

Second Quarter Financial Results Fiscal Year 2021 (Ending March 2022)

October 29, 2021
Seiko Epson Corporation

■ Disclaimer regarding forward-looking statements

The foregoing statements regarding future results reflect the Company's expectations based on information available at the time of announcement. The information contains certain forward-looking statements that are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Such risks and uncertainties include, but are not limited to, the competitive environment, market trends, general economic conditions, technological changes, exchange rate fluctuations and our ability to continue to timely introduce new products and services.

■ Note regarding business profit

Business profit is calculated by deducting cost of sales and SGA expenses from revenue. Although not defined in the statement of consolidated comprehensive income, this indicator is very similar to the concept of operating income under J-GAAP. Epson will present this information as a reference, as the Company believes users of financial statements will find it useful when evaluating Epson's financial performance.

■ Numerical values presented herein

Numbers are rounded down to the unit indicated. Percentages are rounded off to one decimal place. Years mentioned in these materials are fiscal years unless otherwise indicated.

■ Summary

- Second-Quarter Financial Results
- FY2021 Full-Year Financial Outlook
- Shareholder Returns
- Initiatives for Greater Corporate Value

- Q2 revenue and profit increased YoY as markets progressively recovered from the effects of COVID-19
 - Revenue fell short of the internal plan mainly due to product supply constraints resulting from component shortages and logistics disruptions. Business profit exceeded the plan due to pricing measures we took to reflect the balance of supply and demand and increases in parts and transportation costs, and also because of cost containment measures.
- In the second half, component shortages, logistics disruptions, and further increases in component prices pose a threat to the Chinese and other parts of the global economy
 - Continue pricing measures and cost containment
 - Steadily spend and invest as needed

- This is a summary of today's presentation.
- Second-quarter revenue and profit increased year on year as markets progressively recovered from the effects of COVID-19.
- Revenue fell short of the internal plan because product supplies were constrained by component shortages and logistics disruptions. However, business profit exceeded the plan because we were able to take pricing measures to reflect supply and demand balance as well as increases in higher parts and transport costs. We were also able to contain our costs.
- Component shortages and logistics disruptions have become even worse recently, forcing us to further factor supply constraints into the outlook. There are also some clouds gathering in China and other parts of the global economy.
- Given this situation, Epson will continue to adjust prices and contain costs in the second half, while steadily spending and investing in areas for growth.
- I will talk about these points in some detail.

- Summary
- **Second-Quarter Financial Results**
- FY2021 Full-Year Financial Outlook
- Shareholder Returns
- Initiatives for Greater Corporate Value

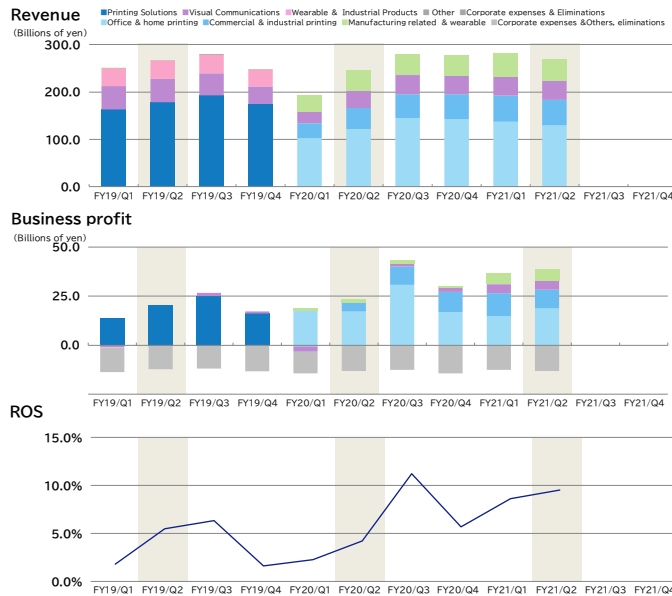
Financial Highlights (Second Quarter)

(Billions of yen)	FY2020		FY2021		Change		
	Q2 Actual	%	Q2 Actual	%	Y/Y	%	
Revenue	245.9		268.4		+22.5	+9.2%	
Business profit	10.2	4.2%	25.4	9.5%	+15.1	+147.5%	
Profit from operating activities	7.2	2.9%	24.4	9.1%	+17.2	+238.2%	
Profit before tax	5.8	2.4%	24.3	9.1%	+18.5	+318.9%	
Profit for the period attributable to owners of the parent company	4.4	1.8%	19.0	7.1%	+14.5	+324.4%	
EPS*1 (yen)	12.95		54.93				
Exchange rate (yen, index)	USD	¥106.16	¥110.08				
	EUR	¥124.10	¥129.77				
	Other currencies*2	100	109				
		Exchange effect (billions of yen)		USD	EUR	Other currencies	Total
		Revenue		+3.0	+1.9	+6.0	+11.0
		Business profit		-0.5	+1.2	+3.2	+3.9

*1 Basic earnings per share for the period
 *2 Index showing weighted average variance of rates for currencies other than USD and EUR against a benchmark of 100 for the previous period. Rates are weighted according to Epson's net volume of revenue and cost for each currency

- Here are the financial highlights for the second quarter.
- We recorded ¥268.4 billion in second-quarter revenue, up ¥22.5 billion from the same period last year. Business profit was ¥25.4 billion, up ¥15.1 billion.
- Profit for the period was ¥19.0 billion, up ¥14.5 billion.
- Foreign exchange had a ¥11.0 billion positive impact on revenue and a ¥3.9 billion positive impact on business profit.
- Second-quarter revenue ended about ¥10 billion short of the internal plan on which the previous outlook was based in large part due to product supply constraints. However, business profit exceeded the plan by about ¥10 billion because of pricing measures and cost containment.

FY2021 Q2 Results Overview



- Both revenue and business profit rebounded from the same period last year on brisk demand
- Growth businesses steadily expanded, while mature businesses benefited from restructuring
- Main factors
 - Businesses recovering from COVID-19 impact
 - Sustained at-home print demand
 - Costs rose and product supplies were constrained by materials shortages and logistics disruptions, but ROS improved owing to pricing measures and cost containment

- Here, the second-quarter results are shown against the results in previous quarters.
- Second-quarter revenue and business profit both rebounded from the same period last year. Under Epson 25 Renewed, we are managing our businesses according to their stage of growth. We saw financial growth in our businesses in the growth area, benefits from restructuring efforts in mature areas, and improved profitability.
- Although market conditions remain tough in some regions, such as Southeast Asia due to the pandemic, a recovery progressed in Europe, the Americas, and Japan.
- Demand for home printing remained brisk, though it settled down compared to the same period last year.
- On the other hand, material shortages and logistics disruptions increased costs and constrained our ability to supply products, but ROS improved owing to pricing measures and cost containment.

