

## Financial Results for the Year ended March 31, 2021 [IFRS] (Consolidated)

April 28, 2021

Stock Listing: TOKYO

Name of the listed company: SEIKO EPSON CORPORATION

Code: 6724 URL: global.epson.com

Representative: Yasunori Ogawa, President

Scheduled date of Annual Shareholders Meeting: June 25, 2021

Scheduled date to file Annual Securities Report: June 28, 2021

Reference materials regarding financial results for the period: Yes

Briefing on financial results: Yes (for analysts)

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Scheduled starting date of payment for the dividends: June 28, 2021

(Amounts are rounded down to the nearest million yen)

### 1. Results of the Year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

#### (1) Consolidated Operating Results

|                           | Revenue         |      | Business profit |       | Profit from operating activities |       | Profit before tax |       | Profit for the period |       | Profit for the period attributable to owners of the parent company |       |
|---------------------------|-----------------|------|-----------------|-------|----------------------------------|-------|-------------------|-------|-----------------------|-------|--|-------|
|                           | Millions of yen | %    | Millions of yen | %     | Millions of yen                  | %     | Millions of yen   | %     | Millions of yen       | %     | Millions of yen  | %     |
| Year ended March 31, 2021 | 995,940         | Δ4.6 | 61,642          | 50.9  | 47,654                           | 20.7  | 44,933            | 13.1  | 30,995                | 296.2 | 30,922   | 299.9 |
| Year ended March 31, 2020 | 1,043,600       | Δ4.2 | 40,861          | Δ42.0 | 39,479                           | Δ44.7 | 39,713            | Δ44.9 | 7,823                 | Δ85.5 | 7,733  | Δ85.6 |

Note: Total comprehensive income for the period: Year ended March 31, 2021 ¥68,818 million ( - %)

Year ended March 31, 2020 (¥3,869) million ( - %)

Business profit is calculated by subtracting Cost of sales and Selling, general and administrative expenses from Revenue.

|                           | Basic earnings per share | Diluted earnings per share | ROE *1 | ROA *2 | ROS *3 |
|---------------------------|--------------------------|----------------------------|--------|--------|--------|
|                           | Yen                      | Yen                        | %      | %      | %      |
| Year ended March 31, 2021 | 89.38                    | 89.35                      | 5.9    | 5.6    | 6.2    |
| Year ended March 31, 2020 | 22.26                    | 22.25                      | 1.5    | 3.9    | 3.9    |

\*1 Profit for the period attributable to owners of the parent company / Equity attributable to owners of the parent company (avg. balance)

\*2 Business profit / Total assets (avg. balance)

\*3 Business profit / Revenue

Reference: Equity gains (losses) of affiliates: Year ended March 31, 2021 ¥99 million

Year ended March 31, 2020 ¥77 million

#### (2) Consolidated Financial Position

|                      | Total assets    | Total equity    | Equity attributable to owners of the parent company | Equity attributable to owners of the parent company ratio | Equity attributable to owners of the parent company, per share |
|----------------------|-----------------|-----------------|---|---|--|
|                      | Millions of yen | Millions of yen | Millions of yen                                     | %   | Yen  |
| As of March 31, 2021 | 1,161,314       | 552,949         | 550,924   | 47.4  | 1,592.36   |
| As of March 31, 2020 | 1,040,910       | 506,037         | 503,746   | 48.4  | 1,456.20   |

#### (3) Consolidated Cash Flows

|                           | Net cash from (used in) operating activities | Net cash from (used in) investing activities | Net cash from (used in) financing activities | Cash and cash equivalents at end of period |
|---------------------------|--|--|--|--|
|                           | Millions of yen                              | Millions of yen                              | Millions of yen                              | Millions of yen                            |
| Year ended March 31, 2021 | 133,222                                      | (57,448)                                     | 23,150                                       | 304,007                                    |
| Year ended March 31, 2020 | 102,324                                      | (76,131)                                     | (283)  | 196,245                                    |

### 2. Cash Dividends

|                                       | Cash dividends per share |             |             |          |            | Total cash dividends | Dividend payout ratio | Ratio of dividends to equity attributable to owners of the parent company |
|---------------------------------------|--------------------------|-------------|-------------|----------|------------|----------------------|-----------------------|---|
|                                       | 1st Quarter              | 2nd Quarter | 3rd Quarter | Year End | Year Total |                      |                       |   |
|                                       | Yen                      | Yen         | Yen         | Yen      | Yen        | Millions of yen      | %                     | %   |
| Year ended March 31, 2020             | -                        | 31.00       | -           | 31.00    | 62.00      | 21,463               | 278.5                 | 4.1   |
| Year ended March 31, 2021             | -                        | 31.00       | -           | 31.00    | 62.00      | 21,463               | 69.4                  | 4.1   |
| Year ending March 31, 2022 (Forecast) | -                        | 31.00       | -           | 31.00    | 62.00      |                      | 56.4                  |   |

### 3. Forecast for the Year ending March 31, 2022 (From April 1, 2021 to March 31, 2022)

(%: Change from the previous year)

|                                    | Revenue         |     | Business profit |      | Profit from operating activities |      | Profit before tax |      | Profit for the period |      | Profit for the period attributable to owners of the parent company |      | Basic earnings per share |
|------------------------------------|-----------------|-----|-----------------|------|----------------------------------|------|-------------------|------|-----------------------|------|--|------|--------------------------|
|                                    | Millions of yen | %   | Millions of yen | %    | Millions of yen                  | %    | Millions of yen   | %    | Millions of yen       | %    | Millions of yen  | %    | Yen                      |
| For the year ending March 31, 2022 | 1,070,000       | 7.4 | 60,000          | Δ2.7 | 57,000                           | 19.6 | 55,000            | 22.4 | 38,000                | 22.6 | 38,000   | 22.9 | 109.83                   |

※Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting from changes in the scope of consolidation): None

(2) Changes in accounting policies, or changes in accounting estimates

1. Changes in accounting policies required by IFRS: None
2. Changes in accounting policies other than the changes above: None
3. Changes in accounting estimates: None

(3) Number of shares outstanding (share)

1. Issued shares (including treasury shares):
2. Treasury shares:
3. Average number of shares:

|  | As of March 31, 2021      | 399,634,778 | As of March 31, 2020      | 399,634,778 |
|--|---------------------------|-------------|---------------------------|-------------|
|  | As of March 31, 2021      | 53,655,825  | As of March 31, 2020      | 53,703,521  |
|  | Year ended March 31, 2021 | 345,968,147 | Year ended March 31, 2020 | 347,393,498 |

