

Information on the Company

1. Overview of the business group

Epson is primarily engaged in developing, manufacturing, selling, and providing services for products in the printing solutions, visual communications, wearable and industrial products, and the other business.

Epson is organized into operations divisions that come 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.

A brief description of Epson's various businesses is provided below along with a list of the main Epson Group companies involved in each segment.

Printing Solutions Business Segment

This segment comprises the printer business, professional printing business, and others. The businesses in this segment leverage Epson's original Micro Piezo as well as dry fiber technology and other technologies to develop, manufacture, and sell products and provide services related thereto.

The main activities of these businesses are described below.

Printer business

This business is primarily responsible for office and home inkjet printers, serial impact dot matrix (SIDM) printers, page printers, color image scanners, dry process office papermaking systems, and related consumables.

Professional printing business

This business is primarily responsible for inkjet printers for commercial and industrial applications, printers for use in POS systems, inkjet printheads, and related consumables.

Others

This business sells PCs in the Japanese market through a domestic subsidiary.

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The major Epson Group companies involved in this segment are listed in the table below.

Business area	Main products	Main Epson Group companies	
		Manufacturing companies	Sales companies
Printers	Inkjet printers for office and home, serial impact dot matrix printers, page printers, color image scanners, dry process office papermaking systems, and related consumables, and others	Tohoku Epson Corporation Akita Epson Corporation Epson Portland Inc. Epson Telford Ltd. Fratelli Robustelli S.r.l. Tianjin Epson Co., Ltd. Epson Engineering (Shenzhen) Ltd. PT. Epson Batam PT. Indonesia Epson Industry Epson Precision (Philippines), Inc.	Epson Sales Japan Corporation Epson America, Inc. Epson Europe B.V. Epson (U.K.) Ltd. Epson Deutschland GmbH Epson France S.A.S. Epson Italia S.p.A. For.Tex S.r.l. Epson Iberica, S.A.U. Epson (China) Co., Ltd. Epson Korea Co., Ltd. Epson Hong Kong Ltd. Epson Taiwan Technology & Trading Ltd. Epson Singapore Pte. Ltd. PT. Epson Indonesia Epson (Thailand) Co., Ltd. Epson Philippines Corporation Epson Australia Pty. Ltd. Epson India Pvt. Ltd.
Professional printing	Commercial and industrial inkjet printers, printers for use in POS systems, inkjet printheads, and related consumables, and others		
Others	PCs and other equipment	—	Epson Sales Japan Corporation Epson Direct Corporation

Visual Communications Business Segment

The businesses in this segment leverage Epson's original microdisplay and projection technologies to develop, manufacture, and sell 3LCD projectors mainly for business, education, the home, and event as well as smart glasses and provide services related thereto.

The major Epson Group companies involved in this segment are listed in the table below.

Business area	Main products	Main Epson Group companies	
		Manufacturing companies	Sales companies
Visual communications	3LCD projectors, smart glasses, and others	Epson Engineering (Shenzhen) Ltd. Epson Precision (Philippines), Inc.	Epson Sales Japan Corporation Epson America, Inc. Epson Europe B.V. Epson (U.K.) Ltd. Epson Deutschland GmbH Epson France S.A.S. Epson Italia S.p.A. Epson Iberica, S.A.U. Epson (China) Co., Ltd. Epson Korea Co., Ltd. Epson Hong Kong Ltd. Epson Taiwan Technology & Trading Ltd. Epson Singapore Pte. Ltd. PT. Epson Indonesia Epson (Thailand) Co., Ltd. Epson Philippines Corporation Epson Australia Pty. Ltd. Epson India Pvt. Ltd.

Wearable & Industrial Products Business Segment

This segment comprises the wearable products business, robotics solutions business, and the microdevices business and develops, manufactures and sells the products below, and provides services related thereto.

The main activities of these businesses are described below.

