



**CONSOLIDATED RESULTS FOR THE FOURTH QUARTER AND
THE FISCAL YEAR ENDED DECEMBER 31, 2024**

January 30, 2025

CONSOLIDATED RESULTS

(Millions of yen, thousands of U.S. dollars, except per share amounts)

	Actual			Projected		
	Year ended December 31, 2024	Year ended December 31, 2023	Change(%)	Year ended December 31, 2024	Year ending December 31, 2025	Change(%)
Net sales	¥ 4,509,821	¥ 4,180,972	+ 7.9	\$ 28,543,171	¥ 4,736,000	+ 5.0
Operating profit	279,754	375,366	- 25.5	1,770,595	519,000	+ 85.5
Income before income taxes	301,161	390,767	- 22.9	1,906,082	536,000	+ 78.0
Net income attributable to Canon Inc.	¥ 160,025	¥ 264,513	- 39.5	\$ 1,012,816	¥ 364,000	+ 127.5
Net income attributable to Canon Inc. shareholders per share:						
- Basic	¥ 165.53	¥ 264.20	- 37.3	\$ 1.05	¥ 391.72	+ 136.6
- Diluted	165.44	264.08	- 37.4	1.05	391.51	+ 136.6

	Actual		
	As of December 31, 2024	As of December 31, 2023	Change(%)
Total assets	¥ 5,766,246	¥ 5,416,577	+ 6.5
Canon Inc. shareholders' equity	¥ 3,380,273	¥ 3,353,022	+ 0.8

Notes: 1. Canon's consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles.
2. U.S. dollar amounts are translated from yen at the rate of JPY158=U.S.\$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of December 30, 2024, solely for the convenience of the reader.

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I. Operating Results and Financial Conditions

2024 in Review

Looking back at 2024, the global economy continued to recover moderately, as inflation in various regions began to settle down and monetary tightening eased. Looking by region, in the U.S., consumer spending remained solid, supported by a favorable personal income environment. In Europe, although the economic situation varied from one region to another, the economy was supported by consumer spending as the inflationary pressure eased towards the end of the year. In China, despite steady exports, the economy continued to be stagnant as the real estate market remained sluggish, and the pace of recovery in domestic demand slowed down. In other emerging countries, consumption remained firm as inflationary pressure eased. In Japan, although there were strong signs of stagnation at the beginning of the year, the economy recovered moderately as consumer spending and inbound demand picked up.

In the markets in which Canon operates, demand remained firm overall, despite the impact of economic stagnation in some regions. On a product basis, overall demand for office multifunction devices (MFDs) and commercial printing remained solid, despite the continued sluggish market conditions in Europe and China. While demand for inkjet printers overall decreased, demand for refillable ink tank models increased. Despite a decrease in demand mainly in China for laser printers, sales were solid due in part to the completion of inventory adjustments at its OEM partner. For medical equipment, although the U.S. market remained strong, the Chinese market experienced stagnation, and the conditions for hospital management became increasingly challenging in Europe and Japan, resulting in a weak market overall. For cameras, demand remained solid, mainly for mirrorless cameras. As for semiconductor lithography equipment, demand remained at a record-high level, due in part to continued strong investment in generative artificial intelligence (AI). For FPD (Flat Panel Display) lithography equipment, investment by panel manufacturers improved.

The average value of the yen for the year was ¥151.63 against the U.S. dollar, a year-on-year depreciation of approximately ¥11, and ¥163.99 against the euro, a year-on-year depreciation of approximately ¥12.

In 2024, net sales for the year reached ¥4,509.8 billion, exceeding the historical sales record set in 2007, and adjusted income before income taxes excluding the Medical business unit's impairment losses on goodwill increased by 19.3% year-on-year to ¥466.3 billion. Looking by region although sales were affected by market deterioration in Europe and China, sales in other countries were solid overall. On a product basis, sales were favorable for products such as semiconductor lithography equipment, network cameras, and mirrorless cameras. Gross profit as a percentage of net sales increased by 0.4 points to 47.5% due to cost reductions including improvements in logistics costs and positive effects from the depreciation of the yen. As a result, gross profit increased by 8.8% year-on-year to ¥2,143.1 billion. Operating expenses increased by 16.9% year-on-year to ¥1,863.3 billion mainly due to impairment loss booked on goodwill in the Medical business unit, and an increase in operating expenses of foreign currencies due to the depreciation of the yen. As a result, operating profit decreased by 25.5% to ¥279.8 billion. Other income (deductions) increased by ¥6.0 billion from the previous fiscal year to ¥21.4 billion due to the favorable impact in currency exchange from receivables of foreign currencies. As a result, income before income taxes decreased by 22.9% to ¥301.2 billion, and net income attributable to Canon Inc. decreased by 39.5% to ¥160.0 billion.

Basic net income attributable to Canon Inc. shareholders per share was ¥165.53 for the year, a year-on-year decrease of ¥98.67.

Results by Segment

Looking at Canon's full year performance by business unit, in the Printing Business Unit, sales of production printing devices increased compared with the previous year thanks to strong sales of the imagePRESS V series and other products mainly in the U.S. in addition to orders received at drupa, the world's largest printing equipment exhibition. As a result, sales of production printing equipment increased year-on-year. Although sales of office MFDs were affected by the sluggish market conditions in China and Europe, sales increased from the previous year, mainly for low and mid-speed color MFD series such as the imageRUNNER ADVANCE DX C3900 series. Sales of inkjet printers were affected by the sluggish market conditions in China and intensified price competition, particularly for low-end models. Under such situation, however, sales of refillable ink tank products, for which demand was firm, continued to grow. Sales of laser printers increased substantially after inventory adjustments by its OEM partner were settled. These factors resulted in total sales for the business unit of ¥2,522.7 billion, a year-on-year increase of 7.5%, while income before income taxes increased by 29.4% year-on-year to ¥304.1 billion.

