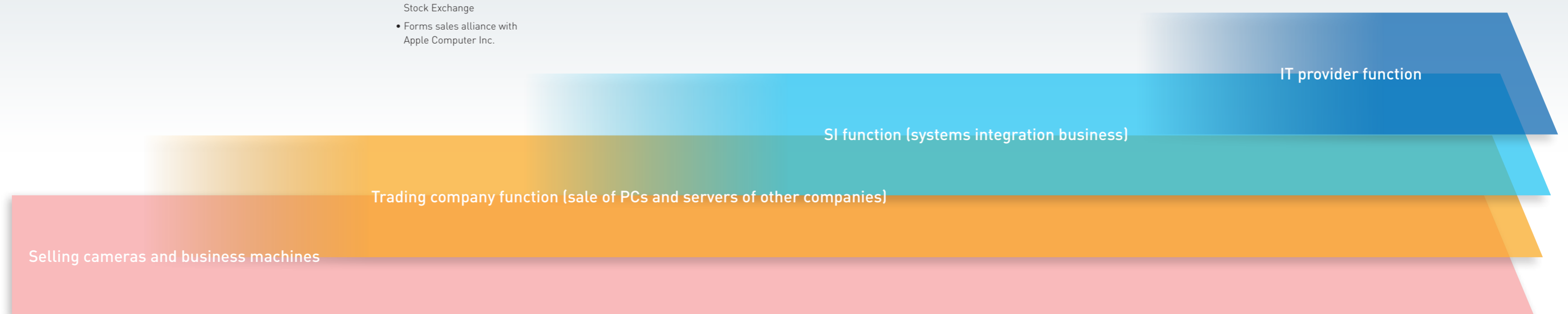


# Milestones

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 proprietary capabilities, diverse products, and fine-tuned services to supply solutions that support all areas of society.



