

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

January 28, 2021  
**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

- Third-Quarter Financial Results
- FY2020 Full-Year Financial Outlook
- Shareholder Returns
- Efforts for Sustainable Growth

## Summary of Key Points

### Q3

- Revenue: ¥278.8 billion (down ¥1.0 billion YoY)
  - Demand, which slumped due to COVID-19, is rebounding to varying extents, depending on region and product
  - Supply continued to fall short of demand
- Business profit: ¥31.1 billion (up ¥13.5 billion YoY)
  - Expansion of strategic products, increased ink sales due to sustained at-home print demand and maintenance of selling prices
  - Tightly contained costs
- Profit for the period: ¥16.0 billion (up ¥3.7 billion YoY)
  - The increase in business profit resulted in an increase in every profit category
  - A ¥3.6 billion impairment loss was recorded under other operating expenses in the wearable products business.

### Full-year financial outlook

- Revenue: ¥980.0 billion (down ¥63.6 billion YoY and revised upward by ¥20.0 billion vs. the previous outlook)
  - The outlook reflects sales through Q3
- Business profit: ¥50.0 billion (up ¥9.1 billion YoY and revised upward by ¥15.0 billion vs. the previous outlook)

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- Good morning/evening, and welcome to the announcement.
- The key points for today's announcement are summarized here.
- Details are provided on the slides that follow.

- Summary
- **Third-Quarter Financial Results**
- FY2020 Full-Year Financial Outlook
- Shareholder Returns
- Efforts for Sustainable Growth

Financial Highlights (Third Quarter)					EPSON EXCEED YOUR VISION		
(Billions of yen)	FY2019		FY2020		Change		
	Q3 Actual	%	Q3 Actual	%	Y/Y	%	
Revenue	279.8		278.8		-1.0	-0.4%	
Business profit	17.6	6.3%	31.1	11.2%	+13.5	+76.3%	
Profit from operating activities	17.6	6.3%	24.6	8.8%	+6.9	+39.3%	
Profit before tax	17.3	6.2%	22.8	8.2%	+5.4	+31.6%	
Profit for the period attributable to owners of the parent company	12.2	4.4%	16.0	5.8%	+3.7	+30.9%	
EPS <sup>*1</sup> (yen)	35.47		46.42				
Exchange rate (yen, index)	USD	¥108.72	¥104.48				
	EUR	¥120.35	¥124.51				
	Other currencies <sup>*2</sup>	100	94				
<small>*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</small>		Exchange Effect (Billions of yen)		USD	EUR	Other currencies	Total
		Revenue		-3.2	+1.5	-3.4	-5.1
		Business profit		+0.8	+1.0	-2.2	-0.3

- Our third-quarter financial results were as follows.
- Revenue was ¥278.8 billion, down ¥1.0 billion year on year. Business profit was ¥31.1 billion, up ¥13.5 billion.
- Profit for the period was ¥16.0 billion, up ¥3.7 billion.
- We recorded a ¥3.6 billion impairment loss under other operating expenses in the wearable products business.
- As for foreign exchange rates, the yen moved lower against the euro compared to the same period last year but climbed higher against the US dollar and Latin American currencies. This negatively impacted revenue but had a negligible effect on business profit.

### ■ Revenue: ¥278.8 billion (down ¥1.0 billion YoY)

- Demand, which slumped due to COVID-19, is steadily rebounding to varying extents, depending on region and product
- Supply continued to fall short of demand
  - Factory operations in Indonesia were suspended in September and logistics were disrupted (shipping container shortage and congested seaports)
    - ✓ Ink cartridge printers, high-capacity ink tank printers, commercial and industrial IJPs, projectors and other products were affected
- Impact of COVID-19
  - ~¥15.0 billion negative impact on demand and supply in Q3

### ■ Business profit: ¥31.1 billion (up ¥13.5 billion)

- In addition to growth in sales of high-capacity ink tank printers and ink, and higher selling prices, business profit benefited from tight cost containment

- The main factors that shaped our third-quarter results are summarized here.
- Demand was slow to recover in some regions due to the effects of the coronavirus pandemic, while it has yet to build momentum for some products, like projectors and watches. Overall, however, demand steadily improved from the weak first half.
- Revenue was flat year on year because even though demand recovered, product supply was limited due to a suspension of factory operations in Indonesia in September, a shortage of shipping containers, and seaport congestion.
- Business profit increased significantly, mainly as a result of high-capacity ink tank printer and ink sales growth, higher selling prices, and strict cost containment.

### ■ Profit for the period: ¥16.0 billion (up ¥3.7 billion)

- The increase in business profit resulted in an increase in every profit category
  - A ¥3.6 billion impairment loss was recorded under other operating expenses in the wearable products business
    - ✓ Review future recovery more cautiously in light of watch market trends due to COVID-19 impacts in the 9 months through Q3

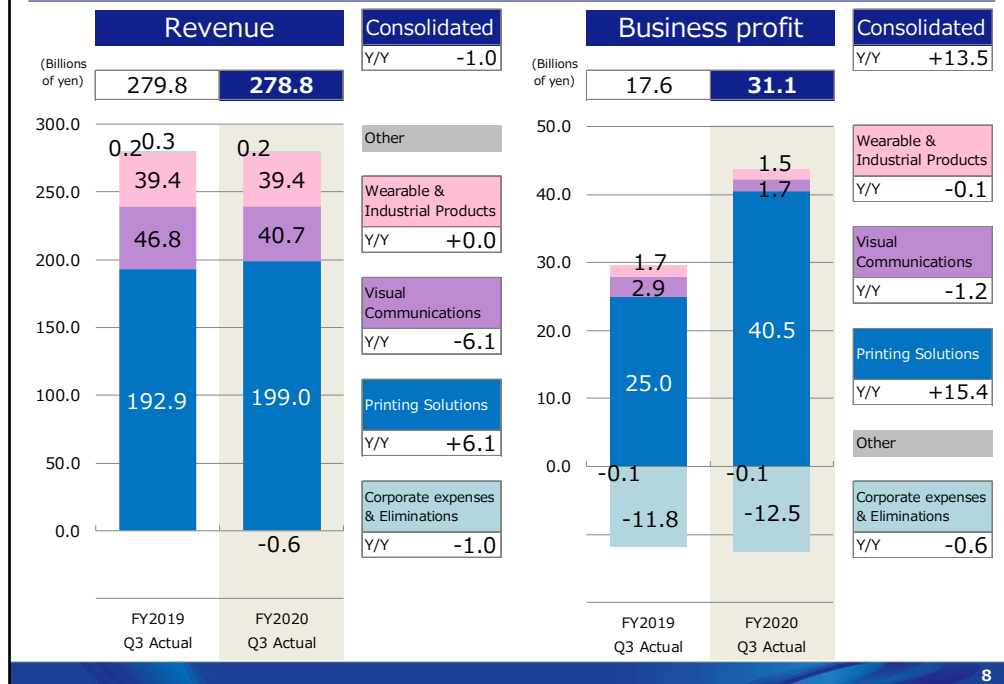
### ■ Vs. previous outlook

- Revenue exceeded expectations due to continued at-home print demand for IJP ink, stable printer prices, and increased demand for robotics solutions and microdevices
- Business profit was significantly higher than expected due to the impact of cost restraint in addition to the impact of sales revenue

- Next, I will go over the main factors affecting business profit.
- Each category of profit improved, but we recorded an impairment loss under other operating expenses in the wearable products business.
- This is the result of analyzing recovery prospects more cautiously due to uncertainty about the market and the timing of the recovery from COVID-19.
- In wearable products, we are proceeding with plans to reassign staff and drive efficiencies as we shift to a leaner organization.
- At the same time, we will efficiently promote growth by reallocating management resources to business areas with higher growth potential.
  
- Next, I will explain the results against the previous outlook.
- Inkjet printer selling prices and ink sales surpassed our expectations. Meanwhile, demand for robotics solutions and for microdevices and other products remained firm beyond expectations.
- We expected print demand from people working and learning from home to ease up as economic activity resumed, but it continued in Western Europe, North America, and some other regions. In Latin America and Asia, too, we are beginning to see hints of at-home print demand.
- Commercial and industrial IJP sales have been growing as forecasted from the second quarter.
- Visual communications results were broadly in line with expectations, while the wearable products business was sluggish.
  
- The consolidated results were better than anticipated in revenue and business profit. The latter far exceeded the outlook owing to cost containment.



# Q3 Financial Results by Business Segment



- This slide shows a comparison between our third-quarter financial results this year and last year in each business segment.
- I will explain the results segment by segment on the slides that follow.

