

# Second Quarter Financial Results Fiscal Year 2020 (Ending March 2021)

October 29, 2020

**SEIKO EPSON CORP.**

## ■ Disclaimer regarding forward-looking statements

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The foregoing statements regarding future results reflect the Company's expectations based on information available at the time of announcement. The information contains certain forward-looking statements that are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Such risks and uncertainties include, but are not limited to, the competitive environment, market trends, general economic conditions, technological changes, exchange rate fluctuations and our ability to continue to timely introduce new products and services.

## ■ Note regarding business profit

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Business profit is calculated by deducting cost of sales and SGA expenses from revenue. Although not defined in the statement of consolidated comprehensive income, this indicator is very similar to the concept of operating income under J-GAAP. Epson will present this information as a reference, as the Company believes users of financial statements will find it useful when evaluating Epson's financial performance.

## ■ Numerical values presented herein

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Numbers are rounded down to the unit indicated. Percentages are rounded off to one decimal place. Years mentioned in these materials are fiscal years unless otherwise indicated.

- **Summary**
- Second-Quarter Financial Results
- FY2020 Full-Year Financial Outlook
- Shareholder Returns
- ESG Topics

## Q2 results

- Revenue: ¥245.9 billion (down ¥20.5 billion YoY)
  - ✓ Revenue decreased due to COVID-19, but sales have been rebounding since Q1
  - ✓ Demand rebounded more than expected in major businesses and for major products
- Business profit: ¥10.2 billion (down ¥4.3 billion YoY)
  - ✓ Continued to contain costs while revenue declined
  - ✓ In addition to sales exceeding the outlook, we improved the product mix, maintained prices and further contained costs

## Full-year financial outlook

- Revenue: ¥960.0 billion  
(down ¥83.6 billion YoY, up ¥30 billion vs. previous outlook)
  - ✓ The revenue outlook reflects sales that rebounded higher than forecast in Q2
  - ✓ With so many elements of uncertainty in 2H, revenue is expected to be flat YoY
- Business profit: ¥35.0 billion  
(down ¥5.8 billion YoY, up ¥15 billion vs. previous outlook)

## Shareholder returns

- Dividend forecast: 62-yen per share (same as in FY2019)

- Summary
- **Second-Quarter Financial Results**
- FY2020 Full-Year Financial Outlook
- Shareholder Returns
- Epson Group Topics

# Financial Highlights (Second Quarter)

	FY2019		FY2020		Change	
	(Billions of yen) Q2 Actual	%	Q2 Actual	%	Y/Y	%
Revenue	266.4		245.9		-20.5	-7.7%
Business profit	14.6	5.5%	10.2	4.2%	-4.3	-29.7%
Profit from operating activities	15.9	6.0%	7.2	2.9%	-8.6	-54.5%
Profit before tax	16.2	6.1%	5.8	2.4%	-10.4	-64.2%
Profit for the period attributable to owners of the parent company	12.0	4.5%	4.4	1.8%	-7.5	-62.7%
EPS <sup>*1</sup> (yen)	34.63		12.95			
Exchange rate (yen, index)	USD	¥107.31	¥106.16			
	EUR	¥119.34	¥124.10			
	Other currencies <sup>*2</sup>	100	93			

\*1 Basic earnings per share for the period

\*2 Index showing weighted average variance of rates for currencies other than USD and EUR against a benchmark of 100 for the previous period. Rates are weighted according to Epson's net volume of revenue and cost for each currency

Exchange Effect (Billions of yen)	USD	EUR	Other currencies	Total
Revenue	-0.8	+1.5	-3.1	-2.4
Business profit	+0.0	+0.9	-2.3	-1.2

## ■ Year-on-year

- Revenue

- ✓ The effects of COVID-19 persist, but sales have rebounded since Q1
  - Improved the product model mix and maintained prices amid supply shortages

- Business profit

- ✓ Continued to contain costs as profit was squeezed by lower revenue and lower inventories

## ■ Versus the previous outlook

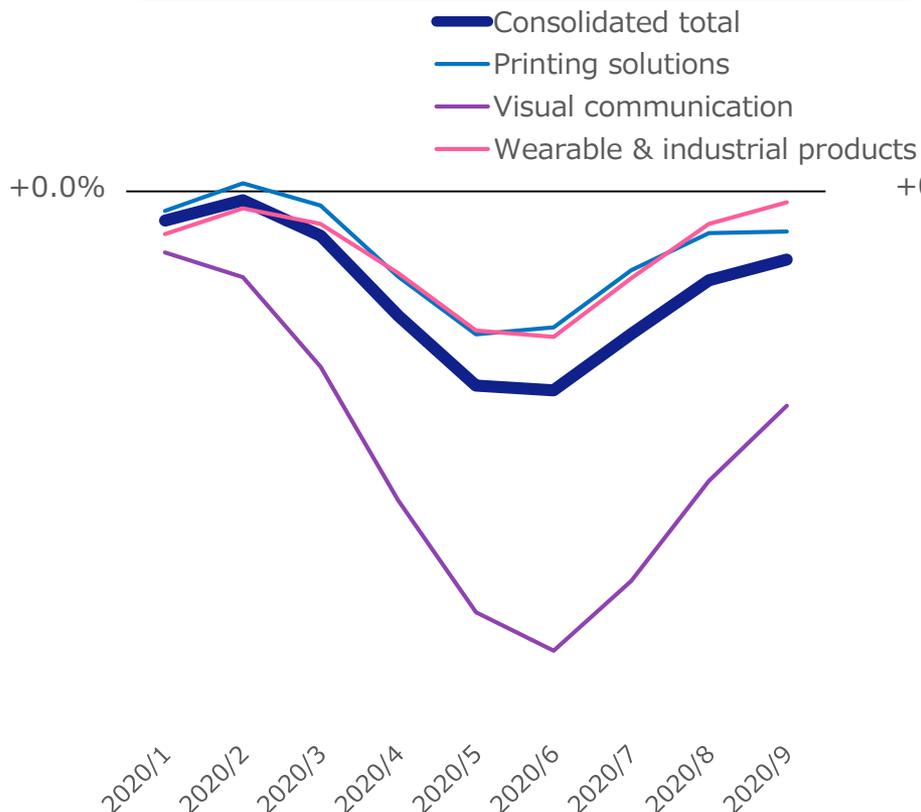
- Demand increased compared to the forecast in major businesses and products

- ✓ High-capacity ink tank printers, ink cartridge printers, ink cartridges, commercial & industrial IJP, projectors, robots, etc.

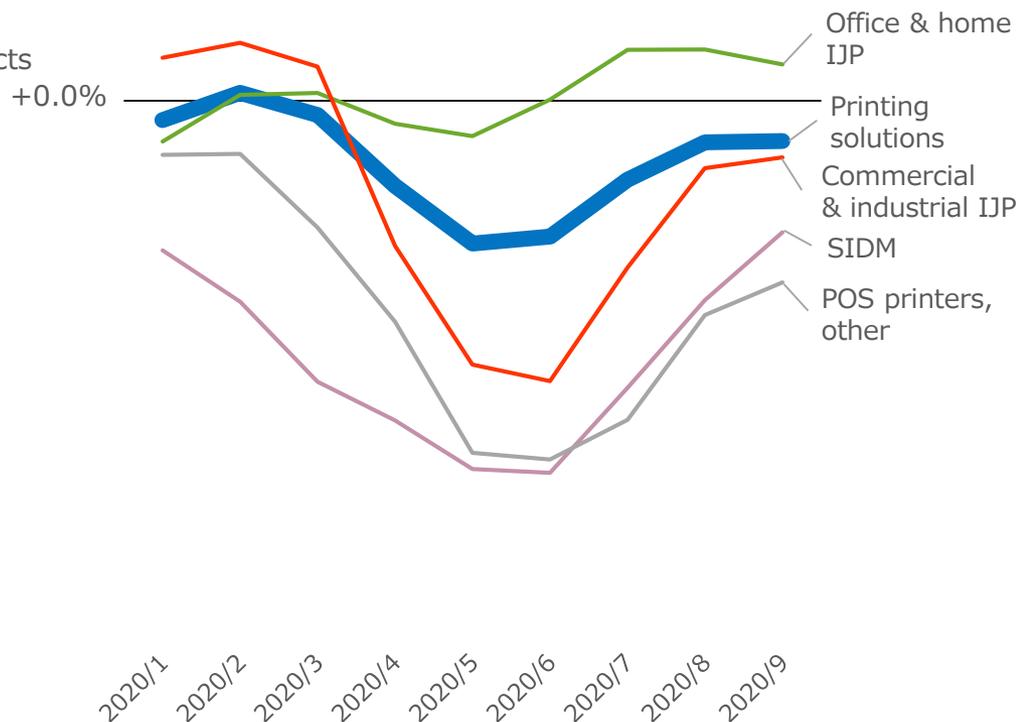
- Implemented further cost containment

- The effects of COVID-19 persist, but sales have rebounded since Q1
- Ongoing inkjet printer hardware supply issues, but a rapid recovery of demand for B2B products that had suffered a big downturn

Revenue trends (3-month moving average, YoY):  
By business segment



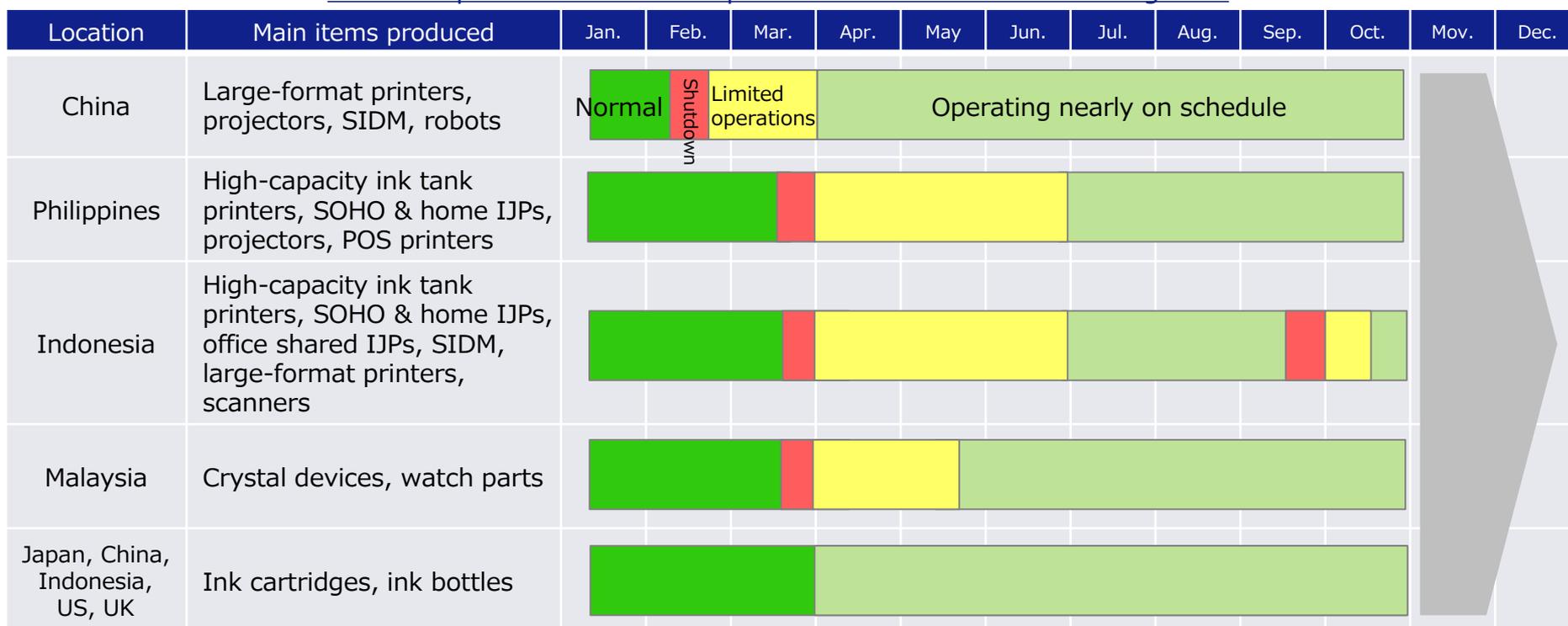
Revenue trends (3-month moving average, YoY):  
By printing solutions products



