

FY2020 Results

January 27, 2021
Hatsumi Hirukawa
Director, Vice President

The Canon logo is displayed in its signature red color and bold, italicized font.

Canon Marketing Japan Inc.

* 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.

Net sales **¥152.1 B** **(Y/Y -6.0 B, -4%)**

- ✓ Net sales decreased due to lower sales in the Enterprise, Area and Professional segments, offsetting an increase in sales in the Consumers segment.

Operating Income **¥10.9 B** **(Y/Y +2.4 B, +28%)**

- ✓ In the Consumers segment, operating income increased, reflecting a rise in gross profit due to the growth of high value-added products, such as inkjet printers and digital interchangeable lens cameras, and a reduction in SG&A expenses.

**Profit attributable to
owners of parent** **¥7.6 B** **(Y/Y +1.9 B, +33%)**

Summary of Results

4Q 2020 Actual
(from October 1 to December 31)



(Billions of yen)

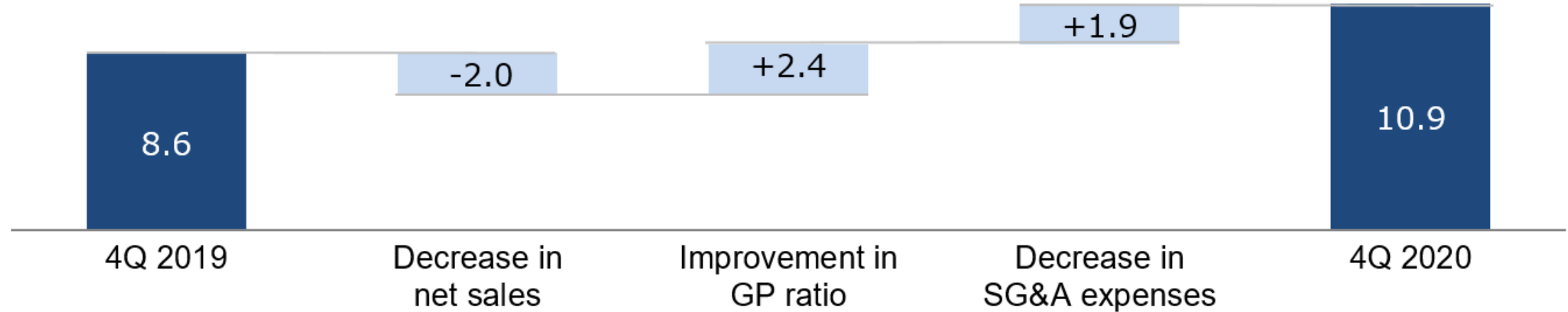
	4Q 2019	4Q 2020	Changes	
			Amount	%
Net sales	158.1	152.1	-6.0	-4%
	(32.9%)	(34.4%)	(+1.6%)	
Gross profit	52.0	52.4	+0.4	+1%
	(5.4%)	(7.2%)	(+1.8%)	
Operating income	8.6	10.9	+2.4	+28%
	(5.7%)	(7.3%)	(+1.6%)	
Ordinary income	9.0	11.2	+2.1	+24%
	(3.6%)	(5.0%)	(+1.4%)	
Profit attributable to owners of parent	5.7	7.6	+1.9	+33%

Op. Income Variance Analysis

4Q 2020 Actual
(from October 1 to December 31)



(Billions of yen)



Improvement in GP ratio

- Gross profit recovered mainly in the Consumers segment.

Decrease in SG&A expenses

- Reduced advertising expenses -0.4 B
- Other selling expenses -1.3 B

Segment Outline

4Q 2020 Actual
(from October 1 to December 31)



(Billions of yen)

	4Q 2019		4Q 2020		Changes	
	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income
Consumers	40.9	4.3	43.4	6.4	+2.5	+2.2
Enterprise	46.2	1.8	44.7	2.2	-1.6	+0.4
Area	66.1	2.7	61.5	2.6	-4.7	-0.1
Professional	9.8	-0.1	7.1	0.1	-2.7	+0.2
Other	-5.0	-0.2	-4.5	-0.4	+0.5	-0.2
Total	158.1	8.6	152.1	10.9	-6.0	+2.4

※"Other" includes inter-segment sales, shared service businesses and corporate expenses that are not allocated to each segment.

Summary of Results

FY2020 Actual
(from January 1 to December 31)



(Billions of yen)