**(Reference) Summary of Non-Consolidated Financial Results**

**1. Results of the Year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)**

(1) Non-Consolidated Operating Results

(%: Change from the previous year)

|                           | Net sales       |      | Operating profit |   | Ordinary profit |   | Profit          |   |
|---------------------------|-----------------|------|------------------|---|-----------------|---|-----------------|---|
|                           | Millions of yen | %    | Millions of yen  | % | Millions of yen | % | Millions of yen | % |
| Year ended March 31, 2021 | 714,821         | △0.1 | (528)            | - | (2,422)         | - | (1,293)         | - |
| Year ended March 31, 2020 | 715,768         | △9.5 | (27,434)         | - | (8,370)         | - | (17,240)        | - |

|                           | Basic earnings per share |  | Diluted earnings per share |  |
|---------------------------|--------------------------|--|----------------------------|--|
|                           | Yen                      |  | Yen                        |  |
| Year ended March 31, 2021 | (3.74)                   |  | -                          |  |
| Year ended March 31, 2020 | (49.63)                  |  | -                          |  |

(2) Non-consolidated Financial Position

|                      | Total assets    |  | Net assets      |  | Equity-to-asset ratio |  | Net assets per share |  |
|----------------------|-----------------|--|-----------------|--|-----------------------|--|----------------------|--|
|                      | Millions of yen |  | Millions of yen |  | %                     |  | Yen                  |  |
| As of March 31, 2021 | 733,553         |  | 308,904         |  | 42.1                  |  | 892.84               |  |
| As of March 31, 2020 | 678,957         |  | 331,393         |  | 48.8                  |  | 957.97               |  |

(Reference) Shareholders' equity: As of March 31, 2021 ¥308,904 million As of March 31, 2020 ¥331,393 million

※This report is not audited by certified public accountants nor auditors.

※Explanation of appropriate use of forecast and other special items

(Cautionary statement concerning forward-looking statements)

This report includes forward-looking statements that are based on management's view from the information available at the time of the announcement. These statements are subject to various risks and uncertainties. Actual results may be materially different from those discussed in the forward-looking statements. The factors that may affect Epson include, but are not limited to, general economic conditions, the ability of Epson to continue to timely introduce new products and services in markets, consumption trends, competition, technology trends, and exchange rate fluctuations.

Assumptions for the forecasts and warnings for users of the forecasts are available on "Outlook".

(How to access supplementary explanations and details of briefing on financial results)

The Company is scheduled to hold a briefing for analysts on financial results on Wednesday, April 28, 2021 and to post materials used at the briefing on the Company's website on that day.

U.S. dollar amounts are presented for the convenience of the readers. This translation should not be construed to imply that the yen amounts actually represent, or have been or could be converted into, equivalent amounts in U.S. dollars. The exchange rate of ¥110.685 = U.S.\$1 at the end of the reporting period has been used for the purpose of presentation.

## Operating Performance Highlights and Financial Condition

### Operating Results Overview

There is ongoing uncertainty regarding the prospect of an end to the COVID-19 epidemic, but the global economy in the year under review is generally headed toward improvement thanks to economic measures introduced in each country and higher vaccination rates, but the level of recovery varies by country, region, and industry. Moreover, with consumer demand rising as the global economy recovers, supply chain problems have become evident, including shortages of shipping containers, electronic parts, and semiconductors, so Epson will continue to closely watch trends going forward. Emerging economies in some regions such as India, Southeast Asia, and part of Latin America continue to face difficult economic conditions due to ongoing restrictions on economic activity, but economic activity in China continues to gradually recover. Developed countries are expected to rebound from bottom, but some countries and regions are seeing a resurgence in infections, so the situation needs to be closely monitored. The average exchange rates of the yen against the U.S. dollar and of the yen against the euro during the year were ¥106.01 and ¥123.67, respectively. This represents a 3% appreciation of the yen against the dollar and a 2% depreciation of the yen against the euro compared to the same period last year. The yen also rose against the currencies of some emerging countries, in places such as Latin America.

Revenue totaled ¥995.9 billion, a decline of 4.6% year on year. In developed countries and in some emerging countries, the pandemic caused a spike in at-home print demand that resulted in increased revenue in the inkjet printer business. However, revenue was hit hard by decreased demand in emerging markets where economic activity was restricted. Business profit was ¥61.6 billion, up 50.9% year on year. Even though the decrease in revenue had a significant negative impact on business profit, a rise in at-home print demand drove sales of inkjet printers and consumables higher. Profit also rose because Epson immediately began cutting costs across the Epson Group in reaction to the spread of COVID-19. Profit from operating activities was ¥47.6 billion, up 20.7% year on year. Profit before tax was ¥44.9 billion, up 13.1% year on year. And profit for the period attributable to owners of the parent company was ¥30.9 billion, up 299.9% year on year.

A breakdown of the financial results in each reporting segment is provided below.

### Printing Solutions Segment

Printer business revenue increased. Office and home inkjet printer demand soared as more people began working and learning from home. High-capacity ink tank printer and ink cartridge printer revenue increased in part due to an increase in selling prices. However, sales were tempered by the pandemic, which resulted in an inability to supply enough product due to shipping delays caused by temporary factory shutdowns and production limitations, a shortage of shipping containers, and port congestion. Consumables revenue increased owing to actions taken to increase production to meet rising at-home print demand. Serial impact dot matrix printer revenue decreased due to negative foreign exchange effects and a decline in sales associated with a market contraction.

Revenue in the professional printing business decreased. Commercial and industrial inkjet printer and consumables sales fell sharply in the first quarter due to a combination of negative foreign exchange effects and restrictions on economic activity around the world due to the pandemic. However, revenue for the year increased owing primarily to strength in the remaining three quarters, resulting from the capture of large orders for photo and proofing printers and strong sales of corporate printers, CAD

printers, and dye-sublimation transfer printers. POS system product revenue decreased. This was both a counteraction to the extra demand generated last year by tax reforms in Italy and a result of demand that was weakened by the restrictions on economic activity due to the pandemic.

Other revenue decreased compared to the same period last year, when PC demand rose as users sought to upgrade their operating systems.

Printing solutions segment profit increased despite negative foreign exchange effects because inkjet printer selling prices rose, sales of consumables increased, and we rigorously selected and sharply curtailed spending projects.

As a result of the foregoing factors, revenue in the printing solutions segment was ¥707.7 billion, down 0.1% year on year. Segment profit was ¥108.5 billion, up 43.5% year on year.

## Visual Communications Segment

Visual communications revenue decreased despite wins in the education market as schools reopened and despite increased demand in the home segment. The decrease was due to a combination of factors, including restrictions placed on economic activity around the world to slow the spread of COVID-19, the postponement or cancellation of events, the continued shrinkage of the projector market due to the incursion of flat panel displays, and product supply shortages due to shipping delays.

Epson was rigorously selective about spending projects and sharply cut costs. Nevertheless, visual communications segment profit decreased due to lower revenue.

As a result of the foregoing factors, revenue in the visual communications segment was ¥141.4 billion, down 22.8% year on year. Segment profit was ¥1.3 billion, down 90.1% year on year.

## Wearable & Industrial Products Segment

Wearable products business revenue fell sharply primarily as a result of the pandemic, which caused dealers and distributors around the world to voluntarily close and limited economic activity. Furthermore, COVID-19 infections in Japan caused year-end demand to slump while demand from travelers to Japan vanished.

Robotics solutions revenue rose sharply on contract wins in China that boosted unit sales.

