

(Note) This document has been translated from the Japanese original for reference purposes only. If there is any discrepancy between the Japanese original and the translated document, the original Japanese document shall prevail.

(Translation)

Notice of the 82nd Ordinary General Meeting of Shareholders

May 31, 2024

(Start date of measures for the electronic provision: May 25, 2024)

Dear Shareholders with Voting Rights,

We are pleased to send you this convocation notice for the 82nd Ordinary General Meeting of Shareholders. We have sent shareholders residing in Japan the convocation notice and attached documents in Japanese, which were compiled in accordance with the Japanese Companies Act. Under this Act, there is no obligation to provide materials in languages other than Japanese. However, we have enclosed an English translation for the reference of non-Japanese shareholders. It is not intended to influence shareholders in exercising their voting rights. Unfortunately, we are only able to provide official documents in Japanese. We ask for your understanding in this matter and thank you for your continued support of the Seiko Epson Corporation (hereinafter the “Company”).

In convening this General Meeting of Shareholders, the Company has taken the measures for the electronic provision of information contained in the reference materials for general meetings of shareholders, etc. (matters subject to electronic provision), and has posted the matters subject to electronic provision as the “Notice of the 82nd Ordinary General Meeting of Shareholders” on the following website.

If you are unable to attend the meeting in person, you may exercise your voting rights by mail or via the Internet, etc. Please exercise your voting rights no later than 5:00 p.m., Monday, June 24, 2024 (Japan time). Prior to voting, you may wish to review the “Reference Materials for the Ordinary General Meeting of Shareholders” document, provided herein.

- **The Company’s website:**

<https://corporate.epson/en/investors/information/meeting.html>



- **Tokyo Stock Exchange, Listed Company Search:**

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>



Please visit the website and search for the stock name “Seiko Epson” or the securities code “6724,” select “Basic information” then choose “Documents for public inspection/PR information.”

- **Website for the materials for the General Meeting of Shareholders:**

<https://s.srdb.jp/6724/> (available in Japanese only)



Voting by Mail

To vote by mail, please indicate on the enclosed voting form whether you approve or disapprove of each of the proposals and return the completed form to us. The completed form must be received no later than 5:00 p.m., Monday, June 24, 2024 (Japan time).

Voting via the Internet

To vote via the Internet, please log into the shareholders' voting website at <https://evote.tr.mufg.jp/> to register your approval or disapproval (Japanese only). Voting via the Internet must be completed no later than 5:00 p.m., Monday, June 24, 2024 (Japan time).

Sincerely yours,

Yasunori Ogawa
President and Representative Director

Seiko Epson Corporation
4-1-6 Shinjuku, Shinjuku-ku, Tokyo

Description

1. Date and Time 10:00 a.m., Tuesday, June 25, 2024 (Japan time)
(Reception starts at 9:00 a.m.)

2. Place “Ruby Hall,” 2nd Floor, the Main Building, Hotel Beniya,
2-7-21 Kogan-dori, Suwa-shi, Nagano

3. Meeting Agenda

Reporting:

1. Report on the business reports, the consolidated financial statements and the reports of the Financial Auditors and of the Audit & Supervisory Committee regarding the consolidated financial statements for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024).
2. Report on the non-consolidated financial statements for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024).

Proposals:

1. Appropriation of Surplus
 2. Partial Amendments to the Articles of Incorporation
 3. Election of Seven Directors Who Are Not Audit & Supervisory Committee Members
 4. Election of Four Directors Who Are Audit & Supervisory Committee Members
 5. Bonus to Directors Who Are Not Audit & Supervisory Committee Members
- For those shareholders who have not requested the delivery of paper copies, the reference materials for the Ordinary General Meeting of Shareholders as well as reference information (special features, company overview, shareholder memo, etc.) are also sent together.
 - In accordance with the provisions of laws and regulations and the Company’s Articles of Incorporation, the following items are not included in the paper copies sent to shareholders who have requested the delivery of such copies. The Audit & Supervisory Committee and the Financial Auditors have audited the documents, including these matters.
 - 1) Internal Control Systems (A system for ensuring that business is conducted suitably by the corporate group) and Basic Policy regarding Company Control in the Business Report.
 - 2) Consolidated Statement of Changes in Equity and Notes to the Consolidated Financial Statements in the Consolidated Financial Statements
 - 3) Statement of Changes in Net Assets and Notes to the Non-consolidated Financial Statements in the Non-consolidated Financial Statements
 - In the event of any revision to the matters subject to electronic provision, the Company will announce the matters before and after the revision on respective websites.

4. Convocation rules

- (1) If you exercise your voting rights both by mail and via the Internet, we will treat the vote via the Internet as valid.
- (2) If you exercise your voting rights via the Internet on multiple occasions, we will treat the last vote as valid.

5. Notes

- (1) If attending the meeting in person, please remember to bring the ballot enclosed within these materials and to hand it to a receptionist.
- (2) If you exercise your voting rights by proxy, you should appoint as proxy another shareholder with voting rights in the Company. A written letter of proxy should be brought to the meeting and handed to the receptionist.

***The Company offers institutional investors access to ICJ Inc.'s electronic voting platform.**

Reference Materials for the Ordinary General Meeting of Shareholders

Proposals and related items

Proposal 1: Appropriation of Surplus

Items Relating to the Year-End Dividend

With respect to the year-end cash dividends on common stock shares for this fiscal year, the Company proposes to pay a dividend of 37 yen per share. Moreover, 37 yen was paid out as an interim dividend; hence, the annual dividend will be 74 yen per share.

(1) Type of Dividend Property

Cash

(2) Distribution of Dividend

37 yen per share of common stock, total amount 12,274,103,832 yen

(3) Effective Date of Distribution

June 26, 2024

(Reference)

The Company's Dividend Policy

The Company strives to sustain business growth through the creation of customer value and to generate stable cash flow by improving profitability and using management resources efficiently. While the top priority is on strategic investment in growth, the Company also actively returns profits in parallel with its efforts to build a robust financial structure that is capable of withstanding changes in the business environment.

In line with this policy, the Company has set a consolidated dividend payout ratio in the range of 40% as a mid-term target, the ratio based on profit after an amount equivalent to the statutory effective tax rate is deducted from business profit, a profit category that shows profit from the Company's main operations. The Company intends to be more active in giving back to shareholders by agilely repurchasing the Company's shares as warranted by share price, the capital situation, and other factors.

Note: Business profit is a profit indicator that Epson voluntarily discloses in applying International Financial Reporting Standards (IFRS), and is very similar in principle to operating income under Japanese Generally Accepted Accounting Principles (JGAAP).

Share Repurchase

At the Board of Directors meeting held on April 26, 2024, it was resolved that the Company will repurchase the Company's shares (maximum of 30.0 billion yen or maximum number of shares of 17.0 million shares) from July 18, 2024 to March 31, 2025.

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

The Company aims to become carbon negative and underground resource* free in the “Environmental Vision 2050”. The use of renewable electricity (hereinafter referred to as renewable electricity) is a key means by which the Company seeks to reach its goal of achieving decarbonization. In addition to the continuous use of renewable electricity, the Company will promote the broader adoption of renewable electricity, such as generating more of its own power.

In response to the expansion and diversification of its business activities associated with these initiatives, the Company proposes to partially amend its Articles of Incorporation to better clarify its business activities in line with the current status of the group’s business.

* Non-renewable resources such as oil and metals

2. Details of amendments

The details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">Chapter 1: General Provisions (Purpose)</p> <p>Article 2 The purposes of the Company shall be to engage in the following businesses:</p> <ol style="list-style-type: none"> (1) Manufacturing and sales of electronic machinery and equipment, telecommunication machinery and equipment and electronic application machinery equipment, etc., and parts and accessories thereof; (2) manufacturing and sales of industrial machinery and equipment, office machinery and equipment, etc., and parts and accessories thereof; (3) manufacturing and sales of timepieces and eyewear, etc., and parts and accessories thereof; (4) manufacturing and sales of measuring machinery and equipment, optical machinery and equipment and medical machinery and equipment, etc.; 	<p style="text-align: center;">Chapter 1: General Provisions (Purpose)</p> <p>Article 2 The purposes of the Company shall be to engage in the following businesses:</p> <p style="text-align: center;"><Unchanged></p>

Proposal 3: Election of Seven Directors Who Are Not Audit & Supervisory Committee Members

The terms of office of the six (6) Directors who are not Audit & Supervisory Committee Members will expire at the conclusion of this Meeting. Accordingly, by increasing one (1) Director who is not an Audit & Supervisory Committee Member, with the expectation that the addition of Executive Officers who have a wealth of insight and oversight capabilities in our business and corporate areas to the Board of Directors will enable them to show their knowledge at the Board of Directors to contribute to the Company's business growth and sustainable improvement in corporate value in the future, we propose to appoint seven (7) Directors who are not Audit & Supervisory Committee Members.

The candidates for Directors who are not Audit & Supervisory Committee Members have been nominated after consideration by the Director Nomination Committee, which is chaired by an Outside Director and the majority of which is composed of Outside Directors in accordance with screening criteria predetermined by the Board of Directors. The candidates for Outside Directors are compliant with our "Criteria for Independence of Outside Directors."

The candidates for Directors who are not Audit & Supervisory Committee Members are as follows:

Candidate No.	Name		Current titles and responsibilities at the Company	Attendance at meetings of the Board of Directors
1	Yasunori Ogawa	Reappointment	President and Representative Director	13 / 13 meetings (100%)
2	Eiichi Abe	New appointment	Executive Officer General Administrative Manager, Human Capital & Well-Being Management Division	-
3	Junkichi Yoshida	New appointment	Executive Officer General Administrative Manager, Printing Solutions Division	-
4	Yasunori Yoshino	New appointment	Executive Officer General Administrative Manager, Corporate Strategy Division Chief Operating Officer, Manufacturing Solutions Operations Division	-
5	Tadashi Shimamoto	Reappointment Outside Director Independent Director	Outside Director	9 / 10 meetings (90%)
6	Masaki Yamauchi	Reappointment Outside Director Independent Director	Outside Director	10/ 10 meetings (100%)
7	Kahori Miyake	New appointment Outside Director Independent Director	-	-

Candidate No.	Name (Date of Birth)	Summary of career, title, and responsibilities	Shares of the Company's stock owned
		Apr. 1988 Joined the Company	
		Apr. 2017 Chief Operating Officer, Visual Products Operations Division of the Company	69,471
		Jun. 2017 Executive Officer of the Company	Attendance at meetings of the Board of Directors
		Jun. 2018 Director of the Company	
		Oct. 2018 General Administrative Manager, Technology Development Division of the Company	13 / 13 meetings (100%)
		Jun. 2019 Managing Executive Officer of the Company, Chief Operating Officer, Wearable Products & Industrial Solutions Operations Segment of the Company	
	Yasunori Ogawa (April 11, 1962) Reappointment	Apr. 2020 President and Representative Director of the Company (current position)	




1

Reason for nominating Yasunori Ogawa as a Director

Mr. Ogawa has determined important management matters and monitored business affairs as a Director. With his wealth of experience and achievements as a President and Representative Director, he has led the improvement in the Company's corporate value over the medium- to long-term and further development of the Group amid a rapidly-changing management environment.

We have nominated him as a candidate for Director, considering that he will be able to continue to show outstanding leadership aimed at sustainable growth and improvement in the Company's corporate value over the medium- to long-term by practicing his management style of inducing the generation of innovations through reforms of organizational culture and achieving both contributions to society and happiness of employees.

Note: There are no special interests between the candidate and the Company.

Candidate No.	Name (Date of Birth)	Summary of career, title, and responsibilities	Shares of the Company's stock owned	
2	 Eiichi Abe (October 26, 1962) New appointment	Apr. 1985	Joined Suwa Seikosha Co., Ltd. (now Seiko Epson Corporation)	15,852
		Apr. 2009	General Manager, Human Resources Department	
		Jun. 2014	President of PT. Indonesia Epson Industry	
		Jun. 2017	Executive Officer of the Company, President of PT. Indonesia Epson Industry	
		Apr. 2022	Chief Human Resources Officer, General Administrative Manager, Human Resources Division of the Company, General Administrative Manager, Health Management Office of the Company	
		Apr. 2023	Executive Officer of the Company, General Administrative Manager, Human Capital & Well-Being Management Division of the Company (current position)	

Reason for nominating Eiichi Abe as a Director

Mr. Abe has worked to strengthen the business infrastructure of the entire group in a well-balanced manner from both a companywide and business perspective, mainly in the human resources function, through his experience at the head office and domestic and overseas affiliates on secondment.

He has promoted the response to the coronavirus pandemic and the training of his successor who has spent his entire career with the Company and is currently working on Human Capital & Well-Being Management, linking management strategies with human resource strategies.

We have nominated him as a candidate for Director with the expectation that he will be able to make appropriate managerial decisions from a companywide perspective and monitor business affairs, aiming at achieving sustainable growth and improving the Company's corporate value over the medium- to long-term through his fair and impartial judgment from the optimal company-wide perspective and his attitude of taking responsibility for his own actions and working with integrity.

Note: There are no special interests between the candidate and the Company.

Candidate No.	Name (Date of Birth)	Summary of career, title, and responsibilities	Shares of the Company's stock owned	
3	 Junkichi Yoshida (September 27, 1964) New appointment	Apr. 1988	Joined the Company	10,852
		Apr. 2012	General Manager, Printer Strategic Planning Department of the Company	
		Apr. 2019	Deputy General Administrative Manager, DX Division of the Company, General Manager, P Strategic Planning Department of the Company	
		Jun. 2020	Executive Officer of the Company, Deputy General Administrative Manager, DX Division of the Company, General Manager, P Strategic Planning Department of the Company	
		Oct. 2020	Executive Officer of the Company, Deputy General Administrative Manager, DX Division of the Company, Deputy Chief Operating Officer, Printing Solutions Operations Division of the Company	
Apr. 2021	Executive Officer of the Company, General Administrative Manager, Printing Solutions Division of the Company (current position)			

Reason for nominating Junkichi Yoshida as a Director

Mr. Yoshida has utilized his experience in sales, marketing, and business development overseas and the promotion of business strategies in the Printing Solutions business to lead the development and execution of medium- to long-term business strategies for the Printing Solutions business through thorough analysis and formulating scenarios.

As Deputy General Administrative Manager of the DX Division, he promoted the establishment of a new business model utilizing digital technology, and now, as General Administrative Manager of the Printing Solutions Division, he is working on the creation of global customer value and business growth through inkjet innovation. We have nominated him as a candidate for Director with the expectation that he will be able to make appropriate managerial decisions from a companywide perspective and monitor business affairs, aiming at improving the Company's corporate value.

Note: There are no special interests between the candidate and the Company.


Candidate No.	Name (Date of Birth)	Summary of career, title, and responsibilities	Shares of the Company's stock owned	
4	 Yasunori Yoshino (January 4, 1979) New appointment	Apr. 2001	Joined the Company	10,952
		Apr. 2016	General Manager, VP Production Control & Procurement Department of the Company	
		Apr. 2020	Chief Operating Officer, Visual Products Operations Division of the Company	
		Apr. 2021	Executive Officer of the Company, Chief Operating Officer, Visual Products Operations Division of the Company	
		Oct. 2023	Executive Officer of the Company, General Administrative Manager, Corporate Strategy Division of the Company; Chief Operating Officer, Visual Products Operations Division of the Company	
Apr. 2024	Executive Officer of the Company, General Administrative Manager, Corporate Strategy Division of the Company, Chief Operating Officer, Manufacturing Solutions Operations Division of the Company (current position)			

Reason for nominating Yasunori Yoshino as a Director

Mr. Yoshino has extensive experience in the value chain such as supply chain operation management in the Visual Products business in addition to product planning and product management for projector products. He has a high level of customer awareness and business perspectives.

Since he was appointed as Chief Operating Officer of the Visual Products Operations Division, he has been promoting the realization of a lean profit structure through business structure reforms and is currently formulating the next long-term strategy as General Administrative Manager of the Corporate Strategy Division. In addition, he has been managing business operations as Chief Operating Officer of the Manufacturing Solutions Operations Division, which is a growth area for the Company. We have nominated him as a candidate for Director with the expectation that he will be able to make appropriate managerial decisions from a companywide perspective and monitor business affairs, aiming at improving the Company's corporate value.

Note: There are no special interests between the candidate and the Company.

Candidate No.	Name (Date of Birth)	Summary of career, title, and responsibilities	Shares of the Company's stock owned	
5	 Tadashi Shimamoto (February 8, 1954) Outside Director Independent Director Reappointment	Apr. 2002	Senior Managing Director of Nomura Research Institute, Ltd.	6,000 Attendance at meetings of the Board of Directors 9 / 10 meetings (90%)
		Jun. 2008	Senior Executive Managing Director, Member of the Board and Representative Director of Nomura Research Institute, Ltd.	
		Apr. 2010	President & CEO, Representative Director, Member of the Board of Nomura Research Institute, Ltd.	
		Apr. 2015	Chairman and President & CEO, Representative Director, Member of the Board of Nomura Research Institute, Ltd.	
		Apr. 2016	Chairman, Member of the Board of Nomura Research Institute, Ltd.	
		Jun. 2019	Member of the Board of Nomura Research Institute, Ltd.	
		Jun. 2021	Special Advisor of Nomura Research Institute, Ltd. Director of Reading Skill Test, Inc. (current position)	
		Mar. 2022	Outside Director of Mitsubishi Pencil Co., Ltd. (current position)	
		Jul. 2022	Member of the Public Interest Body, PricewaterhouseCoopers Aarata LLC (now PricewaterhouseCoopers Japan LLC) (current position)	
		Jun. 2023	Outside Director of the Company (current position)	

Important concurrent positions held at other companies

Director of Reading Skill Test, Inc.

Outside Director of Mitsubishi Pencil Co., Ltd.

Member of the Public Interest Body, PricewaterhouseCoopers Japan LLC

Reason for nominating Tadashi Shimamoto as an Outside Director and outline of expected roles

Mr. Shimamoto has served as President and Chairman of Nomura Research Institute, Ltd. and has a wealth of experience and insight as a corporate manager and in fundamental technology, distribution, service, and industry-related systems. We have nominated him as a candidate for Outside Director with the expectation that as Outside Director he will monitor corporate management appropriately, aiming at achieving sustainable growth and improving the Company's corporate value over the medium- to long-term through his active opinions and proposals from the perspective of overall management and DX/IT systems, based on his familiarity with corporate management in the information service industry, which is a different business field.

Independence of duties


Mr. Shimamoto was involved in business affairs at Nomura Research Institute, Ltd. Although the Company has had a business relationship with Nomura Research Institute, Ltd. for the past three years, the annual transaction amount is minimal, accounting for less than 0.1% of the consolidated net sales of the Company and Nomura Research Institute, Ltd., and Nomura Research Institute, Ltd. does not account for a major business partner as defined in the Criteria for Independence of Outside Directors. The Company has registered Mr. Shimamoto as an Independent Director with the Tokyo Stock Exchange. If this proposal is approved as proposed, he will continue to serve as an Independent Director.

The term of office as an Outside Director

At the conclusion of this Meeting, one year will have passed since his initial appointment.

Note 1: There are no special interests between the candidate and the Company.

Note 2: The Company has concluded a liability limitation contract with Mr. Shimamoto, who is the incumbent Outside Director of the Company, to limit his liability for damages to the amount determined by relevant laws and regulations in accordance with Article 427, Paragraph 1 of the Companies Act. If he is reappointed as a Director, the Company intends to renew the aforementioned contract with him.

Candidate No.	Name (Date of Birth)	Summary of career, title, and responsibilities	Shares of the Company's stock owned
		Apr. 2005 Executive Officer of Yamato Transport Co., Ltd. (now Yamato Holdings Co., Ltd.)	1,000
		Apr. 2008 Representative Director, President and Executive Officer of Yamato Logistics Co., Ltd. (now Yamato Transport Co., Ltd.)	
		Apr. 2011 Representative Director, President and Executive Officer of Yamato Transport Co., Ltd.	Attendance at meetings of the Board of Directors
		Jun. 2011 Director and Executive Officer of Yamato Holdings Co., Ltd.	10/ 10 meetings (100%)
		Apr. 2015 Representative Director, Executive Officer and President of Yamato Holdings Co., Ltd.	
		Apr. 2019 Chairperson of the Board of Directors of Yamato Holdings Co., Ltd.	
	 Masaki Yamauchi (January 11, 1961)	Jun. 2020 Independent Director of Persol Holdings Co., Ltd. (current position)	
	Outside Director	Jun. 2022 Special Advisor of Yamato Holdings Co., Ltd.	
	Independent Director	Outside Director of Resona Holdings, Inc. (current position)	
	Reappointment	Jun. 2023 Advisor of Yamato Holdings Co., Ltd. (current position) Outside Director of the Company (current position)	

Important concurrent positions held at other companies

Advisor of Yamato Holdings Co., Ltd.

Independent Director of Persol Holdings Co., Ltd.

Outside Director of Resona Holdings, Inc.

Reason for nominating Masaki Yamauchi as an Outside Director and outline of expected roles

Mr. Yamauchi has served as President and Chairperson of the Board of Directors of Yamato Holdings Co., Ltd. and has a wealth of insight and experience in corporate management. We have nominated him as a candidate for Outside Director with the expectation that, based on his experience in practicing satisfaction-creating management that makes full use of digital technology, his efforts to instill Yamato's DNA (values) in employees and his track record of fostering organizational culture, he will monitor corporate management appropriately, aiming at achieving sustainable growth and improving the Company's corporate value over the medium- to long-term through his active opinions and proposals from the perspectives of organizational management, DX/IT, and sustainability that relate to the fundamentals of corporate management.

Independence of duties

Mr. Yamauchi was involved in business affairs at Yamato Holdings Co., Ltd. Although the Company has had a business relationship with Yamato Transport Co., Ltd., a consolidated subsidiary of Yamato Holdings Co., Ltd., for the past three years, the annual transaction amount is minimal, accounting for less than 0.1% of the consolidated net sales of the Company and Yamato Holdings Co., Ltd., and Yamato Holdings Co., Ltd. does not account for a major business partner as defined in the Criteria for Independence of Outside Directors.


The Company has registered Mr. Yamauchi as an Independent Director with the Tokyo Stock Exchange. If this proposal is approved as proposed, he will continue to serve as an Independent Director.

The term of office as an Outside Director

At the conclusion of this Meeting, one year will have passed since his initial appointment.

Note 1: There are no special interests between the candidate and the Company.

Note 2: The Company has concluded a liability limitation contract with Mr. Yamauchi, who is incumbent Outside Director of the Company, to limit his liability for damages to the amount determined by relevant laws and regulations in accordance with Article 427, Paragraph 1 of the Companies Act. If he is reappointed as a Director, the Company intends to renew the aforementioned contract with him.

Candidate No.	Name (Date of Birth)	Summary of career, title, and responsibilities	Shares of the Company's stock owned
		Jul. 1991 Joined JUSCO Co., Ltd. (now AEON Co., Ltd.)	
		Apr. 2008 President and Representative Director of Claire's Nippon Co., Ltd.	-
		Jun. 2013 Director of Research Institute for Quality Living Co., Ltd.	
		Mar. 2014 Executive Officer of AEON RETAIL Co., Ltd. General Manager of Customer Service Department of AEON RETAIL Co., Ltd.	
	 Kahori Miyake (July 19, 1968) Outside Director Independent Director New appointment	Mar. 2017 Executive Officer; CSR & Communication Chief Officer of AEON Co., Ltd.	
		Apr. 2019 Co-Chair of Japan Climate Leaders' Partnership (current position)	
		Mar. 2021 Chief Officer of CSR of AEON Co., Ltd.	
		Apr. 2022 Director, ESG Planning and Promotion Department of Sumitomo Mitsui Trust Bank, Limited	
		Apr. 2023 Fellow Officer of Sumitomo Mitsui Trust Bank, Limited, Director, ESG Planning and Promotion Department of Sumitomo Mitsui Trust Bank, Limited (current position)	
		Jun. 2023 Outside Director (Audit and Supervisory Committee Member) of Members Co., Ltd. (current position)	

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Important concurrent positions held at other companies

Co-Chair of Japan Climate Leaders' Partnership

Fellow Officer; Director, ESG Planning and Promotion Department of Sumitomo Mitsui Trust Bank, Limited

Outside Director (Audit and Supervisory Committee Member) of Members Co., Ltd.

Reason for nominating Kahori Miyake as an Outside Director and outline of expected roles

Ms. Miyake promoted ESG strategies as Executive Officer of AEON Co., Ltd. and is currently a Fellow Officer of Sumitomo Mitsui Trust Bank, Limited and Co-Chair of the Japan Climate Leaders' Partnership, a cross-industry group of companies working to achieve a sustainable, decarbonized society.

We have nominated her as a candidate for Outside Director with the expectation that, based on her wealth of experience and considerable insight into ESG and decarbonization measures, she will monitor corporate management appropriately, aiming at our goal of achieving sustainability and enriching communities and improving the Company's corporate value over the medium- to long-term through her active opinions and proposals from the perspective of environmental management with expertise in environmental and social contribution.

Independence of duties

Although the Company has requested her to give lectures and has had transactions with her to receive advice on the promotion of environmental strategies, etc. for the past three years, the transaction amount is minimal, accounting for less than 500,000 yen, and she is not a major business partner or a consultant who receives large amounts of money or other benefits from the Company other than compensation as defined in the Criteria for Independence of Outside Directors.

If this proposal is approved as proposed, she is scheduled to become an Independent Director as stipulated by the Tokyo Stock Exchange.

Note 1: There are no special interests between the candidate and the Company.

Note 2: If Ms. Miyake is elected, the Company will enter into a liability limitation contract with her to limit her liability for damages to the amount determined by relevant laws and regulations in accordance with Article 427, Paragraph 1 of the Companies Act.

