

Canon Inc.
2023 Corporate Strategy Conference

Industrial Group

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Industrial Group Businesses

Developing wide array of manufacturing solutions for cutting-edge electronics industry

Canon Inc. Optical Products Operations



Semiconductor lithography equip.



FPD lithography equip.



Components/Measuring Devices

Canon Tokki



OLED panel manufacturing equip.

Canon Anelva



Sputtering equip.



Dry etching equip.



Atomic diffusion bonding equip.



Microfocus X-ray source

Canon Machinery



Die bonder



Wire bonding inspection systems

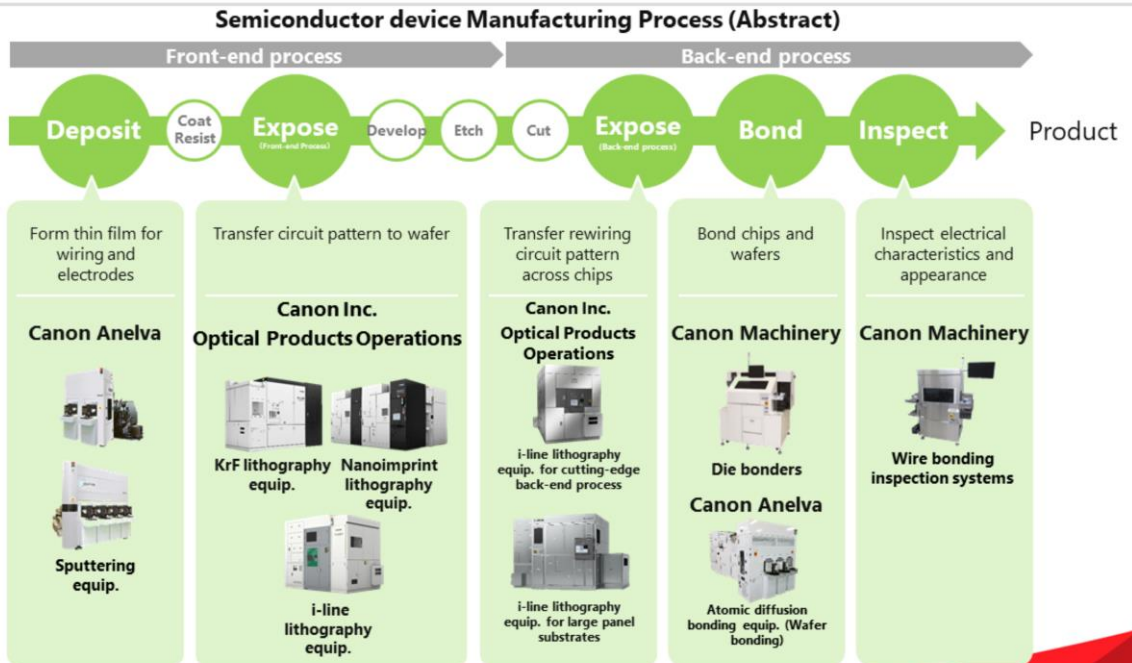


Substrate coining equip.

The Industrial Group consists of the Optical Products Operations of Canon Inc., Canon Tokki, Canon Anelva, and Canon Machinery.

The Industrial Group offers a variety of manufacturing solutions for cutting-edge electronics industries, with a focus on semiconductors and displays.

