

This is a translation of the original convocation in Japanese language for convenience purposes only, and in the event of any discrepancy, the Japanese language shall prevail.

Securities Code: 8060
March 4, 2024

TO OUR SHAREHOLDER

Canon Marketing Japan Inc.
16-6, Konan 2-chome, Minato-ku,
Tokyo
Masachika Adachi
President & Representative Director

NOTICE OF CONVOCATION OF THE 56TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the 56th Ordinary General Meeting of Shareholders of Canon Marketing Japan Inc. (the “Company”) will be held as described below.

In the convocation of this General Meeting of Shareholders, information contained in the Reference Documents for the General Meeting of Shareholders and will be posted on the Company’s website on the Internet. Please visit the following website for the Company to access this information.

The Company’s website
<https://cweb.canon.jp/eng/ir/stock/generalmeeting.html>

In addition to the above website, the matters to be provided electronically will also be posted on the website of the Tokyo Stock Exchange (TSE). Please access the following website for the TSE (Listed Company Search), enter “Canon Marketing Japan” in the “Issue name (company name)” field or “8060” in the “Code” field and run a search. Then, select “Basic information” followed by “Documents for public inspection/PR information” to peruse the information that has been posted.

The Tokyo Stock Exchange’s website (Listed Company Search)
<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

If you are not attending the Meeting in person, you can exercise your voting rights in writing or via the Internet. After reviewing the following Reference Documents for General Meeting of Shareholders, please exercise your rights by no later than 5:30 p.m. on March 26 (Tuesday), 2024 (Japan time).

- 1. DATE AND TIME** March 27 (Wednesday), 2024 at 10:00 a.m. (Japan time)
- 2. PLACE** Headquarters of the Company
 CANON HALL S, 3rd floor of CANON S TOWER
 16-6, Konan 2-chome, Minato-ku, Tokyo
- 3. MATTERS CONSTITUTING THE PURPOSE OF THE MEETING**
- Matters to be Reported:**
1. Reports on the contents of the Business Report and Consolidated Financial Statements for the 56th Fiscal Year (from January 1, 2023 to December 31, 2023), and reports on the Auditing Results of Accounting Auditor and Audit & Supervisory Board regarding the Consolidated Financial Statements.
 2. Reports on the content of the Non-Consolidated Financial Statements for the 56th Fiscal Year (from January 1, 2023 to December 31, 2023).
- Matters to be Resolved upon:**
- | | |
|-------------------|---|
| Item No. 1 | Dividends from Surplus |
| Item No. 2 | Election of Seven Directors |
| Item No. 3 | Election of Three Audit & Supervisory Board Members |
| Item No. 4 | Payment of Bonuses to Directors |

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- Upon attending the Meeting, please present the enclosed Voting Form to the receptionist at the place of the Meeting.
- About the procedures for the exercise of voting rights in writing or by the Internet, etc., please see the following pages.
- This document also serves as the paper copy including the matters to be provided electronically according to a document delivery request. In accordance with the related laws and regulations and Article 14 of the Company’s Articles of Incorporation, the following matters are not included. Accordingly, this document represents only part of the applicable documents which the Audit & Supervisory Board Members and Accounting Auditor audited to prepare their audit reports.
 - (1) Status of Assets and Earnings, Main Business, and Main Location of Operations, given in Current Conditions of Canon Marketing Japan and its consolidated subsidiaries (the “Group”), and Status of Shares of the Company, Status of Accounting Auditor, Systems for Ensuring Appropriateness of Business Operations and Outline of Implementation Activities, and Stock Acquisition Rights etc. of the Company to be described in the Business Report
 - (2) Consolidated Statements of Shareholders’ Equity and Notes to Consolidated Financial Statements
 - (3) Non-Consolidated Financial Statements
 - (4) Accounting auditor’s report on the Consolidated Financial Statements
 - (5) Accounting auditor’s report on the non-Consolidated Financial Statements
- Any revisions to the matters to be provided electronically will be posted as detailed before and after revision on the Company’s website and the TSE’s website on the Internet as listed above.

Guidance Notes on the Exercise of Voting Rights

Your voting rights to be exercised at the General Meetings of Shareholders are important rights. After reviewing the Reference Documents for the General Meeting of Shareholders included in the matters to be provided electronically, please exercise your voting rights.

The Voting rights can be exercised in one of the following three ways.

Exercise of Voting Rights by Attending the Meeting

DATE AND TIME: March 27 (Wednesday), 2024 at 10:00 a.m. (Japan time)

PLACE: Headquarters of the Company
CANON HALL S, 3rd floor of CANON S TOWER
16-6, Konan 2-chome, Minato-ku, Tokyo

Please bring and present the enclosed Voting Form to the receptionist at the place of the Meeting.

Exercise of Voting Rights in Writing (Via Postal Mail)

Deadline for exercising voting rights: The Voting Form must reach us no later than 5:30 p.m. on March 26 (Tuesday), 2024 (Japan time)

Please indicate your for/against for each of the propositions on the enclosed Voting Form and return it by postal mail. If neither for nor against are indicated for each of the propositions on the Voting Form, we will treat this as indicating an intention to vote in favor of the proposal.

Exercise of Voting Rights by Electromagnetic Means (Via the Internet)

Deadline for exercising voting rights: The exercise of voting rights must be made no later than 5:30 p.m. on March 26 (Tuesday), 2024 (Japan time)

Please enter your for/against for each of the propositions on the website for the exercise of voting rights (<https://soukai.mizuho-tb.co.jp/>) and send it.

- * If voting rights are exercised in duplicate via the Internet and via postal mail, votes made via the Internet will be deemed to be valid.
- * If you exercise your voting rights more than once via the Internet, we will treat the last exercise of your voting rights as effective.
- * Please note that you may not be able to access the website for the exercise of voting rights depending on your Internet operating environment, your Internet service or the model of the device you use.
- * Any internet connection charges, communication charges or other fees incurred when you access the website for the exercise of voting rights shall be borne by you.

Guidance Notes on the Exercise of Voting Rights via the Internet, etc.

How to enter the voting code and password

Website for the exercise of voting rights <https://soukai.mizuho-tb.co.jp/>

1. Access the website for the exercise of voting rights.
Click on the “Next” button.
2. Enter your voting code shown on your voting form.
Enter voting code.
Click on the “Next” button.
3. Enter your password shown on your voting form.
Enter password.
Click on the “Log-in” button.
4. Indicate your approval or disapproval of the resolutions by following the directions on the screen.

How to scan the QR code using your smartphone “Smart voting”

You can log-in to the voting website without having to enter your voting code or password.

1. Scan the QR code printed on the bottom-right of the voting form.
* “QR code” is a registered trademark of DENSO WAVE INCORPORATED.
2. Indicate your approval or disapproval of the resolutions by following the directions on the screen.
You can exercise your voting rights ONLY ONCE by “smart voting.” If you wish to change your vote after exercising your voting rights by “smart voting,” please access the PC version of website for the exercise of voting rights, login by entering your voting code and password shown on the voting form and vote again.
* Scanning the QR code again can take you to the PC version website for the exercise of voting rights.

If you have any questions about use of the voting website or “smart voting,” please contact:

Internet Help Dial: Stock Transfer Agency Department Mizuho Trust & Banking Co., Ltd.

Telephone: 0120-768-524 (toll-free)

Operating Hours: 9:00 a.m. to 9:00 p.m. (excluding New Year’s holiday period)

Platform for Electronic Exercise of Voting Rights

The electronic voting platform for institutional investors operated by Investor Communications Japan Inc. is available for nominee shareholders such as trust & custody services banks, etc. (including standing proxies) that have applied to use such platform in advance.

REFERENCE DOCUMENTS FOR GENERAL MEETING OF SHAREHOLDERS

Item No. 1: Dividends from Surplus

We have comprehensively considered the business results, etc. for this Fiscal Year, and propose a year-end dividend as described below.

Thus, the full-year dividends will be 120.00 yen per share, which includes interim dividends of 50.00 yen per share.

Although it is provided in the Articles of Incorporation that the dividends from surplus, etc. may be decided by a resolution of the board of directors, we have made it a matter to be resolved at this Meeting to have an opportunity to hear the shareholders' views directly.

(1) Type of dividend:

Cash

(2) Matters concerning distribution of dividend and its total amount:

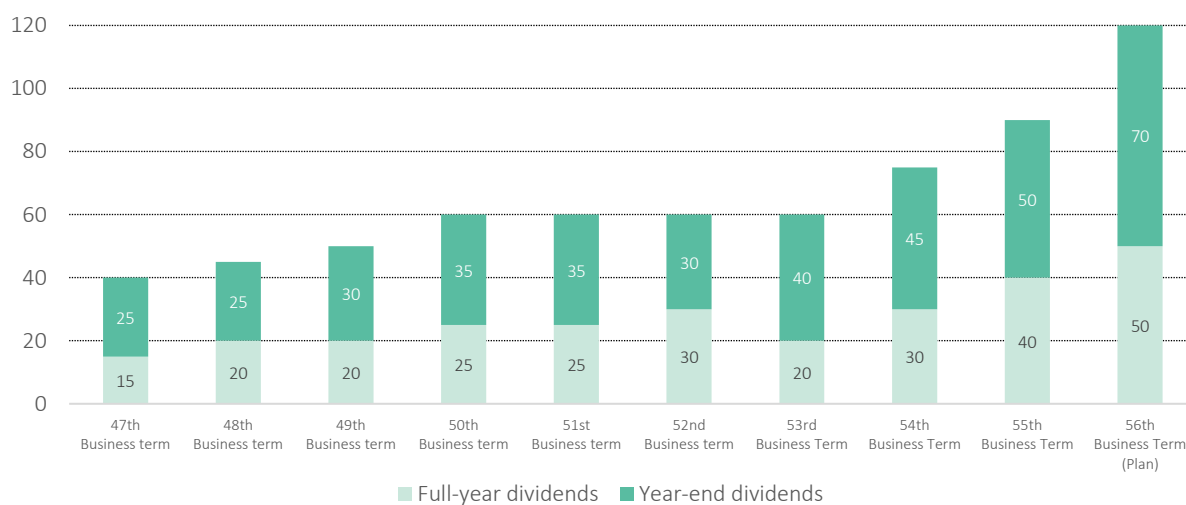
70.00 yen per common share of the Company

Total amount of dividend 9,077,484,990 yen

(3) Effective date of the dividend from surplus:

March 28, 2024

<REFERENCE> Changes in dividends (yen)



Item No. 2: Election of Seven Directors

The term of offices of all of the seven Directors will expire at the end of this Meeting. Accordingly, we would like to elect seven Directors.

