

1Q 2022 Results

April 25, 2022
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Director, Vice President

The Canon logo is displayed in its signature red color and bold, sans-serif 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 **¥147.4 B** **(Y/Y +7.1 B, +5%)**

- ✓ Net sales increased due to an increase in sales in the Consumers, Enterprise and Professional segments, offsetting a decrease in the Area segment

Operating Income **¥14.8 B** **(Y/Y +4.2 B, +40%)**

- ✓ Operating income increased due to an increase in all segments

**Net income attributable
to owners of parent** **¥10.0 B** **(Y/Y +2.0 B, +26%)**

Summary of Results

1Q 2022 Actual
(from January 1 to March 31)



✓ **Operating Income and ordinary income surpassed previous record highs.**

(Billions of yen)

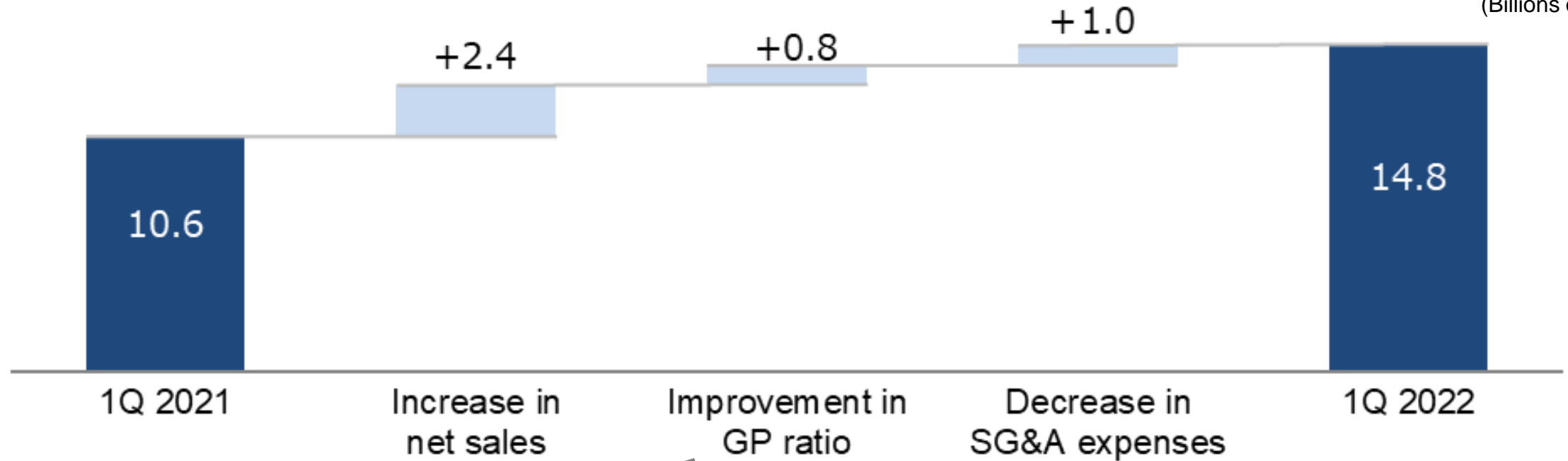
	1Q 2021	1Q 2022	Changes	
			Amount	%
Net sales	140.4	147.4	+7.1	+5%
	(33.7%)	(34.3%)	(+0.6%)	
Gross profit	47.3	50.5	+3.2	+7%
	(7.5%)	(10.0%)	(+2.5%)	
Operating income	10.6	14.8	+4.2	+40%
	(7.8%)	(10.0%)	(+2.2%)	
Ordinary income	10.9	14.7	+3.8	+35%
	(5.7%)	(6.8%)	(+1.1%)	
Profit attributable to owners of parent	8.0	10.0	+2.0	+26%

Op. Income Variance Analysis

1Q 2022 Actual
(from January 1 to March 31)



(Billions of yen)



Improvement in GP ratio

- Gross profit ratio climbed in all segments

Decrease in SG&A expenses

- Other direct selling expenses -0.3B
- Personnel expenses -1.0B

Segment Outline

1Q 2022 Actual
(from January 1 to March 31)



(Billions of yen)

