

3Q 2021 Results

October 25, 2021
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Director, Vice President



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 **¥123.0 B** **(Y/Y -7.3 B, -6%)**

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

Operating Income **¥6.1 B** **(Y/Y -1.2 B, -16%)**

- ✓ Operating income decreased due to a decrease in the Consumers and Area segments, despite a higher income in the Enterprise and the Professional segments.

**Net income attributable
to owners of parent** **¥5.2 B** **(Y/Y +0.8 B, +19%)**

Summary of Results

3Q 2021 Actual
(from July 1 to September 30)



(Billions of yen)

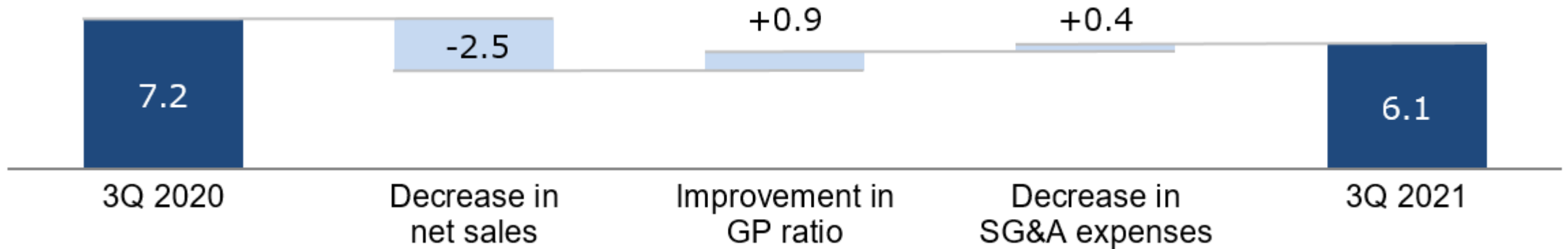
	3Q 2020	3Q 2021	Changes	
			Amount	%
Net sales	130.3	123.0	-7.3	-6%
	(34.3%)	(35.1%)	(+0.7%)	
Gross profit	44.8	43.2	-1.6	-4%
	(5.6%)	(4.9%)	(-0.6%)	
Operating income	7.2	6.1	-1.2	-16%
	(5.7%)	(5.1%)	(-0.6%)	
Ordinary income	7.4	6.3	-1.1	-15%
	(3.4%)	(4.2%)	(+0.9%)	
Net income attributable to owners of parent	4.4	5.2	+0.8	+19%

Op. Income Variance Analysis

3Q 2021 Actual
(from July 1 to September 30)



(Billions of yen)



Improvement in GP ratio

- Gross profit ratio climbed in Enterprise Segment and Area Segment.

Decrease in SG&A expenses

- Other direct selling expenses -0.4 B
- Personnel expenses -0.7 B

Segment Outline

3Q 2021 Actual
(from July 1 to September 30)



(Billions of yen)

	3Q 2020		3Q 2021		Changes	
	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income
Consumers	31.1	3.8	26.7	1.7	-4.4	-2.1
Enterprise	43.5	1.7	45.0	2.9	+1.5	+1.2
Area	54.1	1.9	49.2	1.5	-4.9	-0.4
Professional	6.5	0.4	6.7	0.4	+0.1	+0.0
Other	-4.9	-0.6	-4.6	-0.6	+0.3	+0.0
Total	130.3	7.2	123.0	6.1	-7.3	-1.2

※"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 Results

1Q-3Q 2021 Actual
(from January 1 to September 30)



(Billions of yen)

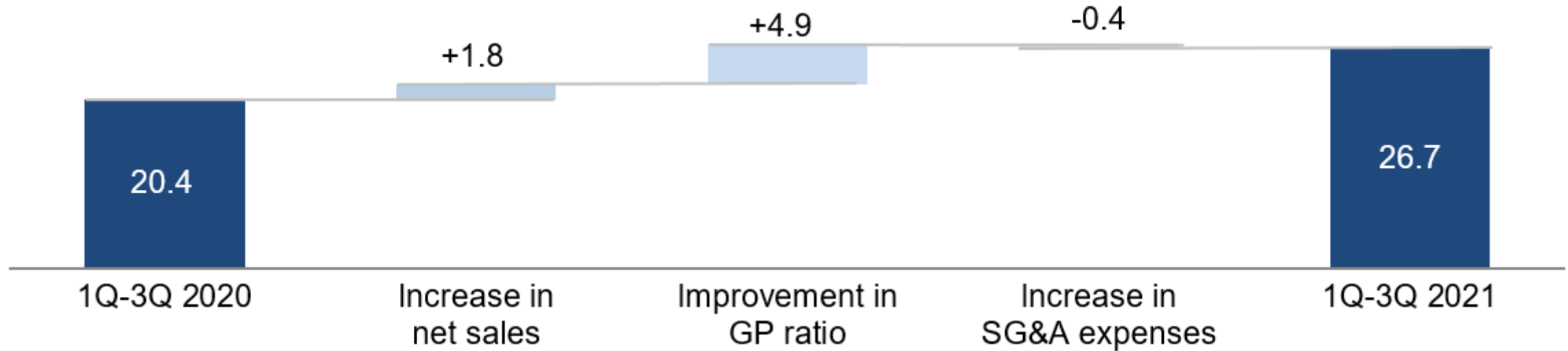
	1Q-3Q 2020	1Q-3Q 2021	Changes	
			Amount	%
Net sales	392.9	398.2	+5.3	+1%
	(33.5%)	(34.7%)	(+1.2%)	
Gross profit	131.6	138.2	+6.6	+5%
	(5.2%)	(6.7%)	(+1.5%)	
Operating income	20.4	26.7	+6.3	+31%
	(6.1%)	(7.0%)	(+0.9%)	
Ordinary income	24.1	27.8	+3.7	+16%
	(3.7%)	(5.1%)	(+1.4%)	
Net income attributable to owners of parent	14.4	20.3	+5.9	+41%

