

Financial Results for the Six Months ended September 30, 2024 [IFRS](Consolidated)

November 1, 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 Semi-annual Securities Report: November 6, 2024

Scheduled starting date of payment for the dividends: November 29, 2024

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 Six months ended September 30, 2024 (From April 1, 2024 to September 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	%
Six months ended September 30, 2024	674,198	5.6	51,040	108.9	34,939	25.1	32,852	△14.4	23,282	△15.3	23,280	△15.3
Six months ended September 30, 2023	638,533	0.9	24,428	△50.7	27,933	△52.8	38,363	△46.5	27,482	△45.5	27,479	△45.5

Note: Total comprehensive income for the period: Six months ended September 30, 2024 ¥8,137 million (△88.8%)

Six months ended September 30, 2023 ¥72,860 million (△26.2%)

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
Six months ended September 30, 2024	70.43	70.43
Six months ended September 30, 2023	82.88	82.87

(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 September 30, 2024	1,382,618	795,180	795,046	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	—	37.00	—	—	—
Year ending March 31, 2025 (Forecast)	—	—	—	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	1,340,000	2.0	85,000	31.3	68,000	18.2	67,000	△4.4	47,000	△10.7	47,000	△10.7	143.69

Note: Changes from the latest announced forecasts: Yes

※Notes

(1) Significant changes in the scope of consolidation during the period : Yes

Newly included: 1 company (Epson Global Reinsurance, Inc.)

Excluded: 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 September 30, 2024	385,022,278	As of March 31, 2024	385,022,278
As of September 30, 2024	57,929,965	As of March 31, 2024	53,398,912
Six months ended September 30, 2024	330,546,025	Six months ended September 30, 2023	331,554,809

2. Treasury shares:

3. Average number of shares:

※Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

※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, November 1, 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 ¥142.655 = U.S.\$1 at the end of the reporting period has been used for the purpose of presentation.

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1. Qualitative Information

Explanation of Operating Results

The global economy during the period under review remained firm and stable, with inflation winding down. However, we recognize that we must anticipate greater risk than before. Not only is the low economic growth rate expected to continue, but conflicts, social instability, abnormal weather phenomena, and fluctuating interest and exchange rates associated with national monetary policies all present risks.

By region, the U.S. economy is robust, supported by solid consumption. In Europe, there are signs of economic recovery, driven by improvements in the service sector. Emerging economies have maintained stable growth, but the outlook is uncertain because consumption growth has slowed in China.

The average exchange rates of the yen against the U.S. dollar and of the yen against the euro during the period were ¥152.51 and ¥165.80, respectively. This represents an 8% depreciation of the yen against the dollar and an 8% depreciation of the yen against the euro compared to the prior-year period.

Revenue was ¥674.1 billion, up 5.6% from the prior-year period. In addition to growth in sales of high-capacity ink tank printers and printheads in the printing solutions segment, revenue was positively impacted by foreign exchange rates due to the progressively weaker yen.

Business profit was ¥51.0 billion, up 108.9% from the prior-year period, when inventory reductions negatively impacted profit. An increase in business profit was mainly due to the revenue growth in the printing solutions segment and the positive effects of foreign exchange. Profit from operating activities was ¥34.9 billion, up 25.1% compared to the prior-year period, mainly due to foreign exchange losses resulting from the sharp appreciation of the yen. Profit before tax was ¥32.8 billion, down 14.4% compared to the prior-year period. Profit for the period attributable to owners of the parent company was ¥23.2 billion, down 15.3% compared to 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 on higher unit sales and the positive effect of yen depreciation. Unit sales of high-capacity ink tank printers increased mainly in emerging markets, where demand is strong. Sales of office shared printers sharply increased mainly in Western Europe and South America. Sales of inkjet printer consumables increased despite a slight 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 printers accompanying growth in the number of machines in the field, etc.

Revenue in the commercial and industrial printing business increased. Sales of commercial and industrial inkjet printers decreased as markets showed less willingness to invest. Sales of consumables for commercial and industrial inkjet printers increased on expanding print demand. Sales of small printers increased due to an increase in orders on tender wins in Europe and North America, as well as the positive effects of foreign exchange. Revenue in the printhead sales business sharply increased on continued robust demand from printer manufacturers in China.

