

Financial Results for the Three Months ended June 30, 2024 [IFRS](Consolidated)

July 31, 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 starting date of payment for the dividends: —

Reference materials regarding financial results for the period: Yes

Briefing on financial results: Yes (for analysts)

(Amounts are rounded down to the nearest million yen)

1. Results for the Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)

(1) Consolidated Operating Results

(%:Change from the 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, 2024	336,614	6.9	23,499	50.6	22,468	14.0	26,891	△4.9	19,161	△5.1	19,160	△5.1
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

Note: Total comprehensive income for the period: Three months ended June 30, 2024 ¥49,185 million (△10.6%)

Three months ended June 30, 2023 ¥55,009 million (△9.4%)

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
Three months ended June 30, 2024	57.78	57.77
Three months ended June 30, 2023	60.90	60.89

(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, 2024	1,474,671	848,089	847,945	57.5
As of March 31, 2024	1,413,094	811,134	810,992	57.4

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, 2024	—	37.00	—	37.00	74.00
Year ending March 31, 2025	—	—	—	—	—
Year ending March 31, 2025 (Forecast)	—	37.00	—	37.00	74.00

Note: Changes from the latest announced forecasts: None

3. Forecast for the Fiscal Year ending March 31, 2025 (From April 1, 2024 to March 31, 2025)

(%: Change from the 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		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, 2025	1,370,000	4.3	85,000	31.3	77,000	33.8	77,000	9.9	54,000	2.6	54,000	2.6	162.83

Note: Changes from the latest announced forecasts: Yes

※Notes

(1) Significant changes in the scope of consolidation during the period : 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 June 30, 2024	385,022,278	As of March 31, 2024	385,022,278
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2. Treasury shares:

As of June 30, 2024	53,393,258	As of March 31, 2024	53,398,912
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3. Average number of shares:

Three months ended June 30, 2024	331,626,625	Three months ended June 30, 2023	331,518,362
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※Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

※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 Wednesday, July 31, 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 ¥161.085 = U.S.\$1 at the end of the reporting period has been used for the purpose of presentation.

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1. Overview of Operating Results, etc.

Operating Results Overview

The global economic environment during the first quarter of the current fiscal year was firm due to hints of a pickup in global economic activity and trade. However, inflationary pressures persisted, and the risk of a global economic slowdown remains.

By region, the U.S. is experiencing a slowdown in consumption and in economic growth compared to previous outlook. In Europe, signs of economic recovery are emerging, driven by improvements in the service sector. Meanwhile, economic conditions in emerging countries are recovering, with India leading the way, but consumption growth is slowing in China, and the outlook remains uncertain.

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 year were ¥155.79 and ¥167.74, respectively. This represents a 14% depreciation in the value of the yen against the dollar and a 12% 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 South America.

Revenue was ¥336.6 billion, up 6.9% from the prior-year period despite a decline in revenue in the manufacturing-related and wearables segment due to lower demand for microdevices as market inventory adjustments continued. Revenue benefited from high-capacity ink tank printer and printhead sales growth in the printing solutions segment, as well as from positive foreign exchange effects.

Business profit was ¥23.4 billion, up 50.6% from the prior-year period, a result of increased revenue in the printing solutions segment and positive foreign exchange effects due to the yen's depreciation. Profit from operating activities was ¥22.4 billion, up 14.0% from the prior-year period, partly due to the recording of expenses associated with a reorganization of sites in the Singapore region. Profit before tax was ¥26.8 billion, down 4.9% from the prior-year period. Profit for the period attributable to owners of the parent company was ¥19.1 billion, down 5.1% 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. Inkjet printer revenue increased mainly due to growth in unit sales compared to the prior-year period, when unit sales slumped due to channel inventory adjustments, as well as positive foreign exchange effects. Sales of inkjet printer consumables increased despite a decrease in ink cartridge sales. This increase was mostly due to a combination of positive foreign exchange effects and a sharp increase in sales of ink bottles for high-capacity ink tank printers and ink for office shared inkjet printers accompanying an increase in the number of these machines in the field.

