
Canon Inc.

Third Quarter 2024 Results

October 24, 2024

This presentation 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. Should one or more 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.

Agenda

■ 3Q 2024 Results	P 2~5
--------------------------	--------------

■ FY 2024 Projection	P 6~11
-----------------------------	---------------

■ Financial Situation	P 12~14
------------------------------	----------------

■ Summary	P 15
------------------	-------------

■ Supplementary Information	P 16~20
------------------------------------	----------------

3Q 2024 Review

- In the markets which we compete, weak demand in China and Europe, but solid demand overall
- Sales of cameras, network cameras and laser printers, which recovered in second quarter, continued to grow steadily in third quarter
- Steady growth in commercial printing equipment sales where medium- to long-term market growth is expected
- Third-quarter sales up 5.3% from last year and at record high level, also achieved record high in YTD sales
- Operating profit up nearly 20%, operating profit ratio one point above last year

P&L

(3Q/YTD 2024 Results)

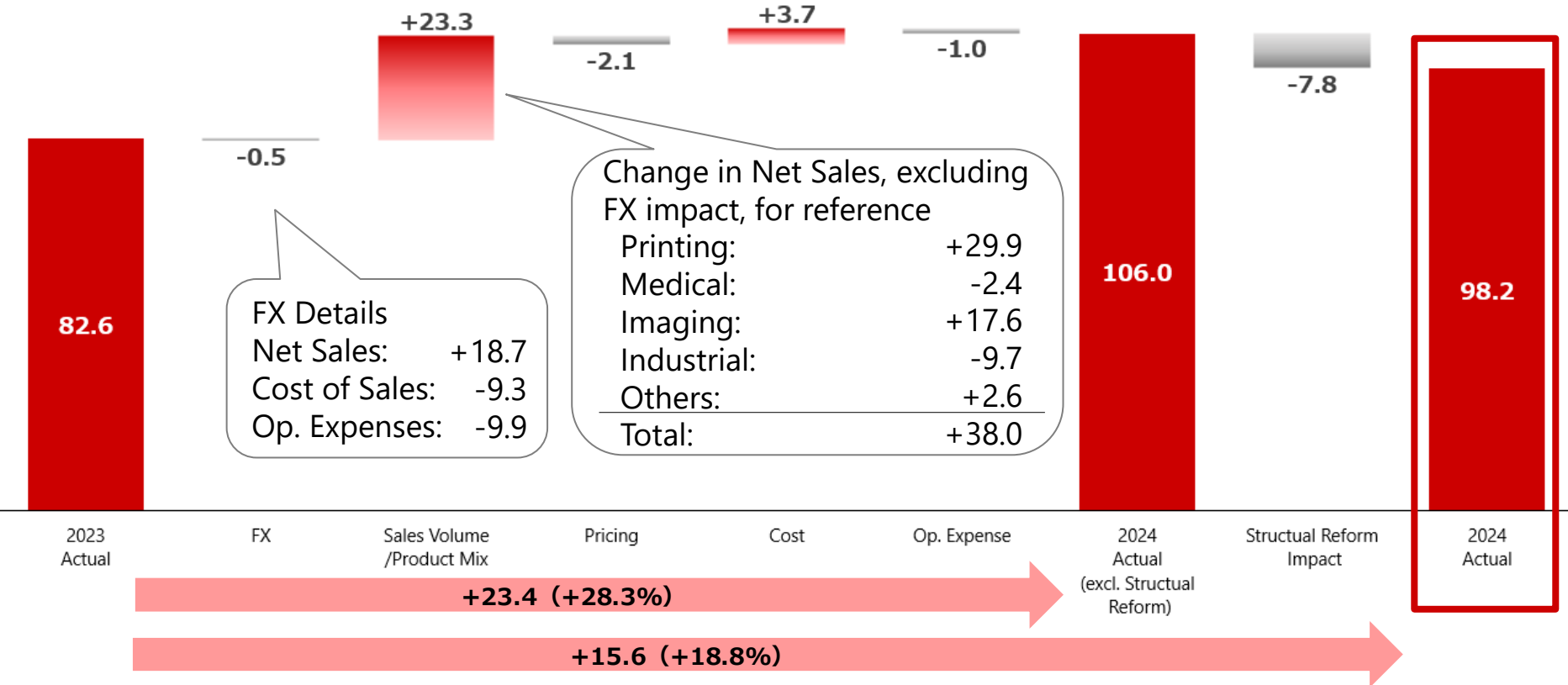
(Billions of yen)	3Q		
	2024 Actual	2023 Actual	% Change
Net Sales	1,079.8	1,025.2	+5.3%
Gross Profit (% of Net Sales)	516.4 47.8%	482.1 47.0%	+7.1%
Op. Expenses (% of Net Sales)	418.2 38.7%	399.5 38.9%	
Op. Profit (% of Net Sales)	98.2 9.1%	82.6 8.1%	+18.8%
Non-operating Income	-8.9	4.7	
IBT	89.3	87.3	+2.3%
Net Income (% of Net Sales)	68.8 6.4%	62.1 6.1%	+10.7%
USD	149.00	144.76	
EUR	163.81	157.32	

