



## **Canon Inc.**

### **1Q 2021 Analyst Meeting**

### **Q&A Session Summary**

**Q1. At your Corporate Strategy Conference in March, comments were made about steadily raising your dividend from 2022. What made you make an announcement this time? Has your policy changed?**

A1. Our basic policy has not changed. Our decision is not based on a single year's performance, we also take into consideration other factors such as our medium- to long-term performance outlook as well as our cash level. At our Corporate Strategy Conference, we said it would be difficult to raise the dividend this year. Our decision this time reflects, among others, the raising of our full-year projection.

**Q2. Your medical business performed well in the first quarter. Why are you projecting conservative profit from the second quarter on? Also, what is your outlook for inventory going forward?**

A2. Our performance in the first quarter was very strong as medical institutions that receive government subsidies, particularly in Japan, moved to purchase equipment. Even with the government subsidies, medical institutions did not purchase things they didn't need. As such, we do not expect a big backlash from this. Over the remainder of the year, we also don't expect to maintain the high level of profit like we posted in the first quarter. As for our outlook for inventory, if equipment installation goes as planned, we do not expect a significant change from its current level.

**Q3. In the first quarter, your inkjet business posted some strong numbers. What is your outlook for inkjet in the office and home going forward? Additionally, do you have any concerns about aggressive pricing of home inkjet printers?**

A3. As for inkjet, though we do not separately manage the performance of this business by office and home, our analysis shows that in the first quarter, sales were solid, particularly for home printers. Currently, demand is so strong that back orders are being placed, and there is no price competition. As it is unlikely that such a situation will continue, we included in our revised projection, risks of price competition in the second half of the year.

**Q4. As risk factors, you cited increased costs for raw materials and semiconductors as well as tight logistics. Are there any product segments where this will have a disproportionately large impact?**

A4. This affects all of our businesses as semiconductors are used in most of our products. Semiconductor manufacturers are doing their utmost to try and resolve the shortage. We are also taking steps to deal with the situation, such as adjusting product designs and placing orders with different suppliers. Our latest forecast suggests that supply shortages will continue through the third quarter. We hope to eliminate this by the end of the year.

**Q5. A simple calculation shows your operating profit to be around 40 billion yen each quarter, based on your full-year projection. What is your outlook for profit in and after the second quarter?**

A5. Profitability in the first quarter was exceptionally high. One reason for this was that we had back orders for some products, which allowed us to make sales without reducing prices and also limit selling expenses. From the second quarter on, in addition to expenses to expand sales and growth investments, considering the effects of material shortages, particularly semiconductors, and tight logistics, it is difficult to expect profitability to be similar to that of the first quarter. In our revised full-year projection, such risk factors were incorporated to some extent.

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