

## Financial Results for the Year ended March 31, 2023 [IFRS] (Consolidated)

April 28, 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 of Annual Shareholders Meeting: June 27, 2023

Scheduled starting date of payment for the dividends: June 28, 2023

Scheduled date to file Annual Securities Report: June 28, 2023

Reference materials regarding financial results for the period: Yes

Briefing on financial results: Yes (for analysts)

(Amounts are rounded down to the nearest million yen)

### 1. Results of the Year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

#### (1) Consolidated Operating Results

(%: Change from the 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	%
Year ended March 31, 2023	1,330,331	17.8	95,106	6.1	97,044	2.7	103,755	6.8	75,051	△18.7	75,043	△18.7
Year ended March 31, 2022	1,128,914	13.4	89,637	45.4	94,479	98.3	97,162	116.2	92,302	197.8	92,288	198.4

Note: Total comprehensive income for the period: Year ended March 31, 2023 ¥112,913 million (△17.1%)

Year ended March 31, 2022 ¥136,226 million (97.9%)

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	ROE *1	ROA *2	ROS *3
	Yen	Yen	%	%	%
Year ended March 31, 2023	220.75	220.70	10.8	7.3	7.1
Year ended March 31, 2022	266.73	266.64	15.2	7.4	7.9

\*1 Profit for the period attributable to owners of the parent company / Equity attributable to owners of the parent company (avg. balance)  
\*2 Business profit / Total assets (avg. balance)  
\*3 Business profit / Revenue

Reference: Equity gains (losses) of affiliates: Year ended March 31, 2023 ¥105 million

Year ended March 31, 2022 ¥113 million

#### (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	Equity attributable to owners of the parent company, per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	1,341,575	727,477	727,352	54.2	2,194.02
As of March 31, 2022	1,266,420	665,740	665,628	52.6	1,923.68

#### (3) Consolidated Cash Flows

	Net cash from (used in) operating activities	Net cash from (used in) investing activities	Net cash from (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	61,311	(61,602)	(79,349)	267,380
Year ended March 31, 2022	110,801	(44,083)	(51,771)	335,239

### 2. Cash Dividends

	Cash dividends per share					Total cash dividends	Dividend payout ratio	Ratio of dividends to equity attributable to owners of the parent company
	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	Year End	Year Total			
Year ended March 31, 2022	-	31.00	-	31.00	62.00	21,463	23.2	3.5
Year ended March 31, 2023	-	31.00	-	41.00	72.00	24,189	32.6	3.5
Year ending March 31, 2024 (Forecast)	-	37.00	-	37.00	74.00		37.2	

Note: Breakdown of dividend for the year ended March 31, 2023:

Regular dividend: 62.00 yen

Anniversary dividend: 10.00 yen (included in the year-end dividend)

### 3. Forecast for the Year ending March 31, 2024 (From April 1, 2023 to March 31, 2024)

(%: Change from the 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		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, 2024	1,360,000	2.2	100,000	5.1	94,000	△3.1	92,000	△11.3	66,000	△12.1	66,000	△12.1	199.09

※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 March 31, 2023	385,022,278	As of March 31, 2022	399,634,778
As of March 31, 2023	53,506,635	As of March 31, 2022	53,616,006
Year ended March 31, 2023	339,951,845	Year ended March 31, 2022	346,006,323

2. Treasury shares:

3. Average number of shares:

**(Reference) Summary of Non-Consolidated Financial Results**

**1. Results of the Year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)**

(1) Non-Consolidated Operating Results

(%: Change from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2023	969,999	17.8	18,700	△67.1	77,109	△37.6	69,931	△39.5
Year ended March 31, 2022	823,448	15.2	56,883	-	123,515	-	115,569	-

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended March 31, 2023	205.71		-	
Year ended March 31, 2022	334.01		-	

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	818,535	422,366	51.6	1,274.05
As of March 31, 2022	824,898	401,950	48.7	1,161.64

(Reference) Shareholders' equity: As of March 31, 2023 ¥422,366 million As of March 31, 2022 ¥401,950 million

※This report is not audited 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 "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, April 28, 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 ¥133.265 = U.S.\$1 at the end of the reporting period has been used for the purpose of presentation.