	1Q-3Q		
	2024 Actual	2023 Actual	% Change
	3,236.1	3,017.3	+7.3%
	1,546.4 47.8%	1,420.8 47.1%	+8.8%
	1,249.8 38.6%	1,161.4 38.5%	
	296.6 9.2%	259.4 8.6%	+14.4%
	14.2	16.6	
	310.8	276.0	+12.6%
	218.6 6.8%	183.9 6.1%	+18.8%
	151.34	138.27	
	164.58	149.59	

3Q 2024 Operating Profit Analysis

(3Q 2024 Actual versus 3Q 2023 Actual)

(Billions of yen)



2024 Financial Results by Business Unit



(3Q/YTD 2024 Actual versus 3Q/YTD 2023 Actual)

(Billions of yen)		3Q			1Q-3Q		
		2024 Actual	2023 Actual	% Change	2024 Actual	2023 Actual	% Change
Printing	Net Sales	610.9	570.4	+7.1%	1,845.7	1,703.4	+8.3%
	Op. Profit	60.7	46.0	+31.8%	205.4	156.0	+31.7%
	(%)	(9.9%)	(8.1%)		(11.1%)	(9.2%)	
Medical	Net Sales	132.3	132.4	-0.1%	407.5	389.6	+4.6%
	Op. Profit	4.7	6.6	-29.8%	15.7	17.9	-12.3%
	(%)	(3.5%)	(5.0%)		(3.9%)	(4.6%)	
Imaging	Net Sales	239.6	220.7	+8.6%	659.8	632.3	+4.3%
	Op. Profit	43.6	40.2	+8.5%	98.9	111.9	-11.6%
	(%)	(18.2%)	(18.2%)		(15.0%)	(17.7%)	
Industrial	Net Sales	71.3	78.8	-9.6%	234.2	215.8	+8.6%
	Op. Profit	14.0	15.8	-11.2%	44.0	35.3	+24.6%
	(%)	(19.6%)	(20.0%)		(18.8%)	(16.3%)	
Others & Corporate	Net Sales	53.9	49.8	+8.2%	168.9	156.3	+8.0%
	Op. Profit	-24.6	-25.5	-	-68.2	-60.0	-
Eliminations	Net Sales	-28.2	-26.9	-	-80.0	-80.1	-
	Op. Profit	-0.2	-0.5	-	0.8	-1.7	-
Total	Net Sales	1,079.8	1,025.2	+5.3%	3,236.1	3,017.3	+7.3%
	Op. Profit	98.2	82.6	+18.8%	296.6	259.4	+14.4%
	(%)	(9.1%)	(8.1%)		(9.2%)	(8.6%)	

Note: From 2024, some reclassification between Others & Corporate and Eliminations was made to manage the performance of reportable segments more appropriately. The figures for 2023 were also reclassified.

2024 Outlook

- Amid uncertainty about future of global economy, assumed growth will be in line with previous year
- For B-to-C products (cameras and inkjet printers), stimulate demand in fourth quarter utilizing new products
- For B-to-B products (lithography equipment, commercial printing equipment, and medical systems), firmly turn orders into sales
- Achieve 1.3 trillion yen in fourth-quarter sales and aim for record high 4.54 trillion yen in full-year sales
- Realize operating profit ratio of 10% or higher while steadily promoting business structural reform
- Generate momentum for 2025 through 4th consecutive year of sales and profit growth

Business Structure Review

Sales Companies

- Organization restructuring
- DX promotion
- Sales channel review

→ **Optimize workforce, raise asset efficiency**

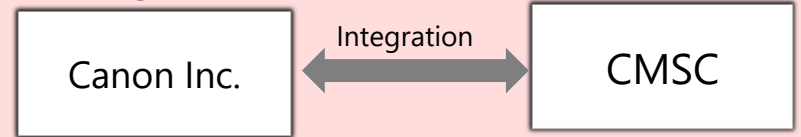
Strengthen Competitiveness

Estimated effect of 2024 action plan
(Billions of yen)

	FY 2024	FY 2025
Cost	20.0	
Effect	8.0	21.0
PL impact	-12.0	21.0

Medical Business

Optimal R&D, Production, and management allocation



Establish system to fully utilize resources

Estimated cost
(Billions of yen)

