

# First Quarter Financial Results Fiscal Year 2021 (Ending March 2022)

July 30, 2021  
Seiko Epson Corporation

## ■ Disclaimer regarding forward-looking statements

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

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

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

- First-Quarter Financial Results
- FY2021 Full-Year Financial Outlook
- Sustainability Initiatives

- Markets recovering from COVID-19 impact
- Demand for home printing settling down, but still high
- Supply chain disruption and component shortages to persist, with increased logistics and component costs to impact margins
- Growth businesses steadily expanding, while mature businesses benefit from structural changes

- This is a summary of today's presentation.
- Markets in many regions are recovering from the effects of the pandemic.
- Demand for home printing continues to be strong, although it has settled down relative to last year's extremely high demand.
- But more concerningly, supply chain issues look set to continue, despite our earlier expectations that the situation would normalize in the second half. We also forecast difficulties in component procurement, so we expect supply shortages to continue. Profit will be impacted by higher logistics and component costs.
- Against that backdrop, we're doing well in growth sectors such as office shared and commercial & industrial IJP. Meanwhile, structural changes are starting to benefit mature area businesses, such as projectors and watches.

- Summary
- **First-Quarter Financial Results**
- FY2021 Full-Year Financial Outlook
- Sustainability Initiatives

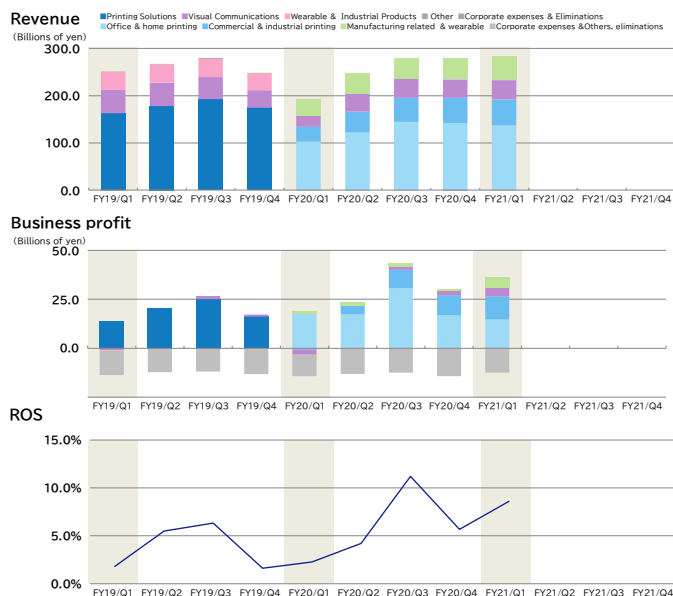
# Financial Highlights (First Quarter)

(Billions of yen)	FY2020		FY2021		Change		
	Q1 Actual	%	Q1 Actual	%	Y/Y	%	
Revenue	193.2		282.1		+88.9	+46.0%	
Business profit	4.3	2.3%	24.2	8.6%	+19.8	+455.3%	
Profit from operating activities	2.0	1.1%	23.6	8.4%	+21.6	+1052.2%	
Profit before tax	1.1	0.6%	23.4	8.3%	+22.3	+1932.6%	
Profit for the period attributable to owners of the parent company	-0.2	-0.1%	17.4	6.2%	+17.7	-	
EPS*1 (yen)	-0.71		50.56				
Exchange rate (yen, index)	USD	¥107.54	¥109.46				
	EUR	¥118.39	¥131.91				
	Other currencies*2	100	111				
		Exchange effect (billions of yen)		USD	EUR	Other currencies	Total
		Revenue		+1.6	+4.6	+8.1	+14.3
		Business profit		-0.2	+2.9	+4.6	+7.3

\*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

- Here are the financial highlights for the first quarter.
- Revenue was ¥282.1 billion, up ¥88.9 billion year on year.
- Business profit was ¥24.2 billion, up ¥19.8 billion year on year.
- We recorded ¥17.4 billion in profit for the period attributable to owners of the parent company, up ¥17.7 billion year on year.
- The impact from foreign exchange volatility during the quarter was ¥14.3 billion positive on revenue and ¥7.3 billion positive on business profit.
- Results exceeded internal plans for the first quarter, which served as the basis for the previous outlook. Demand was stronger than expected in all segments, while sales prices saw an increase due to supply constraints.

# FY2021 Q1 Results Overview



- Significant top/bottom-line growth amid brisk demand
- Main factors
  - Businesses recovering from COVID-19 impact
  - Demand for home printing still high
  - Ongoing supply chain issues and component shortages
  - Increased logistics and procurement costs
  - Growth businesses steadily expanding, while mature businesses benefit from structural changes

\* Data for FY2019 is based on the business segments that existed before the segments were reorganized in FY2021.

- Here are the first quarter results in a wider context.
- The two bar charts compare the first quarter results with those of the first quarter results of previous years. The first bar chart shows the results for revenue while the second one shows the results for business profit. In both cases, the Q1 result represented a significant year-on-year increase.
- Both results also compare favorably with the results before the effects of COVID-19 became apparent in the first quarter of FY2019.
- This year, markets have been recovering from the pandemic impact. Although conditions remained tough in India and Southeast Asia, the economic recovery is underway in North America and China. We also saw signs of recovery in Japan and Europe.
- Demand for home printing remained brisk, albeit down compared to the same period last year.
- Supply chain issues continued in the first quarter. In addition, increased logistics and procurement costs placed downward pressure on business profit.
- In accordance with our corporate vision, Epson 25 Renewed, we were able to expand growth businesses, while profitability improved in mature businesses due to structural changes.

# FY2021 Q1 Results | Printing Solutions (1)



		(Billions of yen)			
Printing Solutions	Q1/FY2020 Actual	Q1/FY2021 Actual	Y/Y	Exchange effect	Y/Y ratio
Revenue	134.3	192.3	+57.9	+10.4	+43.1%
Segment profit	17.1	26.6	+9.5	+5.3	+55.7%
ROS	12.8%	13.9%			

		(Billions of yen)			
Office & home printing	Q1/FY2020 Actual	Q1/FY2021 Actual	Y/Y	Exchange effect	Y/Y ratio
Revenue	102.4	137.1	+34.7	+7.4	+33.9%
% sales Office & home IJP	87%	87%			
SIDM	5%	5%			
Oter	8%	8%			
Business profit	17.7	14.7	-2.9	+3.7	-16.8%
ROS	17.3%	10.8%			

