

## **Epson 25 Renewed Is a Corporate Vision for Solving Societal Issues in the New Normal** **- Epson aspires to achieve sustainability and enrich communities -**

- TOKYO, Japan, March 18, 2021 –

Seiko Epson Corporation (TSE: 6724, "Epson") has recently renewed a new corporate vision that it has titled Epson 25 Renewed. Under the corporate vision, Epson will pursue the aspirational goal of achieving sustainability and enriching communities.

Epson, long a strong proponent of environmental action, has also revised Environmental Vision 2050 and will seek to become carbon negative and underground resource<sup>1</sup> free by 2050.

### **1. Epson's Aspirational Goal**

#### **Achieving sustainability and enriching communities**

The world is facing some serious issues, climate change and the COVID-19 pandemic among them. Epson believes the world desires more than just material and economic wealth. In this day and age, people also want other, less tangible forms of wealth. They want to be enriched spiritually and culturally. Sustainability is a fundamental requirement for achieving this. It is because of this that we at Epson always let societal issues direct our actions. We ask what we can do and how we can use our technology to solve these issues and contribute to society.

### **2. Epson 25 Renewed**

#### **(1) External Environment**

Epson recognizes that the external environment in which it operates is changing.

- The diversification of consumption and lifestyles has accelerated and been brought forward by advances in things such as digitization and artificial intelligence.
- Demands are increasing for solutions to environmental problems and other societal issues.
- Distribution and decentralization are accelerating due to the needs of the New Normal, including the need to work remotely and socially distance.
- Connections and information are becoming even more important for addressing issues caused by the distribution and decentralization of people and operations, such as communication difficulties and communication breakdowns.

#### **(2) Vision Statement**

**Co-creating sustainability and enriching communities to connect people, things, and information by leveraging our efficient, compact, and precision technologies and digital technologies**

Given the changes in the external environment, Epson will seek to realize its aspirational goal by providing individuals, industries, and manufacturers with smart solutions that connect people, things, and

information. Initiatives involving the environment, digital transformation, and co-creation will be the keys to this.

#### ■ **Environmental Initiatives**

In addition to promoting product, service, and manufacturing process decarbonization and closing the resource loop, we will develop environmental technologies and provide products and services that reduce environmental impacts.

#### ■ **DX Initiatives**

We will build a robust digital platform, offer solutions that connect businesses and classrooms, and co-create long-term relationships with our customers. We will contribute to the success of our customers by using data to understand them.

#### ■ **Co-creation Initiatives**

We have hardware product families that are based on our efficient, compact, and precision technologies. We will leverage these to expand co-creation activities by providing a place for co-creation, networking opportunities, and core devices. We will also utilize corporate venture capital to co-create with a range of outside partners.

### **(3) Epson 25 Renewed Policies**

With uncertainty in the social environment expected to continue, we will seek to secure profitability and future growth by focusing on priorities. We will continuously strengthen the necessary environmental, DX, and co-creation initiatives in all areas.

#### ■ **Growth areas: See environmental changes as an opportunity and invest management resources.**

Office printing, commercial & industrial printing, printhead sales, production systems

#### ■ **Mature areas: Emphasize profitability through structural changes and efficiency improvements, etc.**

Home printing, projection, watches, microdevices

#### ■ **New areas: Develop new technologies and businesses.**

Sensing, environmental business

### **(4) Innovation Strategies**

In order to execute the strategy for realizing our goals, we have reorganized the areas of innovation into five areas. In the past, we focused on technology-centered innovation, but we have reconfigured the innovation areas around customer value and societal issues.

#### ■ **Office & Home Printing Innovation**

Lead the evolution toward distributed printing to reduce environmental impacts and increase work productivity by proposing inkjet technology, paper recycling technology, and open solutions.

**Value proposition:** Increased work productivity; reduction of environmental impacts; distributed printing; support for at-home learning; lower printing costs; high-quality printing

#### ■ **Commercial & Industrial Printing Innovation**

Offer inkjet technology and solutions that lead the digitization of printing and contribute to lower environmental impacts and higher productivity.

**Value proposition:** Power of digital expression; small lot production and fast delivery; distributed production, and local production for local consumption; waste reduction; improved work environment; accommodate logistics changes

#### ■ **Manufacturing Innovation**

Innovate manufacturing by co-creating flexible high-throughput production systems that reduce environmental impacts.

**Value proposition:** Accommodate low volume, high mix production; alleviate labor shortages; distributed production and local production for local consumption; reduced environmental impacts and close the resource loop; save space; reduce burden for system building

#### ■ **Visual Innovation**

Connect people, things, information, and services with inspiring video experiences and quality visual communications to support learning, working, and lifestyles.

**Value proposition:** Equal, high-quality learning environment; higher productivity and creativity; support lifestyle and work arrangement diversification; enrich lives

#### ■ **Lifestyle Innovation**

Utilize craftsmanship and co-create solutions that utilize sensing technologies to enrich diverse lifestyles.

**Value proposition:** Appeal to people of every sensibility; improve environmental performance with automatic power generating systems; personalized information; support tailored to lifestyle and work changes

The microdevices business supports innovation in these five areas. Here, Epson will contribute to the development of a smart society with crystal and semiconductor solutions that elevate our efficient, compact and precision technologies.

Epson sees environmental contributions as a priority issue for achieving sustainability and will develop new environmental solutions that integrate materials technologies and contribute to decarbonization and resource recycling.

