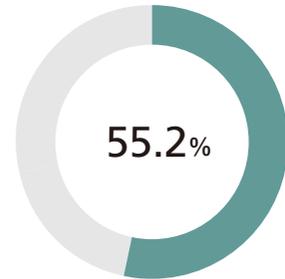


AT A GLANCE

PRINTING GROUP

Composition of Sales (%)



Office multifunction devices (MFDs)



Laser multifunction printers (MFPs)



Digital sheet-fed presses (Electrophotographic)



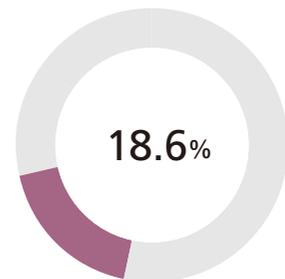
Large format printers (Inkjet)

Main Products

- 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 GROUP

Composition of Sales (%)



Interchangeable-lens digital cameras
—Mirrorless cameras



Interchangeable-lens digital cameras
—Digital SLR cameras



Interchangeable lenses



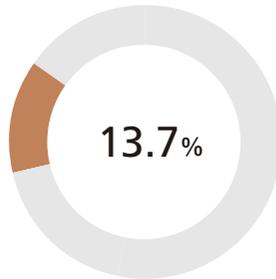
Network cameras

Main Products

- 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

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

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



Computed tomography (CT) systems



Diagnostic X-ray systems



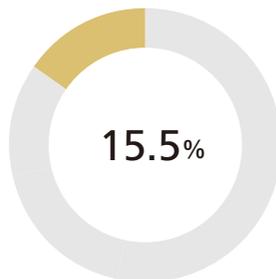
Diagnostic ultrasound systems



Digital radiography systems

MEDICAL GROUP

Composition of Sales (%)



Main Products

- Semiconductor lithography equipment
- FPD (Flat panel display) lithography equipment
- OLED Display Manufacturing Equipment
- Vacuum thin-film deposition equipment
- Die bonders
- Handy terminals
- Document scanners



Semiconductor lithography equipment



FPD (Flat panel display) lithography equipment



Organic LED (OLED) panel manufacturing equipment



Die bonders

INDUSTRIAL AND OTHERS GROUP

RESEARCH & DEVELOPMENT



Development of SPAD image sensor that is expected to be used in a wide range of fields such as self-driving vehicles and medical care.

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

R&D Expenses and Patents

From the time of Canon's founding, we have continued to diversify our business operations by practicing a style of core competency management that combines fundamental technologies and core competency technologies in a variety of ways.

On a global scale, technology is in the midst of significant change and a so-called paradigm shift is occurring in R&D whereby companies are adding innovation-focused R&D for solving social issues to their existing invention-focused R&D

portfolios. Canon's invention-focused R&D revolves around industry-academia collaboration and open innovation, while in the innovation-focused R&D space, to complement the modification of our proprietary technologies, we are accelerating our efforts to generate innovation to accurately meet societal needs through alliances with other companies, M&A deals, and other endeavors.

In 2021, R&D expenses amounted to ¥287.3 billion, and the ratio of R&D expenses to net sales was 8.2%. This focus on R&D activities has also cemented Canon's leading position in the



Highly accurate facial recognition with Canon's proprietary facial recognition engine and large-sized database of facial images.

intellectual property field. Canon was granted 3,021 patents in the United States in 2021, ranking it third among all companies. At the same time that we have maintained first place among Japanese companies for the 17th consecutive year.

Initiatives to Establish New Businesses

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

Development of the world's first 3.2-megapixel SPAD image sensor

Owing to Canon's proprietary pixel architecture that efficiently captures and greatly multiplies faint particles of light, we have successfully developed an ultra-small SPAD sensor capable of capturing the world's highest*¹ resolution of 3.2-megapixel color images—a higher resolution than Full HD (approximately 2.07 megapixels), even in low-light environments. The newly developed SPAD sensor greatly enhances sensitivity, including light on the near-infrared spectrum, and is capable of capturing color video at a resolution of 3.2 megapixels under low-light conditions of 0.002 lux*², which is darker than a starless night sky. In addition, the SPAD sensor is capable of extremely high information processing speeds on the level of 100 picoseconds (one trillionth of a second). By taking advantage of its high sensitivity and rapid response functionality, the SPAD sensor has the potential to be utilized in a wide range of applications, including self-driving vehicles, medical diagnostic imaging devices, and scientific precision measuring instruments.

