

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

January 28, 2022  
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

- Third-Quarter Financial Results
- FY2021 Full-Year Financial Outlook
- Shareholder Returns
- Initiatives for Greater Corporate Value

- Q3 results (compared to the same period last year)  
¥296.1 billion in revenue (+¥17.3 billion) and ¥27.2 billion in business profit (-¥3.9 billion)
  - Revenue increased on a market recovery from COVID-19 and continued at-home print demand, but profit decreased due to soaring materials and logistics costs
  - Business profit exceeded the internal plan by approximately ¥7 billion as a result of pricing measures and cost containment, which more than offset supply constraints caused by materials shortages and logistics disruptions
- Full-year financial outlook (vs. 10/29 outlook)  
¥1,130 billion in revenue (no change) and ¥85 billion in business profit (+¥5 billion)
  - We are reiterating our revenue outlook but raising the business profit outlook because pricing measures and cost containment will temper the effects of tighter supplies and expanded use of air transport

- This is a summary of today's presentation.
- Third-quarter revenue increased due to a market recovery from COVID and the capture of sustained at-home print demand, but profit decreased due to soaring materials and logistics costs.
- Revenue was in line with the internal plan while business profit exceeded the plan by about ¥7 billion. Supplies were constrained by materials shortages and logistics disruptions, but in addition to further reducing our costs, we implemented pricing measures based on the balance between supply and demand and on increases in materials and logistics costs.
- We are reiterating our previous full-year revenue outlook while raising the business profit outlook.

- Summary
- **Third-Quarter Financial Results**
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# Financial Highlights (Third Quarter)

(Billions of yen)	FY2020		FY2021		Change		
	Q3 Actual	%	Q3 Actual	%	YoY	%	
Revenue	278.8		296.1		+17.3	+6.2%	
Business profit	31.1	11.2%	27.2	9.2%	-3.9	-12.7%	
Profit from operating activities	24.6	8.8%	30.3	10.2%	+5.7	+23.3%	
Profit before tax	22.8	8.2%	31.1	10.5%	+8.3	+36.5%	
Profit for the period attributable to owners of the parent company	16.0	5.8%	25.0	8.4%	+8.9	+55.8%	
EPS*1 (yen)	46.42		72.30				
Exchange rate (yen, index)	USD	¥104.48	¥113.71				
	EUR	¥124.51	¥130.08				
	Other currencies*2	100	109				
		Exchange effect (billions of yen)		USD	EUR	Other currencies	Total
		Revenue		+7.3	+2.0	+7.4	+16.8
		Business profit		-1.6	+1.2	+3.6	+3.2

\*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

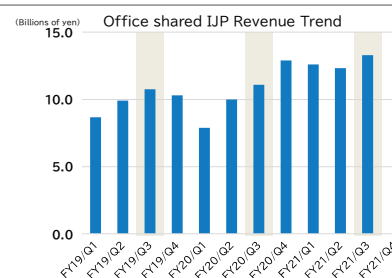
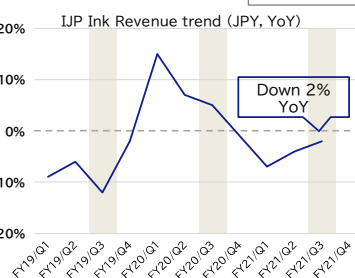
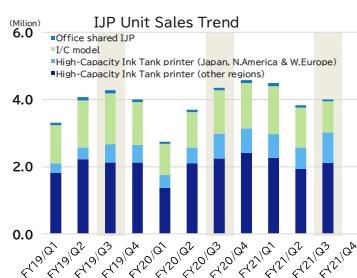
- Here are the financial highlights for the third quarter.
- Revenue was ¥296.1 billion, up ¥17.3 billion year on year. Business profit was ¥27.2 billion, down ¥3.9 billion.
- Foreign exchange rates had a ¥16.8 billion positive effect on revenue and a ¥3.2 billion positive effect on business profit, but our financial results were significantly impacted by supply constraints and higher materials and logistics costs.
- Profit for the period was ¥25 billion, a year-on-year increase of ¥8.9 billion. In the same period last year, we recorded a ¥3.6 billion impairment loss and a foreign exchange loss under other operating expenses in the wearable products business. We also recorded a ¥2.1 billion tax return at an overseas affiliate under other operating income in the third quarter of this year.

# FY2021 Q3 Results | Printing Solutions (1)



		(Billions of yen)			
Printing Solutions	Q3/FY2020 Actual	Q3/FY2021 Actual	YoY	Exchange effect	YoY ratio
Revenue	195.2	205.3	+10.0	+11.4	+5.1%
Segment profit	40.1	30.8	-9.3	+1.4	-23.2%
ROS	20.6%	15.0%			
		(Billions of yen)			
Office & Home Printing	Q3/FY2020 Actual	Q3/FY2021 Actual	YoY	Exchange effect	YoY ratio
Revenue	144.8	150.3	+5.4	+8.1	+3.8%
% sales Office & home IJP	88%	88%			
SIDM	5%	4%			
Oter	7%	8%			
Business profit	30.7	22.9	-7.7	+0.5	-25.3%
ROS	21.2%	15.3%			

- Printing Solutions
  - Revenue rose amid constrained supply, but profit fell primarily due to soaring material and logistics costs
- Office & Home Printing
  - IJP revenue increased chiefly as a result of high-capacity ink tank printer unit sales growth in developed economies and pricing measures
  - IJP Ink was flat YoY as at-home print demand continued
  - Office shared IJP revenue increased amid constrained supply. SIDM revenue decreased in China. Scanner (other) revenue increased
  - Profit fell due to soaring material and logistics costs, etc.



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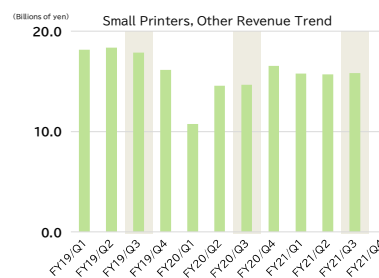
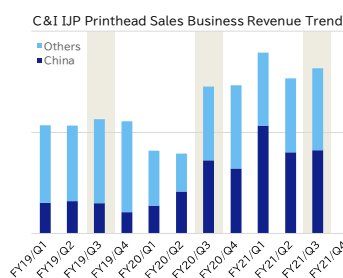
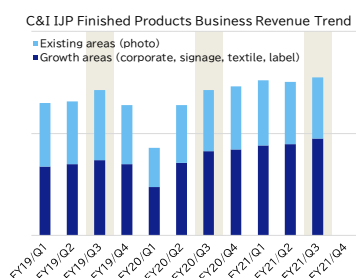
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- These are the financial results in printing solutions.
- Revenue was ¥205.3 billion, up ¥10 billion from the same period last year.
- Segment profit was ¥30.8 billion, down ¥9.3 billion.
- In office and home printing, which is in the same segment, supplies were constrained by parts shortages and logistics disruptions, yet SIDM printer revenue was flat year-on-year while office and home printer revenue rose.
- As shown in the graph on the left, unit sales for office and home inkjet printers were down 8% from the same period last year, due to supply constraints even though the demand is strong. However, revenue increased because we implemented pricing measures based on the supply and demand balance.
- Sales of ink cartridge printers decreased year on year. High-capacity ink tank printer unit volume was flat year on year, but in developed economies our advertising and publicity campaigns paid off in expanded sales.
- Ink revenue, as shown in the middle graph, was only slightly lower than in the same period last year, when demand was very strong, indicating sustained at-home print demand.
- While ink cartridge revenue declined, revenue in the priority areas of high-capacity ink tank printer and office shared printer ink increased.
- Office shared inkjet printer revenue increased amid constrained supply in hardware. Ink consumption increased in conjunction with an increase in the number of machines in the field as well as a return of workers to offices, and total office shared inkjet revenue solidly rose, as seen in the graph on the right.
- These factors combined to boost office and home printing revenue by ¥5.4 billion compared to the same period last year, but profit decreased by ¥7.7 billion due to soaring materials and logistics costs and a decrease in ink cartridges.

