

Financial Results for the Nine Months ended December 31, 2024 [IFRS](Consolidated)

January 31, 2025

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 Nine months ended December 31, 2024 (From April 1, 2024 to December 31, 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	%
Nine months ended December 31, 2024	1,023,819	3.2	73,962	36.1	62,867	21.6	67,208	12.7	47,382	11.6	47,379	11.6
Nine months ended December 31, 2023	992,101	△0.2	54,326	△32.7	51,697	△37.4	59,644	△32.4	42,472	△30.9	42,468	△30.9

Note: Total comprehensive income for the period: Nine months ended December 31, 2024 ¥69,363 million (△4.7%)

Nine months ended December 31, 2023 ¥72,769 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
Nine months ended December 31, 2024	144.12	144.11
Nine months ended December 31, 2023	128.08	128.06

(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, 2024	1,500,961	834,407	834,263	55.6
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	1,360,000	3.5	85,000	31.3	72,000	25.1	75,000	7.0	52,000	△1.2	52,000	△1.2	160.74

Note: Changes from the latest announced forecasts: Yes

※Notes

(1) Significant changes in the scope of consolidation during the period : Yes
Newly included: 9 companies (Epson Global Reinsurance, Inc., Fiery, LLC and its subsidiaries (7 companies))
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 December 31, 2024	384,945,352	As of March 31, 2024	385,022,278
As of December 31, 2024	61,447,359	As of March 31, 2024	53,398,912
Nine months ended December 31, 2024	328,762,364	Nine months ended December 31, 2023	331,577,820

2. Treasury shares:

3. Average number of shares:

※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 Friday, January 31, 2025 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 ¥156.69 = 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 economy in the first three quarters of the current fiscal year remained firm and stable as inflation subsided, and although the momentum is expected to weaken, stability is likely to continue. However, we recognize that we must anticipate greater risk than before in all countries and areas given that conflicts, social instability, and fluctuating interest and exchange rates associated with national monetary policies.

By region, the U.S. economy has remained robust, supported by solid consumption. In Europe, the service sector is recovering, but the sluggish manufacturing sector has been a factor restraining growth. That outlook in emerging economies is uncertain. While many emerging economies maintained stable growth, there was a decline in growth rates in areas affected by conflicts, social instability, and falling prices of primary commodities such as oil. China, in particular, is facing a slowdown in consumption mainly due to weak domestic demand.

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 year were ¥152.46 and ¥164.72, respectively. This represents a 7% depreciation in the value of the yen against the dollar and a 6% depreciation in the value of the yen against the euro from the prior-year period.

Revenue was ¥1,023.8 billion, up 3.2% 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 ¥73.9 billion, up 36.1% from the prior-year period, when inventory reductions negatively impacted profit. In addition to revenue growth in the printing solutions segment, business profit benefited from factors such as ongoing Group-wide cost containment and positive foreign exchange effects. Profit from operating activities was ¥62.8 billion, up 21.6% from the prior-year period, mainly due to foreign exchange losses resulting from the appreciation of the yen. Profit before tax was ¥67.2 billion, up 12.7% from the prior-year period. Profit for the period attributable to owners of the parent company was ¥47.3 billion, up 11.6% 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 on higher unit sales and positive foreign exchange effects. 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, partly due to positive foreign exchange effects. Sales of ink cartridges decreased, but sales of ink bottles for high-capacity ink tank printers and ink for office shared printers increased mainly on growth in the number of these machines in the field.

Revenue in the commercial and industrial printing business increased. Sales of commercial and industrial inkjet printers decreased despite positive foreign exchange effects, 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 mainly due to firm demand in Europe and positive foreign exchange effects. Revenue in the printhead sales business sharply increased on continued robust demand from printer

manufacturers in China.

Segment profit sharply increased from 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 ¥731.8 billion, up 6.3% from the prior-year period. Segment profit was ¥96.7 billion, up 30.1% from the prior-year period.

