

Summary Report of Consolidated Financial Results

for the fiscal year ended December 31, 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): March 28, 2024
 U.S. Accounting Standards Applied: No

1.Consolidated business results for the year ended December 31, 2023 (From January 1, 2023 to December 31, 2023)

(1) Consolidated Results of Operations (Amounts less than one million yen are truncated)
 (Percentage represents increases or decreases from the previous year)

Year ended	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	%
December 31, 2023	609,473	3.6	52,495	5.1	53,585	5.1	36,493	2.6
December 31, 2022	588,132	6.5	49,947	25.8	50,991	24.1	35,552	20.8

[Note] Comprehensive Income: Year ended December 31, 2023 : 48,352 million yen [31.7%]

Year ended December 31, 2022 : 36,710 million yen [(2.5%)]

Year ended	Basic earnings per share	Diluted net income per share	Rate of return on equity	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
December 31, 2023	281.41	281.34	8.7	9.7	8.6
December 31, 2022	274.16	274.10	9.2	9.5	8.5

(2) Consolidated Financial Position

(Amounts less than one million yen are truncated)

Year ended	Total assets	Equity	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2023	557,366	435,509	78.0	3,352.30
December 31, 2022	543,740	400,372	73.5	3,081.07

[Reference] Shareholders' equity: Year ended December 31, 2023 : 434,721 million yen

Year ended December 31, 2022 : 399,542 million yen

(3) Cash Flows

(Amounts less than one million yen are truncated)

Year ended	Net cash provided by operating activities	Net cash provided by investing activities	Net cash provided by financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2023	28,182	(10,011)	(13,260)	89,690
December 31, 2022	37,725	(10,107)	(11,259)	84,632

2.Dividends

	Dividend per share					Total dividends (annual)	Payout ratio (Consolidated)	Ratio of dividends to equity (Consolidated)
	First quarter -end	Second quarter -end	Third quarter -end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended December 31, 2022	-	40.00	-	50.00	90.00	11,670	32.8	3.0
Year ended December 31, 2023	-	50.00	-	70.00	120.00	15,561	42.6	3.7
Year ending December 31, 2024 (forecast)	-	-	-	-	120.00		41.5	

[Note] The interim dividend for the fiscal year ending December 31, 2024, remains undecided because financial results forecasts have yet to be made for the first six months of the fiscal year ending December 31, 2024. The year-end dividend for the fiscal year ending December 31, 2024, 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, 2024 (Amounts less than one million yen are truncated)
 (Percentage represents increases or decreases from the previous year)

Full 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
	630,000	3.4	54,000	2.9	55,000	2.6	37,500	2.8	289.18

*Others

(1) Material changes in subsidiaries during the year

(Changes in scope of consolidations resulting from change in subsidiaries) : None

(2) 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

(3) Number of issued and outstanding shares (common stock)

(i) Number of issued and outstanding shares at the end of the year (including treasury stock)

As of December 31, 2023 : 131,079,972

As of December 31, 2022 : 131,079,972

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

As of December 31, 2023 : 1,401,615

As of December 31, 2022 : 1,403,572

(iii) Average number of shares

As of December 31, 2023 : 129,678,189

As of December 31, 2022 : 129,676,340

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated business results for the year ended December 31, 2023 (From January 1, 2023 to December 31, 2023)

(1) Non-Consolidated Results of Operations

(Amounts less than one million yen are truncated)

(Percentage represents increases or decreases from the previous year)

Year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2023	428,556	(1.5)	29,457	(4.7)	42,379	(2.0)	32,652	(3.3)
December 31, 2022	435,150	4.7	30,923	30.7	43,262	33.6	33,769	29.5

Year ended	Basic earnings per share	Diluted net income per share
	Yen	Yen
December 31, 2023	251.80	251.73
December 31, 2022	260.41	260.35

(2) Non-Consolidated Financial Position

(Amounts less than one million yen are truncated)

Year ended	Total assets	Equity	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2023	504,720	369,714	73.2	2,850.56
December 31, 2022	512,064	349,261	68.2	2,693.11

[Reference] Shareholders' equity: Year ended December 31, 2023 : 369,655 million yen

Year ended December 31, 2022 : 349,232 million yen

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

Disclaimer :

This report is not subject to audit procedures based on the Financial instruments and Exchange Law in Japan.