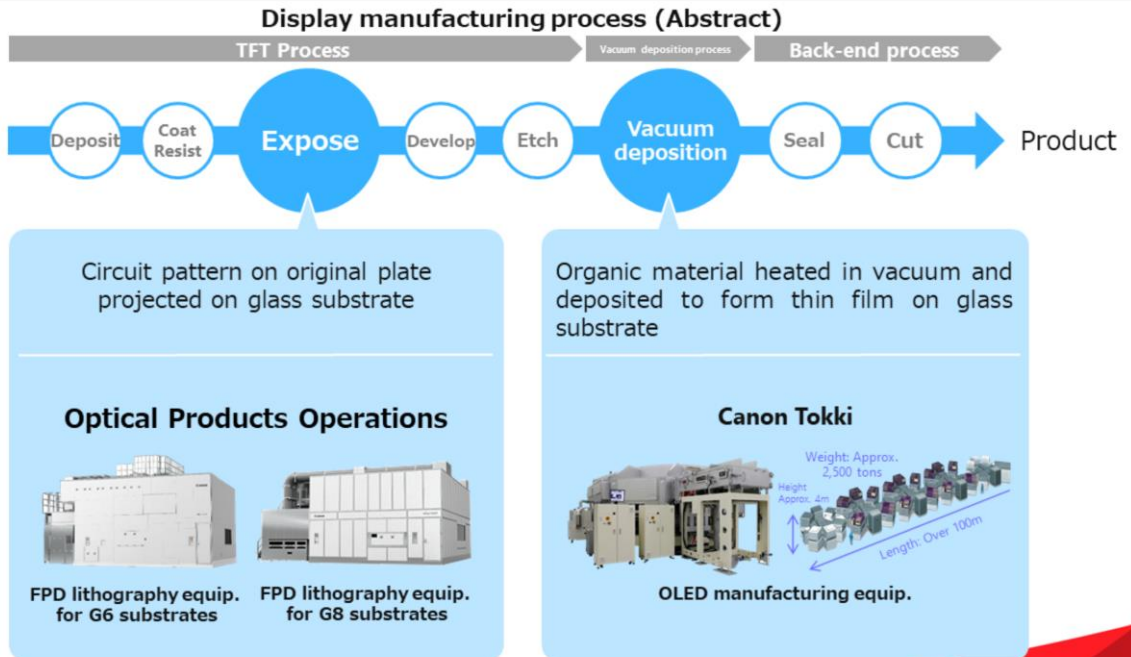
With the establishment of the Industrial Group, we will grow our business in the industrial equipment field by utilizing each company's strength and generating synergies among them.



The image shows how our products fit into semiconductor manufacturing processes. We, as a group, have established a product lineup that covers the long and complex manufacturing processes.

The Optical Products Operations of Canon Inc. develops lithography equipment for both front- and back-end processes. Anelva develops sputtering equipment as well as atomic diffusion bonding equipment, and Machinery develops die bonders and inspection equipment.

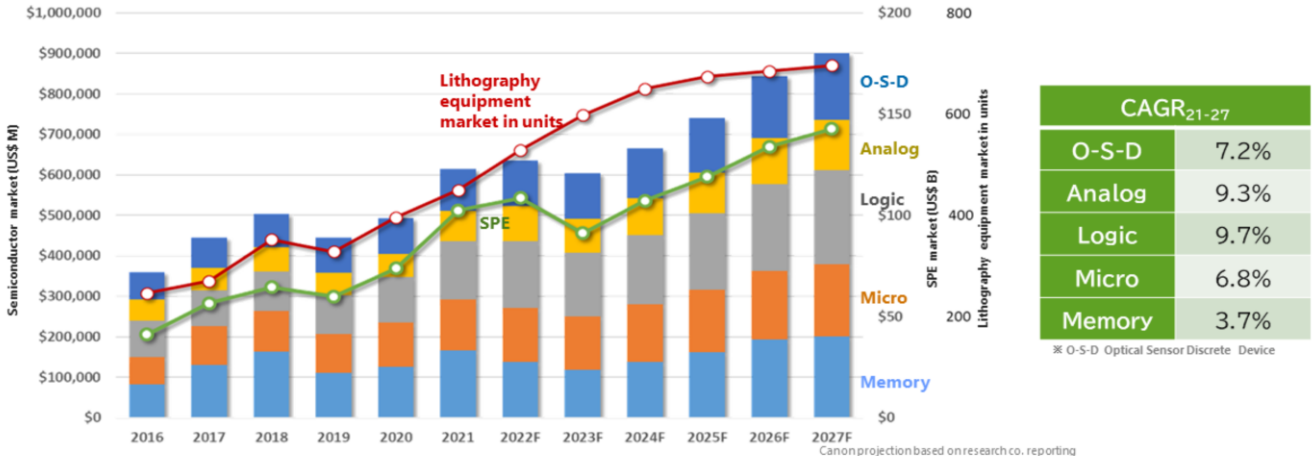
Display Manufacturing Equipment Offered by Industrial Group



In the field of display manufacturing, we offer lithography equipment as well as equipment used in the deposition process, key processes in the manufacturing of LCD and OLED displays.