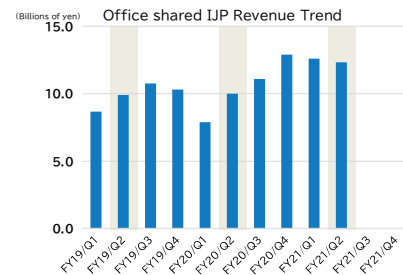
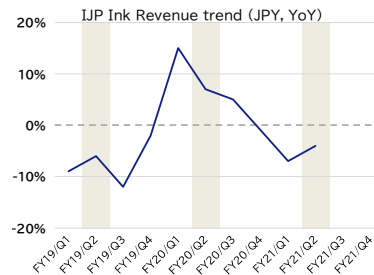
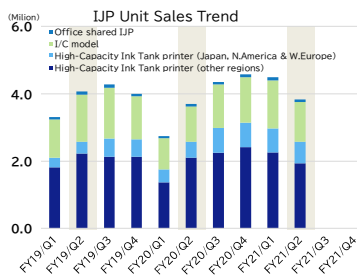
FY2021 Q2 Results | Printing Solutions (1)



Printing Solutions		Q2/FY2020 Actual	Q2/FY2021 Actual	Y/Y	Exchange effect	Y/Y ratio
Revenue		166.3	183.2	+16.9	+7.7	+10.2%
Segment profit		21.6	28.3	+6.7	+2.7	+31.1%
ROS		13.0%	15.5%			

Office & home printing		Q2/FY2020 Actual	Q2/FY2021 Actual	Y/Y	Exchange effect	Y/Y ratio
Revenue		122.3	129.8	+7.5	+5.4	+6.2%
% sales Office & home IJP		85%	87%			
SIDM		6%	5%			
Oter		9%	8%			
Business profit		17.2	18.7	+1.5	+1.7	+9.2%
ROS		14.1%	14.5%			

- Printing Solutions
 - Revenue and profit grew as markets recovered from the pandemic
- Office & Home Printing
 - IJP hardware supply constrained, but revenue increased due to pricing measures and growth of high-capacity ink tank models in developed economies
 - IJP ink sales decreased after spiking last year
 - Office Shared printer revenue grew as machines in field increased
 - SIDM printer revenue fell on constrained supply in China
 - Parts and transport costs soared, but profit grew due to pricing measures and cost containment



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7

- These are the financial results in printing solutions.
- Overall, this segment saw revenue and profit growth as markets recovered from the effects of the pandemic.
- In Office and Home Printing, SIDM printer revenue decreased primarily in the Chinese market due to constrained supply, but Office and Home inkjet printer revenue increased.
- Office and Home inkjet printer unit sales edged up very slightly with a 4% increase in the quarter compared to the same period last year, when our manufacturing sites in Southeast Asia temporarily shut down. The main reason for the lack of growth was that the product supplies were constrained by component shortages and logistics disruptions. On the other hand, revenue increased due to the effects of price measures and increased sales of high-capacity ink tank models in developed economies.
- Ink sales decreased after spiking in the same period last year, but we continued to see at-home print demand.
- Office shared printers are a growth area, and revenue from ink also expanded as machines in field increased in Japan and Europe, and subsequently in North America and China,
- Business profit increased owing to the effects of pricing measures and cost containment.

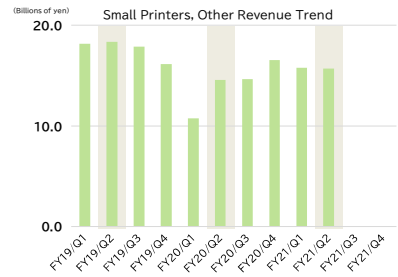
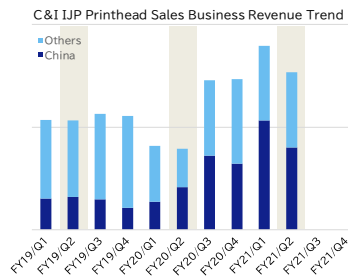
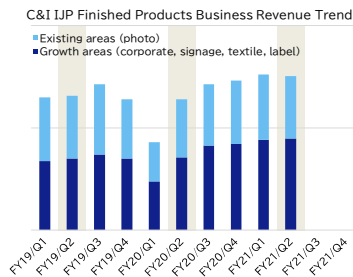
FY2021 Q2 Results | Printing Solutions (2)



Commercial & industrial printing	(Billions of yen)		Y/Y	Exchange effect	Y/Y ratio
	Q2/FY2020 Actual	Q2/FY2021 Actual			
Revenue	44.0	53.4	+9.3	+2.3	+21.3%
Commercial & industrial IJP	29.4	37.7	+8.2		+28.1%
Small printers, other	14.5	15.6	+1.1		+7.6%
Business profit	4.4	9.6	+5.1	+0.9	+115.7%
ROS	10.1%	18.0%			

Commercial & Industrial Printing

- Commercial & Industrial IJP: Revenue up amid market recovery
 - Finished products: Benefited from enhanced lineup with launch of new products
 - Printheads: Strong sales, particularly in China
- Small printers: POS printer revenue up despite constrained supply as the retail and restaurant sectors in developed economies resumed investing



- Commercial and Industrial printing revenue and profit also showed significant growth.
- In Commercial and Industrial IJP, we benefited from a market recovery.
- Sales of finished products grew steadily thanks to a stronger lineup following the launch of new products, especially in growth businesses such as corporate, signage, textiles, and labels.
- The printhead business also saw growth due to increased adoption of Epson printheads, especially in the Chinese market.
- POS printer demand is recovering as retailers and restaurants resume investing, but revenue was limited by supply constraints.

Visual Communications	Q2/FY2020 Actual	Q2/FY2021 Actual	YoY	Exchange effect	YoY ratio
Revenue	37.6	39.9	+2.3	+2.0	+6.2%
Segment profit	0.1	4.7	+4.5	+0.7	+2524.2%
ROS	0.5%	11.8%			

◆ Projector sales trends^{*1}

	Q2/FY2020 Actual	Q2/FY2021 Actual
Revenue(JPY)	-24%	+7%
Revenue(LC)	-24%	+1%
Q'ty	-32%	-2%

*1 The indicators in sales trends are based on values tracked internally by Epson

Manufacturing-related & Wearables	Q2/FY2020 Actual	Q2/FY2021 Actual	YoY	Exchange effect	YoY ratio
Revenue	42.4	45.8	+3.4	+1.2	+8.2%
Manufacturing Solutions ^{*2}	7.7	7.4	-0.3		-4.8%
Wearable Products	7.6	8.0	+0.3		+4.1%
Microdevices, Other	23.7	26.8	+3.0		+12.9%
PC	3.5	4.3	+0.8		+24.3%
Inter-segment revenue	-0.3	-0.7	-0.3		-
Segment profit	1.5	5.6	+4.0	+0.5	+252.7%
ROS	3.8%	12.2%			

*2 IC Handler business transferred in Apr 2021

Visual Communications

- Market progressively recovered from COVID-19
- Demand recovered in education and home markets, but supply was constrained
- Structural changes reduced costs to significantly improve profitability

Manufacturing-related & Wearables

- Strong revenue and profit growth in microdevices and other
- Manufacturing solutions: Increased orders for robots used in lithium battery and automotive applications
- Wearable products: Overseas demand recovered, but domestic sales continued to struggle
- Microdevices, other: Strong sales of crystal devices and semiconductors amid brisk demand

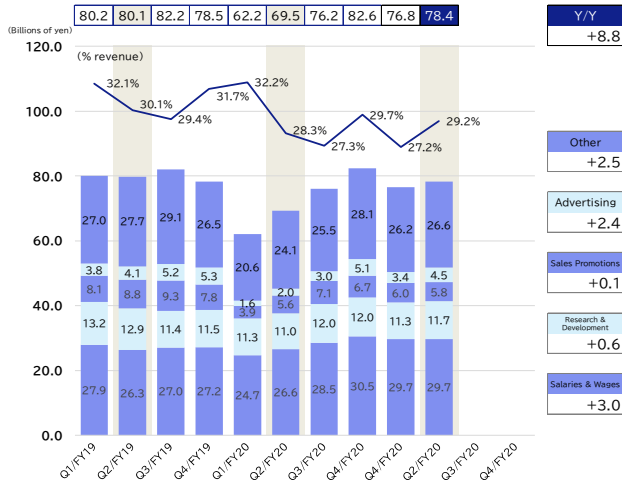
- In Visual Communications, demand for education and home projectors in Europe and the Americas is robust, but unit sales were slightly lower than in the same period last year because of constrained supply especially in semiconductors. On the other hand, profitability sharply improved due to ongoing restructuring and cost containment.
- Manufacturing-related & Wearables revenue and profit increased on the strength of crystal devices and semiconductors within the microdevices and other business.
- In Manufacturing Solutions, which is a growth area, revenue remained flat after excluding the effects of the transferred IC handler business, because we continued to capture orders for robots used in lithium battery and automotive applications.
- In wearable products, overseas markets for high-end watches and movements progressively recovered compared to the same period last year, when demand plummeted due to the pandemic, but the domestic market continues to struggle.
- On the other hand, profitability significantly improved as a result of cost containment resulting from restructuring.

