

Financial Results for the Third Quarter ended December 31, 2022 [IFRS](Consolidated)

January 31, 2023

Stock Listing: TOKYO

Name of the listed company: SEIKO EPSON CORPORATION

Code: 6724 URL: <https://corporate.epson/en/investors/>

Representative: Yasunori Ogawa, President

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Scheduled date to file Quarterly Securities Report: February 2, 2023 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 Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 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	%
Nine months ended December 31, 2022	994,404	17.4	80,746	4.9	82,544	5.2	88,294	11.7	61,455	△0.1	61,448	△0.1
Nine months ended December 31, 2021	846,743	17.9	76,958	67.8	78,471	131.5	79,018	165.0	61,526	202.7	61,515	203.1

Note: Total comprehensive income for the period: Nine months ended December 31, 2022 ¥80,314 million (1.4%)

Nine months ended December 31, 2021 ¥79,171 million (183.6%)

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
Nine months ended December 31, 2022	179.35	179.30
Nine months ended December 31, 2021	177.79	177.74

(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 December 31, 2022	1,331,021	698,741	698,621	52.5
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	—	31.00	—		
Year ending March 31, 2023 (Forecast)				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	1,330,000	17.8	95,000	6.0	94,000	△0.5	96,000	△1.2	67,000	△27.4	67,000	△27.4	200.89

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 December 31, 2022	399,634,778	As of March 31, 2022	399,634,778
As of December 31, 2022	66,115,223	As of March 31, 2022	53,616,006
Nine months ended December 31, 2022	342,626,537	Nine months ended December 31, 2021	346,002,499

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 Tuesday, January 31, 2023 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 ¥132.430 = 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 Three Quarters (April 1 to December 31, 2022)

Looking back over the economic environment in the first three quarters of the year under review, the global economy showed stronger signs of a slowdown in China, Europe, and North America primarily due to the protracted Russia-Ukraine conflict, global inflation, and tightening of monetary policy by countries around the world. On the other hand, the supply chain issues that have beset the world are being resolved, with shortages of semiconductors and most other parts easing and the long distribution lead-times caused by logistics disruptions improving. Still, the future remains clouded by uncertainty. Many factors are contributing to this uncertainty, including things such as global inflation trends, monetary policy in the United States and Japan, the spread of infections following the reversal of China's zero-COVID policy, and the question of when markets will recover, so we will continue to closely monitor trends moving forward.

The average exchange rates of the yen against the U.S. dollar and of the yen against the euro during the first three quarters of the fiscal year were ¥136.49 and ¥140.54, respectively. This represents a 23% depreciation in the value of the yen against the dollar and an 8% 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, we saw revenue increase to ¥994.4 billion, up 17.4% compared to the prior-year period. This was chiefly attributable to an improvement in product shortages in the printing solutions and visual communications segments, price hikes that kept selling prices high, and the positive effects of a weaker yen.

Business profit was ¥80.7 billion, up 4.9% compared to the prior-year period, despite a rise in manufacturing costs associated particularly with soaring prices for parts, materials, transport, and utilities. The increase in business profit is chiefly due to continued high selling prices and positive foreign exchange effects. Profit from operating activities ended at ¥82.5 billion, up 5.2% compared to the prior-year period, and profit before tax was ¥88.2 billion, up 11.7% compared to the prior-year period, largely as a result of the recording of foreign exchange gains. Profit for the period attributable to owners of the parent company was ¥61.4 billion, down 0.1% 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. Ink cartridge printer unit sales decreased, but unit sales of high-capacity ink tank printers increased as product supply shortages eased. Inkjet printer revenue sharply increased mainly due to continued high selling prices and positive foreign exchange effects. Consumables revenue slightly increased even though ink cartridge sales decreased in conjunction with a decrease in sales of ink cartridge printers and the normalization of at-home print demand. The increase in consumables revenue was largely the result of an increase in sales of ink bottles for high-capacity ink tank printers and positive foreign exchange effects.

