

FY2022 Results

January 27, 2023
Hatsumi Hirukawa
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 **¥160.1 B** **(Y/Y +6.2 B, +4%)**

- ✓ Net sales increased due to higher sales in the Consumers, Enterprise and Area segments, despite a lower sales in the Professional segment.

Operating Income **¥12.1 B** **(Y/Y -0.9 B, -7%)**

- ✓ Operating income decreased due to a lower sales in the Consumers, Enterprise and Professional segments, offsetting a higher sales in the Area segment.

**Net income attributable
to owners of parent** **¥8.9 B** **(Y/Y -0.3 B, -3%)**

Summary of Results

4Q 2022 Actual
(from October 1 to December 31)



(Billions of yen)

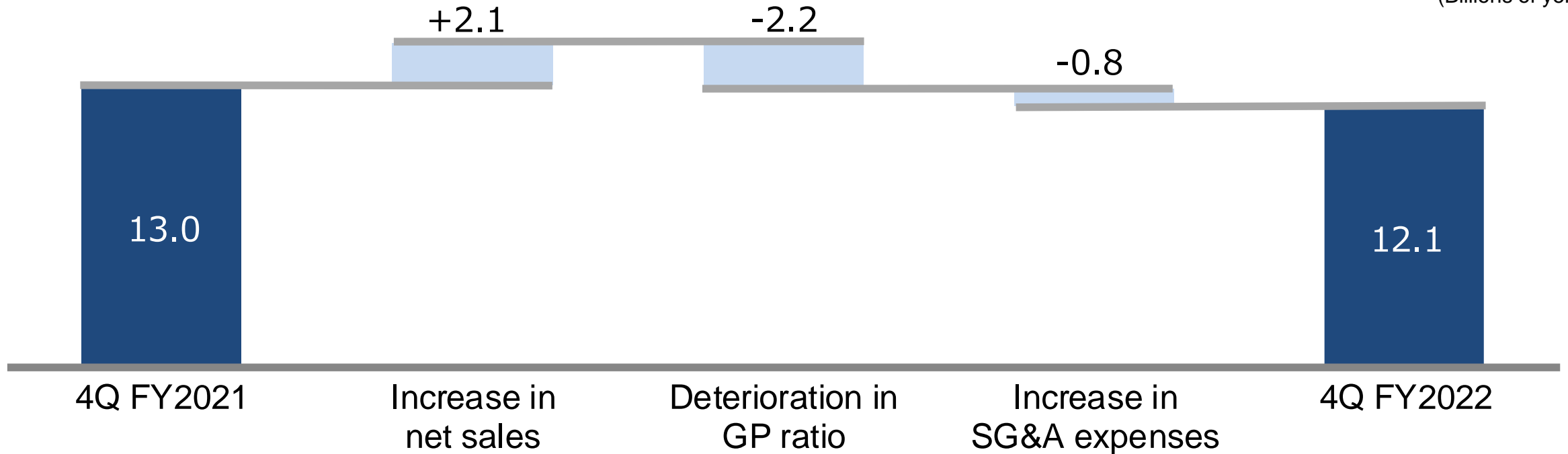
	4Q 2021	4Q 2022	Changes	
			Amount	%
Net sales	153.9	160.1	+6.2	+4%
Gross profit	(33.8%) 52.0	(32.4%) 51.9	(-1.4%) -0.2	-0%
Operating income	(8.5%) 13.0	(7.6%) 12.1	(-0.9%) -0.9	-7%
Ordinary income	(8.6%) 13.3	(7.7%) 12.4	(-0.9%) -0.9	-7%
Net income attributable to owners of parent	(5.9%) 9.1	(5.5%) 8.9	(-0.4%) -0.3	-3%

Op. Income Variance Analysis

4Q 2022 Actual
(from October 1 to December 31)



(Billions of yen)



Deterioration in GP ratio

- Gross profit ratio declined mainly in the Professional segment

Increase in SG&A expenses

- | | |
|---------------------------------|-------|
| • Personnel expenses | -1.1B |
| • Other direct selling expenses | +1.1B |
| • Advertising expenses | +0.4B |

Segment Outline

4Q 2022 Actual
(from October 1 to December 31)



(Billions of yen)

	4Q FY2021		4Q FY2022		Changes	
	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income
Consumers	41.5	5.1	42.7	4.4	+1.2	-0.7
Enterprise	53.7	4.7	53.7	4.1	+0.1	-0.6
Area	55.4	3.2	59.3	3.8	+3.9	+0.6
Professional	8.7	0.5	8.4	0.1	-0.3	-0.5
Other	-5.4	-0.5	-4.1	-0.3	+1.3	+0.2
Total	153.9	13.0	160.1	12.1	+6.2	-0.9

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

Summary of Results

FY2022 Actual
(from January 1 to December 31)



- ✓ **Operating income, ordinary income, and net income surpassed previous record highs.**

(Billions of yen)

