

## Financial Results for the Third Quarter ended December 31, 2020 [IFRS](Consolidated)

January 28, 2021

Stock Listing: TOKYO

Name of the listed company: SEIKO EPSON CORPORATION

Code: 6724 URL: global.epson.com

Representative: Yasunori Ogawa, President

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Scheduled date to file Quarterly Securities Report: February 1, 2021 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, 2020 (From April 1, 2020 to December 31, 2020)

#### (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, 2020	717,948	△9.8	45,859	24.5	33,901	△8.4	29,814	△18.2	20,326	△17.3	20,293	△17.3
Nine months ended December 31, 2019	795,956	△4.0	36,846	△36.9	37,003	△36.4	36,459	△38.1	24,589	△46.8	24,528	△46.6

Note: Total comprehensive income for the period: Nine months ended December 31, 2020 ¥27,915 million (15.1%)

Nine months ended December 31, 2019 ¥24,248 million (△42.6%)

Business profit is calculated by subtracting Cost of sales and Selling, general and administrative expenses from Revenue.

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2020	58.66		58.64	
Nine months ended December 31, 2019	70.51		70.48	

#### (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, 2020	1,103,767	512,037	510,174	46.2
As of March 31, 2020	1,040,910	506,037	503,746	48.4

### 2. Cash Dividends

	Cash dividends per share				
	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	Year End	Year Total
	Yen				
Year ended March 31, 2020	—	31.00	—	31.00	62.00
Year ending March 31, 2021	—	31.00	—		
Year ending March 31, 2021 (Forecast)				31.00	62.00

Note: Changes from the latest announced forecasts: None

### 3. Forecast for the Fiscal Year ending March 31, 2021 (From April 1, 2020 to March 31, 2021)

(%: 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, 2021	980,000	△6.1	50,000	22.4	38,000	△3.7	34,000	△14.4	18,000	130.1	18,000	132.8	52.03

Note: Changes from the latest announced forecasts: Yes

※Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting from changes in the scope of consolidation): None

(2) Changes in accounting policies, or changes in accounting estimates

1. Changes in accounting policies required by IFRS: None
2. Changes in accounting policies other than the changes above: None
3. Changes in accounting estimates: None

(3) Number of shares outstanding

(share)

1. Issued shares (including treasury shares):

As of December 31, 2020	399,634,778	As of March 31, 2020	399,634,778
As of December 31, 2020	53,665,497	As of March 31, 2020	53,703,521
Nine months ended December 31, 2020	345,964,539	Nine months ended December 31, 2019	347,874,030

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 page 4 "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 Thursday, January 28, 2021 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 ¥103.145 = U.S.\$1 at the end of the reporting period has been used for the purpose of presentation.

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

### **Fiscal 2020 First Three Quarters (April 1 to December 31, 2020) Overview**

The global economic situation varied by country and region over the first three quarters of the year under review because, instead of seeing the coronavirus pandemic wind down, many countries and regions have seen a resurgence in COVID-19 infections and are reinstating restrictions on economic activity. Given the growing uncertainty surrounding the recovery of the global economy as a whole, Epson will continue to closely watch trends going forward. By region, emerging economies continue to face a difficult economic environment due to ongoing restrictions on economic activity in parts of India, Southeast Asia, and Latin America. On the other hand, China is seeing economic activity return to normal, and a further recovery is expected. Developed countries are expected to rebound from bottom, but some countries and regions are seeing a resurgence in infections, so the situation needs to be closely monitored.

The average exchange rates of the yen against the U.S. dollar and of the yen against the euro during the first three quarters of the fiscal year were ¥106.06 and ¥122.33, respectively. This represents a 2% appreciation in the value of the yen against the dollar and a 1% depreciation in the value of the yen against the euro, year on year. The yen also rose against the currencies of some emerging countries, in places such as China and Latin America.