The candidates for the position of the Directors are as follows:

No.		Name	Gender	Present Position and Areas of Responsibility at the Company	Attendance at Board of Directors' Meetings	Member of Nomination and Remuneration Advisory Committee	Member of Special Committee
1	[Reappointment]	Masachika Adachi	Male	President & Representative Director Executive President	100% (13/13)	◎	
2	[Reappointment]	Minoru Mizoguchi	Male	Director & Senior Vice President Director in charge of Group General Administration & Human Resources Management, Group Legal & Intellectual Property and Group Logistics	100% (13/13)	○	
3	[Reappointment]	Hatsumi Hirukawa	Male	Director & Vice President Director in charge of Group Planning, Group Communication, and Group Service & Support	100% (13/13)		
4	[Reappointment]	Tsuyoshi Osato	Male	Director & Vice President Director in charge of Group Auditing, Group Finance & Accounting, and Group Procurement	100% (13/13)		
5	[Reappointment] [Outside] [Independent]	Yoshio Osawa	Male	Outside Director	100% (13/13)	○	◎
6	[Reappointment] [Outside] [Independent]	Toshiharu Hasebe	Male	Outside Director	100% (13/13)	○	○
7	[Reappointment] [Outside] [Independent]	Hiroko Kawamoto	Female	Outside Director	100% (10/10)	○	○

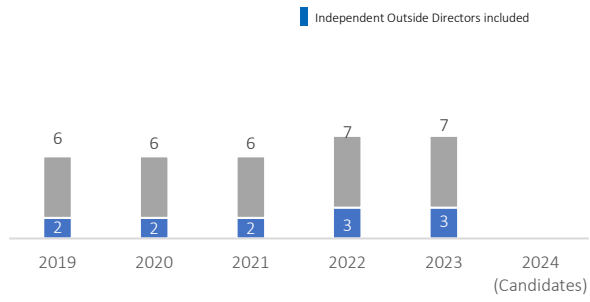
- Notes: 1. Besides the number of meetings of the Board of Directors stated above, there were two written resolutions by which resolutions were deemed to have been made by the Board of Directors in accordance with Article 370 of the Companies Act and Article 22 of the Company's Articles of Incorporation.
2. Attendance at Board of Directors' meetings for Ms. Hiroko Kawamoto refers to the Board of Directors' meetings that were held after her election at the 55th Ordinary General Meeting of Shareholders held on March 29, 2023.
3. In the above list for the candidates for Directors who currently serve as members of the Nomination and Remuneration Advisory Committee, the "◎" symbol denotes the chairperson and the "○" symbol indicates a member.
4. The Company established a Special Committee effective January 29, 2024. Comprising independent Outside Directors, the committee deliberates major transactions with controlling shareholders that are deemed by the committee to require deliberation and examination with a view to protecting the benefits of minority shareholders, and related matters regarding a governance structure, management, etc., and then reports to the Board of Directors. In the above list for the candidates for Directors who currently serve as members of the committee, the "◎" symbol denotes the chairperson and the "○" symbol indicates other member.

<REFERENCE>

Independence of the Board of

Directors after the election

Changes in the number of members of the Board of Directors






Skills Matrix of the Candidates for Director


Name	 Masachika Adachi	 Minoru Mizoguchi	 Hatsumi Hinikawa	 Tsuyoshi Osato	 Yoshio Osawa	 Toshiharu Hasebe	 Hiroko Kawamoto
Current Position at the Company	President & Representative Director and Executive President	Director & Senior Vice President	Director & Vice President	Director & Vice President	Director	Director	Director
					Outside Independent	Outside Independent	Outside Independent
Corporate Management	●	●	●	●	●	●	●
Sales & Marketing	●		●		●	●	●
Finance & Accounting				●			
Human Resources		●					●
Legal Affairs & Risk Management	●	●	●	●			
IT Solutions & DX	●				●	●	


Reasons for selecting the items of the skills matrix

Item	Reason for selection
Corporate Management	Improving corporate value through continued growth and contributing to building a sustainable society requires members of the Board of Directors who have skills and knowledge for promoting sustainability and experience and knowledge concerning corporate management and the formulation and implementation of medium- and long-term management plans and frameworks.
Sales & Marketing	In a rapidly changing society, quickly responding to the needs of customers and providing high value-added products and solutions will lead to solutions to issues faced by society and customers, and the creation of value. Achieving this requires members of the Board of Directors who have experience and knowledge concerning the formulation of sales strategies and the understanding of market trends.
Finance & Accounting	Achieving the improvement of corporate value through efficient use of funds requires members of the Board of Directors who have the experience and knowledge needed to ensure accurate financial reporting, build a strong financial foundation, and strike a balance between investment for further growth and return to shareholders.
Human Resources	To achieve the improvement of corporate value, it is important to maximize human capital by boosting the skills and engagement of employees. This requires members of the Board of Directors who have experience and knowledge concerning human resources development and skills for managing diverse human resources.
Legal Affairs & Risk Management	Achieving the improvement of corporate value through stable business operations requires members of the Board of Directors who have profound knowledge of related laws and regulations, the experience and knowledge needed to build a proper governance system, and skills for risk management.
IT Solutions & DX	Creating a “professional corporate group that solves social and customer issues using ICT and the power of humans” requires members of Board of Directors who have experience and knowledge in the fields of IT solutions and digital technology.

No.	Name (Date of birth)	Brief personal record, position, business in charge and important concurrent posts	Number of shares of the Company held
1	Masachika Adachi (March 30, 1960) 	As of Apr. 1982: Entered the Company Mar. 2013: Vice President Mar. 2015: Director & Senior Vice President Apr. 2015: Company President of Business Solutions Company Jan. 2018: Director of Enterprise Business Unit Apr. 2019: Director & Senior Vice President Mar. 2021: President & Representative Director and Executive President (present)	29,464 shares
[Reason for Nomination as Director] Mr. Adachi led various business fields for many years. He has directed management as President & Representative Director, and has considerable experience and knowledge of management for the Company and possesses excellent expertise. Thus, he has again been selected as a candidate for a Director.			
2	Minoru Mizoguchi (May 21, 1960) 	As of Apr. 1984: Entered the Company Apr. 2015: Group Executive of General Administration & Human Resources Management Headquarters (present) Apr. 2016: Executive Officer Mar. 2018: Vice President Apr. 2019: Director in charge of Group General Administration & Human Resources Management (present) Jan. 2020: Director in charge of Group Procurement Director in charge of Group Logistics (present) Mar. 2021: Director (present) Mar. 2022: Senior Vice President (present) Director in charge of Group Legal & Intellectual Property (present)	10,778 shares
[Reason for Nomination as Director] Mr. Minoru Mizoguchi has led the fields of General Affairs and Human Resources many years. He has held the posts of Director and Executive Officer, and has considerable experience and knowledge of management for the Company. Thus, he has again been selected as a candidate for Director.			
3	Hatsumi Hirukawa (January 8, 1965) 	As of Apr. 1987: Entered the Company Jan. 2015: Business Solution Company Area Sales Headquarters Area Business Promotion Group Senior General Manager Jul. 2016: Planning Headquarters Group Executive Apr. 2017: Executive Officer Apr. 2019: Vice President (present) Jan. 2020: Director in charge of Group Planning (present) Director in charge of Group Service & Support (present) Director of Service & Support Headquarters Mar. 2020: Director (present) Apr. 2020: Director in charge of Group Communication (present) Mar. 2021: Director of Marketing Headquarters Business Products Marketing Section Jan. 2022: Director of Marketing Headquarters (present)	8,797 shares
[Reason for Nomination as Director] Mr. Hirukawa has led Business and Planning fields for many years. He has held the posts of Director and Executive Officer, and has considerable experience and knowledge of management for the Company. Thus, he has again been selected as a candidate for a Director.			

No.	Name (Date of birth)	Brief personal record, position, business in charge and important concurrent posts	Number of shares of the Company held
4	<p>Tsuyoshi Osato (August 24, 1964)</p> 	<p>As of Apr. 1988: Entered the Company Apr. 2014: Group Executive of Administrative Headquarters of Canon IT Solutions Inc. Jul. 2018: Group Executive of Procurement Headquarters of the Company Mar. 2021: Vice President (present) Chief Executive of Finance & Accounting Headquarters (present) Director in charge of Group Finance & Accounting (present) Director in charge of Group Auditing (present) Mar. 2022: Director (present) Director in charge of Group Procurement (present)</p>	7,317 shares
<p>[Reason for Nomination as Director] Mr. Osato has led the Finance and Accounting field for many years. He has held the posts of Director and Executive Officer, and has considerable experience and knowledge of management for the Company. Thus, he has again been selected as a candidate for a Director.</p>			
5	<p>Yoshio Osawa (January 22, 1952)</p> <p>[Outside] [Independent]</p> 	<p>As of Apr. 1975: Entered Sumitomo Corporation Jun. 2003: Concurrent post as director of Sumitomo Computer Service Corporation (presently SCSK Corporation) Apr. 2005: Executive Officer of Sumitomo Corporation Apr. 2008: Managing Executive Officer of Sumitomo Corporation Jun. 2008: Representative Director and Managing Executive Officer of Sumitomo Corporation Apr. 2011: Representative Director and Senior Managing Executive Officer of Sumitomo Corporation Apr. 2013: Representative Director, Assistant to President and CEO of Sumitomo Corporation Jun. 2013: Representative Director, President & COO of SCSK Corporation Apr. 2016: Chairman of the Board of the Directors, SCSK Corporation Mar. 2018: Outside Director of the Company (present) Jun. 2019: Outside Director of Citizen Watch Co., Ltd. (present) [Important concurrent post] Outside Director of Citizen Watch Co., Ltd.</p>	0 shares
<p>[Reason for Nomination as Outside Director and Expected Roles to Perform] Mr. Yoshio Osawa has held important posts at a general trading company and IT services company as a top executive for many years. We therefore expect him to leverage his considerable experience and excellent expertise in company management to provide supervision and recommendations to the Company, and we assessed that he could accomplish the duties as an Outside Director appropriately. Thus, he has again been selected as a candidate for an Outside Director. His term as an Outside Director will be six years as of the close of this Meeting.</p>			