*¹ Among SPAD sensors. As of December 14, 2021. Based on Canon research.

*² Light from stars estimated at 0.02 lux. Ambient light in starless night environment estimated at 0.007 lux.

2021 Top Ten U.S. Patent Holders by Company

IBM* ¹	8,682
Samsung Electronics	6,366
CANON	3,021
TSMC* ²	2,798
Huawei	2,770
Intel	2,615
Apple	2,541
LG Electronics	2,487
Microsoft	2,418
Qualcomm	2,149

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

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

Source:

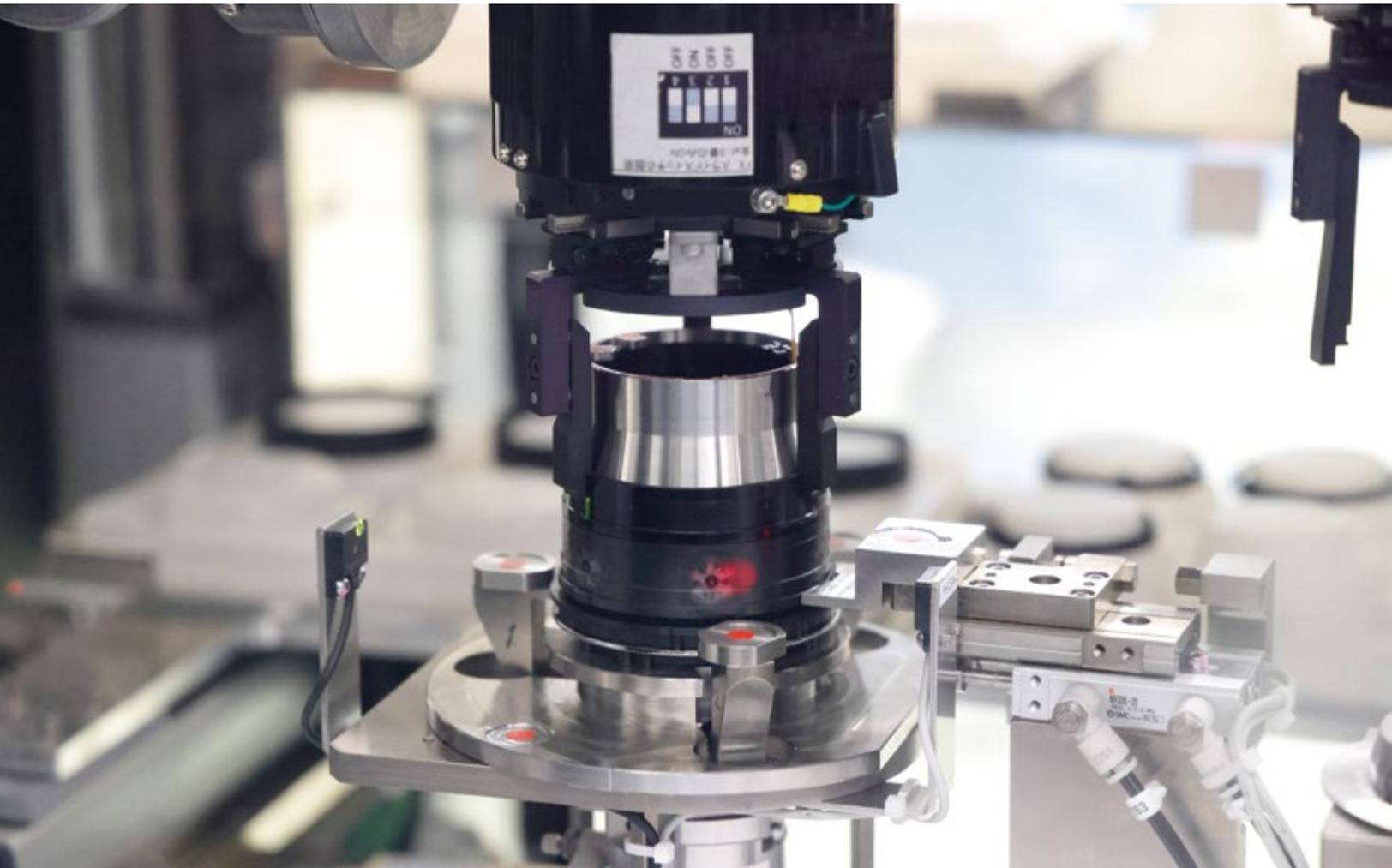
Preliminary data released by IFI CLAIMS Patent Services, a U.S. research company specialized in patent information