Revenue in the commercial and industrial printing business increased. Commercial and industrial inkjet printer sales in China, Europe, and North America have been slowing due to the economic slowdown. However, sales grew owing to the easing of product shortages, which has helped to resolve an order backlog, price hikes that kept selling prices high, and positive foreign exchange effects. Sales of consumables slightly increased due to the positive impact of foreign exchange rates, which more than offset a decrease in sales

compared to the prior-year period, when there was robust demand in North America. Small printer revenue sharply increased due to price hikes in Europe and North America, unit sales growth as product shortages eased, and positive foreign exchange effects.

Revenue in the printhead sales business increased. After being hit hard in the first quarter by lockdowns in China, sales steadily recovered from the second quarter onward. Revenue also benefitted from foreign exchange effects.

Segment profit in the printing solutions business sharply decreased. Sales were heavily impacted by a decrease in sales of consumables for ink cartridge printers in the office and home printing business and the rise in manufacturing costs associated particularly with soaring prices for parts, materials, transport, and utilities.

As a result of the foregoing factors, revenue in the printing solutions segment was ¥662.2 billion, up 14.0% from the prior-year period. Segment profit was ¥67.0 billion, down 22.0% from the prior-year period.

Visual Communications Segment

Revenue in the visual communications segment sharply increased primarily due to a combination of revenue growth in the firm education and home markets, an easing of product shortages, which has helped to resolve an order backlog, and positive foreign exchange effects.

Segment profit in the visual communications business 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 ¥169.3 billion, up 36.1% from the prior-year period. Segment profit was ¥28.8 billion, up 117.6% from the prior-year period.

Manufacturing-Related & Wearables Segment

Manufacturing solutions revenue was hurt by the economic slowdown in China, which caused demand to decrease. However, revenue was in line with that of the prior-year period thanks to positive foreign exchange effects.

Revenue in the wearable products business increased primarily due to strong sales in Japan.

In the microdevices business, crystal device revenue sharply increased as a result of higher selling prices following price hikes and positive foreign exchange effects, which more than offset decreased demand in the consumer sector.

Meanwhile, continued firm demand for semiconductors fueled sales growth. As a result, the entire microdevices business recorded sharply higher revenue.

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

As a result of the foregoing factors, revenue in the manufacturing-related and wearables segment was ¥165.9 billion, up 16.2% from the prior-year period. Segment profit was ¥25.6 billion, up 47.4% from the prior-year period.

Adjustments

Adjustments to the total profit of reporting segments amounted to negative ¥40.8 billion. (Adjustments in the prior-year period were negative ¥39.6 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 third quarter were ¥1,331.0 billion, an increase of ¥64.6 billion from the previous fiscal year end. While cash and cash equivalents decreased by ¥76.1 billion, total assets increased chiefly due to an ¥84.5 billion increase in inventories and a ¥33.5 billion increase in trade and other receivables.

Total liabilities were ¥632.2 billion, up ¥31.6 billion compared to the end of the last fiscal year. Although bonds issued, borrowings and lease liabilities decreased by ¥18.5 billion, total liabilities increased mainly due to a ¥34.7 billion increase in trade and other payables and a ¥9.6 billion increase in net defined benefit liabilities.

The equity attributable to owners of the parent company totaled ¥698.6 billion, a ¥32.9 billion increase compared to the previous fiscal year end. The main reasons for the increase were that, while there were ¥21.3 billion in dividend payments and a ¥26.1 billion purchase of treasury shares, Epson recorded ¥61.4 billion in profit for the period attributable to owners of the parent company and recorded ¥18.8 billion in other comprehensive income, the primary component of which was exchange differences on translation of foreign operations.

Cash Flows

Net cash from operating activities for the first three quarters of the year totaled ¥35.9 billion (compared to ¥87.3 billion in the prior-year period). Whereas profit for the period was ¥61.4 billion, factors that caused an increase in net cash included the declaration of ¥51.8 billion in depreciation and amortization and a ¥22.5 billion increase in trade payables. However, factors that caused a decrease in net cash included a ¥67.9 billion increase in inventories and a ¥25.3 billion increase in trade receivables.

Net cash used in investing activities totaled ¥45.8 billion (compared to ¥31.7 billion in net cash used in the prior-year period), mainly because Epson used ¥40.2 billion in the purchase of property, plant, and equipment and the purchase of intangible assets.

Net cash used in financing activities totaled ¥76.5 billion (compared to ¥49.6 billion in the prior-year period), chiefly due to ¥21.3 billion in dividends paid, ¥30.0 billion in the purchase of treasury shares and deposits, and ¥18.0 billion used in the repayment of long-term loans payable.

