
Canon Inc.

Second Quarter 2022 Results

July 26, 2022

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Agenda

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Key Message

(2Q 2022 Results)

- Despite growing uncertainty about global economy, demand for our products remained firm
- 2Q - Increased product supply led to 6th consecutive quarter of Y/Y sales growth
- Even amid cost increase, achieved double-digital growth in operating profit, by adjusting prices and controlling expenses

(Billions of yen)	2Q 2022 Actual	2Q 2021 Actual	% Change
Net Sales	998.8	881.9	+13.3%
Gross Profit (% of Net Sales)	464.0 46.5%	417.6 47.4%	+11.1%
Op. Expenses (% of Net Sales)	365.5 36.6%	340.3 38.6%	
Op. Profit (% of Net Sales)	98.5 9.9%	77.3 8.8%	+27.4%
IBT	85.2	85.8	-0.7%
Net Income (% of Net Sales)	59.0 5.9%	61.1 6.9%	-3.5%
USD	129.68	109.48	
EUR	138.11	131.94	

FY 2022 Financial Results by Business Unit

(2Q 2022 Actual versus 2Q 2021 Actual)



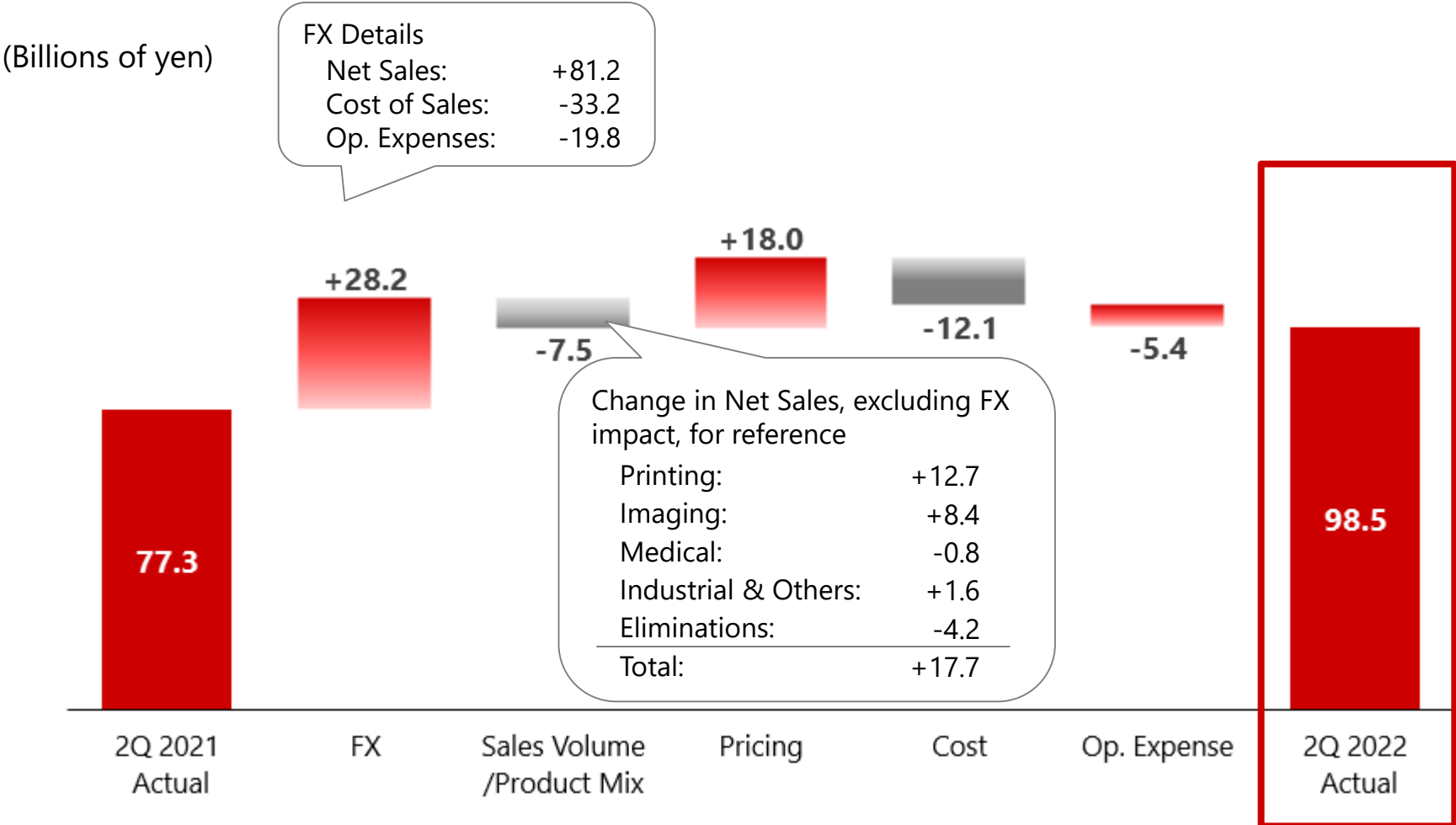
- Posted sales and profit growth in all Business Units
- Medical - Highest second quarter profitability to date 7.0%

