



CONSOLIDATED RESULTS FOR THE THIRD QUARTER AND THE NINE MONTHS ENDED SEPTEMBER 30, 2024

October 24, 2024

CONSOLIDATED RESULTS FOR THE THIRD QUARTER

(Millions of yen, thousands of U.S. dollars, except per share amounts)

	Actual			
	Three months ended September 30, 2024	Three months ended September 30, 2023	Change(%)	Three months ended September 30, 2024
Net sales	¥ 1,079,806	¥ 1,025,247	+ 5.3	\$ 7,551,091
Operating profit	98,164	82,624	+ 18.8	686,462
Income before income taxes	89,322	87,320	+ 2.3	624,629
Net income attributable to Canon Inc.	¥ 68,763	¥ 62,134	+ 10.7	\$ 480,860
Net income attributable to Canon Inc. shareholders per share:				
- Basic	¥ 71.88	¥ 62.65	+ 14.7	\$ 0.50
- Diluted	71.85	62.62	+ 14.7	0.50

CONSOLIDATED RESULTS FOR THE NINE MONTHS

(Millions of yen, thousands of U.S. dollars, except per share amounts)

	Actual			Projection		
	Nine months ended September 30, 2024	Nine months ended September 30, 2023	Change(%)	Nine months ended September 30, 2024	Year ending December 31, 2024	Change(%)
Net sales	¥ 3,236,111	¥ 3,017,254	+ 7.3	\$ 22,630,147	¥ 4,540,000	+ 8.6
Operating profit	296,638	259,373	+ 14.4	2,074,392	455,500	+ 21.3
Income before income taxes	310,769	275,982	+ 12.6	2,173,210	475,500	+ 21.7
Net income attributable to Canon Inc.	¥ 218,569	¥ 183,947	+ 18.8	\$ 1,528,455	¥ 325,000	+ 22.9
Net income attributable to Canon Inc. shareholders per share:						
- Basic	¥ 224.49	¥ 182.98	+ 22.7	\$ 1.57	¥ 336.17	+ 27.2
- Diluted	224.37	182.91	+ 22.7	1.57	336.00	+ 27.2

	Actual			
	As of September 30, 2024	As of December 31, 2023	Change(%)	As of September 30, 2024
Total assets	¥ 5,735,589	¥ 5,416,577	+ 5.9	\$ 40,109,014
Canon Inc. shareholders' equity	¥ 3,255,971	¥ 3,353,022	- 2.9	\$ 22,769,028

Notes: 1. Canon's consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles.
2. U.S. dollar amounts are translated from yen at the rate of JPY143=U.S.\$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of September 30, 2024, solely for the convenience of the reader.

Canon Inc.
Headquarter office

30-2, Shimomaruko 3-chome, Ohta-ku,
Tokyo 146-8501, Japan
Phone: +81-3-3758-2111

I. Operating Results and Financial Conditions

2024 Third Quarter in Review

Looking back at the third quarter of 2024, although the economic situation varied from one region to another, the global economy continued to grow moderately due to subdued inflation and improved consumer spending. By region, in the U.S., the economic growth was solid as a stable income environment supported consumption. In Europe, the economy showed signs of recovery as inflationary pressures eased, but some regions remained stagnant. In China, while exports have recovered, the real estate market has become increasingly severe and domestic demand remained sluggish. In other emerging countries, the economic situation remained firm thanks to the recovery of personal consumption and the expansion of exports. In Japan, the economy recovered moderately due to a recovery in consumer spending.

In the markets in which Canon operates, despite the continued impact of economic stagnation in some regions, businesses overall remained firm. On a product basis, demand for office multifunction devices (MFDs) remained solid, despite the continued sluggish market conditions in Europe and China. For commercial printing, demand remained solid mainly in the U.S. For inkjet printers, despite overall demand showed weakness, demand for refillable ink tank models was solid. For laser printers, despite curbs to corporate investments in some regions, Canon's business remained firm due to the completion of inventory adjustments at its OEM partner. For medical equipment, while the market remained strong mainly in the U.S., the market became more severe in China. For cameras, demand remained solid, mainly for mirrorless cameras. For semiconductor lithography equipment, demand for semiconductors remained high due in part to continued strong investment in generative artificial intelligence (AI). For FPD (Flat Panel Display) lithography equipment, demand for panels continued to improve.

The average value of the yen against the U.S. dollar during the third quarter and the first nine months of the year was ¥149.00 and ¥151.34, respectively, a year-on-year depreciation of approximately ¥4 and a year-on-year depreciation of approximately ¥13. The average value of the yen against the euro was ¥163.81 and ¥164.58 respectively, a year-on-year depreciation of approximately ¥6 and a year-on-year depreciation of approximately ¥15.