Selling, General & Administrative Expenses Business Profit Change Cause Analysis

SG&A:

- Up YoY, as business was restricted during FY2020 Q2
- Continued expense control and spending efficiency

Selling, General and Administrative Expenses Trend



Business Profit Changes



Sales volume

- + Commercial & Industrial IJPs, Office Shared IJPs, etc.
- Office & Home IJPs and ink, projectors, SIDM printers

Price

- + Office & Home IJPs, projectors, microdevices, etc.
- Commercial & Industrial IJPs (sales of printers in the volume zone increased)

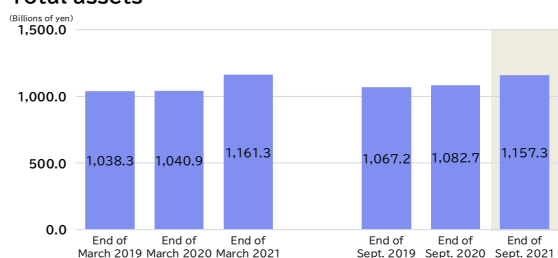
Cost changes, others

- + Effects of inventory changes, etc.
- Expenses increased as business activities resumed

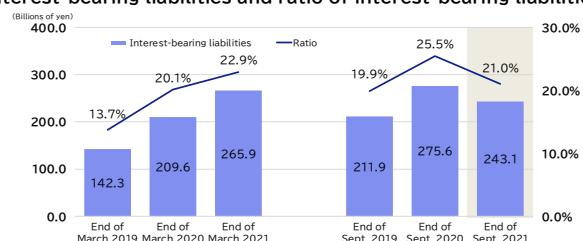
- Here you can see SG&A expenses and a cause analysis of business profit.
- The left side of the slide shows quarterly trends in SG&A expenses. These expenses were up compared to the same period last year, because business activities were restricted during that period, but we are continuing to increase spending efficiency.
- The right side shows the year-on-year change cause analysis for business profit.
- Sales volumes of Commercial and Industrial inkjet printers and Office Shared printers expanded, but were negative for Office and Home inkjet printer ink and projectors.
- Price changes had a large positive effect on business profit thanks primarily to higher selling prices for Office and Home inkjet printer hardware, projectors, and microdevices.
- Cost changes positively affected business profit. Although expenses increased compared to the same period last year, when business activities were restricted, positive effects from inventory changes exceeded that increase.
- Inventory decreased because factory operations in Southeast Asia were shut down in the same period last year. On the other hand, in the second quarter of this year there was an increase in goods in transit due to logistics disruptions, and in work-in-process due to parts shortages

Statements of Financial Position

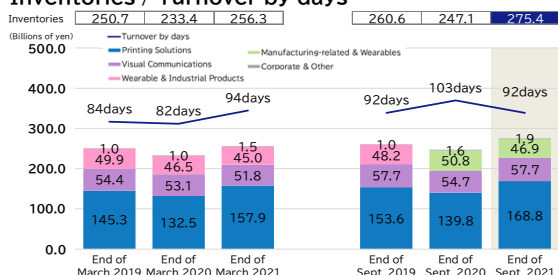
Total assets



Interest-bearing liabilities and ratio of interest-bearing liabilities



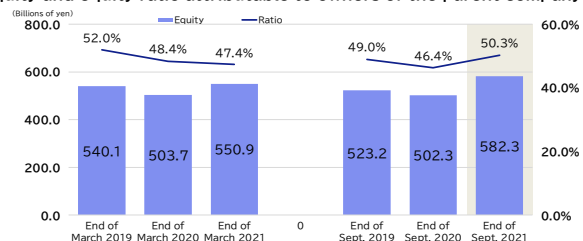
Inventories / Turnover by days



Net Cash



Equity and equity ratio attributable to owners of the parent company



* Turnover by days : Interim (Ending) balance of inventory / Prior 3 months (Prior 12 months) revenue per day

- Next, let's look at some of the major items on the statements of financial position.
- Total assets in the second quarter ended at ¥1,157.3 billion, down ¥3.9 billion from the end of previous fiscal year.
- Inventories ended at ¥275.4 billion, up ¥19.1 billion due to increases in work-in-process and goods in transit. Turnover was 92 days.
- Interest-bearing liabilities decreased by ¥22.7 billion, ending at ¥243.1 billion.
- Equity attributable to owners of the parent company ended at ¥582.3 billion, up ¥31.4 billion from the end of the previous fiscal year.

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- **FY2021 Full-Year Financial Outlook**
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FY2021 Financial Outlook

	FY2020		FY2021				Change		
	(Billions of yen)	Actual	%	7/30 Outlook	%	10/29 Outlook	%	Y/Y	Vs. 7/30 outlook
Revenue		995.9		1,150.0		1,130.0		+134.0 +13.5%	-20.0 -1.7%
Business profit		61.6	6.2%	75.0	6.5%	80.0	7.1%	+18.3 +29.8%	+5.0 +6.7%
Profit from operating activities		47.6	4.8%	70.0	6.1%	75.0	6.6%	+27.3 +57.4%	+5.0 +7.1%
Profit before tax		44.9	4.5%	67.0	5.8%	72.0	6.4%	+27.0 +60.2%	+5.0 +7.5%
Profit for the year attributable to owners of the parent company		30.9	3.1%	48.0	4.2%	52.0	4.6%	+21.0 +68.2%	+4.0 +8.3%
EPS*1 (yen)		89.38		138.73		150.28			
Exchange rate (yen, index)	USD	¥106.01		¥108.00		¥111.00			
	EUR	¥123.67		¥129.00		¥130.00			
	Other currencies*2	100		106		108			

*1 Basic earnings per share for the year

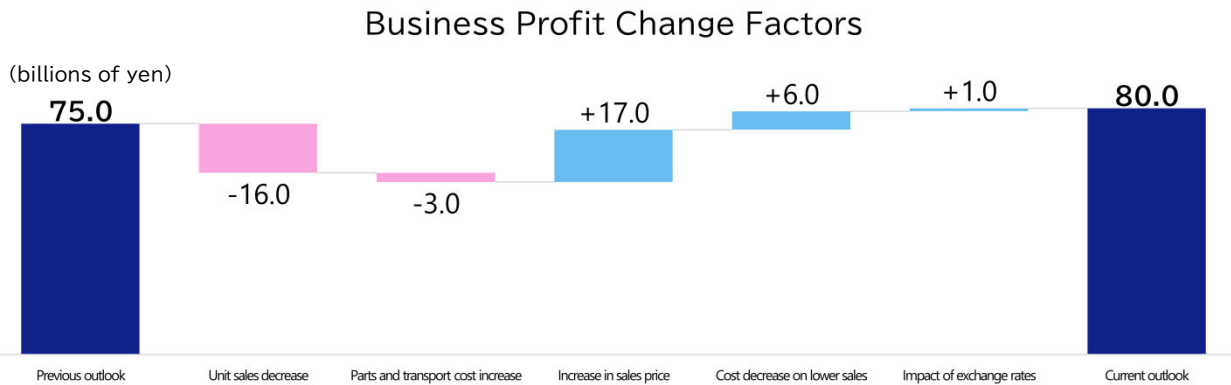
*2 Index showing weighted average variance of rates for currencies other than USD and EUR against a benchmark of 100 for the previous fiscal year. Rates are weighted according to Epson's net volume of revenue and cost for each currency.