	1Q 2021		1Q 2022		Changes	
	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income
Consumers	30.6	3.0	31.2	3.1	+0.6	+0.1
Enterprise	47.3	3.6	51.2	5.4	+3.9	+1.8
Area	59.4	4.0	57.2	4.5	-2.2	+0.6
Professional	8.2	0.7	12.8	2.2	+4.6	+1.5
Other	-5.1	-0.6	-5.0	-0.4	+0.1	+0.2
Total	140.4	10.6	147.4	14.8	+7.1	+4.2

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

Segment Information

Consumers Segment



- ✓ Net sales increased, mainly reflecting higher sales of digital interchangeable lens cameras and inkjet printers.
- ✓ Operating income increased mainly due to the sales increase of products with high unit price.

(Billions of yen)

	1Q		
	FY2021	FY2022	Changes
Net sales	30.6	31.2	+2%
Op. income	3.0	3.1	+4%
ratio	9.8%	10.0%	+0.2%

Consumer Products, Y/Y
Non-consolidated

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

- ✓ Net sales rose due to the strong performance of the IT Solutions business, offsetting a decline in sales of main business equipment attributable to the impact of the short supply of products.
- ✓ Operating income increased significantly, reflecting a rise in gross profit due to higher sales and efforts made for SG&A reductions.

(Billions of yen)

	1Q		
	FY2021	FY2022	Changes
Main Business Equipment, Other	16.1	15.0	-7%
IT Solutions	31.1	36.2	+16%
Net sales	47.3	51.2	+8%
Op. income	3.6	5.4	+51%
ratio	7.5%	10.5%	+3.0%

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

	1Q		Changes	
	2021	2022	Amount	%
Net sales	24.5	27.7	+3.2	+13%
Op. income	2.4	3.8	+1.3	+55%

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

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

- ✓ Net sales decreased chiefly due to a decrease in sales of main business equipment affected by product supply shortage.
- ✓ Operating income increased significantly, reflecting an increase in the weighting of high value-added products and services, and efforts made to cut SG&A expenses.

(Billions of yen)

	1Q		
	FY2021	FY2022	Changes
Main Business Equipment, Other	42.1	39.6	-6%
IT Solutions	17.2	17.5	+2%
Net sales	59.4	57.2	-4%
Op. income	4.0	4.5	+15%
ratio	6.7%	7.9%	+1.3%

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

	1Q		Changes	
	2021	2022	Amount	%
Net sales	26.2	24.8	-1.4	-5%
Op. income	1.0	1.4	+0.4	+36%

- ✓ Net sales increased significantly due to higher sales in all subsegments.
- ✓ Operating income increased significantly, reflecting a rise in gross profit due to higher sales and decline in SG&A expenses.

(Billions of yen)

	1Q		
	FY2021	FY2022	Changes
Production Printing	2.3	2.5	+7%
Industrial Equipment	3.7	7.0	+90%
Healthcare Business	2.2	3.4	+52%
Net sales	8.2	12.8	+56%
Op. income	0.7	2.2	+223%
ratio	8.3%	17.1%	+8.8%

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

	1Q		Changes	
	2021	2022	Amount	%
Net sales	2.1	2.3	+0.2	+9%
Op. income	0.1	0.2	+0.1	+260%

Overall Sales of IT Solutions

(Billions of yen)

	1Q 2021	1Q 2022	Changes	
			Amount	%
Enterprise segment	31.1	36.2	+5.1	+16%
Area segment	17.2	17.5	+0.3	+2%
Other	9.0	9.1	+0.1	+1%
Total	57.3	62.8	+5.5	+10%

	1Q 2021	1Q 2022	Changes	
			Amount	%
SI service	18.8	21.2	+2.3	+12%
Maintenance and operation service /outsourcing	10.0	12.5	+2.4	+24%
System sales/IT product	28.5	29.1	+0.7	+2%
Total	57.3	62.8	+5.5	+10%

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

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

Summary of Projections

(Billions of yen)