Revenue, down in every business segment, totaled ¥717.9 billion, a decline of 9.8% year on year. In developed countries and in some emerging countries, the pandemic caused a spike in at-home demand that resulted in increased revenue in the inkjet printer business. However, revenue was hit hard by decreased demand in emerging markets where economic activity was restricted. Business profit was ¥45.8 billion, up 24.5% year on year. Even though the decrease in revenue had a significant negative impact on business profit, a rise in at-home print demand drove sales of inkjet printers and consumables higher. Profit also rose because Epson immediately began cutting costs across the Epson Group in reaction to the spread of COVID-19. Profit from operating activities was ¥33.9 billion, down 8.4% year on year. Profit before tax was ¥29.8 billion, down 18.2% year on year. And profit for the period attributable to owners of the parent company was ¥20.2 billion, down 17.3% year on year.

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

### **Printing Solutions Segment**

Printer business revenue increased. Office and home inkjet printers revenue, however, increased. This increase was driven primarily by a spike in demand for high-capacity ink tank printers and ink cartridge printers as more people began working and learning from home and by the maintenance of selling prices. Sales were tempered, however, by an inability to supply enough product due to the pandemic, which mandated temporary manufacturing slowdowns and factory shutdowns, and also resulted in a shortage of ocean shipping containers. Consumables revenue also increased, owing to actions taken to increase production and avoid supply shortages in the face of rising at-home print demand. Serial impact dot

matrix printer revenue decreased due to negative foreign exchange effects and a decline in sales associated with a market contraction.

Revenue in the professional printing business decreased. Commercial and industrial inkjet printer and consumables sales fell sharply in the first quarter due to a combination of negative foreign exchange effects and restrictions on economic activity around the world during the pandemic. However, second and third quarter revenue rebounded to year-ago levels despite negative foreign exchange effects. This rebound was primarily due to the capture of large orders for photo and proofing printers and strong sales of corporate printers, CAD printers, and dye-sublimation transfer printers. POS system product revenue decreased. This was both a counteraction to the extra demand generated last year by tax reforms in Italy and a result of demand that was weakened by the restrictions on economic activity due to the pandemic. Other revenue decreased compared to the same period last year, when PC demand rose as users sought to upgrade their operating systems.

Printing solutions segment profit increased despite lower revenue and negative foreign exchange effects because we maintained inkjet printer selling prices, increased sales of consumables, and rigorously selected and sharply curtailed spending projects.

As a result of the foregoing factors, revenue in the printing solutions segment was ¥506.9 billion, down 5.1% year on year. Segment profit was ¥80.2 billion, up 34.9% year on year.

## Visual Communications Segment

Visual communications revenue decreased despite wins in the education market as schools reopened and despite increased demand in the home segment. The decrease was due to a combination of factors, including restrictions placed on economic activity around the world to slow the spread of the new coronavirus, the postponement or cancellation of events, the continued shrinkage of the projector market due to the incursion of flat panel displays that began last year, and negative foreign exchange effects.

Epson is being rigorously selective about spending projects and has sharply cut costs in the visual communications segment. Nevertheless, segment profit decreased on lower revenue and negative foreign exchange effects.

As a result of the foregoing factors, revenue in the visual communications segment was ¥101.9 billion, down 30.1% year on year. Segment loss was ¥0.8 billion. (Segment profit was ¥13.4 billion in the same period last year.)

## Wearable & Industrial Products Segment

In the wearable products business, watch sales fell primarily as a result of the coronavirus pandemic, which caused dealers and distributors around the world to voluntarily close and limited economic activity. Furthermore, a resurgence of Covid infections in Japan caused year-end demand to slump while weak demand from travelers to Japan continued. Sales of watch movements also plunged due to a slack overall watch market.

Robotics solutions revenue rose sharply on contract wins in China that boosted unit sales.

In the microdevices business, crystal device sales and profit margins rose as supply was redirected from smartphones to PC and healthcare applications. Internal sales of semiconductors decreased, but total

sales rose on increased silicon foundry demand. Total microdevices business revenue was in line with the same period last year due to negative foreign exchange effects.

Segment profit in the wearable and industrial products segment was muted by the effects of lower revenue in the wearable products business yet still increased owing to spending controls and spending cuts.

As a result of the foregoing factors, revenue in the wearable and industrial products segment was ¥110.1 billion, down 5.8% year on year. Segment profit was ¥3.5 billion, up 404.1% year on year.

