

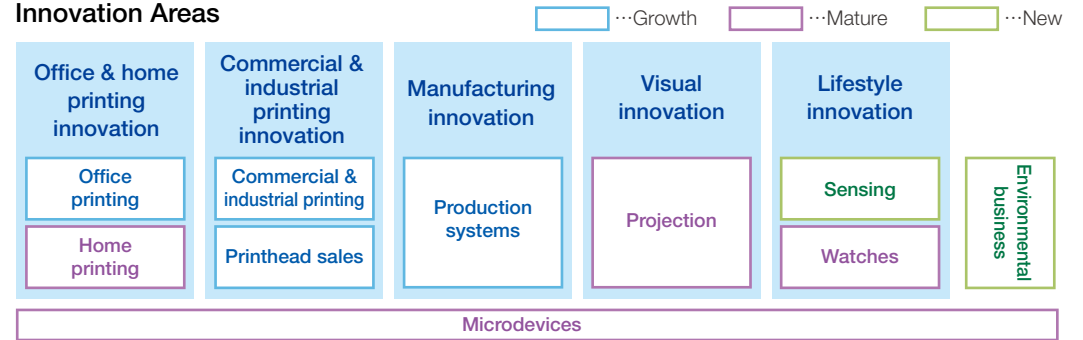
Corporate Vision

# Epson 25 Renewed

Co-creating sustainability and enriching communities to connect people, things, and information by leveraging our efficient, compact, and precision technologies and digital technologies

In March 2021, Epson established the Epson 25 Renewed corporate vision, a strategy for achieving sustainability and enriching communities.

Innovation Areas



## ▶ Epson 25 Renewed

As demand rises for environmental and social solutions and for connectivity and information in an increasingly decentralized world, we will seek to realize our vision by providing individuals, industries, and manufacturers with smart solutions that connect people, things, and information. The environment, DX, and co-creation are key to this vision. We are emphasizing the environment and, on top of that, utilizing digital technology to achieve innovation and collaborate with partners to solve societal issues. The innovation areas were reorganized into five areas from a societal issues and customer perspective, and the businesses in each were grouped into growth, mature, and new areas to enable us to focus most on the core areas of highest priority. We are also reinforcing the business infrastructure that supports these, including sales and marketing, production, and technology development. In addition to adding ROIC (return on invested capital) to our financial targets to promote greater awareness of the cost of capital, we are emphasizing profitability and capital efficiency by clarifying the business portfolio and appropriately allocating management resources.

→ For details on ROIC and business portfolio management, see P28 "CFO Message."

## ▶ FY2021 in Review

Issues Addressed Under Epson 25 Renewed	FY2021 Progress
<ul style="list-style-type: none"> <li>● <b>Strategic evolution of business areas</b> <ul style="list-style-type: none"> <li>• Product planning using customer data</li> <li>• Improve solutions</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Increased the value of products and services and created additional revenue streams by providing subscription services and solutions</li> <li>• Strengthened customer touch points by launching e-commerce sites, and built a mechanism for product creation</li> </ul>
<ul style="list-style-type: none"> <li>● <b>Strengthen company-wide strategy across businesses</b> <ul style="list-style-type: none"> <li>• Formulate strategy centered on solving environmental issues</li> <li>• Provide solutions via DX</li> <li>• Build a co-creation framework</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Switched to 100% renewable electricity in Japan</li> <li>• Developed technologies that utilize paper and recycled plastics to close resource loops</li> <li>• Built digital service infrastructure that strengthens DX customer touch points and creates additional revenue streams</li> <li>• Provided platforms for co-creation</li> <li>• Expanded investment and began collaborations focused on solving societal issues</li> </ul>
<ul style="list-style-type: none"> <li>● <b>Allocate management resources to new areas and growth areas by clarifying the business portfolio</b></li> </ul>	<ul style="list-style-type: none"> <li>• Achieved FY21 targets in the growth &amp; mature areas but not in the new area</li> <li>• Allocated resources to priorities while also investing &amp; spending on future growth based on the strategy in each area</li> </ul>
<ul style="list-style-type: none"> <li>● <b>Strengthen business infrastructure to execute strategy</b> <ul style="list-style-type: none"> <li>• Leverage data to strengthen sales tied to customer support</li> <li>• Recruit and develop diverse human resources</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Developed customer-focused sales &amp; support utilizing digital technology</li> <li>• Hired talent with expertise and assigned them to priority areas</li> </ul>

