

Financial Results for the First Quarter ended June 30, 2023 [IFRS](Consolidated)

July 28, 2023

Stock Listing: TOKYO

Name of the listed company: SEIKO EPSON CORPORATION

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

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Scheduled date to file Quarterly Securities Report: August 1, 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 Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

(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, 2023	314,840	5.7	15,599	△31.1	19,713	△36.8	28,273	△23.7	20,189	△24.3	20,188	△24.3
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

Note: Total comprehensive income for the period: Three months ended June 30, 2023 ¥55,009 million (△9.4%)

Three months ended June 30, 2022 ¥60,746 million (184.9%)

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
	Yen	Yen
Three months ended June 30, 2023	60.90	60.89
Three months ended June 30, 2022	77.10	77.08

(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, 2023	1,375,351	768,948	768,814	55.9
As of March 31, 2023	1,341,575	727,477	727,352	54.2

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, 2023	—	31.00	—	41.00	72.00
Year ending March 31, 2024	—				
Year ending March 31, 2024 (Forecast)		37.00	—	37.00	74.00

Note: Changes from the latest announced forecasts: None

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

Regular dividend: 62.00 yen

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

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

(%: 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, 2024	1,380,000	3.7	100,000	5.1	96,000	△1.1	101,000	△2.7	72,000	△4.1	72,000	△4.1	217.18

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: Yes

2. Changes in accounting policies other than the changes above: None

3. Changes in accounting estimates: None

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

(3) Number of shares outstanding

(share)

1. Issued shares (including treasury shares):

As of June 30, 2023	385,022,278	As of March 31, 2023	385,022,278
As of June 30, 2023	53,501,704	As of March 31, 2023	53,506,635
Three months ended June 30, 2023	331,518,362	Three months ended June 30, 2022	346,019,405

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 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 ¥144.885 = 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 2023 First Quarter (April 1 to June 30, 2023)

The global economy in the first quarter of the year under review showed stronger signs of a global economic slowdown, with ongoing high inflation and the tightening of monetary policy by countries around the world. The slow pace of economic recovery in China has had a particularly significant impact on the global economy. Meanwhile, although US consumption has thus far remained firm, there are growing concerns about an economic downturn in Europe and North America. Moreover, the economic growth rate in emerging countries is also decelerating. Looking at the situation by product market, the device market, and the semiconductor market in particular, has entered an inventory adjustment phase due to a decline in demand since the peak, and the market situation is deteriorating. As for the future, risks such as high global inflation and a protracted economic slowdown are ongoing, and the future is clouded by uncertainty. Epson 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 quarter of the fiscal year were ¥137.18 and ¥149.40, respectively. This represents a 6% 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 remained weak against the currencies of some emerging countries, in places such as Latin America.

The positive effects of a weaker yen helped to boost revenue to ¥314.8 billion, an increase of 5.7% from the prior-year period, with the printing solutions and visual communications segments the primary beneficiaries. Business profit was ¥15.5 billion, down 31.1% from the prior-year period, because the positive foreign exchange effects of a weak yen were more than offset by a sharp drop in revenue in the microdevices business. Profit from operating activities was ¥19.7 billion, down 36.8% from the prior-year period. Profit before tax was ¥28.2 billion, down 23.7% from the prior-year period. Profit for the period attributable to owners of the parent company was ¥20.1 billion, down 24.3% 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. While unit sales of ink cartridge printers sharply decreased, inkjet printer revenue increased. Revenue benefitted from an increase in unit sales of high-capacity ink tank printers in emerging markets, growth in sales of office shared inkjet printers with the launch of high-speed linehead inkjet multifunction printers, and positive foreign exchange effects. Sales of inkjet printer consumables increased owing to growth in sales of ink cartridges, ink bottles for high-capacity ink tank printers, and ink for office shared printers.

Revenue in the commercial and industrial printing business sharply increased. Commercial and industrial inkjet printer revenue increased despite a decline in unit sales in Europe and North America, where investment demand fell along with rising interest rates. The increase in revenue was the result of a rebound in demand in China from the prior-year period, when China was still under the country's zero-COVID policy, and positive foreign exchange effects. Sales of consumables for commercial and industrial inkjet printers increased due to a combination of positive foreign exchange effects and sales growth from the prior-year period, when ink demand from major customers in North America decreased. Small printer sales increased sharply compared to the prior-year period, when sales were impacted by supply constraints.

