
Canon Inc.

Third Quarter 2022 Results

October 26, 2022

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Agenda

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Key Message

(3Q 2022 Results)

- Growth in product supply leads to increase in unit sales and 7th consecutive quarter of revenue growth
- Significant increase in operating profit, even amid rise in costs, thanks to sales volume increase, yen depreciation, and price adjustment

(Billions of yen)	3Q 2022 Actual	3Q 2021 Actual	% Change
Net Sales	996.1	833.3	+19.5%
Gross Profit (% of Net Sales)	451.0 45.3%	388.0 46.6%	+16.3%
Op. Expenses (% of Net Sales)	369.6 37.1%	329.3 39.6%	
Op. Profit (% of Net Sales)	81.4 8.2%	58.7 7.0%	+38.7%
IBT	79.1	79.3	-0.3%
Net Income (% of Net Sales)	54.1 5.4%	49.3 5.9%	+9.7%
USD	138.40	110.1	
EUR	139.40	129.86	

FY 2022 Financial Results by Business Unit

(3Q 2022 Actual versus 3Q 2021 Actual)

- All Business Units achieve revenue growth. Printing, due to decline in non-hardware sales, only Business Unit to post lower profit
- Imaging and Industrial & Others post double-digit profitability

		3Q 2022 Actual	3Q 2021 Actual	% Change
Printing	Net Sales	551.5	459.2	+20.1%
	Op. Profit	40.6	60.3	-32.7%
	(%)	(7.4%)	(13.1%)	
Imaging	Net Sales	202.9	153.8	+32.0%
	Op. Profit	36.6	17.7	+106.4%
	(%)	(18.0%)	(11.5%)	
Medical	Net Sales	126.1	115.7	+9.0%
	Op. Profit	6.4	6.0	+7.5%
	(%)	(5.1%)	(5.2%)	
Industrial & Others	Net Sales	154.5	130.4	+18.5%
	Op. Profit	16.0	1.5	+986.6%
	(%)	(10.4%)	(1.1%)	
Corporate & Eliminations	Net Sales	-38.9	-25.8	-
	Op. Profit	-18.2	-26.8	-
Total	Net Sales	996.1	833.3	+19.5%
	Op. Profit	81.4	58.7	+38.7%
	(%)	(8.2%)	(7.0%)	

FY 2022 Operating Profit Analysis

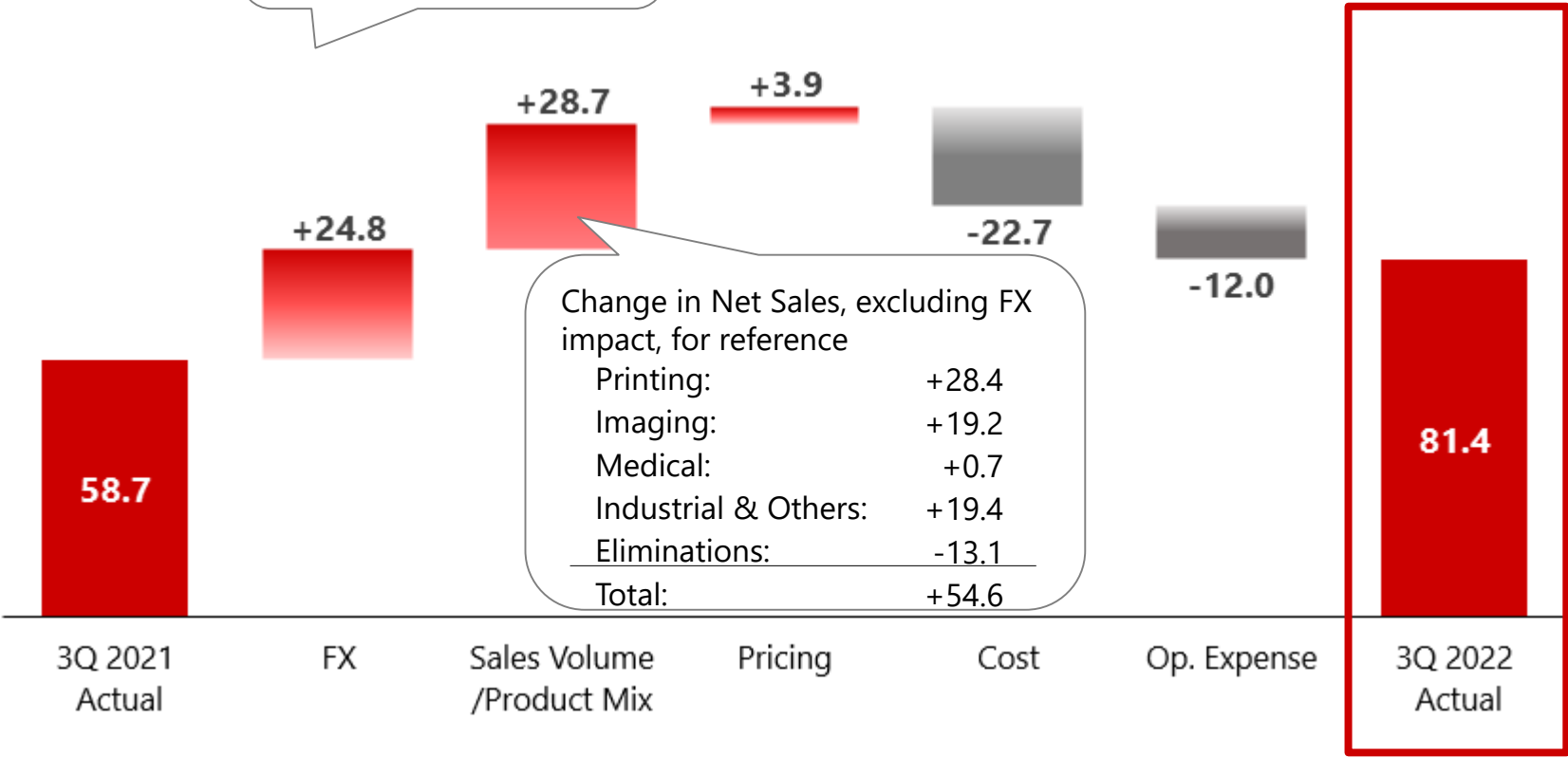
(3Q 2022 Actual versus 3Q 2021 Actual)

