

FY2023 Results

January 29, 2024
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Director, Vice President

Canon
Canon Marketing Japan Group

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- * The figures are rounded off to the nearest 100 million yen in this material.
 - * Forward-looking statements and results forecasts presented in this material are based on the management's assumptions using currently available information and therefore contain inherent risks and uncertainties.
As a consequence, due to a range of possible factors, actual results may materially differ from the forecasts.

- Key Points P.3
- Summary of Results P.4, 7
- Op.Income Variance Analysis P.5, 8
- Segment Outline P.6, 9
- Segment Information P.10~13
- Overall Sales of IT Solutions P.14~15
- Summary of Projections P.16
- 2023 Reclassified Results P.17
- Summary of Projections by Segment P.18
- Outline of Main Products Sales P.19
- Change in Financial Indicators P.20
- Supplementary Information P.22~32

1

Operating income, ordinary income and net income attributable to owners of the parent all surpassed previous record highs for Q4 results and for the third consecutive year on a yearly basis

2

IT Solutions business remained favorable and achieved double-digit growth

3

Annual dividend was increased to 120 yen (payout ratio of 43%)

Summary of Results

4Q 2023 Actual
(from October 1 to December 31)

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- ✓ **Operating income, ordinary income and net income attributable to owners of the parent all surpassed previous record highs for Q4 results.**

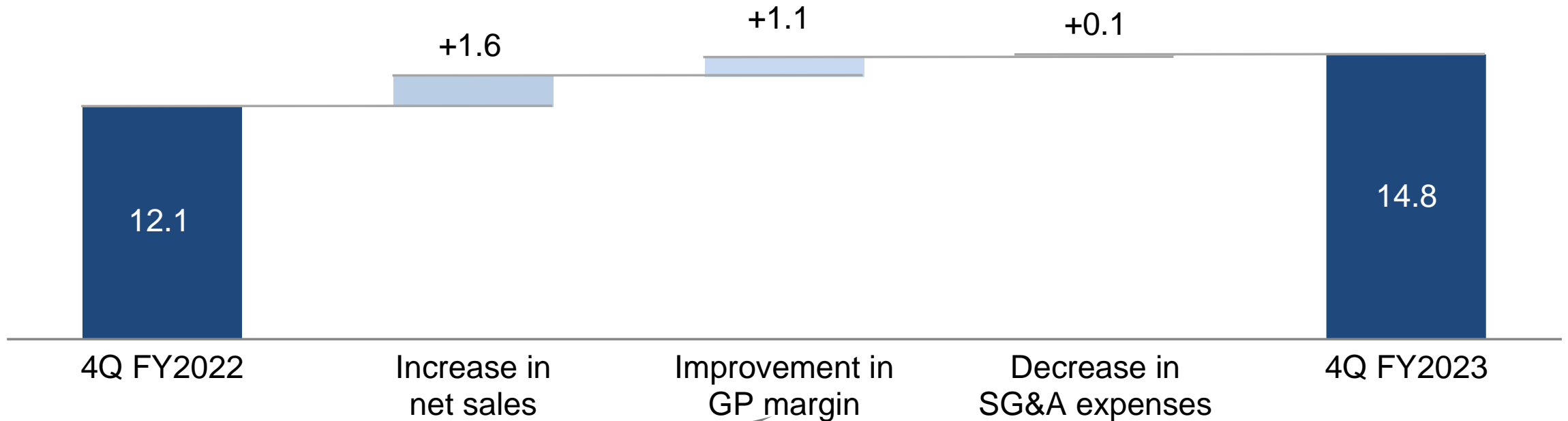
(Billions of yen)

	4Q 2022	4Q 2023	Changes	
			Amount	%
Net sales	160.1	164.9	+4.9	+3%
	(32.4%)	(33.1%)	(+0.6%)	
Gross profit	51.9	54.5	+2.6	+5%
	(7.6%)	(9.0%)	(+1.4%)	
Operating income	12.1	14.8	+2.7	+22%
	(7.7%)	(9.1%)	(+1.4%)	
Ordinary income	12.4	15.0	+2.7	+22%
	(5.5%)	(6.5%)	(+0.9%)	
Net income attributable to owners of the parent	8.9	10.6	+1.8	+20%

Op. Income Variance Analysis

4Q 2023 Actual
(from October 1 to December 31)

(Billions of yen)



Improvement in GP margin

- Gross profit margin improved mainly in the Consumers, Enterprise and Area segments

Decrease in SG&A expenses

- Personnel expenses - 0.6B
- Other selling expenses +0.6B

Segment Outline

4Q 2023 Actual
(from October 1 to December 31)

(Billions of yen)

	4Q FY2022		4Q FY2023		Changes	
	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income
Consumers	42.7	4.4	40.9	5.0	-1.8	+0.6
Enterprise	53.7	4.1	60.1	5.3	+6.3	+1.2
Area	59.3	3.8	58.9	4.8	-0.4	+1.0
Professional	8.4	0.1	9.7	0.2	+1.3	+0.1
Other	-4.1	-0.3	-4.7	-0.5	-0.6	-0.2
Total	160.1	12.1	164.9	14.8	+4.9	+2.7

※"Other" includes elimination of intersegment transactions, shared service businesses and corporate expenses that are not allocated to each segment.

