

Canon Group's Corporate Philosophy

共生

Kyosei

Living and working together for the common good

The Canon Group's corporate philosophy of *Kyosei* conveys our dedication to seeing all people, regardless of culture, customs, language, or race, harmoniously living and working together in happiness into the future.

Contributing to global prosperity and
the well-being of mankind

The Corporate DNA of the Canon Group*

Enterprising nature

Continue to pursue new values without being limited

by past examples

*Canon Inc. and its consolidated subsidiaries

Canon MJ Group's Sustainability Management

Based on the principle of *Kyosei*, we will strive to create a Company that helps realize a society in which all of humanity can long live, work, and live happily together.



The Canon Group's *Kyosei* corporate philosophy aims to realize a society in which people, society, and nature are in harmony and in which all human beings can live well. This is in keeping with the Sustainable Development Goals (SDGs). We believe that materializing *Kyosei* is the essence of what many call sustainability management. We will accordingly expand areas in which we can combine our Canon products and IT solutions capabilities to resolve social issues through business.

A Message from the President



M. Adachi

Masachika Adachi
President

Resolving Social Issues *with* IT Solutions

We aim to become essential to the economy and our customers and sustainably increase corporate value by resolving social issues with IT solutions.

Thoughts on Taking the Helm

I was recently appointed president of the Canon Marketing Japan. Since joining this organization, I have largely worked in large account sales, and recognize the great importance of people in corporate management. The Company adheres to the “Three Selves” spirit as the foundation of its guiding principles. These are self-motivation, self-management, and self-awareness. This spirit embraces challenges, takes responsibility, breaks through barriers, and is vital for our people. I also believe that advanced skills and in-depth knowledge are essential to deliver high-level services that lead to customer solutions. Developing people who can do that is an important role for management.

One experience that demonstrated that I had progressed was a systems proposal that I produced while I was a section chief. Another company dominated the market at the time. I took a new approach by identifying and systemizing the customer’s needs. We thereby cut costs and improved productivity while simplifying operations for the customer. This system enabled us to sweep across the market and capture an extremely high share. We have transformed our business through digitization. Embodying the spirit of the Three Selves took me to the next level, and I want to give all Canon MJ Group employees more opportunities to have such experiences.

Reviewing Fiscal 2020

I will begin my review of the year by discussing the impact of the COVID-19 pandemic.

In business-to-consumer (BtoC) markets, sales plunged amid declining demand for digital cameras, as people refrained from travel or faced event cancellations that would have offered photo opportunities. On the upside, demand for inkjet printers and PC peripherals soared on increased working from home and studying at home.

In the business-to-business (BtoB) area, sales of office multifunction printers (MFPs) and laser printers were off amid restricted sales activities. Maintenance services for office MFPs and laser printer cartridges, which are key revenue sources, experienced large declines due to demand for printing in offices dwindling as people refrained from going out and teleworking rose. These businesses account for a great proportion of net sales, so these developments significantly affected overall performance.

Although revenues and earnings for the year were down, our operating margin reached 5.7%, a record high for the second consecutive year. This reflected a rise in sales of high-value-added products and better gross margins. We also benefited from ongoing efforts to slash selling, general and administrative expenses. Our performance commendably resulted from endeavors to bolster profitability.

We have steadily expanded IT solutions, which we have positioned as a growth driver. Sales of this business have grown approximately 10%

annually since fiscal 2015. They accounted for 37% of net sales in the year under review, from 27% five years earlier. In addition, sales from the data center business have increased around five-fold since fiscal 2015. That said, IT solutions sales for the year were down 8% from fiscal 2019. This was because although IT product and security software revenues were robust in keeping with teleworking expansion, demand that we had enjoyed from the end of support for Windows 7 tapered off. We also experienced postponements of large systems projects owing to the pandemic.

Long-Term Management Objectives and Medium-Term Management Plan

Under Long-Term Management Objectives Phase III, which covered fiscal 2016 through 2020, we transformed our business portfolio and positioned the IT solutions business as a growth area. We lifted the profitability of Canon products by streamlining our sales structure and focusing on high-value-added models. We also strove to lower selling, general and administrative expenses to become more robust. We consequently posted our record operating margin in fiscal 2020, the final year of that phase.

From fiscal 2018, we switched from a product-based organizational framework to a market- and customer-centric one, creating the foundations for better employee understanding of how we should operate and use Group resources.

The IT solutions business grew under Long-Term Management Objectives Phase III, while the profitability of Canon products improved. We became a stronger organization, setting the scene to formulate growth strategies under new Long-Term Management Objectives and a new medium-term management plan.

Managing Sustainability and Realizing *Kyosei*

Sustainable Development Goal (SDG) initiatives represent concerted efforts to build an inclusive, sustainable, and resilient future for humankind and our planet and offer companies an opportunity to rethink why they exist. We began formulating our Long-Term Management Objectives by discussing the Canon Group's *Kyosei* corporate philosophy. *Kyosei* is about realizing an economy that harmonizes people, society, and nature and

undertaking business activities that enable everyone to live well. Such thinking mirrors the SDGs and embodies sustainability management. We are taking this opportunity to reaffirm our commitment to *Kyosei* as an underpinning of our corporate activities.

We seek to become indispensable to society and our customers and sustainably enhance corporate value by engaging initiatives that factor in society and the environment. We set up our Sustainability Committee in 2021 to act more effectively. By combining Canon products and IT solutions businesses, we will expand areas in which we can deliver solutions to social issues and pursue sustainability management with all Group employees taking part to become indispensable to society.

SDG and ESG Initiatives

We have made SDG and environmental, social, and governance (ESG) initiatives top priorities as part of our commitment to sustainability management.

On the environmental front, our Sustainability Committee is assessing ways to decarbonize the economy. One specific effort is our participation in the Tokyo metropolitan government's zero emissions program. We are also endeavoring to enhance the power usage efficiency of our data centers, and are considering the use of renewables to help streamline their operations. We are developing solutions that use demand forecasting and supply and demand planning systems to cut food losses.

Our social initiatives entail efforts to increase employee engagement

Management benchmarks and targets for Long-Term Management Objectives and Medium-Term Management Plan

Indicators for Long-Term Management Objectives 2025

- Net sales ¥650 billion (including ¥300 billion in IT solutions sales)
- Operating profit ¥50 billion
- ROE 8.0%

Medium-Term Management Plan* 2023 targets

- Net sales ¥600 billion (including ¥265 billion in IT solutions sales)
- Operating profit ¥40 billion
- Operating margin 6.7%
- Profit attributable to owners of parent ¥26.5 billion
- ROE 6.9%

* The Medium-Term Management plan employs the basic strategies of Long-Term Management Objectives and is an action plan to realize the 2025 Vision and management indicators. Please see the overview on pages 25-26.

and enhance skills, centered on IT solutions, while developing and promoting diverse leadership candidates across generations.