No.	Name (Date of birth)	Brief personal record, position, business in charge and important concurrent posts	Number of shares of the Company held
6	<p>Toshiharu Hasebe (February 27, 1956)</p> <p>[Outside] [Independent]</p> 	<p>As of</p> <p>Apr. 1979: Entered Nippon Telegraph and Telephone Public Corporation</p> <p>Jun. 2009: Member of the Board of NTT Communications Corporation</p> <p>Jun. 2012: Executive Vice President of NTT Communications Corporation</p> <p>Jun. 2014: President and Chief Executive Officer and Member of the Board of NTT Advertising, Inc. President and Chief Executive Officer and Member of the Board of NTT Publishing Co., Ltd.</p> <p>Jun. 2015: President and Chief Executive Officer and Member of the Board of Nippon Computer Arts, Inc.</p> <p>Apr. 2020: President and Chief Executive Officer and Member of the Board of DX Catalyst Inc.</p> <p>Mar. 2022: Outside Director of the Company (present)</p>	0 shares
<p>[Reason for Nomination as Outside Director and Expected Roles to Perform]</p> <p>Mr. Toshiharu Hasebe has held important posts at a telecommunications company and advertisement company as a top executive for many years. We therefore expect him to leverage his considerable experience and excellent expertise in company management to provide supervision and recommendations to the Company, and we assessed that he could accomplish the duties as an Outside Director appropriately. Thus, he has again been selected as a candidate for an Outside Director. His term as an Outside Director will be two years as of the close of this Meeting.</p>			

No.	Name (Date of birth)	Brief personal record, position, business in charge and important concurrent posts	Number of shares of the Company held
7	<p>Hiroko Kawamoto (February 13, 1957)</p> <p>[Outside] [Independent]</p> 	<p>As of</p> <p>Jul. 1979: Joined All Nippon Airways Co., Ltd.</p> <p>Apr. 2013: Director and Executive Officer, Deputy General Manager of Operation Division, and Chief of Inflight Service Center of All Nippon Airways Co., Ltd.</p> <p>Apr. 2014: Managing Director and Executive Officer, Director for Promotion of Diversity, Deputy General Manager of Operation Division, and Chief of Inflight Services Center of All Nippon Airways Co., Ltd.</p> <p>Apr. 2016: Director and Senior Managing Executive Officer, Director for Group Promotion of Diversity, Promotion Officer for the Tokyo Olympic and Paralympic Games of All Nippon Airways Co., Ltd.</p> <p>Jun. 2016: Outside Director of Sumitomo Mitsui Trust Bank, Limited</p> <p>Apr. 2017: Executive Vice President and COO of ANA Strategic Research Institute Co., Ltd.</p> <p>Jun. 2017: Outside Director of Renaissance Incorporated</p> <p>Jun. 2017: Outside Director of Sumitomo Mitsui Trust Holdings, Inc. (present)</p> <p>Apr. 2020: Chairperson of the Board of ANA Strategic Research Institute Co., Ltd.</p> <p>Jun. 2020: Outside Director of East Japan Railway Company (present)</p> <p>Apr. 2021: Adviser of ANA Strategic Research Institute Co., Ltd.</p> <p>Mar. 2023: Outside Director of the Company (present)</p> <p>[Important concurrent post] Outside Director of Sumitomo Mitsui Trust Holdings, Inc. Outside Director of East Japan Railway Company</p>	265 shares
<p>[Reason for Nomination as Outside Director and Expected Roles to Perform]</p> <p>Ms. Hiroko Kawamoto has held important posts at an airline carrier as the representative in charge of improving service quality and promoting diversity for many years. We therefore expect her to leverage her considerable experience and excellent expertise in company management, the service industry, and furthermore, from the perspective of diversity, to provide supervision and recommendations to the Company, and we assessed that she could accomplish the duties as an Outside Director appropriately. Thus, she has again been selected as a candidate for an Outside Director. Her term as an Outside Director will be one year as of the close of this Meeting.</p>			

- Notes: 1. None of the candidates for the Directors has any special interest in the Company.
2. The Company has registered Mr. Yoshio Osawa, Mr. Toshiharu Hasebe, and Ms. Hiroko Kawamoto as independent directors with Tokyo Stock Exchange, Inc. under the regulations of the Exchange. Should Mr. Yoshio Osawa, Mr. Toshiharu Hasebe, and Ms. Hiroko Kawamoto be elected, the Company will continue to make them independent directors.
3. Mr. Yoshio Osawa has worked for Sumitomo Corporation and SCSK Corporation, both of which do business with the Company. Although there are business transactions between Sumitomo Corporation and the Company, the annual amount of the transactions is less than 1% of the consolidated revenue of Sumitomo Corporation and the Company respectively. Similarly, although there are business transactions between SCSK Corporation and the Company, the annual amount of the transactions is less than 1% of the consolidated revenue of SCSK Corporation and the Company respectively. Mr. Yoshio Osawa, therefore, meets the standards for Independence Standards for Independent Directors determined by the Company.
4. Mr. Toshiharu Hasebe has worked for NTT Communications Corporation and NTT Publishing Co., Ltd., both of which do business with the Company. Although there are business transactions between NTT Communications Corporation and the Company, the annual amount of the transactions is less than 1% of the consolidated revenue of NTT Communications Corporation and the Company respectively. Similarly, although there are business transactions between NTT Publishing Co., Ltd. and the Company, the annual amount of the transactions is less than 1% of the consolidated revenue of NTT Publishing Co., Ltd. and the Company respectively. Mr. Toshiharu Hasebe, therefore, meets the standards for Independence Standards for Independent Directors determined by the Company.
5. Ms. Hiroko Kawamoto has worked for All Nippon Airways Co., Ltd. and ANA Strategic Research Institute Co., Ltd., both of which do business with the Company. Although there are business transactions between All Nippon Airways Co., Ltd. and the Company, the annual amount of the transactions is less than 1% of the consolidated revenue of All Nippon Airways Co., Ltd. and the Company respectively. Although there are business transactions between ANA Strategic Research Institute Co., Ltd. and the Company, the annual amount of the transactions is less than 1% of the consolidated revenue of ANA Strategic Research Institute Co., Ltd. and the Company respectively. Ms. Hiroko Kawamoto, therefore, meets the standards for Independence Standards for Independent Directors determined by the Company.
6. The Company has entered into a contract with Mr. Yoshio Osawa, Mr. Toshiharu Hasebe, and Ms. Hiroko Kawamoto, limiting the amount of their damages compensation liability defined in Paragraph 1, Article 423 of the Companies Act of Japan to the limit prescribed by laws and regulations. Should they be elected, the Company will continue the aforementioned contract with them.
7. The Company has entered into a liability insurance policy for officers under which all the Directors are insured persons. The policy covers damage or losses that may arise from their assuming liabilities in connection with their execution of duties or claims filed against them for such liabilities. If the candidates assume the office of Director, they will become insured persons under the insurance policy, which will be renewed during their term of office.


Item No. 3: Election of Three Audit & Supervisory Board Members

The term of offices of Audit & Supervisory Board Members Mr. Masatoshi Tanise, Mr. Iwao Hashimoto, and Mr. Nobutoshi Matsumoto will expire at the end of this Meeting. Accordingly, we would like to elect three Audit & Supervisory Board Members.

Further note that prior consent has been obtained from the Audit & Supervisory Board concerning the submission of this item.

The candidates for the position of Audit & Supervisory Board Members are as follows:

No.	Name (Date of birth)	Brief personal record, position, business in charge and important concurrent posts	Number of shares of the Company held
1	<p>Yoshihiro Hashimoto (February 19, 1964)</p> <p>[New Appointment]</p> 	<p>As of</p> <p>Apr. 1987: Entered the Company</p> <p>Jul. 2013: General Manager of Imaging Product Support Group of Imaging System Business Headquarters of Imaging System Company</p> <p>Jul. 2020: General Manager of Camera Headquarters of Consumers Business Unit</p> <p>Apr. 2021: Executive Officer (present)</p> <p>Mar. 2023: Executive Officer in charge of Group Contact Center General Manager of Contact Center Headquarters President & Representative Director of Canon Customer Support Inc. (present)</p>	2,773 shares
<p>[Reason for Nomination as Audit & Supervisory Board Member]</p> <p>Mr. Yoshihiro Hashimoto has led various business fields for many years and has considerable work experience and broad insights. We therefore assessed that he could accomplish the duties as an Audit & Supervisory Board Member appropriately. Thus, he has been newly selected as a candidate for an Audit & Supervisory Board Member.</p>			
2	<p>Iwao Hashimoto (June 12, 1961)</p> <p>[Outside] [Independent]</p> 	<p>As of</p> <p>Apr. 1984: Entered The Yasuda Fire & Marine Insurance Co., Ltd.</p> <p>Apr. 2010: General Manager of Eastern Hokkaido Branch of Sompo Japan Insurance Inc.</p> <p>Jun. 2012: General Manager of Osaka Corporate Sales Department No. 2 and General Manager in charge of Sales Promotion Office</p> <p>Apr. 2016: Executive Officer and General Manager of Hokkaido Headquarters of Sompo Japan Nipponkoa Insurance Inc. (presently Sompo Japan Insurance Inc.)</p> <p>Apr. 2019: Managing Executive Officer and General Manager of Kanto Headquarters</p> <p>Mar. 2020: Full-time Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) of the Company (present)</p>	1,365 shares
<p>[Reason for Nomination as Outside Audit & Supervisory Board Member]</p> <p>Mr. Iwao Hashimoto has been engaged in management at an insurance company for many years and has considerable experience and broad insights. We therefore assessed that he could accomplish the duties as an Outside Audit & Supervisory Board Member appropriately. Thus, he has again been selected as a candidate for an Outside Audit & Supervisory Board Member. His term as an Outside Audit & Supervisory Board Member will be four years as of the close of this Meeting.</p>			

No.	Name (Date of birth)	Brief personal record, position, business in charge and important concurrent posts	Number of shares of the Company held
3	Seijun Suzuki (October 13, 1964) [New Appointment] [Outside] 	As of Apr. 1988: Entered Canon Inc. Jul. 2014: General Manager of Internal Control Management of Global Legal Administration Center Apr. 2017: Internal Audit Senior Manager of Canon (China) Co., Ltd. Jan. 2020: Vice President in charge of internal audit and legal affairs (present)	0 shares
[Reason for Nomination as Outside Audit & Supervisory Board Member] Mr. Seijun Suzuki has been engaged for many years in legal affairs and internal audit, including development of compliance and risk management systems, in the Canon Group and has considerable experience and excellent expertise. We therefore assessed that he could accomplish the duties as an Outside Audit & Supervisory Board Member appropriately. Thus, he has been newly selected as a candidate for an Outside Audit & Supervisory Board Member.			

