

Vision Progress

The Epson 25 Corporate Vision was established in 2016 to outline the management strategy for the ensuing decade. We revised it in 2021 and reissued as Epson 25 Renewed to address rising demand for environmental and societal solutions and the need for connectivity and information in an increasingly decentralized world. Under Epson 25 Renewed, we are working to provide individuals and industries with smart solutions that connect people, things, and information. In April 2024, we also revised our performance targets for FY2025 in light of changes in the external environment.

Epson 25 Renewed Corporate Vision

Strategic Direction

- Secure profitability and seek future growth by focusing on priorities. Redefine business area goals and evolve strategies.
- Strengthen company-wide strategy across businesses (environment, DX, co-creation). Allocate management resources to new areas and growth areas by clarifying business portfolio.
- Strengthen business infrastructure to execute strategy.

Vision Progress

(1) Epson 25 Renewed Mid-Point Review

- We emphasized profitability and capital efficiency but fell short of our financial targets for FY2023 due to changes in the macro-environment, one-time factors, and challenges in the growth area.
- We will continue to emphasize profitability and capital efficiency, but we have revised financial targets for FY2025 in light of changes in the external environment.

FY2023 Target and Result		
	Target (announced 3/2021)	FY2023 Result
ROIC	> 8%	4.6%
ROE	> 10%	6.8%
ROS	> 8%	4.9%

(2) Future Steps for New Targets

- After taking into account the macro-economic environment and conservatively estimating revenue growth, we will reduce our fixed costs to improve profitability and reach our financial goals.

FY2025 Targets		
	Target (announced 3/2021)	FY2025 New Targets
ROIC	> 11%	> 7%
ROE	> 13%	> 8%
ROS	> 10%	> 7%

(1) Epson 25 Renewed Mid-Point Review

Summary

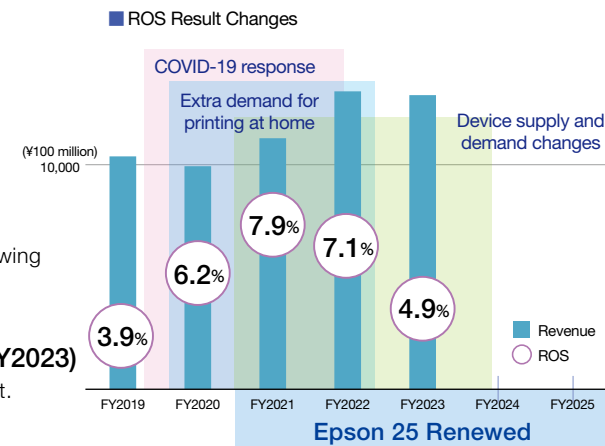
We emphasized profitability and capital efficiency but fell short of our financial targets for FY2023 due to changes in the macro-environment, one-time factors, and challenges in the growth area.

Changes in the macro-environment

- Global economic slowdown due to inflation and slowing growth in China, etc.
- Higher costs for parts, transport, labor, etc.

Temporary factors affecting profitability (FY2023)

- Inventory reductions had a negative impact on profit.
- Microdevices market adjustments



Review by Area and Business

	Target	Result	Review
Growth areas	Office shared IJP Commercial and industrial IJP (finished products and printheads) Manufacturing solutions FY2020 → FY2025 Revenue CAGR > +15% or more	FY2020 → FY2023 +14.7%	Sales targets were generally achieved due to the positive impact of the weak yen. - Business profit fell short of the plan. - There were issues in initiatives for growth areas. - Office shared printers : Laser printer manufacturers discounted prices. Delays in revising and executing our sales strategies - Commercial and industrial printers : Launch of new products delayed due to COVID-19. Demand for lower-priced products increased in the consumables market. - Manufacturing solutions : We need to increase product competitiveness due to the emergence of Chinese manufacturers.
Mature areas	Visual communications Wearable products SOHO, home printing, microdevices FY2020 → FY2025 ROS improvement > +10 pt or more	FY2020 → FY2023 +17.3 pt FY2023 13.6%	- Restructuring was implemented on an accelerated schedule, improving profitability. - Maintained profitability by responding to changes in the external environment (pricing policy, cost control) - Microdevices profitability temporarily dropped due to market adjustments
New areas	Sensing Environmental business FY2025 revenue > ¥10 billion or more	FY2023 ¥0.1 billion	- Made progress in development of key component technologies - Unable to reach the point of business launch

