

**EPSON**

# First Quarter Financial Results Fiscal Year 2023 (Ending March 2024)

July 28, 2023  
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
- FY2023 full-year financial outlook, shareholder returns
- Policy and actions to increase corporate value

## ■ Q1 results (YoY)

¥314.8B in revenue (increase), ¥15.5B in business profit (decrease)

- Revenue and profit increased in printing solutions and visual communications due to the easing of supply constraints and foreign exchange effects.
- Revenue and profit decreased in manufacturing-related and wearables mainly due unit volume decreases caused by inventory adjustments in the microdevices market.

## ■ FY2023 full-year outlook (vs. previous outlook of 4/28)

¥1,380B in revenue (revised upward), ¥100B in business profit (no change)

- The outlook reflects lower-than-expected demand due to inflation and other factors resulting in hesitancy to buy and invest, as well as the slow pace of inventory adjustments in the microdevices market.
- Spend on priorities and emphasize profitability.
- Positive foreign exchange effects due to the weak yen were also factored into the outlook.

- This is a summary of the key points in today's presentation.
- First quarter revenue increased compared to the same period last year, while business profit decreased.  
Whereas revenue and profit in printing solutions and visual communications increased due to the easing of supply constraints and foreign exchange effects, revenue and profit in manufacturing-related and wearables decreased because unit volume fell due to inventory adjustments in the microdevices market.
- We have revised the 2023 fiscal full-year financial outlook based on changes in our assumptions about the business environment. Demand will be lower than initially expected due to inflation and other factors that are causing hesitancy to buy and invest. Inventory adjustments are taking longer than expected in the microdevices market, and the outlook also reflects this.
- We are reiterating the original business profit outlook of ¥100 billion. We expect to reach it through an emphasis on profitability, spending on priorities, and the positive foreign exchange effects due to the weak yen.

- Summary
- **First-Quarter Financial Results**
- FY2023 full-year financial outlook, shareholder returns
- Policy and actions to increase corporate value

# Financial Highlights (First Quarter)

EPSON

(Billions of yen)	FY2022		FY2023		Change	
	Q1 Actual	%	Q1 Actual	%	YoY	%
Revenue	297.8		314.8		+16.9	+5.7%
Business profit	22.6	7.6%	15.5	5.0%	-7.0	-31.1%
Profit from operating activities	31.2	10.5%	19.7	6.3%	-11.5	-36.8%
Profit before tax	37.0	12.4%	28.2	9.0%	-8.7	-23.7%
Profit for the period attributable to owners of the parent company	26.6	9.0%	20.1	6.4%	-6.4	-24.3%
EPS*1 (yen)	77.10		60.90			
Exchange rate (yen, index)	USD	¥129.64	¥137.18			
	EUR	¥138.11	¥149.40			
	Other currencies*2	100	103			
Exchange effect (Billions of yen)	USD	EUR	Other currencies	Total		
Revenue	+5.5	+3.7	+2.3	+11.6		
Business profit	-1.1	+2.2	+1.4	+2.5		

- Profit from operating activities & profit before tax
  - Foreign exchange gains (other operating income) from yen depreciation decreased year on year.
  - Foreign exchange gains (financial income) from yen depreciation increased year on year.

\*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

- First, I will explain our first-quarter results.
- Revenue was ¥314.8 billion, up ¥16.9 billion year on year. Business profit was ¥15.5 billion, down ¥7.0 billion year on year.
- Foreign exchange effects had an ¥11.6 billion positive impact on revenue and a ¥2.5 billion positive impact on business profit.
- Profit for the period was ¥20.1 billion because we recorded foreign exchange gains due to the weak yen in profit from operating activities and profit before tax.
- Both revenue and business profit were in line with the internal plan, which served as the basis for the previous outlook. This was in part due to positive foreign exchange effects.

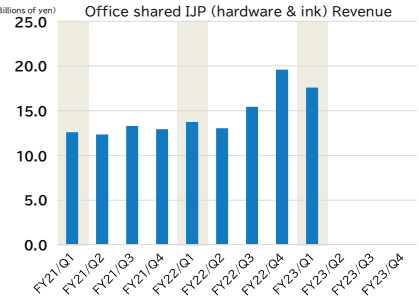
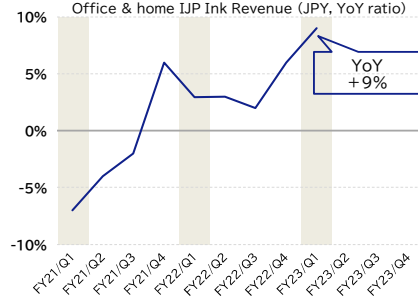
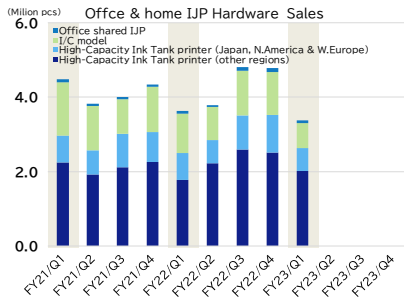
(Billions of yen)					
Printing Solutions	Q1/FY2022 Actual	Q1/FY2023 Actual	YoY	Exchange effect	YoY ratio
Revenue	197.6	215.1	+17.4	+8.1	+8.8%
Segment profit	21.0	22.3	+1.2	+1.3	+6.0%
ROS	10.7%	10.4%			

Office & Home Printing	Q1/FY2022 Actual	Q1/FY2023 Actual	YoY	Exchange effect	YoY ratio
Revenue	143.1	149.8	+6.6	+5.7	+4.7%
Office & home IJP (SOHO, Home IJP) <sup>*1</sup>	112.7	114.2	+1.4	+1.3	+1.3%
Office & home IJP (Office Shared IJP) <sup>*2</sup>	13.7	17.6	+3.8		+28.3%
Other <sup>*3</sup>	16.6	17.9	+1.3		+8.1%
Business profit	16.4	12.6	-3.8	+0.4	-23.3%
ROS	11.5%	8.4%			

\*1:I/C printers, High-capacity ink tank printers, Ink, etc. \*2:IJ, RIPS, I/C printers, Ink, etc. \*3:Scanners, SIDsMs, LPs, Dry-process office papermaking systems

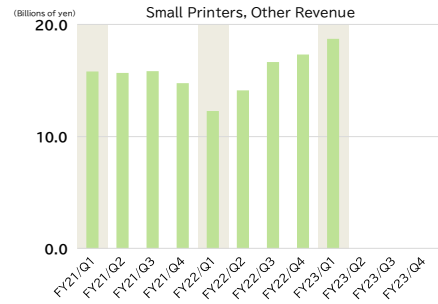
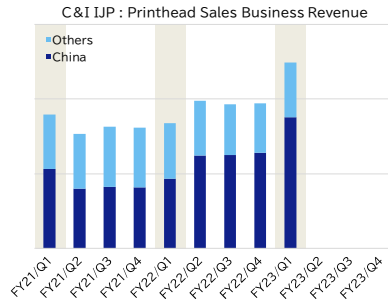
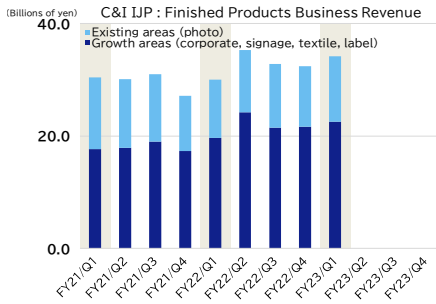
- Printing Solutions
  - Sales increased mainly in commercial & industrial printing
  - Both revenue and profit increased with the help of foreign exchange effects
- Office & Home Printing
  - Unit sales of inkjet printers were down by 7%, but revenue was flat year on year due to model mix improvement and positive foreign exchange effects
  - Ink sales increased by 9% (5% on a local currency basis) due largely to an increase in the number of high-capacity ink tank printers in the field
  - Office shared printer revenue increased due to sales growth of new mid-speed products, easing of supply constraints, and an increase in ink sales
  - Profit decreased due to an increase in things such as SG&A expenses as we ramped business activities back up



