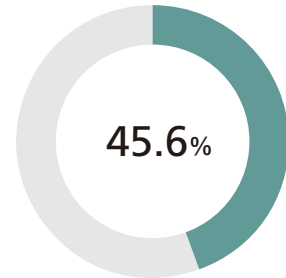


AT A GLANCE

OFFICE BUSINESS UNIT

Composition of Sales (%)



Office multifunction devices (MFDs)



Laser printer based MFDs



Digital sheet-fed presses (Inkjet)



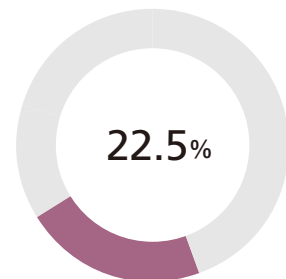
Digital sheet-fed presses (Electrophotographic)

Main Products

- Office multifunction devices (MFDs)
- Laser printer based MFDs
- Laser printers
- Digital continuous feed presses
- Digital sheet-fed presses
- Wide-format printers
- Document solutions

IMAGING SYSTEM BUSINESS UNIT

Composition of Sales (%)



Interchangeable-lens digital cameras
—Mirrorless cameras



Interchangeable-lens digital cameras
—Digital SLR cameras



Inkjet printers



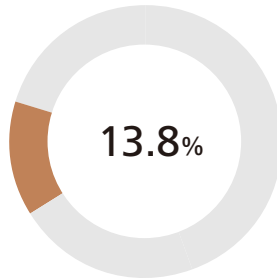
Large format inkjet printers

Main Products

- Interchangeable-lens digital cameras
- Digital compact cameras
- Interchangeable lenses
- Compact photo printers
- Inkjet printers
- Large format inkjet printers
- Commercial photo printers
- Image scanners
- Calculators

Note: The percentage figures for the four business units presented in the pie charts above do not add up to 100% because "Eliminations," recorded in consolidation accounting, were not included in calculation considerations.

Composition of Sales (%)



Main Products

- Digital radiography systems
- Diagnostic X-ray systems
- Computed tomography (CT) systems
- Magnetic resonance imaging (MRI) systems
- Diagnostic ultrasound systems
- Clinical chemistry analyzers
- Ophthalmic equipment



Computed tomography (CT) systems



Diagnostic X-ray systems



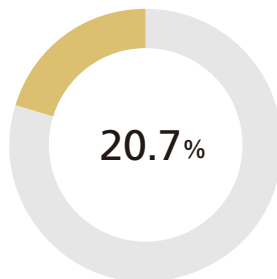
Diagnostic ultrasound systems



Digital radiography systems

MEDICAL SYSTEM BUSINESS UNIT

Composition of Sales (%)



Main Products

- Semiconductor lithography equipment
- FPD (Flat panel display) lithography equipment
- Vacuum thin-film deposition equipment
- Organic LED (OLED) panel manufacturing equipment
- Die bonders
- Network cameras
- Digital camcorders
- Digital cinema cameras
- Multimedia projectors
- Broadcast equipment
- Micromotors
- Handy terminals
- Document scanners



Semiconductor lithography equipment



FPD (Flat panel display) lithography equipment



Organic LED (OLED) panel manufacturing equipment



Network cameras

INDUSTRY AND OTHERS BUSINESS UNIT

RESEARCH & DEVELOPMENT

Canon is perpetually strengthening R&D as a company possessing a corporate DNA that places high importance on technology to differentiate itself from competitors.



Canon's crowd people counting technology utilizes AI to detect and count the number of heads, making it possible to count the number of people in a crowd in real time.

R&D Expenses and Patents

Canon focuses on R&D through strengthening fundamental technologies and creating core competency technologies, in order to provide innovative products and services to society. In 2020, R&D expenses amounted to ¥272.3 billion, and the ratio of R&D expenses to net sales was 8.6%. This focus on R&D has also cemented Canon's leading position in the intellectual property field. In 2020, Canon was granted 3,225 patents in the United States, the third highest among all companies. This also represents a first place ranking among Japanese companies for 16 consecutive years.

Initiatives to Establish New Businesses

Guided by a long-term perspective, Canon focuses on discovering new technologies for the future.