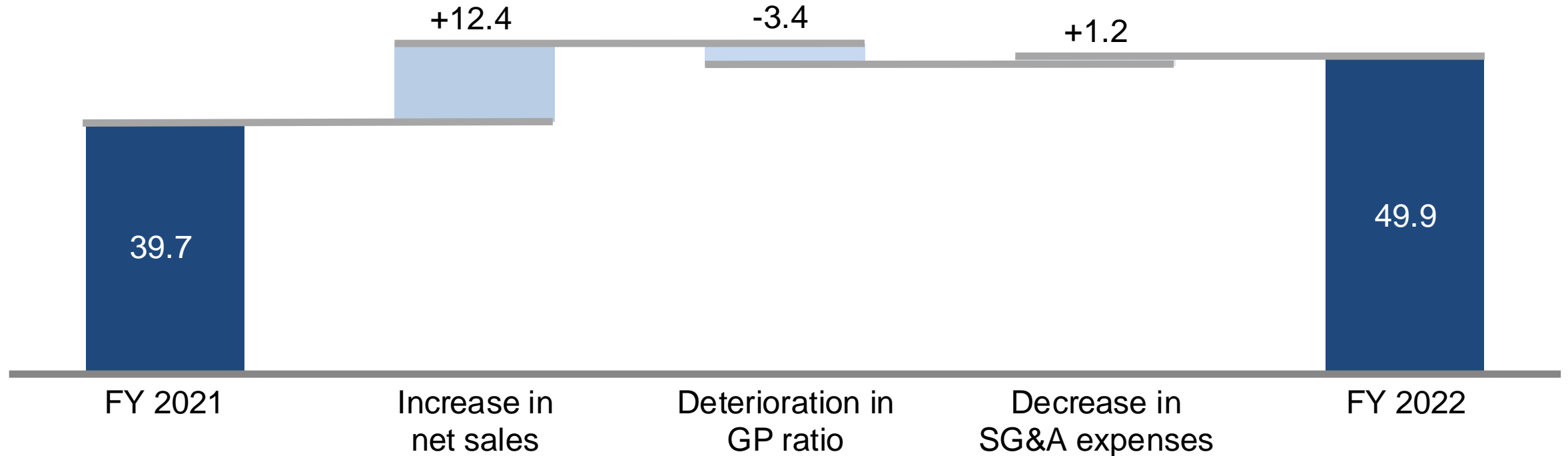
	FY2021	FY2022	Changes	
			Amount	%
Net sales	552.1	588.1	+36.0	+7%
	(34.5%)	(33.9%)	(-0.6%)	
Gross profit	190.3	199.3	+9.0	+5%
	(7.2%)	(8.5%)	(+1.3%)	
Operating income	39.7	49.9	+10.2	+26%
	(7.4%)	(8.7%)	(+1.2%)	
Ordinary income	41.1	51.0	+9.9	+24%
	(5.3%)	(6.0%)	(+0.7%)	
Net income attributable to owners of parent	29.4	35.6	+6.1	+21%

Op. Income Variance Analysis

FY2022 Actual
(from January 1 to December 31)



(Billions of yen)



Deterioration in GP ratio

- Gross profit ratio declined slightly in the Consumers, Enterprise, Professional segments

Decrease in SG&A expenses

- Personnel expenses -4.0B
- Other direct selling expenses +2.8B

Segment Outline

FY2022 Actual
(from January 1 to December 31)



(Billions of yen)

	FY 2021		FY 2022		Changes	
	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income
Consumers	129.5	13.6	136.6	13.9	+7.1	+0.4
Enterprise	190.6	13.9	202.7	17.1	+12.1	+3.2
Area	220.8	12.0	226.6	15.6	+5.7	+3.5
Professional	31.5	2.5	41.7	5.2	+10.1	+2.8
Other	-20.3	-2.3	-19.4	-1.9	+0.9	+0.4
Total	552.1	39.7	588.1	49.9	+36.0	+10.2

※"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 significantly, mainly reflecting higher sales of digital interchangeable lens cameras and IT products.
- ✓ Operating income decreased, reflecting a fall in gross profit due to lower sales of inkjet printer and inkjet cartridge, and an increase in SG&A expenses.

(Billions of yen)

	4Q		
	FY2021	FY2022	Changes
Net sales	41.5	42.7	+3%
Op. income	5.1	4.4	-14%
ratio	12.4%	10.4%	-2.0%

Consumer Products, Y/Y
Non-consolidated

		1Q	2Q	3Q	4Q	Full Year
Digital Interchangeable Lens Camera	Unit	+3%	+3%	+35%	-1%	+9%
Inkjet Printer (IJP)	Unit	+6%	-0%	+5%	-9%	-1%
IJP Cartridge	Amount	+4%	-6%	-3%	-5%	-3%

- ✓ Net sales remained flat, reflecting sales increase of IT Solutions business and sales decrease of main business equipment.
- ✓ Operating income declined, due to a slight decrease in gross profit and an increase in SG&A expenses.

(Billions of yen)

	4Q		
	FY2021	FY2022	Changes
Main Business Equipment, Other	16.0	15.4	-3%
IT Solutions	37.7	38.3	+2%
Net sales	53.7	53.7	+0%
Op. income	4.7	4.1	-12%
ratio	8.7%	7.7%	-1.1%

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

	4Q		Changes	
	2021	2022	Amount	%
Net sales	25.9	28.7	+2.8	+11%
Op. income	2.6	2.7	+0.1	+6%

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

		1Q	2Q	3Q	4Q	Full Year
		Orders received	Amount	+14%	+19%	+30%
Outstanding orders	Amount	+33%	+34%	+46%	+7%	-

The orders received for 4Q maintained double-digit growth, excluding a decrease of Data Center large projects that existed in the previous fiscal year.

- ✓ Net sales increased, due to a recovery of main business products supply and sales increase of IT Solutions business.
- ✓ Operating income increased significantly, reflecting a rise in gross profit due to higher sales.