As for the third quarter, despite the tough market conditions in some regions, net sales increased by 5.3% year-on-year to ¥1,079.8 billion, resulting in the highest recorded sales for the third quarter in Canon's history, thanks to the solid demand for MFDs for offices and strong sales of mirrorless cameras including the new EOS R5 Mark II, as well as network cameras. Net sales for the first nine months of the year increased to ¥3,236.1 billion, also resulting in the highest recorded sales for the first nine months of the year in Canon's history. Gross profit as a percentage of net sales increased by 0.8 points year-on-year to 47.8% due to cost reductions and improved product mix. Gross profit for the third quarter increased by 7.1% year-on-year to ¥516.4 billion. As for operating expenses, despite an increase by 4.7% year-on-year to ¥418.2 billion mainly due to structural reform costs overseas and the negative impact from depreciation of yen, the operating expenses to sales ratio decreased by 0.2 points to 38.7%, as a result of thorough expense management. As a result, operating profit increased by 18.8% year-on-year to ¥98.2 billion. Other income (deductions) decreased by ¥13.5 billion year-on-year, resulting in a loss of ¥8.9 billion, mainly due to negative impact in currency exchange in receivables of foreign currency. As a result, income before income taxes increased by 2.3% year-on-year to ¥89.3 billion. Net income attributable to Canon Inc. increased by 10.7% year-on-year to ¥68.8 billion due to reversal of tax provisions recorded in prior years. Consequently, operating profit, income before income taxes and net income attributable to Canon Inc. for the third quarter exceeded the previous year. For the first nine months of the year, operating profit increased by 14.4% to ¥296.6 billion, income before income taxes increased by 12.6% to ¥310.8 billion and net income attributable to Canon Inc. increased by 18.8% to ¥218.6 billion.

Basic net income attributable to Canon Inc. shareholders per share was ¥71.88 for the third quarter, a year-on-year increase of ¥9.23, and ¥224.49 for the first nine months, a year-on-year increase of ¥41.51.

Results by Segment

Looking at Canon's third-quarter performance by business unit, in the Printing Business Unit, sales of equipment for the production printing market increased compared with the previous year thanks to strong sales mainly in the U.S. Despite sluggish market conditions in China and seemingly low sales in comparison to last year when there was a large-scale deal in the U.S., MFDs continued to sell well due to solid sales performance of products including low and mid-speed color MFD series such as the imageRUNNER ADVANCE DX C3900 series. As for inkjet printers, although the business was affected by the market shrinkage in China as well as price competition in various regions, sales of refillable ink tank models were solid. As for laser printers, sales increased following the completion of inventory adjustments at Canon's OEM partner, and sales in this quarter for both hardware and consumables showed strong growth compared with the same period of the previous year. As a result, sales for the third quarter of the Printing Business Unit increased by 7.1% compared with the same period of the previous year to ¥610.9 billion, while income before income taxes for the third quarter increased by 35.8% compared with the same period of the previous year to ¥63.6 billion. Sales for the first nine months of the year totaled ¥1,845.7 billion, a year-on-year increase of 8.3%, while income before income taxes totaled ¥216.1 billion, a year-on-year increase of 33.8%.

In the Medical Business Unit, sales in the U.S. remained strong due to the recovering investment appetite by medical institutions brought on by the anticipation of interest rate cuts. However, sales as a whole for the unit were slightly stagnant due to the sluggish market conditions in China and the postponement of installations in some regions. As a result, sales for the third quarter of the Medical Business Unit decreased by 0.1% compared with the same period of the previous year to ¥132.3 billion, while income before income taxes for the third quarter decreased by 25.4% compared with the same period of the previous year to ¥4.9 billion. Sales for the first nine months of the year totaled ¥407.5 billion, a year-on-year increase of 4.6%, while income before income taxes totaled ¥16.4 billion, a year-on-year decrease of 8.7% due to upfront strategic expenditures such as strengthening sales capabilities in the U.S. and other overseas markets, development of next-generation equipment, and structural reform.

In the Imaging Business Unit, the performance of interchangeable-lens digital cameras was solid supported by good sales performance of the new full-frame mirrorless camera EOS R5 Mark II, and the solid sales of entry-level EOS R50 and EOS R100. Sales of network cameras for the third quarter following the previous quarter increased thanks to diversified demands. As a result, sales for the third quarter of the Imaging Business Unit increased by 8.6% compared with the same period of the previous year to ¥239.6 billion, while income before income taxes for the third quarter increased by 9.7% compared with the same period of the previous year to ¥44.5 billion. Sales for the first nine months of the year totaled ¥659.8 billion, a year-on-year increase of 4.3%, while income before income taxes totaled ¥101.1 billion, a year-on-year decrease of 10.5% as a result of restraining shipments and increasing sales promotion expenses in order to normalize inventory levels in the first quarter.

