

Summary Report of Consolidated Financial Results

for the second (interim) quarter ended June 30, 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): August 26, 2024
 U.S. Accounting Standards Applied: No

1.Consolidated business results for the six months ended June 30, 2024(From January 1, 2024 to June 30, 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	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	318,903	5.3	26,033	(3.9)	26,990	(3.1)	20,147	8.0
June 30, 2023	302,778	4.5	27,091	(2.7)	27,857	(2.0)	18,661	(3.7)

[Note] Comprehensive Income: Six months ended June 30, 2024 : 20,483 million yen [1.6%]
 Six months ended June 30, 2023 : 20,164 million yen [23.3%]

	Basic earnings per share	Diluted net income per share
Six months ended	Yen	Yen
June 30, 2024	155.36	155.32
June 30, 2023	143.91	143.87

(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
Second quarter ended June 30, 2024	575,841	446,931	77.5	3,439.62
Year ended December 31, 2023	557,366	435,509	78.0	3,352.30

[Reference] Shareholders' equity: Second quarter ended June 30, 2024 : 446,052 million yen
 Year ended December 31, 2023 : 434,721 million yen

2.Dividends

	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	-	60.00			
Year ending December 31, 2024 (forecast)			-	60.00	120.00

[Note] Revision of cash dividend forecast for this period : Yes

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	650,000	6.6	54,000	2.9	55,000	2.6	37,500	2.8	289.17

[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 June 30, 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 June 30, 2024 : 1,399,232

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

(iii) Average number of shares

As of June 30, 2024 : 129,679,413

As of June 30, 2023 : 129,677,728

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

Disclaimer :

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

Consolidated Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	88,190	115,317
Notes, accounts receivable-trade and contract assets	111,649	105,479
Securities	1,500	1,500
Merchandise and finished goods	39,149	35,487
Work in process	196	694
Raw materials and supplies	479	436
Short-term loans receivable	170,005	130,005
Other current assets	7,482	11,262
Allowance for doubtful receivables	(42)	(24)
Total current assets	418,611	400,158
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	47,714	46,951
Machinery and vehicles, net	60	62
Furniture and fixtures, net	3,029	4,425
Rental assets, net	5,585	6,018
Land	28,359	28,359
Lease assets, net	3	2
Construction in progress	271	1,484
Total property, plant and equipment	85,024	87,305
Intangible assets		
Software	5,600	7,131
Goodwill	4,868	24,866
Customer-related intangible assets	3,408	17,236
Facility utilization rights	302	300
Other intangible assets	1	1
Total intangible assets	14,181	49,535
Investments and other assets		
Investments in securities	16,314	16,395
Long-term loans receivable	10	10
Prepaid pension and severance costs	10,987	12,471
Deferred tax assets	5,916	2,791
Lease deposits	2,559	2,934
Other investments and other assets	3,962	4,440
Allowance for doubtful receivables	(201)	(200)
Total investments and other assets	39,548	38,841
Total non-current assets	138,755	175,683
Total assets	557,366	575,841

Consolidated Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2023	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable-trade	45,552	44,813
Short-term bank loans	-	1,100
Current portion of long-term loans	-	219
Current portion of long-term lease obligations	99	137
Accrued expenses	16,585	14,279
Accrued income taxes	8,233	11,185
Consumption taxes payable	6,712	5,999
Accrued bonuses	3,222	4,230
Accrued directors' bonuses	107	38
Accrued product warranties	269	257
Accrued loss on contracts	51	62
Other current liabilities	29,755	33,048
Total current liabilities	110,590	115,375
Long-term liabilities		
Long-term loans	-	1,810
Long-term lease obligations	206	296
Allowance for long-term continuous service rewards	723	784
Accrued pension and severance costs	7,760	7,300
Deferred tax liabilities	178	934
Other long-term liabilities	2,397	2,409
Total long-term liabilities	11,266	13,535
Total liabilities	121,856	128,910
Equity		
Shareholders' equity		
Common stock	73,303	73,303
Capital surplus	82,727	82,733
Retained earnings	256,880	267,950
Treasury stock	(2,092)	(2,091)
Total shareholders' equity	410,817	421,895
Accumulated other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	6,860	6,643
Deferred gain (loss) on derivatives under hedge accounting	87	106
Foreign currency-translation adjustments	345	557
Defined retirement benefit plans	16,610	16,849
Total accumulated other comprehensive income (loss)	23,903	24,157
Stock acquisition rights	58	68
Non-controlling interests	729	809
Total equity	435,509	446,931
Total liabilities and equity	557,366	575,841

Consolidated Statements of Income

(Amounts less than one million yen are truncated)