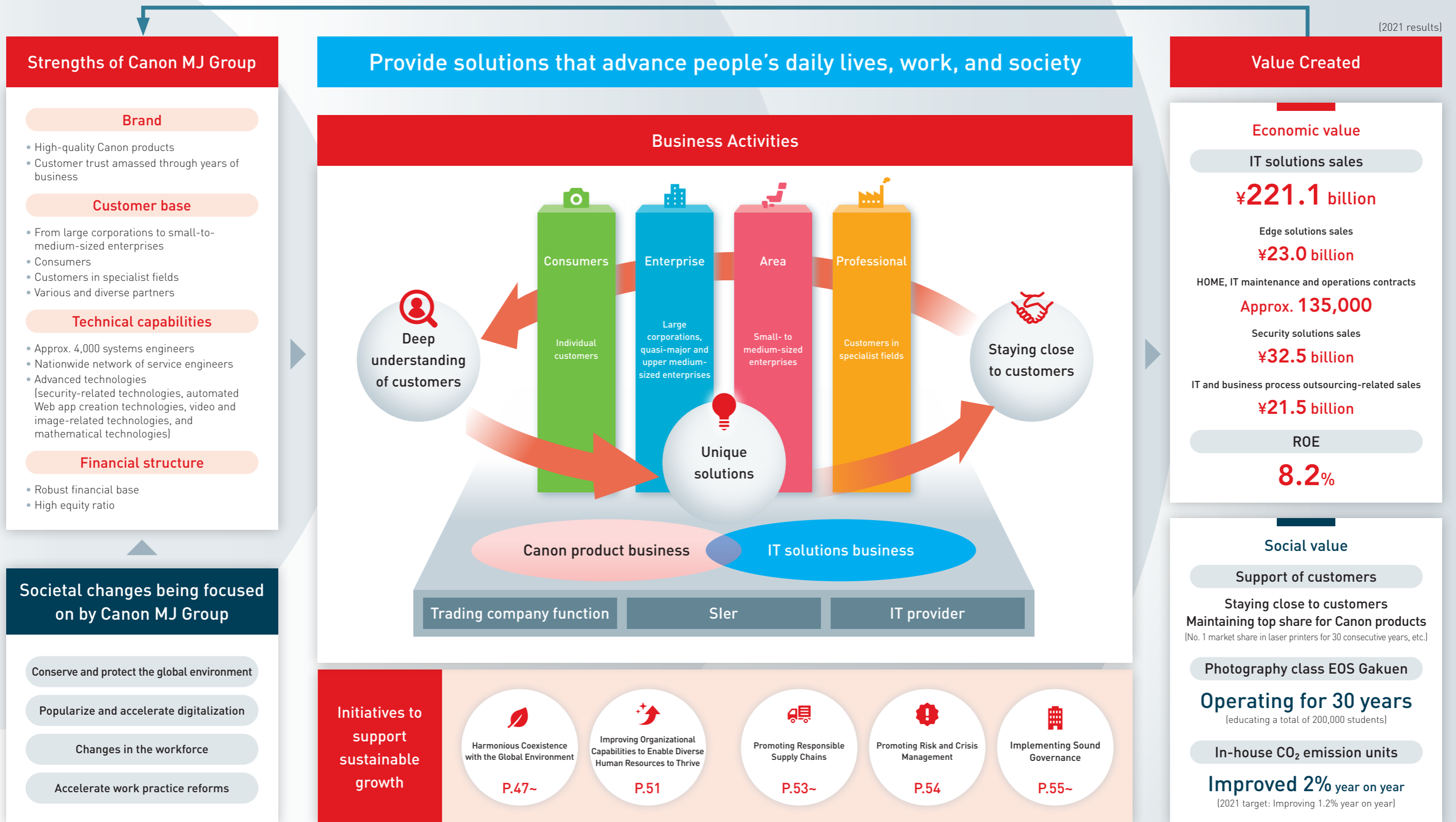
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| <p><b>1968</b></p> <ul style="list-style-type: none"> <li>• Canon Business Machines Sales Inc. and Canon Business Machine Services Inc. established</li> </ul> <p><b>1969</b></p> <ul style="list-style-type: none"> <li>• Canon Camera Sales Co., Ltd. established</li> </ul> | <p><b>1971</b></p> <ul style="list-style-type: none"> <li>• Canon Business Machines Sales Inc., Canon Business Machine Services Inc., and Canon Camera Sales Co., Ltd. merge to form Canon Sales Co., Inc.</li> </ul> <p><b>1973</b></p> <ul style="list-style-type: none"> <li>• Releases BP-1000 billing processor, enters office computer field</li> </ul> | <p><b>1981</b></p> <ul style="list-style-type: none"> <li>• The Company lists on the Second Section of the Tokyo Stock Exchange</li> </ul> | <p><b>1983</b></p> <ul style="list-style-type: none"> <li>• The Company lists on the First Section of the Tokyo Stock Exchange</li> <li>• Forms sales alliance with Apple Computer Inc.</li> </ul> | <p><b>1985</b></p> <ul style="list-style-type: none"> <li>• Forms sales alliance with IBM Japan, Ltd., for workstations and PCs</li> </ul> | <p><b>1990</b></p> <ul style="list-style-type: none"> <li>• Becomes Ministry of International Trade and Industry-certified systems integrator</li> <li>• Forms sales alliance with Sun Microsystems Japan K.K.</li> </ul> | <p><b>2003</b></p> <ul style="list-style-type: none"> <li>• Acquires SUMITOMO METAL System Solutions Co., Ltd., renaming it CANON SYSTEM SOLUTIONS INC., thus fully entering the IT solutions field</li> </ul> | <p><b>2006</b></p> <ul style="list-style-type: none"> <li>• Canon Sales Co., Inc. was renamed Canon Marketing Japan Inc.</li> </ul> | <p><b>2007</b></p> <ul style="list-style-type: none"> <li>• Acquires Argo 21 Corporation</li> </ul> | <p><b>2008</b></p> <ul style="list-style-type: none"> <li>• Canon IT Solutions Inc. established</li> </ul> | <p><b>2012</b></p> <ul style="list-style-type: none"> <li>• Nishi-Tokyo Data Center begins services</li> </ul> | <p><b>2018</b></p> <ul style="list-style-type: none"> <li>• The Company's 50th anniversary</li> </ul> | <p><b>2020</b></p> <ul style="list-style-type: none"> <li>• Nishi-Tokyo Data Center No. 2 completed</li> </ul> |
|--|---|--|--|--|---|--|---|---|--|--|---|--|



