

EPSON

Second Quarter Financial Results Fiscal Year 2023 (Ending March 2024)

October 27, 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**
- Second-Quarter Financial Results
- FY2023 full-year financial outlook, shareholder returns
- Topics

■ Q2 results

¥323.6B in revenue and ¥8.8B in business profit

- Global economic growth slowed due to factors including high inflation, and SOHO and home IJP sales fell short due to overall excess channel inventory, including that of competitors' products.
- Negative impact to profit from write-downs of slow-moving stock in conjunction with the shortfall in sales.

■ FY2023 full-year outlook

¥1,360.0B in revenue and ¥80.0B in business profit (revised downward)

- Business profit is forecast to expand from ¥24.4B in the first half to ¥55.5B in the second half.
- The main environmental changes from the first to the second halves
 - ✓ In the second half, excess channel inventory, including that of competitors, will be alleviated, and we expect to expand sales of SOHO & home IJPs with flexible promotions in the peak period. We also forecast a reversal of write-downs due to a reduction in slow moving stock.
 - ✓ Transportation costs will decrease due the effect of revised ocean freight rates.

- This is a summary of the key points in today's presentation.
- The second quarter was marked by high inflation, which contributed to a global economic slowdown that impacted all of our businesses.
- SOHO & home inkjet printer sales fell short of expectations due to excess channel inventory, including that of our competitors' products.
- Profit was negatively impacted by an increase in write-downs of slow-moving stock in conjunction with the shortfall in sales.
- Given the environmental changes of the second quarter, we have lowered the 2023 full-year financial outlook for business profit to ¥80 billion.
- In the second half, as the excess channel inventory decreases, we expect to expand sales of SOHO & home IJPs with flexible promotions in the peak year-end period. We also expect a reversal of write-downs from a decrease in slow moving stock.
- Our transportation costs will decrease due to the effect of revised ocean freight rates.

- Summary
- **Second-Quarter Financial Results**
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Financial Highlights (Second Quarter)

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(Billions of yen)	FY2022		FY2023		Change	
	Q2 Actual	%	Q2 Actual	%	YoY	%
Revenue	335.2		323.6		-11.5	-3.4%
Business profit	26.8	8.0%	8.8	2.7%	-18.0	-67.1%
Profit from operating activities	27.9	8.3%	8.2	2.5%	-19.7	-70.6%
Profit before tax	34.6	10.3%	10.0	3.1%	-24.6	-70.9%
Profit for the period attributable to owners of the parent company	23.7	7.1%	7.2	2.3%	-16.4	-69.2%
EPS*1 (yen)	68.87		21.99			
Exchange rate (yen, index)	USD	¥138.30	¥144.47			
	EUR	¥139.28	¥157.20			
	Other currencies*2	100	106			
Exchange effect (Billions of yen)	USD	EUR	Other currencies	Total		
Revenue	+4.4	+6.0	+4.6	+15.1		
Business profit	-1.1	+3.6	+3.1	+5.7		

- Business profit
 - Effects of lower revenue, higher SG&A expenses
- Profit before tax
 - Foreign exchange gains (finance income) were recognized due to yen depreciation.

*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

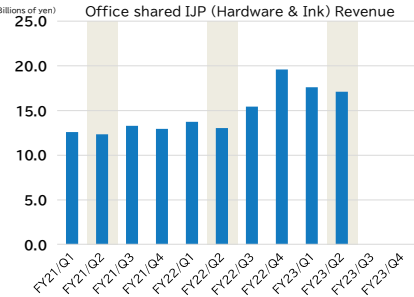
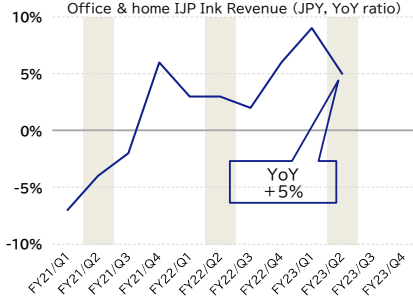
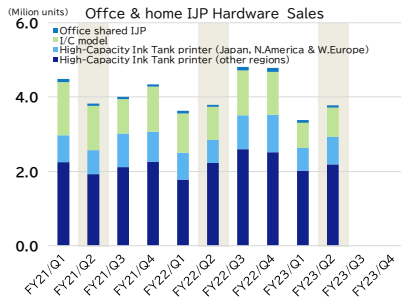
- First, I will explain our second-quarter results.
- Revenue was ¥323.6 billion, down ¥11.5 billion year on year. Business profit was ¥8.8 billion, down ¥18.0 billion, mainly as a result of lower revenue and higher SG&A expenses associated with stepped up business activity.
- Foreign exchange effects had a ¥15.1 billion positive impact on revenue and a ¥5.7 billion positive impact on business profit.
- Profit for the period was ¥7.2 billion partly because we recorded foreign exchange rate gains due to the progressively weaker yen.
- Revenue fell short of the internal plan on which the previous outlook was based, because sales of office and home inkjet printers and projectors ended below forecast. Business profit fell short about ¥10 billion primarily because of an increase in write-downs on slow moving stock associated with the shortfall in sales.

(Billions of yen)					
Printing Solutions	Q2/FY2022 Actual	Q2/FY2023 Actual	YoY	Exchange effect	YoY ratio
Revenue	215.5	222.1	+6.6	+11.0	+3.1%
Segment profit	18.6	15.0	-3.6	+3.9	-19.5%
ROS	8.7%	6.8%			

Office & Home Printing	Q2/FY2022 Actual	Q2/FY2023 Actual	YoY	Exchange effect	YoY ratio
Revenue	151.1	156.9	+5.7	+8.1	+3.8%
Office & home IJP (SOHO, Home IJP) ¹⁾	121.0	122.1	+1.1		+0.9%
Office & home IJP (Office Shared IJP) ²⁾	13.0	17.1	+4.0		+31.4%
Other ³⁾	17.1	17.6	+0.5		+3.1%
Business profit	10.1	6.2	-3.8	+2.5	-38.4%
ROS	6.7%	4.0%			

- Office & Home Printing
 - IJP hardware revenue was +3% (-2% on a local currency basis). Unit sales of ink cartridge printers decreased but unit sales of high-capacity ink tank printers and office shared printers increased. Overall, revenue was flat year on year.
 - IJP ink sales was +5% (-1% on a local currency basis) due to an increase in the number of high-capacity ink tank printers and office shared printers in the field.
 - Office shared printer revenue increased mainly because unit supply constraints eased, sales of new products in the medium-speed zone grew, and ink sales increased.
 - Profit decreased mainly because SG&A expenses increased as we ramped back up business activities.