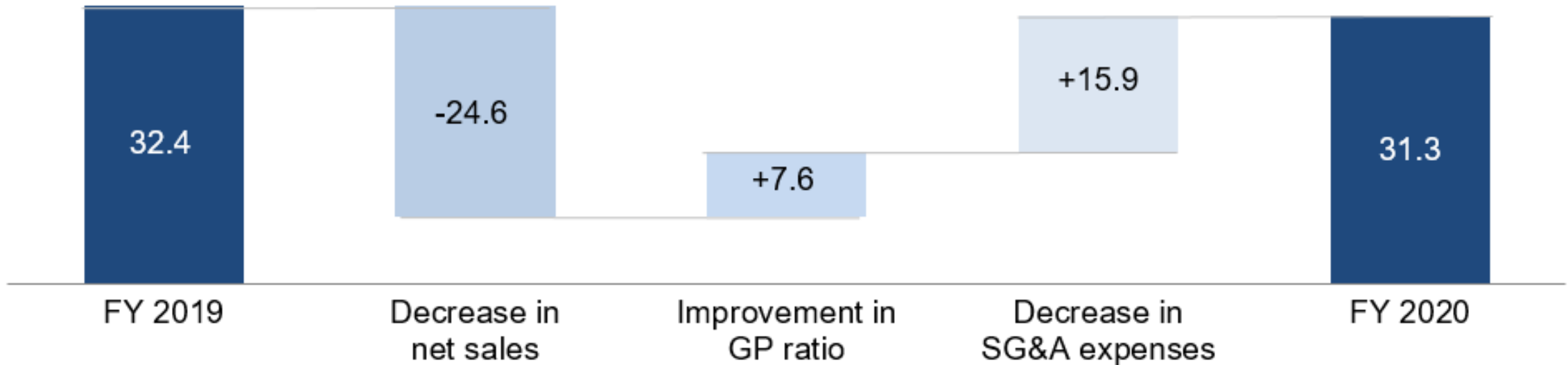
	FY2019	FY2020	Changes	
			Amount	%
Net sales	621.1	545.1	-76.1	-12%
	(32.4%)	(33.8%)	(+1.4%)	
Gross profit	201.0	184.0	-17.0	-8%
	(5.2%)	(5.7%)	(+0.5%)	
Operating income	32.4	31.3	-1.1	-3%
	(5.5%)	(6.5%)	(+1.0%)	
Ordinary income	33.9	35.2	+1.3	+4%
	(3.6%)	(4.0%)	(+0.5%)	
Profit attributable to owners of parent	22.3	22.0	-0.3	-1%

Op. Income Variance Analysis

FY2020 Actual
(from January 1 to December 31)



(Billions of yen)



Improvement in GP ratio
•Gross profit recovered mainly in the Consumers segment.

Decrease in SG&A expenses
•Reduced personnel expenses -7.2 B
•Other selling expenses -3.3 B

Segment Outline

FY2020 Actual
(from January 1 to December 31)



(Billions of yen)

	FY2019		FY2020		Changes	
	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income
Consumers	132.8	6.9	124.9	12.2	-7.9	+5.4
Enterprise	195.8	10.1	171.2	8.9	-24.6	-1.1
Area	268.3	14.4	235.8	9.9	-32.5	-4.5
Professional	43.7	1.6	30.7	1.9	-13.0	+0.3
Other	-19.5	-0.5	-17.5	-1.6	+1.9	-1.1
Total	621.1	32.4	545.1	31.3	-76.1	-1.1

※"Other" includes inter-segment sales, shared service businesses and corporate expenses that are not allocated to each segment.

- ✓ Net sales increased, mainly reflecting higher sales of inkjet printers, digital interchangeable lens cameras and IT products.
- ✓ Operating income increased, reflecting improvement in gross profit due to a rise in the share of high value-added products in the sales composition and a reduction in SG&A expenses, such as sales promotion expenses.

	4Q			(Billions of yen)
	FY2019	FY2020	Changes	
Net sales	40.9	43.4	+6%	
Op. income	4.3	6.4	+50%	
ratio	10.5%	14.8%	+4.4%	

Consumer Products, Y/Y
Non-consolidated

		1Q	2Q	3Q	4Q	Full Year
Digital SLR	Unit	-39%	-76%	-69%	-55%	-61%
Mirrorless Camera	Unit	-54%	-78%	-51%	-16%	-49%
Digital Interchangeable Lens Camera	Unit	-46%	-77%	-61%	-35%	-56%
Compact Digital Camera	Unit	-26%	-62%	-32%	-19%	-37%
Inkjet Printer (IJP)	Unit	+42%	+20%	+5%	-17%	+4%
IJP Cartridge	Amount	-0%	+5%	-17%	-3%	-4%

- ✓ Net sales decreased due to a fall in the print volume reflecting continued telework and a reactionary fall to large projects for the manufacturing industry in the previous year.
- ✓ Operating income increased as a result of a reduction in SG&A expenses more than offsetting a decrease in gross profit from lower sales.

		4Q			(Billions of yen)
		FY2019	FY2020	Changes	
Main Business Equipment, Other		17.6	16.2	-8%	
IT Solutions		28.7	28.5	-1%	
Net sales		46.2	44.7	-3%	
Op. income		1.8	2.2	+21%	
	ratio	3.9%	4.9%	+1.0%	

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

	4Q		Changes	
	2019	2020	Amount	%
Net sales	21.6	23.1	+1.5	+7%
Op. income	1.7	2.0	+0.3	+18%

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

		1Q					Full Year
		1Q	2Q	3Q	4Q		
Orders received	Amount	-36%	-5%	+34%	+8%	-4%	
Outstanding orders	Amount	-11%	-11%	+15%	+16%	+16%	

- ✓ Net sales declined mainly due to a reactionary fall in replacement demand for business computers associated with the termination of support for Windows 7 in the previous year and a fall in print volume due to continued telework.
- ✓ Operating income declined due to the fall in gross profit from lower sales.