## Epson 25 Renewed Corporate Vision

### Environmental Initiatives

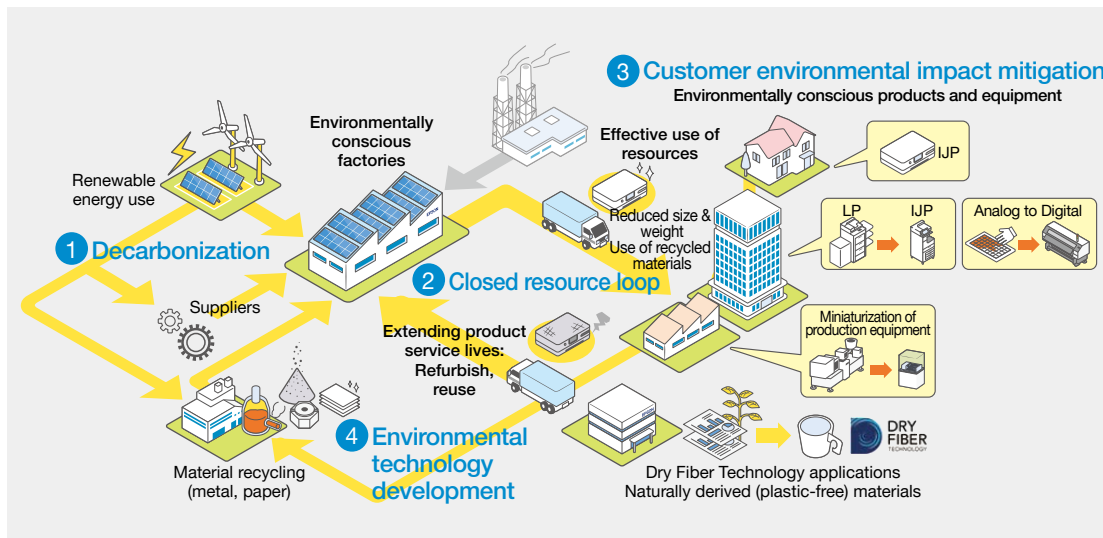


Promote decarbonization and close the resource loop, develop environmental technologies, and provide products and services that reduce environmental impacts

Declaration 50 of the 2030 Agenda for Sustainable Development states, “We ... may be the last [generation] to have a chance of saving the planet,” expressly acknowledging that the planet is in crisis and that immediate action is essential. The fact is that modern civilization revolves around the unrestrained consumption of resources and that this is negatively impacting the global environment and human society. The anthropogenic causes of the deepening climate crisis can only be overcome by human action.

Epson recognizes this and is pursuing ambitious environmental initiatives under Epson 25 Renewed. We are looking to decarbonize, close the resource loop, develop environmental technologies, and provide low-impact products and services. Decarbonization is essential for overcoming climate change. We also believe that to escape the cycle of wasteful overconsumption of resources, we must abandon the single-use approach and reuse resources repeatedly.

It is essential to begin environmental initiatives immediately and to continue them over the long term, and Epson is committed to doing so under Environmental Vision 2050. In addition to the Epson 25 Renewed corporate vision, Epson is pursuing environmental initiatives on a much longer timeline in four areas to achieve the goals set forth in Environmental Vision 2050.



These environmental initiatives seek to achieve (1) decarbonization, (2) closed resource loops, (3) customer environmental impact mitigation, and (4) environmental technology development.

One of the things we accomplished as part of our decarbonization effort was a transition to 100% renewable electricity at all Epson sites in Japan. Achieved in November 2021, the transition was completed four months ahead of schedule. This increased our renewable energy usage rate from 1% in 2017 to 49% in 2021. Our overseas sites are also switching to 100% renewable electricity and plan to complete the transition by the end of 2023. We will continue to pursue ambitious initiatives that put Epson at the forefront of the global manufacturing industry.

→ For examples of other environmental initiatives, see P61-64, “Achieving Sustainability in a Circular Economy.”