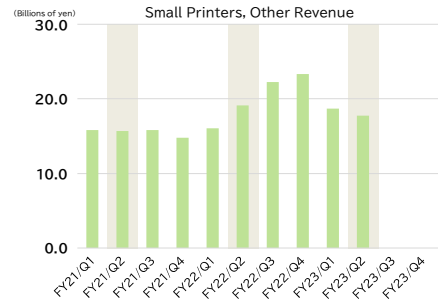
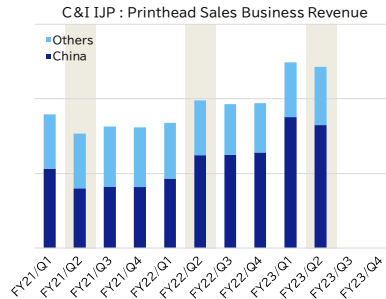
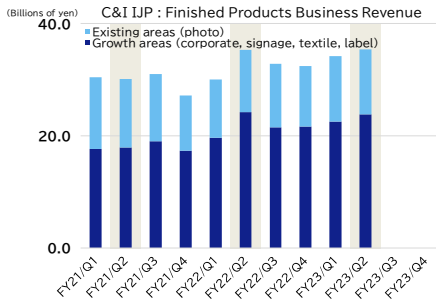
¹⁾I/C printers, High-capacity ink tank printers, Ink, etc. ²⁾LJI, RIPS, I/C printers, Ink, etc. ³⁾Scanners, SDDMs, LPS, Dry-process office papermaking systems



- The results for printing solutions are shown here.
- Revenue was ¥222.1 billion, up ¥6.6 billion year on year. Segment profit was ¥15.0 billion, down ¥3.6 billion year on year.
- In office & home printing, revenue increased but profit decreased.
- Inkjet printer hardware revenue increased, helped by foreign exchange effects.
 - Unit sales of ink cartridge printers decreased, but unit sales of high-capacity ink tank printers and office shared printers expanded, resulting in revenue that was flat year on year. Average selling prices remained high in the same period last year. They have since fallen slightly on a local currency basis, but the drop has been limited in part by an improvement in the model mix.
- Ink revenue increased by 5%. 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 and ink for office shared printers.
- Office shared printer revenue increased as a result of an easing of hardware supply constraints, growth in sales of new products in the medium-speed zone, and increased ink sales.
- Despite revenue growth, business profit in office and home printing decreased mainly because of an increase in SG&A expenses as business activities ramped back up to normal levels.
- Revenue fell short of the internal plan because inkjet printer unit sales missed the forecast due to the effects of excess channel inventory, including that of competitors' products. Business profit ended well below the plan chiefly because of the increase in write-downs of slow-moving stock due to the shortfall in sales.

Commercial & Industrial Printing	(Billions of yen)		YoY	Exchange effect	YoY ratio
	Q2/FY2022 Actual	Q2/FY2023 Actual			
Revenue	64.3	65.2	+0.9	+2.9	+1.5%
Commercial & industrial IJP	45.2	47.5	+2.2		+5.1%
Small printers, other	19.1	17.7	-1.3		-7.1%
Business profit	8.5	8.7	+0.2	+1.3	+3.0%
ROS	13.2%	13.4%			

- Commercial & Industrial Printing
 - Commercial and industrial IJP finished products revenue, which was impacted by curtailed investment by higher interest rates, ended flat year on year.
 - Printhead sales steadily expanded to Chinese printer manufacturers that are also exporting to emerging markets.
 - Small printers & other revenue decreased due to the impact of curbed investment on demand in the retail and food service industries.



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- Commercial and industrial printing revenue and business profit were both flat year on year.
- Commercial and industrial IJP finished products revenue was impacted by curtailed investment due to factors such as higher interest rates and ended flat year on year as shown in the graph on the left.
- As shown in the center graph, printhead sales recorded revenue growth on steadily expanding sales to Chinese printer manufacturers that are also exporting to emerging markets.
- Small printers and other revenue decreased due to the impact of curbed investment on demand in the retail and food service industries.
- Revenue in the printhead sales business exceeded the internal plan, but results in the finished products business and small printers and other category fell short, resulting in both overall revenue and business profit underperforming versus the plan.

		(Billions of yen)			
Visual Communications	Q2/FY2022 Actual	Q2/FY2023 Actual	YoY	Exchange effect	YoY ratio
Revenue	63.5	57.3	-6.1	+2.9	-9.8%
Segment profit	12.7	7.9	-4.8	+1.4	-37.8%
ROS	20.0%	13.8%			

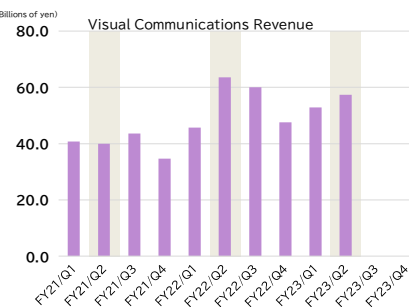
◆Projector sales trends¹

	Q2/FY2022 Actual	Q2/FY2023 Actual
Revenue(JPY)	+60%	-10%
Revenue(LC)	+37%	-15%
Q'ty	+22%	-10%

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

		(Billions of yen)			
Manufacturing-related & Wearables	Q2/FY2022 Actual	Q2/FY2023 Actual	YoY	Exchange effect	YoY ratio
Revenue	57.2	45.2	-11.9	+1.2	-20.9%
Manufacturing Solutions ²	8.4	5.6	-2.7		-33.1%
Wearable Products	9.3	9.1	-0.2		-2.3%
Microdevices, Other	35.1	26.3	-8.8		-25.1%
PC	5.3	5.1	-0.2		-4.8%
Inter-segment revenue	-1.1	-0.9	+0.1		-
Segment profit	9.4	1.0	-8.4	+0.3	-89.3%
ROS	16.4%	2.2%			

- Visual Communications
- Compared to the same period last year, when progress was made in reducing the backlog of orders, unit sales this quarter decreased in part due to weakened demand in the home and office markets, as well as the North American education market.



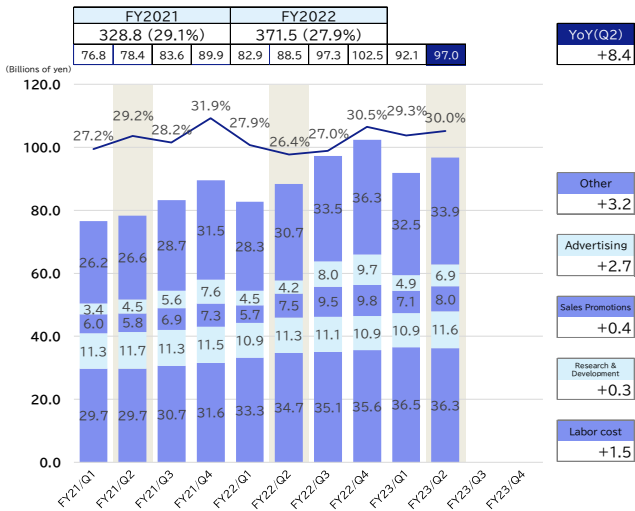
- Manufacturing-Related & Wearables
- Manufacturing solutions: Sales in China decreased.
- Wearable products: Markets remained soft, and revenue was flat year on year.
- Microdevices and other: Unit sales decreased due to market inventory adjustments.

