

Financial Results for the First Quarter ended June 30, 2022 [IFRS](Consolidated)

July 29, 2022

Stock Listing: TOKYO

Name of the listed company: SEIKO EPSON CORPORATION

Code: 6724 URL: global.epson.com

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Scheduled date to file Quarterly Securities Report: August 2, 2022 Scheduled starting date of payment for the dividends: —

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 Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)

(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	%
Three months ended June 30, 2022	297,874	5.6	22,654	△6.6	31,214	31.9	37,040	57.8	26,682	52.5	26,679	52.5
Three months ended June 30, 2021	282,159	46.0	24,248	455.3	23,670	—	23,469	—	17,499	—	17,493	—

Note: Total comprehensive income for the period: Three months ended June 30, 2022 ¥60,746 million (184.9%)

Three months ended June 30, 2021 ¥21,323 million (416.7%)

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
Three months ended June 30, 2022	77.10	77.08
Three months ended June 30, 2021	50.56	50.55

(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 June 30, 2022	1,329,836	715,793	715,672	53.8
As of March 31, 2022	1,266,420	665,740	665,628	52.6

2. Cash Dividends

	Cash dividends per share				
	1 st Quarter	2 nd Quarter	3 rd Quarter	Year End	Year Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	—	31.00	—	31.00	62.00
Year ending March 31, 2023	—				
Year ending March 31, 2023 (Forecast)		31.00	—	41.00	72.00

Note: Changes from the latest announced forecasts: None

Year-end dividend for the year ending March 31, 2023 (Forecast) includes regular dividend of 31.00 yen and anniversary dividend of 10.00 yen.

3. Forecast for the Fiscal Year ending March 31, 2023 (From April 1, 2022 to March 31, 2023)

(%: 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, 2023	1,360,000	20.5	100,000	11.6	102,000	8.0	105,000	8.1	74,000	△19.8	74,000	△19.8	213.86

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: None

(3) Number of shares outstanding

(share)

1. Issued shares (including treasury shares):

As of June 30, 2022	399,634,778	As of March 31, 2022	399,634,778
As of June 30, 2022	53,614,869	As of March 31, 2022	53,616,006
Three months ended June 30, 2022	346,019,405	Three months ended June 30, 2021	345,984,340

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, July 29, 2022 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 ¥136.600 = 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 2022 First Quarter (April 1 to June 30, 2022)

The global economic growth rate began decelerating in the first quarter because of advancing inflation and moves by the U.S. and many other countries to tighten their monetary policies. China's zero-coronavirus policies and lockdowns had a particularly large impact, as they brought economic activity to a near standstill. The drawn-out war in Ukraine, chip shortages as well as shortages of certain other materials, and ongoing global supply chains disruptions caused by logistics delays have further clouded the economic outlook, so Epson will continue to closely watch trends going forward.

The average exchange rates of the yen against the U.S. dollar and of the yen against the euro in the first quarter of the fiscal year were ¥129.64 and ¥138.11, respectively. This represents an 18% depreciation in the value of the yen against the dollar and a 5% depreciation in the value of the yen against the euro compared to the prior-year period. The yen also weakened against the currencies of some emerging countries, in places such as China and Latin America.

Against this backdrop, Epson recorded ¥297.8 billion in revenue, which represents 5.6% revenue growth compared to the prior-year period. Although product shortages caused by parts constraints and logistics delays had a major negative impact on revenue, these were more than offset by the weakening of the yen in addition to action to raise or maintain higher selling prices.

Business profit was ¥22.6 billion, down 6.6% from the prior-year period, because although we continue to contain costs chiefly by curtailing spending on advertising and promotions in accordance with revenue fluctuations, soaring transportation and parts costs increased our manufacturing costs. Profit from operating activities, which benefited from the recording of foreign exchange gains due to the appreciation of the U.S. dollar, ended at ¥31.2 billion, up 31.9% from the prior-year period. Profit before tax was ¥37.0 billion, up 57.8% from the prior-year period. Profit for the period attributable to owners of the parent company was ¥26.6 billion, up 52.5% from the prior-year period.

