

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

October 28, 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**
- Second-Quarter Financial Results
- FY2022 Full-Year Financial Outlook & Shareholder Returns
- Topics

■ Q2 Results (YoY)

¥335.2B in revenue (+¥66.8B), ¥26.8B in business profit (+¥1.3B),
¥23.7B in profit for the period (+¥4.7B)

- Selling prices were adjusted according to the balance between supply and demand amid ongoing supply constraints and soaring materials and logistics costs. Revenue, business profit, and profit for the period received positive impacts from exchange rate volatility.

Note: Revenue was in line with the internal plan on which the previous outlook (July 29) was based, but business profit exceeded the plan by about ¥6B. Visual communications results were stronger than expected.

■ FY2022 full-year outlook (vs. previous outlook)

¥1,390B in revenue (+¥30B), ¥100B in business profit (no change),
¥82B in profit for the period (+¥8B)

- We factored into the current outlook a downward revision of unit sales due to slower than expected easing of supply constraints, in addition to a further deceleration of the Chinese market versus the previous outlook.
- We raised the revenue outlook and reiterated the business profit, as we will continue to adjust prices and control spending.
- The outlook for profit for the period was raised primarily due to Q2 foreign exchange gains.

- This is a summary of the key points in today's presentation.
- Our second-quarter results were negatively impacted by ongoing supply constraints associated with semiconductor shortages and by skyrocketing materials and logistics costs compared to the same period last year. Even so, we recorded both revenue and profit growth largely due to dynamic pricing of products in accordance with the balance between supply and demand and as a result of the weaker yen.
- We have factored into the current full-year financial outlook a downward revision of unit sales due to slower than expected easing of supply constraints and a further deceleration of the Chinese market versus the previous outlook, but we are reiterating the business profit outlook, as we will continue to dynamically price products and to control costs.
- Details are provided on the slides that follow.

- Summary
- **Second-Quarter Financial Results**
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& Shareholder Returns
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Financial Highlights (Second Quarter)

	FY2021		FY2022		Change	
	Q2 Actual	%	Q2 Actual	%	YoY	%
(Billions of yen)						
Revenue	268.4		335.2		+66.8	+24.9%
Business profit	25.4	9.5%	26.8	8.0%	+1.3	+5.4%
Profit from operating activities	24.4	9.1%	27.9	8.3%	+3.4	+14.2%
Profit before tax	24.3	9.1%	34.6	10.3%	+10.3	+42.4%
Profit for the period attributable to owners of the parent company	19.0	7.1%	23.7	7.1%	+4.7	+24.7%
EPS*1 (yen)	54.93		68.87			
Exchange rate (yen, index)	USD	¥110.08	¥138.30			
	EUR	¥129.77	¥139.28			
	Other currencies*2	100	118			

*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	+24.1	+3.5	+16.4	+44.0
Business profit	-7.9	+2.2	+7.4	+1.7

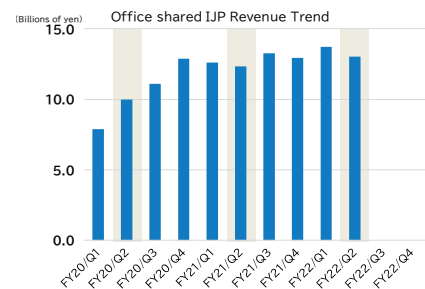
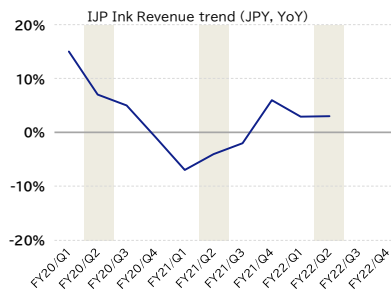
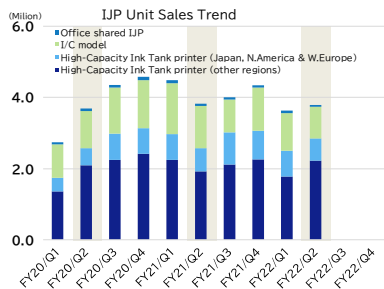
- First, I will explain our second-quarter results.
- Revenue was ¥335.2 billion, up ¥66.8 billion year on year, and business profit was ¥26.8 billion, up ¥1.3 billion.
- Foreign exchange had a ¥44.0 billion positive impact on revenue and a ¥1.7 billion positive impact on business profit.
- Profit for the period was ¥23.7 billion, up ¥4.7 billion year on year, a result of having recorded foreign exchange gains in other operating income and finance income due to the strong dollar, as was the case in the first quarter.
- Revenue in printing solutions and manufacturing-related and wearables fell slightly short of the internal plan on which the previous outlook was based, but visual communications exceeded the plan by a wide margin.
- This resulted in revenue that was roughly in line with the internal plan and business profit that was about ¥6 billion above the plan.

		(Billions of yen)			
Printing Solutions	Q2/FY2021 Actual	Q2/FY2022 Actual	YoY	Exchange effect	YoY ratio
Revenue	183.2	215.5	+32.2	+28.6	+17.6%
Segment profit	28.3	18.6	-9.7	-1.7	-34.2%
ROS	15.5%	8.7%			

		(Billions of yen)			
Office & Home Printing	Q2/FY2021 Actual	Q2/FY2022 Actual	YoY	Exchange effect	YoY ratio
Revenue	129.8	151.1	+21.3	+20.2	+16.4%
Office & home IJP (SOHO, Home IJP)	100.6	121.0	+20.3		+20.2%
Office & home IJP (Office Shared IJP)	12.3	13.0	+0.7		+5.7%
Other*	16.8	17.1	+0.2		+1.7%
Business profit	18.7	10.1	-8.6	-3.4	-45.9%
ROS	14.5%	6.7%			

- Printing Solutions
 - With supply constrained due to semiconductor shortages, we increased revenue by dynamically adjusting prices based on the balance between supply and demand, but profit declined mainly due to soaring material and logistics costs.
- Office & Home Printing
 - IJP unit sales were flat year on year, but revenue increased on dynamic pricing and foreign exchange effects.
 - Sales of high-capacity ink bottles increased.
 - Profit declined due to a combination of soaring material and logistics costs and the strong dollar.