Canon develops world's first 1-megapixel SPAD image sensor

Canon has developed the world's first* single photon avalanche diode (SPAD) image sensor with signal-amplifying pixels capable of capturing 1-megapixel images. Featuring a high time resolution of around 20-30 picoseconds (1 picosecond is 1 trillionth of a second), the sensor has the potential to contribute to the analysis of various phenomena by capturing events that happen incredibly fast within an extremely short time frame, like lightning strikes or chemical reactions that cannot be observed with precision by the naked eye. It could also be useful for vehicle distance measurement for self-driving automobiles and grasping 3D spatial information for xR (including augmented reality, mixed reality, and virtual reality) and similar devices.

* Among SPAD sensors. As of June 23, 2020. Based on Canon research.

Development of video content analytic software for mobile robot navigation

Canon has developed vision-based navigation technology, using Visual SLAM, for next-generation automated guided vehicles (AGVs) and autonomous mobile robots (AMRs). The technology simultaneously estimates a position and orientation of a camera and 3D information of its surrounding environment based on video images. Although it is difficult to apply magnetic guidance method and 2D LiDAR-based SLAM to environments where layout changes often occur, our technology enables

mobile robots to move and transport items autonomously even in such environments. Going forward, Canon will look to commercialize next-generation AGVs in partnership with Nidec-Shimpo Corporation, a Nidec Group company. By providing our Visual SLAM and other video analytic technologies to the AGV and AMR, we intend to contribute to improved productivity and accelerating automation in logistics operations.

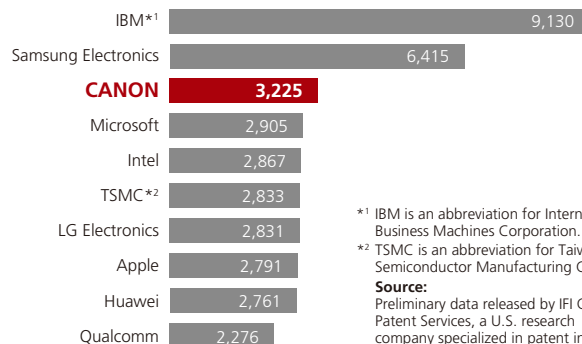
Canon opens Volumetric Video Studio - Kawasaki

Canon has opened the Volumetric Video Studio - Kawasaki, a studio supporting a full creative workflow—from capturing to editing for Free Viewpoint video and 3D content—located at the company's Kawasaki Office, volumetric video is a technology involved in the reconstruction of a 3D space from captured images. Using this system, the images and the entire 3D space are digitized, allowing the creation of video from any position or angle. The system can generate high-detail video and 3D data almost simultaneously with capturing. The studio was first used in 2020 for a live streaming music event. Through video capturing of mainly sports and entertainment events, Canon will provide a whole new kind of visual experience.

Improving the accuracy of facial recognition technology

Canon is focusing on developing powerful face authentication technology as image analysis technology to be applied to network cameras. The face authentication technology is capable of authenticating network camera images captured from an obliquely upward angle, and it is strong against occlusions, for example by face masks, and it is also capable of handling poor-quality images. We will materialize high accurate face authentication with the proper designing of deep-learning and the learning from a very large number of face images.

2020 Top Ten U.S. Patent Holders by Company



*1 IBM is an abbreviation for International Business Machines Corporation.

*2 TSMC is an abbreviation for Taiwan Semiconductor Manufacturing Co Ltd

Source:

Preliminary data released by IFI CLAIMS Patent Services, a U.S. research company specialized in patent information

PRODUCTION

Canon is a corporation that has constantly pursued ultimate perfection in manufacturing. While striving to further improve production-engineering technology such as automation of assembly lines, we also focus on developing human resources armed with outstanding technical skills.



Oita Canon is pursuing in-house production of manufacturing automated assembly machines to maintain highly reliable automated production lines. (Oita, Japan)

Globally Optimized Production

Canon employs a globally optimized production system through which we comprehensively determine the most rational locations to produce our products. This decision hinges on changes in social and economic circumstances and takes into account country or region-specific factors such as costs, tax systems, logistics, ease of procuring parts, and labor. In Japan we are endeavoring to reduce costs by establishing mother factories that integrate development, procurement, production, and manufacturing processes. Meanwhile, in emerging countries and regions we aim to boost productivity by further honing the skills of employees. Canon leverages regional characteristics and manufactures products employing an agile and flexible system that spans the globe.

Automation and In-house Production

Canon endeavors to create original products by actively pursuing the in-house production of not only CMOS sensors and other key devices and components, but also production equipment like automated assembly machines and high-precision processing machines, as well as molding dies. To produce high-quality products at low cost, we aim to establish highly reliable automated production lines with zero human intervention for toner cartridges and we seek to do the same for the manufacturing of cameras up ahead.

