently contribute to society. In 1959, the Company set forth “To improve lives and contribute to a better society” as Our Mission, and has continued to practice corporate management that revolves around our corporate principles based on the spirit of Our Mission ever since.

Moving forward, we will continue to practice our corporate principles, and would therefore like to include these corporate principles in the Articles of Incorporation such that we may clarify that this basis of our management, that strives to contribute to society and improve corporate value, is a fundamental core of our approach.

[Reference] OMRON Principles



(2) Amendments to Articles of Incorporation Concerning Electronic Provision Systems

The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general meetings of shareholders, the Articles of Incorporation of the Company shall be amended as follows.

- 1) The proposed Article 18, Paragraph 1 provides that information contained in the reference materials for the general meeting of shareholders, etc. shall be provided electronically.
- 2) The purpose of the proposed Article 18, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
- 3) The provisions related to the internet disclosure and deemed provision of the reference materials for the general meeting of shareholders, etc. (Article 17 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
- 4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

2. Details of amendments

The details of the amendments are as follows. The sections with the light blue background indicate said 1.(1) Amendments to Articles of Incorporation Regarding Corporate Principles.

(Underlined text indicates change.)

Current Articles of Incorporation	Proposed Amendment
<p>(Newly stipulated)</p>	<p><u>(Practice of Corporate Principles)</u> <u>Article 2.</u> <u>In the spirit of Our Mission, which is “to improve lives and contribute to a better society,” the Company will put our corporate principles into practice, contribute to the development of society through its business, and strive to increase its value.</u></p>
<p>Articles <u>2</u> to <u>16</u> (Texts omitted)</p>	<p>Articles <u>3</u> to <u>17</u> (Texts unchanged)</p>
<p><u>(Internet Disclosure and Deemed Provision of Reference Documents for General Meetings of Shareholders)</u> <u>Article 17.</u> <u>The Company, in calling a General Meeting of Shareholders, may deem that it has provided its shareholders with information on the matters that should be stated or displayed in the reference documents for the General Meeting of Shareholders, business reports, non-consolidated financial statements, and consolidated financial statements by disclosing the said information through the Internet pursuant to the provisions stipulated in the applicable Ordinance of the Ministry of Justice.</u></p>	<p>(Deleted)</p>
<p>(Newly stipulated)</p>	<p><u>(Measures for Providing Information in Electronic Formats)</u> <u>Article 18.</u> <u>When convening a General Meeting of Shareholders, the Company shall take measures for providing the information contained in the reference documents for the general meeting of shareholders and other documents in an electronic format.</u> <u>2. Among the matters for which measures for providing information in an electronic format are to be taken, the Company may choose not to describe all or part of the matters designated by the applicable Ordinance of the Ministry of Justice in the paper-based document to be delivered to shareholders who requested the delivery of such documents by the record date for the exercise of voting rights.</u></p>
<p>Articles <u>18</u> to <u>44</u> (Texts omitted)</p>	<p>Articles <u>19</u> to <u>45</u> (Texts unchanged)</p>

<p>(Newly stipulated)</p>	<p><u>(Supplementary Provisions)</u></p> <ol style="list-style-type: none"><li data-bbox="767 224 1370 459">1. <u>The amendment to Article 18 of the Articles of Incorporation shall come into force on September 1, 2022, which is the date of enforcement of the amended provisions stipulated in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the "Effective Date").</u><li data-bbox="767 465 1370 701">2. <u>Notwithstanding the provision of the preceding paragraph, Article 17 (Internet Disclosure and Deemed Provision of Reference Documents for General Meetings of Shareholders) of the Articles of Incorporation shall remain in force with respect to any General Meeting of Shareholders to be held on a date within six months from the Effective Date.</u><li data-bbox="767 707 1370 862">3. <u>These supplementary provisions shall be deleted after the lapse of six months from the Effective Date, or the lapse of three months from the date of the General Meeting of Shareholders under the preceding paragraph, whichever is later.</u>
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No. 3: Election of Eight (8) Directors

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

As Mr. Eizo Kobayashi will retire from his position of Director, the Company will add a new member to its Board of Directors.

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 7 to 16.

Candidate number	Name	Current position in the Company	Tenure as Director
1	<Reelection> Mr. Fumio Tateishi	Chairman of the Board	16 years
2	<Reelection> Mr. Yoshihito Yamada	Representative Director	11 years
3	<Reelection> Mr. Kiichiro Miyata	Representative Director	5 years
4	<Reelection> Mr. Koji Nitto	Director	8 years
5	<Reelection> Mr. Satoshi Ando	Director	5 years
6	<Reelection> Mr. Takehiro Kamigama <Outside Executive candidate> <Independent Officer candidate>	Outside Director	5 years
7	<Reelection> Ms. Izumi Kobayashi <Outside Executive candidate> <Independent Officer candidate>	Outside Director	2 years
8	<New election> Mr. Yoshihisa Suzuki <Outside Executive candidate> <Independent Officer candidate>	Outside Director	—

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: 16 years Attendance at the Board of Directors meetings during fiscal 2021: 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 of realizing the long-term vision “SF2030” and the medium-term management plan “SF 1st Stage.” 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 possesses superior insight into sustainability and ESGs, and 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>	1,194,927

- Notes: 1. There are no special interests between the Company and Mr. Fumio Tateishi.
2. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has concluded an indemnity agreement with Directors and Audit & Supervisory Board Members, which indemnifies them 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. If the reelection of Mr. Fumio Tateishi is approved, the Company plans to continue the aforementioned indemnity agreement.
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: 11 years Attendance at the Board of Directors meetings during fiscal 2021: 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, and spearheads the Company during a period of its turbulent business reforms in a society co-existing with COVID-19, while demonstrating effective leadership towards the realization of the long-term vision “SF2030” and the medium-term management plan “SF 1st Stage.” 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>	55,162

- Notes: 1. There are no special interests between the Company and Mr. Yoshihito Yamada.
2. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has concluded an indemnity agreement with Directors and Audit & Supervisory Board Members, which indemnifies them 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. If the reelection of Mr. Yoshihito Yamada is approved, the Company plans to continue the aforementioned indemnity agreement.
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, 2022).

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: 5 years Attendance at the Board of Directors meetings during fiscal 2021: 13/13 times (100%)	<p>April 1985 Joined Tateisi Institute of Life Science, Inc. (currently 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) (to present) Appointed Senior General Manager of Technology & Intellectual Property H.Q.</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 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. Having superior insight into new business creation and innovation, he currently serves as CTO to formulate and implement technology strategies from a management standpoint over the medium-to-long-term with an aim to realize the long-term vision “SF2030” and the medium-term management plan “SF 1st Stage.” 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>	23,424

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

2. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has concluded an indemnity agreement with Directors and Audit & Supervisory Board Members, which indemnifies them 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. If the reelection of Mr. Kiichiro Miyata is approved, the Company plans to continue the aforementioned indemnity agreement.
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, 2022).

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: 8 years Attendance at the Board of Directors meetings during fiscal 2021: 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. Having superior insight into finance and accounting, he currently serves as CFO and Senior General Manager of Global Strategy H.Q., Mr. Nitto to implement appropriate management for finance and strategy as a group by quickly adapting to changes in economic condition and business environment with an aim to realize the long-term vision “SF2030” and the medium-term management plan “SF 1st Stage.” 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>	24,963

- Notes: 1. There are no special interests between the Company and Mr. Koji Nitto.
2. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has concluded an indemnity agreement with Directors and Audit & Supervisory Board Members, which indemnifies them 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. If the reelection of Mr. Koji Nitto is approved, the Company plans to continue the aforementioned indemnity agreement.
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, 2022).

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: 5 years Attendance at the Board of Directors meetings during fiscal 2021: 13/13 times (100%)	<p>April 1977 Joined The Bank of Tokyo, Ltd. (currently 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 CEO Selection Advisory Committee Vice Chairman of the Personnel 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 realize the long-term vision “SF2030” and the medium-term management plan “SF 1st Stage.” Mr. Ando possesses superior insight into sustainability, ESG, finance, accounting, compliance and internal control, and actively comments as Vice Chairman of the CEO Selection Advisory Committee, Personnel Advisory Committee and Compensation Advisory Committee to contribute to increasing transparency and fairness in executive personnel matters, including 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>	24,329

Notes: 1. There are no special interests between the Company and Mr. Satoshi Ando.

2. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has concluded an indemnity agreement with Directors and Audit & Supervisory Board Members, which indemnifies them 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. If the reelection of Mr. Satoshi Ando is approved, the Company plans to continue the aforementioned indemnity agreement.
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, 2022).

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. Takehiro Kamigama (January 12, 1958) <Outside Executive candidate> <Independent Officer candidate> Reelection Tenure as Director: 5 years Attendance at the Board of Directors meetings during fiscal 2021: 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 June 2002 Appointed Corporate Officer of TDK Corporation June 2003 Appointed Senior Vice President of TDK Corporation June 2004 Appointed Director & Executive Vice President of TDK Corporation June 2006 Appointed President & Representative Director of TDK Corporation June 2016 Appointed Chairman & Representative Director of TDK Corporation June 2017 Appointed Outside Director of the Company (to present) June 2018 Appointed Mission Executive of TDK Corporation July 2021 Appointed Chief Consultant, Contemporary Amperex Technology Japan KK (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 CEO Selection Advisory Committee Member of the Personnel Advisory Committee</p> <p><i>Significant concurrent positions:</i> Chief Consultant of Contemporary Amperex Technology Japan KK 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 into innovation and technology, and appropriately supervises corporate management as an Outside Director with an aim of realizing the long-term vision “SF2030” and the medium-term management plan “SF 1st Stage.” 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 CEO Selection Advisory Committee and Personnel 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. There are no special interests between the Company and Mr. Takehiro Kamigama.
- 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 21 to 22.
 - The Company has established a provision in its Articles of Incorporation for limited liability agreements with Outside Directors and Outside 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 Outside Directors and Audit & Supervisory Board Members (Independent) that sets the amount of their 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. Takehiro Kamigama’s reelection is approved, the Company plans to continue the aforementioned limited liability agreement.
 - In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has concluded an indemnity agreement with Directors and Audit & Supervisory Board Members, which indemnifies them 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. If the reelection of Mr. Takehiro Kamigama is approved, the Company plans to continue the aforementioned indemnity agreement.
 - 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.

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	Ms. Izumi Kobayashi (January 18, 1959) <Outside Executive candidate> <Independent Officer candidate> Reelection Tenure as Director: 2 years Attendance at the Board of Directors meetings during fiscal 2021: 13/13 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 (currently 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> Chairman 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 service as a representative for private financial institutions and an international development financial institution. Furthermore, she has expertise in sustainability and ESG, and appropriately supervises corporate management as an Outside Director with an aim of realizing the long-term vision “SF2030” and the medium-term management plan “SF 1st Stage.” In addition, Ms. Kobayashi shares her experience and insight as management expert, and actively comments as Chairman of the Personnel Advisory Committee, and as a member of the 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>	692

- 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 21 to 22.
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 Outside Directors and Outside Audit & Supervisory Board Members (Independent) that sets the amount of their 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. Izumi Kobayashi’s reelection is approved, the Company plans to continue the aforementioned limited liability agreement.
4. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has concluded an indemnity agreement with Directors and Audit & Supervisory Board Members, which indemnifies them 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. If the reelection of Ms. Izumi Kobayashi is approved, the Company plans to continue the aforementioned indemnity agreement.
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. Mizuho Financial Group Inc., at which Ms. Izumi Kobayashi serves as Outside Director, received a business improvement order from the Financial Services Agency in November 2021 on account of eight system failures that occurred in the system of its subsidiary, Mizuho Bank, Ltd., from February to September 2021. Ms. Kobayashi had already been making appropriate proposals prior to the incident regarding group governance, risk management and compliance with laws and regulations at the said company's Board of Directors meetings and other meetings. Even after the facts above occurred, she gave suggestions regarding measures to prevent recurrence in the future as a member of the said company's System Failure Special Investigative Committee, gave reports on the investigation details, etc. to the Board of Directors and made efforts to strengthen supervision functions, thereby fulfilling her duties.
7. 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, 2022).

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	Mr. Yoshihisa Suzuki (June 21, 1955) <Outside Executive candidate> <Independent Officer candidate> New election Number of listed companies including OMRON where he concurrently serves as an officer: with business execution 0 without business execution 2	<p>April 1979 Joined ITOCHU Corporation</p> <p>June 2003 Appointed Executive Officer of ITOCHU Corporation</p> <p>April 2006 Appointed Managing Executive Officer of ITOCHU Corporation</p> <p>April 2007 Appointed President (CEO) of ITOCHU International Inc.</p> <p>June 2012 Appointed President and Representative Director of JAMCO CORPORATION</p> <p>June 2016 Appointed Representative Director and Senior Managing Executive Officer of ITOCHU Corporation</p> <p>April 2018 Appointed President & Chief Operating Officer of ITOCHU Corporation</p> <p>April 2020 Appointed President & Chief Operating Officer and CDO・CIO of ITOCHU Corporation</p> <p>April 2021 Appointed Member of the Board and Vice Chairman of ITOCHU Corporation</p> <p>April 2022 Appointed Vice Chairman of ITOCHU Corporation (to present)</p> <p><i>Significant concurrent positions:</i> Vice Chairman of ITOCHU Corporation Outside Director of the Board of Kyowa Kirin Co., Ltd.</p> <p><Reasons nominated as a candidate and overview of expected role> Mr. Yoshihisa Suzuki has served in management positions at a global general trading company, and he has a considerable track record of international management achievements and superior insight into innovation and technology necessary for the realization of the long-term vision “SF2030” and the medium-term management plan “SF 1st Stage.” 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 election as an Outside Director.</p>	1,000

- Notes: 1. Mr. Yoshihisa Suzuki currently serves as Vice Chairman of ITOCHU Corporation. While the OMRON Group has a business relationship with the ITOCHU Group including sales of products, such transactions in fiscal 2021 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. Suzuki, and there are no special interests between Mr. Suzuki and the Company.
2. Mr. Yoshihisa Suzuki is a candidate for Outside Director, and he meets the conditions of an Independent Officer as defined by Tokyo Stock Exchange, Inc. If Mr. Suzuki’s election 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 21 to 22
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 Outside Directors and Audit & Supervisory Board Members (Independent) that sets the amount of their 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. Yoshihisa Suzuki’s election is approved, the Company plans to conclude the aforementioned limited liability agreement.
4. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has concluded an indemnity agreement with Directors and Audit & Supervisory Board Members, which indemnifies them 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. If the election of Mr. Yoshihisa Suzuki is approved, the Company plans to conclude the aforementioned indemnity agreement.
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 election of Mr. Yoshihisa Suzuki 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.

