

*(Note) This document has been translated from the Japanese original for reference purposes only. If there is any discrepancy between the Japanese original and the translated document, the original Japanese document shall prevail.*

(Translation)

## Notice of the 81st Ordinary General Meeting of Shareholders

May 31, 2023

(Start date of measures for the electronic provision: May 26, 2023)

Dear Shareholders with Voting Rights,

We are pleased to send you this convocation notice for the 81st Ordinary General Meeting of Shareholders. We have sent shareholders residing in Japan the convocation notice and attached documents in Japanese, which were compiled in accordance with the Japanese Companies Act. Under this Act, there is no obligation to provide materials in languages other than Japanese. However, we have enclosed an English translation for the reference of non-Japanese shareholders. It is not intended to influence shareholders in exercising their voting rights. Unfortunately, we are only able to provide official documents in Japanese. We ask for your understanding in this matter and thank you for your continued support of the Seiko Epson Corporation (hereinafter the “Company”).

In convening this General Meeting of Shareholders, the Company has taken the measures for the electronic provision of information contained in the reference materials for general meetings of shareholders, etc. (matters subject to electronic provision), and has posted the matters subject to electronic provision as the “Notice of the 81st Ordinary General Meeting of Shareholders” on the following website.

**If you are unable to attend the meeting in person, you may exercise your voting rights by mail or via the Internet, etc. Please exercise your voting rights no later than 5:00 p.m., Monday, June 26, 2023 (Japan time). Prior to voting, you may wish to review the “Reference Materials for the Ordinary General Meeting of Shareholders” document, provided herein.**

- **The Company’s website:**

<https://corporate.epson/en/investors/information/meeting.html>



- **Tokyo Stock Exchange, Listed Company Search:**

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>



**Please visit the website and search for the stock name “Seiko Epson” or the securities code “6724,” select “Basic information” then choose “Documents for public inspection/PR information.”**

- **Website for the materials for the General Meeting of Shareholders:**

<https://s.srdb.jp/6724/> (available in Japanese only)



***Voting by Mail***

To vote by mail, please indicate on the enclosed voting form whether you approve or disapprove of each of the proposals and return the completed form to us. The completed form must be received no later than 5:00 p.m., Monday, June 26, 2023 (Japan time).

***Voting via the Internet***

To vote via the Internet, please log into the shareholders' voting website at <https://evote.tr.mufg.jp/> to register your approval or disapproval (Japanese only). Voting via the Internet must be completed no later than 5:00 p.m., Monday, June 26, 2023 (Japan time).

Sincerely yours,

Yasunori Ogawa  
President and Representative Director

Seiko Epson Corporation  
4-1-6 Shinjuku, Shinjuku-ku, Tokyo

## **Description**

**1. Date and Time** 10:00 a.m., Tuesday, June 27, 2023 (Japan time)  
(Reception starts at 9:00 a.m.)

**2. Place** “Ruby Hall,” 2<sup>nd</sup> Floor, the Main Building, Hotel Beniya,  
2-7-21 Kogan-dori, Suwa-shi, Nagano

## **3. Meeting Agenda**

### Reporting:

1. Report on the business reports, the consolidated financial statements and the reports of the Financial Auditors and of the Audit & Supervisory Committee regarding the consolidated financial statements for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023).
2. Report on the non-consolidated financial statements for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023).

### Proposals:

1. Appropriation of Surplus
  2. Partial Amendments to the Articles of Incorporation
  3. Election of Six Directors Who Are Not Audit & Supervisory Committee Members
  4. Bonus to Directors Who Are Not Audit & Supervisory Committee Members
- For those shareholders who have not requested the delivery of paper copies, the reference materials for the Ordinary General Meeting of Shareholders as well as reference information (special features, company overview, shareholder memo, etc.) are also sent together.
  - In accordance with the provisions of laws and regulations and Article 16 of the Company’s Articles of Incorporation, the following items are not included in the paper copies sent to shareholders who have requested the delivery of such copies. Accordingly, the paper copies are part of the documents audited by the Audit & Supervisory Committee and the Financial Auditors in preparing their respective audit reports.
    - 1) Basic Policy regarding Company Control in the Business Report
    - 2) Consolidated Statement of Changes in Equity and Notes to the Consolidated Financial Statements in the Consolidated Financial Statements
    - 3) Statement of Changes in Net Assets and Notes to the Non-consolidated Financial Statements in the Non-consolidated Financial Statements
  - In the event of any revision to the reference materials for the Ordinary General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements, or the Consolidated Financial Statements, the Company will announce the matters before and after the revision on respective websites.

## **4. Convocation rules**

- (1) If you exercise your voting rights both by mail and via the Internet, we will treat the vote via the Internet as valid.
- (2) If you exercise your voting rights via the Internet on multiple occasions, we will treat the last vote as valid.

## **5. Notes**

- (1) If attending the meeting in person, please remember to bring the ballot enclosed within these materials and to hand it to a receptionist.

- (2) If you exercise your voting rights by proxy, you should appoint as proxy another shareholder with voting rights in the Company. A written letter of proxy should be brought to the meeting and handed to the receptionist.

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**\*The Company offers institutional investors access to ICJ Inc.'s electronic voting platform.**

## Reference Materials for the Ordinary General Meeting of Shareholders

Proposals and related items

### Proposal 1: Appropriation of Surplus

#### Items Relating to the Year-End Dividend

With respect to the year-end cash dividends on common stock shares for this fiscal year, the Company proposes to pay a regular dividend of 31 yen per share and supplement it with an anniversary dividend of 10 yen per share, as a means to commemorate its 80th anniversary of founding on May 18, 2022 and express its appreciation for the ongoing support of shareholders, for a total of 41 yen per share. Moreover, 31 yen was paid out as an interim dividend; hence, the annual dividend will be 72 yen per share, the same amount as the previous fiscal year.

(1) Type of Dividend Property

Cash

(2) Distribution of Dividend

41 yen per share of common stock (regular dividend of 31 yen, anniversary dividend of 10 yen), total amount 13,597,973,818 yen

(3) Effective Date of Distribution

June 28, 2023

### (Reference)

#### The Company's Dividend Policy

The Company strives to sustain business growth through the creation of customer value and to generate stable cash flow by improving profitability and using management resources efficiently. While the top priority is on strategic investment in growth, the Company also actively returns profits in parallel with its efforts to build a robust financial structure that is capable of withstanding changes in the business environment.

In line with this policy, the Company has set a consolidated dividend payout ratio in the range of 40% as a mid-term target, the ratio based on profit after an amount equivalent to the statutory effective tax rate is deducted from business profit, a profit category that shows profit from the Company's main operations. The Company intends to be more active in giving back to shareholders by agilely repurchasing the Company's shares as warranted by share price, the capital situation, and other factors.

*Note:* Business profit is a profit indicator that Epson voluntarily discloses in applying International Financial Reporting Standards (IFRS), and is very similar in principle to operating income under Japanese Generally Accepted Accounting Principles (JGAAP).

#### Share Repurchase

Considering the share price and its basic dividend policy of pursuing more active shareholder returns, the Company repurchased 30.0 billion yen (total acquisition cost: maximum of 30.0 billion yen) from July 2022 to January 2023.

## Proposal 2: Partial Amendments to the Articles of Incorporation

### 1. Reasons for the proposal

The Company established its Corporate Purpose in 2022, under which the Company seeks to contribute to environmental conservation and cultural development and to enrich lives and create a better world. To achieve its Corporate Purpose, the Company provides products and services that reduce environmental impacts and promotes the development of environmental technologies as part of our long-term vision “Epson 25 Renewed” and “Environmental Vision 2050” initiatives.

In response to the expansion and diversification of its business activities associated with these initiatives, the Company proposes to partially amend its Articles of Incorporation to better clarify its business activities in line with the current status of the Group’s business.

### 2. Details of amendments

The details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>Chapter 1: General Provisions (Purpose) Article 2 The purposes of the Company shall be to engage in the following businesses:</p> <ol style="list-style-type: none"> <li>(1) Manufacturing and sales of electronic machinery and equipment, telecommunication machinery and equipment and electronic application machinery equipment, etc., and parts and accessories thereof;</li> <li>(2) manufacturing and sales of industrial machinery and equipment, office machinery and equipment, etc., and parts and accessories thereof;</li> <li>(3) manufacturing and sales of timepieces and eyewear, etc., and parts and accessories thereof;</li> <li>(4) manufacturing and sales of measuring machinery and equipment, optical machinery and equipment and medical machinery and equipment, etc.;</li> </ol>	<p>Chapter 1: General Provisions (Purpose) Article 2 The purposes of the Company shall be to engage in the following businesses: &lt;Unchanged&gt;</p>

<p>(5) manufacturing and sales of electronic parts;</p> <p>(6) creating and sales of software for computers and peripheral equipment;</p> <p>(7) repair and maintenance services related to products in each of the above items;        &lt;Newly established&gt;</p> <p>(8) to (12)        &lt;Omitted&gt;</p>	<p>(8) <u>collecting, refurbishing and remanufacturing products stated in items (1) through (6) above and secondhand goods business under the Secondhand Goods Business Act;</u></p> <p>(9) to (13)        &lt;Unchanged&gt;</p>
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**Proposal 3: Election of Six Directors Who Are Not Audit & Supervisory Committee Members**


The terms of office of the six (6) Directors who are not Audit & Supervisory Committee Members will expire at the conclusion of this Meeting. Accordingly, we propose to appoint six (6) Directors who are not Audit & Supervisory Committee Members.

The candidates for Directors who are not Audit & Supervisory Committee Members have been nominated after consideration by the Director Nomination Committee, which is chaired by an Outside Director and the majority of which is composed of Outside Directors in accordance with screening criteria predetermined by the Board of Directors. The candidates for Outside Directors are compliant with our “Criteria for Independence of Outside Directors.”

The candidates for Directors who are not Audit & Supervisory Committee Members are as follows:



Candidate No.	Name		Current titles and responsibilities at the Company	Attendance at meetings of the Board of Directors
1	Minoru Usui	Reappointment	Chairman and Director	13 / 13 meetings (100%)
2	Yasunori Ogawa	Reappointment	President and Representative Director	13 / 13 meetings (100%)
3	Tatsuaki Seki	Reappointment	Representative Director, Senior Managing Executive Officer Chief Compliance Officer General Administrative Manager, Corporate Strategy and Management Control Division General Administrative Manager, Sustainability Promotion Office	13 / 13 meetings (100%)
4	Mari Matsunaga	Reappointment Outside Director Independent Director	Outside Director	13 / 13 meetings (100%)
5	Tadashi Shimamoto	New appointment Outside Director Independent Director	-	-
6	Masaki Yamauchi	New appointment Outside Director Independent Director	-	-

Candidate No.	Name (Date of Birth)	Summary of career, title, and responsibilities	Shares of the Company's stock owned	
1	 Minoru Usui (April 22, 1955) Reappointment	Nov. 1979	Joined Shinshu Seiki Co., Ltd. (now the Company)	200,200
		Jun. 2002	Director of the Company	
		Oct. 2007	Managing Director of the Company	<b>Attendance at meetings of the Board of Directors</b>  13 / 13 meetings (100%)
		Jun. 2008	President and Representative Director of the Company	
		Apr. 2020	Chairman and Director of the Company (current position)	
		Jun. 2021	Outside Director of IHI Corporation (current position)	
	Outside Directors of Sumitomo Dainippon Pharma Co., Ltd. (now Sumitomo Pharma Co., Ltd.) (current position)			
	<b>Important concurrent positions held at other companies</b>			
	Outside Director of IHI Corporation			
	Outside Member of the Board of Directors of Sumitomo Pharma Co., Ltd.			

#### **Reason for nominating Minoru Usui as a Director**

As the Chairman of the Board of Directors, Mr. Usui has managed the Board of Directors in an appropriate manner, made important decisions on management and monitored business affairs. Also, as a President and Representative Director for 11 years and 9 months in the past, he had been in charge of management of Epson, while leading the formulation of its Corporate Vision, reinforcement of operational foundation and establishment of a new business model.

We have nominated him as a candidate for Director with the expectation that he will continue to serve as a Chairman and Director and remain in office as the Chairman of the Board of Directors, to make appropriate managerial decisions from a companywide perspective and monitor business affairs, aiming at achieving sustainable growth and improving the Company's corporate value over the medium- to long-term.

*Note: There are no special interests between the candidate and the Company.*

Candidate No.	Name (Date of Birth)	Summary of career, title, and responsibilities	Shares of the Company's stock owned
		Apr. 1988 Joined the Company	
		Apr. 2017 Chief Operating Officer, Visual Products Operations Division of the Company	51,639
		Jun. 2017 Executive Officer of the Company	<b>Attendance at meetings of the Board of Directors</b>
		Jun. 2018 Director of the Company	
		Oct. 2018 General Administrative Manager, Technology Development Division of the Company	13 / 13 meetings (100%)
		Jun. 2019 Managing Executive Officer of the Company, Chief Operating Officer, Wearable Products & Industrial Solutions Operations Segment of the Company	
	Yasunori Ogawa (April 11, 1962) Reappointment	Apr. 2020 President and Representative Director of the Company (current position)	



Yasunori Ogawa  
(April 11, 1962)  
Reappointment

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#### **Reason for nominating Yasunori Ogawa as a Director**

Mr. Ogawa has determined important management matters and monitored business affairs as a Director. With his wealth of experience and achievements as a President and Representative Director, he has led the improvement in the Company's corporate value over the medium- to long-term and further development of the Group amid a rapidly-changing management environment.

We have nominated him as a candidate for Director, considering that he will be able to continue to show outstanding leadership aimed at sustainable growth and improvement in the Company's corporate value over the medium- to long-term by practicing his management style of inducing the generation of innovations through reforms of organizational culture and achieving both contributions to society and happiness of employees.

*Note: There are no special interests between the candidate and the Company.*


Candidate No.	Name (Date of Birth)	Summary of career, title, and responsibilities	Shares of the Company's stock owned	
3	 Tatsuaki Seki (December 26, 1960) Reappointment	Apr. 1983	Joined Epson Corporation (now the Company)	25,827
		Jun. 2016	Director of the Company, Executive Officer of the Company, Chief Compliance Officer of the Company (current position), General Administrative Manager, Management Control Division of the Company	
		Jun. 2019	Managing Executive Officer of the Company	
		Oct. 2020	General Administrative Manager, Corporate Strategy and Management Control Division of the Company (current position), General Administrative Manager, Sustainability Promotion Office of the Company (current position)	
		Apr. 2022	Senior Managing Executive Officer of the Company (current position)	
		Apr. 2023	Representative Director of the Company (current position)	

#### Reason for nominating Tatsuaki Seki as a Director

Mr. Seki has determined important management matters and monitored business affairs as a Director. He has a wealth of experience and achievements in financing & accounting and business management. As a General Administrative Manager of the Corporate Strategy and Management Control Division, he has led the establishment of management control systems from a broad perspective such as by comprehensively spearheading the formulation of the companywide long-term growth strategies and the Mid-Range Business Plan.

We have nominated him as a candidate for Director with the expectation that he will make appropriate managerial decisions from a companywide perspective and monitor business affairs, aiming at achieving sustainable growth and improving the Company's corporate value over the medium- to long-term.

*Note: There are no special interests between the candidate and the Company.*

Candidate No.	Name (Date of Birth)	Summary of career, title, and responsibilities	Shares of the Company's stock owned	
4	 Mari Matsunaga (November 13, 1954) Outside Director Independent Director Reappointment	Apr. 1977	Joined Japan Recruit Center Co., Ltd. (present Recruit Holdings Co., Ltd.)	12,900
		Jul. 1986	Editor in chief of Shushoku Journal published by Recruit Holdings Co., Ltd.	
		Jul. 1988	Editor in chief of Travaille published by Recruit Holdings Co., Ltd	Attendance at meetings of the Board of Directors
		Jul. 1997	Joined NTT Mobile Communications Network, Inc. (now NTT Docomo, Inc.), Head of Planning Office for Gateway Business Dept.	
		Apr. 2000	Representative of Mari Matsunaga Office, Inc.	
		June 2012	Outside Director of MS&AD Insurance Group Holdings, Inc. Outside Director of Terumo Corporation	
		Jun. 2014	Outside Director of Rohto Pharmaceutical Co., Ltd.	
		Jun. 2016	Outside Director of the Company (current position)	
		Mar. 2023	Outside Director of Asahi Group Holdings, Ltd. (current position)	

#### Important concurrent positions held at other companies

Outside Director of Asahi Group Holdings, Ltd.

#### Reason for nominating Mari Matsunaga as an Outside Director and outline of expected roles

Ms. Matsunaga has created new business models and has a wealth of experience and considerable insight through her involvement in the management of multiple companies as Outside Officers. She has monitored corporate management by expressing actively opinions including findings and proposals regarding managerial issues from the viewpoints of open innovation promotion, etc.

We have nominated her as a candidate for independent Outside Director with the expectation that she will utilize her wealth of experience and insight to monitor corporate management appropriately, aiming at achieving sustainable growth and improving the Company's corporate value over the medium- to long-term.

#### Independence of duties

The Company has had no transactions with Ms. Matsunaga in the past three years.

The Company has registered Ms. Matsunaga as an Independent Director with the Tokyo Stock Exchange. If this proposal is approved as proposed, she will continue to serve as an Independent Director.

#### The term of office as an Outside Director

At the conclusion of this Meeting, seven years will have passed since her initial appointment.

*Note 1: There are no special interests between the candidate and the Company.*

*Note 2: The Company has concluded a liability limitation contract with Ms. Mari Matsunaga, who is incumbent Outside Director of the Company, to limit her liability for damages to the amount determined by relevant laws and regulations in accordance with Article 427, Paragraph 1 of the Companies Act. If she is reappointed as a Director, the Company intends to renew the aforementioned contract with her.*

*Note 3: Her name on the family register is Mari Aoki.*

Candidate No.	Name (Date of Birth)	Summary of career, title, and responsibilities	Shares of the Company's stock owned
		Apr. 2002 Senior Managing Director of Nomura Research Institute, Ltd.	
		Jun. 2008 Senior Executive Managing Director, Member of the Board and Representative Director of Nomura Research Institute, Ltd.	2,000
		Apr. 2010 President & CEO, Representative Director, Member of the Board of Nomura Research Institute, Ltd.	
		Apr. 2015 Chairman and President & CEO, Representative Director, Member of the Board of Nomura Research Institute, Ltd.	
		Apr. 2016 Chairman, Member of the Board of Nomura Research Institute, Ltd.	
		Jun. 2019 Member of the Board of Nomura Research Institute, Ltd.	
		Jun. 2021 Special Advisor of Nomura Research Institute, Ltd. (current position)	
		Director of Reading Skill Test, Inc. (current position)	
		Mar. 2022 Outside Director of Mitsubishi Pencil Co., Ltd. (current position)	
		Jul. 2022 Member of the Public Interest Body, PricewaterhouseCoopers Aarata LLC (current position)	



Tadashi Shimamoto  
(February 8, 1954)  
Outside Director  
Independent Director  
New appointment

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#### Important concurrent positions held at other companies

Special Advisor of Nomura Research Institute, Ltd.

Director of Reading Skill Test, Inc.

Outside Director of Mitsubishi Pencil Co., Ltd.

Member of the Public Interest Body, PricewaterhouseCoopers Aarata LLC

#### Reason for nominating Tadashi Shimamoto as an Outside Director and outline of expected roles

Mr. Shimamoto has served as President and Chairman of Nomura Research Institute, Ltd. and has a wealth of experience and insight as a corporate manager and in fundamental technology, distribution, service, and industry-related systems. We have nominated him as a candidate for independent Outside Director with the expectation that he will monitor corporate management appropriately, aiming at achieving sustainable growth and improving the Company's corporate value over the medium- to long-term through his active opinions and proposals from the perspective of overall management and DX/IT systems, based on his familiarity with corporate management in the information and telecommunications industry, which is a different business field.

#### Independence of duties

Mr. Shimamoto was involved in business affairs at Nomura Research Institute, Ltd. Although the Company has had a business relationship with Nomura Research Institute, Ltd. for the past three years, the annual transaction amount is minimal, accounting for less than 0.1% of the consolidated net sales of the Company and Nomura Research Institute, Ltd., and Nomura Research Institute, Ltd. does not account for a major business partner as defined in the Criteria for Independence of Outside Directors.

If this proposal is approved as proposed, he is scheduled to become an Independent Director as stipulated by the Tokyo Stock Exchange.

Note 1: There are no special interests between the candidate and the Company.

Note 2: If Mr. Shimamoto is elected, the Company will enter into a liability limitation contract with him to limit his liability for damages to the amount determined by relevant laws and regulations in accordance with Article 427, Paragraph 1 of the Companies Act.

Candidate No.	Name (Date of Birth)	Summary of career, title, and responsibilities	Shares of the Company's stock owned
		Apr. 2005 Executive Officer of Yamato Transport Co., Ltd. (now Yamato Holdings Co., Ltd.)	-
		Apr. 2008 Representative Director, President and Executive Officer of Yamato Logistics Co., Ltd. (now Yamato Transport Co., Ltd.)	
		Apr. 2011 Representative Director, President and Executive Officer of Yamato Transport Co., Ltd.	
		Jun. 2011 Director and Executive Officer of Yamato Holdings Co., Ltd.	
		Apr. 2015 Representative Director, Executive Officer and President of Yamato Holdings Co., Ltd.	
		Apr. 2019 Chairperson of the Board of Directors of Yamato Holdings Co., Ltd.	
		Jun. 2020 Independent Director of Persol Holdings Co., Ltd. (current position)	
		Jun. 2022 Special Advisor of Yamato Holdings Co., Ltd. (current position)	
		Outside Director of Resona Holdings, Inc. (current position)	



Masaki Yamauchi  
(January 11, 1961)  
Outside Director  
Independent Director  
New appointment

#### Important concurrent positions held at other companies

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Special Advisor of Yamato Holdings Co., Ltd.  
Independent Director of Persol Holdings Co., Ltd.  
Outside Director of Resona Holdings, Inc.

#### Reason for nominating Masaki Yamauchi as an Outside Director and outline of expected roles

Mr. Yamauchi has served as President and Chairperson of the Board of Directors of Yamato Holdings Co., Ltd. and has a wealth of insight and experience in corporate management. We have nominated him as a candidate for independent Outside Director with the expectation that, based on his experience in practicing satisfaction-creating management that makes full use of digital technology, his efforts to instill Yamato's DNA (values) in employees and his track record of fostering organizational culture, he will monitor corporate management appropriately, aiming at achieving sustainable growth and improving the Company's corporate value over the medium- to long-term through his active opinions and proposals from the perspectives of organizational management, DX/IT, and sustainability that relate to the fundamentals of corporate management.

#### Independence of duties

Mr. Yamauchi was involved in business affairs at Yamato Holdings Co., Ltd. Although the Company has had a business relationship with Yamato Transport Co., Ltd., a consolidated subsidiary of Yamato Holdings Co., Ltd., for the past three years, the annual transaction amount is minimal, accounting for less than 0.1% of the consolidated net sales of the Company and Yamato Holdings Co., Ltd., and Yamato Holdings Co., Ltd. does not account for a major business partner as defined in the Criteria for Independence of Outside Directors.

If this proposal is approved as proposed, he is scheduled to become an Independent Director as stipulated by the Tokyo Stock Exchange.

Note 1: There are no special interests between the candidate and the Company.

Note 2: If Mr. Yamauchi is elected, the Company will enter into a liability limitation contract with him to limit his liability for damages to the amount determined by relevant laws and regulations in accordance with Article 427, Paragraph 1 of the Companies Act.

Note 3: Matters regarding violation of laws or the Articles of Incorporation and other fraudulent business execution which occurred at a company where a candidate for Outside Director was serving as an officer during the past five years are as follows.

Mr. Yamauchi was a Director of Yamato Holdings Co., Ltd. until June 2022. In January 2019, the Ministry of Land, Infrastructure, Transport and Tourism issued an administrative sanction and a business improvement order to Yamato Home Convenience Co., Ltd., a consolidated subsidiary of Yamato Holdings Co., Ltd. for improper billing of moving services for employees of corporate customers that were in violation of its terms and conditions.

Yamato Holdings Co., Ltd. is working to build a system to prevent similar incidents from occurring at Yamato Home Convenience Co., Ltd. and to strengthen governance to enhance the soundness of Group management.