In 2020 we pushed ahead with the development of production equipment needed to strengthen production-engineering technology and expand related businesses. Canon Production Printing (CPP) opened a new UVgel ink production facility in Venlo (the Netherlands) to meet growing demand for UVgel ink used in large-format printers for graphic arts market. Furthermore, Canon Mold has been consolidating its six separate plants in Kasama City in Ibaraki Prefecture with the aim of expanding its mold manufacturing business in the future.

Development of Human Resources

Canon is focused on nurturing its most skilled technicians, known as Master Craftsmen, and those who contribute to the advancement of manufacturing with their wide-ranging skills and knowledge of assembly and component processing, known as Meisters. These technicians contribute to the

improvement of Canon's production technology and play a role at the front line of production by passing on their skills to the next generation.

We are also endeavoring to develop technicians and engineers as human resources for manufacturing for the next generation. At the 58th National Skills Competition held in 2020 Canon collected a gold medal in the instrument making skills category.

Initiatives for Environmentally Friendly Manufacturing and Enhanced Product Quality

From product design and development to production, distribution, use, and recycling, throughout the lifecycle of our products in all areas of our business, Canon is engaged in manufacturing initiatives that are friendly to the global environment and minimize environmental impacts. In addition, guided by our mission to guarantee the high quality of our products, "no claims, no trouble," we have drawn up our own quality standards that are even more stringent than ISO9001 or other international quality management standards. This guarantees that our products are safe and provide satisfaction to our customers. We have devised our own unique quality management system to thoroughly comply with quality standards, authentication standards, and relevant laws in each country. We also carry out a severe evaluation with the testing facilities corresponding to those standards.



Production of components for inkjet printers. (Canon Hi-Tech (Thailand), Rachashima Factory)

SALES & MARKETING

Accelerating growth in commercial printing, network cameras, medical and industrial equipment as key drivers of Canon's next-generation business



B to B products including commercial printers are displayed at the Customer Experience center in Switzerland.

Japan

Sales in Japan amounted to ¥806.3 billion, or 25.5% of consolidated net sales.

Sales of inkjet printers increased with more people telecommuting or learning from home because of the impact of COVID-19. In addition, sales of mainly IT products and security services expanded on the back of greater demand among mostly small and medium-sized businesses to build teleworking environments. At the same time, a considerable decline in printing demand owing to fewer people commuting to the office depressed sales of mainstay business equipment such as office MFPs and laser printers. Sales of interchangeable-lens digital cameras decreased due to sharp market contraction largely as a result of fewer opportunities for people to go out.

The Americas

Sales in the Americas amounted to ¥852.5 billion, or 27.0% of consolidated net sales.

Canon U.S.A. handles marketing operations in North, Central, and South America. In the commercial printing market, our high-quality service framework covering all U.S. states has been rated highly by customers, which complements our extensive product lineup of monochrome and color models and continuous-feed and cut-sheet printers. As a new approach to deal with COVID-19, we were swift to develop and introduce software, which allowed compatible Canon EOS and other digital cameras to be used as high quality webcams to meet the demand for higher quality video for remote working and online meetings.

Europe (Europe, Middle East, Africa)

Sales in Europe amounted to ¥ 795.6 billion, or 25.2% of consolidated net sales.

Canon Europe oversees business in the EMEA region - Europe, the Middle East and Africa. Operating in approximately 120 markets, Canon is proposing new products and solutions tailored to customer needs while strengthening its sales network. In 2020, Canon supported local communities including the First Hugs campaign which documented people first interactions. Throughout the pandemic, they also provided photographers and videographers with

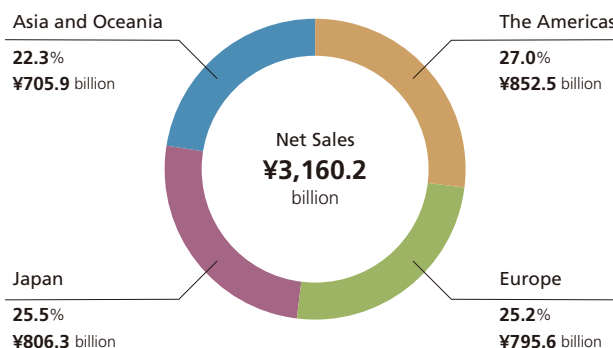
tutorials, knowledge sharing and inspiration through 'Canon Connected'. The group also supported its partners and customers by switching to online and virtual events, including the Future Book Forum.