	4Q			(Billions of yen)
	FY2019	FY2020	Changes	
Main Business Equipment, Other	48.3	46.4	-4%	
IT Solutions	17.8	15.0	-16%	
Net sales	66.1	61.5	-7%	
Op. income	2.7	2.6	-5%	
ratio	4.2%	4.2%	+0.1%	

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

	4Q		Changes	
	2019	2020	Amount	%
Net sales	30.2	27.8	-2.3	-8%
Op. income	1.0	1.1	+0.1	+6%

- ✓ Net sales declined due to lower sales of production printing and industrial equipment as well as the impact of the transfer of shares in a Group company, despite growth in medical IT.
- ✓ Operating income rose due to higher income in production printing and healthcare.

	4Q			(Billions of yen)
	FY2019	FY2020	Changes	
Production Printing	2.9	2.6	-9%	
Industrial Equipment	2.9	2.7	-8%	
Healthcare Business	4.0	1.8	-56%	
Net sales	9.8	7.1	-28%	
Op. income	-0.1	0.1	—	
ratio	—	1.6%	—	

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

	4Q		Changes	
	2019	2020	Amount	%
Net sales	2.7	2.5	-0.2	-8%
Op. income	-0.0	0.1	+0.1	-

Overall Sales of IT Solutions

■ By Segment : IT Solutions Sales

(Billions of yen)

	4Q 2019	4Q 2020	FY2019	FY2020	Changes		Changes	
					Amount	%	Amount	%
Enterprise segment	28.7	28.5	124.7	110.9	-0.1	-1%	-13.9	-11%
Area segment	17.8	15.0	73.4	62.5	-2.8	-16%	-11.0	-15%
Other	5.8	8.6	22.6	29.8	+2.7	+47%	+7.2	+32%
Total	52.3	52.1	220.8	203.1	-0.2	-0%	-17.7	-8%

■ By Products and Solutions: IT Solutions Sales

	4Q 2019	4Q 2020	FY2019	FY2020	Changes		Changes	
					Amount	%	Amount	%
SI service	19.0	18.2	80.4	73.4	-0.8	-4%	-7.0	-9%
Maintenance and operation service /outsourcing	8.5	8.9	33.6	34.7	+0.4	+5%	+1.1	+3%
System sales/IT product	24.9	25.0	106.8	95.1	+0.2	+1%	-11.7	-11%
Total	52.3	52.1	220.8	203.1	-0.2	-0%	-17.7	-8%

Summary of Projections

(Billions of yen)

	FY2020 Actual	FY2021 Projection	Changes	
			Amount	%
Net Sales	545.1	560.0	+14.9	+3%
	(5.7%)	(5.8%)	(+0.1%)	
Operating Income	31.3	32.5	+1.2	+4%
	(6.5%)	(5.9%)	(-0.5%)	
Ordinary Income	35.2	33.3	- 1.9	-5%
	(4.0%)	(4.0%)	(-0.0%)	
Profit attributable to owners of parent	22.0	22.5	+0.5	+2%

Comparison of impact by reclassification of actual results for 2020

FY2020 Before reclassification vs After reclassification

(Billions of yen)

	FY2020		FY2020		Changes	
	Before reclassification		After reclassification		Net Sales Amount	Op. Income
	Net Sales	Op. Income	Net Sales	Op. Income		
Consumers	124.9	12.2	124.9	12.3	-	+0.1
Enterprise	171.2	8.9	183.3	9.5	+12.1	+0.5
Area	235.8	9.9	223.7	9.0	-12.1	-0.9
Professional	30.7	1.9	30.7	1.9	-	+0.0
Other	-17.5	-1.6	-17.5	-1.3	-	+0.3
Total	545.1	31.3	545.1	31.3	-	-

※"Other" includes inter-segment sales, shared service businesses and corporate expenses that are not allocated to each segment.

※Part of the organization that conducted direct sales to medium-sized/second-tier companies in the Area segment was transferred to the Enterprise segment in 2021. Accordingly, results for 2020 have been reclassified between the segments.

