

First Quarter Financial Results Fiscal Year 2022 (Ending March 2023)

July 29, 2022
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**
- First-Quarter Financial Results
- FY2022 Full-Year Financial Outlook & Shareholder Returns
- Topics

■ Q1 results (YoY)

¥297.8B in revenue (+¥15.7B), ¥22.6B in business profit (-¥1.5B),
¥26.6 in profit for the period (+¥9.1B)

- Results were negatively affected by supply constraints, which caused unit sales to decrease, and by skyrocketing materials and logistics costs, but they were positively affected by dynamic product pricing based on supply and demand. Profit for the period was also positively affected by the weakened yen.
- The internal plan on which the previous outlook (April 28) was based did not factor in the negative impact of the Shanghai lockdown (interruption of shipments outbound from our Shanghai warehouse), yet revenue was in line with the plan and business profit exceeded it by about ¥5B owing to dynamic pricing and cost control.

■ FY2022 full-year outlook (vs. previous 4/28 outlook)

¥1,360.0B in revenue (+¥40.0B) and ¥100.0B in business profit (unchanged),
¥74.0B in profit for the year (+¥7.0B)

- We factored in a lowered outlook for unit sales due to supply constraints and the negative effects of further increases in materials and logistics costs, but will implement dynamic pricing and cost control.
- We changed the foreign exchange rate assumptions for a weaker yen, affecting the revenue outlook by about +¥60B. We assume minor impact on business revenue, while profit for the year will receive positive effects.

- This is a summary of the key points in today's presentation.
- First-quarter revenue increased, but profit decreased year on year. In addition to semiconductor shortages and the Shanghai lockdown, which constrained product supplies and resulted in a decline in unit sales, our financial results were negatively impacted by skyrocketing materials and logistics costs. On the plus side, our results benefited from dynamically pricing products in accordance with supply and demand and from the weakened yen.
- We lowered the full-year outlook for unit sales due to a worsening of supply constraints in the first half and factored in the negative effects of further increases in materials and logistics costs. However, business profit will remain unchanged as we will execute dynamic pricing and cost control.
- Details are provided on the slides that follow.

- Summary
- **First-Quarter Financial Results**
- FY2022 Full-Year Financial Outlook
& Shareholder Returns
- Topics

Financial Highlights (First Quarter)

(Billions of yen)	FY2021		FY2022		Change	
	Q1 Actual	%	Q1 Actual	%	YoY	%
Revenue	282.1		297.8		+15.7	+5.6%
Business profit	24.2	8.6%	22.6	7.6%	-1.5	-6.6%
Profit from operating activities	23.6	8.4%	31.2	10.5%	+7.5	+31.9%
Profit before tax	23.4	8.3%	37.0	12.4%	+13.5	+57.8%
Profit for the period attributable to owners of the parent company	17.4	6.2%	26.6	9.0%	+9.1	+52.5%
EPS*1 (yen)	50.56		77.10			
Exchange rate (yen, index)	USD	¥109.46	¥129.64			
	EUR	¥131.91	¥138.11			
	Other currencies*2	100	115			

*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

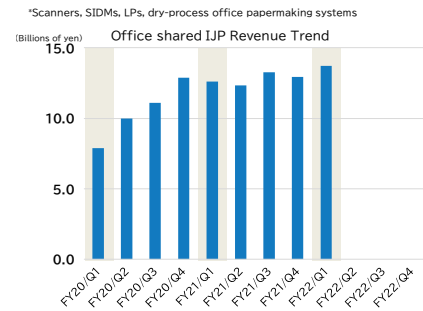
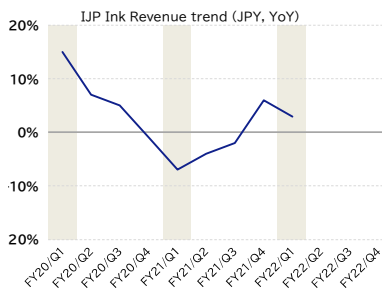
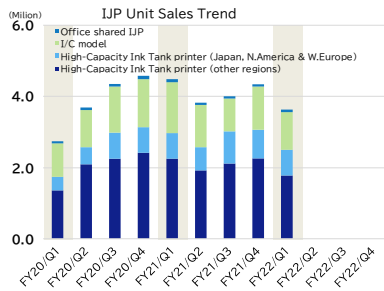
Exchange effect (billions of yen)	USD	EUR	Other currencies	Total
Revenue	+16.4	+2.0	+11.8	+30.2
Business profit	-3.3	+1.2	+5.5	+3.4

- First, I will explain our first-quarter results.
- Revenue was ¥297.8 billion, up ¥15.7 billion year on year, and business profit was ¥22.6 billion, down ¥1.5 billion.
- With a decrease in unit sales because of semiconductor shortages and logistics disruptions that limited product supplies, we dynamically adjusted prices based on supply and demand, but profit declined due to soaring material and logistics costs.
- Foreign exchange had a ¥30.2 billion positive impact on revenue and a ¥3.4 billion positive impact on business profit.
- Profit for the period was ¥26.6 billion, up ¥9.1 billion year on year, because we recorded foreign exchange gains in other operating income and finance income.
- Unit sales in many of our businesses fell short of the internal plan, which served as the basis for our previously announced outlook, due to semiconductor shortages and the Shanghai lockdown, which constrained our ability to supply products from our main warehouses to the Chinese market. On the other hand, our results benefited from dynamic pricing, cost control, and foreign exchange effects.
- Revenue was in line with the internal plan and business profit was about ¥5 billion above the plan, with visual communications making the greatest contribution.

		(Billions of yen)			
Printing Solutions	Q1/FY2021 Actual	Q1/FY2022 Actual	YoY	Exchange effect	YoY ratio
Revenue	192.3	197.6	+5.3	+20.4	+2.8%
Segment profit	26.6	21.0	-5.6	+1.5	-21.0%
ROS	13.9%	10.7%			

		(Billions of yen)			
Office & Home Printing	Q1/FY2021 Actual	Q1/FY2022 Actual	YoY	Exchange effect	YoY ratio
Revenue	137.1	143.1	+5.9	+15.0	+4.4%
Office & home IJP (SOHO, Home IJP)	106.1	112.7	+6.6		+6.2%
Office & home IJP (Office Shared IJP)	12.5	13.7	+1.1		+9.0%
Other*	18.4	16.6	-1.7		-9.6%
Business profit	14.7	16.4	+1.6	+0.7	+11.4%
ROS	10.8%	11.5%			

- Printing Solutions
 - With supply constrained due to semiconductor shortages and the Shanghai lockdown, we increased revenue by dynamically adjusting prices based on supply and demand, but profit declined due to soaring material and logistics costs, etc.
- Office & Home Printing
 - IJP unit sales decreased, but revenue increased due to dynamic pricing.
 - Sales of ink bottles and ink for office shared IJPs increased.
 - Business profit increased despite soaring material and logistics costs.



