

Canon Inc.
2024 Corporate Strategy Conference

Medical Group

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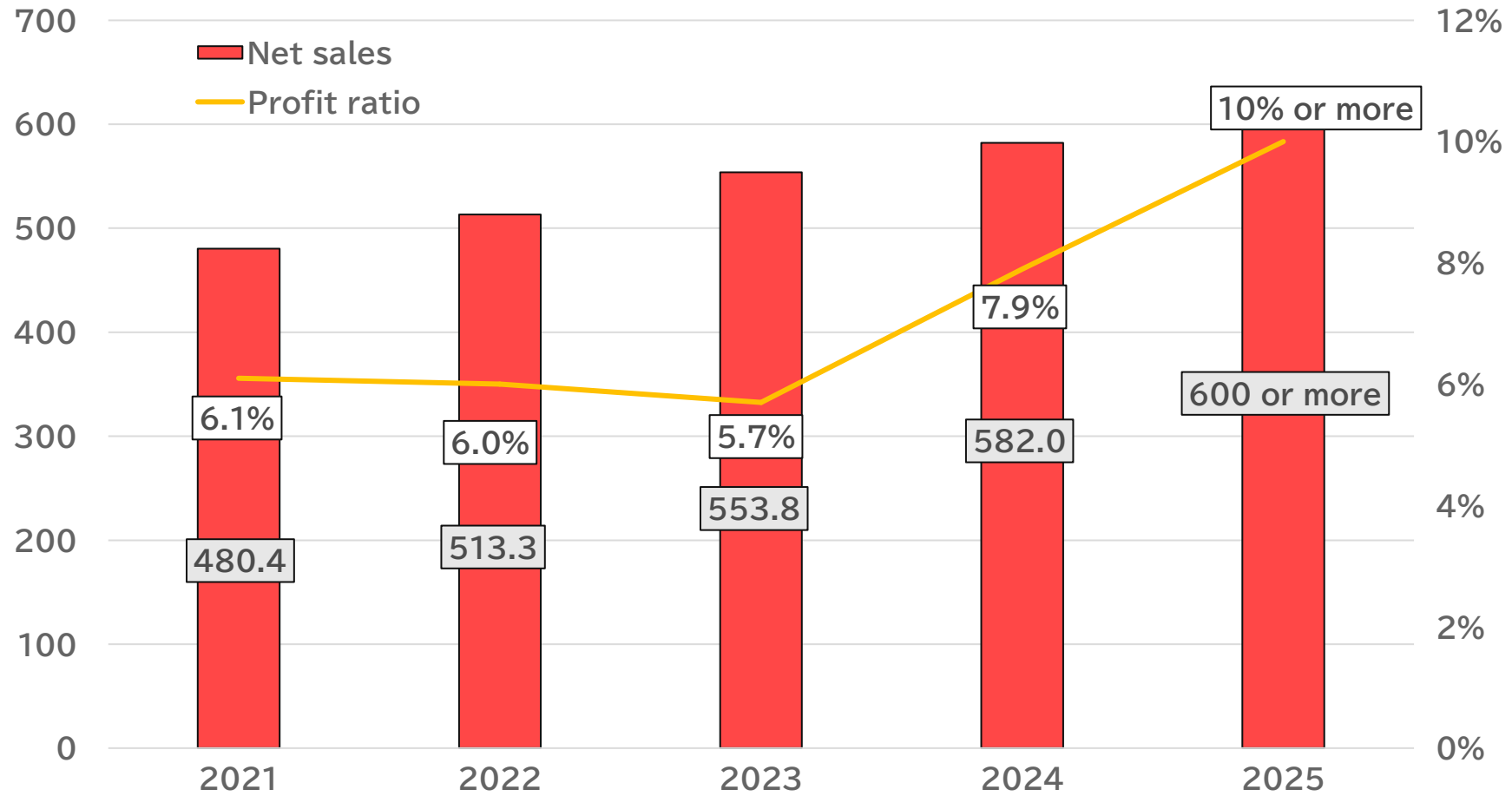


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Net sales

(Billions of yen)

Profit ratio



Basic Policy
2020 to 2022 – Focus on strengthening internal structure to raise organizational strength and grow top line from 2023

2020

Stage 1

2022

2023

Stage 2

2025

Prepare growth engines

Strengthen product competitiveness

- Offer new value through development of next-generation technologies with diagnostic imaging at its core
- Strengthen and expand in-vitro diagnostics and healthcare IT business portfolio

Strengthen sales capability

- Strengthen sales structure in U.S. and raise presence
- CRM-based sales productivity enhancement

