

Epson Integrated Report 2024 Editorial Policy

Editorial Policy

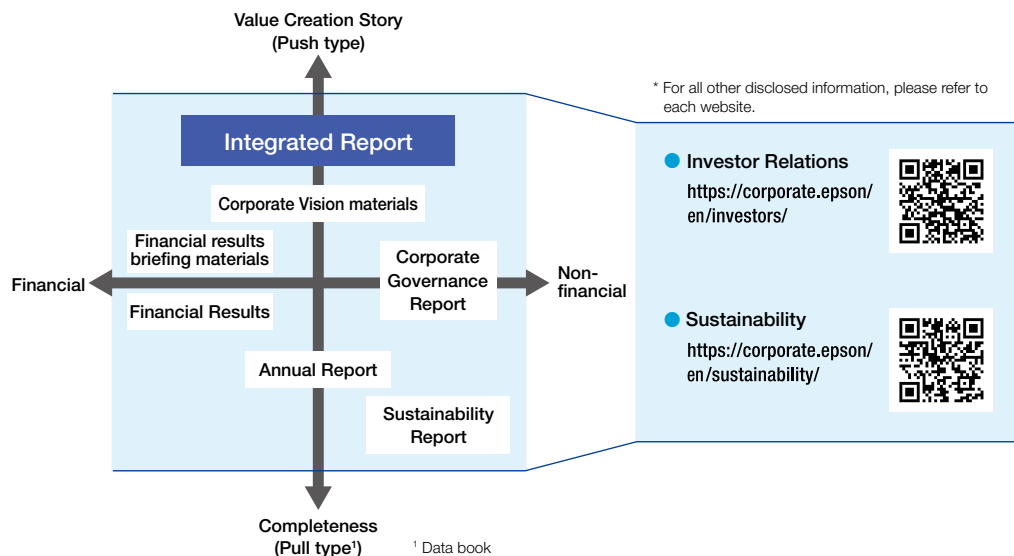
Epson creates and publishes an integrated report to foster better understanding of Epson’s corporate purpose among its shareholders, investors, and other stakeholders, as well as to create a virtuous cycle that helps Epson further enhance its corporate value by refining its strategies through discussions with stakeholders.

First published in 2017, Epson Integrated Reports are compiled in line with a policy of providing financial and non-financial information in an integrated manner with a focus on completeness. In addition to referring to the principles outlined in Guidance for Collaborative Value Creation from the Japanese Ministry of Economy, Trade and Industry and in the International Integrated Reporting Framework from the International Integrated Reporting Council (IIRC), we have been improving the report by incorporating feedback from stakeholders.

Shareholders and investors suggested ways we could enhance disclosures during discussions of last year’s Integrated Report. We have sought to do so this year on the pages listed below. We hope that this report will help you learn more about Epson’s initiatives and that it will encourage more dialogue.

- Calculation and disclosure of avoided GHG emissions P29, 30, 40
- Progress in driving digital transformation P49, 50
- Human resource strategy linked to management strategies P51 - 56
- Enhanced disclosure of human rights initiatives P57, 58

Main Information Disclosure Media (Information Disclosure System)