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

Printing Solutions Segment

Revenue in the office and home printing business increased. High-capacity ink tank printer and ink cartridge printer unit sales decreased despite continued demand from people working and learning from home. Sales were hurt by product shortages due to lockdowns in China, logistics delays, and parts shortages. Nevertheless, printer revenue increased due to higher selling prices and the positive impact of foreign exchange rates. Consumables revenue slightly increased because even though revenue was hurt by a decrease in ink cartridge sales owing to fewer sales of ink cartridge printers, sales of ink bottles for high-capacity ink tank printers increased.

Although negatively impacted by product shortages, revenue in the commercial and industrial printing business was in line with the prior-year period, helped in part by positive foreign exchange effects. Large-format inkjet printer revenue declined due to continued product shortages and the effects of lockdowns in China. Consumables revenue declined from the prior-year period, when there was large demand in North America. Small printer revenue decreased even though we raised selling prices in Europe and the Americas, because we continued to experience product shortages.

The printhead sales business saw revenue decrease mainly because of lockdowns in China, the main market. The lockdowns resulted in logistics congestion and worsened some market conditions.

Segment profit in the printing solutions segment decreased. In addition to being hit hard by the decrease in revenue caused by across-the-board product shortages, segment profit suffered from a rise in manufacturing costs due to soaring transportation and parts costs that price hikes, cost containment, and the positive effects of the weaker yen could not fully defray.

As a result of the foregoing factors, revenue in the printing solutions segment was ¥197.6 billion, up 2.8% from the prior-year period. Segment profit was ¥21.0 billion, down 21.0% from the prior-year period.

Visual Communications Segment

Revenue in the visual communications business increased. Amid increased demand in the education and home projector markets, unit sales were hurt by lockdowns in China and limited product supply, but revenue benefited from higher selling prices and the positive impact of foreign exchange rates.

Segment profit in visual communications sharply increased primarily due to higher revenue and continued cost containment.

As a result of the foregoing factors, revenue in the visual communications segment was ¥45.6 billion, up 12.1% from the prior-year period. Segment profit was ¥6.4 billion, up 42.6% from the prior-year period.

Manufacturing-Related & Wearables Segment

Manufacturing solutions revenue was heavily impacted by lockdowns in China. Revenue decreased despite increased demand from the automotive sectors in Europe and the Americas and positive foreign exchange effects.

Revenue in the wearable products business increased mainly because, in addition to firm sales of watch movements, sales of watches themselves also increased due to the release of new products and a recovery of demand in both the domestic and foreign markets.

Microdevices business revenue sharply increased. Part of that was due to a sharp increase in revenue on continued firm demand for crystal devices in sectors other than mobile, where demand decreased. Meanwhile, semiconductor sales also increased on continued robust demand.

Segment profit in the manufacturing-related and wearables segment sharply increased on revenue growth in the microdevices business but also because of the positive foreign exchange effects.

As a result of the foregoing factors, revenue in the manufacturing-related and wearables segment was ¥56.0 billion, up 13.0% from the prior-year period. Segment profit was ¥8.6 billion, up 51.1% from the prior-year period.

Adjustments

Adjustments to the total profit of reporting segments amounted to negative ¥13.4 billion. (Adjustments in the prior-year period were negative ¥12.6 billion.) The main components of the adjustment were basic technology research and development expenses that do not correspond to the reporting segments and earnings 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 first quarter were ¥1,329.8 billion, an increase of ¥63.4 billion from the previous fiscal year end. While cash and cash equivalents decreased by ¥27.4 billion, total assets increased chiefly due to a ¥44.4 billion increase in inventories, a ¥17.3 billion increase in trade and other receivables, and a ¥9.6 billion increase in property, plant and equipment.

