

# FY2024 3Q Consolidated Results

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**Canon**  
Canon Marketing Japan Group

\* 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.

Hello, everyone. I am Hatsumi Hirukawa.

Thank you very much for joining us today, despite your busy schedules.

# Agenda

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Now we will explain the results for the third quarter of FY2024 and the forecasts.

We will proceed with the briefing based on this agenda.

## Summary of 3Q of FY2024 Financial Results

- Net sales rose and income declined year on year.
- The IT solutions business continued to grow at a high rate. Sales rose 18% year on year.
- Progress was made as projected in the achievement of net sales and operating income.

## 2024 Financial Forecasts

- The forecast of net income attributable to owners of the parent was revised up, primarily reflecting the posting of extraordinary income associated with the transfer of shares in A&A Co., Ltd.
- The Group expects that net sales of 650.0 billion yen (revised up in July) and operating income of 54.0 billion yen will be achieved.

## Topics

- Annual dividend forecast was increased to 130 yen (payout ratio of 41%)
- Goodwill and customer-related intangible assets of Primagest, Inc. were fixed.

On the third page, I will review the key points of the third quarter results.

In the third quarter sales increased and income declined year on year.

IT solutions continued its strong performance, managing to realize its high growth rate with an increase of 18% year on year.

Another point with regard to sales and operating income is that some projects were pushed back to the fourth quarter or beyond, but we have made progress largely in line with forecasts.

For the full-year forecast, we have revised the forecast for net income attributable to owners of the parent upward by ¥1.5 billion, reflecting the posting of extraordinary income associated with the transfer of shares in A&A Co., Ltd. (hereafter, A&A), among other factors.

The projected sales of ¥650 billion, which was revised up in July, and operating income of ¥54 billion both remain unchanged from the previous announcement.

This year, we have decided to increase our forecast annual dividend to ¥130 per share.

Goodwill and customer-related assets of Primagest, Inc., which was acquired in March, were fixed. Regarding this matter, Tsuyoshi Osato will be briefing you at the end.

## Summary of Results

3Q 2024 Actual  
(from July 1 to September 30)

**Canon**  
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(Billions of yen)	3Q FY2023	3Q FY2024	Changes	
			Amount	%
<b>Net Sales</b>	141.8	<b>154.3</b>	+12.5	+9%
<b>Gross Profit</b>	(33.8%) 48.0	(32.2%) <b>49.7</b>	(-1.6%) +1.7	+4%
<b>Operating income</b>	(7.5%) 10.6	(6.6%) <b>10.3</b>	(-0.8%) -0.3	-3%
<b>Ordinary income</b>	(7.5%) 10.7	(6.7%) <b>10.3</b>	(-0.9%) -0.4	-4%
<b>Net income attributable to owners of the parent</b>	(5.1%) 7.2	(4.4%) <b>6.8</b>	(-0.6%) -0.4	-5%

The fourth page shows a summary of the results for the third quarter.

Net sales showed continued strength in the IT solutions business, with the inclusion of sales from TCS Inc. and Primagest, Inc. which joined the group in October last year and March this year, respectively.

This combined with increased sales of digital interchangeable lens cameras and other factors to propel sales to ¥154.3 billion, a 9% year-on-year increase.

Operating income declined ¥0.3 billion year on year, to ¥10.3 billion, reflecting a decrease in gross profit ratio and swelling Selling, general and administrative (SG&A) expenses.

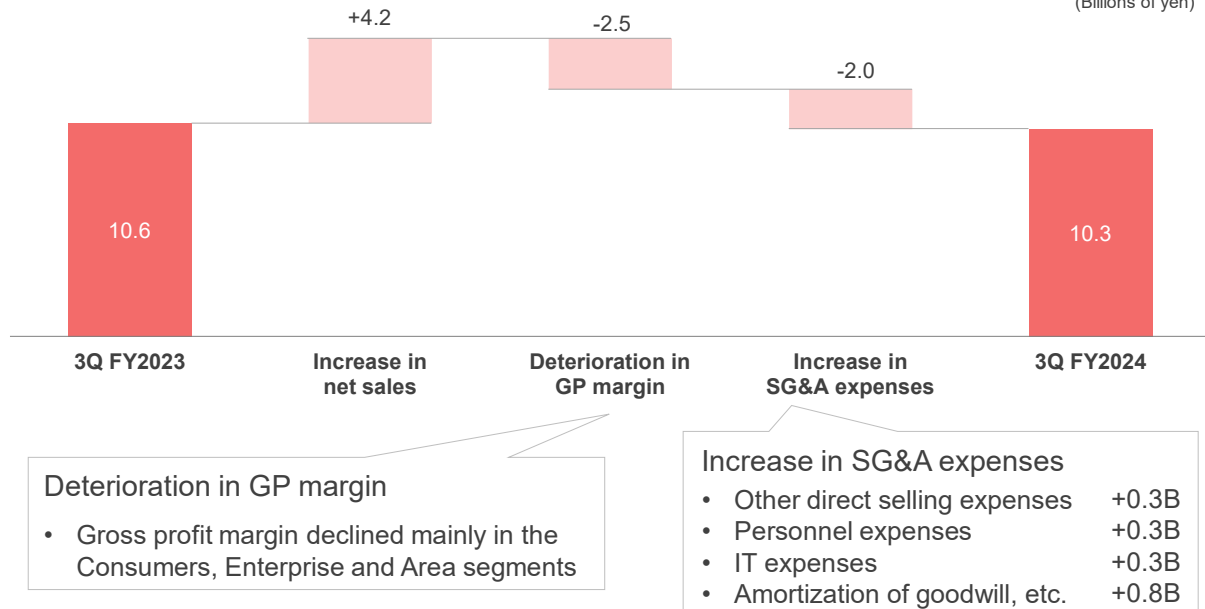
Net income attributable to owners of the parent decreased ¥0.4 billion to ¥6.8 billion.

# Operating Income Variance Analysis

3Q 2024 Actual  
(from July 1 to September 30)

**Canon**  
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(Billions of yen)



The fifth page shows an analysis of operating income for the third quarter.

Due to the rise in net sales, gross profit increased by ¥4.2 billion.

Gross profit margin declined by ¥2.5 billion, mainly as a result of increases in PC sales in the Enterprise and Area segments.

Although gross profit margin temporarily worsened due to PC sales, we expect profit margin to improve in the mid- to long-term due to sales of high-added value maintenance and operating services as well as security packages sold alongside PCs.

SG&A expenses increased ¥2.0 billion, due mainly to a rise in goodwill and other amortization and a surge in IT expenses associated with the renovation of mission-critical systems and other factors.

For details about SG&A expenses for the third quarter, please see page 28.

# Results by Segment

3Q 2024 Actual  
(from July 1 to September 30)

**Canon**  
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(Billions of yen)	3Q FY2023		3Q FY2024		Changes	
	Net sales	Op. income	Net sales	Op. income	Net sales	Op. income
<b>Consumers</b>	30.7	2.3	<b>34.2</b>	<b>2.9</b>	+3.5	+0.5
<b>Enterprise</b>	52.7	4.5	<b>57.1</b>	<b>4.2</b>	+4.4	-0.3
<b>Area</b>	55.3	4.0	<b>55.5</b>	<b>3.5</b>	+0.2	-0.5
<b>Professional</b>	8.5	0.5	<b>8.9</b>	<b>0.8</b>	+0.4	+0.2
<b>Other</b>	-5.5	-0.8	<b>-1.5</b>	<b>-1.0</b>	+4.0	-0.3
<b>Total</b>	141.8	10.6	<b>154.3</b>	<b>10.3</b>	+12.5	-0.3

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

\* Primagest Inc. and its three subsidiaries, the Company's consolidated subsidiaries, are included in "Other".

\* 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

The sixth page shows the summary of the results for the third quarter by segment.

Net sales grew in all segments.

The figure in the Other segment also rose after net sales of Primagest, Inc., which joined the Group in March 2024, were taken into account.

Operating income decreased in the Enterprise and Area segments, while it rose in the Consumers and Professional segments.

Later, I will explain the details of the financial results by segment.

# Summary of Results

1Q-3Q 2024 Actual  
(from January 1 to September 30)

**Canon**  
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✓ Net income attributable to owners of the parent surpassed previous 1Q-3Q record highs.

(Billions of yen)	1Q-3Q FY2023	1Q-3Q FY2024	Changes	
			Amount	%
<b>Net Sales</b>	444.6	<b>473.2</b>	+28.6	+6%
<b>Gross Profit</b>	(33.7%) 150.0	(32.4%) <b>153.1</b>	(-1.4%) +3.1	+2%
<b>Operating income</b>	(8.5%) 37.7	(7.7%) <b>36.3</b>	(-0.8%) -1.4	-4%
<b>Ordinary income</b>	(8.7%) 38.5	(7.9%) <b>37.3</b>	(-0.8%) -1.3	-3%
<b>Net income attributable to owners of the parent</b>	(5.8%) 25.9	(5.7%) <b>27.0</b>	(-0.1%) +1.1	+4%

On the seventh and subsequent pages show year-to-date financial results.