In the Medical Business Unit, sales of Computed tomography (CT) systems and Magnetic resonance imaging (MRI) systems increased in the U.S. On the other hand, sales in China were affected by the market downturn, and the financial conditions of hospital management became increasingly challenging in Japan and Europe. As a result of these factors, total sales increased by 2.7% year-on-year to ¥568.8 billion. In 2024, adjusted income before income taxes, decreased by 20.4% year on year to ¥25.6 billion due to up-front investment costs, including development of next-generation equipment and business structure reform. In addition to the above, income before income taxes was a loss of ¥139.5 billion due to the recognition of impairment loss on goodwill.

In the Imaging Business Unit, although there was a period of adjustment in the inventory of interchangeable-lens digital cameras at the beginning of the year, the new EOS R1 and EOS R5 Mark II introduced in the second half of the year sold well, as did the entry models EOS R50 and EOS R100. Sales of network cameras also increased for the year as sales recovered from the second quarter when inventory adjustments were carried out. As a result of these factors, total sales increased by 8.8% year-on-year to ¥937.4 billion, and income before income taxes increased by 5.4% year-on-year to ¥154.3 billion.

In the Industrial Business Unit, unit sales of semiconductor lithography equipment increased substantially year-on-year as Canon steadily captured the high demand for its lithography equipment for back-end process which was accepted as the industry standard in advanced semiconductor packaging, amid the strong demand for semiconductors used for generative AI. Unit sales of FPD lithography equipment increased from the previous fiscal year thanks to the recovery of the market conditions. As a result of these factors, total sales increased by 13.3% year-on-year to ¥356.5 billion and income before income taxes increased by 19.0% year-on-year to ¥70.4 billion.

Financial Conditions

Total assets increased by ¥349.7 billion to ¥5,766.2 billion as of December 31, 2024 compared to the end of the previous year, mainly from an increase in assets of foreign currencies due to the depreciation of the yen, and an increase in accounts receivable accompanied by an increase in sales. Total liabilities increased by ¥310.3 billion to ¥2,121.2 billion due to the execution of long-term debt and an increase in accrued expenses. The balance of total equity increased by ¥39.3 billion to ¥3,645.1 billion, due to an increase in net income attributable to Canon Inc. shareholders, and an increase in foreign currency translation adjustments caused by the depreciation of the yen, partially offset by dividends to Canon Inc. shareholders and repurchases of treasury stock which were carried out two times.

As a result, Canon Inc.'s shareholders' equity as a percentage of total assets declined by 3.3 points to 58.6% compared to the end of the previous year.

Cash Flow

During 2024, cash flow from operating activities increased by ¥155.6 billion year-on-year to ¥606.8 billion due to an enhancement in profitability excluding impairment losses on goodwill, and an improvement in working capital mainly from an increase of trade payable. Cash flow from investing activities was ¥297.3 billion, on par with the previous year when Canon made large-scale acquisitions. This year's expenditures primarily resulted from the acquisition of Primagest, Inc., recognized for its strength in BPO services, along with continued investment in production facilities. As a result, free cash flow increased by ¥133.7 billion compared with the previous year to ¥309.5 billion.

Cash flow from financing activities recorded a cash outflow of ¥226.0 billion due to a ¥69.3 billion increase in expenditures as a result of active returns to shareholders, including increased dividends in continuation of the previous year and repurchases of treasury stock which were carried out two times.

Owing to these factors, as well as the impact from foreign currency exchange adjustments, cash and cash equivalents increased by ¥100.2 billion to ¥501.6 billion from the end of the previous year.

Outlook

As for the outlook for 2025, amid the ongoing slowdown in China and geopolitical risks, uncertainties are expected to further increase depending on future policy trends in the U.S. However, Canon expects the global economy overall to continue its gradual trend toward recovery, thanks to the easing inflation and falling interest rates in many countries and regions.

Among the markets in which Canon operates, in the production printing market, stable growth is expected to continue as growing demand for high-variety small-lot printing supports the shift from analog to digital. Demand for office MFDs as a core office device is expected to remain firm. For inkjet and laser printers, although the market contraction in China and Europe is expected to continue due to sluggish conditions, the decline is expected to be minimal. For medical equipment, further expansion is expected in the U.S. market and emerging markets such as the Middle East and Southeast Asia. Demand for interchangeable-lens digital cameras is expected to remain firm amid the shift to mirrorless cameras continues. Demand for network cameras is expected to remain stable as demand for video analysis systems and high-value-added products remains high. Demand for semiconductor lithography equipment is expected to continue to grow as investment in generative AI is expected to remain at a high level and demand for memory devices is expected to recover moderately. For FPD lithography equipment, since the panel market shows signs of recovery, investments in IT panels and investments made in anticipation of improved panel functionality are expected to increase.

With regard to currency exchange rates on which Canon bases its performance outlook, Canon anticipates exchange rates of ¥150 to the U.S. dollar and ¥160 to the euro, representing appreciation of approximately ¥2 against the U.S. dollar and appreciation of approximately ¥4 against the euro as the annual average rates of the previous year.

Having taken the aforementioned current exchange rates into consideration, Canon projects full-year consolidated net sales of ¥4,736.0 billion, a year-on-year increase of 5.0%; operating profit of ¥519.0 billion, a year-on-year increase of 85.5%; income before income taxes of ¥536.0 billion, a year-on-year increase of

78.0%; and net income attributable to Canon Inc. of ¥364.0 billion, a year-on-year increase of 127.5% thanks to the market growth of network cameras and semiconductor lithography equipment and the effects of highly competitive new products in its core businesses. In 2025, which is also the final year of Phase VI of the Excellent Global Corporation Plan, Canon aims to further improve profitability and expects record sales for the second consecutive year.