Wearable products business

This business leverages its ultrafine and ultraprecision machining and processing technologies, its high-density mounting and assembly technologies and high-accuracy sensing technology to develop, manufacture and sell wristwatches, watch movements and others.

Robotics solutions business

This business leverages advanced precision mechatronics, high-accuracy sensing technology, software technology and other technologies to develop, manufacture, and sell industrial robots, IC handlers and other production systems that dramatically increase productivity.

Microdevices and others business

This business deals with small, accurate, energy-efficient devices for external customers, and also develops and manufactures devices tailored to needs of other businesses in the Epson Group. It also operates metal powders business and surface finishing services business.

Quartz device business

This business provides crystal units, crystal oscillators, and quartz sensors for consumer, automotive, and industrial equipment applications.

Semiconductor business

This business provides CMOS LSIs and other chips mainly for consumer electronics and automotive applications.

Others

This business develops, manufactures, and sells a variety of high-performance metal powders for use as raw materials in the production of electronic components, etc. This business also provides high-value-added surface finishing in a wide variety of industrial fields.

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The major Epson Group companies involved in this segment are listed in the table below.

Business area	Main products	Main Epson Group companies	
		Manufacturing companies	Sales companies
Wearable products	Wristwatches, watch movements, and others	Akita Epson Corporation Epson Precision (Shenzhen) Ltd. Orient Watch (Shenzhen) Ltd. Epson Precision (Johor) Sdn. Bhd. Epson Precision (Thailand) Ltd.	Epson Sales Japan Corporation Epson (China) Co., Ltd. Epson Hong Kong Ltd.
Robotics solutions	Industrial robots, IC handlers, and others	Epson Engineering (Shenzhen) Ltd.	Epson Sales Japan Corporation Epson America, Inc. Epson Deutschland GmbH Epson (China) Co., Ltd. Epson Korea Co., Ltd. Epson Hong Kong Ltd. Epson Taiwan Technology & Trading Ltd.
Microdevices and others	Quartz devices Crystal units, crystal oscillators, quartz sensors, and others	Miyazaki Epson Corporation Epson Precision Malaysia Sdn. Bhd. Epson Precision (Thailand) Ltd.	Epson America, Inc. Epson Europe Electronics GmbH Epson Korea Co., Ltd. Epson Hong Kong Ltd. Epson Taiwan Technology & Trading Ltd.
	Semiconductors CMOS LSIs, and others	Tohoku Epson Corporation Singapore Epson Industrial Pte. Ltd.	Epson Singapore Pte. Ltd.
	Others Metal powders, surface finishing	Epson Atmix Corporation Singapore Epson Industrial Pte. Ltd.	

Other Business Segment

This segment comprises the businesses of Epson Group companies that offer services for and within the Epson Group.

2. Major equipment and facilities

Epson's major equipment and facilities are as follows.