- The financial results in printing solutions are shown here.
- Revenue was ¥215.1 billion, up ¥17.4 billion year on year.
- Segment profit was ¥22.3 billion, up ¥1.2 billion.
- In office & home printing, revenue increased but profit decreased.
- Inkjet printer revenue was flat year on year because a decrease in sales of ink cartridge printers was offset by growth in high-capacity ink tank printers and positive foreign exchange effects.
- Ink revenue increased by 9%. In addition to foreign exchange effects, this increase was the result of an increase in the number of machines in the field and a corresponding increase in sales of high-capacity ink bottles.
- Office shared printer revenue increased owing primarily to growth in sales of new products in the medium-speed zone, the easing of unit supply constraints, and increased ink sales.
- Despite this revenue growth, business profit in office and home printing decreased because SG&A expenses rose as we ramped business activities back up.
- Inkjet printer unit sales fell short of the internal plan, but revenue was in line with the plan thanks, in part, to foreign exchange effects. Business profit exceeded the plan primarily as a result of efforts to control selling prices and costs.

Commercial & Industrial Printing	(Billions of yen)		YoY	Exchange effect	YoY ratio
	Q1/FY2022 Actual	Q1/FY2023 Actual			
Revenue	54.5	65.3	+10.8	+2.4	+19.9%
Commercial & industrial IJP	38.4	46.6	+8.1		+21.3%
Small printers, other	16.0	18.7	+2.6		+16.5%
Business profit	4.6	9.7	+5.0	+0.9	+110.4%
ROS	8.5%	14.9%			

- Commercial & Industrial Printing
  - Commercial & industrial printing: Sales grew compared to the same period last year, when supplies were constrained due to COVID.
  - Commercial & industrial IJP finished products: Extended sales in signage and other growth areas.
  - Printhead sales: Sales to printer manufacturers in China increased.
  - Small printers, other: Revenue increased.
  - Business profit increased on higher revenue.



© Seiko Epson Corporation 2023

7

- Commercial & industrial printing revenue and profit increased as sales grew compared to the same period last year, when supplies were constrained.
- Though hurt by rising interest rates that have curbed the appetite for investment, the commercial and industrial inkjet printer finished products business increased revenue in signage and other growth areas.
- Revenue in the printhead sales business grew thanks to the steady expansion of sales to printer manufacturers in China after the resumption of exhibitions in China post-Covid.
- Small printer and other revenue also increased.
- Business profit increased on this revenue growth.
- Results were basically in line with the internal plan, partly due to foreign exchange effects.



Visual Communications	(Billions of yen)		YoY	Exchange effect	YoY ratio
	Q1/FY2022 Actual	Q1/FY2023 Actual			
Revenue	45.6	52.9	+7.2	+2.2	+15.9%
Segment profit	6.4	6.7	+0.3	+0.8	+5.9%
ROS	14.0%	12.8%			

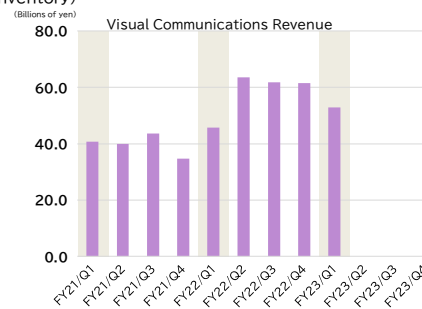
◆ Projector sales trends<sup>1</sup>

	Q1/FY2022 Actual	Q1/FY2023 Actual
Revenue(JPY)	+13%	+17%
Revenue(LC)	+0%	+12%
Q'ty	-3%	+4%

<sup>1</sup> YoY ratio. The indicators in sales trends are based on values tracked internally by Epson

Manufacturing-related & Wearables	(Billions of yen)		YoY	Exchange effect	YoY ratio
	Q1/FY2022 Actual	Q1/FY2023 Actual			
Revenue	56.0	47.3	-8.6	+1.3	-15.4%
Manufacturing Solutions <sup>2</sup>	9.0	6.9	-2.0		-23.0%
Wearable Products	10.2	8.8	-1.4		-13.7%
Microdevices, Other	33.4	27.7	-5.7		-17.1%
PC	4.2	4.6	+0.3		+9.0%
Inter-segment revenue	-0.9	-0.8	+0.1		-
Segment profit	8.6	0.7	-7.8	+0.3	-90.8%
ROS	15.4%	1.7%			

- Visual Communications
- Demand in the education projector market was firm
- Both revenue and profit increased on higher unit volume, an improved model mix, and foreign exchange effects (compared to the same period last year when profits were pushed up by increased inventory)



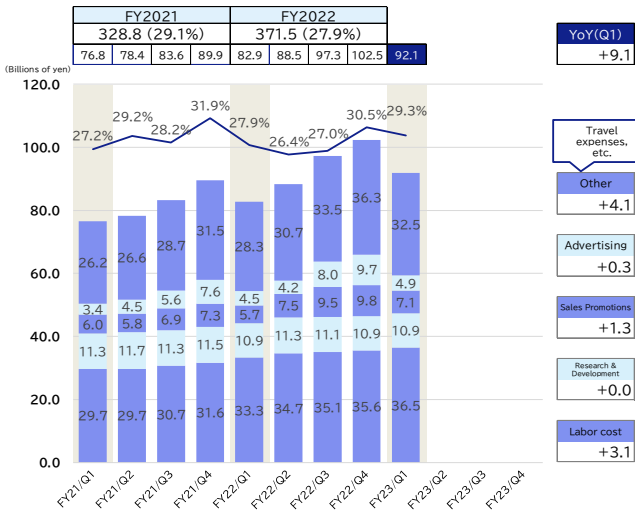
- Manufacturing-Related & Wearables
- Manufacturing solutions: Sales in China decreased.
- Wearable products: Markets remained soft.
- Microdevices, other: Unit sales of crystal devices decreased due to market inventory adjustments.
- Segment profit decreased mainly due to lower revenue.

- In visual communications, projector demand in the education market was firm, and unit sales increased thanks to the easing of supply constraints compared to the same period last year.
- Revenue was ¥52.9 billion, up ¥7.2 billion. This was a result of an improvement in the model mix as well as foreign exchange effects.
- Segment profit ended at ¥6.7 billion, up just ¥0.3 billion compared to the same period last year, when increased inventories pushed profit upwards.
- Both revenue and segment profit were basically in line with the internal plan, in part due to foreign exchange effects.
- In manufacturing-related and wearables, we recorded ¥47.3 billion in revenue, a decrease of ¥8.6 billion.
- Revenue in manufacturing solutions decreased mainly because sales to electronic equipment manufacturers in China decreased.
- Wearable products revenue decreased on continued market softness.
- Microdevices and other revenue decreased because of a decline in unit sales of crystal devices due to market inventory adjustments.
- Segment profit fell by ¥7.8 billion to ¥0.7 billion primarily because of lower revenue in crystal devices and other businesses in the segment and soaring utility costs in semiconductor fabrication.
- Both revenue and segment profit fell short of our internal plan.

