
Canon Inc.

First Quarter 2023 Results

April 26, 2023

This presentation contains forward-looking statements with respect to future results, performance and achievements that are subject to risk and uncertainties and reflect management's views and assumptions formed by available information. All statements other than statements of historical fact are statements that could be considered forward-looking statements. When used in this document, words such as "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "project" or "should" and similar expressions, as they relate to Canon, are intended to identify forward-looking statements. Many factors could cause the actual results, performance or achievements of Canon to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in general economic and business conditions, changes in currency exchange rates and interest rates, introduction of competing products by other companies, lack of acceptance of new products or services by Canon's targeted customers, inability to meet efficiency and cost reduction objectives, changes in business strategy and various other factors, both referenced and not referenced in this presentation. A detailed description of these and other risk factors is included in Canon's annual report on Form 20-F, which is on file with the United States Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. Canon does not intend or assume any obligation to update these forward-looking statements.

Agenda

- | | |
|---|----------|
| ■ 1Q 2023 Results | P2 - 4 |
| ■ FY 2023 Projection | P5 - 7 |
| ■ Details by Business
(1Q 2023 Results & FY 2023 Projection) | P8 - 14 |
| ■ Financial Situation | P15 - 16 |
| ■ Sustainability Measures | P17 |
| ■ Excellent Global Corporation Plan Phase VI | P18 |
| ■ Supplementary Information | P19 - 21 |

Key Message

(1Q 2023 Results)

- Global economy and our markets in line with expectations
- Double-digit sales and profit growth with growth of new businesses and high profitability of existing ones

(Billions of yen)	1Q 2023 Actual	1Q 2022 Actual	% Change
Net Sales	971.1	879.4	+10.4%
Gross Profit (% of Net Sales)	454.0 46.8%	394.4 44.9%	+15.1%
Op. Expenses (% of Net Sales)	369.5 38.1%	318.3 36.2%	
Op. Profit (% of Net Sales)	84.5 8.7%	76.1 8.7%	+10.9%
IBT	87.5	67.7	+29.3%
Net Income (% of Net Sales)	56.4 5.8%	46.0 5.2%	+22.7%
USD	132.47	116.33	
EUR	142.10	130.40	

FY 2023 Financial Results by Business Unit

(1Q 2023 Actual versus 1Q 2022 Actual)

- Imaging: Major improvement in profitability thanks to significant growth in sales of new interchangeable-lens cameras and network cameras
- Medical: Sales and profit growth with progress made in installing large equipment

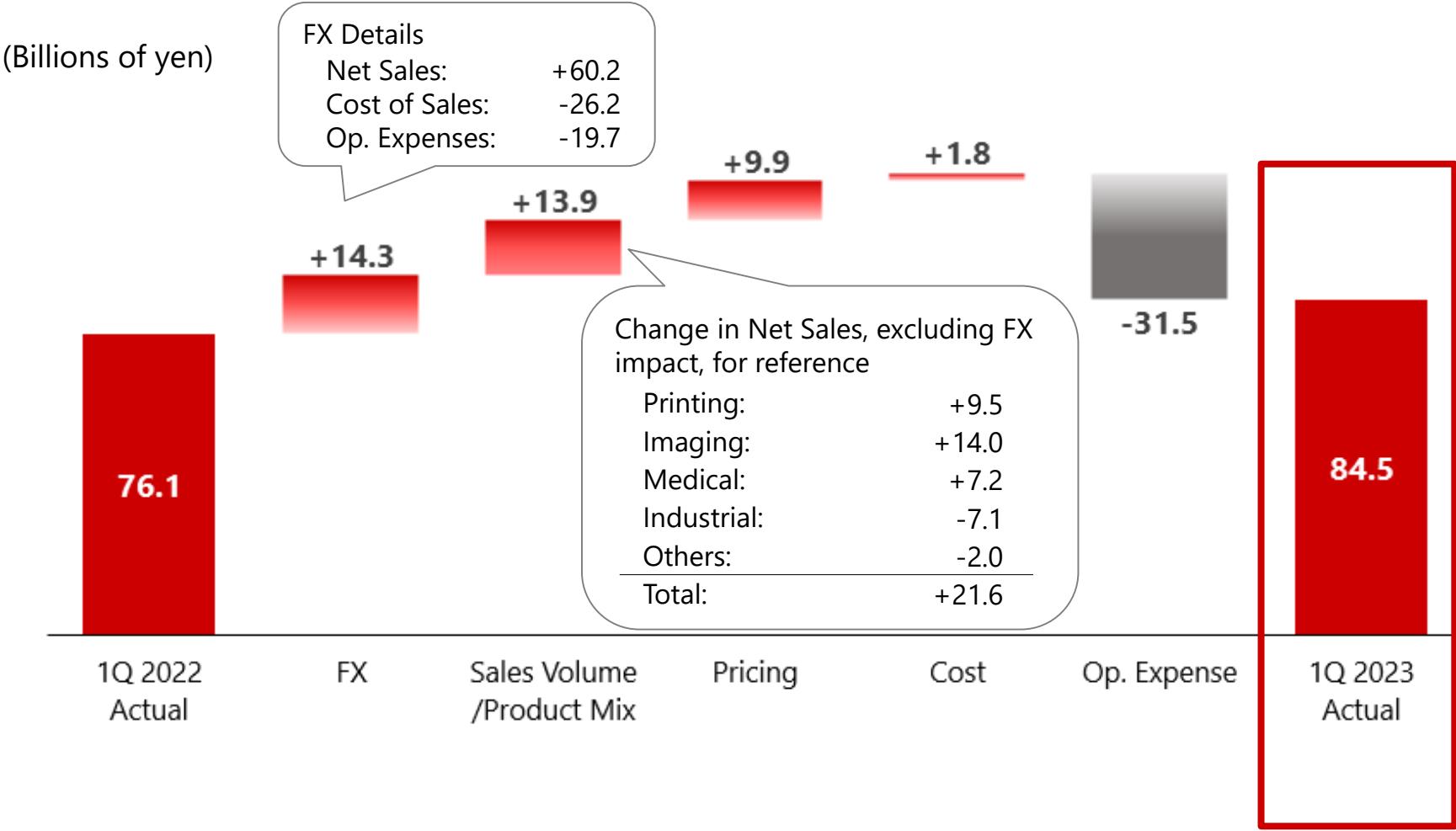
(Billions of yen)		1Q 2023 Actual	1Q 2022 Actual	% Change
Printing	Net Sales	558.2	507.2	+10.0%
	Op. Profit	50.6	52.6	-3.7%
	(%)	(9.1%)	(10.4%)	
Imaging	Net Sales	192.4	157.2	+22.4%
	Op. Profit	37.3	13.4	+178.8%
	(%)	(19.4%)	(8.5%)	
Medical	Net Sales	131.1	118.2	+10.9%
	Op. Profit	6.9	6.3	+8.8%
	(%)	(5.2%)	(5.3%)	
Industrial	Net Sales	62.1	68.5	-9.4%
	Op. Profit	7.4	12.2	-39.2%
	(%)	(12.0%)	(17.8%)	
Others & Corporate	Net Sales	50.4	48.8	+3.4%
	Op. Profit	-18.1	-8.9	-
Eliminations	Net Sales	-23.1	-20.5	-
	Op. Profit	0.4	0.5	-
Total	Net Sales	971.1	879.4	+10.4%
	Op. Profit	84.5	76.1	+10.9%
	(%)	(8.7%)	(8.7%)	