Mr. Yamauchi had been unaware of the conduct until it was revealed; however, he had given warnings through his daily statements from the perspective of compliance. Even after he recognized such conducts, he has been appropriately performing his duties by providing recommendation on measures to prevent recurrence such as sincere commitment to compliance and enhancement of management structure.

**Indemnity Agreement**

The Company has entered into an indemnity agreement provided for in Article 430-2, Paragraph 1 of the Companies Act with all Directors currently in office to encourage each Director to make reasonable, prompt and decisive business decisions without being intimidated by the possibility of being held liable for their decisions. If each new Director candidate is elected and assumes office as proposed, the Company plans to enter into a similar agreement which each of them.

An overview of the details of such indemnity agreement is provided in the Business Report, “4.3 Outline of the indemnity agreement.”

**Directors and Officers Liability Insurance Contract**

The Company has entered into a directors and officers liability insurance contract provided for in Article 430-3, Paragraph 1 with an insurance company. If each candidate is elected and assumes office as proposed, he/she will be insured under the said insurance contract. The Company plans to renew the said insurance contract during the terms of office of Directors.

An outline of the contents of the said insurance contract is as stated in the Business Report, “4.4 Outline of directors and officers liability insurance contract.”

**Audit & Supervisory Committee Opinion**

For the election of Directors who are not Audit & Supervisory Committee Members, fundamental framework and policies for the Company’s Board of Directors and Directors, as well as candidate nominating policies and specific proposals were confirmed at the Director Nomination Committee. The committee is chaired by an Outside Director and is composed of five Outside Directors including three Outside Directors who are Audit & Supervisory Committee Members, and majority of which are Outside Directors. Outside Directors who are Audit & Supervisory Committee Members attended the committee meeting, expressed opinions, and shared the results thereof for deliberation at the Audit & Supervisory Committee.

As a result, Audit & Supervisory Committee determined that the election of Directors who are not Audit & Supervisory Committee Members is reasonable and concluded that there were no special items to be stated at the General Meeting of Shareholders in accordance with the provision of the Companies Act.



(Reference)

### **Policies and Procedures for Nominating Director Candidates**

With an aim to ensure transparency and objectivity, Director candidates who are submitted for their appointments to the General Meeting of Shareholders are determined by the Board of Directors after going through a fair, transparent, and rigorous screening and reporting by the Director Nomination Committee, which is chaired by an Outside Director and the majority of which is composed of Outside Directors.

Policies: (extract)

- 1) Considering the role that Officers of the Company are required to fulfill and the nomination criteria that Epson has established, Officers must meet the standard requirements of insight, accountability, and ethics. They must also satisfy the selection criteria in 2), depending on their respective roles, and must be able to contribute to an increase in corporate value.
- 2) In addition to the foregoing requirements, Officers of the Company shall satisfy the selection criteria below.
  - a. Non-Executive Director candidates  
Oversight capability, management knowledge, professional knowledge
  - b. Executive Director candidates  
Oversight capability, foresight/insight, the ability to conceive a vision, decisiveness/courage, the ability to execute and produce results, an inclination to drive change and innovation, the ability to be a unifying forceA candidate for President and Representative Director in particular shall possess the following:
  - The ability to face societal issues, construct a vision based on deep insight, and the courage to carry out that vision
  - A strong sense of ethics and the ability to humbly accept diverse values, tap the initiative of employees, and be a unifying force that consolidates the power of the entire company
- 3) Outside Directors must satisfy “Criteria for Independence of Outside Directors” stipulated by the Board of Directors in order to guarantee their independence.

*Note: Regarding the nomination and compensation of Directors and Executive Officers, etc., the Company established a Director Nomination Committee and a Director Compensation Committee as advisory bodies of the Board of Directors. The committees are chaired by an Outside Director and the majority of which are composed of Outside Directors who make significant contributions with an aim to ensure transparency and objectivity. Both committees are composed of President and Representative Director, in addition to Outside Directors who account for the majority thereof. Directors who are Full-Time Audit & Supervisory Committee Members can attend meetings of both committees as observers.*

### **Activities of the Director Nomination Committee**

The Committee met 13 times during the period from April 2022 to March 2023. The Committee deliberated on matters including the succession plan for the President and Representative Director, policies for selecting Officers (Directors, Executive Officers and Special Audit & Supervisory Officers) and candidates proposal, selection of Outside Director candidates, revision of Executive Officer system and review of skill matrix.

### **Criteria for Independence of Outside Directors**

*The Company has established the criteria below to objectively determine whether potential Outside Directors are independent.*

1. A person is not independent if:

- (1) The person considers the Company to be a major business partner<sup>1</sup>, or has served as an executive<sup>2</sup> within the past five years in an entity for which the Company is a major business partner;
- (2) The person is a major business partner<sup>3</sup> of the Company or has served as an executive within the past five years in an entity that is a major business partner of the Company.
- (3) The person is a business consultant, certified public accountant, or lawyer who has received a large sum of money or other forms of compensation<sup>4</sup> (other than remuneration as an officer) from the Company or has, within the past three years, performed duties equivalent to those of an executive as an employee of a corporation or group, such as a union, that has received a large sum of money or other forms of compensation from the Company;
- (4) The person is a major shareholder<sup>5</sup> of the Company or has, within the past five years, been an executive or Audit & Supervisory Board Member of an entity that is a major shareholder of the Company;
- (5) The person is an executive or Audit & Supervisory Board Member of an entity in which the Company is currently a major shareholder;
- (6) The person is a major lender<sup>6</sup> to the Company or has been an executive of a major lender to the Company within the past five years;
- (7) The person has been employed by an auditing firm that has conducted a legal accounting audit of the Company within the past five years;
- (8) The person has been employed by a leading managing underwriter of the Company within the past five years;

- (9) *The person has received a large donation<sup>7</sup> from the Company or, within the past three years, has performed duties equivalent to those of an executive as an employee of a corporation or a group, such as a union, that has received a large donation from the Company;*
- (10) *The person came from an entity, which has a relationship of interlocking Outside Officers<sup>8</sup> with the Company; or*
- (11) *A spouse or relative within the second degree of kinship of a person having the interests listed in (1) through (9) above.*
2. *Even if any of the foregoing criteria apply to a potential Outside Director, the Company can elect that person as an Outside Director if that person satisfies the requirements for Outside Directors set forth in the Companies Act, and the Company deems the person suitable as an Outside Director of the Company in light of his or her personality, knowledge, experience, or other qualifications upon explaining and announcing the reasons thereof.*

*Notes*

- 1: *A person (usually a supplier) considers the Company to be a major business partner if 2% or more of its consolidated net sales (consolidated revenue) has come from the Company in any fiscal year within the past three years.*
- 2: *“Executive” means an executive officer, executive director or operating officer, or an employee occupying a senior management position of department manager or higher.*
- 3: *A person (usually a buyer) is a major business partner if 2% or more of the Company’s consolidated revenue has come from that partner in any fiscal year within the past three years.*
- 4: *“A large sum of money or other forms of compensation” means an average annual amount for the past three years that is:*
- i) *no less than 10 million yen for an individual; or*
  - ii) *no less than 2% of the annual revenues in any fiscal year for a group.*
- 5: *“Major shareholder” means a shareholder who directly or indirectly holds 10% or more of the voting rights.*
- 6: *“A major lender” means a financial institution or other major creditor that is indispensable for the Company’s financing and on which the Company depends to the extent that it is irreplaceable in any fiscal year within the past three years.*
- 7: *“Large donation” means a donation whose annual average amount for the past three years exceeds either:*
- i) *10 million yen or*
  - ii) *30% of the annual expense of the group, whichever is higher.*
- 8: *“Interlocking Outside Officers” means mutual dispatch of Outside Officers between the Company and another corporation.*

---End---

(Reference)

Matrix of areas of expertise particularly expected for Directors (skill matrix)

Epson clarifies a management system toward achieving the Management Philosophy and Corporate Vision by utilizing a matrix as below.

Title	Name	Areas of expertise and skills particularly expected by the Company						
		Corporate management	Development Design	Sales Marketing	IT Digital	Finance Accounting	Legal affairs Compliance	Global (Internationality)
Chairman and Director	Minoru Usui	●	●	●				
President and Representative Director	Yasunori Ogawa	●	●					●
Representative Director Senior Managing Executive Officer	Tatsuaki Seki					●	●	●
Outside Director	Mari Matsunaga			●	●			
Outside Director	Tadashi Shimamoto	●	●		●			
Outside Director	Masaki Yamauchi	●		●	●			
Director Full-Time Audit & Supervisory Committee Member	Masayuki Kawana					●	●	
Outside Director Audit & Supervisory Committee Member	Yoshio Shirai	●	●					●
Outside Director Audit & Supervisory Committee Member	Susumu Murakoshi					●	●	
Outside Director Audit & Supervisory Committee Member	Michiko Ohtsuka					●	●	

*Note: Up to three areas of expertise particularly expected are stated.*

#### **Proposal 4: Bonus to Directors Who Are Not Audit & Supervisory Committee Members**

The Company proposes to pay bonuses of 110,190,000 yen in total to the three Directors who are not Audit & Supervisory Committee Members excluding Officers who do not have executive duties (Chairman and Director without the right of representation and Outside Directors) as of March 31, 2023, which is calculated by multiplying the base amount of the bonus determined based on the weight of responsibility, such as position and details of delegated duties and tasks, by the coefficient corresponding to the degree of achievement of performance targets and individual targets for the current fiscal year.

The beneficiaries, total amount of the bonus payment, and amount paid to each Director in this Proposal have been determined after consideration by the Director Compensation Committee, which is chaired by an Outside Director and the majority of which is composed of Outside Directors, in accordance with the decision-making policies, etc. on compensation for individual Directors who are not Audit & Supervisory Committee Members, which have been determined by the Board of Directors (please refer to Business Report “4.5 Compensation to Directors”). Accordingly, the Company believes the details are reasonable.

#### **Audit & Supervisory Committee Opinion**

Regarding compensation, etc. for Directors who are not Audit & Supervisory Committee Members, policies for compensation system for Directors, specific calculation methods for the amount of compensation and proposals for bonuses for Directors who are not Audit & Supervisory Committee Members were confirmed at the Director Compensation Committee. The committee is chaired by an Outside Director and is composed of five Outside Directors including three Outside Directors who are Audit & Supervisory Committee Members, and majority of which are Outside Directors. Outside Directors who are Audit & Supervisory Committee Members attended the committee meeting, expressed opinions, and shared the results thereof for deliberation at the Audit & Supervisory Committee.

As a result, Audit & Supervisory Committee determined that the payment of bonuses to Directors who are not Audit & Supervisory Committee Members is appropriate and concluded that there were no special items to be stated at the General Meeting of Shareholders in accordance with the provision of the Companies Act regarding the payment.

#### **(Reference)**

##### **Activities of the Director Compensation Committee**

The Committee met seven times during the period from April 2022 to March 2023. The Committee deliberated on matters including the amount of base compensation for each Director, bonus payment coefficient and amount for each Director, number of shares allocated and amount of monetary compensation claims under the restricted stock compensation plan, introduction of a company indemnity plan, renewal of directors and officers liability insurance, etc.

---End---

(Appendix)

## **Business Report**

(from April 1, 2022 to March 31, 2023)

### **1. Matters related to the Current Status of the Epson Group**

#### **1.1 Business progress and results**

##### **(1) Overview**

Please refer to page 1 of Financial Results for the Year ended March 31, 2023.

([https://corporate.epson/en/investors/publications/financial-reports/2022/pdf/results\\_2022\\_full\\_e.pdf](https://corporate.epson/en/investors/publications/financial-reports/2022/pdf/results_2022_full_e.pdf))

**(2) Overview by Segment**

Please refer to page 1 to 2 of Financial Results for the Year ended March 31, 2023.

([https://corporate.epson/en/investors/publications/financial-reports/2022/pdf/results\\_2022\\_full\\_e.pdf](https://corporate.epson/en/investors/publications/financial-reports/2022/pdf/results_2022_full_e.pdf))

## 1.2 Overview of capital expenditures

Capital expenditures for the consolidated fiscal year under review were concentrated in key strategic areas, primarily new products, increase in production capacity, environmental investments, and automating, rationalizing, upgrading and maintaining equipment and facilities to help foster the development of new businesses and prepare for future growth. In addition, from the viewpoint of generating stable cash flow, Epson continued to carefully select investments and efficiently utilize existing facilities.

As a result of these efforts, total capital expenditures (of property, plant and equipment and software) for the consolidated fiscal year under review amounted to 78,370 million yen.

An overview of the major capital expenditures for the consolidated fiscal year under review is as follows:

- Groundbreaking of a new building to increase production capacity of inkjet printer heads at Akita Epson Corporation
- Acquisition of land for the construction of a new plant at Epson Atmix Corporation to convert unwanted metals into resources as raw materials, as the first step toward becoming underground resource(\*) free based on Epson's "Environmental Vision 2050."

\* Non-renewable resources such as oil and metals

Segment	Amount of capital expenditures (Millions of yen)	Year-on-year change (%)
Printing Solutions Business	47,440	66.7
Visual Communications Business	7,319	74.9
Manufacturing-related & Wearables Business	14,901	31.7
Other and overall	8,708	100.4
Total	78,370	62.3

## 1.3 Overview of financing

There are no special items to be noted with respect to financing in the current fiscal year.

## 1.4 Shares and other equity holdings, or acquisition or disposal of subscription rights to shares of other companies

Not applicable.

## 1.5 Business transfers, absorption-type company splits or incorporation-type company splits

Not applicable.

## 1.6 Assignment of business from other companies

Not applicable.

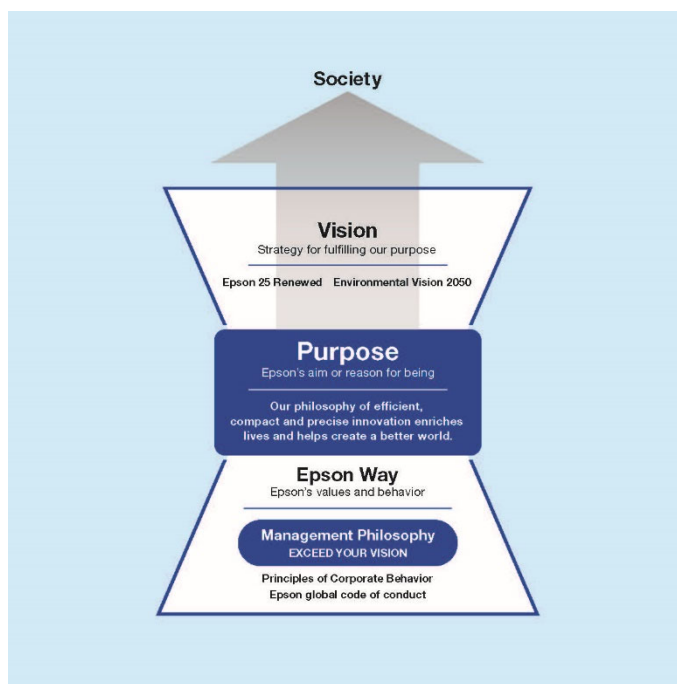
## 1.7 Succession of rights and obligations due to absorption-type mergers or absorption-type company splits

Not applicable.

## 1.8 Issues to be addressed

### (1) Basic management policy

Corporate Purpose is at the heart of all Epson's corporate activities. This Corporate Purpose, "Our philosophy of efficient, compact and precise innovation enriches lives and helps create a better world," was established in September 2022 to define the kind of value that Epson provides to society and to demonstrate both inside and outside the Company its unique reason for being and aspirations. Epson will provide new value to society by realizing the Corporate Purpose through its vision, based on its management philosophy, which is the universal concept of the Epson Way that defines the Group's values and behavior. Through these efforts, we will strive to achieve sustainable growth and enhance corporate value over the medium to long term in the future.



### (2) Concept of "Epson 25 Renewed" Corporate Vision

We have established "Epson 25 Renewed," with the goal of achieving sustainability and enriching communities, which we have set as our aspirational goal to pursue into the future. At present, humanity is facing a wide range of social issues, including climate change and the novel coronavirus pandemic. We believe that we have entered an era in which people aspire to achieve a variety of enrichment, including not only material and economic wealth, but also spiritual and cultural enrichment. Sustainability is a fundamental requirement for achieving this. With this background, Epson develops its business by always focusing on social issues as a starting point, considering what we can do to solve them, and how we can use our technologies to solve problems and contribute to society.

#### 1) "Epson 25 Renewed" vision statement

We have established the vision statement for "Epson 25 Renewed," which is "Co-creating sustainability and enriching communities to connect people, things, and information by leveraging our efficient, compact, and precision technologies and digital technologies." We will provide solutions that connect people, things, and information in a smart manner to society as a whole, including people's personal lives, industries, and manufacturing sites, in order to achieve our aspirational goal. The three most important initiatives in doing so are the environment, DX, and co-creation.

##### (Environmental initiatives)

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

##### (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.

##### (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.



2) “Epson 25 Renewed” policies

While uncertainties in society are expected to continue, we will aim to secure profitability and seek future growth by focusing on priorities. Furthermore, we will also continue to strengthen our efforts for the environment, DX, and co-creation across business domains.

Areas	Applicable businesses	Policies
Growth areas	Office printing, Commercial & industrial printing, Printhead sales, Production systems	See environmental changes as an opportunity and invest management resources
Mature areas	Home printing, Projection, Watches, Microdevices	Emphasize profitability through structural changes and efficiency improvements, etc.
New areas	Sensing, Environmental business	Develop new technologies and businesses

**(3) Concept of Environmental Vision 2050**

Epson has developed “Environmental Vision 2050,” a vision for environmental initiatives that are a prerequisite for a sustainable society, as follows, and has set goals to be achieved by 2050 and initiatives to realize these goals.

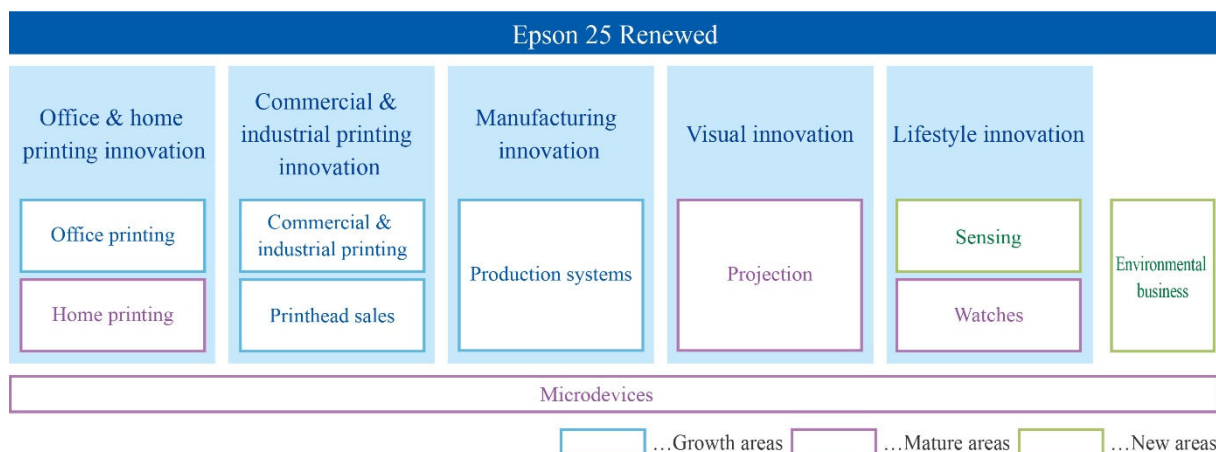
Items	Contents
Vision statement	Epson will become carbon negative and underground resource free by 2050 to achieve sustainability and enrich communities
Goals	2030: Reduce total emissions in line with the 1.5°C scenario (*1) 2050: Carbon negative and underground resource free
Actions	<ul style="list-style-type: none"> <li>● Reduce the environmental impacts of products and services and in supply chain</li> <li>● Achieve sustainability in a circular economy and advance the frontiers of industry through creative, open innovation</li> <li>● Contribute to international environmental initiatives</li> </ul>

\*1. Target for reducing greenhouse gas emissions aligned with the criteria under the Science Based Targets initiative (SBTi)

**(4) Business and financial issues to be addressed with priority**

1) Policies and progress of innovation strategy and future initiatives

We have established innovation areas around customer value and societal issues in order to execute the strategy for realizing our goals. In the microdevices business that supports the following five innovation areas, we will contribute to the development of a smart communities with crystal semiconductor solutions enhanced with our efficient, compact, and precision technologies. Furthermore, in order to realize a sustainable society, we will also develop new environmental solutions that integrate materials technologies and contribute to decarbonization and closing the resource loop by giving top priority to our contribution to the environment.



#### <Office & home printing innovation>

In this area, we seek to lead the evolution toward distributed printing that reduce environmental impacts and increase work productivity through inkjet technology, paper recycling technology, and open solutions. In office printing, sales continued to grow steadily in FY2022 as the environmental performance and convenience of inkjet printers were well received by customers. In addition, we launched inkjet multi-function printers for offices in the medium speed zone, which is our volume zone, to complete our product lineup. Going forward, we will further expand sales and accelerate the replacement of lasers with inkjets. In home printing, sales grew as large-capacity ink tank models captured printing demand in developed countries including those of North America, in addition to emerging countries. Going forward, we will make a full-fledged effort to create and expand services that leverage our customer base, such as expanding the regions in which we offer printing subscriptions.

#### <Commercial & industrial printing innovation>

In this area, we seek to offer inkjet technology and solutions that lead the digitalization of printing and contribute to lower environmental impacts and higher productivity. In the finished products business, we were able to efficiently launch products in multiple sizes and genres by utilizing the platforming that we have been working on. We will continue to develop more compact and high-performance products to increase sales. In addition, the number of companies connected to Epson Cloud Solution PORT, which provides total support to printing sites, is steadily growing. In FY2023, we will enhance the information provided and improve usability. In the area of small printers, we expect to expand our business on the strength of our brand power and customer contacts, as investment is expected to resume and expand, especially in the food and beverage industry. In the printhead sales business, sales grew mainly in China. We will continue to expand our market share through new products.

#### <Manufacturing innovation>

In this area, we seek to innovate manufacturing by co-creating flexible high-throughput production systems that reduce environmental impacts. In FY2022, while we automated manufacturing sites with robots featuring high speed and high precision, the second half of the fiscal year was a difficult one as the market environment deteriorated, especially for consumer equipment assembly and transportation applications. In FY2023, we will pursue co-creation with SIers and peripheral equipment manufacturers to further expand robot applications.

#### <Visual innovation>

In this area, we seek to connect people, things, information and services with inspiring video experiences and quality visual communications to support learning, working and lifestyles. In FY2022, we achieved sales growth by capturing demand from the education sector in Europe and the U.S. and by quickly resolving parts supply issues through collaboration among divisions, manufacturing bases, and sales companies in various regions, and made further progress in improving our profit structure. We will continue to introduce high-brightness projector and smart projector products for home use, and strengthen our contacts with customers through the use of digital technology.

#### <Lifestyle innovation>

In this area, we seek to utilize craftsmanship and co-create solutions that utilize sensing technologies to enrich diverse lifestyles. In the watches business, we will continue to strengthen our business structure through business restructuring in FY2023, while at the same time working to enhance the high value-added products of our own brand Orient Star and expand the regions where we operate direct sales sites for customers. In the sensing business, we will develop new businesses such as health data services through co-creation with an eye on the medium and long term.

## 2) Strengthening business infrastructure

In order to realize each innovation mentioned above, we are strengthening the business infrastructure as follows.

### <Sales & marketing strategies>

- ◆ Provide customer focused sales/support utilizing digital technology  
We are strengthening CRM (customer relation management) in order to accelerate growth. We will make a transition from activities designed to maximize sales of products to activities with a strong focus on providing customer value (consulting, value added solutions and maintenance services, etc.) and adoption of subscription services.
- ◆ Develop measures by focusing on priorities according to region and business segment  
In addition to expanding sales channels for IJP products for offices and commercial/industrial use, and expanding showrooms where customers can experience Epson's unique solutions, we are strengthening our sales and support functions for commercial/industrial IJP and robots to meet the trend of shifting production to near-consumer locations.
- ◆ Strategic value promotion activities for products  
Unique customer and environmental values are evolving in many product genres, such as Epson's inkjet printers and PaperLab in-office dry papermaking system. We will strategically roll out these products in order to make them known to as many people as possible.