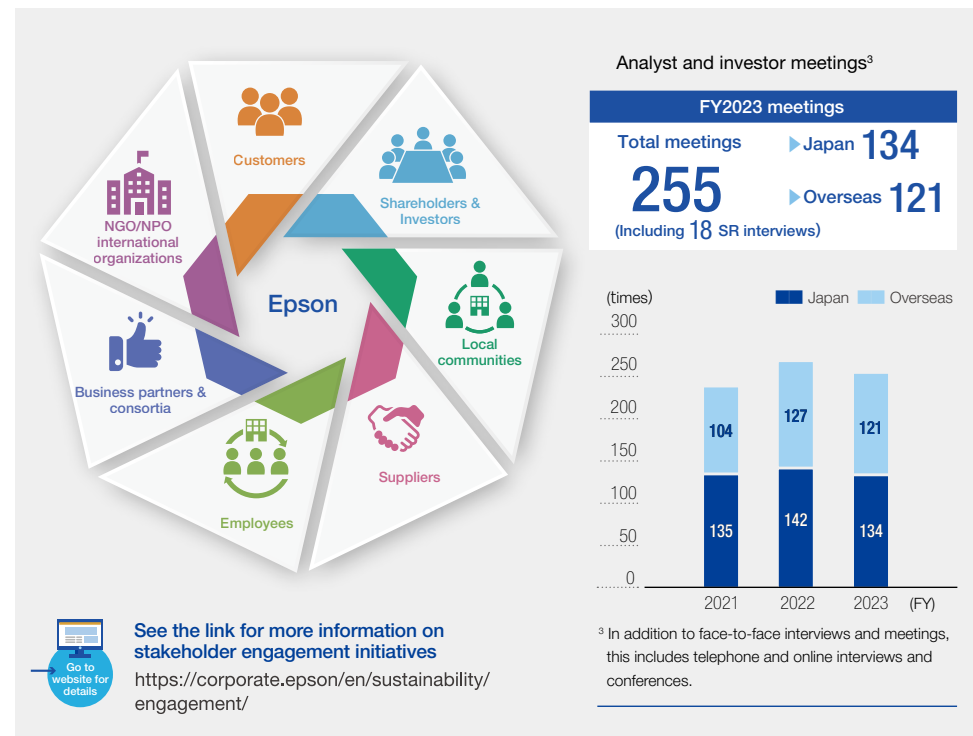


Stakeholder Engagement² : Discussions with Shareholders and Investors

At Epson, we recognize that to sustain growth and increase corporate value long term, we must increase the transparency of management and forge lasting partnerships and relationships of trust through honest discussions with stakeholders. Accordingly, we have articulated a policy on the disclosure of information to shareholders, investors, and other stakeholders and, in line with this policy, are enhancing our investor relations and shareholders relations (IR & SR) and engaging in constructive dialogue. Feedback gained from talks with shareholders and investors is shared with the executive management team and is used to improve management quality.

Although the number of shareholders and investors we can directly communicate with is limited, we are actively using tools such as reports and websites to convey our ideas to as many people as possible. We are focusing particularly on creating a website that can deliver information to a large audience simultaneously and are constantly updating sustainability information as well as IR information.

² Companies-stakeholder discussions. Engagement enables companies to understand the interests of stakeholders and influences the company operations and decisions.



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- Publication date: November 2024
- Period covered: April 1, 2023 to March 31, 2024 (Some information is from outside this period.)
- Organizations covered: 82 Epson Group companies (including Seiko Epson)

- * "Epson" refers to the Epson Group, unless indicated otherwise.
- * Please do not use images and other content in this report without permission.

Disclaimer

This report includes forward-looking statements, estimates, and plans. Projections herein are based on the best information available at the time of publication. Actual results may vary from those discussed.

Our Purpose

Our philosophy of efficient, compact and precise innovation enriches lives and helps create a better world.

Epson was founded in Japan, a nation blessed with outstanding natural beauty and a rich cultural heritage. Our commitment to protecting such abundant gifts for future generations has never wavered. We constantly pay close attention to social issues and dedicate ourselves to addressing them, as our timely elimination of chlorofluorocarbons makes clear. Underpinning everything we do is the philosophy of efficient, compact, precise innovation. After all, bigger is not always better.

We firmly believe that energy saving solutions, space saving innovation and ultra-high precision help to protect the natural environment and enrich communities. With our philosophy of efficient, compact, precise innovation, we deliver more meaningful value that enriches lives and helps create a better world.

We will continue to strive towards achieving this purpose.

A History of Value Creation

Since 1942, we have produced numerous pioneering products. As a company that solves societal issues, Epson will work toward achieving sustainability and enriching communities by practicing our philosophy of efficient, compact and precise innovation.