(Billions of yen)

	4Q		
	FY2021	FY2022	Changes
Main Business Equipment, Other	40.5	43.1	+6%
IT Solutions	14.9	16.3	+9%
Net sales	55.4	59.3	+7%
Op. income	3.2	3.8	+20%
ratio	5.7%	6.4%	+0.7%

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

	4Q		Changes	
	2021	2022	Amount	%
Net sales	23.7	24.9	+1.2	+5%
Op. income	1.1	1.3	+0.1	+12%

- ✓ Net sales decreased due to lower sales in production printing and industrial equipment, despite growth in healthcare business.
- ✓ Operating income declined, reflecting a fall in gross profit due to lower sales.

(Billions of yen)

	4Q		
	FY2021	FY2022	Changes
Production Printing	3.2	2.6	-17%
Industrial Equipment	3.4	3.0	-11%
Healthcare Business	2.1	2.7	+29%
Net sales	8.7	8.4	-3%
Op. income	0.5	0.1	-88%
ratio	6.1%	0.8%	-5.4%

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

	4Q		Changes	
	2021	2022	Amount	%
Net sales	3.0	2.4	-0.6	-19%
Op. income	0.1	-0.1	-0.2	-

Overall Sales of IT Solutions

4Q 2022 Actual
(from October 1 to December 31)



(Billions of yen)

■ By Segment

	4Q 2021	4Q 2022	Changes	
			Amount	%
Enterprise	37.7	38.3	+0.6	+2%
Area	14.9	16.3	+1.4	+9%
Other	8.3	10.4	+2.1	+26%
Total	60.9	65.0	+4.1	+7%

■ By Product and By Solution

	4Q 2021	4Q 2022	Changes	
			Amount	%
SI services	19.0	21.7	+2.7	+14%
Maintenance and operation service / outsourcing	16.1	13.9	-2.3	-14%
IT products and system sales	25.8	29.4	+3.6	+14%
Total	60.9	65.0	+4.1	+7%

※ 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, shared service businesses and the elimination of intersegment transactions.

Overall Sales of IT Solutions

FY2022 Actual
(from January 1 to December 31)



(Billions of yen)

	Consumers		Enterprise		Area		Professional		Other		Total		Composition Ratio
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2022
SI services	0	0	57.3	64.7	9.9	10.0	7.5	9.6	-1.6	-2.3	73.0	82.0	34%
Changes		-		+13%		+1%		+28%		-		+12%	
Maintenance and operation service / outsourcing	0	0	39.0	40.5	9.2	10.1	1.4	1.4	-2.0	-1.5	47.6	50.5	21%
Changes		-		+4%		+9%		+4%		-		+6%	
IT products and system sales	28.8	29.3	32.2	37.4	43.2	45.1	0	0	-3.7	-2.9	100.5	108.8	45%
Changes		+2%		+16%		+5%		-		-		+8%	
Total	28.8	29.3	128.4	142.6	62.3	65.2	8.9	11.1	-7.3	-6.7	221.1	241.4	
Changes		+2%		+11%		+5%		+24%		-		+9%	

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

※ "Other" is the segment that does not belong to individual reportable segments and includes shared service businesses and elimination of intersegment transactions.

Summary of Projections

(Billions of yen)

	FY2022 Actual	FY2023 Projection	Changes	
			Amount	%
Net Sales	588.1	624.0	+35.9	+6%
	(8.5%)	(8.0%)	(-0.5%)	
Operating Income	49.9	50.0	+0.1	+0%
	(8.7%)	(8.2%)	(-0.4%)	
Ordinary Income	51.0	51.4	+0.4	+1%
	(6.0%)	(5.7%)	(-0.3%)	
Net income attributable to owners of parent	35.6	35.6	+0.0	+0%

Summary of Projections by Segment

(Billions of yen)

	FY2022 Actual		FY2023 Projection		Changes		
	Net Sales	Op. Income	Net Sales	Op. Income	Net Sales Amount	%	Op. Income
Consumers	136.6	13.9	142.5	14.0	+5.9	+4%	+0.1
Enterprise	202.7	17.1	215.0	17.3	+12.3	+6%	+0.2
Area	226.6	15.6	239.4	17.3	+12.8	+6%	+1.7
Professional	41.7	5.2	44.9	3.4	+3.2	+8%	-1.8
Other	-19.4	-1.9	-17.8	-2.0	+1.6	-	-0.1
Total	588.1	49.9	624.0	50.0	+35.9	+6%	+0.1

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

Supplementary Material : Change of Main Products Sales



Supplementary Material for 2022 4Q

Canon Marketing Japan Inc.

Consumer Products Non-consolidated Y/Y

	Unit	FY2021 vs FY2020					FY2022 vs FY2021					Previous Projections	FY2023 vs FY2022
		1Q Results	2Q Results	3Q Results	4Q Results	Full Year Results	1Q Results	2Q Results	3Q Results	4Q Results	Full Year Results	Full Year Projections	Full Year Projections
DILC*	Unit	-20%	+84%	+2%	-14%	+2%	+3%	+3%	+35%	-1%	+9%	+16%	+7%
Inkjet Printer (IP)	Unit	+34%	-23%	-41%	-1%	-10%	+6%	-0%	+5%	-9%	-1%	+4%	-5%
IJP Cartridge	Amount	-0%	-10%	-4%	-6%	-5%	+4%	-6%	-3%	-5%	-3%	-3%	-2%