Op. Income Variance Analysis

1Q-3Q 2021 Actual
(from January 1 to September 30)



(Billions of yen)



Improvement in GP ratio

- Gross profit ratio climbed in all segments.

Increase in SG&A expenses

- Advertising expenses +0.3 B
- Other selling expenses +0.8 B

Segment Outline

1Q-3Q 2021 Actual
(from January 1 to September 30)



(Billions of yen)

	1Q-3Q 2020		1Q-3Q 2021		Changes	
	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income
Consumers	81.4	5.8	87.9	8.4	+6.6	+2.6
Enterprise	136.4	7.1	136.9	9.2	+0.5	+2.0
Area	165.3	6.6	165.4	8.9	+0.1	+2.2
Professional	23.6	1.8	22.8	2.0	-0.8	+0.2
Other	-13.8	-1.0	-14.9	-1.7	-1.2	-0.8
Total	392.9	20.4	398.2	26.7	+5.3	+6.3

※"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.

- ✓ Net sales decreased mainly reflecting lower sales in inkjet printer and IT products.
- ✓ Operating income decreased chiefly due to a reaction to the higher percentage of high value-added products in the same period of the previous fiscal year.

	3Q		
	FY2020	FY2021	Changes
Net sales	31.1	26.7	-14%
Op. income	3.8	1.7	-54%
ratio	12.2%	6.5%	-5.7%

(Billions of yen)

Consumer Products, Y/Y Non-consolidated

		1Q	2Q	3Q	4Q	Full Year
Digital Interchangeable Lens Camera	Unit	-20%	+84%	+2%		
Compact Digital Camera	Unit	-2%	+39%	-30%		
Inkjet Printer (IJP)	Unit	+34%	-23%	-41%		
IJP Cartridge	Amount	-0%	-10%	-4%		

- ✓ Despite a decline in net sales due to the impact of the product supply of main business equipment, net sales rose due to the strong performance of the IT Solutions business.
- ✓ Operating income increased, reflecting a rise in gross profit due to higher sales and the improvement of the gross profit margin.

	3Q			(Billions of yen)
	FY2020	FY2021	Changes	
Main Business Equipment, Other	15.8	14.8	-6%	
IT Solutions	27.7	30.3	+9%	
Net sales	43.5	45.0	+4%	
Op. income	1.7	2.9	+74%	
ratio	3.9%	6.5%	+2.6%	

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

	3Q		Changes	
	2020	2021	Amoun	%
Net sales	21.3	23.8	+2.5	+12%
Op. income	1.5	2.3	+0.8	+53%

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

		1Q	2Q	3Q	4Q	Full Year
		Orders received	Amount	+1%	+10%	-19%
Outstanding orders	Amount	+14%	+19%	-3%		

- ✓ Net sales decreased due to a significant decrease in sales of main business equipment affected by product supply, despite steady performance in security and IT maintenance in IT Solutions.
- ✓ Operating income declined due to a decrease in gross profit caused by lower sales.

	3Q			Changes
	FY2020	FY2021		
Main Business Equipment, Other	39.3	34.4	-12%	
IT Solutions	14.8	14.8	+0%	
Net sales	54.1	49.2	-9%	
Op. income	1.9	1.5	-20%	
ratio	3.6%	3.1%	-0.4%	

(Billions of yen)

[Reference] Results of main consolidated companies

Canon System & Support Inc.

	3Q		Changes	
	2020	2021	Amount	%
Net sales	23.9	22.8	-1.1	-4%
Op. income	0.4	1.0	+0.5	+115%

- ✓ Net sales increased thanks to higher sales in medical IT despite lower sales in industrial equipment and production printing.
- ✓ Operating income increased mainly reflecting a reduction in SG&A expenses for production printing and an increase in gross profit due to higher sales.