¹ Products are registered as Essential Historical Materials for Science and Technology by the National Museum of Nature and Science.

Early period

Integrity and Effort

Watch and printer technology development

Expansion period

Creativity and Challenge

Diversification of products and Creativity and Challenge businesses derived from watch and timekeeping technologies

Strengthening business structure

Integrity and Effort & Creativity and Challenge

Meet customer expectations and become indispensable

Helping to Solve Societal Issues

Expand business by solving societal issues

Epson 25 Renewed

Origin of Epson's efficient, compact, and precision technologies

Daiwa Kogyo Ltd., the predecessor of Seiko Epson (1942)

Monument engraved with the motto of founder Hisao Yamazaki

Brand establishment and growth into a multinational corporation

Epson America, Inc., Epson's first overseas sales company (1975)

Global pioneer in environmental action

Epson, winner of the Stratospheric Ozone Layer Protection Award from the U.S. Environmental Protection Agency (1992)

Surging ahead into a new era

Seiko Epson shares listed on Section 1 of the TSE (2003)

Contributing to Global Solutions

Epson becomes the first Japanese manufacturer in the RE100 to switch to 100% renewable electricity at all domestic sites (2021)
* Group-wide, the switch to 100% renewable electricity is scheduled for completion in 2023.

We are TNFD Adopters

Epson endorses the TNFD recommendations, develops plans aligned with the TNFD framework, and commits to disclosures from 2025 onwards (June 2024)

Epson's Revenue and Business Profit Trend

Figures after the FY2003 IPO have been audited. Those prior to that have not. Figures through FY2012 were calculated based on Japanese accounting standards. Those from FY2013 are based on IFRS.

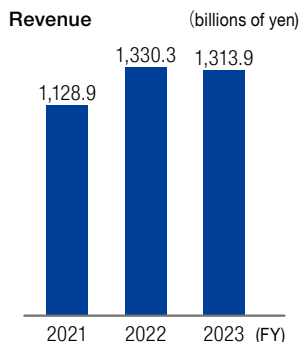
Epson Now

Epson has grouped its business operations into three segments: printing solutions, visual communications, and manufacturing-related and wearables.

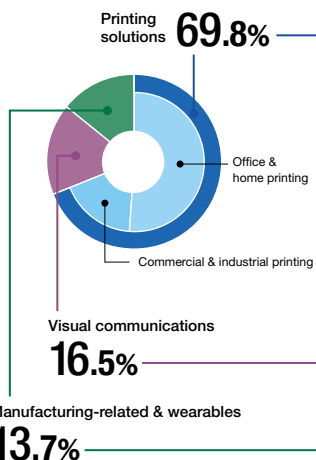
We seek to ensure both profitability and sustainable growth by executing the innovation strategy and managing the business portfolio to ensure efficient capital circulation.

Consolidated (FY2023)

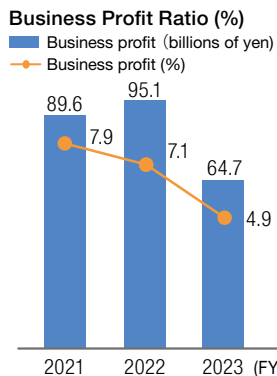
Revenue
¥1,313.9 billion



Segment Revenue as a Percentage of Total Revenue*



* Segment revenue as a percentage of total revenue is calculated by dividing revenue in the reporting segments by the total revenue in the reporting segments (excluding corporate and other expenses).