Summary of Results

FY2023 Actual
(from January 1 to December 31)

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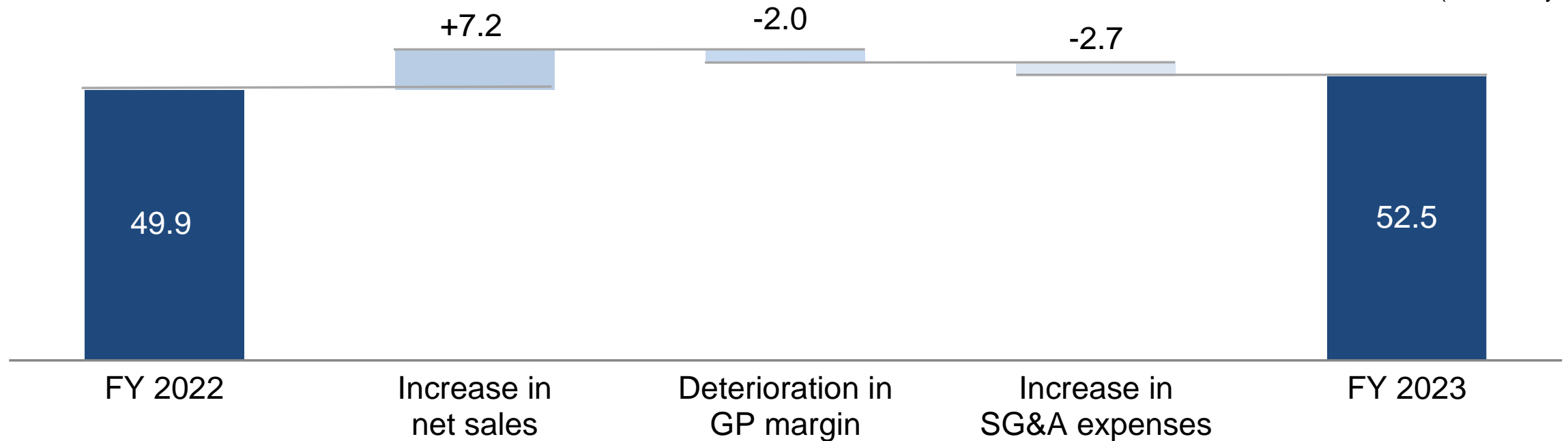
(Billions of yen)

	FY2022	FY2023	Changes	
			Amount	%
Net sales	588.1	609.5	+21.3	+4%
	(33.9%)	(33.6%)	(-0.3%)	
Gross profit	199.3	204.5	+5.2	+3%
	(8.5%)	(8.6%)	(+0.1%)	
Operating income	49.9	52.5	+2.5	+5%
	(8.7%)	(8.8%)	(+0.1%)	
Ordinary income	51.0	53.6	+2.6	+5%
	(6.0%)	(6.0%)	(-0.1%)	
Net income attributable to owners of the parent	35.6	36.5	+0.9	+3%

Op. Income Variance Analysis

FY2023 Actual
(from January 1 to December 31)

(Billions of yen)



Deterioration in GP margin

- Gross profit margin declined in each segment

Increase in SG&A expenses

- Other selling expenses +2.1B
- Advertising expenses +0.5B
- Other direct selling expenses +0.3B

Segment Outline

FY2023 Actual
(from January 1 to December 31)

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(Billions of yen)

	FY 2022		FY 2023		Changes	
	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income
Consumers	136.6	13.9	134.7	13.4	-1.9	-0.6
Enterprise	202.7	17.1	220.3	19.7	+17.6	+2.6
Area	226.6	15.6	233.9	18.2	+7.4	+2.7
Professional	41.7	5.2	40.2	3.6	-1.5	-1.6
Other	-19.4	-1.9	-19.7	-2.4	-0.2	-0.5
Total	588.1	49.9	609.5	52.5	+21.3	+2.5

※"Other" includes elimination of intersegment transactions, shared service businesses and corporate expenses that are not allocated to each segment.

Segment Information

Consumers Segment

- ✓ Net sales decreased, given a decrease in sales of digital interchangeable lens cameras and inkjet printers.
- ✓ Operating income increased, attributable to a decrease in advertising expenses and other SG&A expenses.

(Billions of yen)

	4Q		
	FY2022	FY2023	Changes
Net sales	42.7	40.9	-4%
Op. income	4.4	5.0	+13%
margin	10.4%	12.2%	+1.9%

Consumer Products, Y/Y
Non-consolidated

		1Q	2Q	3Q	4Q	Full Year
Digital Interchangeable Lens Camera	Unit	+29%	+29%	-15%	-2%	+8%
Inkjet Printer (IJP)	Unit	-35%	-12%	-13%	-13%	-19%
IJP Cartridge	Amount	-6%	-3%	-2%	-7%	-5%

- ✓ Net sales increased, thanks to the favorable performance of office equipment, etc. in addition to robust sales of IT solutions.
- ✓ Operating income increased, reflecting a rise in gross profit due to higher sales.

(Billions of yen)

	4Q		
	FY2022	FY2023	Changes
Main Business Equipment, Other	15.4	16.6	+8%
IT Solutions	38.3	43.4	+13%
Net sales	53.7	60.1	+12%
Op. income	4.1	5.3	+28%
margin	7.7%	8.8%	+1.1%

[Reference] Results of main consolidated companies

Canon IT Solutions Inc.

	4Q		Changes	
	2022	2023	Amount	%
Net sales	29.2	33.9	+4.7	+16%
Op. income	2.8	3.8	+1.0	+34%

Orders received and outstanding orders, Y/Y

Canon IT Solutions, Non-consolidated

		4Q				Full Year
		1Q	2Q	3Q	4Q	
Orders received	Amount	+22%	+6%	+5%	+6%	+9%
Outstanding orders	Amount	+12%	+9%	+2%	-4%	-

Cumulative annual orders received and outstanding orders achieved double-digit growth, excluding the Data Center business.