Improving the technology of facial recognition systems

Powered by Canon's proprietary facial recognition engine, we have successfully developed a highly accurate facial recognition technology. It combines a large database of various facial images with Canon's deep learning AI design techniques making it possible to recognize a person's face with a high degree of accuracy and speed even in network camera images captured from a top-down angle—which conventional technology has struggled to interpret—and also in blurry low-resolution images. In 2021 we demonstrated world-class accuracy in four categories for assessing the accuracy of a person retrieval in the Face Recognition Vendor Test (FRVT), a global evaluation benchmark organized by the National Institute of Standards and Technology (NIST) in the United States.

Detecting defects in infrastructure

In response to the progressive deterioration of public infrastructure around the world, Canon is developing solutions that use imaging to inspect the integrity of bridges, tunnels, and other concrete structures. With the use of deep-learning AI, cracks as fine as 0.2 mm in width, rebar exposures, water leaks, and other defects can be detected from high-resolution images, thus improving the efficiency and quality of inspection reports. Also, because hairline cracks will go unnoticed in images that are even slightly out of focus or blurry, in 2021 we announced the development of a tool for verifying the quality of inspection images. This tool automatically and rapidly judges whether an image is out of focus or blurry, and by extension, helps improve the quality of images taken at inspection sites.



Automatic production line for interchangeable lens (Utsunomiya Plant).

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.

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



Product evaluation test at a plant. (Oita Canon)



Young engineers raise their techniques by participating in a competition.

characteristics and manufactures products utilizing 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 automatic 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. We have rolled out fully automated production lines with zero human intervention for toner cartridges and we seek to do the same for the manufacturing of cameras in the future. In 2021 Canon Mold, which heads up the Group's mold manufacturing business, consolidated its six plants in Kasama City in Ibaraki Prefecture into a single location and is currently endeavoring to ramp up production capacity and enhance distribution efficiency.

Development of Human Resources

To further enhance its manufacturing capabilities, 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 mainly assembly and component processing, known as Meisters. These technicians contribute to the improvement of Canon's production technology and play an active role at the front line of production by passing on the skills they have honed over the years to the next generation.

Initiatives for Environmentally Conscious Manufacturing and Enhanced Product Quality

Canon has worked to reduce energy consumption by undertaking a thorough-going review of operating conditions at production sites, for instance by cutting out excess use of pressurized air and cooling water and adjusting air conditioner settings. At the Kiyohara Industrial Park located in Utsunomiya City, Tochigi Prefecture, we launched a smart energy project (a multi-plant integrated energy-saving project) in partnership with Tokyo Gas Co., Ltd. and three other enterprises. By sharing electric power and heat (steam and hot water) between a number of business sites with differing levels of energy demand, we were able to realize major energy savings not possible at a single business site operating in isolation. This project was awarded the METI Minister's Award in the 2021 Energy Conservation Grand Prize hosted by the Energy Conservation Center, Japan.

In addition, guided by our mission to guarantee the high quality of our products, "no claims, no trouble," we have drawn up our own rules in the form of a quality management system that we adhere to exhaustively. This guarantees that our products are safe and provide satisfaction to our customers. Our unique quality standards not only comply with international quality management standards and relevant laws and regulations in each country or region, but they also take customer safety into account. Moreover, we endeavor to bring to market only the products that have satisfied our quality standards after putting them through a rigorous evaluation test at well-developed testing facilities and comprehensive checks in each manufacturing process.



