

## Vision Progress

The Epson 25 Corporate Vision was established in 2016 and outlined the management strategy for the ensuing decade. Epson 25 was revised in 2021 and reissued as Epson 25 Renewed. The revisions realigned the strategy with changes in the external environment, including rising demand for environmental and social solutions and the need for connectivity and information in an increasingly decentralized world. Under Epson 25 Renewed, we are looking to provide individuals and industries with smart solutions that connect people, things, and information.

	Epson 25 Corporate Vision		Epson 25 Renewed Corporate Vision	
<b>Vision Statement</b>	Creating a new connected age of people, things and information with efficient, compact and precision technologies		Co-creating sustainability and enriching communities to connect people, things, and information by leveraging our efficient, compact, and precision technologies and digital technologies	
	FY2016 to FY2018 Phase 1 Mid-Range Business Plan	FY2019 to FY2021 Phase 2 Mid-Range Business Plan	FY2021 to FY2023	FY2025
<b>Role of the Plan</b>	Complete unfinished business from the SE15 corporate vision and lay the foundation for growth to achieve the Epson 25 vision.	Transform business operations to achieve high profitability.	Realize our aspirational goal by providing individuals, industries, and manufacturers with smart solutions that connect people, things, and information.	
<b>Strategic Direction</b>	<ul style="list-style-type: none"> <li>Greatly expand business in the office and industrial domains.</li> <li>Expand wearables and strengthen the consumer domain.</li> </ul>	<ul style="list-style-type: none"> <li>When operating alone, focus on segments where Epson can capitalize on strengths.</li> <li>Collaboration &amp; open innovation</li> <li>Strengthen B2B sales.</li> <li>Expand inkjet products &amp; services with outstanding environmental performance.</li> <li>Strengthen internal control functions.</li> </ul>	Secure profitability and seek future growth by focusing on priorities. <ul style="list-style-type: none"> <li>Redefine business area goals and evolve strategies.</li> <li>Strengthen company-wide strategy across businesses (environment, DX, co-creation).</li> <li>Allocate management resources to new areas and growth areas by clarifying business portfolio.</li> <li>Strengthen business infrastructure to execute strategy.</li> </ul>	
<b>Review</b>	Preparations for growth progressed to varying degrees, leaving us short of the FY2023 financial targets (¥1,200 billion in revenue & 8% ROS).	We worked to enhance products and services and to strengthen infrastructure, but fell short of the FY2025 financial targets (¥1,700 billion in revenue & 12% ROS).	Conditions changed significantly due to the pandemic, exchange rate volatility, etc. <ul style="list-style-type: none"> <li>The cost of materials soared and supply was constrained, but we maintained higher prices and controlled costs.</li> <li>Preparations for future growth advanced in growth and new areas.</li> </ul>	
<b>Issues</b>	Growth in growth areas fell short. <ul style="list-style-type: none"> <li>Limit to what Epson can do alone</li> <li>Lack of B2B experience &amp; expertise</li> <li>Failed to adequately reach the public with messages about Epson technology that contributes to sustainability</li> <li>Lack of adequate internal control</li> </ul>	<ul style="list-style-type: none"> <li>Plan assumed excessive revenue growth</li> <li>Strategy execution lacked speed</li> <li>Slow response to environmental changes</li> </ul>	<ul style="list-style-type: none"> <li>Growth areas: Had problems expanding sales due to external environment</li> <li>New areas: Key component technology development progressed, but business development did not</li> </ul>	
			<b>Financial Targets</b> Shift to profitability-focused management as the global economy becomes more uncertain.  To promote greater awareness of the cost of capital, we made ROIC a group target in addition to ROE.  ROIC 11% or better ROE 13% or better ROS 10% or better	

## Innovation Areas and Strategies

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.

## Area Targets and Progress

The external environment has changed significantly since Epson 25 Renewed was announced due to the pandemic, exchange rate volatility, and other factors.

The cost of materials soared and supply was constrained, but we maintained higher prices and controlled costs.

We fell behind schedule in some growth areas and new areas, but preparations for future growth advanced.

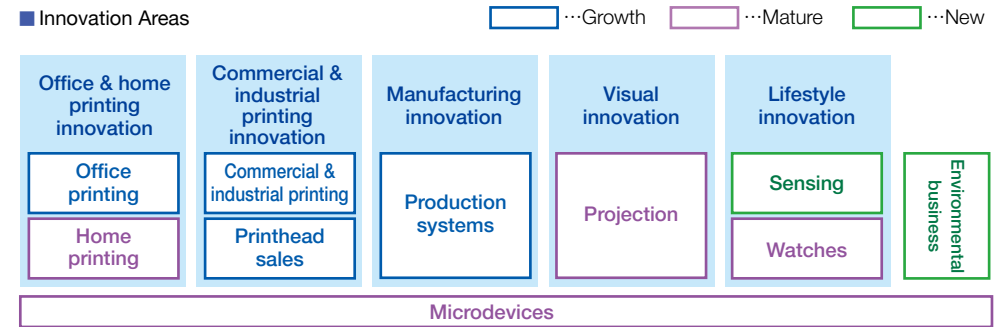
## Financial Indicators

We will shift to profitability-focused management as the global economy becomes more uncertain. From FY2021, we made ROIC<sup>1</sup> a group target in addition to ROE<sup>2</sup> to promote greater awareness of the cost of capital. We recognize that due to an overemphasis on revenue growth, company-wide resource allocation and initiatives lacked adequate focus. To avoid this going forward, we elected not to disclose revenue targets and instead adopted mid- and long-term ROS<sup>3</sup> targets.

<sup>1</sup> ROIC = Business profit after tax / (equity attributable to owners of the parent company + interest-bearing liabilities)

<sup>2</sup> ROE = Profit for the year attributable to owners of the parent company / equity attributable to owners of the parent company  
Equity attributable to owners of the parent company and interest-bearing liabilities are calculated using the average at the beginning and end of the period

<sup>3</sup> ROS = Business profit / revenue



	FY2021-FY2023 until FY2025	Targets	FY2022 Actual
<b>Growth</b>	<ul style="list-style-type: none"> <li>Office printing</li> <li>Commercial &amp; industrial printing</li> <li>Printhead sales</li> <li>Production systems</li> </ul> <p>Growth strategies</p>	FY2020→FY2025 Revenue CAGR <b>+15% or more</b>	FY2020→FY2022 Revenue CAGR* <b>+16%</b>
<b>Mature</b>	<ul style="list-style-type: none"> <li>Projection, watches</li> </ul> <p>Structural changes</p>	FY2020→FY2025 ROS improvement <b>+10pt or more</b>	FY2020→FY2022 ROS improvement* <b>+19pt</b>
	<ul style="list-style-type: none"> <li>Home printing</li> <li>Microdevices</li> </ul> <p>Profitability maintenance and improvement</p>	Sustained ROS of <b>15% or more</b>	FY2022 ROS <b>17%</b>
<b>New</b>	<ul style="list-style-type: none"> <li>Sensing, environmental business</li> </ul> <p>Business launch</p>	FY2025 Revenue <b>¥10 billion or more</b>	FY2022 Revenue <b>¥0.3 billion or more</b>

\* Comparison of the FY2020 outlook when Epson 25 Renewed was announced and FY2022 results

### Financial Indicator Trends

	FY2020 (Result)	FY2021 (Result)	FY2022 (Result)	FY2025 (Target)
ROIC	5.6%	7.3%	7.1%	11% or more
ROE	5.9%	15.2%	10.8%	13% or more
ROS	6.2%	7.9%	7.1%	10% or more