
Canon Inc.

Third Quarter 2021 Results

October 26, 2021
Toshizo Tanaka
Executive Vice President & CFO

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Agenda

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Key Message

(3Q 2021 Results)

External Environment

- No significant change in demand, despite COVID-19 cases rising again
- Significant confusion in supply chain due to parts shortages, lockdowns etc.

Business Performance

- Actual demand was solid. Missed sales target due to supply constraints
- Fourth consecutive quarter of sales and profit growth

(Billions of yen)	3Q 2021 Actual	3Q 2020 Actual	% Change
Net Sales	833.3	758.9	+9.8%
Gross Profit (% of Net Sales)	388.0 46.6%	327.6 43.2%	+18.4%
Op. Expenses (% of Net Sales)	329.3 39.6%	308.4 40.7%	
Op. Profit (% of Net Sales)	58.7 7.0%	19.2 2.5%	+206.0%
IBT	79.3	22.8	+247.8%
Net Income (% of Net Sales)	49.3 5.9%	16.7 2.2%	+196.1%
USD	110.10	106.17	
EURO	129.86	124.13	

FY 2021 Financial Results by Business Unit

(3Q 2021 Actual versus 3Q 2020 Actual)

- Printing and Imaging - Sales and profit growth in 3Q, double-digit profitability every quarter this year
- Medical - 4th consecutive quarter of sales growth, Industrial & Others - Sales growth and profit decline

(Billions of yen)		3Q 2021 Actual	3Q 2020 Actual	% Change
Printing	Net Sales	459.2	430.1	+6.8%
	Op. Profit	60.3	18.2	+231.0%
	(%)	(13.1%)	(4.2%)	
Imaging	Net Sales	153.8	140.7	+9.3%
	Op. Profit	17.7	12.5	+42.2%
	(%)	(11.5%)	(8.9%)	
Medical	Net Sales	115.7	105.4	+9.8%
	Op. Profit	6.0	5.0	+18.7%
	(%)	(5.2%)	(4.8%)	
Industrial & Others	Net Sales	130.4	103.8	+25.6%
	Op. Profit	1.5	4.7	-68.7%
	(%)	(1.1%)	(4.5%)	
Corporate & Eliminations	Net Sales	-25.8	-21.1	-
	Op. Profit	-26.8	-21.2	-
Total	Net Sales	833.3	758.9	+9.8%
	Op. Profit	58.7	19.2	+206.0%
	(%)	(7.0%)	(2.5%)	

FY 2021 Operating Profit Analysis

(3Q 2021 Actual versus 3Q 2020 Actual)

- Growth in Printing service revenue and consumables contributes to profit increase
- Increase in expenses linked to sales and development

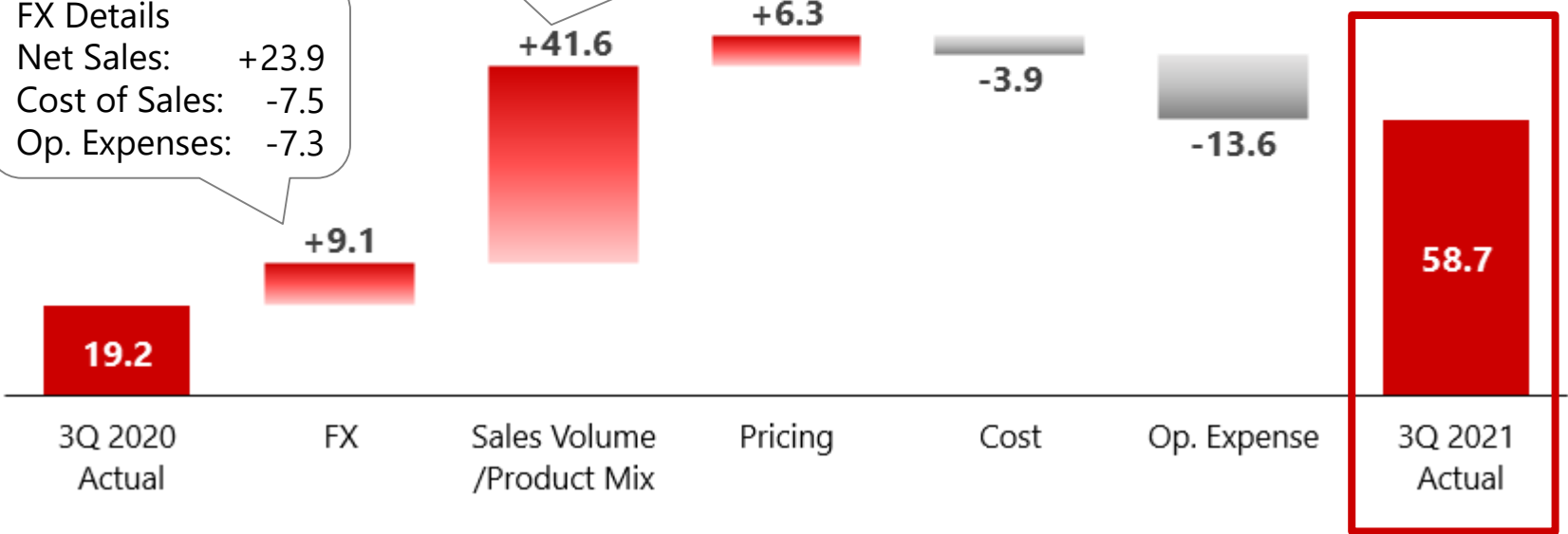
(Billions of yen)

