

Financial Results for the Second Quarter ended September 30, 2021 [IFRS](Consolidated)

October 29, 2021

Name of the listed company: SEIKO EPSON CORPORATION

Stock Listing: TOKYO

Code: 6724 URL: global.epson.com

Representative: Yasunori Ogawa, President

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Scheduled date to file Quarterly Securities Report: November 2, 2021 Scheduled starting date of payment for the dividends: November 30, 2021

Reference materials regarding financial results for the period: Yes

Briefing on quarterly financial results: Yes (for analysts)

(Amounts are rounded down to the nearest million yen)

1. Results of Six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)

(1) Consolidated Operating Results

(%: Change from same period previous year)

	Revenue		Business profit		Profit from operating activities		Profit before tax		Profit for the period		Profit for the period attributable to owners of the parent company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2021	550,597	25.4	49,729	239.2	48,127	418.2	47,838	586.1	36,507	754.5	36,499	762.4
Six months ended September 30, 2020	439,117	△14.9	14,661	△23.4	9,286	△52.0	6,972	△63.5	4,272	△65.2	4,232	△65.5

Note: Total comprehensive income for the period: Six months ended September 30, 2021 ¥42,228 million (351.7%)

Six months ended September 30, 2020 ¥9,348 million (100.5%)

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

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	105.49		105.46	
Six months ended September 30, 2020	12.23		12.23	

(2) Consolidated Financial Position

	Total assets		Total equity		Equity attributable to owners of the parent company		Equity attributable to owners of the parent company ratio	
	Millions of yen		Millions of yen		Millions of yen		%	
As of September 30, 2021	1,157,328		582,441		582,341		50.3	
As of March 31, 2021	1,161,314		552,949		550,924		47.4	

2. Cash Dividends

	Cash dividends per share				
	1 st Quarter	2 nd Quarter	3 rd Quarter	Year End	Year Total
	Yen				
Year ended March 31, 2021	—	31.00	—	31.00	62.00
Year ending March 31, 2022	—	31.00			
Year ending March 31, 2022 (Forecast)			—	31.00	62.00

Note: Changes from the latest announced forecasts: None

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

(%: Change from same period previous year)

	Revenue		Business profit		Profit from operating activities		Profit before tax		Profit for the period		Profit for the year attributable to owners of the parent company		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
For the year ending March 31, 2022	1,130,000	13.5	80,000	29.8	75,000	57.4	72,000	60.2	52,000	67.8	52,000	68.2	150.28

Note: Changes from the latest announced forecasts: Yes

※Notes

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

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

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

For details, please refer to “Notes to Consolidated Financial Statements 2. Changes in Accounting Estimates.”

(3) Number of shares outstanding

(share)

1. Issued shares (including treasury shares):

As of September 30, 2021	399,634,778	As of March 31, 2021	399,634,778
As of September 30, 2021	53,616,913	As of March 31, 2021	53,655,825
Six months ended September 30, 2021	345,994,816	Six months ended September 30, 2020	345,957,031

2. Treasury shares:

3. Average number of shares:

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

※Explanation of appropriate use of forecast and other special items

(Cautionary statement concerning forward-looking statements)

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

Assumptions for the forecasts and warnings for users of the forecasts are available on “Qualitative Information Regarding the Consolidated Financial Outlook.”

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

The Company is scheduled to hold a briefing for analysts on financial results on Friday, October 29, 2021 and to post materials used at the briefing on the Company’s website on that day.

U.S. dollar amounts are presented for the convenience of the readers. This translation should not be construed to imply that the yen amounts actually represent, or have been or could be converted into, equivalent amounts in U.S. dollars. The exchange rate of ¥111.905 = U.S.\$1 at the end of the reporting period has been used for the purpose of presentation.

Operating Performance Highlights and Financial Condition

Overview of the Fiscal 2021 First-Half (April 1 to September 30, 2021)

The global economy in the first half of the year under review continued to recover even amid a resurgence of COVID-19 infections. However, compared to the first quarter, which recovered faster than expected, the recovery lost some momentum in the second quarter in the U.S. and China due to the intensifying effects of a worsened pandemic situation in some regions, supply chain disruptions, and ongoing inflation. Product shortages are becoming increasingly severe due to component shortages, most notably semiconductors, and supply chain delays, creating future uncertainty, so we will keep a close eye on trends.