# FY2021 Q3 Results | Printing Solutions (2)

Commercial & Industrial Printing	(Billions of yen)		YoY	Exchange effect	YoY ratio
	Q3/FY2020 Actual	Q3/FY2021 Actual			
Revenue	50.4	55.0	+4.5	+3.2	+9.0%
Commercial & industrial IJP	35.7	39.1	+3.3		+9.4%
Small printers, other	14.6	15.8	+1.1		+8.2%
Business profit	9.4	7.9	-1.5	+0.9	-16.5%
ROS	18.8%	14.4%			

- Commercial & Industrial Printing
  - Market recovery for commercial & industrial IJP was uneven
    - Finished products: Supplies were constrained, but revenue increased thanks to an enhanced product lineup
    - Printheads: Sales grew in China and Japan
  - Small printer demand progressively recovered in the retail and food service industries, but revenue was limited by supply constraints



- Commercial and industrial printing revenue was ¥55 billion, up ¥4.5 billion year on year, but business profit was ¥7.9 billion, down ¥1.5 billion. The decreased profit was due primarily to soaring materials costs and increased use of air transport, which increased our logistics costs.
- Sales of finished products in the commercial and industrial IJP business were supply-constrained, yet a stronger product lineup paid dividends in steady growth, particularly in the growth areas of signage, textile, and label printers, as shown in the graph on the left.
- As shown in the middle graph, printhead sales increased in China and Japan.
- Small printer demand is recovering in the retail and food service industries, but revenue growth was limited by supply constraints.



(Billions of yen)					
Visual Communications	Q3/FY2020 Actual	Q3/FY2021 Actual	YoY	Exchange effect	YoY ratio
Revenue	40.7	43.6	+2.9	+3.1	+7.2%
Segment profit	1.7	4.0	+2.2	+0.9	+130.7%
ROS	4.3%	9.2%			

- Visual Communications
  - Unit sales were limited by supply constraints, but revenue increased due to an improved model mix and pricing measures
  - Structural changes reduced costs to significantly improve profitability

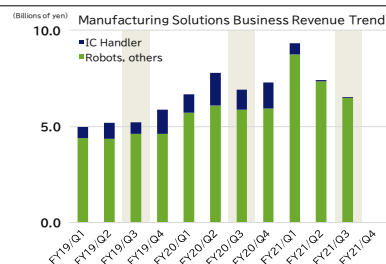
◆ Projector sales trends <sup>*1</sup>		
	Q3/FY2020 Actual	Q3/FY2021 Actual
Revenue(JPY)	-13%	+6%
Revenue(LC)	-12%	-2%
Q'ty	-20%	-5%

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

(Billions of yen)					
Manufacturing-related & Wearables	Q3/FY2020 Actual	Q3/FY2021 Actual	YoY	Exchange effect	YoY ratio
Revenue	43.2	47.4	+4.1	+2.2	+9.5%
Manufacturing Solutions <sup>*2</sup>	6.9	6.5	-0.3		-5.7%
Wearable Products	7.9	9.1	+1.2		+15.3%
Microdevices, Other	25.3	27.5	+2.1		+8.7%
PC	3.7	4.9	+1.1		+31.7%
Inter-segment revenue	-0.6	-0.8	-0.1		-
Segment profit	1.8	6.1	+4.2	+0.8	+225.2%
ROS	4.3%	12.9%			

\*2 IC Handler business transferred in Apr 2021

- Manufacturing-Related & Wearables
  - Strong revenue and profit growth in microdevices, other
    - Manufacturing solutions: Sales of robots used in automotive applications increased
    - Wearable products: Revenue increased mainly due to a recovery in high-end watches and movements
    - Microdevices, other: Quartz crystal devices and superfine alloy powder revenue increased

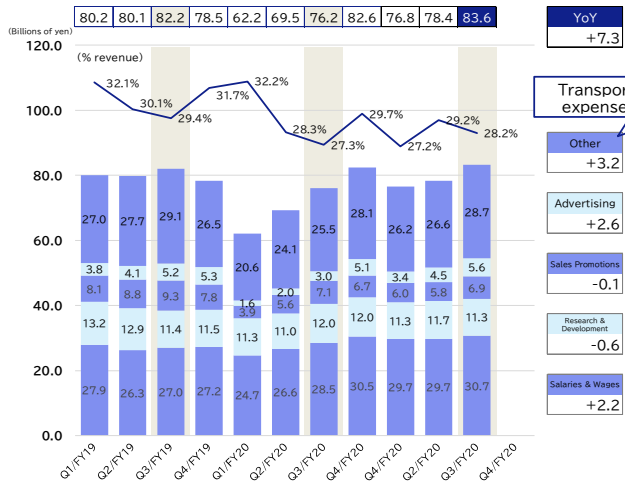


- Revenue in visual communications was ¥43.6 billion, up ¥2.9 billion. Segment profit was ¥4.0 billion, up ¥2.2 billion.
- There was demand for education and home projectors in Europe and the Americas, but unit sales were down 5% compared to the same period last year because of constrained supply.
- Meanwhile, revenue increased due to an improved model mix and pricing measures.
- Profitability sharply improved due to ongoing restructuring and cost containment.
- In manufacturing related & wearables, revenue was ¥47.4 billion, up ¥4.1 billion. Segment profit was ¥6.1 billion, up ¥4.2 billion.
- Manufacturing solutions includes revenue decrease due to the transfer of the IC handler business. Robot sales increased particularly for automotive applications in Europe and the Americas.
- In China, the leading robot market, sales increased in the first quarter as we captured recovering demand. However, third quarter sales were flat year-on-year as customers adjusted orders due to difficulties in procuring parts.
- Wearable products revenue increased, as the market for high-end watches and movements progressively recovered compared to the same period last year, when demand plummeted due to the pandemic.
- Profitability sharply improved due to restructuring, which enabled us to contain costs.
- Microdevices and others revenue increased on robust demand.

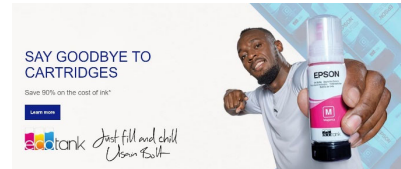
# Selling, General & Administrative Expenses

SG&A : Continued to spend efficiently, while spending on advertising to increase recognition for next fiscal year and beyond.