In the Industrial Business Unit, FPD lithography equipment exceeded the previous year's unit sales due to a recovery in customer investment. For semiconductor lithography equipment, demand for generative AI continued to be high from the previous year, and as a result of steady progress in production and installation, unit sales remained at the same level as the previous year. On the other hand, other industrial equipment was affected due to the calculative effect from last year when there was a large-scale business deal and as a result, sales for the third quarter of the Industrial Business Unit decreased by 9.6% compared with the same period of the previous year to ¥71.3 billion, while income before income taxes for the third quarter decreased by 9.6% compared with the same period of the previous year to ¥14.4 billion. Sales for the first nine months of the year totaled ¥234.2 billion, a year-on-year increase of 8.6%, while income before income taxes totaled ¥45.0 billion, a year-on-year increase of 26.2%.

Financial Conditions

Total assets increased by ¥319.0 billion to ¥5,735.6 billion as of September 30, 2024 compared to the end of the previous year, mainly due to the increase of cash and cash equivalents and inventories. Inventories increased due to the preparation of sales expected for the fourth quarter. Total liabilities increased by ¥415.6 billion to ¥2,226.5 billion as of September 30, 2024 compared to the end of the previous year, mainly due to the increase of short-term and long-term debt in response to an increase in necessary working capital. The balance of total equity decreased by ¥96.6 billion to ¥3,509.1 billion as of September 30, 2024 compared to the end of the previous year. The accumulation of net income attributable to Canon Inc. increased total equity, however, the decrease was caused by mainly due to the payment of dividends to Canon Inc. shareholders as well as repurchases of treasury stock that were completed two times in the current fiscal year.

In addition, Canon Marketing Japan Inc., a subsidiary of Canon Inc., made a tender offer for its own shares in the third quarter which Canon Inc. applied. Financial impact from this tender offer on Canon's consolidated financial statements was immaterial, however, this transaction contributed to a capital efficiency improvement without impairing the stock liquidity of Canon Marketing Japan Inc.

As a result, Canon Inc.'s shareholders' equity as a percentage of total assets declined by 5.1 points to 56.8% compared to the end of the previous year.

Cash Flow

In the first nine months of the year, cash flow from operating activities increased by ¥93.1 billion year-on-year to ¥363.0 billion mainly due to an increase in net income. Cash flow used in investing activities were ¥203.2 billion, the same level as the previous year, when Canon made large-scale acquisitions, due to the acquisition of Primagest, Inc., which has strength in BPO services, and continued investment in production facilities. Accordingly, free cash flow increased by ¥94.0 billion compared with the previous year to ¥159.8 billion.

Cash flow from financing activities decreased by ¥75.2 billion year-on-year as a result of active returns to shareholders, including increased dividends and repurchases of treasury stock which were completed two times, despite the issuance of short-term and long-term debt in response to an increase in necessary working capital, resulting in a cash outflow of ¥10.2 billion.

Owing to these factors, as well as the impact from foreign currency exchange adjustments, cash and cash equivalents increased by ¥149.3 billion to ¥550.6 billion from the end of the previous year.

Outlook

As for the outlook for the fourth quarter, there are still risks of economic slowdown due to increasing geopolitical risks, tightening monetary policies across the world in response to a resurgence in inflation, and the prolonged stagnation of the Chinese market. However, the global economy is expected to continue its recovery trend thanks to the easing of inflation in many countries.

In the markets in which Canon operates, sales of equipment for the production printing market are expected to increase due to progress in installation of the deals materialized at the international exhibition drupa held in the second quarter. For office MFDs, demand is expected to remain firm overall, even though it will take time for markets in Europe and China to recover. For inkjet printers demand for refillable ink tank products is expected to remain stable. For laser printers, Canon's unit of sales are expected to increase year-on-year due to continued recovery from the second quarter. As for medical equipment, the market in China is deteriorating, and while there are moves to extend installation in some regions such as Europe, the U.S. market expansion is expected to continue. For digital interchangeable-lens cameras, the shift to mirrorless cameras is expected to continue, and sales of Canon are also expected to remain solid, particularly for entry-level models such as the new EOS R5 Mark II and EOS R50. For network cameras, the market is expected to maintain sound growth, driven by the expansion of demand from not only the surveillance field, but also demands for increasing productivity and quality at manufacturing sites and sales sites. For semiconductor lithography equipment, demand for generative

AI continues to be high and is expected to remain at a high level. For FPD lithography equipment, as the panel market continues to recover, investment for IT (Information Technology) panels and for advanced panel functions is expected to increase in the future.