Value Creation of the Canon MJ Group  
Value Creation Process

Canon Group Corporate Philosophy 共生 Kyosei

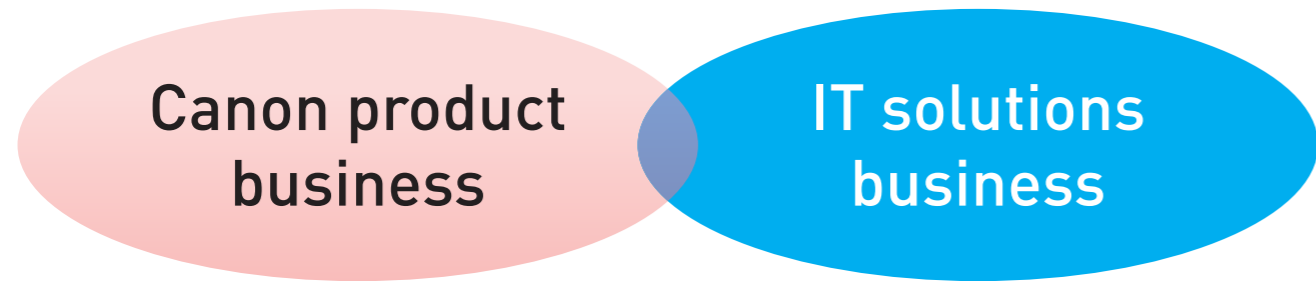
Canon MJ Group 2025 Vision: Professional corporate group that solves social and customer issues using ICT and the power of humans



### Societal changes being focused on by Canon MJ Group

- Conserve and protect the global environment
- Popularize and accelerate digitalization
- Changes in the workforce
- Accelerate work practice reforms