Strengthen business constitution and structure

- Promote efficiency incorporating DX
- Change manufacturing structure

Realize growth through strengthened structure and prepared growth engines

Aim for annual sales growth of 5% or more

- Global No. 1 share of CT market
- Achieve 10% or more mkt. shr. in U.S.
- Deploy U.S. presence globally
- Achieve overwhelming No. 1 position in Japan



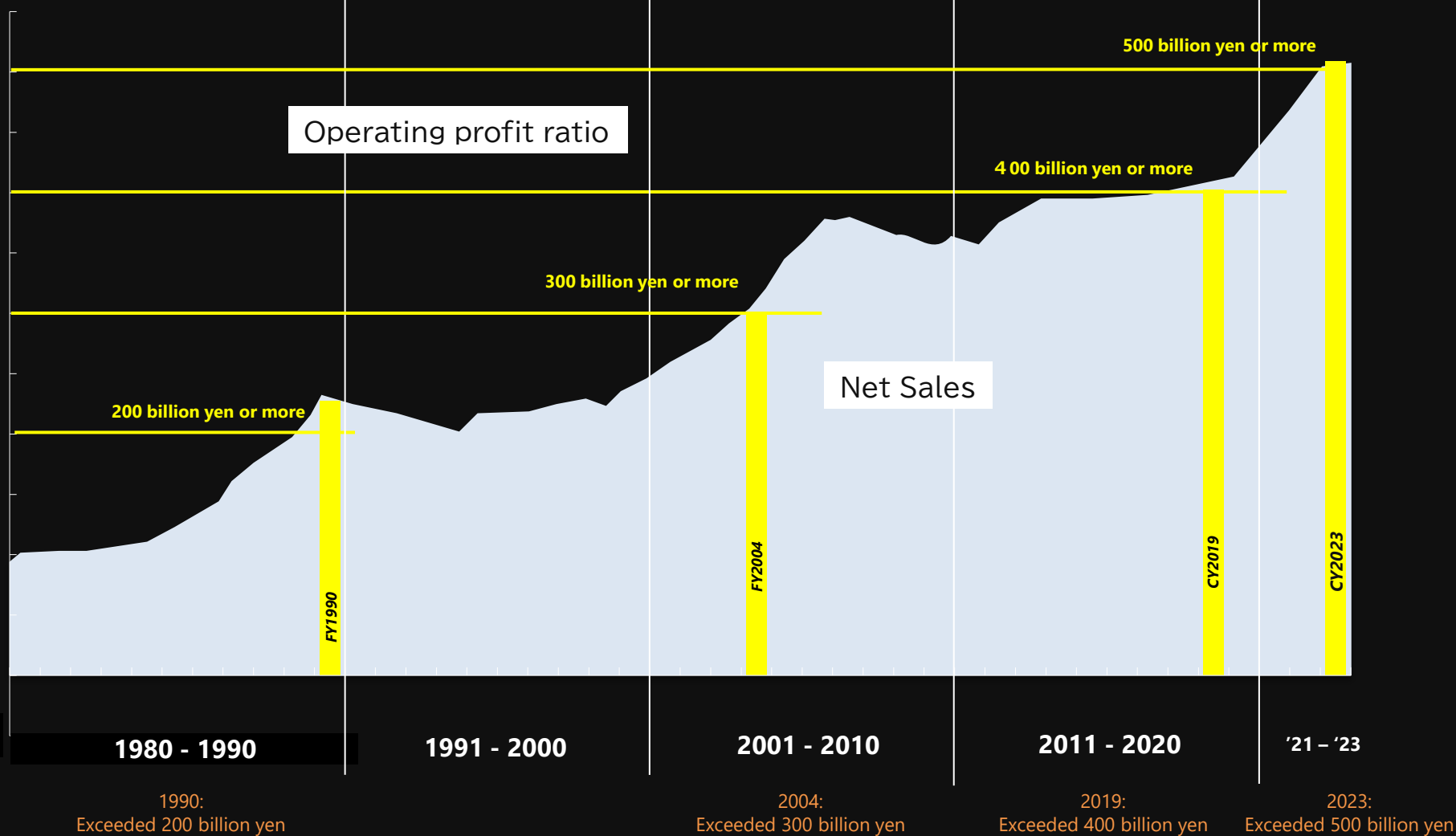
- Maximize profit through increased sales

Achieve op. profit ratio of 10% or more



Results up to 2023 & Challenges (Sales Growth)

System Business Net Sales



Results

Since 2019, over four year period, increased sales more than 100 billion yen

Challenges

External environment

- Intensified geopolitical risks
- Raise in inflation and component prices

Profitability

- More efficient operation

Results up to 2023 & Challenges (Enhance Product Strength)