**Selling, General and Administrative Expenses Trend**



Shaquille O' Neal (North American promotion)



Usain Bolt (Europe)



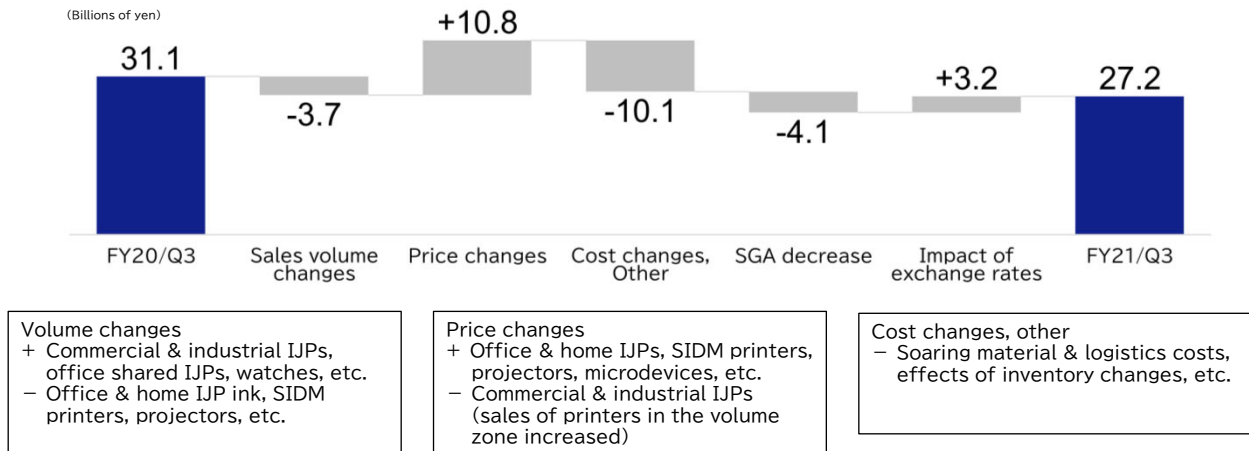
Lay Zhang (China)

- The selling, general and administrative expenses trend was as shown here.
- SG&A expenses increased year on year chiefly because we spent on advertising to boost recognition of high-capacity ink tank printers with an eye on next fiscal year and beyond, but we are continuing to increase spending efficiency.
- Expenses in the Other category increased, primarily as a result of higher transportation expenses.

# Business Profit Change Cause Analysis

- Continued pricing measures and cost containment in the face of supply constraints and soaring material and logistics costs

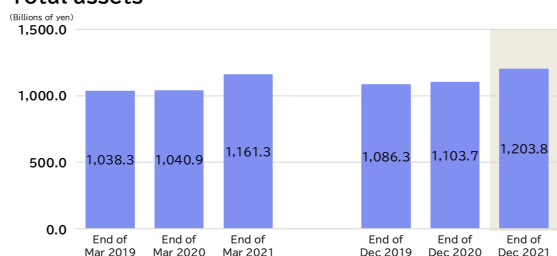
Business Profit Changes  
(Billions of yen)



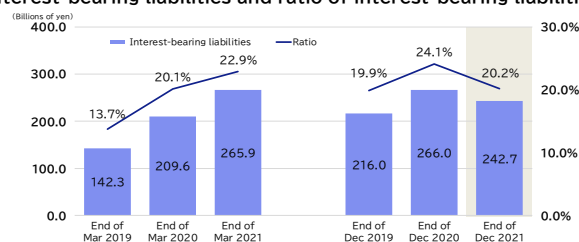
- This slide shows a cause analysis of change in business profit.
- Sales volume changes negatively affected profit. Commercial & industrial IJP and office shared printer sales expanded and watch sales rebounded. However, these positives were outweighed by declining sales of office and home IJP ink, in addition to a sales decline from continued supply constraints affecting SIDM printers and projectors.
- Price changes positively affected profit for most products, as we continued pricing measures according to supply and demand balance.
- Cost changes and other factors negatively affected business profit because of soaring materials and logistics costs.

# Statements of Financial Position

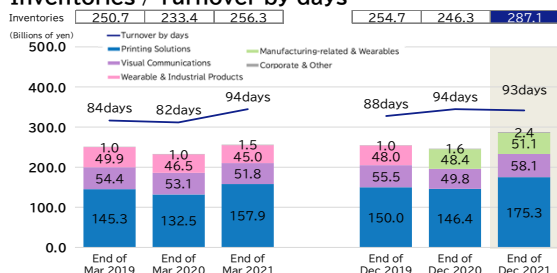
## Total assets



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



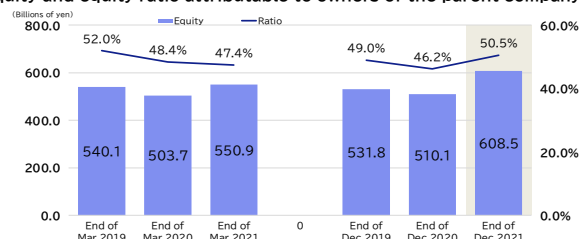
## Inventories / Turnover by days



## Net Cash



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



\* Turnover by days : Interim (Ending) balance of inventory / Prior 9 months (Prior 12 months) revenue per day

- Next, let's look at some of the major items on the statements of financial position.
- Total assets were ¥1,203.8 billion, up ¥42.5 billion compared to the end of the last fiscal year.
- Inventories were ¥287.1 billion, up ¥30.7 billion, and turnover by days was 93 days, primarily due to an increase in work-in-process resulting from parts procurement issues and logistics disruptions.
- Interest-bearing liabilities were ¥242.7 billion, a decrease of ¥23.1 billion.
- Equity attributable to owners of the parent company was ¥608.5 billion, up ¥57.6 billion from the end of the previous fiscal year.

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# FY2021 Financial Outlook



(Billions of yen)	FY2020		FY2021				Change	
	Actual	%	10/29 Outlook	%	1/28 Outlook	%	YoY	Vs. 10/29 outlook
Revenue	995.9		1,130.0		1,130.0		+134.0 +13.5%	— —
Business profit	61.6	6.2%	80.0	7.1%	85.0	7.5%	+23.3 +37.9%	+5.0 +6.3%
Profit from operating activities	47.6	4.8%	75.0	6.6%	84.0	7.4%	+36.3 +76.3%	+9.0 +12.0%
Profit before tax	44.9	4.5%	72.0	6.4%	83.0	7.3%	+38.0 +84.7%	+11.0 +15.3%
Profit for the year attributable to owners of the parent company	30.9	3.1%	52.0	4.6%	63.0	5.6%	+32.0 +103.7%	+11.0 +21.2%
EPS*1 (yen)	89.38		150.28		182.07			
Exchange rate (yen, index)	USD	¥106.01	¥111.00		¥112.00			
	EUR	¥123.67	¥130.00		¥130.00			
	Other currencies*2	100	108		109			

\*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 Q4 (yen)		Exchange rate sensitivity *3		USD	EUR	Other currencies	Total exchange effect outlook
		USD	EUR				
	Revenue	-3.0	-1.4			-3.0	+54.0
	Business profit	+0.7	-0.9			-1.3	+15.0

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- Next, I will explain our full-year financial outlook.
- We are reiterating our previous revenue outlook of ¥1,130 billion, but we are raising the business profit outlook by ¥5 billion, to ¥85 billion. We expect profit for the period to come in at ¥63 billion.
- Compared to the previous fiscal year, foreign exchange rates are expected to have an approximately ¥54 billion positive effect on revenue and a ¥15 billion positive effect on business profit due to yen depreciation.