Visual Communications Segment

Revenue in the visual communications segment decreased despite positive foreign exchange effects. In addition to deterioration in the Chinese market, sales were significantly impacted by a decline in orders in the education markets of Europe, North America, and emerging countries, as well as by the impact of postponed orders.

Segment profit in the visual communications segment took a substantial negative hit from the decrease in revenue, yet the decrease in profit was slight owing to positive foreign exchange effects.

As a result of the foregoing factors, revenue in the visual communications segment was ¥159.0 billion, down 6.0% from the prior-year period. Segment profit was ¥24.0 billion, down 1.7% from the prior-year period.

Manufacturing-Related & Wearables Segment

Revenue in the manufacturing solutions business decreased due to continued sluggish sales resulting primarily from stagnant investment demand in China, Europe, and the Americas.

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 from 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.

There was also a negative impact on revenue and business profit due to adjustments related to the accounting for the PC business in the quarter.

As a result of the foregoing factors, revenue in the manufacturing-related and wearables segment was ¥134.1 billion, down 1.8% from the prior-year period. Segment loss was ¥2.8 billion (compared to segment profit of ¥0.2 billion in the prior-year period).

Adjustments

Adjustments to the total profit of reporting segments amounted to negative ¥43.9 billion. (Adjustments in the prior-year period were negative ¥44.7 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 third quarter were ¥1,500.9 billion, an increase of ¥87.8 billion from the previous fiscal year end. This was primarily due to the impact of payment for acquisition funds and the incorporation of the balance sheet in connection with the subsidiary acquisition of Fiery, LLC. While there was a ¥62.6 billion decrease in cash and cash equivalents, there was a ¥10.5 billion increase in trade and other receivables, a ¥24.5 billion increase in inventories, an ¥86.2 billion increase in goodwill and intangible assets, a ¥12.6 billion increase in deferred tax assets, and a ¥9.9 billion increase in other current assets.

Total liabilities were ¥666.5 billion, up ¥64.5 billion from the end of last fiscal year. This increase was mainly due to financing (through an issue of ¥40.0 billion in corporate bonds) associated with the Fiery, LLC acquisition, as well as an ¥11.0 billion increase in trade and other payables, a ¥6.6 billion increase in income tax payables, a ¥22.6 billion increase in bonds issued, borrowings and lease liabilities, and a ¥15.8 billion increase in other current liabilities.

The equity attributable to owners of the parent company totaled ¥834.2 billion, a ¥23.2 billion increase from the previous fiscal year end. While there was a ¥21.8 billion purchase of treasury shares and a ¥24.3 billion payment of dividends, this increase was mainly due to the recording of ¥21.9 billion in other comprehensive income, the primary component of which was exchange differences on translation of foreign operations, and ¥47.3 billion in profit for the period attributable to owners of the parent company.

Qualitative Information Regarding the Consolidated Financial Outlook

Epson is raising its revenue outlook from the previous consolidated full-year financial outlook for the fiscal year ending March 31, 2025. This is because of a forecast increase in revenue in the printing solutions segment along with positive foreign exchange effects due to yen depreciation, which are expected to more than offset a forecast decline in sales in visual communications segment revenue. Epson is reiterating the previous outlook 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. With acquisition of Fiery, LLC, the current consolidated financial outlook includes the financial outlook of Fiery, LLC from December to March in the printing solutions segment. We are also raising the previous outlook for profit from operating activities and each level of profit thereafter due primarily to a narrowing of the foreign exchange loss. The figures in the outlook are based on assumed exchange rates from the fourth quarter of ¥153.00 to the U.S. dollar and ¥158.00 to the euro.