*3 Annual impact of a 1-yen increase in the value of the yen versus the USD & EUR (in billions of yen)
Annual impact of a 1% increase in the value of the yen versus other currencies (in billions of yen)

Exchange rate assumptions from Q (yen)		USD	112.00	Exchange sensitivity *3		USD	EUR	Other currencies	Total exchange effect outlook
				Revenue	Business profit				
	EUR	130.00		-3.0	-1.4	-3.0	+49.0		
				+0.7	-0.9	-1.3	+14.0		

- Next, I will explain our full-year financial outlook.
- We are forecasting ¥1,130 billion in revenue, which is ¥20 billion less than the previous outlook, and ¥80 billion in business profit, which is ¥5 billion more than previously forecast. Profit for the period is expected to come in at ¥52 billion.
- Given the recent situation, we assume foreign exchange rates of 112 yen to the US dollar and 130 yen to the euro.
- Exchange rate volatility from the previous fiscal year is expected to have an approximately ¥49 billion positive effect on revenue and a ¥14 billion positive effect on business profit.

- Supply constraints caused by component shortages and logistics disruptions will be a bottleneck
- Generate profit by taking pricing measures in light of the current supply and demand balance, and by containing costs

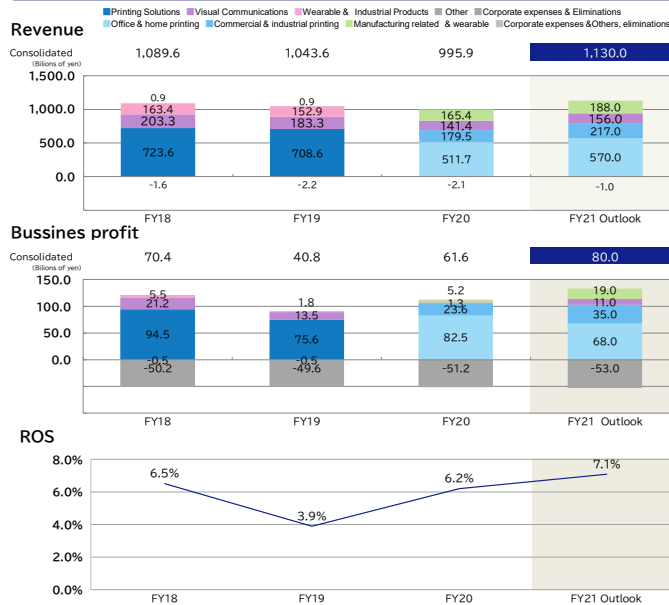


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14

- Let's look at each of the factors that caused us to change the business profit outlook.
- Overall demand is strong, but unit sales are expected to decrease because greater than anticipated supply constraints will create a bottleneck.
- On the other hand, increases in prices, as well as lower costs due to cost containment and lower sales will have a positive effect, and we accordingly revised our full-year business profit outlook upward by ¥5 billion.

Changes to Assumptions from Last Outlook



■ Business environment to change from the second half

- First-half business profit exceeded our internal plan by about ¥10 billion, but second-half business profit is expected to be lower by about ¥5 billion
- The global economy will continue to recover from COVID-19, but clouds are gathering on the horizon in China and other economies
- Product supply constraints will worsen due to component shortages while parts costs will soar
- Logistics disruptions will continue, and transport costs will remain high

■ Epson's response

- Continue to expand suppliers and make design changes to use substitute parts, and continue pricing and cost containment measures
- Steadily spend and invest for growth as needed

* Data for FY2018- FY2019 is based on the business segments that existed before the segments were reorganized in FY2021.

- I will explain the changes in the assumptions from the last outlook in detail.
- Although first-half business profit exceeded the previous outlook by about ¥10 billion, second-half business profit is expected to be about ¥5 billion less than previously forecast.
- The global economy will continue to recover from COVID-19, but recently clouds have begun to appear on the horizon in China and other economies.
- Shortages of semiconductors and other materials and logistics turmoil are becoming even more critical, and we see product supply constraints worsening and costs increasing further in the second half.
- Faced with this situation, Epson will continue to expand suppliers and make design changes to use substitute parts, and will also continue to take pricing and cost containment measures in the second half. However, we will steadily spend and invest for growth as needed.

FY2021 Financial Outlook | Printing Solutions



(Billions of yen)						
Printing Solutions	FY2020 Actual	FY2021 7/30 Outlook	FY2021 10/29 Outlook	YoY	YoY Ratio	vs 7/30 Outlook
Revenue	691.1	807.0	787.0	+95.8	+13.9%	-20.0
Segment profit	106.2	101.0	103.0	-3.2	-3.0%	+2.0
ROS	15.4%	12.5%	13.1%			

Office & Home Printing

- Demand is strong but supply constraints will be a bottleneck
- Parts costs to increase and transport costs to remain high
- Continue pricing measures and cost containment

Commercial & Industrial Printing

- Sales of commercial & industrial IJPs grew smoothly through Q2, but we forecast a temporary demand fluctuation for photo printers for commercial use, and also worsening economic conditions in China and elsewhere
- POS printer supply will be constrained by component shortages

Office & Home Printing	FY2020 Actual	FY2021 7/30 Outlook	FY2021 10/29 Outlook	YoY	YoY Ratio	vs 7/30 Outlook
Revenue	511.7	584.0	570.0	+58.2	+11.4%	-14.0
% sales Office & home IJP	86%	88%	88%			
SIDM	5%	5%	5%			
Oter	9%	7%	7%			
Business profit	+82.5	+63.0	+68.0	-14.5	-17.6%	+5.0
ROS	16.1%	10.8%	11.9%			

* The indicators in sales trends are based on values tracked internally by Epson

Commercial & Industrial Printing	FY2020 Actual	FY2021 7/30 Outlook	FY2021 10/29 Outlook	YoY	YoY Ratio	vs 7/30 Outlook
Revenue	179.5	223.0	217.0	+37.4	+20.9%	-6.0
Commercial & industrial IJP	123.0	159.0	155.0	+31.9	+26.0%	-4.0
Small printers, other	56.4	64.0	62.0	+5.5	+9.8%	-2.0
Business profit	23.6	38.0	35.0	+11.3	+47.7%	-3.0
ROS	13.2%	17.0%	16.1%			

Office & Home IJP sales trends*

Hardware q'ty	YoY	FY20 Actual	FY21 7/30 Outlook	FY21 10/29 Outlook
		Approx., million		
High-capacity ink tank printers	-2%	15.4	19.0	17.7
SOHO/ Home I/C model		10.4	13.4	12.4
Office Shared IJP		4.6	5.2	5.0
Ink revenue		0.3	0.35	0.3
JPY	+6%		-2%	-2%
Local currency	+7%			
Office Shared IJP revenue composition ratio within Office & Home IJP		9%	11%	11%

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16

- This slide shows the full-year financial outlook for Printing Solutions.
- We lowered our revenue outlook for the segment, but raised the profit outlook.
- In Office and Home Printing, we lowered the revenue outlook by ¥14 billion to ¥570 billion, but raised the business profit outlook by ¥5 billion to ¥68 billion.
- Although we expect strong inkjet printer demand as markets recover and at-home printing demand continues, we revised the unit sales outlook for high-capacity ink tank printers to 12.4 million, which is about 20% more than the previous fiscal year, due to supply constraints.
- Faced with these supply constraints and increased costs, we will secure profit by continuing to take price measures and containing costs.
- Second-quarter ink revenue was in line with the outlook and the picture has not changed since the previous outlook.
- The Commercial & Industrial Printing revenue outlook was lowered by ¥6 billion to ¥217 billion. The business profit outlook was lowered by ¥3 billion to ¥35 billion.
- Sales of Commercial and Industrial inkjet printers grew smoothly through the second quarter, but we factored into the outlook a temporary demand fluctuation for photo printers for commercial use, and worsening economic conditions in China and elsewhere.
- Component shortages are expected to negatively impact POS printer revenue.