As a result of the foregoing, the balance of cash and cash equivalents at the end of the first three quarters of the fiscal year, combined with the effects of exchange rate volatility, totaled ¥259.1 billion, down ¥76.1 billion from the end of last fiscal year.

Qualitative Information Regarding the Consolidated Financial Outlook

Epson will revise its full-year consolidated financial outlook for the fiscal year ending March 31, 2023. The revenue outlook will be lowered from the previous outlook to reflect factors such as the decline in demand due to the global economic slowdown. Moreover, although actions such as cost containment measures have been factored into the outlook to combat a decline in sales, the business profit outlook will also be revised downward from the previous outlook. We will also lower the previous outlook for profit from operating activities and each level of profit thereafter based on the prospect of foreign exchange losses associated primarily with a weakening of the U.S. dollar. The figures in the outlook are based on assumed exchange rates from the fourth quarter of 127.00 yen to the U.S. dollar and 138.00 yen to the euro.

For details, please see the fiscal year 2022 (ending March 2023) third-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	¥1,390.0 billion	¥1,330.0 billion	-¥60.0 billion	(-4.3%)
Business profit	¥89.6 billion	¥100.0 billion	¥95.0 billion	-¥5.0 billion	(-5.0%)
Profit from operating activities	¥94.4 billion	¥108.0 billion	¥94.0 billion	-¥14.0 billion	(-13.0%)
Profit before tax	¥97.1 billion	¥117.0 billion	¥96.0 billion	-¥21.0 billion	(-17.9%)
Profit for the period	¥92.3 billion	¥82.0 billion	¥67.0 billion	-¥15.0 billion	(-18.3%)
Profit for the year attributable to owners of the parent company	¥92.2 billion	¥82.0 billion	¥67.0 billion	-¥15.0 billion	(-18.3%)
Exchange rates	1 USD = ¥112.37	1 USD = ¥137.00	1 USD = ¥134.00		
	1 EUR = ¥130.55	1 EUR = ¥138.00	1 EUR = ¥140.00		

SEIKO EPSON CORPORATION

Quarterly Condensed Consolidated Statement of Financial Position

	Millions of yen		Thousands of U.S. dollars
	March 31, 2022	December 31, 2022	December 31, 2022
<u>Assets</u>			
Current assets			
Cash and cash equivalents	335,239	259,122	1,956,671
Trade and other receivables	168,221	201,816	1,523,944
Inventories	308,385	392,890	2,966,774
Income tax receivables	5,057	9,542	72,053
Other financial assets	769	2,987	22,555
Other current assets	16,797	23,367	176,447
Total current assets	834,469	889,726	6,718,462
Non-current assets			
Property, plant and equipment	343,172	346,118	2,613,592
Intangible assets	24,218	24,886	187,918
Investment property	1,108	2,077	15,683
Investments accounted for using the equity method	2,040	2,054	15,510
Net defined benefit assets	2,278	1,117	8,434
Other financial assets	20,192	23,128	174,643
Other non-current assets	4,181	3,847	29,049
Deferred tax assets	34,757	38,064	287,427
Total non-current assets	431,950	441,295	3,332,288
Total assets	1,266,420	1,331,021	10,050,751

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	Millions of yen		Thousands of U.S. dollars
	March 31, 2022	December 31, 2022	December 31, 2022
<u>Liabilities and equity</u>			
Liabilities			
Current liabilities			
Trade and other payables	146,201	180,995	1,366,722
Income tax payables	12,233	13,451	101,570
Bonds issued, borrowings and lease liabilities	26,297	37,805	285,471
Other financial liabilities	4,497	2,183	16,484
Provisions	10,993	10,448	78,894
Other current liabilities	131,817	137,941	1,041,614
Total current liabilities	332,040	382,826	2,890,780
Non-current liabilities			
Bonds issued, borrowings and lease liabilities	216,853	186,751	1,410,186
Other financial liabilities	3,788	3,881	29,306
Net defined benefit liabilities	24,210	33,869	255,750
Provisions	8,042	8,189	61,836
Other non-current liabilities	13,680	14,698	110,986
Deferred tax liabilities	2,064	2,062	15,570
Total non-current liabilities	268,640	249,454	1,883,666
Total liabilities	600,680	632,280	4,774,446
Equity			
Share capital	53,204	53,204	401,751
Capital surplus	84,010	84,033	634,546
Treasury shares	(40,808)	(66,832)	(504,659)
Other components of equity	89,068	115,226	870,089
Retained earnings	480,154	512,989	3,873,661
Equity attributable to owners of the parent company	665,628	698,621	5,275,398
Non-controlling interests	112	119	898
Total equity	665,740	698,741	5,276,304
Total liabilities and equity	1,266,420	1,331,021	10,050,751