Change in Net Sales, excluding FX impact, for reference

Printing:	+9.8
Imaging:	+5.7
Medical:	+8.0
Industrial & Others:	+25.4
Eliminations:	-4.7
Total:	+44.2

FX Details

Net Sales:	+23.9
Cost of Sales:	-7.5
Op. Expenses:	-7.3



Key Message

(FY 2021 Projection)

FX Assumptions

	4Q 2021	FY 2021
USD/Yen	112.00 yen	109.49 yen
EUR/Yen	130.00 yen	129.92 yen

Impact of exchange rate movement
(4Q impact given a one yen change)

Net Sales	Op. Profit
3.0 billion yen	1.0 billion yen
1.6 billion yen	0.8 billion yen

External Environment

- Global economy – Continues to recover, remains at high level

FY 2021 Outlook

- Maintain net sales projection, amid solid product demand
- Hold decline in operating profit to 11 billion yen

FY 2021 Financial Projection

(Full Year)

- Significant improvement in both gross profit and operating expense ratios
- Maintained previous projection for net sales and net income

(Billions of yen)	FY 2021 Current Projection	FY 2020 Actual	% Change	FY 2021 Previous Projection	Amount Change
Net Sales	3,600.0	3,160.2	+13.9%	3,600.0	0.0
Gross Profit (% of Net Sales)	1,637.0 45.5%	1,375.9 43.5%	+19.0%	1,648.0 45.8%	-11.0
Op. Expenses (% of Net Sales)	1,365.0 37.9%	1,265.4 40.0%		1,365.0 37.9%	0.0
Op. Profit (% of Net Sales)	272.0 7.6%	110.5 3.5%	+146.0%	283.0 7.9%	-11.0
IBT	298.0	130.3	+128.7%	298.0	0.0
Net Income (% of Net Sales)	201.0 5.6%	83.3 2.6%	+141.2%	201.0 5.6%	0.0
USD	109.49	106.68		107.92	
EURO	129.92	122.07		129.95	

FY 2021 Financial Projection by Business Unit **Canon**

(Full Year)

- Expect to maintain double-digit profitability for both Printing and Imaging for full year
- Lowered projection for Medical due to COVID-19 impact

