

Summary Report of Consolidated Financial Results

for the third quarter ended September 30, 2023

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: Akihiro Shirone, General Manager Accounting Div. Accounting Headquarters
 Dividend payable date (as planned): -
 U.S. Accounting Standards Applied: No

1.Consolidated business results for the nine months ended September 30, 2023 (From January 1, 2023 to September 30, 2023)

(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 the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
September 30, 2023	444,550	3.8	37,682	(0.5)	38,539	(0.2)	25,854	(3.1)
September 30, 2022	428,079	7.5	37,853	42.0	38,614	38.9	26,670	31.5

[Note] Comprehensive Income: Nine months ended September 30, 2023 : 27,285 million yen [18.2%]

Nine months ended September 30, 2022 : 23,075 million yen [(15.2%)]

	Basic earnings per share	Diluted net income per share
Nine months ended	Yen	Yen
September 30, 2023	199.38	199.33
September 30, 2022	205.67	205.63

(2) Consolidated Financial Position

(Amounts less than one million yen are truncated)

	Total assets	Equity	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Third quarter ended September 30, 2023	535,348	414,435	77.3	3,189.90
Year ended December 31, 2022	543,740	400,372	73.5	3,081.07

[Reference] Shareholders' equity: Third quarter ended September 30, 2023 : 413,661 million yen

Year ended December 31, 2022 : 399,542 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, 2022	-	40.00	-	50.00	90.00
Year ending December 31, 2023	-	50.00	-		
Year ending December 31, 2023 (forecast)				50.00	100.00

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

3.Consolidated financial forecast for the fiscal year ending December 31, 2023

(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 the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	624,000	6.1	52,000	4.1	53,400	4.7	36,000	1.3	277.61

[Note] Revision of forecast for this period : No

*Others

- (1) Material changes in subsidiaries during this period
(Changes in scope of consolidations resulting from change in 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 September 30, 2023 :	131,079,972
As of December 31, 2022 :	131,079,972
 - (ii) Number of treasury stock at the end of the period

As of September 30, 2023 :	1,401,375
As of December 31, 2022 :	1,403,572
 - (iii) Average number of shares

As of September 30, 2023 :	129,678,097
As of September 30, 2022 :	129,676,300

* 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, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	84,132	77,773
Notes, accounts receivable-trade and contract assets	110,431	97,012
Securities	500	1,500
Merchandise and finished goods	37,897	44,020
Work in process	99	174
Raw materials and supplies	523	524
Short-term loans receivable	180,012	170,010
Other current assets	6,153	18,225
Allowance for doubtful receivables	(43)	(47)
Total current assets	419,708	409,192
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	48,384	47,934
Machinery and vehicles, net	68	62
Furniture and fixtures, net	2,670	2,759
Rental assets, net	4,890	5,479
Land	28,359	28,359
Lease assets, net	5	3
Construction in progress	897	-
Total property, plant and equipment	85,276	84,598
Intangible assets		
Software	5,364	5,288
Goodwill	327	409
Facility utilization rights	302	302
Other intangible assets	0	1
Total intangible assets	5,995	6,002
Investments and other assets		
Investments in securities	13,312	16,092
Long-term loans receivable	15	15
Prepaid pension and severance costs	392	426
Deferred tax assets	12,904	12,511
Lease deposits	2,767	2,820
Other investments and other assets	3,555	3,869
Allowance for doubtful receivables	(187)	(181)
Total investments and other assets	32,760	35,553
Total non-current assets	124,032	126,155
Total assets	543,740	535,348

