
Canon Inc.

FY 2023 Results

January 30, 2024

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Review of 2023

- Global economic slowdown also impacted our markets, strengthening trends of delayed purchasing and inventory reduction
- Even amid economic slowdown, new businesses (Medical, Network cameras, Commercial printing) and Semiconductor lithography equipment, posted solid sales growth
- Price competition surrounding printers intensified as competitor supply shortages are alleviated.
- Demand for office MFDs and cameras remained firm
- Parts shortage and logistical constraints resolved, progress made in cost reduction
- And with the additional support of yen depreciation, achieved third consecutive year of sales and profit growth and level of net sales second only to 2007

Key Message

(4Q/FY 2023 Results)

(Billions of yen)	4Q			Full Year				
	2023 Actual	2022 Actual	% Change	2023 Actual	2022 Actual	% Change	2023 Previous Projection	Amount Change
Net Sales	1,163.7	1,157.2	+0.6%	4,181.0	4,031.4	+3.7%	4,220.0	-39.0
Gross Profit (% of Net Sales)	548.1 47.1%	518.3 44.8%	+5.7%	1,968.9 47.1%	1,827.8 45.3%	+7.7%	1,998.0 47.3%	-29.1
Op. Expenses (% of Net Sales)	432.1 37.1%	421.0 36.4%		1,593.5 38.1%	1,474.4 36.5%		1,598.0 37.8%	+4.5
Op. Profit (% of Net Sales)	116.0 10.0%	97.3 8.4%	+19.2%	375.4 9.0%	353.4 8.8%	+6.2%	400.0 9.5%	-24.6
IBT	114.8	120.5	-4.7%	390.8	352.4	+10.9%	425.0	-34.2
Net Income (% of Net Sales)	80.6 6.9%	84.8 7.3%	-5.0%	264.5 6.3%	244.0 6.1%	+8.4%	292.0 6.9%	-27.5
USD	147.93	141.46		140.85	131.66		140.11	
EUR	159.16	144.34		152.20	138.42		151.13	

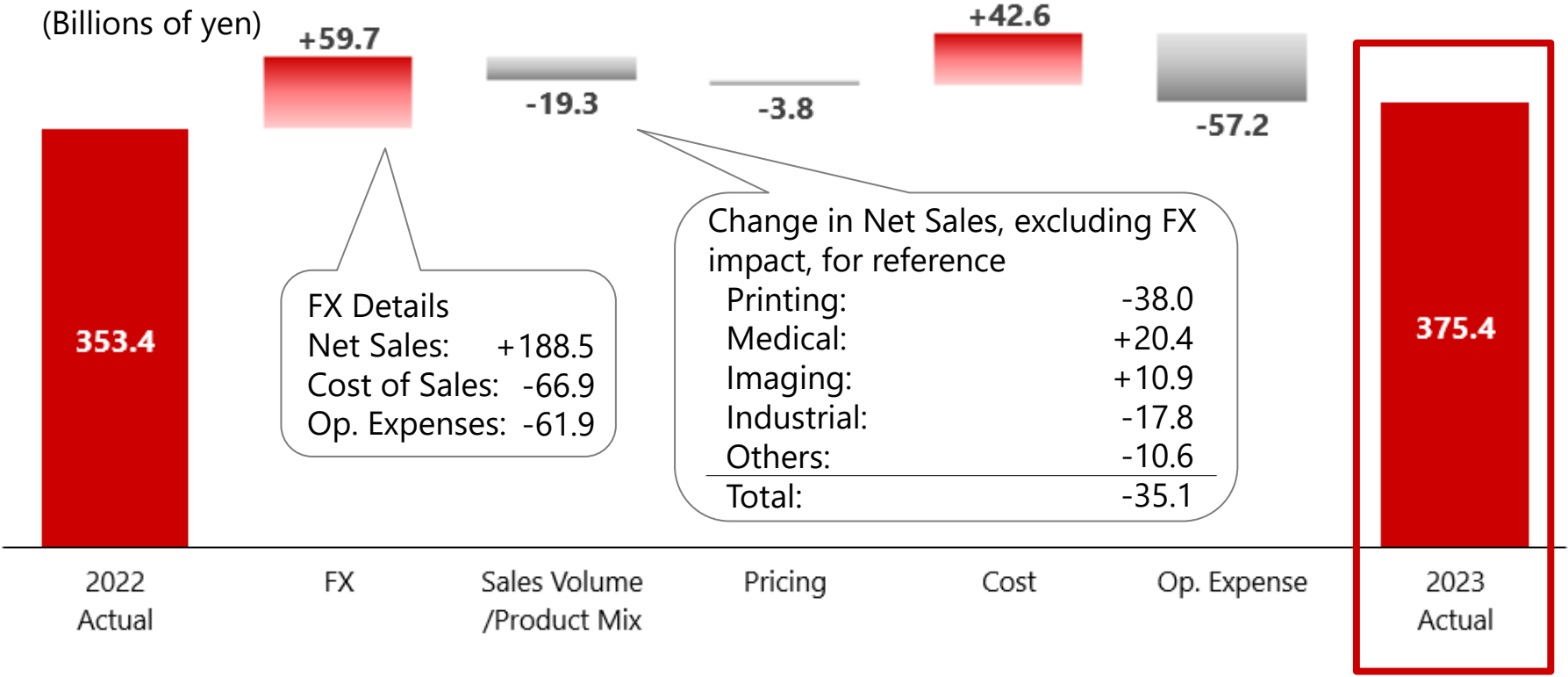
FY 2023 Financial Results by Business Unit