Indemnity Agreement

The Company has entered into an indemnity agreement provided for in Article 430-2, Paragraph 1 of the Companies Act with all Directors currently in office to encourage each Director to make reasonable, prompt and decisive business decisions without being intimidated by the possibility of being held liable for their decisions. If each new Director candidate is elected and assumes office as proposed, the Company plans to enter into a similar agreement with each of them.

An overview of the details of such indemnity agreement is provided in the Business Report, “4.3 Outline of the indemnity agreement.”

Directors and Officers Liability Insurance Contract

The Company has entered into a directors and officers liability insurance contract provided for in Article 430-3, Paragraph 1 with an insurance company. If each candidate is elected and assumes office as proposed, he/she will be insured under the said insurance contract. The Company plans to renew the said insurance contract during the terms of office of Directors.

An outline of the contents of the said insurance contract is as stated in the Business Report, “4.4 Outline of directors and officers liability insurance contract.”

Audit & Supervisory Committee Opinion

For the election of Directors who are not Audit & Supervisory Committee Members, fundamental framework and policies for the Company’s Board of Directors and Directors, as well as candidate nominating policies and specific proposals were confirmed at the Director Nomination Committee. The committee is chaired by an Outside Director and is composed of six Outside Directors including three Outside Directors who are Audit & Supervisory Committee Members, and majority of which are Outside Directors. Outside Directors who are Audit & Supervisory Committee Members attended the committee meeting, expressed opinions, and shared the results thereof for deliberation at the Audit & Supervisory Committee.


As a result, the Audit & Supervisory Committee determined that the election of Directors who are not Audit & Supervisory Committee Members is reasonable and concluded that there were no special items to be stated at the General Meeting of Shareholders in accordance with the provision of the Companies Act.

Proposal 4: Election of Four Directors Who Are Audit & Supervisory Committee Members

The terms of office of four (4) Directors who are Audit & Supervisory Committee Members will expire at the conclusion of this Meeting. Accordingly, we propose to appoint four (4) Directors who are Audit & Supervisory Committee Members.

The candidates for Directors who are Audit & Supervisory Committee Members have been nominated after consideration by the Director Nomination Committee, which is chaired by an Outside Director and the majority of which is composed of Outside Directors in accordance with screening criteria predetermined by the Board of Directors. The candidates for Outside Directors are compliant with our “Criteria for Independence of Outside Directors” (please refer to page 25). This Proposal has obtained the consent of the Audit & Supervisory Committee. The candidates for Directors who are Audit & Supervisory Committee Members are as follows:

Candidate No.	Name		Current titles and responsibilities at the Company	Attendance at meetings of the Board of Directors	Attendance at meetings of the Audit & Supervisory Committee
1	Masayuki Kawana	Reappointment	Director Full-Time Audit & Supervisory Committee Member	13 / 13 meetings (100%)	18 / 18 meetings (100%)
2	Susumu Murakoshi	Reappointment Outside Director Independent Director	Outside Director Audit & Supervisory Committee Member	13 / 13 meetings (100%)	18 / 18 meetings (100%)
3	Michiko Ohtsuka	Reappointment Outside Director Independent Director	Outside Director Audit & Supervisory Committee Member	13 / 13 meetings (100%)	18 / 18 meetings (100%)
4	Akira Marumoto	New appointment Outside Director Independent Director	-	-	-

Candidate No.	Name (Date of Birth)	Summary of career, title, and responsibilities	Shares of the Company's stock owned
		Apr. 1988 Joined Seiko Epson Cooperative Union	
		Mar. 1999 Joined the Company	22,700
	 Masayuki Kawana (July 27, 1964) Reappointment	Jun. 2014 Director of the Company General Administrative Manager, Human Resources Division of the Company	Attendance at meetings of the Board of Directors
		Jun. 2015 President of Orient Watch Co., Ltd.	13 / 13 meetings (100%)
		Jun. 2016 Executive Officer of the Company	
		Oct. 2016 General Administrative Manager, CSR Management Office of the Company	Attendance at meetings of the Audit & Supervisory Committee
		Jun. 2018 Chairman of Epson Sales Japan Corporation	
1		Apr. 2020 General Administrative Manager, Health Management Office of the Company	18 / 18 meetings (100%)
		Jun. 2021 Director and Full-Time Audit & Supervisory Committee Member of the Company (current position)	

Reason for nominating Masayuki Kawana as a Director

Mr. Kawana has determined important management matters and monitored business affairs as a Director. He also has a wealth of experience and achievements primarily in human resource management, and has made significant contributions to the strengthening of corporate competitiveness through personnel system reform, etc. We have nominated him as a candidate for Director who is an Audit & Supervisory Committee Member with the expectation that he will continue to appropriately supervise and contribute to the soundness of the Company's management aimed at achieving sustainable growth and improving the Company's corporate value over the medium- to long-term.

Note 1: There are no special interests between the candidate and the Company.

Note 2: The Company has concluded a liability limitation contract with Mr. Masayuki Kawana to limit his liability for damages to the amount determined by relevant laws and regulations in accordance with Article 427, Paragraph 1 of the Companies Act. If he is reappointed as a Director, the Company intends to renew the aforementioned contract with him.

Candidate No.	Name (Date of Birth)	Summary of career, title, and responsibilities	Shares of the Company's stock owned
		Apr. 1976 Registered as attorney-at-law	
		Apr. 1984 Attorney-at-law of Susumu Murakoshi Law Office	2,300
		Mar. 1988 Attorney-at-law of Shin-Chiyoda Sogo Law Office (to present)	Attendance at meetings of the Board of Directors
		May 2001 Chairman, Human Rights Protection Committee of Japan Federation of Bar Associations	13 / 13 meetings (100%)
		Apr. 2008 Vice President of Japan Federation of Bar Associations President of Dai-Ichi Tokyo Bar Association	Attendance at meetings of the Audit & Supervisory Committee
		Apr. 2014 President of Japan Federation of Bar Associations	
		May 2017 President of Japan Attorneys Political Association	
		Apr. 2019 Member (Chief investigator) of Compliance Team of the Ministry of Education, Culture, Sports, Science and Technology (current position)	18 / 18 meetings (100%)
		Jun. 2020 Outside Director and Audit & Supervisory Committee Member of the Company (current position)	
		Nov. 2021 President of Japan CSR Diffusion Association (now Japan CSR Promotion Association) (current position)	



Susumu Murakoshi
(September 1, 1950)
Outside Director
Independent Director
Reappointment

2

Important concurrent positions held at other companies

Attorney-at-law

Reason for nominating Susumu Murakoshi as an Outside Director and outline of expected roles

Mr. Murakoshi has a high level of expertise as an attorney. Having served as the President of Japan Federation of Bar Associations and the President of Japan Attorneys Political Association, he has a wealth of experience in the legal community. We have nominated him as a candidate for Outside Director who is Audit & Supervisory Committee Member with the expectation that he will continue to appropriately supervise and contribute to the soundness of the Company's management aimed at achieving sustainable growth and improving the Company's corporate value over the medium-to long-term.

Although he has never been involved in corporate management except as an outside officer, we believe that he will perform his duties as an Outside Director who is Audit & Supervisory Committee Member appropriately because of the above reasons.

Independence of duties

The Company has not entered into a consulting agreement, and has not conducted any consignment of business activities under any individual agreement, with Mr. Murakoshi who is an attorney-at-law, and the law office to which he belongs.


The Company has registered Mr. Murakoshi as an Independent Director with the Tokyo Stock Exchange. If he is reappointed as proposed, he will continue to serve as an Independent Director.

The term of office as an Outside Director (Audit & Supervisory Committee Member)

At the conclusion of this Meeting, four years will have passed since his initial appointment.

Note 1: There are no special interests between the candidate and the Company.

Note 2: The Company has concluded a liability limitation contract with Mr. Susumu Murakoshi, who is incumbent Outside Director of the Company, to limit his liability for damages to the amount determined by relevant laws and regulations in accordance with Article 427, Paragraph 1 of the Companies Act. If he is reappointed as an Outside Director, the Company intends to renew the aforementioned contract with him.

Candidate No.	Name (Date of Birth)	Summary of career, title, and responsibilities	Shares of the Company's stock owned
		Apr. 1981 Joined SUMITOMO CORPORATION	
		Oct. 1986 Joined Asahi Shinwa Audit & Accounting Office (now KPMG AZSA LLC)	2,300
 Michiko Ohtsuka (November 26, 1958) Outside Director Independent Director Reappointment		Aug. 1990 Registered as Certified Public Accountant	Attendance at meetings of the Board of Directors
		May 2013 Certified Public Accountant of Ohtsuka Certified Public Accountant Office (to present)	13 / 13 meetings (100%)
		Apr. 2014 Auditor (part-time) of Pharmaceuticals and Medical Devices Agency	Attendance at meetings of the Audit & Supervisory Committee
		Apr. 2015 Auditor (part-time) of Japan National Tourism Organization	
		Jun. 2015 Outside Audit & Supervisory Board Member of FUJI KOSAN COMPANY, LTD.	18 / 18 meetings (100%)
		Jun. 2016 Outside Director and Audit & Supervisory Committee Member of FUJI KOSAN COMPANY, LTD.	
		Jun. 2020 Outside Director and Audit & Supervisory Committee Member of the Company (current position)	

3

Important concurrent positions held at other companies

Certified Public Accountant

Reason for nominating Michiko Ohtsuka as an Outside Director and outline of expected roles

Ms. Ohtsuka has a high level of expertise as a certified public accountant. She has experience and considerable insight as an independent officer of a listed company. We have nominated her as a candidate for Outside Director who is Audit & Supervisory Committee Member with the expectation that she will continue to appropriately supervise and contribute to the soundness of the Company's management aimed at achieving sustainable growth and improving the Company's corporate value over the medium- to long-term.

Although she has never been involved in corporate management except as an outside officer, we believe that she will perform her duties as an Outside Director who is Audit & Supervisory Committee Member appropriately because of the above reasons.

Independence of duties

The Company has not entered into a consulting agreement, and has not conducted any consignment of business activities under any individual agreement, with Ms. Ohtsuka who is a certified public accountant, and there is no transactional relationship.

The Company has registered Ms. Ohtsuka as an Independent Director with the Tokyo Stock Exchange.

If she is reappointed as proposed, she will continue to serve as an Independent Director.

The term of office as an Outside Director (Audit & Supervisory Committee Member)

At the conclusion of this Meeting, four years will have passed since her initial appointment.

Note 1: There are no special interests between the candidate and the Company.

Note 2: The Company has concluded a liability limitation contract with Ms. Michiko Ohtsuka, who is incumbent Outside Director of the Company, to limit her liability for damages to the amount determined by relevant laws and regulations in accordance with Article 427, Paragraph 1 of the Companies Act. If she is reappointed as an Outside Director, the Company intends to renew the aforementioned contract with her.

Candidate No.	Name (Date of Birth)	Summary of career, title, and responsibilities	Shares of the Company's stock owned
		Jun. 1999 Director of Mazda Motor Corporation, Assistant to Officer in charge of Quality Assurance of Mazda Motor Corporation, General Manager, Product Quality Division of Mazda Motor Corporation	-
		Jun. 2002 Executive Officer; In charge of European R&D and Production Operations of Mazda Motor Corporation	
		Apr. 2006 Managing Executive Officer; In charge of Product Planning and Program Management of Mazda Motor Corporation	
		Apr. 2010 Senior Managing Executive Officer; In charge of Corporate Planning, Product Strategy and Product Profit Control of Mazda Motor Corporation, Assistant to Officer in charge of Cost Innovation of Mazda Motor Corporation	
		Jun. 2010 Director and Senior Managing Executive Officer; In charge of Corporate Planning, Product Strategy and Product Profit Control of Mazda Motor Corporation, Assistant to Officer in charge of Cost Innovation of Mazda Motor Corporation	
4	 Akira Marumoto (August 18, 1957) Outside Director Independent Director New appointment	Jun. 2013 Representative Director, Executive Vice President of Mazda Motor Corporation, Assistant to President of Mazda Motor Corporation, Oversight of Operations in the Americas and Corporate Planning Domain of Mazda Motor Corporation Jun. 2018 Representative Director, President and CEO of Mazda Motor Corporation Jun. 2023 Senior Advisor of Mazda Motor Corporation (current position)	

Important concurrent positions held at other companies

Senior Advisor of Mazda Motor Corporation

Reason for nominating Akira Marumoto as an Outside Director and outline of expected roles

Mr. Marumoto has served as Executive Vice President and President of Mazda Motor Corporation and has a wealth of experience and considerable insight in corporate management. He was in charge of a wide range of administrative areas, including corporate planning, production and sales operations in the U.S., general affairs, public relations, and human resources. After assuming the position of president, he responded to various management issues and, as one example, strengthened earning power by improving profitability through dealership reforms and putting a new plant into operation. We have nominated him as a candidate for Outside Director who is Audit & Supervisory Committee Member with the expectation that he will be able to appropriately supervise and contribute to the soundness of the Company's management aimed at achieving sustainable growth and improving the Company's corporate value over the medium- to long-term.

Independence of duties

Mr. Marumoto has been involved in business affairs at Mazda Motor Corporation for the past five years. The Company has had no business relationship with Mazda Motor Corporation for the past three years. If this proposal is approved as proposed, he is scheduled to become an Independent Director as stipulated by the Tokyo Stock Exchange.

Note 1: There are no special interests between the candidate and the Company.

Note 2: If the candidate is appointed as a Director, the Company intends to conclude a liability limitation contract with him to limit his liability for damages to the amount determined by relevant laws and regulations in accordance with Article 427, Paragraph 1 of the Companies Act.

Note 3: The following is a list of violations of laws and regulations, the Articles of Incorporation, or improper business practices that occurred at other companies during the past five years while the candidate for Outside Director held an officer position in those companies.

Mr. Marumoto served as Representative Director of Mazda Motor Corporation until June 2023. On March 19, 2021, the

Japan Fair Trade Commission issued a recommendation based on the Act against Delay in the Payment of Subcontract Proceeds, etc. to Subcontractors, alleging that Mazda Motor Corporation had charged unreasonable commissions to three subcontractors. In response, Mazda Motor Corporation is actively working to strengthen its legal compliance system to prevent a similar situation from happening again. They are thoroughly implementing measures to prevent recurrence.

Mr. Marumoto had been unaware of the conduct until it was revealed; however, he had given warnings through his daily statements from the perspective of compliance. Even after the incident became known, he continued to propose measures for rigorous compliance and to strengthen management systems, fulfilling his duties appropriately.

Indemnity Agreement

The Company has entered into an indemnity agreement provided for in Article 430-2, Paragraph 1 of the Companies Act with all Directors currently in office to encourage each Director to make reasonable, prompt and decisive business decisions without being intimidated by the possibility of being held liable for their decisions. If each new Director candidate is elected and assumes office as proposed, the Company plans to enter into a similar agreement with each of them.

An overview of the details of such indemnity agreement is provided in the Business Report, “4.3 Outline of the indemnity agreement.”

Directors and Officers Liability Insurance Contract

The Company has entered into a directors and officers liability insurance contract provided for in Article 430-3, Paragraph 1 with an insurance company. If the candidate is elected and assumes office as proposed, he/she will be insured under the said insurance contract. The Company plans to renew the said insurance contract during the terms of office of Directors who are Audit & Supervisory Committee Members.

An outline of the contents of the said insurance contract is as stated in the Business Report, “4.4 Outline of directors and officers liability insurance contract.”

(Reference)

Policies and Procedures for Nominating Director Candidates

With an aim to ensure transparency and objectivity, Director candidates who are submitted for their appointments to the General Meeting of Shareholders are determined by the Board of Directors after going through a fair, transparent, and rigorous screening and reporting by the Director Nomination Committee, which is chaired by an Outside Director and the majority of which is composed of Outside Directors.

Policies: (extract)

- 1) Considering the role that Officers of the Company are required to fulfill and the nomination criteria that Epson has established, Officers must meet the standard requirements of insight, accountability, and ethics. They must also satisfy the selection criteria in 2), depending on their respective roles, and must be able to contribute to an increase in corporate value.
- 2) In addition to the foregoing requirements, Officers of the Company shall satisfy the selection criteria below.
 - a. Non-Executive Director candidates
 - Oversight capability, management knowledge, professional knowledge
 - b. Executive Director candidates
 - Oversight capability, foresight/insight, the ability to conceive a vision, decisiveness/courage, the ability to execute and produce results, an inclination to drive change and innovation, the ability to be a unifying forceA candidate for President and Representative Director in particular shall possess the following:
 - The ability to face societal issues, construct a vision based on deep insight, and the courage to carry out that vision
 - A strong sense of ethics and the ability to humbly accept diverse values, tap the initiative of employees, and be a unifying force that consolidates the power of the entire company
- 3) Outside Directors must satisfy “Criteria for Independence of Outside Directors” stipulated by the Board of Directors in order to guarantee their independence.

Note: Regarding the nomination and compensation of Directors and Executive Officers, etc., the Company established a Director Nomination Committee and a Director Compensation Committee as advisory bodies of the Board of Directors. The committees are chaired by an Outside Director and the majority of which are composed of Outside Directors who make significant contributions with an aim to ensure transparency and objectivity. Both committees are composed of President and Representative Director, in addition to Outside Directors who account for the majority thereof. Directors who are Full-Time Audit & Supervisory Committee Members can attend meetings of both committees as observers.

Activities of the Director Nomination Committee

The Committee met 12 times during the period from April 2023 to March 2024. The Committee deliberated on matters including the succession plan for the President and Representative Director, policies for selecting Officers (Directors, Executive Officers and Special Audit & Supervisory Officers) and candidates proposal, selection of Outside Director candidates and review of skill matrix.

Criteria for Independence of Outside Directors

The Company has established the criteria below to objectively determine whether potential Outside Directors are independent.

1. A person is not independent if:
 - (1) The person considers the Company to be a major business partner¹, or has served as an executive² within the past five years in an entity for which the Company is a major business partner;
 - (2) The person is a major business partner³ of the Company or has served as an executive within the past five years in an entity that is a major business partner of the Company.
 - (3) The person is a business consultant, certified public accountant, or lawyer who has received a large sum of money or other forms of compensation⁴ (other than remuneration as an officer) from the Company or has, within the past three years, performed duties equivalent to those of an executive as an employee of a corporation or group, such as a union, that has received a large sum of money or other forms of compensation from the Company;
 - (4) The person is a major shareholder⁵ of the Company or has, within the past five years, been an executive or Audit & Supervisory Board Member of an entity that is a major shareholder of the Company;
 - (5) The person is an executive or Audit & Supervisory Board Member of an entity in which the Company is currently a major shareholder;
 - (6) The person is a major lender⁶ to the Company or has been an executive of a major lender to the Company within the past five years;
 - (7) The person has been employed by an auditing firm that has conducted a legal accounting audit of the Company within the past five years;

- (8) *The person has been employed by a leading managing underwriter of the Company within the past five years;*
- (9) *The person has received a large donation⁷ from the Company or, within the past three years, has performed duties equivalent to those of an executive as an employee of a corporation or a group, such as a union, that has received a large donation from the Company;*
- (10) *The person came from an entity, which has a relationship of interlocking Outside Officers⁸ with the Company; or*
- (11) *A spouse or relative within the second degree of kinship of a person having the interests listed in (1) through (9) above.*
2. *Even if any of the foregoing criteria apply to a potential Outside Director, the Company can elect that person as an Outside Director if that person satisfies the requirements for Outside Directors set forth in the Companies Act, and the Company deems the person suitable as an Outside Director of the Company in light of his or her personality, knowledge, experience, or other qualifications upon explaining and announcing the reasons thereof.*

Notes

- 1: *A person (usually a supplier) considers the Company to be a major business partner if 2% or more of its consolidated net sales (consolidated revenue) has come from the Company in any fiscal year within the past three years.*
- 2: *“Executive” means an executive officer, executive director or operating officer, or an employee occupying a senior management position of department manager or higher.*
- 3: *A person (usually a buyer) is a major business partner if 2% or more of the Company’s consolidated revenue has come from that partner in any fiscal year within the past three years.*
- 4: *“A large sum of money or other forms of compensation” means an average annual amount for the past three years that is:*
- i) *no less than 10 million yen for an individual; or*
 - ii) *no less than 2% of the annual revenues in any fiscal year for a group.*
- 5: *“Major shareholder” means a shareholder who directly or indirectly holds 10% or more of the voting rights.*
- 6: *“A major lender” means a financial institution or other major creditor that is indispensable for the Company’s financing and on which the Company depends to the extent that it is irreplaceable in any fiscal year within the past three years.*
- 7: *“Large donation” means a donation whose annual average amount for the past three years exceeds either:*
- i) *10 million yen or*
 - ii) *30% of the annual expense of the group, whichever is higher.*
- 8: *“Interlocking Outside Officers” means mutual dispatch of Outside Officers between the Company and another corporation.*

---End---

(Reference)

Matrix of areas of expertise particularly expected for Directors (skill matrix)

Epson clarifies a management system toward achieving the Management Philosophy and Corporate Vision by utilizing a matrix as below.

Title	Name	Areas of expertise and skills particularly expected by the Company								
		Corporate management	Development Design Business development	Sales Marketing	IT Digital	Finance Accounting Investment	Compliance Governance	HR development HR management	Environment Sustainability	Global (Internationality)
President and Representative Director	Yasunori Ogawa	●	●						●	
Representative Director Executive Officer	Eiichi Abe						●	●		●
Director Executive Officer	Junkichi Yoshida			●	●					●
Director Executive Officer	Yasunori Yoshino		●		●	●				
Outside Director	Tadashi Shimamoto	●	●		●					
Outside Director	Masaki Yamauchi	●		●				●		
Outside Director	Kahori Miyake			●					●	●
Director Full-Time Audit & Supervisory Committee Member	Masayuki Kawana					●	●	●		
Outside Director Audit & Supervisory Committee Member	Susumu Murakoshi					●	●		●	
Outside Director Audit & Supervisory Committee Member	Michiko Ohtsuka					●	●	●		
Outside Director Audit & Supervisory Committee Member	Akira Marumoto	●	●							●

Note 1: Up to three areas of expertise particularly expected are stated.

Note 2: Composition of Directors if Proposal 3 and Proposal 4 are approved as proposed: 9 men, 2 women (ratio of female Directors: 18.18%)

Proposal 5: Bonus to Directors Who Are Not Audit & Supervisory Committee Members

The Company proposes to pay bonuses of 31,760,000 yen in total to two Directors who are not Audit & Supervisory Committee Members excluding Officers who do not have executive duties (Chairman and Director without the right of representation and Outside Directors) as of March 31, 2024, which is calculated by multiplying the base amount of the bonus determined based on the weight of responsibility, such as position and details of delegated duties and tasks, by the coefficient corresponding to the degree of achievement of performance targets and individual targets for the current fiscal year.

The beneficiaries, total amount of the bonus payment, and amount paid to each Director in this Proposal have been determined after consideration by the Director Compensation Committee, which is chaired by an Outside Director and the majority of which is composed of Outside Directors, in accordance with the decision-making policies, etc. on compensation for individual Directors who are not Audit & Supervisory Committee Members, which have been determined by the Board of Directors (please refer to Business Report “4.5 Compensation to Directors”). Accordingly, the Company believes the details are reasonable.

Audit & Supervisory Committee Opinion

Regarding compensation, etc. for Directors who are not Audit & Supervisory Committee Members, policies for compensation system for Directors, specific calculation methods for the amount of compensation and proposals for bonuses for Directors who are not Audit & Supervisory Committee Members were confirmed at the Director Compensation Committee. The committee is chaired by an Outside Director and is composed of six Outside Directors including three Outside Directors who are Audit & Supervisory Committee Members, and majority of which are Outside Directors. Outside Directors who are Audit & Supervisory Committee Members attended the committee meeting, expressed opinions, and shared the results thereof for deliberation at the Audit & Supervisory Committee.

As a result, the Audit & Supervisory Committee determined that the payment of bonuses to Directors who are not Audit & Supervisory Committee Members is appropriate and concluded that there were no special items to be stated at the General Meeting of Shareholders in accordance with the provision of the Companies Act regarding the payment.

(Reference)

Activities of the Director Compensation Committee

The Committee met eight times during the period from April 2023 to March 2024. The Committee deliberated on matters including the amount of base compensation for each Director, bonus payment coefficient and amount for each Director, coefficient allocated, number of shares allocated and amount of monetary compensation claims under the restricted stock compensation plan, renewal of directors and officers liability insurance, conclusion of a company indemnity agreement and a liability limitation contract, etc.

---End---

(Appendix)

Business Report

(from April 1, 2023 to March 31, 2024)

1. Matters related to the Current Status of the Epson Group

1.1 Business progress and results

(1) Overview

Please refer to page 1 of Financial Results for the Year ended March 31, 2024.

(https://corporate.epson/en/investors/publications/financial-reports/2023/pdf/results_2023_full_e.pdf)

(2) Overview by Segment

Please refer to page 1 to 2 of Financial Results for the Year ended March 31, 2024.

(https://corporate.epson/en/investors/publications/financial-reports/2023/pdf/results_2023_full_e.pdf)

1.2 Overview of capital expenditures

Capital expenditures for the consolidated fiscal year under review were concentrated in key strategic areas, primarily new products, increase in production capacity, environmental investments, and automating, rationalizing, upgrading and maintaining equipment and facilities to help foster the development of new businesses and prepare for future growth. In addition, from the viewpoint of generating stable cash flow, Epson continued to carefully select investments and efficiently utilize existing facilities.

As a result of these efforts, total capital expenditures (of property, plant and equipment and software) for the consolidated fiscal year under review amounted to 70,033 million yen.

An overview of the major capital expenditures for the consolidated fiscal year under review is as follows:

- Completion of a new building to increase production capacity of inkjet printer heads at Akita Epson Corporation
- Groundbreaking of a new plant at Epson Atmix Corporation to convert unwanted metals into resources as raw materials, as the first step toward becoming underground resource(*) free based on Epson's "Environmental Vision 2050."