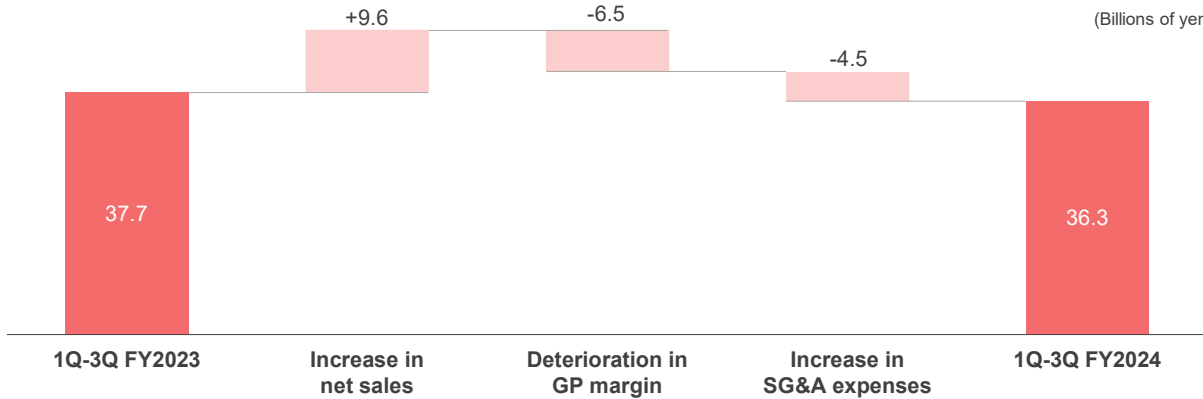
For the first nine months of 2024, net sales grew, reflecting strong sales of IT solutions. Meanwhile, operating income fell due to a slide in the gross margin and a surge in SG&A expenses.

Net income attributable to owners of the parent increased after the posting of extraordinary income associated with the transfer of A&A shares and reached record highs for the first nine months of the year.

# Operating Income Variance Analysis

1Q-3Q 2024 Actual  
(from January 1 to September 30) **Canon**  
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(Billions of yen)



## Deterioration in GP margin

- Gross profit margin declined in all segments.

## Increase in SG&A expenses

- IT expenses +1.3B
- Amortization of goodwill, etc. +1.8B
- Other selling expenses +1.2B

The eighth page shows an analysis of operating income for the first nine months of the year.

Due to the rise in net sales, gross profit increased by ¥9.6 billion.

Gross profit margin has deteriorated. This mainly reflects a reactionary fall following the effect of a new product release in the Consumers segment in the first half of the previous year, and increased PC sales in the Enterprise segment.

SG&A expenses increased ¥4.5 billion. This reflects a rise in goodwill and other amortization, soaring IT expenses chiefly for the renovation of mission-critical systems, and a surge in other selling expenses and others associated with Primagest's participation in the Group.

For details of the first nine months SG&A expenses, please refer to page 29.



## Results by Segment

1Q-3Q 2024 Actual  
(from January 1 to September 30)

**Canon**  
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(Billions of yen)	1Q-3Q FY2023		1Q-3Q FY2024		Changes	
	Net sales	Op. income	Net sales	Op. income	Net sales	Op. income
<b>Consumers</b>	97.0	8.9	<b>98.3</b>	<b>8.0</b>	+1.3	-0.8
<b>Enterprise</b>	160.2	14.4	<b>176.7</b>	<b>14.2</b>	+16.4	-0.2
<b>Area</b>	171.8	12.9	<b>172.4</b>	<b>13.1</b>	+0.6	+0.2
<b>Professional</b>	30.5	3.4	<b>33.8</b>	<b>4.0</b>	+3.3	+0.6
<b>Other</b>	-14.9	-1.9	<b>-8.0</b>	<b>-3.0</b>	+6.9	-1.1
<b>Total</b>	444.6	37.7	<b>473.2</b>	<b>36.3</b>	+28.6	-1.4

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

\* Primagest Inc. and its three subsidiaries, the Company's consolidated subsidiaries, are included in "Other".

\* 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

The nine page shows the summary of the results for the first nine months by segment.

Net sales grew in all segments.

Operating income decreased in the Consumers and Enterprise segments, while it rose in the Area and Professional segments.

# Segment Results Consumers Segment

- ✓ Net sales grew after a rise in sales of digital interchangeable lens cameras, IT products and other factors.
- ✓ Operating income increased, reflecting a rise in gross profit due to higher sales.

(Billions of yen)

	3Q			1Q-3Q		
	FY2023	FY2024	Changes	FY2023	FY2024	Changes
Net Sales	30.7	34.2	+11%	97.0	98.3	+1%
Op. income	2.3	2.9	+23%	8.9	8.0	-10%
margin	7.6%	8.4%	+0.8%	9.2%	8.2%	-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.

## ■ Consumer Products, Y/Y Non-consolidated

		1Q	2Q	3Q
Digital Interchangeable Lens Camera	Unit	-31%	-14%	+4%
Inkjet Printer (IJP)	Unit	-8%	-4%	+2%
IJP Cartridge	Amount	-9%	-6%	-7%

On the tenth and subsequent pages, I will explain results by segment.

First, we are looking at the Consumers segment.

Sales in the third quarter were ¥34.2 billion, an 11% year-on-year increase driven by strong performance in digital interchangeable lens cameras and IT products.

Operating income recorded a ¥0.5 billion year-on-year jump to ¥2.9 billion, benefiting from higher gross profit due to increased sales.

### (Digital interchangeable lens cameras)

Looking at digital interchangeable lens cameras, the number of units sold was up 4% year on year due to increased sales in the EOS R series including the EOS R5 Mark II that went on sale in August.

Sales of interchangeable lenses also rose sharply, driven by purchases of replacements for RF mount models amid the quick shift to the EOS R series.

### (Inkjet printers)

Looking at inkjet printers, while the market's contractionary trend is ongoing, unit sales were up 2% from the same time last year due to new models being released a month earlier than previously.

Sales of ink cartridges decreased, mainly reflecting a decline in printing volume.

### (IT products)

Sales of IT products increased significantly, mainly reflecting continued growth in sales of high-performance PCs and PC accessories.

## Segment Results

## Enterprise Segment

- ✓ Net sales were up, reflecting the brisk performance of IT solutions despite a decrease in sales of Canon products, other.
- ✓ Operating income dropped due to an increase in SG&A expenses, more than offsetting an increase in gross profit reflecting an increase in sales.

(Billions of yen)	3Q			1Q-3Q		
	FY2023	FY2024	Changes	FY2023	FY2024	Changes
Canon products, other	14.5	14.0	-3%	43.7	43.6	-0%
IT solutions	38.2	43.1	+13%	116.5	133.1	+14%
Net sales	52.7	57.1	+8%	160.2	176.7	+10%
OP. income	4.5	4.2	-8%	14.4	14.2	-1%
margin	8.5%	7.3%	-1.2%	9.0%	8.0%	-0.9%

### [Reference] Results of main consolidated company

Canon IT Solutions Inc.

	3Q			1Q-3Q		
	FY2023	FY2024	Changes %	FY2023	FY2024	Changes %
Net sales	31.8	33.2	+4%	94.6	104.0	+10%
Op.income	3.6	3.3	-7%	10.4	11.0	+5%

Canon IT Solutions Inc.

Orders received and outstanding orders, YY Non-consolidated

	1Q	2Q	3Q
Orders received	+1%	+13%	+2%
Outstanding orders	-7%	-10%	-12%

3Q outstanding orders excluding the Data Center business surpassed previous quarterly record highs.

\* SuperStream Inc. was merged into Canon IT Solutions Inc. in October 2023. Accordingly, the FY2023 financial results of Canon IT Solutions Inc was revised.

On the eleventh page, I will explain the Enterprise segment.

For the third quarter, net sales increased 8% year on year to ¥57.1 billion, thanks to the solid performance of IT solutions, although sales of Canon products and other declined. Although gross profit increased due to higher net sales, operating income declined ¥300 million year on year to ¥4.2 billion, reflecting a deterioration in gross profit margin due to PC sales accounting for a higher percentage of total sales, along with higher SG&A expenses stemming from goodwill amortization connected with TCS joining the Group.

### (Canon products and other)

Among Canon products and other, the number of office multifunction printers (MFPs) sold increased significantly as we received a number of large projects. The number of Laser Beam Printer(LBP)s sold decreased after the end of major projects that were underway in the previous fiscal year. Sales of maintenance services for office MFPs fell slightly due to reduced printing volume in offices. Despite steady sales of LBP cartridges for specific industries, the decline in the volume of printing in offices drove a slight decrease in overall sales. Consequently, net sales for the entire Canon products and other decreased.

### (IT solutions)

In IT solutions, sales rose sharply by 13% year on year, benefitting from strong performance with embedded system development projects for the manufacturing industry, major PC projects for the education and financial sectors, as well as the addition of TCS to the Group.

### [Results, orders received and outstanding orders for Canon IT Solutions Inc.]

Sales at Canon IT Solutions Inc., a key affiliate, increased 4% year on year to ¥33.2 billion.