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 Company has established the Personnel Advisory Committee to enhance the transparency, objectivity and timeliness 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 same procedure applies for Alternate Audit & Supervisory Members.

The Alternate Audit & Supervisory Board Member candidate is as follows.

Name (Date of birth)	Career summary and significant concurrent positions	Number of shares of the Company owned
<p>Mr. Toru Watanabe (February 2, 1966) <Alternate Audit & Supervisory Board Member candidate> <Outside Executive candidate> <Independent Officer candidate></p>	<p>April 1993 Registered as attorney with the Osaka Bar Association; joined Kitahama Partners (currently Kitahama Partners - Foreign Law Joint Enterprise)</p> <p>Jan. 1998 Appointed partner of Kitahama Partners (to present)</p> <p>Jan. 2020 Appointed Representative Partner of Kitahama Partners (to present)</p> <p><i>Significant concurrent positions:</i> Partner of Kitahama Partners - Foreign Law Joint Enterprise, Attorney at Law and Representative Partner of Kitahama Partners Outside Director of SHOBIDO Corporation Outside Audit & Supervisory Board Member of AOYAMA TRADING Co., Ltd. Outside Director of O-WELL CORPORATION</p> <p><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).</p>	<p>0</p>

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 21 to 22.
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 Outside Directors and Audit & Supervisory Board Members (Independent) that sets the amount of their 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. Toru Watanabe is elected as Audit & Supervisory Board Member (Independent), the Company plans to conclude the aforementioned limited liability agreement.
4. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has concluded an indemnity agreement with Directors and Audit & Supervisory Board Members, which indemnifies them 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. If Mr. Toru Watanabe is elected as Audit & Supervisory Board Member (Independent), the Company plans to conclude the aforementioned indemnity agreement.
 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.

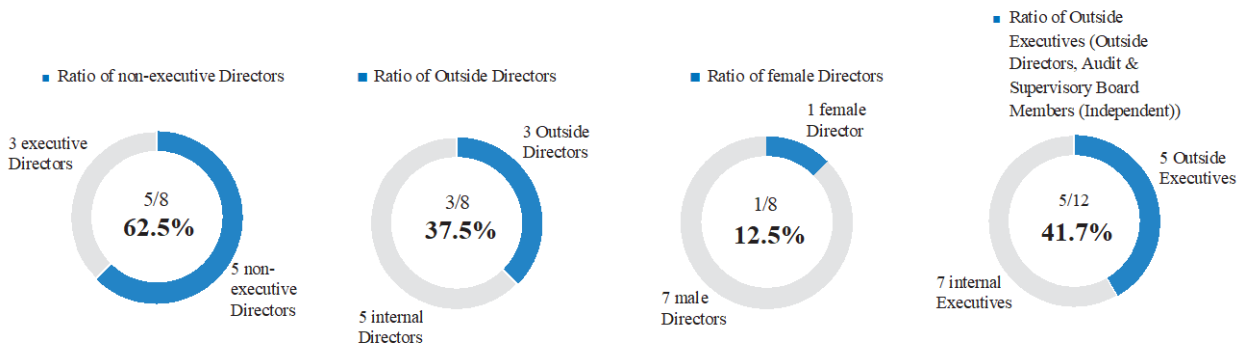
(Reference)

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 who possess experience, specialized knowledge and insights necessary for the realization of the management vision, thereby ensuring sufficient diversity in the Board of Directors.

Composition of the Board of Directors

If Proposal No. 3 is approved as originally proposed, the composition of the Board of Directors will be as follows.



Main areas of expertise and specialization of Directors and Audit & Supervisory Board Members

If Proposal No. 3 is approved as originally proposed, the main areas of expertise and specialization of Directors and Audit & Supervisory Board Members will be as follows.

Position and name	Corporate management	Sustainability and ESGs	New business creation and innovation	Technology production quality	Finance and accounting	Legal affairs, compliance, internal control	Global experience	Original industry or certifications
Chairman of the Board Fumio Tateishi	●	●					●	
President and CEO Yoshihito Yamada	●	●					●	
Representative Director, Senior Managing Executive Officer, CTO Kiichiro Miyata	●		●	●			●	
Director, Senior Managing Executive, CFO Koji Nitto					●		●	
Director Satoshi Ando		●			●	●	●	Finance
Outside Director Takehiro Kamigama	●	●	●	●			●	Manufacturing industry
Outside Director Izumi Kobayashi	●	●	●				●	Finance, international organizations
Outside Director Yoshihisa Suzuki	●	●	●	●			●	General trading company
Audit & Supervisory Board Member (Full-time) Shuji Tamaki						●	●	Overseas attorney
Audit & Supervisory Board Member (Full-time) Kiyoshi Yoshikawa		●		●			●	
Audit & Supervisory Board Member (Independent) Hideyo Uchiyama	●	●			●	●	●	Certified Public Accountant
Audit & Supervisory Board Member (Independent) Tadashi Kunihiro	●	●				●	●	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.

Business Report (Consolidated)

(April 1, 2021 to March 31, 2022)

1. Current State of the OMRON Group

(1) Consolidated Results

General Overview

The business environment surrounding the OMRON Group during the fiscal year ended March 31, 2022 experienced ongoing strong demand overall from the digital industry, mainly in Greater China, Asia and the Americas. At the same time, investments related to carbon-neutral and plastic-free products expanded against the backdrop of social demands to protect the global environment. Further, the COVID-19 pandemic led to increased demand for home medical equipment as consumers gained a new appreciation of the importance of preventing serious chronic diseases. On the other hand, the fiscal year was one of continued uncertainty due to a variety of factors such as the emergence of extended supply chain disruptions beginning in the second quarter, the situation in Russia and Ukraine, and the Shanghai lockdowns in the fourth quarter.

Amid this business environment, the Industrial Automation Business continued to build on the ability to propose solutions, securing parts and responding to increased production to meet strong demand in response to capital investment in semiconductors, electric vehicles, secondary batteries, and food packaging machinery. As global demand for blood pressure monitors increased, our Healthcare Business responded by strengthening promotions through our retail pharmacy and online channels, securing components, and improving logistics.

As a result, net sales increased significantly year on year. Gross profit margin remained almost unchanged from the previous year, despite the impact of soaring material and logistics costs, due to efforts to reduce variable costs and improve production efficiency, as well as the results of profit structure reforms implemented to date. Our strong earnings structure generated a multiplicative effect on net sales, leading not only to a significant increase in operating income year on year, but also to a record high.

Net sales	JPY 762,900 million, 16.4 percent increase year on year
Gross profit margin	45.5 percent, 0.1 point decrease year on year
Operating income	JPY 89,300 million, 43.0 percent increase year on year
Net income attributable to shareholders	JPY 61,400 million, 41.8 percent increase year on year

Average exchange rates for fiscal 2021:

USD 1 = JPY 112.1 EUR 1 = JPY 130.5 CNY 1 = JPY 17.4

The average exchange rates for the fiscal year ended March 31, 2022 were USD 1 = JPY 112.1 (6.2 yen less than the previous fiscal year), EUR 1 = JPY 130.5 (7.3 yen less than the previous fiscal year) and CNY 1 = JPY 17.4 (1.9 yen less than the previous fiscal year).

Overview by division

Sales by Division (Consolidated) (OMRON Group)

Division	Amount (JPY millions)	Share of total (%)	Year-on-year comparison (%)
Industrial Automation Business	432,600	57	24.9 increase
Healthcare Business	132,900	17	7.9 increase
Social Systems, Solutions and Service Business	87,700	11	8.3 decrease
Device & Module Solutions Business	106,400	14	23.7 increase
Eliminations & Corporate	3,300	1	23.4 decrease
Total	762,900	100	

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

2. In connection with the start of our long-term vision in April 2022, the name of Electronic and Mechanical Components Business changed to Device and Module Solutions Business.

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 with a focus on automation. 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

Demand for capital investment rose in the manufacturing industry in all areas of the globe. Demand for secondary batteries and semiconductor-related capital investment in the digital industry expanded, particularly in Greater China, Asia, and the Americas, and demand among Japanese equipment manufacturers also increased. At the same time, demand for capital investment related to electric vehicles continued to increase in the automobile industry. The food and daily goods industry experienced firm demand, mainly for packaging equipment. We accurately captured these rising demands through solution proposal-based sales, which we have strengthened over time, while also engaging in production increases, etc. As a result, net sales grew significantly year on year, reaching a record high.

Operating income increased significantly year on year, reaching a record high, mainly due to the large increase in sales.

As a result, net sales for the fiscal year totaled JPY 432,600 million, an increase of 24.9 percent compared with the previous fiscal year, and operating income totaled JPY 78,100 million, an increase of 32.8 percent compared with the previous fiscal year.

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. In terms of products, OMRON sells devices that have achieved certification for medical use in various countries, including blood pressure monitors, digital thermometers, and nebulizers (devices that deliver asthma medication through inhalation by patients), in more than 110 countries across the world. In terms of services, OMRON is promoting the provision of telemedicine services from major countries, which is a service where doctors can remotely monitor patients and provide prescription and treatment support.

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, visceral fat monitors, remote patient monitoring systems and telemedicine services

Demand for blood pressure monitors continued to grow globally with increased awareness of the need to prevent the progression of serious chronic diseases due to the COVID-19 pandemic. Demand for nebulizers continued to recover as patients had more opportunities to visit hospitals. Demand for thermometers

experienced a reactionary decline to the previous-year surge in demand. Despite factory operation restrictions in the first half of the year due to the COVID-19 pandemic and supply chain disruptions beginning in the third quarter, the Company steadily captured robust demand by implementing rapid product design changes and switching transportation routes. As a result, sales increased year on year.

Despite efforts to control fixed costs and improve added value, operating income declined compared to the previous fiscal year due to soaring component and logistics costs.

As a result, net sales for the fiscal year was JPY 132,900 million, an increase of 7.9 percent compared with the previous fiscal year, and operating income totaled JPY 18,500 million, a decrease of 9.9 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

Our Energy Solutions Business saw significant growth in sales of storage battery systems as we endeavored to secure components to meet the growing demand for carbon-neutral businesses and disaster prevention and mitigation. On the other hand, the Public Transportation System Business experienced the impact of ongoing restrained investment by customers owing to the prolonged effects of the COVID-19 pandemic. As a result, sales were lower year on year.

Operating income rose significantly year on year, despite the impact of lower sales, owing to efforts to control fixed costs and increase added value.

As a result, net sales for the fiscal year was JPY 87,700 million, a decrease of 8.3 percent compared with the previous fiscal year, and operating income totaled JPY 6,500 million, an increase of 14.3 percent compared with the previous fiscal year.

DMB*: Device and Module Solutions Business

*In connection with the start of our long-term vision in April 2022, the name of EMC (Electronic and Mechanical Components Business) changed to DMB (Device and Module Solutions Business).

Outline of business

The mission of the Device and Module Solutions Business (DMB): “With our devices and modules, create customer value, and contribute to society.” DMB 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 factory automation, mobility, energy management, healthcare and commercial consumer equipment.

Major products/services

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

Demand for components increased steadily in our focus industries, including home appliances, housing equipment, and power tools for the consumer industry. Demand for components for the automotive industry recovered moderately, despite the impact of the COVID-19 pandemic and production adjustments among our customers due to the shortage of semiconductors. We accurately captured this demand and responded quickly to secure product supplies in response to production increases and by engaging in other measures. As a result, sales rose significantly year on year.

Despite the impact of soaring raw material prices and logistics costs, operating income increased significantly year on year, mainly due to the significant increase in net sales, as well as value-added initiatives and restructuring.

As a result, net sales for the fiscal year totaled JPY 106,400 million, an increase of 23.7 percent compared with the previous fiscal year, and operating income totaled JPY 8,200 million, an increase of 178.2 percent compared with the previous fiscal year.

(2) Capital Investment

The OMRON Group engaged in select and proactive 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 34,210 million, a 42.8 % increase from the previous fiscal year.

Capital investment amounts by division were as shown below.

Division	Amount (JPY millions)
Industrial Automation Business	7,047
Healthcare Business	4,355
Social Systems, Solutions and Service Business	2,791
Electronic and Mechanical Components Business	6,079
Eliminations & Corporate	13,938
Total	34,210

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

(3) Capital Procurement

During the fiscal year, the Group temporarily borrowed funds from a financial institution in preparation for unforeseen circumstances such as further supply chain disruptions and the emergence of geopolitical risks.

(4) Issues Facing the Company

Summary

[OMRON's Basic Management Policies]

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.

[Medium- to Long-term Corporate Management Strategy]

<Overview of Long-Term Vision "Shaping the Future 2030">

The OMRON Group has formulated its long-term vision, which covers fiscal years 2022 to 2030. As society enters a period of change, we have written a story of our own transformation and the creation of new value to fulfill our purpose, to solve more social issues, and to contribute to our stakeholders, including investors and society. Under this long-term vision, we intend to shape sustainable societies through our business and enhance corporate value through an evolution in integrated business growth and sustainability.

<Overview of the Medium-Term Management Plan SF 1st Stage>

Our medium-term management plan for fiscal years 2022 through 2024 describes these three years as a phase of accelerated transformation. During this stage we will accelerate the transformation of our capabilities to create value and achieve sustainable growth in response to emerging social issues. We will seize growth opportunities arising from changes in the social structure, bringing to bear the competitive strengths we have cultivated over the years for achieve dynamic growth. At the same time, we will promote the transformation of our organizational capabilities to adapt to a changing society and enhance the sustainability of our growth. The corporate policy we pursue under "SF 1st Stage" is "taking on the challenge of value creation by accelerating transformation." Moreover, "SF 1st Stage" includes both financial and non-financial management targets.

[Management Plan for the Next Fiscal Year]

<Fiscal 2021 Results>

Fiscal 2021 was a year that required us to respond to a rapidly changing external environment that included supply chain disruptions, the re-emergence of COVID-19 infections, and the situation in Ukraine. Despite these challenges, we captured robust demand and recorded a historic high for operating income. At the same time, our businesses took steps toward sustainable growth, such as the creation of innovative applications in the Industrial Automation Business and the development of telemedicine services in Europe and the United States in the Healthcare Business.

<Fiscal 2022 Policies and Action Plans>

In fiscal 2022, which is the first year we will operate under "SF 1st Stage", we are pursuing a policy of "changing gears to create new value." We intend to leverage the assets we have built over time to accelerate growth, as well as to invest for future growth. We will also change gears to evolve value creation at a higher stage to execute our long-term vision and medium-term management plan successfully. To this end, we will focus on the five key initiatives of (1) expand and stabilize product supply, (2) optimize selling price levels in an inflationary environment, (3) create social value, (4) strengthen human resources and DX infrastructure, and (5) strengthen sustainability initiatives. Based on these initiatives, our financial targets for fiscal 2022 are net sales of JPY850 billion (+11% year on year), operating income of JPY93 billion (+4%), ROIC of at least 10% (+0.4 percentage points), ROE of at least 10% (+0.3 percentage points), and EPS of JPY316 (+JPY10.6).