	FY2022	FY2022	Changes		FY2021	Changes	
	Previous Projection	Current Projection	Amount	%	Actual	Amount	%
Net Sales	580.0	583.0	+3.0	+1%	552.1	+30.9	+6%
	(7.0%)	(7.1%)	(+0.1%)		(7.2%)	(-0.1%)	
Operating Income	40.5	41.5	+1.0	+2%	39.7	+1.8	+5%
	(7.3%)	(7.4%)	(+0.1%)		(7.4%)	(-0.1%)	
Ordinary Income	42.4	43.0	+0.6	+1%	41.1	+1.9	+5%
	(5.1%)	(5.1%)	(-0.0%)		(5.3%)	(-0.3%)	
Net income attributable to owners of parent	29.5	29.5	+0.0	+0%	29.4	+0.1	+0%

Summary of Projections by Segment

FY2022 Previous Projection v. Current Projection

(Billions of yen)

	FY2022 Previous Projection		FY2022 Current Projection		Changes		
	Net Sales	Op. Income	Net Sales	Op. Income	Net Sales Amount	%	Op. Income
Consumers	130.3	12.0	131.3	12.8	+1.0	+1%	+0.8
Enterprise	196.0	13.9	198.0	14.0	+2.0	+1%	+0.1
Area	232.5	13.5	232.5	13.6	-	-	+0.1
Professional	39.8	3.4	39.8	3.4	-	-	-
Other	-18.6	-2.3	-18.6	-2.3	-	-	-
Total	580.0	40.5	583.0	41.5	+3.0	+1%	+1.0

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

Summary of Projections by Segment

FY2022 Projection vs FY2021 Actual

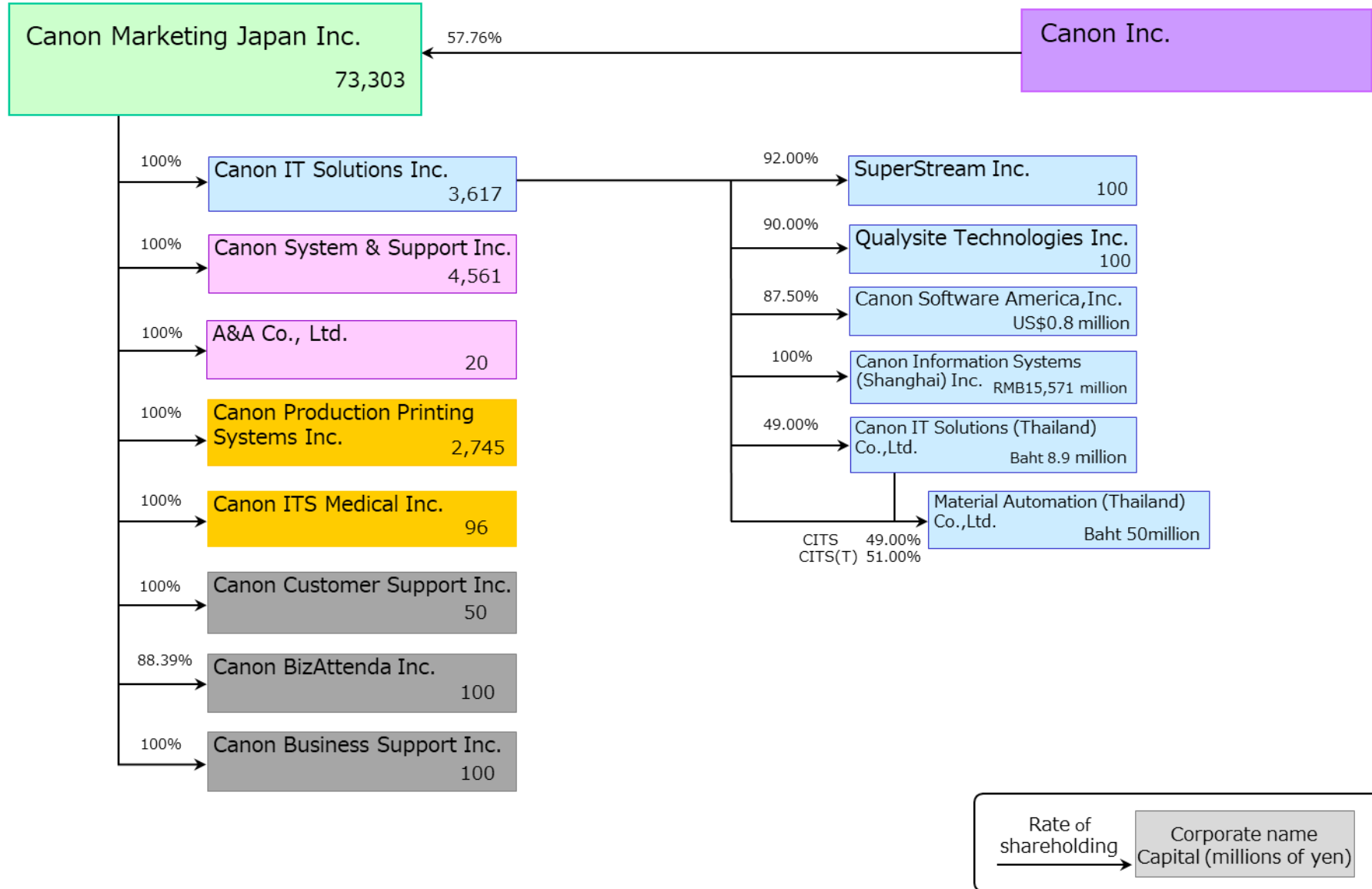
(Billions of yen)

