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# Canon Inc.

## FY 2020 Results

January 28, 2021  
Toshizo Tanaka  
Executive Vice President & CFO

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# Agenda

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## External environment

- COVID-19 completely changed business environment outlook held at beginning of year and global economy suffered record contraction

## Business performance

- Implemented additional forward-looking structural reforms
- Profit gradually recovered after bottoming out in 2Q, profit increase posted in 4Q
- Limited impact from recent resurgence of COVID-19

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At the beginning of the year, we assumed the global economy was heading towards a general recovery, driven by developed countries. Under this assumption, we mapped out a plan to achieve sales and profit growth by improving the profitability of existing businesses and accelerating the growth of new ones. And over the first two months of the year, we made good progress.

However, due to the unexpected COVID-19 crisis, the business environment completely changed. Lockdowns and other measures implemented around the world in the second quarter reduced economic activity dramatically. As a result, we could not avoid posting our first loss on a quarterly basis. Under these conditions, we successfully implemented additional structural reform measures to survive this era of COVID-19.

Since then, thanks to measures such as government spending and monetary easing as well as signs of improvement in the COVID-19 situation, the business environment started to recover from the third quarter. Although we saw a resurgence of COVID-19 towards the end of the year, the impact on the markets in which we compete was limited. As a result, our performance in the fourth-quarter continued to gradually improve, leading to increased profit.

# FY 2020 Financial Results

## (Full Year)

- Exceeded previous sales and profit projection
- Operating profit surpassed 110 billion yen, profitability improved with each passing quarter

(Billions of yen)	FY 2020 Actual	FY 2019 Actual	% Change	FY 2020 Previous Projection	Amount Change
<b>Net Sales</b>	<b>3,160.2</b>	<b>3,593.3</b>	-12.1%	<b>3,140.0</b>	+20.2
<b>Gross Profit</b> (% of Net Sales)	<b>1,375.9</b> 43.5%	<b>1,610.0</b> 44.8%	-14.5%	<b>1,348.8</b> 43.0%	+27.1
<b>Op. Expenses</b> (% of Net Sales)	<b>1,265.4</b> 40.0%	<b>1,435.6</b> 39.9%		<b>1,284.8</b> 41.0%	+19.4
<b>Op. Profit</b> (% of Net Sales)	<b>110.5</b> 3.5%	<b>174.4</b> 4.9%	-36.6%	<b>64.0</b> 2.0%	+46.5
<b>IBT</b>	<b>130.3</b>	<b>195.5</b>	-33.4%	<b>86.0</b>	+44.3
<b>Net Income</b> (% of Net Sales)	<b>83.3</b> 2.6%	<b>125.0</b> 3.5%	-33.3%	<b>52.0</b> 1.7%	+31.3
USD	106.68	109.03		106.86	
EURO	122.07	122.03		122.16	

Note: Prior year financial statements have been restated to account for provision for paid leave, but effect is immaterial.

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In 2020, we posted figures that exceeded our previous projection, in particular profit, mainly thanks to the Imaging System Business Unit.

We exceeded our projection for net sales, operating profit, and net income by 20.2 billion yen, 46.5 billion yen and 31.3 billion yen, respectively.

Compared with 2019, sales and profit decreased. Net sales declined by 12.1% to 3 trillion 160.2 billion yen, operating profit declined by 36.6% to 110.5 billion yen, and net income declined by 33.3% to 83.3 billion yen.

Although COVID-19 had a huge impact on our performance, even under these conditions, we were able to surpass 110 billion yen in full-year operating profit. From a profitability perspective as well, after posting an operating loss in the second quarter, we have steadily raised our operating profit ratio from 2.5% in the third quarter to 8.1% in the fourth quarter, giving us momentum to start this year off.

# FY 2020 Financial Results by Business Unit (Full Year)



- Posted increase in Imaging System profit, achieved a double-digit profit ratio
- Did not reach previous projection for sales of Industry & Others due to changes in equipment installation plan

(Billions of yen)		FY 2020 Actual	FY 2019 Actual	% Change	FY 2020 Previous Projection	Amount Change
Office	Net Sales	<b>1,440.2</b>	<b>1,752.1</b>	-17.8%	<b>1,431.0</b>	+9.2
	Op. Profit	<b>81.4</b>	<b>165.0</b>	-50.7%	<b>72.9</b>	+8.5
	(%)	<b>(5.6%)</b>	<b>(9.4%)</b>		<b>(5.1%)</b>	
Imaging System	Net Sales	<b>712.2</b>	<b>807.4</b>	-11.8%	<b>689.1</b>	+23.1
	Op. Profit	<b>71.8</b>	<b>48.2</b>	+49.1%	<b>51.0</b>	+20.8
	(%)	<b>(10.1%)</b>	<b>(6.0%)</b>		<b>(7.4%)</b>	
Medical System	Net Sales	<b>436.1</b>	<b>438.5</b>	-0.6%	<b>432.0</b>	+4.1
	Op. Profit	<b>25.2</b>	<b>26.7</b>	-5.6%	<b>22.3</b>	+2.9
	(%)	<b>(5.8%)</b>	<b>(6.1%)</b>		<b>(5.2%)</b>	
Industry & Others	Net Sales	<b>654.8</b>	<b>688.4</b>	-4.9%	<b>673.3</b>	-18.5
	Op. Profit	<b>13.2</b>	<b>19.4</b>	-31.8%	<b>6.6</b>	+6.6
	(%)	<b>(2.0%)</b>	<b>(2.8%)</b>		<b>(1.0%)</b>	
Corporate & Eliminations	Net Sales	<b>-83.1</b>	<b>-93.1</b>	-	<b>-85.4</b>	+2.3
	Op. Profit	<b>-81.1</b>	<b>-84.9</b>	-	<b>-88.8</b>	+7.7
	(%)	<b>(3.5%)</b>	<b>(4.9%)</b>		<b>(2.0%)</b>	
Total	Net Sales	<b>3,160.2</b>	<b>3,593.3</b>	-12.1%	<b>3,140.0</b>	+20.2
	Op. Profit	<b>110.5</b>	<b>174.4</b>	-36.6%	<b>64.0</b>	+46.5
	(%)	<b>(3.5%)</b>	<b>(4.9%)</b>		<b>(2.0%)</b>	

Notes: Certain businesses that were included in Industry & Others are now included in Office. 2019 results have been restated to conform with the new presentation. Prior year financial statements have been restated to account for provision for paid leave, but effect is immaterial.

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As for Imaging System, mainly thanks to new products and a rise in average selling price, we posted an increase in profit not only in the third- and fourth-quarter, but also for the full year, achieving a double-digit profit ratio.

As for Industry and Others, although we made progress installing lithography equipment, in line with our plan, we could not achieve our net sales projection, mainly reflecting changes to our installation plan for OLED vacuum deposition equipment.

# Key Message

(FY 2021 Projection)



## FX Assumptions

			Impact of exchange rate movement (Annual impact given a one yen change)	
	FY 2020	FY 2021	Net Sales	Op. Profit
USD/Yen	106.68 yen	105.00 yen	10.9 billion yen	4.0 billion yen
EUR/Yen	122.07 yen	120.00 yen	5.6 billion yen	2.5 billion yen

## External Environment

- Expect trend of gradual global economic recovery to continue with movement towards COVID-19 containment, thanks to roll out of vaccine etc.
- Resurgence of COVID-19 a concern, but unlikely that economic activity falls into extreme contraction

## FY 2021 Outlook

- Strengthen profit generating ability of existing businesses and expand performance of new ones to return profitability to 2019 level

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Our assumed foreign exchange rates are 105 yen to the U.S. dollar, and 120 yen to the euro.

In addition to expecting government spending and monetary easing to continue, we expect to move towards COVID-19 containment in the first half of the year as vaccines are rolled out. From this, we expect the trend of gradual global economic recovery to continue. Although there is a possibility that the markets in which we compete will be significantly impacted by the resurgence of COVID-19 in the future, we do not expect economic activity to fall into an extreme contraction like last year.

Under this assumption, we expect demand for cameras and inkjet to be in line with last year and strong demand for lithography equipment, industrial equipment, and network cameras to continue. For Office and Medical Systems as well, we expect the trend of recovery to strengthen as we move through to the second half of the year.

