

Summary Report of Consolidated Financial Results

for the first quarter ended March 31, 2024

Registered company name: **Canon Marketing Japan Inc.**
 Stock listing: Tokyo Stock Exchange, Prime Market
 Code number: 8060
 URL: <https://cweb.canon.jp/eng/ir>
 Representative director: Masachika Adachi, President
 Contact: Akihiro Shirone, General Manager Accounting Div. Accounting Headquarters
 Dividend payable date (as planned): -
 U.S. Accounting Standards Applied: No

1.Consolidated business results for the three months ended March 31, 2024 (From January 1, 2024 to March 31, 2024)

(1) Consolidated Results of Operations (Amounts less than one million yen are truncated)

(Percentage represents increases or decreases from the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
March 31, 2024	157,226	1.6	13,808	(9.7)	13,968	(9.4)	9,523	(8.9)
March 31, 2023	154,825	5.0	15,285	3.3	15,423	5.1	10,450	4.1

[Note] Comprehensive Income: Three months ended March 31, 2024 : 9,879 million yen [(7.9%)]
 Three months ended March 31, 2023 : 10,724 million yen [29.8%]

	Basic earnings per share	Diluted net income per share
Three months ended	Yen	Yen
March 31, 2024	73.44	73.42
March 31, 2023	80.59	80.57

(2) Consolidated Financial Position

(Amounts less than one million yen are truncated)

	Total assets	Equity	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
First quarter ended March 31, 2024	563,924	436,313	77.2	3,358.12
Year ended December 31, 2023	557,366	435,509	78.0	3,352.30

[Reference] Shareholders' equity: First quarter ended March 31, 2024 : 435,474 million yen
 Year ended December 31, 2023 : 434,721 million yen

2.Dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2023	-	50.00	-	70.00	120.00
Year ending December 31, 2024	-				
Year ending December 31, 2024 (forecast)		-	-	-	120.00

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

[Note] The interim dividend for the fiscal year ending December 31, 2024, remains undecided because financial results forecasts have yet to be made for the first six months of the fiscal year ending December 31, 2024. The year-end dividend for the fiscal year ending December 31, 2024, will be an amount calculated by subtracting the interim dividend from the full-year dividend.

3.Consolidated financial forecast for the fiscal year ending December 31, 2024

(Amounts less than one million yen are truncated)

(Percentage represents increases or decreases from the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	645,000	5.8	54,000	2.9	55,000	2.6	37,500	2.8	289.18

[Note] Revision of forecast for this period : Yes

*Others

- (1) Material changes in subsidiaries during this period
(Changes in scope of consolidations resulting from change is subsidiaries) : None
- (2) Application of a specified accounting procedure : Yes
- (3) Changes in accounting policies and accounting estimates, retrospective restatement
- (i) Changes in accounting policies based on revisions of accounting standard : None
 - (ii) Changes in accounting policies other than (i) : None
 - (iii) Changes in accounting estimates : None
 - (iv) Retrospective restatement : None
- (4) Number of issued and outstanding shares (common stock)
- (i) Number of issued and outstanding shares at the end of the period (including treasury stock)
 - As of March 31, 2024 : 131,079,972
 - As of December 31, 2023 : 131,079,972
 - (ii) Number of treasury stock at the end of the period
 - As of March 31, 2024 : 1,402,185
 - As of December 31, 2023 : 1,401,615
 - (iii) Average number of shares
 - As of March 31, 2024 : 129,677,969
 - As of March 31, 2023 : 129,676,228

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

Disclaimer :

Earnings projections are based on information available at the time these materials were announced, and the Company cannot guarantee that they will be realized. Also, actual results may differ from the estimated figures given due to various factors.

