

Summary Report of Consolidated Financial Results

for the first quarter ended March 31, 2021

Registered company name: **Canon Marketing Japan Inc.**
 Stock listing: Tokyo Stock Exchange, First Section
 Code number: 8060
 URL: <https://cweb.canon.jp/eng/ir>
 Representative director: Masachika Adachi, President
 Contact: Masahiko Banno, General Manager Accounting Div. Accounting Headquarters
 Dividend payable date (as planned): -
 U.S. Accounting Standards Applied: No

1.Consolidated business results for the for the three months ended March 31, 2021(From January 1, 2021 to March 31, 2021)

(1) Consolidated Results of Operations (Amounts less than one million yen are truncated)

(Percentage represents increases or decreases from the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
March 31, 2021	140,359	(0.8)	10,581	36.2	10,906	40.0	7,989	94.6
March 31, 2020	141,483	(6.3)	7,767	10.7	7,791	7.4	4,104	(14.1)

[Note] Comprehensive Income: Three months ended March 31, 2021 : 8,392 million yen [138.1%]

Three months ended March 31, 2020 : 3,525 million yen [(48.4%)]

	Basic earnings per share	Diluted net income per share
Three months ended	Yen	Yen
March 31, 2021	61.62	61.61
March 31, 2020	31.66	31.65

(2) Consolidated Financial Position

(Amounts less than one million yen are truncated)

	Total assets	Net assets	Equity ratio	Net asset per share
	Millions of yen	Millions of yen	%	Yen
First quarter ended March 31, 2021	507,761	349,297	68.7	2,688.67
Year ended December 31, 2020	506,604	346,114	68.2	2,664.20

[Reference] Shareholders' equity: First quarter ended March 31, 2021 : 348,631 million yen

Year ended December 31, 2020 : 345,458 million yen

2.Dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2020	-	20.00	-	40.00	60.00
Year ending December 31, 2021	-				
Year ending December 31, 2021 (forecast)		-	-	-	60.00

[Note] Revision of cash dividend forecast for this period : No

[Note]The interim dividend for the fiscal year ending December 31, 2021 remains undecided because financial results forecasts have yet to be made for the first six months of the fiscal year ending December 31, 2021. The year-end dividend for the fiscal year ending December 31, 2021 will be an amount calculated by subtracting the interim dividend from the full-year dividend.

3.Consolidated financial forecast for the fiscal year ending December 31, 2021

(Amounts less than one million yen are truncated)

(Percentage represents increases or decreases from the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	567,000	4.0	34,000	8.6	34,800	(1.2)	23,500	6.8	181.23

[Note] Revision of forecast for this period : Yes

*Others

- (1) Material changes in subsidiaries during this period
(Changes in scope of consolidations resulting from change is subsidiaries) : None
- (2) Application of a specified accounting procedure : Yes
- (3) Changes in accounting policies and accounting estimates, retrospective restatement
- (i) Changes in accounting policies based on revisions of accounting standard : None
 - (ii) Changes in accounting policies other than (i) : None
 - (iii) Changes in accounting estimates : None
 - (iv) Retrospective restatement : None
- (4) Number of issued and outstanding shares (common stock)
- (i) Number of issued and outstanding shares at the end of the period (including treasury stock)
 - As of March 31, 2021 : 131,079,972
 - As of December 31, 2020 : 131,079,972
 - (ii) Number of treasury stock at the end of the period
 - As of March 31, 2021 : 1,413,122
 - As of December 31, 2020 : 1,412,822
 - (iii) Average number of shares
 - As of March 31, 2021 : 129,666,964
 - As of March 31, 2020 : 129,666,081

* Audits by CPAs or audit corporations are not required for quarterly financial results.

Disclaimer :

Earnings projections are based on information available at the time these materials were announced, and the Company cannot guarantee that they will be realized. Also, actual results may differ from the estimated figures given due to various factors.

Consolidated Quarterly Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	59,631	65,943
Notes and accounts receivable-trade	105,328	97,533
Securities	500	500
Merchandise and finished goods	27,091	29,733
Work in process	103	177
Raw materials and supplies	631	575
Short-term loans receivable	180,006	180,016
Other current assets	7,122	6,240
Allowance for doubtful receivables	(66)	(33)
Total current assets	380,349	380,687
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	43,402	43,085
Machinery, equipment and vehicles, net	87	85
Tools, furniture and fixtures, net	3,004	2,934
Rental assets, net	7,281	6,761
Land	28,359	28,359
Lease assets, net	16	13
Construction in progress	1,577	2,887
Total property, plant and equipment	83,729	84,127
Intangible assets		
Software	5,373	5,664
Lease assets	1	0
Utilization rights	294	303
Other intangible assets	0	0
Total intangible assets	5,669	5,969
Investments and other assets		
Investments in securities	11,302	11,558
Long-term loans receivable	35	25
Prepaid pension and severance costs	415	415
Deferred tax assets	19,219	19,068
Lease deposits	3,427	3,296
Other investments and other assets	2,659	2,805
Allowance for doubtful receivables	(205)	(193)
Total investments and other assets	36,855	36,977
Total non-current assets	126,255	127,074
Total assets	506,604	507,761