This year marks the start of our new 5-year plan, under which our goal for now is to return profitability to the same level as 2019 in 2021. We will do this by strengthening the profit generating ability of existing businesses and expanding the performance of new ones, which will put us in a good position to take next steps towards getting back to become a high profit generating corporation.

# FY 2021 Financial Projection (Full Year)

- Sales and profit growth for first time in four years
- Limit expenses through efficiency in business activity

(Billions of yen)	2021 Projection	2020 Actual	% Change	(For Reference) 2019 Actual
<b>Net Sales</b>	<b>3,400.0</b>	<b>3,160.2</b>	+7.6%	<b>3,593.3</b>
<b>Gross Profit</b> (% of Net Sales)	<b>1,506.0</b> 44.3%	<b>1,375.9</b> 43.5%	+9.5%	<b>1,610.0</b> 44.8%
<b>Op. Expenses</b> (% of Net Sales)	<b>1,347.5</b> 39.6%	<b>1,265.4</b> 40.0%		<b>1,435.6</b> 39.9%
<b>Op. Profit</b> (% of Net Sales)	<b>158.5</b> 4.7%	<b>110.5</b> 3.5%	+43.4%	<b>174.4</b> 4.9%
<b>IBT</b>	<b>176.5</b>	<b>130.3</b>	+35.5%	<b>195.5</b>
<b>Net Income</b> (% of Net Sales)	<b>115.0</b> 3.4%	<b>83.3</b> 2.6%	+38.0%	<b>125.0</b> 3.5%
USD	105.00	106.68		109.03
EURO	120.00	122.07		122.03

Note: Prior year financial statements have been restated to account for provision for paid leave, but effect is immaterial.

We expect net sales to grow by 7.6% to 3 trillion 400.0 billion yen, operating profit to grow by 43.4% to 158.5 billion yen, and net income to grow by 38.0% to 115.0 billion yen, which represent growth in both sales and profit for the first time in four years.

In 2021, we aim to raise profitability to the same level as 2019. We will do this through a significant increase in sales, which to a certain extent reflects the low level of sales in 2020, and through efforts to limit expenses as a percentage of sales, as the efficiency of business activities that were pushed forward because of COVID-19 firmly take hold.

# FY 2021 Financial Projection by Business Unit

## (Full Year)

- Sales and profit growth in all Business Units
- Expect Office, Medical System, and Industry & Others profitability to improve as well as second consecutive year of double-digit Imaging System profitability

(Billions of yen)		2021 Projection	2020 Actual	% Change	(For Reference) 2019 Actual
Office	Net Sales	<b>1,552.0</b>	<b>1,440.2</b>	+7.8%	<b>1,752.1</b>
	Op. Profit	<b>118.9</b>	<b>81.4</b>	+46.1%	<b>165.0</b>
	(%)	<b>(7.7%)</b>	<b>(5.6%)</b>		<b>(9.4%)</b>
Imaging System	Net Sales	<b>732.5</b>	<b>712.2</b>	+2.8%	<b>807.4</b>
	Op. Profit	<b>74.6</b>	<b>71.8</b>	+3.9%	<b>48.2</b>
	(%)	<b>(10.2%)</b>	<b>(10.1%)</b>		<b>(6.0%)</b>
Medical System	Net Sales	<b>460.0</b>	<b>436.1</b>	+5.5%	<b>438.5</b>
	Op. Profit	<b>29.6</b>	<b>25.2</b>	+17.3%	<b>26.7</b>
	(%)	<b>(6.4%)</b>	<b>(5.8%)</b>		<b>(6.1%)</b>
Industry & Others	Net Sales	<b>746.0</b>	<b>654.8</b>	+13.9%	<b>688.4</b>
	Op. Profit	<b>24.9</b>	<b>13.2</b>	+88.3%	<b>19.4</b>
	(%)	<b>(3.3%)</b>	<b>(2.0%)</b>		<b>(2.8%)</b>
Corporate & Eliminations	Net Sales	<b>-90.5</b>	<b>-83.1</b>	-	<b>-93.1</b>
	Op. Profit	<b>-89.5</b>	<b>-81.1</b>	-	<b>-84.9</b>
Total	Net Sales	<b>3,400.0</b>	<b>3,160.2</b>	+7.6%	<b>3,593.3</b>
	Op. Profit	<b>158.5</b>	<b>110.5</b>	+43.4%	<b>174.4</b>
	(%)	<b>(4.7%)</b>	<b>(3.5%)</b>		<b>(4.9%)</b>

Note: Prior year financial statements have been restated to account for provision for paid leave, but effect is immaterial.

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In all Business Units, we project sales and profit growth.

As for Office, in addition to a recovery in sales, thanks to new products and an increase in people returning to the office as a place of work, we expect profitability to improve, reflecting the effects of structural reform measures implemented up to now.

As for Imaging System, we will strive to achieve our second consecutive year of double-digit profitability through an increase in camera and inkjet sales, an improvement in product mix, and a continuing review of our business structure.

For Medical System and Industry & Others, although sales declined last year due to impact of COVID-19, these are business areas where we expect continued growth in demand. In 2021, we will not only work to return this business to growth, but also strive to achieve sales that exceed the level of 2019.

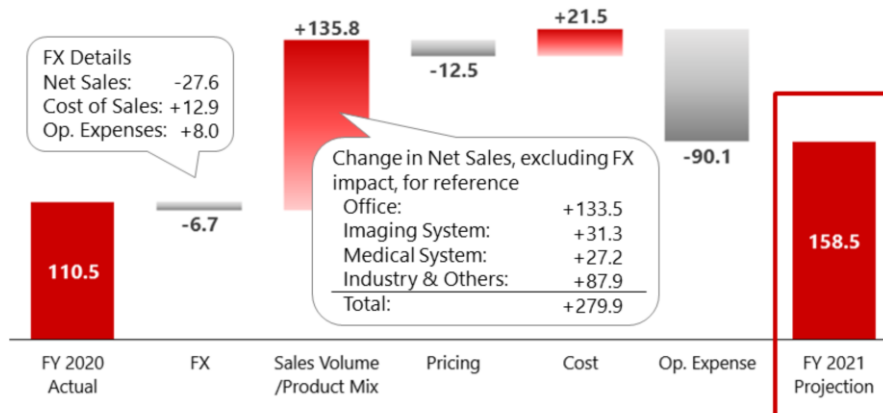


# FY 2021 Operating Profit Analysis

(FY 2021 Projection versus FY 2020 Actual)

- Targeting 158.5 billion yen in operating profit thanks to recovery in sales and efforts to limit increase in expenses

(Billions of yen)



In 2021, where we expect sales to increase, the impact of changes in sales volume is expected to improve at the same time, we will work to raise profit by limiting price reduction and cutting costs. Moreover, we will strengthen our investment in product development and our investment in sales & marketing activities to enhance new business growth. However, through the maintenance of efficient operation of business activities that resulted from the COVID crisis, we will limit the increase in expenses to 90.1 billion yen and will to achieve 158.5 billion yen in operation profit.

- Trend of gradual market recovery in both hardware and print volume
- Expand market share in 2021 through new products that have increased price competitiveness

(Billions of yen)

	Full Year					Full Year		
	2020 Actual	2019 Actual	% Change	2020 Previous Projection	Amount Change	2021 Projection	2020 Actual	% Change
MFDs	510.0	645.6	-21.0%	513.0	-3.0	582.0	510.0	+14.1%
LPs	504.9	628.3	-19.6%	496.8	+8.1	528.1	504.9	+4.6%
Others	425.3	478.2	-11.1%	421.2	+4.1	441.9	425.3	+3.9%
<b>Net Sales</b>	<b>1,440.2</b>	<b>1,752.1</b>	<b>-17.8%</b>	<b>1,431.0</b>	<b>+9.2</b>	<b>1,552.0</b>	<b>1,440.2</b>	<b>+7.8%</b>
<b>Op. Profit</b>	<b>81.4</b>	<b>165.0</b>	<b>-50.7%</b>	<b>72.9</b>	<b>+8.5</b>	<b>118.9</b>	<b>81.4</b>	<b>+46.1%</b>
(% of Net Sales)	5.6%	9.4%		5.1%		7.7%	5.6%	

Note: Certain businesses that were included in Industry & Others are now included in 'Others' within Office. 2019 results have been restated to conform with the new presentation.