Microdevices business revenue increased amid a recent surge in demand for crystal devices in the PC and healthcare markets and for foundry services in the semiconductor business.

Segment profit in the wearable and industrial products segment was muted by the effects of lower revenue in the wearable products business yet still increased owing to spending controls and spending cuts.

As a result of the foregoing factors, revenue in the wearable and industrial products segment was ¥148.6 billion, down 2.8% year on year. Segment profit was ¥3.2 billion, up 75.0% year on year.

Epson also recorded a ¥7.5 billion impairment loss in the wearable products business due to the decline in profitability and changes in business strategy.

## Other

Other revenue amounted to ¥0.8 billion, down 12.2% year on year. Segment loss was ¥0.6 billion, compared to a segment loss of ¥0.5 billion last year.

## Adjustments

Adjustments to the total profit of reporting segments amounted to negative ¥50.8 billion. (Adjustments in the previous fiscal year were negative ¥49.6 billion.) The main components of the adjustment were basic technology research and development expenses that do not correspond to the reporting segments and expenses associated with things such as new businesses and corporate functions.

## Financial Position Overview

Total assets at the end of the fiscal year were ¥1,161.3 billion, an increase of ¥120.4 billion from the previous fiscal year end. Total assets increased chiefly because cash and cash equivalents increased by ¥107.7 billion primarily due to bonds issued, and because of a ¥22.9 billion increase in inventories.

Total liabilities were ¥608.3 billion, up ¥73.4 billion compared to the end of the last fiscal year. Total liabilities increased mainly because of a ¥56.2 billion increase in bonds and borrowings and lease liabilities due to an issue of green bonds and because of an ¥13.1 billion increase in other current liabilities.

The equity attributable to owners of the parent company totaled ¥550.9 billion, a ¥47.1 billion increase compared to the previous fiscal year end. While Epson recorded ¥30.9 billion in profit for the year attributable to owners of the parent company and recorded ¥37.6 billion in other comprehensive income, the primary component of which was the remeasurement of the defined benefit plan, there were ¥21.4 billion in dividend payments.

## Cash Flows Overview

Net cash from operating activities during the year totaled ¥133.2 billion. The total for the previous year was ¥102.3 billion. Whereas Epson recorded a ¥30.9 billion profit for the period, there were negative factors such as a ¥12.8 billion increase in inventories. However, net cash was positively affected by the recording of ¥69.8 billion in depreciation and amortization and a ¥13.1 billion increase in trade payables. Net cash used in investing activities totaled ¥57.4 billion (compared to ¥76.1 billion in the previous year), mainly because Epson used ¥55.8 billion in the acquisition of property, plant, equipment and purchase of intangible assets.

Although Epson paid ¥21.4 billion in dividends and repaid ¥14.0 billion in long-term loans payable, net cash from financing activities totaled ¥23.1 billion (compared to ¥0.2 billion last year), chiefly due to a ¥69.6 billion issue of corporate bonds.

As a result, cash and cash equivalents at the end of the fiscal year totaled ¥304.0 billion (compared to ¥196.2 billion at the end of the previous fiscal year).

## Outlook

The financial outlook for the 2021 fiscal year ending March 31, 2022 is summarized below. The figures in the outlook are based on assumed exchange rates of 107.00 yen to the U.S. dollar and 127.00 yen to the euro.

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## Consolidated Full-Year Financial Outlook

|  | FY2020<br>Result | FY2021<br>Plan   | Change         |          |
|--|------------------|------------------|----------------|----------|
| Revenue  | ¥995.9 billion   | ¥1,070.0 billion | +¥74.0 billion | (+7.4%)  |
| Business profit  | ¥61.6 billion    | ¥60.0 billion    | -¥1.6 billion  | (-2.7%)  |
| Profit from operating activities                                 | ¥47.6 billion    | ¥57.0 billion    | +¥9.3 billion  | (+19.6%) |
| Profit before tax  | ¥44.9 billion    | ¥55.0 billion    | +¥10.0 billion | (+22.4%) |
| Profit for the period  | ¥30.9 billion    | ¥38.0 billion    | +¥7.0 billion  | (+22.6%) |
| Profit for the year attributable to owners of the parent company | ¥30.9 billion    | ¥38.0 billion    | +¥7.0 billion  | (+22.9%) |
| Exchange rates   | 1 USD = ¥106.01  | 1 USD = ¥107.00  |                |          |
|  | 1 EUR = ¥123.67  | 1 EUR = ¥127.00  |                |          |

**Consolidated Statement of Financial Position****Years ended March 31, 2020 and 2021:**

|   | Millions of yen   |                   | Thousands of<br>U.S. dollars |
|---|-------------------|-------------------|------------------------------|
|   | March 31,<br>2020 | March 31,<br>2021 | March 31,<br>2021            |
| <u>Assets</u>                                     |                   |                   |                              |
| Current assets                                    |                   |                   |                              |
| Cash and cash equivalents                         | 196,262           | 304,007           | 2,746,596                    |
| Trade and other receivables                       | 157,782           | 161,332           | 1,457,577                    |
| Inventories                                       | 233,434           | 256,366           | 2,316,176                    |
| Income tax receivables                            | 5,217             | 3,518             | 31,783                       |
| Other financial assets                            | 3,159             | 1,156             | 10,444                       |
| Other current assets                              | 13,989            | 13,160            | 118,895                      |
| Subtotal  | 609,846           | 739,540           | 6,681,483                    |
| Assets held for sale                              | -                 | 457               | 4,128                        |
| Total current assets                              | 609,846           | 739,997           | 6,685,612                    |
| Non-current assets                                |                   |                   |                              |
| Property, plant and equipment                     | 360,517           | 344,637           | 3,113,673                    |
| Intangible assets                                 | 29,052            | 27,976            | 252,753                      |
| Investment property                               | 1,043             | 1,246             | 11,257                       |
| Investments accounted for using the equity method | 1,512             | 1,718             | 15,521                       |
| Net defined benefit assets                        | 33                | 140               | 1,264                        |
| Other financial assets                            | 16,959            | 20,213            | 182,617                      |
| Other non-current assets                          | 1,871             | 1,614             | 14,581                       |
| Deferred tax assets                               | 20,072            | 23,770            | 214,753                      |
| Total non-current assets                          | 431,064           | 421,317           | 3,806,450                    |
| Total assets                                      | 1,040,910         | 1,161,314         | 10,492,063                   |