## ■ Sluggish demand and ongoing supply shortages due to production constraints

- Following Q1 factory shutdowns, Indonesian operations were halted for 2 weeks in the 2nd half of September
- Even after operations were restarted, some supply shortages continue due to delayed transport

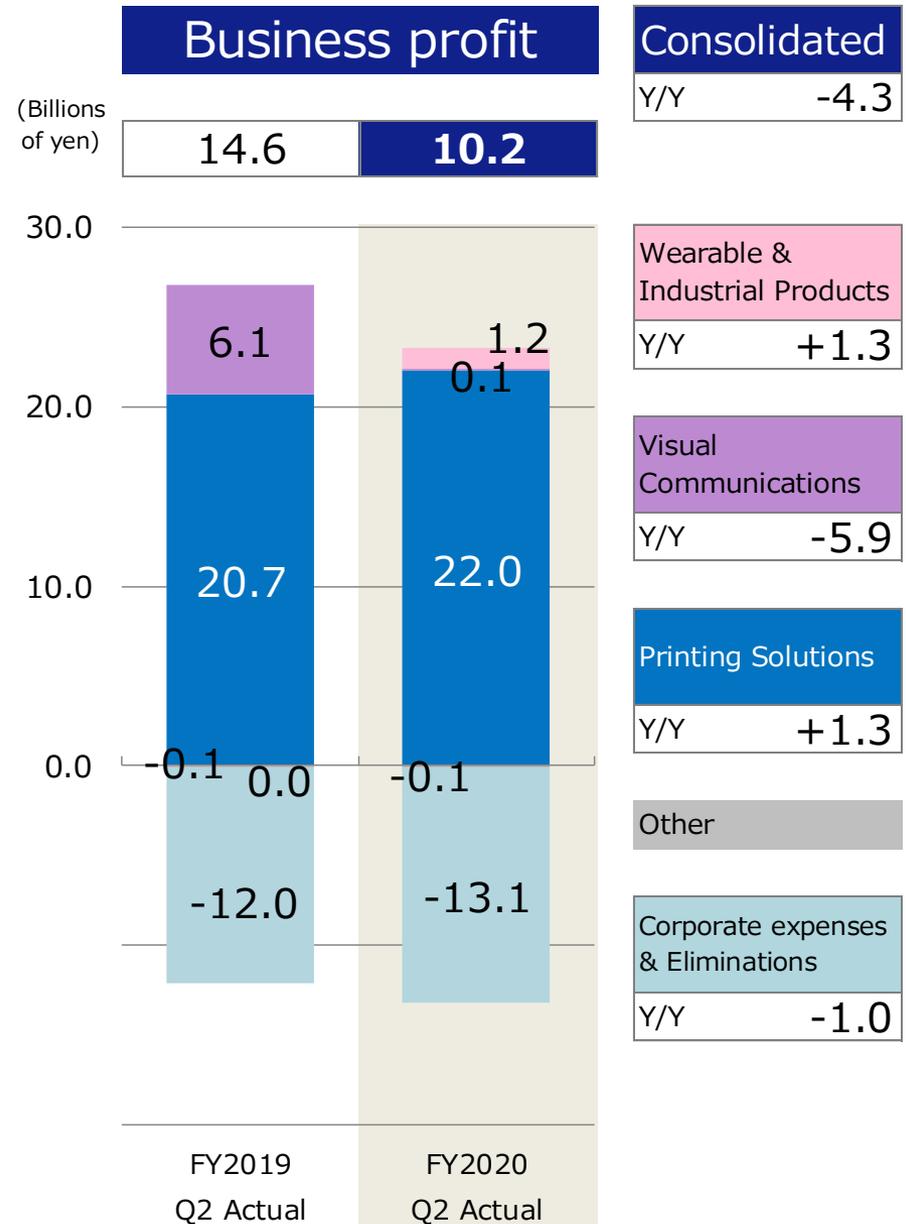
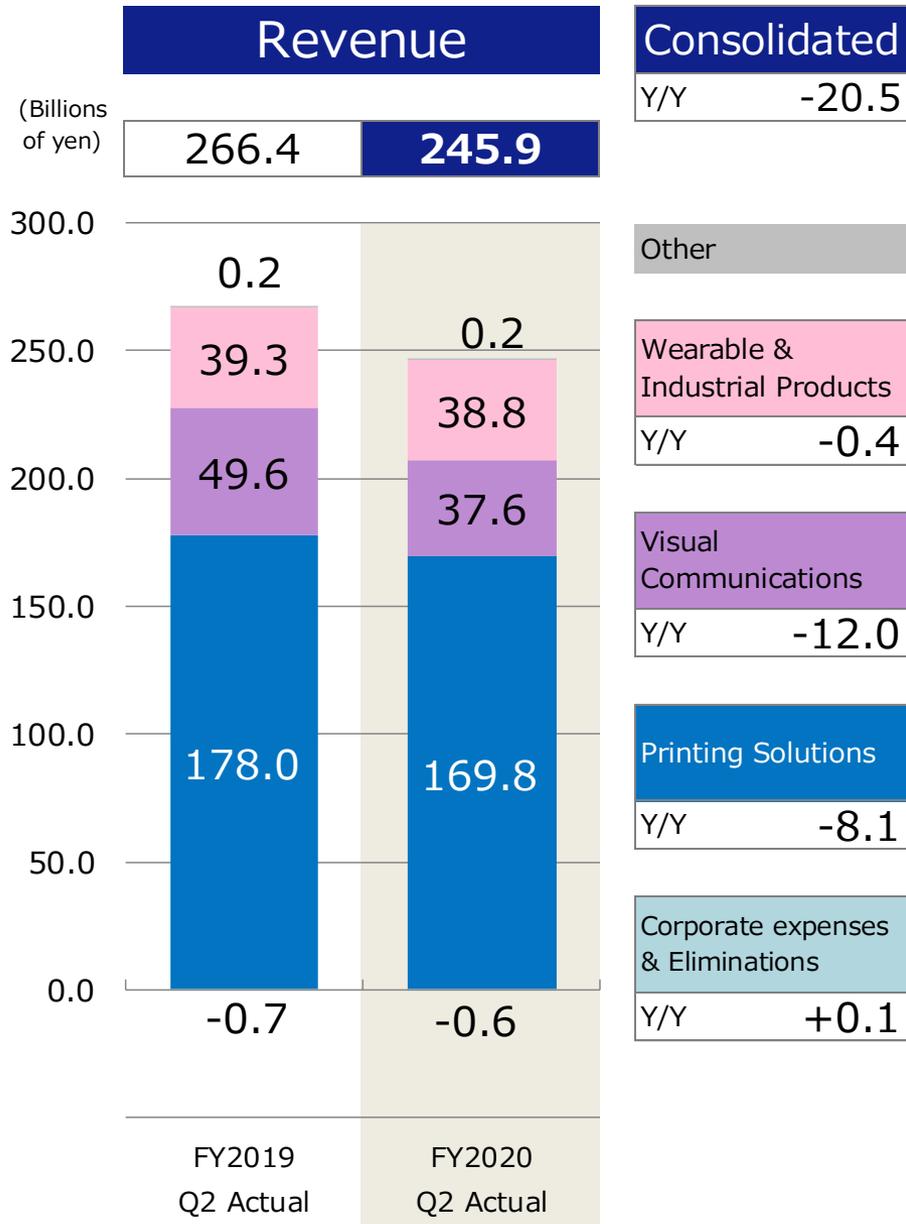
State of operations and items produced at main manufacturing sites



## ■ COVID-19 impacts (sluggish demand and supply issues)

- About ¥27 billion negative effect on revenue in Q2

# Q2 Financial Results by Business Segment



# Quarterly Comparison by Business

(Billions of yen)

Printing Solutions	Q2/FY2019 Actual	Q2/FY2020 Actual	Y/Y	Exchange effect
Revenue	178.0	169.8	-8.1	-2.3
Printers	119.9	122.1	+2.2	
% sales Office & home IJP	83%	85%		
SIDM	8%	6%		
Other	9%	9%		
Professional Printing	49.8	44.0	-5.7	
% sales C&I IJP	63%	67%		
POS printers, other	37%	33%		
Other	8.3	3.6	-4.6	
Inter-segment revenue	-0.0	-0.0	+0.0	
Segment profit	20.7	22.0	+1.3	-1.2
ROS	11.6%	13.0%		

◆ Office & home IJP Sales Trends*1				FY19/Q2 Actual	FY20/Q2 Actual
Hardware	Revenue	YoY %	JPY	+0%	+2%
			Local currency	+5%	+5%
	Volume	YoY%		+6%	-9%
Ink	Revenue	YoY%	JPY	-6%	+7%
			Local currency	-2%	+8%
Office shared IJP*2	Revenue	Composition ratio within office & home IJP*3		10%	10%

## Printer business

- ◆ Office & home IJP
  - High-capacity ink tank printer shipments flat YoY, but revenue rose, as did ink bottle revenue
  - SOHO and home ink cartridge printer sales decreased due to supply shortages, but ink sales increased in Europe and the Americas
  - Office shared IJPs were flat YoY

## ◆ SIDM

- Sales declined chiefly in China

## Professional printing business

### ◆ Commercial & industrial IJP

- Finished products business revenue level YoY owing to captured orders
- Printhead sales business won new customers in China but existing customer sales fell

### ◆ POS printers

- Sales decreased in every region

## Other

- Sales fell vs. last year, when PC demand rose with end of OS support

\*1 The indicators in projector sales trends are based on values tracked internally by Epson

\*2 Office shared IJP: A printer category for high print volume office users. This includes LJ, RIPS, I/C printers, ink, managed print services and other subscription service printers, and paid service

\*3 Restated FY19 according to changes in product groups in FY20

# Quarterly Comparison by Business

Visual Communications	Q2/FY2019 Actual	Q2/FY2020 Actual
Revenue	49.6	37.6
Segment profit	6.1	0.1
ROS	12.3%	0.5%

◆ Projector sales trends\*1

			FY19/Q2 Actual	FY20/Q2 Actual
Hardware	Revenue	YoY %	-8%	-24%
		JPY	-3%	-24%
	Local currency	YoY %	-9%	-32%

(Billions of yen)

Y/Y	Exchange effect
-12.0	+0.0
-5.9	+0.0

- ◆ Projector  
Office projector sales decreased due to COVID-19

\* 1 The indicators in projector sales trends are based on values tracked internally by Epson

Wearable & Industrial Products	Q2/FY2019 Actual	Q2/FY2020 Actual
Revenue	39.3	38.8
Wearable Products	11.7	7.6
Robotics Solutions	5.1	7.7
Microdevices, Other	23.9	23.7
Inter-segment revenue	-1.4	-0.3
Segment profit	-0.0	1.2
ROS	-0.0%	3.3%

(Billions of yen)

Y/Y	Exchange effect
-0.4	-0.1
-4.0	
+2.5	
-0.1	
+1.0	
+1.3	-0.0

## Wearable products

- ◆ Sales declined as market stagnated

## Robotics solutions

- ◆ Sales increased in China and the Americas, etc.