- ✓ Net sales decreased due to a decrease in sales of office equipment, etc., albeit robust sales of IT solutions.
- ✓ Operating income increased, reflecting a rise in gross profit due to higher sales.

(Billions of yen)

	4Q		
	FY2022	FY2023	Changes
Main Business Equipment, Other	43.1	41.8	-3%
IT Solutions	16.3	17.1	+5%
Net sales	59.3	58.9	-1%
Op. income	3.8	4.8	+26%
margin	6.4%	8.2%	+1.7%

[Reference] Results of main consolidated companies

Canon System & Support Inc.

	4Q		Changes	
	2022	2023	Amount	%
Net sales	24.9	26.0	+1.1	+5%
Op. income	1.3	1.7	+0.4	+33%

- ✓ Net sales increased, attributable to increases in sales in each sub-segment.
- ✓ Operating income increased, reflecting a rise in gross profit associated with higher sales in Industrial equipment.

(Billions of yen)

	4Q		
	FY2022	FY2023	Changes
Production Printing	2.6	2.8	+8%
Industrial Equipment	3.0	3.2	+5%
Healthcare Business	2.7	3.7	+34%
Net sales	8.4	9.7	+16%
Op. income	0.1	0.2	+229%
margin	0.8%	2.1%	+1.4%

[Reference] Results of main consolidated companies

Canon Production Printing Systems Inc.

	4Q		Changes	
	2022	2023	Amount	%
Net sales	2.4	2.6	+0.2	+8%
Op. income	-0.1	-0.0	+0.1	-

Overall Sales of IT Solutions

4Q 2023 Actual
(from October 1 to December 31)

(Billions of yen)

	Consumers		Enterprise		Area		Professional		Other		Total		Composition Ratio
	4Q 2022	4Q 2023	4Q 2022	4Q 2023	4Q 2022	4Q 2023	4Q 2022	4Q 2023	4Q 2022	4Q 2023	4Q 2022	4Q 2023	4Q 2023
SI services	-	-	17.2	19.3	2.4	3.2	2.7	3.7	-0.6	-0.3	21.7	26.0	36%
Changes		-		+12%		+33%		+34%		-		+20%	
Maintenance and operation service / outsourcing	-	-	10.9	12.8	2.6	2.8	0.4	0.4	-0.1	-0.0	13.9	16.0	22%
Changes		-		+17%		+6%		-		-		+15%	
IT products and system sales	8.0	8.1	10.3	11.4	11.2	11.1	-	-	-0.1	-1.1	29.4	29.4	41%
Changes		+1%		+11%		-1%		-		-		-0%	
Total	8.0	8.1	38.3	43.4	16.3	17.1	3.1	4.1	-0.8	-1.4	65.0	71.3	
Changes		+1%		+13%		+5%		+31%		-		+10%	

※ "Other" is a business segment that is excluded from the reportable segments and includes shared service business and the elimination of intersegment transactions.

Overall Sales of IT Solutions

FY2023 Actual
(from January 1 to December 31)

(Billions of yen)

	Consumers		Enterprise		Area		Professional		Other		Total		Composition Ratio
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2023
SI services	-	-	64.7	73.4	10.0	12.2	9.6	15.1	-2.3	-2.1	82.0	98.6	37%
Changes		-		+13%		+23%		+57%		-		+20%	
Maintenance and operation service / outsourcing	-	-	40.5	44.7	10.1	10.8	1.4	1.4	-1.5	-1.9	50.5	55.0	20%
Changes		-		+10%		+7%		△0%		-		+9%	
IT products and system sales	29.3	29.4	37.4	41.9	45.1	47.2	-	-	-2.9	-3.1	108.8	115.3	43%
Changes		+0%		+12%		+4%		-		-		+6%	
Total	29.3	29.4	142.6	160.0	65.2	70.2	11.1	16.5	-6.7	-7.1	241.4	268.9	
Changes		+0%		+12%		+8%		+49%		-		+11%	

※ "Other" is a business segment that is excluded from the reportable segments and includes shared service business and the elimination of intersegment transactions.

Summary of Projections

(Billions of yen)

	FY2023 Actual	FY2024 Projection	Changes	
			Amount	%
Net Sales	609.5	630.0	+20.5	+3%
	(8.6%)	(8.6%)	(-0.0%)	
Operating Income	52.5	54.0	+1.5	+3%
	(8.8%)	(8.7%)	(-0.1%)	
Ordinary Income	53.6	55.0	+1.4	+3%
	(6.0%)	(6.0%)	(-0.0%)	
Net income attributable to owners of the parent	36.5	37.5	+1.0	+3%

2023 Reclassified Results

(Billions of yen)

	FY2023		FY2023		Changes		
	Before reclassification		After reclassification				
	Net Sales	Op. Income	Net Sales	Op. Income	Net Sales Amount	%	Op. Income
Consumers	134.7	13.4	138.9	14.1	+4.2	+3%	+0.7
Enterprise	220.3	19.7	220.3	19.7	-	-	-
Area	233.9	18.2	229.7	17.5	-4.2	-2%	-0.7
Professional	40.2	3.6	40.2	3.6	-	-	-
Other	-19.7	-2.4	-19.7	-2.4	-	-	-
Total	609.5	52.5	609.5	52.5	-	-	-

※One of the organizations of sales channels in the Area segment was transferred to the Consumers segment from FY2024.
As a result, the FY 2023 financial results have been reclassified between the two segments.

