

FY2024 2Q Consolidated Results

July 24, 2024
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Director, Senior 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.

Agenda

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Summary of 2Q of FY2024 Financial Results

- Net sales and income increased year on year.
- IT Solutions business continued to grow at a high rate. Sales rose 21% year on year.
- Net income attributable to owners of the parent surpassed previous record highs for both Q2 results and the first half results on a yearly basis.

2024 Financial Forecasts

- The net sales forecast is revised upward by 5 billion yen, in view of brisk sales in the IT solutions business in the Enterprise segment.
- The Group will aim to attain the 2025 net sales target of 650 billion yen within this year, one year ahead of schedule.

Topics

- The Company resolved to Tender Offer for own shares (22,000,000shares).

Summary of Results

2Q 2024 Actual
(from April 1 to June 30)

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✓ Net income attributable to owners of the parent surpassed previous quarterly record highs.

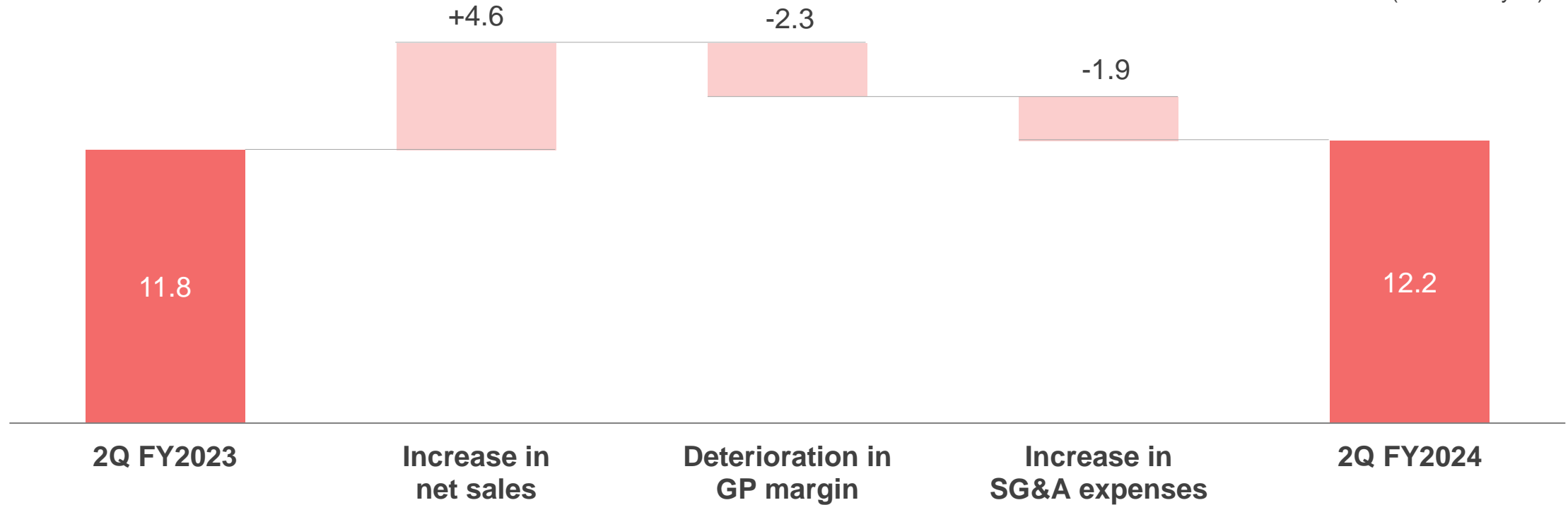
(Billions of yen)	2Q FY2023	2Q FY2024	Changes	
			Amount	%
Net Sales	148.0	161.7	+13.7	+9%
Gross Profit	(33.7%) 49.8	(32.3%) 52.2	(-1.4%) +2.3	+5%
Operating income	(8.0%) 11.8	(7.6%) 12.2	(-0.4%) +0.4	+4%
Ordinary income	(8.4%) 12.4	(8.1%) 13.0	(-0.3%) +0.6	+5%
Net income attributable to owners of the parent	(5.6%) 8.2	(6.6%) 10.6	(+1.0%) +2.4	+29%

Operating Income Variance Analysis

2Q 2024 Actual
(from April 1 to June 30)

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(Billions of yen)



Deterioration in GP margin

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

Increase in SG&A expenses

- IT expenses +0.4B
- Amortization of goodwill, etc. +0.9B
- Other selling expenses +0.6B

Results by Segment

2Q 2024 Actual
(from April 1 to June 30)

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(Billions of yen)

	2Q FY2023		2Q FY2024		Changes	
	Net sales	Op. income	Net sales	Op. income	Net sales	Op. income
Consumers	33.7	3.4	34.0	3.1	+0.3	-0.3
Enterprise	52.9	4.0	60.6	4.5	+7.7	+0.5
Area	56.7	4.2	57.1	4.4	+0.4	+0.2
Professional	10.2	0.9	10.9	1.4	+0.7	+0.5
Other	-5.5	-0.7	-0.9	-1.2	+4.6	-0.5
Total	148.0	11.8	161.7	12.2	+13.7	+0.4

* "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 in FY2024. As a result, the FY 2023 financial results have been reclassified between the two segments

Summary of Results

1Q-2Q 2024 Actual
(from January 1 to June 30)

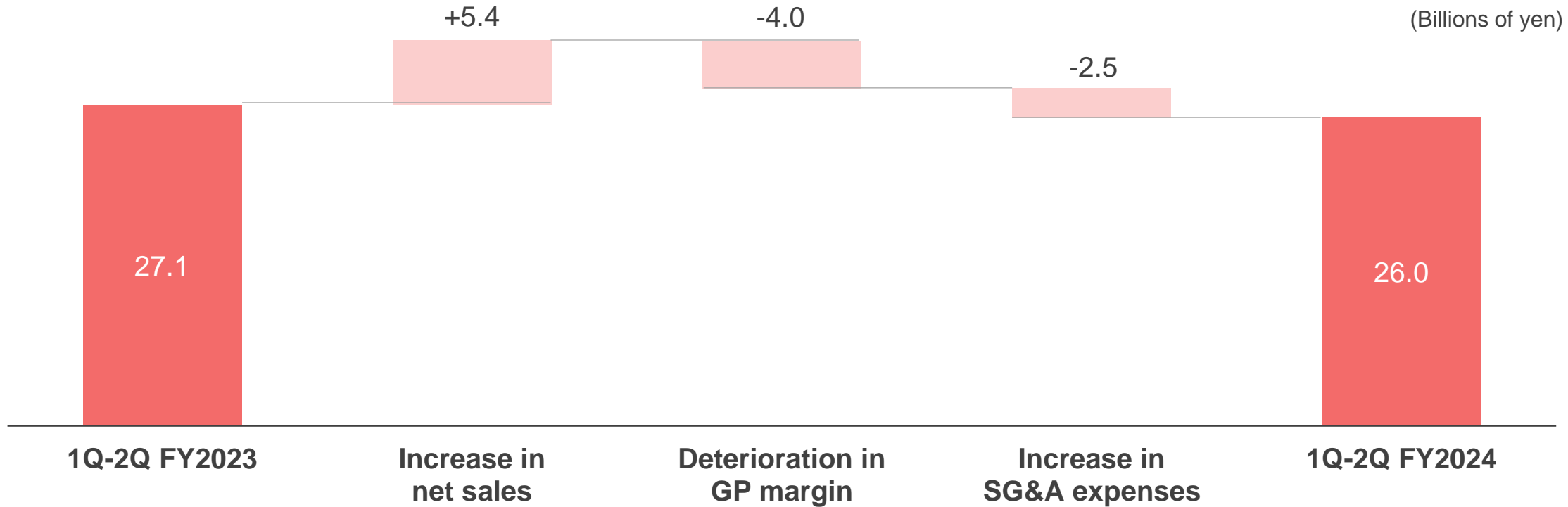
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✓ Net income attributable to owners of the parent surpassed previous quarterly record highs.