## Microdevices and other

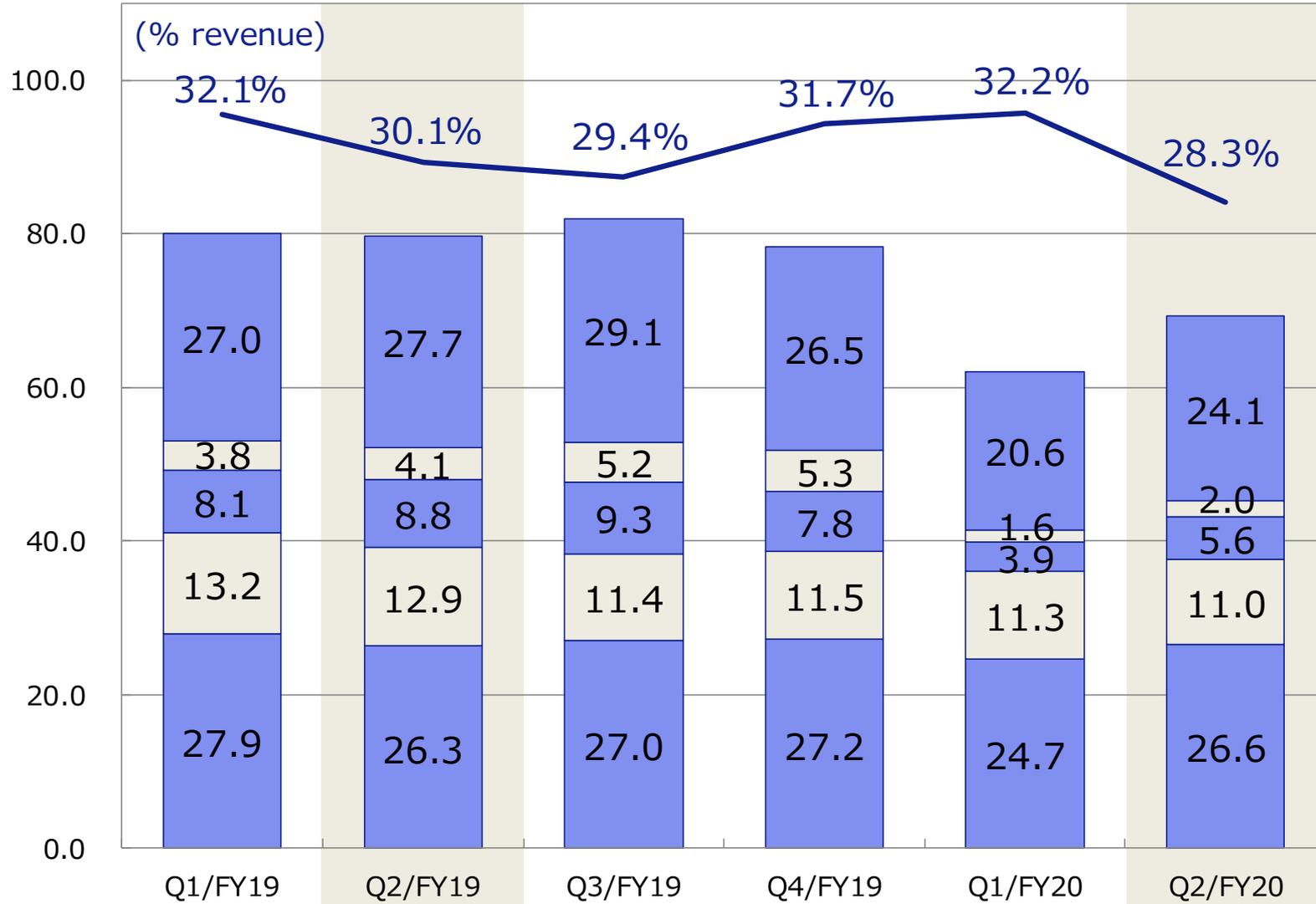
- ◆ Crystal devices  
Mobile and automotive declined, but telecom and medical revenue increased
- ◆ Semiconductors  
Foundry demand firm
- ◆ Other  
Metal surface finishing decreased

# Selling, General and Administrative Expenses

(Billions of yen)

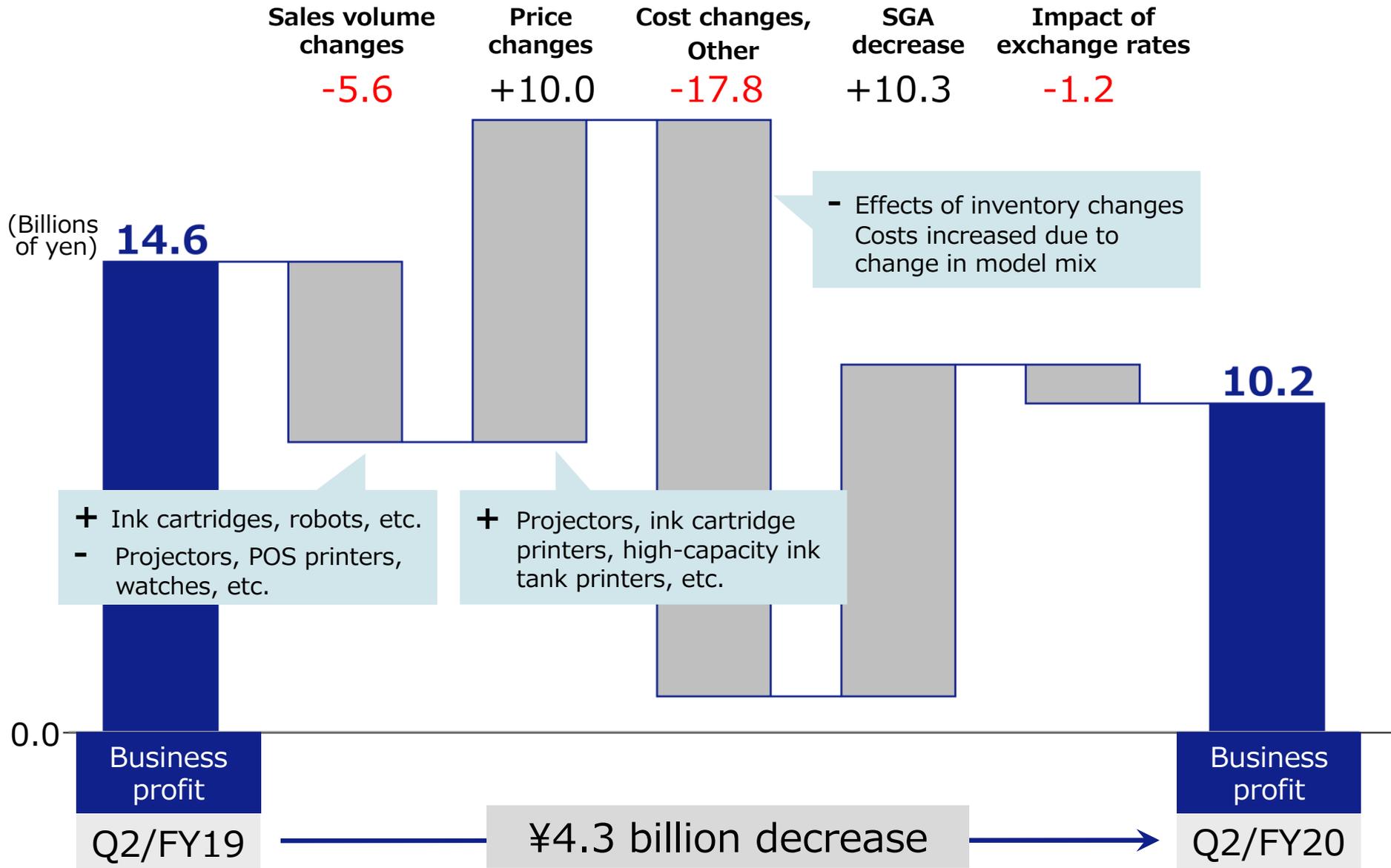
80.2	80.1	82.2	78.5	62.2	<b>69.5</b>
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Y/Y
-10.5



Other	-3.6
Advertising	-2.0
Sales Promotions	-3.1
Research & Development	-1.9
Salaries & Wages	+0.2

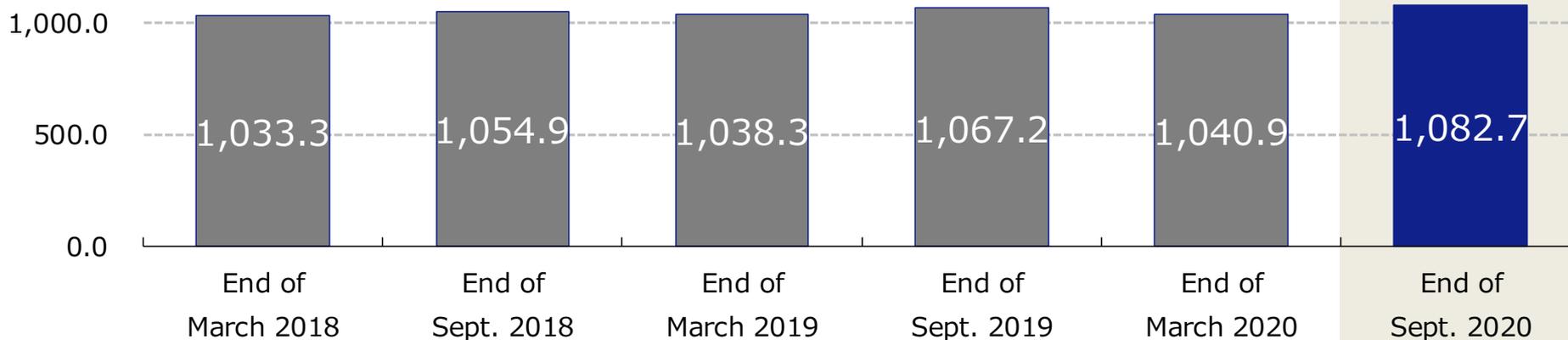
# Q2 Business Profit Change Cause Analysis



# Statements of Financial Position

## Total assets

(Billions of yen)