Main Text

[OMRON's Basic Management Policies]

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.

[Medium- to Long-Term Corporate Management Strategy]
<Overview of Long-term Vision “Shaping the Future 2030”>

The OMRON Group has formulated its long-term vision “Shaping the Future 2030” (SF2030), which covers fiscal years 2022 to 2030. As society enters a period of change, we have written a story of our own transformation and the creation of new value to fulfill our purpose, to solve more social issues, and to contribute to our stakeholders, including investors and society. Under this long-term vision, we intend to shape sustainable societies through our business and enhance corporate value through an evolution in integrated business growth and sustainability. Our vision statement says that we will continue to create innovation driven by social needs through automation to empower people. This statement reflects the desire of all OMRON Group employees to embody the OMRON Principles and to work in harmony with stakeholders for sustainable societies through Sensing & Control + Think technologies. Many new social issues will arise over the next decade. Working from the perspective of leveraging OMRON Group strengths in automation, our customer assets, and business assets, we identified three social issues that will have an outsized social impact in the future: (1) Achieving Carbon Neutrality; (2) Realizing a Digital Society; and (3) Extending Healthy Life Expectancy. To maximize the social impact of these solutions, we revised the OMRON Group business domains under “SF2030,” establishing four domains and defining social value within these domains. Through Industrial Automation, we aim to contribute to the advancement of manufacturing to support sustainable societies. Through Healthcare Solutions, we aim to contribute to the achievement of “Zero Events” of cardiovascular diseases. Through Social Solutions, we aim to contribute to the adoption and efficient use of renewable energy and a sustainable infrastructure to support digital societies. In addition, through Device & Module Solutions, we aim to contribute to the take-up of new energy and high-speed communications.

<Overview of the Medium-Term Management Plan “SF 1st Stage”>

Our medium-term management plan for fiscal years 2022 through 2024 (“SF 1st Stage”) describes these three years as a phase of accelerated transformation. During this phase, we will accelerate the transformation of our capabilities to create value and achieve sustainable growth in response to emerging social issues. We will seize growth opportunities arising from changes in the social structure, bringing to bear the competitive strengths we have cultivated over the years for achieve dynamic growth. At the same time, we will promote the transformation of our organizational capabilities to adapt to a changing society and enhance the sustainability of our growth.

The corporate policy we pursue under “SF 1st Stage” is “taking on the challenge of value creation by accelerating transformation.” To achieve this policy, we established three group strategies. The first is the transformation of our business. Specifically, we will pursue the evolution of four core businesses (Industrial Automation Business, Healthcare Business, Social Systems, Solutions and Service Business, and Devices & Module Solutions Business), expand customer asset-type service businesses, and create new businesses sparked by social issues. In evolving our four core businesses, we will review the growth areas within each, establishing focus domains to create new value and drive sales growth. Second, we will transform corporate management and organizational capabilities. To continue creating value while adapting to change in the business environment, we will accelerate Diversity & Inclusion, engage in data-driven enterprise operations through DX, and improve the resilience of our supply chain. And third, we will strengthen our sustainability initiatives. Here, we will strive to reduce GHG emissions toward decarbonization and a smaller environmental burden, as well as address human rights issues comprehensively throughout our value chain. “SF 1st Stage” includes both financial and non-financial management targets by which we will create value through business growth and sustainability initiatives integrated at higher levels than ever before. For financial targets, we aim to achieve net sales of JPY930 billion, operating income of JPY120 billion, operating cash flow (three-year cumulative total) of JPY250 billion, ROIC of at least 10%, ROE of at least 10%, and EPS of JPY400 or more by fiscal 2024. In terms of non-financial targets, we have set 10+1 goals that indicate the social value to be created by the OMRON Group and secure our ability to compete in the future. Specifically, we have set targets that will reflect the transformation of corporate operations and organizational capabilities, and targets that reflect stronger environmental and human rights initiatives. These targets include raising the ratio of women in management to at least 18% on a global basis and achieving Carbon Zero at all 76 sites in Japan. In addition, we will establish three of the non-financial targets by global employee vote. As all employees strive to achieve these targets, their efforts will become an engine for the strong acceleration of group value creation. Last, we have set a “+1” target: for top management of each region to declare their commitment to contribute to local communities in alignment with OMRON’s Sustainability Policy.

Reference:

For further details about the Long-Term Vision and Medium-Term Management Plan, please refer to the following website.

https://www.omron.com/global/en/ir/irlib/sf_info/

[Management Plan for the Next Fiscal Year]

<Fiscal 2021 Results>

In fiscal 2021, we began executing business operations under the policies of maximizing our resilience in the face of change and accelerating the shift of our business structure. However, fiscal 2021 was a year that required us to respond to a rapidly changing external environment that included supply chain disruptions, the re-emergence of COVID-19 infections, and the situation in Ukraine. Despite these challenges, we captured robust demand and recorded a historic high for operating income. At the same time, our businesses took steps toward sustainable growth, such as the creation of innovative applications in the Industrial Automation Business and the development of telemedicine services in Europe and the United States in the Healthcare Business. Through the capital and business alliance with JMDC Inc. (hereinafter, “JMDC”) announced in February, we aim to develop a database platform business for solutions in health promotion and the prevention of serious illnesses. We are working with JMDC on business concepts, value development, and business operations in data-based services, and we will accelerate OMRON Group data-driven businesses by applying the knowledge we gain here to our Industrial Automation Business and Social Systems, Solutions and Service Business.

<Fiscal 2022 Policies and Action Plans>

In fiscal 2022, which is the first year we will operate under “SF 1st Stage,” we are pursuing a policy of “changing gears to create new value.” We intend to leverage the assets we have built over time to accelerate growth, as well as to invest for future growth. Even amid continuing product supply constraints, rising inflation, and turmoil in the world order, we aim for growth through our focus domains, demonstrating our resilience in the face of change and to capture global demand, which is generally strong.

We will also change gears to evolve value creation at a higher stage to execute our long-term vision and medium-term management plan successfully. To this end, we will focus on the following five key initiatives.

1. Expand and stabilize product supply

We will demonstrate our resilience in the face of change and enhance our product supply capabilities in the face of supply chain disruptions, including limited supplies of parts and materials due to increased demand. Specifically, we will continue efforts in ongoing negotiations with suppliers and in switching procured parts and materials via design changes. In addition, we will develop supply chain strategies to further enhance resilience from a medium- to long-term perspective.

2. Optimize selling price levels in an inflationary environment

In response to the rapid advancements in inflation that began in fiscal 2021, we plan to add value by engaging in appropriate price revisions, addressing unprofitable products through portfolio management, and achieving growth through highly profitable businesses.

3. Create new social value

To achieve sustainable sales growth, we will look at customer needs from the perspective of services, combining products and services to extend our service businesses. To create new businesses, we will define business categories according to social issues, developing both business models and Sensing & Control + Think technologies for commercialization.

4. Strengthen human resources and DX infrastructure

We intend to be more active than ever before in pursuing initiatives to strengthen human resources. These initiatives include hiring diverse human resources who possess specialties, investing in human resource development to help employees exercise their talents more fully, and a job-based personnel system aimed at improving business productivity and increasing added value. In addition, we will work steadily toward the first-year milestone of our Medium-Term Management Plan to build a DX infrastructure that supports employees in the exercise of their talents.

5. Strengthen sustainability initiatives

To engage with the materialities of decarbonization/lowering the environmental burden and thorough respect for human rights throughout the value chain, business divisions and headquarters departments will work together in formulating plans and implementing initiatives on a consistent basis.

Our financial targets for fiscal 2022 are net sales of JPY850 billion (+11% year on year), operating income of JPY93 billion (+4%), ROIC of at least 10% (+0.4 percentage points), ROE of at least 10% (+0.3 percentage points), and EPS of JPY316 (+JPY10.6). Our plans for non-financial targets in fiscal 2022 are shown below.

Non-Financial Targets

Medium-Term Management Plan Targets	Targets for FY2022
1) Grow sustainability sales (*1) 45% vs. FY2021 (reflects contribution to solving 3 social issues)	+15% vs. FY2021
2) Raise ratio of women in management roles above 18% on a global basis	17.4%
3) Hire disabled individuals at 28 overseas bases; maintain 3% level achieved in Japan	26 overseas bases / 3% in Japan
4) Reduce Scope 1 & 2 GHG emissions by 53% versus FY2016	-51% vs. FY2016
5) Achieve Carbon Zero at all 76 domestic locations	9 locations
6) Implement human rights due diligence in alignment with UNGP and develop mechanism for remedying abuses in the value chain	Identify human rights issues / Establish and test primary remedy mechanism
7) Continue to make solid advances on sustainability initiatives to maintain inclusion in DJSI World	Selected to DJSI World
8) 100% participation by global managers in management training to effectively capitalize on the capabilities of diverse human resources	40%
9) In all regions, introduce a training program covering the basic knowledge required for DX: statistics, data analytics, AI and others	Create training program / Trial in Europe
10) Make full use of digital tools to reduce use of paper	-40% vs. FY2019
+1 Top management of each region to declare their commitment to local communities in alignment with OMRON's Sustainability Policy	Declaration/execution ongoing in all areas

(*1) Sales of focus domains that lead to achieving carbon neutrality, realizing a digital society, and extending healthy life expectancy.

(*2) Targets 8) to 10) were decided by employee vote.

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

(JPY millions)

	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)	85th term (April 1, 2021 to March 31, 2022)
Net Sales	732,306	732,581	677,980	655,529	762,927
Operating Income	77,186	67,254	54,760	62,480	89,316
Income before Income Taxes from Continuing Operations	75,133	65,912	51,836	65,089	86,714
Net Income Attributable to OMRON Shareholders	63,159	54,323	74,895	43,307	61,400
Basic Net Income Attributable to OMRON Shareholders per Share (JPY)	296.85	260.78	365.26	214.72	305.65
Total Assets	744,952	749,878	758,124	820,379	930,629
Shareholders' Equity	505,530	504,212	530,415	606,858	665,227
Shareholders' Equity per Share (JPY)	2,400.37	2,455.24	2,626.62	3,009.15	3,339.64
Return on Equity (%)	13.0	10.8	14.5	7.6	9.7

Notes: 1. The Company prepares its Consolidated Financial Statements in accordance with generally accepted accounting principles in the United States (U.S. GAAP).

Operating income is presented as gross profit less selling, general and administrative expenses and research and development expenses.

2. With the transfer of the Automotive Electronic Components Business (AEC, Automotive Business), the business was classified as a discontinued operation in accordance with the Financial Accounting Standards Board (FASB) Accounting Standard No. 205-20 "Presentation of Financial Statements - Discontinued Operations". Some of the figures for the 81st and 82nd terms have been reclassified into the amounts for continued businesses excluding the discontinued business.

Non-Consolidated Financial Position and Operating Results

(JPY millions)

	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)	85th term (April 1, 2021 to March 31, 2022)
Net Sales	320,048	324,908	295,651	258,494	310,989
Ordinary Income	38,275	49,135	28,122	23,562	42,084
Net Income	30,458	45,017	79,376	18,503	23,250
Net Income per Share (JPY)	143.15	216.11	387.12	91.74	115.74
Total Assets	485,113	464,405	510,158	537,742	606,482
Net Assets	257,956	259,824	302,811	298,916	277,159
Net Assets per Share (JPY)	1,224.83	1,265.20	1,499.52	1,482.20	1,391.42

(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
Healthcare Business	OMRON HEALTHCARE Co., Ltd.	5,021	100.0	Healthcare and medical devices
Social Systems, Solutions and Service Business	OMRON SOCIAL SOLUTIONS Co., Ltd.	5,000	100.0	Social systems
Electronic and Mechanical Components Business	OMRON RELAY & DEVICES CORPORATION	300	100.0	Electronic components for home appliances and communications 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 CNY) 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 U.S. dollars) 23,465	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 119 consolidated subsidiaries and 36 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, 2022)

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 HEALTHCARE Co., Ltd. (Muko City, Kyoto Pref.) OMRON SOCIAL SOLUTIONS Co., Ltd. (Minato-ku, Tokyo) OMRON RELAY & DEVICES CORPORATION (Yamaga City, Kumamoto 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, 2022)

Number of employees	Change from March 31, 2021
29,020	Increase of 766 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, 2022)

Japan	The Americas	Europe	Greater China	Southeast Asia and others	Total
10,143	2,000	2,329	8,828	5,720	29,020
35%	7%	8%	30%	20%	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

Lender	Amount lent
Sumitomo Mitsui Banking Corporation	JPY 20,000 million

(10) Other Important Matters Regarding the Current State of the OMRON Group

The Company entered into a capital and business alliance (hereinafter, the “Alliance”) with JMDC at the Board of Directors meeting held on February 22, 2022. The Company resolved to conclude a capital and business alliance agreement (hereinafter, the “Agreement”) and acquire the common stock of JMDC from Noritsu Koki Co., Ltd. (hereinafter, the “Acquisition”), and concluded the Agreement on the same day.

The OMRON Group and JMDC Group (hereinafter collectively referred to as “both Groups”) plan to develop core health data platforms that are enhanced by linking data possessed by both Groups to deliver health promotion and aggravation prevention solutions with the goal of zero cardiovascular disease events and making a contribution to balancing longer healthy life expectancy with the optimization of medical costs. In addition, both Groups will partner to accelerate the evolution of solutions into the fields of disease prevention, pre-symptomatic illness, disease treatment and nursing care. Moreover, as both Groups grow business in Japan, both Groups will leverage the know-how and solutions for overseas markets. Through these efforts, both Groups aim to realize a vision for the future where both Groups contribute to the improvement of public health around the world and facilitate savings in medical expenses.

OMRON Group aims to maximize the corporate value of both Groups by generating business synergies through the Alliance while fully respecting the JMDC Group's entrepreneurial corporate culture and management independence.

1. Details of the Acquisition

(1) Number of shares acquired: 18,644,100 shares (shareholding ratio: 33.0%*)

(2) Total acquisition price: JPY 111,865 million (acquisition price per share: JPY 6,000)

*Ratio to the total number of issued shares as of February 14, 2022.