Note: From the fourth quarter ending December 31, 2022, lithography equipment and industrial equipment, businesses that were included in Industry & Others, were classified as Industrial and the other businesses were added to corporate expenses. Additionally, from 2023, a business, which was previously included in Others & Corporate, was added to Printing, and the results of 2022 were reclassified to conform to the current presentation.

FY 2023 Operating Profit Analysis

(1Q 2023 Actual versus 1Q 2022 Actual)

- Office MFDs, medical equipment, and network cameras contribute to sales volume
- Sales & marketing related expenses, accompanying sales expansion, and R&D expenses increase



FY 2023 Financial Projection (Full Year)

- Aiming for 3rd consecutive year of sales and profit growth through highly competitive products
- Raised sales and profit outlook to reflect strong performance of Imaging and restrained expenses

(Billions of yen)	FY 2023 Current Projection	FY 2022 Actual	% Change	FY 2023 Previous Projection	Amount Change
Net Sales	4,313.0	4,031.4	+7.0%	4,287.0	+26.0
Gross Profit (% of Net Sales)	1,980.0 45.9%	1,827.8 45.3%	+8.3%	1,970.0 46.0%	+10.0
Op. Expenses (% of Net Sales)	1,600.0 37.1%	1,474.4 36.5%		1,610.0 37.6%	+10.0
Op. Profit (% of Net Sales)	380.0 8.8%	353.4 8.8%	+7.5%	360.0 8.4%	+20.0
IBT	410.0	352.4	+16.3%	390.0	+20.0
Net Income (% of Net Sales)	285.0 6.6%	244.0 6.1%	+16.8%	270.0 6.3%	+15.0
USD	130.00	131.66		130.00	
EUR	140.00	138.42		140.00	

Impact of exchange rate movement
(2Q-4Q impact given a one yen change)

	Net Sales	Op. Profit
USD	9.7 billion yen	2.7 billion yen
EUR	5.1 billion yen	2.4 billion yen

FY 2023 Financial Projection by Bus. Unit (Full Year)

- Achieve sales and profit growth in all 4 business units
- Imaging: Raised sales and profit projection by 26 and 10 billion yen, respectively
- Medical: Renew record high performance