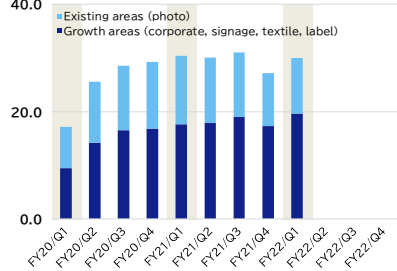
- The financial results in printing solutions are shown here.
- Revenue was ¥197.6 billion, up ¥5.3 billion year on year.
- Segment profit was ¥21.0 billion, down ¥5.6 billion.
- Office and home printing revenue was ¥143.1 billion, up ¥5.9 billion, and business profit was ¥16.4 billion, up ¥1.6 billion.
- We continued to see strong demand for SOHO and home IJPs because, in addition to a certain level of at-home print demand from people working from home in places such as Europe and the Americas, sales channels are seeking to optimize their inventory levels.
We also collaborated with influential dealers to advertise the environmental performance and other advantages of office shared IJPs, which enabled us to capture more contracts.
- However, supply constraints persisted in all printer categories due to semiconductor shortages and logistics disruptions, which resulted in lengthy lead-times.
In China, sales opportunities were lost due to the Shanghai lockdown, which prevented us from shipping products warehoused in Shanghai to the Chinese market.
- As a result of these conditions, unit sales of inkjet printers fell by 19% year on year. However, revenue rose due to dynamic pricing and foreign exchange effects.
- As for ink, ink cartridge sales decreased, but revenue increased thanks primarily to an increase in the number of high-capacity ink tank printers and office shared printers in the field and to foreign exchange effects.
- Business profit increased as a result of dynamic pricing and cost control, though it was tempered by soaring materials and logistics costs.
- Revenue was in line with the internal plan, while business profit exceeded the plan.

Commercial & Industrial Printing	(Billions of yen)		YoY	Exchange effect	YoY ratio
	Q1/FY2021 Actual	Q1/FY2022 Actual			
Revenue	55.1	54.5	-0.6	+5.3	-1.2%
Commercial & industrial IJP	39.3	38.4	-0.9		-2.4%
Small printers, other	15.7	16.0	+0.2		+1.8%
Business profit	11.9	4.6	-7.2	+0.8	-61.2%
ROS	21.6%	8.5%			

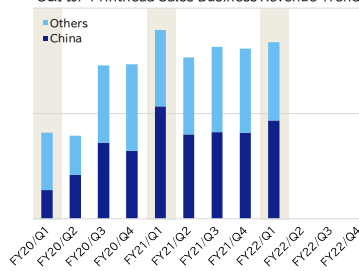
Commercial & Industrial Printing

- Sales growth in the growth areas of the commercial and industrial IJP finished products business was limited due to supply constraints. Sales of photo ink in existing areas decreased compared to the same period last year, when there was special demand from North American customers. Results were affected by soaring materials and logistics costs and continued spending on growth.
- Revenue in the printhead sales business decreased due to shipment constraints caused by the Shanghai lockdown.
- Small printer revenue was flat YoY due to supply constraints.

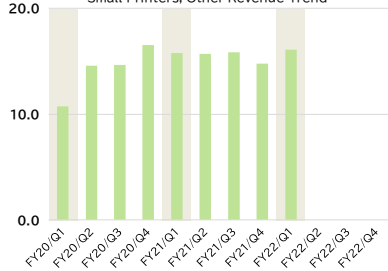
(Billions of yen) C&I IJP Finished Products Business Revenue Trend



(Billions of yen) C&I IJP Printhead Sales Business Revenue Trend



(Billions of yen) Small Printers, Other Revenue Trend



- Commercial and industrial printing revenue and profit decreased.
- Although the market cooled due to restrictions resulting from China's zero-Covid policy, the commercial and industrial IJP finished products business as a whole has a large order backlog and continues to see strong demand. However, total revenue decreased because, in addition to hardware supply constraints that limited revenue in growth areas, sales in existing areas decreased compared to the same period last year, when there was special demand for photo ink from major North American customers.
- The printhead sales business, which earns a high percentage of its revenue in China, recorded lower revenue due to shipment constraints caused by the Shanghai lockdown.
- In small printers and other, demand was strong, especially from retailers, but revenue was flat year on year due to supply constraints.
- Business profit decreased due to a combination of factors, including the effects of lower revenue, continued spending to expand the finished products business, soaring materials and logistics costs, and increased air transportation expenses to make up for lost time in small printer deliveries.
- Both revenue and business profit also fell short of the internal plan.

Visual Communications	Q1/FY2021 Actual	Q1/FY2022 Actual	YoY	Exchange effect	YoY ratio
Revenue	40.7	45.6	+4.9	+5.0	+12.1%
Segment profit	4.4	6.4	+1.9	-0.2	+42.6%
ROS	11.0%	14.0%			

- Visual Communications
 - Demand was strong, but unit sales decreased due to supply constraints.
 - Revenue increased due to forex effects.
 - Continued cost control measures.

◆ Projector sales trends*1

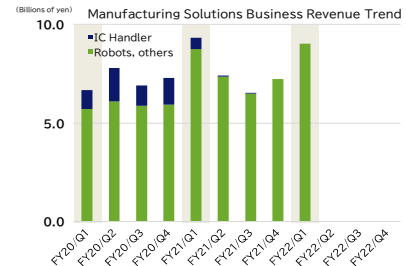
	Q1/FY2021 Actual	Q1/FY2022 Actual
Revenue(JPY)	+72%	+13%
Revenue(LC)	+60%	+0%
Q'ty	+67%	-3%

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

Manufacturing-related & Wearables	Q1/FY2021 Actual	Q1/FY2022 Actual	YoY	Exchange effect	YoY ratio
Revenue	49.5	56.0	+6.4	+5.1	+13.0%
Manufacturing Solutions*2	9.3	9.0	-0.3		-3.3%
Wearable Products	9.2	10.2	+0.9		+10.2%
Microdevices, Other	27.5	33.4	+5.8		+21.3%
PC	4.0	4.2	+0.2		+5.0%
Inter-segment revenue	-0.7	-0.9	-0.2		-
Segment profit	5.6	8.6	+2.9	+2.2	+51.1%
ROS	11.5%	15.4%			

*2 IC Handler business transferred in Apr 2021

- Manufacturing-Related & Wearables
 - Strong revenue and profit growth in microdevices, other.
 - Manufacturing solutions: Revenue was flat YoY amid robot supply constraints.
 - Wearable products: Both watch and movement revenue increased.
 - Microdevices, other: Strong demand continued.