2. Execution Date of the Acquisition

February 25, 2022

2. Stock Information (As of March 31, 2022)

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

(2) Total Number of Shares Issued 206,244,872 shares
(including 6,447,213 shares of treasury stock)

(3) Number of Shareholders 29,390

(4) Major Shareholders (Top Ten Shareholders)

Shareholder	Number (thousands of shares)	Percentage Held (%)
The Master Trust Bank of Japan, Ltd. (trust account)	45,062	22.55
Custody Bank of Japan, Ltd. (trust account)	14,429	7.22
The Bank of Kyoto, Ltd.	7,069	3.53
MUFG Bank, Ltd.	5,143	2.57
SSBTC Client Omnibus Account	4,678	2.34
Moxley and Co LLC	4,031	2.01
State Street Bank and Trust Company 505223	4,029	2.01
Nippon Life Insurance Company	3,640	1.82
State Street Bank West Client - Treaty 505234	3,186	1.59
Custody Bank of Japan, Ltd. (securities investment trust account)	2,932	1.46

- Notes: 1. The percentage of shares is calculated excluding treasury stock.
2. Although the Company holds 6,447 thousand shares of treasury stock (the ratio to a total of shares issued: 3.12%), 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 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, the Company has not been able to confirm the number of shares substantially possessed by the company, and therefore these shares are not included in major shareholders stated above.
4. 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 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, the Company has not been able to confirm the number of shares substantially possessed by the company, and therefore these shares are not included in major shareholders stated above.
5. 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 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, the Company has not been able to confirm the number of shares substantially possessed by the company, and therefore these shares are not included in major shareholders stated above.
6. On March 22, 2022, BlackRock Japan Co., Ltd. filed an amendment to the major shareholding status report, which is open to public, stating that its 12 group companies held 16,217 thousand shares of the Company (representing 7.86% of the total number of shares issued) as of March 15, 2022. However, the Company has not been able to confirm the number of shares substantially 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	3	2	5	36	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

The breakdown of stock compensation issued during the fiscal year under review is as follows.

Total of shares issued to Directors and other officers by category

	Number of shares	Number of recipients
Directors (excluding Outside Directors)	68,600	5
Outside Directors	-	-
Audit & Supervisory Board Members	-	-

Notes: 1. The shares issued during this period were issued as medium- to long-term performance-linked compensation (stock compensation) for the four fiscal years from fiscal 2017 to fiscal 2020.

- Regarding the Company's stock compensation, the trust shall grant the Company's shares corresponding to the points awarded. The target persons shall receive the Company's shares corresponding to 50% of the number of points granted (odd-lot shares shall be rounded off), and with respect to the Company's shares corresponding to the number of remaining points, an amount of money equivalent to the converted value of such Company's shares shall be paid after conversion under the trust. The shares for which monetary payments have been made through this conversion are not included in the number of shares in the above table.

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 and Senior General Manager of Technology & Intellectual Property HQ (retired as Senior General Manager of Technology & Intellectual Property HQ in March 2022) 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 CEO Selection Advisory Committee Vice Chairman of the Personnel Advisory Committee Vice Chairman of the Compensation Advisory Committee
Outside Director	Eizo Kobayashi [Outside Executive] [Independent Officer]	Chairman of the CEO Selection Advisory Committee Chairman of the Corporate Governance Committee Member of the Personnel Advisory Committee (retired as Chairman in June 2021) 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 (retired in June 2021)

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 CEO Selection Advisory Committee Member of the Personnel Advisory Committee Chief Consultant of Contemporary Amperex Technology Japan KK Mission Executive of TDK Corporation (retired in June 2021) 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]	Chairman 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)	Shuji Tamaki	
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 Sampo 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 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 21 to 22.

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 1.22% of the total number of shares issued.

3. Mr. Takehiro Kamigama serves as Mission Executive of TDK Corporation (“TDK”) (retired in June 2021), 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. 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.
 9. Changes in Audit & Supervisory Board Members’ positions in the fiscal year under review are as follows.
 (Appointment) At the 84th Ordinary General Meeting of Shareholders held on June 24, 2021, Mr. Shuji Tamaki was newly elected and appointed as an Audit & Supervisory Board Member.
 (Retirement) At the close of the 84th Ordinary General Meeting of Shareholders held on June 24, 2021, Mr. Kiichiro Kondo retired from the position of Audit & Supervisory Board Member.
 10. Executive Officers as of April 1, 2022 are as follows.

Title	Name	Position
* President	Yoshihito Yamada	CEO
* Senior Managing Executive Officer	Kiichiro Miyata	CTO
* Senior Managing Executive Officer	Koji Nitto	CFO and Senior General Manager of Global Strategy HQ
Managing Executive Officer	Shizuto Yukumoto	Company President of Device & Module Solutions 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	Senior General Manager of Global Business Process and IT Innovation HQ
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	Tsutomu Igaki	Senior General Manager of Global Investor & Brand Communications HQ

Title	Name	Position
Executive Officer	Jian Xu	President and CEO of OMRON (CHINA) CO., LTD.
Executive Officer	Kenji Eda	Senior General Manager of Global Procurement, Quality and Logistics HQ
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	Katsuhiro 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, Device & Module Solutions 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
Executive Officer	Masato Nishiyama	Senior General Manager, Manufacturing and Supply chain Management Division HQ, Industrial Automation Company
Executive Officer	Ayumu Okada	Executive Officer & Senior General Manager, Management Strategy HQ, OMRON HEALTHCARE Co., Ltd.
Executive Officer	Masaki Suwa	Senior General Manager, Technology & Intellectual Property HQ and President and CEO, OMRON SINIC X Corp.
Executive Officer	Toyoharu Tamoi	Senior General Manager, Global Finance and Accounting HQ
Executive Officer	Andre Van Gils	Executive Officer & Senior General Manager, Global Sales and Marketing Group HQ, OMRON HEALTHCARE Co., Ltd.

Note: Executive Officers marked with * concurrently serve as Director.

(2) Summary of Details of Indemnity Agreements and Directors and Officers Liability Insurance Contracts

1) Summary of Details of Indemnity Agreements

The Company has concluded an indemnity agreement with Mr. Fumio Tateishi, Mr. Yoshihito Yamada, Mr. Kiichiro Miyata, Mr. Koji Nitto, Mr. Satoshi Ando, Mr. Eizo Kobayashi, Mr. Takehiro Kamigama, Ms. Izumi Kobayashi, Mr. Shuji Tamaki, Mr. Kiyoshi Yoshikawa, Mr. Hideyo Uchiyama and Mr. Tadashi Kunihiro, which indemnifies them 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. However, there are certain exemptions, such as no compensation for liability arising from actions taken with knowledge that they are in violation of laws and regulations.

2) Summary of Details of Directors and Officers Liability Insurance Contracts

The Company has entered into a directors and officers liability insurance contract with an insurance company under Article 430-3, Paragraph 1 of the Companies Act for all the Directors, Audit & Supervisory Board Members and officers of the Company and its subsidiaries as insured persons, and the Company bears the full amount of all insurance premiums for the insured persons.

In the event of a claim for damages submitted by a shareholder or a third party, the said insurance contract shall compensate for damages including compensation for damages and legal expenses to be borne by the insured persons.

As a measure to ensure that the properness of the performance of duties by the insured is not impaired, compensation for damages arising from intentional or criminal acts taken by the insured are not covered by the insurance contract.

(3) 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]:	8 [3]	348 [48]	299 [—]	245 [—]	892 [48]
Audit & Supervisory Board Members [Audit & Supervisory Board Members (Independent)]:	5 [2]	98 [30]	— [—]	— [—]	98 [30]
Total [Outside Executives included in total]:	13 [5]	446 [78]	299 [—]	245 [—]	990 [78]

Notes: 1. The amounts include compensation paid to one Audit & Supervisory Board Member who retired at the close of the 84th Ordinary General Meeting of Shareholders held on June 24, 2021.

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 85th term (fiscal year ended March 31, 2022), 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 84th Ordinary General Meeting of Shareholders held on June 24, 2021 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 from fiscal 2021 to fiscal 2024. 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. The final calculation of the number of points to be granted and the actual delivery will be carried out after the end of the target period from fiscal 2021 to fiscal 2024, but the 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 financial targets evaluation (EPS, ROE) from fiscal 2021 to fiscal 2024, the sustainability evaluation (reduction of greenhouse gas emissions, score of Sustainable Engagement Index (SEI) in engagement survey and Dow Jones Sustainability Indices) targets and achievements, as well as the corporate value evaluation (relative TSR), and determined by resolution of the Board of Directors based on discussions by and recommendations from the Compensation Advisory Committee.

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:

$$\text{Base salary} : \text{Short-term performance-linked compensation (bonuses)} : \text{Medium-to-long-term, performance-linked compensation (stock compensation)} = 1 : 1 : 1.5^*$$

*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.

$$\text{Base amount for each position} \times \left(\text{Performance score (Operating income 50\%, net income 50\%)} \times \text{ROIC score} \right) = \text{Short-term performance-linked compensation (bonuses)}$$

(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.

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.

$$\text{Base amount for each position} \times \left(\text{Financial targets evaluation: 60\%} + \text{Corporate value evaluation: 20\%} + \text{Sustainability evaluation: 20\%} \right) = \text{Performance-linked portion}$$

	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 = TSR ÷ 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

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 for Directors, and the President shall resolve to limit the payment of stock-based compensation for Executive Officers.

(5) Performance indicators of performance-linked compensation

- The performance indicators for short-term performance-linked compensation (bonuses) were set from the short-term management plan’s indicators for financial targets towards the realization of the Short-Term Management Plan based on the medium-term management plan “SF 1st Stage” (fiscal 2022 to fiscal 2024).
- The performance indicators for medium- to long-term performance-linked compensation (stock compensation) were set from the Medium-Term Management Plan’s indicators for financial targets, non-financial targets and strategic targets towards the realization of the medium-term management plan “SF 1st Stage” (fiscal 2022 to fiscal 2024). In addition, the long-term vision for 2030 “SF2030” aims to maximize corporate value, and indicators for directly evaluating corporate value have been set.

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.

(4) 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 39 to 41).

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 CEO Selection Advisory Committee and Corporate Governance Committee, and Member of the Personnel Advisory Committee and 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 CEO Selection Advisory Committee, and Member of the Personnel Advisory Committee.
	Izumi 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 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 Chairman 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 periodically exchanged opinions with the President and CEO, held interviews with Directors and Executive Officers, and exchanged information with the Accounting Auditor. He currently serves as Member of the Corporate Governance Committee.
	Tadashi Kunihiro	Attended all 13 of the 13 Board of Directors meetings and all 13 of the 13 Audit & Supervisory Board meetings held during the period, and made statements particularly in terms of the Company's internal control and risk management as necessary from an expert perspective as a lawyer to ensure the legality and appropriateness of decision-making by the Board of Directors. In accordance with the audit policy and plan determined by the Audit & Supervisory Board, he periodically exchanged opinions with the President and CEO, and held interviews with 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.

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, 2022

1)	Total amount of compensation to be paid to the Accounting Auditor by the Company and its subsidiaries	JPY 281 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 266 million
3)	Of the total amount in 2), amount of compensation as Accounting Auditor to be paid by the Company	JPY 210 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)

The Company entrusts the Accounting Auditor with advisory services related to financial reporting, which is a service other than services of Article 2-1 of the Certified Public Accountants Act (Non-Audit Services), and pays them accordingly.

(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. As a global company, the OMRON Group aims to create a better society through the resolution of various social issues globally. To achieve this goal, it is becoming increasingly important that all employees around the world take action based on an understanding of our stance towards the corporate principles. The OMRON Group is reinforcing efforts to put the corporate principles into practice on a global scale. Going forward, the OMRON Group will contribute to the development of society and the improvement of people’s lives 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

- **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 and solve social issues through our business.
- 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 CEO Selection Advisory Committee, the Personnel 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 25 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 CEO Selection Advisory Committee, the Personnel 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 determines and discloses significant management visions and policies, including:
 - Sustainability policies, material sustainability issues and targets (including climate change risk initiatives based on frameworks such as TCFD)
 - Key business strategies for focused domains (including the business portfolio)
 - Technology strategies/intellectual property strategies, human resource strategies
- The Board of Directors selects significant management visions and policies as focus themes while responding to changes in the business environment and continuously exercising its oversight functions.

- The Board of Directors determines the policy for the operation of the Board of Directors and focus themes every year based on the evaluation of the Board of Directors' effectiveness and exercises its oversight functions.
- The Board of Directors is also responsible for seeking timely explanations when Audit & Supervisory Board Members, Accounting Auditors or the Internal Audit Division have discovered and pointed out fraud within the OMRON Group 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 Board of Directors shall consist of human resources who possess the experience, specialized knowledge and insights necessary for the realization of the management vision.
- The Board of Directors' skill matrix shall be disclosed.
- The CEO Selection Advisory Committee dedicated to the deliberation and nomination of candidates for CEO, which is the top-priority matter in management oversight, is attached to the Board of Directors. The Personnel Advisory Committee concerns the nomination and personnel evaluation of Directors, Audit & Supervisory Board Members, and Executive Officers, and the Compensation Advisory Committee concerns the remuneration of Directors and Executive Officers.
- The CEO Selection Advisory Committee, the Personnel 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 President and CEO does not belong to any advisory committee.
- 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 chairman 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 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.

(2) 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 (experience, specialized knowledge, insights, gender, internationality, age) 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 Managing 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.
- The Personnel Advisory Committee checks the succession planning for management executives (CFO, CTO, etc.)
- 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.

(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.

