

Financial Results for the Third Quarter ended December 31, 2023 [IFRS](Consolidated)

February 2, 2024

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: February 6, 2024 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, 2023 (From April 1, 2023 to December 31, 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	%
Nine months ended December 31, 2023	992,101	△0.2	54,326	△32.7	51,697	△37.4	59,644	△32.4	42,472	△30.9	42,468	△30.9
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

Note: Total comprehensive income for the period: Nine months ended December 31, 2023 ¥72,769 million (△9.4%)

Nine months ended December 31, 2022 ¥80,314 million (1.4%)

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, 2023	128.08	128.06
Nine months ended December 31, 2022	179.35	179.30

(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, 2023	1,357,109	774,532	774,399	57.1
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	—	37.00	—		
Year ending March 31, 2024 (Forecast)				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	1,330,000	△0.0	75,000	△21.1	68,000	△29.9	77,000	△25.8	55,000	△26.7	55,000	△26.7	165.85

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 Policies.”

(3) Number of shares outstanding

1. Issued shares (including treasury shares):
2. Treasury shares:
3. Average number of shares:

	(share)		
As of December 31, 2023	385,022,278	As of March 31, 2023	385,022,278
As of December 31, 2023	53,398,802	As of March 31, 2023	53,506,635
Nine months ended December 31, 2023	331,577,820	Nine months ended December 31, 2022	342,626,537

※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, February 2, 2024 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 ¥141.635 = 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 Three Quarters (April 1 to December 31, 2023)

The global economy in the first three quarters 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 is having a particularly significant impact on the global economy, but a deceleration of the European economy is also becoming apparent. Meanwhile, although US consumption has thus far remained firm, consumption going forward is uncertain. Looking at the situation by product market, the device market in particular is in a prolonged inventory adjustment phase and demand has fallen sharply.

The future is clouded by uncertainty, with the potential for ongoing high global inflation and a protracted economic slowdown, so Epson will continue to closely monitor the situation 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 year were ¥143.15 and ¥155.19, respectively. This represents a 5% depreciation in the value of the yen against the dollar and a 10% 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.

Revenue was ¥992.1 billion, down 0.2% from the prior-year period, chiefly due to lower revenue in the manufacturing-related and wearables segment, a result of the ongoing market inventory adjustments, which caused demand for devices to decline.

Business profit was ¥54.3 billion, down 32.7% from the prior-year period, because of sharply lower revenue in the microdevices business. Profit from operating activities was ¥51.6 billion, down 37.4% from the prior-year period. Profit before tax was ¥59.6 billion, down 32.4% from the prior-year period. Profit for the period attributable to owners of the parent company was ¥42.4 billion, down 30.9% 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 slightly increased. Unit sales of high-capacity ink tank printers slightly increased and sales of office shared inkjet printers sharply increased with the launch of new linehead inkjet printers. Nevertheless, inkjet printer revenue decreased due to a sharp decrease in unit sales of ink cartridge printers. Sales of inkjet printer consumables increased overall because a sharp increase in sales of ink bottles for high-capacity ink tank printers and ink for office shared inkjet printers more than offset a slight decrease in ink cartridge sales.

Revenue in the commercial and industrial printing business increased. Commercial and industrial inkjet printer unit sales declined in Europe and North America, where investment demand fell along with rising interest rates, but revenue increased because positive foreign exchange effects. Sales of consumables for commercial and industrial inkjet printers increased on continuing print demand. Sales of small printers decreased because market demand declined in Europe and North America as inflation and other factors caused the market to deteriorate.

Revenue in the printhead sales business sharply increased primarily owing to increased demand from customers in China that are exporting to emerging countries.

Segment profit in the printing solutions segment increased despite higher selling, general and administrative expenses associated with stepped up business activity. This increase is primarily due to sales growth in the

printhead sales business and positive foreign exchange effects.

As a result of the foregoing factors, revenue in the printing solutions segment was ¥688.3 billion, up 3.9% from the prior-year period. Segment profit was ¥74.3 billion, up 10.9% from the prior-year period.

Visual Communications Segment

Revenue in the visual communications segment was flat compared to the prior-year period, when revenue was high because it included sales from an order backlog. Revenue in the current period was adversely impacted by the effects of worsened market conditions in China and decreased demand in the North American education sector. However, this impact was cancelled out by firm demand in the education sector in emerging countries.

Segment profit in the visual communications segment sharply decreased mainly because of the negative effect on profit of production control.

As a result of the foregoing factors, revenue in the visual communications segment was ¥169.2 billion, down 0.0% from the prior-year period. Segment profit was ¥24.4 billion, down 15.1% from the prior-year period.