The average exchange rates of the yen against the U.S. dollar and of the yen against the euro during the first half of the fiscal year were ¥109.77 and ¥130.84, respectively. This represents a 3% depreciation in the value of the yen against the dollar and a 8% depreciation in the value of the yen against the euro, year on year. The yen also weakened against the currencies of some emerging countries, in places such as China and Latin America.

Revenue was negatively impacted by product shortages that accompanied ongoing and worsening supply chain delays and component shortages. Nevertheless, revenue sharply rebounded from the same period last year, when COVID-19 caused market demand to sharply decline, and ended at ¥550.5 billion, up 25.4% year on year. Business profit was ¥49.7 billion, up 239.2% year on year, despite a rise in manufacturing costs associated particularly with soaring transport costs and part prices. The increase in business profit is chiefly thanks to a rise in selling prices, containment of advertising and other expenses, and positive foreign exchange effects. Profit from operating activities was ¥48.1 billion, up 418.2% year on year. Profit before tax was ¥47.8 billion, up 586.1% year on year. And profit for the period attributable to owners of the parent company was ¥36.4 billion, up 762.4% year on year.

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

The reporting segments were changed in the first quarter of the current fiscal year based on the Epson 25 Renewed corporate vision established in March 2021. The three reporting segments are now printing solutions, visual communications, and manufacturing-related and wearables.

Printing Solutions Segment

Revenue in the office and home printing business sharply increased. High-capacity ink tank printer and ink cartridge printer sales sharply increased. Though unable to fully meet the at-home print demand that has continued since last fiscal year due to supply chain delays and component shortages, Epson was able to grow unit shipments compared to the same period last year and also raise selling prices. Sales of consumables continued to increase along with ongoing home print demand, but the size of the increase shrank compared to the same period last year, when sales increased on extra demand from those working and learning from home.

Revenue in the commercial and industrial printing business sharply increased. Large-format inkjet printer sales increased compared to the same period last year, when printer sales activities and installations were stalled by lockdowns and restrictions on economic activity and when demand for in-store posters and other prints dropped. In addition to the launch of new products, sales increased thanks to a recovery in sales of consumables in Europe and the Americas. POS printer sales increased primarily

on increased demand from retailers and restaurants in Europe, the Americas, and China. In the printhead sales business, sales increased due to expanded demand and strong sales in China. Commercial and industrial printer sales were also impacted by product shortages due to difficulty in procuring components.

Segment profit in the printing solutions segment sharply increased primarily as a result of higher revenue and positive foreign exchange effects, which more than offset a rise in manufacturing costs caused chiefly by soaring transport costs and parts prices.

As a result of the foregoing factors, revenue in the printing solutions segment was ¥375.5 billion, up 24.9% year on year. Segment profit was ¥55.0 billion, up 41.9% year on year.

Visual Communications Segment

Revenue in the visual communications business sharply increased compared to the same period last year, when demand plummeted as COVID-19 infections spread. Although product supplies continue to be constrained mainly due to component shortages, revenue was bolstered by a recovery in education contracts in Europe and continued strong home demand.

Segment profit in the visual communications segment sharply increased primarily due to a combination of higher revenue, continued cost containment associated with business restructuring, and positive foreign exchange effects.

As a result of the foregoing factors, revenue in the visual communications segment was ¥80.6 billion, up 31.8% year on year. Segment profit was ¥9.2 billion (versus a segment loss of ¥2.6 billion in the same period last year).

Manufacturing-Related & Wearables Segment

Revenue in the manufacturing solutions business sharply increased despite a loss of sales associated with the transfer of the IC test handler business, the increase owing to increased sales in China and a recovery in demand for electronic equipment manufacturing contract services in Taiwan and for automotive products in Europe and the Americas.

Revenue in the wearable products business increased due to a recovery in demand for watch movements in addition to a recovery in overseas demand.

Revenue in the microdevices business as a whole sharply increased. Crystal device revenue sharply increased on increased demand for wireless modules, in-vehicle devices, and a wider range of applications. Meanwhile, semiconductor sales also increased on robust demand.