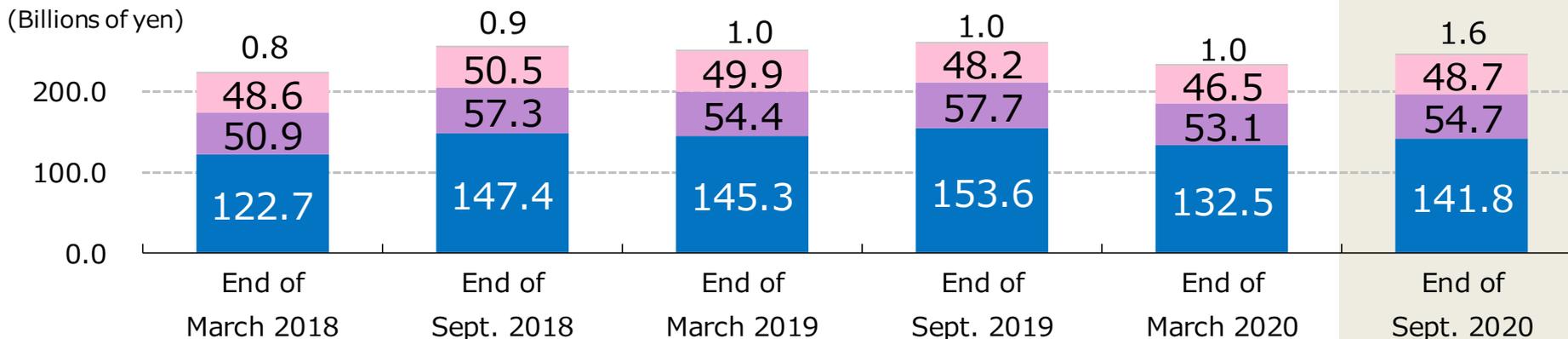


## Inventories/ Turnover by days

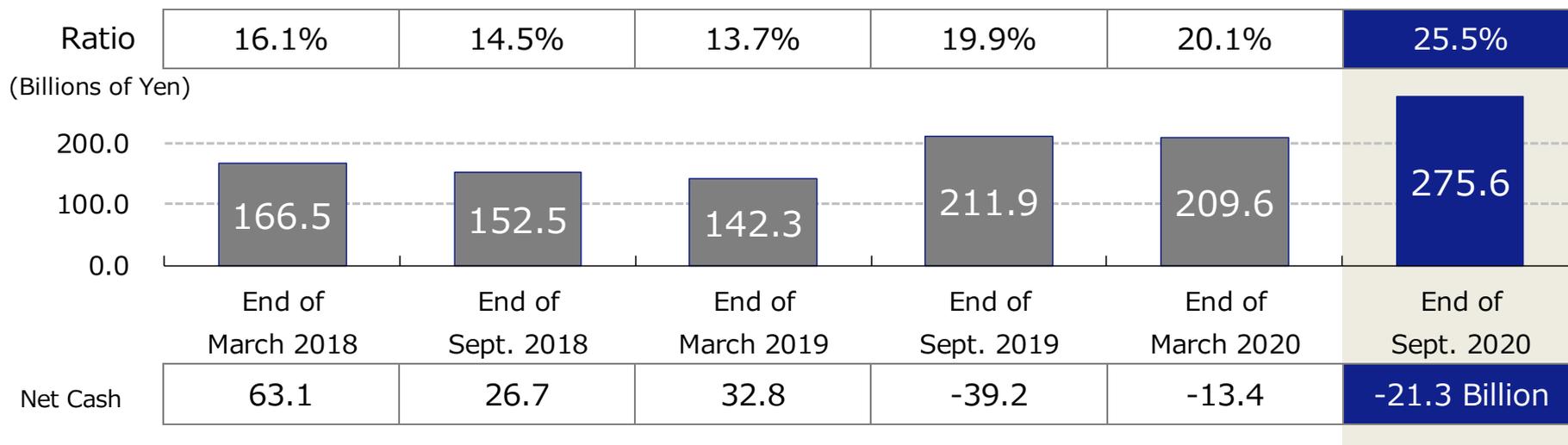
■ Printing Solutions      ■ Visual Communications  
■ Wearable & Industrial Products      ■ Other/ Corporate expenses

Inventories	223.2	256.3	250.7	260.6	233.4	<b>247.1 Billion</b>
Turnover by days	74	88	84	92	82	<b>103 days</b>

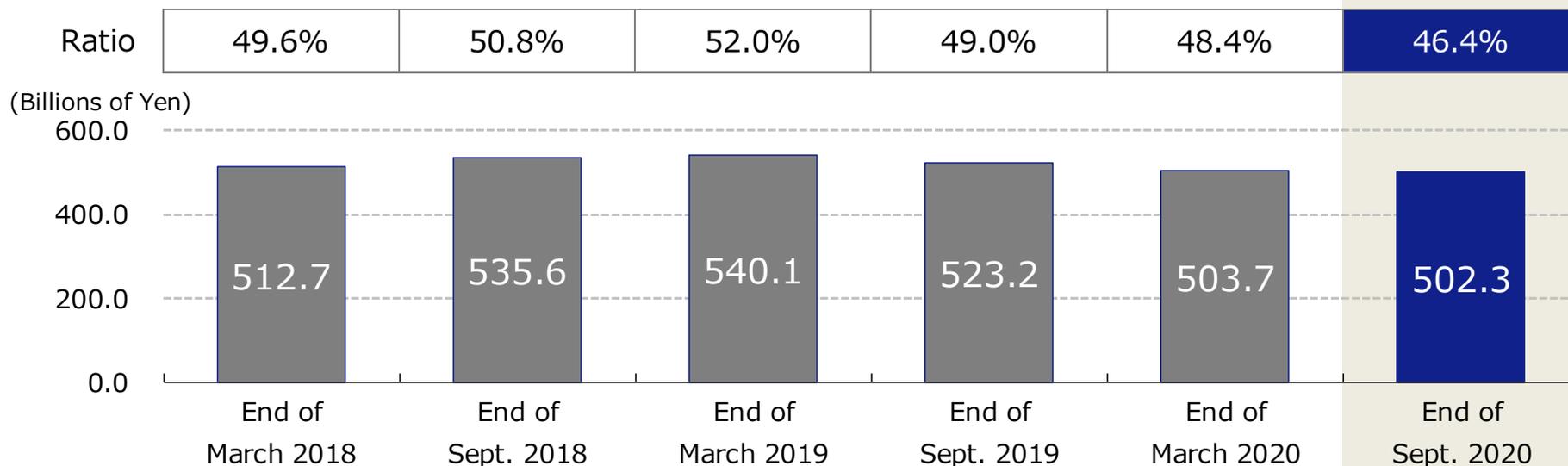
\* Turnover by days : Interim (Ending) balance of inventory / Prior 6months (Prior 12 months) revenue per day



## Interest-bearing liabilities and ratio of interest-bearing liabilities, Net Cash



## Equity and equity ratio attributable to owners of the parent company



- Summary
- First-Quarter Financial Results
- **FY2020 Full-Year Financial Outlook**
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- ESG Topics

# FY2020 Financial Outlook (Full Year)

	FY2019		FY2020				Change		
	(Billions of yen)	Actual	%	7/31 Outlook	%	10/29 Outlook	%	Y/Y	Vs. 7/31 outlook
Revenue		1,043.6		930.0		960.0		-83.6 -8.0%	+30.0 +3.2%
Business profit		40.8	3.9%	20.0	2.2%	35.0	3.6%	-5.8 -14.3%	+15.0 +75.0%
Profit from operating activities		39.4	3.8%	16.0	1.7%	28.0	2.9%	-11.4 -29.1%	+12.0 +75.0%
Profit before tax		39.7	3.8%	14.0	1.5%	24.0	2.5%	-15.7 -39.6%	+10.0 +71.4%
Profit for the year attributable to owners of the parent company		7.7	0.7%	1.0	0.1%	8.0	0.8%	+0.2 +3.4%	+7.0 +700.0%
EPS* <sup>1</sup> (yen)		22.26		2.89		23.12			
Exchange rate (yen, index)	USD	¥108.74		¥106.00		¥106.00			
	EUR	¥120.85		¥118.00		¥122.00			
	Other currencies* <sup>2</sup>	100		90		92			
Exchange rate assumptions from Q3 onward (yen)	USD	105.00	Exchange sensitivity * <sup>3</sup>	USD	Revenue	EUR	Other currencies	Total exchange effect outlook	
	EUR	122.00							
					Business profit				

\*1 Basic earnings per share for the year

\*2 Index showing weighted average variance of rates for currencies other than USD and EUR against a benchmark of 100 for the previous fiscal year  
Rates are weighted according to Epson's net volume of revenue and cost for each currency.

\*3 Annual impact of a 1-yen increase in the value of the yen versus the USD & EUR (in billions of yen)  
Annual impact of a 1% increase in the value of the yen versus other currencies (in billions of yen)

# Full-Year Financial Outlook Assumptions

- Economic activity will resume in Europe, the Americas, and China, and demand will recover

Assumptions regarding restrictions around the world

	Sept.	Oct.-Dec.	Jan.-Mar.
Japan	Voluntary restraint		
North America	Voluntary restraint		Restrictions lifted
Western Europe & Australia	Restrictions lifted		
China	Restrictions lifted		
Latin America, Eastern Europe, Africa, Southeast Asia, South Asia	Voluntary restraint		Restrictions lifted

- Despite efforts to recover from production delays, supply shortages will continue
- COVID-19 will have an approx. ¥130.0 billion negative effect on revenue

## ■ Response to COVID-19

- Capture at-home demand and other opportunities
- Recover from production delays
- Continue or strengthen controls on SGA and other costs

## ■ Position Epson's businesses to generate a steady profit (Continued action)

- Optimize allocation of management resources to priority areas
  - ✓ Priority areas: Office shared IJP, commercial & industrial IJP (finished products business and printhead sales business), high-brightness projectors, robots
  - ✓ Areas to respond to shrinking market: Projectors, watches

## ■ Review of strategies and actions based on the new normal

- Understanding the changes in societal issues and progress in discussion for their resolution

## Office & Home IJPs and Commercial & Industrial IJPs

### Assumptions

- At-home print demand will settle somewhat in the second half but will continue at a stable level
- Demand in emerging markets for high-capacity ink tank printers will recover sooner than anticipated
- Commercial & industrial IJP demand will increase as economic activity resumes



High-capacity ink tank printers

### Actions

- Meet demand to the extent possible amid supply constraints
- Create products and services that solve at-home print needs
- Commercial & industrial IJP finished products business: In addition to large-format printers, support distributed printing by strengthening total solutions for managing color quality, production, and corrective maintenance.
- Printhead sales: Continue efforts to expand direct sales in China



Large-format printer equipped with resin ink

Epson Cloud Solution

# PORT

Business efficiency solutions



Printheads

## Visual Communications

Assumptions

- The projector and watch markets will shrink

Actions

- Reduce total costs and fixed costs, and optimize the workforce



Home projectors



High-brightness projectors



Watch equipped with SWING GENERATOR

## Robotics Solutions

Assumptions

- The robot and microdevices markets will remain stable

Actions

- Robotics solutions will continue to invest management resources and capture demand from accelerating manufacturing efficiency and automation
- Microdevices, other: Capture orders in areas where demand is firm

## Microdevices, other



SCARA robots



Quartz devices

# FY2020 Financial Outlook by Business Segment

## Revenue

## Consolidated

Y/Y	-83.6
vs. 7/31	+30.0

## Other

Wearable & Industrial Products	
Y/Y	-12.9
vs. 7/31	-

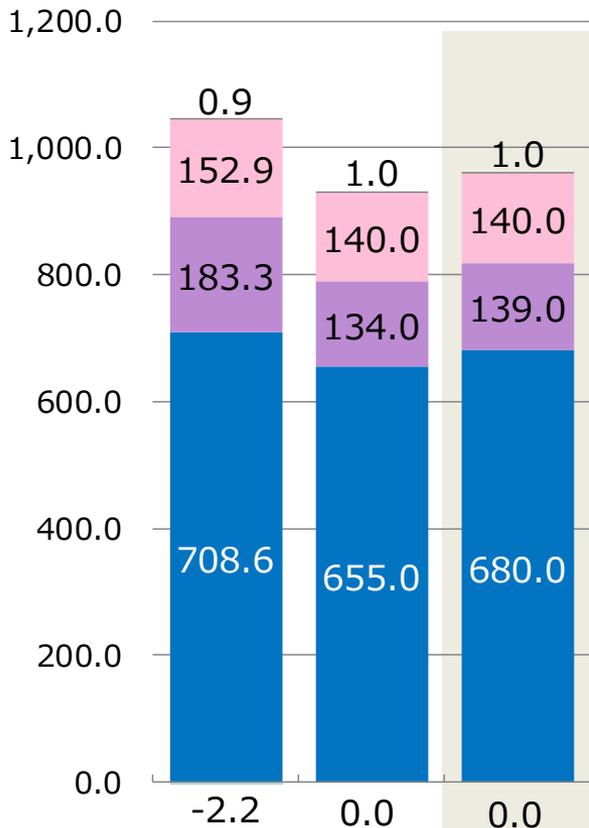
Visual Communications	
Y/Y	-44.3
vs. 7/31	+5.0