### <Production strategies>

- ◆ Create an optimal production system  
We will continue to support production at multiple locations, which has progressed due to the impact of the novel coronavirus. In the production automation, we will achieve even more efficient production through the use of our own robotics technology and data.

### <Technology development strategies>

- ◆ Advance technologies that support innovation  
We will focus particularly on strengthening material, AI, and digital technologies. In material technologies, dry fiber technology (\*2) is being applied to other materials besides paper, and practical examples are expanding, such as upcycling from cotton scraps to packaging materials and from used clothing to new nonwoven fabrics. We will also promote development of metal recycling and CO<sub>2</sub> separation/absorption technologies, among other things, as well as solidify environmental business with co-creation partners. In AI and digital technologies, we will accelerate and strengthen development of algorithms to develop company-wide software platforms to create data utilization business.  
\*2. Epson's technology that converts materials into fibers with mechanical impact without using water (a moderate amount of humidity is required)

### <HR strategies>

For details, please refer to "(5) Concept and initiatives of sustainability 2) Strategy on human capital and diversity."

### 3) Financial targets

We will shift to profitability-focused management to realize “Epson 25 Renewed” and seek to secure profitability and future growth by focusing on priorities without pursuing excessive sales growth. In accordance with this policy, we have set ROIC, ROE and ROS as financial targets.

Consolidated financial targets	FY2020 (Result)	FY2021 (Result)	FY2022 (Result)	FY2023 (Forecast)	FY2025 (Target)
ROIC (*3)	5.6%	7.3%	7.1%	7.3%	11% or more
ROE	5.9%	15.2%	10.8%	8.9%	13% or more
ROS	6.2%	7.9%	7.1%	7.4%	10% or more

\*3. ROIC = Business profit after tax / (equity attributable to owners of the parent company + interest-bearing liabilities)

Epson has set ROIC as one of the financial targets to achieve better capital efficiency in management. We will introduce business portfolio management that clarifies the role of profitability and company growth to achieve efficient capital circulation, thereby enhancing management efficiency. By broadly dividing Epson’s business areas into growth areas, mature areas, and new areas, as described above, we will set capital allocations and targets according to how the businesses are positioned and will determine the strategic direction of each business as we go through a regular review cycle.

## (5) Concept and initiatives of sustainability

The movement toward sustainability around the world is accelerating at a rapid pace, with the expansion of ESG investment and the formulation of sustainability-related policies in various countries and regions. Against this backdrop, companies are increasingly being asked to take a stance on how to respond to the issues facing society through their business activities. Epson has been contributing to solving various social issues through the provision of its products and services. Going forward, under the banner of our Corporate Purpose, we will continue to work with our customers and partners from a long-term perspective with the goal of achieving sustainability and enriching communities by pursuing both business growth and solutions to social issues.

### 1) Sustainability strategy

Epson analyzes social issues and megatrends defined by international social norms, examines its own strengths that can lead to social impact, and identifies four materialities (achieve sustainability in a circular economy, advance the frontiers of industry, improve the quality of life, and fulfill our social responsibility) that are highly important issues for Epson to address to solve challenges in society. We believe Epson’s corporate activities are the solutions to social issues. To this end, we will aggressively invest management resources not only for business growth but also for the fulfillment of our social responsibility.

We aim to achieve sustainability and enrich communities through sustainability management that combines business growth and solutions to social issues, whereby we achieve business growth by solving social issues and solve more social issues by growing our business.

### 2) Strategy on human capital and diversity

<Basic approach to human resource strategy>

Epson is a company born and raised in Shinshu. Today, while maintaining its core functions and bases of operations in Shinshu, Epson has established 107 R&D, production, and sales bases in countries and regions outside Japan, which account for approximately 80% of the revenue and 75% of the employees, and continues to develop its business globally. Therefore, at Epson, the key to our human resource strategy is to build a human resource base that will enable us to survive severe global competition and achieve our management objectives and business growth by proactively acquiring external human resources and achieving diversity, while turning local job security and the relatively long-term employment that comes with it into our strength. For this reason, the following are key points for Epson’s human resource strategy.

- ◆ We will accurately grasp various customer needs and promote business reform and innovation to respond quickly and flexibly. To this end, we will actively acquire specialists from outside the Company in new and highly specialized fields, as well as management personnel who can work from

a managerial perspective. In addition, we will focus on areas to be strengthened and build optimal formations from a global perspective.

- ◆ Epson, as a “company where people continue to grow and develop their careers autonomously” over a long-term time horizon, provides various training programs, reskilling, rotation, internal recruitment systems, and other opportunities for challenge to enhance each employee’s ability to respond to changes in the internal and external environment. In addition, to build an optimal formation from a global perspective, we will develop and deploy human resources who can work globally, including overseas personnel.
- ◆ To enhance creativity to realize innovation, we will secure a diverse workforce, including women, non-Japanese, mid-career hires, people with disabilities, and older workers, as well as create a comfortable work environment that leverages our advantages as a regional company, such as our commitment to organizational culture, the natural environment of Shinshu, and proximity to work and home, to increase employee engagement and maximize the overall strength of the organization by taking advantage of our diverse human resources.

<Image of human resources we seek>

In order to realize its management strategy and execute its business, Epson needs people who can respond quickly to change with a broad perspective and a high level of expertise, and create customer value independently and autonomously from the customer’s perspective, based on the penetration of Corporate Purpose and the Epson Way, and a shared understanding of the business approach set forth in the long-term vision.

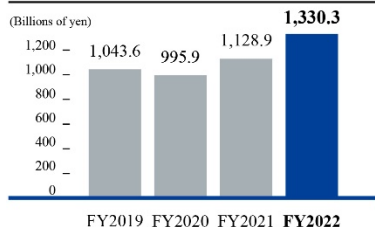
In anticipation of further declining birthrates, an aging society, and a shrinking workforce in Japan, we have begun to formulate a human resource portfolio on a global basis in order to define the human resource requirements needed to formulate and execute management strategies and establish new business models, and to identify gaps from the current situation. With this as a starting point, we will identify the human resource issues needed to realize our medium- to long-term strategies and implement appropriate measures to realize an optimal personnel structure company-wide.

## 1.9 Status of assets and income (loss)

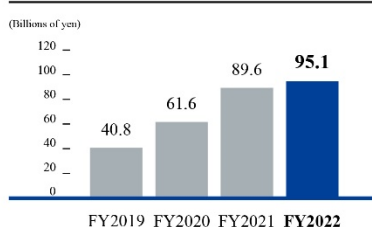
(Millions of yen unless otherwise stated)

Item	FY2019	FY2020	FY2021	FY2022
Revenue	1,043,600	995,940	1,128,914	1,330,331
Business profit	40,861	61,642	89,637	95,106
Profit from operating activities	39,479	47,654	94,479	97,044
Profit for the period attributable to owners of the parent company	7,733	30,922	92,288	75,043
Basic earnings per share (yen)	22.26	89.38	266.73	220.75
Total assets	1,040,910	1,161,314	1,266,420	1,341,575
Equity attributable to owners of the parent company	503,746	550,924	665,628	727,352
Equity attributable to owners of the parent company ratio (%)	48.4	47.4	52.6	54.2

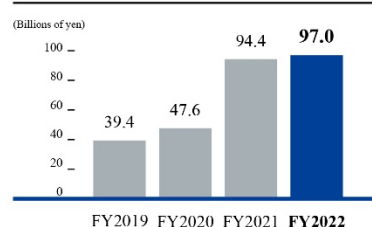
### Revenue



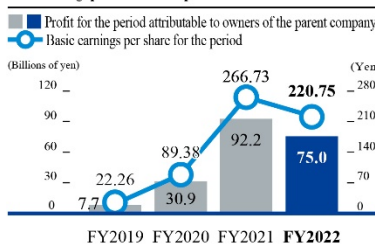
### Business profit



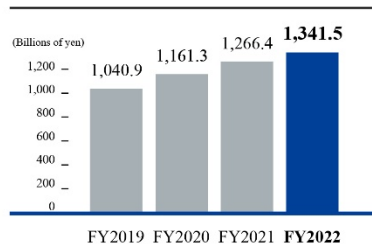
### Profit from operating activities



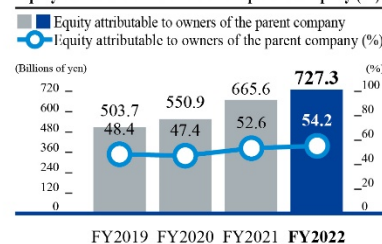
### Profit for the period attributable to owners of the parent company / Basic earnings per share for the period



### Total assets



### Equity attributable to owners of the parent company / Equity attributable to owners of the parent company (%)



### Notes

1. The Company prepares the consolidated financial statements on the basis of International Financial Reporting Standards (IFRS), in accordance with Article 120, Paragraph 1 of the Regulation on Corporate Accounting.
2. Business profit is a profit indicator that Epson voluntarily discloses in applying International Financial Reporting Standards (IFRS), and is very similar in principle to operating income under Japanese Generally Accepted Accounting Principles (JGAAP).
3. In the calculation of basic earnings per share, the shares of the Company held by BIP trust are accounted as treasury shares and the number of those shares is deducted from weighted-average number of ordinary shares outstanding during the period.

### 1.10 Status of significant parent companies and subsidiaries (as of March 31, 2023)

(1) Relationship with the parent company

Not applicable.

(2) Status of Significant Subsidiaries

	Company name	Location	The Company's percentage of equity participation	Main business
Japan	Epson Sales Japan Corporation	Tokyo	100.0%	Printing Solutions Visual Communications Manufacturing-related & Wearables
	Epson Direct Corporation	Nagano	100.0% (100.0%)	Manufacturing-related & Wearables
	Miyazaki Epson Corporation	Miyazaki	100.0%	Manufacturing-related & Wearables
	Tohoku Epson Corporation	Yamagata	100.0%	Printing Solutions Manufacturing-related & Wearables
	Akita Epson Corporation	Akita	100.0%	Printing Solutions Manufacturing-related & Wearables
	Epson Atmix Corporation	Aomori	100.0%	Manufacturing-related & Wearables
	Epson X Investment Corporation	Tokyo	100.0%	Venture investment & development
Americas	U.S. Epson, Inc.	U.S.A.	100.0%	Holding company
	Epson America, Inc.	U.S.A.	100.0% (100.0%)	Regional headquarters Printing Solutions Visual Communications Manufacturing-related & Wearables
	Epson do Brasil Industria e Comercio Ltda.	Brazil	100.0% (100.0%)	Printing Solutions Visual Communications
	Epson Portland Inc.	U.S.A.	100.0% (100.0%)	Printing Solutions
Europe	Epson Europe B.V.	The Netherlands	100.0%	Regional headquarters Printing Solutions Visual Communications Manufacturing-related & Wearables
	Epson (U.K.) Ltd.	U.K.	100.0% (100.0%)	Printing Solutions Visual Communications
	Epson Deutschland GmbH	Germany	100.0% (100.0%)	Printing Solutions Visual Communications Manufacturing-related & Wearables
	Epson Europe Electronics GmbH	Germany	100.0% (100.0%)	Manufacturing-related & Wearables
	Epson France S.A.S.	France	100.0% (100.0%)	Printing Solutions Visual Communications
	Epson Italia S.p.A.	Italy	100.0% (100.0%)	Printing Solutions Visual Communications
	Epson Como Printing Technologies S.r.l.	Italy	100.0% (100.0%)	Printing Solutions
	Epson Iberica, S.A.U.	Spain	100.0% (100.0%)	Printing Solutions Visual Communications
	Epson Telford Ltd.	U.K.	100.0% (100.0%)	Printing Solutions

Company name	Location	The Company's percentage of equity participation	Main business
Epson (China) Co., Ltd.	China	100.0%	Regional headquarters Printing Solutions Visual Communications Manufacturing-related & Wearables
Epson Singapore Pte. Ltd.	Singapore	100.0%	Regional headquarters Printing Solutions Visual Communications Manufacturing-related & Wearables
Epson Korea Co., Ltd.	South Korea	100.0%	Printing Solutions Visual Communications Manufacturing-related & Wearables
Epson Hong Kong Ltd.	China	100.0%	Printing Solutions Visual Communications Manufacturing-related & Wearables
Epson Taiwan Technology & Trading Ltd.	Taiwan	100.0%	Printing Solutions Visual Communications Manufacturing-related & Wearables
PT. Epson Indonesia	Indonesia	100.0% (100.0%)	Printing Solutions Visual Communications
Epson (Thailand) Co., Ltd.	Thailand	100.0% (100.0%)	Printing Solutions Visual Communications
Epson Philippines Corporation	Philippines	100.0% (100.0%)	Printing Solutions Visual Communications
Epson Australia Pty. Ltd.	Australia	100.0%	Printing Solutions Visual Communications
Epson India Pvt. Ltd.	India	100.0% (100.0%)	Printing Solutions Visual Communications
Epson Precision (Hong Kong) Ltd.	China	100.0%	Printing Solutions Visual Communications
Epson Engineering (Shenzhen) Ltd.	China	100.0% (100.0%)	Printing Solutions Visual Communications Manufacturing-related & Wearables
Orient Watch (Shenzhen) Ltd.	China	100.0% (100.0%)	Manufacturing-related & Wearables
Tianjin Epson Co., Ltd.	China	100.0% (100.0%)	Printing Solutions
Singapore Epson Industrial Pte. Ltd.	Singapore	100.0%	Manufacturing-related & Wearables
PT. Epson Batam	Indonesia	100.0% (100.0%)	Printing Solutions
PT. Indonesia Epson Industry	Indonesia	100.0%	Printing Solutions
Epson Precision (Thailand) Ltd.	Thailand	100.0%	Manufacturing-related & Wearables
Epson Precision (Philippines), Inc.	Philippines	100.0%	Printing Solutions Visual Communications
Epson Precision Malaysia Sdn. Bhd.	Malaysia	100.0%	Manufacturing-related & Wearables
Epson Precision (Johor) Sdn. Bhd.	Malaysia	100.0% (100.0%)	Manufacturing-related & Wearables

Asia and Oceania

Notes:

1. Percentage of equity participation indicated inside parentheses refers to indirect ownership percentage.
2. There are no specified wholly-owned subsidiaries.



### 1.11 Principal business locations and plants (as of March 31, 2023)

Epson is organized into operations divisions under global consolidated management. The majority of advanced R&D and product development is conducted in Japan (by Corporate R&D and R&D organizations in the various operations divisions), while manufacturing and sales activities are conducted around the world by Epson Group manufacturing and sales companies, both in Japan and abroad.

#### The Company

Registered Head Office	4-1-6 Shinjuku, Shinjuku-ku, Tokyo
Head Office	3-3-5 Owa, Suwa-shi, Nagano
Offices	Hirooka Office (Shiojiri-shi, Nagano), Toyoshina Plant (Azumino-shi, Nagano), Fujimi Plant (Fujimi-machi, Suwa-gun, Nagano), Suwa Minami Plant (Fujimi-machi, Suwa-gun, Nagano), Shiojiri Plant (Shiojiri-shi, Nagano), Matsumoto Minami Plant (Matsumoto-shi, Nagano), Ina Plant (Minowa-machi, Kamiina-gun, Nagano), Kanbayashi Plant (Matsumoto-shi, Nagano), Hino Office (Hino-shi, Tokyo), Sakata Plant (Sakata-shi, Yamagata), Chitose Plant (Chitose-shi, Hokkaido), Osaka Office (Osaka-shi, Osaka)

#### Subsidiaries

For detail, please refer to “1.10 Status of significant parent companies and subsidiaries.”

### 1.12 Status of employees (as of March 31, 2023)

Segment	Number of employees (Persons)	Year-on-year change (Persons)
Printing Solutions Business	54,496	1,654
Visual Communications Business	10,106	633
Manufacturing-related & Wearables Business	11,362	93
Other	411	12
Corporate	3,531	(128)
Total	79,906	2,264

Notes:

1. The number of employees represents the number of persons in employment.
2. The number of employees represented as Corporate represents administrative staff not assigned to any particular business segment.

### 1.13 Major lenders (as of March 31, 2023)

Lender	Borrowing amount (Millions of yen)
Mizuho Bank, Ltd.	31,800
MUFG Bank, Ltd.	10,567
The Hachijuni Bank, Ltd.	5,300

#### **1.14 Other material facts concerning the current status**

(1) Civil actions concerning copyright fees in Belgium

In 2010, Epson Europe B.V. (“EEB”), a consolidated subsidiary of the Company, brought a civil suit against La SCRL Reprobel (“Reprobel”), a Belgium-based group that collects copyright royalties, seeking restitution for copyright royalties for multifunction printers. With Repobel subsequently filing a suit against EEB, the two lawsuits were adjoined. EEB’s claims were rejected at the first trial, but EEB, dissatisfied with the decision, intends to appeal.

(2) Allegation by a consumer organization in France

Regarding the inkjet printer products sold in France, authorities have initiated investigations following an allegation made by a consumer organization in the country in 2017, pursuant to consumer protection law. The consumer organization alleges that Epson shortens the life of its products, which was never Epson’s intention. Giving the highest priority to quality and environment, Epson will continue to offer designs that meet customer needs.

Progress, result and resolution timing of the investigations, and their impact on Epson’s financial performance and its future business development are not predictable at this time.

## 2. Matters related to Company Shares (as of March 31, 2023)

- 2.1 Total number of shares authorized to be issued 1,214,916,736 shares
- 2.2 Total number of shares outstanding 385,022,278 shares (including 53,364,380 shares of treasury stock)
- 2.3 Number of shareholders 41,354 persons
- 2.4 Major shareholders

Shareholder name	Number of shares held (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	78,027,300	23.52
Custody Bank of Japan, Ltd. (Trust Account)	26,685,700	8.04
Sanko Kigyo Kabushiki Kaisha	14,000,000	4.22
Seiko Group Corporation	12,000,000	3.61
Mizuho Trust & Banking Co., Ltd., Retirement benefit trust, Mizuho Bank, Ltd. Account	8,153,800	2.45
Epson Group Employees' Shareholding Association	7,410,292	2.23
The Dai-ichi Life Insurance Company, Limited	6,115,200	1.84
STATE STREET BANK WEST CLIENT-TREATY 505234	4,733,777	1.42
Etsuko Hattori	4,321,400	1.30
The Hachijuni Bank, Ltd.	4,260,000	1.28

Note: Although the Company holds 53,364,380 shares of treasury shares, the Company is excluded from the above list of major shareholders. Shareholding ratio is calculated by deducting treasury shares. Treasury shares do not include the Company's shares (142,255 shares) owned by the officer compensation BIP Trust.

### 2.5 Shares delivered to management as compensation for execution of duties during the fiscal year under review

Category	Number of shares (shares)	Number of individuals eligible for delivery (persons)
Directors who are not Audit & Supervisory Committee Members (of which, Outside Directors)	29,264 (-)	3 (-)
Directors who are Audit & Supervisory Committee Members (of which, Outside Directors)	- (-)	- (-)
Total	29,264	3

### 2.6 Other important matters concerning shares

#### (1) Acquisition of treasury shares

The Company acquired treasury shares as follows, based on the resolution of the Board of Directors on May 19, 2022.

- Type of shares acquired: Common stock of the Company
- Total number of shares acquired: 14,612,500 shares
- Acquisition period: July 21, 2022 to January 16, 2023

(2) Cancellation of treasury shares

The Company cancelled treasury shares as follows, based on the resolution of the Board of Directors on February 21, 2023.

- Type of shares cancelled: Common stock of the Company
- Total number of shares cancelled: 14,612,500 shares
- Date of cancellation: March 8, 2023

### 3. Matters related to the Subscription Rights to Shares, etc. of the Company

Not applicable.

### 4. Matters related to Management

#### 4.1 Names, etc. of Directors (as of March 31, 2023)

Name	Title	Areas of responsibility and significant concurrent positions
Minoru Usui	Chairman and Director	Outside Director of IHI Corporation Outside Member of the Board of Directors of Sumitomo Pharma Co., Ltd.
Yasunori Ogawa	President and Representative Director	—
Koichi Kubota	Representative Director Senior Managing Executive Officer	General Administrative Manager, Sales & Marketing Division
Tatsuaki Seki	Director Senior Managing Executive Officer Chief Compliance Officer	General Administrative Manager, Corporate Strategy and Management Control Division General Administrative Manager, Sustainability Promotion Office
Hideaki Omiya	Outside Director	Adviser of Mitsubishi Heavy Industries, Ltd. Outside Director of Nomura Research Institute, Ltd.
Mari Matsunaga	Outside Director	Outside Director of Asahi Group Holdings, Ltd.
Masayuki Kawana	Director Full-Time Audit & Supervisory Committee Member	—
Yoshio Shirai	Outside Director Audit & Supervisory Committee Member	Outside Director, Audit & Supervisory Committee Member of Fujikura Ltd.
Susumu Murakoshi	Outside Director Audit & Supervisory Committee Member	Attorney-at-law
Michiko Ohtsuka	Outside Director Audit & Supervisory Committee Member	Certified Public Accountant

Notes 1. The Company registered Mr. Hideaki Omiya, Ms. Mari Matsunaga, Mr. Yoshio Shirai, Mr. Susumu Murakoshi and Ms. Michiko Ohtsuka as Independent Directors with the Tokyo Stock Exchange.

2. Mr. Koichi Kubota retired from the post of Representative Director and Senior Managing Executive Officer, and assumed the office of Director as of April 1, 2023.
3. Mr. Tatsuaki Seki assumed the office of Representative Director as of April 1, 2023.
4. Director and Audit & Supervisory Committee Member Ms. Michiko Ohtsuka has professional knowledge and experience as a certified public accountant, thus she has considerable knowledge in finance and accounting.
5. Based on a belief that improving audit environment and smooth collection of in-house information through attending important internal meetings, as well as close coordination with an internal audit departments, etc. and daily oversight on the internal control system are necessary to ensure the effectiveness of the activities of the Audit & Supervisory Committee, the Company has appointed Mr. Masayuki Kawana as a Full-Time Audit & Supervisory Committee Member.
6. There are no special interests between the Company and the entities where each Outside Director holds significant concurrent positions.
7. List of Executive Officers (excluding Directors concurrently serving as Executive Officers) as of March 31, 2023 is as follows.

Name	Title	Areas of responsibility
Junichi Watanabe	Managing Executive Officer	General Administrative Manager, Production Planning Division
Hideki Shimada	Managing Executive Officer	In charge of Specific Projects, Production Planning Division (CS Quality, Environment)
Akihiro Fukaishi	Executive Officer	Chairman and President, Epson (China) Co., Ltd.
Yoshiyuki Moriyama	Executive Officer	Chairman and President, Epson Engineering (Shenzhen) Ltd.
Nobuyuki Shimotome	Executive Officer	Chief Operating Officer, Microdevices Operations Division
Hitoshi Igarashi	Executive Officer	Deputy General Administrative Manager, Printing Solutions Division (in charge of P Commercial & Industrial Operations, PaperLab Business and Planning and Design) Chief Operating Officer, P Commercial & Industrial Operations Division
Keith Kratzberg	Executive Officer	President, Epson America, Inc.
Isamu Otsuka	Executive Officer	President, Epson Atmix Corporation
Eiichi Abe	Executive Officer	General Administrative Manager, Human Resources Division General Administrative Manager, Health Management Office
Kazuhiro Ichikawa	Executive Officer	General Administrative Manager, Technology Development Division
Keijiro Naito	Executive Officer	Chief Operating Officer, Manufacturing Solutions Operations Division
Yoshifumi Yoshida	Executive Officer	Deputy General Administrative Manager, Production Planning Division (in charge of Processing Technology, Automation Technology Development)
Andrea Zoeckler	Executive Officer	Senior Vice President, Epson America, Inc.
Yoshiro Nagafusa	Executive Officer	President, Epson Europe B.V.
Satoru Hosono	Executive Officer	Deputy General Administrative Manager, Technology Development Division (in charge of Foundational Technology Development)
Fuminori Suzumura	Executive Officer	President, Epson Sales Japan Corporation
Akifumi Takei	Executive Officer	President, Epson Precision (Philippines), Inc.
Junkichi Yoshida	Executive Officer	General Administrative Manager, Printing Solutions Division
Samba Moorthy	Executive Officer	Managing Director, Epson India Pvt. Ltd.