#### Net Sales Growth Rate Y/Y (Local Currency)

	4Q 2020 Actual	FY 2020 Actual	FY 2021 Projection
MFDs	-14.9%	-20.4%	+15.2%
LPs	-7.2%	-18.9%	+5.3%
Others	-6.9%	-10.5%	+4.8%
Total	-10.0%	-17.1%	+8.7%

#### Unit Growth Rate Y/Y

	FY 2020 Actual	FY 2021 Projection
MFDs		
Monochrome	-18%	+13%
Color	-15%	+21%
Total	-16%	+18%



imageRUNNER ADVANCE DX series

Due to COVID-19 many offices were closed in 2020. As a result, the office equipment market, which includes MFDs and laser printers, declined significantly. In 2021, although we do not expect the market to return to its pre-COVID-19 level, mainly due to remote working taking hold, we do expect the market recovery to progress from its 2020 level.

As for MFD hardware, although the market recovery in some regions and countries were slow, such as in North America and India, our sales in 2020 steadily improved with each passing month. As a result, our fourth-quarter sales, recovered to around 90% of what they were in the same period in 2019, leading us to expect a recovery in our sales to a pre-COVID-19 level in 2021.

As for print volume, in addition to North America, we saw slowdown in the rate at which people were returning to the office in Europe and other regions due to the resurgence of COVID-19. While we expect the pace of print volume recovery to be slower than that of hardware, we expect fourth-quarter 2021 non-hardware sales to recover to around 90% of its pre-COVID level.

Under conditions where we cannot expect the market to grow, we are promoting efficiency in product development and reduction in production cost through the sharing of product platforms. From the new products that we will launch this year, we will combine our strength of offering products that are very durable and reliable, which are features that are highly valued by the market, with competitive pricing, which will work to grow our market share and expand sales.

- Decrease in 2020 net sales due to lower unit sales of medium- and high-speed equipment for office
- Raise profitability in 2021 through stable sales of consumables and optimization of fixed costs

(Billions of yen)

	Full Year					Full Year		
	2020 Actual	2019 Actual	% Change	2020 Previous Projection	Amount Change	2021 Projection	2020 Actual	% Change
MFDs	510.0	645.6	-21.0%	513.0	-3.0	582.0	510.0	+14.1%
LPS	504.9	628.3	-19.6%	496.8	+8.1	528.1	504.9	+4.6%
Others	425.3	478.2	-11.1%	421.2	+4.1	441.9	425.3	+3.9%
<b>Net Sales</b>	<b>1,440.2</b>	<b>1,752.1</b>	<b>-17.8%</b>	<b>1,431.0</b>	<b>+9.2</b>	<b>1,552.0</b>	<b>1,440.2</b>	<b>+7.8%</b>
<b>Op. Profit</b>	<b>81.4</b>	<b>165.0</b>	<b>-50.7%</b>	<b>72.9</b>	<b>+8.5</b>	<b>118.9</b>	<b>81.4</b>	<b>+46.1%</b>
(% of Net Sales)	5.6%	9.4%		5.1%		7.7%	5.6%	

Note: Certain businesses that were included in Industry & Others are now included in "Others" within Office. 2019 results have been restated to conform with the new presentation.

#### Net Sales Growth Rate Y/Y (Local Currency)

	4Q 2020 Actual	FY 2020 Actual	FY 2021 Projection
MFDs	-14.9%	-20.4%	+15.2%
LPS	-7.2%	-18.9%	+5.3%
Others	-6.9%	-10.5%	+4.8%
Total	-10.0%	-17.1%	+8.7%

#### Unit Growth Rate Y/Y

LPS	FY 2020 Actual	FY 2021 Projection
Monochrome	-17%	0%
Color	-15%	+16%
Total	-16%	+3%

As for laser printers, although some of the expanding demand resulting from working and learning from home was met by low-speed models, overall sales in 2020 were down as sales of medium- and high-speed models as well as consumables decreased significantly. However, thanks to an increase in people returning to the office, our fourth-quarter sales steadily improved and we expect this same kind of recovery to continue even in 2021.

In addition to expecting the market to recover, we will work to improve our performance under a strategy that places even more importance on profitability. Specifically, in order to stably sell consumables, we will strengthen sales of medium- and high-speed models for the office where we can expect higher print volume. At the same time, for small- and medium-size businesses as well as individual and other users, we will support our OEM partner's business model, which contributes to the continuous use of consumables, instead of favoring warranty terms and selling price. From not only a sales & marketing perspective, but also a cost perspective, we will work to improve profitability, further promoting measures such as the sharing of parts as well as measures that optimize fixed costs such as the reduction of production equipment, in order to reduce to the extent possible the impact of lower volume.

- Aim for sales growth in 2021 through enhancement of product lineup and expansion of sales network

(Billions of yen)

	Full Year					Full Year		
	2020 Actual	2019 Actual	% Change	2020 Previous Projection	Amount Change	2021 Projection	2020 Actual	% Change
MFDs	510.0	645.6	-21.0%	513.0	-3.0	582.0	510.0	+14.1%
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Others	425.3	478.2	-11.1%	421.2	+4.1	441.9	425.3	+3.9%
<b>Net Sales</b>	<b>1,440.2</b>	<b>1,752.1</b>	<b>-17.8%</b>	<b>1,431.0</b>	<b>+9.2</b>	<b>1,552.0</b>	<b>1,440.2</b>	<b>+7.8%</b>
<b>Op. Profit</b>	<b>81.4</b>	<b>165.0</b>	<b>-50.7%</b>	<b>72.9</b>	<b>+8.5</b>	<b>118.9</b>	<b>81.4</b>	<b>+46.1%</b>
(% of Net Sales)	5.6%	9.4%		5.1%		7.7%	5.6%	

Note: Certain businesses that were included in Industry & Others are now included in "Others" within Office. 2019 results have been restated to conform with the new presentation.

#### Net Sales Growth Rate Y/Y (Local Currency)

	4Q 2020 Actual	FY 2020 Actual	FY 2021 Projection
MFDs	-14.9%	-20.4%	+15.2%
LPs	-7.2%	-18.9%	+5.3%
Others	-6.9%	-10.5%	+4.8%
Total	-10.0%	-17.1%	+8.7%



High-speed cut-sheet inkjet printer  
**varioPRINT iX series**



Large-format printer  
**Colorado 1650**

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As for commercial printing, our sales decreased in 2020 due to COVID-19, which mainly impacted demand for products used in printing posters and other materials in the graphic arts space.

Although it is difficult to expect the market to return to a pre-COVID-19 level in 2021, we do expect the market to steadily recover as the shift from offset to digital printing continues.

In the graphic arts space, which is especially expected to grow, the new products that we launched last year such as our high-speed cut-sheet inkjet printer, the varioPRINT iX series, as well as large-format printers like the Colorado have garnered strong support from the market. And with the outlook of market recovery, we expect these product to drive sales. We will also work to expand sales by further strengthening our product lineup.

In addition to this, for large-format printers, we will create a tailwind that will support market share gain, enhancing our sales network by adding new dealers that have extensive experience and a broad customer base in graphic arts, to our existing dealers.