	3Q		
	FY2020	FY2021	Changes
Production Printing	2.3	2.2	-4%
Industrial Equipment	2.9	2.8	-3%
Healthcare Business	1.4	1.7	+24%
Net sales	6.5	6.7	+2%
Op. income	0.4	0.4	+6%
ratio	6.1%	6.3%	+0.2%

(Billions of yen)

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

	3Q		Changes	
	2020	2021	Amount	%
Net sales	2.1	2.1	-0.1	-4%
Op. income	-0.0	0.0	+0.1	-

Overall Sales of IT Solutions



(Billions of yen)

■ By Segment

	3Q 2020	3Q 2021	1Q-3Q 2020	1Q-3Q 2021	3Q Changes		1Q-3Q Changes	
					Amount	%	Amount	%
Enterprise segment	27.7	30.3	88.0	90.7	+2.5	+9%	+2.7	+3%
Area segment	14.8	14.8	47.1	47.4	+0.0	+0%	+0.3	+1%
Other	6.3	6.4	20.4	22.2	+0.1	+2%	+1.7	+9%
Total	48.8	51.5	155.6	160.2	+2.7	+5%	+4.7	+3%

■ By Products and Solutions

	3Q 2020	3Q 2021	1Q-3Q 2020	1Q-3Q 2021	3Q Changes		1Q-3Q Changes	
					Amount	%	Amount	%
SI service	16.6	17.9	53.3	54.1	+1.3	+8%	+0.7	+1%
Maintenance and operation service /outsourcing	8.9	10.9	27.6	31.1	+2.0	+23%	+3.5	+13%
System sales/IT product	23.3	22.7	74.6	75.1	-0.7	-3%	+0.5	+1%
Total	48.8	51.5	155.6	160.2	+2.7	+5%	+4.7	+3%

※ The FY2020 financial results have been subject to reclassification due to the inclusion of the business of certain products such as network cameras in sales of IT Solutions in FY2021.

Summary of Projections



(Billions of yen)

	FY2021	FY2021	Changes		FY2020	Changes	
	Previous Projection	Current Projection	Amount	%	Actual	Amount	%
Net Sales	567.0	558.0	-9.0	-2%	545.1	+12.9	+2%
	(6.2%)	(6.3%)	(+0.1%)		(5.7%)	(+0.5%)	
Operating Income	35.0	35.0	–	–	31.3	+3.7	+12%
	(6.3%)	(6.4%)	(+0.1%)		(6.5%)	(-0.0%)	
Ordinary Income	35.8	35.8	–	–	35.2	+0.6	+2%
	(4.3%)	(4.6%)	(+0.3%)		(4.0%)	(+0.5%)	
Net income attributable to owners of parent	24.2	25.5	+1.3	+5%	22.0	+3.5	+16%

Summary of Projections by Segment

FY2021 Current Projection vs. Previous Projection

(Billions of yen)

	FY2021 Previous Projection		FY2021 Current Projection		Changes		
	Net Sales	Op. Income	Net Sales	Op. Income	Net Sales Amount	%	Op. Income
Consumers	128.1	11.0	128.1	11.0	-	-	-
Enterprise	192.7	11.9	188.5	11.9	-4.2	-2%	-
Area	228.5	11.7	224.0	11.7	-4.5	-2%	-
Professional	34.7	2.4	34.7	2.4	-	-	-
Other	-17.0	-2.0	-17.3	-2.0	-0.3	-	-
Total	567.0	35.0	558.0	35.0	-9.0	-2%	-

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

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	124.7	12.3	128.1	11.0	+3.4	+3%	-1.3
Enterprise	184.6	9.4	188.5	11.9	+3.9	+2%	+2.5
Area	223.7	9.0	224.0	11.7	+0.3	+0%	+2.7
Professional	30.7	1.9	34.7	2.4	+4.0	+13%	+0.5
Other	-18.6	-1.3	-17.3	-2.0	+1.3	-	-0.7
Total	545.1	31.3	558.0	35.0	+12.9	+2%	+3.7

※"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. Following a careful examination, some numbers have been changed with respect to the FY2020 results announced in January.

Summary of Projections : Segment Information



(Billions of yen)