## **Operating Performance Highlights and Financial Condition**

### **Operating Results Overview**

The global economy in the year under review 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. On the other hand, longstanding supply chain issues have nearly come to an end. Availability of semiconductors and most other parts has dramatically improved. The long distribution lead-times caused by logistics disruptions have also improved. The future is clouded by uncertainty. There is concern that high inflation and recent turmoil in financial markets could result in serious downside risk due to a decline in consumer confidence and a cooling of household spending and investment. Therefore, we will continue to closely monitor the situation.

The average exchange rates of the yen against the U.S. dollar and of the yen against the euro during the year were ¥135.44 and ¥140.90, respectively. This represents a 21% depreciation of the yen against the dollar and an 8% depreciation of the yen against the euro compared to the previous year. 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 ¥1,330.3 billion, up 17.8% compared to last fiscal year. 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 ¥95.1 billion, up 6.1% compared to last fiscal year, despite a rise in manufacturing costs associated particularly with soaring prices for parts, materials, transport, and utilities. The increase in business profit was chiefly due to high selling prices and positive foreign exchange effects. Profit from operating activities was ¥97.0 billion, up 2.7% compared to last fiscal year. Profit before tax was ¥103.7 billion, up 6.8% compared to last fiscal year. Profit for the period attributable to owners of the parent company was ¥75.0 billion, down 18.7% from last fiscal year.

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

### **Printing Solutions Segment**

Revenue in the office and home printing business sharply increased. Ink cartridge printer unit sales decreased, but unit sales of high-capacity ink tank printers and office shared printers increased. 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 sharply increased. Commercial and industrial inkjet printer sales in China have been slowing due to the economic slowdown, but revenue grew owing to price hikes that kept selling prices high and positive foreign exchange effects. Consumables revenue increased due to the positive impact of foreign exchange rates, which more than offset a decrease in sales compared to last fiscal year, 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 in China in particular steadily recovered from the second quarter onward.

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 ¥902.3 billion, up 15.7% compared to the previous year. Segment profit was ¥89.3 billion, down 16.1% compared to the previous year.

## Visual Communications Segment

Revenue in the visual communications segment sharply increased primarily due to a combination of revenue growth in the firm European and North American 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 ¥216.8 billion, up 36.4% compared to the previous year. Segment profit was ¥34.8 billion, up 127.2% compared to the previous year.

## Manufacturing-Related & Wearables Segment

Revenue in the manufacturing solutions business was in line with the previous year mainly because positive foreign exchange effects offset a slowdown in sales in China.

Revenue in the wearable products business increased despite a decrease in sales of products such as movements. The increase was primarily due to a combination of growing demand from visitors to Japan, strong domestic sales, and positive foreign exchange effects.

In the microdevices business, crystal device revenue increased as a result of growth in sales of products for base stations, higher selling prices, and positive foreign exchange effects, which more than offset decreased demand in the consumer sector. Meanwhile, continued firm demand for semiconductors fueled sharp 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 ¥215.4 billion, up 12.2% compared to the previous year. Segment profit was ¥28.3 billion, up 22.9% compared to the previous year.

In addition to the above, Epson recognized an impairment loss of ¥1.8 billion in the manufacturing solutions business because it no longer expects to recover some of the investments considering the changes in the market environment and other factors.

## Adjustments

Adjustments to the total profit of reporting segments amounted to negative ¥57.3 billion. (Adjustments in the previous fiscal year were negative ¥55.2 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.

## **Financial Position Overview**

Total assets at the end of the fiscal year were ¥1,341.5 billion, an increase of ¥75.1 billion from the previous fiscal year end. While cash and cash equivalents decreased by ¥67.8 billion, total assets increased chiefly due to an ¥81.0 billion increase in inventories, a ¥33.5 billion increase in trade and other receivables, and a ¥17.6 billion increase in property, plant and equipment.

Total liabilities were ¥614.0 billion, up ¥13.4 billion compared to the end of the previous fiscal year. Although there was an ¥11.0 billion decrease in net defined benefit liabilities and a ¥9.8 billion decrease in bonds issued, borrowings and lease liabilities, total liabilities increased mainly because of a ¥13.4 billion increase in trade and other payables and a ¥21.0 billion increase in other current liabilities.

The equity attributable to owners of the parent company totaled ¥727.3 billion, a ¥61.7 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 ¥30.0 billion purchase of treasury shares, Epson recorded ¥75.0 billion in profit for the period attributable to owners of the parent company and recorded ¥37.8 billion in other comprehensive income, the primary component of which was exchange differences on translation of foreign operations.