Manufacturing-Related & Wearables Segment

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

Revenue in the wearable products business decreased compared to the prior-year period, when domestic sales of new products with high unit prices increased.

Revenue in the microdevices business sharply decreased. Crystal device sales sharply decreased mainly in China because of a decline in demand due to market inventory adjustments. Semiconductor sales decreased due to a decline in demand associated with market inventory adjustments.

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 ¥136.6 billion, down 17.7% from the prior-year period. Segment profit was ¥0.2 billion, down 99.0% from the prior-year period.

Adjustments

Adjustments to the total profit of reporting segments amounted to negative ¥44.7 billion. (Adjustments in the prior-year period were negative ¥40.8 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 ¥1,357.1 billion, an increase of ¥15.5 billion from the previous fiscal year end. While inventories decreased by ¥28.7 billion, total assets increased chiefly due to a ¥17.0 billion increase in cash and cash equivalents, a ¥7.4 billion increase in trade and other receivables, a ¥5.9 billion increase in income tax receivables, and a ¥4.5 billion increase in net defined benefit assets.

Total liabilities were ¥582.5 billion, down ¥31.5 billion compared to the end of the previous fiscal year. This decrease was mainly because of a ¥10.6 billion decrease in trade and other payables and a ¥27.3 billion decrease in bonds issued, borrowings and lease liabilities.

The equity attributable to owners of the parent company totaled ¥774.3 billion, a ¥47.0 billion increase compared to the previous fiscal year end. The main reasons for the increase were that, while there were ¥25.8 billion in dividend payments, Epson recorded ¥42.4 billion in profit for the period attributable to owners of the parent company and ¥30.2 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 ¥113.8 billion (compared to ¥35.9 billion in the prior-year period). This was due to having recorded ¥42.4 billion in profit for the period, ¥51.3 billion in depreciation and amortization, and a ¥51.0 billion decrease in inventories.

Net cash used in investing activities totaled ¥44.4 billion (compared to ¥45.8 billion used in the prior-year period). This decrease was mainly due to ¥40.2 billion used in purchases of property, plant and equipment and intangible assets.

Net cash used in financing activities totaled ¥62.6 billion (compared to ¥76.5 billion used in the prior-year period). This mainly comprised a ¥30.0 billion redemption of bonds, a ¥7.4 billion repayment of lease liabilities, and ¥25.8 billion in dividends paid.

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 ¥284.4 billion, up ¥17.0 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, 2024, from the previous outlook. This reflects our view that the market environment will remain challenging, with continued inflation and a slowdown in the Chinese economy, among other factors, in the fourth quarter and beyond, as well as a slower than anticipated recovery in the device market. We will also lower the previous outlook for profit from operating activities and each subsequent level of profit given the decrease in business profit and the recording in other operating expense of approximately ¥5.0 billion in expenses related to a pension buyout at a Group company in the UK. The figures in the outlook are based on assumed exchange rates from the fourth quarter of ¥145.00 to the U.S. dollar and ¥159.00 to the euro.

For details, please see the fiscal year 2023 (ending March 2024) third-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	¥1,330.0 billion	-¥30.0 billion	(-2.2%)
Business profit	¥95.1 billion	¥80.0 billion	¥75.0 billion	-¥5.0 billion	(-6.3%)
Profit from operating activities	¥97.0 billion	¥80.0 billion	¥68.0 billion	-¥12.0 billion	(-15.0%)
Profit before tax	¥103.7 billion	¥91.0 billion	¥77.0 billion	-¥14.0 billion	(-15.4%)
Profit for the period	¥75.0 billion	¥65.0 billion	¥55.0 billion	-¥10.0 billion	(-15.4%)
Profit for the period attributable to owners of the parent company	¥75.0 billion	¥65.0 billion	¥55.0 billion	-¥10.0 billion	(-15.4%)
Exchange rates	1 USD = ¥135.44	1 USD = ¥145.00	1 USD = ¥144.00		
	1 EUR = ¥140.90	1 EUR = ¥156.00	1 EUR = ¥156.00		