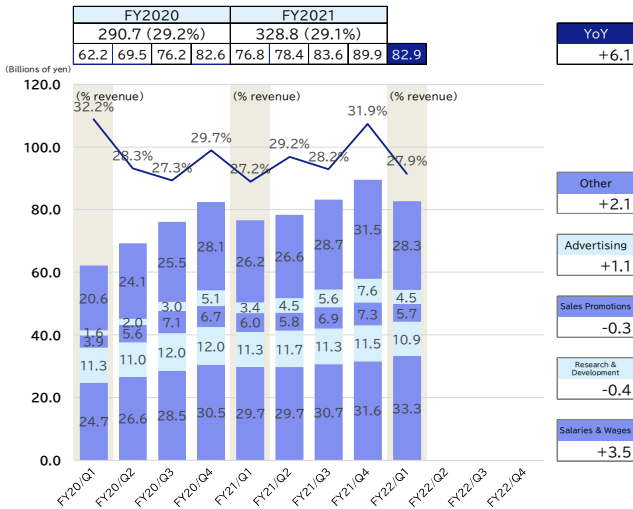


- In visual communications, there is still a large backlog of orders for projectors, particularly for the European and American education markets, but unit sales were down compared to the same period last year due to persistent supply constraints. Nevertheless, revenue was ¥45.6 billion, up ¥4.9 billion year on year owing to dynamic pricing and foreign exchange effects.
- Segment profit was pushed up in part by increased inventories and ended at ¥6.4 billion, up ¥1.9 billion.
- Both revenue and business profit exceeded the internal plan.
- Buoyed in part by foreign exchange effects, manufacturing related and wearables revenue was ¥56.0 billion, up ¥6.4 billion. Segment profit was ¥8.6 billion, up ¥2.9 billion.
- Revenue in manufacturing solutions was flat year on year amid supply constraints.
- In wearable products, both watch and movement revenue increased.
- Revenue in the microdevices and other segment increased on robust demand and higher average unit prices.
- Segment profit sharply increased due to a combination of higher microdevices revenue, improved profitability of wearable products, and foreign exchange effects.
- Revenue was in line with the internal plan, but business profit exceeded it.

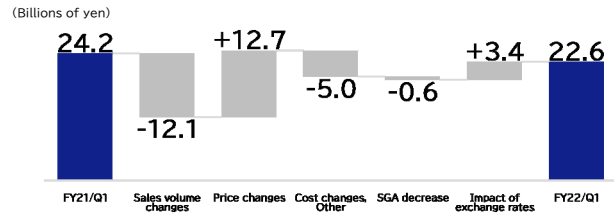
Selling, General & Administrative Expenses Business Profit Change Cause Analysis

SG&A
- Increased mainly due to foreign exchange effects (+¥5.5B)

Selling, General and Administrative Expenses Trend



Business Profit Changes



Sales volume changes
 + Microdevices and watches
 - Office and home IJPs, projectors, commercial and industrial IJPs, small printers, etc.

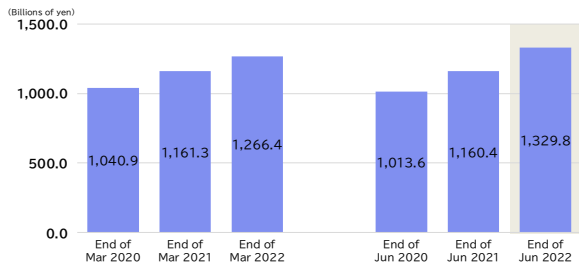
Price changes
 + Office and home IJPs, projectors, microdevices, commercial and industrial IJPs, etc.

Cost changes, other
 + Effects of inventory changes, etc.
 - Higher materials and logistics costs, etc.

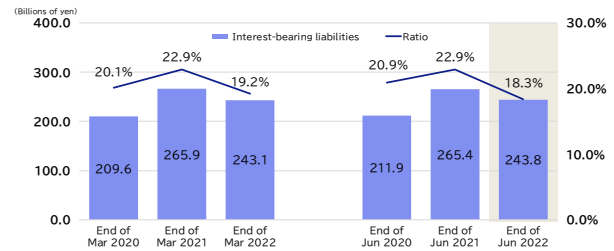
- The graph on the left shows the trend in selling, general and administrative expenses.
- The increase in SG&A expenses is primarily due to foreign exchange effects.
- The SG&A expense ratio was 27.9%, so we continue to spend efficiently.
- Let's look at the change factors that affected business profit.
- Volume changes had a positive impact on business profit in microdevices and watches but had a large negative impact on the majority of products, which were affected by materials shortages.
- On the other hand, price changes were a positive, since we priced products dynamically based on supply and demand.
- Cost changes and other factors negatively impacted profit due to increased materials and logistics costs.

Statements of Financial Position

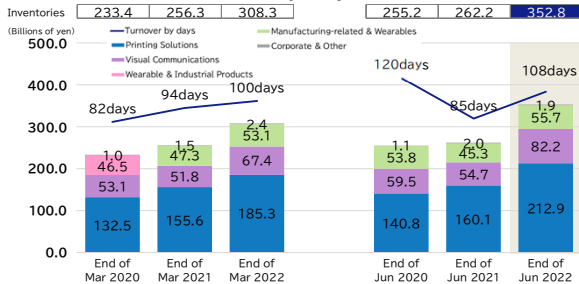
Total assets



Interest-bearing liabilities and ratio of interest-bearing liabilities



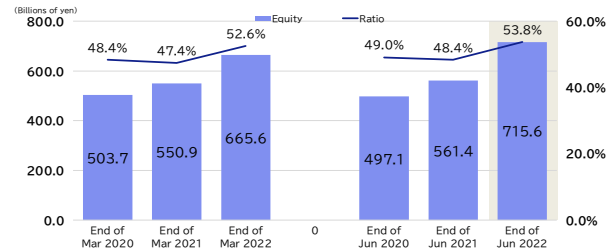
Inventories / Turnover by days



Net Cash



Equity and equity ratio attributable to owners of the parent company



* Turnover by days: Interim (Endings) 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 were ¥1,329.8 billion, up ¥63.4 billion from the end of previous fiscal year.
- Inventories rose to ¥352.8 billion because, in addition to foreign exchange effects, we built materials inventories in anticipation for easing of supply constraints, and goods in transit increased due to longer logistics lead-times. Turnover by days was 108 days.
- Equity attributable to owners of the parent company was ¥715.6 billion, up ¥50.0 billion from the end of the previous fiscal year.