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 document. Please refer to Canon's most recent disclosure documents such as the Annual Report, which are available on its website, for more information on the risks and uncertainties that may affect Canon's business, financial condition and results of operations. 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.

II. Basic Concept Regarding the Selection of Accounting Standards

Canon has prepared its consolidated financial statements in accordance with U.S. generally accepted accounting principles ("GAAP") over the long term since registering its American Depositary Receipts on the OTC (over-the-counter) market in 1969.

Canon has continued to adopt U.S. GAAP in order to maintain the continuity of financial statements from the past and to maintain international comparability.

Also, Canon is gathering information on trends in Japan and Overseas in relation to the International Financial Reporting Standards (IFRS).

III. Financial Statements**1. CONSOLIDATED BALANCE SHEETS**

	Millions of yen		
	As of December 31, 2024	As of December 31, 2023	Change
ASSETS			
Current assets	2,450,083	2,224,086	225,997
Cash and cash equivalents	501,565	401,323	100,242
Short-term investments	4,775	3,822	953
Trade receivables	705,591	655,460	50,131
Inventories	841,836	796,881	44,955
Current lease receivables	167,612	150,324	17,288
Prepaid expenses and other current assets	245,665	231,605	14,060
Allowance for credit losses	(16,961)	(15,329)	(1,632)
Non-current assets	3,316,163	3,192,491	123,672
Noncurrent receivables	29,614	11,734	17,880
Investments	113,241	78,505	34,736
Property, plant and equipment, net	1,147,380	1,095,879	51,501
Operating lease right-of-use assets	136,717	126,125	10,592
Intangible assets, net	275,391	274,942	449
Goodwill	915,258	1,045,400	(130,142)
Noncurrent lease receivables	363,749	321,065	42,684
Other assets	339,569	242,659	96,910
Allowance for credit losses	(4,756)	(3,818)	(938)
Total assets	<u>5,766,246</u>	<u>5,416,577</u>	<u>349,669</u>
LIABILITIES AND EQUITY			
Current liabilities	1,546,306	1,439,176	107,130
Short-term loans and current portion of long-term debt	318,330	386,200	(67,870)
Short-term loans related to financial services	40,400	38,900	1,500
Other short-term loans and current portion of long-term debt	277,930	347,300	(69,370)
Trade payables	350,128	309,930	40,198
Accrued income taxes	78,438	56,983	21,455
Accrued expenses	433,329	373,544	59,785
Current operating lease liabilities	41,876	35,559	6,317
Other current liabilities	324,205	276,960	47,245
Non-Current liabilities	574,889	371,694	203,195
Long-term debt, excluding current portion of long-term debt	205,075	2,954	202,121
Accrued pension and severance cost	166,153	171,779	(5,626)
Noncurrent operating lease liabilities	98,219	92,604	5,615
Other noncurrent liabilities	105,442	104,357	1,085
Total liabilities	<u>2,121,195</u>	<u>1,810,870</u>	<u>310,325</u>
Canon Inc. shareholders' equity	3,380,273	3,353,022	27,251
Common stock	174,762	174,762	-
Additional paid-in capital	412,287	404,935	7,352
Retained earnings	3,880,561	3,862,846	17,715
Legal reserve	61,893	61,634	259
Other retained earnings	3,818,668	3,801,212	17,456
Accumulated other comprehensive income (loss)	470,897	268,758	202,139
Treasury stock, at cost	(1,558,234)	(1,358,279)	(199,955)
Noncontrolling interests	264,778	252,685	12,093
Total equity	<u>3,645,051</u>	<u>3,605,707</u>	<u>39,344</u>
Total liabilities and equity	<u>5,766,246</u>	<u>5,416,577</u>	<u>349,669</u>

	Millions of yen	
	As of December 31, 2024	As of December 31, 2023
Notes:		
1. Accumulated depreciation	3,203,327	3,088,649
2. Accumulated other comprehensive income (loss):		
Foreign currency translation adjustments	519,361	374,937
Net unrealized gains and losses on securities	31	26
Net gains and losses on derivative instruments	(1,519)	924
Pension liability adjustments	(46,976)	(107,129)

2. CONSOLIDATED STATEMENTS OF INCOME AND
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Results for the fourth quarter

Consolidated statements of income

	Millions of yen		Change(%)
	Three months ended	Three months ended	
	December 31, 2024	December 31, 2023	
Net sales	1,273,710	1,163,718	+ 9.5
Cost of sales	677,006	615,639	
Gross profit	596,704	548,079	+ 8.9
Operating expenses:			
Selling, general and administrative expenses	356,940	347,002	
Research and development expenses	91,548	85,084	
Impairment losses on goodwill	165,100	-	
	613,588	432,086	
Operating profit (loss)	(16,884)	115,993	-
Other income (deductions):			
Interest and dividend income	4,045	4,322	
Interest expense	(1,258)	(793)	
Other, net	4,489	(4,737)	
	7,276	(1,208)	
Income (loss) before income taxes	(9,608)	114,785	-
Income taxes	40,627	28,395	
Consolidated net income (loss)	(50,235)	86,390	
Less: Net income attributable to noncontrolling interests	8,309	5,824	
Net income (loss) attributable to Canon Inc.	(58,544)	80,566	-

Note

Canon includes "adjusted income before income taxes," which is a non-U.S. GAAP measure, in its disclosure.

Canon believes this measure helps investors better understand Canon's recurring business performance.

A reconciliation from income (loss) before income taxes to adjusted income before income taxes is set forth on the following table.

