



Canon Marketing Japan Group

Canon Marketing Japan Group Medium-Term Management Plan (2022-2025) Progress Report

January 29, 2024

**Canon Marketing Japan Inc.
Masachika Adachi, President**

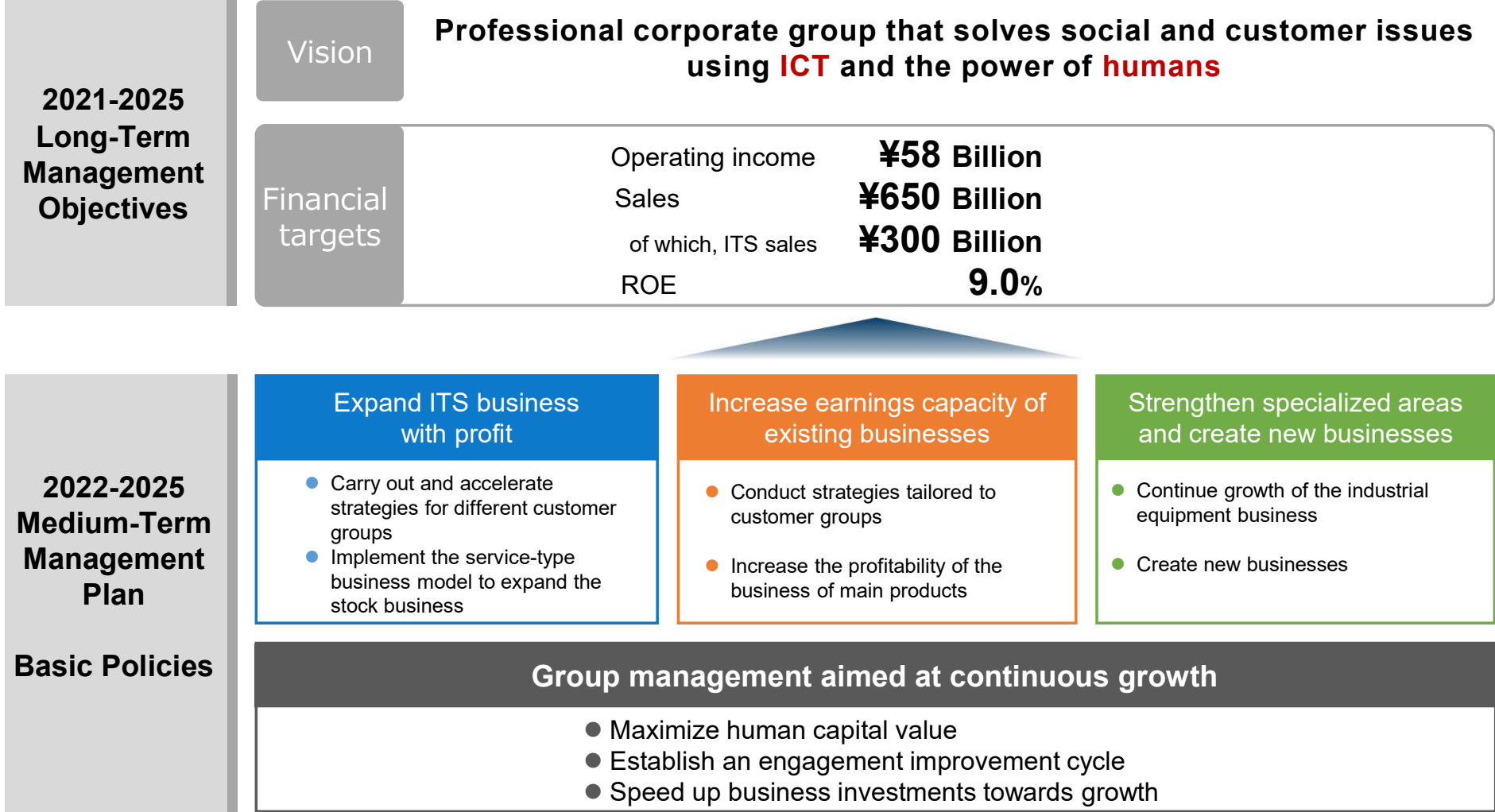
- 1. Medium-Term Management Plan (2022-2025) progress report**
- 2. Strengthening Our Management Foundation**

1. Medium-Term Management Plan (2022-2025) progress report

2. Strengthening Our Management Foundation

- 1 The Basic Policies and the Financial Plans are kept unchanged.
- 2 A focus will be continuously placed on the IT solution business in accordance with the basic strategy.
- 3 Investments are going to be accelerated for further growth.

Medium-Term Management Plan (2022-2025) Basic Policies



[Financial Plans] Updated Companywide Consolidated Financial Plan Figures

(Billions of yen)

	2023 (Actual)	2024 (Projection)	2025 (Projection)	2025 Changes from the figures announced 2023
Sales	609.5	630.0	650.0	-
of which, ITS sales	268.9	290.0	300.0	-
Op. income	52.5	54.0	58.0	-
margin	8.6%	8.6%	8.9%	-
ROE	8.7%	8.4%	9.0%	-