- Notes: 1. None of the candidates for the Audit & Supervisory Board Members has any special interest in the Company.
2. The Company has registered Mr. Iwao Hashimoto as an independent audit & supervisory board member with the Tokyo Stock Exchange, Inc. under the regulations of the Exchange. Should Mr. Iwao Hashimoto be elected, the Company will continue to make him an independent audit & supervisory board member.
3. Mr. Iwao Hashimoto has worked for Sompo Japan Insurance Inc., which does business with the Company. Although there are business transactions between Sompo Japan Insurance Inc. and the Company, the annual amount of the transactions is less than 1% of the consolidated revenue of Sompo Japan Insurance Inc. and the Company respectively. Mr. Iwao Hashimoto, therefore, meets the standards for Independence Standards for Independent Audit & Supervisory Board Members determined by the Company.
4. Mr. Seijun Suzuki was engaged in the execution of business of the Company. In the past ten years, he has never been engaged in the execution of business of the Company.
5. For the last ten years, Mr. Seijun Suzuki has been engaged in the execution of business of Canon Inc., a specified related business operator (parent company) of the Company. His positions and responsibilities at Canon Inc. are as described in the brief personal record above. He plans to retire from Canon Inc. before the Ordinary General Meeting of Shareholders of the Company.
6. For the last ten years, Mr. Seijun Suzuki has been engaged in the execution of business of Canon (China) Co., Ltd., a specified related business operator (subsidiary of the parent company) of the Company. He plans to retire from Canon (China) Co., Ltd. before the Ordinary General Meeting of Shareholders of the Company.
7. In the past two years, Mr. Seijun Suzuki received remunerations from Canon Inc. and Canon (China) Co., Ltd. as a person engaged in the execution of business of Canon (China) Co., Ltd.
8. The Company has entered into a contract with Mr. Iwao Hashimoto, limiting the amount of his damages compensation liability defined in Paragraph 1, Article 423 of the Companies Act of Japan to the limit prescribed by laws and regulations. Should he be reelected, the Company will continue the aforementioned contract with him. If the election of Mr. Yoshihiro Hashimoto and Mr. Seijun Suzuki is approved, the Company will enter into the same limited liability contract with them.
9. The Company has entered into a liability insurance policy for officers under which all the Audit & Supervisory Board Members are insured persons. The policy covers damage or losses that may arise from their assuming liabilities in connection with their execution of duties or claims filed against them for such liabilities. If the candidates assume the office of Audit &

Supervisory Board Member, they will become insured persons under the insurance policy, which will be renewed during their term of office.

(Reference) Structure and Other Details of the Board of Directors and the Audit & Supervisory Board

Structure of Board of Directors

We have established a structure that mainly consists of Representative Directors who oversee company-wide business strategies and their execution, and Executive Directors who oversee each business domain or each headquarters function. In addition, two or more Independent Outside Directors are included as members of the Board of Directors to ensure the soundness of management. The Board of Directors handles important decision-making and oversees the performance status of business operations in accordance with laws and regulations.

Structure of Audit & Supervisory Board

As an auditing organization independent from the Board of Directors, the Audit & Supervisory Board consists of persons who have considerable knowledge of the Company's business and corporate management, and persons who are well-versed in accounting and other professional fields. At least one of the Outside Audit & Supervisory Board Members is a person who satisfies the independence standards and qualifications separately prescribed by the Board of Directors. The Audit & Supervisory Board made up of these Members works together with the accounting auditors and the internal audit division of the Company to audit the execution of duties by Directors and the status of assets of the Company to ensure the soundness of management.

Policies and procedures in the Nomination of Director and Audit & Supervisory Board Member Candidates

1. Policies

In principle, we select candidates for Directors and Audit & Supervisory Board Members appointed as higher positions from among the persons who are recognized as being able to perform the corresponding duties fairly and accurately, who have deep insight, and who satisfy the following requirements, regardless of their gender, nationality, age, or other personal attributes.

<Directors>

The candidates must have a true understanding of the Company's corporate philosophy and Code of Conduct, a broad and deep understanding of the Company's business and operations through experience gained as Executive Officers, etc., and must be able to make effective judgment from a comprehensive perspective of multiple businesses and headquarters functions.

<Independent Outside Directors>

The candidates must satisfy the independence standards and qualifications separately prescribed by the Board of Directors and must have a high degree of professionalism and abundant experience in corporate management, risk management, law, economics, and other fields.

<Audit & Supervisory Board Members>

The candidates must have a high degree of professionalism and a wealth of experience in corporate management, financial and accounting matters, internal controls, and other fields. One or more candidates for Outside Audit & Supervisory Board Members of the Audit & Supervisory Board must satisfy the independence standards and qualifications separately prescribed by the Board of Directors.

2. Procedures

The Company established the voluntary "Nomination and Remuneration Advisory Committee" consisting of the President & Representative Director, one Director and three Independent Outside Directors.

In nomination of candidates for Directors/Audit & Supervisory Board Members (including successor to President and candidates therefor), the President recommends candidates from among persons who are recognized to satisfy the prescribed requirements and the fairness/ appropriateness of recommendation is checked by the nomination committee. Then the proposal therefor is submitted to and deliberated by the Board of Directors.

In addition, in regards to candidates for Audit & Supervisory Board Members, deliberation at the Audit & Supervisory Board meeting is conducted and the consent of the board is obtained prior to deliberation at the Board of Directors meeting.

“Independence Standards for Independent Directors/Audit & Supervisory Board Members” of Canon Marketing Japan Inc.

Canon Marketing Japan Inc. hereby establishes the “Independence Standards for Independent Directors/Audit & Supervisory Board Members” resolved by the board of directors with the consent of all Audit & Supervisory Board Members, in order to clarify the standards for ensuring independence of Independent Directors/Audit & Supervisory Board Members of Canon Marketing Japan Inc., taking into consideration Japan’s Corporate Governance Code (Principle 4.9) and the independence criteria set by securities exchanges in Japan.

Independence Standards for Independent Directors/Audit & Supervisory Board Members

Canon Marketing Japan Inc. deems that a person who satisfies the requirements for Outside Directors/Audit & Supervisory Board Members prescribed by the Companies Act of Japan, and meets the independence criteria set by securities exchanges in Japan, and does not fall into any of the items below, is an “Independent Director/Audit & Supervisory Board Member” (a person who is independent from the management of Canon Marketing Japan Inc. and unlikely to have conflicts of interest with general shareholders).

1. A person/organization for which Canon Marketing Japan Group (Canon Marketing Japan Inc. and its subsidiaries; hereinafter the same) is a major client, or a major client of Canon Marketing Japan Group, or an executing person of such organization or client
2. A large shareholder of Canon Marketing Japan Inc., or an executing person of such shareholder
3. A person/organization receiving large amounts of contributions from Canon Marketing Japan Group, or an executing person of such organization
4. A consultant, accounting professional or legal professional who has received a large amount of money or other properties from Canon Marketing Japan Group, other than as compensation for being a Director/Audit & Supervisory Board Member (if the recipient is a corporation, partnership or any other organization, this item applies to any person belonging to said organization.)
5. A certified public accountant belonging to the audit firm engaged to conduct the statutory audit of Canon Marketing Japan Group (including any such accountant to whom this item has applied in the last 3 fiscal years)
6. An executing person of another company in cases where an executing person of Canon Marketing Japan Inc. is an outside director/Audit and Supervisory Board Member of such other company
7. An immediate family member (spouse and a relative within the second degree of kinship) of any of the persons listed in each of items 1 to 6; provided, however that the persons to whom this is applicable shall be limited to key executing persons such as directors, executive officers of companies and partners of advisory firms

(Notes)

- * In item 1, “major” means in cases where the total amount (for any fiscal year during the last 3 fiscal years) of transactions between Canon Marketing Japan Group and such client exceeds 1% of the consolidated sales of Canon Marketing Japan Group or such client.
- * In item 2, “a large shareholder” means a shareholder who directly or indirectly holds 5% or more of the total voting rights of Canon Marketing Japan Inc.
- * In item 3, “a large amount” means in cases where the total amount of contributions exceeds ¥12 million (in cases where the recipient is an individual) or 1% of the annual gross income of such recipient (in cases where the recipient is an organization), for any fiscal year during the last 3 fiscal years of Canon Marketing Japan Inc.
- * In item 1 to 3, and 6, an “executing person” means an executive director, executive officer and employee including manager (in items 1 to 3, including a person to whom this item has applied in any fiscal year during the last 3 fiscal years).
- * In item 4, “a large amount” means in cases where the total amount of money or other properties received by said consultant, etc., exceeds ¥12 million (in cases where the recipient is a person) or 1% of the annual gross sales of such consultant, etc. (in cases where the recipient is an organization).