# Imaging System – Cameras

- Improved profitability from the second half of 2020, launching EOS R5 and EOS R6
- Decrease in 2021 market limited to 3%
- Further strengthen EOS R system. Improve product mix and increase sales

(Billions of yen)

	Full Year					Full Year		
	2020 Actual	2019 Actual	% Change	2020 Previous Projection	Amount Change	2021 Projection	2020 Actual	% Change
Cameras	347.7	466.8	-25.5%	330.1	+17.6	364.2	347.7	+4.8%
I/Js	319.8	288.1	+11.0%	315.0	+4.8	323.2	319.8	+1.1%
Others	44.7	52.5	-14.6%	44.0	+0.7	45.1	44.7	+0.7%
<b>Net Sales</b>	<b>712.2</b>	<b>807.4</b>	-11.8%	<b>689.1</b>	+23.1	<b>732.5</b>	<b>712.2</b>	+2.8%
<b>Op. Profit</b> (% of Net Sales)	<b>71.8</b> 10.1%	<b>48.2</b> 6.0%	+49.1%	<b>51.0</b> 7.4%	+20.8	<b>74.6</b> 10.2%	<b>71.8</b> 10.1%	+3.9%

### Net Sales Growth Rate Y/Y (Local Currency)

	4Q 2020 Actual	FY 2020 Actual	FY 2021 Projection
	Cameras	-6.0%	-24.8%
I/Js	+5.6%	+12.1%	+2.1%
Total	-1.5%	-10.9%	+3.8%

### Interchangeable Lens Digital Camera (DILC) Units (Millions) & Unit Growth Rate Y/Y

	FY 2020 Actual		FY 2021 Projection	
	Units	% Change	Units	% Change
DILCs	2.76	-34%	2.80	+1%



Cameras and RF lenses  
**EOS R System**

In 2020, the size of the camera market was around 6 million units, 100 thousand units higher than our previous projection. This better-than-expected recovery reflects the creation of new demand for goods to be consumed inside the house, resulting from COVID-19 as well as the willingness of people to purchase cameras, which was stimulated by new products launched by each company. Under these conditions, we exceeded our October sales projection. We also raised profitability significantly in the second half of the year, thanks to sales of the EOS R5 and EOS R6 that were launched in the third quarter.

Going forward, we expect the market to continue shrinking over the medium-term, mainly due to contraction of the entry-class segment. However, in 2021, we expect the market to contract only 3% to 5.8 million units as the market was down significantly in 2020 due to the impact of COVID-19.

Under these conditions, we will work to further strengthen our lineup of EOS R cameras and RF lenses to facilitate our aim of expanding our market share among professional and advanced amateur users where demand is solid.

For RF lenses, we have steadily expanded our lineup to 18 models. And through synergy with our enhanced camera lineup, we have significantly increased RF lens sales from the second half of last year. This year, we will enhance our RF lens lineup even further to respond to the need to capture a multitude of different images. And with the sales of cameras, we will improve our product mix to facilitate our aim of exceeding last year's sales.

# Imaging System – Inkjet Printers

- Increased 2020 sales, capturing expanding work and learn from home demand
- 2021 market - Continued home demand, primarily in developed countries, and growth in emerging markets
- Strengthen lineup, raising competitiveness of refillable ink tank models. Work towards second consecutive year of sales growth

(Billions of yen)

	Full Year					Full Year		
	2020 Actual	2019 Actual	% Change	2020 Previous Projection	Amount Change	2021 Projection	2020 Actual	% Change
Cameras	347.7	466.8	-25.5%	330.1	+17.6	364.2	347.7	+4.8%
IJPs	319.8	288.1	+11.0%	315.0	+4.8	323.2	319.8	+1.1%
Others	44.7	52.5	-14.6%	44.0	+0.7	45.1	44.7	+0.7%
<b>Net Sales</b>	<b>712.2</b>	<b>807.4</b>	-11.8%	<b>689.1</b>	+23.1	<b>732.5</b>	<b>712.2</b>	+2.8%
<b>Op. Profit</b> (% of Net Sales)	<b>71.8</b> 10.1%	<b>48.2</b> 6.0%	+49.1%	<b>51.0</b> 7.4%	+20.8	<b>74.6</b> 10.2%	<b>71.8</b> 10.1%	+3.9%

### Net Sales Growth Rate Y/Y (Local Currency)

	4Q 2020 Actual	FY 2020 Actual	FY 2021 Projection
Cameras	-6.0%	-24.8%	+5.7%
IJPs	+5.6%	+12.1%	+2.1%
Total	-1.5%	-10.9%	+3.8%

### Units (Millions) & Unit Growth Rate Y/Y

	FY 2020 Actual	FY 2021 Projection
IJPs	+6%	+3%



Refillable ink tank model  
**G3360**

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In 2020, the inkjet printer market grew, driven by working and learning from home in regions and countries such as Europe, the United States and China. In line with this trend, our sales increased as well, thanks to sales growth of both hardware and consumables.

As for the market in 2021, we expect demand resulting from working and learning from home to continue, particularly in developed countries. Furthermore, thanks to growth in refillable ink tank models in emerging markets, we expect overall sales to be solid in 2021.

Under these conditions, we will leverage our strength of having a balanced lineup that includes both cartridge and refillable ink tank models, as we work to capture printing demand from the home to office in both developed countries and emerging markets.

Especially for refillable ink tank models where we took steps to further strengthen competitiveness, in the new products that we launched in the fourth-quarter of last year, we improved print speed and lowered running cost. On top of this, we made it possible for users to independently replace some parts that wear out. By deploying products that raise the convenience of users in this way, we are strengthening our lineup and will aim to achieve our second consecutive year of sales growth by growing unit sales.

- Sales and profit growth in 2020, on a local currency basis, even amid COVID-19 crisis
- Targeting 5.5% sales growth in 2021, expanding sales of mid-range and high-end models as well as strengthening sales capability

(Billions of yen)

	Full Year					Full Year		
	2020 Actual	2019 Actual	% Change	2020 Previous Projection	Amount Change	2021 Projection	2020 Actual	% Change
<b>Net Sales</b>	<b>436.1</b>	<b>438.5</b>	-0.6%	<b>432.0</b>	+4.1	<b>460.0</b>	<b>436.1</b>	+5.5%
<b>Op. Profit</b> (% of Net Sales)	<b>25.2</b> 5.8%	<b>26.7</b> 6.1%	-5.6%	<b>22.3</b> 5.2%	+2.9	<b>29.6</b> 6.4%	<b>25.2</b> 5.8%	+17.3%

**Net Sales Growth Rate Y/Y  
(Local Currency)**

	4Q 2020 Actual	FY 2020 Actual	FY 2021 Projection
Total	+12.9%	+0.9%	+6.2%



MRI  
**Vantage Gracian**

In 2020, the business environment deteriorated as medical institutions worked feverishly to deal with COVID-19. Except for some equipment used to detect for pneumonia, the diagnostic imaging equipment market was significantly impacted.

Under these market conditions, we captured opportunities created by government support funds and/or preferential tax treatment given to medical institutions to support equipment purchasing. As a result, fourth quarter sales grew 11.6% and we were able to slightly grow both sales and profits for the full year on a local currency basis.

In 2021, due to the current resurgence of COVID-19, we are seeing somewhat of a halt in diagnostic imaging equipment business discussions. However, by further strengthening the competitiveness of mid-range and high-end products such as CT and MRI systems, we will work to expand sales with medium- and large-size medical institutions. We are also strengthening our sales capability. In Japan, we have raised selling efficiency and coverage of medical institutions, supported by a sales organization that was integrated under Canon Medical Systems last year. And in emerging markets, we are working even harder to partner with local companies. Through these and other initiatives, we will facilitate our aim to grow sales by 5.5%.

As for profitability, our operating profit ratio declined by 0.3 points in 2020 due to a mix shift towards lower priced equipment as a result of COVID-19. However, in 2021, through the expansion of sales, the continuation of efficient management of expense that was developed in response to COVID-19, and also the promotion of cost reduction activities, we plan to raise profitability to 6.4%.

# Industry & Others – Lithography Equipment

- IC lithography equipment - Market remains strong, grow unit sales
- FPD lithography equipment - Targeting 68 unit sales in 2021, thanks to robust demand

(Billions of yen)

	Full Year					Full Year		
	2020 Actual	2019 Actual	% Change	2020 Previous Projection	Amount Change	2021 Projection	2020 Actual	% Change
Litho. Equip.	142.5	157.2	-9.3%	143.6	-1.1	192.9	142.5	+35.3%
Others	512.3	531.2	-3.6%	529.7	-17.4	553.1	512.3	+8.0%
<b>Net Sales</b>	<b>654.8</b>	<b>688.4</b>	<b>-4.9%</b>	<b>673.3</b>	<b>-18.5</b>	<b>746.0</b>	<b>654.8</b>	<b>+13.9%</b>
<b>Op. Profit</b> (% of Net Sales)	<b>13.2</b> 2.0%	<b>19.4</b> 2.8%	<b>-31.8%</b>	<b>6.6</b> 1.0%	<b>+6.6</b>	<b>24.9</b> 3.3%	<b>13.2</b> 2.0%	<b>+88.3%</b>

Note: Certain businesses that were included in Industry & Others are now included in "Others" within Office. 2019 results have been restated to conform with the new presentation.