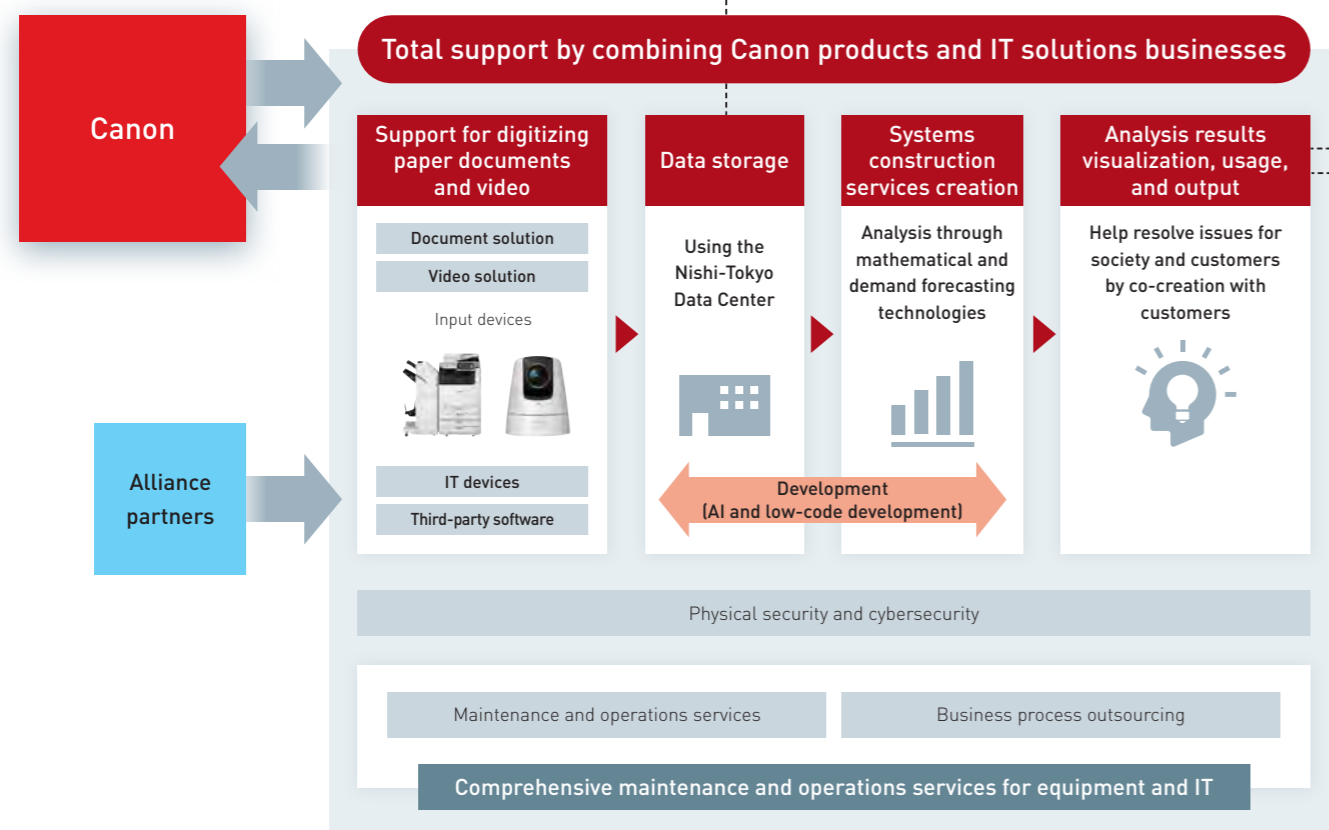
# Key Concepts in Value Creation



## Customer-centric approach

We always base our thinking on the customer, and act from the customer's standpoint.

We take a scrupulously customer-centric approach in order to resolve the issues faced by customers and to provide maximum value. As a practical way of always ensuring we stay customer-centric, we follow the rule of placing the customer as the subject of our sentences. For example, rather than making us the subject by stating "Canon will...", we begin with "The customer's issues are..." By using the customer's viewpoint based on the external environment they face, we will provide solutions that can truly meet their needs in order to bring them satisfaction and put them in a superior competitive position.



**Social Capital** We have built our customer base over the years by selling and servicing Canon products, forging strong relationships with partner companies. Therefore, we are able to continuously create value.

### Broad customer segment

For more than 50 years, we have built robust relationships with numerous customers in selling Canon products. We provide optimal products and solutions for a broad customer segment, encompassing large corporations to small-to-medium-sized enterprises, as well as for a variety of customers, which includes individual customers.

Over **170** service sites throughout Japan

[As of January 2022]

Canon MJ, Canon System & Support Inc., and Canon Customer Support Inc. have a nationwide network of service sites for corporate customers, mainly customers of office MFPs, helping establish continuous ties with customers.

**Manufacturing Capital** We will continue to support customers' IT systems with high-performance equipment and data centers with excellent operational quality.

The Nishi-Tokyo Data Center obtained certification for the global standards presented on the right, which are evidence of it being a high-quality data center, and works to maintain this certification. It received recognition as a Tier 4 level high-performance facility and the M&O Stamp of Approval for meeting global standards, and complies with the guidelines of Japan's Center for Financial Information Systems. We conduct drills for system failure and other trouble, incurring no major malfunctions, in upholding high safety standards.