- FX – Positive impact due to significant yen depreciation
- Increase in product supply leads to growth in sales volume, a factor behind significant profit growth

(Billions of yen)

FX Details

Net Sales:	+104.3
Cost of Sales:	-51.2
Op. Expenses:	-28.3



Change in Net Sales, excluding FX impact, for reference

Printing:	+28.4
Imaging:	+19.2
Medical:	+0.7
Industrial & Others:	+19.4
Eliminations:	-13.1
Total:	+54.6

FY 2022 Financial Projection

(Full Year)

- Softening demand for printing due to economic slowdown, but demand in other businesses remains solid
- Significantly expand fourth-quarter sales and achieve 4.09 trillion yen for the full year
- Raised projection for operating profit to 385 billion yen (Profitability 9.4%)

(Billions of yen)	FY 2022 Current Projection	FY 2021 Actual	% Change	FY 2022 Previous Projection	Amount Change
Net Sales	4,090.0	3,513.4	+16.4%	4,080.0	+10.0
Gross Profit (% of Net Sales)	1,866.0 45.6%	1,627.8 46.3%	+14.6%	1,850.0 45.3%	+16.0
Op. Expenses (% of Net Sales)	1,481.0 36.2%	1,345.9 38.3%		1,474.0 36.1%	-7.0
Op. Profit (% of Net Sales)	385.0 9.4%	281.9 8.0%	+36.6%	376.0 9.2%	+9.0
IBT	367.0	302.7	+21.2%	378.0	-11.0
Net Income (% of Net Sales)	250.0 6.1%	214.7 6.1%	+16.4%	262.0 6.4%	-12.0
USD	133.29	109.93		128.37	
EUR	138.22	129.94		136.28	

Impact of exchange rate movement (4Q impact given a one yen change)		
	Net Sales	Op. Profit
USD	3.0 billion yen	0.9 billion yen
EUR	1.7 billion yen	0.8 billion yen

FY 2022 Financial Projection by Bus. Unit

(Full Year)

- Plan for sales and profit growth in all Business Units
- Lowered projection for Printing, but thanks to significant improvement in Imaging, raised operating profit projection for entire company