The printhead sales business recorded a sharp increase in revenue primarily owing to increased demand in

China.

Segment profit in the printing solutions segment increased due to a combination of dynamic pricing, fixed cost control, and positive foreign exchange effects.

As a result of the foregoing factors, revenue in the printing solutions segment was ¥215.1 billion, up 8.8% from the prior-year period. Segment profit was ¥22.3 billion, up 6.0% from the prior-year period.

Visual Communications Segment

Revenue in the visual communications segment sharply increased primarily due to revenue growth in the North American education market and in emerging markets after product shortages eased.

Segment profit in the visual communications business increased on higher revenue and positive foreign exchange effects.

As a result of the foregoing factors, revenue in the visual communications segment was ¥52.9 billion, up 15.9% from the prior-year period. Segment profit was ¥6.7 billion, up 5.9% from the prior-year period.

Manufacturing-Related & Wearables Segment

Revenue in the manufacturing solutions business sharply decreased due to a decrease in sales in China.

Revenue in the wearable products business decreased. Although domestic sales increased primarily due to tourist demand, this was more than offset by a deceleration in demand in China, Europe, and North America.

Revenue in the microdevices business sharply decreased. Crystal device sales fell sharply, particularly in China, due to decreased demand associated with market inventory adjustments. Semiconductor sales increased from the prior-year period, when production was constrained by materials shortages.

Segment profit in the manufacturing-related and wearables segment sharply decreased primarily due to lower revenue in the microdevices business.

As a result of the foregoing factors, revenue in the manufacturing-related and wearables segment was ¥47.3 billion, down 15.4% from the prior-year period. Segment profit was ¥0.7 billion, down 90.8% from the prior-year period.

Adjustments

Adjustments to the total profit of reporting segments amounted to negative ¥14.3 billion. (Adjustments in the prior-year period were negative ¥13.4 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 first quarter were ¥1,375.3 billion, an increase of ¥33.7 billion from the previous fiscal year end. Exchange rates due to the weak yen were a major factor in this increase, as there was a ¥4.4 billion increase in cash and cash equivalents, an ¥18.3 billion increase in inventories, and a ¥6.2 billion increase in property, plant and equipment.

Total liabilities were ¥606.4 billion, down ¥7.6 billion compared to the end of the previous fiscal year. This was mainly due to a ¥14.5 billion decrease in trade and other payables.

The equity attributable to owners of the parent company totaled ¥768.8 billion, a ¥41.4 billion increase compared to the previous fiscal year end. The main reasons for the increase were that, while there were ¥13.5 billion in dividend payments, Epson recorded ¥20.1 billion in profit for the period attributable to owners of the parent company and ¥34.8 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 quarter of the year totaled ¥27.3 billion (compared to ¥12.3 billion in net cash used in operating activities in the prior-year period). This was due to having recorded ¥20.1 billion in profit for the period and to factors such as a ¥21.1 billion decrease in trade receivables.

Net cash used in investing activities totaled ¥20.9 billion (compared to ¥18.5 billion in net cash used in the prior-year period), mainly because Epson used ¥13.8 billion in the purchase of property, plant, and equipment and the purchase of intangible assets.

Net cash used in financing activities totaled ¥15.9 billion (compared to ¥13.0 billion in net cash used in the prior-year period), mainly because of a payment of ¥13.5 billion in dividends.

As a result of the foregoing, the balance of cash and cash equivalents at the end of the first quarter, combined with the effects of exchange rate volatility, totaled ¥271.7 billion, up ¥4.4 billion from the end of last fiscal year.

Qualitative Information Regarding the Consolidated Financial Outlook

Although Epson anticipate a challenging market environment in the second quarter and beyond and are projecting a decline in sales, particularly in the microdevices business, we have raised the revenue forecast in the financial outlook for the 2023 fiscal year ending March 31, 2024. We did so after factoring in yen exchange rates, which are trending lower than assumed when we prepared the previous outlook. We are reiterating the previous outlook for business profit after factoring in foreign exchange effects due to the weak yen and continued cost containment. We are also raising the previous outlook for profit from operating activities and each level of profit thereafter based chiefly on the prospect of foreign exchange gains associated with the weakening of the yen. The figures in the outlook are based on assumed exchange rates from the second quarter of 137.00 yen to the U.S. dollar and 154.00 yen to the euro.

For details, please see the fiscal year 2023 (ending March 2024) first-quarter financial results presentation that was announced simultaneously with this report.