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

SG&A  
- Expenses increased due to FOREX (+¥2.4B) and the return to normal business activities.

## Selling, General and Administrative Expenses Trend



## Business Profit Changes

(Billions of yen)



### Sales volume changes

+ Office & home IJPs (hardware, ink), commercial & industrial IJPs (finished products business, printhead sales business), small printers, projectors, etc.  
- Crystal devices, watches, robots, etc.

### Price changes

+ Projectors, etc.  
- Office & home IJPs (hardware), etc.

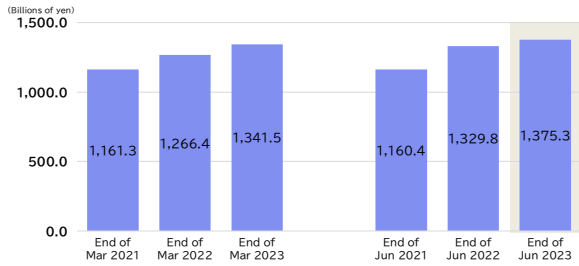
### Cost changes, other

- Labor costs, utility costs, inventory effects, etc.

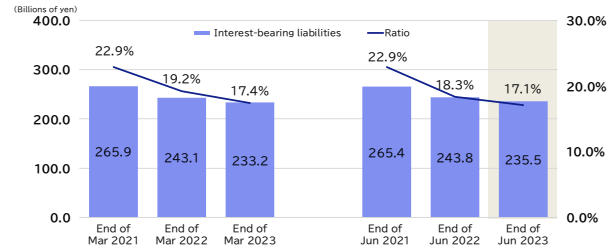
- The graph on the left shows the trend in selling, general and administrative expenses.
- SG&A expenses increased because, in addition to foreign exchange effects, expenses such as labor costs, sales promotion costs, and travel expenses rose as we ramped business activities back up.
- The SG&A expense ratio for the quarter was 29.3%.
- We will emphasize efficiency and agilely control spending to match revenue fluctuations.
- Let's look at the change factors that affected business profit with the graph on the right.
- The sales volume of crystal devices and some other products negatively impacted business profit, but this was exceeded by the positive impact of sales of products such as projectors and commercial and industrial inkjet printers, which increased as supply constraints eased.
- Prices of products such as projectors positively impacted business profit, while office and home inkjet printers and other products had a negative impact.
- Cost changes and other factors negatively impacted profit because of higher labor costs and utility costs. Inventory effects were negative compared to the same period last year, when profit was pushed upwards by increased inventory.

# Statements of Financial Position

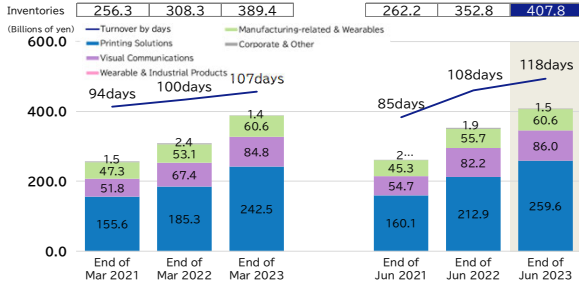
## Total assets



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



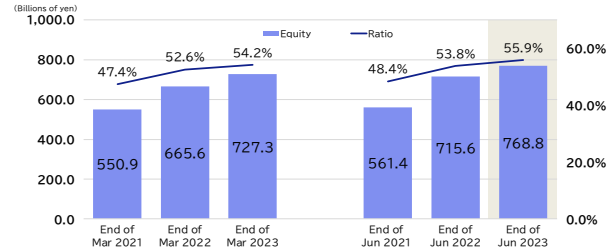
## Inventories / Turnover by days



## Net Cash



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



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

- The major items on the statements of financial position were as shown here.
- Total assets were ¥1,375.3 billion, up ¥33.7 billion from the end of previous fiscal year.
- Inventories have increased since the end of March due to foreign exchange effects, but we are making production adjustments and controlling parts procurement in response.
- The ratio of interest-bearing liabilities was 17.1% and the shareholders' equity ratio was 55.9%, both being healthy levels.

- Summary
- First-Quarter Financial Results
- **FY2023 full-year financial outlook, shareholder returns**
- Policy and actions to increase corporate value

# FY2023 Financial Outlook

(Billions of yen)	FY2022		FY2023				Change	
	Actual	%	4/28 Outlook	%	7/28 Outlook	%	YoY	vs 4/28 outlook
Revenue	1,330.3		1,360.0		1,380.0		+49.6 +3.7%	+20.0 +1.5%
Business profit	95.1	7.1%	100.0	7.4%	100.0	7.2%	+4.8 +5.1%	—
Profit from operating activities	97.0	7.3%	94.0	6.9%	96.0	7.0%	-1.0 -1.1%	+2.0 +2.1%
Profit before tax	103.7	7.8%	92.0	6.8%	101.0	7.3%	-2.7 -2.7%	+9.0 +9.8%
Profit for the year attributable to owners of the parent company	75.0	5.6%	66.0	4.9%	72.0	5.2%	-3.0 -4.0%	+6.0 +9.1%
EPS* <sup>1</sup> (yen)	220.75		199.09		217.18			
Exchange rate (yen, index)	USD	¥135.44	¥129.00		¥137.00			
	EUR	¥140.90	¥142.00		¥153.00			
	Other currencies* <sup>2</sup>	100	97		103			
Exchange sensitivity* <sup>3</sup> (Billions of yen)	USD		EUR		Other currencies		Total exchange effect outlook	
Revenue		-3.3		-1.5		-4.2		+31.0
Business profit		+0.9		-0.9		-1.8		+18.0

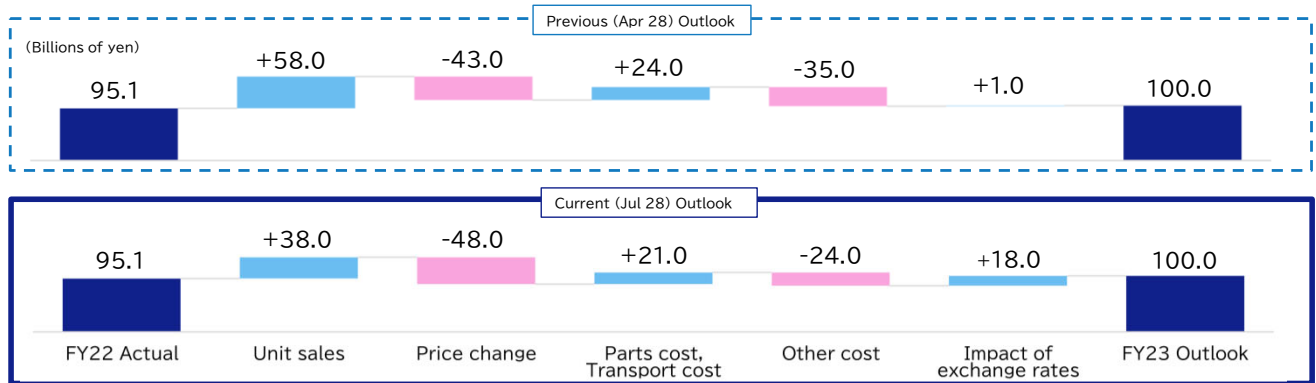
■ Profit from operating activities & profit before tax  
 • Changes in foreign exchange gains and losses due to changes in currency assumptions

\*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 Q2(yen)	USD	137.00
	EUR	154.00

- The slide shows the fiscal 2023 full-year financial outlook.
- We are raising the revenue outlook to ¥1,380 billion but are leaving the business profit outlook unchanged at ¥100 billion.
- Given the recent situation, we expect a weaker yen and revised our foreign exchange assumptions to rates of 137 yen to the US dollar and 154 yen to the euro from the second quarter.
- We have changed the outlook for foreign exchange gain and losses in accordingly and raised the profit for the period outlook to ¥72.0 billion.