		2Q 2022 Actual	2Q 2021 Actual	% Change
Printing	Net Sales	567.5	489.6	+15.9%
	Op. Profit	66.6	63.8	+4.4%
	(%)	(11.7%)	(13.0%)	
Imaging	Net Sales	200.9	169.8	+18.3%
	Op. Profit	32.4	20.9	+54.8%
	(%)	(16.1%)	(12.3%)	
Medical	Net Sales	118.2	111.8	+5.8%
	Op. Profit	8.3	3.7	+125.0%
	(%)	(7.0%)	(3.3%)	
Industrial & Others	Net Sales	143.7	138.1	+4.1%
	Op. Profit	16.0	15.5	+3.6%
	(%)	(11.2%)	(11.2%)	
Corporate & Eliminations	Net Sales	-31.5	-27.4	-
	Op. Profit	-24.8	-26.6	-
Total	Net Sales	998.8	881.9	+13.3%
	Op. Profit	98.5	77.3	+27.4%
	(%)	(9.9%)	(8.8%)	

FY 2022 Operating Profit Analysis

(2Q 2022 Actual versus 2Q 2021 Actual)

- Positive impact from significant depreciation of the yen against the U.S. dollar and euro
- Covered impact of cost increase through price adjustment



FY 2022 Financial Projection

(Full Year)

- Despite expectation that demand will remain firm, lowered unit sales projection to reflect new round of parts shortages
- Partially absorb impact of lower unit sales by adjusting prices and improving product mix. Thanks to this and yen depreciation, raised performance outlook

(Billions of yen)	FY 2022 Current Projection	FY 2021 Actual	% Change	FY 2022 Previous Projection	Amount Change
Net Sales	4,080.0	3,513.4	+16.1%	3,980.0	+100.0
Gross Profit (% of Net Sales)	1,850.0 45.3%	1,627.8 46.3%	+13.7%	1,800.0 45.2%	+50.0
Op. Expenses (% of Net Sales)	1,474.0 36.1%	1,345.9 38.3%		1,440.0 36.2%	-34.0
Op. Profit (% of Net Sales)	376.0 9.2%	281.9 8.0%	+33.4%	360.0 9.0%	+16.0
IBT	378.0	302.7	+24.9%	370.0	+8.0
Net Income (% of Net Sales)	262.0 6.4%	214.7 6.1%	+22.0%	252.0 6.3%	+10.0
USD	128.37	109.93		119.16	
EUR	136.28	129.94		130.09	

Impact of exchange rate movement (2H impact given a one yen change)		
	Net Sales	Op. Profit
USD	6.3 billion yen	1.9 billion yen
EUR	3.2 billion yen	1.6 billion yen

FY 2022 Financial Projection by Bus. Unit (Full Year)

- Post sales and profit growth in all Business Units
- Medical – Surpass record performance of last year, profitability at 7.9%