*Scanners, SIDMs, LPS, dry-process office papermaking systems



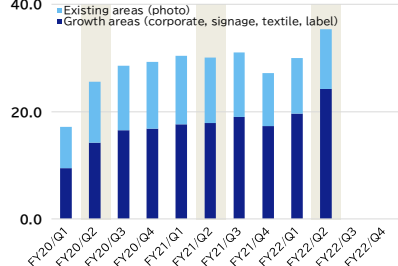
- The financial results in printing solutions are shown here.
- Revenue was ¥215.5 billion, up ¥32.2 billion year on year.
- Segment profit was ¥18.6 billion, down ¥9.7 billion.
- In office & home printing, revenue increased but profit decreased.
- IJP hardware unit sales were flat year on year due to the impact of constrained supply caused by semiconductor shortages. While sales of ink cartridge printers declined, we captured low-cost print demand and expanded sales of strategic high-capacity ink tank printers.
- IJP hardware revenue surged due to dynamic pricing in accordance with the balance between supply and demand and due to foreign exchange effects.
- Although ink cartridge sales declined, ink revenue grew by 3% due to growth in high-capacity ink bottles and to foreign exchange effects.
- Office shared inkjet printer revenue growth was limited due to supply constraints, though we built broader awareness of their low power consumption and other environmental performance benefits.
- Business profit in office and home printing declined due to the strong dollar, in addition to soaring material and logistics costs.
- Unit sales of inkjet printers fell short of the internal plan due to supply constraints, but both revenue and business profit were roughly in line with the plan thanks to pricing measures and other actions.

Commercial & Industrial Printing	(Billions of yen)		YoY	Exchange effect	YoY ratio
	Q2/FY2021 Actual	Q2/FY2022 Actual			
Revenue	53.4	64.3	+10.8	+8.4	+20.4%
Commercial & industrial IJP	37.7	45.2	+7.4		+19.8%
Small printers, other	15.6	19.1	+3.4		+21.8%
Business profit	9.6	8.5	-1.0	+1.6	-11.3%
ROS	18.0%	13.2%			

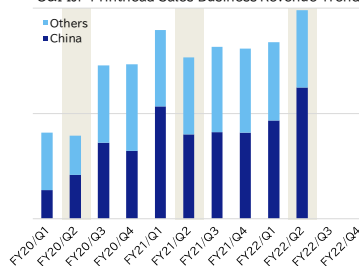
Commercial & Industrial Printing

- Sales expanded in the growth areas of the commercial and industrial IJP finished products business, but growth was limited due to the cooling of the Chinese market and product supply constraints.
- Printhead sales business revenue grew, with strong interest from Chinese printer manufacturers that also export.
- Small printers and other revenue increased due to strong demand from the retail and food service industries and the easing of supply constraints.
- Business profit declined due to customer ink procurement adjustments in the photo segment, continued spending on finished products business expansion, and soaring material and logistics costs.

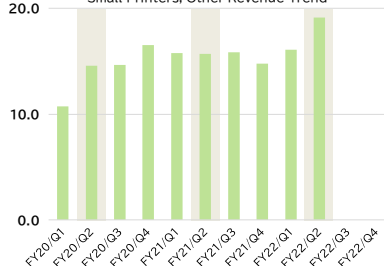
(Billions of yen) C&I IJP Finished Products Business Revenue Trend



C&I IJP Printhead Sales Business Revenue Trend



(Billions of yen) Small Printers, Other Revenue Trend



- Commercial and industrial printing recorded revenue growth, but profit declined, while receiving positive effects from exchange rate volatility.
- Revenue in the commercial and industrial inkjet printer finished products business increased, particularly in signage, textiles, and other growth areas, though growth was limited due to China's zero-Covid policy, which cooled the market, and due to printer hardware supply constraints.
- Printhead sales business revenue grew, with strong interest from Chinese printer manufacturers that also export.
- Small printers and other revenue increased due to strong demand from the retail and food service industries and the easing of supply constraints.
- On the other hand, business profit declined due to customer ink procurement adjustments in the photo segment, continued spending on finished products business expansion, and soaring material and logistics costs.
- Revenue exceeded the internal plan, but business profit fell slightly short.

Visual Communications	Q2/FY2021 Actual	Q2/FY2022 Actual	YoY	Exchange effect	YoY ratio
Revenue	39.9	63.5	+23.5	+9.1	+59.1%
Segment profit	4.7	12.7	+7.9	+1.1	+169.0%
ROS	11.8%	20.0%			

- Visual Communications
 - Demand in the education markets of Europe and the Americas was strong, the order backlog shrank, and unit sales increased as material shortages eased
 - Both revenue and profit increased due to an improved model mix, pricing, and foreign exchange effects

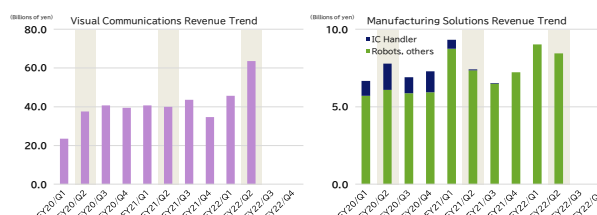
◆Projector sales trends*1	Q2/FY2021 Actual	Q2/FY2022 Actual
Revenue(JPY)	+7%	+60%
Revenue(LC)	+1%	+37%
Q'ty	-2%	+22%

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

Manufacturing-related & Wearables	Q2/FY2021 Actual	Q2/FY2022 Actual	YoY	Exchange effect	YoY ratio
Revenue	45.8	57.2	+11.3	+6.7	+24.7%
Manufacturing Solutions*2	7.4	8.4	+1.0		+13.8%
Wearable Products	8.0	9.3	+1.3		+16.7%
Microdevices, Other	26.8	35.1	+8.3		+30.9%
PC	4.3	5.3	+1.0		+23.1%
Inter-segment revenue	-0.7	-1.1	-0.3		-
Segment profit	5.6	9.4	+3.7	+2.5	+67.5%
ROS	12.2%	16.4%			

*2 IC Handler business transferred in Apr 2021

- Manufacturing-Related & Wearables
 - Microdevices and other was strong with revenue and profit growth
 - Manufacturing solutions: Despite robot supply constraints, revenue grew due to the capture of contracts in automotive and medical
 - Wearable products: Revenue increased primarily on domestic watch sales
 - Microdevices, other: Although some consumer electronics markets such as smartphones were weak, demand was strong for a wide variety of markets including automotive