Segment profit sharply increased compared to the prior-year period, when inventory reductions negatively impacted profit, owing to revenue growth and the positive effects of foreign exchange.

As a result of the foregoing factors, revenue in the printing solutions segment was ¥476.5 billion, up 9.0%

from the prior-year period. Segment profit was ¥63.5 billion, up 69.9% from the prior-year period.

Visual Communications Segment

Revenue in the visual communications segment slightly decreased, despite the positive effects of foreign exchange. The decrease was due largely to the deteriorating Chinese market.

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 ¥108.0 billion, down 2.0% from the prior-year period. Segment profit was ¥15.9 billion, up 8.8% from the prior-year period.

Manufacturing-Related & Wearables Segment

Revenue in the manufacturing solutions business decreased due to an expansion of the decline in sales due to stagnant investment demand in Europe, North America, and other regions in addition to China.

Revenue in the wearable products business increased owing mainly to increased sales volume and demand from visitors to Japan.

Revenue in the microdevices business decreased. Crystal device revenue increased compared to the prior-year period, when market conditions deteriorated markedly due to the impact of market inventory adjustments. This increase was a result of a recovering consumer electronics and automotive applications market as well as positive foreign exchange effects. In contrast to the prior-year period, when sales increased due to the elimination of an order backlog primarily in the first quarter, semiconductor revenue sharply decreased in the current period because of ongoing stagnant customer demand, especially in the industrial sector. 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 ¥89.9 billion, down 2.9% from the prior-year period. Segment loss was ¥0.5 billion (compared to segment profit of ¥1.7 billion in the prior-year period).

Adjustments

Adjustments to the total profit of reporting segments amounted to negative ¥27.9 billion. (Adjustments in the prior-year period were negative ¥29.4 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.

Explanation of Financial Position

Total assets at the end of the period were ¥1,382.6 billion, a decrease of ¥30.4 billion from the previous fiscal year end. While other current assets increased by ¥9.8 billion, total assets decreased mainly because of a ¥26.0 billion decrease in cash and cash equivalents, a ¥10.2 billion decrease in trade and other receivables, and a ¥13.0 billion decrease in property, plant and equipment.

Total liabilities were ¥587.4 billion, down ¥14.5 billion compared to the end of the previous fiscal year. This decrease was because of a ¥13.8 billion decrease in bonds issued, borrowings and lease liabilities.

The equity attributable to owners of the parent company totaled ¥795.0 billion, a ¥15.9 billion decrease compared to the previous fiscal year end. The main reasons for the decrease were that, while profit for the period attributable to owners of the parent company totaled ¥23.2 billion, Epson recorded an ¥11.8 billion purchase of treasury shares, a ¥15.1 billion loss on other comprehensive income, the primary component of which was exchange differences on translation of foreign operations, and ¥12.2 billion in dividend payments.

Qualitative Information Regarding the Consolidated Financial Outlook

Epson has lowered its previous consolidated full-year financial outlook for the fiscal year ending March 31, 2025. Although we expect to reach the original plan for inkjet printer unit sales, the outlook was lowered mainly because of an expected decrease in sales in the visual communications segment. After considering future risks and other factors, we are reiterating the previous guidance for business profit. Although it may increase in some business segments and decrease in others, consolidated business profit is expected to be in line with the previous outlook. We are also lowering the previous outlook for profit from operating activities and each level of profit thereafter due to the foreign exchange loss caused by the sharp appreciation of the yen. The figures in the outlook are based on assumed exchange rates from the third quarter of ¥146.00 to the U.S. dollar and ¥161.00 to the euro. For details, please see the fiscal year 2024 (ending March 2025) second-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	¥1,370.0 billion	¥1,340.0 billion	-¥30.0 billion	(-2.2%)
Business profit	¥64.7 billion	¥85.0 billion	¥85.0 billion	-	-
Profit from operating activities	¥57.5 billion	¥77.0 billion	¥68.0 billion	-¥9.0 billion	(-11.7%)
Profit before tax	¥70.0 billion	¥77.0 billion	¥67.0 billion	-¥10.0 billion	(-13.0%)
Profit for the period	¥52.6 billion	¥54.0 billion	¥47.0 billion	-¥7.0 billion	(-13.0%)
Profit for the period attributable to owners of the parent company	¥52.6 billion	¥54.0 billion	¥47.0 billion	-¥7.0 billion	(-13.0%)
Exchange rates	1 USD = ¥144.44	1 USD = ¥151.00	1 USD = ¥149.00		
	1 EUR = ¥156.66	1 EUR = ¥163.00	1 EUR = ¥163.00		