The Board of Directors has responded to the revision of the Corporate Governance Code by discussing ways to improve the effectiveness of that body, segregate management oversight and implementation, and review the business portfolio.

Long-Term Management Objectives: 2025 Vision and Business Portfolio Transformation

Our vision for 2025, the final year of Long-Term Management Objectives, is to become a professional corporate group that resolves issues for society and customers by leveraging the power of information and communications technology (ICT) and people.

An outline of our basic strategy is on pages 23-24. Here, I would like to explain the IT solutions and Canon products businesses and the creation of new businesses through a business portfolio shift. We will transform into a corporate group focusing on the IT solutions business and will continue to review and optimize our business portfolio to deliver sustainable growth.

» Accelerating IT Solutions Business Growth

We believe that one of our missions is to accelerate our IT solutions business and assist customers with their digital transformation (DX) plans.

To transform business processes through digital technology, you have to fully understand customers, their industries, and their operations. If we cannot build co-creation structures with customers, we cannot create solutions that dominate markets.

DX encompasses digitization and digitalization. Digitization is about digitizing business processes themselves to improve efficiency and reduce costs. The episode I described earlier in this message was close to a digitization effort. Digitalization is about creating new markets. Co-creation is vital because you even have to factor in the customers of your customers. DX through digitalization is an area in which we can leverage the broad customer base that is one of our strengths. We have built trust with numerous customers, from large corporations to small-to-medium-sized enterprises. That is the foundation on which we can co-create and provide value.

When customers proceed with DX, it is extremely important for them to select partners that deeply understand their businesses. By matching that requirement, we want to be the entity that customers approach first to secure solutions to their issues. We will accordingly focus on IT solutions and thoroughly explore co-creation with our customers.

» Human Resources Strategy for Our IT Solutions Business

We will step up mid-career hiring of project managers who can help

secure large projects and data scientists and other highly skilled people to use big data.

We will obtain the systems engineers we need through business alliances with systems partners. We will also simultaneously strengthen internal human resources development. We are undertaking measures to increase the number of people with Amazon Web Services and Microsoft Azure certifications holders. As well, we have expanded training programs for data scientists and for agile and cloud computing. We are focusing on strengthening our ability to propose cloud computing as the basis for DX in entering 2021. We have launched initiatives to train business co-creation specialists who envision and materialize the transformations of customer businesses and operations.

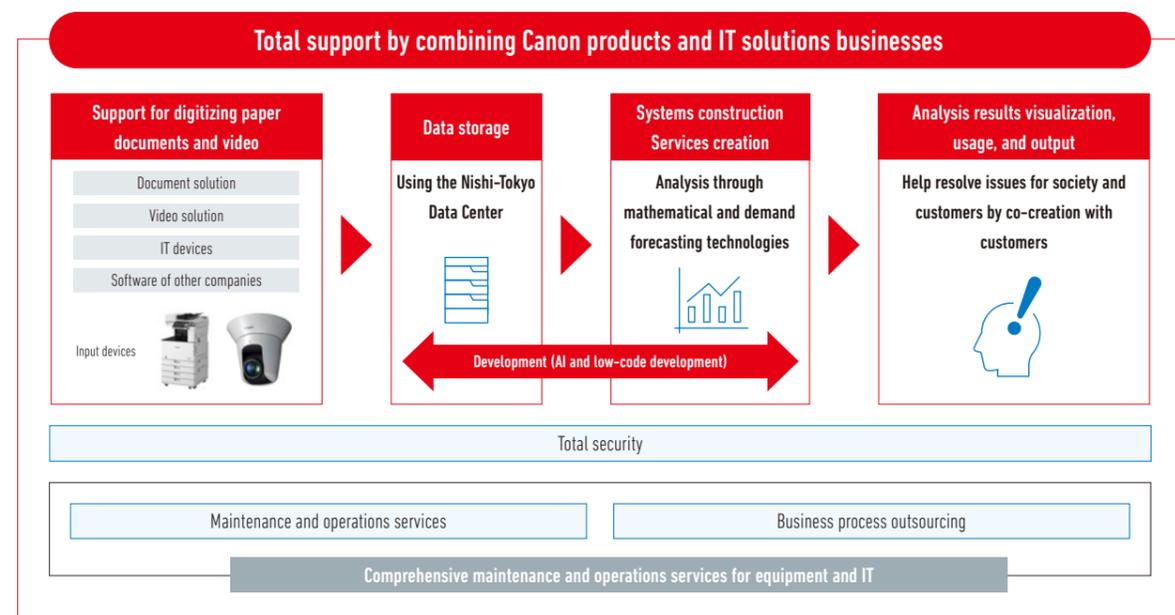
» Improving Profitability of Canon Products Business

Canon products are a key revenue source for the Group. We will endeavor to generate earnings by reinforcing our strategy to offer high-value-added devices linked to our IT solutions business. We will also offer Canon products as data accumulation and collection devices to customers with

which we have started doing business through IT solutions. We will endeavor to differentiate ourselves by drawing on our unique synergies, bringing together our technical capabilities in systems integration with Canon products that work well with the systems we build. At the same time, we will enhance profitability by improving efficiency and cultivating Canon products as a Group revenue source.

» Creating New Businesses

We will seek new business areas based on our IT solutions and Canon products operations to create new businesses. These would include customer services based on our internal practices, such as to reform work practices through internal DX and services that resolve issues that become more apparent to us as our understanding of operations in customer segments deepens. We aim to establish new businesses in areas in which we can help resolve problems by leveraging Group strengths. We will not limit ourselves to existing areas. We believe that collaborating with companies outside the Group and acquisitions will enable us to reach our goals.



We will focus on capital efficiency and profitability in our decision-making. We also consider it necessary to maintain certain cash reserve levels to ensure business continuity because it is unclear when the pandemic will abate.

Shareholder Returns

Our basic shareholder returns policy is to pay dividends based on a consolidated dividend payout ratio of 30%. We comprehensively take into account our medium-term earnings outlook, investment plans, cash flows, and other factors. Cash dividends for fiscal 2020 were ¥60 per share, unchanged from a year earlier. The dividend payout ratio for fiscal 2020 was 35.4%, and has exceeded 35% since fiscal 2015.