- Visual communications revenue was ¥57.3 billion, down ¥6.1 billion compared to the same period last year, when progress was made in reducing the backlog of orders. This was a result of a decrease in unit sales this quarter in part due to weakened demand in the home and office market, as well as the education market in North America.
- Segment profit was ¥7.9 billion, down ¥4.8 billion.
- Both revenue and segment profit fell short of the internal plan.
- In manufacturing-related and wearables, we recorded ¥45.2 billion in revenue, a decrease of ¥11.9 billion.
- Revenue in manufacturing solutions decreased because sales to electronic equipment manufacturers in China fell as a result of a soft consumer electronics market.
- With no major changes in the market environment, revenue in wearable products was flat year-on-year.
- Microdevices and other revenue decreased because of a decline in unit sales of crystal devices and semiconductors due to market inventory adjustments.
- Segment profit was ¥1.0 billion, a decrease of ¥8.4 billion, largely because of lower revenue in microdevices.
- Both revenue and segment profit were generally in line with our internal plan.

Selling, General & Administrative Expenses Business Profit Change Cause Analysis

SG&A
- Expenses increased due to foreign exchange effects (+¥3.3B) and the return to normal business activities.

Selling, General and Administrative Expenses Trend



Business Profit Changes



Sales volume changes
+ Office & home IJPs, printheads, etc.
- Microdevices, projectors, robots, etc.

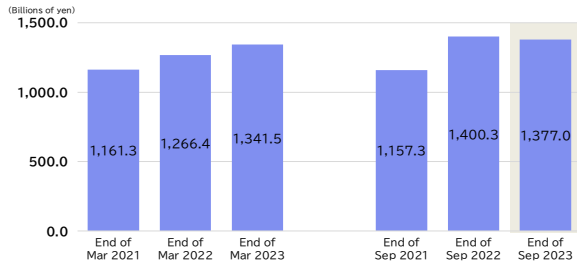
Price changes
+ Watches, etc.
- Office & home IJPs, projectors, etc.

Cost changes, other
+ Manufacturing costs (labor costs, transportation costs)
- Inventory effects

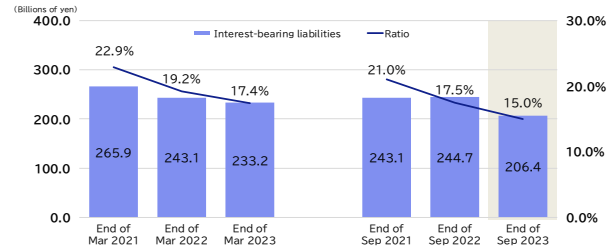
- The graph on the left shows the trend in selling, general and administrative expenses.
- SGA expenses increased mainly because, in addition to foreign exchange effects, we spent more on advertising to increase awareness of high-capacity ink tank printers as business activities ramped back up.
- We will be spending flexibly and efficiently in accordance with environmental changes.
- Let's look at the change factors that affected business profit.
- Printhead and office and home inkjet printer volumes had a positive impact on business profit, but most products had a negative impact.
- Prices of products such as office and home inkjet printers negatively impacted business profit.
- Cost change and other factors had a positive effect on profit owing to reduced manufacturing costs resulting from lower labor costs and transportation expenses. However, this was outweighed by the negative impact from inventory effects.

Statements of Financial Position

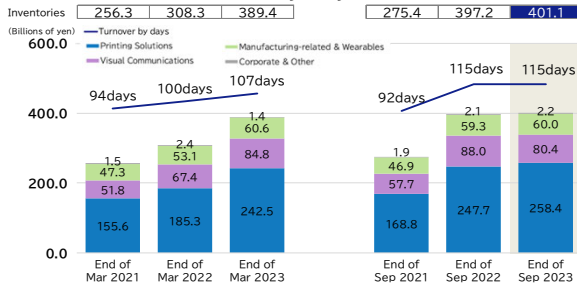
Total assets



Interest-bearing liabilities and ratio of interest-bearing liabilities



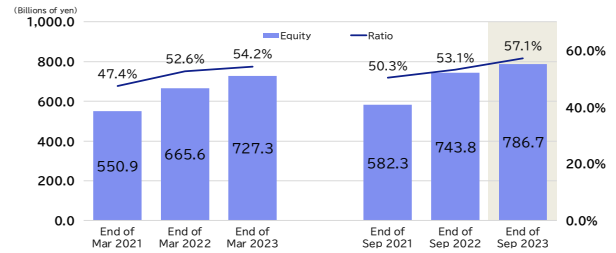
Inventories / Turnover by days



Net Cash



Equity and equity ratio attributable to owners of the parent company



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

- The major items on the statements of financial position were as shown here.
- Even though we made production adjustments and limited parts procurement, inventories are high because of the shortfall in sales. In the second half, as we head into the peak period, we will strive to reduce inventories by strengthening sales activities.

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- Second-Quarter Financial Results
- **FY2023 full-year financial outlook, shareholder returns**
- Topics

FY2023 Financial Outlook

(Billions of yen)	FY2022		FY2023				Change	
	Actual	%	Previous (7/28)Outlook	%	Current (10/27)Outlook	%	YoY	vs. 7/28Outlook
Revenue	1,330.3		1,380.0		1,360.0		+29.6 +2.2%	-20.0 -1.4%
Business profit	95.1	7.1%	100.0	7.2%	80.0	5.9%	-15.1 -15.9%	-20.0 -20.0%
Profit from operating activities	97.0	7.3%	96.0	7.0%	80.0	5.9%	-17.0 -17.6%	-16.0 -16.7%
Profit before tax	103.7	7.8%	101.0	7.3%	91.0	6.7%	-12.7 -12.3%	-10.0 -9.9%
Profit for the year attributable to owners of the parent company	75.0	5.6%	72.0	5.2%	65.0	4.8%	-10.0 -13.4%	-7.0 -9.7%
EPS*1 (yen)	220.75		217.18		196.01			
Exchange rate (yen, index)	USD	¥135.44	¥137.00		¥145.00			
	EUR	¥140.90	¥153.00		¥156.00			
	Other currencies*2	100	103		107			
Exchange sensitivity*3 (Billions of yen)	USD		EUR		Other currencies		Exchange effect (Billions of yen)	
Revenue	-3.3		-1.5		-4.2		+75.0	
Business profit	+0.9		-0.9		-1.8		+25.0	

