V. Financial Information

1. Methods for preparing consolidated financial statements

(1) The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") as issued by the International Accounting Standards Board which are applied based on the provision of Article 93 of Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976).

(2) Figures less than one million yen are rounded down in the Company's consolidated financial statements.

2. Note on independent audit

In accordance with the provision of Article 193-2 Paragraph 1 of the Financial Instruments and Exchange Law, the Company received audit of its consolidated financial statements of the consolidated fiscal year (from April 1, 2022 to March 31, 2023) from Ernst & Young ShinNihon LLC.

3. Remarkable efforts to ensure fair presentation of consolidated financial statements and arrangements of internal system to prepare consolidated financial statements fairly in accordance with IFRS

To ensure the appropriateness of its consolidated financial statements, the Company takes special measures and has arranged a structure that enables the appropriate preparation of consolidated financial statements based on IFRS. Details are as follows.

(1) In order to arrange a structure that enables details regarding accounting standards, etc., to be properly understood and changes to accounting standards, etc., to be handled with accuracy, the Company has joined the Financial Accounting Standards Foundation and receives information regarding accounting standards. It also participates in seminars, etc. organized by the Financial Accounting Standards Foundation, audit corporation and others.

(2) When applying IFRS, the Company obtains press releases and statements of standards issued by the International Accounting Standards Board as needed to properly understand the latest standards. Also, to ensure the appropriate preparation of consolidated financial statements based on IFRS, the Company has created Group standards in compliance with IFRS and applies consistent accounting treatments across the entire Group based on these.

Consolidated financial statements, etc.

(1) Consolidated financial statements

Consolidated Statement of Financial Position

Years ended March 31, 2022 and 2023:

	Notes	Millions of yen		Thousands of U.S. dollars
		March 31, 2022	March 31, 2023	March 31, 2023
Assets				
Current assets				
Cash and cash equivalents	7, 34	335,239	267,380	2,006,378
Trade and other receivables	8, 34	168,221	201,801	1,514,283
Inventories	9	308,385	389,473	2,922,545
Income tax receivables		5,057	7,655	57,441
Other financial assets	10, 34	769	2,164	16,238
Other current assets	11	16,797	24,030	180,317
Total current assets		834,469	892,505	6,697,219
Non-current assets				
Property, plant and equipment	12, 15, 20	343,172	360,866	2,707,882
Intangible assets	13	24,218	25,425	190,785
Investment property	14	1,108	1,097	8,231
Investments accounted for using the equity method		2,040	2,102	15,773
Net defined benefit assets	22	2,278	1,447	10,858
Other financial assets	10, 34	20,192	23,976	179,912
Other non-current assets	11	4,181	2,220	16,658
Deferred tax assets	16	34,757	31,932	239,612
Total non-current assets		431,950	449,069	3,369,744
Total assets		1,266,420	1,341,575	10,066,971

	Notes	Millions of yen		Thousands of U.S. dollars
		March 31, 2022	March 31, 2023	March 31, 2023
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other payables	17, 34	146,201	159,658	1,198,049
Income tax payables		12,233	5,798	43,507
Bonds issued, borrowings and lease liabilities	18, 34	26,297	38,613	289,745
Other financial liabilities	34	4,497	3,337	25,040
Provisions	19	10,993	11,327	84,996
Other current liabilities	21	131,817	152,900	1,147,338
Total current liabilities		332,040	371,635	2,788,691
Non-current liabilities				
Bonds issued, borrowings and lease liabilities	18, 34	216,853	194,668	1,460,758
Other financial liabilities	34	3,788	3,717	27,891
Net defined benefit liabilities	22	24,210	13,164	98,780
Provisions	19	8,042	8,252	61,921
Other non-current liabilities	21	13,680	15,615	117,172
Deferred tax liabilities	16	2,064	7,044	52,857
Total non-current liabilities		268,640	242,461	1,819,389
Total liabilities		600,680	614,097	4,608,089
Equity				
Share capital	23	53,204	53,204	399,234
Capital surplus	23	84,010	83,979	630,165
Treasury shares	23	(40,808)	(55,586)	(417,108)
Other components of equity	23	89,068	119,455	896,371
Retained earnings		480,154	526,299	3,949,266
Equity attributable to owners of the parent company		665,628	727,352	5,457,937
Non-controlling interests		112	125	937
Total equity		665,740	727,477	5,458,875
Total liabilities and equity		1,266,420	1,341,575	10,066,971

Consolidated Statement of Comprehensive Income

Years ended March 31, 2022 and 2023:

	Notes	Millions of yen Year ended March 31, 2022	Millions of yen Year ended March 31, 2023	Thousands of U.S. dollars Year ended March 31, 2023
Revenue	6, 25	1,128,914	1,330,331	9,982,598
Cost of sales	9, 12, 13, 27	(710,462)	(863,680)	(6,480,921)
Gross profit		418,451	466,651	3,501,677
Selling, general and administrative expenses	12, 13, 26, 27	(328,814)	(371,544)	(2,788,008)
Other operating income	28	10,214	7,022	52,692
Other operating expense	12, 15, 29	(5,372)	(5,083)	(38,142)
Profit from operating activities		94,479	97,044	728,203
Finance income	30	4,698	8,639	64,825
Finance costs	30	(2,128)	(2,034)	(15,262)
Share of profit of investments accounted for using the equity method		113	105	787
Profit before tax		97,162	103,755	778,561
Income taxes	16	(4,859)	(28,703)	(215,382)
Profit for the period		92,302	75,051	563,171
Profit for the period attributable to:				
Owners of the parent company		92,288	75,043	563,111
Non-controlling interests		14	8	60
Profit for the period		92,302	75,051	563,171

	Notes	Millions of yen Year ended March 31, 2022	 2023	Thousands of U.S. dollars Year ended March 31, 2023
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss, net of tax				
Remeasurement of net defined benefit liabilities (assets)	31	10,541	7,762	58,244
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	31	(199)	1,857	13,934
Subtotal		10,341	9,619	72,179
Items that may be reclassified subsequently to profit or loss, net of tax				
Exchange differences on translation of foreign operations	31	34,573	27,827	208,809
Net changes in fair value of cash flow hedges	31	(1,085)	410	3,076
Share of other comprehensive income of investments accounted for using the equity method	31	95	3	22
Subtotal		33,582	28,241	211,916
Total other comprehensive income, net of tax		43,924	37,861	284,103
Total comprehensive income for the period		136,226	112,913	847,281
Total comprehensive income for the period attributable to:				
Owners of the parent company		136,206	112,899	847,176
Non-controlling interests		20	13	97
Total comprehensive income for the period		136,226	112,913	847,281

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

	Notes	Yen Year ended March 31, 2022	 2023	U.S. dollars Year ended March 31, 2023
Earnings per share for the period:				
Basic earnings per share for the period	32	266.73	220.75	1.66
Diluted earnings per share for the period	32	266.64	220.70	1.66

Consolidated Statement of Changes in Equity

Years ended March 31, 2022 and 2023:

		Millions of yen											
		Equity attributable to owners of the parent company											
					Other components of equity								
	Notes	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	Total equity attributable to owners of the parent company	Non-controlling interests	Total 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		-	-	-	-	-	-	-	-	92,288	92,288	14	92,302
Other comprehensive income		-	-	-	10,541	(199)	34,662	(1,085)	43,918	-	43,918	6	43,924
Total comprehensive income for the period		-	-	-	10,541	(199)	34,662	(1,085)	43,918	92,288	136,206	20	136,226
Acquisition of treasury shares	23	-	-	(1)	-	-	-	-	-	-	(1)	-	(1)
Cancellation of treasury shares		-	-	-	-	-	-	-	-	-	-	-	-
Dividends	24	-	-	-	-	-	-	-	-	(21,451)	(21,451)	(394)	(21,846)
Share-based payment transactions	33	-	(6)	66	-	-	-	-	-	-	59	-	59
Changes in ownership interest in subsidiaries		-	(401)	-	-	-	291	-	291	-	(109)	(1,539)	(1,648)
Transfer from other components of equity to retained earnings		-	-	-	(10,541)	530	-	-	(10,010)	10,010	-	-	-
Total transactions with the owners		-	(408)	65	(10,541)	530	291	-	(9,719)	(11,440)	(21,502)	(1,933)	(23,436)
As of March 31, 2022		53,204	84,010	(40,808)	-	3,560	87,146	(1,638)	89,068	480,154	665,628	112	665,740

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

Millions of yen

	Notes	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	Total equity attributable to owners of the parent company		
As of April 1, 2022		53,204	84,010	(40,808)	-	3,560	87,146	(1,638)	89,068	480,154	665,628	112	665,740
Profit for the period		-	-	-	-	-	-	-	-	75,043	75,043	8	75,051
Other comprehensive income		-	-	-	7,762	1,857	27,826	410	37,856	-	37,856	4	37,861
Total comprehensive income for the period		-	-	-	7,762	1,857	27,826	410	37,856	75,043	112,899	13	112,913
Acquisition of treasury shares	23	-	-	(30,042)	-	-	-	-	-	-	(30,042)	-	(30,042)
Cancellation of treasury shares	23	-	(102)	15,156	-	-	-	-	-	(15,054)	-	-	-
Dividends	24	-	-	-	-	-	-	-	-	(21,313)	(21,313)	(0)	(21,313)
Share-based payment transactions	33	-	71	108	-	-	-	-	-	-	180	-	180
Changes in ownership interest in subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-
Transfer from other components of equity to retained earnings		-	-	-	(7,762)	293	-	-	(7,468)	7,468	-	-	-
Total transactions with the owners		-	(30)	(14,777)	(7,762)	293	-	-	(7,468)	(28,898)	(51,175)	(0)	(51,175)
As of March 31, 2023		53,204	83,979	(55,586)	-	5,711	114,972	(1,227)	119,455	526,299	727,352	125	727,477

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

Thousands of U.S. dollars

	Notes	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	Total equity attributable to owners of the parent company		
As of April 1, 2022		399,234	630,398	(306,216)	-	26,713	653,930	(12,291)	668,352	3,603,001	4,994,769	840	4,995,610
Profit for the period		-	-	-	-	-	-	-	-	563,111	563,111	60	563,171
Other comprehensive income		-	-	-	58,244	13,934	208,802	3,076	284,065	-	284,065	30	284,103
Total comprehensive income for the period		-	-	-	58,244	13,934	208,802	3,076	284,065	563,111	847,176	97	847,281
Acquisition of treasury shares	23	-	-	(225,430)	-	-	-	-	-	-	(225,430)	-	(225,430)
Cancellation of treasury shares	23	-	(765)	113,728	-	-	-	-	-	(112,962)	-	-	-
Dividends	24	-	-	-	-	-	-	-	-	(159,929)	(159,929)	(0)	(159,929)
Share-based payment transactions	33	-	532	810	-	-	-	-	-	-	1,350	-	1,350
Changes in ownership interest in subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-
Transfer from other components of equity to retained earnings		-	-	-	(58,244)	2,198	-	-	(56,038)	56,038	-	-	-
Total transactions with the owners		-	(225)	(110,884)	(58,244)	2,198	-	-	(56,038)	(216,846)	(384,009)	(0)	(384,009)
As of March 31, 2023		399,234	630,165	(417,108)	-	42,854	862,732	(9,207)	896,371	3,949,266	5,457,937	937	5,458,875

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

Consolidated Statement of Cash Flows

Years ended March 31, 2022 and 2023:

	Notes	Millions of yen		Thousands of U.S. dollars
		Year ended March 31,		Year ended March 31,
		2022	2023	2023
Cash flows from operating activities				
Profit for the period		92,302	75,051	563,171
Depreciation and amortisation		64,595	68,696	515,484
Impairment loss (reversal of impairment loss)		1,460	1,966	14,752
Finance (income) costs		(2,569)	(6,604)	(49,555)
Share of (profit) loss of investments accounted for using the equity method		(113)	(105)	(787)
Loss (gain) on sale and disposal of property, plant and equipment, intangible assets and investment property		232	(716)	(5,372)
Income taxes		4,859	28,703	215,382
Decrease (increase) in trade receivables		3,006	(22,131)	(166,067)
Decrease (increase) in inventories		(28,230)	(60,253)	(452,129)
Increase (decrease) in trade payables		2,175	(1,645)	(12,343)
Increase (decrease) in net defined benefit liabilities		1,532	(799)	(5,995)
Other		(6,428)	11,100	83,292
Subtotal		132,823	93,260	699,808
Interest and dividends income received		1,470	3,339	25,055
Interest expenses paid		(1,071)	(1,208)	(9,064)
Income taxes paid		(22,420)	(34,080)	(255,731)
Net cash from (used in) operating activities		110,801	61,311	460,068
Cash flows from investing activities				
Purchase of investment securities		(747)	(827)	(6,205)
Proceeds from sales of investment securities		622	154	1,155
Purchase of property, plant and equipment		(38,602)	(50,551)	(379,326)
Proceeds from sale of property, plant and equipment		245	1,058	7,939
Purchase of intangible assets		(5,242)	(8,545)	(64,120)
Proceeds from sale of intangible assets		33	21	157
Proceeds from sale of investment property		352	1,985	14,895
Other		(746)	(4,897)	(36,746)
Net cash from (used in) investing activities		(44,083)	(61,602)	(462,251)
Cash flows from financing activities				
Net increase (decrease) in current borrowings	18	-	9	67
Proceeds from non-current borrowings	18	500	-	-
Repayment of non-current borrowings	18	(500)	(18,000)	(135,069)
Redemption of bonds issued	18	(20,000)	-	-
Payment of lease liabilities	18	(8,275)	(10,003)	(75,060)
Dividends paid	24	(21,451)	(21,313)	(159,929)
Dividends paid to non-controlling interests		(394)	(0)	(0)
Payments for acquisition of interests in subsidiaries from non-controlling interests		(1,648)	-	-
Purchase of treasury shares	23	(1)	(30,042)	(225,430)
Net cash from (used in) financing activities		(51,771)	(79,349)	(595,422)
Effect of exchange rate changes on cash and cash equivalents		16,285	11,781	88,402
Net increase (decrease) in cash and cash equivalents		31,232	(67,859)	(509,203)
Cash and cash equivalents at beginning of period	7	304,007	335,239	2,515,581
Cash and cash equivalents at end of period	7	335,239	267,380	2,006,378

Notes to Consolidated Financial Statements

1. Reporting Entity

Seiko Epson Corporation (the "Company") is a stock corporation domiciled in Japan. The addresses of the Company's registered head office and principal business offices are available on the Company's website (https://corporate.epson/en). The details of businesses and principal business activities of the Company and its affiliates ("Epson") are stated in "6. Segment Information."

2. Basis of Preparation

(1) Compliance with IFRS

Epson's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board which are applied based on the provision of Article 93 of Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements, as Epson meets the criteria of a "Specified Companies applying Designated IFRS" defined under Article 1-2 of Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements.

(2) Basis of Measurement

Except for the financial instruments stated in "3. Significant Accounting Policies," Epson's consolidated financial statements are prepared on the cost basis.

(3) Functional Currency and Presentation Currency

Epson's consolidated financial statements are presented in Japanese yen ("yen" or "¥"), which is the functional currency of the Company. The units are in millions of yen unless otherwise noted, and figures less than one million yen are rounded down.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥133.265 to U.S. $1 at the end of the reporting period.

(4) Reporting Period of Subsidiaries

The fiscal year end date of certain overseas subsidiaries is December 31, and the subsidiaries prepare, for consolidation purposes, additional financial information as of the date of the consolidated financial statements.

3. Significant Accounting Policies

(1) Basis of Consolidation

Consolidated financial statements of Epson include financial statements of the Company and subsidiaries, and interests in investments in associates and joint ventures.

(A) Subsidiaries

A subsidiary is an entity that is controlled by Epson. Epson controls the entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquisition date of a subsidiary is the date on which Epson obtains control of the subsidiary, and the subsidiary is included in the consolidation from the date of acquisition until the date on which Epson loses control.

All intergroup balances, transactions, unrealised profit or loss arising from intergroup transaction are eliminated on consolidation. Comprehensive income for subsidiaries is attributed to the owners of the parent company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(B) Associates

An associate is an entity over which Epson has significant influence that is the power to participate in the financial and operating policy decisions of the entity. Investments in associates are accounted for using the equity method from the date on which Epson has the significant influence until the date on which it ceases to have the significant influence.

