

Notice of Disposal of Treasury Shares as Restricted Stock Compensation

- TOKYO, Japan, June 28, 2022 -

The Board of Directors of Seiko Epson Corporation (TSE: 6724, “the Company”) approved as described below the disposal of treasury shares as restricted stock compensation at today’s board meeting.

1. Summary of the disposal

(1)	Payment date	July 20, 2022
(2)	Class and number of shares to be disposed of	81,477 shares of common stock of the Company
(3)	Disposal price	2,012 yen per share
(4)	Total value of shares to be disposed of	163,931,724 yen
(5)	Planned share recipients and number of shares	Directors* of the Company: 3, 24,464 shares Executive officers of the Company: 18, 57,013 shares * Excluding those in positions independent from business execution, such as outside directors and directors who are Audit & Supervisory Committee members, and individuals residing outside Japan
(6)	Other	This disposal of treasury shares is conditioned on the securities registration statement taking effect in accordance with the Financial Instruments and Exchange Act.

2. Purpose & reasons for disposal

The Company received approval at the 80th Ordinary General Meeting of Shareholders held on June 28, 2022 to introduce a stock compensation plan (“the Plan”) under which restricted stock shares will be issued to directors of the Company (“Eligible Directors,” which excludes those in positions independent from business execution, such as outside directors and directors who are Audit & Supervisory Committee members, and individuals residing outside Japan) to ensure that they share the benefits and risks of changes in stock price with general shareholders and to provide Eligible Directors with a greater incentive than before to increase the stock price, sustain growth, and increase long-term corporate value. Shareholders also gave approval for up to 200 million yen per year in total monetary compensation claims paid to Eligible Directors as compensation, etc., related to restricted stock under the Plan; an annual allotment of up to 200,000 total restricted stock shares to Eligible Directors; and a transfer restriction period lasting from the date of allotment to the date on which Eligible Directors resign or retire from their position as a director, executive officer, or employee of the Company.

Today, the Company’s Board of Directors resolved to grant monetary compensation claims totaling 163,931,724 yen to the Company’s three Eligible Directors and 18 executive officers who are to be granted restricted stock (“Grantees”). These claims shall be granted to the Eligible Directors as restricted stock compensation for the period from the Company’s 80th Ordinary General Meeting of Shareholders to the Company’s 81st Ordinary General Meeting of Shareholders scheduled for June 2023 and shall be granted to the Company’s executive officers

(excluding individuals residing outside Japan) as restricted stock compensation for the Company's 81st period (April 1, 2022 - March 31, 2023). The Grantees will make in-kind contributions of all the monetary compensation claims and, in turn, the Company will allot 81,477 shares of common stock to them as restricted stock. The amount of monetary compensation claims paid to each Grantee shall be determined by taking into account the totality of each Grantee's contributions to the Company. The monetary compensation claims shall be paid on the condition that Grantees meet certain requirements, such as entering into a restricted stock grant agreement ("Grant Agreement") with the Company that includes the general content stipulated below.

3. Summary of Grant Agreement

(1) Transfer restriction period

The period from July 20, 2022 until the date on which Grantees retire or resign from their position as a director, executive officer, or employee of the Company

During the aforesaid transfer restriction period ("the Transfer Restriction Period"), Grantees shall not transfer, pledge, grant security interests, gift during their lifetime, or bequeath, to any third party, or otherwise dispose of ("Transfer Restrictions") the restricted stock allotted to them ("the Allotted Stock").

(2) Gratis acquisition of restricted stock

If Grantees resign or retire from their position as a director, executive officer, or employee of the Company during the period starting on the day the Transfer Restriction Period begins and ending on the day prior to day of the first Ordinary General Meeting of Shareholders of the Company thereafter (or the last date of the Company's first fiscal year following the start date of the Transfer Restriction Period if the Grantee is an executive officer of the Company), the Company will be entitled to recover the Allotted Stock without compensation at the end of the day of the resignation or retirement, unless there are extenuating circumstances that the Company's Board of Directors deem reasonable.

If there is Allotted Stock for which Transfer Restrictions have not been lifted pursuant to the reasons for lifting described in (3) below upon the end of the last day of the Transfer Restriction Period ("Expiration"), the Company shall be entitled to recover those shares without compensation immediately after Expiration.