	FY2021 Actual		FY2022 Projection		Changes		
	Net Sales	Op. Income	Net Sales	Op. Income	Net Sales Amount	%	Op. Income
Consumers	129.5	13.6	131.3	12.8	+1.8	+1%	-0.8
Enterprise	190.6	13.9	198.0	14.0	+7.4	+4%	+0.1
Area	220.8	12.0	232.5	13.6	+11.7	+5%	+1.6
Professional	31.5	2.5	39.8	3.4	+8.3	+26%	+0.9
Other	-20.3	-2.3	-18.6	-2.3	+1.7	-	-0.0
Total	552.1	39.7	583.0	41.5	+30.9	+6%	+1.8

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

Supplementary Information

Capital Relationship Diagram



As of March 31, 2022

Results of main consolidated companies

1Q 2022 Actual
(from January 1 to March 31)



(Billions of yen)

		1Q 2021		1Q 2022		Changes	
						Amount	%
Enterprise							
Canon IT Solutions Inc.	Net sales	24.5		27.7		+3.2	+13%
	Op. income	2.4	(9.9%)	3.8	(13.6%)	+1.3	(+3.7%)
Area							
Canon System & Support Inc.	Net sales	26.2		24.8		-1.4	-5%
	Op. income	1.0	(4.0%)	1.4	(5.7%)	+0.4	(+1.7%)
Professional							
Canon Production Printing Systems Inc.	Net sales	2.1		2.3		+0.2	+9%
	Op. income	0.1	(2.6%)	0.2	(8.4%)	+0.1	(+5.9%)

SG&A expenses

1Q 2022 Actual
(from January 1 to March 31)



(Billions of yen)

	1Q 2021	1Q 2022	Changes
Advertising expenses	0.8	0.8	-0.0
Promotion expenses	0.6	0.6	-0.0
Warranty expenses	0.8	0.7	-0.1
Other direct selling expenses	4.3	4.0	-0.3
Personnel expenses	23.7	22.7	-1.0
Depreciation and amortization	0.3	0.2	-0.0
Other selling expenses	6.2	6.6	+0.4
Total	36.7	35.7	-1.0

Non-operating income and expenses

(Billions of yen)