(Billions of yen)	1Q-2Q FY2023	1Q-2Q FY2024	Changes	
			Amount	%
Net Sales	302.8	318.9	+16.1	+5%
Gross Profit	(33.7%) 102.0	(32.4%) 103.4	(-1.3%) +1.4	+1%
Operating income	(8.9%) 27.1	(8.2%) 26.0	(-0.8%) -1.1	-4%
Ordinary income	(9.2%) 27.9	(8.5%) 27.0	(-0.7%) -0.9	-3%
Net income attributable to owners of the parent	(6.2%) 18.7	(6.3%) 20.1	(+0.2%) +1.5	+8%

Operating Income Variance Analysis

1Q-2Q 2024 Actual
(from January 1 to June 30)



(Billions of yen)

Deterioration in GP margin

- Gross profit margin declined mainly in the Consumers, Enterprise and Professional segments

Increase in SG&A expenses

- IT expenses +0.9B
- Amortization of goodwill, etc. +1.0B
- Other selling expenses +1.2B

Results by Segment

1Q-2Q 2024 Actual
(from January 1 to June 30)

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(Billions of yen)

	1Q-2Q FY2023		1Q-2Q FY2024		Changes	
	Net sales	Op. income	Net sales	Op. income	Net sales	Op. income
Consumers	66.3	6.6	64.1	5.2	-2.2	-1.4
Enterprise	107.5	9.9	119.6	10.0	+12.1	+0.1
Area	116.5	8.9	116.9	9.6	+0.4	+0.7
Professional	22.0	2.9	24.9	3.2	+2.9	+0.3
Other	-9.5	-1.1	-6.5	-1.9	+2.9	-0.8
Total	302.8	27.1	318.9	26.0	+16.1	-1.1

* "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 in FY2024. As a result, the FY 2023 financial results have been reclassified between the two segments

Segment Results

Consumers Segment

- ✓ Net sales grew after a rise in sales of IT products and other factors.
- ✓ Operating income dropped due to a decline in gross profit reflecting weaker sales of high-value added products.

(Billions of yen)

	2Q			1Q-2Q		
	FY2023	FY2024	Changes	FY2023	FY2024	Changes
Net Sales	33.7	34.0	+1%	66.3	64.1	-3%
Op. income	3.4	3.1	-10%	6.6	5.2	-21%
margin	10.2%	9.1%	-1.1%	9.9%	8.1%	-1.8%

* 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.

■ Consumer Products, Y/Y Non-consolidated

		1Q	2Q
Digital Interchangeable Lens Camera	Unit	-31%	-14%
Inkjet Printer (IJP)	Unit	-8%	-4%
IJP Cartridge	Amount	-9%	-6%

Segment Results

Enterprise Segment

- ✓ Net sales were up, reflecting the brisk performance of IT solutions despite sales of Canon Products, other staying flat.
- ✓ Operating income increased, reflecting a rise in gross profit due to higher sales.

(Billions of yen)

	2Q			1Q-2Q		
	FY2023	FY2024	Changes	FY2023	FY2024	Changes
Canon products, other	14.5	14.5	-0%	29.2	29.6	+1%
IT solutions	38.3	46.0	+20%	78.3	90.0	+15%
Net sales	52.9	60.6	+15%	107.5	119.6	+11%
OP. income	4.0	4.5	+13%	9.9	10.0	+2%
margin	7.5%	7.4%	-0.1%	9.2%	8.4%	-0.8%

[Reference] Results of main consolidated company

Canon IT Solutions Inc.

	2Q		Changes	1Q-2Q		Changes
	FY2023	FY2024	%	FY2023	FY2024	%
Net sales	31.3	37.6	+20%	62.8	70.8	+13%
Op. income	2.9	3.6	+24%	6.8	7.6	+12%

Canon IT Solutions Inc.

Orders received and outstanding orders, Y/Y Non-consolidated

	1Q	2Q
Orders received	+1%	+13%
Outstanding orders	-7%	-10%

2Q orders received excluding the Data Center business surpassed previous quarterly record highs.

2Q outstanding orders excluding the Data Center business surpassed previous quarterly record highs.

Segment Results

Area Segment

- ✓ Net sales hiked. While sales of Canon products, other dropped slightly, those of IT solutions were buoyant.
- ✓ Operating income surged. While gross profit fell after the transfer of shares of A&A Co., Ltd., selling, general and administrative expenses, including personnel expenses, also decreased.

(Billions of yen)

	2Q			1Q-2Q		
	FY2023	FY2024	Changes	FY2023	FY2024	Changes
Canon products, other	39.7	39.4	-1%	80.5	79.3	-2%
IT solutions	17.0	17.7	+4%	36.0	37.6	+5%
Net sales	56.7	57.1	+1%	116.5	116.9	+0%
Op. income	4.2	4.4	+5%	8.9	9.6	+8%
margin	7.4%	7.7%	+0.3%	7.6%	8.2%	+0.6%

* 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.

[Reference] Results of main consolidated company Canon System & Support Inc.

	2Q		Changes	1Q-2Q		Changes
	FY2023	FY2024	%	FY2023	FY2024	%
Net sales	25.7	26.1	+2%	52.5	54.4	+4%
Op. income	1.2	1.2	+2%	3.0	3.4	+16%

Segment Results

Professional Segment

- ✓ Net sales increased after a sales rise of Industrial equipment.
- ✓ Operating income increased, reflecting a rise in gross profit associated with higher sales in Industrial equipment.

(Billions of yen)	2Q			1Q-2Q		
	FY2023	FY2024	Changes	FY2023	FY2024	Changes
Production printing	2.5	2.3	-7%	4.6	4.6	-0%
Industrial equipment	3.7	5.6	+51%	9.5	11.0	+16%
Healthcare business	4.1	3.1	-25%	7.9	9.3	+18%
Net sales	10.2	10.9	+7%	22.0	24.9	+13%
Op. income	0.9	1.4	+52%	2.9	3.2	+11%
margin	9.1%	13.0%	+3.9%	13.0%	12.7%	-0.3%

[Reference] Results of main consolidated company Canon Production Printing Systems Inc.

	2Q		Changes	1Q-2Q		Changes
	FY2023	FY2024	%	FY2023	FY2024	%
Net sales	2.3	2.1	-9%	4.3	4.3	-1%
Op. income	0.2	0.1	-23%	0.2	0.2	-28%

Sales of Products and Services by Segment

2Q 2024 Actual
(from April 1 to June 30)

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(Billions of yen)	Consumers		Enterprise		Area		Professional		Other		Total		Composition Ratio
	2Q FY2023	2Q FY2024	2Q FY2023	2Q FY2024	2Q FY2023	2Q FY2024	2Q FY2023	2Q FY2024	2Q FY2023	2Q FY2024	2Q FY2023	2Q FY2024	2Q FY2024
SI services	-	-	17.7	19.3	2.8	2.4	4.1	3.1	-0.6	-0.5	24.1	24.4	31%
Changes		-		+9%		-15%		-23%		-		+1%	
Maintenance and operation service/outsourcing	-	-	10.0	12.5	2.6	2.8	0.4	0.3	-0.6	3.9	12.4	19.5	25%
Changes		-		+25%		+7%		-6%		-		+58%	
IT products and system sales	7.7	9.2	10.6	14.3	11.5	12.5	-	-	-1.1	-1.2	28.7	34.8	44%
Changes		+20%		+35%		+8%		-		-		+21%	
IT solutions	7.7	9.2	38.3	46.0	17.0	17.7	4.5	3.5	-2.3	2.3	65.1	78.7	100%
Changes		+20%		+20%		+4%		-22%		-		+21%	
Canon products, other	26.0	24.8	14.5	14.5	39.7	39.4	5.8	7.5	-3.2	-3.1	82.8	83.0	
Changes		-5%		-0%		-1%		+29%		-		+0%	
Total	33.7	34.0	52.9	60.6	56.7	57.1	10.2	10.9	-5.5	-0.9	148.0	161.7	
Changes		+1%		+15%		+1%		+7%		-		+9%	

* "Other" is a business segment that is not included in the reportable segments and includes the shared service business and elimination of intersegment transactions. 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.

Sales of Products and Services by Segment

1Q-2Q 2024 Actual
(from January 1 to June 30)

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(Billions of yen)	Consumers		Enterprise		Area		Professional		Other		Total		Composition Ratio
	1Q-2Q FY2023	1Q-2Q FY2024	1Q-2Q FY2023	1Q-2Q FY2024	1Q-2Q FY2023	1Q-2Q FY2024	1Q-2Q FY2023	1Q-2Q FY2024	1Q-2Q FY2023	1Q-2Q FY2024	1Q-2Q FY2023	1Q-2Q FY2024	1Q-2Q FY2024
SI services	–	–	35.2	38.1	6.0	6.0	7.9	9.4	-1.2	-1.2	47.8	52.3	34%
Changes		-		+8%		+0%		+19%		-		+9%	
Maintenance and operation service/outsourcing	–	–	21.7	27.0	5.3	5.7	0.7	0.7	-1.3	3.3	26.4	36.6	24%
Changes		-		+25%		+8%		-4%		-		+39%	
IT products and system sales	15.1	17.5	21.4	24.9	24.7	25.9	–	–	-0.8	-2.5	60.4	65.8	42%
Changes		+16%		+16%		+5%		-		-		+9%	
IT solutions	15.1	17.5	78.3	90.0	36.0	37.6	8.6	10.0	-3.3	-0.4	134.6	154.7	100%
Changes		+16%		+15%		+5%		+17%		-		+15%	
Canon products, other	51.2	46.6	29.2	29.6	80.5	79.3	13.4	14.8	-6.2	-6.1	168.2	164.2	
Changes		-9%		+1%		-2%		+11%		-		-2%	
Total	66.3	64.1	107.5	119.6	116.5	116.9	22.0	24.9	-9.5	-6.5	302.8	318.9	
Changes		-3%		+11%		+0%		+13%		-		+5%	