[Financial Plans] Updated Consolidated Financial Plan Figures by Segment

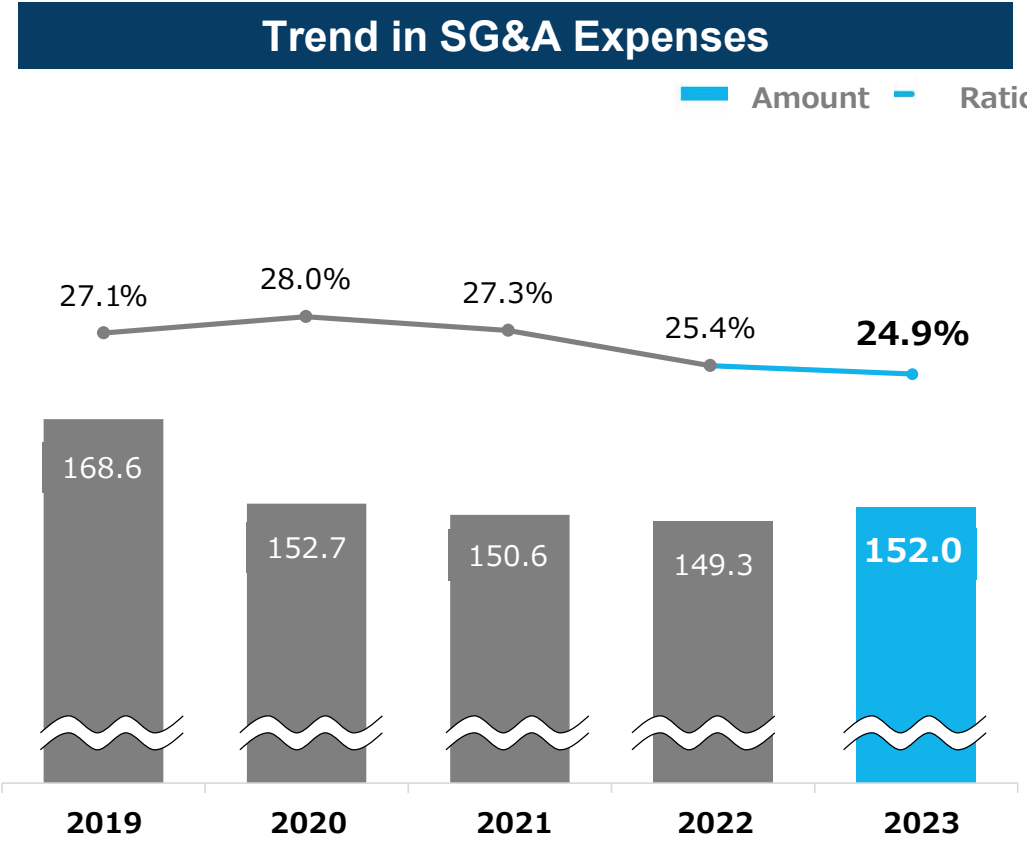
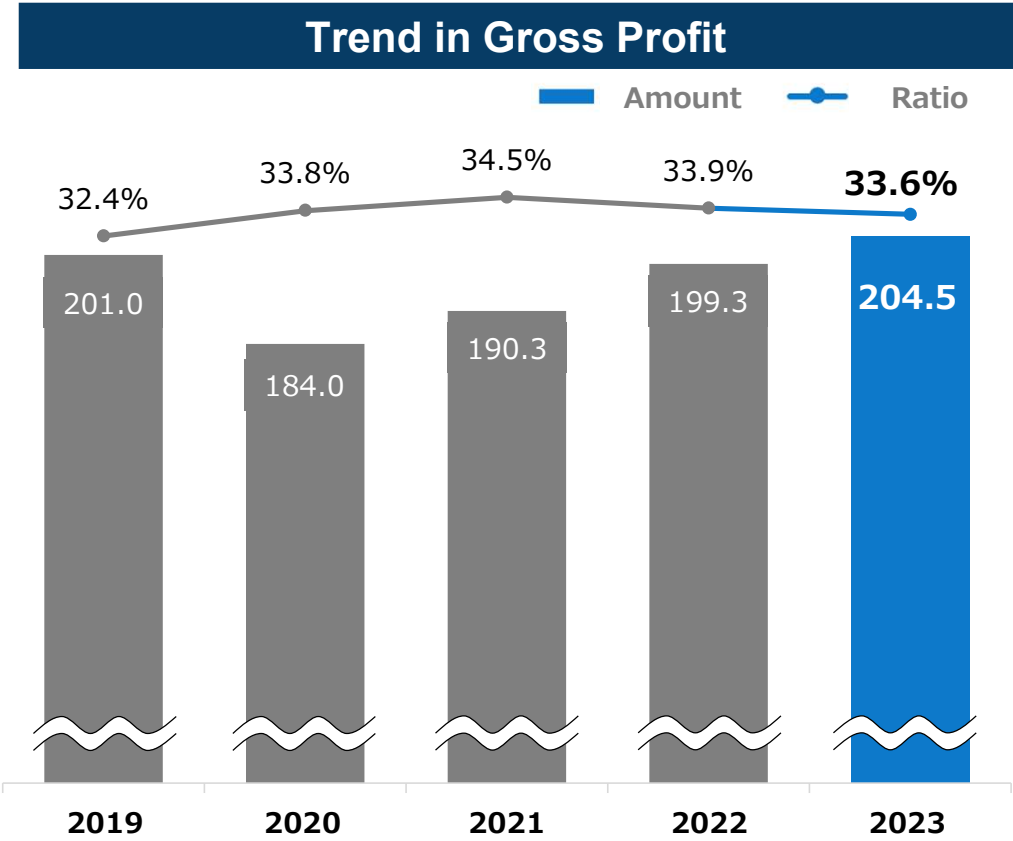
(Billions of yen)

		2023 (Actual)	2024 (Projection)	2025 (Projection)	2025 Changes from the figures announced 2023
■ Consumers	Sales	138.9	139.3	127.5	-
	Op. Income	14.1	13.7	13.0	-
	margin	10.1%	9.8%	10.2%	-
■ Enterprise	Sales	220.3	231.2	249.0	-
	Op. Income	19.7	20.5	22.5	-
	margin	8.9%	8.9%	9.0%	-
■ Area	Sales	229.7	235.0	245.0	-
	Op. Income	17.5	18.3	19.5	-
	margin	7.6%	7.8%	8.0%	-
■ Professional	Sales	40.2	44.0	46.0	-
	Op. Income	3.6	4.1	6.0	-
	margin	9.0%	9.3%	13.0%	-

[Financial Plans] Trend in Gross Profit and SG&A Expenses

Gross profit grew following business expansion with profits and improvement in profitability.
We are shifting to a structure that generates profit by controlling SG&A expenses appropriately.

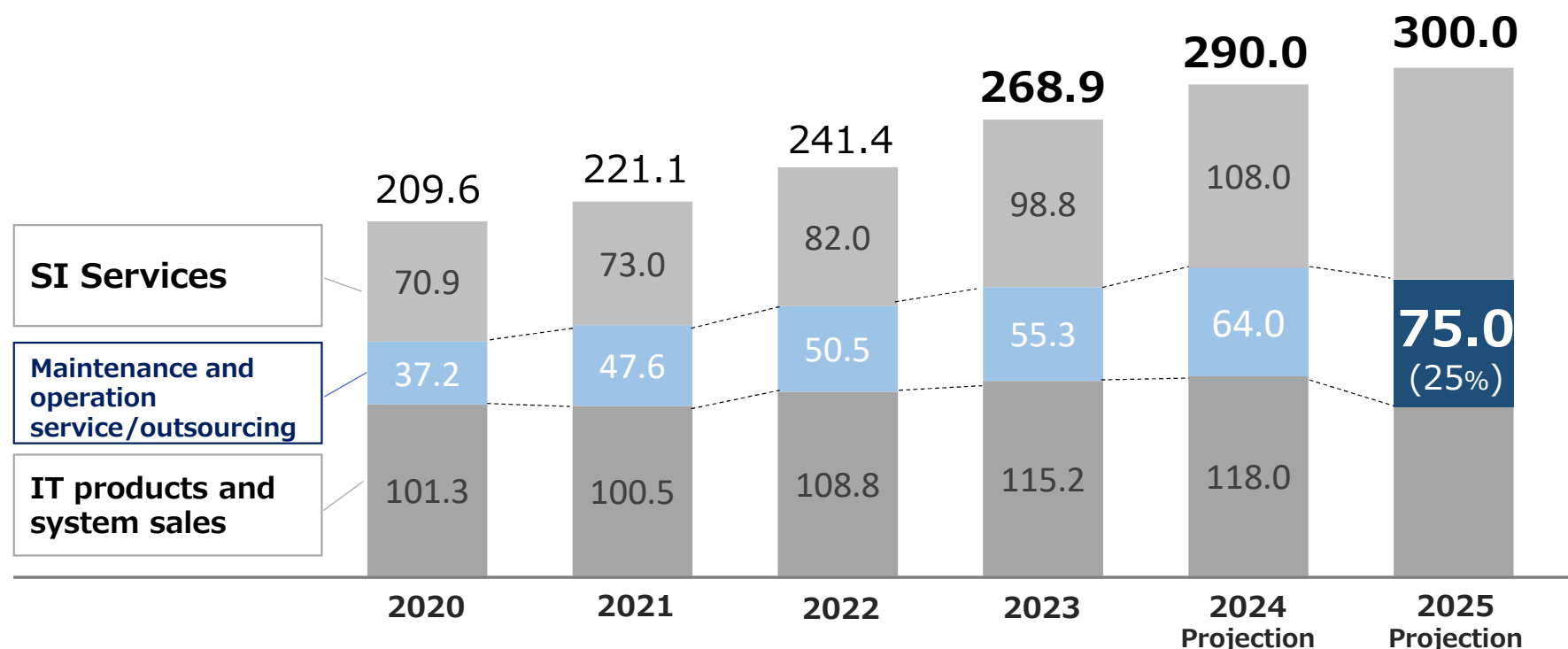
(Billions of yen)



【ITS Business】 Sales Targets by Business Area

We achieved growth in all domains after focusing on the ITS business, centering on the creation and expansion of the service-type business model. We are making steady achievements towards the targets for 2025.