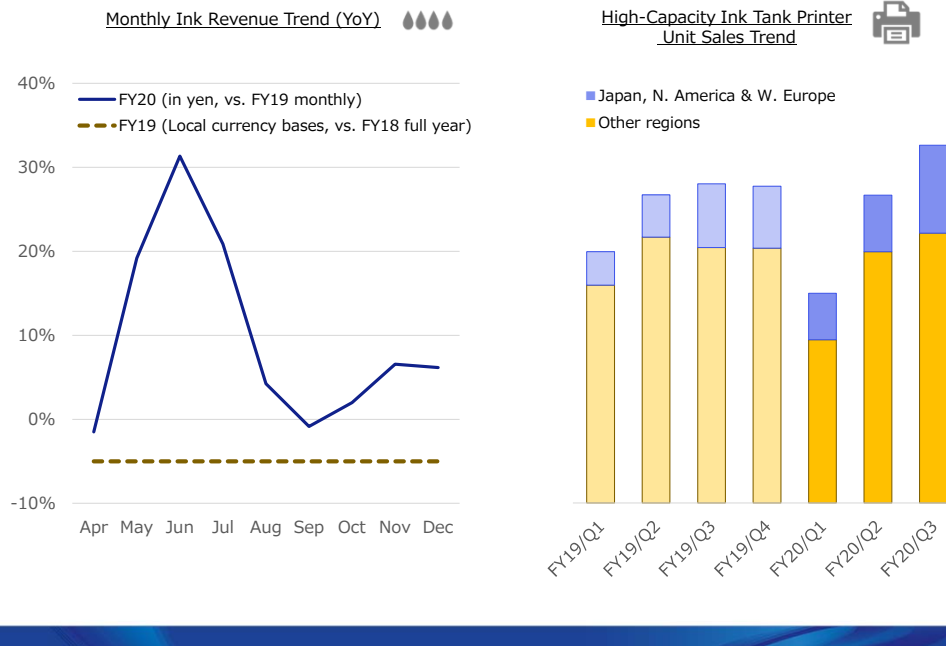
# Quarterly Comparison by Business

		(Billions of yen)			
Printing Solutions	Q3/FY2019 Actual	Q3/FY2020 Actual	Y/Y	Exchange effect	
Revenue	192.9	199.0	+6.1	-4.1	<b>Printer business</b> ◆ Office & home IJP • High-capacity ink tank printer demand rebounded and sales expanded • Unit shipments of ink cartridge printers for SOHO/ home use decreased but revenue increased on higher selling prices and an improved model mix • Ink sales grew on sustained at-home print demand in North America and Western Europe, etc. • Office shared IJPs were flat YoY ◆ SIDM • Sales declined chiefly in China <b>Professional printing business</b> ◆ Commercial & industrial IJP • Finished products business flat YoY. Revenue increased for signage, textile, and label printers, but revenue for photo printers decreased • Printhead sales business revenue increased on new customer wins in China ◆ POS printer • Sales stagnant in every region <b>Other</b> • Sales fell vs last year, when PC demand rose with end of OS support
Printers	134.0	144.5	+10.4		
% sales Office & home IJP	85%	88%			
SIDM	6%	5%			
Other	9%	7%			
Professional Printing	51.8	50.4	-1.4		
% sales C&I IJP	66%	71%			
POS printers, other	34%	29%			
Other	7.0	4.1	-2.8		
Inter-segment revenue	-0.0	-0.0	-0.0		
Segment profit	25.0	40.5	+15.4	-0.3	
ROS	13.0%	20.4%			
◆ Office & home IJP Sales Trends*1		Q3/FY19 Actual	Q3/FY20 Actual		
Hardware	Revenue	JPY Local currency	-1%	+17%	
	Volume	YoY%	+3%	+22%	
Ink	Revenue	JPY Local currency	+2%	+2%	
	Volume	YoY%	-12%	+5%	
Office shared IJP*2	Revenue	Composition ratio within office & home IJP*3	-9%	+6%	
			9%	9%	

\*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 LD, 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

- These are the financial results in printing solutions.
- Total printer business revenue increased despite a decline in SIDM printer revenue in China thanks to a revenue increase in inkjet printers.
- We continued to be unable to supply enough high-capacity ink tank printers to meet demand. Nevertheless, revenue increased because there were unit growth in emerging markets and developed economies, an improved model mix due to an increase of high added value products, and higher selling prices due to our price maintenance measures.
- SOHO and home ink cartridge printer revenue increased even though unit shipments declined due to supply shortages. The increase was mainly a result of higher prices.
- Ink revenue grew on sustained at-home print demand in Europe and America.
- Even though the market for office shared printers is slumping due to the pandemic, Epson has steadily captured orders in Japan and Europe.
- Office shared printer hardware revenue fell short of last year's level partly because of delivery and installation delays, but total revenue, including both office shared printers and ink, was level with last year thanks to a larger number of machines in the field and an increase in ink sales.
- In the professional printing business, commercial and industrial inkjet printer demand was firm, but POS printer demand remained stagnant, resulting in a decline in revenue.
- Total revenue in Epson's commercial and industrial inkjet printer finished products business was flat year on year. There were customer inventory adjustments involving certain products such as minilabs. However, signage, textile, and label printer revenue increased, partly thanks to new products, though the increase was constrained by supply shortages and by delivery and installation limitations.
- Revenue from sales of printheads increased because we steadily expanded the number of new customers in China and because sales to existing customers are also gradually recovering.
- Segment profit rose sharply, mainly as a result of ink and high-capacity ink tank printer revenue growth, higher selling prices, and cost containment efforts in the printer.
- As a result, the printer business accounted for about 75% of segment profit.

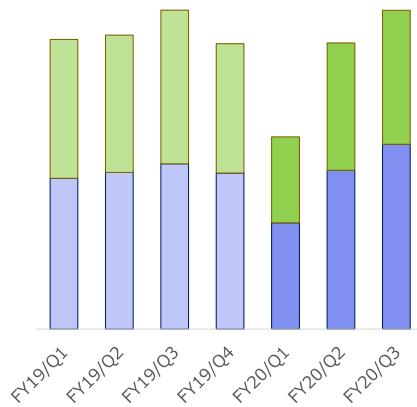
## Office & Home IJP Sales Trends



- The ink and inkjet printer sales trends are shown here.
- The graph on the left shows the year-on-year change in ink revenue.
- The solid line represents the current fiscal year. The dotted line shows the year-on-year change for fiscal 2019.
- Since Epson is shifting to high-capacity ink tank printers, we expected ink revenue to be lower than last year. Instead, we saw year-on-year ink revenue growth due to the spread of COVID-19, which caused at-home print demand to increase.
- As you can see, ink sales peaked in June and then declined until they reached the same level as September of the previous year. Given this trend, we expected sales to show further signs of easing in the third quarter, yet demand has continued.
- It is difficult to predict what lies ahead, but working from home is likely to be permanent, so we believe that a certain level of demand will continue.
- The graph on the right shows changes in unit shipments of high-capacity ink tank printers.
- In the first quarter, sales fell sharply due to temporary store closures and travel restrictions in emerging markets, but later began surging with the reopening of stores and at-home print demand.
- In developed economies like Japan, North America, and Western Europe, sales have been steadily expanding.
- In the third quarter, we still had problems with supply, but growth has rebounded at a rate that exceeds that of the same period last year.

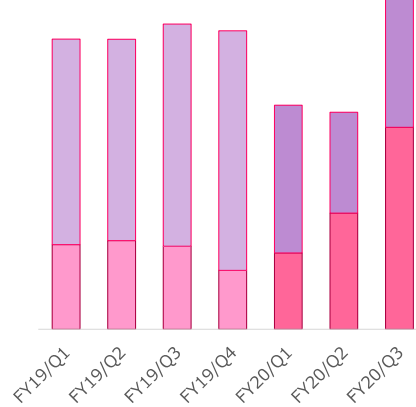
Finished Product Business Revenue Trend

■ Existing areas (photo)  
■ Growth areas (corporate, signage, textile, label)



Printhead Sales Business Revenue Trend

■ Others  
■ China



- Sales trends in commercial & industrial inkjet printers and printheads are shown here.
- The graph on the left shows revenue broken down by growth areas and existing areas.
- Sales of commercial and industrial inkjet printers fell sharply in the first quarter compared to the same period last year, but have shown signs of picking up since the second quarter owing to a gradual recovery in demand and the release of new products in growth areas.
- We are scheduled to launch more new products and will continue to strengthen from a long-term view.
  
- The graph on the right shows the printhead sales revenue trend.
- Although it was sluggish in the first half, the business showed year-on-year growth in the third quarter with demand recovering in China where we have stepped up sales efforts, as well as in Japan and other regions with existing customers.
- Printheads will be an important product that will drive future growth, so we will continue to strengthen this business.