Summary of Projections by Segment

(Billions of yen)

	FY2023 Actual		FY2024 Projection		Changes		
	Net Sales	Op. Income	Net Sales	Op. Income	Net Sales Amount	%	Op. Income
Consumers	138.9	14.1	139.3	13.7	+0.4	+0%	-0.4
Enterprise	220.3	19.7	231.2	20.5	+10.9	+5%	+0.8
Area	229.7	17.5	235.0	18.3	+5.3	+2%	+0.8
Professional	40.2	3.6	44.0	4.1	+3.8	+9%	+0.5
Other	-19.7	-2.4	-19.5	-2.6	+0.2	-	-0.2
Total	609.5	52.5	630.0	54.0	+20.5	+3%	+1.5

※"Other" includes elimination of intersegment transactions, shared service businesses and corporate expenses that are not allocated to each segment.

※One of the organizations of sales channels in the Area segment was transferred to the Consumers segment from FY2024.

As a result, the FY 2023 financial results have been reclassified between the two segments.

Outline of Main Products Sales

Supplementary Material for 2023 4Q

Canon Marketing Japan Inc.

Consumer Products Non-consolidated

	Unit	FY2022 vs FY2021					FY2023 vs FY2022					Previous Projections Full Year Projections	FY2024 vs FY2023 Full Year Projections
		1Q Results	2Q Results	3Q Results	4Q Results	Full Year Results	1Q Results	2Q Results	3Q Results	4Q Results	Full Year Results		
DILC*	Unit	+3%	+3%	+35%	-1%	+9%	+29%	+29%	-15%	-2%	+8%	+11%	+1%
Inkjet Printer (IJP)	Unit	+6%	-0%	+5%	-9%	-1%	-35%	-12%	-13%	-13%	-19%	-11%	-1%
IJP Cartridge	Amount	+4%	-6%	-3%	-5%	-3%	-6%	-3%	-2%	-7%	-5%	-2%	-4%

*Digital Interchangeable Lens Camera

Business Products Non-consolidated

	Unit	FY2022 vs FY2021					FY2023 vs FY2022					Previous Projections Full Year Projections	FY2024 vs FY2023 Full Year Projections
		1Q Results	2Q Results	3Q Results	4Q Results	Full Year Results	1Q Results	2Q Results	3Q Results	4Q Results	Full Year Results		
MFP including Rental Machine	Unit	-26%	-19%	+84%	+40%	+8%	+31%	+6%	-12%	-12%	+2%	+7%	+8%
Service & Support	Amount	-2%	-2%	+0%	-2%	-1%	+1%	-1%	-2%	-1%	-1%	-1%	-1%
Laser Beam Printer (LBP)	Unit	-17%	+8%	+40%	+36%	+10%	+2%	-16%	-8%	-2%	-6%	-3%	+2%
LBP Cartridge	Amount	+5%	-0%	-0%	+5%	+2%	+1%	-1%	+9%	+6%	+4%	+1%	-2%

Consolidated

Commercial Printing**	Amount	+5%	+1%	+13%	-1%	+4%	-5%	+12%	-1%	+5%	+2%	+4%	+6%
Network Camera	Amount	+2%	+18%	-13%	+18%	+6%	+11%	+11%	+23%	+3%	+11%	+17%	+34%

** Formerly "Production Printing" which includes MFPs for production printing of Canon, Continuous Feed Printer of Canon, and SX series, etc.

IT Solutions

Consolidated [Amount] Y/Y

	Amount	FY2022 vs FY2021					FY2023 vs FY2022					Previous Projections Full Year Projections	FY2024 vs FY2023 Full Year Projections
		1Q Results	2Q Results	3Q Results	4Q Results	Full Year Results	1Q Results	2Q Results	3Q Results	4Q Results	Full Year Results		
SI Services	Amount	+12%	+13%	+7%	+14%	+12%	+12%	+21%	+20%	+20%	+20%	+22%	+10%
Maintenance and operation service/outourcing	Amount	+24%	+16%	+11%	-14%	+6%	+12%	+4%	+4%	+15%	+9%	+14%	+16%
IT products and system sales	Amount	+2%	+10%	+7%	+14%	+8%	+9%	+10%	+5%	-0%	+6%	+5%	+2%

*Starting 2022 business categories for certain products are reclassified, and comparisons between 2022 projections and 2021 results have been made based on reclassified segments.

Professional Segment

Consolidated [Amount] Y/Y

	Amount	FY2022 vs FY2021					FY2023 vs FY2022					Previous Projections Full Year Projections	FY2024 vs FY2023 Full Year Projections
		1Q Results	2Q Results	3Q Results	4Q Results	Full Year Results	1Q Results	2Q Results	3Q Results	4Q Results	Full Year Results		
Production Printing	Amount	+7%	+0%	+20%	-17%	+1%	-13%	+10%	-13%	+8%	-2%	+1%	+7%
Industrial Equipment	Amount	+90%	+66%	+79%	-11%	+56%	-16%	-49%	-45%	+5%	-30%	-15%	+10%
Healthcare	Amount	+52%	+20%	+2%	+29%	+28%	+11%	+139%	+101%	+34%	+57%	+68%	+10%

