

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 and other technologies to develop, manufacture, and sell products. The main activities of these businesses are described below.

Printer business

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

Professional printing business

This business is primarily responsible for large-format inkjet printers, industrial inkjet printing systems, printers for use in POS systems, label printers, 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, serial impact dot matrix printers, page printers, color image scanners, and related consumables, dry process office papermaking systems, and others	Tohoku Epson Corporation Akita Epson Corporation Epson Portland Inc. Epson Telford Ltd. Fratelli Robustelli S.r.l. Tianjin Epson Co., Ltd.	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.
Professional printing	Large-format inkjet printers, industrial inkjet printing systems, printers for use in POS systems, label printers, and related consumables, and others	Epson Engineering (Shenzhen) Ltd. P.T. Epson Batam P.T. Indonesia Epson Industry Epson Precision (Philippines), Inc.	Epson Hong Kong Ltd. Epson Taiwan Technology & Trading Ltd. Epson Singapore Pte. Ltd. P.T. Epson Indonesia Epson (Thailand) Co., Ltd. Epson Philippines Corporation Epson Australia Pty. Ltd. Epson India Pvt. Ltd.
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 for business, education, and the home; high-temperature polysilicon TFT LCD panels for 3LCD projectors; and smart glasses.

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, high-temperature polysilicon TFT LCD panels for 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. P.T. 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.

The main activities of these businesses are described below.

Wearable products business

This business leverages its ultrafine and ultraprecision machining and processing technologies and its high-density mounting and assembly technologies to develop, manufacture and sell watches, as well as to develop, manufacture and sell useful products that use high-accuracy sensors to connect people and information.

Watch business

This business primarily develops, manufactures, and sells wristwatches and watch movements.

Sensing equipment business

This business is primarily engaged in developing, manufacturing, and selling sensing equipment that have extremely accurate built-in sensors and that are used in the personal health and sports fields etc.

Robotics solutions business

This business uses advanced precision mechatronics 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 designs, manufactures, and sells small, accurate, energy-efficient electronic devices for external customers as well as for other businesses in the Epson Group. It also provides metal powders and surface finishing services.

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	Watches Wristwatches, watch movements, and others	Akita Epson Corporation Epson Precision (Shenzhen) Ltd. Orient Watch (Shenzhen) Ltd. Epson Precision (Johor) Sdn. Bhd.	Epson Sales Japan Corporation Epson (China) Co., Ltd. Epson Hong Kong Ltd.
	Sensing equipment	Akita Epson Corporation	Epson Sales Japan Corporation
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 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 Electronics America, Inc. Epson Europe Electronics GmbH 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.	

Note Epson Electronics America, Inc. merged operations with Epson America, Inc., effective April 1, 2018.

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, 2018

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	1,374	185	1,201 (42,383) [2,136]	84	2,845	496
Tokyo Office (Shinjuku-ku, Tokyo)	Overall administration and other	Other facilities	664	–	– (–)	116	781	101
Hirooka Office (Shiojiri-shi, Nagano)	Printing solutions Other	Printer development and design and component manufacturing facilities Research and development facilities	16,022	18,485	6,127 (200,943) [31,120]	3,129	43,764	5,641
Matsumoto Minami Plant (Matsumoto-shi, Nagano)	Other	Other facilities	1,295	31	3,764 (179,759) [1,758]	176	5,268	602
Toyoshina Plant (Azumino-shi, Nagano)	Visual communications Wearable & Industrial products	3LCD projector, smart glasses and factory automation product development and design facilities	3,117	1,391	749 (75,912) [32,092]	1,484	6,742	1,468
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	6,040	16,016	1,443 (113,082) [28,909]	575	24,075	1,169
Chitose Plant (Chitose-shi, Hokkaido)	Visual communications	Liquid crystal panel manufacturing facilities	2,205	2,897	1,375 (160,528)	102	6,581	217
Ina Plant (Minowa-machi, Kamiina-gun, Nagano)	Wearable & Industrial products	Crystal device development and design facilities	1,987	1,666	129 (39,943) [1,502]	229	4,013	471
Fujimi Plant (Fujimi-machi, Suwa-gun, Nagano)	Wearable & Industrial products Other	Sensing equipment and semiconductor development and design facilities Research and development facilities	7,058	2,416	1,996 (247,143)	672	12,143	735
Sakata Plant (Sakata-shi, Yamagata)	Wearable & Industrial products	Semiconductor manufacturing facilities Other	7,229	4,949	2,177 (538,828)	605	14,962	23
Hino Office (Hino-shi, Tokyo)	Wearable & Industrial products	Other facilities	2,736	2	7,627 (36,245)	71	10,437	249
Shiojiri Plant (Shiojiri-shi, Nagano)	Wearable & Industrial products	Watch development, design and manufacturing facilities	1,692	2,634	1,068 (43,060) [6,066]	313	5,708	855

