

Summary Report of Consolidated Financial Results

for the first quarter ended March 31, 2022

Registered company name: **Canon Marketing Japan Inc.**
 Stock listing: Tokyo Stock Exchange, Prime Market
 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, 2022(From January 1, 2022 to March 31, 2022)

(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		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
March 31, 2022	147,419	5.0	14,796	39.8	14,680	34.6	10,035	25.6
March 31, 2021	140,359	(0.8)	10,581	36.2	10,906	40.0	7,989	94.6

[Note] Comprehensive Income: Three months ended March 31, 2022 : 8,265 million yen [(1.5%)]
 Three months ended March 31, 2021 : 8,392 million yen [138.1%]

	Basic earnings per share	Diluted net income per share
Three months ended	Yen	Yen
March 31, 2022	77.39	77.38
March 31, 2021	61.62	61.61

(2) Consolidated Financial Position

(Amounts less than one million yen are truncated)

	Total assets	Equity	Equity ratio	Net asset per share
	Millions of yen	Millions of yen	%	Yen
First quarter ended March 31, 2022	529,098	377,082	71.1	2,902.26
Year ended December 31, 2021	526,418	374,676	71.0	2,883.74

[Reference] Shareholders' equity: First quarter ended March 31, 2022 : 376,349 million yen
 Year ended December 31, 2021 : 373,949 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, 2021	-	30.00	-	45.00	75.00
Year ending December 31, 2022	-				
Year ending December 31, 2022 (forecast)		-	-	-	75.00

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

[Note]The interim dividend for the fiscal year ending December 31, 2022 remains undecided because financial results forecasts have yet to be made for the first six months of the fiscal year ending December 31, 2022. The year-end dividend for the fiscal year ending December 31, 2022 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, 2022 (Amounts less than one million yen are truncated)

(Percentage represents increases or decreases from the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	583,000	5.6	41,500	4.5	43,000	4.6	29,500	0.3	227.49

[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 : Yes

(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, 2022 : 131,079,972

As of December 31, 2021 : 131,079,972

(ii) Number of treasury stock at the end of the period

As of March 31, 2022 : 1,405,092

As of December 31, 2021 : 1,404,790

(iii) Average number of shares

As of March 31, 2022 : 129,675,021

As of March 31, 2021 : 129,666,964

* 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, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	67,528	74,806
Notes and accounts receivable-trade	107,367	—
Notes, accounts receivable-trade and contract assets	—	101,810
Securities	500	500
Merchandise and finished goods	34,578	37,128
Work in process	145	132
Raw materials and supplies	511	498
Short-term loans receivable	180,004	180,014
Other current assets	5,469	6,246
Allowance for doubtful receivables	(24)	(11)
Total current assets	396,082	401,125
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	45,916	46,510
Machinery, equipment and vehicles, net	77	75
Tools, furniture and fixtures, net	2,760	2,701
Rental assets, net	5,639	5,173
Land	28,359	28,359
Leased assets, net	7	6
Construction in progress	2,392	1,821
Total property, plant and equipment	85,154	84,648
Intangible assets		
Software	6,226	5,964
Utilization rights	303	303
Other intangible assets	0	0
Total intangible assets	6,530	6,268
Investments and other assets		
Investments in securities	17,353	14,845
Long-term loans receivable	35	25
Prepaid pension and severance costs	421	424
Deferred tax assets	14,974	15,809
Lease deposits	2,961	2,984
Other investments and other assets	2,999	3,061
Allowance for doubtful receivables	(95)	(94)
Total investments and other assets	38,651	37,056
Total non-current assets	130,336	127,973
Total assets	526,418	529,098

Consolidated Quarterly Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable-trade	46,323	50,155
Lease obligations	52	48
Accrued expenses	16,127	12,659
Accrued income taxes	6,954	4,039
Consumption taxes payable	6,089	4,781
Accrued bonuses	4,148	12,914
Accrued directors' bonuses	98	18
Accrued product warranties	291	293
Accrued loss on order received	308	48
Other current liabilities	26,715	22,993
Total current liabilities	107,109	107,955
Long-term liabilities		
Lease obligations	81	69
Allowance for long-term continuous service rewards	899	978
Accrued pension and severance costs	40,913	40,359
Other long-term liabilities	2,738	2,653
Total long-term liabilities	44,632	44,061
Total liabilities	151,741	152,016
Equity		
Shareholders' equity		
Common stock	73,303	73,303
Capital surplus	82,824	82,824
Retained earnings	208,824	213,025
Treasury stock	(2,092)	(2,093)
Total shareholders' equity	362,859	367,059
Accumulated other comprehensive income (loss)		
Net unrealized gains on available-for-sale securities	7,873	6,223
Deferred gains or losses on hedges	22	14
Foreign currency translation adjustments	125	194
Defined retirement benefit plans	3,067	2,858
Total accumulated other comprehensive income (loss)	11,089	9,290
Non-controlling interests	727	732
Total equity	374,676	377,082
Total liabilities and equity	526,418	529,098

Consolidated Quarterly Statements of Income

(Amounts less than one million yen are truncated)