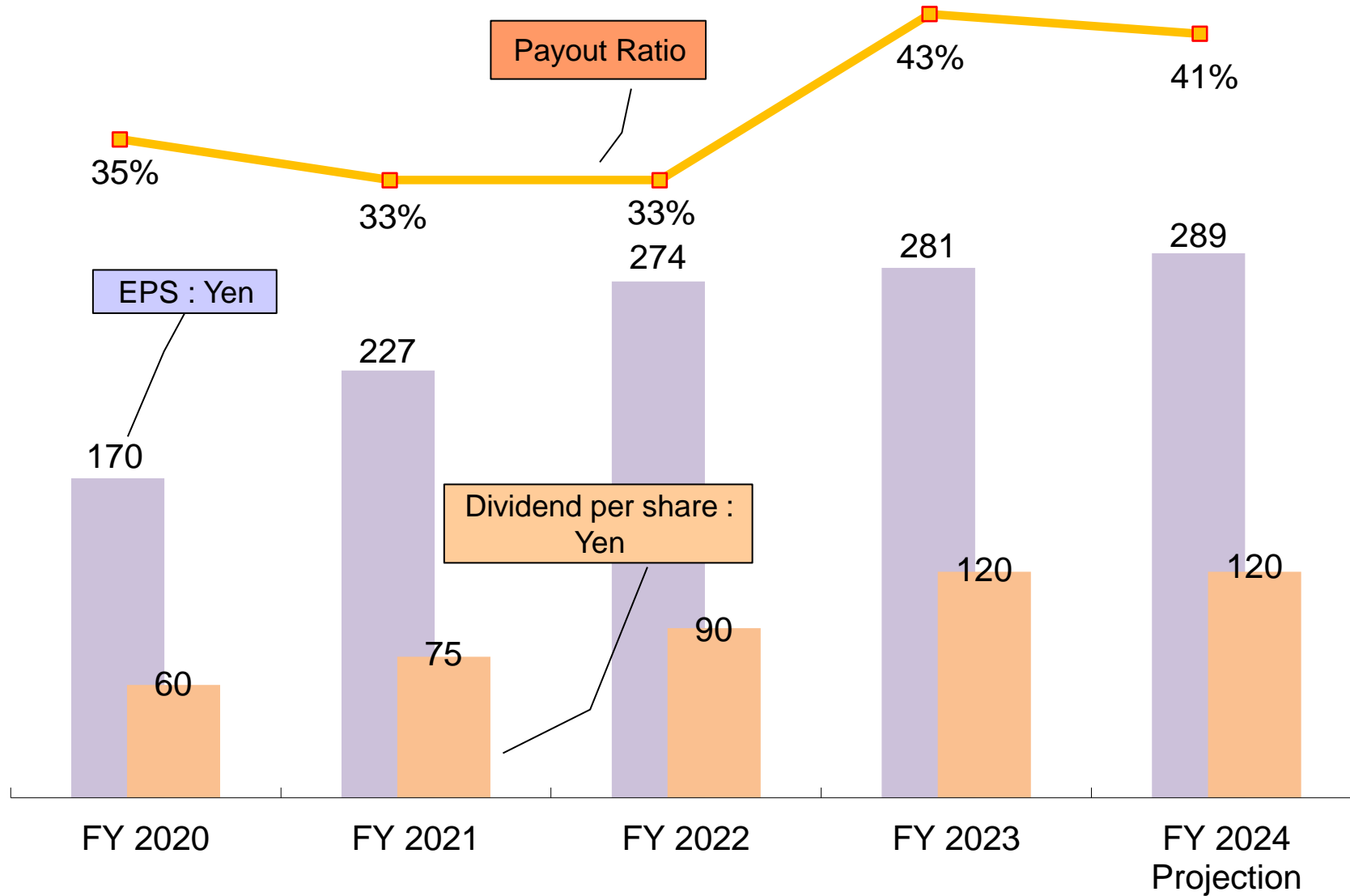
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Please see the **Supplementary Material for 2023 4Q** on our website.