Investment Strategy under Medium-Term Management Plan

Over three years from fiscal 2021, we will allocate approximately ¥100 billion to strategic business investments for acquisitions and data center construction and in systems and human resources to drive business growth.

We envision acquiring companies with the expertise we need in IT solutions. We are considering the construction of a third data center because we expect data volumes to increase as 5G becomes ubiquitous and cashless payments expand, increasing the need to store such data safely and securely.

As mentioned earlier, for our IT solutions business we hire project managers midcareer while training existing employees to improve their skills.

In Closing

Outlook for Fiscal 2021

In the Consumers segment, we expect a slight pickup in overall camera unit sales in view of sales of last fiscal year plunging and because demand remains solid for EOS R5 and EOS R6 mirrorless cameras launched in fiscal 2020. We based our projections for inkjet printers on the assumption that demand will not rise as significantly as in fiscal 2020.

In the Enterprise segment, we accord particular attention to changes in document volumes for the office MFPs of large corporations. The pandemic hit these volumes the hardest in fiscal 2020. We do not expect a significant decrease in this segment in the year ahead unless the situation is like that of April and May 2020, when Japan's state of emergency was in force.

In IT solutions, customers are asking us about new projects, principally in the DX field, and we are endeavoring to reach our objectives.

To Our Stakeholders

We would like to become the port of first call for all stakeholders as an organization they can count on. We will accordingly strive to resolve social issues through IT solutions and enhance corporate value. We have established our direction and measures through 2025 and 2023 based on our Long-Term Management Objectives and Medium-Term Management Plan. Speed will be the key to success. It is important for each employee to act decisively to achieve our vision. I will do my utmost to foster such a dynamic corporate culture.

I look forward to the ongoing support and encouragement of our stakeholders in the year ahead.

Milestones

The Canon MJ Group was established in 1968 to sell Canon's business machines, and later expanded beyond selling Canon cameras and business machines to offer PCs from other companies and systems integration (SI) services. Today, the Group combines its IT capabilities, diverse products, and fine-tuned services to supply solutions that support all areas of society.

The Canon Sales Group launches Long-Term Management Objectives Phase I (covering fiscal 2006 through 2010).

The key strategies were to dominate the domestic market and establish new businesses.

The Canon MJ Group launches Long-Term Management Objectives Phase II (covering fiscal 2011 through 2015).

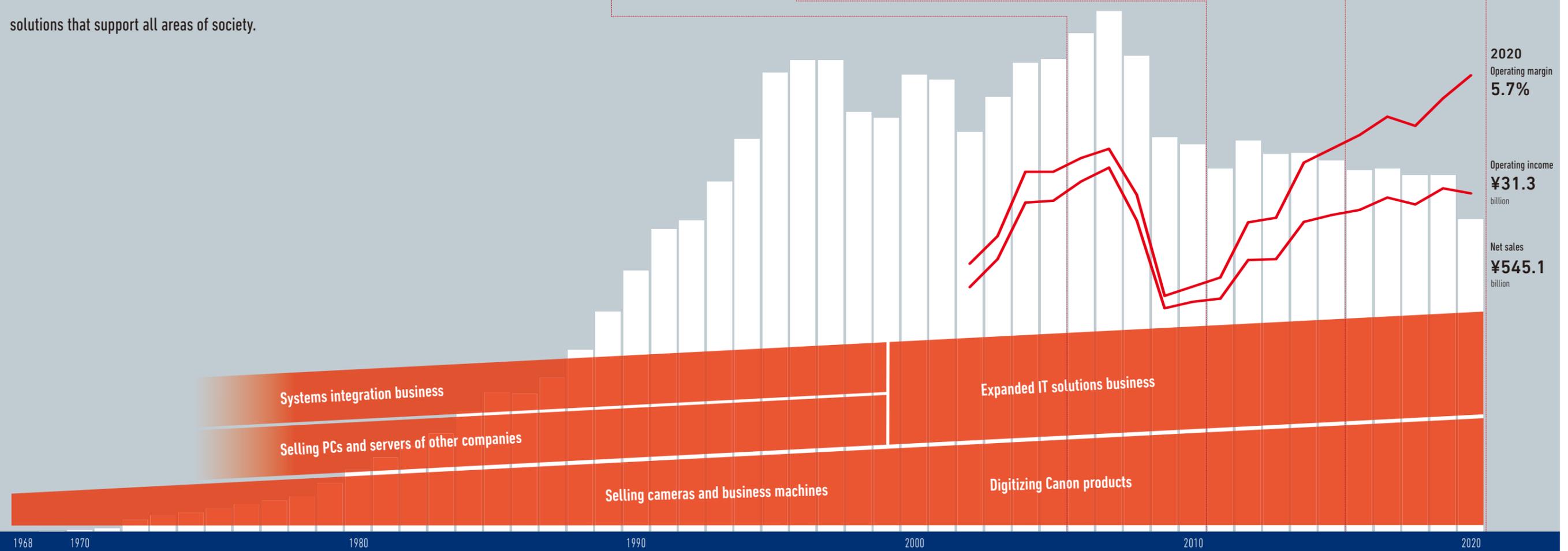
The key strategies were to expand the market shares of Canon products, diversify businesses, create services businesses, and reform Group operations.

The Canon MJ Group launches Long-Term Management Objectives Phase III (covering fiscal 2016 through 2020).

The Company formulated its Group Mission and Group Vision under this phase. The goals were to combine Canon's robust imaging technologies and the IT technologies that the Canon MJ Group had accumulated over the years to expand the Company's business domains while collaborating with customers to help resolve social issues.

The Canon MJ Group launches Long-Term Management Objectives (covering fiscal 2021 through 2025)

The Canon MJ Group aims to become a cadre of professionals who draw on information and communications technology (ICT) and their talents to help resolve social and customer issues.