- The current business environment is more challenging than expected due to inflation and other factors that resulted in hesitancy to buy and invest. Microdevice market inventory adjustments are taking longer than initially projected.
- Continue to flexibly adapt selling prices based on the external environment to maximize profit.
- Continue to spend on priorities & control cost increases.
- The weak yen will positively impact profit.



© Seiko Epson Corporation 2023

13

- I will explain the changes in assumptions from the previous outlook based on the factors that affect business profit.
- The current business environment is more challenging than expected due to factors such as inflation, which is causing hesitancy to buy and invest. In addition, microdevice market inventory adjustments are taking longer than initially projected.
- Given this situation, we expect fewer unit sales than previously forecast.
- We will continue to flexibly adapt selling prices based on the external environment to maximize profit, while we also expect selling prices to negatively impact business profit due mainly to large orders in projectors and changes in the SOHO and home inkjet printer model mix.
- We have not changed the business profit outlook of ¥100 billion because, in addition to positive foreign exchange effects, we factored in the impact of continued efforts to focus spending on priorities to control cost increases.

(Billions of yen)

Printing Solutions	FY2022 Actual	FY2023 4/28 Outlook	FY2023 7/28 Outlook	YoY	YoY Ratio	vs 4/28 Outlook
Revenue	902.3	934.0	958.0	+55.6	+6.2%	+24.0
Segment profit	89.3	108.0	115.0	+25.6	28.8%	+7.0
ROS	9.9%	11.6%	12.0%			

Office & Home Printing	FY2022 Actual	FY2023 4/28 Outlook	FY2023 7/28 Outlook	YoY	YoY Ratio	vs 4/28 Outlook
Revenue	653.4	660.0	680.0	+26.5	+4.1%	+20.0
Office & home IJP (SOHO, Home IJP) <sup>1)</sup>	519.9	501.0	520.0	+0.0	+0.0%	+19.0
Office & home IJP (Office Shared IJP) <sup>2)</sup>	61.7	88.0	87.0	+25.2	+40.8%	-1.0
Other <sup>3)</sup>	71.7	71.0	73.0	+1.2	+1.7%	+2.0
Business profit	54.6	62.0	68.0	+13.3	+24.5%	+6.0
ROS	8.4%	9.4%	10.0%			

Commercial & Industrial Printing	FY2022 Actual	FY2023 4/28 Outlook	FY2023 7/28 Outlook	YoY	YoY Ratio	vs 4/28 Outlook
Revenue	248.9	274.0	278.0	+29.0	+11.7%	+4.0
Commercial & industrial IJP	168.1	188.0	194.0	+25.8	+15.4%	+6.0
Small printers, other	80.7	86.0	84.0	+3.2	+4.0%	-2.0
Business profit	34.6	46.0	47.0	+12.3	+35.5%	+1.0
ROS	13.9%	16.8%	16.9%			

\*1: I/C printers, High-capacity ink tank printers, Ink, etc. \*2: L1, R1PS, I/C printers, Ink, etc. \*3: Scanners, S1DMs, LPS, Dry-process office papermaking systems

### Office & Home Printing

- Inkjet printers: Unit sales revised mainly in first half
- Office shared printers: The market is weak, but we continue to emphasize inkjet environmental, reduced maintenance and other advantages
- Ink: Increase the revenue outlook by 2% YoY after factoring in foreign exchange effects, etc.

### Office & Home IJP sales trends<sup>4)</sup>

	YoY	FY22 Actual	FY23 Outlook	FY23 Outlook
Hardware quantity	Approx., million	+2%	+7%	+2%
SOHO/Home High-capacity ink tank printers		17.0	18.3	17.3
SOHO/ Home I/C model		12.4	14.0	13.3
Office Shared IJP		4.3	3.9	3.6
Ink revenue	JPY	0.3	0.4	0.4
YoY ratio	Local currency	+3%	-2%	+2%

\*4 The indicators in sales trends are based on values tracked internally by Epson

### Commercial & Industrial Printing

- Finished products business: Performance will be impacted by investment cutbacks stemming from economic trends and high interest rates. Printhead sales business: Sales in China will be strong.
- Small printers: The demand forecast in Europe and North America was revised.

- Next, let's look at the situation segment by segment.
- In printing solutions, we raised the outlook for revenue to ¥958 billion and segment profit to ¥115 billion.
- We revised the inkjet printer unit sales outlook in office and home printing to 17.3 million units because we mainly revised the first half unit sales forecast presumption that we will have sharp growth compared to last fiscal year.
- We will continue to control prices as needed to maximize profit.
- We now expect to sell about 13.3 million high-capacity ink tank printers as we build product awareness mainly in developed countries and capture opportunities afforded by a recovery in business demand in emerging markets.
- The market for office shared printers is weak, but we have expanded our lineup in this category last fiscal year and are strengthening engagement with dealers.  
We will continue to promote the replacement of laser printers by emphasizing the environmental, reduced maintenance, and other advantages of inkjets.
- Office and home inkjet printer ink revenue is expected to increase by 2% from the same period last year based mainly on foreign exchange effects.
- In addition to these, foreign exchange effects were a factor in raising the revenue outlook in office and home printing.
- We raised the business profit outlook due to a combination of spending focused on priorities and positive foreign exchange effects.
- In commercial and industrial printing, we factored in the impact on the finished product business of investment cutbacks resulting from economic trends and high interest rates, but we raised the outlook mainly due to foreign exchange effects. We will continue to engineer platforms that enable us to expand sales of new, efficiently developed products.
- Printhead sales will remain strong in China.
- We revised the demand forecast for small printers in Europe and North America.