(Billions of yen)		4Q			Full Year				
		2023 Actual	2022 Actual	% Change	2023 Actual	2022 Actual	% Change	2023 Previous Projection	Amount Change
Printing	Net Sales	642.6	640.2	+0.4%	2,346.1	2,272.6	+3.2%	2,342.8	+3.3
	Op. Profit	72.4	51.9	+39.5%	228.3	212.4	+7.5%	241.4	-13.1
	(%)	(11.3%)	(8.1%)		(9.7%)	(9.3%)		(10.3%)	
Medical	Net Sales	164.2	150.8	+8.9%	553.8	513.3	+7.9%	561.8	-8.0
	Op. Profit	13.7	10.0	+37.8%	31.6	31.0	+2.1%	36.8	-5.2
	(%)	(8.4%)	(6.6%)		(5.7%)	(6.0%)		(6.6%)	
Imaging	Net Sales	229.3	242.4	-5.4%	861.6	803.5	+7.2%	901.0	-39.4
	Op. Profit	33.7	44.3	-23.9%	145.6	126.6	+15.0%	156.2	-10.6
	(%)	(14.7%)	(18.3%)		(16.9%)	(15.8%)		(17.3%)	
Industrial	Net Sales	99.0	95.5	+3.7%	314.7	329.2	-4.4%	315.2	-0.5
	Op. Profit	23.3	13.4	+74.5%	58.6	58.0	+1.0%	59.4	-0.8
	(%)	(23.6%)	(14.0%)		(18.6%)	(17.6%)		(18.8%)	
Others & Corporate	Net Sales	48.4	55.2	-12.3%	189.8	212.3	-10.6%	194.3	-4.5
	Op. Profit	-26.3	-20.8	-	-86.3	-73.8	-	-92.5	+6.2
Eliminations	Net Sales	-19.8	-26.9	-	-85.0	-99.5	-	-95.1	+10.1
	Op. Profit	-0.8	-1.5	-	-2.4	-0.8	-	-1.3	-1.1
Total	Net Sales	1,163.7	1,157.2	+0.6%	4,181.0	4,031.4	+3.7%	4,220.0	-39.0
	Op. Profit	116.0	97.3	+19.2%	375.4	353.4	+6.2%	400.0	-24.6
	(%)	(10.0%)	(8.4%)		(9.0%)	(8.8%)		(9.5%)	

Note: From the fourth quarter ending December 31, 2022, lithography equipment and industrial equipment, businesses that were included in Industry & Others, were classified as Industrial and the other businesses were added to corporate expenses. Additionally, from 2023, a business, which was previously included in Others & Corporate, was added to Printing, and the results of 2022 were reclassified to conform to the current presentation.