R&D Expenses | **Capital Expenditure**
¥44.2 billion | **¥70.0 billion**

Total Assets
¥1,413.0 billion

Total Employees
74,464

	Business	Main Products	Revenue	Segment Profit (Ratio)
Printing Solutions	Office & Home Printing 	Office & home inkjet printers, serial impact dot matrix (SIDM) printers, page printers, color image scanners, dry process office papermaking systems, and related consumables	(billions of yen) 779.9 (2021), 902.3 (2022), 918.6 (2023 FY)	Segment Profit (billions of yen): 106.4 (2021), 89.3 (2022), 96.1 (2023 FY) Segment Profit Ratio: 13.7 (2021), 9.9 (2022), 10.5 (2023 FY)
	Commercial & Industrial Printing 	Commercial & industrial inkjet printers, inkjet printheads, printers for use in POS systems, label printers, and consumables		
Visual Communications	Visual Communications 	Projectors and smart glasses	(billions of yen) 159.0 (2021), 216.8 (2022), 217.4 (2023 FY)	Segment Profit (billions of yen): 15.3 (2021), 34.8 (2022), 31.5 (2023 FY) Segment Profit Ratio: 9.7 (2021), 16.1 (2022), 14.5 (2023 FY)
	Manufacturing Solutions 	Industrial robots, micro injection molding machines		
Manufacturing-Related & Wearables	Wearable Products 	Wristwatches, watch movements	(billions of yen) 191.9 (2021), 215.4 (2022), 179.9 (2023 FY)	Segment Profit (billions of yen): 23.0 (2021), 28.3 (2022), 1.5 (2023 FY) Segment Profit Ratio: 12.0 (2021), 13.1 (2022), 0.9 (2023 FY)
	Microdevices and Others Business 	Crystal devices (crystal units, oscillators, sensors), semiconductors (CMOS, LSI), superfine alloy powders, surface finishing		