Total liabilities were ¥614.0 billion, up ¥13.3 billion compared to the end of the last fiscal year. They

increased primarily due to a ¥7.2 billion increase in net defined benefit liabilities and a ¥4.0 billion increase in trade and other payables.

The equity attributable to owners of the parent company totaled ¥715.6 billion, a ¥50.0 billion increase compared to the previous fiscal year end. The main reasons for the increase were that, while there were ¥10.7 billion in dividend payments, Epson recorded ¥26.6 billion in profit for the period attributable to owners of the parent company and recorded ¥34.0 billion in other comprehensive income, the primary component of which was exchange differences on translation of foreign operations.

Cash Flows

Net cash used in operating activities for the first quarter of the year totaled ¥12.3 billion (compared to ¥21.3 billion in income in the prior-year period). Whereas profit for the period was ¥26.6 billion, factors that caused net cash used to increase included the declaration of ¥17.0 billion in depreciation and amortization. However, factors that caused net cash used to decrease included a ¥16.8 billion increase in inventories and a ¥4.6 billion increase in notes and accounts receivable-trade.

Net cash used in investing activities totaled ¥18.5 billion (compared to ¥11.5 billion in the prior-year period), mainly because Epson used ¥12.6 billion in the purchase of property, plant, and equipment and the purchase of intangible assets.

Net cash used in financing activities totaled ¥13.0 billion (compared to ¥14.7 billion in the prior-year period), chiefly due to ¥10.7 billion in dividends paid and ¥2.2 billion repayment of lease liabilities.

As a result of the foregoing, the balance of cash and cash equivalents at the end of the first quarter totaled ¥307.8 billion compared to ¥299.5 billion in the prior-year period.

Qualitative Information Regarding the Consolidated Financial Outlook

Epson is raising the revenue outlook from the previous financial outlook for the 2022 fiscal year ending March 31, 2023, because, although the negative impact of product shortages caused by lockdowns in China and parts shortages have been factored into the outlook, the exchange rate assumptions were recalibrated due to the greater than anticipated weakening of the yen. However, we are reiterating the previous guidance on business profit because we will respond to falling unit sales due to product shortages by raising selling prices and continuing to contain costs. We are also raising the previous outlook for profit from operating activities and each level of profit thereafter based on the prospect of foreign exchange gains that accompany advance of the U.S. dollar, in particular. The figures in the outlook are based on assumed exchange rates from the second quarter of 132.00 yen to the U.S. dollar and 134.00 yen to the euro.

For details, please see the fiscal year 2022 (ending March 2023) first-quarter financial results presentation that was announced simultaneously with this report.

Consolidated Full-Year Financial Outlook

	FY2021 Result	Previous Outlook (A)	Current Outlook (B)	Change (B - A)	
Revenue	¥1,128.9 billion	¥1,320.0 billion	¥1,360.0 billion	+¥40.0 billion	(+3.0%)
Business profit	¥89.6 billion	¥100.0 billion	¥100.0 billion	-	-
Profit from operating activities	¥94.4 billion	¥96.0 billion	¥102.0 billion	+¥6.0 billion	(+6.3%)
Profit before tax	¥97.1 billion	¥95.0 billion	¥105.0 billion	+¥10.0 billion	(+10.5%)
Profit for the period	¥92.3 billion	¥67.0 billion	¥74.0 billion	+¥7.0 billion	(+10.4%)
Profit for the period attributable to owners of the parent company	¥92.2 billion	¥67.0 billion	¥74.0 billion	+¥7.0 billion	(+10.4%)
Exchange rates	1 USD = ¥112.37	1 USD = ¥121.00	1 USD = ¥131.00		
	1 EUR = ¥130.55	1 EUR = ¥132.00	1 EUR = ¥135.00		