FY 2023 Operating Profit Analysis

(FY 2023 Actual versus FY 2022 Actual)



2024 Outlook

- Uncertainty surrounding global economy remains high, pace of economy growth assumed slower than last year
- Expanding need for Semiconductor lithography equipment, Medical, Network cameras and Commercial printing drives market growth this year as well
- Aiming to expand sales through office MFD and printer share gain
- In addition to cost reduction, initiate project to thoroughly review cost structure
- Aiming for fourth consecutive year of sales and profit growth as well as 10% operating profit ratio
- Plan to raise dividend by 10 yen to 150 yen per share
- Established 100 billion yen quota to acquire own shares

FY 2024 Financial Projection

(Full Year)

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

Impact of exchange rate movement (Annual impact given a one yen change)		
	Net Sales	Op. Profit
USD	12.6 billion yen	3.0 billion yen
EUR	6.7 billion yen	3.0 billion yen

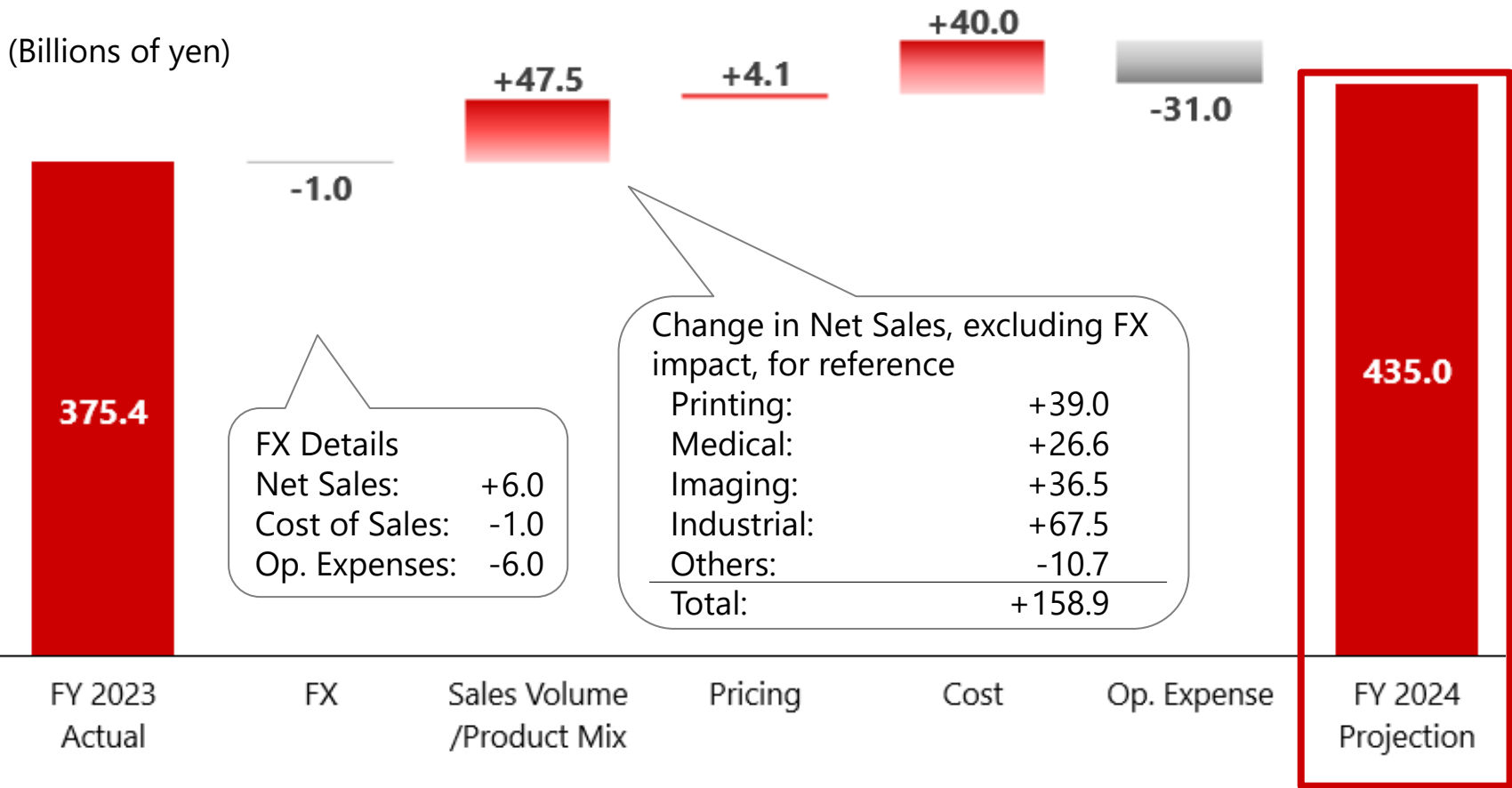
FY 2024 Financial Projection by Business Unit