## **Cash Flows Overview**

Net cash from operating activities during the year totaled ¥61.3 billion (compared to ¥110.8 billion in the previous year). Whereas profit for the period was ¥75.0 billion, net cash from operating activities decreased primarily because of negative factors such as a ¥60.2 billion increase in inventories and a ¥22.1 billion increase in trade receivables, which more than offset positive factors such as the declaration of ¥68.6 billion in depreciation and amortization.

Net cash used in investing activities totaled ¥61.6 billion (compared to ¥44.0 billion in the previous year), mainly because Epson used ¥59.0 billion in the acquisition of property, plant, equipment and purchase of intangible assets.

Net cash used in financing activities totaled ¥79.3 billion (compared to ¥51.7 billion in the previous year), chiefly due to ¥21.3 billion in dividends paid, a ¥30.0 billion purchase of treasury shares, 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 fiscal year, combined with the effects of exchange rate volatility, totaled ¥267.3 billion, down ¥67.8 billion from the end of the previous fiscal year.

## Outlook

The financial outlook for the 2023 fiscal year ending March 31, 2024 is summarized below. The figures in the outlook are based on assumed exchange rates of 129.00 yen to the U.S. dollar and 142.00 yen to the euro. For details, please see the fiscal year 2022 (ending March 2023) full-year financial results presentation that was announced simultaneously with this report.

### **Consolidated Full-Year Financial Outlook**

	FY2022 Result	FY2023 Plan	Change	
Revenue	¥1,330.3 billion	¥1,360.0 billion	+¥29.6 billion	(+2.2%)
Business profit	¥95.1 billion	¥100.0 billion	+¥4.8 billion	(+5.1%)
Profit from operating activities	¥97.0 billion	¥94.0 billion	-¥3.0 billion	(-3.1%)
Profit before tax	¥103.7 billion	¥92.0 billion	-¥11.7 billion	(-11.3%)
Profit for the period	¥75.0 billion	¥66.0 billion	-¥9.0 billion	(-12.1%)
Profit for the year attributable to owners of the parent company	¥75.0 billion	¥66.0 billion	-¥9.0 billion	(-12.1%)
Exchange rates	1 USD = ¥135.44	1 USD = ¥129.00		
	1 EUR = ¥140.90	1 EUR = ¥142.00		

**Consolidated Statement of Financial Position****Years ended March 31, 2022 and 2023:**

	Millions of yen		Thousands of U.S. dollars
	March 31, 2022	March 31, 2023	March 31, 2023
<u>Assets</u>			
Current assets			
Cash and cash equivalents	335,239	267,380	2,006,378
Trade and other receivables	168,221	201,801	1,514,283
Inventories	308,385	389,473	2,922,545
Income tax receivables	5,057	7,655	57,441
Other financial assets	769	2,164	16,238
Other current assets	16,797	24,030	180,317
Total current assets	834,469	892,505	6,697,219
Non-current assets			
Property, plant and equipment	343,172	360,866	2,707,882
Intangible assets	24,218	25,425	190,785
Investment property	1,108	1,097	8,231
Investments accounted for using the equity method	2,040	2,102	15,773
Net defined benefit assets	2,278	1,447	10,858
Other financial assets	20,192	23,976	179,912
Other non-current assets	4,181	2,220	16,658
Deferred tax assets	34,757	31,932	239,612
Total non-current assets	431,950	449,069	3,369,744
Total assets	1,266,420	1,341,575	10,066,971