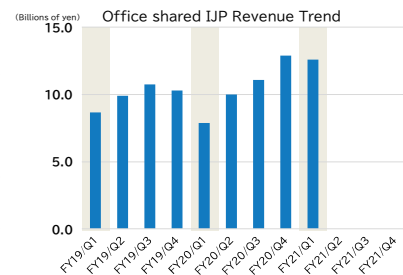
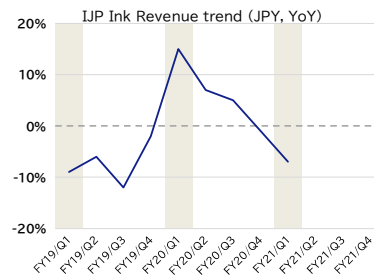
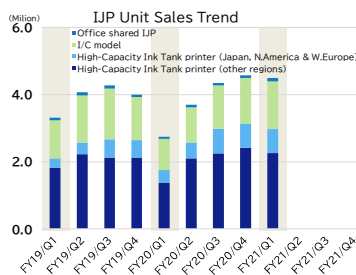
## ■ Printing Solutions

➤ Top/bottom-line growth amid market recovery from pandemic

## ■ Office & Home Printing

➤ Despite ongoing supply chain issues, printer hardware sales increased especially for high-capacity ink tank printers amid strong demand for home printing

- IJP ink sales down relative to spike in Q1 last year
- Increased procurement expenses
- Sales growth for office inkjets amid shift from laser to inkjet printing
- SIDM sales up amid market recovery



- Here are year-on-year comparisons by business segment.
- First is Printing Solutions. Overall, this segment saw top- and bottom-line growth amid market recovery from the effects of the pandemic.
- In Office & Home Printing, IJP revenue increased year on year.
- In the same period last year, hardware sales slumped due to supply constraints caused by temporary closures of factories in Asia, and lockdowns in emerging economies.
- For the first quarter of FY2021, unit shipments chiefly in high-capacity ink tank printers increased, as demand for home printing continued, and emerging markets also showed recovery.
- Stable selling prices due to the supply situation also contributed to a large increase in revenue.
- Our focus on transitioning to high-capacity ink tank models caused ink sales to gradually decrease until last year. However, in the first quarter of last year, ink sales surged amid strong home printing demand in developed markets.
- Business profit decreased because a decrease in ink revenue and an increase in procurement costs were greater than the positive impact from increased revenue from high-capacity ink tank printers.
- Revenue increased in office shared IJP, which is a growth business. We continued our efforts to encourage a shift from laser to inkjet printers.
- More and more of our channel partners and end users are acknowledging the benefits of inkjet such as ease of maintenance and lower frequency of consumables replacement.



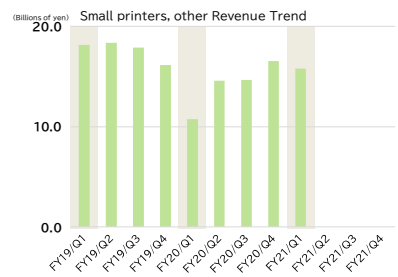
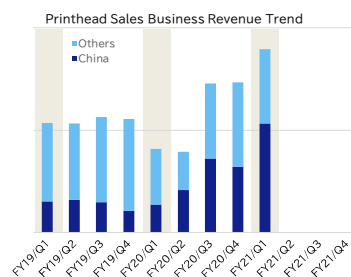
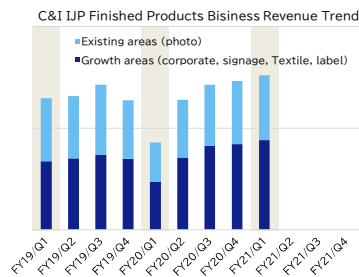
# FY2021 Q1 Results | Printing Solutions (2)



Commercial & industrial printing	(Billions of yen)		Y/Y	Exchange effect	Y/Y ratio
	Q1/FY2020 Actual	Q1/FY2021 Actual			
Revenue	31.9	55.1	+23.2	+3.0	+72.7%
Commercial & industrial IJP	21.1	39.3	+18.1		+85.8%
Small printers, other	10.7	15.7	+5.0		+46.9%
Business profit	-0.6	11.9	+12.5	+1.6	-
ROS	-1.9%	21.6%			

## Commercial & Industrial Printing

- Commercial & Industrial IJP: Revenue up amid market recovery
  - Finished products: Benefitted from enhanced lineup following launch of new products
  - Printheads: Strong sales, particularly in China
- Small printers: Revenue up amid renewed investment from retail and restaurant sectors, mainly in developed economies



- Commercial & industrial printing revenue and profit also showed significant growth.
- In commercial & industrial IJP, we benefitted from a market recovery from the effects of the pandemic. Sales of finished products grew steadily thanks to a stronger lineup following the launch of new products, especially in growth businesses such as corporate, signage, textiles, and labels.
- Printhead sales also grew sharply, reflecting growth in the Chinese market and increased adoption of Epson printheads.
- In small printers, revenue rose steadily year on year. This growth was driven by renewed investment from retailers and restaurant businesses after the resumption of economic activities.

Visual Communications	Q1/FY2020 Actual	Q1/FY2021 Actual	Y/Y	Exchange effect	Y/Y ratio
Revenue	23.5	40.7	+17.1	+2.7	+72.8%
Segment profit	-2.7	4.4	+7.2	+1.5	-
ROS	-11.8%	11.0%			

◆ Projector sales trends\*

	Q1/FY2020 Actual	Q1/FY2021 Actual
Revenue(JPY)	-52%	+72%
Revenue(LC)	-50%	+60%
Q'ty	-57%	+67%

Manufacturing-related & Wearables	Q1/FY2020 Actual	Q1/FY2021 Actual	Y/Y	Exchange effect	Y/Y ratio
Revenue	35.5	49.5	+14.0	+1.2	+39.5%
Manufacturing Solutions	6.6	9.3	+2.6		+39.8%
Wearable Products	5.3	9.2	+3.9		+73.9%
Microdevices, Other	20.4	27.5	+7.1		+34.9%
PC	3.6	4	+0.4		+11.1%
Inter-segment revenue	-0.6	-0.7	-0.1		-
Segment profit	1.0	5.6	+4.6	+0.4	+419.1%
ROS	3.1%	11.5%			

Visual Communications

- Market recovering from COVID-19 effects
  - Demand recovered in education market
  - Higher sales of home projectors amid stay-at-home demand
  - Structural changes reduced costs to significantly improve profitability

Manufacturing-related & Wearables

- Strong performance, buoyed by resurgent demand
  - Demand remained brisk for robots and microdevices
  - Resurgent demand for high-added-value watches
- Sub-segment results
  - Manufacturing Solutions: Strong performance with electronics orders in China and automotive related orders in North America and Europe
  - Wearable Products: Market recovery drove sales growth
  - Microdevices, Other: Strong sales of crystal devices and semiconductors amid brisk demand