SEIKO EPSON CORPORATION

Quarterly Condensed Consolidated Statement of Comprehensive Income

Nine months ended December 31, 2021 and 2022:

	Millions of yen		Thousands of
	Nine months ended		U.S. dollars
	December 31,		Nine months ended
	2021	2022	December 31, 2022
Revenue	846,743	994,404	7,508,902
Cost of sales	(530,879)	(644,694)	(4,868,186)
Gross profit	315,863	349,710	2,640,715
Selling, general and administrative expenses	(238,905)	(268,963)	(2,030,982)
Other operating income	4,627	4,126	31,156
Other operating expense	(3,114)	(2,328)	(17,579)
Profit from operating activities	78,471	82,544	623,302
Finance income	1,983	7,215	54,481
Finance costs	(1,532)	(1,561)	(11,787)
Share of profit of investments accounted for using the equity method	96	96	724
Profit before tax	79,018	88,294	666,722
Income taxes	(17,491)	(26,839)	(202,665)
Profit for the period	61,526	61,455	464,056
Profit for the period attributable to:			
Owners of the parent company	61,515	61,448	464,003
Non-controlling interests	11	7	52
Profit for the period	61,526	61,455	464,056

SEIKO EPSON CORPORATION

	Millions of yen		Thousands of
	Nine months ended		U.S. dollars
	December 31,		Nine months ended
	2021	2022	December 31, 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)	5,812	(7,006)	(52,903)
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	65	1,619	12,225
Subtotal	5,877	(5,387)	(40,678)
Items that may be reclassified subsequently to profit or loss, net of tax			
Exchange differences on translation of foreign operations	11,509	22,858	172,604
Net changes in fair value of cash flow hedges	211	1,401	10,579
Share of other comprehensive income of investments accounted for using the equity method	45	(13)	(98)
Subtotal	11,766	24,246	183,085
Total other comprehensive income, net of tax	17,644	18,858	142,399
Total comprehensive income for the period	79,171	80,314	606,463
Total comprehensive income for the period attributable to:			
Owners of the parent company	79,158	80,306	606,403
Non-controlling interests	12	7	52
Total comprehensive income for the period	79,171	80,314	606,463

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

	Yen		U.S. dollars
	Nine months ended		Nine months ended
	December 31,		December 31,
	2021	2022	2022
Earnings per share for the period:			
Basic earnings per share for the period	177.79	179.35	1.35
Diluted earnings per share for the period	177.74	179.30	1.35

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Quarterly Condensed Consolidated Statement of Comprehensive Income Three months ended December 31, 2021 and 2022:

	Millions of yen		Thousands of
	Three months ended		U.S. dollars
	December 31,		Three months ended
	2021	2022	December 31, 2022
Revenue	296,145	361,276	2,728,052
Cost of sales	(185,305)	(232,651)	(1,756,784)
Gross profit	110,840	128,625	971,267
Selling, general and administrative expenses	(83,612)	(97,390)	(735,407)
Other operating income	3,701	549	4,145
Other operating expense	(586)	(8,393)	(63,376)
Profit from operating activities	30,343	23,392	176,636
Finance income	1,288	1,164	8,789
Finance costs	(502)	(8,022)	(60,575)
Share of profit of investments accounted for using the equity method	50	30	226
Profit before tax	31,179	16,564	125,077
Income taxes	(6,160)	(5,500)	(41,531)
Profit for the period	25,019	11,064	83,546
Profit for the period attributable to:			
Owners of the parent company	25,016	11,062	83,530
Non-controlling interests	2	1	7
Profit for the period	25,019	11,064	83,546

