

Canon
Canon Electronics Inc.

Annual Report 2019(Unaudited)

Consolidated Financial Highlights

Millions of yen
(Amounts less than one million yen are truncated)

	FY2018 (from January 1, 2018 to December 31, 2018)	FY2019 (from January 1, 2019 to December 31, 2019)
Net sales		
Component	51,075	48,366
Electronic Information Appliance	29,488	29,930
Other	10,203	10,861
Total	90,767	89,158
Profit attributable to owners of parent	7,106	6,116

	FY2018 (from January 1, 2018 to December 31, 2018)	FY2019 (from January 1, 2019 to December 31, 2019)
Basic earnings per share	174.12 yen	149.82yen
Diluted earnings per share	—	—

Millions of yen
(Amounts less than one million yen are truncated)

	As of December 31, 2018	As of December 31, 2019
Total assets	112,997	115,237
Net assets	91,591	95,348

Consolidated Balance Sheets

Millions of yen
(Amounts less than one million yen are truncated)

	As of December 31, 2018	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	19,043	21,282
Notes and accounts receivable - trade	23,328	23,140
Lease investment assets	270	654
Merchandise and finished goods	1,292	1,270
Work in process	4,099	4,216
Raw materials and supplies	103	177
Short-term loans receivable	25,000	23,000
Other	1,797	1,918
Allowance for doubtful accounts	-	△0
Total current assets	<u>74,934</u>	<u>75,660</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	31,988	32,602
Accumulated depreciation	△21,063	△21,846
Buildings and structures, net	<u>10,925</u>	<u>10,755</u>
Machinery, equipment and vehicles	22,012	22,626
Accumulated depreciation	△19,521	△19,623
Machinery, equipment and vehicles, net	<u>2,491</u>	<u>3,003</u>
Tools, furniture and fixtures	18,611	18,199
Accumulated depreciation	△15,519	△15,198
Tools, furniture and fixtures, net	<u>3,091</u>	<u>3,001</u>
Land	15,094	15,907
Leased assets	6	30
Accumulated depreciation	△4	△15
Leased assets, net	<u>2</u>	<u>15</u>
Construction in progress	621	1,003
Total property, plant and equipment	<u>32,226</u>	<u>33,686</u>
Intangible assets	<u>1,589</u>	<u>1,696</u>
Investments and other assets		
Investment securities	1,421	1,895
Deferred tax assets	2,150	1,550
Other	674	748
Allowance for doubtful accounts	△0	△0
Total investments and other assets	<u>4,246</u>	<u>4,194</u>
Total non-current assets	<u>38,062</u>	<u>39,577</u>
Total assets	<u>112,997</u>	<u>115,237</u>

Consolidated Balance Sheets

	Millions of yen	
	(Amounts less than one million yen are truncated)	
	As of December 31, 2018	As of December 31, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	11,473	10,637
Electronically recorded obligations - operating	544	563
Lease obligations	92	212
Accrued expenses	1,384	1,335
Income taxes payable	1,436	1,081
Provision for bonuses	378	488
Provision for bonuses for directors (and other officers)	29	26
Provision for loss on order received	264	23
Other	1,402	2,335
Total current liabilities	<u>17,008</u>	<u>16,707</u>
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	221	221
Retirement benefit liability	3,970	2,480
Deferred tax liabilities	30	24
Other	175	455
Total non-current liabilities	<u>4,398</u>	<u>3,181</u>
Total liabilities	<u>21,406</u>	<u>19,889</u>
Net assets		
Shareholders' equity		
Capital stock	4,969	4,969
Capital surplus	9,602	9,602
Retained earnings	80,361	83,185
Treasury shares	<u>△2,582</u>	<u>△2,547</u>
Total shareholders' equity	<u>92,350</u>	<u>95,210</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	262	352
Foreign currency translation adjustment	413	337
Remeasurements of defined benefit plans	<u>△2,858</u>	<u>△1,718</u>
Total accumulated other comprehensive income	<u>△2,181</u>	<u>△1,028</u>
Non-controlling interests	<u>1,421</u>	<u>1,166</u>
Total net assets	<u>91,591</u>	<u>95,348</u>
Total liabilities and net assets	<u>112,997</u>	<u>115,237</u>

Consolidated Statements of Income

Millions of yen

(Amounts less than one million yen are truncated)

	FY2018 (from January 1, 2018 to December 31, 2018)	FY2019 (from January 1, 2019 to December 31, 2019)
Net sales	90,767	89,158
Cost of sales	70,345	70,291
Gross profit	20,422	18,866
Selling, general and administrative expenses	10,916	10,785
Operating profit	9,505	8,081
Non-operating income		
Interest and dividend income	78	92
Subsidy income	26	16
Other	51	36
Total non-operating income	155	144
Non-operating expenses		
Foreign exchange losses	152	143
Other	6	9
Total non-operating expenses	159	152
Ordinary profit	9,502	8,073
Extraordinary income		
Gain on sales of non-current assets	16	13
Gain on sales of shares of subsidiaries	75	-
Gain on sales of investment securities	8	0
Total extraordinary income	100	13
Extraordinary losses		
Loss on sales and retirement of non-current assets	15	11
Special retirement expenses	-	109
Total extraordinary losses	15	120
Profit before income taxes	9,587	7,965
Income taxes - current	2,373	2,023
Income taxes - deferred	172	80
Total income taxes	2,546	2,104
Profit	7,041	5,861
Loss attributable to non-controlling interests	△65	△255
Profit attributable to owners of parent	7,106	6,116