Quarterly Condensed Consolidated Statement of Financial Position

	Millions of yen		Thousands of U.S. dollars
	March 31, 2023	December 31, 2023	December 31, 2023
<u>Assets</u>			
Current assets			
Cash and cash equivalents	267,380	284,439	2,008,253
Trade and other receivables	201,801	209,297	1,477,720
Inventories	389,473	360,752	2,547,054
Income tax receivables	7,655	13,598	96,007
Other financial assets	2,164	2,515	17,756
Other current assets	24,030	23,973	169,259
Total current assets	892,505	894,577	6,316,073
Non-current assets			
Property, plant and equipment	360,866	364,346	2,572,429
Intangible assets	25,425	26,006	183,612
Investment property	1,097	1,102	7,780
Investments accounted for using the equity method	2,102	2,139	15,102
Net defined benefit assets	1,447	6,006	42,404
Other financial assets	23,976	26,377	186,232
Other non-current assets	2,220	2,059	14,537
Deferred tax assets	31,932	34,494	243,541
Total non-current assets	449,069	462,532	3,265,661
Total assets	1,341,575	1,357,109	9,581,734

SEIKO EPSON CORPORATION

	Millions of yen		Thousands of U.S. dollars
	March 31, 2023	December 31, 2023	December 31, 2023
<u>Liabilities and equity</u>			
Liabilities			
Current liabilities			
Trade and other payables	159,658	148,989	1,051,922
Income tax payables	5,798	13,020	91,926
Bonds issued, borrowings and lease liabilities	38,613	29,593	208,938
Other financial liabilities	3,337	2,497	17,629
Provisions	11,327	11,806	83,355
Other current liabilities	152,900	148,572	1,048,978
Total current liabilities	371,635	354,479	2,502,764
Non-current liabilities			
Bonds issued, borrowings and lease liabilities	194,668	176,290	1,244,678
Other financial liabilities	3,717	4,637	32,739
Net defined benefit liabilities	13,164	13,546	95,640
Provisions	8,252	8,615	60,825
Other non-current liabilities	15,615	16,899	119,313
Deferred tax liabilities	7,044	8,108	57,245
Total non-current liabilities	242,461	228,097	1,610,456
Total liabilities	614,097	582,577	4,113,227
Equity			
Share capital	53,204	53,204	375,641
Capital surplus	83,979	83,996	593,045
Treasury shares	(55,586)	(55,454)	(391,527)
Other components of equity	119,455	145,455	1,026,970
Retained earnings	526,299	547,198	3,863,437
Equity attributable to owners of the parent company	727,352	774,399	5,467,568
Non-controlling interests	125	133	939
Total equity	727,477	774,532	5,468,507
Total liabilities and equity	1,341,575	1,357,109	9,581,734

Quarterly Condensed Consolidated Statement of Comprehensive Income
Nine months ended December 31, 2022 and 2023:

	Millions of yen		Thousands of U.S. dollars
	Nine months ended December 31,		Nine months ended December 31,
	2022	2023	2023
Revenue	994,404	992,101	7,004,631
Cost of sales	(644,694)	(647,042)	(4,568,376)
Gross profit	349,710	345,058	2,436,248
Selling, general and administrative expenses	(268,963)	(290,732)	(2,052,684)
Other operating income	4,126	1,686	11,903
Other operating expense	(2,328)	(4,315)	(30,465)
Profit from operating activities	82,544	51,697	365,001
Finance income	7,215	9,796	69,163
Finance costs	(1,561)	(1,872)	(13,217)
Share of profit of investments accounted for using the equity method	96	23	162
Profit before tax	88,294	59,644	421,110
Income taxes	(26,839)	(17,172)	(121,241)
Profit for the period	61,455	42,472	299,869
Profit for the period attributable to:			
Owners of the parent company	61,448	42,468	299,841
Non-controlling interests	7	3	21
Profit for the period	61,455	42,472	299,869

SEIKO EPSON CORPORATION

	Millions of yen		Thousands of
	Nine months ended		U.S. dollars
	December 31,		Nine months ended
	2022	2023	December 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)	(7,006)	3,616	25,530
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	1,619	1,131	7,985
Subtotal	(5,387)	4,748	33,522
Items that may be reclassified subsequently to profit or loss, net of tax			
Exchange differences on translation of foreign operations	22,858	24,862	175,535
Net changes in fair value of cash flow hedges	1,401	665	4,695
Share of other comprehensive income of investments accounted for using the equity method	(13)	21	148
Subtotal	24,246	25,549	180,386
Total other comprehensive income, net of tax	18,858	30,297	213,908
Total comprehensive income for the period	80,314	72,769	513,778
Total comprehensive income for the period attributable to:			
Owners of the parent company	80,306	72,761	513,721
Non-controlling interests	7	8	56
Total comprehensive income for the period	80,314	72,769	513,778

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

	Yen		U.S. dollars
	Nine months ended		Nine months ended
	December 31,		December 31,
	2022	2023	2023
Earnings per share for the period:			
Basic earnings per share for the period	179.35	128.08	0.90
Diluted earnings per share for the period	179.30	128.06	0.90