Quarterly Condensed Consolidated Statement of Financial Position

	Millions of yen		Thousands of U.S. dollars
	March 31, 2022	June 30, 2022	June 30, 2022
<u>Assets</u>			
Current assets			
Cash and cash equivalents	335,239	307,828	2,253,499
Trade and other receivables	168,221	185,557	1,358,396
Inventories	308,385	352,802	2,582,737
Income tax receivables	5,057	7,470	54,685
Other financial assets	769	2,651	19,407
Other current assets	16,797	23,574	172,576
Total current assets	834,469	879,884	6,441,317
Non-current assets			
Property, plant and equipment	343,172	352,859	2,583,155
Intangible assets	24,218	24,568	179,853
Investment property	1,108	2,094	15,329
Investments accounted for using the equity method	2,040	2,119	15,512
Net defined benefit assets	2,278	2,076	15,197
Other financial assets	20,192	21,323	156,098
Other non-current assets	4,181	6,144	44,978
Deferred tax assets	34,757	38,766	283,792
Total non-current assets	431,950	449,952	3,293,938
Total assets	1,266,420	1,329,836	9,735,256

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	Millions of yen		Thousands of U.S. dollars
	March 31, 2022	June 30, 2022	June 30, 2022
<u>Liabilities and equity</u>			
Liabilities			
Current liabilities			
Trade and other payables	146,201	150,280	1,100,146
Income tax payables	12,233	13,738	100,571
Bonds issued, borrowings and lease liabilities	26,297	26,615	194,838
Other financial liabilities	4,497	5,519	40,402
Provisions	10,993	11,500	84,187
Other current liabilities	131,817	129,959	951,383
Total current liabilities	332,040	337,614	2,471,551
Non-current liabilities			
Bonds issued, borrowings and lease liabilities	216,853	217,273	1,590,578
Other financial liabilities	3,788	3,774	27,628
Net defined benefit liabilities	24,210	31,446	230,204
Provisions	8,042	8,194	59,985
Other non-current liabilities	13,680	13,493	98,777
Deferred tax liabilities	2,064	2,247	16,449
Total non-current liabilities	268,640	276,428	2,023,631
Total liabilities	600,680	614,043	4,495,190
Equity			
Share capital	53,204	53,204	389,487
Capital surplus	84,010	84,041	615,234
Treasury shares	(40,808)	(40,806)	(298,726)
Other components of equity	89,068	127,342	932,225
Retained earnings	480,154	491,890	3,600,951
Equity attributable to owners of the parent company	665,628	715,672	5,239,180
Non-controlling interests	112	120	878
Total equity	665,740	715,793	5,240,065
Total liabilities and equity	1,266,420	1,329,836	9,735,256

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Quarterly Condensed Consolidated Statement of Comprehensive Income

Three months ended June 30, 2021 and 2022:

	Millions of yen		Thousands of
	Three months ended		U.S. dollars
	June 30,		Three months ended
	2021	2022	June 30, 2022
Revenue	282,159	297,874	2,180,629
Cost of sales	(181,074)	(192,231)	(1,407,254)
Gross profit	101,084	105,642	773,367
Selling, general and administrative expenses	(76,836)	(82,987)	(607,518)
Other operating income	679	9,299	68,074
Other operating expense	(1,258)	(739)	(5,409)
Profit from operating activities	23,670	31,214	228,506
Finance income	505	6,350	46,486
Finance costs	(729)	(545)	(3,989)
Share of profit of investments accounted for using the equity method	23	20	146
Profit before tax	23,469	37,040	271,156
Income taxes	(5,970)	(10,358)	(75,827)
Profit for the period	17,499	26,682	195,329
Profit for the period attributable to:			
Owners of the parent company	17,493	26,679	195,307
Non-controlling interests	5	2	14
Profit for the period	17,499	26,682	195,329