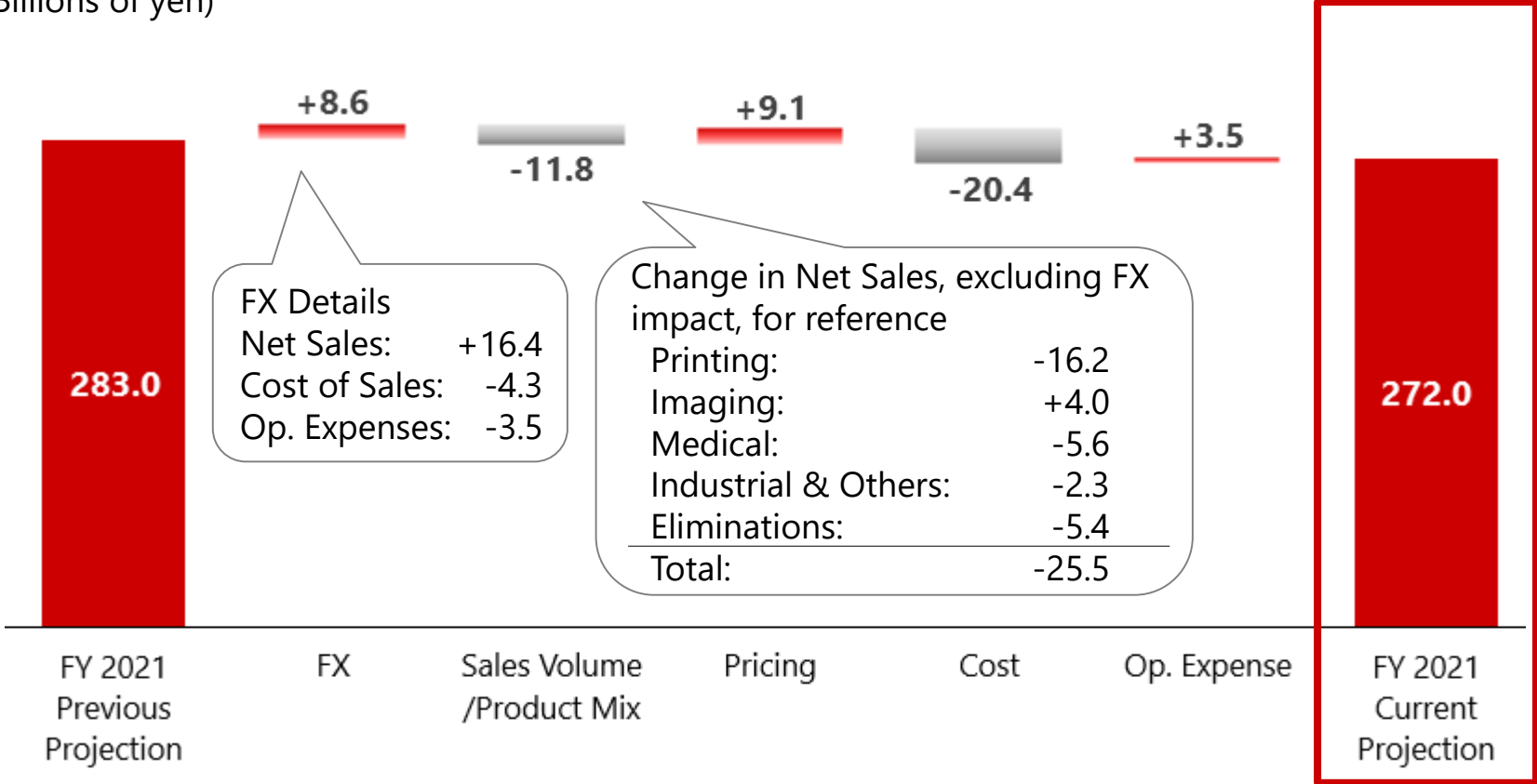
(Billions of yen)		FY 2021 Current Projection	FY 2020 Actual	% Change	FY 2021 Previous Projection	Amount Change
Printing	Net Sales	2,006.4	1,804.4	+11.2%	2,004.5	+1.9
	Op. Profit	226.0	147.1	+53.6%	224.5	+1.5
	(%)	(11.3%)	(8.2%)		(11.2%)	
Imaging	Net Sales	671.6	541.3	+24.1%	663.4	+8.2
	Op. Profit	69.9	5.7	+1,119.9%	71.0	-1.1
	(%)	(10.4%)	(1.1%)		(10.7%)	
Medical	Net Sales	466.3	436.1	+6.9%	471.3	-5.0
	Op. Profit	27.7	25.2	+9.7%	34.6	-6.9
	(%)	(5.9%)	(5.8%)		(7.3%)	
Industrial & Others	Net Sales	562.2	461.5	+21.8%	561.9	+0.3
	Op. Profit	38.9	20.5	+89.6%	38.9	0.0
	(%)	(6.9%)	(4.4%)		(6.9%)	
Corporate & Eliminations	Net Sales	-106.5	-83.1	-	-101.1	-5.4
	Op. Profit	-90.5	-88.0	-	-86.0	-4.5
Total	Net Sales	3,600.0	3,160.2	+13.9%	3,600.0	0.0
	Op. Profit	272.0	110.5	+146.0%	283.0	-11.0
	(%)	(7.6%)	(3.5%)		(7.9%)	

FY 2021 Operating Profit Analysis

(FY 2021 Current Projection versus Previous Projection)

- Work to improve product mix and respond to pricing amid decline in unit sales
- Supplying products prioritized, leads to increases in parts, manufacturing, and logistical, costs

(Billions of yen)



Printing – Office

- Entering second half of year, impact on manufacturing due to parts procurement issues becomes apparent
- Limit product supply issues as much as possible, taking steps from manufacturing and logistical perspectives

(Billions of yen)