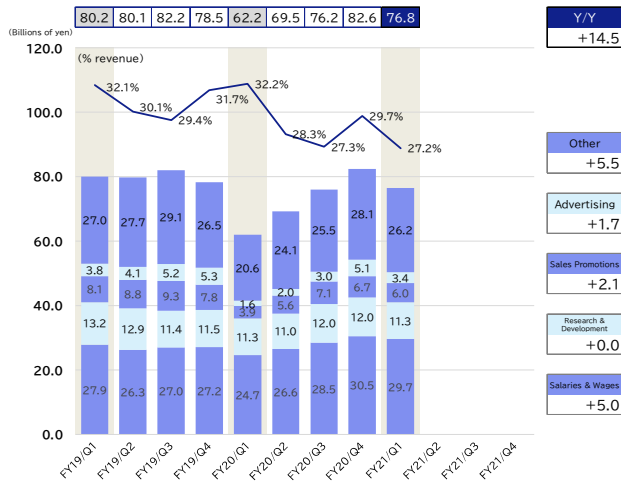
\* The indicators in sales trends are based on values tracked internally by Epson

- The next segment is Visual Communications. The projector market is recovering from the effects of the pandemic. Despite supply limitations due to procurement difficulties, we achieved higher sales of projectors in the education market. We were also able to capture strong stay-at-home demand for home projectors. Profitability significantly improved due to structural changes and reduced costs.
- The final segment is Manufacturing-related & Wearables. Like the other segments, this segment saw top- and bottom-line growth amid a market recovery.
- The results for the segment's three sub-segments were as follows.
- In Manufacturing Solutions, revenue increased after we won orders for electronics projects in China and automotive related projects in North America and Europe.
- In Wearable Products, revenue for watches and movements increased significantly compared to the previous year. High price point watches sold well, marking a recovery from the same period last year, when the watch market was experiencing a pandemic-related slump. Sales of mid-priced watches remained sluggish in Japan but are recovering overseas.
- In Microdevices, sales of crystal devices and semiconductors soared amid brisk demand. This result marked a recovery from the same period last year, when sales were hit by a pandemic-related demand slump as well as by factory stoppages that forced us to limit supply.

# Selling, General & Administrative Expenses Business Profit Change Cause Analysis

**SG&A**  
 - Up YoY, as business was restricted during FY2020 Q1  
 - Continued expense control and spending efficiency

**Selling, General and Administrative Expenses Trend**



**Business Profit Changes**



**Sales volume**  
 + High-capacity ink tank models, commercial & industrial IJP, projectors, robots, watches, microdevices  
 - Inkjet ink

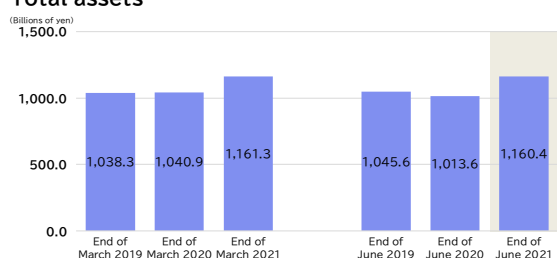
**Price**  
 + High-capacity ink tank models, ink cartridge models, projectors, microdevices  
 - Small printers

**Cost changes, others**  
 Increased procurement expenses and costs higher relative to business-restricted FY2020 Q1

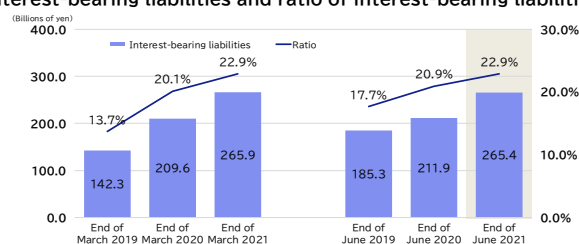
- Here you can see SG&A expenses and a cause analysis of business profit.
- The left side of the slide shows quarterly trends in SG&A expenses. Expenses were up compared to the same period last year, because business activities were restricted during that period. However, the percentage of SG&A expenses to revenue was maintained at 27.2%, through our continued efforts to control expenses and increase spending efficiency.
- The right side shows the year-on-year change cause analysis for business profit.
- Sales volume significantly rose overall, although inkjet ink sales were down relative to the same quarter last year, which saw high demand for home printing.
- In pricing, effects from higher prices for high-capacity ink tank printers and ink cartridge models, projectors, and microdevices more than offset the lower prices for small printers, a result of cheaper models taking a larger share of the product mix.
- Cost changes, others, was a negative factor as costs increased due to increased procurement costs. In addition, costs also increased compared to the same period last year when business activity restrictions were in place.

# Statements of Financial Position

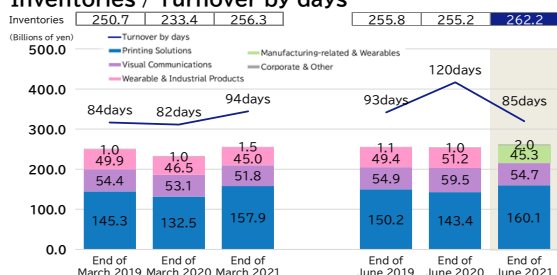
## Total assets



## Interest-bearing liabilities and ratio of interest-bearing liabilities



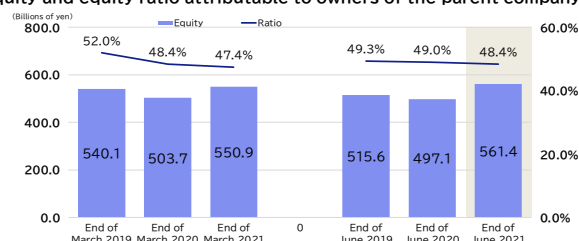
## Inventories / Turnover by days



## Net Cash



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



\* Turnover by days : Interim (Ending) balance of inventory / Prior 3 months (Prior 12 months) revenue per day

- Here is the balance sheet data.
- Total assets in the first quarter ended at ¥1,160.4 billion, ¥0.8 billion down from the end of previous fiscal year. Property, plant and equipment decreased by ¥7.6 billion, whereas inventories increased by ¥5.8 billion.
- Inventories ended at ¥262.2 billion, with a turnover of 85 days.
- Interest-bearing liabilities ended at ¥265.4 billion, ¥0.4 billion down from the end of the previous fiscal year.
- Equity attributable to owners of the parent company ended at ¥561.4 billion, up ¥10.4 billion from the end of the previous fiscal year.