* “Other” is a business segment that is not included in the reportable segments and includes the shared service business and elimination of intersegment transactions. 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 Forecasts

Previous Forecast vs
Current Forecast

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(Billions of yen)

	FY2024 Previous forecast	FY2024 Current forecast	Changes		FY2023 Actual	Changes	
			Amount	%		Amount	%
Net sales	645.0	650.0	+5.0	+1%	609.5	+40.5	+7%
Operating income	(8.4%) 54.0	(8.3%) 54.0	(-0.1%) —	—	(8.6%) 52.5	(-0.3%) +1.5	+3%
Ordinary income	(8.5%) 55.0	(8.5%) 55.0	(-0.1%) —	—	(8.8%) 53.6	(-0.3%) +1.4	+3%
Net income attributable to owners of the parent	(5.8%) 37.5	(5.8%) 37.5	(-0.0%) —	—	(6.0%) 36.5	(-0.2%) +1.0	+3%

Forecasts by Segment

Previous Forecast vs
Current Forecast

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(Billions of yen)

	FY2024 Previous forecast		FY2024 Current forecast		Changes		
	Net sales	Op. income	Net sales	Op. income	Net sales		Op. income
					Amount	%	
Consumers	139.3	13.7	139.3	13.7	—	—	—
Enterprise	231.2	20.5	236.2	20.5	+5.0	+2%	—
Area	235.0	18.3	235.0	18.3	—	—	—
Professional	44.0	4.1	44.0	4.1	—	—	—
Other	-4.5	-2.6	-4.5	-2.6	—	—	—
Total	645.0	54.0	650.0	54.0	+5.0	+1%	—

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

Forecasts by Segment

Previous Forecast vs
Current Forecast

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(Billions of yen)	FY2023 Actual		FY2024 Current forecast		Changes		
	Net sales	Op. income	Net sales	Op. income	Net sales		Op. income
					Amount	%	
Consumers	138.9	14.1	139.3	13.7	+0.4	+0%	-0.4
Enterprise	220.3	19.7	236.2	20.5	+15.9	+7%	+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	-4.5	-2.6	+15.2	—	-0.2
Total	609.5	52.5	650.0	54.0	+40.5	+7%	+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 in FY2024. As a result, the FY 2023 financial results have been reclassified between the two segments

Forecasts by Segment

1Q-2Q Actual and
3Q-4Q Forecast

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(Billions of yen)

	FY2023				FY2024				Changes			
	1Q-2Q Actual		3Q-4Q Actual		1Q-2Q Actual		3Q-4Q Forecast		1Q-2Q		3Q-4Q	
	Net sales	Op. income	Net sales	Op. income	Net sales	Op. income	Net sales	Op. income	Net sales	Op. income	Net sales	Op. income
Consumers	66.3	6.6	72.6	7.5	64.1	5.2	75.2	8.5	-2.2	-1.4	+2.6	+1.0
Enterprise	107.5	9.9	112.8	9.8	119.6	10.0	116.6	10.5	+12.1	+0.1	+3.8	+0.7
Area	116.5	8.9	113.2	8.6	116.9	9.6	118.1	8.7	+0.4	+0.7	+4.9	+0.1
Professional	22.0	2.9	18.3	0.8	24.9	3.2	19.1	0.9	+2.9	+0.3	+0.9	+0.2
Other	-9.5	-1.1	-10.2	-1.3	-6.5	-1.9	2.0	-0.7	+2.9	-0.8	+12.3	+0.6
Total	302.8	27.1	306.7	25.4	318.9	26.0	331.1	28.0	+16.1	-1.1	+24.4	+2.6

* "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.

Segment Forecasts

■ Consumers

(Billions of yen)

- ✓ Net sales are forecast to increase due to steady sales of digital interchangeable lens cameras and IT products.
- ✓ Operating income is expected to increase, reflecting a rise in gross profit due to higher sales.

FY2023				FY2024				Changes			
1Q-2Q Actual		3Q-4Q Actual		1Q-2Q Actual		3Q-4Q Forecast		1Q-2Q		3Q-4Q	
Net sales	Op. income	Net sales	Op. income	Net sales	Op. income	Net sales	Op. income	Net sales	Op. income	Net sales	Op. income
66.3	6.6	72.6	7.5	64.1	5.2	75.2	8.5	-2.2	-1.4	+2.6	+1.0

* 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.

■ Enterprise

- ✓ Net sales are forecast to rise, reflecting strong sales of IT solutions, although sales of Canon products, other are likely to decline.
- ✓ Operating income is expected to increase, reflecting a rise in gross profit due to higher sales.

FY2023				FY2024				Changes			
1Q-2Q Actual		3Q-4Q Actual		1Q-2Q Actual		3Q-4Q Forecast		1Q-2Q		3Q-4Q	
Net sales	Op. income	Net sales	Op. income	Net sales	Op. income	Net sales	Op. income	Net sales	Op. income	Net sales	Op. income
107.5	9.9	112.8	9.8	119.6	10.0	116.6	10.5	+12.1	+0.1	+3.8	+0.7

Segment Forecasts

Area

(Billions of yen)

- ✓ Net sales are expected to rise following strong sales of IT solutions.
- ✓ Operating income is expected to increase, reflecting a rise in gross profit due to higher sales.

FY2023				FY2024				Changes			
1Q-2Q Actual		3Q-4Q Actual		1Q-2Q Actual		3Q-4Q Forecast		1Q-2Q		3Q-4Q	
Net sales	Op. income	Net sales	Op. income	Net sales	Op. income	Net sales	Op. income	Net sales	Op. income	Net sales	Op. income
116.5	8.9	113.2	8.6	116.9	9.6	118.1	8.7	+0.4	+0.7	+4.9	+0.1

* 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.

Professional

- ✓ Net sales are expected to rise in all sub-segments, and net sales in the segment are forecast to increase.
- ✓ Operating income is expected to increase, reflecting a rise in gross profit due to higher sales.

FY2023				FY2024				Changes			
1Q-2Q Actual		3Q-4Q Actual		1Q-2Q Actual		3Q-4Q Forecast		1Q-2Q		3Q-4Q	
Net sales	Op. income	Net sales	Op. income	Net sales	Op. income	Net sales	Op. income	Net sales	Op. income	Net sales	Op. income
22.0	2.9	18.3	0.8	24.9	3.2	19.1	0.9	+2.9	+0.3	+0.9	+0.2

【Supplementary Material】 Outline of Main Products Sales

Supplementary Material for 2024 2Q

Canon Marketing Japan Inc.

Canon Products, Other
Non-consolidated
Y/Y

		FY2023 vs FY2022					FY2024 vs FY2023			Previous Forecasts
		1Q Results	2Q Results	3Q Results	4Q Results	Full Year Results	1Q Results	2Q Results	Full Year Forecasts	Full Year Forecasts
DILC*	Unit	+29%	+29%	-15%	-2%	+8%	-31%	-14%	+1%	+1%
Inkjet Printer (IJP)	Unit	-35%	-12%	-13%	-13%	-19%	-8%	-4%	-5%	-5%
IJP Cartridge	Amount	-6%	-3%	-2%	-7%	-5%	-9%	-6%	-7%	-7%

* Digital Interchangeable Lens Camera

		FY2023 vs FY2022					FY2024 vs FY2023			Previous Forecasts
		1Q Results	2Q Results	3Q Results	4Q Results	Full Year Results	1Q Results	2Q Results	Full Year Forecasts	Full Year Forecasts
MFP including Rental Machine	Unit	+31%	+6%	-12%	-12%	+2%	-3%	-1%	+8%	+8%
Service & Support	Amount	+1%	-1%	-2%	-1%	-1%	-2%	-1%	-1%	-1%
Laser Beam Printer (LBP)	Unit	+2%	-16%	-8%	-2%	-6%	-2%	-2%	+2%	+2%
LBP Cartridge	Amount	+1%	-1%	+9%	+6%	+4%	-3%	+6%	-2%	-2%

Consolidated

Commercial Printing**	Amount	-5%	+12%	-1%	+5%	+2%	+8%	-2%	+6%	+6%
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** 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

		FY2023 vs FY2022					FY2024 vs FY2023			Previous Forecasts
		1Q Results	2Q Results	3Q Results	4Q Results	Full Year Results	1Q Results	2Q Results	Full Year Forecasts	Full Year Forecasts
SI Services	Amount	+12%	+21%	+29%	+20%	+20%	+18%	+1%	+10%	+10%
Maintenance and operation service/outsourcing	Amount	+12%	+4%	+4%	+15%	+9%	+22%	+58%	+44%	+44%
IT products and system sales	Amount	+9%	+10%	+5%	-0%	+6%	-2%	+21%	+7%	+2%

Network Camera	Amount	+11%	+11%	+23%	+3%	+11%	+6%	+1%	+34%	+34%
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*Starting 2023 business categories for certain products are reclassified, and comparisons between 2023 projections and 2022 results have been made based on reclassified segments.