	FY 2024	FY 2025	Total
Capex	3.0	5.5	8.5
Expense	2.5	2.5	5.0
Total cost	5.5	8.0	13.5

2024 Financial Projection

(Full Year)

(Billions of yen)	2024 Current Projection	2023 Actual	% Change	2024 Previous Projection	Amount Change
Net Sales	4,540.0	4,181.0	+8.6%	4,600.0	-60.0
Gross Profit (% of Net Sales)	2,148.0 47.3%	1,968.9 47.1%	+9.1%	2,192.9 47.7%	-44.9
Op. Expenses (% of Net Sales)	1,692.5 37.3%	1,593.5 38.1%		1,727.9 37.6%	+35.4
Op. Profit (% of Net Sales)	455.5 10.0%	375.4 9.0%	+21.3%	465.0 10.1%	-9.5
IBT	475.5	390.8	+21.7%	490.0	-14.5
Net Income (% of Net Sales)	325.0 7.2%	264.5 6.3%	+22.9%	335.0 7.3%	-10.0
USD	149.62	140.85		153.87	
EUR	163.19	152.20		164.99	

Exchange rates for 4Q

USD	145.00 JPY
EUR	160.00 JPY

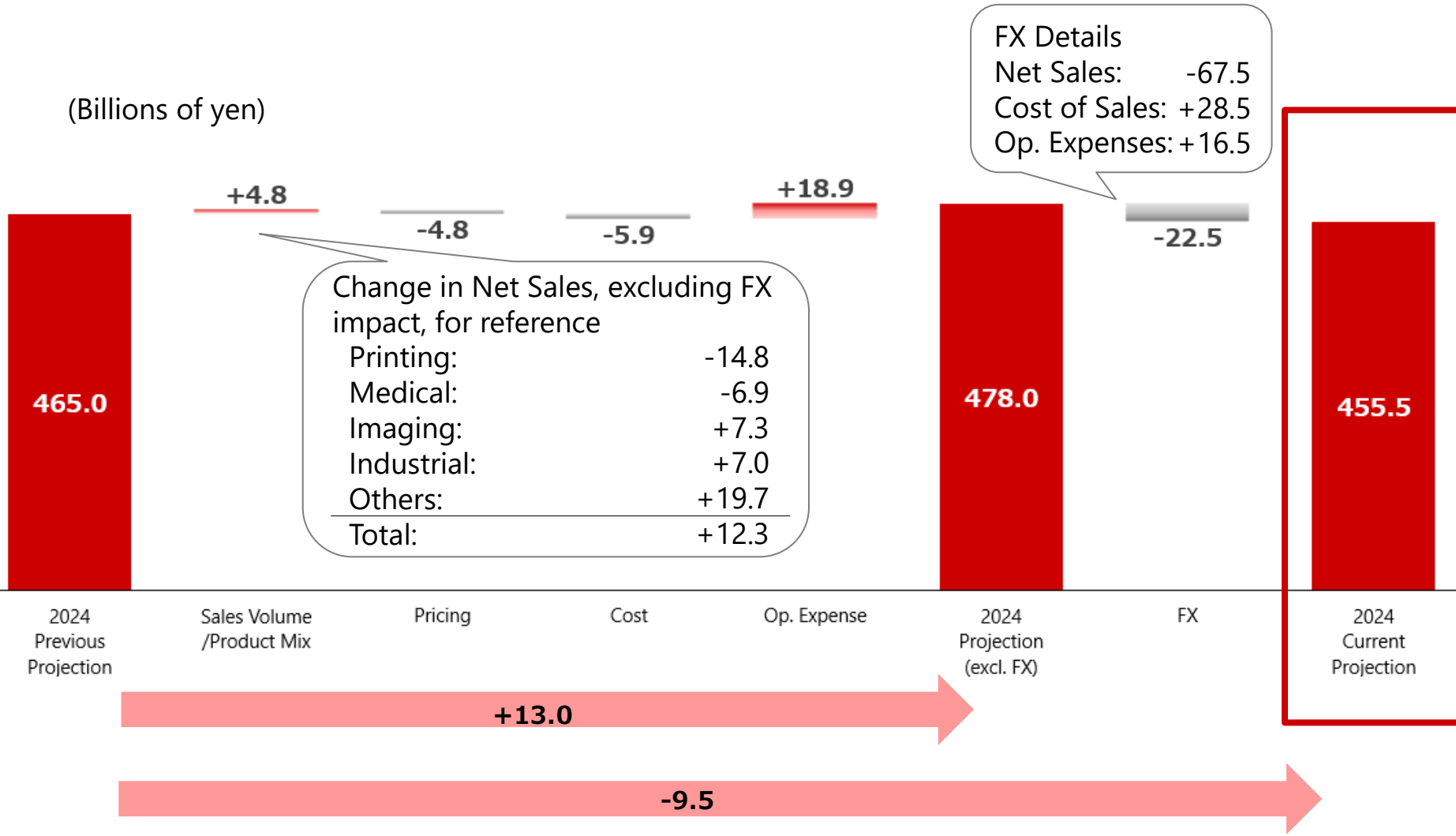
Impact of exchange rate movement
(4Q impact given a one yen change)