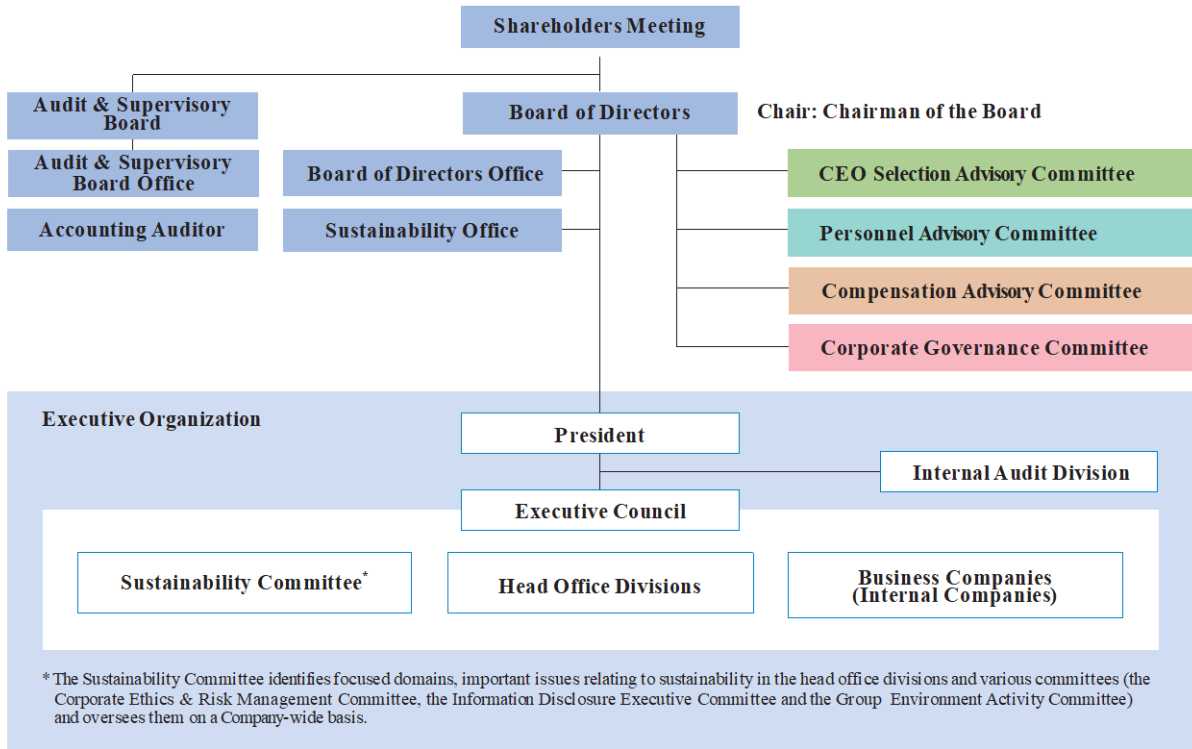
(4) Corporate Governance Committee

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 56 to 58.

【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 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 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 2021

Position	Name	CEO Selection Advisory Committee	Personnel 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)	Shuji Tamaki				
Audit & Supervisory Board Member (Full-time)	Kiyoshi Yoshikawa				
Audit & Supervisory Board Member (Independent)	Hideyi 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

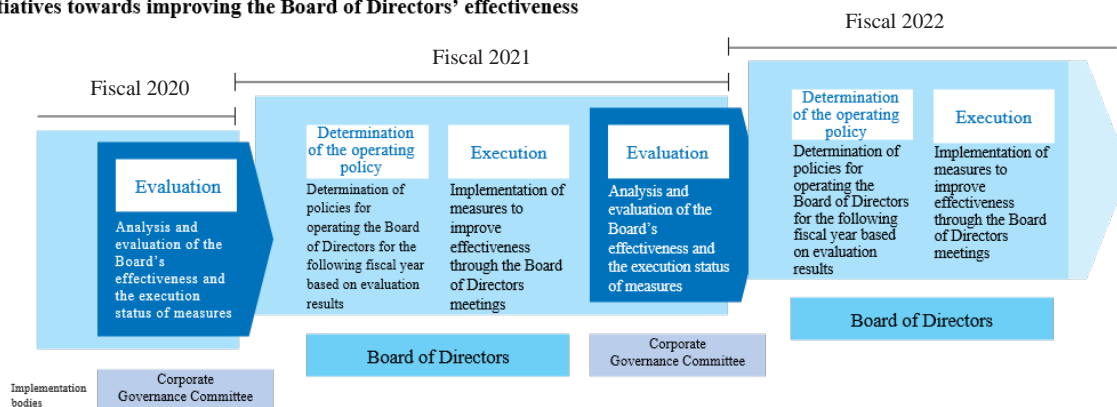
The Company's evaluation of the Board of Directors' effectiveness is conducted by the Corporate Governance Committee chaired by an Outside Director and comprising only Outside Directors and Audit & Supervisory Board Members (Independent) (hereinafter "Outside Executives"). Outside Executives act as members 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 2021

The methods of the evaluation of the Board of Directors' effectiveness and the evaluation items in the self-evaluation for fiscal 2021 are as described below.

2-1. 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. Immediately after each meeting of the Board of Directors, Outside Executives evaluated the Board of Directors and held a review meeting to review 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 on March 1, 2022.
- 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 2022.
- 3) Evaluation by the Corporate Governance Committee
 - The Corporate Governance Committee conducted evaluations of the Board of Directors' effectiveness on March 25 and April 26, 2022.

2-2. 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
 - 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 2021
 - 2) Fiscal 2021 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 2022
 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 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. Policy for the operation and focus themes of the Board of Directors for fiscal 2021

<Board of Directors Operation Policy for Fiscal 2021>

“To enable the OMRON Group to achieve a drastic increase in corporate value over the next 10 years, the 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>

1) **Completion of the next long-term vision and determination of the next medium-term management plan**

<Points to be supervised>

- Response to the new normal era post COVID
 - Initiatives for key sustainability issues
 - Transformation of business model and acceleration of innovation
 - Reform of human resources management
 - Strengthening resilience
- 2) **Response to the increasing geopolitical risks**
- 3) **Checking the progress of establishing a companywide IT system**

Background of the establishment of the policy for the operation and focus themes of the Board of Directors for fiscal 2021 (discussed and decided at the Board of Directors meeting held in May 2021)

Focus theme 1: Completion of the next long-term vision and determination of the medium-term management plan

As the long-term vision “SF2030” (hereinafter, the “Long-Term Vision”) and the medium-term management plan “SF 1st Stage” (hereinafter, the “Medium-Term Management Plan”) begins in fiscal 2022, the Board of Directors confirmed that exercising oversight functions towards the determination of the Long-Term Vision and the Medium-Term Management Plan was a top-priority matter. Accordingly, when determining the Long-Term Vision and the Medium-Term Management Plan, the Board of Directors discussed the improvement of corporate value from a medium- to long-term perspective, including the response to the era post COVID, the strengthening of sustainability initiatives, the transformation of the business model, the acceleration of innovation and the reform of human resources management.

Focus theme 2: Response to the increasing geopolitical risks

As geopolitical risks have a material impact on business and performance, the focus theme from fiscal 2020 was continued and the Board of Directors supervised in a timely and continuous manner.

Focus theme 3: Checking the progress of establishing a companywide IT system

Establishing a companywide IT system is OMRON’s first initiative, and as it is a large-scale decade-long project, the focus themes from fiscal 2019 and fiscal 2020 were continued, and the Board of Directors supervised the progress in fiscal 2021.

4. Results of evaluation of the Board of Directors’ effectiveness for fiscal 2021

4-1. Performance of operation of the Board of Directors

4-1-1. Focus themes

Focus theme 1: Completion of the next long-term vision and determination of the medium-term management plan

■ **Contents of reports and resolutions at the meeting of the Board of Directors**

The business execution division reported the following points to the Board of Directors.

- Beginning with a look back at VG2020, they reported on how OMRON views social issues with a long-term vision, how to create social value, the direction of the evolution of a business model that combine goods and services, initiatives that aim for the realization of a carbon-neutral society, initiatives to respect human rights in the value chain, the concepts of diversity and inclusion, data-driven corporate management based on DX, etc.
- A new initiative to link employee thoughts with Company targets by deciding three out of the eleven non-financial targets of the Medium-Term Management Plan through a vote by all global employees was reported. In addition, in order to raise employee awareness about participation in

the Long-Term Vision, they created and reported an easy-to-understand Long-Term Vision story for employees.

- They reported the introduction of stock compensation for employees as a measure to maximize corporate value in the Long-Term Vision by uniting management, employees and shareholders. After a resolution by the Board of Directors, stock compensation for employees that is linked to the degree of achievement of financial and non-financial targets in the Medium-Term Management Plan was introduced.
- In addition to the strategic and financial targets of the Long-Term Vision, material sustainability issues and Medium-Term Management Plan, the Board of Directors resolved non-financial and strategic targets related to the environment, human rights and diversity, as well as the newly formulated environmental policy and the human rights policy.

■ **Main contents of discussions at the meeting of the Board of Directors**

• **Human resources**

The Board of Directors pointed out the importance of the utilization of human resources for business growth and the evolution of the business model and discussed the need to secure human resources not only through employee training and mid-career hires, but also through M&A and business alliances with other companies.

• **Diversity and inclusion**

The Board of Directors recognized that the concepts of diversity and inclusion lead to the creation of new things through the interaction of diverse values. Moreover, the Board of Directors discussed the need to not only pursue quantitative targets for the number and percentage of women and foreigners, but also to develop substance through the promotion of diversity.

• **Environment**

The Board of Directors recognized the importance of addressing Scope 3 to reduce greenhouse gas emissions not only within the Company, but also in the value chain as a whole, and discussed concrete initiatives to realize carbon neutrality.

• **Disclosure**

There was a discussion concerning the need to clarify the relationship between the Long-Term Vision, the Medium-Term Management Plan and the material sustainability issues in order to increase empathy and resonance with stakeholders, including investors and employees, and the Board of Directors recognized the need to clarify and disclose the relationship among the three.

• **Examination system**

The Board of Directors pointed out the need for the Long-Term Vision and Medium-Term Management Plan to be recognized by all global employees, regardless of whether they are Japanese or foreigners. The Board of Directors discussed the examination project system, the formulation process and the method of disseminating information inside and outside the Company after formulation.

Focus theme 2: Response to the increasing geopolitical risks

■ **Contents of reports at the meeting of the Board of Directors**

The business execution division reported the following points to the Board of Directors.

- After providing an opportunity for economists to explain the relationships and economic conditions of countries that are at conflict from a macro perspective, the Global Strategy H.Q. reported on the business impact of geopolitical risks at OMRON from the perspective of legal regulations, customs, competition, etc.
- In the item on the operational status of the internal control system, it was reported that the geopolitical risk would be raised to the highest rank of the material Group risks in light of the recent tense situation in Russia and Ukraine.

■ **Main contents of discussions at the meeting of the Board of Directors**

- Discussions were held at the Board of Directors on how to reduce the impact of various countries' imposition of regulations on business while hypothesizing the future trends of each country.
- The Board of Directors recognized that how to perceive geopolitical risks is synonymous with thinking about the ideal state of each business and regional headquarters, and discussed the need to increase the speed of management with global flexibility through delegation to each region.

Focus theme 3: Checking the progress of establishing a companywide IT system

■ **Contents of reports and resolutions at the meeting of the Board of Directors**

The business execution division reported the following points to the Board of Directors.

- Beginning with a look back on the basic plan of the new companywide system, they reported on the project promotion system, including the Company and vendors, project progress in fiscal 2021,

initiative planning for fiscal 2021 and beyond, and issue recognition as a business execution division ((1) cost control, (2) scope control, (3) resource securing, and (4) thorough enforcement of Fit to Standard).

- The annual investment plan up until the completion of the project (fiscal 2030) was reported from the perspective of cash flow and profit and loss impact, and the Board of Directors resolved the capital investment plan for fiscal 2022.
- **Main contents of discussions at the meeting of the Board of Directors**
 - The Board of Directors discussed the need to visualize operations before establishing the new system, the need for a prioritized introduction plan based on the characteristics of each area, and the sustainability of the new system.
 - The project is a large-scale decade-long project that requires a reasonable amount of investment, and as it has begun in earnest, the Board of Directors discussed the need for the introduction of a new mechanism for third parties to monitor the progress of the project and to increase the frequency of reports to the Board of Directors.

4-1-2. Significant matters other than the focus themes (business portfolio management)

- **Board of Directors' supervision of M&A and alliances, and business transfers**
 - The Board of Directors regularly checks and discusses M&A candidates, mainly in the FA and healthcare fields, using long lists and short lists.
 - M&A, including minority investments, and alliances with other companies were discussed from a wide range of perspectives at the Board of Directors meeting in 2021. In addition to the acquisition of the common stock of JMDC, investment into Techman Robot, a cooperative robot manufacturer in Taiwan (investment ratio: about 10%), and the initiatives of the corporate venture capital company OMRON VENTURES CO., LTD. were reported. Moreover, while working to transform the business model and create new businesses, the Board of Directors promoted the strengthening of business portfolio management, as well as discussed and resolved on the transfer of semiconductor/MEMS (Micro Electro Mechanical Systems) factories and MEMS development/production functions to MinebeaMitsumi Inc.

- **Acquisition of JMDC common stock**

- Contents of reports and resolutions at the meeting of the Board of Directors**

- The business execution division reported the following points to the Board of Directors.

- The business execution division reported to the Board of Directors that it was considering acquiring the common stock of JMDC, a company that operates a healthcare data platform business. Regarding the acquisition of JMDC's common stock, the business execution division aims to develop personalized aggravation and nursing care prevention solutions that support prescription medication treatments and patient lifestyle changes, by predicting the risk of the onset of individual patient events (possibility and timing). They aim to offer these solutions through the analysis of medical data that the JMDC Group possesses (such as medical prescriptions and medical examinations) combined with blood pressure, vital signs and levels of physical activity data gathered by OMRON.
 - This is OMRON's largest investment project ever, and it was discussed from various perspectives. The Board of Directors resolved to acquire 33.0% of JMDC's common stock for JPY 111,864.6 million (JPY 6,000 per share) and to conclude a capital and business alliance with JMDC.

- Main contents of discussions at the meeting of the Board of Directors**

- The Board of Directors discussed how the combination of medical data possessed by the JMDC Group (such as medical prescriptions and medical examinations) and data possessed by OMRON (such as blood pressure, vital signs and levels of physical activity data) will lead to health promotion and aggravation prevention measures with the goal of Zero Events.
 - In addition to co-creating a business with JMDC, the importance of learning the good points of JMDC's organizational culture was discussed, and the Board of Directors recognized the need to learn from JMDC and utilize the knowledge gained in OMRON's management.
 - The Board of Directors recognizes the need to build a dedicated team at both companies not only at the management level, but also at the basic operating level to accelerate discussions and lead to the creation of new businesses in order to collaborate with JMDC.
 - The Board of Directors discussed the appropriate acquisition price of common stock in terms of both risk and return, taking into consideration the impairment risk after the acquisition of common stock.

4.2 Evaluation by the Corporate Governance Committee

The Corporate Governance Committee conducted evaluations of the Board of Directors' effectiveness during fiscal 2021 and reported the following evaluation results at the Board of Directors meeting held on May 16, 2022.

4-2-1. General comments on evaluation

The Corporate Governance Committee commended and requested the following points regarding the Board of Directors in fiscal 2021.