Summary of Projections by Segment

FY2021 Projection vs FY2020 Actual

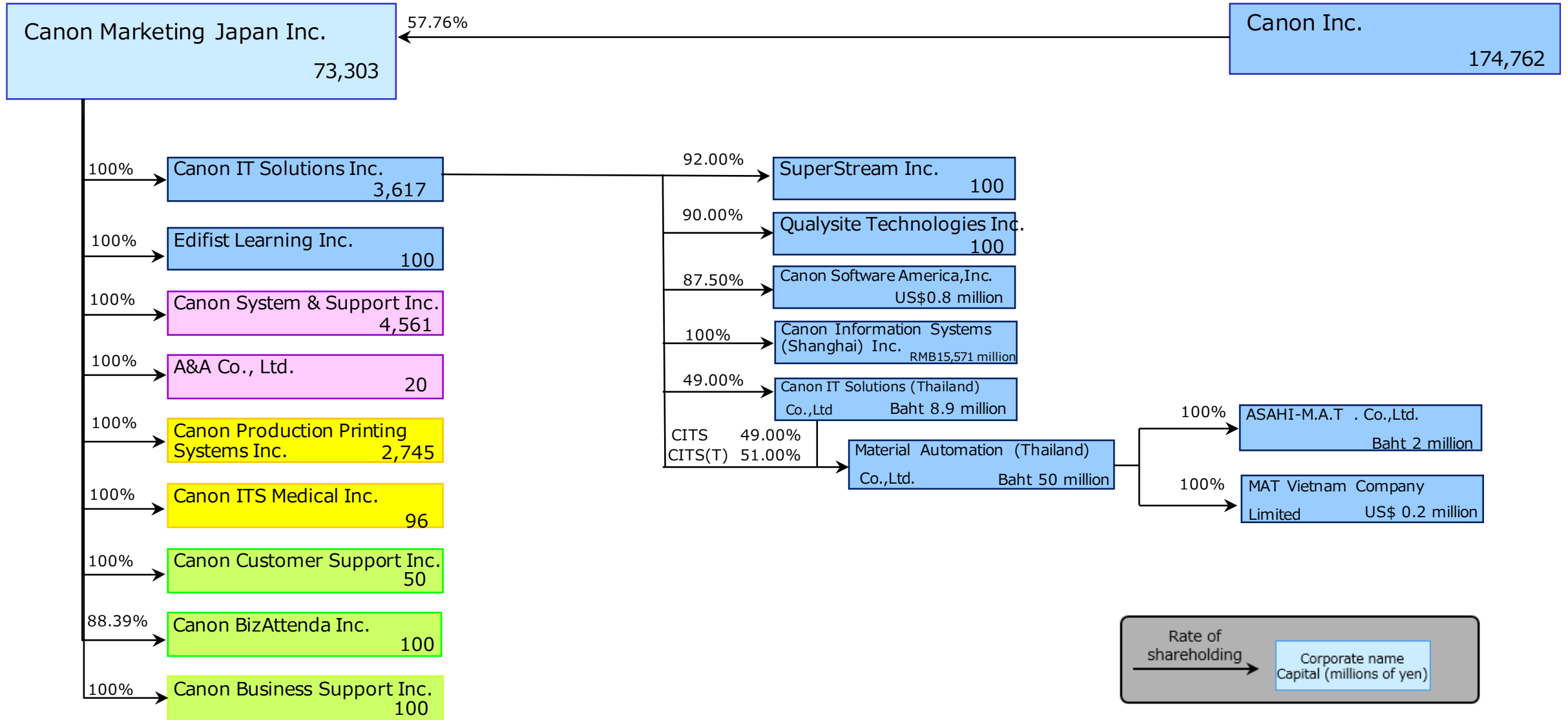
(Billions of yen)

	FY2020 Actual		FY2021 Projection		Changes		
	Net Sales	Op. Income	Net Sales	Op. Income	Net Sales Amount	%	Op. Income
Consumers	124.9	12.3	121.1	9.0	-3.8	-3%	-3.3
Enterprise	183.3	9.5	192.7	11.6	+9.4	+5%	+2.1
Area	223.7	9.0	228.5	11.5	+4.8	+2%	+2.5
Professional	30.7	1.9	34.7	2.4	+4.0	+13%	+0.5
Other	-17.5	-1.3	-17.0	-2.0	+0.5	-	-0.7
Total	545.1	31.3	560.0	32.5	+14.9	+3%	+1.2

※"Other" includes inter-segment sales, shared service businesses and corporate expenses that are not allocated to each segment.

Supplementary Information

Capital Relationship Diagram



Results of main consolidated companies

4Q 2020 Actual
(from October 1 to December 31)



(Billions of yen)

		4Q 2019		4Q 2020		Changes	
						Amount	%
Enterprise							
Canon IT Solutions Inc.	Net sales	21.6		23.1		+1.5	+7%
	Op. income	1.7	(8.0%)	2.0	(8.8%)	+0.3	
Area							
Canon System & Support Inc.	Net sales	30.2		27.8		-2.3	-8%
	Op. income	1.0	(3.4%)	1.1	(3.9%)	+0.1	
Professional							
Canon Production Printing Systems Inc.	Net sales	2.7		2.5		-0.2	-8%
	Op. income	-0.0	(-)	0.1	(2.2%)	+0.1	

Results of main consolidated companies

FY2020 Actual
(from January 1 to December 31)



(Billions of yen)

		FY2019		FY2020		Changes	
						Amount	%
Enterprise							
Canon IT Solutions Inc.	Net sales	91.6		87.1		-4.5	-5%
	Op. income	8.2	(9.0%)	7.5	(8.6%)	-0.7	
Area							
Canon System & Support Inc.	Net sales	125.3		107.7		-17.6	-14%
	Op. income	5.1	(4.1%)	2.9	(2.7%)	-2.2	
Professional							
Canon Production Printing Systems Inc.	Net sales	10.8		9.5		-1.3	-12%
	Op. income	0.1	(1.4%)	0.1	(1.5%)	-0.0	

