Annual Securities Report

Fiscal year FY2023	From April 1, 2023 to March 31, 2024

(The 87th Term)

OMRON Corporation

FY2023 (April 1, 2023 to March 31, 2024)

Annual Securities Report

1. This document serves as the annual securities report based on the provision of Article 24, paragraph (1) of the Financial Instruments and Exchange Act, and represents the output and printing of the data submitted on June 21, 2024 through the use of the Electronic Data Processing System for Disclosure (EDINET) prescribed in Article 27-30-2 of said Act with a table of contents and page numbers attached.
2. Although attached documents of the annual securities report submitted using the above method is not included, an audit report is attached to the end of this document.

OMRON Corporation

Certain References and Information

This is an English translation of the Annual Securities Report filed with Director of the Kanto Local Finance Bureau pursuant to the Financial Instruments an Exchange Act of Japan on June 21, 2024 and disclosed on OMRON corporation website.

The translation of the Independent Auditor's Report for the original Annual Securities Report is included at the end of this document.

The translation of the Confirmation Letter disclosed on the Electronic Disclosure for Investors' Network ("EDINET") is included at the end of this document.

References in this document to "the Company," "the Reporting Company" refer to OMRON corporation.
And "the Companies," "the Group," "OMRON," "we," "us," "our" and similar terms refer to OMRON corporation and its consolidated subsidiaries.

References in this document to "U.S. dollars" or "$" are to the currency of the United States and references to "yen" or "¥" are to the currency of Japan.

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[Cover]

[Reported Document]	Annual Securities Report
[Clause Serving as Basis]	Article 24, paragraph (1) of the Financial Instruments and Exchange Act
[Recipient]	Director of Kanto Local Finance Bureau
[Submission Date]	June 21, 2024
[Fiscal Year]	FY2023 (April 1, 2023 to March 31, 2024)
[Company Name]	OMRON Corporation
[Name and Title of Representative]	Junta Tsujinaga, President and CEO
[Address of Head Office]	801, Minami Fudondocho, Shiokoji Horikawa Higashi-iru, Shimogyo-ku, Kyoto-shi, Japan
[Telephone No.]	Kyoto:+81-75-344-7070
[Name of Administrative Contact]	Toyoharu Tamoi, Executive Officer, Senior General Manager, Global Finance and Accounting HQ
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[Telephone No.]	Kyoto:+81-75-344-7070
[Name of Administrative Contact]	Toyoharu Tamoi, Executive Officer, Senior General Manager, Global Finance and Accounting HQ
[Location for Public Inspection]	OMRON Corporation Tokyo Office (2-3-13, Konan, Minato-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

Part I Company Information

I. Overview of the Company

1. Key Financial Data

(1) Key Financial Data of the Group

(JPY millions, unless otherwise stated)

Fiscal Year	FY2019	FY2020	FY2021	FY2022	FY2023
Settlement Date	March 2020	March 2021	March 2022	March 2023	March 2024
Sales	677,980	655,529	762,927	876,082	818,761
Income before income taxes and equity in loss (earnings) of affiliates	51,836	65,089	86,714	98,409	34,953
Net income attributable to OMRON shareholders	74,895	43,307	61,400	73,861	8,105
Comprehensive income	61,857	94,695	108,105	101,546	79,746
Shareholders' equity	530,415	606,858	665,227	728,473	786,686
Total assets	758,124	820,379	930,629	998,160	1,354,729
Shareholders' equity per share (JPY)	2,626.62	3,009.15	3,339.64	3,701.08	3,995.04
Basic net income per share attributable to shareholders (JPY)	365.26	214.72	305.65	372.19	41.17
Diluted net income per share attributable to shareholders (JPY)	–	–	–	–	–
Shareholders' equity ratio (%)	70.0	74.0	71.5	73.0	58.1
Return on shareholders' equity (%)	14.5	7.6	9.7	10.6	1.1
Price-earnings ratio (times)	15.4	40.2	26.9	20.7	131.4
Cash flows from operating activities	89,787	93,831	67,428	53,456	44,875
Cash flows from investing activities	28,639	(14,785)	(150,163)	(55,533)	(107,096)
Cash flows from financing activities	(29,430)	(20,352)	(29,603)	(58,757)	85,987
Cash and cash equivalents at end of period	185,533	250,755	155,484	105,279	143,086
Employees (persons)	28,006	28,254	29,020	28,034	28,450

Notes: 1. The consolidated financial statements have been prepared in accordance with the accounting standards generally accepted in the United States of America.

2. Diluted net income per share attributable to shareholders is not stated since there are no potentially dilutive securities.

(2) Key Financial Data of the Reporting Company

(JPY millions, unless otherwise stated)

Fiscal Year	FY2019	FY2020	FY2021	FY2022	FY2023
Settlement Date	March 2020	March 2021	March 2022	March 2023	March 2024
Sales	295,651	258,494	310,989	369,498	259,328
Ordinary income (loss)	28,122	23,562	42,084	103,108	(8,260)
Net income	79,376	18,503	23,250	91,106	15,792
Common stock	64,100	64,100	64,100	64,100	64,100
Total number of issued shares (Thousand shares)	206,245	206,245	206,245	206,245	206,245
Net assets	302,811	298,916	277,159	333,265	319,545
Total assets	510,158	537,742	606,482	596,309	680,668
Net assets per share (JPY)	1,499.52	1,482.20	1,391.42	1,693.19	1,622.75
Net income per share (JPY)	387.12	91.74	115.74	459.09	80.21
Diluted net income per share (JPY)	–	–	–	–	—
Dividend per share (JPY)	84.00	84.00	92.00	98.00	104.00
(Interim dividend per share included therein) (JPY)	[42.00]	[42.00]	[46.00]	[49.00]	[52.00]
Equity ratio (%)	59.4	55.6	45.7	55.9	46.9
Return on equity (%)	28.22	6.15	8.07	29.85	4.84
Price-earnings ratio (times)	14.5	94.2	71.0	16.8	67.5
Dividend payout ratio (%)	21.7	91.6	79.5	21.3	129.7
Employees (persons)	4,980	4,829	4,610	4,621	4,538
Total shareholder return (%)	110.3	170.0	163.6	155.7	113.4
(Comparison index: TOPIX total return index) (%)	[90.5]	[128.6]	[131.2]	[138.8]	[196.2]
Highest share price (JPY)	6,870	10,040	12,115	8,164	9,329
Lowest share price (JPY)	4,410	5,330	7,306	6,237	5,245

Notes: 1. Diluted net income per share is not stated because there are no dilutive shares.

2. The highest and lowest share prices refer to those of the Prime Market of the Tokyo Stock Exchange since April 4, 2022 and those of the First Section of the Tokyo Stock Exchange before that.

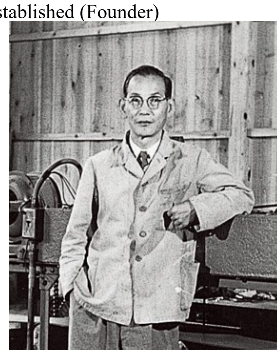
3. Total shareholder return is calculated based on the share price at the end of FY2018 (fiscal year ended March 2019).

4. The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) has been applied from the beginning of FY2021(fiscal year ended March 2022), and the accounting standard has been reflected in the figures for relevant key financial data, etc. from FY2021 onwards.

2. History

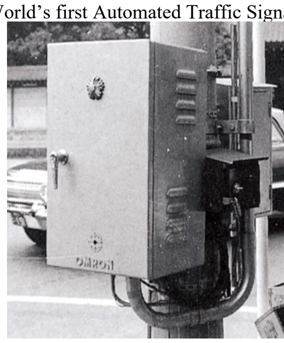
May 1933	Tateisi Electric Manufacturing Co. established by Kazuma Tateishi in Higashinoda, Miyakojima-ku, Osaka. Commenced manufacture of timer for X-ray photography (founded on May 10, 1933).
July 1936	Factory newly established and transferred to Nozato-cho, Nishiyodogawa-ku, Osaka.
June 1945	Factory relocated to Hanazonotsuchido-cho, Ukyo-ku, Kyoto-shi.
May 1948	The Company reorganized into a joint stock company with JPY2 million in common stock. Trade name changed to Tateisi Electronics Co. (founded on May 19, 1948).
January 1955	Sales division and research division made independent, with the establishment of Tateisi Electronics Sales and Tateisi Electronics Laboratories. Proposed the Producer System (a format for independent dedicated factories in a decentralized system), and established Saikyo Electronics Manufacturing as the first step.
January 1959	Established the “OMRON” trademark.
February 1959	Merged with Tateisi Electronics Laboratories.
October 1960	Central R&D Laboratory completed in Nagaoka-cho, Kyoto (currently Nagaokakyo-shi).
April 1962	Listed on the Kyoto Stock Exchange and the Second Section of the Osaka Securities Exchange.
October 1964	Tateisi Electronics Kusatsu Factory and other production subsidiaries merged into Saikyo Electronics Manufacturing.
April 1965	Absorbed Tateisi Electronics Sales and Saikyo Electronics Manufacturing.
August 1965	Listing re-designated onto First Section of Osaka Securities Exchange.
September 1966	Listed on the First Section of the Tokyo Stock Exchange and the First Section of the Nagoya Stock Exchange (delisted on November 9, 2009).
March 1967	Operated world’s first unmanned train station system.
February 1972	Established Omron Taiyo Electric Co., Ltd.
October 1976	Designated as a specified stock on the Osaka Securities Exchange.
March 1985	Established OMRON Kyoto Taiyo Co., Ltd.
April 1986	Completed Ayabe Factory in Ayabe-shi, Kyoto. Established OMRON Management Center of America, INC. as the head of North American operations.
April 1988	Elevated the Tokyo branch officer to the Tokyo headquarters (transition to two-company system).
September 1988	Established a European regional management company (OMRON EUROPE B.V.) in the Netherlands.

1933 Tateisi Electric Manufacturing Co. established (Founder)



1960 World’s first Non-contact Switch

1964 World’s first Automated Traffic Signal



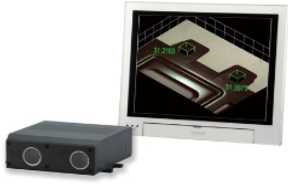
1967 World’s first Unmanned Train Station System

1973 OMRON’s first Blood Pressure Monitor

October 1988	Established an Asia-Pacific regional management company (OMRON ASIA PACIFIC PTE. LTD.) in Singapore.
January 1990	Changed company name to OMRON Corporation.
April 1991	Relocated head office to Shimogyo-ku, Kyoto-shi.
April 1993	Began operation of first wholly-owned production company in China, OMRON Dalian Co., Ltd.
May 1994	Established regional management company in China (OMRON (China) Co., Ltd.)
April 1999	Abolished business unit system and established internal company system.
August 2000	Relocated head officer and headquarters administrative functions to the OMRON Kyoto Center Building (Shimogyo-ku, Kyoto-shi).
April 2002	Changed the regional management company for the Greater China (OMRON (China) Co., Ltd.) to be the Chinese head office for expansion of Chinese business.
June 2002	Began operation of OMRON Electronic Components (Shenzhen) Ltd., a company producing electronic components in China.
April 2003	Integrated management of the Relay Business Division and Omron Kumamoto Co., Ltd. to establish OMRON RELAY & DEVICES Corporation.
May 2003	Opened the Keihanna Open Innovation Center in Soraku-gun, Kyoto (currently Kizugawa-shi) as a hub for global R&D co-creation strategy.
July 2003	Spun off the healthcare business to establish OMRON HEALTHCARE Co., Ltd.
August 2003	Changed unit of shares from 1,000 shares to 100 shares
September 2004	Partnered with Peking University Founder Group Co., Ltd. in the areas of social systems business.
October 2004	Made BITRON INDUSTRIE S.P.A. (currently OMRON AUTOMOTIVE ELECTRONICS ITALY S.R.L.) a subsidiary.
	Transferred to information devices business for ATMs (automatic teller machines), etc. to Hitachi-Omron Terminal Solutions, Corp. through a joint incorporation-type company split.
	Established OMRON AMUSEMENT Corporation, a subsidiary in the amusement equipment business.
June 2005	Made Colin Medical Technology Corporation, which has bioinstrumentation technology for medical institutions, a subsidiary.
December 2005	Started operation of OMRON (Guangzhou) Automotive Electronics Co., Ltd., a company producing automotive electronic components in China.
June 2006	Made SCIENTIFIC TECHNOLOGIES INC. (currently OMRON ROBOTICS AND SAFETY TECHNOLOGIES, INC.), which has safety technology, a subsidiary.
	Started operation of OMRON (Shanghai) Co., Ltd., a global hub for control equipment systems, in China.

August 2006	Made Pioneer Precision Machinery Corp. (currently OMRON PRECISION TECHNOLOGY (HK) LTD.), which has backlight technology for small and medium LCDs, a subsidiary.
March 2007	Accepted the transfer of semiconductor business assets of Yasu Semiconductor Corporation, which has CMOS semiconductor technology.
May 2007	Made Laserfront Technologies Co., Ltd., which has laser microfabrication technology, a subsidiary.
June 2007	Opened OMRON R&D Collaborative Innovation Center (Shanghai), a research center in China.
July 2007	Opened OMRON Keishinkan, an exhibition facility and training facility adjacent to the Kyoto head office.
July 2008	Merged with OMRON Semiconductors Co. Ltd. by absorption.
September 2009	Established EMC (Electronic and Mechanical Components Business) (currently DMB (Device & Module Solutions Business)) as a new business segment.
April 2010	Spun off the switch business to establish OMRON SWITCH & DEVICES Corporation.
May 2010	Spun off the automotive electronics business to establish OMRON Automotive Electronics Co. Ltd.
November 2010	Established OMRON Social Solutions Co. Ltd., a subsidiary for the social systems business.
January 2011	Relocated and integrated the business site in Toranomon, Minato-ku and Osaki, Shinagawa-ku to Shinagawa Front Building (Konan, Minato-ku), and commenced operations as the Tokyo Office.
June 2011	Established a joint venture with NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION in the home energy saving support service business.
October 2011	Opened the R&D center and head office of OMRON HEALTHCARE Co., Ltd. in Muko-shi, Kyoto.
January 2012	Established a regional headquarters in India (OMRON MANAGEMENT CENTER OF INDIA).
	Made Shanghai Best Electrical Appliance Manufacturing Co., Ltd., a Chinese power latching relay manufacturer, a subsidiary.
April 2012	Established a regional headquarters in Brazil (Omron Management Center of Latin America).
July 2012	Established a joint venture with NTT Docomo, Inc. in the area of health support service business.
March 2013	Held an opening ceremony for the new factory of OMRON (Shanghai) Co., Ltd., an electronic components factory in China.
October 2013	Established a regional headquarters in Vietnam (OMRON VIETNAM CO., LTD).
April 2014	OMRON Iida Co., Ltd. merged into OMRON Automotive Electronics Co. Ltd. by absorption.
July 2014	Established OMRON VENTURES CO., LTD., an investment subsidiary handling corporate venture capital.

2007 World’s first Real-color Three-Dimensional Vision sensor



2013 Table-Tennis-Playing Robot FORPHEUS

October 2014	Made MMRSV Participantcoes S.A., which controls Brazilian nebulizer production and sales company NS Industria de Aparelhos Medicos LTDA. and two other companies, a subsidiary.
September 2015	Made US motion control equipment manufacturer Delta Tau Data Systems Inc. and the eight companies under its control subsidiaries.
October 2015	Made US industrial robot manufacturer Adept Technology Inc. (currently OMRON ROBOTICS AND SAFETY TECHNOLOGIES, INC.) and the five companies under its control subsidiaries.
December 2016	Transferred all shares of OMRON Colin Co., Ltd., which operates medical equipment and medical systems business, to Fukuda Denshi Co., Ltd.
January 2017	Established a regional headquarters in South Korea (Omron Management Center of Korea).
March 2017	Implemented a capital and business alliance with AliveCor, Inc. in the healthcare area.
July 2017	Made leading industrial camera manufacturer Sentech Co., Ltd. (currently OMRON Sentech Co., Ltd.) and the seven companies under its control subsidiaries.
October 2017	Made US industrial code reader manufacturer Microscan Systems Inc. (currently Omron Microscan Systems, Inc.) and the three companies under its control subsidiaries.
February 2018	Established OMRON SINIC X Corporation, a research company designing the near future.
April 2018	Established OMRON EXPERTLINK Co., Ltd., a new company consolidating the personnel, general administration and financial functions of the domestic OMRON Group.
August 2018	Transferred all shares of OMRON Laserfront Inc., which specializes in manufacturing, sales and after-sale services of laser oscillators, to TOWA Corporation.
February 2019	Transferred 80% of shares of OMRON Nohgata Co., Ltd., which works on the development and entrusted manufacturing service of industrial electronic equipment, to Advantech Co., Ltd.
March 2019	Established a joint venture with iAPPS Pte.Ltd. in the area of health management services.
October 2019	Transferred all shares of OMRON Automotive Electronics Co. Ltd., which works on automotive electronic components, to Nidec Corporation.

2018 World's first Wearable Blood Pressure Monitor

2018 World's first SCARA Robot with predictive maintenance functions

2019 World's first Blood Pressure Monitor + ECG

February 2020	Made AliveCor, Inc. an equity method affiliate.
March 2021	Transferred all shares of Hitachi-Omron Terminal Solutions, Corp., which was an equity method affiliate, to Hitachi, Ltd.
October 2021	Spun off the MEMS business that develops and manufactures pressure sensors and floor sensors to Mitsumi Electric Co., Ltd.
February 2022	Implemented a capital and business alliance with JMDC Inc.
April 2022	Listing moved from the First Section to the Prime Market of the Tokyo Stock Exchange due to a restructuring of the market divisions of the Tokyo Stock Exchange.
June 2022	Partially amended the Articles of Incorporation to include "Practice of Corporate Philosophy.
April 2023	Established OMRON EXPERT ENGINEERING Co.,Ltd. to provide human resource services (temporary staffing, outsourcing, and placement) in the engineering field.
	Invested in KIRIN TECHNO-SYSTEM CO., LTD., a manufacturer of comprehensive inspection equipment for the beverage industry, and made it a subsidiary as "OMRON KIRIN TECHNO-SYSTEM CO., LTD.
October 2023	Made JMDC Inc., a medical statistical data service company, a subsidiary.

2020 World’s first Integrated Controller

3. Description of Business

The Group is made up of the Company, 156 subsidiaries (66 domestic and 90 overseas) and 9 affiliates (5 domestic and 4 overseas) (as of March 31, 2024), and operates businesses centered on the manufacture and sale of electrical machinery and equipment, electronic appliances, precision equipment, medical equipment and other general machinery and equipment, and services incidental to these. The scope of its products is wide ranging, including all areas of industrial control machinery components and system devices, in addition to life and public-related devices and systems.

The main business content of each operating segment, and the principal subsidiaries and affiliates are as follows.
The Company previously had four operating segments. However, as stated in "II. Business Conditions 1. Management Policy, Management Environment, and Issues to be Addressed (3) Changes to Medium-Term Management Plan (SF 1st Stage) on "SF2030" (ii) Making of JMDC into a Consolidated Subsidiary and Launch of Data Solution Business Headquarters," the Company has five operating segments by adding DSB from the third quarter of the current consolidated fiscal year.

(1) Industrial Automation Business (IAB)

With the vision of "Enriching the Future for People, Industries and the Globe by Innovative-Automation," the Industrial Automation Business (IAB) has contributed to the development of industry by innovating the manufacturing industry around the world with advanced automation, based on the core technology of "Sensing & Control + Think" that OMRON has cultivated thus far. Setting our unique "innovative-Automation" (Note) value creation concept, our aim is to solve rapidly changing social issues mainly in the manufacturing industry with innovative solutions, based on the widest range of control devices in the industrial market, and create social value that contributes to the realization of happiness for working people along with the sophistication of industry.

Note: "innovative-Automation" is a value creation concept advocated for by OMRON that creates social value by solving issues at manufacturing sites. It promotes the provision of automation for sustainability that realizes coexistence with the global environment and job satisfaction of people while driving innovation in manufacturing. "innovative-Automation" aims to embody the following three concepts: "Autonomation beyond human abilities" that invites people to take on more creative roles and maximizes both on-site productivity and energy efficiency, "Advanced collaboration between people and machines" that maximizes human potential and allows humans and machines to grow and evolve together, and "Digital engineering transformation" that reproduces manufacturing sites and equipment in digital space, accelerates DX at manufacturing sites, and contributes to business process innovation.

(2) Healthcare Business (HCB)

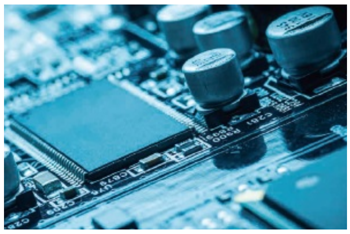
The mission of our Healthcare Business (HCB) is "To help realize healthy and comfortable lives for people around the world." By living up to this mission, we have developed healthcare products and services with a focus on usability and accuracy of readings. This is intended to allow anyone to take measurements 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 130 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.

(3) Social Systems, Solutions and Service Business (SSB)

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 battery systems, 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.

(4) Device & Module Solutions Business (DMB)

The mission of the Device & 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 connecting and switching devices, for customers across various industries including EVs and mobility, energy infrastructure, home appliances and industrial equipment.



(5) Data Solution Business (DSB)

The Data Solution Business will transform the OMRON Group’s value creation away from manufacturing to data-driven solutions. Towards resolving the three social issues addressed in SF2030 (Achieving carbon neutrality, Realizing a digital society, and Extending healthy life expectancy), utilization of data is essential. In collaboration with JMDC that became a group company in October 2023, we will not only expand business in the healthcare domain, but also combine large amounts of data we obtain from devices and components of other businesses with JMDC’s data management technology and solution development expertise, and create growing businesses that help resolve social issues.

Segment	Products or Services	Area	Major Subsidiaries
IAB	Programmable controllers Motion controllers Sensing devices Industrial camera/code reader devices Inspection systems Safety devices Industrial robots	Japan	OMRON KANSAI-SEIGYO CORPORATION SK SOLUTION CO.,LTD FA TECHNO CORPORATION
		Americas	OMRON ELECTRONICS LLC OMRON ROBOTICS AND SAFETY TECHNOLOGIES, INC. OMRON CANADA, INC.
		Europe	OMRON EUROPE B.V. OMRON ELECTRONICS IBERIA SA. OMRON ELECTRONICS S.P.A
		Greater China	OMRON (SHANGHAI) CO., LTD. OMRON INDUSTRIAL AUTOMATION(CHINA)CO.,LTD OMRON TAIWAN ELECTRONICS INC.
		Southeast Asia and Others	OMRON ASIA PACIFIC PTE. LTD. OMRON ELECTRONICS CO., LTD. OMRON ELECTRONICS KOREA CO., LTD.
HCB	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 Telemedicine services	Japan	OMRON HEALTHCARE CO., LTD OMRON HEALTHCAREMARKETING CO., LTD
		Americas	OMRON HEALTHCARE, INC. Omron Healthcare Brasil Indústria e Comércio de Produtos Médicos LTDA. Omron Healthcare México S.A de C.V
		Europe	OMRON HEALTHCARE EUROPE B.V. OMRON HEALTHCARE UK LIMITED OMRON HEALTHCARE RUS B.V.
		Greater China	OMRON DALIAN CO., LTD. OMRON HEALTHCARE (CHINA) CO., LTD. OMRON MEDICAL (BEIJING)CO.,LTD
		Southeast Asia and Others	OMRON HEALTHCARE SINGAPORE PTE LTD OMRON HEALTHCARE INDIA PVT LTD OMRON HEALTHCARE KOREA CO., LTD.
SSB	Energy business (solar power generation, storage battery systems) Railway station service systems Traffic and road management systems Card payment services IoT (power protection data protection) solutions Software development Comprehensive maintenance service business	Japan	OMRON FIELD ENGINEERING CO., LTD. OMRON ASO CO., LTD. OMRON SOCIAL SOLUTIONS CO.,LTD.
DMB	Relays Switches Connectors IoT communication modules General sensors Amusement components and units Face recognition software Image sensing component MEMS sensors	Japan	OMRON SWITCH & DEVICES CORPORATION OMRON AMUSEMENT CO., LTD OMRON RELAY & DEVICES CORPORATION
		Americas	OMRON ELECTRONIC COMPONENTS LLC.
		Europe	OMRON ELECTRONIC COMPONENTS EUROPE B.V. OMRON AUTOMOTIVE ELECTRONICS ITALY S.R.L.
		Greater China	SHANGHAI OMRON CONTROL COMPONENTS CO. ,LTD. OMRON ELECTRONIC COMPONENTS TRADING(SHANGHAI) LTD. OMRON ELECTRONIC COMPONENTS(SHEN ZHEN) LTD.
		Southeast Asia and Others	OMRON MALAYSIA SDN.BHD. OMRON ELECTRONIC COMPONENTS PTE., LTD. OMRON ELECTRONIC COMPONENTS CO., LTD.
DSB	Data healthcare business Corporate health business Smart M&S (management service solutions) business Carbon neutral solutions business Data-based solutions business Self-reliance support business	Japan	JMDC Inc. NS PARTNERS CO., LTD. Doctor-NET Inc.
		Greater China	DOCTOR-NET(SHANGHAI)INC.

4. Information about the Affiliates

Company name	Address	Common stock (JPY millions)	Principal businesses	Segment (Notes 1)	Ownership percentage of voting rights			Relationship		
					Direct (%)	Indirect (%)	Total (%)	Inter-locking officers	Loans	Business transactions, etc.
(Consolidated subsidiaries)										
OMRON SWITCH & DEVICES Corporation (Notes 2)	Kurayoshi-shi, Tottori	300	Manufacture of electronic components	DMB	100.0		100.0		Yes	Manufacture of OMRON products
OMRON AMUSEMENT Corporation	Ichinomiya-shi, Aichi	300	Manufacture and sale of electronic components	DMB	100.0		100.0			Manufacture and sale of OMRON products
OMRON FIELD ENGINEERING Co., Ltd.	Meguro-ku, Tokyo	360	Electrical equipment maintenance services	SSB		100.0	100.0			Maintenance of OMRON products
OMRON RELAY & DEVICES Corporation (Notes 2)	Yamaga-shi, Kumamoto	300	Manufacture of electronic components	DMB	100.0		100.0			Manufacture of OMRON products
OMRON ASO Co., Ltd.	Aso-shi, Kumamoto	200	Manufacture of control equipment	SSB		100.0	100.0			–
OMRON HEALTHCARE Co., Ltd.	Muko-shi, Kyoto	5,021	Manufacture, development, sale, etc. of health and medical equipment and services	HCB	100.0		100.0			–
OMRON Social Solutions Co. Ltd. (Notes 4)	Minato-ku, Tokyo	5,000	Manufacture, sale, etc. of systems for railway and road transportation	SSB	100.0		100.0			–
OMRON KANSAI-SEIGYO CORPORATION	Kita-ku, Osaka-shi	310	Sale of control equipment	IAB	100.0		100.0			Sale of OMRON products
SK Solution Co., Ltd	Hakata-ku, Fukuoka-shi	50	Sale of control equipment	IAB	100.0		100.0			Sale of OMRON products
FA Techno Corporation	Taito-ku, Tokyo	490	Sale of control equipment	IAB	100.0		100.0			Sale of OMRON products
JMDC Inc. (Notes 2, 3)	Minato-ku, Tokyo	25,099	Medical statistical data service	DSB	54.3		54.3			Purchase of JMDC Inc. services
NS PARTNERS CO., LTD.	Minato-ku, Tokyo	10	Medical factoring to medical institutions and consulting	DSB		100.0	100.0			—
OMRON MANAGEMENT CENTER OF AMERICA, INC.	Illinois, USA	USD 6,891,000	Management of subsidiaries and affiliates in North America	HQ	100.0		100.0			–
OMRON ELECTRONICS LLC	Illinois, USA	USD 9,015,000	Sale of control equipment	IAB		100.0	100.0			Sale of OMRON products
OMRON ELETRONICA DO BRASIL LTDA. (Notes 2)	Sao Paulo, Brazil	BRL 561,330,000	Sale of control equipment and management of subsidiaries and affiliates in Brazil	HQ	100.0		100.0		Yes	Sale of OMRON products
OMRON ELECTRONIC COMPONENTS LLC	Illinois, USA	USD 3,987,000	Sales management of electronic components business and sales	DMB		100.0	100.0			Sale of OMRON products
OMRON ROBOTICS AND SAFETY TECHNOLOGIES, INC. (Notes 2)	California, USA	USD 183,626,000	Development, manufacture, sale and maintenance services of industrial robots and mobile robots	IAB		100.0	100.0			Manufacture, sale, development and maintenance of OMRON products
OMRON HEALTHCARE, INC.	Illinois, USA	USD 200,000	Sale of health and medical equipment	HCB		100.0	100.0			–

Company name	Address	Common stock (JPY millions)	Principal businesses	Segment (Notes 1)	Ownership percentage of voting rights			Relationship		
					Direct (%)	Indirect (%)	Total (%)	Inter-locking officers	Loans	Business transactions, etc.
OMRON EUROPE B.V.	Hoofddorp, Netherlands	EUR 16,883,000	Management of subsidiaries and affiliates in Europe, and management of the industrial automation business in Europe	HQ	100.0		100.0			Sale of OMRON products
OMRON HEALTHCARE EUROPE B.V.	Hoofddorp, Netherlands	EUR 1,000,000	Sale of health and medical equipment, management of health and medical equipment business in Europe	HCB		100.0	100.0			–
OMRON ELECTRONIC COMPONENTS EUROPE B.V.	Hoofddorp, Netherlands	EUR 1,000,000	Sales management of electronic components business and sales	DMB		100.0	100.0			Sale of OMRON products
OMRON ELECTRONICS IBERIA SA.	Madrid Spain	EUR 750,000	Sale of control equipment	IAB		100.0	100.0			Sale of OMRON products
OMRON ELECTRONICS S.P.A	Milano Italy	EUR 5,000,000	Sale of control equipment	IAB		100.0	100.0			Sale of OMRON products
OMRON ASIA PACIFIC PTE. LTD.	Singapore	USD 23,465,000	Management of subsidiaries and affiliates in Southeast Asia and sale of control equipment	HQ	100.0		100.0			Sale of OMRON products
OMRON ELECTRONICS KOREA CO., LTD.	Seoul Korea	KRW 950 million	Sale of control equipment	IAB	100.0		100.0			Sale of OMRON products
OMRON ELECTRONICS CO., LTD.	Bangkok Thailand	THB 100 million	Sale of control equipment	IAB		100.0	100.0			Sale of OMRON products
OMRON (CHINA) CO., LTD. (Notes 2)	Beijing, China	RMB 1,469 million	Management of business in China	HQ	100.0		100.0			–
OMRON MEDICAL (BEIJING)CO.,LTD.	Beijing, China	RMB 10 million	Sales of health equipment	HCB		60.0	60.0			–
OMRON DALIAN CO., LTD.	Dalian, China	RMB 157,237,000	Manufacture of health and medical equipment	HCB		100.0	100.0			–
OMRON (SHANGHAI) CO., LTD. (Notes 2)	Shanghai, China	RMB 550,289,000	Manufacture, sale and development of control equipment	IAB		100.0	100.0			Manufacture, sale and development of OMRON products
OMRON INDUSTRIAL AUTOMATION (CHINA) CO., LTD.	Shanghai, China	RMB 56,067,000	Trading company	IAB		100.0	100.0			Sale of OMRON products
OMRON ELECTRONIC COMPONENTS TRADING (SHANGHAI) LTD.	Shanghai, China	RMB 28,968	Sale of electronic components	DMB		100.0	100.0			Sale of OMRON products
SHANGHAI OMRON CONTROL COMPONENTS CO., LTD.	Shanghai, China	RMB 390,367,000	Manufacture of electronic components	DMB		100.0	100.0			Manufacture of OMRON products
OMRON ELECTRONIC COMPONENTS (SHENZHEN) LTD. (Notes 2)	Shenzhen, China	RMB 276,560,000	Manufacture of electronic components	DMB		100.0	100.0			Manufacture of OMRON products
OMRON HEALTHCARE (CHINA) CO., LTD.	Dalian, China	RMB 51,374,000	Trading company of health and medical equipment	HCB		100.0	100.0			–
OMRON HONG KONG LIMITED.	Hong Kong, China	USD 13,314,000	Sale of electronic components	DMB	100.0		100.0			Sale of OMRON products
120 other companies										

Company name	Address	Common stock (JPY millions)	Principal businesses	Segment (Notes 1)	Ownership percentage of voting rights			Relationship		
					Direct (%)	Indirect (%)	Total (%)	Inter-locking officers	Loans	Business transactions, etc.
(Equity method affiliates)										
AliveCor, Inc.	California, USA	USD 224 million	Provision of support services and products for heart disease diagnosis and treatment	HCB	35.9		35.9			–
8 other companies										

Notes: 1. IAB refers to the Industrial Automation Business, HCB refers to the Healthcare Business, SSB refers to the Social Systems, Solutions and Service Business, DMB refers to the Device & Module Solutions Business, DSB refers to the Data Solution Business and HQ refers to the headquarter functions such as technology and intellectual property head office, and indicate segments based on principle businesses.

2. Specified subsidiary.
3. Submits Annual Securities Reports.
4. Sales of OMRON SOCIAL SOLUTIONS CO.,LTD. (excluding internal sales between consolidated companies) exceed 10% of consolidated sales.

   Principal profit and loss information, etc.

   (1) Net sales: JPY109,595 million;

   (2) Income before income taxes and equity in loss (earnings) of affiliates: JPY8,677 million;

   (3) Net income: JPY6,616 million;

   (4) Net assets: JPY58,747 million;

   (5) Total assets: JPY92,468 million
5. The subsidiaries and affiliates above do not include companies that are in significant insolvency.

5. Employees

(1) Information about the Consolidated Companies

As of March 31, 2024

Segment	Employees (persons)
Industrial Automation Business	10,008
Healthcare Business	4,467
Social Systems, Solutions and Service Business	2,846
Device & Module Solutions Business	6,920
Data Solution Business	1,823
Head Office	2,386
Total	28,450

Note: The number of employees is the number of workers (excluding those seconded to the Group from outside the Group, including those who are seconded from outside the Group to the Group).

(2) Information about the Reporting Company

As of March 31, 2024

Employees (persons)	Average age (years old)	Average years of service (years)	Average annual salary (JPY thousands)
4,538	45.0	16.1	8,739

Notes: 1. The number of employees is the number of workers (excluding those seconded from the Company to outside the Company, including those who are seconded from outside the Company to the Company).
2. Average annual salary includes bonuses and nonstandard wages.

As of March 31, 2024

Segment	Employees (persons)
Industrial Automation Business	2,496
Healthcare Business	—
Social Systems, Solutions & Service Business	—
Device & Module Solutions Business	949
Data Solution Business	33
Head Office	1,060
Total	4,538

Note: The number of employees is the number of workers (excluding those seconded from the Company to outside the Company, including those who seconded from outside the Company to the Company).

(3) Labor Union

As of March 31, 2024

Name	Omron Group Trade Unions Association (Japanese Electrical Electronic & Information Union)
Year of formation	April 1978
Union members (persons)	7,311

There are no notable matters between the Company and the labor union.

(4) Indicators Related to Diversity

The Company

Current fiscal year				
Percentage of female workers in managerial positions (%) (Note 1)	Male workers Childcare leave acquisition rate (%) (Note 2)	Difference in wages between male and female workers (%) (Note 4)		
		All workers	Regular Employee	Part-time/fixed-term workers
11.8	61.2	72.2	70.8	58.0

Consolidated Subsidiaries

Current fiscal year					
Name	Percentage of female workers in managerial positions (%) (Note 1)	Male workers Childcare leave acquisition rate (%) (Note 2)	Difference in wages between male and female workers (%) (Note 4)		
			All workers	Regular Employee	Part-time/fixed-term workers
OMRON HEALTHCARE Co., Ltd.	6.6	77.8	69.9	69.3	53.8
OMRON SOCIAL SOLUTIONS Co., Ltd.	9.5	68.4	72.6	69.7	91.4
OMRON FIELD ENGINEERING Co., Ltd.	5.8	100.0	70.2	76.5	48.3
OMRON FIELD ENGINEERING NISHINIHON Co., Ltd.	0.0	77.8	51.3	91.6	* (Note 3)
OMRON Software Co., Ltd.	5.2	77.8	81.3	79.5	* (Note 3)
OMRON ASO Co., Ltd.	0.0	60.0	57.9	60.0	* (Note 3)
OMRON RELAY AND DEVICES CO., LTD.	12.5	36.4	59.4	66.2	51.4
OMRON SWITCH and DEVICES Co., Ltd.	22.2	50.0	60.3	78.2	49.8
OMRON AMUSEMENT Corporation.	0.0	100.0	51.0	60.0	53.8
F.A. TECHNO Co., Ltd.	0.0	* (Note 3)	64.7	62.0	77.4
OMRON KIRIN TECHNOSYSTEM Co., Ltd.	7.7	66.7	81.7	78.6	127.2
OMRON EXPERT LINK Co., Ltd.	25.0	50.0	70.0	71.5	88.4
OMRON Expert Engineering Co., Ltd.	-	66.7	67.7	83.9	64.9
JMDC Inc.	17.4	50.0	65.9	68.3	* (Note 3)
CANCER SCAN Inc.	16.7	83.3	69.5	69.6	98.9
NS LIYANDO Co., Ltd.	20.0	* (Note 3)	71.9	87.0	66.7
DOCTOR NET Co., Ltd.	19.0	100.0	68.3	76.4	75.1
HERO INNOVATION Inc.	0.0	100.0	62.4	65.7	61.4

(Note) 1 Calculation based on the provisions of the Act on Promotion of Women's Participation and Advancement in the Workplace (Act No. 64 of 2015). This includes the submitting company and consolidated subsidiaries with 101 or more full-time employees. Please note that "-" indicates that the number of workers counted at the company of origin.

2 Based on the provisions of the "Law concerning the Welfare of Workers Who Take Care of Children or Other Family Members, Including Child Care Leave and Family Care Leave" (Law No. 76 of 1991), the rate of child care leave taken is calculated under Article 71-4, Item 1 of the "Ordinance for Enforcement of the Law concerning the Welfare of Workers Who Take Care of Children or Other Family Members, Including Child Care Leave and Family Care Leave" (Ministry of Labor Ordinance No. 25 of 1991). This includes the submitting company and consolidated subsidiaries with 101 or more full-time employees.

3 "*" indicates that no employees are eligible.

4 With regard to the gender wage gap, the Act on Promotion of Women's Participation and Advancement in the Workplace (Act No. 64 of 2015) requires disclosure of information for companies with 301 or more full-time employees. However, we have gone beyond the legal requirement and disclosed information for consolidated subsidiaries with 101 or more full-time employees. There is no gender-based differences in wage systems and structures, and this is mainly due to the low proportion of women in high-paying, senior positions. Our efforts to increase the ratio of female managers described in "Section 2. Business Status, 2. Fundamental Policy and Initiatives for Sustainability, (3) Human Capital Initiatives."

II. Business Conditions

1. Management Policy, Management Environment, and Issues to be Addressed

This section is presented with the structure of (1) Management Policies, (2) Long-term Vision “Shaping the Future 2030” (FY2022-2030), (3) Changes to Medium-Term Management Plan (SF 1st Stage) on “SF2030”, and (4) Structural Reform Program NEXT 2025.

Matters discussed here that are not historical fact reflect the judgment of the OMRON Group management at the end of the fiscal year.

“Operating profit” in the text is presented by subtracting “Cost of sales,” “Selling, general and administrative expenses” and “Research and development expenses” from “Net sales.”

(1) Management Policies

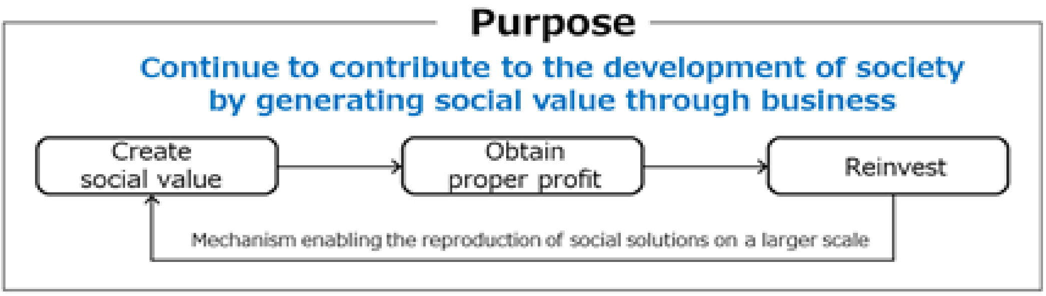
(i) OMRON Principles

In 1959, Kazuma Tateishi, the Company’s founder set forth “To improve lives and contribute to a better society” as “Our Mission” for the OMRON Group. Subsequently, the spirit of “Our Mission” was developed into the corporate principles of the OMRON Group, and has been revised in line with the changing times, while serving as the driver as well as the unifying force for business development leading to countless innovations and contributing to the development of society and the improvement of people’s lives. The OMRON Group aims to solve social issues through business by ensuring each employee holds these principles to heart. Therefore, it is important for all employees around the world to take action based on an understanding of our stance towards the corporate principles. The OMRON Group is currently reinforcing efforts to put the corporate principles into practice on a global scale.

The fundamental core of our approach is that we will continue to practice our corporate principles and strive to contribute to society and enhance corporate value. To clarify that this is the basis of our management, at the 85th Ordinary General Meeting of Shareholders (held on June 23, 2022) we proposed a resolution to state the corporate principles in the Articles of Incorporation. Following the approval of shareholders, the Articles of Incorporation were duly amended.

(ii) Purpose of the OMRON Group

The purpose of the OMRON Group is to "continue to contribute to the development of society by generating social value through business." To achieve this, we believe it is important to build a mechanism that can reproduce solutions to social issues on a larger scale through a cycle of creating social value, obtaining proper profit, and reinvesting.



(iii) Management Structure Based on OMRON Principles

The Management Philosophy of the OMRON Group represents our stance of putting the corporate principles into practice through our business and how we think about management. We have set forth our Management Philosophy to all our stakeholders and are acting in accordance with the 3 specific guidelines: the Long-term Vision, the OMRON Group Management Policy and stakeholder engagement.

Since this "management stance" is aimed at the persistent growth of the Company, we have also included the same content in the OMRON Group's "Sustainability Policy."
(Please see II. Business Conditions, 1. Management Policy, Management Environment, and Issues to be Addressed, (2) Long-term Vision "Shaping the Future 2030" (FY2022-2030), (iii) Material Sustainability Issues in SF2030.

(Reference) Initiatives to instill OMRON Principles

The OMRON Group engages in a variety of activities to instill and promote its corporate philosophy, OMRON Principles, in the workplace.

＜Major initiatives to support the implementation of OMRON Principles＞

- OMRON Principles Dialogue

Top management personally visits each global location to talk with executives and front-line employees around the world about our corporate philosophy. The lecture includes real-life examples of the importance of our corporate philosophy in daily business operations and the experience of the top management themselves in putting OMRON principles into practice as business managers. Afterwards, participants share and promote each other’s examples of OMRON principles in practice, and based on their findings, discuss action plans for future application of our corporate philosophy. In doing so, the OMRON principles dialogues provide an opportunity for executives and front-line employees in each region to accelerate action toward putting our corporate philosophy into practice.

- “VOICE” Employee Engagement Survey

The Group’s management team gathers direct feedback from employees globally through the “VOICE” engagement survey in an effort to practice engagement management, in which management and employees work together to realize an environment where each individual employee working in the OMRON Group can maximize their abilities.

We have conducted the VOICE surveys every two years since 2016, sending approximately 70 questions to our entire global employees to collect responses including free-form text comments. The response rate for this survey (held in September to October 2022) was 91% with 38,000 free-form text comments received. These responses are analyzed in detail to gauge the attractiveness of the Company, and the management team discusses organizational issues derived from the survey results, clearly defines goals, and promotes action.

Based on our VOICE surveys, we are working on specific actions including the launch of a digital transformation (DX) through renewal of our corporate systems, review of the personnel evaluation system based on job type, and identifying issues and training requirements for managers through 360-degree feedback.

- The OMRON Global Award (TOGA)

This program of activities enables our all employees worldwide to share stories of how they put our corporate philosophy into practice through their work. TOGA aims to encourage our employees to set their own goals for solving social issues with the aim of fostering a culture of ongoing aspiration toward putting the OMRON Principles into practice. By sharing and recognizing each other’s efforts to put the corporate philosophy into practice in daily work and in the workplace, we are expanding the circles of empathy and resonance for the practice of OMRON Principles.

Please see the Company’s website for details of TOGA.

https://www.omron.com/global/en/about/corporate/vision/initiative/#

(2) Long-term Vision "Shaping the Future 2030" (FY2022-2030)

The OMRON Group has a long-term vision named "Shaping the Future 2030" (abbreviated as "SF2030") spanning fiscal 2022 to 2030. OMRON has established a narrative for our own transformations and new value creation. This will allow us to continue to contribute to society by fulfilling OMRON's purpose and addressing as many social issues as possible.

(i) SF2030 Vision Statement

> **We Will Continue to Create "Innovation Driven by Social Needs" through Automation to Empower People.**
>
> Design the near-future, detect and uncover social needs, and create new value through automation.
> We call this process "innovation driven by social needs" and have been contributing to a better society by practicing it since our foundation.
> Contributing to creation of a social and economic system capable of sustainable development is OMRON's fundamental purpose.
> We will remain true to corporate philosophy management, continuing its practice without change.
>
> Automation in industrial society was the replacement of human work by machines.
> What is required in an "autonomous society" is automation that helps people realize their full potential through the optimal combination of replacement, collaboration, and harmonization.
> We have defined automation from now on as "automation which empowers people," and will continue to evolve our Sensing & Control + Think technologies to realize this automation.
>
> In the next decade, as existing social issues become more pressing and new ones emerge, we will remain true to our core values and contribute to achievement of carbon neutrality, realization of a digital society, and extension of healthy life expectancies through "automation which empowers people," with the aim of realizing an autonomous society where individual fulfillment is compatible with the society's affluence.

The SF2030 incorporates this desire: "all OMRON employees put our corporate philosophy into practice and work together with stakeholders to create a sustainable society through Sensing and Control + Think technology."

(ii) Social Value Created by OMRON

In considering the creation of social value, OMRON chose to focus on issues where the impact on society is large and where OMRON can leverage its strength in automation as well as capitalizing on assets of its customers and businesses. From this perspective, OMRON has identified 3 social issues: achieving carbon neutrality, realizing a digital society and extending healthy life expectancies.

We contribute to the creation of energy systems that balance safety, security, convenience, and the natural world through initiatives that aim for carbon neutrality and address global warming issues.

To realize a digital society, we must create an environment for people to access the information they need regardless of their age or wealth. By realizing a digital society that can benefit all people, OMRON aims to address issues that stem from social gaps and contribute to building creative, flexible manufacturing and infrastructure for a sustainable society where people are released from all constraints.

Also, in an aging society, extending healthy life expectancy is important to not only the individual, but also the happy lives of their families. In addition, it is important from a perspective of reducing medical expenses. OMRON is tackling head-on initiatives to address the issue of an aging society by constructing a healthcare system that allows people to live healthy, prosperous, independent lives by extending healthy life expectancy.

<Social issues addressed by OMRON and social values to be created>

Social Issues Addressed by OMRON	Achievement of Carbon Neutrality	Realization of a Digital Society	Extension of Healthy Life Expectancies
			
Social Value to be Created	Energy systems that strike a balance between safety, security, and convenience and the natural environment	Manufacturing and infrastructure that will free people from all restrictions, regardless of age or wealth, and realize an enjoyable, creative, and sustainable society	Healthcare systems that enable people to lead healthy, prosperous, and independent lives

In order to maximize the social impact of addressing these three social issues, we revised the OMRON Group domains in SF2030, and established four domains and social values within each domain. Industrial Automation aims to contribute to the advancement of manufacturing that will support a sustainable society. Healthcare Solutions aims to contribute to the achievement of “Zero Events” for cardiovascular diseases. Social Solutions aims to contribute to the spread and efficient use of renewable energy and the sustainability of the infrastructure supporting a digital society. Device & Module Solutions aims to contribute to the spread of new energy and high-speed communications.

<Social values created by four domains>

Domains / Social Issues	Achievement of carbon neutrality	Realization of a digital society	Extension of healthy life expectancies
Industrial Automation	Contribute to the “advancement of manufacturing that will support a sustainable society”		
Healthcare Solutions			Contribute to the “achievement of ‘Zero Events’ for cardiovascular diseases”
Social Solutions	Contribute to “the spread and efficient use of renewable energy and the sustainability of the infrastructure supporting a digital society”		
Device & Module Solutions	Contribute to the “spread of new energy and high-speed communications”		

Industrial Automation

Industrial Automation aims to contribute to the advancement of manufacturing that will support a sustainable society. Working with customers, OMRON has created applications that help innovate in manufacturing, eliminate labor shortages and improve productivity in a variety of industries through innovative-Automation. In the future, we will further evolve innovative-Automation and construct manufacturing sites that can support a sustainable future and make workers feel fulfilled in their work through co-existence with the environment. This will be achieved by maximizing productivity and energy efficiency, constructing manufacturing sites that can maximize the potential of people, improving operational processes, and improving the operational efficiency of engineering areas.

Healthcare Solutions

Healthcare Solutions aims to contribute to the achievement of “Zero Events” for cardiovascular diseases. OMRON has helped prevent the incidence of cerebral and cardiovascular events with its creation and distribution of medical-quality home-use devices that can be applied to diagnosis and treatment. Building a new preventive medical system to prevent event occurrences, we aim to bring about a society where everyone can live a healthy life and have access to high quality medical care, wherever they live. Looking toward that society, we will create devices that can measure vital data from daily life, implement remote patient monitoring services that use algorithms that support decision making of doctors in diagnosis and treatment, and develop new preventative medical services.

Social Solutions

Social Solutions aims to contribute to the spread and efficient use of renewable energy and the sustainability of the infrastructure supporting a digital society. OMRON has contributed to the spread of solar power and storage batteries. We will use advanced energy control technology to eliminate instability in power generation and contribute to the further use of renewable energy. In Social Infrastructure, we support operation and maintenance by leveraging extensive knowledge about various devices and operation site at facilities, and a service network that covers all of Japan. We will continue to innovate in operation and maintenance processes with management and services that support the efficient operation of on-site systems.

Device & Module Solutions

Device & Module Solutions aims to contribute to the spread of new energy and high-speed communications. To date, OMRON has leveraged its technology to connect and disconnect electrical current to provide on a broad global basis high performance, high quality relays and switches for customers to incorporate in their devices. With the adoption of lower environmental impact electricity all devices will be converted to direct current (DC). Alongside this change, OMRON will create safety devices that control electrical discharges and detect fault timing in order to prevent fire and electric shocks. With the spread of high-speed communications, we will create high frequency compatible devices that enable “uninterrupted connectivity” to improve noise immunity and mass production using the microfabrication technology it has developed over the years.

(iii) Material Sustainability Issues in SF2030

Under SF2030, OMRON is evolving and promoting integrated initiatives to business growth and sustainability issues. The creation of social and economic value is realized through the aim of "solving social issues through business." In order to achieve this, it is essential to create new businesses by innovation driven by social needs and to develop diverse human resources to support these new businesses. These will also lead to "OMRON's sustainable growth." In addition, decarbonization, reduction of environmental impact, and respect for human rights in the value chain have become essential corporate social responsibilities to promote the "sustainable development of society." By addressing these five key sustainability issues, SF2030 aims to maximize corporate value by creating both social and economic value.

	Material Sustainability Issues under SF2030	SF2030 Targets
1	**Resolving Social Issues through Our Business** Creating social value and driving OMRON's sustainable growth by resolving social issues through our business	The state of contributing to the sustainable development of society by resolving the social issues tackled groupwide, namely, achievement of carbon neutrality, realization of a digital society, and extension of healthy life expectancy from the social change factors focused on in SF2030: an aging population, climate change, and economic disparity among individuals
2	**Maximizing the Capability to Innovate Driven by Social Needs** Evolving business models, endowing OMRON with the competitiveness required for achieving sustainable growth, and expanding new business generation efforts	The state of continuously generating new businesses by demonstrating our capability to innovate driven by social needs in both existing and new business domains, through actions such as evolving essential core technology development and incorporating it into business models
3	**Generating Diverse Talent Taking on the Challenge of Value Creation** Evolving human resources management to bring out the capabilities and skills of OMRON's diverse talent, who will be the source of OMRON's sustainable growth	The state of bringing diverse talent together where everyone can succeed, regardless of nationality, gender, or work style, where OMRON provides opportunities for its diverse talent to grow and evolves its human resources management to maximize their capabilities and skills
4	**Achieving Decarbonization and Lower Environmental Impact** By viewing climate change from the two aspects of opportunities and risks, practicing corporate social responsibility and building further competitive advantage	The state of building further competitive advantage while solving social issues through reducing greenhouse gas (GHG) emissions in the value chain and establishing a resource recycling model ●Scope 1 and 2 (Note 1): 65% cut vs. FY2016 ●Scope 3, Category 11 (Note 2): 18% cut vs. FY2016
5	**Respecting Human Rights in the Value Chain** As part of our corporate social responsibility, exerting our influence for the respect of human rights for workers in the value chain and at OMRON	In line with the UN Guiding Principles on Business and Human Rights, the state of exerting our influence for the respect of human rights for workers not only at OMRON, but also in the value chain, and establishing a culture and system that does not permit or cause human rights violations

Notes: 1 Scope 1 and 2: Greenhouse gases emitted directly or indirectly from the company's own operations.
2 Scope 3 Category 11: Scope 3 corresponds to greenhouse gas emissions from the company's value chain. Of these emissions, Category 11 corresponds to emissions from the use of products and services manufactured or sold, etc.

*More details about SF2030 including the "Direction of OMRON's Evolution in SF2030" are available on our website: https://www.omron.com/global/en/sf2030/

*For more information on the Sustainability Key Issue Identification Process, please visit the website: https://sustainability.omron.com/en/omron_csr/sustainability_management/

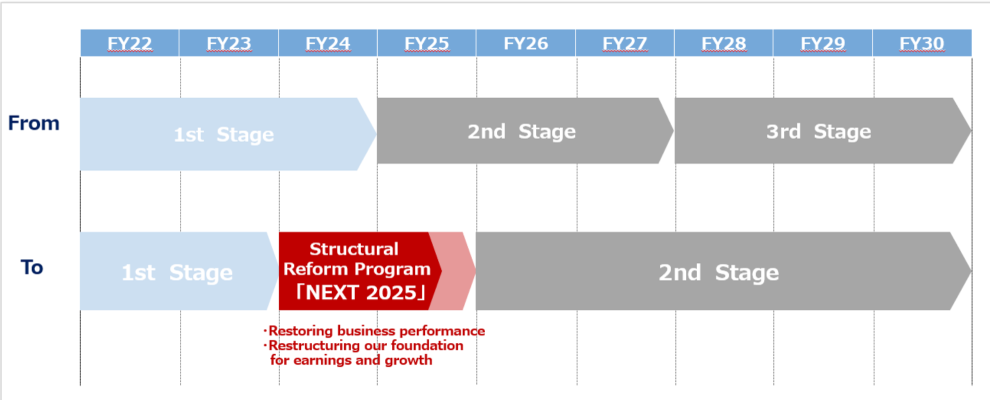
(3) Changes to Medium-Term Management Plan (SF 1st Stage) on “SF2030”

The Group designated the period spanning fiscal 2022 to fiscal 2024 as its medium-term management plan (hereinafter “SF 1st Stage”) and positioned it as a period of accelerating the transformation of OMRON to create value in response to social issues and to grow sustainably towards the achievement of the SF2030 vision, with the aim of capturing the growth opportunities that emerge from changes in social structures and achieving strong growth by tapping into the resulting competitiveness. However, the business environment deteriorated more than expected during fiscal 2023 due to the slowdown of the Chinese economy and supply chain disruptions. The Group was unable to respond to this rapid change in the environment, as operations of certain businesses and areas driving Group growth were unbalanced, resulting in a significant decline in company performance.

In response to these circumstances, the Group has decided to withdraw its medium-term management plan (SF 1st Stage), which was originally scheduled to run through fiscal 2024, and to designate the period from April 1, 2024 to September 30, 2025 as a structural reform period to implement the Structural Reform Program NEXT2025.

The next medium-term management plan (SF 2nd Stage) is planned from fiscal 2026 to fiscal 2030.

<Change of Medium -term- Management Plan>



(i) SF 1st Stage Policy and Progress

In the SF 1st Stage, the Group holds up “taking on the challenge of value creation by accelerating transformation.” and sets three group strategies to achieve this. One is transformation of business. Specifically, we took efforts to evolve four core businesses (Industrial Automation Business, Healthcare Business, Social Systems, Solutions and Service Business, Device & Module Solutions Business), expand customer asset-type service businesses, and create new businesses from the perspective of social issues. To evolve each core business, we identified the growth area in each, identified core businesses, and aimed at increasing sales growth by achieving new value creation. The second strategy is the transformation of corporate management and organizational capabilities. In order to continue to create value while responding to business environment changes, we implemented initiatives to accelerate diversity and inclusion, data-driven enterprise operations through DX, and enhancement of supply chain resilience. The third strategy is strengthening initiatives for sustainability. Specifically, we implemented measures to reduce greenhouse gas emissions for achieving decarbonization and lower environmental impacts and thoroughly address respect for human rights in the value chain.

Based on the above strategies, in the SF 1st Stage, we have set financial targets and non-financial targets that integrate business strategies with sustainability.

In fiscal 2022, the initial year of the SF 1st Stage, although under a significant impact such as the Shanghai lockdowns, globally expanded inflation, and tight supply of parts and materials, both net sales and operating income marked a record high performance with return on invested capital (ROIC) and return on equity (ROE) both exceeding the 10% level. This was mainly due to the rapid ramp-up of supply capacity to respond to heavy order backlogs and the ongoing company-wide efforts to improve value-added ratios through price optimization and other measures. In fiscal 2023, however, there was a significant decline in performance as stated above, and indicators we set as financial targets were also significantly declined compared to fiscal 2022.

On the other hand, the initiatives for non-financial targets continue to be generally favorable. GHG emissions met the initial target, and human rights initiatives were achieved as planned. With these initiatives recognized, we continued to be included in the DSJI-World for fiscal 2023.

＜SF 1st Stage Financial Targets and Progress＞

Financial Targets	FY2022 (Results)	FY2023 (Results)	FY2024 (Plan)	FY2024 (Initial Targets)
Net sales	JPY876.1 billion	JPY818.8 billion	JPY825.0 billion	JPY930.0 billion
Operating income	JPY100.7 billion	JPY34.3 billion	JPY49.0 billion	JPY120.0 billion
ROIC	10.40%	1.0%	around 1%	at least 10%
ROE	10.60%	1.1%	around 1%	at least 10%
EPS	JPY372	JPY41	JPY43	at least JPY400

＜SF 1st Stage Non Financial Targets and Progress＞

Non-financial Targets (Note 1)	FY2022 (Results)	FY2023 (Results)
1) Increase sustainability sales 45% vs FY2021 (reflects contribution to solving 3 social issues) (Note 2)	+28% (vs. FY2021)	+33%* (vs. FY2021)
2) Raise the ratio of women in management roles above 18% on a global basis	16.6% (Note 5)	19.1%* (Note 7)
3) Hire disabled individuals at 28 bases outside Japan; maintain 3% level achieved in Japan	Outside Japan: 27 locations Japan: 3.1%	Outside Japan: 28 locations Japan: 3.5%
4) Reduce Scope 1 and 2 GHG emissions by 53% versus FY2016 (Note 3)	62% reduction (Note 6) (vs. FY2016)	68% reduction (vs. FY2016)
5) Achieve Carbon Zero at all 76 locations in Japan	10 bases	39 locations (Cumulative)
6) Conduct human rights due diligence in line with the UNGP and develop a human rights redress mechanism in the value chain	- Identified human rights issues - Developed and piloted a primary human rights redress mechanism	・Draft solutions to identified human rights issues ・Operate and monitor redress mechanisms
7) Continue to make solid advances on sustainability initiatives to maintain inclusion in DJSI World	Selected to 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	46%	70%
9) In all regions, introduce a training program covering the basic knowledge required for DX: statistics, data analytics, AI and others	Created training program and began piloting in Europe	Training initiated in all areas except Japan
10) Make full use of digital tools to reduce use of paper	44% reduction (vs. FY2019)	54% reduction (vs. FY2019)
+1 Top management of each region (Note 4) to declare and execute their commitment to contribute to local communities in alignment with OMRON's Sustainability Policy	Declared in each region and continued implementing	Declaration/execution ongoing in all areas

Notes: 1.Figures presented in the non-financial targets are the initial SF 1st Stage targets set in fiscal 2022
2.Net sales of focus domains related to "achievement of carbon neutrality," "realization of a digital society" and "extension of healthy life expectancies"
3.GHG: Greenhouse gas
4.Regions: Americas, Europe, Asia, Greater China, South Korea, and Japan
5.Aggregated figure for the Company and its consolidated subsidiaries as of April 20, 2023, including OMRON KIRIN TECHNO-SYSTEM CO., LTD., in which investment was completed on April 3, 2023
6.Figures for fiscal 2022 GHG emissions include the temporary impact of the Shanghai lockdowns, etc.
7.Aggregated figure for the Company and its consolidated subsidiaries as of April 20, 2024
8.(8) through (10) in non-financial targets are targets decided by employee vote
9. Fiures with * include JMDC.

(ii) Making of JMDC into a Consolidated Subsidiary and Launch of Data Solution Business Headquarters

Capital and business alliance with JMDC

For the aim of creating preventive solutions by matching medical data such as health examinations and records, with daily gathered data, such as blood pressure, vital signs, and activity data, the Company entered a capital and business alliance with JMDC Inc. (“JMDC”) on February 22, 2022.

Since the alliance was made, the understanding of the Company’s business with JMDC and the building of mutual trust between JMDC and the Company have been proceeding smoothly. In April 2023, data linkage was launched between OMRON Connect, a health management app for smartphones that OMRON HEALTHCARE Co., Ltd. provides, and PepUP, a PHR service that JMDC offers to insurers. In June 2023, the Health & Productivity Management Alliance (Note) was established by eight lead managing companies (140 when adding member companies and associations) to enhance the competitiveness of Japanese companies and the sustainability of corporate health insurance through the improvement of employee health. Collaboration between the two companies has increased speed.