Epson also recorded a ¥3.6 billion impairment loss in the wearable products business due to the decline in profitability.

## Other

Other revenue amounted to ¥0.5 billion, down 12.7% year on year. Segment loss was ¥0.5 billion. (Segment loss was ¥0.4 billion in the same period last year.)

## Adjustments

Adjustments to the total profit of reporting segments amounted to negative ¥36.5 billion. (Adjustments in the same period last year were negative ¥36.3 billion.) The main components of the adjustment were basic technology research and development expenses that do not correspond to the reporting segments 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 ¥1,103.7 billion, an increase of ¥62.8 billion from the previous fiscal year end. Total assets increased chiefly because cash and cash equivalents increased by ¥70.2 billion, largely because of an issue of bonds.

Total liabilities were ¥591.7 billion, up ¥56.8 billion compared to the end of the last fiscal year. Total liabilities increased mainly due to a ¥56.3 billion increase in bonds and borrowings and lease liabilities due to an issue of green bonds.

The equity attributable to owners of the parent company totaled ¥510.1 billion, a ¥6.4 billion increase compared to the previous fiscal year end. While Epson recorded ¥20.2 billion in profit for the period attributable to owners of the parent company and recorded ¥7.5 billion in other comprehensive income, the primary component of which was the remeasurement of the defined benefit plan, the equity attributable to owners of the parent company decreased mainly because of the payment of ¥21.4 billion in dividends.

### Cash Flows

Net cash from operating activities for the first three quarters of the year totaled ¥93.1 billion (compared to ¥66.4 billion in the same period last year). Whereas Epson recorded a ¥20.3 billion profit for the period, there were negative factors such as a ¥14.8 billion increase in inventories. However, net cash

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was positively affected by the recording of ¥52.6 billion in depreciation and amortization and a ¥17.1 billion increase in trade payables.

Net cash used in investing activities totaled ¥45.6 billion (compared to ¥57.9 billion in the same period last year), mainly because Epson used ¥43.6 billion in the acquisition of property, plant, equipment and purchase of intangible assets.

Although Epson paid ¥21.4 billion in dividends and repaid ¥14.0 billion in long-term loans payable, net cash from financing activities totaled ¥25.1 billion (compared to ¥6.0 billion in the same period last year), chiefly due to a ¥69.6 billion issue of corporate bonds.

As a result of the foregoing, the balance of cash and cash equivalents at the end of the third quarter totaled ¥266.5 billion compared to ¥187.5 billion in the same period last year.

## **Qualitative Information Regarding the Consolidated Financial Outlook**

Epson revised its full-year consolidated financial outlook upward after adjusting its exchange rate assumptions based on financial trends through the first three quarters. The figures in the outlook are based on assumed exchange rates from the fourth quarter of 102.00 yen to the U.S. dollar and 125.00 yen to the euro.

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

	FY2019	Previous Outlook (A)	Current Outlook (B)	Change (B - A)	
Revenue	¥1,043.6 billion	¥960.0 billion	¥980.0 billion	+¥20.0 billion	(+2.1%)
Business profit	¥40.8 billion	¥35.0 billion	¥50.0 billion	+¥15.0 billion	(+42.9%)
Profit from operating activities	¥39.4 billion	¥28.0 billion	¥38.0 billion	+¥10.0 billion	(+35.7%)
Profit before tax	¥39.7 billion	¥24.0 billion	¥34.0 billion	+¥10.0 billion	(+41.7%)
Profit for the period	¥7.8 billion	¥8.0 billion	¥18.0 billion	+¥10.0 billion	(+125.0%)
Profit for the year attributable to owners of the parent company	¥7.7 billion	¥8.0 billion	¥18.0 billion	+¥10.0 billion	(+125.0%)
Exchange rates	1 USD = ¥108.74	1 USD = ¥106.00	1 USD = ¥105.00		
	1 EUR = ¥120.85	1 EUR = ¥122.00	1 EUR = ¥123.00		

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## Quarterly Condensed Consolidated Statement of Financial Position