2. Condensed Interim Consolidated Financial Statements and Primary Notes

Condensed Interim Consolidated Statement of Financial Position

	Millions of yen		Thousands of U.S. dollars
	March 31, 2024	September 30, 2024	September 30, 2024
<u>Assets</u>			
Current assets			
Cash and cash equivalents	328,481	302,475	2,120,325
Trade and other receivables	212,781	202,530	1,419,718
Inventories	358,189	358,852	2,515,523
Income tax receivables	10,116	11,824	82,885
Other financial assets	1,995	2,721	19,073
Other current assets	21,923	31,724	222,382
Total current assets	933,487	910,128	6,379,923
Non-current assets			
Property, plant and equipment	377,333	364,323	2,553,874
Intangible assets	27,066	30,657	214,903
Investment property	1,103	1,200	8,411
Investments accounted for using equity method	2,244	2,149	15,064
Net defined benefit assets	4,543	4,332	30,366
Other financial assets	29,369	27,995	196,242
Other non-current assets	1,827	2,531	17,742
Deferred tax assets	36,117	39,298	275,475
Total non-current assets	479,606	472,490	3,312,116
Total assets	1,413,094	1,382,618	9,692,040

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	Millions of yen		Thousands of U.S. dollars
	March 31, 2024	September 30, 2024	September 30, 2024
<u>Liabilities and equity</u>			
Liabilities			
Current liabilities			
Trade and other payables	159,827	153,249	1,074,263
Income tax payables	8,279	11,024	77,277
Bonds issued, borrowings and lease liabilities	29,688	88,608	621,134
Other financial liabilities	2,731	1,718	12,043
Provisions	12,703	13,388	93,848
Other current liabilities	159,163	162,317	1,137,829
Total current liabilities	372,395	430,307	3,016,417
Non-current liabilities			
Bonds issued, borrowings and lease liabilities	175,095	102,333	717,346
Other financial liabilities	5,256	5,365	37,608
Net defined benefit liabilities	13,836	14,417	101,062
Provisions	8,856	10,266	71,963
Other non-current liabilities	17,365	18,567	130,153
Deferred tax liabilities	9,154	6,181	43,328
Total non-current liabilities	229,564	157,130	1,101,468
Total liabilities	601,960	587,438	4,117,892
Equity			
Share capital	53,204	53,204	372,955
Capital surplus	84,042	84,004	588,861
Treasury shares	(55,455)	(67,236)	(471,318)
Other components of equity	172,175	156,478	1,096,898
Retained earnings	557,025	568,595	3,985,804
Equity attributable to owners of the parent company	810,992	795,046	5,573,208
Non-controlling interests	141	133	932
Total equity	811,134	795,180	5,574,147
Total liabilities and equity	1,413,094	1,382,618	9,692,040

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Condensed Interim Consolidated Statement of Comprehensive Income

Six months ended September 30, 2023 and 2024

	Millions of yen		Thousands of
	Six months ended		U.S. dollars
	September 30,		Six months ended
	2023	2024	September 30, 2024
Revenue	638,533	674,198	4,726,073
Cost of sales	(424,967)	(428,491)	(3,003,687)
Gross profit	213,566	245,707	1,722,386
Selling, general and administrative expenses	(189,137)	(194,666)	(1,364,592)
Other operating income	5,006	1,309	9,175
Other operating expense	(1,501)	(17,411)	(122,049)
Profit from operating activities	27,933	34,939	244,919
Finance income	11,710	3,243	22,733
Finance costs	(1,281)	(5,321)	(37,299)
Share of profit (loss) of investments accounted for using equity method	0	(8)	(56)
Profit before tax	38,363	32,852	230,289
Income taxes	(10,881)	(9,570)	(67,084)
Profit for the period	27,482	23,282	163,204
Profit for the period attributable to:			
Owners of the parent company	27,479	23,280	163,190
Non-controlling interests	2	1	7
Profit for the period	27,482	23,282	163,204