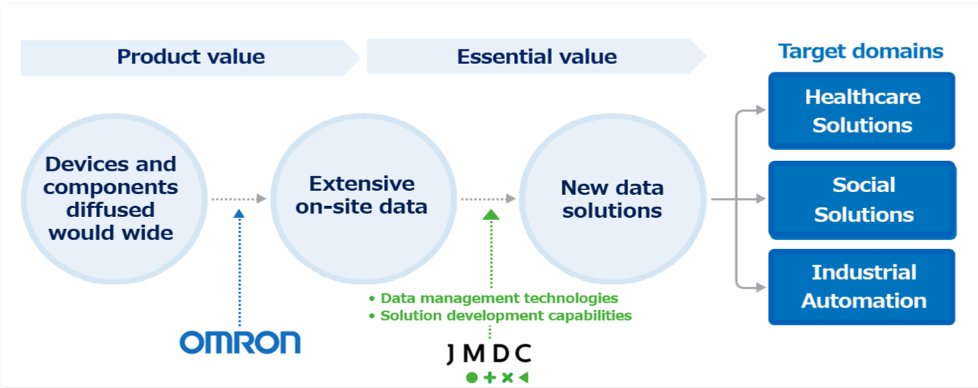
Note Participants of the Health & Productivity Management Alliance number up to 392 member companies and associations (including nine lead managing companies) as of April 30, 2024.
For details of the Health & Productivity Management Alliance, please see the website below (Japanese only).
https://kenkokeiei-alliance.com/

Making of JMDC into a consolidated subsidiary and launch of Data Solution Business Headquarters

Under these circumstances, on October 16, 2023, the Company acquired additional shares of JMDC through a tender offer and made JMDC into a consolidated subsidiary with the aim of further accelerating collaboration in the healthcare area and creating a data solutions business in other areas through JMDC’s data management technology and solution development capabilities.

Furthermore, the Data Solution Business Headquarters was newly established on December 21, 2023 as an organization under the direct control of the President and CEO to evolve OMRON’s business model and create a growth business by combining vast, high-quality on-site data available from OMRON’s strong hardware with JMDC’s data management technology and solution development capabilities

<Target domains of Data solution business HQ>



The Data Solution Business Headquarters will not only expand business in the Healthcare Solutions domain, which we thus far have reviewed in collaboration with JMDC, but also identify opportunities for data solutions in other domains, such as Industrial Automation and Social Solutions, to establish specialized organizations to advance our business development and market implementation. We will also contribute to solving social challenges through data solutions. The main businesses to be put to focus in each domain in the future are as follows.

Healthcare Solutions domain: Corporate Health Business

By utilizing JMDC’s data analytics, we will work to create businesses that improve corporate productivity and the financial status of corporate health insurance. We will also use data to advance the development of solutions that contribute to sampling those with potential high blood pressure risks and prevent aggravation, the development of solutions that contribute to women’s health, and the development of solutions that improve employees’ presenteeism and enhance the organization’s productivity. Taking these initiatives as a foothold in the corporate health business, we will link them to developing relevant businesses.

Social Solutions domain: Smart M&S Business

Based on the analysis and use of data, we will create new solutions to enhance the value and efficiency of retail sales, distribution, energy, and social systems by utilizing AI and remote technologies, and other cutting-edge technologies. By cooperating with the Social Systems, Solutions and Service Business, we will develop business models that lead to solving social issues.

Industrial Automation domain: FA Data Solution Business

In addition to the FA Data Solutions Project that collaborates with the i-BELT service offered by the Industrial Automation Business, one of the OMRON key businesses, we will set up new project themes that will lead to the creation of successive new businesses in the future.

(4) Structural Reform Program NEXT 2025

Under Structural Reform Program NEXT 2025, which is scheduled to run from April 1, 2024, to the end of September 2025, we will address the two management issues of rebuilding the Industrial Automation Business as quickly as possible and restructuring our foundation for earnings and growth and implement five management measures to ensure sustainable sales growth and profitability, as well as to achieve sustainable enhancement of corporate value.

(i) Industrial Automation Business Revival Plan

The Company intends to redefine the value-provided areas, customers, and the value itself from the customers' perspective. To achieve such a portfolio, we will allocate resources, including ones from the head office division. Through this initiative, we will maximize ROS in the Industrial Automation Business and establish a foundation for growth to achieve the growth aimed at under SF2030.

(ii) Portfolio Optimization

The Company intends to optimize business, product, and area portfolios to build greater resilience in each business to deal with changes in the business environment, achieving both sustainable growth and profitability. At the same time, the Data Solution Business will take the lead in accelerating the creation of data solution businesses within the Industrial Automation Business, Healthcare Business, and Social Systems Business, leveraging the capabilities of JMDC.

(iii) Headcount and Capacity Optimization

The Company intends to work to build a personnel and personnel cost structure resilient to the rapidly changing business environment. In addition, we will transform the capabilities of the OMRON Group overall as envisioned in SF2030 by rebuilding a human resource portfolio to realize increased customer value and profitable growth.

Specifically, we will work to optimize total personnel costs by reducing the number of employees by approximately 2,000, consisting of approximately 1,000 employees in both Japan and overseas, respectively. The measures will be implemented in compliance with the local labor laws, rules, and regulations.

For details of the measures, please refer to "V. Financial Information, Notes on Consolidated Financial Statements, II Descriptions and Breakdowns of Major Accounts, Z. Subsequent Events."

(iv) Fixed Cost Productivity Improvements

The Company will pursue the maximization of fixed cost productivity across the entire OMRON Group. Specifically, we intend to adopt and apply consistent fixed cost discipline to maintain a ratio of SG&A expenses to net sales of less than 30% over the medium term (less than 28% when excluding JMDC. Result for fiscal 2023 was 32.0%).

(v) Introduction and Operation of a Customer-Driven Management System

The Company intends to introduce and execute measures to orient management, business, and headquarters management toward customer-driven thinking and behavior. Specifically, in addition to measures from a financial perspective, we intend to adopt and apply consistent human resources policies to control business operations and change management thinking and behavior from the customer's perspective.

2. Fundamental Policy and Initiatives for Sustainability

Since its founding, the OMRON Group has achieved growth by creating social value through its business and contributing to the development of society. The driving force behind this growth has been the “Our Mission” of “to improve lives and contribute to a better society.” This mission embodies the spirit of our company as a public institution, our ambition to be a pioneer in creating innovation, and our desire to build a better society. Sustainability in the Group is all about putting the OMRON Principles into practice. The below describes each of (1) OMRON’s policy and initiatives for sustainability, (2) Responses to climate change, (3) Initiatives for human capital, and (4) Initiatives for respecting human rights in the thematic areas of (i) governance, (ii) strategy, (iii) risk management, and (iv) metrics and targets.

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(1) OMRON’s Policy and Initiatives for Sustainability

(i) Governance

The OMRON Group has established a company-wide management structure to implement sustainability initiatives on a global basis. The status of initiatives to address material sustainability issues is regularly reported to the Executive Council, where progress status and issues are discussed.

Specifically, the Sustainability Committee has been established in the operating divisions as a sustainability promotion structure, and is implementing initiatives to address sustainability issues. We are strengthening company-wide efforts to address environmental and human rights issues in particular. We established the Environment Steering Committee and the Human Rights Steering Committee directly under the Sustainability Committee to discuss and make decisions on how to address material sustainability issues on a first-line, practical basis and to monitor the progress of fiscal year plans.

In fiscal 2023, we appointed directors in charge of the environment and human rights to strengthen the monitoring and supervision of the Board of Directors for sustainability initiatives and had them attend the Environment Steering Committee and the Human Rights Steering Committee as observers. In addition, Regional Sustainability Committees were established in each area to strengthen efforts focused on issues specific to each area. We also appointed an executive officer with operational responsibility of promoting sustainability, with the aim of further strengthening sustainability governance for the entire Group.

From fiscal 2024, with a view to further strengthening sustainability initiatives on a practical operating basis, the Sustainability Office, which was previously positioned under the direct supervision of the Board of Directors, has been dissolved to enhance the organization for this purpose. Instead, we established the Sustainability Management Department as an operating division under the Global Corporate Communications & Engagement HQ.

These sustainability initiatives are regularly reported to the Board of Directors to further strengthen governance throughout the Group.

Since fiscal 2017, a sustainability evaluation based on the Dow Jones Sustainability Indices (DJSI) has been incorporated into the evaluation for medium- to long-term performance-linked compensation (stock compensation) for officers. In addition, the reduction of greenhouse gas emissions and the score of Sustainable Engagement Index (SEI) in an engagement survey for employees were newly added as a KPI that contributes to OMRON’s growth when the officer compensation system was revised in fiscal 2020.

The adoption of third-party sustainability evaluation enhances fairness and transparency, and the disclosure of sustainability policies, targets, KPIs, and progress on the website and others enhances dialogue with stakeholders in order to evolve the initiatives.

For details of the officer compensation system, please see “(i) Content of Officer Compensation” in “(4) Officer Compensation,” in “4. Corporate Governance, etc.,” in “Part IV. Information about the Reporting Company.”

<Management structure for promoting sustainability>

<Summary of Environment Steering Committee and Human Rights Steering Committee>

	Members	Agenda items	Frequency of meeting
Environment Steering Committee	Director in charge of environment, Executive Officer in charge of sustainability, heads of strategy planning division of business companies, etc.	Environmental evaluation framework Progress with CFP initiatives Environmental laws and regulations Next fiscal year plans, etc.	Generally held on a quarterly basis (In October, December and March)
Human Rights Steering Committee	Director in charge of human rights, Executive Officer in charge of sustainability, heads of head office functions, etc.	Progress with human rights due diligence Expansion of operating human rights redress mechanisms Joined the RBA* Next fiscal year plans, etc.	Generally held on a quarterly basis (In July, October and February)

*RBA: Abbreviation for Responsible Business Alliance.

(ii) Strategy

OMRON's reason for being is to create social value through business and continue to contribute to the development of society. To achieve this, we have identified material sustainability issues that OMRON should focus on, incorporated them into our mid- to long-term strategy, and set specific initiatives and targets to implement them through our business. “SF2030” aims to maximize corporate value by integrating business and sustainability to create both social and economic values.
Details are provided in “1. Management Policy, Management Environment, and Issues to Be Addressed” in “Part II. Business Conditions.”
As part of sustainability management for its operating areas as well as supply chain domains, OMRON became a member of the Responsible Business Alliance (hereinafter, “RBA”), an industry coalition dedicated to promoting corporate social responsibility, in January 2024. As a member of the RBA, OMRON commits to advancing its initiatives in pursuing social responsibility in the value chain going forward, with a view to building more solid global supply chains and striving for the sustainable development of society and the sustainable growth of OMRON.

(iii) Risk Management

Information is provided in “Part II. Business Conditions 3. Risks of Business, etc.”

(iv) Metrics and Targets

Metrics and targets related to sustainability are described below:

Targets for fiscal 2030;

“Part II. Business Conditions 1. Management Policy, Management Environment, and Issues to Be Addressed.”

Results during fiscal 2023 and targets for fiscal 2024;

“Part II. Business Conditions 4. Management Analysis of Financial Condition, Operating Results and Cash Flows.”

External evaluations of the initiatives for sustainability issues

OMRON has received wide recognition for the initiatives aimed at solving sustainability issues through business that it has been promoting. OMRON has been included in various global indexes, including DJSI-World, and recognized with multiple awards.

<Third-party evaluations>

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Dow Jones Sustainability Indices	DJSI-World	DJSI-World	DJSI-World	DJSI-World	DJSI-World	DJSI-World
S&P Global Sustainability Award	-	-	Gold Class	Silver Class	Top 5%	Yearbook Member
CDP (Climate Change)	B	A-	A-	A-	A	A-
EcoVadis	SILVER	GOLD	PLATINUM	GOLD	PLATINUM	PLATINUM

*Please refer to the below for more information on external evaluations.

https://sustainability.omron.com/en/evaluation/

(2) Response to Climate Change

With numerous major disasters occurring around the world due to extreme weather events, we consider climate change to be the most important issue we face. At OMRON, we are committed to the challenge of realizing carbon-neutral societies, which is a social issue, under "SF2030,"

Since announcing our endorsement of the Task Force on Climate-related Financial Disclosure (TCFD) recommendations in February 2019, we have disclosed information based on the TCFD framework to strengthen engagement with shareholders, investors, and other stakeholders regarding climate change initiatives.

OMRON Group's Scenario Analysis Based on TCFD Framework

We analyze the impact of transition risks and physical risks related to climate change on the Group's business strategies through a four-step process that follows the basic steps for conducting scenario analysis published by the Ministry of the Environment and other organizations.

<Steps for Scenario Analysis>

Step 1: **Identify corporate risks and opportunities**	●Identified transition risks over the short to medium term in categories of government policy, laws and regulations; markets; technology; and reputation ●Identified physical risks for OMRON production sites and our partner companies incorporating objective viewpoints from outside analysts ●Identified business growth opportunities in the short to medium term
Step 2: **Select scenario and define worldview**	●Selected and analyzed scenarios based on (1.5/2°C scenario) and (4°C scenario) ●For the selected scenarios, defined our world view in terms of government policy, laws and regulations as well as customer demands, etc. with respect to OMRON's operations ●Ascertained medium- and long-term countermeasures and business strategies based on the above worldview
Step 3: **Evaluate impact on business**	●Envisioned a 2030 scenario based on the identified opportunities/risks and defined worldview, and calculated financial impact ●Classified financial impacts based on thresholds, calculating profitability to identify areas of response and levels of priority for medium- and long-term management plans
Step 4: **Set and take measures**	●Incorporated identified risks into integrated risk management for consistency and began monitoring throughout entire value chain ●Reflected identified opportunities in medium- and long-term management plans and business strategies

Disclosure in Line with the Four Thematic Areas Recommended by the TCFD

The TCFD recommends all companies disclose information based on four thematic areas: (i) governance, (ii) strategy, (iii) risk management, and (iv) metric and targets. The OMRON Group discloses climate-related initiatives in line with these four thematic areas of the TCFD recommendations.

(i) Governance

OMRON Environmental Policy

We revised the OMRON Environmental Policy on March 1, 2022, as an important guideline to achieve the goals of our climate change measures. Based on this policy, we will implement measures to help solve environmental issues across the entire value chain, such as decarbonization and the reduction of environmental impact, and enhance corporate value by responding to the expectations of stakeholders.

Please refer to the below for the OMRON Environmental Policy.

https://sustainability.omron.com/en/environ/management/vision/

Role of the Board of Directors and oversight structure

In the OMRON Corporate Governance Policies, we clearly state that the Board of Directors determines and discloses sustainability policies, material issues, and targets, including efforts to address climate change risks based on the TCFD and other frameworks.

The Executive Council and the Sustainability Committee meet regularly to discuss, decide, manage progress, and monitor climate-change-related risks and business opportunities that are identified through scenario analysis linked with SF2030 and the medium-term management plan for respective businesses in line with the TCFD Proposals, as well as targets and specific measures, considering corrective measures as necessary. The Board of Directors regularly receives reports on the details discussed and decided by the Executive Council, discussing and overseeing matters reported.

(ii) Strategy

Short-term, medium-term, and long-term climate-related risks, opportunities, and responses

Under SF2030, we identified "achieving decarbonization and lower environmental impact" as sustainability-related material issues, viewing climate change from the two aspects of opportunity and risk to put our corporate social responsibility into practice and build further on our competitive advantage.

To limit the impact of climate change on ecosystems and human society, the OMRON Group engages in measures to reduce greenhouse gas emissions throughout our entire supply chain. We will accomplish this goal through efforts that include the following five measures: (1) Products and services that contribute to carbon neutrality, (2) Evolved business models that combine products and services, (3) Co-creation with our partners, (4) Improved energy efficiency, and (5) Expanded use of renewable energy.

In this context, the OMRON Group analyzed risks and opportunities under two scenarios published by the Intergovernmental Panel on Climate Change (IPCC) and International Energy Agency (IEA): average global temperature rise of 4°C or more = 4°C scenario; and average global temperatures rise to 2°C or lower as provided in the Paris Agreement (portions to 1.5°C or less) = 1.5°C/2°C scenario. In this way, we reaffirmed that a response from OMRON is necessary to solve the climate change problem. Specifically, OMRON is implementing initiatives described below in each business.

Industrial Automation Business

OMRON endeavors to evolve innovative-Automation to create manufacturing sites that support a sustainable future in coexistence with the global environment and job satisfaction for workers. We aim for automation that increases productivity and energy efficiency.

Social Systems, Solutions and Service Business

We have contributed to the spread of solar power and storage batteries. In the future, we will use advanced energy control technology to eliminate instability in power generation and contribute to the further spread of renewable energy.

Device & Module Solutions Business

We speed up the development and market introduction of energy-conservation and resource-conservation in the Device & Module Solutions Business products in response to growing interest about improved environmental performance and carbon footprint reductions.

The OMRON Group has various other points of contact with society, and we are dedicated to achieving carbon-neutral societies in many social aspects.

In fiscal 2022, the OMRON Group became the first manufacturing company in Japan to join EP100* and made a commitment to doubling its energy productivity, which is measured as the percentage of sales per gigawatt hour (GWh), by 2040 compared with 2016 for all production sites of its Industrial Automation Business and Healthcare Business. At the Matsusaka Factory, a production base for blood pressure monitors and thermometers in Japan, the Industrial Automation Business and Healthcare Business are working together to promote the energy productivity improvement through initiatives for increasing production while reducing energy consumption. We will contribute to decarbonization of the manufacturing industry and society by providing the know-how of ours to society.

*An international corporate initiative organized by "The Climate Group," an international nonprofit organization headquartered in the U.K., and in which companies with the goal of doubling the energy productivity of their operations (e.g., improving energy efficiency by 50%) participate. EP100 is an abbreviation for "100% Energy Productivity," meaning doubling the energy efficiency (Energy Productivity) of a business.

Enterprise-wide sales targets and progress in contributing to carbon neutrality through business

In the fiscal year under review (fiscal 2023), company-wide net sales that contribute to carbon neutrality (Green Revenue) came to JPY 102.4 billion. We have changed the quantitative target for fiscal 2024 at JPY 116.0 billion (initial target of SF 1st Stage of JPY 130.0 billion) in light of the decline of performance during the fiscal 2023.

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Climate-related risks and opportunities identified by the OMRON Group for each product and service market are as follows:

<Overview and respond to climate change risks and opportunities of the OMRON Group>

Type of Risks and Opportunities			Time Horizon	Overview of Risks and Opportunities	Business and Financial Impact 1.5℃/2℃	Business and Financial Impact 4℃	Response to Risks and Opportunities
Risks	Transition	Government Policy and Regulations	Medium Term	- Increase in business costs for compliance with climate change regulations (introduction of carbon tax, emissions trading, circular economy regulations, etc.)	Small	Small	- Planned energy conservation and use of renewable energy (adopted high-efficiency air-conditioning equipment, expanded renewable energy in-house power generation, purchased J-Credits from social system projects), etc.
		Markets and Technology	Short /Medium Term	- Increased competition in areas related to decarbonization (improved environmental performance of products, reduced carbon footprint, etc.)	Small	Small	- Developing products and services to solve environmental issues (reduced greenhouse gas emissions and compliance with circular economy regulations, etc.)
		Reputation	Short /Medium Term	- Change in reputation among investors due to inability to meet customer needs - Change in reputation among investors due to poor performance caused by inability to anticipate needs for solutions to environmental issues	Small	Small	- Responding aggressively to climate change/circular economy to attract ESG investment, adding value to products, etc.
	Physical	Acute	Short Term	- Suspension of operations at locations or partner factory production facilities due to severe natural disasters (floods, torrential rain, water shortages, etc.), suspension of parts and materials procurement	Small (Note)	Small (Note)	- Build resilience through business continuity plans (BCP) for our own locations - Secure multiple suppliers, focusing on semiconductors, continue to strengthen the switch to low-risk parts and materials procurement through design changes, develop supply chain strategies to enhance medium- to long-term resilience, etc.
Opportunities	Products, Services, and Markets	Industrial Automation Business	Short /Medium Term	- Increased opportunities to provide factory automation equipment in the domains below: <By domain> - Digital devices: Increased demand for semiconductors to support the spread of environmentally friendly vehicles and Evs - Environmental mobility: Increased demand for EV-related components such as rechargeable batteries and EV vehicles - Foods and daily necessities: Increased demand for environmentally friendly packaging materials (plastic-free packaging, etc.) to achieve decarbonized societies - Expanding needs for decarbonized production processes	Large	Medium	- Leverage innovative-Automation to provide solutions for needs to changing production methods, new capital investment, and improved energy productivity at production sites
		Healthcare Business	Short /Medium Term	- Increased needs for environmental performance due to the growth of ethical consumption	Small	Small	- Capturing consumption demand via enhanced environmental performance (carbon reduction, circular economy, etc.)
		Social Systems, Solutions and Service Business	Short Term	-Increased needs for renewable energy generation and energy management to cope with decarbonization, rising electricity prices, and disasters <Shared/Common> -The expansion of the renewable energy, livestock energy, and energy management markets accelerate the models toward private energy creation, storage, and use -Expanding needs for solar power generation systems and PV inverters due to mandatory installation requirements and incentives provided by local government regulations -Expanding needs for bi-directional EV charging systems and energy supply-demand control systems in response to natural disasters and rising electricity prices <by domain> -Households (residential): Increased demand for private power generation and storage battery systems due to incentives provided by local governments and the need for stronger measures against natural disasters -Business/Industry: Increased demand for solar power generation systems and energy supply-demand adjustment systems due to accelerated decarbonization	Medium	Small	- Expand sales of PV inverters and storage batteries further in the energy management markets that utilize solar and other renewable energy sources - Secure V2X and other new technologies in the energy management market
		Device & Module Solutions Business	Short /Medium Term	Increased opportunities to provide Device & Module Solutions Business components via the following: <Shared/Common> - Increased interest in improving the environmental performance of products and reducing carbon footprints <By domain> - Home appliances: Higher demand for air conditioners with inverters in response to increased demand for air conditioners due to rising average temperatures, needs for strengthening measures to reduce greenhouse gas emissions from air conditioning equipment - Power tools: Advancing shift to electric tools in response to stronger greenhouse gas emissions reduction measures related to product usage Associated increased for DC current interruption - Factory Automation: Increased demand for new products (EVs, next-generation power semiconductors, recycled plastics, alternative foods, etc.) and decarbonization of production processes leading lead to increased demand for new and replacement factory automation equipment	Small	Small	- Accelerated development and sales of electronic components that contribute energy savings in customer products and carbon footprint reduction in the manufacturing process (including customer manufacturing processes) - Leverage demand and design changes for decarbonization as opportunities by capturing market trends in a timely manner

Note: Analysis was performed for physical risks described as risks by using hazard maps and AQUEDUCT for 15 major production sites, mainly in Japan and China. It found that, in the event of a disaster that occurs once every 100 years, two sites would be exposed to the risk. However, the annual impact with the recurrence interval taken into consideration is extremely small under both 1.5/2°C and 4°C scenarios; therefore, the degrees of impact are considered small.

＜Assumptions for TCFD scenarios＞

Assumed period		Period covered by SF2030 (through fiscal 2030)
Adopted Scenarios	4°C Scenario	IPCC/RCP8.5, IEA/STEPS
	1.5/2°C scenario	IPCC/RCP2.6, IEA/SDS (partially IEA/NZE)
Time Horizon	Short-term	less than 3 years
	Medium-term	3 to 10 years
	Long-term	10 to 30 years
Scenario analysis targets		Industrial Automation Business, Healthcare Business, Social Systems, Solutions and Service Business, Device & Module Solutions Business

＜Definition of the degree of impact on business and finances (large, medium and small)＞

Impact (Note)	Large	We expect ongoing regulations, policies, etc. on climate change at our customers, markets, etc., to have an impact in the future, resulting in an estimated impact on operating income (single year) of JPY10 billion or more.
	Medium	A movement against climate change is already ongoing among our customers, markets, etc. We expect ongoing impacts to continue. However, we are aware of the changes we need to make in our responses over the medium to long term, depending on whether consumers are accepting and on judgments related to return on investment. As a result, we expect the impact on operating income (single year) to be between JPY 3 billion and JPY 10 billion.
	Small	A movement against climate change is already ongoing among our customers, markets, etc. However, we expect the medium- to long-term impact to be limited. As a result, we estimate the impact on our operating income (single year) to be less than JPY3 billion.

Note: The degree of impact to a risk is defined as a positive or negative impact to operating income.
The degree of impact described corresponds to the resulting impact when a response to an identified risk/opportunity is made.

(iii) Risk Management

Process to evaluate, identify, and manage risks related to climate change

The Group conducts scenario analysis for each business to identify transition risks and physical risks due to climate change impacts. We then visualize the timing of emergence and degree of impact on business and finances for each scenario for the identified risks associated with climate change. Based on our assessments, we identified the risks associated with climate change that are important to the Group, and integrated them as part of business risks into enterprise-wise risk management. Important matters related to the formulation of response measures are reported to the Board of Directors.

In fiscal 2022, we re-evaluated the results of the scenario analysis conducted in fiscal 2021 for our Industrial Automation Business, Healthcare Business and Device & Module Solutions Business, and re-conducted scenario analysis for the Social Systems, Solutions and Service Business. As for physical risks, we reviewed the risk assessment of the major manufacturing sites in each business.

In fiscal 2023, we confirmed that there were no changes to the results of the scenario analysis conducted for our Industrial Automation Business, Healthcare Business, Device & Module Solutions Business and Social Systems, Solutions and Service Business. In addition, we have also confirmed that there are no changes to the results of the scenario analysis of each business under the Structural Reform Program NEXT 2025. With respect to the Data Solution Business established in December 2023, we will proceed with our review of the business as a target of the scenario analysis. At the same time, we will plan to conduct a scenario analysis linked to the next medium-term management plan (SF 2nd Stage).

Integration into enterprise-wide risk management

The OMRON Group has been working on integrated risk management under a common group framework. We identify and assess climate change risks as important Group risks. We incorporate climate-related risks identified in scenario analysis into groupwide risks and monitor the risks across the entire value chain.

(iv) Metrics and Targets

Indicators related to climate change risks and opportunities

The OMRON Group has designated indicators to manage climate-related risks and opportunities: Scope 1, 2, and 3(Note 1) greenhouse gas emissions; renewable energy as a percentage of electricity used in its business activities.

Greenhouse Gas Emission Targets and Results (Scope 1, 2, and 3)

The OMRON Group views the creation of sustainable societies in terms of the environment as its commitment to improve lives and contribute to a better society under the OMRON Principles. In July 2018, we established OMRON Carbon Zero, aiming to eliminate Scope 1 and 2 greenhouse gas emissions by 2050.

In March 2022, we evolved efforts to achieve carbon-neutral societies, changing its reduction scenario for Scope 1 and 2 from a 2°C scenario to a more aggressive 1.5°C scenario. We set a target under Scope 3 Category 11 of an 18% reduction by 2030 (compared with fiscal 2016). These targets have been approved by the SBT Initiative(Note 2).

We will continue to improve energy efficiency toward achieving these targets. By utilizing J-Credits(Note 3) derived from renewable energy and self-consignment(Note 4) provided by our own Energy Solutions Business, the OMRON Group aims to achieve carbon zero(Note 5) for Scope 2 emissions across all facilities in Japan by fiscal 2024.

＜Greenhouse Gas Emissions Targets and Results (Scope 1, 2, and 3)＞

	FY2016 Results (Standard Year)	FY2023		FY2024 Targets	FY2030 Targets	FY2050 Targets
	Emissions	Emissions	Vs. FY2016	Vs. FY2016	Vs. FY2016	
Scope1･2 (Note6)	250	79 (Note7)	-68%	-68%	-65% (Note8)	zero
Scope3 Category 11	9,102	6,205 (Note9)	-32%	–	-18% (Note8)	–

Notes: 1. Scope 1 and 2: Greenhouse gases emitted directly or indirectly from the Company's own operations.
Scope 3 Category 11: Scope 3 emissions are greenhouse gas emissions from the Company's own supply chain. Of these emissions, Category 11 is associated with the use of products and services manufactured or sold.
2. Science Based Targets Initiative (SBTi): An international initiative that encourages medium- and long-term greenhouse gas reduction targets based on scientific evidence.
3. J-Credits: A system in which the government certifies environmental value (i.e., the effect of avoiding CO2 emissions).
4. Self-consignment: A power supply system that allows businesses that have their own power generation facilities to transmit and supply power generated by those facilities to their factories and offices in remote areas via the power grids of general transmission and distribution companies and to use such power.
5. The system covers greenhouse gas (Scope 2) emissions from the use of electricity by the Company at 13 production sites and 63 nonproduction sites (headquarters, R&D, and sales).
6. Greenhouse gas emissions (Scope 1 and 2) for fiscal 2023 will be disclosed on the OMRON corporate website. These results will be subject to a limited level of assurance by the third-party assurance firm Bureau Veritas Japan. These limited assurance engagements are in accordance with the International Standards on Assurance Engagements (ISAE) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information of the International Auditing and Assurance Standards Board (IAASB).
7. In fiscal 2023, reductions in greenhouse gas emissions far exceeded the target due to the impact of Malaysia's decarbonization measures, expansion of carbon-zero initiatives in Japan (use of J-Credits) and lower production in addition to energy-conservation and energy-creation initiatives that exceeded the plan.
8. FY2030 targets will be reviewed based on the SBTi criteria by 2027.
9. The Company reviewed the greenhouse gas emissions coefficient in the calculation formula for Scope 3 Category 11.

(Reference) Introduction of environmental evaluation framework

By using its environmental evaluation system, the OMRON Group is committed to strengthening the connectivity between non-financial and financial impacts on the environment. The scheme is based on EU-taxonomy-aligned environmental impacts, as well as life cycle environment evaluations. It is a system to minimize negative environmental impacts from the product design and development stages. We also use Life Cycle Assessments (LCAs) – the method to assess the environmental impact throughout our lifecycle - to identify the positive environmental impacts of our products. In this way, we have been working to contribute to solve environmental issues and achieve sustainable business growth.

<Definitions of Environmentally Contribution Products and Environmentally Conscious Products>

Environmentally Contribution Products

Environmentally contribution products refer to the OMRON Group's products and services that help solve environmental issues faced by our customers.OMRON uses the LCA to assess products with high environmental performance and visualize the added value of these products in a more reliable and transparent manner.

Environmentally Conscious Products

Environmentally conscious products refer to products that reduce or mitigate negative environmental impacts and material sustainability issues to be addressed during the life cycle of said product.These products must pass product environmental assessments in the product planning and design stages, ensuring that all new OMRON products are environmentally conscious products.

(3) Initiatives related to human capital

(i) Governance

The OMRON Group monitors the progress of global human capital strategy by designating it as one of the focus themes in the Board of Directors' operational policy for fiscal 2023.

For more information on discussions about the progress of global human capital strategy at the Board of Directors' meetings, please see "Evaluation Results of the Board of Directors' effectiveness for fiscal 2023" at the below.
https://www.omron.com/global/en/assets/file/about/corporate/governance/chart/20240605_governance_effectiveness_e.pdf

Recognizing that a human capital strategy is the linchpin to management in the future, the Group appointed a Chief Human Resources Officer (CHRO) in fiscal 2023 with the primary purpose of further implementing initiatives to "instill the OMRON Principles and promote the greater resonance," "develop and promote leaders," and "build a company and foster a corporate culture that are attractive to all employees." Under the leadership of the CHRO, we will further promote the human capital initiatives.

(ii) Strategy

"SF2030" Human Capital Strategic Vision

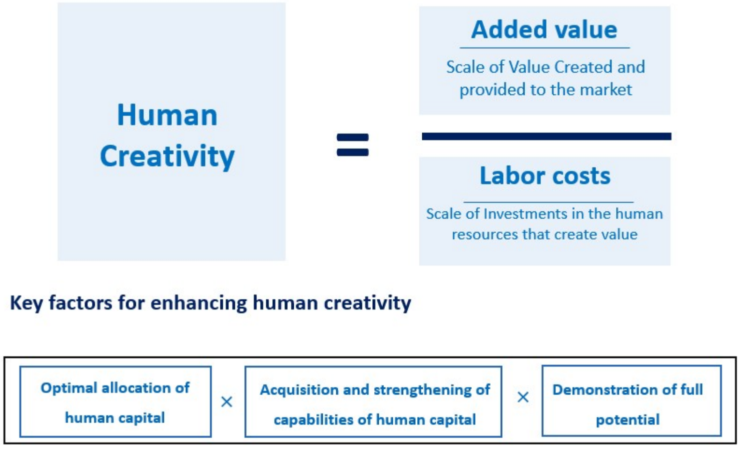
Employees are the driving force of OMRON's creation of social value through business, a target under "SF2030." At the OMRON Group, we will build a new relationship between the company and its employees in which they choose each other and grow together. Based on this premise, we will globally implement a human resource strategy to ensure the OMRON Group continues to attract diverse talented people who aspire to resolve social issues through the practice of its corporate philosophy and encourage each individual to seize the initiative and demonstrate his/her abilities

SF2030 Human Capital Strategic Vision
Inspired by the corporate philosophy of "contributing to a better society," the company and its employees will always choose each other and continue growing together.

Improvement of the Human Creativity

We set "human creativity" as a quantitative indicator to measure how effectively the Group utilizes its human capital to enhance corporate value and take initiatives for its improvement. "Human Creativity" is the amount of Added value, which is sales minus variable costs, divided by Labor cost. "Added value" is the amount of value created and delivered by the OMRON Group to its customers and markets, and "Labor cost" is the aggregate value of human capital who work on value creation. Companies should obtain appropriate Added value and use it to expand and reproduce new value. This is indispensable for achieving sustainable growth for a company and its employees. What we want to achieve is value creation, and in order to increase "Added value," the numerator, we will fully invest in human capital, the denominator, and by enabling each employee to maximize his or her full potential, we will create even more Added value.

＜Concept of Human Creativity＞



Initiatives during the structural reform period

During the “structural reform period” from April 1, 2024, to September 30, 2025, we will withdraw the strategies and targets of SF 1st Stage, and work to transform the capabilities of our human capital by rebuilding a human resource portfolio that is resilient to the rapidly changing business environment and that can realize the vision of SF2030.

Key initiatives

Reconstruction of human capital portfolio

In order to realize sustainable net sales and profit growth going forward, we will optimize the number of employees by approximately 2,000, consisting of about 1,000 employees in Japan and about 1,000 overseas employees to create an optimal headcount and labor cost structure on a global basis. We will then work to acquire human capital with the skills we will need in the future, and to strengthen the development of capabilities for existing human capital.

Transformation of capabilities of human capital

The OMRON Group will promote the transformation of capabilities of human capital aligned with our management strategy in an aim to have individuals and organizations continue growing together.

For example, we will continue in fiscal 2024 project named “AIZAQ,” that started in fiscal 2023 using generative AI to learn generative AI technology through practical operation. In this project, employees across the Company, from young employees in their first or second year of joining the Company to employees in the division manager level, regardless of their positions and age, learn generative AI technology in order to promote the data solution business and enhance productivity improvement through digital transformation. Employees who are willing to utilize these technologies and employees who can provide technical support collaborate to develop human capital directly related to business activities by verifying the utilization of themes for improving business productivity. As a result, certain themes are being considered for deployment across the Company through this project. We have achieved a certain level of success in analyzing vast amounts of customer data for product development, and we plan to proceed with the verification of use of new improvement themes in the future.

(iii) Risk Management

Information is provided in “⑨ Human Resources and Labor in 3. Risks of Business, etc. in Part II. Business Conditions.”

(iv) Indicators and Targets

The targets and progress for eight initiatives aimed at increasing Human Creativity and accelerating diversity and inclusion for fiscal 2023 are as follows.

<Eight initiatives that increase Human Creativity and accelerate diversity and inclusion as well as their progress>

Evolution of Diversity and Inclusion	FY2023 Performance Indicators and Targets	FY2023 Results
Global hiring of specialist human resources to lead value creation	Hiring sufficiency rate	**In line with plan**
Promote localization of globally important positions	≥80%	**80% or more**
Promote career advancement for women by developing next-generation leaders	Global ratio of women in management 17.4% or more	**19.1% (Note 1)**
Implement and expand diverse career, employment status and working styles choices	Progress toward solving issues of "work efficiency" and "performance management"	**In line with plan**
Invest in individuals keen to grow	HR development investments JPY2 billion or more	**JPY 1.4 billion level**
Establish Job-based HR system with defined roles, responsibilities, and specialties	• Introduction and operation of general-level employee wage • Certification of 100 specialists or more and evaluation system	**In line with plan**
Cultivate a workplace environment that supports personal growth and motivated individuals	Itemized scores related to 360-degree evaluations	**Achieved target**
Initiatives and programs to share achievements which solve social issues	• Evolution of TOGA • Increase number of external partners	**• Participants, number of views, and number of post-event views: 116% • Increase number of external partners: 420%**

Notes: 1 Aggregated figure for the Company and its consolidated subsidiaries as of April 20, 2024.

2. TOGA is an abbreviation of The OMRON Global Awards. (Please refer to "(Reference) Initiatives to instill the OMRON Principles in 1. Management Policy, Management Environment, and Issues to Be Addressed in Part II. Business Conditions" for more details.

Initiatives to address issues in empowerment of women

At the OMRON Group, we regard "promoting career advancement for women by strengthening development of next-generation female leaders" as a key management strategy and take relevant initiatives. As a result, as of April 2024, the OMRON Group (Japan) has six female executives (one outside director, one managing executive officer, two executive officers, one president of an affiliated company, and one director of an affiliated company).

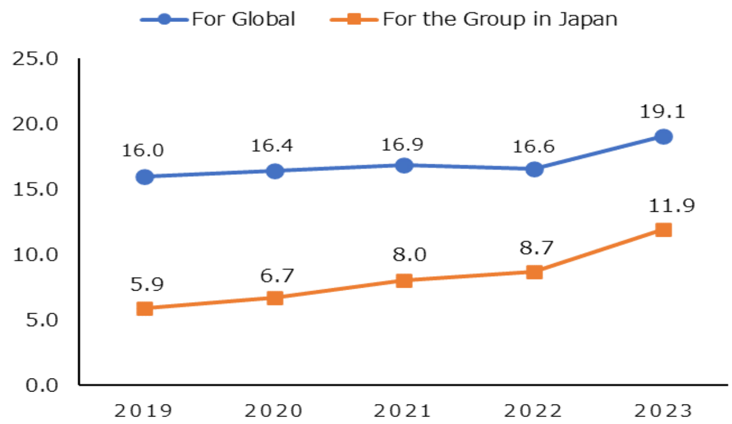
On a global basis, the percentage of female managers rose from 16.6% in fiscal 2022 to 19.1% (Note) in fiscal 2023, indicating steady growth. However, in each country and region, there is a lack of females currently appointed as director, audit & supervisory board member, executive officer or managers in highly important positions that drive the Group's management and business and female successor candidates for such positions across the Group. To address this issue, the Company launched the Women Leaders Circle initiative for female managers globally in fiscal 2023, in an aim to identify and develop human capital with the potential to become future candidates for key positions in the Group and build up a talent pool of female leaders. We are also nurturing the willingness of females to take on challenges by providing opportunities for females to form a network beyond area and business sector and clarify their career paths through having dialogs with global female managers. We will continue to take initiatives to secure female leaders and their successors for key positions of each area and business sector globally going ahead.

Meanwhile, in Japan where we are particularly focusing on increasing the ratio of female managers, we rolled out OMRON Women Leadership, a program targeting female employees who are in the fourth or more year of joining the Company, in fiscal 2022. In the aim to sustainably form and expand the talent pool of female manager candidates by selecting and developing from an early stage, we are specifically putting together career visions in consideration of life events and taking steps to enhance management skills. We will continue to implement this initiative with the aim of increasing the ratio of female managers in Japan.

We will continue to strengthen the initiatives for increasing female leaders to further promote female empowerment as an important management strategy.

Note: Aggregated figure for the Company and its consolidated subsidiaries as of April 20, 2024.

＜Trend in the ratio of women in management roles(For Global / Group in Japan＞



Note: Data as of April 20 of the following fiscal year are shown as an aggregated figure for each fiscal year

(Reference) OMRON's Health and Productivity Management

With the belief that the health of individual employees is fundamental to its business in order to solve social issues, OMRON issued "OMRON Health and Productivity Management Declaration," and top managers have been promoting health and productivity according to the following three action policies. As the entire Company focuses on the Structural Reform Program "NEXT 2025" in an effort to realize expansion of customer value and aim for sustainable growth with profitability, it is becoming increasingly important to create a workplace in which each employee who drives the effort stays healthy and fully active while continuing to demonstrate his or her potential and expertise. We will support individual employees keep a good balance between maintaining and improving their health and demonstrating their creativity and expertise, leading to the sustainable growth of both individuals and the Company.

(i)To foster innovative people and organizations. We endeavor to create environments that encourage a positive attitude in taking on challenges and that make work rewarding and enjoyable.

(ii)To foster states of mental and physical health for employees to enjoy their lives. We encourage employees to lead health-conscious lifestyles and enjoy not only their work, but also their personal hobbies and interests.

(iii)To fill the company with employees who will continue to be active in society, even after they graduate from OMRON. If these employees maintain and improve their health, they will remain active in the future and lead fulfilling lives while contributing to society.

*Please refer to the below for details of our health and productivity management initiatives.

https://sustainability.omron.com/en/social/wellness-management/

(4) Initiatives for Respecting Human Rights

(i) Governance

Human Rights Policy

To realize "respecting human rights in the value chain," one of our material sustainability issues under SF2030, on March 1, 2022 we established the OMRON Human Rights Policy. We are committed to ensuring that its management practices and actions are always in line with those of the international community and strives to reduce human rights risks throughout its value chain.

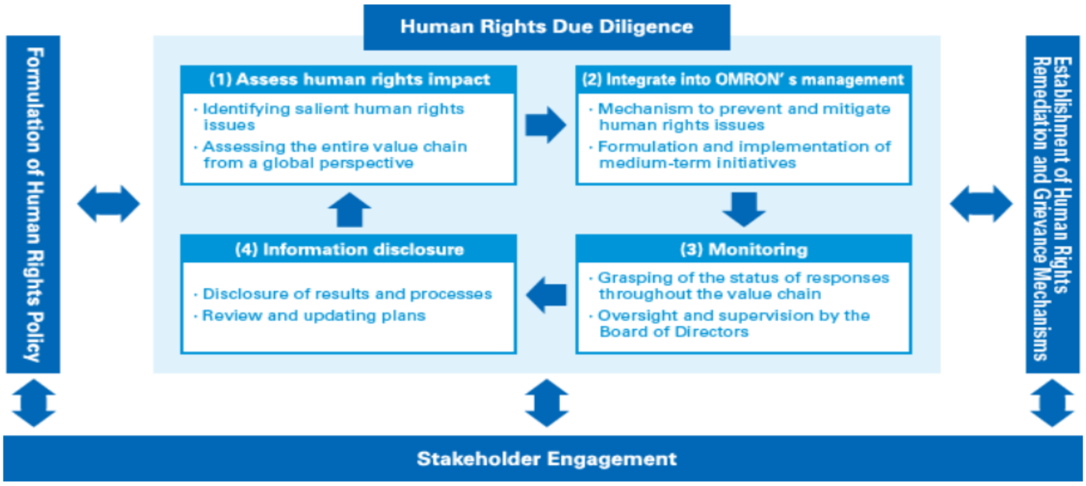
Human Rights Promotion Structure

The OMRON Group is working to build a system in which management and front-line employees work together to fulfill their responsibility to respect human rights on a global basis. In terms of the concrete execution system, the Global Corporate Communication & Engagement HQ is playing a central role in the implementation of these initiatives under the responsibility of the executive officer in charge of sustainability promotion who has been delegated authority from the President and CEO. The Senior General Manager of the Global Human Resources and Administration HQ, the Senior General Manager of the Global Procurement, Quality and Logistics HQ, the Company Presidents of respective business companies, the Senior General Manager of the Technology and Intellectual Property HQ, and the Senior General Manager of the Global Risk Management & Legal HQ are responsible for measures for the Company's own operations, supply chains, business strategy domain, ethical use of technology including AI, and redress mechanisms respectively. Matters that are important in fulfilling our commitment to respect for human rights are reported to the Board of Directors, and the Board of Directors monitors and supervises these matters. In fiscal 2023, we appointed a director in charge of human rights and established a Human Rights Steering Committee. The director in charge of human rights and the heads of each executive division participate in this committee, which is under the authority of the Sustainability Committee. This Human Rights Steering Committee monitors progress status of activities of each responsible department and discusses participation in international initiatives.

Overview of initiatives to respect human rights

We make sure that our global employees recognize and are well aware of the OMRON Human Rights Policy. At the same time, we practice human rights due diligence in alignment with UNGP to identify, prevent, mitigate, and remedy adverse impacts on human rights and take steps to create a human rights redress mechanism, thereby establishing our human rights governance globally. In addition, we heighten the effectiveness of each of our initiatives through engagement with stakeholders.

Overall Initiatives to Respect Human Rights



(ii) Strategy

We set 2030 targets and short-term targets up to fiscal 2024 in line with our material sustainability issue under SF2030 of "respecting human rights in the value chain," and are moving forward with the relevant initiatives.

Goal for 2030	In line with the UN Guiding Principles on Business and Human Rights, the state of exerting our influence for the respect of human rights for workers not only at OMRON, but also in the value chain, and establishing a culture and system that does not permit or cause human rights violations.
Goals by FY2024	-Conduct human rights due diligence in line with the UNGP By conducting human rights impact assessments across the entire value chain, we identify "salient human rights issues" and create the conditions for implementing a cycle of human rights due diligence. - Build a human rights redress mechanism appropriate to each country and region We establish a human rights redress mechanism appropriate to each country and region so that we can implement remedies through due process if we cause or recognize factors contributing to adverse human rights impacts.

In addressing specific initiatives, we have identified 19 human rights issues in four areas (employees, supply chains, products and services, and the entire value chain). Of these human rights issues, we mapped and prioritized risks based on risk severity and relevance to business, and are focusing on seven salient issues to be addressed. The human rights impact assessment conducted in identifying these issues is described in (iii) Risk management.

	Priority Issues (Salient human rights issues)
Employees domain	- Working conditions - Occupational health and safety
Supply chains domain	- Labor standards - Forced, slavery, bonded labor - Child labor
Products and services domain	- Ethical use of technology
Entire value chain	- Grievance mechanism and access to remedy

In the areas of the employees and supply chains, we are proceeding with the initiatives centered on RBA standards.

Employees

We provide training on human rights issues for all employees based on the OMRON Human Rights Policy and international standards as well as conduct human rights violation risk assessments using the RBA SAQ (self-assessment questionnaire) at our production sites and implement corrective measures. In addition, we take initiatives to mitigate risks for certain sites where there is a high risk of issues to arise, such as those regarding working environments, including forced labor, and operational health and safety, as specified in the human rights impact assessment. At applicable production sites in China and Malaysia, we arrange for third-party audits in a phased approach, and at production sites in Japan where foreign technical intern trainees work in contracted operations, we are checking employment conditions.

Supply chains

We expect all suppliers to conform to the RBA-compliant "Supplier Code of Conduct" as laid out in the OMRON Group Sustainable Procurement Guidelines, and to meet minimum requirements set by the OMRON Group. Meeting RBA requirements is a shared goal for OMRON and critical suppliers, and ongoing surveys and assessment of the status as well as improvements are carried out for these suppliers. In addition, based on the results of supply chain human rights impact assessments conducted, we have designated suppliers with production sites in China and Malaysia where the risk of issues to occur is high as targets for more in-depth investigation and improvements through fiscal 2024.

Products and services

We are taking initiatives with a focus on AI ethics among the impacts on human rights caused by technology. In an aim to build an AI governance structure, from fiscal 2024, we will operate the AI Policy to encapsulate the OMRON Group's stance toward AI ethics and related efforts, and an AI Governance Committee linked with the existing risk management structure.

Entire value chain

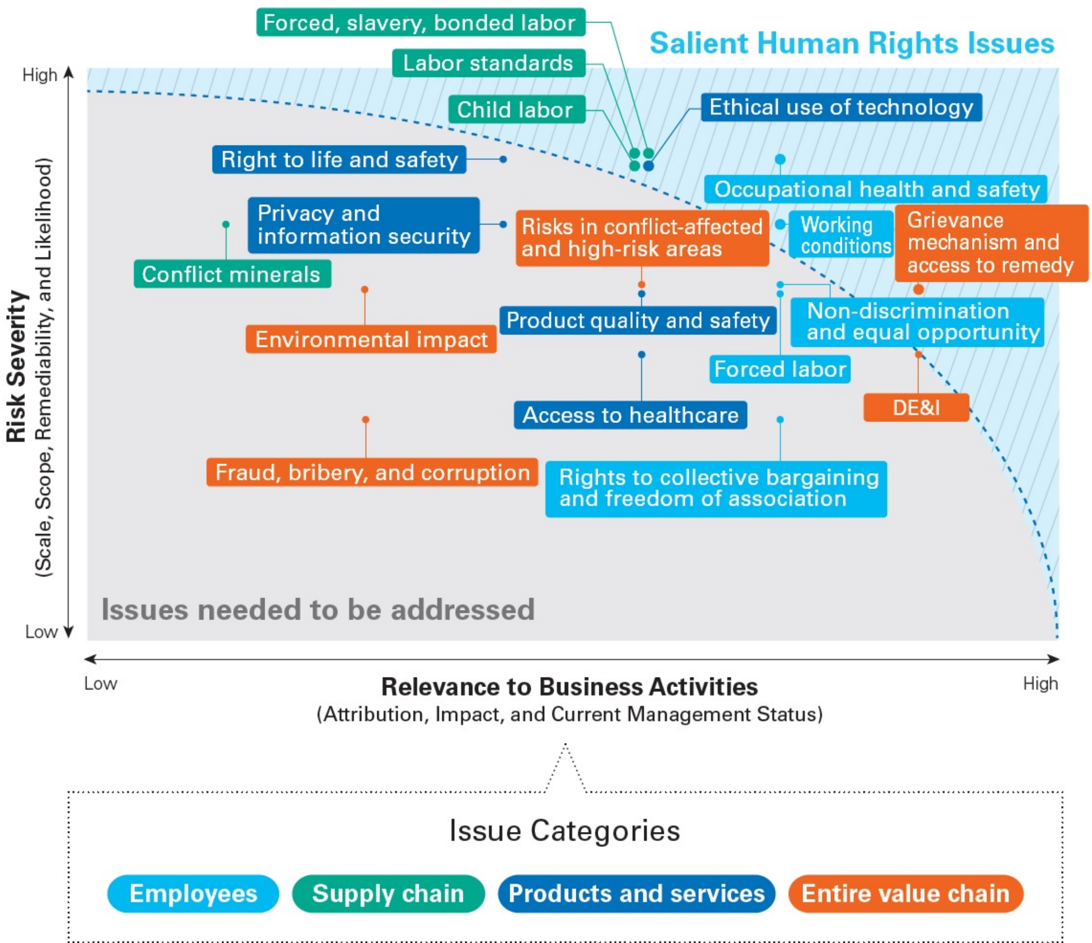
In terms of grievance mechanism and access to remedy in the entire value chain, we operate a Whistleblower Hotline, a system that can be used globally by the OMRON Group employees (including contracted workers) and suppliers. Information received through the system is kept strictly confidential, and we guarantee that whistleblowers will not be disadvantaged as a result of their reporting. OMRON confirms the details of the report in a neutral and fair manner and takes appropriate measures. Furthermore, OMRON is a member of the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), an organization provides a non-judicial grievance platform. We utilize this platform as part of efforts to provide redress and rectification for human rights violations for all stakeholders, including local communities, customers, and secondary and subsequent suppliers with whom we have no direct business relationship.

(iii) Risk Management

Process to evaluate, identify, and manage risks related to climate change

In fiscal 2022, the OMRON Group conducted a group-wide human rights impact assessment based on the UNGP in collaboration with the Business for Social Responsibility (BSR), a US non-profit organization. In conducting this assessment, we evaluated and identified human rights violation risks that the OMRON Group may cause or contribute to through its business activities in its value chain, including its supply chain. Our first step included surveying international standards, and industry and stakeholder trends, as well as interviewing 15 divisions throughout the OMRON Group, including regional headquarters outside Japan. After comprehensively identifying human rights issues based on international human rights standards, we narrowed issues down to those specific to the electrical and electronics industry. We also identified 19 issues in the Group's value chain that could affect rights holders. Finally, we mapped and prioritized risks based on risk severity and relevance to business, enabling the identification of seven priority issues (salient human rights issues) to be addressed. Each responsible department has formulated action plans to address these seven issues and promoted initiatives.

<Map of Identified Human Rights Issues>



Integration into enterprise risk management

Given the importance of building a system to manage risks on an enterprise-wide basis, the OMRON Group has been working on integrated risk management under a common group framework. We identify and assess human rights risk as an important risk for the group. We conduct regular monitoring in light of the issues identified through the human rights impact assessment.

The details are provided in "Part II. Business Conditions 3. Risks of Business, etc. ⑧ Human Rights."

(iv) Indicators and Targets

The OMRON Group determines initiatives to work on for each theme every fiscal year according to the qualitative goals outlined in (ii) Strategy.

	Major achievements in FY2023
OMRON	Conducted RBA SAQs at 25 major production sites in Japan, China, Asia Pacific, Europe, and the Americas Conducted RBA third-party audits at 3 production sites (China, Vietnam, and Malaysia)
Supply chain	Conducted self-checks for critical suppliers: 60 suppliers Conducted self-checks for all suppliers: 575 suppliers Conducted detailed self-checks on human rights at 69 suppliers (Note 1) operating production sites in China Conducted detailed self-checks on human rights at 51 suppliers (Note 2) operating production sites in Malaysia
Products and services	Formulated "OMRON AI Policy" (Published on June 26, 2024) Established AI Governance Committee
Redress mechanism	Started accepting reports from suppliers outside Japan through the Whistleblower Hotline in all areas Started using the Engagement and Remedy Platform provided by JaCER

Note 1 Selected suppliers in labor-intensive industries that are deemed high risk for human rights violations.

2 Selected suppliers employing foreign workers from other countries that are deemed high risk for human rights violations.

3. Risks of Business, etc.

(1) Integrated Risk Management to Support Global Business Activities

The OMRON Group has been undertaking integrated risk management under a common group framework. It is necessary to increase our risk sensitivity, and identify and take action before risks become apparent in order to respond quickly to changes as the speed of environmental changes surrounding management and business increases and the degree of uncertainty rises.

We aim for active risk management where management and front-line employees work together to solve problems caused by environmental changes that cannot be handled only by front-line employees. We will work to improve the quality of this activity while implementing the PDCA cycle globally.

We consider the development of a system that enables front-line employees to make risk decisions efficiently, effectively and swiftly to also be an important theme in seeking to achieve “SF2030”, while following the OMRON Principles and rules.

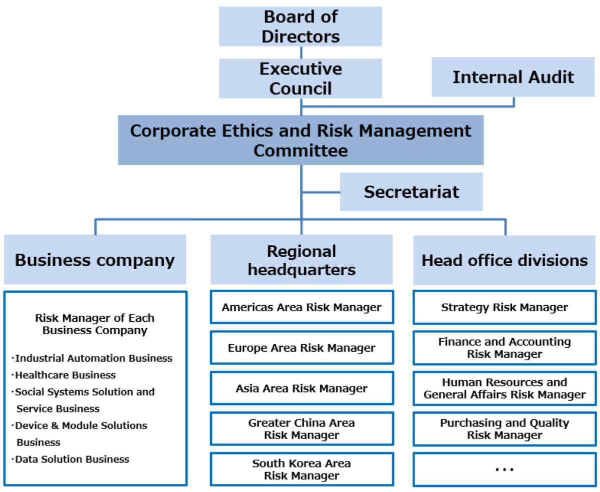
(2) Structure and System for Integrated Risk Management

Under the internal control system, the framework for integrated risk management is summarized in the OMRON Group Rules (OGR)[Note 1] for Integrated Risk Management, which clarify the position within Group management. The Senior General Manager of the Global Risk Management and Legal HQ (GRL Manager) is a person in charge of the promotion. In addition, approximately 160 risk managers have been appointed at the head office divisions, business companies, overseas regional headquarters, and group companies worldwide to allow management and front-line employees to work together in pursuing global activities.

The three main activities of the Corporate Ethics and Risk Management Committee are as follows:

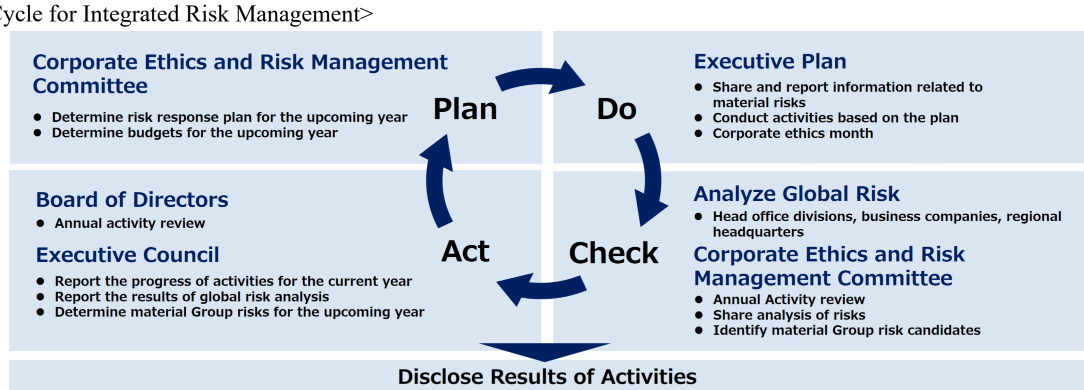
- Report important risk information promptly and share information with related parties (risk information management)
- Analyze risks globally on an annual basis to identify critical risks and take measures in response
- Implement crisis response measures when risks become apparent in a crisis

<Structure of the Corporate Ethics & Risk Management Committee>



The Corporate Ethics and Risk Management Committee, which is chaired by the GRL Manager and comprised of key risk managers, meets four times a year, in principle, to discuss and share important risks that are arising, changes in the environment, and the status of risk measures, while conducting Group-wide risk assessment. In addition, in the event of a crisis, reporting is made promptly to the management and actions are taken through the Emergency Response Headquarters in accordance with the rank of the risk. The status of these risk management activities is reported to the Executive Council and the Board of Directors as needed, and is audited internally by the Internal Audit Division.

<Cycle for Integrated Risk Management>



(Note 1) The OMRON Group has established common rules that represent the foundation of management for the Group to realize fair and transparent management, the OMRON Group Rules (OGR). In addition to risk management, the OGR has been established for major functions such as accounting and funding, human resources, information security and quality assurance. It is reviewed annually to reflect changes in the environment as needed and appropriate.

(3) Addressing Important Group Risks and Analysis Thereof

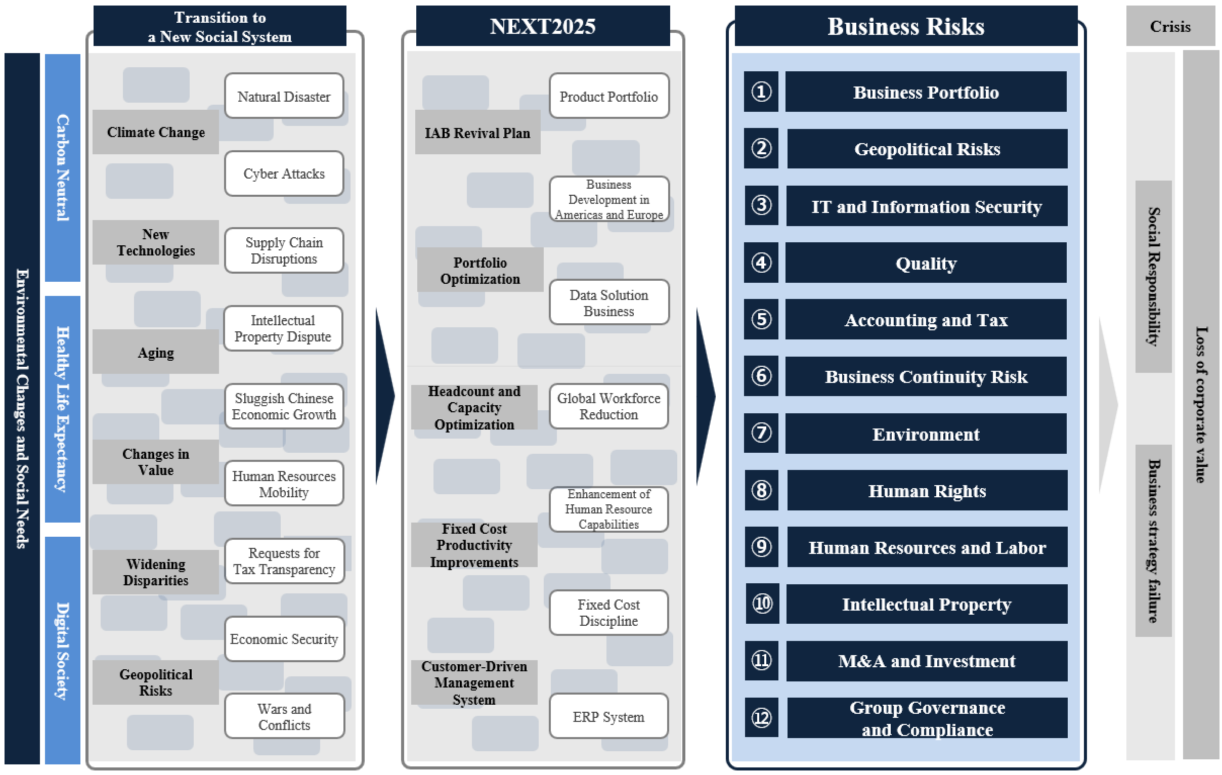
In “SF2030,” the OMRON Group aims to solve social issues that arise in the transition to a new social and economic system. To this end, we are committed to creating value for society in our business domains and addressing sustainability issues as part of our business plan. We are currently implementing structural reforms under the Structural Reform Program NEXT2025, which runs from April 2024 to September 2025. We consider the key factors that must be addressed in the execution of these efforts to be risks.