Operating income declined ¥300 million year on year to ¥3.3 billion, reflecting some unprofitable projects among those in system integration (SI) services. Note that these unprofitable projects are a result of proactively tackling projects involving a high degree of difficulty, and we will use these experiences as lessons as we strive to further improve quality going forward and leverage our accumulated expertise.

Orders received increases 2% year on year, thanks to strong SI projects for the manufacturing sector and the securing of large PC-related projects for the education sector, offsetting the ending of SI projects for the financial sector. Companies have a strong willingness to invest in IT, and we continue to field inquiries from many customers.

Outstanding orders declined 12% year on year, partly due to the switch of outstanding orders for large-scale data center projects to sales, despite dealing with major PC-related projects and achieving strong performance in SI projects for the manufacturing sector. Outstanding orders excluding those in the Data Center business were strong, rising to a new quarterly record high.

## Segment Results Area Segment

- ✓ Net sales hiked. While sales of Canon products, other dropped, those of IT solutions were buoyant.
- ✓ Operating income fell, mainly due to the deterioration in GP margin in addition to a decline in gross profit reflecting the transfer of shares in A&A Co., Ltd.

(Billions of yen)

	3Q			1Q-3Q		
	FY2023	FY2024	Changes	FY2023	FY2024	Changes
Canon products, other	38.3	37.5	-2%	118.8	116.8	-2%
IT solutions	17.0	18.0	+6%	53.0	55.6	+5%
Net sales	55.3	55.5	+0%	171.8	172.4	+0%
Op. income	4.0	3.5	-13%	12.9	13.1	+1%
margin	7.2%	6.2%	-1.0%	7.5%	7.6%	+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.

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

	3Q		Changes	1Q-3Q		Changes
	FY2023	FY2024	%	FY2023	FY2024	%
Net sales	25.9	26.6	+3%	78.3	81.1	+4%
Op.income	1.7	1.6	-5%	4.7	5.1	+9%

On the twelfth page, I will explain the Area segment.

Due to the transfer of shares in A&A that took place on May 1, 2024, there was a decrease in results corresponding to A&A's contribution.

For the third quarter, net sales increased 0.4% year on year to ¥55.5 billion, following the solid performance in IT solutions, which offset a decline in sales of Canon products and other.

Operating income decreased ¥500 million to ¥3.5 billion, in part due to a fall in gross profit because of the transfer of shares in A&A, as well as deteriorating gross profit margin due to PCs accounting for a higher percentage of sales. Despite a temporary deteriorating in gross profit margin with the increase of PC sales, in the mid- to long-term we expect profit margins to improve as high added-value maintenance, operation and security services are sold alongside PCs.

### (Canon products and other)

Regarding Canon products and other, the number of office MFPs and LBPs sold increased, reflecting customers replacing equipment after extending its usage period, and our actively pursuing proposal activities designed to improve operational efficiency. Sales of maintenance services for office MFPs fell due to reduced printing volume in offices. Net sales of LBP cartridges rose, in part from the effects of price revisions implemented in February 2023 in response to rising purchase prices. Consequently, net sales for the entire Canon products and other declined 2% year on year.

### (IT solutions)

In IT solutions, progress was made in the replacement of business PCs in connection with extended support for Windows 10 ending, while security solutions including the ESET antivirus software also performed strongly. Meanwhile at Canon System & Support Inc., the lineup for the Makasete IT DX series which provides total support for the IT environments of small and medium enterprise (SME)s was enhanced, driving strong performance. As a result of these efforts, net sales for IT solutions overall were up 6% year on year, despite a sales decrease due to the transfer of A&A shares.

### [Results for Canon System & Support Inc.]

Net sales for Canon System & Support Inc., a key affiliate, rose 3% year on year to ¥26.6 billion. Operating income declined ¥100 million to ¥1.6 billion, with higher SG&A expenses including IT costs to boost productivity overshadowing strong performance in IT solutions and increased gross profit from higher sales.

# 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)	3Q			1Q-3Q		
	FY2023	FY2024	Changes	FY2023	FY2024	Changes
Production printing	2.3	2.1	-6%	6.8	6.7	-2%
Industrial equipment	2.7	3.4	+22%	12.3	14.4	+17%
Healthcare business	3.5	3.4	-3%	11.4	12.7	+12%
Net sales	8.5	8.9	+5%	30.5	33.8	+11%
Op. income	0.5	0.8	+45%	3.4	4.0	+16%
margin	6.4%	8.9%	+2.5%	11.2%	11.7%	+0.5%

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

	3Q		Changes	1Q-3Q		Changes
	FY2023	FY2024	%	FY2023	FY2024	%
Net sales	2.1	2.0	-6%	6.4	6.3	-3%
Op. income	0.1	0.1	-8%	0.4	0.3	-21%

On the thirteenth page, I will explain the Professional segment.

Net sales for the third quarter increased 5% year on year to ¥8.9 billion, following sales growth in Industrial equipment.

Operating income recorded a ¥300 million year-on-year jump to ¥800 million, benefitting mainly from higher gross profit due to increased sales of industrial equipment.

## (Production printing)

Sales in production printing were down 6% year on year. This is due to a project for high-speed continuous feed printers that were underway at the same time the previous year having wrapped up.

## [Results at Canon Production Printing Systems Inc.]

Net sales for Canon Production Printing Systems Inc., a main affiliate, fell 6% year on year, to ¥2.0 billion. Operating income declined ¥10 million year on year to ¥0.1 billion.

## (Industrial equipment)

In Industrial equipment, the increased number of semiconductor manufacturing-related equipment and other equipment drove a 22% year-on-year increase in net sales.

## (Healthcare)

In the Healthcare business, sales declined 3% year on year, in part due to some projects for hospitals being pushed back to the fourth quarter or beyond.

# Sales of Products and Services by Segment

3Q 2024 Actual  
(from July 1 to September 30)

**Canon**  
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(Billions of yen)	Consumers		Enterprise		Area		Professional		Other		Total		Composition Ratio 3Q FY2024
	3Q FY2023	3Q FY2024	3Q FY2023	3Q FY2024	3Q FY2023	3Q FY2024	3Q FY2023	3Q FY2024	3Q FY2023	3Q FY2024	3Q FY2023	3Q FY2024	
<b>SI services</b>	-	-	18.9	18.5	3.0	2.1	3.5	3.5	-0.6	-0.5	24.8	23.6	32%
Changes		-		-2%		-29%		-1%		-		-5%	
<b>Maintenance and operation service/outsourcing</b>	-	-	10.2	13.5	2.7	2.9	0.3	0.3	-0.6	3.3	12.7	20.0	27%
Changes		-		+32%		+7%		-6%		-		+57%	
<b>IT products and system sales</b>	6.3	8.1	9.1	11.1	11.3	13.0	-	-	-1.2	-1.2	25.5	31.0	41%
Changes		+29%		+22%		+15%		-		-		+22%	
<b>IT solutions</b>	6.3	8.1	38.2	43.1	17.0	18.0	3.9	3.8	-2.4	1.6	63.0	74.6	100%
Changes		+29%		+13%		+6%		-2%		-		+18%	
<b>Canon products, other</b>	24.4	26.1	14.5	14.0	38.3	37.5	4.7	5.1	-3.1	-3.0	78.8	79.7	
Changes		+7%		-3%		-2%		+10%		-		+1%	
<b>Total</b>	30.7	34.2	52.7	57.1	55.3	55.5	8.5	8.9	-5.5	-1.5	141.8	154.3	
Changes		+11%		+8%		+0%		+5%		-		+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. Primagest Inc. and its three subsidiaries, the Company's consolidated subsidiaries, are included in "Other". 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.

The fourteenth page shows net sales for products and services by segment. Here I will explain the third quarter results for IT solutions.

In **SI services**, sales dropped 5% year on year. This was mainly due to sales falling because of the transfer of shares in A&A in the Area segment, and the wrap-up of major SI projects for the financial and manufacturing industries that had been underway in the same time the previous year in the Enterprise segment.

In **Maintenance and operation service/outsourcing**, sales jumped 57% year on year. This is mainly due to TCS joining the Group in the Enterprise segment, Primagest also joining the Group in the Other segment and the solid performance of cloud services.

In **IT products and system sales**, sales rose 22% year on year. The Consumers segment saw a rise in sales of high performance PCs and PC peripherals. In the Enterprise segment and in the Area segment, PC sales rose sharply.

As a result, net sales for the whole Group IT solutions increased 18% year on year.

