

1Q 2023 Results

April 25, 2023
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Director, Vice President



Canon Marketing Japan Inc.

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- * 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.

Agenda



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1

Operating income and ordinary income for the first quarter under review surpassed the previous record-high quarterly profits.

2

With respect to business equipment, the number of units sold increased thanks to a turnaround in the supply of products.

3

IT Solutions continued to perform strongly, achieving double-digit growth.

Summary of Results

1Q 2023 Actual
(from January 1 to March 31)



✓ **Operating income, ordinary income surpassed previous record highs.**

(Billions of yen)

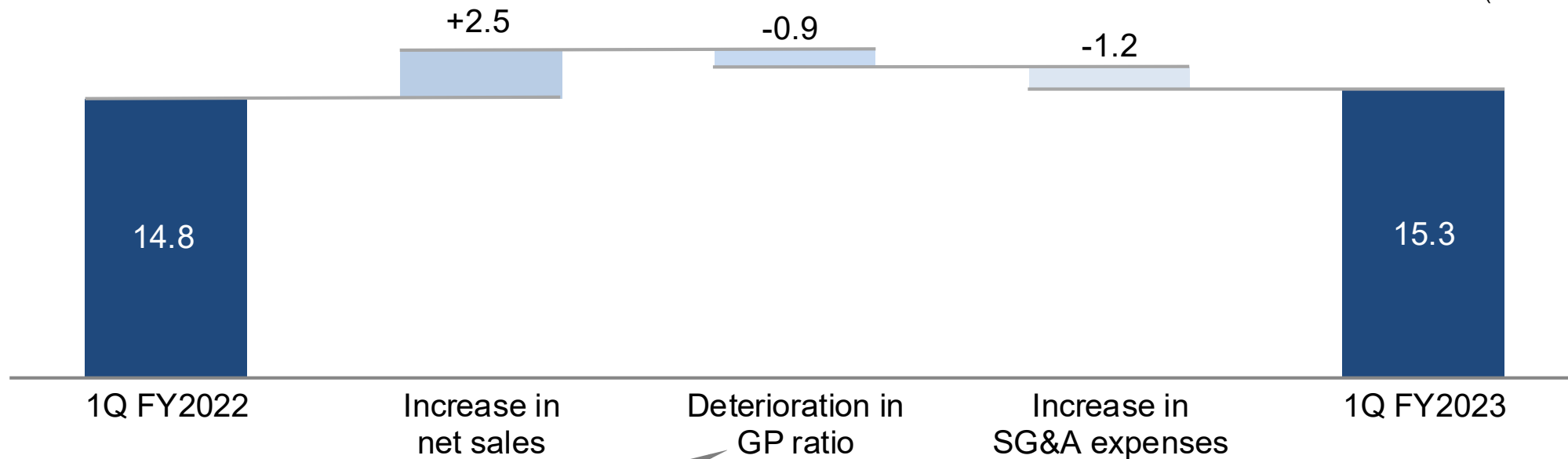
	1Q 2022	1Q 2023	Changes	
			Amount	%
Net sales	147.4	154.8	+7.4	+5%
Gross profit	(34.3%) 50.5	(33.7%) 52.2	(-0.6%) +1.7	+3%
Operating income	(10.0%) 14.8	(9.9%) 15.3	(-0.2%) +0.5	+3%
Ordinary income	(10.0%) 14.7	(10.0%) 15.4	(+0.0%) +0.7	+5%
Net income attributable to owners of the parent	(6.8%) 10.0	(6.7%) 10.5	(-0.1%) +0.4	+4%

Op. Income Variance Analysis

1Q 2023 Actual
(from January 1 to March 31)



(Billions of yen)



Deterioration in GP ratio

- Gross profit ratio declined mainly in the Area segment

Increase in SG&A expenses

- Other direct selling expenses +0.3B
- Advertising expenses +0.2B
- Promotion expenses +0.2B

Segment Outline

1Q 2023 Actual
(from January 1 to March 31)



(Billions of yen)

	1Q FY2022		1Q FY2023		Changes	
	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income
Consumers	31.2	3.1	31.4	2.9	+0.2	-0.2
Enterprise	51.2	5.4	54.7	5.9	+3.5	+0.5
Area	57.2	4.5	61.0	4.9	+3.9	+0.4
Professional	12.8	2.2	11.7	1.9	-1.1	-0.3
Other	-5.0	-0.4	-4.0	-0.4	+1.0	+0.0
Total	147.4	14.8	154.8	15.3	+7.4	+0.5

※"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 IT products.
- ✓ Operating income declined due to the increase in SG&A expenses, despite a rise in gross profit.