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

Extraordinary income and losses

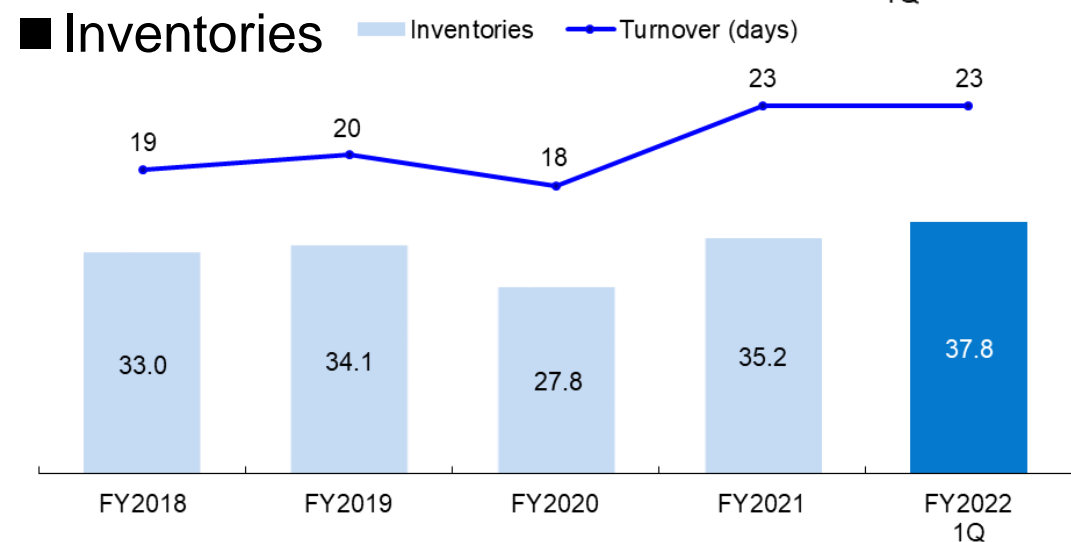
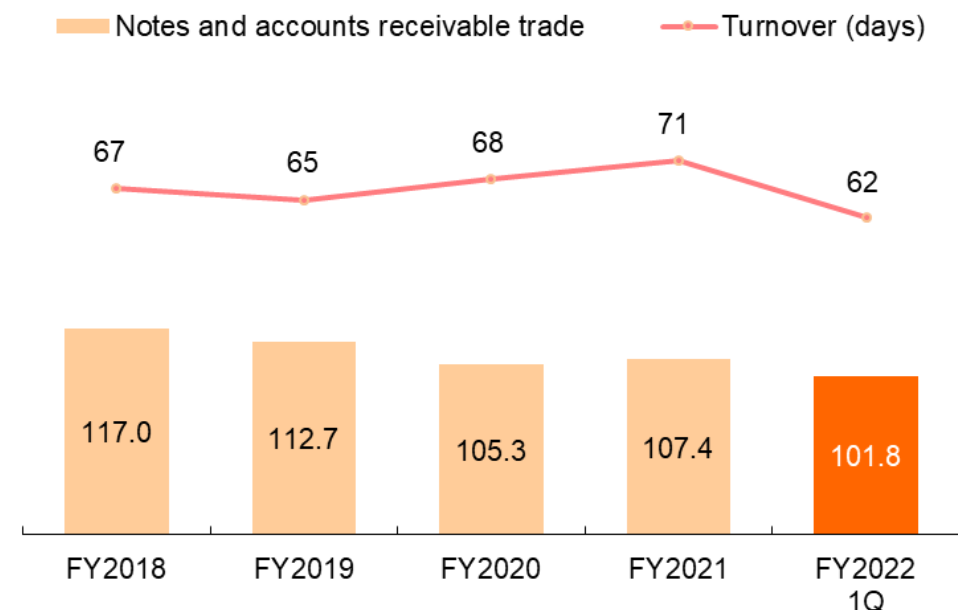
(Billions of yen)

	FY2020	FY2022	Changes
	1Q	1Q	1Q
Gain on sales of fixed assets	0.0	0.0	-0.0
Gain on sales of investments in securities	0.0	0.0	+0.0
Gain on sales of shares of subsidiaries and associates	0.9	-	-0.9
Total extraordinary income	0.9	0.0	-0.9
Loss on sales and disposal of fixed assets	0.0	0.0	-0.0
Total extraordinary losses	0.0	0.0	-0.0