<p>1968 Canon Business Machines Sales Inc. and Canon Business Machine Services Inc. established</p> <p>1969 Canon Camera Sales Inc. established</p>	<p>1971 Canon Business Machines Sales Inc., Canon Business Machine Services Inc., and Canon Camera Sales Inc. merge to form Canon Sales Co., Inc. Releases BP-1000 billing processor, enters office computer field</p>	<p>1981 The Company lists on the Second Section of the Tokyo Stock Exchange</p>	<p>1983 The Company lists on the First Section of the Tokyo Stock Exchange Forms sales alliance with Apple Computer Inc.</p>	<p>1985 Forms sales alliance with IBM Japan, Ltd., for workstations and PCs</p>	<p>1990 • Becomes Ministry of International Trade and Industry-certified systems integrator • Forms sales alliance with Sun Microsystems Japan K.K.</p>	<p>2003 Acquires SUMITOMO METAL System Solutions Co., Ltd., renaming it CANON SYSTEM SOLUTIONS INC., thus fully entering the IT solutions field</p>	<p>2006 Canon Sales Co., Inc. was renamed Canon Marketing Japan Inc.</p> <p>2007 Acquires Argo 21 Corporation</p>	<p>2008 Integrates CANON SYSTEM SOLUTIONS INC. and Argo 21 Corporation to create Canon IT Solutions Inc.</p>	<p>2012 Nishi-Tokyo Data Center begins services</p>	<p>2020 Nishi-Tokyo Data Center No. 2 completed</p> <p>2018 The Company's 50th anniversary</p>
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IT Milestones

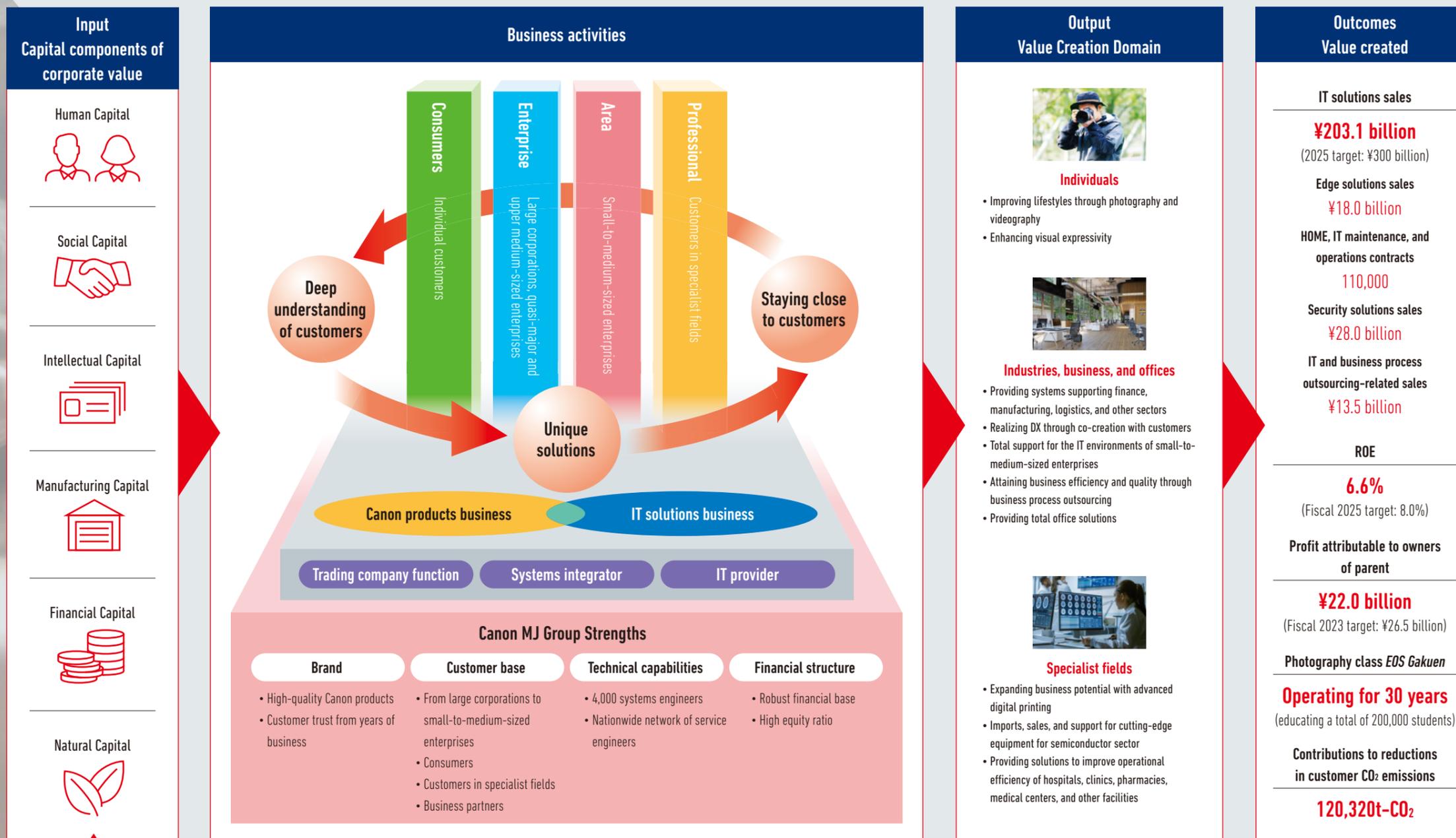
1975 Microsoft Corporation established	1993 Internet usage spreads rapidly	2004 Facebook debuts
1976 Apple Computer Inc. established	1994 Yahoo! launched	2010 Smartphones become ubiquitous
1983 Swift adoption of word processors and PCs	1995 Windows 95 released	2014 Internet of Things (IoT) era emerges
1989 PC industry worth ¥1 trillion	1998 Google created	

Value Creation Process

We are committed to resolving social issues through business, by expanding fields in which we can provide social solutions by combining our Canon products and IT solutions businesses.

Canon Group Corporate Philosophy **共生** *Kyosei*

Canon MJ Group 2025 Vision: Professional corporate group that solves social and customer issues using ICT and the power of humans



Please see page 21 for an explanation of capital.

Inputs (reinvested in capital)

From page 27, we describe strategies for each business segment.