	3Q			Full Year				
	2021 Actual	2020 Actual	% Change	2021 Current Projection	2020 Actual	% Change	2021 Previous Projection	Amount Change
Office	174.4	173.2	+0.6%	785.4	723.0	+8.6%	788.4	-3.0
Prosumer	215.6	194.7	+10.8%	934.9	830.9	+12.5%	936.2	-1.3
Production	69.2	62.2	+11.4%	286.1	250.5	+14.2%	279.9	+6.2
Net Sales	459.2	430.1	+6.8%	2,006.4	1,804.4	+11.2%	2,004.5	+1.9
Op. Profit (% of Net Sales)	60.3 13.1%	18.2 4.2%	+231.0%	226.0 11.3%	147.1 8.2%	+53.6%	224.5 11.2%	+1.5

Net Sales Growth Rate Y/Y (Local Currency)

	3Q 2021 Actual	FY 2021 Projection
Office	-2.0%	+5.7%
Prosumer	+7.4%	+9.3%
Production	+7.1%	+9.3%
Total	+3.6%	+7.9%

Unit Growth Rate Y/Y

	3Q 2021 Actual	FY 2021 Projection
Office MFDs	-13%	+8%



**imageRUNNER ADVANCE DX series
C5800**

Printing – Prosumer

- 3Q: Significant decrease in capacity utilization of manufacturing sites in Southeast Asia due to COVID-19 cases rising again
- Work to stably supply products via parallel manufacturing, expansion of parts suppliers etc.

(Billions of yen)

	3Q			Full Year				
	2021 Actual	2020 Actual	% Change	2021 Current Projection	2020 Actual	% Change	2021 Previous Projection	Amount Change
Office	174.4	173.2	+0.6%	785.4	723.0	+8.6%	788.4	-3.0
Prosumer	215.6	194.7	+10.8%	934.9	830.9	+12.5%	936.2	-1.3
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Net Sales Growth Rate Y/Y (Local Currency)

	3Q 2021 Actual	FY 2021 Projection
Office	-2.0%	+5.7%
Prosumer	+7.4%	+9.3%
Production	+7.1%	+9.3%
Total	+3.6%	+7.9%

Unit Growth Rate Y/Y

	3Q 2021 Actual	FY 2021 Projection
LPs	-34%	+1%
IJPs	-43%	-5%



Refillable ink tank model

GX7030

Printing – Production

- Sales of products launched last year remain solid
- Expand sales through lineup enhancement and new dealers

(Billions of yen)

	3Q			Full Year				
	2021 Actual	2020 Actual	% Change	2021 Current Projection	2020 Actual	% Change	2021 Previous Projection	Amount Change
Office	174.4	173.2	+0.6%	785.4	723.0	+8.6%	788.4	-3.0
Prosumer	215.6	194.7	+10.8%	934.9	830.9	+12.5%	936.2	-1.3
Production	69.2	62.2	+11.4%	286.1	250.5	+14.2%	279.9	+6.2
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Net Sales Growth Rate Y/Y (Local Currency)

	3Q 2021 Actual	FY 2021 Projection
Office	-2.0%	+5.7%
Prosumer	+7.4%	+9.3%
Production	+7.1%	+9.3%
Total	+3.6%	+7.9%



High-speed cut-sheet inkjet printer
varioPRINT iX series

Imaging – Cameras

- Lowered projection due to parts shortage. Now expect size of camera market to be 5.9 million units
- Strong sales of EOS R5 and EOS R6, even after being in the market for a year
- Unveiled first lens specifically designed to capture VR images

(Billions of yen)

	3Q			Full Year				
	2021 Actual	2020 Actual	% Change	2021 Current Projection	2020 Actual	% Change	2021 Previous Projection	Amount Change
Cameras	100.2	91.2	+9.9%	440.6	347.7	+26.7%	430.9	+9.7
Network Cameras & Others	53.6	49.5	+8.2%	231.0	193.6	+19.3%	232.5	-1.5
Net Sales	153.8	140.7	+9.3%	671.6	541.3	+24.1%	663.4	+8.2
Op. Profit	17.7	12.5	+42.2%	69.9	5.7	+1,119.9%	71.0	-1.1
(% of Net Sales)	11.5%	8.9%		10.4%	1.1%		10.7%	

Net Sales Growth Rate Y/Y (Local Currency)

	3Q 2021 Actual	FY 2021 Projection
Cameras	+4.7%	+21.0%
NWCs & Others	+4.3%	+15.6%
Total	+4.6%	+19.1%

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

	3Q 2021 Actual		FY 2021 Projection	
	Units	% Change	Units	% Change
DILCs	0.64	0%	2.95	+7%