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	Millions of yen		Thousands of
	Three months ended		U.S. dollars
	December 31,		Three months ended
	2021	2022	December 31, 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)	2,977	459	3,465
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	(316)	233	1,759
Subtotal	2,660	693	5,232
Items that may be reclassified subsequently to profit or loss, net of tax			
Exchange differences on translation of foreign operations	9,888	(28,814)	(217,579)
Net changes in fair value of cash flow hedges	(654)	(1,295)	(9,778)
Share of other comprehensive income of investments accounted for using the equity method	29	(54)	(407)
Subtotal	9,263	(30,164)	(227,773)
Total other comprehensive income, net of tax	11,923	(29,471)	(222,540)
Total comprehensive income for the period	36,943	(18,407)	(138,994)
Total comprehensive income for the period attributable to:			
Owners of the parent company	36,937	(18,404)	(138,971)
Non-controlling interests	5	(3)	(22)
Total comprehensive income for the period	36,943	(18,407)	(138,994)

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

	Yen		U.S. dollars
	Three months ended		Three months ended
	December 31,		December 31,
	2021	2022	2022
Earnings per share for the period:			
Basic earnings per share for the period	72.30	32.76	0.25
Diluted earnings per share for the period	72.28	32.75	0.25

Quarterly Condensed Consolidated Statement of Changes in Equity**Nine months ended December 31, 2021 and 2022:**

	Millions of yen											
	Equity attributable to owners of the parent company									Non-controlling interests	Total equity	
	Share capital	Capital surplus	Treasury shares	Other components of equity					Retained earnings			Total equity attributable to owners of the parent company
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	-	-	-	-	-	-	-	-	61,515	61,515	11	61,526
Other comprehensive income	-	-	-	5,812	65	11,553	211	17,642	-	17,642	1	17,644
Total comprehensive income for the period	-	-	-	5,812	65	11,553	211	17,642	61,515	79,158	12	79,171
Acquisition of treasury shares	-	-	(1)	-	-	-	-	-	-	(1)	-	(1)
Dividends	-	-	-	-	-	-	-	-	(21,451)	(21,451)	(394)	(21,846)
Share-based payment transactions	-	(19)	64	-	-	-	-	-	-	45	-	45
Changes in ownership interest in subsidiaries	-	(401)	-	-	-	291	-	291	-	(109)	(1,539)	(1,648)
Transfer from other components of equity to retained earnings	-	-	-	(5,812)	167	-	-	(5,645)	5,645	-	-	-
Total transactions with the owners	-	(420)	63	(5,812)	167	291	-	(5,353)	(15,806)	(21,517)	(1,933)	(23,450)
As of December 31, 2021	53,204	83,997	(40,810)	-	3,462	64,037	(341)	67,158	445,015	608,565	104	608,670

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

SEIKO EPSON CORPORATION

Millions of yen

	Equity attributable to owners of the parent company											
	Other components of equity											Total equity
	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	Retained earnings	Total equity attributable to owners of the parent company	Non-controlling interests	
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	-	-	-	-	-	-	-	-	61,448	61,448	7	61,455
Other comprehensive income	-	-	-	(7,006)	1,619	22,844	1,401	18,858	-	18,858	0	18,858
Total comprehensive income for the period	-	-	-	(7,006)	1,619	22,844	1,401	18,858	61,448	80,306	7	80,314
Acquisition of treasury shares	-	-	(26,131)	-	-	-	-	-	-	(26,131)	-	(26,131)
Dividends	-	-	-	-	-	-	-	-	(21,313)	(21,313)	(0)	(21,313)
Share-based payment transactions	-	22	108	-	-	-	-	-	-	131	-	131
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	7,006	293	-	-	7,300	(7,300)	-	-	-
Total transactions with the owners	-	22	(26,023)	7,006	293	-	-	7,300	(28,613)	(47,313)	(0)	(47,314)
As of December 31, 2022	53,204	84,033	(66,832)	-	5,472	109,990	(237)	115,226	512,989	698,621	119	698,741