* Non-renewable resources such as oil and metals

Segment	Amount of capital expenditures (Millions of yen)	Year-on-year change (%)
Printing Solutions Business	44,109	(7.0)
Visual Communications Business	6,023	(17.7)
Manufacturing-related & Wearables Business	12,355	(17.0)
Other and overall	7,545	(13.3)
Total	70,033	(10.6)

1.3 Overview of financing

There are no special items to be noted with respect to financing in the current fiscal year.

1.4 Shares and other equity holdings, or acquisition or disposal of subscription rights to shares of other companies

Not applicable.

1.5 Business transfers, absorption-type company splits or incorporation-type company splits

Not applicable.

1.6 Assignment of business from other companies

Not applicable.

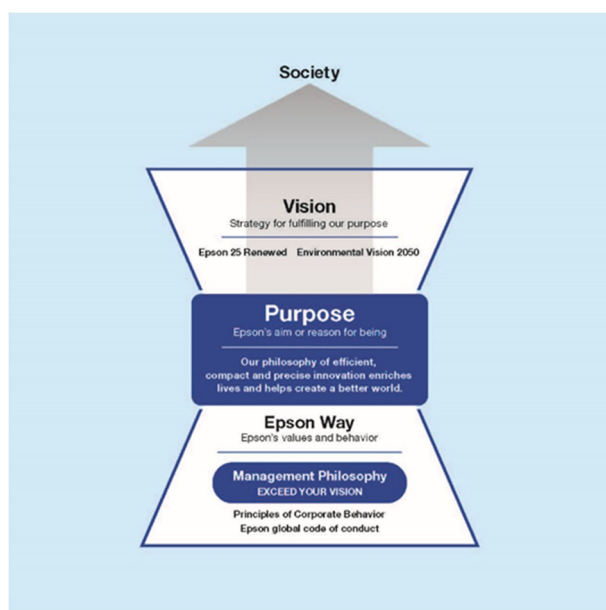
1.7 Succession of rights and obligations due to absorption-type mergers or absorption-type company splits

Not applicable.

1.8 Issues to be addressed

(1) Basic management policy

Corporate Purpose is at the heart of all Epson's corporate activities. To define the kind of value that Epson provides to society and to demonstrate both inside and outside the Company its unique reason for being and aspirations, the Company established the Corporate Purpose, "Our philosophy of efficient, compact and precise innovation enriches lives and helps create a better world" in September 2022. Epson will provide new value to society by realizing the Corporate Purpose through its vision, based on its management philosophy, which is the universal concept of the Epson Way that defines the Group's values and behavior. Through these efforts, we will strive to achieve sustainable growth and enhance corporate value over the medium to long term in the future.



<Management Philosophy>

Epson aspires to be an indispensable company, trusted throughout the world for our commitment to openness, customer satisfaction and sustainability.

We respect individuality while promoting teamwork, and are committed to delivering unique value through innovative and creative solutions.

<Corporate Purpose>

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

(2) Concept of "Epson 25 Renewed" Corporate Vision

We have established "Epson 25 Renewed," with the goal of achieving sustainability and enriching communities, which we have set as our aspirational goal to pursue into the future. At present, humanity is facing a wide range of social issues, including climate change. We believe that we have entered an era in which people aspire to achieve a variety of enrichment, including not only material and economic wealth, but also spiritual and cultural enrichment. Sustainability is a fundamental requirement for achieving this. With this background, Epson develops its business by always focusing on social issues as a starting point, considering what we can do to solve them, and how we can use our technologies to solve problems and contribute to society.

1) "Epson 25 Renewed" vision statement

We have established the vision statement for "Epson 25 Renewed," which is "Co-creating sustainability and enriching communities to connect people, things, and information by leveraging our efficient, compact, and precision technologies and digital technologies." We will provide solutions that connect people, things, and information in a smart manner to society as a whole, including people's personal lives, industries, and manufacturing sites, in order to achieve our aspirational goal. The three most important initiatives in doing so are the environment, DX, and co-creation.

(Environmental initiatives)

- ◆ Promote decarbonization and close the resource loop, develop environmental technologies, and provide products and services that reduce environmental impacts.

(DX initiatives)

- ◆ Contribute to customer success by building a robust digital platform, connecting people, things, and information, and co-creating solutions that continue to meet customer needs.

(Co-creation initiatives)

- ◆ Leveraging our technologies and product families, solve societal issues with partners by providing core devices and a place for co-creation and networking, as well as through collaboration and investment.

2) “Epson 25 Renewed” policies

While uncertainties in society are expected to continue, we will aim to secure profitability and seek future growth by focusing on priorities. Furthermore, we will also continue to strengthen our efforts for the environment, DX, and co-creation across business domains.

Areas	Applicable businesses	Policies
Growth areas	Office printing, Commercial & industrial printing, Printhead sales, Production systems	See environmental changes as an opportunity and invest management resources
Mature areas	Home printing, Projection, Watches, Microdevices	Emphasize profitability through structural changes and efficiency improvements, etc.
New areas	Sensing, Environmental business	Develop new technologies and businesses

(3) Concept of Environmental Vision 2050

Epson has revised “Environmental Vision 2050,” a vision for environmental initiatives that are a prerequisite for a sustainable society, as follows, and has set goals to be achieved by 2050 and initiatives to realize these goals.

Items	Contents
Vision statement	Epson will become carbon negative and underground resource (*1) free by 2050 to achieve sustainability and enrich communities
Goals	2030: Reduce total emissions in line with the 1.5°C scenario (*2) 2050: Carbon negative and underground resource (*1) free
Actions	<ul style="list-style-type: none"> ● Reduce the environmental impacts of products and services and in supply chain ● Achieve sustainability in a circular economy and advance the frontiers of industry through creative, open innovation ● Contribute to international environmental initiatives

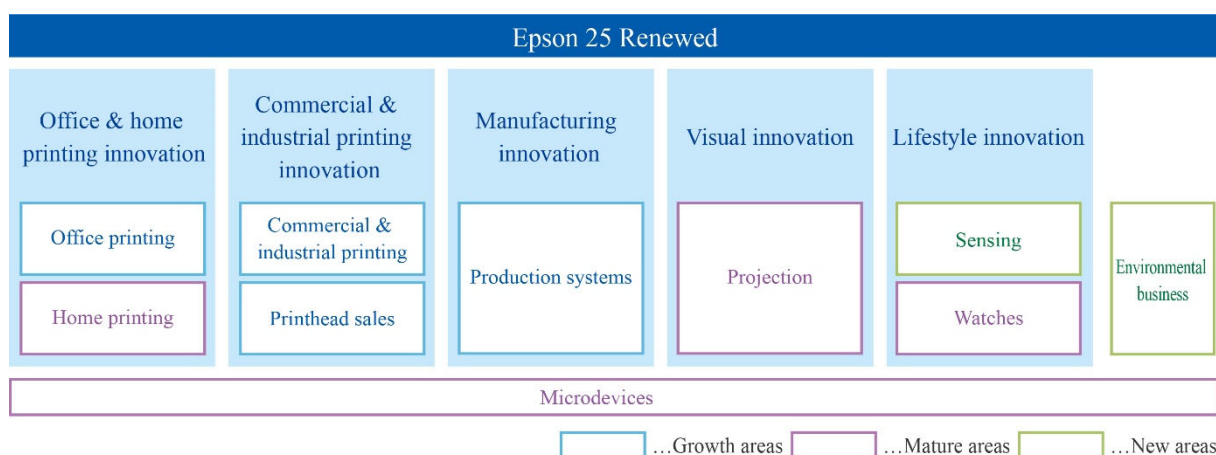
*1. Non-renewable resources such as oil and metals

*2. Target for reducing greenhouse gas emissions aligned with the criteria under the Science Based Targets initiative (SBTi)

(4) Business and financial issues to be addressed with priority

1) Policies and progress of innovation strategy and future initiatives

We have established five innovation areas around customer value and societal issues in order to execute the strategy for realizing our goals. In the microdevices business that supports the innovation areas, we will contribute to the development of smart communities with crystal semiconductor solutions enhanced with our efficient, compact, and precision technologies.



<Office & home printing innovation>

In this area, we seek to lead the evolution toward printing that reduces environmental impacts and increases work productivity through inkjet technology, paper recycling technology, and open solutions.

In office printing, sales of line inkjet multifunction printers in the medium speed zone grew. Going forward, the Company will continue to rationalize product design and components, and also to develop next-generation products that combine convenience and environmental performance to further enhance our product lineup. In home printing, we will continue to engage in value promotion and strengthen support for sales channels of our large-capacity ink tank printers through promotions featuring our ambassadors.

<Commercial & industrial printing innovation>

In this area, we seek to offer inkjet technology and solutions that lead the digitalization of printing and contribute to lower environmental impacts and higher productivity.

In the finished products business, we proceeded efficiently with expanding our product lineup through the platforming that we have been working on. In addition, the number of subscribers to Epson Cloud Solution PORT, which solves problems at customers' production sites and improves operational efficiency, has been increasing steadily. The printhead sales business maintains steady sales growth mainly in the largest market, China. Epson will continue to lead the shift from analog to digital printing by developing products and services that combine environmental performance and productivity in the commercial and industrial fields.

<Manufacturing innovation>

In this area, we seek to innovate manufacturing by co-creating flexible high-throughput production systems that reduce environmental impacts.

The manufacturing solutions business continued to face a challenging environment due to customer spending curbs following global economic slowdown and the emergence of Chinese manufacturers. In the future, in addition to continuing to work to strengthen competitiveness in product costs, we will develop and offer solutions that lower the barriers to automation through the utilization of sensors and other devices, and strengthen sales in Southeast Asia and India, to which production sites are shifting, aiming to achieve growth.

<Visual innovation>

In this area, we seek to connect people, things, information and services with inspiring video experiences and quality visual communications to support learning, working and lifestyles.

The Projection business has been undergoing structural reforms and is already structured to earn profits efficiently. In the consolidated fiscal year under review, we steadily captured demand from the education sector in various countries. In the high-brightness projector area, we introduced strategic products and increased our market share. In the future, we will introduce new products to respond to the growing smart projector market for home use. We will also expand our efforts to strengthen contact with customers by utilizing digital technology and create value through co-creation.

<Lifestyle innovation>

In this area, we seek to utilize craftsmanship and co-create solutions that utilize sensing technologies to enrich diverse lifestyles.

In the watches business, profitability is improving as a result of business restructuring, including lineup consolidation and automation of production lines. We will proceed with reform toward building a business structure that is resilient to change. In the consolidated fiscal year under review, we launched the high value-added products of our own brand Orient Star in the market. Going forward, we will work to increase awareness of the Orient brand, especially overseas. In the sensing business, we will develop new businesses utilizing the sensor with an eye on the medium and long term.

2) Strengthening business infrastructure

In order to realize each innovation mentioned above, we are strengthening the business infrastructure as follows.

<Sales & marketing strategies>

- ◆ Provide customer focused sales/support utilizing digital technology
We have introduced CRM (customer relation management) in order to strengthen customer contact by standardizing and visualizing the sales activities of all group sales companies. In the future, we will further enhance customer value through reforms of sales process that utilize data (consulting, value added solutions, maintenance services, etc.), particularly in the service area.
- ◆ Focused strengthening of the organization according to region and business segment
We have been strengthening personnel allocation to growth areas and improving operational efficiency in mature areas and will continue our efforts in the future. In addition, we have established a new company (Epson Middle East FZCO) to handle the Middle East and Africa regions. We will continue our efforts to strengthen sales in these regions.

<Production strategies>

- ◆ Manufacturing innovation through automation and digitalization
In our main products such as large-capacity ink tank printers, we are promoting the automation of assembly and inspection operations. Going forward, we will continue to work on increasing work productivity through automation focusing on processes with high introduction effects, training for equipment maintenance personnel and efficiency improvement utilizing digital technology.
- ◆ Establishment of distributed production system
We are decentralizing production to build a risk-resistant and resilient supply chain, and the number of main products manufactured at multiple sites has increased significantly. We will continue to further promote distributed production.

<Technology development strategies>

- ◆ Technology development that support innovation
In order to support innovation in each business area, we are strengthening materials development and the introduction of AI and digital technology to manufacturing sites. In materials development, we are using simulation technology to develop elements that contribute to resource recycling and decarbonized society. In addition, at manufacturing sites, we are promoting the use of AI in inspection processes and other areas. In the future, we will extensively consider the use of AI in technology development and manufacturing sites to strengthen our competitiveness.

<HR strategies>

For details, please refer to “(5) Concept and initiatives of sustainability 3) Measures for human capital and diversity.”

3) Financial targets

We will shift to profitability-focused management to realize “Epson 25 Renewed” and seek to secure profitability and future growth by focusing on priorities without pursuing excessive sales growth. In accordance with this policy, we have set ROIC, ROE and ROS as financial targets.

We will continue to emphasize profitability and capital efficiency, but we have revised financial targets for FY2025 in light of changes in the external environment. In the growth area, we will adhere to measures for addressing issues and transform Epson’s business portfolio. In addition, after taking into account the macro-economic environment and conservatively estimating revenue growth, we will proceed with improving profitability by reducing our fixed costs, with a view to achieving our financial goals.

Consolidated financial targets	FY2020 (Result)	FY2021 (Result)	FY2022 (Result)	FY2023 (Result)	FY2025 (New target)
ROIC (*3)	5.6%	7.3%	7.1%	4.6%	7% or more
ROE	5.9%	15.2%	10.8%	6.8%	8% or more
ROS	6.2%	7.9%	7.1%	4.9%	7% or more

*3. ROIC = Business profit after tax / (equity attributable to owners of the parent company + interest-bearing liabilities)

(5) Concept and initiatives of sustainability

1) Concept of sustainability management

Four materialities (achieve sustainability in a circular economy, advance the frontiers of industry, improve the quality of life, and fulfill our social responsibility) that form the fundamentals of Epson’s corporate management are based on social issues. We believe Epson’s corporate activities are the solutions to social issues. We step up our activities that pivot on social issues to achieve business growth, which, in turn, leads to solving even more societal issues and fostering mutual growth with society. This is how Epson enhances corporate value. To achieve this, we emphasize the need for strategic management and business transformation that aligns our sustainability goals with those of society. We have positioned this vision as our long-term vision “Epson 25 Renewed.”

2) Response to climate change

Epson’s Environmental Vision 2050 sets targets to achieve “Reduce total emissions in line with the 1.5°C scenario” by 2030 and “Carbon negative” and “Underground resource free” by 2050. To this end, we are working to promote decarbonization and close the resource loop, as well as providing products and services that reduce environmental impacts and developing environmental technologies.

Since Epson announced its endorsement of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in October 2019, the Company has been promoting information disclosure (governance, strategy, risk management, metrics and targets) in accordance with the TCFD framework to ensure good communication with shareholders, investors, and a wide range of stakeholders.

3) Measures for human capital and diversity

<Basic approach to human resource strategy>

Epson is a company born and raised in Shinshu. Today, while maintaining its core functions and bases of operations in Shinshu, Epson has established 107 R&D, production, and sales bases in countries and regions outside Japan, which account for 80% or more of the revenue and 70% or more of the employees, and continues to develop its business globally. Therefore, at Epson, the key to our human resource strategy is to build a human resource base that will enable us to survive severe global competition and achieve our management objectives and business growth by proactively acquiring external human resources and achieving diversity, while turning local job security and the relatively long-term employment that comes with it into our strength.

<Image of human resources we seek>

In order to realize its management strategy and execute its business, Epson needs people who can respond quickly to change with a broad perspective and a high level of expertise, and create customer value independently and autonomously from the customer's perspective, based on the penetration of Corporate Purpose and the Epson Way, and a shared understanding of the business approach set forth in the long-term vision.

In anticipation of further declining birthrates, an aging society, and a shrinking workforce in Japan, we have been working to formulate a human resource portfolio on a global basis. In the consolidated fiscal year under review, in specific operations divisions, we defined the human resource requirements needed to formulate and execute business strategies and establish new business models based on skills and behavioral characteristics, in an attempt to visualize the current resource portfolio. We will go a step further by expanding these efforts across the Company, as well as manifesting the desired state in the course of preparing the next long-term vision and identifying the gap between the current and desired states both quantitatively and qualitatively. By doing so, we will implement appropriate measures such as recruitment, reskilling, and optimal placement to build an optimal personnel structure company-wide, fulfilling our medium- to long-term strategies.

4) Measures for intellectual property

As regards intellectual property, Epson believes that it is important to help sustain growth in corporate value by converting intellectual property, which broadly encompasses brands, data, and other assets, as well as intellectual property rights, into value. Led by this belief, in order to realize the goal of our long-term vision of achieving sustainability and enriching communities, the Intellectual Property Division closely collaborates with management, the operations divisions, R&D departments, and strategy departments to proactively utilize all forms of intellectual property to convert into value. Our hard work is paying off by improving corporate value and sustaining growth.

Robust intellectual property thus serves as a foundation for creating a positive business cycle. It allows us to invest further in research and development and helps us to maintain a competitive advantage by continuing to evolve Epson's products and technologies, including printheads.

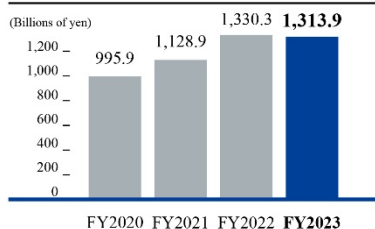
We intend to release the details of "(5) Concept and initiatives of sustainability" in our Annual Securities Report to be disclosed at the end of June 2024.

1.9 Status of assets and income (loss)

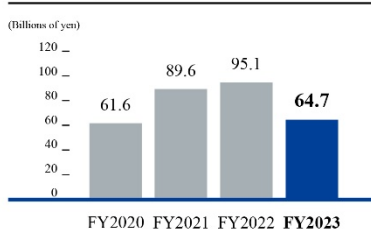
(Millions of yen unless otherwise stated)

Item	FY2020	FY2021	FY2022	FY2023
Revenue	995,940	1,128,914	1,330,331	1,313,998
Business profit	61,642	89,637	95,106	64,721
Profit from operating activities	47,654	94,479	97,044	57,533
Profit for the period attributable to owners of the parent company	30,922	92,288	75,043	52,616
Basic earnings per share (yen)	89.38	266.73	220.75	158.68
Total assets	1,161,314	1,266,420	1,341,575	1,413,094
Equity attributable to owners of the parent company	550,924	665,628	727,352	810,992
Equity attributable to owners of the parent company ratio (%)	47.4	52.6	54.2	57.4

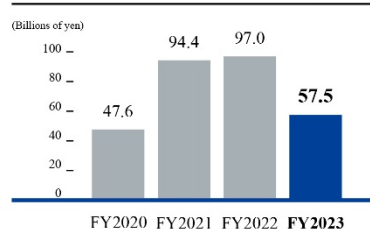
Revenue



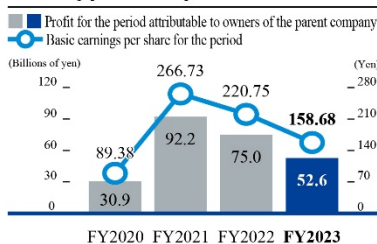
Business profit



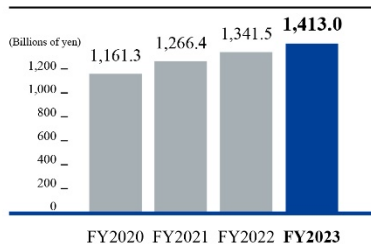
Profit from operating activities



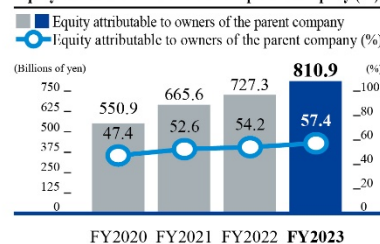
Profit for the period attributable to owners of the parent company / Basic earnings per share for the period



Total assets



Equity attributable to owners of the parent company / Equity attributable to owners of the parent company (%)



Notes

1. The Company prepares the consolidated financial statements on the basis of International Financial Reporting Standards (IFRS), in accordance with Article 120, Paragraph 1 of the Regulation on Corporate Accounting.
2. Business profit is a profit indicator that Epson voluntarily discloses in applying International Financial Reporting Standards (IFRS), and is very similar in principle to operating income under Japanese Generally Accepted Accounting Principles (JGAAP).
3. In the calculation of basic earnings per share, the shares of the Company held by BIP trust are accounted as treasury shares and the number of those shares is deducted from weighted-average number of ordinary shares outstanding during the period.

1.10 Status of significant parent companies and subsidiaries (as of March 31, 2024)

(1) Relationship with the parent company

Not applicable.

(2) Status of Significant Subsidiaries

	Company name	Location	The Company's percentage of equity participation	Main business
Japan	Epson Sales Japan Corporation	Tokyo	100.0%	Printing Solutions Visual Communications Manufacturing-related & Wearables
	Miyazaki Epson Corporation	Miyazaki	100.0%	Manufacturing-related & Wearables
	Tohoku Epson Corporation	Yamagata	100.0%	Printing Solutions Manufacturing-related & Wearables
	Akita Epson Corporation	Akita	100.0%	Printing Solutions Manufacturing-related & Wearables
	Epson Atmix Corporation	Aomori	100.0%	Manufacturing-related & Wearables
	Epson Direct Corporation	Nagano	100.0% (100.0%)	Manufacturing-related & Wearables
	Epson X Investment Corporation	Tokyo	100.0%	Venture investment & development
Americas	U.S. Epson, Inc.	U.S.A.	100.0%	Holding company
	Epson America, Inc.	U.S.A.	100.0% (100.0%)	Regional headquarters Printing Solutions Visual Communications Manufacturing-related & Wearables
	Epson do Brasil Industria e Comercio Ltda.	Brazil	100.0% (100.0%)	Printing Solutions Visual Communications
	Epson Portland Inc.	U.S.A.	100.0% (100.0%)	Printing Solutions
Europe/Middle East	Epson Europe B.V.	The Netherlands	100.0%	Regional headquarters Printing Solutions Visual Communications Manufacturing-related & Wearables
	Epson (U.K.) Ltd.	U.K.	100.0% (100.0%)	Printing Solutions Visual Communications
	Epson Deutschland GmbH	Germany	100.0% (100.0%)	Printing Solutions Visual Communications Manufacturing-related & Wearables
	Epson Europe Electronics GmbH	Germany	100.0% (100.0%)	Manufacturing-related & Wearables
	Epson France S.A.S.	France	100.0% (100.0%)	Printing Solutions Visual Communications
	Epson Italia S.p.A.	Italy	100.0% (100.0%)	Printing Solutions Visual Communications Manufacturing-related & Wearables
	Epson Como Printing Technologies S.r.l.	Italy	100.0% (100.0%)	Printing Solutions
	Epson Iberica, S.A.U.	Spain	100.0% (100.0%)	Printing Solutions Visual Communications
	Epson Middle East FZCO	UAE	100.0%	Printing Solutions Visual Communications
	Epson Telford Ltd.	U.K.	100.0% (100.0%)	Printing Solutions

Company name	Location	The Company's percentage of equity participation	Main business	
Asia and Oceania	Epson (China) Co., Ltd.	China	100.0%	Regional headquarters Printing Solutions Visual Communications Manufacturing-related & Wearables
	Epson Singapore Pte. Ltd.	Singapore	100.0%	Regional headquarters Printing Solutions Visual Communications Manufacturing-related & Wearables
	Epson Korea Co., Ltd.	South Korea	100.0%	Printing Solutions Visual Communications Manufacturing-related & Wearables
	Epson Hong Kong Ltd.	China	100.0%	Printing Solutions Visual Communications Manufacturing-related & Wearables
	Epson Taiwan Technology & Trading Ltd.	Taiwan	100.0%	Printing Solutions Visual Communications Manufacturing-related & Wearables
	PT. Epson Indonesia	Indonesia	100.0% (100.0%)	Printing Solutions Visual Communications
	Epson (Thailand) Co., Ltd.	Thailand	100.0% (100.0%)	Printing Solutions Visual Communications
	Epson Philippines Corporation	Philippines	100.0% (100.0%)	Printing Solutions Visual Communications
	Epson Australia Pty. Ltd.	Australia	100.0%	Printing Solutions Visual Communications
	Epson India Pvt. Ltd.	India	100.0% (100.0%)	Printing Solutions Visual Communications
	Epson Precision (Hong Kong) Ltd.	China	100.0%	Printing Solutions Visual Communications
	Epson Engineering (Shenzhen) Ltd.	China	100.0% (100.0%)	Printing Solutions Visual Communications Manufacturing-related & Wearables
	Orient Watch (Shenzhen) Ltd.	China	100.0% (100.0%)	Manufacturing-related & Wearables
	Tianjin Epson Co., Ltd.	China	100.0% (100.0%)	Printing Solutions
	Singapore Epson Industrial Pte. Ltd.	Singapore	100.0%	Manufacturing-related & Wearables
	PT. Epson Batam	Indonesia	100.0% (100.0%)	Printing Solutions
	PT. Indonesia Epson Industry	Indonesia	100.0%	Printing Solutions
	Epson Precision (Thailand) Ltd.	Thailand	100.0%	Manufacturing-related & Wearables
	Epson Precision (Philippines), Inc.	Philippines	100.0%	Printing Solutions Visual Communications
	Epson Precision Malaysia Sdn. Bhd.	Malaysia	100.0%	Manufacturing-related & Wearables
Epson Precision (Johor) Sdn. Bhd.	Malaysia	100.0% (100.0%)	Manufacturing-related & Wearables	

Notes:

1. Percentage of equity participation indicated inside parentheses refers to indirect ownership percentage.
2. There are no specified wholly-owned subsidiaries.

1.11 Principal business locations and plants (as of March 31, 2024)

Epson is organized into operations divisions under global consolidated management. The majority of advanced R&D and product development is conducted in Japan (by Corporate R&D and R&D organizations in the various operations divisions), while manufacturing and sales activities are conducted around the world by Epson Group manufacturing and sales companies, both in Japan and abroad.

