

Financial Results for the Third Quarter ended December 31, 2021 [IFRS](Consolidated)

January 28, 2022

Name of the listed company: SEIKO EPSON CORPORATION

Stock Listing: TOKYO

Code: 6724 URL: global.epson.com

Representative: Yasunori Ogawa, President

Inquiries: Tatsuaki Seki, Director, General Administrative Manager, Corporate Strategy and Management Control Division Tel: +81-266-52-3131

Scheduled date to file Quarterly Securities Report: February 1, 2022 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, 2021 (From April 1, 2021 to December 31, 2021)

(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, 2021	846,743	17.9	76,958	67.8	78,471	131.5	79,018	165.0	61,526	202.7	61,515	203.1
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

Note: Total comprehensive income for the period: Nine months ended December 31, 2021 ¥79,171 million (183.6%)

Nine months ended December 31, 2020 ¥27,915 million (15.1%)

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, 2021	177.79	177.74
Nine months ended December 31, 2020	58.66	58.64

(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, 2021	1,203,899	608,670	608,565	50.5
As of March 31, 2021	1,161,314	552,949	550,924	47.4

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, 2021	—	31.00	—	31.00	62.00
Year ending March 31, 2022	—	31.00	—		
Year ending March 31, 2022 (Forecast)				31.00	62.00

Note: Changes from the latest announced forecasts: None

3. Forecast for the Fiscal Year ending March 31, 2022 (From April 1, 2021 to March 31, 2022)

(%: 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, 2022	1,130,000	13.5	85,000	37.9	84,000	76.3	83,000	84.7	63,000	103.3	63,000	103.7	182.07

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: Yes

For details, please refer to “Notes to Consolidated Financial Statements 2. Changes in Accounting Estimates.”

(3) Number of shares outstanding

(share)

1. Issued shares (including treasury shares):

As of December 31, 2021	399,634,778	As of March 31, 2021	399,634,778
As of December 31, 2021	53,617,095	As of March 31, 2021	53,655,825
Nine months ended December 31, 2021	346,002,499	Nine months ended December 31, 2020	345,964,539

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 “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, January 28, 2022 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 ¥115.060 = U.S.\$1 at the end of the reporting period has been used for the purpose of presentation.

Operating Performance Highlights and Financial Condition

Overview of the Fiscal 2021 First Three Quarters (April 1 to December 31, 2021)

The global economy over the first three quarters of the year under review rebounded from the negative growth of the previous year and grew at a record pace amid a recovery in demand as nations emerged from lockdowns. However, China, Europe, the United States, and some other countries and regions are now seeing the momentum of a rapid recovery flag as fiscal and financial support measures lose effect and supply chain disruptions expand. In addition to a prolonged snarling of supply chains, serious risks are materializing that could lead to a slowdown in the global economy, such as the spread of COVID-19 infections from the Omicron variant and inflationary pressure, so we will keep an even closer eye on trends going forward.

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 ¥111.08 and ¥130.58, respectively. This represents a 5% depreciation in the value of the yen against the dollar and a 7% depreciation in the value of the yen against the euro, year on year. The yen also weakened against the currencies of some emerging countries, in places such as China and Latin America.

Given this situation, revenue was hit harder by product supply shortages caused by persistent logistics delays and difficulty in procuring components. Nevertheless, revenue rebounded from the same period last year, when COVID-19 caused market demand to plummet, and ended at ¥846.7 billion, up 17.9% year on year. Business profit was ¥76.9 billion, up 67.8% year on year. Supply chain disruptions and component shortages, especially of semiconductors, negatively impacted sales, while transport and component costs soared, pushing manufacturing costs higher. However, these were outweighed by the positive effects of higher selling prices, curtailed spending on advertising and promotions, and foreign exchange. Profit from operating activities was ¥78.4 billion, up 131.5% year on year. Profit before tax was ¥79.0 billion, up 165.0% year on year. Profit for the period attributable to owners of the parent company was ¥61.5 billion, up 203.1% year on year.

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

The reporting segments were changed in the first quarter of the current fiscal year based on the Epson 25 Renewed corporate vision established in March 2021. The three reporting segments are now printing solutions, visual communications, and manufacturing-related and wearables.