**RF5.2mm F2.8 L
DUAL FISHEYE**

Imaging – Network Cameras & Others

- Network camera market continues to recover along with normalization of economy
- Order situation good, aiming for 19% full-year sales growth

(Billions of yen)

	3Q			Full Year				
	2021 Actual	2020 Actual	% Change	2021 Current Projection	2020 Actual	% Change	2021 Previous Projection	Amount Change
Cameras	100.2	91.2	+9.9%	440.6	347.7	+26.7%	430.9	+9.7
Network Cameras & Others	53.6	49.5	+8.2%	231.0	193.6	+19.3%	232.5	-1.5
Net Sales	153.8	140.7	+9.3%	671.6	541.3	+24.1%	663.4	+8.2
Op. Profit	17.7	12.5	+42.2%	69.9	5.7	+1,119.9%	71.0	-1.1
(% of Net Sales)	11.5%	8.9%		10.4%	1.1%		10.7%	

Net Sales Growth Rate Y/Y (Local Currency)

	3Q 2021 Actual	FY 2021 Projection
Cameras	+4.7%	+21.0%
NWCs & Others	+4.3%	+15.6%
Total	+4.6%	+19.1%

Medical

- 3Q: Sales and profit growth, partially thanks to Japan's economic stimulus package and despite global supply shortages
- 4Q: Secure sales, despite continuing impact of supply shortages, through optimization of product distribution
- From a medium- to long-term perspective, aim for early stage practical use of Photon Counting CT

(Billions of yen)

	3Q			Full Year				
	2021 Actual	2020 Actual	% Change	2021 Current Projection	2020 Actual	% Change	2021 Previous Projection	Amount Change
Net Sales	115.7	105.4	+9.8%	466.3	436.1	+6.9%	471.3	-5.0
Op. Profit (% of Net Sales)	6.0 5.2%	5.0 4.8%	+18.7%	27.7 5.9%	25.2 5.8%	+9.7%	34.6 7.3%	-6.9

Net Sales Growth Rate Y/Y (Local Currency)

	3Q 2021 Actual	FY 2021 Projection
Total	+7.6%	+4.8%



MRI



Ultrasound Diagnostic Equipment

Industrial & Others – Lithography Equipment

- Semiconductor lithography equipment - Service revenue also increased thanks to robust equipment demand
- FPD lithography equipment - 68 units sold, thanks to progress made in installation even amid severe restrictions

(Billions of yen)

	3Q			Full Year				
	2021 Actual	2020 Actual	% Change	2021 Current Projection	2020 Actual	% Change	2021 Previous Projection	Amount Change
Lithography Equipment	52.4	32.8	+59.7%	216.5	142.5	+51.9%	215.3	+1.2
Industrial Equipment	29.0	25.4	+14.0%	128.7	132.4	-2.8%	129.7	-1.0
Others	49.0	45.6	+7.5%	217.0	186.6	+16.3%	216.9	+0.1
Net Sales	130.4	103.8	+25.6%	562.2	461.5	+21.8%	561.9	+0.3
Op. Profit (% of Net Sales)	1.5 1.1%	4.7 4.5%	-68.7%	38.9 6.9%	20.5 4.4%	+89.6%	38.9 6.9%	0.0

Net Sales Growth Rate Y/Y (Local Currency)

	3Q 2021 Actual	FY 2021 Projection
Litho. Equip.	+57.8%	+50.4%
Industrial Equip.	+13.5%	-3.1%
Total	+24.5%	+20.9%

Lithography Equipment (Units)

	3Q 2021 Actual	3Q 2020 Actual	FY 2021 Projection	FY 2020 Actual
Semiconductor	39	31	142	122
FPD	15	5	68	32



Semiconductor lithography equipment
FPA-6300ES6a

Industrial & Others – Industrial Equipment

- Solid demand for equipment, thanks to increasing number of products using OLED panels

(Billions of yen)

	3Q			Full Year				
	2021 Actual	2020 Actual	% Change	2021 Current Projection	2020 Actual	% Change	2021 Previous Projection	Amount Change
Lithography Equipment	52.4	32.8	+59.7%	216.5	142.5	+51.9%	215.3	+1.2
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Net Sales Growth Rate Y/Y (Local Currency)

	3Q 2021 Actual	FY 2021 Projection
Litho. Equip.	+57.8%	+50.4%
Industrial Equip.	+13.5%	-3.1%
Total	+24.5%	+20.9%



OLED vacuum deposition equipment

Inventory

- Inventory at Sept.-end temporary increased due to COVID-19 cases rising again
- Expect reduction in inventory towards year end through improvement in utilization ratio of manufacturing sites