	R&D Expenses	Capital Expenditure	Segment Assets	Employees	Business Area / Objectives	Epson's Strengths & Value Proposition
Printing Solutions	¥16.6 billion	¥44.1 billion	¥628.8 billion	49,991	Drive technology shift from laser to inkjet printing in the office	<ul style="list-style-type: none"> Reduced environmental impact with piezoelectric printheads, which consume little power, have a simple structure, and minimize waste Higher productivity with high-speed printing and easy maintenance
					Provide printers that can be used without worrying about ink costs	<ul style="list-style-type: none"> High-capacity ink tank printers with far lower running costs Reduced maintenance man-hours
					Provide solutions for more customers	<ul style="list-style-type: none"> Subscription-based services tailored to printing needs Solutions that utilize the Epson Connect mobile cloud service and remote management infrastructure
					Realize an in-office paper circulation process	<ul style="list-style-type: none"> Paper resource circulation in the office with PaperLab dry process office papermaking systems
					Drive a shift from analog to digital	<ul style="list-style-type: none"> Inkjet digital printing that enables short-run production, reduces environmental impact, and improves the work environment
					Provide total solutions for commercial and industrial printing	<ul style="list-style-type: none"> Epson Cloud Solution PORT, an easy-to-implement total solution Epson color management technology for efficient color matching Remote monitoring technology for stable operation
					Meet all kinds of printing needs with inkjet systems	<ul style="list-style-type: none"> Innovation of customers' printing and production processes by providing printheads that are exceptionally accurate, compact, and scalable and solutions that make it easy to implement inkjet technology
Visual Communications	¥6.5 billion	¥6.0 billion	¥147.6 billion	9,325	Education Build an equal, high-quality learning environment	<ul style="list-style-type: none"> An interactive, deeper mutual learning environment through visual communications Provide a family of display products at affordable price points.
					Office & business Support diverse work arrangements to maintain high creativity and productivity	<ul style="list-style-type: none"> Large pictures that take full advantage of walls to create a fair online-offline hybrid environment Higher presentation & meeting productivity & creativity Advances in basic performance (brightness, resolution, compactness) and lower TCO
					Home Support lifestyle diversification	<ul style="list-style-type: none"> Smart projectors that enable on-demand viewing on a big screen High degree of installation freedom to easily set up a high-quality, big-screen viewing environment
					Lighting, signage, art Support digital art and captivating lighting and video displays	<ul style="list-style-type: none"> Big-screens that deliver surprise and delight Installation flexibility that gives users the ability to produce displays and shows just as imagined using imagery and light High reliability and maintenance support for equipment that users can trust
Manufacturing-Related & Wearables	¥6.8 billion	¥12.3 billion	¥172.4 billion	11,093	Build compact production lines that include parts production, assembly, and inspection	<ul style="list-style-type: none"> Micro injection molding machines that reduce the waste of materials, power, transportation, and space Sensor, robot control, and image processing technologies that facilitate the automation of tasks that relied on human senses
					Compact, lightweight, slim robots that provide high productivity while minimizing power consumption	<ul style="list-style-type: none"> Epson's GYROPLUS technology for high productivity (fast and accurate operation) A broad lineup and advanced options that allow Epson to earn the top share¹ in the global SCARA robot market
					Conceptual and implementation support	<ul style="list-style-type: none"> High-performance robots backed by our efficient, compact, and precise technologies and equipment developed and refined on our own production lines that offer high quality and high productivity Recommendations for well-designed efficient, high-yield production systems Comprehensive development environment with user-friendly GUI and extensive programming functions Support customers' expansion into other regions through our global sales and service network
					Enrich lifestyles	<ul style="list-style-type: none"> Enrich diverse lifestyles by providing sophisticated, emotionally resonant products using efficient, compact, and precision technologies and craftsmanship
					High-speed, high-capacity communications infrastructure	<ul style="list-style-type: none"> Support high-speed, high-capacity communications infrastructure by providing precision products with an optimal match between Epson's crystals and ICs
					The Internet of Things (IoT)	<ul style="list-style-type: none"> Support IoT infrastructure by providing compact timing devices manufactured using the best crystal and semiconductor fabrication technology
					Mobility	<ul style="list-style-type: none"> Contribute to the efficiency & productivity of vehicles and construction & agricultural machinery with accurate positioning Contribute to the spread of electric vehicles and reduce CO₂
Higher finished product value	<ul style="list-style-type: none"> Increase the value of Epson finished products Higher finished product value Supporting innovation 					
	<p>Office & home printing</p> <ul style="list-style-type: none"> SOHO & home printer unit sales decreased due to inventory adjustments by sales channels in the first half of the year. Growth in office shared printers was achieved by launching medium-speed models, a move that led to the development of new dealers and customers. Ink sales remained stable despite the dissipation of extra demand for home printing during the COVID-19 pandemic. <p>Commercial and industrial printing</p> <ul style="list-style-type: none"> Revenue increased on steady growth in sales of a broader lineup of finished products and printheads. 					
	<p>Sales of home projectors decreased on a decline in consumer spending, but sales of business and high-lumen projector remained firm.</p>					
	<p>Revenue decreased due to changes in the external environment, including the economic slowdown in China and the gathering strength of Chinese manufacturers.</p>					
	<p>With no major changes in the market environment, revenue was flat year-on-year.</p>					
	<p>Revenue decreased due to market inventory adjustments that caused demand to stall.</p>					

¹ Market share based on unit sales of industrial SCARA robots, 2023. (Source: Fuji Keizai: "2024 Reality and Future Outlook of Worldwide Robot Market")

PICK UP

Creating Sustainable Value in the Printing Innovation Ecosystem

There is an urgent need to respond to environmental issues, most notably climate change and resource depletion. Meanwhile, changing lifestyles have increased the need for short-run production. Addressing these societal issues requires production process innovation. Epson is working to realize social sustainability, achieving higher productivity while reducing environmental impact by innovating its customers' printing and production processes, including through digitalization. We are accelerating collaboration and open innovation involving things such as printheads to help solve more societal issues beyond our traditional businesses.

Epson is leveraging its Micro Piezo printheads, which offer outstanding cost and environmental performance, to shift printing processes from analog to digital. These core devices are combined with other technologies involving ink, control systems, image processing, precision processing, and production engineering to create an inkjet platform that can be used to produce printers for a wide range of applications. Instead of heating the ink, Epson's Micro Piezo printheads eject tiny ink droplets via the mechanical action of piezoelectric actuators. The absence of heating means that our printheads can also be used to deposit materials other than ink, such as bio-materials and metallic inks. We are expanding the range of uses for our inkjet technology beyond our own printers by providing printheads to partners and through collaboration and open innovation.