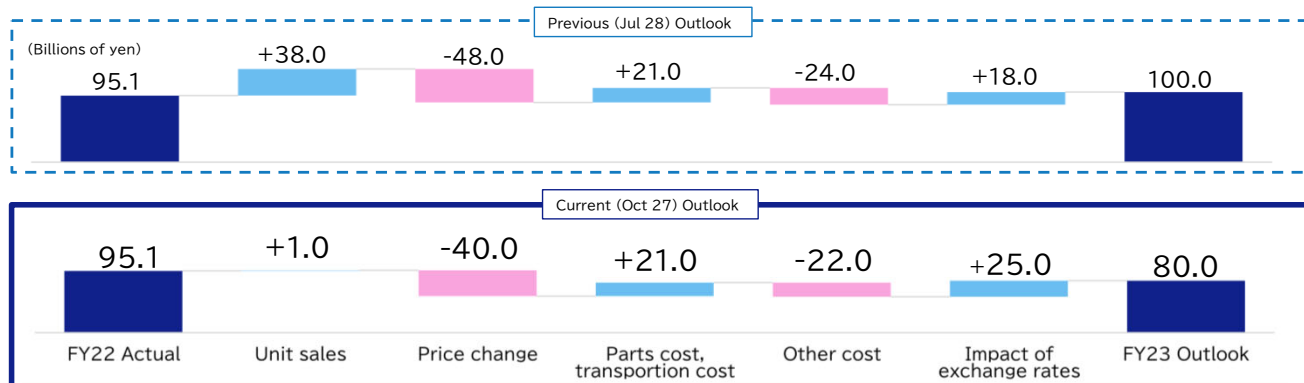
- Profit from operating activities & profit before tax
- Foreign exchange loss revised

*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 Q3(yen)	USD	EUR
	149.00	158.00

- The slide shows the fiscal 2023 full-year financial outlook.
- We have forecast ¥1,360 billion in revenue and ¥80 billion in business profit.
- As a result of having revised the foreign exchange loss forecast, we now anticipate ¥65 billion in profit for the period.
- Given the recent situation, we revised our foreign exchange assumptions to rates of 149 yen to the US dollar and 158 yen to the euro from the third quarter.

- Unit sales decreased from the previous outlook.
- Prices are still expected to decrease in the second half, but the higher than expected prices in 2Q are reflected in the profit outlook.
- The negative impact on profit from inventory effects is reflected in “other costs,” but this is outweighed by the positive impact of controlled manufacturing and sales-related expenses due to the revision of sales quantities and the strict selection of spending projects.
- Positive foreign exchange effects due to the weak yen were factored in.



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- I will explain the changes in assumptions from the previous outlook based on the factors that affect business profit.
- Unit sales decreased from the previous outlook.
- We still expect prices to decrease in the second half, but the higher than expected prices in the second quarter are reflected in price changes.
- The negative impact on profit from inventory effects is reflected in “other costs,” but this is outweighed by the positive impact of controlled manufacturing and sales-related expenses due to the revision of sales quantities and the strict selection of spending projects.
- After factoring in positive foreign exchange effects due to the weak yen, we now expect ¥80 billion in business profit.

- We see an improvement in the business environment from the first half to the second half.

	First Half	Second Half
Sales	Took more time than expected to work through excess SOHO & home IJP channel inventory, including that of competitors	Excess channel inventory issues will be resolved, increased sales from promotions during the peak demand period
Inventory	Recorded higher than expected write-downs due to an increase in slow moving stock	Reversal of write-downs due to a reduction in slow moving stock
Transportation costs	The effect of revised ocean freight rates were generally as expected, becoming evident in the later period of the first half	The effect of revised ocean freight rates will be reflected throughout the entire second half

- From the first to the second half, there are some environmental changes that will have a substantial impact on business profit.
- In the first half, SOHO & home inkjet printer sales fell short of expectations due to excess channel inventory, including that of our competitors' products. This resulted in higher than expected write-downs of slow-moving stock. Conversely, in the second half, we will expand sales because, in addition to the recent alleviation of excess channel inventory, we will implement sales promotions for the peak year-end period.
- On top of this, we foresee being able to reduce slow moving stock and reverse write-downs primarily as a result of having limited purchase orders for parts and materials and adjusting production.
- Transportation costs are expected to sharply decrease due to the effect of revised ocean freight rates in the second half.

(Billions of yen)

Printing Solutions	FY2022 Actual	FY2023 7/28 Outlook	FY2023 10/27 Outlook	YoY	YoY Ratio	vs.7/28 Outlook
Revenue	902.3	958.0	940.0	+37.6	+4.2%	-18.0
Segment profit	89.3	115.0	98.0	+8.6	9.7%	-17.0
ROS	9.9%	12.0%	10.4%			

Office & Home Printing	FY2022 Actual	FY2023 7/28 Outlook	FY2023 10/27 Outlook	YoY	YoY Ratio	vs.7/28 Outlook
Revenue	653.4	680.0	663.0	+9.5	+1.5%	-17.0
Office & home IJP (SOHO,Home IJP) ^{*1}	519.9	520.0	509.0	-10.9	-2.1%	-11.0
Office & home IJP (Office Shared IJP) ^{*2}	61.7	87.0	83.0	+21.2	+34.3%	-4.0
Other ^{*3}	71.7	73.0	71.0	-0.7	-1.1%	-2.0
Business profit	54.6	68.0	54.0	-0.6	-1.2%	-14.0
ROS	8.4%	10.0%	8.1%			

Commercial & Industrial Printing	FY2022 Actual	FY2023 7/28 Outlook	FY2023 10/27 Outlook	YoY	YoY Ratio	vs.7/28 Outlook
Revenue	248.9	278.0	277.0	+28.0	+11.3%	-1.0
Commercial & industrial IJP	168.1	194.0	197.0	+28.8	+17.1%	+3.0
Small printers, other	80.7	84.0	80.0	-0.7	-0.9%	-4.0
Business profit	34.6	47.0	44.0	+9.3	+26.9%	-3.0
ROS	13.9%	16.9%	15.9%			

*1:I/C printers, High-capacity ink tank printers, Ink, etc. *2:L1L1, RIPS, I/C printers, Ink, etc. *3:Scanners, SIDsMs, I/Ps, Dry-process office papermaking systems

Office & Home Printing

- The IJP unit sales outlook was revised based on factors such as the Chinese economic slowdown, the impact of inflation in Europe and North America, and Q2 excess channel inventory, including that of competitors' products. Office shared IJP outlook reflects moves to optimize channel inventory of competing A4 laser printers
- Ink sales are forecast to increase by 4% YoY after factoring in foreign exchange effects, etc. Continue to expand the number of high print volume office shared IJPs and high-capacity ink tank printers in the field and stabilize revenue.