Item No. 4: Payment of Bonuses to Directors

It is proposed that bonuses will be paid to the four Directors excluding the Outside Directors as of the end of this fiscal year, in appreciation of their services during this fiscal year, which totals ¥48,100,000 considering the results for this fiscal year, etc. The Company established the Policy to Determine the Details of the Remuneration of Individual Directors at its Board of Directors meeting held on March 29, 2022, the summary of which is found in the business report. The Company considers this proposal appropriate, as it is in line with this policy.

BUSINESS REPORT

(January 1, 2023 to December 31, 2023)

(Note) The amount described in this report are rounded down to the nearest number of the units indicated.

1. Current Conditions of Canon Marketing Japan and its consolidated subsidiaries (the “Group”)

(1) Business Progress and Achievement

General Business Conditions

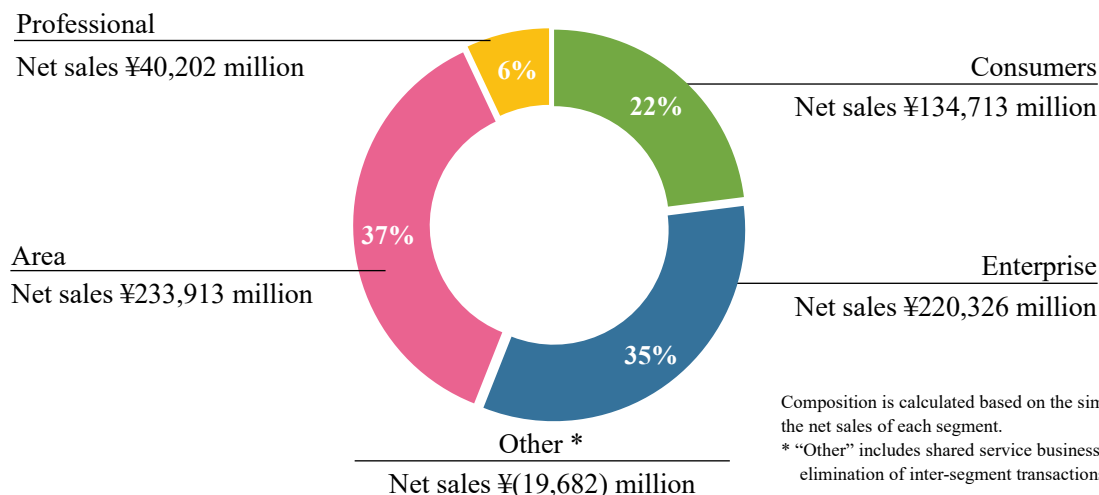
The Japanese economy continued to see a trend toward gradual recovery. Consumer spending showed signs of recovery due primarily to an increase in consumption related to travel and dining out and recovery of inbound tourism consumption as a result of changes in the government’s basic policy to deal with COVID-19 pandemic. With the normalization of economic activities, capital expenditures by businesses remained strong. In particular, IT investment remained strong, stimulated by high investment appetite mainly in the manufacturing and financial industries.

Against this economic backdrop, the Group expanded sales of SI services and IT infrastructure services backed by active corporate investments in IT and increased sales thanks to recovery of the supply of office MFP and brisk sales of new digital interchangeable lens cameras. As a result, net sales increased to ¥609,473 million (up 3.6% from the previous fiscal year).

In terms of income, gross profit rose as a result of increased sales. Operating income was ¥52,495 million (up 5.1% from the previous fiscal year), ordinary income was ¥53,585 million (up 5.1% from the previous fiscal year), and net income attributable to owners of parent was ¥36,493 million (up 2.6% from the previous fiscal year).

Business results by individual reporting segments are indicated below. Increases and decreases are in relation to the previous fiscal year.

Composition of Net Sales by Segment



Business Conditions by Segment

Consumers	Net sales	<u>¥134,713 million</u>
	Operating income	<u>¥13,355 million</u>

Sales of digital interchangeable lens cameras remained strong thanks to increases in opportunities to take pictures because of gradual easing of restrictions due to COVID-19, and increases in sales of the EOS R series including the EOS R6 Mark II launched on December 2022 and the EOS R50, EOS R8, and EOS R100 launched on March, April, and June 2023, respectively.

Sales of inkjet printers decreased due to a shrinking market. Sales of ink cartridges decreased primarily due to a decline in print volume.

Sales of IT products rose slightly because sales of high-performance PCs and PC peripherals remained strong.

As a result, net sales in this segment totaled ¥134,713 million (down 1.4% from the previous fiscal year). Operating income was ¥13,355 million (down 4.2% from the previous fiscal year) due to a fall in gross profit from decreased sales.



Mirrorless camera EOS R50



Inkjet printer PIXUS XK120

Enterprise

Net sales ¥220,326 million
Operating income ¥19,650 million

As for mainstay business equipment, sales of office MFPs increased due to recovery of product supply. Sales of laser printers increased thanks to multiple large deals in the fourth quarter. Sales of the maintenance service for office MFPs fell slightly due to a decline in print volume in offices. Sales of laser printer cartridges increased because price changes made on February 2023 reflected higher purchase prices and because products for the financial sector performed well.

Sales of IT solutions increased significantly due to increased sales of SI projects for the financial and distribution sectors and winning multiple projects related to IT infrastructure, as well as the solid performance of the second data center.

As a result, net sales in this segment totaled ¥220,326 million (up 8.7% from the previous fiscal year). Operating income was ¥19,650 million (up 15.1% from the previous fiscal year) due to a rise in gross profit from increased sales.



Color Laser Beam Printer LBP653Ci that can handle A3 paper



Nishi-Tokyo Data Center

Area	<u>Net sales</u>	<u>¥233,913 million</u>
	<u>Operating income</u>	<u>¥18,249 million</u>

As for mainstay business equipment, sales of office MFPs increased owing to recovery of product supply. Sales of laser printers decreased due to shipment increases resulting from the recovery of supply in the previous year. As for the office MFP maintenance services, sales fell slightly due to a decline in print volume in offices as teleworking initiatives continued mainly in large city areas. In contrast, sales of laser printer cartridges increased partly because of the effect of price changes made on February 2023 reflected higher purchase prices.

Sales of IT solutions increased thanks to recovery of the supply of business PCs, winning multiple projects for building IT infrastructure, and an increase in the number of orders after expansion of the lineup of the Makasete IT DX Series which totally supports the IT environment of small- and medium-sized businesses.

As a result, net sales in this segment totaled ¥233,913 million (up 3.2% from the previous fiscal year). Operating income was ¥18,249 million (up 17.3% from the previous fiscal year) due to a rise in gross profit from increased sales.



Office MFP imageRUNNER ADVANCE DX

まかせて **I T** DXシリーズ

Makasete IT DX Series that supports ITC environment of small- and medium sized businesses

Professional

Net sales ¥40,202 million
Operating income ¥3,612 million

(Production Printing)

Production printing business, provides high-speed continuous feed printers and high-speed cut sheet printers mainly for the printing industry. The Company also provides services related to POP production for the retail industry. Sales in this business area decreased due to the loss of multiple projects for high-speed continuous feed printers that the Company had in the previous fiscal year.

(Industrial Equipment)

Industrial equipment business, provides manufacturing-related equipment, inspection and measurement devices, and other products mainly to semiconductor manufacturers.

Sales in this business area decreased due to the absence of multiple projects for semiconductor manufacturing systems, etc. in the previous fiscal year.

(Healthcare)

Healthcare business, provides medical information systems, mainly electronic medical records, for hospitals, clinics, dispensing pharmacies and medical centers.

Sales in this business area increased significantly owing to a business transfer from Canon Medical Systems Corporation and increases in the number of projects to introduce online insurance eligibility verification systems for clinics or electronic prescriptions for dispensing pharmacies.

As a result, net sales in this segment totaled ¥40,202 million (down 3.5% from the previous fiscal year). Operating income decreased to ¥3,612 million (down 31.1% from the previous fiscal year) due to a fall in gross profit from decreased sales.



Ashing device Supreme made by Mattson



Diagram of the Online Certification Verification System

(2) Capital Expenditures

The capital expenditures by the Group during this fiscal year totaled ¥7,460 million, which are mainly for rental assets, tools, fixtures and fittings, and ancillary facilities at our Nishi-Tokyo Data Center.

(3) Issues to be Addressed

The Japanese economy is showing some signs of faltering due to a downturn in overseas economies and price increases in Japan but is expected to continue to recover gradually as government policies take effect and the employment and income situations improve.

Against this economic backdrop, the Group recognizes that it needs to further increase its earnings capacity in the Canon product business. On the other hand, the IT solution business, which has market growth potential, is faced by the task of expanding sales in a manner that also increases earnings capacity.

The Long-Term Management Objectives (2021-2025) announced in April 2021 defined our vision as a “professional corporate group that solves social and customer issues using ICT and the power of humans.” The Medium-Term Management Plan (2022-2025) was formulated to achieve this vision. We will work to expand our operations and improve our performance by implementing the four basic policies in the Medium-Term Management Plan (2022-2025).

[Basic policies of the Medium-Term Management Plan (2022-2025)]

1) Expand ITS business with profit

We will accelerate the implementation of our IT solutions strategies for different customer groups, and implement the service-type business model to expand the stock business through which we continuously provide services to customers.