•URL

<https://cweb.canon.jp/eng/ir/library/presentation.html>

Financial Indicator

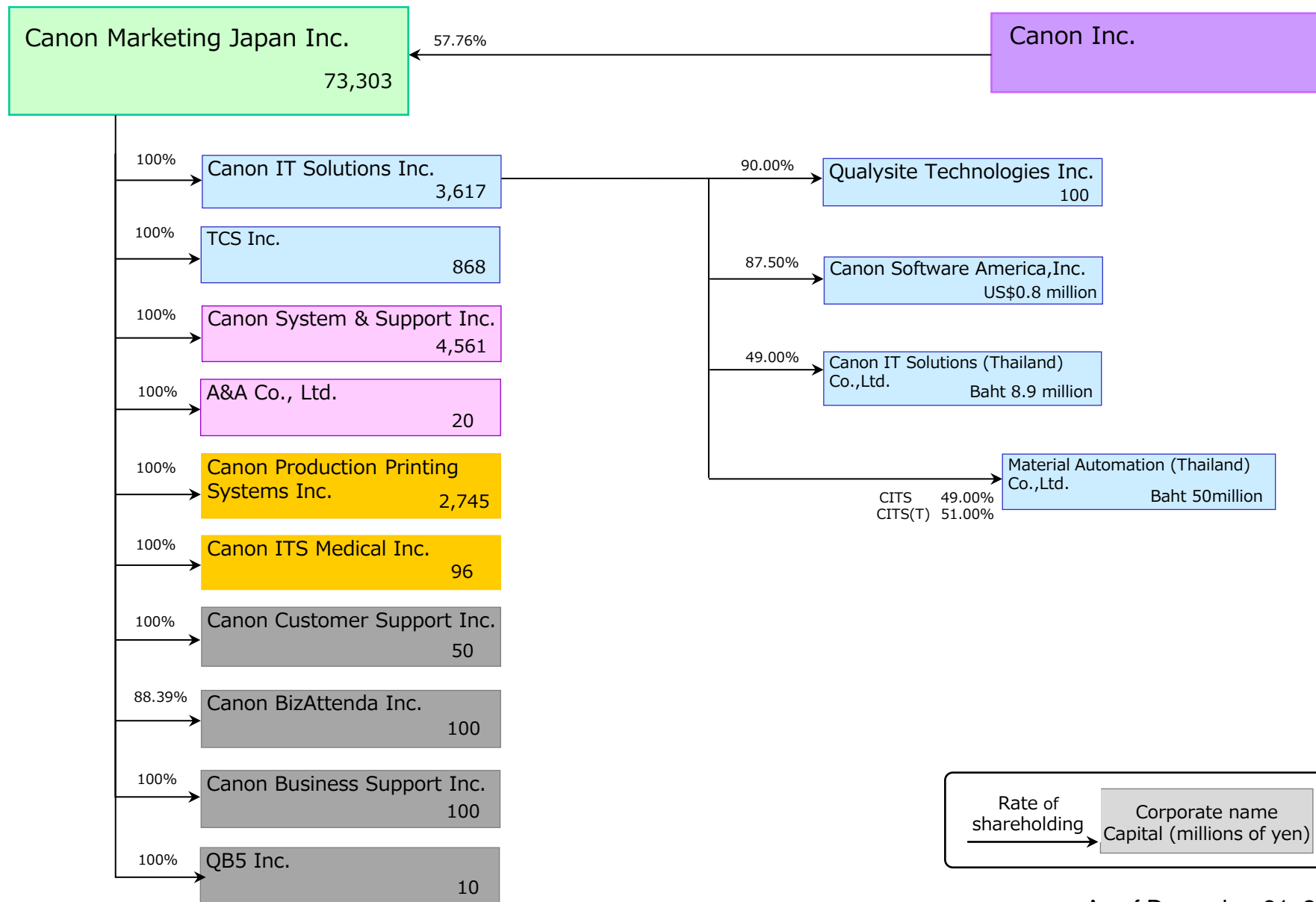


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Canon Marketing Japan Group

Supplementary Information

Capital Relationship Diagram



Rate of shareholding → Corporate name
Capital (millions of yen)

Results of main consolidated companies

4Q 2023 Actual

(from October 1 to December 31)

Canon

Canon Marketing Japan Group

(Billions of yen)

		4Q FY2022		4Q FY2023		Changes	
						Amount	%
Enterprise							
Canon IT Solutions Inc.	Net sales	29.2		33.9		+4.7	+16%
	Op. income	2.8	(9.6%)	3.8	(11.1%)	+1.0	(+1.5%)
Area							
Canon System & Support Inc.	Net sales	24.9		26.0		+1.1	+5%
	Op. income	1.3	(5.0%)	1.7	(6.4%)	+0.4	(+1.4%)
Professional							
Canon Production Printing Systems Inc.	Net sales	2.4		2.6		+0.2	+8%
	Op. income	-0.1	(-)	-0.0	(-)	+0.1	(-)

Results of main consolidated companies

FY2023 Actual
(from January 1 to December 31)

Canon

Canon Marketing Japan Group

(Billions of yen)

		FY 2022	FY 2023	Changes	
				Amount	%
Enterprise					
Canon IT Solutions Inc.	Net sales	110.1	127.0	+16.9	+15%
	Op. income	11.6 (10.5%)	14.0 (11.0%)	+2.5 (+0.5%)	
Area					
Canon System & Support Inc.	Net sales	98.3	104.4	+6.0	+6%
	Op. income	5.1 (5.2%)	6.3 (6.1%)	+1.2 (+0.8%)	
Professional					
Canon Production Printing Systems Inc.	Net sales	9.3	9.1	-0.3	-3%
	Op. income	0.4 (4.2%)	0.4 (3.9%)	-0.0 (-0.3%)	

SG&A expenses

4Q 2023 Actual
(from October 1 to December 31)

Canon
Canon Marketing Japan Group

(Billions of yen)

	4Q FY2022	4Q FY2023	Changes
Advertising expenses	2.0	2.0	-0.1
Promotion expenses	1.0	0.9	-0.1
Warranty expenses	0.8	0.8	+0.0
Other direct selling expenses	4.6	4.5	-0.0
Personnel expenses	23.1	22.5	-0.6
Depreciation and amortization	0.3	0.3	+0.0
Other selling expenses	8.1	8.7	+0.6
Total	39.8	39.7	-0.1

SG&A expenses

FY2023 Actual
(from January 1 to December 31)

Canon
Canon Marketing Japan Group

(Billions of yen)

	FY 2022	FY 2023	Changes
Advertising expenses	4.8	5.3	+0.5
Promotion expenses	2.9	3.0	+0.1
Warranty expenses	2.9	3.0	+0.1
Other direct selling expenses	17.1	17.4	+0.3
Personnel expenses	91.5	90.9	-0.5
Depreciation and amortization	1.0	1.0	+0.0
Other selling expenses	29.2	31.3	+2.1
Total	149.3	152.0	+2.7

Non-operating income and expenses

(Billions of yen)

	FY2022		FY2023		Changes	
	4Q	FY	4Q	FY	4Q	FY
Interest income	0.1	0.3	0.1	0.4	+0.0	+0.1
Dividend income	0.1	0.2	0.1	0.2	+0.0	+0.0
Insurance income	0.0	0.5	0.0	0.5	-0.0	-0.0
Foreign exchange gains	0.0	0.0	-	-	-0.0	-0.0
Other, net	0.0	0.2	0.0	0.2	+0.0	-0.0
Total non-operating income	0.2	1.2	0.2	1.3	+0.0	+0.1
Interest expense	0.0	0.0	0.0	0.0	-0.0	-0.0
Loss on investments in partnership	-0.1	0.0	-0.0	0.0	+0.1	+0.0
Foreign exchange losses	-0.0	-	-0.0	0.0	-0.0	+0.0
Other, net	0.0	0.1	0.0	0.2	+0.0	+0.0
Total non-operating expenses	-0.1	0.2	0.0	0.2	+0.1	+0.0