	Net Sales	Op. Profit
USD	3.5 billion yen	1.1 billion yen
EUR	1.9 billion yen	1.0 billion yen

2024 Operating Profit Analysis

(FY 2024 Current Projection versus FY 2024 Previous Projection)

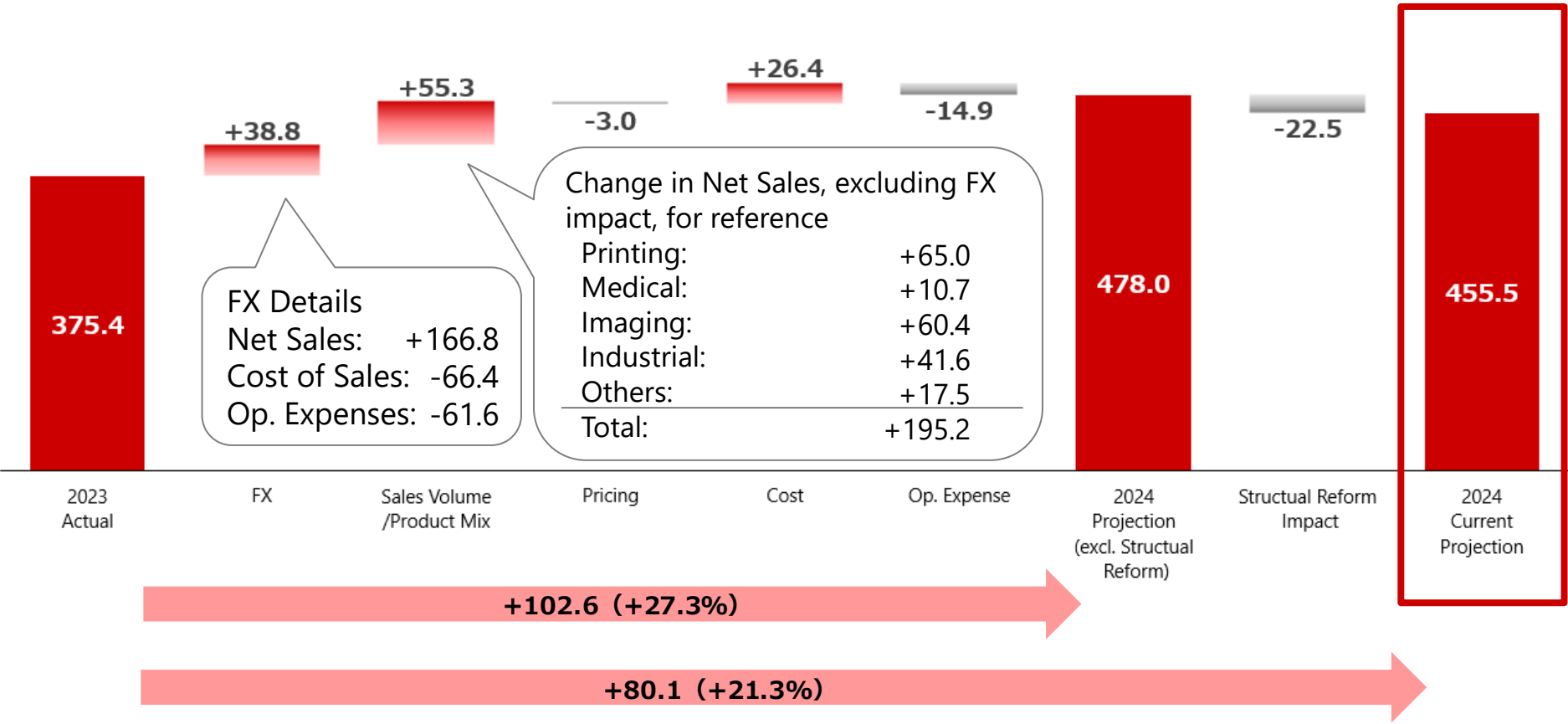
(Billions of yen)



2024 Operating Profit Analysis

(FY 2024 Current Projection versus FY 2023 Actual)

(Billions of yen)