Name	Title	Areas of responsibility
Yoichi Yamada	Executive Officer	Deputy General Administrative Manager, Printing Solutions Division (in charge of P Office & Home Operations and Component Design) Chief Operating Officer, P Office & Home Operations Division
Tomoo Takaso	Executive Officer	General Administrative Manager, DX Division
Yasunori Yoshino	Executive Officer	Chief Operating Officer, Visual Products Operations Division
Toshiaki Miyasaka	Executive Officer	Deputy General Administrative Manager, Printing Solutions Division (in charge of Quality Assurance, Production Technology, Production Management)
Sunao Murata	Professional Officer	In charge of Specific Projects, DX Division (Company IT Technology, GX-CRM)
Tsuyoshi Kitahara	Technology Officer	In charge of Exploration for New Technology Development, Technology Development Division General Manager, Advanced Production Technology Development Department (in charge of New Domain Technology Development (Component Development))

8. Changes in the positions and responsibilities of Executive Officers after the end of the fiscal year under review are as follows.

Name	After change	Before change	Date of change
Junichi Watanabe	Managing Executive Officer General Administrative Manager, Production Planning Division Deputy General Administrative Manager, Global Environmental Strategy Promotion Office (in charge of Production Planning, Procurement, Logistics)	Managing Executive Officer General Administrative Manager, Production Planning Division	April 1, 2023
Eiichi Abe	Executive Officer General Administrative Manager, Human Capital & Well-Being Management Division	Executive Officer General Administrative Manager, Human Resources Division General Administrative Manager, Health Management Office	April 1, 2023
Kazuhiro Ichikawa	Executive Officer General Administrative Manager, Technology Development Division General Administrative Manager, Global Environmental Strategy Promotion Office	Executive Officer General Administrative Manager, Technology Development Division	April 1, 2023
Masashi Hayashi	Executive Officer Chief Operating Officer, Wearable Products Operations Division	Chief Operating Officer, Wearable Products Operations Division	April 1, 2023
Masaharu Mizukami	Executive Officer Deputy General Administrative Manager, Corporate Strategy and Management Control Division (in charge of GX, Finance) Chief Operating Officer, Global Management Foundation (Business Process, IT) Transformation Project	Deputy General Administrative Manager, Corporate Strategy and Management Control Division (in charge of GX, Finance) Chief Operating Officer, Global Management Foundation (Business Process, IT) Transformation Project	April 1, 2023
Toshihiko Kobayashi	Executive Officer General Administrative Manager, Intellectual Property Division	General Administrative Manager, Intellectual Property Division	April 1, 2023
Siew Jin Kiat	Executive Officer Managing Director, Epson Singapore Pte. Ltd.	Managing Director, Epson Singapore Pte. Ltd.	April 1, 2023

9. Mr. Hideki Shimada and Mr. Yoshiyuki Moriyama retired from the posts of Executive Officer, and Mr. Tsuyoshi Kitahara retired from the post of Technology Officer, as of March 31, 2023.
10. Mr. Masashi Hayashi, Mr. Masaharu Mizukami, Mr. Toshihiko Kobayashi and Mr. Siew Jin Kiat assumed office of Executive Officer as of April 1, 2023.
11. The Company has elected Special Audit & Supervisory Officer, a post to support the Audit & Supervisory Committee. The list of Special Audit & Supervisory Officer as of March 31, 2023 is as follows.

Name	Title	Areas of responsibility
Yoshihiro Mizoguchi	Special Audit & Supervisory Officer	General Administrative Manager of the Audit & Supervisory Committee Office

#### 4.2 Outline of liability limitation contracts

The Company has entered into contracts with its non-executive Directors, namely, Mr. Hideaki Omiya, Ms. Mari Matsunaga, Mr. Masayuki Kawana, Mr. Yoshio Shirai, Mr. Susumu Murakoshi and Ms. Michiko Ohtsuka, which limit their liabilities to the damages pursuant to Article 423, Paragraph 1 of the Companies Act. The maximum liability amount under the contracts shall be the minimum liability amount stipulated in laws and regulations.

#### 4.3 Outline of the indemnity agreement

The Company has entered into an indemnity agreement, whose outline is as follows.

1. Names of company officers  
Mr. Minoru Usui, Mr. Yasunori Ogawa, Mr. Koichi Kubota, Mr. Tatsuaki Seki, Mr. Hideaki Omiya, Ms. Mari Matsunaga, Mr. Masayuki Kawana, Mr. Yoshio Shirai, Mr. Susumu Murakoshi, Ms. Michiko Ohtsuka
2. Outline of the indemnity agreement  
The Company will indemnify for the expenses provided for in item (i) and the losses provided for in item (ii) of Article 430-2, Paragraph 1 of the Companies Act to the extent provided by laws and regulations. However, in order to ensure that the indemnity agreement does not impair the appropriateness of the execution of duties, the Board of Directors determines whether indemnity is required and the extent of such indemnity.

#### 4.4 Outline of directors and officers liability insurance contract

The Company has entered into a directors and officers liability insurance contract, whose outline is as follows.

1. Scope of the insured
  - (1) Directors, Executive Officers, Professional Officers and Special Audit & Supervisory Officers of the Company
  - (2) Directors and Audit & Supervisory Board Members of the Company's domestic subsidiaries
  - (3) Employees in management positions of the Company and its domestic subsidiaries
  - (4) Individuals occupying officer positions of companies other than the Company or its domestic subsidiaries based on a request or an instruction from the Company
  - (5) The Company and its domestic subsidiaries
2. Actual ratio of premiums paid by the insured  
The premiums are paid by the Company, and the insured does not effectively bear a ratio of the premiums.
3. Outline of events insured against  
Damages (legal compensation for damages, litigation expenses, etc.) arising from claims for damages due to the execution of duties by the insured will be covered.
4. Measures to ensure the appropriateness of the execution of duties by officers, etc. is maintained  
An exemption clause is included in the contract, which stipulates to the effect that damages arising from personal offers of illegal profit, criminal acts, etc. will not be covered.

## 4.5 Compensation to Directors

### 1. Total amount of compensation

(Millions of yen)

Category		Base compensation (monetary)	Performance-linked compensation Bonuses (monetary)	Stock compensation with transfer restrictions (non-monetary)	Total
Directors who are not Audit & Supervisory Committee Members (of which, Outside Directors)	6 (2)	205 (30)	110 (-)	36 (-)	352 (30)
Directors who are Audit & Supervisory Committee Members (of which, Outside Directors)	4 (3)	81 (48)			81 (48)
Total	10	287	110	36	434

- Notes
- The Company has introduced an officers' shareholding association system to link compensation more closely to shareholders' value. A portion of the base compensation is discretionally allotted for the acquisition of the Company's shares. The Company has established the criteria for shareholding by its officers based on internal regulations defined by the Board of Directors to demonstrate its commitment to and responsibilities for the management to all shareholders.
  - The amount above includes bonuses to be paid to Directors in the amount of 110 million yen (amount to be paid to three Directors excluding Chairman and Director without the right of representation, Outside Directors, and Directors who are Audit & Supervisory Committee Members), subject to the approval of the proposal concerning the payment of bonus to Directors to be proposed at the Ordinary General Meeting of Shareholders scheduled on June 27, 2023.
  - From the fiscal year under review, the Company has introduced a restricted stock compensation plan with the aim of sharing share price fluctuation benefits and risks with shareholders and to increase incentives for share price appreciation, sustainable growth, and medium- to long-term corporate value enhancement even more. The overview of the restricted stock compensation plan is described in "2. <Outline of contents of the decision-making policies> (3)" below.
  - The performance-linked stock compensation plan, which was introduced by employing a framework referred to as the officer compensation BIP (Board Incentive Plan) trust, will terminate upon the completion of the delivery and payment pertaining to the points already granted of the Company's common stock and the cash equivalent to an amount obtained through the conversion of the Company's common stock into cash, with the introduction of the restricted stock compensation plan upon resolution of the Ordinary General Meeting of Shareholders held on June 28, 2022.
  - The number of individuals paid for under the above restricted stock compensation plan does not include three Directors who are not Audit & Supervisory Committee Members and are independent from business execution (Chairman and Director without the right of representation and Outside Directors).
  - The above stock compensation with transfer restrictions represents the amount recorded as an expense in the fiscal year under review under Japanese Generally Accepted Accounting Principles (JGAAP).
  - Stock options are not granted.
2. Decision-making policies, etc. on compensation for individual Directors who are not Audit & Supervisory Committee Members
- The Company has established its decision-making policies on compensation for individual Directors who are not Audit & Supervisory Committee Members.

#### <Method of determining the decision-making policies>

Decision-making policies are determined by the Board of Directors upon deliberation of its contents at the Director Compensation Committee, which is chaired by an Outside Director and the majority of which is composed of Outside Directors.



<Outline of contents of the decision-making policies>

(1) Basic stance

The Company’s officer compensation shall consist of base compensation, which is fixed compensation, bonuses, which is performance-linked compensation, and stock compensation with transfer restrictions, which is non-monetary compensation. Given their roles to monitor the management as a whole as well as their independence from the business affairs, the Company pays only fixed compensation as base compensation to Officers who do not have executive duties and therefore does not pay bonuses and stock compensation with transfer restrictions.

**Compensation for Officers who have executive duties**

- Compensation shall be incentive that motivates and demonstrates commitment to improving business performance in order to achieve the Group’s sustainable growth and increase corporate value over the medium to long term.
- Compensation shall be sufficient to secure and retain qualified persons both from within the Company and from outside.
- Compensation shall be commensurate with the business performance so that they can demonstrate their management capabilities to the fullest during their terms of offices.
- Compensation shall make clear the linkage between compensation for officers and the value of the Company’s shares and reinforce a sense of shared interests with shareholders.
- Compensation shall include built-in mechanisms to control misconduct.
- Compensation shall be determined through a transparent, objective, and fair process.

**Compensation for Officers who do not have executive duties**

- The composition of compensation shall guarantee independence so that these Officers can suitably demonstrate their general management supervisory function, etc.
- Compensation shall be sufficient to secure and retain qualified persons both from within the Company and from outside.

(2) Decision-making policies on the amount of compensation for individual Directors who are not Audit & Supervisory Committee Members and the ratio of compensation

- Summary of content and ratio of compensation, etc. and policy for determining the ratio

Types of compensation	Contents	Ratio and policy for determining the ratio
Base compensation	<ul style="list-style-type: none"> <li>- Fixed monetary compensation determined in accordance with the size of the role, such as positions, duties and delegations (hereinafter the “Role Grade”)</li> <li>- Compensation is paid periodically on a monthly basis during the term of office.</li> <li>- The Board of Directors may increase or decrease the amount depending on the Company’s business performance or other reasons.</li> </ul>	<p>Base compensation: 45% to 55%</p> <p>Determine the percentage of total annual compensation (*) based on positions and the Role Grade</p> <p>* Calculated based on each Director’s positions and the Role Grade</p>
Bonuses	<ul style="list-style-type: none"> <li>- Performance-linked monetary compensation that fluctuates based on the achievement level of performance indicators and personal goals for a single fiscal year (once a year)</li> <li>- Bonuses are paid annually upon resolution of the General Meeting of Shareholders.</li> </ul>	<p>Bonuses: 25% to 30%</p> <p>Determine the percentage of total annual compensation based on positions and the Role Grade</p>
Stock compensation	<ul style="list-style-type: none"> <li>- Stock compensation to promote further value sharing with shareholders and to increase incentives for share price appreciation, sustainable growth, and medium- to long-term corporate value enhancement even more (once a year)</li> </ul>	<p>Stock compensation: 20% to 25%</p> <p>Determine the percentage of total annual compensation based on positions and the Role Grade</p>

	- The details are as described in “(3) Decision-making policies on non-monetary compensation for Directors who are not Audit & Supervisory Committee Members.”	
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Note: The percentage of total compensation for Directors who are not Audit & Supervisory Committee Members (excluding Chairman and Director without the right of representation and Outside Directors) in FY2022 was 43.0% for base compensation, 42.7% for bonuses, and 14.3% for stock compensation.

### Bonuses

[Details of performance indicators and reasons for selection thereof]

In consideration of the nature of bonuses as a short-term incentive, company-wide ROE is used as a performance indicator in order to link it to business performance.

[Calculation method]

The amount of bonuses payable are calculated by multiplying the annual total compensation determined based on each officer’s positions and the Role Grade as of the last month of the fiscal year under review by the bonus ratio for each position and the Role Grade, and then multiplying the bonus base amount by a coefficient (0% to 200%) based on the achievement level against index values such as company-wide ROE targets and a coefficient ( $\pm 40\%$ ) based on the achievement level against individual targets.

[Results of performance indicators]

Company-wide ROE used as a performance indicator is 10.5%. Company-wide ROE is calculated excluding treasury shares acquired during the fiscal year under review.

- (3) Decision-making policies on non-monetary compensation for Directors who are not Audit & Supervisory Committee Members

### Stock compensation with transfer restrictions

Items	Contents
Type of shares	Common stock (subject to transfer restrictions in the allotment agreement)
Offering method	Disposal of treasury shares
Recipients	Directors (excluding those in positions independent from business execution, such as Outside Directors and Directors who are Audit & Supervisory Committee Members, as well as overseas residents)
Maximum amount of compensation	200 million yen per year
Maximum number of shares	200,000 shares
Restriction period	Until the date of resignation or retirement from any position as a Director, Executive Officer, or employee of the Company
Basic stock compensation amount	The number of shares to be allotted during the applicable period shall be calculated by dividing the base amount of compensation, which is obtained by multiplying the total annual compensation calculated based on each Director’s positions and the Role Grade by a stock compensation ratio (20% to 25%) based on the positions and a coefficient (80% to 120%) based on the achievement level against indicators such as company-wide ROIC and sustainability targets, by the price per share of restricted stock determined by the Board of Directors.
Determination of the amount of compensation to be paid	The amount of monetary compensation claims to be paid to each Director as compensation, etc. for shares with transfer restrictions shall be calculated by multiplying the number of allotted shares by the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors pertaining to the issue or disposal of such shares.

Basic conditions for lifting of transfer restrictions/ acquisition without consideration other than expiration of transfer restriction period	<p>(i) Details of Restrictions on Transfer Eligible Directors who receive allotment of shares with transfer restrictions may not transfer, pledge, grant security interests, gift during their lifetime, or bequeath, to any third party, or engage in any other act of disposal (hereinafter “Transfer Restrictions”) with regard to the shares with transfer restrictions allotted to them (hereinafter “Allotted Shares”) during the period from the date of delivery of the shares with transfer restrictions until the date on which they resign or retire from their position as either Directors, Executive Officers, or employees of the Company (hereinafter “Transfer Restriction Period”).</p> <p>(ii) Acquisition of Shares with Transfer Restrictions without Contribution If an eligible Director who has received allotment of shares with transfer restrictions resigns or retires from his or her position as a Director, Executive Officer or employee of the Company during the period on or after the date of commencement of the Transfer Restriction Period until the day before the date of the first Ordinary General Meeting of Shareholders thereafter, the Company will acquire the Allotted Shares without contribution, unless there are grounds deemed justifiable by the Board of Directors. The Company will also automatically acquire the Allotted Shares without contribution if there are any Allotted Shares for which Transfer Restrictions have not been lifted pursuant to the provisions of the grounds for lifting Transfer Restrictions in (iii) below at the time the Transfer Restriction Period in (i) above expires.</p> <p>(iii) Lifting Transfer Restrictions The Company will lift Transfer Restrictions for all of the Allotted Shares upon the expiration of the Transfer Restriction Period, on the condition that the eligible Directors who have received an allotment of shares with transfer restrictions hold the position of Director, Executive Officer or employee of the Company continuously from the date of commencement of the Transfer Restriction Period until the date of the first Ordinary General Meeting of Shareholders thereafter. However, if, due to grounds deemed justifiable by the Board of Directors, such eligible Directors resign or retire from their position as a Director, Executive Officer or employee of the Company during the period on or after the date of commencement of the Transfer Restriction Period until the day before the date of the first Ordinary General Meeting of Shareholders thereafter, the Company will make reasonable adjustments, as necessary, to the number of Allotted Shares for which Transfer Restrictions will be lifted and the timing at which Transfer Restrictions will be lifted.</p> <p>(iv) Handling When Reorganizing, etc. If, during the Transfer Restriction Period, matters concerning a merger agreement in which the Company becomes a disappearing company, a share exchange agreement or a share transfer plan in which the Company becomes a wholly owned subsidiary, or any other matter concerning organizational restructuring, etc., are approved by a general meeting of shareholders (or by the Board of Directors in cases where approval by a general meeting of shareholders is not required for such reorganization, etc.), the Company will, by resolution of the Board of Directors, lift the Transfer Restrictions prior to the effective date of such organizational restructuring, etc., for the number of Allotted Shares that is reasonably determined based on the period from the date of commencement of the Transfer Restriction Period until the date of approval of such organizational restructuring, etc. In such cases, the Company will automatically acquire the Allotted Shares without contribution for which Transfer Restrictions have not been lifted at the time immediately after the Transfer Restrictions are lifted in accordance with the above-stated provisions.</p>
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(4) Matters regarding delegation of decisions on compensation for individual Directors who are not Audit & Supervisory Committee Members

Regarding the amount of compensation for the fiscal year under review, in order to ensure fair screening through a process with ensured transparency and objectivity, upon the resolution at the Board of Directors meeting, the Director Compensation Committee (all Outside Directors: Chaired by Mr. Hideaki Omiya, and consisting of six members in total including Ms. Mari Matsunaga, Mr. Yoshio Shirai, Mr. Susumu Murakoshi, Ms. Michiko Ohtsuka, and President and Representative Director Mr. Yasunori Ogawa) has been provided with discretion to determine such compensation. In order to make sure that the said authority is exercised appropriately, the majority of the members of the Director Compensation Committee comprises Outside Directors, and the chairperson is elected from among Outside Directors by the members of the Committee.

(5) Other important matters regarding decisions on the details of compensation for individual Directors who are not Audit & Supervisory Committee Members

The Company has established provisions (malus and clawback clauses) to acquire without contribution some or all of the Allotted Shares allotted to eligible Directors or common stock of the Company for which Transfer Restrictions have been lifted, or to be paid an amount equivalent to the value of the Allotted Shares or common stock of the Company for which Transfer Restrictions have been lifted, in cases in which the Board of Directors recognizes that eligible Directors have violated laws, regulations, or internal rules, etc. in any material respect during the Transfer Restriction Period

or after the lifting of the Transfer Restrictions, and when certain circumstances determined by the Board of Directors have occurred, including serious accounting irregularities or large losses, etc.

<Reasons why the Board of Directors has determined that the details of compensation for individual Directors who are not Audit & Supervisory Committee Members for the fiscal year under review comply with the said decision-making policies>

The Board of Directors has confirmed the following points and determined that the compensation for Directors who are not Audit & Supervisory Committee Members for the fiscal year under review complies with the said policies.

- A fair, transparent, and rigorous reporting by the Director Compensation Committee, which is chaired by an Outside Director and the majority of which is composed of Outside Directors, has been conducted.
- The Audit & Supervisory Committee shared and discussed the details that were discussed by the Director Compensation Committee and reported that there were no items to be stated at the General Meeting of Shareholders.

3. Decision-making policies, etc. on compensation for individual Directors who are Audit & Supervisory Committee Members

The Company has established its decision-making policies on compensation for individual Directors who are Audit & Supervisory Committee Members.

<Method of determining the decision-making policies>

Decision-making policies are determined by the Audit & Supervisory Committee.

<Outline of contents of the decision-making policies>

The Company's compensation for individual Directors who are Audit & Supervisory Committee Members shall be decided by taking into consideration factors such as whether he or she is Full-Time or not, how the audit work has been divided, and the details and levels of compensation for Directors who are not Audit & Supervisory Committee Members.

Given their roles to monitor the management as a whole based on independence from the business affairs, the Company pays only fixed compensation to Directors who are Audit & Supervisory Committee Members. In addition, basic stance for such fixed compensation is as stated in "Compensation for Officers who do not have executive duties," and it is determined by the Board of Directors upon deliberation of its contents at the Director Compensation Committee, which is chaired by an Outside Director and the majority of which is composed of Outside Directors.

4. Resolutions by the General Meeting of Shareholders on compensation for Directors

The total amount of compensation for Directors was resolved at the past general meetings of shareholders as follows.

Officer category	Types of compensation	Date of resolution of general meeting of shareholders	Details of compensation	Number of officers as of the date of resolution
Directors who are not Audit & Supervisory Committee Members	Base compensation	June 28, 2016	Up to 62 million yen per month (including up to 10 million yen per month for Outside Directors)	8 (including two Outside Directors)
	Stock compensation with transfer restrictions	June 28, 2022	- Up to 200 million yen per year - Up to 200,000 shares per year	3
	Performance-linked stock compensation (officer compensation BIP trust)	June 28, 2016	Up to 500 million yen in total over a period of three fiscal years, with the maximum number of total points to be granted per year set at 100,000 points (one point is equivalent to one share in the Company)	6
Directors who are Audit & Supervisory Committee Members	Base compensation	June 28, 2016	Up to 20 million yen per month	4

#### 4.6 Main activities of Outside Directors

##### (1) Outside Directors

Name	Outline of comments at meetings of the Board of Directors and duties performed in relation to expected roles	Attendance at meetings of the Board of Directors (Attendance rate)
Hideaki Omiya	Based on a wealth of experience and insight as a corporate manager and engineer, he has fulfilled his role in appropriately supervising management by actively expressing opinions including findings and proposals regarding overall managerial issues from a perspective of a corporate manager well-versed in the global corporate management in the heavy industry, a different business field.	Meetings of the Board of Directors: 13 / 13 meetings (100%)
Mari Matsunaga	Based on a track record of creating new business models and considerable insight and experience through her involvement in the management of multiple companies as outside officers, she has fulfilled her role in appropriately supervising management by actively expressing opinions including findings and proposals regarding managerial issues from the viewpoints of open innovation promotion, etc.	Meetings of the Board of Directors: 13 / 13 meetings (100%)

##### (2) Outside Directors, Audit & Supervisory Committee Members

Name	Outline of comments at meetings of the Board of Directors and Audit & Supervisory Committee and duties performed in relation to expected roles	Attendance at meetings of the Board of Directors and Audit & Supervisory Committee (Attendance rate)
Yoshio Shirai	Based on considerable experience and insight as a corporate manager and engineer, he has fulfilled his role in appropriately supervising management by actively expressing opinions including findings and proposals regarding overall managerial issues from a perspective of a corporate manager well-versed in the global corporate management in the automotive industry and at a trading firm, different business fields.	Meetings of the Board of Directors: 13 / 13 meetings (100%) Meetings of the Audit & Supervisory Committee: 17 / 17 meetings (100%)
Susumu Murakoshi	Based on a high level of expertise as an attorney-of-law and a considerable insight and experience through his involvement in the legal community including as the President of Japan Federation of Bar Association, he has fulfilled his role in appropriately supervising management by actively expressing opinions including findings and proposals regarding managerial issues from a perspective of a legal professional.	Meetings of the Board of Directors: 13 / 13 meetings (100%) Meetings of the Audit & Supervisory Committee: 17 / 17 meetings (100%)

Name	Outline of comments at meetings of the Board of Directors and Audit & Supervisory Committee and duties performed in relation to expected roles	Attendance at meetings of the Board of Directors and Audit & Supervisory Committee (Attendance rate)
Michiko Ohtsuka	Based on a high level of expertise as a certified public accountant and a considerable insight and experience through her involvement in the management of a listed company as outside officer, she has fulfilled her role in appropriately supervising management by actively expressing opinions including findings and proposals regarding managerial issues from a perspective of finance and accounting professional.	Meetings of the Board of Directors: 13 / 13 meetings (100%) Meetings of the Audit & Supervisory Committee: 17 / 17 meetings (100%)

## 5. Financial Auditor

### 5.1 Financial auditor's name

Ernst & Young ShinNihon LLC

### 5.2 Financial auditor's compensation, etc. for the fiscal year under review

Category	Compensation for audit certificate service (Millions of yen)	Compensation for non-audit service (Millions of yen)
The Company	165	—
Consolidated subsidiaries	43	—
Total	208	—

- Notes
1. Taking into consideration the “Practical Guidelines for Cooperation with Financial Auditor” announced by the Japan Audit & Supervisory Board Members Association, Audit & Supervisory Committee has given consent to the compensation, etc., to be paid to the financial auditor as stipulated in Article 399, Paragraph 1 of the Companies Act, as a result of confirming the policies and the content of the auditing plan that form the basis of compensation to the financial auditor, auditing time and auditing compensation, as well as the auditing plan and its results for the previous fiscal year, and examining the validity of quotation for the auditing.
  2. Under the audit agreement between the Company and its financial auditor, compensation for audits pursuant to the Companies Act and audits pursuant to the Financial Instruments and Exchange Act are not strictly separated, and otherwise cannot be separated. Consequently, the financial auditor's compensation, etc. for this fiscal year under review reflects the total compensation.
  3. Of the significant subsidiaries of the Company, 34 overseas subsidiaries undergo audits (limited to those specified by Japan's Companies Act or the Financial Instruments and Exchange Act, or foreign laws and regulations equivalent to such laws) by certified public accountants or audit firms other than the financial auditor of the Company (including those with comparable qualifications abroad).