Printing Solutions Segment

Revenue in the office and home printing business increased. High-capacity ink tank printer and ink cartridge printer sales sharply increased. Print demand from people working and learning from home has been settling down compared to last fiscal year but still carried over into the current fiscal year. Revenue also rose because we were able to grow unit sales of high-capacity ink tank printers in North America and elsewhere while also sustaining higher selling prices, though revenue was tempered somewhat by constrained supply associated with logistics delays and component shortages. Sales of consumables decreased compared to the same period last year, when sales sharply increased on extra demand from those working and learning from home.

Revenue in the commercial and industrial printing business sharply increased. Large-format inkjet printer sales increased owing to the launch of new products and a recovery in demand compared to the

same period last year, when printer sales activities and installations were stalled by lockdowns and restrictions on economic activity and when demand for in-store posters and other prints dropped. Consumables sales were adversely impacted by product supply shortages yet increased as sales recovered in Europe and the Americas. Small printer sales were hit hard by component shortages, which limited our ability to supply products, but we increased sales by meeting increased demand from the retail and food service industry in Europe, the Americas, and China. Printhead sales increased primarily on continued strong sales in China.

Segment profit in the printing solutions segment increased despite a decrease in sales of ink cartridge printer consumables and soaring transport costs and component prices, which hurt profitability. The increase in segment profit was primarily the result of a combination of increased revenue from sales of high-capacity ink tank printers, large-format inkjet printers, and small printers, high selling prices due to price hikes, ongoing reductions of advertising and promotion costs and other fixed costs, and positive foreign exchange effects.

As a result of the foregoing factors, revenue in the printing solutions segment was ¥580.9 billion, up 17.1% year on year. Segment profit was ¥85.9 billion, up 8.8% year on year.

Visual Communications Segment

Revenue in the visual communications business sharply increased compared to the same period last year, when demand plummeted as COVID-19 infections spread. Although product supplies continue to be constrained mainly due to component shortages, revenue was bolstered by a recovery in tender opportunities in the education sector in Europe, continued strong home demand, and an improved model mix.

Segment profit in visual communications sharply increased primarily due to a combination of higher revenue, continued cost containment associated with business restructuring, and positive foreign exchange effects.

As a result of the foregoing factors, revenue in the visual communications segment was ¥124.3 billion, up 22.0% year on year. Segment profit was ¥13.2 billion (versus a segment loss of ¥0.8 billion in the same period last year).

Manufacturing-Related & Wearables Segment

Revenue in the manufacturing solutions business increased despite a loss of sales associated with the transfer of the IC test handler business, the increase owing to increased sales in China and a recovery in demand for electronic equipment manufacturing contract services in Taiwan and for automotive products in Europe and the Americas.

Revenue in the wearable products business increased despite continued sluggishness in the domestic market. The increase was because of a recovery in overseas demand as well as a recovery in demand for watch movements.

Revenue in the microdevices business as a whole sharply increased. Crystal device revenue sharply increased on a continuing rise in demand for in-vehicle applications and a wider range of other applications. Meanwhile, semiconductor sales also increased on robust demand.

Segment profit in the manufacturing-related and wearables segment sharply increased owing to higher revenue and cost containment associated with business restructuring in the wearable products business. As a result of the foregoing factors, revenue in the manufacturing-related and wearables segment was ¥142.8 billion, up 17.8% year on year. Segment profit was ¥17.4 billion, up 281.4% year on year.

Adjustments

Adjustments to the total profit of reporting segments amounted to negative ¥39.6 billion. (Adjustments in the same period last year were negative ¥36.8 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.

Liquidity and Financial Position

Assets, Liabilities, and Equity

Total assets at the end of the third quarter were ¥1,203.8 billion, an increase of ¥42.5 billion from the previous fiscal year end. Although property, plant and equipment decreased by ¥13.2 billion, total assets increased mainly due to a ¥30.7 billion increase in inventories and an ¥11.2 billion increase in cash and cash equivalents.

Total liabilities were ¥595.2 billion, a decrease of ¥13.1 billion compared to the end of the last fiscal year. Although trade and other payables increased by ¥11.2 billion, total liabilities decreased mainly due to a ¥23.1 billion decrease in bonds issued, borrowings and lease liabilities.