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	Millions of yen		Thousands of
	Three months ended		U.S. dollars
	June 30,		Three months ended
	2021	2022	June 30, 2022
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss, net of tax			
Remeasurement of net defined benefit liabilities (assets)	2,670	(4,216)	(30,863)
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	270	762	5,578
Subtotal	2,941	(3,453)	(25,278)
Items that may be reclassified subsequently to profit or loss, net of tax			
Exchange differences on translation of foreign operations	439	37,205	272,364
Net changes in fair value of cash flow hedges	433	267	1,954
Share of other comprehensive income of investments accounted for using the equity method	9	44	322
Subtotal	882	37,517	274,648
Total other comprehensive income, net of tax	3,824	34,064	249,370
Total comprehensive income for the period	21,323	60,746	444,699
Total comprehensive income for the period attributable to:			
Owners of the parent company	21,315	60,737	444,633
Non-controlling interests	7	9	65
Total comprehensive income for the period	21,323	60,746	444,699

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

	Yen		U.S. dollars
	Three months ended		Three months ended
	June 30,		June 30,
	2021	2022	2022
Earnings per share for the period:			
Basic earnings per share for the period	50.56	77.10	0.56
Diluted earnings per share for the period	50.55	77.08	0.56

Quarterly Condensed Consolidated Statement of Changes in Equity**Three months ended June 30, 2021 and 2022:**

	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, 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	-	-	-	-	-	-	-	-	17,493	17,493	5	17,499
Other comprehensive income	-	-	-	2,670	270	446	433	3,821	-	3,821	2	3,824
Total comprehensive income for the period	-	-	-	2,670	270	446	433	3,821	17,493	21,315	7	21,323
Acquisition of treasury shares	-	-	(0)	-	-	-	-	-	-	(0)	-	(0)
Dividends	-	-	-	-	-	-	-	-	(10,725)	(10,725)	(390)	(11,115)
Share-based payment transactions	-	(0)	16	-	-	-	-	-	-	15	-	15
Changes in ownership interest in subsidiaries	-	(401)	-	-	-	291	-	291	-	(109)	(1,539)	(1,648)
Transfer from other components of equity to retained earnings	-	-	-	(2,670)	-	-	-	(2,670)	2,670	-	-	-
Total transactions with the owners	-	(402)	16	(2,670)	-	291	-	(2,378)	(8,055)	(10,819)	(1,929)	(12,749)
As of June 30, 2021	53,204	84,016	(40,858)	-	3,500	52,930	(118)	56,312	408,745	561,420	103	561,523

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

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Millions of yen

	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			
	Share capital	Capital surplus	Treasury shares	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, 2022	53,204	84,010	(40,808)	-	3,560	87,146	(1,638)	89,068	480,154	665,628	112	665,740	
Profit for the period	-	-	-	-	-	-	-	-	26,679	26,679	2	26,682	
Other comprehensive income	-	-	-	(4,216)	762	37,243	267	34,057	-	34,057	6	34,064	
Total comprehensive income for the period	-	-	-	(4,216)	762	37,243	267	34,057	26,679	60,737	9	60,746	
Acquisition of treasury shares	-	-	(0)	-	-	-	-	-	-	(0)	-	(0)	
Dividends	-	-	-	-	-	-	-	-	(10,726)	(10,726)	(0)	(10,726)	
Share-based payment transactions	-	31	1	-	-	-	-	-	-	33	-	33	
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer from other components of equity to retained earnings	-	-	-	4,216	-	-	-	4,216	(4,216)	-	-	-	
Total transactions with the owners	-	31	1	4,216	-	-	-	4,216	(14,943)	(10,693)	(0)	(10,693)	
As of June 30, 2022	53,204	84,041	(40,806)	-	4,323	124,389	(1,370)	127,342	491,890	715,672	120	715,793	