For details, please see the fiscal year 2024 (ending March 2025) third-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	¥1,340.0 billion	¥1,360.0 billion	+¥20.0 billion	(+1.5%)
Business profit	¥64.7 billion	¥85.0 billion	¥85.0 billion	-	-
Profit from operating activities	¥57.5 billion	¥68.0 billion	¥72.0 billion	+¥4.0 billion	(+5.9%)
Profit before tax	¥70.0 billion	¥67.0 billion	¥75.0 billion	+¥8.0 billion	(+11.9%)
Profit for the period	¥52.6 billion	¥47.0 billion	¥52.0 billion	+¥5.0 billion	(+10.6%)
Profit for the period attributable to owners of the parent company	¥52.6 billion	¥47.0 billion	¥52.0 billion	+¥5.0 billion	(+10.6%)
Exchange rates	1 USD = ¥144.44	1 USD = ¥149.00	1 USD = ¥153.00		
	1 EUR = ¥156.66	1 EUR = ¥163.00	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	December 31, 2024	December 31, 2024
<u>Assets</u>			
Current assets			
Cash and cash equivalents	328,481	265,827	1,696,515
Trade and other receivables	212,781	223,294	1,425,068
Inventories	358,189	382,753	2,442,740
Income tax receivables	10,116	11,872	75,767
Other financial assets	1,995	3,494	22,298
Other current assets	21,923	31,882	203,471
Total current assets	933,487	919,125	5,865,881
Non-current assets			
Property, plant and equipment	377,333	382,159	2,438,949
Goodwill and intangible assets	27,066	113,280	722,956
Investment property	1,103	1,110	7,084
Investments accounted for using equity method	2,244	2,276	14,525
Net defined benefit assets	4,543	4,313	27,525
Other financial assets	29,369	26,583	169,653
Other non-current assets	1,827	3,296	21,035
Deferred tax assets	36,117	48,816	311,545
Total non-current assets	479,606	581,835	3,713,287
Total assets	1,413,094	1,500,961	9,579,175

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	Millions of yen		Thousands of U.S. dollars
	March 31, 2024	December 31, 2024	December 31, 2024
<u>Liabilities and equity</u>			
Liabilities			
Current liabilities			
Trade and other payables	159,827	170,873	1,090,516
Income tax payables	8,279	14,887	95,009
Bonds issued, borrowings and lease liabilities	29,688	80,644	514,672
Other financial liabilities	2,731	1,569	10,013
Provisions	12,703	13,929	88,895
Other current liabilities	159,163	175,060	1,117,237
Total current liabilities	372,395	456,964	2,916,357
Non-current liabilities			
Bonds issued, borrowings and lease liabilities	175,095	146,798	936,868
Other financial liabilities	5,256	5,922	37,794
Net defined benefit liabilities	13,836	15,628	99,738
Provisions	8,856	10,893	69,519
Other non-current liabilities	17,365	21,693	138,445
Deferred tax liabilities	9,154	8,654	55,230
Total non-current liabilities	229,564	209,590	1,337,609
Total liabilities	601,960	666,554	4,253,966
Equity			
Share capital	53,204	53,204	339,549
Capital surplus	84,042	83,953	535,790
Treasury shares	(55,455)	(77,082)	(491,939)
Other components of equity	172,175	191,466	1,221,941
Retained earnings	557,025	582,722	3,718,948
Equity attributable to owners of the parent company	810,992	834,263	5,324,289
Non-controlling interests	141	143	912
Total equity	811,134	834,407	5,325,209
Total liabilities and equity	1,413,094	1,500,961	9,579,175

Quarterly Condensed Consolidated Statement of Comprehensive Income

Nine months ended December 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars
	Nine months ended December 31,		Nine months ended December 31,
	2023	2024	2024
Revenue	992,101	1,023,819	6,534,041
Cost of sales	(647,042)	(655,516)	(4,183,521)
Gross profit	345,058	368,302	2,350,513
Selling, general and administrative expenses	(290,732)	(294,339)	(1,878,479)
Other operating income	1,686	3,021	19,280
Other operating expense	(4,315)	(14,116)	(90,088)
Profit from operating activities	51,697	62,867	401,218
Finance income	9,796	6,139	39,179
Finance costs	(1,872)	(1,803)	(11,506)
Share of profit (loss) of investments accounted for using equity method	23	5	31
Profit before tax	59,644	67,208	428,923
Income taxes	(17,172)	(19,826)	(126,530)
Profit for the period	42,472	47,382	302,393
Profit for the period attributable to:			
Owners of the parent company	42,468	47,379	302,374
Non-controlling interests	3	2	12
Profit for the period	42,472	47,382	302,393

