



Photograph location: Kuju Flower Park (Taketa City, Oita Pref.)
Photographed using: EOS R5 / RF15-35mm F2.8 L IS USM

Interim Report for the 122nd Business Term

From January 1, 2022 to June 30, 2022

To Our Shareholders

We are pleased to provide this overview of the first half (from January 1, 2022 to June 30, 2022) of our 122nd Business Term.

In the first half of this term, the global economy encountered downward pressure exacerbated by soaring resource and energy prices, the tight supply of semiconductors and other components, and supply chain disruptions due to developments that include the spread of the Omicron variant, the conflict between Russia and Ukraine, and prolonged lockdowns in China.

However, with demand for our products having been generally firm in this environment, we made every effort to supply products as we addressed the shortage of semiconductors and other components through measures that have included changing product designs to enable use of alternative parts and expanding the supplier base. As a result, we achieved growth in sales of office multifunction devices (MFDs) and laser printers amid recovery in the percentage of people coming into the office, as well as an increase in unit sales of inkjet printers underpinned by stable home-use demand. As for interchangeable-lens digital cameras, mirrorless cameras continued to perform well and sales of interchangeable lenses increased. We also grew sales of network cameras. In addition, sales of medical equipment exceeded those of the previous year amid steady progress in securing orders. Sales of semiconductor lithography equipment increased against a backdrop of healthy capital investment among our customers.

Consolidated net sales for the first half of this term increased by 8.9% year on year and consolidated operating profit increased by 18.1%, reflecting not only solid sales, but also depreciation of the yen. Consolidated net income attributable to Canon Inc. for the first half of this term decreased by 0.6% year on year to 105.0 billion yen as a result of rapid depreciation of yen and subsequent recognition of valuation losses under other expenses upon conversion of foreign currency denominated debt associated with intercompany loans of the parent company.

For the interim dividend for this term, we decided to pay 60.00 yen per share.

We have achieved steady performance, though it has been a year and a half since embarking on Phase VI of the “Excellent Global Corporation Plan” amid a state of worldwide turmoil stemming from the COVID-19 pandemic. Despite an outlook of uncertainty with respect to the business environment surrounding us, we aim to harness the efforts of the entire company in further improving our performance and increasing our corporate value under our basic policy of “accelerating our corporate portfolio transformation by improving productivity and creating new businesses.”

We look forward to our shareholders’ continued support and encouragement.

August, 2022

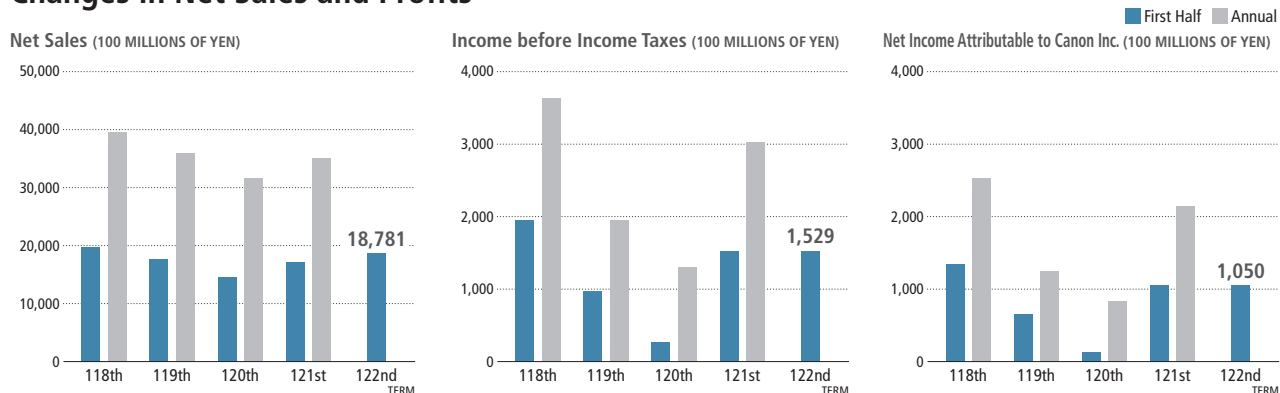
Chairman & CEO **FUJIO MITARAI**



Highlights of Consolidated Results

- In the first half of this term, despite accelerating inflation and mounting future global economic uncertainty, demand for our products was firm and we made every effort to supply products by addressing the shortage of components through measures that involved changing designs and procuring alternative parts. As a result, consolidated net sales for the first half of this term increased by 8.9% year on year.
- Consolidated operating profit increased by 18.1% in part due to firm sales and also as a result of efforts to control costs and expenses even amid soaring material and logistical costs. Consolidated net income attributable to Canon Inc. for the first half of this term decreased by 0.6% year on year to 105.0 billion yen as a result of rapid depreciation of yen and subsequent recognition of valuation losses under other expenses upon conversion of foreign currency denominated debt associated with intercompany loans of the parent company.