(Billions of yen)

	1Q		
	FY2022	FY2023	Changes
Net sales	31.2	31.4	+1%
Op. income	3.1	2.9	-7%
ratio	10.0%	9.3%	-0.7%

Consumer Products, Y/Y
Non-consolidated

		1Q	2Q	3Q	4Q	Full Year
Digital Interchangeable Lens Camera	Unit	+29%	-	-	-	-
Inkjet Printer (IJP)	Unit	-35%	-	-	-	-
IJP Cartridge	Amount	-6%	-	-	-	-

Segment Information

Enterprise Segment



- ✓ Net sales increased reflecting sales increase of IT solutions business, despite a decrease of main business equipment.
- ✓ Operating income increased, reflecting a rise in gross profit due to higher sales.

(Billions of yen)

	1Q		
	FY2022	FY2023	Changes
Main Business Equipment, Other	15.0	14.7	-2%
IT Solutions	36.2	39.9	+10%
Net sales	51.2	54.7	+7%
Op. income	5.4	5.9	+10%
ratio	10.5%	10.8%	+0.3%

[Reference] Results of main consolidated companies

Canon IT Solutions Inc.

	1Q		Changes	
	2022	2023	Amount	%
Net sales	27.7	31.0	+3.4	+12%
Op. income	3.8	3.9	+0.1	+4%

Orders received and outstanding orders, Y/Y

Canon IT Solutions, Non-consolidated

		1Q					Full Year
		1Q	2Q	3Q	4Q		
Orders received	Amount	+22%	-	-	-	-	
Outstanding orders	Amount	+12%	-	-	-	-	

Segment Information

Area Segment



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

(Billions of yen)

	1Q		
	FY2022	FY2023	Changes
Main Business Equipment, Other	39.6	42.0	+6%
IT Solutions	17.5	19.0	+8%
Net sales	57.2	61.0	+7%
Op. income	4.5	4.9	+9%
ratio	7.9%	8.1%	+0.2%

[Reference] Results of main consolidated companies

Canon System & Support Inc.

	1Q		Changes	
	2022	2023	Amount	%
Net sales	24.8	26.8	+2.0	+8%
Op. income	1.4	1.8	+0.3	+24%

Segment Information

Professional Segment



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

(Billions of yen)

	1Q		
	FY2022	FY2023	Changes
Production Printing	2.5	2.1	-13%
Industrial Equipment	7.0	5.8	-16%
Healthcare Business	3.4	3.8	+11%
Net sales	12.8	11.7	-8%
Op. income	2.2	1.9	-12%
ratio	17.1%	16.4%	-0.7%

[Reference] Results of main consolidated companies

Canon Production Printing Systems Inc.

	1Q		Changes	
	2022	2023	Amount	%
Net sales	2.3	2.0	-0.3	-15%
Op. income	0.2	0.1	-0.1	-50%

Overall Sales of IT Solutions

1Q 2023 Actual
(from January 1 to March 31)



(Billions of yen)

	Consumers		Enterprise		Area		Professional		Other		Total		Composition Ratio
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2023
SI services	0	0	15.3	17.4	2.9	3.2	3.4	3.8	-0.5	-0.6	21.2	23.7	34%
Changes		-		+14%		+8%		+11%		-		+12%	
Maintenance and operation service / outsourcing	0	0	10.2	11.7	2.4	2.6	0.4	0.3	-0.4	-0.6	12.5	14.0	20%
Changes		-		+14%		+11%		-		-		+12%	
IT products and system sales	7.3	7.4	10.7	10.8	12.2	13.2	0	0	-1.0	0.3	29.1	31.7	46%
Changes		+2%		+2%		+8%		-		-		+9%	
Total	7.3	7.4	36.2	39.9	17.5	19.0	3.8	4.1	-2.0	-1.0	62.8	69.5	
Changes		+2%		+10%		+8%		+9%		-		+11%	

※ "Other" is a business segment that is not included in the reportable segments of the Company. The Other segment includes the shared service business and elimination of intersegment transactions.