Office & Home IJP sales trends^{*4}

	FY22 Actual	FY23 7/28 Outlook	FY23 10/27 Outlook
Hardware q'ty			
YoY	+2%	+2%	-4%
Approx., million	17.00	17.30	16.25
SOHO/Home High-capacity ink tank printers	12.40	13.30	12.50
SOHO/ Home I/C model	4.30	3.60	3.40
Office Shared IJP	0.30	0.40	0.35
Ink revenue			
JPY	+3%	+2%	+4%
YoY ratio			
Local currency	-7%		

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

Commercial & Industrial Printing

- Printhead sales are expected to remain strong in China.
- Small printers, other demand forecasts in Europe and North America were lowered due to the impact of high interest rates.

- Next, let's look at the situation segment by segment.
- In printing solutions, we revised the outlook for revenue to ¥940 billion and for segment profit to ¥98 billion.
- We lowered the office and home printing revenue and business profit outlooks.
- We lowered the IJP unit sales outlook down to 16.25 million units based on factors such as the Chinese economic slowdown, the impact of inflation in Europe and North America, and 2nd quarter excess channel inventory, including that of competitors' products.
- We are seeing an alleviation of excess SOHO and home inkjet printer channel inventory. So, we will look to maximize profit in the second half, which is the peak period, by implementing region and time specific promotions and extending sales.
- We will grow unit sales of office shared inkjet printers from last fiscal year, but the latest outlook reflects moves to optimize channel inventory mainly for the competitors' A4 laser printers.
- Office and home inkjet printer ink revenue is expected to increase by 4% from the same period last year including foreign exchange effects. We will continue to strive to expand the number of high print volume office shared printers and high-capacity ink tank printers in the field and stabilize revenue.
- In commercial and industrial printing, sales of printheads in China will remain strong, but we lowered the demand forecast in small printer and other category in Europe and North America due to high interest rates.

(Billions of yen)

Visual Communications	FY2022 Actual	FY2023 7/28 Outlook	FY2023 10/27 Outlook	YoY	YoY Ratio	vs.7/28 Outlook
Revenue	216.8	227.0	227.0	+10.1	+4.7%	-
Segment profit	34.8	38.0	38.0	+3.1	+8.9%	-
ROS	16.1%	16.7%	16.7%			

Visual Communications

- Second-half unit sales were revised to be flat year on year as a result of Q2 demand changes.
- No change in revenue and segment profit outlooks owing to positive foreign exchange effects.

◆Projector Sales Trends^{*1}

	FY2022 Actual	FY2023 7/28 Outlook	FY2023 10/27 Outlook
Hardware q'ty Approx. million	1.90	2.00	1.85
YoY	+10%	+5%	-1%

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

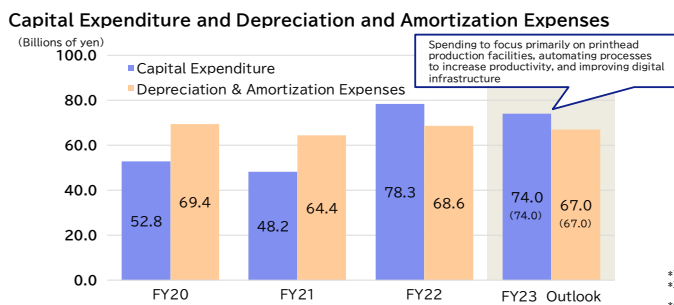
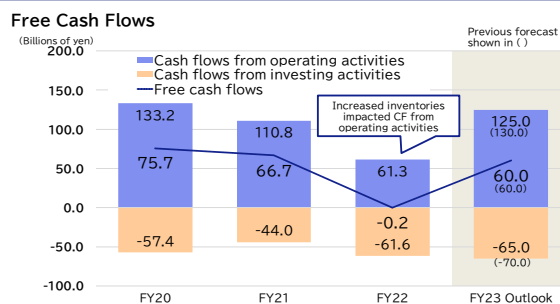
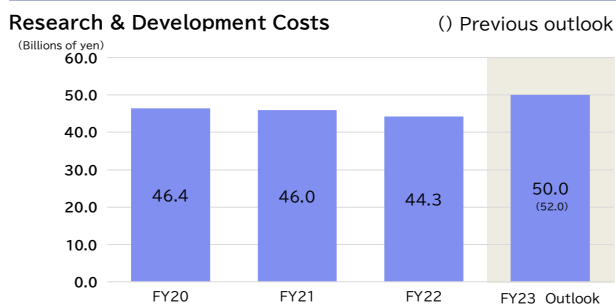
(Billions of yen)

Manufacturing-related & Wearables	FY2022 Actual	FY2023 7/28 Outlook	FY2023 10/27 Outlook	YoY	YoY Ratio	vs.7/28 Outlook
Revenue	215.4	198.0	195.0	-20.4	-9.5%	-3.0
Manufacturing Solutions	30.5	27.0	27.0	-3.5	-11.6%	-
Wearable Products	35.8	35.0	36.0	+0.1	+0.3%	+1.0
Microdevices, Other	130.7	117.0	113.0	-17.7	-13.6%	-4.0
PC	21.9	22.0	22.0	+0.0	+0.4%	-
Inter-segment revenue	-3.6	-3.0	-3.0	+0.6	-	-
Segment profit	28.3	9.0	6.0	-22.3	-78.8%	-3.0
ROS	13.1%	4.5%	3.1%			

Manufacturing-related & Wearables

- Wearable products: The outlook reflects positive foreign exchange effects.
- Microdevices, other: Lower unit sales are forecast because market inventory adjustments are taking longer than expected.

- In visual communications, changes in demand in the second quarter prompted us to revise the second-half unit sales outlook, bringing it in line with that of the same period last year. However, we left the revenue and segment profit outlooks unchanged due to positive foreign exchange effects.
- In manufacturing related and wearables, we lowered the revenue outlook to ¥195 billion and the segment profit outlook to ¥6 billion.
- In the microdevices and other category, we lowered the unit sales forecast because market inventory adjustments are taking longer than expected.