The Company

Registered Head Office	4-1-6 Shinjuku, Shinjuku-ku, Tokyo
Head Office	3-3-5 Owa, Suwa-shi, Nagano
Offices	Hirooka Office (Shiojiri-shi, Nagano), Toyoshina Plant (Azumino-shi, Nagano), Fujimi Plant (Fujimi-machi, Suwa-gun, Nagano), Suwa Minami Plant (Fujimi-machi, Suwa-gun, Nagano), Shiojiri Plant (Shiojiri-shi, Nagano), Matsumoto Minami Plant (Matsumoto-shi, Nagano), Ina Plant (Minowa-machi, Kamiina-gun, Nagano), Kanbayashi Plant (Matsumoto-shi, Nagano), Hino Office (Hino-shi, Tokyo), Sakata Plant (Sakata-shi, Yamagata), Chitose Plant (Chitose-shi, Hokkaido), Osaka Office (Osaka-shi, Osaka)

Subsidiaries

For detail, please refer to “1.10 Status of significant parent companies and subsidiaries.”

1.12 Status of employees (as of March 31, 2024)

Segment	Number of employees (Persons)	Year-on-year change (Persons)
Printing Solutions Business	49,991	(4,505)
Visual Communications Business	9,325	(781)
Manufacturing-related & Wearables Business	11,093	(269)
Other	433	22
Corporate	3,622	91
Total	74,464	(5,442)

Notes:

1. The number of employees represents the number of persons in employment.
2. The number of employees represented as Corporate represents administrative staff not assigned to any particular business segment.

1.13 Major lenders (as of March 31, 2024)

Lender	Borrowing amount (Millions of yen)
Mizuho Bank, Ltd.	31,800
MUFG Bank, Ltd.	10,580
The Hachijuni Bank, Ltd.	5,300

1.14 Other material facts concerning the current status

(1) Civil actions concerning copyright fees in Belgium

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

(2) Allegation by a consumer organization in France

Regarding the inkjet printer products sold in France, authorities have initiated investigations following an allegation made by a consumer organization in the country in 2017, pursuant to consumer protection law. The consumer organization alleges that Epson shortens the life of its products, which was never Epson’s intention. Giving the highest priority to quality and environment, Epson will continue to offer designs that meet customer needs.

Progress, result and resolution timing of the investigations, and their impact on Epson’s financial performance and its future business development are not predictable at this time.

2. Matters related to Company Shares (as of March 31, 2024)

- 2.1 Total number of shares authorized to be issued** 1,214,916,736 shares
- 2.2 Total number of shares outstanding** 385,022,278 shares (including 53,289,742 shares of treasury stock)
- 2.3 Number of shareholders** 33,164 persons
- 2.4 Major shareholders**

Shareholder name	Number of shares held (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	72,625,700	21.89
Custody Bank of Japan, Ltd. (Trust Account)	27,427,200	8.26
Seiko Group Corporation	12,000,000	3.61
Sanko Kigyo Kabushiki Kaisha	10,500,000	3.16
Mizuho Trust & Banking Co., Ltd., Retirement benefit trust, Mizuho Bank, Ltd. Account	8,153,800	2.45
Epson Group Employees' Shareholding Association	7,422,224	2.23
STATE STREET BANK WEST CLIENT-TREATY 505234	6,152,177	1.85
The Dai-ichi Life Insurance Company, Limited	6,115,200	1.84
HSBC HONG KONG-TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES	4,604,864	1.38
JPMorgan Securities Japan Co., Ltd.	4,581,315	1.38

Note: Although the Company holds 53,289,742 shares of treasury shares, the Company is excluded from the above list of major shareholders. Shareholding ratio is calculated by deducting treasury shares. Treasury shares do not include the Company's shares (109,170 shares) owned by the officer compensation BIP Trust.

2.5 Shares delivered to management as compensation for execution of duties during the fiscal year under review

Category	Number of shares (shares)	Number of individuals eligible for delivery (persons)
Directors who are not Audit & Supervisory Committee Members (of which, Outside Directors)	24,986 (-)	3 (-)
Directors who are Audit & Supervisory Committee Members (of which, Outside Directors)	- (-)	- (-)
Total	24,986	3

3. Matters related to the Subscription Rights to Shares, etc. of the Company

Not applicable.

4. Matters related to Management

4.1 Names, etc. of Directors (as of March 31, 2024)

Name	Title	Areas of responsibility and significant concurrent positions
Minoru Usui	Chairman and Director	Outside Director of IHI Corporation Outside Member of the Board of Directors of Sumitomo Pharma Co., Ltd.
Yasunori Ogawa	President and Representative Director	—
Tatsuaki Seki	Director Senior Managing Executive Officer Chief Compliance Officer	General Administrative Manager, Management Control Division General Administrative Manager, Sustainability Promotion Office
Mari Matsunaga	Outside Director	Outside Director of Asahi Group Holdings, Ltd.
Tadashi Shimamoto	Outside Director	Special Advisor of Nomura Research Institute, Ltd. Director of Reading Skill Test, Inc. Outside Director of Mitsubishi Pencil Co., Ltd. Member of the Public Interest Body, PricewaterhouseCoopers Aarata LLC
Masaki Yamauchi	Outside Director	Advisor of Yamato Holdings Co., Ltd. Independent Director of Persol Holdings Co., Ltd. Outside Director of Resona Holdings, Inc.
Masayuki Kawana	Director Full-Time Audit & Supervisory Committee Member	—
Yoshio Shirai	Outside Director Audit & Supervisory Committee Member	—
Susumu Murakoshi	Outside Director Audit & Supervisory Committee Member	Attorney-at-law
Michiko Ohtsuka	Outside Director Audit & Supervisory Committee Member	Certified Public Accountant

- Notes
1. The Company registered Ms. Mari Matsunaga, Mr. Tadashi Shimamoto, Mr. Masaki Yamauchi, Mr. Yoshio Shirai, Mr. Susumu Murakoshi and Ms. Michiko Ohtsuka as Independent Directors with the Tokyo Stock Exchange.
 2. Mr. Tadashi Shimamoto and Mr. Masaki Yamauchi were elected as Directors at the Ordinary General Meeting of Shareholders held on June 27, 2023 and assumed office.
 3. Mr. Tatsuaki Seki retired from the post of Representative Director, Senior Managing Executive Officer and Chief Compliance Officer of the Company, and assumed the office of Director as of April 1, 2024.
 4. Director and Audit & Supervisory Committee Member Ms. Michiko Ohtsuka has professional knowledge and experience as a certified public accountant, thus she has considerable knowledge in finance and accounting.
 5. Based on a belief that improving audit environment and smooth collection of in-house information through attending important internal meetings, as well as close coordination with an internal audit departments, etc.

and daily oversight on the internal control system are necessary to ensure the effectiveness of the activities of the Audit & Supervisory Committee, the Company has appointed Mr. Masayuki Kawana as a Full-Time Audit & Supervisory Committee Member.

6. There are no special interests between the Company and the entities where each Outside Director holds significant concurrent positions.
7. List of Executive Officers (excluding Directors concurrently serving as Executive Officers) as of March 31, 2024 is as follows.

Name	Title	Areas of responsibility
Junichi Watanabe	Managing Executive Officer	General Administrative Manager, Production Planning Division Deputy General Administrative Manager, Global Environmental Strategy Promotion Office (in charge of Production Planning, Procurement, Logistics)
Akihiro Fukaishi	Executive Officer	Chairman and President, Epson (China) Co., Ltd.
Nobuyuki Shimotome	Executive Officer	Chief Operating Officer, Microdevices Operations Division
Hitoshi Igarashi	Executive Officer	Deputy General Administrative Manager, Printing Solutions Division (in charge of P Commercial & Industrial Operations, PaperLab Business and Planning and Design) Chief Operating Officer, P Commercial & Industrial Operations Division
Keith Kratzberg	Executive Officer	President, and Chief Executive Officer, Epson America, Inc.
Isamu Otsuka	Executive Officer	President, Epson Atmix Corporation
Eiichi Abe	Executive Officer	General Administrative Manager, Human Capital & Well-Being Management Division
Kazuhiro Ichikawa	Executive Officer	General Administrative Manager, Technology Development Division General Administrative Manager, Global Environmental Strategy Promotion Office
Keijiro Naito	Executive Officer	Chief Operating Officer, Manufacturing Solutions Operations Division
Yoshifumi Yoshida	Executive Officer	Deputy Chief Operating Officer, Manufacturing Solutions Operations Division (in charge of Automation Technology Development)
Andrea Zoekler	Executive Officer	Senior Vice President, Epson America, Inc.
Yoshiro Nagafusa	Executive Officer	President, Epson Europe B.V.
Satoru Hosono	Executive Officer	Deputy General Administrative Manager, Technology Development Division (in charge of Foundational Technology Development)
Fuminori Suzumura	Executive Officer	President, Epson Sales Japan Corporation
Akifumi Takei	Executive Officer	President, Epson Precision (Philippines), Inc. Deputy Chief Operating Officer, Manufacturing Solutions Operations Division
Junkichi Yoshida	Executive Officer	General Administrative Manager, Printing Solutions Division
Samba Moorthy	Executive Officer	Managing Director, Epson India Pvt. Ltd.
Yoichi Yamada	Executive Officer	Deputy General Administrative Manager, Printing Solutions Division (in charge of P Office & Home Operations and Component Design) Chief Operating Officer, P Office & Home Operations Division
Tomoo Takaso	Executive Officer	General Administrative Manager, DX Division
Yasunori Yoshino	Executive Officer	General Administrative Manager, Corporate Strategy Division Chief Operating Officer, Visual Products Operations Division
Toshiaki Miyasaka	Executive Officer	Deputy General Administrative Manager, Printing Solutions Division (in charge of Quality Assurance, Production Technology, Production Management)
Masashi Hayashi	Executive Officer	Chief Operating Officer, Wearable Products Operations Division

Name	Title	Areas of responsibility
Masaharu Mizukami	Executive Officer	Deputy General Administrative Manager, Management Control Division (in charge of Legal Affairs, Corporate Governance, GX,) Chief Operating Officer, Global Management Foundation (Business Process, IT) Transformation Project
Toshihiko Kobayashi	Executive Officer	General Administrative Manager, Intellectual Property Division
Siew Jin Kiat	Executive Officer	Managing Director, Epson Singapore Pte. Ltd.
Sunao Murata	Professional Officer	In charge of specific projects, DX Division (Company IT Technology, GX-CRM)

8. Changes in the positions and responsibilities of Executive Officers after the end of the fiscal year under review are as follows.

Name	After change	Before change	Date of change
Akihiro Fukaishi	Executive Officer General Administrative Manager, Sales & Marketing Division	Executive Officer Chairman and President, Epson (China) Co., Ltd.	April 1, 2024
Akifumi Takei	Executive Officer Deputy General Administrative Manager, Production Planning Division (in charge of Processing Technology, Production System Planning) Deputy Chief Operating Officer, Manufacturing Solutions Operations Division (in charge of Automation Technology Development)	Executive Officer President, Epson Precision (Philippines), Inc. Deputy Chief Operating Officer, Manufacturing Solutions Operations Division	April 1, 2024
Tomoo Takaso	Executive Officer Chief Operating Officer, Visual Products Operations Division Deputy General Administrative Manager, DX Division (in charge of overall GX strategy)	Executive Officer General Administrative Manager, DX Division	April 1, 2024
Yasunori Yoshino	Executive Officer General Administrative Manager, Corporate Strategy Division Chief Operating Officer, Manufacturing Solutions Operations Division	Executive Officer General Administrative Manager, Corporate Strategy Division Chief Operating Officer, Visual Products Operations Division	April 1, 2024
Masaharu Mizukami	Executive Officer Chief Compliance Officer General Administrative Manager, Business Management Division General Administrative Manager, Sustainability Promotion Office	Executive Officer Deputy General Administrative Manager, Business Management Division (in charge of Legal Affairs, Corporate Governance, GX,) and General Manager, Global Management (Business Process, IT) Transformation Project	April 1, 2024
Tsutomu Norimatsu	Executive Officer Chief Operating Officer, Microdevices Operations Division	Deputy Chief Operating Officer, Microdevices Operations Division (Semiconductor Domain; in charge of Quality, Engineering, Production Control and Production)	April 1, 2024

Name	After change	Before change	Date of change
Susumu Maruyama	Executive Officer General Administrative Manager, DX Division	Deputy General Administrative Manager, DX Division	April 1, 2024
Emile Pattiwael	Executive Officer President, PT. Indonesia Epson Industry	President, PT. Indonesia Epson Industry	April 1, 2024
Takanori Inaho	Executive Officer President, Epson Europe B.V.	General Administrative Manager, Sales & Marketing Division	April 1, 2024
Haruo Kuribayashi	Executive Officer President, Epson Sales Japan Corporation	Director and General Administrative Manager, Sales Promotion Division, Epson Sales Japan Corporation	April 1, 2024

Name	After change	Before change	Date of change
Tsuyoshi Yamanaka	Executive Officer Deputy General Administrative Manager, Printing Solutions Division (in charge of P Commercial & Industrial Operations, PaperLab Business and Planning and Design) Chief Operating Officer, P Commercial & Industrial Operations Division	Deputy Chief Operating Officer, P Commercial & Industrial Operations Division Manager (in charge of small printers, label printers)	April 1, 2024
Masahiro Uchida	Executive Officer Chairman and President, Epson Engineering (Shenzhen) Ltd.	Chairman and President, Epson Engineering (Shenzhen) Ltd.	April 1, 2024
Shunya Fukuda	Executive Officer Chief Operating Officer, IJS Operations Division	Chief Operating Officer, IJS Operations Division	April 1, 2024
Keijiro Naito	Professional Officer In charge of specific projects in the Corporate Strategy Division (Medium- to Long-term Strategy.)	Executive Officer Chief Operating Officer, Manufacturing Solutions Operations Division	April 1, 2024
Yoshifumi Yoshida	Professional Officer In charge of specific projects in the Production Planning Division (Molding Automation)	Executive Officer Deputy Chief Operating Officer, Manufacturing Solutions Operations Division (in charge of Automation Technology Development)	April 1, 2024

9. Mr. Nobuyuki Shimotome, Mr. Hitoshi Igarashi, Mr. Yoshiro Nagafusa and Mr. Fuminori Suzumura retired from the posts of Executive Officer, and Mr. Sunao Murata retired from the post of Technology Officer, as of March 31, 2024.
10. Mr. Tsutomu Norimatsu, Mr. Susumu Maruyama, Mr. Emile Pattiwael, Mr. Takanori Inaho, Mr. Haruo Kuribayashi, Mr. Tsuyoshi Yamanaka, Mr. Masahiro Uchida and Mr. Shunya Fukuda assumed office of Executive Officer as of April 1, 2024.
11. The Company has elected Special Audit & Supervisory Officer, a post to support the Audit & Supervisory Committee. The list of Special Audit & Supervisory Officer as of March 31, 2024 is as follows.

Name	Title	Areas of responsibility
Yoshihiro Mizoguchi	Special Audit & Supervisory Officer	General Administrative Manager of the Audit & Supervisory Committee Office

4.2 Outline of liability limitation contracts

The Company has entered into contracts with its non-executive Directors, namely, Ms. Mari Matsunaga, Mr. Tadashi Shimamoto, Mr. Masaki Yamauchi, Mr. Masayuki Kawana, Mr. Yoshio Shirai, Mr. Susumu Murakoshi and Ms. Michiko Ohtsuka, which limit their liabilities to the damages pursuant to Article 423, Paragraph 1 of the Companies Act. The maximum liability amount under the contracts shall be the minimum liability amount stipulated in laws and regulations.

4.3 Outline of the indemnity agreement

The Company has entered into an indemnity agreement, whose outline is as follows.

1. Names of company officers
Mr. Minoru Usui, Mr. Yasunori Ogawa, Mr. Tatsuaki Seki, Ms. Mari Matsunaga, Mr. Tadashi Shimamoto, Mr. Masaki Yamauchi, Mr. Masayuki Kawana, Mr. Yoshio Shirai, Mr. Susumu Murakoshi, Ms. Michiko Ohtsuka
2. Outline of the indemnity agreement
The Company will indemnify for the expenses provided for in item (i) and the losses provided for in item (ii) of Article 430-2, Paragraph 1 of the Companies Act to the extent provided by laws and regulations. However, in order to ensure that the indemnity agreement does not impair the appropriateness of the execution of duties, the Board of Directors determines whether indemnity is required and the extent of such indemnity.

4.4 Outline of directors and officers liability insurance contract

The Company has entered into a directors and officers liability insurance contract, whose outline is as follows.

1. Scope of the insured
 - (1) Directors, Executive Officers, Professional Officers and Special Audit & Supervisory Officers of the Company
 - (2) Directors and Audit & Supervisory Board Members of the Company's domestic subsidiaries
 - (3) Employees in management positions of the Company and its domestic subsidiaries
 - (4) Individuals occupying officer positions of companies other than the Company or its domestic subsidiaries based on a request or an instruction from the Company
 - (5) The Company and its domestic subsidiaries
2. Actual ratio of premiums paid by the insured
The premiums are paid by the Company, and the insured does not effectively bear a ratio of the premiums.
3. Outline of events insured against
Damages (legal compensation for damages, litigation expenses, etc.) arising from claims for damages due to the execution of duties by the insured will be covered.
4. Measures to ensure the appropriateness of the execution of duties by officers, etc. is maintained
An exemption clause is included in the contract, which stipulates to the effect that damages arising from personal offers of illegal profit, criminal acts, etc. will not be covered.

4.5 Compensation to Directors

1. Total amount of compensation

(Millions of yen)

Category	Persons paid (persons)	Base compensation (monetary)	Performance- linked compensation Bonuses (monetary)	Stock compensation with transfer restrictions (non- monetary)	Total
Directors who are not Audit & Supervisory Committee Members (of which, Outside Directors)	8 (4)	189 (39)	31 (-)	41 (-)	262 (39)
Directors who are Audit & Supervisory Committee Members (of which, Outside Directors)	4 (3)	82 (49)			82 (49)
Total	12	272	31	41	345

- Notes
- The Company has introduced an officers' shareholding association system to link compensation more closely to shareholders' value. A portion of the base compensation is discretionally allotted for the acquisition of the Company's shares. The Company has established the criteria for shareholding by its officers based on internal regulations defined by the Board of Directors to demonstrate its commitment to and responsibilities for the management to all shareholders.
 - The amount above includes bonuses to be paid to Directors in the amount of 31 million yen (amount to be paid to two Directors excluding Chairman and Director without the right of representation, Outside Directors, and Directors who are Audit & Supervisory Committee Members), subject to the approval of the proposal concerning the payment of bonus to Directors to be proposed at the Ordinary General Meeting of Shareholders scheduled on June 25, 2024.
 - From the fiscal year under review, the Company has introduced a restricted stock compensation plan with the aim of sharing share price fluctuation benefits and risks with shareholders and to increase incentives for share price appreciation, sustainable growth, and medium- to long-term corporate value enhancement even more. The overview of the restricted stock compensation plan is described in "2. <Outline of contents of the decision-making policies> (3)" below.
 - The performance-linked stock compensation plan, which was introduced by employing a framework referred to as the officer compensation BIP (Board Incentive Plan) trust, will terminate upon the completion of the delivery and payment pertaining to the points already granted of the Company's common stock and the cash equivalent to an amount obtained through the conversion of the Company's common stock into cash, with the introduction of the restricted stock compensation plan upon resolution of the Ordinary General Meeting of Shareholders held on June 28, 2022.
 - The number of individuals paid for under the above restricted stock compensation plan does not include five Directors who are not Audit & Supervisory Committee Members and are independent from business execution (Chairman and Director without the right of representation and Outside Directors).
 - The number of persons paid above includes two Directors who are not Audit & Supervisory Committee Members that retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 27, 2023.
 - Based on a resolution at the Ordinary General Meeting of Shareholders held on June 23, 2006 to abolish bonuses for retiring executives, the Company plans to provide payment of 24 million yen to one eligible Director who is scheduled to retire at the conclusion of the Ordinary General Meeting of Shareholders to be held on June 25, 2024.
 - Stock options are not granted.

2. Decision-making policies, etc. on compensation for individual Directors who are not Audit & Supervisory Committee Members

The Company has established its decision-making policies on compensation for individual Directors who are not Audit & Supervisory Committee Members.

<Method of determining the decision-making policies>

Decision-making policies are determined by the Board of Directors upon deliberation of its contents at the Director Compensation Committee, which is chaired by an Outside Director and the majority of which is composed of Outside Directors.

<Outline of contents of the decision-making policies>

(1) Basic stance

The Company's officer compensation shall consist of base compensation, which is fixed compensation, bonuses, which is performance-linked compensation, and stock compensation with transfer restrictions, which is non-monetary compensation. Given their roles to monitor the management as a whole as well as their independence from the business affairs, the Company pays only fixed compensation as base compensation to Officers who do not have executive duties and therefore does not pay bonuses and stock compensation with transfer restrictions.

Compensation for Officers who have executive duties

- Compensation shall be incentive that motivates and demonstrates commitment to improving business performance in order to achieve the Group's sustainable growth and increase corporate value over the medium to long term.
- Compensation shall be sufficient to secure and retain qualified persons both from within the Company and from outside.
- Compensation shall be commensurate with the business performance so that they can demonstrate their management capabilities to the fullest during their terms of offices.
- Compensation shall make clear the linkage between compensation for officers and the value of the Company's shares and reinforce a sense of shared interests with shareholders.
- Compensation shall include built-in mechanisms to control misconduct.
- Compensation shall be determined through a transparent, objective, and fair process.

Compensation for Officers who do not have executive duties

- The composition of compensation shall guarantee independence so that these Officers can suitably demonstrate their general management supervisory function, etc.
- Compensation shall be sufficient to secure and retain qualified persons both from within the Company and from outside.

(2) Decision-making policies on the amount of compensation for individual Directors who are not Audit & Supervisory Committee Members and the ratio of compensation

- Summary of content and ratio of compensation, etc. and policy for determining the ratio

Types of compensation	Contents	Ratio and policy for determining the ratio
Base compensation	<ul style="list-style-type: none"> - Fixed monetary compensation determined in accordance with the size of the role, such as positions, duties and delegations (hereinafter the “Role Grade”) - Compensation is paid periodically on a monthly basis during the term of office. - The Board of Directors may increase or decrease the amount depending on the Company’s business performance or other reasons. 	<p>Base compensation: 45% to 55%</p> <p>Determine the percentage of total annual compensation (*) based on positions and the Role Grade</p> <p>* Calculated based on each Director’s positions and the Role Grade</p>
Bonuses	<ul style="list-style-type: none"> - Performance-linked monetary compensation that fluctuates based on the achievement level of performance indicators and personal goals for a single fiscal year (once a year) - Bonuses are paid annually upon resolution of the General Meeting of Shareholders. 	<p>Bonuses: 25% to 30%</p> <p>Determine the percentage of total annual compensation based on positions and the Role Grade</p>
Stock compensation	<ul style="list-style-type: none"> - Stock compensation to promote further value sharing with shareholders and to increase incentives for share price appreciation, sustainable growth, and medium- to long-term corporate value enhancement even more (once a year) - The details are as described in “(3) Decision-making policies on non-monetary compensation for Directors who are not Audit & Supervisory Committee Members.” 	<p>Stock compensation: 20% to 25%</p> <p>Determine the percentage of total annual compensation based on positions and the Role Grade</p>

Note: The percentage of total compensation for Directors who are not Audit & Supervisory Committee Members (excluding Chairman and Director without the right of representation and Outside Directors) in the consolidated fiscal year under review was 53.7% for base compensation, 20.1% for bonuses, and 26.2% for stock compensation.

Bonuses

[Details of performance indicators and reasons for selection thereof]

In consideration of the nature of bonuses as a short-term incentive, company-wide ROE is used as a performance indicator in order to link it to business performance.

[Calculation method]

The amount of bonuses payable are calculated by multiplying the annual total compensation determined based on each officer’s positions and the Role Grade as of the last month of the fiscal year under review by the bonus ratio for each position and the Role Grade, and then multiplying the bonus base amount by a coefficient (0% to 200%) (*) based on the achievement level against index values such as company-wide ROE targets and a coefficient (±40%) based on the achievement level against individual targets.

*In the event that there are any variable factors that should be taken into consideration, the coefficient may be adjusted upon deliberation by the Director Compensation Committee and is determined by the Board of Directors.

[Results of performance indicators]

Company-wide ROE used as a performance indicator is 6.6%. Company-wide ROE is calculated excluding treasury shares acquired in and after the fiscal year 2022.

(3) Decision-making policies on non-monetary compensation for Directors who are not Audit & Supervisory Committee Members

Stock compensation with transfer restrictions

Items	Contents
Type of shares	Common stock (subject to transfer restrictions in the allotment agreement)
Offering method	Disposal of treasury shares
Recipients	Directors (excluding those in positions independent from business execution, such as Outside Directors and Directors who are Audit & Supervisory Committee Members, as well as overseas residents)
Maximum amount of compensation	200 million yen per year
Maximum number of shares	200,000 shares
Restriction period	Until the date of resignation or retirement from any position as a Director, Executive Officer, or employee of the Company
Basic stock compensation amount	The number of shares to be allotted during the applicable period shall be calculated by dividing the base amount of compensation, which is obtained by multiplying the total annual compensation calculated based on each Director's positions and the Role Grade by a stock compensation ratio (20% to 25%) based on the positions and a coefficient (80% to 120%) (*) based on the achievement level against indicators such as company-wide ROIC and sustainability targets, by the price per share of restricted stock determined by the Board of Directors. *In the event that there are any variable factors that should be taken into consideration, the coefficient may be adjusted upon deliberation by the Director Compensation Committee and is determined by the Board of Directors.
Determination of the amount of compensation to be paid	The amount of monetary compensation claims to be paid to each Director as compensation, etc. for shares with transfer restrictions shall be calculated by multiplying the number of allotted shares by the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors pertaining to the issue or disposal of such shares.