The equity attributable to owners of the parent company totaled ¥608.5 billion, a ¥57.6 billion increase compared to the previous fiscal year end. While Epson recorded ¥61.5 billion in profit for the period attributable to owners of the parent company and recorded ¥17.6 billion in other comprehensive income, the primary component of which was exchange differences on translation of foreign operations, the equity attributable to owners of the parent company increased mainly because there were ¥21.4 billion in dividend payments.

Cash Flows

Net cash from operating activities for the first three quarters of the year totaled ¥87.3 billion (compared to ¥93.1 billion in the same period last year). Whereas Epson recorded a ¥61.5 billion profit for the period, there were negative factors such as a ¥22.7 billion increase in inventories. However, net cash was positively affected by the recording of ¥48.5 billion in depreciation and amortization.

Net cash used in investing activities totaled ¥31.7 billion (compared to ¥45.6 billion in the same period last year), mainly because Epson used ¥31.4 billion in the purchase of property, plant, and equipment and the purchase of intangible assets.

Net cash used in financing activities totaled ¥49.6 billion (compared to ¥25.1 billion in net cash in the same period last year), chiefly due to ¥21.4 billion in dividends paid and ¥20.0 billion in redemption of bonds.

As a result of the foregoing, the balance of cash and cash equivalents at the end of the third quarter totaled ¥315.3 billion compared to ¥266.5 billion in the same period last year.

Qualitative Information Regarding the Consolidated Financial Outlook

Epson revised its full-year consolidated financial outlook for the 2021 fiscal year based on financial performance trends through the first three quarters. The figures in the outlook are based on assumed exchange rates from the fourth quarter of 114.00 yen to the U.S. dollar and 130.00 yen to the euro.

For details, please see the fiscal year 2021 (ending March 2022) third-quarter financial results presentation that was announced simultaneously with this report.

Consolidated Full-Year Financial Outlook

	FY2020 Result	Previous Outlook (A)	Current Outlook (B)	Change (B - A)	
Revenue	¥995.9 billion	¥1,130.0 billion	¥1,130.0 billion	-	-
Business profit	¥61.6 billion	¥80.0 billion	¥85.0 billion	+¥5.0 billion	(+6.3%)
Profit from operating activities	¥47.6 billion	¥75.0 billion	¥84.0 billion	+¥9.0 billion	(+12.0%)
Profit before tax	¥44.9 billion	¥72.0 billion	¥83.0 billion	+¥11.0 billion	(+15.3%)
Profit for the period	¥30.9 billion	¥52.0 billion	¥63.0 billion	+¥11.0 billion	(+21.2%)
Profit for the year attributable to owners of the parent company	¥30.9 billion	¥52.0 billion	¥63.0 billion	+¥11.0 billion	(+21.2%)
Exchange rates	1 USD = ¥106.01	1 USD = ¥111.00	1 USD = ¥112.00		
	1 EUR = ¥123.67	1 EUR = ¥130.00	1 EUR = ¥130.00		

SEIKO EPSON CORPORATION

Quarterly Condensed Consolidated Statement of Financial Position

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	December 31, 2021	December 31, 2021
<u>Assets</u>			
Current assets			
Cash and cash equivalents	304,007	315,306	2,740,361
Trade and other receivables	161,332	164,321	1,428,133
Inventories	256,366	287,128	2,495,463
Income tax receivables	3,518	6,109	53,094
Other financial assets	1,156	1,094	9,508
Other current assets	13,160	17,137	148,939
Subtotal	739,540	791,098	6,875,525
Assets held for sale	457	-	-
Total current assets	739,997	791,098	6,875,525
Non-current assets			
Property, plant and equipment	344,637	331,355	2,879,845
Intangible assets	27,976	25,915	225,230
Investment property	1,246	1,108	9,629
Investments accounted for using the equity method	1,718	1,901	16,521
Net defined benefit assets	140	392	3,406
Other financial assets	20,213	20,805	180,818
Other non-current assets	1,614	4,259	37,015
Deferred tax assets	23,770	27,061	235,190
Total non-current assets	421,317	412,800	3,587,693
Total assets	1,161,314	1,203,899	10,463,227