Consolidated Quarterly Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2022	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable-trade	47,376	43,682
Current portion of long-term lease obligations	45	90
Accrued expenses	16,627	13,379
Accrued income taxes	7,453	4,464
Consumption taxes payable	5,426	5,427
Accrued bonuses	3,439	12,467
Accrued directors' bonuses	118	58
Accrued product warranties	243	230
Accrued loss on contracts	114	126
Other current liabilities	27,216	25,033
Total current liabilities	<u>108,062</u>	<u>104,958</u>
Long-term liabilities		
Long-term lease obligations	73	175
Allowance for long-term continuous service rewards	749	647
Accrued pension and severance costs	32,141	12,787
Other long-term liabilities	2,340	2,342
Total long-term liabilities	<u>35,305</u>	<u>15,953</u>
Total liabilities	<u>143,368</u>	<u>120,912</u>
Equity		
Shareholders' equity		
Common stock	73,303	73,303
Capital surplus	82,827	82,727
Retained earnings	233,354	246,241
Treasury stock	(2,092)	(2,091)
Total shareholders' equity	<u>387,392</u>	<u>400,180</u>
Accumulated other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	5,202	6,760
Deferred gain (loss) on derivatives under hedge accounting	(14)	135
Foreign currency-translation adjustments	293	437
Defined retirement benefit plans	6,667	6,148
Total accumulated other comprehensive income (loss)	<u>12,149</u>	<u>13,481</u>
Stock acquisition rights	29	51
Non-controlling interests	801	722
Total equity	<u>400,372</u>	<u>414,435</u>
Total liabilities and equity	<u>543,740</u>	<u>535,348</u>

Consolidated Quarterly Statements of Income

(Amounts less than one million yen are truncated)

	Nine months of FY2022 (from January 1, 2022 to September 30, 2022)	Nine months of FY2023 (from January 1, 2023 to September 30, 2023)
Net sales	428,079	444,550
Cost of sales	280,676	294,593
Gross profit	147,402	149,957
Selling, general and administrative expenses	109,549	112,275
Operating income	37,853	37,682
Non-operating income		
Interest income	218	278
Dividend income	149	151
Insurance income	449	451
Other, net	182	165
Total non-operating income	999	1,046
Non-operating expenses		
Interest expense	9	8
Foreign exchange losses	19	46
Loss on investments in partnership	94	31
Other, net	115	102
Total non-operating expenses	238	189
Ordinary income	38,614	38,539
Extraordinary income		
Gain on sales of long-lived assets	3	1
Gain on sales of investments in securities	393	113
Other, net	0	-
Total extraordinary income	397	115
Extraordinary losses		
Loss on sales and disposal of long-lived assets	75	458
Loss on sales of shares of subsidiaries and associates	-	159
Loss on sales of investments in securities	18	-
Loss on impairment of investments in securities	3	-
Other, net	-	3
Total extraordinary losses	96	620
Net income before income taxes	38,915	38,034
Income taxes	12,193	12,107
Net income	26,721	25,926
Net income attributable to non-controlling interests	50	71
Net income attributable to owners of the parent	26,670	25,854

Consolidated Quarterly Statements of Comprehensive Income

(Amounts less than one million yen are truncated)

	Nine months of FY2022 (from January 1, 2022 to September 30, 2022)	Nine months of FY2023 (from January 1, 2023 to September 30, 2023)
Net income	26,721	25,926
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	(3,445)	1,559
Deferred gain (loss) on delivatives under hedge accounting	87	149
Foreign currency-translation adjustments	340	170
Defined retirement benefit plans	(628)	(519)
Total other comprehensive income (loss)	(3,646)	1,359
Comprehensive income	23,075	27,285
Comprehensive income attributable to		
Owners of the parent	22,981	27,186
Non-controlling interests	93	99

Consolidated Quarterly Statements of Cash Flows

(Amounts less than one million yen are truncated)