(Billions of yen)						
Visual Communications	FY2020 Actual	FY2021 7/30 Outlook	FY2021 10/29 Outlook	YoY	YoY Ratio	vs 7/30 Outlook
Revenue	141.4	156.0	156.0	+14.5	+10.3%	-
Segment profit	1.3	11.0	11.0	+9.6	+715.6%	-
ROS	1.0%	7.1%	7.1%			

Visual Communications

- Projector demand is trending toward recovery, but the model mix will worsen since the previous outlook due to component shortages
- Continue to take pricing and cost containment measures

◆Projector Sales Trends*1

	FY2020 Actual	FY2021 7/30 Outlook	FY2021 10/29 Outlook
Hardware q'ty Approx. million	170	170	170
YoY	-30%	+1%	+3%

*1 The indicators in sales trends are based on values tracked internally by Epson

(Billions of yen)						
Manufacturing-related & Wearables	FY2020 Actual	FY2021 7/30 Outlook	FY2021 10/29 Outlook	YoY	YoY Ratio	vs 7/30 Outlook
Revenue	165.4	187.0	188.0	+22.5	+13.6%	+1.0
Manufacturing Solutions*2	28.6	30.0	27.0	-1.6	-5.8%	-3.0
Wearable Products	28.1	33.0	33.0	+4.8	+17.2%	-
Microdevices, Other	94.3	109.0	113.0	+18.6	+19.7%	+4.0
PC	16.5	18.0	18.0	+1.4	+8.7%	-
Inter-segment revenue	-2.3	-3.0	-3.0	-0.6	-	-
Segment profit	5.2	18.0	19.0	+13.7	+259.7%	+1.0
ROS	3.2%	9.6%	10.1%			

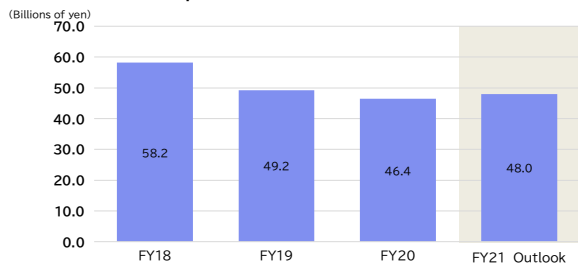
*2 IC Handler business transferred in Apr 2021

Manufacturing-related & Wearables

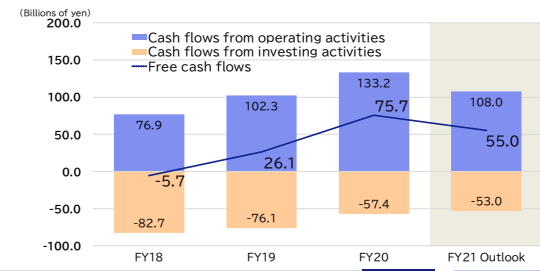
- Manufacturing Solutions
 - Change in customers' investment plans due to component shortages in China, etc.
- Wearable Products
 - Continue to improve profitability
- Microdevices, Other
 - Crystal device and semiconductor sales will be strong amid robust demand

- Although Visual Communications exceeded the internal plans for the 2nd quarter, we are reiterating our previous guidance and still expect ¥156 billion in revenue and ¥11 billion in segment profit.
- In the second half of the year, projector demand in China is expected to decline due to policy changes. Overall, however, the market is registering signs of recovery, with an uptick in demand for educational and home projectors in Europe and the Americas.
- On the other hand, we forecast component shortages to ease for low-priced models but to worsen for high-end models, resulting in a negative impact from a change in the product mix.
- In manufacturing related and wearables, we raised the revenue forecast by ¥1 billion to ¥188 billion and also raised the segment profit forecast by ¥1 billion to ¥19 billion.
- In the manufacturing solutions outlook for robots, we factored in changes in the investment plans of customers in China due to materials shortages.
- We raised the outlook in microdevices and other in response to brisk demand for crystal devices and semiconductors.

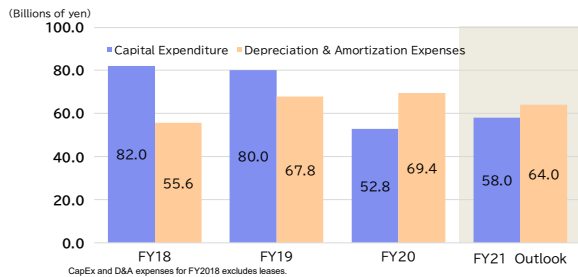
Research & Development Costs



Free Cash Flows



Capital Expenditure and Depreciation and Amortization Expenses



Main Management Indices	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Outlook	FY23 Target	FY25 Target
Exchange rate:USD	110.86	108.74	106.01	111yen	-	-
Exchange rate:EUR	128.40	120.85	123.67	130yen	-	-
Revenue (Billions of yen)	1,089.6	1,043.6	995.9	1,130.0	-	-
Business profit (Billions of yen)	70.4	40.8	61.6	80.0	-	-
Profit for the year attributable to owners of the parent company (Billions of yen)	53.7	7.7	30.9	52.0	-	-
ROS ^{*1}	6.5	3.9	6.2	7.1%	over 8%	over 10%
ROA ^{*2}	6.8	3.9	5.6	6.8%	-	-
ROE ^{*3}	10.2	1.5	5.9	9.2%	over 10%	over 13%
ROIC ^{*4}	7.2	4.1	5.6	6.8%	over 8%	over 11%

^{*1} ROS: Business profit / revenue
^{*2} ROA: ROA (Business profit) / Business profit / Beginning and ending balance average total assets
^{*3} ROE: Profit for the year attributable to owners of the parent company / Beginning and ending balance average equity attributable to owners of the parent company
^{*4} ROIC: After tax business profit / Equity attributable to owners of the parent company + interest-bearing liabilities

- The outlook for research and development costs has not changed from the previous outlook.
- The capital expenditure timing was revised in response to environmental changes and the forecast was lowered from the previous outlook by ¥2 billion to ¥58 billion.
- The depreciation and amortization outlook remains unchanged.
- We revised the forecasts for cash flows from operating activities and from investing activities and, as a result, now forecast ¥55 billion in free cash flows, up ¥10 billion from the previous outlook.
- The key performance indicators are as you can see on the slide. We are promoting greater awareness of the cost of capital and are emphasizing profitability.