Segment profit in the manufacturing-related and wearables segment sharply increased owing to higher revenue and cost containment associated with business restructuring in the wearable products business.

As a result of the foregoing factors, revenue in the manufacturing-related and wearables segment was ¥95.4 billion, up 22.5% year on year. Segment profit was ¥11.3 billion, up 320.6% year on year.

Adjustments

Adjustments to the total profit of reporting segments amounted to negative ¥25.8 billion. (Adjustments in the same period last year were negative ¥24.2 billion.) The main components of the adjustment were basic technology research and development expenses that do not correspond to the reporting segments and revenue and expenses associated with things such as new businesses and corporate functions.

Liquidity and Financial Position**Assets, Liabilities, and Equity**

Total assets at the end of the second quarter were ¥1,157.3 billion, a decrease of ¥3.9 billion from the previous fiscal year end. Although inventories increased by ¥19.1 billion, total assets decreased primarily due to a ¥16.0 billion decrease in trade and other receivables and a ¥14.1 billion decrease in property, plant and equipment.

Total liabilities were ¥574.8 billion, a decrease of ¥33.4 billion compared to the end of the last fiscal year. Total liabilities decreased primarily due to a ¥22.7 billion decrease in bonds payable and in borrowings and lease liabilities and because of a ¥9.6 billion decrease in trade and other payables.

The equity attributable to owners of the parent company totaled ¥582.3 billion, a ¥31.4 billion increase compared to the previous fiscal year end. While Epson recorded ¥36.4 billion in profit for the period attributable to owners of the parent company and recorded ¥5.7 billion in other comprehensive income, the primary component of which was the remeasurement of the defined benefit plan, there were ¥10.7 billion in dividend payments.

Cash Flows

Net cash from operating activities for the first half of the year totaled ¥56.3 billion (compared to ¥45.5 billion in the same period last year). Whereas Epson recorded ¥36.5 billion in profit for the period, there was a ¥17.4 billion increase in inventories and ¥13.2 billion in income taxes paid. However, net cash increased primarily owing to the recording of ¥32.3 billion in depreciation and amortization and a ¥15.6 billion decrease in notes and accounts receivable-trade.

Net cash used in investing activities totaled ¥22.0 billion (compared to ¥33.5 billion in the same period last year), mainly because Epson used ¥21.1 billion in the acquisition of property, plant, and equipment and the purchase of intangible assets.

Net cash used in financing activities totaled ¥36.9 billion (compared to ¥46.8 billion in net cash from financing activities the previous year), chiefly due to a ¥20.0 billion redemption of bonds and ¥10.7 billion in dividends paid.

As a result of the foregoing, the balance of cash and cash equivalents at the end of the second quarter totaled ¥302.3 billion compared to ¥254.2 billion in the same period last year.

Qualitative Information Regarding the Consolidated Financial Outlook

Epson revised its full-year consolidated financial outlook for the 2021 fiscal year based on financial performance trends through the first two quarters. The figures in the outlook are based on assumed exchange rates from the third quarter of 112.00 yen to the U.S. dollar and 130.00 yen to the euro.

Consolidated Full-Year Financial Outlook

	FY2020 Result	Previous Outlook (A)	Current Outlook (B)	Change (B - A)	
Revenue	¥995.9 billion	¥1,150.0 billion	¥1,130.0 billion	-¥20.0 billion	(-1.7%)
Business profit	¥61.6 billion	¥75.0 billion	¥80.0 billion	+¥5.0 billion	(+6.7%)
Profit from operating activities	¥47.6 billion	¥70.0 billion	¥75.0 billion	+¥5.0 billion	(+7.1%)
Profit before tax	¥44.9 billion	¥67.0 billion	¥72.0 billion	+¥5.0 billion	(+7.5%)
Profit for the period	¥30.9 billion	¥48.0 billion	¥52.0 billion	+¥4.0 billion	(+8.3%)
Profit for the year attributable to owners of the parent company	¥30.9 billion	¥48.0 billion	¥52.0 billion	+¥4.0 billion	(+8.3%)
Exchange rates	1 USD = ¥106.01	1 USD = ¥108.00	1 USD = ¥111.00		
	1 EUR = ¥123.67	1 EUR = ¥129.00	1 EUR = ¥130.00		