(C) Joint Ventures

A joint venture is a joint arrangement whereby Epson and the other parties that have joint control of the arrangement have rights to the net assets of the arrangement. The joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities, that significantly affect the returns of the arrangement, require the unanimous consent of the parties sharing control. Epson accounts for that investment using the equity method.

(2) Business Combinations

Each business combination is accounted for by applying the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by Epson, the liabilities incurred by Epson to former owners of the acquiree and the equity interests issued by Epson. Goodwill is recognised in the consolidated statement of financial position, as the excess of the transferred consideration over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the difference is a negative monetary value, the resulting gain is immediately recognised as profit. Acquisition-related costs incurred are recognised as expenses except for the costs to issue debt or equity securities.

(3) Foreign Currency Translation

Consolidated financial statements of Epson are presented in Japanese yen, which is the functional currency of the Company. Each company in Epson determines its functional currency and measures its results and financial position in that currency.
A foreign currency transaction is translated into the functional currency at a spot exchange rate at the date of the transaction or a rate that approximates the actual rate at the date of the transaction. Foreign currency monetary items are translated using the closing rate. Exchange differences arising on the settlement of monetary items or on translating monetary items are recognised in profit or loss. However, exchange differences arising on financial instruments designated as hedging instruments for net investments in foreign operations, financial assets measured at fair value through other comprehensive income, and cash flow hedges are recognised in other comprehensive income.
Assets and liabilities of foreign operations are translated into Japanese yen at the closing date, while income and expenses of foreign operations are translated into Japanese yen at exchange rates at the dates of the transactions or a rate that approximates the exchange rates at the dates of the transactions. All resulting exchange differences are recognised in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is recognised in profit or loss in the period of disposition.

(4) Financial Instruments

(A) Financial Assets

(i) Initial Recognition and Measurement

Epson measures financial assets at their fair value plus transaction costs that are directly attributable to the acquisition of the financial assets at initial recognition. However, in the measurement after initial recognition (subsequent measurement), the transaction costs of financial assets classified as subsequently measured at fair value through profit or loss are recognised in profit or loss.
Financial assets are initially recognised on the trade date when Epson becomes party to the contractual provisions of the financial instrument.

(ii) Classification and Subsequent Measurement

At initial recognition, Epson classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss.

(a) Financial assets are classified as financial assets measured at amortised cost if both of the following conditions are met:
1) the financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
2) the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets are classified as financial assets measured at fair value through other comprehensive income if both of the following conditions are met:
1) the financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

2) the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(c) Financial assets except for those provided above are classified as financial assets measured at fair value through profit or loss.

However, Epson may designate financial assets as measured at fair value through other comprehensive income, for particular investments in equity instruments that are not held for trading and so forth, and recognises subsequent changes in fair value in other comprehensive income. The cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings when the financial assets are derecognised or the decline in their fair values is significant. Dividends on the financial assets are recognised in profit or loss for each fiscal year.

(iii) Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from them expire or when substantially all the risks and rewards of ownership of them are transferred.

(iv) Impairment

For impairment of financial assets, loss allowance for expected credit losses are recognised.

At each reporting date, Epson assesses whether the credit risk on a financial instrument has increased significantly since initial recognition.

If the credit risk on a financial instrument has not increased significantly since initial recognition, the loss allowance for that financial instrument is measured at an amount equal to 12-month expected credit losses. Meanwhile, if the credit risk on a financial instrument has increased significantly since initial recognition, the loss allowance for that financial asset is measured at an amount equal to the lifetime expected credit losses. However, the loss allowance for trade receivables, contract assets and lease receivables are measured at an amount equal to the lifetime expected credit losses.

Expected credit losses of a financial instrument are measured in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

(b) the time value of money; and

(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

When impairment is recognised, the carrying amount of the financial asset is reduced through an allowance account for credit losses and the amount of expected credit losses is recognised as impairment loss in profit or loss. If the amount of the impairment loss decreases due to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed in profit or loss through an allowance account for credit losses.

(B) Financial Liabilities

(i) Initial Recognition and Measurement

Financial liabilities are measured at fair value at initial recognition. However, financial liabilities measured subsequently at amortised cost are measured at their fair value less transaction costs that are directly attributable to the issuance of the financial liabilities.

Financial liabilities are initially recognised on the trade date when Epson becomes party to the contractual provisions of the financial instrument.

(ii) Classification and Subsequent Measurement

Financial liabilities are classified into financial liabilities measured subsequently at fair value through profit or loss and financial liabilities measured at amortised cost at initial recognition.

After initial recognition, financial liabilities are measured based on the classification as follows:

(a) Financial Liabilities Measured at Fair Value through Profit or Loss

The financial liabilities measured at fair value through profit or loss are measured at fair value and include financial liabilities designated as measured at fair value through profit or loss at initial recognition.

(b) Financial Liabilities Measured at Amortised Cost

The financial liabilities measured at amortised cost are measured at amortised cost using the effective interest method.

(iii) Derecognition

Financial liabilities are derecognised when the obligation is discharged, canceled or expired.

(C) Offsetting a Financial Asset and a Financial Liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and Epson intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(D) Derivatives Accounting

Epson utilises derivatives, including forward foreign exchange contracts and non-deliverable forwards, to hedge foreign exchange and interest rate risks. These derivatives are initially measured at fair value when the contract is entered into, and are subsequently remeasured at fair value.

A gain or loss on a derivative is recognised in profit or loss. However, the portion of the gain or loss on the hedging instruments that is determined to be an effective hedge of cash flow hedges and hedges of net investments in foreign operations are recognised in other comprehensive income.

(E) Hedge Accounting

At the inception of a hedge, Epson formally designates and documents the hedging relationship to which hedge accounting is applied and the objectives and strategies of risk management for undertaking the hedge. The documentation includes identification of hedging instruments, the hedged items or transactions, the nature of the risks being hedged and how the hedging instrument's effectiveness is assessed in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risks. Even though these hedges are expected to be highly effective in offsetting changes in fair value or cash flows, they are assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedges were designated.

Epson classifies hedging relationships that meet the qualifying criteria for hedge accounting in the following categories and applies hedge accounting to the hedging relationships.

(i) Fair Value Hedge

A gain or loss on a derivative is recognised in profit or loss. The hedging gain or loss on the hedged items attributable to the hedged risks adjusts the carrying amount of the hedged item and is recognised in profit or loss.

(ii) Cash Flow Hedge

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income, while the ineffective portion is recognised immediately in profit or loss. The amounts of hedging instruments recognised in other comprehensive income are reclassified to profit or loss when the transactions of the hedged items affect profit or loss. In cases where hedged items result in the recognition of non-financial assets or liabilities, the amounts recognised in other comprehensive income are accounted for as adjustments to the initial carrying amount of non-financial assets or liabilities.

When forecast transactions or firm commitments are no longer expected to occur, any related cumulative gains or losses that have been recognised in other comprehensive income are reclassified to profit or loss. When hedging instruments expire, are sold, terminated or exercised without the replacement or rollover of other hedging instruments, or when the hedge designation is revoked, amounts that have been recognised in other comprehensive income continue to be recognised in equity until the forecast transactions or firm commitments occur.

(iii) Hedges of a Net Investment in a Foreign Operation

Hedges of a net investment in a foreign operation are accounted for similarly to cash flow hedges. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income, while the ineffective portion is recognised in profit or loss. On the disposal of the foreign operation, the cumulative gain or loss on the hedging instrument relating to the effective portion of the hedge that has been recognised in other comprehensive income is reclassified to profit or loss.

(F) Fair Value of Financial Instruments

Fair value of financial instruments that are traded in an active market as of the end of the fiscal year refers to quoted market prices or dealer quotations.

If there is no active market, fair value of financial instruments is determined using appropriate valuation models.

(5) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value as such that has a short maturity of three months or less from the date of acquisition.

(6) Inventories

The cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
Inventories are measured at the lower of cost or net realisable value, and the cost of inventories is assigned by using the weighted-average cost formula. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(7) Property, Plant and Equipment

The cost of property, plant and equipment includes any costs directly attributable to the acquisition of the asset and dismantlement, removal and restoration costs, as well as borrowing costs eligible for capitalisation.
After recognition as an asset, property, plant and equipment is measured by using the cost model and is carried at its cost less any accumulated depreciation and any accumulated impairment losses.
Except for asset that is not subject to depreciation such as land, asset is depreciated using the straight-line method over its estimated useful life. The estimated useful life of major asset is as follows:
• Buildings and structures: 10 to 35 years
• Machinery and vehicles: 4 to 17 years
The estimated useful life, depreciation method and residual value are reviewed at each fiscal year end and, if expectations differ from previous estimates, the effect of changes in accounting estimates is recognised prospectively.

(8) Intangible Assets

(A) Goodwill
Goodwill acquired in a business combination is measured at the amount recognised at the acquisition date less any accumulated impairment losses.
Goodwill is not amortised and allocated to a cash-generating unit that is identified according to business. The cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. An impairment loss is recognised in profit or loss and not reversed in a subsequent period.

(B) Intangible Assets
The cost of a separately acquired intangible asset is measured initially at cost, and the cost of intangible asset acquired in a business combination is its fair value at the acquisition date. The cost of internally generated intangible asset is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria.
After initial recognition, an intangible asset is measured by using the cost model and is carried at its cost less any accumulated amortisation and any accumulated impairment losses.
An intangible asset with a finite useful life is amortised using the straight-line method over its estimated useful life. The estimated useful life of major intangible asset with a finite useful life is as follows:
• Software: 3 to 10 years
The estimated useful life and amortisation method of an asset are reviewed at each fiscal year end and, if expectations differ from previous estimates, the effect of changes in accounting estimates is recognised prospectively.
An intangible asset with an indefinite useful life or an intangible asset not yet available for use is not amortised and tested for impairment annually and whenever there is an indication that the intangible asset may be impaired.

(9) Leases

At inception of a contract, Epson assesses whether the contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, and recognises lease liabilities and right-of-use assets at the commencement date.
Lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Right-of-use assets are measured at the amount of the initial measurement of lease liabilities adjusted for any initial direct costs, the prepaid lease payments, restoration costs and other costs. Right-of-use assets are usually depreciated using the straight-line method over the lease term. Interest expenses on lease liabilities are presented in the consolidated statement of comprehensive income separately from the depreciation expenses for right-of-use assets. Epson presents right-of-use assets as "Property, plant and equipment" in the consolidated statement of financial position.
Epson does not recognise lease liabilities and right-of-use assets to either short-term leases that have a lease term of 12 months or less, or low-value leases. Epson recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(10) Investment Property

Investment property is property held to earn rentals or for capital appreciation or both.
After recognition as an asset, investment property is measured by using the cost model and is carried at its cost less any accumulated depreciation and any accumulated impairment losses.
Except for asset that is not subject to depreciation such as land, investment property is depreciated using the straight-line method over its estimated useful life. The estimated useful life of major investment properties that is subject to depreciation is 35 years.
The estimated useful life, depreciation method and residual value are reviewed at each fiscal year end and, if expectations differ from previous estimates, the effect of changes in accounting estimates is recognised prospectively.

(11) Impairment of Non-financial Assets

Epson assesses whether there is any indication that property, plant and equipment, goodwill, intangible assets, investment property and right-of-use assets ("asset") may be impaired. If any such indication exists, or irrespective of whether there is any indication of impairment, where impairment testing is required, the recoverable amount of the asset is estimated. If it is not possible to estimate the recoverable amount for each asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. The recoverable amount is measured at the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use. If carrying amount of an asset or cash-generating unit exceeds its recoverable amount, an impairment loss is recognised and the carrying amount of the asset is reduced to its recoverable amount. The impairment loss is recognised in profit or loss. In determining an asset's value in use, an estimate of the future cash flows expected to derive from the asset are discounted to the present value, using pretax discount rates that reflect current market assessments of the time value of money and the risks specific to the asset.
An impairment loss for goodwill is recognised in profit or loss and not reversed in a subsequent period. Epson assesses whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated. If the recoverable amount exceeds the carrying amount of the asset, an impairment loss is reversed to the carrying amount that would have been determined (net of amortisation or depreciation) if no impairment loss had been recognised for the asset in prior years.

(12) Non-current Assets Held for Sale and Discontinued Operations

Epson classifies a non-current asset or disposal group as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The non-current asset or disposal group as held for sale is available for immediate sale in its present condition and its sale is highly probable when Epson management commits to a plan to sell the asset or disposal group.
Epson measures the non-current asset or disposal group classified as held for sale at the lower of its carrying amount and fair value less costs to sell. The non-current asset is not depreciated or amortised while it is classified as held for sale or while it is part of a disposal group classified as held for sale.
A discontinued operation is a component of an entity, that is a cash-generating unit or a group of cash-generating units, that either has been disposed of, or is classified as held for sale, and (a) represents a separate major line of business or geographical area of operations, (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or (c) is a subsidiary acquired exclusively with a view to resale.

(13) Post-employment Benefits

Epson has defined benefit plans and defined contribution plans as post-employment benefits plans. For each defined benefit plan, Epson calculates the present value of defined benefit obligations and the related current service cost and past service cost, using the projected unit credit method. For a discount rate, a discount period is set based on the estimated timing of benefit payments in each period, and the discount rate is determined by reference to market yields as of the end of the fiscal year on high quality corporate bonds for the period corresponding to the discount period. The net defined benefit liability (asset) is measured by deducting the fair value of any plan assets (including adjustments of the net defined benefit asset and the asset ceiling, if necessary) from the present value of the defined benefit obligation. Net interest on the net defined benefit liability (asset) is recognised in profit or loss.
Remeasurements of the net defined benefit liability (asset) are recognised in other comprehensive income and transferred to retained earnings immediately. Past service cost is recognised as an expense at the earlier of when a plan amendment or curtailment occurs and when any related restructuring costs or termination benefits are recognised.
The contribution payable to a defined contribution plan is recognised as an expense.

(14) Share-based Payment

The Company has employed a framework referred to as a restricted stock compensation plan and BIP (Board Incentive Plan) trust as equity-settled share-based payment plan for the Company's directors and executive officers who have been engaged by the Company (excluding outside directors and persons such as Audit and Supervisory Committee members who are not directly engaged in the operations of the Company, and persons residing outside

Japan).
The Company measures the service received at the fair value of its shares granted at the grant date and recognises the consideration as expenses over the vesting period while the corresponding amount is recognised as an increase in equity.
The shares of the Company held by BIP trust are accounted as treasury shares.

(15) Provisions

Epson recognises a provision when it has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
Where the effect of the time value of money is material, the amount of a provision is measured at the present value of the expenditures expected to be required to settle the obligation.

(16) Revenue

Epson recognises revenue by applying the following five steps approach.
Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when Epson satisfies a performance obligation
Epson is mainly engaged in the manufacture and sale of products of Printing Solutions, Visual Communications, and Manufacturing-related & Wearables. Revenue is recognised when control of a promised good has been transferred to the customer and Epson satisfied its performance obligation. For sales of the products, this generally occurs when a good is physically delivered to a customer. Revenue is measured at the amount of consideration promised in a contract with a customer taking into consideration the effects of price discount, sales rebate, etc. When two or more performance obligations are included in a contract with a customer, Epson allocates the transaction price to each identified performance obligation based on the stand-alone selling price of each product. When the stand-alone selling prices are not directly observable, Epson estimates the selling price, assuming that the products are sold individually and allocates the transaction price based thereon.

(17) Government Grants

A government grant is recognised at fair value when there is reasonable assurance that Epson will comply with the conditions attaching to it, and that the grant will be received.
Grants related to assets are deducted in calculating the carrying amount of the asset.
Grants related to income are recognised in profit or loss on a systematic basis over the periods in which Epson recognises as expenses the related costs for which the grants are intended to compensate.

(18) Borrowing Costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds.
The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, that necessarily takes a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period when they are incurred.