# Sales of Products and Services by Segment

1Q-3Q 2024 Actual

(from January 1 to September 30)

**Canon**

Canon Marketing Japan Group

(Billions of yen)	Consumers		Enterprise		Area		Professional		Other		Total		Composition Ratio 1Q-3Q FY2024
	1Q-3Q FY2023	1Q-3Q FY2024	1Q-3Q FY2023	1Q-3Q FY2024	1Q-3Q FY2023	1Q-3Q FY2024	1Q-3Q FY2023	1Q-3Q FY2024	1Q-3Q FY2023	1Q-3Q FY2024	1Q-3Q FY2023	1Q-3Q FY2024	
<b>SI services</b>	-	-	54.1	56.7	9.0	8.1	11.4	12.8	-1.8	-1.7	72.6	75.9	33%
Changes		-		+5%		-9%		+13%		-		+5%	
<b>Maintenance and operation service/outsourcing</b>	-	-	31.9	40.4	8.0	8.6	1.0	1.0	-1.9	6.6	39.1	56.6	25%
Changes		-		+27%		+8%		-5%		-		+45%	
<b>IT products and system sales</b>	21.4	25.6	30.5	36.0	36.0	38.9	-	-	-2.0	-3.7	85.9	96.8	42%
Changes		+20%		+18%		+8%		-		-		+13%	
<b>IT solutions</b>	21.4	25.6	116.5	133.1	53.0	55.6	12.4	13.8	-5.7	1.2	197.6	229.3	100%
Changes		+20%		+14%		+5%		+11%		-		+16%	
<b>Canon products, other</b>	75.6	72.7	43.7	43.6	118.8	116.8	18.1	20.0	-9.2	-9.2	247.0	243.9	
Changes		-4%		-0%		-2%		+11%		-		-1%	
<b>Total</b>	97.0	98.3	160.2	176.7	171.8	172.4	30.5	33.8	-14.9	-8.0	444.6	473.2	
Changes		+1%		+10%		+0%		+11%		-		+6%	

\* "Other" is a business segment that is not included in the reportable segments and includes the shared service business and elimination of intersegment transactions. Primagest Inc. and its three subsidiaries, the Company's consolidated subsidiaries, are included in "Other". 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.

The fifteenth page shows sales of products and services by segment for the first nine months.

SI services rose 5% year on year, Maintenance and operation service/outsourcing increased 45%, and IT products and system sales was up 13%.

This resulted in overall Group IT solutions improving 16% year on year.

## Summary of Forecasts

Previous Forecast vs  
Current Forecast

**Canon**  
Canon Marketing Japan Group

(Billions of yen)

	FY2024 Previous forecast	FY2024 Current forecast	Changes		FY2023 Actual	Changes	
			Amount	%		Amount	%
Net sales	650.0	<b>650.0</b>	—	—	609.5	+40.5	+7%
Operating income	(8.3%) 54.0	(8.3%) <b>54.0</b>	—	—	(8.6%) 52.5	(-0.3%) +1.5	+3%
Ordinary income	(8.5%) 55.0	(8.5%) <b>55.0</b>	—	—	(8.8%) 53.6	(-0.3%) +1.4	+3%
Net income attributable to owners of the parent	(5.8%) 37.5	(6.0%) <b>39.0</b>	(+0.2%) +1.5	+4%	(6.0%) 36.5	(+0.0%) +2.5	+7%

The sixteenth page shows a summary of forecasts.

Up to the third quarter, sales increased and income decreased.

Regarding sales and income, while some projects were pushed back to the fourth quarter or beyond, we have made progress largely in line with forecasts, and there are no changes to our previously announced forecasts for net sales and operating income.

IT solutions sales as a percentage of company-wide sales has increased to 48%.

Capital investments from companies with a focus on IT investment has continued to be strong, and the Company will work to improve profitability and aim for increased sales and income over the full year by expanding sales from the IT solutions business while also growing sales of Canon products with a focus on digital interchangeable lens cameras and office MFPs.

For net income attributable to owners of the parent, we have revised our forecast upward by ¥1.5 billion, reflecting the posting of extraordinary income from the transfer of shares in A&A in the second quarter and our results up to the third quarter.



## Forecasts by Segment

Previous Forecast vs  
Current Forecast

**Canon**  
Canon Marketing Japan Group

(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	236.2	20.5	237.2	20.5	+1.0	+0%	—
Area	235.0	18.3	234.0	18.3	-1.0	-0%	—
Professional	44.0	4.1	44.0	4.1	—	—	—
Other	-4.5	-2.6	-4.5	-2.6	—	—	—
<b>Total</b>	<b>650.0</b>	<b>54.0</b>	<b>650.0</b>	<b>54.0</b>	—	—	—

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

The seventeenth page shows results by segment.

We have adjusted our forecasts to reflect our progress in the first nine months and the outlook for the fourth quarter.

In the Enterprise segment, IT products and system sales has exceeded our forecasts due to the securing of major PC projects for the education and financial sectors, and we have revised our forecast upward by ¥1 billion.

In the Area segment, we have made a downward revision of ¥1 billion. This is due to SI services falling short of forecasts in connection with the transfer of shares in A&A and the number of office MFPs sold failing to meet forecasts, despite sales of LBP cartridges beating expectations.

## Forecasts by Segment

Previous Forecast vs  
Current Forecast

**Canon**  
Canon Marketing Japan Group

(Billions of yen)	FY2023 Actual		FY2024 Current forecast		Changes		
	Net sales	Op. income	Net sales	Op. income	Net sales		Op. income
					Amount	%	
<b>Consumers</b>	138.9	14.1	<b>139.3</b>	<b>13.7</b>	+0.4	+0%	-0.4
<b>Enterprise</b>	220.3	19.7	<b>237.2</b>	<b>20.5</b>	+16.9	+8%	+0.8
<b>Area</b>	229.7	17.5	<b>234.0</b>	<b>18.3</b>	+4.3	+2%	+0.8
<b>Professional</b>	40.2	3.6	<b>44.0</b>	<b>4.1</b>	+3.8	+9%	+0.5
<b>Other</b>	-19.7	-2.4	<b>-4.5</b>	<b>-2.6</b>	+15.2	—	-0.2
<b>Total</b>	609.5	52.5	<b>650.0</b>	<b>54.0</b>	+40.5	+7%	+1.5

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

\* Primagest Inc. and its three subsidiaries, the Company's consolidated subsidiaries, are included in "Other".

\* 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.

The eighteenth page compares the forecasts by segment and results by segment for the previous fiscal year.

In the Consumers segment, we expect an increase in sales thanks to strong performance with IT products and new digital interchangeable lens camera products getting off to a strong start.

However, we project a decline in income, primarily due to lower gross profit from a decline in inkjet printer sales and higher SG&A expenses such as IT costs.

We expect increased sales and income in the Enterprise, Area and Professional segments.

## Forecasts by Segment

Previous Forecast vs  
Current Forecast

**Canon**  
Canon Marketing Japan Group

(Billions of yen)	FY2023 Actual		FY2024 Current forecast		Changes		
	Net sales	Op. income	Net sales	Op. income	Net sales		Op. income
					Amount	%	
<b>Consumers</b>	138.9	14.1	<b>139.3</b>	<b>13.7</b>	+0.4	+0%	-0.4
<b>Enterprise</b>	220.3	19.7	<b>237.2</b>	<b>20.5</b>	+16.9	+8%	+0.8
<b>Area</b>	229.7	17.5	<b>234.0</b>	<b>18.3</b>	+4.3	+2%	+0.8
<b>Professional</b>	40.2	3.6	<b>44.0</b>	<b>4.1</b>	+3.8	+9%	+0.5
<b>Other</b>	-19.7	-2.4	<b>-4.5</b>	<b>-2.6</b>	+15.2	—	-0.2
<b>Total</b>	609.5	52.5	<b>650.0</b>	<b>54.0</b>	+40.5	+7%	+1.5

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

\* Primagest Inc. and its three subsidiaries, the Company's consolidated subsidiaries, are included in "Other".

\* 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.

Page 19 includes a year-on-year comparison of actual figures for the first nine months of the year and forecasts for the fourth quarter.

Later, I will explain the details of the financial forecasts by segment.

# Segment Forecasts

## Consumers

(Billions of yen)

- Net sales are forecast to decrease due to a decline in sales of Inkjet printers.
- Operating income is expected to increase, reflecting a rise in gross profit resulting from higher sales of digital interchangeable lens cameras.

FY2023				FY2024				Changes			
1Q-3Q Actual		4Q Actual		1Q-3Q Actual		4Q Forecast		1Q-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
97.0	8.9	41.9	5.2	98.3	8.0	41.0	5.7	+1.3	-0.8	-0.9	+0.4

\* 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 grow, reflecting a 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 and improvement of gross profit ratio due to higher sales.

FY2023				FY2024				Changes			
1Q-3Q Actual		4Q Actual		1Q-3Q Actual		4Q Forecast		1Q-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
160.2	14.4	60.1	5.3	176.7	14.2	60.5	6.3	+16.4	-0.2	+0.5	+1.0

On the twentieth page, I will explain our forecasts for each segment.

First let us look at the **Consumers segment**.

In the fourth quarter, we forecast a decline in sales with an increase in income.

Sales are expected to decline 2% to ¥41 billion. Operating income is projected to rise by ¥400 million year on year to ¥5.7 billion, primarily due to an increase in gross profit associated with higher sales of mirrorless cameras from the mid-range and up and interchangeable lenses.

Regarding digital interchangeable lens cameras, we expect to see an increase in EOS R Series product shipments, including the mid-range EOS R5 Mark II that was released in August, and the flagship EOS R1 model that will launch in November. Due to the increasing shift to mirrorless cameras, we also expect expanded sales of RF lenses, driving strong figures for net sales.