The world premiere show “CP*2021” for cameras and photographic images as an online event.

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

Japan

Sales in Japan amounted to ¥830.4 billion, or 23.6% of consolidated net sales.

Sales of mainstay business equipment such as office MFPs and laser printers declined due to the impact of product supply shortages caused primarily by a lack of semiconductors. On the other hand, sales increased for mid-range and high-end mirrorless cameras and RF mount interchangeable lenses, on which we have been concentrating our efforts. In

addition, sales to major corporations in the System Integration (SI) services and data center businesses were boosted by active IT investment activity by corporations. Demand from SMEs to build teleworking environments remained strong and sales in the IT solutions business rose on the back of growth in security services and maintenance/operation services for IT equipment and the like.

In addition, we actively participated in webinars and on-line exhibitions, to promote the appeal of our products and



Canon Europe launched a virtual platform to help production print professionals.

services.

The Americas

Sales in the Americas amounted to ¥968.8 billion, or 27.6% of consolidated net sales.

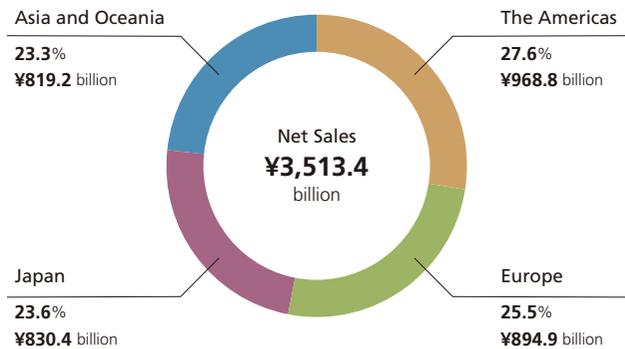
Canon U.S.A. handles marketing operations for North, Central, and South America. Its high-quality service framework for office equipment and commercial printers covering all U.S. states has been rated highly by customers. To meet growing demand for printing in hybrid working environments, Canon U.S.A. took steps to realign its organization and strengthen sales. It also expanded sales of mainly the EOS R5 and R6 cameras and sharply boosted sales of mainly the Cinema EOS System by capturing strong video streaming demand. Also, Canon's technological innovations mainly in its unique new businesses were widely promoted during CES 2021, the world's largest consumer electronics showcase event that was held online for the very first time.

Europe (Europe, Middle East, Africa)

Sales in Europe amounted to ¥ 894.9 billion, or 25.5% of consolidated net sales.

Canon Europe oversees business in the EMEA region - Europe, the Middle East and Africa. Operating in approximately 120 markets. In 2021, we launched a virtual platform to help production print professionals shape a positive business future, with practical advice, demonstrations and the latest market insights. We also continued to support partners

Composition of Sales by Region



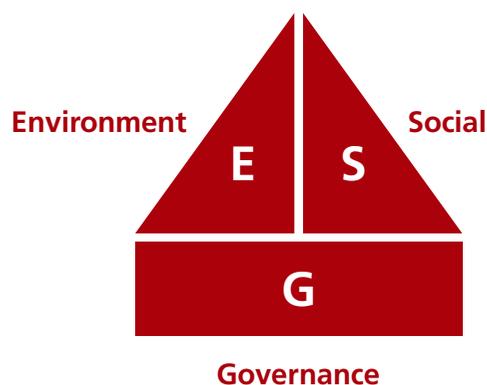
and customers through virtual events.

Canon Europe is the official printing and imaging provider of Expo 2020 Dubai, which provides an exciting opportunity to demonstrate innovative technologies, products and services.

Asia and Oceania

Sales in Asia and Oceania region amounted to ¥819.2 billion, or 23.3% of consolidated net sales.