- Summary
- Second-Quarter Financial Results
- FY2021 Full-Year Financial Outlook
- **Shareholder Returns**
- Initiatives for Greater Corporate Value

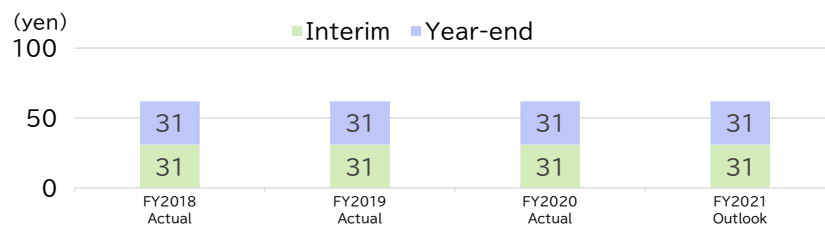
■ Basic policy

- Build a robust financial structure while proactively providing returns to shareholders
 - ✓ Achieve a consolidated dividend payout ratio* of around 40% over the mid-term
 - ✓ Repurchase shares if necessary, depending on the share price, the capital situation, and other factors

* Calculated based on profit after an amount equivalent to the statutory effective tax rate is deducted from business profit, which shows profit from operations

■ FY2021 annual dividend outlook

- 62 yen per share, the same as in FY2020



- Next, I will explain shareholder returns.
- We are reiterating our basic policy on shareholder returns and will seek to build and maintain a robust financial structure while proactively providing returns to shareholders.
- The 2021 fiscal year dividend forecast has not changed, and we again anticipate paying annual dividends of 62-yen per share.

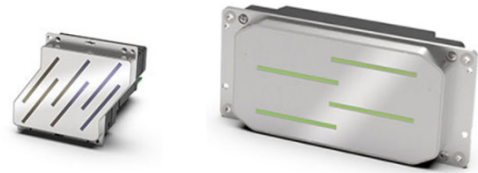
- Summary
- Second-Quarter Financial Results
- FY2021 Full-Year Financial Outlook
- Shareholder Returns
- **Initiatives for Greater Corporate Value**

- Finished products business
 - Compact new platform



Deployable in broad range of segments by using printheads, ink, ink supply systems, and control systems in different combinations

- Printhead sales business
 - New series for signage



Galvanize the digital printer market with a lineup expanded into 6 series

Reference materials: Commercial and Industrial IJPs (Finished Products) Small Meeting, Printhead Sales Strategy Meeting
<https://global.epson.com/IR/library/presentations.html>

- I would like to share several topics from the first half relating to our efforts to increase corporate value.
- We see Commercial and Industrial inkjet printers as a growth area and were able to steadily expand our lineups in the first half in both the finished products business and printhead sales business.
- We will continue to proactively spend on growth areas to drive Epson's medium- and long-term growth.

- First manufacturer¹ to switch to 100% renewable electricity at all Japanese sites²
 - Achieved earlier than originally planned
 - Action to continue until all Epson Group sites² are operating on 100% renewable electricity (scheduled for 2023)

¹ First among Japanese companies that have joined the RE100 per research conducted as of October 27, 2021

² Excludes some sales sites and other leased properties

- Earned a platinum rating for sustainability from EcoVadis for 2 consecutive years



- Ranked No. 1 overall among “The 100 Most Sustainable Companies” by Forbes Japan



Forbes Japan
November 2021 issue

- Integrated Report 2021 to be issued in November

- Finally, I would like to explain one of our sustainability initiatives.
- From November, all Epson sites in Japan will have switched to 100% renewable electricity ahead of the original schedule.
- In recognition of our social responsibility, Epson has earned a Platinum rating for sustainability from EcoVadis for two consecutive years.
- Moreover, Forbes Japan selected Seiko Epson as the top company overall among the 100 most sustainable companies.
- This and other SDG initiatives are reported in our Integrated Report 2021, scheduled to be issued in November.

EPSON
EXCEED YOUR VISION

Reference

Financial Highlights (First Half)

	FY2020		FY2021		Change		
	1H Actual	%	1H Actual	%	Y/Y	%	
(Billions of yen)							
Revenue	439.1		550.5		+111.4	+25.4%	
Business profit	14.6	3.3%	49.7	9.0%	+35.0	+239.2%	
Profit from operating activities	9.2	2.1%	48.1	8.7%	+38.8	+418.2%	
Profit before tax	6.9	1.6%	47.8	8.7%	+40.8	+586.1%	
Profit for the period attributable to owners of the parent company	4.2	1.0%	36.4	6.6%	+32.2	+762.4%	
EPS* ¹ (yen)	12.23		105.49				
Exchange rate (yen, index)	USD	¥106.85	¥109.77				
	EUR	¥121.24	¥130.84				
	Other currencies* ²	100	110				
			Exchange effect (billions of yen)	USD	EUR	Other currencies	Total
			Revenue	+4.7	+6.5	+14.1	+25.4
			Business profit	-0.8	+4.2	+7.9	+11.3

*1 Basic earnings per share for the period
*2 Index showing weighted average variance of rates for currencies other than USD and EUR against a benchmark of 100 for the previous period. Rates are weighted according to Epson's net volume of revenue and cost for each currency

1H Financial Results by Business Segment

(Billions of yen)

Printing Solutions	1H/FY2020 Actual	1H/FY2021 Actual	Y/Y	Exchange effect	Y/Y ratio
Revenue	300.7	375.5	+74.8	+18.1	+24.9%
Segment profit	38.7	55.0	+16.2	+8.0	+41.9%
ROS	12.9%	14.7%			

Office & home printing	1H/FY2020 Actual	1H/FY2021 Actual	Y/Y	Exchange effect	Y/Y ratio
Revenue	224.7	267.0	+42.2	+12.8	+18.8%
% sales Office & home IJP	86%	87%			
SIDM	6%	5%			
Oter	8%	8%			
Business profit	34.9	33.5	-1.4	+5.4	-4.0%
ROS	15.6%	12.6%			

Commercial & industrial printing	1H/FY2020 Actual	1H/FY2021 Actual	Y/Y	Exchange effect	Y/Y ratio
Revenue	75.9	108.6	+32.6	+5.3	+42.9%
Commercial & industrial IJP	50.6	77.1	+26.4		+52.2%
Small printers, other	25.3	31.4	+6.1		+24.3%
Business profit	3.8	21.5	+17.6	+2.5	+461.4%
ROS	5.0%	19.8%			

1H Financial Results by Business Segment

(Billions of yen)

Visual Communications	1H/FY2020 Actual	1H/FY2021 Actual	YoY	Exchange effect	YoY ratio
Revenue	61.1	80.6	+19.4	+4.7	+31.8%
Segment profit	-2.6	9.2	+11.8	+2.3	-
ROS	-4.3%	11.4%			

(Billions of yen)

Manufacturing-related & Wearables	1H/FY2020 Actual	1H/FY2021 Actual	YoY	Exchange effect	YoY ratio
Revenue	77.9	95.4	+17.5	+2.5	+22.5%
Manufacturing Solutions*	14.4	16.7	+2.2		+15.8%
Wearable Products	13.0	17.3	+4.2		+32.7%
Microdevices, Other	44.2	54.4	+10.1		+23.0%
PC	7.1	8.4	+1.2		+17.6%
Inter-segment revenue	-0.9	-1.4	-0.5		-
Segment profit	2.6	11.3	+8.6	+0.9	+320.6%
ROS	3.5%	11.9%			