In operating our group, we have identified the following two significant Group risks. S Rank: Risks of utmost importance to the operation of the Group, which may jeopardize its survival or bring severe social liability, A Rank: Risks that impede the achievement of important group goals. We monitor the implementation of measures and changes in the risk situation. If the Group does not take appropriate measures for the significant Group risks, it will incur serious social responsibility. It could also lead to the failure of business strategy, resulting in the loss of corporate value.

<Risk assessment as of the end of fiscal year 2023>

Themes of significant Group risks based on the OMRON Group’s risk analysis conducted at the end of fiscal 2023 are presented in the table below. We will pay particular attention to risks associated with the implementation of NEXT2025, such as optimization of the business portfolio and the headcount and capacity of personnel, as well as group governance and compliance risks that may arise as we seek to accelerate business operations and improve profitability. If appropriate and sufficient measures are not taken, these risks could impact the Group’s operating results, financial condition, or the accomplishment of its long-term vision. Accordingly, we consider them to be matters that could have a material impact on judgment by investors. However, this is not an exhaustive list of all risks; the Group may be affected in the future by risks that are not currently foreseeable or considered significant. Matters discussed here that are not historical facts reflect the judgment of OMRON Group management as of the date of submission of this Annual Securities Report (June 21, 2024).

<Overview of Businesses and Other Risks>



<Addressing Important Group Risks>

<table>
<tr><th colspan="2">① Business Portfolio</th></tr>
<tr><td>Risk Scenario</td><td>Environment While the OMRON Group faces a mounting need to address social issues, the economic environment today is worsening against the backdrop of China's slowing economic growth and disruptions in the supply chain, and the outlook for the future remains volatile and uncertain. Such changes in the environment will have a material impact on the areas of activity and product offerings of each of the Group's businesses, including the below:
- Business expansion of the Industrial Automation Business in Greater China
- Blood pressure monitor business of the Healthcare Business
- Energy solutions business of the Social Systems, Solutions and Service Business
Impact Adequately the rising demand from growing industries and areas will create new values for society and business opportunities. Meanwhile, if the business environment deteriorates more than expected in Greater China, on which we are currently highly dependent, or for the businesses and products that drive growth in each business segment, and if we fail to optimize our portfolio to respond to changes in the environment, there is a risk of a decline in sales and other performance downturns, as well as the risk of not realizing sustainable and profitable growth.</td></tr>
<tr><td>Response</td><td>System Under the Structural Reform Program NEXT2025, we will build industry/area portfolios to reduce dependence on China through such efforts as accelerating business expansion in Europe and the Americas.</td></tr>
</table>

*See II. Business Conditions, 1. Management Policy, Management Environment, and Issues to be Addressed, (4) Structural Reform Program NEXT2025 for more information about the Structural Reform Program NEXT2025.

② Geopolitical Risks

Risk Scenario	**Environment** The global business environment is getting increasingly complex due to the policies of various countries and regions regarding the relation between the U.S. and China, the conflict in the Middle East, the situation in Russia and Ukraine, etc. In particular, economic security policies, including stable supply of important materials such as semiconductors, promotion of the development of cutting-edge technologies, and restrictions on export, import and investment, are evolving further, including the formation and use of multilateral frameworks. Political confrontations, human rights issues, and heightened risks of conflicts may lead to further expansion of various measures in the future as well as policy changes due to elections in some countries. Such changes in the environment will have a material impact on the Group's long-term vision and business environment, including the below: - Supply of products to global markets from major factories in China, Asia, etc. - Investment and business expansion in cutting-edge technologies such as robotics in the United States and other countries - Sales to customers with respect to products covered by economic security policies, and the promotion of businesses related to social infrastructure such as finance and transportation **Impact** Developments such as restructuring of supply chains globally will create new social value and present business opportunities. On the other hand, if we fail to adequately respond to market changes, demand for the OMRON Group's products and services will decline, and if we fail to adequately respond to new laws and regulations, it may result in restrictions on export, sanctions violations and others. There is a risk that it may cause sales to decrease, strategies to be reviewed, serious administrative penalties to be incurred, or our brand value to be damaged.
Response	**System** Business response policies are discussed and decided by the Board of Directors, Executive Council and other executive committees. The respective divisions in charge are responsible for ensuring compliance with laws and regulations. With respect to export regulations, for example, our Global Risk Management and Legal HQ implement security trading management globally under a company-wide export control committee. - Related OGR: Integrated Risk Management Rules, and Export Control Rules **Initiatives** Specifically, we are promoting the following measures: - Exploring and promoting medium- to long-term production, research and development systems to reduce the impact of geopolitical risks - Monitoring global political and economic conditions and trends in laws and regulations, and ascertaining the impact of economic sanctions and responding to them [Specific example of risk response: Situation in Russia and Ukraine] Regarding security export control, we have strengthened the process of pre-screening transactions that may pose security risks globally in order to better respond to increasingly complex export regulations and sanctions imposed by various countries.

③ IT and Information Security

Risk Scenario	**Environment** The rapid digitization of socioeconomic activities is transforming business management, including data-based management decisions and the development of new products and services centered on AI and IoT devices. While the infrastructure for data distribution is being developed globally, the risk of cyberattacks due to the misuse of AI as well as the risk of technical information leaks due to the mobility of human resources is increasing more than ever. Countries are strengthening regulations on the handling and transfer of important information such as personal data and technical information from the perspective of protecting privacy and ensuring economic security. Such changes in the environment will have a material impact on the Group's long-term vision and business environment, including the below: - Business operations using global systems, including our supply chains - "Corporate IT System Project" with the aim of building a new management system - Promotion of a new business model focused on goods and services, such as the utilization of health data in the Data Solution Business **Impact** Developments such as the use of Big Data in medical services will create new social value and present business opportunities. On the other hand, if measures to deal with information security risks, such as cyberattacks, are not adequate, it may cause the OMRON Group's business activities and provision of products and services to be suspended or result in information leakage. If measures to comply with global personal data regulations, particularly those on international transmission, are not taken appropriately, it could result in violations of laws and regulations. There is a risk that it may lead to a decrease in sales, serious administrative penalties, or damage to our brand value.
Response	**System** As the basic policy, we have newly established and published the "Basic Policy on Information Security." Under the supervision of a supervising director, the Senior General Manager of each head office division controls and manages measures for each area of information security, product security and personal information management as a person with operational responsibility. For issues encompassing the respective areas, the Cyber Security Integration Meeting chaired by the supervising director meets to resolve them. In addition, we discuss and decide on priority issues and strategies at the Information Security Strategy Council, chaired by the President, in order to determine a course of action for promoting them at the management level. Also on the implementation front, we promote and manage measures through the Information Security Promotion Meeting chaired by the General Manager of Global Business Process and IT Innovation HQ as the supervising director for cybersecurity and participated in by IT managers of all regional headquarters. As for personal data, we strive to grasp trends in laws in various countries and the status of the OMRON Group and strengthen actions to ensure compliance with laws and regulations, with the Senior General Manager of the Global Risk Management and Legal HQ being a person in charge. - Related OGR: IT Governance Rules, and Information Security Rules **Initiatives** Specifically, we are promoting the following measures: - Evaluation and strengthening of measures based on NIST-CSF (Note 1), a global standard framework - Collection of comprehensive threat information through external specialized agencies and rolling out countermeasures within the Group - Prompt reporting and actions to minimize damage in the event of an incident by the Incident Response Office (CSIRT) - Implementation of risk assessment and measures to ensure the security of high-risk supply chains - Employee education for enhanced information literacy and conducting of drills to prepare for cyberattacks - Implementation of website vulnerability checkups and improvements - Construction of a global system to respond to personal data regulations [Specific example of risk response: Enhancing the system and process for responding to an emergency] We developed ransomware crisis management procedures, conducted cyberattack drills for management, provided incident response training at regional headquarters, and conducted other activities to improve our ability to respond to emergencies.

(Note 1) NIST-CSF: Cyber Security Framework (CSF) published by the National Institute of Standards and Technology (NIST) in 2014. This framework is generic and systematic. Countries around the world are moving toward compliance including the U.S.

④ Quality

Risk Scenario	**Environment** Quality is the foundation of social trust in a company. Even highly innovative products and services utilizing new technologies are required to ensure superior safety and accuracy, and new laws and regulations on the use of AI and product security are also being considered and enacted. In addition, there are increasing social demands for ensuring human health and reducing environmental burden, and regulations on the inclusion, recycling and labeling of chemical substances, including per- and polyfluoroalkyl substances (PFAS), are becoming stricter in various countries. Such changes in the environment will have a material impact on the Group's long-term vision and business environment, including the below: - Control equipment and energy solution products that can lead to fires, accidents, and shutdowns of facilities in the event of product defects - Global products to which various countries' laws and regulations on product safety, chemical substances, cybersecurity and others are applicable - Promotion of a business model that combines goods and services, such as i-BELT service to make use of data for manufacturing sites **Impact** Ensuring quality that responds globally to high standards for new technologies and product safety will create new social value and present business opportunities. In the event that we provide inadequate product design/inspection, inappropriate customer support or inappropriate reporting in the event of quality defects and others, or in the event that we fail to appropriately comply with laws, regulations, and standards globally, it may result in large-scale recalls of the OMRON Group's products or suspension of production and distribution of the product. There is a risk that it may cause a loss to be incurred, sales to decline, or our brand value to be damaged.
Response	**System** We have a quality assurance system in place with ultimate responsibility residing with the President and, under the "Quality Basic Policy" based on the principle of quality first, the Global Procurement and Quality & Logistics HQ is in charge of promoting quality assurance activities. In the event that a serious quality issue arises, prompt and appropriate action is taken under the supervision of the Board of Directors. - Related OGR: Quality Assurance Rules, and Product Quality Risk Management Rules **Initiatives** Specifically, we are promoting the following measures: - Acquisition of Quality Management System (QMS) such as ISO9001 (ISO13485: Medical equipment industry, IATF16949: Automotive industry) - Application and deployment of a QMS adapted to the service business - Establishing quality technologies for technologies with high risks (such as lithium-ion batteries and power devices) - Strengthening a product security system (gathering external vulnerability information and a response system (Product Security Incident Response Team, PSIRT), security monitoring activities, etc.) - Currently working to ascertain trends in environmental and safety-related laws, regulations, and standards related to products, and to strengthen management systems conducting impact assessments - Establishment and operation of quality consultation desks and implementation of quality compliance training and on-site quality inspections

⑤ Accounting and Tax

Risk Scenario	**Environment** Proper financial reporting and tax compliance are fundamental to corporate activities. As the globalization of companies accelerates and transactions are becoming increasingly borderless with new business models and services created, accounting standards are getting more advanced and tax systems are becoming more complex. Also, with progress in cooperation and coordination among countries, there is growing demand for companies regarding tax transparency. Such changes in the environment will have a material impact on the Group's long-term vision and business environment, including the below: - Transactions with customers and intragroup transactions on a global basis - Development of diverse services through a combination of products and services, in addition to products only **Impact** Ensuring compliance with global accounting standards and confidence in tax procedures will create new social value and present business opportunities. On the other hand, if we fail to manage assets appropriately or conduct appropriate accounting for new services/businesses or restructuring, or fail to respond appropriately to tax laws, transfer pricing taxation systems, customs laws, and other related regulations of various countries, or trends in enforcement by the authorities, we may be required to revise the financial statements, or pay substantial additional penalties or settlements from the authorities, or suffer damage to our brand value.
Response	**System** Pursuant to the basic framework for internal control on financial reporting and the "Tax Policy[Note 1]" approved by the Board of Directors, and led by the Global Finance and Accounting HQ, we have established and operate systems and rules aimed at ensuring appropriateness in accounting and tax operations. - Related OGR: Accounting and Finance Rules, Anti-Fraud Rules, Implementation and Promotion of J-SOX Rules, and Customs Clearance Administration Rules **Initiatives** Specifically, we are promoting the following measures: - Strengthen self-inspection of internal controls and conduct audits focused on indications of risk - Regularly gather information on accounting standards using outside experts, etc. and assess and respond to their impact, etc. - Review policies related to international taxation in light of various OECD reports and the development of new international taxation rules - Work with local subsidiaries to respond to changes in taxation systems and enforcement by authorities in each country and region - Strengthen customs compliance system and monitoring

(Note 1): Please refer to the below for the "Tax Policy".
https://sustainability.omron.com/en/governance/tax/

⑥ Business Continuity Risk (Natural Disasters, etc.)	
Risk Scenario	**Environment** There remains a possibility globally that natural disasters such as floods, torrential rains and huge earthquakes and emergence of infectious diseases would cause society to become dysfunctional. Such changes in the environment will have a material impact on the Group's long-term vision and business environment, including the below: - Suppliers and production bases in various countries and regions across the world - Provision of products and services for social infrastructure and human health management that are required to continue even in the event of an emergency - Development of energy solutions business to respond to demands for disaster prevention and mitigation **Impact** Demands for companies regarding business continuity and initiatives to enhance social resilience will create new social value and business opportunities. On the other hand, in the event of unforeseen disasters, there is a possibility of partial suspension or reduction of business activities due to large-scale suspension of social infrastructure and economic activities, suspension of production at our own plants, or long-term suspension of parts supply from important suppliers, etc. There is a risk that it may lead to a decrease in sales, or damage to our brand value.
Response	**System** Based on the basic policy of prioritizing personal safety, maintenance of social infrastructure, and full cooperation for reconstruction activities, each business company and head office division has coordinated to devise a business continuity plan for production, purchasing and procurement, logistics, and IT. - Related OGR: Integrated Risk Management Rules, and Procurement Rules **Initiatives** Specifically, we are promoting the following measures: - Simulations and training drills for emergency situations - Operation of an employee safety confirmation system and stockpiling of emergency food and drinking water at business sites according to risks - Centralized management of supplier production area information and establishment of evaluation systems for alternative production sites - Establishing escalation routes for emergencies and a structure to ascertain impacts

⑦ Environment

Risk Scenario	Response

<table>
<tr><th colspan="2">⑦ Environment</th></tr>
<tr><td>Risk Scenario</td><td>Environment Toward the realization of decarbonization and lower environmental impact, we are required to view climate change from the two aspects of “opportunity” and “risk” to put our corporate social responsibility into practice and build further on our competitive advantage. In addition, demand for disclosure on corporate initiatives for environmental issues is growing year by year in order to reflect the information in corporate valuation and investment activities, and there is an increasing trend for making third-party assurance on disclosed information regulated by laws. On the other hand, food and water shortages caused by frequent floods and droughts due to global warming, plastic issues, and the ecosystem destruction have become a social issue at the global level. As countries across the globe accelerate their policies toward carbon neutrality, requests for companies to reduce greenhouse gas emissions and ensure traceability are also expanding. Such changes in the environment will have a material impact on the Group’s long-term vision and business environment, including the below:
- Realization of automation at production sites to increase productivity and energy efficiency in the Industrial Automation Business
- Widespread use of renewable energy through evolution of energy control technology in the Social Systems, Solutions and Service Business
- Development and provision of components that lead to a reduction in carbon footprint in the Device & Module Solutions Business
- Waste reduction at all production sites across the globe with an aim of realizing a circular society
Impact Growing need for products and services that contribute to decarbonization will create new social value and provide business opportunities. On the other hand, as many companies seek to solve social issues, business competitiveness directly hinges on whether or not strategies and execution are successful. Further, inappropriate disclosure called greenwashing in sales promotional activities may lead to the loss of social confidence, which in turn may cause transactions to be suspended, product development to be discontinued, strategies to be reviewed, and our brand value to be damaged.</td></tr>
<tr><td>Response</td><td>System To address environmental issues, we carry out activities in accordance with the “OMRON Environmental Policy” established by resolution of the Board of Directors. In terms of the concrete execution system, the Global Corporate Communications & Engagement HQ takes the lead in promoting initiatives under the responsibility of a director in charge of sustainability promotion who has been delegated authority from the President and CEO. The Senior General Manager of the Global Human Resources and Administration HQ, the Senior General Manager of the Global Procurement, Quality and Logistics HQ, and the Senior General Managers of respective business companies are responsible for measures for the internal domain, supply chain domain, and business strategy domain, respectively.
- Related OGR: Environmental Management Rules and Procurement Rules
Initiatives Specifically, we are promoting the following measures:
- Accelerating reductions in greenhouse gas emissions for which a target is set for each of Scope 1・2 and Scope 3 Category 11
- Transitioning to a circular economy through the expansion of collection and recycling efforts, circular material procurement, the maximization of the resource recycling rate, and other efforts
- Disclosure of information on sustainability issues, including information in line with TCFD recommendations</td></tr>
</table>

*Please refer to “(1) OMRON’s Policy and Initiatives for Sustainability” and “(2) Response to Climate Change” in “2. Fundamental Policy and Initiatives for Sustainability” in “Part II. Business Conditions” for details of our initiatives for the environment risk.

⑧ Human Rights

Risk Scenario	**Environment** Toward the realization of a sustainable society, companies are being required to take responsibility for human rights issues not only within their own companies but also across the entire value chains. On the other hand, remedying forced labor, child labor, low or unpaid wages, long working hours, working environments with inadequate safety and hygiene, and harassment has become a social issue. Efforts to ensure respect for human rights through legislation are progressing, by making supply chains visualized through due diligence and prohibiting imports from countries and regions with human rights concerns. New human rights issues have also arisen as a result of technological innovations such as the use of AI. Such changes in the environment will have a material impact on the Group’s long-term vision and business environment, including the below: - Global business sites and supply chains, including those in China and Asia - R&D and provision of products and services using AI **Impact** Building value chain and utilizing AI in consideration of human rights will create new social value and provide business opportunities. On the other hand, failure to respond appropriately to human rights issues in the value chain, or failure to comply with laws and regulations on AI that results in discrimination and other human rights issues through products and services may lead to the loss of social confidence, which in turn may cause transactions to be suspended, product development to be discontinued, strategies to be reviewed, and our brand value to be damaged.
Response	**System** To address human rights issues, we carry out activities in accordance with the “OMRON Human Rights Policy” established by resolution of the Board of Directors. In terms of the concrete execution system, the Global Corporate Communications & Engagement HQ takes the lead in promoting initiatives under the responsibility of a director in charge of sustainability promotion who has been delegated authority from the President and CEO. The Senior General Manager of the Global Human Resources and Administration HQ, the Senior General Manager of the Global Procurement, Quality and Logistics HQ, the Senior General Managers of respective business companies, the Senior General Manager of Technology & Intellectual Property HQ, and the Senior General Manager of Global Risk Management and Legal HQ are responsible for measures for the internal domain, supply chain domain, business strategy domain, ethical utilization of technologies including AI, and redress mechanism, respectively. - Related OGR: HRM Rules, Occupational Safety and Health Management Rules, and Procurement Rules **Initiatives** Specifically, we are promoting the following measures to fulfill corporate responsibility to respect human rights in alignment with the UN Guiding Principles on Business and Human Rights (UNGP): - Risk assessment using the RBA(Note 1) Assessment Tool - Presenting sustainable procurement guidelines to suppliers and confirming compliance status - Collecting information on AI and developing internal rules for use of AI in businesses - Operating a human rights redress mechanism globally

(Note 1) RBA: Responsible Business Alliance. Global CSR alliance focused mainly on the electronics industry.

*Please refer to “(1) OMRON’s Policy and Initiatives for Sustainability” and “(4) Initiatives for Respecting Human Rights” in “2. Fundamental Policy and Initiatives for Sustainability” in “Part II. Business Conditions” for details of our initiatives for the human rights risk.

⑨ Human Resources and Labor	
Risk Scenario	**Environment** As the mobility of human resources increases globally, the competition for hiring scarce talent who are equipped with advanced technological skills, such as IT talent, is becoming more intense than ever. On top of that, wage levels are rising across the globe, triggered by global inflation and labor shortages. In such an environment, it is important to implement human capital management that makes us attractive to job seekers and enhance employee engagement. In addition, there has been demand for disclosure on human capital from society in recent years. Such changes in the environment will have a material impact on the Group's long-term vision and business environment, including the below: - Further efforts to develop the skills of the current workforce and securing talent with required abilities - Accelerating diversity and inclusion **Impact** The development of human resources and an environment that attracts diverse talented human resources and encourages each individual to seize the initiative and demonstrate his/her abilities is a driving force for increasing corporate value. On the other hand, if the human resource strategies implemented during the structural reform period is not sufficiently effective, it could lead to an exodus of employees with scarce skills and experience or labor problems while making the recruitment of new talent difficult. In addition, if the disclosure of information on human capital is inappropriate, it may lead to damage to our brand value due to a decrease in confidence from investors.
Response	**System** Important human resource strategies are discussed and decided by the Board of Directors and Executive Council. Under the Chief Human Resources Officer (CHRO), the Global Human Resources and Administration HQ is taking the lead in implementing measures. - Related OGR: HRM Rules **Initiatives** Specifically, we are promoting the following measures: - Restructuring of human resources portfolio - Fair evaluation, appointment, and placement of executive officers and key management personnel - Investment in human resources with an eye to transforming organizational capabilities - Initiatives and programs to share achievements that solve social issues (medium-term performance-linked stock compensation, etc.) - Implementing "TOGA" to instill the OMRON Principles in all employees and promote greater empathy and resonance

*Please refer to "(1) OMRON's Policy and Initiatives for Sustainability" and (3) Initiatives for Human Capital" in "2. Fundamental Policy and Initiatives for Sustainability" in "Part II. Business Conditions" for more detailed information on risks related to human resources and labor.

⑩ Intellectual Property

Risk Scenario	**Environment** It is essential to form intellectual property and intangible assets with a competitive edge and link them with value creation stories in order to improve corporate value sustainably while solving social issues, and open innovation and alliances are accelerating in technology development and the development of business models. On the other hand, competition and confrontations among companies and countries over intellectual property have also intensified, and issues from the perspective of fair trade in business alliances with start-up companies have been pointed out. Such changes in the environment will have a material impact on the Group's long-term vision and business environment, including the below: - Technology fields of focus such as robotics, sensing, power electronics, and AI/data analysis - Creation of new businesses such as data healthcare, food production automation, and DX support for manufacturing sites **Impact** The trend of promoting investment in intellectual property and intangible assets as a source of competitiveness will create new social value and business opportunities. On the other hand, if the acquisition and protection of such assets are not done adequately, leakage of technologies and know-how or imitation of our brands may occur, causing our business competitive edge to be lost. In addition, in the event of a dispute of infringement of patents, etc. or unauthorized use, it may cause the provision of the products and services of the OMRON Group to be suspended and result in claims for substantial compensation for damages or payment of royalty payments. There is a risk that it may cause a loss to be incurred, sales to decline, or our brand value to be damaged.
Response	**System** The Technology & Intellectual Property HQ is responsible for intellectual property activities based on the basic policy. Intellectual property strategies are regularly reported and discussed by the Board of Directors. - Related OGR: Intellectual Property Management Rules **Initiatives** Specifically, we are promoting the following measures: - Initiatives to improve the accuracy of the decisions on directions of research themes and the selection of partners by utilizing the IP landscape - Developing and implementing an intellectual property strategy linked to business and R&D, to accumulate intellectual property rights with a competitive edge - Research of third parties' intellectual property rights in conducting R&D and design - Analysis and evaluation of third parties' infringement of the OMRON Group's intellectual property rights, and strengthening of the enforcement of rights - Measures against counterfeiting activities, including online transactions, and preventing the acquisition of trademarks similar to the Company's brand names with malicious intent

⑪ M&A and Investment	
Risk Scenario	**Environment** Companies are expected to advance technologies as a means to solve social issues. Companies are expected to accelerate innovation through alliances, M&A, and investments with companies with technological capabilities. On the other hand, in addition to fluctuations in the performance and valuation of investee companies, there have also been developments such as the tightening of investment restrictions due to economic security policies and the operation of antitrust laws in additional sectors including IT. Such changes in the environment will have a material impact on the Group’s long-term vision and business environment, including the below: - Promotion of M&A and investment, including alliances and divestitures, under portfolio management - Co-creation with partners who share and resonate with the social issues that OMRON perceives, in order to create new businesses **Impact** Acquiring new management resources through strategic M&A and investments will create social value and business opportunities. On the other hand, if companies fail to do enough planning or due diligence, or post-merger integration (PMI) and governance for M&A counterparties or investees are not properly implemented, the anticipated synergies or alliance may not proceed as planned. This results in the risk that a substantial impairment loss may be recognized and material revisions to the plans may need to be made.
Response	**System** The policies for and implementation of M&A and investments are discussed and determined by the Board of Directors and other executive committees with investment discipline in accordance with the responsibility authority set forth in the management rules, and each transaction is promoted by a project team comprised of the business company, headquarters units, and outside experts. - Related OGR: Management Rules **Initiatives** Specifically, we are promoting the following measures: - Exploring and assessing M&A and investment candidates based on business strategy - Detailed prior review and due diligence such as confirmation of the financial condition and contract details of the target company - Review of specific target progress for post-acquisition or post-investment economic impact by the Board of Directors (at least once a year) [Specific example of risk response: Monitoring and oversight of the listed subsidiary] We made a takeover bid for JMDC, our investee company, and made JMDC a consolidated subsidiary in October 2023. Our Board of Directors will monitor and supervise JMDC's strategies and business plans, including progress and challenges, in order to ensure the company's sustainable growth.

⑫ Group Governance and Compliance

Risk Scenario	**Environment** As efforts to address social issues such as climate change and population aging accelerate globally and the role played by companies becomes more important, social demands for fair trade are also growing. International organizations and various governments have tightened laws and regulations against anti-competitive behavior and bribery. Also, regulations in response to the evolution of IT, AI, and other technologies, and the promotion of innovation through alliances and other means are being increasingly explored and implemented. In addition, in some emerging countries and regions, corruption and other forms of corruption may become social problems due to weak legal governance and unstable political conditions. In Japan, the demand to protect subcontractors is increasing in response to the recent depreciation of the yen and soaring energy prices. Such changes in the environment will have a material impact on the Group's long-term vision and business environment, including the below: - Provision of products and services globally, including those licensed by the governments of various countries - Development of new products and business models through co-creation with various business partners **Impact** Meeting globally expanding demands accurately and expectations for innovation by companies will create new social value and present business opportunities. On the other hand, as we address the need to accelerate the speed of business and improve profitability as well as increase the independence of business operations in each region and at each group company, we expose ourselves to the risk of legal and regulatory non-compliance concerning fair business transactions and accounting practices that could result from poor governance and internal management. If any such non-compliance occurs, it could result in serious administrative penalties and damage to our brand value.
Response	**System** The response policy for internal control including corporate ethics and compliance is discussed and determined by the Board of Directors. Under the OMRON Group Management Policy, we have established and operate a governance system for its group companies pursuant to the OGR, and the Corporate Ethics & Risk Management Committee carries out activities. - Related OGR: Corporate Administration Rules, Ethical Conduct Rules, Internal Audits Rules, and Procurement Rules **Initiatives** Specifically, we are promoting the following measures: - Global checks and monitoring by division in charge of each function - Risk management at each regional headquarters to address key risks according to the characteristics of each area - Regular compliance education through Global Corporate Ethics Month in October of each year, etc. - Operating whistleblower hotlines worldwide - Internal audit and guidance for improvement based on risk-based approach - Monitoring and training on the Subcontract Act for relevant business sites by the purchasing division

4. Management Analysis of Financial Condition, Operating Results and Cash Flows

(1) Status, Analysis and Considerations of Business Environment, Operating Results, etc.

(i) Results and Outlook of Operating Results of the OMRON Group

Results for fiscal 2023

In the current fiscal year (ended March 31, 2024), the OMRON consolidated net sales decreased compared with the previous fiscal year. The Healthcare Business experienced recovering demand in China, Europe, and other regions for blood pressure monitors and other health care equipment. The Social Systems, Solutions and Service Business captured growing demand for renewable energy. Meanwhile, the Industrial Automation Business posted lower sales year on year due to ongoing weakness in demand for capital investment in the manufacturing industry globally, as well as the impact of inventory adjustments among distributors. The Devices & Module Solutions Business posted a significant decrease in sales year on year due to ongoing weak demand in the consumer industry.

Gross profit margin was lower year on year, despite successful efforts to date in optimizing prices and reducing variable costs. This lower performance was due to the impact of factors including fluctuations in business composition and weaker value-added ratios stemming from changes in product mix and writedowns of backlogged inventories in the Industrial Automation Business. Selling, general and administrative expenses increased for the full year, despite efforts to improve the productivity of fixed costs, due to inflation-related increases in personnel expenses, selective investments in certain areas, and company-wide investments in systems, etc., over the second half of the year. Operating income declined significantly year on year as a result of the preceding factors.

Net income attributable to OMRON shareholders decreased substantially from the previous fiscal year to total JPY 8.1 billion due to a decrease in operating income and a loss (JPY 12.0 billion) resulting from the revaluation of JMDC Inc. shares at market price when we acquired additional shares.

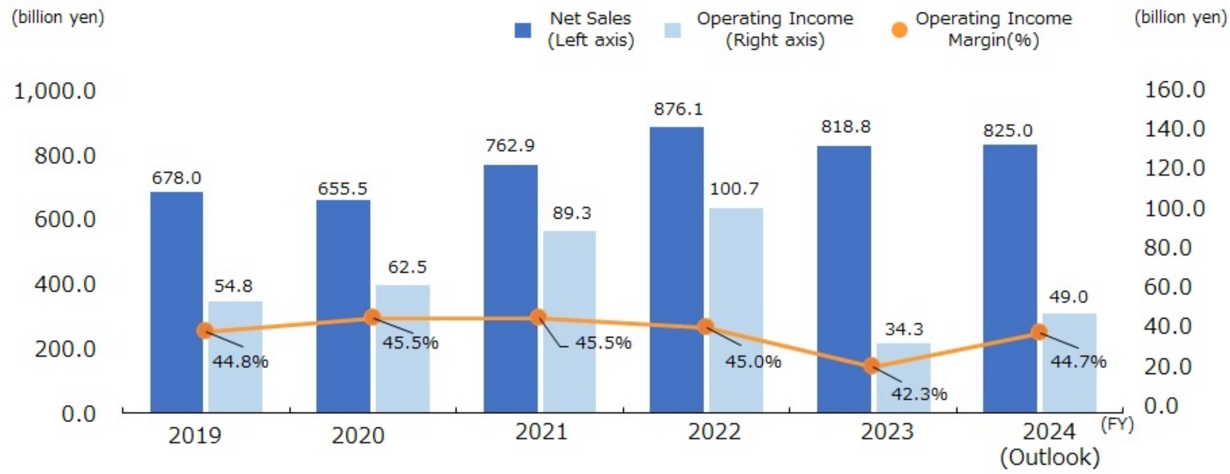
Outlook for fiscal 2024

The outlook for the business environment over the next fiscal year (ending March 31, 2025) remains uncertain due to prolonged global inflation and geopolitical risks associated with the situations in Europe, Russia, and the Middle East.

In the domains in which our group operates, demand is expected to begin gradually climbing back up in the second half of the year for the Industrial Automation Business and the Device & Module Solutions Business. The market for the Healthcare Business is expected to grow steadily, and the Social Systems, Solutions and Service Business will also continue to enjoy a favorable business environment.

Working against this backdrop, the OMRON Group expects an increase in net sales and operating income as a result of its efforts to rebuild its foundation for earnings and growth under the Structural Reform Program NEXT 2025, which was announced and launched on February 26, 2024. On the other hand, we expect income before income taxes to decrease since we have included a one-time cost of approximately JPY 28 billion resulting from a personnel cut of 2,000 employees in our forecast.

<Net sales, operating income and gross profit margin>



Management Policy and Priority Initiatives for Fiscal 2024

Over the next fiscal year, we intend to accelerate efforts to complete the Structural Reform Program NEXT 2025 under a group-wide policy to rebuild our foundation for earnings and growth by focusing all actions on creating value for our customers. These initiatives should enable us to achieve JPY 825.0 billion in net sales (+0.8% year on year) in the next fiscal year, with a gross profit margin of 44.7% (+2.4 points year on year), and JPY 49.0 billion in operating income (+42.7% year on year).

In addition, we will update the non-financial targets initially established in fiscal 2022, changing the targets for fiscal 2024 in conjunction with the start of the Structural Reform Program NEXT 2025.

< Financial Targets>

Financial Targets	FY2023 (Plan)	FY2023 (Results)	FY2024 (Plan)
Net sales	JPY890.0 billion	JPY818.8 billion	JPY825.0 billion
Operating income	JPY102.0 billion	JPY34.3 billion	JPY49.0 billion
ROIC	around 10%	1.0%	around 1%
ROE	around 10%	1.1%	around 1%
EPS	JPY379	JPY41	JPY43

< Non-financial Targets>

Non-financial Targets (Note1)	FY2023 (Results)	FY2024 (Plan)
1) Increase sustainability sales 45% vs FY2021 (reflects contribution to solving 3 social issues) (Note 2)	+33%* (vs. FY2021)	+35%* (vs. FY2021)
2) Raise the ratio of women in management roles above 18% on a global basis	19.1%* (Note 5)	- (Note6)
3) Hire disabled individuals at 28 bases outside Japan; maintain 3% level achieved in Japan	Outside Japan: 28 locations Japan: 3.5%	- (Note6)
4) Reduce Scope 1 and 2 GHG emissions by 53% versus FY2016 (Note 3)	68% reduction (vs. FY2016)	68% reduction (vs. FY2016)
5) Achieve Carbon Zero at all 76 locations in Japan	39 locations (Cumulative)	76 locations
6) Conduct human rights due diligence in line with the UNGP and develop a human rights redress mechanism in the value chain	・Draft solutions to identified human rights issues ・Operate and monitor redress mechanisms	Implement human rights due diligence, establish and operate redress mechanisms
7) Continue to make solid advances on sustainability initiatives to maintain inclusion in DJSI World	Selected to 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	70%	- (Note6)
9) In all regions, introduce a training program covering the basic knowledge required for DX: statistics, data analytics, AI and others	Training initiated in all areas except Japan	Training continuing in all areas except Japan
10) Make full use of digital tools to reduce use of paper	54% reduction (vs. FY2019)	54% reduction or more (vs. FY2019)
+1Top management of each region (Note 4) to declare and execute their commitment to contribute to local communities in alignment with OMRON's Sustainability Policy	Declaration/execution ongoing in all areas	Declaration/execution ongoing in all areas

Notes:

1. Figures presented in the non-financial targets are the initial SF 1st Stage targets set in fiscal 2022.
2. Net sales of focus domains related to "achievement of carbon neutrality," "realization of a digital society" and "extension of healthy life expectancies."
3. GHG: Greenhouse gas
4. Regions: Americas, Europe, Asia, Greater China, South Korea, and Japan.
5. Aggregated figure for the Company and its consolidated subsidiaries as of April 20, 2024
6. The target will be set after the headcount and capacity optimization is completed.
7. Non-financial targets (8) through (10) were determined by employee vote.
8.Figures with * include JMDC

(Reference) Sustainability Targets and Progress

	Material Sustainability Issues under SF2030	KPIs	FY2022 Results	FY2023 Results
1	**Resolving social issues through our business**	Sustainability sales (vs. FY2021)	+28% growth (vs. FY2021)	+33% growth* (vs. FY2021)
2	**Maximizing capability to innovate driven by social needs**	New businesses created	37 candidates created	31 candidates created
3	**Generating diverse talent taking on the challenge of value creation**	Investment in human resource development	JPY 1.61 billion	JPY 1.4 billion level
		Ratio of local staff in core positions outside Japan	80%	80% or more
		Ratio of women in management roles globally	16.6% (Note 4)	19.1% (Note 6)*
		Ratio of employment of people with disabilities at 28 bases outside Japan	Achieved at 27 bases outside Japan	Achieved at 28 bases outside Japan
		Ratio of employment of people with disabilities in Japan	3.1%	3.5%
		VOICE SEI (Note 1)	76P	76P
4	**Achieving de-carbonization and lower environmental impact**	Scope 1 and 2 (Note 2)	62% reduction (vs. FY2016)	68% reduction (vs. FY2016)
		Carbon Zero at bases in Japan	10 bases in Japan	39bases in Japan (cumulative)
		Scope 3 (Note 3) category 11	1) Completed changing the calculation method of the representative formats of IAB, OHQ, and OSS from catalog values to implemented values. 2) Determined products subject to emission reduction for IAB, OHQ, and OSS and completed formulation of action plans	Completed launch, development, and verification of energy-conservation and resource-conservation products established by IAB, OHQ, and OSS
		Transition to a circular economy	Redefined environmental contribution and set a new direction	・Each business systematically addressed priority issues ・Completed formulation of CFP(Note 7) calculation rules and calculation methods, and began calculation and disclosure initiatives in each business ・Reviewed Biodiversity Policy encompassing matters related to a circular economy
5	**Respecting human rights in the value chain**	Human rights due diligence implementation	Identified 7 potential human rights issues that the OMRON Group will prioritize	Implemented and improved human rights due diligence with respect to regions and business sites subject to high potential risk at OMRON sites and suppliers
		Develop human rights redress mechanism	Global: Established supplier hotlines in all regions Japan: Joined JaCER (Note 5) and began trial operation using industry mechanisms	Extended redress eligibility to customers and society by leveraging JaCER

Notes:
1. The engagement survey "VOICE" is conducted every two years. The results of the FY2022 survey are presented in the FY2023 results.
2. Scope 1 and 2: Greenhouse gases emitted directly or indirectly from the Company's own operations.

3. Scope 3 Category 11: Greenhouse gas emissions from the Company's value chain resulting from the use of manufactured and sold products and services
4. Aggregated figure for the Company and its consolidated subsidiaries as of April 20, 2023, including OMRON KIRIN TECHNO-SYSTEM CO., LTD., in which investment was completed on April 3, 2023
   The ratio of women in management at the Company and its consolidated subsidiaries as of March 31, 2023, was 16.8%.
5. JaCER: Japan Center for Engagement and Remedy on Business and Human Rights
6. Aggregated figure for the Company and its consolidated subsidiaries as of April 20, 2024.
7. CFP: Carbon footprint. A quantitative calculation of the environmental impact of the entire life cycle of products and services provided, from procurement of raw materials to disposal and recycling, converted into CO2 emissions.
8. Figures with * include JMDC
9. Fiscal 2023 results on the following sustainability targets will be published in the Integrated Report issued this fiscal year after receiving limited assurance engagements from a third-party.
   - Ratio of local staff in core positions outside Japan
   - Ratio of employees with disabilities in Japan
10. Fiscal 2023 results on the following sustainability targets will be disclosed on the OMRON corporate website. Bureau Veritas Japan is currently conducting third-party limited assurance engagements, and they are expected to be completed in June 2024.
   - Greenhouse gas emissions (Scope 1 and 2, and Scope 3, Category 1, 2, 3)
   - Environmental contribution
11. These limited assurance engagements are in accordance with the International Standards on Assurance Engagements (ISAE) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information of the International Auditing and Assurance Standards Board (IAASB).

(ii) Results and Outlook for Each Business Segment

(IAB)

Industrial Automation Business

Sales Composition Ratio (FY2023)

48%

<Value creation initiatives under "SF2030">

In the Industrial Automation Business, we have established a business vision of "Enriching the Future for People, Industries and the Globe by Innovative-Automation." Through automation, we aim to achieve sustainable industrial development that supports a rich medical, food, and living infrastructure, while ensuring the happiness of workers and protecting the global environment.

In setting the business vision, we envisioned the social changes we would face over the next decade. We forecast an era in which changes take place at a dizzying pace and various social issues are coming to the fore. Against this market backdrop, we have identified two aspects of social issues that we should address: "working people" and "advancement of industries."

By "working people," we mean the changing values espoused particularly by Millennials and Generation Z, the changing mindset of workers as technology evolves, and the changing world of work. By "advancement of industries," we mean not only innovation in manufacturing in secondary industry through cutting-edge technologies that are created one after another, but also major transformation that extends to primary and tertiary industries. The social issue we must address is how best to realize the balance of high engagement of working people and the advancement of industries, which is the strength of the Industrial Automation Business, and to contribute to the protection of the global environment, which is also a social requirement. Our goal is to contribute to the creation of a society with a rich medical, food, and living environment desired by people around the world through sustainable industrial evolution. This is a challenge only possible for us as we have supported "Monozukuri (manufacturing)" at the upstream for many years. Our ideas and insights are shaping the business vision.

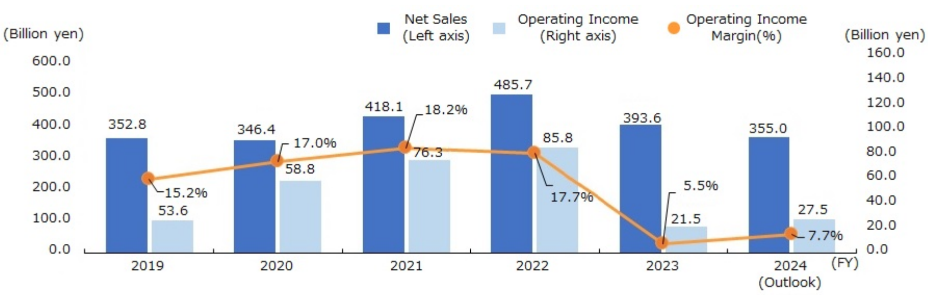
To achieve the business vision, we will evolve our unique "innovative-Automation" manufacturing concept, which we proposed in 2016. By offering the industry's broadest lineup of control devices and technologies and solutions and creating a stream of innovation to resolve social issues, we will contribute to the sophistication of manufacturing that supports a sustainable society.

Results for fiscal 2023 and outlook for fiscal 2024

Results for fiscal 2023	
Status of sales	Demand for capital investment in the manufacturing industry was sluggish globally throughout the year. In particular, we saw a significant negative impact stemming from postponements or reductions in investments related to rechargeable batteries for EVs and semiconductors. Inventory at distributors, which had been an issue, remained at high levels, despite a trend toward drawdowns. As a result, sales were significantly lower year on year.
Status of operating income	Operating income was significantly lower year on year due to lower sales, changes in product mix sales, write-downs of backlogged inventories, and other factors affecting gross profit margin negatively.

Outlook for fiscal 2024	
Outlook for sales	We expect investment demand related to semiconductors to recover beginning in the third quarter, mainly in Japan and Korea. At the same time, we assume that the recovery in demand for investment in other industries will be gradual. We believe that in the first half of the year, our distributors will generally reach normalization for inventory levels that have remained at high levels to date. Given the circumstances we project sales to decrease year on year.
Outlook for operating income	Despite our expectations for lower net sales compared with the current fiscal year under review, we forecast higher operating income stemming from improved gross profit margin and optimized fixed costs in reward to our steady efforts in structural reform. We expect these developments to lead to higher year-on-year operating income for the next fiscal year.

Net sales, operating income and gross profit margin



Progress in KPIs for social value creation

Social Value KPI (FY2023 Results)

No. of companies that have adopted innovative-Automation

4,316

Note:As a result of a revision of classification for management operation, from fiscal 2022 a portion of IAB is included in DMB.
As a result, fiscal 2021 is reclassified based on the new classification for management operation.

(HCB)

Healthcare Business

Sales Composition Ratio (FY2023)

18%

<Value creation initiatives under “SF2030”>

In the Healthcare Business, we have been promoting home blood pressure monitoring believing that measuring blood pressure at home is beneficial to people’s health. Nowadays, blood pressure data measured at home is being used in the treatment of hypertension, and home blood pressure monitoring has a positive impact on the blood pressure control of hypertensive patients. However, as the population ages, the number of hypertensive patients is increasing globally, and onsets of cerebral and cardiovascular diseases attributable to hypertension are also on the rise. In addition, the number of patients with respiratory diseases is rising, especially in emerging countries. Chronic pain in the knees, low backs, and shoulders imposes a heavy burden on people in their daily lives, significantly reducing the quality of life (QOL).

Our SF2030 vision, “Going for ZERO, Preventive Care for Health of Society,” expresses our strong determination to create a society in which people around the world can live healthy and comfortable lives.

By leveraging the technologies and insights we have cultivated so far, we address three business domains: Cardiovascular, Respiratory, and Pain Management and aim to achieve 3 Zeros within these domains: “Zero cerebrovascular and cardiovascular events,” including stroke and heart failure; “Zero aggravation of respiratory diseases,” such as asthma and chronic obstructive pulmonary disease (COPD); and “Zero restrictions on daily activities due to chronic pain,” regarding the knees and low back pains. In addition, we will introduce Preventive Care to prevent disease and the development of serious illness, thereby offering new value fulfilling the desire of people around the world to “stay healthy.”

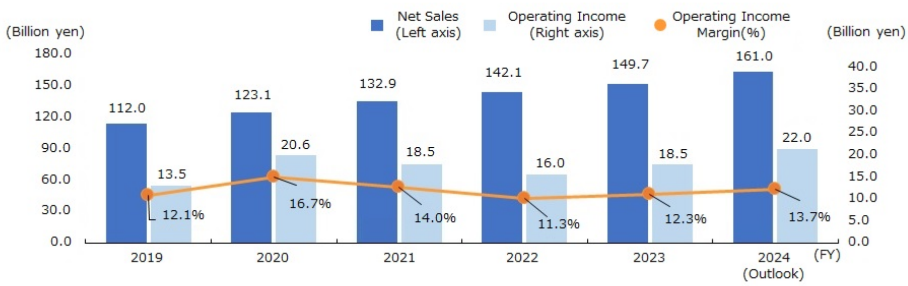
In 2021, cumulative global sales of home blood pressure monitors exceeded 300 million units. However, looking at the global big picture, the penetration rate of home blood pressure monitor is still low, and the market size is expected to grow from 61 million units in 2020 to 87 million units in 2024. We will be focusing on China and India whose markets are expected to expand further, while strengthening our core business.

Results for fiscal 2023 and outlook for fiscal 2024

Results for fiscal 2023	
Status of sales	Demand for mainstay blood pressure monitors remained strong, particularly in Europe. In addition, demand for nebulizers increased significantly in China due to an increase in pneumonia and other respiratory diseases. As a result, sales increased year on year, due in part to the depreciation of the yen.
Status of operating income	Operating income increased significantly year on year due to the increase in sales, as well as cost reductions for logistics and component costs.

Outlook for fiscal 2024	
Outlook for sales	As the increase in patients suffering from chronic diseases continues, we expect demand for blood pressure monitors and other health devices to increase worldwide. We intend to boost sales through growing online channels globally and capture expanding demand in emerging countries. We expect net sales in the next fiscal year to increase year on year due to expanded sales of ECG monitors in Japan, Europe, the U.S., and China, as well as focused product development in response to local needs in each area.
Outlook for operating income	In addition to the increase in sales, we expect operating income for the next fiscal year to increase compared with the current fiscal year. We base this expectation on prudent fixed cost management, improved profit margins resulting from changes in sales category mix, and cost reductions related to logistics expenses.

Net sales, operating income and gross profit margin



Progress in KPIs for social value creation

Social Value KPI (FY2023 Results)

Global BPM Units Sold
44.96mn(3-year total)

Remote Medical Service Users
165K(Cumulative)

(SSB)
Social Systems, Solution and Service Business

Sales Composition Ratio (FY2023)
18%

<Value creation initiatives under "SF2030">

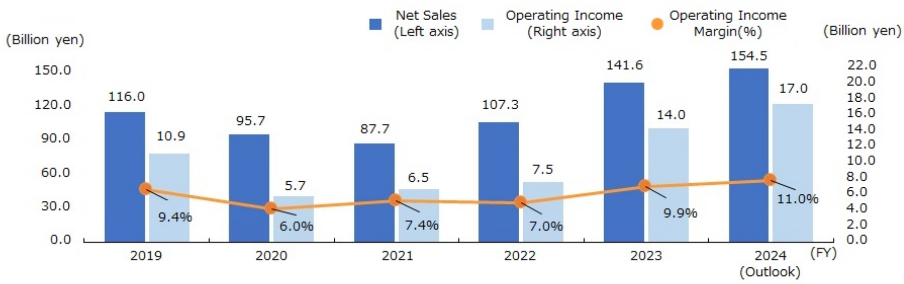
As we head toward the year 2030, new social issues will emerge, posing a threat to the security, safety, and comfort of our daily lives, such as more frequent natural disasters in view of global warming and an insufficient labor force owing to the declining birthrate and population aging. The values of people living in such times will continue to diversify. In addition to responding to our customers' needs, in light of emerging social issues we will consider how social systems should be reset and seek solutions. Together with stakeholders who share our perspectives, we will endeavor to create "next-generation social systems." Our ideas and insights as well as the processes corresponding to them are expressed by the word "Design" in our SF2030 business vision. We are committed to creating "social good" in the form of aspirational lifestyles and a bright future full of smiles.
Under SF2030, the social issues we will address are "achievement of carbon neutrality" and "realization of a digital society." Social issues such as increasing CO_2 emissions, accelerating climate change and lack of labor force due to the accelerating decline in the birthrate and population aging could cause various inconveniences and concerns in our daily life. For companies, management issues are becoming more complex in view of the need for business continuity and decisive action on the environmental front. We need to resolve not only on-site issues by providing existing devices and services but also to work with customers, helping them resolve their management issues. We will contribute to the creation of a future society that is safer, securer, and more comfortable. We will aim to realize next-generation social systems through social automation cultivated in the Social Systems, Solutions and Service Business.

Results for fiscal 2023 and outlook for fiscal 2024

Results for fiscal 2023	
Status of sales	The storage battery systems and other businesses within the Energy Solutions Business performed well as a result of an increase in needs for captive consumption of renewable energy and subsidy programs, as well as increased investments in the industrial and commercial domains as part of accelerated efforts toward carbon neutrality. The Public Transportation System Business saw strong demand for capital investment amid strong performance among railway companies in response to a recovery in passengers and fare revisions. As a result, sales increased significantly year on year.
Status of operating income	Operating income increased significantly year on year, mainly due to the increase in sales.

Outlook for fiscal 2024	
Outlook for sales	We expect demand for renewable energy-related products in the residential and industrial domains in our Energy Solutions Business to remain firm given soaring energy prices and ongoing efforts toward carbon neutrality. Our Public Transportation System Business should see capital investment among customers remain strong. We expect these developments to lead to higher year-on-year net sales in the next fiscal year.
Outlook for operating income	We expect operating income for the next fiscal year to increase significantly over the current fiscal year through efforts to increase sales and raise productivity.

Net sales, operating income and gross profit margin



Progress in KPIs for social value creation

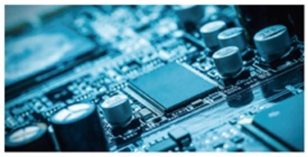
Social Value KPI (FY2023 Results)

Connected Energy Management Devices
40K (3-year total)

(DMB)
Device & Module Solutions Business

Sales Composition Ratio (FY2023)

14%



<Value creation initiatives under “SF2030”>

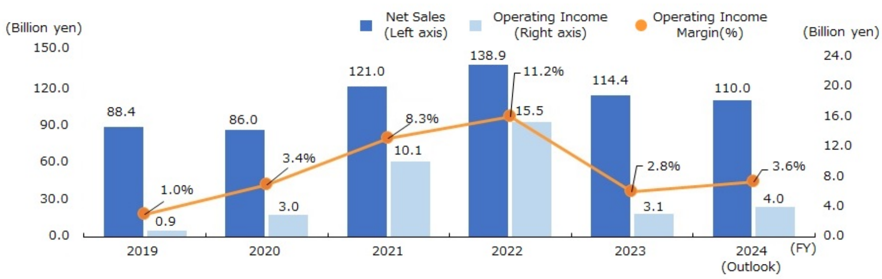
The Device & Module Solutions Business will realize three transformations under SF2030.
Firstly, we will pursue business transformation. As one of OMRON’s core businesses, the Device & Module Solutions Business aims to address social issues, namely, “achievement of carbon neutrality” and “realization of a digital society.” With this intention, the name of the business company was changed from Electronic and Mechanical Components Company to Device & Module Solutions Company on April 1, 2022, 12 years since the business company’s establishment. By combining our core technologies and diverse functions, we will enhance the value of our products and provide customers with device- and module-based solutions that give them the functions they need while addressing societal challenges. Ever since our foundation, we have been a source of sophisticated, high-quality devices and modules, including relays, switches, connectors, and sensors. And our core “connecting” and “switching” technologies are indispensable for turning equipment on and off the flow of electricity in addition to our sensing technology. Leveraging our expertise, we will create new social value that contributes to the “spread of new energy and high-speed communication.”
Secondly, we are resetting our focus domains. We will focus on four business fields where the strengths of the Device & Module Solutions Business centering on its core technologies can be brought into full play and where further growth opportunities are expected. Focus domains are DC(direct current) drive equipment, DC infrastructure equipment, high-frequency devices, and remote/VR devices. Regarding DC drive equipment and DC infrastructure equipment, the shift to DC and higher-capacity power supply and the electrification of infrastructure will progress as measures to minimize the environmental burden. In promoting widespread use of these products, the need for safety measures will increase to ensure electric shocks and combustion are prevented. Regarding high-frequency devices and remote/VR devices, the rapid digital shift requires technologies and devices that enable high-speed communication and large data capacity. With our “connecting” and “switching” technologies, we will deliver solutions for these issues.
Thirdly, we will evolve our value proposition model. In addition to the existing value, we will offer new value corresponding to “green, digital, and speed.” We will accelerate value proposition through the creation of devices that contribute to the realization of a decarbonized society, provision of digital value, and concurrent activities in which sales, development, and production work together to respond to changes in society in a flexible and timely manner.

Results for fiscal 2023 and outlook for fiscal 2024

Results for fiscal 2023	
Status of sales	Demand for components for the consumer industry fell sharply, particularly in the Americas and China. This decrease was largely due to controlled investment, stagnant production activities, and inventory adjustments among our customers. Demand for automotive components was sluggish in general, although automobile production volume showed signs of recovery in certain markets in the second half of the year. As a result, sales were significantly lower year on year.
Status of operating income	Operating income declined significantly year on year as a result of the decrease in sales and other factors.

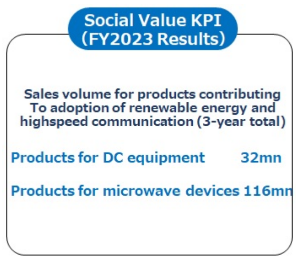
Outlook for fiscal 2024	
Outlook for sales	While demand from semiconductor-related industries should recover moderately, we expect demand for the consumer industry to remain weak as customers continue to adjust inventories. We do not see normalization happening until the third quarter or later. We expect these developments will result in a year-on-year decrease in net sales in the next fiscal year.
Outlook for operating income	While we forecast a decrease in sales, operating income for the next fiscal year should increase due to business structure reform that include price optimization and fixed cost reductions.

Net sales, operating income and gross profit margin



Note:As a result of a revision of classification for management operation, from fiscal 2022 a portion of IAB is included in DMB.
As a result, fiscal 2021 is reclassified based on the new classification for management operation.

Progress in KPIs for social value creation



(DSB)

Data Solution Business

Sales Composition Ratio
(FY2023)
2%

<Value creation initiatives under "SF2030">

The Data Solution Business will transform the OMRON Group's value creation away from manufacturing to data-driven solutions. Towards resolving the three social issues addressed in SF2030 (Achieving carbon neutrality, Realizing a digital society, and Extending healthy life expectancy), utilization of data is essential. In collaboration with JMDC that became a group company in October 2023, we will not only expand business in the healthcare domain, but also combine large amounts of data we obtain from devices and components of other businesses with JMDC's data management technology and solution development expertise, and create growing businesses that help resolve social issues.

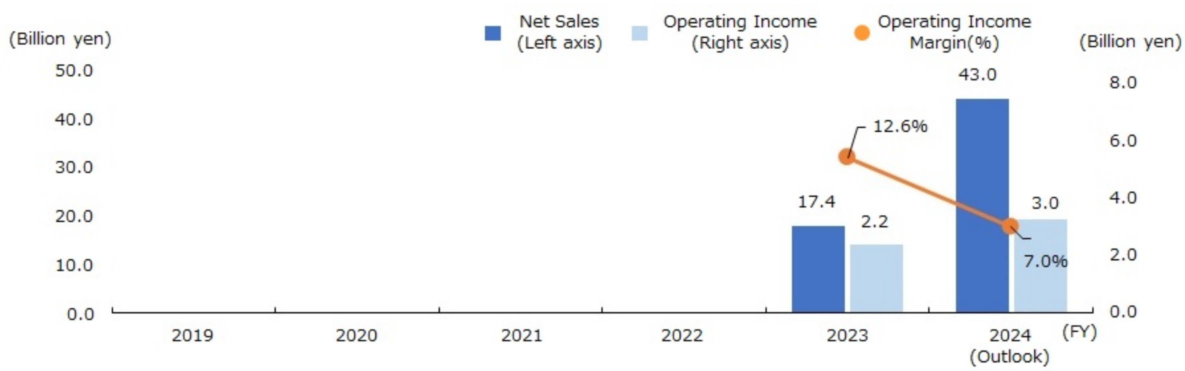
This segment includes expenses related to the amortization of intangible assets specifically identified in the conversion of JMDC into a consolidated subsidiary, etc.

Results for fiscal 2023 and outlook for fiscal 2024

Results for fiscal 2023	
Status of sales	Sales continued to be firm with ongoing growth in the number of health insurance association contracts at JMDC, increasing transaction volume with pharmaceutical companies and insurance companies for whom we provide data, and growing numbers of medical institutions utilizing remote image interpretation services.
Status of operating income	Operating income remained firm, supported by sales growth.

Outlook for fiscal 2024	
Outlook for sales	We expect the trend of medical data use, mainly by pharmaceutical companies, to continue to grow as part of the JMDC business. We also expect demand for services for insurers and consumers to grow further as individuals become more conscious of health and prevention. Net sales for the next fiscal year should increase significantly with the full-year contribution of JMDC to this segment.
Outlook for operating income	We forecast operating income to increase year on year in answer to our efforts to increase net sales. Our forecasts for this segment also incorporate growth investments to create new data services. (This segment includes the financial results of JMDC, as well as the amortization of intangible assets identified in the consolidation of JMDC and in financial figures related to the OMRON Data Solution Business.)

Net sales, operating income and gross profit margin



(2) Status, Analysis and Considerations of Financial Condition and Cash Flows

(i) Financial Condition

Total assets as of the end of the fiscal year amounted to JPY1,354.7 billion, an increase of JPY356.6 billion compared to the end of the previous consolidated fiscal year. This increase was mainly due to the acquisition of additional shares of JMDC. Total liabilities amounted to JPY403.7 billion, an increase of JPY136.8 billion compared to the end of the previous fiscal year. This result was mainly due to an increase in long-term debt. Total net assets amounted to JPY951.0 billion, an increase of JPY219.8 billion compared to the end of the previous consolidated fiscal year. This increase was mainly due to an increase in noncontrolling interest related to the acquisition of additional shares of JMDC. The OMRON Group maintains a strong financial foundation, even though the shareholders' equity ratio decreased to 58.1%.

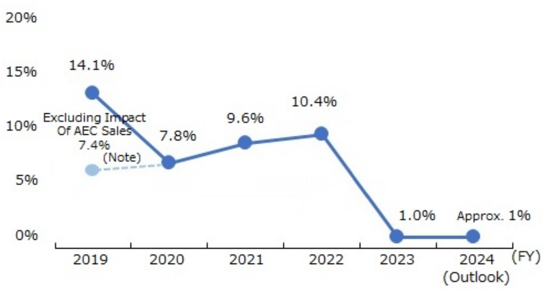
In terms of liquidity, cash on hand as of the end of the fiscal year amounted to JPY143.1 billion. Further, OMRON has signed commitment line agreements with financial institutions in the amount of JPY30.0 billion, ensuring a high level of funds available. To secure funds for growth investments, we intend to maintain high credit ratings from ratings agencies as a long-term issuer, while encouraging good relationships with financial institutions on a global basis. In this way, we believe we will ensure our ability to raise funds.

(JPY billions)

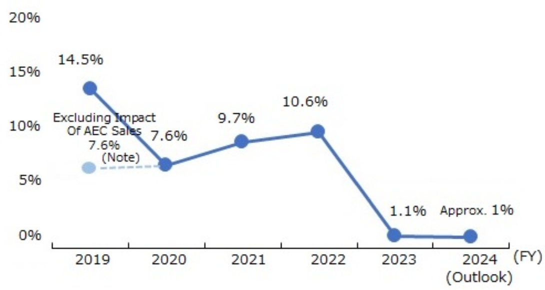
	As of March 31, 2023	As of March31, 2024	Change
Total assets	998.2	1,354.7	+356.6
Total liabilities	266.9	403.7	+136.8
Shareholders' equity	728.5	786.7	+58.2
Non-controlling interests	2.8	164.3	+161.6
Total net assets	731.2	951.0	+219.8
Total liabilities and net assets	998.2	1,354.7	+356.6

In the fiscal year 2023, return on equity (ROE) and return on invested capital (ROIC) were at significantly lower levels than the capital cost of the OMRON Group (8% estimated by the Company). In order to achieve further enhancement of corporate value, we are aware of the need to reinvest accumulated cash and future generated cash into strengthening existing businesses and capturing new growth opportunities and to accelerate growth. By continuing to allocate management capital appropriately, we will continue to realize corporate value enhancement by increasing our ability to generate future cash flows and improving capital efficiency as we take efforts to meet the expectations of all shareholders.

ROIC



ROE



Note: ROIC and ROE that exclude the impact of the AEC sale are calculated by deducting gains on the sale of AEC from net income.

Shareholders' equity and shareholders' equity ratio

(ii) Status of Cash Flows

Policies for cash allocation and trend

The OMRON Group sets the following cash allocation policy and shareholder return policy.

<Cash allocation policy>

i) Aiming to maximize corporate value through the realization of the long-term vision, OMRON prioritizes the necessary investment to create new value from a medium- and long-term perspective. During our restructuring period (April 1, 2024 through September 30, 2025), we intend to concentrate group resources on Structural Reform Program NEXT2025, giving top priority to the investments necessary to restore business performance and restructure our foundation for earnings and growth. On this basis, OMRON will return profits to shareholders in a stable and sustainable manner.

ii) In principle, we will source the funds for these value-creating investments and shareholder returns through retained earnings and the sustained creation of operating cash flows. We will allocate funds as needed, maintaining a degree of financial soundness to facilitate capital-raising regardless of financial market conditions.