* Digital Interchangeable Lens Camera

Business Products Non-consolidated Y/Y

	Unit	FY2021 vs FY2020					FY2022 vs FY2021					Previous Projections	FY2023 vs FY2022
		1Q Results	2Q Results	3Q Results	4Q Results	Full Year Results	1Q Results	2Q Results	3Q Results	4Q Results	Full Year Results	Full Year Projections	Full Year Projections
MFP including Rental Machine	Unit	-4%	+38%	-45%	-29%	-13%	-26%	-19%	+84%	+40%	+8%	+10%	+9%
Service & Support	Amount	-10%	+15%	-4%	-2%	-1%	-2%	-2%	+0%	-2%	-1%	-2%	-1%
Laser Beam Printer (LBP)	Unit	-3%	-7%	-41%	-37%	-21%	-17%	+8%	+40%	+36%	+10%	+9%	+4%
LBP Cartridge	Amount	-2%	+15%	-0%	-5%	+1%	+5%	-0%	-0%	+5%	+2%	-1%	-1%

Consolidated

Commercial Printing**	Amount	-9%	+9%	+4%	+11%	+3%	-5%	+1%	+13%	-1%	+4%	+5%	+4%
Network Camera	Amount	+2%	+10%	+13%	+8%	+8%	+2%	+18%	-13%	+18%	+6%	+4%	+17%

** Formerly "Production Printing" which includes MFPs for production printing of Canon, Continuous Feed Printer of Canon, and SX series, etc.

IT Solutions

Consolidated [Amount] Y/Y

	Amount	FY2021 vs FY2020					FY2022 vs FY2021					Previous Projections	FY2023 vs FY2022
		1Q Results	2Q Results	3Q Results	4Q Results	Full Year Results	1Q Results	2Q Results	3Q Results	4Q Results	Full Year Results	Full Year Projections	Full Year Projections
SI Services	Amount	-1%	-2%	+8%	+8%	+3%	+12%	+15%	+7%	+14%	+12%	+18%	+22%
Maintenance and operation service/outourcing	Amount	+2%	+14%	+23%	+67%	+27%	+24%	+16%	+11%	-14%	+6%	+4%	+14%
IT products and system sales	Amount	+2%	+3%	-3%	-3%	-0%	+2%	+10%	+7%	+14%	+8%	+10%	+2%

* Starting 2022 business categories for certain products are reclassified, and comparisons between 2022 projections and 2021 results have been made based on reclassified segments.

Professional Segment

Consolidated [Amount] Y/Y

	Amount	FY2021 vs FY2020					FY2022 vs FY2021					Previous Projections	FY2023 vs FY2022
		1Q Results	2Q Results	3Q Results	4Q Results	Full Year Results	1Q Results	2Q Results	3Q Results	4Q Results	Full Year Results	Full Year Projections	Full Year Projections
Production Printing	Amount	-17%	-4%	-4%	+21%	-1%	+7%	+0%	+20%	-17%	+1%	+8%	+1%
Industrial Equipment	Amount	+1%	+27%	-3%	+27%	+13%	+90%	+66%	+79%	-11%	+56%	+49%	-15%
Healthcare	Amount	-3%	-47%	+24%	+20%	-8%	+52%	+20%	+2%	+29%	+28%	+33%	+68%

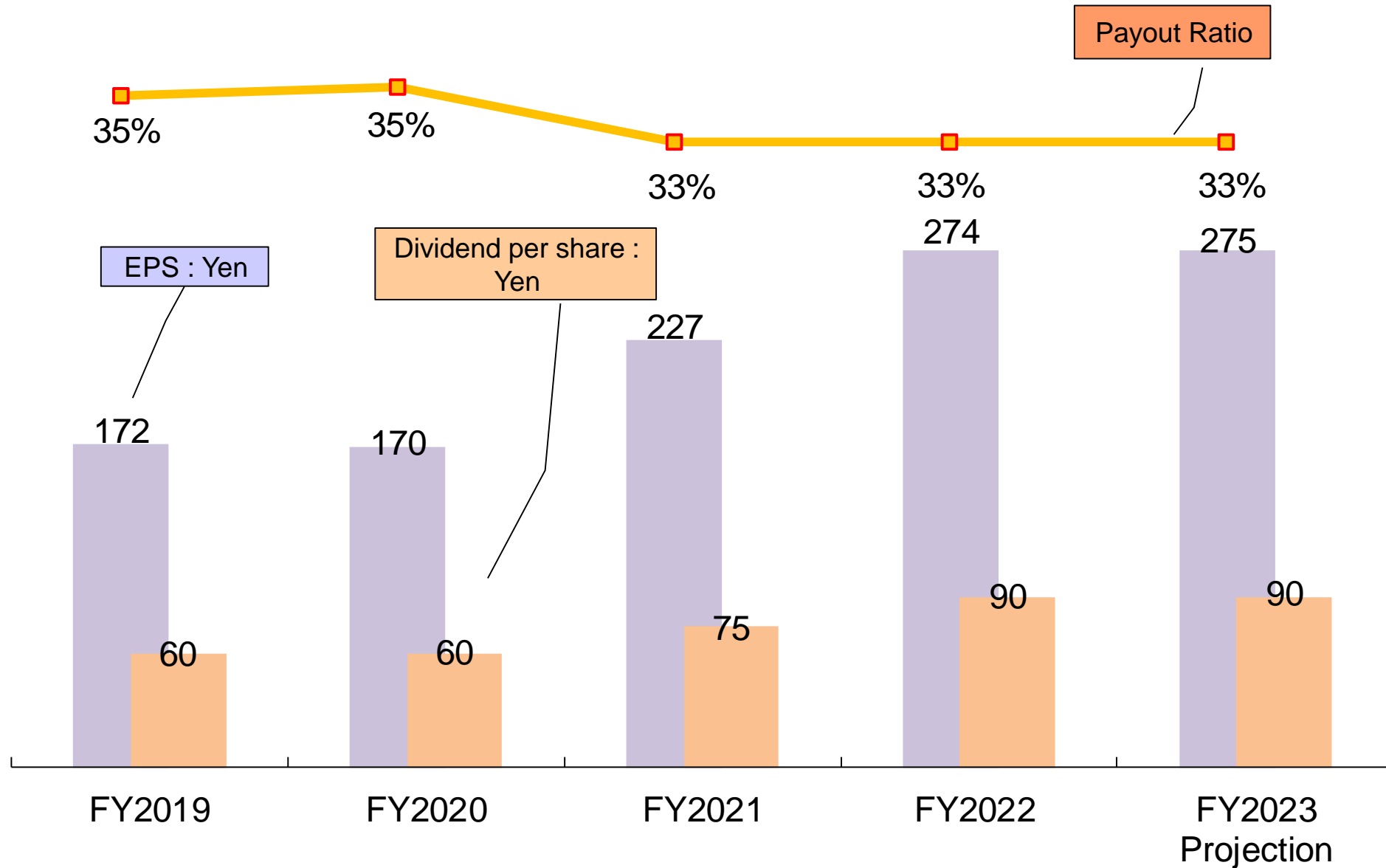
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Please see the **Supplementary Material for 2022 4Q** on our website.