Professional Segment

Consolidated

[Amount] Y/Y

		FY2023 vs FY2022					FY2024 vs FY2023			Previous Forecasts
		1Q Results	2Q Results	3Q Results	4Q Results	Full Year Results	1Q Results	2Q Results	Full Year Forecasts	Full Year Forecasts
Production Printing	Amount	-13%	+10%	-13%	+8%	-2%	+8%	-7%	+7%	+7%
Industrial Equipment	Amount	-16%	-49%	-45%	+5%	-30%	-6%	+51%	+10%	+10%
Healthcare Business	Amount	+11%	+139%	+101%	+34%	+57%	+64%	-25%	+10%	+10%

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.

Please see the **Supplementary Material for FY2024 2Q** on our website.

• URL

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

Tender Offer for Own Shares

We resolved to acquire our own shares at the Board of Directors meeting held today.

Outline of the Purchase

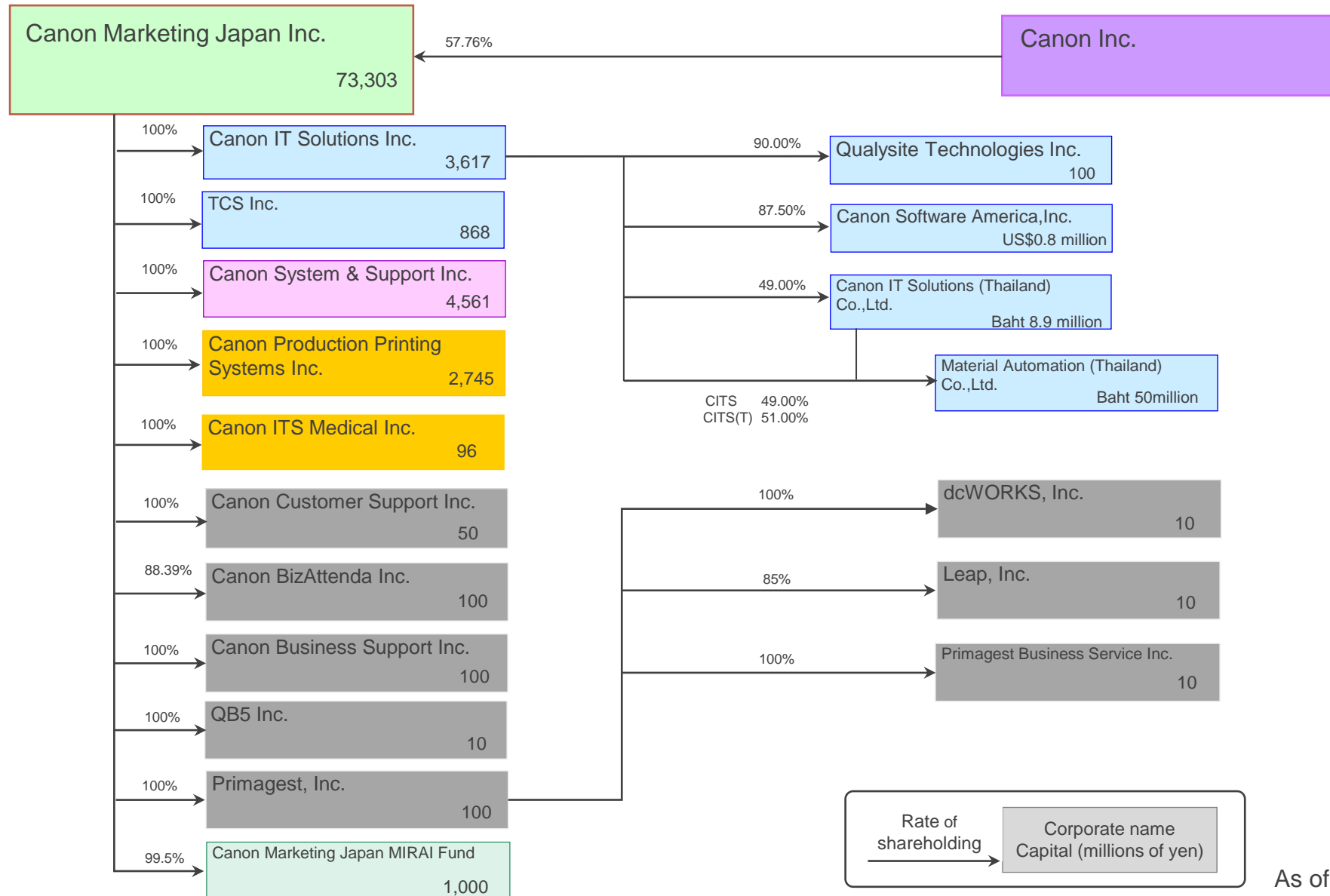
- Total number of shares : 22,000,000 shares
(16.78% of total number of issued shares)
- Total acquisition price : approximately 90 billion yen
- Period of Tender Offer : From July 25, 2024 to August 22, 2024
(20 business days)
- Price of the purchase : 4,091 yen per share of common stock
- We entered into a tender offer agreement with Canon Inc. in which Canon Inc. agreed to tender in the Tender Offer 20,000,000 shares of our common stock held by Canon Inc.
- We plan to cancel, by the end of September 2024, the Tendering Shares (20,000,000 shares) out of its own shares acquired through the Tender Offer.

Canon

Canon Marketing Japan Group

Supplementary Information

Capital Relationship Diagram



As of June 30, 2024

SG&A Expenses

2Q 2024 Actual
(from April 1 to June 30)

Canon
Canon Marketing Japan Group

(Billions of yen)

	2Q FY2023	2Q FY2024	Changes
Advertising expenses	1.1	0.9	-0.2
Promotion expenses	0.7	0.8	+0.1
Warranty expenses	0.7	0.7	-0.1
Other direct selling expenses	4.4	4.7	+0.3
Personnel expenses	23.3	23.3	-0.0
Office expenses	2.1	2.0	-0.1
IT expenses	2.3	2.7	+0.4
Amortization of goodwill, etc.	0.0	0.9	+0.9
Other selling expenses	3.3	3.9	+0.6
Total	38.0	39.9	+1.9

SG&A Expenses

1Q-2Q 2024 Actual
(from January 1 to June 30)

Canon
Canon Marketing Japan Group

(Billions of yen)

	1Q-2Q FY2023	1Q-2Q FY2024	Changes
Advertising expenses	2.1	1.9	-0.2
Promotion expenses	1.5	1.4	-0.1
Warranty expenses	1.5	1.4	-0.1
Other direct selling expenses	8.7	9.0	+0.3
Personnel expenses	46.0	45.6	-0.4
Office expenses	4.1	3.9	-0.1
IT expenses	4.5	5.5	+0.9
Amortization of goodwill, etc.	0.1	1.1	+1.0
Other selling expenses	6.4	7.6	+1.2
Total	74.9	77.4	+2.5

Non-operating Income and Expenses

Canon

Canon Marketing Japan Group

(Billions of yen)

	2Q FY2023	2Q FY2024	Changes	1Q-2Q FY2023	1Q-2Q FY2024	Changes
Interest income	0.1	0.1	+0.0	0.2	0.2	+0.0
Dividend income	0.1	0.1	+0.0	0.1	0.2	+0.0
Insurance income	0.4	0.4	+0.0	0.5	0.4	-0.0
Foreign exchange gains	-0.0	0.1	+0.1	-	0.2	+0.2
Gain on investments in partnership	-	0.0	+0.0	-	0.0	+0.0
Other, net	0.1	0.1	+0.0	0.1	0.1	+0.0
Total non-operating income	0.7	0.9	+0.2	0.9	1.2	+0.3
Interest expense	0.0	0.0	+0.0	0.0	0.0	+0.0
Investment partnership management expenses	-	0.1	+0.1	-	0.1	+0.1
Foreign exchange losses	0.0	-	-0.0	0.0	-	-0.0
Loss on investments in partnership	-0.0	-0.0	-0.0	0.0	-	-0.0
Other, net	0.0	0.0	+0.0	0.1	0.1	+0.0
Total non-operating expenses	0.1	0.1	+0.0	0.1	0.2	+0.1

Extraordinary Income and Losses

(Billions of yen)