Balance Sheets

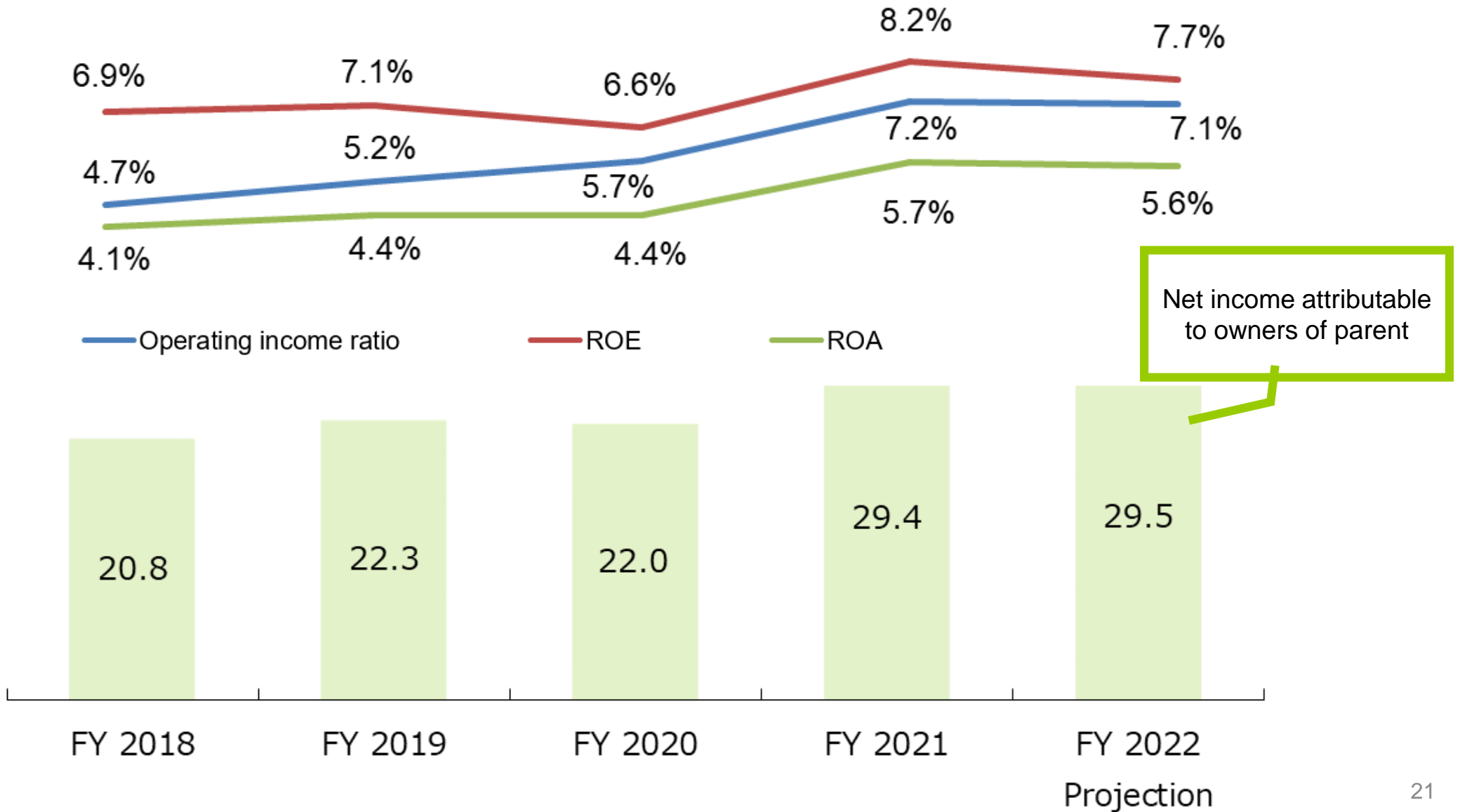
	Dec. 31 2021	Mar. 31 2022	Changes
Assets	526.4	529.1	+2.7
Current assets	396.1	401.1	+5.0
Cash and deposits	68.0	75.3	+7.3
Notes and accounts receivable-trade	107.4	101.8	-5.6
Inventories	35.2	37.8	+2.5
Other (current assets)	185.4	186.3	+0.8
Non-current assets	130.3	128.0	-2.4
Property, plant and equipment	85.2	84.6	-0.5
Intangible assets	6.5	6.3	-0.3
Investments and other assets	38.7	37.1	-1.6
Liabilities	151.7	152.0	+0.3
Current liabilities	107.1	108.0	+0.8
Notes and accounts payable-trade	46.3	50.0	+3.7
Other (current liabilities)	60.8	58.0	-2.8
Long-term liabilities	44.6	44.1	-0.6
Net assets	374.7	377.1	+2.4
Stakeholders' equity	362.9	367.1	+4.2
(Treasury stock)	-2.1	-2.1	-0.0
Total accumulated other comprehensive income (loss)	11.1	9.3	-1.8
Non-controlling interests	0.7	0.7	+0.0
Equity ratio	71%	71%	+0%

