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# Canon Inc.

## First Quarter 2024 Results

April 24, 2024

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# Agenda

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# 1Q 2024 Review

- More challenging than expected business environment due to global economic slowdown, which caused continued delay in purchasing decisions and moves to reduce inventory
- Challenging inkjet and laser printer competitive environment, no real recovery in printer business performance
- Steps to optimize camera and network camera market inventory
- Semiconductor lithography equipment and commercial printing equipment growth and stable performance of office MFDs, even amid economic slowdown
- Decline in Imaging sales leads to lower operating profit, but significant improvement in Printing and Industrial operating profit ratio

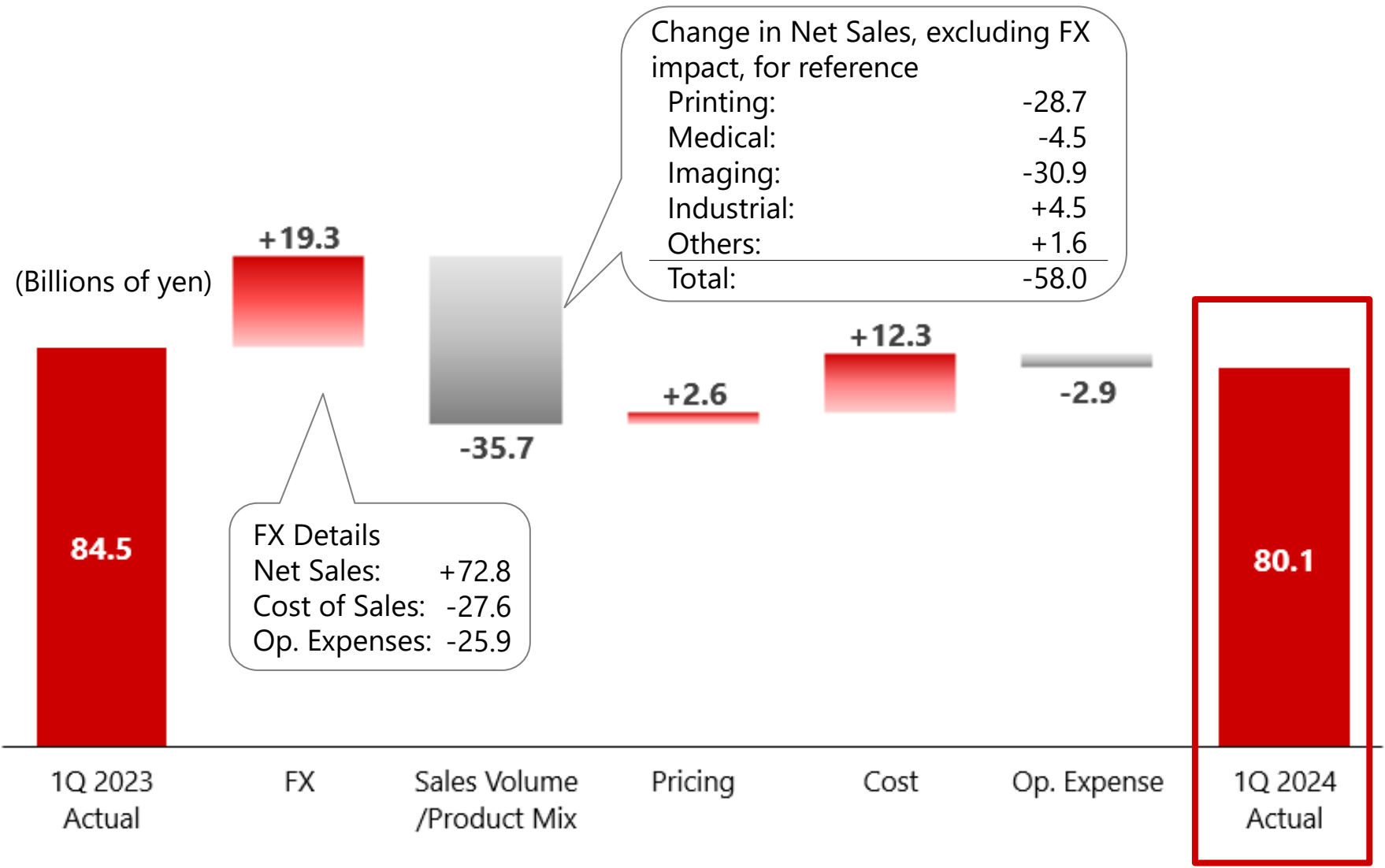
# Key Message

## (1Q 2024 Results)

(Billions of yen)	1Q 2024 Actual	1Q 2023 Actual	% Change
<b>Net Sales</b>	<b>988.5</b>	<b>971.1</b>	+1.8%
<b>Gross Profit</b> (% of Net Sales)	<b>478.4</b> 48.4%	<b>454.0</b> 46.8%	+5.4%
<b>Op. Expenses</b> (% of Net Sales)	<b>398.3</b> 40.3%	<b>369.5</b> 38.1%	
<b>Op. Profit</b> (% of Net Sales)	<b>80.1</b> 8.1%	<b>84.5</b> 8.7%	-5.2%
<b>IBT</b>	<b>89.2</b>	<b>87.5</b>	+1.9%
<b>Net Income</b> (% of Net Sales)	<b>59.9</b> 6.1%	<b>56.4</b> 5.8%	+6.3%
USD	148.69	132.47	
EUR	161.35	142.10	