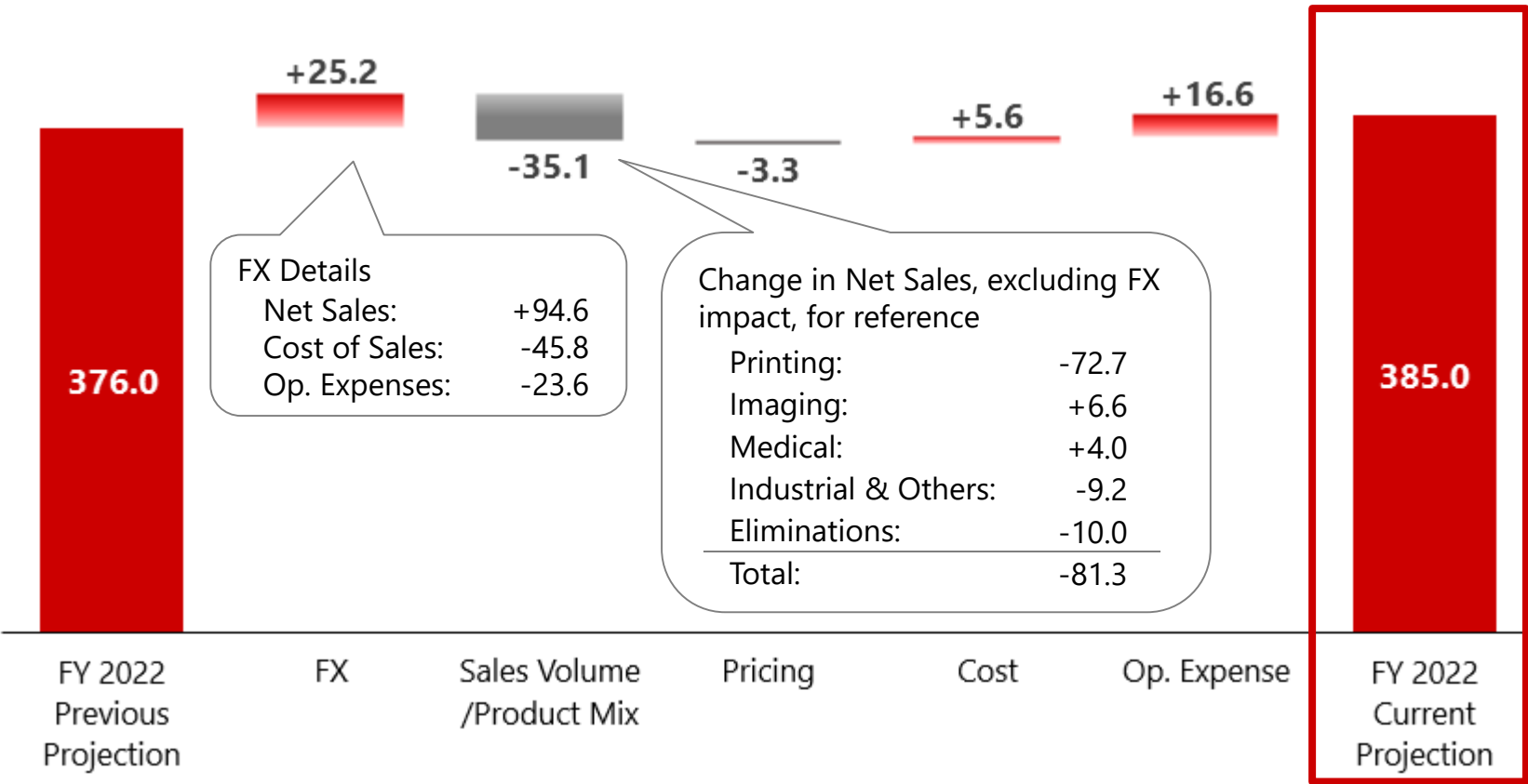
(Billions of yen)		FY 2022 Current Projection	FY 2021 Actual	% Change	FY 2022 Previous Projection	Amount Change
Printing	Net Sales	2,294.7	1,938.8	+18.4%	2,320.0	-25.3
	Op. Profit	233.7	225.7	+3.5%	251.9	-18.2
	(%)	(10.2%)	(11.6%)		(10.9%)	
Imaging	Net Sales	809.5	653.5	+23.9%	771.1	+38.4
	Op. Profit	121.6	78.7	+54.5%	98.1	+23.5
	(%)	(15.0%)	(12.0%)		(12.7%)	
Medical	Net Sales	521.9	480.4	+8.6%	509.2	+12.7
	Op. Profit	38.2	29.4	+29.8%	40.0	-1.8
	(%)	(7.3%)	(6.1%)		(7.9%)	
Industrial & Others	Net Sales	592.4	545.7	+8.5%	598.2	-5.8
	Op. Profit	58.3	44.3	+31.6%	56.8	+1.5
	(%)	(9.8%)	(8.1%)		(9.5%)	
Corporate & Eliminations	Net Sales	-128.5	-105.0	-	-118.5	-10.0
	Op. Profit	-66.8	-96.2	-	-70.8	+4.0
Total	Net Sales	4,090.0	3,513.4	+16.4%	4,080.0	+10.0
	Op. Profit	385.0	281.9	+36.6%	376.0	+9.0
	(%)	(9.4%)	(8.0%)		(9.2%)	

