

# 2Q 2022 Results

July 25, 2022  
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Director, Vice President



Canon Marketing Japan Inc.

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\* The figures are rounded off to the nearest 100 million yen in this material.

\* Forward-looking statements and results forecasts presented in this material are based on the management's assumptions using currently available information and therefore contain inherent risks and uncertainties.

As a consequence, due to a range of possible factors, actual results may materially differ from the forecasts.

# Summary of Financial Results

2Q 2022 Actual  
(from April 1 to June 30)



<b>Net sales</b>	<b>¥142.5 B</b>	<b>(Y/Y +7.7 B, +6%)</b>
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- ✓ Net sales increased due to an increase in sales in the Consumers, Enterprise and Professional segments, offsetting a decrease in the Area segment.

<b>Operating Income</b>	<b>¥13.0 B</b>	<b>( Y/Y +3.0 B, +30%)</b>
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- ✓ Operating income increased due to an increase in the Enterprise, Area and Professional segments, offsetting a decrease in the Consumers segment.

<b>Net income attributable to owners of parent</b>	<b>¥9.3 B</b>	<b>( Y/Y +2.3 B, +32%)</b>
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# Summary of Results

2Q 2022 Actual  
(from April 1 to June 30)



- ✓ **Operating Income, ordinary income and net income surpassed previous 2Q record highs.**

(Billions of yen)

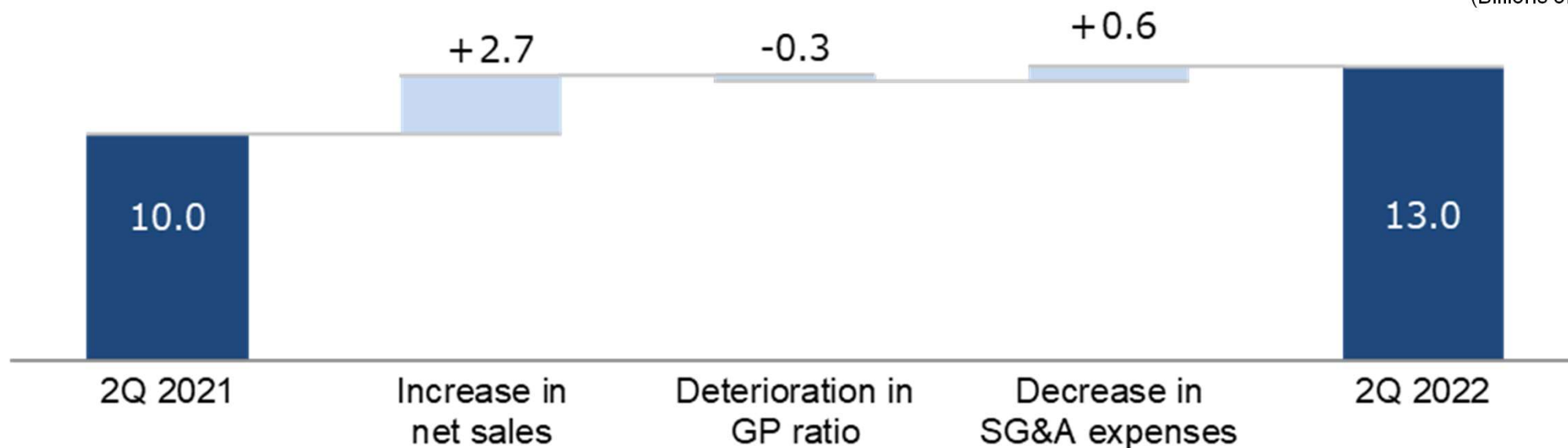
	2Q 2021	2Q 2022	Changes	
			Amount	%
Net sales	134.8	142.5	+7.7	+6%
Gross profit	(35.5%) 47.8	(35.3%) 50.2	(-0.2%) +2.5	+5%
Operating income	(7.4%) 10.0	(9.2%) 13.0	(+1.7%) +3.0	+30%
Ordinary income	(7.9%) 10.6	(9.6%) 13.7	(+1.8%) +3.1	+29%
Net income attributable to owners of parent	(5.2%) 7.1	(6.6%) 9.3	(+1.3%) +2.3	+32%

# Op. Income Variance Analysis

2Q 2022 Actual  
(from April 1 to June 30)



(Billions of yen)



## Deterioration in GP ratio

- The gross profit ratio declined mainly in the Consumers segment

## Decrease in SG&A expenses

- Personnel expenses -0.9B
- Other direct selling expenses +0.4B

# Segment Outline

2Q 2022 Actual  
(from April 1 to June 30)



(Billions of yen)

	2Q 2021		2Q 2022		Changes	
	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income
Consumers	30.6	3.7	31.5	3.5	+0.9	-0.2
Enterprise	44.6	2.7	49.4	4.1	+4.7	+1.4
Area	56.8	3.4	55.6	4.0	-1.2	+0.7
Professional	8.0	0.9	11.1	1.9	+3.1	+1.0
Other	-5.2	-0.6	-5.1	-0.5	+0.1	+0.1
Total	134.8	10.0	142.5	13.0	+7.7	+3.0

※"Other" includes elimination of intersegment transactions, shared service businesses and corporate expenses that are not allocated to each segment.