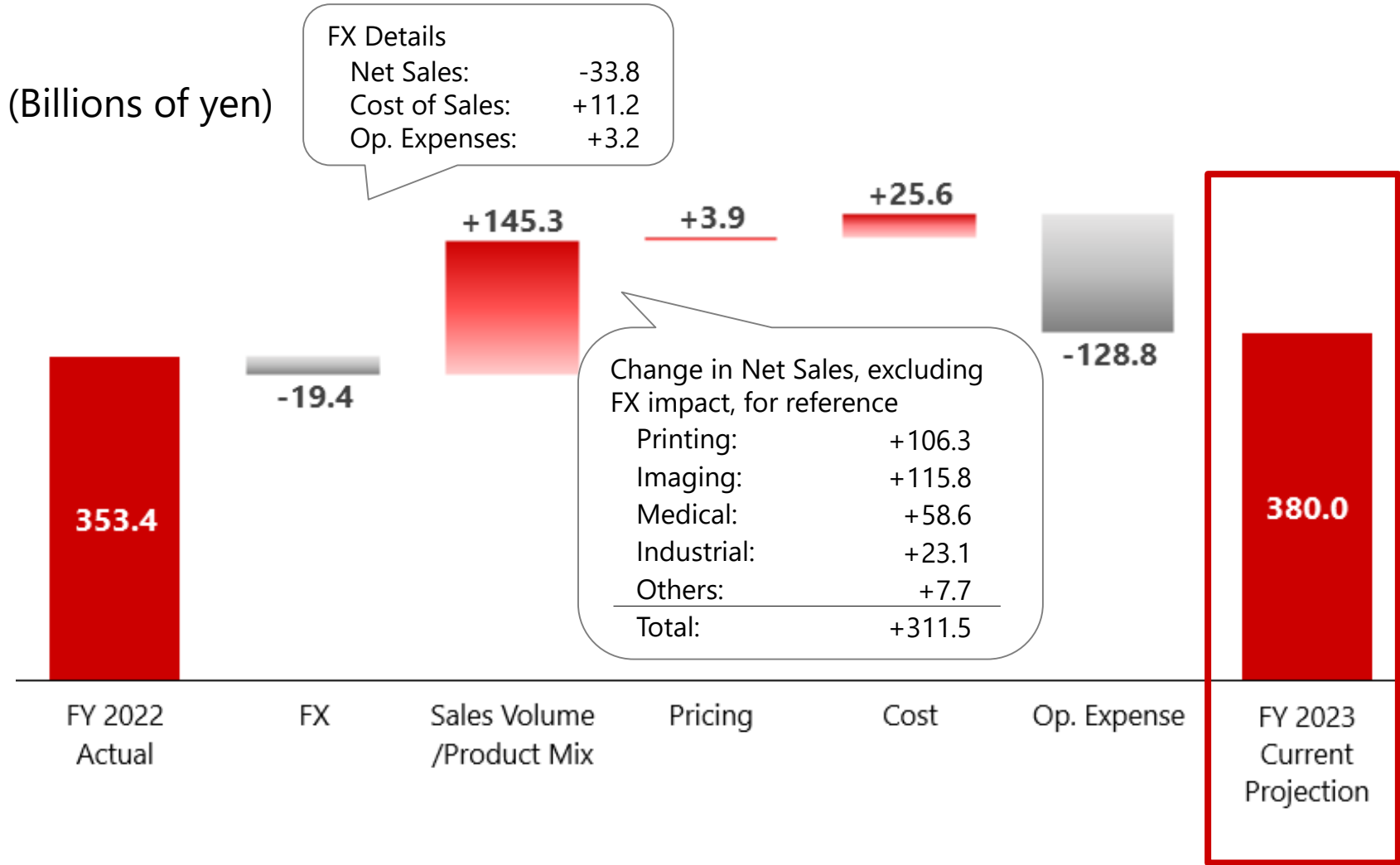
(Billions of yen)		FY 2023 Current Projection	FY 2022 Actual	% Change	FY 2023 Previous Projection	Amount Change
Printing	Net Sales	2,368.8	2,272.6	+4.2%	2,368.8	0.0
	Op. Profit	231.8	212.4	+9.1%	231.8	0.0
	(%)	(9.8%)	(9.3%)		(9.8%)	
Imaging	Net Sales	901.1	803.5	+12.1%	875.1	+26.0
	Op. Profit	138.7	126.6	+9.5%	128.7	+10.0
	(%)	(15.4%)	(15.8%)		(14.7%)	
Medical	Net Sales	570.7	513.3	+11.2%	570.7	0.0
	Op. Profit	43.4	31.0	+40.0%	43.4	0.0
	(%)	(7.6%)	(6.0%)		(7.6%)	
Industrial	Net Sales	352.0	329.2	+6.9%	352.0	0.0
	Op. Profit	61.8	58.0	+6.5%	61.8	0.0
	(%)	(17.6%)	(17.6%)		(17.6%)	
Others & Corporate	Net Sales	224.4	212.3	+5.7%	224.4	0.0
	Op. Profit	-95.0	-73.8	-	-105.0	+10.0
Eliminations	Net Sales	-104.0	-99.5	-	-104.0	0.0
	Op. Profit	-0.7	-0.8	-	-0.7	0.0
Total	Net Sales	4,313.0	4,031.4	+7.0%	4,287.0	+26.0
	Op. Profit	380.0	353.4	+7.5%	360.0	+20.0
	(%)	(8.8%)	(8.8%)		(8.4%)	

Note: From the fourth quarter ending December 31, 2022, lithography equipment and industrial equipment, businesses that were included in Industry & Others, were classified as Industrial and the other businesses were added to corporate expenses. Additionally, from 2023, a business, which was previously included in Others & Corporate, was added to Printing, and the results of 2022 were reclassified to conform to the current presentation.