Items	Contents
Basic conditions for lifting of transfer restrictions/ acquisition without consideration other than expiration of transfer restriction period	<p>(i) Details of Restrictions on Transfer Eligible Directors who receive allotment of shares with transfer restrictions may not transfer, pledge, grant security interests, gift during their lifetime, or bequeath, to any third party, or engage in any other act of disposal (hereinafter “Transfer Restrictions”) with regard to the shares with transfer restrictions allotted to them (hereinafter “Allotted Shares”) during the period from the date of delivery of the shares with transfer restrictions until the date on which they resign or retire from their position as either Directors, Executive Officers, or employees of the Company (hereinafter “Transfer Restriction Period”).</p> <p>(ii) Acquisition of Shares with Transfer Restrictions without Contribution If an eligible Director who has received allotment of shares with transfer restrictions resigns or retires from his or her position as a Director, Executive Officer or employee of the Company during the period on or after the date of commencement of the Transfer Restriction Period until the day before the date of the first Ordinary General Meeting of Shareholders thereafter, the Company will acquire the Allotted Shares without contribution, unless there are grounds deemed justifiable by the Board of Directors. The Company will also automatically acquire the Allotted Shares without contribution if there are any Allotted Shares for which Transfer Restrictions have not been lifted pursuant to the provisions of the grounds for lifting Transfer Restrictions in (iii) below at the time the Transfer Restriction Period in (i) above expires.</p> <p>(iii) Lifting Transfer Restrictions The Company will lift Transfer Restrictions for all of the Allotted Shares upon the expiration of the Transfer Restriction Period, on the condition that the eligible Directors who have received an allotment of shares with transfer restrictions hold the position of Director, Executive Officer or employee of the Company continuously from the date of commencement of the Transfer Restriction Period until the date of the first Ordinary General Meeting of Shareholders thereafter. However, if, due to grounds deemed justifiable by the Board of Directors, such eligible Directors resign or retire from their position as a Director, Executive Officer or employee of the Company during the period on or after the date of commencement of the Transfer Restriction Period until the day before the date of the first Ordinary General Meeting of Shareholders thereafter, the Company will make reasonable adjustments, as necessary, to the number of Allotted Shares for which Transfer Restrictions will be lifted and the timing at which Transfer Restrictions will be lifted.</p> <p>(iv) Handling When Reorganizing, etc. If, during the Transfer Restriction Period, matters concerning a merger agreement in which the Company becomes a disappearing company, a share exchange agreement or a share transfer plan in which the Company becomes a wholly owned subsidiary, or any other matter concerning organizational restructuring, etc., are approved by a general meeting of shareholders (or by the Board of Directors in cases where approval by a general meeting of shareholders is not required for such reorganization, etc.), the Company will, by resolution of the Board of Directors, lift the Transfer Restrictions prior to the effective date of such organizational restructuring, etc., for the number of Allotted Shares that is reasonably determined based on the period from the date of commencement of the Transfer Restriction Period until the date of approval of such organizational restructuring, etc. In such cases, the Company will automatically acquire the Allotted Shares without contribution for which Transfer Restrictions have not been lifted at the time immediately after the Transfer Restrictions are lifted in accordance with the above-stated provisions.</p>

(4) Matters regarding delegation of decisions on compensation for individual Directors who are not Audit & Supervisory Committee Members

Regarding the amount of compensation for the fiscal year under review, in order to ensure fair screening through a process with ensured transparency and objectivity, upon the resolution at the Board of Directors meeting, the Director Compensation Committee (all Outside Directors: Chaired by Mr. Yoshio Shirai, and consisting of seven members in total including Ms. Mari Matsunaga, Mr. Tadashi Shimamoto, Mr. Masaki Yamauchi, Mr. Susumu Murakoshi, Ms. Michiko Ohtsuka, and President and Representative Director Mr. Yasunori Ogawa) has been provided with discretion to determine such compensation. In order to make sure that the said authority is exercised appropriately, the majority of the members of the Director Compensation Committee comprises Outside Directors, and the chairperson is elected from among Outside Directors by the members of the Committee.

(5) Other important matters regarding decisions on the details of compensation for individual Directors who are not Audit & Supervisory Committee Members

The Company has established provisions (malus and clawback clauses) to acquire without contribution some or all of the Allotted Shares allotted to eligible Directors or common stock of the Company for which Transfer Restrictions have been lifted, or to be paid an amount equivalent to the value of the Allotted Shares or common stock of the Company for which Transfer Restrictions have been lifted, in cases in which the Board of Directors recognizes that eligible Directors have violated

laws, regulations, or internal rules, etc. in any material respect during the Transfer Restriction Period or after the lifting of the Transfer Restrictions, and when certain circumstances determined by the Board of Directors have occurred, including serious accounting irregularities or large losses, etc.

<Reasons why the Board of Directors has determined that the details of compensation for individual Directors who are not Audit & Supervisory Committee Members for the fiscal year under review comply with the said decision-making policies>

The Board of Directors has confirmed the following points and determined that the compensation for Directors who are not Audit & Supervisory Committee Members for the fiscal year under review complies with the said policies.

- A fair, transparent, and rigorous reporting by the Director Compensation Committee, which is chaired by an Outside Director and the majority of which is composed of Outside Directors, has been conducted.
- The Audit & Supervisory Committee shared and discussed the details that were discussed by the Director Compensation Committee and reported that there were no items to be stated at the General Meeting of Shareholders.

3. Decision-making policies, etc. on compensation for individual Directors who are Audit & Supervisory Committee Members

The Company has established its decision-making policies on compensation for individual Directors who are Audit & Supervisory Committee Members.

<Method of determining the decision-making policies>

Decision-making policies are determined by the Audit & Supervisory Committee.

<Outline of contents of the decision-making policies>

The Company's compensation for individual Directors who are Audit & Supervisory Committee Members shall be decided by taking into consideration factors such as whether he or she is Full-Time or not, how the audit work has been divided, and the details and levels of compensation for Directors who are not Audit & Supervisory Committee Members.

Given their roles to monitor the management as a whole based on independence from the business affairs, the Company pays only fixed compensation to Directors who are Audit & Supervisory Committee Members. In addition, basic stance for such fixed compensation is as stated in "Compensation for Officers who do not have executive duties," and it is determined by the Board of Directors upon deliberation of its contents at the Director Compensation Committee, which is chaired by an Outside Director and the majority of which is composed of Outside Directors.

4. Resolutions by the General Meeting of Shareholders on compensation for Directors

The total amount of compensation for Directors was resolved at the past general meetings of shareholders as follows.

Officer category	Types of compensation	Date of resolution of general meeting of shareholders	Details of compensation	Number of officers as of the date of resolution
Directors who are not Audit & Supervisory Committee Members	Base compensation	June 28, 2016	Up to 62 million yen per month (including up to 10 million yen per month for Outside Directors)	8 (including two Outside Directors)
	Stock compensation with transfer restrictions	June 28, 2022	- Up to 200 million yen per year - Up to 200,000 shares per year	3
	Performance-linked stock compensation (officer compensation BIP trust)	June 28, 2016	Up to 500 million yen in total over a period of three fiscal years, with the maximum number of total points to be granted per year set at 100,000 points (one point is equivalent to one share in the Company)	6
Directors who are Audit & Supervisory Committee Members	Base compensation	June 28, 2016	Up to 20 million yen per month	4

4.6 Main activities of Outside Directors

(1) Outside Directors

Name	Outline of comments at meetings of the Board of Directors and duties performed in relation to expected roles	Attendance at meetings of the Board of Directors (Attendance rate)
Mari Matsunaga	Based on a track record of creating new business models and considerable insight and experience through her involvement in the management of multiple companies as outside officers, she has fulfilled her role in appropriately supervising management by actively expressing opinions including findings and proposals regarding managerial issues from the viewpoints of open innovation promotion, etc.	Meetings of the Board of Directors: 13 / 13 meetings (100%)
Tadashi Shimamoto	Based on a wealth of experience and considerable insight as a corporate manager and engineer in fundamental technology, distribution, service, and industry-related systems, he has fulfilled his role in appropriately supervising management by actively expressing opinions including findings and proposals regarding managerial issues from the viewpoints of overall management and DX/IT systems based on his thorough knowledge of corporate management in the information service industry, which is a different business field.	Meetings of the Board of Directors: 9 / 10 meetings (90%)
Masaki Yamauchi	Based on a wealth of considerable insight and experience as a corporate manager, he has fulfilled his role in appropriately supervising management by actively expressing opinions including findings and proposals from the perspectives of organizational management, DX/IT, and sustainability that relate to the fundamentals of corporate management.	Meetings of the Board of Directors: 10 / 10 meetings (100%)

(2) Outside Directors, Audit & Supervisory Committee Members

Name	Outline of comments at meetings of the Board of Directors and Audit & Supervisory Committee and duties performed in relation to expected roles	Attendance at meetings of the Board of Directors and Audit & Supervisory Committee (Attendance rate)
Yoshio Shirai	Based on considerable experience and insight as a corporate manager and engineer, he has fulfilled his role in appropriately supervising management by actively expressing opinions including findings and proposals regarding overall managerial issues from a perspective of a corporate manager well-versed in the global corporate management in the automotive industry and at a trading firm, different business fields.	Meetings of the Board of Directors: 13 / 13 meetings (100%) Meetings of the Audit & Supervisory Committee: 18 / 18 meetings (100%)
Susumu Murakoshi	Based on a high level of expertise as an attorney-of-law and a considerable insight and experience through his involvement in the legal community including as the President of Japan Federation of Bar Association, he has fulfilled his role in appropriately supervising management by actively expressing opinions including findings and proposals regarding managerial issues from a perspective of a legal professional.	Meetings of the Board of Directors: 13 / 13 meetings (100%) Meetings of the Audit & Supervisory Committee: 18 / 18 meetings (100%)
Michiko Ohtsuka	Based on a high level of expertise as a certified public accountant and a considerable insight and experience through her involvement in the management of a listed company as outside officer, she has fulfilled her role in appropriately supervising management by actively expressing opinions including findings and proposals regarding managerial issues from a perspective of finance and accounting professional.	Meetings of the Board of Directors: 13 / 13 meetings (100%) Meetings of the Audit & Supervisory Committee: 18 / 18 meetings (100%)

Note: Attendance at meetings of the Board of Directors for Mr. Tadashi Shimamoto and Mr. Masaki Yamauchi is counted based on 10 meetings held after their appointment at the Ordinary General Meeting of Shareholders on June 27, 2023.

5. Financial Auditor

5.1 Financial auditor's name

Ernst & Young ShinNihon LLC

5.2 Financial auditor's compensation, etc. for the fiscal year under review

Category	Compensation for audit certificate service (Millions of yen)	Compensation for non-audit service (Millions of yen)
The Company	171	—
Consolidated subsidiaries	42	—
Total	213	—

- Notes
1. Taking into consideration the “Practical Guidelines for Cooperation with Financial Auditor” announced by the Japan Audit & Supervisory Board Members Association, Audit & Supervisory Committee has given consent to the compensation, etc., to be paid to the financial auditor as stipulated in Article 399, Paragraph 1 of the Companies Act, as a result of confirming the policies and the content of the auditing plan that form the basis of compensation to the financial auditor, auditing time and auditing compensation, as well as the auditing plan and its results for the previous fiscal year, and examining the validity of quotation for the auditing.
 2. Under the audit agreement between the Company and its financial auditor, compensation for audits pursuant to the Companies Act and audits pursuant to the Financial Instruments and Exchange Act are not strictly separated, and otherwise cannot be separated. Consequently, the financial auditor's compensation, etc. for this fiscal year under review reflects the total compensation.
 3. Of the significant subsidiaries of the Company, 35 overseas subsidiaries undergo audits (limited to those specified by Japan's Companies Act or the Financial Instruments and Exchange Act, or foreign laws and regulations equivalent to such laws) by certified public accountants or audit firms other than the financial auditor of the Company (including those with comparable qualifications abroad).

5.3 Policy regarding determination of dismissal or non-reappointment of financial auditor

In the event that any of the items set forth in the clauses of Article 340, Paragraph 1 of the Companies Act is met, and the Audit & Supervisory Committee deems it appropriate to dismiss the financial auditor, the Audit & Supervisory Committee shall dismiss the financial auditor subject to the unanimous consent of Audit & Supervisory Committee Members.

In addition, if the Audit & Supervisory Committee deems that (i) the quality of audit, quality control, independence and other aspects of the financial auditor are likely to hinder the execution of proper audits, (ii) an audit system more appropriate to the Company would be achieved by replacing the audit firm, or (iii) otherwise it would be necessary, the Audit & Supervisory Committee shall, based on its resolution, determine the details of the proposal to dismiss or not reappoint the financial auditor for submission to the General Meeting of Shareholders.

6. Internal Control Systems (A system for ensuring that business is conducted suitably by the corporate group)

6.1 Basic Policy regarding the Internal Control System

The content of the Company's basic policy regarding the internal control system is described below.

Seiko Epson Corporation ("Epson" or "the Company") has defined the Epson Way, which is founded on the Management Philosophy, and strives to share it across the corporate group, which is comprised of the Company and its subsidiaries (the "Epson Group.") The Company shall provide an internal control system for implementation throughout the Epson Group. The following basic policy regarding the internal control system is intended to ensure that business is conducted appropriately within the Epson Group based on the Epson Way.

* The Epson Way is a set of shared values and behavior within the Epson Group. It refers generally to the Management Philosophy and EXCEED YOUR VISION, which state the fundamental, universal principles of the Epson Group; the Principles of Corporate Behavior, which sets forth values and actions that reflect our philosophy of management and so on.

1. Compliance

- (1) The Company has established a compliance regulation for the Epson Group and defined the compliance organization, system, and other basic matters.
- (2) The Company shall also create a Compliance Committee to serve as an advisory body to the Board of Directors. The Compliance Committee shall be chaired by a Full-Time Audit & Supervisory Committee Member and shall be made up as members the outside directors and Audit & Supervisory Committee members. The Compliance Committee will meet to hear and discuss important matters concerning the Company's compliance program. It will report its findings and offer opinions to the board of directors. Financial Auditors and the head of the internal audit administrative department shall be able to attend meetings of the Compliance Committee as observers.
- (3) A Chief Compliance Officer ("CCO") shall be chosen to oversee and monitor the execution of all compliance operations. The CCO shall periodically report the state of compliance affairs to the Compliance Committee.
- (4) Compliance promotion and enforcement shall be supervised by the President of the Company. Compliance programs shared by the Epson Group shall be carried out by Head Office supervisory departments with the cooperation of departments in the various operations divisions and subsidiaries. Compliance programs of the divisions and their related subsidiaries shall be promoted by the respective Chief Operating Officers of the divisions. A compliance control department shall help to ensure the completeness and effectiveness of compliance programs by monitoring compliance across the Epson Group and by taking corrective action or making adjustments where needed.
- (5) The Corporate Strategy Council, an advisory body to the President comprised of the Directors and others, addresses important matters with respect to compliance promotion and enforcement within the Epson Group. The Council strives to ensure the effectiveness of compliance by exhaustively discussing and analyzing the state of programs for assuring observance of statutes, internal regulations, business ethics and initiatives in key areas.
- (6) The Company shall strive to provide an effective whistleblowing system. Employees shall be encouraged and shall be able to easily and immediately report compliance violations using internal and external hotlines and e-mail addresses. Controls shall be in place to protect whistleblowers from reprisal, and allegations shall be reported to the Board of Directors, the Audit & Supervisory Committee, the Compliance Committee, and the Corporate Strategy Council in a way that whistleblowers cannot be identified.
- (7) The Company shall strive to enhance compliance consciousness by providing Epson Group employees with web-based training and other educational opportunities.
- (8) The President of the Company shall periodically report important compliance-related matters to the Board of Directors and shall take measures as needed to respond to issues.
- (9) "Principles of Corporate Behavior," which provides that the Company shall have no association whatsoever with organized crime, shall be observed. The Company shall take a firm stance in rejecting any and all contact with organized crime that threatens social order and security.

2. System for Ensuring Proper Financial Reporting

- (1) The creation of proper financial reports is recognized as a critical issue. The Company shall build, on the orders of the president, a system that enables internal control over financial reporting to be properly arranged, implemented, and evaluated. The financial reports will not be limited in scope to evaluations and reporting required by the Financial Instruments and Exchange Act but will also include reporting over the scope deemed necessary by management.
- (2) A basic regulation and other regulations and standards pertaining to internal control over financial reporting shall be created, and their observance shall be obligatory across the entire Epson Group.
- (3) Continuously evaluate whether the internal controls that have been put in place for financial reporting are effectively and properly functioning, and take corrective action where needed.

3. Business execution system

- (1) The Company shall formulate long-term vision statements and mid-range business plans, and it shall set clear medium- to long-term goals for the Epson Group as a whole.
- (2) The Company shall institute a system that shall ensure the appropriate and efficient execution of business. To that end, the Company shall establish regulations governing organization management, job authorities, the division of responsibilities, and the management of affiliated companies, thus distributing power and authority across the entire Group.
- (3) Personnel responsible for business operations shall report the matters below to the Board of Directors at least once every three months.
 - 1) Current business performance and performance outlook
 - 2) Risk management responses
 - 3) Status of key business operations

4. Risk management

- (1) The Company shall establish a regulation that stipulates the risk management system of the Epson Group and that defines the organization, risk management methods and procedures, and other basic elements of this system.
- (2) Overall responsibility for risk management in the Epson Group shall belong to the President of the Company. Risks shared by the Epson Group shall be managed by Head Office supervisory departments with the cooperation of the operations divisions and subsidiaries. Risks unique to an individual business shall be managed by the Chief Operating Officer of that business, including at subsidiaries consolidated under them. The Company shall also set up a risk management control department, monitor overall risk management within the Epson Group, make corrections and adjustments thereto, and ensure the effectiveness of risk management programs.
- (3) The Corporate Strategy Council shall strive to ensure effective management of serious risks that could have an egregious effect on the Company by dynamically and exhaustively discussing and analyzing action to identify and control risks. Also, when major risks become apparent, the President shall lead the entire company in mounting a swift initial response in line with the Company's prescribed crisis management program.
- (4) The President of the Company shall periodically report to the Board of Directors on critical risk management issues and formulate appropriate measures to respond to these issues.

5. Ensuring the appropriateness of operations in the corporate group

- (1) The Epson Group's management structure shall help to ensure that operations in the Epson Group are conducted appropriately. Essentially, the Company shall be organized into product-based divisions. Each division shall be headed by a Chief Operating Officer who owns global consolidated responsibility for that business. Meanwhile, supervisory functions within the Head Office shall own global responsibility. Responsibility for providing the framework for business operations at subsidiaries shall be owned by the head of each business. Corporate functions that are shared by the Epson Group shall be the responsibility of the heads of Head Office supervisory departments.
- (2) The Company shall have business processes that enable business to be controlled across the Epson Group. This shall be accomplished by internal regulations that require subsidiaries to report or acquire pre-approval for certain business operations from the parent company, Epson, and by requiring issues that meet certain criteria to be submitted to Epson's Board of Directors for resolution. In certain regions, moreover, the Company shall seek to ensure the suitability and efficiency of business operations across

the Epson Group by establishing a company that acts as a regional head office that supervises subsidiaries.

- (3) Based on internal audit regulations, internal audit departments shall serve as monitoring organizations that are independent from the management and supervisory functions of the operations divisions and the Head Office. The internal audit departments shall audit internal controls and the state of operations across the Epson Group. The findings of the internal audit departments shall be presented to the head of the audited organization along with requests for corrective action. This information shall also be regularly reported to the President of the Company and to the Audit & Supervisory Committee. In this way, Epson shall strive to optimize operations across the Epson Group.

6. Safeguarding and management of information on performance of duties

- (1) Information on the performance of duties shall be safeguarded and managed in accordance with regulations governing, among other things, document control, management approval, and contracts. All Directors shall be able to access the necessary information.
- (2) The Company shall strive to prevent the leak and loss of Epson Group internal information by managing confidential information according to the level of sensitivity, in accordance with the Epson Group basic information security regulation.

7. Audit system

- (1) The Audit & Supervisory Committee can interview Directors who are not Audit & Supervisory Committee Members, Executive Officers, and other personnel whenever they deem necessary in the performance of duties based on the Audit & Supervisory Committee audit regulation.
- (2) Audit & Supervisory Committee Members can attend Corporate Strategy Council sessions, Corporate Management Meetings, and other important business meetings that shall enable them to conduct audits based on the same information as that available to Directors who are not Audit & Supervisory Committee Members. Audit & Supervisory Committee shall also routinely review important documents related to management decision-making.
- (3) An Audit & Supervisory Committee Office shall be set up to assist the duties of the Audit & Supervisory Committee. The head of the Audit & Supervisory Committee Office shall serve as a Special Audit & Supervisory Officer and shall assign full-time personnel to the Audit & Supervisory Committee Office. The head and personnel of the Audit & Supervisory Committee Office shall discharge their duties to assist the Audit & Supervisory Committee, obeying the orders of the Audit & Supervisory Committee alone and not orders from Directors who are not Audit & Supervisory Committee Members. Matters relating to the personnel of the office must be approved in advance by the Audit & Supervisory Committee.
- (4) To ensure that audits by the Audit & Supervisory Committee are systematic and effective, a framework shall be created to secure close cooperation between the internal audit department and others and the Audit & Supervisory Committee. Matters relating to the appointment and dismissal of the head of the internal audit administrative department must be approved in advance by the Audit & Supervisory Committee.
- (5) The Audit & Supervisory Committee can ask the Representative Director or the Board of Directors to take corrective action if the Audit & Supervisory Committee recognizes that the structure of the Audit & Supervisory Committee Office and the system of cooperation between the Audit & Supervisory Committee and the internal audit departments and others interfere with the efficacy of audits.
- (6) The Audit & Supervisory Committee shall receive audit reports from the internal audit departments and can issue specific instructions to the internal audit departments as needed. If the instructions issued to the internal audit departments by the Audit & Supervisory Committee and the President are in conflict, the instructions of the Audit & Supervisory Committee shall prevail.
- (7) Based on the Audit & Supervisory Committee audit regulation, the Audit & Supervisory Committee can ask Directors who are not Audit & Supervisory Committee Members, the compliance control department, and the risk management control department, as well as others to report or explain the state of management within the Epson Group. It can also inspect supporting materials. The Audit & Supervisory Committee shall, where necessary, be able to ask subsidiary company Directors, Audit & Supervisory Board Members, internal audit departments, and others to report the state of management within their respective companies. A system shall be put in place to protect reporters from reprisal for having made a report, and the identity of the reporter shall be protected even if the President or a Board Member, for example, is asked to make corrections and so forth based on the report.

- (8) The Audit & Supervisory Committee shall strive to enhance the effectiveness of audits by holding regular discussions with Financial Auditors.
- (9) The Audit & Supervisory Committee and Representative Director shall regularly meet to enable the committee to directly assess business operations.
- (10) The expenses required by the Audit & Supervisory Committee Members to perform its duties shall be properly budgeted for in advance. However, expenses required to perform the duties of the Audit & Supervisory Committee Members in emergency or extraordinary situations shall be promptly paid in advance or refunded on each occasion

The Company partially revised its Basic Policy regarding the Internal Control System by a resolution at the Board of Directors meeting held on February 22, 2024. The major revisions are as follows, with revised sections underlined. (Effective date: April 1, 2024)

- ◆ Revision to clearly the framework of the internal control system the Company is aiming for

(Preface)

Seiko Epson Corporation (“Epson” or “the Company”) has defined the Epson Way, which is founded on the Management Philosophy, and strives to share it across the corporate group, which is comprised of the Company and its subsidiaries (the “Epson Group.”) The Company shall provide an internal control system for implementation throughout the Epson Group. The following basic policy regarding the internal control system is intended to ensure that business is conducted appropriately within the Epson Group based on the Epson Way.

- ◆ Revision to add that the prior approval of the Audit & Supervisory Committee shall also be obtained for the personnel evaluation of the head of the internal audit department

7. Audit system

- (4) To ensure that audits by the Audit & Supervisory Committee are systematic and effective, a framework shall be created to secure close cooperation between the internal audit department and others and the Audit & Supervisory Committee. Matters relating to the appointment and dismissal of the head of the internal audit administrative department must be approved in advance by the Audit & Supervisory Committee.

6.2 Summary of Implementation Status of the Internal Control System

The implementation status for this fiscal year under review based on the basic policy regarding the internal control system is described below.

(1) Compliance

- 1) The Compliance Committee, a body that supervises the execution of compliance in business affairs, was held twice during the fiscal year to be reported on important matters concerning the Company’s compliance programs, the operation of the whistleblowing system and the status of whistleblowing. After discussing and giving advice regarding those matters, it has reported its findings and offered opinions to the Board of Directors. Important matters concerning the Company’s compliance programs are specifically discussed, including monitoring results on compliance, individual compliance issues and global compliance programs.
- 2) Progress of the Company’s compliance programs and risk management programs were regularly reported to and discussed at the Corporate Management Meetings, a deliberative organ that meets for important issues. The deliberation result is also reported to the Board of Directors.
- 3) As part of the whistleblowing system, the Company has established hotlines and formulated the Epson Group Whistleblowing Systems Regulation, which stipulate matters to be observed by the whistleblowing system, such as ensuring anonymity of whistleblowers, management of whistleblowing information, and prohibition of any disadvantageous actions against whistleblowers. The Company has set up a hotline within the Company, its subsidiaries, and external vendors to which officers, employees, and temporary employees of the Company and its domestic and overseas subsidiaries (“Employees, etc.”), as well as business partners, can report compliance issues. Specifically, the Company and its domestic subsidiaries have established the Epson Helpline, a hotline for employees of each company

(internal hotline and external hotline for contacting external vendors), and a hotline for business partners within the Company. In addition, each overseas subsidiary has its own hotline where employees of the subsidiary can report compliance issues, as well as a hotline where business partners can report compliance issues. Moreover, the Company has established the Epson Executive Compliance Hotline (Global Hotline) within the Company to receive reports on compliance issues from the management of overseas subsidiaries. The status of whistleblowing at the Company and its subsidiaries is regularly reported to the Board of Directors, Audit & Supervisory Committee, the Compliance Committee, and the Corporate Management Meetings in a way that whistleblowers cannot be identified. During the fiscal year under review, the Company received and responded to 143 cases of report through the hotlines established by the Company.