(19) Income Taxes

Income taxes are presented as the total of current tax expense and deferred tax expense.
Current tax is the amount of income taxes payable or recoverable and is recognised as an expense or income and included in profit or loss for the period, except to the extent that the tax arises from a transaction which is recognised either in other comprehensive income or directly in equity, or a business combination. For the calculation of the tax amount, Epson uses the tax rates and tax laws that have been enacted or substantively enacted by the end of fiscal year.
Deferred tax expense is calculated based on a temporary difference that is the difference between the carrying amount of the assets or liabilities in the consolidated financial statements and their tax bases. A deferred tax asset is recognised for all deductible temporary differences, the carryforward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profit will be available against which they can be utilised. A deferred tax liability is recognised for all taxable temporary differences.
A deferred tax liability is not recognised for taxable temporary differences when the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting profit nor taxable profit or loss at the time of the transaction.
Also a deferred tax liability is not recognised for taxable temporary differences associated with investments in

subsidiaries and associates, and interests in joint ventures to the extent that the timing of the reversal of the temporary difference is controlled and it is probable that the temporary difference will not reverse in the foreseeable future.
A deferred tax asset is not recognised for deductible temporary differences arising from investments in subsidiaries and associates, and interests in joint ventures to the extent that it is not probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available against which the temporary difference can be utilised.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of fiscal year.
Assets and liabilities are recognised as estimated amounts if uncertain tax position of income taxes arising from interpretation of tax laws and regulations is probable.

Epson adopted the “International Tax Reform―Pillar Two Model Rules” (IAS 12 “Income Taxes,” revised May 2023).
This amendment clarifies that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules (“global minimum tax rules”) published by the OECD. It provides a temporary exception that requires an entity not to recognise and disclose deferred tax assets and liabilities for income taxes arising from global minimum tax rules.
Epson applies the exception provided by IAS 12 and does not recognise and disclose deferred tax assets and liabilities for income taxes arising from the global minimum tax rules.

(20) Treasury Shares

Treasury shares are measured at their cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale or cancellation of the treasury shares. Any difference between the carrying amount and the consideration paid is recognised in equity.

(21) Earnings per Share

Basic earnings per share are calculated by dividing profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the period, adjusting by the number of treasury shares. For the purpose of the calculation, the shares of the Company held by BIP trust are excluded because the shares are accounted as treasury shares. For the purpose of calculating diluted earnings per share, the rights for the treasury shares held by the trust to be received by eligible officers are adjusted.

(22) Dividends

Year-end dividend distributions to the shareholders of the Company are recognised as liabilities in the period in which the distribution is approved at the Annual Shareholders’ Meeting. Interim dividend distributions are recognised as liabilities in the period in which the distribution is approved by Epson’s Board of Directors.

4. Significant Accounting Estimates and Judgments

The preparation of Epson’s consolidated financial statements includes management estimates and assumptions for measurements of income, expenses, assets and liabilities, and disclosure of contingencies as of the end of the fiscal year. These estimates and assumptions are based on the best judgment of management in light of historical experience and various factors deemed to be reasonable as of the end of the fiscal year. Given their nature, actual results may differ from those estimates and assumptions.
The estimates and assumptions are continuously reviewed by management. The effects of a change in estimates and assumptions are recognised in the period of the change and subsequent periods.
Among the above estimates and assumptions, the following were items that may have a material effect on the amounts recognised in Epson’s consolidated financial statements:

(1) Impairment of Non-financial Assets

Epson performs an impairment test for property, plant and equipment, goodwill, intangible assets, investment property and right-of-use assets (“asset”) when there is any indication that the recoverable amount has fallen below the carrying amount of the assets or when it is required annually.
The impairment test is performed by comparing the carrying amount and the recoverable amount of assets or cash-generating units. If the recoverable amount falls below the carrying amount, impairment losses are recognised. Recoverable amount is the higher of fair value less costs of disposal and value in use of assets or cash-generating units with certain assumptions of useful life, future cash flow of an asset, discount rate and long-term growth rate.

Value in use is the present value of the future cash flows expected to be derived from assets or cash-generating units and in measuring the value in use, Epson bases cash flow projections on the most recent business plan and others approved by management which includes assumptions such as projected growth in revenue. If an estimate is required for the periods beyond the period covered by the business plan, etc., Epson takes future uncertainties into consideration. The future cash flows include net cash flows from the disposal of the assets or cash-generating units. These assumptions are based on the best estimates and judgments of management, but they could be affected by variable and uncertain future economic conditions. Any changes in these assumptions could have a material impact on Epson's consolidated financial statements in future periods.
The content and amounts related to impairment of non-financial assets are stated in "12. Property, Plant and Equipment," "13. Intangible Assets," "14. Investment Property," "15. Impairment of Non-financial Assets" and "20. Lease."

(2) Post-employment Benefits

Epson has several types of post-employment benefit plans, including defined benefit plans.
The present value of defined benefit obligations on each of these plans and the related service costs and others are calculated based on actuarial assumptions. These actuarial assumptions require estimates and judgments on variables, such as discount rates.
The actuarial assumptions are determined based on the best estimates and judgments of management, but they could be affected by variable and uncertain future economic conditions. Any changes in these assumptions could have a material impact on Epson's consolidated financial statements in future periods.
These actuarial assumptions and related sensitivity analysis are stated in "22. Post-employment Benefits."

(3) Provisions

Epson recognises various provisions, including provisions for product warranties and asset retirement obligations.
These provisions are recognised based on the best estimates of the expenditures required to settle the obligations, taking into account risks and uncertainty related to the obligations as of the end of the fiscal year.
Expenditures necessary for settling the obligations are calculated by taking all possible future results into account. However, they may be affected by unexpected events or changes in conditions which may have a material impact on Epson's consolidated financial statements in future periods.
The nature and amount of recognised provisions are stated in "19. Provisions."

(4) Income Taxes

Epson, which conducts business around the world, makes reasonable estimates of income tax to be paid to local tax authorities in accordance with local laws and regulations, and recognises income taxes payable and current tax expense based on these estimates.
Calculating income taxes payable and current tax expense requires estimates and judgments on various factors, including, for example, the interpretation of tax regulations by taxable entities and the tax authority in the jurisdiction or experience of prior tax investigation.
Therefore, there may be differences between the amount recognised as income taxes payable and current tax expense and the amount of actual income taxes. These differences may have a material impact on Epson's consolidated financial statements in future periods.
In addition, deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised.
In recognising the deferred tax assets, Epson judges the possibility of future taxable income and reasonably estimate the timing and amount of future taxable income based on factors such as the business plan which includes assumptions such as projected growth in revenue.
The timing and amount of taxable income may be affected by variable and uncertain future economic conditions, and changes could have a material impact on Epson's consolidated financial statements in future periods.
The content and amounts related to income taxes are stated in "16. Income Taxes."

(5) Contingencies

With regard to contingencies, any items that may have a material impact on business in the future are disclosed in light of all the available evidence as of the fiscal year end date and by taking into account the probability of these contingencies and their impact on financial reporting.
The content of contingencies is stated in "38. Contingencies."

5. New Standards and Interpretations Not Yet Applied

The new standards, amended standards and new interpretations that were issued as of the date of approval of the consolidated financial statements but have not yet been applied by Epson are as follows. Epson considers that application of the standard below is expected to have no material effect on the consolidated financial statements.

IFRS		Date of mandatory application (from the fiscal year beginning on or after)	Reporting periods of application by Epson (The reporting period ending)	Description of new and revised standards
IAS 12	Income Taxes	January 1, 2023	March 31, 2024	Clarification of deferred tax accounting for leases and decommissioning obligations

6. Segment Information

(1) Outline of Reportable Segments

The reportable segments of Epson are determined based on the operating segments that are components of Epson for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors in deciding how to allocate resources and in assessing performance.
The reportable segments of Epson are composed of three segments: “Printing Solutions,” “Visual Communications” and “Manufacturing-related & Wearables.” They are determined by types of products, nature of products, and markets.
Epson conducts development, manufacturing and sales within its reportable segments as follows:

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

(2) Revenues and Performances of Reportable Segments

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

FY2021: Year ended March 31, 2022

Millions of yen

	Reportable segments				Adjustments (Note 2)	Consolidated
	Printing Solutions	Visual Communications	Manufacturing-related & Wearables	Subtotal		
Revenue						
External revenues	779,920	159,034	182,586	1,121,540	7,373	1,128,914
Intersegment revenues	27	0	9,398	9,426	(9,426)	-
Total revenue	779,947	159,034	191,984	1,130,966	(2,052)	1,128,914
Segment profit (loss) (Business profit) (Note 1)	106,471	15,354	23,026	144,851	(55,214)	89,637
			Other operating income (expense)			4,842
			Profit from operating activities			94,479
			Finance income (costs)			2,569
			Share of profit of investments accounted for using the equity method			113
			Profit before tax			97,162

Other items

	Reportable segments				Adjustments (Note 3)	Consolidated
	Printing Solutions	Visual Communications	Manufacturing-related & Wearables	Subtotal		
Depreciation and amortisation	(37,732)	(10,321)	(8,717)	(56,771)	(7,696)	(64,468)
Impairment losses of assets other than financial assets	(137)	(1)	(26)	(165)	(1,295)	(1,460)
Segment assets	503,833	131,538	159,030	794,401	472,018	1,266,420
Capital expenditures	28,443	4,183	11,314	43,941	4,344	48,285

(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 (¥55,214) million in Segment profit (loss) (Business profit) comprised ¥581 million in eliminated intersegment transactions and (¥55,796) 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.

(Note 3) “Adjustments” of ¥472,018 million in Segment assets included elimination of intersegment transactions of (¥6,815) million and other amounts mainly consisted of corporate assets which are not attributed to reportable segments.

FY2022: Year ended March 31, 2023

Millions of yen

	Reportable segments				Adjustments (Note 2)	Consolidated
	Printing Solutions	Visual Communications	Manufacturing-related & Wearables	Subtotal		
Revenue						
External revenues	902,345	216,868	205,415	1,324,630	5,701	1,330,331
Intersegment revenues	22	0	10,075	10,098	(10,098)	-
Total revenue	902,368	216,869	215,490	1,334,728	(4,396)	1,330,331
Segment profit (loss) (Business profit) (Note 1)	89,314	34,878	28,302	152,496	(57,389)	95,106
			Other operating income (expense)			1,938
			Profit from operating activities			97,044
			Finance income (costs)			6,604
			Share of profit of investments accounted for using the equity method			105
			Profit before tax			103,755

Other items

	Reportable segments				Adjustments (Note 3)	Consolidated
	Printing Solutions	Visual Communications	Manufacturing-related & Wearables	Subtotal		
Depreciation and amortisation	(41,398)	(10,211)	(9,919)	(61,528)	(7,087)	(68,616)
Impairment losses of assets other than financial assets	(47)	(25)	(Note 4) (1,853)	(1,926)	(39)	(1,966)
Segment assets	606,278	155,772	173,475	935,525	406,049	1,341,575
Capital expenditures	47,440	7,319	14,901	69,661	8,708	78,370

(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 (¥57,389) million in Segment profit (loss) (Business profit) comprised ¥493 million in eliminated intersegment transactions and (¥57,883) 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.

(Note 3) "Adjustments" of ¥406,049 million in Segment assets included elimination of intersegment transactions of (¥6,849) million and other amounts mainly consisted of corporate assets which are not attributed to reportable segments.

(Note 4) Epson recognised an impairment loss of (¥1,850) million in the manufacturing solutions business because it no longer expects to recover some of the investments considering the changes in the market environment and other factors.

FY2022: Year ended March 31, 2023

Thousands of U.S. dollars

	Reportable segments				Adjustments (Note 2)	Consolidated
	Printing Solutions	Visual Communications	Manufacturing-related & Wearables	Subtotal		
Revenue						
External revenues	6,771,057	1,627,344	1,541,402	9,939,819	42,779	9,982,598
Intersegment revenues	165	0	75,601	75,773	(75,773)	-
Total revenue	6,771,230	1,627,351	1,617,003	10,015,592	(32,986)	9,982,598
Segment profit (loss) (Business profit) (Note 1)	670,198	261,719	212,373	1,144,306	(430,638)	713,660
			Other operating income (expense)			14,542
			Profit from operating activities			728,203
			Finance income (costs)			49,555
			Share of profit of investments accounted for using the equity method			787
			Profit before tax			778,561

Other items

	Reportable segments				Adjustments (Note 3)	Consolidated
	Printing Solutions	Visual Communications	Manufacturing-related & Wearables	Subtotal		
Depreciation and amortisation	(310,644)	(76,621)	(74,430)	(461,696)	(53,179)	(514,883)
Impairment losses of assets other than financial assets	(352)	(187)	(Note 4) (13,904)	(14,452)	(292)	(14,752)
Segment assets	4,549,416	1,168,889	1,301,729	7,020,035	3,046,929	10,066,971
Capital expenditures	355,982	54,920	111,814	522,725	65,343	588,076

(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 ($430,638) thousand in Segment profit (loss) (Business profit) comprised $3,699 thousand in eliminated intersegment transactions and of ($434,345) 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.

(Note 3) “Adjustments” of $3,046,929 thousand in Segment assets included elimination of intersegment transactions of ($51,393) thousand and other amounts mainly consisted of corporate assets which are not attributed to reportable segments.

(Note 4) Epson recognised an impairment loss of ($13,882) thousand in the manufacturing solutions business because it no longer expects to recover some of the investments considering the changes in the market environment and other factors.

(3) Geographic Information

The regional breakdowns of non-current assets and external revenues as of each fiscal year end were as follows:

Non-current Assets

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2022	2023	2023
Japan	207,846	210,741	1,581,367
The Philippines	43,289	44,528	334,131
Indonesia	31,894	33,737	253,157
China	27,244	26,261	197,058
Other	62,407	74,339	557,828
Total	372,681	389,609	2,923,565

(Note) Non-current assets, excluding Investments accounted for using the equity method, Other financial assets, Deferred tax assets and retirement benefits assets, are segmented by the location of the assets.

External Revenue

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31,		Year ended March 31,
	2022	2023	2023
Japan	229,100	232,005	1,740,929
The United States	238,361	309,741	2,324,248
China	171,437	186,314	1,398,071
Other	490,015	602,269	4,519,333
Total	1,128,914	1,330,331	9,982,598

(Note) Revenues are segmented by country based on the location of the customers.

(4) Information about Major Customers

Epson had no transactions with a single external customer amounting to 10% or more of total external revenues.

7. Cash and Cash Equivalents

The breakdown of "Cash and cash equivalents" was as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2022	2023	2023
Cash and deposits	241,137	226,879	1,702,465
Short-term investments	94,101	40,500	303,905
Total	335,239	267,380	2,006,378

8. Trade and Other Receivables

The breakdown of "Trade and other receivables" was as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2022	2023	2023
Notes and trade receivables	152,295	181,624	1,362,878
Other receivables	17,086	21,237	159,359
Allowance account for credit losses	(1,161)	(1,061)	(7,961)
Total	168,221	201,801	1,514,283

Trade and other receivables are presented net of the allowance account for credit losses in the consolidated statement of financial position.
Trade and other receivables are classified as financial assets measured at amortised cost.

9. Inventories

The breakdown of "Inventories" was as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2022	2023	2023
Merchandise and finished goods	166,036	232,355	1,743,556
Work in process	76,157	81,944	614,895
Raw materials	52,376	58,958	442,411
Supplies	13,814	16,213	121,659
Total	308,385	389,473	2,922,545

The amount of inventories included in cost of sales recognised as an expense totaled (¥684,536) million and (¥830,772) million (($6,233,984) thousand) for the years ended March 31, 2022 and 2023, respectively.
Losses recognised as cost of sales as a result of valuations for the years ended March 31, 2022 and 2023 were (¥32,760) million and (¥38,998) million (($292,634) thousand), respectively. In addition, Epson has no inventories pledged as collateral.

10. Other Financial Assets

(1) The Breakdown of "Other financial assets"

The breakdown of "Other financial assets" was as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2022	2023	2023
Derivative assets	212	475	3,564
Equity securities	13,051	16,180	121,412
Time deposits	0	879	6,595
Other	7,744	8,648	64,893
Allowance account for credit losses	(48)	(43)	(322)
Total	20,961	26,141	196,158
Current assets	769	2,164	16,238
Non-current assets	20,192	23,976	179,912
Total	20,961	26,141	196,158

Derivative assets are classified as financial assets measured at fair value through profit or loss, excluding a case where hedge accounting is applied. Equity securities are classified as financial assets measured at fair value through other comprehensive income and time deposits are classified as financial assets measured at amortised cost.