FY 2023 Operating Profit Analysis

(FY 2023 Current Projection versus FY 2022 Actual)

- Sales Volume: Higher profit with sales growth in all four business units
- Op. Expense: Sales growth and R&D to expand performance



Printing - Office

- 1Q: Significant increase in unit sales thanks to recovery in product supply volume
- Aiming to expand market share, leveraging strength of broad printing equipment lineup

(Billions of yen)

	1Q			Full Year				
	2023 Actual	2022 Actual	% Change	2023 Current Projection	2022 Actual	% Change	2023 Previous Projection	Amount Change
Office	233.3	194.0	+20.2%	961.1	888.9	+8.1%	961.1	0.0
Prosumer	237.9	239.9	-0.8%	1,029.8	1,021.3	+0.8%	1,029.8	0.0
Production	87.0	73.3	+18.7%	377.9	362.4	+4.3%	377.9	0.0
Net Sales	558.2	507.2	+10.0%	2,368.8	2,272.6	+4.2%	2,368.8	0.0
Op. Profit (% of Net Sales)	50.6 9.1%	52.6 10.4%	-3.7%	231.8 9.8%	212.4 9.3%	+9.1%	231.8 9.8%	0.0

Net Sales Growth Rate Y/Y (Local Currency)

	1Q 2023 Actual	FY 2023 Projection
Office	+12.8%	+8.4%
Prosumer	-6.3%	+2.5%
Production	+7.6%	+4.8%
Total	+3.0%	+5.2%

Unit Growth Rate Y/Y

	1Q 2023 Actual	FY 2023 Projection
Office MFDs	+28%	+7%



imageRUNNER ADVANCE DX series
C5800

Note: From 2023, a business, which was previously included in Others & Corporate and Office, was added to Prosumer, and the results of 2022 were reclassified to conform to the current presentation.

Printing - Prosumer

- Laser: Work to expand sales of medium- to high-speed A4 color printers
- Inkjet: Expand share through enhanced lineup of refillable ink tank models

(Billions of yen)

	1Q			Full Year				
	2023 Actual	2022 Actual	% Change	2023 Current Projection	2022 Actual	% Change	2023 Previous Projection	Amount Change
Office	233.3	194.0	+20.2%	961.1	888.9	+8.1%	961.1	0.0
Prosumer	237.9	239.9	-0.8%	1,029.8	1,021.3	+0.8%	1,029.8	0.0
Production	87.0	73.3	+18.7%	377.9	362.4	+4.3%	377.9	0.0
Net Sales	558.2	507.2	+10.0%	2,368.8	2,272.6	+4.2%	2,368.8	0.0
Op. Profit (% of Net Sales)	50.6 9.1%	52.6 10.4%	-3.7%	231.8 9.8%	212.4 9.3%	+9.1%	231.8 9.8%	0.0

Net Sales Growth Rate Y/Y (Local Currency)

	1Q 2023 Actual	FY 2023 Projection
Office	+12.8%	+8.4%
Prosumer	-6.3%	+2.5%
Production	+7.6%	+4.8%
Total	+3.0%	+5.2%

Unit Growth Rate Y/Y

	1Q 2023 Actual	FY 2023 Projection
LPs	-24%	-5%
IJPs	-18%	+10%



Refillable ink tank model

G3370

Note: From 2023, a business, which was previously included in Others & Corporate and Office, was added to Prosumer, and the results of 2022 were reclassified to conform to the current presentation.

Printing - Production

- 1Q: 8th consecutive quarter of sales growth with enhanced product lineup
- Stable growth through increased sales of consumables, driven by expanded sales of graphic arts-oriented equipment

(Billions of yen)

	1Q			Full Year				
	2023 Actual	2022 Actual	% Change	2023 Current Projection	2022 Actual	% Change	2023 Previous Projection	Amount Change
Office	233.3	194.0	+20.2%	961.1	888.9	+8.1%	961.1	0.0
Prosumer	237.9	239.9	-0.8%	1,029.8	1,021.3	+0.8%	1,029.8	0.0
Production	87.0	73.3	+18.7%	377.9	362.4	+4.3%	377.9	0.0
Net Sales	558.2	507.2	+10.0%	2,368.8	2,272.6	+4.2%	2,368.8	0.0
Op. Profit (% of Net Sales)	50.6 9.1%	52.6 10.4%	-3.7%	231.8 9.8%	212.4 9.3%	+9.1%	231.8 9.8%	0.0

Net Sales Growth Rate Y/Y (Local Currency)

	1Q 2023 Actual	FY 2023 Projection
Office	+12.8%	+8.4%
Prosumer	-6.3%	+2.5%
Production	+7.6%	+4.8%
Total	+3.0%	+5.2%



Large format graphics printer
Colorado M-series

Note: From 2023, a business, which was previously included in Others & Corporate and Office, was added to Prosumer, and the results of 2022 were reclassified to conform to the current presentation.