Consolidated Quarterly Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	88,190	97,866
Notes accounts receivable-trade and contract assets	111,649	110,854
Securities	1,500	1,500
Merchandise and finished goods	39,149	38,823
Work in process	196	393
Raw materials and supplies	479	457
Short-term loans receivable	170,005	130,005
Other current assets	7,482	8,587
Allowance for doubtful receivables	(42)	(53)
Total current assets	418,611	388,434
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	47,714	47,686
Machinery and vehicles, net	60	64
Furniture and fixtures, net	3,029	3,999
Rental assets, net	5,585	5,954
Land	28,359	28,359
Lease assets, net	3	2
Construction in progress	271	1,951
Total property, plant and equipment	85,024	88,018
Intangible assets		
Software	5,600	6,701
Goodwill	4,868	35,513
Customer-related intangible assets	3,408	3,354
Facility utilization rights	302	302
Other intangible assets	1	1
Total intangible assets	14,181	45,873
Investments and other assets		
Investments in securities	16,314	16,060
Long-term loans receivable	10	10
Prepaid pension and severance costs	10,987	11,884
Deferred tax assets	5,916	6,211
Lease deposits	2,559	3,019
Other investments and other assets	3,962	4,614
Allowance for doubtful receivables	(201)	(201)
Total investments and other assets	39,548	41,598
Total non-current assets	138,755	175,490
Total assets	557,366	563,924

Consolidated Quarterly Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable-trade	45,552	47,657
Short-term bank loans	-	1,100
Current portion of long-term loans	-	219
Current portion of long-term lease obligations	99	128
Accrued expenses	16,585	14,289
Accrued income taxes	8,233	5,584
Consumption taxes payable	6,712	5,278
Accrued bonuses	3,222	12,532
Accrued directors' bonuses	107	19
Accrued product warranties	269	258
Accrued loss on contracts	51	91
Other current liabilities	29,755	27,592
Total current liabilities	110,590	114,752
Long-term liabilities		
Long-term loans	-	1,846
Long-term lease obligations	206	284
Allowance for long-term continuous service rewards	723	823
Accrued pension and severance costs	7,760	7,300
Deferred tax liabilities	178	177
Other long-term liabilities	2,397	2,424
Total long-term liabilities	11,266	12,858
Total liabilities	121,856	127,610
Equity		
Shareholders' equity		
Common stock	73,303	73,303
Capital surplus	82,727	82,727
Retained earnings	256,880	257,326
Treasury stock	(2,092)	(2,095)
Total shareholders' equity	410,817	411,261
Accumulated other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	6,860	6,692
Deferred gain (loss) on derivatives under hedge accounting	87	75
Foreign currency-translation adjustments	345	454
Defined retirement benefit plans	16,610	16,989
Total accumulated other comprehensive income (loss)	23,903	24,212
Stock acquisition rights	58	66
Non-controlling interests	729	773
Total equity	435,509	436,313
Total liabilities and equity	557,366	563,924

Consolidated Quarterly Statements of Income

(Amounts less than one million yen are truncated)

	Three months of FY2023 (from January 1, 2023 to March 31, 2023)	Three months of FY2024 (from January 1, 2024 to March 31, 2024)
Net sales	154,825	157,226
Cost of sales	102,640	105,950
Gross profit	52,184	51,275
Selling, general and administrative expenses	36,899	37,467
Operating income	15,285	13,808
Non-operating income		
Interest income	89	107
Dividend income	27	29
Foreign exchange gains	13	40
Other, net	70	73
Total non-operating income	201	251
Non-operating expenses		
Interest expense	2	2
Loss on investments in partnership	33	21
Other, net	27	66
Total non-operating expenses	63	91
Ordinary income	15,423	13,968
Extraordinary income		
Gain on sales of long-lived assets	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on sales and disposal of long-lived assets	32	36
Loss on sales of shares of subsidiaries and associates	159	-
Other, net	-	0
Total extraordinary losses	191	36
Net income before income taxes	15,232	13,932
Income taxes	4,757	4,379
Net income	10,474	9,553
Net income attributable to non-controlling interests	24	30
Net income attributable to owners of the parent	10,450	9,523

Consolidated Quarterly Statements of Comprehensive Income

(Amounts less than one million yen are truncated)

	Three months of FY2023 (from January 1, 2023 to March 31, 2023)	Three months of FY2024 (from January 1, 2024 to March 31, 2024)
Net income	10,474	9,553
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	425	(167)
Deferred gain (loss) on derivatives under hedge accounting	(13)	(11)
Foreign currency-translation adjustments	(27)	125
Defined retirement benefit plans	(133)	378
Total other comprehensive income	250	325
Comprehensive income	10,724	9,879
Comprehensive income attributable to		
Owners of the parent	10,699	9,832
Non-controlling interests	25	46