(2) Equity Instruments Measured at Fair Value Through Other Comprehensive Income

The names of major equity instruments measured at fair value through other comprehensive income, their fair values and dividends received were as follows:

	Millions of yen				Thousands of U.S. dollars	
	March 31, 2022		March 31, 2023		March 31, 2023	
	Fair value	Dividends received	Fair value	Dividends received	Fair value	Dividends received
Mizuho Financial Group, Inc.	2,351	116	2,818	123	21,145	922
NGK Insulators, Ltd.	2,203	62	2,202	82	16,523	615

Equity securities are held mainly for strengthening relationships with investees. Therefore, they are designated as financial assets measured at fair value through other comprehensive income.

When the decline in the fair value of equity instruments measured at fair value through other comprehensive income is significant, accumulated loss recognised as other comprehensive income is transferred to retained earnings. The amount of accumulated loss transferred to retained earnings (net of tax) was ¥363 million for the year ended March 31, 2022. No amount of accumulated loss was transferred to retained earnings for the year ended March 31, 2023.

11. Other Assets

The breakdown of “Other assets” was as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2022	2023	2023
Prepaid expense	12,650	18,256	136,990
Advances to suppliers	1,390	1,622	12,171
Other	6,938	6,371	47,807
Total	20,979	26,250	196,975
Current assets	16,797	24,030	180,317
Non-current assets	4,181	2,220	16,658
Total	20,979	26,250	196,975

12. Property, Plant and Equipment

The schedules of the cost, accumulated depreciation and accumulated impairment losses, and carrying amount of “Property, plant and equipment” were as follows:

	Millions of yen					
Cost	Land, buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Construction in progress	Other	Total
As of April 1, 2021	589,853	521,308	212,378	8,269	81	1,331,890
Individual acquisition	4,957	3,162	3,781	31,960	1	43,862
Transfer from (to) investment property	-	-	-	-	-	-
Sale or disposal	(4,324)	(12,904)	(11,684)	(18)	(17)	(28,949)
Exchange differences on translation of foreign operations	13,357	13,836	14,779	975	3	42,953
Transfer from construction in progress	6,603	12,056	8,764	(27,424)	-	-
Other	(58)	(519)	(247)	(114)	(0)	(940)
As of March 31, 2022	610,389	536,940	227,770	13,647	68	1,388,816
Individual acquisition	16,853	9,802	5,320	39,117	1	71,095
Transfer from (to) investment property	(5,425)	-	-	-	-	(5,425)
Sale or disposal	(9,372)	(10,649)	(11,459)	(39)	(32)	(31,553)
Exchange differences on translation of foreign operations	11,277	10,475	13,206	988	2	35,951
Transfer from construction in progress	8,571	19,192	13,631	(41,396)	-	-
Other	(35)	(70)	64	(138)	-	(179)
As of March 31, 2023	632,258	565,691	248,535	12,179	39	1,458,704

	Thousands of U.S. dollars					
Cost	Land, buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Construction in progress	Other	Total
As of March 31, 2022	4,580,264	4,029,114	1,709,150	102,404	510	10,421,460
Individual acquisition	126,462	73,552	39,920	293,527	7	533,485
Transfer from (to) investment property	(40,708)	-	-	-	-	(40,708)
Sale or disposal	(70,326)	(79,908)	(85,986)	(292)	(240)	(236,768)
Exchange differences on translation of foreign operations	84,620	78,602	99,095	7,413	15	269,770
Transfer from construction in progress	64,315	144,013	102,284	(310,629)	-	-
Other	(262)	(525)	480	(1,035)	-	(1,343)
As of March 31, 2023	4,744,366	4,244,857	1,864,968	91,389	292	10,945,889

Accumulated Depreciation and Accumulated Impairment Losses	Millions of yen Land, buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Construction in progress	Other	Total
As of April 1, 2021	(369,529)	(435,286)	(181,644)	(712)	(80)	(987,253)
Depreciation expense (Note)	(19,115)	(20,030)	(16,879)	-	(1)	(56,027)
Impairment losses	(1,316)	(79)	(54)	(9)	-	(1,459)
Transfer to (from) investment property	-	-	-	-	-	-
Sale or disposal	3,469	12,501	11,571	5	17	27,563
Exchange differences on translation of foreign operations	(5,990)	(10,312)	(12,952)	5	(3)	(29,252)
Transfer from construction in progress	-	(392)	(55)	447	-	-
Other	21	469	260	33	0	785
As of March 31, 2022	(392,460)	(453,131)	(199,754)	(229)	(68)	(1,045,643)
Depreciation expense (Note)	(20,767)	(22,350)	(17,884)	-	(1)	(61,003)
Impairment losses	(244)	(813)	(594)	(143)	-	(1,795)
Transfer to (from) investment property	4,456	-	-	-	-	4,456
Sale or disposal	8,330	10,427	11,258	-	32	30,048
Exchange differences on translation of foreign operations	(4,654)	(7,671)	(11,770)	(10)	(2)	(24,109)
Transfer from construction in progress	-	(69)	(27)	96	-	-
Other	(61)	217	41	10	-	208
As of March 31, 2023	(405,400)	(473,390)	(218,731)	(275)	(39)	(1,097,838)

Accumulated Depreciation and Accumulated Impairment Losses	Thousands of U.S. dollars Land, buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Construction in progress	Other	Total
As of March 31, 2022	(2,944,959)	(3,400,225)	(1,498,923)	(1,718)	(510)	(7,846,343)
Depreciation expense (Note)	(155,832)	(167,710)	(134,198)	-	(7)	(457,757)
Impairment losses	(1,830)	(6,100)	(4,457)	(1,073)	-	(13,469)
Transfer to (from) investment property	33,437	-	-	-	-	33,437
Sale or disposal	62,507	78,242	84,478	-	240	225,475
Exchange differences on translation of foreign operations	(34,922)	(57,562)	(88,320)	(75)	(15)	(180,910)
Transfer from construction in progress	-	(517)	(202)	720	-	-
Other	(457)	1,628	307	75	-	1,560
As of March 31, 2023	(3,042,059)	(3,552,245)	(1,641,323)	(2,063)	(292)	(8,238,006)

(Note) Depreciation expense for Property, plant and equipment was included in Cost of sales, Selling, general and administrative expenses and Other operating expense in the consolidated statement of comprehensive income.

Carrying Amount	Land, buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Construction in progress	Other	Total
	Millions of yen					
As of April 1, 2021	220,323	86,022	30,734	7,557	0	344,637
As of March 31, 2022	217,929	83,809	28,016	13,417	0	343,172
As of March 31, 2023	226,857	92,301	29,803	11,903	0	360,866

Carrying Amount	Land, buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Construction in progress	Other	Total
	Thousands of U.S. dollars					
As of March 31, 2022	1,635,305	628,889	210,227	100,679	0	2,575,109
As of March 31, 2023	1,702,299	692,612	223,637	89,318	0	2,707,882

13. Intangible Assets

The schedules of the cost, accumulated amortisation and accumulated impairment losses, and carrying amount of "Intangible assets" were as follows:

	Millions of yen					
Cost	Software	Patent rights	Product development assets	Goodwill	Other	Total
As of April 1, 2021	51,832	9,692	17,850	4,963	5,802	90,140
Individual acquisition	4,532	40	525	-	61	5,160
Sale or disposal	(1,738)	(251)	(955)	-	(149)	(3,094)
Exchange differences on translation of foreign operations	1,649	-	18	200	183	2,051
Other	(1,130)	8	-	-	(1)	(1,123)
As of March 31, 2022	55,145	9,490	17,439	5,163	5,896	93,135
Individual acquisition	7,350	336	770	-	145	8,602
Sale or disposal	(2,627)	(65)	(912)	-	(127)	(3,732)
Exchange differences on translation of foreign operations	1,240	-	17	224	179	1,660
Other	(18)	8	-	-	(741)	(750)
As of March 31, 2023	61,091	9,770	17,314	5,387	5,352	98,916

	Thousands of U.S. dollars					
Cost	Software	Patent rights	Product development assets	Goodwill	Other	Total
As of March 31, 2022	413,799	71,211	130,859	38,742	44,242	698,870
Individual acquisition	55,153	2,521	5,777	-	1,088	64,548
Sale or disposal	(19,712)	(487)	(6,843)	-	(952)	(28,004)
Exchange differences on translation of foreign operations	9,304	-	127	1,680	1,343	12,456
Other	(135)	60	-	-	(5,560)	(5,627)
As of March 31, 2023	458,417	73,312	129,921	40,423	40,160	742,250

	Millions of yen					
Accumulated Amortisation and Accumulated Impairment Losses	Software	Patent rights	Product development assets	Goodwill	Other	Total
As of April 1, 2021	(38,814)	(7,652)	(12,000)	-	(3,698)	(62,164)
Amortisation expense (Note)	(4,357)	(471)	(3,203)	-	(535)	(8,567)
Impairment losses	(1)	-	-	-	-	(1)
Sale or disposal	1,726	251	955	-	119	3,053
Exchange differences on translation of foreign operations	(1,257)	-	(18)	-	(158)	(1,434)
Other	206	(8)	-	-	1	198
As of March 31, 2022	(42,497)	(7,881)	(14,266)	-	(4,270)	(68,916)
Amortisation expense (Note)	(4,534)	(485)	(2,314)	-	(357)	(7,692)
Impairment losses	(167)	-	-	-	(2)	(170)
Sale or disposal	2,611	65	889	-	126	3,693
Exchange differences on translation of foreign operations	(947)	-	(17)	-	(158)	(1,123)
Other	(14)	(8)	-	-	741	717
As of March 31, 2023	(45,549)	(8,310)	(15,708)	-	(3,922)	(73,491)

	Thousands of U.S. dollars					
Accumulated Amortisation and Accumulated Impairment Losses	Software	Patent rights	Product development assets	Goodwill	Other	Total
As of March 31, 2022	(318,890)	(59,137)	(107,049)	-	(32,041)	(517,135)
Amortisation expense (Note)	(34,022)	(3,639)	(17,363)	-	(2,678)	(57,719)
Impairment losses	(1,253)	-	-	-	(15)	(1,275)
Sale or disposal	19,592	487	6,670	-	945	27,711
Exchange differences on translation of foreign operations	(7,106)	-	(127)	-	(1,185)	(8,426)
Other	(105)	(60)	-	-	5,560	5,380
As of March 31, 2023	(341,792)	(62,356)	(117,870)	-	(29,430)	(551,465)

(Note) Amortisation expense for Intangible assets was included in Cost of sales and Selling, general and administrative expenses in the consolidated statement of comprehensive income.

	Millions of yen					
Carrying Amount	Software	Patent rights	Product development assets	Goodwill	Other	Total
As of April 1, 2021	13,017	2,040	5,850	4,963	2,104	27,976
As of March 31, 2022	12,648	1,608	3,172	5,163	1,625	24,218
As of March 31, 2023	15,541	1,459	1,606	5,387	1,430	25,425

	Thousands of U.S. dollars					
Carrying Amount	Software	Patent rights	Product development assets	Goodwill	Other	Total
As of March 31, 2022	94,908	12,066	23,802	38,742	12,193	181,728
As of March 31, 2023	116,617	10,948	12,051	40,423	10,730	190,785

14. Investment Property

(1) Schedule of Investment Property

The schedule of the carrying amount of "Investment property" was as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31,		Year ended March 31,
	2022	2023	2023
Balance at the beginning of the year	1,246	1,108	8,314
Transfer from (to) property, plant and equipment	-	969	7,271
Depreciation expense	(0)	(0)	(0)
Sale or disposal	(138)	(979)	(7,346)
Exchange differences on translation of foreign operations	0	0	0
Balance at the end of the year	1,108	1,097	8,231
Breakdown of "Balance at the beginning of the year"			
Cost	4,192	3,148	23,622
Accumulated depreciation and accumulated impairment losses	(2,945)	(2,040)	(15,307)
Total	1,246	1,108	8,314
Breakdown of "Balance at the end of the year"			
Cost	3,148	3,096	23,231
Accumulated depreciation and accumulated impairment losses	(2,040)	(1,999)	(15,000)
Total	1,108	1,097	8,231

(2) Fair Value

The carrying amount and the fair value of "Investment property" were as follows:

	Millions of yen				Thousands of U.S. dollars	
	March 31, 2022		March 31, 2023		March 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Investment property	1,108	2,507	1,097	2,482	8,231	18,624

The fair value of investment property is determined on the basis of a valuation conducted by an external real estate appraiser. The valuation is made in accordance with the income approach using Level 3 inputs which include the future cash flow.

15. Impairment of Non-financial Assets

Epson's business assets are generally grouped by business segment under the Company's management accounting system, and their cash flows are continuously monitored. Assets to be disposed of (i.e., assets planned to be disposed or sold etc.) and idle assets are separately assessed for impairment on the individual asset level.

Total amount of impairment losses recognised for the year ended March 31, 2022 was ¥1,460 million, mainly comprised "Land, buildings and structures" of ¥1,316 million and "Machinery and equipment" of ¥79 million.
Impairment losses recognised in the year ended March 31, 2022, represent the losses related to assets to be disposed of and idle assets that Epson has no plan to use in the future, and the carrying amounts were reduced to the recoverable amounts. The recoverable amounts of these assets were measured at value in use or fair value less costs of disposal. The fair value less costs of disposal was based on the estimated selling price, etc. and was classified as Level 3 in the fair value hierarchy.

Total amount of impairment losses recognised for the year ended March 31, 2023 was ¥1,966 million ($14,752 thousand), mainly comprised "Machinery and equipment" of ¥813 million ($6,100 thousand), "Tools, furniture and fixtures" of ¥594 million ($4,457 thousand) and "Land, buildings and structures" of ¥244 million ($1,830 thousand).
Impairment loss recognised in the year ended March 31, 2023, was mainly for business assets that belong to the manufacturing solutions business which is a part of the Manufacturing-related & Wearables Segment. The carrying amount was reduced to its recoverable amount because Epson no longer expects to recover some of the investments considering the changes in the market environment and other factors. An impairment loss of ¥1,850 million ($13,882 thousand) was recognised. The recoverable amount of ¥4,838 million ($36,303 thousand) was measured at fair value less costs of disposal. The fair value less costs of disposal was based on the real estate appraisal, etc. and was classified as Level 3 in the fair value hierarchy.

Impairment losses were recognised as "Other operating expense" in the consolidated statement of comprehensive income.

16. Income Taxes

(1) Deferred Tax Assets and Deferred Tax Liabilities

The breakdown of "Deferred tax assets" and "Deferred tax liabilities" by major causes of their occurrence were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2022	2023	2023
Inter-company profits and write downs on inventories	20,911	20,666	155,074
Fixed assets (Impairment losses and excess of depreciation)	6,678	8,269	62,049
Accrued bonus	7,969	7,859	58,972
Post-employment benefits	6,155	6,493	48,722
Carryforward of unused tax losses	3,294	2,097	15,735
Other	21,792	23,548	176,700
Total deferred tax assets	66,802	68,935	517,277
Undistributed profit	(18,631)	(22,789)	(171,005)
Post-employment benefits	(7,539)	(11,122)	(83,457)
Fixed assets (Short-fall of depreciation)	(4,981)	(6,207)	(46,576)
Other	(2,957)	(3,927)	(29,467)
Total deferred tax liabilities	(34,109)	(44,046)	(330,514)
Net deferred tax assets (Note)	32,692	24,888	186,755

(Note) The difference between the net amount of deferred tax assets recognised in the years ended March 31, 2022 and 2023, less the respective net amounts of deferred tax assets recognised directly in equity and in other comprehensive income, is mainly attributable to the impact of foreign exchange movements.

Epson assesses its ability to utilise carryforward of unused tax losses in future periods based on the Mid-Range Business Plan and financial forecasts approved by the Board of Directors annually. This takes account of Epson's medium and long-term strategy and financial plans and the expected future economic outlook. The ability to utilise deductible temporary differences and carryforward of unused tax losses in future periods for recognising deferred tax assets also takes account of material tax adjusting items, the expected future taxable income and the period (if any) in which carryforward of unused tax losses might expire. Epson believes that the recognised deferred tax assets are probable and the tax benefits can be realised based on the prior taxable income and the expected future taxable income when the deferred tax assets can be recognised.

Epson does not recognise deferred tax assets for some carryforward of unused tax losses and some deductible temporary differences. Epson reduces the amount of the deferred tax assets to the extent that it is no longer probable that the tax benefits can be realised based on an individual analysis of each company's condition as a result of assessing the recoverability of the deferred tax assets.