• URL

<https://cweb.canon.jp/eng/ir/library/presentation.html>

Financial Indicator

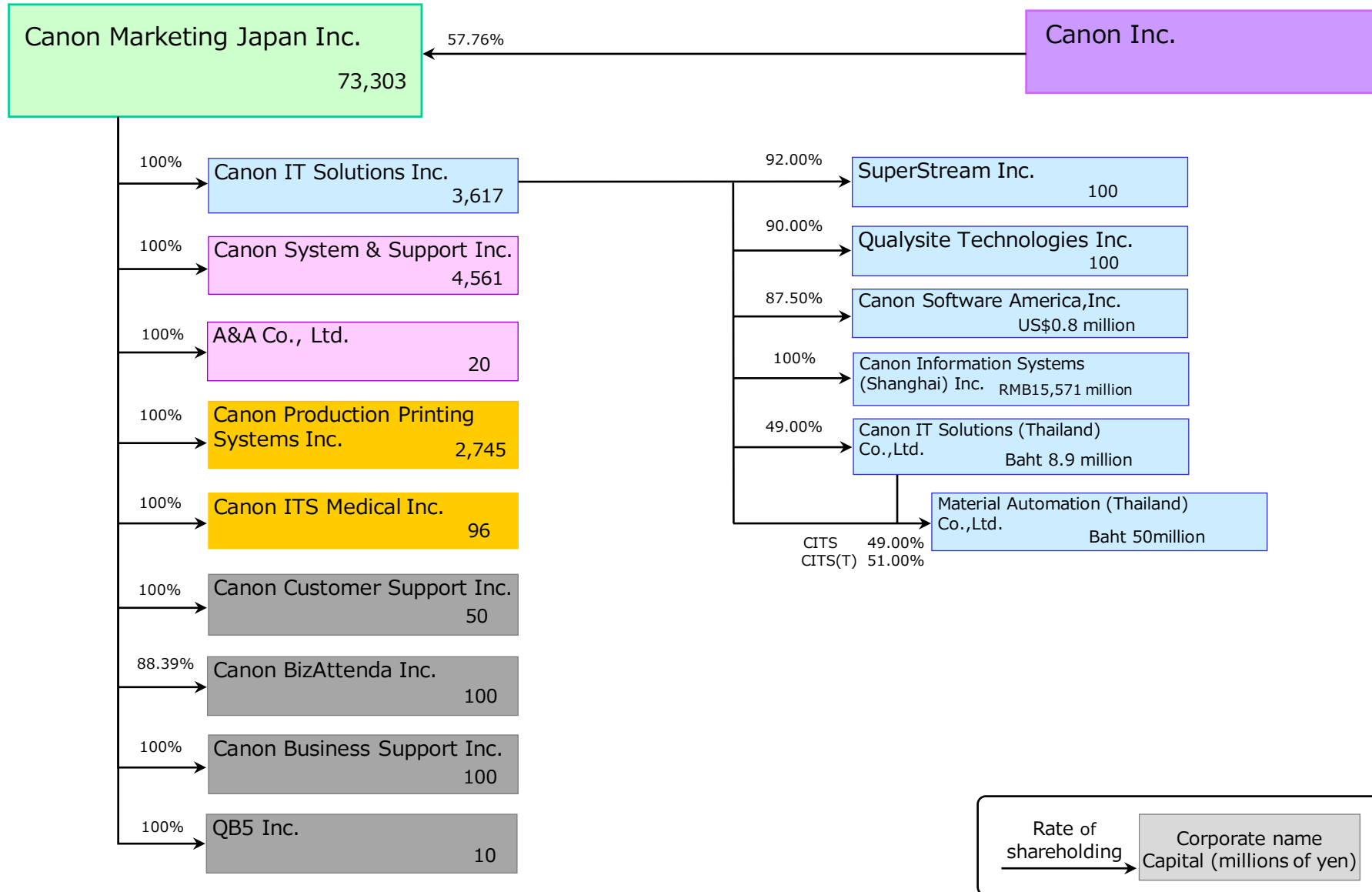


Canon

Canon Marketing Japan Inc.