Summary of Projections



(Billions of yen)

	FY2022	FY2023	Changes	
	Actual	Projection	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 the parent	35.6	35.6	+0.0	+0%

Summary of Projections by Segment

Previous Projection vs
Current Projection



(Billions of yen)

	FY2023 Previous Projection		FY2023 Current Projection		Changes		
	Net Sales	Op. Income	Net Sales	Op. Income	Net Sales Amount	%	Op. Income
Consumers	142.5	14.0	142.5	14.0	-	-	-
Enterprise	215.0	17.3	215.0	17.6	-	-	+0.3
Area	239.4	17.3	239.4	17.3	-	-	-
Professional	44.9	3.4	44.9	3.4	-	-	-
Other	-17.8	-2.0	-17.8	-2.3	-	-	-0.3
Total	624.0	50.0	624.0	50.0	-	-	-

※"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 Actual vs
FY2023 Projection



(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	17.6	+12.3	+6%	+0.5
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	-2.3	+1.6	-	-0.4
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.

Outline of Main Products Sales



Supplementary Material for 2023 1Q

Canon Marketing Japan Inc.

Consumer Products Non-consolidated Y/Y

		FY2022 vs FY2021					FY2023 vs FY2022		Previous Projections
		1Q Results	2Q Results	3Q Results	4Q Results	Full Year Results	1Q Results	Full Year Projections	Full Year Projections
DILC*	Unit	+3%	+3%	+3%	-1%	+9%	+29%	+11%	+7%
Inkjet Printer (IJP)	Unit	+6%	-6%	+5%	-9%	-1%	-35%	-11%	-5%
IJP Cartridge	Amount	+4%	-6%	-3%	-5%	-3%	-6%	-2%	-2%

* Digital Interchangeable Lens Camera

Business Products Non-consolidated Y/Y

		FY2022 vs FY2021					FY2023 vs FY2022		Previous Projections
		1Q Results	2Q Results	3Q Results	4Q Results	Full Year Results	1Q Results	Full Year Projections	Full Year Projections
MFP including Rental Machine	Unit	-26%	-19%	+84%	+40%	+8%	+31%	+9%	+9%
Service & Support	Amount	-2%	-2%	+0%	-2%	-1%	+1%	-1%	-1%
Laser Beam Printer (LBP)	Unit	-17%	+8%	+40%	+36%	+10%	+2%	+4%	+4%
LBP Cartridge	Amount	+5%	-6%	-6%	+5%	+2%	+1%	-1%	-1%

Consolidated

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

** Summary "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

		FY2022 vs FY2021					FY2023 vs FY2022		Previous Projections
		1Q Results	2Q Results	3Q Results	4Q Results	Full Year Results	1Q Results	Full Year Projections	Full Year Projections
SI Services	Amount	+12%	+15%	+7%	+14%	+12%	+12%	+22%	+22%
Maintenance and operation service/outourcing	Amount	+24%	+16%	+11%	-14%	+6%	+12%	+14%	+14%
IT products and system sales	Amount	+2%	+10%	+7%	+14%	+8%	+9%	+2%	-2%

* Including 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

		FY2022 vs FY2021					FY2023 vs FY2022		Previous Projections
		1Q Results	2Q Results	3Q Results	4Q Results	Full Year Results	1Q Results	Full Year Projections	Full Year Projections
Production Printing	Amount	+7%	+0%	+20%	-17%	+3%	-13%	+1%	+1%
Industrial Equipment	Amount	+90%	+66%	+79%	-11%	+56%	-16%	-15%	-15%
Healthcare	Amount	+52%	+20%	+2%	+29%	+28%	+11%	+68%	+68%

* 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.