### **(5) Strengthening Business Infrastructure to Realize Innovation**

#### **Sales Strategies**

Provide customer sales/ support utilizing digital technology

- Further develop solution sales.
- Use digital technology to create and expand customer touch points that are unconstrained by time and place.

Focused organizational strengthening by region and business segment.

#### **Production Strategies**

Leverage changes caused by the spread of COVID-19 to accelerate the existing strategy.

- Use automation and digital technology to double productivity in FY25.
- Strengthen distributed production and local production for local consumption.

- Total investment: 40 billion yen

### Technology Development Strategy:

Advance basic, core, and product technologies that support innovation.

- Particularly reinforce material, AI, and digital technologies.

### Human Resources Strategies

Allocate human resources to priority areas

- Acquisition of specialists
- Priority placement in growth areas

Strengthen human resource development

- Enhancement of specialized education

Organizational activation

- Respect diversity and maximize team strength
- Create a free and open organizational culture
- Respond to diversification of working styles

## (6) Financial Targets

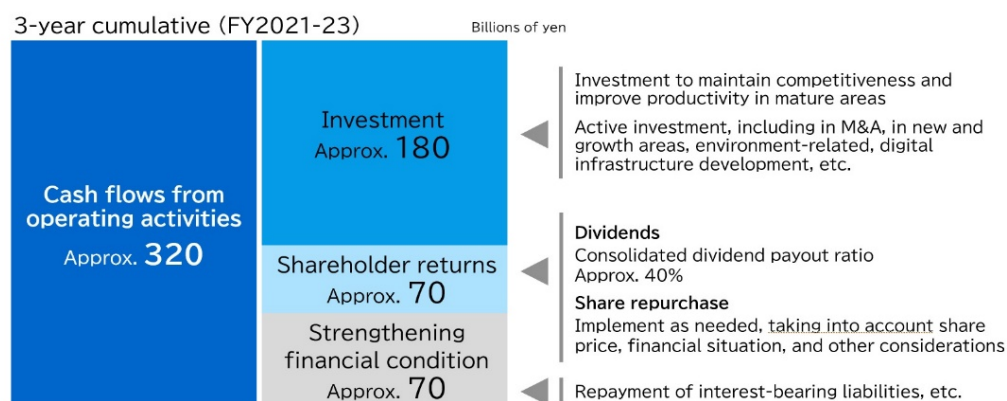
Shift to profitability-focused management, and rather than pursue excessive revenue growth, focus on priorities, secure profitability, and seek future growth. In line with this policy, we set targets for ROIC, ROE, and ROS.

	FY2020	FY2023	FY2025
ROIC*	4.7%	8% or more	11% or more
ROE	3.6%	10% or more	13% or more
ROS	5.1%	8% or more	10% or more

\*  $\text{ROIC} = \text{Profit for the year attributable to owners of the parent company} / (\text{equity attributable to owners of the parent company} + \text{interest-bearing liabilities})$

## (7) Cash Allocation

Allocate cash toward investments in growth and strategic areas, but also continuously provide stable shareholder returns, chiefly by selectively investing and by strengthening our financial condition.



## (8) Strengthening Governance

We will facilitate management decision-making transparency and speed.

- **Increase the effectiveness of the board of directors.**
  - Transfer more authority to operations and continuously improve through effectiveness evaluations
- Continuously engage investors and others.
- Speed up management decision-making.
  - Centralize management of information by developing global integrated IT infrastructure.

## 3. Environmental Vision 2050

Environmental Vision 2050 is a statement of the environmental goals and initiatives that Epson will pursue to achieve sustainability by the year 2050. Epson has revised the vision statement, goals, and actions in conjunction with Epson 25 Renewed.

### (1) Vision Statement

**Epson will become carbon negative and underground resource<sup>1</sup> free by 2050 to achieve sustainability and enrich communities**

### (2) Goals

2030: Reduce total emissions in line with the 1.5°C scenario<sup>2</sup>

2050: Carbon negative and underground resource<sup>1</sup> free

### (3) Actions

- Reduce the environmental impacts of products and services and in supply chains.
- Achieve sustainability in a circular economy and advance the frontiers of industry through creative, open innovation.
- Contribute to international environmental initiatives.

<sup>1</sup> Non-renewable resources such as oil and metals

<sup>2</sup> Target for reducing greenhouse gas emissions aligned with the recommendations of the Science Based Targets initiative (SBTi).

The actions we take will help to make the world a better place.

For details about Epson 25 Renewed, please see the March 18, 2021 presentation and news release.

◆ Epson 25 Renewed presentation:

[https://global.epson.com/IR/pdf/epson\\_25\\_renewed\\_presentation\\_e.pdf](https://global.epson.com/IR/pdf/epson_25_renewed_presentation_e.pdf)

◆ Environmental Vision 2050 press release:

[https://global.epson.com/newsroom/2021/news\\_20210318\\_2.html](https://global.epson.com/newsroom/2021/news_20210318_2.html)

## About Epson

Epson is a global technology leader dedicated to co-creating sustainability and enriching communities by leveraging its efficient, compact, and precision technologies and digital technologies to connect people, things, and information. The company is focused on solving societal issues through innovations in home and office printing, commercial and industrial printing, manufacturing, visual and lifestyle. Epson will

become carbon negative and eliminate use of exhaustible underground resources such as oil and metal by 2050.

Led by the Japan-based Seiko Epson Corporation, the worldwide Epson Group generates annual sales of around JPY 1 trillion.

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