Printing Solutions	
Y/Y	-28.6
vs. 7/31	+25.0

Corporate expenses & Eliminations	
Y/Y	+2.2
vs. 7/31	-

(Billions of yen)

1,043.6	930.0	<b>960.0</b>
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FY2019 Actual	FY2020 7/31 Outlook	FY2020 10/29 Outlook
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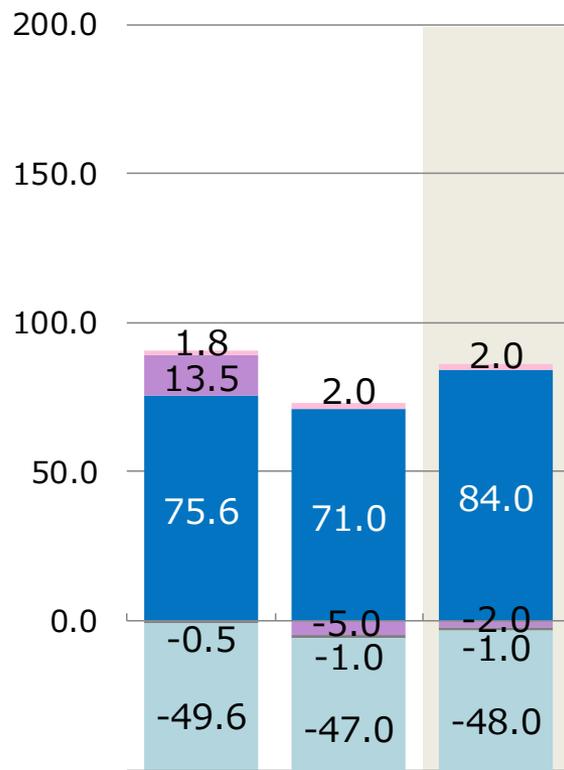
## Business profit

## Consolidated

Y/Y	-5.8
vs. 7/31	+15.0

(Billions of yen)

40.8	20.0	<b>35.0</b>
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FY2019 Actual	FY2020 7/31 Outlook	FY2020 10/29 Outlook
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Wearable & Industrial Products	
Y/Y	+0.1
vs. 7/31	-

Visual Communications	
Y/Y	-15.5
vs. 7/31	+3.0

Printing Solutions	
Y/Y	+8.3
vs. 7/31	+13.0

## Other

Corporate expenses & Eliminations	
Y/Y	+1.6
vs. 7/31	-1.0

# FY2020 Outlook Comparison by Business

(Billions of yen)

Printing Solutions	FY2019 Actual	FY2020 7/31 Outlook	FY2020 10/29 Outlook	Y/Y	vs. 7/31 Outlook
Revenue	708.6	655.0	680.0	-28.6	+25.0
Printers	482.5	468.0	485.0	+2.4	+17.0
% sales Office & home IJP	84%	86%	87%		
SIDM	7%	5%	5%		
Other	9%	9%	8%		
Professional Printing	197.9	168.0	178.0	-19.9	+10.0
% sales C&I IJP	64%	67%	69%		
POS printers, other	36%	33%	31%		
Other	28.2	19.0	17.0	-11.2	-2.0
Inter-segment revenue	-0.1	0.0	0.0	+0.1	-
Segment profit	75.6	71.0	84.0	+8.3	+13.0
ROS	10.7%	10.8%	12.4%		

## ◆ Office & home IJP Sales Trends\*1

		FY19 Actual	FY20 7/31 Outlook	FY20 10/29 Outlook
YoY %		+1%	-6%	-4%
Hardware	Volume	Approx., million	15.7	14.7
		High-capacity ink tank	10.0	9.6
		SOHO/ Home I/C model	5.3	4.8
		Office shared IJP*2	0.4	0.3
		YoY %	-8%	-0%
Ink	Revenue	JPY	-8%	-0%
		Local currency	-5%	-
Office shared IJP	Revenue	Composition ratio within office & home IJP*3	10%	11%
				10%

## Printer business

- ◆ Office & home IJP
  - SOHO and home printer revenue to be flat YoY because although printer revenue will decrease, ink sales will increase in developed economies
  - High-capacity ink tank printer unit shipments expected to be flat year on year, but revenue will increase on an improved mix
  - Office shared IJPs sales will steadily expand in a challenging market environment
- ◆ SIDM
  - Sales declined chiefly in China

## Professional printing

- ◆ Commercial & industrial IJP
  - Finished products business forecasts to be flat YoY in the second half
  - Printhead sales business revenue to be flat YoY, as sales to new customers will increase but sales to existing customers will decrease
- ◆ POS printers
  - Demand in developed economies will decrease

## Other

- ◆ Extra PC demand will wind down

\*1 The indicators in projector sales trends are based on values tracked internally by Epson

\*2 Office shared IJP: A printer category for high print volume office users. This includes LIJ, RIPS, I/C printers, ink, managed print services and other subscription service printers, and paid service

\*3 Restated FY19 according to changes in product groups in FY20

# FY2020 Outlook Comparison by Business

(Billions of yen)

Visual Communications	FY2019 Actual	FY2020 7/31 Outlook	FY2020 10/29 Outlook	Y/Y	vs. 7/31 Outlook
Revenue	183.3	134.0	139.0	-44.3	+5.0
Segment profit	13.5	-5.0	-2.0	-15.5	+3.0
ROS	7.4%	-3.7%	-1.4%		

## ◆ Projector Sales Trends\*1

		FY19 Actual	FY20 7/31 Outlook	FY20 10/29 Outlook
Hardware	Volume	-9%	-31%	-30%
	YoY % Approx., million	2.4	1.6	1.6

## Visual communications

- ◆ Projectors
  - The market will shrink (by ~35% YoY) due to competition from FPDs as well as COVID-19
  - Continue to increase our market presence

\*1 The indicators in projector sales trends are based on values tracked internally by Epson

(Billions of yen)

Wearable & Industrial Products	FY2019 Actual	FY2020 7/31 Outlook	FY2020 10/29 Outlook	Y/Y	vs. 7/31 Outlook
Revenue	152.9	140.0	140.0	-12.9	-
Wearable Products	44.0	31.0	29.0	-15.0	-2.0
Robotics Solutions	21.2	22.0	24.0	+2.7	+2.0
Microdevices, Other	92.9	90.0	89.0	-3.9	-1.0
Inter-segment revenue	-5.3	-3.0	-2.0	+3.3	+1.0
Segment profit	1.8	2.0	2.0	+0.1	-
ROS	1.2%	1.4%	1.4%		

## ◆ Wearable products

- Difficult conditions will persist in the watch market

## ◆ Robotics solutions

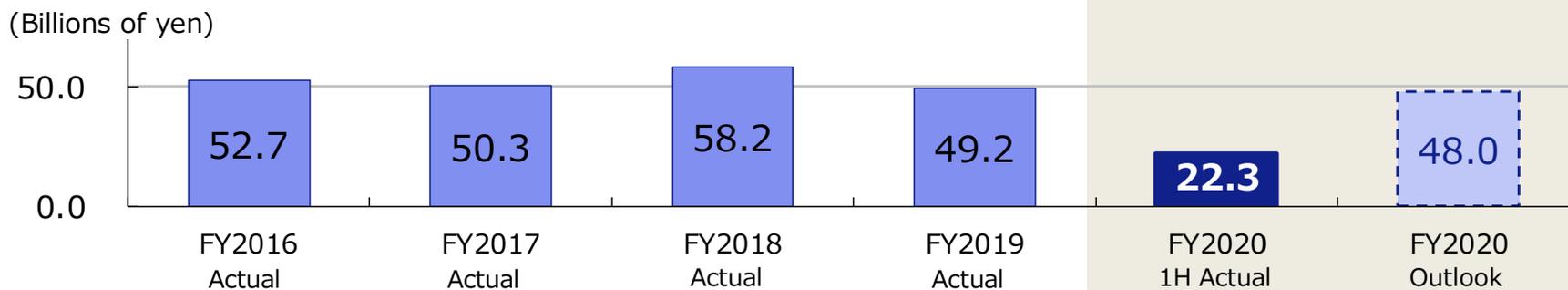
- Firm demand will continue mainly in China