# 1Q 2024 Operating Profit Analysis

(1Q 2024 Actual versus 1Q 2023 Actual)



# 1Q 2024 Financial Results by Business Unit

(Billions of yen)		1Q 2024 Actual	1Q 2023 Actual	% Change
Printing	Net Sales	<b>580.3</b>	<b>558.2</b>	+4.0%
	Op. Profit	<b>65.5</b>	<b>50.6</b>	+29.4%
	(%)	<b>(11.3%)</b>	<b>(9.1%)</b>	
Medical	Net Sales	<b>134.2</b>	<b>131.1</b>	+2.4%
	Op. Profit	<b>5.6</b>	<b>6.9</b>	-18.9%
	(%)	<b>(4.2%)</b>	<b>(5.2%)</b>	
Imaging	Net Sales	<b>175.5</b>	<b>192.4</b>	-8.8%
	Op. Profit	<b>14.3</b>	<b>37.3</b>	-61.7%
	(%)	<b>(8.1%)</b>	<b>(19.4%)</b>	
Industrial	Net Sales	<b>68.5</b>	<b>62.1</b>	+10.4%
	Op. Profit	<b>12.1</b>	<b>7.4</b>	+62.5%
	(%)	<b>(17.6%)</b>	<b>(12.0%)</b>	
Others & Corporate	Net Sales	<b>55.1</b>	<b>55.4</b>	-0.5%
	Op. Profit	<b>-18.9</b>	<b>-18.1</b>	-
Eliminations	Net Sales	<b>-25.1</b>	<b>-28.1</b>	-
	Op. Profit	<b>1.5</b>	<b>0.4</b>	-
Total	Net Sales	<b>988.5</b>	<b>971.1</b>	+1.8%
	Op. Profit	<b>80.1</b>	<b>84.5</b>	-5.2%
	(%)	<b>(8.1%)</b>	<b>(8.7%)</b>	

Note: From the first quarter of 2024, some reclassification between Others & Corporate and Eliminations was made to manage the performance of reportable segments more appropriately. The figures for 2023 were also reclassified.

# 2024 Outlook

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- Outlook for global economy remains unclear, growth in line with last year
- Normalizing Imaging business market inventory
- Increasing sales, capturing expanding demand in growing markets of semiconductor lithography equipment, medical, network cameras, and commercial printing
- Consecutive launch of new product as planned
- In addition to normal cost reduction activities, accelerate business structure review
- Fourth consecutive year of sales and profit growth as well as double-digit operating profit ratio (10%)

# FY 2024 Financial Projection

## (Full Year)



(Billions of yen)	2024 Current Projection	2023 Actual	% Change	2024 Previous Projection	Amount Change
<b>Net Sales</b>	<b>4,350.0</b>	<b>4,181.0</b>	+4.0%	<b>4,350.0</b>	0.0
<b>Gross Profit</b> (% of Net Sales)	<b>2,065.5</b> 47.5%	<b>1,968.9</b> 47.1%	+4.9%	<b>2,065.5</b> 47.5%	0.0
<b>Op. Expenses</b> (% of Net Sales)	<b>1,630.5</b> 37.5%	<b>1,593.5</b> 38.1%		<b>1,630.5</b> 37.5%	0.0
<b>Op. Profit</b> (% of Net Sales)	<b>435.0</b> 10.0%	<b>375.4</b> 9.0%	+15.9%	<b>435.0</b> 10.0%	0.0
<b>IBT</b>	<b>450.0</b>	<b>390.8</b>	+15.2%	<b>450.0</b>	0.0
<b>Net Income</b> (% of Net Sales)	<b>305.0</b> 7.0%	<b>264.5</b> 6.3%	+15.3%	<b>305.0</b> 7.0%	0.0
USD	141.87	140.85		140.00	
EUR	156.35	152.20		155.00	

Impact of exchange rate movement  
(2Q-4Q impact given a one yen change)

	Net Sales	Op. Profit
USD	10.1 billion yen	3.1 billion yen
EUR	5.2 billion yen	2.5 billion yen