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	Millions of yen		Thousands of U.S. dollars
	Nine months ended December 31,		Nine months ended December 31,
	2023	2024	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)	3,616	610	3,893
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	1,131	455	2,903
Subtotal	4,748	1,065	6,796
Items that may be reclassified subsequently to profit or loss, net of tax			
Exchange differences on translation of foreign operations	24,862	19,781	126,242
Net changes in fair value of cash flow hedges	665	1,112	7,096
Share of other comprehensive income of investments accounted for using equity method	21	22	140
Subtotal	25,549	20,916	133,486
Total other comprehensive income, net of tax	30,297	21,981	140,283
Total comprehensive income for the period	72,769	69,363	442,676
Total comprehensive income for the period attributable to:			
Owners of the parent company	72,761	69,360	442,657
Non-controlling interests	8	3	19
Total comprehensive income for the period	72,769	69,363	442,676

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

	Yen		U.S. dollars
	Nine months ended December 31,		Nine months ended December 31,
	2023	2024	2024
Earnings per share for the period:			
Basic earnings per share for the period	128.08	144.12	0.92
Diluted earnings per share for the period	128.06	144.11	0.92

Quarterly Condensed Consolidated Statement of Changes in Equity

Nine months ended December 31, 2023 and 2024

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, 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	-	-	-	-	-	-	-	-	42,468	42,468	3	42,472
Other comprehensive income	-	-	-	3,616	1,131	24,878	665	30,292	-	30,292	5	30,297
Total comprehensive income for the period	-	-	-	3,616	1,131	24,878	665	30,292	42,468	72,761	8	72,769
Acquisition of treasury shares	-	-	(1)	-	-	-	-	-	-	(1)	-	(1)
Cancellation of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	(25,862)	(25,862)	(0)	(25,862)
Share-based payment transactions	-	16	132	-	-	-	-	-	-	149	-	149
Transfer from other components of equity to retained earnings	-	-	-	(3,616)	(676)	-	-	(4,293)	4,293	-	-	-
Total transactions with the owners	-	16	131	(3,616)	(676)	-	-	(4,293)	(21,569)	(25,714)	(0)	(25,715)
As of December 31, 2023	53,204	83,996	(55,454)	-	6,166	139,851	(562)	145,455	547,198	774,399	133	774,532

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

SEIKO EPSON CORPORATION

	Millions of yen											
	Equity attributable to owners of the parent company										Non-controlling interests	Total equity
	Other components of 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	Retained earnings		
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	-	-	-	-	-	-	-	-	47,379	47,379	2	47,382
Other comprehensive income	-	-	-	610	455	19,802	1,112	21,980	-	21,980	0	21,981
Total comprehensive income for the period	-	-	-	610	455	19,802	1,112	21,980	47,379	69,360	3	69,363
Acquisition of treasury shares	-	-	(21,833)	-	-	-	-	-	-	(21,833)	-	(21,833)
Cancellation of treasury shares	-	(89)	89	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	(24,372)	(24,372)	(0)	(24,373)
Share-based payment transactions	-	(0)	116	-	-	-	-	-	-	116	-	116
Transfer from other components of equity to retained earnings	-	-	-	(610)	(2,079)	-	-	(2,689)	2,689	-	-	-
Total transactions with the owners	-	(89)	(21,627)	(610)	(2,079)	-	-	(2,689)	(21,682)	(46,089)	(0)	(46,090)
As of December 31, 2024	53,204	83,953	(77,082)	-	6,535	184,408	522	191,466	582,722	834,263	143	834,407