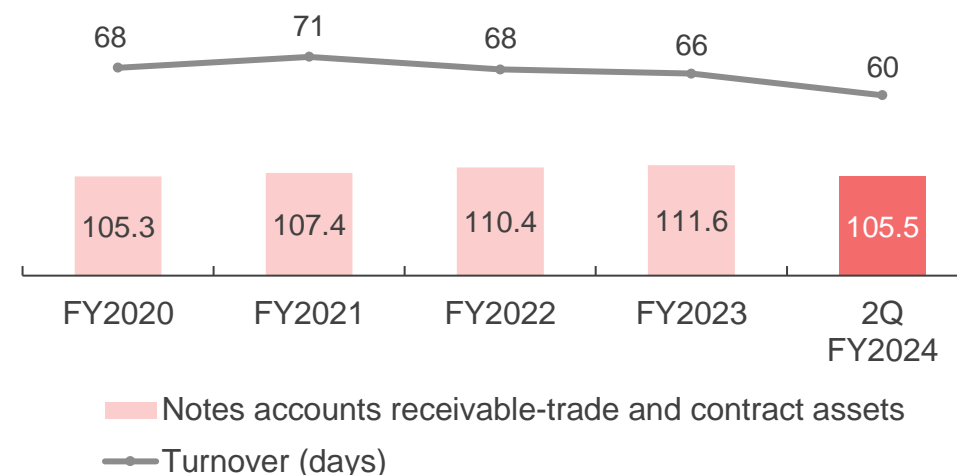
	2Q FY2023	2Q FY2024	Changes	1Q-2Q FY2023	1Q-2Q FY2024	Changes
Gain on sales of long-lived assets	0.0	0.0	-0.0	0.0	0.0	-0.0
Gain on sales of shares of subsidiaries and associates	-	2.9	+2.9	-	2.9	+2.9
Gain on sales of investments in securities	0.1	-	-0.1	0.1	-	-0.1
Other, net	-	0.0	+0.0	-	0.0	+0.0
Total extraordinary income	0.1	2.9	+2.9	0.1	2.9	+2.9
Loss on sales and disposal of long-lived assets	0.3	0.1	-0.3	0.4	0.1	-0.3
Loss on sales of shares of subsidiaries and associates	-	-	-	0.2	-	-0.2
Other, net	0.0	-0.0	-0.0	0.0	0.0	-0.0
Total extraordinary losses	0.3	0.1	-0.3	0.5	0.1	-0.4

Quarterly Balance Sheets

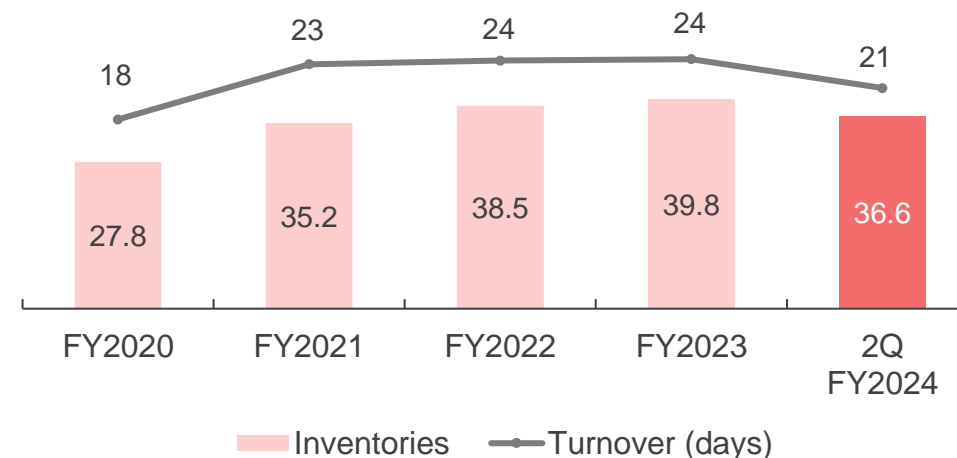
(Billions of yen)

	Dec. 31 2023	Jun. 30 2024	Changes
Assets	557.4	575.8	+18.5
Current assets	418.6	400.2	-18.5
Cash and deposits	89.7	116.8	+27.1
Notes accounts receivable- trade and contract assets	111.6	105.5	-6.2
Inventories	39.8	36.6	-3.2
Other current assets	177.4	141.2	-36.2
Non-current assets	138.8	175.7	+36.9
Property, plant and equipment	85.0	87.3	+2.3
Intangible assets	14.2	49.5	+35.4
Investment and other assets	39.5	38.8	-0.7
Liabilities	121.9	128.9	+7.1
Current liabilities	110.6	115.4	+4.8
Notes and accounts payable-trade	45.6	44.8	-0.7
Other current liabilities	65.0	70.6	+5.5
Long-term liabilities	11.3	13.5	+2.3
Equity	435.5	446.9	+11.4
Shareholders' equity	410.8	421.9	+11.1
(Treasury stock)	-2.1	-2.1	+0.0
Total accumulated other comprehensive income(loss)	23.9	24.2	+0.3
Stock acquisition rights	0.1	0.1	+0.0
Non-controlling interests	0.7	0.8	+0.1
Equity ratio	78%	77%	-1%

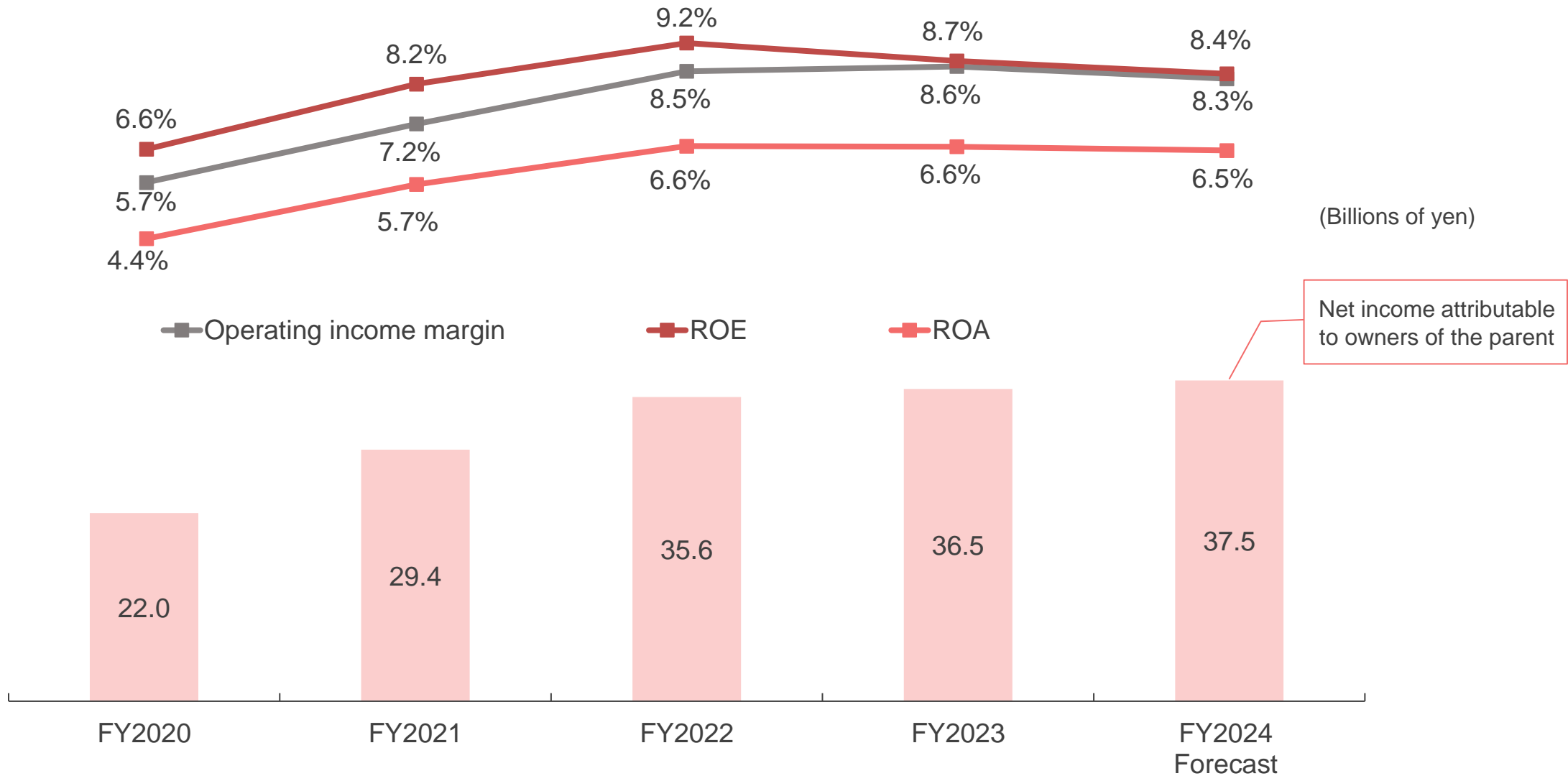
Notes accounts receivable-trade and contract assets