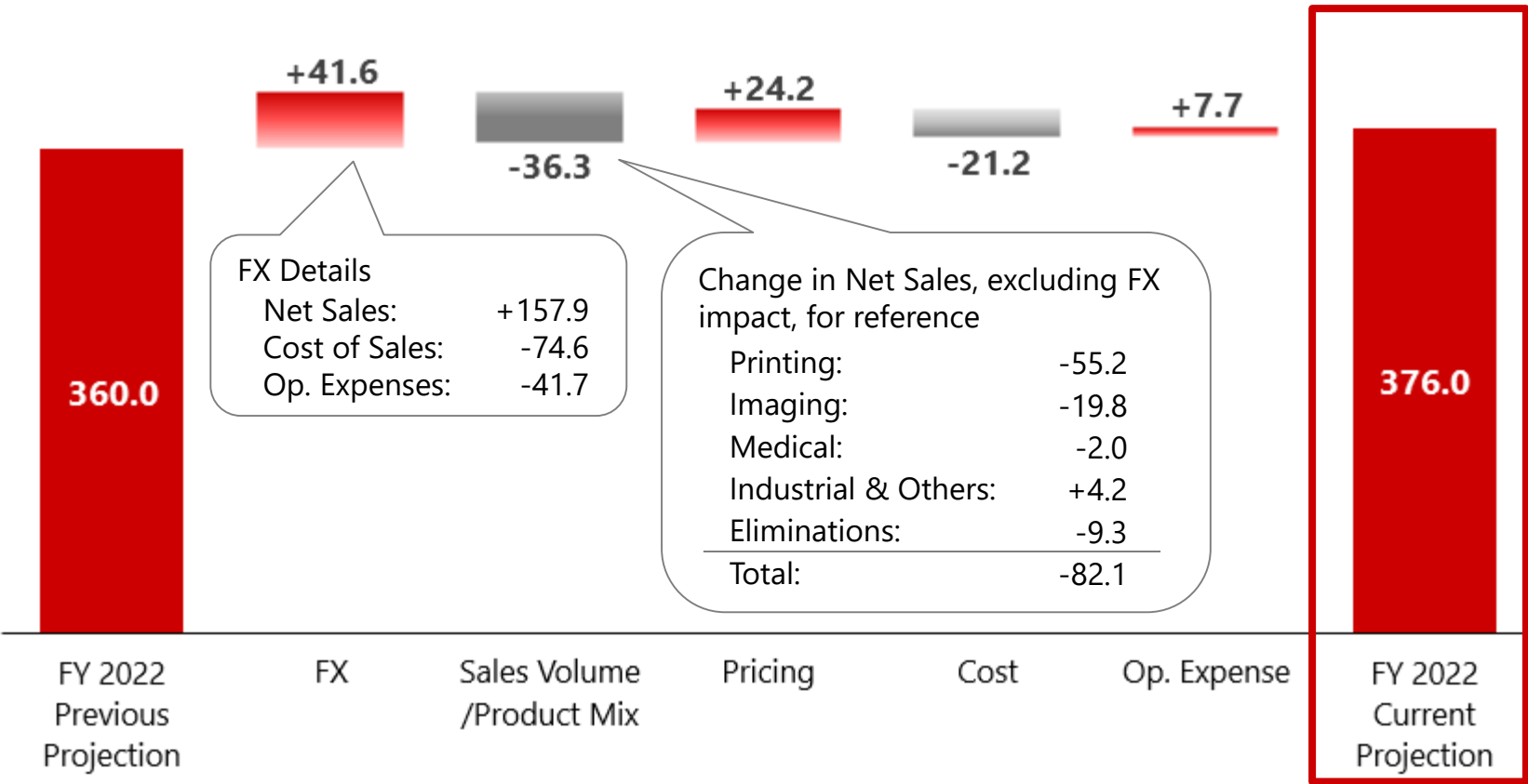
(Billions of yen)		FY 2022 Current Projection	FY 2021 Actual	% Change	FY 2022 Previous Projection	Amount Change
Printing	Net Sales	2,320.0	1,938.8	+19.7%	2,254.2	+65.8
	Op. Profit	251.9	225.7	+11.6%	243.8	+8.1
	(%)	(10.9%)	(11.6%)		(10.8%)	
Imaging	Net Sales	771.1	653.5	+18.0%	751.4	+19.7
	Op. Profit	98.1	78.7	+24.6%	93.6	+4.5
	(%)	(12.7%)	(12.0%)		(12.5%)	
Medical	Net Sales	509.2	480.4	+6.0%	497.1	+12.1
	Op. Profit	40.0	29.4	+36.0%	38.1	+1.9
	(%)	(7.9%)	(6.1%)		(7.7%)	
Industrial & Others	Net Sales	598.2	545.7	+9.6%	586.5	+11.7
	Op. Profit	56.8	44.3	+28.2%	60.4	-3.6
	(%)	(9.5%)	(8.1%)		(10.3%)	
Corporate & Eliminations	Net Sales	-118.5	-105.0	-	-109.2	-9.3
	Op. Profit	-70.8	-96.2	-	-75.9	+5.1
Total	Net Sales	4,080.0	3,513.4	+16.1%	3,980.0	+100.0
	Op. Profit	376.0	281.9	+33.4%	360.0	+16.0
	(%)	(9.2%)	(8.0%)		(9.0%)	

FY 2022 Operating Profit Analysis

(FY 2022 Current Projection versus Previous Projection)

- FX – Revised assumptions for U.S. dollar and euro, following yen depreciation
- Increase in parts cost as securing volume is prioritized, but absorbing impact through price adjustment

(Billions of yen)



Printing - Office

- 2Q – Posted increase in net sales, offsetting impact of unit sales decline through increased sales of medium- and high-speed MFDs and price adjustment
- FY – Aiming for double-digit sales growth by increasing production volume and through recovery in print volume

(Billions of yen)