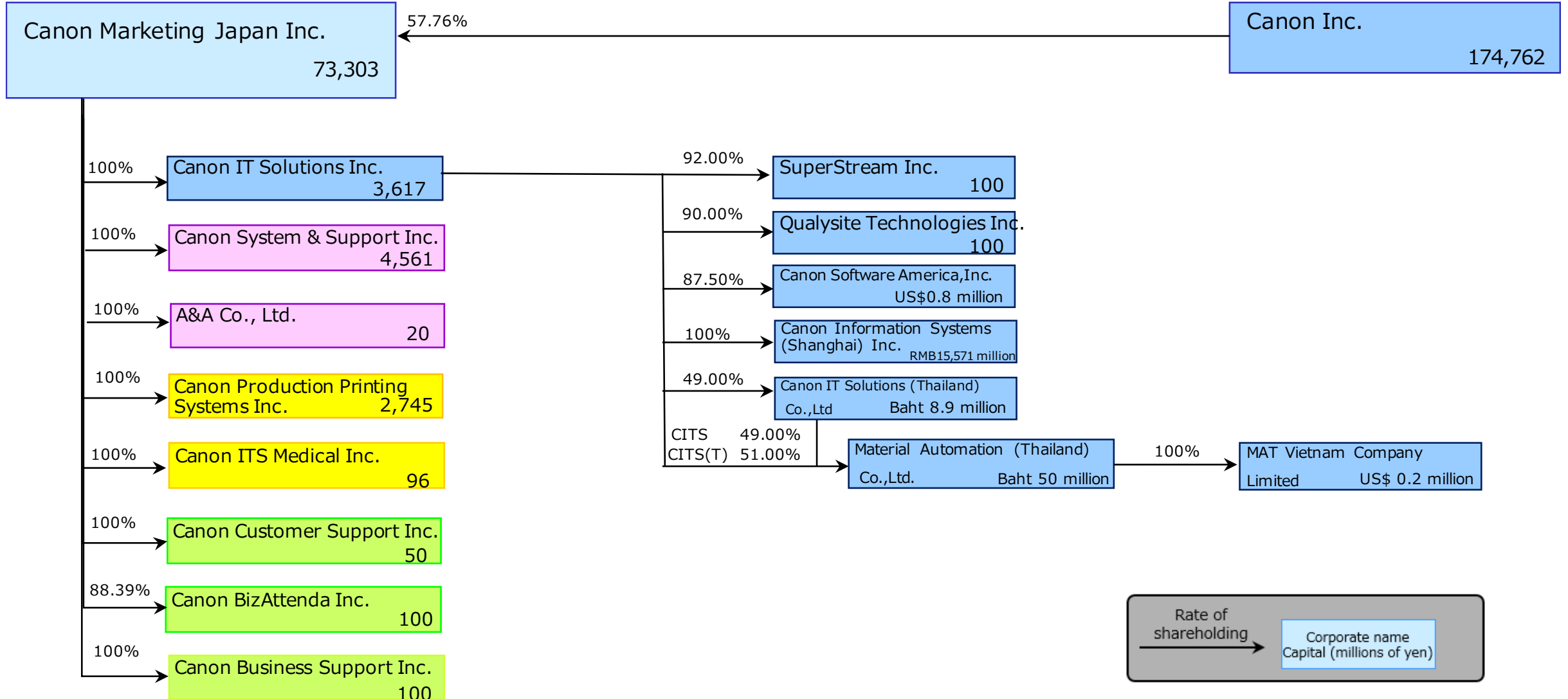
	Actual 1Q-3Q 2020		Actual 4Q 2020		Actual 1Q-3Q 2021		Projection 4Q 2021		Changes 1Q-3Q		Changes 4Q	
	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income
Consumers	81.4	5.8	43.4	6.5	87.9	8.4	40.2	2.6	+6.6	+2.6	-3.2	-3.9
Enterprise	136.4	7.1	48.2	2.3	136.9	9.2	51.6	2.7	+0.5	+2.0	+3.4	+0.4
Area	165.3	6.6	58.3	2.3	165.4	8.9	58.6	2.8	+0.1	+2.2	+0.2	+0.5
Professional	23.6	1.8	7.1	0.1	22.8	2.0	11.9	0.4	-0.8	+0.2	+4.8	+0.3
Other	-13.8	-1.0	-4.8	-0.3	-14.9	-1.7	-2.4	-0.3	-1.2	-0.8	+2.5	+0.0
Total	392.9	20.4	152.1	10.9	398.2	26.7	159.8	8.3	+5.3	+6.3	+7.7	-2.6

※"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. Following a careful examination, some numbers have been changed with respect to the FY2020 results announced in January.

Supplementary Information

Capital Relationship Diagram



Rate of shareholding → Corporate name
Capital (millions of yen)

Results of main consolidated companies

3Q 2021 Actual
(from July 1 to September 30)



(Billions of yen)

		3Q 2020		3Q 2021		Changes	
						Amount	%
Enterprise							
Canon IT Solutions Inc.	Net sales	21.3		23.8		+2.5	+12%
	Op. income	1.5	(7.2%)	2.3	(9.9%)	+0.8	(+2.7%)
Area							
Canon System & Support Inc.	Net sales	23.9		22.8		-1.1	-4%
	Op. income	0.4	(1.9%)	1.0	(4.2%)	+0.5	(+2.3%)
Professional							
Canon Production Printing Systems Inc.	Net sales	2.1		2.1		-0.1	-4%
	Op. income	-0.0	(-)	0.0	(2.3%)	+0.1	(-)

Results of main consolidated companies

1Q-3Q 2021 Actual
(from January 1 to September 30)



(Billions of yen)

		1Q-3Q 2020		1Q-3Q 2021		Changes		
						Amount	%	
Enterprise								
Canon IT Solutions Inc.	Net sales	67.5		71.7		+4.2		+6%
	Op. income	5.8	(8.5%)	6.9	(9.6%)	+1.1	(+1.1%)	
Area								
Canon System & Support Inc.	Net sales	72.8		73.7		+0.9		+1%
	Op. income	1.1	(1.5%)	2.8	(3.7%)	+1.6	(+2.2%)	
Professional								
Canon Production Printing Systems Inc.	Net sales	7.0		6.3		-0.7		-10%
	Op. income	0.1	(1.3%)	0.2	(3.1%)	+0.1	(+1.8%)	