The value we provide to society in 2025

Enhancing lives through visual culture



White logistics



Food losses



Workplace reforms



Productivity improvements



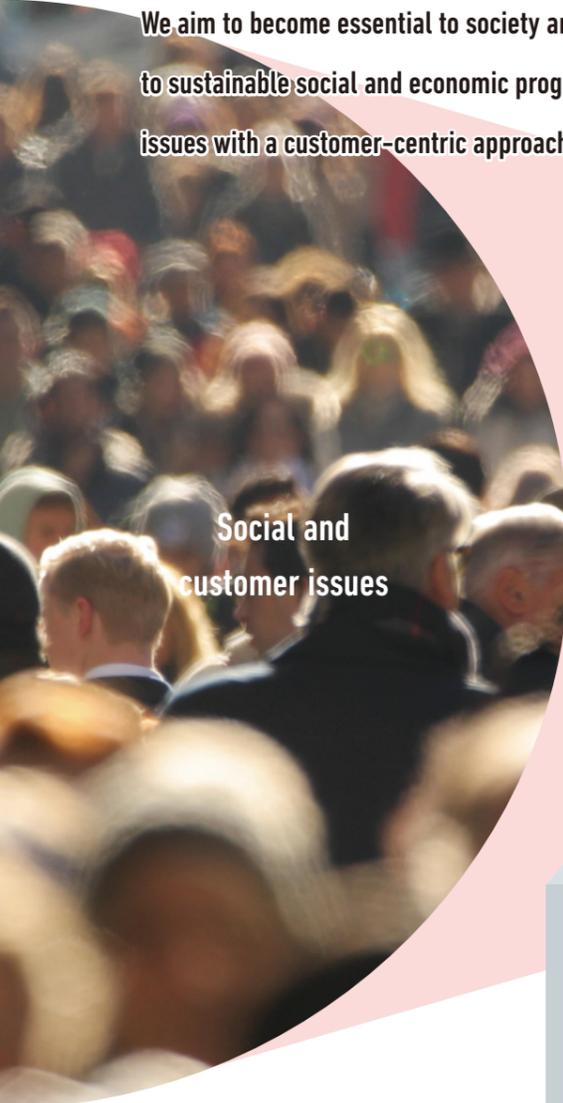
Safe and secure society



Continue to expand our value-creating domain and engage with more customers to sustainably improve corporate value

Business Activities

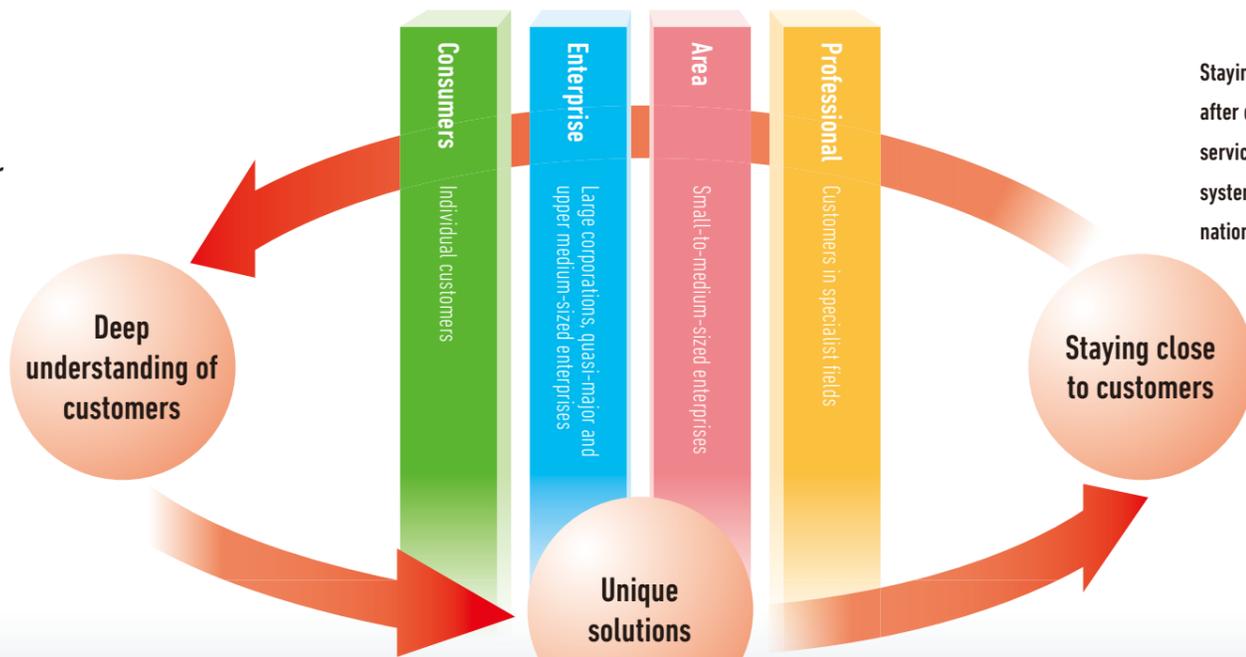
We aim to become essential to society and customers and contribute to sustainable social and economic progress by helping resolve customer issues with a customer-centric approach.



Social and customer issues

With deep understanding of customers, knowledgeable and experienced people provide optimal solutions

Deep understanding of customers



Staying close to customers even after delivering products and services with extensive support system of 193 service sites nationwide and online support

Staying close to customers

Contributing to value-creation through a service-based business* model comprised of unique solutions for domains, industries and technologies in which we have strengths

*Service-based business model is a business model in which we can highlight added value and deliver ongoing services to customers

- Large corporations: In-house-developed cloud services for specific sectors and operations, data centers, and for business process and IT outsourcing
- Small-to-medium-sized enterprises: Including services providing total support for customer IT environments



Trading company function

Procuring products and solutions that meet customer needs, including as exclusive distributor in Japan for Canon products* and serving as exclusive distributor in Japan for ESET antivirus software and semiconductor-related equipment

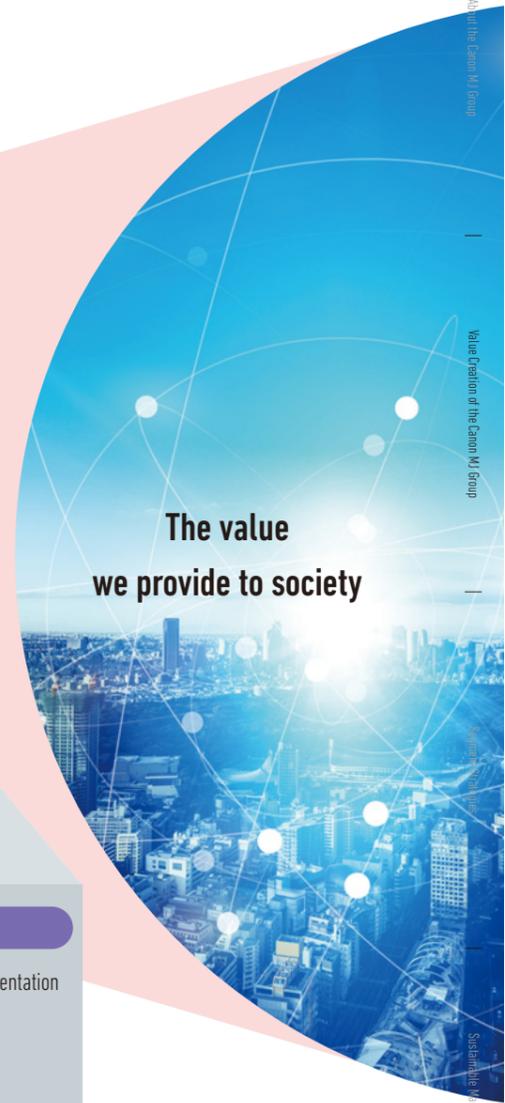
* Excluding semiconductor exposure equipment, LCD substrate exposure equipment, and medical devices

Systems integrator

Supplying optimal systems by fully understanding issues that are common across industries, business sectors, and operations, as well as customer-specific issues, drawing on previous systems development and proprietary technologies

IT provider

Providing solutions to resolve customer issues and full support from implementation through maintenance and operations



The value we provide to society

Canon MJ Group Strengths

Brand

Customer trust amassed through years of business

Since our establishment as Canon's sales division, we have remained the exclusive distributor in Japan of Canon brand products (excluding semiconductor exposure equipment, LCD substrate exposure equipment, and medical devices), including cameras, inkjet printers, multifunction printers (MFPs), and laser printers that Canon manufactures, and have consistently secured high market shares. We also provide maintenance and support services.