## Changes in Assumptions for the Full-Year Financial Outlook

- Q3 results exceeded the internal plan, but risks associated with changes in the business environment were factored into the Q4 outlook
  - Production capacity not a problem, but semiconductor and other supply constraints to worsen
  - Logistics costs to further increase due to use of air transport and increased ocean freight costs

Businesses & Business Segments (Revised Amounts)	Changes in Assumptions Since the 10/29 Outlook
<b>Office &amp; Home Printing</b> Revenue -¥1 billion Business profit +¥4 billion	· Supply constraints to worsen due to difficulty in procuring materials for office & home IJPs and SIDM printers · IJP selling prices to remain higher than originally planned · Logistics costs to increase
<b>Commercial &amp; Industrial Printing</b> Revenue -¥4 billion Business profit -¥3 billion	· Small printer and commercial and industrial IJP finished products supply constraints to worsen · Logistics costs to increase
<b>Visual Communications</b> Revenue +¥4 billion Business profit +¥3 billion	· Model mix to improve with changes in parts that can be procured · Logistics costs to increase
<b>Manufacturing-Related &amp; Wearables</b> Revenue +¥2 billion Business profit +¥2 billion	· Outlook reflects robust recent demand in robot market · Demand to remain brisk for microdevices

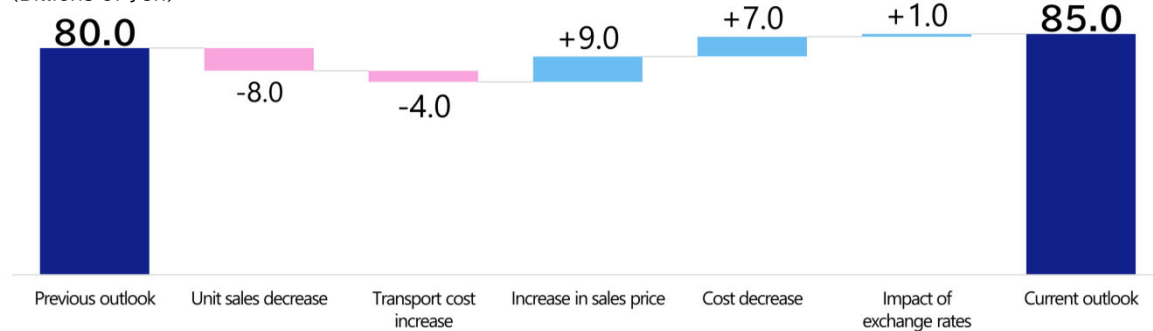
- Now, let me explain the changes in our assumptions since the previous outlook of October 29th.
- In the third quarter, business profit exceeded the internal plan on which the previous outlook was based by about ¥7 billion, in part due to selling prices remaining high.
- In the current forecast, we lowered the fourth-quarter forecast by about ¥2 billion after cautiously factoring in risks including a further worsening of supply constraints due to semiconductor and other parts shortages, higher logistics costs resulting from air transport used mainly to deliver B2B orders and ocean freight cost increases, and other changes in the business environment.
- We lowered the revenue outlook in office and home printing on the assumption that supply will become further constrained in office and home inkjet and SIDM printers.  
We raised the business profit outlook despite the increase in logistics costs because we anticipate higher inkjet printer pricing.
- In commercial & industrial printing, we lowered both the revenue and business profit outlook because, in addition to higher logistics costs, we see supplies of small printers and commercial and industrial IJP finished products becoming more constrained.
- In visual communications, we forecast higher logistics costs, but we raised both the revenue and business profit outlook because of changes in the available parts generating an improved model mix.
- In manufacturing related & wearables, we raised both the revenue and business profit outlook after factoring in recent firm robot market conditions and sustained robust demand for microdevices.

## Changes From the 10/29 Business Profit Outlook

- Unit sales to decrease due to supply constraints while logistics costs increase
- Raised the outlook by ¥5 billion factoring in pricing measures and cost containment

### Business Profit Change Factors

(Billions of yen)



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- Let's look at the factors that caused us to change the business profit outlook.
- Although demand remains strong, we expect supply constraints to worsen and unit sales to decrease.
- We estimate that logistics costs will increase by ¥4 billion, but we raised the business profit outlook by ¥5 billion due to the positive effects from pricing measures according to supply and demand, an improved model mix, cost containment in consideration of supply shortages, and foreign exchange rate impact.



# FY2021 Financial Outlook | Printing Solutions



(Billions of yen)						
Printing Solutions	FY2020 Actual	FY2021 10/29 Outlook	FY2021 1/28 Outlook	YoY	YoY Ratio	vs 10/29 Outlook
Revenue	691.1	787.0	782.0	+90.8	+13.1%	-5.0
Segment profit	106.2	103.0	104.0	-2.2	-2.1%	+1.0
ROS	15.4%	13.1%	13.3%			

Office & Home Printing	FY2020 Actual	FY2021 10/29 Outlook	FY2021 1/28 Outlook	YoY	YoY Ratio	vs 10/29 Outlook
Revenue	511.7	570.0	569.0	+57.2	+11.2%	-1.0
% sales Office & home IJP	86%	88%	88%			
SIDM	5%	5%	5%			
Other	9%	7%	7%			
Business profit	+82.5	+68.0	+72.0	-10.5	-12.8%	+4.0
ROS	16.1%	11.9%	12.7%			

Commercial & Industrial Printing	FY2020 Actual	FY2021 10/29 Outlook	FY2021 1/28 Outlook	YoY	YoY Ratio	vs 10/29 Outlook
Revenue	179.5	217.0	213.0	+33.4	+18.7%	-4.0
Commercial & industrial IJP	123.0	155.0	153.0	+29.9	+24.4%	-2.0
Small printers, other	56.4	62.0	60.0	+3.5	+6.2%	-2.0
Business profit	23.6	35.0	32.0	+8.3	+35.0%	-3.0
ROS	13.2%	16.1%	15.0%			

Office & Home IJP sales trends*		FY20 Actual	FY21 10/29 Outlook	FY21 1/28 Outlook
Hardware quantity	YoY	-2%	+15%	+12%
	Approx., million	15.4	17.7	17.2
High-capacity ink tank printers		10.4	12.4	12.0
SOHO/ Home I/C model		4.6	5.0	4.9
Office Shared IJP		0.3	0.3	0.3
Ink revenue	JPY	+6%	-2%	-3%
	Local currency	+7%	—	—
Office Shared IJP revenue composition ratio within Office & Home IJP		9%	11%	10%

\* 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 lowered the segment revenue outlook to ¥782 billion, down ¥5 billion, but raised the segment profit outlook to ¥104 billion.
- In office & home printing, we lowered the revenue outlook to ¥569 billion, down ¥1 billion, but raised the business profit outlook by ¥4 billion to ¥72 billion because we will continue to take price measures and contain our costs in the face of supply constraints and increased logistics costs.
- We lowered the office and home inkjet printer hardware quantity forecast by 0.5 million units, but we still expect to sell 17.2 million units, an increase of 1.8 million units compared to last fiscal year. High-capacity ink models will make up the bulk of sales.
- Ink sales are expected to slightly decrease from the previous outlook because of a decrease in hardware sales.
- We lowered the commercial and industrial printing revenue outlook to ¥213 billion, down ¥4 billion, and lowered the business profit outlook to ¥32 billion, down ¥3 billion.
- In the small printer and commercial and industrial IJP finished product businesses, we factored into the outlook rising logistics costs associated with air transport and so forth in addition to more severe supply constraints. We will steadily spend to expand and enhance the commercial & industrial IJP product lineup and to drive future growth.