(Billions of yen)		FY 2020				FY 2021		
		Mar.-end	Jun.-end	Sep.-end	Dec.-end	Mar.-end	Jun.-end	Sep.-end
Printing	Amt.	238.6	233.3	227.9	216.7	237.3	232.0	269.2
	Days	42	49	50	42	45	44	52
Imaging	Amt.	115.4	104.6	100.2	90.1	98.7	94.0	98.4
	Days	68	89	77	50	54	54	55
Medical	Amt.	97.5	100.1	97.2	92.3	99.8	101.8	108.5
	Days	84	91	89	77	75	79	87
Industrial & Others	Amt.	149.1	165.7	192.4	163.7	160.0	161.3	160.2
	Days	146	188	213	132	103	112	109
Total	Amt.	600.6	603.7	617.6	562.8	595.9	589.1	636.3
	Days	63	76	79	60	61	62	68

Cash Flow

(Full Year)

- Previous projection for FCF maintained at 230 billion yen
- Repaying debt in line with plan, strengthening financial constitution

(Billions of yen)	FY 2021 Current Projection	FY 2021 Previous Projection	FY 2020 Actual
Net cash provided by operating activities	440.0	430.0	333.8
Net cash used in investing activities	-210.0	-200.0	-155.4
Free cash flow	230.0	230.0	178.4
Net cash provided by (used in) financing activities	-245.0	-245.7	-183.4
Effect of exchange rate changes on cash and cash equivalents	7.3	8.0	-0.1
Net change in cash and cash equivalents	-7.7	-7.7	-5.1
Cash and cash equivalents at end of period	400.0	400.0	407.7
Cash-on-hand (In months of Net sales)	1.3	1.3	1.4
Capital expenditure	190.0	190.0	161.7
Depreciation & amortization	230.0	230.0	227.8