For inkjet printers and cartridges, the market has long been in a contractionary trend, and with the price of postage having been increased this October, we expect the slow-down in New Year's greeting cards to accelerate, and therefore project a decline in sales. We will steadily capture demand from customers by continuously providing products and services suited to printer output other than New Year's greeting cards, such as work-from-home and self-study demand, and small office business use. Sales of IT products are expected to rise.

Next let's look at the **Enterprise segment**.

We project increased sales and income for the fourth quarter.

We expect net sales to improve 1% year over year to ¥60.5 billion. Operating income is forecast to increase by ¥1 billion to ¥6.3 billion, reflecting improved gross profit margins in addition to higher gross profit due to increased sales.

For Canon products and other, we anticipate an impact from the wrap-up of a major LBP project that was underway at the same time last year, the consolidation of equipment due to site consolidation at large corporations and a decline in print volume at offices. However, we will further strengthen our proposals for business process reform at quasi-major and upper-medium-sized enterprises, and work to improve profitability by increasing system introduction projects that include I/O devices.

For IT solutions, we expect sales to increase thanks to the steady implementation of SI projects for the manufacturing sector at Canon IT Solutions Inc., combined with strong performance in imaging solutions, digital document services, BPO and other areas at Canon Marketing Japan, offsetting the end of a major IT infrastructure project that Canon IT Solutions Inc. had been working on in the same period in the previous year.

# Segment Forecasts

## Area

(Billions of yen)

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

FY2023				FY2024				Changes			
1Q-3Q Actual		4Q Actual		1Q-3Q Actual		4Q Forecast		1Q-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
171.8	12.9	57.9	4.6	172.4	13.1	61.6	5.2	+0.6	+0.2	+3.7	+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.

## Professional

- ✓ Net sales are forecast to increase, reflecting a rise in sales of production printing and healthcare.
- ✓ Operating income is forecast to decrease, reflecting a decline in gross profit associated with lower sales of Industrial equipment.

FY2023				FY2024				Changes			
1Q-3Q Actual		4Q Actual		1Q-3Q Actual		4Q Forecast		1Q-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
30.5	3.4	9.7	0.2	33.8	4.0	10.2	0.1	+3.3	+0.6	+0.5	-0.1

We will now be moving on to the projections in the **Area segment**.

We project increased sales and income for the fourth quarter.

Net sales are forecast to climb 6% year on year to ¥61.6 billion, while operating income should rise ¥0.6 billion year on year to ¥5.2 billion given higher gross profit resulting from the sales growth.

For Canon products and other, we will focus our efforts to significantly increasing the number of units sold and expanding net sales by actively pursuing equipment replacements for customers that have extended the usage period of office MFPs and other products, and by developing proposals aimed at improving business efficiency.

For IT solutions, we project a significant growth in net sales thanks to steady sales of business PCs due to the end of Windows 10 support and continued solid performance at Canon Systems and Support with the Makasete IT DX series which provides total support for the IT environments of SMEs, in addition to strong performance at Canon Marketing Japan with the ESET antivirus software and HOME IT support cloud service.

Next, we will discuss the **Professional segment**.

We project increased sales and a decline in income for the fourth quarter.

We expect sales to increase 5% year on year to ¥10.2 billion, reflecting increased sales in Production printing and Healthcare business.

Operating income is expected to decline by ¥100 million year on year to ¥100 million, reflecting a decrease in gross profit caused by lower sales of Industrial equipment.

We forecast a significant increase in Production printing sales, in part driven by strong sales of high-speed printer units and steady performance in the POP business.

Industrial equipment sales are expected to decrease due to multiple projects for semiconductor manufacturing-related equipment underway in the previous year having ended. Although the semiconductor market is experiencing mixed conditions across different segments, we expect the overall market to grow in the future. Against the backdrop of the growing market, the Company has mostly secured its forecast orders for 2025 for semiconductor manufacturing-related equipment, and is currently working on proposals for projects in 2026 and beyond.

In Healthcare, sales are expected to climb, with the help of the effect of the integration with Canon Medical Systems Corporation, which transferred part of its operations in the previous year, and bullish sales of projects for hospitals.

Supplementary Material for 2024 3Q  
Canon Marketing Japan Inc.  
Canon Products, Other  
Y/Y % Change

Item	Unit	FY2023 vs FY2022				FY2024 vs FY2023				YTD Var. (2024)
		Q3	Q2	Q1	1st 3M	Q3	Q2	Q1	1st 3M	
Image Printer (IP)	Unit	+20%	+20%	+11%	+27%	+15%	+15%	+20%	+15%	+15%
Image Printer (IP)	Unit	+20%	+20%	+11%	+27%	+15%	+15%	+20%	+15%	+15%
IPF Cartridge	Answer	+6%	+7%	+2%	+7%	+2%	+2%	+2%	+2%	+2%

Item	Unit	FY2023 vs FY2022				FY2024 vs FY2023				YTD Var. (2024)
		Q3	Q2	Q1	1st 3M	Q3	Q2	Q1	1st 3M	
MFP including Hand Machine	Unit	+11%	+6%	+12%	+27%	+7%	+7%	+9%	+17%	+18%
Service & Support	Answer	+2%	+2%	+2%	+2%	+2%	+2%	+2%	+2%	+2%
Image Printer (IP)	Unit	+20%	+20%	+11%	+27%	+15%	+15%	+20%	+15%	+15%
IPF Cartridge	Answer	+6%	+7%	+2%	+7%	+2%	+2%	+2%	+2%	+2%

Item	Unit	FY2023 vs FY2022				FY2024 vs FY2023				YTD Var. (2024)
		Q3	Q2	Q1	1st 3M	Q3	Q2	Q1	1st 3M	
IT Services	Answer	+12%	+12%	+12%	+12%	+12%	+12%	+12%	+12%	+12%
Maintenance and operation management	Answer	+12%	+12%	+12%	+12%	+12%	+12%	+12%	+12%	+12%
IT products and related sales	Answer	+9%	+10%	+11%	+11%	+12%	+12%	+12%	+12%	+12%

Item	Unit	FY2023 vs FY2022				FY2024 vs FY2023				YTD Var. (2024)
		Q3	Q2	Q1	1st 3M	Q3	Q2	Q1	1st 3M	
Production Printing	Answer	+1%	+1%	+1%	+1%	+1%	+1%	+1%	+1%	+1%
Industrial Equipment	Answer	+1%	+1%	+1%	+1%	+1%	+1%	+1%	+1%	+1%
Healthcare Equipment	Answer	+1%	+1%	+1%	+1%	+1%	+1%	+1%	+1%	+1%

Please see the **Supplementary Material for FY2024 3Q** on our website.

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

On the twenty-second page, I would like to brief you on sales in monetary and unit terms for the main products shown in the supplementary material. This is available on our website and I hope you will access it there.

The third quarter results are as I explained in the segment information. Here I will brief you on results for Commercial printing and Network cameras, which were not covered under the segment information.

First, I will talk about **Commercial Printing**. Appearing in the last row of the Canon products, other, the change in groupwide commercial printing sales amount is listed. It is the total of production printing sales of the Professional segment and production printing sales in other segments. Sales in Commercial Printing fell 3% year on year due to the end of a high-speed continuous feed printer project that had been underway at the same time in the previous year, despite seeing a rise in sales of the imagePRESSC265.

Next, let's look at **Network Camera**.

In network cameras, there is a growing demand for integrated management of footage and cloud utilization.

In the Enterprise segment, we have seen steady performance in part due to sales of XProtect video management software were buoyant .

In the Area segment, the VisualStage cloud-based video recording service for SMEs and others produced strong results, whereas there was no large infrastructure project for the public sector as there was in the same period of the previous year.

As a consequence, network camera sales grew 9% year on year.

Supplementary Material for 2024 3Q  
Canon Marketing Japan Inc.  
Canon Products, Other  
Y2024 (Actual)

Item	Unit	FY2023 vs FY2022				FY2024 vs FY2023				FY2024 Forecast
		1Q	2Q	3Q	1-9M	1Q	2Q	3Q	1-9M	
Office*	Unit	+20%	+20%	+11%	+27%	+10%	+10%	+10%	+10%	+10%
Image Printer (IP)	Unit	+2%	+2%	+1%	+1%	+2%	+2%	+2%	+2%	+2%
LBP Cartridge	Answer	+6%	+7%	+2%	+2%	+2%	+2%	+2%	+2%	+2%

Item	Unit	FY2023 vs FY2022				FY2024 vs FY2023				FY2024 Forecast
		1Q	2Q	3Q	1-9M	1Q	2Q	3Q	1-9M	
MFP including Hand Machine	Unit	+11%	+6%	+12%	+27%	+7%	+7%	+7%	+7%	+7%
Service & Support	Answer	+2%	+2%	+2%	+2%	+2%	+2%	+2%	+2%	+2%
Small Scale Printer (SSP)	Unit	+2%	+2%	+2%	+2%	+2%	+2%	+2%	+2%	+2%
LBP Cartridge	Answer	+1%	+1%	+1%	+1%	+1%	+1%	+1%	+1%	+1%

Item	Unit	FY2023 vs FY2022				FY2024 vs FY2023				FY2024 Forecast
		1Q	2Q	3Q	1-9M	1Q	2Q	3Q	1-9M	
IT Subsystem	Answer	+12%	+12%	+12%	+12%	+11%	+11%	+11%	+11%	+11%
Maintenance and operation equipment/service	Answer	+12%	+4%	+4%	+12%	+11%	+11%	+11%	+11%	+11%
IT products and related sales	Answer	+9%	+10%	+1%	+6%	+2%	+2%	+2%	+2%	+2%

Item	Unit	FY2023 vs FY2022				FY2024 vs FY2023				FY2024 Forecast
		1Q	2Q	3Q	1-9M	1Q	2Q	3Q	1-9M	
Production Printing	Answer	+1%	+1%	+1%	+1%	+1%	+1%	+1%	+1%	+1%
Industrial Equipment	Answer	+1%	+1%	+1%	+1%	+1%	+1%	+1%	+1%	+1%
Healthcare Equipment	Answer	+1%	+1%	+1%	+1%	+1%	+1%	+1%	+1%	+1%

\* Office\* includes sales of image printers, multifunction printers, and IP units.