	2Q			Full Year				
	2022 Actual	2021 Actual	% Change	2022 Current Projection	2021 Actual	% Change	2022 Previous Projection	Amount Change
Office	215.5	193.8	+11.2%	904.1	757.1	+19.4%	881.0	+23.1
Prosumer	263.9	224.2	+17.7%	1,069.9	892.5	+19.9%	1,050.8	+19.1
Production	88.1	71.6	+23.1%	346.0	289.2	+19.6%	322.4	+23.6
Net Sales	567.5	489.6	+15.9%	2,320.0	1,938.8	+19.7%	2,254.2	+65.8
Op. Profit	66.6	63.8	+4.4%	251.9	225.7	+11.6%	243.8	+8.1
(% of Net Sales)	11.7%	13.0%		10.9%	11.6%		10.8%	

Net Sales Growth Rate Y/Y (Local Currency)

	2Q 2022 Actual	FY 2022 Projection
Office	+3.5%	+12.2%
Prosumer	+6.3%	+10.9%
Production	+11.4%	+9.1%
Total	+5.9%	+11.1%

Unit Growth Rate Y/Y

	2Q 2022 Actual	FY 2022 Projection
Office MFDs	-15%	+13%



**imageRUNNER ADVANCE DX series
C5800**

Printing - Prosumer

- 2Q – Posted significant increase in hardware sales, but production volume below plan due to Shanghai's COVID lockdown
- FY – Aiming to raise production volume as much as possible in 2H and significantly expand unit sales for the full year

(Billions of yen)

	2Q			Full Year				
	2022 Actual	2021 Actual	% Change	2022 Current Projection	2021 Actual	% Change	2022 Previous Projection	Amount Change
Office	215.5	193.8	+11.2%	904.1	757.1	+19.4%	881.0	+23.1
Prosumer	263.9	224.2	+17.7%	1,069.9	892.5	+19.9%	1,050.8	+19.1
Production	88.1	71.6	+23.1%	346.0	289.2	+19.6%	322.4	+23.6
Net Sales	567.5	489.6	+15.9%	2,320.0	1,938.8	+19.7%	2,254.2	+65.8
Op. Profit (% of Net Sales)	66.6 11.7%	63.8 13.0%	+4.4%	251.9 10.9%	225.7 11.6%	+11.6%	243.8 10.8%	+8.1

Net Sales Growth Rate Y/Y (Local Currency)

	2Q 2022 Actual	FY 2022 Projection
Office	+3.5%	+12.2%
Prosumer	+6.3%	+10.9%
Production	+11.4%	+9.1%
Total	+5.9%	+11.1%

Unit Growth Rate Y/Y

	2Q 2022 Actual	FY 2022 Projection
LPs	+31%	+22%
IJPs	+17%	+34%



Refillable ink tank model

GX5030

Printing - Production

- Solid orders for high-speed continuous feed and cut sheet printing equipment
- Continued steady growth in non-hardware sales thanks to growth in MIF

(Billions of yen)

	2Q			Full Year				
	2022 Actual	2021 Actual	% Change	2022 Current Projection	2021 Actual	% Change	2022 Previous Projection	Amount Change
Office	215.5	193.8	+11.2%	904.1	757.1	+19.4%	881.0	+23.1
Prosumer	263.9	224.2	+17.7%	1,069.9	892.5	+19.9%	1,050.8	+19.1
Production	88.1	71.6	+23.1%	346.0	289.2	+19.6%	322.4	+23.6
Net Sales	567.5	489.6	+15.9%	2,320.0	1,938.8	+19.7%	2,254.2	+65.8
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Net Sales Growth Rate Y/Y (Local Currency)

	2Q 2022 Actual	FY 2022 Projection
Office	+3.5%	+12.2%
Prosumer	+6.3%	+10.9%
Production	+11.4%	+9.1%
Total	+5.9%	+11.1%



High-speed cut-sheet inkjet printer
varioPRINT iX series



Large-format printer
Colorado 1650

Imaging - Cameras

- 2Q – Despite decline in unit sales due to supply shortage, achieved double-digit increase in net sales thanks to growth in both full-frame camera and interchangeable lens sales
- FY - Expand user base through EOS R7 and EOS R10, first R system cameras that incorporate APS-C size sensors

(Billions of yen)

	2Q			Full Year				
	2022 Actual	2021 Actual	% Change	2022 Current Projection	2021 Actual	% Change	2022 Previous Projection	Amount Change
Cameras	127.0	112.1	+13.2%	499.7	433.1	+15.4%	497.2	+2.5
Network Cameras & Others	73.9	57.7	+28.1%	271.4	220.4	+23.1%	254.2	+17.2
Net Sales	200.9	169.8	+18.3%	771.1	653.5	+18.0%	751.4	+19.7
Op. Profit	32.4	20.9	+54.8%	98.1	78.7	+24.6%	93.6	+4.5
(% of Net Sales)	16.1%	12.3%		12.7%	12.0%		12.5%	