Reconciliation from income (loss) before income taxes to adjusted income before income taxes

	Millions of yen	
	Three months ended	Three months ended
	December 31, 2024	December 31, 2023
Income (loss) before income taxes	(9,608)	114,785
Impairment losses on goodwill	165,100	-
Adjusted income before income taxes	155,492	114,785

Consolidated statements of comprehensive income

	Millions of yen		Change(%)
	Three months ended	Three months ended	
	December 31, 2024	December 31, 2023	
Consolidated net (loss) income	(50,235)	86,390	-
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments	130,167	(39,092)	
Net unrealized gains and losses on securities	(39)	-	
Net gains and losses on derivative instruments	(2,909)	2,608	
Pension liability adjustments	62,706	20,296	
	189,925	(16,188)	
Comprehensive income (loss)	139,690	70,202	+ 99.0
Less: Comprehensive income (loss) attributable to noncontrolling interests	16,222	8,381	
Comprehensive income (loss) attributable to Canon Inc.	123,468	61,821	+ 99.7

Results for the fiscal year**Consolidated statements of income**

	Millions of yen		Change(%)
	Year ended December 31, 2024	Year ended December 31, 2023	
Net sales	4,509,821	4,180,972	+ 7.9
Cost of sales	2,366,726	2,212,062	
Gross profit	2,143,095	1,968,910	+ 8.8
Operating expenses:			
Selling, general and administrative expenses	1,360,893	1,261,630	
Research and development expenses	337,348	331,914	
Impairment losses on goodwill	165,100	-	
	1,863,341	1,593,544	
Operating profit	279,754	375,366	- 25.5
Other income (deductions):			
Interest and dividend income	15,602	13,425	
Interest expense	(3,745)	(2,267)	
Other, net	9,550	4,243	
	21,407	15,401	
Income before income taxes	301,161	390,767	- 22.9
Income taxes	118,287	106,346	
Consolidated net income	182,874	284,421	
Less: Net income attributable to noncontrolling interests	22,849	19,908	
Net income attributable to Canon Inc.	160,025	264,513	- 39.5

Note

Canon includes "adjusted income before income taxes," which is a non-U.S. GAAP measure, in its disclosure.

Canon believes this measure helps investors better understand Canon's recurring business performance.

A reconciliation from income before income taxes to adjusted income before income taxes is set forth on the following table.

Reconciliation from income before income taxes to adjusted income before income taxes

	Millions of yen	
	Year ended December 31, 2024	Year ended December 31, 2023
Income before income taxes	301,161	390,767
Impairment losses on goodwill	165,100	-
Adjusted income before income taxes	466,261	390,767

Consolidated statements of comprehensive income

	Millions of yen		Change(%)
	Year ended December 31, 2024	Year ended December 31, 2023	
Consolidated net income	182,874	284,421	- 35.7
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments	145,724	184,836	
Net unrealized gains and losses on securities	5	60	
Net gains and losses on derivative instruments	(2,433)	1,394	
Pension liability adjustments	66,990	24,289	
	210,286	210,579	
Comprehensive income (loss)	393,160	495,000	- 20.6
Less: Comprehensive income (loss) attributable to noncontrolling interests	30,996	24,352	
Comprehensive income (loss) attributable to Canon Inc.	362,164	470,648	- 23.0

3. CONSOLIDATED STATEMENTS OF EQUITY

Millions of yen

	Common stock	Additional paid-in capital	Retained earnings			Accumulated other comprehensive income (loss)	Treasury stock	Total Canon Inc. shareholders' equity	Noncontrolling interests	Total equity
			Legal reserve	Other retained earnings	Total retained earnings					
Balance at December 31, 2022	174,762	404,838	64,509	3,664,735	3,729,244	62,623	(1,258,362)	3,113,105	235,925	3,349,030
Equity transactions with noncontrolling interests and other		158	(3,534)	3,534	-			158	(97)	61
Dividends to Canon Inc. shareholders				(130,870)	(130,870)			(130,870)		(130,870)
Dividends to noncontrolling interests									(7,495)	(7,495)
Transfers to legal reserve			659	(659)	-			-		-
Comprehensive income:										
Net income				264,513	264,513			264,513	19,908	284,421
Other comprehensive income (loss), net of tax:										
Foreign currency translation adjustments						183,650		183,650	1,186	184,836
Net unrealized gains and losses on securities						60		60		60
Net gains and losses on derivative instruments						1,352		1,352	42	1,394
Pension liability adjustments						21,073		21,073	3,216	24,289
Total comprehensive income (loss)								470,648	24,352	495,000
Repurchases and reissuance of treasury stock		(61)		(41)	(41)		(99,917)	(100,019)		(100,019)
Balance at December 31, 2023	174,762	404,935	61,634	3,801,212	3,862,846	268,758	(1,358,279)	3,353,022	252,685	3,605,707
Equity transactions with noncontrolling interests and other		7,410		(762)	(762)			6,648	(10,839)	(4,191)
Dividends to Canon Inc. shareholders				(141,530)	(141,530)			(141,530)		(141,530)
Dividends to noncontrolling interests									(8,854)	(8,854)
Acquisition of subsidiaries									790	790
Transfers to legal reserve			259	(259)	-			-		-
Comprehensive income:										
Net income				160,025	160,025			160,025	22,849	182,874
Other comprehensive income (loss), net of tax:										
Foreign currency translation adjustments						144,424		144,424	1,300	145,724
Net unrealized gains and losses on securities						5		5		5
Net gains and losses on derivative instruments						(2,443)		(2,443)	10	(2,433)
Pension liability adjustments						60,153		60,153	6,837	66,990
Total comprehensive income (loss)								362,164	30,996	393,160
Repurchases and reissuance of treasury stock		(58)		(18)	(18)		(199,955)	(200,031)		(200,031)
Balance at December 31, 2024	174,762	412,287	61,893	3,818,668	3,880,561	470,897	(1,558,234)	3,380,273	264,778	3,645,051