	Millions of yen		Thousands of U.S. dollars
	March 31, 2020	December 31, 2020	December 31, 2020
<u>Assets</u>			
Current assets			
Cash and cash equivalents	196,262	266,519	2,583,925
Trade and other receivables	157,782	158,916	1,540,704
Inventories	233,434	246,342	2,388,307
Income tax receivables	5,217	2,281	22,114
Other financial assets	3,159	936	9,074
Other current assets	13,989	15,838	153,550
Total current assets	609,846	690,834	6,697,697
Non-current assets			
Property, plant and equipment	360,517	339,875	3,295,118
Intangible assets	29,052	28,959	280,760
Investment property	1,043	1,246	12,080
Investments accounted for using the equity method	1,512	1,592	15,434
Net defined benefit assets	33	48	465
Other financial assets	16,959	18,428	178,661
Other non-current assets	1,871	1,796	17,412
Deferred tax assets	20,072	20,985	203,451
Total non-current assets	431,064	412,932	4,003,412
Total assets	1,040,910	1,103,767	10,701,119

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	Millions of yen		Thousands of U.S. dollars
	March 31, 2020	December 31, 2020	December 31, 2020
<u>Liabilities and equity</u>			
Liabilities			
Current liabilities			
Trade and other payables	125,069	131,768	1,277,502
Income tax payables	3,286	5,281	51,199
Bonds issued, borrowings and lease liabilities	22,320	27,640	267,972
Other financial liabilities	363	3,722	36,085
Provisions	11,406	10,547	102,254
Other current liabilities	109,827	109,488	1,061,495
Total current liabilities	272,274	288,448	2,796,529
Non-current liabilities			
Bonds issued, borrowings and lease liabilities	187,362	238,415	2,311,454
Other financial liabilities	1,877	2,500	24,237
Net defined benefit liabilities	52,964	41,152	398,972
Provisions	7,585	7,309	70,861
Other non-current liabilities	11,814	12,391	120,131
Deferred tax liabilities	993	1,510	14,639
Total non-current liabilities	262,598	303,281	2,940,336
Total liabilities	534,873	591,729	5,736,865
Equity			
Share capital	53,204	53,204	515,817
Capital surplus	84,434	84,408	818,343
Treasury shares	(40,953)	(40,873)	(396,267)
Other components of equity	37,451	31,421	304,629
Retained earnings	369,609	382,014	3,703,659
Equity attributable to owners of the parent company	503,746	510,174	4,946,182
Non-controlling interests	2,290	1,862	18,052
Total equity	506,037	512,037	4,964,244
Total liabilities and equity	1,040,910	1,103,767	10,701,119



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## Quarterly Condensed Consolidated Statement of Comprehensive Income Nine months ended December 31, 2019 and 2020:

	Millions of yen		Thousands of
	Nine months ended		U.S. dollars
	December 31,		Nine months ended
	2019	2020	December 31, 2020
Revenue	795,956	717,948	6,960,570
Cost of sales	(516,529)	(463,999)	(4,498,511)
Gross profit	279,426	253,948	2,462,048
Selling, general and administrative expenses	(242,579)	(208,088)	(2,017,431)
Other operating income	2,241	2,496	24,198
Other operating expense	(2,084)	(14,454)	(140,132)
Profit from operating activities	37,003	33,901	328,673
Finance income	1,696	1,029	9,976
Finance costs	(2,296)	(5,187)	(50,288)
Share of profit of investments accounted for using the equity method	55	71	688
Profit before tax	36,459	29,814	289,049
Income taxes	(11,869)	(9,487)	(91,977)
Profit for the period	24,589	20,326	197,062
Profit for the period attributable to:			
Owners of the parent company	24,528	20,293	196,742
Non-controlling interests	60	33	319
Profit for the period	24,589	20,326	197,062