With regard to currency exchange rates on which Canon bases its performance outlook for the fourth quarter, Canon anticipates exchange rates of ¥145 to the U.S. dollar and ¥160 to the euro. For the full year, currency assumes depreciation of approximately ¥9 against the U.S. dollar and depreciation of approximately ¥11 against the euro compared with the previous year in view of the current situation. For the U.S. dollar and the euro, Canon expects the yen to appreciate by ¥4 and appreciate by ¥2 respectively compared with its previous forecast.

Based on the aforementioned currency exchange rates and current situation of each business, and taking the effects of highly competitive new products into consideration, Canon revised its forecast to full-year consolidated net sales of ¥4,540.0 billion, a year-on-year increase of 8.6%; operating profit of ¥455.5 billion, a year-on-year increase of 21.3%; income before income taxes of ¥475.5 billion, a year-on-year increase of 21.7%; and net income attributable to Canon Inc. of ¥325.0 billion, a year-on-year increase of 22.9%. Continuing from the previous forecast, Canon expects consolidated net sales for the year to exceed the record high in 2007.

Consolidated Outlook

Fiscal year

	Millions of yen				
	Year ending December 31, 2024		Change (B - A)	Change (%) (B - A) / A	Year ended December 31, 2023
	Previous Outlook (A)	Revised Outlook (B)			Results
Net sales	4,600,000	4,540,000	(60,000)	-1.3%	4,180,972
Operating profit	465,000	455,500	(9,500)	-2.0%	375,366
Income before income taxes	490,000	475,500	(14,500)	-3.0%	390,767
Net income attributable to Canon Inc.	335,000	325,000	(10,000)	-3.0%	264,513

This document contains forward-looking statements with respect to future results, performance and achievements that are subject to risk and uncertainties and reflect management's views and assumptions formed by available information. All statements other than statements of historical fact are statements that could be considered forward-looking statements. When used in this document, words such as "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "project" or "should" and similar expressions, as they relate to Canon, are intended to identify forward-looking statements. Many factors could cause the actual results, performance or achievements of Canon to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in general economic and business conditions, changes in currency exchange rates and interest rates, introduction of competing products by other companies, lack of acceptance of new products or services by Canon's targeted customers, inability to meet efficiency and cost reduction objectives, changes in business strategy and various other factors, both referenced and not referenced in this document. Please refer to Canon's most recent disclosure documents such as the Annual Report, which are available on its website, for more information on the risks and uncertainties that may affect Canon's business, financial condition and results of operations. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. Canon does not intend or assume any obligation to update these forward-looking statements.

II. Financial Statements**1. CONSOLIDATED BALANCE SHEETS**

	Millions of yen		
	As of September 30, 2024	As of December 31, 2023	Change
ASSETS			
Current assets	2,451,845	2,224,086	227,759
Cash and cash equivalents	550,590	401,323	149,267
Short-term investments	4,986	3,822	1,164
Trade receivables	624,361	655,460	(31,099)
Inventories	889,681	796,881	92,800
Current lease receivables	154,778	150,324	4,454
Prepaid expenses and other current assets	242,340	231,605	10,735
Allowance for credit losses	(14,891)	(15,329)	438
Non-current assets	3,283,744	3,192,491	91,253
Noncurrent receivables	25,161	11,734	13,427
Investments	79,697	78,505	1,192
Property, plant and equipment, net	1,109,190	1,095,879	13,311
Operating lease right-of-use assets	127,383	126,125	1,258
Intangible assets, net	275,330	274,942	388
Goodwill	1,065,470	1,045,400	20,070
Noncurrent lease receivables	333,545	321,065	12,480
Other assets	271,950	242,659	29,291
Allowance for credit losses	(3,982)	(3,818)	(164)
Total assets	<u>5,735,589</u>	<u>5,416,577</u>	<u>319,012</u>
LIABILITIES AND EQUITY			
Current liabilities	1,762,599	1,439,176	323,423
Short-term loans and current portion of long-term debt	629,910	386,200	243,710
Short-term loans related to financial services	41,000	38,900	2,100
Other short-term loans and current portion of long-term debt	588,910	347,300	241,610
Trade payables	354,462	309,930	44,532
Accrued income taxes	55,964	56,983	(1,019)
Accrued expenses	415,067	373,544	41,523
Current operating lease liabilities	35,756	35,559	197
Other current liabilities	271,440	276,960	(5,520)
Non-Current liabilities	463,912	371,694	92,218
Long-term debt, excluding current portion of long-term debt	105,127	2,954	102,173
Accrued pension and severance cost	166,624	171,779	(5,155)
Noncurrent operating lease liabilities	94,512	92,604	1,908
Other noncurrent liabilities	97,649	104,357	(6,708)
Total liabilities	<u>2,226,511</u>	<u>1,810,870</u>	<u>415,641</u>
Canon Inc. shareholders' equity	3,255,971	3,353,022	(97,051)
Common stock	174,762	174,762	-
Additional paid-in capital	411,445	404,935	6,510
Retained earnings	3,939,105	3,862,846	76,259
Legal reserve	61,814	61,634	180
Other retained earnings	3,877,291	3,801,212	76,079
Accumulated other comprehensive income (loss)	288,886	268,758	20,128
Treasury stock, at cost	(1,558,227)	(1,358,279)	(199,948)
Noncontrolling interests	253,107	252,685	422
Total equity	<u>3,509,078</u>	<u>3,605,707</u>	<u>(96,629)</u>
Total liabilities and equity	<u>5,735,589</u>	<u>5,416,577</u>	<u>319,012</u>

