

Report of Independent Auditors

Independent Auditor's Report

The Board of Directors
Seiko Epson Corporation

Opinion

We have audited the accompanying consolidated financial statements of Seiko Epson Corporation and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of Deferred Tax Assets	
Description of Key Audit Matter	Auditor's Response
<p>Seiko Epson Corporation (the Company) recorded deferred tax assets of 34,757 million yen (3% of total assets) in the consolidated statement of financial position as of the current fiscal year end and as described in Note 17 Income Taxes to the consolidated financial statements, deferred tax assets before offsetting against deferred tax liabilities was 66,802 million yen.</p> <p>The Company takes account of all significant temporary differences, the expected future taxable income and the period in which carryforward of</p>	<p>We mainly performed the following procedures to assess the recoverability of deferred tax assets.</p> <ul style="list-style-type: none"> We understood and assessed processes of developing the business plan for a basis of the estimate of future taxable income. We also assessed the precision level of the business plan for the future taxable income by evaluating the consistency of the assumptions used in the business plan with those used in other accounting estimates and performing a trend analysis with comparing the estimate of the taxable

<p>unused tax losses might expire, and recognizes deferred tax assets for all deductible temporary differences and the carryforward of unused tax losses to the extent that it is probable that future taxable income will be available against which they can be utilized.</p> <p>The recoverability of deferred tax assets is primarily based on the estimate of future taxable income by management. The estimate is based on the business plan classified by business areas such as “growth areas”, “mature areas” and “new areas” in accordance with the Company’s long-range corporate vision “Epson 25 Renewed”, and the Company primarily uses the following significant assumptions in the business plan.</p> <ul style="list-style-type: none"> • A projected revenue growth in growth areas (office printing, commercial & industrial printing, printhead sales, and production systems) • A feasibility of the planned structural changes and maintaining and increasing revenue in mature areas (home printing, projection, watches, and microdevices) <p>In addition to the above, the planned measures in cost controls and reductions in each business areas are reflected on the business plan.</p> <p>These assumptions involve uncertainty, as they largely depend on external environment such as market competitions in the same industry, uncertainty in the global economy, natural disasters and fundamental changes in society and the turmoil in global supply chains which both are caused by COVID-19 pandemic. They are also affected by the subjectivity inherent in management forecast. Therefore, we determined it to be a key audit matter.</p>	<p>income with actual results for the previous fiscal years.</p> <ul style="list-style-type: none"> • We compared the market trends embedded in the business plan and the Company’ s market share with publicly available market related data such as market forecast reports published by external organizations to assess whether the projected growth in revenue in growth areas and maintaining and increasing revenue in mature areas, which are the significant assumptions included in the business plan, are reasonable. • We inquired the specifics of the planned measures and inspected related documents to assess whether the feasibility of the planned structural changes in mature areas and the planned measures in cost controls and reductions in each business areas is reasonable. • With an involvement of the tax specialists of our network firm, we evaluated the accuracy of the amount of the temporary differences and the carryforward of unused tax losses by recalculating. We also reviewed scheduling of the reversals of the existing temporary differences and the utilizations of the carryforward of unused tax losses by recalculating and agreeing to related documents.
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Other Information

The other information comprises the information included in the Annual Securities Report that contains audited consolidated financial statements but does not include the consolidated financial statements and our audit report thereon. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the Group’s reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by IFRSs, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with IFRSs.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2022 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 28, 2022

/s/ Makoto Usui
Designated Engagement Partner
Certified Public Accountant

/s/ Yoshiyuki Sakuma
Designated Engagement Partner
Certified Public Accountant

/s/ Ryuichi Minami
Designated Engagement Partner
Certified Public Accountant