## Net Sales Growth Rate Y/Y (Local Currency)

	4Q 2020	FY 2020	FY 2021
	Actual	Actual	Projection
Litho. Equip.	+49.7%	-9.6%	+35.5%
Others	+10.3%	-3.0%	+8.8%
Total	+19.1%	-4.5%	+14.6%

## Lithography Equipment (Units)

	FY 2019	FY 2020	FY 2021
	Actual	Actual	Projection
IC	84	122	134
FPD	50	32	68



FPD lithography equipment  
**MPA<sub>sp</sub>-E903T**

15

As for IC lithography equipment, supported by a recovery in investment in memory chips used in data centers and PCs, our 2020 sales significantly increased compared to the previous year to 122 units.

In 2021 as well, with 5G networks becoming more widespread, and due to the further deployment of autonomous vehicles, and smartphones incorporating multiple cameras, demand for semiconductor devices such as memory chips, power devices, and image sensors are expected to continue to grow.

In response to diversifying semiconductor device demand, we will leverage our strength, which lies in our ability to customize equipment in line with customer needs, and expect 2021 sales to reach 134 units, surpassing the level of last year.

As for FPD lithography equipment, the impact of the COVID-19 delayed installation work, and as a result, we were only able to record 32 unit sales in 2020. However, with the lifting of overseas travel restrictions in the second half of the year, we swiftly moved to restart installation work and in the four quarter recorded 21 unit sales, which was more than double that which we posted in the same period in 2019.

For 2021, as the willingness of panel manufacturers to invest remains strong, we aim to record 68 unit sales, which is significantly more than last year, by laying out a framework that allows workers in Japan to more efficiently travel and work abroad, and through the promotion of equipment installation by local staff.



- Advance ultra-high resolution technology and maintain high share of OLED vacuum deposition equipment in 2021
- Target double-digit network camera growth in 2021, in market that has returned to growth

(Billions of yen)

	Full Year					Full Year		
	2020 Actual	2019 Actual	% Change	2020 Previous Projection	Amount Change	2021 Projection	2020 Actual	% Change
Litho. Equip.	142.5	157.2	-9.3%	143.6	-1.1	192.9	142.5	+35.3%
Others	512.3	531.2	-3.6%	529.7	-17.4	553.1	512.3	+8.0%
<b>Net Sales</b>	<b>654.8</b>	<b>688.4</b>	<b>-4.9%</b>	<b>673.3</b>	<b>-18.5</b>	<b>746.0</b>	<b>654.8</b>	<b>+13.9%</b>
<b>Op. Profit</b>	<b>13.2</b>	<b>19.4</b>	<b>-31.8%</b>	<b>6.6</b>	<b>+6.6</b>	<b>24.9</b>	<b>13.2</b>	<b>+88.3%</b>
(% of Net Sales)	2.0%	2.8%		1.0%		3.3%	2.0%	

Note: Certain businesses that were included in Industry & Others are now included in "Others" within Office. 2019 results have been restated to conform with the new presentation.

### Net Sales Growth Rate Y/Y (Local Currency)

	4Q 2020 Actual	FY 2020 Actual	FY 2021 Projection
Litho. Equip.	+49.7%	-9.6%	+35.5%
Others	+10.3%	-3.0%	+8.8%
Total	+19.1%	-4.5%	+14.6%



OLED vacuum deposition equipment



Network camera  
**P1455-LE**

16-1

In 2020, the installation of OLED vacuum deposition equipment at customer sites was suspended due to overseas travel restrictions. However, we achieved sales growth, making headway in installation by tightly managing the schedules of overseas travel and personnel.

As for 2021, amid an increase in smartphone replacement demand supported by 5G networks becoming more widespread, we expect the number of smartphones that incorporate OLED displays to increase and with this steady OLED panel market growth.

As for Canon, in order to maintain our overwhelming market share position in OLED vacuum deposition equipment, we will further raise our ultra-high resolution technology as well as promote the development of equipment used in the production of large panels. Additionally, to prepare for a case in which restrictions on people's movement becomes prevalent again, we will raise the skill level of staff that install our equipment and focus on areas such as reducing the number of hours needed for equipment installation.

- Advance ultra-high resolution technology and maintain high share of OLED vacuum deposition equipment in 2021
- Target double-digit network camera growth in 2021, in market that has returned to growth

(Billions of yen)

	Full Year					Full Year		
	2020 Actual	2019 Actual	% Change	2020 Previous Projection	Amount Change	2021 Projection	2020 Actual	% Change
Litho. Equip.	142.5	157.2	-9.3%	143.6	-1.1	192.9	142.5	+35.3%
Others	512.3	531.2	-3.6%	529.7	-17.4	553.1	512.3	+8.0%
<b>Net Sales</b>	<b>654.8</b>	<b>688.4</b>	<b>-4.9%</b>	<b>673.3</b>	<b>-18.5</b>	<b>746.0</b>	<b>654.8</b>	<b>+13.9%</b>
<b>Op. Profit</b>	<b>13.2</b>	<b>19.4</b>	<b>-31.8%</b>	<b>6.6</b>	<b>+6.6</b>	<b>24.9</b>	<b>13.2</b>	<b>+88.3%</b>
(% of Net Sales)	2.0%	2.8%		1.0%		3.3%	2.0%	

Note: Certain businesses that were included in Industry & Others are now included in "Others" within Office. 2019 results have been restated to conform with the new presentation.

### Net Sales Growth Rate Y/Y (Local Currency)

	4Q 2020 Actual	FY 2020 Actual	FY 2021 Projection
Litho. Equip.	+49.7%	-9.6%	+35.5%
Others	+10.3%	-3.0%	+8.8%
Total	+19.1%	-4.5%	+14.6%



OLED vacuum deposition equipment



Network camera  
**P1455-LE**

16-2

As for the network camera market in 2020, although it shrank in the second quarter due to economic slowdown in each country, its recovery has been swift due to the universal need for safety and security. As a result, from the second half of the year, it has returned to a path of growth. Under these market conditions, we returned to sales growth from the third quarter to post increased sales for the full year.

As for the market in 2021, in addition to the existing surveillance, we see growing demand for solutions to avoid contact or crowding as a COVID-19 counter measure and expect the market to recover at a double-digit growth rate.

Our strength, which originates from our large number of high quality products that excel in areas such as low-light sensitivity and image quality, and our large number of sales partners located around the world, allows us to firmly capture market growth. On top of this, by combining the Groups strengths in hardware and software, we will expand the breadth of our solutions and respond to needs for solutions such as the avoidance of face-to-face contact or contact in general. Through this, we will strive to expand sales at a double-digit rate in 2021.

# Inventory

- Focused on maintaining appropriate inventory levels in 2020, even in the wake of COVID-19
- Continue to carefully manage inventory in response to changes in market conditions also in 2021

(Billions of yen)		FY 2019				FY 2020			
		Mar.-end	Jun.-end	Sep.-end	Dec.-end	Mar.-end	Jun.-end	Sep.-end	Dec.-end
Office	Amt.	215.5	206.1	201.3	191.9	194.9	191.6	188.3	176.5
	Days	43	43	42	40	42	50	53	44
Imaging System	Amt.	156.2	151.6	156.9	127.9	130.1	113.3	107.9	100.0
	Days	62	73	73	55	61	70	60	44
Medical System	Amt.	93.8	93.0	92.3	97.5	97.5	100.1	97.2	92.3
	Days	75	79	77	79	84	91	89	77
Industry & Others	Amt.	185.4	180.4	183.8	167.5	178.1	198.7	224.2	194.0
	Days	105	112	114	102	112	141	156	107
<b>Total</b>	<b>Amt.</b>	<b>650.9</b>	<b>631.1</b>	<b>634.3</b>	<b>584.8</b>	<b>600.6</b>	<b>603.7</b>	<b>617.6</b>	<b>562.8</b>
	<b>Days</b>	<b>62</b>	<b>65</b>	<b>65</b>	<b>59</b>	<b>63</b>	<b>76</b>	<b>79</b>	<b>60</b>

Note: Certain businesses that were included in Industry & Others are now included in Office. 2019 results have been restated to conform with the new presentation.