### 5.3 Policy regarding determination of dismissal or non-reappointment of financial auditor

In the event that any of the items set forth in the clauses of Article 340, Paragraph 1 of the Companies Act is met, and the Audit & Supervisory Committee deems it appropriate to dismiss the financial auditor, the Audit & Supervisory Committee shall dismiss the financial auditor subject to the unanimous consent of Audit & Supervisory Committee Members.

In addition, if the Audit & Supervisory Committee deems that (i) the quality of audit, quality control, independence and other aspects of the financial auditor are likely to hinder the execution of proper audits, (ii) an audit system more appropriate to the Company would be achieved by replacing the audit firm, or (iii) otherwise it would be necessary, the Audit & Supervisory Committee shall, based on its resolution, determine the details of the proposal to dismiss or not reappoint the financial auditor for submission to the General Meeting of Shareholders.



## **6. Internal Control Systems (A system for ensuring that business is conducted suitably by the corporate group)**

### **6.1 Basic Policy regarding the Internal Control System**

The content of the Company's basic policy regarding the internal control system is described below.

Seiko Epson Corporation ("Epson" or "the Company") considers its Management Philosophy to be its most important management concept, and to realize it Epson has established "Principles of Corporate Behavior," a code of conduct that is shared across the Group, including at subsidiaries. The Company shall establish the following basic policy regarding the internal control system (a system for ensuring that business is conducted suitably by the corporate group) and provide an improved internal control system for the Epson Group as a whole.

#### **1. Compliance**

- (1) The Company has established "Principles of Corporate Behavior" as a guide for putting the Management Philosophy into practice. The Company shall also establish regulations that spell out things such as basic compliance requirements and the organizational framework.
- (2) The Company shall also create a Compliance Committee to serve as an advisory body to the Board of Directors. The Compliance Committee shall be chaired by a Full-Time Audit & Supervisory Committee Member and shall be made up as members the outside directors and Audit & Supervisory Committee members. The Compliance Committee will meet to hear and discuss important matters concerning the Company's compliance program. It will report its findings and offers opinions to the board of directors. Financial Auditors and head of the internal audit control departments shall be able to attend meetings of the Compliance Committee as observers.
- (3) A Chief Compliance Officer ("CCO") shall be chosen to oversee and monitor the execution of all compliance operations. The CCO shall periodically report the state of compliance affairs to the Compliance Committee.
- (4) Compliance promotion and enforcement shall be supervised by the President of the Company. Group-wide compliance programs shall be carried out by Head Office supervisory departments with the cooperation of departments in the various operations divisions and subsidiaries. Compliance programs of the divisions and their related subsidiaries shall be promoted by the respective Chief Operating Officers of the divisions.  
A compliance control department shall help to ensure the completeness and effectiveness of compliance programs by monitoring compliance across the Epson Group and by taking corrective action or making adjustments where needed.
- (5) The Corporate Strategy Council, an advisory body to the President comprised of the Directors and others, addresses important matters with respect to compliance promotion and enforcement of the Epson Group as a whole, including subsidiaries. The Council strives to ensure the effectiveness of compliance by exhaustively discussing and analyzing the state of programs for assuring observance of statutes, internal regulations, business ethics and initiatives in key areas.
- (6) The Company, including its subsidiaries, shall strive to provide an effective whistleblowing system. Employees shall be encouraged and shall be able to easily and immediately report compliance violations using internal and external hotlines and e-mail addresses. Controls shall be in place to protect whistleblowers from reprisal, and allegations shall be reported to the Board of Directors, the Audit & Supervisory Committee, the Compliance Committee, and the Corporate Strategy Council in a way that whistleblowers cannot be identified.
- (7) The Company shall strive to enhance compliance consciousness by providing Epson Group employees with web-based training and other educational opportunities.
- (8) The President of the Company shall periodically report important compliance-related matters to the Board of Directors and shall take measures as needed to respond to issues.
- (9) "Principles of Corporate Behavior" shall state that the Company shall have no association whatsoever with organized crime. The Company shall take a firm stance in rejecting any and all contact with organized crime that threatens social order and security.

## **2. System for Ensuring Proper Financial Reporting**

- (1) The creation of proper financial reports is recognized as a critical issue. The Company shall build, on the orders of the president, a system that enables internal control over financial reporting to be properly arranged, implemented, and evaluated. The financial reports will not be limited in scope to evaluations and reporting required by the Financial Instruments and Exchange Act but will also include reporting over the scope deemed necessary by management.
- (2) A basic regulation and other regulations and standards pertaining to internal control over financial reporting shall be created, and their observance shall be obligatory across the entire Epson Group.
- (3) Continuously evaluate whether the internal controls that have been put in place for financial reporting are effectively and properly functioning, and take corrective action where needed.

## **3. Business execution system**

- (1) The Company shall formulate long-term vision statements and mid-range business plans, and it shall set clear med-to long-term goals for the Epson Group as a whole.
- (2) The Company shall institute a system that shall ensure the appropriate and efficient execution of business. To that end, the Company shall establish regulations governing organization management, job authorities, the division of responsibilities, and the management of affiliated companies, thus distributing power and authority across the entire Group.
- (3) Personnel responsible for business operations shall report the matters below to the Board of Directors at least once every three months.
  - 1) Current business performance and performance outlook
  - 2) Risk management responses
  - 3) Status of key business operations

## **4. Risk management**

- (1) The Company shall establish a regulation that stipulates the risk management system of the Company, including its subsidiaries, and that defines the organization, risk management methods and procedures, and other basic elements of this system.
- (2) Overall responsibility for risk management in the Epson Group, including subsidiaries, shall belong to the President of the Company. Group-wide risk management shall be carried out by Head Office supervisory departments with the cooperation of the operations divisions and subsidiaries. Risks unique to an individual business shall be managed by the Chief Operating Officer of that business, including at subsidiaries consolidated under them. The Company shall also set up a risk management control department, monitor overall risk management Group-wide, make corrections and adjustments thereto, and ensure the effectiveness of risk management programs.
- (3) The Corporate Strategy Council shall strive to ensure effective management of serious risks that could have an egregious effect on the Company by dynamically and exhaustively discussing and analyzing action to identify and control risks. Also, when major risks become apparent, the President shall lead the entire company in mounting a swift initial response in line with the Company's prescribed crisis management program.
- (4) The President of the Company shall periodically report to the Board of Directors on critical risk management issues and formulate appropriate measures to respond to these issues.

## **5. Ensuring the appropriateness of operations in the corporate group**

- (1) The Group's management structure shall help to ensure that operations in the corporate group, including subsidiaries, are conducted appropriately. Essentially, the Company shall be organized into product-based divisions. Each division shall be headed by a Chief Operating Officer who owns global consolidated responsibility for that business. Meanwhile, supervisory functions within the Head Office shall own global responsibility. Responsibility for providing the framework for business operations at subsidiaries shall be owned by the head of each business. Group-wide corporate functions shall be the responsibility of the heads of Head Office supervisory departments.
- (2) The Company shall have business processes that enable business to be controlled on a Group level. This shall be accomplished by internal regulations that require subsidiaries to report or acquire pre-approval for certain business operations from the parent company, Epson, and by requiring issues that meet certain criteria to be submitted to Epson's Board of Directors for resolution. In certain regions, moreover, the Company shall seek to ensure the suitability and efficiency of Group-wide business operations by establishing a company that acts as a regional head office that supervises subsidiaries.

- (3) Based on the regulation for Internal Audits, the internal audit departments shall serve as monitoring organizations that are independent from the management and supervisory functions of the operations divisions and the Head Office. The internal audit departments shall audit internal controls and the state of operations in all Epson Group companies, including subsidiaries. The findings of the internal audit departments shall be presented to the head of the audited organization along with requests for corrective action. This information shall also be regularly reported to the President of the Company and to the Audit & Supervisory Committee. In this way, Epson shall strive to optimize operations across the entire Group.

#### **6. Safeguarding and management of information on performance of duties**

- (1) Information on the performance of duties shall be safeguarded and managed in accordance with regulations governing, among other things, document control, management approval, and contracts. All Directors shall be able to access this information at all times.
- (2) The Company shall strive to prevent the leak and loss of Epson Group internal information by managing confidential information according to the level of sensitivity, in accordance with the Epson Group's information security regulation.

#### **7. Audit system**

- (1) The Audit & Supervisory Committee can interview Directors who are not Audit & Supervisory Committee Members, Executive Officers, and other personnel whenever they deem necessary in the performance of duties based on the regulation regarding the audits of Audit & Supervisory Committee.
- (2) Audit & Supervisory Committee Members can attend Corporate Strategy Council sessions, Corporate Management Meetings, and other important business meetings that shall enable them to conduct audits based on the same information as that available to Directors who are not Audit & Supervisory Committee Members. Audit & Supervisory Committee shall also routinely review important documents related to management decision-making.
- (3) An Audit & Supervisory Committee Office shall be set up to assist the duties of the Audit & Supervisory Committee. The head of the Audit & Supervisory Committee Office shall serve as a Special Audit & Supervisory Officer and shall assign full-time personnel to the Audit & Supervisory Committee Office. The head and personnel of the Audit & Supervisory Committee Office shall discharge their duties to assist the Audit & Supervisory Committee, obeying the orders of the Audit & Supervisory Committee alone and not orders from Directors who are not Audit & Supervisory Committee Members. Matters relating to the personnel of the office must be approved in advance by the Audit & Supervisory Committee.
- (4) To ensure that audits by the Audit & Supervisory Committee are systematic and effective, a framework shall be created to secure close cooperation between the internal audit department and others and the Audit & Supervisory Committee. Furthermore, prior consent from the Audit & Supervisory Committee must be obtained for the appointment and dismissal of the head of the internal audit control departments.
- (5) The Audit & Supervisory Committee can ask the Representative Director or the Board of Directors to take corrective action if the Audit & Supervisory Committee recognizes that the structure of the Audit & Supervisory Committee Office and the system of cooperation between the Audit & Supervisory Committee and the internal audit departments and others interfere with the efficacy of audits.
- (6) The Audit & Supervisory Committee shall receive audit reports from the internal audit departments and can issue specific instructions to the internal audit departments as needed. If the instructions issued to the internal audit departments by the Audit & Supervisory Committee and the President are in conflict, the instructions of the Audit & Supervisory Committee shall prevail.
- (7) Based on the regulation regarding the audits of Audit & Supervisory Committee, the Audit & Supervisory Committee can ask Directors who are not Audit & Supervisory Committee Members, the compliance control department, and the risk management control department, as well as others to report or explain the state of management within the Epson Group, including subsidiaries. It can also inspect supporting materials. The Audit & Supervisory Committee shall, where necessary, be able to ask subsidiary company Directors, Audit & Supervisory Board Members, the internal audit departments, and others to report the state of management within their respective companies. A system shall be put in place to protect reporters from reprisal for having made a report, and the identity of the reporter shall be protected even if the President or a Board Member, for example, is asked to make corrections and so forth based on the report.
- (8) The Audit & Supervisory Committee shall strive to enhance the effectiveness of audits by holding regular discussions with Financial Auditors.
- (9) The Audit & Supervisory Committee and Representative Director shall regularly meet to enable the committee to directly assess business operations.

- (10) The expenses required by the Audit & Supervisory Committee Members to perform its duties shall be properly budgeted for in advance. However, expenses required to perform the duties of the Audit & Supervisory Committee Members in emergency or extraordinary situations shall be promptly paid in advance or refunded on each occasion.

The Company partially revised its Basic Policy regarding the Internal Control System by a resolution at the Board of Directors meeting held on February 21, 2023. The major revisions are as follows, with revised sections underlined. (Effective date: April 1, 2023)

- ◆ Revision of the expression of Management Philosophy and Principles of Corporate Behavior in accordance with the revision of the philosophy system

(Preface)

Seiko Epson Corporation (“Epson” or “the Company”) has established “Epson Way,” which is based on its Management Philosophy and is shared across the corporate group consisting of the Company and its subsidiaries (“the Epson Group”). The Company shall establish the following basic policy regarding the internal control system (a system for ensuring that business is conducted suitably by the Epson Group) and provide an improved internal control system for the Epson Group as a whole to ensure that the Epson Group’s operations are conducted appropriately based on the Epson Way.

(\*) The Epson Way is a set of shared values and behavior within the Epson Group. It is a collective term for the Management Philosophy and EXCEED YOUR VISION, which state the fundamental, universal principles of the Epson Group; and the Principles of Corporate Behavior, which set forth values and actions that reflect our Management Philosophy, etc.

## 6.2. Summary of Implementation Status of the Internal Control System

The implementation status for this fiscal year under review based on the basic policy regarding the internal control system is described below.

### (1) Compliance

- 1) The Compliance Committee, a body that supervises the execution of compliance in business affairs, was held twice during the fiscal year to be reported on important matters concerning the Company’s compliance programs, the operation of the whistleblowing system and the status of whistleblowing. After discussing and giving advice regarding those matters, it has reported its findings and offered opinions to the Board of Directors. Important matters concerning the Company’s compliance programs are specifically discussed, including monitoring results on compliance, individual compliance issues and global compliance programs.
- 2) Progress of the Company’s compliance programs and risk management programs were regularly reported to and discussed at the Corporate Strategy Council, a deliberative organ that meets for important issues. The deliberation result is also reported to the Board of Directors.
- 3) As part of the whistleblowing system, the Company has established hotlines and formulated the Epson Group Whistleblowing Systems Regulation, which stipulate matters to be observed by the whistleblowing system, such as ensuring anonymity of whistleblowers, management of whistleblowing information, and prohibition of any disadvantageous actions against whistleblowers. The Company has set up a hotline within the Company, its subsidiaries, and external vendors to which officers, employees, and temporary employees of the Company and its domestic and overseas subsidiaries (“Employees, etc.”), as well as business partners, can report compliance issues. Specifically, the Company and its domestic subsidiaries have established the Epson Helpline, a hotline for employees of each company (internal hotline and external hotline for contacting external vendors), and a hotline for business partners within the Company. In addition, each overseas subsidiary has its own hotline where employees of the subsidiary can report compliance issues, as well as a hotline where business partners can report compliance issues. Moreover, the Company has established the Epson Executive Compliance Hotline (Global Hotline) within the Company to receive reports on compliance issues from the management of overseas subsidiaries. The status of whistleblowing at the Company and its subsidiaries is regularly reported to the Board of Directors, Audit & Supervisory Committee, the Compliance Committee, and the Corporate Strategy Council in a way that whistleblowers cannot be identified. During the fiscal year under review, the Company received and responded to 114 cases of report through the hotlines established by the Company.

- 4) The Company has revised the Principles of Corporate Behavior, a set of principles to realize the Management Philosophy indicating the ideal direction of the Group, which are translated into 17 languages and have been informed to the Group employees. Furthermore, the Company has also revised the Epson Global Code of Conduct which breaks down the actions of the Principles of Corporate Behavior and have informed the Group employees.
- 5) To raise compliance awareness of Group employees, the Company set October as “Compliance Month.” During that month, the CCO as well as representatives of operations divisions and each Group company transmitted a message concerning the enhancement of compliance awareness, workplace activities aimed at creating an opportunity to understand the Epson Global Code of Conduct and think about what actions to take were conducted, and other activities were held. In addition, the Company established regional CCO (R-CCO) in each region to support CCO. Upon defining a Group-wide target level, improvement programs are conducted based on assessment of each Group company to raise the level of overall compliance.
- 6) With an aim to raise compliance awareness and promote specific operations, managers in charge convey their messages and e-learning is held to raise compliance awareness of Group employees through monthly enhancement programs for Information Security Enhancement, CS & Quality, Environmental Awareness, Trading Management, etc.

## **(2) System for ensuring proper financial reporting**

- 1) Internal control over financial reporting is evaluated in accordance with evaluation standards generally accepted.
- 2) The Company adopts an autonomous distributed assessment system in which operations divisions and subsidiaries subject to evaluations and reporting required by the Financial Instruments and Exchange Act conduct a self-assessment on the status of arrangement and implementation of internal control over financial reporting, while Group-wide J-SOX supervisory department ensures the validity of the assessment results. Other operations divisions and subsidiaries in the scope deemed necessary by management also make a self-assessment on internal control over financial reporting every year. In this way, operations divisions and subsidiaries are proactively implementing plan-do-check-act (PDCA) cycle for internal control over financial reporting on an ongoing basis, thereby working to ensure proper financial reporting across the Group.

## **(3) Business execution system**

- 1) We are implementing the medium-term business plan and annual business plan based on the Epson 25 Renewed Corporate Vision indicating the ideal direction of the Group toward FY2025. In September 2022, we established the Corporate Purpose, which expresses the Epson Group’s reason for being and aspirations in society. We have positioned our long-term vision “Epson 25 Renewed” and other visions as strategies to be implemented to realize the Corporate Purpose.
- 2) Meeting of the Board of Directors was held 13 times to report and discuss matters related to business performance, risk management measures and status of key business operations. We have introduced a system that allows free discussions by members of the Board of Directors, including Outside Directors, in the early stages of examining important management themes outside of the meetings of the Board of Directors, thereby enhancing the strategic function of the Board of Directors.
- 3) To ensure the compliance of laws and the Company’s Articles of Incorporation in the execution of businesses, regulations governing organizational management, job authority, division of responsibilities, the management of affiliated companies, and other regulations and standards were prepared for organizational, efficient and sound corporate management. Particularly, important provisions including the basis for Group management are in Group-wide operation at each company.

## **(4) Risk management**

- 1) Risks that could have a significant impact on Group management have been specified as Company-wide major risks, risks that could have a significant impact on business have been specified as major business risks, and risks that could have a significant impact on management of subsidiaries have been specified as affiliated company major risks, and plans and measures are implemented to control these risks. In addition, the progress status of Company-wide major risks is reported on a quarterly basis and major business risks and affiliated company major risks are reported on a semi-annual basis to the Corporate Strategy Council and the Board of Directors.
- 2) As an initial response procedure in case of major risks, the Company developed a crisis management program. When major risks occur, the Company forms the Crisis Management Committee chaired by

the President and takes a swift initial response in line with the crisis management program. In addition, the actual cases addressed by the Crisis Management Committee are reported to the Corporate Strategy Council and the Board of Directors on a quarterly basis.

**(5) Ensuring the appropriateness of operations in the corporate group**

- 1) In line with regulations for the management of affiliated companies, pre-approval from the Company was sought or report was made to the Company regarding certain business executions by the subsidiaries. The investments that meet certain criteria have been resolved after deliberation at the Board of Directors of the Company.
- 2) At the beginning of the fiscal year, the internal audit departments of the Company had planned audits on the Company's operations divisions, the departments of the Tokyo office, as well as the Company's domestic and overseas subsidiaries, in accordance with the Basic Regulation for Internal Audit. They introduced prior self-assessment by the subjects of audits in order to promote autonomous distributed internal control from the previous fiscal year. In addition, taking into consideration the impact of the novel coronavirus infection, they used online communication for some remote locations. As a result of these initiatives, they conducted 16 audits including two audits specialized in supervisory functions. They have also conducted follow-up audits to confirm the status of improvement progress of issues from previous audits. Its findings were reported to the President and Representative Director and the Audit & Supervisory Committee of the Company and actions deemed necessary for control have been taken.

**(6) Safeguarding and management of work-related information**

Information on business operations is being safeguarded and managed under Document Management Rules and Information Security Rules, with Directors inducing Audit & Supervisory Committee Members reviewing necessary information.

**(7) Audit system**

- 1) Full-Time Audit & Supervisory Committee Member and the head of the Audit & Supervisory Committee Office have attended the meetings of the Corporate Strategy Council, Corporate Management Meetings, and other important business meetings and confirmed the status of the execution of duties.  
The Member has also examined the important documents related to management decision-making upon receipt.
- 2) The Company has the Audit & Supervisory Committee Office to support the work of Audit & Supervisory Committee Members.
- 3) Audit & Supervisory Committee has held regular meetings with representative directors, including Outside Directors who are not Audit & Supervisory Committee Members.
- 4) Audit & Supervisory Committee has regularly discussed financial auditor's audit plan, audit progress and audit result reporting with the financial auditor. In addition, Full-Time Audit & Supervisory Committee Member and his assistants accompany the audits of the financial auditor as necessary to enhance the effectiveness of audits. The Audit & Supervisory Committee verifies information disclosed by the four major Japanese audit firms every year as reference information on appointment, dismissal or non-reappointment of the financial auditor.
- 5) Audit & Supervisory Committee confirmed the audit plan of the internal audit departments at the beginning of the fiscal year and received regular reports from the internal audit departments on a quarterly basis. The reporting has been made with the presence of the financial auditor for information sharing. Full-Time Audit & Supervisory Committee Member is regularly reported by the internal audit departments once a month to confirm the management status of the Epson Group. In addition, Full-Time Audit & Supervisory Committee Member and his assistants accompany the internal audits as necessary to enhance the effectiveness of audits, thereby closely cooperating with the internal audit departments and Audit & Supervisory Committee.
- 6) Audit & Supervisory Committee has interviewed Directors who are not Audit & Supervisory Committee Members, Executive Officers, Chief Operating Officers who are not Executive Officers, General Administrative Managers of Divisions, Directors and Audit & Supervisory Board Members of major subsidiaries in Japan and overseas, as well as the internal audit departments and received an explanation on the state of management within the Epson Group. Furthermore, Full-Time Audit & Supervisory Committee Member has received reports from responsible departments for compliance and

risk management, Head Office supervisory departments, Audit & Supervisory Board Members of subsidiaries in Japan, etc. on a regular basis, and confirmed the management status.

- 7) The expenses required to execute the duties of Audit & Supervisory Committee Members were properly budgeted for in advance. The Company promptly paid such expenses, including necessary expenses incurred urgently or temporarily.
- 8) At the Company, Full-Time Audit & Supervisory Committee Members, the internal audit departments, responsible departments for compliance and risk management, and the Audit & Supervisory Committee Office regularly exchange opinions, in order to discuss and share risk awareness across the entire group and other matters. These organizations cooperate and make cohesive efforts to follow the maintenance and operation status of our internal control system and make further improvements.

## 7. Basic Policy regarding Company Control

The Company has established a basic policy as follows regarding persons who control decision on its financial and business policies (hereinafter the “basic policy”).

### 7.1 Basic Policy

The Company aims to continue to create game-changing customer value by taking on challenges boldly and creating innovation beyond its own common sense and vision, drawing on efficient, compact, and precision technologies, its unique strengths ever since its founding, and to play a central role as an indispensable company for making the world a better place.

The Company believes that its shareholders should be decided through free trade in the market, and the determination to accept to an acquisition proposal to purchase a portion of shares that would make it possible to control decisions on the Company’s financial and business policies (hereinafter “large-scale acquisition”) should ultimately be referred to a decision by the shareholders.

However, the Company believes that shareholders should determine whether or not to accept a proposal on a large-scale acquisition of the Company shares in an appropriate manner. To this end, it is vital that shareholders are provided necessary information and opinions from both the potential large-scale acquirer of the Company shares and the Company’s Board of Directors, with sufficient time ensured for shareholders to consider them.