Revenue in the commercial and industrial printing business increased. Commercial and industrial inkjet printer revenue decreased due to factors such as lower unit sales in Europe and North America, where persistently high interest rates lowered investment demand. Sales of consumables for commercial and industrial inkjet printers sharply increased on expanding print demand. Sales of small printers increased due to the positive foreign exchange effects, which more than offset ongoing stagnant sales to small and medium-sized retailers in the Americas caused by deteriorating market conditions. Revenue in the printhead sales business sharply increased on increased demand from printer manufacturers in China.

Segment profit in the printing solutions segment sharply increased due mainly to higher revenue and fixed

cost containment.

As a result of the foregoing factors, revenue in the printing solutions segment was ¥235.9 billion, up 9.7% from the prior-year period. Segment profit was ¥29.6 billion, up 32.5% from the prior-year period.

Visual Communications Segment

Revenue in the visual communications segment increased due to positive foreign exchange effects, which made up for lower sales resulting from deterioration of the Chinese market and a shrinking home market in Europe and North America.

Segment profit in the visual communications segment benefited from positive foreign exchange effects and increased compared to the prior-year period, when profit was negatively impacted by inventory reductions.

As a result of the foregoing factors, revenue in the visual communications segment was ¥55.6 billion, up 5.2% from the prior-year period. Segment profit was ¥7.7 billion, up 14.6% from the prior-year period.

Manufacturing-Related & Wearables Segment

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

Revenue in the wearable products business sharply increased owing mainly to increased unit sales thanks to the launch of new models and demand from visitors to Japan.

Revenue in the microdevices business sharply decreased. Crystal device revenue increased compared to the same period last year, when market conditions deteriorated markedly due to the impact of market inventory adjustments. This increase was a result of growing sales volume especially in the recovering automotive applications market and positive foreign exchange effects. In contrast to the prior-year period, when sales increased due to the elimination of an order backlog, semiconductor revenue sharply decreased in the current period because of stagnant customer demand, especially in the industrial sector, and ongoing 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 ¥45.3 billion, down 4.3% from the prior-year period. Segment loss was ¥0.3 billion (compared to segment profit of ¥0.7 billion in the prior-year period).

Adjustments

Adjustments to the total profit of reporting segments amounted to negative ¥13.5 billion. (Adjustments in the prior-year period were negative ¥14.3 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.

Financial Position Overview

Total assets at the end of the first quarter were ¥1,474.6 billion, an increase of ¥61.5 billion compared to the previous fiscal year end. This was chiefly due to a ¥12.3 billion increase in cash and cash equivalents, a ¥6.1 billion increase in trade and other receivables, a ¥19.3 billion increase in inventories, a ¥6.5 billion increase in other current assets, a ¥5.4 billion increase in property, plant and equipment, and a ¥4.4 billion increase in deferred tax assets.

Total liabilities were ¥626.5 billion, an increase of ¥24.6 billion compared to the previous fiscal year end. This increase was mainly due to a ¥11.4 billion increase in trade and other payables and a ¥4.8 billion increase in income tax payables.

The equity attributable to owners of the parent company totaled ¥847.9 billion, an increase of ¥36.9 billion compared to the previous fiscal year end. The main reasons for the increase were that, while there were ¥12.2 billion in dividend payments, Epson recorded ¥19.1 billion in profit for the period attributable to owners of the parent company and ¥30.0 billion in other comprehensive income, the primary component of which was exchange differences on translation of foreign operations.

Qualitative Information Regarding the Consolidated Financial Outlook

Epson has raised the consolidated full-year financial outlook for the fiscal year ending March 31, 2025, compared to the previous outlook, mainly due to the expected positive foreign exchange effects resulting from the yen's depreciation. Epson will also raise the previous outlook for profit from operating activities and each level of profit thereafter based on an increase in business profit. The figures in the outlook are based on assumed exchange rates from the second quarter of ¥150.00 to the U.S. dollar and ¥161.00 to the euro.

For details, please see the fiscal year 2024 (ending March 2025) first-quarter financial results presentation that was announced simultaneously with this report.