Consolidated Quarterly Statements of Cash Flows

(Amounts less than one million yen are truncated)

	Three months of FY2023 (from January 1, 2023 to March 31, 2023)	Three months of FY2024 (from January 1, 2024 to March 31, 2024)
Cash flows from operating activities		
Net income before income taxes	15,232	13,932
Depreciation and amortization	2,386	2,489
Amortization of goodwill	25	121
Amortization of customer-related intangibles assets	-	54
Increase (decrease) in allowance for doubtful receivables	2	11
Increase (decrease) in accrued pension and severance costs	(657)	(2,521)
Decrease (increase) in prepaid pension and severance costs	(10)	1,636
Increase (decrease) in accrued bonuses	9,026	9,115
Interest and dividend income	(117)	(136)
Interest expense	2	2
Loss (gain) on sales and disposal of property, plant and equipment, net	31	35
Loss (gain) on sales of shares of subsidiaries and associates	159	-
Loss (gain) on investments in partnership	33	21
Decrease (increase) in notes and accounts receivable	4,342	3,441
Decrease (increase) in inventories	(7,309)	812
Increase (decrease) in notes and accounts payable-trade	8,391	1,421
Other, net	(6,010)	(9,172)
Subtotal	25,530	21,266
Interest and dividends received	114	136
Interest paid	(2)	(2)
Income taxes paid	(7,412)	(6,761)
Net cash provided by operating activities	18,229	14,638
Cash flows from investing activities		
Payments for purchases of property, plant and equipment	(2,867)	(2,351)
Proceeds from sales of property, plant and equipment	1	2
Payments for purchases of intangible assets	(260)	(529)
Payments for purchases of investments in securities	(89)	(3)
Payments for purchases of shares of subsidiaries	-	(32,671)
Decrease (increase) in short-term loans receivable, net	-	40,000
Payments for acquisition of businesses	(750)	-
Other, net	(471)	(549)
Net cash used in investing activities	(4,437)	3,895
Cash flows from financing activities		
Repayments of finance lease obligations	(10)	(0)
Payments for purchases of treasury stock	(0)	(2)
Dividends paid	(6,408)	(8,981)
Dividends paid to non-controlling interests	(22)	(25)
Proceeds from share issuance to non-controlling shareholders	-	5
Other, net	-	0
Net cash used in financing activities	(6,442)	(9,004)
Effect of exchange rate changes on cash and cash equivalents	17	147
Net increase (decrease) in cash and cash equivalents	7,368	9,676
Cash and cash equivalents as of beginning of period	84,632	89,690
Cash and cash equivalents as of end of period	92,000	99,366

Consolidated Quarterly Segment Information

I. Three months of FY2023 (from January 1, 2023 to March 31, 2023)

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

	Reportable segment				Other	Total	Adjustments	Consolidated
	Consumers	Enterprise	Area	Professional				
Net sales								
Sales - external customers	32,602	51,684	57,075	11,434	2,028	154,825	-	154,825
Sales - intersegment	5	2,967	2,760	291	1,933	7,957	(7,957)	-
Total	32,607	54,651	59,835	11,725	3,961	162,783	(7,957)	154,825
Segment income (loss)	3,133	5,907	4,722	1,925	(348)	15,340	(55)	15,285

[Note]

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

II. Three months of FY2024 (from January 1, 2024 to March 31, 2024)

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

	Reportable segment				Other	Total	Adjustments	Consolidated
	Consumers	Enterprise	Area	Professional				
Net sales								
Sales - external customers	30,139	55,413	57,045	13,619	1,008	157,226	-	157,226
Sales - intersegment	4	3,591	2,738	334	2,076	8,746	(8,746)	-
Total	30,144	59,004	59,784	13,954	3,085	165,972	(8,746)	157,226
Segment income (loss)	2,099	5,533	5,197	1,747	(749)	13,828	(19)	13,808

[Note]

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

(Changes in Reporting Segments)

Starting from the first quarter of the current fiscal year, the Company transferred a part of the sales channel organization in the "Area" segment, to the "Consumers" segment. Prior-year first-quarter segment information has been restated accordingly to reflect these changes.