The Company believes that it is essential for an entity controlling decisions on the Company’s financial and business policies be a party that fully understands the Company’s business activity and source of corporate value as well as the importance of having executives and employees work together to create corporate value, continuing to create and take on challenges while embracing its established business culture and preserving and acquiring the customers’ trust.

### 7.2 Summary of Measures in Support of the Basic Policy

#### (1) Specific actions in support of the basic policy

The Company reviewed its long-term vision in March 2021 and established Epson 25 Renewed Corporate Vision, with the aspirational goal of *achieving sustainability and enriching communities*, to pursue into the future.

The Company will provide solutions that connect people, things, and information in a smart manner to society as a whole, including people’s personal lives, industries, and manufacturing sites and continue to create customer value in order to achieve the aspirational goal.

#### (2) Measures to prevent decisions on the Company’s financial and business policies from being controlled by persons viewed as inappropriate under the basic policy

The Company will request those who intend to conduct a large-scale acquisition of the Company shares to provide sufficient information necessary to properly judge whether or not to accept such acquisition, for the benefit of maintaining and increasing its corporate value and common interests of shareholders. The Company will also disclose its Board’s opinions on such a large-scale acquisition in order to secure time and information necessary for shareholders to judge whether or not to accept such acquisition, while taking appropriate measures pursuant to the Financial Instruments and Exchange Act, the Companies Act, and other applicable laws and regulations.

### 7.3 Decisions Made by the Board of Directors regarding Specific Actions and the Justification for Those Decisions

The specific actions described above were specifically formulated to enhance both Epson’s corporate value and the common interests of its shareholders. These actions do not impair the common interest of its shareholders and are in accordance with the above basic policy. In addition, these actions are deemed to be not intended for keeping Epson Directors in their posts.



## Consolidated Financial Statements

### Consolidated Statement of Financial Position (as of March 31, 2023)

(Millions of yen)

Item	As of March 31, 2023	(Reference) As of March 31, 2022	Item	As of March 31, 2023	(Reference) As of March 31, 2022
<b>Assets</b>			<b>Liabilities</b>		
<b>Current Assets</b>	<b>892,505</b>	<b>834,469</b>	<b>Current liabilities</b>	<b>371,635</b>	<b>332,040</b>
Cash and cash equivalents	267,380	335,239	Trade and other payables	159,658	146,201
Trade and other receivables	201,801	168,221	Income tax payables	5,798	12,233
Inventories	389,473	308,385	Bonds issued, borrowings and lease liabilities	38,613	26,297
Income tax receivables	7,655	5,057	Other financial liabilities	3,337	4,497
Other financial assets	2,164	769	Provisions	11,327	10,993
Other current assets	24,030	16,797	Other current liabilities	152,900	131,817
<b>Non-current assets</b>	<b>449,069</b>	<b>431,950</b>	<b>Non-current liabilities</b>	<b>242,461</b>	<b>268,640</b>
Property, plant and equipment	360,866	343,172	Bonds issued, borrowings and lease liabilities	194,668	216,853
Intangible assets	25,425	24,218	Other financial liabilities	3,717	3,788
Investment property	1,097	1,108	Net defined benefit liabilities	13,164	24,210
Investments accounted for using the equity method	2,102	2,040	Provisions	8,252	8,042
Net defined benefit assets	1,447	2,278	Other non-current liabilities	15,615	13,680
Other financial assets	23,976	20,192	Deferred tax liabilities	7,044	2,064
Other non-current assets	2,220	4,181	<b>Total liabilities</b>	<b>614,097</b>	<b>600,680</b>
Deferred tax assets	31,932	34,757	<b>Equity</b>		
			<b>Equity attributable to owners of the parent company</b>	<b>727,352</b>	<b>665,628</b>
			Share capital	53,204	53,204
			Capital surplus	83,979	84,010
			Treasury shares	(55,586)	(40,808)
			Other components of equity	119,455	89,068
			Retained earnings	526,299	480,154
			<b>Non-controlling interests</b>	<b>125</b>	<b>112</b>
			<b>Total equity</b>	<b>727,477</b>	<b>665,740</b>
<b>Total assets</b>	<b>1,341,575</b>	<b>1,266,420</b>	<b>Total liabilities and equity</b>	<b>1,341,575</b>	<b>1,266,420</b>

Note: Figures less than one million yen are rounded down.

**Consolidated Statement of Comprehensive Income** (from April 1, 2022 to March 31, 2023)

(Millions of yen)

Item	Amount	(Reference) Amount in previous fiscal year
<b>Revenue</b>	<b>1,330,331</b>	<b>1,128,914</b>
<b>Cost of sales</b>	<b>(863,680)</b>	<b>(710,462)</b>
<b>Gross profit</b>	<b>466,651</b>	<b>418,451</b>
Selling, general and administrative expenses	(371,544)	(328,814)
Other operating income	7,022	10,214
Other operating expense	(5,083)	(5,372)
<b>Profit from operating activities</b>	<b>97,044</b>	<b>94,479</b>
Finance income	8,639	4,698
Finance costs	(2,034)	(2,128)
Share of profit of investments accounted for using the equity method	105	113
<b>Profit before tax</b>	<b>103,755</b>	<b>97,162</b>
Income taxes	(28,703)	(4,859)
<b>Profit for the period</b>	<b>75,051</b>	<b>92,302</b>
Profit for the period attributable to owners of the parent company	75,043	92,288
Profit for the period attributable to non-controlling interests	8	14
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified subsequently to profit or loss, net of tax</b>	<b>9,619</b>	<b>10,341</b>
Remeasurement of net defined benefit liabilities (assets)	7,762	10,541
Net gain (loss) on revaluation of financial assets measured at FVTOCI	1,857	(199)
<b>Items that may be reclassified subsequently to profit or loss, net of tax</b>	<b>28,241</b>	<b>33,582</b>
Exchange differences on translation of foreign operations	27,827	34,573
Net changes in fair value of cash flow hedges	410	(1,085)
Share of other comprehensive income of investments accounted for using the equity method	3	95
<b>Total other comprehensive income, net of tax</b>	<b>37,861</b>	<b>43,924</b>
<b>Total comprehensive income for the period</b>	<b>112,913</b>	<b>136,226</b>
Total comprehensive income for the period attributable to owners of the parent company	112,899	136,206
Total comprehensive income for the period attributable to non-controlling interests	13	20

Note: Figures less than one million yen are rounded down.

**Consolidated Statement of Changes in Equity**  
(from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Equity attributable to owners of the parent company					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Remeasurement of net defined benefit liabilities (assets)	Net gain (loss) on revaluation of financial assets measured at FVTOCI	Exchange differences on translation of foreign operations
Balance as of April 1, 2022	53,204	84,010	(40,808)	—	3,560	87,146
Profit for the period	—	—	—	—	—	—
Other comprehensive income	—	—	—	7,762	1,857	27,826
Total comprehensive income for the period	—	—	—	7,762	1,857	27,826
Acquisition of treasury shares	—	—	(30,042)	—	—	—
Cancellation of treasury shares	—	(102)	15,156	—	—	—
Dividends	—	—	—	—	—	—
Share-based payment transactions	—	71	108	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	(7,762)	293	—
Total transactions with the owners	—	(30)	(14,777)	(7,762)	293	—
Balance as of March 31, 2023	53,204	83,979	(55,586)	—	5,711	114,972

	Equity attributable to owners of the parent company				Non-controlling interests	Total equity
	Other components of equity		Retained earnings	Total equity attributable to owners of the parent company		
	Net changes in fair value of cash flow hedges	Total other components of equity				
Balance as of April 1, 2022	(1,638)	89,068	480,154	665,628	112	665,740
Profit for the period	—	—	75,043	75,043	8	75,051
Other comprehensive income	410	37,856	—	37,856	4	37,861
Total comprehensive income for the period	410	37,856	75,043	112,899	13	112,913
Acquisition of treasury shares	—	—	—	(30,042)	—	(30,042)
Cancellation of treasury shares	—	—	(15,054)	—	—	—
Dividends	—	—	(21,313)	(21,313)	(0)	(21,313)
Share-based payment transactions	—	—	—	180	—	180
Transfer from other components of equity to retained earnings	—	(7,468)	7,468	—	—	—
Total transactions with the owners	—	(7,468)	(28,898)	(51,175)	(0)	(51,175)
Balance as of March 31, 2023	(1,227)	119,455	526,299	727,352	125	727,477

Note: Figures less than one million yen are rounded down.

**(Reference) Consolidated Statement of Cash Flows** (from April 1, 2022 to March 31, 2023)

(Millions of yen)

Item	Amount	Amount in previous fiscal year
<b>Cash flows from operating activities</b>		
Profit for the period	75,051	92,302
Depreciation and amortisation	68,696	64,595
Impairment loss (reversal of impairment loss)	1,966	1,460
Finance (income) costs	(6,604)	(2,569)
Share of (profit) loss of investments accounted for using the equity method	(105)	(113)
Loss (gain) on sales and disposal of property, plant and equipment, intangible assets and investment property	(716)	232
Income taxes	28,703	4,859
Decrease (increase) in trade receivables	(22,131)	3,006
Decrease (increase) in inventories	(60,253)	(28,230)
Increase (decrease) in trade payables	(1,645)	2,175
Increase (decrease) in net defined benefit liabilities	(799)	1,532
Other	11,100	(6,428)
<b>Subtotal</b>	<b>93,260</b>	<b>132,823</b>
Interest and dividends income received	3,339	1,470
Interest expenses paid	(1,208)	(1,071)
Income taxes paid	(34,080)	(22,420)
<b>Net cash from (used in) operating activities</b>	<b>61,311</b>	<b>110,801</b>
<b>Cash flows from investing activities</b>		
Purchase of investment securities	(827)	(747)
Proceeds from sales of investment securities	154	622
Purchase of property, plant and equipment	(50,551)	(38,602)
Proceeds from sales of property, plant and equipment	1,058	245
Purchase of intangible assets	(8,545)	(5,242)
Proceeds from sale of intangible assets	21	33
Proceeds from sale of investment property	1,985	352
Other	(4,897)	(746)
<b>Net cash from (used in) investing activities</b>	<b>(61,602)</b>	<b>(44,083)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in current borrowings	9	—
Proceeds from non-current borrowings	—	500
Repayment of non-current borrowings	(18,000)	(500)
Redemption of bonds issued	—	(20,000)
Payments of lease liabilities	(10,003)	(8,275)
Dividends paid	(21,313)	(21,451)
Dividends paid to non-controlling interests	(0)	(394)
Payments for acquisition of interests in subsidiaries from non-controlling interests	—	(1,648)
Purchase of treasury shares	(30,042)	(1)
<b>Net cash from (used in) financing activities</b>	<b>(79,349)</b>	<b>(51,771)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>11,781</b>	<b>16,285</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(67,859)</b>	<b>31,232</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>335,239</b>	<b>304,007</b>
<b>Cash and cash equivalents at end of period</b>	<b>267,380</b>	<b>335,239</b>

Note: Figures less than one million yen are rounded down.

## **Notes to the Consolidated Financial Statements**

### **Significant Basis of Preparing Consolidated Financial Statements**

#### 1. Basis of Preparing Consolidated Financial Statements

The Company and its affiliates (“Epson”) prepare its consolidated financial statements in compliance with International Financial Reporting Standards (“IFRS”), pursuant to the provision of Article 120, Paragraph 1 of the Regulation on Corporate Accounting. In accordance with the provisions of the latter part of the same paragraph, the consolidated financial statements are prepared with the omission of some disclosure items required by IFRS.

#### 2. Scope of Consolidation

Number of Subsidiaries: 77

The major subsidiaries of the Company are as follows:

Epson Sales Japan Corporation	Epson Direct Corporation
Miyazaki Epson Corporation	Tohoku Epson Corporation
Akita Epson Corporation	Epson Atmix Corporation
Epson X Investment Corporation	U.S. Epson, Inc.
Epson America, Inc.	Epson do Brasil Industria e Comercio Ltda.
Epson Portland Inc.	Epson Europe B.V.
Epson (U.K.) Ltd.	Epson Deutschland GmbH
Epson Europe Electronics GmbH	Epson France S.A.S.
Epson Italia S.p.A.	Epson Como Printing Technologies S.r.l.
Epson Iberica, S.A.U.	Epson Telford Ltd.
Epson (China) Co., Ltd.	Epson Singapore Pte. Ltd.
Epson Korea Co., Ltd.	Epson Hong Kong Ltd.
Epson Taiwan Technology & Trading Ltd.	PT. Epson Indonesia
Epson (Thailand) Co., Ltd.	Epson Philippines Corporation
Epson Australia Pty. Ltd.	Epson India Pvt. Ltd.
Epson Precision (Hong Kong), Ltd.	Epson Engineering (Shenzhen) Ltd.
Orient Watch (Shenzhen) Ltd.	Tianjin Epson Co., Ltd.
Singapore Epson Industrial Pte. Ltd.	PT. Epson Batam
PT. Indonesia Epson Industry	Epson Precision (Thailand) Ltd.
Epson Precision (Philippines), Inc.	Epson Precision Malaysia Sdn. Bhd.
Epson Precision (Johor) Sdn. Bhd.	

#### 3. Application of Equity Method

The following three affiliates are accounted for using the equity method:

Epson & Nissin Travel Solutions Corporation  
Shanghai Sanhuan Magnetics Co., Ltd.  
Cross Compass, Ltd.

#### 4. Reporting Period of Subsidiaries

The reporting date of certain overseas subsidiaries is December 31, and the subsidiaries prepare, for consolidation purposes, additional financial information as of the date of the consolidated financial statements.

#### 5. Accounting Policies

##### (1) Basis and Methods of Valuation of Assets

###### 1) Financial Assets other than Derivatives

(i) Initial Recognition and Measurement

Epson measures financial assets at their fair value plus transaction costs that are directly attributable to the acquisition of the financial assets at initial recognition. However, in the measurement after initial recognition (subsequent measurement), the transaction costs of financial assets classified as subsequently measured at fair value through profit or loss are recognised in profit or loss.

Financial assets are initially recognised on the trade date when Epson becomes party to the contractual provisions of the financial instrument.

(ii) Classification and Subsequent Measurement

At initial recognition, Epson classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss.

(a) Financial assets are classified as financial assets measured at amortised cost if both of the following conditions are met:

- 1) the financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- 2) the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets are classified as financial assets measured at fair value through other comprehensive income if both of the following conditions are met:

- 1) the financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- 2) the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(c) Financial assets except for those provided above are classified as financial assets measured at fair value through profit or loss.

However, Epson may designate financial assets as measured at fair value through other comprehensive income, for particular investments in equity instruments that are not held for trading and so forth, and recognises subsequent changes in fair value in other comprehensive income. The cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings when the financial assets are derecognised or the decline in their fair values is significant. Dividends on the financial assets are recognised in profit or loss for each fiscal year.

(iii) Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from them expire or when substantially all the risks and rewards of ownership of them transfers.

(iv) Impairment

For impairment of financial assets, loss allowance for expected credit losses are recognised.

At each reporting date, Epson assesses whether the credit risk on a financial instrument has increased significantly since initial recognition.

If the credit risk on a financial instrument has not increased significantly since initial recognition, the loss allowance for that financial instrument is measured at an amount equal to 12-month expected credit losses. Meanwhile, if the credit risk on a financial instrument has increased significantly since initial recognition, the loss allowance for that financial asset is measured at an amount equal to the lifetime expected credit losses.

However, the loss allowance for trade receivables, contract assets and lease receivables are measured at an amount equal to the lifetime expected credit losses.

Expected credit losses of a financial instrument are measured in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- (b) the time value of money; and

(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

When impairment is recognised, the carrying amount of the financial asset is reduced through an allowance account for credit losses and the amount of expected credit losses is recognised as impairment loss in profit or loss. If the amount of the impairment loss decreases due to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed in profit or loss through an allowance account for credit losses.

## 2) Derivatives

Epson utilises derivatives, including forward foreign exchange contracts and non-deliverable forwards, to hedge foreign exchange and interest rate risks. These derivatives are initially measured at fair value when the contract is entered into, and are subsequently remeasured at fair value.

A gain or loss on a derivative is recognised in profit or loss. However, the portion of the gain or loss on the hedging instruments that is determined to be an effective hedge of cash flow hedges and hedges of net investments in foreign operations are recognised in other comprehensive income.

## 3) Inventories

The cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Inventories are measured at the lower of cost or net realisable value, and the cost of inventories is assigned by using the weighted-average cost formula. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## (2) Methods of Depreciation/Amortisation of Assets

### 1) Property, Plant, and Equipment (excluding right-of-use assets)

Except for asset that is not subject to depreciation such as land, asset is depreciated using the straight-line method over its estimated useful life. The estimated useful life of major asset is as follows:

- Buildings and structures: 10 to 35 years
- Machinery and vehicles: 4 to 17 years

The estimated useful life, depreciation method and residual value are reviewed at each fiscal year end and, if expectations differ from previous estimates, the effect of changes in accounting estimates is recognised prospectively.

### 2) Intangible Assets

An intangible asset with a finite useful life is amortised using the straight-line method over its estimated useful life. The estimated useful life of major intangible asset with a finite useful life is as follows:

- Software: 3 to 10 years

The estimated useful life and amortisation method of an asset are reviewed at each fiscal year end and, if expectations differ from previous estimates, the effect of changes in accounting estimates is recognised prospectively.

An intangible asset with an indefinite useful life or an intangible asset not yet available for use is not amortised.

### 3) Right-of-use Assets

Right-of-use asset is usually depreciated using the straight-line method over the lease term.

### 4) Investment Property

Except for asset that is not subject to depreciation such as land, investment property is depreciated using the straight-line method over its estimated useful life. The estimated useful life of major investment property that is subject to depreciation is 35 years.

The estimated useful life, depreciation method and residual value are reviewed at each fiscal year end and, if expectations differ from previous estimates, the effect of changes in accounting estimates is recognised prospectively.

### (3) Accounting Basis for Provisions

Epson recognises a provision when it has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision is measured at the present value of the expenditures expected to be required to settle the obligation.

### (4) Accounting Method Regarding Post-Employment Benefits

Epson has defined benefit plans and defined contribution plans as post-employment benefits plans. For each defined benefit plan, Epson calculates the present value of defined benefit obligations and the related current service cost and past service cost, using the projected unit credit method. For a discount rate, a discount period is set based on the estimated timing of benefit payments in each period, and the discount rate is determined by reference to market yields as of the end of the fiscal year on high quality corporate bonds for the period corresponding to the discount period. The net defined benefit liability (asset) is measured by deducting the fair value of any plan assets (including adjustments of the net defined benefit asset and the asset ceiling, if necessary) from the present value of the defined benefit obligation. Net interest on the net defined benefit liability (asset) is recognised in profit or loss.

Remeasurements of the net defined benefit liability (asset) are recognised in other comprehensive income and transferred to retained earnings immediately. Past service cost is recognised as an expense at the earlier of when a plan amendment or curtailment occurs and when any related restructuring costs or termination benefits are recognised.

The contribution payable to a defined contribution plan is recognised as an expense.

### (5) Accounting Basis for Revenue

Epson recognises revenue by applying the following five steps approach.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when Epson satisfies a performance obligation

Epson is mainly engaged in the manufacture and sale of products of Printing Solutions, Visual Communications, and Manufacturing-related & Wearables. Revenue is recognised when control of a promised good has been transferred to the customer and Epson satisfied its performance obligation. For sales of the products, this generally occurs when a good is physically delivered to a customer. Revenue is measured at the amount of consideration promised in a contract with a customer taking into consideration the effects of price discount, sales rebate, etc. When two or more performance obligations are included in a contract with a customer, Epson allocates the transaction price to each identified performance obligation based on the stand-alone selling price of each product. When the stand-alone selling prices are not directly observable, Epson estimates the selling price, assuming that the products are sold individually and allocates the transaction price based thereon.

### (6) Foreign Currency Translation

Consolidated financial statements of Epson are presented in Japanese yen, which is the functional currency of the Company. Each company in Epson determines its functional currency and measures its results and financial position in that currency.

A foreign currency transaction is translated into the functional currency at a spot exchange rate at the date of the transaction or a rate that approximates the actual rate at the date of the transaction. Foreign currency monetary items are translated using the closing rate. Exchange differences arising on the settlement of monetary items or on translating monetary items are recognised in profit or loss. However, exchange



differences arising on financial instruments designated as hedging instruments for net investments in foreign operations, financial assets measured at fair value through other comprehensive income, and cash flow hedges are recognised in other comprehensive income.

Assets and liabilities of foreign operations are translated into Japanese yen at the closing date, while income and expenses of foreign operations are translated into Japanese yen at exchange rates at the dates of the transactions or a rate that approximates the exchange rates at the dates of the transactions. All resulting exchange differences are recognised in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is recognised in profit or loss in the period of disposition.

#### (7) Hedge Accounting

At the inception of a hedge, Epson formally designates and documents the hedging relationship to which hedge accounting is applied and the objectives and strategies of risk management for undertaking the hedge. The documentation includes identification of hedging instruments, the hedged items or transactions, the nature of the risks being hedged and how the hedging instrument's effectiveness is assessed in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risks. Even though these hedges are expected to be highly effective in offsetting changes in fair value or cash flows, they are assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedges were designated.

Epson classifies hedging relationships that meet the qualifying criteria for hedge accounting in the following categories and applies hedge accounting to the hedging relationships.

##### 1) Fair Value Hedge

A gain or loss on a derivative is recognised in profit or loss. The hedging gain or loss on the hedged items attributable to the hedged risks adjusts the carrying amount of the hedged item and is recognised in profit or loss.

##### 2) Cash Flow Hedge

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income, while the ineffective portion is recognised immediately in profit or loss. The amounts of hedging instruments recognised in other comprehensive income are reclassified to profit or loss when the transactions of the hedged items affect profit or loss. In cases where hedged items result in the recognition of non-financial assets or liabilities, the amounts recognised in other comprehensive income are accounted for as adjustments to the initial carrying amount of non-financial assets or liabilities.

When forecast transactions or firm commitments are no longer expected to occur, any related cumulative gains or losses that have been recognised in other comprehensive income are reclassified to profit or loss. When hedging instruments expire, are sold, terminated or exercised without the replacement or rollover of other hedging instruments, or when the hedge designation is revoked, amounts that have been recognised in other comprehensive income continue to be recognised in equity until the forecast transactions or firm commitments occur.

##### 3) Hedges of a Net Investment in a Foreign Operation

Hedges of a net investment in a foreign operation are accounted for similarly to cash flow hedges. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income, while the ineffective portion is recognised in profit or loss. On the disposal of the foreign operation, the cumulative gain or loss on the hedging instrument relating to the effective portion of the hedge that has been recognised in other comprehensive income is reclassified to profit or loss.

#### (8) Accounting Method Regarding Goodwill

Goodwill acquired in a business combination is measured at the amount recognised at the acquisition date less any accumulated impairment losses.

Goodwill is not amortised and allocated to a cash-generating unit that is identified according to business. The cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. An impairment loss is recognised in profit or loss and not reversed in a subsequent period.

### Notes to Accounting Estimates

The preparation of Epson's consolidated financial statements includes management estimates and assumptions for measurements of income, expenses, assets and liabilities, and disclosure of contingencies as of the end of the fiscal year. These estimates and assumptions are based on the best judgment of management in light of historical experience and various factors deemed to be reasonable as of the end of the fiscal year. Given their nature, actual results may differ from those estimates and assumptions.

The estimates and assumptions are continuously reviewed by management. The effects of a change in estimates and assumptions are recognised in the period of the change and subsequent periods.

Among the above estimates and assumptions, the following were items that may have a material effect on the amounts recognised in Epson's consolidated financial statements:

#### (1) Impairment of Non-financial Assets

Epson performs an impairment test for property, plant and equipment, goodwill, intangible assets, investment property and right-of-use assets ("asset") when there is any indication that the recoverable amount has fallen below the carrying amount of the assets or when it is required annually.