(1) Seiko Epson Corporation

As of March 31, 2020

Name of plant (location)	Business segment	Type of facilities	Book value (Millions of yen)					Number of employees (Persons)
			Buildings and structures	Machinery, equipment and vehicles	Land (Area: m ²)	Other	Total	
Head Office (Suwa-shi, Nagano)	Overall administration and other	Other facilities	1,388	253	1,201 (42,384) [2,136]	81	2,925	444
Tokyo Office (Shinjuku-ku, Tokyo)	Overall administration and other	Other facilities	6,878	15	— (—)	74	6,969	92
Matsumoto Minami Plant (Matsumoto-shi, Nagano)	Other	Other facilities	1,199	32	3,764 (179,759) [1,758]	177	5,174	594
Hirooka Office (Shiojiri-shi, Nagano)	Printing solutions Other	Printer development and design and component manufacturing facilities Research and development facilities	52,485	24,489	6,895 (216,780) [12,177]	3,749	87,619	6,141
Toyoshina Plant (Azumino-shi, Nagano)	Visual communications Wearable & Industrial products	3LCD projector, smart glasses and factory automation product development and design facilities	3,189	1,462	776 (75,912) [33,982]	1,496	6,924	1,649
Suwa Minami Plant (Fujimi-machi, Suwa-gun, Nagano)	Printing solutions Visual communications Other	Printer component and liquid crystal panel manufacturing facilities Research and development facilities	6,260	11,709	1,443 (113,082) [28,909]	558	19,972	1,027
Chitose Plant (Chitose-shi, Hokkaido)	Visual communications	Liquid crystal panel manufacturing facilities	3,131	6,155	1,375 (160,529)	166	10,828	239
Ina Plant (Minowa-machi, Kamiina-gun, Nagano)	Wearable & Industrial products	Crystal device development and design facilities	1,683	1,897	130 (39,943) [1,503]	132	3,843	482
Fujimi Plant (Fujimi-machi, Suwa-gun, Nagano)	Wearable & Industrial products Other	Semiconductor development and design facilities Research and development facilities	6,312	2,951	1,996 (247,143)	772	12,032	714
Sakata Plant (Sakata-shi, Yamagata)	Wearable & Industrial products	Semiconductor manufacturing facilities Other	8,362	4,720	2,177 (538,829)	507	15,767	23
Hino Office (Hino-shi, Tokyo)	Wearable & Industrial products	Other facilities	2,108	2	3,221 (15,681)	38	5,369	235
Shiojiri Plant (Shiojiri-shi, Nagano)	Wearable & Industrial products	Watch development, design and manufacturing facilities	1,514	2,007	1,134 (43,061) [6,067]	364	5,021	664

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(2) Domestic subsidiaries

As of March 31, 2020

Company name (location)	Business segment	Type of facilities	Book value (Millions of yen)					Number of employees (Persons)
			Buildings and structures	Machinery, equipment and vehicles	Land (Area: m ²)	Other	Total	
Tohoku Epson Corporation (Sakata-shi, Yamagata)	Printing solutions Wearable & Industrial products	Printer component and semiconductor manufacturing facilities	3	12	— (—)	472	488	1,924
Akita Epson Corporation (Yuzawa-shi, Akita)	Printing solutions Wearable & Industrial products	Printer component and watch movements manufacturing facilities	4,796	74	738 (89,011)	257	5,866	1,091
Epson Atmix Corporation (Hachinohe-shi, Aomori)	Wearable & Industrial products	Manufacturing facilities for metal powders, etc.	4,110	2,478	906 (30,653) [34,208]	159	7,655	314

(3) Overseas subsidiaries

As of March 31, 2020

Company name (location)	Business segment	Type of facilities	Book value (Millions of yen)					Number of employees (Persons)
			Buildings and structures	Machinery, equipment and vehicles	Land (Area: m ²)	Other	Total	
Epson Engineering (Shenzhen) Ltd. (Shenzhen, China)	Printing solutions Visual communications Wearable & Industrial products	Printer, 3LCD projector and factory automation product manufacturing facilities	3,579	3,691	337 (—) [64,104]	4,128	11,737	7,484
Singapore Epson Industrial Pte. Ltd. (Singapore)	Wearable & Industrial products	Watch component and semiconductor manufacturing facilities and surface finishing facilities	2,206	1,380	973 (—) [41,567]	314	4,874	727
PT. Epson Batam (Batam, Indonesia)	Printing solutions	Printer consumables manufacturing facilities	811	3,724	13 (—) [8,644]	256	4,806	3,002
PT. Indonesia Epson Industry (Bekasi, Indonesia)	Printing solutions	Printer manufacturing facilities	6,137	6,219	1,938 (—) [254,871]	11,296	25,592	11,386
Epson Precision (Thailand) Ltd. (Chachoengsao, Thailand)	Wearable & Industrial products	Watch and crystal device manufacturing facilities	7,531	3,429	588 (97,435)	378	11,927	1,759
Epson Precision (Philippines), Inc. (Lipa, Philippines)	Printing solutions Visual communications	Printer and 3LCD projector manufacturing facilities	25,968	10,542	1,854 (117,489) [130,000]	5,040	43,406	16,670
Epson Precision Malaysia Sdn. Bhd. (Kuala Lumpur, Malaysia)	Wearable & Industrial products	Crystal device manufacturing facilities	337	2,733	293 (32,437)	22	3,388	2,005