In order to swiftly and accurately respond to the characteristics and changes of the rapidly expanding Chinese market, in 2021 we split the Canon Asia Marketing Group (hitherto responsible for the entire Asian region) into two organizations: Canon China and Canon Asia Marketing. This has enabled us to engage in more market-oriented business activities than in the past. We announced a commemorative copy machine model ahead of the 25th anniversary of Canon China's founding which we will celebrate in 2022. Through such activities we hope to express our appreciation to our customers and continue to undertake sales activities whilst shortening the distance to market based on the slogan "Closer to Customer."



Environment:

Canon's Approach

In order to leave a rich earth for the next generation, Canon works together with its stakeholders to implement initiatives that help reduce environmental burdens with a focus on the entire product lifecycle.

Key Initiatives

- Contributing to a Carbon-Free Future
- 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 business activities mainly by respecting human rights, ensuring responsible procurement as well as through sociocultural support activities.

Key Initiatives

- Respecting Human Rights
- Responsible Procurement in the Supply Chain
- Sociocultural Support Activities

Governance:

Canon's Approach

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

Key Initiatives

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

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

Since 1988, Canon has been striving to uphold our corporate philosophy of *kyosei* (living and working together for the common good) in order to contribute to worldwide prosperity and happiness, to endeavor to make contributions not only through products and services, but also in the areas of environmental protection, sociocultural support, and compliance. In May 2021, with the objective of further enhancing these initiatives, we established the Sustainability Headquarters at our corporate headquarters. We expressed our approach to sustainability and how we are committed to creating new value through the power of technology and innovation, providing world-first technologies and world-leading products and services while also contributing to solutions for the problems our society faces. Going forward, we will undertake numerous activities around the world as we work towards

achieving the Sustainable Development Goals (SDGs).

Apart from this, in pursuing a corporate management focused on total optimization, we launched our own Consolidated Performance Evaluation System in 1997. During the period of more than 20 years since it was introduced, it has served as a marker of improvement for each of our business operations and Group companies. The evaluation items are reviewed annually in accordance with our management policy and in line with current trends. Under the system, we evaluate business operations and Group companies not only from their financial results, such as sales and profit, but also from non-financial aspects pertaining to sustainability, such as activities that support environmental and sociocultural initiatives. Through encouraging them to improve their operations, Canon aims to facilitate the sustained development of the Group as a whole and contribute to society.



An activity of Canon Bird Branch Project at the lush green site of our global headquarters.

Environment

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

We support the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and we constantly disclose climate-related information in our sustainability reports and on our website.

Contributing to a Carbon-Free Future

We are furthering environmental activities on a Group-wide basis with the goal of achieving an average annual improvement of 3% in lifecycle CO₂ emissions improvement index per product as a yardstick for reducing our environmental footprint across entire product lifecycles. Continuously achieving this target means we will be on track for an improvement of about 50% in 2030 compared to 2008. As of 2021 we have realized a 42% improvement versus 2008.

By working closely with society and implementing a number of initiatives across the entire lifecycle of our products, we aim to achieve net-zero CO₂ emissions by 2050.

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 used products 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 regions around the world. 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 more than 90% for every imageRUNNER ADVANCE C3330F-RG in our Refreshed series of office multifunction devices.

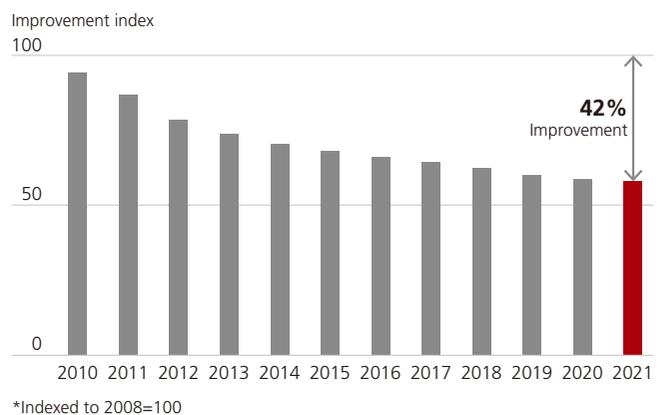
Eliminating Hazardous Substances and Preventing Pollution

Canon comprehensively manages chemical substances in products and those used in manufacturing processes to prevent pollution of the global environment and adverse effects on people's health. Particularly for chemical substances in products, we have built a Group-wide environmental assurance system, and we develop products in conformity with standards established in-house 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, we globally run the Canon Bird Branch Project in an effort to engage in biodiversity conservation across the Canon Group.