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 Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	84,132	88,190
Notes, accounts receivable-trade and contract assets	110,431	111,649
Securities	500	1,500
Merchandise and finished goods	37,897	39,149
Work in process	99	196
Raw materials and supplies	523	479
Short-term loans receivable	180,012	170,005
Other current assets	6,153	7,482
Allowance for doubtful receivables	(43)	(42)
Total current assets	419,708	418,611
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	48,384	47,714
Machinery and vehicles, net	68	60
Furniture and fixtures, net	2,670	3,029
Rental assets, net	4,890	5,585
Land	28,359	28,359
Leased assets, net	5	3
Construction in progress	897	271
Total property, plant and equipment	85,276	85,024
Intangible assets		
Software	5,364	5,600
Goodwill	327	4,868
Customer-related intangible assets	-	3,408
Facility utilization rights	302	302
Other intangible assets	0	1
Total intangible assets	5,995	14,181
Investments and other assets		
Investments in securities	13,312	16,314
Long-term loans receivable	15	10
Prepaid pension and severance costs	392	10,987
Deferred tax assets	12,904	5,916
Lease deposits	2,767	2,559
Other investments and other assets	3,555	3,962
Allowance for doubtful receivables	(187)	(201)
Total investments and other assets	32,760	39,548
Total non-current assets	124,032	138,755
Total assets	543,740	557,366

Consolidated Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2022	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable-trade	47,376	45,552
Current portion of long-term lease obligations	45	99
Accrued expenses	16,627	16,585
Accrued income taxes	7,453	8,233
Consumption taxes payable	5,426	6,712
Accrued bonuses	3,439	3,222
Accrued directors' bonuses	118	107
Accrued product warranties	243	269
Accrued loss on contracts	114	51
Other current liabilities	27,216	29,755
Total current liabilities	108,062	110,590
Long-term liabilities		
Long-term lease obligations	73	206
Allowance for long-term continuous service rewards	749	723
Accrued pension and severance costs	32,141	7,760
Deferred tax liabilities	-	178
Other long-term liabilities	2,340	2,397
Total long-term liabilities	35,305	11,266
Total liabilities	143,368	121,856
Equity		
Shareholders' equity		
Common stock	73,303	73,303
Capital surplus	82,827	82,727
Retained earnings	233,354	256,880
Treasury stock	(2,092)	(2,092)
Total shareholders' equity	387,392	410,817
Accumulated other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	5,202	6,860
Deferred gain (loss) on derivatives under hedge accounting	(14)	87
Foreign currency-translation adjustments	293	345
Defined retirement benefit plans	6,667	16,610
Total accumulated other comprehensive income (loss)	12,149	23,903
Stock acquisition rights	29	58
Non-controlling interests	801	729
Total equity	400,372	435,509
Total liabilities and equity	543,740	557,366

Consolidated Statements of Income

(Amounts less than one million yen are truncated)

	FY2022 (from January 1, 2022 to December 31, 2022)	FY2023 (from January 1, 2023 to December 31, 2023)
Net sales	588,132	609,473
Cost of sales	388,842	404,980
Gross profit	199,289	204,492
Selling, general and administrative expenses	149,341	151,997
Operating income	49,947	52,495
Non-operating income		
Interest income	299	383
Dividend income	209	237
Insurance income	459	457
Foreign exchange gains	29	-
Other, net	227	213
Total non-operating income	1,225	1,291
Non-operating expenses		
Interest expense	12	11
Loss on investments in partnership	29	31
Foreign exchange losses	-	6
Other, net	139	152
Total non-operating expenses	180	201
Ordinary income	50,991	53,585
Extraordinary income		
Gain on sales of long-lived assets	3	3
Gain on sales of investments in securities	729	113
Other, net	0	-
Total extraordinary income	733	117
Extraordinary losses		
Loss on sales and disposal of long-lived assets	124	479
Loss on sales of shares of subsidiaries and associates	-	159
Loss on sales of investments in securities	18	2
Loss on impairment of investments in securities	57	-
Other, net	1	3
Total extraordinary losses	202	645
Net income before income taxes	51,523	53,057
Income taxes-current	14,244	15,493
Income taxes-deferred	1,652	980
Total income taxes	15,896	16,473
Net income	35,626	36,583
Net income attributable to non-controlling interests	74	90
Net income attributable to owners of the parent	35,552	36,493

Consolidated Statements of Income

(Amounts less than one million yen are truncated)

	FY2022 (from January 1, 2022 to December 31, 2022)	FY2023 (from January 1, 2023 to December 31, 2023)
Net income	35,626	36,583
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	(2,673)	1,659
Deferred gain (loss) on derivatives under hedge accounting	(37)	101
Foreign currency-translation adjustments	193	65
Defined retirement benefit plans	3,600	9,942
Total other comprehensive income (loss)	1,083	11,769
Comprehensive income	36,710	48,352
Comprehensive income attributable to		
Owners of the parent	36,612	48,246
Non-controlling interests	97	106

