

FY2023 Third-Quarter Financial Results Presentation
Q&A

Overall

Q: Was the reversal of write-downs on slow moving stock that you recorded in the second quarter according to plan?

A: Of the slightly less than ¥10 billion in write-downs recorded in Q2, we planned to reverse about 80% this fiscal year. Q3 reversals were generally in line with the plan, and we forecast similar reversals in Q4, also.

Q: What is the outlook for FY2024?

A: Microdevice market inventory adjustments are taking longer than expected, but we assume that there will be a recovery in the second half.

We foresee SOHO and home inkjet printer channel inventory normalizing, and expect to be able to increase unit sales next fiscal year, although price erosion is a concern. We will continue to increase sales of office shared inkjet printers. Sales of commercial and industrial inkjet printers are also expected to grow next year, as we see the benefit of an expanded product lineup.

In visual communications, some markets will remain soft, but there is strong interest and demand in the education markets of emerging nations, so sales should be steady going forward.

In the next fiscal year, we can expect to see the impact of lower ocean freight rates across the year. There was a significant negative impact on profit associated with inventory reductions this period, but these will not have as big an impact next fiscal year.

The impact of exchange rates if the yen appreciates is a potential risk factor.

Q: We are coming to the end of the FY2023, the year at the mid-point of Epson 25 Renewed, which you announced in March 2020. When will you be announcing the next mid-range business plan?

A: We are planning to disclose a review of the previous three years and indicate strategic directions going forward when we announce our full-year financial results for FY2023 at the end of April 2024.

Printing solutions

Q: How do you see the competitive environment for inkjet printers going forward?

A: The excess channel inventory issue was resolved in Q2, and we are now seeing price competition. We are responding by strengthening promotions that highlight the features of Epson's high-capacity ink tank models. This has

enabled us to keep price declines in check. Going forward, we will continue these efforts and will strive to maintain prices.

Q: Why is inkjet printer ink revenue stable?

A: Sales of ink cartridges has been decreasing along with sales of ink cartridge printers. However, ink revenue is stable because of an increase in the number of high-capacity ink tank models and office shared printers in the field, as these machines are used for higher volume printing.

Manufacturing-related & wearables

Q: Do you still see manufacturing solutions as a growth area?

A: We have not changed the positioning of the business. We are looking to drive growth by combining robots with peripheral devices such as force sensors as well as micro injection molding machines and by co-creation with other companies to offer environmentally considerate production systems that offer high productivity and flexibility. We believe that our investment in 3D metal printing company 3DEO Inc., announced in January 2024, will contribute to the realization of such production systems.