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|  | Millions of yen   |                   | Thousands of<br>U.S. dollars |
|--|-------------------|-------------------|------------------------------|
|  | March 31,<br>2020 | March 31,<br>2021 | March 31,<br>2021            |
| <b>Liabilities and equity</b>                              |                   |                   |                              |
| <b>Liabilities</b>   |                   |                   |                              |
| <b>Current liabilities</b>                                 |                   |                   |                              |
| Trade and other payables                                   | 125,069           | 134,149           | 1,211,988                    |
| Income tax payables  | 3,286             | 7,305             | 65,998                       |
| Bonds issued, borrowings and lease liabilities             | 22,320            | 28,127            | 254,117                      |
| Other financial liabilities                                | 363               | 2,361             | 21,330                       |
| Provisions   | 11,406            | 11,014            | 99,507                       |
| Other current liabilities                                  | 109,827           | 122,973           | 1,111,017                    |
| <b>Subtotal</b>  | <b>272,274</b>    | <b>305,931</b>    | <b>2,763,978</b>             |
| Liabilities directly associated with assets held for sale  | -                 | 12                | 108                          |
| <b>Total current liabilities</b>                           | <b>272,274</b>    | <b>305,943</b>    | <b>2,764,087</b>             |
| <b>Non-current liabilities</b>                             |                   |                   |                              |
| Bonds issued, borrowings and lease liabilities             | 187,362           | 237,780           | 2,148,258                    |
| Other financial liabilities                                | 1,877             | 2,730             | 24,664                       |
| Net defined benefit liabilities                            | 52,964            | 33,087            | 298,929                      |
| Provisions   | 7,585             | 7,757             | 70,081                       |
| Other non-current liabilities                              | 11,814            | 13,483            | 121,814                      |
| Deferred tax liabilities                                   | 993               | 7,582             | 68,500                       |
| <b>Total non-current liabilities</b>                       | <b>262,598</b>    | <b>302,421</b>    | <b>2,732,267</b>             |
| <b>Total liabilities</b>                                   | <b>534,873</b>    | <b>608,365</b>    | <b>5,496,363</b>             |
| <b>Equity</b>  |                   |                   |                              |
| Share capital  | 53,204            | 53,204            | 480,679                      |
| Capital surplus  | 84,434            | 84,418            | 762,686                      |
| Treasury shares  | (40,953)          | (40,874)          | (369,282)                    |
| Other components of equity                                 | 37,451            | 54,869            | 495,722                      |
| Retained earnings  | 369,609           | 399,306           | 3,607,589                    |
| <b>Equity attributable to owners of the parent company</b> | <b>503,746</b>    | <b>550,924</b>    | <b>4,977,404</b>             |
| Non-controlling interests                                  | 2,290             | 2,025             | 18,295                       |
| <b>Total equity</b>  | <b>506,037</b>    | <b>552,949</b>    | <b>4,995,699</b>             |
| <b>Total liabilities and equity</b>                        | <b>1,040,910</b>  | <b>1,161,314</b>  | <b>10,492,063</b>            |

**Consolidated Statement of Comprehensive Income****Years ended March 31, 2020 and 2021:**

|  | Millions of yen |           | Thousands of      |
|--|-----------------|-----------|-------------------|
|  | Year ended      |           | U.S. dollars      |
|  | March 31,       |           | Year ended        |
|  | 2020            | 2021      | March 31,<br>2021 |
| Revenue  | 1,043,600       | 995,940   | 8,997,967         |
| Cost of sales  | (681,600)       | (643,563) | (5,814,365)       |
| Gross profit   | 362,000         | 352,377   | 3,183,602         |
| Selling, general and administrative expenses                         | (321,138)       | (290,735) | (2,626,688)       |
| Other operating income   | 5,181           | 3,225     | 29,136            |
| Other operating expense  | (6,563)         | (17,213)  | (155,513)         |
| Profit from operating activities                                     | 39,479          | 47,654    | 430,537           |
| Finance income   | 2,306           | 1,317     | 11,898            |
| Finance costs  | (2,150)         | (4,137)   | (37,376)          |
| Share of profit of investments accounted for using the equity method | 77              | 99        | 894               |
| Profit before tax  | 39,713          | 44,933    | 405,953           |
| Income taxes   | (31,889)        | (13,937)  | (125,915)         |
| Profit for the period  | 7,823           | 30,995    | 280,028           |
| Profit for the period attributable to:                               |                 |           |                   |
| Owners of the parent company   | 7,733           | 30,922    | 279,369           |
| Non-controlling interests  | 90              | 73        | 659               |
| Profit for the period  | 7,823           | 30,995    | 280,028           |

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|  | Millions of yen |         | Thousands of      |
|--|-----------------|---------|-------------------|
|  | Year ended      |         | U.S. dollars      |
|  | March 31,       |         | Year ended        |
|  | 2020            | 2021    | March 31,<br>2021 |
| Other comprehensive income   |                 |         |                   |
| Items that will not be reclassified subsequently to profit or loss, net of tax           |                 |         |                   |
| Remeasurement of net defined benefit liabilities (assets)                                | 2,442           | 20,220  | 182,680           |
| Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)             | (1,475)         | 1,505   | 13,597            |
| Subtotal   | 967             | 21,726  | 196,286           |
| Items that may be reclassified subsequently to profit or loss, net of tax                |                 |         |                   |
| Exchange differences on translation of foreign operations                                | (13,068)        | 17,172  | 155,142           |
| Net changes in fair value of cash flow hedges  | 441             | (1,130) | (10,209)          |
| Share of other comprehensive income of investments accounted for using the equity method | (33)            | 54      | 487               |
| Subtotal   | (12,660)        | 16,096  | 145,421           |
| Total other comprehensive income, net of tax   | (11,693)        | 37,822  | 341,708           |
| Total comprehensive income for the period  | (3,869)         | 68,818  | 621,746           |
| Total comprehensive income for the period attributable to:                               |                 |         |                   |
| Owners of the parent company   | (3,783)         | 68,564  | 619,451           |
| Non-controlling interests  | (86)            | 254     | 2,294             |
| Total comprehensive income for the period  | (3,869)         | 68,818  | 621,746           |

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

|   | Yen        |       | U.S. dollars |
|---|------------|-------|--------------|
|   | Year ended |       | Year ended   |
|   | March 31,  |       | March 31,    |
|   | 2020       | 2021  | 2021         |
| Earnings per share for the period:        |            |       |              |
| Basic earnings per share for the period   | 22.26      | 89.38 | 0.81         |
| Diluted earnings per share for the period | 22.25      | 89.35 | 0.81         |