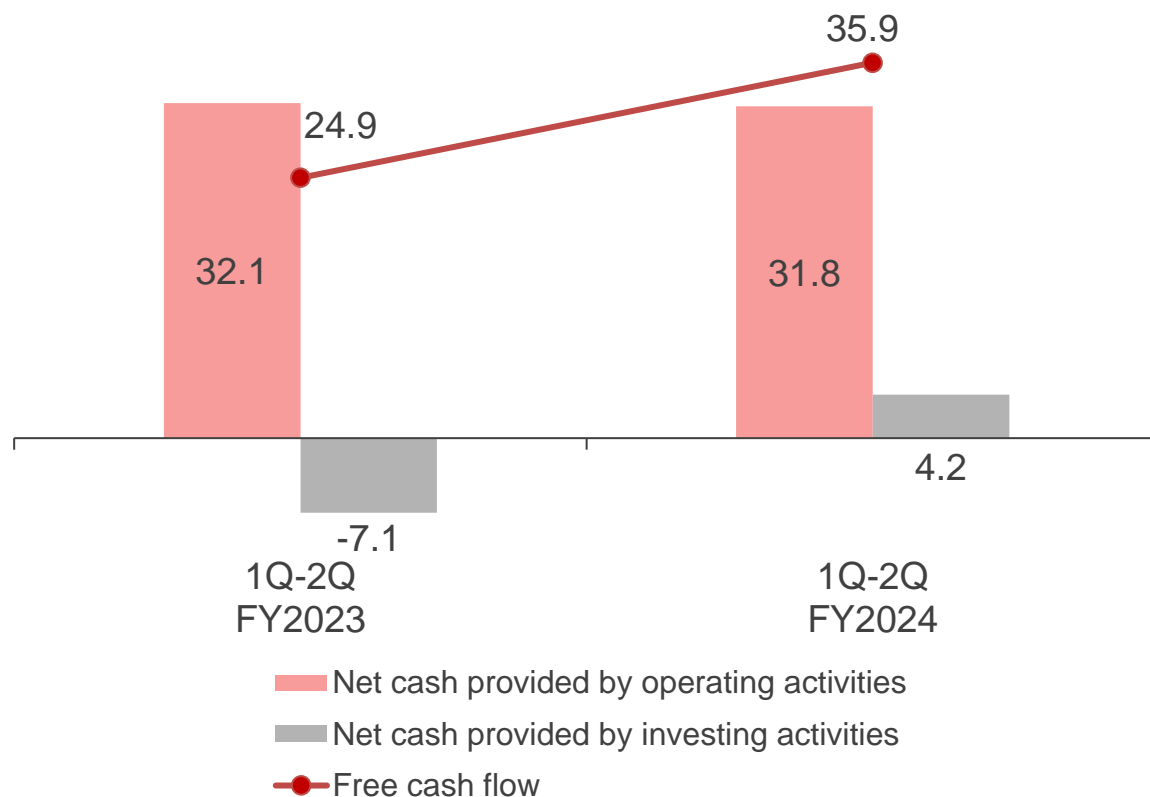
Inventories



Financial Indicator



■ Cash Flow



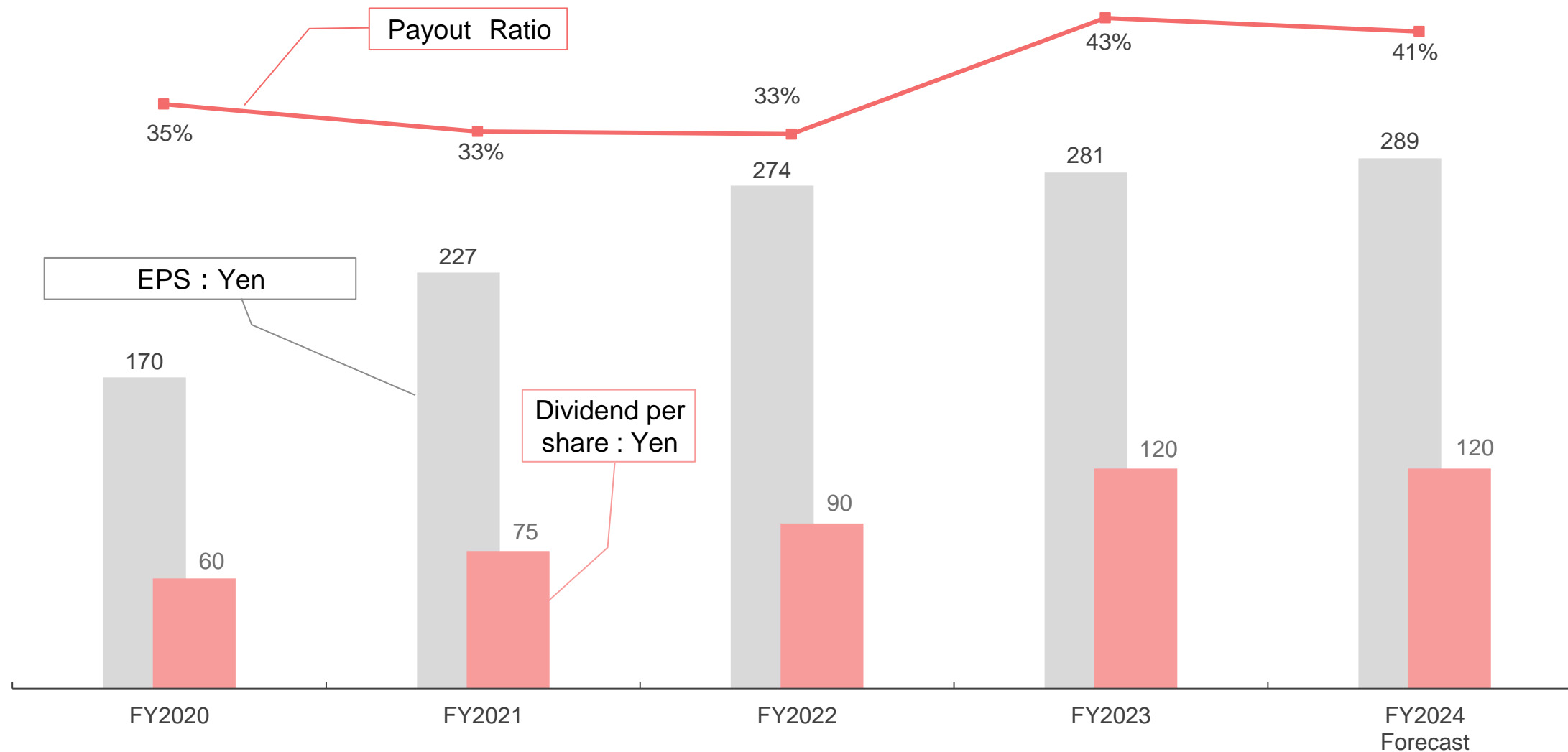
■ Capital Investment

	1Q-2Q Actual	3Q-4Q Forecast	Full year
FY2023 Actual	4.9	4.5	9.4
FY2024 Forecast	5.9	7.9	13.9


■ Depreciation and amortization

	1Q-2Q Actual	3Q-4Q Forecast	Full year
FY2023 Actual	4.8	4.9	9.7
FY2024 Forecast	5.0	5.2	10.2

Financial Indicator




Sales Breakdown by Segment (FY2023)

4	Professional	
Net sales	Operating income	
40.2	3.6 (9.0%)	

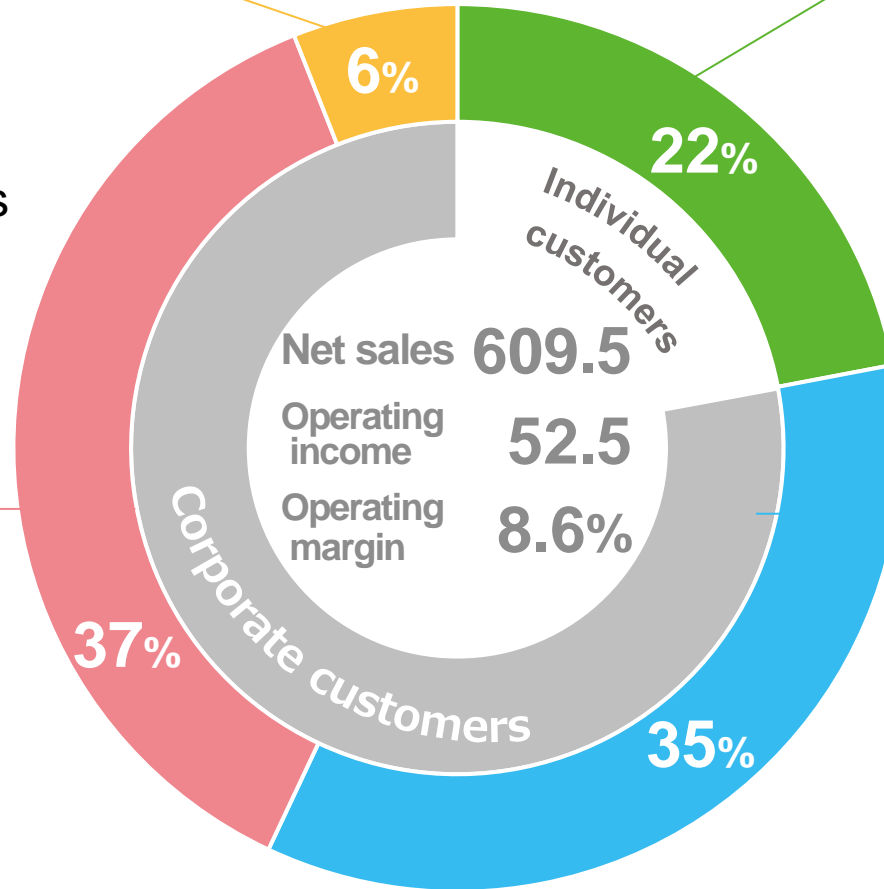
Customers in specialized areas


- Production printing
- Industrial equipment
- Healthcare

3	Area	
Net sales	Operating income	
229.7	17.5 (7.6%)	


SMEs nationwide

SME: Small and Medium Enterprise



1	Consumers	
Net sales	Operating income	
138.9	14.1 (10.2%)	

Individual customers

2	Enterprise	
Net sales	Operating income	
220.3	19.7 (8.9%)	

Large, quasi-major and upper medium-sized enterprises

* Starting from FY2024, the Company transferred a part of the sales channel organization in the "Area" segment, to the "Consumer" segments.