Net Sales Growth Rate Y/Y (Local Currency)

	2Q 2022 Actual	FY 2022 Projection
Cameras	+1.8%	+4.8%
NWCs & Others	+13.7%	+12.9%
Total	+5.8%	+7.5%

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

	2Q 2022 Actual		FY 2022 Projection	
	Units	% Change	Units	% Change
DILCs	0.68	-7%	2.80	+2%



EOS R7



EOS R10

Imaging – Network Cameras & Others

- 2Q – Achieved strong double-digit growth in net sales as product supply volumes recovered
- FY – Work to enhance solutions, starting cloud service for large corporations in Japan

(Billions of yen)

	2Q			Full Year				
	2022 Actual	2021 Actual	% Change	2022 Current Projection	2021 Actual	% Change	2022 Previous Projection	Amount Change
Cameras	127.0	112.1	+13.2%	499.7	433.1	+15.4%	497.2	+2.5
Network Cameras & Others	73.9	57.7	+28.1%	271.4	220.4	+23.1%	254.2	+17.2
Net Sales	200.9	169.8	+18.3%	771.1	653.5	+18.0%	751.4	+19.7
Op. Profit (% of Net Sales)	32.4 16.1%	20.9 12.3%	+54.8%	98.1 12.7%	78.7 12.0%	+24.6%	93.6 12.5%	+4.5

Net Sales Growth Rate Y/Y (Local Currency)

	2Q 2022 Actual	FY 2022 Projection
Cameras	+1.8%	+4.8%
NWCs & Others	+13.7%	+12.9%
Total	+5.8%	+7.5%

Medical

- 2Q – Achieved 8th consecutive quarter of Y/Y net sales growth and raised operating profit ratio to 7.0%
- FY – With record high orders, sales plan of 500.0 billion yen
- Acquired dealer in July. Strengthening sales capability to facilitate aim of 10% mkt. shr. in U.S.

(Billions of yen)

	2Q			Full Year				
	2022 Actual	2021 Actual	% Change	2022 Current Projection	2021 Actual	% Change	2022 Previous Projection	Amount Change
Net Sales	118.2	111.8	+5.8%	509.2	480.4	+6.0%	497.1	+12.1
Op. Profit (% of Net Sales)	8.3 7.0%	3.7 3.3%	+125.0%	40.0 7.9%	29.4 6.1%	+36.0%	38.1 7.7%	+1.9

Net Sales Growth Rate Y/Y (Local Currency)

	2Q 2022 Actual	FY 2022 Projection
Total	-0.7%	+0.5%



**80 row detector CT
Aquilion Serve**



**MRI
Vantage Fortian**

Industrial & Others - Litho. Equip./Industrial Equip.

- Semiconductor lithography equipment – Significantly grow full-year sales to 180 units, and promote production capacity expansion
- FPD lithography equipment – Post sales of 56 units even amid lockdown impact

(Billions of yen)

	2Q			Full Year				
	2022 Actual	2021 Actual	% Change	2022 Current Projection	2021 Actual	% Change	2022 Previous Projection	Amount Change
Lithography Equipment	50.6	51.1	-1.1%	245.2	213.7	+14.7%	243.8	+1.4
Industrial Equipment	27.1	34.7	-21.8%	98.8	121.8	-18.9%	101.1	-2.3
Others	66.0	52.3	+26.3%	254.2	210.2	+20.9%	241.6	+12.6
Net Sales	143.7	138.1	+4.1%	598.2	545.7	+9.6%	586.5	+11.7
Op. Profit	16.0	15.5	+3.6%	56.8	44.3	+28.2%	60.4	-3.6
(% of Net Sales)	11.2%	11.2%		9.5%	8.1%		10.3%	

Net Sales Growth Rate Y/Y (Local Currency)

	2Q 2022 Actual	FY 2022 Projection
Litho. Equip.	-3.9%	+12.6%
Industrial Equip.	-23.7%	-20.1%
Total	+1.2%	+7.4%

Lithography Equipment (Units)

	2Q 2022 Actual	2Q 2021 Actual	FY 2022 Projection	FY 2021 Actual
Semiconductor	40	30	180	140
FPD	8	17	56	67



Semiconductor lithography equipment
FPA-6300ES6a

Inventory

- Inventory of sales companies – Decreases as supply falls short of solid demand
- Increases in work-in-process due to production delay and lithography equipment being installed, optimized by year-end