The Optical Products Operations of Canon Inc. develops lithography equipment that incorporate proprietary large-size high-precision optics, and Tokki is the leading company in vacuum deposition equipment for OLED displays.

Semiconductor Market Trend



Semiconductor market, SPE market, Lithography equipment market in units

Strong demand for power devices, sensors, and logics continue. Recovery in memory market expected from the second half of 2023. Overall capital investment expected to stay active in spite of temporary market slowdown.

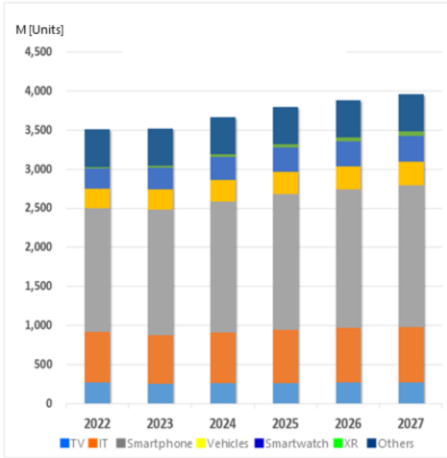
The image shows the semiconductor market trend which we predict based on research company reporting.

In the semiconductor market, we expect continuing medium- to long-term growth of all kinds of semiconductor devices. Currently memory is in a period of rebalancing, while other devices are showing steady demand.

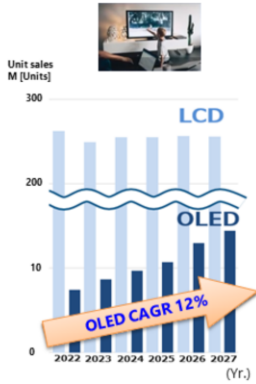
Though we foresee the market as a whole shrinking in 2023, the capital spending for the future is projected to remain brisk as the lithography equipment market continues to increase.

Display Market Trend

Display market trend (Overall)

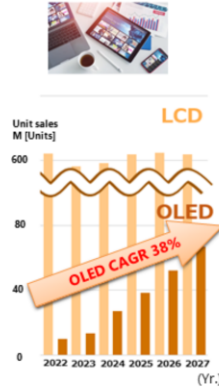


TV market trend (Large size)

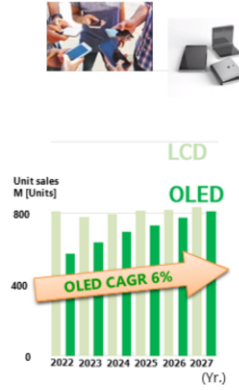


IT* market trend (Medium size)

* Desktop, laptop, tablet



Smartphone market trend (Small size)



Canon Projection based on research co. reporting

**With recent market softening , panel makers waiting for next opportunity
Expansion of OLED applications will drive the market**

The display market is currently stagnant. However, from a medium- to long-term perspective, it is expected to continue to expand going forward.

OLED displays are the driver of market growth. TVs and smartphones that incorporate OLED displays continues to grow, and we expect acceleration in the adoption of OLED displays in IT panels used in devices such as PCs and tablets. This shift will drive capital spending for OLED display manufacturing equipment, going forward.

- **Expand business scale, market coverage , and application of semiconductor manufacturing equipment**
- **Raise the competitiveness of OLED manufacturing equipment**
- **Strengthen and expand data solutions service**
- **Cultivate new business domains by integrating core technologies**

Next, the four business strategies of the Industrial Group.