# SEIKO EPSON CORPORATION

	Millions of yen		Thousands of U.S. dollars
	March 31, 2022	March 31, 2023	March 31, 2023
<u>Liabilities and equity</u>			
Liabilities			
Current liabilities			
Trade and other payables	146,201	159,658	1,198,049
Income tax payables	12,233	5,798	43,507
Bonds issued, borrowings and lease liabilities	26,297	38,613	289,745
Other financial liabilities	4,497	3,337	25,040
Provisions	10,993	11,327	84,996
Other current liabilities	131,817	152,900	1,147,338
Total current liabilities	332,040	371,635	2,788,691
Non-current liabilities			
Bonds issued, borrowings and lease liabilities	216,853	194,668	1,460,758
Other financial liabilities	3,788	3,717	27,891
Net defined benefit liabilities	24,210	13,164	98,780
Provisions	8,042	8,252	61,921
Other non-current liabilities	13,680	15,615	117,172
Deferred tax liabilities	2,064	7,044	52,857
Total non-current liabilities	268,640	242,461	1,819,389
Total liabilities	600,680	614,097	4,608,089
Equity			
Share capital	53,204	53,204	399,234
Capital surplus	84,010	83,979	630,165
Treasury shares	(40,808)	(55,586)	(417,108)
Other components of equity	89,068	119,455	896,371
Retained earnings	480,154	526,299	3,949,266
Equity attributable to owners of the parent company	665,628	727,352	5,457,937
Non-controlling interests	112	125	937
Total equity	665,740	727,477	5,458,875
Total liabilities and equity	1,266,420	1,341,575	10,066,971



**Consolidated Statement of Comprehensive Income****Years ended March 31, 2022 and 2023:**

	Millions of yen		Thousands of
	Year ended		U.S. dollars
	March 31,		Year ended
	2022	2023	March 31, 2023
Revenue	1,128,914	1,330,331	9,982,598
Cost of sales	(710,462)	(863,680)	(6,480,921)
Gross profit	418,451	466,651	3,501,677
Selling, general and administrative expenses	(328,814)	(371,544)	(2,788,008)
Other operating income	10,214	7,022	52,692
Other operating expense	(5,372)	(5,083)	(38,142)
Profit from operating activities	94,479	97,044	728,203
Finance income	4,698	8,639	64,825
Finance costs	(2,128)	(2,034)	(15,262)
Share of profit of investments accounted for using the equity method	113	105	787
Profit before tax	97,162	103,755	778,561
Income taxes	(4,859)	(28,703)	(215,382)
Profit for the period	92,302	75,051	563,171
Profit for the period attributable to:			
Owners of the parent company	92,288	75,043	563,111
Non-controlling interests	14	8	60
Profit for the period	92,302	75,051	563,171

# SEIKO EPSON CORPORATION

	Millions of yen		Thousands of
	Year ended		U.S. dollars
	March 31,		Year ended
	2022	2023	March 31, 2023
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss, net of tax			
Remeasurement of net defined benefit liabilities (assets)	10,541	7,762	58,244
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	(199)	1,857	13,934
Subtotal	10,341	9,619	72,179
Items that may be reclassified subsequently to profit or loss, net of tax			
Exchange differences on translation of foreign operations	34,573	27,827	208,809
Net changes in fair value of cash flow hedges	(1,085)	410	3,076
Share of other comprehensive income of investments accounted for using the equity method	95	3	22
Subtotal	33,582	28,241	211,916
Total other comprehensive income, net of tax	43,924	37,861	284,103
Total comprehensive income for the period	136,226	112,913	847,281
Total comprehensive income for the period attributable to:			
Owners of the parent company	136,206	112,899	847,176
Non-controlling interests	20	13	97
Total comprehensive income for the period	136,226	112,913	847,281

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

	Yen		U.S. dollars
	Year ended		Year ended
	March 31,		March 31,
	2022	2023	2023
Earnings per share for the period:			
Basic earnings per share for the period	266.73	220.75	1.66
Diluted earnings per share for the period	266.64	220.70	1.66

**Consolidated Statement of Changes in Equity****Years ended March 31, 2022 and 2023**

	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	-	-	-	-	-	-	-	-	92,288	92,288	14	92,302
Other comprehensive income	-	-	-	10,541	(199)	34,662	(1,085)	43,918	-	43,918	6	43,924
Total comprehensive income for the period	-	-	-	10,541	(199)	34,662	(1,085)	43,918	92,288	136,206	20	136,226
Acquisition of treasury shares	-	-	(1)	-	-	-	-	-	-	(1)	-	(1)
Cancellation of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	(21,451)	(21,451)	(394)	(21,846)
Share-based payment transactions	-	(6)	66	-	-	-	-	-	-	59	-	59
Changes in ownership interest in subsidiaries	-	(401)	-	-	-	291	-	291	-	(109)	(1,539)	(1,648)
Transfer from other components of equity to retained earnings	-	-	-	(10,541)	530	-	-	(10,010)	10,010	-	-	-
Total transactions with the owners	-	(408)	65	(10,541)	530	291	-	(9,719)	(11,440)	(21,502)	(1,933)	(23,436)
As of March 31, 2022	53,204	84,010	(40,808)	-	3,560	87,146	(1,638)	89,068	480,154	665,628	112	665,740