Supplementary Information

Capital Relationship Diagram



Results of main consolidated companies

4Q 2022 Actual
(from October 1 to December 31)



(Billions of yen)

		4Q FY2021		4Q FY2022		Changes	
						Amount	%
Enterprise							
Canon IT Solutions Inc.	Net sales	25.9		28.7		+2.8	+11%
	Op. income	2.6	(9.9%)	2.7	(9.4%)	+0.1	(-0.5%)
Area							
Canon System & Support Inc.	Net sales	23.7		24.9		+1.2	+5%
	Op. income	1.1	(4.7%)	1.3	(5.0%)	+0.1	(+0.3%)
Professional							
Canon Production Printing Systems Inc.	Net sales	3.0		2.4		-0.6	-19%
	Op. income	0.1	(2.4%)	-0.1	(-)	-0.2	(-)

Results of main consolidated companies

FY2022 Actual
(from January 1 to December 31)



(Billions of yen)

		FY 2021		FY 2022		Changes	
						Amount	%
Enterprise							
Canon IT Solutions Inc.	Net sales	97.6		109.5		+12.0	+12%
	Op. income	9.4	(9.7%)	11.5	(10.5%)	+2.0 (+0.8%)	
Area							
Canon System & Support Inc.	Net sales	97.4		98.3		+0.9	+1%
	Op. income	3.9	(4.0%)	5.1	(5.2%)	+1.3 (+1.2%)	
Professional							
Canon Production Printing Systems Inc.	Net sales	9.3		9.3		+0.1	+1%
	Op. income	0.3	(2.9%)	0.4	(4.2%)	+0.1 (+1.3%)	

SG&A expenses

4Q 2022 Actual
(from October 1 to December 31)



(Billions of yen)

	4Q FY2021	4Q FY2022	Changes
Advertising expenses	1.7	2.0	+0.4
Promotion expenses	1.0	1.0	-0.0
Warranty expenses	0.6	0.8	+0.2
Other direct selling expenses	4.3	4.6	+0.2
Personnel expenses	24.1	23.1	-1.1
Depreciation and amortization	0.3	0.3	-0.0
Other selling expenses	7.0	8.1	+1.1
Total	39.0	39.8	+0.8

SG&A expenses

FY2022 Actual
(from January 1 to December 31)



(Billions of yen)

	FY 2021	FY 2022	Changes
Advertising expenses	5.1	4.8	-0.3
Promotion expenses	3.0	2.9	-0.1
Warranty expenses	2.8	2.9	+0.1
Other direct selling expenses	16.9	17.1	+0.2
Personnel expenses	95.4	91.5	-4.0
Depreciation and amortization	1.1	1.0	-0.1
Other selling expenses	26.3	29.2	+2.8
Total	150.6	149.3	-1.2

Non-operating income and expenses

(Billions of yen)

	FY2021		FY2022		Changes	
	4Q	FY	4Q	FY	4Q	FY
Interest income	0.1	0.3	0.1	0.3	+0.0	+0.0
Dividend income	0.2	0.3	0.1	0.2	-0.1	-0.1
Insurance income	0.0	0.5	0.0	0.5	+0.0	-0.0
Foreign exchange gains	-	-	0.0	0.0	+0.0	+0.0
Gain on investments in partnership	-0.0	0.3	-	-	+0.0	-0.3
Other, net	0.1	0.2	0.0	0.2	-0.0	+0.0
Total non-operating income	0.3	1.6	0.2	1.2	-0.1	-0.3
Interest expense	0.0	0.0	0.0	0.0	-0.0	-0.0
Loss on investments in partnership	-	-	-0.1	0.0	-0.1	+0.0
Foreign exchange losses	-0.0	0.0	-0.0	-	-0.0	-0.0
Other, net	0.0	0.1	0.0	0.1	-0.0	-0.0
Total non-operating expenses	0.0	0.2	-0.1	0.2	-0.1	+0.0

Extraordinary income and losses

(Billions of yen)

	FY2021		FY2022		Changes	
	4Q	FY	4Q	FY	4Q	FY
Gain on sales of fixed assets	0.0	0.0	-	0.0	-0.0	-0.0
Gain on sales of investments in securities	-	1.3	0.3	0.7	+0.3	-0.5
Gain on sales of shares of subsidiaries and associates	-	0.9	-	-	-	-0.9
Gain on casualty insurance	-	0.2	-	-	-	-0.2
Other, net	0.0	0.0	-	0.0	-0.0	-0.0
Total extraordinary income	0.0	2.4	0.3	0.7	+0.3	-1.6
Loss on sales and disposal of fixed assets	0.0	0.1	0.0	0.1	+0.0	+0.0
Loss on valuation of investments in securities	0.0	0.0	0.1	0.1	+0.0	+0.0
Loss on sales of investments in securities	-	-	0.0	0.0	+0.0	+0.0
Loss on disaster	-	0.2	-	-	-	-0.2
Loss on sales of shares of subsidiaries and associates	0.0	0.0	-	-	-0.0	-0.0
Other, net	0.0	0.0	0.0	0.0	+0.0	-0.0
Total extraordinary losses	0.1	0.4	0.1	0.2	+0.0	-0.2