Consolidated Full-Year Financial Outlook

	FY2023 Result	Previous Outlook (A)	Current Outlook (B)	Change (B - A)	
Revenue	¥1,313.9 billion	¥1,330.0 billion	¥1,370.0 billion	+¥40.0 billion	(+3.0%)
Business profit	¥64.7 billion	¥80.0 billion	¥85.0 billion	+¥5.0 billion	(+6.3%)
Profit from operating activities	¥57.5 billion	¥71.0 billion	¥77.0 billion	+¥6.0 billion	(+8.5%)
Profit before tax	¥70.0 billion	¥68.0 billion	¥77.0 billion	+¥9.0 billion	(+13.2%)
Profit for the period	¥52.6 billion	¥48.0 billion	¥54.0 billion	+¥6.0 billion	(+12.5%)
Profit for the period attributable to owners of the parent company	¥52.6 billion	¥48.0 billion	¥54.0 billion	+¥6.0 billion	(+12.5%)
Exchange rates	1 USD = ¥144.44	1 USD = ¥144.00	1 USD = ¥151.00		
	1 EUR = ¥156.66	1 EUR = ¥155.00	1 EUR = ¥163.00		

2. Quarterly Condensed Consolidated Financial Statements and Primary Notes

Quarterly Condensed Consolidated Statement of Financial Position

	Millions of yen		Thousands of U.S. dollars
	March 31, 2024	June 30, 2024	June 30, 2024
<u>Assets</u>			
Current assets			
Cash and cash equivalents	328,481	340,809	2,115,709
Trade and other receivables	212,781	218,961	1,359,288
Inventories	358,189	377,572	2,343,930
Income tax receivables	10,116	12,632	78,418
Other financial assets	1,995	1,876	11,646
Other current assets	21,923	28,431	176,496
Total current assets	933,487	980,284	6,085,507
Non-current assets			
Property, plant and equipment	377,333	382,828	2,376,558
Intangible assets	27,066	29,459	182,878
Investment property	1,103	1,202	7,461
Investments accounted for using equity method	2,244	2,324	14,427
Net defined benefit assets	4,543	4,562	28,320
Other financial assets	29,369	30,583	189,856
Other non-current assets	1,827	2,831	17,574
Deferred tax assets	36,117	40,594	252,003
Total non-current assets	479,606	494,387	3,069,106
Total assets	1,413,094	1,474,671	9,154,614

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	Millions of yen		Thousands of U.S. dollars
	March 31, 2024	June 30, 2024	June 30, 2024
<u>Liabilities and equity</u>			
Liabilities			
Current liabilities			
Trade and other payables	159,827	171,269	1,063,221
Income tax payables	8,279	13,084	81,224
Bonds issued, borrowings and lease liabilities	29,688	59,523	369,512
Other financial liabilities	2,731	4,913	30,499
Provisions	12,703	13,367	82,981
Other current liabilities	159,163	163,109	1,012,564
Total current liabilities	372,395	425,269	2,640,028
Non-current liabilities			
Bonds issued, borrowings and lease liabilities	175,095	144,512	897,116
Other financial liabilities	5,256	5,685	35,291
Net defined benefit liabilities	13,836	14,090	87,469
Provisions	8,856	10,884	67,566
Other non-current liabilities	17,365	17,654	109,594
Deferred tax liabilities	9,154	8,484	52,667
Total non-current liabilities	229,564	201,312	1,249,725
Total liabilities	601,960	626,582	3,889,760
Equity			
Share capital	53,204	53,204	330,285
Capital surplus	84,042	84,074	521,923
Treasury shares	(55,455)	(55,446)	(344,203)
Other components of equity	172,175	201,612	1,251,587
Retained earnings	557,025	564,501	3,504,367
Equity attributable to owners of the parent company	810,992	847,945	5,263,960
Non-controlling interests	141	143	887
Total equity	811,134	848,089	5,264,853
Total liabilities and equity	1,413,094	1,474,671	9,154,614

SEIKO EPSON CORPORATION

Quarterly Condensed Consolidated Statement of Comprehensive Income

Three months ended June 30, 2023 and 2024

	Millions of yen		Thousands of
	Three months ended		U.S. dollars
	June 30,		Three months ended
	2023	2024	June 30, 2024
Revenue	314,840	336,614	2,089,666
Cost of sales	(207,103)	(216,667)	(1,345,047)
Gross profit	107,736	119,946	744,613
Selling, general and administrative expenses	(92,136)	(96,446)	(598,727)
Other operating income	4,941	1,577	9,789
Other operating expense	(828)	(2,608)	(16,190)
Profit from operating activities	19,713	22,468	139,479
Finance income	9,278	5,046	31,325
Finance costs	(719)	(607)	(3,768)
Share of profit (loss) of investments accounted for using equity method	1	(16)	(99)
Profit before tax	28,273	26,891	166,936
Income taxes	(8,084)	(7,729)	(47,980)
Profit for the period	20,189	19,161	118,949
Profit for the period attributable to:			
Owners of the parent company	20,188	19,160	118,943
Non-controlling interests	1	0	0
Profit for the period	20,189	19,161	118,949