**Consolidated Statement of Changes in Equity****Years ended March 31, 2020 and 2021**

|   | Millions of yen                                     |                 |                 |  |   |   |                                  |          |                   |   |                           |              |
|---|---|-----------------|-----------------|--|---|---|----------------------------------|----------|-------------------|---|---------------------------|--------------|
|   | Equity attributable to owners of the parent company |                 |                 |  |   |   |                                  |          | Retained earnings | Total equity attributable to owners of the parent company | Non-controlling interests | Total equity |
|   | Share capital                                       | Capital surplus | Treasury shares | Other components of equity   |   |   |                                  |          |                   |   |                           |              |
| Remeasurement of net defined benefit liabilities (assets)     |   |                 |                 | Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note) | Exchange differences on translation of foreign operations | Net changes in fair value of cash flow hedges | Total other components of equity |          |                   |   |                           |              |
| As of April 1, 2019   | 53,204  | 84,427          | (30,788)        | —  | 2,234   | 48,069  | 136                              | 50,440   | 382,897           | 540,181   | 2,565                     | 542,747      |
| Cumulative effects of change in accounting policy             | —   | —               | —               | —  | —   | —   | —                                | —        | (847)             | (847)   | —                         | (847)        |
| As of April 1, 2019 (restated)                                | 53,204  | 84,427          | (30,788)        | —  | 2,234   | 48,069  | 136                              | 50,440   | 382,049           | 539,333   | 2,565                     | 541,899      |
| Profit for the period   | —   | —               | —               | —  | —   | —   | —                                | —        | 7,733             | 7,733   | 90                        | 7,823        |
| Other comprehensive income                                    | —   | —               | —               | 2,442  | (1,475)   | (12,925)                                      | 441                              | (11,516) | —                 | (11,516)  | (176)                     | (11,693)     |
| Total comprehensive income for the period                     | —   | —               | —               | 2,442  | (1,475)   | (12,925)                                      | 441                              | (11,516) | 7,733             | (3,783)   | (86)                      | (3,869)      |
| Acquisition of treasury shares                                | —   | —               | (10,224)        | —  | —   | —   | —                                | —        | —                 | (10,224)  | —                         | (10,224)     |
| Dividends   | —   | —               | —               | —  | —   | —   | —                                | —        | (21,646)          | (21,646)  | (188)                     | (21,835)     |
| Share-based payment transactions                              | —   | 7               | 59              | —  | —   | —   | —                                | —        | —                 | 66  | —                         | 66           |
| Transfer from other components of equity to retained earnings | —   | —               | —               | (2,442)  | 970   | —   | —                                | (1,472)  | 1,472             | —   | —                         | —            |
| Total transactions with the owners                            | —   | 7               | (10,164)        | (2,442)  | 970   | —   | —                                | (1,472)  | (20,173)          | (31,803)  | (188)                     | (31,992)     |
| As of March 31, 2020  | 53,204  | 84,434          | (40,953)        | —  | 1,729   | 35,144  | 577                              | 37,451   | 369,609           | 503,746   | 2,290                     | 506,037      |

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

# SEIKO EPSON CORPORATION

Millions of yen

|   | Equity attributable to owners of the parent company |                 |                 |   |  |   |   |                                  |                   |   |                           |          | Total equity |
|---|---|-----------------|-----------------|---|--|---|---|----------------------------------|-------------------|---|---------------------------|----------|--------------|
|   | Equity attributable to owners of the parent company |                 |                 | Other components of equity                                |  |   |   |                                  | Retained earnings | Total equity attributable to owners of the parent company | Non-controlling interests |          |              |
|   | Share capital                                       | Capital surplus | Treasury shares | Remeasurement of net defined benefit liabilities (assets) | Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note) | Exchange differences on translation of foreign operations | Net changes in fair value of cash flow hedges | Total other components of equity |                   |   |                           |          |              |
| As of April 1, 2020   | 53,204  | 84,434          | (40,953)        | -   | 1,729  | 35,144  | 577   | 37,451                           | 369,609           | 503,746   | 2,290                     | 506,037  |              |
| Profit for the period   | -   | -               | -               | -   | -  | -   | -   | -                                | 30,922            | 30,922  | 73                        | 30,995   |              |
| Other comprehensive income                                    | -   | -               | -               | 20,220  | 1,503  | 17,047  | (1,130)                                       | 37,641                           | -                 | 37,641  | 181                       | 37,822   |              |
| Total comprehensive income for the period                     | -   | -               | -               | 20,220  | 1,503  | 17,047  | (1,130)                                       | 37,641                           | 30,922            | 68,564  | 254                       | 68,818   |              |
| Acquisition of treasury shares                                | -   | -               | (1)             | -   | -  | -   | -   | -                                | -                 | (1)   | -                         | (1)      |              |
| Dividends   | -   | -               | -               | -   | -  | -   | -   | -                                | (21,449)          | (21,449)  | (519)                     | (21,968) |              |
| Share-based payment transactions                              | -   | (16)            | 80              | -   | -  | -   | -   | -                                | -                 | 63  | -                         | 63       |              |
| Transfer from other components of equity to retained earnings | -   | -               | -               | (20,220)  | (3)  | -   | -   | (20,224)                         | 20,224            | -   | -                         | -        |              |
| Total transactions with the owners                            | -   | (16)            | 78              | (20,220)  | (3)  | -   | -   | (20,224)                         | (1,225)           | (21,386)  | (519)                     | (21,906) |              |
| As of March 31, 2021  | 53,204  | 84,418          | (40,874)        | -   | 3,229  | 52,192  | (552)   | 54,869                           | 399,306           | 550,924   | 2,025                     | 552,949  |              |

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

Thousands of U.S. dollars

|   | Equity attributable to owners of the parent company |                 |                 |   |  |   |   |                                  |                   |   |                           |           | Total equity |
|---|---|-----------------|-----------------|---|--|---|---|----------------------------------|-------------------|---|---------------------------|-----------|--------------|
|   | Equity attributable to owners of the parent company |                 |                 | Other components of equity                                |  |   |   |                                  | Retained earnings | Total equity attributable to owners of the parent company | Non-controlling interests |           |              |
|   | Share capital                                       | Capital surplus | Treasury shares | Remeasurement of net defined benefit liabilities (assets) | Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note) | Exchange differences on translation of foreign operations | Net changes in fair value of cash flow hedges | Total other components of equity |                   |   |                           |           |              |
| As of April 1, 2020   | 480,679   | 762,831         | (369,995)       | -   | 15,620   | 317,513   | 5,212   | 338,356                          | 3,339,287         | 4,551,167   | 20,689                    | 4,571,866 |              |
| Profit for the period   | -   | -               | -               | -   | -  | -   | -   | -                                | 279,369           | 279,369   | 659                       | 280,028   |              |
| Other comprehensive income                                    | -   | -               | -               | 182,680   | 13,579   | 154,013   | (10,209)                                      | 340,073                          | -                 | 340,073   | 1,635                     | 341,708   |              |
| Total comprehensive income for the period                     | -   | -               | -               | 182,680   | 13,579   | 154,013   | (10,209)                                      | 340,073                          | 279,369           | 619,451   | 2,294                     | 621,746   |              |
| Acquisition of treasury shares                                | -   | -               | (9)             | -   | -  | -   | -   | -                                | -                 | (9)   | -                         | (9)       |              |
| Dividends   | -   | -               | -               | -   | -  | -   | -   | -                                | (193,784)         | (193,784)   | (4,688)                   | (198,473) |              |
| Share-based payment transactions                              | -   | (144)           | 722             | -   | -  | -   | -   | -                                | -                 | 569   | -                         | 569       |              |
| Transfer from other components of equity to retained earnings | -   | -               | -               | (182,680)   | (27)   | -   | -   | (182,716)                        | 182,716           | -   | -                         | -         |              |
| Total transactions with the owners                            | -   | (144)           | 704             | (182,680)   | (27)   | -   | -   | (182,716)                        | (11,067)          | (193,214)   | (4,688)                   | (197,912) |              |
| As of March 31, 2021  | 480,679   | 762,686         | (369,282)       | -   | 29,172   | 471,536   | (4,987)                                       | 495,722                          | 3,607,589         | 4,977,404   | 18,295                    | 4,995,699 |              |