	Six months of FY2023 (from January 1, 2023 to June 30, 2023)	Six months of FY2024 (from January 1, 2024 to June 30, 2024)
Net sales	302,778	318,903
Cost of sales	200,790	215,476
Gross profit	101,988	103,426
Selling, general and administrative expenses	74,897	77,392
Operating income	27,091	26,033
Non-operating income		
Interest income	177	203
Dividend income	149	165
Insurance income	450	449
Foreign exchange gains	-	152
Gain on investments in partnership	-	37
Other, net	128	148
Total non-operating income	906	1,157
Non-operating expenses		
Interest expense	5	10
Investment partnership management expenses	-	86
Foreign exchange losses	40	-
Loss on investments in partnership	32	-
Other, net	61	104
Total non-operating expenses	140	200
Ordinary income	27,857	26,990
Extraordinary income		
Gain on sales of long-lived assets	1	1
Gain on sales of shares of subsidiaries and associates	-	2,902
Gain on sales of investments in securities	55	-
Other, net	-	9
Total extraordinary income	56	2,912
Extraordinary losses		
Loss on sales and disposal of long-lived assets	376	96
Loss on sales of shares of subsidiaries and associates	159	-
Other, net	3	0
Total extraordinary losses	538	96
Net income before income taxes	27,375	29,806
Income taxes	8,663	9,609
Net income	18,711	20,196
Net income attributable to non-controlling interests	50	49
Net income attributable to owners of the parent	18,661	20,147

Consolidated Statements of Comprehensive Income

(Amounts less than one million yen are truncated)

	Six months of FY2023 (from January 1, 2023 to June 30, 2023)	Six months of FY2024 (from January 1, 2024 to June 30, 2024)
Net income	18,711	20,196
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	1,549	(215)
Deferred gain (loss) on delivatives under hedge accounting	119	19
Foreign currency-translation adjustments	111	244
Defined retirement benefit plans	(326)	238
Total other comprehensive income	1,453	286
Comprehensive income	20,164	20,483
Comprehensive income attributable to		
Owners of the parent	20,094	20,401
Non-controlling interests	70	82

Consolidated Statements of Cash Flows

(Amounts less than one million yen are truncated)

	Six months of FY2023 (from January 1, 2023 to June 30, 2023)	Six months of FY2024 (from January 1, 2024 to June 30, 2024)
Cash flows from operating activities		
Net income before income taxes	27,375	29,806
Depreciation and amortization	4,795	5,002
Amortization of goodwill	51	610
Amortization of customer-related intangible assets	-	476
Increase (decrease) in allowance for doubtful receivables	5	(19)
Increase (decrease) in accrued pension and severance costs	(1,280)	(2,467)
Decrease (increase) in prepaid pension and severance costs	(14)	803
Increase (decrease) in accrued bonuses	287	1,042
Interest and dividend income	(327)	(369)
Interest expense	5	10
Loss (gain) on sales and disposal of property, plant and equipment, net	59	82
Loss (gain) on sales of investments in securities	(55)	-
Loss (gain) on sales of shares of subsidiaries and associates	159	(2,902)
Loss (gain) on investments in partnership	32	48
Decrease (increase) in notes and accounts receivable	15,498	7,788
Decrease (increase) in inventories	(3,741)	3,969
Increase (decrease) in notes and accounts payable-trade	(2,961)	(1,219)
Other, net	(709)	(4,267)
Subtotal	39,180	38,395
Interest and dividends received	326	372
Interest paid	(5)	(9)
Income taxes paid	(7,449)	(6,999)
Net cash provided by operating activities	32,051	31,759
Cash flows from investing activities		
Payments for purchases of property, plant and equipment	(4,551)	(4,202)
Proceeds from sales of property, plant and equipment	3	3
Payments for purchases of intangible assets	(782)	(1,430)
Payments for purchases of investments in securities	(189)	(420)
Proceeds from sales of investments in securities	109	-
Payments for purchases of shares of subsidiaries	(100)	(32,667)
Proceeds from sales of shares of a subsidiary	-	3,257
Decrease (increase) in short-term loans receivable, net	2	40,000
Payments for acquisition of businesses	(750)	-
Other, net	(869)	(366)
Net cash provided by (used in) investing activities	(7,128)	4,173
Cash flows from financing activities		
Repayments of finance lease obligations	(11)	(1)
Repayments of long-term loans	-	(36)
Payments for purchases of treasury stock	(1)	(4)
Dividends paid	(6,480)	(9,075)
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	(6,515)	(9,137)
Effect of exchange rate changes on cash and cash equivalents	183	331
Net increase (decrease) in cash and cash equivalents	18,591	27,126
Cash and cash equivalents at beginning of period	84,632	89,690
Cash and cash equivalents at end of period	103,224	116,817

Consolidated Segment Information

I. Six months of FY2023 (from January 1, 2023 to June 30, 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	66,264	101,426	110,826	21,359	2,900	302,778	-	302,778
Sales - intersegment	10	6,082	5,674	590	3,847	16,205	(16,205)	-
Total	66,274	107,509	116,501	21,950	6,748	318,984	(16,205)	302,778
Operating income (loss)	6,555	9,870	8,912	2,860	(1,006)	27,192	(101)	27,091

[Note]

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

II. Six months of FY2024 (from January 1, 2024 to June 30, 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	64,095	112,866	111,249	24,249	6,442	318,903	-	318,903
Sales - intersegment	10	6,705	5,640	632	3,972	16,960	(16,960)	-
Total	64,105	119,571	116,889	24,882	10,414	335,863	(16,960)	318,903
Operating income (loss)	5,178	10,013	9,612	3,169	(1,863)	26,110	(77)	26,033

[Note]

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

(Changes in Reporting Segments)

Starting from the interim consolidated accounting period of the current fiscal year, the Company transferred a part of the sales channel organization in the "Area" segment, to the "Consumers" segment. The segment information of previous interim consolidation period has been restated accordingly to reflect these changes.