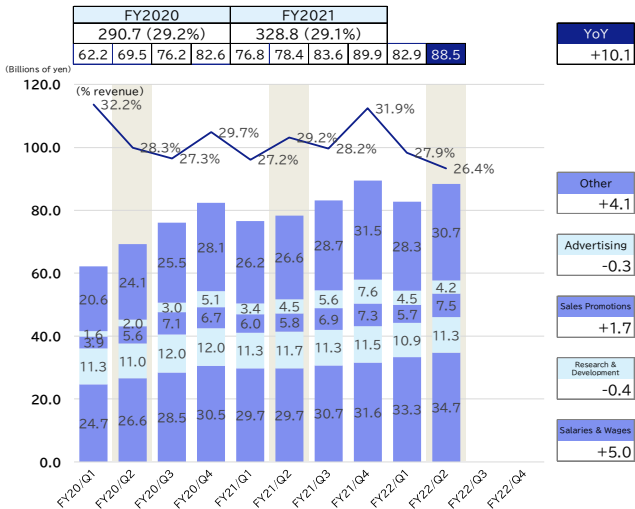


- In visual communications, projector demand in the education markets of Europe and the Americas was strong, and unit sales increased year on year as material shortages eased and order backlog decreased. Improvement in the model mix, dynamic pricing, and positive effects from foreign exchange also affected revenue, at ¥63.5 billion, up ¥23.5 billion.
- Segment profit was ¥12.7 billion, up ¥7.9 billion.
- Both revenue and business profit sharply exceeded the internal plan.
- Revenue in manufacturing-related and wearables, buoyed by foreign exchange effects, reached ¥57.2 billion, up ¥11.3 billion.
- Although hurt by materials shortages that constrained supply and soft demand from smartphone manufacturers in China, manufacturing solutions revenue increased on the capture of contracts in the automotive and medical sectors in the Americas.
- With improvement in consumer spending, wearable products revenue increased primarily on domestic watch sales.
- Revenue increased in microdevices and other. Although the smartphone and some other consumer electronics markets were weak, there was robust demand for a wide variety of automotive and other applications, and average unit prices rose.
- Segment profit was ¥9.4 billion, up ¥3.7 billion, owing to the strong results in microdevices and to foreign exchange effects.
- Both revenue and business profit were broadly in line with the internal plan.

Selling, General & Administrative Expenses Business Profit Change Cause Analysis

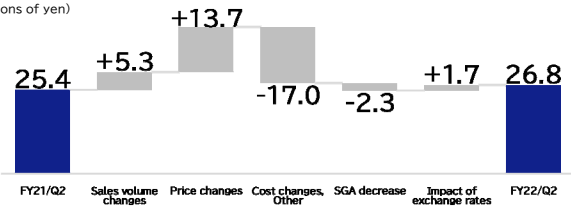
SG&A
- Increased mainly due to foreign exchange effects (+¥7.8B)

Selling, General and Administrative Expenses Trend



Business Profit Changes

(Billions of yen)



Sales volume changes

+ Projectors, microdevices, high-capacity ink tank printers, printheads, small printers, watches, etc.
- IJP ink cartridges, commercial & industrial IJP photo business, etc.

Price changes

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

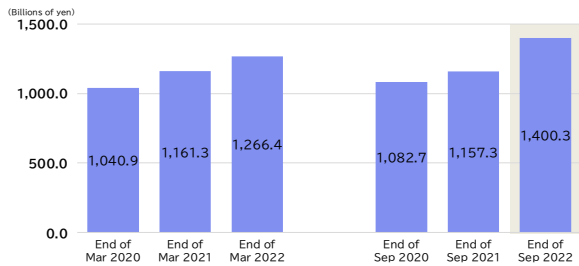
Cost changes, other

- Higher material and logistics costs, inventory effects, etc.

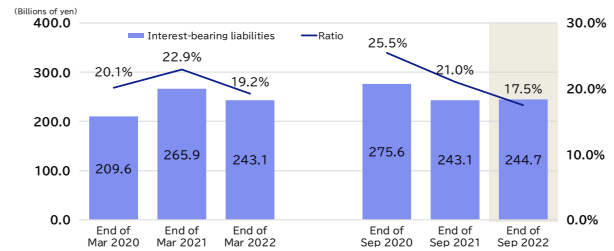
- The graph on the left shows the trend in selling, general and administrative expenses.
- The increase in SG&A expenses is primarily due to foreign exchange effects.
- The SG&A expense ratio was 26.4%, so we continue to spend efficiently.
- The graph on the right shows the factors that affected business profit.
- Sales volumes of projectors, microdevices, and high-capacity ink tank printers positively impacted business profit.
- Price changes were also positive, since we priced products dynamically in accordance with the balance between supply and demand.
- Cost changes and other factors negatively impacted profit due to increased materials and logistics costs, and inventory effects.

Statements of Financial Position

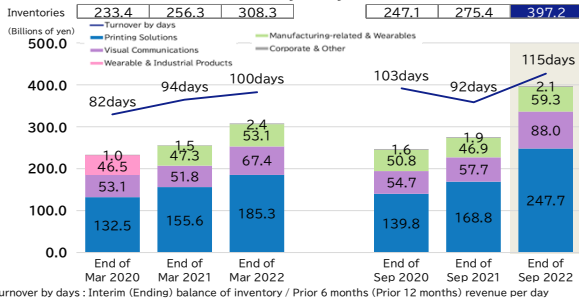
Total assets



Interest-bearing liabilities and ratio of interest-bearing liabilities



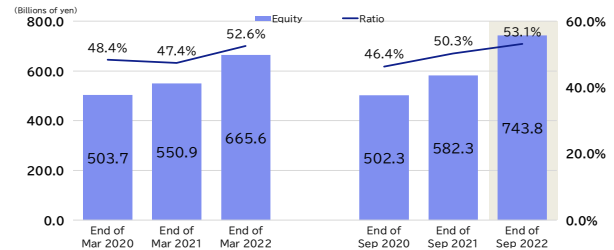
Inventories / Turnover by days



Net Cash



Equity and equity ratio attributable to owners of the parent company



- The major items on the statements of financial position were as shown here.
- We had ¥397.2 billion in inventories because, in addition to foreign exchange effects, work-in-process and goods in transit increased as we prepare for second-half sales. Turnover by days was 115 days.
- We expect inventories to decrease toward the end of the fiscal year as supply chains normalize.