(Billions of yen)

		FY 2021				FY 2022	
		Mar.-end	Jun.-end	Sep.-end	Dec.-end	Mar.-end	Jun.-end
Printing	Amt.	237.3	232.0	269.2	285.5	324.7	353.6
	Days	45	44	52	53	58	60
Imaging	Amt.	98.7	94.0	98.4	101.4	117.1	126.6
	Days	54	54	55	55	63	* 64
Medical	Amt.	99.8	101.8	108.5	109.1	120.5	129.4
	Days	75	79	87	82	89	100
Industrial & Others	Amt.	160.0	161.3	160.2	154.5	170.9	188.5
	Days	103	112	109	100	112	* 128
Total	Amt.	595.9	589.1	636.3	650.6	733.2	798.1
	Days	61	62	68	66	73	78

* Inventory turnover in days at the end of June 2022 have been revised for Imaging and Industrial & Others. (October 26, 2022)

Cash Flow

(Full Year)

- Generate 255.0 billion yen in free cash flow, exceeding last year
- Raised full-year dividend projection to 120 yen while promoting repayment of debt

(Billions of yen)	FY 2022 Current Projection	FY 2022 Previous Projection	FY 2021 Actual	FY 2020 Actual
Net cash provided by operating activities	495.0	495.0	451.1	333.8
Net cash used in investing activities	-240.0	-240.0	-207.3	-155.4
Free cash flow	255.0	255.0	243.8	178.4
Net cash provided by (used in) financing activities	-286.7	-259.2	-267.4	-183.4
Effect of exchange rate changes on cash and cash equivalents	30.3	2.8	17.3	-0.1
Net change in cash and cash equivalents	-1.4	-1.4	-6.3	-5.1
Cash and cash equivalents at end of period	400.0	400.0	401.4	407.7
Cash-on-hand (In months of Net sales)	1.1	1.2	1.3	1.4
Capital expenditure	210.0	210.0	179.0	161.7
Depreciation and amortization	220.0	230.0	221.2	227.8

Sustainability Measures

■ Nanoimprint - Prize of Excellence at Environmental Awards

Outstanding environmental performance

- Consumes Approx. one-tenth the energy
- Conserve water resources etc.