# FY 2024 Financial Projection by Business Unit

## (Full Year)

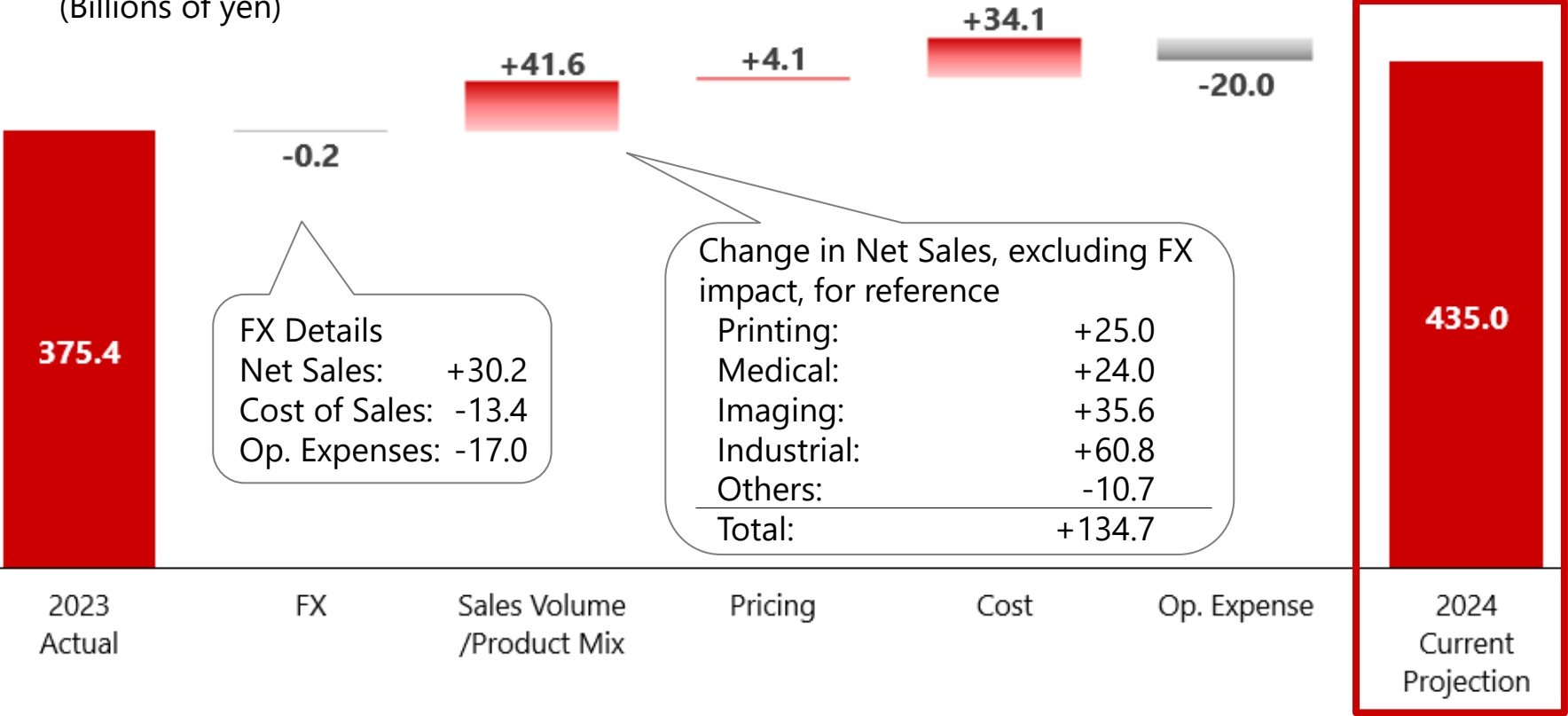
(Billions of yen)		2024 Current Projection	2023 Actual	% Change	2024 Previous Projection	Amount Change
Printing	Net Sales	<b>2,393.8</b>	<b>2,346.1</b>	+2.0%	<b>2,389.0</b>	+4.8
	Op. Profit	<b>260.6</b>	<b>228.3</b>	+14.1%	<b>255.9</b>	+4.7
	(%)	<b>(10.9%)</b>	<b>(9.7%)</b>		<b>(10.7%)</b>	
Medical	Net Sales	<b>582.0</b>	<b>553.8</b>	+5.1%	<b>582.0</b>	0.0
	Op. Profit	<b>46.0</b>	<b>31.6</b>	+45.3%	<b>46.0</b>	0.0
	(%)	<b>(7.9%)</b>	<b>(5.7%)</b>		<b>(7.9%)</b>	
Imaging	Net Sales	<b>900.0</b>	<b>861.6</b>	+4.5%	<b>900.8</b>	-0.8
	Op. Profit	<b>143.8</b>	<b>145.6</b>	-1.2%	<b>147.2</b>	-3.4
	(%)	<b>(16.0%)</b>	<b>(16.9%)</b>		<b>(16.3%)</b>	
Industrial	Net Sales	<b>379.0</b>	<b>314.7</b>	+20.4%	<b>383.0</b>	-4.0
	Op. Profit	<b>71.0</b>	<b>58.6</b>	+21.2%	<b>72.3</b>	-1.3
	(%)	<b>(18.7%)</b>	<b>(18.6%)</b>		<b>(18.9%)</b>	
Others & Corporate	Net Sales	<b>196.0</b>	<b>208.8</b>	-6.2%	<b>184.0</b>	+12.0
	Op. Profit	<b>-86.4</b>	<b>-86.3</b>	-	<b>-86.4</b>	0.0
Eliminations	Net Sales	<b>-100.8</b>	<b>-104.0</b>	-	<b>-88.8</b>	-12.0
	Op. Profit	<b>0.0</b>	<b>-2.4</b>	-	<b>0.0</b>	0.0
Total	Net Sales	<b>4,350.0</b>	<b>4,181.0</b>	+4.0%	<b>4,350.0</b>	0.0
	Op. Profit	<b>435.0</b>	<b>375.4</b>	+15.9%	<b>435.0</b>	0.0
	(%)	<b>(10.0%)</b>	<b>(9.0%)</b>		<b>(10.0%)</b>	