Changes in Net Sales and Profits



Constitution of Sales by Operations (100 MILLIONS OF YEN)

Industrial and Others Business Unit

14.4%

Sales 2,695
Increased by 2.6% from the First Half of the Previous Term

Medical Business Unit

12.6%

Sales 2,364
Increased by 0.1% from the First Half of the Previous Term

Total

Sales 18,781
Increased by 8.9% from the First Half of the Previous Term

Printing Business Unit

57.1%

Sales 10,723
Increased by 11.8% from the First Half of the Previous Term

Imaging Business Unit

19.1%

Sales 3,581
Increased by 12.4% from the First Half of the Previous Term

Printing Business Unit

Office Multifunction Devices (MFDs), Document Solutions, Laser Multifunction Printers (MFPs), Laser Printers, Inkjet Printers, Image Scanners, Calculators, Digital Continuous Feed Presses, Digital Sheet-Fed Presses, Large Format Printers

Imaging Business Unit

Interchangeable-Lens Digital Cameras, Interchangeable Lenses, Digital Compact Cameras, Compact Photo Printers, Network Cameras, Video Management Software, Video Content Analytics Software, Digital Camcorders, Digital Cinema Cameras, Broadcast Equipment, Multimedia Projectors

Medical Business Unit

Computed Tomography (CT) Systems, Diagnostic Ultrasound Systems, Diagnostic X-ray Systems, Magnetic Resonance Imaging (MRI) Systems, Clinical Chemistry Analyzers, Digital Radiography Systems, Ophthalmic Equipment

Industrial and Others Business Unit

Semiconductor Lithography Equipment, FPD (Flat Panel Display) Lithography Equipment, OLED Display Manufacturing Equipment, Vacuum Thin-Film Deposition Equipment, Die Bonders, Handy Terminals, Document Scanners

Note: The totals do not amount to 100% because the consolidated sales of each business unit include the sales relating to intersegment transactions.

Printing Business Unit

In office MFDs, sales increased amid firm demand accompanying recovery in the number of people coming into the office. As for laser printers and inkjet printers, we have achieved unit sales growth as remote office and work-from-home arrangements have taken hold. In commercial printing, sales increased on both a unit and a monetary basis amid strong orders for our large printing equipment such as continuous feed and sheet-fed presses.

As a result, sales for this business unit for the first half of this term increased by 11.8% on a consolidated basis, in comparison to the first half of the previous term.

Imaging Business Unit

As for interchangeable-lens digital cameras, in addition to continued strong sales of full-frame mirrorless models, in particular the EOS R5 and EOS R6 that were released two years ago and the EOS R3 that was released last year, we increased unit sales of interchangeable lenses by enhancing their lineup. And in the expanding market for network cameras, we significantly increased sales by offering products that capture user needs.

As a result, sales for this business unit for the first half of this term increased by 12.4% on a consolidated basis, in comparison to the first half of the previous term.

Medical Business Unit

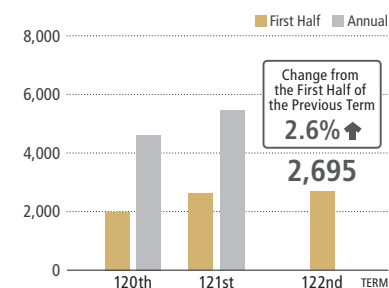
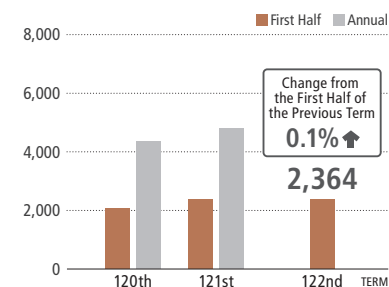
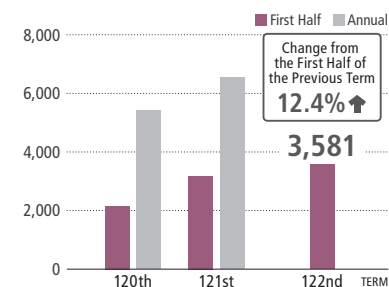
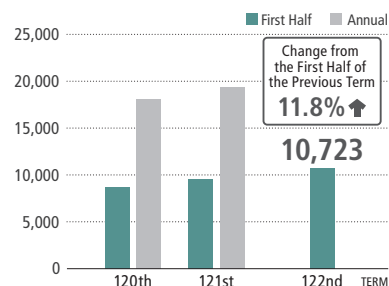
As for medical equipment, amid recovering demand for large diagnostic imaging systems, particularly in Europe and the United States, we recorded an increase in sales for the eighth consecutive quarter in the United States, which is positioned as a key market. Consolidated net sales in this business unit exceeded those of the first half of the previous term and orders were at record-high levels, which will boost sales in the second half.