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& Shareholder Returns**
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FY2022 Financial Outlook

(Billions of yen)	FY2021		FY2022				Change	
	Actual	%	4/28 Outlook	%	7/29 Outlook	%	YoY	Vs. 4/28 outlook
Revenue	1,128.9		1,320.0		1,360.0		+231.0 +20.5%	+40.0 +3.0%
Business profit	89.6	7.9%	100.0	7.6%	100.0	7.4%	+10.3 +11.6%	— —
Profit from operating activities	94.4	8.4%	96.0	7.3%	102.0	7.5%	+7.5 +8.0%	+6.0 +6.3%
Profit before tax	97.1	8.6%	95.0	7.2%	105.0	7.7%	+7.8 +8.1%	+10.0 +10.5%
Profit for the year attributable to owners of the parent company	92.2	8.2%	67.0	5.1%	74.0	5.4%	-18.2 -19.8%	+7.0 +10.4%
EPS*1 (yen)	266.73		193.63		213.86			
Exchange rate (yen, index)	USD	¥112.37	¥121.00		¥131.00			
	EUR	¥130.55	¥132.00		¥135.00			
	Other currencies*2	100	109		112			

*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.

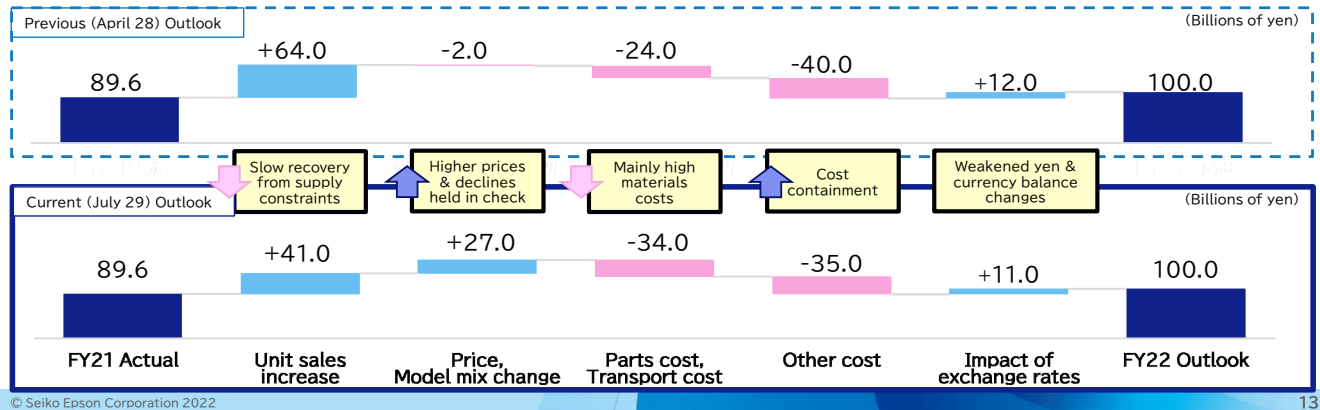
*3 Annual impact of a 1-yen increase in the value of the yen versus the USD & EUR (in billions of yen)
Annual impact of a 1% increase in the value of the yen versus other currencies (in billions of yen)

Exchange rate assumptions from Q (yen)	USD		EUR		Other currencies		Total exchange effect outlook
	132.00	134.00	132.00	134.00	132.00	134.00	
Exchange sensitivity *3							
Revenue	-3.2	-1.4	-3.5				+120.0
Business profit	+0.7	-0.9	-1.7				+11.0

- Next, I will explain our full-year financial outlook.
- We are raising the revenue outlook to ¥1,360.0 billion, an increase of ¥40.0 billion from the previous outlook, but we are leaving the business profit outlook unchanged at ¥100.0 billion.
The profit for the year outlook has been raised upward by ¥7.0 billion to reflect foreign exchange gains. It now stands at ¥74.0 billion.
- Given the recent situation, we revised our foreign exchange assumptions to rates of 132 yen to the US dollar and 134 yen to the euro from the second quarter.
- Exchange rate volatility from the previous fiscal year is expected to have an approximately ¥120.0 billion positive effect on revenue and a ¥11.0 billion positive effect on business profit.
The revision of our previous foreign exchange assumptions to reflect a weaker yen will have a slightly less than ¥60.0 billion positive impact on revenue, but the impact on business profit will be minor.

Changes in Business Profit

- Demand remains strong from people working from home and from channels trying to optimize their inventory levels.
- Factored in actions to respond to the slow recovery from supply constraints and increases in materials costs.
 - Supply constraints caused by materials shortages including semiconductors are expected to recover in the second half.
 - Given the current situation, we expect selling prices to rise and price declines to be contained.
- If supply quantities cannot be secured, we will respond with dynamic pricing and cost control.



- These are the factors that caused us to change the business profit outlook from the previous outlook of April 28th.
- Although the Chinese and global economy are seen decelerating, survey data show that, for Epson's business, the entrenchment of work from home is what underpins print demand. In addition to this end demand, demand from sales channels that are attempting to optimize their inventory levels remains strong.
- However, the semiconductor shortage has been slow to ease, and first-half unit sales are expected to fall short of the previous outlook. But we are taking actions that we expect to gradually improve the procurement situation, so we are still assuming that supply constraints will ease in the second half.
- Prices stayed higher than anticipated in the first quarter and remain so now, and we therefore expect a greater positive impact from the previous outlook by maintaining higher prices and keeping price declines in check.
- As for costs, we factored in higher prices for semiconductors, plastic parts, and other various materials.
- We expect to keep other costs in check.
- These are the assumptions for the new outlook. As the environment changes, we will continue to dynamically adjust prices based on supply and demand and control costs to secure profit.