- 4) The Company has established the Principles of Corporate Behavior, a set of principles to realize the Management Philosophy indicating the ideal direction of the Group, which are translated into 17 languages and have been informed to the Group employees. Furthermore, the Company has also informed the Epson Global Code of Conduct which breaks down the actions of the Principles of Corporate Behavior to the Group employees.
- 5) To raise compliance awareness of Group employees, the Company set October as “Compliance Month.” During that month, the CCO as well as representatives of operations divisions and each Group company transmitted a message concerning the enhancement of compliance awareness, workplace activities aimed at creating an opportunity to understand the Epson Global Code of Conduct and think about what actions to take were conducted, and other activities were held. In addition, the Company established regional CCO (R-CCO) in each region to support CCO. Upon defining a Group-wide target level, improvement programs are conducted based on assessment of each Group company to raise the level of overall compliance.
- 6) With an aim to raise compliance awareness and promote specific operations, managers in charge convey their messages and e-learning is held to raise compliance awareness of Group employees through monthly enhancement programs for CS & Quality, Environmental Awareness, Trading Management, etc.

(2) System for ensuring proper financial reporting

- 1) Internal control over financial reporting is evaluated in accordance with evaluation standards generally accepted.
- 2) The Company adopts an autonomous distributed assessment system in which operations divisions and subsidiaries subject to evaluations and reporting required by the Financial Instruments and Exchange Act conduct a self-assessment on the status of arrangement and implementation of internal control over financial reporting, while Group-wide J-SOX supervisory department ensures the validity of the assessment results. Other operations divisions and subsidiaries in the scope deemed necessary by management also make a self-assessment on internal control over financial reporting every year. In this way, operations divisions and subsidiaries are proactively implementing plan-do-check-act (PDCA) cycle for internal control over financial reporting on an ongoing basis, thereby working to ensure proper financial reporting across the Group.

(3) Business execution system

- 1) We are implementing the medium-term business plan and annual business plan based on the Epson 25 Renewed Corporate Vision indicating the ideal direction of the Group toward FY2025. In September 2022, we established the Corporate Purpose, which expresses the Epson Group’s reason for being and aspirations in society. We have positioned our long-term vision “Epson 25 Renewed” and other visions as strategies to be implemented to realize the Corporate Purpose.
- 2) Meeting of the Board of Directors was held 13 times to report and discuss matters related to business performance, risk management measures and status of key business operations. We have introduced a system that allows free discussions by members of the Board of Directors, including Outside Directors, in the early stages of examining important management themes outside of the meetings of the Board of Directors, thereby enhancing the strategic function of the Board of Directors.
- 3) To ensure the compliance of laws and the Company’s Articles of Incorporation in the execution of businesses, regulations governing organizational management, job authority, division of responsibilities, the management of affiliated companies, and other regulations and standards were prepared for organizational, efficient and sound corporate management. Particularly, important provisions including the basis for Group management are in Group-wide operation at each company.

(4) Risk management

- 1) Risks that could have a significant impact on Group management have been specified as Company-wide major risks, risks that could have a significant impact on business have been specified as major business risks, and risks that could have a significant impact on management of subsidiaries have been specified as affiliated company major risks, and plans and measures are implemented to control these risks. In addition, the progress status of Company-wide major risks is reported on a quarterly basis and major business risks and affiliated company major risks are reported on a semi-annual basis to the Corporate Management Meetings and the Board of Directors.
- 2) As an initial response procedure in case of major risks, the Company developed a crisis management program. When major risks occur, the Company forms the Crisis Management Committee chaired by the President and takes a swift initial response in line with the crisis management program. In addition, the actual cases addressed by the Crisis Management Committee are reported to the Corporate Management Meetings and the Board of Directors on a quarterly basis.

(5) Ensuring the appropriateness of operations in the corporate group

- 1) In line with regulations for the management of affiliated companies, pre-approval from the Company was sought or report was made to the Company regarding certain business executions by the subsidiaries. The investments that meet certain criteria have been resolved after deliberation at the Board of Directors of the Company.
- 2) At the beginning of the fiscal year, the internal audit departments of the Company had planned audits on the Company's operations divisions, the departments of the Tokyo office, as well as the Company's domestic and overseas subsidiaries, in accordance with the Basic Regulation for Internal Audit. They introduced prior self-assessment by the subjects of audits in order to promote autonomous distributed internal control and conducted field audits after a risk analysis. As a result of these initiatives, they conducted 19 audits including audits specialized in specific themes. They have also conducted follow-up audits to confirm the status of improvement progress of issues from previous audits. Its findings were reported to the President and Representative Director and the Audit & Supervisory Committee of the Company and actions deemed necessary for control have been taken.

(6) Safeguarding and management of work-related information

Information on business operations is being safeguarded and managed under Document Management Rules and Information Security Rules, with Directors inducing Audit & Supervisory Committee Members reviewing necessary information.

(7) Audit system

- 1) Full-Time Audit & Supervisory Committee Member and the head of the Audit & Supervisory Committee Office have attended the Corporate Management Meetings, and other important business meetings and confirmed the status of the execution of duties.
The Member has also examined the important documents related to management decision-making upon receipt.
- 2) The Company has the Audit & Supervisory Committee Office to support the work of Audit & Supervisory Committee Members.
- 3) Audit & Supervisory Committee has held regular meetings with representative directors, including Outside Directors who are not Audit & Supervisory Committee Members.
- 4) Audit & Supervisory Committee has regularly discussed financial auditor's audit plan, audit progress and audit result reporting with the financial auditor. In addition, Full-Time Audit & Supervisory Committee Member and his assistants accompany the audits of the financial auditor as necessary to enhance the effectiveness of audits. The Audit & Supervisory Committee verifies information disclosed by the four major Japanese audit firms every year as reference information on appointment, dismissal or non-reappointment of the financial auditor.
- 5) Audit & Supervisory Committee confirmed the audit plan of the internal audit departments at the beginning of the fiscal year and received regular reports from the internal audit departments on a quarterly basis. The reporting has been made with the presence of the financial auditor for information sharing. Full-Time Audit & Supervisory Committee Member is regularly reported by the internal audit departments once a month to confirm the management status of the Epson Group. In addition, Full-Time Audit & Supervisory Committee Member and his assistants accompany the internal audits as

necessary to enhance the effectiveness of audits, thereby closely cooperating with the internal audit departments and Audit & Supervisory Committee.

- 6) Audit & Supervisory Committee has interviewed Directors who are not Audit & Supervisory Committee Members, Executive Officers, Chief Operating Officers who are not Executive Officers, General Administrative Managers of Divisions, Directors and Audit & Supervisory Board Members of major subsidiaries in Japan and overseas, as well as the internal audit departments and received an explanation on the state of management within the Epson Group. Furthermore, Full-Time Audit & Supervisory Committee Member has received reports from responsible departments for compliance and risk management, Head Office supervisory departments, Audit & Supervisory Board Members of subsidiaries in Japan, etc. on a regular basis, and confirmed the management status.
- 7) The expenses required to execute the duties of Audit & Supervisory Committee Members were properly budgeted for in advance. The Company promptly paid such expenses, including necessary expenses incurred urgently or temporarily.
- 8) At the Company, Full-Time Audit & Supervisory Committee Members, the internal audit departments, responsible departments for compliance and risk management, and the Audit & Supervisory Committee Office regularly exchange opinions, in order to discuss and share risk awareness across the entire group and other matters. These organizations cooperate and make cohesive efforts to follow the maintenance and operation status of our internal control system and make further improvements.

7. Basic Policy regarding Company Control

The Company has established a basic policy as follows regarding persons who control decision on its financial and business policies (hereinafter the “basic policy”).

7.1 Basic Policy

Corporate Purpose is at the heart of all of the Company’s corporate activities. This Corporate Purpose, “Our philosophy of efficient, compact and precise innovation enriches lives and helps create a better world,” was established in September 2022 to define the kind of value that the Company provides to society and to demonstrate both inside and outside the Company its unique reason for being and aspirations. The Company will provide new value to society by realizing the Corporate Purpose through its vision, based on its management philosophy, which is the universal concept of the Epson Way that defines the Group’s values and behavior. Through these efforts, we will strive to achieve sustainable growth and enhance corporate value over the medium to long term in the future.

The Company believes that its shareholders should be decided through free trade in the market, and the determination to accept to an acquisition proposal to purchase a portion of shares that would make it possible to control decisions on the Company’s financial and business policies (hereinafter “large-scale acquisition”) should ultimately be referred to a decision by the shareholders.

However, the Company believes that shareholders should determine whether or not to accept a proposal on a large-scale acquisition of the Company shares in an appropriate manner. To this end, it is vital that shareholders are provided necessary information and opinions from both the potential large-scale acquirer of the Company shares and the Company’s Board of Directors, with sufficient time ensured for shareholders to consider them.

The Company believes that it is essential for an entity controlling decisions on the Company’s financial and business policies be a party that fully understands the Company’s business activity and source of corporate value as well as the importance of having executives and employees work together to create corporate value, continuing to create and take on challenges while embracing its established business culture and preserving and acquiring the customers’ trust.

7.2 Summary of Measures in Support of the Basic Policy

(1) Specific actions in support of the basic policy

The Company has established Epson 25 Renewed Corporate Vision, with the aspirational goal of *achieving sustainability and enriching communities*, to pursue into the future.

Under this long-term vision, the Company develops its business by always focusing on social issues as a starting point, considering what we can do to solve them, and how we can use our technologies to solve problems and contribute to society.

(2) Measures to prevent decisions on the Company’s financial and business policies from being controlled by persons viewed as inappropriate under the basic policy

The Company will request those who intend to conduct a large-scale acquisition of the Company shares to provide sufficient information necessary to properly judge whether or not to accept such acquisition, for the benefit of maintaining and increasing its corporate value and common interests of shareholders. The Company will also disclose its Board’s opinions on such a large-scale acquisition in order to secure time and information necessary for shareholders to judge whether or not to accept such acquisition, while taking appropriate measures pursuant to the Financial Instruments and Exchange Act, the Companies Act, and other applicable laws and regulations.

7.3 Decisions Made by the Board of Directors regarding Specific Actions and the Justification for Those Decisions

The specific actions described above were specifically formulated to enhance both Epson’s corporate value and the common interests of its shareholders. These actions do not impair the common interest of its shareholders and are in accordance with the above basic policy. In addition, these actions are deemed to be not intended for keeping Epson Directors in their posts.

Consolidated Financial Statements

Consolidated Statement of Financial Position (as of March 31, 2024)

(Millions of yen)

Item	As of March 31, 2024	(Reference) As of March 31, 2023	Item	As of March 31, 2024	(Reference) As of March 31, 2023
Assets			Liabilities		
Current Assets	933,487	892,505	Current liabilities	372,395	371,635
Cash and cash equivalents	328,481	267,380	Trade and other payables	159,827	159,658
Trade and other receivables	212,781	201,801	Income tax payables	8,279	5,798
Inventories	358,189	389,473	Bonds issued, borrowings and lease liabilities	29,688	38,613
Income tax receivables	10,116	7,655	Other financial liabilities	2,731	3,337
Other financial assets	1,995	2,164	Provisions	12,703	11,327
Other current assets	21,923	24,030	Other current liabilities	159,163	152,900
Non-current assets	479,606	449,069	Non-current liabilities	229,564	242,461
Property, plant and equipment	377,333	360,866	Bonds issued, borrowings and lease liabilities	175,095	194,668
Intangible assets	27,066	25,425	Other financial liabilities	5,256	3,717
Investment property	1,103	1,097	Net defined benefit liabilities	13,836	13,164
Investments accounted for using equity method	2,244	2,102	Provisions	8,856	8,252
Net defined benefit assets	4,543	1,447	Other non-current liabilities	17,365	15,615
Other financial assets	29,369	23,976	Deferred tax liabilities	9,154	7,044
Other non-current assets	1,827	2,220	Total liabilities	601,960	614,097
Deferred tax assets	36,117	31,932	Equity		
			Equity attributable to owners of the parent company	810,992	727,352
			Share capital	53,204	53,204
			Capital surplus	84,042	83,979
			Treasury shares	(55,455)	(55,586)
			Other components of equity	172,175	119,455
			Retained earnings	557,025	526,299
			Non-controlling interests	141	125
			Total equity	811,134	727,477
Total assets	1,413,094	1,341,575	Total liabilities and equity	1,413,094	1,341,575

Note: Figures less than one million yen are rounded down.

Consolidated Statement of Comprehensive Income (from April 1, 2023 to March 31, 2024)

(Millions of yen)

Item	Amount	(Reference) Amount in previous fiscal year
Revenue	1,313,998	1,330,331
Cost of sales	(857,331)	(863,680)
Gross profit	456,666	466,651
Selling, general and administrative expenses	(391,945)	(371,544)
Other operating income	2,497	7,022
Other operating expense	(9,685)	(5,083)
Profit from operating activities	57,533	97,044
Finance income	15,252	8,639
Finance costs	(2,714)	(2,034)
Share of profit of investments accounted for using equity method	23	105
Profit before tax	70,094	103,755
Income taxes	(17,473)	(28,703)
Profit for the period	52,620	75,051
Profit for the period attributable to owners of the parent company	52,616	75,043
Profit for the period attributable to non-controlling interests	4	8
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss, net of tax	6,421	9,619
Remeasurement of net defined benefit liabilities (assets)	3,392	7,762
Net gain (loss) on revaluation of financial assets measured at FVTOCI	3,029	1,857
Items that may be reclassified subsequently to profit or loss, net of tax	50,283	28,241
Exchange differences on translation of foreign operations	49,580	27,827
Net changes in fair value of cash flow hedges	637	410
Share of other comprehensive income of investments accounted for using equity method	64	3
Total other comprehensive income, net of tax	56,704	37,861
Total comprehensive income for the period	109,325	112,913
Total comprehensive income for the period attributable to owners of the parent company	109,308	112,899
Total comprehensive income for the period attributable to non-controlling interests	16	13

Note: Figures less than one million yen are rounded down.

Consolidated Statement of Changes in Equity
(from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Equity attributable to owners of the parent company					
	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	Exchange differences on translation of foreign operations
Balance as of April 1, 2023	53,204	83,979	(55,586)	—	5,711	114,972
Profit for the period	—	—	—	—	—	—
Other comprehensive income	—	—	—	3,392	3,029	49,633
Total comprehensive income for the period	—	—	—	3,392	3,029	49,633
Acquisition of treasury shares	—	—	(1)	—	—	—
Dividends	—	—	—	—	—	—
Share-based payment transactions	—	62	132	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	(3,392)	(580)	—
Total transactions with the owners	—	62	131	(3,392)	(580)	—
Balance as of March 31, 2024	53,204	84,042	(55,455)	—	8,159	164,605

	Equity attributable to owners of the parent company				Non-controlling interests	Total equity
	Other components of equity		Retained earnings	Total equity attributable to owners of the parent company		
	Net changes in fair value of cash flow hedges	Total other components of equity				
Balance as of April 1, 2023	(1,227)	119,455	526,299	727,352	125	727,477
Profit for the period	—	—	52,616	52,616	4	52,620
Other comprehensive income	637	56,692	—	56,692	12	56,704
Total comprehensive income for the period	637	56,692	52,616	109,308	16	109,325
Acquisition of treasury shares	—	—	—	(1)	—	(1)
Dividends	—	—	(25,862)	(25,862)	(0)	(25,862)
Share-based payment transactions	—	—	—	195	—	195
Transfer from other components of equity to retained earnings	—	(3,972)	3,972	—	—	—
Total transactions with the owners	—	(3,972)	(21,889)	(25,668)	(0)	(25,668)
Balance as of March 31, 2024	(589)	172,175	557,025	810,992	141	811,134

Note: Figures less than one million yen are rounded down.

(Reference) Consolidated Statement of Cash Flows (from April 1, 2023 to March 31, 2024)

(Millions of yen)

Item	Amount	Amount in previous fiscal year
Cash flows from operating activities		
Profit for the period	52,620	75,051
Depreciation and amortisation	68,682	68,696
Impairment loss (reversal of impairment loss)	1,339	1,966
Finance (income) costs	(12,537)	(6,604)
Share of (profit) loss of investments accounted for using equity method	(23)	(105)
Loss (gain) on sales and disposal of property, plant and equipment, intangible assets and investment property	532	(716)
Income taxes	17,473	28,703
Decrease (increase) in trade receivables	4,370	(22,131)
Decrease (increase) in inventories	71,097	(60,253)
Increase (decrease) in trade payables	(7,921)	(1,645)
Increase (decrease) in net defined benefit liabilities	663	(799)
Other	(10,957)	11,100
Subtotal	185,340	93,260
Interest and dividends income received	4,931	3,339
Interest expenses paid	(1,821)	(1,208)
Income taxes paid	(22,879)	(34,080)
Net cash from (used in) operating activities	165,570	61,311
Cash flows from investing activities		
Purchase of investment securities	(1,371)	(827)
Proceeds from sale of investment securities	1,004	154
Purchase of property, plant and equipment	(49,570)	(50,551)
Proceeds from sale of property, plant and equipment	404	1,058
Purchase of intangible assets	(7,023)	(8,545)
Proceeds from sale of intangible assets	15	21
Proceeds from sale of investment property	—	1,985
Other	(2,440)	(4,897)
Net cash from (used in) investing activities	(58,981)	(61,602)
Cash flows from financing activities		
Net increase (decrease) in current borrowings	502	9
Repayment of non-current borrowings	—	(18,000)
Redemption of bonds issued	(30,000)	—
Payments of lease liabilities	(10,033)	(10,003)
Dividends paid	(25,862)	(21,313)
Dividends paid to non-controlling interests	(0)	(0)
Purchase of treasury shares	(1)	(30,042)
Net cash from (used in) financing activities	(65,395)	(79,349)
Effect of exchange rate changes on cash and cash equivalents	19,907	11,781
Net increase (decrease) in cash and cash equivalents	61,100	(67,859)
Cash and cash equivalents at beginning of period	267,380	335,239
Cash and cash equivalents at end of period	328,481	267,380

Note: Figures less than one million yen are rounded down.

Notes to the Consolidated Financial Statements

Significant Basis of Preparing Consolidated Financial Statements

1. Basis of Preparing Consolidated Financial Statements

The Company and its affiliates (“Epson”) prepare its consolidated financial statements in compliance with International Financial Reporting Standards (“IFRS”), pursuant to the provision of Article 120, Paragraph 1 of the Regulation on Corporate Accounting. In accordance with the provisions of the latter part of the same paragraph, the consolidated financial statements are prepared with the omission of some disclosure items required by IFRS.

2. Scope of Consolidation and Application of Equity Method

Number of Subsidiaries: 78

Number of Affiliates accounted for using equity method: 3

For details, please refer to "1.10 Status of significant parent companies and subsidiaries" in the Business Report.

(Reason for changes in subsidiaries)

(Increase: 1 subsidiary)

One subsidiary has been included in the scope of consolidation due to the new establishment.

Epson Middle East FZCO

3. Reporting Period of Subsidiaries

The reporting date of certain overseas subsidiaries is December 31, and the subsidiaries prepare, for consolidation purposes, additional financial information as of the date of the consolidated financial statements.

4. Accounting Policies

(1) Basis and Methods of Valuation of Assets

1) Financial Assets other than Derivatives

(i) Initial Recognition and Measurement

Epson measures financial assets at their fair value plus transaction costs that are directly attributable to the acquisition of the financial assets at initial recognition. However, in the measurement after initial recognition (subsequent measurement), the transaction costs of financial assets classified as subsequently measured at fair value through profit or loss are recognised in profit or loss.

Financial assets are initially recognised on the trade date when Epson becomes party to the contractual provisions of the financial instrument.

(ii) Classification and Subsequent Measurement

At initial recognition, Epson classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss.

(a) Financial assets are classified as financial assets measured at amortised cost if both of the following conditions are met:

- 1) the financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- 2) the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets are classified as financial assets measured at fair value through other comprehensive income if both of the following conditions are met:

- 1) the financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

2) the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(c) Financial assets except for those provided above are classified as financial assets measured at fair value through profit or loss.

However, Epson may designate financial assets as measured at fair value through other comprehensive income, for particular investments in equity instruments that are not held for trading and so forth, and recognises subsequent changes in fair value in other comprehensive income. The cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings when the financial assets are derecognised or the decline in their fair values is significant. Dividends on the financial assets are recognised in profit or loss for each fiscal year.

(iii) Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from them expire or when substantially all the risks and rewards of ownership of them are transferred.

(iv) Impairment

For impairment of financial assets, loss allowance for expected credit losses are recognised.

At each reporting date, Epson assesses whether the credit risk on a financial instrument has increased significantly since initial recognition.

If the credit risk on a financial instrument has not increased significantly since initial recognition, the loss allowance for that financial instrument is measured at an amount equal to 12-month expected credit losses. Meanwhile, if the credit risk on a financial instrument has increased significantly since initial recognition, the loss allowance for that financial asset is measured at an amount equal to the lifetime expected credit losses.

However, the loss allowance for trade receivables, contract assets and lease receivables are measured at an amount equal to the lifetime expected credit losses.

Expected credit losses of a financial instrument are measured in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

When impairment is recognised, the carrying amount of the financial asset is reduced through an allowance account for credit losses and the amount of expected credit losses is recognised as impairment loss in profit or loss. If the amount of the impairment loss decreases due to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed in profit or loss through an allowance account for credit losses.

2) Derivatives

Epson utilises derivatives, including forward foreign exchange contracts and non-deliverable forwards, to hedge foreign exchange and interest rate risks. These derivatives are initially measured at fair value when the contract is entered into, and are subsequently remeasured at fair value.

A gain or loss on a derivative is recognised in profit or loss. However, the portion of the gain or loss on the hedging instruments that is determined to be an effective hedge of cash flow hedges and hedges of net investments in foreign operations are recognised in other comprehensive income.

3) Inventories

The cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Inventories are measured at the lower of cost or net realisable value, and the cost of inventories is assigned by using the weighted-average cost formula. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(2) Methods of Depreciation/Amortisation of Assets

1) Property, Plant, and Equipment (excluding right-of-use assets)

Except for asset that is not subject to depreciation such as land, asset is depreciated using the straight-line method over its estimated useful life. The estimated useful life of major asset is as follows:

- Buildings and structures: 10 to 35 years
- Machinery and vehicles: 4 to 17 years

The estimated useful life, depreciation method and residual value are reviewed at each fiscal year end and, if expectations differ from previous estimates, the effect of changes in accounting estimates is recognised prospectively.

2) Intangible Assets

An intangible asset with a finite useful life is amortised using the straight-line method over its estimated useful life. The estimated useful life of major intangible asset with a finite useful life is as follows:

- Software: 3 to 10 years

The estimated useful life and amortisation method of an asset are reviewed at each fiscal year end and, if expectations differ from previous estimates, the effect of changes in accounting estimates is recognised prospectively.

An intangible asset with an indefinite useful life or an intangible asset not yet available for use is not amortised.

3) Right-of-use Assets

Right-of-use asset is usually depreciated using the straight-line method over the lease term.

4) Investment Property

Except for asset that is not subject to depreciation such as land, investment property is depreciated using the straight-line method over its estimated useful life. The estimated useful life of major investment properties that is subject to depreciation is 35 years.

The estimated useful life, depreciation method and residual value are reviewed at each fiscal year end and, if expectations differ from previous estimates, the effect of changes in accounting estimates is recognised prospectively.

(3) Accounting Basis for Provisions

Epson recognises a provision when it has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision is measured at the present value of the expenditures expected to be required to settle the obligation.

(4) Accounting Method Regarding Post-Employment Benefits

Epson has defined benefit plans and defined contribution plans as post-employment benefits plans. For each defined benefit plan, Epson calculates the present value of defined benefit obligations and the related current service cost and past service cost, using the projected unit credit method. For a discount rate, a discount period is set based on the estimated timing of benefit payments in each period, and the discount rate is determined by reference to market yields as of the end of the fiscal year on high quality corporate bonds for the period corresponding to the discount period. The net defined benefit liability (asset) is measured by deducting the fair value of any plan assets (including adjustments of the net defined benefit asset and the asset ceiling, if necessary) from the present value of the defined benefit obligation. Net interest on the net defined benefit liability (asset) is recognised in profit or loss.

Remeasurements of the net defined benefit liability (asset) are recognised in other comprehensive income and transferred to retained earnings immediately. Past service cost is recognised as an expense at the

earlier of when a plan amendment or curtailment occurs and when any related restructuring costs or termination benefits are recognised.

The contribution payable to a defined contribution plan is recognised as an expense.

(5) Accounting Basis for Revenue

Epson recognises revenue by applying the following five steps approach.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when Epson satisfies a performance obligation

Epson is mainly engaged in the manufacture and sale of products of Printing Solutions, Visual Communications, and Manufacturing-related & Wearables. Revenue is recognised when control of a promised good has been transferred to the customer and Epson satisfied its performance obligation. For sales of the products, this generally occurs when a good is physically delivered to a customer. Revenue is measured at the amount of consideration promised in a contract with a customer taking into consideration the effects of price discount, sales rebate, etc. When two or more performance obligations are included in a contract with a customer, Epson allocates the transaction price to each identified performance obligation based on the stand-alone selling price of each product. When the stand-alone selling prices are not directly observable, Epson estimates the selling price, assuming that the products are sold individually and allocates the transaction price based thereon.

(6) Foreign Currency Translation

Consolidated financial statements of Epson are presented in Japanese yen, which is the functional currency of the Company. Each company in Epson determines its functional currency and measures its results and financial position in that currency.