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

**Consolidated Statement of Cash Flows****Years ended March 31, 2020 and 2021:**

|  | Millions of yen |                 | Thousands of      |
|--|-----------------|-----------------|-------------------|
|  | Year ended      |                 | U.S. dollars      |
|  | March 31,       |                 | Year ended        |
|  | 2020            | 2021            | March 31,<br>2021 |
| <b>Cash flows from operating activities</b>  |                 |                 |                   |
| Profit (loss) for the period   | 7,823           | 30,995          | 280,028           |
| Depreciation and amortisation  | 68,416          | 69,852          | 631,088           |
| Impairment loss (reversal of impairment loss)  | 581             | 7,823           | 70,678            |
| Finance (income) costs   | (156)           | 2,820           | 25,477            |
| Share of (profit) loss of investments accounted for using the equity method                                  | (77)            | (99)            | (894)             |
| Loss (gain) on sale and disposal of property, plant and equipment, intangible assets and investment property | 672             | 316             | 2,854             |
| Income taxes   | 31,889          | 13,937          | 125,915           |
| Decrease (increase) in trade receivables   | 12,407          | (1,004)         | (9,070)           |
| Decrease (increase) in inventories   | 9,224           | (12,865)        | (116,230)         |
| Increase (decrease) in trade payables  | (11,420)        | 13,151          | 118,814           |
| Increase (decrease) in net defined benefit liabilities   | 1,863           | 2,888           | 26,092            |
| Other  | (10,136)        | 14,779          | 133,523           |
| <b>Subtotal</b>  | <b>111,088</b>  | <b>142,595</b>  | <b>1,288,295</b>  |
| Interest and dividends income received   | 2,084           | 1,365           | 12,332            |
| Interest expenses paid   | (1,181)         | (1,111)         | (10,037)          |
| Proceeds from insurance income   | 2,614           | 339             | 3,062             |
| Income taxes paid  | (12,281)        | (9,966)         | (90,039)          |
| <b>Net cash from (used in) operating activities</b>  | <b>102,324</b>  | <b>133,222</b>  | <b>1,203,613</b>  |
| <b>Cash flows from investing activities</b>  |                 |                 |                   |
| Purchase of investment securities  | (1,041)         | (297)           | (2,683)           |
| Proceeds from sales of investment securities   | 25              | 26              | 234               |
| Purchase of property, plant and equipment  | (65,250)        | (47,504)        | (429,181)         |
| Proceeds from sale of property, plant and equipment  | 840             | 467             | 4,219             |
| Purchase of intangible assets  | (10,457)        | (8,371)         | (75,629)          |
| Proceeds from sale of intangible assets  | 14              | 21              | 189               |
| Proceeds from sale of investment property  | 16              | -               | -                 |
| Other  | (280)           | (1,790)         | (16,172)          |
| <b>Net cash from (used in) investing activities</b>  | <b>(76,131)</b> | <b>(57,448)</b> | <b>(519,022)</b>  |
| <b>Cash flows from financing activities</b>  |                 |                 |                   |
| Net increase (decrease) in current borrowings  | (9,816)         | (889)           | (8,031)           |
| Proceeds from non-current borrowings   | 29,948          | -               | -                 |
| Repayment of non-current borrowings  | -               | (14,000)        | (126,485)         |
| Proceeds from issuance of bonds issued   | 29,846          | 69,676          | 629,498           |
| Redemption of bonds issued   | (10,000)        | -               | -                 |
| Payment of lease liabilities   | (8,203)         | (9,667)         | (87,337)          |
| Dividends paid   | (21,646)        | (21,449)        | (193,784)         |
| Dividends paid to non-controlling interests  | (188)           | (519)           | (4,688)           |
| Purchase of treasury shares  | (10,224)        | (1)             | (9)               |
| <b>Net cash from (used in) financing activities</b>  | <b>(283)</b>    | <b>23,150</b>   | <b>209,152</b>    |
| Effect of exchange rate changes on cash and cash equivalents   | (4,901)         | 8,837           | 79,839            |
| <b>Net increase (decrease) in cash and cash equivalents</b>  | <b>21,007</b>   | <b>107,761</b>  | <b>973,582</b>    |
| Cash and cash equivalents at beginning of period   | 175,238         | 196,245         | 1,773,004         |
| Cash and cash equivalents at end of period   | 196,245         | 304,007         | 2,746,596         |

## Notes to Consolidated Financial Statements

### 1. Note for Going Concern Assumption

Not applicable.

### 2. Segment Information

#### (1) Outline of Reportable Segments

The reportable segments of Epson are determined based on the operating segments that are components of Epson for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors in deciding how to allocate resources and in assessing performance.

The reportable segments of Epson are composed of three segments: "Printing Solutions", "Visual Communications" and "Wearable & Industrial Products". They are determined by types of products, nature of products, and markets.

Epson conducts development, manufacturing and sales within its reportable segments as follows:

| Reportable segments            | Main products  |
|--------------------------------|--|
| Printing Solutions             | Office/ Home inkjet printers, serial impact dot matrix printers, page printers, color image scanners, dry process office papermaking systems, commercial and industrial inkjet printers, printers for use in POS systems, inkjet printheads, printer consumables, personal computers and others. |
| Visual Communications          | 3LCD projectors, smart glasses and others.   |
| Wearable & Industrial Products | Wristwatches, watch movements, industrial robots, IC handlers, quartz crystal devices, semiconductors, metal powders, surface finishing and others.  |

# SEIKO EPSON CORPORATION

## (2) Revenues and Performances of Reportable Segments

Revenues and performances of reportable segments were as follows. Transfer prices between the segments were based on prevailing market prices.