* IC Handler business transferred in Apr 2021

Main Product Sales Trends

			FY2020 Q1 Actual	FY2020 Q2 Actual	FY2020 Q3 Actual	FY2020 Q4 Actual	FY2020 Full-year Actual	FY2021 Q1 Actual	FY2021 Q2 Actual	FY2021 Full-year Outlook	
			USD	107.54	106.16	104.48	105.86	106.01	109.46	111.00	
			EUR	118.39	124.10	124.51	127.68	131.91	129.77	130.00	
Office & Home Printing	Office & Home IJP Hardware	Revenue (JPY)	YoY %	-14%	+2%	+17%	+36%	+12%	+85%	+20%	+26%
		Revenue (Local Currency)	YoY %	-8%	+5%	+22%	+37%	+15%	+74%	+14%	-
		Q' ty	YoY %	-17%	-9%	+2%	+14%	-2%	+63%	+4%	+15%
		Q' ty (Approx., million)	Units	-	-	-	-	15.4	-	-	17.7
		High-capacity ink tank printers	Units	-	-	-	-	10.4	-	-	12.4
		SOHO/ Home I/C model	Units	-	-	-	-	4.6	-	-	5.0
	Office Shared IJP	Units	-	-	-	-	0.3	-	-	0.3	
	Office & Home IJP Ink	Revenue within Office & Home IJP Ink/(HW+Ink)	Composition ratio	-	-	-	-	47%	-	-	41%
		Revenue (JPY)	YoY %	+15%	+7%	+5%	-1%	+6%	-7%	-4%	-2%
		Revenue (Local Currency)	YoY %	+19%	+8%	+6%	-1%	+7%	-11%	-7%	-
	Office Shared IJP ¹⁾ (Hardware + Ink)	Revenue within Office & Home IJP	Composition ratio	9%	10%	9%	11%	9%	11%	11%	11%
	SIDM Hardware	Revenue (JPY)	YoY %	-43%	-16%	-19%	+28%	-17%	+40%	-20%	+4%
Revenue (Local Currency)		YoY %	-40%	-15%	-18%	+26%	-16%	+30%	-25%	-	
Q' ty		YoY %	-39%	-16%	-22%	+33%	-16%	+25%	-28%	-5%	
Visual Communications	Projectors Hardware	Revenue (JPY)	YoY %	-52%	-24%	-13%	+4%	-23%	+72%	+7%	+11%
		Revenue (Local Currency)	YoY %	-50%	-24%	-12%	+3%	-22%	+60%	+1%	-
		Q' ty	YoY %	-57%	-32%	-20%	-6%	-30%	+67%	-2%	+3%
		Q' ty (Approx., million)	Units	-	-	-	-	1.7	-	-	1.7

Financial Data (FY2020/FY2021)

		(Billions of yen)									
		FY2020	FY2020	FY2020	FY2020	FY2020	FY2021	FY2021	FY2021	FY2021	FY2021
		Q1	Q2	Q3	Q4	Actual	Q1	Q2	Q3	Q4	Outlook
		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Exchange rate	USD	107.54	106.16	104.48	105.86	106.01	109.46	110.08			111.00
(yen)	EUR	118.39	124.10	124.51	127.68	123.67	131.91	129.77			130.00
Printing	Revenue	134.3	166.3	195.2	195.1	691.1	192.3	183.2			787.0
Solutions	Segment profit	17.1	21.6	40.1	27.2	106.2	26.6	28.3			103.0
Office & Home	Revenue	102.4	122.3	144.8	142.1	511.7	137.1	129.8			570.0
Printing	Business profit	17.7	17.2	30.7	16.8	82.5	14.7	18.7			68.0
Commercial &	Revenue	31.9	44.0	50.4	53.0	179.5	55.1	53.4			217.0
Industrial Printing	Business profit	-0.6	4.4	9.4	10.3	23.6	11.9	9.6			35.0
Visual Communications	Revenue	23.5	37.6	40.7	39.5	141.4	40.7	39.9			156.0
	Segment profit	-2.7	0.1	1.7	2.2	1.3	4.4	4.7			11.0
Manufacturing-related & wearables	Revenue	35.5	42.4	43.2	44.2	165.4	49.5	45.8			188.0
	Segment profit	1.0	1.5	1.8	0.7	5.2	5.6	5.6			19.0
Corporate expenses & Others, eliminations	Revenue	-0.2	-0.4	-0.5	-0.9	-2.1	-0.4	-0.6			-1.0
	Segment profit	-11.0	-13.1	-12.6	-14.3	-51.2	-12.6	-13.2			-53.0
	Revenue	193.2	245.9	278.8	277.9	995.9	282.1	268.4			1,130.0
	Business profit	4.3	10.2	31.1	15.7	61.6	24.2	25.4			80.0
Consolidated total	ROS	2.3%	4.2%	11.2%	5.7%	6.2%	8.6%	9.5%			7.1%
R&D Costs		11.3	11.0	12.0	12.0	46.4	11.3	11.7			48.0
Capital Expenditures	Printing Solutions	4.4	9.2	6.5	7.0	27.2	5.1	6.0			31.0
	Visual Communications	2.0	2.7	1.4	1.8	8.0	0.9	0.9			6.0
	Manufacturing-related & wearables	1.6	2.6	1.8	4.3	10.5	1.4	2.1			13.0
	Corporate expenses & Others	0.7	1.6	1.9	2.6	6.9	0.6	0.9			8.0
Depreciation & amortization Expense	Printing Solutions	9.6	9.4	9.4	9.4	38.0	9.4	9.2			37.0
	Visual Communications	3.1	3.1	3.3	3.3	13.0	2.6	2.5			10.0
	Manufacturing-related & wearables	2.6	2.6	2.6	2.3	10.3	2.1	2.1			9.0
	Corporate expenses & Others	2.0	2.0	1.9	1.9	7.9	1.9	1.9			8.0
Operating CF		11.8	33.6	47.6	40.0	133.2	21.3	34.9			108.0
FCF		-5.4	17.4	35.5	28.2	75.7	9.8	24.4			55.0

Revenue to customers outside of Japan Employee numbers

Revenue to customers outside of Japan

Exchange rate	USD	109.93	107.31	108.72	109.00	107.54	106.16	104.48	105.86	109.46	110.08	
	(yen)	EUR	123.54	119.34	120.35	120.18	118.39	124.10	124.51	127.68	131.91	129.77

Revenue (Billions of yen)	FY19/Q1	FY19/Q2	FY19/Q3	FY19/Q4	FY20/Q1	FY20/Q2	FY20/Q3	FY20/Q4	FY21/Q1	FY21/Q2	Y/Y
The Americas	74.5	71.7	71.2	75.3	59.8	71.9	73.3	82.7	85.2	80.1	+8.1
Europe	47.9	53.7	59.3	52.9	39.7	50.0	58.7	59.8	58.3	57.1	+7.1
Asia/ Oceania	72.5	75.8	74.4	58.5	49.5	73.9	79.7	74.9	86.8	78.9	+4.9
Total revenue to overseas customers	195.1	201.4	205.1	186.9	149.0	195.9	211.9	217.5	230.4	216.2	+20.2
Consolidated revenue	249.6	266.4	279.8	247.6	193.2	245.9	278.8	277.9	282.1	268.4	+22.5

% of revenue to consolidated revenue	FY19/Q1	FY19/Q2	FY19/Q3	FY19/Q4	FY20/Q1	FY20/Q2	FY20/Q3	FY20/Q4	FY21/Q1	FY21/Q2
The Americas	29.9%	26.9%	25.5%	30.4%	31.0%	29.3%	26.3%	29.8%	30.2%	29.9%
Europe	19.2%	20.2%	21.2%	21.4%	20.6%	20.4%	21.1%	21.5%	20.7%	21.3%
Asia/ Oceania	29.1%	28.5%	26.6%	23.7%	25.6%	30.1%	28.6%	27.0%	30.8%	29.4%
Total	78.2%	75.6%	73.3%	75.5%	77.2%	79.7%	76.0%	78.3%	81.7%	80.6%