\* Office\* includes sales of image printers, multifunction printers, and IP units.

\* Office\* includes sales of image printers, multifunction printers, and IP units.

Please see the **Supplementary Material for FY2024 3Q** on our website.

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

Next I will describe where changes have been made to previously announced figures in our 2024 forecasts.

For Digital interchangeable lens cameras, sales of low-priced models in the first nine months experienced a downturn, and our annual forecast was revised from +1% to -2%.

For Office MFPs, we lowered our forecast for number of units sold from +8% to +5%, reflecting progress over the first nine months and our outlook for the fourth quarter particularly in the Area segment.

For LBP cartridges, we revised our forecast from -2% to +1%, in part reflecting the effects of price revisions made in February last year due to rising purchase prices, particularly in the Area segment.

In SI services, we revised our forecast from +10% to +8%, in part due to a decline in sales associated with the transfer of shares in A&A, which particularly affected the Area segment.

Sales of IT products and system sales were originally expected to increase 7%, but are now expected to rise 11%, chiefly because of a large PC project we gained from a customer in the education and finance area in the Enterprise segment.

For network cameras, despite strong performance year on year, we revised our forecast for network cameras from +34% to +25%, in part to reflect the impact from some projects being pushed back to next year.

There are no changes to other products and services.

This concludes our briefing on the third quarter financial results for 2024 and the explanation of our forecasts.

I will now hand over the briefing to Tsuyoshi Osato. He will explain Goodwill, etc. Associated with Acquisition of TCS and Primagest as Subsidiaries.



	TCS Inc.	Primagest, Inc.
Date of business combination	October 2, 2023	March 29, 2024
Amount of goodwill	4.6 billion yen	19.3 billion yen
Amount of customer-related intangible assets	3.7 billion yen	16.2 billion yen
Period of the operating results of the acquired company included in the consolidated statement of income	From October 2023	From April 2024
Method and period of amortization of goodwill	12-year straight-line amortization	14-year straight-line amortization
Weighted average amortization period for customer-related intangible assets	14.9 years	18.6 years

My name is Tsuyoshi Osato, and I am responsible for accounting at Canon Marketing Japan. I will go over matters related to goodwill for the two companies, including the monetary amounts and amortization periods, and also explain about the revision to our annual dividend forecast.

First let's look at matters related to goodwill for TCS Inc. and Primagest, Inc., which joined the Group in October last year and March this year, respectively.

TCS joined the Group on October 2, 2023, and its amortization expenses have been reflected in our statements of income since October 2023. Straight-line amortization will be applied to the ¥4.6 billion in goodwill over 12 years. Customer-related intangible assets stand at ¥3.7 billion, and will be subject to a weighted average amortization period of 14.9 years. Customer-related intangible assets refer to order backlogs and customer relationships that will be the source of future earnings, and the amortization period varies depending on the transactional status of those assets.

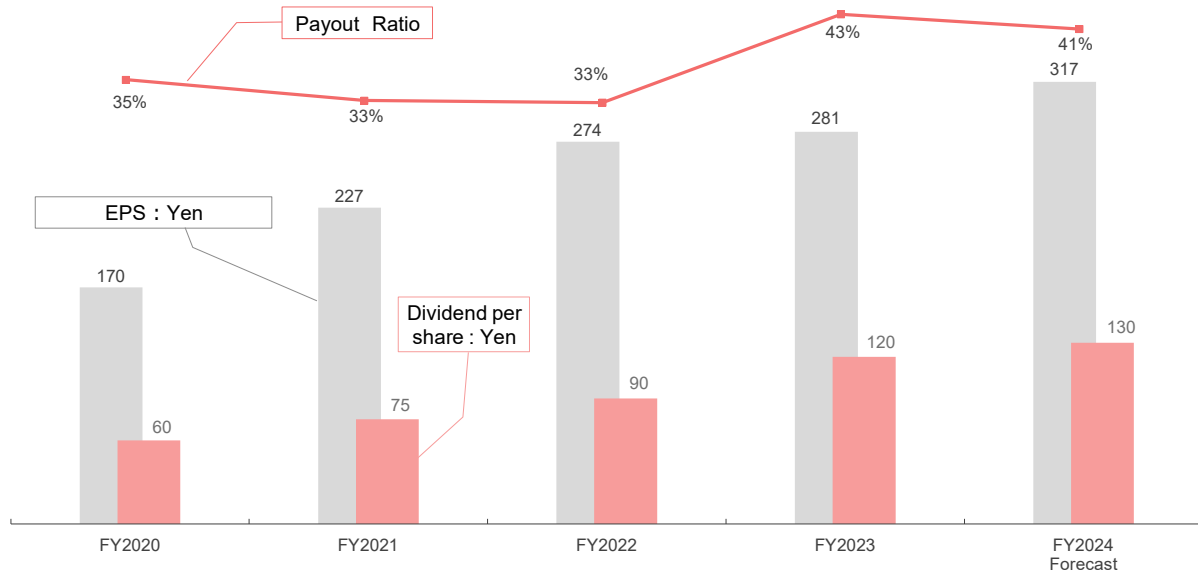
Primagest joined the Group on March 29, 2024, and its amortization expenses have been reflected in our statements of income from April 2024 onwards. At our previous financial results briefing we have not finalized goodwill and other amounts regarding Primagest, but we are now in a position to share the amounts. Goodwill stands at ¥19.3 billion, and a straight-line amortization will be applied over 14 years. In addition, customer-related intangible assets stand at ¥16.2 billion, and will be subject to a weighted average amortization period of 18.6 years.

From FY2024, the second year that TCS has been a member of the Group, we expect to record operating income in excess of amortization expenses including goodwill. For Primagest, amortization amounts will be significant in FY2024 and FY2025 because these years will include the amortization expenses for assets with shorter amortization periods. However, from FY2026, the third year of consolidation, we expect to post operating income in excess of amortization expenses including goodwill. As explained, both companies will contribute to income on a standalone basis, but we are also pursuing initiatives to further expand projects across the Canon Marketing Japan Group as a whole.

Today we announced that TCS will be integrated with Canon IT Solutions Inc. in July 2025. Since joining the Group, TCS has made progress developing new projects with Canon Marketing Japan Inc. and Canon IT Solutions Inc., and the integration aims to further accelerate these developments in the future and create more synergies.



## Financial Indicator



(Note continued from p.23)

Primagest is mainly engaged in the BPO business, and since this spans multiple segments, it is currently classified under the Other segment. As the size of the BPO business expands, we will consider our overall strategy for the BPO business, including its integration into specific segments. Currently, lively discussions with the MA Headquarters of the Enterprise segment are underway on a daily basis, and new projects are being developed for the customers of both Canon Marketing Japan and Primagest, with the aim of creating synergies at an early stage.

(Note for p.24)

Next I will explain the revisions to our annual dividend forecast.

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 they generate.

In light of this policy and the increase in EPS associated with the acquisition of treasury shares implemented in August this year, we decided to revise our year-end dividend forecast, raising it by ¥10 to ¥70 per share.

When combined with the interim dividend of ¥60 per share that has already been issued, we therefore expect an annual dividend of ¥130 per share, an increase of ¥10 from the previous year.

Going forward, we will continue to look for ways to enhance shareholder return by achieving business growth accompanied by income and implementing our financial strategies.