Consolidated Statements of Shareholders' Equity

I. FY2022 (from January 1, 2022 to December 31, 2022)

(Amounts less than one million yen are truncated)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	73,303	82,824	208,824	(2,092)	362,859
Changes during the year					
Dividends of surplus	-	-	(11,022)	-	(11,022)
Net income attributable to owners of the parent	-	-	35,552	-	35,552
Purchase of treasury stock	-	-	-	(4)	(4)
Disposition of treasury stock	-	2	-	3	6
Additional purchase of shares of a consolidated subsidiary	-	-	-	-	-
Net income attributable to non-controlling interests	-	-	-	-	-
Cash dividends paid to non-controlling interests	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during the year	-	2	24,529	(0)	24,532
Balance at end of the year	73,303	82,827	233,354	(2,092)	387,392

	Accumulated other comprehensive income (loss)					Stock acquisition rights	Non-controlling interests	Total equity
	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income(loss)			
Balance at beginning of the year	7,873	22	125	3,067	11,089	-	727	374,676
Changes during the year								
Dividends of surplus	-	-	-	-	-	-	-	(11,022)
Net income attributable to owners of the parent	-	-	-	-	-	-	-	35,552
Purchase of treasury stock	-	-	-	-	-	-	-	(4)
Disposition of treasury stock	-	-	-	-	-	-	-	6
Additional purchase of shares of a consolidated subsidiary	-	-	-	-	-	-	-	-
Net income attributable to non-controlling interests	-	-	-	-	-	-	74	74
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	(23)	(23)
Net changes in items other than shareholders' equity	(2,670)	(37)	167	3,600	1,060	29	23	1,112
Total changes during the year	(2,670)	(37)	167	3,600	1,060	29	73	25,695
Balance at end of the year	5,202	(14)	293	6,667	12,149	29	801	400,372

Consolidated Statements of Shareholders' Equity

II. FY2023 (from January 1, 2023 to December 31, 2023)

(Amounts less than one million yen are truncated)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	73,303	82,827	233,354	(2,092)	387,392
Changes during the year					
Dividends of surplus	-	-	(12,967)	-	(12,967)
Net income attributable to owners of the parent	-	-	36,493	-	36,493
Purchase of treasury stock	-	-	-	(4)	(4)
Disposition of treasury stock	-	4	-	4	9
Additional purchase of shares of a consolidated subsidiary	-	(104)	-	-	(104)
Net income attributable to non-controlling interests	-	-	-	-	-
Cash dividends paid to non-controlling interests	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during the year	-	(100)	23,525	0	23,425
Balance at end of the year	73,303	82,727	256,880	(2,092)	410,817

	Accumulated other comprehensive income (loss)					Stock acquisition rights	Non-controlling interests	Total equity
	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income(loss)			
Balance at beginning of the year	5,202	(14)	293	6,667	12,149	29	801	400,372
Changes during the year								
Dividends of surplus	-	-	-	-	-	-	-	(12,967)
Net income attributable to owners of the parent	-	-	-	-	-	-	-	36,493
Purchase of treasury stock	-	-	-	-	-	-	-	(4)
Disposition of treasury stock	-	-	-	-	-	-	-	9
Additional purchase of shares of a consolidated subsidiary	-	-	-	-	-	-	-	(104)
Net income attributable to non-controlling interests	-	-	-	-	-	-	90	90
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	(22)	(22)
Net changes in items other than shareholders' equity	1,657	101	51	9,942	11,753	29	(139)	11,643
Total changes during the year	1,657	101	51	9,942	11,753	29	(71)	35,137
Balance at end of the year	6,860	87	345	16,610	23,903	58	729	435,509

Consolidated Statements of Cash Flows

(Amounts less than one million yen are truncated)