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

	Thousands of U.S. dollars											
	Equity attributable to owners of the parent company										Non-controlling interests	Total equity
	Other components of 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	Retained earnings		
As of April 1, 2024	339,549	536,358	(353,915)	-	52,070	1,050,513	(3,759)	1,098,825	3,554,949	5,175,773	899	5,176,680
Profit for the period	-	-	-	-	-	-	-	-	302,374	302,374	12	302,393
Other comprehensive income	-	-	-	3,893	2,903	126,376	7,096	140,276	-	140,276	0	140,283
Total comprehensive income for the period	-	-	-	3,893	2,903	126,376	7,096	140,276	302,374	442,657	19	442,676
Acquisition of treasury shares	-	-	(139,338)	-	-	-	-	-	-	(139,338)	-	(139,338)
Cancellation of treasury shares	-	(568)	568	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	(155,542)	(155,542)	(0)	(155,549)
Share-based payment transactions	-	(0)	740	-	-	-	-	-	-	740	-	740
Transfer from other components of equity to retained earnings	-	-	-	(3,893)	(13,268)	-	-	(17,161)	17,161	-	-	-
Total transactions with the owners	-	(568)	(138,024)	(3,893)	(13,268)	-	-	(17,161)	(138,375)	(294,141)	(0)	(294,147)
As of December 31, 2024	339,549	535,790	(491,939)	-	41,706	1,176,897	3,331	1,221,941	3,718,948	5,324,289	912	5,325,209

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

Quarterly Condensed Consolidated Statement of Cash Flows

Nine months ended December 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars
	Nine months ended December 31,		Nine months ended December 31,
	2023	2024	2024
Cash flows from operating activities			
Profit for the period	42,472	47,382	302,393
Depreciation and amortisation	51,398	52,682	336,218
Impairment loss (reversal of impairment loss)	234	433	2,763
Finance (income) costs	(7,923)	(4,335)	(27,666)
Share of (profit) loss of investments accounted for using equity method	(23)	(5)	(31)
Loss (gain) on sale and disposal of property, plant and equipment, intangible assets and investment property	274	(41)	(261)
Income taxes	17,172	19,826	126,530
Decrease (increase) in trade receivables	72	(457)	(2,916)
Decrease (increase) in inventories	51,047	(14,989)	(95,660)
Increase (decrease) in trade payables	(9,034)	11,117	70,949
Increase (decrease) in net defined benefit liabilities	141	1,259	8,034
Other	(14,366)	12,457	79,500
Subtotal	131,467	125,328	799,846
Interest and dividends income received	3,593	4,791	30,576
Interest expenses paid	(1,365)	(1,084)	(6,918)
Income taxes paid	(19,802)	(20,315)	(129,650)
Net cash from (used in) operating activities	113,893	108,719	693,847
Cash flows from investing activities			
Purchase of investment securities	(1,343)	(587)	(3,746)
Proceeds from sale of investment securities	1,004	4,262	27,200
Purchase of property, plant and equipment	(35,157)	(43,203)	(275,722)
Proceeds from sale of property, plant and equipment	293	480	3,063
Purchase of intangible assets	(5,050)	(8,395)	(53,577)
Proceeds from sale of intangible assets	0	2	12
Proceeds from sale of investment property	-	88	561
Payments for acquisition of subsidiaries	-	(84,947)	(542,134)
Other	(4,240)	(1,899)	(12,119)
Net cash from (used in) investing activities	(44,493)	(134,199)	(856,461)
Cash flows from financing activities			
Net increase (decrease) in current borrowings	648	(550)	(3,510)
Repayment of non-current borrowings	-	(9,000)	(57,438)
Proceeds from issuance of bonds issued	-	39,823	254,151
Redemption of bonds issued	(30,000)	(10,000)	(63,820)
Payment of lease liabilities	(7,402)	(8,001)	(51,062)
Dividends paid	(25,862)	(24,372)	(155,542)
Dividends paid to non-controlling interests	(0)	(0)	(0)
Purchase of treasury shares	(1)	(21,833)	(139,338)
Decrease (increase) in deposits for purchase of treasury shares	-	(8,200)	(52,332)
Net cash from (used in) financing activities	(62,617)	(42,136)	(268,913)
Effect of exchange rate changes on cash and cash equivalents	10,276	4,962	31,667
Net increase (decrease) in cash and cash equivalents	17,059	(62,653)	(399,853)
Cash and cash equivalents at beginning of period	267,380	328,481	2,096,375
Cash and cash equivalents at end of period	284,439	265,827	1,696,515