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(2) Domestic subsidiaries

As of March 31, 2018

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	13	— (—)	552	569	2,036
Akita Epson Corporation (Yuzawa-shi, Akita)	Printing solutions Wearable & Industrial products	Printer component, watch movements and sensing equipment manufacturing facilities	4,447	118	650 (65,436)	593	5,809	1,239
Epson Atmix Corporation (Hachinohe-shi, Aomori)	Wearable & Industrial products	Manufacturing facilities for metal powders, etc.	3,664	2,752	360 (30,653) [34,208]	199	6,976	276

(3) Overseas subsidiaries

As of March 31, 2018

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	3,113	3,486	— (—) [64,104]	2,760	9,360	8,615
Singapore Epson Industrial Pte. Ltd. (Singapore)	Wearable & Industrial products	Watch component and semiconductor manufacturing facilities and surface finishing facilities	2,455	943	— (—) [41,567]	391	3,790	764
P.T. Epson Batam (Batam, Indonesia)	Printing solutions	Printer consumables manufacturing facilities	651	5,052	— (—) [8,644]	356	6,060	3,011
P.T. Indonesia Epson Industry (Bekasi, Indonesia)	Printing solutions	Printer manufacturing facilities	5,938	5,141	— (—) [254,871]	7,291	18,371	11,124
Epson Precision (Thailand) Ltd. (Chachoengsao, Thailand)	Wearable & Industrial products	Crystal device manufacturing facilities	2,719	2,518	602 (97,435)	129	5,969	1,324
Epson Precision (Philippines), Inc. (Lipa, Philippines)	Printing solutions Visual communications	Printer and 3LCD projector manufacturing facilities	23,062	7,617	466 (100,000) [130,000]	4,661	35,807	15,521
Epson Precision Malaysia Sdn. Bhd. (Kuala Lumpur, Malaysia)	Wearable & Industrial products	Crystal device manufacturing facilities	411	2,847	322 (32,437)	22	3,603	1,373

Notes

1. The above amounts do not include consumption tax.
2. “Other” under the book value column includes tools, furniture and fixtures and other property, plant and equipment, but does not include construction in progress.
3. Portions of land are leased from companies not included in consolidated accounts. The size of each area of leased land is indicated in brackets [].
4. Tohoku Epson Corporation uses a portion of the facilities of the Sakata Plant.
5. Figures for Epson Precision (Philippines), Inc., are included in consolidated business results.
6. 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, software and lease rights) amounted to ¥79.4 billion.

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

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 ¥46.3 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 ¥14.3 billion in the fiscal year under review.

Wearable & Industrial products segment

Investment used for commercializing new products such as watches, sensing equipment, factory automation products, crystal devices and semiconductors, and for increasing production capacity, rationalizing, upgrading and maintaining equipment and facilities amounted to ¥11.0 billion in the fiscal year under review.

Other and overall

Investment used for strengthening R&D structure, etc. amounted to ¥7.6 billion in the fiscal year under review.

4. Plans for new additions or disposals

Epson plans to allocate ¥83.0 billion to capital expenditures for the fiscal year ending March 31, 2019.

Business segment	Planned amount of capital expenditures (100 million yen)	Main type and purpose of equipment and facilities
Printing solutions	490	Commercializing new products, increasing production capacity, rationalizing, upgrading and maintaining equipment and facilities, etc.
Visual communications	130	Commercializing new products, increasing production capacity, rationalizing, upgrading and maintaining equipment and facilities, etc.
Wearable & Industrial products	130	Commercializing new products, increasing production capacity, rationalizing, upgrading and maintaining equipment and facilities, etc.
Other and overall	80	Strengthening R&D and manufacturing structures, etc.
Total	830	—

Notes

1. The above amounts do not include consumption tax.
2. Required funds will be covered by current funds in hand.
3. 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	Texas Instruments Incorporated	U.S.A.	License to use patents relating to semiconductors and information-related equipment	April 1, 2008 until March 31, 2018
Seiko Epson Corporation	Canon Incorporated	Japan	License to use patents relating to information-related equipment	August 22, 2008 until the expiry of the patents