Lifecycle CO₂ Emissions Improvement Index per Product





High-resolution facsimile of the "Waves at Matsushima," painted by Tawaraya Sotatsu in the collection of the Freer Gallery of Art, was donated to Shoun-ji Temple, which is said to have owned the original.*

Social

Respecting Human Rights

In 2021, we expressed the Canon Group Human Rights Policy in accordance with the United Nations' Guiding Principles on Business and Human Rights. Guided by this policy, we engaged in a human rights due diligence process to identify significant human rights risks in the Canon Group. We also put in place a grievance mechanism, raised awareness about human rights, and addressed human rights risks in supply chains.

Promoting Diversity

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. We make every effort to promote the advancement of female employees, and we support the intentions of male employees to participate in child rearing, help employees balance work and nursing care duties, and encourage the active participation of sexual minorities, including those in the LGBT community, as well as employees with disabilities. In 2021, to coincide with International Women's Day, Canon Group companies in the Middle East and Africa launched the "Women who Empower" program, an internal campaign designed to support female empowerment in the workplace.

Responsible Procurement in Supply Chain

Canon is committed to fulfilling socially responsible procurement in cooperation with its business partners. In 2019, we joined the Responsible Business Alliance (RBA). And in 2021, we conducted self-assessments at 54 manufacturing sites and 326 major suppliers using the RBA Self-Assessment Questionnaire (SAQ), and found no major risks.

We also file an annual conflict minerals report with third-party assurance and submit it to the U.S. Securities and Exchange Commission.

Social Contributions

Canon established The Canon Institute for Global Studies and The Canon Foundation in 2008 to commemorate Canon's 70th anniversary.

The Canon Institute for Global Studies analyzes the status quo in terms of how the Japanese economy fits into the broader global economy and what kind of role Japan ought to play in today's world. The Institute facilitates the undertaking of global activities and the exchange of knowledge between various researchers hailing from industrial, government, and academic circles. In addition, the Canon Foundation provides grants to assist a broad range of science and technological research. Starting with grant applications in 2019, the Canon Foundation's activities are now based on the concept of assisting research studies in cutting-edge science and technology fields with the aim of creating new value for society.

Furthermore, as a company that contributes to the development of visual culture, since 2007, Canon and Kyoto Culture Association (NPO) have been working on the Tsuzuri Project (officially named the Cultural Heritage Inheritance Project) with the aim of preserving original cultural assets and utilizing high-resolution facsimiles. By combining Canon's advanced digital technologies, ranging from input to image processing and output, with the traditional craftsmanship of Kyoto, we have produced high-resolution facsimiles of important Japanese cultural assets, including folding screens, *fusuma* (Japanese sliding doors), and handscrolls. These facsimiles have been donated to temples and shrines, local municipalities, or museums that have a special connection with them.

* Facsimiles of works in the collection of the Freer Gallery of Art, Smithsonian Institution, Washington, D.C.: Gift of Charles Lang Freer, F1906.231, F1906.232.



For all company executive officers, the CEO provides updates on earnings progress and important matters to be implemented in the future both in person and online 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, at least one-third and 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 42 Executive Officers, including two females and one non-Japanese as of April 1, 2022.

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 (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.

Governance

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 Company has established the Corporate Audit Center as its internal auditing division, which audits, evaluates, and makes recommendations on compliance and internal control systems etc. The Corporate Audit Center also conducts audits on topics such as quality, the environment, and information security. Audit results are reported not only to the CEO and CFO, but also to the Audit & Supervisory Board Members and the Audit & Supervisory Board. In addition, the Company has

established a system in which reports are also regularly given to outside directors and those outside directors can request submission of proposals to the Board of Directors, as necessary.

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>