Consolidated Statements of Comprehensive Income

Millions of yen
(Amounts less than one million yen are truncated)

	FY2018 (from January 1, 2018 to December 31, 2018)	FY2019 (from January 1, 2019 to December 31, 2019)
Profit	7,041	5,861
Other comprehensive income		
Valuation difference on available-for-sale securities	Δ85	89
Foreign currency translation adjustment	Δ110	Δ76
Remeasurements of defined benefit plans, net of tax	Δ1,338	1,139
Total other comprehensive income	Δ1,533	1,152
Comprehensive income	5,507	7,014
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,573	7,269
Comprehensive income attributable to non-controlling interests	Δ65	Δ255

Consolidated Statements of Shareholders' Equity

FY2018 (from January 1, 2018 to December 31, 2018)

Millions of yen
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	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,969	9,595	76,519	△2,580	88,503
Changes of items during period					
Dividends of surplus			△3,265		△3,265
Profit attributable to owners of parent			7,106		7,106
Purchase of treasury shares				△1	△1
Capital increase of consolidated subsidiaries		7			7
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	7	3,841	△1	3,847
Balance at end of current period	4,969	9,602	80,361	△2,582	92,350

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	348	524	△1,520	△648	129	87,985
Changes of items during period						
Dividends of surplus				—		△3,265
Profit attributable to owners of parent				—		7,106
Purchase of treasury shares				—		△1
Capital increase of consolidated subsidiaries				—		7
Net changes of items other than shareholders' equity	△85	△110	△1,338	△1,533	1,292	△241
Total changes of items during period	△85	△110	△1,338	△1,533	1,292	3,605
Balance at end of current period	262	413	△2,858	△2,181	1,421	91,591

Consolidated Statements of Shareholders' Equity

FY2019 (from January 1, 2019 to December 31, 2019)

Millions of yen
(Amounts less than one million yen are truncated)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,969	9,602	80,361	Δ2,582	92,350
Cumulative effects of changes in accounting policies			Δ24		Δ24
Restated balance	4,969	9,602	80,336	Δ2,582	92,326
Changes of items during period					
Dividends of surplus			Δ3,265		Δ3,265
Profit attributable to owners of parent			6,116		6,116
Purchase of treasury shares				Δ0	Δ0
Disposal of treasury shares		Δ1		35	34
Transfer to capital surplus from retained earnings		1	Δ1		—
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	Δ0	2,849	35	2,884
Balance at end of current period	4,969	9,602	83,185	Δ2,547	95,210

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	262	413	Δ2,858	Δ2,181	1,421	91,591
Cumulative effects of changes in accounting policies				—		Δ24
Restated balance	262	413	Δ2,858	Δ2,181	1,421	91,566
Changes of items during period						
Dividends of surplus				—		Δ3,265
Purchase of treasury shares				—		Δ0
Disposal of treasury shares				—		34
Transfer to capital surplus from retained earnings				—		—
Net changes of items other than shareholders' equity	89	Δ76	1,139	1,152	Δ255	897
Total changes of items during period	89	Δ76	1,139	1,152	Δ255	3,781
Balance at end of current period	352	337	Δ1,718	Δ1,028	1,166	95,348

Consolidated Statements of Cash Flows

	Millions of yen (Amounts less than one million yen are truncated)	
	FY2018 (from January 1, 2018 to December 31, 2018)	FY2019 (from January 1, 2019 to December 31, 2019)
Cash flows from operating activities		
Profit before income taxes	9,587	7,965
Depreciation	2,751	2,530
Increase (decrease) in provision for bonuses	26	110
Increase (decrease) in provision for bonuses for directors (and other officers)	△3	△3
Increase (decrease) in provision for loss on order received	253	△241
Increase (decrease) in retirement benefit liability	△1,084	△637
Interest and dividend income	△78	△92
Loss (gain) on sales and retirement of property, plant and equipment	△0	△1
Loss (gain) on sales and valuation of investment securities	△8	△0
Loss (gain) on sales of shares of subsidiaries	△75	-
Decrease (increase) in notes and accounts receivable - trade	17	166
Decrease (increase) in inventories	△1,410	△169
Increase (decrease) in notes and accounts payable - trade	△912	△803
Other, net	192	1,481
Subtotal	<u>9,254</u>	<u>10,306</u>
Interest and dividend income received	77	92
Income taxes paid	<u>△2,139</u>	<u>△2,350</u>
Net cash provided by (used in) operating activities	<u>7,192</u>	<u>8,048</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	△2,770	△3,792
Proceeds from sales of property, plant and equipment	46	14
Purchase of intangible assets	△327	△357
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	104	-
Purchase of investment securities	△502	△347
Proceeds from sales of investment securities	8	1
Payments of loans receivable	△10,000	△3,000
Collection of loans receivable	735	5,000
Other, net	144	△170
Net cash provided by (used in) investing activities	<u>△12,560</u>	<u>△2,652</u>
Cash flows from financing activities		
Cash dividends paid	△3,269	△3,264
Proceeds from share issuance to non-controlling shareholders	1,365	-
Other, net	△1	35
Net cash provided by (used in) financing activities	<u>△1,905</u>	<u>△3,229</u>
Effect of exchange rate change on cash and cash equivalents	△86	△7
Net increase (decrease) in cash and cash equivalents	<u>△7,360</u>	<u>2,158</u>
Cash and cash equivalents at beginning of period	<u>26,134</u>	<u>18,773</u>
Cash and cash equivalents at end of period	<u>18,773</u>	<u>20,932</u>