- Points commended
 - Based on the policy for the operation of the Board of Directors and the focus themes for fiscal 2021, the Board of Directors exercised their supervisory functions from various points of view from a short-term and medium- to long-term perspective.
 - As the percentage of items centered on discussions about focus themes was more than 70% of the time required for the Board of Directors meetings, the Board of Directors fulfilled their function as a monitoring board for improving corporate value over the medium to long term.
 - In response to the presentation by the business execution division, the Outside Directors had various opinions and suggestions from the viewpoint of management and the Audit & Supervisory Board Members (Independent) had various opinions and suggestions from the viewpoint of legality and appropriateness, which enhanced the feasibility of strategies. Moreover, there was an increase in remarks from the perspective of Audit & Supervisory Board Members (Full-time), such as the sharing of information obtained by internal Audit & Supervisory Board Members through on-site inspections.
- Points requested
 - Internal Executives should speak more actively based on their respective roles, experience and expertise in order to deepen two-way discussions with Outside Executives.
 - The reported items of the Board of Directors should further clarify issues and report them in order to enhance discussions about solving issues.

4-2-2. Individual evaluation

The Corporate Governance Committee commended and requested the following points regarding the Board of Directors in fiscal 2021.

- Points commended
 - The Board of Directors fulfilled a significant role by recognizing that “completion of the next Long-Term Vision and determination of the Medium-Term Management Plan” was a top-priority matter within the focus themes and completing it after a total of six meetings over a two-year period.
 - The Board of Directors clarified their responsibility towards sustainability initiatives by approving financial and non-financial targets as management targets in the Medium-Term Management Plan after identifying material sustainability issues in the Long-Term Vision.
 - The newly introduced stock compensation for employees was a measure that allowed management, employees and shareholders to work together to maximize corporate value in the Long-Term Vision, and it is a compensation system that is more effective than conventional monetary compensation and enhances employee motivation. In addition, management's intention to practice management with multi-stakeholder awareness inside and outside the Company was concretely shown.
 - Considering the situation in Russia and Ukraine, as well as from the perspective of how to set up a risk management network in an era characterized by Volatility, Uncertainty, Complexity and Ambiguity (VUCA), the Board of Directors showed good foresight by continuing the focus theme “response to the increasing geopolitical risks” from fiscal 2020 in fiscal 2021.
 - Regarding “checking the progress of establishing a companywide IT system,” understanding of the overall picture of the project, the progress at the present time and the approval of the investment plan were a result of continuously exercising supervisory functions as a focus theme since fiscal 2019. In addition, the Board of Directors agreed to the introduction of a new mechanism for third parties to monitor the progress of the project and to increase the frequency of reports to the Board of the Directors.
 - The Board of Directors has continuously considered growth investments such as M&A in order to improve corporate value over the medium to long term and approved the acquisition of JMDC's common stock. Regarding the acquisition of JMDC's common stock, in addition to the goal of creating a healthcare data platform business, the significance of acquiring JMDC's common stock developed into discussions concerning what OMRON can learn from JMDC's

organizational culture and how it can be utilized in OMRON's management in an era of rapid change, and thus the Board of Directors fulfilled a significant role.

- Points requested
 - Regarding the “Long-Term Vision and the Medium-Term Management Plan,” “response to the increasing geopolitical risks” and “checking the progress of establishing a companywide IT system,” the Board of Directors should continue to exercise its supervisory functions in fiscal 2022, including progress.

4.3 Initiatives on information sharing opportunities and evaluation by the Corporate Governance Committee

4-3-1. Initiatives on information sharing opportunities

■ On-site visits

Opportunities are provided for Outside Executives to visit major bases, exhibitions, etc. and participate in in-house events, which leads to an improvement in understanding of the Company's business and organizational culture.

■ Outside Executives' and Accounting Auditor's opinion exchange meeting (continuously held from fiscal 2015)

Supervisory and auditing functions are being strengthened by sharing the viewpoints of the Accounting Auditor with Outside Executives. In addition, through this approach, we are building a relationship in which Outside Executives directly exchange information about risks in the Company with the Accounting Auditor.

■ Interviews by the Chairman of the Board of Directors (continuously held from fiscal 2016)

The Chairman of the Board of Directors holds individual interviews with Directors and Audit & Supervisory Board Members once a year to discuss improvement plans related to the operation of the Board of Directors.

■ Outside Executives' and top Executives' opinion exchange meeting (continuously held from fiscal 2019)

Opportunities are provided for the exchange of opinions between Outside Executives and top Executives, which leads to an improvement in understanding of the Company's business and organizational culture.

■ Board of Directors review (held from fiscal 2021)

Outside Executives conduct a review of the Board of Directors immediately after meetings of the Board of Directors. Outside Executives sharing amongst themselves what they felt immediately following meetings of the Board of Directors leads to the improvement of the evaluation of the Board of Directors.

■ Observation of Executive Committee meetings (held from fiscal 2021)

Outside Executives may observe Executive Committee meetings (management meetings by Executives), as fully understanding the situation of the business execution division will lead to the expansion of the breadth and depth of discussions at the Board of Directors meetings.

4-3-2. General comments on evaluation

The Corporate Governance Committee commended the implementation of various initiatives on information sharing opportunities for Outside Executives to deepen their understanding of organizational culture and the situation of the business execution division in order to improve the effectiveness of the Board of Directors.

4-3-3. Individual evaluations

The Corporate Governance Committee commended the following points regarding individual information sharing opportunities.

■ On-site visits

- Due to the impact of COVID-19, on-site visits did not take place in fiscal 2020, but in fiscal 2021, the committee visited the Ayabe factory, automation centers and robot exhibitions, and we deepened our understanding of the production status of the Company's main business, the Industrial Automation Business (IAB), and applications that combine multiple products and software.
- Going forward, in order to deepen the understanding of business content and organizational culture, the effectiveness of on-site visits will be further enhanced through the creation of opportunities to hear the voices of on-site staff.

■ Outside Executives' and Accounting Auditor's opinion exchange meeting

- At the opinion exchange meeting between Outside Executives and the Accounting Auditor in fiscal 2020, the committee did not dig deeper into management issues due to differences in

perspectives and positions, but in fiscal 2021, efforts were made to match the perspectives of both parties before the exchange of opinions took place, which led to deeper discussions.

- The Accounting Auditor raised current issues and potential risks such as goodwill impairment risks, securing accounting personnel in emerging countries and unification of accounting IT systems globally, which led to a deeper understanding of the items of the Board of Directors.

■ **Interviews by the Chairman of the Board of Directors**

- Interviews by the Chairman of the Board of Directors are an opportunity for the Chairman of the Board of Directors and each member of the Board of Directors to discuss issues and directions for the future, and they are beneficial as a place for frank exchanges of opinions.

■ **Observation of Executive Committee meetings**

- The establishment of a mechanism that allows Outside Executives to observe Executive Committee meetings makes it possible to directly check the details, quality, quantity, etc. of the discussions of the business execution division before presentation to the Board of Directors, and it is beneficial from the perspective of exercising supervisory functions.
- Listening to the remarks of top Executives at Executive Committee meetings will help determine who will become the next generation of top 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 has promoted integrated responses to compliance and risk management matters through the Corporate Ethics & Risk Management Committee.

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

(1) Compliance

The OMRON Group has 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, offering compliance training, and familiarizing officers and employees with the whistle-blower system. 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 trainings were held for the prevention of insider trading. Furthermore, the internal audit department conducted operational audits on the divisions of the OMRON Group on a risk basis.

During the fiscal year under review, the OMRON Group Rules, which are the common management basis for the Group, were reviewed to reflect changes in the environment, such as revisions to the Act on the Protection of Personal Information and the Whistleblower Protection Act. In addition, regarding the whistle-blower system, the Company registered with the Consumer Affairs Agency's Whistleblowing Compliance Management System (Registration System for Self-Declaration of Conformity), and strove to improve the reliability of the consultation desk.

(2) Risk management

Based on the OMRON Group Rules for Integrated Risk Management, risks influencing the OMRON Group are identified each year from a global perspective, and upon analyzing such risks, critical risks for the OMRON Group are designated by the Executive Committee. The OMRON Group confirmed the progress made on risk countermeasures with the Corporate Ethics & Risk Management Committee on a quarterly basis and systematically promoted its risk management initiatives. 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 OMRON Group continued to work 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, the Group responded to the business impact caused by Russia's invasion of Ukraine and, regarding the rapidly changing geopolitical risks, 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 and increased the speed of management by further improving the quality of discussions at Executive Committee meetings in response to drastic changes in the environment.

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. Continuing from last year, audits at subsidiaries in Japan and overseas were conducted by utilizing online conference tools due to the impact of COVID-19.

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, the Board further strengthened communication with Outside Directors and expanded opportunities for opinion exchanges. Moreover, the Board worked to improve its effectiveness by deepening discussions regarding the evolution and enhancement of audits.

(5) Cash Allocation Policy and Shareholder Returns Policy

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.

Cash Allocation Policy

- 1) Aiming to maximize corporate value through the realization of the long-term vision, OMRON prioritizes the necessary investments to create new value from the medium- and long-term perspectives. During the medium-term management plan from fiscal 2022 to fiscal 2024 (SF 1st Stage), priority will be placed on investments for solving social issues, creating social needs, developing human resources, promoting research and development, capital investments to ramp up production capacity and advance the digital transformation (DX), and investments in growth initiatives such as M&A&A (merger, acquisition, and alliance), as well as investments in sustainability initiatives such as de-carbonization and reduction of our environmental impact and incorporation of respect for human rights in the value chain, while at the same time returning profits to shareholders in a stable and sustainable manner.
- 2) Such investments for value creation and shareholder returns will be, at least in principle, sourced from internal reserves and operating cash flows that are generated continually, as we use appropriate financing facilities when necessary. We will maintain a degree of financial soundness that allows us to seek financing regardless of the current financial situation.

Shareholder Returns Policy

- 1) With priority being placed on the investments necessary for value creation over the medium- and long-term, annual dividends will be based on "dividends on equity (DOE) of around 3%." With the past dividend records also being taken into account, we will ensure stable and sustainable shareholder returns.
- 2) OMRON will distribute retained earnings accumulated over the long term after making the above investments and profit distribution to shareholders through strategic share buybacks and other measures.

Moreover, a DOE of around 3% is applied for the annual dividend for the current fiscal year (fiscal 2021).

(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	85th term (As of March 31, 2022)	(Reference) 84th term (As of March 31, 2021)	Item	85th term (As of March 31, 2022)	(Reference) 84th term (As of March 31, 2021)
ASSETS			LIABILITIES		
Current Assets:	482,905	514,432	Current Liabilities:	211,672	161,370
Cash and cash equivalents	155,484	250,755	Notes and accounts payable — trade	86,827	69,561
Notes and accounts receivable — trade	151,820	135,161	Short-term borrowings	20,000	—
Allowance for doubtful receivables	(798)	(756)	Accrued expenses	48,365	44,441
Inventories	141,935	103,265	Income taxes payable	5,657	3,504
Assets held for sale	363	—	Short-term operating lease liabilities	11,549	11,179
Other current assets	34,101	26,007	Other current liabilities	39,274	32,685
Property, Plant and Equipment:	122,098	113,028	Deferred Income Taxes	2,177	1,671
Land	20,926	19,778	Termination and Retirement		
Buildings	130,863	124,404	Benefits	8,194	7,598
Machinery and equipment	174,184	153,142	Long-term operating lease		
Construction in progress	4,748	3,281	liabilities	28,567	27,709
Accumulated depreciation	(208,623)	(187,577)	Other Long-Term Liabilities	12,048	12,673
Investments and Other Assets:	325,626	192,919	Total Liabilities	262,658	211,021
Right-of-use assets under operating leases	39,746	38,153	NET ASSETS		
Goodwill	39,718	39,160	Shareholders' Equity:	665,227	606,858
Investments in and advances to affiliates	124,691	13,159	Common stock	64,100	64,100
Investment securities	43,757	33,423	Capital surplus	100,652	101,403
Leasehold deposits	7,815	7,675	Legal reserve	24,503	22,931
Prepaid pension cost	14,391	6,736	Retained earnings	517,566	476,185
Deferred income taxes	18,116	24,179	Accumulated other comprehensive income (loss):	13,013	(32,945)
Other assets	37,392	30,434	Foreign currency translation adjustments	33,908	(8,096)
			Pension liability adjustments	(19,930)	(24,567)
			Net gains (losses) on derivative instruments	(965)	(282)
			Treasury stock, at cost	(54,607)	(24,816)
			Noncontrolling Interests	2,744	2,500
			Total Net Assets	667,971	609,358
Total Assets	930,629	820,379	Total Liabilities and Net Assets	930,629	820,379

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

Consolidated Statements of Income

(JPY millions)

Item	85th term (April 1, 2021 to March 31, 2022)	(Reference) 84th term (April 1, 2020 to March 31, 2021)
Net sales	762,927	655,529
Cost of sales	416,100	357,178
Gross profit	346,827	298,351
Selling, general and administrative expenses	213,234	192,687
Research and development expenses	44,277	43,184
Other expenses (income), net	2,602	(2,609)
Income before income taxes	86,714	65,089
Income taxes	23,046	15,093
Current	18,594	13,929
Deferred	4,452	1,164
Equity in loss (earnings) of affiliates	1,624	6,098
Net income	62,044	43,898
Net income attributable to noncontrolling interests	644	591
Net income attributable to OMRON shareholders	61,400	43,307

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

2. Other expenses (income), net for the consolidated fiscal year includes impairment loss of JPY3,384 million in related to NS Industria de Aparelhos Medicos LTDA. in Brazil.