Employees

Number of employees at period end (person)	End of Jun 2019	End of Sep 2019	End of Dec 2019	End of Mar 2020	End of Jun 2020	End of Sep 2020	End of Dec 2020	End of Mar 2021	End of Jun 2021	End of Sep 2021	Y/Y
Japan	19,879	19,825	19,456	19,558	19,962	19,723	19,620	19,470	19,827	19,805	+82
Non-Japan	58,918	58,914	57,191	56,050	57,107	59,287	62,618	60,474	60,813	60,000	+713
Consolidated total	78,797	78,739	76,647	75,608	77,069	79,010	82,238	79,944	80,640	79,805	+795

Changes in Business Segments

Before (FY2020)

Printing Solutions	
Printers	
Office & home IJP	
High-capacity ink tank printers	
Ink cartridge printers for SOHO & home	
Office shared IJPs	
SIDM	
Other	
Professional printing	
Commercial & industrial IJPs	
POS printers, other	
Other (PC and other)	
Visual Communications	
Wearable & Industrial Products	
Wearable products	
Robotics solutions	
Microdevices and other	
Other	
Corporate	

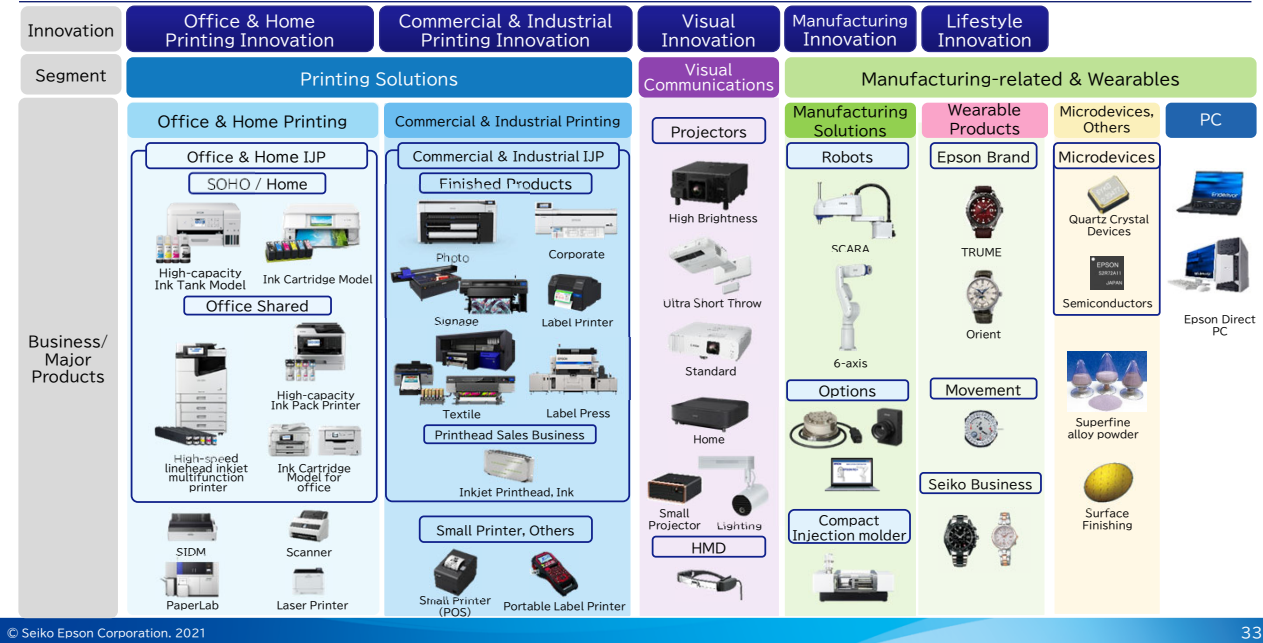
After (FY2021)

Printing Solutions	
Office & Home Printing	
Office & home IJPs	
High-capacity ink tank printers	
Ink cartridge printers for SOHO & home	
Office shared IJPs	
SIDM	
Other	
Commercial & Industrial Printing	
Commercial & industrial IJPs	
Small printers, other	
Visual Communications	
Manufacturing-related & Wearables	
Manufacturing solutions*	
Wearable products	
Microdevices and other	
PC	
Corporate and Other	



* Manufacturing-related operations in corporate expenses will be transferred to the Manufacturing Solutions

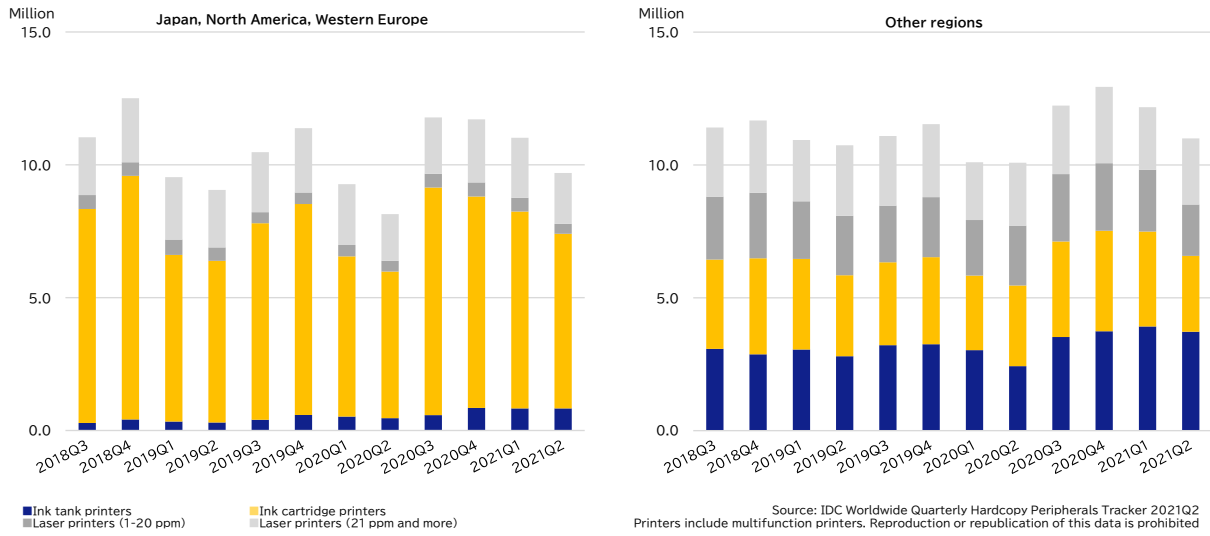
Business segments



Penetration of High-Capacity Ink Tank Printers



A4 printer main unit market trend by region
All graphs show calendar year



Definition of Terms

IJP	Inkjet printers
I/C	Ink cartridges
LIJ	Line inkjet printers, high-speed line inkjet multifunction printers
LP	Laser printers, including multifunction printers
RIPS	Replaceable ink pack system, high-yield cartridge-free ink pack printers
High-capacity ink tank printers	Inkjet printers with high-capacity ink tank (includes EcoTank)
High-capacity ink models	General term for high-capacity ink tank printers, RIPS, and LIJ
SOHO	Small office, home office
Office Shared IJP	Printer category for high print volume office users. This includes LIJ, RIPS, and I/C printers
Epson Connect	Epson's mobile cloud service for Epson products and services
Color Control Technology	Color management technology that enhances color reproducibility
Commercial & Industrial (C&I) IJP	Inkjet printers, ink, services for commerce and industry
Printhead sales business	Printheads, ink, etc.
Distributed printing	Printing method that prints out same images/ documents using several printers
SIDM	Serial impact dot matrix printers
3LCD	Technology that projects images by utilizing 3LCD-chips
High-brightness laser projectors	High-lumen projectors mainly used in venues such as conference rooms and halls
FPD	Flat panel displays
OLED	Organic light emitting diode
WP	Wearable Products business
MD, Other	Microdevices, Other business

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