SG&A expenses

3Q 2021 Actual
(from July 1 to September 30)



(Billions of yen)

	3Q 2020	3Q 2021	Changes
Advertising expenses	1.1	1.6	+0.5
Promotion expenses	0.6	0.7	+0.0
Warranty expenses	0.8	0.7	-0.1
Other direct selling expenses	4.3	3.8	-0.4
Personnel expenses	24.2	23.5	-0.7
Depreciation and amortization	0.3	0.3	+0.0
Other selling expenses	6.2	6.5	+0.3
Total	37.5	37.1	-0.4

SG&A expenses

1Q-3Q 2021 Actual
(from January 1 to September 30)



(Billions of yen)

	1Q-3Q 2020	1Q-3Q 2021	Changes
Advertising expenses	3.1	3.4	+0.3
Promotion expenses	2.2	2.0	-0.2
Warranty expenses	2.3	2.2	-0.2
Other direct selling expenses	12.8	12.5	-0.3
Personnel expenses	71.4	71.3	-0.1
Depreciation and amortization	0.7	0.8	+0.0
Other selling expenses	18.6	19.4	+0.8
Total	111.2	111.6	+0.4

Non-operating income and expenses



(Billions of yen)

	FY2020		FY2021		Changes	
	3Q	1Q-3Q	3Q	1Q-3Q	3Q	1Q-3Q
Interest income	0.1	0.2	0.1	0.2	+0.0	+0.0
Dividend income	0.0	0.1	0.0	0.1	+0.0	+0.0
Insurance income	0.0	0.5	0.0	0.5	+0.0	+0.0
Gain on investments in partnership	0.1	0.2	0.1	0.3	-0.0	+0.1
Subsidies for employment adjustment	-	2.7	-	-	-	-2.7
Other	0.0	0.2	0.0	0.2	-0.0	-0.0
Total non-operating income	0.2	3.9	0.2	1.3	-0.0	-2.6
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	-0.0	-0.0
Other	0.0	0.1	0.0	0.1	-0.0	-0.0
Total non-operating expenses	0.1	0.2	-0.0	0.1	-0.1	-0.1

Extraordinary income and expenses



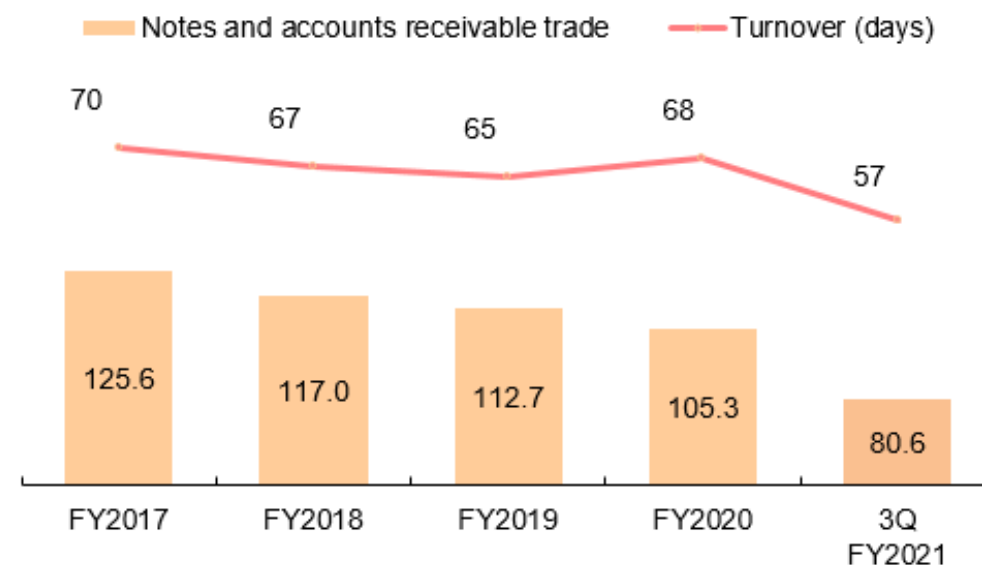
(Billions of yen)

	FY2020		FY2021		Changes	
	3Q	1Q-3Q	3Q	1Q-3Q	3Q	1Q-3Q
Gain on sales of fixed assets	0.0	0.3	0.0	0.0	-0.0	-0.3
Gain on sales of investments in securities	0.1	0.2	1.3	1.3	+1.1	+1.0
Gain on sales of shares of subsidiaries and associates	-	-	-	0.9	-	+0.9
Gain on casualty insurance	-	-	0.2	0.2	+0.2	+0.2
Other	-	0.0	-	0.0	-	-0.0
Total extraordinary income	0.1	0.5	1.5	2.4	+1.3	+1.8
Loss on sales and disposal of fixed assets	0.9	1.0	0.0	0.1	-0.9	-0.9
Loss on disaster	-	-	-	0.2	-	+0.2
Loss on sales of shares of subsidiaries and associates	-	0.7	-	-	-	-0.7
Loss on COVID-19	0.1	0.3	-	-	-0.1	-0.3
Other	0.0	0.0	0.0	0.0	+0.0	+0.0
Total extraordinary expenses	1.0	2.0	0.1	0.3	-0.9	-1.7