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	Millions of yen		Thousands of
	Six months ended		U.S. dollars
	September 30,		Six months ended
	2023	2024	September 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)	1,557	559	3,918
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	1,653	(871)	(6,105)
Subtotal	3,210	(311)	(2,180)
Items that may be reclassified subsequently to profit or loss, net of tax			
Exchange differences on translation of foreign operations	41,291	(15,775)	(110,581)
Net changes in fair value of cash flow hedges	830	965	6,764
Share of other comprehensive income of investments accounted for using equity method	44	(23)	(161)
Subtotal	42,167	(14,833)	(103,978)
Total other comprehensive income, net of tax	45,378	(15,144)	(106,158)
Total comprehensive income for the period	72,860	8,137	57,039
Total comprehensive income for the period attributable to:			
Owners of the parent company	72,848	8,143	57,081
Non-controlling interests	11	(6)	(42)
Total comprehensive income for the period	72,860	8,137	57,039

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

	Yen		U.S. dollars
	Six months ended		Six months ended
	September 30,		September 30,
	2023	2024	2024
Earnings per share for the period:			
Basic earnings per share for the period	82.88	70.43	0.49
Diluted earnings per share for the period	82.87	70.43	0.49

SEIKO EPSON CORPORATION

Condensed Interim Consolidated Statement of Changes in Equity

Six months ended September 30, 2023 and 2024

	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, 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	-	-	-	-	-	-	-	-	27,479	27,479	2	27,482	
Other comprehensive income	-	-	-	1,557	1,653	41,327	830	45,369	-	45,369	9	45,378	
Total comprehensive income for the period	-	-	-	1,557	1,653	41,327	830	45,369	27,479	72,848	11	72,860	
Acquisition of treasury shares	-	-	(0)	-	-	-	-	-	-	(0)	-	(0)	
Dividends	-	-	-	-	-	-	-	-	(13,592)	(13,592)	(0)	(13,592)	
Share-based payment transactions	-	(30)	132	-	-	-	-	-	-	102	-	102	
Transfer from other components of equity to retained earnings	-	-	-	(1,557)	(26)	-	-	(1,584)	1,584	-	-	-	
Total transactions with the owners	-	(30)	131	(1,557)	(26)	-	-	(1,584)	(12,007)	(13,490)	(0)	(13,490)	
As of September 30, 2023	53,204	83,949	(55,454)	-	7,337	156,299	(396)	163,240	541,771	786,711	135	786,846	

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

SEIKO EPSON CORPORATION

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	-	-	-	-	-	-	-	-	23,280	23,280	1	23,282
Other comprehensive income	-	-	-	559	(871)	(15,790)	965	(15,137)	-	(15,137)	(7)	(15,144)
Total comprehensive income for the period	-	-	-	559	(871)	(15,790)	965	(15,137)	23,280	8,143	(6)	8,137
Acquisition of treasury shares	-	-	(11,898)	-	-	-	-	-	-	(11,898)	-	(11,898)
Dividends	-	-	-	-	-	-	-	-	(12,270)	(12,270)	(0)	(12,271)
Share-based payment transactions	-	(37)	116	-	-	-	-	-	-	78	-	78
Transfer from other components of equity to retained earnings	-	-	-	(559)	-	-	-	(559)	559	-	-	-
Total transactions with the owners	-	(37)	(11,781)	(559)	-	-	-	(559)	(11,710)	(24,089)	(0)	(24,090)
As of September 30, 2024	53,204	84,004	(67,236)	-	7,288	148,814	375	156,478	568,595	795,046	133	795,180

(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	372,955	589,127	(388,735)	-	57,193	1,153,867	(4,128)	1,206,932	3,904,700	5,684,988	988	5,685,983
Profit for the period	-	-	-	-	-	-	-	-	163,190	163,190	7	163,204
Other comprehensive income	-	-	-	3,918	(6,105)	(110,686)	6,764	(106,109)	-	(106,109)	(49)	(106,158)
Total comprehensive income for the period	-	-	-	3,918	(6,105)	(110,686)	6,764	(106,109)	163,190	57,081	(42)	57,039
Acquisition of treasury shares	-	-	(83,404)	-	-	-	-	-	-	(83,404)	-	(83,404)
Dividends	-	-	-	-	-	-	-	-	(86,011)	(86,011)	(0)	(86,018)
Share-based payment transactions	-	(259)	813	-	-	-	-	-	-	546	-	546
Transfer from other components of equity to retained earnings	-	-	-	(3,918)	-	-	-	(3,918)	3,918	-	-	-
Total transactions with the owners	-	(259)	(82,583)	(3,918)	-	-	-	(3,918)	(82,086)	(168,861)	(0)	(168,868)
As of September 30, 2024	372,955	588,861	(471,318)	-	51,088	1,043,174	2,628	1,096,898	3,985,804	5,573,208	932	5,574,147