(Billions of yen)

Visual Communications	FY2022 Actual	FY2023 4/28 Outlook	FY2023 7/28 Outlook	YoY	YoY Ratio	vs 4/28 Outlook
Revenue	216.8	213.0	227.0	+10.1	+4.7%	+14.0
Segment profit	34.8	31.0	38.0	+3.1	+8.9%	+7.0
ROS	16.1%	14.6%	16.7%			

**Visual Communications**

- Firm demand is expected in the education market
- In addition to growth in high-brightness models, which will improve the model mix, positive effects from a weaker yen

◆Projector Sales Trends\*1

	FY2022 Actual	FY2023 4/28 Outlook	FY2023 7/28 Outlook
Hardware q'ty Approx. million	1.9	2.0	2.0
YoY	+10%	+5%	+5%

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

(Billions of yen)

Manufacturing-related & Wearables	FY2022 Actual	FY2023 4/28 Outlook	FY2023 7/28 Outlook	YoY	YoY Ratio	vs 4/28 Outlook
Revenue	215.4	216.0	198.0	-17.4	-8.1%	-18.0
Manufacturing Solutions	30.5	29.0	27.0	-3.5	-11.6%	-2.0
Wearable Products	35.8	34.0	35.0	-0.8	-2.5%	+1.0
Microdevices, Other	130.7	133.0	117.0	-13.7	-10.5%	-16.0
PC	21.9	22.0	22.0	+0.0	+0.4%	-
Inter-segment revenue	-3.6	-2.0	-3.0	+0.6	-	-1.0
Segment profit	28.3	22.0	9.0	-19.3	-68.2%	-13.0
ROS	13.1%	10.2%	4.5%			

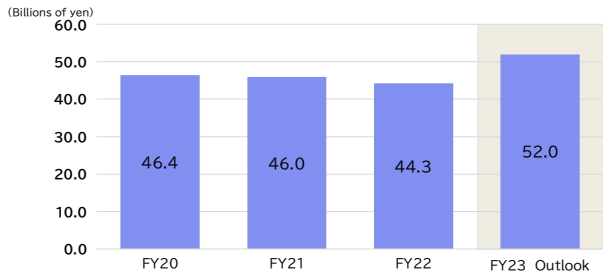
**Manufacturing-related & Wearables**

- Manufacturing solutions: Outlook reflects softness in China business and the effects of investment cutbacks in Europe and North America
- Wearable products: No major change in assumptions
- Microdevices, other: Market inventory adjustments taking longer than expected

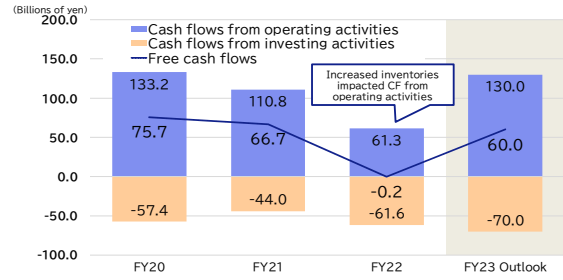
- In visual communications, demand for education projectors is firm. We have raised the revenue outlook to ¥227 billion and the segment profit outlook to ¥38 billion based on anticipated growth in high-brightness models, which will improve the model mix, and the positive effect of a weak yen.
- In manufacturing related and wearables, we lowered the revenue outlook to ¥198 billion and the segment profit outlook to ¥9 billion.
- In manufacturing solutions, the outlook reflects softness in the China business and the effects of investment cutbacks in Europe and North America.
- There is no major change in our assumptions regarding wearable products.
- In microdevices and other, we had expected sales to recover from the second half, but inventory adjustments in the market are taking longer than anticipated. In light of this, we revised our assumptions regarding a recovery, pushing it out to next fiscal year and beyond.



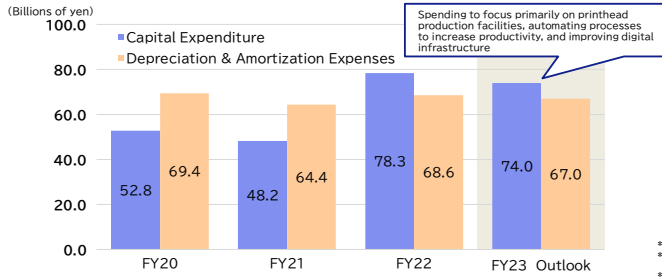
Research & Development Costs



Free Cash Flows



Capital Expenditure and Depreciation and Amortization Expenses



Main Management Indices	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Outlook	FY25 Target
Exchange rate:USD	106.01	112.37	135.44	137.00	-
Exchange rate:EUR	123.67	130.55	140.90	153.00	-
Revenue (Billions of yen)	995.9	1,128.9	1,330.3	1,380.0	-
Business profit (Billions of yen)	61.6	89.6	95.1	100.0	-
Profit for the year attributable to owners of the parent company (Billions of yen)	30.9	92.2	75.0	72.0	-
ROS <sup>*1</sup>	6.2	7.9	7.1	7.2%	over 10%
ROA <sup>*2</sup>	5.6	7.4	7.3	7.3%	-
ROE <sup>*3</sup>	5.9	15.2	10.8	9.5%	over 13%
ROIC <sup>*4</sup>	5.6	7.3	7.1	7.2%	over 11%

\*1 ROS: Business profit / revenue \*2 ROA: 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) After tax business profit, deducting an amount equivalent to the statutory effective tax rate from business profit Equity attributable to owners of the parent company and interest-bearing liabilities are average of beginning and ending balance

Epson 25 Renewed target

- The outlook for R&D costs, capital expenditure, depreciation and amortization, and free cash flow has not changed.
- The outlook for the management indices are as shown here. The ROE outlook is 9.5%.

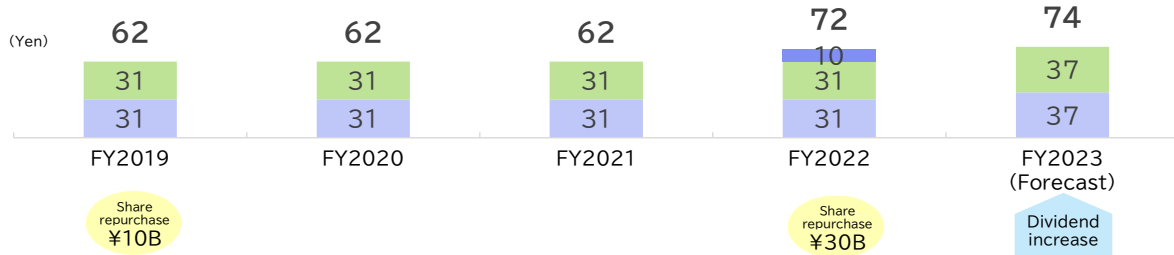
## Basic policy

- Epson will seek to provide investors with high returns after investing in line with the growth strategy.
  - ✓ Dividends: Continue to provide stable dividends, with a consolidated dividend payout ratio\* of about 40% over the mid-term. \* Calculated based on the amount obtained by deducting an amount equivalent to the statutory effective tax rate from business profit
  - ✓ Share repurchase: Agilely purchasing treasury shares as warranted by share price, the capital situation, and other factors.

## Dividend forecast

- FY2022 annual dividend per share: ¥72, including ¥10 anniversary dividend.
- Plan to increase the ordinary dividend by ¥12, for an annual dividend of **¥74** per share in FY2023.

■ Interim dividend ■ Year-end dividend ■ Commemorative dividend(year-end)



- Next, I will explain shareholder returns.
- Epson’s basic policy is endeavor to proactively provide investors with returns after investing in line with the growth strategy.
- We plan to increase the ordinary dividend per share for the 2023 fiscal year by 12 yen, so it will total 74 yen.