(Reference)

Consolidated Statements of Comprehensive Income

(JPY millions)

	85th term (April 1, 2021 to March 31, 2022)	84th term (April 1, 2020 to March 31, 2021)
Net income	62,044	43,898
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	42,107	23,448
Pension liability adjustments	4,637	27,683
Net gains (losses) on derivative instruments	(683)	(334)
Other comprehensive income (loss)	46,061	50,797
Comprehensive income	108,105	94,695
(Breakdown)		
Comprehensive income attributable to noncontrolling interests	747	727
Comprehensive income attributable to OMRON shareholders	107,358	93,968

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 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 other						(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
Net income				61,400			61,400	644	62,044
Cash dividends paid to OMRON Corporation shareholders				(18,447)			(18,447)		(18,447)
Cash dividends paid to noncontrolling interests							—	(503)	(503)
Stock-based compensation		(751)				1,639	888		888
Transfer to legal reserve			1,572	(1,572)			—		—
Foreign currency translation adjustments					42,004		42,004	103	42,107
Pension liability adjustments					4,637		4,637		4,637
Net gains (losses) on derivative instruments					(683)		(683)		(683)
Acquisition of treasury stock and other						(31,430)	(31,430)		(31,430)
Balance, end of the 85th term (March 31, 2022)	64,100	100,652	24,503	517,566	13,013	(54,607)	665,227	2,744	667,971

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

(Reference)

Consolidated Statements of Cash Flows

(JPY millions)

Item	85th term (April 1, 2021 to March 31, 2022)	84th term (April 1, 2020 to March 31, 2021)
I Operating Activities:		
1. Net income	62,044	43,898
2. Adjustments to reconcile net income to net cash provided by operating activities:		
(1) Depreciation and amortization	23,367	22,756
(2) Net loss (gain) on sale and disposals of property, plant, and equipment	901	(325)
(3) Loss on impairment of long-lived assets	410	1,976
(4) Loss on impairment of goodwill	3,384	—
(5) Loss related to transfer of business	1,116	—
(6) Net loss (gain) on valuation of investment securities	(5,447)	(7,615)
(7) Termination and retirement benefits and prepaid pension cost	(662)	(617)
(8) Deferred income taxes	4,632	1,164
(9) Equity in loss (earnings) of affiliates	1,625	6,098
(10) Changes in assets and liabilities	(25,321)	22,644
(11) Other, net	1,379	3,852
Total adjustments	5,384	49,933
Net cash provided by operating activities	67,428	93,831
II Investing Activities:		
1. Proceeds from sale of investment securities	921	751
2. Purchase of investment securities	(5,386)	(1,057)
3. Capital expenditures	(33,357)	(26,662)
4. Decrease (increase) in leasehold deposits, net	(140)	(189)
5. Proceeds from sale of property, plant and equipment	748	2,069
6. Decrease (increase) in investment in affiliates	(112,444)	7,850
7. Proceeds from sale of business, net of cash paid	(505)	2,453
8. Other, net	0	0
Net cash provided by (used in) investing activities	(150,163)	(14,785)
III Financing Activities:		
1. Net increase (decrease) in short-term debt	20,000	(1,587)
2. Dividends paid by the Company	(17,754)	(16,952)
3. Dividends paid to noncontrolling interests	(504)	(352)
4. Acquisition of treasury stock	(31,430)	(1,471)
5. Other, net	85	10
Net cash used in financing activities	(29,603)	(20,352)
IV Effect of Exchange Rate Changes on Cash and Cash Equivalents	17,067	6,528
Net Increase in Cash and Cash Equivalents	(95,271)	65,222
Cash and Cash Equivalents at Beginning of the Year	250,755	185,533
Cash and Cash Equivalents at End of the Year	155,484	250,755

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

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 119 subsidiaries.

2. Application of Equity Method

Investments in the Company's 36 affiliated companies are accounted for using the equity method.

As a result of the acquisition of JMDC, Inc. shares, JMDC, Inc. and its 27 consolidated subsidiaries are included in the scope of equity-method affiliates effective as of the fiscal year.

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.

The Companies recognize revenue from domestic sales of goods when goods are delivered at customer's sites, unless stated otherwise in a contract. The revenue from export sales for such businesses is recognized when the transfer of the risk of loss to customer is complete, based on the trade terms and conditions such as Incoterms.

For some transactions, performance obligations are deemed to be satisfied largely at the time when inspection is performed by customers. Accordingly, revenues are recognized at the time when the performance obligation is satisfied.

In addition, certain trades include long-term maintenance service for which revenue is recognized over a certain period.

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. 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

For the 85th term, the Company elected for the early adoption of FASB Accounting Standards Update No.2017-04, “Simplifying the Test for Goodwill Impairment.” This accounting standards update eliminates step 2 of the two-step test previously required for goodwill impairment testing, and requires that if the carrying amount of a reporting unit exceeds its fair value, the excess of the carrying amount over the fair value of the reporting unit shall be recognized as an impairment loss, up to the amount of the total goodwill allocated to the reporting unit. The adoption of this accounting standards update has no impact on the Company or its subsidiaries.

Notes Related to Accounting Estimates

The items whose amounts are recognized in the Consolidated Financial Statements for the fiscal year ended March 31, 2022 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, 2023 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 85th term is JPY 39,718 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, 2022 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, 2022 was JPY 37,459 million for the Industrial Automation Business, JPY 2,144 million for the Healthcare Business, and JPY 115 million for Device and Module Solutions Business.

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.

In regard to goodwill of NS Indústria de Aparelhos Médicos LTDA., a Brazilian manufacturer included in the Healthcare Business, the Company remeasured the fair value of the goodwill as of March 31, 2022, based on future business plans in light of changes in the business environment in Brazil. As a result, the Company recognized an impairment loss (JPY 3,384 million).

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 and intangible assets under the equity method and is included in the carrying amount of the investments.

Investments in and advances to affiliates recognized on the Consolidated Balance Sheets for the 85th term include the equity method investment of JPY 9,642 million, 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. JPY 8,172 million in excess of our interests to net assets of AliveCor, Inc., is primarily goodwill identified at the beginning of the application of the equity method.

The Company conducts a fair value measurement of investments in affiliates based on the excess earning capacity of the investees and qualitative valuation such as the progress of business plans and business environment. 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, 2022 deviate significantly from the situation at the end of the fiscal year ended March 31, 2022 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.

Notes Related to Changes in Accounting Estimates

None applicable

Notes Related to Consolidated Balance Sheets

Pledged assets	
Assets pledged as collateral	
Investment securities	<u>JPY 200 million</u>
Total	<u>JPY 200 million</u>

Notes Related to Consolidated Statements of Income

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

Foreign exchange loss (net)	JPY 194 million
Foreign exchange losses due to liquidation of foreign investments (net)	JPY 2,029 million
Loss on sale and disposals of property, plant and equipment (net)	JPY 901 million
Provision for retirement benefits	JPY 2,747 million
Gain on valuation of investment securities (net)	JPY (5,447) million
Loss on impairment of long-lived assets	JPY 410 million
Subsidy income	JPY (710) million
Loss related to transfer of business	JPY 1,116 million
Loss on impairment of goodwill	JPY 3,384 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, 2022 (85th consolidated account settlement date), fair value and differences are as follows.

	Balance Sheet Amount (*)	Fair Value (*)	Difference
(1) Investment securities	32,702	32,702	—
(2) Derivatives			
Other current assets	10,022	10,022	—
Other current liabilities	(3,287)	(3,287)	—

(*) 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 securities are primarily valued using market value. Of equity securities without readily determinable fair values, securities which are accounted for at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer, or other reasonable methods, are included in (1) Investment securities.
The Amount of investment in equity securities, etc. other than those (JPY 11,055 million in the Consolidated Balance Sheets) is not included in (1) Investment securities.
- (3) Derivatives
Estimated using dealer transaction prices or valuation models.

3. Fair Value Information by Appropriate Classification Within the Fair Value Hierarchy

ASC 820, "Fair Value Measurements and Disclosures", defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value as follows.

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs are quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs are significant to measure fair value of assets or liabilities and unobservable.

Assets and Liabilities measured at fair value on a recurring basis

Assets and Liabilities measured at fair value on a recurring basis as of the end of the 85th term are as follows:
(JPY millions)

	Amount of Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Assets				
Investment securities				
Equity securities	27,816	—	2,869	30,685
Derivatives				
Forward exchange contracts	—	10,012	—	10,012
Commodity swaps contracts	—	10	—	10
Liabilities				
Derivatives				
Forward exchange contracts	—	3,287	—	3,287
Commodity swaps contracts	—	—	—	—

Investment securities

Investment securities consist of stocks. Since fair values of marketable securities are valued using quoted market prices in active markets for identical assets and can be observed, these are classified as Level 1. Since fair values of nonmarketable securities without readily determinable fair values are estimated using information mainly obtained from the investee companies, and considering its non-liquidity, such securities are classified as Level 3 because unobservable inputs are used in their measurement.

Derivatives

Derivatives consist of forward exchange contracts, currency option contracts and commodity swap contracts. Since fair value of derivatives is determined using the observable market data, such as rates or interest rates, these are classified as Level 2.

A reconciliation of assets classified as Level 3 that are measured at fair value on a recurring basis is as follows:

	(JPY millions)
	Investment securities Equity securities
Balance at beginning of year	2,431
Amount included in net income	
Other expenses (income), net	108
Purchases	298
Sales	(30)
Other	62
Balance at end of year	2,869

Assets or liabilities measured at fair value on a non-recurring basis

Assets and liabilities measured at fair value on a non-recurring basis at the end of the 85th term are as follows:

	Total Amount of Gain	Amount of Fair Value Measurements			
		Level 1	Level 2	Level 3	Total
Assets					
Investment securities	1,137	—	1,805	212	2,017

Investment securities measured by observable price in the orderly transactions of an identical or similar investment of the same issuer are classified as Level 2, and investment securities measured based on unobservable inputs obtained from issuers are classified as Level 3.

Notes Related to Revenue Recognition

1. Disaggregation of revenue from contracts with customers

(JPY millions)

Segment	Industrial Automation Business	Healthcare Business	Social Systems, Solutions and Service Business	Device and Module Solutions Business	Total	Eliminations & Corporate	Consolidated
Net sales							
Sales to external customers	432,637	132,857	87,692	106,442	759,628	3,299	762,927
Intersegment sales	6,483	160	10,779	53,594	71,016	(71,016)	—
Total	439,120	133,017	98,471	160,036	830,644	(67,717)	762,927
Major Regional Markets (External Customers)							
Japan	149,635	27,841	87,226	21,895	286,597	3,299	289,896
Americas	38,224	22,651	—	17,421	78,296	—	78,296
Europe	81,157	23,012	—	16,254	120,423	—	120,423
Greater China	117,104	43,346	96	35,805	196,351	—	196,351
Southeast Asia and Others	46,487	15,542	—	14,895	76,924	—	76,924
Direct Exports	30	465	370	172	1,037	0	1,037
Total	432,637	132,857	87,692	106,442	759,628	3,299	762,927

Note: Major countries or regions belonging to segments other than Japan are as follows:

- (1) Americas: United States of America, Canada, Brazil
- (2) Europe: Netherlands, Great Britain, Germany, France, Italy, Spain
- (3) Greater China: China, Hong Kong, Taiwan
- (4) Southeast Asia and Others: Singapore, South Korea, India, Australia
- (5) Direct Exports: Direct delivery exports

2. Useful information in understanding revenue

In the Industrial Automation Business, Healthcare Business and Device and Module Solutions Business, the Companies recognize revenue from domestic sales of goods when goods are delivered at customer's sites, unless stated otherwise in a contract. The revenue from export sales for such businesses is recognized when the transfer of the risk of loss to customer is complete, based on the trade terms and conditions such as Incoterms.

In the provision of products and services involving installation and on-site adjustment work, the Company identifies the delivery of the products and the installation and on-site adjustment work of these products as a single performance obligation, which is deemed to be satisfied at the time when the Company completed installation and on-site adjustment work of the products. Accordingly, revenues are recognized at the time when the performance obligation is satisfied.

In addition, the Companies will provide for an estimate of rebates for customers based on the quantities sold to promote the sales of its products. The amount of the rebate is included in variable consideration and can be reasonably estimated, therefore, the estimate of variable consideration is not constrained. The product of the Company or subsidiaries does not include any right of return.

In the Social Systems, Solutions and Service Business, performance obligations are deemed to be satisfied largely at the time when inspection is performed by customers. Accordingly, revenues are recognized at the time when the performance obligation is satisfied. In some transactions, performance obligations are deemed to be satisfied at the time when products reach the customer. Accordingly, revenues are recognized at the time when the performance obligation is satisfied.

In addition, certain trades include long-term service for which revenue is recognized over a certain period. Consideration for such service rendered is received in approximately three months. The Companies may receive consideration as an advance payment for future products or sales, in which case will be recognized as a contract liability is recorded in other current liabilities or other non-current liabilities. Contract assets are primarily rights, excluding claims, to consideration to be received in exchange for revenue from contracts in which performance obligations are satisfied over time, and are recorded under Other current assets.

Promised consideration for transactions is largely received within three months after the satisfaction of performance obligations. No significant financing component is included in the amount of consideration.

3. Useful information in understanding the amount of revenue in the fiscal year ended March 31, 2022 and subsequent fiscal years

(1) Balance of contract assets or contract liabilities

Contract outstanding balance at the beginning and the end of the 85th term is as follows:

(JPY millions)

	Notes and accounts receivable — trade	Contract assets	Contract liabilities		
		Other current assets	Other current liabilities	Other long-term liabilities	Total
The 85th term beginning balance	135,161	—	3,019	8,930	11,949
The 85th term ending balance	151,820	647	2,312	8,836	11,147

For the 85th term ending, revenue of JPY 2,594 million was recognized from contract liabilities at the beginning of the year.

(2) Transaction price allocated to remaining performance obligations

Remaining performance obligations at the end of the 85th term are mainly expected to be recognized as revenue within 1 to 15 years. We have not disclosed information about transaction price allocated to remaining performance obligations that have original expected durations of one year or less.

Notes Related to Per Share Data

1. Net income attributable to shareholders per share, basic	JPY 305.65
2. Net income attributable to shareholders per share, diluted	JPY —
3. Shareholders' equity per share	JPY 3,339.64

- 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, 2022, 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

The Company signed an agreement whereby the Company will have its semiconductor/MEMS* plant and MEMS development/production functions (hereinafter, the "Target Business") succeeded by a newly established company by way of a company split, and assign all shares of the new company to MITSUMI ELECTRIC CO., LTD., a subsidiary of MinebeaMitsumi Inc. The stock transfer was completed on October 1, 2021. As a result of this transfer, loss on transfer of business of JPY 1,116 million was recorded under "Other expenses (income), net" in the consolidated statements of income for the fiscal year ended March 31, 2022. The Target Business had been included in "Eliminations & Corporate" in the segment information. In addition, segment sales and segment income of Devices & Module Solutions Business include a business of procuring MEMS sensors from the Target Business and selling them to external customers and other segments. This business is continuing after the completion of the transfer of the Target Business.

* MEMS is an acronym for Micro Electro Mechanical Systems.