Consolidated Full-Year Financial Outlook

	FY2022 Result	Previous Outlook (A)	Current Outlook (B)	Change (B - A)	
Revenue	¥1,330.3 billion	¥1,360.0 billion	¥1,380.0 billion	+¥20.0 billion	(+1.5%)
Business profit	¥95.1 billion	¥100.0 billion	¥100.0 billion	-	-
Profit from operating activities	¥97.0 billion	¥94.0 billion	¥96.0 billion	+¥2.0 billion	(+2.1%)
Profit before tax	¥103.7 billion	¥92.0 billion	¥101.0 billion	+¥9.0 billion	(+9.8%)
Profit for the period	¥75.0 billion	¥66.0 billion	¥72.0 billion	+¥6.0 billion	(+9.1%)
Profit for the year attributable to owners of the parent company	¥75.0 billion	¥66.0 billion	¥72.0 billion	+¥6.0 billion	(+9.1%)
Exchange rates	1 USD = ¥135.44	1 USD = ¥129.00	1 USD = ¥137.00		
	1 EUR = ¥140.90	1 EUR = ¥142.00	1 EUR = ¥153.00		

Quarterly Condensed Consolidated Statement of Financial Position

	Millions of yen		Thousands of U.S. dollars
	March 31, 2023	June 30, 2023	June 30, 2023
<u>Assets</u>			
Current assets			
Cash and cash equivalents	267,380	271,795	1,875,936
Trade and other receivables	201,801	194,271	1,340,863
Inventories	389,473	407,828	2,814,839
Income tax receivables	7,655	10,335	71,332
Other financial assets	2,164	3,881	26,786
Other current assets	24,030	28,140	194,223
Total current assets	892,505	916,252	6,323,994
Non-current assets			
Property, plant and equipment	360,866	367,083	2,533,616
Intangible assets	25,425	25,576	176,526
Investment property	1,097	1,097	7,571
Investments accounted for using the equity method	2,102	2,125	14,666
Net defined benefit assets	1,447	1,068	7,371
Other financial assets	23,976	26,476	182,738
Other non-current assets	2,220	2,287	15,784
Deferred tax assets	31,932	33,382	230,403
Total non-current assets	449,069	459,098	3,168,706
Total assets	1,341,575	1,375,351	9,492,708

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	Millions of yen		Thousands of U.S. dollars
	March 31, 2023	June 30, 2023	June 30, 2023
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	159,658	145,137	1,001,739
Income tax payables	5,798	11,086	76,515
Bonds issued, borrowings and lease liabilities	38,613	39,097	269,848
Other financial liabilities	3,337	8,285	57,183
Provisions	11,327	12,034	83,058
Other current liabilities	152,900	147,239	1,016,247
Total current liabilities	371,635	362,880	2,504,607
Non-current liabilities			
Bonds issued, borrowings and lease liabilities	194,668	196,471	1,356,047
Other financial liabilities	3,717	4,241	29,271
Net defined benefit liabilities	13,164	9,664	66,701
Provisions	8,252	8,605	59,391
Other non-current liabilities	15,615	16,145	111,433
Deferred tax liabilities	7,044	8,394	57,935
Total non-current liabilities	242,461	243,522	1,680,795
Total liabilities	614,097	606,403	4,185,409
Equity			
Share capital	53,204	53,204	367,215
Capital surplus	83,979	84,025	579,942
Treasury shares	(55,586)	(55,578)	(383,600)
Other components of equity	119,455	151,332	1,044,497
Retained earnings	526,299	535,829	3,698,305
Equity attributable to owners of the parent company	727,352	768,814	5,306,374
Non-controlling interests	125	133	917
Total equity	727,477	768,948	5,307,298
Total liabilities and equity	1,341,575	1,375,351	9,492,708

SEIKO EPSON CORPORATION

Quarterly Condensed Consolidated Statement of Comprehensive Income

Three months ended June 30, 2022 and 2023:

	Millions of yen		Thousands of
	Three months ended		U.S. dollars
	June 30,		Three months ended
	2022	2023	June 30, 2023
Revenue	297,874	314,840	2,173,033
Cost of sales	(192,231)	(207,103)	(1,429,430)
Gross profit	105,642	107,736	743,596
Selling, general and administrative expenses	(82,987)	(92,136)	(635,925)
Other operating income	9,299	4,941	34,102
Other operating expense	(739)	(828)	(5,714)
Profit from operating activities	31,214	19,713	136,059
Finance income	6,350	9,278	64,036
Finance costs	(545)	(719)	(4,962)
Share of profit of investments accounted for using the equity method	20	1	6
Profit before tax	37,040	28,273	195,140
Income taxes	(10,358)	(8,084)	(55,795)
Profit for the period	26,682	20,189	139,344
Profit for the period attributable to:			
Owners of the parent company	26,679	20,188	139,338
Non-controlling interests	2	1	6
Profit for the period	26,682	20,189	139,344