Main Management Indices	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Outlook	FY25 Target
Exchange rate:USD/Yen	106.01	112.37	135.44	145.00	-
Exchange rate:EUR/Yen	123.67	130.55	140.90	156.00	-
Revenue (Billions of yen)	995.9	1,128.9	1,330.3	1,360.0	-
Business profit (Billions of yen)	61.6	89.6	95.1	80.0	-
Profit for the year attributable to owners of the parent company (Billions of yen)	30.9	92.2	75.0	65.0	-
ROS ^{*1}	6.2	7.9	7.1	5.9%	over 10%
ROA ^{*2}	5.6	7.4	7.3	5.8%	-
ROE ^{*3}	5.9	15.2	10.8	8.4%	over 13%
ROIC ^{*4}	5.6	7.3	7.1	5.7%	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

- We reduced the outlook for research and development costs to ¥50 billion. The capital expenditure and depreciation and amortization expense outlooks have not changed.
- Cash flows from operating activities are expected to be lower than previously forecast, but we expect to reduce cash flows from investing activities through careful screening of projects. Because of these, the free cash flow outlook has not changed since the previous outlook.
- The management indices are as shown here. We are forecasting an ROE of 8.4 %.

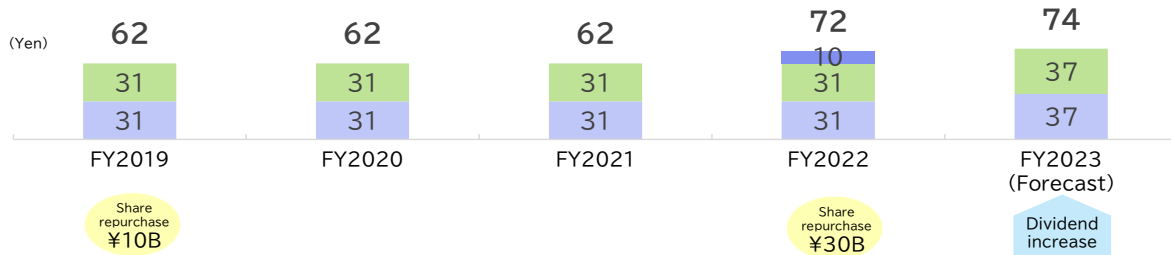
■ Basic policy

- 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.

■ Dividends

- 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 to endeavor to provide investors with high returns after investing in line with the growth strategy.
- As with the previous outlook, we still plan to increase the annual dividend per share from last year at 74 yen.

- Summary
- Second-Quarter Financial Results
- FY2023 full-year financial outlook, shareholder returns
- **Topics**

Environment

Co-creation

New area

Set up “Seiko Epson Corporation x Tohoku University Co-creation Research Center for Sustainable Materials.” This will accelerate the use of composite plastics and help to achieve sustainability in a circular economy.

Environment

New area

Construction work began at Epson Atmix on a new metal refining factory to recycle unwanted metal for use as raw materials. This will contribute to reduced consumption of virgin underground resources.

Growth area

Mature area

Established Epson Middle East FZCO, a new sales company in Dubai to accelerate growth strategies in the Middle East and Africa.



Material Solutions Center that houses the joint research center (Tohoku University Katahira Campus)



Image of New Epson Atmix Factory

- Finally, I would like to share several topics from the second quarter.
- We are looking to realize a circular economy. As a new step in this direction, we collaborated with Tohoku University to set up a research center for sustainable materials, and we have begun construction on a factory that will recycle metal scraps, used metal molds, and other unwanted metals as raw materials.
- We also established a new sales company in Dubai. This will enable us to provide more customers in the Middle East and Africa with small, precise, energy-saving Epson products and services.
- Epson remains committed to finding ways to solve societal issues together with its customers and partners on the road to achieving sustainability and enriching communities.

EPSON

Reference

ESG Indices and Ratings Inclusion

- 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 (Indonesia, Malaysia and Thailand)
- 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



ESG awards / Index Adoption, etc.

*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>

Financial Highlights (First Half)

EPSON

	FY2022		FY2023		Change	
	1H Actual	%	1H Actual	%	YoY	%
(Billions of yen)						
Revenue	633.1		638.5		+5.4	+0.9%
Business profit	49.5	7.8%	24.4	3.8%	-25.0	-50.7%
Profit from operating activities	59.1	9.3%	27.9	4.4%	-31.2	-52.8%
Profit before tax	71.7	11.3%	38.3	6.0%	-33.3	-46.5%
Profit for the period attributable to owners of the parent company	50.3	8.0%	27.4	4.3%	-22.9	-45.5%
EPS*1 (yen)	146.00		82.88			
Exchange rate (yen, index)	USD	¥133.97	¥140.83			
	EUR	¥138.70	¥153.30			
	Other currencies*2	100	104			
Exchange effect (Billions of yen)	USD	EUR	Other currencies	Total		
Revenue	+10.0	+9.7	+7.0	+26.8		
Business profit	-2.2	+5.8	+4.6	+8.2		

*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

1H Financial Results by Business Segment

EPSON

(Billions of yen)

Printing Solutions	1H/FY2022 Actual	1H/FY2023 Actual	YoY	Exchange effect	YoY ratio
Revenue	413.1	437.3	+24.1	+19.2	+5.8%
Segment profit	39.7	37.3	-2.3	+5.2	-6.0%
ROS	9.6%	8.5%			

Office & Home Printing	1H/FY2022 Actual	1H/FY2023 Actual	YoY	Exchange effect	YoY ratio
Revenue	294.3	306.7	+12.4	+13.9	+4.2%
Office & home IJP (SOHO, Home IJP) ^{*1}	233.8	236.3	+2.5		+1.1%
Office & home IJP (Office Shared IJP) ^{*2}	26.7	34.7	+7.9		+29.8%
Other ^{*3}	33.7	35.6	+1.8		+5.6%
Business profit	26.6	18.8	-7.7	+2.9	-29.0%
ROS	9.0%	6.2%			

^{*1}: I/C printers, High-capacity ink tank printers, Ink, etc. ^{*2}: IJ, RIPS, I/C printers, Ink, etc. ^{*3}: Scanners, S/DMs, LPs, Dry-process office papermaking systems

Commercial & Industrial Printing	1H/FY2022 Actual	1H/FY2023 Actual	YoY	Exchange effect	YoY ratio
Revenue	118.8	130.6	+11.7	+5.3	+9.9%
Commercial & industrial IJP	83.6	94.1	+10.4		+12.5%
Small printers, other	35.1	36.4	+1.2		+3.7%
Business profit	13.1	18.4	+5.3	+2.3	+40.7%
ROS	11.1%	14.1%			

1H Financial Results by Business Segment

EPSON

(Billions of yen)

Visual Communications	1H/FY2022 Actual	1H/FY2023 Actual	YoY	Exchange effect	YoY ratio
Revenue	109.1	110.2	+1.0	+5.2	+1.0%
Segment profit	19.1	14.6	-4.4	+2.2	-23.1%
ROS	17.5%	13.3%			