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In 2020, amid disturbances in the supply chain and sudden changes in demand related to COVID-19, we focused on maintaining an appropriate level of inventory. While sales declined significantly, inventory at the end of 2020 was 22.0 billion yen lower and turnover in days was a similar 60 days, when compared with the end of 2019.

Compared with the end of September 2020, inventory was lower in both value and turnover in days for all Business Units.

Imaging System declined significantly due to stronger than expected sales of both cameras and inkjet printers.

As for Industry & Others, the significant decrease is linked to sales in the fourth quarter that were in line with our plan as we made progress in installing equipment that was delayed due to COVID- 19.

In 2021 as well, we will maintain an appropriate level of inventory by closely managing inventory in line with changes in market conditions.

# Cash Flow

## (Full Year)

- Secured 178.4 billion yen in free cash flow in 2020, exceeding previous year
- Strengthen financial constitution, increasing free cash flow also in 2021

(Billions of yen)	FY 2021 Projection	FY 2020 Actual	FY 2019 Actual
Net cash provided by operating activities	380.0	333.8	358.5
Net cash used in investing activities	-200.0	-155.4	-228.6
<b>Free cash flow</b>	<b>180.0</b>	<b>178.4</b>	<b>129.9</b>
Net cash provided by (used in) financing activities	-184.4	-183.4	-232.6
Effect of exchange rate changes on cash and cash equivalents	-3.3	-0.1	-5.1
Net change in cash and cash equivalents	-7.7	-5.1	-107.8
<b>Cash and cash equivalents at end of period</b>	<b>400.0</b>	<b>407.7</b>	<b>412.8</b>
<b>Cash-on-hand (In months of Net sales) (Note)</b>	<b>1.3</b>	<b>1.4</b>	<b>1.4</b>
Capital expenditure	160.0	132.3	178.1
Depreciation	230.0	227.8	237.3

Note: 2021 figures calculated using full-year net sales. 2020 and 2019 figures calculated using second half net sales

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Amid the severe business environment caused by COVID-19, we posted a decrease in profit. However, due to improvement in working capital and maintenance of capital investment within the range of depreciation, free cash flow was 178.4 billion yen in 2020, which exceeds that of 2019.

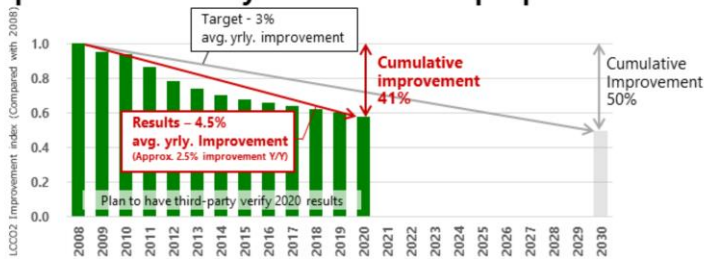
In 2021, through efforts to increase profit and efficiency in working capital, such as inventory, we will raise operating cash flow and allocate funds to future growth investment such as capital expenditure and M&As. To be able to respond quickly to unforeseen circumstances, while securing cash-on-hand of around 400.0 billion yen, we will proceed with shareholder returns and the repayment of debt in a well-balanced manner.

Regarding this year's dividend, as it is still unclear when COVID-19 will be contained, we will make decisions as we assess our business performance going forward.

# Sustainability Measures

## Major results from 2020 environmental and CSR activities

- Continued achievement of target - Average 3% per year improvement in Lifecycle CO<sub>2</sub> emissions per product unit
- CDP A List Selection



### Energy-saving product development and sales



### Use of renewable energy



- Conducted self-assessment utilizing RBA\* standards and confirmed no significant problem in working environment etc.



\*International CSR Alliance Promoting Supply Chain Social Responsibility

In 2008, we set an environmental target of achieving an average 3% per year improvement in the index of lifecycle CO<sub>2</sub> emissions per product unit, which we have been working on ever since. In 2020, we achieved an improvement of around 2.5% through the development and sales of energy-saving products, the use of renewable energy in Europe and other areas as well as through efficiency and other improvement at our production sites. On a cumulative basis as well, we have achieved our target, realizing an average yearly improvement of around 4.5%. Going forward as well, we will promote measures to facilitate the global target of net-zero CO<sub>2</sub> emissions.

At the end of last year, we were selected by the CDP, an international environmental non-profit organization, for inclusion in their highest ranking A list for climate change and water security.

In addition to the reduction of CO<sub>2</sub> emissions, the way we dealt with requests by the TCFD for the disclosure of global climate-related information, as well as our initiatives related to climate change and water, such as our closed recycling of water at production sites have been highly evaluated, encouraging us to continue efforts to reduce environmental impact and disclose appropriate information.

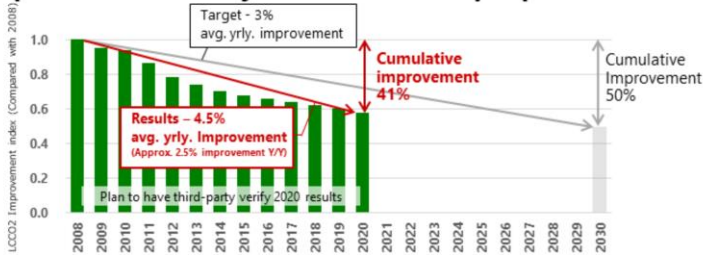
Additionally, in December 2019, we joined the RBA, an international coalition dedicated to CSR in global supply chains. And last year, we conducted self-inspections of our major plants and suppliers in accordance with international standards, including human rights compliance, and reaffirmed that there were no particular problems at the levels required by the RBA.

We will continue to actively promote activities that fulfill our corporate social responsibility, expand the disclosure of relevant ESG information, and pursue the realization of a sustainable society together with our stakeholders.

# Sustainability Measures

## Major results from 2020 environmental and CSR activities

- Continued achievement of target - Average 3% per year improvement in Lifecycle CO<sup>2</sup> emissions per product unit
- CDP A List Selection



### Energy-saving product development and sales



### Use of renewable energy



- Conducted self-assessment utilizing RBA\* standards and confirmed no significant problem in working environment etc.



\*International CSR Alliance Promoting Supply Chain Social Responsibility

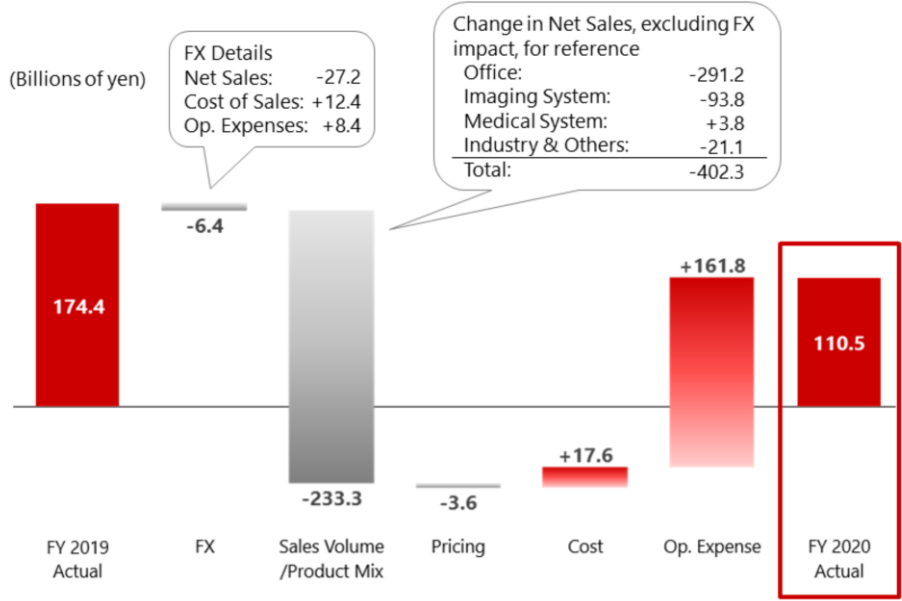
Although 2020 was a year in which we were greatly affected by COVID-19, our business performance has steadily improved thanks to a concerted group-wide effort to tackle this difficult situation.