Customer Base

From large corporations to small-to-medium-sized enterprises

Over more than 50 years, we have built robust relationships with numerous customers in selling Canon products. As the world of business has diversified, so too have customer needs. We leverage customer trust and our achievements to provide optimal products and solutions for all of our customers, from large corporations to small-to-medium-sized enterprises.

Technical Capabilities

4,000 systems engineers and a nationwide network of service engineers

We have accumulated technology by acquiring companies with advanced technological capabilities and by developing advanced technologies. We provide such IT solutions as systems development and cloud and data center services by drawing on state-of-the-art development expertise based on our profound business and industry insights.

Financial Structure

Robust financial base

We have long maintained an equity ratio of 50% to 60%, and have built a strong and sound financial position that is essential for sustainable growth. We can therefore continue operating stably even in the face of such unprecedented crises as the COVID-19 pandemic. At the same time, we prioritize capital efficiency and strive to improve our return on equity (ROE).

The Corporate DNA of the Canon Group: Enterprising nature

Our corporate culture continues to take on challenges by encouraging businesses to evolve and change to meet the needs of society and customers

The Capital Components of Corporate Value

We will use profits from Canon products and IT solutions to invest in strengthening our businesses, including through M&As, and in people, which are our most valuable resource.

We will thereby create a virtuous cycle in which businesses become even stronger and we become more profitable and reinvest in further growth, contributing to sustainably expanding corporate value.

(Performance results figures are for fiscal 2020)



Human Capital

We will hire and train people with a wealth of knowledge and experience in products and IT to propose and provide optimal solutions at every customer contact point.

Expanding the IT solutions business

- We have approximately 4,000 systems engineers and highly specialized technicians and customer engineers providing sales and implementation support, training them as needed.
- We recruit talented people. Mid-career hires accounted for 12.4% of new employees in fiscal 2020, up 0.5% from a year earlier.
- We implemented the IT Skills Improvement Program for all Group employees. We also help employees, including those in back office jobs, to acquire IT passports. By April 2021, a total of 3,791 employees had obtained IT passport certification, thus improving IT groupwide knowledge.

Fostering diversity

- We encourage efficient work practices during prescribed hours and enable employees to balance work with childcare and nursing care. As a result, 146 employees, including 26 men, took childcare leave in fiscal 2020. The rate for returning to work was 95.6%, including 100% for men. We strive to empower women, who held 10.4% of managerial positions in fiscal 2020, up 1.0% from the year before.
- Canon Marketing Japan and Canon IT Solutions had received Platinum Kurumin certification as of June 2021.



Social Capital

We have built our customer base over the years by selling and servicing Canon products, forging strong relationships with partner companies, and acquiring exclusive domestic distribution rights for the offerings of overseas companies. Therefore, we are able to continuously create value.

Expanding our customer base

- We have continued to provide better products to become a favored company for many customers. We have thus secured No. 1 shares in the domestic market for such products as interchangeable lens digital cameras, inkjet printers, and laser printers.
- We maintain contacts with customers through nationwide service sites and partnerships. We also build relationships as an IT partner for customers by providing DX support with local business partners.

Providing safe, secure, and high-value-added IT services to diverse customers

With HOME, a safe and secure IT support cloud service for small-to-medium-sized enterprises, we have provided IT maintenance and operations for roughly 110,000 customers.

Providing various products and services through our trading company capabilities

- In the Canon products business, we transform customer feedback into high-value-added information that we send on to Canon Inc.
- We have supported the semiconductor industry by improving our performance as an exclusive distributor in Japan, swiftly identifying outstanding equipment from overseas companies.
- As well as importing and selling products from abroad, we have helped improve customer satisfaction by conveying the views of customers in the Japanese market and localizing offerings. We have accordingly ranked No. 1 in customer satisfaction surveys for security products for eight consecutive years.



Intellectual Capital

We have among the most patents in our industry. We patent the solutions technologies and supporting techniques that we have created through R&D. This enables us to provide superior customer solutions that differentiate us from the competition.

R&D capabilities for visionary, unique solutions

We conduct R&D in low-code development, which has attracted considerable attention in recent years. We have supplied Web Performer since 2005. This product incorporates an automated Java application generation technology (Patent No. 4988226) that received an encouragement prize in the 2020 Kanto Regional Invention Awards.

Intellectual property rights activities

The intellectual capital that our R&D generates is an important corporate asset, so we secure the relevant patents and other intellectual property rights. In 2020, we published 152 patent applications and 146 patents. Security-related, automatic web application generation, video and image-related, and mathematical technologies are key strengths and represent roughly 30% of our patents.



Manufacturing Capital

Our infrastructure enjoys high regard for delivering high-quality products and services, and is the foundation for value creation.

Quality management

Canon System & Support Inc., Canon IT Solutions Inc. and Canon Production Printing Systems Inc. have acquired ISO 9001 certification. This is an international standard for customer satisfaction and ongoing improvement of quality management systems through product and services quality assurance.

Providing high-quality facilities and value-added services

We completed construction of the Nishi-Tokyo Data Center Phase II, which received recognition as a Tier 4 level high-performance facility and the M&O Stamp of Approval for meeting global standards and complying with the guidelines of Japan's Center for Financial Information Systems. We conduct systems failure and other drills, incurring no major malfunctions, in upholding high safety standards.



Financial Capital

While building a solid financial position, we endeavor to generate growth and returns through surplus funds that enable flexible investments.

Establishing a stronger financial base

Despite lower sales and profits, our operating margin reached a record 5.7% for the second consecutive year in fiscal 2020. This reflected higher sales of high-value-added products, improved gross margins, and extensive efforts to cut selling, general and administrative expenses. The equity ratio thus rose 3.8% from a year earlier, to 68.2%, laying the foundation for investing under a medium-term management plan starting in 2021.