4. CONSOLIDATED STATEMENTS OF CASH FLOWS

	Millions of yen	
	<u>Year ended December 31, 2024</u>	<u>Year ended December 31, 2023</u>
Cash flows from operating activities:		
Consolidated net income	182,874	284,421
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	235,465	238,676
Impairment losses on goodwill	165,100	-
Loss on disposal of fixed assets	1,271	4,025
Deferred income taxes	(14,571)	(10,353)
(Increase) decrease in trade receivables	(29,437)	16,625
(Increase) decrease in inventories	(6,865)	65,595
Increase in lease receivables	(18,216)	(24,838)
Increase (decrease) in trade payables	29,348	(57,631)
Increase in accrued income taxes	20,464	6,880
Increase (decrease) in accrued expenses	27,284	(16,083)
Decrease in accrued pension and severance cost	(32,639)	(32,208)
Contribution of cash to retirement benefit trust	-	(18,000)
Other, net	46,753	(5,919)
Net cash provided by operating activities	<u>606,831</u>	451,190
Cash flows from investing activities:		
Purchases of fixed assets	(237,001)	(230,308)
Proceeds from sale of fixed assets	7,279	3,670
Purchases of securities	(13,812)	(11,755)
Proceeds from sale and maturity of securities	4,840	16,582
Acquisitions of businesses, net of cash acquired	(32,672)	(54,570)
Other, net	(25,956)	1,009
Net cash used in investing activities	<u>(297,322)</u>	(275,372)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	200,000	-
Repayments of long-term debt	(2,297)	(55,893)
Increase (decrease) in short-term loans related to financial services, net	1,500	(2,300)
(Decrease) increase in other short-term loans, net	(70,960)	140,213
Dividends paid	(141,530)	(130,870)
Repurchases and reissuance of treasury stock, net	(200,031)	(100,019)
Other, net	(12,678)	(7,860)
Net cash used in financing activities	<u>(225,996)</u>	(156,729)
Effect of exchange rate changes on cash and cash equivalents	<u>16,729</u>	20,133
Net change in cash and cash equivalents	<u>100,242</u>	39,222
Cash and cash equivalents at beginning of period	<u>401,323</u>	362,101
Cash and cash equivalents at end of period	<u><u>501,565</u></u>	<u><u>401,323</u></u>

*Certain items in the consolidated statements of cash flows for the year ended December 31, 2023, have been reclassified to conform to the current year's presentation.

5. NOTE FOR GOING CONCERN ASSUMPTION

Not applicable.

6. SEGMENT INFORMATION

SEGMENT INFORMATION BY BUSINESS UNIT

Results for the fourth quarter

	Millions of yen		Change(%)	
	Three months ended December 31, 2024	Three months ended December 31, 2023		
Printing				
Net sales:				
External customers	675,568	641,098	+	5.4
Intersegment	1,502	1,534	-	2.1
Total	677,070	642,632	+	5.4
Cost of sales	366,989	345,774	+	6.1
Gross profit	310,081	296,858	+	4.5
Research and development expenses	26,671	24,289	+	9.8
Selling, general and administrative expenses	198,946	200,215	-	0.6
Operating profit	84,464	72,354	+	16.7
Other income (deductions)	3,613	1,174	+	207.8
Income before income taxes	88,077	73,528	+	19.8
Medical				
Net sales:				
External customers	161,189	163,624	-	1.5
Intersegment	82	580	-	85.9
Total	161,271	164,204	-	1.8
Cost of sales	89,376	92,043	-	2.9
Gross profit	71,895	72,161	-	0.4
Research and development expenses	15,092	13,580	+	11.1
Selling, general and administrative expenses	212,972	44,867	+	374.7
Operating profit	(156,169)	13,714	-	-
Other income (deductions)	289	498	-	42.0
Income before income taxes	(155,880)	14,212	-	-
Imaging				
Net sales:				
External customers	277,414	229,283	+	21.0
Intersegment	138	(5)	-	-
Total	277,552	229,278	+	21.1
Cost of sales	126,990	107,550	+	18.1
Gross profit	150,562	121,728	+	23.7
Research and development expenses	28,812	25,525	+	12.9
Selling, general and administrative expenses	69,327	62,515	+	10.9
Operating profit	52,423	33,688	+	55.6
Other income (deductions)	765	(280)	-	-
Income before income taxes	53,188	33,408	+	59.2
Industrial				
Net sales:				
External customers	119,459	96,407	+	23.9
Intersegment	2,789	2,547	+	9.5
Total	122,248	98,954	+	23.5
Cost of sales	70,057	53,438	+	31.1
Gross profit	52,191	45,516	+	14.7
Research and development expenses	9,393	7,354	+	27.7
Selling, general and administrative expenses	17,859	14,834	+	20.4
Operating profit	24,939	23,328	+	6.9
Other income (deductions)	439	160	+	174.4
Income before income taxes	25,378	23,488	+	8.0

	Millions of yen		Change(%)
	Three months ended December 31, 2024	Three months ended December 31, 2023	
Others and Corporate			
Net sales:			
External customers	40,080	33,306	+ 20.3
Intersegment	24,734	19,191	+ 28.9
Total	64,814	52,497	+ 23.5
Cost of sales	53,623	39,514	+ 35.7
Gross profit	11,191	12,983	- 13.8
Research and development expenses	11,580	14,336	- 19.2
Selling, general and administrative expenses	22,595	24,986	- 9.6
Operating profit	(22,984)	(26,339)	—
Other income (deductions)	2,170	(2,655)	—
Income before income taxes	(20,814)	(28,994)	—
Eliminations			
Net sales:			
External customers	—	—	—
Intersegment	(29,245)	(23,847)	—
Total	(29,245)	(23,847)	—
Cost of sales	(30,029)	(22,680)	—
Gross profit	784	(1,167)	—
Research and development expenses	-	-	—
Selling, general and administrative expenses	341	(415)	—
Operating profit	443	(752)	—
Other income (deductions)	-	(105)	—
Income before income taxes	443	(857)	—
Consolidated			
Net sales:			
External customers	1,273,710	1,163,718	+ 9.5
Intersegment	-	-	—
Total	1,273,710	1,163,718	+ 9.5
Cost of sales	677,006	615,639	+ 10.0
Gross profit	596,704	548,079	+ 8.9
Research and development expenses	91,548	85,084	+ 7.6
Selling, general and administrative expenses	522,040	347,002	+ 50.4
Operating profit	(16,884)	115,993	—
Other income (deductions)	7,276	(1,208)	—
Income before income taxes	(9,608)	114,785	—