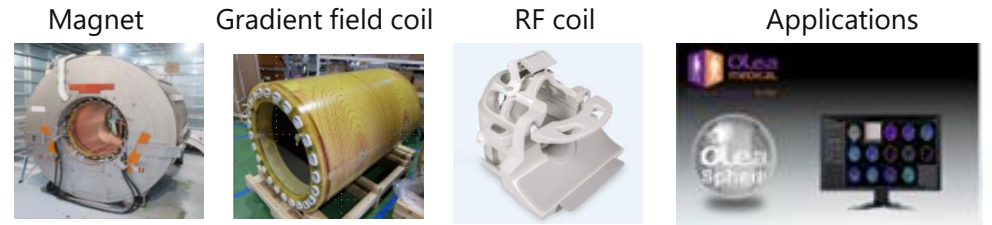
Raise clinical value through AI tech.

- Low-dose radiation high-resolution technology (AiCE)
- Super resolution deep-learning reconstruction technology (PIQE)
- Improved workflow by advanced automation technology (INSTINX)
- Low noise high resolution images in real-time (α Evolve Imaging)



Expand sales of MRI systems manufactured solely Canon

- Enable high-quality image resolution in a short period of time
- Achieve No. 1 share in Japan



Enhance lineup of ultrasound diagnostic equip.

- Enter EUS area through collaboration with Olympus
- Enhance competitiveness in volume zone



Rapid practical application of PCCT

- Accelerate and expand clinical research globally
- Propose new clinical value, provide volume of supporting evidence.



Results up to 2023 & Challenges (Enhance Sales Capability)

Enhance Sales Capability in U.S.

- Accelerate upstream marketing activities in collaboration with Canon Healthcare USA, INC.
- Promote alliance & co-research with Cleveland Clinic
- Expand subscription sales process with NXC focus



Develop sales promotions utilizing DX

- Provide appropriate information in a timely manner through centralized control of sales information (Concept of Canon Academy)
- Canon Medical Training Center
- New showroom for VL products



Establish local subs. in India and Saudi Arabia

- Enhance response to large group negotiations, expanding Canon brand sales promotions
- Work with governments to expand participation in public tenders

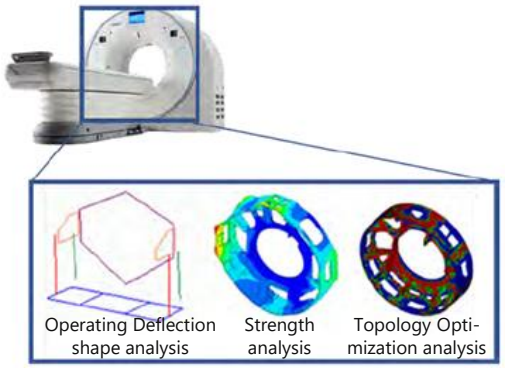
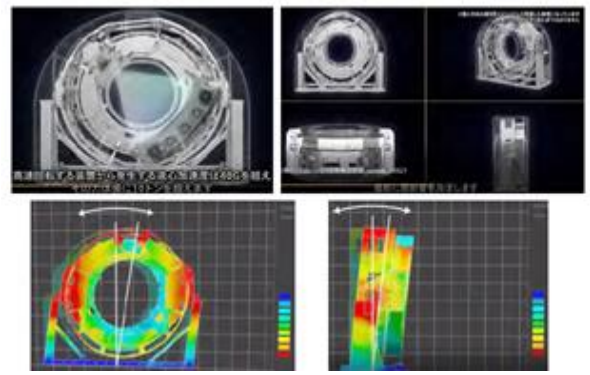


Joined Japanese government in visiting Middle East and Gulf States and attended business forum reception

Results up to 2023 & Challenges (Enhance Business Constitution and Structure)

Cost reduction measures

- Contribute to profit through product quality improvement, promoting concurrent engineering in a concerted Canon Group effort
- Begin sales of flagship CT system that is equipped with a new Canon light tube and detector that reduces electrical noise by 40% approximately compared to conventional detector



CT stiffness simulation

Promoting SG&A optimization

- Through sales operational playbook based on CRM, increase visibility and win-rate as well as raise sales per person (up to 10%)




Results up to 2023 & Challenges (Optimize Portfolio)

Canon × Minaris Synergy



Build & realize strategy for further growth In 203X, achieve 100 billion yen in IVD business sales

Synergy Phase 1 (From 2023)