2) Increase earnings capacity of existing businesses

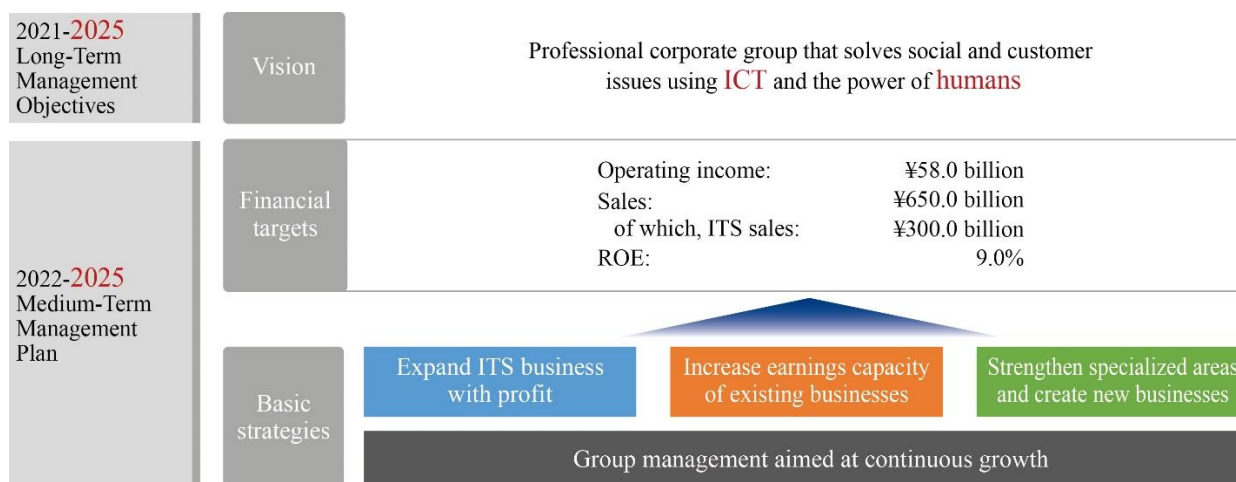
We will further increase the profitability of the business of Canon products while conducting sales strategies tailored to customer groups.

3) Strengthen specialized areas and create new businesses

We will achieve further growth in our industrial equipment business and strive to create new businesses.

4) Group management aimed at continuous growth

We will improve human resources to increase value offered to customers, seeking to establish an engagement improvement cycle where employees are aware of their contribution and are motivated to grow. In line with this effort, we will speed up our business investments toward continuous growth of the Group.



(4) Employees
Consolidated

Number of Employees	Change from the end of the previous fiscal year
16,089 persons	Increase of 116 persons from the previous fiscal year

Segment	Number of Employees	Change from the end of the previous fiscal year
Consumers	563 persons	Decrease of 7 persons from the previous fiscal year
Enterprise	5,464 persons	Increase of 246 persons from the previous fiscal year
Area	5,511 persons	Decrease of 132 persons from the previous fiscal year
Professional	854 persons	Increase of 118 persons from the previous fiscal year
Other	3,697 persons	Decrease of 109 persons from the previous fiscal year

(5) Parent Company and Principal Subsidiaries
Parent Company

Parent Company Name	Location	Activities	Number of Voting Rights [Ratio of Voting Rights]	Relation with the Company
Canon Inc.	Ohta-ku Tokyo	Development and production in the field of the office, imaging systems and industrial equipment	757,086 [58.5%]	The Company is comprehensively conducting to sales, services and marketing of the products manufactured by the Parent Company in the Japan market.

Overview of Contract, etc., with Parent Company about Important Financial and Business Policies

The Company has concluded a contract with the Parent Company as the exclusive seller within Japan of all products (excluding semiconductor exposure devices, liquid crystal substrate exposure devices, and medical devices; hereinafter referred to as the “Products”) manufactured by the Parent Company (including its subsidiaries and associates) and sold under the Canon brand. Given that the involvement of the Parent Company in the management of the Company is limited to the exercise of voting rights as a shareholder and that none of Canon Inc.’s officers currently serve as officers of the Company, the involvement of the Parent Company in the management of the Company is extremely limited. The Nomination and Remuneration Advisory Committee deliberates to nominate executives and determine their remuneration, and a half of this committee’s members are Independent Outside Directors whom the Company appoints on its own, objectively ensuring transparency and fairness.

Note: Effective January 29, 2024, the Nomination and Remuneration Advisory Committee requires that a majority of its members be Independent Outside Directors. The chairperson and other members of the committee are as described in the list of candidates for Director which is given in Item No. 2 of the Reference Documents for General Meeting of Shareholders.

Matters about the Transactions with Parent Company, etc.

The Company purchases the Products from the Parent Company. The Company presents preferred prices taking into account market prices, upon which the terms are negotiated and determined.

The Company sells consumables for office equipment to the Parent Company. The terms are negotiated and determined after taking into account the Company’s cost and market prices.

The Company lends funds to the Parent Company by the interest rates determined reasonably taking into account market rates.

Thus, the board of directors assesses that the Company is conducting business activities and making management decisions based on the Company’s own management judgments, certain independence from the Parent Company is secured, and the Company’s profit is not harmed in the transactions with the Parent Company.

Note: The Company established a Special Committee effective January 29, 2024. Comprising independent Outside Directors, the committee deliberates major transactions with controlling shareholders that are deemed by the committee to require deliberation and examination with a view to protecting the benefits of minority shareholders, and matters regarding a governance structure, related management, etc., and then reports to the Board of Directors. The chairperson and members of the committee are as described in the list of candidates for Director which is given in Item No. 2 of the Reference Documents for General Meeting of Shareholders.

Principal Subsidiaries

Company Name	Common Stock (millions of yen)	Ratio of Voting Rights of the Company (%)	Business
Canon IT Solutions Inc.	3,617	100.0	SI and consulting, IT service and development and sale of various software
Canon System & Support Inc.	4,561	100.0	Consulting sales for canon products and related solutions, system devices from other companies, etc., and office network construction, services, and support
Canon Production Printing Systems Inc.	2,744	100.0	Sales and provision of maintenance services for production printing devices and consumables, development and provision of workflow systems, etc., and provision of printing services, etc.

Consolidated Status

1. The number of consolidated subsidiaries was 14.
2. The Company made a tender offer for shares of TOKYO NISSAN COMPUTER SYSTEM CO., LTD (presently TCS Inc.) and made it a consolidated subsidiary on October 2, 2023. Subsequently, the Company made it a wholly owned subsidiary by demanding sale of the shares.

2. Policy Regarding Decision of Dividends from Surplus, etc.

The Company made its basis policy, with respect to profit distribution, to pay the dividends with a consolidated payout ratio of 40% or more taking into consideration comprehensively the medium-term profit plan, investment plan, and cash flows to be generated.

As to the dividends for this fiscal year, the Company plans to pay year-end dividends of 70 yen per share, totaling 120 yen per share (consolidated payout ratio of 42.6%) as a full-year dividends together with the interim dividends (50 yen per share).

3. Status of Directors and Audit & Supervisory Board Members

(1) Directors and Audit & Supervisory Board Members

Position	Name	Business in Charge or Important Concurrent Posts
President & Representative Director Executive President	Masachika Adachi	
Director & Senior Vice President	Minoru Mizoguchi	Director in charge of Group General Administration & Human Resources Management, Group Legal & Intellectual Property and Group Logistics
Director Vice President	Hatsumi Hirukawa	Director in charge of Group Planning, Group Communication and Group Service & Support
Director Vice President	Tsuyoshi Osato	Director in charge of Group Auditing, Group Finance & Accounting and Group Procurement
Director	Yoshio Osawa	Outside Director of Citizen Watch Co., Ltd.
Director	Toshiharu Hasebe	
Director	Hiroko Kawamoto	Outside Director of Sumitomo Mitsui Trust Holdings, Inc. Outside Director of East Japan Railway Company
Audit & Supervisory Board Member	Shiro Hamada	
Audit & Supervisory Board Member	Masatoshi Tanise	
Audit & Supervisory Board Member	Iwao Hashimoto	
Audit & Supervisory Board Member	Nobutoshi Matsumoto	
Audit & Supervisory Board Member	Shigeo Hasegawa	

- Notes: 1. Director Ms. Hiroko Kawamoto was appointed at the 55th Ordinary General Meeting of Shareholders held on March 29, 2023, and she assumed office.
2. Directors Mr. Yoshio Osawa, Mr. Toshiharu Hasebe and Ms. Hiroko Kawamoto are Outside Directors.
3. Director Ms. Hiroko Kawamoto retired from the position of Adviser of ANA Strategic Research Institute Co., Ltd. on March 31, 2023. She also retired from the position of Outside Director of RENAISSANCE INCORPORATED on June 28, 2023.
4. Audit & Supervisory Board Members Mr. Iwao Hashimoto, Mr. Nobutoshi Matsumoto and Mr. Shigeo Hasegawa are Outside Audit & Supervisory Board Members.
5. The Company has notified Directors Mr. Yoshio Osawa, Mr. Toshiharu Hasebe and Ms. Hiroko Kawamoto as independent directors and Audit & Supervisory Board Members Mr. Iwao Hashimoto and Mr. Shigeo Hasegawa as independent Audit & Supervisory Board Members to Tokyo Stock Exchange, Inc. on which the Company is listed as provided under the regulations of Tokyo Stock Exchange, Inc.
6. Mr. Shiro Hamada is an Audit & Supervisory Board Member and has accounting experience in the Company for many years and has a wealth of expertise in finance and accounting.
7. Mr. Nobutoshi Matsumoto is an Audit & Supervisory Board Member and has accounting experience in Canon Inc., our parent company, for many years and has a wealth of expertise in finance and accounting.
8. Mr. Shigeo Hasegawa is an Audit & Supervisory Board Member and qualified as a Certified Public Accountant and has a wealth of expertise in finance and accounting.
9. The Company has entered into contracts, in accordance with the Articles of Incorporation, with the Outside Director and the Audit & Supervisory Board Members to limit their liabilities to compensate damages under Paragraph 1, Article 423 of the Companies Act of Japan, to the limit of amount set forth in the Paragraph 1, Article 425 of the Companies Act of Japan.

(2) Remuneration for Directors and Audit & Supervisory Board Members for This Fiscal Year

■ Method for Determining the Policy to Determine the Details of the Remuneration of Individual Directors

The Company established the voluntary “Nomination and Remuneration Advisory Committee” consisting of the President & Representative Director, one Director and two Independent Outside Directors, for the purpose of ensuring the transparency and objectivity of the remuneration determination process and the validity of the remuneration systems. The Committee reviews the validity of the remuneration systems for Directors and Executive Officers in the positions of Vice Presidents or higher, including the standards for the calculation of basic remuneration and bonuses and the standards for granting stock compensation-type stock options, and reports to the Board of the Directors to the effect that the systems were valid. At the Board of Directors meeting held on March 29, 2022, the Board of Directors passed a resolution to adopt the Policy to Determine the Details of the Remuneration of Individual Directors.