Imaging - Cameras

- 1Q: Improved product mix through new mirrorless cameras, raised full-year sales projection
- Expand user base through launch of first entry-class EOS R series camera

(Billions of yen)

	1Q			Full Year				
	2023 Actual	2022 Actual	% Change	2023 Current Projection	2022 Actual	% Change	2023 Previous Projection	Amount Change
Cameras	110.0	101.5	+8.5%	560.6	509.7	+10.0%	544.6	+16.0
Network Cameras & Others	82.4	55.7	+47.8%	340.5	293.8	+15.9%	330.5	+10.0
Net Sales	192.4	157.2	+22.4%	901.1	803.5	+12.1%	875.1	+26.0
Op. Profit (% of Net Sales)	37.3 19.4%	13.4 8.5%	+178.8%	138.7 15.4%	126.6 15.8%	+9.5%	128.7 14.7%	+10.0

Net Sales Growth Rate Y/Y (Local Currency)

	1Q 2023 Actual	FY 2023 Projection
Cameras	-0.4%	+12.0%
NWCs & Others	+32.9%	+16.2%
Total	+11.4%	+13.5%

Digital Interchangeable Lens Cameras (DILCs) Units (Millions) & Unit Growth Rate Y/Y

	1Q 2023 Actual		FY 2023 Projection	
	Units	% Change	Units	% Change
DILCs	0.56	-6%	2.90	+1%



EOS R System Cameras

Compact and lightweight EOS R50

Imaging – Network Cameras & Others

- 1Q: Achieved high network camera sales, second only to fourth quarter of last year
- Working to establish new businesses based on SPAD sensors, volumetric video etc.

(Billions of yen)

	1Q			Full Year				
	2023 Actual	2022 Actual	% Change	2023 Current Projection	2022 Actual	% Change	2023 Previous Projection	Amount Change
Cameras	110.0	101.5	+8.5%	560.6	509.7	+10.0%	544.6	+16.0
Network Cameras & Others	82.4	55.7	+47.8%	340.5	293.8	+15.9%	330.5	+10.0
Net Sales	192.4	157.2	+22.4%	901.1	803.5	+12.1%	875.1	+26.0
Op. Profit (% of Net Sales)	37.3 19.4%	13.4 8.5%	+178.8%	138.7 15.4%	126.6 15.8%	+9.5%	128.7 14.7%	+10.0

Net Sales Growth Rate Y/Y (Local Currency)

	1Q 2023 Actual	FY 2023 Projection
Cameras	-0.4%	+12.0%
NWCs & Others	+32.9%	+16.2%
Total	+11.4%	+13.5%



Ultrahigh-sensitivity camera (M-500) with SPAD sensor



Image captured via volumetric video system

Medical

- 1Q: Sales up double-digit rate as planned, thanks to steady progress made in production and installation
- Working to raise profitability, expanding sales, particularly in the United States, where sales capabilities have been strengthened

(Billions of yen)

	1Q			Full Year				
	2023 Actual	2022 Actual	% Change	2023 Current Projection	2022 Actual	% Change	2023 Previous Projection	Amount Change
Net Sales	131.1	118.2	+10.9%	570.7	513.3	+11.2%	570.7	0.0
Op. Profit (% of Net Sales)	6.9 5.2%	6.3 5.3%	+8.8%	43.4 7.6%	31.0 6.0%	+40.0%	43.4 7.6%	0.0

**Net Sales Growth Rate Y/Y
(Local Currency)**

	1Q 2023 Actual	FY 2023 Projection
Total	+6.1%	+11.4%

MRI



AiCE* & high-speed imaging technology

Vantage Galan 3T Focus Edition

*Image reconstruction technology that uses deep learning

Industrial – Optical & Industrial Equip.

- Semiconductor lithography equipment: Planning to sell 195 units by increasing production capacity
- Panel manufacturing equipment: Preparing for period of expansion from 2024

(Billions of yen)

	1Q			Full Year				
	2023 Actual	2022 Actual	% Change	2023 Current Projection	2022 Actual	% Change	2023 Previous Projection	Amount Change
Optical Equipment	40.0	48.8	-17.9%	229.2	240.4	-4.7%	229.2	0.0
Industrial Equipment	22.1	19.7	+11.8%	122.8	88.8	+38.3%	122.8	0.0
Net Sales	62.1	68.5	-9.4%	352.0	329.2	+6.9%	352.0	0.0
Op. Profit	7.4	12.2	-39.2%	61.8	58.0	+6.5%	61.8	0.0
(% of Net Sales)	12.0%	17.8%		17.6%	17.6%		17.6%	

Net Sales Growth Rate Y/Y (Local Currency)

	1Q 2023 Actual	FY 2023 Projection
Opt. Equip.	-19.1%	-4.6%
Industrial Equip.	+11.4%	+38.5%
Total	-10.4%	+7.0%

Lithography Equipment (Units)

	1Q 2023 Actual	1Q 2022 Actual	FY 2023 Projection	FY 2022 Actual
Semiconductor	29	29	195	176
FPD	8	13	33	51



Semiconductor lithography equipment
FPA-5550iX

Inventory

- Inventory of finished goods at the end of March raised to address sales expansion from April
- Revised policy for parts and raw materials, moving towards reduction from second quarter

(Billions of yen)

		FY 2022				FY 2023
		Mar.-end	Jun.-end	Sep.-end	Dec.-end	Mar.-end
Printing	Amt.	324.7	353.6	408.1	366.8	372.5
	Days	58	60	67	56	57
Imaging	Amt.	117.1	126.6	143.6	137.6	163.6
	Days	63	64	65	56	69
Medical	Amt.	120.5	129.4	137.7	128.3	136.3
	Days	89	100	103	85	88
Industrial	Amt.	117.8	133.8	137.4	124.0	133.0
	Days	131	166	152	124	154
Others & Corporate	Amt.	53.1	54.7	57.1	51.6	53.4
Total	Amt.	733.2	798.1	883.9	808.3	858.8
	Days	73	78	81	69	74