(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								Retained earnings	Total equity attributable to owners of the parent company	Non-controlling interests	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				
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	-	-	-	-	-	-	-	-	75,043	75,043	8	75,051
Other comprehensive income	-	-	-	7,762	1,857	27,826	410	37,856	-	37,856	4	37,861
Total comprehensive income for the period	-	-	-	7,762	1,857	27,826	410	37,856	75,043	112,899	13	112,913
Acquisition of treasury shares	-	-	(30,042)	-	-	-	-	-	-	(30,042)	-	(30,042)
Cancellation of treasury shares	-	(102)	15,156	-	-	-	-	-	(15,054)	-	-	-
Dividends	-	-	-	-	-	-	-	-	(21,313)	(21,313)	(0)	(21,313)
Share-based payment transactions	-	71	108	-	-	-	-	-	-	180	-	180
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	(7,762)	293	-	-	(7,468)	7,468	-	-	-
Total transactions with the owners	-	(30)	(14,777)	(7,762)	293	-	-	(7,468)	(28,898)	(51,175)	(0)	(51,175)
As of March 31, 2023	53,204	83,979	(55,586)	-	5,711	114,972	(1,227)	119,455	526,299	727,352	125	727,477

(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								Retained earnings	Total equity attributable to owners of the parent company	Non-controlling interests	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				
As of April 1, 2022	399,234	630,398	(306,216)	-	26,713	653,930	(12,291)	668,352	3,603,001	4,994,769	840	4,995,610
Profit for the period	-	-	-	-	-	-	-	-	563,111	563,111	60	563,171
Other comprehensive income	-	-	-	58,244	13,934	208,802	3,076	284,065	-	284,065	30	284,103
Total comprehensive income for the period	-	-	-	58,244	13,934	208,802	3,076	284,065	563,111	847,176	97	847,281
Acquisition of treasury shares	-	-	(225,430)	-	-	-	-	-	-	(225,430)	-	(225,430)
Cancellation of treasury shares	-	(765)	113,728	-	-	-	-	-	(112,962)	-	-	-
Dividends	-	-	-	-	-	-	-	-	(159,929)	(159,929)	(0)	(159,929)
Share-based payment transactions	-	532	810	-	-	-	-	-	-	1,350	-	1,350
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	(58,244)	2,198	-	-	(56,038)	56,038	-	-	-
Total transactions with the owners	-	(225)	(110,884)	(58,244)	2,198	-	-	(56,038)	(216,846)	(384,009)	(0)	(384,009)
As of March 31, 2023	399,234	630,165	(417,108)	-	42,854	862,732	(9,207)	896,371	3,949,266	5,457,937	937	5,458,875

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

# SEIKO EPSON CORPORATION

## Consolidated Statement of Cash Flows

Years ended March 31, 2022 and 2023:

	Millions of yen		Thousands of
			U.S. dollars
	Year ended March 31, 2022	2023	Year ended March 31, 2023
Cash flows from operating activities			
Profit for the period	92,302	75,051	563,171
Depreciation and amortisation	64,595	68,696	515,484
Impairment loss (reversal of impairment loss)	1,460	1,966	14,752
Finance (income) costs	(2,569)	(6,604)	(49,555)
Share of (profit) loss of investments accounted for using the equity method	(113)	(105)	(787)
Loss (gain) on sale and disposal of property, plant and equipment, intangible assets and investment property	232	(716)	(5,372)
Income taxes	4,859	28,703	215,382
Decrease (increase) in trade receivables	3,006	(22,131)	(166,067)
Decrease (increase) in inventories	(28,230)	(60,253)	(452,129)
Increase (decrease) in trade payables	2,175	(1,645)	(12,343)
Increase (decrease) in net defined benefit liabilities	1,532	(799)	(5,995)
Other	(6,428)	11,100	83,292
Subtotal	132,823	93,260	699,808
Interest and dividends income received	1,470	3,339	25,055
Interest expenses paid	(1,071)	(1,208)	(9,064)
Income taxes paid	(22,420)	(34,080)	(255,731)
Net cash from (used in) operating activities	110,801	61,311	460,068
Cash flows from investing activities			
Purchase of investment securities	(747)	(827)	(6,205)
Proceeds from sales of investment securities	622	154	1,155
Purchase of property, plant and equipment	(38,602)	(50,551)	(379,326)
Proceeds from sale of property, plant and equipment	245	1,058	7,939
Purchase of intangible assets	(5,242)	(8,545)	(64,120)
Proceeds from sale of intangible assets	33	21	157
Proceeds from sale of investment property	352	1,985	14,895
Other	(746)	(4,897)	(36,746)
Net cash from (used in) investing activities	(44,083)	(61,602)	(462,251)
Cash flows from financing activities			
Net increase (decrease) in current borrowings	-	9	67
Proceeds from non-current borrowings	500	-	-
Repayment of non-current borrowings	(500)	(18,000)	(135,069)
Redemption of bonds issued	(20,000)	-	-
Payment of lease liabilities	(8,275)	(10,003)	(75,060)
Dividends paid	(21,451)	(21,313)	(159,929)
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)	(30,042)	(225,430)
Net cash from (used in) financing activities	(51,771)	(79,349)	(595,422)
Effect of exchange rate changes on cash and cash equivalents	16,285	11,781	88,402
Net increase (decrease) in cash and cash equivalents	31,232	(67,859)	(509,203)
Cash and cash equivalents at beginning of period	304,007	335,239	2,515,581
Cash and cash equivalents at end of period	335,239	267,380	2,006,378

## Notes to Consolidated Financial Statements

### 1. Note for Going Concern Assumption

Not applicable.

### 2. Segment Information

#### (1) Outline of Reportable Segments

The reportable segments of Epson are determined based on the operating segments that are components of Epson for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors in deciding how to allocate resources and in assessing performance.

The reportable segments of Epson are composed of three segments: “Printing Solutions”, “Visual Communications” and “Manufacturing-related & Wearables.” They are determined by types of products, nature of products, and markets.

Epson conducts development, manufacturing and sales within its reportable segments as follows:

Reportable segments	Main products
Printing Solutions	Office/ Home inkjet printers, serial impact dot matrix printers, page printers, color image scanners, dry process office papermaking systems, commercial and industrial inkjet printers, inkjet printheads, printers for use in POS systems, label printers, printer consumables, and others
Visual Communications	3LCD projectors, smart glasses, and others
Manufacturing-related & Wearables	Industrial robots, compact injection molders, wristwatches, watch movements, quartz crystal devices, semiconductors, metal powders, surface finishing, PC, and others

**(2) Revenues and Performances of Reportable Segments**

Revenues and performances of reportable segments were as follows. Transfer prices between the segments were based on prevailing market prices.

FY2021: Year ended March 31, 2022

	Millions of yen				Adjustments (Note 2)	Consolidated
	Reportable segments					
	Printing Solutions	Visual Communications	Manufacturing- related & Wearables	Subtotal		
<b>Revenue</b>						
External revenues	779,920	159,034	182,586	1,121,540	7,373	1,128,914
Intersegment revenues	27	0	9,398	9,426	(9,426)	-
<b>Total revenue</b>	<b>779,947</b>	<b>159,034</b>	<b>191,984</b>	<b>1,130,966</b>	<b>(2,052)</b>	<b>1,128,914</b>
<b>Segment profit (loss) (Business profit) (Note 1)</b>	<b>106,471</b>	<b>15,354</b>	<b>23,026</b>	<b>144,851</b>	<b>(55,214)</b>	<b>89,637</b>
						4,842
						94,479
						2,569
						113
						97,162

**Other items**

	Reportable segments				Adjustments (Note 3)	Consolidated
	Printing Solutions	Visual Communications	Manufacturing- related & Wearables	Subtotal		
Depreciation and amortisation	(37,732)	(10,321)	(8,717)	(56,771)	(7,696)	(64,468)
Impairment losses of assets other than financial assets	(137)	(1)	(26)	(165)	(1,295)	(1,460)
Segment assets	503,833	131,538	159,030	794,401	472,018	1,266,420
Capital expenditures	28,443	4,183	11,314	43,941	4,344	48,285

(Note 1) Segment profit (loss) (Business profit) is calculated by subtracting Cost of sales and Selling, general and administrative expenses from Revenue.