2024 Financial Projection by Business Unit (4Q/Full Year)

(Billions of yen)		4Q			Full Year		
		2024 Current Projection	2023 Actual	% Change	2024 Current Projection	2023 Actual	% Change
Printing	Net Sales	670.3	642.6	+4.3%	2,516.0	2,346.1	+7.2%
	Op. Profit	82.6	72.4	+14.1%	288.0	228.3	+26.1%
	(%)	(12.3%)	(11.3%)		(11.4%)	(9.7%)	
Medical	Net Sales	173.3	164.2	+5.5%	580.8	553.8	+4.9%
	Op. Profit	17.4	13.7	+26.6%	33.1	31.6	+4.6%
	(%)	(10.0%)	(8.4%)		(5.7%)	(5.7%)	
Imaging	Net Sales	296.0	229.3	+29.1%	955.8	861.6	+10.9%
	Op. Profit	53.7	33.7	+59.5%	152.6	145.6	+4.8%
	(%)	(18.2%)	(14.7%)		(16.0%)	(16.9%)	
Industrial	Net Sales	129.2	99.0	+30.6%	363.4	314.7	+15.5%
	Op. Profit	25.4	23.3	+9.0%	69.4	58.6	+18.4%
	(%)	(19.7%)	(23.6%)		(19.1%)	(18.6%)	
Others & Corporate	Net Sales	59.7	52.5	+13.7%	228.6	208.8	+9.5%
	Op. Profit	-20.7	-26.3	-	-88.9	-86.3	-
Eliminations	Net Sales	-24.6	-23.9	-	-104.6	-104.0	-
	Op. Profit	0.5	-0.8	-	1.3	-2.4	-
Total	Net Sales	1,303.9	1,163.7	+12.0%	4,540.0	4,181.0	+8.6%
	Op. Profit	158.9	116.0	+37.0%	455.5	375.4	+21.3%
	(%)	(12.2%)	(10.0%)		(10.0%)	(9.0%)	

Note: From 2024, some reclassification between Others & Corporate and Eliminations was made to manage the performance of reportable segments more appropriately. The figures for 2023 were also reclassified.

Inventory

- Inventory at end of September below June thanks to PSI activities, secured inventory for 4th quarter selling season
- Aiming for optimal 60 days or less inventory level at the end of 2024
(Billions of yen)

		FY 2023				FY 2024		
		Mar.-end	Jun.-end	Sep.-end	Dec.-end	Mar.-end	Jun.-end	Sep.-end
Printing	Amt.	372.5	387.5	377.6	312.6	347.6	361.5	344.1
	Days	57	62	60	47	52	53	50
Medical	Amt.	136.3	143.1	150.9	125.9	141.1	146.0	142.1
	Days	88	102	107	77	86	97	95
Imaging	Amt.	163.6	173.3	184.6	168.4	191.4	182.4	168.5
	Days	69	77	77	68	86	79	63
Industrial	Amt.	133.0	140.0	142.8	132.9	146.4	150.2	158.7
	Days	154	187	170	136	160	168	175
Others & Corporate	Amt.	53.4	54.2	58.0	57.1	68.3	72.4	76.3
Total	Amt.	858.8	898.1	913.9	796.9	894.9	912.5	889.7
	Days	74	82	82	66	76	77	72