Notes to Quarterly Condensed 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, digital printing software solutions, and others
Visual Communications	3LCD projectors, smart glasses, and others
Manufacturing-related & Wearables	Industrial robots, 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: Nine Months ended December 31, 2023

	Millions of yen				Adjustments (Note 2)	Consolidated	
	Reportable segments						
	Printing Solutions	Visual Communications	Manufacturing- related & Wearables	Subtotal			
Revenue							
External revenues	688,343	169,280	129,269	986,894	5,207	992,101	
Intersegment revenues	23	0	7,339	7,363	(7,363)	-	
Total revenue	688,367	169,281	136,609	994,257	(2,156)	992,101	
Segment profit (loss) (Business profit) (Note 1)	74,357	24,481	255	99,095	(44,769)	54,326	
						Other operating income (expense)	(2,628)
						Profit from operating activities	51,697
						Finance income (costs)	7,923
						Share of profit (loss) of investments accounted for using equity method	23
						Profit before tax	59,644

(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 (¥44,769) million in Segment profit (loss) (Business profit) comprised ¥373 million in eliminated intersegment transactions and (¥45,142) 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: Nine Months ended December 31, 2024

	Millions of yen						
	Reportable segments				Adjustments (Note 2)	Consolidated	
	Printing Solutions	Visual Communications	Manufacturing- related & Wearables	Subtotal			
Revenue							
External revenues	731,775	159,071	127,347	1,018,193	5,625	1,023,819	
Intersegment revenues	59	0	6,824	6,883	(6,883)	-	
Total revenue	731,834	159,071	134,171	1,025,077	(1,258)	1,023,819	
Segment profit (loss) (Business profit) (Note 1)	96,746	24,065	(2,896)	117,916	(43,953)	73,962	
						Other operating income (expense)	(11,095)
						Profit from operating activities	62,867
						Finance income (costs)	4,335
						Share of profit (loss) of investments accounted for using equity method	5
						Profit before tax	67,208

(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 (¥43,953) million in Segment profit (loss) (Business profit) comprised ¥374 million in eliminated intersegment transactions and (¥44,328) 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: Nine Months ended December 31, 2024

	Thousands of U.S. dollars						
	Reportable segments				Adjustments (Note 2)	Consolidated	
	Printing Solutions	Visual Communications	Manufacturing- related & Wearables	Subtotal			
Revenue							
External revenues	4,670,208	1,015,195	812,732	6,498,136	35,898	6,534,041	
Intersegment revenues	376	0	43,550	43,927	(43,927)	-	
Total revenue	4,670,585	1,015,195	856,283	6,542,070	(8,028)	6,534,041	
Segment profit (loss) (Business profit) (Note 1)	617,435	153,583	(18,482)	752,543	(280,509)	472,027	
						Other operating income (expense)	(70,808)
						Profit from operating activities	401,218
						Finance income (costs)	27,666
						Share of profit (loss) of investments accounted for using equity method	31
						Profit before tax	428,923

(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 (\$280,509) thousand in Segment profit (loss) (Business profit) comprised \$2,386 thousand in eliminated intersegment transactions and (\$282,902) 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.

(Business Combinations)

FY2023: Nine Months ended December 31, 2023

Not applicable.

FY2024: Nine Months ended December 31, 2024

The Company acquired all equity interests of Fiery, LLC ("Fiery") from its shareholders, affiliates of Siris Capital Group, LLC and Electronics for Imaging, Inc. on December 2, 2024. As a result, Fiery became a wholly owned subsidiary of the Company.

(1) Overview of the Business Combination

(A) Name and business description of the acquiree

Name of the acquiree Fiery, LLC

Business description Digital printing software solutions

(B) Acquisition date

December 2, 2024

(C) Percentage of voting equity interests acquired

100%

(D) Primary reasons for the business combination

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.

