Q1. You partially offset the impact of rising costs by adjusting prices. Given your outlook for the business environment, is there a possibility for further price increase?

A1. It is hard to say how much costs will rise going forward. We do, however, believe a further increase is possible. How much of this can be passed on to customers through price adjustment really depends on industry conditions and product competitiveness. However, it is our aim to absorb increases in parts and logistical costs by reducing factory related costs, and delivering products to customers without raising prices as much as possible.

Q2. Excluding the impact of foreign exchange rates, what explains the change you expect in sales by business unit compared to your previous projection? Is it due to changes in demand, changes in supply, changes in product mix? Please explain.

A2. We did not make any significant change to the plans of any of our business units. The change largely reflects increases or decreases in product supply. Our outlook for strong demand for each product remains unchanged.

Q3. You did not change your unit sales projection for Printing and still expect unit sales to return to around the same level as 2019. Given the possibility of an economic slowdown due to inflation and geopolitical risks, how do you see the probability of achieving this plan?

A3. We started the year with a lot of backorders. The key to achieving our plan is how well we are able to supply products, not competition or demand. We expect to fully achieve our sales projection based on the level of production that is possible, which was determined after consulting each division.
Q4. In the first quarter, Imaging profit declined due to the booking of one-off expenses related to the closing of a factory. Please talk about the closure and its financial impact.

A4. We decided to close a production site in China, which mainly produced compact cameras, as it became increasingly more difficult to continue operations in light of market contraction. We are not disclosing the exact amount of financial impact, but excluding special factors, we believe profit increased.

Q5. What are your plans for global production in light of the weakening yen?

A5. Regardless of exchange rates, we would like to manufacture key products in Japan by reducing costs through in-house production, increasing the use of robots, and through other measures so that the competitiveness of domestic production is on par with other regions in terms of cost. Apart from costs and in the wake of the COVID-19 pandemic, we again realized that domestic production is important to avoid plant closures and production stagnation.

Q6. Please talk a little more about the office that was sold by your U.S. sales company.

A6. We sold the office, which became unnecessary, to improve asset efficiency and also after making progress in raising personnel efficiency through the integration of branch and headquarters functions. We are not disclosing the sales price.

This document contains forward-looking statements with respect to future results, performance and achievements that are subject to risk and uncertainties and reflect management’s views and assumptions formed by available information. All statements other than statements of historical fact are statements that could be considered forward-looking statements. When used in this document, words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “project” or “should” and similar expressions, as they relate to Canon, are intended to identify forward-looking statements. Many factors could cause the actual results, performance or achievements of Canon to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in general economic and business conditions, changes in currency exchange rates and interest rates, introduction of competing products by other companies, lack of acceptance of new products or services by Canon’s targeted customers, inability to meet efficiency and cost reduction objectives, changes in business strategy and various other factors, both referenced and not referenced in this presentation. A detailed description of these and other risk factors is included in Canon’s annual report on Form 20-F, which is on file with the United States Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. Canon does not intend or assume any obligation to update these forward-looking statements.