In 2021, we will launch a new 5-year plan, "Phase VI of the Excellent Global Corporation Plan." By further promoting the transformation of our business portfolio, strengthening the profitability of existing businesses and expanding new ones, we aim to return to being a high profit generating company.

# Supplementary Information

# FY 2020 Operating Profit Analysis

(FY 2020 Actual versus FY 2019 Actual)

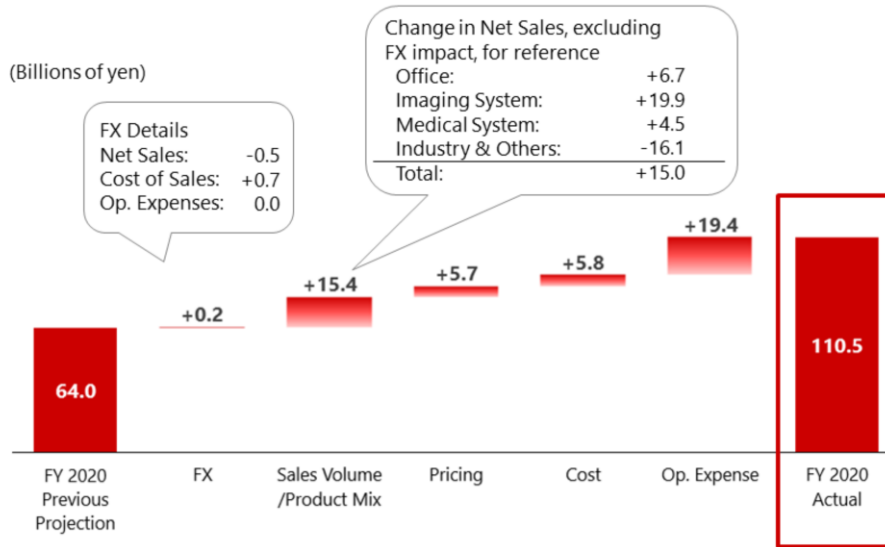


Note: Prior year financial statements have been restated to account for provision for paid leave, but effect is immaterial.

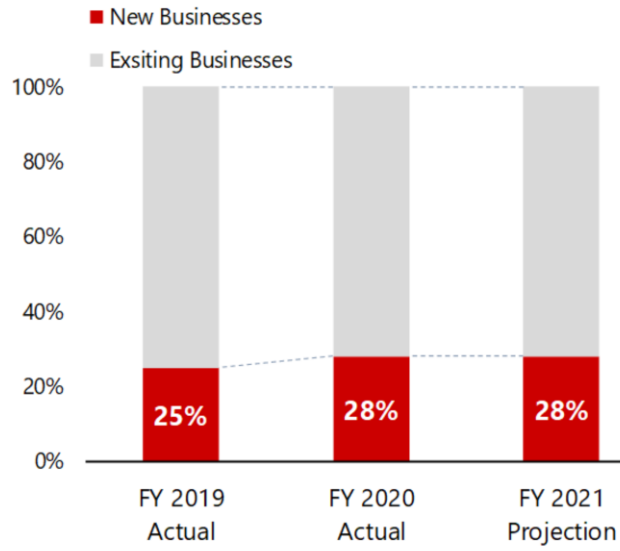


# FY 2020 Operating Profit Analysis

(FY 2020 Actual versus FY 2020 Previous Projection)



# Change in New Businesses Sales Composition Ratio



### Net Sales Growth Rate of Hardware & Non-hardware

		FY 2021	FY 2020		FY 2019	
		Full Year Projection	4Q Actual	Full Year Actual	4Q Actual	Full Year Actual
<b>MFDs</b>						
JPY	Hardware	+21%	-11%	-22%	-10%	-7%
	Non-hardware	+9%	-18%	-20%	-5%	-5%
LC	Hardware	+22%	-11%	-21%	-6%	-4%
	Non-hardware	+10%	-18%	-20%	-2%	-2%
<b>LPs</b>						
JPY	Hardware	+3%	-15%	-21%	-13%	-5%
	Non-hardware	+5%	-6%	-19%	-11%	-15%
LC	Hardware	+4%	-14%	-20%	-11%	-3%
	Non-hardware	+6%	-3%	-18%	-9%	-13%
<b>IJPs</b>						
JPY	Hardware	+3%	+16%	+20%	-10%	-9%
	Non-hardware	0%	+1%	+7%	-13%	-10%
LC	Hardware	+4%	+16%	+21%	-7%	-7%
	Non-hardware	+1%	0%	+8%	-9%	-8%

### Color Ratio (MFDs & LPs)

		FY 2021	FY 2020		FY 2019	
		Full Year Projection	4Q Actual	Full Year Actual	4Q Actual	Full Year Actual
<b>MFDs</b>	Net Sales	61%	61%	60%	60%	59%
	Units	61%	60%	59%	58%	59%
<b>LPs</b>	Net Sales	52%	51%	51%	51%	52%
	Units	23%	21%	21%	21%	20%

### Sales Growth by Monochrome & Color MFDs

		FY 2021	FY 2020		FY 2019	
		Full Year Projection	4Q Actual	Full Year Actual	4Q Actual	Full Year Actual
JPY	Monochrome	+10%	-16%	-22%	-8%	-6%
	Color	+17%	-14%	-20%	-7%	-5%
LC	Monochrome	+11%	-16%	-21%	-4%	-4%
	Color	+18%	-14%	-20%	-3%	-2%

**DILC Ratio / Digital Compact Camera (DCC) Units**

	FY 2021	FY 2020		FY 2019	
	Full Year Projection	4Q Actual	Full Year Actual	4Q Actual	Full Year Actual
DILC Ratio					
Net Sales *	87%	88%	87%	86%	85%
Units	69%	69%	65%	64%	62%
DCC Units (Millions)	1.25	0.46	1.48	0.71	2.57

\* Net Sales Includes Interchangeable Lenses

**IC Lithography Equipment Unit Breakdown by Light Source**

(Units)

	FY 2021	FY 2020		FY 2019	
	Full Year Projection	4Q Actual	Full Year Actual	4Q Actual	Full Year Actual
KrF	31	10	25	8	22
i-Line	103	29	97	19	62
Total	134	39	122	27	84

### Net Sales Growth Rate Y/Y by Segment (JPY)

		FY 2020				
		1Q	2Q	3Q	4Q	Full Year
	Hardware	-18.4%	-40.3%	-17.7%	-11.0%	-22.0%
	Non-hardware	-1.9%	-39.9%	-20.7%	-18.0%	-20.2%
MFDs		-9.1%	-40.1%	-19.3%	-14.8%	-21.0%
	Hardware	-21.1%	-30.8%	-16.0%	-14.9%	-20.8%
	Non-hardware	-7.2%	-26.1%	-38.0%	-5.8%	-18.8%
LPs		-12.8%	-28.1%	-28.9%	-9.2%	-19.6%
Others		-5.3%	-19.3%	-12.8%	-6.9%	-11.1%
<b>Office</b>		<b>-9.4%</b>	<b>-30.2%</b>	<b>-21.0%</b>	<b>-10.7%</b>	<b>-17.8%</b>
Cameras		-27.0%	-54.5%	-16.0%	-6.1%	-25.5%
	Hardware	+7.3%	+14.2%	+39.7%	+16.1%	+19.6%
	Non-hardware	+3.6%	+13.8%	+12.3%	+0.6%	+7.2%
IJP		+4.6%	+13.9%	+20.9%	+5.6%	+11.0%
Others		-9.2%	-41.6%	-5.7%	-0.7%	-14.6%
<b>Imaging System</b>		<b>-13.9%</b>	<b>-30.8%</b>	<b>-2.0%</b>	<b>-1.6%</b>	<b>-11.8%</b>
<b>Medical System</b>		<b>-3.0%</b>	<b>-3.1%</b>	<b>-7.5%</b>	<b>+11.6%</b>	<b>-0.6%</b>
Lithography Equipment		-46.3%	-38.1%	+1.6%	+50.1%	-9.3%
Others		+1.7%	-17.1%	-9.0%	+9.7%	-3.6%
<b>Industry &amp; Others</b>		<b>-9.8%</b>	<b>-22.4%</b>	<b>-6.9%</b>	<b>+18.7%</b>	<b>-4.9%</b>
<b>Total</b>		<b>-9.5%</b>	<b>-25.7%</b>	<b>-12.7%</b>	<b>-0.8%</b>	<b>-12.1%</b>