Quarterly Condensed Consolidated Statement of Comprehensive Income
Three months ended December 31, 2022 and 2023:

	Millions of yen		Thousands of U.S. dollars
	Three months ended December 31,		Three months ended December 31,
	2022	2023	2023
Revenue	361,276	353,568	2,496,332
Cost of sales	(232,651)	(222,075)	(1,567,938)
Gross profit	128,625	131,492	928,386
Selling, general and administrative expenses	(97,390)	(101,595)	(717,301)
Other operating income	549	522	3,685
Other operating expense	(8,393)	(6,655)	(46,986)
Profit from operating activities	23,392	23,763	167,776
Finance income	1,164	1,184	8,359
Finance costs	(8,022)	(3,689)	(26,045)
Share of profit of investments accounted for using the equity method	30	22	155
Profit before tax	16,564	21,281	150,252
Income taxes	(5,500)	(6,291)	(44,416)
Profit for the period	11,064	14,990	105,835
Profit for the period attributable to:			
Owners of the parent company	11,062	14,988	105,821
Non-controlling interests	1	1	7
Profit for the period	11,064	14,990	105,835

SEIKO EPSON CORPORATION

	Millions of yen		Thousands of U.S. dollars
	Three months ended December 31,		Three months ended December 31,
	2022	2023	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)	459	2,059	14,537
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	233	(521)	(3,678)
Subtotal	693	1,537	10,851
Items that may be reclassified subsequently to profit or loss, net of tax			
Exchange differences on translation of foreign operations	(28,814)	(16,429)	(115,995)
Net changes in fair value of cash flow hedges	(1,295)	(165)	(1,164)
Share of other comprehensive income of investments accounted for using the equity method	(54)	(23)	(162)
Subtotal	(30,164)	(16,618)	(117,329)
Total other comprehensive income, net of tax	(29,471)	(15,080)	(106,470)
Total comprehensive income for the period	(18,407)	(90)	(635)
Total comprehensive income for the period attributable to:			
Owners of the parent company	(18,404)	(87)	(614)
Non-controlling interests	(3)	(2)	(14)
Total comprehensive income for the period	(18,407)	(90)	(635)

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

	Yen		U.S. dollars
	Three months ended December 31,		Three months ended December 31,
	2022	2023	2023
Earnings per share for the period:			
Basic earnings per share for the period	32.76	45.20	0.32
Diluted earnings per share for the period	32.75	45.19	0.32

Quarterly Condensed Consolidated Statement of Changes in Equity**Nine months ended December 31, 2022 and 2023:**

Millions of yen												
Equity attributable to owners of the parent company												
	Share capital	Capital surplus	Treasury shares	Other components of equity					Retained earnings	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
				Remeasurement of net defined benefit liabilities (assets)	Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	Exchange differences on translation of foreign operations	Net changes in fair value of cash flow hedges	Total other components of equity				
As of April 1, 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
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

SEIKO EPSON CORPORATION

	Millions of yen											
	Equity attributable to owners of the parent company											
	Share capital	Capital surplus	Treasury shares	Other components of equity					Retained earnings	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
Remeasurement of net defined benefit liabilities (assets)				Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	Exchange differences on translation of foreign operations	Net changes in fair value of cash flow hedges	Total other components of equity					
As of April 1, 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	-	-	-	-	-	-	-	-	42,468	42,468	3	42,472
Other comprehensive income	-	-	-	3,616	1,131	24,878	665	30,292	-	30,292	5	30,297
Total comprehensive income for the period	-	-	-	3,616	1,131	24,878	665	30,292	42,468	72,761	8	72,769
Acquisition of treasury shares	-	-	(1)	-	-	-	-	-	-	(1)	-	(1)
Dividends	-	-	-	-	-	-	-	-	(25,862)	(25,862)	(0)	(25,862)
Share-based payment transactions	-	16	132	-	-	-	-	-	-	149	-	149
Transfer from other components of equity to retained earnings	-	-	-	(3,616)	(676)	-	-	(4,293)	4,293	-	-	-
Total transactions with the owners	-	16	131	(3,616)	(676)	-	-	(4,293)	(21,569)	(25,714)	(0)	(25,715)
As of December 31, 2023	53,204	83,996	(55,454)	-	6,166	139,851	(562)	145,455	547,198	774,399	133	774,532