Cash Flow

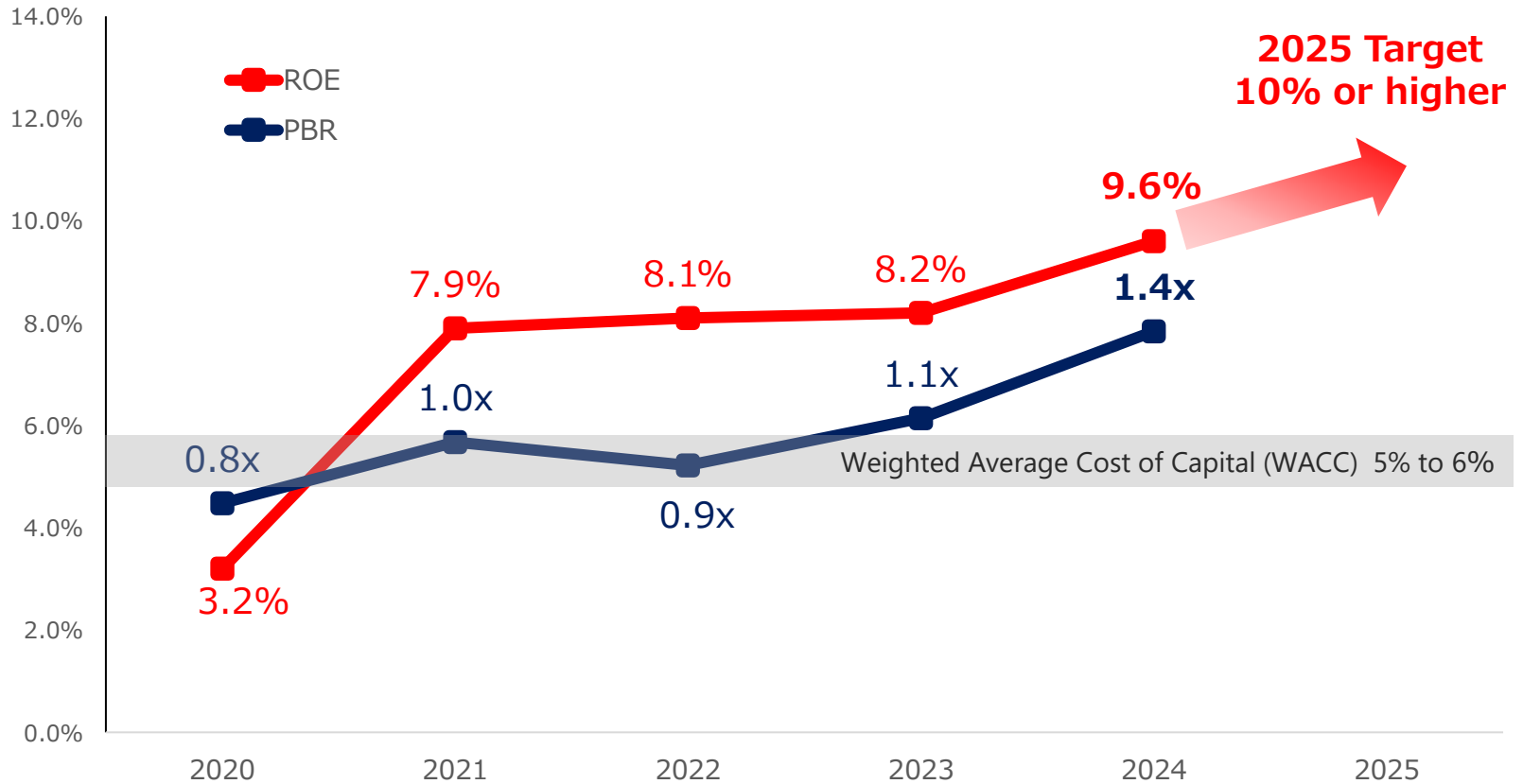
(Full Year)

- Operating CF, 565 billion yen, significantly exceeding last year
- Additional 100 billion yen used for share repurchase, dividend 150 yen per share

(Billions of yen)	FY 2024 Current Projection	FY 2024 Previous Projection	FY 2023 Actual	FY 2022 Actual
Net income	325.0	335.0	264.5	244.0
Depreciation and amortization	230.0	240.0	238.7	226.5
Others	10.0	15.0	-52.0	-207.9
Net cash provided by operating activities	565.0	590.0	451.2	262.6
Capital expenditure	-230.0	-240.0	-231.7	-188.5
Others	-55.0	-55.0	-43.7	7.7
Net cash used in investing activities	-285.0	-295.0	-275.4	-180.8
Free cash flow	280.0	295.0	175.8	81.8
Net cash provided by (used in) financing activities	-280.0	-299.5	-156.7	-146.8
Effect of exchange rate changes on cash and cash equivalents	-1.3	8.2	20.1	25.7
Net change in cash and cash equivalents	-1.3	3.7	39.2	-39.3
Cash and cash equivalents at end of period	400.0	405.0	401.3	362.1
Cash-on-hand (In months of Net sales)	1.0	1.0	1.1	1.0