Expand business scale, market coverage, and application of semiconductor manufacturing equipment

Canon

Product lineup for SoC mass production



Nanoimprint lithography equip.
FPA-1200NZ2C



High-productivity KrF lithography equip.
FPA-6300ES6a



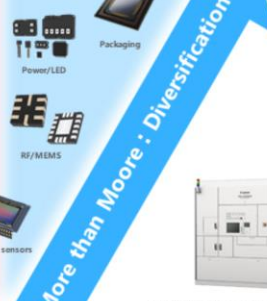
Wafer Metrology Tool
MS-001



High-productivity i-line lithography equip.
FPA-5550iZ2



More Moore : Miniaturization



More than Moore : Diversification

Product lineup for SiP high-variety production



Lithography equip. for WLP
FPA-5520iV



Lithography equip. For PLP
FPA-8000iW



i-line lithography equip. for IoT devices
FPA-3030i5a
FPA-3030iWa



KrF lithography equip. for IoT devices
FPA-3030EX6

Respond to diversified needs of semiconductor market, which is expected to grow over the medium- to long-term, by product enhancement in terms of semiconductor device miniaturization and diversification

Our first business strategy is to “expand business scale, market coverage, and application of semiconductor manufacturing equipment”.

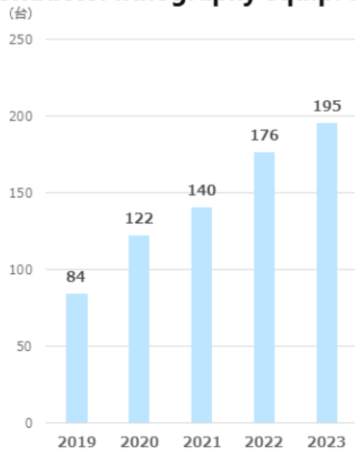
Semiconductor devices will continue to be miniaturized, mainly in advanced logic and memory. At the same time, devices and processes will become more diversified. The image shows our manufacturing equipment according to the two axes of semiconductor device miniaturization and diversification.

With regard to miniaturization, we are developing i-line and KrF lithography equipment which are highly praised for their productivity and reliability. With regard to diversification, we have gained large market share by developing lithography equipment optimized for different usages.

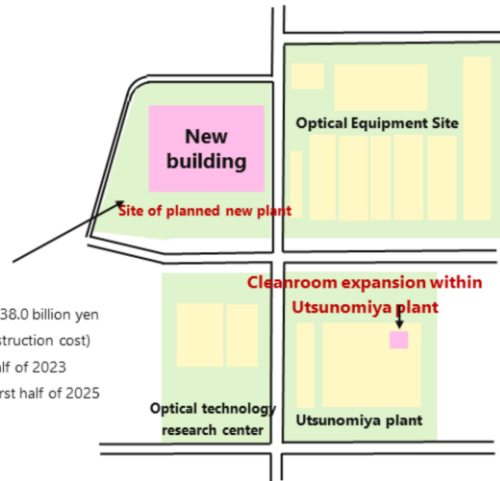
We will continue to respond to the market needs by strengthening our product competitiveness with a special focus on improving our customers’ productivity.

Expand business scale, market coverage, and application of semiconductor manufacturing equipment

Semiconductor lithography equip. unit sales



Site area: Approx. 70,000m²
Investment amount: Approx. 38.0 billion yen (construction cost)
Construction start: Second half of 2023
Planned start of operation: First half of 2025