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- Second-Quarter Financial Results
- **FY2022 Full-Year Financial Outlook
& Shareholder Returns**
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FY2022 Financial Outlook

(Billions of yen)	FY2021		FY2022				Change	
	Actual	%	7/29 Outlook	%	10/28 Outlook	%	YoY	Vs. 7/29 outlook
Revenue	1,128.9		1,360.0		1,390.0		+261.0 +23.1%	+30.0 +2.2%
Business profit	89.6	7.9%	100.0	7.4%	100.0	7.2%	+10.3 +11.6%	— —
Profit from operating activities	94.4	8.4%	102.0	7.5%	108.0	7.8%	+13.5 +14.3%	+6.0 +5.9%
Profit before tax	97.1	8.6%	105.0	7.7%	117.0	8.4%	+19.8 +20.4%	+12.0 +11.4%
Profit for the year attributable to owners of the parent company	92.2	8.2%	74.0	5.4%	82.0	5.9%	-10.2 -11.1%	+8.0 +10.8%
EPS*1 (yen)	266.73		213.86		240.11			
Exchange rate (yen, index)	USD	¥112.37	¥131.00		¥137.00			
	EUR	¥130.55	¥135.00		¥138.00			
	Other currencies*2	100	112		114			

*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 Q3 onward (yen)	Exchange rate assumptions from Q3 onward (yen)		Exchange sensitivity *3		Total exchange effect outlook		
	USD	EUR	Revenue	Business profit	USD	EUR	Other currencies
	141.00	137.00	-3.2	+0.7	-1.4	-0.9	-3.5
							+150.0
							+9.0

- Next, I will explain our full-year financial outlook.
- We are raising the revenue outlook to ¥1,390 billion, an increase of ¥30 billion from the previous outlook, but we are leaving the business profit outlook unchanged at ¥100 billion. The profit for the period outlook was raised by ¥8 billion to reflect first-half foreign exchange gains and other factors. The outlook now stands at ¥82 billion.
- Given the recent situation, we revised our foreign exchange assumptions to rates of 141 yen to the US dollar and 137 yen to the euro from the third quarter.
- Exchange rate volatility from the previous fiscal year is expected to have an approximately ¥150 billion positive effect on revenue and a ¥9 billion positive effect on business profit.
- Compared to the previous outlook, the revised exchange rate assumes a weaker yen, which will have an approximately ¥30.0 billion positive impact on revenue, but the impact on business profit will be negligible.

Changes in Full-Year Financial Outlook Assumptions (vs. 7/29 Outlook)

- Reflected improvements in the supply chain and the risk of global economic deceleration in the second-half.
- We still assume a certain extent of entrenched at-home print demand and normalization of channel inventory in FY22.
- Although supply constraints continue, high-capacity ink tank models are capturing a wide variety of printing demand. We will continue to strengthen sales in both emerging markets and developed economies.

	FY21 2H	FY22 1H	FY22 2H	10/28 Full-Year Financial Outlook Assumptions
Demand			<div style="border: 1px solid blue; padding: 2px;"> Previous  ↓ Current  </div>	✓ The sense of uncertainty about the global economy is growing due to factors such as a potential cooling of consumer spending due to continued inflation, geopolitical risks, and a Chinese economic slowdown.
Supply con- straints				✓ No change to the assumption that supply constraints will ease in the second half <ul style="list-style-type: none"> • Some delay in the easing of chip shortages for IJPs • Better than expected improvement in logistics disruptions
Cost			<div style="border: 1px solid blue; padding: 2px;"> Previous  ↓ Current  </div>	✓ Pace of increase in materials costs to slow ✓ Logistics costs to be controlled by driving efficiencies, etc.

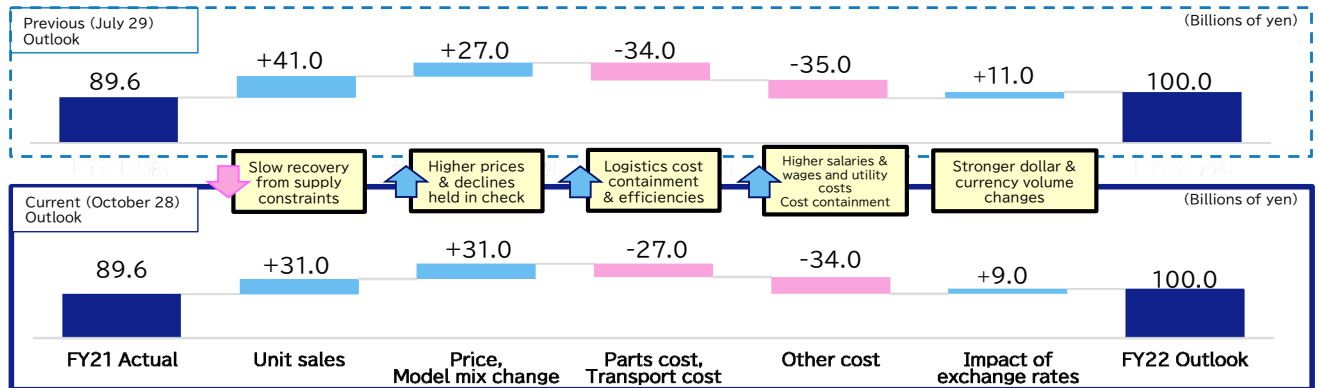
- I will explain the changes in assumptions underlying the financial outlook.
- Demand will be affected by growing uncertainty about the global economy due to factors such as a potential cooling of consumer spending due to continued inflation, geopolitical risks, and an economic slowdown in China.
- Although shortages of semiconductors for inkjet printers have been somewhat slower to ease than anticipated, we still expect to see improvement in supply constraints in the second half since logistics disruptions show signs of abating.
- We expect to control logistics costs by driving efficiencies and so forth.
- Given this, we factored in a deceleration of the Chinese market in the outlook for microdevices and robots, but, in inkjet printers, we still assume that channel inventory will normalize against at-home print demand, which has become established to some extent.
- Office printing demand has expanded to both home and SOHO users as a result of the pandemic.
- The surge in home printing demand is settling down, and ink cartridge sales have been affected. However, ink sales for high-capacity ink tank models continue to grow as low-cost printing captures widespread demand.
- We will continue to strengthen sales of high-capacity ink tank models to meet a wide variety of home and business printing needs in both emerging markets and developed economies.

Changes in Business Profit

Changes since the previous outlook:

- Easing of IJP supply constraints to be somewhat delayed
- Based on the current situation, selling prices are expected to rise and price erosion to be contained
- Salaries and wages and utility costs are projected to increase, but we will continue to contain costs by taking actions such as driving logistics efficiencies

Note: If supply quantities cannot be secured, further pricing measures and cost containment will be introduced.