The amounts of carryforward of unused tax losses, for which deferred tax assets have not been recognised, as of March 31, 2022 and 2023, were ¥9,419 million and ¥13,531 million ($101,534 thousand), respectively. The amounts of deductible temporary differences, for which deferred tax assets have not been recognised, as of March 31, 2022 and 2023, were ¥82,847 million and ¥81,795 million ($613,777 thousand), respectively. The deductible temporary differences are not expired under present tax laws. The expiration schedule of carryforward of unused tax losses was as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2022	2023	2023
1st year	-	-	-
2nd year	-	-	-
3rd year	-	-	-
4th year	-	-	-
5th year and thereafter or indefinite periods	9,419	13,531	101,534
Total	9,419	13,531	101,534

Epson has no taxable temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognised as of March 31, 2022 and 2023.

(2) Tax Expense

"Tax expense" recognised as an expense was as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31,		Year ended March 31,
	2022	2023	2023
Current tax expense	(25,101)	(25,834)	(193,854)
Deferred tax expense	20,241	(2,869)	(21,528)
Total	(4,859)	(28,703)	(215,382)

Deferred tax expense decreased by ¥44 million and increased by ¥261 million ($1,958 thousand) due to the effect of changes in applicable tax rates for the year ended March 31, 2022 and 2023, respectively.
Current tax expense and deferred tax expense include the benefit arising from a previously unrecognised tax loss, tax credit or temporary difference of a prior period, and expenses or benefits arising from write-downs of deferred tax assets or the reversal of previous write-downs of deferred tax assets. Due to these effects, the current tax expense and the deferred tax expense decreased by ¥19,748 million and increased by ¥1,032 million ($7,743 thousand) for the years ended March 31, 2022 and 2023, respectively.

(3) Reconciliation of the Effective Tax Rate

The breakdown of major items that caused differences between the effective statutory tax rate and the actual tax rate was as follows.

Epson is subject mainly to corporate tax, inhabitant tax, and enterprise tax, and the effective statutory tax rates calculated based on these taxes were 30.5% for the years ended March 31, 2022 and 2023 respectively. Foreign subsidiaries are subject to income tax at their locations.

	%	
	Year ended March 31, 2022	Year ended March 31, 2023
Effective statutory tax rate	30.5	30.5
Different tax rates applied to foreign subsidiaries	(2.4)	(2.9)
Expenses not deductible for tax purposes	1.3	0.6
Reassessment of recoverability of deferred tax assets	(20.3)	1.0
Changes in applicable tax rates	(0.1)	0.3
Other	(3.9)	(1.8)
Actual tax rate	5.0	27.7

17. Trade and Other Payables

The breakdown of “Trade and other payables” was as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2022	2023	2023
Notes and trade payables	85,864	88,636	665,110
Other payables	60,336	71,022	532,938
Total	146,201	159,658	1,198,049

Trade and other payables are classified as financial liabilities measured at amortised cost.

18. Bonds issued, Borrowings and Lease liabilities

(1) Breakdown of Bonds issued, Borrowings and Lease liabilities

The breakdown of "Bonds issued, borrowings and lease liabilities" was as follows:

	Millions of yen		Thousands of U.S. dollars	%	Due
	March 31,		March 31,	Average interest rate (Note 1)	
	2022	2023	2023		
Current portion of non-current borrowings	17,997	-	-	-	-
Current portion of bonds issued (Note 2)	-	29,989	225,032	(Note 2)	(Note 2)
Non-current borrowings	48,455	48,467	363,688	0.38	2027
Bonds issued (Note 2)	149,580	119,699	898,202	(Note 2)	(Note 2)
Lease liabilities	27,117	35,124	263,565	1.12	2023 to 2068
Total	243,151	233,281	1,750,504		
Current liabilities	26,297	38,613	289,745		
Non-current liabilities	216,853	194,668	1,460,758		
Total	243,151	233,281	1,750,504		

(Note 1) Average interest rates are the weighted average interest rates for the balances at the end of the reporting period.

(Note 2) The summary of issuing conditions of the bonds issued was as follows:

Company	Name of bonds issued	Issue date	% interest rate	Collateral	Maturity date	Millions of yen March 31, 2022	Millions of yen March 31, 2023	Thousands of U.S. dollars March 31, 2023
The Company	The 14th Series unsecured straight bonds issued (with inter-bond pari passu clause)	Sep 21, 2016	0.27	Non	Sep 21, 2023	20,000	20,000 (20,000)	150,076 (150,076)
The Company	The 15th Series unsecured straight bonds issued (with inter-bond pari passu clause)	Sep 21, 2016	0.34	Non	Sep 18, 2026	10,000	10,000	75,038
The Company	The 16th Series unsecured straight bonds issued (with inter-bond pari passu clause)	Sep 6, 2017	0.26	Non	Sep 6, 2024	10,000	10,000	75,038
The Company	The 17th Series unsecured straight bonds issued (with inter-bond pari passu clause)	Sep 6, 2017	0.36	Non	Sep 6, 2027	10,000	10,000	75,038
The Company	The 18th Series unsecured straight bonds issued (with inter-bond pari passu clause)	Jul 19, 2019	0.20	Non	Jul 17, 2026	10,000	10,000	75,038
The Company	The 19th Series unsecured straight bonds issued (with inter-bond pari passu clause)	Jul 19, 2019	0.30	Non	Jul 19, 2029	20,000	20,000	150,076
The Company	The 20th Series unsecured straight bonds issued (with inter-bond pari passu clause) (Green bonds)	Jul 16, 2020	0.02	Non	Jul 14, 2023	10,000	10,000 (10,000)	75,038 (75,038)
The Company	The 21st Series unsecured straight bonds issued (with inter-bond pari passu clause) (Green bonds)	Jul 16, 2020	0.23	Non	Jul 16, 2025	40,000	40,000	300,153
The Company	The 22nd Series unsecured straight bonds issued (with inter-bond pari passu clause) (Green bonds)	Jul 16, 2020	0.45	Non	Jul 16, 2030	20,000	20,000	150,076
						150,000 (-)	150,000 (30,000)	1,125,576 (225,115)

*The figures in parentheses represent the current portion of bonds issued.

Bonds issued, borrowings and lease liabilities are classified as financial liabilities measured at amortised cost. There are no financial covenants on bonds issued and borrowings that have a significant impact on Epson's financing activities.

(2) Reconciliation of Liabilities arising from Financing Activities

The schedule of "Liabilities arising from Financing Activities" was as follows:

	Millions of yen				
	Current borrowings	Non-current borrowings	Bonds issued	Lease liabilities	Total
As of April 1, 2021	-	66,436	169,463	30,007	265,907
Changes from cash flows		-	(20,000)	(8,275)	(28,275)
Non-cash changes					
New leases	-	-	-	4,383	4,383
Foreign exchange movement	-	-	-	1,688	1,688
Other	-	16	116	(687)	(553)
As of March 31, 2022	-	66,452	149,580	27,117	243,151
Changes from cash flows	9	(18,000)	-	(10,003)	(27,993)
Non-cash changes					
New leases	-	-	-	17,050	17,050
Foreign exchange movement	(9)	-	-	1,280	1,270
Other	(0)	15	108	(320)	(196)
As of March 31, 2023	-	48,467	149,689	35,124	233,281

	Thousands of U.S. dollars				
	Current borrowings	Non-current borrowings	Bonds issued	Lease liabilities	Total
As of March 31, 2022	-	498,645	1,122,425	203,481	1,824,567
Changes from cash flows	67	(135,069)	-	(75,060)	(210,055)
Non-cash changes					
New leases	-	-	-	127,940	127,940
Foreign exchange movement	(67)	-	-	9,604	9,529
Other	(0)	112	810	(2,401)	(1,470)
As of March 31, 2023	-	363,688	1,123,243	263,565	1,750,504

"Non-current borrowings" and "Bonds issued" in the tables above include their current portion.

19. Provisions

The breakdown and the schedule of “Provisions” were as follows:

FY2021: Year ended March 31, 2022

	Millions of yen				
	Provision for product warranties	Asset retirement obligations	Provision for loss on litigation	Other provisions	Total
As of April 1, 2021	11,865	3,947	614	2,345	18,772
Arising during the year	2,401	119	92	942	3,554
Utilised	(2,196)	(52)	(171)	(1,365)	(3,786)
Unused amounts reversed	(400)	-	-	(117)	(517)
Exchange differences on translation of foreign operations	819	59	29	104	1,013
As of March 31, 2022	12,489	4,073	564	1,908	19,035
Current liabilities	9,762	239	417	574	10,993
Non-current liabilities	2,726	3,833	146	1,334	8,042
Total	12,489	4,073	564	1,908	19,035

FY2022: Year ended March 31, 2023

	Millions of yen				
	Provision for product warranties	Asset retirement obligations	Provision for loss on litigation	Other provisions	Total
As of April 1, 2022	12,489	4,073	564	1,908	19,035
Arising during the year	3,811	50	207	419	4,488
Utilised	(1,932)	(377)	(116)	(468)	(2,895)
Unused amounts reversed	(1,304)	-	(120)	(304)	(1,729)
Exchange differences on translation of foreign operations	573	44	30	31	680
As of March 31, 2023	13,636	3,790	565	1,586	19,579
Current liabilities	10,452	34	462	378	11,327
Non-current liabilities	3,183	3,755	103	1,208	8,252
Total	13,636	3,790	565	1,586	19,579

FY2022: Year ended March 31, 2023

	Thousands of U.S. dollars				
	Provision for product warranties	Asset retirement obligations	Provision for loss on litigation	Other provisions	Total
As of April 1, 2022	93,715	30,563	4,232	14,317	142,835
Arising during the year	28,597	375	1,553	3,144	33,677
Utilised	(14,497)	(2,828)	(870)	(3,511)	(21,723)
Unused amounts reversed	(9,785)	-	(900)	(2,281)	(12,974)
Exchange differences on translation of foreign operations	4,299	330	225	232	5,102
As of March 31, 2023	102,322	28,439	4,239	11,901	146,917
Current liabilities	78,430	255	3,466	2,836	84,996
Non-current liabilities	23,884	28,176	772	9,064	61,921
Total	102,322	28,439	4,239	11,901	146,917

(1) Provision for product warranties

For warranty expenditures, Epson recognises the provisions for estimated amounts based on the rate of historical service contract expenses to sales as well as estimated amounts for those products where future warranty expenses can be reliably estimated. Most of these expenditures are expected to be paid in the next fiscal year.

(2) Asset retirement obligations

Epson recognises provisions for asset retirement obligation which derive from the acquisition, construction, development or normal use of property, plant and equipment. Epson is required to bear the amount of asset retirement obligation that it is probable that Epson will pay in light of historical experience. These expenditures are expected to be paid mainly after five years or more. However, they may be affected by future business plans.

(3) Provision for loss on litigation

Epson recognises provisions for loss on litigation in process or possible litigation based on the reasonably estimated compensation for damages and litigation expenses at an amount deemed necessary at the end of the period. Most of these expenditures are expected to be paid in the next fiscal year.

20. Lease

(1) Leasing Activities

Epson enters into contracts mainly for real estate of business office and warehouse and other as a lessee. Extension and termination options are mainly included in leases of real estate, and these options are used by the lessee as necessary to utilise real estate.

(2) Right-of-use Assets

The schedule of the carrying amount of “Right-of-use asset” was as follows:

	Millions of yen			
	Land, buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Total
As of April 1, 2021	32,343	1,666	521	34,530
Individual acquisition	3,503	795	116	4,414
Depreciation	(7,410)	(832)	(255)	(8,498)
Impairment losses	(548)	-	-	(548)
Exchange differences on translation of foreign operations	2,017	93	3	2,114
Other	(709)	(33)	(4)	(747)
As of March 31, 2022	29,195	1,688	382	31,265
Individual acquisition	14,747	1,625	634	17,006
Depreciation	(8,205)	(1,016)	(320)	(9,543)
Impairment losses	-	-	-	-
Exchange differences on translation of foreign operations	1,671	97	3	1,772
Other	(250)	(48)	(3)	(301)
As of March 31, 2023	37,158	2,346	695	40,200

	Thousands of U.S. dollars			
	Land, buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Total
As of March 31, 2022	219,074	12,666	2,866	234,607
Individual acquisition	110,659	12,193	4,757	127,610
Depreciation	(61,569)	(7,623)	(2,401)	(71,609)
Impairment losses	-	-	-	-
Exchange differences on translation of foreign operations	12,538	727	22	13,296
Other	(1,875)	(360)	(22)	(2,258)
As of March 31, 2023	278,827	17,604	5,215	301,654

(3) Breakdown of Profit or Loss Related to Lease Transactions

The breakdown of profit or loss related to lease transactions was as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31,		Year ended March 31,
	2022	2023	2023
Interest expenses paid for lease liabilities	(330)	(417)	(3,129)
Short-term leases	(5,255)	(5,675)	(42,584)
Low-value leases	(49)	(62)	(465)
Variable leases	(637)	(472)	(3,541)

21. Other Liabilities

The breakdown of "Other liabilities" was as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2022	2023	2023
Accrued expense	24,731	27,378	205,440
Accrued bonus	34,276	35,176	263,955
Accrued employee's unused paid vacations	27,491	29,418	220,748
Contract liabilities	23,743	28,415	213,221
Refund liabilities	22,220	32,266	242,119
Other	13,034	15,860	119,010
Total	145,498	168,515	1,264,510
Current liabilities	131,817	152,900	1,147,338
Non-current liabilities	13,680	15,615	117,172
Total	145,498	168,515	1,264,510

22. Post-employment Benefits

The Company and some Japanese subsidiaries have the following defined benefit plans: defined benefit corporate pension plans and lump-sum severance plans. In addition, they also have defined contribution plans.
Some overseas subsidiaries have defined benefit plans and defined contribution plans.
Epson’s major defined benefit plans are administrated by the Corporate Pension Fund (the “Fund”) in accordance with the Defined-Benefit Corporate Pension Act (Act No. 50 of 2001).
The benefits of defined benefit plans are determined based on conditions, such as years of service, the salary proportional method based on average employee salaries for services or final base salaries for retirement benefits and a funded method based on the points employees have earned for each year of service.
The Fund has a Board of Representatives consisting of representatives of the Company and its Japanese subsidiaries and representatives of the plan participants in accordance with the rules of the Fund. The Board of Representatives is responsible for changes in the rules of the Fund, dismissal of the board members including members who execute operations related to the administration and investment of pension reserves for the Fund, and resolutions of the business report and the closing of account.

(1) Schedule of Defined Benefit Obligations

The schedule of the defined benefit obligations was as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31,		Year ended March 31,
	2022	2023	2023
Balance at the beginning of the year	327,755	319,899	2,400,472
Service cost	9,915	8,907	66,836
Interest cost	3,292	3,813	28,612
Remeasurement			
Actuarial gains and losses arising from changes in demographic assumptions	(1,647)	116	870
Actuarial gains and losses arising from changes in financial assumptions	(10,089)	(25,058)	(188,031)
Exchange differences on translation of foreign operations	2,421	1,213	9,102
Benefits paid	(11,749)	(13,225)	(99,238)
Balance at the end of the year	319,899	295,666	2,218,632

(2) Schedule of Plan Assets

The schedule of the plan assets was as follows.

Epson's major defined benefit plans are regulated by maintaining a balance between the pension obligations and plan assets through reviewing the financial condition of the fund that affects future benefits.

Epson plans to pay contributions of ¥6,791 million ($50,958 thousand) for the year ending March 31, 2024.

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31,		Year ended March 31,
	2022	2023	2023
Balance at the beginning of the year	294,808	297,966	2,235,890
Interest income	2,461	3,108	23,321
Remeasurement			
Return on plan assets	2,778	(13,901)	(104,310)
Exchange differences on translation of foreign operations	1,494	846	6,348
Contributions by the employer	6,730	7,576	56,849
Contributions by plan participants	1,097	1,089	8,171
Benefits paid	(11,405)	(12,735)	(95,561)
Balance at the end of the year	297,966	283,950	2,130,716

(3) Schedule of Right to Reimbursement

As Epson's major defined benefit plans are corporate defined benefit pension plans, there are no contributions from third parties.

(4) Effect of Asset Ceiling

There was no effect from the asset ceiling.