FY 2022 Operating Profit Analysis

(FY 2022 Current Projection versus Previous Projection)

- FX – Revised assumptions for U.S. dollar and euro, following yen depreciation
- Sales Volume – Negative impact due to lower projection for non-hardware sales
- Op. Expense – Improvement, largely thanks to lower selling related expenses

(Billions of yen)



Printing - Office

- Increased production volume in third quarter. Plan to significantly expand sales in the fourth quarter, with a focus on medium- to high-speed color models
- Print volume recovering to about 80% of pre-COVID level in fourth quarter

(Billions of yen)

	3Q			Full Year				
	2022 Actual	2021 Actual	% Change	2022 Current Projection	2021 Actual	% Change	2022 Previous Projection	Amount Change
Office	229.5	174.4	+31.6%	914.9	757.1	+20.8%	904.1	+10.8
Prosumer	229.0	215.6	+6.2%	1,023.4	892.5	+14.7%	1,069.9	-46.5
Production	93.0	69.2	+34.4%	356.4	289.2	+23.2%	346.0	+10.4
Net Sales	551.5	459.2	+20.1%	2,294.7	1,938.8	+18.4%	2,320.0	-25.3
Op. Profit (% of Net Sales)	40.6 7.4%	60.3 13.1%	-32.7%	233.7 10.2%	225.7 11.6%	+3.5%	251.9 10.9%	-18.2

Net Sales Growth Rate Y/Y (Local Currency)

	3Q 2022 Actual	FY 2022 Projection
Office	+18.7%	+11.4%
Prosumer	-6.5%	+3.4%
Production	+16.6%	+9.3%
Total	+6.6%	+7.4%

Unit Growth Rate Y/Y

	3Q 2022 Actual	FY 2022 Projection
Office MFDs	+35%	+9%



Medium- to High-speed Color MFD
imageRUNNER ADVANCE DX series C5800

Printing - Prosumer

- 3Q – Double-digit unit sales growth, but actual demand appears to be decreasing as work from home tops out
- Plan to expand printer sales in fourth quarter, and link this to consumable sales from next year

(Billions of yen)

	3Q			Full Year				
	2022 Actual	2021 Actual	% Change	2022 Current Projection	2021 Actual	% Change	2022 Previous Projection	Amount Change
Office	229.5	174.4	+31.6%	914.9	757.1	+20.8%	904.1	+10.8
Prosumer	229.0	215.6	+6.2%	1,023.4	892.5	+14.7%	1,069.9	-46.5
Production	93.0	69.2	+34.4%	356.4	289.2	+23.2%	346.0	+10.4
Net Sales	551.5	459.2	+20.1%	2,294.7	1,938.8	+18.4%	2,320.0	-25.3
Op. Profit	40.6	60.3	-32.7%	233.7	225.7	+3.5%	251.9	-18.2
(% of Net Sales)	7.4%	13.1%		10.2%	11.6%		10.9%	

Net Sales Growth Rate Y/Y (Local Currency)

	3Q 2022	FY 2022
	Actual	Projection
Office	+18.7%	+11.4%
Prosumer	-6.5%	+3.4%
Production	+16.6%	+9.3%
Total	+6.6%	+7.4%

Unit Growth Rate Y/Y

	3Q 2022	FY 2022
	Actual	Projection
LPs	+22%	+11%
IJPs	+34%	+25%



Refillable ink tank model

GX7030

Printing - Production

- Highly evaluated for productivity and from TCO perspective, orders increasing
- Effectively promote installation of large equipment in fourth quarter to advance sales

(Billions of yen)

	3Q			Full Year				
	2022 Actual	2021 Actual	% Change	2022 Current Projection	2021 Actual	% Change	2022 Previous Projection	Amount Change
Office	229.5	174.4	+31.6%	914.9	757.1	+20.8%	904.1	+10.8
Prosumer	229.0	215.6	+6.2%	1,023.4	892.5	+14.7%	1,069.9	-46.5
Production	93.0	69.2	+34.4%	356.4	289.2	+23.2%	346.0	+10.4
Net Sales	551.5	459.2	+20.1%	2,294.7	1,938.8	+18.4%	2,320.0	-25.3
Op. Profit	40.6	60.3	-32.7%	233.7	225.7	+3.5%	251.9	-18.2
(% of Net Sales)	7.4%	13.1%		10.2%	11.6%		10.9%	

Net Sales Growth Rate Y/Y (Local Currency)

	3Q 2022 Actual	FY 2022 Projection
Office	+18.7%	+11.4%
Prosumer	-6.5%	+3.4%
Production	+16.6%	+9.3%
Total	+6.6%	+7.4%