# Summary of Results

1Q-2Q 2022 Actual  
(from January 1 to June 30)



- ✓ **Operating Income, ordinary income and net income surpassed previous 1H record highs.**

(Billions of yen)

	FY2021 1Q-2Q	FY2022 1Q-2Q	Changes	
			Amount	%
Net sales	275.1	289.9	+14.7	+5%
	(34.6%)	(34.8%)	(+0.2%)	
Gross profit	95.1	100.7	+5.7	+6%
	(7.5%)	(9.6%)	(+2.1%)	
Operating income	20.6	27.8	+7.2	+35%
	(7.8%)	(9.8%)	(+2.0%)	
Ordinary income	21.5	28.4	+6.9	+32%
	(5.5%)	(6.7%)	(+1.2%)	
Net income attributable to owners of parent	15.1	19.4	+4.3	+29%

# Op. Income Variance Analysis

1Q-2Q 2022 Actual  
(from January 1 to June 30)



(Billions of yen)



## Improvement in GP ratio

- Gross profit ratio climbed in the Enterprise, Area and Professional segments

## Decrease in SG&A expenses

- Personnel expenses -1.9B
- Other direct selling expenses +0.9B

# Segment Outline

1Q-2Q 2022 Actual  
(from January 1 to June 30)



(Billions of yen)

	1Q-2Q 2021		1Q-2Q 2022		Changes	
	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income
Consumers	61.2	6.7	62.8	6.6	+1.5	-0.0
Enterprise	91.9	6.2	100.5	9.5	+8.6	+3.3
Area	116.2	7.3	112.8	8.5	-3.4	+1.2
Professional	16.1	1.5	23.9	4.1	+7.7	+2.5
Other	-10.3	-1.2	-10.1	-0.9	+0.2	+0.3
Total	275.1	20.6	289.9	27.8	+14.7	+7.2

※"Other" includes elimination of intersegment transactions, shared service businesses and corporate expenses that are not allocated to each segment.



## Segment Information

## Consumers Segment



- ✓ Net sales increased, mainly reflecting higher sales of digital interchangeable lens cameras and IT products.
- ✓ Operating income decreased chiefly due to the increase of SG&A expenses.

(Billions of yen)

	2Q		
	FY2021	FY2022	Changes
Net sales	30.6	31.5	+3%
Op. income	3.7	3.5	-4%
ratio	12.0%	11.1%	-0.9%

Consumer Products, Y/Y  
Non-consolidated

		1Q	2Q	3Q	4Q	Full Year
Digital Interchangeable Lens Camera	Unit	+3%	+3%	-	-	-
Inkjet Printer (IJP)	Unit	+6%	-0%	-	-	-
IJP Cartridge	Amount	+4%	-6%	-	-	-

# Segment Information

## Enterprise Segment



- ✓ Net sales increased due to brisk sales of IT Solutions business.
- ✓ Operating income increased significantly, reflecting a rise in gross profit due to higher sales, and an improvement of gross profit ratio due to a growth of high value-added products and services.

(Billions of yen)

	2Q		
	FY2021	FY2022	Changes
Main Business Equipment, Other	15.3	15.3	-1%
IT Solutions	29.3	34.1	+16%
Net sales	44.6	49.4	+11%
Op. income	2.7	4.1	+54%
ratio	6.0%	8.4%	+2.3%

[Reference] Results of main consolidated companies  
Canon IT Solutions Inc.

	2Q		Changes	
	2021	2022	Amount	%
Net sales	23.4	27.3	+3.9	+16%
Op. income	2.1	2.7	+0.6	+27%

Orders received and outstanding orders, Y/Y  
Canon IT Solutions, Non-consolidated

		1Q	2Q	3Q	4Q	Full Year
Orders received	Amount	+14%	+19%	-	-	-
Outstanding orders	Amount	+33%	+34%	-	-	-

# Segment Information

## Area Segment



- ✓ Despite strong performance of IT Solutions business, net sales decreased due to a decline in sales of main business equipment affected by product supply shortage.
- ✓ Operating income increased significantly, reflecting an improvement of gross profit ratio due to an increase of high value-added products and services, and efforts made to cut SG&A expenses.

(Billions of yen)

	2Q		
	FY2021	FY2022	Changes
Main Business Equipment, Other	41.5	39.5	-5%
IT Solutions	15.4	16.2	+5%
Net sales	56.8	55.6	-2%
Op. income	3.4	4.0	+20%
ratio	5.9%	7.2%	+1.3%

[Reference] Results of main consolidated companies  
Canon System & Support Inc.

	2Q		Changes	
	2021	2022	Amount	%
Net sales	24.7	24.2	-0.5	-2%
Op. income	0.8	1.1	+0.4	+50%

## Segment Information

## Professional Segment



- ✓ Net sales increased thanks to the increase of all sub-segments.
- ✓ Operating income increased significantly, reflecting a higher gross profit due to an increase of net sales, and a reduction of SG&A expenses.

(Billions of yen)

	2Q		
	FY2021	FY2022	Changes
Production Printing	2.2	2.2	+0%
Industrial Equipment	4.3	7.1	+66%
Healthcare Business	1.4	1.7	+20%
Net sales	8.0	11.1	+39%
Op. income	0.9	1.9	+121%
ratio	10.7%	17.1%	+6.3%

[Reference] Results of main consolidated companies  
Canon Production Printing Systems Inc.