## Quarterly Comparison by Business

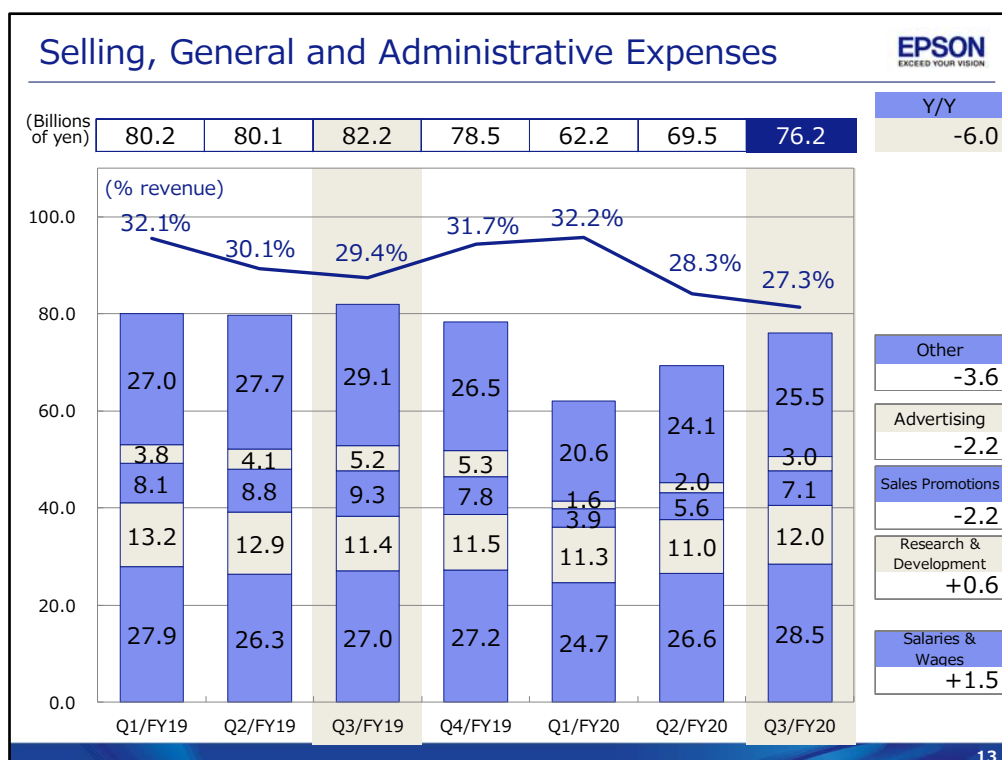
(Billions of yen)					
Visual Communications	Q3/FY2019 Actual	Q3/FY2020 Actual	Y/Y	Exchange effect	<b>Visual communications</b> ◆ Projector • Market stagnated for medium- and high-brightness office projectors due to COVID-19
Revenue	46.8	40.7	-6.1	-0.3	
Segment profit	2.9	1.7	-1.2	+0.2	
ROS	6.3%	4.3%			
◆ Projector sales trends*1					
		Q3/FY19 Actual	Q3/FY20 Actual		
Hardware	Revenue	YoY %	JPY Local currency	-7%	-13%
				-3%	-12%
	Volume	YoY %		-4%	-20%
* 1 The indicators in projector sales trends are based on values tracked internally by Epson					

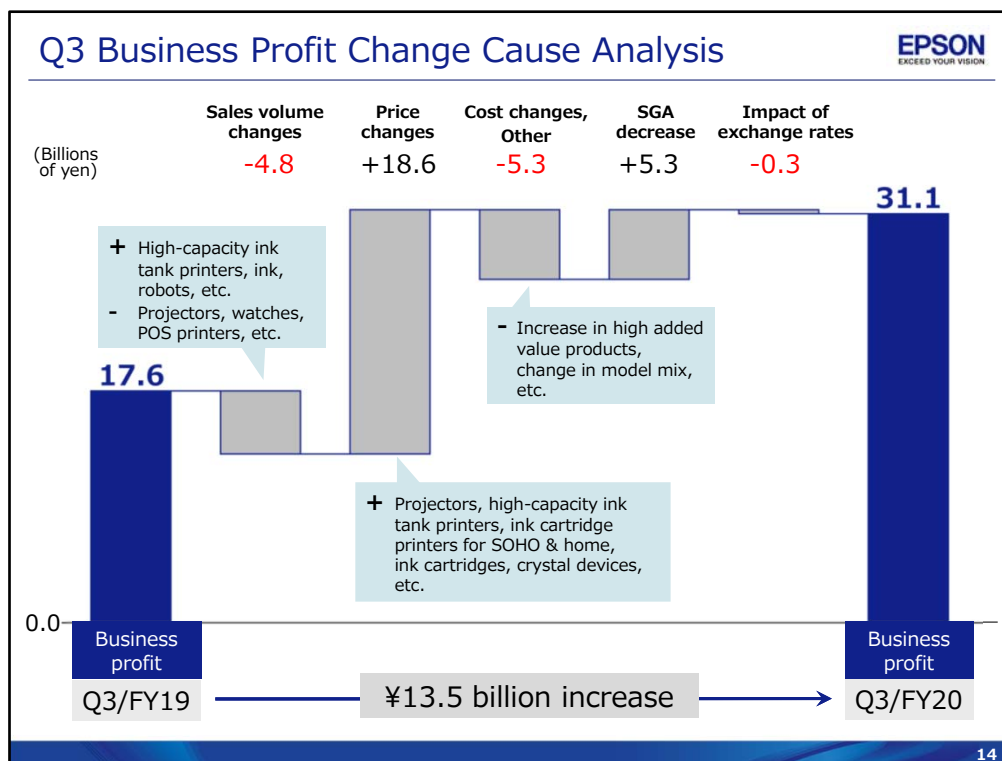
(Billions of yen)					
Wearable & Industrial Products	Q3/FY2019 Actual	Q3/FY2020 Actual	Y/Y	Exchange effect	<b>Wearable products</b> ◆ Sales declined due to watch market stagnation  <b>Robotics solutions</b> ◆ Sales increased in China and the Americas, etc.  <b>Microdevices and other</b> ◆ Crystal device • Strong demand for Wi-Fi equipment, PCs and healthcare applications ◆ Semiconductor • Foundry demand firm
Revenue	39.4	39.4	+0.0	-0.6	
Wearable Products	12.0	7.9	-4.0		
Robotics Solutions	5.2	6.8	+1.6		
Microdevices, Other	23.5	25.3	+1.8		
Inter-segment revenue	-1.3	-0.6	+0.6		
Segment profit	1.7	1.5	-0.1	-0.3	
ROS	4.4%	4.1%			

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- The situation in visual communication remains challenging. Demand has been recovering since the first half, with sales of education projectors seen picking up and firm demand for home projectors. However, demand for office projectors has been stagnant.
- Given this environment, we revised the fixed cost structure and tightly contained costs. These efforts enabled us to record business profit in the third quarter also.
- Results in the wearable and industrial products segment were in line with the same period last year, but some businesses performed better than others.
- In wearable products, overseas sales of watches in the high-price zone increased, but the overall market situation remains difficult.
- The strong demand for robotics solutions seen in the first half carried over into the third quarter.
- In China, sales increased for robots used in the assembly of electronic equipment, batteries, and solar panels. In the United States, we saw growth for applications such as hard disk drive assembly and medical equipment.
- In microdevices and other, sales of crystal devices for use in Wi-Fi equipment, PCs, and healthcare increased, and demand for semiconductors remained firm.
- Although wearable product profit decreased, total segment profit was flat compared to the same period last year. This was mainly due to higher revenue in robotics solutions, an improved product mix and overall cost reductions for crystal devices, and stable semiconductor operations.



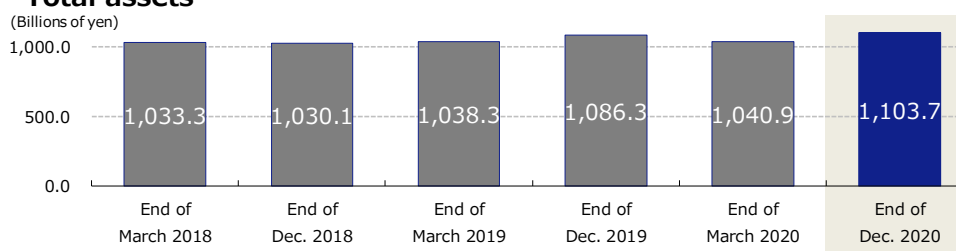
- Quarterly selling, general and administrative expenses were as shown here.
- In the third quarter, we spent as needed as economic activity recovered, but we continued to limit spending on sales promotions and advertising.
- We will resume promotional activities but with greater efficiency than in the past, for example through increased use of online promotions. Therefore, spending will not return to previous levels and we will continue to focus on priority areas.