SG&A expenses

4Q 2020 Actual
(from October 1 to December 31)

Canon

(Billions of yen)

	4Q 2019	4Q 2020	Changes
Advertising expenses	2.4	2.0	-0.4
Promotion expenses	1.2	0.8	-0.4
Warranty expenses	1.0	0.7	-0.3
Other direct selling expenses	5.0	4.7	-0.3
Personnel expenses	25.5	26.1	+0.6
Depreciation and amortization	0.3	0.4	+0.2
Other selling expenses	8.0	6.7	-1.3
Total	43.4	41.5	-1.9

SG&A expenses

FY2020 Actual
(from January 1 to December 31)



(Billions of yen)

	FY2019	FY2020	Changes
Advertising expenses	7.8	5.8	-2.0
Promotion expenses	3.7	2.4	-1.4
Warranty expenses	3.8	3.1	-0.8
Other direct selling expenses	19.0	17.5	-1.5
Personnel expenses	104.7	97.5	-7.2
Depreciation and amortization	0.9	1.2	+0.3
Other selling expenses	28.6	25.3	-3.3
Total	168.6	152.7	-15.9

Non-operating income and expenses

(Billions of yen)

	FY2019		FY2020		Changes	
	4Q	FY	4Q	FY	4Q	FY
Interest income	0.1	0.2	0.1	0.2	+0.0	+0.0
Dividend income	0.0	0.2	0.0	0.2	+0.0	+0.0
Insurance income	0.3	0.8	0.0	0.5	-0.3	-0.3
Gain on investments in partnership	0.0	0.2	0.1	0.2	+0.0	-0.0
Subsidies for employment adjustment	-	-	-0.0	2.7	-0.0	+2.7
Other	0.1	0.3	0.1	0.3	+0.0	-0.0
Total non-operating income	0.5	1.7	0.2	4.1	-0.3	+2.4
Interest expense	0.0	0.0	0.0	0.0	-0.0	-0.0
Foreign exchange losses	-	-	-0.0	0.0	-0.0	+0.0
Other	0.0	0.2	0.0	0.2	-0.0	+0.0
Total non-operating expenses	0.0	0.2	0.0	0.2	-0.0	+0.0

Extraordinary income and expenses

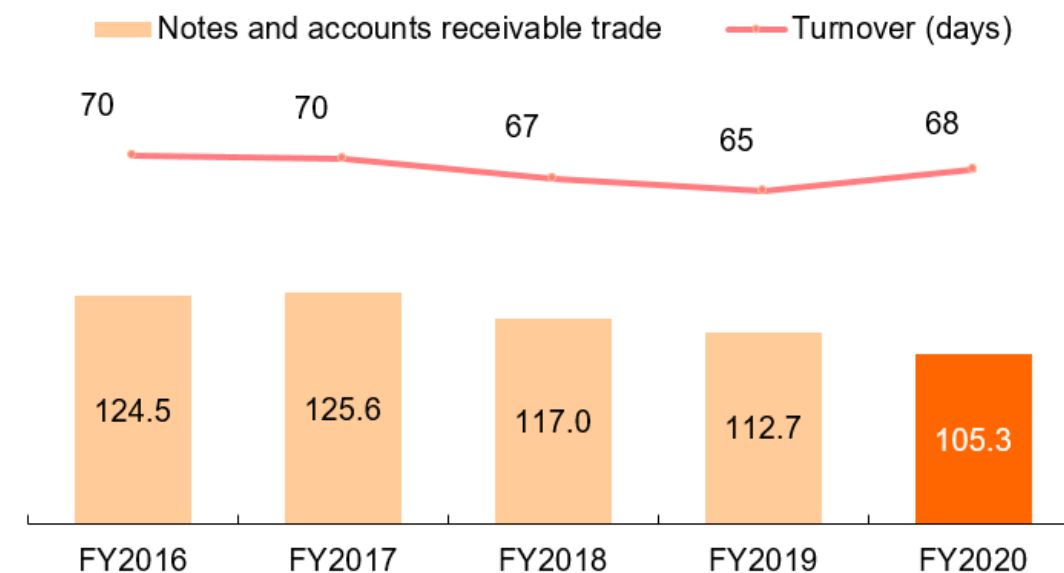
(Billions of yen)

	FY2019		FY2020		Changes	
	4Q	FY	4Q	FY	4Q	FY
Gain on sales of fixed assets	0.0	0.0	0.0	0.3	-0.0	+0.3
Gain on sales of investments in securities	-0.0	0.0	0.0	0.3	+0.0	+0.3
Other	-	-	-	-	-	-
Total extraordinary income	0.0	0.0	0.0	0.6	+0.0	+0.6
Loss on sales and disposal of fixed assets	0.0	0.2	0.1	1.0	+0.0	+0.8
Loss on impairment of fixed assets	-	0.1	-	-	-	-0.1
Loss on sales of shares of subsidiaries and associates	-	-	-	0.7	-	+0.7
Loss on valuation of investments in securities	0.3	0.3	0.3	0.3	-0.0	-0.0
Loss on COVID-19	-	-	-	0.3	-	+0.3
Other	0.0	0.0	0.0	0.0	-0.0	-0.0
Total extraordinary expenses	0.4	0.6	0.4	2.4	+0.0	+1.7