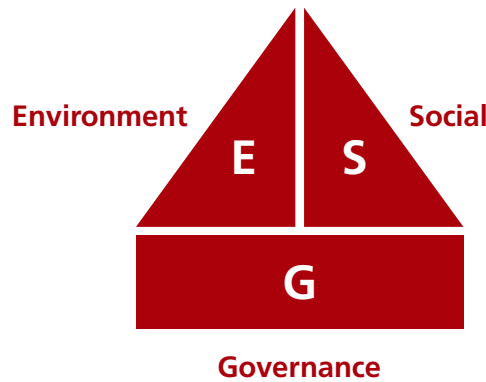
Asia and Oceania

Sales in the Asia and Oceania region amounted to ¥705.9 billion, or 22.3% of consolidated net sales.

The Canon Asia Marketing Group oversees operations in China, South Korea, South Asia, and Southeast Asia. In the B to B domain, it developed and launched sales of IT solutions that leverage facial recognition technology to manage room entry/exiting, visitor reception, meeting room reservations, and printing on MFDs. These solutions are currently used in many different settings, including offices and retail stores, because they can be flexibly customized to meet customer needs. In the B to C field, the Group has undertaken a number of new initiatives such as online product launch events in which anybody can participate and a live streaming e-commerce service enabling two-way communication. We are strengthening brand appeal and boosting sales by creating more opportunities for interaction with customers.

Composition of Sales by Region





Canon adopted *kyosei* as its corporate philosophy in 1988 in an effort to clarify our stance on how we fulfill our responsibilities to society and build solid relationships not only with our customers and business partners, but also with countries, communities, nature, and the global environment. High expectations are placed on corporations as members of society and Canon therefore aims to be a company that not only gives due consideration to people and society, but also contributes to society by leveraging its technological capabilities to create new value, resolve social issues, and engage in activities to preserve and protect the global environment. These activities contribute to the achievement of the Sustainable Development Goals (“SDGs”) adopted by the United Nations in 2015.

In pursuing total optimization of management, Canon

launched its own consolidated earnings assessment system in 1997. During the period of more than 20 years since it was introduced, it has served as a marker of improvement in each of our business divisions and Group companies. The assessment items, which are reviewed annually in accordance with our management policy and in line with current trends, include not only financial results for each department, such as sales and profit, but also environmental activity results. In 2019 we further strengthened the non-financial aspects of the system with the addition of social contribution activity results. By having CSR-related departments evaluate business divisions and Group companies, which in turn generates improvement, the system aims to contribute to the sustained development of the Group as a whole, as well as society.

Environment:

Canon’s Approach

In order to leave the next generation with a natural environment that is still abundant and rich, Canon works together with its stakeholders to implement initiatives that help reduce environmental burdens with a focus on the entire product lifecycle.

Key Activities

- Contributing to a Low-Carbon Society
- Contributing to a Circular Economy
- Eliminating Hazardous Substances and Preventing Pollution
- Contributing to a Society in Harmony with Nature

Social:

Canon’s Approach

As a good corporate citizen, Canon works to resolve social issues with technology and through our business activities by respecting human rights, responsible procurement activities, cultural support, etc.

Key Activities

- Promoting Diversity
- Addressing the Issue of Responsible Minerals Sourcing
- Supporting Art and Culture

Governance:

Canon’s Approach

Canon maintains sound corporate governance as part of efforts to maximize its shareholders’ value and become a truly excellent global corporation.

Key Activities

- Board of Directors, Audit & Supervisory Board, Non-statutory Committees
- Constructive Dialogue with Shareholders

For details, please refer to the Canon Sustainability Report. <https://global.canon/en/csr/report/index.html>



The Canon Eco Technology Park is a hub for the Canon Group's environmental activities. (Ibaraki, Japan)

Environment

Contributing to a Low-Carbon Society

In addition to its own business activities, such as development, production, and sales, Canon monitors the environment impact and CO₂ emission at each stage of a product's lifecycle, including those of suppliers and customers, and works to reduce them.

We are stepping up initiatives with the aim of achieving an average annual improvement of 3% in lifecycle CO₂ emissions improvement index per product—an overall target we set in 2008. As of 2020 we have achieved an average annual improvement of around 4.6%.

We will continue our efforts in view of Carbon Neutrality by 2050, which has been declared by over 100 countries.

Contributing to a Circular Economy

To ensure more efficient use of limited resources and reduce waste, Canon is making products smaller and lighter, and reusing and recycling materials as much as possible. In particular, we are pursuing product-to-product recycling—in other words, recycling used products into new ones, including the remanufacturing of office multifunction devices and the closed-loop recycling of toner cartridges.