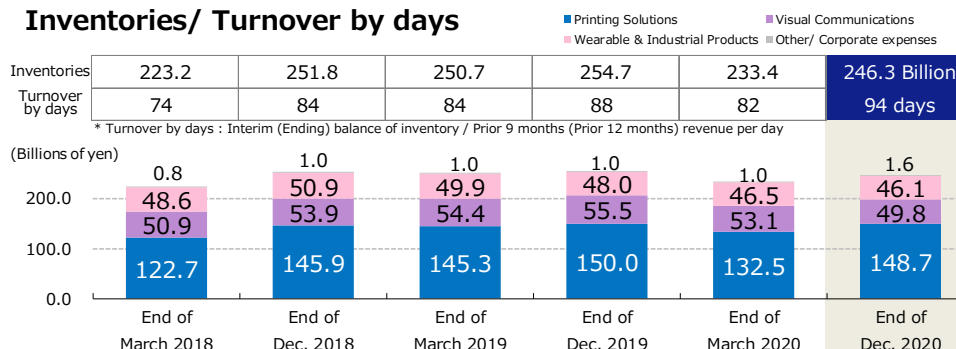
- This slide shows a cause analysis of change in business profit.
- Higher volumes of products such as high-capacity ink tank printers, ink, and robots positively impacted business profit, but these gains were outweighed by declines in products such as projectors, watches, and POS printers.
- Price changes were a positive factor thanks primarily to changes in the projector, ink cartridge, and crystal device model mixes, as well as higher prices for products such as SOHO and home ink cartridge printers and high-capacity ink tank printers.
- Cost changes and other factors negatively affected business profit, particularly the change in model mix due to an increase of high added value products such as commercial and industrial inkjet printers.

# Statements of Financial Position

## Total assets



## Inventories/ Turnover by days



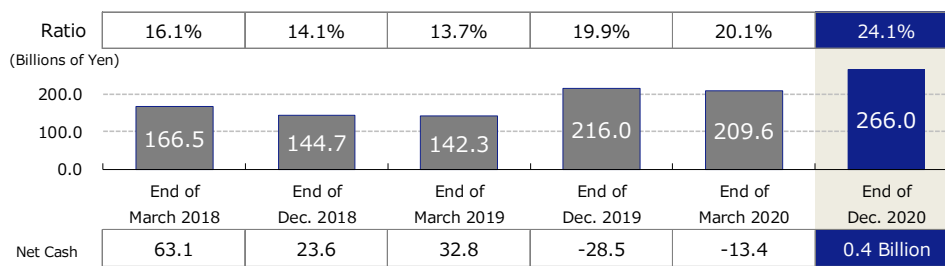
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- Next, let's look at some of the major items on the statements of financial position.
- Total assets were ¥1,103.7 billion, up ¥62.8 billion compared to the end of the last fiscal year.
- This increase was caused primarily by an increase in cash and cash equivalents resulting from an issue of green bonds.
- Inventories were ¥246.3 billion.
- Days of inventory was 94 days, an increase from the same period last year, but the main cause was the sharp drop in sales in the first half.
- We continue to be unable to supply enough printers and some other products to meet the current demand due to production limitations and marine transportation congestion.
- Demand for many products will increase heading into next fiscal year, we will control inventory levels while closely monitoring sales trends.

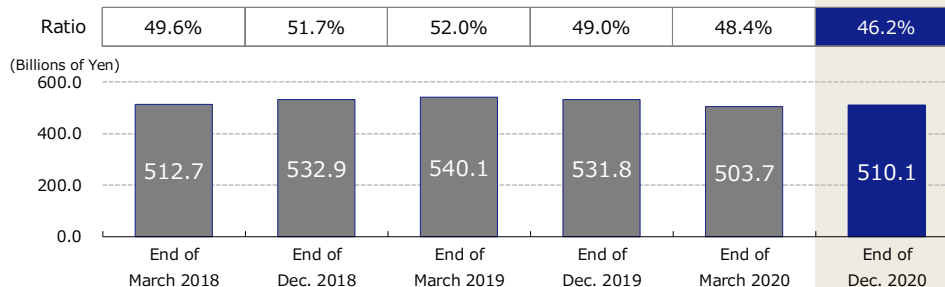


# Statements of Financial Position

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



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



- Interest-bearing liabilities were ¥266.0 billion, up ¥56.3 billion compared to the end of the last fiscal year mainly due to the green bond issue.
- Net cash was ¥0.4 billion, a result of increased cash flows coming from an improved mix and stable sales prices, and continued cost containment.
- The equity attributable to owners of the parent company totaled ¥510.1 billion, a ¥6.4 billion increase compared to the previous fiscal year end.

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## FY2020 Financial Outlook (Full Year)



	FY2019		FY2020				Change		
	(Billions of yen)	Actual	%	10/29 Outlook	%	1/28 Outlook	%	Y/Y	Vs. 10/29 outlook
Revenue		1,043.6		960.0		980.0		-63.6	+20.0
								-6.1%	+2.1%
Business profit		40.8	3.9%	35.0	3.6%	50.0	5.1%	+9.1	+15.0
								+22.4%	+42.9%
Profit from operating activities		39.4	3.8%	28.0	2.9%	38.0	3.9%	-1.4	+10.0
								-3.7%	+35.7%
Profit before tax		39.7	3.8%	24.0	2.5%	34.0	3.5%	-5.7	+10.0
								-14.4%	+41.7%
Profit for the year attributable to owners of the parent company		7.7	0.7%	8.0	0.8%	18.0	1.8%	+10.2	+10.0
								+132.8%	+125.0%
EPS* <sup>1</sup> (yen)		22.26		23.12		52.03			
Exchange rate (yen, index)	USD	¥108.74		¥106.00		¥105.00			
	EUR	¥120.85		¥122.00		¥123.00			
	Other currencies* <sup>2</sup>	100		92		93			
Exchange rate assumptions from Q4 (yen)	USD	102.00							
	EUR	125.00							
			Exchange rate sensitivity * <sup>3</sup>		USD	EUR	Other currencies	Total exchange effect outlook	
			Revenue		-2.7	-1.3	-2.7	-23.0	
			Business profit		+0.7	-0.8	-1.2	-4.0	

\*<sup>1</sup> Basic earnings per share for the year  
\*<sup>2</sup> 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.  
\*<sup>3</sup> 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)

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- Next, I will explain our full-year financial outlook.
- The full-year financial outlook reflects our third-quarter performance, where both revenue and business profit exceeded forecasts, as well as the prospects for future demand recovery.
- On the other hand, with uncertainties such as supply shortages expected to continue, the situation will remain unpredictable.
- Given this situation, we have raised our outlook for revenue by ¥20 billion, for business profit by ¥15 billion, and for profit for the year by ¥10 billion, compared to the previous outlook. The full-year financial outlook now shows ¥980 billion in revenue, ¥50 billion in business profit, and ¥18 billion in profit for the year.
- Compared to last fiscal year, exchange rates are expected to have about a ¥23 billion greater negative impact on revenue and about a ¥4 billion greater negative impact on business profit.
- In robotics solutions, we decided to transfer the IC test handler business in order to concentrate management resources on robots, an area where we can better demonstrate Epson's strengths, and drive further growth.
- The transfer of this business is scheduled for April and will not affect the financial outlook for the current fiscal year.

## Full-Year Financial Outlook Assumptions

- Demand will continue to recover to varying degrees depending on region and product
- Risk of logistics delays due to shortage of shipping containers
- Cost containment to continue, but invest as needed for resumption of business

### Printing solutions

- Sustained at-home print demand
- High-capacity ink tank printer unit shipment forecast revised upward due to production increase
- Demand for commercial & industrial IJP to progressively recover

### Visual communications

- Demand recovery will continue, but recovery of medium- and high-brightness projectors will be delayed
- Continue to control costs and position the business to efficiently generate earnings