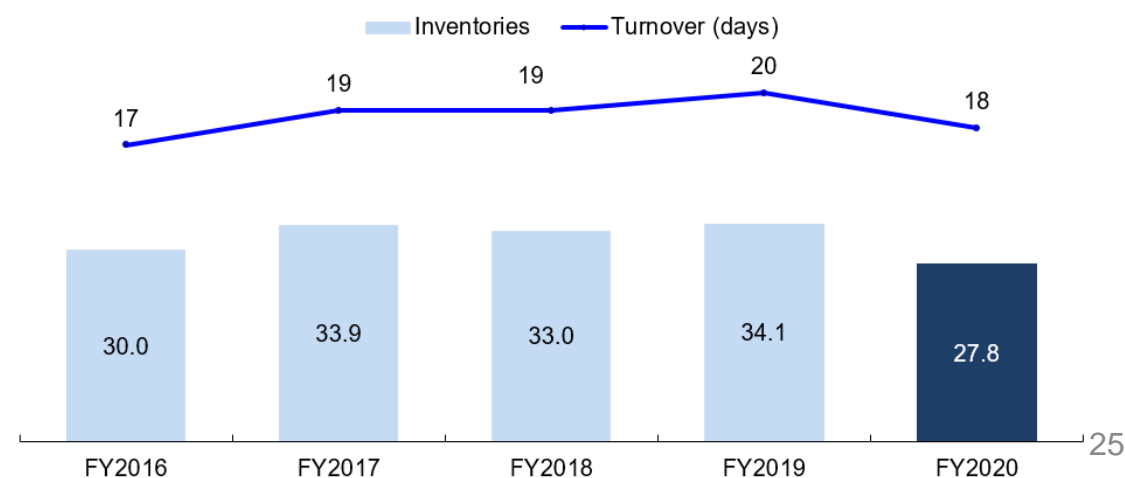
Balance Sheets

	Dec. 31 2019	Dec. 31 2020	Changes
Assets	503.7	506.6	+2.9
Current assets	377.4	380.3	+2.9
Cash and deposits	54.5	60.1	+5.6
Notes and accounts receivable	112.7	105.3	-7.3
Inventories	34.1	27.8	-6.3
Other (current assets)	176.1	187.1	+10.9
Non-current assets	126.3	126.3	-0.0
Property, plant and equipment	82.8	83.7	+0.9
Intangible assets	4.5	5.7	+1.2
Investments and other assets	39.0	36.9	-2.2
Liabilities	178.6	160.5	-18.1
Current liabilities	120.0	108.4	-11.6
Notes and accounts payable	51.5	44.1	-7.4
Other (current liabilities)	68.5	64.3	-4.1
Long-term liabilities	58.6	52.0	-6.5
Net assets	325.1	346.1	+21.0
Stakeholders' equity	327.0	342.5	+15.5
(Treasury stock)	-31.9	-2.1	+29.8
Total accumulated other comprehensive income (loss)	-2.5	3.0	+5.5
Non-controlling interests	0.6	0.7	+0.0
Equity ratio	64%	68%	+4%

Notes and accounts receivable trade (Billions of yen)