Declaration of support in Oct. 2019

Joined in Jan. 2019

Joined in Apr. 2021

## Epson 25 Renewed Corporate Vision

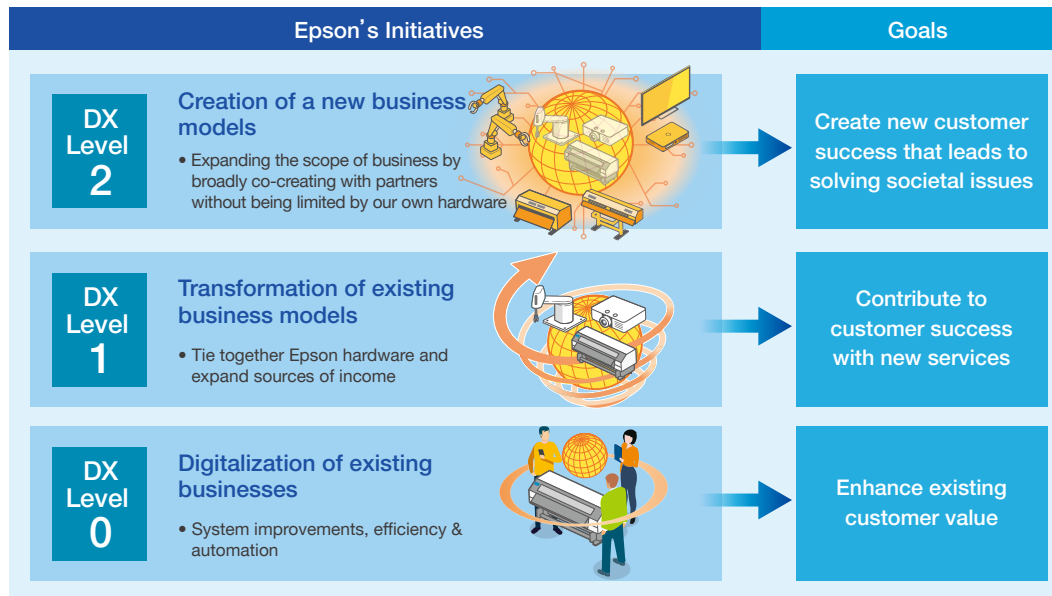
## DX Initiatives



Contribute to customer success by building a robust digital platform, connecting people, things, and information, and co-creating solutions that continue to meet customer needs

Epson has positioned digital transformation (DX) as a key strategy for achieving Epson 25 Renewed. We will build a robust digital platform by using Epson's data and services and by creating shared infrastructure for using the data and services. We will partner with others to co-create solutions that connect us to and create long-term relationships with individual and industrial customers as well as with education and manufacturing environments.

We will take an open approach to co-creating solutions, opening our API, enabling the connection of non-Epson equipment, and providing opportunities for many partners to participate. With deep customer knowledge, we will contribute to their success by expanding support and creating new products and services. We will help transform lifestyles and create new business models by being attentive to customer needs, delivering parts and consumables when needed depending on equipment use and using data analysis to provide support. These initiatives will span the company and improve profit and sustainability.

**(1) Building digital infrastructure that supports DX**

We revamped portal sites and e-commerce sites that connect us with customers. We also improved our existing Epson platforms and began accelerating marketing automation. This has led to concrete results, such as the market launch of Epson Cloud Solution PORT, a remote monitoring system for production printers. In addition, we are providing services tailored to customer preferences and creating multiple revenue streams by digitally connecting Epson products and rolling out customer support and subscription services.

**(2) Creating a customer-connected data business**

Data that customers provide through connected products can be analyzed to provide actionable insights. Epson is collaborating with healthcare services provider Benefit One to link hardware and data to expand health guidance services. (→ For details, see P21.) We will be working with even more partner companies in the future to expand the scope of data use to create new value.

**(3) Digital talent development**

Epson is collaborating with a technical school and local university to hold ideathons in which students and Epson employees participate. The emphasis at ideathons is on collaboration with other industries, such as local tourism and sports, and on developing adaptable people with digital skills through practical training programs.