We are also developing and offering solutions and options based on our core devices. For example, in many cases, our customers often rely on the experience and intuition of specific operators to accurately match colors. To make color matching easier, Epson launched a colorimeter that measures and quantifies colors, including spot colors. The measured color data can be used in Adobe® Illustrator® via Epson Cloud Solution PORT, enabling accurate and efficient remote color management. One of Epson's unique strengths is that it has many different businesses and technologies that it can draw on to create its own options and solutions and refine its inkjet platform.

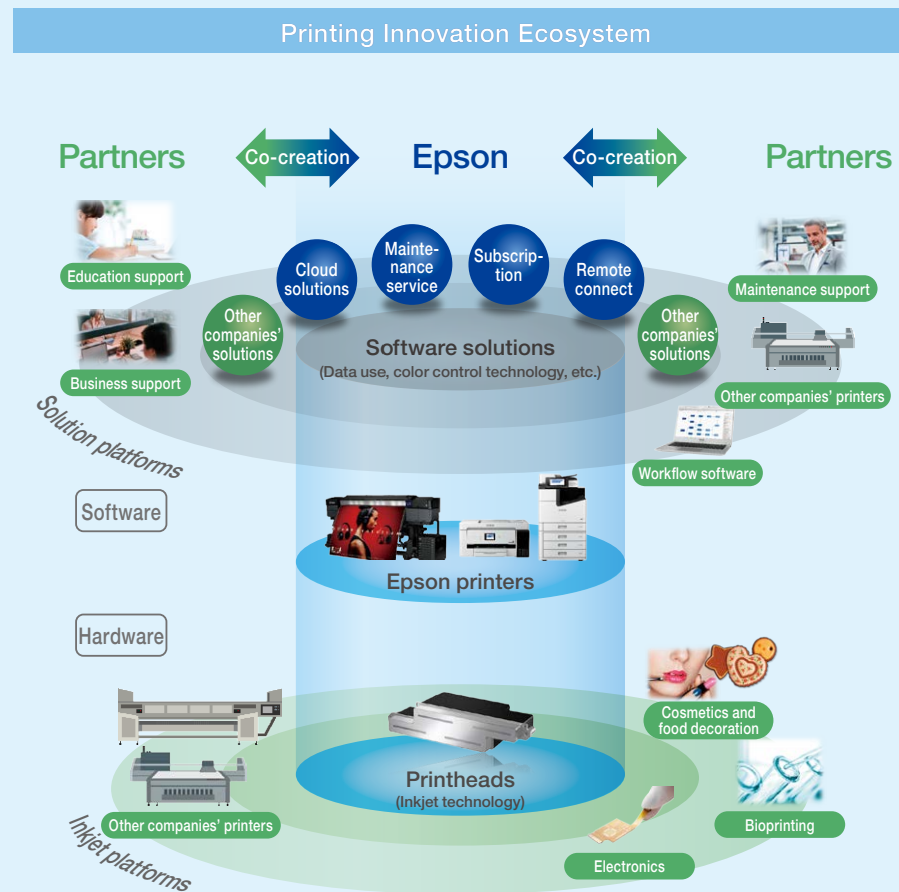


Epson Cloud Solution PORT



SD-10 colorimeter

Epson will continue to create and provide new value that contributes to societal solutions through a printing innovation ecosystem built on two platforms, hardware and software, with inkjet technology at its core.



Epson by the Numbers

Business

Group companies
82
(includes parent company)
(as of Mar. 31, 2024)

Consolidated employees
74,464
(as of Mar. 31, 2024)

Overseas employees as a % of the total
73%
(as of Mar. 31, 2024)

Ratio of overseas sales revenue
83%
(FY2023 full-year consolidated revenue)

Sustainability

Renewable electricity switchover rate
100%¹
(achieved Dec. 2023)
→ For details, see P37-42, "Environmental Strategy."