## ESG Indices and Ratings Inclusion

## ESG awards / Index Adoption, etc.

- FTSE4Good Index Series
- FTSE Blossom Japan Index
- FTSE Blossom Japan Sector Relative Index
- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Index (WIN)
- S&P/JPX Carbon Efficient Index
- Morningstar Japan ex-REIT Gender Diversity Tilt Index
- SOMPO Sustainability Index
- CDP A Lists (climate change)
- CDP Supplier Engagement Rating Leaderboard
- EcoVadis Platinum Rating for Overall Sustainability
- Development Bank of Japan (DBJ) Environmentally Rated Loan Program Rank A
- RBA\*1 Platinum CSR recognition at main overseas plants (Philippines, Indonesia and Malaysia): 2022
- FY2022 New Energy Award "New Energy Foundation Chairman's Award" (Community Coexistence category): Feb. 2023
- Bronze Award in the Environmentally Sustainable Company category of the 4th ESG Finance Awards Japan: Feb. 2023
- 2023 Health & Productivity Stock Selection \*2: Mar. 2023
- Nikkei 225: from 2017

Now included in all six domestic ESG indexes used by the GPIF

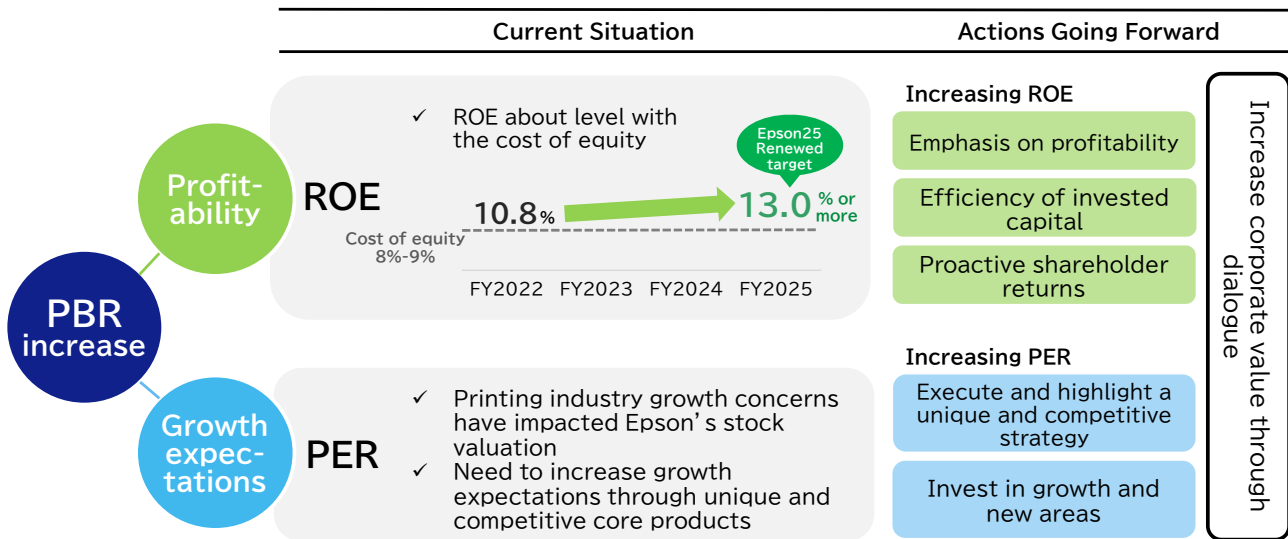


\*1 The Responsible Business Alliance (RBA) is the world's largest industry coalition dedicated to corporate social responsibility in global supply chains.  
\*2 Health Management Objectives and Organization <https://corporate.epson/en/sustainability/our-people/health-and-productivity.html>

- Epson has earned recognition from numerous outside parties.
- In March of this year, the Government Pension Investment Fund newly adopted Morningstar's ESG Japan index. With this, Epson has now been selected for inclusion in all six domestic ESG indexes used by the GPIF.
- We were also included in the FTSE4Good Index Series, a prominent ESG-focused index, for the 20th consecutive year.

- Summary
- First-Quarter Financial Results
- FY2023 full-year financial outlook, shareholder returns
- Policy and actions to increase corporate value

- Increasing the return on capital and expectations of growth based on Epson 25 Renewed



- Finally, I would like to explain about our actions to increase corporate value.
- Epson is increasing corporate value by increasing profitability and growth expectations based on Epson 25 Renewed.
- ROE, which indicates the capital profitability, is staying about level with the cost of equity.  
To improve the equity spread, we aim to achieve a return of more than 13% above the cost of equity for the 2025 fiscal year.
- We see the current price-to-earnings ratio as being impacted by concerns about growth in the printing industry and necessity of nurturing growth expectations through unique and competitive core products. So, we also see raising these expectations as an issue that we need to address.
- I will explain the actions we will take going forward on the following slides.

- Increase profitability and capital efficiency to enhance the equity spread (ROE - cost of equity)

### Emphasis on profitability

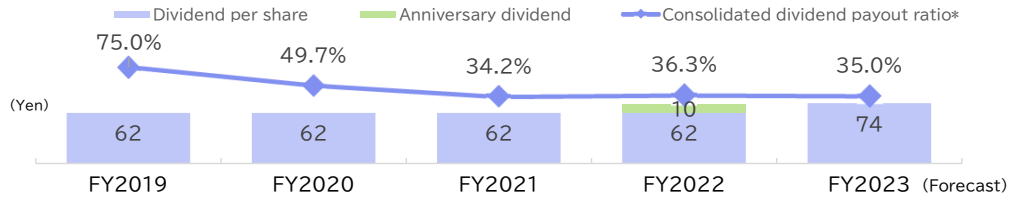
- Emphasize profitability over revenue
- Spend on priorities according to the business portfolio

### Efficiency of invested capital

- Manage the business portfolio to increase efficiency of fund circulation
- Improve CCC by reducing inventories
- Introduce ROIC as a management indicator for each operations division on a trial basis

### Proactive shareholder returns

- Provide investors with high returns after investing in line with the growth strategy
  - ✓ Dividends: Continue to provide stable dividends, with a consolidated dividend payout ratio\* of about 40% over the mid-term.
  - ✓ Share repurchase: Repurchase if necessary, depending on the share price, the capital situation, and other factors.



\* Calculated based on the amount obtained by deducting an amount equivalent to the statutory effective tax rate from business profit

- First, to improve the equity spread, we will increase profitability and capital efficiency.
- In addition to emphasizing profit creation and spending on priorities according to the business portfolio, we will work to improve the cash conversion cycle by reducing inventories.
- In the past, we used ROIC as a Group-wide management metric. From here, however, we will try introducing ROIC as an indicator for operations division level management, to focus management attention even more on capital deployment.
- We will continue to proactively provide investors with high returns after investing in line with the growth strategy.

- Execute and highlight a unique and competitive strategy to foster and increase expectations of growth
- Continue to invest in growth areas and new areas to develop the next main revenue driver

Execute and highlight a unique and competitive strategy.  
Invest in new and growth areas.