Cash Flow

(Full Year)

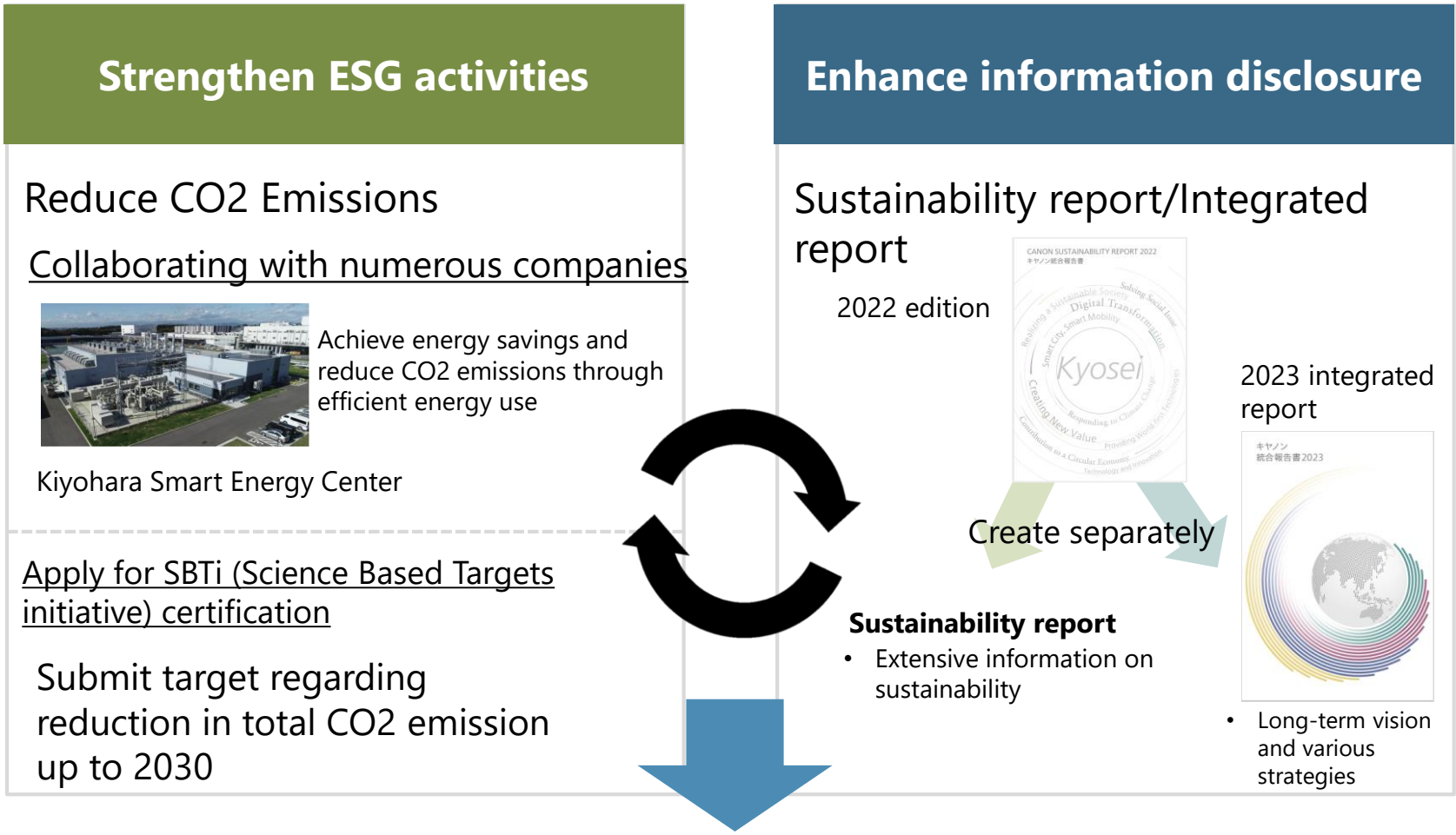
- Over 600 billion yen in operating cash flow and approximately 250 billion yen in investment cash flow
- Repay debt and proactively return profits to shareholders, targeting payout ratio of 50%

(Billions of yen)	2023 Current Projection	2023 Previous Projection	FY 2022 Actual	FY 2021 Actual
Net cash provided by operating activities	626.0	611.0	262.6	451.0
Net cash used in investing activities	-250.0	-235.0	-180.8	-207.2
Free cash flow	376.0	376.0	81.8	243.8
Net cash provided by (used in) financing activities	-379.1	-379.1	-146.8	-267.4
Effect of exchange rate changes on cash and cash equivalents	-1.0	-1.0	25.7	17.3
Net change in cash and cash equivalents	-4.1	-4.1	-39.3	-6.3
Cash and cash equivalents at end of period	358.0	358.0	362.1	401.4
Cash-on-hand (In months of Net sales) (See note below)	1.0	1.0	1.0	1.3
Capital expenditure	240.0	240.0	183.3	179.0
Depreciation and amortization	240.0	240.0	226.5	221.2

Note: Figures for 2021 and 2022 calculated using second half net sales. 2023 figure based on net sales for full year.