	2Q		Changes	
	2021	2022	Amount	%
Net sales	2.1	2.1	+0.0	+0%
Op. income	0.1	0.1	+0.0	+10%

# Overall Sales of IT Solutions



(Billions of yen)

## ■ By Segment

	2Q 2021	2Q 2022	1Q-2Q 2021	1Q-2Q 2022	Changes		Changes	
					Amount	%	Amount	%
Enterprise segment	29.3	34.1	60.4	70.3	+4.8	+16%	+9.9	+16%
Area segment	15.4	16.2	32.6	33.7	+0.8	+5%	+1.1	+3%
Other	6.8	7.7	15.7	16.8	+0.9	+13%	+1.0	+6%
Total	51.4	57.9	108.8	120.8	+6.5	+13%	+12.0	+11%

## ■ By Product and Solution

	2Q 2021	2Q 2022	1Q-2Q 2021	1Q-2Q 2022	Changes		Changes	
					Amount	%	Amount	%
SI service	17.4	20.0	36.2	41.2	+2.6	+15%	+4.9	+14%
Maintenance and operation service /outsourcing	10.3	11.9	20.4	24.4	+1.6	+16%	+4.1	+20%
System sales/IT product	23.7	26.0	52.2	55.2	+2.3	+10%	+3.0	+6%
Total	51.4	57.9	108.8	120.8	+6.5	+13%	+12.0	+11%

※ The FY2021 financial results have been reclassified due to the transfer of the business of certain products in FY2022.

※ "Other" includes Consumers segment, Professional segment, corporate expenses and the elimination of intersegment transactions.

# Summary of Projections



(Billions of yen)

	FY2022 Previous Projection	FY2022 Current Projection	Changes		FY2021 Actual	Changes	
			Amount	%		Amount	%
Net Sales	583.0	590.0	+7.0	+1%	552.1	+37.9	+7%
Operating Income	(7.1%) 41.5	(7.8%) 46.0	(+0.7%) +4.5	+11%	(7.2%) 39.7	(+0.6%) +6.3	+16%
Ordinary Income	(7.4%) 43.0	(8.0%) 47.0	(+0.6%) +4.0	+9%	(7.4%) 41.1	(+0.5%) +5.9	+14%
Net income attributable to owners of parent	(5.1%) 29.5	(5.4%) 32.0	(+0.4%) +2.5	+8%	(5.3%) 29.4	(+0.1%) +2.6	+9%

# Summary of Projections by Segment

## FY2022 Previous Projection vs. Current Projection

(Billions of yen)

	FY2022 Previous Projection		FY2022 Current Projection		Changes		
	Net Sales	Op. Income	Net Sales	Op. Income	Net Sales Amount	%	Op. Income
Consumers	131.3	12.8	135.8	12.8	+4.5	+3%	-
Enterprise	198.0	14.0	199.5	16.4	+1.5	+1%	+2.4
Area	232.5	13.6	232.5	14.5	-	-	+0.9
Professional	39.8	3.4	40.8	4.6	+1.0	+3%	+1.2
Other	-18.6	-2.3	-18.6	-2.3	-	-	-
Total	583.0	41.5	590.0	46.0	+7.0	+1%	+4.5

※"Other" includes elimination of intersegment transactions, shared service businesses and corporate expenses that are not allocated to each segment.

# Summary of Projections by Segment

## FY2021 Actual vs FY2022 Projection

(Billions of yen)

	FY2021 Actual		FY2022 Projection		Changes		
	Net Sales	Op. Income	Net Sales	Op. Income	Net Sales Amount	%	Op. Income
Consumers	129.5	13.6	135.8	12.8	+6.3	+5%	-0.8
Enterprise	190.6	13.9	199.5	16.4	+8.9	+5%	+2.5
Area	220.8	12.0	232.5	14.5	+11.7	+5%	+2.5
Professional	31.5	2.5	40.8	4.6	+9.3	+29%	+2.1
Other	-20.3	-2.3	-18.6	-2.3	+1.7	-	-0.0
Total	552.1	39.7	590.0	46.0	+37.9	+7%	+6.3

※"Other" includes elimination of intersegment transactions, shared service businesses and corporate expenses that are not allocated to each segment.