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

Condensed Interim Consolidated Statement of Cash Flows

Six months ended September 30, 2023 and 2024

	Millions of yen		Thousands of
	Six months ended		U.S. dollars
	2023	2024	Six months ended September 30, 2024
Cash flows from operating activities			
Profit for the period	27,482	23,282	163,204
Depreciation and amortisation	34,211	34,919	244,779
Impairment loss (reversal of impairment loss)	228	260	1,822
Finance (income) costs	(10,428)	2,078	14,566
Share of (profit) loss of investments accounted for using equity method	(0)	8	56
Loss (gain) on sale and disposal of property, plant and equipment, intangible assets and investment property	98	(198)	(1,387)
Income taxes	10,881	9,570	67,084
Decrease (increase) in trade receivables	8,006	3,738	26,203
Decrease (increase) in inventories	22,797	(13,983)	(98,019)
Increase (decrease) in trade payables	(2,927)	12,149	85,163
Increase (decrease) in net defined benefit liabilities	(119)	1,653	11,587
Other	(19,253)	8,686	60,888
Subtotal	70,975	82,165	575,969
Interest and dividends income received	2,421	3,290	23,062
Interest expenses paid	(716)	(759)	(5,320)
Income taxes paid	(11,171)	(14,720)	(103,186)
Net cash from (used in) operating activities	61,509	69,975	490,519
Cash flows from investing activities			
Purchase of investment securities	(853)	(49)	(343)
Proceeds from sale of investment securities	41	-	-
Purchase of property, plant and equipment	(22,220)	(29,429)	(206,294)
Proceeds from sale of property, plant and equipment	186	314	2,201
Purchase of intangible assets	(3,508)	(6,066)	(42,522)
Proceeds from sale of intangible assets	0	2	14
Proceeds from sale of investment property	-	88	616
Other	(5,185)	(1,998)	(14,005)
Net cash from (used in) investing activities	(31,538)	(37,138)	(260,334)
Cash flows from financing activities			
Net increase (decrease) in current borrowings	2,616	(567)	(3,974)
Redemption of bonds issued	(30,000)	(10,000)	(70,099)
Payment of lease liabilities	(4,900)	(5,301)	(37,159)
Dividends paid	(13,592)	(12,270)	(86,011)
Dividends paid to non-controlling interests	(0)	-	-
Purchase of treasury shares	(0)	(11,898)	(83,404)
Decrease (increase) in deposits for purchase of treasury shares	-	(7,102)	(49,784)
Net cash from (used in) financing activities	(45,877)	(47,140)	(330,447)
Effect of exchange rate changes on cash and cash equivalents	16,642	(11,702)	(82,030)
Net increase (decrease) in cash and cash equivalents	736	(26,005)	(182,292)
Cash and cash equivalents at beginning of period	267,380	328,481	2,302,625
Cash and cash equivalents at end of period	268,116	302,475	2,120,325

Notes to Condensed Interim Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(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

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(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: Six Months ended September 30, 2023

	Millions of yen				Adjustments (Note 2)	Consolidated	
	Reportable segments						
	Printing Solutions	Visual Communications	Manufacturing- related & Wearables	Subtotal			
Revenue							
External revenues	437,301	110,246	87,563	635,111	3,421	638,533	
Intersegment revenues	16	0	5,052	5,068	(5,068)	-	
Total revenue	437,317	110,246	92,616	640,180	(1,647)	638,533	
Segment profit (loss) (Business profit) (Note 1)	37,370	14,689	1,795	53,855	(29,426)	24,428	
						Other operating income (expense)	3,505
						Profit from operating activities	27,933
						Finance income (costs)	10,428
						Share of profit (loss) of investments accounted for using equity method	0
						Profit before tax	38,363

(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 (¥29,426) million in Segment profit (loss) (Business profit) comprised ¥262 million in eliminated intersegment transactions and (¥29,689) 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.