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- Let's look at the factors that caused us to change the business profit outlook.
- IJP supply constraints have been slower to ease than expected, so unit sales will decline from the previous outlook.
- On the other hand, price and model mix changes will have a more positive impact on business profit than previously expected, because, even now, prices are higher than anticipated and so we revised the assumption of price erosion in the second half.
- Parts and logistics costs will weigh less on profit because they will decrease along with a decline in volume, and we will keep these costs down by driving logistics efficiencies.
- As for other costs, higher salaries, wages, and utility costs will negatively impact profit, but we will continue to keep fixed costs in check.
- These are our assumptions, but we will continue to respond to changes by dynamically adjusting prices in accordance with the balance between supply and demand and by controlling costs to secure profit.

FY2022 Financial Outlook | Printing Solutions

Printing Solutions	(Billions of yen)					
	FY2021 Actual	FY2022 7/29 Outlook	FY2022 10/28 Outlook	YoY	YoY Ratio	vs 7/29 Outlook
Revenue	779.9	934.0	950.0	+170.0	+21.8%	+16.0
Segment profit	106.4	103.0	103.0	-3.4	-3.3%	-
ROS	13.7%	11.0%	10.8%			

Office & Home Printing	(Billions of yen)					
	FY2021 Actual	FY2022 7/29 Outlook	FY2022 10/28 Outlook	YoY	YoY Ratio	vs 7/29 Outlook
Revenue	566.3	677.0	689.0	+122.6	+21.7%	+12.0
Office & home IJP (SOHO, Home IJP)	445.3	534.0	541.0	+95.6	+21.5%	+7.0
Office & home IJP (Office Shared IJP)	51.1	62.0	67.0	+15.8	+31.0%	+5.0
Other*1	69.8	81.0	81.0	+11.1	+15.9%	-
Business profit	73.0	65.0	67.0	-6.0	-8.3%	+2.0
ROS	12.9%	9.6%	9.7%			

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

Commercial & Industrial Printing	(Billions of yen)					
	FY2021 Actual	FY2022 7/29 Outlook	FY2022 10/28 Outlook	YoY	YoY Ratio	vs 7/29 Outlook
Revenue	213.6	257.0	261.0	+47.3	+22.2%	+4.0
Commercial & industrial IJP	151.5	178.0	180.0	+28.4	+18.8%	+2.0
Small printers, other	62.0	79.0	81.0	+18.9	+30.5%	+2.0
Business profit	33.3	38.0	36.0	+2.6	+7.8%	-2.0
ROS	15.6%	14.8%	13.8%			

Office & Home Printing

- Lowered unit sales outlook for office & home IJPs due to slow easing of supply constraints. Continue dynamic pricing depending on supply and demand
- Business profit will be negatively impacted by the strong dollar

Commercial & Industrial Printing

- Revenue outlook raised due to foreign exchange effects
- Given the situation in Q2, risks in the macro environment were factored into the business profit outlook

Office & Home IJP sales trends²

	FY21 Actual	FY22 7/29 Outlook	FY22 10/28 Outlook
YoY	+8%	+10%	+8%
Hardware quantity			
Approx., million	16.7	18.4	18.0
High-capacity ink tank printers	11.6	13.3	13.3
SOHO/ Home I/C model	4.8	4.8	4.4
Office Shared IJP	0.3	0.3	0.3
Ink revenue			
JPY	-2%	+7%	+8%
Local currency	-6%		

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

- Next, let's look at the outlook segment by segment.
- In printing solutions, we raised the revenue outlook by ¥16 billion to ¥950 billion. The segment profit outlook is unchanged at ¥103 billion.
- In office and home printing, we lowered the outlook for unit sales of inkjet printers to 18 million units, which is 8% higher than in the previous fiscal year, due to slower than expected easing of supply constraints.
- On the other hand, we raised the revenue outlook due to foreign exchange effects and because we revised our price estimates for the second half onward based on the recent situation.
- We raised the business profit outlook, though the strong dollar will have a negative impact.
- We raised the revenue outlook in commercial and industrial printing owing to foreign exchange effects.
- Given the situation in the second quarter, we factored macro environmental risks into the business profit outlook.

Visual Communications	(Billions of yen)					
	FY2021 Actual	FY2022 7/29 Outlook	FY2022 10/28 Outlook	YoY	YoY Ratio	vs 7/29 Outlook
Revenue	159.0	198.0	218.0	+58.9	+37.1%	+20.0
Segment profit	15.3	21.0	25.0	+9.6	+62.8%	+4.0
ROS	9.7%	10.6%	11.5%			

Visual Communications

- Strong demand for education projectors and smart projectors is expected to continue.
- The situation in Q2, when there was model mix improvement and dynamic pricing, was factored into the outlook

◆Projector Sales Trends*1	FY2021 Actual	FY2022 7/29 Outlook	FY2022 10/28 Outlook
Hardware q'ty Approx, million	1.7	1.9	1.9
YoY	+2%	+9%	+9%

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

Manufacturing-related & Wearables	(Billions of yen)					
	FY2021 Actual	FY2022 7/29 Outlook	FY2022 10/28 Outlook	YoY	YoY Ratio	vs 7/29 Outlook
Revenue	191.9	232.0	226.0	+34.0	+17.7%	-6.0
Manufacturing Solutions*2	30.5	34.0	33.0	+2.4	+8.2%	-1.0
Wearable Products	34.6	37.0	37.0	+2.3	+6.8%	-
Microdevices, Other	110.9	144.0	140.0	+29.0	+26.2%	-4.0
PC	18.9	20.0	20.0	+1.0	+5.3%	-
Inter-segment revenue	-3.0	-3.0	-4.0	-0.9	-	-1.0
Segment profit	23.0	35.0	31.0	+7.9	+34.6%	-4.0
ROS	12.0%	15.1%	13.7%			

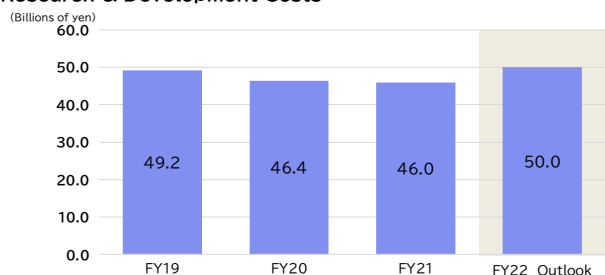
Manufacturing-related & Wearables

- Factored in deceleration of the Chinese market in manufacturing solutions
- In microdevices and other, we are capturing demand for a variety of applications, but sales volume is expected to decrease due to weakness in the PC, smartphone, and other consumer electronics markets