Millions of yen

	As of September 30, 2024	As of December 31, 2023
Notes:		
1. Accumulated depreciation	3,151,241	3,088,649
2. Accumulated other comprehensive income (loss):		
Foreign currency translation adjustments	390,305	374,937
Net unrealized gains and losses on securities	70	26
Net gains and losses on derivative instruments	1,456	924
Pension liability adjustments	(102,945)	(107,129)

2. CONSOLIDATED STATEMENTS OF INCOME AND
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Results for the third quarter**Consolidated statements of income**

	Millions of yen		Change(%)
	Three months ended	Three months ended	
	September 30, 2024	September 30, 2023	
Net sales	1,079,806	1,025,247	+ 5.3
Cost of sales	563,445	543,197	
Gross profit	516,361	482,050	+ 7.1
Operating expenses:			
Selling, general and administrative expenses	336,907	315,099	
Research and development expenses	81,290	84,327	
Operating profit	418,197	399,426	
Operating profit	98,164	82,624	+ 18.8
Other income (deductions):			
Interest and dividend income	3,828	3,550	
Interest expense	(1,012)	(659)	
Other, net	(11,658)	1,805	
Income before income taxes	(8,842)	4,696	
Income before income taxes	89,322	87,320	+ 2.3
Income taxes	15,890	21,379	
Consolidated net income	73,432	65,941	
Less: Net income attributable to noncontrolling interests	4,669	3,807	
Net income attributable to Canon Inc.	68,763	62,134	+ 10.7

Consolidated statements of comprehensive income

	Millions of yen		Change(%)
	Three months ended	Three months ended	
	September 30, 2024	September 30, 2023	
Consolidated net income	73,432	65,941	+ 11.4
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments	(200,091)	40,004	
Net unrealized gains and losses on securities	23	21	
Net gains and losses on derivative instruments	4,497	(752)	
Pension liability adjustments	723	842	
Comprehensive income (loss)	(194,848)	40,115	
Comprehensive income (loss)	(121,416)	106,056	-
Less: Comprehensive income (loss) attributable to noncontrolling interests	3,161	4,248	
Comprehensive income (loss) attributable to Canon Inc.	(124,577)	101,808	-

Results for the nine months**Consolidated statements of income**

	Millions of yen		Change(%)
	Nine months ended September 30, 2024	Nine months ended September 30, 2023	
Net sales	3,236,111	3,017,254	+ 7.3
Cost of sales	1,689,720	1,596,423	
Gross profit	1,546,391	1,420,831	+ 8.8
Operating expenses:			
Selling, general and administrative expenses	1,003,953	914,628	
Research and development expenses	245,800	246,830	
Operating profit	296,638	259,373	+ 14.4
Other income (deductions):			
Interest and dividend income	11,557	9,103	
Interest expense	(2,487)	(1,474)	
Other, net	5,061	8,980	
Income before income taxes	310,769	275,982	+ 12.6
Income taxes	77,660	77,951	
Consolidated net income	233,109	198,031	
Less: Net income attributable to noncontrolling interests	14,540	14,084	
Net income attributable to Canon Inc.	218,569	183,947	+ 18.8

Consolidated statements of comprehensive income

	Millions of yen		Change(%)
	Nine months ended September 30, 2024	Nine months ended September 30, 2023	
Consolidated net income	233,109	198,031	+ 17.7
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments	15,557	223,928	
Net unrealized gains and losses on securities	44	60	
Net gains and losses on derivative instruments	476	(1,214)	
Pension liability adjustments	4,284	3,993	
Comprehensive income (loss)	253,470	424,798	- 40.3
Less: Comprehensive income (loss) attributable to noncontrolling interests	14,774	15,971	
Comprehensive income (loss) attributable to Canon Inc.	238,696	408,827	- 41.6