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	Millions of yen		Thousands of
	Three months ended		U.S. dollars
	June 30,		Three months ended
	2023	2024	June 30, 2024
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss, net of tax			
Remeasurement of net defined benefit liabilities (assets)	2,934	584	3,625
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	919	667	4,140
Subtotal	3,854	1,251	7,766
Items that may be reclassified subsequently to profit or loss, net of tax			
Exchange differences on translation of foreign operations	31,800	29,680	184,250
Net changes in fair value of cash flow hedges	(859)	(958)	(5,947)
Share of other comprehensive income of investments accounted for using equity method	25	50	310
Subtotal	30,965	28,772	178,613
Total other comprehensive income, net of tax	34,819	30,024	186,386
Total comprehensive income for the period	55,009	49,185	305,335
Total comprehensive income for the period attributable to:			
Owners of the parent company	55,000	49,182	305,317
Non-controlling interests	9	3	18
Total comprehensive income for the period	55,009	49,185	305,335

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

	Yen		U.S. dollars
	Three months ended		Three months ended
	June 30,		June 30,
	2023	2024	2024
Earnings per share for the period:			
Basic earnings per share for the period	60.90	57.78	0.36
Diluted earnings per share for the period	60.89	57.77	0.36

SEIKO EPSON CORPORATION

Quarterly Condensed Consolidated Statement of Changes in Equity

Three months ended June 30, 2023 and 2024

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	-	-	-	-	-	-	-	-	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

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	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, 2024	53,204	84,042	(55,455)	-	8,159	164,605	(589)	172,175	557,025	810,992	141	811,134
Profit for the period	-	-	-	-	-	-	-	-	19,160	19,160	0	19,161
Other comprehensive income	-	-	-	584	667	29,727	(958)	30,021	-	30,021	2	30,024
Total comprehensive income for the period	-	-	-	584	667	29,727	(958)	30,021	19,160	49,182	3	49,185
Acquisition of treasury shares	-	-	(0)	-	-	-	-	-	-	(0)	-	(0)
Dividends	-	-	-	-	-	-	-	-	(12,270)	(12,270)	(0)	(12,271)
Share-based payment transactions	-	31	9	-	-	-	-	-	-	41	-	41
Transfer from other components of equity to retained earnings	-	-	-	(584)	-	-	-	(584)	584	-	-	-
Total transactions with the owners	-	31	9	(584)	-	-	-	(584)	(11,685)	(12,229)	(0)	(12,230)
As of June 30, 2024	53,204	84,074	(55,446)	-	8,826	194,333	(1,547)	201,612	564,501	847,945	143	848,089

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

	Thousands of U.S. dollars											
	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, 2024	330,285	521,724	(344,259)	-	50,650	1,021,851	(3,656)	1,068,845	3,457,956	5,034,559	875	5,035,440
Profit for the period	-	-	-	-	-	-	-	-	118,943	118,943	0	118,949
Other comprehensive income	-	-	-	3,625	4,140	184,542	(5,947)	186,367	-	186,367	12	186,386
Total comprehensive income for the period	-	-	-	3,625	4,140	184,542	(5,947)	186,367	118,943	305,317	18	305,335
Acquisition of treasury shares	-	-	(0)	-	-	-	-	-	-	(0)	-	(0)
Dividends	-	-	-	-	-	-	-	-	(76,170)	(76,170)	(0)	(76,177)
Share-based payment transactions	-	192	55	-	-	-	-	-	-	254	-	254
Transfer from other components of equity to retained earnings	-	-	-	(3,625)	-	-	-	(3,625)	3,625	-	-	-
Total transactions with the owners	-	192	55	(3,625)	-	-	-	(3,625)	(72,539)	(75,916)	(0)	(75,922)
As of June 30, 2024	330,285	521,923	(344,203)	-	54,790	1,206,400	(9,603)	1,251,587	3,504,367	5,263,960	887	5,264,853