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Promote Smart Society

- Technology that supports semiconductor production

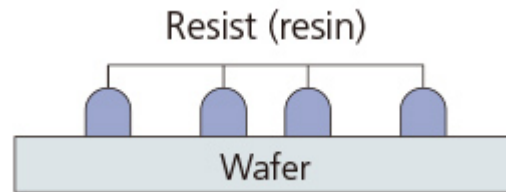
Protect and preserve global environment

Create new value & resolve social issues

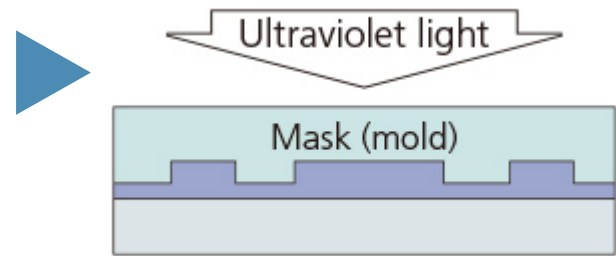
How Nanoimprint Works



FPA-1200N Z2C



- Dispense resin to wafer surface



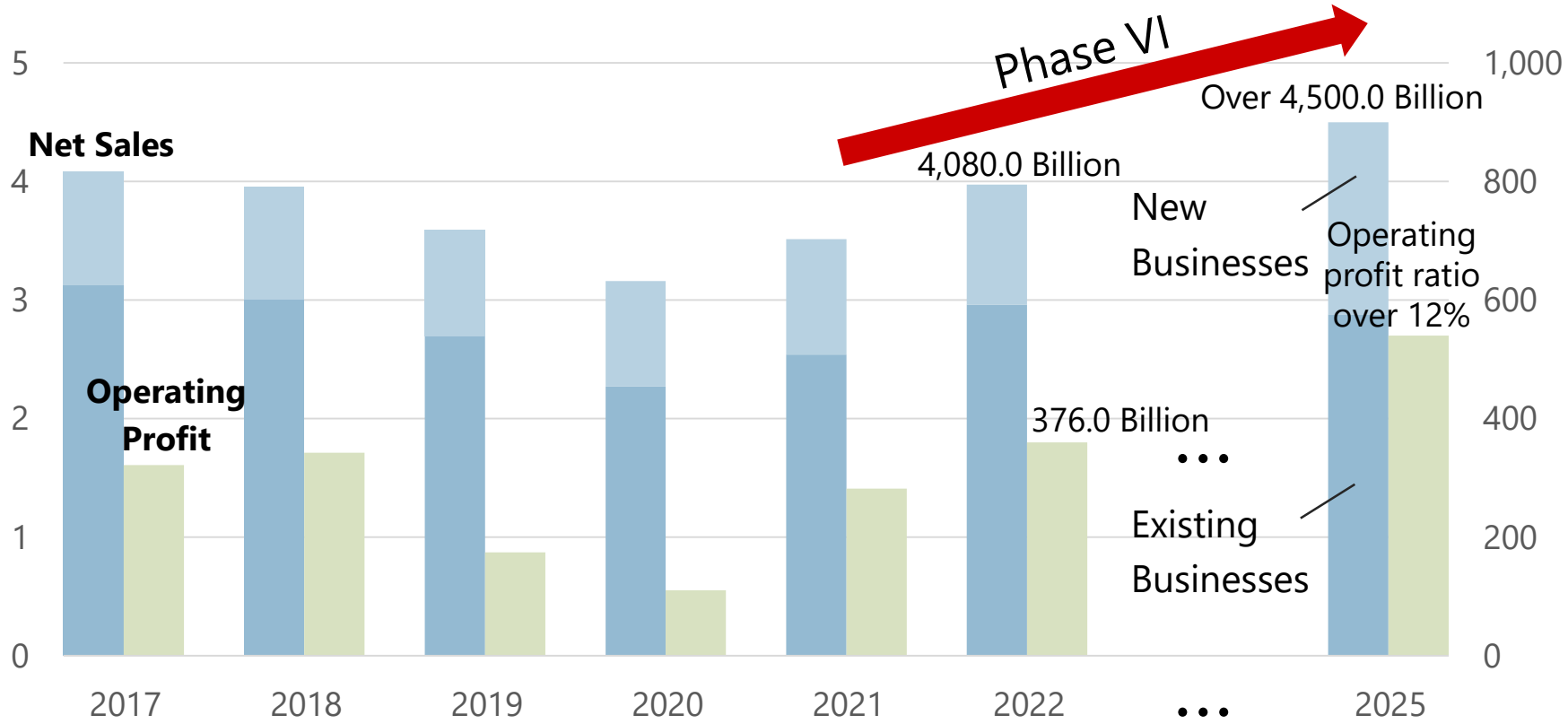
- Press mask which has circuit patterns, like a stamp onto the resin
- Make circuit by curing resin with ultraviolet light

Excellent Global Corporation Plan Phase VI

- Raise performance, even in challenging business environment, supported by solid demand and strong foundation to generate profit
- Raising net sales to 4 trillion yen and profit to its highest in 10 years as we work towards achieving 2025 targets

(Net Sales: Trillions of yen)

(Operating Profit: Billions of yen)



Supplementary Information

FY 2022 Operating Profit Analysis

(FY 2022 Current Projection versus FY 2021 Actual)