Note: Effective January 29, 2024, the Nomination and Remuneration Advisory Committee requires that a majority of the members be Independent Outside Directors. The chairperson and other members of the committee are as described in the list of candidates for Director which is given in Item No. 2 of the Reference Documents for General Meeting of Shareholders.

■ Matters Concerning the Policy to Determine the Details of Remuneration of Directors and Audit & Supervisory Board Members

1) Basic Policy on Compensation

The Company endeavors to design officer compensation systems that will function as a framework for effectively encouraging officers to fully demonstrate their abilities and fulfill their roles and responsibilities for the Group’s sound and sustainable growth. The Company’s basic policy is that the proprietary value of officer compensation should be set at an appropriate level, taking into consideration the attraction and retention of talented human resources who can fully meet the Company’s expectations.

2) Details of Each Compensation System

a. Representative Directors and Executive Directors

The compensation of Representative Directors and Executive Directors is made up of the following “basic remuneration,” “bonus” and “stock compensation-type stock options.”

<Basic Remuneration>

Basic remuneration is a fixed amount paid monthly to Representative Directors and Executive Directors, as compensation for the execution of their duties. It is a prescribed amount set in accordance with the position, role, and degree of contribution of Representative Directors and Executive Directors. The total amount must not be more than the amount approved by the General Meeting of Shareholders (However, the amount is the total amount of basic remuneration for all Directors including Outside Directors).

<Bonus>

The bonus is cash remuneration paid annually to Representative Directors and Executive Directors to reward their achievements over the course of one year in office, and it uses consolidated net income before income taxes as an indicator, which is the result of the Group’s operating activities over the course of a year. A standard bonus amount set in accordance with the position of Representative Directors and Executive Directors is adjusted according to the degree of achievement of the indicator.

Since the Company’s view is that bonuses are essentially a distribution of company profits along with dividends and retained earnings, the Company consults the Annual General Meeting of Shareholders for approval of the payment of bonuses and the total amount to be paid calculated in accordance with the foregoing.

<Stock Compensation-type Stock Options>

The purpose of the stock compensation-type stock options is to further motivate officers to improve business performance and enhance corporate value in the medium to long term by sharing both the benefits and risks of fluctuating stock prices with the shareholders, and in doing so, grant stock

acquisition rights for the Company's stock to these officers once per year. The total amount of the stock acquisition rights must not be more than the amount approved by the General Meeting of Shareholders. The number of stock acquisition rights to be granted is calculated based on each officer's position and stock price levels at the time of the grant. Under the plan, the exercise price per share for a stock acquisition right shall be one yen.

The number of granted stock acquisition rights that may be exercised by such holders is adjusted (range from 0% to 100% of granted) based on the level of consolidated net income before taxes for the fiscal year that stock acquisition rights was granted. When granted stock acquisition rights as stock options, the amount determined based on fair value of stock acquisition rights is recorded as remuneration for eligible officers.

As remuneration is linked to achievements made throughout one's term in office, eligible officers shall be allowed to exercise stock acquisition rights at the time of their retirement. In the event that the Company recognizes any misconduct, acts conflicting with the duty of due diligence, or any other act equivalent thereto perpetrated by the grantees, the Company may limit the exercise of all or part of the stock acquisition rights.

Given the importance of addressing management from a medium- to long-term perspective, emphasis will be placed on maintaining the levels and stability of basic remuneration while aiming to enhance the financial results for each year. Accordingly, the percentage of the bonus to basic remuneration and the percentage of stock compensation-type stock options to basic remuneration will be a maximum of 30% and 20%, respectively.

b. Outside Directors and Audit & Supervisory Board Members

The remuneration of Outside Directors and Audit & Supervisory Board Members, who perform duties from a position of independence from business execution, is limited to the basic remuneration, which is a fixed amount of monetary compensation paid each month as consideration for the execution of duties. The compensation of Outside Directors is determined within the limit of the annual amount determined by resolution of the General Meeting of Shareholders stated in a. <Basic Remuneration> above, and within the limit of the amount determined in advance by the Company, taking general levels of compensation into consideration. The remuneration of Audit & Supervisory Board Members is determined through deliberations between Audit & Supervisory Board Members within the annual limit amount determined by resolution of the General Meeting of Shareholders.

3) Matters Concerning the Delegation of Decisions on the Details of the Remuneration of Individual Directors

Mr. Masachika Adachi, the President & Representative Director and Executive President, is responsible for determining the individual remuneration amounts of Directors under delegation of authority, based on the remuneration systems that have been reviewed by the Nomination and Remuneration Advisory Committee. The Company delegates this mission to the President & Representative Director and Executive President because he is best positioned to assess the areas each Director is in charge of while maintaining a bird's eye view of the Group's overall results. As the details of the remuneration of individual Directors is determined upon the aforementioned procedure, the Board of Directors considers the details are in line with the determination policy.

■ Remuneration to Directors and Audit & Supervisory Board Members

Category of Officer	Total amount of remuneration (millions of yen)	Total amount by type of remuneration (millions of yen)			Number of eligible officers
		Basic remuneration	Performance-based remuneration		
			Bonuses	Stock compensation-type stock options (non-monetary compensation, etc.)	
Directors [of which, Outside Directors]	252 [30]	191 [30]	48 [-]	13 [-]	8 [4]
Audit & Supervisory Board Members [of which, Outside Audit & Supervisory Board Members]	104 [55]	104 [55]	- [-]	- [-]	5 [3]

- Notes: 1. The above number of persons includes one Director who retired from office at the close of the 55th Ordinary General Meeting of Shareholders held on March 29, 2023.
2. When calculating performance-based remuneration, “consolidated net income before income taxes” is used as the indicator for the Company’s business performance. That amount is considered to be an appropriate representation of the results of the Group’s operating activities for the fiscal year. The calculation method of the amount of performance-based remuneration is as described in “Matters Concerning the Policy to Determine the Details of Remuneration of Directors and Audit & Supervisory Board Members, 2) Details of Each Compensation System, a. Representative Directors and Executive Directors” above. Actual figures for this performance indicator are stated in the Consolidated Statements of Income.
3. Figures for Bonuses indicate the amount of accrued directors’ bonuses as of the end of the fiscal year.
4. In stock compensation-type stock options, expenses for this fiscal year are presented in an amount equivalent to the amount of stock acquisition rights granted as stock options. During this fiscal year, 70 units of stock acquisition rights (7,000 shares of common stock) were delivered to four Directors, excluding the Outside Directors. The main conditions for exercise, etc. of the stock acquisition rights are as described in “Matters Concerning the Policy to Determine the Details of Remuneration of Directors and Audit & Supervisory Board Members, 2) Details of Each Compensation System, a. Representative Directors and Executive Directors” above. As a result of the actual figures for the performance indicator “consolidated net income before income taxes” being as stated in the Consolidated Statements of Income, 46 units (4,600 shares of common stock) of the stock acquisition rights are exercisable.
5. At the 39th Ordinary General Meeting of Shareholders held on March 28, 2007, a resolution was passed to set the amount of remuneration for Directors at ¥800 million (hereinafter referred to as the “Annual Remuneration Limit”) or less per year. The number of Directors as of the close of the said Ordinary General Meeting of Shareholders was 17. In addition, at the 54th Ordinary General Meeting of Shareholders held on March 29, 2022, a resolution was passed to introduce a stock compensation-type stock options plan, under which the Company grants stock acquisition rights of the Company’s stock to eligible Directors (excluding Outside Directors) as officer compensation within the annual remuneration limit. The number of Directors as of the close of the said Ordinary General Meeting of Shareholders was seven, including three Outside Directors.
6. At the 30th Ordinary General Meeting of Shareholders held on March 26, 1998, a resolution was passed to set the amount of remuneration for Audit & Supervisory Board Members at ¥120 million or less per year. The number of Audit & Supervisory Board Members as of the close of the said Ordinary General Meeting of Shareholders was four.

(3) Overview of the Directors and Officers (D&O) Liability Insurance Policy

The Company has entered into a liability insurance policy for officers defined in Article 430-3, Paragraph 1 of the Companies Act of Japan. The policy covers damages that may arise from the insured assuming liability in connection with their execution of duties or claims filed against them for such liabilities. However, the said insurance policy does not cover damages arising from the insured’s unlawful gain or benefit, criminal acts, or acts committed with the knowledge that they violate laws and regulations.

The policy insures the Company’s Directors and Audit & Supervisory Board Members. The Company pays the premiums for all the insured parties, without any contribution from them.

(4) Status of Outside Director and Outside Audit & Supervisory Board Members

Relation between Important Organization of Concurrent Post and the Company

Name	Concurrent Post	Organization of Concurrent Post	Relation with the Company
Yoshio Osawa (Outside Director)	Outside Director	Citizen Watch Co., Ltd.	No special relation
Hiroko Kawamoto (Outside Director)	Outside Director	Sumitomo Mitsui Trust Holdings, Inc.	No special relation
		East Japan Railway Company	No special relation

Note: Director Ms. Hiroko Kawamoto retired from the position of Adviser of ANA Strategic Research Institute Co., Ltd. on March 31, 2023. She also retired from the position of Outside Director of RENAISSANCE INCORPORATED on June 28, 2023. There is no special relation between the Company and the two companies.

Principal Activities

Name	Principal Activities
Yoshio Osawa (Outside Director)	Attended all 13 Board of Directors meetings held during this fiscal year, and provided input based on his experience and knowledge in the field of corporate management. Also provided input based on his experience and insight outside the Board of Directors meetings as necessary. He is therefore satisfying the roles expected of him as an Outside Director.
Toshiharu Hasebe (Outside Director)	Attended all 13 Board of Directors meetings held during this fiscal year, and provided input based on his experience and knowledge in the field of corporate management. Also provided input based on his experience and insight outside the Board of Directors meetings as necessary. He is therefore satisfying the roles expected of him as an Outside Director.
Hiroko Kawamoto (Outside Director)	Attended all 10 Board of Directors meetings held after assuming office out of 13 Board of Directors meetings held during this fiscal year, and provided input based on her experience and knowledge in the field of corporate management. Also provided input based on her experience and insight outside the Board of Directors meetings as necessary. She is therefore satisfying the roles expected of her as an Outside Director.
Iwao Hashimoto (Outside Audit & Supervisory Board Member)	Attended all 13 Board of Directors meetings and all 16 Audit & Supervisory Board meetings held during this fiscal year, and provided input based on his experience and knowledge in the field of corporate management.
Nobutoshi Matsumoto (Outside Audit & Supervisory Board Member)	Attended all 13 Board of Directors meetings and all 16 Audit & Supervisory Board meetings held during this fiscal year, and provided input based on his experience and knowledge in the field of accounting.
Shigeo Hasegawa (Outside Audit & Supervisory Board Member)	Attended all 13 Board of Directors meetings and all 16 Audit & Supervisory Board meetings held during this fiscal year, and provided input based on his knowledge as a Certified Public Accountant.