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	Millions of yen		Thousands of
	Three months ended		U.S. dollars
	June 30,		Three months ended
	2022	2023	June 30, 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)	(4,216)	2,934	20,250
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	762	919	6,342
Subtotal	(3,453)	3,854	26,600
Items that may be reclassified subsequently to profit or loss, net of tax			
Exchange differences on translation of foreign operations	37,205	31,800	219,484
Net changes in fair value of cash flow hedges	267	(859)	(5,928)
Share of other comprehensive income of investments accounted for using the equity method	44	25	172
Subtotal	37,517	30,965	213,721
Total other comprehensive income, net of tax	34,064	34,819	240,321
Total comprehensive income for the period	60,746	55,009	379,673
Total comprehensive income for the period attributable to:			
Owners of the parent company	60,737	55,000	379,611
Non-controlling interests	9	9	62
Total comprehensive income for the period	60,746	55,009	379,673

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

	Yen		U.S. dollars
	Three months ended		Three months ended
	June 30,		June 30,
	2022	2023	2023
Earnings per share for the period:			
Basic earnings per share for the period	77.10	60.90	0.42
Diluted earnings per share for the period	77.08	60.89	0.42

Quarterly Condensed Consolidated Statement of Changes in Equity

Three months ended June 30, 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, 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
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

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	Millions of yen											
	Equity attributable to owners of the parent company								Retained earnings	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Other components of equity								
Remeasurement of net defined benefit liabilities (assets)				Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	Exchange differences on translation of foreign operations	Net changes in fair value of cash flow hedges	Total other components of equity					
As of April 1, 2023	53,204	83,979	(55,586)	-	5,711	114,972	(1,227)	119,455	526,299	727,352	125	727,477
Profit for the period	-	-	-	-	-	-	-	-	20,188	20,188	1	20,189
Other comprehensive income	-	-	-	2,934	919	31,817	(859)	34,811	-	34,811	8	34,819
Total comprehensive income for the period	-	-	-	2,934	919	31,817	(859)	34,811	20,188	55,000	9	55,009
Acquisition of treasury shares	-	-	(0)	-	-	-	-	-	-	(0)	-	(0)
Dividends	-	-	-	-	-	-	-	-	(13,592)	(13,592)	(0)	(13,592)
Share-based payment transactions	-	45	8	-	-	-	-	-	-	54	-	54
Transfer from other components of equity to retained earnings	-	-	-	(2,934)	-	-	-	(2,934)	2,934	-	-	-
Total transactions with the owners	-	45	8	(2,934)	-	-	-	(2,934)	(10,657)	(13,538)	(0)	(13,538)
As of June 30, 2023	53,204	84,025	(55,578)	-	6,630	146,789	(2,087)	151,332	535,829	768,814	133	768,948

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

	Thousands of U.S. dollars											
	Equity attributable to owners of the parent company								Retained earnings	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Other components of equity								
Remeasurement of net defined benefit liabilities (assets)				Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	Exchange differences on translation of foreign operations	Net changes in fair value of cash flow hedges	Total other components of equity					
As of April 1, 2023	367,215	579,625	(383,656)	-	39,417	793,539	(8,468)	824,481	3,632,529	5,020,202	862	5,021,064
Profit for the period	-	-	-	-	-	-	-	-	139,338	139,338	6	139,344
Other comprehensive income	-	-	-	20,250	6,342	219,601	(5,928)	240,266	-	240,266	55	240,321
Total comprehensive income for the period	-	-	-	20,250	6,342	219,601	(5,928)	240,266	139,338	379,611	62	379,673
Acquisition of treasury shares	-	-	(0)	-	-	-	-	-	-	(0)	-	(0)
Dividends	-	-	-	-	-	-	-	-	(93,812)	(93,812)	(0)	(93,812)
Share-based payment transactions	-	310	55	-	-	-	-	-	-	372	-	372
Transfer from other components of equity to retained earnings	-	-	-	(20,250)	-	-	-	(20,250)	20,250	-	-	-
Total transactions with the owners	-	310	55	(20,250)	-	-	-	(20,250)	(73,554)	(93,439)	(0)	(93,439)
As of June 30, 2023	367,215	579,942	(383,600)	-	45,760	1,013,141	(14,404)	1,044,497	3,698,305	5,306,374	917	5,307,298