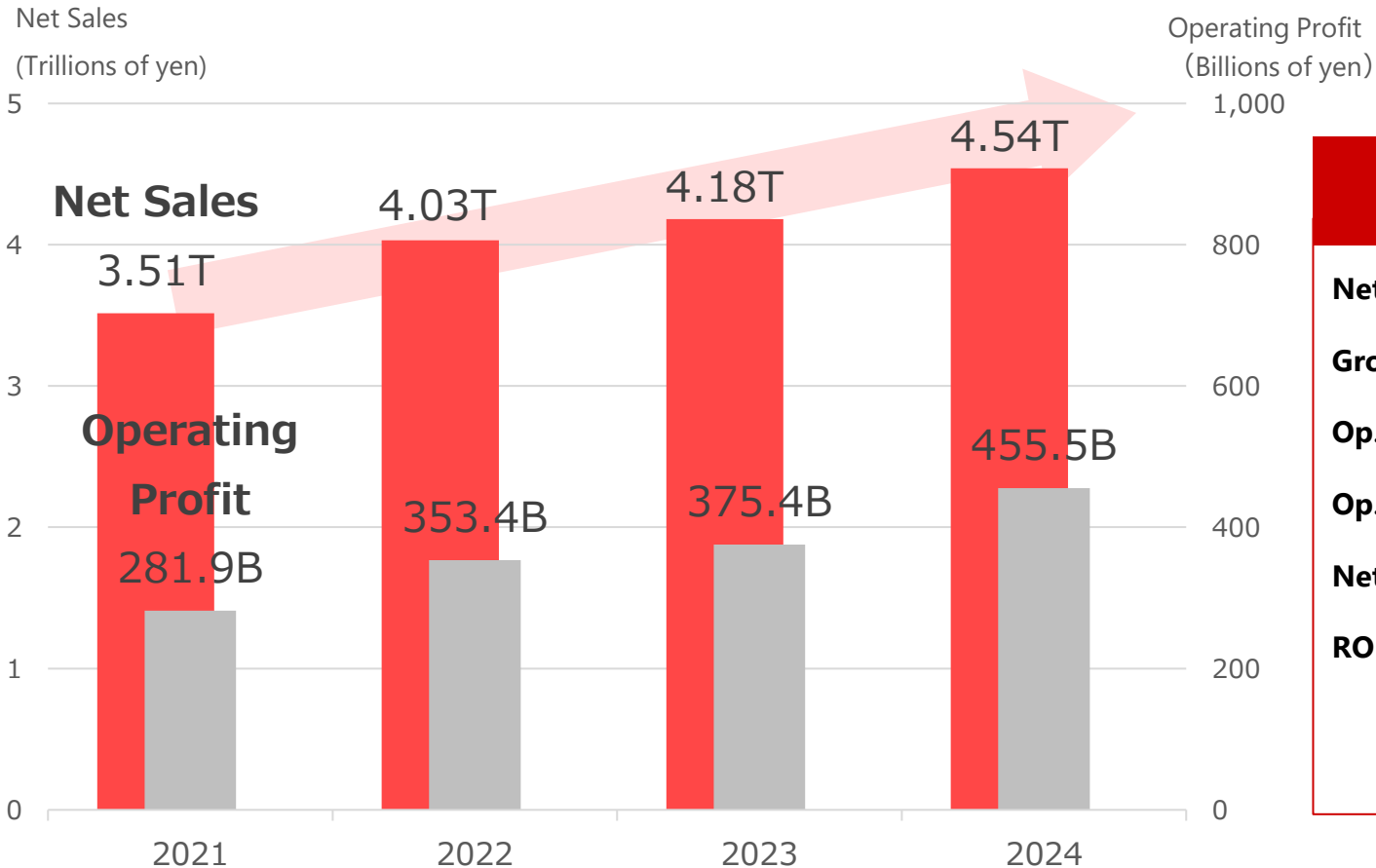
Return on Capital

- Significant improvement in ROE : 9.6% in 2024, 1.4 pts. above last year
- Further enhancement to achieve 2025 target of 10% or higher



Summary

- Achieve record high sales and 4th consecutive year of sales and profit growth
- Work towards achieving 2025 target for sales one year earlier as well as achieve target for profitability



2025 Target

Net sales: 4.5 trillion yen or more

Gross profit ratio: 47% or higher

Op. expense ratio: 35% or lower

Op. profit ratio: 12% or higher

Net income ratio: 8% or higher

ROE: 10% or higher

Supplementary Information

Printing

Net Sales & Net Sales Growth Rate Y/Y

(Billions of yen)

		3Q			Full Year				
		2024 Actual	2023 Actual	% Change	2024 Current Projection	2023 Actual	% Change	2024 Previous Projection	Amount Change
Production		105.5	98.6	+7.1%	442.5	401.6	+10.2%	443.2	-0.7
Office	Office MFDs	152.9	151.5	+0.9%	652.6	622.2	+4.9%	665.4	-12.8
	Others	98.0	89.0	+10.1%	407.3	364.1	+11.9%	410.9	-3.6
		250.9	240.5	+4.3%	1,059.9	986.3	+7.5%	1,076.3	-16.4
Prosumer	LPs	171.7	145.8	+17.8%	662.7	608.9	+8.8%	679.7	-17.0
	IJPs	82.8	85.5	-3.2%	350.9	349.3	+0.5%	371.0	-20.1
		254.5	231.3	+10.0%	1,013.6	958.2	+5.8%	1,050.7	-37.1
Net Sales		610.9	570.4	+7.1%	2,516.0	2,346.1	+7.2%	2,570.2	-54.2
Op. Profit		60.7	46.0	+31.8%	288.0	228.3	+26.1%	299.8	-11.8
%		9.9%	8.1%		11.4%	9.7%		11.7%	

Net Sales Growth Rate Y/Y (Local Currency)

