

Canon
Canon Electronics Inc.

Annual Report 2020(Unaudited)

Consolidated Financial Highlights

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

	FY2019 (from January 1, 2019 to December 31, 2019)	FY2020 (from January 1, 2020 to December 31, 2020)
Net sales		
Component	48,366	41,610
Electronic Information Appliance	29,930	23,296
Other	10,861	9,705
Total	89,158	74,612
Profit attributable to owners of parent	6,116	4,413

	FY2019 (from January 1, 2019 to December 31, 2019)	FY2020 (from January 1, 2020 to December 31, 2020)
Basic earnings per share	149.82yen	108.04yen
Diluted earnings per share	—	—

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

	As of December 31, 2019	As of December 31, 2020
Total assets	115,237	117,211
Net assets	95,348	97,629

Consolidated Balance Sheets

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

	As of December 31, 2019	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	21,282	23,833
Notes and accounts receivable - trade	23,140	21,440
Investments in leases	654	492
Merchandise and finished goods	1,270	924
Work in process	4,216	5,366
Raw materials and supplies	177	143
Short-term loans receivable	23,000	22,000
Other	1,918	1,734
Allowance for doubtful accounts	△0	△0
Total current assets	<u>75,660</u>	<u>75,934</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	32,602	32,448
Accumulated depreciation	△21,846	△22,323
Buildings and structures, net	<u>10,755</u>	<u>10,125</u>
Machinery, equipment and vehicles	22,626	23,118
Accumulated depreciation	△19,623	△20,243
Machinery, equipment and vehicles, net	<u>3,003</u>	<u>2,875</u>
Tools, furniture and fixtures	18,199	18,227
Accumulated depreciation	△15,198	△15,074
Tools, furniture and fixtures, net	<u>3,001</u>	<u>3,152</u>
Land	15,907	15,917
Leased assets	30	15
Accumulated depreciation	△15	△12
Leased assets, net	<u>15</u>	<u>3</u>
Construction in progress	1,003	3,205
Total property, plant and equipment	<u>33,686</u>	<u>35,281</u>
Intangible assets	<u>1,696</u>	<u>1,648</u>
Investments and other assets		
Investment securities	1,895	2,061
Deferred tax assets	1,550	1,659
Other	748	625
Allowance for doubtful accounts	△0	△0
Total investments and other assets	<u>4,194</u>	<u>4,346</u>
Total non-current assets	<u>39,577</u>	<u>41,277</u>
Total assets	<u>115,237</u>	<u>117,211</u>

Consolidated Balance Sheets

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

	As of December 31, 2019	As of December 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	10,637	9,633
Electronically recorded obligations - operating	563	447
Lease obligations	212	201
Accrued expenses	1,335	1,326
Income taxes payable	1,081	716
Provision for bonuses	488	429
Provision for bonuses for directors (and other officers)	26	21
Provision for loss on order received	23	24
Other	2,335	1,398
Total current liabilities	<u>16,707</u>	<u>14,199</u>
Non-current liabilities		
Long-term borrowings	-	2,100
Provision for retirement benefits for directors (and other officers)	221	204
Retirement benefit liability	2,480	2,768
Deferred tax liabilities	24	22
Other	455	287
Total non-current liabilities	<u>3,181</u>	<u>5,383</u>
Total liabilities	<u>19,889</u>	<u>19,582</u>
Net assets		
Shareholders' equity		
Share capital	4,969	4,969
Capital surplus	9,602	9,602
Retained earnings	83,185	85,148
Treasury shares	△2,547	△2,522
Total shareholders' equity	<u>95,210</u>	<u>97,197</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	352	369
Foreign currency translation adjustment	337	△17
Remeasurements of defined benefit plans	△1,718	△2,000
Total accumulated other comprehensive income	<u>△1,028</u>	<u>△1,648</u>
Non-controlling interests	1,166	2,079
Total net assets	<u>95,348</u>	<u>97,629</u>
Total liabilities and net assets	<u>115,237</u>	<u>117,211</u>