# Summary of Projections : Segment Information



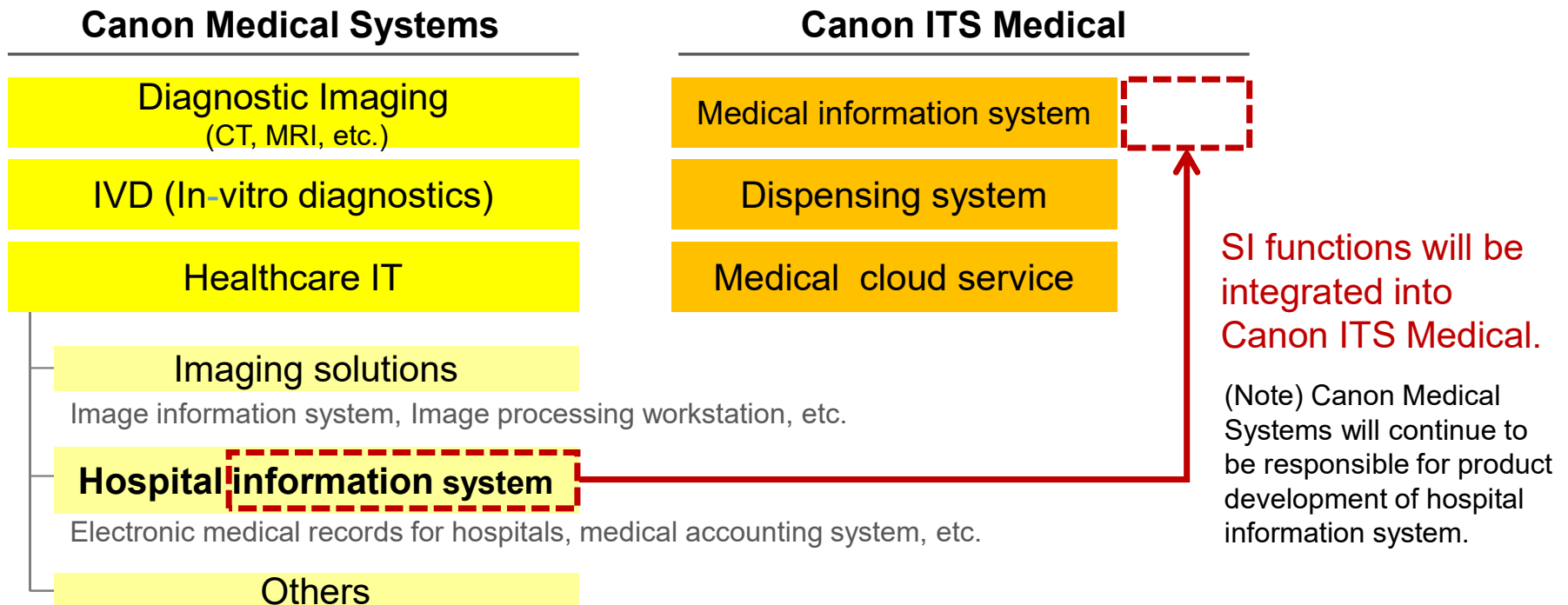
(Billions of yen)

	Actual 1Q-2Q 2021		Actual 3Q-4Q 2021		Actual 1Q-2Q 2022		Projection 3Q-4Q 2022		Changes 1Q-2Q		Changes 3Q-4Q	
	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income
Consumers	61.2	6.7	68.2	6.9	62.8	6.6	73.0	6.2	+1.5	-0.0	+4.8	-0.7
Enterprise	91.9	6.2	98.7	7.6	100.5	9.5	99.0	6.9	+8.6	+3.3	+0.3	-0.7
Area	116.2	7.3	104.6	4.7	112.8	8.5	119.7	6.0	-3.4	+1.2	+15.1	+1.2
Professional	16.1	1.5	15.4	1.0	23.9	4.1	16.9	0.5	+7.7	+2.5	+1.5	-0.4
Other	-10.3	-1.2	-10.0	-1.1	-10.1	-0.9	-8.5	-1.4	+0.2	+0.3	+1.5	-0.3
Total	275.1	20.6	276.9	19.1	289.9	27.8	300.1	18.2	+14.7	+7.2	+23.2	-0.9

※"Other" includes elimination of intersegment transactions, shared service businesses and corporate expenses that are not allocated to each segment.

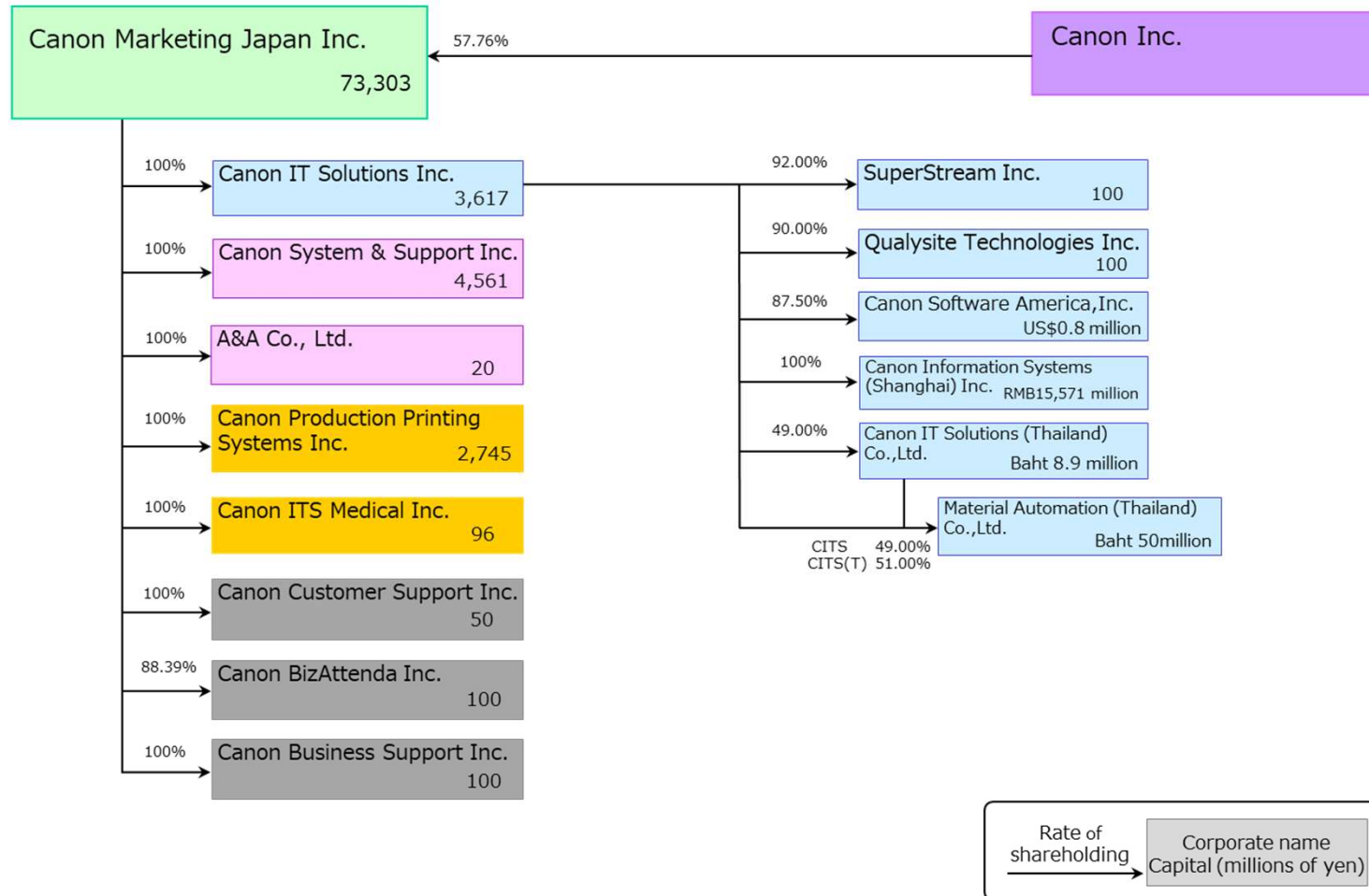
# Reorganization to Strengthen the Healthcare IT Business