Note: Besides the number of meetings of the Board of Directors stated above, there were two written resolutions by which resolutions were deemed to have been made by the Board of Directors in accordance with Article 370 of the Companies Act and Article 22 of the Company's Articles of Incorporation.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheets

(Amounts less than one million yen are truncated)

	As of Dec. 31, 2023	As of Dec. 31, 2022		As of Dec. 31, 2023	As of Dec. 31, 2022
■ Assets			■ Liabilities		
Current assets	¥418,611	¥419,708	Current liabilities	¥110,590	¥108,062
Cash and deposits	88,190	84,132	Notes and accounts payable-trade	45,552	47,376
Notes, accounts receivable-trade and contract assets	111,649	110,431	Current portion of long-term lease obligations	99	45
Securities	1,500	500	Accrued expenses	16,585	16,627
Merchandise and finished goods	39,149	37,897	Accrued income taxes	8,233	7,453
Work in process	196	99	Consumption taxes payable	6,712	5,426
Raw materials and supplies	479	523	Accrued bonuses	3,222	3,439
Short-term loans receivable	170,005	180,012	Accrued directors' bonuses	107	118
Other current assets	7,482	6,153	Accrued product warranties	269	243
Allowance for doubtful receivables	(42)	(43)	Accrued loss on contracts	51	114
Non-current assets	138,755	124,032	Other current liabilities	29,755	27,216
Property, plant and equipment	85,024	85,276	Long-term liabilities	11,266	35,305
Buildings and structures, net	47,714	48,384	Long-term lease obligations	206	73
Machinery, equipment and vehicles, net	60	68	Allowance for long-term continuous service rewards	723	749
Furniture and fixtures, net	3,029	2,670	Accrued pension and severance costs	7,760	32,141
Rental assets, net	5,585	4,890	Deferred tax liabilities	178	-
Land	28,359	28,359	Other long-term liabilities	2,397	2,340
Lease assets, net	3	5	Total liabilities	121,856	143,368
Construction in progress	271	897	■ Equity		
Intangible assets	14,181	5,995	Shareholders' equity	410,817	387,392
Software	5,600	5,364	Common stock	73,303	73,303
Goodwill	4,868	327	Capital surplus	82,727	82,827
Customer-related intangible assets	3,408	-	Retained earnings	256,880	233,354
Facility utilization rights	302	302	Treasury stock	(2,092)	(2,092)
Other intangible assets	1	0	Accumulated other comprehensive income	23,903	12,149
Investments and other assets	39,548	32,760	Unrealized gain (loss) on available-for-sale securities	6,860	5,202
Investments in securities	16,314	13,312	Deferred gain (loss) on derivatives under hedge accounting	87	(14)
Long-term loans receivable	10	15	Foreign currency-translation adjustments	345	293
Prepaid pension and severance costs	10,987	392	Defined retirement benefit plans	16,610	6,667
Deferred tax assets	5,916	12,904	Stock acquisition rights	58	29
Lease deposits	2,559	2,767	Non-controlling interests	729	801
Other investments and other assets	3,962	3,555	Total equity	435,509	400,372
Allowance for doubtful receivables	(201)	(187)	Total liabilities and equity	¥557,366	¥543,740
Total assets	¥557,366	¥543,740			

Consolidated Statements of Income

(Amounts less than one million yen are truncated)

	From January 1, 2023 to December 31, 2023	From January 1, 2022 to December 31, 2022
Net sales	¥609,473	¥588,132
Cost of sales	404,980	388,842
Gross profit	204,492	199,289
Selling, general and administrative expenses	151,997	149,341
Operating income	52,495	49,947
Non-operating income	1,291	1,225
Interest income	383	299
Dividend income	237	209
Insurance income	457	459
Foreign exchange gains	-	29
Other, net	213	227
Non-operating expenses	201	180
Interest expense	11	12
Loss on investments in partnership	31	29
Foreign exchange losses	6	-
Other, net	152	139
Ordinary income	53,585	50,991
Extraordinary income	117	733
Gain on sales of long-lived assets	3	3
Gain on sales of investments in securities	113	729
Other, net	-	0
Extraordinary losses	645	202
Loss on sales and disposal of long-lived assets	479	124
Loss on sales of shares of subsidiaries and associates	159	-
Loss on sales of investments in securities	2	18
Loss on impairment of investments in securities	-	57
Other, net	3	1
Net income before income taxes	53,057	51,523
Income taxes-current	15,493	14,244
Income taxes-deferred	980	1,652
Net income	36,583	35,626
Net income attributable to non-controlling interests	90	74
Net income attributable to owners of the parent	¥36,493	¥35,552

AUDIT & SUPERVISORY BOARD'S REPORT
(TRANSLATION)

Audit Report

We, Audit & Supervisory Board has discussed and prepared this Audit Report based on the audit reports prepared by each of the Audit & Supervisory Board Members pertaining to the conduct of duties by the Directors of Canon Marketing Japan Inc. during the 56th fiscal year from January 1, 2023 to December 31, 2023, and reports as follows.

1. Methods and Substance of Audit by Audit & Supervisory Board Members and Audit & Supervisory Board
 - (1) We decided on the auditing policies and the allocation of work duties, etc., received a report on the auditing work performed and the results from each Audit & Supervisory Board Member, and received a report on the status of the work executed from the Directors and the Independent Auditor and requested their explanations as necessary.
 - (2) While confirming to the auditing standards as decided by us, the auditing policies and the allocation of duties, etc., each Audit & Supervisory Board Member endeavored to facilitate mutual understanding with the Directors, the internal audit office and other employees, etc. to collect information and improve the auditing environment. Our audit procedures were as follows.
 - i) We attended the meetings of the Board of Directors and other important meetings, received reports on the status of the work executed from the Directors and the employees and requested their explanations as necessary, inspected material internal decision-making documents, etc., and investigated the status of the operations and assets of the headquarters and major business sites. In addition, with respect to the subsidiaries, we communicated and exchanged information with the Directors and Audit & Supervisory Board Members of the subsidiaries, and received reports on business from the subsidiaries as necessary.
 - ii) The following systems (Internal Control System) were determined by a Board of Directors' resolution and designed based on this resolution. We periodically received reports from the Directors, employees and others, requested explanations as necessary regarding the design and implementation of the Internal Control Systems, and expressed opinions on the substance of the decisions made by the Board of Directors with regard to the Internal Control Systems.
 - (a) A system for ensuring that the performance of duties by the Directors complies with the applicable laws and regulations and Articles of Incorporation.
 - (b) A system for ensuring the Directors' performance of the adequate operations of Canon Marketing Japan Group, which consists of the Company and its subsidiaries as stipulated under Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act.
 - iii) We examined the contents of the matters considered and the assessment and reasons detailed in this Business Report for the transactions with the Parent Company under Article 118 of the Ordinance for Enforcement of the Companies Act, taking into account the status of the deliberations of the Board of Directors, etc.
 - iv) We monitored and verified whether the independence of the Accounting Auditor was maintained and whether an appropriate audit was being undertaken, received reports from the Accounting Auditor on the status of operations, and requested explanations as necessary. We also received reports from the Accounting Auditor stating that the necessary systems for ensuring the appropriate execution of operations (pursuant to Article 131 of the Rules of Corporate Accounting) were duly developed in line with the Quality Control Standards for Auditing (Business Accounting Council), and other relevant standards, and requested explanations as necessary.

Based on the above procedures, we examined the Business Report and its supplementary schedules, the non-consolidated financial statements for the relevant fiscal year (the balance sheets, the statements of income, the statements of shareholders' equity and the notes to the non-consolidated financial statements) and their supplementary schedules as well as the consolidated financial statements for the relevant fiscal year (the consolidated balance sheets, the consolidated statements of income, the consolidated statements of shareholders' equity and the notes to the consolidated financial statements).

2. Results of Audit

- (1) Results of examination of the Business Report, etc.
 - a) In our opinion, the business report and its supplementary schedules conformity with the applicable laws and regulations of Japan and the Articles of Incorporation of the Company and fairly present the state of the Company's affairs;
 - b) We have found no misconduct or material fact constituting a violation of any applicable laws and regulations of Japan or the Articles of Incorporations in connection with the Directors' performance of their duties; and
 - c) In our opinion, the substance of the decisions made by the Board of Directors with regard to the Internal Control Systems is appropriate. Furthermore, we found no matters that require noting with regard to the description in the Business Report and the Directors' performance of their duties in connection with the relevant internal control systems; and

- d) With respect to the transactions with the Parent Company, etc. that are described in this Business Report, we have found no matters that require noting with regard to the matters considered by Board of Directors and the Board of Directors' assessment and factors that might be adverse to the Company's interests.
- (2) Results of examination of the financial statements and their supplementary schedules
In our opinion, the auditing methods used and the conclusions reached by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.
- (3) Results of examination of the consolidated financial statements
In our opinion, the auditing methods used and the conclusions reached by the Independent Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

February 7, 2024

**Audit & Supervisory Board,
Canon Marketing Japan Inc.**

Audit & Supervisory Board Member (full time)	Shiro Hamada
Audit & Supervisory Board Member (full time)	Masatoshi Tanise
Audit & Supervisory Board Member (full time) (Outside Audit & Supervisory Board Member)	Iwao Hashimoto
Audit & Supervisory Board Member (full time) (Outside Audit & Supervisory Board Member)	Nobutoshi Matsumoto
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Shigeo Hasegawa