Consolidated Statements of Income

	Millions of yen (Amounts less than one million yen are truncated)	
	FY2019 (from January 1, 2019 to December 31, 2019)	FY2020 (from January 1, 2020 to December 31, 2020)
Net sales	89,158	74,612
Cost of sales	70,291	57,753
Gross profit	18,866	16,858
Selling, general and administrative expenses	10,785	11,254
Operating profit	8,081	5,604
Non-operating income		
Interest and dividend income	92	91
Subsidy income	16	264
Other	36	67
Total non-operating income	144	423
Non-operating expenses		
Foreign exchange losses	143	193
Other	9	5
Total non-operating expenses	152	199
Ordinary profit	8,073	5,828
Extraordinary income		
Gain on sales of non-current assets	13	0
Gain on sales of investment securities	0	24
Total extraordinary income	13	24
Extraordinary losses		
Loss on sales and retirement of non-current assets	11	7
Loss due to new coronavirus infection	-	392
Extra retirement payments	109	-
Total extraordinary losses	120	399
Profit before income taxes	7,965	5,454
Income taxes - current	2,023	1,547
Income taxes - deferred	80	5
Total income taxes	2,104	1,553
Profit	5,861	3,901
Loss attributable to non-controlling interests	△255	△512
Profit attributable to owners of parent	6,116	4,413

Consolidated Statements of Comprehensive Income

	Millions of yen (Amounts less than one million yen are truncated)	
	FY2019 (from January 1, 2019 to December 31, 2019)	FY2020 (from January 1, 2020 to December 31, 2020)
Profit	5,861	3,901
Other comprehensive income		
Valuation difference on available-for-sale securities	89	17
Foreign currency translation adjustment	△76	△355
Remeasurements of defined benefit plans, net of tax	1,139	△281
Total other comprehensive income	1,152	△619
Comprehensive income	7,014	3,281
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,269	3,793
Comprehensive income attributable to non-controlling interests	△255	△512

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 Shareholders' Equity

FY2020 (from January 1, 2020 to December 31, 2020)

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 period	4,969	9,602	83,185	Δ2,547	95,210
Changes during period					
Dividends of surplus			Δ2,450		Δ2,450
Profit attributable to owners of parent			4,413		4,413
Purchase of treasury shares				Δ0	Δ0
Disposal of treasury shares		Δ0		25	25
Transfer from retained earnings to capital surplus		0	Δ0		—
Net changes in items other than shareholders' equity					—
Total changes during period	—	Δ0	1,962	24	1,987
Balance at end of period	4,969	9,602	85,148	Δ2,522	97,197

	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 period	352	337	Δ1,718	Δ1,028	1,166	95,348
Changes during period						
Dividends of surplus				—		Δ2,450
Profit attributable to owners of parent				—		4,413
Purchase of treasury shares				—		Δ0
Disposal of treasury shares				—		25
Transfer from retained earnings to capital surplus				—		—
Net changes in items other than shareholders' equity	17	Δ355	Δ281	Δ619	912	293
Total changes during period	17	Δ355	Δ281	Δ619	912	2,280
Balance at end of period	369	Δ17	Δ2,000	Δ1,648	2,079	97,629

Consolidated Statements of Cash Flows

	Millions of yen (Amounts less than one million yen are truncated)	
	FY2019 (from January 1, 2019 to December 31, 2019)	FY2020 (from January 1, 2020 to December 31, 2020)
Cash flows from operating activities		
Profit before income taxes	7,965	5,454
Depreciation	2,530	2,950
Increase (decrease) in provision for bonuses	110	△51
Increase (decrease) in provision for bonuses for directors (and other officers)	△3	△5
Increase (decrease) in provision for loss on order received	△241	0
Increase (decrease) in retirement benefit liability	△637	△764
Interest and dividend income	△92	△91
Loss (gain) on sales and retirement of property, plant and equipment	△1	6
Loss (gain) on sales and valuation of investment securities	△0	△24
Decrease (increase) in trade receivables	166	1,611
Decrease (increase) in inventories	△169	△769
Increase (decrease) in trade payables	△803	△1,059
Other, net	1,481	△145
Subtotal	10,306	7,110
Interest and dividends received	92	91
Income taxes paid	△2,350	△1,898
Net cash provided by (used in) operating activities	8,048	5,303
Cash flows from investing activities		
Purchase of property, plant and equipment	△3,792	△4,332
Proceeds from sales of property, plant and equipment	14	0
Purchase of intangible assets	△357	△281
Purchase of investment securities	△347	△172
Proceeds from sales of investment securities	1	55
Loan advances	△3,000	△2,000
Collection of loans receivable	5,000	3,000
Other, net	△170	111
Net cash provided by (used in) investing activities	△2,652	△3,619
Cash flows from financing activities		
Proceeds from long-term borrowings	-	2,100
Dividends paid	△3,264	△2,453
Proceeds from share issuance to non-controlling shareholders	-	1,425
Other, net	35	24
Net cash provided by (used in) financing activities	△3,229	1,096
Effect of exchange rate change on cash and cash equivalents	△7	△179
Net increase (decrease) in cash and cash equivalents	2,158	2,601
Cash and cash equivalents at beginning of period	18,773	20,932
Cash and cash equivalents at end of period	20,932	23,533