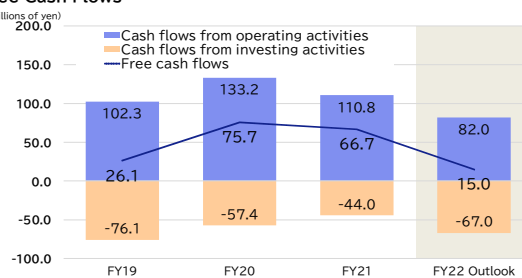
*2 IC handler business transferred in April 2021

- We are continuing to see strong demand in visual communications and, in the second quarter, we also saw improvement in the model mix and implemented dynamic pricing. Given this, we raised the revenue outlook to ¥218 billion, up ¥20 billion, and raised the segment profit outlook to ¥25 billion, up ¥4 billion.
- In manufacturing-related and wearables, we lowered the revenue outlook to ¥226 billion, down ¥6 billion, and lowered the segment profit outlook to ¥31 billion, down ¥4 billion.
- In manufacturing solutions, we factored in the deceleration of the Chinese market.
- In microdevices and other, we are capturing demand for various applications, but the PC, smartphone, and other consumer electronics markets are soft, so we forecast a decline in unit volume.

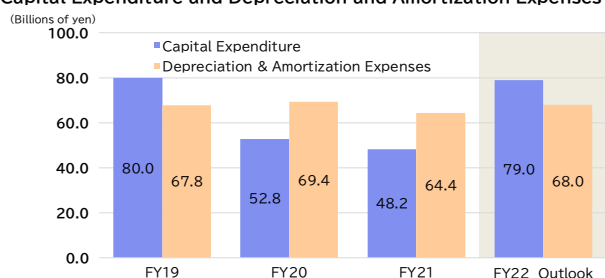
Research & Development Costs



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	137.00	-	-
Exchange rate:EUR	120.85	123.67	130.55	138.00	-	-
Revenue (Billions of yen)	1,043.6	995.9	1,128.9	1,390.0	-	-
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	82.0	-	-
ROS ^{*1}	3.9	6.2	7.9	7.2%	over 8%	over 10%
ROA ^{*2}	3.9	5.6	7.4	7.5%	-	-
ROE ^{*3}	1.5	5.9	15.2	11.7%	over 10%	over 13%
ROIC ^{*4}	4.1	5.6	7.3	7.5%	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.
- For capital expenditure, we will continue to invest in automation and environment to drive future growth. We raised the capital expenditure outlook to ¥79 billion, an increase of ¥2 billion from the previous outlook, mainly because of foreign exchange effects. Depreciation and amortization was raised to ¥68 billion, an increase of ¥2 billion.
- The outlook for free cash flows was lowered by ¥15 billion after factoring in increases in inventories and capital expenditure. It now stands at ¥15 billion.
- The forecasts for the key performance indicators are as shown here. The ROE forecast is 11.7%.
- 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

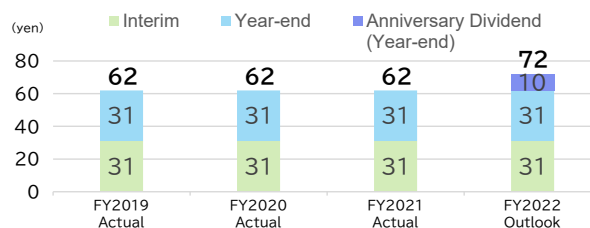
* Calculated based on profit after an amount equivalent to the statutory effective tax rate is deducted from business profit, which shows profit from operations

■ Share repurchase

- Acquisition period: May 20, 2022, to May 19, 2023
- Total acquisition cost: 30.0B yen (max.)
 - ✓ Progress as of the end of September 2022: 32.66%
 - ✓ All treasury shares acquired in the period planned to be cancelled

■ Dividends and 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 plans for a 10-yen anniversary dividend, raising the 2022 dividend outlook to 72 yen. We also announced that we would purchase up to ¥30 billion in treasury shares. The purchase of treasury shares is proceeding smoothly.

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

- Construction of a new building at Akita Epson to increase inkjet printhead production capacity
 - By investing approx. ¥3.5B in total, we can triple current printhead production capacity at Akita Epson.
 - Construction will start in Nov. 2022 and is scheduled for completion in Dec. 2023.

- Re-equipping the Fujimi Inkjet Innovation Lab
 - The Lab is a site for co-creating with partners who are exploring new inkjet printing applications in manufacturing.
 - The Lab has been newly outfitted with 3D inkjet printers and facilities for printhead testing.



Image of the New Akita Epson building



Image of the Fujimi Inkjet Innovation Lab

- Finally, I would like to touch on a couple of topics.

- We announced that, to meet future growth in demand for inkjet printers, we will expand printhead production capacity with the construction of a new building at Akita Epson.

- We have also re-equipped and re-opened the Fujimi Inkjet Innovation Lab, a site for co-creating with partners who are exploring new inkjet printing applications in manufacturing. Together with partners, we will drive inkjet innovation in new fields such as 3D object printing, printed electronics, and bio-printing.

Our philosophy of efficient, compact, and precise innovation enriches lives and helps create a better world.

Epson was founded in Japan, a nation blessed with outstanding natural beauty and a rich cultural heritage. Our commitment to protecting such abundant gifts for future generations has never wavered. We constantly pay close attention to social issues and dedicate ourselves to addressing them, as our timely elimination of chlorofluorocarbons makes clear. Underpinning everything we do is the philosophy of efficient, compact, precise innovation. After all, bigger is not always better.

We firmly believe that energy saving solutions, space saving innovation and ultra-high precision help to protect the natural environment and enrich communities. With our philosophy of efficient, compact, precise innovation, we deliver more meaningful value that enriches lives and helps create a better world.

We will continue to strive towards realizing this purpose.

- In September of this year, we publicly announced the establishment of a corporate purpose for the Epson Group.
- We intend to bring about a future in which we are able to enrich lives and create a better world by collaborating with our customers and partners to solve societal issues through products and services developed via a philosophy of efficient, compact and precise innovation.