(Billions of yen)



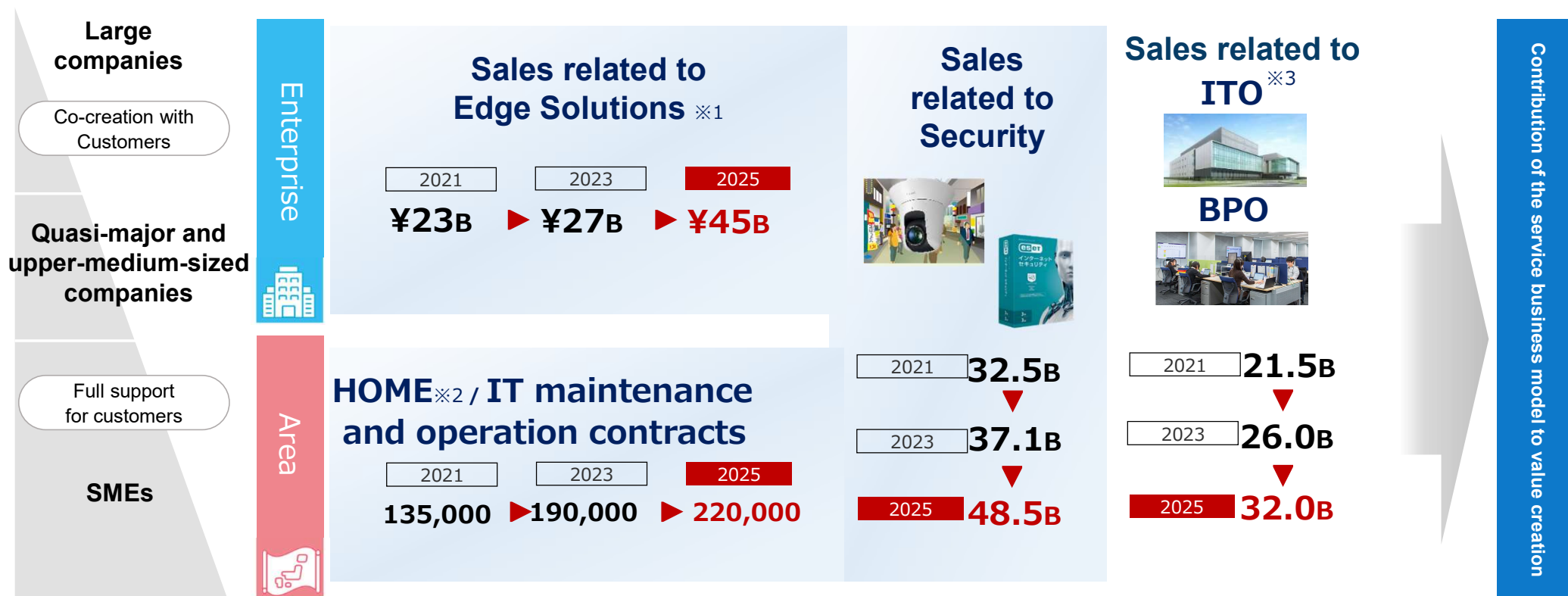
* FY2020 financial results have been reclassified because network camera business has been counted as an ITS business since FY2021.

** A certain product business was reclassified in FY2022, but FY2021 results were not changed.

*** FY2024 Projection was announced on January 29, 2024.

【ITS Business】Progress on ITS Business KPIs by Customer Segment

Steady rises in KPIs lead to enlargement of the IT solution business. We will capitalize on our strength in original technologies to upgrade the IT solution and to expand our areas of focus.



※1 Edge solutions : Video solution, Digital document service, Mathematical and demand forecasts, Low code development