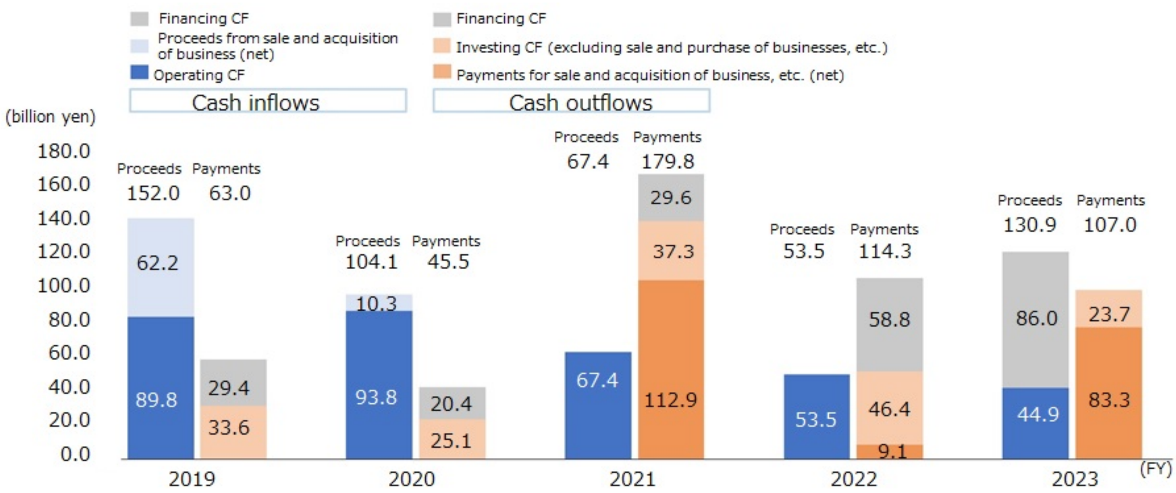
<Shareholder returns policy>

i) We will prioritize investments necessary for value creation from a medium- to long-term perspective, establishing a dividend on equity (DOE) target of approximately 3% as a standard for annual dividends. Taking past dividend payments also into account, we intend to ensure stable and continuing shareholder returns.

ii) Having engaged in the investments and allocation of profits described above, we will distribute retained earnings accumulated over the long term to shareholders through opportunistic share buybacks and other measures.

The Group's cash allocation is as follows.

<Trend in cash flows>



Notes: 1. Figures presented exclude impacts of foreign exchange rates.
2. Figures for cash flows from investing activities are presented separate from impacts due to the sale and acquisition of business, etc. Proceeds and payments from the sale and acquisition of business, etc. include "Proceeds from sale of business, net of cash paid," "Payments for acquisition of business, net of cash received" and "Increase in investment in affiliates" appearing in the consolidated statements of cash flows.

Status of cash flows for fiscal 2023

Net cash provided by operating activities amounted to JPY 44.9 billion (a decrease of JPY 8.6 billion from the previous year), mainly due to a significant decrease in trade receivables and inventories compared to the end of the previous year.

Net cash used in investing activities amounted to JPY 107.1 billion (an increase of JPY 51.6 billion from the previous year), mainly due to the acquisition of additional shares in JMDC and capital expenditure. Free cash flow, which is the sum of cash flow from operating activities and cash flow from investing activities, resulted in a net outflow of JPY 62.2 billion (an increase in outflow of JPY 60.1 billion compared to the previous year).

Net cash provided by financing activities amounted to JPY 86.0 billion (an increase of JPY 144.7 billion compared to the previous year) due to an increase in borrowings, while cash was used for dividend payments.

As a result, cash and cash equivalents at the end of the fiscal year amounted to JPY 143.1 billion, an increase of JPY 37.8 billion from the end of the previous year.

(JPY billions)

	Year ended March 31, 2023	Year ended March 31, 2024	Change
Cash flow from operating activities	53.5	44.9	(8.6)
Cash flow from investing activities	(55.5)	(107.1)	(51.6)
Free cash flow	(2.1)	(62.2)	(60.1)
Cash flow from financing activities	(58.8)	86.0	+144.7

Outlook of fiscal 2024 cash flows

In the next fiscal year (fiscal 2024), we will improve profitability through the implementation of the Structural Reform Program NEXT2025, and increase the efficiency of working capital, focusing on inventory.
Turning to investment activities, we will maintain disciplined investment and carefully select and implement capital investment and investment and financing projects. Capital expenditure in 2024 is expected to increase by JPY 10.6 billion compared to fiscal 2023 due to factors such as updating IT systems.
In financing activities, we will continue to efficiently allocate capital across the OMRON Group, and conduct flexible procurement and financial operations in light of financial circumstances.

<Items related to cash flows for fiscal 2024>

	FY2023 (Results)	FY2024 (Outlook)	Change
Depreciation and amortization	JPY 30.8 billion	JPY 37.0 billion	+JPY 6.2 billion
Capital expenditures (capital investment)	JPY 45.4 billion	JPY 56.0 billion	+JPY 10.6 billion

Note: Capital expenditures represent the amount from the consolidated statement of cash flows

Financing and capital policy

The OMRON Group maintains a basic policy to secure liquidity required for business operation and diverse financing facilities, while enhancing capital efficiency, in order to execute growth investments and achieve stable business operation. As such, we maintain the following capital policy, including financing.

i) 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.

ii) 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.

iii) If we implement a fund raising program that will result in significant dilution, the use of the funds and its recovery 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.

<Rating information>

We have obtained following rating from Rating and Investment Information, Inc. at the time of submitting this report.

	Rating	
	Long-term	Short Term
Rating and Investment Information, Inc.	AA-	a-1+

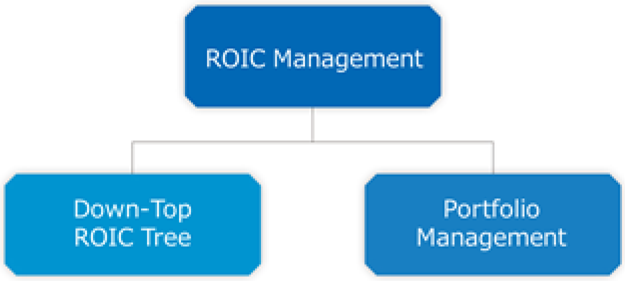
<Corporate bond information>

No outstanding corporate bonds at this time.

(Reference) Initiatives for ROIC Management

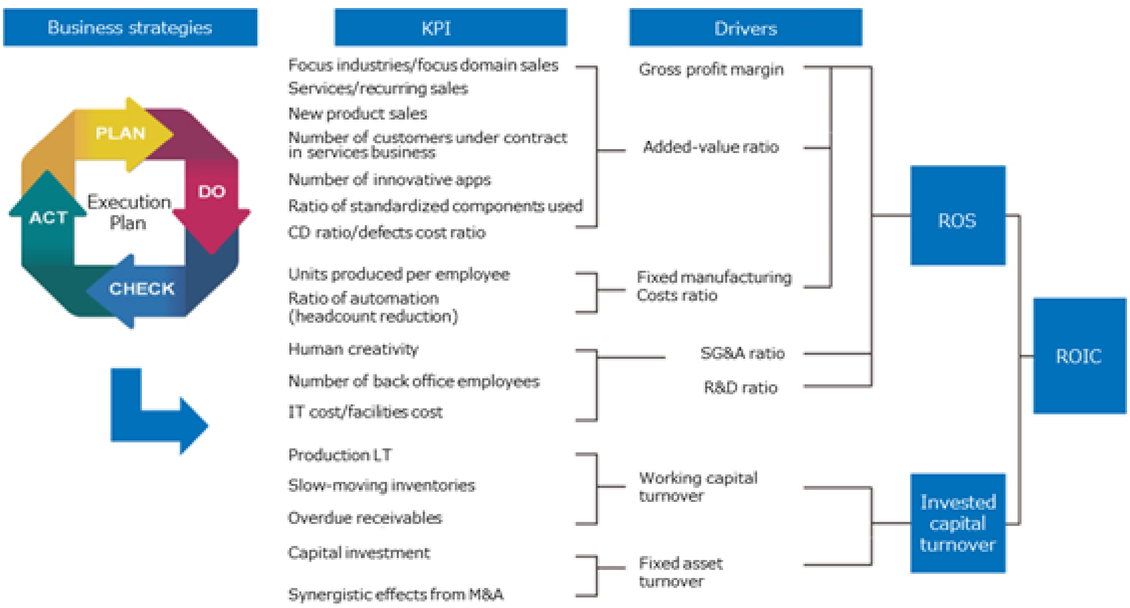
The OMRON Group has established ROIC as an important management indicator. The group as a whole is united in our efforts to have ROIC Management widely embraced throughout the OMRON Group as a way of ensuring that we can continuously improve this indicator. We will continue to promote ROIC Management in the Long-term Vision SF2030 which starts in fiscal 2022: We expect it will allow us to continue to achieve dramatic growth going forward.

For the OMRON Group, which encompasses a number of business divisions with varied characteristics, we believe ROIC is an excellent measure for assessing business performance fairly for each business. Using operating income or operating income margin as an indicator doesn’t account for variances due to the nature or scope of a business. ROIC, on the other hand, measures return on invested capital, providing a fair assessment. ROIC is an essential indicator to the OMRON Group in operating our unique business portfolio. ROIC Management of the OMRON Group is comprised of two elements, Down-Top ROIC Tree and Portfolio Management.



<Down-Top ROIC Tree>

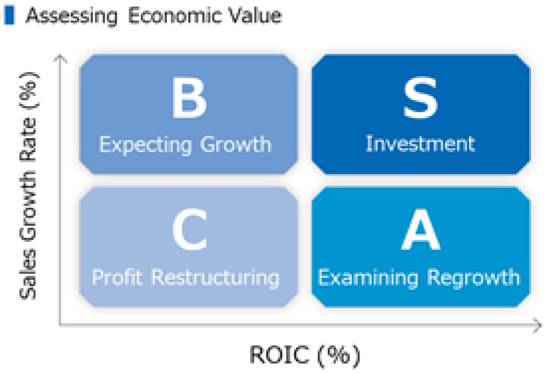
Down-Top ROIC Tree breaks ROIC into key performance indicators for each department, taking business strategies as the starting point, allowing us to improve ROIC at the most basic operating level. Using simple ROS or invested capital turnover as ROIC indicators are ineffective, since they do not relate directly to front-line operations. On-site managers would have trouble thinking of ways to improve ROIC using these indicators. However, we can break ROIC down into automation ratio (headcount reduction) or facilities turnover as KPIs of manufacturing departments. With these indicators, managers can finally see how their goals tie directly to ROIC improvement initiatives. At the OMRON Group, one of our greatest strengths is our unified approach to improving ROIC from the ground level up.

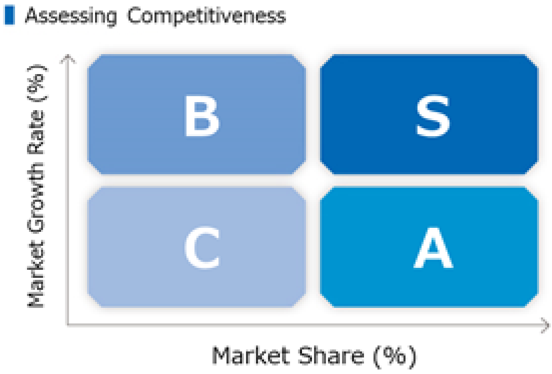


<Portfolio Management>

We break down OMRON into approximately 60 business units, each subject to a portfolio management system that assesses the economic value of the unit according to ROIC and sales growth rate. In this way, management can make proper and timely decisions related to new business entry, growth acceleration, restructuring, or divestiture to drive improvements in the OMRON Group value.

We consider both the economic value and the market competitiveness of a business in allocating limited resources in an optimal manner. This assessment system allows us to identify the growth potential of each business unit, making an optimal allocation of our resources.





(3) Significant Accounting Estimates and Assumptions Used in Estimates

Consolidated financial statements provided in this Annual Securities Report are prepared in accordance with accounting principles generally accepted in the United States of America. In the preparation of consolidated financial statements, we use various estimates and assumptions that may impact the amounts of assets and liabilities at the end of the fiscal year, the disclosure of contingent assets and liabilities, and income and expenses during the reporting period. Actual results may differ from these estimates. For impairment of long-term assets, impairment of goodwill and unamortized intangible assets, and recoverability of deferred income tax assets, the Company makes estimates and subjective judgments in the light of changes in the business environment.

Details are described in “V. Financial Information 1. Consolidated Financial Statements, etc. (1) Consolidated Financial Statements, Notes on Consolidated Financial Statements, I Overview of Significant Accounting Policies, F Accounting Standards.” However, the significant impact on management strategy and consolidated financial statements are as follows.

Valuation of goodwill, etc. associated with strategic investments, etc.

The Company is proactively conducting strategic investments as part of an effort to strengthen future business growth.
In Industrial Automation Business (IAB,) in order to strengthen innovative applications to address issues in manufacturing sites through “innovative-Automation”, we acquired, in the U.S., a motion controller manufacturer, Delta Tau Data Systems, Inc. and a robot manufacturer, Adept Technology, Inc. in 2015, and a code reader manufacturer, Microscan Systems, Inc. in 2017.
In Healthcare Business (HCB,) in February 2020, we made a capital investment in AliveCor, Inc., which focuses on support services and products for the diagnosis and treatment of cardiovascular conditions primarily in the U.S., with the objective of collaborating in a business to prevent the progression of serious neuro- and cardiovascular diseases and to support treatment.
In addition, under Long-term Vision SF2030, we believe it will be important to shift the profit structure to reflect a shift toward data-driven value creation. Reflecting this, we engaged in a capital and business alliance with a medical data services company, JMDC, purchasing stocks of JMDC in February 2022. In October 2023, the Company acquired the additional shares of JMDC and made it a consolidated subsidiary.

The Company operates a system to manage the investment process and reports to the Board of Directors once a year on the progress of acquired business and future plans based on the status of recouping investments on previous acquisitions and the result of goodwill impairment tests.

(i) Valuation of Goodwill

For valuation of goodwill, goodwill is not amortized, but instead tested for impairment at least once a year or when an indication of impairment is identified.

For the goodwill of businesses acquired by IAB, we have determined that IAB is the reporting unit for such goodwill, excluding the inspection equipment business. This is because we anticipate synergistic benefits will accrue from this business as the acquired business is an integral part of the innovative-Automation strategy.

For the goodwill of businesses acquired upon having made JMDC a consolidated subsidiary, we have determined that the Data Solution Business Headquarters (DSB) is the reporting unit for such goodwill as DSB was established on December 21, 2023 to promote the solutions business with the partnership between the Company's existing businesses and JMDC.

For impairment tests, fair value of the reporting units are calculated based on the valuation calculated using the discounted cash flow method and the valuation based on the market price method with a control premium added to the market price, then evaluated by comparing such value with the corresponding carrying amount. Fair value by discounted cash flow method is calculated by discounting the estimated future cash flows based on the five-year business plan in principle that has been approved by management to the present value using a discount rate calculated based on the weighted average cost of capital. For the formulation of the business plan, we use assumptions such as macroeconomic conditions, market growth rates, profit margins, and equipment plans. The cash flows after the forecast period in the business plan are calculated based on the assumption that they grow permanently at the inflation rate of the country where each business is located, and the reference to public market valuations of comparable companies, and furthermore encompass numerous significant estimates.

Weighted average cost of capital is calculated using various estimates, such as the risk-free rate, risk premium reflecting the economic and market conditions in the country where the business is located, inflation rates, liabilities costs, selection of comparable companies, and judgment on whether or not to apply premium or discount rates applicable to comparable companies.

For the impairment test for this fiscal year, as the fair values exceeded the carrying amounts, impairment losses on goodwill were not recognized.

Details on goodwill balances of each operating segment in the consolidated balance sheet as of March 31, 2024, and impairment testing methods are stated in "V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes on Consolidated Financial Statements, II Descriptions and Breakdowns of Major Accounts, G GOODWILL AND OTHER INTANGIBLE ASSETS."

(ii) Evaluation of Investments in Affiliates

Investments in and advances to affiliates recorded on the consolidated balance sheet as of March 31, 2024 included JPY10,265 million of equity-method investments for AliveCor, Inc. in the Healthcare Business. The amount exceeded the Company's proportionate share in the underlying net assets of AliveCor, Inc. by JPY9,173 million, mainly due to equity method goodwill recognized when applying equity method.

The Company evaluates the fair value of investments in affiliates based on the excess earning power of the affiliates. If the decrease in value is other than a temporary decline, a loss in value of an investment is recognized for the excess of the carrying amount of the equity over the proportional fair value of the affiliate. Because AliveCor, Inc. is a start-up company, the fair value was calculated based on the same method as evaluating goodwill, considering uncertainties on the achievement of the future business plan and the importance as the goodwill equivalent amount. As a result of the calculation, loss on valuation is not necessary as the fair value exceeded the carrying amount of the investment.

(4) Production, Ordering, and Sales Results

The sales results by segment in the fiscal year are described in "(1) Status, Analysis and Considerations of Business Environment, Operating Results, etc." Production and sales items of the OMRON Group are wide-ranging and diverse. Even the same type of products may not have the same capacity, structure, shape, etc. There are also many products that do not adopt the made-to-order production method. As such, we do not provide amounts for production and orders by segment.

(5) Factors That Have a Significant Impact on Operating Results

Factors that have a significant impact on operating results are described in "II. Business Conditions, 3. Risks of Business, etc."

5. Important Agreements, etc. in Business

Based on the resolution at the Board of Directors meeting on September 8, 2023, the Company entered into an amendment agreement to the capital and business alliance agreement with JMDC Inc. (hereinafter, "JMDC") as of the said date, as follows.

OMRON Corporation (hereinafter, "OMRON") purchased additional shares of JDMC and agreed to the amendment to the capital and business alliance agreement with JMDC dated September 8, 2023 with the aim of strengthening the capital and business alliance relationship with JMDC to further resolve social issues and increase business value. Below is an outline of the amendment to the capital and business alliance agreement (including an outline, etc. of the provisions that have not been changed by the amendment to the capital and business alliance agreement in the capital and business alliance agreement dated February 22, 2022) and other related matters.

(A) Areas of business alliance based on the capital and business alliance

The areas of business alliance based on the capital and business alliance have been expanded as follows. (<u>Underlined</u> are the changes from the capital and business alliance agreement dated February 22, 2022.)

(a) Strengthening the health data platform

- Building a health data platform linking the OMRON Group's data to the JMDC Group
- Sales cooperation for the JMDC Group's products and services to collect data

(b) Development of preventive solutions

- Development of innovative preventive solutions leveraging devices and data, including joint development and social implementation of lifestyle change support services for patients and others in primary through tertiary preventive medicine and nursing care prevention domains, as well as treatment support and guidance for healthcare professionals.
- Development of devices for insurers and supply to the JMDC Group by the OMRON Group

(c) Acceleration of global expansion of the JMDC Group's business

- Sales support for the JMDC Group's products and services in overseas
- JMDC Group's use of the OMRON Group's overseas business sites

(d) Cross-selling of device services

- Deployment of solutions which link personal health records and devices to healthcare providers, insurers, local governments, companies, etc.
- Mutual transactions between the OMRON Group and the JMDC Group concerning products, services and solutions

<u>(e) Development and social implementation of the OMRON Group's data solution business</u>

- <u>Establishment and promotion of collaboration themes in the areas of industrial automation and social solutions</u>
- <u>Dispatch of human resources from the JMDC Group to the OMRON Group, and outsourcing from the OMRON Group to the JMDC Group</u>

(B) Secondment of employees between two companies

With a view to facilitating the capital and business alliance, OMRON and JMDC have agreed under the amendment to the capital and business alliance agreement, that in the case where the other party makes a proposal with respect to the acceptance of secondment of OMRON's employees to JMDC and JMDC's employees to OMRON (more than one person is expected for each company), the parties will consult in good faith with each other and will decide on the details of the timing and treatment of the secondment (including the number and selection of employees) after consultation in consideration of the intention of the employees.

(C) Dispatch of officers

OMRON and JMDC have agreed under the capital and business alliance agreement dated February 22, 2022 that OMRON may nominate one director candidate who is not an executive director of JMDC (hereinafter, "Director Nominated by OMRON") to the nomination and compensation committee of JMDC, and the nomination and compensation committee of JMDC will designate the Director Nominated by OMRON as a candidate for director. There has been no change to this agreement under the amendment to the capital and business alliance agreement.

(D) Issuance or disposition of shares, etc.

OMRON and JMDC have agreed under the amendment to the capital and business alliance agreement that JMDC may, at its discretion, issue or dispose of the shares, etc. (meaning, collectively, shares, share options, bonds with share options and other rights to acquire shares; the same shall apply hereinafter in this paragraph) in connection with the raising of funds, M&A, etc. and that, in the case where (i) JMDC ceases to be a consolidated subsidiary of OMRON, or (ii) 10% or more dilution occurs due to such issuance or disposition of shares, etc., JMDC shall provide OMRON, in advance or at a reasonable time ex post (provided that JMDC notifies OMRON at least one month prior to the announcement of the issuance or disposition of subscription shares), with the opportunity to acquire additional shares, etc. of JMDC (details of which are reasonably determined by JMDC) to the extent necessary (in the case of (i)) for OMRON to make JMDC a consolidated subsidiary, or (in the case of (ii)) to reinstate the dilution mentioned in (ii) (provided, however, that such obligation to provide such opportunity is subject to OMRON not selling or disposing in any other way any part of the shares of JMDC.)

(E) Handling of shares of JMDC

OMRON and JMDC have agreed under the capital and business alliance agreement dated February 22, 2022 that in the case where OMRON acquires additional shares, etc. of JMDC, OMRON shall notify JMDC in writing no later than one month prior to the expected final determination date of such additional acquisition, that in case where OMRON wishes to dispose of the shares of JMDC held by OMRON (limited to the case where the ratio of voting rights pertaining to the shares subject to such disposition is more than 5%), OMRON shall notify JMDC in writing no later than three months prior to the expected final determination date of such disposition, and that in the case where JMDC indicates its intention concerning the party to whom the shares of JMDC held by OMRON are disposed of within two months from the date of receipt of such notice, OMRON shall respect such intention to the fullest extent as long as it is broadly equivalent economically. There has been no change to this agreement under the amendment to the capital and business alliance agreement.

6. R&D Activities

The OMRON Group sets the technology strategy from a medium- to long-term perspective for the objective of strengthening technology and developing human resources in conducting R&D. The Technology & Intellectual Property HQ, the Company's research and development department, is responsible for foundational technology development based on the company-wide perspective focused on a technology strategy for our core strength of "Sensing & Control + Think" technology, which continues to evolve. Additionally, each business division conducts applied technology development and product development. R&D expenses are allocated to focus on our business domains, the Industrial Automation Business, Healthcare Business, Social Systems, Solutions and Service Business, and Device & Module Solutions Business, to strengthen product development and manufacturing technology.

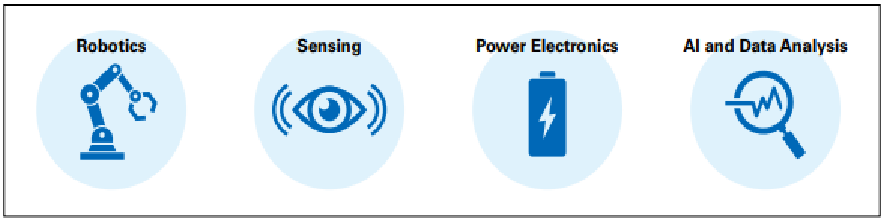
(1) R&D Initiatives of the OMRON Group

We worked to ensure ongoing research and development in four areas, Robotics, Sensing, Power Electronics, and AI & Data Analysis technology as focus fields of our proprietary core technologies.

For information on OMRON's core technologies, please refer to the below.

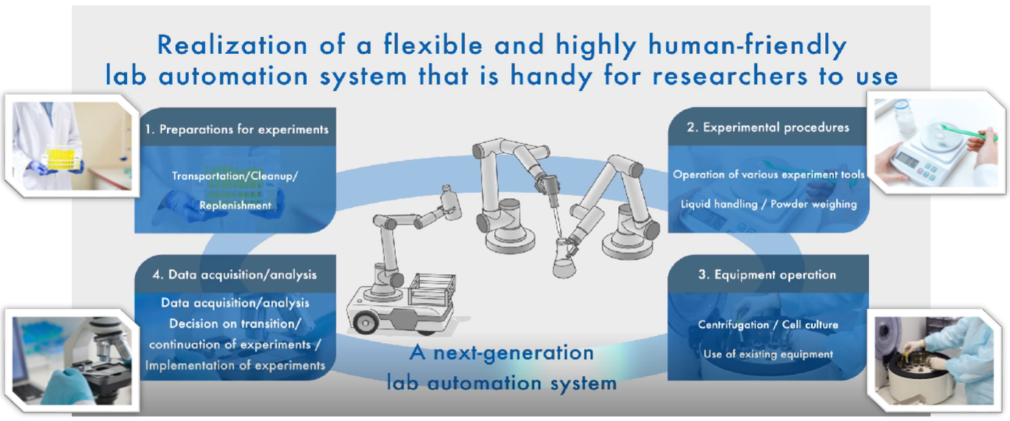
https://www.omron.com/global/en/technology/technology/

<Technology fields of focus>



In the field of Robotics, in July 2023, we began demonstration experiments to realize a lab automation system as a joint research project between Chugai Pharmaceutical Co., Ltd., OMRON SINIC X Corporation, and our company. Our goal is to realize a flexible lab automation system that offers greater freedom, versatility, and greater coexistence with humans than existing systems. These are to improve the productivity of drug discovery research, improve the quality of experimental data, and automate research processes to enable to new experimental activities.

<Lab automation system>



In the power electronics field, we launched a V2X system, that treats electric vehicles as large-capacity storage battery systems and can be used in homes and facilities. It was developed jointly by The Technology & Intellectual Property HQ and the development department of the Social Systems, Solutions and Service Business.

The system makes advanced use of the next-generation semiconductor device GaN (gallium nitride) in the V2X system, making it one of the smallest and lightest in Japan (Note 1), and making it possible to install the system in narrow spaces where installation was previously difficult.

Note 1: Based on product information published by various power conditioner manufacturers for EVs and PHEVs, this was conducted by our own research (as of December 2022).

In sensing and AI& Data Analysis technology field, in addition to ongoing research and development activities, we are also actively disseminating our findings at academic conferences and other events. Our paper (Note 2) on a method for detecting the contours of linear objects such as wires handled in manufacturing sites, even when they overlap, with high accuracy, was awarded the 2023 Japan Society for Precision Engineering Takagi Prize by the Japan Society for Precision Engineering.

Note 2: Title of the paper: "Instance segmentation model for highly accurate shape prediction of linear objects"

Further, OMRON SINIC X Co., Ltd., a research subsidiary of The Technology & Intellectual Property HQ, had a paper proposing a method for generating crystal structures of inorganic materials using the deep learning model "Transformer" (Note 3) accepted at ICLR2024, the top conference in the field of machine learning.

This outcome is expected to improve the efficiency of materials development, which researchers have previously done through trial and error.

Note 3: Title of the paper: "Crystalformer: Infinitely Connected Attention for Periodic Structure Encoding"

The total amount of expenses related to the Group R&D was JPY 50.182 billion in the previous fiscal year and JPY 50.144 billion in the fiscal year. R&D expenses include JPY 6.510 billion for technology development expenses for the Technology & Intellectual Property HQ.

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(2) Intellectual Property Initiatives

The Group's intellectual property activities are centered around the Intellectual Property Center under The Technology & Intellectual Property HQ. The center is working to realize its long-term vision by concretely defining its business model as a value creation story that links the use of intellectual property and intangible assets. The center's policy is to carry out "ambidextrous intellectual property activities" that strike an optimal balance between "exclusive exclusivity" and "shared sympathy." The center is working to put this policy into practice.

In addition to engaging in intellectual property activities based on the principle of monopolizing intellectual property without sharing it with others, with the aim of increasing the sales and market share of our own products, we also place emphasis on alliances with partners and share necessary intellectual property with each other to realize the value creation story of each business, thereby expanding the business ecosystem and promoting market growth.

To achieve this, the Intellectual Property Center has defined a mission and vision and is evolving its efforts to create and deliver new value through intellectual property, thereby leading the Group to sustainable growth. Below are some specific examples of intellectual property activities that we are undertaking to achieve our mission.

<OMRON Intellectual Property Center Mission and Vision>

OMRON Intellectual Property Center Mission	OMRON Intellectual Property Center Vision
We deliver unique value for people around the world by leveraging our core assets of intellectual property.	**We bring the IP specialists together from diverse fields and continue to create innovation.**
We develop and deepen appealing ideas. We deliver peace of mind and confidence to customers. We enhance our presence to our competitors offensively and defensively.	We defy stereotypes. We create a new paradigm of connections. We strive to increase the trust from the management team.

First, the Intellectual Property Center is involved from the early stages of business creation, structuring the needs of anticipated customers and technical issues through "IP Landscape" (Note 4). Furthermore, by efficiently running a cycle of hypothesis verification in concretizing business hypotheses and setting development themes, we have created an environment in which business, technology, and intellectual property strategies can be formulated and implemented in an integrated manner.

Note 4: IP Landscape: A method of comprehensively analyzing intellectual property information such as patents, non-intellectual property information, and internal company information to utilize it as strategic information for management decisions and provide feedback to business and technology strategies to promote strategy formulation and implementation.

Furthermore, as the business and social environment changes, the scope of use of the "OMRON" trademark, which is the core of our corporate brand, is expanding globally. As a result, third parties are increasingly selling counterfeit products on e-commerce sites, creating fake accounts on social media, and engaging in other ingenious activities.

There has also been an increase in fraudulent use. The Intellectual Property Center promotes branding using the OMRON trademark in countries around the world and works with the intellectual property departments of each base to monitor for brand infringement and implement measures that take into account the laws and systems of each country. In February 2024, "OMRON" became the 16th Japanese company to be recognized as a famous trademark (Note 5) in India. We will further strengthen our measures against counterfeit products and strive to provide customers with peace of mind and trust by maintaining and expanding the OMRON brand.

Note 5: Famous trademark: A trademark that is recognized as having high recognition throughout the target country.

In addition, by implementing a seamless "intellectual property cycle" that connects the entire process from application to utilization based on a strategy, we take thorough action, such as issuing warnings or filing lawsuits against companies that infringe on patents and other intellectual property rights, both domestically and internationally. As our business divisions propose new solutions to customers, we also explain that intellectual property and intangible assets are the source of the competitiveness of OMRON's products and services, and we work to help customers understand that through co-creation with us, we can generate value that is unique to OMRON.
In recognition of these intellectual property activities, OMRON has been selected for the eighth consecutive year as one of the Top 100 Global Innovators (Clarivate), an organization that selects the world's most innovative companies and research institutions.

<Top 100 Global Innovators 2024 Awards>

In this way, the Technology & Intellectual Property HQ will continue to take the initiative in creating solutions that meet social needs, based on the evolution of our ever-honing core technologies and ambidextrous intellectual property activities.

(3) R&D activities by business segment

Segment Name	Current fiscal year (From April 1, 2023, to March 31, 2024)
	Amount (JPY millions)
Industrial Automation Business	25,897
Healthcare Business	8,273
Social Systems, Solutions and Service Business	4,340
Device & Module Solutions Business	4,939
Data Solution Business	185
Eliminations & Corporate	6,510
Total	50,144

(i) Industrial Automation Business

In this segment, we are engaging in research and development based on the following manufacturing concepts: "1) Automation that goes beyond humans," which frees people from heavy labor and combines it with energy control; "2) Advanced collaboration between humans and machines," in which machines work alongside people to bring out their potential and allow both people and machines to grow together; and "3) Digital engineering innovation," which supports the two aforementioned concepts by linking on-site products, human knowledge, and data and blending them into something valuable.
Based on these three concepts, we are promoting customer-centric value creation and value communication to global customers in five industries: digital devices, environmental mobility, food and daily necessities, medical care, and logistics. We are shifting from the traditional perspective of things to a bird's-eye view of customer issues and working to create and provide these as "solutions." Starting from various advanced core technologies and OMRON's wide range of FA products, we are strengthening technology and product development so that we can systematically configure functional modules, software, applications, and

services to suit customers and processes in each industry. The Company has also strengthened its efforts to proactively apply for and utilize patents, and has been awarded the "Top 100 Global Innovators" award for eight consecutive years.

In addition, to acquire new technologies that are lacking within the Company, we are proactively promoting open innovation with global start-up companies, universities, and other partners in industry, government, and academia.

(ii) Healthcare Business

In this segment, the Marketing Division and the R&D Division work together to realize personalized medical care, understand and create true user needs, and further speed up development. For everyone to live healthy and fulfilling lives, the R&D division aims to create new products that can provide new value in the three business areas: the cardiovascular business, which aims to reduce the incidence of neuro- and cardiovascular diseases to zero; the respiratory business, which aims to reduce the progression of serious asthma and COPD patients to zero; the pain management business, which aims to reduce daily activity constraints due to chronic pain to zero.

As a major development theme in the fiscal year, the cardiovascular business works to develop new blood pressure monitors (BPMs) that can flag declining heart function using blood pressure, pulse, pulse wave, and ECG monitors with the aim of helping to detect and treat diseases early, as well as developing and improving systems for remote medical services.

The respiratory business works with partners to develop equipment that measures symptoms and signs of exacerbation for patients with asthma and chronic obstructive pulmonary disease (COPD).

The pain management business works to develop low-frequency therapy equipment that include new pain-easing technology.

(iii) Social Systems, Solutions and Service Business

This segment works to develop products that respond to customer needs in 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 networks.

The Energy Solutions Business continues to work to create products that respond to consumer needs for household electricity and technology development, such as improving efficiency and making products more compact and lightweight, primarily for battery systems and solar power generation power conditioners, in order to respond to the rising interest in renewable energy.

The Railway Station Service Systems Business and the Public Transportation Management Systems Business work to develop sensor systems that detect the movement of people and vehicles and incorporate AI and IoT technologies as a product that contributes to the safety, comfort, and security of users in public areas, such as railway stations and roads.

This business is also strengthening data science technological capabilities as demand rises for technology that enhances labor productivity in social infrastructure in response to the decline in the labor force, a major social issue in recent years.

(iv) Device & Module Solutions Business

This segment works to develop electro-mechanical components (mainly relays, switches and connectors) and sensing components, using imaging software technology such as facial recognition, optical technology, etc. The segment also works to develop new products that respond to customer needs based on strengths in high-performance functionality through modularization. In modularization technology, OMRON, which excels in sensor development, and Weathernews Inc., which boasts the most accurate forecasting technology, have taken advantage of their respective strengths to jointly develop "Soratena Pro," a small IoT weather sensor that observes seven weather elements - temperature, humidity, air pressure, precipitation, wind direction, wind speed, and illuminance - every minute. This makes the weather on site visible and quickly communicates weather changes through the app, making it useful for safety measures and productivity improvement for companies in a wide range of industries, including agriculture, construction, drones, logistics, electricity, and food retail. In addition, the product was highly praised as a product that contributes to solving meteorological issues, and was awarded the Japan Power Award at the 66th "Top 10 New Products Awards" (sponsored by the Monodzukuri Nippon Conference and published by The Nikkan Kogyo Shimbun). Through "Soratena Pro," we will contribute to creating a sustainable society by promoting a digitalized society and helping to reduce disaster risks.

(v) Data Solution Business

This segment will continue to invest proactively in human resources and technology and will continue to take on the challenge of developing new initiatives and services that utilize medical big data. We are conducting research and development activities, including collaboration with academia, with the aim of developing services for collecting healthcare data and developing methods for utilizing healthcare data. We are also working on developing a diagnostic assistance platform called "AI-RAD" that will enable the use of a diagnostic assistance engine using AI technology centered on deep learning in daily image reading.

III. Status of Facilities

1. Overview of Capital Investments, etc.

The Group has selectively strengthened production facilities aimed at future growth, invested in business sites and made the necessary capital investment in IT infrastructure renewal, etc. As a result, capital expenditure was JPY44.894 billion (down 0.4% year on year).

Capital expenditure by division was as follows.

Segment	Amount (JPY millions)	Year-on-year change (%)
Industrial Automation Business	7,255	(22.0)
Healthcare Business	3,948	(40.1)
Social Systems, Solutions and Service Business	5,558	63.7
Device & Module Solutions Business	6,073	(36.6)
Data Solution Business	1,164	-
Eliminations and Others	20,896	28.9
Total	44,894	(0.4)

Note: “Eliminations and Others” includes the head office divisions and subsidiaries that do not belong to the above segments.

2. Status of Major Facilities

The major facilities in the Group are as follows. Note that the carrying amount is shown as listed on the financial statements of the Reporting Company and subsidiaries.

(1) Reporting Company

As of March 31, 2024

Name of business site (Principal location)	Segment	Facility details	Carrying amount (JPY millions)					Emp-loyees (people)
			Land (thousand m^2)	Buildings and structures	Machinery, equipment and vehicles	Other	Total	
Kusatsu Factory (Kusatsu-shi, Shiga)	Industrial Automation Business Device & Module Solutions Business	Production of control equipment and R&D facilities Electronic component R&D facilities	2,817 (69)	4,018	1,860	1,723	10,418	969
Ayabe Factory (Ayabe-shi, Kyoto)	Industrial Automation Business	Production of control equipment	1,417 (163)	1,425	752	278	3,872	201
Kyoto Office (Head Office) (Shimogyo-ku, Kyoto-shi)	Head Office	Facilities for companywide management operations	—	1,298	116	844	2,258	1,250
Keihanna Open Innovation Center (Kizugawa-shi, Kyoto)	Head Office	Facilities related to development, patents and technical information on new technologies and new products	3,789 (72)	3,178	240	242	7,449	264
Katsura Factory (Muko-shi, Kyoto)	Head Office	Facilities for companywide management operations	—	3,088	1	223	3,312	85

Notes: 1. Other in the carrying amount is the total of tools, furniture and fixtures, and construction in progress.

2. Land within the carrying amount is the amount revaluated by application of the “Act on Revaluation of Land” (Act No. 34 of March 31, 1998) and the “Partial Amendment to the Act on Revaluation of Land” (Act No. 94 of June 29, 2001).
3. The area of land in the carrying amount shown in parentheses is the portion owned by the Company.
4. Segment titles state principal operating segments.
5. Employees are the number of workers.
6. In addition to the above table, the details of principal leased facilities from other than consolidated companies are as follows.

Name of business site (Address)	Segment	Facility details	Lease period	Annual lease fee (JPY millions)
Kyoto Office (Head Office) (Shimogyo-ku, Kyoto-shi)	Head Office	Buildings	Until March 2025	1,080
Tokyo Office (Minato-ku, Tokyo)	Head Office	Buildings	Until December 2030	1,209

(2) Domestic Subsidiaries

As of March 31, 2024

Company name	Name of business site (Principal location)	Segment	Facility details	Carrying amount (JPY millions)					Employees (people)
				Land (thousand m^2)	Buildings and structures	Machinery, equipment and vehicles	Other	Total	
OMRON RELAY & DEVICES Corporation	(Yamaga-shi, Kumamoto)	Device & Module Solutions Business	Electronic component production facilities	1,046 (222)	1,371	1,000	735	4,152	418
OMRON HEALTHCARE Co., Ltd.	(Muko-shi, Kyoto)	Healthcare Business	Health equipment R&D and sales and management facilities, and production facilities	2,194 (34)	3,999	798	157	7,148	654
OMRON ASO Co., Ltd.	(Aso-shi, Kumamoto)	Social Systems Solutions and Service Business	Manufacture, sale and development of energy generation and energy saving equipment	218 (60)	454	495	341	1,508	243

Notes: 1. Other in the carrying amount is the total of dies and construction in progress.
2. The area of land in the carrying amount shown in parentheses is the portion owned by the Company.
3. Segment titles state principal operating segments.
4. Employees are the number of workers.

(3) Overseas Subsidiaries

As of March 31, 2024

Company name	Name of business site (Principal location)	Segment	Facility details	Carrying amount (JPY millions)					Employees (people)
				Land (thousand m^2)	Buildings and structures	Machinery, equipment and vehicles	Other	Total	
OMRON (SHANGHAI) CO., LTD.	(Shanghai, China)	Industrial Automation Business	Control equipment production facilities	– [54]	2,192	2,840	1,352	6,384	1,464
OMRON ELECTRONIC COMPONENTS (SHENZHEN) LTD.	(Shenzhen, China)	Device & Module Solutions Business	Electronic component production facilities	– [124]	1,697	12,277	2,510	16,484	2,067
OMRON DALIAN CO., LTD.	(Dalian, China)	Healthcare Business	Health equipment production facilities	– [57]	6,031	992	447	7,470	1,418

Notes: 1. Other in the carrying amount is the total of dies and construction in progress.
2. The area of land in the carrying amount shown in parentheses is the portion leased by the Company.
3. Segment titles state principal operating segments.
4. Employees are the number of workers.

3. Plans for Installation, Retirement, etc. of Facilities

The principal plans for facilities as of March 31,2024 are as follows.

(1) New Facilities

The Group’s capital investments are planned with comprehensive consideration of economic conditions, demand trends and investment efficiency, etc. for the purpose of enhancing future competitiveness.

The amount of capital investment scheduled for the coming fiscal year is JPY55,600 million, and the Company plans to allocate the funds to its own funds with external funds if necessary.

(2) Retirement of Material Facilities

Nothing to report.

IV. Information about the Reporting Company

1. Company's Shares, etc.

(1) Total Number of Shares, etc.

(i) Total Number of Shares

Class	Total number of authorized shares
Common shares	487,000,000
Total	487,000,000

(ii) Issued Shares

Class	Number of issued shares as of the end of the fiscal year (March 31, 2024)	Number of current issues as of the submission date (June 21, 2024)	Listing financial instruments and exchange, or name of registerable financial or commercial trade collaboration organization	Content
Common shares	206,244,872	206,244,872	Tokyo Stock Exchange Prime Market	These are shares with full voting rights and are standard shares of the Company with no restrictions on rights. Number of shares per unit: 100
Total	206,244,872	206,244,872	–	–

Note: Regarding the Frankfurt Stock Exchange, the delisting was completed on February 20, 2024 (German time).

(2) Status of Share Options

(i) Stock Option Plans

Not applicable.

(ii) Rights Plans

Not applicable.

(iii) Status of Other Share Options

Not applicable.

(3) Status of Corporate Bond Certificates, etc. with Share Options Subject to Exercise Value Change

Not applicable.

(4) Changes in Number of Issued Shares, Common Stock, etc.

Date	Changes in total number of issued shares (Thousand shares)	Balance of total number of issued shares (Thousand shares)	Changes in share capital (JPY millions)	Balance of share capital (JPY millions)	Changes in legal capital surplus (JPY millions)	Balance of legal capital surplus (JPY millions)
November 29, 2019 (Note)	(7,713)	206,245	–	64,100	–	88,771

Note: Decrease due to cancellation of treasury shares.

(5) Status of Shareholders

As of March 31, 2024

Classification	Status of shares (number of shares per unit: 100)								Status of shares below unit
	National government and local governments	Financial institutions	Financial instruments business operators	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Not individuals	Individuals			
Number of shareholders (persons)	—	76	56	449	786	85	38,297	39,749	—
Number of shares held (units)	—	837,368	60,658	94,018	730,243	243	337,525	2,060,055	239,372
Percentage of shares held (%)	—	40.65	2.94	4.56	35.45	0.01	16.39	100.00	—

Notes: 1. Of the balance of 8,808,870 treasury shares on the shareholder registry as of March 31, 2024, 88,088 units are included in the “Individuals and others” column and 70 shares are included in “Status of shares below unit.”
2. The “Other corporations” column above includes 2 units of shares in the name of Japan Securities Depository Center, Incorporated.

(6) Major Shareholders

As of March 31, 2024

Name	Address	Number of shares held (Thousand shares)	Percentage of shares held to the total number of shares issued (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	Akasaka Intercity AIR,1-8-1 Akasaka, Minato-ku, Tokyo	39,687	20.10
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	17,162	8.69
The Bank of Kyoto, Ltd. (Standing proxy: Custody Bank of Japan, Ltd.)	700 Yakushimae-cho, Karasuma-dori, Matsubara-agaru, Shimogyo-ku, Kyoto-shi, Kyoto (1-8-12 Harumi, Chuo-ku, Tokyo)	7,069	3.58
MUFG Bank, Ltd.	2-7-1 Marunouchi, Chiyoda-ku, Tokyo	5,143	2.60
OMRON Employee Stockholding Association	801, Minami Fudondocho, Shiokoji-dori, Horikawa Higashi-iru, Shimogyo-ku, Kyoto-shi, Japan	3,863	1.95
MOXLEY AND CO LLC (Standing proxy: MUFG Bank, Ltd.)	4 NEW YORK PLAZA, 13TH FLOOR, NEW YORK, NY 10004 U.S.A. (Transaction Services Division, 2-7-1 Marunouchi, Chiyoda-ku, Tokyo)	3,696	1.87
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A (Shinagawa Intercity Tower A, 2-15-1 Konan, Minato-ku, Tokyo)	3,681	1.86
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	Within Securities Operations Department, 1-6-6 Marunouchi, Chiyoda-ku, Tokyo (Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku, Tokyo)	3,640	1.84
BBH FOR GLOBAL X ROBOTICS AND ARTIFICIAL INTELLIGENCE ETF (Standing proxy: MUFG Bank, Ltd.)	FLOOR 20, 600 LEXINGTON AVE, NEW YORK, NY,10022, (USA) (Transaction Services Division, 2-7-1 Marunouchi, Chiyoda-ku, Tokyo)	2,661	1.34
Tateishi Science and Technology Foundation	11, Minami Fudondocho, Aburanokoji-dori, Shiokoji-sagaru, Shimogyo-ku, Kyoto-shi, Japan	2,625	1.32
Total	–	89,227	45.15

Notes: 1. The Company holds 8,809,000 treasury shares (4.27% of total number of issued shares), but has been excluded from the above major shareholders.

2. 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 group company, and therefore it is not included in the above list of major shareholders.

3. 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 12 group companies, and therefore they are not included in the above list of major shareholders.

4. On October 16, 2023, Mitsubishi UFJ Financial Group, Inc. filed an amendment to the major shareholding status report, which is open to public, stating that its three group companies held 15,543 thousand shares of the Company (representing 7.54% of the total number of shares issued) as of October 9, 2023. However, the Company has not been able to confirm the number of shares substantially possessed by the three group companies, and therefore, they are not included in the above list of major shareholders.

5. On November 7, 2023, 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 12,431 thousand shares of the Company (representing 6.03% of the total number of shares issued) as of October 31, 2023. However, the Company has not been able to confirm the number of shares substantially possessed by the two group companies, and therefore, they are not included in the above list of major shareholders.

(7) Status of Voting Rights

(i) Issued Shares

As of March 31, 2024

Classification	Number of shares		Number of voting rights	Content
Non-voting shares		–	–	–
Shares with restricted voting rights (treasury shares, etc.)		–	–	–
Shares with restricted voting rights (other)		–	–	–
Shares with full voting rights (treasury shares, etc.)	Common shares	8,808,800	–	Standard shares of the Company with no restrictions on rights
Shares with full voting rights (other)	Common shares	197,196,700	1,971,967	Same as above
Shares less than one unit	Common shares	239,372	—	Same as above
Total number of issued shares		206,244,872	—	–
Voting rights of all shareholders		–	1,971,967	–

Notes: 1. “Number of shares” and “Number of voting rights” under “Shares with full voting rights (other)” include 200 shares and 2 voting rights in the name of Japan Securities Depository Center, Incorporated.

2. “Number of shares” and “Number of voting rights” under “Shares with full voting rights (other)” include 520,400 shares and 5,204 units of the Company’s shares held in the BIP Trust and ESOP Trust.

(ii) Treasury Shares, etc.

As of March 31, 2024

Name of owner	Address of owner	Number of shares held in own name	Number of shares held in other party’s name	Total number of shares held	Percentage of number of shares held to total number of issued shares (%)
(Treasury shares) OMRON Corporation	801, Minami Fudondocho, Shiokoji Horikawa Higashi-iru, Shimogyo-ku, Kyoto-shi, Japan	8,808,800	—	8,808,800	4.27
Total	–	8,808,800	—	8,808,800	4.27

(8) Details of Officer and Employee Share Ownership Plans

(i) Performance-Linked Share Compensation Plan for Directors, etc.

At the Board of Directors meeting held on May 14, 2021, the Company resolved to continue and partially amend the performance-linked employee share compensation plan (hereinafter referred to as the "Plan") for the Company's Directors excluding Outside Directors, the Company's Executive Officers, and the Company's subsidiaries' Directors with the status of an Executive Officer of the Company (hereinafter collectively referred to as "Directors, etc."), and passed a proposal to partially amend the Plan at the 84th Ordinary General Meeting of Shareholders held in June 2021.

With the aim of realizing the medium-term management plan, the Company will continue the Plan as an incentive plan for Directors, etc. as a way of clarifying the link between the remuneration, etc. of Directors, etc. and the value of its shares. The objective of the incentive plan is to heighten the motivation of Directors, etc. to both achieve the medium-term management plan's performance targets and contribute to the continuous enhancement of corporate value (value of the shares) through the ownership of shares.

The Plan for the Company's Directors and the Company's subsidiaries' Directors with the status of the Company's Executive Officers (hereinafter collectively referred to as "eligible Directors") uses the framework of an officer remuneration BIP (Board Incentive Plan) trust (hereinafter referred to as "BIP Trust"). Furthermore, the Plan for the Company's Executive Officers (excluding those eligible for the BIP Trust; hereinafter referred to as "eligible Executive Officers") uses the framework of a share granting ESOP (Employee Stock Ownership Plan) trust (hereinafter referred to as "ESOP Trust").

1. BIP Trust

1) Outline of the plan

The BIP Trust is established as an executive incentive program similar to performance share and restricted stock plans in the U.S. and Europe. It is designed for the granting and payment (hereinafter referred to as "granting, etc.") of the Company's shares acquired by the BIP Trust and cash in the amount of the converted value of such shares (hereinafter referred to as "the Company's shares, etc.") to Directors according to executive position and their degree of achievement of performance targets. The Company has established the BIP Trust with eligible Directors who satisfy beneficiary requirements as beneficiaries covering the fiscal years under the Company's medium-term management plan. Note that two BIP Trusts have been established according to the persons eligible under each plan (hereinafter BIP Trust I and BIP Trust II are referred to as "the Trust").

BIP Trust I: Directors of the Company

BIP Trust II: Directors of the Company's subsidiaries with the status of an Executive Officer of the Company

The Trust is a share remuneration program granting the Company's shares, etc. as executive remuneration according to the position of the eligible Director and the level of achievement of performance targets in medium-term management plan. The Trust is made up of a "performance-linked component" that grants the Company's shares, etc. after the end of the medium-term management plan, and a "non-performance-linked component" that grants the Company's shares after stepping down as an eligible Director. The purpose of the "performance-linked component" is to motivate eligible Directors to achieve the Company's medium-term management plan and strengthen the linkage between medium- to long-term performance and director remuneration, and the purpose of "non-performance-linked component" is the strengthening of shared interests through holding of shares by eligible Directors. The respective percentages of the "performance-linked component" and the "non-performance-linked component" are 60% and 40%.

2) Details of the trust agreement

・Type of trust	Money trust other than specific money trust individually managed (third-party-benefit trust)
・Purpose of the trust	To provide incentive to eligible Directors
・Settlor	OMRON Corporation
・Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
・Beneficiary	BIP Trust I: The Company's Directors who meet beneficiary requirements BIP Trust II: Directors of the Company's subsidiaries with the status of an Executive Officer of the Company who meet beneficiary requirements
・Trust administrator	A third party with no vested interest in the Company (Certified Public Accountant)
・Date of trust agreement	August 1, 2017
・Trust period	August 1, 2017 through August 31, 2025

・Commencement date of the plan	August 1, 2017
・Exercise of voting rights	Not to be exercised
・Class of shares to be acquired	Common stock of the Company
・Amount of trust fund	BIP I: JPY920 million (includes trust fees and trust expenses) BIP II: JPY30 million (includes trust fees and trust expenses)
・Timing of share acquisition	August 2021
・Method of share acquisition	Acquisition from stock market
・Holder of vested rights	OMRON Corporation
・Residual assets	Residual assets that can be received by the Company, the holder of vested rights, shall be within the reserve for trust expenses, which is trust funds less share acquisition funds.

3) Total upper limit of shares that can be acquired by eligible Directors

BIP Trust I: 600,000 shares

BIP Trust II: 200,000 shares

2. ESOP Trust

1) Outline of the plan

The ESOP Trust is used as an employee incentive program using a trust fund based on Employee Stock Ownership Plans in the U.S. The Company has established the ESOP Trust with eligible Executive Officers who satisfy beneficiary requirements as beneficiaries covering the fiscal years under the Company's medium-term management plan. The ESOP Trust acquires the number of shares expected to be granted to eligible Executive Officers pursuant to the share granting regulations specified in advance from the stock market. The ESOP Trust then grants the Company's shares according to the position of the eligible Executive Officer and the level of achievement of the performance targets under the medium-term management plan pursuant to the share granting regulations. Like BIP Trust I and II, the ESOP Trust is made up of a "performance-linked component" that grants the Company's shares, etc. after the end of the medium-term management plan, and a "non-performance-linked component" that grants these after stepping down as an eligible Executive Officer. The purpose of the "performance-linked component" is to motivate eligible Executive Officers to achieve the Company's medium-term management plan and strengthen the linkage between medium- to long-term performance and economic interest. The purpose of "non-performance-linked component" is the strengthening of shared interests through holding of shares by eligible Executive Officers. The respective percentages of the "performance-linked component" and the "non-performance-linked component" are 60% and 40%.

2) Details of the trust agreement

・Type of trust	Money trust other than specific money trust individually managed (third-party-benefit trust)
・Purpose of the trust	To provide incentive to eligible Executive Officers
・Settlor	OMRON Corporation
・Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
・Beneficiary	Eligible Executive Officers who meet beneficiary requirements
・Trust administrator	A third party with no vested interest in the Company (Certified Public Accountant)
・Date of trust agreement	August 1, 2017
・Trust period	August 1, 2017 through August 31, 2025
・Commencement date of the plan	August 1, 2017
・Exercise of voting rights	Not to be exercised
・Class of shares to be acquired	Common stock of The Company
・Amount of trust fund	JPY360 million (includes trust fees and trust expenses)
・Timing of share acquisition	August 2021
・Method of share acquisition	Acquisition from stock market
・Holder of vested rights	OMRON Corporation

・Residual assets	Residual assets that can be received by the Company, the holder of vested rights, shall be within the reserve for trust expenses, which is trust funds less share aquisition funds.

(ii) Share Granting Plan for Employees

1. Medium-term Incentive Plan for Employee Stockholding Association Using Restricted Stock

At a meeting of Board of Directors held on March 1, 2022, the Company resolved to introduce a medium-term incentive plan (hereinafter referred to as the "Plan") for employee stockholding association using restricted stock targeting the manager class of the Company and its subsidiaries in Japan.

Based on the long-term vision "SF2030", which was announced on March 1, 2022, the Company will conduct business management in which management and employees will join hands with shareholders to improve corporate value toward realizing the "maximization of corporate value (financial value + non-financial value)" and share the achievements among one another. As part of such efforts, the Company resolved to adopt the Plan to provide those among the manager class employees of the Company and its subsidiaries in Japan who are members of the OMRON Employee Stockholding Association (hereinafter referred to as the "ESA") and who have agreed to the Plan (hereinafter referred to as the "Eligible Employees") with opportunities for acquiring the restricted stock (the Company's common stock) to be issued or disposed by the Company through the ESA so as to support property accumulation of the Eligible Employees, as well as to heighten their interest in the corporate value of the Company and to revitalize the ESA further.

In the Plan, the Company paid monetary claims as a special incentive for granting restricted stock (hereinafter referred to as the "Special Incentive") to the Eligible Employees, and the Eligible Employees contributed their Special Incentive to the ESA. Subsequently, the Eligible Employees can receive the issuance or disposal of the Company's common stock as the restricted stock through the ESA by the ESA contributing in-kind, to the Company, the Special Incentive contributed by the Eligible Employees.

1) Outline of the disposal

・Date of disposal	May 31, 2022
・Class and number of shares to be disposed of	104,781 shares of common stock of the Company
・Disposal price	JPY7,760 per share
・Total value of disposal	JPY813,100,560
・Method of disposal	Third-party allotment
(Allottee)	(OMRON Employee Stockholding Association: 104,781 shares)

2) Scope of beneficiaries

Manager class employees of the Company and the Company's subsidiaries in Japan as of April 1, 2022, who are members of the ESA and who have agreed to the Plan as of May 31, 2022

2. Stockholding Association Revitalization Plan for Employee Stockholding Association Using Restricted Stock

At a meeting of Board of Directors held on March 1, 2022, the Company resolved to introduce a medium-term incentive plan (hereinafter referred to as the "Plan") for employee stockholding association using restricted stock targeting the non-manager employees of the Company and its subsidiaries in Japan.

Based on the long-term vision "SF2030", which was announced on March 1, 2022, the Company will conduct business management in which management and employees will join hands with shareholders to improve corporate value toward realizing the "maximization of corporate value (financial value + non-financial value)" and share the achievements among one another. As part of such efforts, the Company resolved to adopt the Plan to provide those among the non-manager employees of the Company and its subsidiaries in Japan who are members of the ESA and who have agreed to the Plan (hereinafter referred to as the "Eligible Employees") with opportunities for acquiring the restricted stock (the Company's common stock) to be issued or disposed by the Company through the ESA so as to support property accumulation of the Eligible Employees, as well as to heighten their interest in the corporate value of the Company and to revitalize the ESA further.

In the Plan, the Company paid monetary claims as a special incentive for granting restricted stock (hereinafter referred to as the “Special Incentive”) to the Eligible Employees, and the Eligible Employees contributed their Special Incentive to the ESA. Subsequently, the Eligible Employees can receive the issuance or disposal of the Company’s common stock as the restricted stock through the ESA by the ESA contributing in-kind, to the Company, the Special Incentive contributed by the Eligible Employees.

1) Outline of the Disposal

・Date of disposal	May 31, 2022
・Class and number of shares to be disposed of	299,819 shares of common stock of the Company
・Disposal price	JPY7,760 per share
・Total value of disposal	JPY2,326,595,440
・Method of disposal	Third-party allotment
(Allottee)	(OMRON Employee Stockholding Association: 299,819 shares)

2) Scope of beneficiaries

Non-manager employees of the Company and the Company’s subsidiaries in Japan as of April 1, 2022, who are members of the ESA and who have agreed to the Plan as of May 31, 2022

3. Medium-term Incentive Plan for Employee Stockholding Association Using Restricted Stock

At a meeting of Board of Directors held on March 1, 2022, the Company resolved to introduce a medium-term incentive plan (hereinafter referred to as the “Plan”) for employee stockholding association using restricted stock targeting the manager class of the Company and its subsidiaries in Japan.

Based on the long-term vision “SF2030”, which was announced on March 1, 2022, the Company will conduct business management in which management and employees will join hands with shareholders to improve corporate value toward realizing the “maximization of corporate value (financial value + non-financial value)” and share the achievements among one another. As part of such efforts, the Company resolved to adopt the Plan to provide those among the manager class employees of the Company and its subsidiaries in Japan who are members of the ESA and who have agreed to the Plan (hereinafter referred to as the “Eligible Employees”) with opportunities for acquiring the restricted stock (the Company’s common stock) to be issued or disposed by the Company through the ESA so as to support property accumulation of the Eligible Employees, as well as to heighten their interest in the corporate value of the Company and to revitalize the ESA further.

And at a meeting of Board of Directors held on February 28, 2023, the Company resolved to introduce the Plan targeting the manager class employees of the Company and its subsidiaries in Japan who have joined the Company or returned from overseas service, etc. between April 2, 2022, and April 3, 2023, and who have agreed to the Plan and meet the Company-prescribed requirements.

In the Plan, the Company paid monetary claims as a special incentive for granting restricted stock (hereinafter referred to as the “Special Incentive”) to the Eligible Employees, and the Eligible Employees contributed their Special Incentive to the ESA. Subsequently, the Eligible Employees can receive the issuance or disposal of the Company’s common stock as the restricted stock through the ESA by the ESA contributing in-kind, to the Company, the Special Incentive contributed by the Eligible Employees.

1) Outline of disposal

・Date of disposal	May 31, 2023
・Class and number of shares to be disposed of	5,496 shares of common stock of the Company
・Disposal price	JPY7,213 per share
・Total value of disposal	JPY39,642,648
・Method of disposal	Third-party allotment
(Allottee)	(OMRON Employee Stockholding Association: 5,496 shares)

2) Scope of beneficiaries

Manager class employees of the Company and the Company’s subsidiaries in Japan as of April 3, 2023, who fall into one of the categories of (1) having joined the company between April 2, 2022, and April 3, 2023, (2) having been promoted to manager class on March 21, 2023, or (3) having returned from overseas between April 21, 2022, and March 21, 2023, and who are members of the ESA, and who have agreed to the Plan as of May 31, 2023.

4. Stockholding Association Revitalization Plan for Employee Stockholding Association Using Restricted Stock

At a meeting of Board of Directors held on March 1, 2022, the Company resolved to introduce a medium-term incentive plan (hereinafter referred to as the “Plan”) for employee stockholding association using restricted stock targeting the non-manager employees of the Company and its subsidiaries in Japan.

Based on the long-term vision “SF2030”, which was announced on March 1, 2022, the Company will conduct business management in which management and employees will join hands with shareholders to improve corporate value toward realizing the “maximization of corporate value (financial value + non-financial value)” and share the achievements among one another. As part of such efforts, the Company resolved to adopt the Plan to provide those among the non-manager employees of the Company and its subsidiaries in Japan who are members of the ESA and who have agreed to the Plan (hereinafter referred to as the “Eligible Employees”) with opportunities for acquiring the restricted stock (the Company’s common stock) to be issued or disposed by the Company through the ESA so as to support property accumulation of the Eligible Employees, as well as to heighten their interest in the corporate value of the Company and to revitalize the ESA further.

And at a meeting of Board of Directors held on February 28, 2023, the Company resolved to introduce the Plan targeting the non-manager class employees of the Company and its subsidiaries in Japan who have joined the Company or returned from overseas service, etc. between April 2, 2022, and April 3, 2023, and who have agreed to the Plan and meet the Company-prescribed requirements.