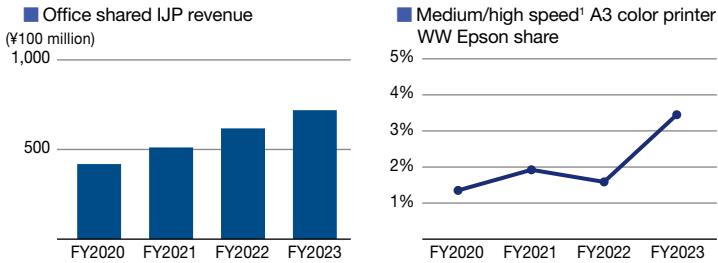
Exchange rates: USD/EUR 102/125 144/157

(2) Future Steps for New Targets (Growth Areas)

Vision Progress

Growth Area: Office Shared IJPs

Expanded our lineup by introducing medium-speed models and increased market share and revenue, but sales have fallen short of target due to pricing strategies by competitors and sales promotion delays.



¹ Inkjet: > 40 ppm, laser: 40-69 ppm. Source: IDC Worldwide Quarterly Hardcopy Peripherals Tracker 2024 Q2, share by brand. Multifunction printers are included. Reproduction or republication of this data is prohibited.

Strategic Direction

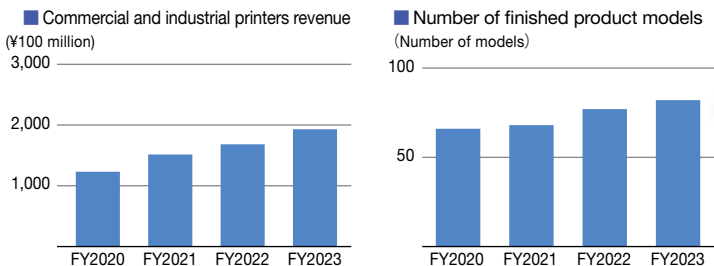
- Drive a technology shift from laser to inkjet printers by expanding the product lineup, providing solutions, and calling attention to environmental performance.
- Offer inkjet products that reduce environment impacts, improve productivity, and lower printing costs.

Future Steps

- Continue cost reductions to address customer demands for greater convenience and lower prices.
- Revise regional and partner strategies and strengthen inkjet printer value messaging.

Growth Area: C&I IJPs (Finished Products, Printhead Sales)

Expanded the finished products lineup but fell short of sales targets due to new product launch delays and customer spending curbs due to high interest rates.



Strategic Direction

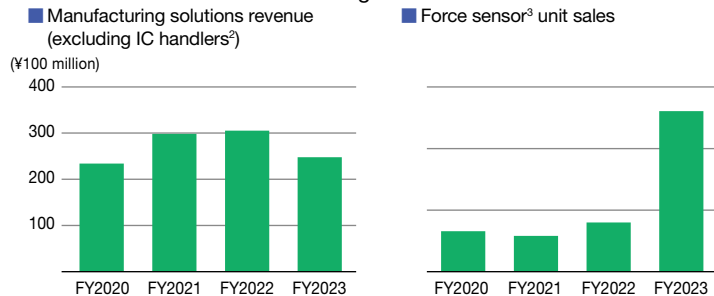
- Finished Products**
- Efficiently develop products and expand the lineup with platforms.
 - Utilize data to provide customer solutions.
- Printhead Sales**
- Grow market share by providing solutions that include peripheral technologies.
 - Develop new market through co-creation.

Future Steps

- Expand and enhance the lineup based on platforms.
- Introduce lower-priced consumables.
- Improve usage rate by enhancing Epson Cloud Solution PORT functionality and messaging, and expand paid services.
- Strengthen sales for existing and new applications.

Growth Area: Manufacturing Solutions

Fell short of sales targets because of customer spending curbs due to global economic slowdown and the emergence of Chinese manufacturers.



Strategic Direction

- Propose solutions that automate manufacturing by applying sensing and digital technologies.
- Develop next-generation platforms to expand and enhance products and strengthen competitiveness.
- Assess the need to transfer production from China to Southeast Asia using our global sales and support capabilities.

Future Steps

- Enhance product competitiveness by improving cost performance and continue expanding the product lineup.
- Strengthen the development and packaging of solutions that customers can easily deploy.
- Strengthen sales in Southeast Asia and India.

² IC handler business was transferred in FY2021

³ Force sensors detect the magnitude of force and rotation direction for each of the x, y, and z axes. Controlling a robot based on detected force enables robots to perform tasks that previously relied on human sense of touch.