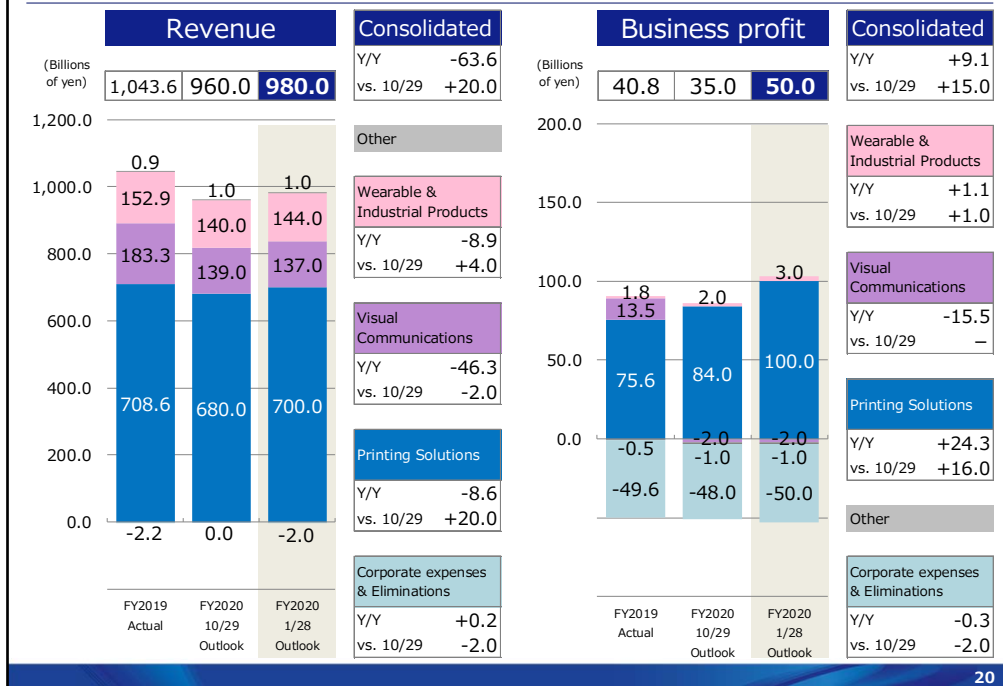
### Wearable & industrial products

- Continued difficult conditions in the watch market
- Firm demand for robots and microdevices

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- Next, I will explain the assumptions on which the full-year financial outlook is based.
- As I said earlier, demand continues to recover to varying degrees, depending on region and product. On the other hand, the outlook does take into account risks associated with supply shortages.
- We will spend as needed as business activities resume, but will also continue to contain costs by focusing spending on priorities.
- I will explain the assumptions in each business segment based on these considerations, starting with printing solutions.
- At-home print demand is expected to continue.
- Supply shortages of inkjet printers are going to take time to resolve, but we will prioritize an increase in the production of high-capacity ink tank printers, which are key strategic products.
- We expect annual shipments of high-capacity ink tank printers to reach 10.3 million units, an increase from last fiscal year.
- Demand for commercial and industrial inkjet printer is expected to recover, and with the release of new products, we forecast year-on-year revenue growth in the fourth quarter.
- We expect to see an acceleration of the shift from centralized printing with analog systems to distributed printing with digital systems.
- To meet the needs of distributed printing and drive business growth, we will strengthen our product lineup, enhance our software-based services, and accelerate the market shift to digital.
- In visual communications, demand for education projectors is trending toward recovery, but the recovery in office projectors will be delayed.
- We will continue to control costs and position the business to efficiently generate earnings.
- In wearable and industrial products, difficult conditions will persist in the watch market, but demand in the robotics solutions and microdevices and other businesses is expected to remain firm.

# FY2020 Financial Outlook by Business Segment



- Here, the revenue and business profit outlook are broken out by segment based on the assumptions I just explained.
- I will explain the results segment by segment on the slides that follow.

# FY2020 Outlook Comparison by Business

(Billions of yen)

Printing Solutions	FY2019 Actual	FY2020 10/29 Outlook	FY2020 1/28 Outlook	Y/Y	vs. 10/29 Outlook
<b>Revenue</b>	708.6	680.0	700.0	-8.6	+20.0
Printers	482.5	485.0	503.0	+20.4	+18.0
% sales Office & home IJP	84%	87%	87%		
SIDM	7%	5%	5%		
Other	9%	8%	8%		
Professional Printing	197.9	178.0	179.0	-18.9	+1.0
% sales C&I IJP	64%	69%	69%		
POS printers, other	36%	31%	31%		
Other	28.2	17.0	18.0	-10.2	+1.0
Inter-segment revenue	-0.1	0.0	0.0	+0.1	-
<b>Segment profit</b>	75.6	84.0	100.0	+24.3	+16.0
<b>ROS</b>	10.7%	12.4%	14.3%		

◆ Office & home IJP Sales Trends*1		FY19 Actual	FY20 10/29 Outlook	FY20 1/28 Outlook	
	YoY %	+1%	-4%	-3%	
	Approx., million	15.7	15.0	15.2	
Hardware	Volume	High-capacity ink tank printers	10.0	10.0	10.3
		SOHO/ Home I/C model	5.3	4.7	4.6
		Office shared IJP*2	0.4	0.3	0.3
Ink	Revenue	YoY %	-8%	+2%	+6%
		Local currency	-5%	-	-
Office shared IJP	Revenue	Composition ratio within office & home IJP*3	10%	10%	10%

**Printer business**

- ◆ Office & home IJP
  - Revenue to increase on high-capacity ink tank printer unit shipment growth
  - SOHO/ home ink cartridge printer unit shipments will decrease, but revenue will be flat YoY
  - Ink revenue will continue to grow
  - Office shared IJP sales will steadily expand in a challenging hardware market environment
- ◆ SIDM
  - Sales to decline chiefly in China

**Professional printing**

- ◆ Commercial & industrial IJP
  - Finished products business to recover after Q2 amid market stagnation caused by COVID-19
  - Printhead sales were soft in the 1st half, but sales will increase in the 2nd half as new customers increase and sales to existing customers recover
- ◆ POS printer
  - Demand in advanced 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 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

- The full-year outlook by business and product category in printing solutions is shown here.
- We have raised our full-year outlook for both revenue and segment profit.
- We expect total segment profit to increase compared to last fiscal year mainly due to higher ink revenue and higher printer prices.
- The printer business is expected to account for slightly less than 80% of full-year segment profit.

# FY2020 Outlook Comparison by Business

(Billions of yen)

Visual Communications	FY2019 Actual	FY2020 10/29 Outlook	FY2020 1/28 Outlook	Y/Y	vs. 10/29 Outlook
Revenue	183.3	139.0	137.0	-46.3	-2.0
Segment profit	13.5	-2.0	-2.0	-15.5	-
ROS	7.4%	-1.4%	-1.5%		

**Visual communications**

- ◆ Projector
  - The market will shrink (by ~35% YoY) due to competition from FPDs as well as impact from COVID-19
  - Review cost structure and continue to rigorously reduce costs

◆ Projector Sales Trends\*1

Hardware	Volume	YoY %	FY19 Actual	FY20 10/29 Outlook	FY20 1/28 Outlook
		Approx., million			
			-9%	-30%	-31%
			2.4	1.6	1.6

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

(Billions of yen)

Wearable & Industrial Products	FY2019 Actual	FY2020 10/29 Outlook	FY2020 1/28 Outlook	Y/Y	vs. 10/29 Outlook
Revenue	152.9	140.0	144.0	-8.9	+4.0
Wearable Products	44.0	29.0	28.0	-16.0	-1.0
Robotics Solutions	21.2	24.0	27.0	+5.7	+3.0
Microdevices, Other	92.9	89.0	91.0	-1.9	+2.0
Inter-segment revenue	-5.3	-2.0	-2.0	+3.3	-
Segment profit	1.8	2.0	3.0	+1.1	+1.0
ROS	1.2%	1.4%	2.1%		

**Wearable products**

- Difficult conditions will persist in the watch market

**Robotics solutions**

- Firm demand will continue

**Microdevices and other**

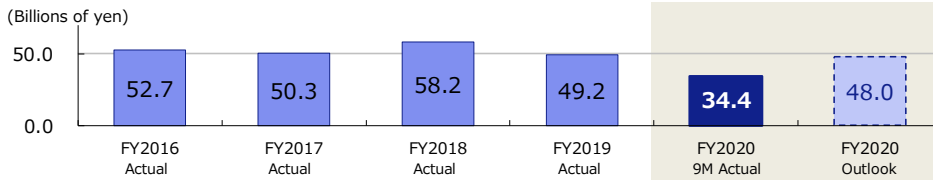
- Firm demand will continue

- The full-year outlooks in visual communications and in wearable & industrial products are as shown here.
- We lowered the revenue outlook in visual communications as a result of changes in the model mix, but we are reiterating the segment profit outlook.
- We raised the revenue and segment profit outlooks in the wearable & industrial products segment.