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

Thousands of U.S. dollars

	Equity attributable to owners of the parent company											
	Other components of equity											Total equity
	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	Retained earnings	Total equity attributable to owners of the parent company	Non-controlling interests	
As of April 1, 2022	401,751	634,372	(308,147)	-	26,882	658,053	(12,368)	672,566	3,625,719	5,026,262	845	5,027,108
Profit for the period	-	-	-	-	-	-	-	-	464,003	464,003	52	464,056
Other comprehensive income	-	-	-	(52,903)	12,225	172,498	10,579	142,399	-	142,399	0	142,399
Total comprehensive income for the period	-	-	-	(52,903)	12,225	172,498	10,579	142,399	464,003	606,403	52	606,463
Acquisition of treasury shares	-	-	(197,319)	-	-	-	-	-	-	(197,319)	-	(197,319)
Dividends	-	-	-	-	-	-	-	-	(160,937)	(160,937)	(0)	(160,937)
Share-based payment transactions	-	166	815	-	-	-	-	-	-	989	-	989
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	52,903	2,212	-	-	55,123	(55,123)	-	-	-
Total transactions with the owners	-	166	(196,503)	52,903	2,212	-	-	55,123	(216,061)	(357,267)	(0)	(357,275)
As of December 31, 2022	401,751	634,546	(504,659)	-	41,319	830,551	(1,789)	870,089	3,873,661	5,275,398	898	5,276,304

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

SEIKO EPSON CORPORATION

Quarterly Condensed Consolidated Statement of Cash Flows

Nine months ended December 31, 2021 and 2022

	Millions of yen		Thousands of
			U.S. dollars
	Nine months ended December 31, 2021	2022	Nine months ended December 31, 2022
Cash flows from operating activities			
Profit for the period	61,526	61,455	464,056
Depreciation and amortisation	48,505	51,804	391,180
Impairment loss (reversal of impairment loss)	1,428	85	641
Finance (income) costs	(451)	(5,653)	(42,686)
Share of (profit) loss of investments accounted for using the equity method	(96)	(96)	(724)
Loss (gain) on sale and disposal of property, plant and equipment, intangible assets and investment property	136	466	3,518
Income taxes	17,491	26,839	202,665
Decrease (increase) in trade receivables	332	(25,381)	(191,655)
Decrease (increase) in inventories	(22,759)	(67,962)	(513,191)
Increase (decrease) in trade payables	8,280	22,547	170,255
Increase (decrease) in net defined benefit liabilities	1,221	(612)	(4,621)
Other	(10,054)	2,145	16,197
Subtotal	105,561	65,636	495,627
Interest and dividends income received	1,206	2,379	17,964
Interest expenses paid	(748)	(862)	(6,509)
Income taxes paid	(18,637)	(31,160)	(235,294)
Net cash from (used in) operating activities	87,380	35,993	271,788
Cash flows from investing activities			
Purchase of investment securities	(458)	(827)	(6,244)
Proceeds from sales of investment securities	622	4	30
Purchase of property, plant and equipment	(26,913)	(33,853)	(255,629)
Proceeds from sale of property, plant and equipment	163	235	1,774
Purchase of intangible assets	(4,554)	(6,427)	(48,531)
Proceeds from sale of intangible assets	13	8	60
Proceeds from sale of investment property	352	-	-
Other	(936)	(5,026)	(37,952)
Net cash from (used in) investing activities	(31,710)	(45,887)	(346,500)
Cash flows from financing activities			
Net increase (decrease) in current borrowings	-	140	1,057
Repayment of non-current borrowings	-	(18,000)	(135,920)
Redemption of bonds issued	(20,000)	-	-
Payment of lease liabilities	(6,162)	(7,343)	(55,448)
Dividends paid	(21,451)	(21,313)	(160,937)
Dividends paid to non-controlling interests	(394)	(0)	(0)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(1,648)	-	-
Purchase of treasury shares	(1)	(26,131)	(197,319)
Decrease (increase) in deposits for purchase of treasury shares	-	(3,928)	(29,660)
Net cash from (used in) financing activities	(49,658)	(76,577)	(578,245)
Effect of exchange rate changes on cash and cash equivalents	5,286	10,353	78,177
Net increase (decrease) in cash and cash equivalents	11,298	(76,117)	(574,771)
Cash and cash equivalents at beginning of period	304,007	335,239	2,531,443
Cash and cash equivalents at end of period	315,306	259,122	1,956,671

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 Repobel (“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.