Stable shareholder returns

Our basic policy is to pay dividends based on a consolidated payout ratio of 30%. We take into account such factors as our medium-term earnings outlook, investment plans, and cash flow. For fiscal 2020, we maintained stable dividends under a payout ratio of 35.4%. The ratio thus exceeded 35% for the sixth consecutive year.



Natural Capital

We will contribute to a decarbonized economy by providing products and services that lower environmental impact and use resources and energy effectively.

Decarbonization activities

- We have endeavored to reduce energy consumption. In the year under review, we lowered GHG emissions per unit of production by 4.0% from fiscal 2019.
- We strive to contribute to the environment by donating credits to the Tokyo metropolitan government, and obtained certification for the Nishi-

Tokyo Data Center as a quasi-top-level business office.

- We offset emissions by 6,355 metric tons from MFPs we sold.

Circular economy initiatives

We collect and recycle office equipment, ink, toner cartridges, and other used products. In fiscal 2020, we collected and processed 12,015 metric tons of these items, recycling 99.9% of them.

Toward 2025 and Beyond

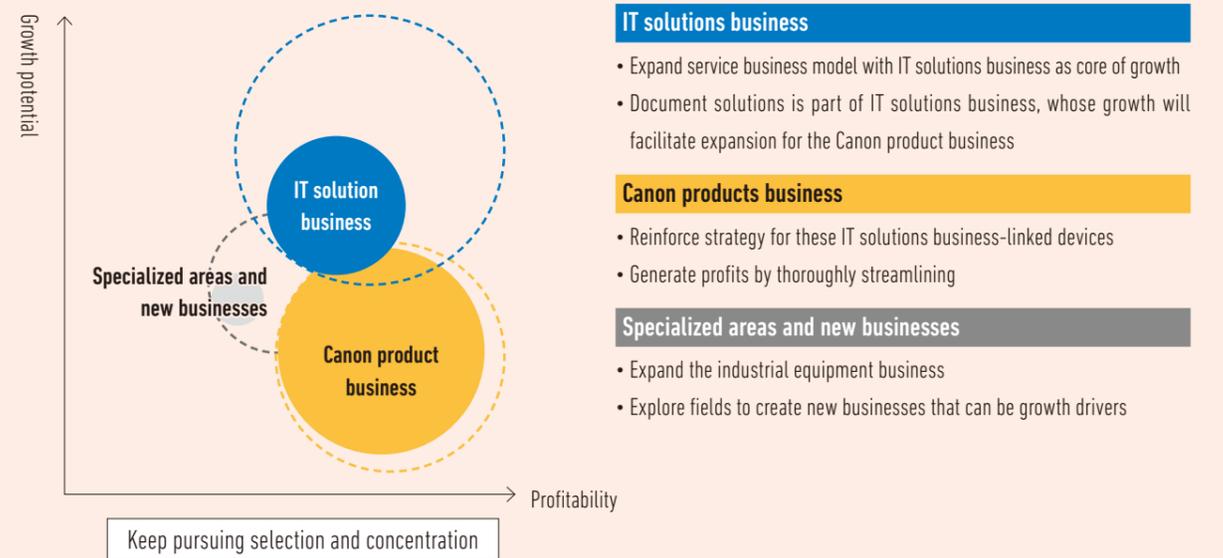
Long-Term Management Objectives (2021-2025)

We formulated Long-Term Management Objectives (2021-2025) to guide management efforts to increase corporate value sustainably. We aim to realize our *Kyosei* corporate philosophy and 2025 Vision to become a highly profitable corporate group by steadily implementing our basic strategies.

Corporate Philosophy	
<i>Kyosei</i> Contributing to global prosperity and the well-being of mankind	
Vision, Basic Strategies and Management Indicators	
2025 Vision	
Professional corporate group that solves social and customer issues using ICT and the power of humans	
Basic Strategies	
<ol style="list-style-type: none"> 1. Sustainably increase corporate value by resolving social issues through business 2. Become a highly profitable corporate group <ul style="list-style-type: none"> > Reform businesses, placing IT solutions business at the center of growth > Use customer base to improve sales structures for all customer segments > Increase added value and enhance profitability with respect to the Canon products business 3. Create a virtuous circle by improving management capital <ul style="list-style-type: none"> > Accelerate business growth by developing skilled human resources and increasing engagement > Accelerate business growth through strategic investments 	
2025 Management Indicators	
Operating income	¥50.0 billion
Net sales	¥650.0 billion
Including IT solutions business sales	¥300.0 billion
ROE	8.0%

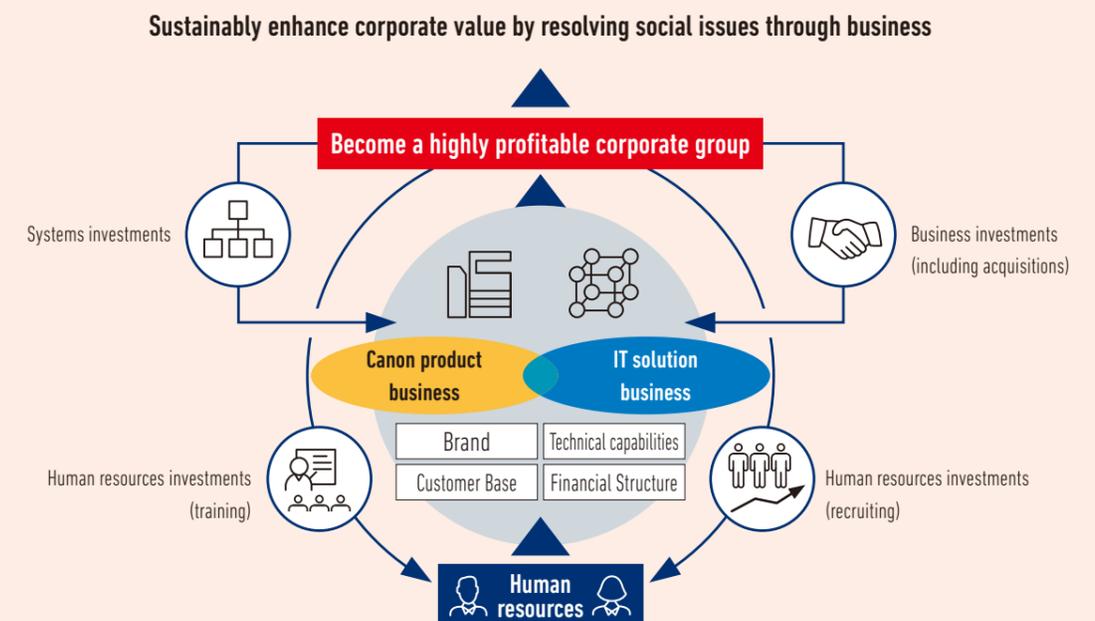
Continuing to Review and Optimize Business Portfolio for Sustainable Growth

The Canon MJ Group will continue these efforts by transitioning its business portfolio to focus on IT solutions.