### Obtained public certification for global standards



Please refer to the Company's website for further details of our data center initiatives. ▶ [http://www.canon-its.co.jp/products/idc\\_west\\_tokyo/](http://www.canon-its.co.jp/products/idc_west_tokyo/)

**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.

No. of SE Approx. **4,000**

We have accumulated technology by acquiring companies with proprietary technological capabilities and by developing advanced technologies. Our personnel possess not only the technical abilities but also the imagination, insight and tenacity to persevere to use those technical abilities to find solutions for the issues faced by customers and society.

No. of people who have acquired the IT Passport qualification Over **4,700** people

We work to improve group-wide IT knowledge by supporting the acquisition of IT Passports. This support also applies to back office departments.

**Intellectual Capital** By patenting the solutions technologies and supporting techniques that we have created through R&D, we are building an industry-leading patent portfolio. This enables us to provide superior customer solutions that differentiate us from the competition.

No. of patent applications published

**132**

[In 2021]

Number of patents held

**1,187**

[As of December 31, 2021]

The intellectual capital that our R&D activities generate is an important corporate asset, so we secure the relevant patents and other intellectual property rights.

### Advanced technologies

In particular, we are proceeding to aggressively acquire patent rights in the technologies of automatic web application generation, security-related, video and image-related, and mathematical technologies, which are key strengths, and we received a Local Commendation for Invention from the Japan Institute of Invention and Innovation for the fourth consecutive year.

We received a commendation for invention for "personal information filtering technology (patent no. 4823022)" which is used in our mail security product "GUARDIANWALL Mail Family."

▶ For details, please refer to Financial Strategy on page 25 and Natural Capital on P47.

## A Message from the President



*M. Adachi*

Masachika Adachi  
President & Representative Director

# Resolving Social Issues *with* IT Solutions

We aim to become a professional corporate group that solves social and customer issues using ICT and the power of humans.

## Long-Term Management Objectives (2021-2025)

Theme  
01

### Announcing the future direction of the Canon MJ Group in a rapidly changing external environment

In April 2021, Canon Marketing Japan Group announced the Long-Term Management Objectives (2021-2025) as a new growth strategy. The environment in which we now operate is characterized by unprecedented and dizzying volatility, which is the result of climate change, the decline in the working population, the advance of digital technology, rising uncertainty in the global economy, and other factors. In particular, during the spread of COVID-19 a variety of activities were restricted, and both society and individual companies are being required to engage more fully with initiatives that transcend existing frameworks in order to transition towards new values and lifestyles, and to address increasingly diverse work practices. It is precisely because this is an era in which changes are so dramatic and

forecasting is so difficult that in the Long-Term Management Objectives (2021-2025) we are again focusing on the Canon Group corporate philosophy of *Kyosei* as an underpinning of our corporate activities, seeking to become indispensable to society and our customers, while sustainably enhancing corporate value by engaging in initiatives that take society and the global environment into account. In terms of our corporate vision, we aspire to become a professional corporate group that solves social and customer issues using ICT and the power of humans. By solving social issues through our business activities we aim to achieve sustainable improvements in our corporate value and to move steadily forward with sustainability management.

## Review of 2021

Theme  
02

### Record profits driven by growth in the IT solutions business and our transformation to a highly profitable structure

Performance in fiscal 2021, which was the first year of the Long-Term Management Objectives, was marked by our

success in steadily growing the core IT solutions business. This was driven mainly by SI services and by security and



## Value Creation of the Canon MJ Group

### A Message from the President

IT infrastructure-related products and services, and against the backdrop of proactive corporate investments in IT. We were also able to make progress in transforming ourselves into a company with a robust earnings structure through rigorous selection and concentration of businesses and improvements in productivity achieved by modifications to business processes over the past few

years and through reductions in SG&A expenses. As a result, despite facing product supply constraints caused by the semiconductor shortage and supply chain disruptions, we achieved record profits. This first year thus constituted a satisfactory start to the Long-Term Management Objectives.