FY2019: Year ended March 31, 2020

|   | Reportable segments   |                               |                                      | Subtotal  | Other<br>(Note 2) | Adjustments<br>(Note 3) | Consolidated  |         |
|---|-----------------------|-------------------------------|--------------------------------------|-----------|-------------------|-------------------------|---|---------|
|   | Printing<br>Solutions | Visual<br>Communi-<br>cations | Wearable &<br>Industrial<br>Products |           |                   |                         |   |         |
| Millions of yen   |                       |                               |                                      |           |                   |                         |   |         |
| <b>Revenue</b>  |                       |                               |                                      |           |                   |                         |   |         |
| External revenues   | 707,816               | 183,345                       | 145,072                              | 1,036,234 | 186               | 7,179                   | 1,043,600   |         |
| Intersegment revenues   | 787                   | 0                             | 7,887                                | 8,675     | 735               | (9,411)                 | -   |         |
| Total revenue   | 708,604               | 183,345                       | 152,959                              | 1,044,910 | 921               | (2,231)                 | 1,043,600   |         |
| <b>Segment profit (loss)</b>                                  |                       |                               |                                      |           |                   |                         |   |         |
| (Business profit)<br>(Note 1)                                 | 75,680                | 13,558                        | 1,839                                | 91,077    | (588)             | (49,627)                | 40,861  |         |
|   |                       |                               |                                      |           |                   |                         | Other operating income (expense)  | (1,381) |
|   |                       |                               |                                      |           |                   |                         | Profit from operating activities  | 39,479  |
|   |                       |                               |                                      |           |                   |                         | Finance income (costs)  | 156     |
|   |                       |                               |                                      |           |                   |                         | Share of profit of investments accounted<br>for using the equity method | 77      |
|   |                       |                               |                                      |           |                   |                         | Profit before tax   | 39,713  |
| <b>Other items</b>  |                       |                               |                                      |           |                   |                         |   |         |
|   | Reportable segments   |                               |                                      | Subtotal  | Other<br>(Note 2) | Adjustments<br>(Note 4) | Consolidated  |         |
|   | Printing<br>Solutions | Visual<br>Communi-<br>cations | Wearable &<br>Industrial<br>Products |           |                   |                         |   |         |
| Depreciation and<br>amortisation                              | (37,736)              | (11,784)                      | (10,327)                             | (59,848)  | (18)              | (7,956)                 | (67,822)  |         |
| Impairment losses of<br>assets other than<br>financial assets | (0)                   | (0)                           | (195)                                | (197)     | -                 | (384)                   | (581)   |         |
| Segment assets  | 440,822               | 124,694                       | 147,992                              | 713,510   | 210               | 327,190                 | 1,040,910   |         |
| Capital expenditures  | 43,575                | 14,141                        | 14,777                               | 72,493    | 9                 | 7,587                   | 80,090  |         |

(Note 1) Segment profit (loss) (Business profit) is calculated by subtracting Cost of sales and Selling, general and administrative expenses from Revenue.

(Note 2) "Other" consists of the intra-group services.

(Note 3) "Adjustments" to Segment profit (loss) (Business profit) of (¥49,627) million comprised "Eliminations" of ¥674 million and "Corporate expenses" of (¥50,302) million. "Corporate expenses" included expenses relating to research and development for basic technology and expenses relating to new businesses and general corporate functions which are not attributed to reportable segments.

(Note 4) "Adjustments" to Segment assets of ¥327,190 million comprised "Eliminations" of (¥5,579) million and "Corporate assets" of ¥332,769 million.

# SEIKO EPSON CORPORATION

FY2020: Year ended March 31, 2021

Millions of yen

|   | Reportable segments   |                               |                                      | Subtotal | Other<br>(Note 2) | Adjustments<br>(Note 3) | Consolidated  |          |
|---|-----------------------|-------------------------------|--------------------------------------|----------|-------------------|-------------------------|---|----------|
|   | Printing<br>Solutions | Visual<br>Communi-<br>cations | Wearable &<br>Industrial<br>Products |          |                   |                         |   |          |
| <b>Revenue</b>  |                       |                               |                                      |          |                   |                         |   |          |
| External revenues   | 707,563               | 141,468                       | 140,595                              | 989,626  | 190               | 6,123                   | 995,940   |          |
| Intersegment revenues   | 192                   | 1                             | 8,101                                | 8,294    | 618               | (8,913)                 | -   |          |
| Total revenue   | 707,755               | 141,469                       | 148,696                              | 997,921  | 809               | (2,789)                 | 995,940   |          |
| <b>Segment profit (loss)</b>                                  |                       |                               |                                      |          |                   |                         |   |          |
| (Business profit)<br>(Note 1)                                 | 108,587               | 1,348                         | 3,218                                | 113,154  | (619)             | (50,893)                | 61,642  |          |
|   |                       |                               |                                      |          |                   |                         | Other operating income (expense)  | (13,988) |
|   |                       |                               |                                      |          |                   |                         | Profit from operating activities  | 47,654   |
|   |                       |                               |                                      |          |                   |                         | Finance income (costs)  | (2,820)  |
|   |                       |                               |                                      |          |                   |                         | Share of profit of investments accounted<br>for using the equity method | 99       |
|   |                       |                               |                                      |          |                   |                         | Profit before tax   | 44,933   |
| <b>Other items</b>  |                       |                               |                                      |          |                   |                         |   |          |
|   | Reportable segments   |                               |                                      | Subtotal | Other<br>(Note 2) | Adjustments<br>(Note 4) | Consolidated  |          |
|   | Printing<br>Solutions | Visual<br>Communi-<br>cations | Wearable &<br>Industrial<br>Products |          |                   |                         |   |          |
| Depreciation and<br>amortisation                              | (38,112)              | (13,062)                      | (10,094)                             | (61,269) | (14)              | (8,152)                 | (69,436)  |          |
| Impairment losses of<br>assets other than<br>financial assets | (0)                   | (60)                          | (Note5)<br>(7,763)                   | (7,823)  | -                 | (0)                     | (7,823)   |          |
| Segment assets  | 455,236               | 121,029                       | 134,684                              | 710,950  | 187               | 450,176                 | 1,161,314   |          |
| Capital expenditures  | 27,285                | 8,078                         | 10,514                               | 45,878   | 62                | 6,937                   | 52,878  |          |

(Note 1) Segment profit (loss) (Business profit) is calculated by subtracting Cost of sales and Selling, general and administrative expenses from Revenue.

(Note 2) "Other" consists of the intra-group services.

(Note 3) "Adjustments" to Segment profit (loss) (Business profit) of (¥50,893) million comprised "Eliminations" of ¥616 million and "Corporate expenses" of (¥51,509) million. "Corporate expenses" included expenses relating to research and development for basic technology and expenses relating to new businesses and general corporate functions which are not attributed to reportable segments.

(Note 4) "Adjustments" to Segment assets of ¥450,176 million comprised "Eliminations" of (¥15,128) million and "Corporate assets" of ¥465,305 million.

(Note 5) Epson recognised impairment losses of (¥7,516) million in total for the asset that belongs to the wearable products business which is a part of the Wearable & Industrial Products Segment by reviewing its business strategy because of declining profitability of the business at the end of the fiscal year. The amount includes certain amount of impairment losses that Epson has already recognised in the fiscal year.

# SEIKO EPSON CORPORATION

FY2020: Year ended March 31, 2021

Thousands of U.S. dollars

|                               | Reportable segments   |                               |                                      | Subtotal         | Other<br>(Note 2) | Adjustments<br>(Note 3) | Consolidated  |           |
|-------------------------------|-----------------------|-------------------------------|--------------------------------------|------------------|-------------------|-------------------------|---|-----------|
|                               | Printing<br>Solutions | Visual<br>Communi-<br>cations | Wearable &<br>Industrial<br>Products |                  |                   |                         |   |           |
| <b>Revenue</b>                |                       |                               |                                      |                  |                   |                         |   |           |
| External revenues             | 6,392,582             | 1,278,113                     | 1,270,226                            | 8,940,922        | 1,716             | 55,319                  | 8,997,967   |           |
| Intersegment revenues         | 1,734                 | 9                             | 73,189                               | 74,933           | 5,583             | (80,525)                | -   |           |
| <b>Total revenue</b>          | <b>6,394,317</b>      | <b>1,278,122</b>              | <b>1,343,416</b>                     | <b>9,015,864</b> | <b>7,309</b>      | <b>(25,197)</b>         | <b>8,997,967</b>  |           |
| <b>Segment profit (loss)</b>  |                       |                               |                                      |                  |                   |                         |   |           |
| (Business profit)<br>(Note 1) | 981,045               | 12,178                        | 29,073                               | 1,022,306        | (5,592)           | (459,800)               | 556,913   |           |
|                               |                       |                               |                                      |                  |                   |                         | Other operating income (expense)  | (126,376) |
|                               |                       |                               |                                      |                  |                   |                         | Profit from operating activities  | 430,537   |
|                               |                       |                               |                                      |                  |                   |                         | Finance income (costs)  | (25,477)  |
|                               |                       |                               |                                      |                  |                   |                         | Share of profit of investments accounted<br>for using the equity method | 894       |
|                               |                       |                               |                                      |                  |                   |                         | Profit before tax   | 405,953   |