FY2022 Financial Outlook | Printing Solutions



Printing Solutions	(Billions of yen)					
	FY2021 Actual	FY2022 4/28 Outlook	FY2022 7/29 Outlook	YoY	YoY Ratio	vs 4/28 Outlook
Revenue	779.9	916.0	934.0	+154.0	+19.8%	+18.0
Segment profit	106.4	111.0	103.0	-3.4	-3.3%	-8.0
ROS	13.7%	12.1%	11.0%			

Office & Home Printing	(Billions of yen)					
	FY2021 Actual	FY2022 4/28 Outlook	FY2022 7/29 Outlook	YoY	YoY Ratio	vs 4/28 Outlook
Revenue	566.3	665.0	677.0	+110.6	+19.5%	+12.0
Office & home IJP (SOHO, Home IJP)	445.3	521.0	534.0	+88.6	19.9%	+13.0
Office & home IJP (Office Shared IJP)	51.1	66.0	62.0	+10.8	21.2%	-4.0
Other ¹	69.8	78.0	81.0	+11.1	15.9%	+3.0
Business profit	73.0	68.0	65.0	-8.0	-11.1%	-3.0
ROS	12.9%	10.2%	9.6%			

¹ Scanner, SIDM, LP, Dry-process office papermaking system

Commercial & Industrial Printing	(Billions of yen)					
	FY2021 Actual	FY2022 4/28 Outlook	FY2022 7/29 Outlook	YoY	YoY Ratio	vs 4/28 Outlook
Revenue	213.6	251.0	257.0	+43.3	+20.3%	+6.0
Commercial & industrial IJP	151.5	177.0	178.0	+26.4	+17.4%	+1.0
Small printers, other	62.0	74.0	79.0	+16.9	+27.2%	+5.0
Business profit	33.3	43.0	38.0	+4.6	+13.8%	-5.0
ROS	15.6%	17.1%	14.8%			

Office & Home Printing

- The unit sales outlook for office and home IJPs was lowered due to slow recovery from supply constraints. We will continue dynamic pricing and cost control based on supply and demand.
 - Sales of ink bottles and ink for office shared IJPs to remain steady.
- ## Commercial & Industrial Printing
- Outlook reflects the Shanghai lockdown and constrained supply. Sales to grow in the second half capturing demand as supply constraints to ease and as we launch new products.
 - Revenue to increase due to forex effects.

Office & Home IJP sales trends²

	FY21 Actual	FY22 4/28 Outlook	FY22 7/29 Outlook
YoY	+8%	+17%	+10%
Hardware q'ty			
Approx., million	16.7	19.5	18.4
High-capacity ink tank printers	11.6	14.2	13.3
SOHO/ Home I/C model	4.8	4.9	4.8
Office Shared IJP	0.3	0.4	0.3
Ink revenue			
JPY	-2%	+7%	+7%
Local currency	-6%		

² The indicators in sales trends are based on values tracked internally by Epson

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- Next, let's look at the outlook segment by segment.
- In printing solutions, we raised the revenue outlook by ¥18 billion to ¥934 billion to reflect foreign exchange effects, and we lowered the segment profit outlook by ¥8 billion to ¥103 billion.
- In office and home printing, we lowered the outlook for unit sales of inkjet printers to 18.4 million units, which is 10% higher than in the previous fiscal year, due to supply constraints in the first half.
- On the other hand, we raised the revenue outlook because we revised our price estimates for the second quarter onward based on the recent situation, and due to foreign exchange effects.
- We lowered the business profit outlook because of the challenging environment in which materials and logistics costs are rising, and due to the negative impact from foreign exchange.
- In commercial and industrial printing, we lowered the sales plan mostly for the first half based on the Shanghai lockdown and supply constraints, but there has been no change to our assumption that we will grow sales in the second half as supply constraints ease and we launch new products. In addition, we raised the revenue outlook owing in part to foreign exchange effects.
- We lowered the business profit outlook based on the first-quarter results and to reflect the higher cost of materials.

(Billions of yen)						
Visual Communications	FY2021 Actual	FY2022 4/28 Outlook	FY2022 7/29 Outlook	YoY	YoY Ratio	vs 4/28 Outlook
Revenue	159.0	184.0	198.0	+38.9	+24.5%	+14.0
Segment profit	15.3	16.0	21.0	+5.6	+36.8%	+5.0
ROS	9.7%	8.7%	10.6%			

Visual Communications

- Strong demand for projectors for education and smart projectors is expected to continue.
- Unit sales growth will be limited by ongoing supply constraints, but the outlook reflects the positive effects of price hikes and improvements in the model mix.

◆Projector Sales Trends*1

	FY2021 Actual	FY2022 4/28 Outlook	FY2022 7/29 Outlook
Hardware q'ty Approx, million	1.7	1.9	1.9
YoY	+2%	+10%	+9%

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

(Billions of yen)						
Manufacturing-related & Wearables	FY2021 Actual	FY2022 4/28 Outlook	FY2022 7/29 Outlook	YoY	YoY Ratio	vs 4/28 Outlook
Revenue	191.9	222.0	232.0	+40.0	+20.8%	+10.0
Manufacturing Solutions*2	30.5	33.0	34.0	+3.4	+11.5%	+1.0
Wearable Products	34.6	34.0	37.0	+2.3	+6.8%	+3.0
Microdevices, Other	110.9	138.0	144.0	+33.0	+29.8%	+6.0
PC	18.9	20.0	20.0	+1.0	+5.3%	-
Inter-segment revenue	-3.0	-3.0	-3.0	+0.0	-	-
Segment profit	23.0	32.0	35.0	+11.9	+52.0%	+3.0
ROS	12.0%	14.4%	15.1%			

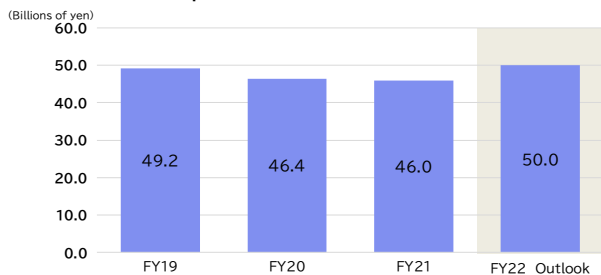
Manufacturing-related & Wearables

- Manufacturing solutions: Growth in sales of robots used in the automotive and medical industries in Europe and the Americas
- Wearable products: Growth in foreign and domestic sales of appealing watches
- Microdevices, other: Sustained robust demand for quartz crystal devices and semiconductors