SEIKO EPSON CORPORATION

Quarterly Condensed Consolidated Statement of Financial Position

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	September 30, 2021	September 30, 2021
<u>Assets</u>			
Current assets			
Cash and cash equivalents	304,007	302,312	2,701,505
Trade and other receivables	161,332	145,263	1,298,092
Inventories	256,366	275,499	2,461,900
Income tax receivables	3,518	6,971	62,293
Other financial assets	1,156	1,454	12,993
Other current assets	13,160	16,610	148,429
Subtotal	739,540	748,112	6,685,241
Assets held for sale	457	-	-
Total current assets	739,997	748,112	6,685,241
Non-current assets			
Property, plant and equipment	344,637	330,477	2,953,192
Intangible assets	27,976	26,243	234,511
Investment property	1,246	1,108	9,901
Investments accounted for using the equity method	1,718	1,776	15,870
Net defined benefit assets	140	144	1,286
Other financial assets	20,213	21,431	191,510
Other non-current assets	1,614	2,210	19,748
Deferred tax assets	23,770	25,823	230,758
Total non-current assets	421,317	409,215	3,656,807
Total assets	1,161,314	1,157,328	10,342,057

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	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	September 30, 2021	September 30, 2021
<u>Liabilities and equity</u>			
Liabilities			
Current liabilities			
Trade and other payables	134,149	124,474	1,112,318
Income tax payables	7,305	12,105	108,172
Bonds issued, borrowings and lease liabilities	28,127	8,173	73,035
Other financial liabilities	2,361	604	5,397
Provisions	11,014	10,052	89,826
Other current liabilities	122,973	122,155	1,091,595
Subtotal	305,931	277,566	2,480,371
Liabilities directly associated with assets held for sale	12	-	-
Total current liabilities	305,943	277,566	2,480,371
Non-current liabilities			
Bonds issued, borrowings and lease liabilities	237,780	235,022	2,100,192
Other financial liabilities	2,730	2,996	26,772
Net defined benefit liabilities	33,087	30,500	272,552
Provisions	7,757	7,928	70,845
Other non-current liabilities	13,483	13,275	118,627
Deferred tax liabilities	7,582	7,597	67,887
Total non-current liabilities	302,421	297,321	2,656,905
Total liabilities	608,365	574,887	5,137,277
Equity			
Share capital	53,204	53,204	475,438
Capital surplus	84,418	83,984	750,493
Treasury shares	(40,874)	(40,810)	(364,684)
Other components of equity	54,869	58,047	518,716
Retained earnings	399,306	427,915	3,823,913
Equity attributable to owners of the parent company	550,924	582,341	5,203,887
Non-controlling interests	2,025	99	884
Total equity	552,949	582,441	5,204,780
Total liabilities and equity	1,161,314	1,157,328	10,342,057

SEIKO EPSON CORPORATION

Quarterly Condensed Consolidated Statement of Comprehensive Income

Six months ended September 30, 2020 and 2021:

	Millions of yen		Thousands of
	Six months ended		U.S. dollars
	September 30,		Six months ended
	2020	2021	September 30, 2021
Revenue	439,117	550,597	4,920,218
Cost of sales	(292,607)	(345,574)	(3,088,101)
Gross profit	146,509	205,023	1,832,116
Selling, general and administrative expenses	(131,847)	(155,293)	(1,387,721)
Other operating income	1,572	1,500	13,404
Other operating expense	(6,947)	(3,102)	(27,719)
Profit from operating activities	9,286	48,127	430,070
Finance income	679	779	6,961
Finance costs	(3,052)	(1,114)	(9,954)
Share of profit of investments accounted for using the equity method	58	45	402
Profit before tax	6,972	47,838	427,487
Income taxes	(2,700)	(11,331)	(101,255)
Profit for the period	4,272	36,507	326,232
Profit for the period attributable to:			
Owners of the parent company	4,232	36,499	326,160
Non-controlling interests	39	8	71
Profit for the period	4,272	36,507	326,232