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	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	December 31, 2021	December 31, 2021
<u>Liabilities and equity</u>			
Liabilities			
Current liabilities			
Trade and other payables	134,149	145,366	1,263,393
Income tax payables	7,305	12,933	112,402
Bonds issued, borrowings and lease liabilities	28,127	26,437	229,767
Other financial liabilities	2,361	1,173	10,194
Provisions	11,014	10,457	90,883
Other current liabilities	122,973	120,963	1,051,303
Subtotal	305,931	317,331	2,757,961
Liabilities directly associated with assets held for sale	12	-	-
Total current liabilities	305,943	317,331	2,757,961
Non-current liabilities			
Bonds issued, borrowings and lease liabilities	237,780	216,275	1,879,671
Other financial liabilities	2,730	3,264	28,367
Net defined benefit liabilities	33,087	27,599	239,866
Provisions	7,757	8,094	70,345
Other non-current liabilities	13,483	13,638	118,529
Deferred tax liabilities	7,582	9,026	78,446
Total non-current liabilities	302,421	277,897	2,415,235
Total liabilities	608,365	595,229	5,173,205
Equity			
Share capital	53,204	53,204	462,402
Capital surplus	84,418	83,997	730,027
Treasury shares	(40,874)	(40,810)	(354,684)
Other components of equity	54,869	67,158	583,678
Retained earnings	399,306	445,015	3,867,677
Equity attributable to owners of the parent company	550,924	608,565	5,289,110
Non-controlling interests	2,025	104	903
Total equity	552,949	608,670	5,290,022
Total liabilities and equity	1,161,314	1,203,899	10,463,227

SEIKO EPSON CORPORATION

Quarterly Condensed Consolidated Statement of Comprehensive Income

Nine months ended December 31, 2020 and 2021:

	Millions of yen		Thousands of
	Nine months ended		U.S. dollars
	December 31,		Nine months ended
	2020	2021	December 31, 2021
Revenue	717,948	846,743	7,359,143
Cost of sales	(463,999)	(530,879)	(4,613,931)
Gross profit	253,948	315,863	2,745,202
Selling, general and administrative expenses	(208,088)	(238,905)	(2,076,351)
Other operating income	2,496	4,627	40,213
Other operating expense	(14,454)	(3,114)	(27,064)
Profit from operating activities	33,901	78,471	682,000
Finance income	1,029	1,983	17,234
Finance costs	(5,187)	(1,532)	(13,314)
Share of profit of investments accounted for using the equity method	71	96	834
Profit before tax	29,814	79,018	686,754
Income taxes	(9,487)	(17,491)	(152,016)
Profit for the period	20,326	61,526	534,729
Profit for the period attributable to:			
Owners of the parent company	20,293	61,515	534,634
Non-controlling interests	33	11	95
Profit for the period	20,326	61,526	534,729

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	Millions of yen		Thousands of
	Nine months ended		U.S. dollars
	December 31,		Nine months ended
	2020	2021	December 31, 2021
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss, net of tax			
Remeasurement of net defined benefit liabilities (assets)	13,557	5,812	50,512
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	486	65	564
Subtotal	14,043	5,877	51,077
Items that may be reclassified subsequently to profit or loss, net of tax			
Exchange differences on translation of foreign operations	(4,136)	11,509	100,026
Net changes in fair value of cash flow hedges	(2,336)	211	1,833
Share of other comprehensive income of investments accounted for using the equity method	17	45	391
Subtotal	(6,455)	11,766	102,259
Total other comprehensive income, net of tax	7,588	17,644	153,346
Total comprehensive income for the period	27,915	79,171	688,084
Total comprehensive income for the period attributable to:			
Owners of the parent company	27,824	79,158	687,971
Non-controlling interests	91	12	104
Total comprehensive income for the period	27,915	79,171	688,084

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

	Yen		U.S. dollars
	Nine months ended		Nine months ended
	December 31,		December 31,
	2020	2021	2021
Earnings per share for the period:			
Basic earnings per share for the period	58.66	177.79	1.55
Diluted earnings per share for the period	58.64	177.74	1.54

Quarterly Condensed Consolidated Statement of Comprehensive Income
Three months ended December 31, 2020 and 2021:

	Millions of yen		Thousands of U.S. dollars
	Three months ended December 31,		Three months ended December 31,
	2020	2021	2021
Revenue	278,831	296,145	2,573,831
Cost of sales	(171,391)	(185,305)	(1,610,507)
Gross profit	107,439	110,840	963,323
Selling, general and administrative expenses	(76,241)	(83,612)	(726,681)
Other operating income	923	3,701	32,165
Other operating expense	(7,506)	(586)	(5,092)
Profit from operating activities	24,614	30,343	263,714
Finance income	350	1,288	11,194
Finance costs	(2,135)	(502)	(4,362)
Share of profit of investments accounted for using the equity method	12	50	434
Profit before tax	22,841	31,179	270,980
Income taxes	(6,787)	(6,160)	(53,537)
Profit for the period	16,054	25,019	217,443
Profit for the period attributable to:			
Owners of the parent company	16,060	25,016	217,416
Non-controlling interests	(6)	2	17
Profit for the period	16,054	25,019	217,443

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	Millions of yen		Thousands of
	Three months ended		U.S. dollars
	December 31,		Three months ended
	2020	2021	December 31, 2021
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss, net of tax			
Remeasurement of net defined benefit liabilities (assets)	4,507	2,977	25,873
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	133	(316)	(2,746)
Subtotal	4,640	2,660	23,118
Items that may be reclassified subsequently to profit or loss, net of tax			
Exchange differences on translation of foreign operations	(2,296)	9,888	85,937
Net changes in fair value of cash flow hedges	157	(654)	(5,683)
Share of other comprehensive income of investments accounted for using the equity method	9	29	252
Subtotal	(2,128)	9,263	80,505
Total other comprehensive income, net of tax	2,512	11,923	103,624
Total comprehensive income for the period	18,566	36,943	321,075
Total comprehensive income for the period attributable to:			
Owners of the parent company	18,539	36,937	321,023
Non-controlling interests	27	5	43
Total comprehensive income for the period	18,566	36,943	321,075

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

	Yen		U.S. dollars
	Three months ended		Three months ended
	December 31,		December 31,
	2020	2021	2021
Earnings per share for the period:			
Basic earnings per share for the period	46.42	72.30	0.63
Diluted earnings per share for the period	46.42	72.28	0.63

Quarterly Condensed Consolidated Statement of Changes in Equity
Nine months ended December 31, 2020 and 2021:

Millions of yen												
Equity attributable to owners of the parent company												
	Other components of equity								Retained earnings	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	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
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
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

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Millions of yen												
Equity attributable to owners of the parent company												
	Other components of equity								Retained earnings	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	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, 2021	53,204	84,418	(40,874)	-	3,229	52,192	(552)	54,869	399,306	550,924	2,025	552,949
Profit for the period	-	-	-	-	-	-	-	-	61,515	61,515	11	61,526
Other comprehensive income	-	-	-	5,812	65	11,553	211	17,642	-	17,642	1	17,644
Total comprehensive income for the period	-	-	-	5,812	65	11,553	211	17,642	61,515	79,158	12	79,171
Acquisition of treasury shares	-	-	(1)	-	-	-	-	-	-	(1)	-	(1)
Dividends	-	-	-	-	-	-	-	-	(21,451)	(21,451)	(394)	(21,846)
Share-based payment transactions	-	(19)	64	-	-	-	-	-	-	45	-	45
Changes in ownership interest in subsidiaries	-	(401)	-	-	-	291	-	291	-	(109)	(1,539)	(1,648)
Transfer from other components of equity to retained earnings	-	-	-	(5,812)	167	-	-	(5,645)	5,645	-	-	-
Total transactions with the owners	-	(420)	63	(5,812)	167	291	-	(5,353)	(15,806)	(21,517)	(1,933)	(23,450)
As of December 31, 2021	53,204	83,997	(40,810)	-	3,462	64,037	(341)	67,158	445,015	608,565	104	608,670

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

Thousands of U.S. dollars												
Equity attributable to owners of the parent company												
	Other components of equity								Retained earnings	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	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, 2021	462,402	733,686	(355,240)	-	28,063	453,606	(4,797)	476,872	3,470,415	4,788,145	17,599	4,805,744
Profit for the period	-	-	-	-	-	-	-	-	534,634	534,634	95	534,729
Other comprehensive income	-	-	-	50,512	564	100,408	1,833	153,328	-	153,328	8	153,346
Total comprehensive income for the period	-	-	-	50,512	564	100,408	1,833	153,328	534,634	687,971	104	688,084
Acquisition of treasury shares	-	-	(8)	-	-	-	-	-	-	(8)	-	(8)
Dividends	-	-	-	-	-	-	-	-	(186,433)	(186,433)	(3,424)	(189,866)
Share-based payment transactions	-	(165)	556	-	-	-	-	-	-	391	-	391
Changes in ownership interest in subsidiaries	-	(3,485)	-	-	-	2,529	-	2,529	-	(947)	(13,375)	(14,322)
Transfer from other components of equity to retained earnings	-	-	-	(50,512)	1,451	-	-	(49,061)	49,061	-	-	-
Total transactions with the owners	-	(3,650)	547	(50,512)	1,451	2,529	-	(46,523)	(137,371)	(187,006)	(16,799)	(203,806)
As of December 31, 2021	462,402	730,027	(354,684)	-	30,088	556,553	(2,963)	583,678	3,867,677	5,289,110	903	5,290,022