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

Thousands of U.S. dollars

	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			
	Share capital	Capital surplus	Treasury shares	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, 2022	389,487	615,007	(298,740)	-	26,061	637,964	(11,991)	652,035	3,515,036	4,872,825	819	4,873,645	
Profit for the period	-	-	-	-	-	-	-	-	195,307	195,307	14	195,329	
Other comprehensive income	-	-	-	(30,863)	5,578	272,642	1,954	249,319	-	249,319	43	249,370	
Total comprehensive income for the period	-	-	-	(30,863)	5,578	272,642	1,954	249,319	195,307	444,633	65	444,699	
Acquisition of treasury shares	-	-	(0)	-	-	-	-	-	-	(0)	-	(0)	
Dividends	-	-	-	-	-	-	-	-	(78,521)	(78,521)	(0)	(78,521)	
Share-based payment transactions	-	226	7	-	-	-	-	-	-	241	-	241	
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer from other components of equity to retained earnings	-	-	-	30,863	-	-	-	30,863	(30,863)	-	-	-	
Total transactions with the owners	-	226	7	30,863	-	-	-	30,863	(109,392)	(78,279)	(0)	(78,279)	
As of June 30, 2022	389,487	615,234	(298,726)	-	31,647	910,607	(10,029)	932,225	3,600,951	5,239,180	878	5,240,065	

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

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Quarterly Condensed Consolidated Statement of Cash Flows

Three months ended June 30, 2021 and 2022:

	Millions of yen		Thousands of U.S. dollars
	Three months ended June 30,		Three months ended
	2021	2022	June 30, 2022
Cash flows from operating activities			
Profit for the period	17,499	26,682	195,329
Depreciation and amortisation	16,345	17,075	125,000
Impairment loss (reversal of impairment loss)	3	34	248
Finance (income) costs	223	(5,805)	(42,496)
Share of (profit) loss of investments accounted for using the equity method	(23)	(20)	(146)
Loss (gain) on sale and disposal of property, plant and equipment, intangible assets and investment property	195	117	856
Income taxes	5,970	10,358	75,827
Decrease (increase) in trade receivables	2,752	(4,683)	(34,282)
Decrease (increase) in inventories	(5,319)	(16,895)	(123,682)
Increase (decrease) in trade payables	5,262	1,963	14,370
Increase (decrease) in net defined benefit liabilities	414	(136)	(995)
Other	(13,886)	(28,133)	(205,951)
Subtotal	29,437	555	4,062
Interest and dividends income received	535	487	3,565
Interest expenses paid	(221)	(264)	(1,932)
Income taxes paid	(8,381)	(13,165)	(96,376)
Net cash from (used in) operating activities	21,370	(12,386)	(90,673)
Cash flows from investing activities			
Purchase of investment securities	(458)	-	-
Purchase of property, plant and equipment	(9,409)	(10,750)	(78,696)
Proceeds from sale of property, plant and equipment	8	92	673
Purchase of intangible assets	(1,326)	(1,900)	(13,909)
Proceeds from sale of intangible assets	0	7	51
Other	(331)	(5,963)	(43,653)
Net cash from (used in) investing activities	(11,517)	(18,513)	(135,527)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	215	-	-
Payment of lease liabilities	(2,177)	(2,282)	(16,705)
Dividends paid	(10,725)	(10,726)	(78,521)
Dividends paid to non-controlling interests	(390)	(0)	(0)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(1,648)	-	-
Purchase of treasury shares	(0)	(0)	(0)
Net cash from (used in) financing activities	(14,726)	(13,009)	(95,234)
Effect of exchange rate changes on cash and cash equivalents	386	16,499	120,783
Net increase (decrease) in cash and cash equivalents	(4,486)	(27,411)	(200,666)
Cash and cash equivalents at beginning of period	304,007	335,239	2,454,165
Cash and cash equivalents at end of period	299,521	307,828	2,253,499

Notes to Consolidated Financial Statements

1. Note for Going Concern Assumption

Not applicable.

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, Repobel also brought a civil suit against EEB. As a result, these two lawsuits were adjointed. EEB’s claims were rejected at the first trial, but EEB, dissatisfied with the decision, intends to appeal.

3. Subsequent Events

No material subsequent events were identified.