(5) Reconciliation of Defined Benefit Obligations and Plan Assets

The reconciliation of the defined benefit obligations and plan assets to the net defined benefit liabilities (assets) recognised in the consolidated statement of financial position were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2022	2023	2023
Funded defined benefit obligations	311,464	287,359	2,156,297
Plan assets	(297,966)	(283,950)	(2,130,716)
Subtotal	13,497	3,409	25,580
Unfunded defined benefit obligations	8,434	8,307	62,334
Net defined benefit liabilities (assets) recognised in the consolidated statement of financial position	21,932	11,716	87,915
Net defined benefit liabilities	24,210	13,164	98,780
Net defined benefit assets	(2,278)	(1,447)	(10,858)
Net defined benefit liabilities (assets) recognised in the consolidated statement of financial position	21,932	11,716	87,915

(6) Breakdown of Plan Assets

The breakdown of plan assets by major category was as follows.
In plan assets, there are no transferable financial instruments, real estate held by Epson or other assets used by Epson.

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2022	2023	2023
Investments quoted in active markets			
Equity securities	17,039	13,868	104,063
Bonds receivable	2,850	5,709	42,839
Alternative investments (Note 1)	4,989	312	2,341
Cash and deposits	2,052	3,772	28,304
Other	4,158	3,389	25,430
Total	31,089	27,053	203,001

Investments unquoted in active markets			
Pooled funds (Equity securities)	37,863	35,866	269,132
Pooled funds (Bonds receivable)	46,538	44,206	331,715
General accounts of life insurance companies (Note 2)	139,671	135,840	1,019,322
Alternative investments (Note 1)	41,984	40,536	304,175
Other	819	446	3,346
Total	266,877	256,896	1,927,707

(Note 1) Alternative investments are the investments through hedge funds, multi-asset funds, securitisation funds and other funds.

(Note 2) A certain interest rate and principal for the general accounts of life insurance companies are guaranteed by life insurance companies.

The investment strategy for Epson's plan assets was as follows:
Epson's plan assets under defined benefit plans are managed in accordance with the rules of the Fund for securing stable returns in the medium and long-term in order to ensure the redemption of the defined benefit obligations. Epson sets the asset mix policy through performing pension ALM, which is combined management of assets and liabilities by an external agency to secure stable returns. Epson invests plan assets consistently with the asset mix policy.

(7) Matters Related to Actuarial Assumptions
The major item of actuarial assumptions was as follows:

	%	
	March 31, 2022	March 31, 2023
Discount rate	1.2	1.7

The valuation of defined benefit obligations reflects judgments on uncertain future events. The sensitivities of defined benefit obligations due to changes of 1% in the discount rate as of March 31, 2023 were as follows. Each of these sensitivities assumes that other variables remain fixed. Negative figures show a decrease in the defined benefit obligations, while positive figures show an increase.

	Millions of yen	Thousands of U.S. dollars
	March 31, 2023	March 31, 2023
Discount rate (1% increase)	(38,114)	(286,001)
Discount rate (1% decrease)	44,503	333,943

The weighted-average duration of the defined benefit obligations at March 31, 2023 was 14.0 years.

(8) Defined Contribution Plans
Expenses for the defined contribution plans were ¥21,392 million and ¥23,529 million ($176,557 thousand) for the years ended March 31, 2022 and 2023, respectively.

23. Equity and Other Equity Items

(1) Share Capital and Capital Surplus

(A) Shares Authorised
The number of authorised shares as of March 31, 2022 and 2023 was 1,214,916,736 ordinary shares.

(B) Shares Issued and Fully Paid
The schedule of the number of issued shares and the amount of "Share capital" and "Capital surplus" was as follows:

	a share	Millions of yen		Thousands of U.S. dollars	
	Number of ordinary shares issued (Note 1)	Share capital	Capital surplus	Share capital	Capital surplus
As of April 1, 2021	399,634,778	53,204	84,418		
Increase (decrease)	-	-	(408)		
As of March 31, 2022	399,634,778	53,204	84,010	399,234	630,398
Increase (decrease) (Note 2)	(14,612,500)	-	(30)	-	(225)
As of March 31, 2023	385,022,278	53,204	83,979	399,234	630,165

(Note 1) The shares issued by the Company are ordinary shares with no par value that have no restriction on any content of rights.
(Note 2) The decrease in the number of shares issued during the year ended March 31, 2023 was due to the cancellation of treasury shares.

(2) Treasury Shares

The schedule of the number of treasury shares and the corresponding amount was as follows:

	a share	Millions of yen	Thousands of U.S. dollars
	Number of treasury shares	Amount	Amount
As of April 1, 2021	53,655,825	40,874	
Increase (decrease) (Note 1)	(39,819)	(65)	
As of March 31, 2022 (Note 3)	53,616,006	40,808	306,216
Increase (decrease) (Note 2)	(109,371)	14,777	110,884
As of March 31, 2023 (Note 4)	53,506,635	55,586	417,108

(Note 1) Net decrease in the number of treasury shares during the year ended March 31, 2022 resulted from:

the delivery to beneficiaries of BIP trust	(40,321) shares
the purchase of odd shares	502 shares

(Note 2) Net decrease in the number of treasury shares during the year ended March 31, 2023 resulted from:

the repurchase of treasury shares by resolution of the Board of Directors[1]	14,612,500 shares
the cancellation of treasury shares by resolution of the Board of Directors[2]	(14,612,500) shares
the disposal of treasury shares as restricted stock compensation	(81,477) shares
the delivery to beneficiaries of BIP trust	(28,352) shares
the purchase of odd shares	458 shares

(Note 3) The number of treasury shares as of March 31, 2022 included 170,607 shares held by BIP trust.

(Note 4) The number of treasury shares as of March 31, 2023 included 142,255 shares held by BIP trust.

[1] Repurchase of treasury shares
At a meeting of its Board of Directors held on May 19, 2022, the Company resolved on a share repurchase and its specific repurchase procedures pursuant to Article 156 of the Companies Act of Japan as applied pursuant to Article 165, Paragraph 3 of the same act, and implemented the share repurchase. Details of the share repurchase undertaken are as follows.
The repurchase of treasury shares ended on January 16, 2023.

Details of the resolution at Board of Directors held on May 19, 2022 was as follows:

Class of shares to be repurchased	Ordinary shares
Total number of repurchasable shares	33 million (maximum) (9.53% of the total number of issued shares (excluding treasury share))
Total repurchase amount	30,000 million yen (maximum) (225,115,371 U.S. dollars)
Repurchase period	May 20, 2022 to May 19, 2023
Repurchase method	Purchase on the Tokyo Stock Exchange (By securities company using discretionary method)

Total number of shares repurchased based on resolution of aforementioned Board of Directors' meeting was as follows:

Class of shares to be repurchased	Ordinary shares
Total number of repurchasable shares	14,612,500 shares
Total repurchase amount	29,999,962,900 yen (225,115,093 U.S. dollars)
Repurchase period	May 20, 2022 to January 16, 2023
Repurchase method	Purchase on the Tokyo Stock Exchange (By securities company using discretionary method)

[2] Cancellation of Treasury Shares
At a meeting of its Board of Directors held on February 21, 2023, the Company resolved on a cancellation of treasury shares pursuant to Article 178 of the Companies Act of Japan, and implemented the cancellation of treasury shares.

Class of shares to be cancelled	Ordinary shares
Total number of retirement shares	14,612,500 shares
Date of cancellation	March 8, 2023

(3) Other Components of Equity

(A) Remeasurement of net defined benefit liabilities (assets)
This comprises actuarial gains and losses in the present value of the defined benefit obligation and the return on plan assets excluding amounts included in net interest on the net defined benefit liabilities (assets). The amount is recognised as other comprehensive income and is transferred immediately from other components of equity to retained earnings.

(B) Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income
This is the valuation difference in fair value of financial assets measured at fair value through other comprehensive income.

(C) Exchange differences on translation of foreign operations
This is a foreign currency translation difference that occurs when Epson consolidates financial statements of foreign operations prepared in foreign currencies.

(D) Net changes in fair value of cash flow hedges
Epson uses derivatives for hedging to avoid the risk of fluctuation in future cash flows. This is the effective portion of changes in fair value of derivative transactions designated as cash flow hedges.

24. Dividends

Dividends paid were as follows:

FY2021: Year ended March 31, 2022

(Resolution)	Class of shares	Millions of yen Total dividends	Yen Dividends per share	Basis date	Effective date
Annual Shareholders Meeting (June 25, 2021)	Ordinary shares	(Note1) 10,731	31	March 31, 2021	June 28, 2021
Board of Directors Meeting (October 29, 2021)	Ordinary shares	(Note2) 10,731	31	September 30, 2021	November 30, 2021

(Note 1) The amount of dividends includes dividends of ¥6 million corresponding to the Company’s shares held by BIP trust.
(Note 2) The amount of dividends includes dividends of ¥5 million corresponding to the Company’s shares held by BIP trust.

FY2022: Year ended March 31, 2023

(Resolution)	Class of shares	Millions of yen Total dividends	Yen Dividends per share	Basis date	Effective date
Annual Shareholders Meeting (June 28, 2022)	Ordinary shares	(Note1) 10,731	31	March 31, 2022	June 29, 2022
Board of Directors Meeting (October 28, 2022)	Ordinary shares	(Note2) 10,591	31	September 30, 2022	November 30, 2022

(Note 1) The amount of dividends includes dividends of ¥5 million corresponding to the Company’s shares held by BIP trust.
(Note 2) The amount of dividends includes dividends of ¥4 million corresponding to the Company’s shares held by BIP trust.

FY2022: Year ended March 31, 2023

(Resolution)	Class of shares	Thousands of U.S. dollars Total dividends	U.S. dollars Dividends per share	Basis date	Effective date
Annual Shareholders Meeting (June 28, 2022)	Ordinary shares	(Note1) 80,523	0.23	March 31, 2022	June 29, 2022
Board of Directors Meeting (October 28, 2022)	Ordinary shares	(Note2) 79,473	0.23	September 30, 2022	November 30, 2022

(Note 1) The amount of dividends includes dividends of $37 thousand corresponding to the Company's shares held by BIP trust.
(Note 2) The amount of dividends includes dividends of $30 thousand corresponding to the Company's shares held by BIP trust.

Dividends, whose effective dates fall on in the next year, were as follows:

FY2021: Year ended March 31, 2022

(Resolution)	Class of shares	Millions of yen Total dividends	Yen Dividends per share	Basis date	Effective date
Annual Shareholders Meeting (June 28, 2022)	Ordinary shares	(Note) 10,731	31	March 31, 2022	June 29, 2022

(Note) The amount of dividends includes dividends of ¥5 million corresponding to the Company's shares held by BIP trust.

FY2022: Year ended March 31, 2023

(Resolution)	Class of shares	Millions of yen Total dividends	Yen Dividends per share	Basis date	Effective date
Annual Shareholders Meeting (June 27, 2023)	Ordinary shares	(Note) 13,597	41	March 31, 2023	June 28, 2023

(Note) The amount of dividends includes dividends of ¥5 million corresponding to the Company's shares held by BIP trust.

FY2022: Year ended March 31, 2023

(Resolution)	Class of shares	Thousands of U.S. dollars Total dividends	U.S. dollars Dividends per share	Basis date	Effective date
Annual Shareholders Meeting (June 27, 2023)	Ordinary shares	(Note) 102,029	0.30	March 31, 2023	June 28, 2023

(Note) The amount of dividends includes dividends of $37 thousand corresponding to the Company's shares held by BIP trust.

25. Revenue

(1) Disaggregation of Revenue

The revenue of the reportable segments stated in "6. Segment Information" are disaggregated by each business. The relationship between the disaggregated revenue and the reportable segments is as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31,		Year ended March 31,
	2022	2023	2023
Printing Solutions Segment	779,947	902,368	6,771,230
Office and Home Printing business	566,348	653,477	4,903,590
Commercial and Industrial Printing business	213,652	248,919	1,867,849
Inter-segment revenue	(53)	(28)	(210)
Visual Communications Segment	159,034	216,869	1,627,351
Manufacturing-related & Wearables Segment	191,984	215,490	1,617,003
Manufacturing solutions business	30,506	30,542	229,182
Wearable products business	34,659	35,881	269,245
Microdevices business and other	110,901	130,792	981,442
PC business	18,996	21,917	164,461
Inter-segment revenue	(3,078)	(3,642)	(27,329)
Others (Note 1)	(2,052)	(4,396)	(32,986)
Total	1,128,914	1,330,331	9,982,598
Revenue recognised from contracts with customers	1,125,578	1,326,901	9,956,860
Revenue recognised from other sources (Note 2)	3,335	3,430	25,738
Total	1,128,914	1,330,331	9,982,598

(Note 1) "Others" includes revenues which are not attributed to reportable segments and inter-segment eliminations.
(Note 2) "Revenue recognised from other sources" includes lease income under IFRS 16.

Epson is mainly engaged in the manufacture and sale of products of Printing Solutions, Visual Communications, and Manufacturing-related & Wearables. Revenue is recognised when control of a promised good has been transferred to the customer and Epson satisfied its performance obligation. For sales of the products, this generally occurs when a good is physically delivered to a customer. Certain products require work such as set up or installation. In such cases, Epson determines that the performance obligation has been satisfied and recognises revenue at the time of the customer's acceptance after the work is completed.
Epson provides the option of maintenance services such as extended warranties at the time of sales of the products. For the maintenance service contracts, since performance obligations are satisfied over time, the amount of consideration promised in the contract with a customer is recognised as revenue evenly over the contract period.
Contract liability is recognised until performance obligations are satisfied, in cases where Epson receives the consideration for the sale of the product as an advanced payment before the good deliveries, or Epson receives the consideration for the maintenance service contracts as a single advanced payment at contract inception, etc.
In certain cases, Epson sells products to customers such as distributors with rebates, etc. on condition that they achieve certain targets, etc. In such cases, Epson determines the transaction price by deducting the estimated rebates, etc. from the consideration promised in the contract with the customer. The estimated rebates, etc. are calculated using a reasonable method based on factors such as historical trends and recent information, and revenue is recognised only to the extent that it is highly probable that a significant revenue reversal will not occur.
Consideration for transactions is received mainly within one year after the performance obligation is satisfied, in accordance with the terms and conditions of a contract with a customer and includes no significant financing components.

(2) Contract Balance

The breakdown of the balance of receivables and contract liabilities from contracts with customers was as follows:

	Millions of yen			Thousands of U.S. dollars
	April 1, 2021	March 31, 2022	March 31, 2023	March 31, 2023
Receivables from contracts with customers	161,332	168,221	201,801	1,514,283
Contract liabilities	21,705	23,743	28,415	213,221
Current liabilities	10,766	12,289	14,814	111,161
Non-current liabilities	10,938	11,454	13,601	102,059

Contract liabilities are included in "Other current liabilities" and "Other non-current liabilities" in the consolidated statement of financial position.
Amount of revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods was not material.

(3) Transaction Price Allocated to the Remaining Performance Obligations

Epson uses the practical expedient of omitting the disclosure of information on the remaining performance obligations because it has no significant transactions with expected contractual terms exceeding one year.
Additionally, there are no significant amounts that are not included in the transaction price in the consideration from a contract with a customer.