(Billions of yen)

Manufacturing-related & Wearables	1H/FY2022 Actual	1H/FY2023 Actual	YoY	Exchange effect	YoY ratio
Revenue	113.2	92.6	-20.6	+2.5	-18.2%
Manufacturing Solutions	17.4	12.5	-4.8		-27.9%
Wearable Products	19.6	17.9	-1.6		-8.3%
Microdevices, Other	68.6	54.0	-14.5		-21.2%
PC	9.6	9.7	+0.1		+1.3%
Inter-segment revenue	-2.0	-1.8	+0.2		-
Segment profit	18.0	1.7	-16.2	+0.7	-90.0%
ROS	15.9%	1.9%			

Main Product Sales Trends

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

			FY2022 Q1 Actual	FY2022 Q2 Actual	FY2022 Q3 Actual	FY2022 Q4 Actual	FY2022 Full-Year Actual	FY2023 Q1 Actual	FY2023 Q2 Actual	FY2023 Full-year Outlook	
Office & Home Printing	Office & Home IJP Hardware	Revenue (JPY)	USD/¥en EUR/¥en	129.64 138.11	138.30 139.28	141.55 144.23	132.28 141.97	135.44 140.90	137.18 149.40	144.77 157.20	145.00 156.00
		Revenue (Local Currency)	YoY %	+9%	+31%	+42%	+26%	+27%	+1%	+3%	+0%
		Q' ty	YoY %	-19%	-1%	+20%	+10%	+2%	-7%	-0%	-4%
		Q' ty (Approx., million)	units					17.00			16.25
		High-capacity ink tank printers	units					12.40			12.50
		SOHO/ Home I/C model	units					4.30			3.40
	Office shared IJP	units					0.30			0.35	
	Office & Home IJP Ink	Revenue within office & home IJP Ink/(HW+Ink)	Composition ratio					36%			37%
		Revenue (JPY)	YoY %	+3%	+3%	+2%	+6%	+3%	+9%	+5%	+4%
	Visual Communications	Projectors Hardware	Revenue (JPY)	YoY %	+13%	+60%	+40%	+40%	+38%	+17%	-10%
Revenue (Local Currency)			YoY %	+0%	+37%	+21%	+28%	+21%	+12%	-15%	
Q' ty			YoY %	-3%	+22%	+4%	+19%	+10%	+4%	-10%	-1%
Q' ty (Approx., million)			units					1.90			1.85

Financial Data (FY2022, FY2023)

(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	144.47			145.00
	EUR	138.11	139.28	144.23	141.97	140.90	149.40	157.20			156.00
Printing Solutions	Revenue	197.6	215.5	249.0	240.1	902.3	215.1	222.1			940.0
	Segment profit	21.0	18.6	27.3	22.2	89.3	22.3	15.0			98.0
Office & Home Printing	Revenue	143.1	151.1	184.4	174.6	653.4	149.8	156.9			663.0
	Business profit	16.4	10.1	17.3	10.7	54.6	12.6	6.2			54.0
Commercial & Industrial Printing	Revenue	54.5	64.3	64.6	65.3	248.9	65.3	65.2			277.0
	Business profit	4.6	8.5	10.0	11.5	34.6	9.7	8.7			44.0
Visual Communications	Revenue	45.6	63.5	60.1	47.5	216.8	52.9	57.3			227.0
	Segment profit	6.4	12.7	9.7	6.0	34.8	6.7	7.9			38.0
Manufacturing-related & wearables	Revenue	56.0	57.2	52.7	49.5	215.4	47.3	45.2			195.0
	Segment profit	8.6	9.4	7.6	2.6	28.3	0.7	1.0			6.0
Corporate expenses & Others, eliminations	Revenue	-1.4	-1.0	-0.6	-1.2	-4.3	-0.5	-1.0			-2.0
	Segment profit	-13.4	-13.9	-13.4	-16.5	-57.3	-14.3	-15.1			-62.0
Consolidated total	Revenue	297.8	335.2	361.2	335.9	1,330.3	314.8	323.6			1,360.0
	Business profit	22.6	26.8	31.2	14.3	95.1	15.5	8.8			80.0
	ROS	7.6%	8.0%	8.6%	4.3%	7.1%	5.0%	2.7%			5.9%
R&D Costs		10.9	11.3	11.1	10.9	44.3	10.9	11.6			50.0
Capital Expenditures	Printing Solutions	7.8	9.2	10.6	19.6	47.4	6.7	6.4			43.0
	Visual Communications	1.4	1.3	1.1	3.4	7.3	1.2	0.9			8.0
	Manufacturing-related & wearables	1.7	3.0	3.3	6.7	14.9	1.6	2.2			15.0
	Corporate expenses & Others	1.7	1.7	2.5	2.7	8.7	0.9	2.0			8.0
Depreciation & amortization Expense	Printing Solutions	10.1	10.4	10.6	10.2	41.3	10.3	10.3			40.0
	Visual Communications	2.7	2.6	2.5	2.3	10.2	2.4	2.4			10.0
	Manufacturing-related & wearables	2.3	2.4	2.5	2.5	9.9	2.5	2.5			10.0
	Corporate expenses & Others	1.8	1.7	1.7	1.7	7.0	1.7	1.7			7.0
Operating CF		-12.3	33.3	14.9	25.3	61.3	27.3	34.1			125.0
FCF		-30.9	18.6	2.3	9.6	-0.2	6.3	23.5			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	144.47
(yen)	EUR	131.91	129.77	130.08	130.45	138.11	139.28	144.23	141.97	149.40	157.20

Revenue (Billions of yen)	FY21/Q1	FY21/Q2	FY21/Q3	FY21/Q4	FY22/Q1	FY22/Q2	FY22/Q3	FY22/Q4	FY23/Q1	FY23/Q2	YoY
The Americas	85.2	80.1	81.0	86.2	100.0	111.5	114.3	111.0	106.9	106.2	-5.2
Europe	58.3	57.1	62.3	61.7	57.3	68.3	78.5	78.0	62.1	70.8	+2.5
Asia/ Oceania	86.8	78.9	84.4	77.2	88.4	100.5	100.9	89.1	92.8	93.9	-6.6
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	271.0	-9.4
Consolidated revenue	282.1	268.4	296.1	282.1	297.8	335.2	361.2	335.9	314.8	323.6	-11.5