Consolidated Quarterly Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable-trade	44,107	47,074
Lease obligations	54	51
Accrued expenses	16,166	12,924
Accrued income taxes	7,004	3,486
Consumption taxes payable	5,547	4,679
Accrued bonuses	5,664	14,156
Accrued directors' bonuses	75	12
Accrued product warranties	453	463
Accrued loss on order received	8	10
Other current liabilities	29,356	24,136
Total current liabilities	<u>108,440</u>	<u>106,995</u>
Long-term liabilities		
Lease obligations	74	62
Deferred tax liabilities	1	1
Allowance for long-term continuous service rewards	951	1,037
Accrued pension and severance costs	47,883	47,618
Other long-term liabilities	3,139	2,748
Total long-term liabilities	<u>52,049</u>	<u>51,468</u>
Total liabilities	<u>160,490</u>	<u>158,463</u>
Equity		
Shareholders' equity		
Common stock	73,303	73,303
Capital surplus	82,814	82,814
Retained earnings	188,481	191,284
Treasury stock	(2,103)	(2,104)
Total shareholders' equity	<u>342,495</u>	<u>345,297</u>
Accumulated other comprehensive income (loss)		
Net unrealized gains on available-for-sale securities	4,230	4,470
Deferred gains or losses on hedges	(29)	15
Foreign currency translation adjustments	5	68
Defined retirement benefit plans	(1,243)	(1,220)
Total accumulated other comprehensive income (loss)	<u>2,962</u>	<u>3,333</u>
Non-controlling interests	655	666
Total equity	<u>346,114</u>	<u>349,297</u>
Total liabilities and equity	<u>506,604</u>	<u>507,761</u>

Consolidated Quarterly Statements of Income

(Amounts less than one million yen are truncated)

	Three months of FY2020 (from January 1, 2020 to March 31, 2020)	Three months of FY2021 (from January 1, 2021 to March 31, 2021)
Net sales	141,483	140,359
Cost of sales	94,617	93,079
Gross profit	46,865	47,279
Selling, general and administrative expenses	39,097	36,698
Operating income	7,767	10,581
Non-operating income		
Interest income	58	68
Dividend income	26	22
Gain on investments in partnership	—	152
Other, net	65	169
Total non-operating income	150	413
Non-operating expenses		
Interest expense	2	2
Foreign exchange losses	33	27
Other, net	90	58
Total non-operating expenses	127	88
Ordinary income	7,791	10,906
Extraordinary income		
Gain on sales of fixed assets	279	4
Gain on sales of shares of subsidiaries and associates	—	895
Other, net	34	2
Total extraordinary income	314	902
Extraordinary losses		
Loss on sales and disposal of fixed assets	26	19
Loss on sales of shares of subsidiaries and associates	737	—
Other, net	4	—
Total extraordinary losses	767	19
Net income before income taxes	7,338	11,789
Income taxes	3,191	3,777
Net income	4,146	8,012
Net income attributable to non-controlling interests	41	22
Net income attributable to owners of parent	4,104	7,989

Consolidated Quarterly Statements of Comprehensive Income

(Amounts less than one million yen are truncated)

	Three months of FY2020 (from January 1, 2020 to March 31, 2020)	Three months of FY2021 (from January 1, 2021 to March 31, 2021)
Net income	4,146	8,012
Other comprehensive income (loss)		
Net unrealized gains or losses on available-for-sale securities	(1,042)	238
Deferred gains / (losses) on hedges	(13)	44
Foreign currency translation adjustments	1	73
Defined retirement benefit plans, net of tax	433	23
Total other comprehensive income (loss)	(621)	380
Comprehensive income	3,525	8,392
Comprehensive income attributable to		
Owners of parent	3,485	8,360
Non-controlling interests	39	32

Consolidated Quarterly Statements of Cash Flows

(Amounts less than one million yen are truncated)