Continuous feed printer
ColorStream 8000



High-speed cut-sheet inkjet printer
varioPRINT iX series

Imaging - Cameras

- 3Q – Significant growth in revenue thanks to increase in product supply volume, and addition of new products that incorporate APS-C size sensors
- Maintain high profitability by stimulating demand through strengthening of EOS R series lineup

(Billions of yen)

	3Q			Full Year				
	2022 Actual	2021 Actual	% Change	2022 Current Projection	2021 Actual	% Change	2022 Previous Projection	Amount Change
Cameras	132.1	100.2	+31.8%	520.1	433.1	+20.1%	499.7	+20.4
Network Cameras & Others	70.8	53.6	+32.2%	289.4	220.4	+31.3%	271.4	+18.0
Net Sales	202.9	153.8	+32.0%	809.5	653.5	+23.9%	771.1	+38.4
Op. Profit	36.6	17.7	+106.4%	121.6	78.7	+54.5%	98.1	+23.5
(% of Net Sales)	18.0%	11.5%		15.0%	12.0%		12.7%	

Net Sales Growth Rate Y/Y (Local Currency)

	3Q 2022 Actual	FY 2022 Projection
Cameras	+14.6%	+6.0%
NWCs & Others	+12.5%	+14.5%
Total	+13.8%	+8.9%

Interchangeable Lens Digital Camera (DILC) Units (Millions) & Unit Growth Rate Y/Y

	3Q 2022 Actual		FY 2022 Projection	
	Units	% Change	Units	% Change
DILCs	0.73	+14%	2.80	+2%



Imaging – Network Cameras & Others

- Second consecutive quarter of double-digit revenue growth in third quarter, full year sales to exceed 200 billion yen
- Plan to expand business scale by broadening diversified product lineup

(Billions of yen)

	3Q			Full Year				
	2022 Actual	2021 Actual	% Change	2022 Current Projection	2021 Actual	% Change	2022 Previous Projection	Amount Change
Cameras	132.1	100.2	+31.8%	520.1	433.1	+20.1%	499.7	+20.4
Network Cameras & Others	70.8	53.6	+32.2%	289.4	220.4	+31.3%	271.4	+18.0
Net Sales	202.9	153.8	+32.0%	809.5	653.5	+23.9%	771.1	+38.4
Op. Profit (% of Net Sales)	36.6 18.0%	17.7 11.5%	+106.4%	121.6 15.0%	78.7 12.0%	+54.5%	98.1 12.7%	+23.5

Net Sales Growth Rate Y/Y (Local Currency)

	3Q 2022 Actual	FY 2022 Projection
Cameras	+14.6%	+6.0%
NWCs & Others	+12.5%	+14.5%
Total	+13.8%	+8.9%



AXIS M3057-PLVE Mk II



AXIS P4705-PLVE

Medical

- Orders, which were mainly for large equipment, reached record high at end of September
- Aim to exceed 500 billion yen in full-year sales by advancing production, transportation, and installation

(Billions of yen)

	3Q			Full Year				
	2022 Actual	2021 Actual	% Change	2022 Current Projection	2021 Actual	% Change	2022 Previous Projection	Amount Change
Net Sales	126.1	115.7	+9.0%	521.9	480.4	+8.6%	509.2	+12.7
Op. Profit (% of Net Sales)	6.4 5.1%	6.0 5.2%	+7.5%	38.2 7.3%	29.4 6.1%	+29.8%	40.0 7.9%	-1.8

Net Sales Growth Rate Y/Y (Local Currency)

	3Q 2022 Actual	FY 2022 Projection
Total	+0.6%	+0.9%



80 row detector CT
Aquilion Serve



GOOD DESIGN
AWARD 2022



Diagnostic Ultrasound Systems
『Aplio go/Aplio flex』

Industrial & Others - Litho. Equip./Industrial Equip.

- Decided to build new plant for semiconductor lithography equipment to meet growing demand
- Prepare for expanding demand for OLED panels

(Billions of yen)

	3Q			Full Year				
	2022 Actual	2021 Actual	% Change	2022 Current Projection	2021 Actual	% Change	2022 Previous Projection	Amount Change
Lithography Equipment	64.5	52.4	+22.9%	240.6	213.7	+12.6%	245.2	-4.6
Industrial Equipment	22.1	29.0	-23.7%	92.1	121.8	-24.4%	98.8	-6.7
Others	67.9	49.0	+38.8%	259.7	210.2	+23.5%	254.2	+5.5
Net Sales	154.5	130.4	+18.5%	592.4	545.7	+8.5%	598.2	-5.8
Op. Profit	16.0	1.5	+986.6%	58.3	44.3	+31.6%	56.8	+1.5
(% of Net Sales)	10.4%	1.1%		9.8%	8.1%		9.5%	