Note: From the first quarter of 2024, some reclassification between Others & Corporate and Eliminations was made to manage the performance of reportable segments more appropriately. The figures for 2023 were also reclassified.

# FY 2024 Operating Profit Analysis

(FY 2024 Current Projection versus FY 2023 Actual)

(Billions of yen)



# Inventory

- Inventory at end of March temporarily increases due to yen depreciation and increase in inventory in transit
- Reduction in work-in-process inventory at the end of 2024 leading to optimal inventory level of 60 days of less

(Billions of yen)

		FY 2023				FY 2024
		Mar.-end	Jun.-end	Sep.-end	Dec.-end	Mar.-end
Printing	Amt.	372.5	387.5	377.6	312.6	347.6
	Days	57	62	60	47	52
Medical	Amt.	136.3	143.1	150.9	125.9	141.1
	Days	88	102	107	77	86
Imaging	Amt.	163.6	173.3	184.6	168.4	191.4
	Days	69	77	77	68	86
Industrial	Amt.	133.0	140.0	142.8	132.9	146.4
	Days	154	187	170	136	160
Others & Corporate	Amt.	53.4	54.2	58.0	57.1	68.3
<b>Total</b>	<b>Amt.</b>	<b>858.8</b>	<b>898.1</b>	<b>913.9</b>	<b>796.9</b>	<b>894.9</b>
	<b>Days</b>	<b>74</b>	<b>82</b>	<b>82</b>	<b>66</b>	<b>76</b>

# Cash Flow

## (Full Year)

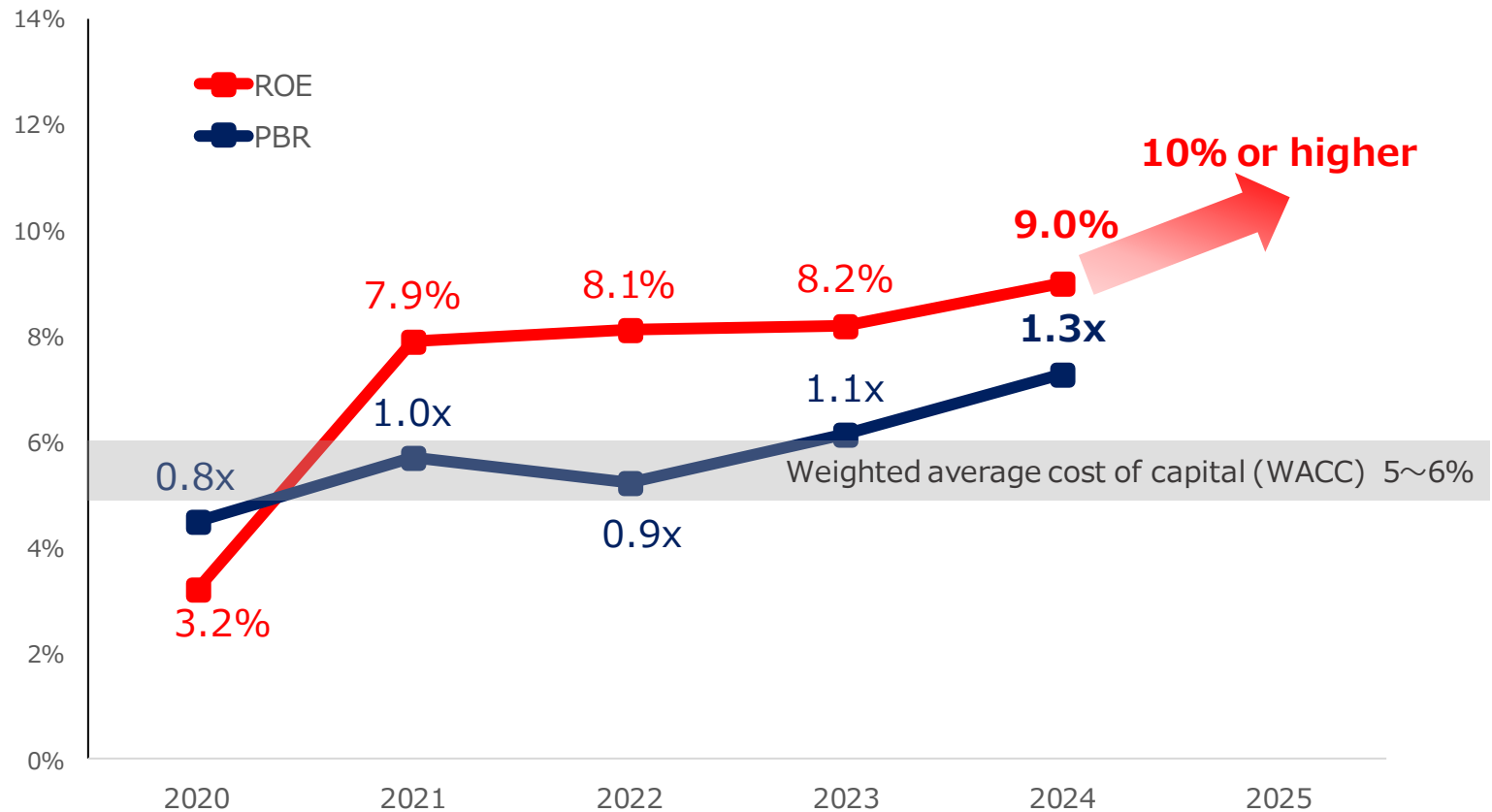
- From 570.0 billion yen in operating cash flow, active growth investment and return to shareholders