## ◆ Microdevices and other

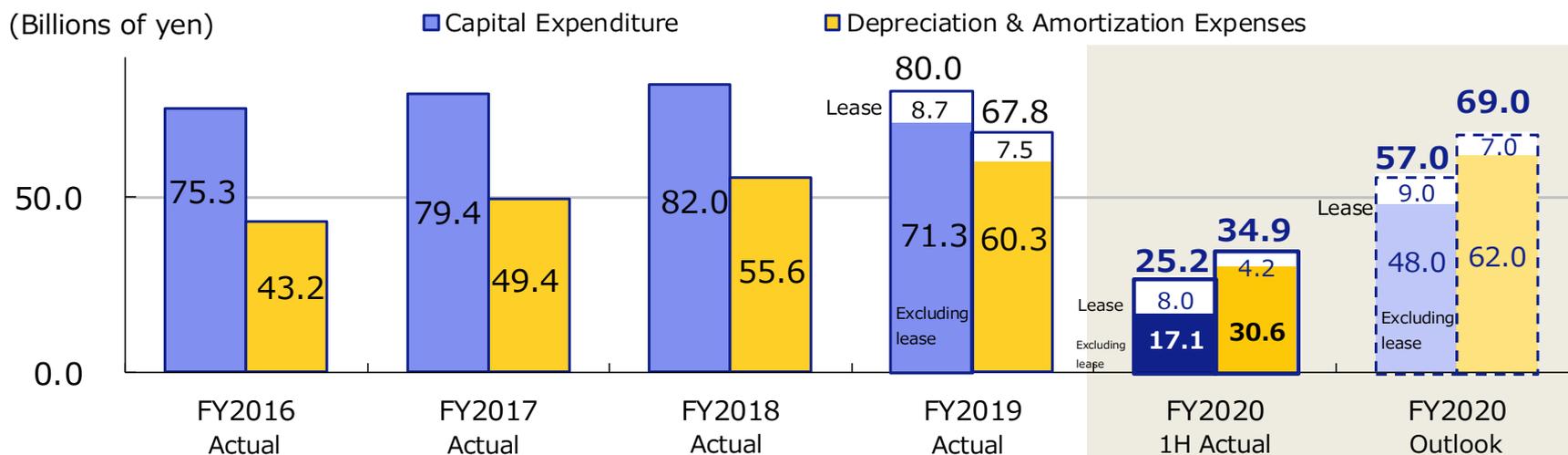
- Firm demand will continue

# R&D Costs, Capital Expenditure and Depreciation and Amortization Expenses

## Research & Development Costs



## Capital Expenditure and Depreciation and Amortization Expenses



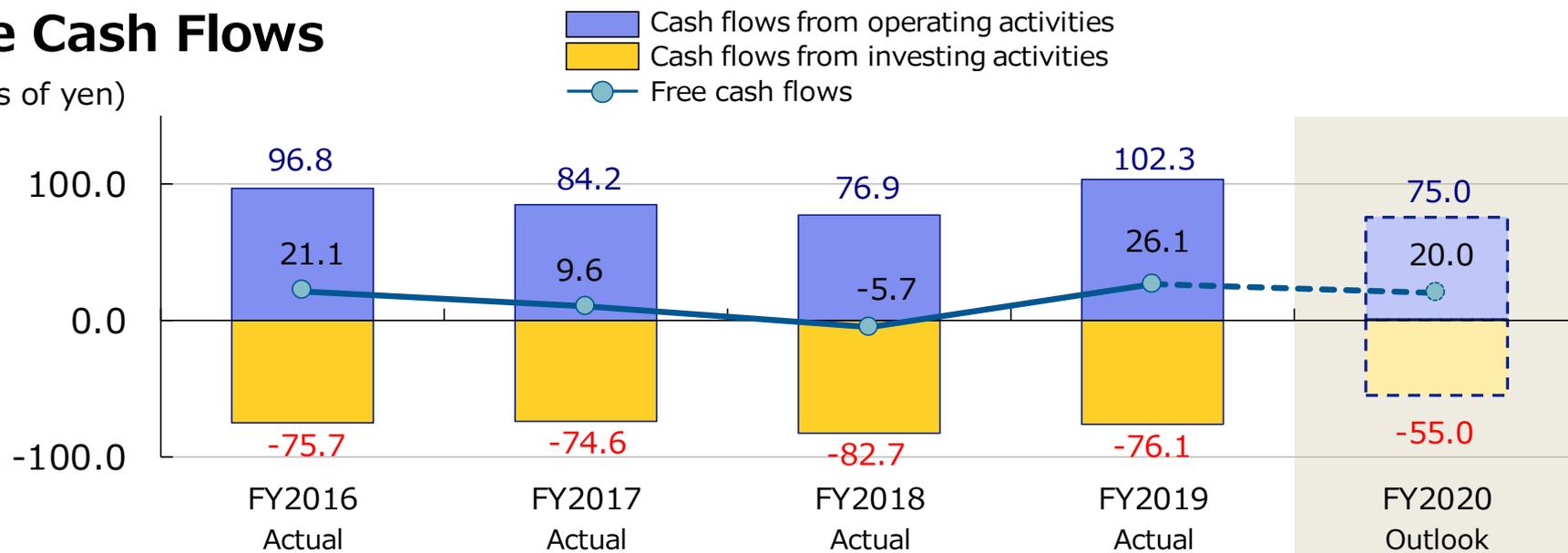
	Capex.	Depreciation & Amortization	Capex.	Depreciation & Amortization
Printing Solutions	13.7	19.1	28.0	38.0
Visual Communications	4.7	6.3	10.0	13.0
Wearable & Industrial Products	4.3	5.2	12.0	11.0
Other, Corporate	2.4	4.2	7.0	7.0

Includes lease from FY2019 actual

# Free Cash Flows Main Management Indices

## Free Cash Flows

(Billions of yen)



## Main Management Indices

(%)	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Outlook
<b>ROS</b> *1	6.4	6.8	6.5	3.9	3.6
<b>ROA</b> *2	6.9	7.4	6.8	3.9	3.3
<b>ROE</b> *3	10.1	8.3	10.2	1.5	1.6

\*1 ROS: Business profit/ revenue

\*2 ROA: ROA (Business profit), Business profit / Beginning and ending balance average total assets

\*3 ROE: Profit for the year attributable to owners of the parent company / Beginning and ending balance average equity attributable to owners of the parent company

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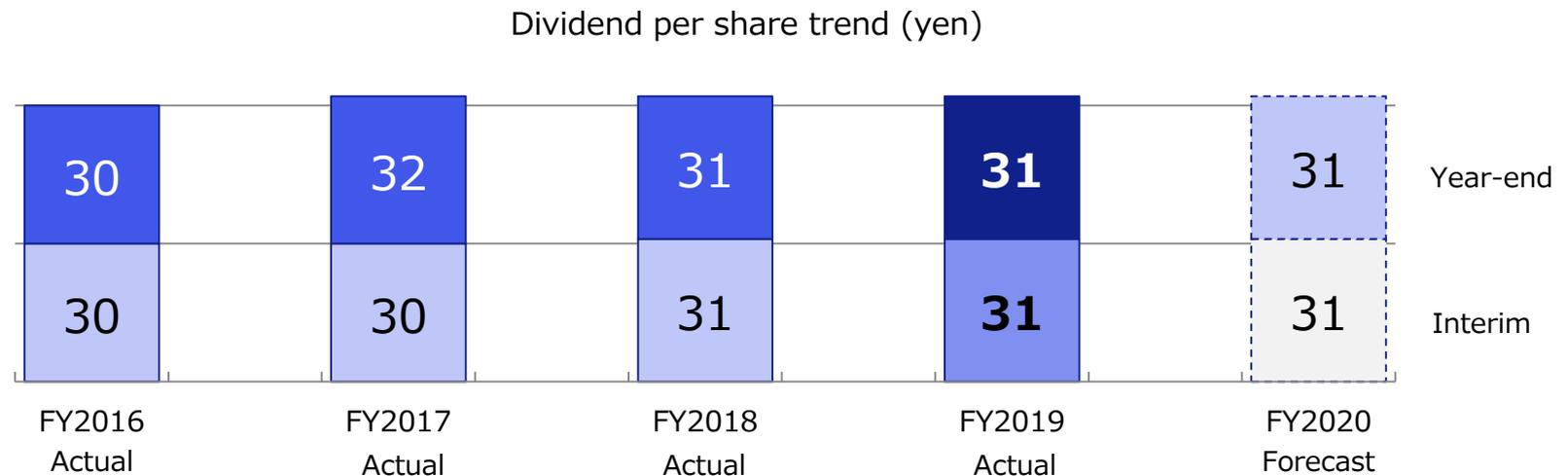
## ■ Basic policy on dividends

- Build a robust financial structure while proactively providing returns to shareholders
- Achieve a consolidated dividend payout ratio of around 40% over the mid-term

## ■ FY2020 annual dividend outlook

- 62 yen per share, the same as in FY2019

## ■ Dividends and forecast



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## ■ Issued Integrated Report

- Presents management and business strategies as well as specific actions based on the value creation story



The English version will be issued in the middle of November

## ■ Comply with TCFD recommendations

- Assessed the financial impact of climate-related risks and opportunities on Epson's strategy
- The transition to a carbon-free society is an opportunity to expand business
  - ✓ Aligns with the materialities of advancing the frontiers of industry and achieving sustainability in a circular economy



## ■ Earned a platinum rating\* for sustainability from EcoVadis

- Epson scored in the top 1% of all companies assessed in its industry
- Epson recognized for its global corporate social responsibility (CSR) initiatives



\* The platinum rating was created in 2020.

**EPSON**  
EXCEED YOUR VISION

# Reference

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# Financial Highlights (First Half)

	FY2019		FY2020		Change	
	(Billions of yen) 1H Actual	%	1H Actual	%	Y/Y	%
Revenue	516.1		439.1		-76.9	-14.9%
Business profit	19.1	3.7%	14.6	3.3%	-4.4	-23.4%
Profit from operating activities	19.3	3.7%	9.2	2.1%	-10.0	-52.0%
Profit before tax	19.1	3.7%	6.9	1.6%	-12.1	-63.5%
Profit for the period attributable to owners of the parent company	12.2	2.4%	4.2	1.0%	-8.0	-65.5%
EPS <sup>*1</sup> (yen)	35.14		12.23			
Exchange rate (yen, index)	USD	¥108.62	¥106.85			
	EUR	¥121.44	¥121.24			
	Other currencies <sup>*2</sup>	100	91			

\*1 Basic earnings per share for the period

\*2 Index showing weighted average variance of rates for currencies other than USD and EUR against a benchmark of 100 for the previous period. Rates are weighted according to Epson's net volume of revenue and cost for each currency

Exchange effect (Billions of yen)	USD	EUR	Other currencies	Total
Revenue	-2.3	+0.0	-7.6	-9.9
Business profit	+0.3	+0.0	-4.3	-3.9



# 1H Comparison by Business

(Billions of yen)

Printing Solutions	1H/2019 Actual	1H/2020 Actual	Y/Y	Exchange effect
Revenue	341.2	307.8	-33.3	-8.2
Printers	228.0	224.5	-3.5	
% sales Office & home IJP	83%	86%		
SIDM	8%	6%		
Other	9%	8%		
Professional Printing	99.0	75.9	-23.0	
% sales C&I IJP	63%	67%		
POS printers, other	37%	33%		
Other	14.1	7.4	-6.7	
Inter-segment revenue	-0.0	-0.0	+0.0	
Segment profit	34.4	39.6	+5.2	-3.7
ROS	10.1%	12.9%		

# 1H Comparison by Business

(Billions of yen)

Visual Communications	1H/2019 Actual	1H/2020 Actual	Y/Y	Exchange effect
Revenue	98.9	61.1	-37.7	-0.9
Segment profit	10.4	-2.6	-13.0	-0.1
ROS	10.6%	-4.3%		

(Billions of yen)

Wearable & Industrial Products	1H/2019 Actual	1H/2020 Actual	Y/Y	Exchange effect
Revenue	77.4	70.6	-6.7	-0.7
Wearable Products	22.9	13.0	-9.9	
Robotics Solutions	10.1	14.3	+4.2	
Microdevices, Other	47.3	44.2	-3.0	
Inter-segment revenue	-2.9	-0.9	+1.9	
Segment profit	-1.0	1.9	+2.9	-0.1
ROS	-1.3%	2.8%		

# Main Product Sales Trends

The indicators in this document are based on values tracked internally by Epson

\*1 Office shared IJP: A printer category for high print volume office users. This includes LIJ, RIPS, I/C printers, ink, managed print services and other subscription service printers, and paid service.