	Three months of FY2021 (from January 1, 2021 to March 31, 2021)	Three months of FY2022 (from January 1, 2022 to March 31, 2022)
Net sales	140,359	147,419
Cost of sales	93,079	96,918
Gross profit	47,279	50,501
Selling, general and administrative expenses	36,698	35,704
Operating income	10,581	14,796
Non-operating income		
Interest income	68	69
Dividend income	22	24
Gain on investments in partnership	152	—
Other, net	169	72
Total non-operating income	413	167
Non-operating expenses		
Interest expense	2	2
Foreign exchange losses	27	81
Loss on investments in partnership	—	148
Other, net	58	50
Total non-operating expenses	88	284
Ordinary income	10,906	14,680
Extraordinary income		
Gain on sales of fixed assets	4	0
Gain on sales of investments in securities	2	13
Gain on sales of shares of subsidiaries and associates	895	—
Total extraordinary income	902	13
Extraordinary losses		
Loss on sales and disposal of fixed assets	19	13
Total extraordinary losses	19	13
Net income before income taxes	11,789	14,680
Income taxes	3,777	4,626
Net income	8,012	10,054
Net income attributable to non-controlling interests	22	19
Net income attributable to owners of parent	7,989	10,035

Consolidated Quarterly Statements of Comprehensive Income

(Amounts less than one million yen are truncated)

	Three months of FY2021 (from January 1, 2021 to March 31, 2021)	Three months of FY2022 (from January 1, 2022 to March 31, 2022)
Net income	8,012	10,054
Other comprehensive income (loss)		
Net unrealized gains or losses on available-for-sale securities	238	(1,651)
Deferred gains / (losses) on hedges	44	(7)
Foreign currency translation adjustments	73	79
Defined retirement benefit plans, net of tax	23	(209)
Total other comprehensive income (loss)	380	(1,789)
Comprehensive income	8,392	8,265
Comprehensive income attributable to		
Owners of parent	8,360	8,236
Non-controlling interests	32	28

Consolidated Quarterly Statements of Cash Flows

(Amounts less than one million yen are truncated)

	Three months of FY2021 (from January 1, 2021 to March 31, 2021)	Three months of FY2022 (from January 1, 2022 to March 31, 2022)
Cash flows from operating activities		
Net income before income taxes	11,789	14,680
Depreciation and amortization	2,625	2,516
Increase (decrease) in allowance for doubtful receivables	(44)	(12)
Increase (decrease) in accrued pension and severance costs	(90)	(855)
Decrease (increase) in prepaid pension and severance costs	(11)	(8)
Increase (decrease) in accrued bonuses	8,507	8,765
Interest and dividend income	(91)	(94)
Interest expense	2	2
Loss (gain) on sales and disposal of property, plant and equipment, net	15	11
Loss (gain) on sales of investments in securities	(2)	(13)
Loss (gain) on sales of shares of subsidiaries and associates	(895)	—
Loss (gain) on investments in partnership	(152)	148
Decrease (increase) in notes and accounts receivable-trade	7,710	5,611
Decrease (increase) in inventories	(2,676)	(2,507)
Increase (decrease) in notes and accounts payable-trade	2,968	3,782
Other, net	(6,022)	(9,869)
Subtotal	23,631	22,158
Interest and dividends received	89	93
Interest paid	(2)	(2)
Income taxes paid	(6,770)	(6,964)
Net cash provided by operating activities	16,947	15,285
Cash flows from investing activities		
Payments for purchases of property, plant and equipment	(5,967)	(1,801)
Proceeds from sales of property, plant and equipment	6	15
Payments for purchases of intangible assets	(646)	(197)
Payments for purchases of investments in securities	(1)	(88)
Proceeds from sales of investments in securities	312	68
Proceeds from sales of shares of a subsidiary resulting in change in scope of consolidation	1,062	—
Decrease (increase) in short-term loans receivable, net.	0	—
Other, net	(354)	(340)
Net cash provided by (used in) investing activities	(5,589)	(2,343)
Cash flows from financing activities		
Repayments of finance lease obligations	(15)	(15)
Payments for purchases of treasury stock	(0)	(0)
Dividends paid	(5,115)	(5,757)
Dividends paid to non-controlling interests	(21)	(23)
Net cash used in financing activities	(5,153)	(5,796)
Effect of exchange rate changes on cash and cash equivalents	107	132
Net increase (decrease) in cash and cash equivalents	6,311	7,277
Cash and cash equivalents at beginning of period	60,131	68,028
Cash and cash equivalents at end of period	66,443	75,306

Consolidated Quaterly Segment Information

I. 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.

II. Three months of FY2022 (from January 1, 2022 to March 31, 2022)

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	31,237	48,483	54,417	12,453	829	147,419	-	147,419
Sales - intersegment	10	2,687	2,745	348	1,983	7,775	(7,775)	-
Total	31,247	51,170	57,162	12,801	2,812	155,195	(7,775)	147,419
Operating income (loss)	3,128	5,368	4,524	2,190	(446)	14,765	31	14,796

[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.