#### Direction of the Medium-Term Management Plan (2022-2025)

Theme  
**03**

#### Investing for growth to continuously hone the strengths of the Canon MJ Group in order to provide DX support that meets the expectations of society and customers

##### ■ Business Strategy

We are taking steps to strengthen the IT solutions business, which is the central driver of the Canon MJ

Group's growth. Our high value-added solutions leverage the strengths in Canon's imaging technology that we have built over many years, as well as in our systems

Seeking to meet customer expectations for DX support in order to achieve a sustainable society

integration, mathematical technology and other proprietary and cutting-edge IT. By providing these to a wide range of customers, from large corporations to small and medium-sized enterprises, we will support their digital transformation (DX).

Over the past few years, digitization has proceeded apace in a number of different industries. The objective of digitization, which replaces existing analog processes with their digital equivalents, is primarily to enhance the efficiency and reduce the costs of existing operations. In the Canon MJ Group, we call this approach of utilizing IT to improve actual operational processes that support the business, "defensive DX." On the other hand, in order for a company to increase its competitive advantage, it is vital that it concentrates its manpower and investment funds on the core business and on creating new business models. In addition, many customers are moving ahead to promote the SDGs (Sustainable Development Goals), and are being required to expand their business through the resolution of social issues. We call DX used for such purposes "aggressive DX." A company's competitiveness is likely to be significantly affected by whether or not it currently engages with this kind of digitalization to employ digital technology, transform its entire business, create new businesses, and provide new value to society and customers. Until now, the Canon MJ Group has primarily practiced "defensive DX," but going forward it will devote more resources to addressing "aggressive DX" in order to provide further support for customer growth, and for the resolution of social issues.

The key concepts when seeking to strengthen "aggressive DX" are "co-creation" and "collaborative creation." "Co-creation" means using dialogue with the customer to clarify the business issues that they face, and creating value together with the customer. With DX spreading and industry boundaries disappearing, companies must create value that is not bound by existing arrangements if they are to retain their competitive advantages. I believe that through such co-creation with customers, working together to resolve the issues by which they are confronted will ultimately lead to the resolution of issues that affect society as a whole. The previously mentioned technologies are strengths of the Canon MJ Group, and will be indispensable for solving such problems. Moreover,

in order to broaden proposals and provide even higher added value it will be necessary to engage in "collaborative creation" that involves a variety of business partners, including industry peers, with different strengths. By taking business knowledge backed by experience and derived not only from ourselves but also from our business partners, and combining it with the cutting-edge technologies possessed by each, we seek to create proposals that exceed customer demands while being consistent with our goal of resolving social issues.

By combining Canon's imaging technology with the Canon MJ Group's IT solutions to perform both co-creation and collaborative creation, we hope to resolve even more of the issues faced by society and by our customers, and I believe that this in turn will lead to further growth for the business of the Canon MJ Group.

##### ■ Investment Strategy

I want this organization to have the kind of presence that encourages all kinds of customers, from large corporations to small and medium-sized enterprises, to approach the Canon MJ Group for advice before they go to anybody else. It is also important to have the kind of presence that leads our partners in collaborative creation to believe that they will achieve a better proposal for their customers by working with the Canon MJ Group. In order to achieve the kind of presence that can meet the expectations of both customers and partner companies, the Canon MJ Group must further clarify and hone what it considers to be its strengths.

To hone these strengths, the Medium-Term Management Plan (2022-2025) calls for ¥200.0 billion in growth investments over the course of four years. Due to the success of our past efforts to convert the Group to a robust corporate structure, we have established a system that can generate profit. While we must maintain this robust corporate structure going forward, I believe it is important to use investment strategy as one method to accelerate the pace of growth in the field of IT solutions, which is a growth business. By actively pursuing investments while keeping risks at a tolerable level we will aim to achieve sustainable and profitable growth.