(Billions of yen)	FY 2024 Current Projection	FY 2024 Previous Projection	FY 2023 Actual	FY 2022 Actual
Net income	305.0	305.0	264.5	244.0
Depreciation and amortization	240.0	240.0	238.7	226.5
Others	25.0	17.5	-52.0	-207.9
<b>Net cash provided by operating activities</b>	<b>570.0</b>	<b>562.5</b>	<b>451.2</b>	<b>262.6</b>
Capital expenditure	-240.0	-240.0	-231.7	-188.5
Others	-55.0	0.0	-43.7	7.7
<b>Net cash used in investing activities</b>	<b>-295.0</b>	<b>-240.0</b>	<b>-275.4</b>	<b>-180.8</b>
<b>Free cash flow</b>	<b>275.0</b>	<b>322.5</b>	<b>175.8</b>	<b>81.8</b>
Net cash provided by (used in) financing activities	-299.5	-345.0	-156.7	-146.8
Effect of exchange rate changes on cash and cash equivalents	-1.8	-3.8	20.1	25.7
<b>Net change in cash and cash equivalents</b>	<b>-26.3</b>	<b>-26.3</b>	<b>39.2</b>	<b>-39.3</b>
<b>Cash and cash equivalents at end of period</b>	<b>375.0</b>	<b>375.0</b>	<b>401.3</b>	<b>362.1</b>
<b>Cash-on-hand (In months of Net sales)</b> (See note below)	<b>1.0</b>	<b>1.0</b>	<b>1.1</b>	<b>1.0</b>

Note: Figures for 2022 and 2023 calculated using second half net sales. 2024 figures based on net sales for full year.