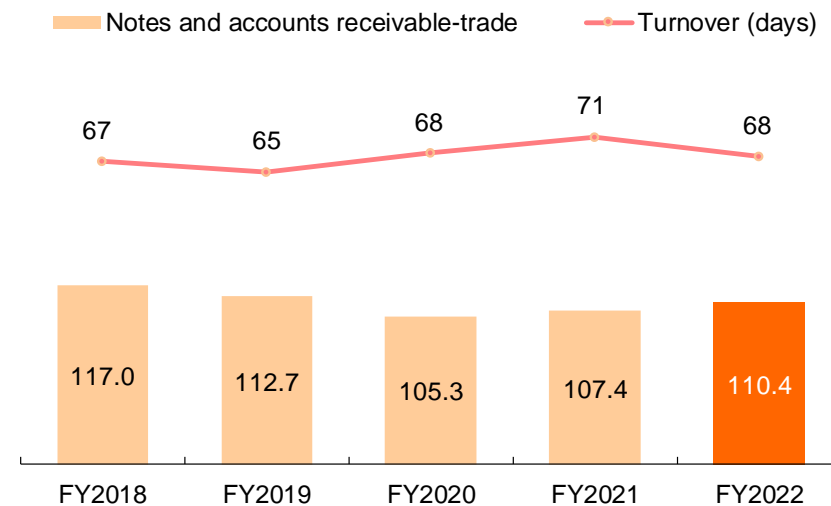
Balance Sheets

(Billions of yen)

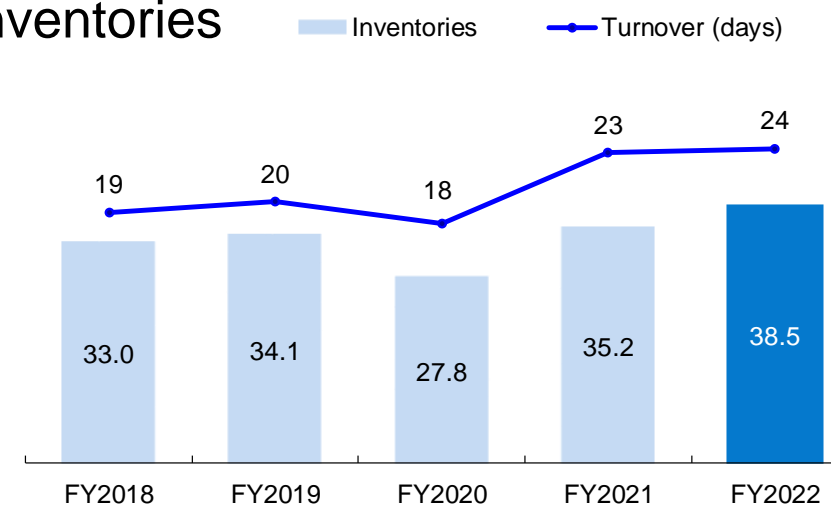
	Dec. 31 2021	Dec. 31 2022	Changes
Assets	526.4	543.7	+17.3
Current assets	396.1	419.7	+23.6
Cash and deposits	68.0	84.6	+16.6
Notes and accounts receivable-trade	107.4	110.4	+3.1
Inventories	35.2	38.5	+3.3
Other current assets	185.4	186.1	+0.7
Non-current assets	130.3	124.0	-6.3
Property, plant and equipment	85.2	85.3	+0.1
Intangible assets	6.5	6.0	-0.5
Investments and other assets	38.7	32.8	-5.9
Liabilities	151.7	143.4	-8.4
Current liabilities	107.1	108.1	+1.0
Notes and accounts payable-trade	46.3	47.4	+1.1
Other current liabilities	60.8	60.7	-0.1
Long-term liabilities	44.6	35.3	-9.3
Equity	374.7	400.4	+25.7
Stakeholders' equity	362.9	387.4	+24.5
(Treasury stock)	-2.1	-2.1	-0.0
Total accumulated other comprehensive income (loss)	11.1	12.1	+1.1
Stock acquisition rights	-	0.0	+0.0
Non-controlling interests	0.7	0.8	+0.1
Equity ratio	71%	73%	+2%

Notes and accounts receivable trade

(Billions of yen)