A foreign currency transaction is translated into the functional currency at a spot exchange rate at the date of the transaction or a rate that approximates the actual rate at the date of the transaction. Foreign currency monetary items are translated using the closing rate. Exchange differences arising on the settlement of monetary items or on translating monetary items are recognised in profit or loss. However, exchange differences arising on financial instruments designated as hedging instruments for net investments in foreign operations, financial assets measured at fair value through other comprehensive income, and cash flow hedges are recognised in other comprehensive income.

Assets and liabilities of foreign operations are translated into Japanese yen at the closing date, while income and expenses of foreign operations are translated into Japanese yen at exchange rates at the dates of the transactions or a rate that approximates the exchange rates at the dates of the transactions. All resulting exchange differences are recognised in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is recognised in profit or loss in the period of disposition.

(7) Hedge Accounting

At the inception of a hedge, Epson formally designates and documents the hedging relationship to which hedge accounting is applied and the objectives and strategies of risk management for undertaking the hedge. The documentation includes identification of hedging instruments, the hedged items or transactions, the nature of the risks being hedged and how the hedging instrument's effectiveness is assessed in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risks. Even though these hedges are expected to be highly effective in offsetting changes in fair value or cash flows, they are assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedges were designated.

Epson classifies hedging relationships that meet the qualifying criteria for hedge accounting in the following categories and applies hedge accounting to the hedging relationships.

1) Fair Value Hedge

A gain or loss on a derivative is recognised in profit or loss. The hedging gain or loss on the hedged items attributable to the hedged risks adjusts the carrying amount of the hedged item and is recognised in profit or loss.

2) Cash Flow Hedge

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income, while the ineffective portion is recognised immediately in profit or loss. The amounts of hedging instruments recognised in other comprehensive income are reclassified to profit or loss when the transactions of the hedged items affect profit or loss. In cases where hedged items result in the recognition of non-financial assets or liabilities, the amounts recognised in other comprehensive income are accounted for as adjustments to the initial carrying amount of non-financial assets or liabilities.

When forecast transactions or firm commitments are no longer expected to occur, any related cumulative gains or losses that have been recognised in other comprehensive income are reclassified to profit or loss. When hedging instruments expire, are sold, terminated or exercised without the replacement or rollover of other hedging instruments, or when the hedge designation is revoked, amounts that have been recognised in other comprehensive income continue to be recognised in equity until the forecast transactions or firm commitments occur.

3) Hedges of a Net Investment in a Foreign Operation

Hedges of a net investment in a foreign operation are accounted for similarly to cash flow hedges. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income, while the ineffective portion is recognised in profit or loss. On the disposal of the foreign operation, the cumulative gain or loss on the hedging instrument relating to the effective portion of the hedge that has been recognised in other comprehensive income is reclassified to profit or loss.

(8) Accounting Method Regarding Goodwill

Goodwill acquired in a business combination is measured at the amount recognised at the acquisition date less any accumulated impairment losses.

Goodwill is not amortised and allocated to a cash-generating unit that is identified according to business. The cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. An impairment loss is recognised in profit or loss and not reversed in a subsequent period.

Changes in Accounting Policies

(Adoption of IAS 12 Income Taxes)

Epson adopted IAS 12 Income Taxes (revised May 2021) from the consolidated fiscal year under review. The impact on the consolidated financial statements from the adoption of this standard was insignificant

Accounting Estimates

The preparation of Epson's consolidated financial statements includes management estimates and assumptions for measurements of income, expenses, assets and liabilities, and disclosure of contingencies as of the end of the fiscal year. These estimates and assumptions are based on the best judgment of management in light of historical experience and various factors deemed to be reasonable as of the end of the fiscal year. Given their nature, actual results may differ from those estimates and assumptions.

The estimates and assumptions are continuously reviewed by management. The effects of a change in estimates and assumptions are recognised in the period of the change and subsequent periods.

Among the above estimates and assumptions, the following were items that may have a material effect on the amounts recognised in Epson's consolidated financial statements:

(1) Impairment of Non-financial Assets

Epson performs an impairment test for property, plant and equipment, goodwill, intangible assets, investment property and right-of-use assets ("asset") when there is any indication that the recoverable amount has fallen below the carrying amount of the assets or when it is required annually.

The impairment test is performed by comparing the carrying amount and the recoverable amount of assets or cash-generating units. If the recoverable amount falls below the carrying amount, impairment losses are recognised. Recoverable amount is the higher of fair value less costs of disposal and value in use of assets or cash-generating units with certain assumptions of useful life, future cash flow of an asset, discount rate and long-term growth rate. Value in use is the present value of the future cash flows expected to be derived from assets or cash-generating units and in measuring the value in use, Epson bases cash flow projections on the most recent business plan and others approved by management which includes assumptions such as projected growth in revenue. If an estimate is required for the periods beyond the period covered by the business plan, etc., Epson takes future uncertainties into consideration. The future cash flows include net cash flows from the disposal of the assets or cash-generating units. These assumptions are based on the best estimates and judgments of management, but they could be affected by variable and uncertain future economic conditions. Any changes in these assumptions could have a material impact on Epson's consolidated financial statements in future periods.

The balances of property, plant and equipment (including right-of-use assets), goodwill and intangible assets, and investment property as of March 31, 2024 were 377,333 million yen, 27,066 million yen, and 1,103 million yen, respectively, and the amount of impairment loss for the year ended March 31, 2024 was 1,339 million yen.

(2) Post-employment Benefits

Epson has several types of post-employment benefit plans, including defined benefit plans.

The present value of defined benefit obligations on each of these plans and the related service costs and others are calculated based on actuarial assumptions. These actuarial assumptions require estimates and judgments on variables, such as discount rates.

The actuarial assumptions are determined based on the best estimates and judgments of management, but they could be affected by variable and uncertain future economic conditions. Any changes in these assumptions could have a material impact on Epson's consolidated financial statements in future periods. The balances of net defined benefit assets and net defined benefit liabilities as of March 31, 2024 were 4,543 million yen and 13,836 million yen, respectively.

(3) Provisions

Epson recognises various provisions, including provisions for product warranties and asset retirement obligations.

These provisions are recognised based on the best estimates of the expenditures required to settle the obligations, taking into account risks and uncertainty related to the obligations as of the end of the fiscal year.

Expenditures necessary for settling the obligations are calculated by taking all possible future results into account. However, they may be affected by unexpected events or changes in conditions which may have a material impact on Epson's consolidated financial statements in future periods.

Major provisions including estimates and assumptions which may have a material impact on Epson's consolidated financial statements in future periods are as follows:

1) Provision for Product Warranties

For warranty expenditures, Epson recognises the provisions for estimated amounts based on the rate of historical service contract expenses to sales as well as estimated amounts for those products where future warranty expenses can be reliably estimated. (Balance as of March 31, 2024: 14,567 million yen)

2) Asset Retirement Obligations

Epson recognises provisions for asset retirement obligation which derive from the acquisition, construction, development or normal use of property, plant and equipment. Epson is required to bear the amount of asset retirement obligation that it is probable that Epson will pay in light of historical experience. (Balance as of March 31, 2024: 3,942 million yen)

3) Provision for Loss on Litigation

Epson recognises provisions for loss on litigation in process or possible litigation based on the reasonably estimated compensation for damages and litigation expenses at an amount deemed necessary at the end of the period. (Balance as of March 31, 2024: 645 million yen)

(4) Income Taxes

Epson, which conducts business around the world, makes reasonable estimates of income tax to be paid to local tax authorities in accordance with local laws and regulations, and recognises income taxes payable and current tax expense based on these estimates.

Calculating income taxes payable and current tax expense requires estimates and judgments on various factors, including, for example, the interpretation of tax regulations by taxable entities and the tax authority in the jurisdiction or experience of prior tax investigation.

Therefore, there may be differences between the amount recognised as income taxes payable and current tax expense and the amount of actual income taxes. These differences may have a material impact on Epson's consolidated financial statements in future periods.

In addition, deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised.

In recognising the deferred tax assets, Epson judges the possibility of future taxable income and reasonably estimate the timing and amount of future taxable income based on factors such as the business plan which includes assumptions such as projected growth in revenue.

The timing and amount of taxable income may be affected by variable and uncertain future economic conditions, and changes could have a material impact on Epson's consolidated financial statements in future periods.

The amount of income taxes for the year ended March 31, 2024 was 17,473 million yen, and the balance of deferred tax assets as of March 31, 2024 was 36,117 million yen.

(5) Contingencies

With regard to contingencies, any items that may have a material impact on business in the future are disclosed in light of all the available evidence as of the fiscal year end date and by taking into account the probability of these contingencies and their impact on financial reporting.

The content of contingencies is stated in "Other Notes – 2. Contingencies."

Consolidated Statement of Financial Position

1. Allowance account for credit losses directly subtracted from assets

Trade and other receivables	1,009 million yen
Other financial assets (non-current)	38 million yen

2. Accumulated Depreciation and Accumulated Impairment

Losses of Property, Plant and Equipment	1,169,895 million yen
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Consolidated Statement of Changes in Equity

1. Total Number of Fully Paid Issued Shares as of the End of the Consolidated Fiscal Year under Review

Ordinary shares: 385,022,278 shares

2. Cash Dividends

(1) Dividends Paid

Resolution	Class of shares	Total dividends	Dividends per share	Basis date	Effective date
Annual Shareholders Meeting held on June 27, 2023	Ordinary shares	(Note 1) 13,597 million yen	41 yen	March 31, 2023	June 28, 2023
Board of Directors Meeting held on October 27, 2023	Ordinary shares	(Note 2) 12,274 million yen	37 yen	September 30, 2023	November 30, 2023

(Note 1) Total dividends include dividends of 5 million yen for the Company's shares held by BIP trust.

(Note 2) Total dividends include dividends of 4 million yen for the Company's shares held by BIP trust.

(2) Dividends Whose Basis Date Was during the Consolidated Fiscal Year under Review, but Whose Effective Date Is during the Subsequent Consolidated Fiscal Year

The Company presents the following proposal.

Resolution (scheduled)	Class of shares	Total dividends	Source of dividend funds	Dividends per share	Basis date	Effective date
Annual Shareholders Meeting to be held on June 25, 2024	Ordinary shares	(Note) 12,274 million yen	Retained earnings	37 yen	March 31, 2024	June 26, 2024

(Note) Total dividends include dividends of 4 million yen for the Company's shares held by BIP trust.

Financial Instruments

1. Status of Financial Instruments

(1) Capital Management

Epson selects the most effective fund management method focusing on the preservation of funds in view of safeness and flexibility. In addition, Epson obtains financing from bank loans and bonds issued. Epson has a policy not to transact derivatives for speculation purposes, but for avoiding the risks stated below.

Epson monitors financial indicators in order to maintain a well-balanced capital structure that ensures an appropriate return on equity and a sound and flexible financial condition for future investment. Epson monitors credit ratings for financial soundness and flexibility, and ROE (return on equity) and ROIC (return on invested capital) for profitability, while focusing on changes in the domestic and overseas environment.

(2) Financial Risk Management

Epson is exposed to financial risks (credit risks, liquidity risks, foreign exchange risks, interest rate risks, and market price fluctuation risks) in the process of its business activities; and it manages risks based on a specific policy in order to avoid or reduce said risks. The results of risk management are regularly reported by the finance department to the Executive Committee of the Company.

Epson's policy limits derivatives to transactions for the purpose of mitigating risks from transactions based on actual demand. Therefore, Epson does not transact derivatives for speculation purposes or trading purposes.

(3) Credit Risk

Receivables, such as notes and trade receivables, resulting from the operating activities of Epson are exposed to customer credit risks.

Epson holds equity securities and bonds receivable of customers and suppliers, mainly for the purpose of investing surplus funds and strengthening relationships with them; those securities and bonds are exposed to the issuers' credit risks.

In addition, through derivative transactions that Epson conducts in order to hedge foreign exchange fluctuation risks and interest rate fluctuation risks, Epson is exposed to the credit risks of the financial institutions which are counterparties to these transactions.

In principle, Epson sets credit lines or transaction conditions with respect to trade receivables for counterparties based on Epson's Credit Control Regulation in order to prevent credit risks relating to counterparties. In addition, the receivable balances of counterparties are monitored in order to mitigate the credit risks. The finance department of the Company regularly monitors the status of the occurrence and collection of bad debts, and reports them to the Executive Committee of the Company.

With regard to the investment of cash surpluses and derivatives, Epson invests in bonds receivable and other financial instruments with a certain credit rating and transacts with financial institutions with a high credit rating in principle in order to prevent credit risks based on Epson's Capital Management Regulation. In addition, the finance department of the Company regularly monitors the performances of these transactions and reports the results to the Executive Committee of the Company.

(4) Liquidity Risk

Epson raises funds by borrowings and bonds issued; however, these liabilities are exposed to the liquidity risk that it would not be able to repay liabilities on the due date due to the deterioration of the financing environment.

Epson establishes a financing plan based on the annual business plan and the finance department of the Company regularly monitors and collects information on the balance of liquidity-in-hand and interest-bearing debt and reports it to the Executive Committee of the Company. In addition, Epson manages liquidity risks with the balance of liquidity-in-hand maintained at a proper level by working out the financing plan on a timely basis, and by taking into consideration the financial environment.

(5) Foreign Exchange Risk

Epson operates businesses globally and, therefore, is mainly exposed to the following risks due to foreign exchange fluctuation:

1) The risk that the profit or loss and cash flow in each functional currency of Epson is influenced by foreign exchange fluctuation as a result of external transactions and intergroup transactions, including the payment and receipt of dividends, in currencies that are different from each functional currency of Epson.

2) The risk that the equity of Epson is influenced by foreign exchange fluctuation when equity denominated in each functional currency of Epson is translated into Japanese yen and consolidated.

3) The risk that the profit or loss of Epson is influenced by foreign exchange fluctuation when profit or loss denominated in each functional currency of Epson is translated into Japanese yen and consolidated.

Epson hedges against risk 1) using derivatives and other means when future cash flow is projected or when receivables and payables are fixed. As a rule, the net of foreign currency-denominated operating receivables and payables is hedged mainly using forward foreign exchange contracts. Epson does not hedge against risks 2) and 3), in principle.

In order to mitigate risks mentioned above resulting from the foreign exchange fluctuation, in accordance with Epson's Foreign Exchange Management Regulation, Epson establishes a foreign currency hedge policy based on the current conditions and forecast of the foreign exchange market, implements the aforementioned hedges under the supervision of the Foreign Exchange Management Committee of the Company. The finance department of the Company regularly reports the performances to the Executive Committee of the Company.

(6) Interest Rate Risk

Epson's interest rate risk arises from cash equivalents and interest-bearing debt. Borrowings and bonds issued with floating rates are subject to the effects of changes in future cash flows caused by the fluctuation of market interest rates; while, borrowings and bonds issued with fixed rates are subject to the effects of changes in the fair value caused by the fluctuation of market interest rates.

In response to the fluctuation of market interest rates, Epson reduces the interest rate risk by implementing an interest rate swap and adjusting appropriate proportion of financing between floating rates and fixed rates. In accordance with Epson's Capital Management Regulation, the interest rate swap is approved by the finance officer of the Company.

(7) Market Price Fluctuation Risk

With respect to equity securities, Epson regularly assesses the fair value and financial conditions of the issuers, and reviews the portfolio held by taking into account the relationship with counterparty entities. Epson intends to hold equity instruments not for short-term trading but for long-term investment. Therefore, Epson does not sell the instruments actively.

2. Fair Value of Financial Instruments

(1) Fair Value Measurement

The fair values of financial instruments are measured as follows:

(Derivatives)

The fair values are calculated based on prices obtained from financial institutions.

(Equity securities and bonds receivable)

When market values for equity securities and bonds receivable are available, such values are used as the fair values. The fair values of the equity securities and bonds receivable whose market values are unavailable are measured by using the discounted cash flow method, price comparison method based on the prices of similar types of securities and bonds and other valuation methods.

(Borrowings)

Current borrowings are measured at their carrying amounts, because they are settled on a short-term basis and the fair values approximate their carrying amounts. For non-current borrowings with floating rates, it is

assumed that the fair value is equal to the carrying amounts, because the rates are affected in the short term by fluctuations in market interest rates, and because Epson's credit status has not greatly changed since they were implemented. The fair values of non-current borrowings with fixed rates are calculated by the total sum of the principal and interest discounted by using the interest rates that would be applied if similar new borrowings were conducted.

(Bonds issued)

The fair values are calculated based on prices obtained from financial institutions.

(2) Fair Value Hierarchy

The fair value hierarchy of financial instruments is categorised from Level 1 to Level 3 as follows:

Level 1: Fair value measured at quoted prices in active markets for identical assets or liabilities

Level 2: Fair value calculated using inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly

Level 3: Fair value calculated using valuation techniques including unobservable inputs for the assets and liabilities

The transfers between levels in the fair value hierarchy are deemed to have occurred at the end of the reporting period.

1) Financial instruments measured at amortised cost

The carrying amounts and the fair value hierarchy of financial instruments measured at amortised cost were as follows. The fair values of financial instruments that are not listed on the table below approximate the carrying amounts.

(Millions of yen)

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortised cost					
Borrowings	49,070	—	48,963	—	48,963
Bonds issued	119,781	—	118,571	—	118,571
Total	168,851	—	167,534	—	167,534

“Borrowings” and “Bonds issued” in the table above include their current portion.

2) Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value was as follows:

(Millions of yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial assets	—	649	—	649
Equity securities	12,623	—	7,529	20,153
Bonds receivable	—	—	151	151
Total	12,623	649	7,681	20,953
Financial liabilities measured at fair value				
Derivative financial liabilities	—	2,581	—	2,581
Total	—	2,581	—	2,581

There were no transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy during the fiscal year under review.

The movement of financial instruments categorised within Level 3 of the fair value hierarchy was as follows:

(Millions of yen)

	Amount
Balance at beginning of period	5,351
Gains and losses	
Profit or loss (Note)	16
Other comprehensive income	941
Purchase	1,371
Balance at end of period	7,681

(Note) Included in "Other operating income" and "Other operating expenses" in the Consolidated Statements of Comprehensive Income.

Revenue Recognition

1. Disaggregation of Revenue

The revenue of the reportable segments are disaggregated by each business. The relationship between the disaggregated revenue and the reportable segments was as follows:

(Millions of yen)

	Revenue
Printing Solutions Segment	918,656
Office and Home Printing business	650,833
Commercial and Industrial Printing business	267,936
Inter-segment revenue	(113)
Visual Communications Segment	217,462
Manufacturing-related & Wearables Segment	179,914
Manufacturing solutions business	24,770
Wearable products business	34,753
Microdevices business and other	104,333
PC business	19,639
Inter-segment revenue	(3,582)
Others (Note 1)	(2,035)
Total	1,313,998
Revenue recognised from contracts with customers	1,310,348
Revenue recognised from other sources (Note 2)	3,649

(Note 1) “Others” includes revenues which are not attributed to reportable segments and inter-segment eliminations.

(Note 2) “Revenue recognised from other sources” includes lease income under IFRS 16.

Epson is mainly engaged in the manufacture and sale of products of Printing Solutions, Visual Communications, and Manufacturing-related & Wearables. Revenue is recognised when control of a promised good has been transferred to the customer and Epson satisfied its performance obligation. For sales of the products, this generally occurs when a good is physically delivered to a customer. Certain products require work such as set up or installation. In such cases, Epson determines that the performance obligation has been satisfied and recognises revenue at the time of the customer’s acceptance after the work is completed. Epson provides the option of maintenance services such as extended warranties at the time of sales of the products. For the maintenance service contracts, since performance obligations are satisfied over time, the amount of consideration promised in the contract with a customer is recognised as revenue evenly over the contract period.

Contract liability is recognised until performance obligations are satisfied, in cases where Epson receives the consideration for the sale of the product as an advanced payment before the good deliveries, or Epson receives the consideration for the maintenance service contracts as a single advanced payment at contract inception, etc.

In certain cases, Epson sells products to customers such as distributors with rebates, etc. on condition that they achieve certain targets, etc. In such cases, Epson determines the transaction price by deducting the estimated rebates, etc. from the consideration promised in the contract with the customer. The estimated rebates, etc. are calculated using a reasonable method based on factors such as historical trends and recent

information, and revenue is recognised only to the extent that it is highly probable that a significant revenue reversal will not occur.

Consideration for transactions is received mainly within one year after the performance obligation is satisfied, in accordance with the terms and conditions of a contract with a customer and includes no significant financing components.

2. Contract Balance

The breakdown of the balance of receivables and contract liabilities from contracts with customers was as follows:

	(Millions of yen)	
	Balance at beginning of period	Balance at end of period
Receivables from contracts with customers	201,801	212,781
Contract liabilities	28,415	30,742
Current liabilities	14,814	15,364
Non-current liabilities	13,601	15,377

For the consolidated fiscal year under review, the amount of revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods was not material.

3. Transaction Price Allocated to the Remaining Performance Obligations

Epson uses the practical expedient of omitting the disclosure of information on the remaining performance obligations because it has no significant transactions with expected contractual terms exceeding one year. Additionally, there are no significant amounts that are not included in the transaction price in the consideration from a contract with a customer.

Per Share Data

- | | |
|---|--------------|
| 1. Equity attributable to owners of the parent company, per share | 2,445.52 yen |
| 2. Basic earnings per share | 158.68 yen |

Note: For the purpose of calculation of per share data, the shares of the Company held by BIP trust are accounted as treasury shares and the number of those shares are deducted from the number of ordinary shares at the end of the period and weighted-average number of ordinary shares outstanding during the period. The number of treasury shares owned by the Trust at the end of the fiscal year and the average number of shares for the period were 109,170 shares and 121,300 shares, respectively.

Subsequent Events

Share repurchase

The Company resolved at the meeting of its Board of Directors held on April 26, 2024 on a share repurchase (“this share repurchase”) pursuant to Article 156 of the Companies Act of Japan as applied pursuant to Article 165, Paragraph 3 of the same act.

(1) Purpose of this share repurchase

To achieve greater capital efficiency and to further enhance shareholder returns

(2) Details of this share repurchase

a. Class of shares to be repurchased	Ordinary shares
b. Total number of shares to be repurchased	17,000,000 shares (maximum) (5.12% of outstanding shares, excluding treasury shares)
c. Total repurchase amount	30,000 million yen (maximum)
d. Repurchase period	July 18, 2024 to March 31, 2025
e. Repurchase method	Purchase on the Tokyo Stock Exchange (by securities company using discretionary method)

The Company plans to cancel all the treasury shares to be acquired as part of this repurchase.

Other Notes

1. Impairment loss

Epson's business assets are generally grouped by business segment under the Company's management accounting system, and their cash flows are continuously monitored. Assets to be disposed of (i.e., assets planned to be disposed or sold etc.) and idle assets are separately assessed for impairment on the individual asset level.

Impairment loss recognised in the consolidated fiscal year under review was mainly for business assets that belong to the manufacturing solutions business which is a part of the Manufacturing-related & Wearables Segment. The carrying amount was reduced to its recoverable amount because it is expected to take time to improve its profitability, due to changes in the market environment, such as economic stagnation and the rise of local manufacturers in China, as well as continued investments in human capital for its business growth. An impairment loss of 606 million yen was recognised. The recoverable amount of 5,044 million yen was measured at fair value less costs of disposal. The fair value less costs of disposal was based on the real estate appraisals, etc. and was classified as Level 3 in the fair value hierarchy.

2. 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. Epson does not recognise provisions 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 Reprobel ("Reprobel"), a Belgium-based group that collects copyright royalties, seeking restitution for copyright royalties for multifunction printers. After that, Reprobel 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.

Non-Consolidated Financial Statements
Balance Sheet (as of March 31, 2024)

(Millions of yen)

Item	As of March 31, 2024	(Reference) As of March 31, 2023	Item	As of March 31, 2024	(Reference) As of March 31, 2023
Assets			Liabilities		
Current assets	465,596	460,936	Current liabilities	198,683	196,830
Cash and deposits	70,053	57,194	Notes payable - trade	5,692	3,840
Notes receivable - trade	206	195	Accounts payable - trade	90,692	83,170
Accounts receivable - trade	167,162	173,287	Current portion of bonds issued	10,000	30,000
Securities	71,000	40,000	Current portion of long-term borrowings	9,000	—
Merchandise and finished goods	6,780	5,940	Lease liabilities	91	91
Work in process	18,102	21,299	Accounts payable - other	55,224	49,192
Raw materials and supplies	25,239	24,525	Accrued expenses	7,481	8,140
Short-term loans receivable	69,294	97,622	Income taxes payable	843	217
Accounts receivable - other	25,749	26,282	Deposits received	4,189	3,476
Other	12,164	14,587	Provision for bonuses	11,801	14,603
Allowance account for credit losses	(154)	—	Provision for directors' bonuses	73	66
Non-current assets	362,052	357,598	Provision for product warranties	615	611
(Property, plant and equipment)	(168,117)	(167,034)	Other	2,977	3,419
Buildings	81,012	83,287	Non-current liabilities	175,187	199,337
Structures	3,293	3,245	Bonds issued	110,000	120,000
Machinery and equipment	45,810	45,301	Non-current borrowings	39,500	48,500
Vehicles	25	35	Lease liabilities	923	1,014
Tools, furniture and fixtures	6,714	6,526	Provision for retirement benefits	21,023	25,941
Land	27,176	27,186	Provision for product warranties	186	129
Construction in progress	4,084	1,451	Asset retirement obligations	2,750	2,773
(Intangible assets)	(14,599)	(12,353)	Other	803	979
Software	12,739	10,041	Total liabilities	373,871	396,168
Other	1,859	2,311	Net assets		
(Investments and other assets)	(179,335)	(178,211)	Shareholders' equity	448,086	419,416
Investment securities	12,388	9,649	Share capital	53,204	53,204
Shares of subsidiaries and affiliates	124,852	124,883	Capital surplus	84,409	84,321
Long-term prepaid expenses	3,039	3,621	Legal capital surplus	84,321	84,321
Deferred tax assets	37,347	38,055	Other capital surplus	88	—
Other	1,725	2,018	Retained earnings	365,847	337,397
Allowance account for credit losses	(19)	(17)	Legal retained earnings	3,132	3,132
			Other retained earnings	362,714	334,264
			Retained earnings brought forward	362,714	334,264
			Treasury shares	(55,375)	(55,506)
			Valuation and translation adjustments	5,690	2,950
			Valuation difference on available-for-sale securities	6,267	4,164
			Deferred gains or losses on hedges	(576)	(1,214)
			Total net assets	453,777	422,366
Total assets	827,648	818,535	Total liabilities and net assets	827,648	818,535

Note: Figures less than one million yen are rounded down.