Canon currently has five recycling centers in four global regions. The Canon Eco Technology Park, which opened in 2018, strives to realize state-of-the-art resource recycling as a front-runner in the creation of a circular economy.

For example, we have achieved a parts reuse rate (mass ratio) of about 93.8% for every imageRUNNER ADVANCE C3330F-RG

in our Refreshed series of office multifunction devices.

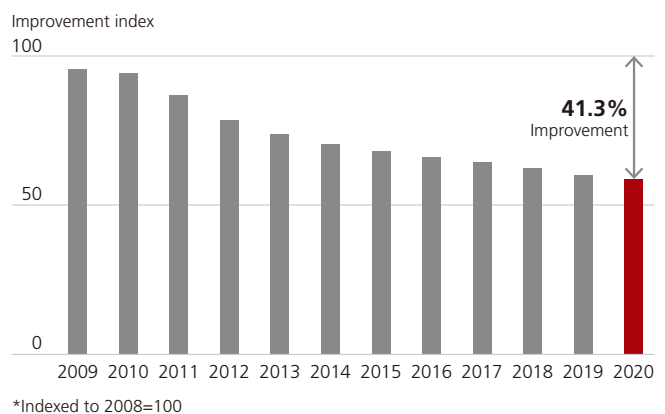
Eliminating Hazardous Substances and Preventing Pollution

Canon thoroughly manages chemical substances in products and those used in manufacturing processes to prevent environmental pollution and adverse effects on people's health. With regard to chemical substances in products, in particular, we have built a Group-wide environmental assurance system and established in-house standards that are in line with the most stringent regulations in the world.

Contributing to a Society in Harmony with Nature

Canon engages in various activities worldwide based on our Biodiversity Policy. As part of these activities and in an effort to engage in the protection of biodiversity across the Canon Group, we globally run the Canon Bird Branch Project at our business sites.

Lifecycle CO₂ Emissions Improvement Index per Product





Five high resolution facsimiles, including the important cultural properties “Kabuki Theater” (drawn by Hishikawa Moronobu), that were produced in Stage 13 of the Tsuzuri Project were donated to the National Institutes for Cultural Heritage.

Social

Diversity Promotion

Under our corporate philosophy of *kyosei*, Canon respects global diversity and actively encourages the fair hiring and promotion of employees, regardless of gender, age, or disability. In 2012, Canon established VIVID, a company-wide horizontally integrated organization tasked with promoting the advancement of female employees, supporting participation in child rearing by male employees, and helping employees skillfully balance work and nursing care.

In conjunction with International Women’s Day in 2020, Group companies in the Middle East and Africa launched the SHE Rise Program designed to support female empowerment in the workplace. Canon Group companies are also taking steps to encourage the active participation of sexual minorities, including those in the LGBT community, as well as employees with disabilities.

Socially Responsible Procurement and Responsible Minerals Sourcing

With the expansion of global supply chains, a number of societal issues relating to human rights and environmental protection have been prominent. Canon engages in socially responsible procurement in cooperation with business partners. Canon joined the Responsible Business Alliance (RBA) in 2019 and started introducing the RBA based assurance program to 37 operational sites and their major suppliers in 2020. Canon files an annual conflict minerals report attaching a third-party assurance with the U.S. Securities and Exchange

Commission. Canon has expanded due diligence of minerals to whole world since 2020.

Social contributions

Canon Inc. established The Canon Institute for Global Studies (CIGS) and The Canon Foundation in 2008 to commemorate Canon’s 70th anniversary.

CIGS analyzes what kind of role Japan ought to play globally. With the goal of disseminating strategic proposals, CIGS facilitates the exchange of knowledge between various researchers from industrial, government, and academic circles. In addition, the Canon Foundation provides grants to assist a broad range of science and technological research with the goal of contributing to the advancement of science and technology. Since 2019, the foundation’s aim has been to create new value for society by supporting research that addresses cutting-edge fields of science and technology.

Furthermore, since 2007, as a company that contributes to the development of visual culture, Canon has operated the Tsuzuri Project (officially named the Cultural Heritage Inheritance Project) to preserve original cultural assets and utilize high-resolution facsimiles with Kyoto Culture Association. By combining Canon’s advanced digital technologies, ranging from input to image processing and output, with the traditional craftsmanship of Kyoto, we have produced and donated high-resolution facsimiles of important Japanese cultural assets, such as folding screens, and handscrolls.