(Billions of yen)						
Visual Communications	FY2020 Actual	FY2021 10/29 Outlook	FY2021 1/28 Outlook	YoY	YoY Ratio	vs 10/29 Outlook
Revenue	141.4	156.0	160.0	+18.5	+13.1%	+4.0
Segment profit	1.3	11.0	14.0	+12.6	+938.0%	+3.0
ROS	1.0%	7.1%	8.8%			

**Visual Communications**

- Q3 results exceeded the previous outlook
- Q4 supply constraints to worsen and logistics costs to rise on increased use of air transport
- Continue to contain costs and improve profitability

◆ Projector Sales Trends\*1

	FY2020 Actual	FY2021 10/29 Outlook	FY2021 1/28 Outlook
Hardware q'ty Approx. million	1.7	1.7	1.7
YoY	-30%	+3%	+4%

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

(Billions of yen)						
Manufacturing-related & Wearables	FY2020 Actual	FY2021 10/29 Outlook	FY2021 1/28 Outlook	YoY	YoY Ratio	vs 10/29 Outlook
Revenue	165.4	188.0	190.0	+24.5	+14.8%	+2.0
Manufacturing Solutions*2	28.6	27.0	29.0	+0.3	+1.2%	+2.0
Wearable Products	28.1	33.0	33.0	+4.8	+17.2%	-
Microdevices, Other	94.3	113.0	113.0	+18.6	+19.7%	-
PC	16.5	18.0	18.0	+1.4	+8.7%	-
Inter-segment revenue	-2.3	-3.0	-3.0	-0.6	-	-
Segment profit	5.2	19.0	21.0	+15.7	+297.6%	+2.0
ROS	3.2%	10.1%	11.1%			

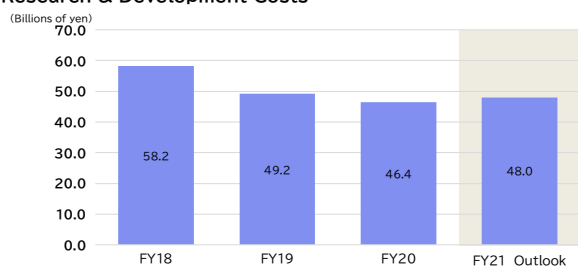
\*2 IC Handler business transferred in Apr 2021

**Manufacturing-related & Wearables**

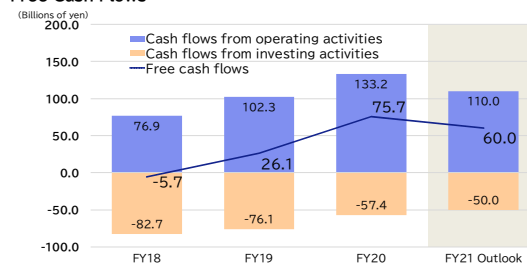
- Manufacturing solutions  
Outlook reflects strong recent demand in robot market
- Wearable products  
Continue to improve profitability
- Microdevices, other  
Quartz crystal device and semiconductor sales will be strong amid robust demand

- We raised the revenue outlook in visual communications to ¥160 billion, up ¥4 billion, and raised the segment profit outlook to ¥14.0 billion, up ¥3 billion.
- Third-quarter results exceeded the previous outlook but, in the fourth quarter, we expect supply constraints to worsen and logistics costs to increase chiefly due to the use of air transport to meet delivery commitments.
- In manufacturing related & wearables, we raised the revenue outlook to ¥190 billion, up ¥2 billion, and raised the segment profit outlook to ¥21 billion, up ¥2 billion.
- The manufacturing solutions outlook reflects recent firm demand in the robot market.
- In the microdevices, other category, we are seeing sustained robust demand for quartz crystal devices and semiconductors.

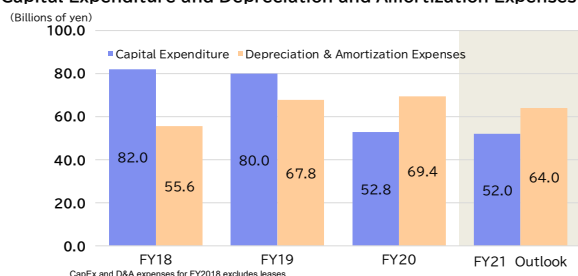
**Research & Development Costs**



**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	112yen	-	-
Exchange rate:EUR	128.40	120.85	123.67	130yen	-	-
Revenue (Billions of yen)	1,089.6	1,043.6	995.9	1,130.0	-	-
Business profit (Billions of yen)	70.4	40.8	61.6	85.0	-	-
Profit for the year attributable to owners of the parent company (Billions of yen)	53.7	7.7	30.9	63.0	-	-
ROS <sup>#1</sup>	6.5	3.9	6.2	7.5%	over 8%	over 10%
ROA <sup>#2</sup>	6.8	3.9	5.6	7.2%	-	-
ROE <sup>#3</sup>	10.2	1.5	5.9	11.0%	over 10%	over 13%
ROIC <sup>#4</sup>	7.2	4.1	5.6	7.2%	over 8%	over 11%

#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  
 #4 ROIC: After tax business profit / Equity attributable to owners of the parent company + interest-bearing liabilities

- The outlook for research and development costs has not changed from the previous outlook.
- The capital expenditure outlook was lowered to ¥52 billion, down ¥6 billion from the previous outlook, because of materials shortages that are causing equipment delivery delays and because of the rescheduling of investments.
- The depreciation and amortization outlook remains unchanged.
- We revised the forecasts for cash flows from operating activities and from investing activities and, as a result, now forecast ¥60 billion in free cash flows, up ¥5 billion from the previous outlook.
- The key performance indicators are as shown in the bottom right chart. The ROE forecast is 11%. We will continue to consider the cost of capital and manage operations with an emphasis on profitability.