(Full Year)

(Billions of yen)		FY 2024 Projection	FY 2023 Actual	% Change
Printing	Net Sales	2,389.0	2,346.1	+1.8%
	Op. Profit	255.9	228.3	+12.1%
	(%)	(10.7%)	(9.7%)	
Medical	Net Sales	582.0	553.8	+5.1%
	Op. Profit	46.0	31.6	+45.3%
	(%)	(7.9%)	(5.7%)	
Imaging	Net Sales	900.8	861.6	+4.5%
	Op. Profit	147.2	145.6	+1.1%
	(%)	(16.3%)	(16.9%)	
Industrial	Net Sales	383.0	314.7	+21.7%
	Op. Profit	72.3	58.6	+23.4%
	(%)	(18.9%)	(18.6%)	
Others & Corporate	Net Sales	184.0	189.8	-3.1%
	Op. Profit	-86.4	-86.3	-
Eliminations	Net Sales	-88.8	-85.0	-
	Op. Profit	0.0	-2.4	-
Total	Net Sales	4,350.0	4,181.0	+4.0%
	Op. Profit	435.0	375.4	+15.9%
	(%)	(10.0%)	(9.0%)	

FY 2024 Operating Profit Analysis

(FY 2024 Projection versus FY 2023 Actual)



Inventory

- Reduced to same level as 2021, due to lower parts orders and expanded sales in fourth quarter
- In 2024, reduce work-in-process to achieve optimal level of below 60 days

(Billions of yen)

		FY 2022				FY 2023			
		Mar.-end	Jun.-end	Sep.-end	Dec.-end	Mar.-end	Jun.-end	Sep.-end	Dec.-end
Printing	Amt.	324.7	353.6	408.1	366.8	372.5	387.5	377.6	312.6
	Days	58	60	67	56	57	62	60	47
Medical	Amt.	120.5	129.4	137.7	128.3	136.3	143.1	150.9	125.9
	Days	89	100	103	85	88	102	107	77
Imaging	Amt.	117.1	126.6	143.6	137.6	163.6	173.3	184.6	168.4
	Days	63	64	65	56	69	77	77	68
Industrial	Amt.	117.8	133.8	137.4	124.0	133.0	140.0	142.8	132.9
	Days	131	166	152	124	154	187	170	136
Others & Corporate	Amt.	53.1	54.7	57.1	51.6	53.4	54.2	58.0	57.1
Total	Amt.	733.2	798.1	883.9	808.3	858.8	898.1	913.9	796.9
	Days	73	78	81	69	74	82	82	66

Cash Flow

(Full Year)