Industrial and Others Business Unit

As for semiconductor lithography equipment, we significantly grew unit sales against a backdrop of surging data traffic linked to 5G and increasing capital investment due to the growing use of AI and spread of IoT. As for FPD lithography equipment, though we posted lower unit sales compared to the first half of the previous term during which we recovered from the delay in installation caused by the spread of COVID-19, demand was firm.

As a result, sales for this business unit for the first half of this term increased by 2.6% on a consolidated basis, in comparison to the first half of the previous term.

Change in Sales (100 MILLIONS OF YEN)





CT systems that contribute to improved diagnostic capability with high-resolution images and examinations with even lower radiation exposure



In network cameras, sales rose substantially, owing to enhanced sales activities against a backdrop of a diversifying applications



In commercial printing, continuous market growth is expected due to the ongoing digital transition



The EOS R5 mirrorless camera and expanded product lineup of RF lenses are enjoying strong sales



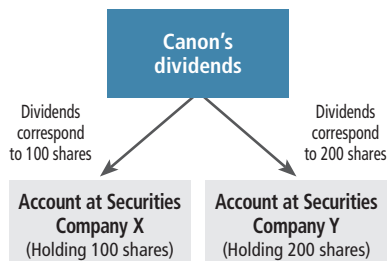
In FPD lithography equipment, demand is expected to remain firm due to capital investment from panel manufacturers

For Shareholders who Receive Dividends by Exchanging a “Receipt of Dividend” (Guidance for the Direct Deposit of Dividends into an Account)

We recommend the direct deposit of dividends into an account as a safer and more expeditious way to receive dividends. Please select one of the three ways to have dividends deposited into an account that are outlined below.

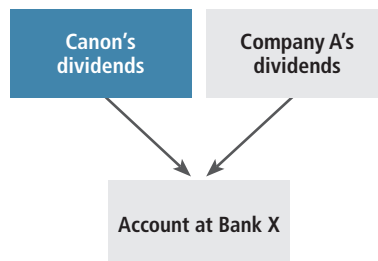
System of allocating dividends to securities company accounts in proportion to the number of shares held in respective accounts

With this method, the shareholders are able to receive dividends for each account they have with a securities company in proportion to the number of shares they hold.



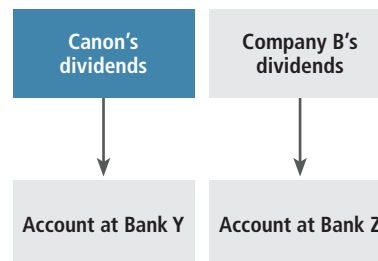
System of receiving dividends in the account registered for receipt of dividends

With this method, the shareholders are able to receive dividends for all of the issues they hold through one designated account with a financial institution.



System of designating an account for each issue held

With this method, the shareholders are able to designate the account that the dividends will be transferred to for each issue they hold.



For information regarding procedures:

If you hold shares through a securities company, please contact the securities company where you have an account.

If you don't hold shares through a securities company, please contact Mizuho Trust & Banking Co., Ltd.

Share Handling Procedures

For inquiries	If you hold shares through a securities company:	If you don't hold shares through a securities company ^(*) :
Address change	Please contact the securities company where you have an account.	Please contact Mizuho Trust & Banking Co., Ltd.
Requests for purchase or sale of shares less than one unit		
Changing the method for receiving dividends		
How to receive non-received dividends	Stock Transfer Agency Department of Mizuho Trust & Banking Co., Ltd. 8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-8507 0120-288-324 (Toll free, available in Japan only) Operating hours: 9:00 – 17:00 (Monday – Friday, except national holidays)	

* For the sale of shares, it is necessary to carry out procedures for the transfer of such shares to an account at a securities company etc. Should you have any inquiries about such procedures, please contact Mizuho Trust & Banking Co., Ltd.