- Summary
- First-Quarter Financial Results
- **FY2021 Full-Year Financial Outlook**
- Sustainability Initiatives

# FY2021 Financial Outlook



(Billions of yen)	FY2020		FY2021				Change	
	Actual	%	4/28 Outlook	%	7/30 Outlook	%	Y/Y	Vs. 4/28 outlook
Revenue	995.9		1,070.0		1,150.0		+154.0 +15.5%	+80.0 +7.5%
Business profit	61.6	6.2%	60.0	5.6%	75.0	6.5%	+13.3 +21.7%	+15.0 +25.0%
Profit from operating activities	47.6	4.8%	57.0	5.3%	70.0	6.1%	+22.3 +46.9%	+13.0 +22.8%
Profit before tax	44.9	4.5%	55.0	5.1%	67.0	5.8%	+22.0 +49.1%	+12.0 +21.8%
Profit for the year attributable to owners of the parent company	30.9	3.1%	38.0	3.6%	48.0	4.2%	+17.0 +55.2%	+10.0 +26.3%
EPS*1 (yen)	89.38		109.83		138.73			
Exchange rate (yen, index)	USD	¥106.01	¥107.00		¥108.00			
	EUR	¥123.67	¥127.00		¥129.00			
	Other currencies*2	100	103		106			

\*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).

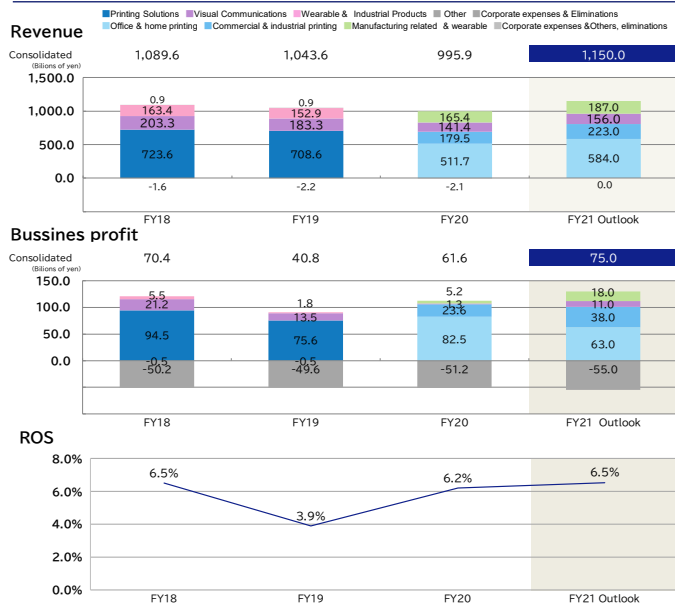
Exchange rate assumptions from Q (yen)		Exchange rate assumptions from Q (yen)		Exchange sensitivity '3				Total exchange effect outlook
		USD	EUR	Revenue	Business profit	USD	EUR	
	USD	108.00		-3.0	+0.7			
	EUR	128.00		-1.4	-0.9			
				-3.0	-1.3			+33.0
								+14.0

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- This slide shows the full-year financial outlook for FY2021.
- We upgraded our demand forecasts factoring in first quarter results for revenue and business profit.
- We forecast ¥1,150 billion in revenue, ¥75 billion in business profit, and ¥48 billion in profit for the period attributable to owners of the parent company.
- In view of recent trends in exchange rates, we have assumed ¥108 to the dollar and ¥128 to the euro for second quarter and onwards. Compared to those in the previous year, these exchange rates will add ¥33 billion to revenue and ¥14 billion to business profit.

# FY2021 Financial Outlook Assumptions



## Assumptions

- Global economy will continue to recover from COVID-19
- Supply chain issues will persist into second half
- Logistics and manufacturing costs will rise

\* Data for FY2018- FY2019 is based on the business segments that existed before the segments were reorganized in FY2021.

- Here are the assumptions underlying the financial outlook for FY2021.
- The global economy will continue to recover, provoking increased demand.
- Our supply capacity will remain limited throughout the year. Supply chain disruption will persist, contrary to our initial assumption that it would abate in the second half, and procurement will prove tougher than we had initially envisaged.
- Prices for transportation and raw materials will trend higher than we had initially expected, placing more upward pressure on transportation and manufacturing costs in all businesses.

## ■ Sales

- Europe, North America, Japan, China
  - ✓ Revenue growth as markets recover from COVID-19 and home printing demand continues
- Other areas
  - ✓ Despite a resurgence of COVID-19 in India and Southeast Asia, sales will recover as economic activities resume

## ■ Manufacturing

- Diversifying manufacturing sites after COVID-19
  - ✓ Production constraints persist due to procurement difficulties
- Response to new COVID strains expanding in southeast Asia
- Minimal semiconductor production delays due to past failure to submit necessary applications for facilities emitting radio waves

- This slide shows more details about our sales and manufacturing assumptions
- In sales, we forecast revenue growth as markets recover from COVID-19 in Europe, North America, Japan, and China, and from continuing demand from home printing in these areas.
- In other regions, despite a resurgence of COVID-19 in India and Southeast Asia, we expect sales to recover as economic activities gradually resume.
- As for manufacturing, we have strengthened our production capabilities by diversifying to Thailand and China. Even though we are coordinating with our suppliers, difficulties for procuring parts are intensifying and we forecast constraints to continue.
- In addition, new COVID strains are expanding in Southeast Asia, including in Malaysia, Indonesia, and Thailand, so we will continue to closely monitor the situation and take actions accordingly.
- We forecast minimal semiconductor production delays caused by our past failure to submit the necessary applications for facilities emitting radio waves that we announced on July 15. We deeply apologize for this situation and for the inconvenience caused to our customers.



# FY2021 Financial Outlook | Printing Solutions



(Billions of yen)						
Printing Solutions	FY2020 Actual	FY2021 4/28 Outlook	FY2021 7/30 Outlook	Y/Y	Y/Y Ratio	vs 4/28 Outlook
Revenue	691.1	753.0	807.0	+116	+16.8%	+54.0
Segment profit	106.2	97.0	101.0	-5	-4.9%	+4.0
ROS	15.4%	12.9%	12.5%			

Office & home printing	FY2020 Actual	FY2021 4/28 Outlook	FY2021 7/30 Outlook	Y/Y	Y/Y Ratio	vs 4/28 Outlook
Revenue	511.7	542.0	584.0	+72.2	+14.1%	+42.0
% sales Office & home IJP	86%	87%	88%			
SIDM	5%	5%	5%			
Oter	9%	8%	7%			
Business profit	+82.5	+65.0	+63.0	-19.5	-23.7%	-2.0
ROS	16.1%	12.0%	10.8%			