Sustainability Measures

- Promote various activities that contribute to region and society

Expand support for COVID-19 testing



Mobile medical solution

Sustainable Society

Expand global rollout of Biodiversity conservation



Enhance learning of environment



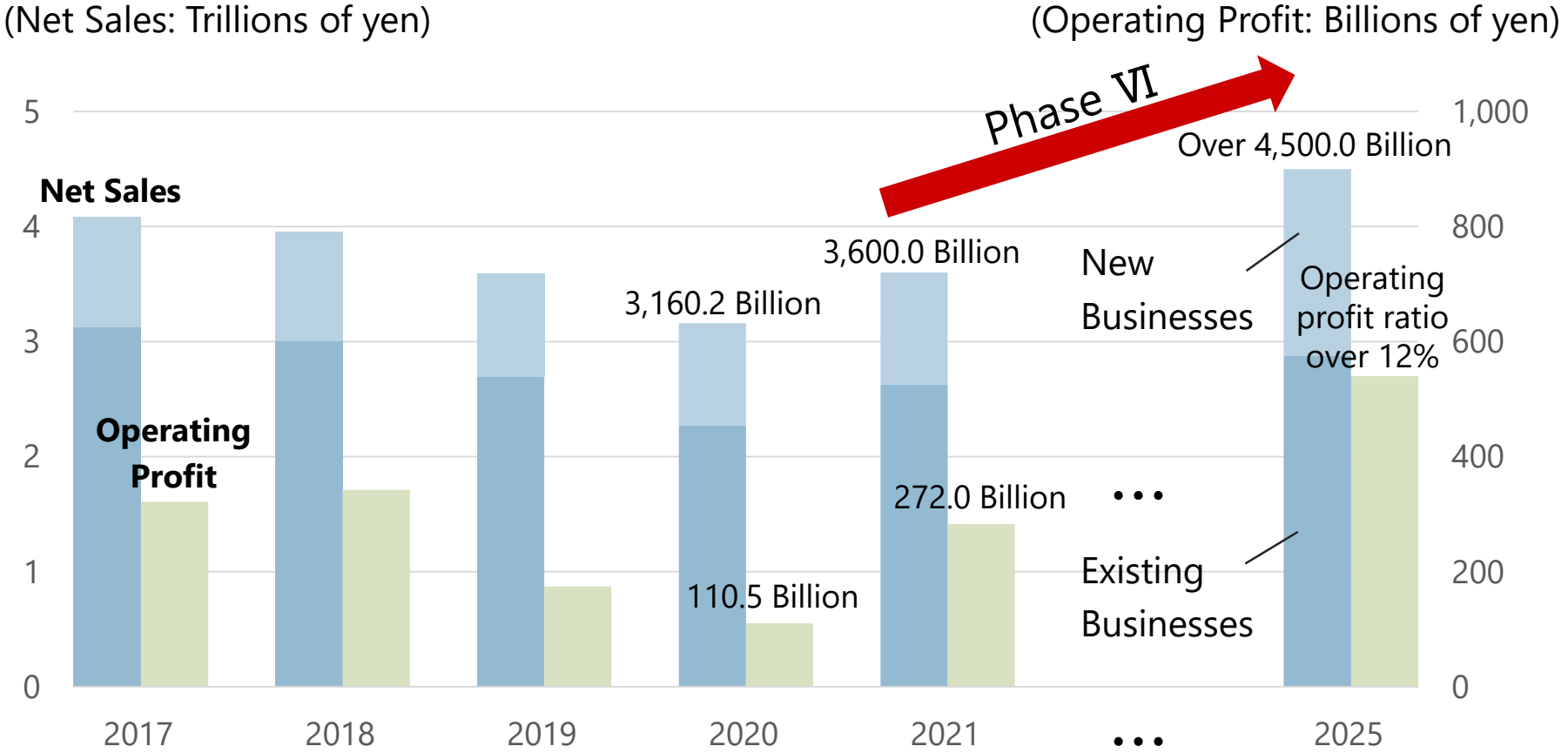
Canon Eco Technology Park



Canon Bird Branch Project

Excellent Global Corporation Plan Phase VI

- Progress in existing business recovery and new business growth
- Making company-wide efforts to improve performance, achieve 2025 target