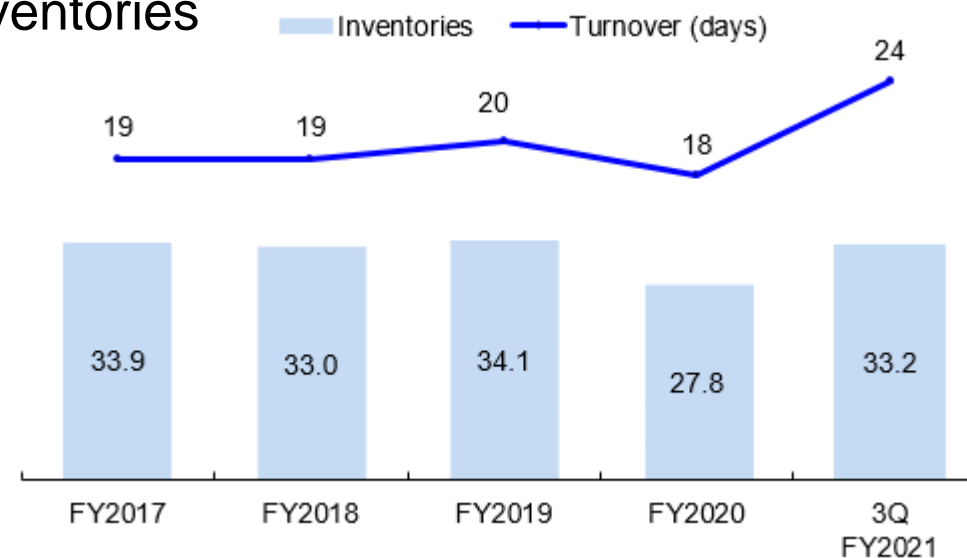
Balance Sheets

	Dec. 31 2020	Sep. 30 2021	Changes
Assets	506.6	511.5	+4.8
Current assets	380.3	376.0	-4.3
Cash and deposits	60.1	75.7	+15.6
Notes and accounts receivable-trade	105.3	80.6	-24.8
Inventories	27.8	33.2	+5.4
Other (current assets)	187.1	186.5	-0.5
Non-current assets	126.3	135.4	+9.2
Property, plant and equipment	83.7	85.2	+1.5
Intangible assets	5.7	6.4	+0.8
Investments and other assets	36.9	43.8	+6.9
Liabilities	160.5	147.2	-13.3
Current liabilities	108.4	96.8	-11.6
Notes and accounts payable-trade	44.1	39.7	-4.4
Other (current liabilities)	64.3	57.1	-7.2
Long-term liabilities	52.0	50.4	-1.6
Net assets	346.1	364.2	+18.1
Stakeholders' equity	342.5	353.7	+11.2
(Treasury stock)	-2.1	-2.1	+0.0
Total accumulated other comprehensive income (loss)	3.0	9.8	+6.9
Non-controlling interests	0.7	0.7	+0.0
Equity ratio	68%	71%	+3%

Notes and accounts receivable trade (Billions of yen)