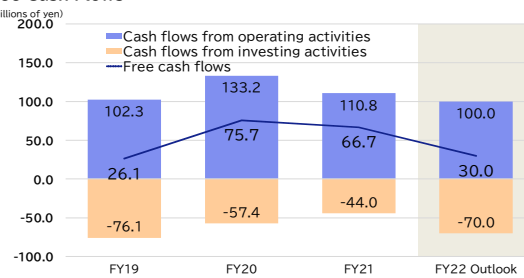
*2 IC Handler business transferred in Apr 2021

- We raised the revenue outlook in visual communications to ¥198 billion, up ¥14 billion, and raised the segment profit outlook to ¥21 billion, up ¥5 billion.
- We factored the positive effects of improvements in the model mix and dynamic pricing amid ongoing supply constraints.
- In manufacturing-related and wearables, we raised the revenue and segment profit outlooks primarily due to foreign exchange effects. Revenue was raised to ¥232 billion, up ¥10 billion, and segment profit was raised to ¥35 billion, up ¥3 billion.
- In manufacturing solutions, there is no large change overall, even though demand varies amongst regions and applications.
- In wearable products, we revised the unit sales estimate for watches.
- In the microdevices and other category, we are seeing a softening of demand recently in smartphones and some other applications, but demand for crystal devices and semiconductors remains robust.

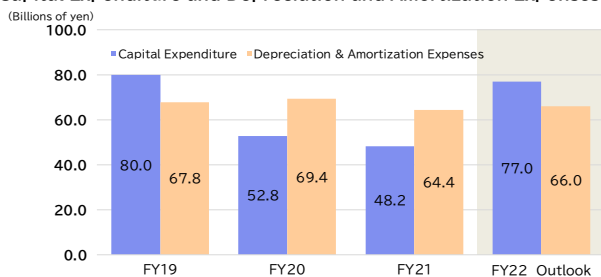
Research & Development Costs



Free Cash Flows



Capital Expenditure and Depreciation and Amortization Expenses



Main Management Indices	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Outlook	FY23 Target	FY25 Target
Exchange rate:USD	108.74	106.01	112.37	131.00	-	-
Exchange rate:EUR	120.85	123.67	130.55	135.00	-	-
Revenue (Billions of yen)	1,043.6	995.9	1,128.9	1,360.0	-	-
Business profit (Billions of yen)	40.8	61.6	89.6	100.0	-	-
Profit for the year attributable to owners of the parent company (Billions of yen)	7.7	30.9	92.2	74.0	-	-
ROS ^{#1}	3.9	6.2	7.9	7.4%	over 8%	over 10%
ROA ^{#2}	3.9	5.6	7.4	7.7%	-	-
ROE ^{#3}	1.5	5.9	15.2	10.8%	over 10%	over 13%
ROIC ^{#4}	4.1	5.6	7.3	7.6%	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) Equity attributable to owners of the parent company and interest-bearing liabilities are average of beginning and ending balance

- The outlook for research and development costs has not changed from the previous outlook.
- In part because of foreign exchange effects, we forecast an additional ¥6 billion in capital expenditures from the previous outlook, putting the total at ¥77 billion.
- The depreciation and amortization outlook was raised primarily due to foreign exchange effects. It now stands at ¥66 billion, an increase of ¥1 billion from the previous outlook.
- The outlook for free cash flows was lowered by ¥15 billion after factoring in increases in inventories and capital expenditure. It now stands at ¥30 billion.
- The forecasts for the key performance indicators are as shown here. The ROE forecast is 10.8%.
- We will continue to manage operations with an emphasis on the cost of capital and profitability.

■ 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

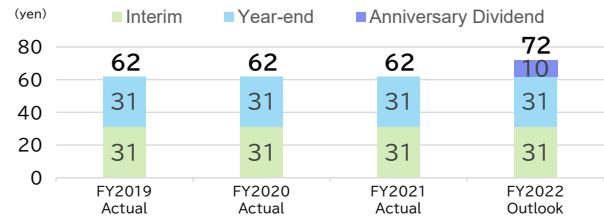
■ Share repurchase

- Total acquisition cost: 30.0B yen (max.)
- Acquisition period: May 20, 2022, to May 19, 2023

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

■ Dividends & forecast

- Annual dividend to be increased to 72 yen with the addition of a 10-yen payout to commemorate the company's 80th anniversary



- Next, I will explain shareholder returns.
- In May of this year, we announced that we would repurchase up to ¥30 billion in shares.
- We also announced plans for a 10-yen anniversary dividend to commemorate our 80th year, raising the 2022 dividend outlook to 72 yen.

- Summary
- First-Quarter Financial Results
- FY2022 Full-Year Financial Outlook
& Shareholder Returns
- **Topics**

Evaluation by External Parties (As of July 2022)

ESG Indices and Ratings Inclusion

- **FTSE4Good Index Series:** 19th consecutive year
- **FTSE Blossom Japan Index (GPIF adopted index):** 6th consecutive year
- **FTSE Blossom Japan Sector Relative Index (GPIF adopted index):** first time
- **MSCI Japan ESG Select Leaders (GPIF adopted index):** first time
- **Empowering Women Index (WIN) (GPIF adopted index):** 6th consecutive year
- **S&P/JPX Carbon Efficient Index (GPIF adopted index):** 5th consecutive year
- **SOMPO Sustainability Index:** 11th consecutive year
- CDP A Lists (climate change and water security): 2nd consecutive year
- CDP Supplier Engagement Rating Leaderboard: 3rd consecutive year
- EcoVadis Platinum Rating for Overall Sustainability: 2nd consecutive year
- Development Bank of Japan (DBJ) Environmentally Rated Loan Program Rank A: first time

ESG awards / Index Adoption

- Forbes JAPAN Ranked No.1 in “The 100 Most Sustainable Companies”: Sep. 2021
- 3rd Annual SDGs Management Survey top-rated level: Nov. 2021
- Environmental Value Award at the 3rd Annual Nikkei SDGs Management Grand Prix: Nov. 2021
- Silver Award in the Environmentally Sustainable Company category of the third ESG Finance Awards Japan: Feb. 2022
- 2022 Health & Productivity Stock Selection (No.1 in electrical equipment) **: Mar. 2022
- Nikkei 225: from 2017

Now included in all five domestic ESG indexes used by the GPIF

FTSE Blossom Japan

FTSE Blossom Japan Sector Relative Index

2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

S&P/JPX Carbon Efficient Index

In green: After Apr. 2022

*Health Management Objectives and Organization [https://global.epson.com/SR/our people/health and productivity.html#h2_02](https://global.epson.com/SR/our%20people/health%20and%20productivity.html#h2_02)

- Finally, I would like to share several topics from the first quarter.
- Epson was selected for inclusion in the FTSE Blossom Japan Sector Relative Index and MSCI Japan ESG Select Leaders Index for the first time.
- With this, Epson has now been selected for inclusion in all five of domestic ESG indexes used by the GPIF.