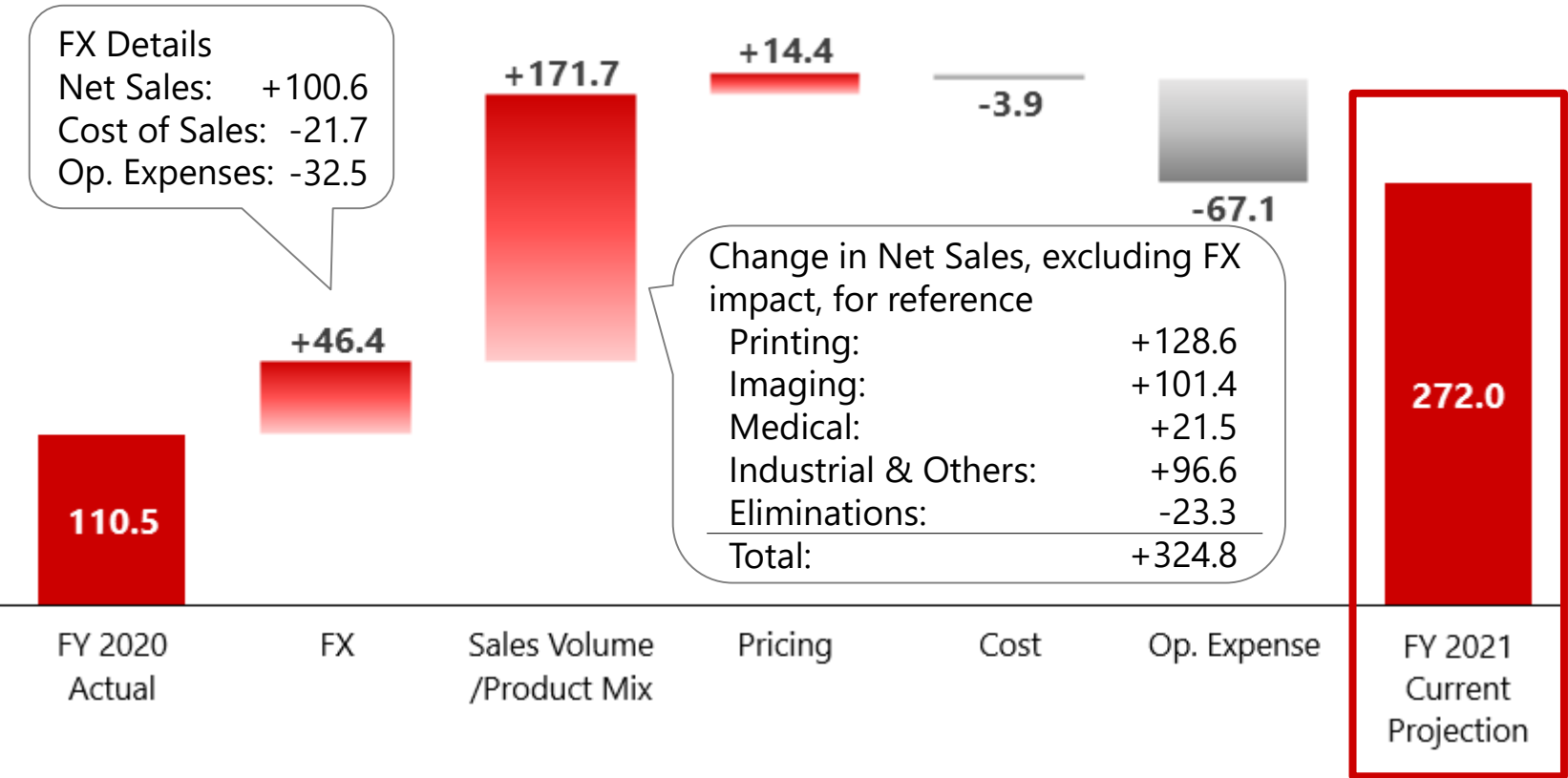


Supplementary Information

FY 2021 Operating Profit Analysis

(FY 2021 Current Projection versus FY 2020 Actual)

(Billions of yen)



Printing - Net Sales Growth Rate Y/Y (Hardware & Non-hardware)

			FY 2021		FY 2020	
			3Q Actual	Full Year Projection	3Q Actual	Full Year Actual
Office MFDs	JPY	Hardware	-11%	+20%	-17%	-21%
		Non-hardware	+4%	+4%	-21%	-20%
	LC	Hardware	-14%	+16%	-17%	-20%
		Non-hardware	+1%	+1%	-21%	-20%
LPs	JPY	Hardware	-19%	+12%	-16%	-21%
		Non-hardware	+62%	+18%	-38%	-19%
	LC	Hardware	-21%	+9%	-17%	-20%
		Non-hardware	+58%	+15%	-38%	-18%
IJPs	JPY	Hardware	-19%	+13%	+36%	+15%
		Non-hardware	0%	+5%	+12%	+7%
	LC	Hardware	-23%	+9%	+35%	+16%
		Non-hardware	-3%	+2%	+11%	+8%
Production	JPY	Hardware	+8%	+18%	-14%	-22%
		Non-hardware	+13%	+12%	-12%	-15%
	LC	Hardware	+4%	+13%	-15%	-21%
		Non-hardware	+9%	+8%	-13%	-14%

Office MFDs - Net Sales Growth Rate Y/Y (Monochrome & Color)

		FY 2021		FY 2020	
		3Q Actual	Full Year Projection	3Q Actual	Full Year Actual
JPY	Monochrome	+1%	+8%	-21%	-22%
	Color	-5%	+13%	-18%	-19%
LC	Monochrome	-3%	+5%	-21%	-22%
	Color	-8%	+9%	-19%	-19%

Office/Prosumer - Net Sales by Product Category

(Billions of yen)

		FY 2021		FY 2020	
		3Q Actual	Full Year Projection	3Q Actual	Full Year Actual
Office	Office MFDs	107.6	506.5	110.8	456.7
	Others	66.8	278.9	62.4	266.3
		174.4	785.4	173.2	723.0
Prosumer	LPs	137.1	582.8	110.3	504.4
	IJPs	78.5	352.1	84.4	326.5
		215.6	934.9	194.7	830.9

Office MFDs/LPs - Color Ratio

		FY 2021		FY 2020	
		3Q Actual	Full Year Projection	3Q Actual	Full Year Actual
Office MFDs	Net Sales	58%	60%	59%	59%
	Units	53%	60%	60%	59%
LPs	Net Sales	51%	51%	47%	51%
	Units	14%	18%	19%	21%

Office MFDs/LPs - Unit Sales Growth Rate Y/Y (Monochrome & Color)

		FY 2021		FY 2020	
		3Q Actual	Full Year Projection	3Q Actual	Full Year Actual
Office MFDs	Monochrome	+1%	+6%	-8%	-18%
	Color	-22%	+10%	-7%	+14%
LPs	Monochrome	-30%	+4%	+5%	-17%
	Color	-50%	-13%	-19%	-15%

DILC Ratio & Digital Compact Camera (DCC) Units

	FY 2021		FY 2020	
	3Q Actual	Full Year Projection	3Q Actual	Full Year Actual
DILC Ratio				
Net Sales *	90%	90%	88%	87%
Units	70%	71%	64%	65%
DCC Units (Millions)	0.28	1.20	0.36	1.48

* Net Sales includes interchangeable lenses

Semiconductor Lithography Equipment - Unit Breakdown by Light Source (Units)

	FY 2021		FY 2020	
	3Q Actual	Full Year Projection	3Q Actual	Full Year Actual
KrF	10	38	8	25
i-Line	29	104	23	97
Total	39	142	31	122