The impairment test is performed by comparing the carrying amount and the recoverable amount of assets or cash-generating units. If the recoverable amount falls below the carrying amount, impairment losses are recognised. Recoverable amount is the higher of fair value less costs of disposal and value in use of assets or cash-generating units with certain assumptions of useful life, future cash flow of an asset, discount rate and long-term growth rate. Value in use is the present value of the future cash flows expected to be derived from assets or cash-generating units and in measuring the value in use, Epson bases cash flow projections on the most recent business plan and others approved by management which includes assumptions such as projected growth in revenue. If an estimate is required for the periods beyond the period covered by the business plan, etc., Epson takes future uncertainties into consideration. The future cash flows include net cash flows from the disposal of the assets or cash-generating units. These assumptions are based on the best estimates and judgments of management, but they could be affected by variable and uncertain future economic conditions. Any changes in these assumptions could have a material impact on Epson's consolidated financial statements in future periods.

The balances of property, plant and equipment (including right-of-use assets), goodwill and intangible assets, and investment property as of March 31, 2023 were 360,866 million yen, 25,425 million yen, and 1,097 million yen, respectively, and the amount of impairment loss for the year ended March 31, 2023 was 1,966 million yen.

#### (2) Post-employment Benefits

Epson has several types of post-employment benefit plans, including defined benefit plans.

The present value of defined benefit obligations on each of these plans and the related service costs and others are calculated based on actuarial assumptions. These actuarial assumptions require estimates and judgments on variables, such as discount rates.

The actuarial assumptions are determined based on the best estimates and judgments of management, but they could be affected by variable and uncertain future economic conditions. Any changes in these assumptions could have a material impact on Epson's consolidated financial statements in future periods. The balances of net defined benefit assets and net defined benefit liabilities as of March 31, 2023 were 1,447 million yen and 13,164 million yen, respectively.

### (3) Provisions

Epson recognises various provisions, including provisions for product warranties and asset retirement obligations.

These provisions are recognised based on the best estimates of the expenditures required to settle the obligations, taking into account risks and uncertainty related to the obligations as of the end of the fiscal year.

Expenditures necessary for settling the obligations are calculated by taking all possible future results into account. However, they may be affected by unexpected events or changes in conditions which may have a material impact on Epson's consolidated financial statements in future periods.

Major provisions including estimates and assumptions which may have a material impact on Epson's consolidated financial statements in future periods are as follows:

#### 1) Provision for Product Warranties

For warranty expenditures, Epson recognises the provisions for estimated amounts based on the rate of historical service contract expenses to sales as well as estimated amounts for those products where future warranty expenses can be reliably estimated. (Balance as of March 31, 2023: 13,636 million yen)

#### 2) Asset Retirement Obligations

Epson recognises provisions for asset retirement obligation which derive from the acquisition, construction, development or normal use of property, plant and equipment. Epson is required to bear the amount of asset retirement obligation that it is probable that Epson will pay in light of historical experience. (Balance as of March 31, 2023: 3,790 million yen)

#### 3) Provision for Loss on Litigation

Epson recognises provisions for loss on litigation in process or possible litigation based on the reasonably estimated compensation for damages and litigation expenses at an amount deemed necessary at the end of the period. (Balance as of March 31, 2023: 565 million yen)

### (4) Income Taxes

Epson, which conducts business around the world, makes reasonable estimates of income tax to be paid to local tax authorities in accordance with local laws and regulations, and recognises income taxes payable and current tax expense based on these estimates.

Calculating income taxes payable and current tax expense requires estimates and judgments on various factors, including, for example, the interpretation of tax regulations by taxable entities and the tax authority in the jurisdiction or experience of prior tax investigation.

Therefore, there may be differences between the amount recognised as income taxes payable and current tax expense and the amount of actual income taxes. These differences may have a material impact on Epson's consolidated financial statements in future periods.

In addition, deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised.

In recognising the deferred tax assets, Epson judges the possibility of future taxable income and reasonably estimate the timing and amount of future taxable income based on factors such as the business plan which includes assumptions such as projected growth in revenue.

The timing and amount of taxable income may be affected by variable and uncertain future economic conditions, and changes could have a material impact on Epson's consolidated financial statements in future periods.

The amount of income taxes for the year ended March 31, 2023 was 28,703 million yen, and the balance of deferred tax assets as of March 31, 2023 was 31,932 million yen.

(5) Contingencies

With regard to contingencies, any items that may have a material impact on business in the future are disclosed in light of all the available evidence as of the fiscal year end date and by taking into account the probability of these contingencies and their impact on financial reporting.

The content of contingencies is stated in “Other Notes – 2. Contingencies.”

### Consolidated Statement of Financial Position

1. Allowance account for credit losses directly subtracted from assets
 

Trade and other receivables	1,061 million yen
Other financial assets (non-current)	43 million yen
  
2. Accumulated Depreciation and Accumulated Impairment
 

Losses of Property, Plant and Equipment	1,097,838 million yen
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### Consolidated Statement of Changes in Equity

1. Total Number of Fully Paid Issued Shares as of the End of the Consolidated Fiscal Year under Review
 

Common stock:	385,022,278 shares
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2. Cash Dividends

(1) Dividends Paid

Resolution	Class of shares	Total dividends	Dividends per share	Basis date	Effective date
Annual Shareholders Meeting held on June 28, 2022	Ordinary shares	(Note 1) 10,731 million yen	31 yen	March 31, 2022	June 29, 2022
Board of Directors Meeting held on October 28, 2022	Ordinary shares	(Note 2) 10,591 million yen	31 yen	September 30, 2022	November 30, 2022

(Note 1) Total dividends include dividends of 5 million yen for the Company’s shares held by BIP trust.

(Note 2) Total dividends include dividends of 4 million yen for the Company’s shares held by BIP trust.

(2) Dividends Whose Basis Date Was during the Consolidated Fiscal Year under Review, but Whose Effective Date Is during the Subsequent Consolidated Fiscal Year

The Company presents the following proposal.

Resolution (scheduled)	Class of shares	Total dividends	Source of dividend funds	Dividends per share	Basis date	Effective date
Annual Shareholders Meeting to be held on June 27, 2023	Ordinary shares	(Note) 13,597 million yen	Retained earnings	41 yen	March 31, 2023	June 28, 2023

(Note) Total dividends include dividends of 5 million yen for the Company’s shares held by BIP trust.

## Financial Instruments

### 1. Status of Financial Instruments

#### (1) Capital Management

Epson selects the most effective fund management method focusing on the preservation of funds in view of safeness and flexibility. In addition, Epson obtains financing from bank loans and bonds issued. Epson has a policy not to transact derivatives for speculation purposes, but for avoiding the risks stated below.

Epson monitors financial indicators in order to maintain a well-balanced capital structure that ensures an appropriate return on equity and a sound and flexible financial condition for future investment. Epson monitors credit ratings for financial soundness and flexibility, and ROE (return on equity) and ROIC (return on invested capital) for profitability, while focusing on changes in the domestic and overseas environment.

#### (2) Financial Risk Management

Epson is exposed to financial risks (credit risks, liquidity risks, foreign exchange risks, interest rate risks, and market price fluctuation risks) in the process of its business activities; and it manages risks based on a specific policy in order to avoid or reduce said risks. The results of risk management are regularly reported by the finance department to the Executive Committee of the Company.

Epson's policy limits derivatives to transactions for the purpose of mitigating risks from transactions based on actual demand. Therefore, Epson does not transact derivatives for speculation purposes or trading purposes.

#### (3) Credit Risk

Receivables, such as notes and trade receivables, resulting from the operating activities of Epson are exposed to customer credit risks.

Epson holds equity securities and bonds receivable of customers and suppliers, mainly for the purpose of investing surplus funds and strengthening relationships with them; those securities and bonds are exposed to the issuers' credit risks.

In addition, through derivative transactions that Epson conducts in order to hedge foreign exchange fluctuation risks and interest rate fluctuation risks, Epson is exposed to the credit risks of the financial institutions which are counterparties to these transactions.

In principle, Epson sets credit lines or transaction conditions with respect to trade receivables for counterparties based on Epson's Credit Control Regulation in order to prevent credit risks relating to counterparties. In addition, the receivable balances of counterparties are monitored in order to mitigate the credit risks. The finance department of the Company regularly monitors the status of the occurrence and collection of bad debts, and reports them to the Executive Committee of the Company.

With regard to the investment of cash surpluses and derivatives, Epson invests in bonds receivable and other financial instruments with a certain credit rating and transacts with financial institutions with a high credit rating in principle in order to prevent credit risks based on Epson's Capital Management Regulation. In addition, the finance department of the Company regularly monitors the performances of these transactions and reports the results to the Executive Committee of the Company.

#### (4) Liquidity Risk

Epson raises funds by borrowings and bonds issued; however, these liabilities are exposed to the liquidity risk that it would not be able to repay liabilities on the due date due to the deterioration of the financing environment.

Epson establishes a financing plan based on the annual business plan and the finance department of the Company regularly monitors and collects information on the balance of liquidity-in-hand and interest-bearing debt and reports it to the Executive Committee of the Company. In addition, Epson manages liquidity risks with the balance of liquidity-in-hand maintained at a proper level by working out the financing plan on a timely basis, and by taking into consideration the financial environment.

## (5) Foreign Exchange Risk

Epson operates businesses globally and, therefore, is mainly exposed to the following risks due to foreign exchange fluctuation:

1) The risk that the profit or loss and cash flow in each functional currency of Epson is influenced by foreign exchange fluctuation as a result of external transactions and intergroup transactions, including the payment and receipt of dividends, in currencies that are different from each functional currency of Epson.

2) The risk that the equity of Epson is influenced by foreign exchange fluctuation when equity denominated in each functional currency of Epson is translated into Japanese yen and consolidated.

3) The risk that the profit or loss of Epson is influenced by foreign exchange fluctuation when profit or loss denominated in each functional currency of Epson is translated into Japanese yen and consolidated.

Epson hedges against risk 1) using derivatives and other means when future cash flow is projected or when receivables and payables are fixed. As a rule, the net of foreign currency-denominated operating receivables and payables is hedged mainly using forward foreign exchange contracts. Epson does not hedge against risks 2) and 3), in principle.

In order to mitigate risks mentioned above resulting from the foreign exchange fluctuation, in accordance with Epson's Foreign Exchange Management Regulation, Epson establishes a foreign currency hedge policy based on the current conditions and forecast of the foreign exchange market, implements the aforementioned hedges under the supervision of the Foreign Exchange Management Committee of the Company. The finance department of the Company regularly report the performances to the Executive Committee of the Company.

## (6) Interest Rate Risk

Epson's interest rate risk arises from cash equivalents and interest-bearing debt. Borrowings and bonds issued with floating rates are subject to the effects of changes in future cash flows caused by the fluctuation of market interest rates; while, borrowings and bonds issued with fixed rates are subject to the effects of changes in the fair value caused by the fluctuation of market interest rates.

In response to the fluctuation of market interest rates, Epson reduces the interest rate risk by implementing an interest rate swap and adjusting appropriate proportion of financing between floating rates and fixed rates. In accordance with Epson's Capital Management Regulation, the interest rate swap is approved by the finance officer of the Company.

## (7) Market Price Fluctuation Risk

With respect to equity securities, Epson regularly assesses the fair value and financial conditions of the issuers, and reviews the portfolio held by taking into account the relationship with counterparty entities. Epson intends to hold equity instruments not for short-term trading but for long-term investment. Therefore, Epson does not sell the instruments actively.

## 2. Fair Value of Financial Instruments

### (1) Fair Value Measurement

The fair values of financial instruments are measured as follows:

(Derivatives)

The fair values are calculated based on prices obtained from financial institutions.

(Equity securities and bonds receivable)

When market values for equity securities and bonds receivable are available, such values are used as the fair values. The fair values of the equity securities and bonds receivable whose market values are unavailable are measured by using the discounted cash flow method, price comparison method based on the prices of similar types of securities and bonds and other valuation methods.

(Borrowings)

Current borrowings are measured at their carrying amounts, because they are settled on a short-term basis and the fair values approximate their carrying amounts. For non-current borrowings with floating rates, it is

assumed that the fair value is equal to the carrying amounts, because the rates are affected in the short term by fluctuations in market interest rates, and because Epson's credit status has not greatly changed since they were implemented. The fair values of non-current borrowings with fixed rates are calculated by the total sum of the principal and interest discounted by using the interest rates that would be applied if similar new borrowings were conducted.

(Bonds issued)

The fair values of the bonds issued by Epson are calculated based on prices obtained from financial institutions.

## (2) Fair Value Hierarchy

The fair value hierarchy of financial instruments is categorised from Level 1 to Level 3 as follows:

Level 1: Fair value measured at quoted prices in active markets for identical assets or liabilities

Level 2: Fair value calculated using inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly

Level 3: Fair value calculated using valuation techniques including unobservable inputs for the assets and liabilities

The transfers between levels in the fair value hierarchy are deemed to have occurred at the end of each reporting period.

### 1) Financial instruments measured at amortised cost

The carrying amounts and the fair value hierarchy of financial instruments measured at amortised cost were as follows. The fair values of financial instruments that are not listed on the table below approximate the carrying amounts.

(Millions of yen)

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortised cost					
Borrowings	48,467	—	48,362	—	48,362
Bonds issued	149,689	—	148,960	—	148,960
Total	198,157	—	197,322	—	197,322

“Borrowings” and “Bonds issued” in the table above include their current portion.

There were no transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy during the fiscal year under review.

2) Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value was as follows:

(Millions of yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial assets	—	475	—	475
Equity securities	10,828	—	5,351	16,180
Total	10,828	475	5,351	16,656
Financial liabilities measured at fair value				
Derivative financial liabilities	—	2,965	—	2,965
Total	—	2,965	—	2,965

There were no transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy during the fiscal year under review.

The movement of financial instruments categorised within Level 3 of the fair value hierarchy was as follows:

(Millions of yen)

	Amount
Balance at beginning of period	3,795
Gains and losses	
Other comprehensive income	878
Purchase	827
Sales	(150)
Balance at end of period	5,351



## Revenue Recognition

### 1. Disaggregation of Revenue

The revenue of the reportable segments are disaggregated by each business. The relationship between the disaggregated revenue and the reportable segments was as follows:

		(Millions of yen)
		Revenue
Printing Solutions Segment		902,368
	Office and Home Printing business	653,477
	Commercial and Industrial Printing business	248,919
	Inter-segment revenue	(28)
Visual Communications Segment		216,869
Manufacturing-related & Wearables Segment		215,490
	Manufacturing solutions business	30,542
	Wearable products business	35,881
	Microdevices business and other	130,792
	PC business	21,917
	Inter-segment revenue	(3,642)
Others (Note 1)		(4,396)
Total		1,330,331
Revenue recognised from contracts with customers		1,326,901
Revenue recognised from other sources (Note 2)		3,430

(Note 1) "Others" includes revenues which are not attributed to reportable segments and inter-segment eliminations.

(Note 2) "Revenue recognised from other sources" includes lease income under IFRS 16.

Epson is mainly engaged in the manufacture and sale of products of Printing Solutions, Visual Communications, and Manufacturing-related & Wearables. Revenue is recognised when control of a promised good has been transferred to the customer and Epson satisfied its performance obligation. For sales of the products, this generally occurs when a good is physically delivered to a customer. Certain products require work such as set up or installation. In such cases, Epson determines that the performance obligation has been satisfied and recognises revenue at the time of the customer's acceptance after the work is completed. Epson provides the option of maintenance services such as extended warranties at the time of sales of the products. For the maintenance service contracts, since performance obligations are satisfied over time, the amount of consideration promised in the contract with a customer is recognised as revenue evenly over the contract period.

Contract liability is recognised until performance obligations are satisfied, in cases where Epson receives the consideration for the sale of the product as an advanced payment before the good deliveries, or Epson receives the consideration for the maintenance service contracts as a single advanced payment at contract inception, etc.

In certain cases, Epson sells products to customers such as distributors with rebates, etc. on condition that they achieve certain targets, etc. In such cases, Epson determines the transaction price by deducting the estimated rebates, etc. from the consideration promised in the contract with the customer. The estimated rebates, etc. are calculated using a reasonable method based on factors such as historical trends and recent

information, and revenue is recognised only to the extent that it is highly probable that a significant revenue reversal will not occur.

Consideration for transactions is received mainly within one year after the performance obligation is satisfied, in accordance with the terms and conditions of a contract with a customer and includes no significant financing components.

## 2. Contract Balance

The breakdown of the balance of receivables and contract liabilities from contracts with customers was as follows:

	(Millions of yen)	
	Balance at beginning of period	Balance at end of period
Receivables from contracts with customers	168,221	201,801
Contract liabilities	23,743	28,415
Current liabilities	12,289	14,814
Non-current liabilities	11,454	13,601

For the consolidated fiscal year under review, the amount of revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods was not material.

## 3. Transaction Price Allocated to the Remaining Performance Obligations

Epson uses the practical expedient of omitting the disclosure of information on the remaining performance obligations because it has no significant transactions with expected contractual terms exceeding one year. Additionally, there are no significant amounts that are not included in the transaction price in the consideration from a contract with a customer.

## Per Share Data

- |   |              |
|---|--------------|
| 1. Equity attributable to owners of the parent company, per share | 2,194.02 yen |
| 2. Basic earnings per share                                       | 220.75 yen   |

Note: For the purpose of calculation of per share data, the shares of the Company held by BIP trust are accounted as treasury shares and the number of those shares are deducted from the number of ordinary shares at the end of the period and weighted-average number of ordinary shares outstanding during the period. The number of treasury shares owned by the Trust at the end of the fiscal year and the average number of shares for the period are 142,255 shares and 152,119 shares, respectively.

## Other Notes

### 1. Impairment loss

Epson's business assets are generally grouped by business segment under the Company's management accounting system, and their cash flows are continuously monitored. Assets to be disposed of (i.e., assets planned to be disposed or sold etc.) and idle assets are separately assessed for impairment on the individual asset level.

Impairment loss recognised in the consolidated fiscal year under review was mainly for business assets that belong to the manufacturing solutions business which is a part of the Manufacturing-related & Wearables Segment. The carrying amount was reduced to its recoverable amount because it no longer expects to recover some of the investments considering the changes in the market environment and other factors. An impairment loss of 1,850 million yen was recognised. The recoverable amount of 4,838 million yen was measured at fair

value less costs of disposal. The fair value less costs of disposal was based on the real estate appraisals, etc. and was classified as Level 3 in the fair value hierarchy.

## 2. Contingencies

### Material litigation

In general, litigation has uncertainties and it is difficult to make a reliable estimate of financial effect of the possibility of an outflow of resources embodying economic benefits.

Provisions are not recognised when either an outflow of resources embodying economic benefits is not probable or an estimate of financial effect is not practicable.

Epson had the following material action.

(The civil action on copyright fee of ink-jet printers)

In June 2010, Epson Europe B.V. (“EEB”), a consolidated subsidiary of the Company, brought a civil suit against La SCRL Repobel (“Reprobel”), a Belgium-based group that collects copyright royalties, seeking restitution for copyright royalties for multifunction printers. After that, Repobel also brought a civil suit against EEB. As a result, these two lawsuits were adjoined. EEB’s claims were rejected at the first trial, but EEB, dissatisfied with the decision, intends to appeal.

**Non-Consolidated Financial Statements**  
**Balance Sheet** (as of March 31, 2023)

(Millions of yen)

Item	As of March 31, 2023	(Reference) As of March 31, 2022	Item	As of March 31, 2023	(Reference) As of March 31, 2022
<b>Assets</b>			<b>Liabilities</b>		
<b>Current assets</b>	<b>460,936</b>	<b>464,367</b>	<b>Current liabilities</b>	<b>196,830</b>	<b>189,230</b>
Cash and deposits	57,194	60,214	Notes payable - trade	3,840	3,316
Notes receivable - trade	195	132	Accounts payable - trade	83,170	87,942
Accounts receivable - trade	173,287	192,468	Current portion of bonds issued	30,000	—
Securities	40,000	94,000	Current portion of long-term borrowings	—	18,000
Merchandise and finished goods	5,940	5,102	Lease liabilities	91	90
Work in process	21,299	19,286	Accounts payable - other	49,192	37,786
Raw materials and supplies	24,525	21,457	Accrued expenses	8,140	7,924
Short-term loans receivable	97,622	35,839	Income taxes payable	217	8,099
Accounts receivable - other	26,282	28,110	Deposits received	3,476	5,458
Other	14,587	7,755	Provision for bonuses	14,603	14,800
<b>Non-current assets</b>	<b>357,598</b>	<b>360,531</b>	Provision for directors' bonuses	66	57
<b>(Property, plant and equipment)</b>	<b>(167,034)</b>	<b>(165,477)</b>	Provision for product warranties	611	1,053
Buildings	83,287	83,966	Asset retirement obligations	—	199
Structures	3,245	3,265	Other	3,419	4,501
Machinery and equipment	45,301	41,708	<b>Non-current liabilities</b>	<b>199,337</b>	<b>233,718</b>
Vehicles	35	39	Bonds issued	120,000	150,000
Tools, furniture and fixtures	6,526	6,907	Non-current borrowings	48,500	48,500
Land	27,186	28,232	Lease liabilities	1,014	1,103
Construction in progress	1,451	1,356	Provision for retirement benefits	25,941	30,004
<b>(Intangible assets)</b>	<b>(12,353)</b>	<b>(9,443)</b>	Provision for product warranties	129	171
Software	10,041	6,946	Asset retirement obligations	2,773	2,915
Other	2,311	2,497	Other	979	1,023
<b>(Investments and other assets)</b>	<b>(178,211)</b>	<b>(185,609)</b>	<b>Total liabilities</b>	<b>396,168</b>	<b>422,948</b>
Investment securities	9,649	8,762	<b>Net assets</b>		
Shares of subsidiaries and affiliates	124,883	131,580	<b>Shareholders' equity</b>	<b>419,416</b>	<b>400,598</b>
Long-term prepaid expenses	3,621	2,739	<b>Share capital</b>	<b>53,204</b>	<b>53,204</b>
Deferred tax assets	38,055	40,997	<b>Capital surplus</b>	<b>84,321</b>	<b>84,321</b>
Other	2,018	1,544	Legal capital surplus	84,321	84,321
Allowance account for credit losses	(17)	(15)	<b>Retained earnings</b>	<b>337,397</b>	<b>303,821</b>
			Legal retained earnings	3,132	3,132
			Other retained earnings	334,264	300,689
			Retained earnings brought forward	334,264	300,689
			<b>Treasury shares</b>	<b>(55,506)</b>	<b>(40,748)</b>
			<b>Valuation and translation adjustments</b>	<b>2,950</b>	<b>1,352</b>
			<b>Valuation difference on available-for-sale securities</b>	<b>4,164</b>	<b>2,977</b>
			<b>Deferred gains or losses on hedges</b>	<b>(1,214)</b>	<b>(1,625)</b>
			<b>Total net assets</b>	<b>422,366</b>	<b>401,950</b>
<b>Total assets</b>	<b>818,535</b>	<b>824,898</b>	<b>Total liabilities and net assets</b>	<b>818,535</b>	<b>824,898</b>

Note: Figures less than one million yen are rounded down.

**Statement of Income** (from April 1, 2022 to March 31, 2023)

(Millions of yen)

Item	Amount	(Reference) Amount in previous fiscal year
<b>Net sales</b>	<b>969,999</b>	<b>823,448</b>
<b>Cost of sales</b>	<b>873,622</b>	<b>687,515</b>
<b>Gross profit</b>	<b>96,376</b>	<b>135,933</b>
<b>Selling, general and administrative expenses</b>	<b>77,676</b>	<b>79,049</b>
<b>Operating income</b>	<b>18,700</b>	<b>56,883</b>
<b>Non-operating income</b>	<b>62,359</b>	<b>70,264</b>
Interest and dividend income	49,627	58,081
Foreign exchange gain	10,377	9,256
Other	2,354	2,926
<b>Non-operating expenses</b>	<b>3,950</b>	<b>3,631</b>
Interest expenses	666	707
Other	3,284	2,924
<b>Ordinary income</b>	<b>77,109</b>	<b>123,515</b>
<b>Extraordinary income</b>	<b>1,022</b>	<b>218</b>
Gain on sales of property, plant and equipment and intangible assets	1,022	218
Other	—	0
<b>Extraordinary losses</b>	<b>2,166</b>	<b>2,691</b>
Loss on sales of property, plant and equipment and intangible assets	4	1
Loss on disposal of property, plant and equipment and intangible assets	246	344
Impairment loss	1,489	733
Loss on sale of investment securities	425	—
Loss on valuation of investment securities	—	980
Loss on valuation of shares of subsidiaries	—	373
Other	—	258
<b>Income before income taxes</b>	<b>75,965</b>	<b>121,043</b>
Income taxes - current	3,535	9,776
Income taxes - deferred	2,499	(4,302)
<b>Total income taxes</b>	<b>6,034</b>	<b>5,473</b>
<b>Net income</b>	<b>69,931</b>	<b>115,569</b>

Note: Figures less than one million yen are rounded down.