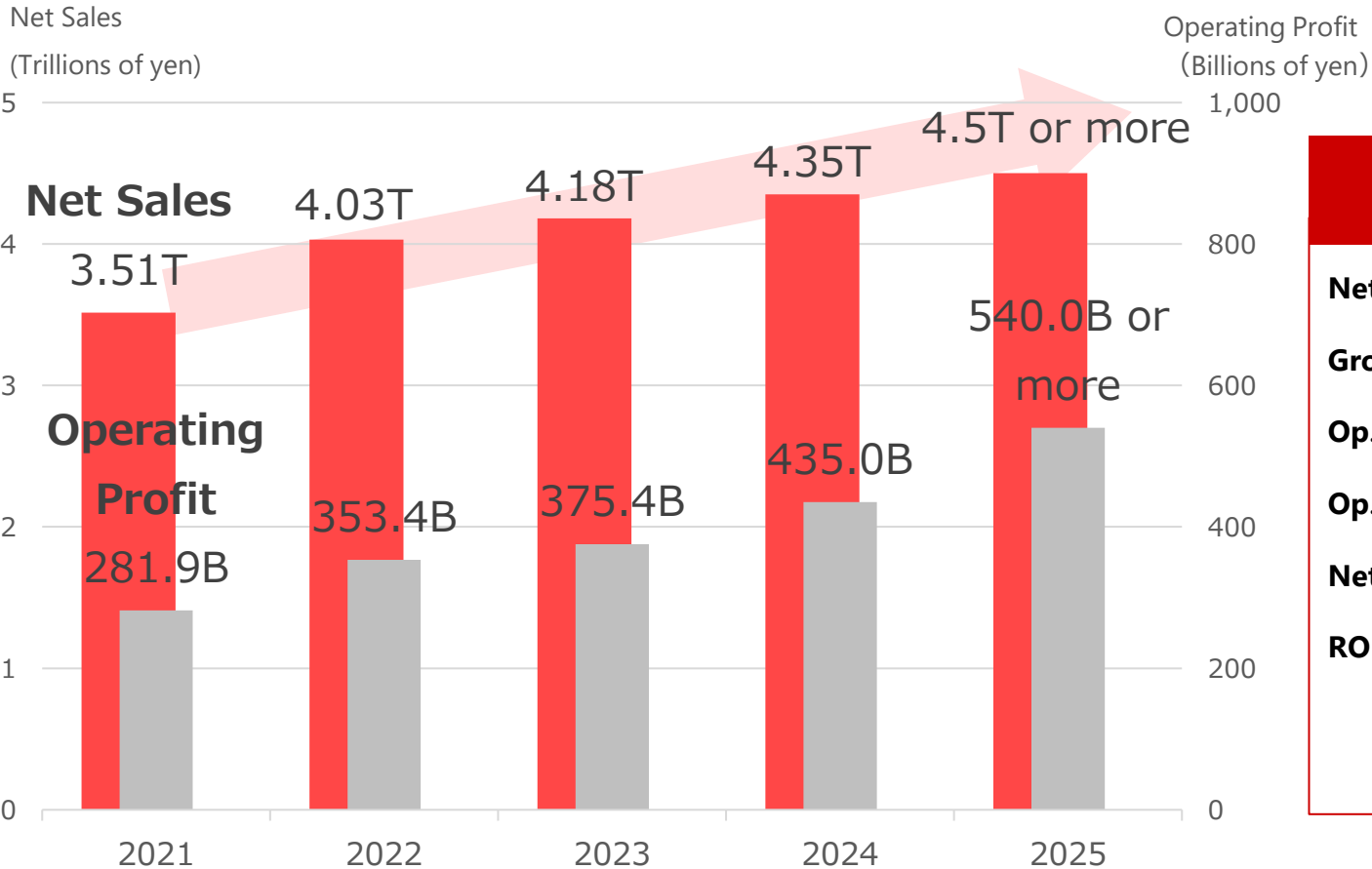
# Return on Capital

- Through profitability improvement and structural reform - ROE 9.0% in 2024, 10% or higher in 2025



# Summary

- Achieve fourth consecutive year of sales and profit growth through accelerated business expansion
- Firmly secure 2025 performance targets through sales structure reform and medical business innovation activities



2025 Target
<b>Net sales: 4.5 trillion yen or more</b>
<b>Gross profit ratio: 47% or higher</b>
<b>Op. expense ratio: 35% or lower</b>
<b>Op. profit ratio: 12% or higher</b>
<b>Net income ratio: 8% or higher</b>
<b>ROE: 10% or higher</b>

# Supplementary Information

# Printing

## Net Sales & Net Sales Growth Rate Y/Y

(Billions of yen)

		1Q			Full Year				
		2024 Actual	2023 Actual	% Change	2024 Current Projection	2023 Actual	% Change	2024 Previous Projection	Amount Change
Production		99.0	87.0	+13.8%	413.8	401.6	+3.0%	413.8	0.0
Office	Office MFDs	156.3	143.7	+8.8%	627.5	622.2	+0.8%	627.5	0.0
	Others	98.3	89.6	+9.7%	369.3	364.1	+1.4%	369.3	0.0
		254.6	233.3	+9.1%	996.8	986.3	+1.1%	996.8	0.0
Prosumer	LPs	145.4	151.1	-3.7%	631.7	608.9	+3.7%	626.9	4.8
	IJPs	81.3	86.8	-6.3%	351.5	349.3	+0.6%	351.5	0.0
		226.7	237.9	-4.7%	983.2	958.2	+2.6%	978.4	4.8
<b>Net Sales</b>		<b>580.3</b>	<b>558.2</b>	<b>+4.0%</b>	<b>2,393.8</b>	<b>2,346.1</b>	<b>+2.0%</b>	<b>2,389.0</b>	<b>4.8</b>
<b>Op. Profit</b>		<b>65.5</b>	<b>50.6</b>	<b>+29.4%</b>	<b>260.6</b>	<b>228.3</b>	<b>+14.1%</b>	<b>255.9</b>	<b>4.7</b>
%		11.3%	9.1%		10.9%	9.7%		10.7%	