Seiko Epson 80th anniversary

■ Epson Museum Suwa opened

- The museum, located at corporate Head Office in Suwa in Japan, was opened to the public.
- The museum, which consists of two facilities (Memorial Hall and the Monozukuri Museum), has exhibits that celebrate the past, present, and future of the company.



Office building shortly after the company's founding



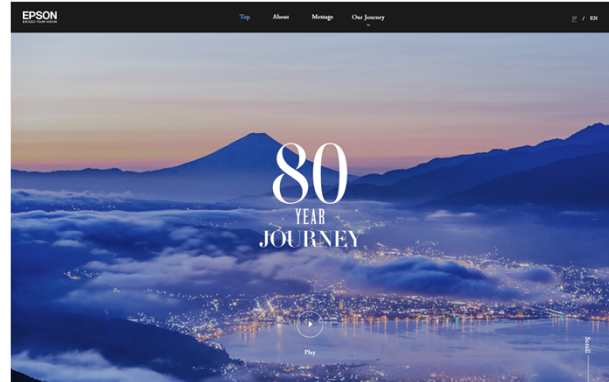
Memorial Hall



Monozukuri Museum

■ Seiko Epson 80th anniversary special site

- Read about the company's philosophy from the time of its founding and about its history to the present
<https://80th.epson.com/en>



- Epson marked its 80th year in business in May of this year. This is a testament to our commitment to the spirit of creativity and challenge. Moving forward, we will solve societal issues and drive initiatives toward achieving sustainability and enriching communities.

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EXCEED YOUR VISION

Reference

Main Product Sales Trends

			FY2021 Q1 Actual	FY2021 Q2 Actual	FY2021 Q3 Actual	FY2021 Q4 Actual	FY2021 Full-year Actual	FY2022 Q1 Actual	FY2022 Full-year Outlook	
* The indicators in sales trends are based on values tracked internally by Epson			USD EUR	109.46 131.91	110.08 129.77	113.71 130.08	116.21 130.45	112.37 130.55	129.64 138.11	131.00 135.00
Office & Home Printing	Office & Home IJP Hardware	Revenue (JPY)	YoY %	+85%	+20%	+10%	+10%	+25%	+9%	+29%
		Revenue (Local Currency)	YoY %	+74%	+14%	+3%	+4%	+18%	-4%	
		Q' ty	YoY %	+63%	+4%	-8%	-5%	+8%	-19%	+10%
		Q' ty (Approx., million)	Units					16.7		18.4
		High-capacity ink tank printers SOHO/ Home I/C model	Units					11.6		13.3
		Office shared IJP	Units					4.8		4.8
							0.3		0.3	
	Office & Home IJP Ink	Revenue within office & home IJP Ink/(HW+Ink)	Composition ratio					41%		36%
		Revenue (JPY)	YoY %	-7%	-4%	-2%	+6%	-2%	+3%	+7%
		Revenue (Local Currency)	YoY %	-11%	-7%	-6%	+1%	-6%	-6%	
Visual Communications	Projectors Hardware	Revenue (JPY)	YoY %	+72%	+7%	+6%	-12%	+12%	+13%	+26%
		Revenue (Local Currency)	YoY %	+60%	+1%	-2%	-17%	+5%	+0%	
		Q' ty	YoY %	+67%	-2%	-5%	-25%	+2%	-3%	+9%
		Q' ty (Approx., million)	Units					1.7		1.9

Financial Data (FY2021/FY2022)

		(Billions of yen)									
		FY2021 Q1 Actual	FY2021 Q2 Actual	FY2021 Q3 Actual	FY2021 Q4 Actual	FY2021 Actual	FY2022 Q1 Actual	FY2022 Q2 Actual	FY2022 Q3 Actual	FY2022 Q4 Actual	FY2022 Outlook
Exchange rate (yen)	USD	109.46	110.08	113.71	116.21	112.37	129.64				131.00
	EUR	131.91	129.77	130.08	130.45	130.55	138.11				135.00
Printing Solutions	Revenue	192.3	183.2	205.3	199.0	779.9	197.6				934.0
	Segment profit	26.6	28.3	30.8	20.5	106.4	21.0				103.0
Office & Home Printing	Revenue	137.1	129.8	150.3	149.0	566.3	143.1				677.0
	Business profit	14.7	18.7	22.9	16.5	73.0	16.4				65.0
Commercial & Industrial Printing	Revenue	55.1	53.4	55.0	50.0	213.6	54.5				257.0
	Business profit	11.9	9.6	7.9	3.9	33.3	4.6				38.0
Visual Communications	Revenue	40.7	39.9	43.6	34.6	159.0	45.6				198.0
	Segment profit	4.4	4.7	4.0	2.1	15.3	6.4				21.0
Manufacturing-related & wearables	Revenue	49.5	45.8	47.4	49.1	191.9	56.0				232.0
	Segment profit	5.6	5.6	6.1	5.6	23.0	8.6				35.0
Corporate expenses & Others, eliminations	Revenue	-0.4	-0.6	-0.2	-0.6	-2.0	-1.4				-4.0
	Segment profit	-12.6	-13.2	-13.7	-15.5	-55.2	-13.4				-59.0
Consolidated total	Revenue	282.1	268.4	296.1	282.1	1,128.9	297.8				1,360.0
	Business profit	24.2	25.4	27.2	12.6	89.6	22.6				100.0
	ROS	8.6%	9.5%	9.2%	4.5%	7.9%	7.6%				7.4%
R&D Costs		11.3	11.7	11.3	11.5	46.0	10.9				50.0
Capital Expenditures	Printing Solutions	5.1	6.0	6.4	10.7	28.4	7.8				46.0
	Visual Communications	0.9	0.9	0.9	1.3	4.1	1.4				7.0
	Manufacturing-related & wearables	1.4	2.1	3.2	4.5	11.3	1.7				16.0
	Corporate expenses & Others	0.6	0.9	1.4	1.3	4.3	1.7				8.0
Depreciation & amortization Expense	Printing Solutions	9.4	9.2	9.4	9.5	37.7	10.1				40.0
	Visual Communications	2.6	2.5	2.5	2.5	10.3	2.7				9.0
	Manufacturing-related & wearables	2.1	2.1	2.1	2.2	8.7	2.3				10.0
	Corporate expenses & Others	1.9	1.9	1.9	1.7	7.6	1.8				7.0
Operating CF		21.3	34.9	31.0	23.4	110.8	-12.3				100.0
FCF		9.8	24.4	21.3	11.0	66.7	-30.9				30.0