Investing in Growth to Enhance Corporate Value

The Canon MJ Group aims to become a highly profitable, value-creating corporate group by investing in businesses, human resources, and systems to swiftly resolve social issues.



Three-Year Management Plan (2021-2023)

Based on the Long-Term Management Objectives (2021-2025), under the Medium-Term Management Plan (2021-2023) we aim to expand earnings through such initiatives as contributing to value through a service-based business model*1 in the IT solutions business, our prime growth driver.

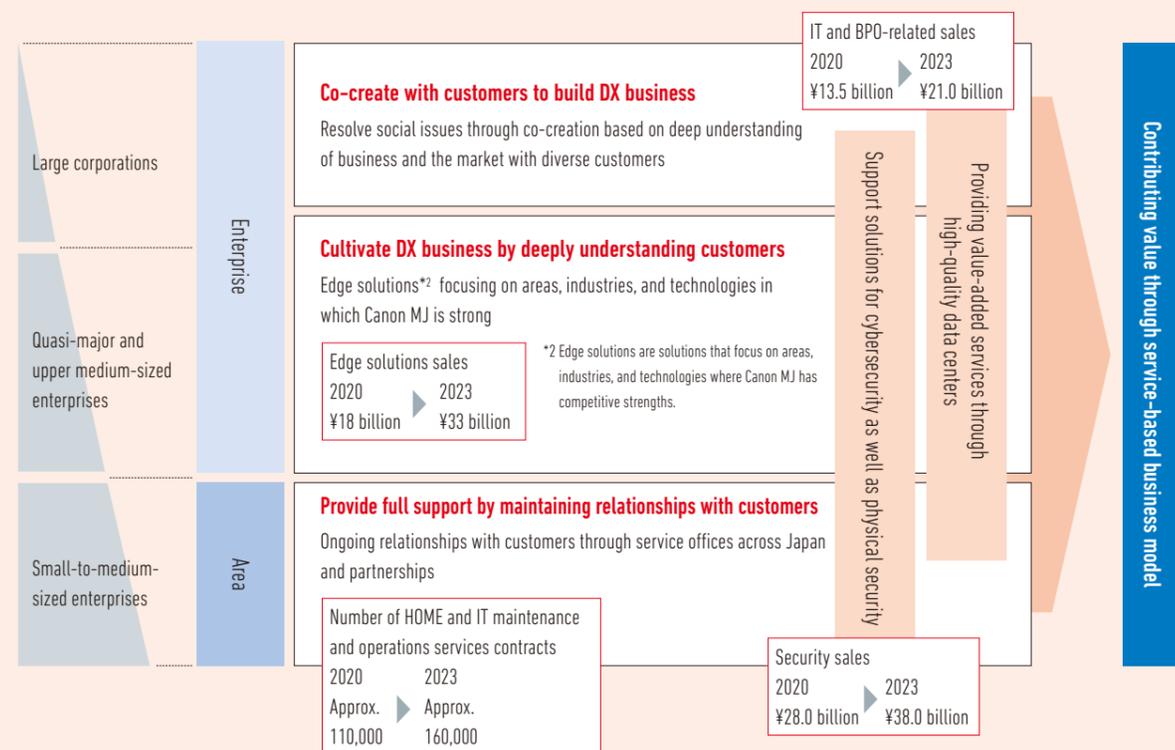
*1 This term refers to a business model under which we provide value-added customer services on an ongoing basis.

Targets

	Results	Three-Year Management Plan	
	2020	2021 (Forecast)	2023 (Plan)
Net sales	¥545.1 billion	¥567.0 billion	¥600.0 billion
Operating income	¥31.3 billion	¥34.0 billion	¥40.0 billion
Operating margin	5.7%	6.0%	6.7%
Profit attributable to owners of parent	¥22.0 billion	¥23.5 billion	¥26.5 billion
ROE	6.6%	6.7%	6.9%

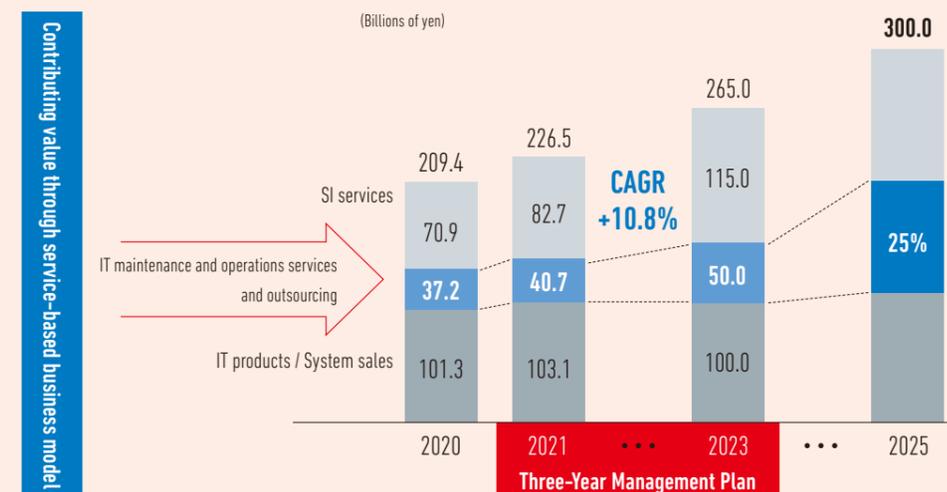
IT Solutions Business Development Direction by Customer Segment

Large corporations, quasi-major and upper medium-sized enterprises, and small-to-medium-sized enterprises have different needs. In developing the IT solutions business, we will cultivate businesses that match the needs of specific customer segments. We will also create and strengthen our service-based business model and strive to sustainably expand earnings.



IT Solutions Business Sales Targets (by product and solution)

The sales targets for the IT solutions business are ¥265 billion in fiscal 2023 and ¥300 billion in fiscal 2025. We will establish an extremely profitable IT solutions business by expanding our service-based business model while reinforcing maintenance and operations services and outsourcing.



Investment Strategy for Business Growth

Business investments will reflect capital efficiency and profitability goals. We will reinvest profits from these investments in growth businesses.