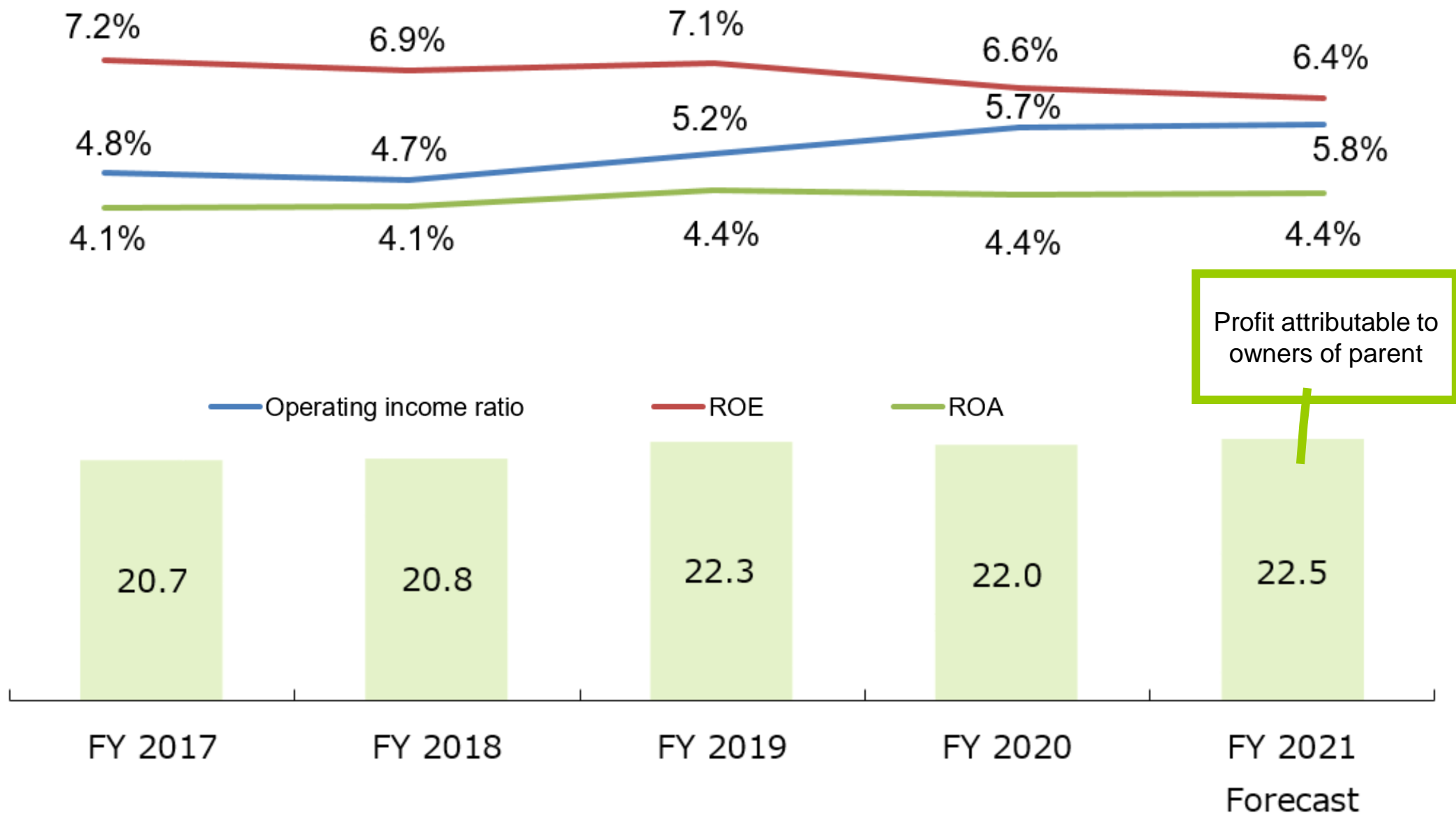


Inventories

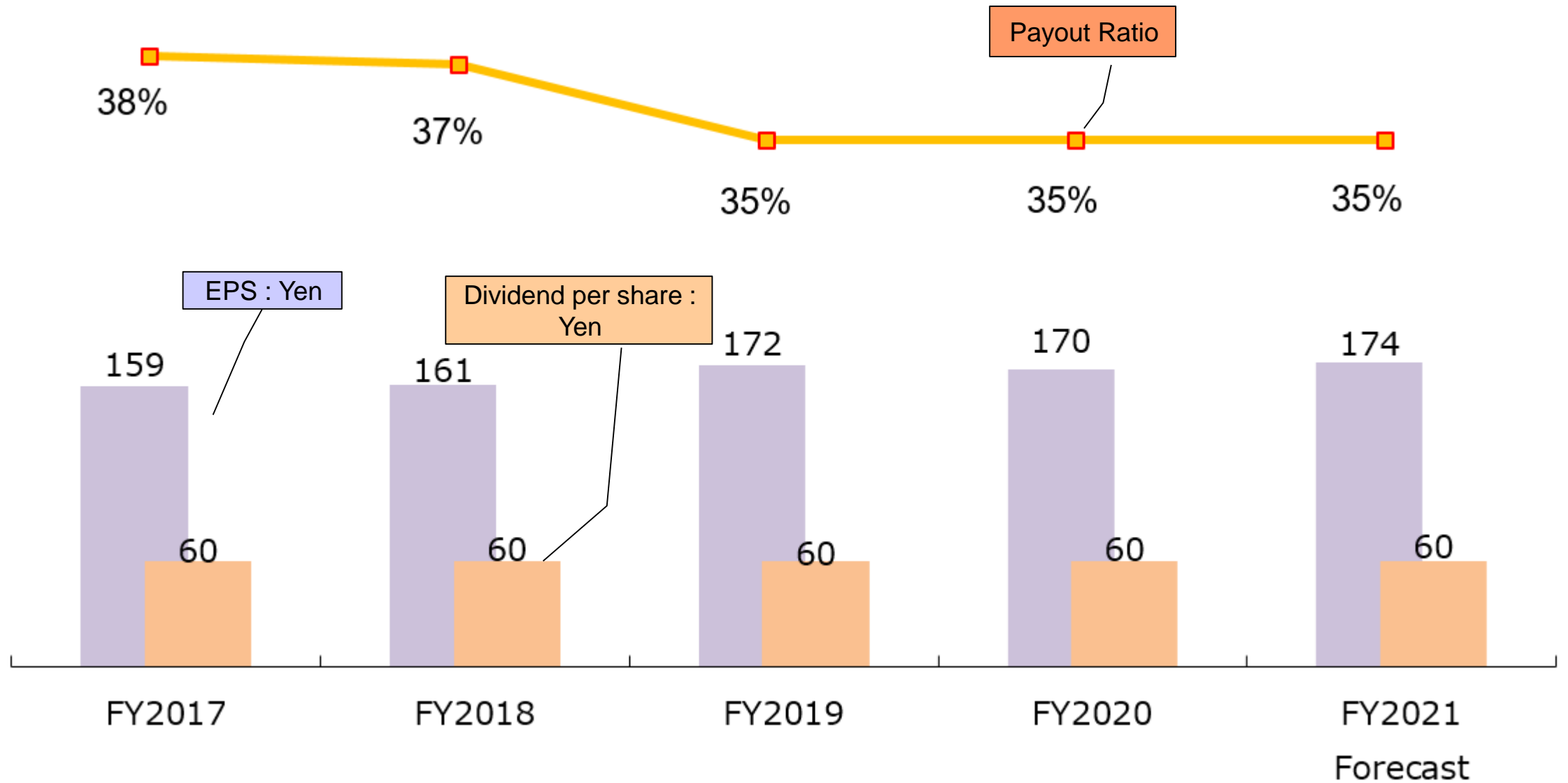


Financial Indicator

(Billions of yen)



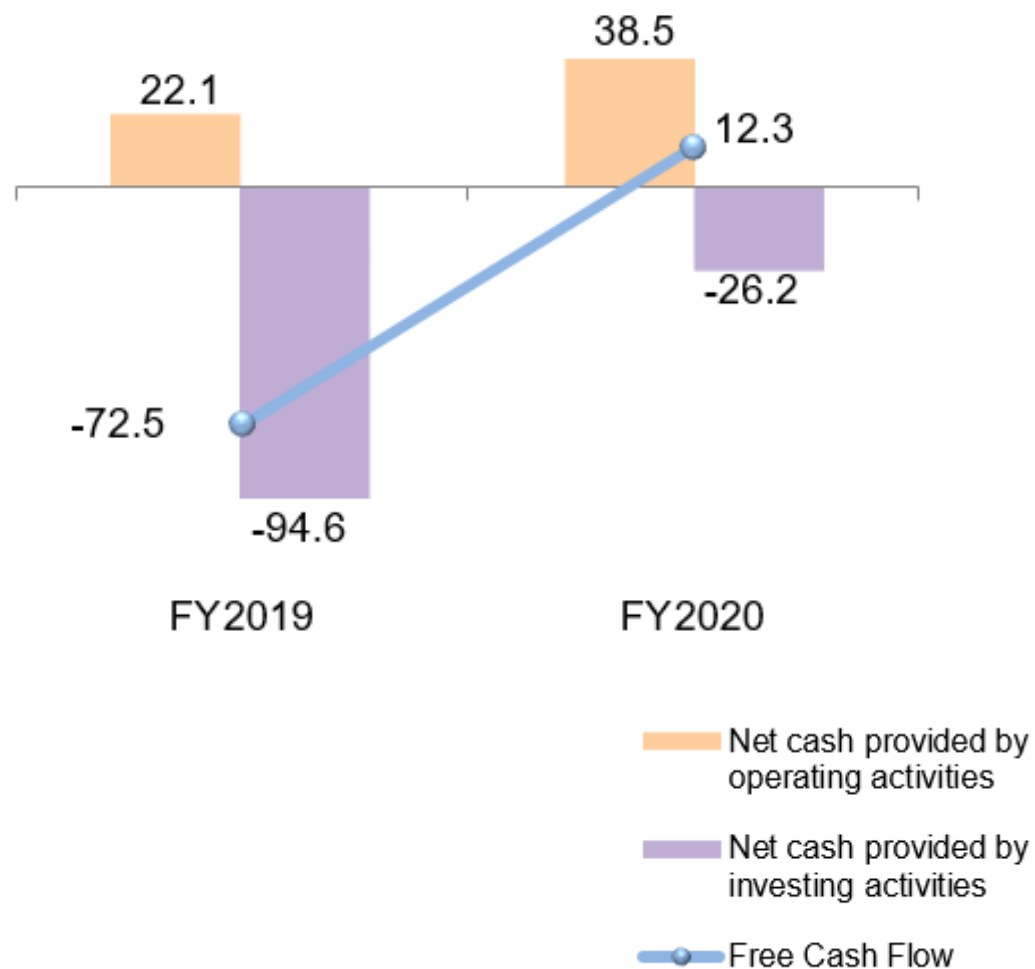
Financial Indicator



Financial Indicator

(Billions of yen)

■ Cash Flow



■ Capital Investment

Full Year

FY 2019	21.5
FY 2020	16.4
FY 2021	16.1

■ Depreciation and amortization

Full Year

FY 2019	12.3
FY 2020	11.3
FY 2021	12.4

Canon

Canon Marketing Japan Inc.