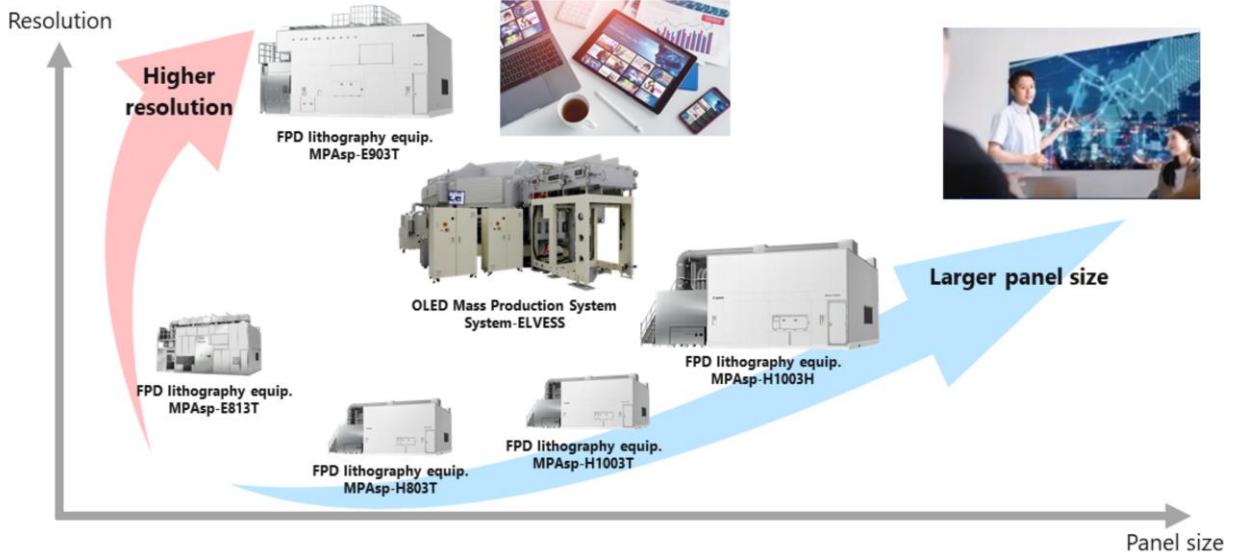


A new building to be built in Utsunomiya to meet increasing demand over the medium- to long-term, Aiming to support semiconductor market growth with enhanced manufacturing capacity

Over the past few years, the number of semiconductor lithography equipment sold has increased rapidly. We will see further demand growth over the medium- to long-term, as well.

Addressing this expectation, we decided to build a new plant in Utsunomiya, which is scheduled for completion in 2025, to further strengthen our production capacity.

Raise competitiveness of OLED manufacturing equipment



**Further improve customer productivity, leveraging our extensive market experience
Facilitate expansion of OLED applications (IT panels, VR/XR etc.)**

Our second business strategy is to “raise competitiveness of OLED manufacturing equipment”.

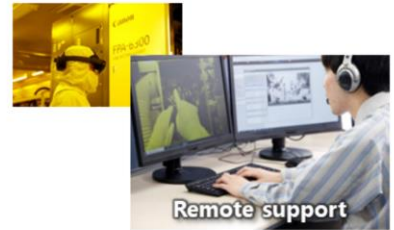
We will continuously introduce products that respond to the two market trends of higher resolutions and larger displays. And, going forward, we will develop lithography equipment and deposition equipment that match the trend of adopting OLED for IT panels.

Strengthen and expand data solutions service

Launch "Lithography Plus," a solutions platform for semiconductor manufacturing equip.

Improve productivity of lithography equip. in operation at customer sites, integrating support know-how and data

1. Raise operational efficiency of equipment support service for customers
2. Achieve high equipment utilization
3. Achieve high yield by optimizing parameters for each manufacturing process



Contribute to improvement at the front line of semiconductor manufacturing by quick cycles of value creation and delivery to our customers

Next, our third business strategy is to "strengthen and expand data solutions service".

In semiconductor manufacturing facilities, various controls are essential to maintain high operating rates and yields. Here, we see an opportunity to commercialize data solutions.

We will take full advantage of Lithography Plus, our solutions platform for semiconductor lithography equipment launched last year, to increase the productivity of lithography equipment running in customer fabs. We will contribute to further advancement of the semiconductor manufacturing field by rapidly turning this cycle of creating value and delivering it to customers.

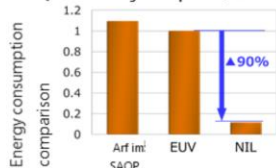
■ Nanoimprint semiconductor manufacturing equip.

- Next-generation semiconductor manufacturing equipment that can achieve circuit patterns in the 10 nm range at low cost

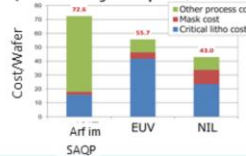


Nanoimprint semiconductor manufacturing equip. for mass production
FPA-1200NZ2C

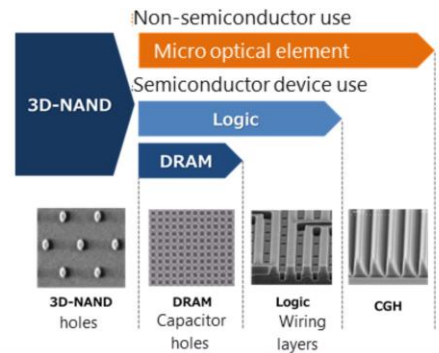
Power consumption comparison
(When forming 15nm pattern, Canon est.)