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

Quarterly Condensed Consolidated Statement of Cash Flows

Three months ended June 30, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars
	Three months ended June 30,		Three months ended June 30,
	2023	2024	2024
Cash flows from operating activities			
Profit for the period	20,189	19,161	118,949
Depreciation and amortisation	17,073	17,590	109,197
Impairment loss (reversal of impairment loss)	55	180	1,117
Finance (income) costs	(8,559)	(4,438)	(27,550)
Share of (profit) loss of investments accounted for using equity method	(1)	16	99
Loss (gain) on sale and disposal of property, plant and equipment, intangible assets and investment property	148	(272)	(1,688)
Income taxes	8,084	7,729	47,980
Decrease (increase) in trade receivables	21,177	5,068	31,461
Decrease (increase) in inventories	8,397	(364)	(2,259)
Increase (decrease) in trade payables	(2,553)	13,600	84,427
Increase (decrease) in net defined benefit liabilities	56	(116)	(720)
Other	(31,189)	(14,307)	(88,816)
Subtotal	32,880	43,848	272,204
Interest and dividends income received	1,263	1,748	10,851
Interest expenses paid	(257)	(334)	(2,073)
Income taxes paid	(6,570)	(9,938)	(61,694)
Net cash from (used in) operating activities	27,316	35,322	219,275
Cash flows from investing activities			
Purchase of investment securities	(853)	(49)	(304)
Purchase of property, plant and equipment	(12,379)	(13,822)	(85,805)
Proceeds from sale of property, plant and equipment	24	279	1,732
Purchase of intangible assets	(1,442)	(2,924)	(18,151)
Proceeds from sale of intangible assets	0	2	12
Proceeds from sale of investment property	-	88	546
Other	(6,292)	(3,301)	(20,492)
Net cash from (used in) investing activities	(20,943)	(19,728)	(122,469)
Cash flows from financing activities			
Net increase (decrease) in current borrowings	121	(567)	(3,519)
Payment of lease liabilities	(2,468)	(2,714)	(16,848)
Dividends paid	(13,592)	(12,270)	(76,170)
Dividends paid to non-controlling interests	(0)	-	-
Purchase of treasury shares	(0)	(0)	(0)
Net cash from (used in) financing activities	(15,940)	(15,553)	(96,551)
Effect of exchange rate changes on cash and cash equivalents	13,982	12,287	76,276
Net increase (decrease) in cash and cash equivalents	4,415	12,327	76,524
Cash and cash equivalents at beginning of period	267,380	328,481	2,039,178
Cash and cash equivalents at end of period	271,795	340,809	2,115,709

Notes to Consolidated Financial Statements

(Basis of Preparation)

The Company and its affiliates (“Epson”) prepare its quarterly condensed consolidated financial statements in compliance with Article 5, Paragraph 2 of the Standards for the Preparation of Quarterly Financial Statements, etc. (applying the omission of the description specified in Article 5, Paragraph 5 of the same standard) issued by Tokyo Stock Exchange, Inc. and omit some disclosure items required by International Accounting Standards (IAS) 34 “Interim Financial Reporting.”

(Segment Information)

(1) Outline of Reportable Segments

The reportable segments of Epson are determined based on the operating segments that are components of Epson for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors in deciding how to allocate resources and in assessing performance.

The reportable segments of Epson are composed of three segments: “Printing Solutions”, “Visual Communications” and “Manufacturing-related & Wearables.” They are determined by types of products, nature of products, and markets.

Epson conducts development, manufacturing and sales within its reportable segments as follows:

Reportable segments	Main products
Printing Solutions	Office/ Home inkjet printers, serial impact dot matrix printers, page printers, color image scanners, dry process office papermaking systems, commercial and industrial inkjet printers, inkjet printheads, printers for use in POS systems, label printers, printer consumables, and others
Visual Communications	3LCD projectors, smart glasses, and others
Manufacturing-related & Wearables	Industrial robots, compact injection molders, wristwatches, watch movements, quartz crystal devices, semiconductors, metal powders, surface finishing, PC, and others

(2) Revenues and Performances of Reportable Segments

Revenues and performances of reportable segments were as follows. Transfer prices between the segments were based on prevailing market prices.