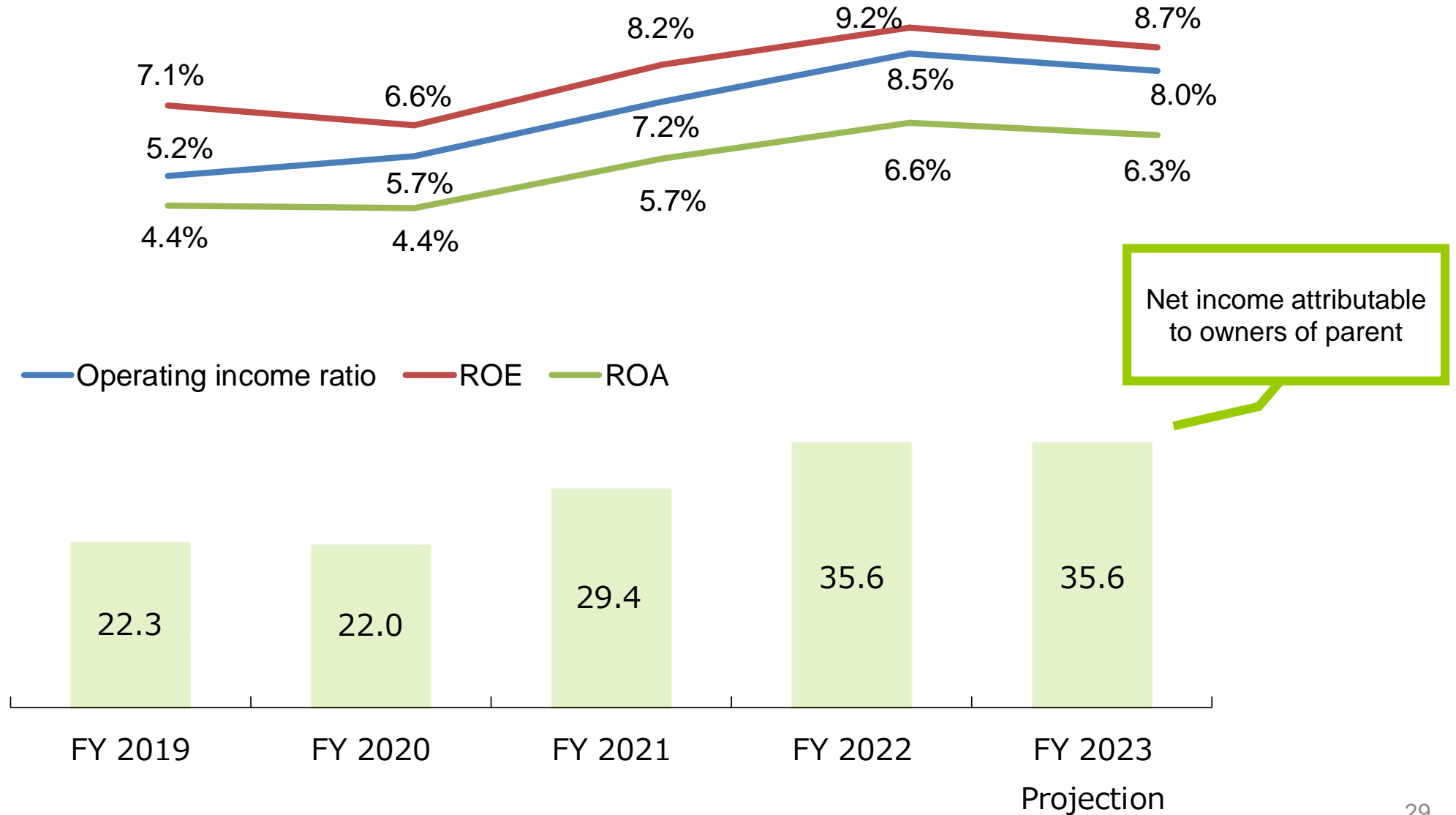


Inventories



Financial Indicator

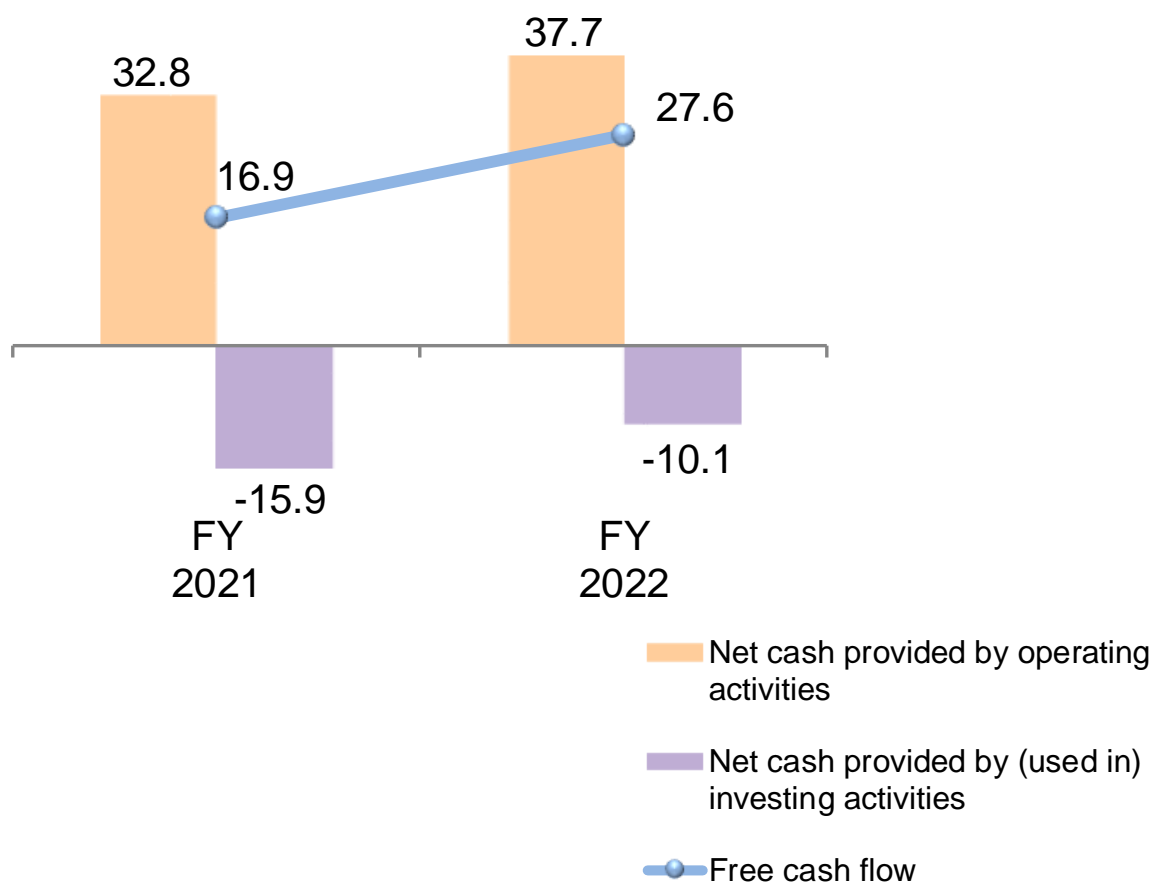
(Billions of yen)



Financial Indicator

(Billions of yen)

■ Cash Flow



■ Capital Investment

		FY
FY 2021	Actual	12.6
FY 2022	Actual	9.1
FY 2023	Projection	12.3

■ Depreciation and amortization

		FY
FY 2021	Actual	10.2
FY 2022	Actual	9.6
FY 2023	Projection	10.1

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