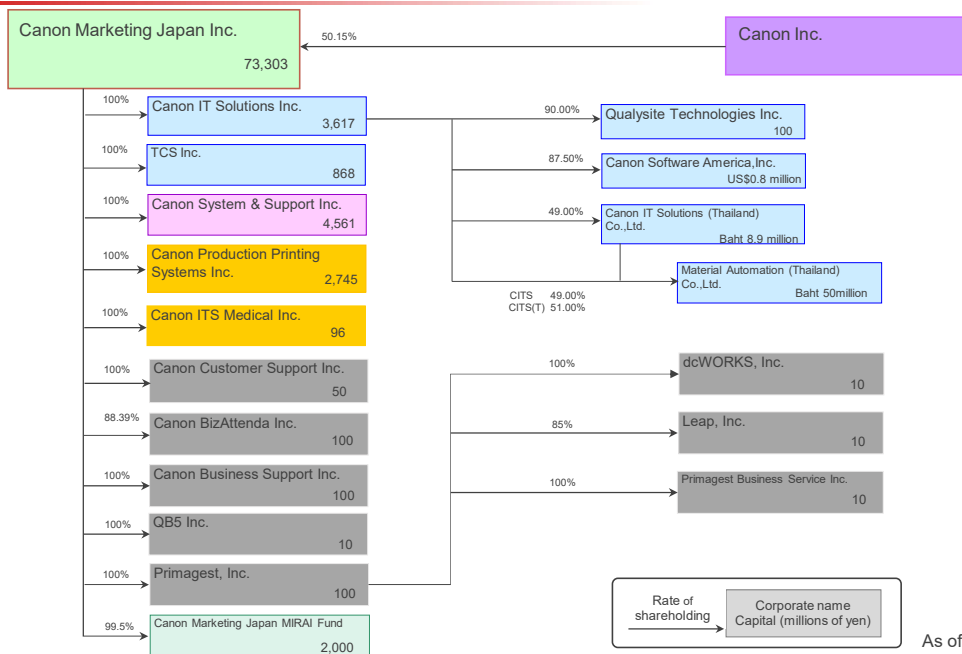


This concludes our briefing today.

Thank you very much.

# **Supplementary Information**

# Capital Relationship Diagram



As of September 30, 2024

# SG&A Expenses

3Q 2024 Actual  
(from July 1 to September 30)

**Canon**  
Canon Marketing Japan Group

(Billions of yen)

	3Q FY2023	3Q FY2024	Changes
Advertising expenses	1.2	1.4	+0.1
Promotion expenses	0.7	0.9	+0.2
Warranty expenses	0.7	0.7	-0.0
Other direct selling expenses	4.2	4.4	+0.3
Personnel expenses	22.4	22.6	+0.3
Office expenses	2.1	2.2	+0.1
IT expenses	2.5	2.8	+0.3
Amortization of goodwill, etc.	0.0	0.8	+0.8
Other selling expenses	3.6	3.6	+0.0
<b>Total</b>	<b>37.4</b>	<b>39.4</b>	<b>+2.0</b>

# SG&A Expenses

1Q-3Q 2024 Actual  
(from January 1 to September 30)

**Canon**  
Canon Marketing Japan Group

(Billions of yen)

	1Q-3Q FY2023	1Q-3Q FY2024	Changes
Advertising expenses	3.4	3.3	-0.1
Promotion expenses	2.1	2.3	+0.1
Warranty expenses	2.2	2.0	-0.2
Other direct selling expenses	12.9	13.4	+0.6
Personnel expenses	68.4	68.2	-0.2
Office expenses	6.2	6.1	-0.1
IT expenses	7.0	8.3	+1.3
Amortization of goodwill, etc.	0.1	1.9	+1.8
Other selling expenses	10.0	11.2	+1.2
<b>Total</b>	<b>112.3</b>	<b>116.8</b>	<b>+4.5</b>

# Non-operating Income and Expenses

**Canon**

Canon Marketing Japan Group  
(Billions of yen)

	3Q FY2023	3Q FY2024	Changes	1Q-3Q FY2023	1Q-3Q FY2024	Changes
Interest income	0.1	0.1	+0.0	0.3	0.3	+0.0
Dividend income	0.0	0.1	+0.1	0.2	0.3	+0.2
Insurance income	0.0	0.0	+0.0	0.5	0.5	+0.0
Foreign exchange gains	-	-0.1	-0.1	-	0.0	+0.0
Gain on investments in partnership	-	0.0	+0.0	-	0.1	+0.1
Other, net	0.0	0.0	-0.0	0.2	0.2	+0.0
<b>Total non-operating income</b>	<b>0.1</b>	<b>0.2</b>	<b>+0.1</b>	<b>1.0</b>	<b>1.4</b>	<b>+0.3</b>
Interest expense	0.0	0.1	+0.1	0.0	0.1	+0.1
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
Other, net	0.0	0.1	+0.1	0.1	0.2	+0.1
<b>Total non-operating expenses</b>	<b>0.0</b>	<b>0.2</b>	<b>+0.2</b>	<b>0.2</b>	<b>0.4</b>	<b>+0.2</b>

# Extraordinary Income and Losses

(Billions of yen)

	3Q FY2023	3Q FY2024	Changes	1Q-3Q FY2023	1Q-3Q 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	-	-0.0	-0.0	-	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
<b>Total extraordinary income</b>	<b>0.1</b>	<b>-0.0</b>	<b>-0.1</b>	<b>0.1</b>	<b>2.9</b>	<b>+2.8</b>
Loss on sales and disposal of long-lived assets	0.1	0.0	-0.1	0.5	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
<b>Total extraordinary losses</b>	<b>0.1</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.6</b>	<b>0.1</b>	<b>-0.5</b>

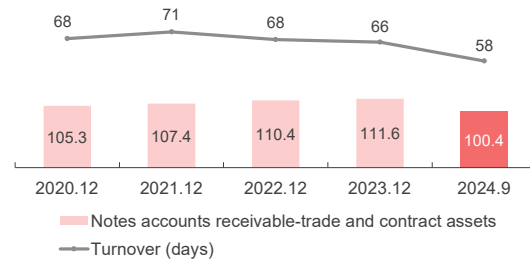


# Quarterly Balance Sheets

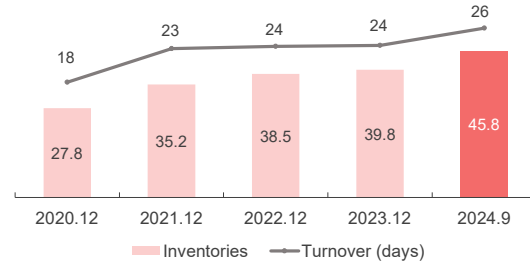
(Billions of yen)

	Dec. 31 2023	Sep. 30 2024	Changes
<b>Assets</b>	557.4	494.5	-62.8
<b>Current assets</b>	418.6	317.7	-100.9
Cash and deposits	89.7	111.7	+22.0
Notes accounts receivable-trade and contract assets	111.6	100.4	-11.2
Inventories	39.8	45.8	+5.9
Other current assets	177.4	59.8	-117.6
<b>Non-current assets</b>	138.8	176.8	+38.0
Property, plant and equipment	85.0	87.1	+2.1
Intangible assets	14.2	49.5	+35.3
Investment and other assets	39.5	40.2	+0.7
<b>Liabilities</b>	121.9	130.4	+8.5
<b>Current liabilities</b>	110.6	116.7	+6.2
Notes and accounts payable-trade	45.6	50.4	+4.9
Other current liabilities	65.0	66.3	+1.3
<b>Long-term liabilities</b>	11.3	13.6	+2.4
<b>Equity</b>	435.5	364.1	-71.4
Shareholders' equity	410.8	339.0	-71.8
(Treasury stock)	-2.1	-5.6	-3.5
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
<b>Equity ratio</b>	78%	73%	-5%

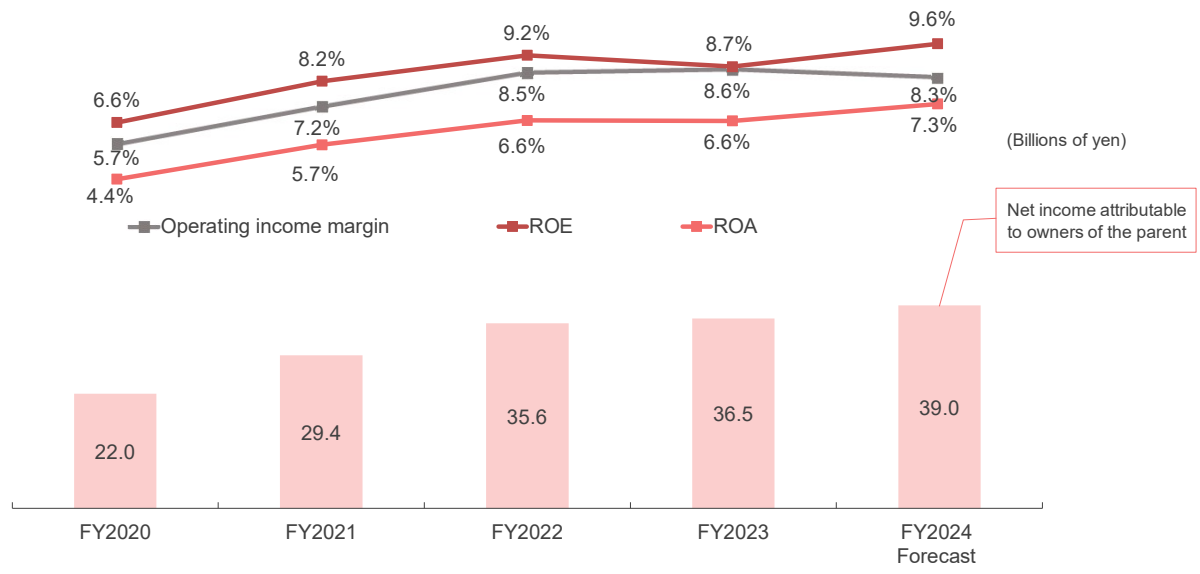
## Notes accounts receivable-trade and contract assets