## Value Creation of the Canon MJ Group

### A Message from the President

#### ■ Human Resources Strategy

The Medium-Term Management Plan (2022-2025) uses the words “contributing value through a service-based business model” to describe the course of action we are taking for growth in the IT solutions business. In order to transition towards a service-based business model we must better understand the industries of which we are in charge and the operations of more of our customers, and create proposals accordingly. To achieve this, we must raise the ability of our system engineers and sales staff to conceptualize new business ideas. For internal training, while enhancing training to learn about technology and

acquire knowledge, we have put in place an educational curriculum to foster so-called design thinking ability. In addition to internal human development, we are actively recruiting highly specialized individuals from outside the Company in various fields. Incorporating high levels of skill and diverse perspectives into the business will contribute to the creation of new value and the growth of the business. Our approach is that the cornerstone of value creation is the power of humans. Based on this we have designated the development of skilled personnel an urgent issue and are moving forward with measures to address it.

#### Being a Company That Is Highly Regarded, Appreciated, and Attractive

Theme  
04

My goal is to make the Canon MJ Group a company that is highly regarded, appreciated, and attractive.

In order to develop the kind of corporate presence that generates expectations with regard to resolving increasingly complex and diverse social issues, we must take a multifaceted approach to matters, and have the sensitivity and sensibility to detect change swiftly. To enable each and every employee of the Canon MJ Group to increase their sensitivity and refine their sensibility, I want them to enter into dialogue with many different people, and to come into contact with a wide range of ideas and approaches. I always strive to listen in good faith when someone expresses their own thoughts to me, irrespective of their position or age. In addition, when listening in this way I do my utmost to put a positive rather than a negative interpretation on what I am hearing.

It is slightly more than one year since I was appointed President, and during that time the COVID-19 pandemic has made direct communications difficult. I have regularly communicated my thoughts and feelings to employees

using internal social networks and the corporate intranet, and listened to feedback from a wide range of employees. Recently there have been many more comments, including people providing their thoughts, and an increase in the energy level of interactions, which makes me feel that change is also beginning to occur within the Company. These contain many opinions that are of value to the Company, and have led to many realizations for me personally.

It is important to connect with this same feeling in order to generate a feeling of expectancy among customers and our business partners. This is conveyed to others as a form of appeal, and it is the cumulative effect of this expectation that leads to being appreciated. I am convinced that an increase in employees who are perceived to be appealing and who are appreciated by those around them will result in the appeal of Canon MJ Group being felt by those around us, and it becoming a company that is appreciated.

#### To Our Stakeholders

Theme  
05

In order to achieve the medium- to long-term targets that we have backcasted from our vision for the future, I have strongly emphasized to employees in various opportunities the need to accelerate our initiatives for reaching these objectives.

The recent economic environment has been characterized by considerable uncertainty and the outlook is difficult to read, but it is important to formulate plans and to move ahead with them. However, if we allow ourselves to be bound too tightly by the plans that we formulated when the objectives were first set then we will lack flexibility and fail to respond to changes. For this reason, I believe it is vital that we swiftly begin implementing what we have decided, then make repeated mid-course corrections as we work towards achieving our objectives. If we close in on our targets by “accelerating,” that in itself will create a positive feeling. This will then create the beginnings of a virtuous circle as we set our own targets to achieve new heights, and move towards

executing them. Seeking to complete whatever task we begin ahead of schedule and with a “can do” attitude will generate a sense of momentum and confidence. I intend to continue talking in various places about the importance of accelerating all manner of initiatives and about the sense of achievement to be gained by setting high targets and closing in on them. In this way, we will all, myself included, accelerate the growth of the Canon MJ Group as a whole.

Based on the Canon Group corporate philosophy of *Kyosei*, we will work alongside all our stakeholders to achieve a global society in which all of humanity can enjoy a long life, and work and live happily together.

I ask you to expect great things of the Canon MJ Group as we continue accelerating towards our goal of being a company that is highly regarded, appreciated, and attractive to customers and society.

**My goal is for the Canon MJ Group to remain a company that is highly regarded, appreciated, and attractive**