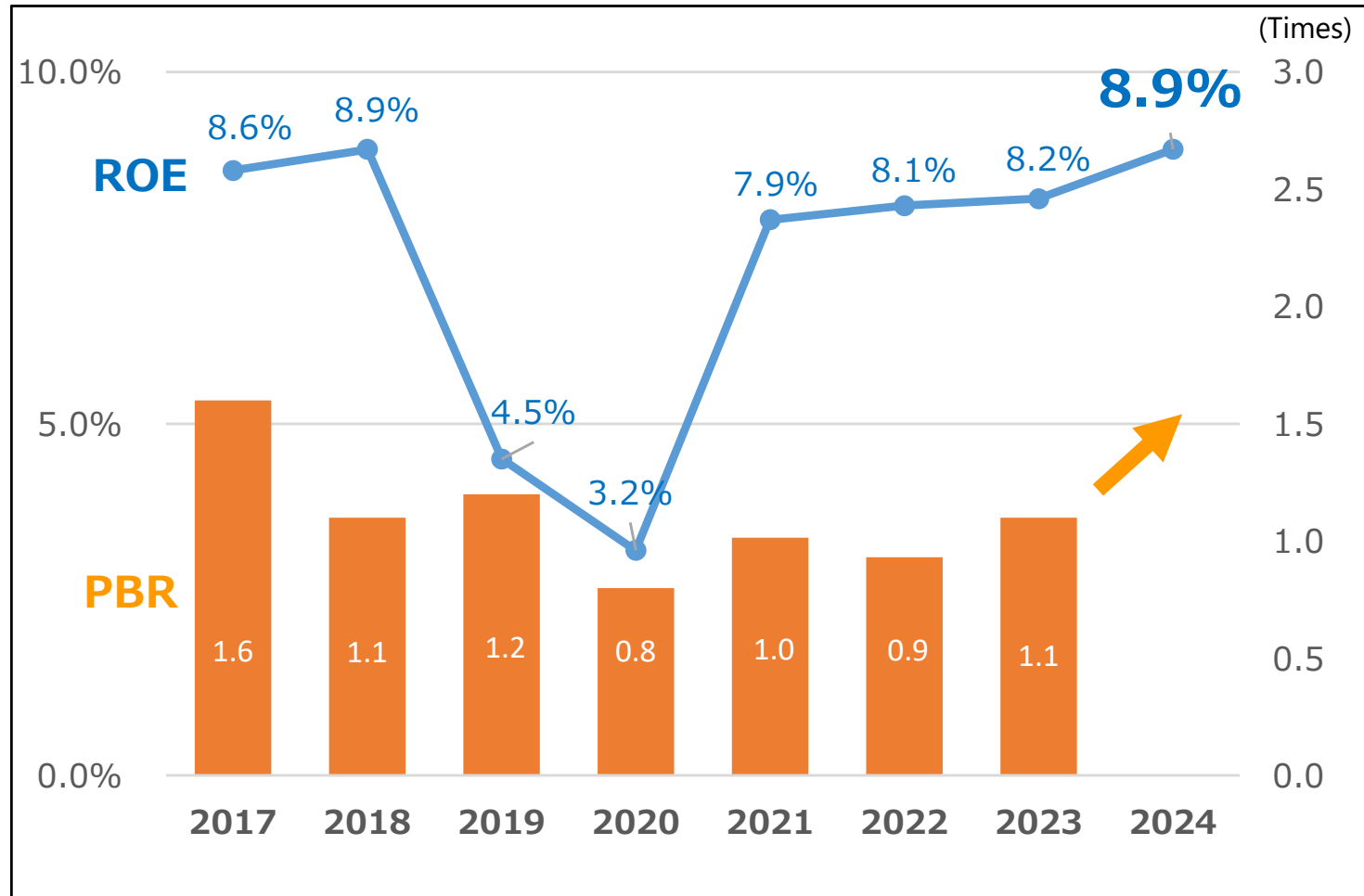
- Increase operating CF to carry out growth investment, enhance shareholder returns, and repay debt