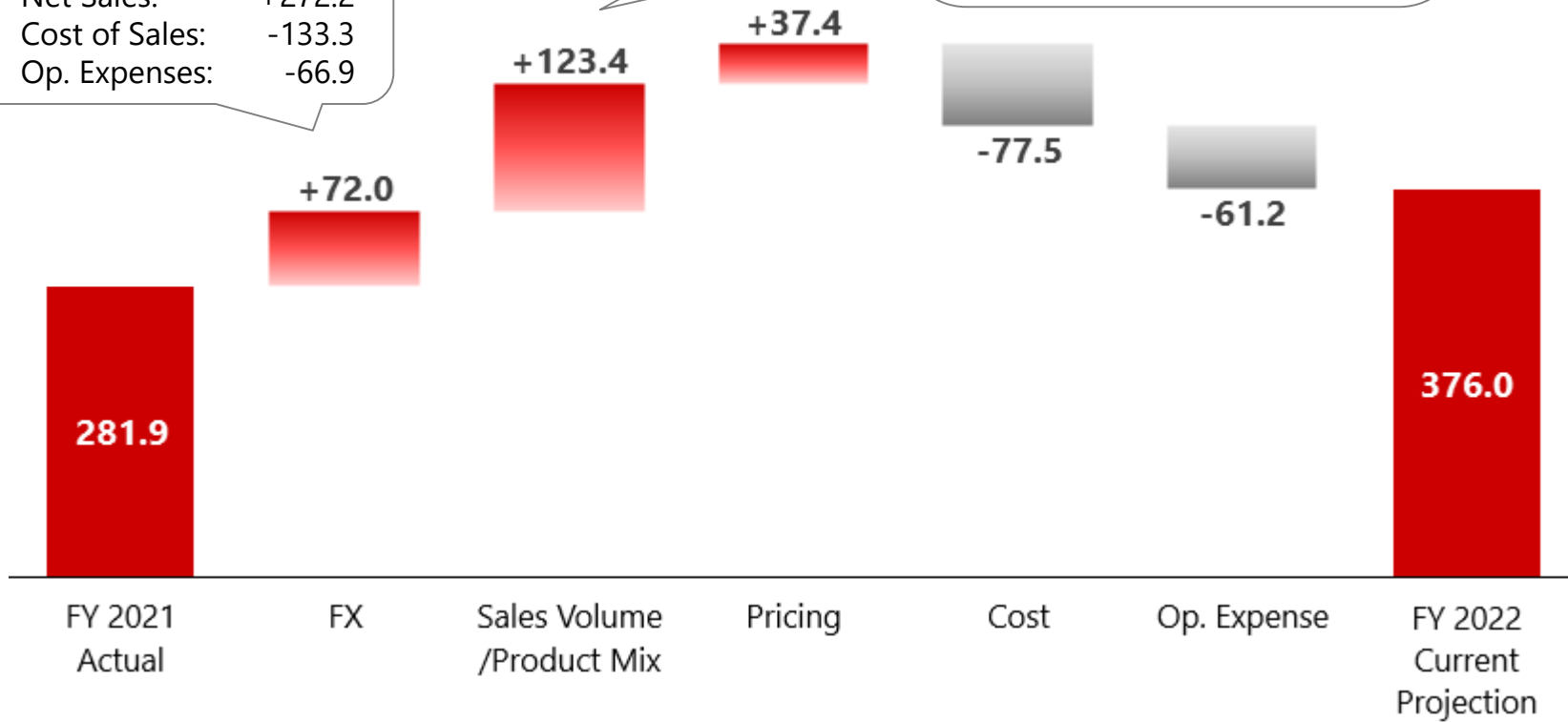
(Billions of yen)

FX Details

Net Sales:	+272.2
Cost of Sales:	-133.3
Op. Expenses:	-66.9

Change in Net Sales, excluding FX impact, for reference

Printing:	+185.3
Imaging:	+42.3
Medical:	+2.6
Industrial & Others:	+40.3
Eliminations:	-13.5
Total:	+257.0



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

			FY 2022		FY 2021	
			2Q Actual	Full Year Projection	2Q Actual	Full Year Actual
Office MFDs	JPY	Hardware	+10%	+40%	+47%	+7%
		Non-hardware	+7%	+10%	+35%	+3%
	LC	Hardware	-1%	+29%	+40%	+3%
		Non-hardware	+0%	+3%	+30%	0%
LPs	JPY	Hardware	+47%	+44%	+4%	+2%
		Non-hardware	+15%	+8%	+41%	+17%
	LC	Hardware	+31%	+33%	0%	-1%
		Non-hardware	+4%	+0%	+36%	+14%
IJPs	JPY	Hardware	+35%	+49%	+24%	+6%
		Non-hardware	-10%	+3%	-4%	-2%
	LC	Hardware	+22%	+37%	+18%	+2%
		Non-hardware	-18%	-5%	-9%	-6%
Production	JPY	Hardware	+27%	+29%	+52%	+18%
		Non-hardware	+21%	+14%	+40%	+14%
	LC	Hardware	+15%	+17%	+42%	+13%
		Non-hardware	+10%	+5%	+32%	+9%

Office/Prosumer – Net Sales by Product Category

(Billions of yen)		FY 2022		FY 2021	
		2Q Actual	Full Year Projection	2Q Actual	Full Year Actual
Office	Office MFDs	138.2	590.6	127.2	478.4
	Others	77.3	313.5	66.6	278.7
		215.5	904.1	193.8	757.1
Prosumer	LPs	176.2	676.5	141.4	563.1
	IJPs	87.7	393.4	82.8	329.4
		263.9	1,069.9	224.2	892.5

DILC Ratio & Digital Compact Camera (DCC) Units

		FY 2022		FY 2021	
		2Q Actual	Full Year Projection	2Q Actual	Full Year Actual
DILC Ratio					
	Net Sales *	93%	93%	89%	90%
	Units	86%	85%	70%	70%
DCC Units (Millions)		0.11	0.50	0.31	1.15

* Net Sales includes interchangeable lenses

Semiconductor Lithography Equipment – Unit Breakdown by Light Source

	FY 2022		FY 2021	
	2Q Actual	Full Year Projection	2Q Actual	Full Year Actual
KrF	12	48	9	38
i-Line	28	132	21	102
Total	40	180	30	140