**Statement of Changes in Net Assets**  
(from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings
					Retained earnings brought forward		
Balance as of April 1, 2022	53,204	84,321	—	84,321	3,132	300,689	303,821
Changes of items during the period							
Dividends	—	—	—	—	—	(21,323)	(21,323)
Net income	—	—	—	—	—	69,931	69,931
Acquisition of treasury shares	—	—	—	—	—	—	—
Disposal of treasury shares	—	—	102	102	—	—	—
Cancellation of treasury shares	—	—	(102)	(102)	—	(15,032)	(15,032)
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—
Total changes of items during the period	—	—	—	—	—	33,575	33,575
Balance as of March 31, 2023	53,204	84,321	—	84,321	3,132	334,264	337,397

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance as of April 1, 2022	(40,748)	400,598	2,977	(1,625)	1,352	401,950
Changes of items during the period						
Dividends	—	(21,323)	—	—	—	(21,323)
Net income	—	69,931	—	—	—	69,931
Acquisition of treasury shares	(30,000)	(30,000)	—	—	—	(30,000)
Disposal of treasury shares	108	210	—	—	—	210
Cancellation of treasury shares	15,134	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	1,187	410	1,598	1,598
Total changes of items during the period	(14,757)	18,818	1,187	410	1,598	20,416
Balance as of March 31, 2023	(55,506)	419,416	4,164	(1,214)	2,950	422,366

Note: Figures less than one million yen are rounded down.

## Notes to the Non-consolidated Financial Statements

### Significant Accounting Policies

#### 1. Basis and Methods of Valuation of Assets

##### (1) Securities

Held-to-maturity debt securities

- Stated at amortised cost (straight-line method).

Shares of affiliates

- Stated at cost using the moving-average method.

Available-for-sale securities

Securities other than shares that do not have a market value

- Stated at market value based on market prices as of the closing date of the fiscal year under review. (Valuation gains or losses are directly included in a component of net assets. The cost of securities sold is calculated using the moving-average method.)

Shares that do not have a market value

- Mainly stated at cost using the moving-average method.

##### (2) Derivatives

Stated at market value.

##### (3) Inventories

Mainly stated at cost based on the weighted-average method (balance sheet values are adjusted by writing down the book value where the profitability declines).

#### 2. Depreciation Method for Non-current Assets

##### (1) Property, Plant and Equipment (excluding leased assets)

Property, plant and equipment are depreciated using the straight-line method.

The estimated useful lives of major assets are as follows:

- Buildings: 15 to 35 years
- Machinery and equipment: 7 to 17 years

##### (2) Intangible Assets (excluding leased assets)

Intangible assets are amortised using the straight-line method.

The estimated useful life of major intangible assets is as follows:

- Software: 3 to 5 years

##### (3) Leased Assets

Leased assets relating to finance lease transactions without transfer of ownership are depreciated over the lease terms by the straight-line method, assuming the residual value is zero.

#### 3. Accounting Basis for Provisions

##### (1) Allowance Account for Credit Losses

To provide a reserve for possible losses on receivables or loans, the Company records the allowance account for credit losses based on the historical default rates for ordinary receivables and on an estimate of collectability of specific doubtful receivables.

##### (2) Provision for Bonuses

The provision for bonuses is recorded to accrue the bonuses to employees of the Company at an amount estimated to be incurred by the Company for the fiscal year under review.

##### (3) Provision for Directors' Bonuses

The provision for directors' bonuses is recorded to accrue the bonuses to Directors (excluding those who are not Audit & Supervisory Committee Members) of the Company at an estimated amount to be paid.

##### (4) Provision for Product Warranties

To provide for possible expenditures associated with product warranties, the Company records the

provision for product warranties based on the rate of historical after-sales service contract expenses to sales in past fiscal years, as well as for other specific warranty provisions for specific businesses where future warranty expenses can be specifically estimated.

(5) Provision for Loss on Litigation

The provide for loss on litigation in process or possible litigation based on the reasonably estimated compensation for damages and litigation expenses at an amount deemed necessary at the end of the fiscal year under review.

(6) Provision for Retirement Benefits

To provide retirement benefits to employees of the Company, the provision for retirement benefits is recorded at an amount calculated based on the projected benefit obligations and plan assets at the end of the fiscal year under review.

Past service cost is amortised for the pro-rata amount computed by the straight-line method over a certain period (five years), which is within the average remaining service period of employees at the time of the occurrence in each fiscal year.

Actuarial gains or losses are amortised for the pro-rata amount computed by the straight-line method over a certain period (five years), which is within the average remaining service period of employees at the time of the occurrence in each fiscal year, commencing from the fiscal year following the fiscal year of occurrence.

4. Accounting Basis for Revenue

The Company recognises revenue by applying the following five steps approach.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when the Company satisfies a performance obligation

The Company is mainly engaged in the manufacture and sale of products of Printing Solutions, Visual Communications, and Manufacturing-related & Wearables. Revenue is recognised when control of a promised good has been transferred to the customer and the Company satisfied its performance obligation. For sales of the products, this generally occurs when a good is physically delivered to a customer. When two or more performance obligations are included in a contract with a customer, the Company allocates the transaction price to each identified performance obligation based on the stand-alone selling price of each product. When the stand-alone selling prices are not directly observable, the Company estimates the selling price, assuming that the products are sold individually and allocates the transaction price based thereon.

5. Basis for Translating of Foreign Currency Denominated Assets and Liabilities into Japanese Yen

Monetary receivables and payables denominated in foreign currency are translated into Japanese yen at the spot exchange rate on the closing date of the fiscal year under review. Translation differences are recognised as profit or loss in the fiscal year under review.

6. Hedge Accounting

(1) Hedge Accounting Method

Gains or losses on hedging instruments measured at market value are deferred, in principle, as deferred gains or losses on hedges under net assets until such gains or losses on hedged items are recognised.

(2) Hedging Instruments and Hedged Items

Forward foreign exchange contracts and non-deliverable forwards, etc.: Amounts of foreign currencies deposited or withdrawn



(3) Hedge Policy

The Company enters into derivative contracts for hedging purposes to restrict foreign exchange fluctuation risks, which are mainly associated with sales denominated in foreign currencies while minimizing the amounts not covered by hedging through the use of netting and other measures.

(4) Assessment of Hedge Effectiveness

The assessment of hedge effectiveness is omitted because the market fluctuation of hedging instruments and hedged items is offset at the start of hedging and it continues to remain offset subsequently since the fluctuation rates of hedging instruments and hedged items are identical.

## Notes to Accounting Estimates

The preparation of the Company's non-consolidated financial statements includes management estimates and assumptions for measurements of income, expenses, assets and liabilities, and disclosure of contingencies as of the end of the fiscal year. These estimates and assumptions are based on the best judgment of management in light of historical experience and various factors deemed to be reasonable as of the end of the fiscal year. Given their nature, actual results may differ from those estimates and assumptions.

The estimates and assumptions are continuously reviewed by management. The effects of a change in estimates and assumptions are recognized in the period of the change and subsequent periods.

Among the above estimates and assumptions, the following were items that may have a material effect on the amounts recognized in the Company's non-consolidated financial statements:

(1) Impairment of Non-current Assets

The balances of property, plant and equipment, and intangible assets as of March 31, 2023 were 167,034 million yen and 12,353 million yen, respectively, and the amount of impairment loss for the year ended March 31, 2023 was 1,489 million yen.

The content regarding estimates and assumptions is as described in "Notes to the Consolidated Financial Statements - Notes to Accounting Estimates - (1) Impairment of Non-financial Assets."

(2) Post-Employment Benefits

The balance of provision for retirement benefits as of March 31, 2023 was 25,941 million yen.

The content regarding estimates and assumptions is as described in "Notes to the Consolidated Financial Statements - Notes to Accounting Estimates - (2) Post-Employment Benefits."

(3) Provisions

Provision for product warranties of 741 million yen was recognised as of March 31, 2023.

The content regarding estimates and assumptions is as described in "Notes to the Consolidated Financial Statements - Notes to Accounting Estimates - (3) Provisions."

(4) Income Taxes

The amount of income taxes for the year ended March 31, 2023 was 6,034 million yen, and the balance of deferred tax assets as of March 31, 2023 was 38,055 million yen.

The content regarding estimates and assumptions is as described in "Notes to the Consolidated Financial Statements - Notes to Accounting Estimates - (4) Income Taxes."

(5) Contingencies

Contingencies are as described in "Notes to the Consolidated Financial Statements - Notes to Accounting Estimates - (5) Contingencies."

## Balance Sheet

1. Accumulated Depreciation of Property, Plant and Equipment 648,149 million yen

2. Debt Guarantees

Epson provides guarantees for the debt obligations of its affiliate as follows.

PT. Epson Batam 2,265 million yen

3. Monetary Receivables from and Payables to Affiliates

Short-term monetary receivables: 274,380 million yen

Long-term monetary receivables: 0 million yen

Short-term monetary payables: 78,299 million yen

Long-term monetary payables: 830 million yen

## Statement of Income

Transactions with Affiliates

Sales to affiliates: 901,825 million yen

Purchases from affiliates: 571,827 million yen

Other operating transactions with affiliates: 37,021 million yen

Transactions with affiliates other than operating transactions: 57,462 million yen

## Statement of Changes in Net Assets

Number of Treasury Shares as of the End of the Fiscal Year under Review

Treasury shares 53,506,635 shares

Note: The total number of treasury shares includes 142,255 shares of the Company's shares held by BIP trust.

## Tax-Effect Accounting

### 1. Significant Components of Deferred Tax Assets and Deferred Tax Liabilities:

(Millions of yen)

Deferred tax assets	
Excess of depreciation of non-current assets	16,939
Provision for retirement benefits	7,899
Loss on valuation of shares	5,676
Loss on valuation of inventories	4,585
Provision for bonuses	4,466
Loss carried forward	968
Other	6,558
Subtotal	47,095
Valuation allowance for deductible temporary differences	(7,676)
Valuation allowance subtotal	(7,676)
Total deferred tax assets	39,419
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(857)
Property, plant and equipment (asset retirement obligations)	(428)
Other	(77)
Total deferred tax liabilities	(1,363)
Net deferred tax assets	38,055

### 2. Accounting for Corporate and Local Income Taxes or Tax Effect Accounting Related to Such Taxes

Effective from the current fiscal year, the Company has shifted from a consolidated taxation system to a group tax sharing system. Accordingly, the accounting treatment and disclosure of corporate and local income taxes and tax effect accounting are in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 42, August 12, 2021).

## Revenue Recognition

### Basic Information for Understanding Revenue

Basic information for understanding revenue is included in “Significant Accounting Policies - 4. Accounting Basis for Revenue.”

## Transactions with Related Parties

### Subsidiaries

(Millions of yen)

Company name	Ownership percentage of voting rights	Relationship with the Company	Description of transactions	Transaction amount	Account item	Fiscal year-end balance
Epson Sales Japan Corporation	Direct holding 100%	Sales of the Company's products; Interlocking directors	Sales of products (Note 1)	101,668	Accounts receivable - trade	15,392
			Loans of necessary funds (Note 2)	(Note 3)	Short-term loans receivable	11,421
Akita Epson Corporation	Direct holding 100%	Entrusted manufacturing of the Company's products	Loans of necessary funds (Note 2)	(Note 3)	Short-term loans receivable	8,400
Epson America, Inc.	Indirect holding 100%	Regional headquarters of the Americas; Sales of the Company's products; Interlocking directors	Sales of products (Note 1)	293,590	Accounts receivable - trade	62,868
			Loans of necessary funds (Note 2)	(Note 3)	Short-term loans receivable	39,290
Epson Europe B.V.	Direct holding 100%	Regional headquarters of Europe; Sales of the Company's products; Interlocking directors	Sales of products (Note 1)	189,538	Accounts receivable - trade	28,539
			Loans of necessary funds (Note 2)	(Note 3)	Short-term loans receivable	17,604
Epson Precision (Philippines), Inc.	Direct holding 100%	Entrusted manufacturing of the Company's products	Purchases of products (Note 4)	192,956	Accounts payable - trade	14,132
					Accounts receivable - other	2,914
PT. Indonesia Epson Industry	Direct holding 100%	Entrusted manufacturing of the Company's products; Interlocking directors	Purchases of products (Note 4)	171,574	Accounts payable - trade	14,579
					Accounts receivable - other	3,027
Epson (China) Co., Ltd.	Direct holding 100%	Regional headquarters of China; Sales of the Company's products; Interlocking directors	Sales of products (Note 1)	105,967	Accounts receivable - trade	18,594
Epson Singapore Pte. Ltd.	Direct holding 100%	Regional headquarters of Southeast Asia; Sales of the Company's products; Interlocking directors	Sales of products (Note 1)	65,653	Accounts receivable - trade	12,746

#### Terms and conditions of transactions and their policies

- Note 1: Selling prices are determined by subtracting an appropriate margin for the respective sales companies from market prices.
- Note 2: Lending of necessary funds and depositing of excess funds are made in accordance with the relevant rules under the system of borrowing and lending funds established by Epson.
- Note 3: Lending of necessary funds and depositing of excess funds are not stated in the “Transaction amount” as funds are transferred each time under the system of borrowing and lending funds within Epson.
- Note 4: Purchase prices are determined by adding an appropriate profit for the manufacturing companies on the manufacturing costs.

#### Per Share Data

- |                         |              |
|-------------------------|--------------|
| 1. Net Assets per Share | 1,274.05 yen |
| 2. Earnings per Share   | 205.71 yen   |

Note: For the purpose of calculation of per share data, the shares of the Company held by BIP trust are accounted as treasury shares and the number of those shares are deducted from the number of ordinary shares at the end of the period and weighted-average number of ordinary shares outstanding during the period. The number of treasury shares owned by the Trust at the end of the fiscal year and the average number of shares for the period are 142,255 shares and 152,119 shares, respectively.

#### Other Notes

##### Impairment loss

The Company’s business assets are generally grouped by business segment under the Company’s management accounting system, and their cash flows are continuously monitored. Assets to be disposed of (i.e., assets planned to be disposed or sold etc.) and idle assets are separately assessed for impairment on the individual asset level.

Impairment loss recognized in the fiscal year under review was mainly for business assets that belong to the manufacturing solutions business. The carrying amount was reduced to its recoverable amount because it no longer expects to recover some of the investments considering the changes in the market environment and other factors. An impairment loss of 1,380 million yen was recognized, with the recoverable amount calculated using net realizable value.

**Independent Auditor’s Report**

May 9, 2023

To the Board of Directors of  
Seiko Epson Corporation

Ernst & Young ShinNihon LLC

Tokyo Office

Designated and  
Engagement Partner, Certified Public Accountant Makoto Usui

Designated and  
Engagement Partner, Certified Public Accountant Yoshiyuki Sakuma

Designated and  
Engagement Partner, Certified Public Accountant Ryuichi Minami

**Opinion**

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the notes to the consolidated financial statements of Seiko Epson Corporation (the “Company”) for the fiscal year from April 1, 2022 through March 31, 2023.

In our opinion, the above consolidated financial statements present fairly, in all material respects, the financial position and results of operations of the corporate group, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements, in conformity with accounting principles that omit some disclosure items required under the Designated International Financial Reporting Standards pursuant to the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting.

**Basis for the Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in “Auditor’s Responsibility for the Audit of the Consolidated Financial Statements.” We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

**Other Information**

The other information consists of the business report and the supplementary schedules. Management is responsible for preparing and disclosing the other information. The Audit & Supervisory Committee is responsible for monitoring the execution of the duties of the Directors related to designing and operating the reporting process of the other information.

The subject of our audit opinion on the consolidated financial statements does not include the other information. Therefore, we do not express an opinion on the other information.

In auditing the consolidated financial statements, we are responsible for reading through the other information, and in the process of reading it through, reviewing whether there are any material discrepancies between the other information and the consolidated financial statements or the knowledge that we gained during our auditing process, and paying attention to any signs of material misstatement in other information in addition to such material discrepancies.

When we determine that there is any material misstatement in other information based on the tasks that we performed, we are required to report such fact.

We have found no matters to report with regard to the other information.

### **Responsibilities of Management and the Audit & Supervisory Committee for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting principles that omit some disclosure items required under Designated International Financial Reporting Standards pursuant to the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the 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 whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with the accounting principles that omit some disclosure items required under Designated International Financial Reporting Standards pursuant to the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting.

The Audit & Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

### **Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

Our responsibility is 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 express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.

- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with the accounting principles that omit some disclosure items required under Designated International Financial Reporting Standards pursuant to the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to the Audit & Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit & Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

#### **Interest**

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.



## Transcript of financial auditor’s audit report

### Independent Auditor’s Report

May 9, 2023

To the Board of Directors of  
Seiko Epson Corporation

Ernst & Young ShinNihon LLC	
Tokyo Office	
Designated and Engagement Partner,	Certified Public Accountant Makoto Usui
Designated and Engagement Partner,	Certified Public Accountant Yoshiyuki Sakuma
Designated and Engagement Partner,	Certified Public Accountant Ryuichi Minami

#### **Opinion**

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules of Seiko Epson Corporation (the “Company”) for the 81st fiscal year from April 1, 2022 through March 31, 2023.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2023, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

#### **Basis for the Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in “Auditor’s Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules.” We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

#### **Other Information**

The other information consists of the business report and the supplementary schedules. Management is responsible for preparing and disclosing the other information. The Audit & Supervisory Committee is responsible for monitoring the execution of the duties of the Directors related to designing and operating the reporting process of the other information.

The subject of our audit opinion on the financial statements and the accompanying supplementary schedules does not include the other information. Therefore, we do not express an opinion on the other information.

In auditing the financial statements and the accompanying supplementary schedules, we are responsible for reading through the other information, and in the process of reading it through, reviewing whether there are any material discrepancies between the other information and the financial statements and the accompanying supplementary schedules or the knowledge that we gained during our auditing process, and paying attention to any signs of material misstatement in other information in addition to such material discrepancies.

When we determine that there is any material misstatement in other information based on the tasks that we performed, we are required to report such fact.

We have found no matters to report with regard to the other information.

### **Responsibilities of Management and the Audit & Supervisory Committee for the Financial Statements and the Accompanying Supplementary Schedules**

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

### **Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules**

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial

statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

- To express an opinion on the financial statements and the accompanying supplementary schedules, obtain sufficient and appropriate audit evidence relating to the financial information on components, which is included in the financial statements and the accompanying supplementary schedules. The auditor is responsible for giving instructions on, monitoring, and performing audits relating to the financial information on components. The auditor is solely responsible for audit opinions.

The auditor reports to the Audit & Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit & Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

**Interest**

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

## **Transcript of the Audit & Supervisory Committee’s audit report**

### **Audit Report**

The Audit & Supervisory Committee audited the Directors’ execution of their duties during the 81st fiscal year, from April 1, 2022 to March 31, 2023, and hereby reports on its method and results as follows.

#### **1. Auditing Method and Contents Thereof**

With respect to the resolution of the Board of Directors concerning the matters stipulated in Article 399-13, Paragraph 1, Item 1 (ii) and (iii) of the Companies Act, as well as the system (internal control system) developed based on such resolution of the Board of Directors, we received regular reports regarding the status of formulation and operation of such system from Directors and other employees, etc., sought explanations as necessary, expressed opinion thereon, and executed audits through the following methods.

In addition, with regard to the internal control concerning financial reporting under the Financial Instruments and Exchange Act, we received reports regarding the evaluation of such internal control and audit status thereof from Directors, etc. and Ernst & Young ShinNihon LLC, and sought explanations as necessary.

- (1) In conformity with the principles of audits by the Audit & Supervisory Committee stipulated by the Audit & Supervisory Committee and in accordance with audit policies and the division of duties, etc., we, in coordination with the Internal Audit Department and other departments related to internal control, attended important meetings, received reports from Directors and other employees, etc., regarding the execution of their duties, sought explanations as necessary, inspected documents, etc., related to important decisions, and examined the operations and assets at the Company’s Head Office and primary Business Offices. Furthermore, with regard to the Company’s subsidiaries, the Audit & Supervisory Committee worked to communicate and exchange information with Directors, Audit & Supervisory Board Members, etc., of subsidiaries, and received reports from them as necessary.
- (2) With respect to the basic policy provided in Article 118, Item 3 (a) of the Ordinance for Enforcement of the Companies Act, and judgment and reasons for the initiatives provided in (b) of the same Item, in light of the status, etc., of deliberations in the Board of Directors and other meetings, further consideration of its content was given.
- (3) We monitored and verified whether the Financial Auditor had maintained its independence and conducted audits appropriately, received reports regarding the execution of their duties, and sought explanations as necessary. We received notification from the Financial Auditor that “Systems for Ensuring Appropriate Execution of Duties” (matters provided in each item of Article 131 of the Ordinance on Accounting of Companies) have been established in accordance with “Quality Control Standard for Auditing,” (Business Accounting Council), etc., and sought explanations as necessary.

Based on the above, we examined the Business report and the supplementary schedules, the Consolidated Financial Statements (the Consolidated Statements of Financial Position, the Consolidated Statements of Comprehensive Income, the Consolidated Statements of Changes in Equity, and the Notes for the Consolidated Financial Statements, as well as the Non-Consolidated Financial Statements (the Non-Consolidated Balance Sheets, the Non-Consolidated Statements of Income, the Non-Consolidated Statements of Changes in Net Assets, and the Notes for the Non-consolidated Financial Statements) and the supplementary schedules prepared in conformity with the latter part of paragraph 1 Article 120 of the Regulation on Corporate Accounting that allows companies to prepare consolidated financial statements with the omission of a part of the disclosure items required under Designated International Accounting Standards) for the fiscal year under review.

#### **2. Audit Results**

(1) Results of Audit of Business Report, etc.

- 1) In our opinion, the business report and the supplementary schedules are in accordance with the related laws and regulations and the Articles of Incorporation, and fairly represent the Company’s condition.

- 2) No inappropriate conduct concerning the execution of duties by Directors or material facts in violation of laws, regulations or the Articles of Incorporation were found.
  - 3) We found that the Board of Directors' resolutions concerning the internal control system are appropriate in content. We also found no matters requiring note on our part with respect to the execution of duties by Directors concerning the internal control system or the content of the Business Report concerning the internal control system, including the internal control concerning financial reporting.
  - 4) We found no matters requiring note on our part with respect to the basic policy regarding persons who control decision on the Company's financial and business policies decisions, stated in the Business Report. The initiatives taken pursuant to Article 118, Item 3 (b) of the Ordinance for Enforcement of the Companies Act, stated in the Business Report, are in line with the said basic policy, and in our opinion, said basic policy is deemed not to harm the common interest of the Company's shareholders, nor is it for the purpose of maintaining the position of the Company's officers.
- (2) Results of Audit of Consolidated Financial Statements  
We found that the methods and the results of the audit conducted by Financial Auditor, Ernst & Young ShinNihon LLC, are appropriate.
- (3) Results of Audit of Non-Consolidated Financial Statements and Supplementary Schedules  
We found that the methods and the results of the audit conducted by Financial Auditor, Ernst & Young ShinNihon LLC, are appropriate.

May 15, 2023

Audit & Supervisory Committee, Seiko Epson Corporation

Full-Time Audit & Supervisory Committee Member:	Masayuki Kawana
Outside Audit & Supervisory Committee Member:	Yoshio Shirai
Outside Audit & Supervisory Committee Member:	Susumu Murakoshi
Outside Audit & Supervisory Committee Member:	Michiko Ohtsuka

(Note) Audit & Supervisory Committee Members, namely, Mr. Yoshio Shirai, Mr. Susumu Murakoshi and Ms. Michiko Ohtsuka are outside directors as prescribed in Article 2, Item (15) and Article 331, Paragraph 6 of the Companies Act.

End