(Billions of yen)	FY 2024 Projection	FY 2023 Actual	FY 2022 Actual
Net income	305.0	264.5	244.0
Depreciation and amortization	240.0	238.7	226.5
Others	17.5	-52.0	-207.9
Net cash provided by operating activities	562.5	451.2	262.6
Capital expenditure	-240.0	-231.7	-183.3
Others	0.0	-43.7	2.5
Net cash used in investing activities	-240.0	-275.4	-180.8
Free cash flow	322.5	175.8	81.8
Net cash provided by (used in) financing activities	-345.0	-156.7	-146.8
Effect of exchange rate changes on cash and cash equivalents	-3.8	20.1	25.7
Net change in cash and cash equivalents	-26.3	39.2	-39.3
Cash and cash equivalents at end of period	375.0	401.3	362.1
Cash-on-hand (In months of Net sales) (See note below)	1.0	1.1	1.0

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

ROE

- Improve profitability, reduce assets, and effectively utilize debt to achieve 8.9% ROE

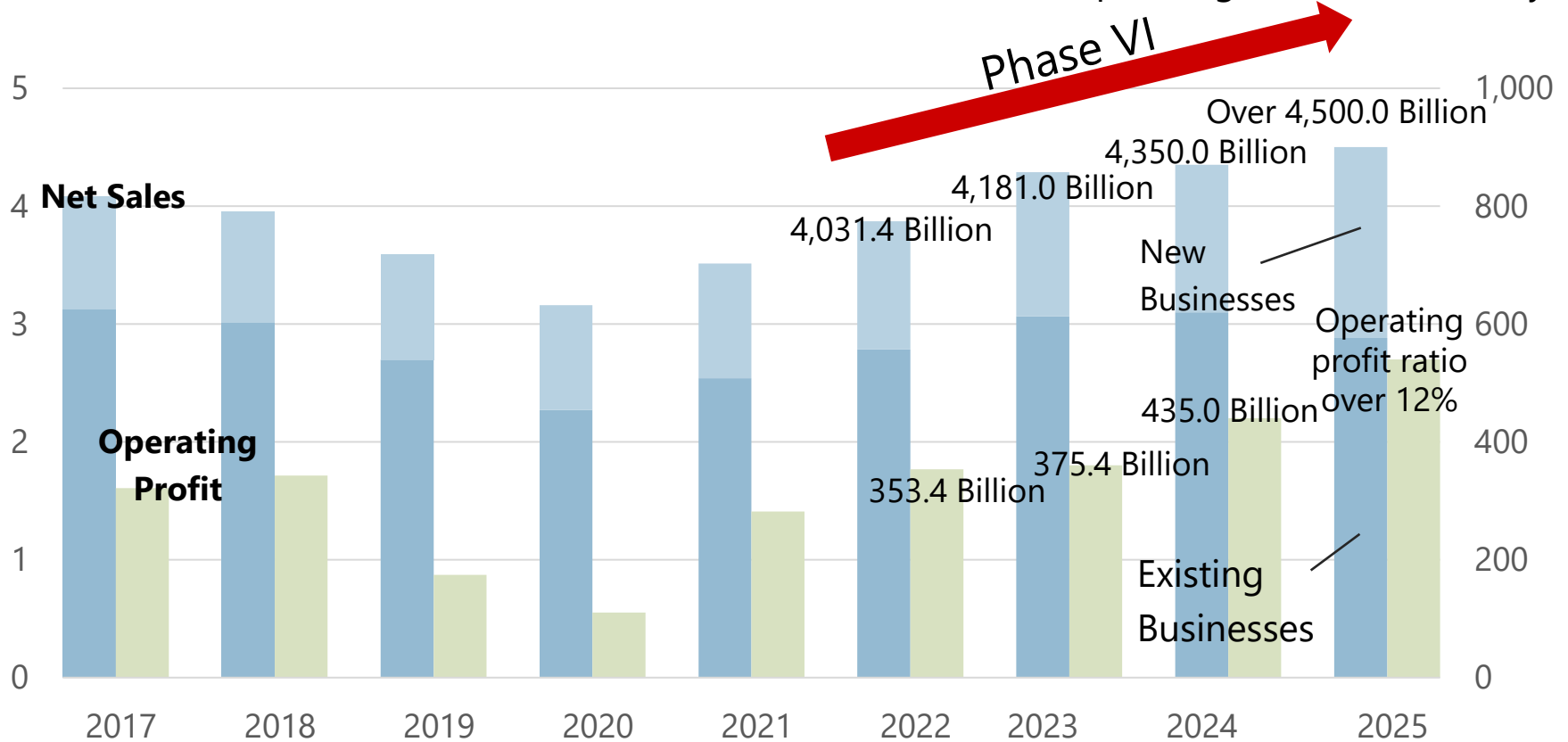


Excellent Global Corporation Plan Phase VI

- New businesses drove growth in 2023 as well, now 28% of total revenue
- Achieve fourth consecutive year of sales and profit growth, which will lead to achievement of 2025 targets