Statement of Income (from April 1, 2023 to March 31, 2024)

(Millions of yen)

Item	Amount	(Reference) Amount in previous fiscal year
Net sales	857,780	969,999
Cost of sales	784,031	873,622
Gross profit	73,749	96,376
Selling, general and administrative expenses	82,155	77,676
Operating income (loss)	(8,406)	18,700
Non-operating income	72,119	62,359
Interest and dividend income	57,040	49,627
Foreign exchange gain	12,760	10,377
Other	2,318	2,354
Non-operating expenses	4,022	3,950
Interest expenses	585	666
Other	3,437	3,284
Ordinary income	59,690	77,109
Extraordinary income	927	1,022
Gain on sales of property, plant and equipment and intangible assets	77	1,022
Gain on sale of investment securities	850	—
Extraordinary losses	1,032	2,166
Loss on sales of property, plant and equipment and intangible assets	4	4
Loss on disposal of property, plant and equipment and intangible assets	122	246
Impairment loss	808	1,489
Loss on valuation of shares of subsidiaries	96	—
Loss on sale of investment securities	—	425
Income before income taxes	59,585	75,965
Income taxes - current	5,064	3,535
Income taxes - deferred	198	2,499
Total income taxes	5,263	6,034
Net income	54,322	69,931

Note: Figures less than one million yen are rounded down.

Statement of Changes in Net Assets
(from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings
Balance as of April 1, 2023	53,204	84,321	—	84,321	3,132	334,264	337,397
Changes of items during the period							
Dividends	—	—	—	—	—	(25,872)	(25,872)
Net income	—	—	—	—	—	54,322	54,322
Acquisition of treasury shares	—	—	—	—	—	—	—
Disposal of treasury shares	—	—	88	88	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—
Total changes of items during the period	—	—	88	88	—	28,449	28,449
Balance as of March 31, 2024	53,204	84,321	88	84,409	3,132	362,714	365,847

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance as of April 1, 2023	(55,506)	419,416	4,164	(1,214)	2,950	422,366
Changes of items during the period						
Dividends	—	(25,872)	—	—	—	(25,872)
Net income	—	54,322	—	—	—	54,322
Acquisition of treasury shares	(1)	(1)	—	—	—	(1)
Disposal of treasury shares	132	221	—	—	—	221
Net changes of items other than shareholders' equity	—	—	2,102	637	2,740	2,740
Total changes of items during the period	130	28,669	2,102	637	2,740	31,410
Balance as of March 31, 2024	(55,375)	448,086	6,267	(576)	5,690	453,777

Note: Figures less than one million yen are rounded down.

Notes to the Non-consolidated Financial Statements

Significant Accounting Policies

1. Basis and Methods of Valuation of Assets

(1) Securities

Held-to-maturity debt securities

- Stated at amortized cost (straight-line method).

Shares of affiliates

- Stated at cost using the moving-average method.

Available-for-sale securities

Securities other than shares that do not have a market value

- Stated at market value based on market prices as of the closing date of the fiscal year under review. (Valuation gains or losses are directly included in a component of net assets. The cost of securities sold is calculated using the moving-average method.)

Shares that do not have a market value

- Mainly stated at cost using the moving-average method.

(2) Derivatives

Stated at market value.

(3) Inventories

Mainly stated at cost based on the weighted-average method (balance sheet values are adjusted by writing down the book value where the profitability declines).

2. Depreciation Method for Non-current Assets

(1) Property, Plant and Equipment (excluding leased assets)

Property, plant and equipment are depreciated using the straight-line method.

The estimated useful lives of major assets are as follows:

- Buildings: 15 to 35 years
- Machinery and equipment: 7 to 17 years

(2) Intangible Assets (excluding leased assets)

Intangible assets are amortized using the straight-line method.

The estimated useful life of major intangible assets is as follows:

- Software: 3 to 5 years

(3) Leased Assets

Leased assets relating to finance lease transactions without transfer of ownership are depreciated over the lease terms by the straight-line method, assuming the residual value is zero.

3. Accounting Basis for Provisions

(1) Allowance Account for Credit Losses

To provide a reserve for possible losses on receivables or loans, the Company records the allowance account for credit losses based on the historical default rates for ordinary receivables and on an estimate of collectability of specific doubtful receivables.

(2) Provision for Bonuses

The provision for bonuses is recorded to accrue the bonuses to employees of the Company at an amount estimated to be incurred by the Company for the fiscal year under review.

(3) Provision for Directors' Bonuses

The provision for directors' bonuses is recorded to accrue the bonuses to Directors (excluding those who are not Audit & Supervisory Committee Members) of the Company at an estimated amount to be paid.

(4) Provision for Product Warranties

To provide for possible expenditures associated with product warranties, the Company records the

provision for product warranties based on the rate of historical after-sales service contract expenses to sales in past fiscal years, as well as for other specific warranty provisions for specific businesses where future warranty expenses can be specifically estimated.

(5) Provision for Loss on Litigation

The provide for loss on litigation in process or possible litigation based on the reasonably estimated compensation for damages and litigation expenses at an amount deemed necessary at the end of the fiscal year under review.

(6) Provision for Retirement Benefits

To provide retirement benefits to employees of the Company, the provision for retirement benefits is recorded at an amount calculated based on the projected benefit obligations and plan assets at the end of the fiscal year under review.

Past service cost is amortized for the pro-rata amount computed by the straight-line method over a certain period (five years), which is within the average remaining service period of employees at the time of the occurrence in each fiscal year.

Actuarial gains or losses are amortized for the pro-rata amount computed by the straight-line method over a certain period (five years), which is within the average remaining service period of employees at the time of the occurrence in each fiscal year, commencing from the fiscal year following the fiscal year of occurrence.

4. Accounting Basis for Revenue

The Company recognizes revenue by applying the following five steps approach.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the Company satisfies a performance obligation

The Company is mainly engaged in the manufacture and sale of products of Printing Solutions, Visual Communications, and Manufacturing-related & Wearables. Revenue is recognized when control of a promised good has been transferred to the customer and the Company satisfied its performance obligation. For sales of the products, this generally occurs when a good is physically delivered to a customer. When two or more performance obligations are included in a contract with a customer, the Company allocates the transaction price to each identified performance obligation based on the stand-alone selling price of each product. When the stand-alone selling prices are not directly observable, the Company estimates the selling price, assuming that the products are sold individually and allocates the transaction price based thereon.

5. Basis for Translating of Foreign Currency Denominated Assets and Liabilities into Japanese Yen

Monetary receivables and payables denominated in foreign currency are translated into Japanese yen at the spot exchange rate on the closing date of the fiscal year under review. Translation differences are recognized as profit or loss in the fiscal year under review.

6. Hedge Accounting

(1) Hedge Accounting Method

Gains or losses on hedging instruments measured at market value are deferred, in principle, as deferred gains or losses on hedges under net assets until such gains or losses on hedged items are recognized.

(2) Hedging Instruments and Hedged Items

Forward foreign exchange contracts and non-deliverable forwards, etc.: Amounts of foreign currencies deposited or withdrawn

(3) Hedge Policy

The Company enters into derivative contracts for hedging purposes to restrict foreign exchange fluctuation risks, which are mainly associated with sales denominated in foreign currencies while minimizing the amounts not covered by hedging through the use of netting and other measures.

(4) Assessment of Hedge Effectiveness

The assessment of hedge effectiveness is omitted because the market fluctuation of hedging instruments and hedged items is offset at the start of hedging and it continues to remain offset subsequently since the fluctuation rates of hedging instruments and hedged items are identical.

Accounting Estimates

The preparation of the Company's non-consolidated financial statements includes management estimates and assumptions for measurements of income, expenses, assets and liabilities, and disclosure of contingencies as of the end of the fiscal year. These estimates and assumptions are based on the best judgment of management in light of historical experience and various factors deemed to be reasonable as of the end of the fiscal year. Given their nature, actual results may differ from those estimates and assumptions.

The estimates and assumptions are continuously reviewed by management. The effects of a change in estimates and assumptions are recognized in the period of the change and subsequent periods.

Among the above estimates and assumptions, the following were items that may have a material effect on the amounts recognized in the Company's non-consolidated financial statements:

(1) Impairment of Non-current Assets

The balances of property, plant and equipment, and intangible assets as of March 31, 2024 were 168,117 million yen and 14,599 million yen, respectively, and the amount of impairment loss for the year ended March 31, 2024 was 808 million yen.

The content regarding estimates and assumptions is as described in "Notes to the Consolidated Financial Statements - Accounting Estimates - (1) Impairment of Non-financial Assets."

(2) Post-Employment Benefits

The balance of provision for retirement benefits as of March 31, 2024 was 21,023 million yen.

The content regarding estimates and assumptions is as described in "Notes to the Consolidated Financial Statements - Accounting Estimates - (2) Post-Employment Benefits."

(3) Provisions

Provision for product warranties of 802 million yen was recognized as of March 31, 2024.

The content regarding estimates and assumptions is as described in "Notes to the Consolidated Financial Statements - Accounting Estimates - (3) Provisions."

(4) Income Taxes

The amount of income taxes for the year ended March 31, 2024 was 5,263 million yen, and the balance of deferred tax assets as of March 31, 2024 was 37,347 million yen.

The content regarding estimates and assumptions is as described in "Notes to the Consolidated Financial Statements - Accounting Estimates - (4) Income Taxes."

(5) Contingencies

Contingencies are as described in "Notes to the Consolidated Financial Statements - Accounting Estimates - (5) Contingencies."

Balance Sheet

1. Accumulated Depreciation of Property, Plant and Equipment	657,385 million yen
2. Debt Guarantees	
The Company provides guarantees for the debt obligations of its affiliate as follows.	
PT. Epson Batam	1,664 million yen
3. Monetary Receivables from and Payables to Affiliates	
Short-term monetary receivables:	234,821 million yen
Long-term monetary receivables:	0 million yen
Short-term monetary payables:	91,533 million yen
Long-term monetary payables:	718 million yen

Statement of Income

Transactions with Affiliates	
Sales to affiliates:	795,357 million yen
Purchases from affiliates:	501,875 million yen
Other operating transactions with affiliates:	35,341 million yen
Transactions with affiliates other than operating transactions:	58,542 million yen

Statement of Changes in Net Assets

Number of Treasury Shares as of the End of the Fiscal Year under Review	
Treasury shares	53,398,912 shares

Note: The total number of treasury shares includes 109,170 shares of the Company's shares held by BIP trust.

Tax-Effect Accounting

1. Significant Components of Deferred Tax Assets and Deferred Tax Liabilities:

(Millions of yen)

Deferred tax assets	
Excess of depreciation of non-current assets	15,570
Loss on valuation of inventories	7,254
Provision for retirement benefits	6,401
Loss on valuation of shares	5,523
Provision for bonuses	3,615
Loss carried forward	611
Other	7,808
Subtotal	46,786
Valuation allowance for deductible temporary differences	(7,842)
Valuation allowance subtotal	(7,842)
Total deferred tax assets	38,943
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(1,083)
Property, plant and equipment (asset retirement obligations)	(373)
Other	(138)
Total deferred tax liabilities	(1,595)
Net deferred tax assets	37,347

2. Accounting for Corporate and Local Income Taxes or Tax Effect Accounting Related to Such Taxes

The Company adopts a group tax sharing system. Accordingly, the accounting treatment and disclosure of corporate and local income taxes and tax effect accounting are in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 42, August 12, 2021).

Revenue Recognition

Basic Information for Understanding Revenue

Basic information for understanding revenue is included in “Significant Accounting Policies - 4. Accounting Basis for Revenue.”

Transactions with Related Parties

Subsidiaries

(Millions of yen)

Company name	Ownership percentage of voting rights	Relationship with the Company	Description of transactions	Transaction amount	Account item	Fiscal year-end balance
Epson Sales Japan Corporation	Direct holding 100%	Sales of the Company's products; Interlocking directors	Sales of products (Note 1)	89,621	Accounts receivable - trade	15,783
Akita Epson Corporation	Direct holding 100%	Entrusted manufacturing of the Company's products	Loans of necessary funds (Note 2)	(Note 3)	Short-term loans receivable	10,400
Epson America, Inc.	Indirect holding 100%	Regional headquarters of the Americas; Sales of the Company's products; Interlocking directors	Sales of products (Note 1)	243,432	Accounts receivable - trade	62,153
			Loans of necessary funds (Note 2)		(Note 3)	Accounts payable - other
Epson Europe B.V.	Direct holding 100%	Regional headquarters of Europe; Sales of the Company's products; Interlocking directors	Sales of products (Note 1)	186,114	Accounts receivable - trade	31,772
			Loans of necessary funds (Note 2)	(Note 3)	Short-term loans receivable	19,720
Epson Precision (Philippines), Inc.	Direct holding 100%	Entrusted manufacturing of the Company's products	Purchases of products (Note 4)	179,283	Accounts payable - trade	18,426
					Accounts receivable - other	2,073
PT. Indonesia Epson Industry	Direct holding 100%	Entrusted manufacturing of the Company's products; Interlocking directors	Purchases of products (Note 4)	131,044	Accounts payable - trade	15,464
					Accounts receivable - other	2,214
Epson (China) Co., Ltd.	Direct holding 100%	Regional headquarters of China; Sales of the Company's products	Sales of products (Note 1)	89,237	Accounts receivable - trade	13,870
Epson Singapore Pte. Ltd.	Direct holding 100%	Regional headquarters of Southeast Asia; Sales of the Company's products	Sales of products (Note 1)	60,999	Accounts receivable - trade	10,231

Terms and conditions of transactions and their policies

- Note 1: Selling prices are determined by subtracting an appropriate margin for the respective sales companies from market prices.
- Note 2: Lending of necessary funds and depositing of excess funds are made in accordance with the relevant rules under the system of borrowing and lending funds established by Epson.
- Note 3: Lending of necessary funds and depositing of excess funds are not stated in the “Transaction amount” as funds are transferred each time under the system of borrowing and lending funds within Epson.
- Note 4: Purchase prices are determined by adding an appropriate profit for the manufacturing companies on the manufacturing costs.

Per Share Data

- | | |
|-------------------------|--------------|
| 1. Net Assets per Share | 1,368.35 yen |
| 2. Earnings per Share | 163.82 yen |

Note: For the purpose of calculation of per share data, the shares of the Company held by BIP trust are accounted as treasury shares and the number of those shares are deducted from the number of ordinary shares at the end of the period and weighted-average number of ordinary shares outstanding during the period. The number of treasury shares owned by the Trust at the end of the fiscal year and the average number of shares for the period were 109,170 shares and 121,300 shares, respectively.

Subsequent Events

Share repurchase

The Company resolved at the meeting of its Board of Directors held on April 26, 2024 on a share repurchase (“this share repurchase”) pursuant to Article 156 of the Companies Act of Japan as applied pursuant to Article 165, Paragraph 3 of the same act.

(1) Purpose of this share repurchase

To achieve greater capital efficiency and to further enhance shareholder returns

(2) Details of this share repurchase

- | | |
|---|---|
| a. Class of shares to be repurchased | Ordinary shares |
| b. Total number of shares to be repurchased | 17,000,000 shares (maximum) (5.12% of outstanding shares, excluding treasury shares) |
| c. Total repurchase amount | 30,000 million yen (maximum) |
| d. Repurchase period | July 18, 2024 to March 31, 2025 |
| e. Repurchase method | Purchase on the Tokyo Stock Exchange (by securities company using discretionary method) |

The Company plans to cancel all the treasury shares to be acquired as part of this repurchase.

Other Notes

Impairment loss

The Company's business assets are generally grouped by business segment under the Company's management accounting system, and their cash flows are continuously monitored. Assets to be disposed of (i.e., assets planned to be disposed or sold etc.) and idle assets are separately assessed for impairment on the individual asset level.

Impairment loss recognized in the fiscal year under review was mainly for business assets that belong to the manufacturing solutions business. The carrying amount was reduced to its recoverable amount because it is expected to take time to improve its profitability, due to changes in the market environment, such as economic stagnation and the rise of local manufacturers in China, as well as continued investments in human capital for its business growth. An impairment loss of 482 million yen was recognized, with the recoverable amount calculated using net realizable value.

Independent Auditor’s Report

May 8, 2024

To the Board of Directors of
Seiko Epson Corporation

Ernst & Young ShinNihon LLC

Tokyo Office

Designated and
Engagement Partner, Certified Public Accountant Makoto Usui

Designated and
Engagement Partner, Certified Public Accountant Takuya Tanaka

Designated and
Engagement Partner, Certified Public Accountant Ryuichi Minami

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the notes to the consolidated financial statements of Seiko Epson Corporation (the “Company”) for the fiscal year from April 1, 2023 through March 31, 2024.

In our opinion, the above consolidated financial statements present fairly, in all material respects, the financial position and results of operations of the corporate group, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements, in conformity with accounting principles that omit some disclosure items required under the Designated International Financial Reporting Standards pursuant to the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in “Auditor’s Responsibility for the Audit of the Consolidated Financial Statements.” We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

The other information consists of the business report and the supplementary schedules. Management is responsible for preparing and disclosing the other information. The Audit & Supervisory Committee is responsible for monitoring the execution of the duties of the Directors related to designing and operating the reporting process of the other information.

The subject of our audit opinion on the consolidated financial statements does not include the other information. Therefore, we do not express an opinion on the other information.

In auditing the consolidated financial statements, we are responsible for reading through the other information, and in the process of reading it through, reviewing whether there are any material discrepancies between the other information and the consolidated financial statements or the knowledge that we gained during our auditing process, and paying attention to any signs of material misstatement in other information in addition to such material discrepancies.

When we determine that there is any material misstatement in other information based on the tasks that we performed, we are required to report such fact.

We have found no matters to report with regard to the other information.

Responsibilities of Management and the Audit & Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting principles that omit some disclosure items required under Designated International Financial Reporting Standards pursuant to the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with the accounting principles that omit some disclosure items required under Designated International Financial Reporting Standards pursuant to the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting.

The Audit & Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.

- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with the accounting principles that omit some disclosure items required under Designated International Financial Reporting Standards pursuant to the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to the Audit & Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit & Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any measures to eliminate obstacles as well as any safeguards used to reduce obstacles to an acceptable level.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Transcript of financial auditor’s audit report

Independent Auditor’s Report

May 8, 2024

To the Board of Directors of
Seiko Epson Corporation

Ernst & Young ShinNihon LLC
Tokyo Office
Designated and
Engagement Partner, Certified Public Accountant Makoto Usui
Designated and
Engagement Partner, Certified Public Accountant Takuya Tanaka
Designated and
Engagement Partner, Certified Public Accountant Ryuichi Minami

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules of Seiko Epson Corporation (the “Company”) for the 82nd fiscal year from April 1, 2023 through March 31, 2024.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2023, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in “Auditor’s Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules.” We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

The other information consists of the business report and the supplementary schedules. Management is responsible for preparing and disclosing the other information. The Audit & Supervisory Committee is responsible for monitoring the execution of the duties of the Directors related to designing and operating the reporting process of the other information.

The subject of our audit opinion on the financial statements and the accompanying supplementary schedules does not include the other information. Therefore, we do not express an opinion on the other information.

In auditing the financial statements and the accompanying supplementary schedules, we are responsible for reading through the other information, and in the process of reading it through, reviewing whether there are any material discrepancies between the other information and the financial statements and the accompanying supplementary schedules or the knowledge that we gained during our auditing process, and paying attention to any signs of material misstatement in other information in addition to such material discrepancies.

When we determine that there is any material misstatement in other information based on the tasks that we performed, we are required to report such fact.

We have found no matters to report with regard to the other information.

Responsibilities of Management and the Audit & Supervisory Committee for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial

statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

- To express an opinion on the financial statements and the accompanying supplementary schedules, obtain sufficient and appropriate audit evidence relating to the financial information on components, which is included in the financial statements and the accompanying supplementary schedules. The auditor is responsible for giving instructions on, monitoring, and performing audits relating to the financial information on components. The auditor is solely responsible for audit opinions.

The auditor reports to the Audit & Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit & Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence, and any measures to eliminate obstacles or any safeguards used to reduce obstacles to an acceptable level.

Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Transcript of the Audit & Supervisory Committee’s audit report

Audit Report

The Audit & Supervisory Committee audited the Directors’ execution of their duties during the 82nd fiscal year, from April 1, 2023 to March 31, 2024, and hereby reports on its method and results as follows.

1. Auditing Method and Contents Thereof

With respect to the resolution of the Board of Directors concerning the matters stipulated in Article 399-13, Paragraph 1, Item 1 (ii) and (iii) of the Companies Act, as well as the system (internal control system) developed based on such resolution of the Board of Directors, we received regular reports regarding the status of formulation and operation of such system from Directors and other employees, etc., sought explanations as necessary, expressed opinion thereon, and executed audits through the following methods.

In addition, with regard to the internal control concerning financial reporting under the Financial Instruments and Exchange Act, we received reports regarding the evaluation of such internal control and audit status thereof from Directors, etc. and Ernst & Young ShinNihon LLC, and sought explanations as necessary.

- (1) In conformity with the principles of audits by the Audit & Supervisory Committee stipulated by the Audit & Supervisory Committee and in accordance with audit policies and the division of duties, etc., we, in coordination with the Internal Audit Department and other departments related to internal control, attended important meetings, received reports from Directors and other employees, etc., regarding the execution of their duties, sought explanations as necessary, inspected documents, etc., related to important decisions, and examined the operations and assets at the Company’s Head Office and primary Business Offices. Furthermore, with regard to the Company’s subsidiaries, the Audit & Supervisory Committee worked to communicate and exchange information with Directors, Audit & Supervisory Board Members, etc., of subsidiaries, and received reports from them as necessary.
- (2) With respect to the basic policy provided in Article 118, Item 3 (a) of the Ordinance for Enforcement of the Companies Act, and judgment and reasons for the initiatives provided in (b) of the same Item, in light of the status, etc., of deliberations in the Board of Directors and other meetings, further consideration of its content was given.
- (3) We monitored and verified whether the Financial Auditor had maintained its independence and conducted audits appropriately, received reports regarding the execution of their duties, and sought explanations as necessary. We received notification from the Financial Auditor that “Systems for Ensuring Appropriate Execution of Duties” (matters provided in each item of Article 131 of the Ordinance on Accounting of Companies) have been established in accordance with “Quality Control Standard for Auditing,” (Business Accounting Council), etc., and sought explanations as necessary.

Based on the above, we examined the Business report and the supplementary schedules, the Consolidated Financial Statements (the Consolidated Statements of Financial Position, the Consolidated Statements of Comprehensive Income, the Consolidated Statements of Changes in Equity, and the Notes for the Consolidated Financial Statements, as well as the Non-Consolidated Financial Statements (the Non-Consolidated Balance Sheets, the Non-Consolidated Statements of Income, the Non-Consolidated Statements of Changes in Net Assets, and the Notes for the Non-consolidated Financial Statements) and the supplementary schedules prepared in conformity with the latter part of paragraph 1 Article 120 of the Regulation on Corporate Accounting that allows companies to prepare consolidated financial statements with the omission of a part of the disclosure items required under Designated International Accounting Standards) for the fiscal year under review.

2. Audit Results

(1) Results of Audit of Business Report, etc.

- 1) In our opinion, the business report and the supplementary schedules are in accordance with the related laws and regulations and the Articles of Incorporation, and fairly represent the Company’s condition.

- 2) No inappropriate conduct concerning the execution of duties by Directors or material facts in violation of laws, regulations or the Articles of Incorporation were found.
 - 3) We found that the Board of Directors' resolutions concerning the internal control system are appropriate in content. We also found no matters requiring note on our part with respect to the execution of duties by Directors concerning the internal control system or the content of the Business Report concerning the internal control system, including the internal control concerning financial reporting.
 - 4) We found no matters requiring note on our part with respect to the basic policy regarding persons who control decision on the Company's financial and business policy decisions, stated in the Business Report. The initiatives taken pursuant to Article 118, Item 3 (b) of the Ordinance for Enforcement of the Companies Act, stated in the Business Report, are in line with the said basic policy, and in our opinion, said basic policy is deemed not to harm the common interest of the Company's shareholders, nor is it for the purpose of maintaining the position of the Company's officers.
- (2) Results of Audit of Consolidated Financial Statements
We found that the methods and the results of the audit conducted by Financial Auditor, Ernst & Young ShinNihon LLC, are appropriate.
- (3) Results of Audit of Non-Consolidated Financial Statements and Supplementary Schedules
We found that the methods and the results of the audit conducted by Financial Auditor, Ernst & Young ShinNihon LLC, are appropriate.

May 15, 2024

Audit & Supervisory Committee, Seiko Epson Corporation

Full-Time Audit & Supervisory Committee Member: Masayuki Kawana

Outside Audit & Supervisory Committee Member: Yoshio Shirai

Outside Audit & Supervisory Committee Member: Susumu Murakoshi

Outside Audit & Supervisory Committee Member: Michiko Ohtsuka

(Note) Audit & Supervisory Committee Members, namely, Mr. Yoshio Shirai, Mr. Susumu Murakoshi and Ms. Michiko Ohtsuka are outside directors as prescribed in Article 2, Item (15) and Article 331, Paragraph 6 of the Companies Act.