- ✓ The Company, Canon ITS Medical inc. (a subsidiary of the Company) and Canon Medical Systems Corporation (a subsidiary of Canon) have entered into a basic agreement today on the integration of the SI business for Canon Medical Systems' hospital information system into Canon ITS Medical.



# Supplementary Information

# Capital Relationship Diagram



As of June 30, 2022

# Results of main consolidated companies

2Q 2022 Actual  
(from April 1 to June 30)



(Billions of yen)

		2Q 2021		2Q 2022		Changes	
						Amount	%
<b>Enterprise</b>							
Canon IT Solutions Inc.	Net sales	23.4		27.3		+3.9	+16%
	Op. income	2.1	(9.0%)	2.7	(9.8%)	+0.6	(+0.8%)
<b>Area</b>							
Canon System & Support Inc.	Net sales	24.7		24.2		-0.5	-2%
	Op. income	0.8	(3.1%)	1.1	(4.7%)	+0.4	(+1.6%)
<b>Professional</b>							
Canon Production Printing Systems Inc.	Net sales	2.1		2.1		+0.0	+0%
	Op. income	0.1	(4.5%)	0.1	(4.9%)	+0.0	(+0.4%)

# Results of main consolidated companies

1Q-2Q 2022 Actual  
(from January 1 to June 30)



(Billions of yen)

		1Q-2Q 2021	1Q-2Q 2022	Changes	
				Amount	%
<b>Enterprise</b>					
Canon IT Solutions Inc.	Net sales	47.9	55.0	+7.1	+15%
	Op. income	4.5 (9.5%)	6.4 (11.7%)	+1.9 (+2.3%)	
<b>Area</b>					
Canon System & Support Inc.	Net sales	50.9	49.0	-1.9	-4%
	Op. income	1.8 (3.5%)	2.6 (5.2%)	+0.8 (+1.7%)	
<b>Professional</b>					
Canon Production Printing Systems Inc.	Net sales	4.2	4.4	+0.2	+5%
	Op. income	0.1 (3.5%)	0.3 (6.7%)	+0.2 (+3.3%)	

# SG&A expenses

2Q 2022 Actual  
(from April 1 to June 30)



(Billions of yen)

	2Q 2021	2Q 2022	Changes
Advertising expenses	1.0	1.0	+0.0
Promotion expenses	0.7	0.7	-0.0
Warranty expenses	0.7	0.7	-0.0
Other direct selling expenses	4.4	4.3	-0.1
Personnel expenses	24.1	23.2	-0.9
Depreciation and amortization	0.3	0.2	-0.0
Other selling expenses	6.6	7.1	+0.4
Total	37.8	37.2	-0.6

## SG&A expenses

1Q-2Q 2022 Actual  
(from January 1 to June 30)



(Billions of yen)

	1Q-2Q 2021	1Q-2Q 2022	Changes
Advertising expenses	1.8	1.8	+0.0
Promotion expenses	1.4	1.3	-0.0
Warranty expenses	1.5	1.4	-0.1
Other direct selling expenses	8.7	8.3	-0.4
Personnel expenses	47.7	45.9	-1.9
Depreciation and amortization	0.5	0.5	-0.0
Other selling expenses	12.9	13.7	+0.9
<b>Total</b>	<b>74.5</b>	<b>72.9</b>	<b>-1.6</b>



# Non-operating income and expenses



(Billions of yen)

	FY2021		FY2022		Changes	
	2Q	1Q-2Q	2Q	1Q-2Q	2Q	1Q-2Q
Interest income	0.1	0.1	0.1	0.1	+0.0	+0.0
Dividend income	0.1	0.1	0.1	0.1	+0.0	+0.0
Insurance income	0.5	0.5	0.4	0.4	-0.0	-0.0
Gain on investments in partnership	0.0	0.2	-	-	-0.0	-0.2
Other	0.0	0.1	0.1	0.1	+0.1	+0.0
Total non-operating income	0.7	1.1	0.7	0.9	+0.1	-0.2
Interest expense	0.0	0.0	0.0	0.0	-0.0	-0.0
Foreign exchange losses	0.0	0.0	-0.0	0.1	-0.0	+0.0
Loss on investments in partnership	-	-	0.0	0.2	+0.0	+0.2
Other	0.0	0.1	0.0	0.1	-0.0	-0.0
Total non-operating expenses	0.0	0.1	0.0	0.3	-0.0	+0.2