Net Sales Growth Rate Y/Y (Local Currency)

	3Q 2022 Actual	FY 2022 Projection
Litho. Equip.	+19.2%	+9.7%
Industrial Equip.	-24.7%	-25.8%
Total	+15.0%	+5.8%

Lithography Equipment (Units)

	3Q 2022 Actual	2Q 2021 Actual	FY 2022 Projection	FY 2021 Actual
Semiconductor	50	39	180	140
FPD	15	15	52	67



Semiconductor lithography equipment
FPA-6300ES6a

Inventory

- Increase in inventory of finished goods at end of September connected to sales expansion in fourth quarter
- Parts shortage eased, inventory held by manufacturing plants optimized by year end as production stabilizes

(Billions of yen)

		FY 2021				FY 2022		
		Mar.-end	Jun.-end	Sep.-end	Dec.-end	Mar.-end	Jun.-end	Sep.-end
Printing	Amt.	237.3	232.0	269.2	285.5	324.7	353.6	408.1
	Days	45	44	52	53	58	60	67
Imaging	Amt.	98.7	94.0	98.4	101.4	117.1	126.6	143.6
	Days	54	54	55	55	63	64	65
Medical	Amt.	99.8	101.8	108.5	109.1	120.5	129.4	137.7
	Days	75	79	87	82	89	100	103
Industrial & Others	Amt.	160.0	161.3	160.2	154.5	170.9	188.5	194.5
	Days	103	112	109	100	112	128	119
Total	Amt.	595.9	589.1	636.3	650.6	733.2	798.1	883.9
	Days	61	62	68	66	73	78	81

Cash Flow

(Full Year)

- Continue to generate over 400 billion yen in operating cash flow
- Decided to build new plant in Utsunomiya. Will continue to make growth investment a top priority

(Billions of yen)	FY 2022 Current Projection	FY 2022 Previous Projection	FY 2021 Actual	FY 2020 Actual
Net cash provided by operating activities	430.0	495.0	451.1	333.8
Net cash used in investing activities	-240.0	-240.0	-207.3	-155.4
Free cash flow	190.0	255.0	243.8	178.4
Net cash provided by (used in) financing activities	-228.9	-286.7	-267.4	-183.4
Effect of exchange rate changes on cash and cash equivalents	37.5	30.3	17.3	-0.1
Net change in cash and cash equivalents	-1.4	-1.4	-6.3	-5.1
Cash and cash equivalents at end of period	400.0	400.0	401.4	407.7
Cash-on-hand (In months of Net sales)	1.1	1.1	1.3	1.4
Capital expenditure	210.0	210.0	179.0	161.7
Depreciation and amortization	220.0	220.0	221.2	227.8

Sustainability Measures

- Under slogan of Nature Positive, undertake ecological conservation activities



Aiming for richer ecosystem "Canon Bird Branch Project"

- Develop environment where birds can easily live



Manage green spaces



Install nest boxes

- Provide opportunities to think about the "Cycle of Life"



Bird watching events



Disseminate information through HP

- Participate in 30 by 30 Alliance sponsored by Ministry of the Environment to Preserve Natural Environment and Biodiversity