## Epson 25 Renewed Corporate Vision

### ▶ Co-creation Initiatives

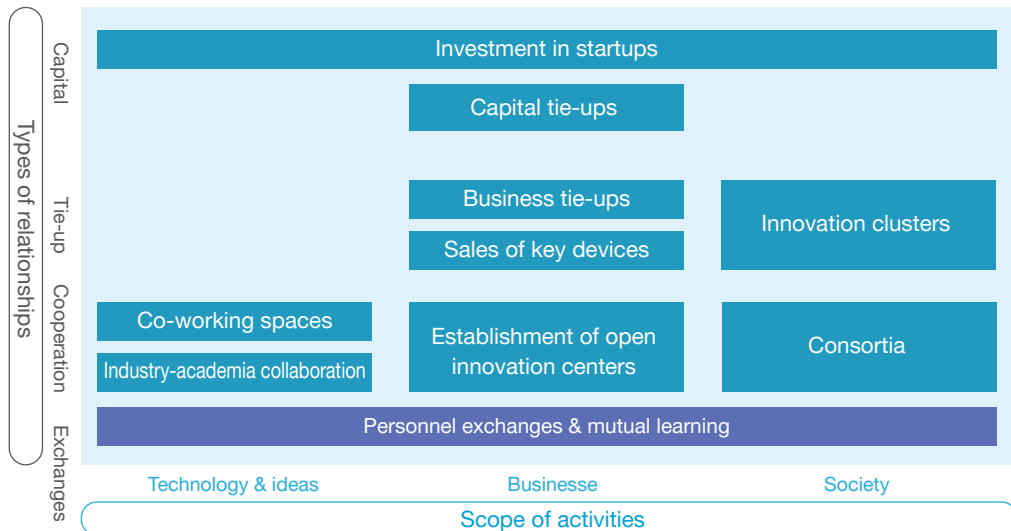
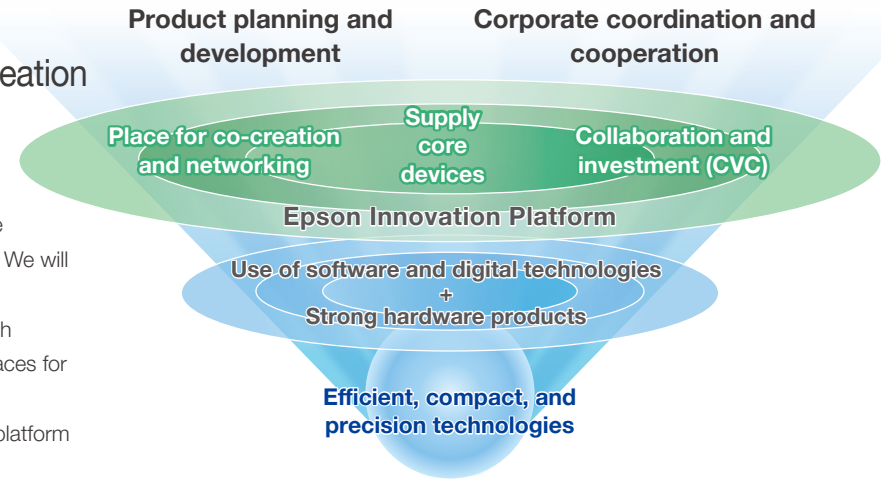


Leveraging our technologies and product families, solve societal issues with partners by providing core devices and a place for co-creation and networking, as well as through collaboration and investment

There is a limit to how much we can do alone to solve societal issues. We believe we can help solve issues by having more people effectively utilize our technology assets and by combining our technology with other technologies to create new and greater value. We will therefore further strengthen and expand the breadth of co-creation with partners around the world.

We have strong product families that are based on our efficient, compact, and precision technologies and will use these, along with software and digital technology, to forge co-creation opportunities with a range of outside partners. To this end, we will provide places for co-creation and networking, supply core devices, and offer CVC funding.

We will combine Epson's technologies, devices, and products with partners' ideas and technologies, create an Epson innovation platform that produces new value, and, together with partners, solve societal issues.



Epson X Investment (EXI), a CVC subsidiary that began operating in 2020, invests in startups that address societal issues in the fields of printing, robotics, AI, smart infrastructure, EdTech, green tech, and xR. EXI has so far invested in six startups, some of which are now engaged in collaborative projects with Seiko Epson.

We have learned a lot from conversations with these fast-moving startups that are constantly seeking new solutions through trial and error. We are building networks through collaboration and investment and are driving innovation by combining our business resources with the attributes of startups. Selling key devices such as inkjet printheads enables us to collaborate with partners who have a wider range of customer contacts than we do. And, setting up open innovation centers allows us to provide partners with hands-on experience in using our products and devices.

In March 2022, we entered into a comprehensive cooperation agreement with the Japan International Cooperation Agency (JICA) to accelerate societal solutions in developing nations by combining both parties' networks and technological assets.