Notes and accounts receivable trade (Billions of yen)

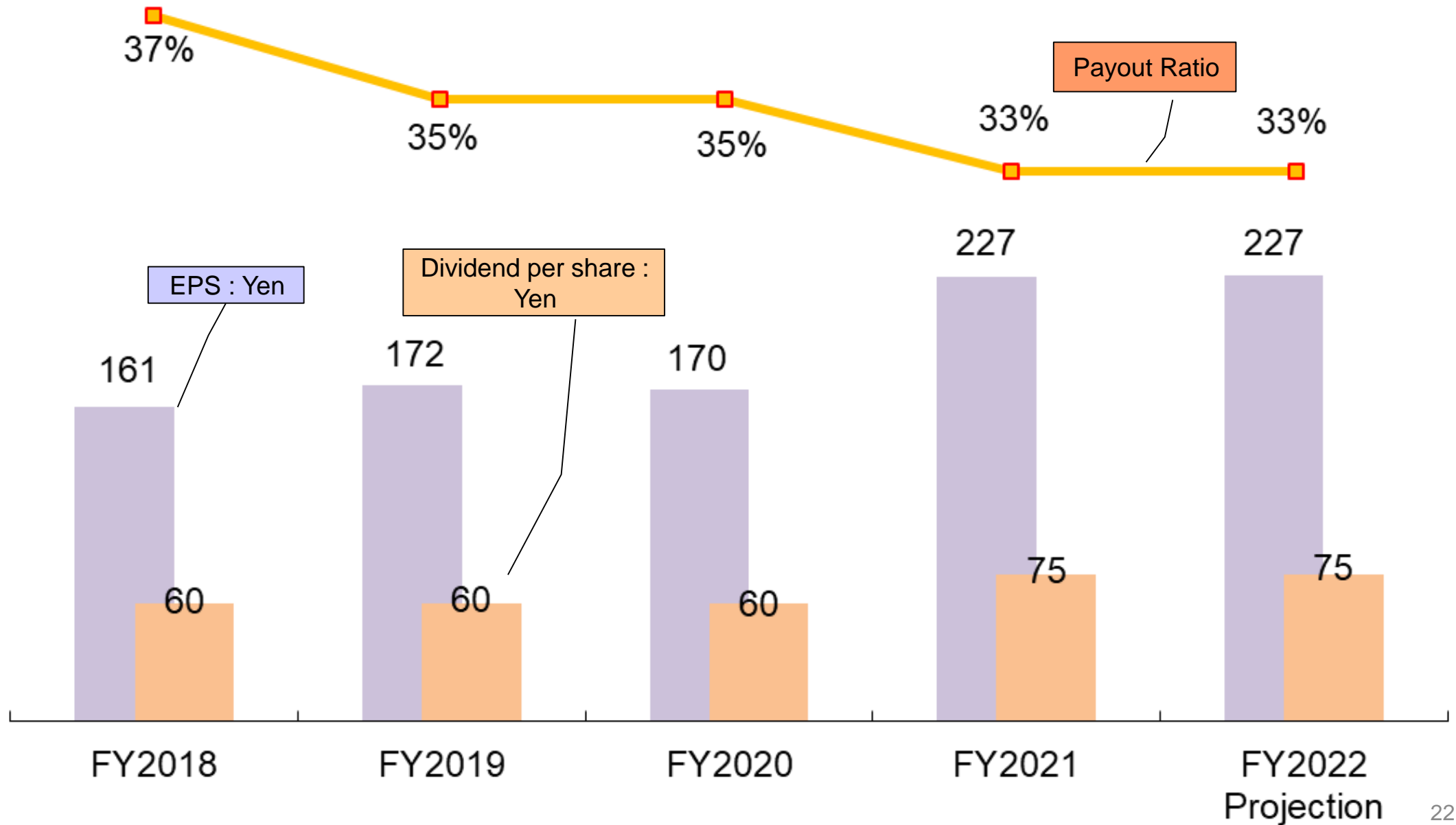


Financial Indicator

(Billions of yen)