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	Millions of yen		Thousands of U.S. dollars
	Six months ended September 30,		Six months ended September 30,
	2020	2021	2021
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss, net of tax			
Remeasurement of net defined benefit liabilities (assets)	9,050	2,835	25,333
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	352	382	3,413
Subtotal	9,402	3,217	28,747
Items that may be reclassified subsequently to profit or loss, net of tax			
Exchange differences on translation of foreign operations	(1,840)	1,620	14,476
Net changes in fair value of cash flow hedges	(2,494)	865	7,729
Share of other comprehensive income of investments accounted for using the equity method	7	16	142
Subtotal	(4,326)	2,503	22,367
Total other comprehensive income, net of tax	5,076	5,720	51,114
Total comprehensive income for the period	9,348	42,228	377,355
Total comprehensive income for the period attributable to:			
Owners of the parent company	9,284	42,220	377,284
Non-controlling interests	63	7	62
Total comprehensive income for the period	9,348	42,228	377,355

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

	Yen		U.S. dollars
	Six months ended September 30,		Six months ended September 30,
	2020	2021	2021
Earnings per share for the period:			
Basic earnings per share for the period	12.23	105.49	0.94
Diluted earnings per share for the period	12.23	105.46	0.94

Quarterly Condensed Consolidated Statement of Comprehensive Income
Three months ended September 30, 2020 and 2021:

	Millions of yen		Thousands of U.S. dollars
	Three months ended September 30,		Three months ended September 30,
	2020	2021	2021
Revenue	245,900	268,437	2,398,793
Cost of sales	(166,011)	(164,499)	(1,469,987)
Gross profit	79,888	103,938	928,805
Selling, general and administrative expenses	(69,594)	(78,457)	(701,103)
Other operating income	674	820	7,327
Other operating expense	(3,736)	(1,844)	(16,478)
Profit from operating activities	7,232	24,457	218,551
Finance income	183	395	3,529
Finance costs	(1,619)	(506)	(4,521)
Share of profit of investments accounted for using the equity method	22	22	196
Profit before tax	5,817	24,369	217,765
Income taxes	(1,301)	(5,360)	(47,897)
Profit for the period	4,516	19,008	169,858
Profit for the period attributable to:			
Owners of the parent company	4,478	19,005	169,831
Non-controlling interests	37	2	17
Profit for the period	4,516	19,008	169,858

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	Millions of yen		Thousands of U.S. dollars
	Three months ended September 30,		Three months ended September 30,
	2020	2021	2021
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss, net of tax			
Remeasurement of net defined benefit liabilities (assets)	3,659	164	1,465
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	(90)	111	991
Subtotal	3,569	276	2,466
Items that may be reclassified subsequently to profit or loss, net of tax			
Exchange differences on translation of foreign operations	(2,041)	1,181	10,553
Net changes in fair value of cash flow hedges	(832)	431	3,851
Share of other comprehensive income of investments accounted for using the equity method	10	7	62
Subtotal	(2,863)	1,620	14,476
Total other comprehensive income, net of tax	705	1,896	16,942
Total comprehensive income for the period	5,221	20,904	186,801
Total comprehensive income for the period attributable to:			
Owners of the parent company	5,147	20,905	186,810
Non-controlling interests	73	(0)	(0)
Total comprehensive income for the period	5,221	20,904	186,801

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

	Yen		U.S. dollars
	Three months ended September 30,		Three months ended September 30,
	2020	2021	2021
Earnings per share for the period:			
Basic earnings per share for the period	12.95	54.93	0.49
Diluted earnings per share for the period	12.94	54.91	0.49

Quarterly Condensed Consolidated Statement of Changes in Equity**Six months ended September 30, 2020 and 2021:**