# Extraordinary income and losses



(Billions of yen)

	FY2021		FY2022		Changes	
	2Q	1Q-2Q	2Q	1Q-2Q	2Q	1Q-2Q
Gain on sales of fixed assets	0.0	0	0.0	0.0	+0.0	-0.0
Gain on sales of investments in securities	-	0	-	0.0	-	+0.0
Gain on sales of shares of subsidiaries and associates	-	0.9	-	-	-	-0.9
Other	0.0	0	0.0	0.0	-0.0	-0.0
Total extraordinary income	0.0	0.9	0.0	0.0	+0.0	-0.9
Loss on sales and disposal of fixed assets	0.0	0.1	0.0	0.0	-0.0	-0.0
Loss on disaster	0.2	0.2	-	-	-0.2	-0.2
Loss on valuation of investments in securities	-	-	0.0	0.0	+0.0	+0.0
Other	-	-	-	0.0	-	+0.0
Total extraordinary losses	0.2	0.2	0.0	0.1	-0.2	-0.2

# Balance Sheets

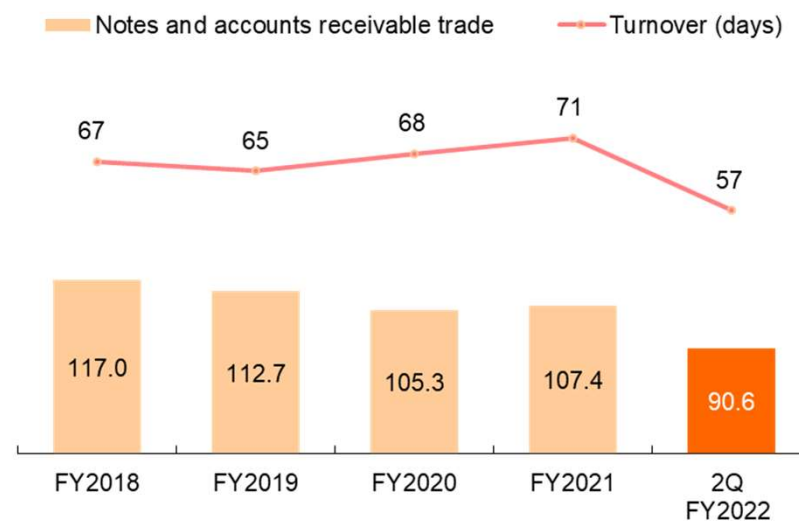


(Billions of yen)

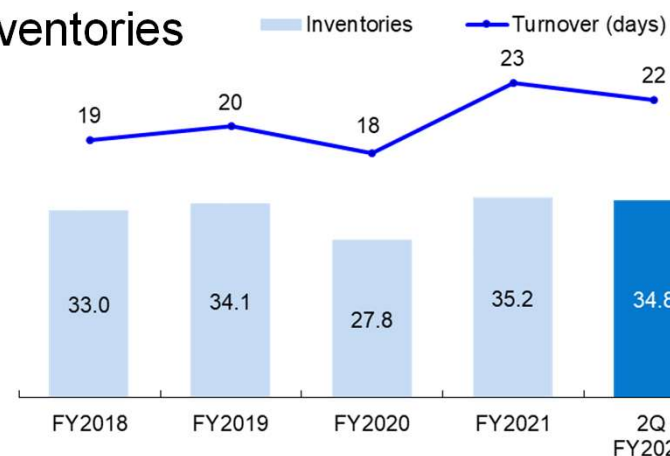
	Dec. 31 2021	Jun. 30 2022	Changes
<b>Assets</b>	526.4	528.6	+2.2
Current assets	396.1	402.4	+6.3
Cash and deposits	68.0	88.7	+20.7
Notes and accounts receivable-trade	107.4	90.6	-16.7
Inventories	35.2	34.8	-0.4
Other (current assets)	185.4	188.2	+2.7
Non-current assets	130.3	126.2	-4.1
Property, plant and equipment	85.2	84.1	-1.0
Intangible assets	6.5	6.1	-0.4
Investments and other assets	38.7	36.0	-2.6
<b>Liabilities</b>	151.7	143.4	-8.3
Current liabilities	107.1	100.2	-6.9
Notes and accounts payable-trade	46.3	41.6	-4.7
Other (current liabilities)	60.8	58.6	-2.2
Long-term liabilities	44.6	43.2	-1.4
<b>Net assets</b>	374.7	385.2	+10.5
Stakeholders' equity	362.9	376.4	+13.5
(Treasury stock)	-2.1	-2.1	+0.0
Total accumulated other comprehensive income (loss)	11.1	8.0	-3.1
Stock Acquisition Rights	0.0	0.0	+0.0
Non-controlling interests	0.7	0.8	+0.0
<b>Equity ratio</b>	71%	73%	+2%

## ■ Notes and accounts receivable trade

(Billions of yen)