3. CONSOLIDATED STATEMENTS OF CASH FLOWS

	Millions of yen	
	<u>Nine months ended September 30, 2024</u>	<u>Nine months ended September 30, 2023</u>
Cash flows from operating activities:		
Consolidated net income	233,109	198,031
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	172,788	174,112
Loss on disposal of fixed assets	752	3,059
Deferred income taxes	(15,753)	(10,060)
Decrease in trade receivables	24,231	61,379
Increase in inventories	(88,179)	(41,126)
Increase in lease receivables	(14,026)	(19,082)
Increase (decrease) in trade payables	44,933	(26,576)
Decrease in accrued income taxes	(1,290)	(4,964)
Increase in accrued expenses	27,086	1,072
Decrease in accrued pension and severance cost	(25,073)	(22,926)
Contribution of cash to retirement benefit trust	-	(18,000)
Other, net	4,427	(25,034)
Net cash provided by operating activities	<u>363,005</u>	<u>269,885</u>
Cash flows from investing activities:		
Purchases of fixed assets	(172,946)	(156,948)
Proceeds from sale of fixed assets	3,401	2,533
Purchases of securities	(5,307)	(6,685)
Proceeds from sale and maturity of securities	3,624	13,181
Acquisitions of businesses, net of cash acquired	(32,672)	(56,219)
Other, net	723	117
Net cash used in investing activities	<u>(203,177)</u>	<u>(204,021)</u>
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	100,000	-
Repayments of long-term debt	(1,745)	(1,456)
Increase (decrease) in short-term loans related to financial services, net	2,100	(1,000)
Increase in other short-term loans, net	240,000	306,280
Dividends paid	(141,530)	(130,870)
Repurchases and reissuance of treasury stock, net	(200,024)	(100,014)
Other, net	(8,959)	(7,860)
Net cash (used in) provided by financing activities	<u>(10,158)</u>	<u>65,080</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(403)</u>	<u>27,700</u>
Net change in cash and cash equivalents	<u>149,267</u>	<u>158,644</u>
Cash and cash equivalents at beginning of period	<u>401,323</u>	<u>362,101</u>
Cash and cash equivalents at end of period	<u><u>550,590</u></u>	<u><u>520,745</u></u>

*Certain items in the consolidated statements of cash flows for the nine months ended September 30, 2023, have been reclassified to conform to the current year's presentation.

4. NOTE FOR GOING CONCERN ASSUMPTION

Not applicable.

5. SEGMENT INFORMATION

SEGMENT INFORMATION BY BUSINESS UNIT

Results for the third quarter

	Millions of yen		Change(%)	
	Three months ended September 30, 2024	Three months ended September 30, 2023		
Printing				
Net sales:				
External customers	609,152	568,502	+	7.2
Intersegment	1,725	1,858	-	7.2
Total	610,877	570,360	+	7.1
Operating cost and expenses	550,171	524,317	+	4.9
Operating profit	60,706	46,043	+	31.8
Other income (deductions)	2,845	764	+	272.4
Income before income taxes	63,551	46,807	+	35.8
Medical				
Net sales:				
External customers	132,112	132,044	+	0.1
Intersegment	218	362	-	39.8
Total	132,330	132,406	-	0.1
Operating cost and expenses	127,669	125,767	+	1.5
Operating profit	4,661	6,639	-	29.8
Other income (deductions)	277	(20)	-	-
Income before income taxes	4,938	6,619	-	25.4
Imaging				
Net sales:				
External customers	239,488	220,614	+	8.6
Intersegment	86	72	+	19.4
Total	239,574	220,686	+	8.6
Operating cost and expenses	195,959	180,503	+	8.6
Operating profit	43,615	40,183	+	8.5
Other income (deductions)	890	369	+	141.2
Income before income taxes	44,505	40,552	+	9.7
Industrial				
Net sales:				
External customers	68,742	76,547	-	10.2
Intersegment	2,530	2,302	+	9.9
Total	71,272	78,849	-	9.6
Operating cost and expenses	57,272	63,081	-	9.2
Operating profit	14,000	15,768	-	11.2
Other income (deductions)	375	131	+	186.3
Income before income taxes	14,375	15,899	-	9.6
Others and Corporate				
Net sales:				
External customers	30,312	27,540	+	10.1
Intersegment	23,603	22,293	+	5.9
Total	53,915	49,833	+	8.2
Operating cost and expenses	78,478	75,334	+	4.2
Operating profit	(24,563)	(25,501)	-	-
Other income (deductions)	(13,229)	3,512	-	-
Income before income taxes	(37,792)	(21,989)	-	-
Eliminations				
Net sales:				
External customers	-	-	-	-
Intersegment	(28,162)	(26,887)	-	-
Total	(28,162)	(26,887)	-	-
Operating cost and expenses	(27,907)	(26,379)	-	-
Operating profit	(255)	(508)	-	-
Other income (deductions)	-	(60)	-	-
Income before income taxes	(255)	(568)	-	-
Consolidated				
Net sales:				
External customers	1,079,806	1,025,247	+	5.3
Intersegment	-	-	-	-
Total	1,079,806	1,025,247	+	5.3
Operating cost and expenses	981,642	942,623	+	4.1
Operating profit	98,164	82,624	+	18.8
Other income (deductions)	(8,842)	4,696	-	-
Income before income taxes	89,322	87,320	+	2.3