- Summary
- Third-Quarter Financial Results
- FY2021 Full-Year Financial Outlook
- **Shareholder Returns**
- Initiatives for Greater Corporate Value

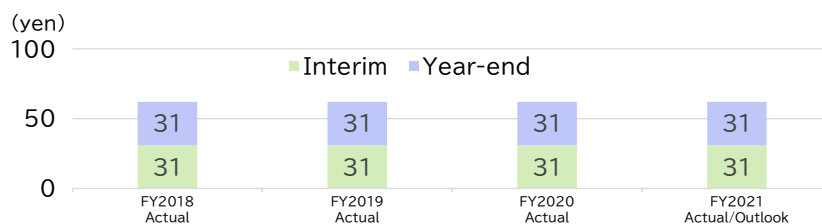
## ■ Basic policy

- Build a robust financial structure while proactively providing returns to shareholders
  - ✓ Achieve a consolidated dividend payout ratio\* of around 40% over the mid-term
  - ✓ Repurchase shares if necessary, depending on the share price, the capital situation, and other factors

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

## ■ FY2021 annual dividend outlook

- 62 yen per share, the same as in FY2020



- The outlook for shareholder returns has not changed.
- We anticipate paying annual dividends of 62-yen per share for the 2021 fiscal year.

- Summary
- Third-Quarter Financial Results
- FY2021 Full-Year Financial Outlook
- Shareholder Returns
- **Initiatives for Greater Corporate Value**

- Received the Environmental Value Award at the 3rd Annual Nikkei SDGs Management Grand Prix (Hosted by Nikkei Inc)
  - Climate change initiatives singled out for recognition
- Made CDP's A list for 2nd consecutive year for leadership in climate change and water security
- Main factory in China joins other Epson factories with RBA Platinum recognition\*
  - 3rd factory after Indonesia and Thailand
- Official sponsor of the Ladies Professional Golf Association (LPGA)
  - Increase Epson brand awareness
  - Actively promoting diversity through golf



CLIMATE WATER

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



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- Finally, I would like to explain some of our initiatives for achieving sustainability and enriching communities.
- Epson's initiatives are aligned with the SDGs, and we received the Environmental Value Award at the Nikkei SDGs Management Grand Prix in recognition of our climate change initiatives, in particular.
- Epson was also selected by the CDP for the second consecutive year to be on the A list for leadership in two areas, climate change and water security.
- In addition, our main factory in China joined other major Epson factories with RBA Platinum recognition. This means that we are able to ship even more products from sites that conform to an international code of conduct.
- Yesterday we announced that we have joined forces with the Ladies Professional Golf Association as an official sponsor to increase brand awareness while helping to support their efforts to promote diversity through golf.
- Epson will continue to search for solutions to environmental problems and an array of other societal issues.

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## Reference

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# Financial Highlights (First 9 Months)

	FY2020		FY2021		Change	
	9 months Actual	%	9 months Actual	%	YoY	%
(Billions of yen)						
Revenue	717.9		846.7		+128.7	+17.9%
Business profit	45.8	6.4%	76.9	9.1%	+31.0	+67.8%
Profit from operating activities	33.9	4.7%	78.4	9.3%	+44.5	+131.5%
Profit before tax	29.8	4.2%	79.0	9.3%	+49.2	+165.0%
Profit for the period attributable to owners of the parent company	20.2	2.8%	61.5	7.3%	+41.2	+203.1%
EPS* <sup>1</sup> (yen)	58.66		177.79			
Exchange rate (yen, index)	USD	¥106.06	¥111.08			
	EUR	¥122.33	¥130.58			
	Other currencies <sup>2</sup>	100	110			

\*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	+12.0	+8.5	+21.6	+42.2
Business profit	-2.4	+5.4	+11.5	+14.5

# 9M Financial Results by Business Segment

(Billions of yen)

Printing Solutions	9M/FY2020 Actual	9M/FY2021 Actual	YoY	Exchange effect	YoY ratio
Revenue	496.0	580.9	+84.8	+29.6	+17.1%
Segment profit	78.9	85.9	+6.9	+9.5	+8.8%
ROS	15.9%	14.8%			

(Billions of yen)

Office & Home Printing	9M/FY2020 Actual	9M/FY2021 Actual	YoY	Exchange effect	YoY ratio
Revenue	369.6	417.3	+47.6	+21.0	+12.9%
% sales Office & home IJP	87%	87%			
SIDM	5%	5%			
Oter	8%	8%			
Business profit	65.6	56.5	-9.1	+5.9	-14.0%
ROS	17.8%	13.5%			

(Billions of yen)

Commercial & Industrial Printing	9M/FY2020 Actual	9M/FY2021 Actual	YoY	Exchange effect	YoY ratio
Revenue	126.4	163.6	+37.1	+8.5	+29.4%
Commercial & industrial IJP	86.4	116.2	+29.8		+34.5%
Small printers, other	39.9	47.3	+7.3		+18.4%
Business profit	13.3	29.4	+16.1	+3.5	+121.0%
ROS	10.5%	18.0%			

# 9M Financial Results by Business Segment

(Billions of yen)

Visual Communications	9M/FY2020 Actual	9M/FY2021 Actual	YoY	Exchange effect	YoY ratio
Revenue	101.9	124.3	+22.4	+7.9	+22.0%
Segment profit	-0.8	13.2	+14.1	+3.3	-
ROS	-0.8%	10.7%			

(Billions of yen)

Manufacturing-related & Wearables	9M/FY2020 Actual	9M/FY2021 Actual	YoY	Exchange effect	YoY ratio
Revenue	121.2	142.8	+21.6	+4.8	+17.8%
Manufacturing Solutions*	21.3	23.2	+1.8		+8.9%
Wearable Products	21.0	26.5	+5.4		+26.1%
Microdevices, Other	69.5	81.9	+12.3		+17.8%
PC	10.9	13.3	+2.4		+22.4%
Inter-segment revenue	-1.6	-2.2	-0.6		-
Segment profit	4.5	17.4	+12.8	+1.7	+281.4%
ROS	3.8%	12.2%			