For all company executive officers, the CEO provides updates on earnings progress and important matters to implement in the future as a way to share crucial information.

Governance

Fundamental Policy

In order to establish a sound corporate governance structure and continuously raise corporate value, the Company believes that it is essential to improve management transparency and strengthen management supervising functions.

Governance Structure

Board of Directors

While the focus of the organizational structure of the Board of Directors is on Representative Directors that oversee company-wide business strategies or execution such as the CEO, COO, CFO, CTO, and Representative Directors or Executive Directors that oversee multiple business fields or headquarters functions, in order to secure sound management, an adequate number of at least two or more Independent Outside Directors are appointed. The Board of Directors, in accordance with laws and regulations, makes important decisions and supervises the execution of duties by officers.

Except for the above, the CEO and other Representative Directors are active in decision making and execution, and under the command and supervision of the Representative Directors, Executive Officers that are elected through resolution of the Board of Directors make decisions and execute operations of each business field or function. Currently, the Board of Directors consists of five members, three Representative Directors from inside the Company and two Independent Outside Directors.

Additionally, there will be 40 Executive Officers, including two females and one non-Japanese as of April 1, 2021.

Audit & Supervisory Board

As a body which is in charge of the audit of operations, under the principles of autonomy, which is independent from the Board of Directors, the Company has full-time Audit & Supervisory Board Members that are familiar with the Company's businesses or its management structure, and Independent Outside Audit & Supervisory Board Members that have extensive knowledge in specialized areas such as law, finance and accounting, and internal control. The Audit & Supervisory Board, which is composed of these individuals, cooperates with the Company's accounting auditors and internal audit division, oversees the status of duty execution of operations and corporate assets to secure the soundness of management.

The Audit & Supervisory Board consists of five individuals, three of which are Independent Outside Audit & Supervisory Board Members.

Procedures in the Nomination of Directors etc.

The Company established the "Nomination and Remuneration Advisory Committee," a non-statutory committee, which consists of the CEO, two Independent Outside Directors, and one Independent Outside Audit & Supervisory Board Member. At the time, Director and Audit & Supervisory Board Member candidates are nominated and Executive Officers are appointed

Governance

(includes the selection of a successor for the chief executive officer position), the CEO recommends candidates thereof from among individuals that have been recognized as having met the prescribed requirements, and the Committee checks the fairness and validity of such recommendation prior to submission to and deliberation by the Board of Directors.

Additionally, as for Audit & Supervisory Board Member candidates, prior to deliberation of the Board of Directors, consent of the Audit & Supervisory Board shall be acquired.

Corporate Strategy Committee, Risk Management Committee, and Disclosure Committee

The Company established the Corporate Strategy Committee, consisting of Representative Directors and some Executive Officers. Among items to be decided by the CEO, the Committee undertakes prior deliberations on important matters pertaining to Canon Group strategies. Outside Directors and Audit & Supervisory Board members attend Corporate Strategy Committee meetings and are able to express their own opinions. Based on a resolution passed by the Board of Directors, Canon set up the Risk Management Committee, which formulates policy and action proposals regarding improvement of the Canon Group risk management system. The Risk Management Committee consists of three entities: the Financial Risk Management Subcommittee, which is tasked with improving systems to ensure reliability of financial reporting; the Compliance Subcommittee, which is tasked with promoting corporate ethics and improving legal compliance systems; and the Business Risk Management Subcommittee, which is charged with improving systems to manage overall business risks, including risks related to product quality and information leak. The Risk Management Committee verifies the risk management system's improvement and implementation and reports the status to the CEO and the Board of Directors.

In addition, the Disclosure Committee was established to undertake deliberations pertaining to information disclosure, including content and timing, to ensure important corporate information will be disclosed in a timely and accurate manner.

Internal Audit Division

The Corporate Audit Center, the Company's internal auditing arm, as an independent and specialized organization and in accordance with internal audit rules, conducts audits and evaluations and provides guidance on such matters as compliance with laws and the internal control system. Furthermore, audits of particular themes such as quality, the environment, and information security are conducted mainly by the Corporate Audit Center in cooperation with each division in charge. Additionally, based on top management policy, for all work processes, audits must be conducted from specialized viewpoints and there are plans to increase the number of its members from the current 70 to strengthen auditing functions by enabling audits from specialized viewpoints in each theme.

Details of Canon Inc.'s corporate governance structure are available on the Company's website under "an overview of Corporate Governance at Canon Inc."
<https://global.canon/en/ir/strategies/governance.html>