Manufacturing cost (CoO) comparison
(When forming 15nm patter, Canon est.)



Expand applications



While preparing for 3D NAND mass production with nanoimprint semiconductor manufacturing equipment, expand its application to DRAM, logic, micro optical elements, etc.

Through our fourth business strategy, “cultivate new business domains by integrating core technologies”, we aim to accelerate our business expansion.

As a next-generation of semiconductor lithography equipment, we are focused on developing nanoimprint tools that can realize semiconductor circuit patterns in the 10 nm range, which is equivalent to the 4 nm or 5 nm node in logic ICs. Using this technology, even finer patterning is possible.

Compared to other types of lithography, namely, the EUV system or the ArF immersion system with multiple exposures, which can realize equivalent line widths, nanoimprint system consumes only about 1/10 the energy, making it possible to significantly reduce manufacturing costs. Starting with 3D NAND mass production, we will expand the field of devices that nanoimprint system can produce to DRAM and to micro optical element.

Nanoimprint has also been selected for NEDO (New Energy and Industrial Technology Development Organization) projects and is currently being used for research into cutting-edge logic.

Cultivate new business domains by integrating core technologies (2)

Semiconductor device manufacturing process (Abstract)





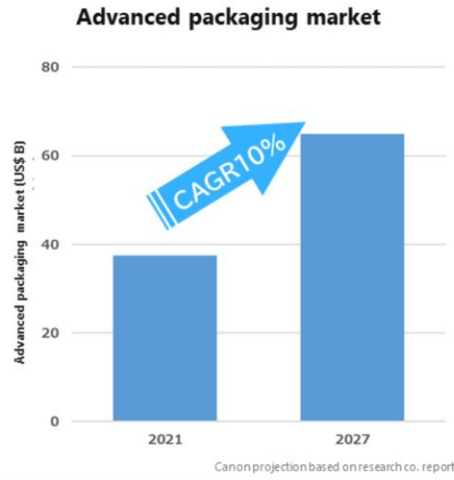
Optical Products Operations
i-line stepper for advanced packaging
FPA-5520iV