	Millions of yen											
	Equity attributable to owners of the parent company											Total equity
	Share capital	Capital surplus	Treasury shares	Other components of equity					Retained earnings	Total equity attributable to owners of the parent company	Non-controlling interests	
Remeasurement of net defined benefit liabilities (assets)				Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	Exchange differences on translation of foreign operations	Net changes in fair value of cash flow hedges	Total other components of equity					
As of April 1, 2020	53,204	84,434	(40,953)	-	1,729	35,144	577	37,451	369,609	503,746	2,290	506,037
Profit for the period	-	-	-	-	-	-	-	-	4,232	4,232	39	4,272
Other comprehensive income	-	-	-	9,050	352	(1,856)	(2,494)	5,052	-	5,052	23	5,076
Total comprehensive income for the period	-	-	-	9,050	352	(1,856)	(2,494)	5,052	4,232	9,284	63	9,348
Acquisition of treasury shares	-	-	(0)	-	-	-	-	-	-	(0)	-	(0)
Dividends	-	-	-	-	-	-	-	-	(10,723)	(10,723)	(519)	(11,243)
Share-based payment transactions	-	(38)	80	-	-	-	-	-	-	41	-	41
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	(9,050)	-	-	-	(9,050)	9,050	-	-	-
Total transactions with the owners	-	(38)	79	(9,050)	-	-	-	(9,050)	(1,673)	(10,682)	(519)	(11,201)
As of September 30, 2020	53,204	84,396	(40,873)	-	2,082	33,288	(1,916)	33,453	372,168	502,349	1,834	504,183

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

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Millions of yen												
Equity attributable to owners of the parent company												
	Share capital	Capital surplus	Treasury shares	Other components of equity					Retained earnings	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
				Remeasurement of net defined benefit liabilities (assets)	Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	Exchange differences on translation of foreign operations	Net changes in fair value of cash flow hedges	Total other components of equity				
As of April 1, 2021	53,204	84,418	(40,874)	-	3,229	52,192	(552)	54,869	399,306	550,924	2,025	552,949
Profit for the period	-	-	-	-	-	-	-	-	36,499	36,499	8	36,507
Other comprehensive income	-	-	-	2,835	382	1,638	865	5,721	-	5,721	(1)	5,720
Total comprehensive income for the period	-	-	-	2,835	382	1,638	865	5,721	36,499	42,220	7	42,228
Acquisition of treasury shares	-	-	(0)	-	-	-	-	-	-	(0)	-	(0)
Dividends	-	-	-	-	-	-	-	-	(10,725)	(10,725)	(394)	(11,119)
Share-based payment transactions	-	(32)	64	-	-	-	-	-	-	32	-	32
Changes in ownership interest in subsidiaries	-	(401)	-	-	-	291	-	291	-	(109)	(1,539)	(1,648)
Transfer from other components of equity to retained earnings	-	-	-	(2,835)	0	-	-	(2,835)	2,835	-	-	-
Total transactions with the owners	-	(433)	64	(2,835)	0	291	-	(2,543)	(7,890)	(10,803)	(1,933)	(12,736)
As of September 30, 2021	53,204	83,984	(40,810)	-	3,611	54,122	313	58,047	427,915	582,341	99	582,441

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

Thousands of U.S. dollars												
Equity attributable to owners of the parent company												
	Share capital	Capital surplus	Treasury shares	Other components of equity					Retained earnings	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
				Remeasurement of net defined benefit liabilities (assets)	Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	Exchange differences on translation of foreign operations	Net changes in fair value of cash flow hedges	Total other components of equity				
As of April 1, 2021	475,438	754,372	(365,256)	-	28,854	466,395	(4,932)	490,317	3,568,258	4,923,140	18,095	4,941,235
Profit for the period	-	-	-	-	-	-	-	-	326,160	326,160	71	326,232
Other comprehensive income	-	-	-	25,333	3,413	14,637	7,729	51,123	-	51,123	(8)	51,114
Total comprehensive income for the period	-	-	-	25,333	3,413	14,637	7,729	51,123	326,160	377,284	62	377,355
Acquisition of treasury shares	-	-	(0)	-	-	-	-	-	-	(0)	-	(0)
Dividends	-	-	-	-	-	-	-	-	(95,840)	(95,840)	(3,520)	(99,361)
Share-based payment transactions	-	(285)	571	-	-	-	-	-	-	285	-	285
Changes in ownership interest in subsidiaries	-	(3,583)	-	-	-	2,600	-	2,600	-	(974)	(13,752)	(14,726)
Transfer from other components of equity to retained earnings	-	-	-	(25,333)	0	-	-	(25,333)	25,333	-	-	-
Total transactions with the owners	-	(3,869)	571	(25,333)	0	2,600	-	(22,724)	(70,506)	(96,537)	(17,273)	(113,810)
As of September 30, 2021	475,438	750,493	(364,684)	-	32,268	483,642	2,797	518,716	3,823,913	5,203,887	884	5,204,780