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FY2024: Six Months ended September 30, 2024

	Millions of yen					Consolidated	
	Reportable segments				Adjustments (Note 2)		
	Printing Solutions	Visual Communications	Manufacturing- related & Wearables	Subtotal			
Revenue							
External revenues	476,530	108,075	85,228	669,834	4,363	674,198	
Intersegment revenues	43	-	4,718	4,761	(4,761)	-	
Total revenue	476,573	108,075	89,946	674,595	(397)	674,198	
Segment profit (loss) (Business profit) (Note 1)	63,502	15,975	(530)	78,947	(27,906)	51,040	
						Other operating income (expense)	(16,101)
						Profit from operating activities	34,939
						Finance income (costs)	(2,078)
						Share of profit (loss) of investments accounted for using equity method	(8)
						Profit before tax	32,852

(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 (¥27,906) million in Segment profit (loss) (Business profit) comprised ¥239 million in eliminated intersegment transactions and (¥28,145) 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: Six Months ended September 30, 2024

	Thousands of U.S. dollars					Consolidated	
	Reportable segments				Adjustments (Note 2)		
	Printing Solutions	Visual Communications	Manufacturing- related & Wearables	Subtotal			
Revenue							
External revenues	3,340,436	757,596	597,441	4,695,482	30,584	4,726,073	
Intersegment revenues	301	-	33,072	33,374	(33,374)	-	
Total revenue	3,340,738	757,596	630,514	4,728,856	(2,782)	4,726,073	
Segment profit (loss) (Business profit) (Note 1)	445,143	111,983	(3,715)	553,412	(195,618)	357,786	
						Other operating income (expense)	(112,866)
						Profit from operating activities	244,919
						Finance income (costs)	(14,566)
						Share of profit (loss) of investments accounted for using equity method	(56)
						Profit before tax	230,289

(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 (\$195,618) thousand in Segment profit (loss) (Business profit) comprised \$1,675 thousand in eliminated intersegment transactions and (\$197,294) 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.

(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.

(Subsequent Events)

Not applicable.

(Additional Information)

Agreement to Acquire Equity Interest

The Company resolved to acquire all equity interests of Fiery, LLC (“Fiery”) and make it a subsidiary of the Company at a meeting of the Board of Directors as of September 18, 2024 and entered into an agreement with affiliates of Siris Capital Group, LLC, including Electronics for Imaging, Inc. to acquire all interests in Fiery on September 19, 2024 to accelerate growth in the digital printing field and enhance corporate value. Fiery, headquartered in the US, is a leading independent provider of comprehensive printing business-to-business software solutions and services including digital front end (“DFE”)¹ servers for industrial and digital printing.

The acquisition is expected to close within 2024, subject to necessary regulatory approvals and other customary closing conditions and Fiery will become a consolidated subsidiary of the Company after the acquisition. The total amount of the equity acquisition is expected to be approximately 84.5 billion yen².

For details, please refer to the “Notice on the Acquisition of Equity Interest in Fiery, LLC (Specified Subsidiary)” disclosed on September 19, 2024.

¹Digital Front End: A general term for software and hardware used to process print data and manage the printing process.

²Calculated using the exchange rate as of September 17, 2024 (140.59 yen per US dollar) (including approximately 1.35 billion yen in advisory fees and related costs)

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(Reference) Quarterly Information

(Millions of yen)

	FY2024 1Q (From Apr to Jun)	FY2024 2Q (From Jul to Sep)
Revenue	336,614	337,584
Cost of sales	(216,667)	(211,823)
Gross profit	119,946	125,760
Selling, general and administrative expenses	(96,446)	(98,219)
Business profit (Note)	23,499	27,540
Other operating income (expense)	(1,030)	(15,070)
Profit from operating activities	22,468	12,470
Finance income (costs)	4,438	(6,517)
Share of profit (loss) of investments accounted for using equity method	(16)	7
Profit before tax	26,891	5,961
Income taxes	(7,729)	(1,840)
Profit for the period	19,161	4,120
Profit for the period attributable to owners of the parent company	19,160	4,119
Basic earnings per share for the period (Yen)	57.78	12.50

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