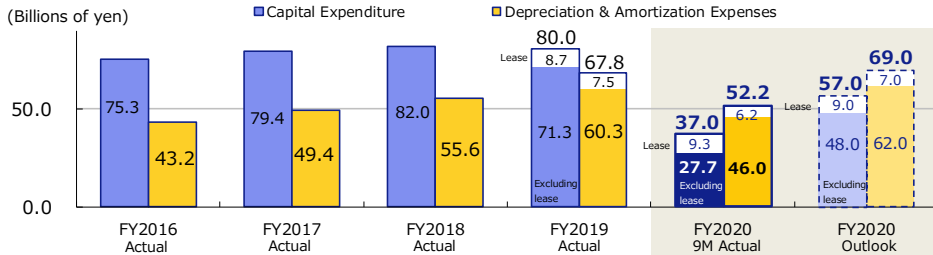
# R&D Costs, Capital Expenditure and Depreciation and Amortization Expenses



## Research & Development Costs



## Capital Expenditure and Depreciation and Amortization Expenses



	Capex.	Depreciation & Amortization	Capex.	Depreciation & Amortization	Capex.	Depreciation & Amortization
Printing Solutions	43.5	37.7	20.2	28.5	28.0	38.0
Visual Communications	14.1	11.7	6.2	9.6	10.0	13.0
Wearable & Industrial Products	14.7	10.3	6.1	7.7	12.0	11.0
Other, Corporate	7.5	7.9	4.3	6.2	7.0	7.0

Includes lease from FY2019 actual

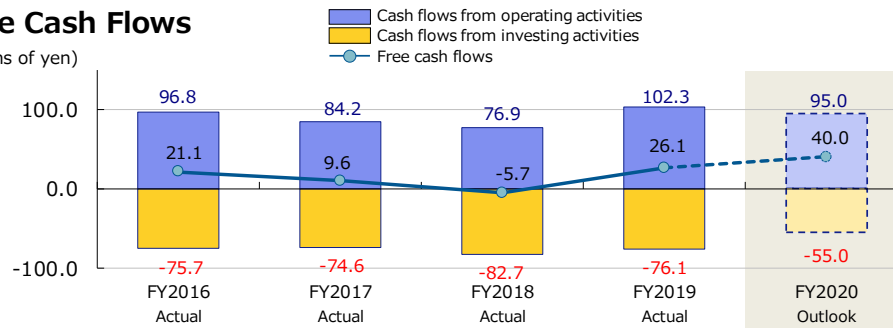
- There has been no change in the outlook for research and development expenses, capital expenditures, and depreciation and amortization.
- We forecast a sharp decrease in capital expenditures from last fiscal year.



## 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	5.1
<b>ROA</b> *2	6.9	7.4	6.8	3.9	4.7
<b>ROE</b> *3	10.1	8.3	10.2	1.5	3.6

\*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

- The outlook for free cash flow and the main management indicators are shown here.
- We raised the free cash flow outlook to ¥40 billion in conjunction with the raised profit outlook.

- Summary
- Third-Quarter Financial Results
- FY2020 Full-Year Financial Outlook
- **Shareholder Returns**
- Efforts for Sustainable Growth

## ■ Basic policy on dividends

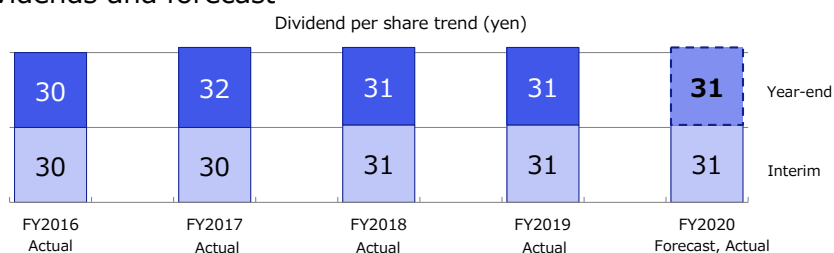
- Build a robust financial structure while proactively providing returns to shareholders
- Achieve a consolidated dividend payout ratio\* of around 40% over the mid-term

\* Calculated based on profit after an amount equivalent to the statutory effective tax rate is deducted from business profit, which shows profit from operations

## ■ FY2020 annual dividend outlook

- 62 yen per share, the same as in FY2019

## ■ Dividends and forecast



- The outlook for shareholder returns has not changed.
- We again anticipate paying annual dividends of 62-yen per share.

- Summary
- Third-Quarter Financial Results
- FY2020 Full-Year Financial Outlook
- Shareholder Returns
- **Efforts for Sustainable Growth**

- Epson 25 Corporate Vision is being revised, and a new mid-range business plan will be announced in mid March
  - Contribute to solutions for societal issues through our business activities
  - Provide products and services that accelerate changes for the new normal
  - Manage with a greater emphasis on profit margins



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- Next, I want to talk about our initiatives to sustain growth.
- We have been reviewing and revising our strategies in response to the big changes that took place as a result of COVID-19.
- We will not veer substantially from the direction already charted, but we have decided to announce a new mid-range business plan in March in order to take account of environmental changes and accelerate our efforts.
- Starting by addressing societal issues, we will contribute to the realization of a sustainable society through innovations that capitalize on our strengths.
- In the future, we expect operations and manufacturing, which have previously been geographically concentrated, to become more decentralized and distributed.
- We will grasp these social needs and provide products and services that accelerate change.
- Also, because it will take time for the global economy to recover from COVID-19 and because uncertainty is expected to continue, we will manage our businesses with a greater emphasis on profit margins.

## ESG Topics

- Epson placed on the A list by CDP for leadership in climate change and water security
  - Only 17 Japanese companies made the A list in 2 categories
  - Efforts to reduce environmental impacts recognized



- Multiple Epson sites earned Platinum in RBA audit\*
  - Epson joined the RBA as a regular member in 2019
  - Achieve by promoting CSR in accordance with the RBA Code of Conduct



Site	Main Items Produced	Certification date
Indonesia	High-capacity ink tank printers, SOHO/ home IJPs, office shared IJPs, SIDM printers, large-format printers, scanners	October 31, 2020
Thailand	Crystal devices	December 5, 2020

\*Awarded to companies that earn a full score of 200 points in the audit

- Finally, I would like to present some of our ESG initiatives.
- Epson was selected for placement on the A list by the CDP for leadership in two areas, climate change and water security.
- Epson seeks to provide eco-conscious products and services and to achieve sustainability in a circular economy, so we see the recognition by the CDP as important for winning the trust of our customers, partners, and other stakeholders.
- Epson is one of only 17 Japanese companies to make the A list in 2 categories. This is an honor that also comes with great responsibility.
- We will continue working to reduce our environmental impacts.
- In addition, multiple Epson production sites earned Platinum in an RBA audit.
- We earned Platinum thanks to the work we have put in since joining the RBA in 2019. Not only have we strengthened our QCD and business continuity management but we have also ensured that our practices in areas such as labor, safety and health, environmental, and ethics are compliant with the RBA Code of Conduct.
- Our platinum factories allow us to provide our customers with more Epson products manufactured at sites that have satisfied the requirements of the RBA Validated Assessment Program.
- Business activities aimed at solving societal issues will be the pillars of the new mid-range business plan. Epson will continue to contribute to a sustainable world.



## Reference



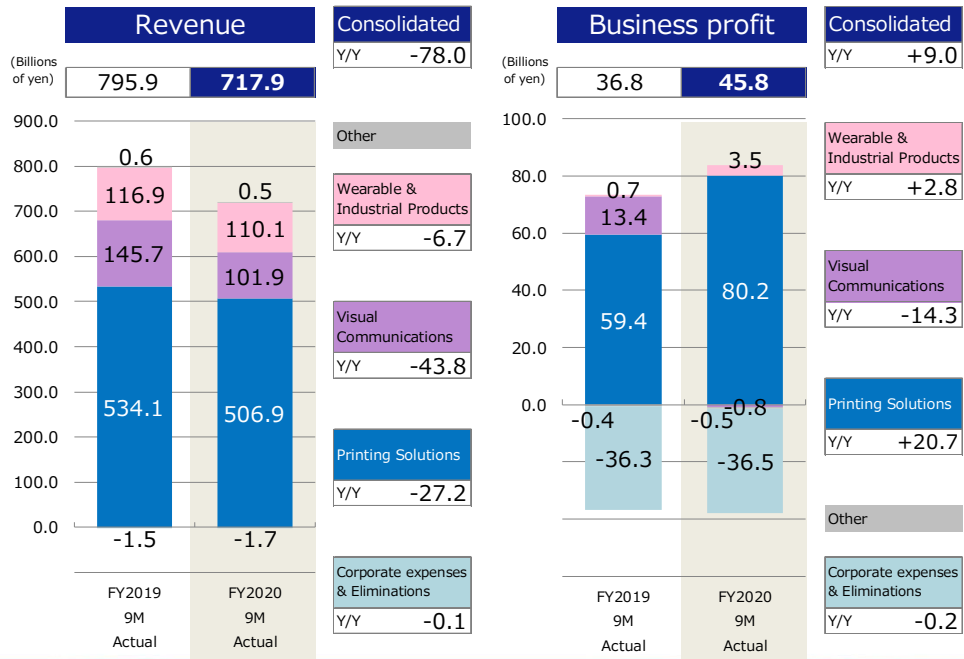
## Financial Highlights (First 9 Months)