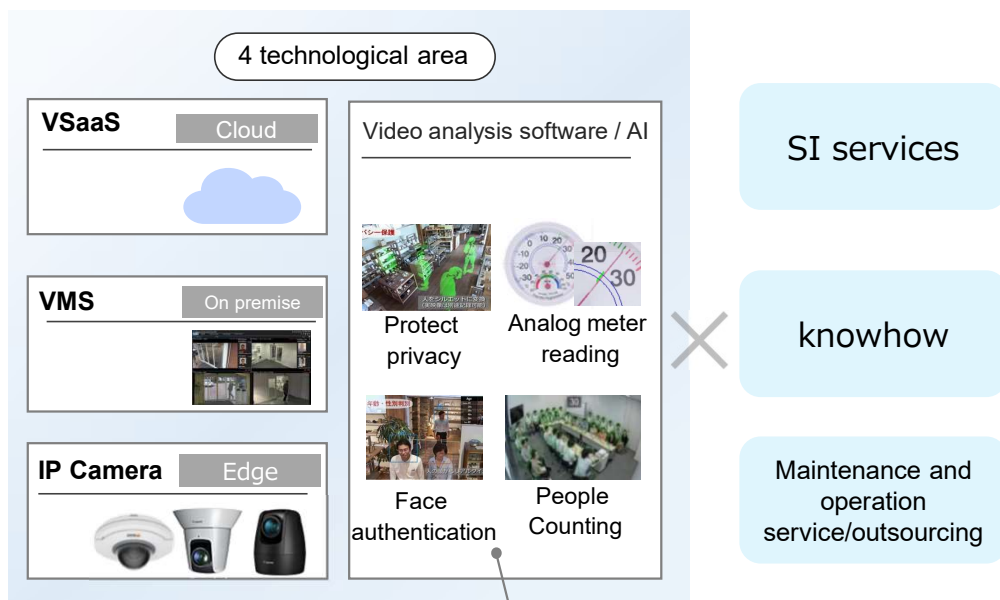
※2 HOME : IT support service

※3 ITO : IT Outsourcing

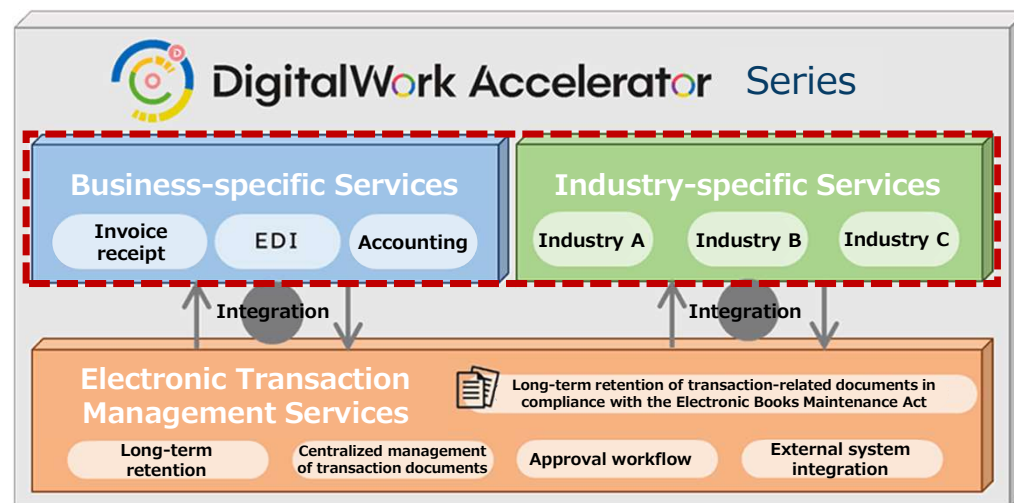
【ITS Business】 Edge Solutions

For video solutions, we will actively form capital and business alliances to expand the areas where we offer value. For digital document services, we will enhance the Digital Work Accelerator services to solve customers' issues.

Video solution



Digital document service



【ITS Business】HOME, IT maintenance and operation services

We will expand the one-stop support service for planning, selection, operation, maintenance and education on optimal IT solutions to provide comprehensive DX support for SMEs.

NEW ■ Management support services

IT coordination services

Response to changes in laws and systems

NEW ■ Educational support services

Sales strategy development support services / SFA support services

Skill improvement support services / Training support services

■ Security pack

Security measures

Data protection

まかせて **IT** DXシリーズ

Protection against information leaks

PC

■ Maintenance and operation

PC

operational support service

Network

operational support service

Server

operational support service

Application

operational support service

■ Services by industry

NEW

nursing care solution

Industry A

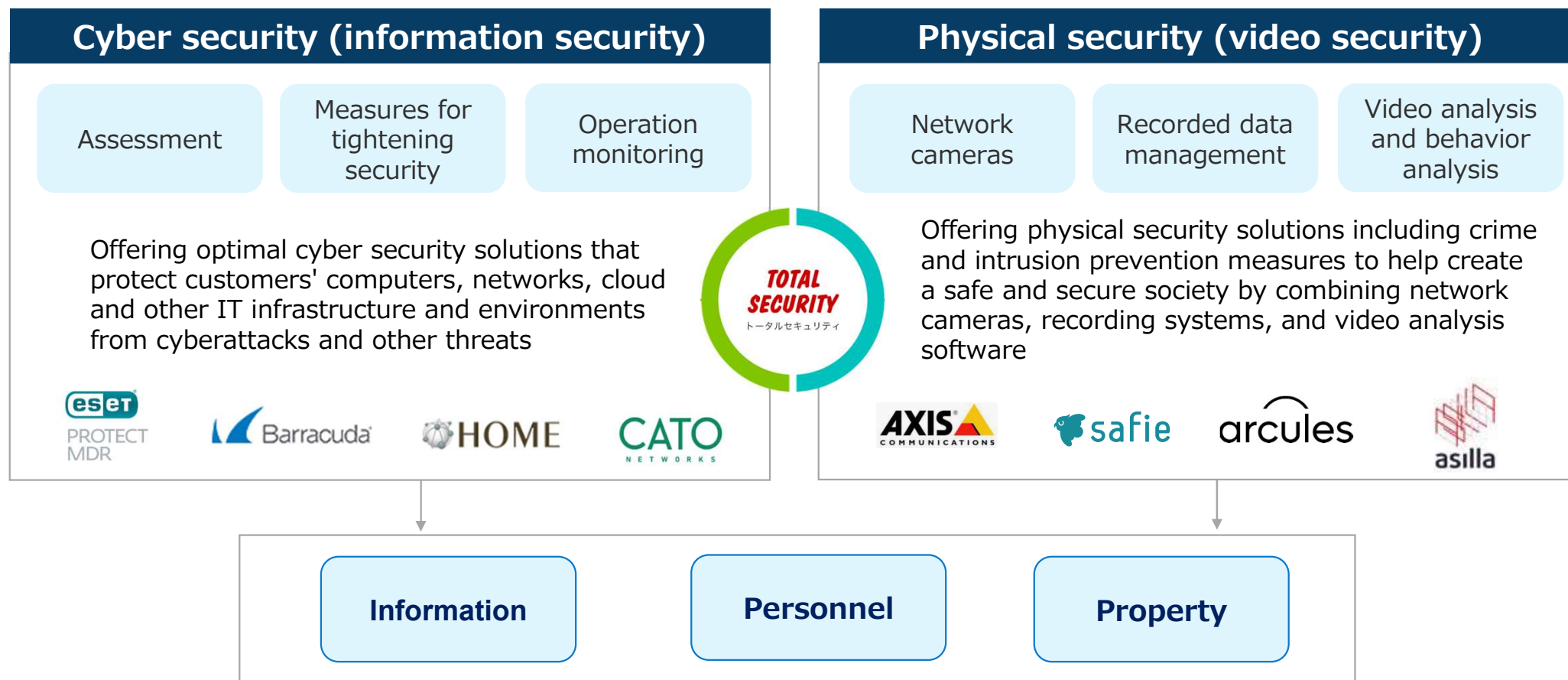
Industry B

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concluded a capital and business alliance agreement with CARE CONNECT JAPAN, Inc. in 2023.

【ITS Business】 Security Business

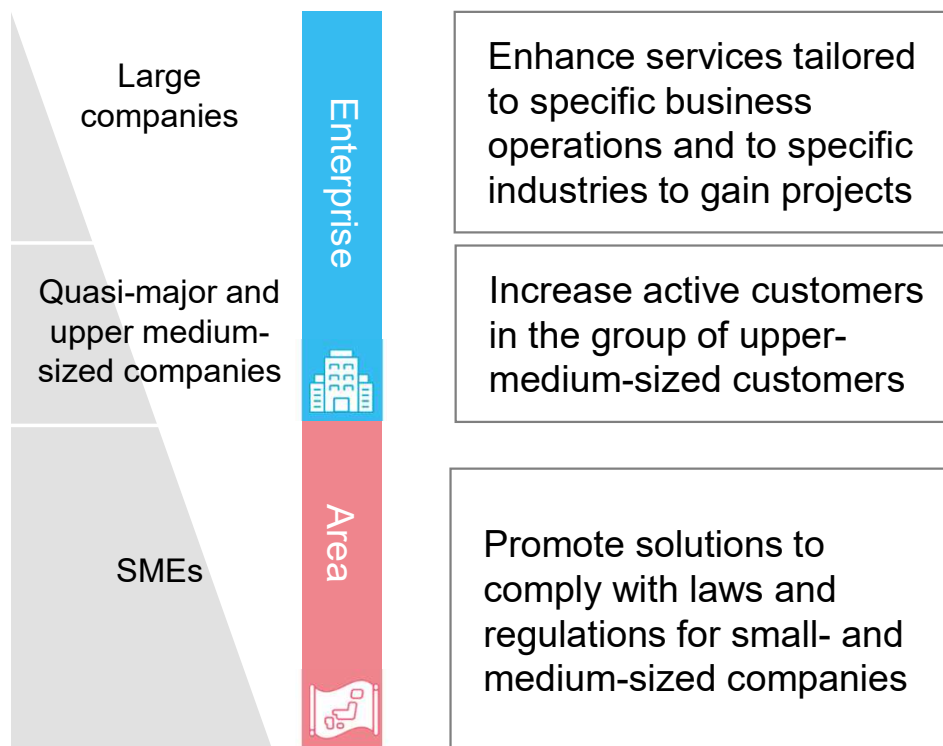
We will help customers resolve security issues by offering comprehensive security solutions for protecting three management assets of information, personnel and property, in two aspects of security, namely cyber security and physical security.