Epson and Fiery each have a long history of supporting customers to maximise their productivity with the use of digital printing technology which meets needs arising from office-use to commercial or industrial-use. Fiery's software, server, and workflow solutions will complement Epson's strategic vision and hardware leadership, and Epson will work with Fiery to accelerate growth in the digital printing field and enhance corporate value.

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

(E) Method used to obtain control of the acquiree

Cash consideration for the acquisition of equity interests

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(2) Fair Values of Consideration for the Acquisition, Assets Acquired, Liabilities Assumed and Goodwill as of the Acquisition Date

	Millions of yen		Thousands of U.S. dollars	
	Amount		Amount	
Fair value of the consideration for the acquisition	(Note 1)	85,635	(Note 1)	546,524
Fair values of the assets acquired and the liabilities assumed (Note 2)				
Current assets				
Cash and cash equivalents		687		4,384
Other current assets		5,645		36,026
Non-current assets				
Property, plant and equipment		1,816		11,589
Intangible assets		1,486		9,483
Other non-current assets		8,808		56,212
Current liabilities		(6,983)		(44,565)
Non-current liabilities		(2,576)		(16,440)
Fair values of the assets acquired and the liabilities assumed (net)		8,885		56,704
Goodwill (Note 3)		76,750		489,820

(Note 1) The fair value of the consideration for the acquisition is a provisional amount because the final price adjustment under the equity purchase agreement has not been completed.

(Note 2) The fair values of the assets acquired and the liabilities assumed are provisionally calculated based on the information available at the current time because the allocation of the purchase price has not been completed as of December 31, 2024.

(Note 3) Goodwill is primarily generated in relation to expected future profitability. None of the recognised goodwill is expected to be deductible for tax purposes.

(3) Acquisition-related Costs

The acquisition-related costs of ¥1,381million (\$8,813 thousand) were recognised as Selling, general and administrative expenses in the quarterly condensed consolidated statement of comprehensive income.

(4) Cash Flows Associated with the Acquisition

	Millions of yen		Thousands of U.S. dollars	
	Amount		Amount	
Acquisition consideration in cash	(Note)	85,635	(Note)	546,524
Cash and cash equivalents received on acquisition date		(687)		(4,384)
Expenditures for acquisition of the subsidiary		84,947		542,134

(Note) The amount is provisional because the final price adjustment under the equity purchase agreement has not been completed.

(5) Impact on Business Performance

Profit or loss information relating to the business combination after the acquisition date and profit or loss information assuming that the business combination had taken place at the beginning of the period are omitted because the impact on Epson's consolidated profit or loss is insignificant. This pro-forma information has not been reviewed by the independent auditor.

(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 ("Reprobel"), 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 adjointed. EEB's claims were rejected at the first trial, but EEB, dissatisfied with the decision, intends to appeal.

(Subsequent Events)

Not applicable.

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(Reference) Quarterly Information

Quarterly Information is not subject to review by an independent auditor.

(Millions of yen)

	FY2024 1Q (From Apr to Jun)	FY2024 2Q (From Jul to Sep)	FY2024 3Q (From Oct to Dec)
Revenue	336,614	337,584	349,620
Cost of sales	(216,667)	(211,823)	(227,025)
Gross profit	119,946	125,760	122,595
Selling, general and administrative expenses	(96,446)	(98,219)	(99,673)
Business profit (Note)	23,499	27,540	22,922
Other operating income (expense)	(1,030)	(15,070)	5,005
Profit from operating activities	22,468	12,470	27,927
Finance income (costs)	4,438	(6,517)	6,413
Share of profit (loss) of investments accounted for using equity method	(16)	7	14
Profit before tax	26,891	5,961	34,356
Income taxes	(7,729)	(1,840)	(10,256)
Profit for the period	19,161	4,120	24,099
Profit for the period attributable to owners of the parent company	19,160	4,119	24,099
Basic earnings per share for the period (Yen)	57.78	12.50	74.10

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