\*2 LC: Local Currency base

\*3 Restated FY19 according to changes in product groups in FY20

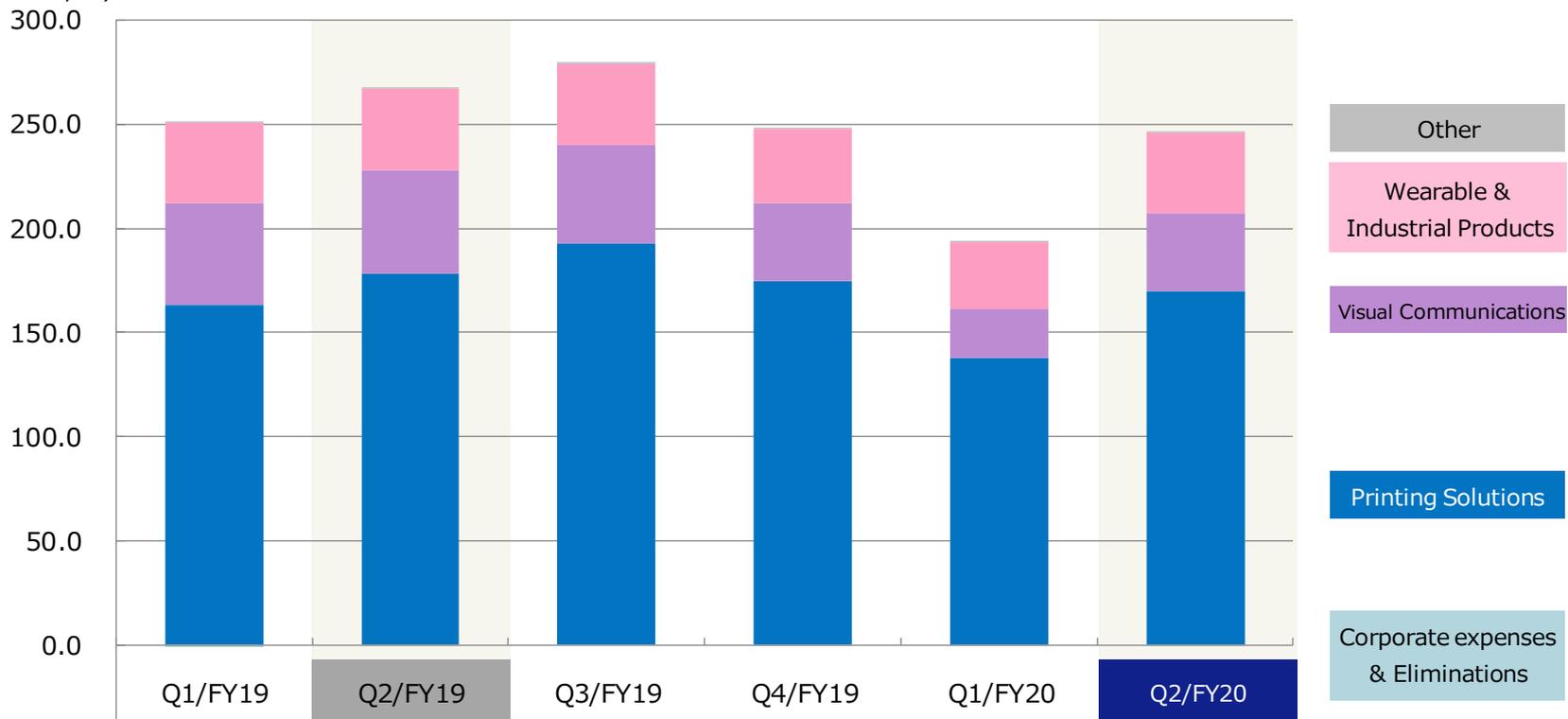
				FY2019 Full-year Actual	FY2020 Q1 Actual	FY2020 Q2 Actual	FY2020 Full-year Outlook	
				USD	108.74	107.54	106.16	106.00
				EUR	120.85	118.39	124.10	122.00
Printing Solutions	Office & Home IJP Hardware	Revenue (JPY)	YoY %	-0%	-14%	+2%	+5%	
		Revenue (LC* <sup>2</sup> )	YoY %	+4%	-8%	+5%	-	
		Volume	YoY %	+1%	-17%	-9%	-4%	
		Volume (Approx., million)	Units	15.7	-	-	15.0	
		High-capacity ink tank	Units	10.0	-	-	10.0	
		SOHO/ Home I/C model	Units	5.3	-	-	4.7	
		Office shared IJP	Units	0.4	-	-	0.3	
	Office & Home IJP Ink	Revenue within office & home IJP Ink / (HW+Ink)	Composition ratio	48%	-	-	47%	
		Revenue (JPY)	YoY %	-8%	+15%	+7%	+2%	
		Revenue (LC* <sup>2</sup> )	YoY %	-5%	+19%	+8%	-	
Office Shared IJP* <sup>1</sup> (Hardware + Ink)	Revenue within office & home IJP* <sup>3</sup>	Composition ratio	10%	9%	10%	10%		
SIDM Hardware	Revenue (JPY)	YoY %	-19%	-43%	-16%	-18%		
	Revenue (LC* <sup>2</sup> )	YoY %	-16%	-40%	-15%	-		
	Volume	YoY %	-16%	-39%	-16%	-17%		
Visual Communications	Projectors Hardware	Revenue (JPY)	YoY %	-9%	-52%	-24%	-24%	
		Revenue (LC* <sup>2</sup> )	YoY %	-6%	-50%	-24%	-	
		Volume	YoY %	-9%	-57%	-32%	-30%	
		Volume (Approx., million)	Units	2.4	-	-	1.6	

# Quarterly Revenue Trend By Business Segment

Exchange rate	USD	109.93	107.31	108.72	109.00	107.54	106.16	-1.15
(yen)	EUR	123.54	119.34	120.35	120.18	118.39	124.10	+4.76

Revenue (Billions of yen)	Q1/FY19	Q2/FY19	Q3/FY19	Q4/FY19	Q1/FY20	Q2/FY20	Y/Y
Printing Solutions	163.2	178.0	192.9	174.4	138.0	169.8	-8.1
Visual Communications	49.2	49.6	46.8	37.5	23.5	37.6	-12.0
Wearable & Industrial Products	38.1	39.3	39.4	36.0	31.8	38.8	-0.4
Other	0.2	0.2	0.2	0.2	0.1	0.2	-0.0
Corporate expenses & Eliminations	-1.1	-0.7	0.3	-0.6	-0.3	-0.6	+0.1
<b>Consolidated total</b>	<b>249.6</b>	<b>266.4</b>	<b>279.8</b>	<b>247.6</b>	<b>193.2</b>	<b>245.9</b>	<b>-20.5</b>

(Billions of yen)

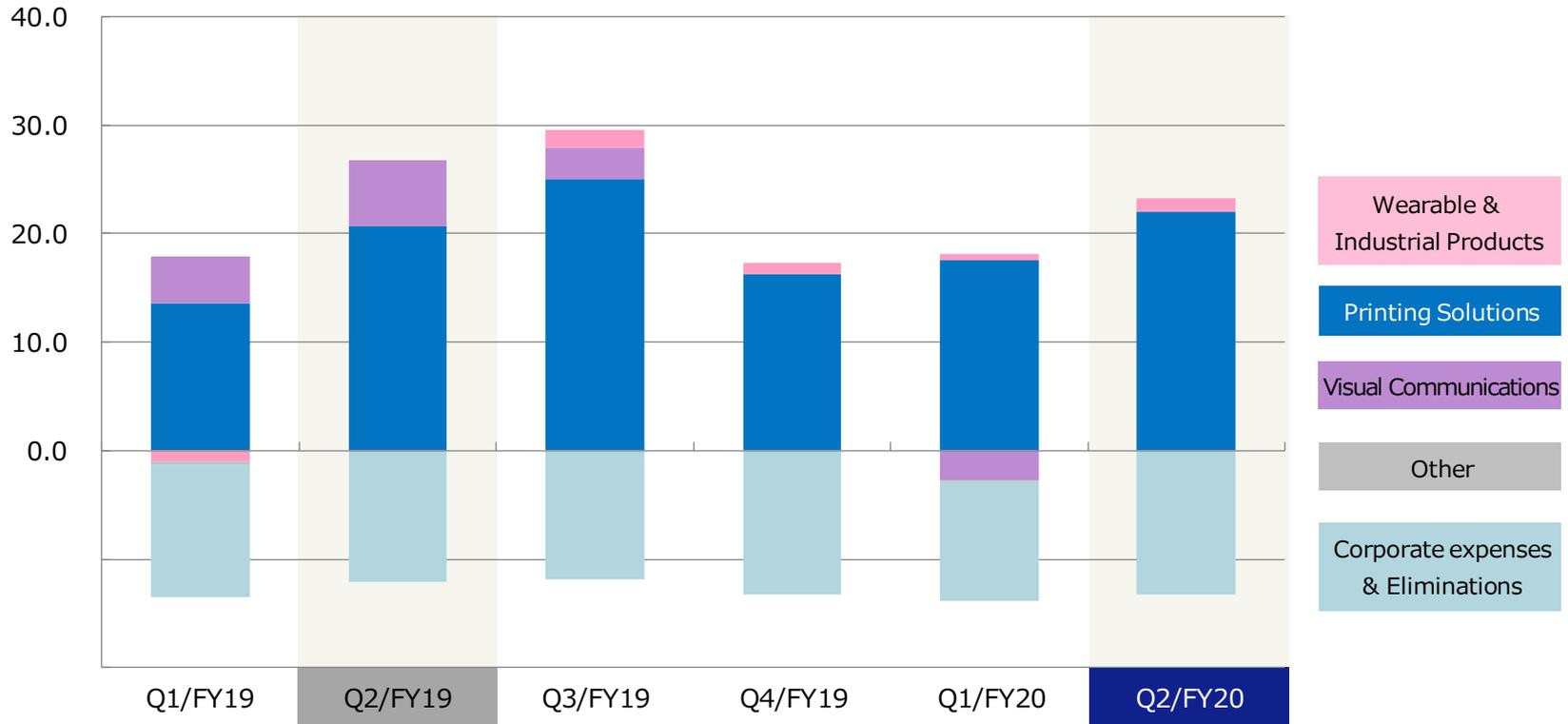


# Quarterly Business Profit Trend By Business Segment

Exchange rate	USD	109.93	107.31	108.72	109.00	107.54	106.16	-1.15
(yen)	EUR	123.54	119.34	120.35	120.18	118.39	124.10	+4.76

Business profit (Billions of yen)	Q1/FY19	Q2/FY19	Q3/FY19	Q4/FY19	Q1/FY20	Q2/FY20	Y/Y
<b>Printing Solutions</b>	13.6	20.7	25.0	16.2	17.5	22.0	+1.3
<b>Visual Communications</b>	4.3	6.1	2.9	0.0	-2.7	0.1	-5.9
<b>Wearable &amp; Industrial Products</b>	-1.0	-0.0	1.7	1.1	0.6	1.2	+1.3
Other	-0.2	-0.1	-0.1	-0.0	-0.2	-0.1	+0.0
Corporate expenses & Eliminations	-12.3	-12.0	-11.8	-13.3	-10.9	-13.1	-1.0
<b>Consolidated total</b>	4.5	14.6	17.6	4.0	4.3	10.2	-4.3

(Billions of yen)



# Revenue to customers outside of Japan

## Employee numbers

### Revenue to customers outside of Japan

Exchange rate	USD	109.93	107.31	108.72	109.00	107.54	106.16	-1.15
(yen)	EUR	123.54	119.34	120.35	120.18	118.39	124.10	+4.76

Revenue (Billions of yen)	Q1/FY19	Q2/FY19	Q3/FY19	Q4/FY19	Q1/FY20	Q2/FY20	Y/Y
The Americas	74.5	71.7	71.2	75.3	59.8	71.9	+0.2
Europe	47.9	53.7	59.3	52.9	39.7	50.0	-3.6
Asia/ Oceania	72.5	75.8	74.4	58.5	49.5	73.9	-1.9
<b>Total revenue to overseas customers</b>	195.1	201.4	205.1	186.9	149.0	195.9	-5.4
<b>Consolidated revenue</b>	249.6	266.4	279.8	247.6	193.2	245.9	-20.5

% of revenue to consolidated revenue	Q1/FY19	Q2/FY19	Q3/FY19	Q4/FY19	Q1/FY20	Q2/FY20
The Americas	29.9%	26.9%	25.5%	30.4%	31.0%	29.3%
Europe	19.2%	20.2%	21.2%	21.4%	20.6%	20.4%
Asia/ Oceania	29.1%	28.5%	26.6%	23.7%	25.6%	30.1%
<b>Total</b>	78.2%	75.6%	73.3%	75.5%	77.2%	79.7%