* In order to manage the performance of each reportable segment more appropriately, Canon has changed its performance management method regarding intercompany transactions for Others and Corporate from the beginning of the first quarter of 2024. Operating results for the three months ended September 30, 2023 have also been reclassified.

*Corporate expenses include certain corporate research and development expenses. Amortization costs of identified intangible assets resulting from the purchase price allocation of Toshiba Medical Systems Corporation (Canon Medical Systems Corporation) are also included in corporate expenses.

SEGMENT INFORMATION BY BUSINESS UNIT

Results for the nine months

	Millions of yen		Change(%)
	Nine months ended September 30, 2024	Nine months ended September 30, 2023	
Printing			
Net sales:			
External customers	1,839,975	1,698,620	+ 8.3
Intersegment	5,680	4,824	+ 17.7
Total	1,845,655	1,703,444	+ 8.3
Operating cost and expenses	1,640,235	1,547,489	+ 6.0
Operating profit	205,420	155,955	+ 31.7
Other income (deductions)	10,649	5,578	+ 90.9
Income before income taxes	216,069	161,533	+ 33.8
Medical			
Net sales:			
External customers	407,071	388,672	+ 4.7
Intersegment	466	904	- 48.5
Total	407,537	389,576	+ 4.6
Operating cost and expenses	391,805	371,641	+ 5.4
Operating profit	15,732	17,935	- 12.3
Other income (deductions)	640	(8)	-
Income before income taxes	16,372	17,927	- 8.7
Imaging			
Net sales:			
External customers	659,614	632,173	+ 4.3
Intersegment	225	174	+ 29.3
Total	659,839	632,347	+ 4.3
Operating cost and expenses	560,958	520,456	+ 7.8
Operating profit	98,881	111,891	- 11.6
Other income (deductions)	2,239	1,134	+ 97.4
Income before income taxes	101,120	113,025	- 10.5
Industrial			
Net sales:			
External customers	226,404	207,400	+ 9.2
Intersegment	7,810	8,365	- 6.6
Total	234,214	215,765	+ 8.6
Operating cost and expenses	190,250	180,495	+ 5.4
Operating profit	43,964	35,270	+ 24.6
Other income (deductions)	1,061	408	+ 160.0
Income before income taxes	45,025	35,678	+ 26.2
Others and Corporate			
Net sales:			
External customers	103,047	90,389	+ 14.0
Intersegment	65,885	65,958	- 0.1
Total	168,932	156,347	+ 8.0
Operating cost and expenses	237,122	216,353	+ 9.6
Operating profit	(68,190)	(60,006)	-
Other income (deductions)	(458)	9,587	-
Income before income taxes	(68,648)	(50,419)	-
Eliminations			
Net sales:			
External customers	-	-	-
Intersegment	(80,066)	(80,225)	-
Total	(80,066)	(80,225)	-
Operating cost and expenses	(80,897)	(78,553)	-
Operating profit	831	(1,672)	-
Other income (deductions)	-	(90)	-
Income before income taxes	831	(1,762)	-
Consolidated			
Net sales:			
External customers	3,236,111	3,017,254	+ 7.3
Intersegment	-	-	-
Total	3,236,111	3,017,254	+ 7.3
Operating cost and expenses	2,939,473	2,757,881	+ 6.6
Operating profit	296,638	259,373	+ 14.4
Other income (deductions)	14,131	16,609	- 14.9
Income before income taxes	310,769	275,982	+ 12.6

* In order to manage the performance of each reportable segment more appropriately, Canon has changed its performance management method regarding intercompany transactions for Others and Corporate from the beginning of the first quarter of 2024. Operating results for the nine months ended September 30, 2023 have also been reclassified.