- Solve societal issues while also achieving business growth

**Office & home printing innovation**

Drive advances in distributed printing, reduce environmental impacts and increase work productivity



**Commercial & industrial printing innovation**

Lead the digitization of printing to reduce environmental impacts and increase work productivity



**Manufacturing innovation**

Innovate manufacturing by providing highly productive and flexible production systems



**Visual innovation**

Connect people, things, information, and services to support learning, working, and lifestyles



- Accelerate development of new areas through co-creation  
Leverage unique technology to create new value with partners

**Printheads applications**

In addition to selling printheads, collaborate on inkjet with material & equipment manufacturers, universities, research institutions, and government



**Dry Fiber Technology applications**

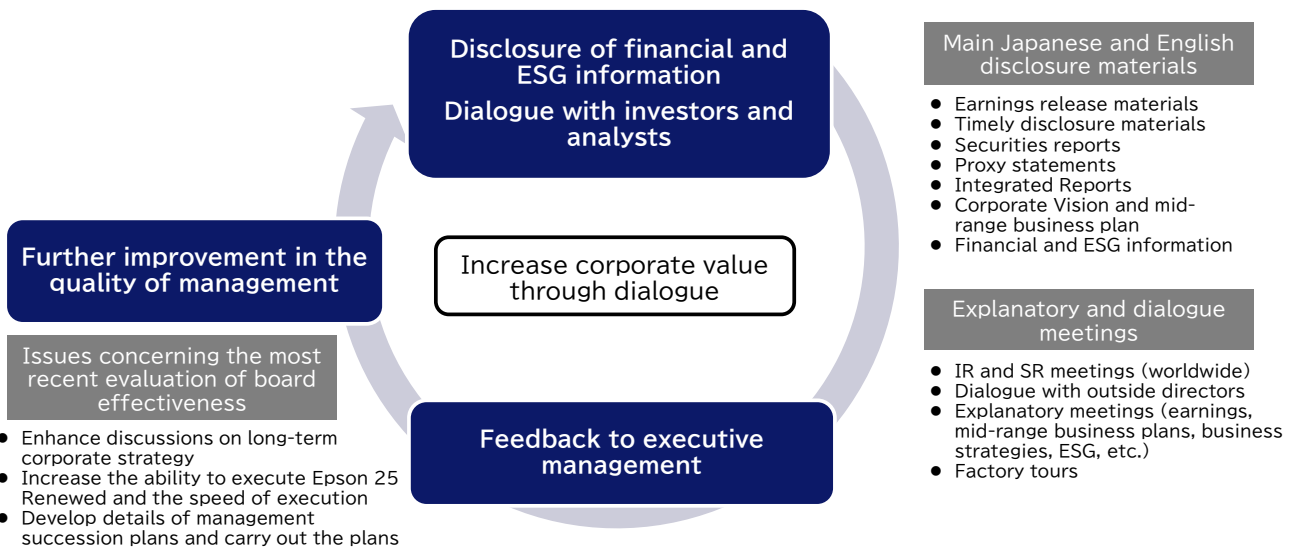
Accelerate efforts toward a sustainable fashion industry by upcycling not only paper but used clothing and other materials, as well

**Collaboration & open innovation**

Invest in robotics, AI, and a wide variety of other fields

- To increase expectations of growth, we will execute and highlight a unique and competitive strategy. We will also continue to invest in growth and new areas to develop the next main revenue driver.
- In addition to seeking business growth by providing innovative solutions to societal issues, we will accelerate the development of new areas through the application of printheads and Dry Fiber Technology, as well as through open innovation and other forms of co-creation.

- Continuously increase corporate value through dialogue with investors



- Epson will emphasize dialogue with capital markets and will enhance disclosures and opportunities for dialogue.
- We will continuously enhance corporate value by improving communication and relationships with investors to implement a cycle for improving the quality of management while also reducing the cost of capital.



**EPSON**

## Reference

---

# Main Product Sales Trends

			FY2022 Q1 Actual	FY2022 Q2 Actual	FY2022 Q3 Actual	FY2022 Q4 Actual	FY2022 Full-Year Actual	FY2023 Q1 Actual	FY2023 Full-year Outlook	
* The indicators in sales trends are based on values tracked internally by Epson			USD EUR	129.64 138.11	138.30 139.28	141.55 144.23	132.28 141.97	135.44 140.90	137.18 149.40	13700 153.00
Office & Home Printing	Office & Home IJP Hardware	Revenue (JPY)	YoY %	+9%	+31%	+42%	+26%	+27%	+1%	+6%
		Revenue (Local Currency)	YoY %	-4%	+12%	+23%	+15%	+12%	-3%	
		Q' ty	YoY %	-19%	-1%	+20%	+10%	+2%	-7%	+2%
		Q' ty (Approx., million)	pcs					17.0		17.3
		High-capacity ink tank printers	pcs					12.4		13.3
		SOHO/ Home I/C model	pcs					4.3		3.6
		Office shared IJP	pcs					0.3		0.4
	Office & Home IJP Ink	Revenue within office & home IJP Ink/(HW+Ink)	Composition ratio					36%		35%
		Revenue (JPY)	YoY %	+3%	+3%	+2%	+6%	+3%	+9%	+2%
		Revenue (Local Currency)	YoY %	-6%	-9%	-8%	-2%	-7%	+5%	
Visual Communications	Projectors Hardware	Revenue (JPY)	YoY %	+13%	+60%	+40%	+40%	+38%	+17%	+5%
		Revenue (Local Currency)	YoY %	+0%	+37%	+21%	+28%	+21%	+12%	
		Q' ty	YoY %	-3%	+22%	+4%	+19%	+10%	+4%	+5%
		Q' ty (Approx., million)	pcs					1.9		2.0

# Financial Data (FY2022, FY2023)

EPSON

(Billions of yen)

		FY2022 Q1 Actual	FY2022 Q2 Actual	FY2022 Q3 Actual	FY2022 Q4 Actual	FY2022 Full-year Actual	FY2023 Q1 Actual	FY2023 Q2 Actual	FY2023 Q3 Actual	FY2023 Q4 Actual	FY2023 Full-year Outlook
Exchange rate (yen)	USD	129.64	138.30	141.55	132.28	135.44	137.18				137.00
	EUR	138.11	139.28	144.23	141.97	140.90	149.40				153.00
Printing Solutions	Revenue	197.6	215.5	249.0	240.1	902.3	215.1				958.0
	Segment profit	21.0	18.6	27.3	22.2	89.3	22.3				115.0
Office & Home Printing	Revenue	143.1	151.1	184.4	174.6	653.4	149.8				680.0
	Business profit	16.4	10.1	17.3	10.7	54.6	12.6				68.0
Commercial & Industrial Printing	Revenue	54.5	64.3	64.6	65.3	248.9	65.3				278.0
	Business profit	4.6	8.5	10.0	11.5	34.6	9.7				47.0
Visual Communications	Revenue	45.6	63.5	60.1	47.5	216.8	52.9				227.0
	Segment profit	6.4	12.7	9.7	6.0	34.8	6.7				38.0
Manufacturing-related & wearables	Revenue	56.0	57.2	52.7	49.5	215.4	47.3				198.0
	Segment profit	8.6	9.4	7.6	2.6	28.3	0.7				9.0
Corporate expenses & Others, eliminations	Revenue	-1.4	-1.0	-0.6	-1.2	-4.3	-0.5				-3.0
	Segment profit	-13.4	-13.9	-13.4	-16.5	-57.3	-14.3				-62.0
Consolidated total	Revenue	297.8	335.2	361.2	335.9	1,330.3	314.8				1,380.0
	Business profit	22.6	26.8	31.2	14.3	95.1	15.5				100.0
	ROS	7.6%	8.0%	8.6%	4.3%	7.1%	5.0%				7.2%
R&D Costs		10.9	11.3	11.1	10.9	44.3	10.9				52.0
Capital Expenditures	Printing Solutions	7.8	9.2	10.6	19.6	47.4	6.7				44.0
	Visual Communications	1.4	1.3	1.1	3.4	7.3	1.2				7.0
	Manufacturing-related & wearables	1.7	3.0	3.3	6.7	14.9	1.6				15.0
	Corporate expenses & Others	1.7	1.7	2.5	2.7	8.7	0.9				8.0
Depreciation & amortization Expense	Printing Solutions	10.1	10.4	10.6	10.2	41.3	10.3				40.0
	Visual Communications	2.7	2.6	2.5	2.3	10.2	2.4				10.0
	Manufacturing-related & wearables	2.3	2.4	2.5	2.5	9.9	2.5				10.0
	Corporate expenses & Others	1.8	1.7	1.7	1.7	7.0	1.7				7.0
Operating CF		-12.3	33.3	14.9	25.3	61.3	27.3				130.0
FCF		-30.9	18.6	2.3	9.6	-0.2	6.3				60.0