Extraordinary income and losses

(Billions of yen)

	FY2022		FY2023		Changes	
	4Q	FY	4Q	FY	4Q	FY
Gain on sales of long-lived assets	-	0.0	0.0	0.0	+0.0	+0.0
Gain on sales of investments in securities	0.3	0.7	0.0	0.1	-0.3	-0.6
Other, net	-	0.0	-	-	-	-0.0
Total extraordinary income	0.3	0.7	0.0	0.1	-0.3	-0.6
Loss on sales and disposal of long-lived assets	0.0	0.1	0.0	0.5	-0.0	+0.4
Loss on sales of shares of subsidiaries and associates	-	-	-	0.2	-	+0.2
Loss on sales of investments in securities	0.0	0.0	0.0	0.0	+0.0	-0.0
Loss on impairment of investments in securities	0.1	0.1	-	-	-0.1	-0.1
Other, net	0.0	0.0	-	0.0	-0.0	+0.0
Total extraordinary losses	0.1	0.2	0.0	0.6	-0.1	+0.4

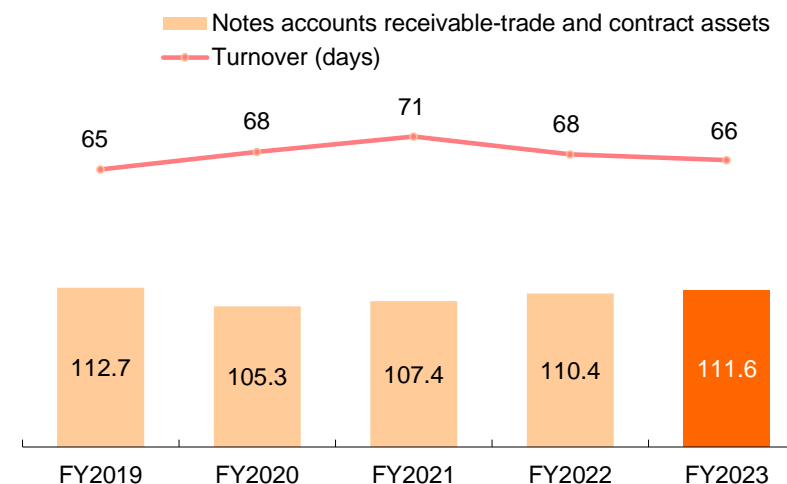
Balance Sheets

(Billions of yen)

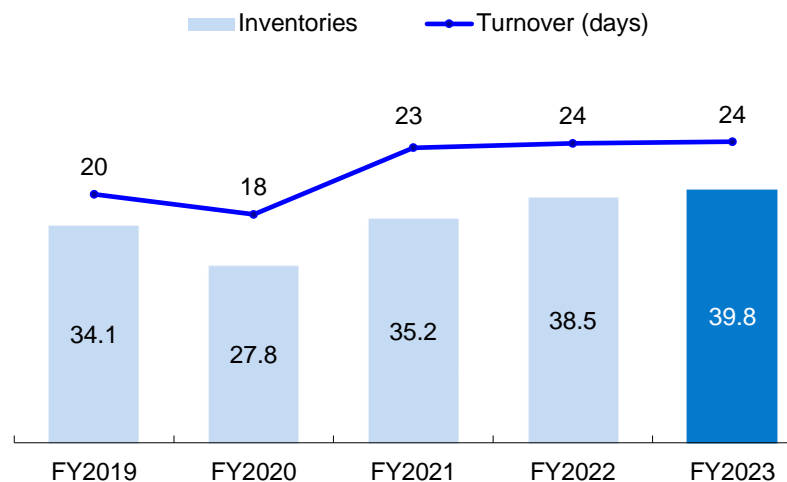
	Dec. 31 2022	Dec. 31 2023	Changes
Assets	543.7	557.4	+13.6
Current assets	419.7	418.6	-1.1
Cash and deposits	84.6	89.7	+5.1
Notes accounts receivable-trade and contract assets	110.4	111.6	+1.2
Inventories	38.5	39.8	+1.3
Other current assets	186.1	177.4	-8.7
Non-current assets	124.0	138.8	+14.7
Property, plant and equipment	85.3	85.0	-0.3
Intangible assets	6.0	14.2	+8.2
Investments and other assets	32.8	39.5	+6.8
Liabilities	143.4	121.9	-21.5
Current liabilities	108.1	110.6	+2.5
Notes and accounts payable-trade	47.4	45.6	-1.8
Other current liabilities	60.7	65.0	+4.4
Long-term liabilities	35.3	11.3	-24.0
Equity	400.4	435.5	+35.1
Shareholders' equity	387.4	410.8	+23.4
(Treasury stock)	-2.1	-2.1	+0.0
Total accumulated other comprehensive income (loss)	12.1	23.9	+11.8
Stock acquisition rights	0.0	0.1	+0.0
Non-controlling interests	0.8	0.7	-0.1
Equity ratio	73%	78%	+5%

Notes accounts receivable-trade and contract assets

(Billions of yen)