In the Plan, the Company paid monetary claims as a special incentive for granting restricted stock (hereinafter referred to as the “Special Incentive”) to the Eligible Employees, and the Eligible Employees contributed their Special Incentive to the ESA. Subsequently, the Eligible Employees can receive the issuance or disposal of the Company’s common stock as the restricted stock through the ESA by the ESA contributing in-kind, to the Company, the Special Incentive contributed by the Eligible Employees.

1) Outline of disposal

・Date of disposal	May 31, 2023
・Class and number of shares to be disposed of	9,000 shares of common stock of the Company
・Disposal price	JPY7,213 per share
・Total value of disposal	JPY64,917,000
・Method of disposal	Third-party allotment
(Allottee)	(OMRON Employee Stockholding Association: 9,000 shares)

2) Scope of beneficiaries

Non-manager class employees of the Company and the Company’s subsidiaries in Japan as of April 3, 2023, who fall into one of the categories of (1) having joined their company between April 2, 2022 and April 3, 2023, or (2) having returned from overseas between April 21, 2022 and March 21, 2023, and who are members of the ESA and who have agreed to the Plan as of May 31, 2023.

5. Medium-term Incentive Plan using ESOP Trust

At a meeting of Board of Directors held on February 28, 2023, the Company resolved to introduce a medium-term incentive plan (hereinafter referred to as the “Plan”) using an Employee Stock Ownership Plan (ESOP) trust, targeting manager class employees of the Company’s overseas subsidiaries.

Based on the long-term vision “SF2030”, which was announced on March 1, 2022, the company will conduct business management in which management and employees will join hands with shareholders to improve corporate value toward realizing the “maximization of corporate value (financial value + non-financial value)” and share the achievements among one another. As part of such efforts, the Company resolved to adopt the Plan to provide the manager class employees of overseas subsidiaries who are subject to the Plan (hereinafter referred to as the “Eligible Employees”) with opportunities for acquiring the Plan’s shares (the Company’s common stock) so as to heighten their willingness to achieve performance targets of the medium-term management plan and to raise their motivation toward contributing to the continuous improvement of corporate value (share value) of the OMRON Group by encouraging the Eligible Employees to hold the Company’s shares.

The Plan adopts the scheme of an Employee Stock Ownership Plan (ESOP) trust (hereinafter referred to as the “ESOP

Trust”). An ESOP Trust is a trust-based incentive plan based on the ESOP program of the U.S.

1) Details of the Trust Agreement

・Type of trust	Money trust other than specific money trust individually managed (third-party-benefit trust)
・Purpose of trust	To provide incentive to Eligible Employees
・Settlor	OMRON Corporation
・Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
・Beneficiary	Eligible manager class employees of overseas subsidiaries of the Company who meet beneficiary requirements
・Trust administrator	A third party with no vested interest in the Company (Certified Public Accountant)
・Date of trust agreement	May 26, 2023
・Trust period	May 26, 2023 through August 31, 2025
・Commencement date of the plan	May 26, 2023
・Exercise of voting rights	Not to be exercised
・Class of shares to be acquired	Common stock of OMRON Corporation
・Amount of trust fund	JPY50 million (includes trust fees and trust expenses)
・Timing of share acquisition	May 31, 2023
・Method of share acquisition	Disposal of treasury stock by OMRON Corporation by way of third-party allotment
・Holder of vested rights	OMRON Corporation
・Residual assets	Residual assets that can be received by the Company, the holder of vested rights, shall be within the reserve for trust expenses, which is trust funds less share acquisition funds.

2. Acquisition and Disposal of Treasury Shares

[Class of shares, etc.] Acquisition of common shares pursuant to Article 155-7 of the Companies Act

(1) Status of Acquisition by Resolution of the General Meeting of Shareholders

Not applicable.

(2) Status of Acquisition by Resolution of the Board of Directors Meeting

Not applicable.

(3) Content of Those Not Based on a Resolution of the General Meeting of Shareholders or a Resolution of the Board of Directors Meeting

Acquisition pursuant to Article 155-7 of the Companies Act

Classification	Number of shares	Total value (JPY)
Treasury shares acquired in current fiscal year	11,786	18,490,219
Treasury shares acquired during the acquisition period (Acquisition period: April 1,2024 through June 21,2024)	2,933	1,897,418

Note: The treasury shares acquired during the acquisition period do not include treasury shares acquired due to the purchase of shares of less than one unit from June 1, 2024 until the submission date of the Annual Securities Report.

(4) Status of Disposition and Status of Holding of Acquired Treasury Shares

Classification	Fiscal year ended March 31, 2024		Acquisition period	
	Number of shares	Total value of disposition (JPY)	Number of shares	Total value of disposition (JPY)
Acquired treasury shares subject to solicitation to subscribe	20,400	154,364,352	—	—
Acquired treasury shares subject to cancellation	—	—	—	—
Acquired treasury shares subject to transfer due to merger, share exchange, share delivery or company split	—	—	—	—
Other (sale due to demand for cash-out of shares less than one unit)	—	—	—	—
Number of treasury shares held	8,808,870	—	8,811,803	—

Notes: 1. The number of treasury shares held during the acquisition period do not include treasury shares disposed of or held due to the purchase or sale of shares less than one unit from June 1, 2024 until the submission date of the Annual Securities Report.
2. The number of treasury shares held do not include the shares held by the BIP Trust and the ESOP Trust.

3. Dividend Policy

The Company seeks approval of the General Meeting of Shareholders for decisions on dividends of surplus, etc. except for interim dividends resolved by the Board of Directors meeting pursuant to the provisions of the articles of incorporation.
The Company applies the following basic policy to profit distribution including returns to shareholders.

Cash Allocation Policy

(1) Aiming to maximize corporate value through the realization of the long-term vision, OMRON prioritizes the necessary investment to create new value from a medium- and long-term perspective. During our restructuring period (April 1, 2024 through September 30, 2025), we intend to concentrate group resources on Structural Reform Program NEXT2025, giving top priority to the investments necessary to restore business performance and restructure our foundation for earnings and growth. On this basis, OMRON will return profits to shareholders in a stable and sustainable manner.

(2) In principle, we will source the funds for these value-creating investments and shareholder returns through retained earnings and the sustained creation of operating cash flows. We will raise funds as needed, maintaining a degree of financial soundness to facilitate fund-raising regardless of financial market conditions.

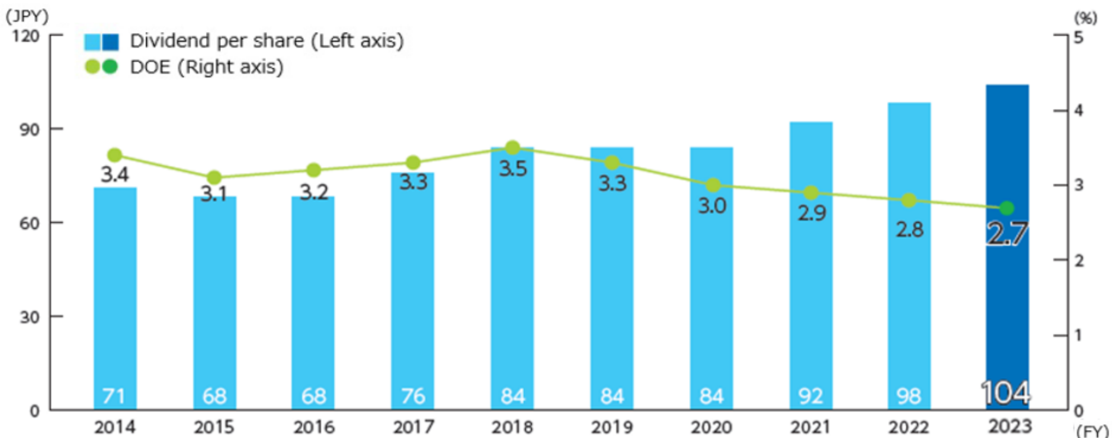
Shareholder Returns Policy

(1) We will prioritize investments necessary for value creation from a medium- to long-term perspective, establishing a dividend on equity (DOE) target of approximately 3% as a standard for annual dividends. Taking past dividend payments also into account, we intend to ensure stable and continuing shareholder returns.

(2) Having engaged in the investments and allocation of profits described above, we will distribute retained earnings accumulated over the long term to shareholders through opportunistic share buybacks and other measures.

Based on the earnings performance, after considering the DOE standard and past dividend levels, the year-end dividend per share for the fiscal year ended March 31, 2024, was set at JPY52, reflecting OMRON's approach to maintain a stable and sustainable dividend level. Combined with the interim dividend per share of JPY52 implemented on December 4, 2023, the total annual dividend per share is JPY104.
By applying the DOE standard in line with the above policy, we intend to pay JPY104 as the annual dividend per share for the next fiscal year. The interim dividend per share and year-end dividend per share for the next fiscal year are to be determined.

＜Shareholder returns＞



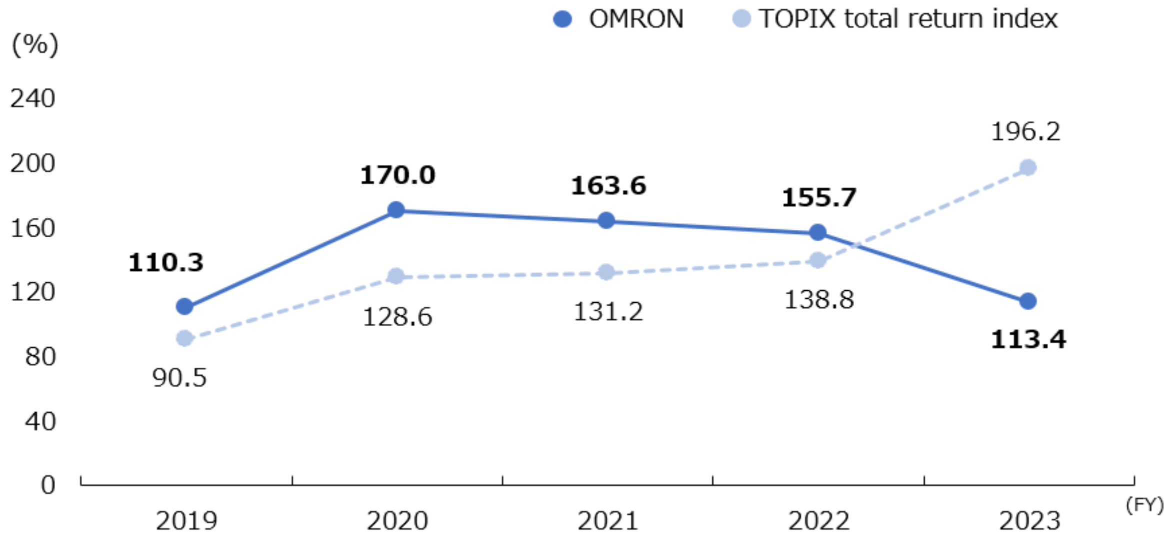
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Dividend payout ratio	25.0%	31.1%	31.6%	25.6%	32.2%	23.0%	39.1%	30.1%	26.3%	253.3%
Total amount of share buybacks	JPY15.0b	JPY15.0b	—	JPY14.3b	JPY25.7b	JPY18.6b	JPY1.4b	JPY30.0b	JPY20.0b	—
Total Payout Ratio	49.1%	62.7%	31.6%	48.2%	79.5%	47.7%	42.6%	79.0%	53.4%	253.3%

Notes: 1. The Company basically pays two dividends per year as an interim dividend and a year-end dividend.
2. The organization for determining the dividends of surplus is the General Meeting of Shareholders for the year-end dividend and the Board of Directors for the interim dividend.
3. The Company has specified in its articles of incorporation that "An interim dividend with September 30 as the reference date may be paid every year by resolution of the Board of Directors."
4. The formula for calculating the Total Payout Ratio is as follows
Total Payout Ratio = (cash dividends paid + amount of treasury stock repurchased) / net income (loss) attributable to shareholders of the Company (not including the purchase of odd-lot shares).

5. The dividends of surplus for the fiscal year ended March 31, 2024, are as follows.

Resolution date	Total amount of dividends (JPY millions)	Dividend per share (JPY)
October 27, 2023 Resolution of the Board of Directors	10,267	52.00
June 20, 2024 Resolution of the Ordinary General Meeting of Shareholders	10,267	52.00

<Total shareholder Return (TSR) trends>



Note: TSR is calculated based on stock prices as of the end of fiscal 2018.

4. Corporate Governance, etc.

(1) Outline of Corporate Governance

(i) 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 sustainable enhancement of corporate value by earning the support of all stakeholders.

In accordance with this basic stance, the OMRON Group has set forth the following corporate governance policies as the foundation for the Group's pursuit of continuous enhancement of its corporate governance.

See the following URL for the OMRON Corporate Governance Policies

URL: https://www.omron.com/global/en/assets/file/about/corporate/governance/policy/20240326_governance_policies_e.pdf

<OMRON Principles>

See "II. Business Conditions 1. Management Policy, Management Environment, and Issues to be Addressed" for details on the OMRON Principles and the OMRON Management Philosophy.

(ii)Corporate Governance System

<Outline of Corporate Governance System>

The Company has chosen to adopt the organizational structure of "Company with an Audit & Supervisory Board" as stipulated by the Companies Act. To enhance 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 (Nomination, etc.)" as well, the OMRON Group has established and adopted a hybrid type governance structure.

The Board of Directors consists of eight Directors and ensures fairness and transparency of management 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. Furthermore, in order to strengthen oversight functions, 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, and one-third shall consist of Outside Directors. The Chairman of the Board who does not have representative authority serves as Chair of the Board of Directors and performs supervision as the representative of stakeholders without performing execution. Outside Directors do not have dedicated staff, but the staff of the Board of Directors Office and the Global Strategy HQ respond as needed.

The Audit & Supervisory Board consists of four Audit & Supervisory Board Members, and efforts are being made to establish a system for ensuring the effectiveness of supervision by each Audit & Supervisory Board Member. Audit & Supervisory Board Members conduct audits on legality and appropriateness of Directors' duties, and the fulfillment of the Board of Directors' oversight obligations. Outside Audit & Supervisory Board Members do not have dedicated staff, but the staff of the Audit & Supervisory Board Office respond as needed.

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 Corporate Governance Committee is chaired by an Outside Director and comprises Outside Directors, Outside Audit & Supervisory Board Members and non-executive internal Directors. The President and CEO does not sit on any of the committees.

The CEO Selection Advisory Committee is dedicated to selection of the CEO and deliberates about candidates for the CEO for the succeeding fiscal year, contingency succession planning to take over the position in emergency situations, and the succession plan. The Personnel Advisory Committee sets criteria and policies for the selection of personnel for Directors, Audit & Supervisory Board Members, and Executive Officers, and deliberates about the candidates. The Compensation Advisory Committee sets compensation policies for Directors and Executive Officers and deliberates about compensation levels and amounts. The Corporate Governance Committee discusses measures to continuously enhance corporate governance from a medium- to long-term perspective and to increase management transparency and fairness.

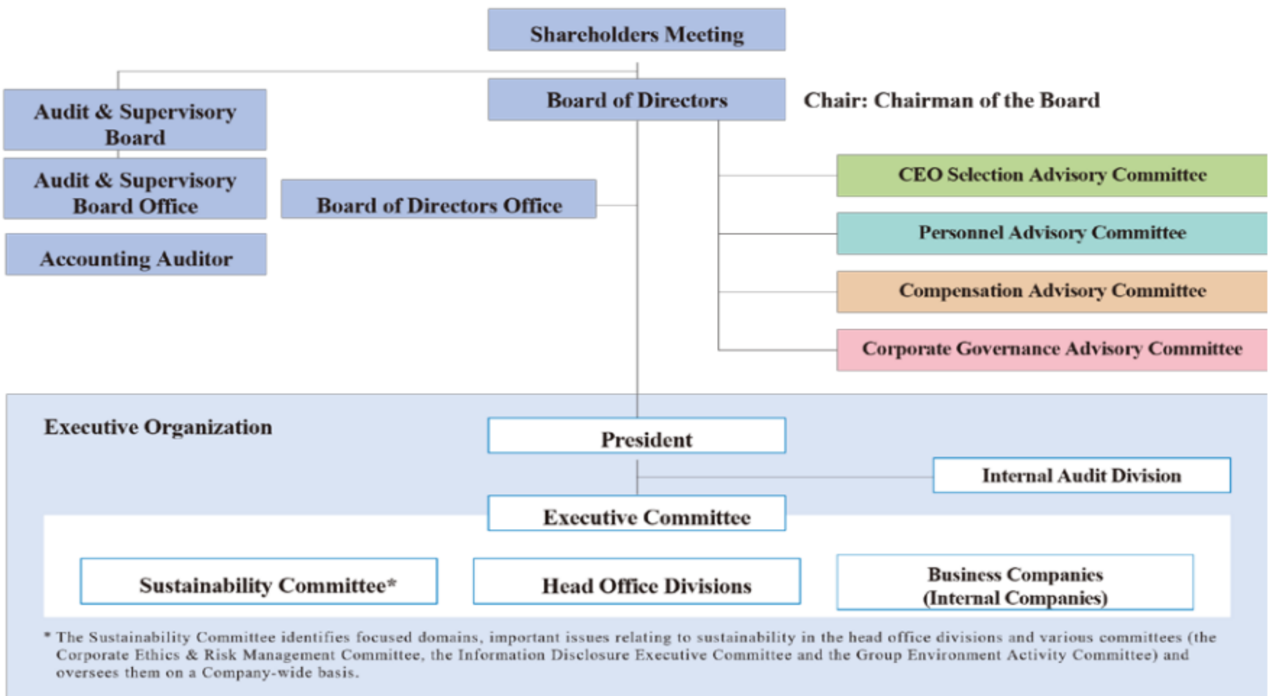
<Reasons for OMRON’s Selection of its Current Corporate Governance System>
The Company has chosen to adopt the organizational structure of a “Company with Audit & Supervisory Board.”
The Board of Directors strives toward sustained improvements in the OMRON’s Group corporate value by exercising oversight 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 comprises Outside Directors, Outside Audit & Supervisory Board Members and non-executive internal Directors. 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’s Corporate Governance Structure＞



(iii)Board of Directors

1)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 Outside Audit & Supervisory Board Members, 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, the Board of Directors shall consist of diverse members who possess the experience, specialized knowledge, and insights necessary to realize the OMRON Group's management vision and shall ensure diversity without distinction as to gender, nationality, international experience, or age.

2)Policy regarding Appointment of Directors and Audit & Supervisory Board Members

・Directors, Audit & Supervisory Board Members, and Executive Officers are composed of diverse members who possess the experience, specialized knowledge and insights necessary to realize the OMRON Group's management vision and shall ensure diversity without distinction as to gender, nationality, international experience, or age.

・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 ensure diversity in the Board of Directors, Audit & Supervisory Board, and among Executive Officers in terms including work experience, specialized knowledge, insights, gender, nationality, international experience, and age.

・The experience, specialized knowledge, and insight necessary for the realization of the OMRON Group's management vision related to Directors and Audit & Supervisory Board Members is presented in the skill matrix.

[Criteria for Appointment of Outside Directors]

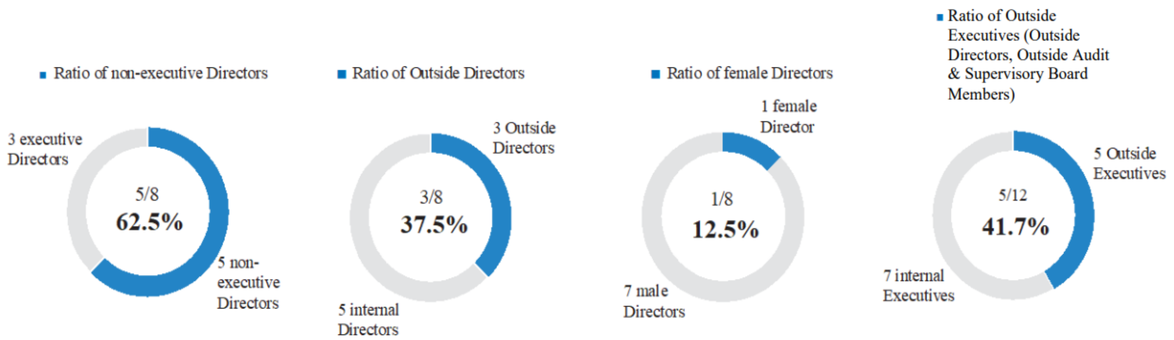
・Outside Directors are deeply involved in the CEO Selection Advisory Committee, which specializes in matters such as the appointment of the President, which is the top-priority matter in management oversight. In order to establish a highly transparent and objective system for appointing a President and CEO, Outside Directors must have management experience or equivalent experience.

[Criteria for Appointment of Outside Audit & Supervisory Board Members]

・Audit & Supervisory Board Members must possess the necessary insight, high ethical standards, fairness, and integrity as an Audit & Supervisory Board Member, as well as specialized knowledge in law, finance, accounting, management, or other areas.

3)Composition of the Board of Directors

・The composition of the Board of Directors for fiscal 2024 is as follows.



4)Main Areas of Expertise and Specialization of Directors and Audit & Supervisory Board Members (Skill Matrix)

・Areas of expertise and specialization (skills) required for Directors and Audit & Supervisory Board Members for the realization of the long-term vision “SF2030” are as follows.

Areas of expertise and specialization (skills)	Definitions of skills
Corporate Management	Experience as Chairman/President or equivalent experience (experience as Representative Director, etc.)
Sustainability, ESG	Possesses business, management experience, and specialized knowledge related to sustainability and ESG
New business creation, innovation	Possesses business, management experience, and specialized knowledge related to new business and innovation
Technology, production, quality	Possesses business, management experience, and specialized knowledge related to technology, production, and quality
DX, IT	Possesses business, management experience, and specialized knowledge related to DX and IT
Human resource development, diversity, human resource management	Possesses business, management experience, and specialized knowledge related human resource development, diversity, and human resource management
Financial accounting	Qualified as a CPA, CFO experience, business experience in financial institutions and accounting departments, and listed company management experience
Legal affairs, compliance, internal control	Qualified as an attorney, experience as an auditor, work experience in legal and internal audit departments
Global experience	Global experience, overseas business experience

*Aiming for 3 years of experience or more

・The skill matrix of Directors and Audit & Supervisory Board Members for fiscal 2024 is as follows.

Position and name		Corporate management	Sustainability ESG	New business creation innovation	Technology production quality	DX IT	Human resource development, diversity, human resource management	Financial accounting	Legal affairs, compliance, internal control	Global experience	Background and Qualifications
Chairman of the Board	Yoshihito Yamada	●	●					●		●	
Representative Director, President and CEO	Junta Tsujinaga	●			●	●				●	
Representative Director, Executive Officer and Executive Vice President, CTO	Kiichiro Miyata	●		●	●	●				●	
Director, Senior Managing Executive Officer, CHRO	Masahiko Tomita		●				●			●	
Director	Shizuto Yukumoto					●				●	
Outside Director	Takehiro Kamigama	●	●	●	●	●		●		●	Manufacturing industry
Outside Director	Izumi Kobayashi	●	●	●			●	●		●	Finance and international organization
Outside Director	Yoshihisa Suzuki	●	●	●	●	●		●		●	General trading company
Audit & Supervisory Board Member	Shuji Tamaki								●	●	International lawyer
Audit & Supervisory Board Member	Toshio Hosoi			●		●					
Outside Audit & Supervisory Board Member	Tadashi Kunihiro	●	●						●	●	Lawyer
Outside Audit & Supervisory Board Member	Hiroshi Miura	●						●	●	●	Certified Public Accountant

5)Activities of the Board of Directors in Fiscal 2023

During fiscal 2023, the Board of Directors was operated under the following Board of Directors Operation Policy and focus themes, and fully exercised its oversight functions by discussing, for each theme, issues that arose and the ideal direction to take, among other matters.

<Board of Directors Operation Policy for Fiscal 2023>

The Board of Directors will exercise its oversight functions from a medium- to long-term perspective as we move forward to achieving the OMRON Group's long-term vision, SF2030, and the medium-term management plan, SF 1st Stage, under the new business execution system. This will be done by recognizing the link between the following three focus themes and issues subject to oversight.

<Focus Themes>

1) Monitoring progress of the long-term vision and medium-term management plan

< Points of oversight>

- Operational status of the new business execution system
- Progress of global human resources strategy implementation
- Autonomous growth and business model transformation
- Future business strategy in alliance with JMDC

2) Response to risks in the era of uncertainty

< Points of oversight>

- Response to global geopolitical risks including changes in markets
- Enhancement of cybersecurity

3) Construction of the Corporate IT System

< Point of oversight>

- Progress of Enterprise Resources Planning (ERP) system deployment in Europe and Japan

For details of discussions conducted on each focus theme, please refer to the Results of evaluation of the Board of Directors' effectiveness for fiscal 2023 below.

https://www.omron.com/global/en/assets/file/about/corporate/governance/chart/20240605_governance_effectiveness_e.pdf

Results of evaluation of the Board of Directors' effectiveness for fiscal 2023 conducted by the Corporate Governance Committee is as follows:

[Points commended]

- Discussions by the Board of Directors were generally active. Many of the agenda items were commended for having a medium- to long-term perspective, and selection of the focus themes was also appropriate.
- The Board of Directors were commended for increasing opportunities for dialogue and discussions with the business execution division, which allowed for deeper discussions.
- With regard to the consolidation of JMDC, the Board of Directors meetings were commended for growing understanding of this matter, through having discussions on JMDC's positioning in our business along with issues to be focused.
- The establishment of a companywide IT system is steadily underway with concerns addressed appropriately, which had arisen before the start of the project.

[Issues]

- The Company made downward revisions to the financial results twice. The Board of Directors viewed this fact as a matter of great regret and considered insufficient discussions about downward revisions to be an issue. The Board also recognized that it is essential to detect any signs, increase predictability in the performance, and make preliminary discussions proactively.
- Some agenda items submitted to the Board of Directors meetings lacked pursuit of the root causes of problems. The Board of Directors viewed this as an issue.
- The Board of Directors recognized the need for exchanging opinions among the Board members and further vitalizing discussions on agenda items submitted to the Board meetings.
- In discussions about strategies of each business, the Board recognized that there is a need for presenting the current state in numerical terms clearer than ever, so as to clarify the Company's competitive advantages over competitors or to achieve uniformity in market analysis data.

[Points Requested]

Toward resolving the issues mentioned above, the Corporate Governance Committee presented the following directions to be taken and requested to the Board of Directors.

- Based on reflection on the two downward revisions, it was requested that business execution divisions share information with the members of the Board of Directors and set up a forum for discussion with them by using an Informal Meeting and the like, in the wake of any signs felt in the trends in business performance or in the operating environment.

・With regard to the submission of agenda items, the Corporate Governance Committee requested the business execution division to conduct in-depth analysis of issues and clarify obstacles to the execution of plans.

・The Corporate Governance Committee requested that discussions be held among members of the Board of Directors (many-to-many discussion), instead of discussions held between an explainer and members of the Board of Directors (one-to-many discussion), to generate greater value.

In addition, the Board of Directors Operation Policy for Fiscal 2024 and focus themes were determined after discussion of the based on the Results of the evaluation of the effectiveness of the Board of Directors in fiscal 2023. In fiscal 2024, the Board of Directors will be operated in accordance with the following Board of Directors Operation Policy and focus themes.

＜Board of Directors Operational Policy for Fiscal 2024＞

The Board of Directors will exercise its oversight functions from a medium- to long-term perspective as we move forward to realize the OMRON Group’s Long-term Vision SF2030 and accomplish the Structural Reform Program NEXT 2025. This will be done by recognizing the link between the following focus themes and issues subject to oversight.

<Focus Themes>

1) Progress monitoring toward accomplishing the structural reform program (NEXT 2025)

< Points of oversight >

・Business/regional portfolio optimization

・Organizational capability to realize the above

2) Progress monitoring toward realizing the long-term vision

< Points of oversight >

・Issues in achieving growth for the data solution business and countermeasures

・Global human resources strategy

<Reference: 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 a. evaluation of the Board of Directors' effectiveness and b. determination of the policy for the operation and focus themes of the Board of Directors and formulation and implementation of annual plans.

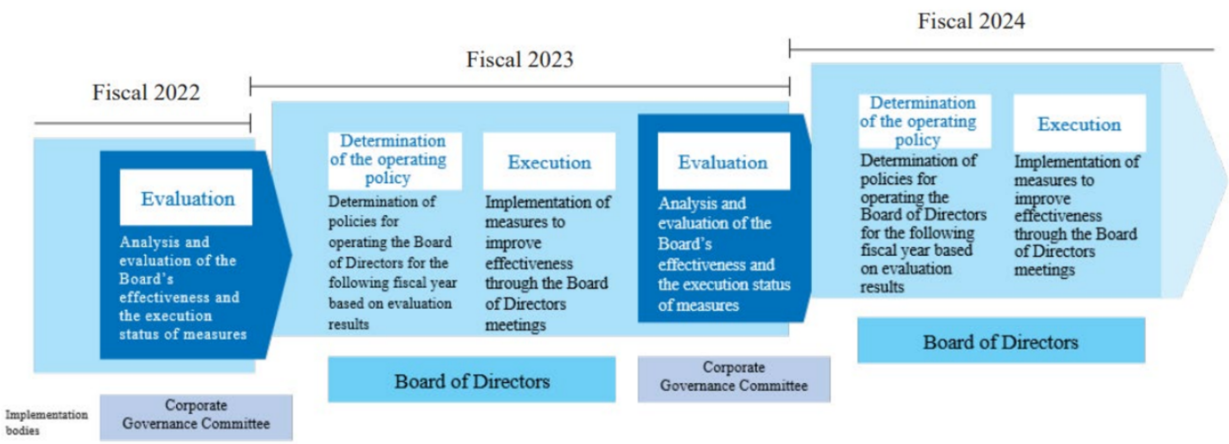
a. Evaluation of the Board of Directors' effectiveness

The Company's evaluation of the Board of Directors' effectiveness is conducted by the Corporate Governance Committee chaired by an Outside Director and comprising Outside Directors, Outside Audit & Supervisory Board Members (hereinafter "Outside Executives") , as well as non-executive internal Directors. 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 of Outside Executives and non-executive internal Directors, performs evaluations in order to ensure that evaluations are both objective and effective.

b. 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 a. 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 a. and b. 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>



<Attendance at the Board of Directors Meetings During Fiscal 2023>

Position	Name	Attendance
Chairman of the Board	Yoshihito Yamada	100% (14/14 times)
Representative Director	Junta Tsujinaga	100% (11/11 times)
Representative Director	Kiichiro Miyata	100% (14/14 times)
Director	Masahiko Tomita	100% (11/11 times)
Director	Shizuto Yukumoto	100% (11/11 times)
Outside Director	Takehiro Kamigama	100% (14/14 times)
Outside Director	Izumi Kobayashi	100% (14/14 times)
Outside Director	Yoshihisa Suzuki	100% (14/14 times)
Audit & Supervisory Board Member	Shuji Tamaki	100% (14/14 times)
Audit & Supervisory Board Member	Toshio Hosoi	100% (11/11 times)
Outside Audit & Supervisory Board Member	Hideyo Uchiyama	100% (14/14 times)
Outside Audit & Supervisory Board Member	Tadashi Kunihiro	100% (14/14 times)
Chairman of the Board	Fumio Tateishi	100% (3/3 times)
Director	Koji Nitto	100% (3/3 times)
Director	Satoshi Ando	100% (3/3 times)
Audit & Supervisory Board Member	Kiyoshi Yoshikawa	100% (3/3 times)

(Note) Mr. Fumio Tateishi, Mr. Koji Nitto and Mr. Satoshi Ando retired as Director, and Mr. Kiyoshi Yoshikawa retired as Audit & Supervisory Board Member as of the conclusion of the 86th Ordinary General Meeting of Shareholders on June 22, 2023. Meanwhile, Mr. Junta Tsujinaga, Mr. Masahiko Tomita and Mr. Shizuto Yukumoto were newly appointed as Director, and Mr. Toshio Hosoi was appointed as Audit & Supervisory Board Member at the said General Meeting of Shareholders.

(iv)Audit & Supervisory Board

Activities of the Audit & Supervisory Board are as described in "IV. Information about the Reporting Company 4. Corporate Governance, etc. (3) Status of Auditing."

(v)Advisory Committees, etc.

1)Advisory Committee Members in Fiscal 2024

Title	Name	CEO Selection Advisory Committee	Personnel Advisory Committee	Compensation Advisory Committee	Corporate Governance Committee
Chairman of the Board	Yoshihito Yamada	□			○
Representative Director	Junta Tsujinaga				
Representative Director	Kiichiro Miyata			□	
Director	Masahiko Tomita (Note 2)		□		
Director	Shizuto Yukumoto (Note 2)	○	○	○	□
Outside Director	Takehiro Kamigama ◆	◎	□	□	◎
Outside Director	Izumi Kobayashi ◆	□	◎	□	□
Outside Director	Yoshihisa Suzuki ◆	□	□	◎	□
Audit & Supervisory Board Member	Shuji Tamaki				
Audit & Supervisory Board Member	Toshio Hosoi				
Outside Audit & Supervisory Board Member	Tadashi Kunihiro ◆				□
Outside Audit & Supervisory Board Member	Hiroshi Miura ◆				□

Notes : 1 ◎ Chairperson ○ Vice-Chairperson □ Committee Member ◆ Independent under Tokyo Stock Exchange rules

2 Director Masahiko Tomita is appointed as Director in charge of human rights and Director Shizuto Yukumoto as Director in charge of environment.

2)Activities of the Advisory Committees in Fiscal 2023

・Activities of the Advisory Committees in Fiscal 2023 are as follows.

CEO Selection Advisory Committee	
Members	Five members (three Outside Directors and two internal Directors)
Chairman	Mr. Takehiro Kamigama, the lead Outside Director
Committee composition	-The majority shall be Outside Directors -The two internal Directors shall be non-executive Directors (the President and CEO is not a member of the committee)
Number of meetings held	1 time (Attendance rate: 100%)
Matters deliberated and matters reported	-Deliberation on candidates for CEO -Deliberation on a CEO successor candidate in the event of a crisis in fiscal 2024
Points commended by the Corporate Governance Committee	The CEO Selection Advisory Committee was commended for appropriately confirming a candidate for the President and CEO for the next fiscal year and a successor candidate in the event of a crisis.
Comments from the chair	Fiscal 2023 saw a change of President and the Advisory Committee entered a new cycle toward selecting a next President in the future. During the fiscal year, we focused on the review of Mr. Tsujinaga's first year in office as the President, and confirmation of issues. From the next fiscal year onward, we will engage in discussions on successors development planning for the future.

Personnel Advisory Committee	
Members	Five members (three Outside Directors and two internal Directors)
Chairman	Ms. Izumi Kobayashi, Outside Director
Committee composition	-The majority shall be Outside Directors -The Chairman of the Board of Directors and the President and CEO are not members of the committee
Number of meetings held	8 times (Attendance rate: 100%)
Matters deliberated and matters reported	-Study toward increasing the ratio of women in officer positions -Determination of criteria for appointing Directors, Audit & Supervisory Board Members, and Executive Officers -Deliberation on Director candidates, Audit & Supervisory Board Member candidates, and Executive Officer candidates -Reporting on succession planning for management executives -Reporting on the list of candidates for Outside Director and Outside Audit & Supervisory Board Member -Determination of the members of each Advisory Committee
Points commended by the Corporate Governance Committee	It was confirmed that the Personnel Advisory Committee appropriately pooled successors of top executives (CFO and other CxOs), and the committee was commended for this point. The Committee was also commended for actively searching female candidates and reflecting them in the talent pool in an effort to increase women in officer positions.
Comments from the chair	The committee has discussed development and promotion of global and diverse human resources, in addition to reviewing various personnel systems. We will focus on more drastic utilization of human resources, personnel development transcending the bounds of Companies, and promotion and development planning for leaders, in particular.

Compensation Advisory Committee	
Members	Five members (three Outside Directors and two internal Directors)
Chairman	Mr. Yoshihisa Suzuki, Outside Director
Committee composition	-The majority shall be Outside Directors -The Chairman of the Board of Directors and the President and CEO are not members of the committee
Number of meetings held	4 times (Attendance rate: 100%)
Matters deliberated and matters reported	-Deliberation of compensation policy for Directors and Executive Officers -Deliberation of compensation levels and tables for Directors and Executive Officers -Deliberation of compensation for foreign Executive Officers -Deliberation of evaluation criteria and payment amounts for Director bonuses and stock compensation -Determination of evaluation criteria and payment amounts for Executive Officer bonuses and stock compensation
Points commended by the Corporate Governance Committee	The Compensation Advisory Committee was commended for deliberating the compensation levels and other items based on the compensation structure determined in fiscal 2021 and for its appropriate operation.
Comments from the chair	We will emphasize more flexibility in the operation of the Advisory Committee in order to ensure appropriateness in the compensation system and its operation even amid rapid changes in the business performance and the start of a structural reform.

Corporate Governance Committee	
Members	Seven members (three Outside Directors, two Outside Audit & Supervisory Board Members and two non-executive internal Directors)
Chairman	Mr. Takehiro Kamigama, the lead Outside Director
Committee composition	-The majority shall be Outside Directors and Outside Audit & Supervisory Board Members. -Directors engaged in business executions are not members of the committee.
Number of meetings held	6 times (Attendance rate: 100%)
Matters deliberated	-Discussion on the purpose of the Corporate Governance Committee -Deliberation of evaluation of effectiveness of the Board of Directors in fiscal 2023 -Deliberation of the process for evaluation of the Board of Directors' effectiveness for fiscal 2023 -Deliberation of appointment/dismissal of Executive Officers (in the narrow sense) and heads of departments directly under the President -Discussion on common matters pointed out in the Board of Directors review
Points commended by the Corporate Governance Committee	The Corporate Governance Committee was commended for redefining the purpose of the Committee and evolving into a forum for discussion on the essence of corporate governance, following the addition of non-executive internal Directors as Committee members from the fiscal year under review.
Comments from the chair	We welcomed non-executive internal Directors as new members and repeated discussions on what should be the Committee's role in enhancing governance of the Company, and this process helped us evolve. Going forward, we will deepen discussion on the ideal shape of governance from a medium- to long-term perspective.

・Attendance at the Advisory Committees during fiscal 2023 are as follows.

CEO Selection Advisory Committee

	Position	Name	Attendance
Chairperson	Outside Director	Takehiro Kamigama	100% (1/1 time)
Vice-Chairperson	Director	Shizuto Yukumoto	100% (1/1 time)
Committee Member	Chairman of the Board	Yoshihito Yamada	100% (1/1 time)
Committee Member	Outside Director	Izumi Kobayashi	100% (1/1 time)
Committee Member	Outside Director	Yoshihisa Suzuki	100% (1/1 time)

Personnel Advisory Committee

	Position	Name	Attendance
Chairperson	Outside Director	Izumi Kobayashi	100% (8/8 times)
Vice-Chairperson	Director	Shizuto Yukumoto	100% (7/7 times)
Committee Member	Director	Masahiko Tomita	100% (7/7 times)
Committee Member	Outside Director	Takehiro Kamigama	100% (8/8 times)
Committee Member	Outside Director	Yoshihisa Suzuki	100% (8/8 times)
Vice-Chairperson	Director	Satoshi Ando	100% (1/1 time)
Committee Member	Representative Director	Kiichiro Miyata	100% (1/1 time)

(Note) Mr. Shizuto Yukumoto and Mr. Masahiko Tomita were appointed to the Committee on June 22, 2023.
Mr. Satoshi Ando and Mr. Kiichiro Miyata were retired from the Committee on June 22, 2023.

Compensation Advisory Committee

	Position	Name	Attendance
Chairperson	Outside Director	Yoshihisa Suzuki	100% (4/4 times)
Vice-Chairperson	Director	Shizuto Yukumoto	100% (2/2 times)
Committee Member	Representative Director	Kiichiro Miyata	100% (2/2 times)
Committee Member	Outside Director	Takehiro Kamigama	100% (4/4 times)
Committee Member	Outside Director	Izumi Kobayashi	100% (4/4 times)
Vice-Chairperson	Director	Satoshi Ando	100% (2/2 times)
Committee Member	Director	Koji Nitto	100% (2/2 times)

(Note) Mr. Shizuto Yukumoto and Mr. Kiichiro Miyata were appointed to the Committee on June 22, 2023.
Mr. Satoshi Ando and Mr. Koji Nitto were retired from the Committee on June 22, 2023.

Corporate Governance Committee

	Position	Name	Attendance
Chairperson	Outside Director	Takehiro Kamigama	100% (6/6 times)
Vice-Chairperson	Outside Director	Izumi Kobayashi	100% (6/6 times)
Committee Member	Chairman of the Board	Yoshihito Yamada	100% (5/5 times)
Committee Member	Director	Shizuto Yukumoto	100% (5/5 times)
Committee Member	Outside Director	Yoshihisa Suzuki	100% (6/6 times)
Committee Member	Outside Audit & Supervisory Board Member	Hideyo Uchiyama	100% (6/6 times)
Committee Member	Outside Audit & Supervisory Board Member	Tadashi Kunihiro	100% (6/6 times)

(Note) Effective from the Committee held on September 27, 2023, non-executive internal directors were added to the Committee, and Mr. Yoshihito Yamada and Mr. Shizuto Yukumoto were appointed to the Committee.

(vi) Status of Establishment of Internal Control Systems

The Company has established an internal control system and takes precise action by constantly clarifying a variety of internal and external risks that may impede sustained enhancement of corporate value. As an internal auditing function, the Global Internal Auditing Headquarters directly reporting to the President periodically conducts internal audits of the accounting, operations, business risks, compliance, etc. of each head office division and each business company, and provides specific advice aimed at operational improvements.

A diagram of system for monitoring business execution and management, and the status of establishment of the internal control system is shown in Omron’s Corporate Governance Structure.

(vii) Status of Compliance and Risk Management Initiatives

The OMRON Group has promoted integrated compliance and risk management activities 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 that promotes and thoroughly enforces such activities.

a. Compliance

The OMRON Group has familiarized its officers and employees with the OMRON Group Rules, which are the common management basis for the Group, and conducted the necessary trainings. In particular, 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 for such things as cartel prevention and bribery prevention, 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.

The Company has JMDC Inc. (JMDC) as a listed subsidiary. During the fiscal year under review, the Company determined to monitor the operational status of JMDC’s internal control system according to the Company’s policies, upon respecting JMDC’s corporate culture and management independence. In addition, the Company enhanced a system for accepting consultations and complaints from a wide range of stakeholders through familiarizing suppliers with the Company’s whistleblower system and joining Japan Center for Engagement and Remedy on Business and Human Rights (JaCER).

b. 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, cybersecurity measures were evolved to incorporate a system and a process enabling active involvement of the management team in normal times and in emergencies. Through such improvements following external evaluations, the Company worked to enhance security. Regarding security trade management, the Company strengthened the process for preliminarily reviewing suspicious transactions on a global basis, thereby working to develop a system for responding to export restrictions and sanctions that are growing in complexity in various countries.

(viii)Outline of Agreements Limiting Liability

In order to enable Outside Directors and Outside Audit & Supervisory Board Members to fulfill their expected roles, the Company has established provisions in the articles of incorporation on agreements limiting liability with Outside Directors and Outside Audit & Supervisory Board Members. The outline of the content of the agreements limiting liability concluded with all Outside Directors and Outside Audit & Supervisory Board Members pursuant to the provisions of the articles of incorporation are as follows.

a. Agreements limiting liability of Outside Directors

Outside Directors are liable for compensation of damages up to the higher of JPY10 million or the minimum lability amount specified in Article 425-1 of the Companies Act for liability under Article 423-1 of the Companies Act if performing duties in good faith and without gross negligence.

b. Agreements limiting liability of Outside Audit & Supervisory Board Members

Outside Audit & Supervisory Board Members are liable for compensation of damages up to the higher of JPY10 million or the minimum lability amount specified in Article 425-1 of the Companies Act for liability under Article 423-1 of the Companies Act if performing duties in good faith and without gross negligence.

(ix)Outline of Indemnity Agreements

In order to enable Directors and Audit & Supervisory Board Members to fulfill their expected roles, the Company has concluded indemnity agreements with Mr. Yoshihito Yamada, Mr. Junta Tsujinaga, Mr. Kiichiro Miyata, Mr. Masahiko Tomita, Mr. Shizuto Yukumoto, Mr. Takehiro Kamigama, Ms. Izumi Kobayashi, Mr. Yoshihisa Suzuki, Mr. Shuji Tamaki, Mr. Toshio Hosoi, Mr. Tadashi Kunihiro and Mr. Hiroshi Miura indemnifying the expenses under Article 430-2, paragraph 1, item 1 and losses under item 2 of the same paragraph within the scope specified by laws and regulations. However, there are certain exemptions such as not indemnifying losses arising as a result of an act performed with the knowledge that it is an illegal act.

(x)Outline of Directors and Officers Liability Insurance Contracts

The Company has concluded a Directors and Officers Liability Insurance Contracts pursuant to Article 430-3, paragraph 1 insuring all Directors, Audit & Supervisory Board Members and Executive Officers of the Company and subsidiaries; the Company pays all insurance premiums. The insurance policy covers compensation for damages and litigation expenses borne by the insured in cases where the insured is subject to a claim for compensation for damages from a shareholder or a third party. As a measure to ensure the appropriate execution of duties of the insured is not impaired, compensation for damages arising as a result of an intentional or criminal act by the insured is excluded from insurance claims.

(xi)Number of Directors, etc.

The Company has specified the number of Directors in the articles of incorporation. Furthermore, the quorum for appointment resolutions has been lowered in the articles of incorporation for the appointment of Directors. The content of the articles of incorporation is as follows.

a. Number of Directors

The number of Directors of the Company shall be ten (10) or less.

b. Method of election of Directors

・The directors of the Company shall be elected at a General Meeting of Shareholders.

・A resolution electing directors shall be adopted by a majority of votes of the shareholders present at a General Meeting of Shareholders at which shareholders representing not less than one-third of the voting rights of shareholders entitled to exercise voting rights are present.

・A resolution to elect directors of the Company shall not be made by cumulative voting.

(xii)Organ Determining Acquisition of Treasury Shares

The Company stipulates in the articles of incorporation that it may acquire treasury shares through market transactions and the like pursuant to the provisions of Article 165, paragraph 2 of the Companies Act, in order to enable the flexible execution of management according to changes in economic conditions.

(xiii)Organ Determining Interim Dividends

The Company stipulates in the articles of incorporation that interim dividends may be paid by resolution of the Board of Directors with September 30 as the reference date pursuant to the provision of Article 454, paragraph 5 of the Companies Act to flexibly return profits to shareholders.

(xiv) Requirements for Special Resolutions of the General Meeting of Shareholders

In order to be able to flexibly pass special resolutions, the Company stipulates in its articles of incorporation that resolutions of the General Meeting of Shareholders specified in Article 309, paragraph 2 of the Companies Act shall be passed with one-third or more of the votes of shareholders eligible to vote present and two-thirds or more of those votes cast in favor.

(2) Officers

(i) List of Officers

11 male, 1 female (8.3% of officers are female)

Position	Name	Date of birth	Career summary		Term of office	Number of shares of the Company owned (thousands of shares) (Note 7)
Chairman of the Board	Yoshihito Yamada	November 30, 1961	April 1984 June 2008 March 2010 June 2010 June 2011 June 2013 June 2023	Joined the Company Appointed Executive Officer, and President and CEO of OMRON HEALTHCARE Co., Ltd. Appointed Senior General Manager of Corporate Strategic Planning HQ Appointed Managing Executive Officer Appointed Representative Director and President Appointed CEO Appointed Chairman of the Board (to present)	(Note 4)	56
Representative Director, President and CEO	Junta Tsujinaga	April 5, 1966	April 1989 March 2016 April 2017 April 2019 March 2021 April 2023 June 2023	Joined the Company Appointed Senior General Manager of Product Business Division HQ, Industrial Automation Company Appointed Executive Officer Appointed Managing Executive Officer Appointed Company President of Industrial Automation Company Appointed President and CEO (to present) Appointed Representative Director (to present)	(Note 4)	6
Representative Director, Executive Officer and Executive Vice President, CTO	Kiichiro Miyata	July 24, 1960	April 1985 March 2010 June 2010 June 2012 April 2015 April 2017 June 2017 March 2018 April 2023	Joined Tateisi Institute of Life Science, Inc. (currently OMRON HEALTHCARE Co., Ltd) Appointed President and CEO of OMRON HEALTHCARE Co., Ltd. (Retired in March 2015) Appointed Executive Officer of the Company Appointed Managing Executive Officer Appointed Chief Technology Officer (CTO) (to present) Appointed Senior General Manager of Technology & Intellectual Property HQ Appointed Senior Managing Director Appointed Representative Director (to present) Appointed Senior General Manager of Innovation Exploring Initiative HQ Appointed Executive Officer and Executive Vice President (to present)	(Note 4)	24
Director, Senior Managing Executive Officer, CHRO and Senior General Manager of Global Human Resources and Administration HQ	Masahiko Tomita	August 20, 1966	April 1989 March 2012 April 2014 March 2017 April 2019 April 2023 June 2023	Joined the Company Appointed General Manager of Corporate Planning Department, Global Strategy HQ Appointed Executive Officer Appointed Senior General Manager of Global Human Resources and Administration HQ (to present) Appointed Managing Executive Officer Appointed Senior Managing Executive Officer and CHRO (to present) Appointed Director (to present)	(Note 4)	12

Position	Name	Date of birth	Career summary		Term of office	Number of shares of the Company owned (thousands of shares) (Note 7)
Director	Shizuto Yukumoto	December 25, 1961	April 1985 April 2009 June 2010 March 2012 March 2014 April 2014 February 2017 June 2023	Joined the Company Appointed President & CEO of OMRON EUROPE B.V. Appointed Executive Officer Appointed Senior General Manager of Environmental Solutions Business HQ Appointed Senior General Manager of Environmental Business HQ Appointed Managing Executive Officer Appointed Company President of Electronic and Mechanical Components Company (currently Device & Module Solutions Company) Appointed Director (to present)	(Note 4)	16
Outside Director	Takehiro Kamigama	January 12, 1958	April 1981 June 2002 June 2003 June 2004 June 2006 June 2016 June 2017 June 2018 July 2021	Joined TDK Corporation Appointed Corporate Officer of TDK Corporation Appointed Senior Vice President of TDK Corporation Appointed Director & Executive Vice President of TDK Corporation Appointed President & Representative Director of TDK Corporation Appointed Chairman & Representative Director of TDK Corporation Appointed Outside Director of the Company (to present) Appointed Mission Executive of TDK Corporation Appointed Chief Consultant, Contemporary Amperex Technology Japan KK (to present)	(Note 4)	—
Outside Director	Izumi Kobayashi	January 18, 1959	April 1981 June 1985 December 2001 November 2008 April 2015 June 2016 June 2020	Joined Mitsubishi Chemical Industries Limited (currently Mitsubishi Chemical Corporation) Joined Merrill Lynch Futures Japan Inc. Appointed President and Representative Director of Merrill Lynch Japan Securities Co., Ltd. (currently BofA Securities Japan Co., Led.) Appointed Executive Vice President of Multilateral Investment Guarantee Agency, The World Bank Group Appointed Vice Chairperson of Japan Association of Corporate Executives Appointed Governor of Japan Broadcasting Corporation Appointed Outside Director of the Company (to present)	(Note 4)	2

Position	Name	Date of birth	Career summary		Term of office	Number of shares of the Company owned (thousands of shares) (Note 7)
Outside Director	Yoshihisa Suzuki	June 21, 1955	April 1979 June 2003 April 2006 April 2007 June 2012 June 2016 April 2018 April 2020 April 2021 April 2022 June 2022 April 2023 April 2024	Joined ITOCHU Corporation Appointed Executive Officer of ITOCHU Corporation Appointed Managing Executive Officer of ITOCHU Corporation Appointed President (CEO) of ITOCHU International Inc. Appointed Representative Director, President & CEO of JAMCO CORPORATION Appointed Representative Director and Senior Managing Executive Officer of ITOCHU Corporation Appointed President & Chief Operating Officer of ITOCHU Corporation Appointed President & Chief Operating Officer and CDO・CIO of ITOCHU Corporation Appointed Member of the Board and Vice Chairman of ITOCHU Corporation Appointed Vice Chairman of ITOCHU Corporation Appointed Outside Director of the Company (to present) Appointed Senior Vice Representative for External Affairs, ITOCHU Corporation Appointed Advisory Member of ITOCHU Corporation (to present)	(Note 4)	2
Audit & Supervisory Board Member	Shuji Tamaki	December 3, 1961	April 1985 March 2008 March 2015 April 2015 June 2021	Joined the Company Appointed General Manager of the Legal Center, Management Resources Innovation HQ Appointed Senior General Manager of Global Risk Management and Legal HQ Appointed Executive Officer Appointed Audit & Supervisory Board Member (to present)	(Note 3)	8
Audit & Supervisory Board Member	Toshio Hosoi	December 25, 1961	April 1984 April 2011 June 2011 March 2015 April 2015 June 2023	Joined the Company Appointed Managing Director and Senior General Manager of Solutions Business HQ of OMRON SOCIAL SOLUTIONS Co., Ltd. Appointed Executive Officer of the Company Appointed President and CEO of OMRON SOCIAL SOLUTIONS Co., Ltd. Appointed Managing Executive Officer Appointed Audit & Supervisory Board Member (to present)	(Note 5)	20

Position	Name	Date of birth	Career summary		Term of office	Number of shares of the Company owned (thousands of shares)
Outside Audit & Supervisory Board Member	Tadashi Kunihiro	November 29. 1955	April 1986 January 1994 June 2017	Registered as attorney with the Daini Tokyo Bar Association Joined Nasu & Iguchi Law Office Established Kunihiro Law Office (currently T. Kunihiro & Co., Attorneys-at-Law) Appointed Outside Audit & Supervisory Board Member of the Company (to present)	(Note 3)	2
Outside Audit & Supervisory Board Member	Hiroshi Miura	April 16, 1959	April 1985 August 1989 June 2006 July 2009 October 2013 July 2021 June 2024	Joined Eiwa Audit Corporation (currently KPMG AZSA LLC) Registered as Certified Public Accountant Appointed Representative Partner of KPMG AZSA & Co. (currently KPMG AZSA LLC) Seconded to KPMG London Office (Head of EMA Global Japanese Practice (GJP)) Appointed Executive Board Member of KPMG AZSA LLC Appointed Representative CPA of Global Management Advisory Office (to present) Appointed Outside Audit & Supervisory Board Member of the Company (to present)	(Note 6)	–
Total						148

Notes: 1. Directors Takehiro Kamigama, Izumi Kobayashi and Yoshihisa Suzuki are Outside Directors.

2. Audit & Supervisory Board Members Tadashi Kunihiro and Hiroshi Miura are Outside Audit & Supervisory Board Members.
3. The term of office is from the time of the conclusion of the 84th Ordinary General Meeting of Shareholders until the time of the conclusion of the 88th Ordinary General Meeting of Shareholders.
4. The term of office is from the time of the conclusion of the 87th Ordinary General Meeting of Shareholders until the time of the conclusion of the 88th Ordinary General Meeting of Shareholders.
5. The term of office is from the time of the conclusion of the 86th Ordinary General Meeting of Shareholders until the time of the conclusion of the 90th Ordinary General Meeting of Shareholders.
6. The term of office is from the time of the conclusion of the 87th Ordinary General Meeting of Shareholders until the time of the conclusion of the 91st Ordinary General Meeting of Shareholders.
7. The above numbers of shares held include the effective number of shares held in the name of the OMRON Officers' Stock Ownership Plan.
   The effective number of shares owned as of May 31, 2024 is shown because the number of shares acquired by the OMRON Officers' Stock Ownership Plan for June 2024 cannot be confirmed as of the submission date (June 21, 2024).
8. The Company elects one Alternate Audit & Supervisory Board Member as prescribed in Article 329, paragraph (3) of the Companies Act in case of a vacancy in the number of Audit & Supervisory Board Members prescribed by law. The career summary of the Alternate Audit & Supervisory Board Member is as follows.

Name	Date of birth	Career summary		Number of shares of the Company owned (thousands of shares)
Toru Watanabe	February 2, 1966	April 1993 January 1998 January 2020	Registered as attorney with the Osaka Bar Association Joined Kitahama Partners (currently Kitahama Partners - Foreign Law Joint Enterprise) Appointed Partner of Kitahama Partners (to present) Appointed Representative Partner of Kitahama Partners (to present)	–

(ii) Outside Officers

Outside Directors comprise one-third or more of the Board of Directors to strengthen oversight functions.

The Company currently has three Outside Directors and two Outside Audit & Supervisory Board Members.

1. Personal Relationships, Capital Relationships and Business Relationships Outside Directors and Audit & Supervisory Board Members Have with the Company

Mr. Yoshihisa Suzuki is the Advisory Member of ITOCHU Corporation. Although the OMRON Group and the ITOCHU Group have business relationships such as the sale of products, the percentage of the value of transactions was less than 1% of consolidated net sales for both the OMRON Group and the ITOCHU Group, and, as such, there are no issues with his independence. There are no other notable relationships between companies where Outside Executives hold significant concurrent positions and the Company.

The Outside Executives of the Company satisfy the "Independence Requirements for Outside Executives" (Note) specified by the Company, and all Outside Executives have been registered as Independent Officers because there is no risk of the occurrence of a conflict of interests with general shareholders.

Note: The Company's "Independence Requirements for Outside Executives" are stated in "3. OMRON's Independence Requirements for Outside Directors and Audit & Supervisory Board Members and Approach to the State of Election"

2. Functions and Roles of Outside Directors and Audit & Supervisory Board Members in OMRON's Corporate Governance

Functions and Roles of Independent Outside Directors

- Independent Outside Directors perform the function of supervising execution, advisory functions and the function of supervising conflicts of interest based on their independent positions, in addition to reflecting the opinions of stakeholders in the Board of Directors.
- Independent Outside Directors exchange opinions on the Company's management with the Audit & Supervisory Board.
- Independent Outside Directors demand information to the Company as needed to fulfill their roles.

Functions and Roles of Independent Outside Audit & Supervisory Board Member

- Independent Outside Audit & Supervisory Board Members provide appropriate opinions to the President and the Board of Directors based on their independent positions.
- Independent Outside Audit & Supervisory Board Members endeavor to actively establish an auditing environment including exercising their auditing authority pursuant to laws and regulations.

3. OMRON's Independence Requirements for Outside Directors and Audit & Supervisory Board Members and Approach to the State of Election

Independence Requirements for Outside Directors and Audit & Supervisory Board Members

In addition to the requirements of Japan's Companies Act, the Company has formulated its own "Independence Requirements for Outside Executives" and as we select all Outside Executives using these requirements as our standard, we judge them to be sufficiently independent, and register all of our Outside Executives as Independent Officers. When determining that all Outside Executives are Independent Officers, we consult with our Corporate Governance Committee (which is composed of Outside Executives) and confirm that the "Independence Requirements for Outside Executives" are appropriate as independence criteria for Outside Executives before they are resolved by the Board of Directors.

"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.

a. Nominees for Outside Executives shall not be Directors (excluding Outside Directors), Audit & Supervisory Board

Members (excluding Outside Audit & Supervisory Board Members, 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 Outside Audit & Supervisory Board Members), Executive Officers or employees of the OMRON Group in the past.

b. 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.

c. 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).

d. 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.

e. 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.

f. 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.

g. 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.

h. 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.

i. 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.

Status of Election and Reasons for Election of Outside Directors and Outside Audit & Supervisory Board Members

	Name	Reasons for election
Outside Director	Takehiro Kamigama	Having served in management positions at a global company, Outside Director Takehiro Kamigama has a considerable track record of management achievements and superior insight into innovation, technology, DX and IT, and appropriately supervises corporate management as an Outside Director with an aim of realizing the long-term vision “SF2030” and accomplishing Structural Reform Program NEXT2025. In addition, Mr. Kamigama shares his experience and insight as management expert, and actively comments as Chairman of the CEO Selection Advisory Committee and Corporate Governance Committee, and as a member of the Personnel Advisory Committee and Compensation Advisory Committee, to contribute to increasing transparency and fairness in the management of the Company. Based on these factors, the Company believes that he is a suitable person for supervising management for sustained improvements in corporate value and has therefore selected him as an Outside Director.
	Izumi Kobayashi	Outside Director 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, ESG and diversity, and appropriately supervises corporate management as an Outside Director with an aim of realizing the long-term vision “SF2030” and accomplishing Structural Reform Program NEXT2025. 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, Corporate Governance Committee, and Compensation Advisory Committee to contribute to increasing transparency and fairness in the management of the Company. Based on these factors, the Company believes that she is a suitable person for supervising management for sustained improvements in corporate value and has therefore selected her as an Outside Director.
	Yoshihisa Suzuki	Having served in management positions at a global general trading company, Outside Director Yoshihisa Suzuki has a considerable track record of international management achievements and superior insight into innovation, technology, DX and IT, and appropriately supervises corporate management as an Outside Director with an aim of realizing the long-term vision “SF2030” and accomplishing Structural Reform Program NEXT2025. In addition, Mr. Suzuki shares his experience and insight as management expert, and actively comments as Chairman of the Compensation Advisory Committee and as a member of the CEO Selection Advisory Committee, Personnel Advisory Committee and Corporate Governance Committee to contribute to increasing transparency and fairness in the management of the Company. Based on these factors, the Company believes that he is a suitable person for supervising management for sustained improvements in corporate value and has therefore selected him as an Outside Director.
Outside Audit & Supervisory Board Member	Tadashi Kunihiro	Outside Audit & Supervisory Board Member Tadashi Kunihiro is an attorney principally specializing in corporate governance, compliance and the Companies Act. He is an expert in corporate crisis management and has been appointed to important positions including advisory roles in the Cabinet Office and the Consumer Affairs Agency. As an Outside Audit & Supervisory Board Member, he attends Board of Directors meetings and other important meetings, at which he proactively comments from the standpoint of audit on legality and appropriateness, and he duly fulfills his role of auditing the performance of duties by Directors. In addition, Mr. Kunihiro actively comments as a member of Corporate Governance Committee to contribute to increasing transparency and fairness in the Company’s management. Based on these accomplishments and considerable amount of experience, the Company believes that he is a suitable person for an Audit & Supervisory Board Member and has therefore selected him as an Outside Audit & Supervisory Board Member.