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

	2024	
	1Q	Full Year Projection
Production	+1.9%	+1.5%
Office	+1.7%	0.0%
Prosumer	-12.7%	+2.4%
<b>Total</b>	<b>-4.4%</b>	<b>+1.2%</b>

## Unit Growth Rate Y/Y

	2024	
	1Q	Full Year Projection
Office MFDs	-6%	+1%
LPs	-16%	+14%
IJPs	-17%	+2%



# Printing Hardware & Non-hardware Sales

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

			FY 2024		FY 2023	
			1Q Actual	Full Year Current Projection	1Q Actual	Full Year Actual
<b>Production</b>	JPY	Hardware	+13%	+7%	+19%	+11%
		Non-hardware	+14%	+1%	+18%	+11%
	LC	Hardware	+1%	+6%	+8%	+3%
		Non-hardware	+3%	-1%	+8%	+3%
<b>Office MFDs</b>	JPY	Hardware	+4%	+1%	+39%	+12%
		Non-hardware	+14%	0%	+12%	+7%
	LC	Hardware	-6%	0%	+27%	+5%
		Non-hardware	+5%	-1%	+4%	+2%
<b>LPs</b>	JPY	Hardware	-15%	+8%	+15%	-10%
		Non-hardware	+4%	+1%	-7%	-4%
	LC	Hardware	-23%	+8%	+8%	-15%
		Non-hardware	-4%	+2%	-10%	-6%
<b>IJPs</b>	JPY	Hardware	-14%	+1%	-9%	-14%
		Non-hardware	-1%	+1%	+2%	+2%
	LC	Hardware	-22%	0%	-16%	-18%
		Non-hardware	-10%	-1%	-7%	-4%

# Medical

## Net Sales & Net Sales Growth Rate Y/Y

(Billions of yen)

	1Q			Full Year				
	2024 Actual	2023 Actual	% Change	2024 Current Projection	2023 Actual	% Change	2024 Previous Projection	Amount Change
<b>Net Sales</b>	<b>134.2</b>	<b>131.1</b>	+2.4%	<b>582.0</b>	<b>553.8</b>	+5.1%	<b>582.0</b>	0.0
<b>Op. Profit</b>	<b>5.6</b>	<b>6.9</b>	-18.9%	<b>46.0</b>	<b>31.6</b>	+45.3%	<b>46.0</b>	0.0
%	4.2%	5.2%		7.9%	5.7%		7.9%	

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

	2024	
	1Q	Full Year Projection
Total	-3.4%	+4.3%

# Imaging

## Net Sales & Net Sales Growth Rate Y/Y

(Billions of yen)

	1Q			Full Year				
	2024 Actual	2023 Actual	% Change	2024 Current Projection	2023 Actual	% Change	2024 Previous Projection	Amount Change
Cameras	102.3	110.0	-7.1%	564.2	544.6	+3.6%	565.0	-0.8
Network Cameras & Others	73.2	82.4	-11.2%	335.8	317.0	+5.9%	335.8	0.0
<b>Net Sales</b>	<b>175.5</b>	<b>192.4</b>	<b>-8.8%</b>	<b>900.0</b>	<b>861.6</b>	<b>+4.5%</b>	<b>900.8</b>	<b>-0.8</b>
<b>Op. Profit</b>	<b>14.3</b>	<b>37.3</b>	<b>-61.7%</b>	<b>143.8</b>	<b>145.6</b>	<b>-1.2%</b>	<b>147.2</b>	<b>-3.4</b>
%	8.1%	19.4%		16.0%	16.9%		16.3%	

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

	2024	
	1Q	Full Year Projection
Cameras	-15.3%	+3.3%
NWCs & Others	-19.7%	+4.8%
Total	-17.2%	+3.9%

## Digital Interchangeable Lens Cameras (DILCs) Units (Millions) & Unit Growth Rate Y/Y

	2024	
	1Q	Full Year Projection
Units (Millions)	0.50	2.80
Growth Rate	-10%	-3%

# Industrial

## Net Sales & Net Sales Growth Rate Y/Y

(Billions of yen)

	1Q			Full Year				
	2024 Actual	2023 Actual	% Change	2024 Current Projection	2023 Actual	% Change	2024 Previous Projection	Amount Change
Optical Equipment	47.0	40.0	+17.5%	248.8	212.6	+17.0%	252.8	-4.0
Industrial Equipment	21.5	22.1	-2.7%	130.2	102.1	+27.5%	130.2	0.0
<b>Net Sales</b>	<b>68.5</b>	<b>62.1</b>	+10.4%	<b>379.0</b>	<b>314.7</b>	+20.4%	<b>383.0</b>	-4.0
<b>Op. Profit</b>	<b>12.1</b>	<b>7.4</b>	+62.5%	<b>71.0</b>	<b>58.6</b>	+21.2%	<b>72.3</b>	-1.3
%	17.6%	12.0%		18.7%	18.6%		18.9%	