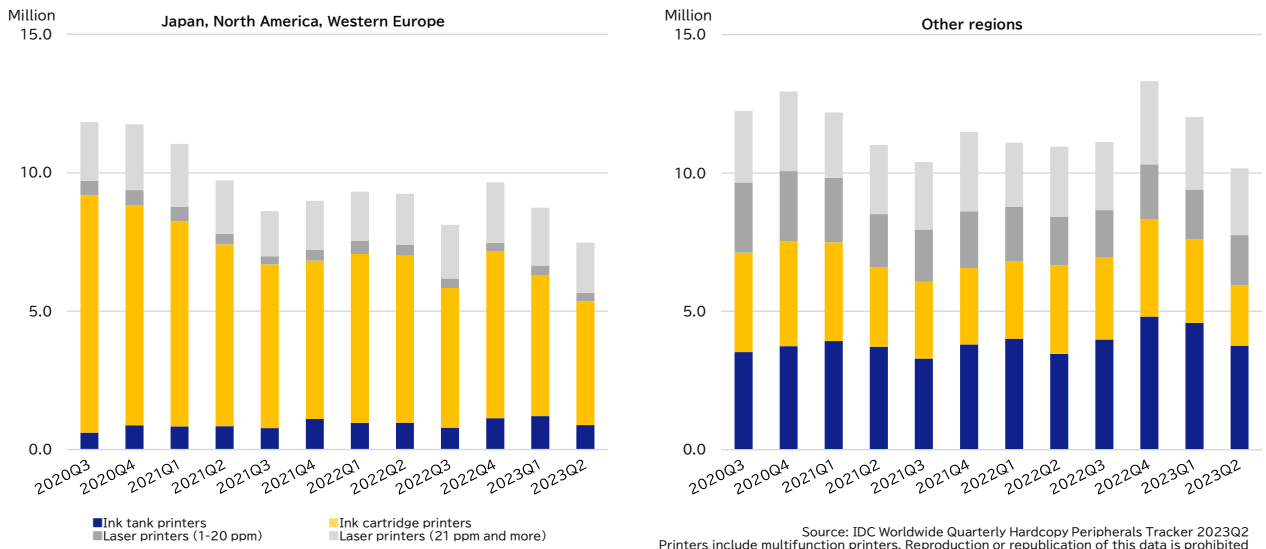
% of revenue to consolidated revenue	FY21/Q1	FY21/Q2	FY21/Q3	FY21/Q4	FY22/Q1	FY22/Q2	FY22/Q3	FY22/Q4	FY23/Q1	FY23/Q2
The Americas	30.2%	29.9%	27.4%	30.6%	33.6%	33.3%	31.6%	33.1%	34.0%	32.8%
Europe	20.7%	21.3%	21.0%	21.9%	19.2%	20.4%	21.8%	23.2%	19.7%	21.9%
Asia/ Oceania	30.8%	29.4%	28.5%	27.4%	29.7%	30.0%	27.9%	26.5%	29.5%	29.0%
Total	81.7%	80.6%	76.9%	79.8%	82.5%	83.7%	81.3%	82.8%	83.2%	83.7%

Number of employees

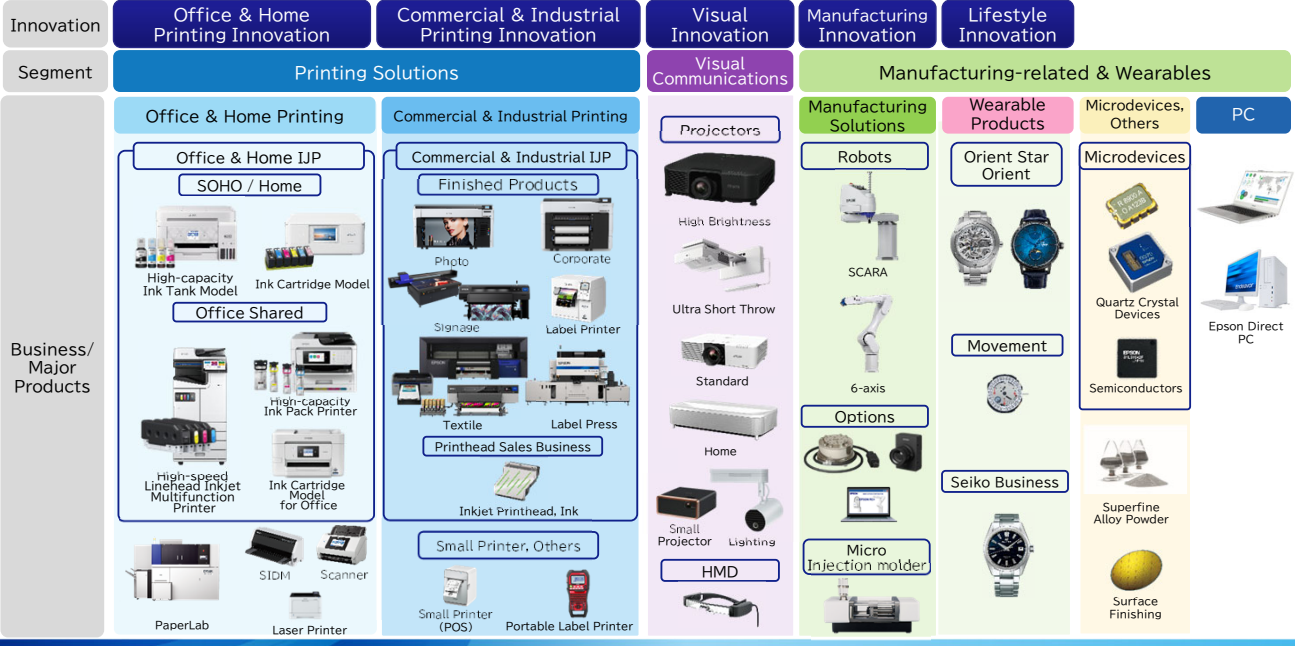
Number of employees at period end (person)	End of Jun 2021	End of Sep 2021	End of Dec 2021	End of Mar 2022	End of Jun 2022	End of Sep 2022	End of Dec 2022	End of Mar 2023	End of Jun 2023	End of Sep 2023	YoY
Japan	19,827	19,805	19,788	19,705	20,128	20,131	20,174	20,124	20,633	20,535	+404
Non-Japan	60,813	60,000	59,917	57,937	59,887	62,742	64,308	59,782	57,932	55,764	-6,978
Consolidated total	80,640	79,805	79,705	77,642	80,015	82,873	84,482	79,906	78,565	76,299	-6,574

A4 printer main unit market trend by region

All graphs show calendar year



Business Segments



I/C	Ink cartridges
IJP	Inkjet printers
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
Commercial & Industrial (C&I) IJP	Inkjet printers, ink, services for commerce and industry
Printhead sales business	Printheads, ink, etc.
Epson Connect	Epson's mobile cloud service for Epson products and services
Color Control Technology	Color management technology that enhances color reproducibility
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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