Commercial & industrial printing	FY2020 Actual	FY2021 4/28 Outlook	FY2021 7/30 Outlook	Y/Y	Y/Y Ratio	vs 4/28 Outlook
industrial printing	179.5	211.0	223.0	+43.4	+24.2%	+12.0
Commercial & industrial IJP	123.0	149.0	159.0	+35.9	+29.2%	+10.0
Small printers, other	56.4	62.0	64.0	+7.5	+13.3%	+2.0
Business profit	23.6	32.0	38.0	+14.3	+60.4%	+6.0
ROS	13.2%	15.2%	17.0%			

## Office & Home Printing

- Ongoing home printing demand will drive sales of high-capacity ink tank printers
- Ongoing supply chain issues will keep sales prices high
- Transportation and manufacturing costs will rise amid higher prices

## Commercial & Industrial Printing

- Enhanced lineup will continue to benefit IJP finished products
- Chinese market growth will drive printhead sales
- Small printers will sell well amid market recovery

Office & home IJP Sales Trends*		FY20 Actual	FY21 4/28 outlook	FY21 7/30 outlook
Hardware Q'ty	YoY	-2%	+16%	+24%
	Approx., million	15.4	17.9	19.0
High-capacity ink tank printers		10.4	12.5	13.4
SOHO/ Home I/C model		4.6	5.1	5.2
Office shared IJP		0.3	0.3	0.35
Ink Revenue	JPY	+6%	-5%	-2%
	Local currency	+7%	—	—
Office shared IJP Revenue				
Composition ratio within office & home IJP		9%	12%	11%

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

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- This slide shows the full-year financial outlook for printing solutions.
- We upgraded our full-year forecasts for revenue and segment profit.
- Demand is strong for both Office & Home Printing and Commercial & Industrial Printing, but we will downgrade Office & Home Printing profit as we expect cost increase from higher logistics and procurement costs.
- In Office & Home Printing, we expect that demand for home printing will continue and markets will recover for IJPs, and therefore will upgrade our hardware quantity guidance to 19 million units. For high-capacity ink tank printers, we forecast sales of 13.4 million units, a 3 million unit increase year on year, with sales expanding both in developed markets and emerging economies. We also expect that our supply capacity will remain limited and that this will keep sales prices high. For office shared IJPs, we will continue to focus on replacing laser printers.
- Based on these assumptions, we upgraded the revenue forecast by ¥42 billion to ¥584 billion, and downgraded the business profit forecast by ¥2 billion to ¥63 billion.
- For Commercial & Industrial Printing, we expect strong sales buoyed by the market recovery as well as expansion in growth businesses. Finished products should benefit from the enhanced lineup, while printhead sales will continue to grow, particularly in China. In the small printers category, we similarly expect recovery-driven sales growth in Europe and North America.
- Based on these assumptions, we upgraded the revenue forecast by ¥12 billion to ¥223 billion, and upgraded the business forecast by ¥6 billion to ¥38 billion.

(Billions of yen)						
Visual Communications	FY2020 Actual	FY2021 4/28 Outlook	FY2021 7/30 Outlook	Y/Y	Y/Y Ratio	vs 4/28 Outlook
Revenue	141.4	146.0	156.0	+14.5	+10.3%	+10.0
Segment profit	1.3	5.0	11.0	+9.6	+715.6%	+6.0
ROS	1.0%	3.4%	7.1%			

**Visual Communications**

- Projector demand will continue to recover, but FPD and procurement difficulties will have an impact
- Bottom line will improve through better cost control

◆ Projector Sales Trends\*

	FY2020 Actual	FY2021 4/28 Outlook	FY2021 7/30 Outlook
Hardware Q'ty Approx. million	170	170	170
YoY	-30%	+4%	+1%

(Billions of yen)						
Manufacturing-related & Wearables	FY2020 Actual	FY2021 4/28 Outlook	FY2021 7/30 Outlook	Y/Y	Y/Y Ratio	vs 4/28 Outlook
Revenue	165.4	170.0	187.0	+21.5	+13.0%	+17.0
Manufacturing Solutions	28.6	24.0	30.0	+1.3	+4.7%	+6.0
Wearable Products	28.1	31.0	33.0	+4.8	+17.2%	+2.0
Microdevices, Other	94.3	101.0	109.0	+14.6	+15.5%	+8.0
PC	16.5	18.0	18.0	+1.4	+8.7%	-
Inter-segment revenue	-2.3	-4.0	-3.0	-0.6	-	+1.0
Segment profit	5.2	10.0	18.0	+12.7	+240.8%	+8.0
ROS	3.2%	5.9%	9.6%			

**Manufacturing-related & Wearables**

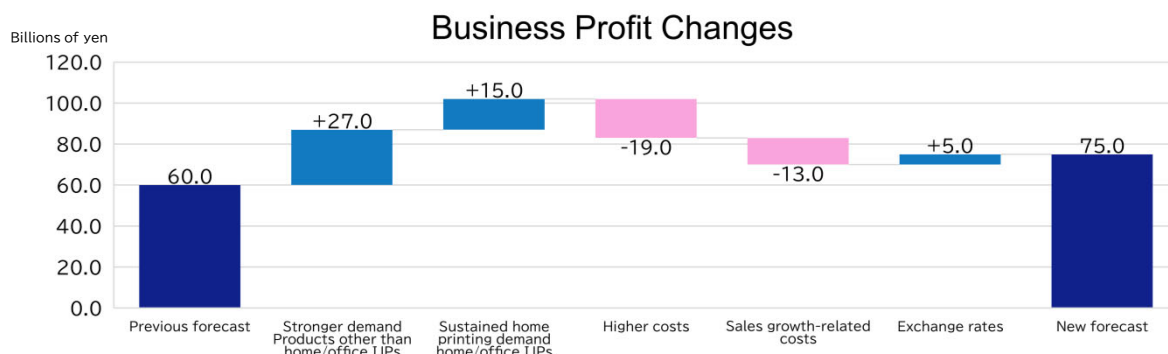
- Manufacturing Solutions
  - Sales will grow with market recovery and expanding customer base
- Wearable Products
  - Demand for high price point watches will continue to recover
- Microdevices, Other
  - Crystal devices and semiconductors will sell well amid supply crunch

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

- For Visual Communications, we see the market recovering, with higher orders from education in North America and Europe. However, we expect continued pressure from flat panel displays and procurement difficulties.
- We plan to increase profitability by maintaining cost controls and are also looking to maintain prices and improve the model mix.
- Based on these assumptions, we upgraded the segment's revenue forecast by ¥10 billion to ¥156 billion, and upgraded its business profit forecast by ¥6 billion to ¥11 billion.
- For Manufacturing-related & Wearables, we upgraded the segment's outlook in view of favorable performance. Demand has exceeded our initial expectations in both Manufacturing Solutions and in Wearable Products. In Microdevices, we upgraded revenue forecasts for crystal devices in view of the global supply crunch.
- We upgraded the segment's revenue forecast by ¥17 billion to ¥187 billion, and upgraded its business profit forecast by ¥8 billion to ¥18 billion.