	Name	Reasons for election
Outside Audit & Supervisory Board Member	Hiroshi Miura	Outside Audit & Supervisory Board Member Hiroshi Miura has years of international work experience both in Japan and overseas as a certified public accountant at auditing firms and has considerable knowledge regarding finance and accounting. He has expertise in international accounting standards, such as IFRS, and superior insight into governance and risk management. Based on these achievements and extensive experience, the Company believes that he is a suitable person for an Outside Audit & Supervisory Board Member and has therefore selected him as an Outside Audit & Supervisory Board Member.

(iii) Mutual Coordination between Supervision and Audits by Outside Directors and Audit & Supervisory Board Members and Internal Audits, Audits by Audit & Supervisory Board Members and Audits by the Accounting Auditor, and the Relationship with Internal Audit Divisions

As mentioned above, Outside Directors attend monthly meetings of the Board of Directors, are present at committee meetings, and supervise management, in addition to entering into annual dialogues with the Audit & Supervisory Board in order to exchange opinions on the Company's management. The internal audit department reports annually to Outside Directors with an annual summary of the fiscal year. In addition, Outside Directors hold a biannual meeting with the Accounting Auditor to exchange opinions, where they share their viewpoints and directly exchange risk information with the Company.

The situation with regard to Outside Audit & Supervisory Board Members is as described in "IV. Information about the Reporting Company 4. Corporate Governance, etc. (3) Status of Auditing."

(3) Status of Auditing

(i)Status of Auditing by Audit & Supervisory Board Members

1. Organization and Personnel

The Audit & Supervisory Board of the Company consists of two Audit & Supervisory Board Members and two Outside Audit & Supervisory Board Members.

Audit & Supervisory Board Members are selected from candidates with appropriate experience and abilities, as well as the necessary experience in areas related to finance, accounting, and legal affairs. One criterion is that there be at least one person with considerable knowledge of finance and accounting in particular.

The Audit & Supervisory Board Office is staffed by employees with the necessary knowledge and abilities to assist the Audit & Supervisory Board Members in the performance of their duties. Personnel matters related to Audit & Supervisory Board Office staff require the consent of the Audit & Supervisory Board Members.

Composition of the Audit & Supervisory Board in fiscal 2023

Name	Position	Appointed	Expert Knowledge
Shuji Tamaki	Audit & Supervisory Board Member / Chairman	2021	Legal affairs, compliance, internal control, risk management
Toshio Hosoi	Audit & Supervisory Board Member	2023	Specialized knowledge related to New Business, innovation, DX and IT.
Tadashi Kunihiro	Outside Audit & Supervisory Board Member	2017	Corporate governance, internal control, corporate risk management, etc.
Hiroshi Miura	Outside Audit & Supervisory Board Member	2024	Finance and accounting, corporate management, governance & risk management

Notes: 1. At the conclusion of the 87th Ordinary General Meeting of Shareholders held on June 20, 2024, Mr. Hideyo Uchiyama retired as an Audit & Supervisory Board Member and Mr. Hiroshi Miura was appointed as an Audit & Supervisory Board Member.

2. The career summaries of Audit & Supervisory Board Members as of the submission date of the Annual Securities Report are shown in the “IV. Information about the Reporting Company 4. Corporate Governance, etc. (2) Officers (i) List of Officers” item.

2. Operations of the Audit & Supervisory Board

The Audit & Supervisory Board resolves, deliberates, reports, and discusses important matters related to audits in accordance with the provisions of laws and regulations, the Articles of Incorporation, and the Regulations of the Audit & Supervisory Board. During the fiscal year under review, the Audit & Supervisory Board operated as follows.

Frequency	Prior to the meeting of the Board of Directors, it is held on a monthly basis and as needed			
Number of meetings held	13 times			
Attendance	Position	Name	Attendance rate for the current fiscal year	
			Audit & Supervisory Board	Board of Directors
	Audit & Supervisory Board Member	Shuji Tamaki	100% (13times/13times)	100% (14times/14times)
	Audit & Supervisory Board Member	Kiyoshi Yoshikawa	100% (3times/3times)	100% (3times/3times)
	Audit & Supervisory Board Member	Toshio Hosoi	100%(10times/10times)	100%(11times/11times)
	Outside Audit & Supervisory Board Member	Hideyo Uchiyama	100% (13times/13times)	100% (14times/14times)
	Outside Audit & Supervisory Board Member	Tadashi Kunihiro	100% (13times/13times)	100% (14times/14times)
Main matters discussed	Resolutions: 18 (Audit Implementation Report, Audit Policy and Plan, Audit Report of the Audit & Supervisory Board, Disclosure to Business Reports, Consent to the Appointment of Audit & Supervisory Board members, Evaluation of the Accounting Auditor and Consent to Audit Remuneration, etc.)			

	Deliberations: 6 (Audit & Supervisory Board's Evaluation of Effectiveness, Audit Implementation Report, Audit Policy and Plan, etc.) Discussions: 1 (Distribution of remuneration for Audit & Supervisory Board Members) Reports: 45 (Status of job execution by Audit & Supervisory Board Members, reports on the Executive Council meetings (**), Report from Head of Global Internal Audit HQ, Evaluation of Corporate Value Contribution, Annual Securities Report, etc.)

(*) At the conclusion of the 86th Ordinary General Meeting of Shareholders held on June 22, 2023, Mr. Kiyoshi Yoshikawa retired as an Audit & Supervisory Board Member and Mr. Toshio Hosoi was appointed as an Audit & Supervisory Board Member.

(**) Executive Council meeting: a meeting chaired by the President and attended by Executive Officers

The total time required for the Audit & Supervisory Board meetings and free discussions during the fiscal year under review was 34.7 hours, with an average of 2.66 hours.

3. Activities of Audit & Supervisory Board Members

The following is an overview of the main activities and audit activities for priority audit items during the current fiscal year.

(■ Attendance based on role ○ Attendance as observer △ Voluntary attendance)

	Main activities	Frequency	Audit & Supervisory Board Member	Outside Audit & Supervisory Board Member
(i)	Attendance at Board of Directors meetings	14 times	■	■
(ii)	Exchanged opinions with Directors	10 times	■	■
(iii)	Attendance at committees (Corporate Governance Committee, Remuneration Advisory Committee, etc.)	18 times	○	■
(iv)	Attendance at important company-wide meetings, including Executive Council meetings, Budget meetings	19 times	○	△
(v)	Dialogue with the General Managers of BC (Business Companies) and the Heads of Major Divisions	22 times	■	■
(vi)	Visits by Audit & Supervisory Board Members (4 domestic companies, 19 overseas companies, 3 external companies)	26 companies	■	△
(vii)	Discussion and sharing of information with Global Internal Auditing Headquarters	21 times	■	△
(viii)	Discussion and sharing information with Accounting Auditor	11 times	■	△

Priority Audit Matters	Overview of Audit Activities
Monitoring the Progress of the Long-Term Vision and Medium-Term Plan	The Audit & Supervisory Board confirmed the management measures, including performance and structural reform (NEXT2025), clarified management issues as a member of the Audit & Supervisory Board, discussed with Directors, and made recommendations to the CEO.
Risk Management in time of uncertainty (including geopolitical risks)	By grasping the progress of business strategies and action plans, the Audit & Supervisory Board confirmed the status of responses to geopolitical risks for the entire company and each business.
Corporate IT Systems Progress toward construction	The Audit & Supervisory Board confirmed the progress of system construction in each region and discuss about the future issues.
Global Groups Governance	The evolution of the management of the Board of Directors, the details of material risks and countermeasures, the status of whistleblowing operations, and the progress of sustainability-related activities were confirmed through attendance at meetings and dialogue with officers.
Transformation of corporate culture	The status of the activities of the executive divisions was analyzed using data, and the Audit & Supervisory Board discussed the management issues that were derived from the data, and information was shared and recommendations were made to the directors.
Progress of M&A&A Execution Projects(Including progress on partnership with JMDC)	Regarding the progress of the partnership with JMDC, the Audit & Supervisory Board identified opportunities and risks from various perspectives. Also actively exchanged opinions with the accounting auditor and engaged in lively discussions.

In addition, in the current fiscal year, aimed to further evolve the Audit & Supervisory Board, and enhanced opportunities for mutual study with Audit & Supervisory Board members of other companies.

4. Status of Coordination with Global Internal Auditing Headquarters

Global Internal Audit Headquarters verifies the development and operation status of the OMRON Group's internal controls from the following perspectives: “Effectiveness and efficiency of operations', “Reliability of financial reporting", “Compliance with laws and regulations related to business activities", and “Preservation of assets". Further, evaluate the validity and effectiveness of risk management and provide advice and recommendations for improvement.
The Audit & Supervisory Board invite the head of Global Internal Audit Headquarters to the monthly meeting to check the status of company-wide operational audits and internal control audits and exchange opinions.
In the current fiscal year, the Audit & Supervisory Board set the issue of strengthening cooperation with the Global Internal Audit Headquarters and held thorough discussions on improving the quality and efficiency of internal audits. In addition, learned about risk analysis methods and AI techniques by Accounting Auditors, and exchanged opinions on improving audit efficiency.

5. Status of Coordination with the Accounting Auditor

In addition to quarterly reviews, the Audit & Supervisory Board holds regular meetings with the accounting auditor to share information, such as the status of audits of the internal control system for financial reporting. With regard to the examination of Key Audit Matters (KAM), the content of reports from the accounting auditor was reviewed on a case-by-case basis and discussions were held from a multifaceted perspective.
In addition, at the Tripartite Audit Committee, it was confirmed that the Accounting Auditor, the Internal Audit Department, and the Audit & Supervisory Board Members will incorporate risk recognition into their respective action plans, and that the Tripartite Audit Committee will evolve and enhance it.
The main reports and considerations in the audit of financial statements for the current fiscal year are as follows.

Main Reports and Considerations	Month												Attendees	
	7	8	9	10	11	12	1	2	3	4	5	6	Head of Financial Mgmt Dept.	CAE
Basic Audit Policy and Audit Plan	■						■		■		■		○	○
Priority Audit Domains and KAM	■			■			■		■	■	■	■	○	○
Quarterly Reviews, Audit Results and Opinions	■			■			■				■	■	○	○
Internal Control Audits	■			■					■			■	○	○
Group Audits (Issues and Findings)	■			■			■		■		■		○	○
Independence of Auditors (including non-assurance work)	■			■			■		■	■	■	■	○	○
Matters Concerning the Execution of Duties by the Accounting Auditor	■					■	■			■			○	○
Matters Concerning Disclosure of Non-Financial Information	■					■							○	○

6. Evaluation of Effectiveness of the Audit & Supervisory Board

The Audit & Supervisory Board conducts audits while continuously discussing how audit activities should exist in order to earn the trust of stakeholders and achieve sustainable improvement in corporate value. The Audit & Supervisory Board has contributed to the improvement of the corporate governance function while engaging in free and open discussions with the Board of Directors.
Additionally, in addition to deepening compliance audits, risk-based audits, and internal control audits, also actively targeted the scope of audits on management issues, and evaluated effectiveness from a more multifaceted and objective perspective (Note).

Note: The evaluation was conducted using the "Questionnaire for Audit & Supervisory Board Members," the "Evaluation Sheet for Contribution to Corporate Value Improvement," and the "FY2023 Audit Implementation Report." The "Evaluation Sheet for Contribution to Improving Corporate Value" is an original initiative of the Audit & Supervisory Board, which qualitatively analyzes statements made by Audit & Supervisory Board Members and determines the degree of contribution to the improvement of corporate value through the activities of the Audit & Supervisory Board. In addition, this year we also received opinions from directors to the Audit & Supervisory Board and used them as a reference.

The results of the Audit & Supervisory Board's effectiveness evaluation and issues for the fiscal year under review are as follows.

<table>
<tr><th>Issues for the Audit & Supervisory Board in fiscal 2023</th><th>Effectiveness evaluation results of the Audit & Supervisory Board for fiscal 2023</th><th>Issues for the Audit & Supervisory Board in fiscal 2024</th></tr>
<tr><td>Hold thorough discussions between the Audit & Supervisory Board and the Board of Directors to narrow down and deepen medium- to long-term management issues.</td><td rowspan="2">Discussions with Directors were deepened through meetings of the Board of Directors and the Corporate Governance Committee along with other opportunities.
Management issues clarified by the Audit & Supervisory Board were narrowed down and suggested to the CEO as issues in common.</td><td rowspan="2">Follow up the progress of actions taken by executive divisions against the management issues suggested in fiscal 2023 and share this information with the Board of Directors.</td></tr>
<tr><td>Clarify on-site management issues and have them reflected in discussions with the Board of Directors.</td></tr>
<tr><td>Cooperation between the Audit & Supervisory Board and the Internal Audit Division will be strengthened, including by making suggestions on how internal audits should be conducted.</td><td>Cooperation with the Internal Audit Division was strengthened; however, the Audit & Supervisory Board was unable to suggest on how internal audits should be for OMRON.</td><td>Deepen discussion between the Audit & Supervisory Board Members and CEO and make suggestions on how ideal internal audits should be for OMRON that is undergoing a management structural reform.</td></tr>
</table>

(ii) Status of Internal Auditing

The Company’s internal audit functions are handled by the head office Global Internal Auditing Headquarters (with a staff of 25 as of the submission date) under the guidance of the President, supervising Internal Audit offices established in regional management companies in North America, Europe, Greater China and Asia-Pacific, and periodically implementing internal audits on accounting, operations and compliance from a risk management perspective. Internal audits are implemented at the departmental level, and the results are reported to the President and to the Audit & Supervisory Board periodically, with an annual summary report being submitted to the Board of Directors.

With regard to mutual coordination between internal audits, audits by Audit & Supervisory Board Members, and accounting audits, the head of the Global Internal Auditing Headquarters attends monthly meetings of the Audit & Supervisory Board to report audit results and exchange opinions on strengthening internal audits, and regular meetings with the Accounting Auditor are held to share information on each other’s activities. The Global Internal Auditing Headquarters also coordinates on a regular basis with internal control divisions such as legal, accounting, and finance, sharing information on risk assessments and other matters, as appropriate.

The Global Internal Auditing Headquarters also lists countermeasures, monitoring, and other activities in relation to the “significant Group risks” drawn up by the Corporate Ethics & Risk Management Committee, visualizing residual risks for the Company as a whole, and conducting theme audits centered on the status of governance by the head office for the material risks selected from the list.

In order to improve the completeness and timeliness of internal audits, we make use of CAAT (Computer Assisted Audit Techniques) and periodically analyze global companywide accounting data and domestic decision making document data to identify deficiencies and risks and encourage improvement to each department.

Members of the Global Internal Auditing Headquarters are appointed as Audit & Supervisory Board Members of domestic subsidiaries, offering advice and opinions in relation to governance and the internal control system by conducting financial auditing, attending meetings of the Board of Directors, and participating in various other meetings.

Management candidates are seconded from divisions to the Global Internal Auditing Headquarters, and through audit activities they acquire a management perspective and sensitivity to risk in the expectation that they will make further contributions in future in their original divisions after these assignments end. This development program is implemented on an ongoing basis.

In addition, the Global Internal Auditing Headquarters is proceeding with the verification of the possibility of increasing efficiency through the use of generative AI in audit activities.

(iii) Status of Accounting Audit

1. Name of Audit Firm

   Deloitte Touche Tohmatsu LLC

   The Company has requested Deloitte Touche Tohmatsu LLC to perform accounting audits pursuant to the Companies Act and accounting audits pursuant to the Financial Instruments and Exchange Act, but there are no special interests between the Company and the audit firm or the engagement partners of the audit firm engaged in the audit. Furthermore, steps are taken to ensure engagement partners of the audit firm are not involved in the Company's accounting audits for more than a specific period. The Company has concluded an audit agreement with the audit firm for auditing under the Companies Act and auditing under the Financial Instruments and Exchange Act, and pays compensation pursuant to this.

2. Continuous Audit Period

   56 years

3. Names of Certified Public Accountants Engaged in Operations

   Designated Limited Liability Partners, Engagement Partners: Yoshio Sato, Takeshi Kawazoi, Tomomi Tsuji

4. Composition of Assistants Involved in Audit Activities

   37 certified public accountants, 16 persons who have passed the certified public accountant examination, and 29 others

5. Policy and Reason for Selection of the Audit Firm

   The current Accounting Auditor was appointed because it was determined that it has the expertise, independence and internal management systems required as the Accounting Auditor of the Company, and also a system enabling an integrated audit of the Company's global activities.

   The Audit & Supervisory Board determines the content of proposals on the dismissal or refusal of reappointment of the Accounting Auditor that are submitted to the General Meeting of Shareholders as necessary such as when the execution of duties of the Accounting Auditor is impeded. Furthermore, the Audit & Supervisory Board may dismiss the Accounting Auditor with the consent of all Audit & Supervisory Board Members if it is found that the Accounting Auditor falls under any of the items of Article 340, paragraph (1) of the Companies Act.

6. Evaluation of the Audit Firm by Audit & Supervisory Board Members and the Audit & Supervisory Board

   The Audit & Supervisory Board monitors the independence and appropriateness of audits by the Accounting Auditor, receives audit plans and reports on the results, and works closely with the Audit & Supervisory Board to exchange information and opinions. The Audit & Supervisory Board conducts a questionnaire to the Audit & Supervisory Board Members at its regular quarterly meeting to evaluate and provide feedback to the Accounting Auditor. In addition, at the end of the fiscal year, we look back on each fiscal year in detail and comprehensively evaluate it with reference to the opinions of the internal audit and accounting departments. The advice received from the Accounting Auditor is reflected in the audit plan for the next fiscal year.

(iv) Content of Audit Fees, etc.

1. Audit fees for Certified Public Accountant, etc.

(JPY millions)

Classification	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
	Fees for audit services	Fees for non-audit services	Fees for audit services	Fees for non-audit services
Reporting company	254	57	306	36
Consolidated subsidiaries	57	–	61	–
Total	311	57	367	36

The content of non-auditing services in the Reporting Company is primarily advisory services related to financial reporting. To ensure the independence of the Accounting Auditor, certain restrictions are placed on compensation for non-auditing services pursuant to the Company’s own provisions.

2. Audit fees for the Same Network as the Certified Public Accountant, etc. (Deloitte Touche Tohmatsu and Its Member Firms) (Excluding 1.)

(JPY millions)

Classification	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
	Fees for audit services	Fees for non-audit services	Fees for audit services	Fees for non-audit services
Reporting company	–	–	–	1
Consolidated subsidiaries	448	12	558	1
Total	448	12	558	2

The content of non-auditing services in the Reporting Company is primarily internal training services. The content of non-auditing services in consolidated subsidiaries is primarily tax-related services. To ensure the independence of the Accounting Auditor, certain restrictions are placed on compensation for non-auditing services pursuant to the Company’s own provisions.

3. Content of Other Significant Audit Fees
Not applicable.

4. Policy for Determining Audit Fees
The Company’s audit fees for the certified public accountant, etc. for audits is negotiated with the certified public accountant, etc. for audits based on the content of the audit such as the audit team, on-site audit content, number of audit days, etc. included in the annual audit plan, and determined with the consent of the Audit & Supervisory Board in accordance with the provisions of Article 399 of the Companies Act.

5. Reason for the Audit & Supervisory Board Consenting to the Compensation etc. for the Accounting Auditor
As a result of confirming and deliberating on the accounting audit plan for the fiscal year under review explained by the Accounting Auditor and relevant internal divisions, audit performance of the previous fiscal year, the status of execution of auditing by the Accounting Auditor and the grounds for calculation of compensation estimates, the Audit & Supervisory Board determined them to be appropriate, and consented to the amount of compensation, etc. of the Accounting Auditor.

(4) Officer Compensation

(i) Content of Officer Compensation.

The content of officer compensation, etc. for the fiscal year ended March 31, 2024 is as follows.

a. Total amount of compensation by officer type, total amount by type of compensation, and number of eligible officers

Officer type	Total amount of compensation, etc. (JPY millions)	Total amount by type of compensation (JPY millions)			Number of eligible officers
		Base salary	Short-term performance-linked compensation (bonuses)	Medium-to-long-term, performance-linked compensation (stock compensation)	
Directors (Excluding Outside Directors)	509 [184]	309	16	184 [184]	8
Audit & Supervisory Board Members (Excluding Audit & Supervisory Board Members (Independent))	69	69	–	–	3
Outside Directors	55	55	–	–	3
Audit & Supervisory Board Members (Independent)	35	35	–	–	2

Notes:

1. Base salary

   The maximum limit of the aggregate base salary of Directors was set at JPY35 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 Directors are determined by resolution of the Board of Directors based on discussions by and recommendations from the Compensation Advisory Committee. The maximum limit of the aggregate base salary of Audit & Supervisory Board Members was set at JPY11 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.

2. Bonuses

   The maximum limit of Directors' bonuses was set at JPY600 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 from continuing operations attributable to shareholders, and ROIC for the 87th term (fiscal year ended March 31, 2024), and determined by resolution of the Board of Directors based on discussions by and recommendations from the Compensation Advisory Committee. See the table below for the targets and actual results for each indicator.

	Target	Actual result
Operating income (JPY billions)	102.0	34.3
Net income from continuing operations attributable to shareholders (JPY billions)	74.5	8.1
Return on invested capital (ROIC) (%)	10.0	1.0

3. Stock compensation

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 JPY2.4 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, 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. See the table below for the targets for each indicator. The actual results for the performance indicators for stock compensation are not shown because they will be finalized after the end of fiscal year 2024.

	Evaluation weight	Performance indicator	Target
Financial targets evaluation	60%	Basic net income from continuing operations per share attributable to shareholders (EPS)	JPY400
		Net income attributable to shareholders on shareholders’ equity (ROE)	10%
Corporate value evaluation	20%	Relative TSR (Note 1)	100%
Sustainability evaluation	20%	Reduction of greenhouse gas emissions (Scope 1 and 2)	Down 53% from FY2016
		Engagement survey (Note 2) Sustainable Engagement Index (SEI) (Note 3) score	70 points
		Dow Jones Sustainability Indices	DJSI World

Notes: 1. Indicator that compares total shareholder return (TSR) of OMRON 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

b. Total amount of compensation, etc. for persons whose total compensation, etc. is JPY100 million or more

(JPY millions)

Name (Officer type)	Total amount of compensation, etc.	Company	Total amount by type of compensation		
			Base salary	Short-term performance-linked compensation (bonuses)	Medium-to-long-term, performance linked compensation (stock compensation)
Yoshihito Yamada (Director)	134 [54]	Omron Corporation	77	3	54 [54]
Junta Tsujinaga (Director)	142 [56]	Omron Corporation	79	7	56 [56]

Notes: 1. The amounts of medium-to-long-term, performance-linked stock compensation are the amounts of expenses recorded for points granted in the fiscal year ended March 31, 2024.
2. Amounts of compensation, etc. in brackets are non-monetary compensation, etc.

(ii) Policy on Determination of Amounts of Compensation of Officers or the Method of Calculation Thereof

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 is as follows.

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 base salary, paid monthly, shall be determined according to the person's role while 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) Compensation governance

- 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 each Director's compensation shall be determined by a resolution of the Board of Directors based on the deliberations and recommendations of the Compensation Advisory Committee.

Overview of Compensation Structure for Directors

(1) Compensation composition ratio

Compensation for Directors and Executive Officers consists of a base salary (fixed compensation) and compensation according to Company performance, namely short-term performance-linked compensation (bonuses) and medium-to-long-term, performance-linked compensation (stock compensation). The ratio of compensation consisting of performance-linked compensation compared to base salary has been determined for each role:

Base salary : Short-term performance-linked compensation (bonuses) : Medium-to-long-term, performance-linked compensation (stock compensation) = 1 : 1 : 1.5*

* 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 and Executive Officers 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 Executive Officers and Directors excluding Outside Directors as short-term performance- linked compensation, which is linked to yearly performance indicators and the degree of achievement of performance targets. Director bonuses vary between 0% and 200% according to the achievement of operating income, net income, and ROIC targets defined in the annual operating plan.

Base amount for each position × Performance score (Operating income 50%, net income 50%) × ROIC score = Short-term performance-linked compensation (bonuses)

(4) Medium-to-long-term, performance-linked compensation (stock compensation)

Stock compensation is paid as medium-to-long-term, performance-linked compensation to Executive Officers and 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 nonperformance-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 component will fluctuate in the range of 0% to 200% depending on the degree of achievement of performance targets in the medium-term management plan.

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

Note: Information on targets and indicators regarding financial, corporate value, and sustainability evaluations is available in (i) Content of Officer Compensation, etc.; a. Total amount of compensation by officer type, total amount by type of compensation, and number of eligible officers; Note 3. Stock compensation.

(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 “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 indicators in SF 1st Stage for financial targets, non-financial targets and strategic targets towards the realization of “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.

*Upon the execution of Structural Reform Program NEXT2025, the Company withdrew the targets under the medium-term management plan (SF 1st Stage), originally scheduled to run through the fiscal year ending March 31, 2025. However, the contents of the medium-to-long-term, performance-linked compensation (stock compensation) for the covered period (four fiscal years from fiscal 2021 to fiscal 2024) are kept unchanged from those approved at the 84th Ordinary General Meeting of Shareholders held on June 24, 2021. The degree of achievement of the performance indicators is also measured using the previous target values.

Compensation Policy for Audit & Supervisory Board Members

1) Basic policy

・Compensation shall be sufficient to recruit exceptional people who are capable of performing the duties of Audit & Supervisory Board Members entrusted by shareholders.

・The compensation structure shall maintain a high level of transparency, fairness, and rationality to ensure accountability to shareholders and other stakeholders.

2) Structure of compensation

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

3) Base salary

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

4) Governance of compensation

・The amount of compensation for each Audit & Supervisory Board Member shall be determined through discussions by Audit & Supervisory Board Members.

(5) Status of Shareholdings

(i) Standard and Approach for the Classification of Investment Shares

The Company does not hold shares for pure investment purposes and all shares are classified as equity investments for purposes other than pure investment. “Pure investment” means that the sole purpose is to earn profit from fluctuations in the value of stocks or dividends related to stocks. All other shares are deemed as being held for purposes other than pure investment.

(ii) Investment Shares Held for Any Purpose Other Than Pure Investment

1. Method of examining shareholding policies and the rationale of shareholdings, and details related to verifying the appropriateness of holdings of specific shares by the Board of Directors
   The Company will only hold shares for the purpose of further collaboration to create social value, thereby sustainably enhancing the Company’s corporate value.
   Moreover, specific investment shares that are held for purposes other than pure investment shall be examined from a medium- to long-term perspective regarding their purpose and the rationale for holding them. The Board of Directors will annually review the appropriateness of holding these shares. In verifying the appropriateness of holding the shares, the Company will consider the status of collaboration with the investee company, the impact on the business, the ROE of the investee company, and the contribution of transactions to Company profits. Upon review, the Company will proceed with the sale of shares for which the purpose and rationale of holding them is weak, while considering the impact on the business and the market.

2. Number of issues and the amount recorded on the balance sheet

	Number of issues (issues)	Total amount recorded on the balance sheet (JPY millions)
Unlisted shares	40	2,059
Shares other than unlisted shares	4	6,659

(Issues whose number of shares increased in the current fiscal year)

	Number of issues (issues)	Total amount of acquisition value related to increase in number of shares (JPY millions)	Reason for increase in number of shares
Unlisted shares	–	–	Not applicable
Shares other than unlisted shares	–	–	Not applicable

(Issues whose number of shares decreased in the current fiscal year)

	Number of issues (issues)	Total amount of sale value related to decrease in number of shares (JPY millions)
Unlisted shares	–	–
Shares other than unlisted shares	3	3,434

3. Information on the number and balance sheet figures of specific investment shares and deemed shares held for each issue

Issue	Fiscal year ended March 31, 2024 Number of shares Amount recorded on the balance sheet (JPY millions)	Fiscal year ended March 31, 2023 Number of shares Amount recorded on the balance sheet (JPY millions)	Purpose of holding, quantitative effect of holding and reasons for increase in number of shares	Holding of the Company's shares
Daikin Industries, Ltd.	236,200 4,866	236,200 5,587	・Primarily held for the purpose of collaborating to enhance social value in the device & module solutions business. ・Quantitative effect of holding (Note 3)	No
Suzuden Corporation	415,200 897	1,297,610 3,396	・Held for the purpose of expanding the value provided to customers as a major distributor of the industrial automation business. ・Quantitative effect of holding (Note 3)	Yes
Sun-Wa Technos Corporation	355,080 849	355,080 690	・Held for the purpose of expanding the value provided to customers as a major distributor of the industrial automation business. ・Quantitative effect of holding (Note 3)	Yes
Mental Health Technologies Co., Ltd.	49,200 47	49,200 58	・Held with the objective of co-creating solutions, in the healthcare data business, for the area of mental health care. ・Quantitative effect of holding (Note 3) ・Acquired with the objective of co-creating solutions, in the healthcare data business, for the area of mental health care.	No
Toyota Motor Corporation	— —	8,090,035 15,209	・All stocks were sold.	No
MEIJI ELECTRIC INDUSTRIES CO., LTD.	— —	320,000 387	・All stocks were sold.	No

Deemed Shares Held

<table>
<tr><th rowspan="3">Issue</th><th>Fiscal year ended March 31, 2024</th><th>Fiscal year ended March 31, 2023</th><th rowspan="3">Purpose of holding, quantitative effect of holding and reasons for increase in number of shares</th><th rowspan="3">Holding of the Company’s shares</th></tr>
<tr><th>Number of shares</th><th>Number of shares</th></tr>
<tr><th>Amount recorded on the balance sheet (JPY millions)</th><th>Amount recorded on the balance sheet (JPY millions)</th></tr>
<tr><td rowspan="2">Murata Manufacturing Co., Ltd.</td><td>3,939,165</td><td>1,313,055</td><td rowspan="2">・The Company contributed shares to a retirement benefit trust and has the right to direct the exercise of voting rights.
・Quantitative effect of holding (Note 4)
・Increase due to stock splits</td><td rowspan="2">Yes</td></tr>
<tr><td>11,124</td><td>10,557</td></tr>
<tr><td rowspan="2">Kyoto Financial Group, Inc. (Note 5)</td><td>6,112,368</td><td>1,528,092</td><td rowspan="2">・The Company contributed shares to a retirement benefit trust and has the right to direct the exercise of voting rights.
・Quantitative effect of holding (Note 4)
・Increase due to stock splits</td><td rowspan="2">Yes</td></tr>
<tr><td>16,876</td><td>9,551</td></tr>
<tr><td rowspan="2">ROHM Co., Ltd.</td><td>1,872,000</td><td>468,000</td><td rowspan="2">・The Company contributed shares to a retirement benefit trust and has the right to direct the exercise of voting rights.
・Quantitative effect of holding (Note 4)
・Increase due to stock splits</td><td rowspan="2">Yes</td></tr>
<tr><td>4,546</td><td>5,134</td></tr>
<tr><td rowspan="2">SCREEN Holdings Co., Ltd.</td><td>426,834</td><td>255,867</td><td rowspan="2">・The Company contributed shares to a retirement benefit trust and has the right to direct the exercise of voting rights.
・Quantitative effect of holding (Note 4)
・Increase due to stock splits</td><td rowspan="2">Yes</td></tr>
<tr><td>8,522</td><td>2,981</td></tr>
<tr><td rowspan="2">Mitsubishi UFJ Financial Group, Inc.</td><td>3,349,000</td><td>3,349,000</td><td rowspan="2">・The Company contributed shares to a retirement benefit trust and has the right to direct the exercise of voting rights.
・Quantitative effect of holding (Note 4)</td><td rowspan="2">Yes</td></tr>
<tr><td>5,214</td><td>2,840</td></tr>
<tr><td rowspan="2">Konica Minolta, Inc.</td><td>621,000</td><td>621,000</td><td rowspan="2">・The Company contributed shares to a retirement benefit trust and has the right to direct the exercise of voting rights.
・Quantitative effect of holding (Note 4)</td><td rowspan="2">No</td></tr>
<tr><td>308</td><td>353</td></tr>
<tr><td rowspan="2">Sumitomo Mitsui Financial Group, Inc.</td><td>68,600</td><td>68,600</td><td rowspan="2">・The Company contributed shares to a retirement benefit trust and has the right to direct the exercise of voting rights.
・Quantitative effect of holding (Note 4)</td><td rowspan="2">Yes</td></tr>
<tr><td>611</td><td>363</td></tr>
</table>

Notes: 1. When calculating the largest equity holdings in value terms as recorded on the balance sheet, specific investment shares and deemed shares are not included.
2. As the total number of specific investment shares and deemed shares is less than 60 issues, all holdings are shown here.
3. For reasons pertaining to business, the quantitative effects of the holding of specific investment shares are not disclosed. However, the rationale behind the holdings has been reviewed according to the method described in “1.” above, and it has been determined to be sufficient.
4. For reasons pertaining to business, the quantitative effects of the deemed shares held are not disclosed. However, the rationale behind the holdings has been reviewed in a similar manner to that of specific investment shares, and it has been determined to be sufficient.
5. The Bank of Kyoto, Ltd. changed its name to Kyoto Financial Group, Inc. on October 2, 2023 due to the transition to a holding company.

(iii) Investment Shares Owned for Pure Investment Purposes

Not applicable.

V. Financial Information

1. Methods for Preparation of Consolidated and Non-consolidated Financial Statements

(i) The Company’s consolidated financial statements are prepared under the Regulations Concerning the Terminology, Forms and Preparation Method of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976; hereinafter referred to as “Consolidated Financial Statement Regulations”) and paragraph (3) of the Supplementary Provisions (Cabinet Office Ordinance No. 11 of 2002), as well as accounting principles generally accepted in the United States of America.

(ii) The Company’s non-consolidated financial statements are prepared under the “Regulations Concerning Terminology, Forms and Preparation Method of Financial Statements” (Ministerial Ordinance No. 59 of the Ministry of Finance of 1963; hereinafter referred to as “Financial Statements Regulations”).
In addition, the Company falls under the category that requires it to submit special financial statements. As such, it prepares financial statements in accordance with the provisions of Article 127 of the Financial Statements Regulations.

2. Audit Certification

Under the provision of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Law, the Company received an audit of consolidated financial statements for the consolidated fiscal year (from April 1, 2023 to March 31, 2024) and the non-consolidated financial statements for the fiscal year (from April 1, 2023 to March 31, 2024) by Deloitte Touche Tohmatsu LLC.

3. Special Efforts to Ensure the Appropriateness of Consolidated Financial Statements

The Company makes special efforts to ensure the appropriateness of its consolidated financial statements. To be specific, in order to gain a proper understanding of accounting standards and maintain a system to ensure the appropriateness of consolidated financial statements, the Company has joined the Financial Accounting Standards Foundation and attends trainings provided by the Accounting Standards Board of Japan.

1. Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

(i) Consolidated Balance Sheets

ASSETS	Note Number	JPY millions March 31, 2023	%	2024	%
CURRENT ASSETS:					
Cash and cash equivalents	(Note I-C, F, II-X)	105,279		143,086	
Notes and accounts receivable – trade	(Note II-A, E)	180,074		172,268	
Allowance for doubtful receivables	(Note I-F)	(869)		(1,058)	
Inventories	(Note I-F, H, II-B)	173,926		174,034	
Other current assets	(Note II-A, S, T, U)	28,482		59,273	
Total current assets		486,892	48.8	547,603	40.4
PROPERTY, PLANT, AND EQUIPMENT, NET:	(Note I-B, F, II-F, H, U)	129,585	13.0	136,775	10.1
INVESTMENTS AND OTHER ASSETS:					
Right-of-use assets under operating leases	(Note I-F, II-J)	47,501		54,383	
Goodwill	(Note I-B, F, II-G, X)	43,125		361,783	
Other intangible assets	(Note I-B, F, II-G, X)	45,247		108,881	
Investments in and advances to affiliates	(Note I-D, F, II-D)	134,557		13,931	
Investment securities	(Note I-B, F, II-C, U)	46,123		33,897	
Leasehold deposits		8,094		7,883	
Prepaid pension costs	(Note I-B, F, II- K)	29,103		65,267	
Deferred income taxes	(Note I-F, II-O)	23,513		19,382	
Other assets		4,420		4,944	
Total investments and other assets		381,683	38.2	670,351	49.5
TOTAL		998,160	100.0	1,354,729	100.0

LIABILITIES AND NET ASSETS	Note Number	JPY millions March 31, 2023	%	2024	%
CURRENT LIABILITIES:					
Notes and accounts payable – trade		92,855		82,548	
Short–term borrowings	(Note II-I)	213		22,548	
Current portion of long-term borrowings	(Note II-I)	—		6,451	
Accrued expenses		50,246		47,345	
Income taxes payable		10,560		6,457	
Short–term operating lease liabilities	(Note I-F, II-J)	11,871		13,385	
Other current liabilities	(Note I-B, F, II-A, K, O, S, T, U, V)	44,275		52,426	
Total current liabilities		210,020	21.0	231,160	17.1
DEFERRED INCOME TAXES	(Note I-F, II-O)	2,052	0.2	16,419	1.2
TERMINATION AND RETIREMENT BENEFITS	(Note I-B, F, II-K)	9,348	0.9	8,310	0.6
LONG-TERM BORROWINGS	(Note II-I)	—	—	92,075	6.8
LONG–TERM OPERATING LEASE LIABILITIES	(Note I-F, II-J)	33,284	3.3	38,299	2.8
OTHER LONG–TERM LIABILITIES	(Note II-A, V)	12,229	1.3	17,473	1.3
Total liabilities		266,933	26.7	403,736	29.8
NET ASSETS:	(Note I-B, F, II-L)				
Common stock, no par value: authorized, 487,000,000 shares in 2023 and 2024; issued, 206,244,872 shares in 2023 and 2024		64,100	6.4	64,100	4.7
Capital surplus		98,506	9.9	98,997	7.3
Legal reserve		24,729	2.5	27,457	2.0
Retained earnings		571,807	57.3	556,705	41.1
Accumulated other comprehensive income	(Note I-F, II-R)	39,947	4.0	109,396	8.1
Treasury stock, at cost, 9,417,692 shares and 9,329,283 shares in 2023 and 2024, respectively (Note)	(Note I-C)	(70,616)	(7.1)	(69,969)	(5.1)
Total		728,473	73.0	786,686	58.1
Noncontrolling interests		2,754	0.3	164,307	12.1
Total net assets		731,227	73.3	950,993	70.2
TOTAL		998,160	100.0	1,354,729	100.0

Note: The number of treasury stocks includes 600,208 shares and 520,413 shares of the Company's shares held as BIP Trust or an ESOP Trust at the end of March 31, 2023 and 2024, respectively.

(ii) Consolidated Statements of Income

	Note Number	JPY millions Year Ended March 31, 2023	%	2024	%
NET SALES	(Note I-F, II-A)	876,082	100.0	818,761	100.0
COSTS AND EXPENSES:	(Note II-J, P)				
Cost of sales		482,199		472,297	
Selling, general and administrative expenses	(Note I-F, II-X)	243,015		261,978	
Research and development expenses		50,182		50,144	
Other expenses (income), net	(Note II-C, H, M, N)	2,277		(611)	
Total		777,673	88.8	783,808	95.7
INCOME BEFORE INCOME TAXES AND EQUITY IN LOSS (EARNINGS) OF AFFLIATES		98,409	11.2	34,953	4.3
INCOME TAXES	(Note I-F, II-O)	24,943	2.8	10,485	1.3
SHARE OF LOSS (PROFIT) OF ENTITIES ACCOUNTED FOR USING EQUITY METHOD	(Note I-D, II-D, X)	(1,079)	(0.1)	14,519	1.8
NET INCOME		74,545	8.5	9,949	1.2
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS		684	0.1	1,844	0.2
NET INCOME ATTRIBUTABLE TO OMRON SHAREHOLDERS		73,861	8.4	8,105	1.0

		JPY 2023	2024
PER SHARE DATA:	(Note II-Q)		
Basic:			
Net income attributable to OMRON Corporation shareholders		372.19	41.17
Diluted:			
Net income attributable to OMRON Corporation shareholders		–	–

(iii) Consolidated Statements of Comprehensive Income

	Note Number	JPY millions Year Ended March 31, 2023	 2024
NET INCOME		74,545	9,949
OTHER COMPREHENSIVE INCOME, NET OF TAX:	(Note II-R)		
Foreign currency translation adjustments:			
Foreign currency translation adjustments arising during the year		17,840	44,771
Reclassification adjustment for the portion realized in net income		(337)	0
Net unrealized gain		17,503	44,771
Pension liability adjustments:			
Pension liability adjustments arising during the year		6,094	23,257
Reclassification adjustment for the portion realized in net income		2,610	1,577
Net unrealized gain		8,704	24,834
Net gains on derivative instruments:			
Unrealized holding losses arising during the year		(523)	(1,019)
Reclassification adjustment for the portion realized in net income		1,317	1,211
Net unrealized gain		794	192
OTHER COMPREHENSIVE INCOME		27,001	69,797
COMPREHENSIVE INCOME	(Note I-F)	101,546	79,746
COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS		751	2,192
COMPREHENSIVE INCOME ATTRIBUTABLE TO OMRON SHAREHOLDERS		100,795	77,554

(iv) Consolidated Statements of Shareholders' Equity

JPY millions

	Number of Common Stock Issued	Common Stock	Capital Surplus	Legal Reserve	Retained Earnings	Accumulated Other Compre-hensive Income	Treasury Stock	Total	Noncon-trolling Interests	Total Net Assets
BALANCE, MARCH 31, 2022	206,244,872	64,100	100,652	24,503	517,566	13,013	(54,607)	665,227	2,744	667,971
Net income					73,861			73,861	684	74,545
Cash dividends paid to OMRON Corporation shareholders (Note)					(19,394)			(19,394)		(19,394)
Cash dividends paid to noncontrolling interests								—	(741)	(741)
Share-based compensation			(2,140)				4,003	1,863		1,863
Transfer to legal reserve				226	(226)			—		—
Other comprehensive income						26,934		26,934	67	27,001
Acquisition of treasury stock and other			(6)				(20,012)	(20,018)		(20,018)
BALANCE, MARCH 31, 2023	206,244,872	64,100	98,506	24,729	571,807	39,947	(70,616)	728,473	2,754	731,227
Net income					8,105			8,105	1,844	9,949
Cash dividends paid to OMRON Corporation shareholders (Note)					(20,479)			(20,479)		(20,479)
Cash dividends paid to noncontrolling interests								—	(581)	(581)
Equity transactions with noncontrolling interests and other			(54)					(54)	65	11
Increase in consolidated subsidiaries - non - controlling interests								—	159,877	159,877
Share-based compensation			619				666	1,285		1,285
Transfer to legal reserve				2,728	(2,728)			—		—
Other comprehensive income						69,449		69,449	348	69,797
Acquisition of treasury stock and other			(74)				(19)	(93)		(93)
BALANCE, MARCH 31, 2024	206,244,872	64,100	98,997	27,457	556,705	109,396	(69,969)	786,686	164,307	950,993

Note: Cash dividends per share was JPY 98 and JPY 104 for the years ended March 31, 2023 and 2024, respectively.

(v) Consolidated Statements of Cash Flows

	JPY millions Year Ended March 31, 2023	2024
OPERATING ACTIVITIES:		
Net income	74,545	9,949
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	26,587	30,816
Share-based compensation expense	1,863	1,237
Net loss on sales and disposals of property, plant, and equipment	45	1,517
Impairment losses on long–lived assets	1,768	1,285
Gain related to sale of business	(922)	(328)
Net loss (gain) on valuation of investment securities	2,099	(6,731)
Termination and retirement benefits and prepaid pension costs	(574)	(2,080)
Deferred income taxes	(9,421)	(6,791)
Share of loss (profit) of entities accounted for using equity method	(1,079)	14,519
Changes in assets and liabilities:		
Decrease (increase) in notes and accounts receivable – trade	(23,581)	27,341
Decrease (increase) in inventories	(29,004)	12,054
Decrease in other assets	(2,331)	(13,366)
Increase (decrease) in notes and accounts payable – trade	4,667	(17,918)
Increase (decrease) in income taxes payable	4,758	(5,403)
Increase (decrease) in accrued expenses and other current liabilities	5,179	(1,120)
Other, net	(1,143)	(106)
Total adjustments	(21,089)	34,926
Net cash provided by operating activities	53,456	44,875
INVESTING ACTIVITIES:		
Proceeds from sale or maturities of investment securities	84	24,774
Purchase of investment securities	(2,860)	(3,299)
Capital expenditures	(45,018)	(45,378)
Decrease (increase) in leasehold deposits, net	(299)	756
Business and company acquisitions (net of cash acquired)	—	(82,173)
Proceeds from sales of property, plant, and equipment	1,614	539
Payments for loans receivable	—	(1,378)
Increase in investment in and loans to affiliates, net	(9,976)	(1,121)
Proceeds from sales of businesses, net of cash paid	922	0
Other, net	0	184
Net cash used in investing activities	(55,533)	(107,096)
FINANCING ACTIVITIES:		
Increase (decrease) in short–term debt	(19,787)	3,228
Proceeds from short-term borrowings	—	101,281
Repayments of short-term borrowings	—	(85,500)
Proceeds from long-term borrowings	—	88,000
Repayments of long-term borrowings	—	(485)
Dividends paid by OMRON Corporation	(18,912)	(19,885)
Dividends paid to noncontrolling interests	(741)	(581)
Acquisition of treasury stock	(20,013)	(18)
Sale of treasury stock	772	—
Other, net	(76)	(53)
Net cash provided by (used in) financing activities	(58,757)	85,987
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	10,629	14,041
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(50,205)	37,807
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	155,484	105,279
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	105,279	143,086
ADDITIONAL CASH FLOWS INFORMATION FROM OPERATING ACTIVITIES		
Interest expense payable	302	1,024
Taxes payable for current fiscal period	28,476	29,440
ADDITIONAL NON-CASH FLOW INFORMATION FROM INVESTMENT AND FINANCING ACTIVITIES		
Liabilities related to capital expenditures	1,570	4,108

Notes on Consolidated Financial Statements

I Overview of Significant Accounting Policies

A Nature of Operations and Preparation Standards for Consolidated Financial Statements

1 Nature of Operations

The Company is a multinational manufacturer of automation components, equipment and systems with advanced computer, communications, and control technologies. The Company conducts business in more than 130 countries around the world and strategically manages its worldwide operations through five regional management centers in the United States, Netherlands, China, Singapore, and South Korea.

Products, classified by type and market, are organized into operating segments as described below.

Industrial Automation Business (IAB) manufactures and sells programmable controllers, motion controllers, sensing devices, industrial camera/code reader devices, inspection systems, safety devices and industrial robots. With the vision of "Enriching the Future for People, Industries and the Globe by Innovative-Automation," IAB has contributed to the development of industry by innovating the manufacturing industry around the world with advanced automation, based on the core technology of "Sensing & Control + Think" that OMRON has cultivated thus far. Setting our unique "innovative-Automation" value creation concept, our aim is to solve rapidly changing social issues mainly in the manufacturing industry with innovative solutions, based on the widest range of control devices in the industrial market, and create social value that contributes to the realization of happiness for working people along with the sophistication of industry.

Healthcare Business (HCB) products such as 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 and remote patient monitoring systems and telemedicine services. The mission of HCB 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 130 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.

Social Systems, Solutions and Service Business (SSB) provides products such as energy business (solar power generation, storage battery systems), railway station service systems, traffic and road management systems, card payment services, IoT (power protection, data protection) solutions, software development and comprehensive maintenance service business. The mission of 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 battery systems, 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.

Device & Module Solutions Business (DMB) manufactures and sells relays, switches, connectors, IoT communication modules, general sensors, amusement components and units, face recognition software, image sensing component and MEMS sensors. The mission of 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 connecting and switching devices, for customers across various industries including EVs and mobility, energy infrastructure, home appliances and industrial equipment.

Data Solution Business (DSB) provides products such as data healthcare business, corporate health business, smart M&S (management service solutions) business, carbon neutral solutions business, data-based solutions business, and self-reliance support business. DSB will transform the OMRON Group's value creation away from manufacturing to data-driven solutions. Towards resolving the three social issues addressed in SF2030 (Achieving carbon neutrality, Realizing a digital society, and Extending healthy life expectancy), utilization of data is essential. In collaboration with JMDC that became a group company in October 2023, we will not only expand business in the healthcare domain, but also combine large amounts of data we obtain from devices and components of other businesses with JMDC's data management technology and solution development expertise, and create growing businesses that help resolve social issues.

2 Basis of Consolidated Financial Statements

The Company's consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

The Company conducted capital increases through public offerings at market value on February 7, 1970 in Europe, and on October 13, 1973 in Hong Kong. On March 30, 1978, the Company submitted to the Minister of Finance an "Application for Approval in Accordance with Regulation 86 of the Consolidated Financial Statement Regulations" on the grounds that the Company had prepared its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America from the consolidated fiscal year ended March 31, 1967, in line with deposit agreements of the time. The Company received approval pursuant to Ministry Certification No. 496 dated March 31, 1978 to prepare consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. As such, the Company's consolidated financial statements have been presented in conformity with accounting principles generally accepted in the United States of America since the consolidated fiscal year ended March 31, 1978.

The Company is not registered with the US Securities and Exchange Commission.

B Significant differences between Financial Statements are prepared in accordance with the accounting standards generally accepted in the US and that in Japan

1 Investments

The Company adopt “Accounting Standard for Financial Instruments” to the valuation of securities in the financial statement. The Company conform with the Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standard Codification (ASC) No. 321: Investments - Equity Securities in the consolidated financial statements. The impact on income before income taxes and equity in loss (earnings) of affiliates was JPY1,492 million loss and JPY13,951 million loss for the years ended March 31, 2023 and 2024, respectively.

2 Termination and retirement benefits

The Company apply the “Accounting Standards for Retirement Benefits” in the financial statement. The Company record compensation in accordance with the provisions of FASB ASC 715: “Compensation - Retirement Benefits” in the consolidated financial statements. The impact on income before income taxes and equity in loss (earnings) of affiliates was JPY3,262 million loss and JPY2,863 million loss for the year ended March 31, 2023 and 2024, respectively.

3 Liabilities of compensated absences

The Company accrue personnel costs for employees’ unused paid vacation in accordance with FASB ASC 710-10-25: “Compensation - Compensated Absence.” in the consolidated financial statements. The impact on income before income taxes and equity in loss (earnings) of affiliates was JPY291 million loss and JPY1,913 million loss for the year ended March 31, 2023 and 2024, respectively.

4 Goodwill and other intangible assets

Goodwill and intangible assets with indefinite useful lives are tested for impairment at least once a year in place of amortization, as recorded in the Company’s consolidated financial statements, in accordance with FASB ASC 350: “Intangible Assets - Goodwill and Others.” In accordance with Japan’s consolidated financial statements principles and Consolidated Financial Statement Regulations, given a goodwill amortization period of five years, the impact on income before income taxes and equity in loss (earnings) of affiliates was JPY1,585 million gain and JPY30,498 million gain for the year ended March 31, 2023 and 2024, respectively.

5 Long-lived assets

The Company conform with the “Act on Revaluation of Land” (Act No. 34 of March 31, 1998) and the “Partial Amendment to the Act on Revaluation of Land” (Act No. 94 of June 29, 2001). Regarding the impairment of fixed assets in the financial statements, the Company conform with the “Accounting Standard for Impairment of Fixed Assets” (Opinion Regarding Accounting Standard for Impairment of Fixed Assets (Accounting Standards Board of Japan, August 9, 2002)) and the “Guidelines for the Application of Accounting Standards Pertaining to the Impairment of Fixed Assets” (Accounting Standards Board of Japan, Guidance No. 6, October 31, 2003) in the financial statements. The Company’s consolidated financial statements have been prepared in accordance with FASB ASC 360: “Tangible Fixed Assets.” If events or changes in circumstances occur that threaten to prevent the recovery of the carrying amount of long-lived assets and certain identifiable intangible assets, a review for impairment shall be conducted. If the Company determines that an impairment has occurred, the amount by which the carrying amount exceeds the fair value shall be recognized as an impairment. There is no impact to income before income taxes and equity in loss (earnings) of affiliates for the years ending March 31, 2023 and 2024.

6 Stock compensation

The Company conform with the “Practical Handling of Transactions Where Company Shares are Issued to Employees, Etc., Through a Trust” (Practical Solutions Report No. 30 of December 25, 2013, revised March 26, 2015) in the financial statements.

The Company apply the provisions of FASB ASC 718: “Compensation - Stock Compensation” in the consolidated financial statements. The impact on income before income taxes and equity in loss (earnings) of affiliates was JPY141 million gain and JPY74 million gain for the year ended March 31, 2023 and 2024, respectively.

7 Shareholders' equity per share

Shareholders' equity per share is required to be disclosed under Japan's Consolidated Financial Statement Regulations, although not required by generally accepted accounting standards in the United States of America. It amounted to JPY3,701.08 and JPY3,995.04 as of March 31, 2023 and 2024, respectively.

8 Unrecognized tax benefits

Pursuant to FASB ASC 740: "Corporate Tax," the Company recognize that the impact of tax benefits greater than 50% are likely to be disallowed and subject to a tax audit in the consolidated financial statements. Further, the Company recognizes interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statements of income.

C Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Investments in which the Companies do not exert control but have a 20% to 50% interest (affiliates) are accounted for using the equity method.

The consolidated financial statements include all of the Company's subsidiaries.

Subsidiaries	March 31, 2023	OMRON HEALTHCARE Co., Ltd., OMRON EUROPE B.V. and others.	Total:117 companies
	March 31, 2024	OMRON HEALTHCARE Co., Ltd., OMRON EUROPE B.V. and others.	Total:156 companies

In the third quarter of the current consolidated fiscal year, JMDC Inc. and its 35 subsidiaries were included in the scope of consolidation due to the acquisition of shares of JMDC Inc.

The Companies have introduced a performance-based share compensation plan using structures called a BIP Trust and an ESOP Trust starting from the fiscal year ended March 31, 2018. The Companies acquired the Company's shares from the stock market and grant the Company's shares and cash in the amount of the converted value of such shares to the members of the Board of Directors and Executive Officers according to their executive position and degree of achievement of performance targets.

The Companies have the power to direct the activities that most significantly impact the trusts' economic performance through the establishment of their plans. The Companies have the potential obligation since the Companies may entrust additional money to the trusts for use in acquisition of additional shares of the Company. As a result, the Companies are considered to be the primary beneficiaries of the trusts and therefore consolidate the trusts as variable interest entities; however, the trusts are not included in the number of the Company's subsidiaries.

The carrying amounts of assets and net assets of the trusts which are included in the consolidated balance sheet as of March 31, 2023 and 2024 were JPY113 million and JPY164 million of cash and cash equivalents and JPY3,880 million and JPY3,369 million of treasury stock, respectively.

The names of major consolidated subsidiaries, their main business activities, and ownership percentages of voting rights are listed in "4. Information about the Affiliates" in "Part I Overview of the Company."

D Application of Equity Method

Investments in the Company’s all affiliates and limited partnerships, etc. in which the Company holds a 3% or more equity are accounted for using the equity method. From the third quarter of the current fiscal year, JMDC Inc. (“JMDC”) has been excluded from the scope of the equity method, since it became a consolidated subsidiary from an equity method affiliate.

Equity method affiliates	March 31, 2023	JMDC Inc, AliveCor, Inc. and others.	Total:45 companies
	March 31, 2024	AliveCor, Inc. and others.	Total:9 companies

The names of major affiliates that are accounted for using the equity method, their main business activities, and ownership percentages of voting rights are listed in “4. Information about the Affiliates” in “I Overview of the Company.”

The excess of the cost of an investment over the amount of underlying equity of the fair value of the net assets including contingent liabilities on the acquisition date of the affiliates is recorded as equity method goodwill and intangible assets, and is included in the carrying amount of investment.

As for investments in affiliates, the Company comprehensively takes into account qualitative factors including progress of business plans and the business environment, and quantitative factors such as comparison between the value of the investments calculated using the discounted cash flow method based on the excess earning power of the affiliates or from the market price in the stock market and the carrying amount. If there is a loss in value that is other than temporary, a loss in value of an investment is recognized for the excess of the carrying amount of the equity over the proportional fair value of the affiliates.

The value of the Company's investments in affiliates using the discounted cash flow method is by discounting the estimated future cash flow based on the business plans that have been approved by management to the present value using a discount rate calculated based on the weighted-average cost of capital. The business plans are formulated using assumptions such as macroeconomic conditions, market growth rates, profit margins, and equipment plans. The cash flows after the forecast period in the business plan are calculated based on the growth rate estimated within the range of the long-term average growth rate of the market to which the investee belongs.

If the main assumptions used to calculate the amount recorded in the consolidated balance sheet for the year ended March 31, 2024 deviate significantly from the situation as of March 31, 2024, and the carrying amount of the investment in the affiliate exceeds its valuation using the discounted cash flow method or if a decline in market prices that was judged to be temporary becomes other than temporary, the situation may have a significant impact on the amount of investment in affiliates.

In the fiscal year ended March 31, 2023, no valuation loss was recorded.

In the fiscal year ended March 31, 2024, JPY10,187 million of loss due to revaluation of shares of JMDC at the market price as at the end of the second quarter of the fiscal year ended March 31, 2024 was recorded. In addition, because JMDC became a consolidated subsidiary from an equity method affiliate in the third quarter of the fiscal year ended March 31, 2024, revaluation was conducted at the market price as of the acquisition date. The details are described in (Note II - X). In the fiscal year ended March 31, 2024, other than the above, no valuation loss was recorded.

E Differing Fiscal Year-Ends

There are 14 and 18 subsidiaries as of March 31, 2023 and 2024, respectively, which have different fiscal year-ends from that of the Company.

All subsidiaries used the March 31 year-end financial statements for the purpose of the Company’s consolidation as of March 31, 2024. No subsidiary was consolidated based on its respective year end.

F Accounting Standards

1 Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and judgments are made with respect to impairment of long-lived assets, goodwill and non-amortizable intangible assets, investments in affiliates, and the recoverability of deferred tax assets, taking into account the impact of rising raw material prices.

In making estimates, we considered the impact of the estimated economic implications will continue to have a certain impact for the current fiscal year, and from the next fiscal year on. For more information about these balances as of current fiscal year, see Consolidated Financial Statements and Related Notes to Consolidated Financial statements.

2 Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with original maturities of three months or less, including time deposits, commercial paper, securities purchased with resale agreements and money market instruments.

3 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.

4 Investments

The Companies measure equity securities that have readily determinable fair value at fair values with changes recognized in "Other expenses (income), net" in the income statement. Equity securities without readily determinable fair values 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 at other reasonable methods with changes recognized in "Other expenses (income), net". Realized gains and losses are determined by the average cost method.

5 Inventories

Inventories are mainly stated at the lower of cost, determined by the moving-average method, or net realizable value.

6 Property, Plant, and Equipment

Property, plant, and equipment are stated at cost. Depreciation of property, plant, and equipment is computed principally by the straight-line method based upon the estimated useful lives of the assets. The estimated useful lives primarily range from 3 to 50 years for buildings and from 2 to 15 years for machinery and equipment. Depreciation expense was JPY18,751 million and JPY 19,960 million for the years ended March 31, 2023 and 2024, respectively.

7 Goodwill and Other Intangible Assets

The Companies account for goodwill and other intangible assets in accordance with the FASB ASC 350, “Intangibles - Goodwill and Other,” which requires that goodwill is not to be amortized, but instead tested for impairment annually during the fourth quarter of the fiscal year and between annual tests if an event occurs or circumstances change that would indicate the carrying amount may be impaired. Impairment testing for goodwill is done at the reporting unit level. Reporting units are operating segments or one level below the operating segments. Impairment testing for goodwill is comparing the fair value of reporting units with the book value including goodwill. The fair value is calculated by discounting the estimated future cash flow based on a business plan that has been approved by the management to the present value using a discount rate calculated based on the weighted-average cost of capital. If the main assumptions used to calculate the fair value for the year ended March 31, 2024 deviate significantly from the situation as of March 31, 2024, and the carrying amount of a reporting unit exceeds its fair value, the situation may have a significant impact on the amount of goodwill. If the carrying amount of a reporting unit exceeds its fair value, a loss on impairment of goodwill is recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. Intangible assets with finite lives are amortized over their respective estimated useful lives.

8 Long-Lived Assets

Property, plant, and equipment, right-of-use and intangible assets which are amortized (“long-lived assets”) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset might be unrecoverable. Long-lived Assets are reviewed for impairment for each asset group. An asset group is the unit of accounting for a long-lived asset or assets to be held and used, which represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. The recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted cash flows expected to be generated by the asset. If such assets are considered to be potentially impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value. The Companies use present values of the expected future cash flows which is based on forecasts of the respective assets or observable market prices to estimate the fair value of these assets. Estimates of future cash flows are based on the remaining useful life of the primary asset of the group. Assets to be disposed of other than by sale are considered held and used until disposed. Assets to be disposed of by sale are reported at the lower of the carrying amount or fair value, less selling costs.

9 Leases

The Companies have various operating and finance leases for right of land, buildings, warehouses, corporate housings, and cars. Right-of-use assets and lease liabilities are recognized at the start of the lease contracts.

The Companies determine if a contract is, or contains, a lease at the inception of each contract. The Companies determine the contract is, or contains a lease if the identified asset exists and having the right to control the use of asset. Some of the contracts include options to extend or to terminate the lease. The Companies take such options into account to determine the lease term when it is reasonably certain that it will exercise these options. The Companies’ lease arrangements do not contain material residual value guarantees or material restrictive covenants. As the rate implicit in the majority of the Companies’ leases cannot be determined, the Companies use their incremental borrowing rate based on the information available at commencement to determine the present values of lease payments. The Companies have lease contracts with lease and non-lease components, which are accounted for separately. The Companies allocate the consideration in the lease contract to the lease and non-lease components based upon the estimated standalone prices. The Companies elect not to recognize right-of-use assets and lease liabilities for short-term leases of which the lease term is 12 months or less. Lease expenses for lease payments are recognized on a straight-line basis over the term of the lease. The Companies do not have any material finance lease agreements for the year ended March 31, 2023 and the year ended March 31, 2024.

10 Termination and Retirement Benefits

Termination and retirement benefits are accounted for and are disclosed in accordance with ASC 715, “Compensation - Retirement Benefits,” based on the fiscal year end fair value of plan assets and the projected benefit obligations of employees. The provision for termination and retirement benefits includes amounts for directors and corporate auditors of subsidiaries.