* In order to manage the performance of each reportable segment more appropriately, Canon has changed its performance management method regarding intercompany transactions for Others and Corporate from the beginning of the first quarter of 2024. Operating results for the three months ended December 31, 2023 have also been reclassified.

* Canon has modified the presentation of segment information in accordance with the requirements set forth in ASU 2023-07, Segment Reporting – Improvements to Reportable Segment Disclosures from the fourth quarter of 2024. Operating results for the three months ended December 31, 2023 have also been reclassified.

*Corporate expenses include certain corporate research and development expenses. Amortization costs of identified intangible assets resulting from the purchase price allocation of Toshiba Medical Systems Corporation (Canon Medical Systems Corporation) are also included in corporate expenses.

Reconciliation from income before income taxes to adjusted income before income taxes

	Millions of yen	
	Three months ended December 31, 2024	Three months ended December 31, 2023
Medical		
Income before income taxes	(155,880)	14,212
Impairment losses on goodwill	165,100	-
Adjusted income before income taxes	9,220	14,212

	Millions of yen	
	Three months ended December 31, 2024	Three months ended December 31, 2023
Consolidated		
Income before income taxes	(9,608)	114,785
Impairment losses on goodwill	165,100	-
Adjusted income before income taxes	155,492	114,785

SEGMENT INFORMATION BY BUSINESS UNIT

Results for the fiscal year

	Millions of yen		Change(%)	
	Year ended December 31, 2024	Year ended December 31, 2023		
Printing				
Net sales:				
External customers	2,515,543	2,339,718	+	7.5
Intersegment	7,182	6,358	+	13.0
Total	2,522,725	2,346,076	+	7.5
Cost of sales	1,356,530	1,288,172	+	5.3
Gross profit	1,166,195	1,057,904	+	10.2
Research and development expenses	100,361	97,925	+	2.5
Selling, general and administrative expenses	775,950	731,670	+	6.1
Operating profit	289,884	228,309	+	27.0
Other income (deductions)	14,262	6,752	+	111.2
Income before income taxes	304,146	235,061	+	29.4
Total assets	1,354,948	1,247,666	+	8.6
Depreciation and amortization	63,356	69,712	-	9.1
Capital expenditures	70,075	65,175	+	7.5
Medical				
Net sales:				
External customers	568,260	552,296	+	2.9
Intersegment	548	1,484	-	63.1
Total	568,808	553,780	+	2.7
Cost of sales	308,642	307,881	+	0.2
Gross profit	260,166	245,899	+	5.8
Research and development expenses	52,639	47,182	+	11.6
Selling, general and administrative expenses	347,964	167,068	+	108.3
Operating profit	(140,437)	31,649		—
Other income (deductions)	929	490	+	89.6
Income before income taxes	(139,508)	32,139		—
Total assets	421,453	361,251	+	16.7
Depreciation and amortization	13,132	14,041	-	6.5
Capital expenditures	16,663	12,094	+	37.8
Imaging				
Net sales:				
External customers	937,028	861,456	+	8.8
Intersegment	363	169	+	114.8
Total	937,391	861,625	+	8.8
Cost of sales	425,663	384,453	+	10.7
Gross profit	511,728	477,172	+	7.2
Research and development expenses	101,200	93,834	+	7.9
Selling, general and administrative expenses	259,224	237,759	+	9.0
Operating profit	151,304	145,579	+	3.9
Other income (deductions)	3,004	854	+	251.8
Income before income taxes	154,308	146,433	+	5.4
Total assets	425,515	406,390	+	4.7
Depreciation and amortization	19,984	22,062	-	9.4
Capital expenditures	38,922	28,922	+	34.6
Industrial				
Net sales:				
External customers	345,863	303,807	+	13.8
Intersegment	10,599	10,912	-	2.9
Total	356,462	314,719	+	13.3
Cost of sales	201,125	177,652	+	13.2
Gross profit	155,337	137,067	+	13.3
Research and development expenses	30,559	27,872	+	9.6
Selling, general and administrative expenses	55,875	50,597	+	10.4
Operating profit	68,903	58,598	+	17.6
Other income (deductions)	1,500	568	+	164.1
Income before income taxes	70,403	59,166	+	19.0
Total assets	238,625	244,275	-	2.3
Depreciation and amortization	11,590	12,931	-	10.4
Capital expenditures	13,109	10,432	+	25.7