(Billions of yen)	FY2019		FY2020		Change	
	First 9 Months Actual	%	First 9 Months Actual	%	Y/Y	%
Revenue	795.9		717.9		-78.0	-9.8%
Business profit	36.8	4.6%	45.8	6.4%	+9.0	+24.5%
Profit from operating activities	37.0	4.6%	33.9	4.7%	-3.1	-8.4%
Profit before tax	36.4	4.6%	29.8	4.2%	-6.6	-18.2%
Profit for the period attributable to owners of the parent company	24.5	3.1%	20.2	2.8%	-4.2	-17.3%
EPS <sup>*1</sup> (yen)	70.51		58.66			
Exchange rate (yen, index)	USD	¥108.65	¥106.06			
	EUR	¥121.08	¥122.33			
	Other currencies <sup>*2</sup>	100	92			

\*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	-5.5	+1.6	-11.1	-15.0
Business profit	+1.1	+1.1	-6.5	-4.3

# 9M Financial Results by Business Segment



## 9M Comparison by Business

(Billions of yen)

Printing Solutions	9M/FY2019 Actual	9M/FY2020 Actual	Y/Y	Exchange effect
Revenue	534.1	506.9	-27.2	-12.4
Printers	362.0	369.0	+6.9	
% sales Office & home IJP	84%	87%		
SIDM	7%	5%		
Other	9%	8%		
Professional Printing	150.9	126.4	-24.5	
% sales C&I IJP	64%	68%		
POS printers, other	36%	32%		
Other	21.1	11.5	-9.6	
Inter-segment revenue	-0.0	-0.0	-0.0	
Segment profit	59.4	80.2	+20.7	-4.0
ROS	11.1%	15.8%		

## 9M Comparison by Business

(Billions of yen)

Visual Communications	9M/FY2019 Actual	9M/FY2020 Actual	Y/Y	Exchange effect
Revenue	145.7	101.9	-43.8	-1.3
Segment profit	13.4	-0.8	-14.3	+0.0
ROS	9.2%	-0.8%		

(Billions of yen)

Wearable & Industrial Products	9M/FY2019 Actual	9M/FY2020 Actual	Y/Y	Exchange effect
Revenue	116.9	110.1	-6.7	-1.4
Wearable Products	35.0	21.0	-14.0	
Robotics Solutions	15.3	21.2	+5.8	
Microdevices, Other	70.8	69.5	-1.2	
Inter-segment revenue	-4.2	-1.6	+2.6	
Segment profit	0.7	3.5	+2.8	-0.5
ROS	0.6%	3.2%		

# 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 IJJ, RIPS, I/C printers, ink, managed print services and other subscription service printers, and paid service.

\*2 LC: Local Currency base

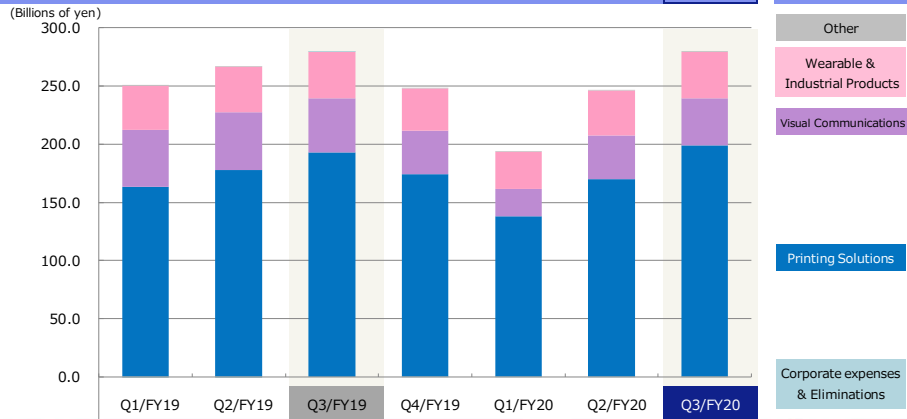
\*3 Restated FY19 according to changes in product groups in FY20

				FY2019	FY2020	FY2020	FY2020	FY2020	
				Full-year	Q1	Q2	Q3	Full-year	
				Actual	Actual	Actual	Actual	Outlook	
			USD	108.74	107.54	106.16	104.48	105.00	
			EUR	120.85	118.39	124.10	124.51	123.00	
Printing Solutions	Office & Home IJP Hardware	Revenue (JPY)	YoY %	-0%	-14%	+2%	+17%	+10%	
		Revenue (LC*2)	YoY %	+4%	-8%	+5%	+22%	-	
		Volume	YoY %	+1%	-17%	-9%	+2%	-3%	
		Volume (Approx., million)	Units	15.7	-	-	-	15.2	
		High-capacity ink tank printers	Units	10.0	-	-	-	10.3	
		SOHO/ Home I/C model	Units	5.3	-	-	-	4.6	
			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%	+5%	+6%	
		Revenue (LC*2)	YoY %	-5%	+19%	+8%	+6%	-	
	Office Shared IJP*1 (Hardware + Ink)	Revenue within office & home IJP*3	Composition ratio	10%	9%	10%	9%	10%	
		SIDM Hardware	Revenue (JPY)	YoY %	-19%	-43%	-16%	-19%	-15%
			Revenue (LC*2)	YoY %	-16%	-40%	-15%	-18%	-
	Volume		YoY %	-16%	-39%	-16%	-22%	-15%	
Visual Communications	Projectors Hardware	Revenue (JPY)	YoY %	-9%	-52%	-24%	-13%	-25%	
		Revenue (LC*2)	YoY %	-6%	-50%	-24%	-12%	-	
		Volume	YoY %	-9%	-57%	-32%	-20%	-31%	
		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	104.48	-4.24
(yen)	EUR	123.54	119.34	120.35	120.18	118.39	124.10	124.51	+4.16

Revenue (Billions of yen)	Q1/FY19	Q2/FY19	Q3/FY19	Q4/FY19	Q1/FY20	Q2/FY20	Q3/FY20	Y/Y
<b>Printing Solutions</b>	163.2	178.0	192.9	174.4	138.0	169.8	199.0	+6.1
<b>Visual Communications</b>	49.2	49.6	46.8	37.5	23.5	37.6	40.7	-6.1
<b>Wearable &amp; Industrial Products</b>	38.1	39.3	39.4	36.0	31.8	38.8	39.4	+0.0
Other	0.2	0.2	0.2	0.2	0.1	0.2	0.2	-0.0
Corporate expenses & Eliminations	-1.1	-0.7	0.3	-0.6	-0.3	-0.6	-0.6	-1.0
<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>278.8</b>	<b>-1.0</b>

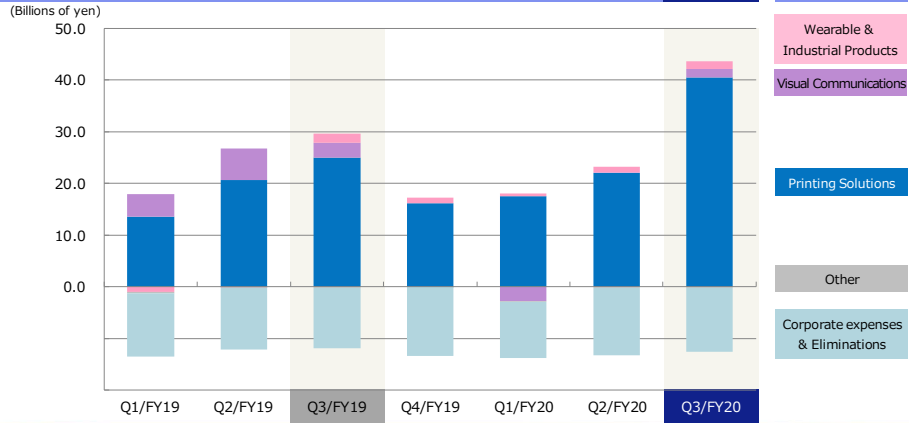


# Quarterly Business Profit Trend By Business Segment



Exchange rate	USD	109.93	107.31	108.72	109.00	107.54	106.16	104.48	-4.24
(yen)	EUR	123.54	119.34	120.35	120.18	118.39	124.10	124.51	+4.16