Revenue to Customers Outside Japan Employee Numbers

Revenue to customers outside of Japan

Exchange rate	USD	107.54	106.16	104.48	105.86	109.46	110.08	113.71	116.21	129.64
(yen)	EUR	118.39	124.10	124.51	127.68	131.91	129.77	130.08	130.45	138.11

















Revenue (Billions of yen)	FY20/Q1	FY20/Q2	FY20/Q3	FY20/Q4	FY21/Q1	FY21/Q2	FY21/Q3	FY21/Q4	FY22/Q1	YoY
The Americas	59.8	71.9	73.3	82.7	85.2	80.1	81.0	86.2	100.0	+14.7
Europe	39.7	50.0	58.7	59.8	58.3	57.1	62.3	61.7	57.3	-1.0
Asia/ Oceania	49.5	73.9	79.7	74.9	86.8	78.9	84.4	77.2	88.4	+1.5
Total revenue to overseas customers	149.0	195.9	211.9	217.5	230.4	216.2	227.8	225.2	245.7	+15.3
Consolidated revenue	193.2	245.9	278.8	277.9	282.1	268.4	296.1	282.1	297.8	+15.7

% of revenue to consolidated revenue	FY20/Q1	FY20/Q2	FY20/Q3	FY20/Q4	FY21/Q1	FY21/Q2	FY21/Q3	FY21/Q4	FY22/Q1
The Americas	31.0%	29.3%	26.3%	29.8%	30.2%	29.9%	27.4%	30.6%	33.6%
Europe	20.6%	20.4%	21.1%	21.5%	20.7%	21.3%	21.0%	21.9%	19.2%
Asia/ Oceania	25.6%	30.1%	28.6%	27.0%	30.8%	29.4%	28.5%	27.4%	29.7%
Total	77.2%	79.7%	76.0%	78.3%	81.7%	80.6%	76.9%	79.8%	82.5%

Employees

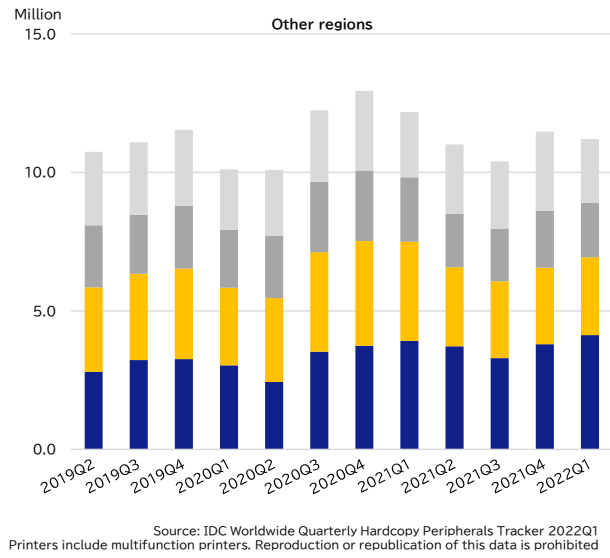
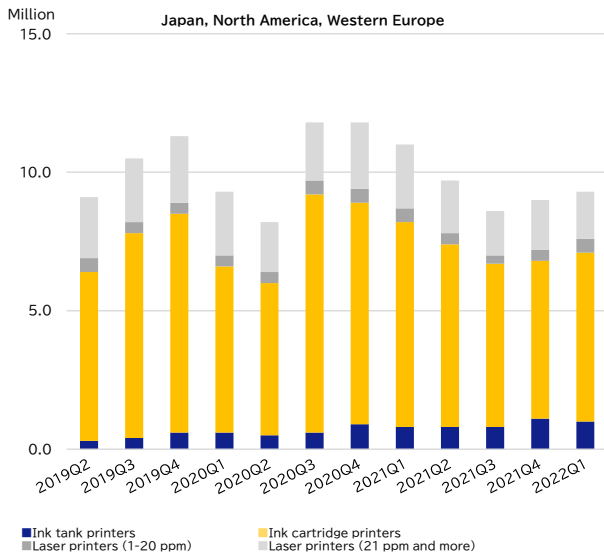
Number of employees at period end (person)	End of Jun 2020	End of Sep 2020	End of Dec 2020	End of Mar 2021	End of Jun 2021	End of Sep 2021	End of Dec 2021	End of Mar 2022	End of Jun 2022	YoY
Japan	19,962	19,723	19,620	19,470	19,827	19,805	19,788	19,705	20,128	+301
Non-Japan	57,107	59,287	62,618	60,474	60,813	60,000	59,917	57,937	59,887	-926
Consolidated total	77,069	79,010	82,238	79,944	80,640	79,805	79,705	77,642	80,015	-625

Business Segments

Innovation	Office & Home Printing Innovation	Commercial & Industrial Printing Innovation	Visual Innovation	Manufacturing Innovation	Lifestyle Innovation		
Segment	Printing Solutions		Visual Communications	Manufacturing-related & Wearables			
Business/ Major Products	Office & Home Printing Office & Home IJP SOHO / Home  Office Shared  	Commercial & Industrial Printing Commercial & Industrial IJP Finished Products  Textile Label Press Printhead Sales Business Inkjet Printhead, Ink Small Printer, Others 	Projectors  Lighting Smart Glasses	Manufacturing Solutions Robots  Options  Compact Injection molder 	Wearable Products Epson Brand  Movement  Seiko Business 	Microdevices, Others Microdevices  Superfine alloy powder  Surface Finishing 	PC 

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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