As a result, the FY2023 financial results have been reclassified between the two segments.

* The sales shares of individual segments are calculated on their respective simple total sales.

* In addition to what is mentioned above, net sales of -19.7 billion yen and operating income of -2.4 billion yen are posted for the other segment, which are elimination of inter-segment transactions, shared service business and corporate expenses that do not belong to any segment.

Business Summary by Segment

1 Consumers

This segment sells imaging products, including cameras which are the business Canon has been operating since its foundation, inkjet printers and other Canon products as well as non-Canon-branded products to **corporate and individual customers through retail stores and online shops, etc.**

Camera business



Inkjet printer business



Hobbies, photos and
Working from home

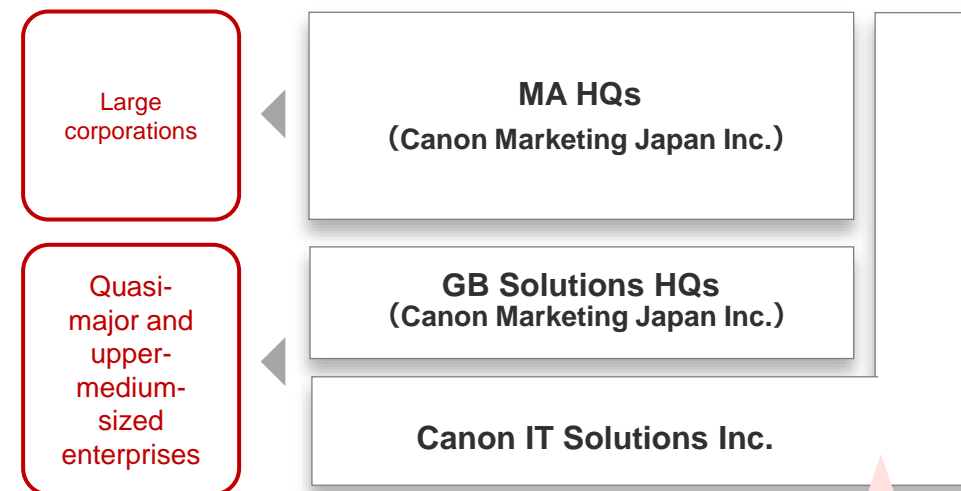
IT products business



High-performance PCs
(used for e-sports, etc.)

2 Enterprise

For large, quasi-large and medium companies, this segment **directly provides** Canon products and IT Solutions to resolve management issues that vary depending on the industry and business type. MA HQs is in charge of large companies and GB Solutions HQs is in charge of quasi-large and medium companies. Canon IT Solutions Inc. is in charge of both.



2003

Sumitomo Metal System Solutions Co., Ltd. is reorganized into a subsidiary.

2007

ARGO 21 Corp. is reorganized into a subsidiary.

2008

Both Integrated into Canon IT Solutions Inc.



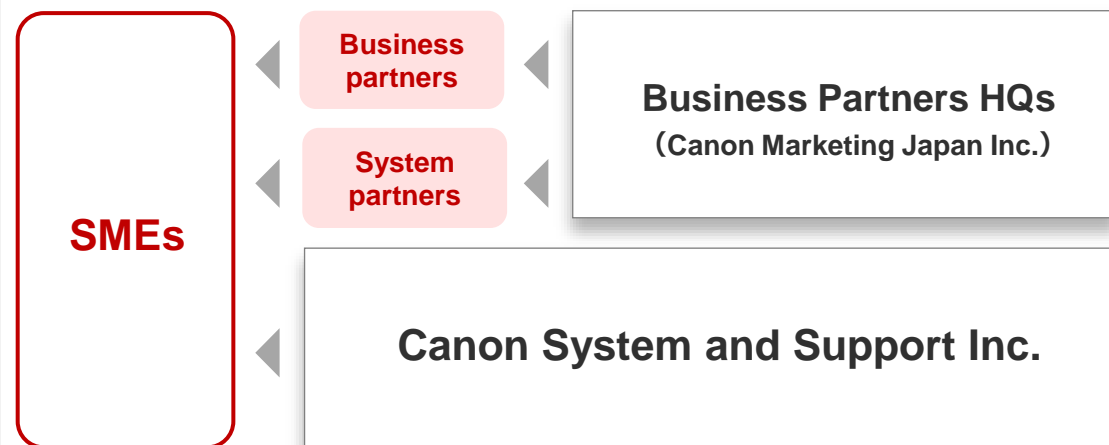
Strong in financial and
manufacturing sectors

Data Center Business

Business Summary by Segment

3 Area

Harnessing diverse channels consisting of **indirect sales** by business partners and system partners, and **direct sales** by Canon System and Support Inc, this segment offers Canon products and IT solutions to **SMEs** all over Japan.



- 1980** Copier Sales Co., Inc. is established.
- 2000** The company name is changed to Canon System and Support Inc.
- 2002** The company becomes a wholly owned subsidiary of Canon Marketing Japan Inc., former name of which was Canon Sales Co., Inc.

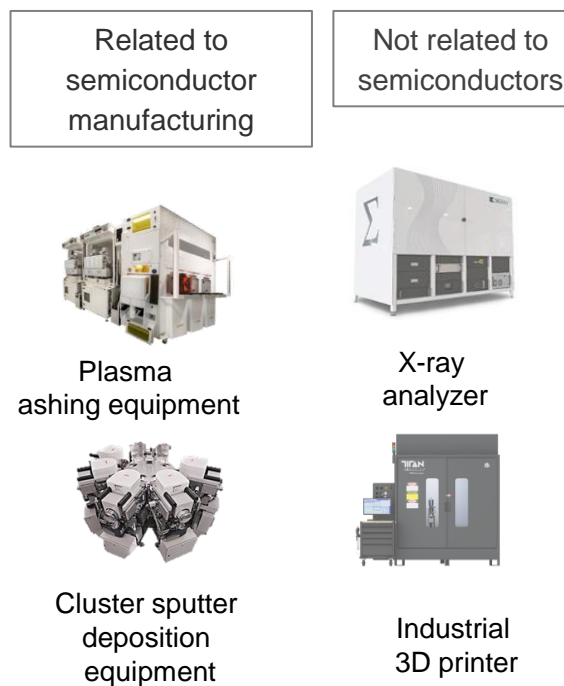
Build relationships with customers through the direct sales channels

Concentrate mainly on the introduction, operations and maintenance of IT infrastructure

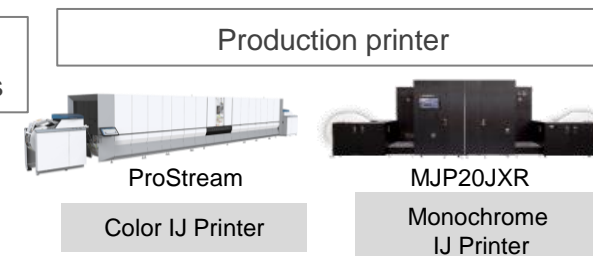
4 Professional

This segment offers solutions to **customers in the specialized areas** like Production printing, Industrial equipment and Healthcare.

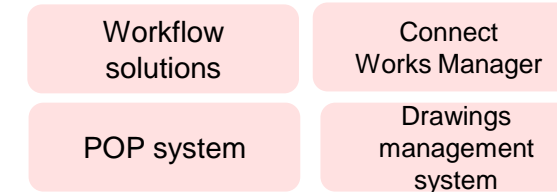
Industrial equipment



Production printing



Software services



Healthcare



* We import industrial equipment from abroad and sell localized equipment in the Japanese market. We are also in charge of installation and maintenance support.



Enterprise and Area Segments

Both Enterprise and Area segments are providing Canon products and IT Solutions, but their customers are different.