\* IC Handler business transferred in Apr 2021

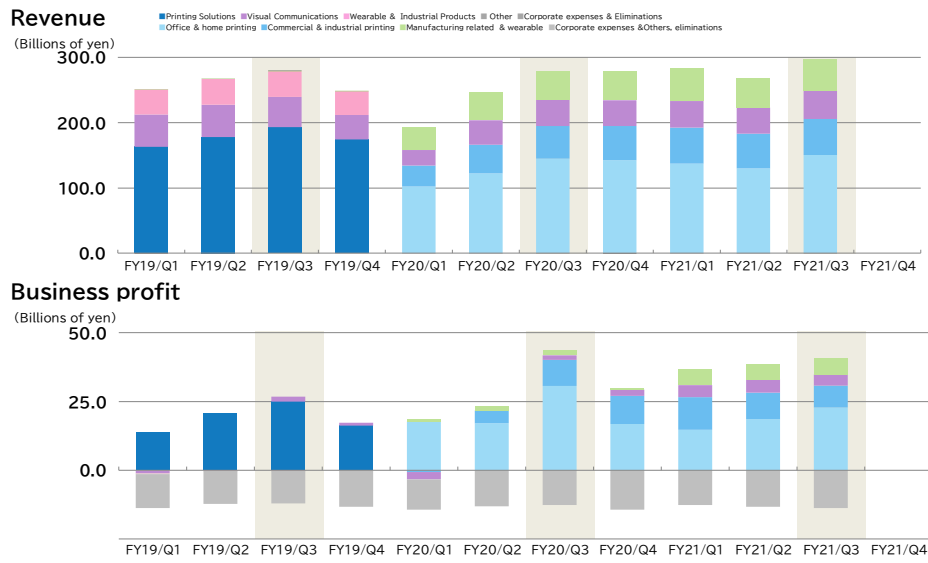
# Main Product Sales Trends

			FY2020 Q1 Actual	FY2020 Q2 Actual	FY2020 Q3 Actual	FY2020 Q4 Actual	FY2020 Full-year Actual	FY2021 Q1 Actual	FY2021 Q2 Actual	FY2021 Q3 Actual	FY2021 Full-year Outlook		
			USD	107.54	106.16	104.48	105.86	106.01	109.46	110.08	113.71	112.00	
			EUR	118.39	124.10	124.51	127.68	123.67	131.91	129.77	130.08	130.00	
Office & Home Printing	Office & Home IJP Hardware	Revenue (JPY)	YoY %	-14%	+2%	+17%	+36%	+12%	+85%	+20%	+10%	+27%	
		Revenue (Local Currency)	YoY %	-8%	+5%	+22%	+37%	+15%	+74%	+14%	+3%	-	
		Q' ty	YoY %	-17%	-9%	+2%	+14%	-2%	+63%	+4%	-8%	+12%	
		Q' ty (Approx., million)	Units	-	-	-	-	15.4	-	-	-	-	17.2
		High-capacity ink tank printers	Units	-	-	-	-	10.4	-	-	-	-	12.0
		SOHO/ Home I/C model	Units	-	-	-	-	4.6	-	-	-	-	4.9
		Office Shared IJP	Units	-	-	-	-	0.3	-	-	-	-	0.3
		Office & Home IJP Ink	Revenue within Office & Home IJP Ink/(HW+Ink)	Composition ratio	-	-	-	-	47%	-	-	-	40%
			Revenue (JPY)	YoY %	+15%	+7%	+5%	-1%	+6%	-7%	-4%	-2%	-3%
			Revenue (Local Currency)	YoY %	+19%	+8%	+6%	-1%	+7%	-11%	-7%	-6%	-
		Office Shared IJP <sup>1)</sup> (Hardware + Ink)	Revenue within Office & Home IJP	Composition ratio	9%	10%	9%	11%	9%	11%	11%	10%	10%
	SIDM Hardware		Revenue (JPY)	YoY %	-43%	-16%	-19%	+28%	-17%	+40%	-20%	-1%	-0%
		Revenue (Local Currency)	YoY %	-40%	-15%	-18%	+26%	-16%	+30%	-25%	-9%	-	
		Q' ty	YoY %	-39%	-16%	-22%	+33%	-16%	+25%	-28%	-18%	-10%	
Visual Communications	Projectors Hardware	Revenue (JPY)	YoY %	-52%	-24%	-13%	+4%	-23%	+72%	+7%	+6%	+13%	
		Revenue (Local Currency)	YoY %	-50%	-24%	-12%	+3%	-22%	+60%	+1%	-2%	-	
		Q' ty	YoY %	-57%	-32%	-20%	-6%	-30%	+67%	-2%	-5%	+4%	
		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
		Q1	Q2	Q3	Q4	Actual	Q1	Q2	Q3	Q4	Outlook
		Actual	Actual	Actual	Actual		Actual	Actual	Actual	Actual	
Exchange rate	USD	107.54	106.16	104.48	105.86	106.01	109.46	110.08	113.71		112.00
(yen)	EUR	118.39	124.10	124.51	127.68	123.67	131.91	129.77	130.08		130.00
<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>183.2</b>	<b>205.3</b>		<b>782.0</b>
	Segment profit	17.1	21.6	40.1	27.2	106.2	26.6	28.3	30.8		104.0
Office & Home Printing	Revenue	102.4	122.3	144.8	142.1	511.7	137.1	129.8	150.3		569.0
	Business profit	17.7	17.2	30.7	16.8	82.5	14.7	18.7	22.9		72.0
Commercial & Industrial Printing	Revenue	31.9	44.0	50.4	53.0	179.5	55.1	53.4	55.0		213.0
	Business profit	-0.6	4.4	9.4	10.3	23.6	11.9	9.6	7.9		32.0
Visual Communications	Revenue	23.5	37.6	40.7	39.5	141.4	40.7	39.9	43.6		160.0
	Segment profit	-2.7	0.1	1.7	2.2	1.3	4.4	4.7	4.0		14.0
Manufacturing-related & wearables	Revenue	35.5	42.4	43.2	44.2	165.4	49.5	45.8	47.4		190.0
	Segment profit	1.0	1.5	1.8	0.7	5.2	5.6	5.6	6.1		21.0
Corporate expenses & Others, eliminations	Revenue	-0.2	-0.4	-0.5	-0.9	-2.1	-0.4	-0.6	-0.2		-2.0
	Segment profit	-11.0	-13.1	-12.6	-14.3	-51.2	-12.6	-13.2	-13.7		-54.0
	Revenue	193.2	245.9	278.8	277.9	995.9	282.1	268.4	296.1		1,130.0
	Business profit	4.3	10.2	31.1	15.7	61.6	24.2	25.4	27.2		85.0
Consolidated total	ROS	2.3%	4.2%	11.2%	5.7%	6.2%	8.6%	9.5%	9.2%		7.5%
R&D Costs		11.3	11.0	12.0	12.0	46.4	11.3	11.7	11.3		48.0
Capital Expenditures	Printing Solutions	4.4	9.2	6.5	7.0	27.2	5.1	6.0	6.4		30.0
	Visual Communications	2.0	2.7	1.4	1.8	8.0	0.9	0.9	0.9		5.0
	Manufacturing-related & wearables	1.6	2.6	1.8	4.3	10.5	1.4	2.1	3.2		12.0
	Corporate expenses & Others	0.7	1.6	1.9	2.6	6.9	0.6	0.9	1.4		5.0
Depreciation & amortization Expense	Printing Solutions	9.6	9.4	9.4	9.4	38.0	9.4	9.2	9.4		37.0
	Visual Communications	3.1	3.1	3.3	3.3	13.0	2.6	2.5	2.5		10.0
	Manufacturing-related & wearables	2.6	2.6	2.6	2.3	10.3	2.1	2.1	2.1		9.0
	Corporate expenses & Others	2.0	2.0	1.9	1.9	7.9	1.9	1.9	1.9		8.0
Operating CF		11.8	33.6	47.6	40.0	133.2	21.3	34.9	31.0		110.0
FCF		-5.4	17.4	35.5	28.2	75.7	9.8	24.4	21.3		60.0

# Quarterly Results (FY19-FY21)



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

## 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	110.08	113.71
(yen)	EUR	123.54	119.34	120.35	120.18	118.39	124.10	124.51	127.68	131.91	129.77	130.08