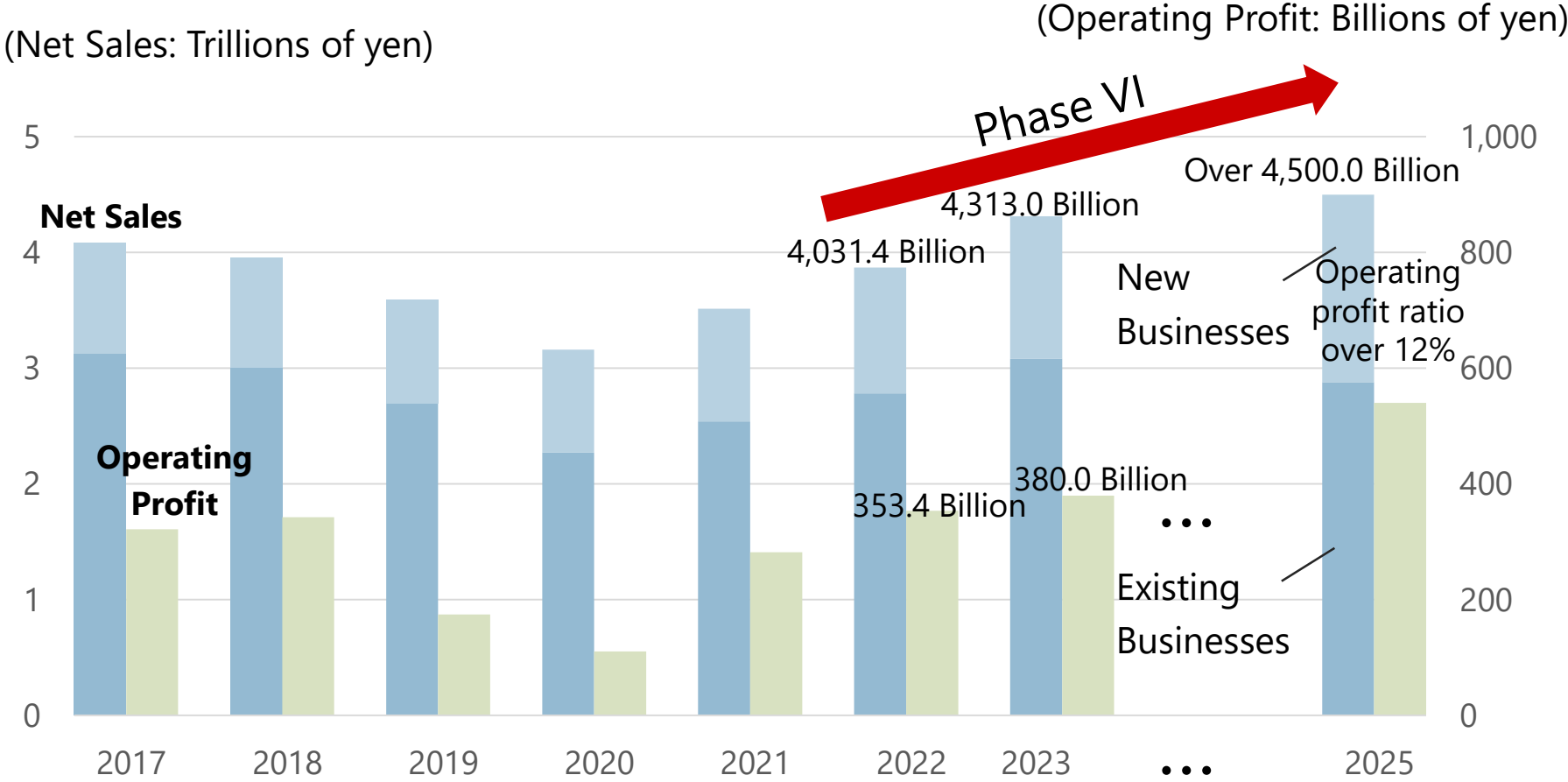
Sustainability measures

- Aiming to sustainably raise corporate value by strengthening ESG activities and enhancing information disclosure



Excellent Global Corporation Plan Phase VI

- Third consecutive year of sales and profit growth, linked to achievement of 2025 performance targets