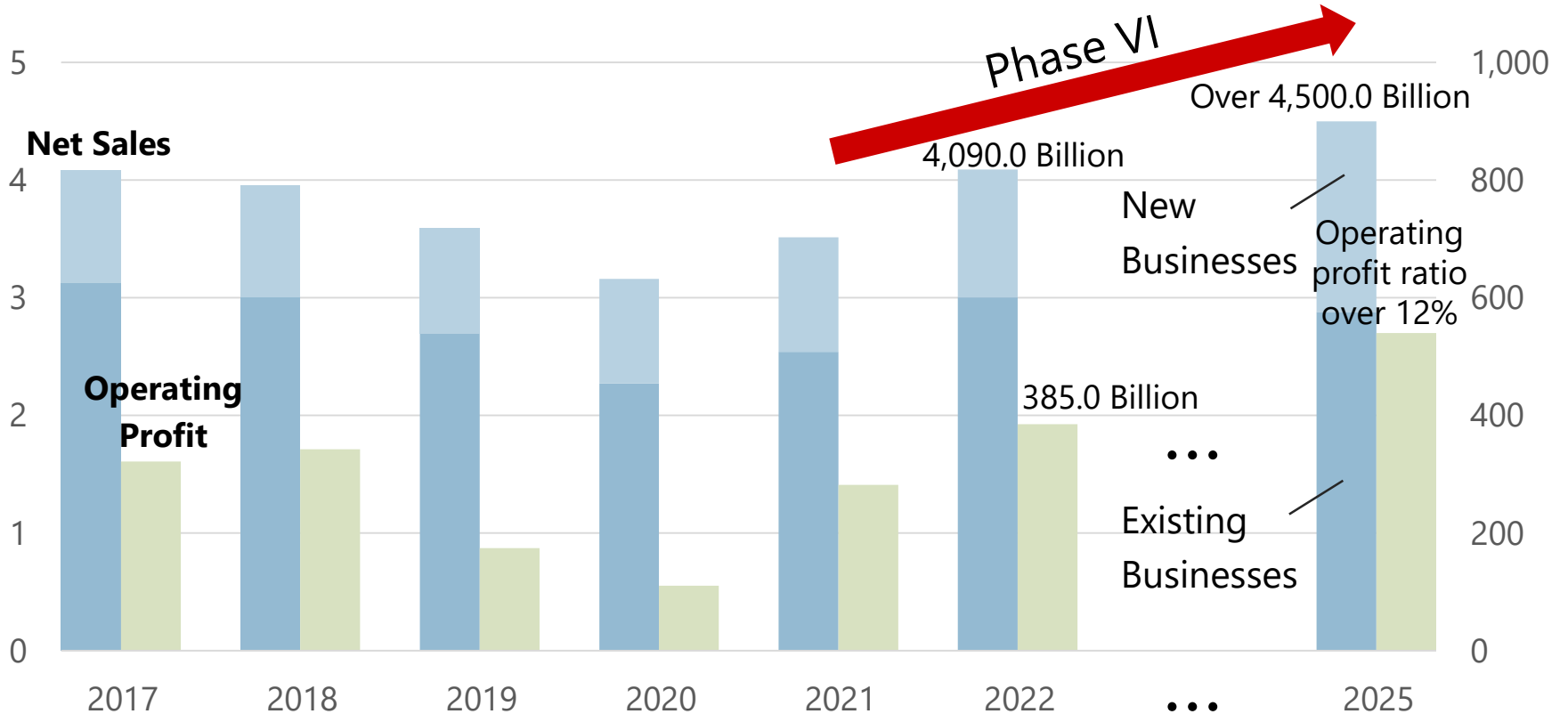


Excellent Global Corporation Plan Phase VI

- Maintained growth even under unstable business conditions, thanks to diversified business portfolio and high percentage of overseas sales and domestic production. Moving close to achieving 2025 targets

(Net Sales: Trillions of yen)

(Operating Profit: Billions of yen)



Supplementary Information

FY 2022 Operating Profit Analysis

(FY 2022 Current Projection versus FY 2021 Actual)