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

	Thousands of U.S. dollars											
	Equity attributable to owners of the parent company											
	Share capital	Capital surplus	Treasury shares	Other components of equity					Retained earnings	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
Remeasurement of net defined benefit liabilities (assets)				Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	Exchange differences on translation of foreign operations	Net changes in fair value of cash flow hedges	Total other components of equity					
As of April 1, 2023	375,641	592,925	(392,459)	-	40,321	811,748	(8,663)	843,400	3,715,882	5,135,397	882	5,136,279
Profit for the period	-	-	-	-	-	-	-	-	299,841	299,841	21	299,869
Other comprehensive income	-	-	-	25,530	7,985	175,648	4,695	213,873	-	213,873	35	213,908
Total comprehensive income for the period	-	-	-	25,530	7,985	175,648	4,695	213,873	299,841	513,721	56	513,778
Acquisition of treasury shares	-	-	(7)	-	-	-	-	-	-	(7)	-	(7)
Dividends	-	-	-	-	-	-	-	-	(182,596)	(182,596)	(0)	(182,596)
Share-based payment transactions	-	112	931	-	-	-	-	-	-	1,051	-	1,051
Transfer from other components of equity to retained earnings	-	-	-	(25,530)	(4,772)	-	-	(30,310)	30,310	-	-	-
Total transactions with the owners	-	112	924	(25,530)	(4,772)	-	-	(30,310)	(152,285)	(181,551)	(0)	(181,558)
As of December 31, 2023	375,641	593,045	(391,527)	-	43,534	987,404	(3,967)	1,026,970	3,863,437	5,467,568	939	5,468,507

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

Quarterly Condensed Consolidated Statement of Cash Flows

Nine months ended December 31, 2022 and 2023

	Millions of yen		Thousands of U.S. dollars
	Nine months ended December 31,		Nine months ended December 31,
	2022	2023	2023
Cash flows from operating activities			
Profit for the period	61,455	42,472	299,869
Depreciation and amortisation	51,804	51,398	362,890
Impairment loss (reversal of impairment loss)	85	234	1,652
Finance (income) costs	(5,653)	(7,923)	(55,939)
Share of (profit) loss of investments accounted for using equity method	(96)	(23)	(162)
Loss (gain) on sale and disposal of property, plant and equipment, intangible assets and investment property	466	274	1,934
Income taxes	26,839	17,172	121,241
Decrease (increase) in trade receivables	(25,381)	72	508
Decrease (increase) in inventories	(67,962)	51,047	360,412
Increase (decrease) in trade payables	22,547	(9,034)	(63,783)
Increase (decrease) in net defined benefit liabilities	(612)	141	995
Other	2,145	(14,366)	(101,429)
Subtotal	65,636	131,467	928,209
Interest and dividends income received	2,379	3,593	25,368
Interest expenses paid	(862)	(1,365)	(9,637)
Income taxes paid	(31,160)	(19,802)	(139,810)
Net cash from (used in) operating activities	35,993	113,893	804,130
Cash flows from investing activities			
Purchase of investment securities	(827)	(1,343)	(9,482)
Proceeds from sale of investment securities	4	1,004	7,088
Purchase of property, plant and equipment	(33,853)	(35,157)	(248,222)
Proceeds from sale of property, plant and equipment	235	293	2,068
Purchase of intangible assets	(6,427)	(5,050)	(35,655)
Proceeds from sale of intangible assets	8	0	0
Other	(5,026)	(4,240)	(29,936)
Net cash from (used in) investing activities	(45,887)	(44,493)	(314,138)
Cash flows from financing activities			
Net increase (decrease) in current borrowings	140	648	4,575
Repayment of non-current borrowings	(18,000)	-	-
Redemption of bonds issued	-	(30,000)	(211,812)
Payment of lease liabilities	(7,343)	(7,402)	(52,261)
Dividends paid	(21,313)	(25,862)	(182,596)
Dividends paid to non-controlling interests	(0)	(0)	(0)
Purchase of treasury shares	(26,131)	(1)	(7)
Decrease (increase) in deposits for purchase of treasury shares	(3,928)	-	-
Net cash from (used in) financing activities	(76,577)	(62,617)	(442,101)
Effect of exchange rate changes on cash and cash equivalents	10,353	10,276	72,552
Net increase (decrease) in cash and cash equivalents	(76,117)	17,059	120,443
Cash and cash equivalents at beginning of period	335,239	267,380	1,887,810
Cash and cash equivalents at end of period	259,122	284,439	2,008,253

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 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 Reprobel (“Reprobel”), a Belgium-based group that collects copyright royalties, seeking restitution for copyright royalties for multifunction printers. After that, Reprobel 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.

4. Subsequent Events

Not applicable.