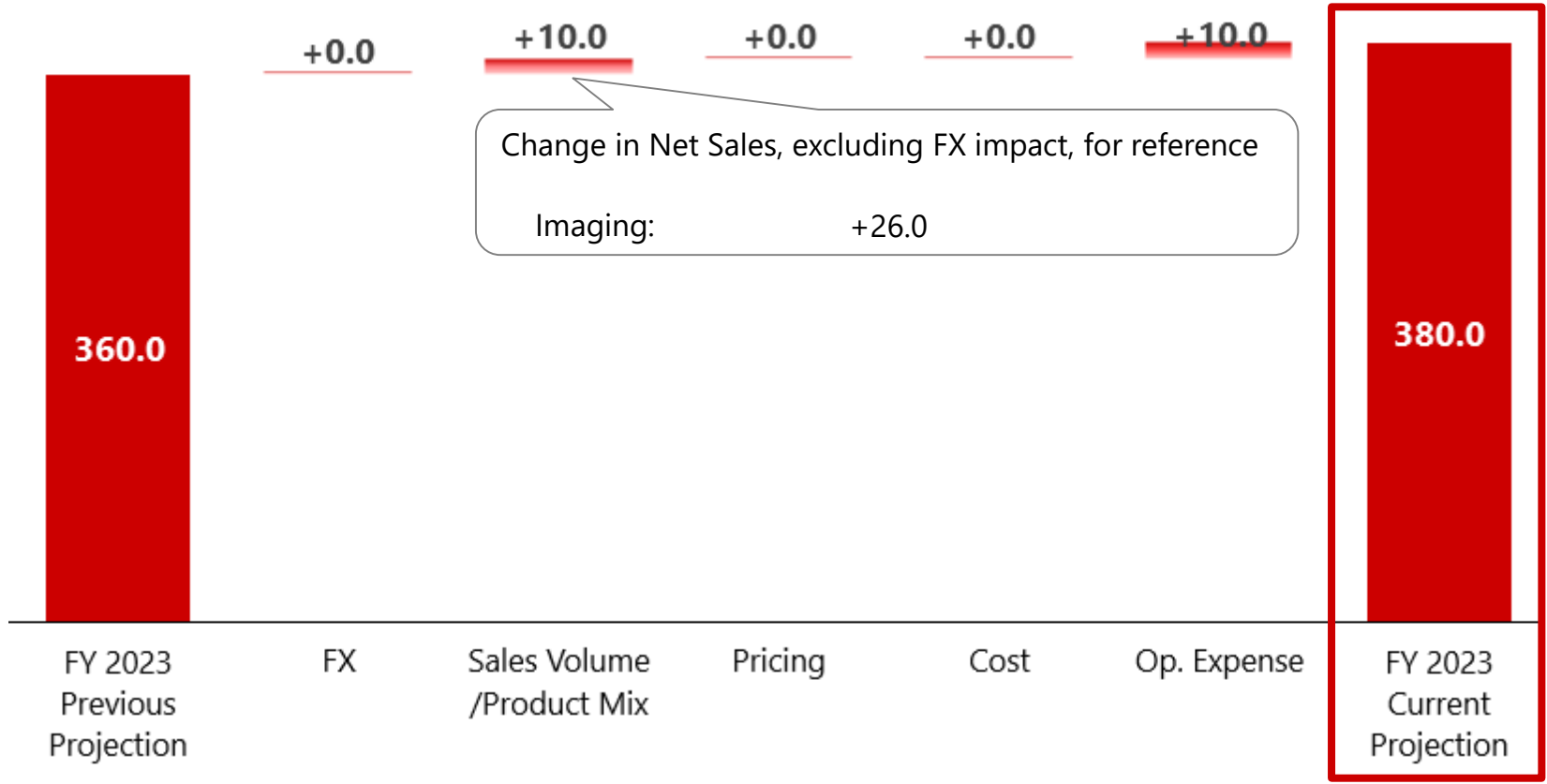


Supplementary Information

FY 2023 Operating Profit Analysis

(FY 2023 Current Projection versus Previous Projection)

(Billions of yen)



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

			FY 2023			FY 2022	
			1Q Actual	Full Year Current Projection	Full Year Previous Projection	1Q Actual	Full Year Actual
Office MFDs	JPY	Hardware	+39%	+11%	+11%	-4%	+30%
		Non-hardware	+12%	+5%	+5%	+6%	+10%
	LC	Hardware	+27%	+12%	+12%	-9%	+17%
		Non-hardware	+4%	+5%	+5%	+3%	+2%
LPs	JPY	Hardware	+15%	+2%	+2%	+7%	+34%
		Non-hardware	-7%	-5%	-5%	+11%	+6%
	LC	Hardware	+8%	+5%	+5%	+2%	+19%
		Non-hardware	-10%	-3%	-3%	+7%	-2%
IJPs	JPY	Hardware	-9%	+9%	+9%	+24%	+34%
		Non-hardware	+2%	+3%	+3%	-9%	-7%
	LC	Hardware	-16%	+10%	+10%	+17%	+21%
		Non-hardware	-7%	+3%	+3%	-13%	-15%
Production	JPY	Hardware	+19%	+11%	+11%	+17%	+30%
		Non-hardware	+18%	0%	0%	+15%	+23%
	LC	Hardware	+8%	+12%	+12%	+11%	+15%
		Non-hardware	+8%	+1%	+1%	+9%	+10%

Note: From 2023, a business, which was previously included in Others & Corporate and Office MFDs, was added to IJPs, and the results of 2022 were reclassified to conform to the current presentation.

Office/Prosumer - Net Sales by Product Category

(Billions of yen)

		FY 2023		FY 2022	
		1Q Actual	Full Year Projection	1Q Actual	Full Year Actual
Office	Office MFDs	143.7	614.4	116.3	567.8
	Others	89.6	346.7	77.7	321.1
		233.3	961.1	194.0	888.9
Prosumer	LPs	151.1	638.4	150.2	651.2
	IJPs	86.8	391.4	89.7	370.1
		237.9	1,029.8	239.9	1,021.3

Semiconductor Lithography Equipment – Unit Breakdown by Light Source (Units)

	FY 2023		FY 2022	
	1Q Actual	Full Year Projection	1Q Actual	Full Year Actual
KrF	8	59	9	51
i-Line	21	136	20	125
Total	29	195	29	176

Note: From 2023, a business, which was previously included in Others & Corporate and Office MFDs, was added to IJPs, and the results of 2022 were reclassified to conform to the current presentation.