	Three months of FY2020 (from January 1, 2020 to March 31, 2020)	Three months of FY2021 (from January 1, 2021 to March 31, 2021)
Cash flows from operating activities		
Net income before income taxes	7,338	11,789
Depreciation and amortization	2,948	2,625
Increase (decrease) in allowance for doubtful receivables	1	(44)
Increase (decrease) in accrued pension and severance costs	500	(90)
Decrease (increase) in prepaid pension and severance costs	(5)	(11)
Increase (decrease) in accrued bonuses	8,522	8,507
Interest and dividend income	(85)	(91)
Interest expense	2	2
Loss (gain) on sales and disposal of property, plant and equipment, net	(254)	15
Loss (gain) on sales of investments in securities	(14)	(2)
Loss (gain) on sales of shares of subsidiaries and associates	737	(895)
Loss (gain) on investments in partnership	0	(152)
Decrease (increase) in notes and accounts receivable-trade	11,657	7,710
Decrease (increase) in inventories	(491)	(2,676)
Increase (decrease) in notes and accounts payable-trade	(3,037)	2,968
Other, net	(10,284)	(6,022)
Subtotal	17,536	23,631
Interest and dividends received	82	89
Interest paid	(2)	(2)
Income taxes paid	(7,397)	(6,770)
Net cash provided by operating activities	10,218	16,947
Cash flows from investing activities		
Payments for purchases of property, plant and equipment	(5,794)	(5,967)
Proceeds from sales of property, plant and equipment	1,003	6
Payments for purchases of intangible assets	(1,323)	(646)
Payments for purchases of investments in securities	(76)	(1)
Proceeds from sales of investments in securities	85	312
Proceeds from sales of shares of a subsidiary resulting in change in scope of consolidation	828	1,062
Decrease (increase) in short-term loans receivable, net.	0	0
Other, net	(95)	(354)
Net cash provided by (used in) investing activities	(5,372)	(5,589)
Cash flows from financing activities		
Repayments of finance lease obligations	(20)	(15)
Payments for purchases of treasury stock	(0)	(0)
Dividends paid	(3,833)	(5,115)
Dividends paid to non-controlling interests	(26)	(21)
Net cash used in financing activities	(3,881)	(5,153)
Effect of exchange rate changes on cash and cash equivalents	(44)	107
Net increase (decrease) in cash and cash equivalents	920	6,311
Cash and cash equivalents at beginning of period	54,493	60,131
Cash and cash equivalents at end of period	55,414	66,443

Consolidated Quaterly Segment Information

I. Three months of FY2020 (from January 1, 2020 to March 31, 2020)

Information on net sales and income (loss) by reportable segment (Amounts less than one million yen are truncated)

	Reportable segment				Other	Total	Adjustment	Consolidated
	Consumers	Enterprise	Area	Professional				
Net sales								
Sales - external customers	24,641	48,190	59,342	8,314	995	141,483	-	141,483
Sales - intersegment	8	2,415	2,664	374	1,610	7,072	(7,072)	-
Total	24,649	50,606	62,006	8,688	2,605	148,556	(7,072)	141,483
Operating income (loss)	22	3,670	3,586	656	(148)	7,787	(19)	7,767

[Note]

1. Other includes call center business and BPO service business, which are not included in reportable segments.
2. Adjustment of Operating income (loss) is the elimination of intersegment transactions.
3. Total amount of Operating income (loss) for Reportable segments, Other and Adjustment is equal to the Operating income of Consolidated Quarterly Statements of Income.

II. Three months of FY2021 (from January 1, 2021 to March 31, 2021)

Information on net sales and income (loss) by reportable segment (Amounts less than one million yen are truncated)

	Reportable segment				Other	Total	Adjustment	Consolidated
	Consumers	Enterprise	Area	Professional				
Net sales								
Sales - external customers	30,626	44,577	56,655	7,824	675	140,359	-	140,359
Sales - intersegment	12	2,674	2,733	359	1,867	7,648	(7,648)	-
Total	30,639	47,252	59,389	8,184	2,543	148,007	(7,648)	140,359
Operating income (loss)	3,014	3,554	3,950	678	(635)	10,562	19	10,581

[Note]

1. Other includes call center business and BPO service business, which are not included in reportable segments.
2. Adjustment of Operating income (loss) is the elimination of intersegment transactions.
3. Total amount of Operating income (loss) for Reportable segments, Other and Adjustment is equal to the Operating income of Consolidated Quarterly Statements of Income.

NOTE

(Changes in Reporting Segments)

Part of the organization that conducted direct sales to medium-sized/second-tier companies in the Area segment was transferred to the Enterprise segment in 2021. Accordingly, results for 2020 have been reclassified between the segments.