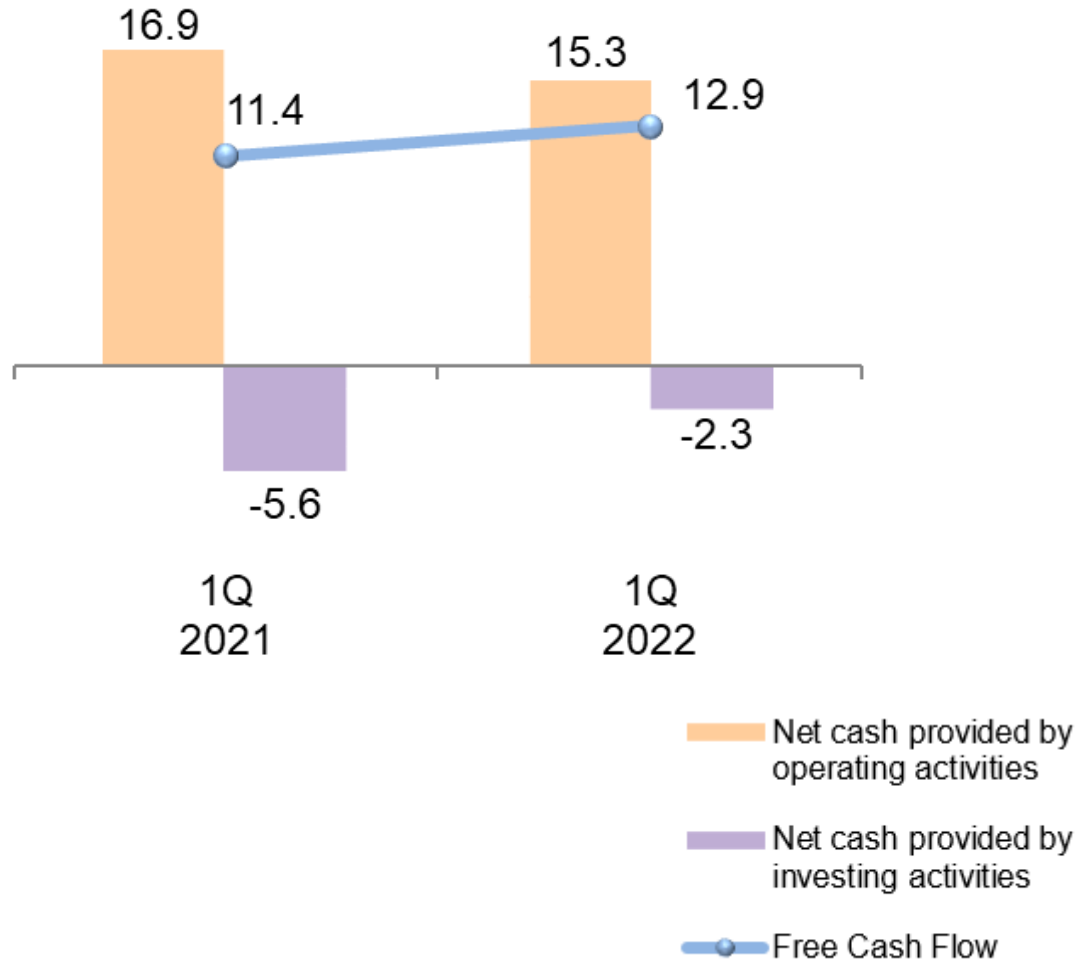
Financial Indicator



Financial Indicator

(Billions of yen)

■ Cash Flow



■ Capital Investment

	1Q Actual	2Q-4Q Projection	Full Year
FY 2021 Actual	3.2	9.4	12.6
FY 2022 Projection	1.8	10.8	12.6

※ FY2022 1Q is actual value.

■ Depreciation and amortization

	1Q Actual	2Q-4Q Projection	Full Year
FY 2021 Actual	2.6	7.6	10.2
FY 2022 Projection	2.5	7.2	9.7

※ FY2022 1Q is actual value.

Canon

Canon Marketing Japan Inc.