## Breakdown of Changes from Previous Outlook

- Stronger demand, higher sales growth
- Sustained demand for home printing (higher sales of high-capacity ink tank models, sustained printer prices)
- Higher costs for logistics and procurement

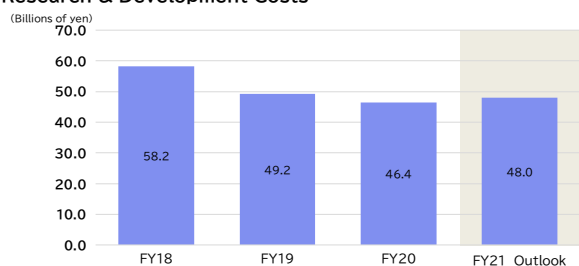


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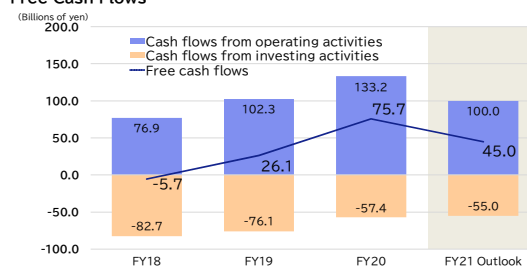
18

- Here is a breakdown of the difference for business profit compared to the previous forecast, announced on April 28.
- Overall, the latest forecast is ¥15 billion higher.
- Compared to the previous forecast, the latest forecast assumes ¥42 billion extra from sales of office & home IJPs, among other products. We expect this extra revenue because our businesses are seeing stronger demand amid the recovery from the effects of the pandemic.
- On the other hand, we expect higher costs than we did before. Costs will cut business profit by ¥32 billion. Some of the costs will be from higher prices for logistics and procurement, and some will be from the higher sales costs brought by sales growth.
- We expect exchange rates to contribute ¥5 billion more than the previous forecast, and are upgrading our overall previous forecast by ¥15 billion.

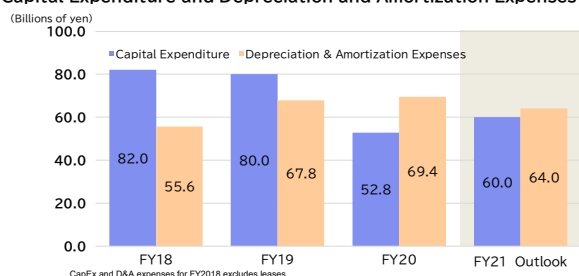
**Research & Development Costs**



**Free Cash Flows**



**Capital Expenditure and Depreciation and Amortization Expenses**



Main Management Indices	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Outlook	FY23 Target	FY25 Target
Exchange rate:USD	110.86	108.74	106.01	108yen	-	-
Exchange rate:EUR	128.40	120.85	123.67	129yen	-	-
Revenue (Billions of yen)	1,089.6	1,043.6	995.9	1,150.0	-	-
Business profit (Billions of yen)	70.4	40.8	61.6	75.0	-	-
Profit for the year attributable to owners of the parent company (Billions of yen)	53.7	7.7	30.9	48.0	-	-
ROS <sup>#1</sup>	6.5	3.9	6.2	6.5%	over 8%	over 10%
ROA <sup>#2</sup>	6.8	3.9	5.6	6.4%	-	-
ROE <sup>#3</sup>	10.2	1.5	5.9	8.5%	over 10%	over 13%
ROIC <sup>#4</sup>	7.2	4.1	5.6	6.4%	over 8%	over 11%

<sup>#1</sup> ROS: Business profit / revenue  
<sup>#2</sup> ROA: ROA (Business profit) / Business profit / Beginning and ending balance average total assets  
<sup>#3</sup> 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  
<sup>#4</sup> ROIC: After tax business profit / Equity attributable to owners of the parent company + interest-bearing liabilities

- There are no changes to R&D spending, capital expenditure, or depreciation and amortization expenses.
- However, we have changed the forecasts for cash flows from operating activities and from investing activities. Consequently, we now forecast ¥45 billion in free cash flows, up ¥15 billion from the previous forecast.

- Summary
- First-Quarter Financial Results
- FY2021 Full-Year Financial Outlook
- **Sustainability Initiatives**

## ■ Disclosure policy updated in line with TCFD framework:

- Evaluate climate-related risks/opportunities based on 1.5 °C scenario
- Disclose quantitative data to show financial impact

Corporate website <https://global.epson.com/SR/tcfid>



## ■ Listed in ESG-focused indexes

- Listed in FSTE4Good Index Series (prominent ESG-focused index) for 18th consecutive year
- Listed in three of the four indexes used by GPIF



FTSE Blossom  
Japan



2021 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)

- Here is a summary of our sustainability initiatives.
- We updated our disclosure policy to comply with the framework provided by the Task Force on Climate-Related Financial Disclosures.
- Specifically, having set higher environmental targets in our Environmental Vision 2050, we now evaluate climate-related risks and opportunities based on the 1.5-degree scenario. We also disclose quantitative data to show the financial impacts.
- You can view the disclosures on our website.
- In recognition of our sustainability initiatives, we have been listed on a number of ESG-focused indexes.
- In June, we were included in the FTSE4Good Index Series, a prominent ESG-focused index, for the 18th consecutive year.
- We were also included in the FTSE Blossom Japan Index, which measures the ESG performance of Japanese companies.
- We are now listed in three of the four ESG-focused indexes used by Japan's Government Pension Investment Fund (GPIF).
- We are committed to a sustainable, prosperous future under our aspirational goal: "achieving sustainability and enriching communities." To that end, we let societal issues direct our actions and then expand businesses and efforts to solve them.