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(JPY millions)

Item	85th term (As of March 31, 2022)	(Reference) 84th term (As of March 31, 2021)	Item	85th term (As of March 31, 2022)	(Reference) 84th term (As of March 31, 2021)
ASSETS			LIABILITIES		
Current Assets:	189,913	232,127	Current Liabilities:	319,763	230,196
Cash and time deposits	72,914	135,621	Notes payable - trade	6,523	4,590
Notes receivable – trade	145	238	Accounts payable - trade	37,373	30,743
Accounts receivable – trade	60,679	50,563	Short-term borrowings	20,000	—
Finished products	7,883	8,362	Short-term borrowings from affiliated companies	220,563	168,188
Materials	10,556	4,340	Lease liabilities	895	726
Work in process	3,057	2,911	Other payables	12,879	10,278
Supplies	254	419	Accrued expenses	12,421	11,789
Short-term loans to affiliates	3,583	11,560	Income taxes payable	1,774	606
Accounts receivable - other	12,020	9,456	Advances received	17	55
Other receivable	5,235	4,408	Deposits received	1,147	1,004
Other current assets	13,587	11,099	Accrued bonus to officers	295	132
Allowance for doubtful receivables	(0)	(6,850)	Provision for share grant	113	—
Fixed Assets:	416,569	305,615	Other current liabilities	5,763	2,085
Property and equipment:	45,851	42,472	Long-term Liabilities:	9,560	8,630
Buildings	23,665	22,562	Lease liabilities	—	914
Structures	921	973	Provision for share grant	1,113	2,111
Machinery and equipment	4,268	2,971	Deferred tax liabilities related to revaluation	957	957
Vehicles and delivery equipment	0	0	Long-term advances received	2,649	—
Tools, furniture and fixtures	3,563	2,794	Other long-term liabilities	4,841	4,648
Land	12,025	10,980	Total Liabilities	329,323	238,826
Lease assets	889	1,629			
Construction in progress	520	563	NET ASSETS		
Intangible fixed assets:	20,669	15,137	Shareholders' Equity:	266,887	291,241
Software and others	14,551	8,377	Common stock	64,100	64,100
Technical assets	6,118	6,760	Capital surplus	88,771	88,771
Investments and other assets:	350,049	248,006	Additional paid-in capital	88,771	88,771
Investment securities	33,202	27,329	Other capital surplus	0	0
Investments in affiliated companies	259,737	168,165	Retained earnings	168,621	163,184
Investments in other securities of affiliated companies	500	—	Legal reserve	6,774	6,774
Contribution to affiliated companies	22,837	22,837	Other retained earnings:	161,847	156,410
Long-term advances to affiliates	3,091	1,032	Reserve for dividends	3,400	3,400
Receivables from customers in bankruptcy	6,441	—	Reserve for special account	1,177	1,177
Leasehold deposits	4,647	4,653	Non-restrictive reserve	73,500	73,500
Prepaid pension cost	17,463	15,746	Retained earnings unappropriated	83,770	78,333
Deferred income taxes	6,172	6,355	Treasury stock, at cost	(54,605)	(24,814)
Other	1,683	1,903	Valuation and Translation Adjustments:	10,272	7,675
Allowance for doubtful receivables	(5,724)	(14)	Unrealized gains on available-for- sale securities	15,746	12,355
			Deferred hedge gain (loss)	(1,160)	(366)
			Land revaluation difference	(4,314)	(4,314)
Total Assets	606,482	537,742	Total Net Assets	277,159	298,916
			Total Liabilities and Net Assets	606,482	537,742

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

Non-consolidated Statements of Income

Item	(JPY millions)	
	85th term (April 1, 2021 to March 31, 2022)	(Reference) 84th term (April 1, 2020 to March 31, 2021)
Net sales	310,989	258,494
Cost of sales	188,878	158,231
Gross profit	122,111	100,263
Selling, general and administrative expenses	101,499	93,997
Operating income	20,612	6,266
Non-operating income:	25,699	20,842
Interest and dividends received	22,613	17,384
Foreign exchange gains	549	1,018
Other non-operating income	2,537	2,440
Non-operating expenses:	4,227	3,546
Interest paid	2,480	1,496
Cash discount on sales	—	639
Foreign exchange losses due to subsidiary paid-in capital refunds	1,049	—
Commission expenses	31	376
Settlements paid	—	844
Other non-operating expenses	667	191
Ordinary income	42,084	23,562
Extraordinary gains:	1,748	242
Gain on sales of property and equipment	7	34
Gain on sales of investment securities	601	1
Gain on sales of shares of subsidiaries and associates	—	199
Reversal of allowance for doubtful accounts	1,140	—
Other extraordinary gains	—	8
Extraordinary losses:	18,262	7,746
Loss on sales and disposal of property, equipment and intangible fixed assets	311	110
Impairment loss	407	1,976
Loss on sales of shares of subsidiaries and associates	592	4,222
Loss on valuation of shares of affiliated companies	16,811	—
Provision of allowance for doubtful receivables	—	1,080
Other extraordinary losses	141	358
Income before income taxes:	25,570	16,058
Income taxes - current	3,276	162
Income taxes - refund	—	(1,572)
Income taxes - deferred	(956)	(1,035)
Net income	23,250	18,503

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

Non-consolidated Statements of Changes in Shareholders' Equity

85th Term: April 1, 2021 — March 31, 2022

(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, 2021	64,100	88,771	0	88,771	6,774	3,400	1,177	73,500	78,333	163,184
Changes during the year ended March 31, 2022										
Dividends paid				—					(17,813)	(17,813)
Net income				—					23,250	23,250
Acquisition and sale of treasury stock			0	0						—
Net change in items other than shareholders' equity during the year				—						—
Total changes during the fiscal year	—	—	0	0	—	—	—	—	5,437	5,437
Balance, March 31, 2022	64,100	88,771	0	88,771	6,774	3,400	1,177	73,500	83,770	168,621

	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, 2021	(24,814)	291,241	12,355	(366)	(4,314)	7,675	298,916
Changes during the year ended March 31, 2022							
Dividends paid		(17,813)				—	(17,813)
Net income		23,250				—	23,250
Acquisition and sale of treasury stock	(29,791)	(29,791)				—	(29,791)
Net change in items other than shareholders' equity during the year		—	3,391	(794)	—	2,597	2,597
Total changes during the fiscal year	(29,791)	(24,354)	3,391	(794)	—	2,597	(21,757)
Balance, March 31, 2022	(54,605)	266,887	15,746	(1,160)	(4,314)	10,272	277,159

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

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

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.

Notes to Non-consolidated Financial Statements

Significant Accounting Policies

1. Valuation standards and method for securities

<p>Common stock of subsidiaries and affiliates: Investments in other securities of affiliated companies:</p>	<p>Stated at cost using the moving-average method</p> <p>For investment limited partnership, etc., the amount equivalent to equity is incorporated on a net basis, based on the most recent financial statements available according to the financial reporting date stipulated in the partnership agreement</p>
<p>Other marketable securities: Securities other than stocks, etc. to which market value does not apply:</p>	
	<p>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.)</p>
<p>Stocks, etc. to which market value does not apply:</p>	<p>Stated at cost using the moving-average method</p>

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:

<p>Property and equipment (excluding leased assets): Intangible fixed assets (excluding leased assets):</p>	<p>Straight-line method (Useful lives of buildings are generally 15-50 years) Straight-line method (Estimated useful life of software is 3-10 years)</p>
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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, Executive Officers and employees 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.

10. Accounting standards for revenues and expenses are as follows:

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. The Company recognizes revenue when, or as, control of goods or services is transferred to customers based on the following five-step approach.

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when, or as, the Company satisfies the performance obligations

The Company recognize revenue from domestic sales of goods when goods are delivered at customer's sites, unless stated otherwise in a contract. The revenue from export sales for such businesses is recognized when the transfer of the risk of loss to customer is complete, based on the trade terms and conditions such as Incoterms.

In the provision of products and services involving installation and on-site adjustment work, the Company identifies the delivery of the products and the installation and on-site adjustment work of these products as a single performance obligation, which is deemed to be satisfied at the time when the Company completed installation and on-site adjustment work of the products. Accordingly, revenues are recognized at the time when the performance obligation is satisfied.

In addition, the Company will provide for an estimate of rebates for customers based on the quantities sold to promote the sales of its products. The amount of the rebate is included in variable consideration and can be reasonably estimated, therefore, the estimate of variable consideration is not constrained. The product of the Company do not include any right of return.

Promised consideration for transactions is largely received within three months after the satisfaction of performance obligations. No significant financing component is included in the amount of consideration.

11. 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.

12. The Company uses deferred hedge accounting as its hedge accounting method.

13. The Company applies the consolidated taxation system.

Notes Related to Changes in Accounting Policies

The Company applies the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended March 31, 2022, and recognizes revenue when control of promised goods or services is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

Due to the application, cash discount on sales, which had been recorded under Non-operating expenses, are now deducted from net sales.

The application of the standards has no cumulative impact on the beginning balance of retained earnings, and no impact on the operating results and financial position for the fiscal year ended March 31, 2022.

Notes Related to Revenue Recognition

Useful information in understanding revenue is described in "Accounting standards for revenues and expenses" in "Significant Accounting Policies."

Notes Related to Accounting Estimates

(1) Amounts recorded on the Non-consolidated Financial Statements for the fiscal year ended March 31, 2022

Investments in affiliated companies	JPY 259,737 million	(including shares of JPY 112,214 million to which market value apply)
Contribution to affiliated companies	<u>JPY 22,837 million</u>	
Loss on valuation of shares of affiliates	<u>JPY 16,811 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, 2022

Of investments in affiliated companies and contribution to affiliated companies, stocks, etc. to which market value does not apply, 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.

The Company measured the real value of stock of OMRON ELETRONICA DO BRASIL LTDA. (hereinafter, "OBR") based on its financial position with a fair value valuation taken into account. In the fiscal year ended March 31, 2022, as a result of having the valuation of goodwill attributable to OMRON HEALTHCARE BRASIL INDUSTRIA E COMERCIO DE PRODUTOS MEDICOS LTDA. (hereinafter, "OHB"), a business subsidiary of OBR, reflected on measurement, the real value of stock of OBR declined significantly, and recoverability was not confirmed by sufficient evidence. Therefore, an appropriate reduction was made and the reduced amount of JPY 16,811 million was recorded as a loss on valuation of shares of affiliates.

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, 2022

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.

The valuation of the real value of OBR stocks was heavily affected by the financial position of OHB. Accounting estimates for the valuation of goodwill attributable to OHB are described in "Notes Related to Accounting Estimates 1. Goodwill" in the Notes to Consolidated Financial Statements.

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, 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, 2023

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, 2022 deviate significantly from the situation at the end of the fiscal year ended March 31, 2022, 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 61,522 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	<u>JPY 200 million</u>
Total	<u>JPY 200 million</u>
3. Guarantees	
Guaranteed parties	
OMRON ELETRONICA DO BRASIL LTDA.	JPY 9 million
OMRON MEXICO, S.A. DE C.V.	<u>JPY 64 million</u>
Total	<u>JPY 73 million</u>
4. Financial Credits and Debts with Regard to Affiliates	
Short-term credits due from affiliated companies	JPY 61,891 million
Long-term credits due from affiliated companies	JPY 9,532 million
Short-term liabilities due to affiliated companies	JPY 247,243 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, 2022, 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 3,057 million.

Notes to Non-consolidated Statements of Income

Transactions with affiliated companies:

Sales to subsidiaries:	JPY 203,431 million
Purchases from subsidiaries:	JPY 132,533 million
Other transactions:	JPY 19,145 million
Non-operating transactions:	JPY 27,789 million

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

1. Number of shares issued and outstanding as of March 31, 2022:

Common stock 206,244,872 shares

2. Number of shares of treasury stock as of March 31, 2022:

Common stock 7,053,647 shares

Note: OMRON stock held for Board Incentive Plan and Employee Stock Ownership Plan purposes out of treasury stock as of March 31, 2022 was 606,434 shares.

3. Dividends

(1) Dividends paid

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
October 28, 2021 Board of Directors Meeting	9,312	46.00	September 30, 2021	December 2, 2021

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

Scheduled resolution	Total amount (JPY millions)	Dividend per share (JPY)	Record date	Effective date
June 23, 2022 General Meeting of Shareholders	9,191	46.00	March 31, 2022	June 24, 2022

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 1,746 million
Inventories	JPY 656 million
Investment securities	JPY 1,029 million
Investments in affiliated companies	JPY 8,375 million
Accrued bonuses	JPY 2,574 million
Retirement benefit trust	JPY 6,131 million
Unspecified debt	JPY 2,244 million
Depreciable assets	JPY 1,639 million
Others	<u>JPY 1,513 million</u>
Deferred tax assets, Subtotal	JPY 25,907 million
Valuation Allowance	<u>JPY (6,945) million</u>
Deferred tax assets, Total	<u>JPY 18,962 million</u>
Deferred tax liabilities	
Unrealized gains on securities	JPY 6,910 million
Prepaid pension cost	JPY 5,326 million
Others	<u>JPY 554 million</u>
Deferred tax liabilities, Total	<u>JPY 12,790 million</u>
Net deferred tax assets	<u>JPY 6,172 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	14,090	Affiliate short-term borrowings	13,642
				Payment of interest ^{1,3}	52	Accrued expenses	—
Subsidiary	OMRON SOCIAL SOLUTIONS Co., Ltd.	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing	24,388	Affiliate short-term borrowings	21,674
				Payment of interest ^{1,3}	92	Accrued expenses	—
Subsidiary	OMRON PRECISION TECHNOLOGY Co., Ltd.	Direct ownership, 100%	Lending Dispatch of Directors	Lending	6,933	Receivables from customers in bankruptcy	6,441
				Receipt of interest ^{2,3}	40	Accounts receivable - other ⁵	—
Subsidiary	OMRON HEALTHCARE Co., Ltd.	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing	26,118	Affiliate short-term borrowings	28,584
				Payment of interest ^{1,3}	99	Accrued expenses	—
				Receipt of dividends ⁴	6,900		
Subsidiary	OMRON EUROPE B.V.	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing	9,694	Affiliate short-term borrowings	39,250
				Payment of interest ³	143	Accrued expenses	82
Subsidiary	OMRON ASIA PACIFIC Pte. Ltd.	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing	16,713	Affiliate short-term borrowings	17,747
				Payment of interest ³	36	Accrued expenses	38
Subsidiary	OMRON (CHINA) Co., Ltd.	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing	19,712	Affiliate short-term borrowings	78,196
				Payment of interest ³	1,955	Accrued expenses	1,244
Subsidiary	OMRON INDUSTRIAL AUTOMATION (CHINA) Co., Ltd.	Indirect ownership, 100%	Sale of products Dispatch of Directors	Sale of industrial automation control equipment, etc. ⁶	25,007	Accounts receivable – trade	7,079
Subsidiary	OMRON MEXICO, S.A. DE C. V.	Direct Ownership: 99.2% Indirect ownership: 0.8%	Capital decrease in exchange for consideration	Capital decrease in exchange for consideration ⁷	6,064		

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 5,710 million was recorded for receivables from customers in bankruptcy to OMRON PRECISION TECHNOLOGY Co., Ltd. In connection with this allowance, provision of allowance for doubtful receivables of JPY 1,140 million was recorded for the fiscal year ended March 31, 2022.
6. Selling prices of products are determined based on market prices and other factors.
7. The Company received refunds from the subsidiary that conducted the capital decrease in exchange for consideration, in proportion to the percentage of shares held.

Per Share Information

1. Net assets per share JPY 1,391.42
2. Net income per share JPY 115.74

Note: During the fiscal year ended March 31, 2022, 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