(Net Sales: Trillions of yen)

(Operating Profit: Billions of yen)



Supplementary Information

Printing

Net Sales & Net Sales Growth Rate Y/Y

(Billions of yen)

	4Q			Full Year					Full Year		
	2023 Actual	2022 Actual	% Change	2023 Actual	2022 Actual	% Change	2023 Previous Projection	Amount Change	2024 Projection	% Change	
Production	119.2	108.0	+10.4%	401.6	362.4	+10.8%	397.0	4.6	413.8	+3.0%	
Office	Office MFDs	170.5	164.5	+3.6%	622.2	567.8	+9.6%	620.7	1.5	627.5	+0.9%
	Others	96.9	87.2	+11.1%	364.1	321.1	+13.4%	363.7	0.4	369.3	+1.4%
		267.4	251.7	+6.2%	986.3	888.9	+11.0%	984.4	1.9	996.8	+1.1%
Prosumer	LPs	162.4	173.3	-6.3%	608.9	651.2	-6.5%	600.0	8.9	626.9	+3.0%
	IJPs	93.6	107.2	-12.7%	349.3	370.1	-5.6%	361.4	-12.1	351.5	+0.6%
		256.0	280.5	-8.7%	958.2	1,021.3	-6.2%	961.4	-3.2	978.4	+2.1%
Net Sales	642.6	640.2	+0.4%	2,346.1	2,272.6	+3.2%	2,342.8	3.3	2,389.0	+1.8%	
Op. Profit	72.4	51.9	+39.5%	228.3	212.4	+7.5%	241.4	-13.1	255.9	+12.1%	
%	11.3%	8.1%		9.7%	9.3%		10.3%		10.7%		

Net Sales Growth Rate Y/Y (Local Currency)

	2023		2024
	4Q	Full Year	Projection
Production	+3.6%	+3.1%	+2.7%
Office	+1.9%	+5.9%	+0.7%
Prosumer	-11.8%	-9.8%	+2.6%
Total	-3.8%	-1.6%	+1.8%

Unit Growth Rate Y/Y

	2023		2024
	4Q	Full Year	Projection
Office MFDs	-11%	+3%	+1%
LPs	-34%	-26%	+13%
IJPs	-14%	-11%	+2%

Net Sales Growth Rate of Printing Hardware & Non-hardware

			FY 2024	FY 2023		FY 2022	
			Full Year Projection	4Q Actual	Full Year Actual	4Q Actual	Full Year Actual
Production	JPY	Hardware	+7%	+13%	+11%	+29%	+30%
		Non-hardware	+1%	+8%	+11%	+26%	+23%
	LC	Hardware	+7%	+7%	+3%	+12%	+15%
		Non-hardware	+1%	+2%	+3%	+9%	+10%
Office MFDs	JPY	Hardware	+1%	+3%	+12%	+50%	+30%
		Non-hardware	0%	+4%	+7%	+13%	+10%
	LC	Hardware	0%	-2%	+5%	+31%	+17%
		Non-hardware	0%	-1%	+2%	+2%	+2%
LPs	JPY	Hardware	+7%	-30%	-10%	+33%	+34%
		Non-hardware	+1%	+13%	-4%	+8%	+6%
	LC	Hardware	+8%	-33%	-15%	+16%	+19%
		Non-hardware	+2%	+10%	-6%	-1%	-2%
IJPs	JPY	Hardware	+1%	-22%	-14%	+43%	+34%
		Non-hardware	+1%	-4%	+2%	+11%	-7%
	LC	Hardware	+1%	-26%	-18%	+27%	+21%
		Non-hardware	0%	-8%	-4%	0%	-15%

Note: From 2023, a business, which was previously included in Others & Corporate and Office MFDs, was added to IJPs, and the results of 2022 were reclassified to conform to the current presentation.