4Q 2020

# FY 2020 Financial Results

## (4Q 2020)



(Billions of yen)	4Q 2020 Actual	4Q 2019 Actual	% Change
<b>Net Sales</b>	<b>945.7</b>	<b>953.5</b>	-0.8%
<b>Gross Profit</b> (% of Net Sales)	<b>414.3</b> 43.8%	<b>423.4</b> 44.4%	-2.1%
<b>Op. Expenses</b> (% of Net Sales)	<b>338.1</b> 35.7%	<b>371.0</b> 38.9%	
<b>Op. Profit</b> (% of Net Sales)	<b>76.2</b> 8.1%	<b>52.4</b> 5.5%	+45.4%
<b>IBT</b>	<b>80.2</b>	<b>51.3</b>	+56.4%
<b>Net Income</b> (% of Net Sales)	<b>53.6</b> 5.7%	<b>32.6</b> 3.4%	+64.3%
USD	104.50	108.75	
EURO	124.53	120.35	

Note: Prior year financial statements have been restated to account for provision for paid leave, but effect is immaterial.



# FY 2020 Financial Results by Business Unit (4Q 2020)

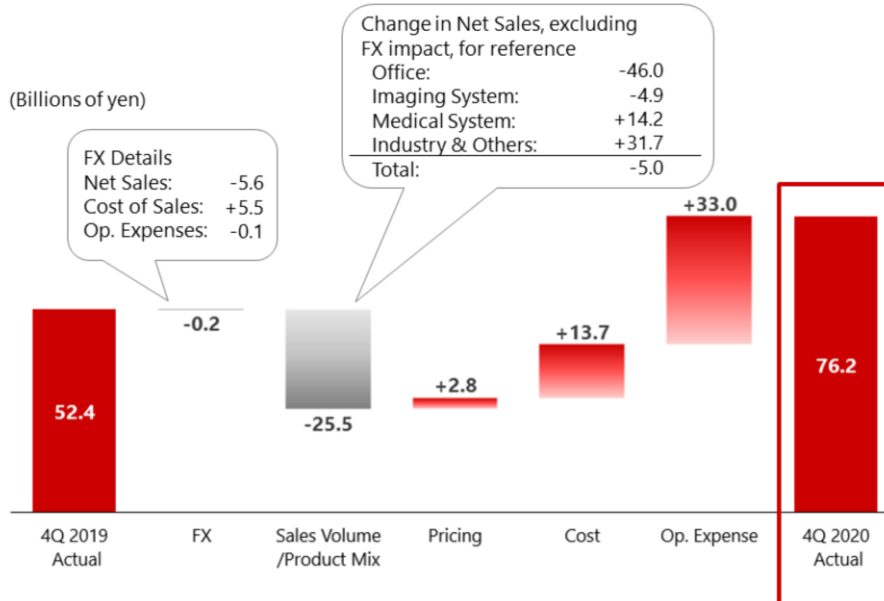


(Billions of yen)		4Q 2020 Actual	4Q 2019 Actual	% Change
Office	Net Sales	<b>399.2</b>	<b>447.0</b>	-10.7%
	Op. Profit	<b>33.9</b>	<b>39.8</b>	-15.0%
	(%)	<b>(8.5%)</b>	<b>(8.9%)</b>	
Imaging System	Net Sales	<b>233.4</b>	<b>237.2</b>	-1.6%
	Op. Profit	<b>43.2</b>	<b>20.7</b>	+108.7%
	(%)	<b>(18.5%)</b>	<b>(8.7%)</b>	
Medical System	Net Sales	<b>122.8</b>	<b>110.0</b>	+11.6%
	Op. Profit	<b>10.3</b>	<b>7.6</b>	+35.0%
	(%)	<b>(8.4%)</b>	<b>(6.9%)</b>	
Industry & Others	Net Sales	<b>215.1</b>	<b>181.2</b>	+18.7%
	Op. Profit	<b>7.7</b>	<b>1.3</b>	+470.0%
	(%)	<b>(3.6%)</b>	<b>(0.7%)</b>	
Corporate & Eliminations	Net Sales	<b>-24.8</b>	<b>-21.9</b>	-
	Op. Profit	<b>-18.9</b>	<b>-17.0</b>	-
Total	Net Sales	<b>945.7</b>	<b>953.5</b>	-0.8%
	Op. Profit	<b>76.2</b>	<b>52.4</b>	+45.4%
	(%)	<b>(8.1%)</b>	<b>(5.5%)</b>	

Note: Prior year financial statements have been restated to account for provision for paid leave, but effect is immaterial.

# FY 2020 Operating Profit Analysis

(4Q 2020 Actual versus 4Q 2019 Actual)



Note: Prior year financial statements have been restated to account for provision for paid leave, but effect is immaterial.

# Office / Imaging System (4Q 2020)



## Office

(Billions of yen)

	4Q		
	2020 Actual	2019 Actual	% Change
MFDs	142.9	167.8	-14.8%
LPs	141.7	156.2	-9.2%
Others	114.6	123.0	-6.9%
<b>Net Sales</b>	<b>399.2</b>	<b>447.0</b>	-10.7%
<b>Op. Profit</b>	<b>33.9</b>	<b>39.8</b>	-15.0%
(% of Net Sales)	8.5%	8.9%	

### Net Sales Growth Rate Y/Y (Local Currency)

	4Q 2020 Actual
MFDs	-14.9%
LPs	-7.2%
Others	-6.9%
Total	-10.0%

### Unit Growth Rate Y/Y

MFDs	4Q 2020 Actual	LP	4Q 2020 Actual
Monochrome	-11%	Monochrome	-5%
Color	-3%	Color	-3%
Total	-6%	Total	-5%

Note: Certain businesses that were included in Industry & Others are now included in "Others" within Office. 2019 results have been restated to conform with the new presentation.

## Imaging System

(Billions of yen)

	4Q		
	2020 Actual	2019 Actual	% Change
Cameras	129.3	137.8	-6.1%
IJPs	90.4	85.6	+5.6%
Others	13.7	13.8	-0.7%
<b>Net Sales</b>	<b>233.4</b>	<b>237.2</b>	-1.6%
<b>Op. Profit</b>	<b>43.2</b>	<b>20.7</b>	+108.7%
(% of Net Sales)	18.5%	8.7%	

### Net Sales Growth Rate Y/Y (Local Currency)

	4Q 2020 Actual
Cameras	-6.0%
IJPs	+5.6%
Total	-1.5%

### Units (Millions) & Unit Growth Rate Y/Y

	4Q 2020 Actual			4Q 2020 Actual
	Units	% Change		
DILCs	1.01	-20%	IJPs	0%

## Medical System

(Billions of yen)

	4Q		
	2020 Actual	2019 Actual	% Change
<b>Net Sales</b>	<b>122.8</b>	<b>110.0</b>	+11.6%
<b>Op. Profit</b>	<b>10.3</b>	<b>7.6</b>	+35.0%
(% of Net Sales)	8.4%	6.9%	

### Net Sales Growth Rate Y/Y (Local Currency)

	4Q 2020 Actual
Total	+12.9%

## Industry & Others

(Billions of yen)

	4Q		
	2020 Actual	2019 Actual	% Change
Litho. Equip.	<b>60.6</b>	<b>40.4</b>	+50.1%
Others	<b>154.5</b>	<b>140.8</b>	+9.7%
<b>Net Sales</b>	<b>215.1</b>	<b>181.2</b>	+18.7%
<b>Op. Profit</b>	<b>7.7</b>	<b>1.3</b>	+470.0%
(% of Net Sales)	3.6%	0.7%	

### Net Sales Growth Rate Y/Y (Local Currency)

	4Q 2020 Actual
Litho. Equip.	+49.7%
Others	+10.3%
Total	+19.1%

### Lithography Equipment (Units)

	4Q 2020 Actual	4Q 2019 Actual
IC	39	27
FPD	21	10

Note: Certain businesses that were included in Industry & Others are now included in "Others" within Office. 2019 results have been restated to conform with the new presentation.