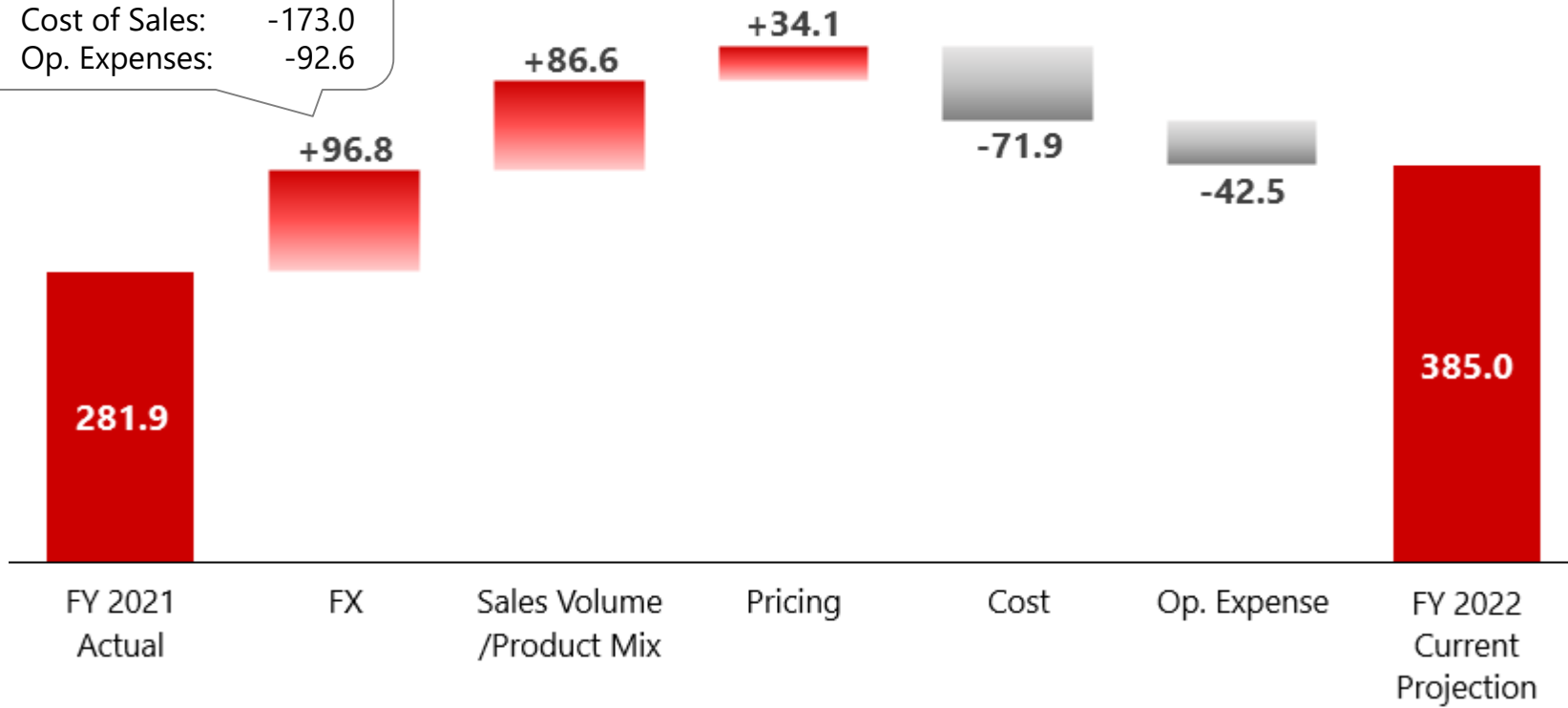
(Billions of yen)

FX Details

Net Sales:	+362.4
Cost of Sales:	-173.0
Op. Expenses:	-92.6

Change in Net Sales, excluding FX impact, for reference

Printing:	+117.0
Imaging:	+50.3
Medical:	+4.5
Industrial & Others:	+31.8
Eliminations:	-23.5
Total:	+180.1



Printing – Net Sales Growth Rate Y/Y (Hardware & Non-hardware)

			FY 2022		FY 2021	
			3Q Actual	Full Year Projection	3Q Actual	Full Year Actual
Office MFDs	JPY	Hardware	+75%	+40%	-11%	+7%
		Non-hardware	+14%	+10%	+4%	+3%
	LC	Hardware	+54%	+26%	-14%	+3%
		Non-hardware	+3%	+1%	+1%	0%
LPs	JPY	Hardware	+53%	+36%	-19%	+2%
		Non-hardware	-8%	+6%	+62%	+17%
	LC	Hardware	+32%	+21%	-21%	-1%
		Non-hardware	-18%	-3%	+58%	+14%
IJPs	JPY	Hardware	+33%	+40%	-19%	+6%
		Non-hardware	-18%	-5%	0%	-2%
	LC	Hardware	+17%	+26%	-23%	+2%
		Non-hardware	-27%	-14%	-3%	-6%
Production	JPY	Hardware	+46%	+30%	+8%	+18%
		Non-hardware	+29%	+19%	+13%	+14%
	LC	Hardware	+25%	+14%	+4%	+13%
		Non-hardware	+12%	+7%	+9%	+9%

Office/Prosumer – Net Sales by Product Category

(Billions of yen)		FY 2022		FY 2021	
		3Q Actual	Full Year Projection	3Q Actual	Full Year Actual
Office	Office MFDs	150.6	592.2	107.6	478.4
	Others	78.9	322.7	66.8	278.7
		229.5	914.9	174.4	757.1
Prosumer	LPs	151.5	655.8	137.1	563.1
	IJPs	77.5	367.6	78.5	329.4
		229.0	1,023.4	215.6	892.5

DILC Ratio & Digital Compact Camera (DCC) Units

		FY 2022		FY 2021	
		3Q Actual	Full Year Projection	3Q Actual	Full Year Actual
DILC Ratio					
	Net Sales *	93%	93%	90%	90%
	Units	89%	85%	70%	70%
	DCC Units (Millions)	0.09	0.50	0.28	1.15

* Net Sales includes interchangeable lenses

Semiconductor Lithography Equipment – Unit Breakdown by Light Source

		FY 2022		FY 2021	
		3Q Actual	Full Year Projection	3Q Actual	Full Year Actual
	KrF	11	51	10	38
	i-Line	39	129	29	102
	Total	50	180	39	140