Medical

Net Sales & Net Sales Growth Rate Y/Y

(Billions of yen)

	4Q			Full Year					Full Year	
	2023 Actual	2022 Actual	% Change	2023 Actual	2022 Actual	% Change	2023 Previous Projection	Amount Change	2024 Projection	% Change
Net Sales	164.2	150.8	+8.9%	553.8	513.3	+7.9%	561.8	-8.0	582.0	+5.1%
Op. Profit	13.7	10.0	+37.8%	31.6	31.0	+2.1%	36.8	-5.2	46.0	+45.3%
%	8.4%	6.6%		5.7%	6.0%		6.6%		7.9%	

Net Sales Growth Rate Y/Y (Local Currency)

	2023		2024
	4Q	Full Year	Projection
Total	+4.9%	+4.0%	+4.8%

Imaging

Net Sales & Net Sales Growth Rate Y/Y

(Billions of yen)

	4Q			Full Year					Full Year	
	2023 Actual	2022 Actual	% Change	2023 Actual	2022 Actual	% Change	2023 Previous Projection	Amount Change	2024 Projection	% Change
Cameras	154.0	149.2	+3.2%	544.6	509.7	+6.8%	551.5	-6.9	565.0	+3.7%
Network Cameras & Others	75.3	93.2	-19.3%	317.0	293.8	+7.9%	349.5	-32.5	335.8	+5.9%
Net Sales	229.3	242.4	-5.4%	861.6	803.5	+7.2%	901.0	-39.4	900.8	+4.5%
Op. Profit	33.7	44.3	-23.9%	145.6	126.6	+15.0%	156.2	-10.6	147.2	+1.1%
%	14.7%	18.3%		16.9%	15.8%		17.3%		16.3%	

Net Sales Growth Rate Y/Y (Local Currency)

	2023		2024
	4Q	Full Year	Projection
Cameras	-2.1%	+0.9%	+3.8%
NWCs & Others	-24.2%	+0.3%	+5.1%
Total	-10.6%	+0.7%	+4.2%

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

	2023		2024
	4Q	Full Year	Projection
Units (Millions)	0.80	2.88	2.80
Growth Rate	-6%	+1%	-3%

Industrial

Net Sales & Net Sales Growth Rate Y/Y

(Billions of yen)

	4Q			Full Year					Full Year	
	2023 Actual	2022 Actual	% Change	2023 Actual	2022 Actual	% Change	2023 Previous Projection	Amount Change	2024 Projection	% Change
Optical Equipment	68.9	75.6	-8.9%	212.6	240.4	-11.6%	215.0	-2.4	252.8	+18.9%
Industrial Equipment	30.1	19.9	+51.3%	102.1	88.8	+15.0%	100.2	1.9	130.2	+27.5%
Net Sales	99.0	95.5	+3.7%	314.7	329.2	-4.4%	315.2	-0.5	383.0	+21.7%
Op. Profit	23.3	13.4	+74.5%	58.6	58.0	+1.0%	59.4	-0.8	72.3	+23.4%
%	23.6%	14.0%		18.6%	17.6%		18.8%		18.9%	

Net Sales Growth Rate Y/Y (Local Currency)

	2023		2024
	4Q	Full Year	Projection
Opt. Equip.	-10.6%	-12.7%	+18.7%
Industrial Equip.	+49.9%	+14.3%	+27.2%
Total	+2.0%	-5.4%	+21.4%

Lithography Equipment (Units)

		2023		2024
		4Q	Full Year	Projection
Semiconductor	KrF	17	56	63
	i-line	49	131	184
		66	187	247
FPD		7	25	26

FY 2023 Operating Profit Analysis

(FY 2023 Actual versus FY 2023 Previous Projection)