## Revenue to customers outside of Japan

Exchange rate	USD	109.46	110.08	113.71	116.21	129.64	138.30	141.55	132.28	137.18
(yen)	EUR	131.91	129.77	130.08	130.45	138.11	139.28	144.23	141.97	149.40

Revenue (Billions of yen)	FY21/Q1	FY21/Q2	FY21/Q3	FY21/Q4	FY22/Q1	FY22/Q2	FY22/Q3	FY22/Q4	FY23/Q1	YoY
The Americas	85.2	80.1	81.0	86.2	100.0	111.5	114.3	111.0	106.9	+6.8
Europe	58.3	57.1	62.3	61.7	57.3	68.3	78.5	78.0	62.1	+4.8
Asia/ Oceania	86.8	78.9	84.4	77.2	88.4	100.5	100.9	89.1	92.8	+4.4
Total revenue to customers outside of Japan	230.4	216.2	227.8	225.2	245.7	280.4	293.8	278.2	261.9	+16.1
<b>Consolidated revenue</b>	<b>282.1</b>	<b>268.4</b>	<b>296.1</b>	<b>282.1</b>	<b>297.8</b>	<b>335.2</b>	<b>361.2</b>	<b>335.9</b>	<b>314.8</b>	<b>+16.9</b>

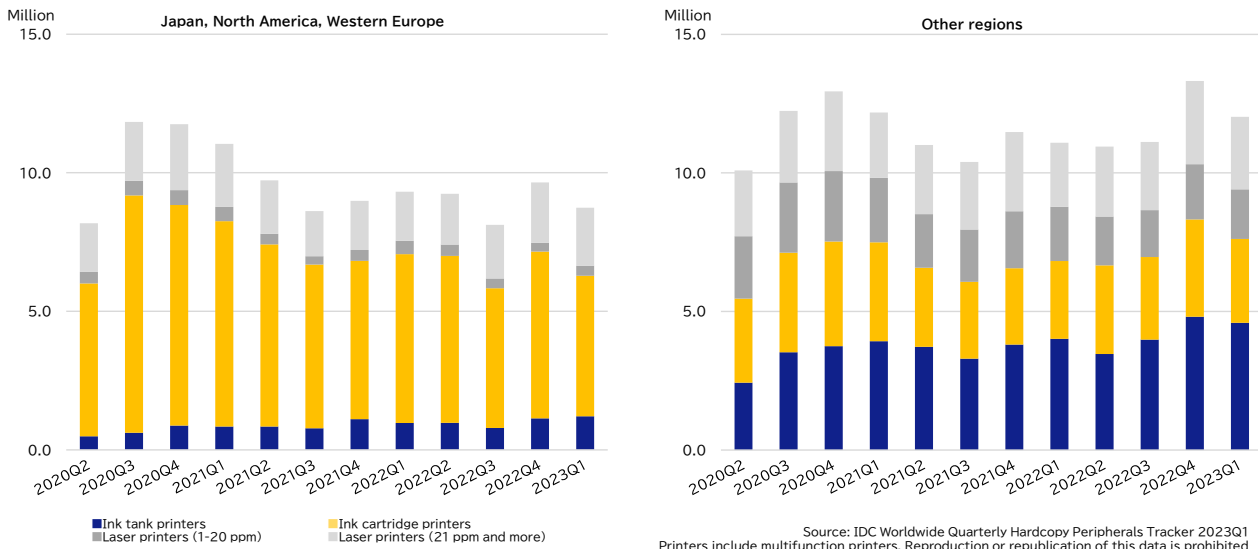
% of revenue to consolidated revenue	FY21/Q1	FY21/Q2	FY21/Q3	FY21/Q4	FY22/Q1	FY22/Q2	FY22/Q3	FY22/Q4	FY23/Q1
The Americas	30.2%	29.9%	27.4%	30.6%	33.6%	33.3%	31.6%	33.1%	34.0%
Europe	20.7%	21.3%	21.0%	21.9%	19.2%	20.4%	21.8%	23.2%	19.7%
Asia/ Oceania	30.8%	29.4%	28.5%	27.4%	29.7%	30.0%	27.9%	26.5%	29.5%
<b>Total</b>	<b>81.7%</b>	<b>80.6%</b>	<b>76.9%</b>	<b>79.8%</b>	<b>82.5%</b>	<b>83.7%</b>	<b>81.3%</b>	<b>82.8%</b>	<b>83.2%</b>

## Number of employees

Number of employees at period end (person)	End of Jun 2021	End of Sep 2021	End of Dec 2021	End of Mar 2022	End of Jun 2022	End of Sep 2022	End of Dec 2022	End of Mar 2023	End of Jun 2023	YoY
Japan	19,827	19,805	19,788	19,705	20,128	20,131	20,174	20,124	20,633	+505
Non-Japan	60,813	60,000	59,917	57,937	59,887	62,742	64,308	59,782	57,932	-1,955
<b>Consolidated total</b>	<b>80,640</b>	<b>79,805</b>	<b>79,705</b>	<b>77,642</b>	<b>80,015</b>	<b>82,873</b>	<b>84,482</b>	<b>79,906</b>	<b>78,565</b>	<b>-1,450</b>

## A4 printer main unit market trend by region

All graphs show calendar year



# Business Segments

Innovation	Office & Home Printing Innovation	Commercial & Industrial Printing Innovation	Visual Innovation	Manufacturing Innovation	Lifestyle Innovation		
Segment	Printing Solutions		Visual Communications	Manufacturing-related & Wearables			
Business/ Major Products	<b>Office &amp; Home Printing</b> <b>Office &amp; Home IJP</b> SOHO / Home  <b>Office Shared</b>  PaperLab  Laser Printer	<b>Commercial &amp; Industrial Printing</b> <b>Commercial &amp; Industrial IJP</b> Finished Products Photo Corporate  Signage Label Printer  Textile Label Press  <b>Printhead Sales Business</b> Inkjet Printhead, Ink  <b>Small Printer, Others</b> Small Printer (POS) Portable Label Printer	<b>Projectors</b>  High Brightness  Ultra Short Throw  Standard  Home  Small Projector Lighting  <b>HMD</b> 	<b>Manufacturing Solutions</b> <b>Robots</b>  SCARA  6-axis  <b>Options</b>  <b>Micro Injection molder</b> 	<b>Wearable Products</b> <b>Orient Star Orient</b>  <b>Movement</b>  <b>Seiko Business</b> 	<b>Microdevices, Others</b> <b>Microdevices</b>  Quartz Crystal Devices  Semiconductors  <b>Superfine Alloy Powder</b>  Surface Finishing 	<b>PC</b>  Epson Direct PC

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



**EPSON**