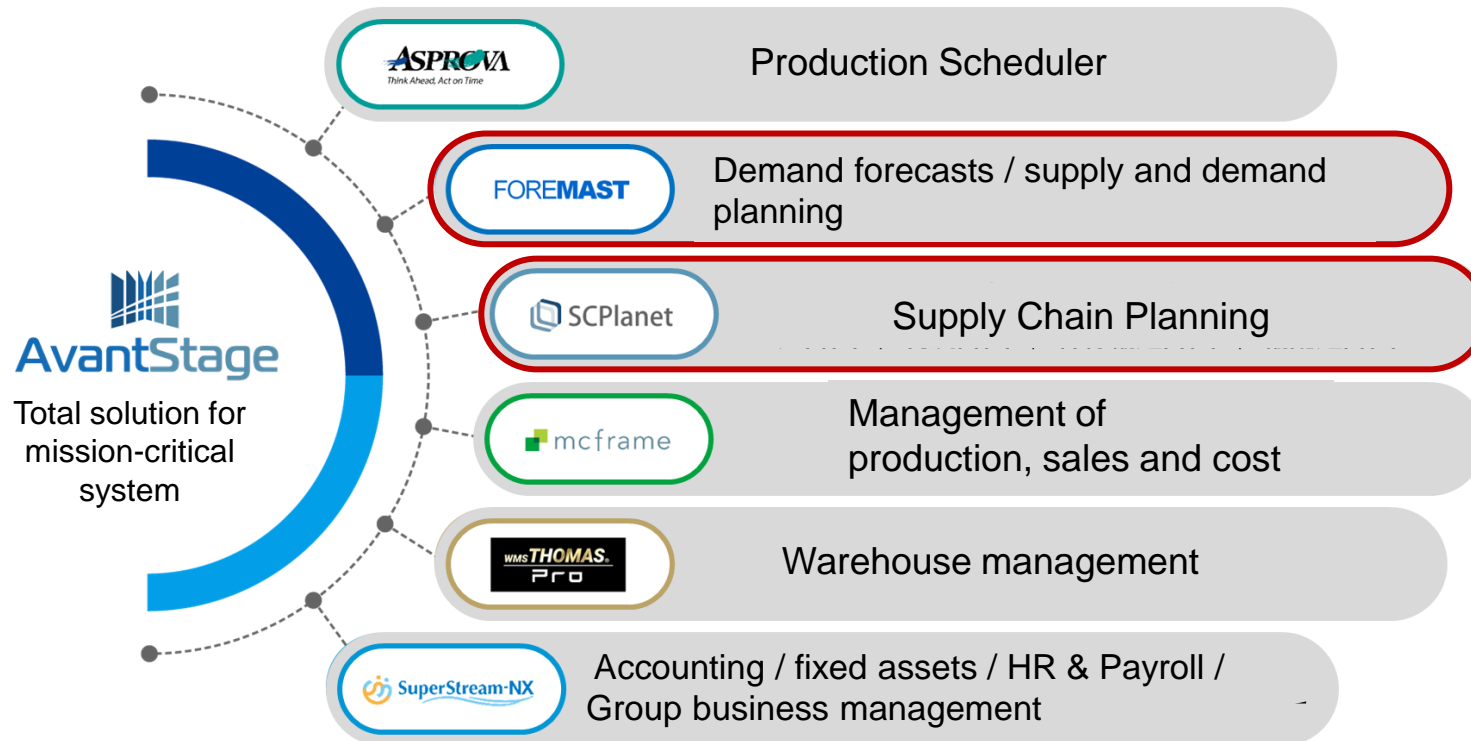
Mission-critical Total Solution System for Manufacturing Industry

Issue

Logistic issues in 2024
Reduction of food waste



Provide SCM/ERP total solution
utilizing mathematical technologies



Customers

- Ajinomoto Co., Inc.
- ALBION Co., Ltd
- ELECOM CO.,LTD.
- Sapporo Holdings Limited
- Maruha Nichiro Corporation
- Mitsubishi Chemical Corporation

※ We propose the most suitable solution for individual customer from the total solutions.

For details ▶

<https://www.canon-its.co.jp/solution/erp/>
<https://www.canon-its.co.jp/solution/scm/>

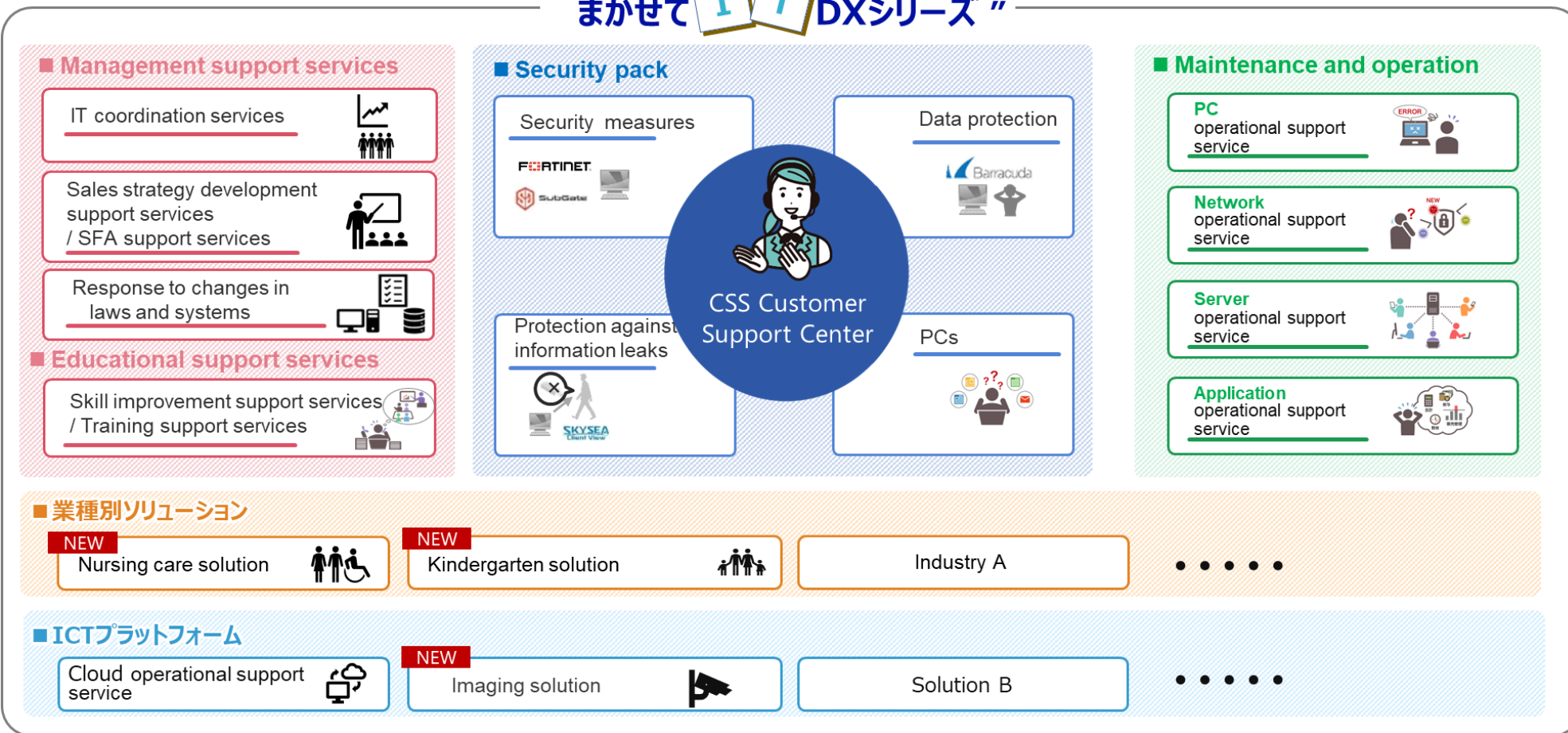
Issue

Shortage of IT professionals



Total support for selection, introduction, operation, maintenance and education of IT solutions

まかせて **IT DX**シリーズ”



Outsiders' Assessments and Inclusion in Indices

ESG Indexes

Selected as a constituent of the FTSE4Good Index



FTSE4Good

Selected as a constituent of the FTSE Blossom Japan Index



FTSE Blossom Japan

Selected as a constituent of the FTSE Blossom Japan Sector Relative Index



FTSE Blossom Japan Sector Relative Index

Selected as a constituent of the MSCI Japan ESG Select Leaders Index

2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

Selected as a constituent of the S&P/JPX Carbon Efficient Index



Awarded Gold Class in the Sustaina ESG Awards 2023



Selected as a constituent of the Morningstar Japan Equity Gender Diversity Tilt Index(GE Group 3)

Selected as a constituent of the Sompo Sustainability Index 2024



Sompo Sustainability Index

Selected as an excellent company in the Gomez ESG Site Ranking



Human Capital

Eruboshi certification (two stars)



Ministry of Health, Labour and Welfare

KENKO Investment for Health Stock Selection



Ministry of Economy, Trade and Industry and Tokyo Stock Exchange

Platinum Kurumin certification



Ministry of Health, Labour and Welfare

Earning 4.5-star rating in the 7th Nikkei Smart Work Management Survey



Selected as a constituent of JPX Nikkei Index 400



Awarded an excellent company prize and a prize of excellent in the IFSJ Innovation Award with the DX Test™ series



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