(Note 2) “Adjustments” of (¥55,214) million in Segment profit (loss) (Business profit) comprised ¥581 million in eliminated intersegment transactions and (¥55,796) million in Corporate and Other. Corporate and Other mainly included expenses relating to research and development for basic technology, as well as revenues and expenses relating to new businesses and general corporate functions which are not attributed to reportable segments.

(Note 3) “Adjustments” of ¥472,018 million in Segment assets included elimination of intersegment transactions of (¥6,815) million and other amounts mainly consisted of corporate assets which are not attributed to reportable segments.

# SEIKO EPSON CORPORATION

FY2022: Year ended March 31, 2023

	Millions of yen					Adjustments (Note 2)	Consolidated
	Reportable segments				Subtotal		
	Printing Solutions	Visual Communications	Manufacturing- related & Wearables				
<b>Revenue</b>							
External revenues	902,345	216,868	205,415	1,324,630	5,701	1,330,331	
Intersegment revenues	22	0	10,075	10,098	(10,098)	-	
<b>Total revenue</b>	<b>902,368</b>	<b>216,869</b>	<b>215,490</b>	<b>1,334,728</b>	<b>(4,396)</b>	<b>1,330,331</b>	
<b>Segment profit (loss) (Business profit) (Note 1)</b>	<b>89,314</b>	<b>34,878</b>	<b>28,302</b>	<b>152,496</b>	<b>(57,389)</b>	<b>95,106</b>	
				Other operating income (expense)		1,938	
				Profit from operating activities		97,044	
				Finance income (costs)		6,604	
				Share of profit of investments accounted for using the equity method		105	
				Profit before tax		103,755	

Other items

	Reportable segments				Adjustments (Note 3)	Consolidated
	Printing Solutions	Visual Communications	Manufacturing- related & Wearables	Subtotal		
	Depreciation and amortisation	(41,398)	(10,211)	(9,919)		
Impairment losses of assets other than financial assets	(47)	(25)	(Note 4) (1,853)	(1,926)	(39)	(1,966)
<b>Segment assets</b>	<b>606,278</b>	<b>155,772</b>	<b>173,475</b>	<b>935,525</b>	<b>406,049</b>	<b>1,341,575</b>
<b>Capital expenditures</b>	<b>47,440</b>	<b>7,319</b>	<b>14,901</b>	<b>69,661</b>	<b>8,708</b>	<b>78,370</b>

(Note 1) Segment profit (loss) (Business profit) is calculated by subtracting Cost of sales and Selling, general and administrative expenses from Revenue.

(Note 2) “Adjustments” of (¥57,389) million in Segment profit (loss) (Business profit) comprised ¥493 million in eliminated intersegment transactions and (¥57,883) million in Corporate and Other. Corporate and Other mainly included expenses relating to research and development for basic technology, as well as revenues and expenses relating to new businesses and general corporate functions which are not attributed to reportable segments.

(Note 3) “Adjustments” of ¥406,049 million in Segment assets included elimination of intersegment transactions of (¥6,849) million and other amounts mainly consisted of corporate assets which are not attributed to reportable segments.

(Note 4) Epson recognised an impairment loss of (¥1,850) million in the manufacturing solutions business because it no longer expects to recover some of the investments considering the changes in the market environment and other factors.



# SEIKO EPSON CORPORATION

FY2022: Year ended March 31, 2023

Thousands of U.S. dollars

	Reportable segments				Adjustments (Note 2)	Consolidated
	Printing Solutions	Visual Communications	Manufacturing- related & Wearables	Subtotal		
<b>Revenue</b>						
External revenues	6,771,057	1,627,344	1,541,402	9,939,819	42,779	9,982,598
Intersegment revenues	165	0	75,601	75,773	(75,773)	-
<b>Total revenue</b>	<b>6,771,230</b>	<b>1,627,351</b>	<b>1,617,003</b>	<b>10,015,592</b>	<b>(32,986)</b>	<b>9,982,598</b>
<b>Segment profit (loss)</b>						
(Business profit) (Note 1)	670,198	261,719	212,373	1,144,306	(430,638)	713,660
			Other operating income (expense)			14,542
			Profit from operating activities			728,203
			Finance income (costs)			49,555
			Share of profit of investments accounted for using the equity method			787
			Profit before tax			778,561