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## Reference

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# Main Product Sales Trends

			FY2020 Q1 Actual	FY2020 Q2 Actual	FY2020 Q3 Actual	FY2020 Q4 Actual	FY2020 Full-year Actual	FY2021 Q1 Actual	FY2021 Full-year Outlook	
			USD	107.54	106.16	104.48	105.86	109.46	108.00	
			EUR	118.39	124.10	124.51	127.68	131.91	129.00	
Office & Home Printing	Office & Home IJP Hardware	Revenue (JPY)	YoY %	-14%	+2%	+17%	+36%	+12%	+85%	+32%
		Revenue (Local Currency)	YoY %	-8%	+5%	+22%	+37%	+15%	+74%	-
		Q' ty	YoY %	-17%	-9%	+2%	+14%	-2%	+63%	+24%
		Q' ty(Approx., million)	Units	-	-	-	-	15.4	-	19.0
		High-capacity ink tank printers	Units	-	-	-	-	10.4	-	13.4
		SOHO/ Home I/C model	Units	-	-	-	-	4.6	-	5.2
		Office shared IJP	Units	-	-	-	-	0.3	-	0.35
	Office & Home IJP Ink	Revenue within office & home IJP Ink/(HW+Ink)	Composition ratio	-	-	-	-	47%	-	39%
		Revenue (JPY)	YoY %	+15%	+7%	+5%	-1%	+6%	-7%	-2%
		Revenue (Local Currency)	YoY %	+19%	+8%	+6%	-1%	+7%	-11%	-
	Office Shared IJP <sup>1</sup> (Hardware + Ink)	Revenue within office & home IJP	Composition ratio	9%	10%	9%	11%	9%	11%	11%
		Revenue (JPY)	YoY %	-43%	-16%	-19%	+28%	-17%	+40%	+1%
	SIDM Hardware	Revenue (Local Currency)	YoY %	-40%	-15%	-18%	+26%	-16%	+30%	-
Q' ty		YoY %	-39%	-16%	-22%	+33%	-16%	+25%	-2%	
Revenue (JPY)		YoY %	-52%	-24%	-13%	+4%	-23%	+72%	+10%	
Visual Communications	Projectors Hardware	Revenue (Local Currency)	YoY %	-50%	-24%	-12%	+3%	-22%	+60%	-
		Q' ty	YoY %	-57%	-32%	-20%	-6%	-30%	+67%	+1%
		Q' ty (Approx., million)	Units	-	-	-	-	1.7	-	1.7

# Financial Data (FY2020/FY2021)

		(Billions of yen)										
		FY2020	FY2020	FY2020	FY2020	FY2020	FY2021	FY2021	FY2021	FY2021	FY2021	FY2021
		Q1	Q2	Q3	Q4	Actual	Q1	Q2	Q3	Q4	Actual	Outlook
		Actual	Actual	Actual	Actual		Actual	Actual	Actual	Actual		
Exchange rate (yen)	USD	107.54	106.16	104.48	105.86	106.01	109.46	0.00	0.00	0.00	0.00	108.00
	EUR	118.39	124.10	124.51	127.68	123.67	131.91	0.00	0.00	0.00	0.00	129.00
<b>Printing Solutions</b>	<b>Revenue</b>	<b>134.3</b>	<b>166.3</b>	<b>195.2</b>	<b>195.1</b>	<b>691.1</b>	<b>192.3</b>					<b>807.0</b>
	Segment profit	17.1	21.6	40.1	27.2	106.2	26.6					101.0
Office & home printing	Revenue	102.4	122.3	144.8	142.1	511.7	137.1					584.0
	Business profit	17.7	17.2	30.7	16.8	82.5	14.7					63.0
Commercial & industrial printing	Revenue	31.9	44.0	50.4	53.0	179.5	55.1					223.0
	Business profit	-0.6	4.4	9.4	10.3	23.6	11.9					38.0
Visual Communications	Revenue	23.5	37.6	40.7	39.5	141.4	40.7					156.0
	Segment profit	-2.7	0.1	1.7	2.2	1.3	4.4					11.0
Manufacturing related & wearable	Revenue	35.5	42.4	43.2	44.2	165.4	49.5					187.0
	Segment profit	1.0	1.5	1.8	0.7	5.2	5.6					18.0
Corporate expenses & Others, eliminations	Revenue	-0.2	-0.4	-0.5	-0.9	-2.1	-0.4					0.0
	Segment profit	-11.0	-13.1	-12.6	-14.3	-51.2	-12.6					-55.0
<b>Consolidated total</b>	<b>Revenue</b>	<b>193.2</b>	<b>245.9</b>	<b>278.8</b>	<b>277.9</b>	<b>995.9</b>	<b>282.1</b>					<b>1,150.0</b>
	Business profit	4.3	10.2	31.1	15.7	61.6	24.2					75.0
	ROS	2.3%	4.2%	11.2%	5.7%	6.2%	8.6%					6.5%
R&D Costs		11.3	11.0	12.0	12.0	46.4	11.3					48.0
Capital Expenditures	Printing Solutions	4.4	9.2	6.5	7.0	27.2	5.1					33.0
	Visual Communications	2.0	2.7	1.4	1.8	8.0	0.9					6.0
	Manufacturing related & wearable	1.6	2.6	1.8	4.3	10.5	1.4					13.0
Depreciation & amortization Expense	Corporate expenses & Others	0.7	1.6	1.9	2.6	6.9	0.6					8.0
	Printing Solutions	9.6	9.4	9.4	9.4	38.0	9.4					37.0
	Visual Communications	3.1	3.1	3.3	3.3	13.0	2.6					10.0
	Manufacturing related & wearable	2.6	2.6	2.6	2.3	10.3	2.1					9.0
	Corporate expenses & Others	2.0	2.0	1.9	1.9	7.9	1.9					8.0
Operating CF		11.8	33.6	47.6	40.0	133.2	21.3					100.0
FCF		-5.4	17.4	35.5	28.2	75.7	9.8					45.0

## 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	105.86	109.46	
	(yen)	EUR	123.54	119.34	120.35	120.18	118.39	124.10	124.51	127.68	131.91

Revenue (Billions of yen)	FY19/Q1	FY19/Q2	FY19/Q3	FY19/Q4	FY20/Q1	FY20/Q2	FY20/Q3	FY20/Q4	FY21/Q1	Y/Y
The Americas	74.5	71.7	71.2	75.3	59.8	71.9	73.3	82.7	85.2	+25.4
Europe	47.9	53.7	59.3	52.9	39.7	50.0	58.7	59.8	58.3	+18.5
Asia/ Oceania	72.5	75.8	74.4	58.5	49.5	73.9	79.7	74.9	86.8	+37.2
Total revenue to overseas customers	195.1	201.4	205.1	186.9	149.0	195.9	211.9	217.5	230.4	+81.3
<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>277.9</b>	<b>282.1</b>	<b>+88.9</b>

% of revenue to consolidated revenue	FY19/Q1	FY19/Q2	FY19/Q3	FY19/Q4	FY20/Q1	FY20/Q2	FY20/Q3	FY20/Q4	FY21/Q1
The Americas	29.9%	26.9%	25.5%	30.4%	31.0%	29.3%	26.3%	29.8%	30.2%
Europe	19.2%	20.2%	21.2%	21.4%	20.6%	20.4%	21.1%	21.5%	20.7%
Asia/ Oceania	29.1%	28.5%	26.6%	23.7%	25.6%	30.1%	28.6%	27.0%	30.8%
<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>	<b>78.3%</b>	<b>81.7%</b>