EPSON
EXCEED YOUR VISION

Reference

Financial Highlights (First Half)

	FY2021		FY2022		Change	
	1H Actual	%	1H Actual	%	YoY	%
(Billions of yen)						
Revenue	550.5		633.1		+82.5	+15.0%
Business profit	49.7	9.0%	49.5	7.8%	-0.2	-0.4%
Profit from operating activities	48.1	8.7%	59.1	9.3%	+11.0	+22.9%
Profit before tax	47.8	8.7%	71.7	11.3%	+23.8	+49.9%
Profit for the period attributable to owners of the parent company	36.4	6.6%	50.3	8.0%	+13.8	+38.0%
EPS*1 (yen)	105.49		146.00			
Exchange rate (yen, index)	USD	¥109.77	¥133.97			
	EUR	¥130.84	¥138.70			
	Other currencies ²	100	117			

*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	+40.5	+5.5	+28.2	+74.3
Business profit	-11.2	+3.4	+12.9	+5.1

1H Financial Results by Business Segment

Printing Solutions	1H/FY2021 Actual	1H/FY2022 Actual	YoY	Exchange effect	YoY ratio
Revenue	375.5	413.1	+37.5	+49.0	+10.0%
Segment profit	55.0	39.7	-15.3	-0.1	-27.8%
ROS	14.7%	9.6%			

Office & Home Printing	1H/FY2021 Actual	1H/FY2022 Actual	YoY	Exchange effect	YoY ratio
Revenue	267.0	294.3	+27.3	+35.2	+10.2%
Office & home IJP (SOHO, Home IJP)	206.8	233.8	+26.9		+13.0%
Office & home IJP (Office Shared IJP)	24.9	26.7	+1.8		+7.4%
Other*	35.2	33.7	-1.4		-4.2%
Business profit	33.5	26.6	-6.9	-2.6	-20.7%
ROS	12.6%	9.0%			

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

Commercial & Industrial Printing	1H/FY2021 Actual	1H/FY2022 Actual	YoY	Exchange effect	YoY ratio
Revenue	108.6	118.8	+10.2	+13.7	+9.4%
Commercial & industrial IJP	77.1	83.6	+6.5		+8.5%
Small printers, other	31.4	35.1	+3.7		+11.8%
Business profit	21.5	13.1	-8.3	+2.4	-39.0%
ROS	19.8%	11.1%			

1H Financial Results by Business Segment

Visual Communications	1H/FY2021 Actual	1H/FY2022 Actual	YoY	Exchange effect	YoY ratio
Revenue	80.6	109.1	+28.5	+14.1	+35.4%
Segment profit	9.2	19.1	+9.8	+0.9	+107.3%
ROS	11.4%	17.5%			

(Billions of yen)

Manufacturing-related & Wearables	1H/FY2021 Actual	1H/FY2022 Actual	YoY	Exchange effect	YoY ratio
Revenue	95.4	113.2	+17.7	+11.9	+18.7%
Manufacturing Solutions*	16.7	17.4	+0.7		+4.3%
Wearable Products	17.3	19.6	+2.2		+13.2%
Microdevices, Other	54.4	68.6	+14.1		+26.1%
PC	8.4	9.6	+1.2		+14.4%
Inter-segment revenue	-1.4	-2.0	-0.5		-
Segment profit	11.3	18.0	+6.7	+4.7	+59.2%
ROS	11.9%	15.9%			

*IC Handler business transferred in Apr 2021

Main Product Sales Trends

			FY2021 Q1 Actual	FY2021 Q2 Actual	FY2021 Q3 Actual	FY2021 Q4 Actual	FY2021 Full-year Actual	FY2022 Q1 Actual	FY2022 Q2 Actual	FY2022 Full-year Outlook	
* The indicators in sales trends are based on values tracked internally by Epson			USD	109.46	110.08	113.71	116.21	112.37	129.64	137.00	
			EUR	131.91	129.77	130.08	130.45	130.55	138.11	138.00	
Office & Home Printing	Office & Home IJP Hardware	Revenue (JPY)	YoY %	+85%	+20%	+10%	+10%	+25%	+9%	+31%	+33%
		Revenue (Local Currency)	YoY %	+74%	+14%	+3%	+4%	+18%	-4%	+12%	
		Q' ty	YoY %	+63%	+4%	-8%	-5%	+8%	-19%	-1%	+8%
		Q' ty (Approx., million)	Units					16.7			18.0
		High-capacity ink tank printers	Units					11.6			13.3
		SOHO/ Home I/C model	Units					4.8			4.4
		Office shared IJP	Units					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%	+3%	+8%
		Revenue (Local Currency)	YoY %	-11%	-7%	-6%	+1%	-6%	-6%	-9%	
Visual Communications	Projectors Hardware	Revenue (JPY)	YoY %	+72%	+7%	+6%	-12%	+12%	+13%	+60%	+39%
		Revenue (Local Currency)	YoY %	+60%	+1%	-2%	-17%	+5%	+0%	+37%	
		Q' ty	YoY %	+67%	-2%	-5%	-25%	+2%	-3%	+22%	+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	138.30			137.00
	EUR	131.91	129.77	130.08	130.45	130.55	138.11	139.28			138.00
Printing Solutions	Revenue	192.3	183.2	205.3	199.0	779.9	197.6	215.5			950.0
	Segment profit	26.6	28.3	30.8	20.5	106.4	21.0	18.6			103.0
Office & Home Printing	Revenue	137.1	129.8	150.3	149.0	566.3	143.1	151.1			689.0
	Business profit	14.7	18.7	22.9	16.5	73.0	16.4	10.1			67.0
Commercial & Industrial Printing	Revenue	55.1	53.4	55.0	50.0	213.6	54.5	64.3			261.0
	Business profit	11.9	9.6	7.9	3.9	33.3	4.6	8.5			36.0
Visual Communications	Revenue	40.7	39.9	43.6	34.6	159.0	45.6	63.5			218.0
	Segment profit	4.4	4.7	4.0	2.1	15.3	6.4	12.7			25.0
Manufacturing-related & wearables	Revenue	49.5	45.8	47.4	49.1	191.9	56.0	57.2			226.0
	Segment profit	5.6	5.6	6.1	5.6	23.0	8.6	9.4			31.0
Corporate expenses & Others, eliminations	Revenue	-0.4	-0.6	-0.2	-0.6	-2.0	-1.4	-1.0			-4.0
	Segment profit	-12.6	-13.2	-13.7	-15.5	-55.2	-13.4	-13.9			-59.0
	Revenue	282.1	268.4	296.1	282.1	1,128.9	297.8	335.2			1,390.0
	Business profit	24.2	25.4	27.2	12.6	89.6	22.6	26.8			100.0
Consolidated total	ROS	8.6%	9.5%	9.2%	4.5%	7.9%	7.6%	8.0%			7.2%
R&D Costs		11.3	11.7	11.3	11.5	46.0	10.9	11.3			50.0
Capital Expenditures	Printing Solutions	5.1	6.0	6.4	10.7	28.4	7.8	9.2			46.0
	Visual Communications	0.9	0.9	0.9	1.3	4.1	1.4	1.3			8.0
	Manufacturing-related & wearables	1.4	2.1	3.2	4.5	11.3	1.7	3.0			16.0
	Corporate expenses & Others	0.6	0.9	1.4	1.3	4.3	1.7	1.7			9.0
Depreciation & amortization Expense	Printing Solutions	9.4	9.2	9.4	9.5	37.7	10.1	10.4			41.0
	Visual Communications	2.6	2.5	2.5	2.5	10.3	2.7	2.6			10.0
	Manufacturing-related & wearables	2.1	2.1	2.1	2.2	8.7	2.3	2.4			10.0
	Corporate expenses & Others	1.9	1.9	1.9	1.7	7.6	1.8	1.7			7.0
Operating CF		21.3	34.9	31.0	23.4	110.8	-12.3	33.3			82.0
FCF		9.8	24.4	21.3	11.0	66.7	-30.9	18.6			15.0