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

SEIKO EPSON CORPORATION

Quarterly Condensed Consolidated Statement of Cash Flows

Six months ended September 30, 2020 and 2021:

	Millions of yen		Thousands of U.S. dollars
	Six months ended September 30,		Six months ended September 30,
	2020	2021	2021
Cash flows from operating activities			
Profit (loss) for the period	4,272	36,507	326,232
Depreciation and amortisation	35,198	32,309	288,718
Impairment loss (reversal of impairment loss)	336	1,362	12,171
Finance (income) costs	2,373	334	2,984
Share of (profit) loss of investments accounted for using the equity method	(58)	(45)	(402)
Loss (gain) on sale and disposal of property, plant and equipment, intangible assets and investment property	162	87	777
Income taxes	2,700	11,331	101,255
Decrease (increase) in trade receivables	16,218	15,617	139,555
Decrease (increase) in inventories	(14,220)	(17,499)	(156,373)
Increase (decrease) in trade payables	4,384	2,320	20,731
Increase (decrease) in net defined benefit liabilities	1,618	744	6,648
Other	(3,732)	(13,687)	(122,309)
Subtotal	49,252	69,382	620,008
Interest and dividends income received	725	809	7,229
Interest expenses paid	(488)	(542)	(4,843)
Income taxes paid	(3,962)	(13,281)	(118,681)
Net cash from (used in) operating activities	45,527	56,368	503,712
Cash flows from investing activities			
Purchase of investment securities	-	(458)	(4,092)
Purchase of property, plant and equipment	(29,396)	(18,421)	(164,612)
Proceeds from sale of property, plant and equipment	88	46	411
Purchase of intangible assets	(2,605)	(2,732)	(24,413)
Proceeds from sale of intangible assets	21	3	26
Proceeds from sale of investment property	-	352	3,145
Other	(1,673)	(819)	(7,318)
Net cash from (used in) investing activities	(33,566)	(22,029)	(196,854)
Cash flows from financing activities			
Net increase (decrease) in current borrowings	(1,312)	(10)	(89)
Repayment of non-current borrowings	(5,000)	-	-
Proceeds from issuance of bonds issued	69,676	-	-
Redemption of bonds issued	-	(20,000)	(178,723)
Payment of lease liabilities	(5,281)	(4,192)	(37,460)
Dividends paid	(10,723)	(10,725)	(95,840)
Dividends paid to non-controlling interests	(519)	(394)	(3,520)
Payments for acquisition of interests in subsidiaries from non-controlling interests	-	(1,648)	(14,726)
Purchase of treasury shares	(0)	(0)	(0)
Net cash from (used in) financing activities	46,839	(36,971)	(330,378)
Effect of exchange rate changes on cash and cash equivalents	(771)	937	8,373
Net increase (decrease) in cash and cash equivalents	58,029	(1,694)	(15,137)
Cash and cash equivalents at beginning of period	196,245	304,007	2,716,652
Cash and cash equivalents at end of period	254,275	302,312	2,701,505

Notes to Consolidated Financial Statements

1. Note for Going Concern Assumption

Not applicable.

2. Changes in Accounting Estimates

Change of Useful Life

From the quarter ended June 30, 2021, Epson changed the useful life of machinery of the visual communications business based on actual usage of the assets, as reviewing its production strategy in its business structural reform and others.

As a result of this change, profit from operating activities and profit before tax for the quarter ended September 30, 2021 increased by ¥1,349 million (\$12,054 thousand) compared to the previous estimates.

3. 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 Repobel (“Repobel”), a Belgium-based group that collects copyright royalties, seeking restitution for copyright royalties for multifunction printers. After that, Repobel also brought a civil suit against EEB. As a result, these two lawsuits were adjoined. EEB’s claims were rejected at the first trial, but EEB, dissatisfied with the decision, intends to appeal.

4. Subsequent Events

No material subsequent events were identified.