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	Millions of yen		Thousands of
	Nine months ended		U.S. dollars
	December 31,		Nine months ended
	2019	2020	December 31, 2020
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss, net of tax			
Remeasurement of net defined benefit liabilities (assets)	6,577	13,557	131,436
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	635	486	4,711
Subtotal	7,212	14,043	136,148
Items that may be reclassified subsequently to profit or loss, net of tax			
Exchange differences on translation of foreign operations	(6,182)	(4,136)	(40,098)
Net changes in fair value of cash flow hedges	(1,347)	(2,336)	(22,647)
Share of other comprehensive income of investments accounted for using the equity method	(24)	17	164
Subtotal	(7,554)	(6,455)	(62,581)
Total other comprehensive income, net of tax	(341)	7,588	73,566
Total comprehensive income for the period	24,248	27,915	270,638
Total comprehensive income for the period attributable to:			
Owners of the parent company	24,291	27,824	269,756
Non-controlling interests	(42)	91	882
Total comprehensive income for the period	24,248	27,915	270,638

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

	Yen		U.S. dollars
	Nine months ended		Nine months ended
	December 31,		December 31,
	2019	2020	2020
Earnings per share for the period:			
Basic earnings per share for the period	70.51	58.66	0.57
Diluted earnings per share for the period	70.48	58.64	0.57

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## Quarterly Condensed Consolidated Statement of Comprehensive Income Three months ended December 31, 2019 and 2020:

	Millions of yen		Thousands of
	Three months ended		U.S. dollars
	December 31,		Three months ended
	2019	2020	December 31, 2020
Revenue	279,849	278,831	2,703,291
Cost of sales	(179,903)	(171,391)	(1,661,651)
Gross profit	99,946	107,439	1,041,630
Selling, general and administrative expenses	(82,248)	(76,241)	(739,163)
Other operating income	1,092	923	8,948
Other operating expense	(1,121)	(7,506)	(72,771)
Profit from operating activities	17,669	24,614	238,634
Finance income	563	350	3,393
Finance costs	(901)	(2,135)	(20,699)
Share of profit of investments accounted for using the equity method	20	12	116
Profit before tax	17,351	22,841	221,445
Income taxes	(5,039)	(6,787)	(65,800)
Profit for the period	12,311	16,054	155,644
Profit for the period attributable to:			
Owners of the parent company	12,270	16,060	155,703
Non-controlling interests	41	(6)	(58)
Profit for the period	12,311	16,054	155,644

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	Millions of yen		Thousands of
	Three months ended		U.S. dollars
	December 31,		Three months ended
	2019	2020	December 31, 2020
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss, net of tax			
Remeasurement of net defined benefit liabilities (assets)	3,491	4,507	43,695
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	592	133	1,289
Subtotal	4,084	4,640	44,985
Items that may be reclassified subsequently to profit or loss, net of tax			
Exchange differences on translation of foreign operations	5,538	(2,296)	(22,259)
Net changes in fair value of cash flow hedges	(2,361)	157	1,522
Share of other comprehensive income of investments accounted for using the equity method	13	9	87
Subtotal	3,190	(2,128)	(20,631)
Total other comprehensive income, net of tax	7,274	2,512	24,354
Total comprehensive income for the period	19,586	18,566	179,999
Total comprehensive income for the period attributable to:			
Owners of the parent company	19,485	18,539	179,737
Non-controlling interests	101	27	261
Total comprehensive income for the period	19,586	18,566	179,999

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

	Yen		U.S. dollars
	Three months ended		Three months ended
	December 31,		December 31,
	2019	2020	2020
Earnings per share for the period:			
Basic earnings per share for the period	35.47	46.42	0.45
Diluted earnings per share for the period	35.45	46.42	0.45