Notes

1. The above amounts do not include consumption tax.
2. The above amounts include right-of-use assets.
3. “Other” under the book value column includes tools, furniture and fixtures and other property, plant and equipment, but does not include construction in progress.
4. Portions of land are leased from companies not included in consolidated accounts. The size of each area of leased land is indicated in brackets [].
5. Tohoku Epson Corporation uses a portion of the facilities of the Sakata Plant.
6. Figures for Epson Precision (Philippines), Inc., are included in consolidated business results.
7. The above book value amounts are after adjustments for consolidated accounts.

3. Overview of capital expenditures

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

As a result of these efforts, total capital expenditures (including property, plant and equipment (*) and software) amounted to ¥80.0 billion.

No equipment with significant impact on production capacity was sold or removed.

(*) Due to changes in accounting policies (the application of a new lease accounting standard), right-of-use assets are included from the fiscal year under review.

Capital expenditures in each business segment are discussed below.

Printing solutions segment

Investment used for commercializing new products such as printers, and for increasing production capacity, rationalizing, upgrading and maintaining equipment and facilities amounted to ¥43.5 billion in the fiscal year under review.

Visual communications segment

Investment used for commercializing new products such as 3LCD projectors, and for increasing production capacity, rationalizing, upgrading and maintaining equipment and facilities amounted to ¥14.1 billion in the fiscal year under review.

Wearable & Industrial products segment

Investment used for commercializing new products such as wristwatches, factory automation products, crystal devices and semiconductors, and for increasing production capacity, rationalizing, upgrading and maintaining equipment and facilities amounted to ¥14.7 billion in the fiscal year under review.

Other and overall

Investment used for strengthening R&D structure, etc. amounted to ¥7.5 billion in the fiscal year under review.

4. Plans for new additions or disposals

It is not possible, as of the filing date of the Annual Securities Report, to reasonably calculate the impact of the coronavirus pandemic. Therefore, the Company' financial outlook for FY2020 has yet to be finalized. Accordingly, the amount of planned capital expenditures for the fiscal year ending March 31, 2021 has yet to be finalized as of the filing date of the Annual Securities Report, as with the financial outlook. However, since major capital investments primarily for commercializing new products and increasing production capacity were basically completed in the prior years, the amount is expected to decrease compared with the fiscal year under review. There are no plans to dispose of or sell major equipment and facilities with the exception of disposals and sales associated with regular and ongoing upkeep of equipment and facilities.

5. Major management contracts

Reciprocal technical assistance agreements

Name of contracting company	Name of other party	Country	Type of contract	Contract period
Seiko Epson Corporation	HP Inc.	U.S.A.	License to use patents relating to information-related equipment	March 28, 2018 until the expiry of the patents
Seiko Epson Corporation	International Business Machines Corporation	U.S.A.	License to use patents relating to information-related equipment	April 1, 2006 until the expiry of the patents
Seiko Epson Corporation	Microsoft Corporation	U.S.A.	License to use patents relating to information-related equipment and software used by such equipment	September 29, 2006 until the expiry of the patents
Seiko Epson Corporation	Eastman Kodak Company	U.S.A.	License to use patents relating to information-related equipment	October 1, 2006 until the expiry of the patents
Seiko Epson Corporation	Xerox Corporation	U.S.A.	License to use patents relating to electrophotography and inkjet printers	March 31, 2008 until the expiry of the patents
Seiko Epson Corporation	Canon Incorporated	Japan	License to use patents relating to information-related equipment	August 22, 2008 until the expiry of the patents
Seiko Epson Corporation	BROTHER INDUSTRIES, LTD.	Japan	License to use patents relating to information-related equipment	June 28, 2018 until the expiry of the patents