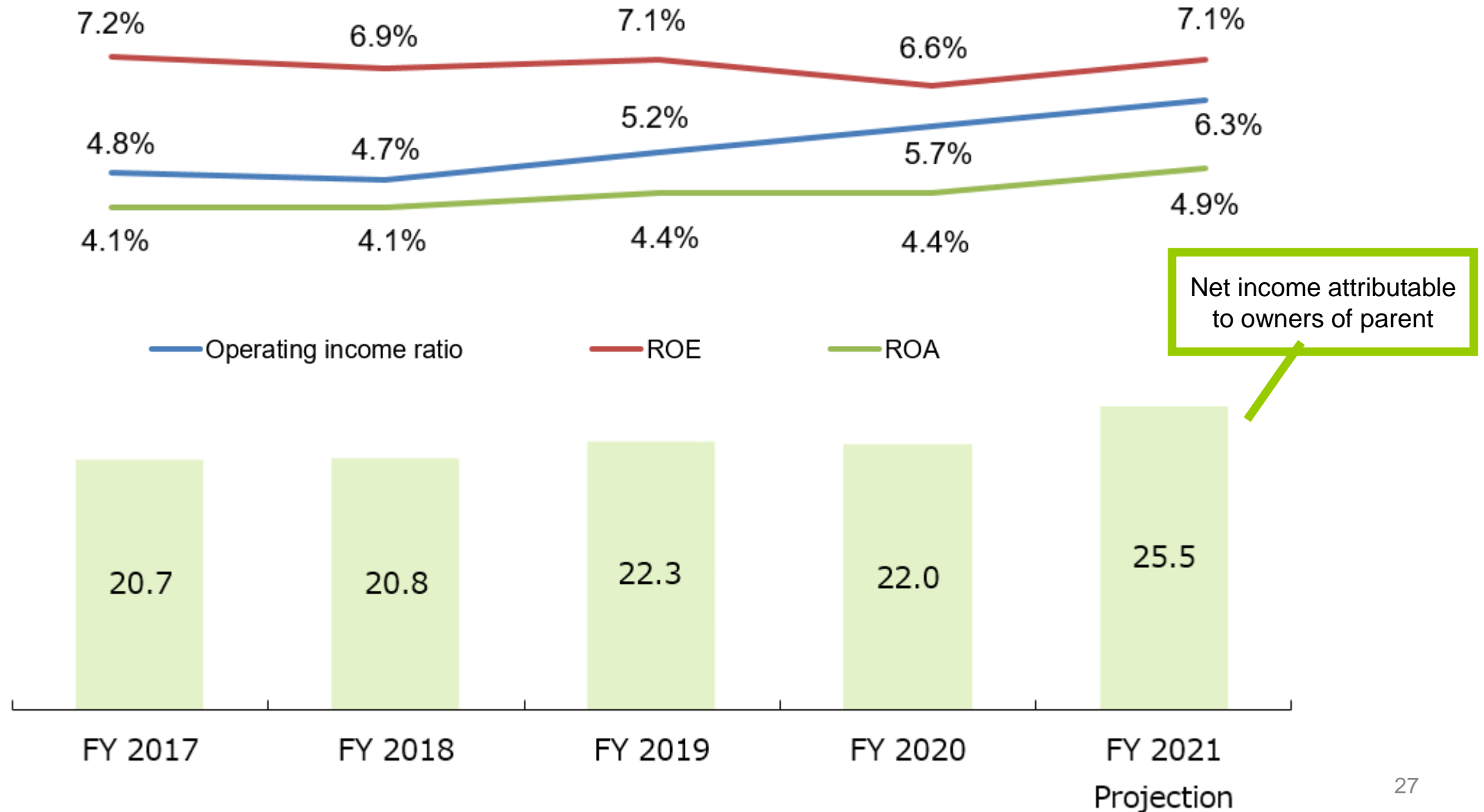


Inventories

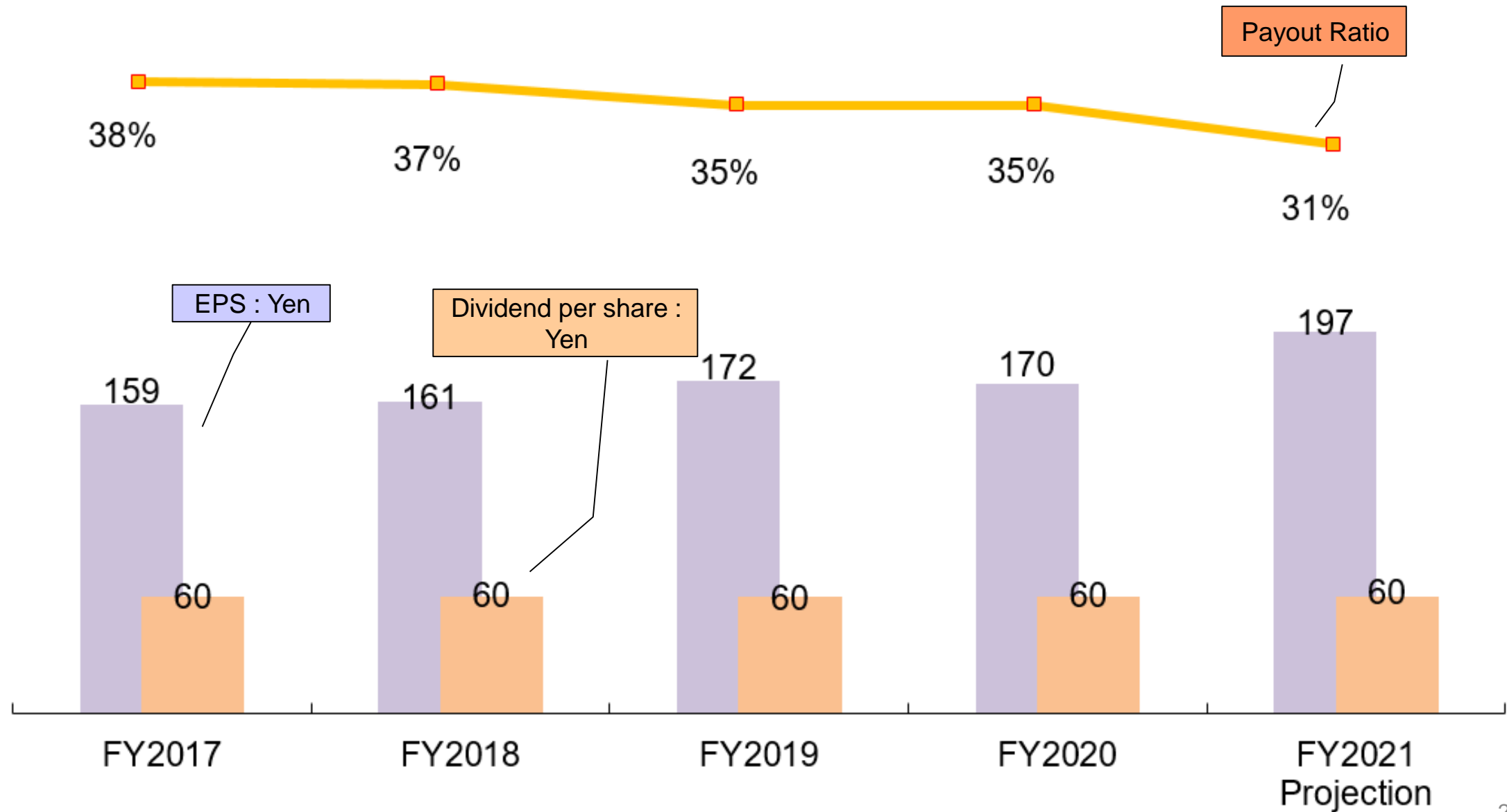


Financial Indicator

(Billions of yen)



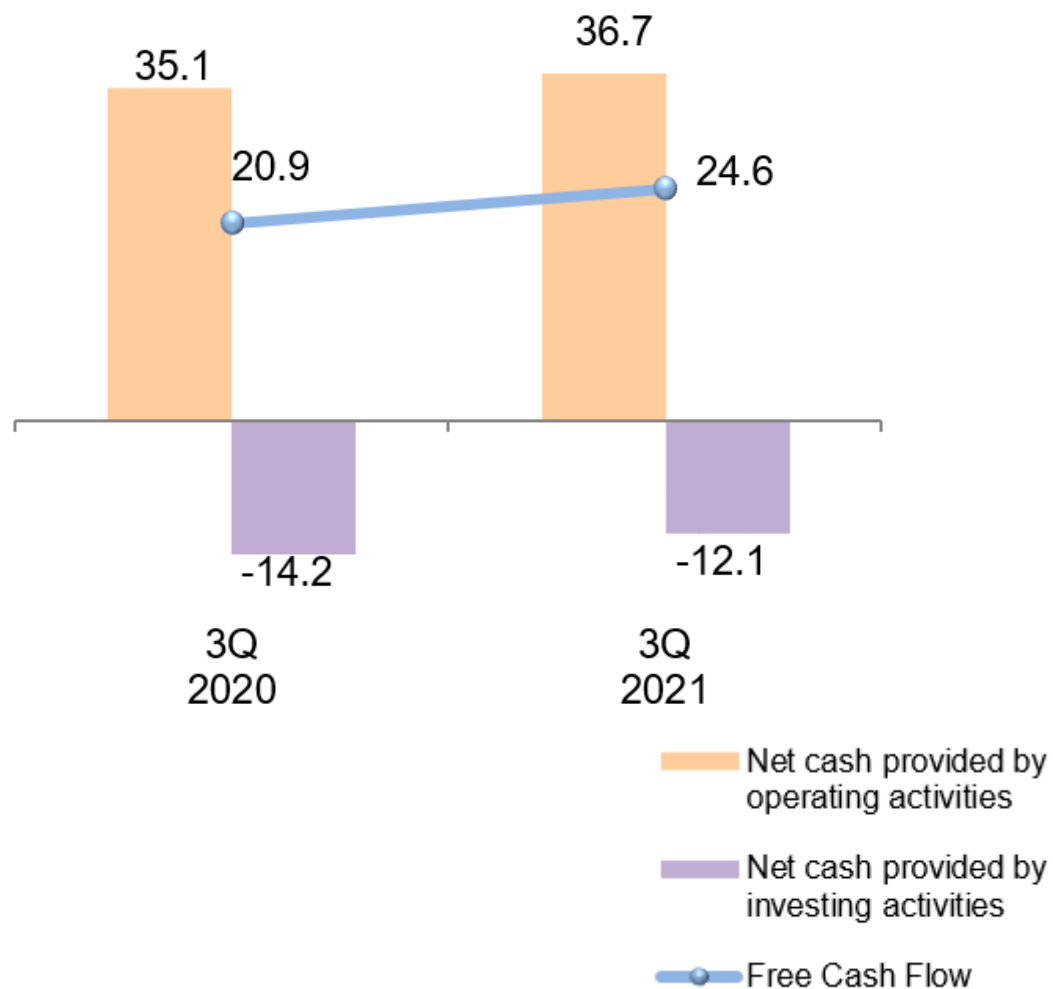
Financial Indicator



Cash Flow, Capital Investment, Depreciation and amortization

(Billions of yen)

■ Cash Flow



■ Capital Investment

	1Q-3Q Actual	4Q Projection	FY Projection
FY 2020	11.9	4.5	16.4
FY 2021	10.2	2.4	12.6

■ Depreciation and amortization

	1Q-3Q Actual	4Q Projection	FY Projection
FY 2020	8.4	2.8	11.3
FY 2021	7.8	2.5	10.3

Canon

Canon Marketing Japan Inc.