**Quarterly Condensed Consolidated Statement of Changes in Equity**

**Nine months ended December 31, 2019 and 2020:**

	Millions of yen											
	Equity attributable to owners of the parent company									Non-controlling interests	Total equity	
	Share capital	Capital surplus	Treasury shares	Other components of equity					Retained earnings			Total equity attributable to owners of the parent company
Remeasurement of net defined benefit liabilities (assets)				Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	Exchange differences on translation of foreign operations	Net changes in fair value of cash flow hedges	Total other components of equity					
As of April 1, 2019	53,204	84,427	(30,788)	-	2,234	48,069	136	50,440	382,897	540,181	2,565	542,747
Cumulative effects of change in accounting policy	-	-	-	-	-	-	-	-	(847)	(847)	-	(847)
As of April 1, 2019 (restated)	53,204	84,427	(30,788)	-	2,234	48,069	136	50,440	382,049	539,333	2,565	541,899
Profit for the period	-	-	-	-	-	-	-	-	24,528	24,528	60	24,589
Other comprehensive income	-	-	-	6,577	635	(6,102)	(1,347)	(237)	-	(237)	(103)	(341)
Total comprehensive income for the period	-	-	-	6,577	635	(6,102)	(1,347)	(237)	24,528	24,291	(42)	24,248
Acquisition of treasury shares	-	-	(10,224)	-	-	-	-	-	-	(10,224)	-	(10,224)
Dividends	-	-	-	-	-	-	-	-	(21,646)	(21,646)	(188)	(21,835)
Share-based payment transactions	-	(8)	56	-	-	-	-	-	-	48	-	48
Transfer from other components of equity to retained earnings	-	-	-	(6,577)	4	-	-	(6,573)	6,573	-	-	-
Total transactions with the owners	-	(8)	(10,167)	(6,577)	4	-	-	(6,573)	(15,073)	(31,822)	(188)	(32,011)
As of December 31, 2019	53,204	84,419	(40,956)	-	2,874	41,966	(1,211)	43,630	391,505	531,802	2,334	534,136

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

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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, 2020	53,204	84,434	(40,953)	-	1,729	35,144	577	37,451	369,609	503,746	2,290	506,037
Profit for the period	-	-	-	-	-	-	-	-	20,293	20,293	33	20,326
Other comprehensive income	-	-	-	13,557	484	(4,174)	(2,336)	7,531	-	7,531	57	7,588
Total comprehensive income for the period	-	-	-	13,557	484	(4,174)	(2,336)	7,531	20,293	27,824	91	27,915
Acquisition of treasury shares	-	-	(0)	-	-	-	-	-	-	(0)	-	(0)
Dividends	-	-	-	-	-	-	-	-	(21,449)	(21,449)	(519)	(21,968)
Share-based payment transactions	-	(25)	80	-	-	-	-	-	-	54	-	54
Transfer from other components of equity to retained earnings	-	-	-	(13,557)	(3)	-	-	(13,561)	13,561	-	-	-
Total transactions with the owners	-	(25)	79	(13,557)	(3)	-	-	(13,561)	(7,888)	(21,395)	(519)	(21,915)
As of December 31, 2020	53,204	84,408	(40,873)	-	2,210	30,969	(1,758)	31,421	382,014	510,174	1,862	512,037

(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, 2020	515,817	818,595	(397,042)	-	16,762	340,724	5,594	363,090	3,583,392	4,883,862	22,201	4,906,073
Profit for the period	-	-	-	-	-	-	-	-	196,742	196,742	319	197,062
Other comprehensive income	-	-	-	131,436	4,692	(40,467)	(22,647)	73,013	-	73,013	552	73,566
Total comprehensive income for the period	-	-	-	131,436	4,692	(40,467)	(22,647)	73,013	196,742	269,756	882	270,638
Acquisition of treasury shares	-	-	(0)	-	-	-	-	-	-	(0)	-	(0)
Dividends	-	-	-	-	-	-	-	-	(207,949)	(207,949)	(5,031)	(212,981)
Share-based payment transactions	-	(242)	775	-	-	-	-	-	-	523	-	523
Transfer from other components of equity to retained earnings	-	-	-	(131,436)	(29)	-	-	(131,475)	131,475	-	-	-
Total transactions with the owners	-	(242)	765	(131,436)	(29)	-	-	(131,475)	(76,474)	(207,426)	(5,031)	(212,467)
As of December 31, 2020	515,817	818,343	(396,267)	-	21,426	300,247	(17,043)	304,629	3,703,659	4,946,182	18,052	4,964,244