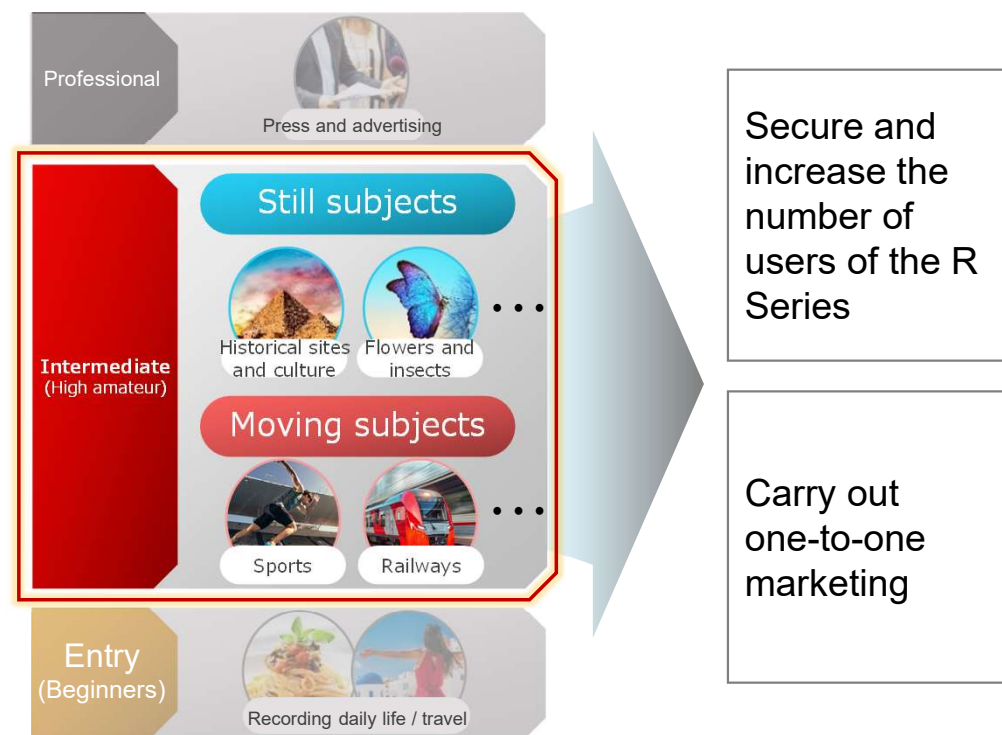
【Existing Businesses】 Printing Business / Camera Business

For the printing business, we will intensively carry out strategies for different customer groups. For the camera business, we will step up our approaches to the intermediate customer group and carry out strategies for specific targets to continuously improve profitability.

Strategies for different customer groups in the printing business



Focus on the intermediate customer group in the camera business



【Existing Businesses】 Printing Business / Camera Business

Printing Business

Inkjet Printer



2nd

Increase ratio of
Unit Price
comparing 2018

+47%

Laser Beam Printer



32 consecutive years

1st

Increase ratio of
Unit Price
comparing 2018

+26%

Wide Format Inkjet Printer



1st

Increase ratio of
Unit Price
comparing 2018

+10%

Office MFP



3rd

Increase ratio of
Unit Price
comparing 2018

+14%

Camera Business

Digital Interchangeable Lens Camera



16 consecutive years

1st

+73%

Increase ratio of
Unit Price
comparing 2018

Data source : Company research

【Specialized Area】 Initiatives in Industrial Equipment Business

We are working to transform into a platform holder with multi-vendor maintenance capabilities. We will increase sales of semiconductor services in which profitability and continuity can be ensured with a view to achieving continued growth in the industrial equipment business.

Transform into a platform holder
with multi-vendor maintenance capabilities

Customers

Diversified needs

Suppliers

Various seeds

Canon MJ Group

Discovery

Consideration of
new commercial
products

Planning/
Sales

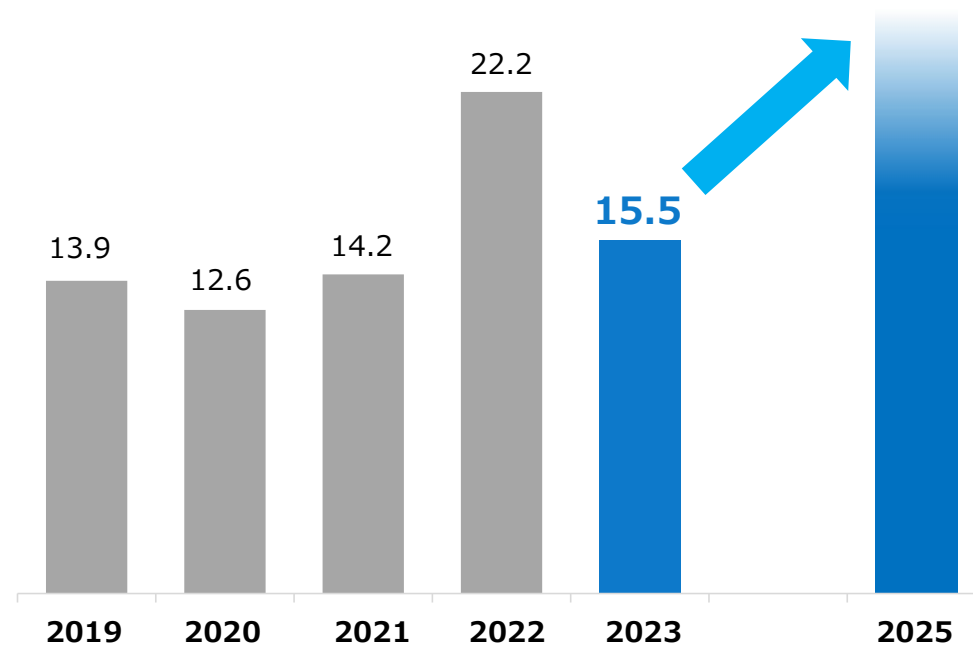
Expansion of
existing business

Installation/
Maintenance

Support for
multi-vendor
maintenance

Trend in net sales of
the Industrial equipment business

(Billions of yen)