FY2023: Three Months ended June 30, 2023

Millions of yen						
Revenue	Reportable segments				Adjustments (Note 2)	Consolidated
	Printing Solutions	Visual Communications	Manufacturing- related & Wearables	Subtotal		
Revenue						
External revenues	215,115	52,918	44,890	312,924	1,915	314,840
Intersegment revenues	5	0	2,467	2,472	(2,472)	-
Total revenue	215,120	52,918	47,357	315,396	(556)	314,840
Segment profit (loss) (Business profit) (Note 1)	22,336	6,789	791	29,916	(14,317)	15,599
						4,113
						19,713
						8,559
						1
						28,273

(Note 1) Segment profit (loss) (Business profit) is calculated by subtracting Cost of sales and Selling, general and administrative expenses from Revenue.

(Note 2) “Adjustments” of (¥14,317) million in Segment profit (loss) (Business profit) comprised ¥ 135 million in eliminated intersegment transactions and (¥14,452) million in Corporate and Other. Corporate and Other mainly included expenses relating to research and development for basic technology, as well as revenues and expenses relating to new businesses and general corporate functions which are not attributed to reportable segments.

SEIKO EPSON CORPORATION

FY2024: Three Months ended June 30, 2024

	Millions of yen					Consolidated	
	Reportable segments				Adjustments (Note 2)		
	Printing Solutions	Visual Communications	Manufacturing- related & Wearables	Subtotal			
Revenue							
External revenues	235,932	55,681	43,157	334,771	1,842	336,614	
Intersegment revenues	8	-	2,177	2,186	(2,186)	-	
Total revenue	235,941	55,681	45,335	336,958	(344)	336,614	
Segment profit (loss) (Business profit) (Note 1)	29,601	7,781	(317)	37,064	(13,565)	23,499	
						Other operating income (expense)	(1,030)
						Profit from operating activities	22,468
						Finance income (costs)	4,438
						Share of profit of investments accounted for using equity method	(16)
						Profit before tax	26,891

(Note 1) Segment profit (loss) (Business profit) is calculated by subtracting Cost of sales and Selling, general and administrative expenses from Revenue.

(Note 2) “Adjustments” of (¥13,565) million in Segment profit (loss) (Business profit) comprised ¥129 million in eliminated intersegment transactions and (¥13,694) million in Corporate and Other. Corporate and Other mainly included expenses relating to research and development for basic technology, as well as revenues and expenses relating to new businesses and general corporate functions which are not attributed to reportable segments.

FY2024: Three Months ended June 30, 2024

	Thousands of U.S. dollars					Consolidated	
	Reportable segments				Adjustments (Note 2)		
	Printing Solutions	Visual Communications	Manufacturing- related & Wearables	Subtotal			
Revenue							
External revenues	1,464,642	345,662	267,914	2,078,225	11,434	2,089,666	
Intersegment revenues	49	-	13,514	13,570	(13,570)	-	
Total revenue	1,464,698	345,662	281,435	2,091,802	(2,135)	2,089,666	
Segment profit (loss) (Business profit) (Note 1)	183,760	48,303	(1,967)	230,089	(84,210)	145,879	
						Other operating income (expense)	(6,394)
						Profit from operating activities	139,479
						Finance income (costs)	27,550
						Share of profit of investments accounted for using equity method	(99)
						Profit before tax	166,936

(Note 1) Segment profit (loss) (Business profit) is calculated by subtracting Cost of sales and Selling, general and administrative expenses from Revenue.

(Note 2) “Adjustments” of (\$84,210) thousand in Segment profit (loss) (Business profit) comprised \$800 thousand in eliminated intersegment transactions and (\$85,011) thousand in Corporate and Other. Corporate and Other mainly included expenses relating to research and development for basic technology, as well as revenues and expenses relating to new businesses and general corporate functions which are not attributed to reportable segments.

(Going Concern Assumption)

Not applicable.

(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 adjoined. EEB’s claims were rejected at the first trial, but EEB, dissatisfied with the decision, intends to appeal.

(Subsequent Events)

Not applicable.