Please see the **Supplementary Material for 2023 1Q** on our website.

• URL

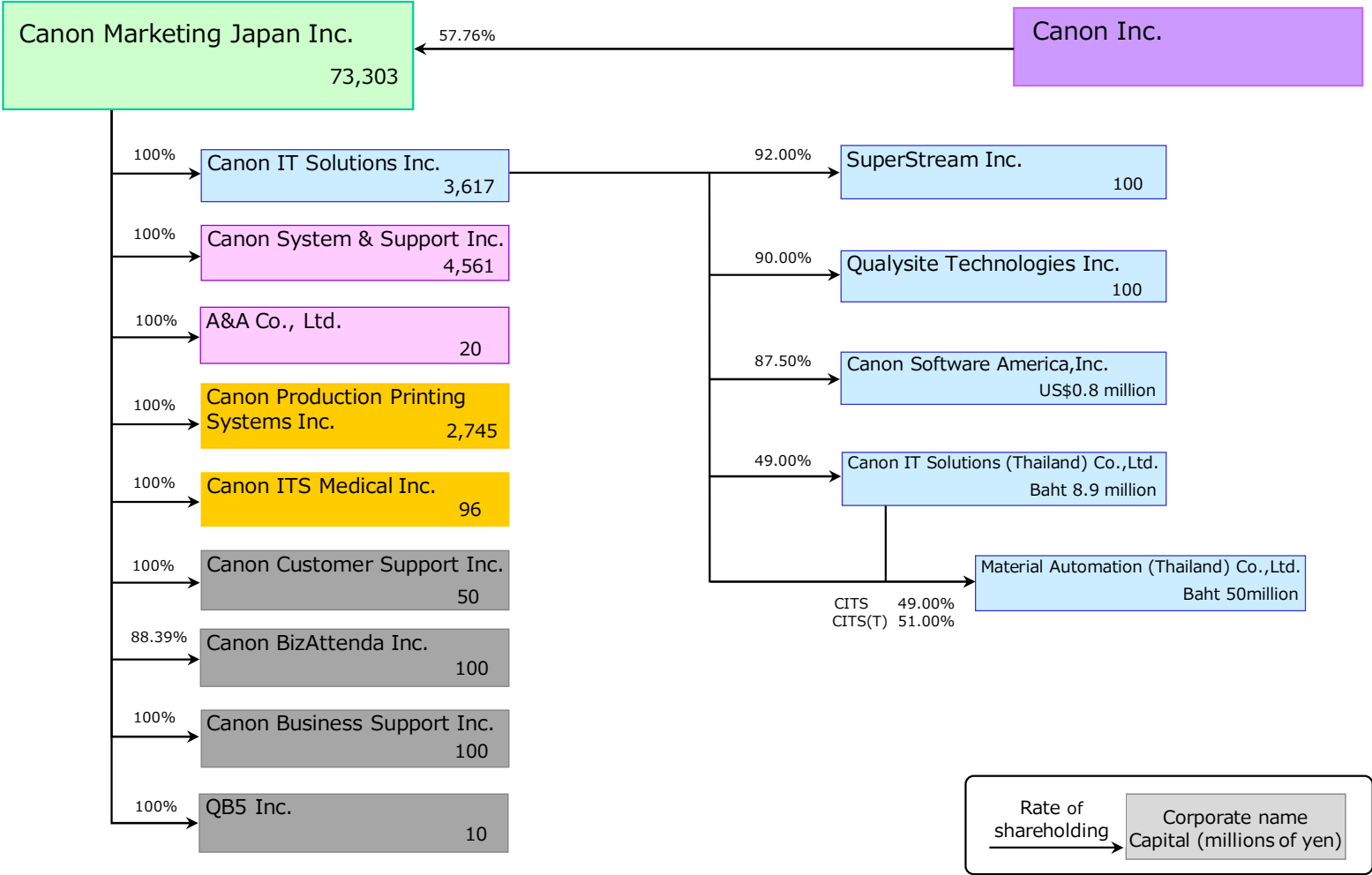
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Canon Marketing Japan Inc.