26. Selling, General and Administrative Expenses

The breakdown of "Selling, general and administrative expenses" was as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31,		Year ended March 31,
	2022	2023	2023
Employee benefit expense	(121,886)	(138,892)	(1,042,224)
Research and development expense	(46,083)	(44,357)	(332,848)
Promotion expense	(26,270)	(32,738)	(245,660)
Advertising expense	(21,362)	(26,512)	(198,941)
Transportation expense	(23,899)	(24,647)	(184,947)
Service contract expense	(15,521)	(16,366)	(122,807)
Depreciation and amortisation	(14,779)	(15,888)	(119,221)
Other	(59,010)	(72,139)	(541,319)
Total	(328,814)	(371,544)	(2,788,008)

27. Employee Benefit Expenses

The employee benefit expenses included in Cost of sales and Selling, general and administrative expenses in the consolidated statement of comprehensive income were as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31,		Year ended March 31,
	2022	2023	2023
Salaries and wages	(231,465)	(258,094)	(1,936,697)
Legal welfare expense	(21,780)	(25,534)	(191,603)
Welfare expense	(10,926)	(13,320)	(99,951)
Expenses of post-employment benefits			
Expense for defined contribution plans	(21,392)	(23,529)	(176,557)
Expense for defined benefit plans	(9,642)	(8,453)	(63,430)
Total	(295,207)	(328,931)	(2,468,247)

28. Other Operating Income

The breakdown of "Other operating income" was as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31,		Year ended March 31,
	2022	2023	2023
Foreign exchange income	4,785	2,484	18,639
Gain on sales of property, plant and equipment, intangible assets and investment property	371	1,518	11,390
Government grant income	290	754	5,657
Other	4,766	2,264	16,988
Total	10,214	7,022	52,692

29. Other Operating Expense

The breakdown of "Other operating expense" was as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31,		Year ended March 31,
	2022	2023	2023
Impairment loss	(1,460)	(1,966)	(14,752)
Losses on the disposal of property, plant and equipment and intangible assets	(598)	(780)	(5,852)
Other	(3,312)	(2,337)	(17,536)
Total	(5,372)	(5,083)	(38,142)

30. Finance Income and Finance Costs

The breakdowns of “Finance income” and “Finance costs” were as follows:

Finance Income	Millions of yen		Thousands of U.S. dollars
	Year ended March 31,		Year ended March 31,
	2022	2023	2023
Foreign exchange gain (Note 1)	3,256	5,330	39,995
Interest income	975	2,947	22,113
Dividend income	462	361	2,708
Other	3	-	-
Total	4,698	8,639	64,825

Finance Costs	Millions of yen		Thousands of U.S. dollars
	Year ended March 31,		Year ended March 31,
	2022	2023	2023
Interest expense	(1,234)	(1,256)	(9,424)
Employee benefit expense (Note 2)	(830)	(705)	(5,290)
Other	(63)	(72)	(540)
Total	(2,128)	(2,034)	(15,262)

(Note 1) The increase or decrease in the fair value of currency derivatives is included in the foreign exchange gain (loss).
(Note 2) The employee benefit expense is the net amount of interest cost and interest income related to employee benefits.

31. Other Comprehensive Income

The amount arising during the year, reclassification adjustments to profit or loss and tax effects for each component of “Other comprehensive income” were as follows:

FY2021: Year ended March 31, 2022

	Millions of yen				
	Amount arising	Reclassification adjustments	Before tax effects	Tax effects	Net of tax effects
Remeasurement of net defined benefit liabilities (assets)	14,486	-	14,486	(3,945)	10,541
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	(255)	-	(255)	55	(199)
Exchange differences on translation of foreign operations	34,573	-	34,573	-	34,573
Net changes in fair value of cash flow hedges	(3,874)	2,313	(1,561)	475	(1,085)
Share of other comprehensive income of investments accounted for using the equity method	95	-	95	-	95
Total	45,025	2,313	47,338	(3,414)	43,924

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

FY2022: Year ended March 31, 2023

	Millions of yen				
	Amount arising	Reclassification adjustments	Before tax effects	Tax effects	Net of tax effects
Remeasurement of net defined benefit liabilities (assets)	11,041	-	11,041	(3,278)	7,762
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	2,399	-	2,399	(542)	1,857
Exchange differences on translation of foreign operations	27,827	-	27,827	-	27,827
Net changes in fair value of cash flow hedges	898	(310)	587	(176)	410
Share of other comprehensive income of investments accounted for using the equity method	3	-	3	-	3
Total	42,170	(310)	41,859	(3,998)	37,861

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

FY2022: Year ended March 31, 2023

	Thousands of U.S. dollars				
	Amount arising	Reclassification adjustments	Before tax effects	Tax effects	Net of tax effects
Remeasurement of net defined benefit liabilities (assets)	82,849	-	82,849	(24,597)	58,244
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	18,001	-	18,001	(4,067)	13,934
Exchange differences on translation of foreign operations	208,809	-	208,809	-	208,809
Net changes in fair value of cash flow hedges	6,738	(2,326)	4,404	(1,320)	3,076
Share of other comprehensive income of investments accounted for using the equity method	22	-	22	-	22
Total	316,437	(2,326)	314,103	(30,000)	284,103

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

“Reclassification adjustments” shows the amounts of hedging instruments that are reclassified to profit or loss when the transactions of the hedged items affect profit or loss. It is mainly treated as “Revenue” in the consolidated statement of comprehensive income.

32. Earnings per Share

(1) Basis of Calculating Basic Earnings per Share

	Millions of yen				Thousands of U.S. dollars	
	Year ended March 31,				Year ended March 31,	
	2022		2023		2023	
Profit for the period attributable to owners of the parent company		92,288		75,043		563,111
Profit for the period not attributable to owners of the parent company		-		-		-
Profit used for calculation of basic earnings per share		92,288		75,043		563,111
Weighted-average number of ordinary shares outstanding (Thousands of Shares)		346,006		339,952		339,952
Basic earnings per share	(Yen)	266.73	(Yen)	220.75	($)	1.66

(2) Basis of Calculating Diluted Earnings per Share

	Millions of yen				Thousands of U.S. dollars	
	Year ended March 31,				Year ended March 31,	
	2022		2023		2023	
Profit used for calculation of basic earnings per share		92,288		75,043		563,111
Adjustments		-		-		-
Profit used for calculation of diluted earnings per share		92,288		75,043		563,111
Weighted-average number of ordinary shares outstanding (Thousands of Shares)		346,006		339,952		339,952
Effect of dilutive potential ordinary shares						
BIP trust for eligible officers (Thousands of Shares)		105		77		77
Weighted-average number of ordinary shares diluted (Thousands of Shares)		346,112		340,029		340,029
Diluted earnings per share	(Yen)	266.64	(Yen)	220.70	($)	1.66

(Note) For the purpose of calculation of basic earnings per share and diluted earnings per share, the shares of the Company held by BIP trust are accounted as treasury shares and the number of those shares are deducted from weighted-average number of ordinary shares outstanding during the period.

33. Share-based Payment

(1) Restricted Stock Compensation Plan

(A) Summary of Restricted Stock Compensation Plan
The Company has employed a framework referred to as a restricted stock compensation plan as equity-settled share-based payment plan for the Company's directors and executive officers who have been engaged by the Company (collectively referred to hereafter as "Eligible Officer(s) for RS," excluding outside directors and persons such as Audit and Supervisory Committee members who are not directly engaged in the operations of the Company, and persons residing outside Japan) with the aim of further promoting sharing of value with shareholders and providing officers with a greater incentive than before to increase the stock price, sustain growth, and increase medium- to long-term corporate value.
The plan pre-delivers restricted stock to Eligible Officers for RS under condition on the execution of their duties for a certain period.
Once a year, Eligible Officers for RS shall receive monetary remuneration claim in respect of restricted stock under the resolution of the board of directors of the Company and then will receive a delivery of restricted stock by in-kind contribution of the relevant monetary remuneration claims to the Company.
Eligible Officers for RS shall not transfer, pledge, grant security interests, gift during their lifetime, or bequeath, to any third party, or otherwise dispose of restricted stock during the period from the date of allotment to the date on which they resign or retire from their position as either a director, executive officer, or employee of the Company.
If an Eligible Officer for RS resigns or retires from his or her position as a director, executive officer, or employee of the Company during the period of executing his or her duties, or if any prescribed events occur, the Company will acquire the allotted stock without compensation, unless there are extenuating circumstances that the Company's Board of Directors deem reasonable.

(B) Number of Shares Granted during the Year and Fair Value

	Year ended March 31,		Year ended March 31,
	2022	2023	2023
Grant date	-	July 20, 2022	July 20, 2022
Number of granted shares	-	81,477	81,477
Fair value at the grant date (Note)	¥-	¥2,012	$15

(Note) The Fair value at the grant date is calculated based on the closing price of the Company's ordinary share at the Tokyo Stock Exchange as of the previous business day of the resolution of the share allotment by the Board of Directors.

(2) Performance-Linked Stock Compensation Plan

(A) Summary of Performance-Linked Stock Compensation Plan
The Company has employed a framework referred to as BIP (Board Incentive Plan) trust as performance-linked equity-settled share-based payment plan for the Company's directors and executive officers who have been engaged by the Company (collectively referred to hereafter as "Eligible Officers for BIP," and excluding outside directors and persons such as Audit and Supervisory Committee members who are not directly engaged in the operations of the Company, and persons residing outside Japan). The plan is intended to heighten directors' sense of shared interest with shareholders and to show a commitment to sustaining growth and increasing corporate value over the medium and long-term.
The Eligible Officers for BIP are awarded a specific number of points each year based on their position and other factors (1 point = 1 share). Such points fluctuate depending on the levels of achievement of the medium and long-term operating performance targets of Epson. The vesting condition is basically for the Eligible Officers for BIP to render services for three years to a vesting date after a grant date of points.
With the introduction of the restricted stock compensation plan from the fiscal year ending March 31, 2023, the performance-linked stock compensation plan is scheduled to be terminated as soon as the ordinary shares of the Company corresponding to the points awarded and delivering cash equivalent to the amounts obtained through converting such shares into cash.

(B) Number of Granted Points and Weighted Average Fair Value

The fair values of granted points at the grant date are measured based on observable market prices. Moreover, the expected dividends are incorporated into the measurement of fair values. The number of granted points and weighted average fair value at the grant date were as follows:

	Year ended March 31,		Year ended March 31,
	2022	2023	2023
Number of granted points	45,869	-	-
Weighted average fair value at the grant date	¥1,755	¥-	$-

(3) Stock Compensation Expenses

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31,		Year ended March 31,
	2022	2023	2023
Restricted stock compensation	-	151	1,133
Performance-linked stock compensation	59	28	210
Total	59	180	1,350

34. Financial Instruments

(1) Capital Management

Epson selects the most effective fund management method focusing on the preservation of funds in view of safeness and flexibility. In addition, Epson obtains financing from bank loans and bonds issued. Epson has a policy not to transact derivatives for speculation purposes, but for avoiding the risks stated below.
Epson manages net interest-bearing debt, where cash and cash equivalents are deducted from interest-bearing debt, and capital (equity attributable to owners of the parent company). The amounts were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2022	2023	2023
Interest-bearing debt	243,151	233,281	1,750,504
Cash and cash equivalents	(335,239)	(267,380)	(2,006,378)
Net interest-bearing debt	(92,088)	(34,098)	(255,866)
Capital (equity attributable to owners of the parent company)	665,628	727,352	5,457,937

Epson monitors financial indicators in order to maintain a well-balanced capital structure that ensures an appropriate return on equity and a sound and flexible financial condition for future investment. Epson monitors credit ratings for financial soundness and flexibility, and ROE (return on equity) and ROIC (return on invested capital) for profitability, while focusing on changes in the domestic and overseas environment.

(2) Financial Risk Management

Epson is exposed to financial risks (credit risks, liquidity risks, foreign exchange risks, interest rate risks, and market price fluctuation risks) in the process of its business activities; and it manages risks based on a specific policy in order to avoid or reduce said risks. The results of risk management are regularly reported by the finance department to the Executive Committee of the Company.
Epson’s policy limits derivatives to transactions for the purpose of mitigating risks from transactions based on actual demand. Therefore, Epson does not transact derivatives for speculation purposes or trading purposes.

(3) Credit Risk

Receivables, such as notes and trade receivables, resulting from the operating activities of Epson are exposed to customer credit risks.
Epson holds equity securities and bonds receivable of customers and suppliers, mainly for the purpose of investing surplus funds and strengthening relationships with them; those securities and bonds are exposed to the issuers’ credit risks.
In addition, through derivative transactions that Epson conducts in order to hedge foreign exchange fluctuation risks and interest rate fluctuation risks, Epson is exposed to the credit risks of the financial institutions which are counterparties to these transactions.
In principle, Epson sets credit lines or transaction conditions with respect to trade receivables for counterparties based on Epson’s Credit Control Regulation in order to prevent credit risks relating to counterparties. In addition, the receivable balances of counterparties are monitored in order to mitigate the credit risks. The finance department of the Company regularly monitors the status of the occurrence and collection of bad debts, and reports them to the Executive Committee of the Company.
With regard to the investment of cash surpluses and derivatives, Epson invests in bonds receivable and other financial instruments with a certain credit rating and transacts with financial institutions with a high credit rating in principle in order to prevent credit risks based on Epson’s Capital Management Regulation. In addition, the finance department of the Company regularly monitors the performances of these transactions and reports the results to the Executive Committee of the Company.

The carrying amount of the financial asset presented in consolidated statement of financial position is the maximum exposure related to the credit risk. Epson does not have an important exposure for a specific counterparty and there is no over-concentrated credit risk with specific controls. There are no collateral or other credit enhancements related to credit risk exposures.
For impairment of financial assets, Epson recognises a loss allowance for expected credit losses. Epson assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. Epson

determines whether the credit risk of financial instruments has increased significantly based on fluctuations in the risk of default, taking into consideration internal credit ratings, the financial condition of counterparties, and the existence of contractual breaches such as overdues.
The loss allowance for items such as trade receivables, which account for the majority of Epson's financial assets, is calculated by comprehensively measuring the lifetime expected credit losses based on historical experience rates. However, when a counterparty is in serious financial difficulty, or when objective evidence such as bankruptcy or extreme delinquency exists, Epson deems the financial assets to be credit-impaired and measures the expected credit loss individually. Epson directly reduces the gross carrying amount of a financial asset when Epson has no reasonable expectations of recovering a financial asset in its entirety or portion thereof.

The loss allowance for these financial assets is included in trade and other receivables or other financial assets in the consolidated statement of financial position.
The schedule for the allowance account for credit losses of "Trade and other receivables" and "Other financial assets" was as follows. There was no significant change in the total carrying amount in the previous or current consolidated fiscal year that would affect changes in the loss allowance.

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2022	2023	2023
Balance as of April 1	1,164	1,209	9,072
Addition	234	430	3,226
Decrease (utilised)	(111)	(213)	(1,598)
Decrease (reversal)	(214)	(497)	(3,729)
Other	137	174	1,305
Balance as of March 31	1,209	1,104	8,284

(4) Liquidity Risk

Epson raises funds by borrowings and bonds issued; however, these liabilities are exposed to the liquidity risk that it would not be able to repay liabilities on the due date due to the deterioration of the financing environment.
Epson establishes a financing plan based on the annual business plan and the finance department of the Company regularly monitors and collects information on the balance of liquidity-in-hand and interest-bearing debt and reports it to the Executive Committee of the Company. In addition, Epson manages liquidity risks with the balance of liquidity-in-hand maintained at a proper level by working out the financing plan on a timely basis, and by taking into consideration the financial environment.
The financial liability balance (including derivative financial instruments) by maturity was as follows:

FY2021: As of March 31, 2022

	Millions of yen							
	Carrying amount	Contractual cash flow	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Non-derivative financial liabilities								
Trade and other payables	146,201	146,201	146,201	-	-	-	-	-
Borrowings	66,452	66,500	18,000	-	9,000	30,000	-	9,500
Bonds issued	149,580	150,000	-	30,000	10,000	40,000	20,000	50,000
Lease liabilities	27,117	28,441	8,459	5,370	3,848	2,590	1,469	6,703
Other	4,130	4,118	342	630	119	401	266	2,357
Total	393,482	395,261	173,002	36,001	22,968	72,991	21,736	68,560
Derivative financial liabilities								
Foreign exchange forward contract	2,973	2,973	2,973	-	-	-	-	-
Currency option	1,181	1,181	1,181	-	-	-	-	-
Total	4,154	4,154	4,154	-	-	-	-	-

FY2022: As of March 31, 2023

	Millions of yen							
	Carrying amount	Contractual cash flow	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Non-derivative financial liabilities								
Trade and other payables	159,658	159,658	159,658	-	-	-	-	-
Borrowings	48,467	48,500	-	9,000	30,000	500	9,000	-
Bonds issued	149,689	150,000	30,000	10,000	40,000	20,000	10,000	40,000
Lease liabilities	35,124	37,256	8,981	7,530	5,739	3,997	3,122	7,884
Other	4,089	4,010	371	494	7	297	1,018	1,820
Total	397,029	399,425	199,012	27,025	75,746	24,794	23,141	49,704
Derivative financial liabilities								
Foreign exchange forward contract	2,715	2,715	2,715	-	-	-	-	-
Currency option	249	249	249	-	-	-	-	-
Total	2,965	2,965	2,965	-	-	-	-	-

FY2022: As of March 31, 2023

	Thousands of U.S. dollars							
	Carrying amount	Contractual cash flow	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Non-derivative financial liabilities								
Trade and other payables	1,198,049	1,198,049	1,198,049	-	-	-	-	-
Borrowings	363,688	363,936	-	67,534	225,115	3,751	67,534	-
Bonds issued	1,123,243	1,125,576	225,115	75,038	300,153	150,076	75,038	300,153
Lease liabilities	263,565	279,563	67,392	56,503	43,064	29,992	23,427	59,160
Other	30,683	30,090	2,783	3,706	52	2,228	7,638	13,656
Total	2,979,244	2,997,223	1,493,355	202,791	568,386	186,050	173,646	372,971
Derivative financial liabilities								
Foreign exchange forward contract	20,372	20,372	20,372	-	-	-	-	-
Currency option	1,868	1,868	1,868	-	-	-	-	-
Total	22,248	22,248	22,248	-	-	-	-	-

(5) Foreign Exchange Risk

Epson operates businesses globally and, therefore, is mainly exposed to the following risks due to foreign exchange fluctuation:

(A) The risk that the profit or loss and cash flow in each functional currency of Epson is influenced by foreign exchange fluctuation as a result of external transactions and intergroup transactions, including the payment and receipt of dividends, in currencies that are different from each functional currency of Epson.