Optical Products Operations
i-line stepper for large panel substrates
FPA-8000iW



Anelva
Atomic diffusion bonding equip.
BC7300

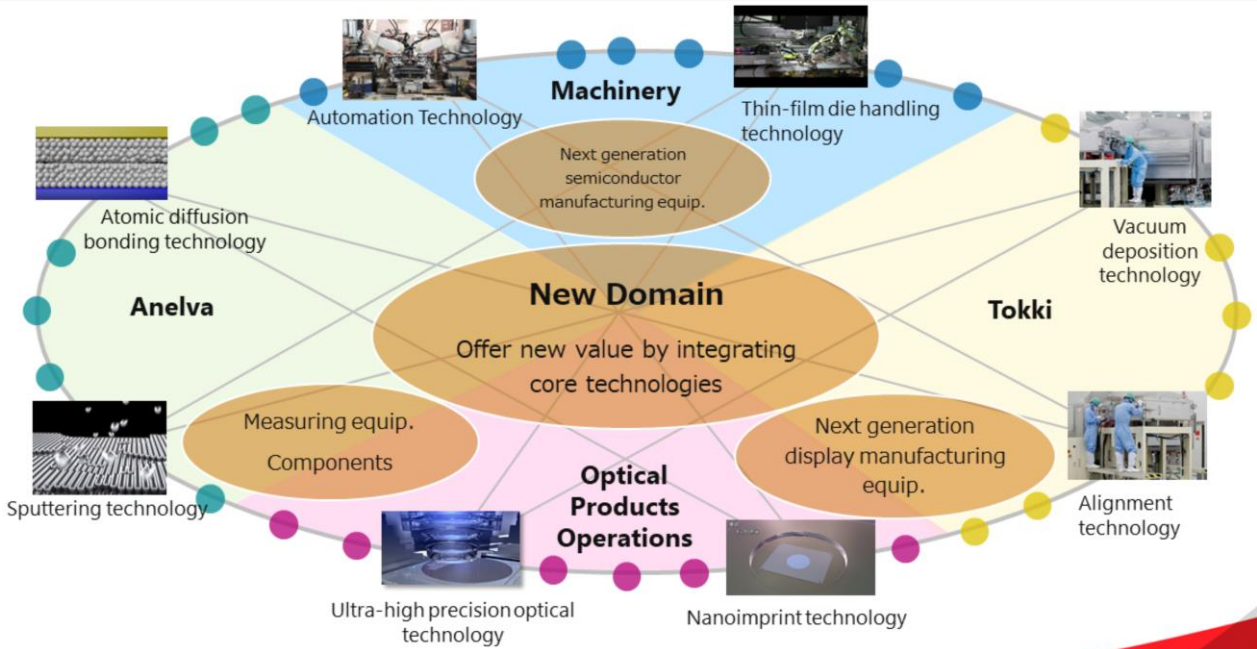


Will develop next-generation technologies to address rapid market expansion, while responding to current market for advanced packaging with existing products

As a new domain, another area of focus is the advanced packaging market, which is expected to grow at an average annual rate of 10% going forward.

In this area, our lithography equipment have secured high market share, which we will strive to further expand. In the area of bonding, which is an important process, we have developed equipment that can bond at room temperature. And going forward as well, we will create new value, promoting continued technological development.

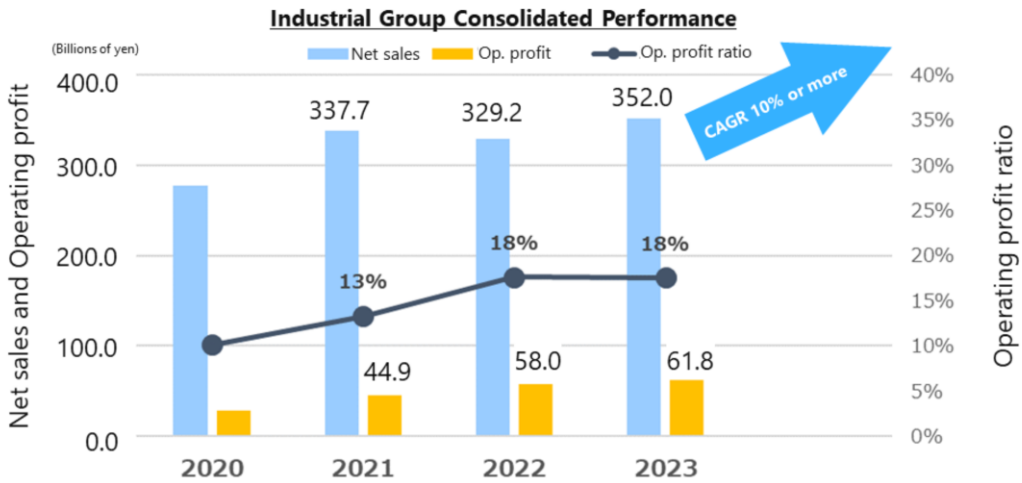
Cultivate new business domains by integrating core technologies (3)



Industrial Group companies possess a variety of core technologies that are at the cutting edge of the industry.

The group structure allows us to integrate these core technologies and develop new business domains. Going forward, we will maximize group resources to create synergies.

2023 Performance Outlook



Will firmly capture demand in the semiconductor and display production market by strengthening supply chain and manufacturing capacity
Aiming for compound annual growth rate of 10% or more up to 2025,

Next, future outlook.

The Industrial Group has been making steady progress in both business scale and profit structure over the past few years. In addition to growth in the major businesses of semiconductor and display manufacturing equipment, synergies through collaboration are gradually bearing fruit.

This year, we expect a lull in investment in the display segment, which means the business environment will remain challenging. Fortunately, we are looking to increase sales in the solid semiconductor segment. And over the medium term, we will achieve an average growth rate of 10% or more, seizing the wave of market expansion.