11 Revenue Recognition

Revenue from contracts with customers is recognized when, or as, control of promised goods or services transfers to customers in an amount that reflects the consideration to which the Companies expects to be entitled in exchange for transferring these goods or services by applying the following five steps model:

Step 1: Identify the contracts with customers
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 entity satisfies a performance obligation

The transaction price is the amount of consideration in a contract to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, less any discounts, rebates or other similar items. The Companies consider all the information (historical, current, and forecast) that is reasonably available to estimate the amount of variable consideration.

As a practical expedient which is provided in ASC 606, "Revenue recognition," the Companies do not adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

12 Advertising Costs

Advertising costs are charged as incurred and included in "Selling, general and administrative expenses." Advertising expense was JPY11,102 million, and JPY12,456 million for the years ended March 31, 2023, and 2024 respectively.

13 Shipping and Handling Charges

Shipping and handling charges are included in "Selling, general and administrative expenses." Shipping and handling charges were JPY16,691 million, and JPY15,051 million for the years ended March 31, 2023, and 2024 respectively.

14 Income Taxes

Deferred income taxes reflect the tax consequences on future years of differences between the tax bases of assets and liabilities and their financial reporting amounts, operating loss carryforwards, and tax credit carryforwards. Carrying amounts of deferred tax assets require a reduction by a valuation allowance if, based on available evidence, it is more likely than not that such assets will not be realized prior to expiration. Accordingly, the need to establish a valuation allowance for deferred tax assets is assessed periodically with appropriate consideration given to all positive and negative evidence related to the realization of the deferred tax assets. Management's judgments related to this assessment consider, among other matters, the nature, frequency and severity of current and cumulative losses on an individual tax jurisdiction basis, forecasts of future profitability, excess of appreciated asset value over the tax basis of net assets, the duration of statutory carryforward periods, the future availability of net operating loss carryforwards and tax credits carryforwards. The Companies believe that it is highly likely that the currently recorded deferred tax assets will be recovered based on past taxable income levels and forecasts of future taxable income during the deductible period of deferred tax assets. However, if factors that affect the forecast of taxable income change, such as market trends and exchange fluctuations surrounding the Companies, and the uncertainty of the forecast of taxable income increases, it might affect the recoverability of estimates of deferred tax assets. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Companies apply the guidance ASC 740, "Accounting for Uncertainty in Income Taxes." In evaluating the tax benefits based on available information at the reporting date, the Company records a tax benefit using a more likely than not threshold.

The Company and certain domestic subsidiaries have applied Japanese Group Relief System as permitted by Japanese tax regulations.

15 Product Warranties

A liability for estimated warranty-related costs is included in “Other current liabilities.” The liability is established using historical information, including the nature, frequency, and average cost of past warranty claims.

16 Derivatives

Derivative instruments and hedging activities are accounted for in accordance with ASC 815, “Derivatives and Hedging.” This standard establishes accounting and reporting standards for derivative instruments and for hedging activities and requires that an entity recognize all derivatives as either assets or liabilities in the consolidated balance sheets and measure those instruments at fair value.

For certain forward exchange contracts and commodity swap contracts, on the date the derivative contract is entered into, the Companies designate the derivative as a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge). The Companies formally document all relationships between hedging instruments and hedged items, as well as their risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives that are designated as cash flow hedges to specific assets and liabilities in the consolidated balance sheet or to specific firm commitments or forecasted transactions. The Companies assess whether or not derivative instruments designated as hedges are highly effective in offsetting changes in cash flows of hedged items at the inception of the hedge, and subsequently on a regular basis.

Changes in fair value of a derivative that is highly effective and that is designated and qualifies as a cash flow hedge are recorded in “Other comprehensive income” until earnings are affected by the variability in cash flows of the designated hedged item. These amounts are transferred to the same profit or loss category as the hedged item in the period in which it is recognized as revenue or expense. In addition, changes in fair value of derivative instruments that are not designated as hedges are recorded immediately in revenue or expense.

17 Cash Dividends

Cash dividends are reflected in the consolidated financial statements at proposed amounts in the year to which they are applicable, even though payment is not approved by shareholders until the annual general meeting of shareholders held early in the following fiscal year. Corresponding dividends payable are included in other current liabilities in the consolidated balance sheets.

18 Share-Based Compensation

The Companies apply ASC 718, “Compensation - Stock Compensation,” and measure stock-based compensation costs based on the fair value at the grant date and recognize the costs over the vesting period.

19 Translation of Financial Statement Items of the Company’s Subsidiaries Located Outside of Japan into Japanese yen

Financial statements of the Company’s subsidiaries located outside of Japan are translated in accordance with ASC 830, “Foreign Currency Matters.” Assets and liabilities of the subsidiaries are translated into Japanese yen at the rate of exchange in effect at the balance sheet date. Income and expense items are translated at the average exchange rates prevailing during the year. Gains and losses resulting from translation of financial statements are reported in accumulated other comprehensive income as foreign currency translation adjustments. However, financial statements of subsidiaries located outside of Japan that are in the hyperinflationary economy are included in the Company’s financial statements after they are remeasured as if the functional currency were the reporting currency, and monetary assets and liabilities are remeasured at the new functional currency for each reporting period with changes in the value recorded in the consolidated statements of income.

20 Comprehensive Income

The Companies apply ASC 220, “Comprehensive Income.” Comprehensive income is composed of net income, changes in foreign currency translation adjustments, changes in pension liability adjustments and changes in net gains (losses) on derivative instruments and disclosed within the consolidated statements of comprehensive income.

21 Reclassifications

Certain reclassifications have been made to the prior years' consolidated financial statements to make a consistent with the current year's presentation.

G New Accounting Standards

Recently issued unapplied accounting standards

In November 2023, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which is intended to expand reportable segment disclosure requirements, primarily through enhanced disclosures about significant expenses. The amendments will require public entities to disclose significant segment expenses that are regularly provided to the chief operating decision maker and included within segment profit and loss. The amendments are effective for the Company's fiscal years beginning on or after April 1, 2024, and interim periods withing fiscal years on or after April 1, 2025. The Company is currently evaluating the ASU to determine its impact on the Company's disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which includes amendments that further enhance income tax disclosures, primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. The amendments are effective for the Company's fiscal years beginning on or after April 1, 2025. The Company is currently evaluating the ASU to determine its impact on the Company's disclosures.

H Change in Accounting Principle

(Change in inventory valuation method)

Effective as of the current consolidated fiscal year, the Company, consolidated subsidiaries in Japan, and certain consolidated subsidiaries overseas have changed to the lower of cost or net realizable value based on the average method. To date, the entities mentioned used the lower of cost or net realizable value based on the first in, first out method for inventory valuation. This change is based on our Long-Term Vision, Shaping The Future 2030, launched in fiscal 2022, and our medium-term management plan, SF 1st Stage. This vision and plan presented an opportunity to review our systems related to sales, production, inventory retention policies, and inventory management systems amid increasing uncertainties in recent years, as well as changes in the social and business environments. Based on this review, we determined that valuing inventory using the average method offered a more appropriate means of calculating period profit or loss. The impact of this change on the consolidated financial statements is immaterial.

II Descriptions and Breakdowns of Major Accounts

A REVENUE

1. Disaggregation of Revenue

The Company previously had four operating segments. However, the Company has five operating segments by adding DSB from the current fiscal year. Since this change is the establishment of a new segment which did not exist previously, segment information for the previous fiscal year has been disclosed based on the previous segments.

Sales for the fiscal years ended March 31, 2023 and 2024 consisted of the following:

FY2022 (JPY millions)

Segments	IAB	HCB	SSB	DMB	Total	Eliminations and Others	Consolidated
Sales:							
Sales to external customers	485,738	142,132	107,273	138,854	873,997	2,085	876,082
Intersegment sales	6,822	294	13,804	48,451	69,371	(69,371)	–
Total	492,560	142,426	121,077	187,305	943,368	(67,286)	876,082
Major regional market (External customers):							
Japan	148,129	26,670	107,198	42,457	324,454	2,085	326,539
Americas	51,596	28,521	–	24,182	104,299	–	104,299
Europe	97,841	23,824	–	18,472	140,137	–	140,137
Greater China	129,740	44,727	13	37,048	211,528	–	211,528
Southern Asia and Others	58,387	17,814	–	16,673	92,874	–	92,874
Direct Exports	45	576	62	22	705	0	705
Total	485,738	142,132	107,273	138,854	873,997	2,085	876,082

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

(1) Americas: ……… The United States of America, Canada, Brazil

(2) Europe: ………… The 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

FY2023 (JPY millions)

Segments	IAB	HCB	SSB	DMB	DSB	Total	Eliminations and Others	Consolidated
Sales:								
Sales to external customers	393,572	149,726	141,600	114,357	17,370	816,625	2,136	818,761
Intersegment sales	5,207	238	13,276	37,500	115	56,336	(56,336)	—
Total	398,779	149,964	154,876	151,857	17,485	872,961	(54,200)	818,761
Major regional market (External customers):								
Japan	127,162	24,500	140,572	37,832	16,796	346,862	2,136	348,998
Americas	41,772	28,205	—	16,172	—	86,149	—	86,149
Europe	84,244	27,996	—	16,689	—	128,929	—	128,929
Greater China	92,372	51,283	213	28,063	1	171,932	—	171,932
Southern Asia and Others	48,018	17,228	—	15,429	—	80,675	—	80,675
Direct Exports	4	514	815	172	573	2,078	—	2,078
Total	393,572	149,726	141,600	114,357	17,370	816,625	2,136	818,761

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

(1) Americas: ……… The United States of America, Canada, Brazil

(2) Europe: ………… The 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. Sufficient Information to Enable Users to Understand the Relationship of Disaggregated Revenue

In IAB, HCB and DMB, 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 Companies 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 Companies 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 provide for an estimate of rebates for customers based on the quantities sold to promote the sales of its products. As the amount of the rebate is included in variable consideration and can be reasonably estimated, it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the estimate of variable consideration is not constrained. The product of the Company or subsidiaries does not include any right of return.

In SSB, 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.

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. There are some contracts where the Companies receive an advance payment for future products or services from a customer, in which case a contract liability is recorded in other current liabilities or other long-term liabilities. In addition, for some long-term contracts for construction work, etc., the Companies estimate the progress toward fulfilling its performance obligations and recognize revenue over a certain period based on the progress. Contract assets are the Companies' right, excluding any amounts presented as a receivable, to consideration in exchange for goods that the Companies have transferred to a customer based on contracts in which performance obligations are satisfied over time and are recorded as 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.

In DSB, revenue is recognized at a point in time or over time in accordance with a contract for each transaction. As for revenue recognition at a point in time, revenue is recognized at the time when control of a good or service is transferred to a customer and a performance obligation is satisfied through completion of the service or customer's inspection for the good or service. As for revenue recognition over time, revenue is recognized over a contract period as a customer receives benefits from a service over the contract period and a performance obligation for the service is satisfied over the passage of time.

Consideration is largely received within two months after the satisfaction of performance obligations in general, and includes no material financial component, significant variability of consideration, significant estimate of variable consideration, etc.

3. Information Relevant to Understanding Revenue Figures for the Current and Subsequent Consolidated Fiscal Years

(1) Contract Balances

The beginning and the ending balances of contract assets and contract liabilities for the fiscal year ended March 31, 2023 were as follows:

(JPY millions)

	Notes and Accounts Receivable	Contract Assets	Contract Liabilities		
		Other Current Assets	Other Current Liabilities	Other Long-Term Liabilities	Total
Balance at beginning of year	151,820	647	2,312	8,836	11,148
Balance at ending of year	180,074	403	3,917	8,506	12,423

For the year ended March 31, 2023, revenue of JPY2,295 million was recognized from contract liabilities at the beginning of the year.

The beginning and the ending balances of contract assets and contract liabilities for the fiscal year ended March 31, 2024 were as follows:

(JPY millions)

	Notes and Accounts Receivable	Contract Assets	Contract Liabilities		
		Other Current Assets	Other Current Assets	Other Long-Term Liabilities	Total
Balance at beginning of year	180,074	403	3,917	8,506	12,423
Balance at ending of year	172,268	1,008	5,131	11,596	16,727

For the year ended March 31, 2024, revenue of JPY3,709 million was recognized from contract liabilities at the beginning of the year.

(2) Transaction Price Allocated to Remaining Performance Obligations

As of March 31, 2024, the aggregate amount of the transaction price allocated to the remaining performance obligation was JPY14,732 million and are mainly relevant to SSB. These are mainly expected to be recognized as revenue within 1 to 15 years and approximately 70% of the balance is expected to be satisfied within five years and approximately 20% of the balance is expected to be satisfied after five years but no more than ten years and approximately 10% of the balance is expected to be satisfied after ten years but no more than fifteen years. We have not disclosed information about transaction price allocated to remaining performance obligations that have original expected durations of one year or less.

B INVENTORIES

Inventories at March 31, 2023 and 2024 consisted of:

(JPY millions)

	FY2022	FY2023
Finished products	86,125	85,005
Work in process	17,614	15,479
Materials and supplies	70,187	73,550
Total	173,926	174,034

C INVESTMENTS

The unrealized holding gains or losses and realized gains or losses on equity securities for the years ended March 31, 2023 and 2024 were as follows:

(JPY millions)

	FY2022	FY2023
Net losses (gains) recognized during the period on equity securities	2,099	(6,731)
Net losses (gains) realized during the period on equity securities sold during the period	(81)	(6,433)
Unrealized losses (gains) recognized during the period on equity securities held at March 31	2,180	(298)

A part of equity securities without readily determinable fair values 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.

The Companies recorded impairment loss of JPY1,080 million based on unobservable inputs obtained from issuer, and a gain of JPY507 million and a loss of JPY17 million as other adjustments resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer during the year ended March 31, 2023. The losses (gains) are included in the table above. The aggregate amount of these investments was JPY8,202 million at March 31, 2023.

The Companies recorded impairment loss of JPY330 million based on unobservable inputs obtained from issuer, and no other adjustments are recorded. The aggregate amount of these investments was JPY8,082 million at March 31, 2024.

D INVESTMENTS IN AFFILIATES

The summarized combined financial information that is based on information provided by the equity investees including information for significant equity affiliates is shown below:

Balance Sheets (JPY millions)

Classification	FY2022	FY2023
Current assets	61,556	24,642
Noncurrent assets	71,706	12,295
Current liabilities	24,638	12,744
Noncurrent liabilities and noncontrolling interests	32,010	13,324
Percentage of ownership in equity investees	28%-50%	28%-50%

Statements of Income (JPY millions)

Classification	FY2022	FY2023
Net revenues	62,623	55,360
Operating income (loss)	722	1,619
Net loss attributable to controlling interests	(2,188)	(330)
Percentage of ownership in equity investees	28%-50%	28%-50%

Investments in and advances to affiliates recorded on the consolidated balance sheet as of March 31, 2023 included the equity method investments for AliveCor, Inc. in the Healthcare Business of JPY9,835 million, and the equity method investments for JMDC Inc. (“JMDC”) of JPY121,918 million.

The equity method investments for AliveCor, Inc. in the Healthcare Business of JPY9,835 million exceeded its proportionate share in the underlying net assets of AliveCor, Inc. by JPY8,199 million and the amount is primarily related to the balance of equity-method goodwill.

As a result of comprehensively taking into account qualitative and quantitative factors, no loss in value that is other than temporary occurred, and the Company has judged that it is not necessary to record a valuation loss. This consideration includes assessment of the investee’s operating results and the environment surrounding it as well as comparison between the value amount calculated using the discounted cash flow method and the carrying amount.

In addition, the equity method investments for JMDC of JPY121,918 million exceeded its proportionate share in the underlying net assets of JMDC by JPY101,427 million and the amount is primarily related to the balance of equity-method goodwill.

As a result of comprehensively taking into account qualitative and quantitative factors, no loss in value that is other than temporary occurred, and the Company has judged that it is not necessary to record a valuation loss. This consideration includes analysis of changes in the investee’s market price, assessment of the length of the time and the extent to which the quoted market value was less than the carrying amount, and assessment of the investee’s operating results and the environment surrounding it as well as comparison between the value amount calculated using the discounted cash flow method and the carrying amount and valuation based on market prices.

JMDC is listed on stock exchanges. Its investment in carrying amount and quoted market value amount to JPY121,918 million and JPY93,088 million as of March 31, 2023.

Investments in and advances to affiliates recorded on the consolidated balance sheet as of March 31, 2024 included the equity method investments for AliveCor, Inc. in the Healthcare Business of JPY10,265 million.

The equity method investments for AliveCor, Inc. in the Healthcare Business of JPY10,265 million exceeded its proportionate share in the underlying net assets of AliveCor, Inc. by JPY9,173 million and the amount is primarily related to the balance of equity-method goodwill.

As a result of comprehensively taking into account qualitative and quantitative factors, no loss in value that is other than temporary occurred, and the Company has judged that it is not necessary to record a valuation loss. This consideration includes assessment of the investee’s operating results and the environment surrounding it as well as comparison between the value amount calculated using the discounted cash flow method and the carrying amount.

E NOTES AND ACCOUNTS RECEIVABLE

The Companies have entered into different types of transactions with affiliates through the ordinary course of business. There are no significant amount of accounts receivable with affiliates resulting from these transactions for the year ended March 31, 2023 and the year ended March 31, 2024.

F PROPERTY, PLANT, AND EQUIPMENT

Property, Plant, and Equipment at March 31, 2023 and 2024 consisted of:

(JPY millions)

	FY2022	FY2023
Land	20,238	21,280
Buildings	136,492	145,708
Machinery and equipment	183,578	200,947
Construction in progress	6,363	9,662
Total acquisition cost	346,671	377,597
Accumulated depreciation	(217,086)	(240,822)
Total	129,585	136,775

G GOODWILL AND OTHER INTANGIBLE ASSETS

The components of acquired intangible assets, excluding goodwill, at March 31, 2023 and 2024 were as follows:

(JPY millions)

	FY2022		FY2023	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Intangible assets subject to amortization:				
Software	81,745	64,536	93,487	72,099
Customer-related asset	5,799	1,875	12,256	3,677
Technology-based asset	7,357	4,372	49,384	6,936
Other	2,628	1,191	5,796	4,711
Total	97,529	71,974	160,923	87,423

The gross amount and weighted-average amortization period for intangible assets acquired during the fiscal year ended March 31, 2024 were as follows:

	Gross Amount (JPY millions)	Weighted-average amortization period (year)
Intangible assets subject to amortization:		
Software	11,655	approximately 5
Customer-related asset	4,588	23
Technology-based asset	42,074	10
Total	58,317	approximately 10

There were no material Intangible assets subject to amortization acquired other.

The gross amount and weighted-average amortization period for intangible assets acquired as business combination with JMDC inc., during the fiscal year ended March 31, 2024 were as follows:

	Gross Amount (JPY millions)	Weighted-average amortization period (year)
Intangible assets subject to amortization:		
Software	2,117	approximately 5
Customer-related asset	4,588	23
Technology-based asset	42,074	10
Intangible assets subject to amortization	48,779	approximately 11
Intangible assets not subject to amortization	836	-
Total	49,615	-

Aggregation of amortization expense related to intangible assets was JPY7,836 million and JPY10,856million, for the years ended March 31, 2023 and 2024, respectively. Estimated amortization expenses for the next five years ending March 31 are as follows:

Years Ending March 31	JPY millions
2024	12,387
2025	10,756
2026	9,184
2027	7,966
2028	6,690

Intangible assets not subject to amortization recognized as of March 31, 2024 mainly consist of Software in progress amounted to JPY35,276 million.

The carrying amounts of goodwill in each segment at March 31, 2023, and changes in their carrying amounts for the year ended March 31, 2023 were as follows:

(JPY millions)

	IAB	HCB	SSB	DMB	Eliminations and Others	Total
Balance at beginning of year:						
Goodwill	43,198	5,528	–	447	1,475	50,648
Accumulated impairment losses	(5,739)	(3,384)	–	(332)	(1,475)	(10,930)
Total	37,459	2,144	–	115	–	39,718
Foreign currency translation adjustments and other	3,307	105	–	(5)	–	3,407
Balance at end of year:						
Goodwill	46,505	5,633	–	442	1,475	54,055
Accumulated impairment losses	(5,739)	(3,384)	–	(332)	(1,475)	(10,930)
Total	40,766	2,249	–	110	–	43,125

The carrying amounts of goodwill in each segment at March 31, 2024, and changes in their carrying amounts for the year ended March 31, 2024 were as follows:

(JPY millions)

	IAB	HCB	SSB	DMB	DSB	Eliminations and Others	Total
Balance at beginning of year:							
Goodwill	46,505	5,633	—	442	—	1,475	54,055
Accumulated impairment losses	(5,739)	(3,384)	—	(332)	—	(1,475)	(10,930)
Total	40,766	2,249	—	110	—	—	43,125
Acquisition	410	—	—	—	312,634	—	313,044
Foreign currency translation adjustments and other	5,361	245	—	8	—	—	5,614
Balance at end of year:							
Goodwill	52,276	5,878	—	450	312,634	1,475	372,713
Accumulated impairment losses	(5,739)	(3,384)	—	(332)	—	(1,475)	(10,930)
Total	46,537	2,494	—	118	312,634	—	361,783

The fair value calculation for the impairment test for major goodwill is as follows: there was no impairment losses impair ware recognized for the fiscal year ended March 31, 2023 and March 31, 2024.

IAB Goodwill

The fair value is calculated by discounting the estimated future cash flows, which are based on the business plan approved by management and based on the assumption of perpetual growth at an inflationary rate from the projected business plan period onwards, to their present value using a discount rate calculated based on the weighted average cost of capital.

DSB Goodwill

The fair value is calculated using the market price method, which is based on the average market share price over a period of time plus a control premium, and an estimate of future cash flows based on the business plan approved by management and calculated using multiples calculated from the financial statements of similar listed companies for the forecast period of the business plan and beyond. The amount is calculated based on a valuation calculated by discounting the amount to present value using a discount rate calculated based on the weighted average cost.

The business plan is based on assumptions regarding the increase in added value in the health big data business and the increase in sales in the expansion of data types.

H IMPAIRMENT LOSSES ON LONG-LIVED ASSETS

The Companies recognized impairment losses on long-lived assets for the fiscal year ended March 31, 2023. Of these, JPY944 million was due to decreasing profitability of certain business assets in the Healthcare Business and JPY824 million was due to decreasing profitability in some idle real estates of the Industrial Automation Business. The fair values were estimated using the present value of expected future cash flows.

The Companies recognized impairment losses on long-lived assets for the fiscal year ended March 31, 2024. Of these, JPY799 million was due to decreasing profitability of certain business assets in the Industrial Automation Business and JPY54 million was due to the use of the assets being no longer expected as a result of relocation of the head office of a subsidiary. In addition, the Companies recognized impairment losses of JPY419 million due to decreasing profitability of business assets related to some service businesses in the Healthcare Business and of JPY13 million due to decreasing profitability of certain business assets under Eliminations and Others. The fair values were estimated using the present value of expected future cash flows.

These impairment losses are included in “Other expenses(income), net” within the consolidated statements of income.

I BORROWINGS

The amounts and weighted-average interest rate of short-term borrowings on March 31, 2023 and 2024 were as follows:

(JPY millions)

	FY2022	FY2023
Short-term borrowings	213	22,548
(Weighted-average interest rate)	(8.05%)	(0.30%)

The amounts and interest rate of long-term borrowings on March 31, 2023 and 2024 were as follows:

(JPY millions)

	FY2022	FY2023
Long-term borrowings	―	98,526
Current portion of long-term borrowings	―	6,451
(Interest rate)	―	(0.27%-1.70%)

The repayment schedule for long-term borrowings as of March 31, 2024 were as follows.

(JPY millions)

FY	FY2023
2024	6,451
2025	978
2026	86,850
2027	1,490
2028	1,852
Thereafter	905
Total	98,526

For major short-term borrowings and long-term borrowings, a general agreement such as the following is made with banks that are the lenders. That is, it is stipulated that at the bank’s request, a collateral or guarantor shall be provided with regard to current or future borrowings, and banks shall have the right to offset bank deposits with borrowings that have become due, or in case of default of the agreement, all the borrowings.

The amounts of assets used as collateral for borrowings on March 31, 2024 were as follows:

(JPY millions)

	FY2023
Cash and cash equivalents	286
Buildings	569
Land	709
Investment in Subsidiary (Before consolidated elimination adjustment)	10
Total	1,574

The amounts of secured debt for borrowings on March 31, 2024 were as follows:

(JPY millions)

	FY2023
Current portion of long-term borrowings	42
Long-term borrowings	1,113
Total	1,155

The amounts of assets pledged as collateral for third-party borrowings on March 31, 2023 and 2024 were as follows:

(JPY millions)

	FY2022	FY2023
Investment securities	200	200

J LEASES

Lessee

Supplemental income statement information for the fiscal years ended March 31, 2023 and 2024 is as follows:

Lease costs are included in cost of sales or selling, general and administrative expenses in the consolidated statement of income.

(JPY millions)

	FY2022	FY2023
Finance lease cost: Amortization of right-of-use assets	484	618
Operating lease cost	12,571	13,672
Short-term lease cost	969	976
Other lease cost	1,092	947
Total lease cost	15,116	16,213

Operating Lease Cash Flow

Supplemental cash flow information for the fiscal years ended March 31, 2023 and 2024 is as follows:

(JPY millions)

	FY2022	FY2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	13,180	14,331
Noncash activity - Right-of-use assets obtained in exchange for operating lease liabilities:		
Operating leases	18,732	11,841

Maturity Analysis

The following is a schedule by year of the future minimum lease payments under operating leases at March 31, 2024:

	FY2023 (JPY millions)
FY2024	14,228
FY2025	11,076
FY2026	7,562
FY2027	4,612
FY2028	3,931
Thereafter	12,383
Total future minimum lease payments	53,792
Less imputed interest	(2,107)
Total lease liabilities	51,685

Remaining Lease Term and Discount Rate

The following is remaining lease term and discount rate under operating leases at March 31, 2023 and 2024:

	FY2022	FY2023
Weighted-average remaining lease term – operating leases	71 months	80 months
Weighted-average discount rate – operating leases	1.4%	1.4%

Lessor

As there are no significant contracts to disclose, their disclosure has been omitted.

K TERMINATION AND RETIREMENT BENEFITS

In the first quarter of March 31, 2020, the Company and certain domestic subsidiaries decided to switch from the defined benefit pension plan and lump-sum payment plan (the “Plans”) to the defined contribution pension plan (the “DC”) for future service rendered on or after July 1, 2019. The Company also decided to amend the Plans and switch certain parts of the Plans for service rendered prior to June 30, 2019 to the DC over a period required by the regulation.

The Companies recognized the decrease in PBO from the payment to the DC as a result of the switch to the DC was included in “Settlements,” and the difference between the PBO decrease and the payment to the DC was included in “Settlements loss”.

The Company and its domestic subsidiaries had sponsored termination and retirement benefit plans which cover substantially all domestic employees (the “funded contributory termination and retirement plan in Japan”) until the switch to the DC was decided. Benefits had been based on a point-based benefits system, under which benefits are calculated mainly based on accumulated points awarded to employees each year according to their job classification and performance. If termination is involuntary, employees are usually entitled to greater payments than in the case of voluntary termination.

The Company and its domestic subsidiaries fund a portion of the obligation under these plans. The general funding policy is to contribute amounts computed in accordance with actuarial methods acceptable under Japanese tax law.

1. Funded contributory termination and retirement plan in Japan

(1) Obligations and Funded Status

The reconciliation of beginning and ending balances of the benefit obligations and the fair value of the plan assets at March 31, 2023 and 2024 were as follows:

(JPY millions)

	FY2022	FY2023
Change in benefit obligation:		
Benefit obligation at beginning of year	183,331	166,050
Interest cost	1,357	1,860
Actuarial gain	(6,466)	(4,944)
Benefits paid	(9,030)	(8,892)
Settlements	(3,142)	(3,893)
Benefit obligation at end of year	166,050	150,181
Change in plan assets:		
Fair value of plan assets at beginning of year	160,132	149,027
Actual return (loss) on plan assets	(1,384)	14,332
Contributions from assets in retirement benefit trust	409	452
Benefits paid	(7,771)	(7,490)
Settlements	(2,359)	(3,166)
Fair value of plan assets at end of year	149,027	153,155
Fair value of assets in retirement benefit trust at beginning of year	37,590	40,178
Actual return on assets in retirement benefit trust	2,997	17,693
Contributions to plan assets	(409)	(452)
Fair value of assets in retirement benefit trust at end of year	40,178	57,419
Status at end of year	23,155	60,393

Amounts recognized in the consolidated balance sheets at March 31, 2023 and 2024, consisted of:

(JPY millions)

	FY2022	FY2023
Prepaid pension costs	28,966	65,090
Other current liability	(562)	(657)
Termination and retirement benefit	(5,249)	(4,040)
Total	23,155	60,393

Amounts recognized in accumulated other comprehensive income at March 31, 2023 and 2024, before tax, consisted of:

(JPY millions)

	FY2022	FY2023
Net actuarial loss	41,460	5,076
Prior service benefit	(13,845)	(13,425)
Total	27,615	(8,349)

The accumulated benefit obligation at March 31, 2023 and 2024 was as follows:

(JPY millions)

	FY2022	FY2023
Accumulated benefit obligation	166,050	150,181

The accumulated benefit obligation and fair value of plan assets for plans with accumulated benefit obligations in excess of plan assets, and the projected benefit obligation and fair value of plan assets for plans with projected benefit obligations in excess of plan assets at March 31, 2023 and 2024 was as follows:

(JPY millions)

	FY2022	FY2023
Plans with accumulated benefit obligations in excess of plan assets		
Accumulated benefit obligations	(6,902)	(4,697)
Fair value of plan assets	1,091	—
Plans with projected benefit obligations in excess of plan assets		
Projected benefit obligations	(6,902)	(4,697)
Fair value of plan assets	1,091	—

(2) Components of Net Periodic Benefit Cost

The cost recorded for the contributory termination and retirement benefit plans for the years ended March 31, 2023 and 2024 included the following components:

(JPY millions)

	FY2022	FY2023
Interest cost on projected benefit obligation	1,357	1,860
Expected return on plan assets	(3,373)	(3,280)
Amortization	3,529	2,275
Settlements loss	1,156	907
Net periodic benefit cost	2,669	1,762

In accordance with ASC 715, “Compensation - Retirement Benefits,” the unrecognized prior service benefit occurred in the fiscal year ended March 31, 2020 is amortized on a straight-line basis over the average remaining life expectancy years of 37 years. The unrecognized actuarial gains and losses are amortized on a straight-line basis of 15 years, within the average remaining life expectancy years, that exceed 10% of the larger of the projected benefit obligation or plan assets.

(3) Measurement Date

The Company and some of its domestic subsidiaries which cover the majority of the projected benefit obligation and plan assets of the termination and retirement benefits use March 31 as the measurement date.

(4) Assumptions

Weighted-average assumptions used to determine the benefit obligations at March 31, 2023 and 2024 were as follows:

	FY2022	FY2023
Discount rate	1.12%	1.46%

Weighted-average assumptions used to determine termination and retirement benefit costs for the years ended March 31, 2023 and 2024 were as follows:

	FY2022	FY2023
Discount rate	0.74%	1.12%
Expected long-term rate of return on plan assets	2.20%	2.20%

The expected return on plan assets is determined by estimating the future rate of return on each category of plan assets considering actual historical returns and current economic trends and conditions.

Since the Company and certain domestic subsidiaries decided to switch from the existing the Plans to the DC for future service rendered on or after July 1, 2019, compensation increase rate is no longer required.

(5) Plan Assets

The Company's investment policies are designed to ensure that adequate plan assets are available to provide future payments of pension benefits to eligible participants. Taking into account the expected long-term rate of return on plan assets, the Company formulates a model portfolio composed of the optimal combination of equity, debt securities, life insurance general account assets, and other assets in order to yield a total return that will match the expected return on a mid-term to long-term basis.

The Company evaluates the gap between long-term expected return and actual return of invested plan assets to determine if such differences necessitate a revision in the formulation of the model portfolio. In the event that the Company determines the need for a revision of the model portfolio to accomplish the expected long-term rate of return on plan assets, the Company revises the model portfolio to the extent necessary.

The target allocation of plan assets is 20.0% equity securities, 51.0% debt securities and life insurance general account assets, and 29.0% other. The plan assets include joint trusts which invest in equity, debt securities, and other assets.

Equity securities are mainly composed of stocks that are listed on various securities exchanges. The Company has investigated the business condition of investee companies and appropriately diversified the equity investments by type of industry, brand, and other relevant factors. Debt securities are primarily composed of government bonds, public debt instruments, and corporate bonds. The Company has investigated the quality of the debt issued, including credit rating, interest rate, and repayment dates and appropriately diversified the debt investments. For investments in life insurance general account assets, contracts with the insurance companies include a guaranteed interest and return of capital. Other assets are mainly joint trusts composed of alternative and appropriately diversified.

The fair values of the Company's pension plan assets by asset category as of March 31, 2023 were as follows:

(JPY millions)

	Amount of Fair Value Measurements (Notes:3)			
	Level 1	Level 2	Level 3	Total
Equity securities (Notes:1)	34,025	–	–	34,025
Life insurance general account assets	–	29,042	–	29,042
Other assets (Notes:2)	6,067	86	–	6,153
Investments measured at NAV (Notes:3)	–	–	–	119,985
Total	40,092	29,128	–	189,205

(Notes) 1. Equity securities are domestic stocks that by retirement benefit trusts hold. No common stock of the Company is included in Domestic stocks.

2. Other assets are mainly cash deposits hold by retirement benefit trusts.

3. Investments measured at NAV are joint trusts. Certain assets evaluated by net asset value per share (or its equivalent) are not categorized in the fair value hierarchy. Total amounts in the above table are presented to reconcile the amounts in the fair value hierarchy to the amounts stated on the consolidated balance sheets.
Equity securities included in joint trusts invest in listed equity securities at a ratio of 30% Japanese companies and 70% foreign companies for the fiscal year ended March 31, 2023.
Debt securities included in joint trusts invested at a ratio of approximately 40% in domestic bonds and 60% in foreign bonds for the fiscal year ended March 31, 2023.

Level 1 assets are composed principally of cash in bank and equity securities which are valued using unadjusted quoted market prices in active markets with sufficient volume and frequency of transactions.

Level 2 assets are composed principally of life insurance general account assets. Life insurance general account assets are valued based on the sum of original value and return.

The fair values of the Company's pension plan assets by asset category as of March 31, 2024 were as follows:

(JPY millions)

	Amount of Fair Value Measurements (Notes:3)			
	Level 1	Level 2	Level 3	Total
Equity securities (Notes:1)	49,922	―	―	49,922
Life insurance general account assets	―	28,144	―	28,144
Other assets (Notes:2)	1,095	6	―	1,101
Investments measured at NAV (Notes:3)	―	―	―	131,407
Total	51,017	28,150	―	210,574

(Notes) 1. Equity securities are domestic stocks that by retirement benefit trusts hold. No common stock of the Company is included in Domestic stocks.

2. Other assets are mainly cash deposits hold by retirement benefit trusts.

3. Investments measured at NAV include JPY125,011 million of joint trusts and JPY6,396 million of Security investment trust beneficiary securities. Certain assets evaluated by net asset value per share (or its equivalent) are not categorized in the fair value hierarchy. Total amounts in the above table are presented to reconcile the amounts in the fair value hierarchy to the amounts stated on the consolidated balance sheets.
Equity securities included in joint trusts invest in listed equity securities at a ratio of approximately 40% Japanese companies and 60% foreign companies for the fiscal year ended March 31, 2024.
Debt securities included in joint trusts invested at a ratio of approximately 30% in domestic bonds and 70% in foreign bonds for the fiscal year ended March 31, 2024.

Level 1 assets are composed principally of cash in bank and equity securities which are valued using unadjusted quoted market prices in active markets with sufficient volume and frequency of transactions.

Level 2 assets are composed principally of life insurance general account assets. Life insurance general account assets are valued based on the sum of original value and return.

(6) Cash Flows

Contributions

The Companies do not expect to contribute to their domestic termination and retirement benefit plans in the year ending March 31, 2025.

Benefit payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

FY	JPY millions
2024	9,554
2025	9,035
2026	9,871
2027	8,939
2028	8,156
2029 – 2032	31,124

2. Termination plans excluding the funded contributory termination and retirement plan in Japan

The aggregate liability for the termination plans, excluding the funded contributory termination and retirement plan in Japan, as of March 31, 2023 and 2024 was JPY 4,099 million and JPY 4,270 million, respectively. The aggregate net periodic benefit cost for such plans for the fiscal years ended March 31, 2023 and 2024 was JPY 262 million and JPY 315 million, respectively.

The termination plans excluding the funded contributory termination and retirement plan in Japan, include the termination and retirement benefit plans in European subsidiaries and the Companies' other termination and retirement benefit plans. Certain employees of European subsidiaries are covered by a defined benefit pension plan. The projected benefit obligation for the plan and related fair value of plan assets in European subsidiaries were JPY 8,342 million and JPY 7,901 million, respectively, at March 31, 2023, and JPY 9,658 million and JPY 9,190 million, respectively, at March 31, 2024. The projected benefit obligation and related fair value of the Companies' other termination and retirement benefit plans, which provide lump-sum termination payment at the employee's termination, were not material at March 31, 2023 and 2024. Other termination and retirement benefit plans primarily provide lump-sum retirement benefits upon employee retirement.

3. Defined contribution plans

The defined contribution expenses for the years ended March 31, 2023 and 2024 were as follows:

(JPY millions)

	FY2022	FY2023
Defined contribution expenses	8,635	7,898

L EQUITY

The Companies Act requires that all shares of common stock be issued with no par value and at least 50% of the issue price of new shares is required to be recorded as common stock, while the remaining net proceeds are required to be presented as additional paid-in capital, which is included in capital surplus. The Companies Act permits Japanese companies, upon approval of the board of directors, to issue shares to existing shareholders without consideration by way of a stock split. Such issuance of shares generally does not give rise to changes within equity.

The Companies Act also requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation of such threshold. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the board of directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria, such as: (1) having a board of directors; (2) having independent auditors; (3) having a Board of Corporate Auditors; and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the board of directors may declare dividends (except for dividends in kind) if the Company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Companies Act permits companies to distribute dividends in kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution of the board of directors if it is stipulated by the articles of incorporation of the Company. Under the Companies Act, certain limitations are imposed on the amount of capital surplus and retained earnings available for dividends. The Companies Act also provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than JPY3 million. Such amount available for dividends under the Companies Act was JPY145,192 million at March 31, 2024, based on the amount recorded in the Company's general books of account.

M OTHER EXPENSES(INCOME) , NET

Other expenses(income), net, for the years ended March 31, 2023 and 2024 consisted of the following:

(JPY millions)

	FY2022	FY2023
Net loss on sales and disposals of property, plant, and equipment	45	1,517
Impairment losses on long-lived assets	1,768	1,285
The costs associated with product quality	―	339
Net loss (gain) on valuation of investment securities	2,099	(6,731)
Gain related to sale of business	(922)	(328)
Interest income, net	(1,162)	(2,122)
Foreign exchange loss, net	1,057	4,599
Foreign exchange loss (gain) due to liquidation of foreign investments	(337)	0
Dividend income	(861)	(965)
Net periodic benefit costs	2,669	1,762
Government grants	(1,550)	(1,357)
Compensation income	(676)	(903)
Litigation expenses	―	1,939
Other, net	147	354
Total	2,277	(611)

N GOVERNMENT GRANTS

Government grants are mainly grants provided by Chinese government (based on the provisions of the 14th Five-Year Plan) and grants for acquisition of property, plant, and equipment.

Grants provided by Chinese government are recognized as revenue over the coverage period.

Grants for acquisition of property, plant, and equipment are recognized as deferred revenue and in revenue over the useful life of facilities that are subject to the grants.

Government grants of JPY (1,550) million and JPY (1,789) million were recognized for fiscal years ended March 31, 2023 and 2024, respectively, and mostly included in “Other (income) expenses, net” in the consolidated statements of income.

O INCOME TAXES

The provision for income taxes for the years ended March 31, 2023 and 2024 consisted of the following:

(JPY millions)

	FY2022	FY2023
Current income tax expense	34,401	16,818
Deferred income tax expenses, exclusive of the following	(11,832)	(11,503)
Change in the valuation allowance	2,374	5,170
Total	24,943	10,485

The Company and its domestic subsidiaries are subject to a number of taxes based on income. The statutory effective tax rate is 30.5% for the fiscal years ended March 31, 2023 and 2024. The effective income tax rates of the Companies differ from the Japanese statutory effective tax rates for the years ended March 31, 2023 and 2024, as follows:

(%)

	FY2022	FY2023
Japanese statutory effective tax rates	30.5	30.5
Reason for increase (decrease)		
Increase in taxes resulting from permanently nondeductible items	0.7	1.3
Tax credit for research and development expenses	(4.5)	(12.5)
Losses of subsidiaries for which no tax benefit was provided	0.5	4.8
Difference in subsidiaries' tax rates	(4.9)	(13.0)
Change in the valuation allowance	1.9	20.5
Taxes on undistributed earnings	1.7	10.8
Unrecognized tax benefits	(0.1)	0.8
Share of loss (profit) of entities accounted for using equity method	0.3	18.0
Effect of liquidation of subsidiaries	—	(8.2)
Other, net	(1.0)	(1.7)
Effective income tax rates	25.1	51.3

The approximate effect of temporary differences and tax credit and loss carryforwards that gave rise to deferred tax balances at March 31, 2023 and 2024 were as follows:

(JPY millions)

	FY2022		FY2023	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Inventory valuation	8,971	–	9,912	–
Accrued bonuses and compensated absences	7,387	–	8,302	–
Termination and retirement benefits	274	–	454	11,147
Investment securities	–	5,460	–	1,911
Property, plant, and equipment and intangible assets	2,711	2,868	2,269	17,787
Taxes on undistributed earnings	–	5,740	–	6,735
Unearned revenue	2,758	–	3,977	–
Research and development tax credit	3,995	–	4,735	–
Research and development cost - IRC Section 174	1,178	–	2,921	–
Other temporary differences	7,460	48	11,468	637
Net operating loss carryforwards	5,501	–	6,847	–
Total	40,235	14,116	50,885	38,217
Valuation allowance	(4,658)	–	(9,705)	–
Total	35,577	14,116	41,180	38,217

The total valuation allowance increased by JPY2,013 million in 2023 and increased by JPY5,047 million in 2024.

Research and development tax credit will expire by 2044, except for those that can be carried forward indefinitely.

As of March 31, 2024, the Companies had net operating loss carryforwards for corporate income taxes JPY46,119 million in Japan and JPY13,183 million in overseas. Most of which will expire in Japan by 2034. In overseas, the deduction expires will be due in 2031, except for those that can be carried forward indefinitely.

The Company has not provided deferred tax liabilities on unremitted earnings of certain foreign subsidiaries to the extent that they are believed to be indefinitely reinvested. The Company has not recognized deferred tax liabilities of JPY11,700 million and JPY12,226 million for portions of unremitted earnings of the foreign subsidiaries of JPY72,065 million and JPY46,441 million at March 31, 2023 and 2024, respectively. Dividends received from domestic subsidiaries are expected to be substantially free of tax.

A reconciliation of beginning and ending amounts of unrecognized tax benefits was as follows:

(JPY millions)

	FY2022	FY2023
Balance at beginning of year	393	276
Additions based on tax positions related to the current year	60	124
Additions based on tax positions related to the prior year	18	37
Subtractions based on tax positions related to the prior year	(195)	–
Balance at end of year	276	437

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was JPY276 million and JPY437 million for the years ended March 31, 2023 and 2024, respectively.

Based on the information available as of March 31, 2024, a change to the unrecognized tax benefits within the next 12 months will not have a material effect on the Companies' financial condition and operating results.

The Companies recognize interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statements of income.

The Companies file income tax returns in Japan and foreign jurisdictions. With few exceptions, tax examinations in Japan and in foreign countries for years on or prior to March 31, 2022 and 2014, respectively, have been completed.

P SHARE-BASED PAYMENTS

(1)Share-based payment plan for the board of directors and executive officers

The Companies introduced a performance share plan (hereinafter the "Plan") for the members of the board of directors and executive officers in the fiscal year ended March 31, 2018.

The Plan is consisted of two structures, a BIP Trust and an ESOP Trust. The BIP Trust is established for an executive incentive program similar to the performance share and restricted stock plans in the U.S. and Europe. It is designed to grant the Company's shares acquired by the BIP Trust and cash in the amount of the converted value of such shares to directors and executive officers according to executive position and their degree of achievement of performance targets. The ESOP Trust is used for an employee incentive program using a trust fund based on the Employee Stock Ownership Plan in the U.S. The shares held by the BIP Trust and the ESOP Trust are accounted for as treasury stock.

Vesting conditions are subject to individuals holding the position of directors and executive officers and meeting other specific requirements. The rights of granted points (1 point = 1 share) will be awarded to directors and executive officers on the last day of each fiscal year during the term of a new medium-term management plan according to their positions and the degree of achievement of performance targets. The number of performance-linked points due to directors and executive officers will be awarded after the term of the Plan, and non-performance-linked points will be awarded over a specified period each year during the term of the Plan. Directors and executive officers will receive the Company's shares and cash, which are awarded based on their points upon completion of certain settlement procedures.

The following table summarizes the unvested points activity in 2023 and 2024:

	FY2022		FY2023	
	Number of Points	Weighted-Average Grant-Date Fair Value (JPY)	Number of Points	Weighted-Average Grant-Date Fair Value (JPY)
Outstanding at beginning of year	56,014	9,865	125,032	8,736
Granted	69,018	7,820	66,457	8,643
Change in accounting estimate	―	―	(28,608)	7,452
Outstanding at ending of year	125,032	8,736	162,881	8,923

Note: The Weighted-Average Grant-Date Fair Value is calculated by using the market value of the Company's shares with adjustment considering expected dividend.

Share-based payment expense recognized in the consolidated statement of income was JPY540 million, JPY361 million for the fiscal years ended March 31, 2023 and 2024, respectively.

(2) Share-based payment plan for employees

(i) Share-based payment plan through the Employee Stockholding Association

The Company resolved in the fiscal year ended March 31, 2022 to introduce the plan, and grants its shares to employees of the Company and the Company's domestic subsidiaries.

The plan is to grant special incentives to members of the Employee Stockholding Association in order to increase sensitivity to corporate value and raise awareness of corporate value among employees of the Company and the Company's subsidiaries and to encourage further membership of the Employee Stockholding Association, and dispose treasury shares to the Employee Stockholding Association through the contribution of the special incentives using the method of third-party allotment. The fair value of the share-based payment on the plan is determined based on the market value of the Company's shares.

Share-based payment expense recognized in the consolidated statement of income was JPY524 million and no amount for the fiscal years ended March 31, 2023 and 2024, respectively.

(ii) Restricted stock plan through the Employee Stockholding Association

The Company resolved in the fiscal year ended March 31, 2022 to introduce the plan, and has introduced a restricted stock plan for employees of the Company and the Company's domestic subsidiaries.

Based on the new long-term vision "SF2030," this plan is to pay monetary claims as a special incentive for granting restricted stock (hereinafter referred to as "Special Incentive") to employees of the Company and the Company's subsidiaries who consent to the plan (hereinafter referred to as "eligible employees") in order to realize the "Maximization of corporate value (financial and non-financial value)," with the aim to bring management and employees together to work as one to enhance corporate value and to allow all to share in the results. The eligible employees contribute the Special Incentive to the Employee Stockholding Association, and the Employee Stockholding Association receives the issuance or disposal of the Company's common shares as restricted stock by using the Special Incentive contributed by eligible employees to make a contribution the Company.

On the condition that eligible employees would remained a member of the Employee Stockholding Association during the transfer restriction period, their restriction on transfer is lifted on the business day following the day when the transfer restriction period expires, for all the allotted shares in the number corresponding to the share of restricted stock held by eligible employees, according to the level of achievement of the Company's performance targets and changes of their employee category. In the case where certain events occur, the Company acquires the allotted shares without compensation.

Changes in the number of shares of restricted stock and weighted-average grant-date fair value are as follows.

	FY2022		FY2023	
	Number of shares	Weighted-average grant-date fair value (JPY)	Number of shares	Weighted-average grant-date fair value (JPY)
Outstanding at beginning of the fiscal year	–	–	286,107	7,760
Granted	404,600	7,760	14,496	7,213
Vested	(111,164)	7,760	(110,873)	7,716
Acquired by the Company	(7,329)	7,760	(9,124)	7,733
Outstanding at ending of the fiscal year	286,107	7,760	180,606	7,744

Note: The weighted-average grant-date fair value is calculated based on the market value of the Company's shares.

Share-based payment expense recognized in the consolidated statement of income was JPY863 million and JPY 813 million for the fiscal years ended March 31, 2023, and 2024, respectively. There are JPY1,399 million in unrecognized compensation costs at the fiscal year ended March 31, 2024, which will be recognized over a weighted-average period of 1.2 years.

Q PER SHARE DATA

The Company calculates its net income per share in accordance with ASC 260, "Earnings Per Share."

The Company introduced a Medium-term Incentive Plan using restricted stock for the Employee Stockholding Association for manager-level employees of the Company and domestic subsidiaries of the Company. In addition, the Company introduced a Stockholding Association Stimulation Plan using restricted stock for the Employee Stockholding Association for general-level employees of the Company and domestic subsidiaries of the Company. Among the shares related to these plans, the shares that are not yet vested are distinguished from common shares as participation certificates. The common shares and participation certificates have equal rights with respect to net income attributable to shareholders.

The numerators and denominators of the computations for net income attributable to shareholders per share are each shown below.

The diluted net income attributable to shareholders and the diluted average number of issued shares during the period were not stated since there were no potentially dilutive securities as of March 31, 2023 and 2024.

Numerator

(JPY millions)

	FY2022	FY2023
Net income attributable to shareholders	73,861	8,105
Net income attributable to participating securities	134	10
Net income attributable to common shareholders	73,727	8,095

Denominator

	FY2022	FY2023
Weighted-average common shares outstanding	198,447,778	196,885,094
Weighted-average participation securities outstanding	360,730	245,940
Weighted-average common shares outstanding	198,087,048	196,639,153

Note: The Company's shares held through the BIP Trust and the ESOP Trust are included in the number of treasury stock shares to be deducted in calculation of the weighted-average shares for the earnings per share computation (600,208 shares and 520,413 shares as of March 31, 2023 and 2024, respectively.).

R OTHER COMPREHENSIVE INCOME

Tax effects allocated to each component of other comprehensive income, including other comprehensive income attributable to noncontrolling interests and reclassification adjustments for the years ended March 31, 2023 and 2024 were as follows:

(JPY millions)

	FY2022			FY2023		
	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount
Foreign currency translation adjustments:						
Beginning balance	33,854	54	33,908	52,162	(818)	51,344
Foreign currency translation adjustments arising during the year	18,712	(872)	17,840	45,449	(678)	44,771
Reclassification adjustment for the portion realized in net income	(337)	—	(337)	0	—	0
Net unrealized gain	18,375	(872)	17,503	45,449	(678)	44,771
Less: Other comprehensive income attributable to noncontrolling interests	67	—	67	348	—	348
Ending balance	52,162	(818)	51,344	97,263	(1,496)	95,767
Pension liability adjustments:						
Beginning balance	(40,960)	21,030	(19,930)	(28,441)	17,215	(11,226)
Pension liability adjustments arising during the year	8,763	(2,669)	6,094	33,479	(10,222)	23,257
Reclassification adjustment for the portion realized in net income	3,756	(1,146)	2,610	2,269	(692)	1,577
Net unrealized gain	12,519	(3,815)	8,704	35,748	(10,914)	24,834
Ending balance	(28,441)	17,215	(11,226)	7,307	6,301	13,608
Net gains on derivative instruments:						
Beginning balance	(1,372)	407	(965)	(230)	59	(171)
Unrealized holding loss arising during the year	(753)	230	(523)	(1,466)	447	(1,019)
Reclassification adjustment for the portion realized in net income	1,895	(578)	1,317	1,742	(531)	1,211
Net unrealized gain	1,142	(348)	794	276	(84)	192
Ending balance	(230)	59	(171)	46	(25)	21
Total -Accumulated other comprehensive income:						
Beginning balance	(8,478)	21,491	13,013	23,491	16,456	39,947
Unrealized holding gain arising during the year	26,722	(3,311)	23,411	77,462	(10,453)	67,009
Reclassification adjustment for the portion realized in net income	5,314	(1,724)	3,590	4,011	(1,223)	2,788
Net unrealized gain	32,036	(5,035)	27,001	81,473	(11,676)	69,797
Less: Other comprehensive income attributable to noncontrolling interests	67	—	67	348	—	348
Ending balance	23,491	16,456	39,947	104,616	4,780	109,396

The reclassification adjustment related to foreign currency translation adjustments for the portion realized in net income is included in “Other expenses (income), net”. The reclassification adjustment related to pension liability adjustments for the portion realized in net income is included in “Other expenses(income), net”. The reclassification adjustment related to net gains on derivative instruments for the portion realized in net income is included in “Cost of sales” and “Other expenses(income), net”. The tax effect is included in “Income taxes”.

S FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value of Financial Instruments

The carrying amounts and estimated fair values as of March 31, 2023 and 2024 of the Companies' financial instruments were as follows:

(JPY millions)

	FY2022		FY2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
(Derivatives)				
Forward exchange contracts:				
Other current assets	3,953	3,953	6,430	6,430
Other current liabilities	(1,176)	(1,176)	(1,816)	(1,816)
Commodity swap contracts:				
Other current assets	49	49	9	9
Other current liabilities	—	—	(13)	(13)

The following methods and assumptions were used to estimate the fair values of each class of financial instrument for which it is practicable to estimate its value.

The definitions of Level 1, Level 2, and Level 3, which are hierarchical classifications of fair value, are described in Note II-U. FAIR VALUE MEASUREMENTS.

Derivatives

The fair value of derivatives generally reflects the estimated amounts that the Companies would receive or pay to terminate the contracts at the reporting date, thereby taking into account the current unrealized gains or losses on open contracts. Dealer quotes are available for most of the Companies' derivatives. For the rest of the Companies' derivatives, valuation models are applied to estimate fair value.

The Companies do not use derivatives for trading purposes.

In addition, information on the fair value of derivative transactions by level is described in Note II-U. FAIR VALUE MEASUREMENTS.

Nonderivatives

(1) Cash and cash equivalents, notes and accounts receivable, leasehold deposits, notes and accounts payable, short-term borrowings, current portion of long-term borrowings, long-term borrowings:
The carrying amounts approximate fair value. Cash and cash equivalents are classified as Level 1, while others are classified as Level 2.

(2) Investment securities:
Equity securities that have readily determinable fair values are valued using quoted market prices in active markets. Equity securities without readily determinable fair values are valued with adjustments for observable changes in prices or impairments, or using other reasonable methods. (See Note II-U. about equity securities measured at fair value on a recurring basis.)

T DERIVATIVES AND HEDGING ACTIVITIES

The Companies enter into forward exchange contracts to hedge changes in foreign currency exchange rates (primarily the U.S. dollar, the Euro, and the Chinese yuan). The Companies enter into commodity swap contracts to hedge changes in prices of commodities, including copper and silver used in the manufacturing of various products. The Companies do not use derivatives for trading purposes. The Companies are exposed to credit risk in the event of nonperformance by counterparties to derivatives, but the Company considers the exposure to such risk to be minimal since the counterparties maintain good credit ratings.

Changes in the fair value of certain forward exchange contracts and commodity swap contracts designated and qualifying as cash flow hedges are reported in accumulated “Other comprehensive income”. Gains and losses on forward exchange contracts are subsequently reclassified into “Other expenses(income), net”, and gains and losses on commodity swap contracts are subsequently reclassified into “Cost of sales”, in the same period as and when the hedged items affect earnings. Substantially all of the accumulated “Other comprehensive income” in relation to derivatives at March 31, 2024 is expected to be reclassified into earnings within 12 months.
Furthermore, forward exchange contracts that have not been designated as hedges are also considered effective as hedges from an economic perspective. Changes in fair value of these forward exchange contracts are immediately recorded in “Other expenses (income), net.”

The notional amounts of outstanding contracts to forward exchange and commodity swap at March 31, 2023 and 2024 were as follows:

(JPY millions)

	FY2022	FY2023
Forward exchange contracts	158,029	159,150
Commodity swap contracts	1,075	63

The fair values of derivatives at March 31, 2023 and 2024 were as follows:

Derivatives designated as hedges

Assets

(JPY millions)

	Account	FY2022	FY2023
Forward exchange contracts	Other current assets	3,953	4,567
Commodity swap contracts	Other current assets	49	9

Liabilities

(JPY millions)

	Account	FY2022	FY2023
Forward exchange contracts	Other current liabilities	(1,176)	(951)
Commodity swap contracts	Other current liabilities	—	(13)

Derivatives not designated as hedges

Assets

(JPY millions)

	Account	FY2022	FY2023
Forward exchange contracts	Other current assets	―	1,863

Liabilities

(JPY millions)

	Account	FY2022	FY2023
Forward exchange contracts	Other current liabilities	―	(865)

The effects on the consolidated statements of income for the year ended March 31, 2023 were as follows:

Derivatives designated as hedges

Cash flow hedge

(JPY millions)

	Unrealized Gain (Losses) in Other Comprehensive Income (Hedge Effective Portion)	Transfer from Other Comprehensive Income to Profit (Hedge Effective Portion)
Forward exchange contracts	(535)	1,298
Commodity swap contracts	12	19

The amount of hedge effectiveness was immaterial.

The effects on the consolidated statements of income for the year ended March 31, 2024 were as follows:

Derivatives designated as hedges

Cash flow hedge

(JPY millions)

	Unrealized Gain (Losses) in Other Comprehensive Income (Hedge Effective Portion)	Transfer from Other Comprehensive Income to Profit and Loss (Hedge Effective Portion)
Forward exchange contracts	(1,067)	1,274
Commodity swap contracts	48	(63)

The amount of hedge effectiveness was immaterial.

Derivatives not designated as hedges

(JPY millions)

	Income recognized from derivatives
Forward exchange contracts	1,214

U FAIR VALUE MEASUREMENTS

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

The assets and liabilities that are measured at fair value on a recurring basis at March 31, 2023 were as follows:

(JPY millions)

	Amount of Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Assets				
Investment securities				
Equity securities	26,590	–	2,486	29,076
Derivatives				
Forward exchange contracts	–	3,953	–	3,953
Commodity swap contracts	–	49	–	49
Liabilities				
Derivatives				
Forward exchange contracts	–	1,176	–	1,176

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 and commodity swap contracts. Since fair value of derivatives is determined using the observable market data, such as foreign exchange rates, these are classified as Level 2.

A reconciliation of Level 3 assets measured at fair value on a recurring basis for the years ended March 31, 2023 was as follows:

(JPY millions)

	Investment Security
Balance at beginning of year	2,869
Amount included in net income:	
Other expenses(income), net	(372)
Purchases	132
Other	(143)
Balance at end of year	2,486

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

The assets and liabilities that are measured at fair value on a nonrecurring basis at March 31, 2023 were as follows:

(JPY millions)

	Total Amount of Loss	Amount of Fair Value Measurements			
		Level 1	Level 2	Level 3	Total Amount of Fair Value
Assets					
Investment securities	(590)	–	1,057	—	1,057
Long-lived assets	(1,768)	–	–	0	0

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.

Long-lived assets listed above are classified as Level 3, as most of these assets are measured based on unobservable inputs resulting recognition of impairment. The fair value for the major assets was measured using the discounted future cash flows method.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The assets and liabilities that are measured at fair value on a recurring basis at March 31, 2024 were as follows:

(JPY millions)

	Amount of Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Assets				
Investment securities				
Equity securities	9,290	—	5,666	14,956
Derivative:				
Forward exchange contracts	—	6,430	—	6,430
Commodity swap contracts	—	9	—	9
Liabilities				
Forward exchange contracts	—	1,816	—	1,816
Commodity swap contracts	—	13	—	13

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 and commodity swap contracts. Since fair value of derivatives is determined using the observable market data, such as foreign exchange rates, these are classified as Level 2.

A reconciliation of Level 3 assets measured at fair value on a recurring basis for the years ended March 31, 2024 was as follows:

(JPY millions)

	Investment Security
Balance at beginning of year	2,486
Amount included in net income:	
Other expenses(income), net	(34)
Purchases	2,546
Sales	(27)
Other	695
Balance at end of year	5,666

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

The assets and liabilities that are measured at fair value on a nonrecurring basis at March 31, 2024 were as follows:

(JPY millions)

	Total Amount of Loss	Amount of Fair Value Measurements			
		Level 1	Level 2	Level 3	Total Amount of Fair Value
Assets					
Investment securities	(330)	—	—	—	—
Long-lived assets	(1,285)	—	—	0	0

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.

Long-lived assets listed above are classified as Level 3, as most of these assets are measured based on unobservable inputs resulting recognition of impairment. The fair value for the major assets was measured using the discounted future cash flows method.

V COMMITMENTS AND CONTINGENT LIABILITIES

Commitment

The Companies have non-cancelable contracts mainly for certain information technology-related services and materials. The amounts of outstanding contracts as of March 31, 2023 and 2024 was JPY2,864 million and JPY3,315 million, respectively.

Concentrations of Credit Risk

Financial instruments that potentially subject the Companies to concentrations of credit risk consist principally of short-term cash investments and notes and accounts receivable. The Companies place their short-term cash investments with high credit quality financial institutions. As approximately 45% of total sales are concentrated in Japan, concentrations of credit risk with respect to notes and accounts receivable are limited due to the large number of well-established customers and their dispersion across many industries.

Cost for Environmental Remediation

The Companies record an environmental remediation accrual when it is probable that a liability has been incurred and the amount can reasonably be estimated. The environmental remediation accrual as of March 31, 2023 and 2024 was JPY196 million and zero, respectively.

Product Warranties

The Companies issue contractual product warranties under which they generally guarantee the performance of products delivered and services rendered for a certain period or term. Changes in accrued product warranty cost for the years ended March 31, 2023 and 2024 was summarized as follows:

(JPY millions)

	FY2022	FY2023
Balance at beginning of year	1,158	1,186
Additions	1,053	1,373
Utilizations	(1,025)	(959)
Balance at end of year	1,186	1,600

Unused Committed Lines

The Companies have a total of JPY30,000 million in unused committed lines of credit at March 31, 2023 and 2024.

