



Canon Inc.

FY 2021 Analyst Meeting

Q&A Session Summary

Q1. It was reported that you are targeting a dividend payout ratio of 50% from 2023 and a dividend of 160 yen per share in 2025, the final year of your five-year plan. What does this 160 yen per share level mean? Does it express your desire to return to a level before your dividend was cut? Additionally, for the first time since the financial crisis, a dividend forecast was included in your financial report at the beginning of the year. What message are you trying to send by doing this?

A1. We have not changed our basic policy regarding dividend payments. We take a comprehensive approach, considering factors such as medium- to long-term profit projections, future investment plans, and cash flow. We believe we can repay debt by 2023. From there, we will target a dividend payout ratio of 50%. In accordance with this, based on profit in 2025, raising the dividend to the level before it was cut is possible. As for including a dividend forecast, this is in response to the wishes of investors.

Q2. In your 2022 plan for Printing, what is driving projected strong unit sales growth in both office and prosumer? What impact do you expect to see on demand for inkjet and other products as the number of people coming to the office increases and the number of people working from home decreases?

A2. In 2022, we expect strong growth in unit sales to come from not only strong demand for products, but also recovery from the supply shortages of last year. As for working from home, a certain percentage is expected to remain going forward. Although we do not expect demand for inkjet to be as high as we have seen so far, we believe demand will remain high in the future.

Q3. In an environment where you can sell without spending a lot on marketing, why are you projecting an increase in expenses in 2022?

A3. When things return to normal, it is unclear whether we can sell products without incurring selling expenses. This is why our current plan is based on the assumption that we will spend more than we did last year.

Q4. In the fourth quarter of 2021, what is the background for Industrial & Others profit growth? Additionally, why does your 2022 plan for industrial equipment look so conservative?

A4. The increase in profit was driven by continued expansion of the semiconductor device and flat panel display markets, mainly thanks to the rollout of 5G and IoT, as well as the strong performance of our lithography equipment business. As for industrial equipment, due to the impact of COVID-19, demand to move to 5G-compatible smartphones has been delayed and manufacturers are giving careful consideration to the timing of investment. That said, we do expect growth going forward. We are firmly maintaining our overwhelming market share position in the equipment for small- and medium-sized panels, and strong demand is expected when investment resumes.

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