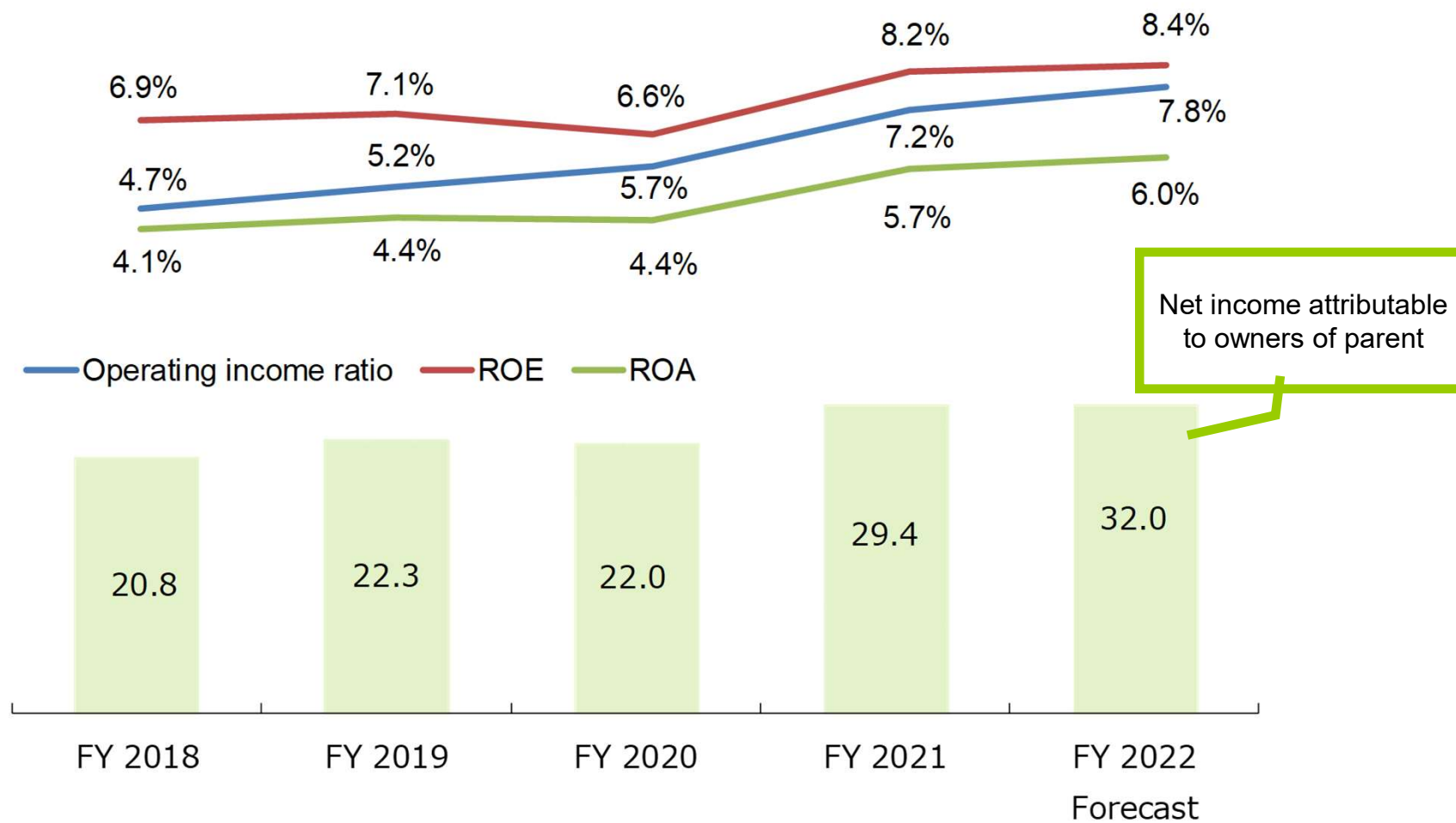
## ■ Inventories



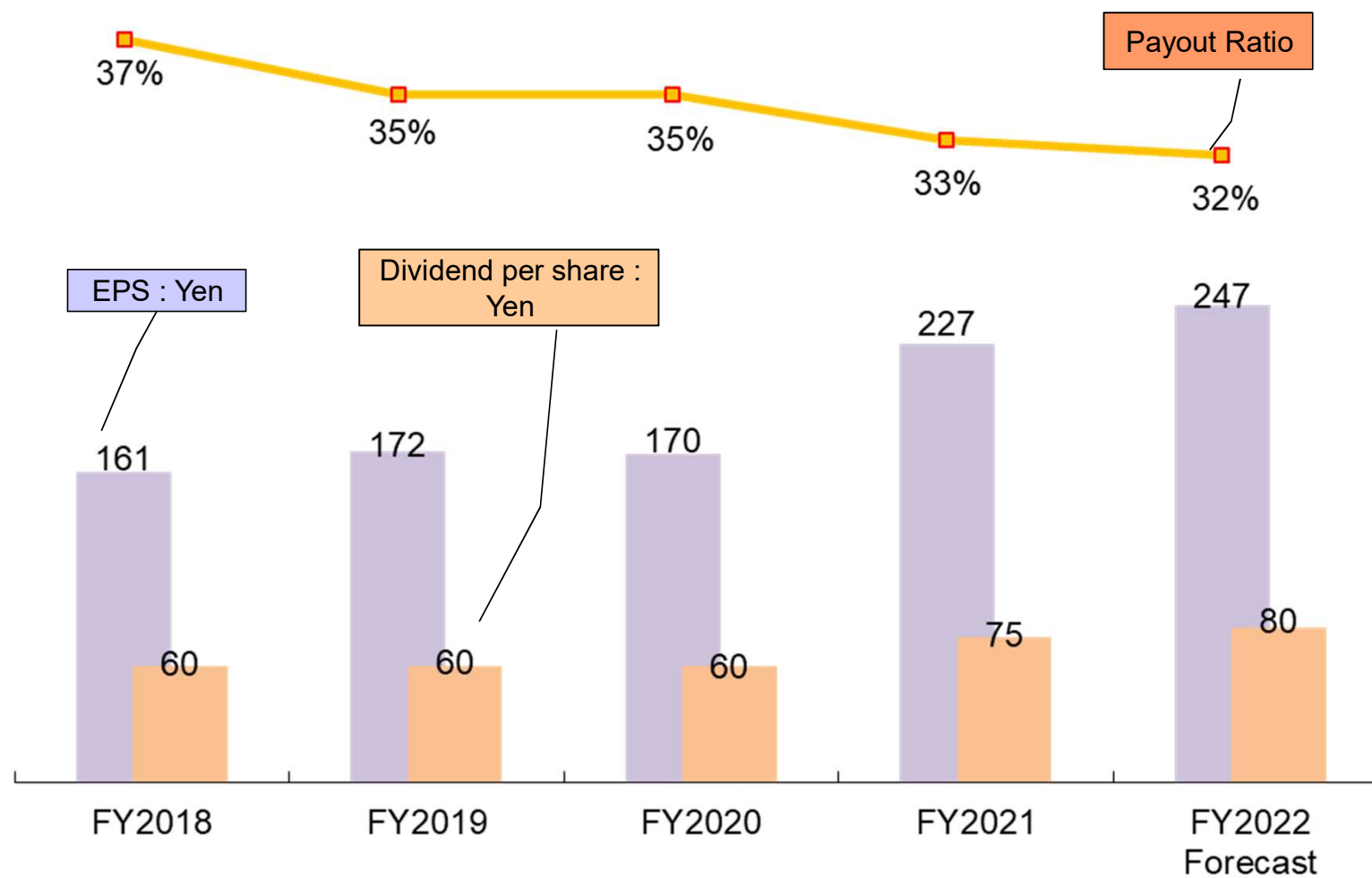
# Financial Indicator



(Billions of yen)



# Financial Indicator

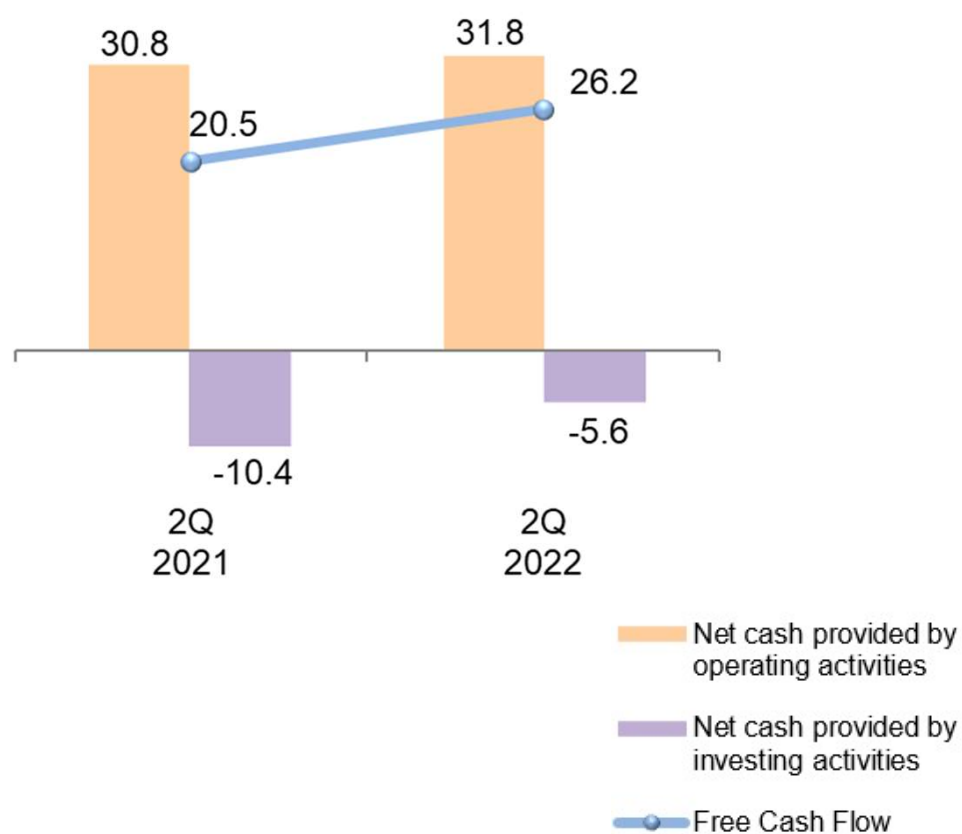


# Financial Indicator



(Billions of yen)

## ■ Cash Flow



## ■ Capital Investment

	1Q-2Q Actual	3Q-4Q Projection	FY Projection
FY 2021	7.4	5.3	12.6
FY 2022	3.5	9.1	12.6

※ FY2022 1Q-2Q is actual value.

## ■ Depreciation and amortization

	1Q-2Q Actual	3Q-4Q Projection	FY Projection
FY 2021	5.2	5.0	10.2
FY 2022	4.9	4.9	9.7

※ FY2022 1Q-2Q is actual value.



Canon Marketing Japan Inc.