### Employees

Number of employees at period end (person)	End of June 2019	End of September 2019	End of December 2019	End of March 2020	End of June 2020	End of September 2020	End of December 2020	End of March 2021	End of June 2021	Y/Y
Japan	19,879	19,825	19,456	19,558	19,962	19,723	19,620	19,470	19,827	-135
Non-Japan	58,918	58,914	57,191	56,050	57,107	59,287	62,618	60,474	60,813	+3,706
<b>Consolidated total</b>	<b>78,797</b>	<b>78,739</b>	<b>76,647</b>	<b>75,608</b>	<b>77,069</b>	<b>79,010</b>	<b>82,238</b>	<b>79,944</b>	<b>80,640</b>	<b>+3,571</b>

# Changes in Business Segments

Before (FY2020)

Printing Solutions	
Printers	
Office & home IJP	
High-capacity ink tank printers	
Ink cartridge printers for SOHO & home	
Office shared IJPs	
SIDM	
Other	
Professional printing	
Commercial & industrial IJPs	
POS printers, other	
Other (PC and other)	
Visual Communications	
Wearable & Industrial Products	
Wearable products	
Robotics solutions	
Microdevices and other	
Other	
Corporate	

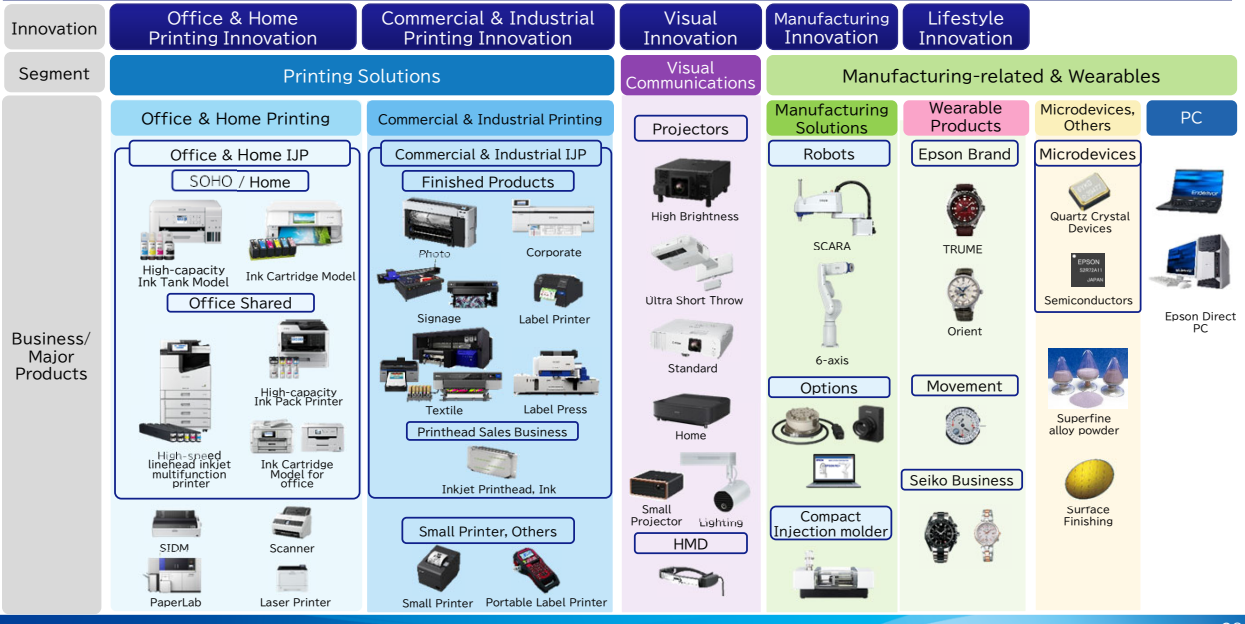
After (FY2021)

Printing Solutions	
Office & Home Printing	
Office & home IJPs	
High-capacity ink tank printers	
Ink cartridge printers for SOHO & home	
Office shared IJPs	
SIDM	
Other	
Commercial & Industrial Printing	
Commercial & industrial IJPs	
Small printers, other	
Visual Communications	
Manufacturing-related & Wearables	
Manufacturing solutions*	
Wearable products	
Microdevices and other	
PC	
Corporate and Other	



\* Manufacturing-related operations in corporate expenses will be transferred to the Manufacturing Solutions

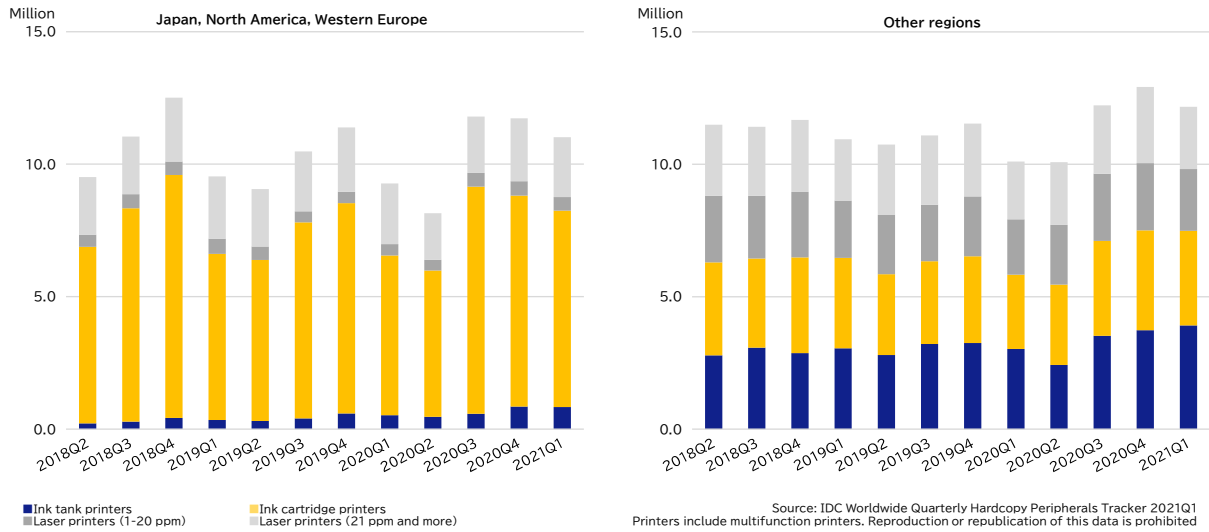
# Business segments



# Penetration of High-Capacity Ink Tank Printers



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 and proofing
<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

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