	Millions of yen		Change(%)
	Year ended December 31, 2024	Year ended December 31, 2023	
Others and Corporate			
Net sales:			
External customers	143,127	123,695	+ 15.7
Intersegment	90,619	85,149	+ 6.4
Total	233,746	208,844	+ 11.9
Cost of sales	186,273	134,894	+ 38.1
Gross profit	47,473	54,897	- 13.5
Research and development expenses	52,589	65,101	- 19.2
Selling, general and administrative expenses	86,058	76,141	+ 13.0
Operating profit	(91,174)	(86,345)	—
Other income (deductions)	1,712	6,932	- 75.3
Income before income taxes	(89,462)	(79,413)	—
Total assets	3,329,047	3,180,186	+ 4.7
Depreciation and amortization	127,403	119,930	+ 6.2
Capital expenditures	117,498	115,102	+ 2.1
Eliminations			
Net sales:			
External customers	-	-	-
Intersegment	(109,311)	(104,072)	-
Total	(109,311)	(104,072)	-
Cost of sales	(111,507)	(100,043)	-
Gross profit	2,196	(4,029)	-
Research and development expenses	-	-	-
Selling, general and administrative expenses	922	(1,605)	-
Operating profit	1,274	(2,424)	-
Other income (deductions)	-	(195)	-
Income before income taxes	1,274	(2,619)	-
Total assets	(3,342)	(23,191)	-
Depreciation and amortization	-	-	-
Capital expenditures	-	-	-
Consolidated			
Net sales:			
External customers	4,509,821	4,180,972	+ 7.9
Intersegment	-	-	—
Total	4,509,821	4,180,972	+ 7.9
Cost of sales	2,366,726	2,212,062	+ 7.0
Gross profit	2,143,095	1,968,910	+ 8.8
Research and development expenses	337,348	331,914	+ 1.6
Selling, general and administrative expenses	1,525,993	1,261,630	+ 21.0
Operating profit	279,754	375,366	- 25.5
Other income (deductions)	21,407	15,401	+ 39.0
Income before income taxes	301,161	390,767	- 22.9
Total assets	5,766,246	5,416,577	+ 6.5
Depreciation and amortization	235,465	238,676	- 1.3
Capital expenditures	256,267	231,725	+ 10.6

* In order to manage the performance of each reportable segment more appropriately, Canon has changed its performance management method regarding intercompany transactions for Others and Corporate from the beginning of the first quarter of 2024. Operating results for the year ended December 31, 2023 have also been reclassified.

* Canon has modified the presentation of segment information in accordance with the requirements set forth in ASU 2023-07, Segment Reporting – Improvements to Reportable Segment Disclosures from the fourth quarter of 2024. Operating results for the year ended December 31, 2023 have also been reclassified.

*Corporate expenses include certain corporate research and development expenses. Amortization costs of identified intangible assets resulting from the purchase price allocation of Toshiba Medical Systems Corporation (Canon Medical Systems Corporation) are also included in corporate expenses.

Reconciliation from income before income taxes to adjusted income before income taxes

	Millions of yen	
	Year ended December 31, 2024	Year ended December 31, 2023
Medical		
Income before income taxes	(139,508)	32,139
Impairment losses on goodwill	165,100	-
Adjusted income before income taxes	25,592	32,139

	Millions of yen	
	Year ended December 31, 2024	Year ended December 31, 2023
Consolidated		
Income before income taxes	301,161	390,767
Impairment losses on goodwill	165,100	-
Adjusted income before income taxes	466,261	390,767

7. DETAILS OF SALES**Results for the fourth quarter**

Sales by business unit	Millions of yen		Change(%)
	Three months ended	Three months ended	
	December 31, 2024	December 31, 2023	
Printing	677,070	642,632	+ 5.4
Medical	161,271	164,204	- 1.8
Imaging	277,552	229,278	+ 21.1
Industrial	122,248	98,954	+ 23.5
Others and Corporate	64,814	52,497	+ 23.5
Eliminations	(29,245)	(23,847)	-
Total	1,273,710	1,163,718	+ 9.5

Sales by region	Millions of yen		Change(%)
	Three months ended	Three months ended	
	December 31, 2024	December 31, 2023	
Japan	262,009	248,991	+ 5.2
Overseas:			
Americas	396,562	367,855	+ 7.8
Europe	343,219	320,988	+ 6.9
Asia and Oceania	271,920	225,884	+ 20.4
	1,011,701	914,727	+ 10.6
Total	1,273,710	1,163,718	+ 9.5

Results for the fiscal year

Sales by business unit	Millions of yen		Change(%)
	Year ended	Year ended	
	December 31, 2024	December 31, 2023	
Printing	2,522,725	2,346,076	+ 7.5
Medical	568,808	553,780	+ 2.7
Imaging	937,391	861,625	+ 8.8
Industrial	356,462	314,719	+ 13.3
Others and Corporate	233,746	208,844	+ 11.9
Eliminations	(109,311)	(104,072)	-
Total	4,509,821	4,180,972	+ 7.9

Sales by region	Millions of yen		Change(%)
	Year ended	Year ended	
	December 31, 2024	December 31, 2023	
Japan	955,456	901,589	+ 6.0
Overseas:			
Americas	1,429,201	1,312,438	+ 8.9
Europe	1,184,389	1,111,211	+ 6.6
Asia and Oceania	940,775	855,734	+ 9.9
	3,554,365	3,279,383	+ 8.4
Total	4,509,821	4,180,972	+ 7.9

* In order to manage the performance of each reportable segment more appropriately, Canon has changed its performance management method regarding intercompany transactions for Others and Corporate from the beginning of the first quarter of 2024. Operating results for the three months and the year ended December 31, 2023 have also been reclassified.