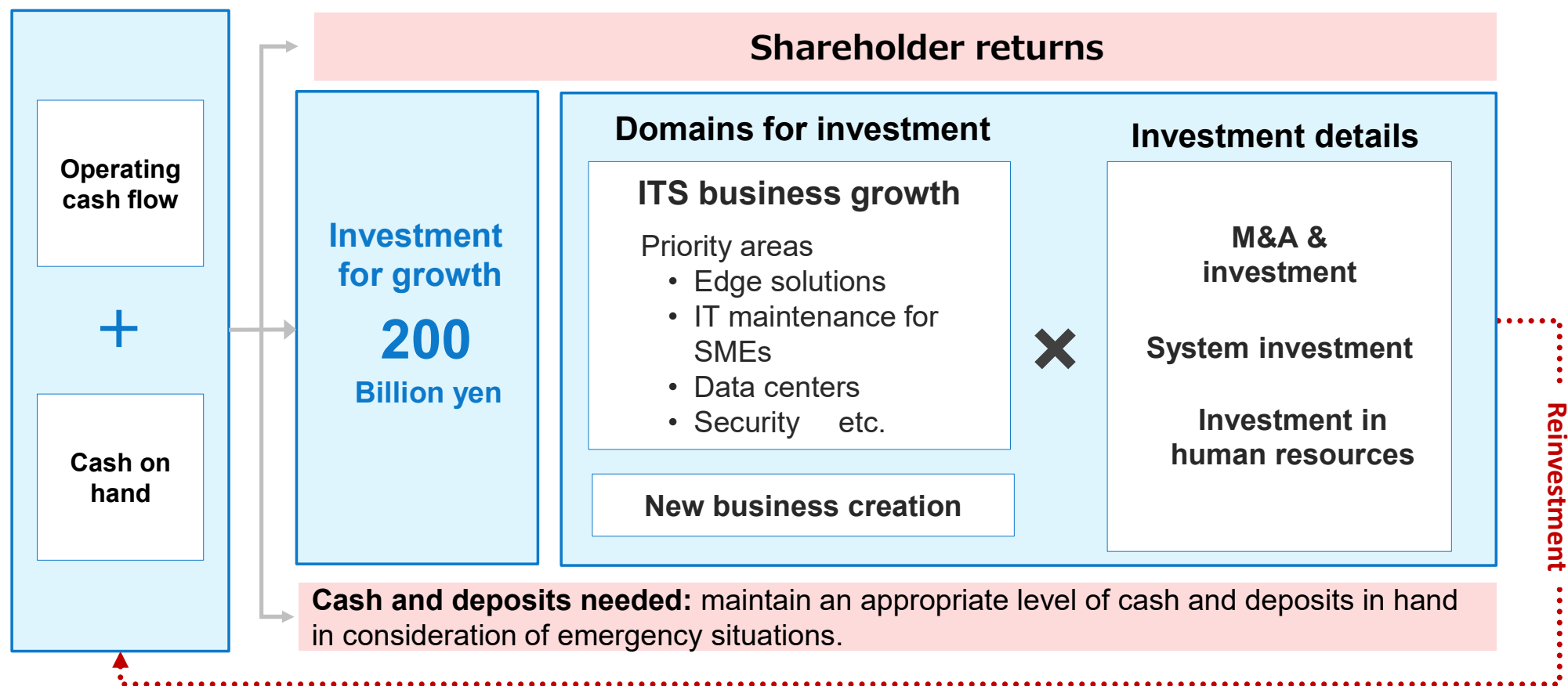


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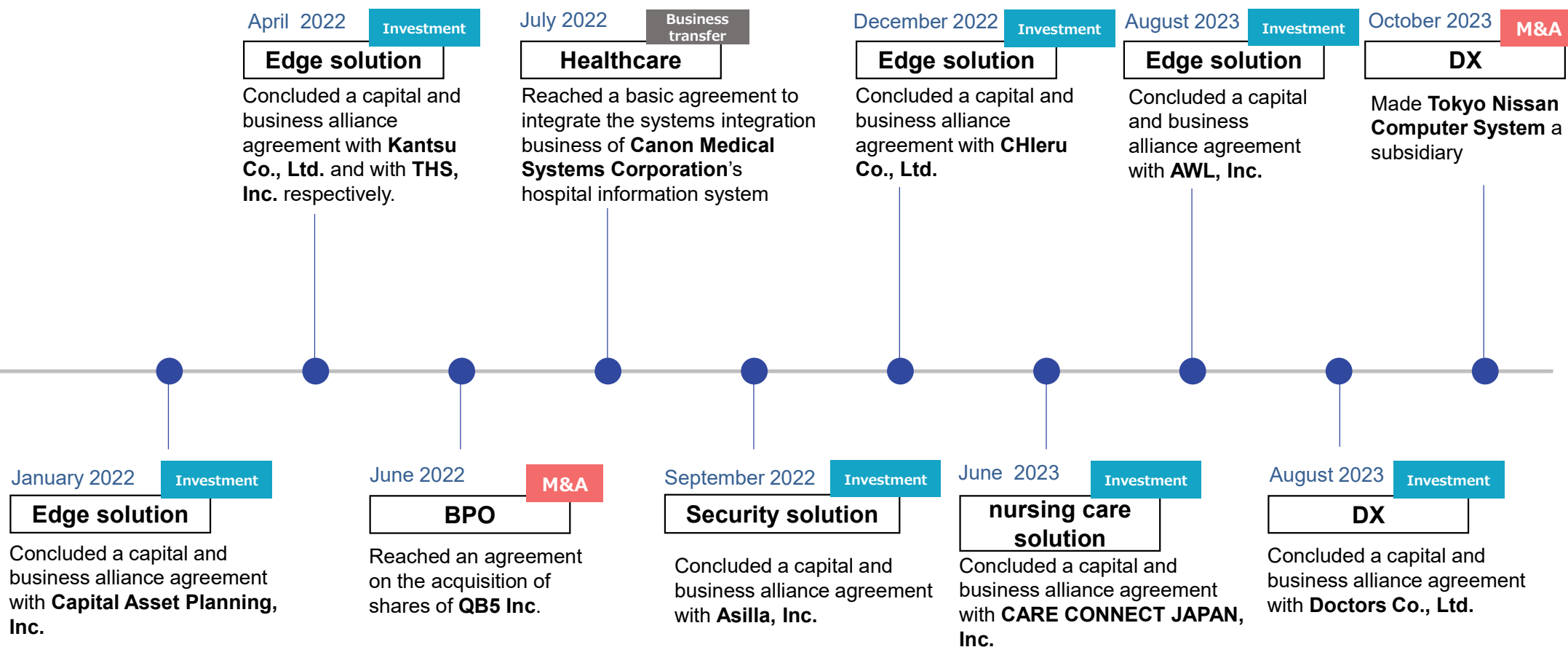
Basic Policy for Cash Allocation

We have been improving capacity to generate cash and will make an investment for growth and pay dividends appropriately, utilizing operating cashflow and cash on hand.