### Employees

Number of employees at period end (person)	End of March 2018	End of Sept. 2018	End of March 2019	End of Sept. 2019	End of Mar. 2020	End of Sept. 2020	Compared to end of Mar. 2020
Japan	19,436	19,694	19,456	19,825	19,558	19,723	+165
Non-Japan	56,955	61,699	57,191	58,914	56,050	59,287	+3,237
<b>Consolidated total</b>	76,391	81,393	76,647	78,739	75,608	79,010	+3,402

# Major Business Indicators

(Billions of yen)

		FY2018 Actual	FY2019 Actual	FY2020 Outlook	FY2021 (FY19-21 business plan)
Exchange rate (yen)	USD	110.86	108.74	106.00	110.00
	EUR	128.40	120.85	122.00	125.00
Printing	Revenue	723.6	708.6	680.0	780.0
Solutions	Segment profit	94.5	75.6	84.0	-
Visual	Revenue	203.3	183.3	139.0	225.0
Communications	Segment profit	21.2	13.5	-2.0	-
Wearable & Industrial Products	Revenue	163.4	152.9	140.0	195.0
	Segment profit	5.5	1.8	2.0	-
Other	Revenue	0.9	0.9	1.0	-
	Segment profit	-0.5	-0.5	-1.0	-
Corporate expenses & Eliminations	Revenue	-1.6	-2.2	0.0	-
	Segment profit	-50.2	-49.6	-48.0	-
Consolidated total	Revenue	1,089.6	1,043.6	960.0	1,200.0
	Segment profit	70.4	40.8	35.0	96.0
	ROS	6.5%	3.9%	3.6%	8%
	ROE	10.2%	1.5%	1.6%	Sustain over 10%

(Billions of yen)

	FY2018 Actual	FY2019 Actual	FY2020 Outlook	Epson 25 FY19-21 business plan 3-year cumulative Outlook
USD	110.86	108.74	106.00	110.00
EUR	128.40	120.85	122.00	125.00
Operating CF	76.9	102.3	75.0	Approx. 370
FCF	-5.7	26.1	20.0	Approx. 170
R&D costs	58.2	49.2	48.0	Invest aggressively
Capital expenditure	82.0	71.3	48.0	Approx. 200
		80.0*	57.0*	

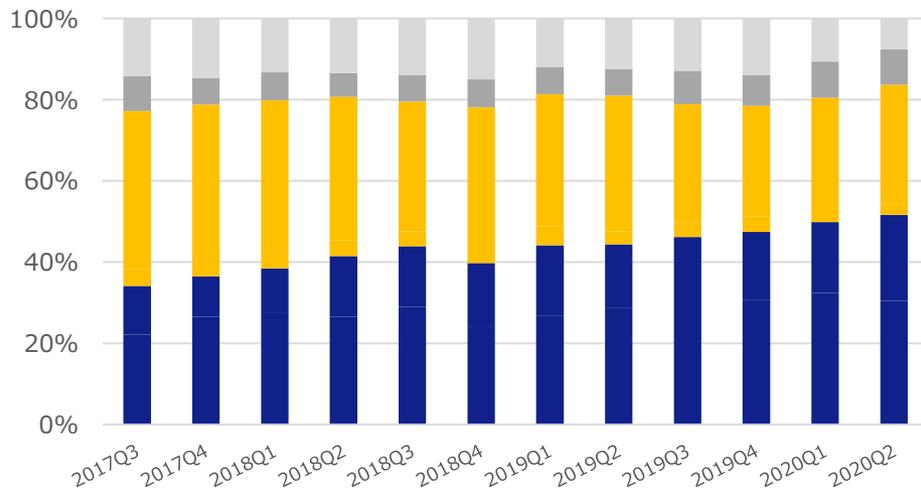
\* Including lease

# Penetration of High-Capacity Ink Tank Printers (Unit Volume)

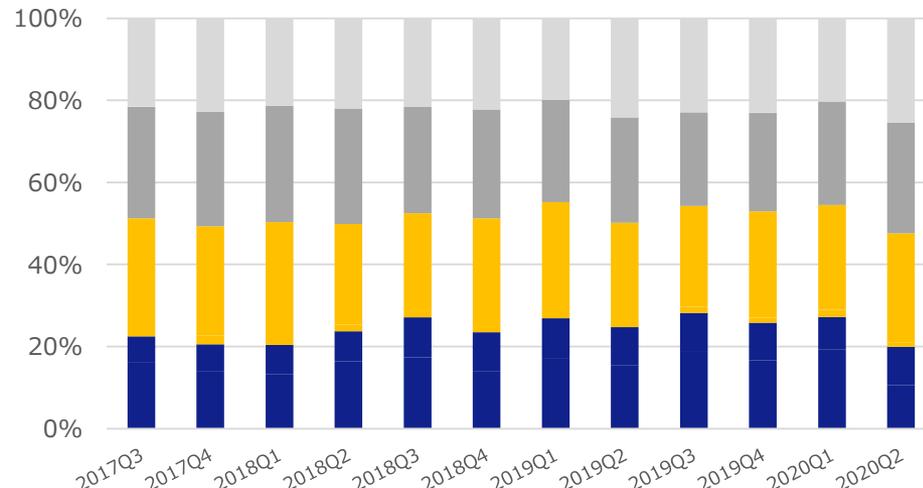
## A4 printer main unit market trend by region

All graphs show calendar year

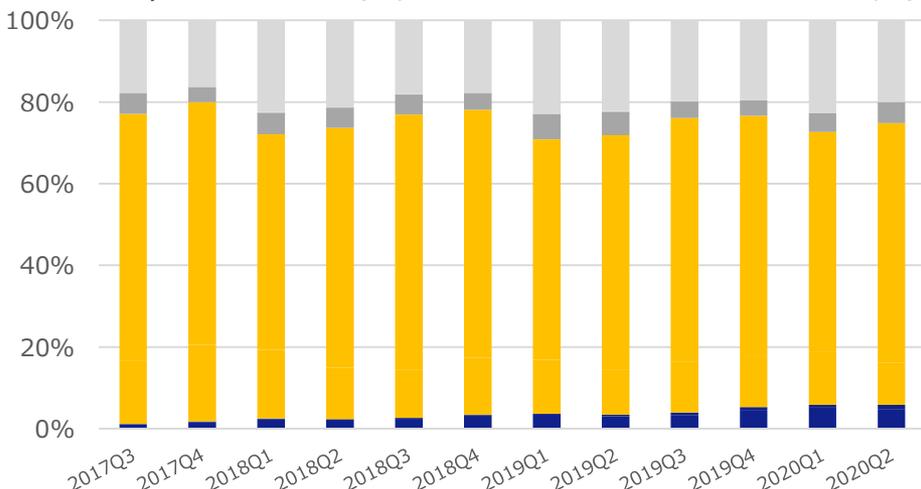
### Latin America



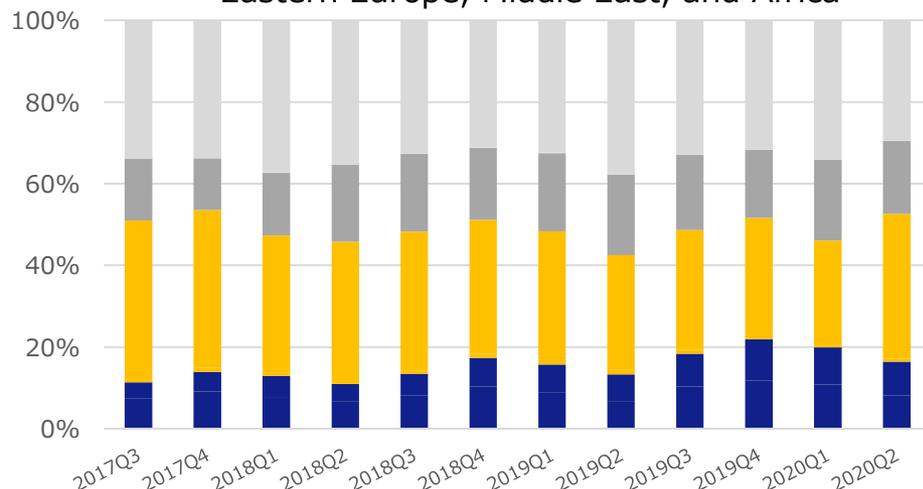
### Asia-Pacific



### Developed markets (Japan, North America, Western Europe)



### Eastern Europe, Middle East, and Africa



■ Ink tank printers      ■ Ink cartridge printers  
■ Laser printers (1-20 ppm)      ■ Laser printers (21 ppm and more)

Source: IDC Worldwide Quarterly Hardcopy Peripherals Tracker 2020Q2  
 Printers include multifunction printers. Reproduction or republication of this data is prohibited

# Definition of terms

<b>Color Control Technology</b>	Color management technology that enhances color reproducibility
<b>Epson Connect</b>	Epson's mobile cloud service for Epson products and services
<b>I/C</b>	Ink cartridges
<b>IJP</b>	Inkjet printers
<b>LIJ</b>	Line inkjet printers, high-speed line inkjet multifunction printers
<b>LP</b>	Laser printers, including multifunction printers
<b>RIPS</b>	Replaceable ink pack system, high-yield cartridge-free ink pack printers
<b>SIDM</b>	Serial impact dot matrix printers
<b>SOHO</b>	Small office, home office
<b>Office Shared IJP</b>	Printer category for high print volume office users. This includes LIJ, RIPS, and I/C printers.
<b>Photos</b>	Printer category that includes large-format printers for photo, graphics, proofing and CAD printing
<b>Commercial &amp; Industrial (C&amp;I) IJP</b>	Printer category comprising large-format inkjet printers for commercial and industrial sectors.
<b>High-capacity ink tank printers</b>	Inkjet printers with high-capacity ink tank (includes EcoTank)
<b>High-capacity ink models</b>	General term for high-capacity ink cartridge printers, high-capacity ink tank printers, RIPS, and LIJ
<b>Distributed printing</b>	Printing method that prints out same images/ documents using several printers
<b>3LCD</b>	Technology that projects images by utilizing 3LCD-chips
<b>FPD</b>	Flat panel displays
<b>OLED</b>	Organic light emitting diode
<b>High-brightness laser projectors</b>	High-lumen projectors mainly used in venues such as conference rooms and halls
<b>WP</b>	Wearable Products business
<b>MD, Other</b>	Microdevices, Other business

# Business segments

Innovation

Inkjet Innovation

Visual Innovation

Wearables Innovation

Robotics Innovation

Segment

Printing Solutions

Visual Communications

Wearable & Industrial Products

Office & Home IJP

Printers

High-capacity Ink Tank Model



Office Shared



High-capacity Ink Pack Printer

SOHO/Home



Ink Cartridge Model

High-speed linehead inkjet multifunction printers



Ink Cartridge Model for office



SIDM



PaperLab



Scanner



Laser Printer

Professional Printing

Commercial & Industrial IJP

POS



Photos



Signage



Textiles



Labels



Inkjet Printheads



Others



Epson Direct PC

Projectors



High Brightness



Ultra short throw



Standard



Home



Small Projectors



Lighting



Smart Glasses

Wearable Products

Epson Brand



TRUME



Orient

Movement



Seiko Business



Robotics Innovation

Robots



SCARA



6-Axis

IC Test Handler



Options



Microdevices, Others

Microdevices



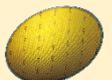
Quartz Crystal Devices



Semiconductors



Superfine alloy powders



Surface finishing

Business/ Major Products

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