	FY2022 (from January 1, 2022 to December 31, 2022)	FY2023 (from January 1, 2023 to December 31, 2023)
Cash flows from operating activities		
Net income before income taxes	51,523	53,057
Depreciation and amortization	9,592	9,738
Amortization of goodwill	29	198
Amortization of customer-related intangible assets	-	303
Increase (decrease) in allowance for doubtful receivables	111	(7)
Increase (decrease) in accrued pension and severance costs	(3,480)	(13,347)
Decrease (increase) in prepaid pension and severance costs	(46)	10,386
Contribution of cash to retirement benefit trust	-	(18,000)
Increase (decrease) in accrued bonuses	(716)	(298)
Interest and dividend income	(509)	(621)
Interest expense	12	11
Loss (gain) on sales and disposal of property, plant and equipment, net	107	151
Loss (gain) on sales of investments in securities	(711)	(111)
Loss (gain) on impairment of investments in securities	57	-
Loss (gain) on sales of shares of subsidiaries and associates	-	159
Loss (gain) on investments in partnership	29	31
Decrease (increase) in notes and accounts receivable	(2,894)	(61)
Decrease (increase) in inventories	(3,280)	(691)
Increase (decrease) in notes and accounts payable-trade	985	(2,503)
Other, net	241	3,992
Subtotal	51,051	42,389
Interest and dividends received	506	614
Interest paid	(12)	(11)
Income taxes paid	(13,820)	(14,809)
Net cash provided by operating activities	37,725	28,182
Cash flows from investing activities		
Payments for purchases of property, plant and equipment	(8,889)	(8,343)
Proceeds from sales of property, plant and equipment	23	19
Payments for purchases of intangible assets	(894)	(1,960)
Payments for purchases of investments in securities	(676)	(743)
Proceeds from sales of investments in securities	1,330	244
Payments for purchases of shares of new subsidiaries	(209)	(7,618)
Decrease (increase) in short-term loans receivable, net	11	10,012
Payments for acquisition of businesses	-	(750)
Other, net	(802)	(872)
Net cash used in investing activities	(10,107)	(10,011)
Cash flows from financing activities		
Repayments of finance lease obligations	(56)	(12)
Payments for purchases of additional shares of a subsidiary	-	(260)
Payments for purchases of treasury stock	(4)	(5)
Dividends paid	(11,020)	(12,961)
Dividends paid to non-controlling interests	(23)	(22)
Other, net	(155)	-
Net cash used in financing activities	(11,259)	(13,260)
Effect of exchange rate changes on cash and cash equivalents	245	147
Net increase (decrease) in cash and cash equivalents	16,603	5,058
Cash and cash equivalents at beginning of the year	68,028	84,632
Cash and cash equivalents at end of the year	84,632	89,690

Consolidated Segment Information

I. FY2022 (from January 1, 2022 to December 31, 2022)

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

	Reportable segment				Other	Total	Adjustments	Consolidated
	Consumers	Enterprise	Area	Professional				
Net sales								
Sales - external customers	136,574	191,507	215,019	40,377	4,652	588,132	-	588,132
Sales - intersegment	37	11,222	11,541	1,293	7,629	31,724	(31,724)	-
Total	136,612	202,730	226,560	41,670	12,281	619,856	(31,724)	588,132
Segment income(loss)	13,940	17,072	15,563	5,240	(1,750)	50,066	(119)	49,947
Segment assets	47,479	109,102	70,911	20,252	3,437	251,184	292,555	543,740
Other items								
Depreciation and amortization	685	6,421	1,709	294	18	9,129	463	9,592
Amortization of goodwill	-	-	-	-	29	29	-	29
Changes in the amount of property, plant, and equipment and intangible assets	348	7,286	1,165	123	3	8,928	136	9,065

[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. Adjustments are as follows:

(1) Adjustment of segment income (loss) eliminates intersegment transactions.

(2) Adjustment of segment assets is for corporate assets that do not belong to reportable segments. The corporate assets are comprised of surplus funds, such as cash and investment in securities, assets related to head office land, buildings, and head office administrative units.

(3) Adjustment of depreciation and amortization is for head office building expenses that do not belong to reportable segments.

(4) Adjustment of increase of property, plant and equipment and intangible assets consists of capital investments in head office buildings that do not belong to reportable Adjustment of increase of property, plant and equipment and intangible assets consists of capital investments in head office buildings that do not belong to reportable segments.

3. Total segment income (loss) after adjustments for reportable and other business segments equals operating income in the consolidated statements of income.

Consolidated Segment Information

I. FY2022 (from January 1, 2022 to December 31, 2022)

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

	Reportable segment				Other	Total	Adjustments	Consolidated
	Consumers	Enterprise	Area	Professional				
Net sales								
Sales - external customers	136,574	191,507	215,019	40,377	4,652	588,132	-	588,132
Sales - intersegment	37	11,222	11,541	1,293	7,629	31,724	(31,724)	-
Total	136,612	202,730	226,560	41,670	12,281	619,856	(31,724)	588,132
Segment income(loss)	13,940	17,072	15,563	5,240	(1,750)	50,066	(119)	49,947
Segment assets	47,479	109,102	70,911	20,252	3,437	251,184	292,555	543,740
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