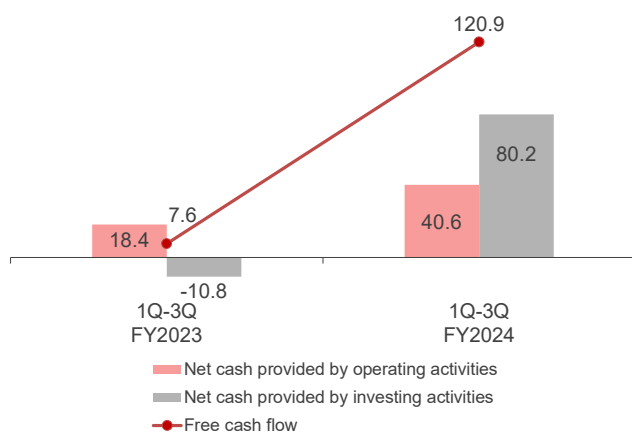
## Inventories



# Financial Indicator



## ■ Cash Flow



## ■ Capital Investment

	1Q-3Q Actual	4Q Forecast	Full year
FY2023 Actual	6.8	2.6	9.4
FY2024 Forecast	8.5	4.6	13.1

## ■ Depreciation and amortization


	1Q-3Q Actual	4Q Forecast	Full year
FY2023 Actual	7.2	2.5	9.7
FY2024 Forecast	7.6	2.8	10.4

# Sales Breakdown by Segment (FY2023)

4	Professional 
<b>Net sales</b> <b>40.2</b>	<b>Operating income</b> <b>3.6</b> (9.0%)

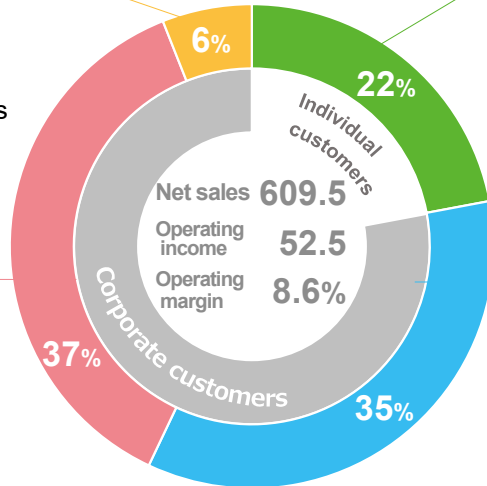
Customers in specialized areas

- Production printing
- Industrial equipment
- Healthcare

3	Area 
<b>Net sales</b> <b>229.7</b>	<b>Operating income</b> <b>17.5</b> (7.6%)


SMEs nationwide

SME: Small and Medium Enterprise



1	Consumers 
<b>Net sales</b> <b>138.9</b>	<b>Operating income</b> <b>14.1</b> (10.2%)

Individual customers

2	Enterprise 
<b>Net sales</b> <b>220.3</b>	<b>Operating income</b> <b>19.7</b> (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

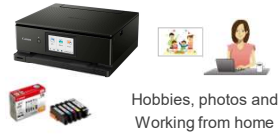
## 1 Consumers

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.**

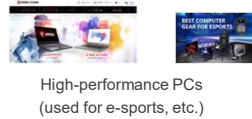
### Camera business



### Inkjet printer business



### IT products business



## 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.

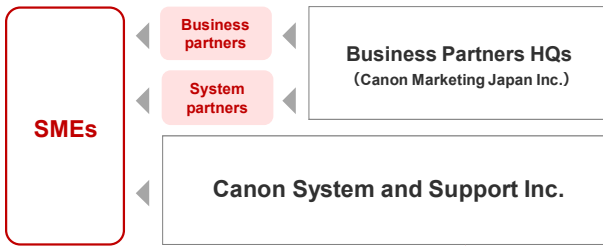
Strong in financial and manufacturing sectors

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.



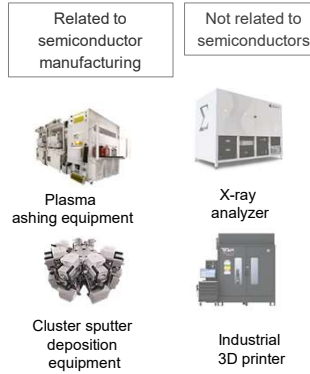
- 1980** Copier Sales Co., Inc. is established.
- 2000** The company name is changed to Canon System and Support Inc.
- 2002** The company becomes a wholly owned subsidiary of Canon Marketing Japan Inc., former name of which was Canon Sales Co., Inc.

- Build relationships with customers through the direct sales channels
- Concentrate mainly on the introduction, operations and maintenance of IT infrastructure

## 4 Professional

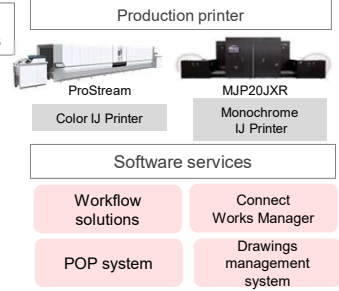
This segment offers solutions to **customers in the specialized areas** like Production printing, Industrial equipment and Healthcare.

### Industrial equipment



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

### Production printing



### Healthcare



# ITS Business by Customer Segment

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

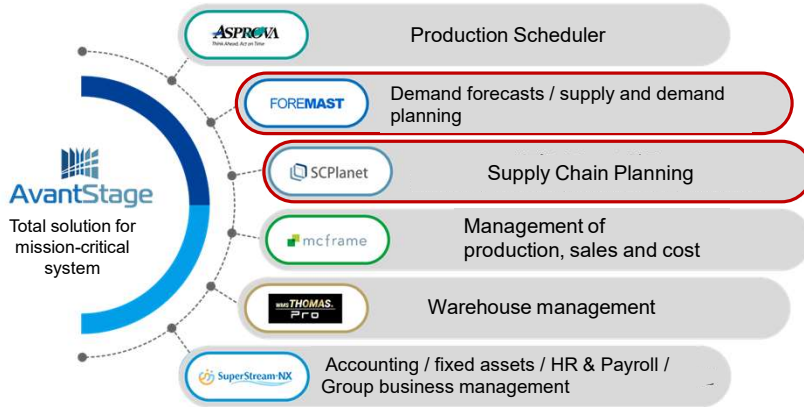


**Issue**

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/>

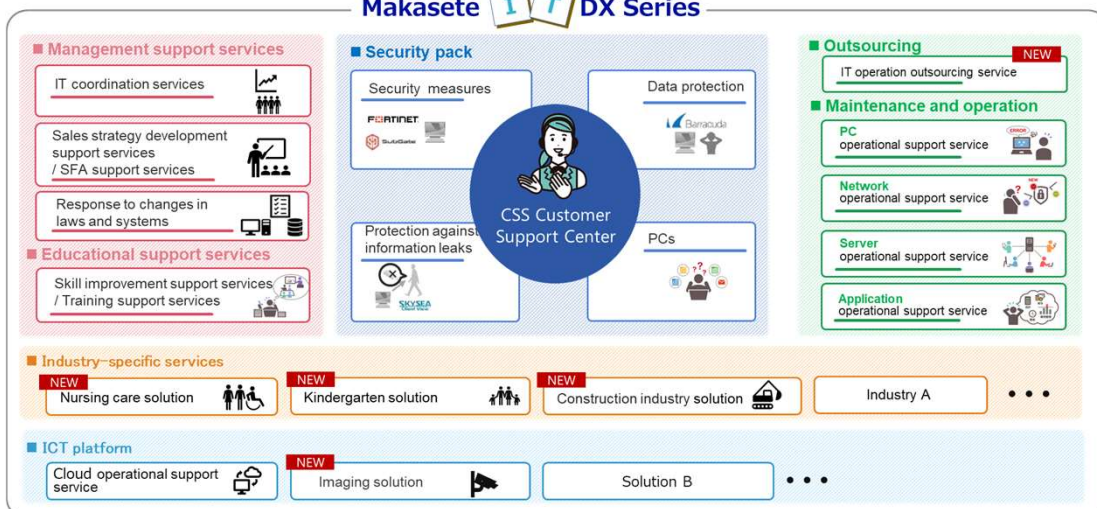


Issue

Shortage of IT professionals

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

## Makasete I T DX Series



# 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

2024 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

Selected as a constituent of the MSCI Japan Empowering Women Index

2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

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



Selected as a constituent of the Morningstar Japan Equity Gender Diversity Tilt Index(GE Group 2)

Selected as a constituent of the Somo Sustainability Index 2024



Somo Sustainability Index

Selected as an excellent company in the Gomez ESG Site Ranking



Selected as a constituent of JPX Nikkei Index 400



## 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



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



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**Canon**

Canon Marketing Japan Group