Revenue (Billions of yen)	FY19/Q1	FY19/Q2	FY19/Q3	FY19/Q4	FY20/Q1	FY20/Q2	FY20/Q3	FY20/Q4	FY21/Q1	FY21/Q2	FY21/Q3	YoY
The Americas	74.5	71.7	71.2	75.3	59.8	71.9	73.3	82.7	85.2	80.1	81.0	+7.6
Europe	47.9	53.7	59.3	52.9	39.7	50.0	58.7	59.8	58.3	57.1	62.3	+3.5
Asia/ Oceania	72.5	75.8	74.4	58.5	49.5	73.9	79.7	74.9	86.8	78.9	84.4	+4.6
Total revenue to overseas customers	195.1	201.4	205.1	186.9	149.0	195.9	211.9	217.5	230.4	216.2	227.8	+15.8
Consolidated revenue	249.6	266.4	279.8	247.6	193.2	245.9	278.8	277.9	282.1	268.4	296.1	+17.3

% of revenue to consolidated revenue	FY19/Q1	FY19/Q2	FY19/Q3	FY19/Q4	FY20/Q1	FY20/Q2	FY20/Q3	FY20/Q4	FY21/Q1	FY21/Q2	FY21/Q3
The Americas	29.9%	26.9%	25.5%	30.4%	31.0%	29.3%	26.3%	29.8%	30.2%	29.9%	27.4%
Europe	19.2%	20.2%	21.2%	21.4%	20.6%	20.4%	21.1%	21.5%	20.7%	21.3%	21.0%
Asia/ Oceania	29.1%	28.5%	26.6%	23.7%	25.6%	30.1%	28.6%	27.0%	30.8%	29.4%	28.5%
Total	78.2%	75.6%	73.3%	75.5%	77.2%	79.7%	76.0%	78.3%	81.7%	80.6%	76.9%

### Employees

Number of employees at period end (person)	End of Jun 2019	End of Sep 2019	End of Dec 2019	End of Mar 2020	End of Jun 2020	End of Sep 2020	End of Dec 2020	End of Mar 2021	End of Jun 2021	End of Sep 2021	End of Dec 2021	YoY
Japan	19,879	19,825	19,456	19,558	19,962	19,723	19,620	19,470	19,827	19,805	19,788	+168
Non-Japan	58,918	58,914	57,191	56,050	57,107	59,287	62,618	60,474	60,813	60,000	59,917	-2,701
Consolidated total	78,797	78,739	76,647	75,608	77,069	79,010	82,238	79,944	80,640	79,805	79,705	-2,533



# 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	

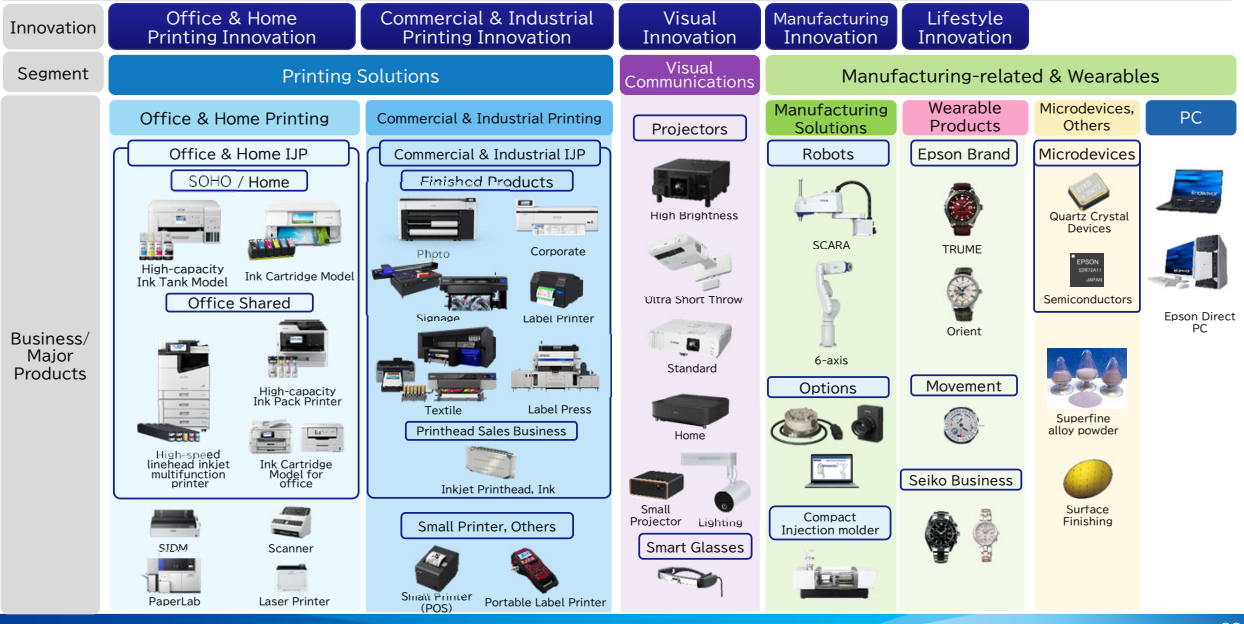
After (FY2021)

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

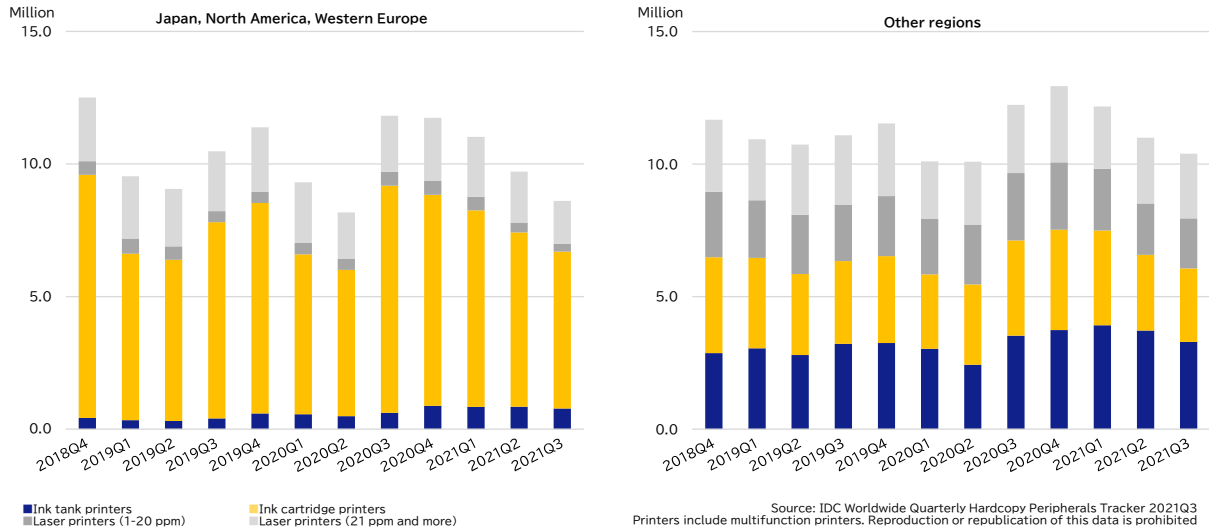
# Business segments



# Penetration of High-Capacity Ink Tank Printers



A4 printer main unit market trend by region  
All graphs show calendar year



## Definition of Terms

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

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