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

	2024	
	1Q	Full Year Projection
Opt. Equip.	+15.0%	+16.8%
Industrial Equip.	-3.6%	+27.4%
Total	+8.4%	+20.3%

## Lithography Equipment (Units)

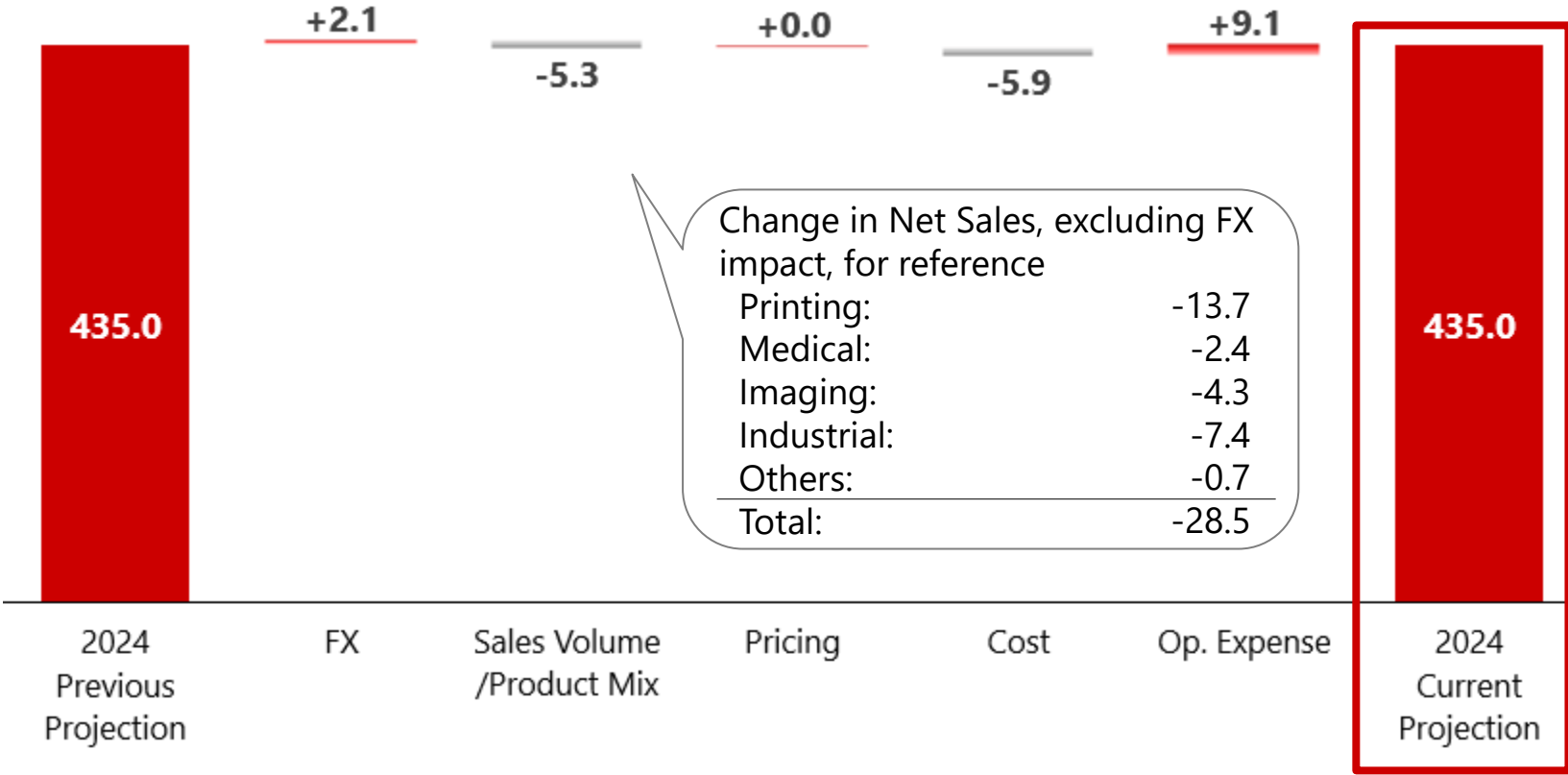
		2024	
		1Q	Full Year Projection
Semiconductor	KrF	14	54
	i-line	35	190
		49	244
FPD		1	26

# FY 2024 Operating Profit Analysis

(FY 2024 Current Projection versus FY 2024 Previous Projection)

(Billions of yen)

FX Details  
 Net Sales: +28.5  
 Cost of Sales: -17.3  
 Op. Expenses: -9.1



Change in Net Sales, excluding FX impact, for reference

Printing:	-13.7
Medical:	-2.4
Imaging:	-4.3
Industrial:	-7.4
Others:	-0.7
<b>Total:</b>	<b>-28.5</b>