Notes 1. The primary products included in each of the segments are as follows:

Printing Business Unit :

Digital continuous feed presses / Digital sheet-fed presses / Large format printers /
Office multifunction devices (MFDs) / Document solutions / Laser multifunction printers (MFPs) /
Laser printers / Inkjet printers / Image scanners / Calculators

Medical Business Unit :

Computed tomography (CT) systems / Diagnostic ultrasound systems / Diagnostic X-ray systems /
Magnetic resonance imaging (MRI) systems / Digital radiography systems / Ophthalmic equipment /
In vitro diagnostic systems and reagents / Healthcare IT Solutions

Imaging Business Unit :

Interchangeable-lens digital cameras / Interchangeable lenses / Digital compact cameras / Compact photo printers /
MR Systems / Network cameras / Video management software / Video content analytics software /
Digital camcorders / Digital cinema cameras / Broadcast equipment

Industrial Business Unit :

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

Others :

Handy terminals / Document scanners

2. The principal countries and regions included in each regional category are as follows:

Americas: United States of America, Canada, Latin America

Europe: United Kingdom, Germany, France, Netherlands, European countries, Middle East and Africa

Asia and Oceania: China, Asian countries, Australia

8. NOTE ON SIGNIFICANT CHANGES IN SHAREHOLDERS' EQUITY

None.

9. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES

Canon's consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles.

10. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) NET INCOME ATTRIBUTABLE TO CANON INC. SHAREHOLDERS PER SHARE

Results for the fiscal year	Millions of yen	
	Year ended December 31, 2024	Year ended December 31, 2023
Net income attributable to Canon Inc.		
-Basic	160,025	264,513
-Diluted	160,018	264,508
	Number of shares	
Weighted average common shares outstanding		
-Basic	966,762,583	1,001,199,905
-Diluted	967,234,173	1,001,604,002
	Yen	
Net income attributable to Canon Inc. shareholders per share:		
-Basic	165.53	264.20
-Diluted	165.44	264.08

(2) NOTE TO A GOODWILL IMPAIRMENT LOSS

Canon's medical reporting unit has significant goodwill allocated, primarily recognized during the acquisition of the former Toshiba Medical Systems Corporation (now Canon Medical Systems Corporation, "CMSC") in 2016. Canon considers the medical related market to be stable and growing in the long term. However, it is difficult to achieve the plan set at the time of acquisition in the short term due to stagnation of limited businesses led by rising geopolitical risk, prolonged economic downturn in China, and deterioration of the financial situation of medical institutions in Japan. Additionally, in February 2024, Canon established the Medical Business Advancement Committee, initiating fundamental structural reforms aimed at improving profitability, based on the synergy between CMSC and Canon.

Taking these changes in the business environment into account, Canon revised our sales projections, focusing on the growth rates of major markets, and reflected them in its future plans. The fair value of the medical reporting unit calculated based on these assumptions and a discounted cash flow analysis, resulted in a value below the book value. Consequently, a goodwill impairment loss of ¥165.1 billion was recognized.

(3) SUBSEQUENT EVENT

On January 6, 2025, Canon borrowed ¥200 billion under its existing overdraft facilities with Mizuho Bank, Ltd. and SMBC Bank, Ltd. for required operating funds. The overdraft facilities bear interest at a rate equal to a base rate plus a spread.

On January 30, 2025, the Board of Directors of Canon approved a plan to repurchase its own shares under the Article 156, as applied pursuant to Paragraph 3, Article 165, of the Companies Act of Japan, as follows.

1. Reason for repurchase:

Canon decided to acquire its own shares with the aim of further improving its corporate value through active growth investment and enhancing shareholder returns by improving capital efficiency. As a part of this approach for shareholder returns, Canon passed a resolution to acquire its own shares.

- Total number of shares to be repurchased: Up to 26 million shares (Equivalent to 3.3% of issued shares (Excluding treasury stock))
- Total cost of repurchase: Up to ¥100.0 billion
- Period of repurchase: From February 3, 2025 to January 30, 2026

(Current Titles are Shown in the Parentheses)

Effective Date: March 28, 2025

Audit & Supervisory Board Members

(1) Audit & Supervisory Board Members to be retired

Hideya Hatamochi (Audit & Supervisory Board Member)

Hiroshi Yoshida (Audit & Supervisory Board Member (Outside))

(2) Candidates for new Audit & Supervisory Board Member to be appointed

Takeshi Morikawa (Secretary General of Economic Security Office)

Yuka Shigetomi (Certified Public Accountant)

(Current Titles are Shown in the Parentheses)

Executive Officers

(1) Executive Officers to be retired

Effective Date: March 31, 2025

Eiji Osanai	(Senior Managing Executive Officer, Group Executive of Production Engineering Headquarters)
Yuichi Ishizuka	(Senior Managing Executive Officer, President & CEO of Canon Europa N.V., President & CEO of Canon Europe Ltd.)
Shunsuke Inoue	(Senior Managing Executive Officer, Group Executive of Core Technology Development Headquarters)
Noriko Gunji	(Managing Executive Officer, Group Executive of Sustainability Headquarters)

(2) New Executive Officers to be appointed

Effective Date: April 1, 2025

Shinichi Yoshida	(Executive Vice President of Canon Europe Ltd.)
Hisashi Tachizaki	(Director and Senior Vice President of Canon Medical Systems Corporation)
Kohei Iida	(Senior Principal Analyst of Global Marketing Strategy Headquarters)
Yasufumi Inoue	(Senior Principal Analyst of Global Logistics Management Center)
Manabu Kato	(Unit Executive of IMG Business Unit 1)
Yuki Sudo	(Senior General Manager of Human Resources Management & Organization Center)

(3) Executive Officers to be promoted

Effective Date: April 1, 2025

Senior Managing Executive Officer	Ritsuo Mashiko	(Managing Executive Officer, President of Oita Canon Inc.)
Managing Executive Officer	Katsuyoshi Soma	(Executive Officer, President of Fukushima Canon Inc.)
Managing Executive Officer	Yoshiyuki Koshimizu	(Executive Officer, Senior General Manager of Digital Printing Business Planning & Management Center)
Managing Executive Officer	Toshiyuki Ishii	(Executive Officer, President & CEO of Canon Singapore Pte. Ltd.)
Managing Executive Officer	Masahide Kinoshita	(Executive Officer, Chief Executive of Peripheral Products Operations)