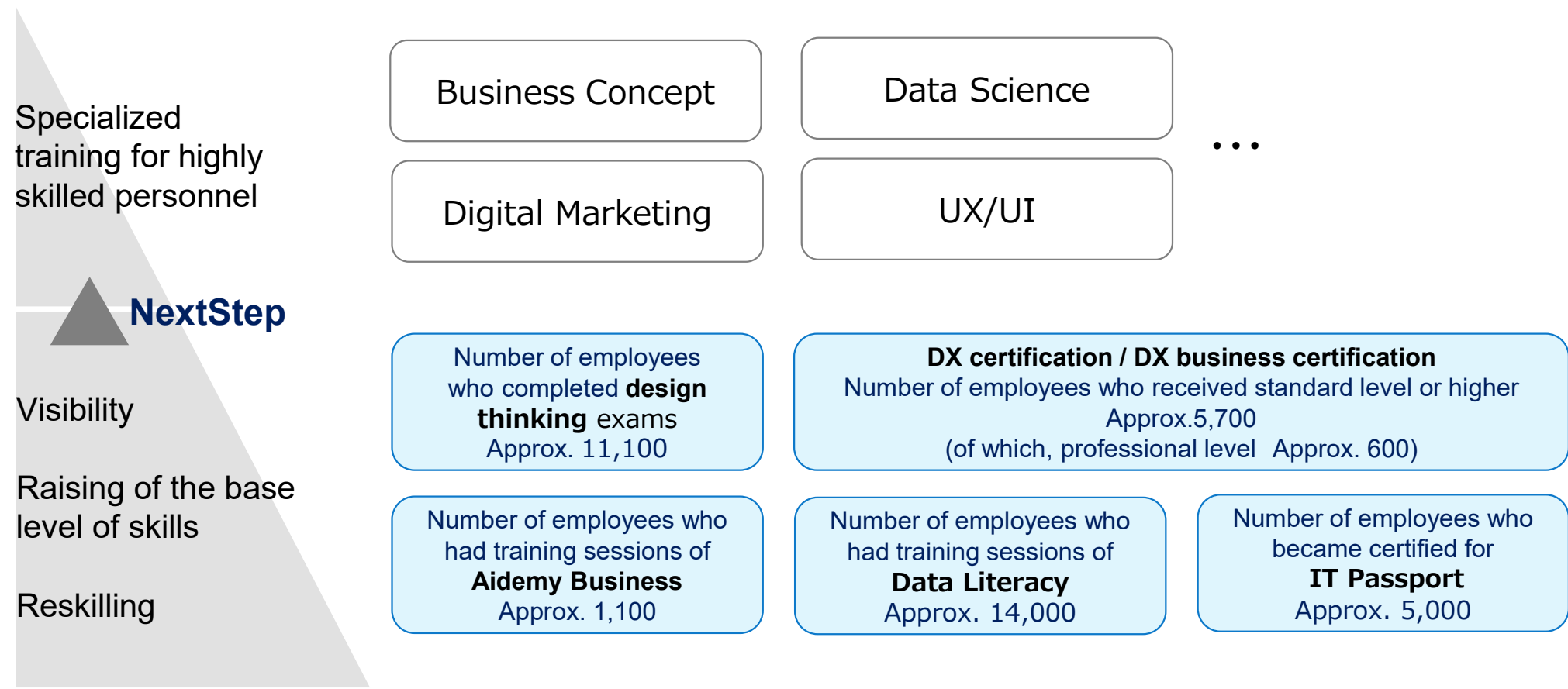
M&As and Investments (ITS Business)

We have been actively pursuing M&As as well as investments to expand our business in the key area of ITS. In 2023, we acquired Tokyo Nissan Computer Systems (currently TCS) and concluded multiple strategic capital alliance agreements.



Development of Highly Skilled Personnel

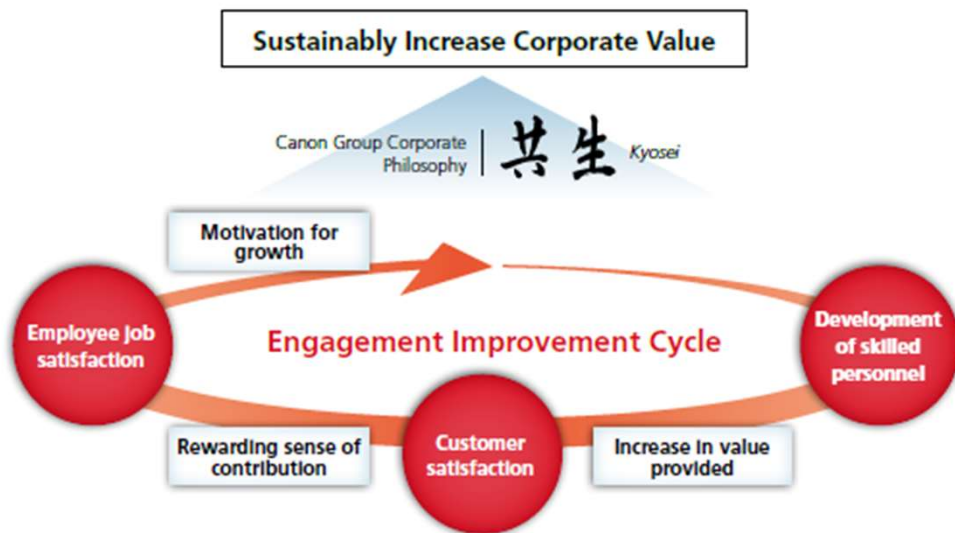
In addition to past initiatives to visualize skills and to raise the base level of skills, we will in the future step up specialized training and encourage practices in order to develop highly skilled personnel.



Enhancement of Employee Engagement

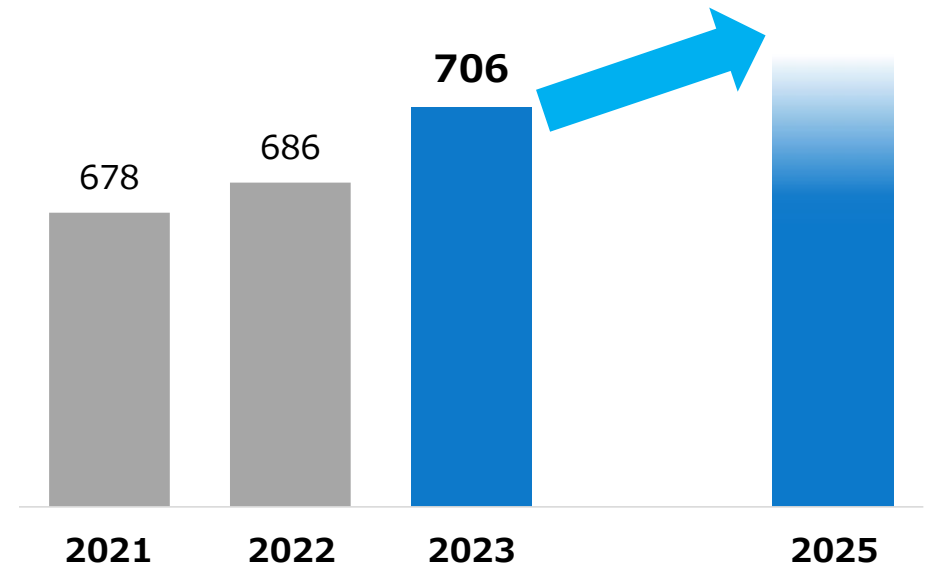
We will continue our efforts to visualize and improve engagement scores on the basis of the group employee engagement survey in a bid to establish a loop of improvement in engagement and thereby continuously increase corporate value.