(3) Lifting of the Transfer Restrictions

The Company shall, upon Expiration, lift Transfer Restrictions for all the Allotted Stock held by Grantees during the period, provided that the Grantees hold the position of director, executive officer or employee of the Company continuously from the date the Transfer Restriction Period starts to the date of the first Ordinary General Meeting of Shareholders thereafter (or the last date of the Company's first fiscal year following the start date of the Transfer Restriction Period if the Grantee is an executive officer of the Company). However, if, for reasons deemed justifiable by the Board of Directors, the Grantee resigns or retires from his or her position as a director, executive officer or employee of the Company at any time from the date the Transfer Restriction Period starts to the day before the date of the first Ordinary General Meeting of Shareholders thereafter (or the last date of the Company's first fiscal year following the start date of the Transfer Restriction Period if the Grantee is an executive officer of the Company), the Company shall lift the Transfer Restrictions for all or part of the Allotted Stock at the end of

the day of such resignation or retirement. The number of the Allotted Stocks for which the Transfer Restrictions will be lifted is calculated by dividing by 12 the number of months from July 2022 (or April 2022 if the Grantee is an executive officer) to the month that includes the date when the Grantee resigns or retires from the position as a director, executive officer, or employee of the Company and then multiplying the result by the number of Allotted Stock held by the Grantee at the time of resignation or retirement. (However, if the calculation results in a fraction of less than one share, it shall be rounded down to the nearest integer.)

(4) Malus and clawback provisions

The Company will establish provisions to recover without compensation some or all of the Allotted Stock allotted to Grantees or common shares of the Company for which Transfer Restrictions have been lifted, or to be paid an amount equivalent to the value of the Allotted Stock or common shares of the Company for which Transfer Restrictions have been lifted, in cases where the Board of Directors recognizes that Grantees 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.

(5) Provisions for management of shares

The Grantees shall, in a manner designated by the Company, open an account in which to book or record the Allotted Stock to the financial services provider specified in advance by the Company. The Allotted Stock shall be retained and maintained in that account until the transfer restrictions are lifted.

(6) Treatment in the event of organizational restructuring, etc.

If, during the Transfer Restriction Period, a motion involving a merger agreement in which the Company becomes the 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., is approved at a General Meeting of Shareholders (or by the Board of Directors in cases where approval at a General Meeting of Shareholders is not required for the reorganization, etc.), the Company shall, by resolution of the Board of Directors, lift the Transfer Restrictions on the Allotted Stock immediately before the preceding business day of the effective date of the organizational restructuring, etc. The number of the Allotted Stock for which the Transfer Restriction will be lifted is calculated by dividing by 12 the number of months from July 2022 (or April 2022 if the Grantee is an executive officer) to the month that includes the date of approval (unless the result of the calculation exceeds one, in which case it shall be one) and then multiplying the result by the number of Allotted Stock held by the Grantee as of the date of approval. (However, if the calculation results in a fraction of less than one share, it shall be rounded down to the nearest integer.)

In such cases, the Company shall, effective the business day immediately preceding the date on which the organizational restructuring, etc. enters into force, be entitled to recover without compensation any Allotted Stock for which the Transfer Restrictions have not been lifted pursuant to the provisions above as of that business day.

4. Basis of calculation of the amount to be paid in for shares

To avoid arbitrary pricing, the disposal price for the disposal of treasury shares shall be set at

2,012 yen, which is the closing price of a share of the Company's common stock on the Tokyo Stock Exchange on June 27, 2022, the business day immediately before the Board of Directors approved the resolution. This is the market share price immediately prior to the date of the resolution, and the Company believes that it is reasonable and a not particularly advantageous price.

About Epson

Epson is a global technology leader dedicated to co-creating sustainability and enriching communities by leveraging its efficient, compact, and precision technologies and digital technologies to connect people, things, and information. The company is focused on solving societal issues through innovations in home and office printing, commercial and industrial printing, manufacturing, visual and lifestyle. Epson will become carbon negative and eliminate use of exhaustible underground resources such as oil and metal by 2050.

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

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