(B) The risk that the equity of Epson is influenced by foreign exchange fluctuation when equity denominated in each functional currency of Epson is translated into Japanese yen and consolidated.

(C) The risk that the profit or loss of Epson is influenced by foreign exchange fluctuation when profit or loss denominated in each functional currency of Epson is translated into Japanese yen and consolidated.

Epson hedges against risk (A) using derivatives and other means when future cash flow is projected or when receivables and payables are fixed. As a rule, the net of foreign currency-denominated operating receivables and payables is hedged mainly using forward foreign exchange contracts. Epson does not hedge against risks (B) and (C), in principle.
In order to mitigate risks mentioned above resulting from the foreign exchange fluctuation, in accordance with Epson's Foreign Exchange Management Regulation, Epson establishes a foreign currency hedge policy based on the current conditions and forecast of the foreign exchange market, implements the aforementioned hedges under the supervision of the Foreign Exchange Management Committee of the Company. The finance department of the Company regularly reports the performances to the Executive Committee of the Company.
The breakdown of currency derivatives was as follows:

Derivative transactions to which hedge accounting is not applied

FY2021: As of March 31, 2022

	Millions of yen				
	Contract amount	Over one year	Carrying amount: Assets	Carrying amount: Liabilities	Average rate
Foreign exchange forward contract					
Selling					
Euro (Yen buying)	9,749	-	-	493	130.11 JPY / EUR
Australian Dollar (Yen buying)	3,519	-	-	423	81.92 JPY / AUD
Yuan Renminbi (U.S. Dollar buying)	11,353	-	-	335	0.15 USD / CNY
Non-Deliverable Forward					
Selling					
Indian Rupee (U.S. Dollar buying)	3,255	-	-	16	0.01 USD / INR
New Taiwan Dollar (U.S. Dollar buying)	1,640	-	53	-	0.04 USD / TWD
Won (U.S. Dollar buying)	405	-	7	-	0.00 USD / KRW
Currency option (Note)					
Selling and Buying					
Euro (Yen buying)	9,774	-	-	288	130.49 JPY / EUR
Total	39,699	-	61	1,558	

FY2022: As of March 31, 2023

	Millions of yen					Thousands of U.S. dollars		
	Contract amount	Over one year	Carrying amount: Assets	Carrying amount: Liabilities	Average rate	Contract amount	Carrying amount: Assets	Carrying amount: Liabilities
Foreign exchange forward contract								
Selling								
Euro (Yen buying)	11,244	-	-	345	140.67 JPY / EUR	84,373	-	2,588
Australian Dollar (Yen buying)	3,382	-	83	-	91.25 JPY / AUD	25,378	622	-
Yuan Renminbi (U.S. Dollar buying)	17,014	-	-	211	0.14 USD / CNY	127,670	-	1,583
Non-Deliverable Forward								
Selling								
Indian Rupee (U.S. Dollar buying)	3,999	-	-	31	0.01 USD / INR	30,007	-	232
New Taiwan Dollar (U.S. Dollar buying)	2,876	-	4	-	0.03 USD / TWD	21,581	30	-
Won (U.S. Dollar buying)	402	-	-	23	0.00 USD / KRW	3,016	-	172
Currency option (Note)								
Selling and Buying								
Euro (Yen buying)	4,305	-	-	217	136.81 JPY / EUR	32,304	-	1,628
Total	43,225	-	87	829		324,353	652	6,220

(Note) Currency option is the zero-cost option contract, and call option and put option are shown as a lump sum because they are included in integrated contract.

Derivative transactions to which hedge accounting is applied

FY2021: As of March 31, 2022

	Millions of yen				
	Contract amount	Over one year	Carrying amount (Note 1)		Average rate
			Assets	Liabilities	
Foreign exchange forward contract					
Selling					
Euro (Yen buying)	24,360	-	-	975	131.54 JPY / EUR
Australian Dollar (Yen buying)	4,463	-	-	372	84.41 JPY / AUD
Yuan Renminbi (U.S. Dollar buying)	30,419	-	-	291	0.15 USD / CNY
Non-Deliverable Forward					
Selling					
Indian Rupee (U.S. Dollar buying)	8,254	-	-	15	0.01 USD / INR
New Taiwan Dollar (U.S. Dollar buying)	3,185	-	81	-	0.04 USD / TWD
Won (U.S. Dollar buying)	3,768	-	20	-	0.00 USD / KRW
Currency option (Note 2)					
Selling and Buying					
Euro (Yen buying)	24,101	-	-	892	130.14 JPY / EUR
Total	98,553	-	102	2,547	

FY2022: As of March 31, 2023

	Millions of yen					Thousands of U.S. dollars		
	Contract amount	Over one year	Carrying amount (Note 1)		Average rate	Contract amount	Carrying amount (Note 1)	
			Assets	Liabilities			Assets	Liabilities
Foreign exchange forward contract								
Selling								
Euro (Yen buying)	52,184	-	-	1,325	140.01 JPY / EUR	391,580	-	9,942
Australian Dollar (Yen buying)	4,538	-	22	-	88.30 JPY / AUD	34,052	165	-
Yuan Renminbi (U.S. Dollar buying)	29,020	-	-	293	0.15 USD / CNY	217,761	-	2,198
Non-Deliverable Forward								
Selling								
Indian Rupee (U.S. Dollar buying)	10,383	-	-	99	0.01 USD / INR	77,912	-	742
New Taiwan Dollar (U.S. Dollar buying)	2,968	-	-	8	0.03 USD / TWD	22,271	-	60
Won (U.S. Dollar buying)	4,616	-	-	10	0.00 USD / KRW	34,637	-	75
Currency option (Note 2)								
Selling and Buying								
Euro (Yen buying)	829	-	-	32	138.54 JPY / EUR	6,220	-	240
Total	104,542	-	22	1,770		784,467	165	13,281

(Note 1) Cash flow hedge is applied, and derivative transactions are measured at fair value and recognised in “Other financial assets” or “Other financial liabilities” in the consolidated statement of financial position.
(Note 2) Currency option is the zero-cost option contract, and call option and put option are shown as a lump sum because they are included in integrated contract.

Foreign Exchange Sensitivity Analysis

In cases where each currency other than the functional currency that denominates the financial instruments held by Epson as of March 31, 2023 increases by 10% in value against the functional currency, the impact on profit before tax in the consolidated statement of comprehensive income was as follows.

The impact from the translation of functional currency-denominated financial instruments, and assets, liabilities, income and expenses of foreign operations into Japanese yen is not included. Also, it is based on the assumption that currencies other than the currencies used for the calculation do not fluctuate.

	Millions of yen	Thousands of U.S. dollars
	March 31, 2023	March 31, 2023
Profit before tax	18,540	139,121

(6) Interest Rate Risk

Epson’s interest rate risk arises from cash equivalents and interest-bearing debt. Borrowings and bonds issued with floating rates are subject to the effects of changes in future cash flows caused by the fluctuation of market interest rates; while, borrowings and bonds issued with fixed rates are subject to the effects of changes in the fair value caused by the fluctuation of market interest rates.

In response to the fluctuation of market interest rates, Epson reduces the interest rate risk by implementing an interest rate swap and adjusting appropriate proportion of financing between floating rates and fixed rates. In accordance with Epson’s Capital Management Regulation, the interest rate swap is approved by the finance officer of the Company.

Interest Rate Sensitivity Analysis

In cases where the interest rate of financial instruments held by Epson as of March 31, 2023 increases by 100 bp, the impact on profit before tax in the consolidated statement of comprehensive income was as follows.

The analysis included financial instruments affected by interest rate fluctuation and based on the assumption that other factors, including the impacts of foreign exchange fluctuation, were constant.

	Millions of yen	Thousands of U.S. dollars
	March 31, 2023	March 31, 2023
Profit before tax	400	3,001

(7) Market Price Fluctuation Risk

With respect to equity securities, Epson regularly assesses the fair value and financial conditions of the issuers, and reviews the portfolio held by taking into account the relationship with counterparty entities. Epson intends to hold equity instruments not for short-term trading but for long-term investment. Therefore, Epson does not sell the instruments actively.

The equity price fluctuation risks are calculated based on the price of equity instruments at the fiscal year end. In cases where the equity price changes by 5% in value, the impact on other comprehensive income before tax effects as of March 31, 2023 was ¥809 million ($6,070 thousand) due to the changes in the fair value.

(8) Fair Value of Financial Instruments

(A) Fair value measurement
The fair values of financial instrument are measured as follows:

(Derivatives)
The fair values are calculated based on prices obtained from financial institutions.

(Equity securities and bonds receivable)
When market values for equity securities and bonds receivable are available, such values are used as the fair values. The fair values of the equity securities and bonds receivable whose market values are unavailable are measured by using the discounted cash flow method, price comparison method based on the prices of similar types of securities and bonds and other valuation methods.

(Borrowings)
Current borrowings are measured at their carrying amounts, because they are settled on a short-term basis and the fair values approximate their carrying amounts. For non-current borrowings with floating rates, it is assumed that the fair value is equal to the carrying amounts, because the rates are affected in the short term by fluctuations in market interest rates, and because Epson's credit status has not greatly changed since they were implemented. The fair values of non-current borrowings with fixed rates are calculated by the total sum of the principal and interest discounted by using the interest rates that would be applied if similar new borrowings were conducted.

(Bonds issued)
The fair values are calculated based on prices obtained from financial institutions.

(B) Fair value hierarchy
The fair value hierarchy of financial instruments is categorised from Level 1 to Level 3 as follows:

Level 1: Fair value measured at quoted prices in active markets for identical assets or liabilities
Level 2: Fair value calculated using inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly
Level 3: Fair value calculated using valuation techniques including unobservable inputs for the assets and liabilities
The transfers between levels in the fair value hierarchy are deemed to have occurred at the end of the reporting period.

(i) Financial instruments measured at amortised cost
The carrying amounts and the fair value hierarchy of financial instruments measured at amortised cost were as follows. The fair values of financial instruments that are not listed on the tables below approximate the carrying amounts.

FY2021: As of March 31, 2022

	Millions of yen				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortised cost					
Borrowings	66,452	-	66,617	-	66,617
Bonds issued	149,580	-	149,472	-	149,472
Total	216,033	-	216,089	-	216,089

FY2022: As of March 31, 2023

	Millions of yen				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortised cost					
Borrowings	48,467	-	48,362	-	48,362
Bonds issued	149,689	-	148,960	-	148,960
Total	198,157	-	197,322	-	197,322

FY2022: As of March 31, 2023

	Thousands of U.S. dollars				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortised cost					
Borrowings	363,688	-	362,900	-	362,900
Bonds issued	1,123,243	-	1,117,772	-	1,117,772
Total	1,486,939	-	1,480,673	-	1,480,673

"Borrowings" and "Bonds issued" in the tables above include their current portion.
There were no transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy during each reporting period.

(ii) Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value was as follows:

FY2021: As of March 31, 2022

	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial assets	-	212	-	212
Equity securities	9,256	-	3,795	13,051
Total	9,256	212	3,795	13,264
Financial liabilities measured at fair value				
Derivative financial liabilities	-	4,154	-	4,154
Total	-	4,154	-	4,154

FY2022: As of March 31, 2023

	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial assets	-	475	-	475
Equity securities	10,828	-	5,351	16,180
Total	10,828	475	5,351	16,656
Financial liabilities measured at fair value				
Derivative financial liabilities	-	2,965	-	2,965
Total	-	2,965	-	2,965

FY2022: As of March 31, 2023

	Thousands of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial assets	-	3,564	-	3,564
Equity securities	81,251	-	40,153	121,412
Total	81,251	3,564	40,153	124,984
Financial liabilities measured at fair value				
Derivative financial liabilities	-	22,248	-	22,248
Total	-	22,248	-	22,248

There were no transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy during each reporting period.

The movement of financial instruments categorised within Level 3 of the fair value hierarchy was as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31,		Year ended March 31,
	2022	2023	2023
Balance as of April 1	3,974	3,795	28,477
Gains and losses			
Profit or loss (Note)	(586)	-	-
Other comprehensive income	10	878	6,588
Purchase	397	827	6,205
Sales	-	(150)	(1,125)
Other	(0)	-	-
Balance as of March 31	3,795	5,351	40,153

(Note) "Profit or loss" is included in "Other operating income" and "Other operating expense" in the consolidated statement of comprehensive income.

35. Principal Subsidiaries

The content of principal subsidiaries is stated in "I. Overview of Company, 4. Subsidiaries and other affiliated entities."

36. Related Parties

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated in consolidation and are not disclosed in this note. There were no significant transactions between the Company, its subsidiaries and other related parties.

The remuneration for directors and other members of key management personnel was as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31,		Year ended March 31,
	2022	2023	2023
Short-term remuneration	422	397	2,979
Stock compensation	25	47	352
Total	447	445	3,339

(Note) The Company has introduced an officers' shareholding association system to link compensation more closely to shareholders' value. The acquisition of the Company's shares accounts for a portion of the short-term remuneration.

37. Commitments

Commitments for the acquisition of assets after the fiscal year end were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2022	2023	2023
Acquisition of property, plant and equipment	15,168	12,614	94,653
Acquisition of intangible assets	1,428	1,393	10,452
Total	16,596	14,007	105,106

38. Contingencies

Material litigation
In general, litigation has uncertainties and it is difficult to make a reliable estimate of financial effect of the possibility of an outflow of resources embodying economic benefits. Epson does not recognise provisions when either an outflow of resources embodying economic benefits is not probable or an estimate of financial effect is not practicable. Epson had the following material action.

The civil action on copyright fee of ink-jet printers
In June 2010, Epson Europe B.V. ("EEB"), a consolidated subsidiary of the Company, brought a civil suit against La SCRL Reprobel ("Reprobel"), a Belgium-based group that collects copyright royalties, seeking restitution for copyright royalties for multifunction printers. After that, Reprobel also brought a civil suit against EEB. As a result, these two lawsuits were adjoined. EEB's claims were rejected at the first trial, but EEB, dissatisfied with the decision, intends to appeal.

39. Subsequent Events

No material subsequent events were identified.

40. Approval of Consolidated Financial Statements

The consolidated financial statements were approved by Yasunori Ogawa (President and Representative Director) and Tatsuaki Seki (Representative Director, Senior Managing Executive Officer and General Administrative Manager, Corporate Strategy and Management Control Division) on June 27, 2023.

(2) Other

1. Quarterly information for the fiscal year under review

(Cumulative)	Q1	Q2	Q3	Full year
Revenue (millions of yen)	297,874	633,127	994,404	1,330,331
Profit before tax (millions of yen)	37,040	71,730	88,294	103,755
Profit for the period attributable to owners of the parent company (millions of yen)	26,679	50,386	61,448	75,043
Basic earnings per share (yen)	77.10	146.00	179.35	220.75

(Accounting period)	Q1	Q2	Q3	Q4
Basic earnings per share (yen)	77.10	68.87	32.76	40.97

2. Material litigation, etc.

Material litigation concerning Epson is as stated in “(1) Consolidated financial statements, Notes to Consolidated Financial Statements, 38. Contingencies.”