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	138.30
(yen)	EUR	118.39	124.10	124.51	127.68	131.91	129.77	130.08	130.45	138.11	139.28

Revenue (Billions of yen)	FY20/Q1	FY20/Q2	FY20/Q3	FY20/Q4	FY21/Q1	FY21/Q2	FY21/Q3	FY21/Q4	FY22/Q1	FY22/Q2	YoY
The Americas	59.8	71.9	73.3	82.7	85.2	80.1	81.0	86.2	100.0	111.5	+31.3
Europe	39.7	50.0	58.7	59.8	58.3	57.1	62.3	61.7	57.3	68.3	+11.1
Asia/ Oceania	49.5	73.9	79.7	74.9	86.8	78.9	84.4	77.2	88.4	100.5	+21.6
Total revenue to overseas customers	149.0	195.9	211.9	217.5	230.4	216.2	227.8	225.2	245.7	280.4	+64.2
Consolidated revenue	193.2	245.9	278.8	277.9	282.1	268.4	296.1	282.1	297.8	335.2	+66.8

% of revenue to consolidated revenue	FY20/Q1	FY20/Q2	FY20/Q3	FY20/Q4	FY21/Q1	FY21/Q2	FY21/Q3	FY21/Q4	FY22/Q1	FY22/Q2
The Americas	31.0%	29.3%	26.3%	29.8%	30.2%	29.9%	27.4%	30.6%	33.6%	33.3%
Europe	20.6%	20.4%	21.1%	21.5%	20.7%	21.3%	21.0%	21.9%	19.2%	20.4%
Asia/ Oceania	25.6%	30.1%	28.6%	27.0%	30.8%	29.4%	28.5%	27.4%	29.7%	30.0%
Total	77.2%	79.7%	76.0%	78.3%	81.7%	80.6%	76.9%	79.8%	82.5%	83.7%

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	End of Sep 2022	YoY
Japan	19,962	19,723	19,620	19,470	19,827	19,805	19,788	19,705	20,128	20,131	+326
Non-Japan	57,107	59,287	62,618	60,474	60,813	60,000	59,917	57,937	59,887	62,742	+2,742
Consolidated total	77,069	79,010	82,238	79,944	80,640	79,805	79,705	77,642	80,015	82,873	+3,068

Evaluation by External Parties (As of October 2022)

<https://corporate.epson/en/sustainability/evaluation/>



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:** 3rd consecutive year
- **Development Bank of Japan (DBJ) Environmentally Rated Loan Program Rank A:** first time

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

ESG awards / Index Adoption

- 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

In green: After Apr. 2022

*Health Management Objectives and Organization <https://corporate.epson/en/sustainability/our-people/health-and-productivity.html>

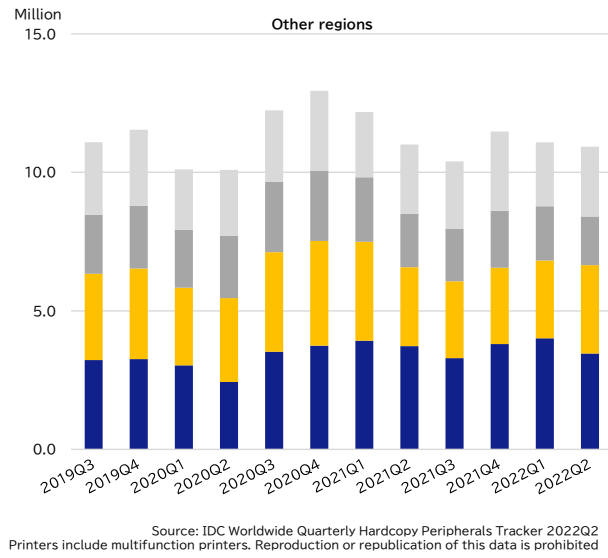
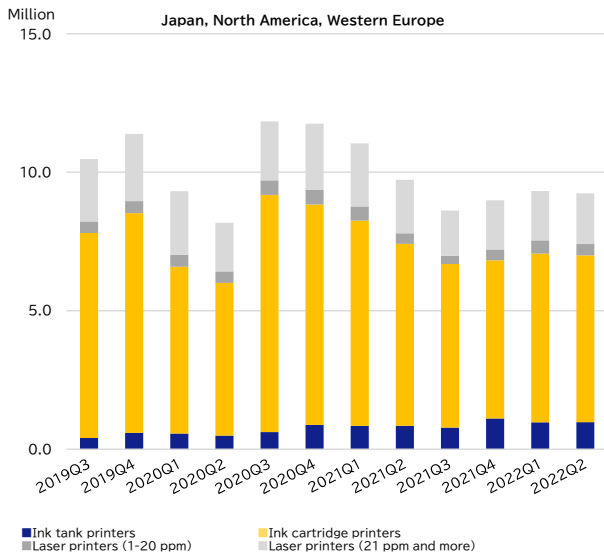
Business Segments

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 High-capacity Ink Pack Printer SIDM Scanner Dry business office papermaking system Laser Printer	Commercial & Industrial Printing Commercial & Industrial IJP Finished Products Photo Corporate Signage Label Printer Textile Label Press Printhead Sales Business Inkjet Printhead, Ink Small Printer, Others Small Printer (POS printer) Portable Label Printer	Projectors High Brightness Ultra Short Throw Standard Home Small Projector Lighting Smart Glasses 	Manufacturing Solutions Robots SCARA 6-axis Options Compact Injection molder 	Wearable Products Epson Brand TRUME Orient Movement Seiko Business 	Microdevices, Others Microdevices Quartz Crystal Devices Semiconductors Superfine alloy powder Surface Finishing	PC Epson Direct PC
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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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