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

Quarterly Condensed Consolidated Statement of Cash Flows

Three months ended June 30, 2022 and 2023:

	Millions of yen		Thousands of U.S. dollars
	Three months ended June 30,		Three months ended June 30,
	2022	2023	2023
Cash flows from operating activities			
Profit for the period	26,682	20,189	139,344
Depreciation and amortisation	17,075	17,073	117,838
Impairment loss (reversal of impairment loss)	34	55	379
Finance (income) costs	(5,805)	(8,559)	(59,074)
Share of (profit) loss of investments accounted for using the equity method	(20)	(1)	(6)
Loss (gain) on sale and disposal of property, plant and equipment, intangible assets and investment property	117	148	1,021
Income taxes	10,358	8,084	55,795
Decrease (increase) in trade receivables	(4,683)	21,177	146,164
Decrease (increase) in inventories	(16,895)	8,397	57,956
Increase (decrease) in trade payables	1,963	(2,553)	(17,620)
Increase (decrease) in net defined benefit liabilities	(136)	56	386
Other	(28,133)	(31,189)	(215,267)
Subtotal	555	32,880	226,938
Interest and dividends income received	487	1,263	8,717
Interest expenses paid	(264)	(257)	(1,773)
Income taxes paid	(13,165)	(6,570)	(45,346)
Net cash from (used in) operating activities	(12,386)	27,316	188,535
Cash flows from investing activities			
Purchase of investment securities	-	(853)	(5,887)
Purchase of property, plant and equipment	(10,750)	(12,379)	(85,440)
Proceeds from sale of property, plant and equipment	92	24	165
Purchase of intangible assets	(1,900)	(1,442)	(9,952)
Proceeds from sale of intangible assets	7	0	0
Other	(5,963)	(6,292)	(43,427)
Net cash from (used in) investing activities	(18,513)	(20,943)	(144,549)
Cash flows from financing activities			
Net increase (decrease) in current borrowings	-	121	835
Payment of lease liabilities	(2,282)	(2,468)	(17,034)
Dividends paid	(10,726)	(13,592)	(93,812)
Dividends paid to non-controlling interests	(0)	(0)	(0)
Purchase of treasury shares	(0)	(0)	(0)
Net cash from (used in) financing activities	(13,009)	(15,940)	(110,018)
Effect of exchange rate changes on cash and cash equivalents	16,499	13,982	96,504
Net increase (decrease) in cash and cash equivalents	(27,411)	4,415	30,472
Cash and cash equivalents at beginning of period	335,239	267,380	1,845,463
Cash and cash equivalents at end of period	307,828	271,795	1,875,936

Notes to Consolidated Financial Statements*1. Note for Going Concern Assumption*

Not applicable.

2. Changes in Accounting Policies

Epson adopted the following standard from the quarter ended June 30, 2023.

IFRS		Description of new and revised standards
IAS 12	Income Taxes	Clarification of deferred tax accounting for leases and decommissioning obligations

Adoption of IAS 12 Income Taxes

Epson adopted IAS 12 Income Taxes (revised May 2021) from the quarter ended June 30, 2023. The impact on the consolidated result of operations for the quarter ended June 30, 2023 from the adoption of this standard was insignificant.

3. Contingencies

Material litigation

In general, litigation has uncertainties and it is difficult to make a reliable estimate of financial effect of the possibility of an outflow of resources embodying economic benefits. Epson does not recognise provisions when either an outflow of resources embodying economic benefits is not probable or an estimate of financial effect is not practicable.

Epson had the following material action.

The civil action on copyright fee of ink-jet printers

In June 2010, Epson Europe B.V. (“EEB”), a consolidated subsidiary of the Company, brought a civil suit against La SCRL Repobel (“Repobel”), a Belgium-based group that collects copyright royalties, seeking restitution for copyright royalties for multifunction printers. After that, Repobel also brought a civil suit against EEB. As a result, these two lawsuits were adjoined. EEB’s claims were rejected at the first trial, but EEB, dissatisfied with the decision, intends to appeal.

4. Subsequent Events

Not applicable.