Other items

|   | Reportable segments   |                               |                                      | Subtotal  | Other<br>(Note 2) | Adjustments<br>(Note 4) | Consolidated |
|---|-----------------------|-------------------------------|--------------------------------------|-----------|-------------------|-------------------------|--------------|
|   | Printing<br>Solutions | Visual<br>Communi-<br>cations | Wearable &<br>Industrial<br>Products |           |                   |                         |              |
| Depreciation and<br>amortisation                              | (344,328)             | (118,010)                     | (91,195)                             | (553,543) | (126)             | (73,650)                | (627,329)    |
| Impairment losses of<br>assets other than<br>financial assets | (0)                   | (542)                         | (Note 5)<br>(70,135)                 | (70,678)  | -                 | (0)                     | (70,678)     |
| Segment assets  | 4,112,896             | 1,093,454                     | 1,216,822                            | 6,423,182 | 1,689             | 4,067,181               | 10,492,063   |
| Capital expenditures  | 246,510               | 72,981                        | 94,990                               | 414,491   | 560               | 62,673                  | 477,734      |

(Note 1) Segment profit (loss) (Business profit) is calculated by subtracting Cost of sales and Selling, general and administrative expenses from Revenue.

(Note 2) "Other" consists of the intra-group services.

(Note 3) "Adjustments" to Segment profit (loss) (Business profit) of (\$459,800) thousand comprised "Eliminations" of \$5,565 thousand and "Corporate expenses" of (\$465,365) thousand. "Corporate expenses" included expenses relating to research and development for basic technology and expenses relating to new businesses and general corporate functions which are not attributed to reportable segments.

(Note 4) "Adjustments" to Segment assets of \$4,067,181 thousand comprised "Eliminations" of (\$136,676) thousand and "Corporate assets" of \$4,203,866 thousand.

(Note 5) Epson recognised impairment losses of (\$67,904) thousand in total for the asset that belongs to the wearable products business which is a part of the Wearable & Industrial Products Segment by reviewing its business strategy because of declining profitability of the business at the end of the fiscal year. The amount includes certain amount of impairment losses that Epson has already recognised in the fiscal year.

**(3) Geographic Information**

The regional breakdowns of non-current assets and external revenues as of each fiscal year end were as follows:

Non-current Assets

|                 | Millions of yen |         | Thousands of U.S. dollars |
|-----------------|-----------------|---------|---------------------------|
|                 | March 31,       |         | March 31,                 |
|                 | 2020            | 2021    | 2021                      |
| Japan           | 239,851         | 223,430 | 2,018,611                 |
| The Philippines | 44,494          | 42,698  | 385,761                   |
| Indonesia       | 31,556          | 29,351  | 265,175                   |
| China           | 26,221          | 23,589  | 213,118                   |
| Other           | 51,874          | 56,405  | 509,599                   |
| Total           | 393,998         | 375,474 | 3,392,275                 |

(Note) Non-current assets, excluding Investments accounted for using the equity method, Other financial assets, Deferred tax assets and retirement benefits assets, are segmented by the location of the assets.

External Revenue

|                   | Millions of yen      |         | Thousands of U.S. dollars |
|-------------------|----------------------|---------|---------------------------|
|                   | Year ended March 31, |         | Year ended March 31,      |
|                   | 2020                 | 2021    | 2021                      |
| Japan             | 254,993              | 221,285 | 1,999,232                 |
| The United States | 201,259              | 209,641 | 1,894,032                 |
| China             | 132,550              | 144,821 | 1,308,406                 |
| Other             | 454,796              | 420,192 | 3,796,286                 |
| Total             | 1,043,600            | 995,940 | 8,997,967                 |

(Note) Revenues are segmented by country based on the location of the customers.

**(4) Information about Major Customers**

Epson had no transactions with a single external customer amounting to 10% or more of total external revenues.

### 3. Earnings per Share

#### (1) Basis of calculating basic earnings per share

|  | Millions of yen      |             | Thousands of U.S. dollars |  |
|--|----------------------|-------------|---------------------------|--|
|  | Year ended March 31, |             | Year ended March 31,      |  |
|  | 2020                 | 2021        | 2021                      |  |
| Profit for the period attributable to owners of the parent company           | 7,733                | 30,922      | 279,369                   |  |
| Profit for the period not attributable to owners of the parent company       | -                    | -           | -                         |  |
| Profit used for calculation of basic earnings per share                      | 7,733                | 30,922      | 279,369                   |  |
| Weighted-average number of ordinary shares outstanding (Thousands of Shares) | 347,393              | 345,968     | 345,968                   |  |
| Basic earnings per share   | (Yen) 22.26          | (Yen) 89.38 | (\$) 0.81                 |  |

#### (2) Basis of calculating diluted earnings per share

|  | Millions of yen      |             | Thousands of U.S. dollars |  |
|--|----------------------|-------------|---------------------------|--|
|  | Year ended March 31, |             | Year ended March 31,      |  |
|  | 2020                 | 2021        | 2021                      |  |
| Profit used for calculation of basic earnings per share                      | 7,733                | 30,922      | 279,369                   |  |
| Adjustments  | -                    | -           | -                         |  |
| Profit used for calculation of diluted earnings per share                    | 7,733                | 30,922      | 279,369                   |  |
| Weighted-average number of ordinary shares outstanding (Thousands of Shares) | 347,393              | 345,968     | 345,968                   |  |
| Effect of dilutive potential ordinary shares                                 |                      |             |                           |  |
| BIP trust for eligible officers (Thousands of Shares)                        | 124                  | 110         | 110                       |  |
| Weighted-average number of ordinary shares diluted (Thousands of Shares)     | 347,518              | 346,078     | 346,078                   |  |
| Diluted earnings per share   | (Yen) 22.25          | (Yen) 89.35 | (\$) 0.81                 |  |

(Note) For the purpose of calculation of basic earnings per share and diluted earnings per share, the shares of the Company held by BIP trust are accounted as treasury shares and the number of those shares are deducted from weighted-average number of ordinary shares outstanding during the period.

## *4. Contingencies*

### Material litigation

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

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

Epson had the following material action.

### **The civil action on copyright fee of ink-jet printers**

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

## *5. Subsequent Events*

No material subsequent events were identified.