Establishment of Engagement Improvement Cycle



Group Employee Engagement Survey

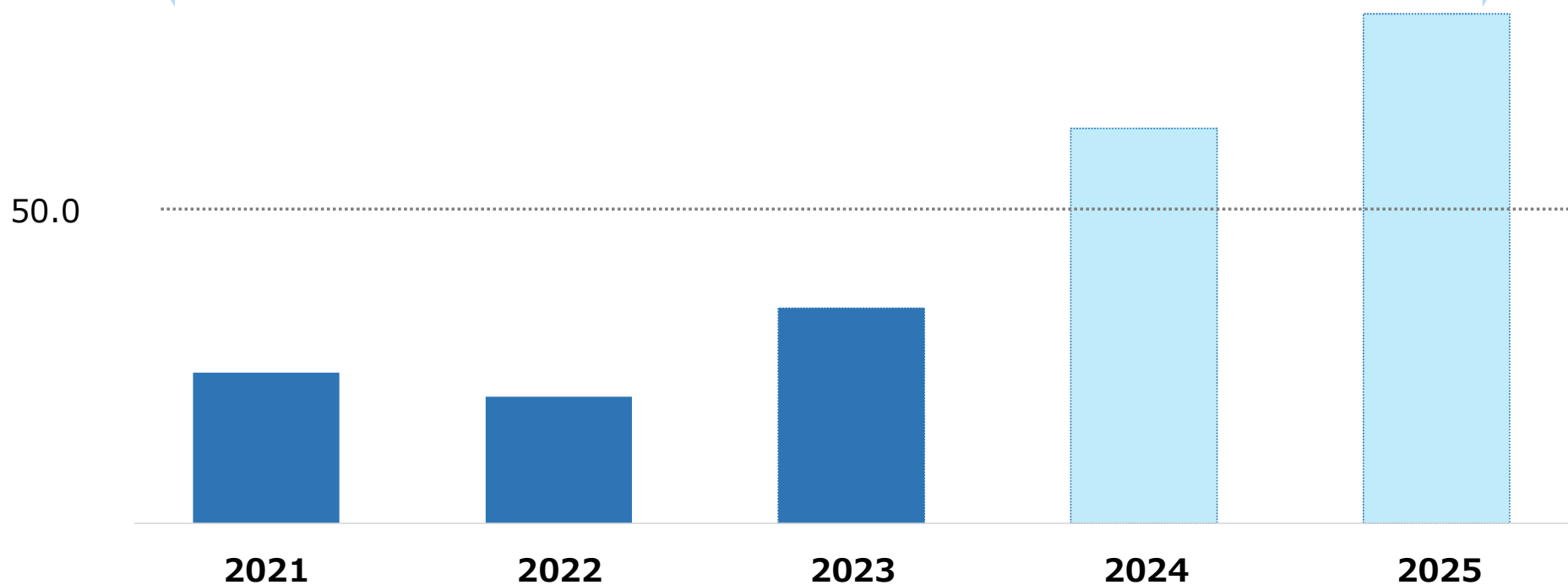
- Implemented engagement survey targeting Canon MJ Group employees
- Four options available to answer survey questions: "agree," "somewhat agree," "somewhat disagree," and "disagree," with points assigned to each answer for a total possible score of 1,000



Investment for growth

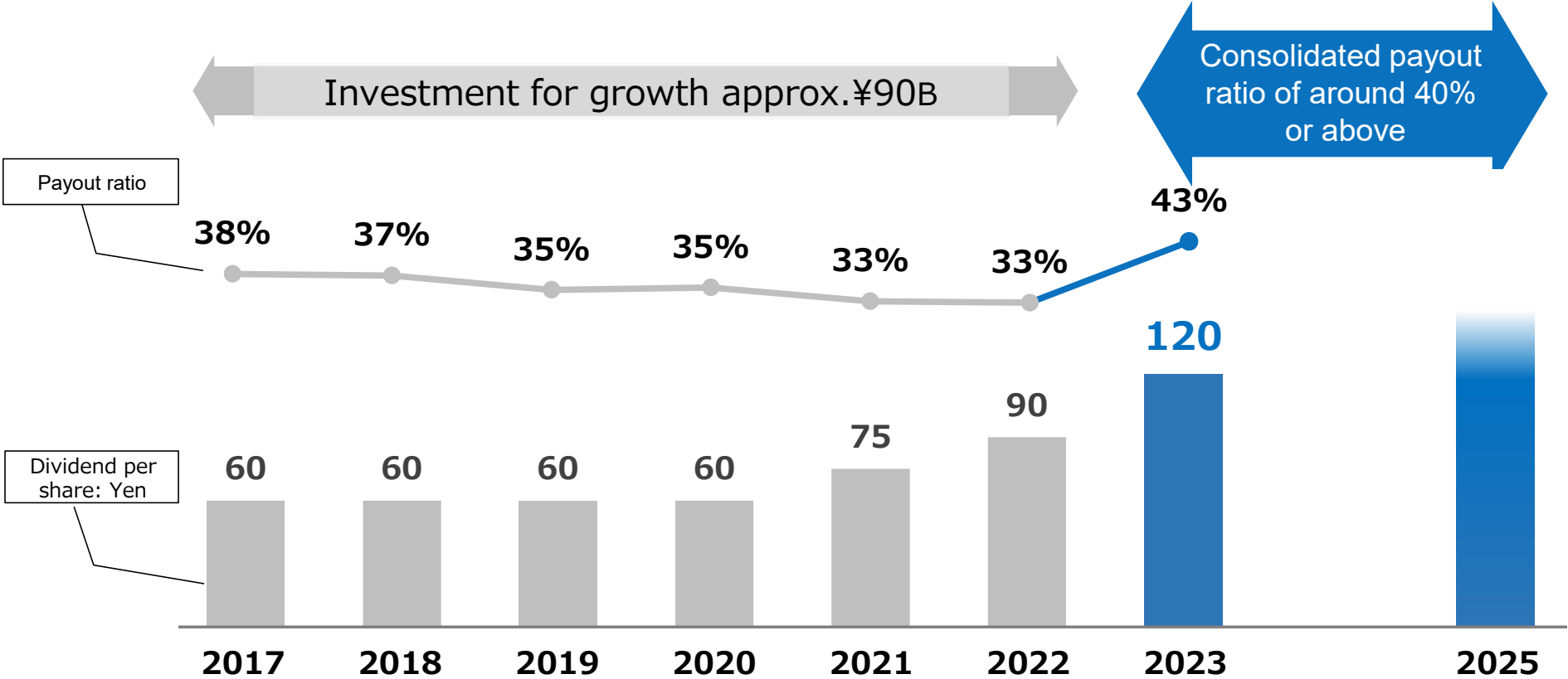
We will proactively carry out mergers, acquisitions and financing as well as investments in systems and personnel.

Investment for growth **¥200 billion or more**



Shareholder Returns

Our basic policy on profit sharing is to pay dividends based on consolidated payout ratio of around 40% or above, comprehensively taking into consideration our medium-term profit forecast, investment plans, and cash flows.



Towards the Continuous Growth



Canon Marketing Japan Group

The performance and future projections made in this document are based on information available at the present time, and include potential risks and inaccuracies. Please be aware that due to changes in a variety of factors, actual results may differ materially from the projections and other forward-looking statements in these materials.