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

# SEIKO EPSON CORPORATION

## Quarterly Condensed Consolidated Statement of Cash Flows

**Nine months ended December 31, 2019 and 2020:**

	Millions of yen		Thousands of
	Nine months ended		U.S. dollars
	December 31,		Nine months ended
	2019	2020	December 31, 2020
<b>Cash flows from operating activities</b>			
Profit (loss) for the period	24,589	20,326	197,062
Depreciation and amortisation	50,610	52,606	510,019
Impairment loss (reversal of impairment loss)	365	4,003	38,809
Finance (income) costs	600	4,158	40,312
Share of (profit) loss of investments accounted for using the equity method	(55)	(71)	(688)
Loss (gain) on sale and disposal of property, plant and equipment, intangible assets and investment property	596	217	2,103
Income taxes	11,869	9,487	91,977
Decrease (increase) in trade receivables	(3,322)	(6,024)	(58,403)
Decrease (increase) in inventories	(8,466)	(14,835)	(143,826)
Increase (decrease) in trade payables	3,064	17,186	166,619
Increase (decrease) in net defined benefit liabilities	2,162	2,511	24,344
Other	(6,192)	9,315	90,309
<b>Subtotal</b>	<b>75,822</b>	<b>98,881</b>	<b>958,660</b>
Interest and dividends income received	1,744	1,012	9,811
Interest expenses paid	(812)	(732)	(7,096)
Income taxes paid	(10,302)	(6,006)	(58,228)
<b>Net cash from (used in) operating activities</b>	<b>66,450</b>	<b>93,155</b>	<b>903,146</b>
<b>Cash flows from investing activities</b>			
Purchase of investment securities	(1,041)	(93)	(901)
Proceeds from sales of investment securities	22	26	252
Purchase of property, plant and equipment	(50,085)	(37,576)	(364,302)
Proceeds from sale of property, plant and equipment	770	156	1,512
Purchase of intangible assets	(6,972)	(6,076)	(58,907)
Proceeds from sale of intangible assets	12	21	203
Proceeds from sale of investment property	16	-	-
Other	(656)	(2,106)	(20,417)
<b>Net cash from (used in) investing activities</b>	<b>(57,934)</b>	<b>(45,649)</b>	<b>(442,571)</b>
<b>Cash flows from financing activities</b>			
Net increase (decrease) in current borrowings	(5,837)	(988)	(9,578)
Proceeds from non-current borrowings	29,948	-	-
Repayment of non-current borrowings	-	(14,000)	(135,731)
Proceeds from issuance of bonds issued	29,846	69,676	675,515
Redemption of bonds issued	(10,000)	-	-
Payment of lease liabilities	(5,839)	(7,598)	(73,663)
Dividends paid	(21,646)	(21,449)	(207,949)
Dividends paid to non-controlling interests	(188)	(519)	(5,031)
Purchase of treasury shares	(10,224)	(0)	(0)
<b>Net cash from (used in) financing activities</b>	<b>6,058</b>	<b>25,120</b>	<b>243,540</b>
Effect of exchange rate changes on cash and cash equivalents	(2,279)	(2,353)	(22,812)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>12,295</b>	<b>70,273</b>	<b>681,303</b>
Cash and cash equivalents at beginning of period	175,238	196,245	1,902,612
<b>Cash and cash equivalents at end of period</b>	<b>187,533</b>	<b>266,519</b>	<b>2,583,925</b>

## **Notes to Consolidated Financial Statements**

### *1. Note for Going Concern Assumption*

Not applicable.

### *2. Contingencies*

#### Material litigation

In general, litigation has uncertainties and it is difficult to make a reliable estimate of financial effect of the possibility of an outflow of resources embodying economic benefits.

Provisions are not recognised when either an outflow of resources embodying economic benefits is not probable or an estimate of financial effect is not practicable.

Epson had the following material action.

#### **The civil action on copyright fee of ink-jet printers**

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

### *3. Subsequent Events*

No material subsequent events were identified.

### *4. Additional Information*

#### **Impacts of the covid-19 on accounting estimates**

The situation of the covid-19 pandemic and its impact on Epson’s business activities vary among business divisions depending on their characteristics and the regions where they have operations, and Epson reflects them on accounting estimates and assumptions involved in the estimates respectively. However, influence of the covid-19 is highly uncertain and future results may differ from these estimates and assumptions.