	2024	
	3Q	Full Year Projection
Production	+3.6%	+4.0%
Office	+2.0%	+3.5%
Prosumer	+9.8%	+2.1%
Total	+5.4%	+3.0%

Unit Growth Rate Y/Y

	2024	
	3Q	Full Year Projection
Office MFDs	+2%	0%
LPs	+29%	+13%
IJPs	-2%	-2%

Printing Hardware & Non-hardware Sales

Net Sales Growth Rate of Printing Hardware & Non-hardware

			FY 2024		FY 2023	
			3Q Actual	Full Year Current Projection	3Q Actual	Full Year Actual
Production	JPY	Hardware	+10%	+15%	+3%	+11%
		Non-hardware	+5%	+8%	+8%	+11%
	LC	Hardware	+7%	+8%	-4%	+3%
		Non-hardware	+2%	+2%	0%	+3%
Office MFDs	JPY	Hardware	+1%	+4%	-4%	+12%
		Non-hardware	+1%	+6%	+7%	+7%
	LC	Hardware	-2%	-1%	-9%	+5%
		Non-hardware	-2%	+2%	+2%	+2%
LPs	JPY	Hardware	+33%	+15%	-12%	-10%
		Non-hardware	+8%	+5%	+2%	-4%
	LC	Hardware	+32%	+10%	-16%	-15%
		Non-hardware	+11%	+3%	0%	-6%
IJPs	JPY	Hardware	-3%	0%	-1%	-14%
		Non-hardware	-4%	+1%	+10%	+2%
	LC	Hardware	-6%	-5%	-6%	-18%
		Non-hardware	-6%	-4%	+3%	-4%

Medical

Net Sales & Net Sales Growth Rate Y/Y

(Billions of yen)

	3Q			Full Year				
	2024 Actual	2023 Actual	% Change	2024 Current Projection	2023 Actual	% Change	2024 Previous Projection	Amount Change
Net Sales	132.3	132.4	-0.1%	580.8	553.8	+4.9%	594.6	-13.8
Op. Profit	4.7	6.6	-29.8%	33.1	31.6	+4.6%	46.0	-12.9
%	3.5%	5.0%		5.7%	5.7%		7.7%	

Net Sales Growth Rate Y/Y (Local Currency)

	2024	
	3Q	Full Year Projection
Total	-1.8%	+1.9%

Imaging

Net Sales & Net Sales Growth Rate Y/Y

(Billions of yen)

	3Q			Full Year				
	2024 Actual	2023 Actual	% Change	2024 Current Projection	2023 Actual	% Change	2024 Previous Projection	Amount Change
Cameras	146.0	138.7	+5.3%	593.9	544.6	+9.1%	606.1	-12.2
Network Cameras & Others	93.6	82.0	+14.1%	361.9	317.0	+14.1%	367.8	-5.9
Net Sales	239.6	220.7	+8.6%	955.8	861.6	+10.9%	973.9	-18.1
Op. Profit	43.6	40.2	+8.5%	152.6	145.6	+4.8%	161.3	-8.7
%	18.2%	18.2%		16.0%	16.9%		16.6%	

Net Sales Growth Rate Y/Y (Local Currency)

	2024	
	3Q	Full Year Projection
Cameras	+2.1%	+3.7%
NWCs & Others	+11.7%	+8.7%
Total	+5.7%	+5.5%

Digital Interchangeable Lens Cameras (DILCs) Units (Millions) & Unit Growth Rate Y/Y

	2024	
	3Q	Full Year Projection
Units (Millions)	0.73	2.90
Growth Rate	-2%	+1%

Industrial

Net Sales & Net Sales Growth Rate Y/Y

(Billions of yen)

	3Q			Full Year				
	2024 Actual	2023 Actual	% Change	2024 Current Projection	2023 Actual	% Change	2024 Previous Projection	Amount Change
Optical Equipment	51.4	53.1	-3.2%	255.0	212.6	+19.9%	250.8	+4.2
Industrial Equipment	19.9	25.7	-22.9%	108.4	102.1	+6.2%	104.8	+3.6
Net Sales	71.3	78.8	-9.6%	363.4	314.7	+15.5%	355.6	+7.8
Op. Profit	14.0	15.8	-11.2%	69.4	58.6	+18.4%	65.2	+4.2
%	19.6%	20.0%		19.1%	18.6%		18.3%	

Net Sales Growth Rate Y/Y (Local Currency)

	2024	
	3Q	Full Year Projection
Opt. Equip.	-3.6%	+18.9%
Industrial Equip.	-23.0%	+5.8%
Total	-10.0%	+14.7%

Lithography Equipment (Units)

		2024	
		3Q	Full Year Projection
Semiconductor	KrF	10	54
	i-line	39	185
		49	239
FPD		4	26