Business profit (Billions of yen)	Q1/FY19	Q2/FY19	Q3/FY19	Q4/FY19	Q1/FY20	Q2/FY20	Q3/FY20	Y/Y
<b>Printing Solutions</b>	13.6	20.7	25.0	16.2	17.5	22.0	40.5	+15.4
<b>Visual Communications</b>	4.3	6.1	2.9	0.0	-2.7	0.1	1.7	-1.2
<b>Wearable &amp; Industrial Products</b>	-1.0	-0.0	1.7	1.1	0.6	1.2	1.5	-0.1
<b>Other</b>	-0.2	-0.1	-0.1	-0.0	-0.2	-0.1	-0.1	-0.0
<b>Corporate expenses &amp; Eliminations</b>	-12.3	-12.0	-11.8	-13.3	-10.9	-13.1	-12.5	-0.6
<b>Consolidated total</b>	<b>4.5</b>	<b>14.6</b>	<b>17.6</b>	<b>4.0</b>	<b>4.3</b>	<b>10.2</b>	<b>31.1</b>	<b>+13.5</b>



## 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	104.48	-4.24
(yen)	EUR	123.54	119.34	120.35	120.18	118.39	124.10	124.51	+4.16

Revenue (Billions of yen)	Q1/FY19	Q2/FY19	Q3/FY19	Q4/FY19	Q1/FY20	Q2/FY20	Q3/FY20	Y/Y
The Americas	74.5	71.7	71.2	75.3	59.8	71.9	73.3	+2.1
Europe	47.9	53.7	59.3	52.9	39.7	50.0	58.7	-0.6
Asia/ Oceania	72.5	75.8	74.4	58.5	49.5	73.9	79.7	+5.3
<b>Total revenue to overseas customers</b>	<b>195.1</b>	<b>201.4</b>	<b>205.1</b>	<b>186.9</b>	<b>149.0</b>	<b>195.9</b>	<b>211.9</b>	<b>+6.8</b>
<b>Consolidated revenue</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>278.8</b>	<b>-1.0</b>

% of revenue to consolidated revenue	Q1/FY19	Q2/FY19	Q3/FY19	Q4/FY19	Q1/FY20	Q2/FY20	Q3/FY20
The Americas	29.9%	26.9%	25.5%	30.4%	31.0%	29.3%	26.3%
Europe	19.2%	20.2%	21.2%	21.4%	20.6%	20.4%	21.1%
Asia/ Oceania	29.1%	28.5%	26.6%	23.7%	25.6%	30.1%	28.6%
<b>Total</b>	<b>78.2%</b>	<b>75.6%</b>	<b>73.3%</b>	<b>75.5%</b>	<b>77.2%</b>	<b>79.7%</b>	<b>76.0%</b>

### Employees

Number of employees at period end (person)	End of March 2018	End of Dec. 2018	End of March 2019	End of Dec. 2019	End of March 2020	End of Dec. 2020	Compared to end of Mar. 2020
Japan	19,436	19,614	19,456	19,789	19,558	19,620	+62
Non-Japan	56,955	58,753	57,191	58,052	56,050	62,618	+6,568
<b>Consolidated total</b>	<b>76,391</b>	<b>78,367</b>	<b>76,647</b>	<b>77,841</b>	<b>75,608</b>	<b>82,238</b>	<b>+6,630</b>



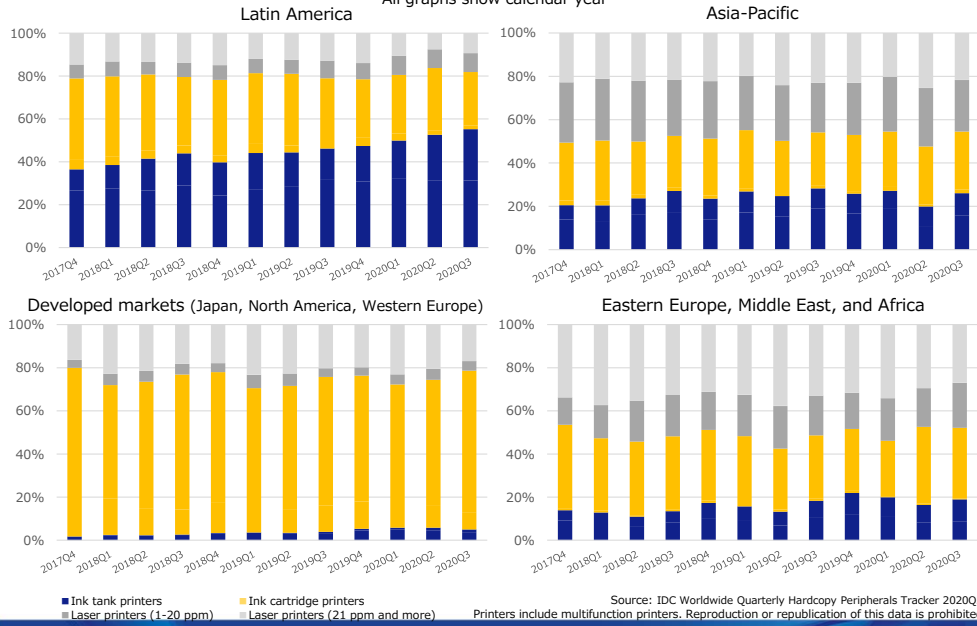
# Major Business Indicators

(Billions of yen)						(Billions of yen)				
		FY2018	FY2019	FY2020	FY2021 (FY19-21 business plan)		FY2018 Actual	FY2019 Actual	FY2020 Outlook	Epson 25 FY19-21 business plan 3-year cumulative Outlook
Exchange rate (yen)	USD	110.86	108.74	105.00	110.00	USD	110.86	108.74	105.00	110.00
	EUR	128.40	120.85	123.00	125.00	EUR	128.40	120.85	123.00	125.00
Printing	Revenue	723.6	708.6	700.0	780.0	Operating CF	76.9	102.3	95.0	Approx. 370
Solutions	Segment profit	94.5	75.6	100.0	-	FCF	-5.7	26.1	40.0	Approx. 170
Visual Communications	Revenue	203.3	183.3	137.0	225.0					
	Segment profit	21.2	13.5	-2.0	-					
Wearable & Industrial Products	Revenue	163.4	152.9	144.0	195.0	R&D costs	58.2	49.2	48.0	Invest aggressively
	Segment profit	5.5	1.8	3.0	-	Capital expenditure	82.0	71.3	48.0	Approx. 200
Other	Revenue	0.9	0.9	1.0	-			80.0*	57.0*	
	Segment profit	-0.5	-0.5	-1.0	-					
Corporate expenses & Eliminations	Revenue	-1.6	-2.2	-2.0	-					
	Segment profit	-50.2	-49.6	-50.0	-					
Consolidated total	Revenue	1,089.6	1,043.6	980.0	1,200.0					
	Segment profit	70.4	40.8	50.0	96.0					
	ROS	6.5%	3.9%	5.1%	8%					
	ROE	10.2%	1.5%	3.6%	Sustain over 10%					

\* Including lease

A4 printer main unit market trend by region

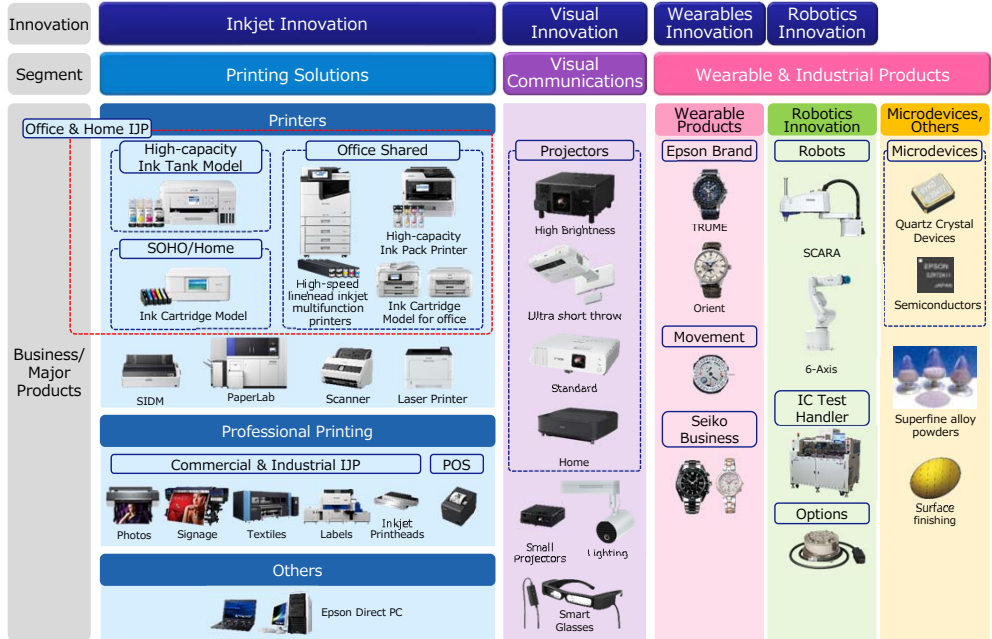
All graphs show calendar year



## 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



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