

FY2023 Fourth-Quarter Financial Results Presentation
Q&A

Overall

Q: There was a significant decline in your Q4 results compared to the outlook you presented when you announced your Q3 financial results. What factors do you attribute this to?

A: We fell short of the revenue outlook mainly because the market for high-capacity ink tank printers was not as strong as expected in Europe, North America, and some emerging countries and because unit sales failed to grow as expected largely due to pricing strategies by competitors. In projectors, the home market in North America was soft, and tender opportunities in South America were postponed.

Although we worked to contain costs, business profit fell short of the outlook because, in addition to missing our sales target, we cut back production more than planned, which reduced inventory and, in turn, negatively impacted profit.

Q: Was the reversal of write-downs on slow moving stock that you recorded in Q2 as planned?

A: We planned to reverse most of the slightly less than ¥10 billion in write-downs recorded in Q2 during FY2023. For the most part, we did so in both Q3 and Q4.

Q: On slide 23, you mention some actions to reduce fixed costs. What were the reasons and scope?

A: Under Epson 25 Renewed, we are emphasizing profitability, but costs have been higher than initially expected due to inflation and other changes in the macro-economic environment. In response to this, we will take further steps to contain costs, including fixed costs. These steps will not be limited to specific operations. Some Epson sales and manufacturing companies have already begun to reduce headcount. However, we will continue to steadily invest in development necessary for future growth.

Q: The causes of change in business profit in FY2024 outlook versus FY2023 are shown on slide 27, but I'd like to know the business-by-business breakdown of unit sales and price changes.

A: We expect unit sales to have a positive impact on business profit mainly in the commercial and industrial IJP finished products business and in the printhead sales business. Unit sales will also positively impact other areas such as visual communications, office and home IJPs, and microdevices.

Price changes are forecast to have a negative impact on profit due to the risk of price erosion in office & home IJPs. Price changes are also expected to have a negative effect, albeit a small one, in commercial and industrial IJP finished products, visual communications, and microdevices.