Supplementary Information

Capital Relationship Diagram



As of March 31, 2023

Results of main consolidated companies

1Q 2023 Actual
(from January 1 to March 31)



(Billions of yen)

		1Q FY2022	1Q FY2023	Changes	
				Amount	%
Enterprise					
Canon IT Solutions Inc.	Net sales	27.7	31.0	+3.4	+12%
	Op. income	3.8 (13.6%)	3.9 (12.6%)	+0.1 (-1.0%)	
Area					
Canon System & Support Inc.	Net sales	24.8	26.8	+2.0	+8%
	Op. income	1.4 (5.7%)	1.8 (6.5%)	+0.3 (+0.9%)	
Professional					
Canon Production Printing Systems Inc.	Net sales	2.3	2.0	-0.3	-15%
	Op. income	0.2 (8.4%)	0.1 (4.9%)	-0.1 (-3.5%)	

SG&A expenses

1Q 2023 Actual
(from January 1 to March 31)



(Billions of yen)

	1Q FY2022	1Q FY2023	Changes
Advertising expenses	0.8	1.0	+0.2
Promotion expenses	0.6	0.8	+0.2
Warranty expenses	0.7	0.7	+0.0
Other direct selling expenses	4.0	4.4	+0.3
Personnel expenses	22.7	22.7	+0.0
Depreciation and amortization	0.2	0.2	+0.0
Other selling expenses	6.6	7.1	+0.5
Total	35.7	36.9	+1.2

Non-operating income and expenses



(Billions of yen)

	FY2022	FY2023	Changes
	1Q	1Q	1Q
Interest income	0.1	0.1	+0.0
Dividend income	0.0	0.0	+0.0
Foreign exchange gains	-	0.0	+0.0
Other	0.1	0.1	-0.0
Total non-operating income	0.2	0.2	+0.0
Interest expense	0.0	0.0	-0.0
Loss on investments in partnership	0.1	0.0	-0.1
Foreign exchange losses	0.1	-	-0.1
Other	0.1	0.0	-0.0
Total non-operating expenses	0.3	0.1	-0.2

Extraordinary income and losses



(Billions of yen)

	FY2022	FY2023	Changes
	1Q	1Q	1Q
Gain on sales of long-lived assets	0.0	0.0	-0.0
Gain on sales of investments in securities	0.0	-	-0.0
Total extraordinary income	0.0	0.0	-0.0
Loss on sales and disposal of long-lived assets	0.0	0.0	+0.0
Loss on sales of shares of subsidiaries and associates	-	0.2	+0.2
Total extraordinary losses	0.0	0.2	+0.2