	Nine months of FY2022 (from January 1, 2022 to September 30, 2022)	Nine months of FY2023 (from January 1, 2023 to September 30, 2023)
Cash flows from operating activities		
Net income before income taxes	38,915	38,034
Depreciation and amortization	7,187	7,223
Amortization of goodwill	11	77
Increase (decrease) in allowance for doubtful receivables	(12)	(2)
Increase (decrease) in accrued pension and severance costs	(2,574)	(2,126)
Decrease (increase) in prepaid pension and severance costs	(30)	(20)
Contribution of cash to retirement benefit trust	-	(18,000)
Increase (decrease) in accrued bonuses	9,076	9,029
Interest and dividend income	(367)	(429)
Interest expense	9	8
Loss (gain) on sales and disposal of property, plant and equipment, net	64	131
Loss (gain) on sales of investments in securities	(375)	(113)
Loss (gain) on impairment of investments in securities	3	-
Loss (gain) on sales of shares of subsidiaries and associates	-	159
Loss (gain) on investments in partnership	94	31
Decrease (increase) in notes and accounts receivable	15,980	13,452
Decrease (increase) in inventories	(5,050)	(5,821)
Increase (decrease) in notes and accounts payable-trade	(1,859)	(3,725)
Other, net	(10,526)	(5,315)
Subtotal	50,546	32,591
Interest and dividends received	366	425
Interest paid	(9)	(8)
Income taxes paid	(13,755)	(14,568)
Net cash provided by operating activities	37,148	18,439
Cash flows from investing activities		
Payments for purchases of property, plant and equipment	(6,337)	(6,771)
Proceeds from sales of property, plant and equipment	24	12
Payments for purchases of intangible assets	(636)	(1,335)
Payments for purchases of investments in securities	(514)	(718)
Proceeds from sales of investments in securities	667	232
Payments for purchases of shares of new subsidiaries	(209)	(10,349)
Decrease (increase) in short-term loans receivable, net	1	10,002
Payments for acquisition of businesses	-	(750)
Other, net	(536)	(1,129)
Net cash used in investing activities	(7,540)	(10,806)
Cash flows from financing activities		
Repayments of finance lease obligations	(42)	(11)
Payments for purchases of additional shares of a subsidiary	-	(260)
Payments for purchases of treasury stock	(3)	(3)
Dividends paid	(11,016)	(12,956)
Dividends paid to non-controlling interests	(23)	(22)
Other, net	(155)	-
Net cash used in financing activities	(11,241)	(13,254)
Effect of exchange rate changes on cash and cash equivalents	390	262
Net increase (decrease) in cash and cash equivalents	18,755	(5,359)
Cash and cash equivalents at beginning of period	68,028	84,632
Cash and cash equivalents at end of period	86,784	79,273

Consolidated Quarterly Segment Information

I. Nine months of FY2022 (from January 1, 2022 to September 30, 2022)

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

	Reportable segments				Other	Total	Adjustments	Consolidated
	Consumers	Enterprise	Area	Professional				
Net sales								
Sales - external customers	93,901	140,802	158,689	32,290	2,395	428,079	-	428,079
Sales - intersegment	26	8,187	8,534	972	5,725	23,446	(23,446)	-
Total	93,928	148,989	167,223	33,262	8,121	451,525	(23,446)	428,079
Segment income (loss)	9,520	12,945	11,746	5,176	(1,472)	37,918	(64)	37,853

[Note]

1. "Other" is a business segment that is not included in the reportable segments of the Company. The Other segment includes the shared service business.
2. Adjustment of Segment income (loss) eliminates intersegment transactions.
3. Total segment income (loss) after adjustments for reportable and other business segments equals operating income in the consolidated quarterly statement of income.

II. Nine months of FY2023 (from January 1, 2023 to September 30, 2023)

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

	Reportable segments				Other	Total	Adjustments	Consolidated
	Consumers	Enterprise	Area	Professional				
Net sales								
Sales - external customers	93,766	150,857	166,530	29,602	3,792	444,550	-	444,550
Sales - intersegment	14	9,387	8,459	871	5,742	24,475	(24,475)	-
Total	93,780	160,245	174,989	30,474	9,535	469,026	(24,475)	444,550
Segment income (loss)	8,346	14,372	13,442	3,405	(1,739)	37,826	(143)	37,682

[Note]

1. "Other" is a business segment that is not included in the reportable segments of the Company. The Other segment includes the shared service business.
2. Adjustment of Segment income (loss) eliminates intersegment transactions.
3. Total segment income (loss) after adjustments for reportable and other business segments equals operating income in the consolidated quarterly statement of income.