Other items

	Reportable segments				Adjustments (Note 3)	Consolidated
	Printing Solutions	Visual Communications	Manufacturing- related & Wearables	Subtotal		
Depreciation and amortisation	(310,644)	(76,621)	(74,430)	(461,696)	(53,179)	(514,883)
Impairment losses of assets other than financial assets	(352)	(187)	(Note 4) (13,904)	(14,452)	(292)	(14,752)
Segment assets	4,549,416	1,168,889	1,301,729	7,020,035	3,046,929	10,066,971
Capital expenditures	355,982	54,920	111,814	522,725	65,343	588,076

(Note 1) Segment profit (loss) (Business profit) is calculated by subtracting Cost of sales and Selling, general and administrative expenses from Revenue.

(Note 2) "Adjustments" of (\$430,638) thousand in Segment profit (loss) (Business profit) comprised \$3,699 thousand in eliminated intersegment transactions and of (\$434,345) thousand in Corporate and Other. Corporate and Other mainly included expenses relating to research and development for basic technology, as well as revenues and expenses relating to new businesses and general corporate functions which are not attributed to reportable segments.

(Note 3) "Adjustments" of \$3,046,929 thousand in Segment assets included elimination of intersegment transactions of (\$51,393) thousand and other amounts mainly consisted of corporate assets which are not attributed to reportable segments.

(Note 4) Epson recognised an impairment loss of (\$13,882) thousand in the manufacturing solutions business because it no longer expects to recover some of the investments considering the changes in the market environment and other factors.

**(3) Geographic Information**

The regional breakdowns of non-current assets and external revenues as of each fiscal year end were as follows:

Non-current Assets

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2022	2023	2023
Japan	207,846	210,741	1,581,367
The Philippines	43,289	44,528	334,131
Indonesia	31,894	33,737	253,157
China	27,244	26,261	197,058
Other	62,407	74,339	557,828
Total	372,681	389,609	2,923,565

(Note) Non-current assets, excluding Investments accounted for using the equity method, Other financial assets, Deferred tax assets and retirement benefits assets, are segmented by the location of the assets.

External Revenue

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31,		Year ended March 31,
	2022	2023	2023
Japan	229,100	232,005	1,740,929
The United States	238,361	309,741	2,324,248
China	171,437	186,314	1,398,071
Other	490,015	602,269	4,519,333
Total	1,128,914	1,330,331	9,982,598

(Note) Revenues are segmented by country based on the location of the customers.

**(4) Information about Major Customers**

Epson had no transactions with a single external customer amounting to 10% or more of total external revenues.

### 3. Earnings per Share

#### (1) Basis of calculating basic earnings per share

	Millions of yen		Thousands of U.S. dollars	
	Year ended March 31,		Year ended March 31,	
	2022	2023	2023	
Profit for the period attributable to owners of the parent company	92,288	75,043	563,111	
Profit for the period not attributable to owners of the parent company	-	-	-	
Profit used for calculation of basic earnings per share	92,288	75,043	563,111	
Weighted-average number of ordinary shares outstanding (Thousands of Shares)	346,006	339,952	339,952	
Basic earnings per share	(Yen) 266.73	(Yen) 220.75	(\$) 1.66	

#### (2) Basis of calculating diluted earnings per share

	Millions of yen		Thousands of U.S. dollars	
	Year ended March 31,		Year ended March 31,	
	2022	2023	2023	
Profit used for calculation of basic earnings per share	92,288	75,043	563,111	
Adjustments	-	-	-	
Profit used for calculation of diluted earnings per share	92,288	75,043	563,111	
Weighted-average number of ordinary shares outstanding (Thousands of Shares)	346,006	339,952	339,952	
Effect of dilutive potential ordinary shares				
BIP trust for eligible officers (Thousands of Shares)	105	77	77	
Weighted-average number of ordinary shares diluted (Thousands of Shares)	346,112	340,029	340,029	
Diluted earnings per share	(Yen) 266.64	(Yen) 220.70	(\$) 1.66	

(Note) For the purpose of calculation of basic earnings per share and diluted earnings per share, the shares of the Company held by BIP trust are accounted as treasury shares and the number of those shares are deducted from weighted-average number of ordinary shares outstanding during the period.

## *4. 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.

## *5. Subsequent Events*

No material subsequent events were identified.