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

SEIKO EPSON CORPORATION

Quarterly Condensed Consolidated Statement of Cash Flows

Nine months ended December 31, 2020 and 2021:

	Millions of yen		Thousands of
			U.S. dollars
	Nine months ended December 31,		Nine months ended December 31,
	2020	2021	2021
Cash flows from operating activities			
Profit (loss) for the period	20,326	61,526	534,729
Depreciation and amortisation	52,606	48,505	421,562
Impairment loss (reversal of impairment loss)	4,003	1,428	12,410
Finance (income) costs	4,158	(451)	(3,919)
Share of (profit) loss of investments accounted for using the equity method	(71)	(96)	(834)
Loss (gain) on sale and disposal of property, plant and equipment, intangible assets and investment property	217	136	1,181
Income taxes	9,487	17,491	152,016
Decrease (increase) in trade receivables	(6,024)	332	2,885
Decrease (increase) in inventories	(14,835)	(22,759)	(197,801)
Increase (decrease) in trade payables	17,186	8,280	71,962
Increase (decrease) in net defined benefit liabilities	2,511	1,221	10,611
Other	9,315	(10,054)	(87,380)
Subtotal	98,881	105,561	917,443
Interest and dividends income received	1,012	1,206	10,481
Interest expenses paid	(732)	(748)	(6,500)
Income taxes paid	(6,006)	(18,637)	(161,976)
Net cash from (used in) operating activities	93,155	87,380	759,429
Cash flows from investing activities			
Purchase of investment securities	(93)	(458)	(3,980)
Proceeds from sales of investment securities	26	622	5,405
Purchase of property, plant and equipment	(37,576)	(26,913)	(233,904)
Proceeds from sale of property, plant and equipment	156	163	1,416
Purchase of intangible assets	(6,076)	(4,554)	(39,579)
Proceeds from sale of intangible assets	21	13	112
Proceeds from sale of investment property	-	352	3,059
Other	(2,106)	(936)	(8,134)
Net cash from (used in) investing activities	(45,649)	(31,710)	(275,595)
Cash flows from financing activities			
Net increase (decrease) in current borrowings	(988)	-	-
Repayment of non-current borrowings	(14,000)	-	-
Proceeds from issuance of bonds issued	69,676	-	-
Redemption of bonds issued	-	(20,000)	(173,822)
Payment of lease liabilities	(7,598)	(6,162)	(53,554)
Dividends paid	(21,449)	(21,451)	(186,433)
Dividends paid to non-controlling interests	(519)	(394)	(3,424)
Payments for acquisition of interests in subsidiaries from non-controlling interests	-	(1,648)	(14,322)
Purchase of treasury shares	(0)	(1)	(8)
Net cash from (used in) financing activities	25,120	(49,658)	(431,583)
Effect of exchange rate changes on cash and cash equivalents	(2,353)	5,286	45,941
Net increase (decrease) in cash and cash equivalents	70,273	11,298	98,192
Cash and cash equivalents at beginning of period	196,245	304,007	2,642,160
Cash and cash equivalents at end of period	266,519	315,306	2,740,361

Notes to Consolidated Financial Statements

1. Note for Going Concern Assumption

Not applicable.

2. Changes in Accounting Estimates

Change of Useful Life

From the quarter ended June 30, 2021, Epson changed the useful life of machinery of the visual communications business based on actual usage of the assets, as reviewing its production strategy in its business structural reform and others.

As a result of this change, profit from operating activities and profit before tax for the quarter ended December 31, 2021 increased by ¥1,987 million (\$17,269 thousand) compared to the previous estimates.

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

4. Subsequent Events

No material subsequent events were identified.