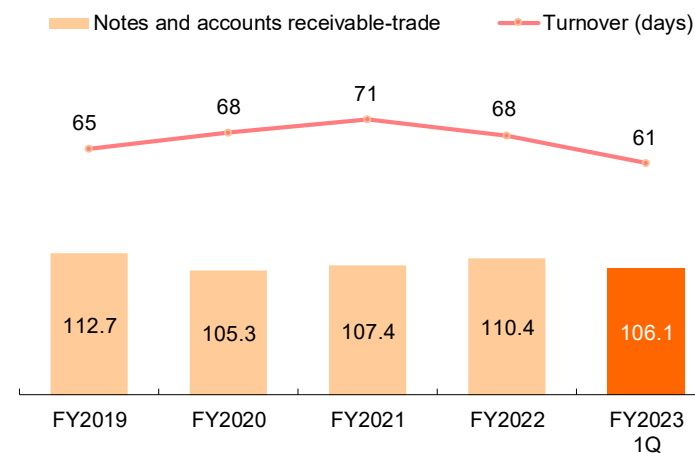
Balance Sheets



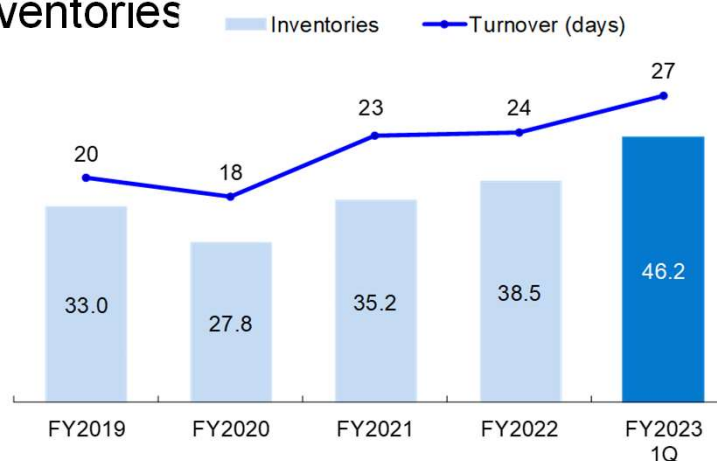
	(Billions of yen)		
	Dec. 31 2022	Mar. 31 2023	Changes
Assets	543.7	555.9	+12.2
Current assets	419.7	431.0	+11.3
Cash and deposits	84.6	92.0	+7.4
Notes and accounts receivable-trade and contract assets	110.4	106.1	-4.4
Inventories	38.5	46.2	+7.7
Other current assets	186.1	186.7	+0.6
Non-current assets	124.0	124.9	+0.9
Property, plant and equipment	85.3	85.3	+0.1
Intangible assets	6.0	6.0	-0.0
Investments and other assets	32.8	33.6	+0.9
Liabilities	143.4	151.3	+7.9
Current liabilities	108.1	116.3	+8.2
Notes and accounts payable-trade	47.4	55.8	+8.4
Other current liabilities	60.7	60.5	-0.2
Long-term liabilities	35.3	35.0	-0.3
Equity	400.3	404.6	+4.3
Stakeholders' equity	387.4	391.4	+4.0
(Treasury stock)	-2.1	-2.1	-0.0
Total accumulated other comprehensive income (loss)	12.1	12.4	+0.2
Stock acquisition rights	0	0.0	+0.0
Non-controlling interests	0.8	0.8	+0.0
Equity ratio	73%	73%	-1%

Notes and accounts receivable trade

(Billions of yen)