Ratio of sustainable resources
32%²
(FY2023 result)

Percentage of women in management
16%
(as of Mar. 31, 2024)

Percentage of outside directors
55%
(as of the end of Jun. 2024)
→ For details, see P61-76, "Strengthening Governance."

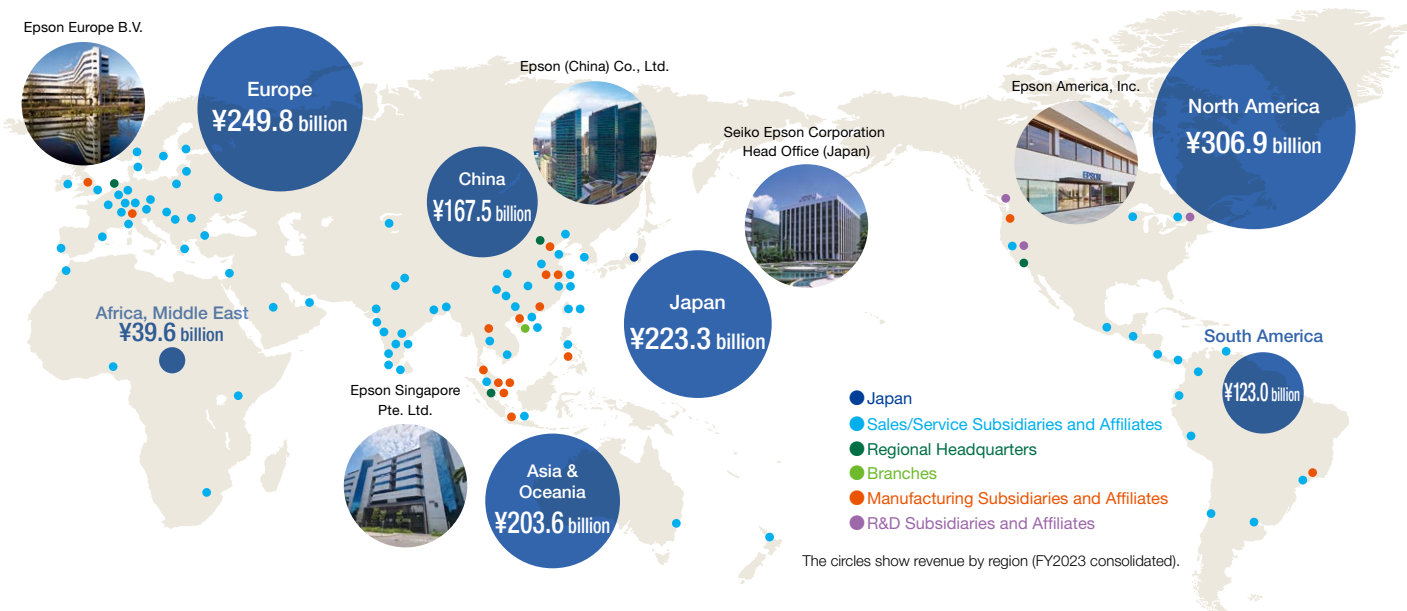
Global Network



Global Network

<https://corporate.epson/en/about/network/global.html>

In 1968, Epson established its first production site outside Japan, in Singapore. Today, Epson has sales and marketing sites, service sites, as well as production and R&D sites around the globe to accurately identify, and swiftly and flexibly meet the needs of customers in different regions.



Global Market Share

No.2

Inkjet printers
(unit volume)³ **32%**

No.3

Printer market
(including laser printers, unit volume)⁴ **20%**

No.1

Projectors
(500 lumens or more, excluding screen-less TV products, unit volume)⁵ **51%**

No.1

SCARA robots
(unit volume)⁶ **22%**

Crystal oscillators
(sales revenue)⁷ **24%**

▶ See the back cover for footnotes 1-7.