*Corporate expenses include certain corporate research and development expenses. Amortization costs of identified intangible assets resulting from the purchase price allocation of Toshiba Medical Systems Corporation (Canon Medical Systems Corporation) are also included in corporate expenses.

6. DETAILS OF SALES

Results for the third quarter

Sales by business unit	Millions of yen		Change(%)
	Three months ended September 30, 2024	Three months ended September 30, 2023	
Printing	610,877	570,360	+ 7.1
Medical	132,330	132,406	- 0.1
Imaging	239,574	220,686	+ 8.6
Industrial	71,272	78,849	- 9.6
Others and Corporate	53,915	49,833	+ 8.2
Eliminations	(28,162)	(26,887)	-
Total	1,079,806	1,025,247	+ 5.3

Sales by region	Millions of yen		Change(%)
	Three months ended September 30, 2024	Three months ended September 30, 2023	
Japan	213,109	213,428	- 0.1
Overseas:			
<i>Americas</i>	355,087	328,008	+ 8.3
<i>Europe</i>	285,264	270,461	+ 5.5
<i>Asia and Oceania</i>	226,346	213,350	+ 6.1
	866,697	811,819	+ 6.8
Total	1,079,806	1,025,247	+ 5.3

Results for the nine months

Sales by business unit	Millions of yen		Change(%)
	Nine months ended September 30, 2024	Nine months ended September 30, 2023	
Printing	1,845,655	1,703,444	+ 8.3
Medical	407,537	389,576	+ 4.6
Imaging	659,839	632,347	+ 4.3
Industrial	234,214	215,765	+ 8.6
Others and Corporate	168,932	156,347	+ 8.0
Eliminations	(80,066)	(80,225)	-
Total	3,236,111	3,017,254	+ 7.3

Sales by region	Millions of yen		Change(%)
	Nine months ended September 30, 2024	Nine months ended September 30, 2023	
Japan	693,447	652,598	+ 6.3
Overseas:			
<i>Americas</i>	1,032,639	944,583	+ 9.3
<i>Europe</i>	841,170	790,223	+ 6.4
<i>Asia and Oceania</i>	668,855	629,850	+ 6.2
	2,542,664	2,364,656	+ 7.5
Total	3,236,111	3,017,254	+ 7.3

* In order to manage the performance of each reportable segment more appropriately, Canon has changed its performance management method regarding intercompany transactions for Others and Corporate from the beginning of the first quarter of 2024. Operating results for the three and nine months ended September 30, 2023 have also been reclassified.

Notes: 1. The primary products included in each of the segments are as follows:

Printing Business Unit :

Digital continuous feed presses / Digital sheet-fed presses / Large format printers /
Office multifunction devices (MFDs) / Document solutions / Laser multifunction printers (MFPs) /
Laser printers / Inkjet printers / Image scanners / Calculators

Medical Business Unit :

Computed tomography (CT) systems / Diagnostic ultrasound systems / Diagnostic X-ray systems /
Magnetic resonance imaging (MRI) systems / Digital radiography systems / Ophthalmic equipment /
In vitro diagnostic systems and reagents / Healthcare IT Solutions

Imaging Business Unit :

Interchangeable-lens digital cameras / Interchangeable lenses / Digital compact cameras / Compact photo printers /
MR Systems / Network cameras / Video management software / Video content analytics software /
Digital camcorders / Digital cinema cameras / Broadcast equipment

Industrial Business Unit :

Semiconductor lithography equipment / FPD (Flat panel display) lithography equipment /
OLED Display Manufacturing Equipment / Vacuum thin-film deposition equipment / Die bonders

Others :

Handy terminals / Document scanners

2. The principal countries and regions included in each regional category are as follows:

Americas: United States of America, Canada, Latin America

Europe: United Kingdom, Germany, France, Netherlands, European countries, Middle East and Africa

Asia and Oceania: China, Asian countries, Australia

7. NOTE ON SIGNIFICANT CHANGES IN CANON INC. SHAREHOLDERS' EQUITY

None.

8. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Canon's quarterly consolidated financial statements are prepared in accordance with Article 5, Paragraph 4 of the Standards for Preparation of Quarterly Financial Statements of the Tokyo Stock Exchange, the Nagoya Stock Exchange, the Sapporo Securities Exchange, and the Fukuoka Stock Exchange, and in accordance with U.S. generally accepted accounting principles.

However, the omission of details, as stipulated in Article 5, Paragraph 5 of the Standards for Preparation of Quarterly Financial Statements, has been applied. Canon also complies with Paragraph 3 of the Supplementary Provisions of the Cabinet Office Ordinance for Partial Amendment of the Regulations on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (the Cabinet Office Ordinance No.11 of 2002) in compiling its quarterly consolidated financial statements.