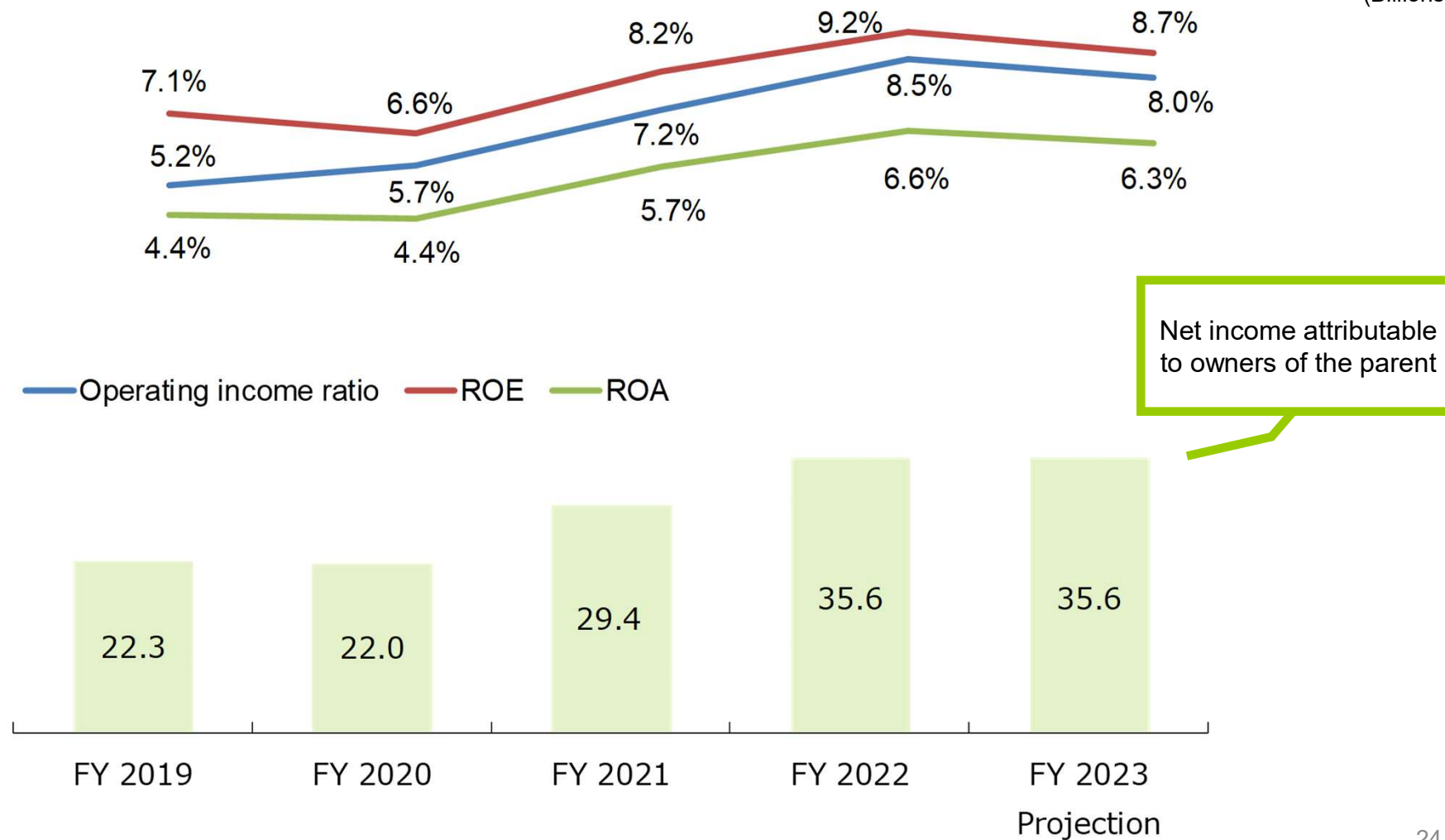
Inventories



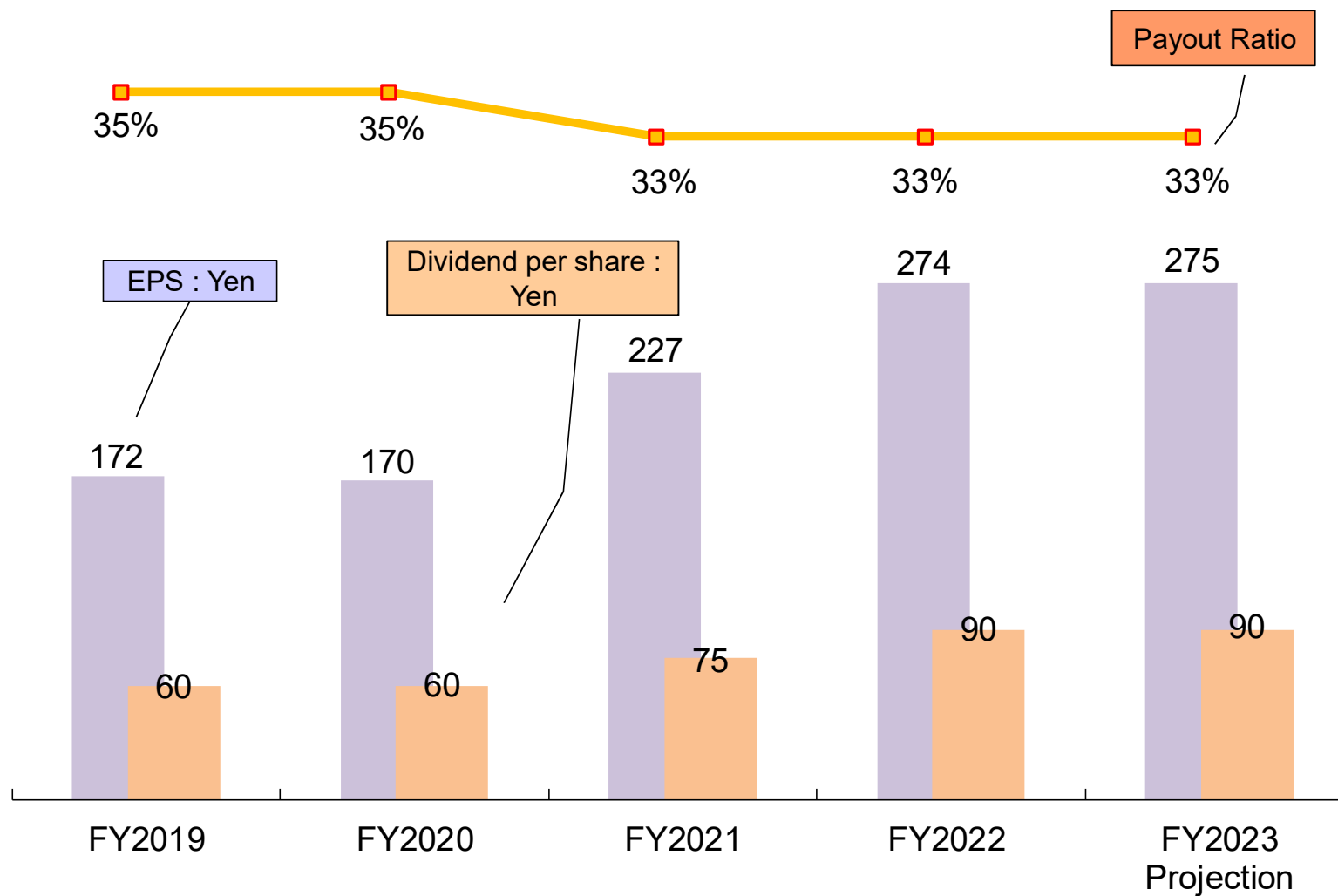
Financial Indicator



(Billions of yen)



Financial Indicator

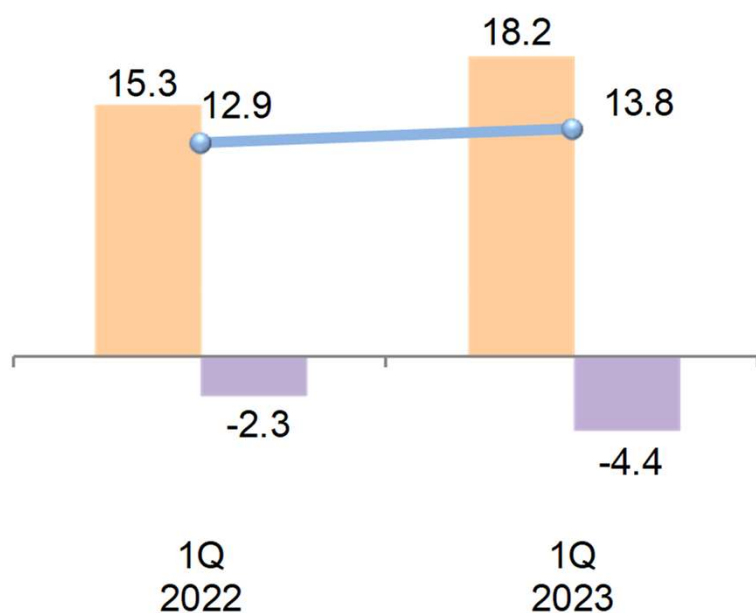


Financial Indicator



(Billions of yen)

■ Cash Flow



- Net cash provided by operating activities
- Net cash provided by investing activities
- Free Cash Flow

■ Capital Investment

	1Q Actual	2Q-4Q Projection	FY
FY 2022 Actual	1.8	7.2	9.1
FY 2023 Projection	2.4	9.9	12.3

■ Depreciation and amortization

	1Q Actual	2Q-4Q Projection	FY
FY 2022 Actual	2.5	7.1	9.6
FY 2023 Projection	2.4	7.7	10.1

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