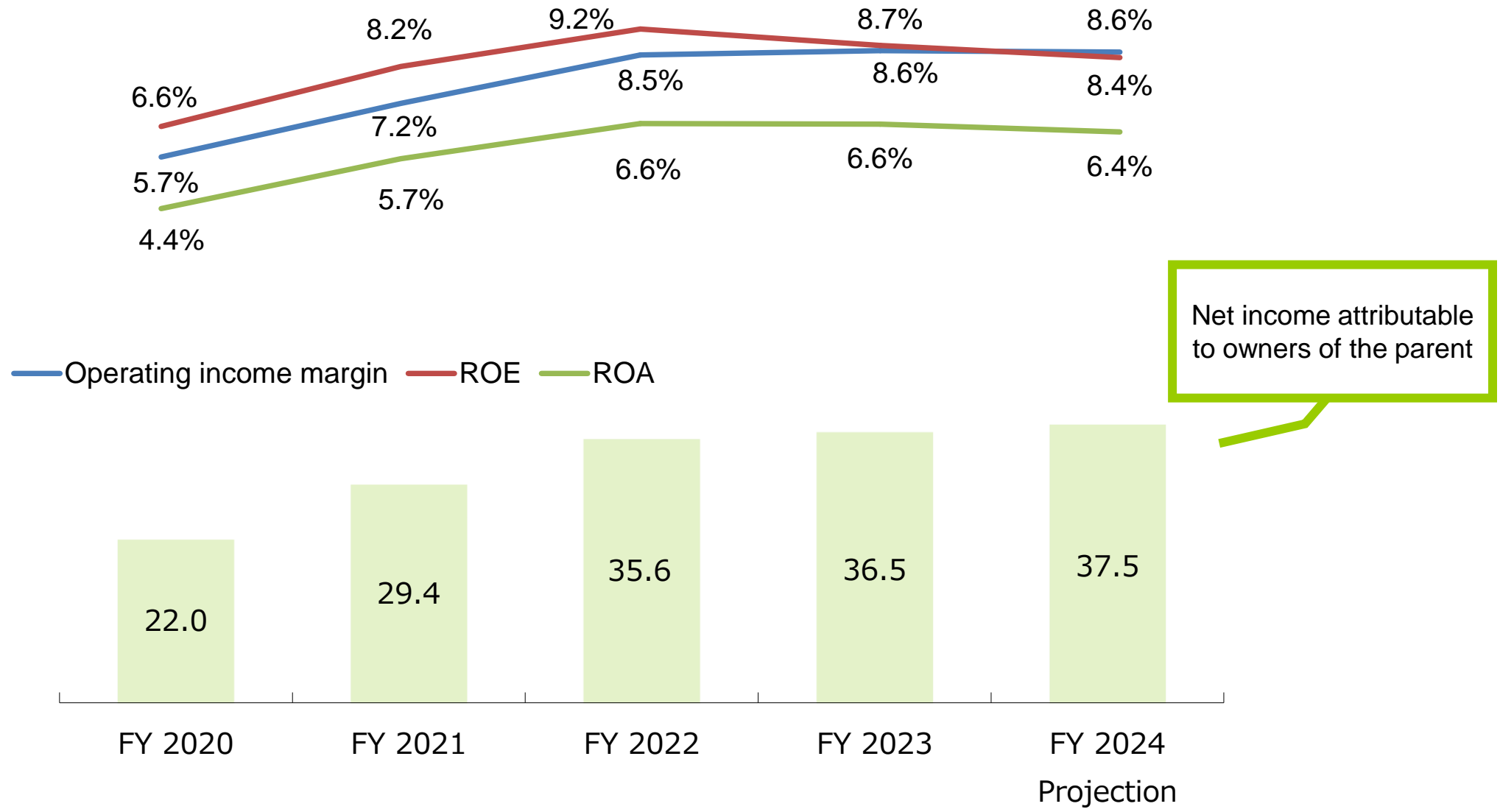


Inventories



Financial Indicator

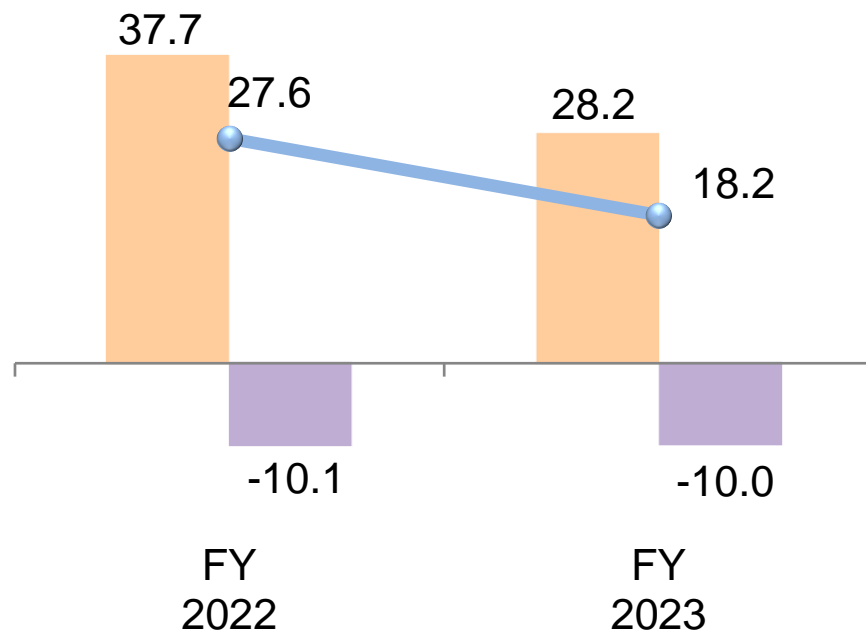
(Billions of yen)



Financial Indicator

(Billions of yen)

■ Cash Flow



Net cash provided by operating activities

Net cash provided by investing activities

Free Cash Flow

■ Capital Investment

		FY
FY 2022	Actual	9.1
FY 2023	Actual	9.4
FY 2024	Projection	15.1

■ Depreciation and amortization

		FY
FY 2022	Actual	9.6
FY 2023	Actual	9.7
FY 2024	Projection	10.2

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