Deferred Revenue

The Companies provide extended warranties for certain products, and the revenue is recognized using the straight-line method over the warranty term. The costs from the extended warranties are charged to earnings as incurred. The deferred revenue for the years ended March 31, 2023 and 2024 was JPY11,839 million and JPY12,583 million, respectively, and recorded in other current liabilities and other long-term liabilities.

Lawsuits

The Company and some of its subsidiaries are facing several petitions and lawsuits arising from the normal course its business and appropriate accounting is performed according to the progress. However, based upon the information currently available to both the Company and its legal counsel, management of the Company believes that damages from such petitions and lawsuits, if any, would not have a material effect on the consolidated financial statements.

W SEGMENT INFORMATION

Operating Segment Information

ASC 280, “Segment Reporting,” establishes the disclosure of information about operating segments in financial statements. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Company discloses operating segment information in five operating segments: “IAB,” “HCB,” “SSB,” “DMB,” and “DSB”. These segments are mainly separated based on the Companies’ consideration of their nature of the products and the business standing in the group.

The Company previously had four operating segments. However, as stated in “II. Business Conditions 1. Management Policy, Management Environment, and Issues to be Addressed (3) Changes of Medium-Term Management Plan SF 1st Stage under SF2030 (ii) Making of JMDC into a Consolidated Subsidiary and Launch of Data Solution Business Headquarters,” the Company has five operating segments by adding DSB from the third quarter of the current consolidated fiscal year. Since this change is the establishment of a new segment which did not exist previously, segment information for the previous fiscal year has been disclosed based on the previous segments.

The primary products included in each segment are as follows:

(1) IAB:

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

(2) HCB:

……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 service

(3) SSB:

……Energy business (solar power generation, storage battery systems), railway station service systems, traffic and road management systems, card payment services, IoT (power protection, data protection) solutions, software development and comprehensive maintenance service business

(4) DMB:

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

Note: MEMS: Micro Electro Mechanical Systems

(5) DSB:

……Data healthcare business, corporate health business, smart M&S (management service solutions) business, carbon neutral solutions business, data-based solutions business, and self-reliance support business

The segment information is presented in accordance with accounting principles generally accepted in the United States of America.

Revenues and expenses directly associated with specific segments are disclosed in the figures of each segment’s operating results. Based on the Company’s allocation method used by management to evaluate results of each segment, revenues and expenses not directly associated with specific segments are allocated to each segment or included in “Eliminations and Others.”

“Segment profit” is presented by subtracting “Cost of sales”, “Selling, general and administrative expenses”, and “Research and development expenses” from “Net sales”.

Operating segment information as of and for the year ended March 31, 2023 was as follows:

(JPY millions)

	IAB	HCB	SSB	DMB	Total	Eliminations and Others	Consolidated
I Sales and segment profit (loss)							
Sales							
1. Sales to external customers	485,738	142,132	107,273	138,854	873,997	2,085	876,082
2. Intersegment sales	6,822	294	13,804	48,451	69,371	(69,371)	–
Total	492,560	142,426	121,077	187,305	943,368	(67,286)	876,082
Segment profit	85,835	16,018	7,490	15,501	124,844	(24,158)	100,686
II Assets, depreciation, and capital expenditures							
Assets	576,488	141,823	131,640	164,560	1,014,511	(16,351)	998,160
Depreciation and amortization	6,382	3,615	2,526	7,421	19,944	6,643	26,587
Capital expenditures	9,298	6,587	3,395	9,581	28,861	16,213	45,074

Notes: 1. The value of intersegment transactions is in accordance with the value of transactions with external customers.
2. "Eliminations and Others" include not allocated expenses and eliminations of intersegment transactions and the head office divisions and others.

Operating segment information as of and for the year ended March 31, 2024 was as follows:

(JPY millions)

	IAB	HCB	SSB	DMB	DSB	Total	Eliminations and Others	Consolidated
I Sales and segment profit (loss)								
Sales								
1. Sales to external customers	393,572	149,726	141,600	114,357	17,370	816,625	2,136	818,761
2. Intersegment sales	5,207	238	13,276	37,500	115	56,336	(56,336)	—
Total	398,779	149,964	154,876	151,857	17,485	872,961	(54,200)	818,761
Segment profit	21,463	18,463	14,021	3,148	2,184	59,279	(24,937)	34,342
II Assets, depreciation, and capital expenditures								
Assets	547,440	157,220	146,263	165,511	421,363	1,437,797	(83,068)	1,354,729
Depreciation and amortization	7,087	3,826	3,079	7,739	2,849	24,580	6,236	30,816
Capital expenditures	7,255	3,948	5,558	6,073	1,164	23,998	20,896	44,894

Notes: 1. The value of intersegment transactions is in accordance with the value of transactions with external customers.
2. "Eliminations and Others" include not allocated expenses and eliminations of intersegment transactions and the head office divisions and others.

A reconciliation between segment profit and income before income taxes and equity in loss (earnings) of affiliates for the years ended March 31, 2023 and 2024 was as follows:

(JPY millions)

	FY2022	FY2023
Total amount of segment profit	124,844	59,279
Other expenses (income), net	2,277	(611)
Eliminations and Others	(24,158)	(24,937)
Income before income taxes and equity in loss (earnings) of affiliates	98,409	34,953

Geographic Information

Information on the Companies' sales to external customers and property, plant, and equipment by major geographic areas as of and for the years ended March 31, 2023 and 2024 was as follows:

FY2022

(JPY millions)

	Japan	Americas	Europe	Greater China	Southeast Asia and Others	Direct Exports	Consolidated
Sales to external customers	326,539	104,299	140,137	211,528	92,874	705	876,082
Property, plant, and equipment	72,919	5,308	3,381	39,448	8,529	—	129,585

FY2023

(JPY millions)

	Japan	Americas	Europe	Greater China	Southeast Asia and Others	Direct Exports	Consolidated
Sales to external customers	348,998	86,149	128,929	171,932	80,675	2,078	818,761
Property, plant, and equipment	78,382	5,996	4,117	38,865	9,415	—	136,775

Notes:
1. Classification of countries or areas is based upon physical geographic proximity.
2. Major countries or areas belonging to segments other than Japan are as follows:
   (1) Americas: ………… The United States of America, Canada, Brazil
   (2) Europe: ………… The Netherlands, Great Britain, Germany, France, Italy and Spain
   (3) Greater China: … China, Hong Kong and Taiwan
   (4) Southeast Asia and Others: …… Singapore, South Korea, India and Australia
   (5) Direct Exports: …… Direct delivery exports
3. For sales and property, plant, and equipment, there were no material amounts specific to a particular country, except for Japan, China, and the United States of America that require separate disclosure as of and for the years ended March 31, 2023 and 2024. Sales in China was JPY179,111 million, and JPY148,091 million. Property, plant, and equipment in China was JPY39,340 million, and JPY38,718 million for the years ended March 31, 2023 and 2024. Sales in the United States of America was JPY89,042 million, and JPY72,342 million for the years ended March 31, 2023 and 2024, respectively.
4. For sales to external customers, there were no amounts specific to particular customers that require separate disclosure for the years ended March 31, 2023 and 2024.

X BUSINESS COMBINATIONS

(The Acquisition of JMDC Inc.)

On October 16, 2023, the Company acquired 23.0% of the voting shares of JMDC Inc. ("JMDC") through a tender offer under the Financial Instruments and Exchange Act ("the Tender Offer"), making JMDC and its 35 subsidiaries consolidated subsidiaries of the Company.

(1) Overview of the business combination

(a) Name and description of the acquiree

Name of the acquiree	JMDC Inc.
Description of the acquiree	Medical statistics data services

(b) Acquisition date

October 16, 2023

(c) Percentage of voting equity interests acquired

Percentage of voting equity interests held immediately before the Tender Offer	Approximately 31.3%
Percentage of voting equity interests acquired through the Tender Offer	Approximately 23.0%
Percentage of voting equity interests after acquisition	Approximately 54.3%

(d) Primary reasons for the business combination and description of how the acquirer obtained control of the acquiree

Since signing a capital and business alliance agreement on February 22, 2022, the Company and JMDC have made steady progress in understanding one another's businesses and in building a relationship of mutual trust. In April 2023, we began a data link between the Omron Healthcare Co., Ltd. healthcare management smartphone app, *OMRON connect*, and the JMDC app, *PepUp* PHR service for insurance providers. In June 2023, eight representative management companies, including the Company and JMDC (including 140 member companies and organizations), launched the Health & Productivity Management Alliance. The objective of this Health & Productivity Management Alliance is to improve the competitiveness of Japanese companies and the sustainability of corporate health insurance through the health of employees. As a result, collaboration between the two companies has accelerated. At the same time, the numerous restrictions on the sharing of management resources have made it difficult to respond adequately to increasingly sophisticated market needs.

We believe that converting JMDC from an equity-method affiliate to a consolidated subsidiary will allow the Company to leverage JMDC assets actively to create value and achieve sustainable growth through business transformation. This new relationship will also maximize corporate value over the medium to long term. Therefore, at a meeting held on September 8, 2023, the Company's Board of Directors resolved to make the Tender Offer for JMDC shares. Subsequently, the Company made the Tender Offer between September 11 and October 10, 2023, making JMDC a consolidated subsidiary (specified subsidiary) on October 16, 2023.

Note: The Health & Productivity Management Alliance is an inter-corporate initiative to create a model for health management, co-create solutions leading to outcomes, and implement said solutions across industry. The alliance will achieve these aims through a vision of revitalizing Japan's companies through employee health and sustainable health insurance, pursuing health promotion and the prevention of serious illness in the workplace through data and the collaboration of corporations and health insurance societies. As originators of the alliance, the Company and JMDC are involved in the planning and management of the alliance, working in cooperation with the other representative managing companies. By combining JMDC's capabilities of data services with the Company ecosystem-building capabilities (brand power, and network capabilities), we expect to leverage the activities of the Health & Productivity Management Alliance to develop businesses in the corporate health domain, providing health management solutions for corporate human resources.

(2) Consideration for acquisition and noncontrolling interests

	(JPY millions)
Consideration for acquisition through the Tender Offer (Note 1)	85,500
Fair value of equity held immediately before the business combination (Notes 2 and 3)	109,435
Total consideration for acquisition	194,935
Fair value of noncontrolling interests (Note 3)	159,709
Total	354,644

(Note 1) The full amount was raised through borrowings from Sumitomo Mitsui Banking Corporation on October 13, 2023. Expenses arising in relation to the acquisition of shares were JPY476 million in the fiscal year ended March 31, 2024, and are included in "Selling, general and administrative expenses" in the consolidated statements of income.

(Note 2) By remeasuring the equity interest in JMDC, which the Company already held at the acquisition date, to fair value at the acquisition date, the Company recognized a loss of JPY1,841 million in the fiscal year ended March 31, 2024, and included the loss in "Share of loss (profit) of entities accounted for using equity method" in the consolidated statements of income. "Share of loss (profit) of entities accounted for using equity method" in the consolidated statements of income for the fiscal year ended March 31, 2024 includes a loss of JPY10,187 million which was recorded due to revaluation at fair value as at the end of the second quarter of the fiscal year ended March 31, 2024, and a loss in aggregate of JPY12,028 million. Tax expense and deferred tax assets for these valuation losses were not recorded.

(Note 3) Fair value of the equity was measured using the market price of the same asset in an active market and classified as Level 1.

(3) Fair value recognized at the acquisition date of the main categories of assets acquired and liabilities assumed

The provisional amounts of assets acquired and liabilities assumed on the date of obtaining control are as follows. Since fair values of assets acquired and liabilities assumed on the date of obtaining control are currently being calculated and allocation of acquisition cost has not been completed, the following amounts may be changed.

(JPY millions)

Classification	Amount
Cash and cash equivalents	20,428
Current assets other than cash and cash equivalents	15,370
Goodwill	298,540
Other intangible assets	49,615
Other assets acquired	16,402
Total assets acquired	400,355
Current liabilities	13,845
Other liabilities assumed	31,866
Total liabilities assumed	45,711
Total net assets acquired	354,644

Goodwill mainly consists of expected future earning capacity and synergy effects of the business integration with the Company. The recognized goodwill is fully attributable to the Data Solution Business and cannot be deducted for tax purposes. Intangible assets include customer-related assets and technology-related assets.

(4) Others

Operating results of JMDC on and after the acquisition date are included in the consolidated financial statements of the Company, and the amounts are immaterial.

As for pro forma information on the above business combination, the amounts are immaterial, except for gains or losses related to the Tender Offer and the business combination which arose through the remeasurement of equity in JMDC at fair value.

(The Acquisition of Cancerscan Inc.)

On January 26, 2024, the Company acquired 100% of the voting shares of Cancerscan Inc. (“Cancerscan”), making Cancerscan consolidated subsidiaries of the Company.

(1) Overview of the business combination

(a) Name and description of the acquiree

Name of the acquiree	Cancerscan Inc.
Description of the acquiree	Specific health checkup business for national health insurance (notification and consultation encouragement business), etc.

(b) Acquisition date

January 26, 2024

(c) Percentage of voting equity interests acquired

100%

(d) Primary reasons for the business combination and description of how the acquirer obtained control of the acquiree

At the meeting of the Board of Directors of JMDC held on December 28, 2023, it was resolved to acquire shares of Cancerscan and make it a subsidiary with the aim of offering service solutions developed by JMDC in transactions with health insurance societies through the solid customer base in municipalities possessed by Cancerscan, and accelerating further expansion of the business scale in the insurer/consumer domain of JMDC’s group by providing solutions, such as lifestyle-related disease care program, developed by applying know-how on behavior change, which is a strength of Cancerscan, to health insurance societies, companies, etc. that are JMDC’s customers.

After that, JMDC acquired shares of Cancerscan. in exchange for cash on January 26, 2024, and Cancerscan. became a consolidated subsidiary of the Company.

(2) Consideration for acquisition

(JPY millions)

Consideration for acquisition (Cash)	14,200

Expenses arising in relation to the acquisition of shares were JPY14 million in the fiscal year ended March, 31, 2024, and are included in “Selling, general and administrative expenses” in the consolidated statements of income.

(3) Fair value recognized at the acquisition date of the main categories of assets acquired and liabilities assumed

The provisional amounts of assets acquired and liabilities assumed on the date of obtaining control are as follows. Since fair values of assets acquired and liabilities assumed on the date of obtaining control are currently being calculated and allocation of acquisition cost has not been completed, the following amounts may be changed.

(JPY millions)

Classification	Amount
Cash and cash equivalents	98
Current assets other than cash and cash equivalents	4,269
Goodwill	11,496
Other assets acquired	1,191
Total assets acquired	17,054
Current liabilities	1,908
Other liabilities assumed	946
Total liabilities assumed	2,854
Total net assets acquired	14,200

Goodwill mainly consists of expected future earning capacity and synergy effects of the business integration with the Company. The recognized goodwill is fully attributable to the Data Solution Business and cannot be deducted for tax purposes.

(4) Others

Operating results of Cancerscan on and after the acquisition date are included in the consolidated financial statements of the Company, and the amounts are immaterial.

As for pro forma information on the above business combination, the amounts are immaterial.

Y SALES OF BUSINESSES

There were no material matters to report for the years ended March 31, 2023 and 2024.

Z SUBSEQUENT EVENTS

The Companies have evaluated subsequent events in accordance with ASC 855, “Subsequent Events.”

(Solicitation for voluntary retirement)

At the Board of Directors meeting held on February 26, 2024, the Company formulated the structural reform program “NEXT2025” and resolved to implement company-wide structural reforms for the purpose of improving the earning capacity and growth potential toward enhancement of the corporate value of the Group as a whole. As part of this effort, the Company will optimize the number and capabilities of workforce on a global basis to build a labor and cost structure that extends customer value and enables growth with earnings.

Specifically, we will work to ensure appropriate overall labor cost by reducing the workforce by approximately 2,000 persons in total: approximately 1,000 persons in Japan and approximately 1,000 persons abroad. This measure will be carried out in accordance with the local labor law, rules, and regulations. In Japan, the Company will implement a measure to reduce workforce through voluntary retirement.

The outline of the voluntary retirement offer is as follows:

(1) Eligible Companies: OMRON domestic group companies.

(2) Eligible Employees: Full-time and senior employees who have been employed at least three years as of July 20, 2024, and who are at least 40 years of age.

(3) Number of Applicants Accepted: Approximately 1,000

(4) Application Period: April 10 through May 31, 2024

(5) Retirement Date: July 20, 2024 (tentative)

The voluntary retirement application period ends on May 31, 2024, and the number of employees to be reduced in Japan is 1,206. The one-time employee termination benefits to be incurred as a result of personnel reduction in Japan are expected to be approximately JPY13 billion, of which approximately JPY8 billion will be incurred by OMRON Corporation and will be recorded in the consolidated statements of income and statements of income for the fiscal year ending March 31, 2025. The impact of the overseas workforce reduction is not disclosed because employees subject to the program has not been determined at this time and the accounting treatment has not been completed.

(vi) Consolidated Supplementary Schedule

Schedule of Bonds

Not applicable.

Schedule of Borrowings

This information is presented in the notes to the consolidated financial statements under "II: Descriptions and Breakdowns of Major Accounts, I: Borrowings."

Schedule of Asset Retirement Obligations

As the amount of asset retirement obligations at the beginning and end of the current fiscal period are a hundredth or less of the sum of liabilities and net assets each of the said period, it has been omitted in accordance with the provisions of Article 92-2 of the Regulations for Consolidated Financial Statements.

(2) Other

Quarterly information for the fiscal year ended March 31, 2024

(Cumulative)	Three months ended June 30, 2023	Six months ended September 30, 2023	Nine months ended December 31, 2023	Fiscal year ended March 31, 2024
Net sales (JPY millions)	203,351	400,674	607,985	818,761
Income before income taxes and equity in loss (earnings) of affiliates (JPY millions)	18,561	24,994	31,469	34,953
Net income attributable to shareholders (JPY millions)	13,396	6,080	7,849	8,105
Basic net income attributable to shareholders (JPY)	68.05	30.89	39.87	41.17

(Accounting Period)	Three months ended June 30, 2023	Three months ended September 30, 2023	Three months ended December 31, 2023	Three months ended March 31, 2024
Basic net income attributable to shareholders (JPY)	68.05	(37.16)	8.98	1.30

2. Non-consolidated Financial Statements, etc.

(1) Non-consolidated Financial Statements

(i) Non-consolidated Balance Sheets

(JPY millions)

		FY2022 (as of March 31, 2023)		FY2023 (as of March 31, 2024)
Assets				
Current assets				
Cash and deposits		22,152		28,347
Notes receivable - trade		224		317
Accounts receivable - trade	*1	66,742	*1	41,146
Merchandise and finished goods		11,442		13,683
Raw materials		15,277		16,750
Work in process		3,341		3,489
Supplies		269		283
Short-term loans receivable to subsidiaries and affiliates	*1	8,668	*1	8,406
Accounts receivable - other	*1	11,775	*1	15,735
Income taxes refund receivable		—		6,109
Other accounts receivable	*1	5,016	*1	4,593
Other		7,885		11,995
Allowance for doubtful accounts		(0)		(0)
Total current assets		152,791		150,853
Non-current assets				
Property, plant and equipment				
Buildings		23,906		22,829
Structures		952		911
Machinery and equipment		5,557		5,846
Vehicles		1		2
Tools, furniture and fixtures		4,833		5,376
Land		12,025		11,892
Leased assets		830		734
Construction in progress		1,055		1,098
Total property, plant and equipment		49,159		48,688
Intangible assets				
Leasehold interests in land		480		480
Software		6,607		6,489
Right to use facilities		61		63
Technological asset		5,465		4,803
Software in progress		16,828		33,205
Other		139		115
Total intangible assets		29,580		45,155
Investments and other assets				
Investment securities	*2	32,407	*2	14,038
Shares of subsidiaries and affiliates		269,689		353,547
Investments in other securities of subsidiaries and affiliates		1,429		1,241
Investments in capital of subsidiaries and affiliates		22,837		22,837
Long-term loans receivable from subsidiaries and affiliates	*1	3,703	*1	4,666
Distressed receivables		5,791		—
Leasehold and guarantee deposits		4,638		4,368
Prepaid pension costs		17,636		19,575
Deferred tax assets		7,126		11,660
Other		5,247		4,054
Allowance for doubtful accounts		(5,724)		(14)
Total investments and other assets		364,779		435,972
Total non-current assets		443,518		529,815
Total assets		596,309		680,668

(JPY millions)

	FY2022 (as of March 31, 2023)	FY2023 (as of March 31, 2024)
Liabilities and equity		
Current liabilities		
Notes payable - trade	*1 6,909	*1 6,238
Accounts payable - trade	*1 38,098	*1 30,900
Short-term borrowings	—	5,567
Short-term borrowings from subsidiaries and affiliates	*1 169,336	*1 196,380
Lease liabilities	139	151
Accounts payable - other	*1 16,734	*1 9,019
Accrued expenses	12,253	10,960
Income taxes payable	4,458	38
Advances received	28	2,733
Deposits received	*1 1,340	*1 1,339
Provision for bonuses for directors (and other officers)	231	10
Provision for share awards	355	—
Other	3,596	5,977
Total current liabilities	253,477	269,312
Non-current liabilities		
Long-term borrowings	—	85,500
Lease liabilities	601	512
Provision for share awards	1,117	1,316
Deferred tax liabilities for land revaluation	957	957
Long-term advances received	2,649	—
Other	4,243	3,526
Total non-current liabilities	9,567	91,811
Total liabilities	263,044	361,123
Net assets		
Shareholders’ equity		
Share capital	64,100	64,100
Capital surplus		
Legal capital surplus	88,771	88,771
Total capital surplus	88,771	88,771
Retained earnings		
Legal retained earnings	6,774	6,774
Other retained earnings		
Reserve for dividends	3,400	3,400
Reserve for special account	1,252	1,252
General reserve	73,500	73,500
Retained earnings brought forward	155,776	151,561
Total retained earnings	240,702	236,487
Treasury shares	(70,615)	(69,968)
Total shareholders’ equity	322,958	319,390
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	14,801	4,469
Deferred gains or losses on hedges	(180)	—
Revaluation reserve for land	(4,314)	(4,314)
Total valuation and translation adjustments	10,307	155
Total net assets	333,265	319,545
Total liabilities and net assets	596,309	680,668

(ii) Non-consolidated Statements of Income

(JPY millions)

		FY2022 (April 1, 2022 to March 31, 2023)		FY2023 (April 1, 2023 to March 31, 2024)
Net sales	*1, *2	369,498	*1, *2	259,328
Cost of sales	*2	223,030	*2	177,808
Gross profit		146,468		81,520
Selling, general and administrative expenses	*2, *3	117,784	*2, *3	113,430
Operating profit (loss)		28,684		(31,910)
Non-operating income				
Interest and dividend income	*2	74,759	*2	27,498
Other	*2	3,289	*2	3,414
Total non-operating income		78,048		30,912
Non-operating expenses				
Interest expenses	*2	2,674	*2	5,222
Commission expenses		49		100
Foreign exchange losses		401		919
Loss on investments in partnerships		453		669
Other	*2	47	*2	352
Total non-operating expenses		3,624		7,262
Ordinary profit (loss)		103,108		(8,260)
Extraordinary income				
Gain on sale of non-current assets	*4	6	*4	2
Gain on sale of investment securities		80		20,981
Gain on liquidation of subsidiaries and affiliates		140		—
Total extraordinary income		226		20,983
Extraordinary losses				
Loss on sale and retirement of non-current assets	*5, *6	371	*5, *6	727
Loss on valuation of investment securities		—		330
Other		—		128
Total extraordinary losses		371		1,185
Profit before income taxes		102,963		11,538
Income taxes - current		12,826		(4,176)
Income taxes - deferred		(969)		(78)
Total income taxes		11,857		(4,254)
Net income		91,106		15,792

(iii) Non-consolidated Statements of Changes in Net Assets

FY2022 (April 1, 2022 to March 31, 2023)

(JPY millions)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings					
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
						Reserve for dividends	Reserve for special account	General reserve	Retained earnings brought forward	
Balance at beginning of period	64,100	88,771	0	88,771	6,774	3,400	1,177	73,500	83,770	168,621
Changes during period										
Dividends of surplus				—					(18,969)	(18,969)
Net income				—					91,106	91,106
Accumulation of reserve for special account				—			75		(75)	—
Purchase of treasury shares				—						—
Disposal of treasury shares			(0)	(0)					(56)	(56)
Net changes in items other than shareholders' equity				—						—
Total changes during period	—	—	(0)	(0)	—	—	75	—	72,006	72,081
Balance at end of period	64,100	88,771	—	88,771	6,774	3,400	1,252	73,500	155,776	240,702

	Shareholders' equity		Valuation and translation adjustments				Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of period	(54,605)	266,887	15,746	(1,160)	(4,314)	10,272	277,159
Changes during period							
Dividends of surplus		(18,969)				—	(18,969)
Net income		91,106				—	91,106
Accumulation of reserve for special account		—				—	—
Purchase of treasury shares	(20,013)	(20,013)				—	(20,013)
Disposal of treasury shares	4,003	3,947				—	3,947
Net changes in items other than shareholders' equity		—	(945)	980		35	35
Total changes during period	(16,010)	56,071	(945)	980	—	35	56,106
Balance at end of period	(70,615)	322,958	14,801	(180)	(4,314)	10,307	333,265

FY2023 (April 1, 2023 to March 31, 2024)

(JPY millions)

	Shareholders' equity								
	Share capital	Capital surplus		Retained earnings					
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
					Reserve for dividends	Reserve for special account	General reserve	Retained earnings brought forward	
Balance at beginning of period	64,100	88,771	88,771	6,774	3,400	1,252	73,500	155,776	240,702
Changes during period									
Dividends of surplus			–					(19,941)	(19,941)
Net income			–					15,792	15,792
Purchase of treasury shares			–						–
Disposal of treasury shares			–					(66)	(66)
Net changes in items other than shareholders' equity			–						–
Total changes during period	–	–	–	–	–	–	–	(4,215)	(4,215)
Balance at end of period	64,100	88,771	88,771	6,774	3,400	1,252	73,500	151,561	236,487

	Shareholders' equity		Valuation and translation adjustments				Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of period	(70,615)	322,958	14,801	(180)	(4,314)	10,307	333,265
Changes during period							
Dividends of surplus		(19,941)				–	(19,941)
Net income		15,792				–	15,792
Purchase of treasury shares	(61)	(61)				–	(61)
Disposal of treasury shares	708	642				–	642
Net changes in items other than shareholders' equity		–	(10,332)	180		(10,152)	(10,152)
Total changes during period	647	(3,568)	(10,332)	180	–	(10,152)	(13,720)
Balance at end of period	(69,968)	319,390	4,469	–	(4,314)	155	319,545

Notes

(Significant Accounting Policies)

1 Valuation standards for securities are as follows.

Shares of subsidiaries and affiliates

・・・Cost accounting method using the moving average method

Investments in other securities of subsidiaries and affiliates

・・・For Investment Limited Liability Partnerships, the net value of equities is given based on the most recent financial statements available prepared in accord with the reporting dates stipulated in the respective partnership agreements

Other securities

Shares, etc. other than those without market value

・・・Market value method based on the market value, etc. at the end of the fiscal year (Valuation differences are directly charged or credited to shareholders' equity, and the cost of securities sold is calculated using the moving-average method)

Shares, etc. without market value

・・・Cost accounting method using the moving average method

2 Derivatives are valued using the market value method.

3 Valuation standard and method for inventories are as follows.

Finished goods

・・・The weighted average method or the moving average method (The values in the non-consolidated balance sheet were calculated using the book-value write-down method based on the decline of profitability)

Work in process and Raw materials

・・・The weighted average method (The values in the non-consolidated balance sheet were calculated using the book-value write-down method based on the decline of profitability)

4 The depreciation method for fixed assets is as follows.

Property, plant and equipment (Excluding leased assets)

・・・Straight-line method (Useful lives of buildings is generally 15 to 50 years)

Intangible fixed assets (Excluding leased assets)

・・・Straight-line method (Useful life of software estimated at 3 to 10 years)

Leased assets

Lease assets from finance lease trade other than ownership transfer

・・・Straight-line method depreciation over the lease period, assuming the residual value is zero

5 Deferred assets are treated in full as expenses when incurred or paid.

6 Allowance for doubtful accounts is recorded based on the estimated historical default rate for normal loans, as well as individually assessed amounts for doubtful accounts, bankruptcy claims, reorganization claims, etc.

7 Provision for bonuses for directors (and other officers) is recognized based on the amount estimated to be paid at the end of the fiscal period.

8 Provision for retirement benefits are recognized based on the estimated amount of the benefit obligation and the plan assets at the year-end.

Prior service costs are amortized by the straight-line method over a period within the average remaining service period for employees (11.4 years) at the time of recognition.

Actuarial gains and losses are amortized over the average remaining service period of the employees (11.4 years), using the straight-line method, from the following term when the difference is recognized.

As the estimated value of pension assets at the end of the current fiscal year then exceeds the amount of retirement benefit obligation after adjustment based on unrecognized past service costs and unrecognized actuarial gains and losses, the difference is accounted for as prepaid pension costs on the non-consolidated balance sheet.

9 Provision for share awards is recorded based on the expected amount of payment at the end of the current fiscal year in order to prepare for the issuance of Company's shares to directors, executive officers and employees in line with share granting regulations, etc.

10 Revenue and expenses are recognized as follows.

Revenue arising from contracts with customers is recognized based on the following five-step approach, when, or as, the control of a product or service is transferred to the customer.

Step 1: Identify the contracts with customers
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 entity satisfies a performance obligation

Revenue is recognized from domestic sales of goods when goods are delivered at a customer's site, 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 completes 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 provides for an estimate of rebates for customers based on the quantities sold to promote the sales of its products. The amount of rebates is included in variable consideration. As it can be reasonably estimated, a significant reversal in the amount of cumulative revenue recognized is unlikely to occur. Therefore, the estimate of variable consideration will not be constrained. The products 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 Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the end of the fiscal period.

12 The Company uses the deferral accounting method when accounting for hedging transactions.

13 The group tax sharing system is being applied. Also, in accordance with ASBJ Practical Issues Task Force Report No. 42, 'Treatment of Accounting and Disclosure for Applying the Group Tax Sharing System' (August 12, 2021), the Company is conducting accounting and disclosure for corporate and municipal taxes as well as the accounting treatment for tax-effect accounting related to these taxes.

(Significant Accounting Estimates)

(Valuation of Shares of subsidiaries and affiliates)

1 Amount recorded in financial statements for the fiscal year ended March 31, 2024

(JPY millions)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Shares of subsidiaries and affiliates (Of which, shares with market value)	269,689 [122,212]	353,547 [208,189]

2 Information on significant accounting estimates related to identified items

(i) Method of calculating amount recorded in financial statements for the fiscal year ended March 31, 2024

In the valuation of shares of affiliates with market value, when the valuation based on the market price has declined significantly, such valuation based on the market price is deemed to be the carrying amount and the valuation difference is recognized as an impairment loss on the investment, unless the valuation is expected to recover. In principle, “declined significantly” is defined as a decline of 50% or more compared to the carrying value in the balance sheet. However, in the case where the valuation has declined by roughly 30% or more compared to the carrying value in the balance sheet and it is considered to have declined significantly based on objective information available, the valuation difference shall be treated as a loss for the current period.

In addition, shares and investments in affiliates without market value are recorded as the acquisition cost on the balance sheet. In the valuation of these shares, if the substantial value drops significantly due to the deterioration of the issuing company’s financial position, a corresponding reduction in value will be made, and the difference will be treated as a loss for the current period.

A deterioration in financial position is defined, in principle, as a decline of 50% or more in the value of net assets per share compared to the value at the time of the acquisition. However, if the substantial value of shares and investments without market value is substantiated by sufficient proof of recoverability, the valuation difference shall not be treated as a loss for the period. Further, as part of the Company’s strategic investment in healthcare business growth during the VG2020 period, it invested in AliveCor, Inc., which provides definitive diagnosis and monitoring services for atrial fibrillation in the United States. The investment is valuated as its real value, reflecting factors like the excess earning capacity of the company. In this case, the deterioration of financial condition is defined as when the real value falls by 50% or more compared to the value at the time of acquisition.

(ii) Key assumptions used in calculating the amounts recorded in financial statements for the fiscal year ended March 31, 2024

As for investment in JMDC Inc., which has the market value, objective information that serves as a base for judging whether its value has declined significantly was determined based on the share price analysis using the share price informations which are available at the end of the fiscal year, operating results, the valuation based on the discounted cash flow method, analyst report, etc.

The real value of investment in AliveCor, Inc., which does not have a market price, was calculated by discounting the estimated future cash flow based on the business plans that have been approved by management to the present value using a discount rate calculated based on the weighted-average cost of capital. The business plans are formulated using assumptions such as macroeconomic conditions, market growth rates, profit margins, and capital expenditures plans. Cash flows in business plans are calculated based on the growth rate estimated within the range of the long-term average growth rate of the market to which the affiliate belongs.

(iii)Impact on financial statements for the following fiscal year

If key assumptions used in calculating the amounts recorded in the financial statements for the current fiscal year deviate significantly from the situation at the end of said fiscal year, it may affect their valuation and have a significant impact on share-related values.

(Changes in Accounting Policies)

(Change in inventory valuation method)

As for the valuation method for inventories, the Company previously used the first-in, first-out method, but has changed the valuation method to the weighted average method or the moving average method for finished goods, the weighted average method for work in process, and the weighted average method for raw materials from the fiscal year ended March 31, 2024.

This change is based on our Long-Term Vision, Shaping The Future 2030, launched in fiscal 2022, and our medium-term management plan, SF 1st Stage. This vision and plan presented an opportunity to review our systems related to sales, production, inventory retention policies, and inventory management systems amid increasing uncertainties in recent years, as well as changes in the social and business environments. Based on this review, we determined that valuing inventory using the average method offered a more appropriate means of calculating period profit or loss.

In addition, the impact of this change on the non-consolidated financial statements is immaterial.

Changes in Accounting Estimates

(Change in amortization period of actuarial gains and losses and past service cost)

When accounting for retirement benefits, the Company previously amortized actuarial gains and losses and past service cost over a period of 11.9 years within the average remaining service period of employees; since it has become shorter in this fiscal year, the Company amortizes them over a period of 11.4 years from this fiscal year.

As a result, JPY220 million decrease presented in operating profit, ordinary profit and profit before income taxes for this fiscal year.

(Additional Information)

(Matters Related to Shares)

1 Overview of Transactions

The Company has implemented a performance-linked share compensation plan as a part of director and manager-level employees of overseas subsidiaries of the Company (hereinafter referred to as “Directors, etc.”) compensation.

Under this system, points are granted to Directors, etc. according to the Company’s prescribed standards. After the conclusion of the medium-term management plan and upon retirement, shares of the Company shares corresponding to the points, as well as cash equivalent to the value of the shares, are issued and paid through the Officer Compensation BIP Trust and the Stock-granting ESOP Trust.

The accounting treatment for such trusts is subject to the application of the gross price method, in accordance with “Practical Handling of Transactions Where Company Shares are Issued to Employees, Etc., Through a Trust” (Practical Solutions Report No. 30 of December 25, 2013, revised March 26, 2015).

2 Own Shares Remaining Officer Compensation BIP Trust and Stock-granting ESOP Trust

The shares of the Company remaining in the Officer Compensation BIP Trust and the Stock-granting ESOP Trust are accounted for as treasury stock in the net assets section. The number and carrying amount of such shares, as of the end of the preceding fiscal year, were 600,208 shares and JPY3,880 million, and at the end of the current fiscal year were 520,413 shares and JPY3,369 million; this fiscal years 85,699 shares of the Company are being paid to directors, etc. In addition, the dividends for own shares held by the Officer Remuneration BIP Trust and the Stock-granting ESOP Trust were JPY57 million in the previous fiscal year and JPY56 million in the current fiscal year.

(Balance Sheet-related)

*1 Monetary claims and monetary debts with subsidiaries and affiliates

(JPY millions)

	FY2022 (as of March 31, 2023)	FY2023 (as of March 31, 2024)
Short term monetary claims held against subsidiaries and affiliates	69,493	54,200
Long term monetary claims held against subsidiaries and affiliates	11,189	6,388
Short term monetary debts owed to transactions with subsidiaries	196,637	220,697

*2 Pledged assets

(JPY millions)

	FY2022 (as of March 31, 2023)	FY2023 (as of March 31, 2024)
Investment securities	200	200

Note: Investment securities are pledged in accordance with the debt of investee.

3 Guaranteed debt

(JPY millions)

Main guaranteed party	FY2022 (as of March 31, 2023)	FY2023 (as of March 31, 2024)
OMRON ELETRONICA DO BRASIL LTDA.	9	40
OMRON MEXICO, S.A. DE C.V.	185	173
OMRON AUTOMATION PVT LTD.	213	－
Total	407	213

(Statements of Income-related)

*1 Indication of sales classifications

FY2022 (April 1, 2022 to March 31, 2023)	FY2023 (April 1, 2023 to March 31, 2024)
Sales items of the Company include products and goods of the same type, and due to the difficulty in classifying them, the sale of goods has been included in sales.	Sales items of the Company include products and goods of the same type, and due to the difficulty in classifying them, the sale of goods has been included in sales.

*2 Volume of transactions with subsidiaries and affiliates

(JPY millions)

	FY2022 (April 1, 2022 to March 31, 2023)	FY2023 (April 1, 2023 to March 31, 2024)
Sales	249,732	167,562
Amount purchased	157,228	122,110
Volume of other sales transactions	12,682	12,293
Volume of transactions other than sales transactions	79,441	33,734

*3 The approximate ratio of expenses attributable as selling expenses was 15% in the previous fiscal year and 15% this fiscal year; the approximately ratio of expenses attributable as general and administrative expenses was 85% in the previous fiscal year and 85% this fiscal year.

The major items and amount of SG&A expenses are as shown below.

(JPY millions)

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Commission expenses	24,862	26,037
Salaries, allowances and bonuses	28,618	28,477
Depreciation	4,900	5,021
Retirement benefit expenses	410	(692)
Research and development expenses	36,048	33,648

*4 Main breakdown of gain on sale of fixed assets

(JPY millions)

	FY2022 (April 1, 2022 to March 31, 2023)	FY2023 (April 1, 2023 to March 31, 2024)
Buildings	0	—
Machinery and equipment	5	2
Tools, furniture and fixtures	0	0
Software	0	0

*5 Main breakdown of loss on sale of fixed assets

(JPY millions)

	FY2022 (April 1, 2022 to March 31, 2023)	FY2023 (April 1, 2023 to March 31, 2024)
Machinery and equipment	3	3
Tools, furniture and fixtures	—	1
Land	—	0

*6 Main breakdown of loss on disposal of fixed assets

(JPY millions)

	FY2022 (April 1, 2022 to March 31, 2023)	FY2023 (April 1, 2023 to March 31, 2024)
Buildings	46	88
Structures	1	—
Machinery and equipment	59	162
Vehicles	0	—
Tools, furniture and fixtures	59	26
Construction in progress	11	126
Software	22	42
Facility usage rights	13	8
Technological asset	—	0
Telephone subscription right	—	5
Software in progress	157	266

(Securities-related)

FY2022 (as of March 31, 2023)

Shares of subsidiaries and affiliates, etc.

(JPY millions)

	Amount recorded on the non-consolidated balance sheet	Market value	Difference
Shares of affiliates	122,212	93,088	(29,124)
Total	122,212	93,088	(29,124)

Note: Carrying amounts of shares of subsidiaries and affiliates, etc., which have no quoted market price and are not included in the above, are as shown below.

(JPY millions)

	Amount recorded on the non-consolidated balance sheet
Shares of subsidiaries	136,758
Shares of affiliates	10,719
Investments in other securities of subsidiaries and affiliates	1,429
Total	148,906

FY2023 (as of March 31, 2024)

Shares of subsidiaries and affiliates, etc.

(JPY millions)

	Amount recorded on the non-consolidated balance sheet	Market value	Difference
Shares of affiliates	208,189	127,972	(80,217)
Total	208,189	127,972	(80,217)

Note: Carrying amounts of shares of subsidiaries and affiliates, etc., which have no quoted market price and are not included in the above, are as shown below.

(JPY millions)

	Amount recorded on the non-consolidated balance sheet
Shares of subsidiaries	133,272
Shares of affiliates	12,086
Investments in other securities of subsidiaries and affiliates	1,241
Total	146,599

(Tax Effect Accounting-related)

1. Breakdown of major causes of deferred tax assets and deferred tax liabilities

(JPY millions)

	FY2022 (as of March 31, 2023)	FY2023 (as of March 31, 2024)
Deferred tax assets		
Allowance for doubtful receivables	1,746	4
Inventories	1,072	2,155
Unpaid bonuses	2,557	1,903
Retirement benefit trusts	6,182	6,534
Investment securities	1,151	1,464
Shares of subsidiaries and affiliates, etc.	8,298	8,901
Contingent debt	2,357	1,510
Depreciation and amortization assets	1,768	1,690
Tax loss carryforwards	-	2,161
Other	1,162	2,691
Deferred tax assets, Subtotal	26,293	29,013
Valuation allowance	(6,945)	(8,901)
Deferred tax assets, Total	19,348	20,112
Deferred tax liabilities		
Valuation difference on other securities	6,495	1,961
Prepaid pension costs	5,379	5,970
Other	348	521
Deferred tax liabilities, Total	12,222	8,452
Net deferred tax assets	7,126	11,660

2. Breakdown of major items causing a difference between the income tax rates and effective income tax rates

	FY2022 (as of March 31, 2023)	FY2023 (as of March 31, 2024)
Statutory effective tax rates	30.5%	30.5%
(Adjusted)		
Dividend income amount	(21.0)	(71.5)
Valuation allowance	0.0	15.6
Outflows such as entertainment expenses	0.2	1.0
Tax credits, etc., for testing and research expenses	(3.1)	(4.2)
Foreign withholding tax	5.9	11.2
Takeover of tax loss carryforwards due to liquidation of subsidiary	-	(9.6)
Foreign tax credit	(0.8)	(6.0)
Other	(0.2)	(3.9)
Effective income tax rates	11.5	(36.9)

(Change in Presentation)

"Foreign tax credit," which was included in "Other," for the fiscal year ended March 31,2023, is presented separately from the fiscal year ended March 31,2024 due to the increased significance. To reflect this change in presentation, the breakdown has been reclassified from the fiscal year ended March 31,2024.

As a result, the -1.0% that was presented in "Other" for the fiscal year ended March 31,2023 has been reclassified as -0.8% for "Foreign tax credit" and -0.2% for "Other."

(Revenue Recognition-related)

For sufficient information to enable users to understand the relationship of disaggregated revenue, notes have been omitted as the same information is given under “Notes on Consolidated Financial Statements II Descriptions and Breakdowns on Major Accounts - A. Earnings 2. Sufficient Information to Enable Users to Understand the Relationship of Disaggregated Revenue.”

(Subsequent Events)

This note has been omitted as the same information is given under “Notes on Consolidated Financial Statements II Descriptions and Breakdowns on Major Accounts - Z SUBSEQUENT EVENTS.”

(iv) Supplementary Schedule

Property, Plant and Equipment, Etc., Schedule

(JPY millions)

Classification	Type of asset	Balance at beginning of this year	Amount of increase this year	Amount of decrease this year	Balance at end of this year	Cumulative depreciation	Amortization this year	Deduction balance at end of this year
Property, plant and equipment	Buildings	65,532	793	1,474	64,851	42,022	1,896	22,829
	Structures	5,309	65	140	5,234	4,323	104 (1)	911
	Machinery and equipment	12,678	1,612	561	13,729	7,883	1,132 (12)	5,846
	Vehicles	8	2	—	10	8	1	2
	Tools, furniture and fixtures	14,455	1,825	538	15,742	10,366	1,247	5,376
	Land	[3,357] 12,025	—	133	[3,357] 11,892	—	—	[3,357] 11,892
	Leased assets	931	74	—	1,005	271	170	734
	Construction in progress	1,055	1,768	1,725	1,098	—	—	1,098
	Total	111,993	6,139	4,571	113,561	64,873	4,550 (13)	48,688
Intangible fixed assets	Leasehold interests in land	480	—	—	480	—	—	480
	Software	37,756	2,031	2,788	36,999	30,510	2,103	6,489
	Right to use facilities	331	31	32	330	267	22	63
	Technological asset	7,864	24	1	7,887	3,084	686	4,803
	Software in progress	16,828	17,373	996	33,205	—	—	33,205
	Other	229	0	5	224	109	20	115
	Total	63,488	19,459	3,822	79,125	33,970	2,831	45,155

Notes:
1. The amount within parenthesis ( ) on the ”Amortization this year” section is the recorded amount of impairment loss.
2. The “Cumulative depreciation” section includes the total amount of impairment loss.
3. The amount within parenthesis [ ] is the difference with the carrying amount prior to the land reevaluation that was conducted pursuant to the Act on Revaluation of Land (Act No. 34 of 1998).
4. The amount of increase this year in software and software in progress is mainly due to the development, etc., of core corporate systems.

Statement of Reserves

(JPY millions)

Account	Balance at beginning of this year	Amount of increase this year	Amount of decrease this year	Balance at end of this year
Allowance for doubtful accounts (current)	0	—	—	0
Allowance for doubtful accounts (fixed)	5,724	—	5,710	14
Provision for bonuses for director (and other officers) (current)	231	10	231	10
Provision for share awards (current)	355	—	355	—
Provision for share awards (fixed)	1,117	329	130	1,316

(2) Content of Main Assets and Liabilities

Description has been omitted because the consolidated financial statements have been prepared.

(3) Other

Not applicable.

VI. Outline of Share-Related Administration of the Reporting Company

Fiscal year	April 1 to March 31
Ordinary General Meeting of Shareholders	During June
Record date	March 31
Record date for dividends of surplus	March 31, September 30
Number of shares per unit	100 shares
Purchase and sale of shares below one unit	
Handling office	(Special Account) 1-4-5, Marunouchi, Chiyoda-ku, Tokyo Stock Transfer Agency Department, Mitsubishi UFJ Trust and Banking Corporation
Shareholder registry administrator	(Special Account) 1-4-5, Marunouchi, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation
Handling location	-
Purchasing / selling fee	Free of charge
Method of public notice	The Company uses the method of electronic publication for publications. However, in the event of it not being possible to make a publication electronically due to accident or other unavoidable reason, a notification shall be published in the Nihon Keizai Shimbun and the Kyoto Shimbun, which is issued in Kyoto. It should be noted that the address (URL) of the website containing publications is https://www.omron.com/jp/ja/.
Shareholder benefits	Not applicable

Note: In accordance with the provisions of the Company's articles of incorporation, the shareholders with shares below one unit are not entitled to other than the following rights: the rights stipulated in each item of Article 189-2 of the Companies Act of Japan; the right to demand what is stipulated under Article 166-1 of the Companies Act of Japan; the right to receive an allotment of offered shares and offered share acquisition rights in proportion to the number of shares held; and the right to demand the Company should sell shares below one unit.

VII. Reference Information about the Reporting Company

1. Information about the Parent Company, etc. of the Reporting Company

The Company does not have a parent company, etc.

2. Other Reference Information

The following documents were submitted in the period from the start date of the current fiscal year through to the submission date of the Annual Securities Report.

(1)	Securities report, attached documents, and confirmation letter	Fiscal year FY2022	(April 1, 2022 to March 31, 2023)	June 23, 2023 Reported to Director of Kanto Local Finance Bureau
(2)	Internal control report and attached documents			June 23, 2023 Reported to Director of Kanto Local Finance Bureau
(3)	Quarterly report and confirmation letter	Fiscal year (First quarter of FY2023)	April 1, 2023 to June 30, 2023	August 9, 2023 Reported to Director of Kanto Local Finance Bureau
		Fiscal year (Second quarter of FY2023)	July 1, 2023 to September 30, 2023	November 14, 2023 Reported to Director of Kanto Local Finance Bureau
		Fiscal year (Third quarter of FY2023)	October 1, 2023 to December 31, 2023	February 14, 2024 Reported to Director of Kanto Local Finance Bureau
(4)	Extraordinary report	An extraordinary report based on Article 19, paragraph (2), item (ix-ii) (Results of the Exercising of Voting Rights at Meeting of Shareholders) of the Cabinet Office Ordinance on the Disclosure of Corporate Information, Etc.		June 23, 2023 Reported to Director of Kanto Local Finance Bureau
		An extraordinary report based on Article 19, paragraph (2), item (iii) (Change in Specified Subsidiary) of the Cabinet Office Ordinance on the Disclosure of Corporate Information, Etc.		October 11, 2023 Reported to Director of Kanto Local Finance Bureau

Part II Information about the Reporting Company's Guarantor, etc.

Not applicable.

NOTE TO READERS:

Following is an English translation of the Independent Auditor's Report filed under the Financial Instruments and Exchange Act of Japan. Readers should be aware that this report is presented merely as supplemental information.

Readers should be particularly aware of the differences between an audit of internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act ("ICFR under FIEA") and one conducted under the standards of the Public Company Accounting Oversight Board (the United States of America) ("ICFR under PCAOB").

- In an audit of ICFR under FIEA, the auditors express an opinion on management's report on ICFR, and do not express an opinion on the Company's ICFR directly. In an audit of ICFR under PCAOB, the auditors express an opinion on the Company's ICFR directly.
- In an audit of ICFR under FIEA, there is detailed guidance on the scope of an audit of ICFR, such as quantitative guidance on business location selection and/or account selection. In an audit of ICFR under PCAOB, there is no such detailed guidance. Accordingly, regarding the scope of assessment of internal control over business processes, the Company selected locations and business units to be tested, and the companies whose combined sales and other balances reaches two thirds of total sales and other balances for the prior year on a consolidation basis were selected as "significant locations and/or business units."

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

June 21, 2024

To the Board of Directors of
OMRON Corporation:

Deloitte Touche Tohmatsu LLC
Kyoto office

Designated Engagement Partner,
Certified Public Accountant:

Yoshio Sato

Designated Engagement Partner,
Certified Public Accountant:

Takeshi Kawazoi

Designated Engagement Partner,
Certified Public Accountant:

Tomomi Tsuji

<Audit of Consolidated Financial Statements>

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of OMRON Corporation and its consolidated subsidiaries (the "Company") included in the Financial Section, namely, the consolidated balance sheet as of March 31, 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of equity and consolidated statement of cash flows for the fiscal year from April 1, 2023 to March 31, 2024, and the related notes, and consolidated supplementary schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2024, and its consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America pursuant to the third paragraph of the Supplementary Provisions of the Cabinet Office Ordinance for Partial Amendment of the Ordinance for Terminology, Forms and Preparation Methods of Consolidated Financial Statements (No.11 of the Cabinet Office Ordinance in 2002).

Basis for Opinion

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

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

The Company aims to create a better society by solving social issues through its business activities, and in the midst of the demand for technological advancements, is accelerating innovation through alliances, mergers and acquisitions, and investments with technologically capable companies, including startup companies.

In the current fiscal year, as disclosed in Note II.X. "Business Combinations" of the consolidated financial statements, the Company conducted a public tender offer for JMDC Inc.(“JMDC”), which was accounted for under equity method accounting, and JMDC became a consolidated subsidiary on October 16, 2023.

In order to promote the evolution from manufacturing to a solutions business that creates new value based on data, in collaboration with JMDC and the Company's existing business, the Data Solution Business Headquarters (“DSB”), which JMDC is included, was established on December 21, 2023. The Company identifies this business line as a new reporting unit and goodwill related to an acquisition of JMDC is allocated to DSB.

Due to the increase in goodwill related to the subsidiary of JMDC, the balance of goodwill in the consolidated balance sheet as of March 31, 2024, is JPY 361,783 million, representing an increase in goodwill in proportion to total assets by 22.4% compared to the previous year (26.7% for the current year, 4.3% for the previous year).

The balance of investments in and advances to affiliates in the consolidated balance sheet as of March 31, 2024, is JPY13,931 million, the majority of which was composed of investments in AliveCor, Inc.

Due to the consolidation of JMDC, the proportion of investments in and advances to affiliates in total assets is decreased by 12.5% compared to the previous fiscal year, reducing its relative importance (1.0% for the current year, 13.5% for the previous year).

The key audit mater of the consolidated financial statements changed in the current period, taking into account changes in the relative risks and quantitative importance considering the changes in the Company's business.

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Evaluation of goodwill of the Data Solution Business Headquarters		○
Evaluation of equity method investments (JMDC)	○	
Evaluation of equity method investments in (AliveCor, Inc.,)	○	

<table>
<tr><th colspan="2">Evaluation of goodwill of the Data Solution Business Headquarters</th></tr>
<tr><th>Key Audit Matter Description</th><th>How the Key Audit Matter Was Addressed in the Audit</th></tr>
<tr><td>The balance of goodwill allocated to DSB is JPY 312,634 million, as disclosed in Note II.G "Goodwill and Other Intangible Assets" of the consolidated financial statements, which represents 23.1% of total assets.

As disclosed in Note II.X. " Business Combinations " of the consolidated financial statements, the goodwill related to the subsidiary of JMDC is reported as provisional amounts since the fair value of the acquired assets and liabilities assumed is being evaluated and the initial accounting for a business combination is incomplete.

The Company performs an impairment test at least once a year or when impairment indicators are identified for the evaluation of goodwill. As a result of the impairment test, if the carrying amount of the reporting unit, including goodwill, exceeds its fair value, any excess is recognized as impairment loss, which is limited to the amount of allocated goodwill to the reporting unit. The Company did not record any impairment losses in the fiscal current year.

As disclosed in Note II.G " Goodwill and Other Intangible Assets" of the consolidated financial statements the Company determines the fair value based on two valuation techniques, market approach and discounted cash flow approach.

The amount measured by market approach is the stock price of listed company JMDC included in DSB adjusted with a control premium.

The following key assumptions are included in this evaluation method:

① The recent average stock price in certain period is used for the measurement, considering the high volatility of JMDC's stock price.

② The evaluation of the control premium.</td><td>In testing the reasonableness of the fair value measured by the Company’s for evaluation of goodwill related to DSB, we performed the following, among others.

•We evaluated the design and operating effectiveness of the internal controls related to the Company's impairment test, which are mainly related to testing reasonableness of the control premium evaluation and the key assumptions used in the discounted cash flow approach.

•We performed the following procedures for testing on the key assumptions used in the market approach with the assistance of the experts of our audit firm's network firm.

① Performed a volatility analysis of market prices over a certain period in the past and tested reasonableness of using the recent average stock price in certain period.

② Evaluated the consistency of the control premium selected by the Company as of the acquisition date and for the past Takeover Bid (“TOB”) cases.

We performed the following procedures in testing the key assumptions and data used in discounted cash flow approach:

① Inquired with management and obtained external market data, and considered the market's growth, competitor's situation, and past performance growth rate, in testing the reasonableness of revenue growth.

② With the assistance of the experts of our audit firm's network firm, tested the reasonableness of using the exit multiple method based on the size of JMDC and the market environment at the end of the business plan and the similarity between the comparable companies used and JMDC.</td></tr>
</table>

The amount measured by discounted cash flow approach is based on the five-year future business plan approved by the management. The following key assumptions are included in this evaluation method: ① Revenue growth from data expansion and value enhancement in Healthcare Big Data business and the expansion of the transaction market that included in the future business plan. ② Adoption of the "exit multiple method” for calculating the terminal exit value after the business plan ends, and selection of comparable companies as the underlying calculation. ③ A discount rate calculated based on a weighted average cost of capital. We determined the valuation of goodwill is as a key audit matter, considering that the uncertainty in the significant assumptions underlying accounting estimates, which involves management's subjective judgement, and the quantitative importance of goodwill related to DSB.	③ With the assistance of the experts of our audit firm's network firm, compared data with available external data for the testing the reasonableness of the discount rate used. •We confirmed that there is no significant inconsistency between the valuation results measured by the market approach and discounted cash flow approach for testing on the fair value evaluation.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors’ execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in the United States of America , as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Audit of Internal Control>

Opinion

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of OMRON Corporation as of March 31, 2024.

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of OMRON Corporation as of March 31, 2024, is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

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

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for Report on Internal Control

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing and verifying the design and operating effectiveness of internal control over financial reporting. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibilities for the Internal Control Audit

Our objectives are to obtain reasonable assurance about whether management's report on internal control over financial reporting is free from material misstatement and to issue an auditor's report that includes our opinion.

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

- Perform audit procedures to obtain audit evidence regarding the results of the assessment of internal control over financial reporting in management’s report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting.

- Examine representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.

- Obtain sufficient appropriate audit evidence regarding the results of the assessment of internal control over financial reporting. We are responsible for the direction, supervision and performance of the internal control audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the internal control audit, result of the internal control audit, including any identified material weakness which should be disclosed and the result of remediation.

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

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2024, which were charged by us and our network firms to the OMRON Corporation and its consolidated subsidiaries are disclosed in (3) Status of Auditing of Corporate Governance, etc., which is included in the Information about the Reporting Company of the Annual Securities Report.

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

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

Notes to the Readers of Independent Auditor's Report

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

NOTE TO READERS:
Following is an English translation of the Independent Auditor’s Report filed under the Financial Instruments and Exchange Act of Japan. Readers should be aware that this report is presented merely as supplemental information.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

June 21, 2024

To the Board of Directors of
OMRON Corporation:

Deloitte Touche Tohmatsu LLC
Kyoto office

Designated Engagement Partner,
Certified Public Accountant:

Yoshio Sato

Designated Engagement Partner,
Certified Public Accountant:

Takeshi Kawazoi

Designated Engagement Partner,
Certified Public Accountant:

Tomomi Tsuji

<Audit of Nonconsolidated Financial Statements>

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the nonconsolidated financial statements of OMRON Corporation (the "Company") included in the Financial Section, namely, the nonconsolidated balance sheet as of March 31, 2024, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 87th fiscal year from April 1, 2023 to March 31, 2024, and a summary of significant accounting policies and other explanatory information, and the supplementary schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2024, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matter

key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the nonconsolidated financial statements of the current period. The matter was addressed in the context of our audit of the nonconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

The Company aims to create a better society by solving social issues through its business activities, and in the midst of the demand for technological advancements, is accelerating innovation through alliances, mergers and acquisitions, and investments with technologically capable companies, including startup companies.

In the current fiscal year, as disclosed in Note II.X. "Business Combinations" of the consolidated financial statements, the Company conducted a public tender offer for JMDC Inc.(“JMDC”), which was accounted for under equity method accounting, and JMDC became a consolidated subsidiary on October 16, 2023.

As a result, the balance of shares of subsidiaries that included in shares of subsidiaries and affiliates in the nonconsolidated balance sheet as of March 31, 2024, is JPY 341,460 million due to the consolidation of JMDC. The shares of the subsidiaries and affiliates as a percentage of total assets increased by 27.3% compared to the previous year (50.2% for the current year, 22.9% for the previous year).

On the other hand, the balance of shares of affiliates in the nonconsolidated balance sheet as of March 31, 2024, is JPY12,086 million, the majority of which was composed of investments in AliveCor, Inc. Due to the consolidation of JMDC, the proportion of shares of affiliates in total assets decreased by 20.5% compared to the previous fiscal year, reducing its relative importance (1.8% for the current year, 22.3% for the previous year).

We change a key audit mater of the nonconsolidated financial statements of the current period, taking into account changes in the relative risks and quantitative importance considering the changes in the Company's business.

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Evaluation of shares of subsidiaries of JMDC with market value		○
Evaluation of shares of affiliates (AliveCor, Inc)	○	

Evaluation of shares of subsidiaries of JMDC with market value	
Key Audit Matter Description	**How the Key Audit Matter Was Addressed in the Audit**
As disclosed in Note “Significant Accounting Estimates" to the nonconsolidated financial statements, investments in subsidiaries in the nonconsolidated balance sheet as of March 31, 2024, included investment in JMDC of JPY 208,189 million yen. For the shares of subsidiaries with market value, when the market value significantly declines, except when recovery is expected, amount recorded on the balance sheet is based on the market value and the valuation difference is accounted as an impairment loss for the current period. The significant decline is defined as when the market value falls by 50% or more compared to the carrying	Audit procedures that we performed to test the reasonableness of the judgment by the Company that the market value of JMDC's shares is not significantly declined are as following. • We evaluated the design and operating effectiveness of the internal controls related to the Company's subsidiary share valuation, which includes assessment that the market value of shares of subsidiaries significantly declines comparted to the carrying amount. • We performed the following procedures for ①-④, which are the basis for the company's judgment ① Involved experts from our audit firm's network

amount. However, when the market value falls by 30% or more compared to the carrying amount, it is necessary to assess whether the market value significantly decline based on the objective available information. The market value of shares of JMDC fell more than 30% but did not fall more than 50% comparted to the carrying amount on the balance sheet. Therefore, the Company tested whether there is a significant decline based on the objective available information. Specifically, as disclosed in Note ”Significant Accounting Estimates" to the non-consolidated financial statements the Company considered the following: ① stock price analysis based on the latest stock price, ② the financial performance of JMDC, ③ valuation amount measured by discounted cash flow approach, and ④ external analyst reports and determined that there is no significant decline in the shares. The assessment of whether the market value significantly decline includes subjective judgment by the management, as well as the difference between the valuation based on market price and the carrying amount was quantitatively significant. Therefore, we determined the evaluation of shares of subsidiaries of JMDC as a key audit matter.	firm to test the reasonableness of the analysis of JMDC's market price trend performed by the Company, considering that the financial performance and stock price trends of companies in the healthcare industry. ② Tested the reasonableness of the Company’s evaluation of JMDC’s financial condition and performance. ③ For valuation amount measured by discounted cash flow approach, involved experts from our audit firm's network firm to test the reasonableness of the five-year future business plan approved by the management, the method for calculating the terminal exit value after the business plan ends, and a discount rate calculated based on a weighted average cost of capital. ④ Involved experts from our audit firm's network firm to test that there were no inconsistencies in the analysis based on the analyst reports used by the Company.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors’ execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Securities Report, but does not include the nonconsolidated financial statements and our auditor’s report thereon.

Our opinion on the nonconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the nonconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the nonconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the nonconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-Related Information>

Fee-related information are disclosed in independent auditor's report on the consolidated financial statements as of and for the year ended March 31, 2024.

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

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

<u>Notes to the Readers of Independent Auditor's Report</u>

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