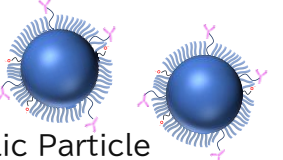
Expand sales of Minaris equipment through Canon sales channel

Synergy Phase 2

Expand sales of Minaris reagents through global sales channel

Synergy Phase 3

Develop immunoreagents that can be used in biochemistry through the comprehensive strength of the Canon Group



Ultra-Hydrophilic Particle

2025 Targets & Structural Reform

2025 Target
Op. Profit Ratio
10% or higher

Net sales
600 billion yen or more

Gross profit ratio
46% or higher

SG&A ratio
35.8%

Improve Profit 4 Key Actions

Achieve sales target
(Sustaining innovation & portfolio optimization)

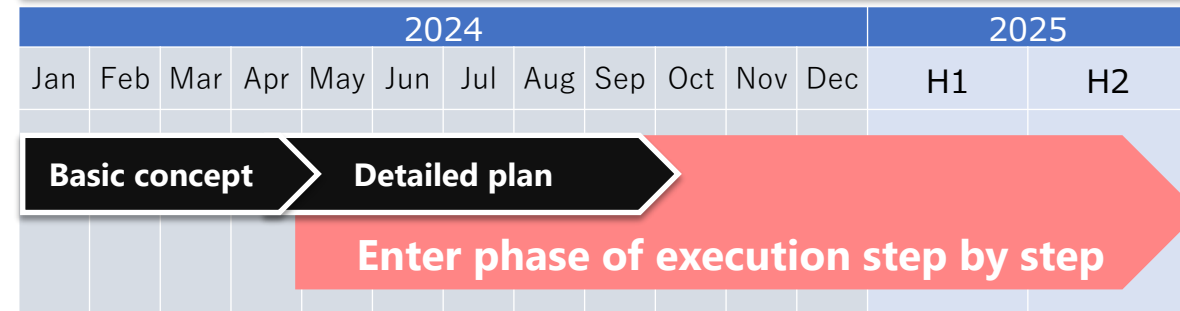
Accelerate cost reduction
(Reduce cost of sales)

Optimize SG&A
(Raise efficiency)

Improve cash flow
(Reduce inventory)

To grow medical business into true pillar

Inauguration of Medical Business Innovation Committee



- ✓ **Deploy measures to achieve Phase VI**
 - Strengthen management structure
 - Accelerate deployment of concrete measures
- ✓ **Build Resilient management structure**
- ✓ **Foster cost awareness**

Strategies & Measures Over Next Two Years

Improve Profit 4 Key Actions

Achieve sales target
(Sustaining innovation & portfolio optimization)

Accelerate cost reduction
(Reduce cost of sales)

Optimize SG&A
(Raise efficiency)

Improve cash flow
(Reduce inventory)

- Steady release new products and new technologies
- IVD business expansion (Maximize synergies with Minaris)
- **Global service business innovation project**
- Visualize costs through Group in-house production
- Foster concurrent engineering
- **Shifting administrative functions in Europe to shared services**
- Improve productivity of providing information to customers
- Visualize ROIC (Selection & focus in R&D)
- PSI efficiency (IT transformation)

✓ Provide service solutions that maximize customer asset value at a minimum cost

Ensure operation

Improve product quality

Optimize features

✓ Profit impact

PJ-Beyond

PJ-Dolphin

- ✓ Concentrate indirect operations in each region in low cost countries
- ✓ Integrate common and standardized operational processes

Direction of Medical Group – Contribute to Precision Medicine

Current business areas

Test & Diagnosis

Business expansion area

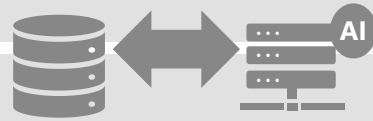
Solutions that support personalized therapy

In-Vitro & Bio

Specimen testing



Pathological diagnosis
Liquid biopsy
Genetic testing
Regenerative medicine



Medical support system
RSS

Integrate

Diagnostic imaging & Health care IT

Advancement axis

AI

Collect & integrate Process & distribute

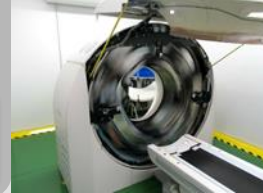
Easier, quicker, and cleaner for everyone

Morphological diagnosis

Dynamic diagnosis

Functional diagnosis

Next-generation diagnostic imaging equipment
PCCT



Development axis

AI Standing CT



CT: Ultra-high definition chest image

CT: Cardiac dynamic imaging

MR: Cranial nerve image

Realize Clinical Decision Support

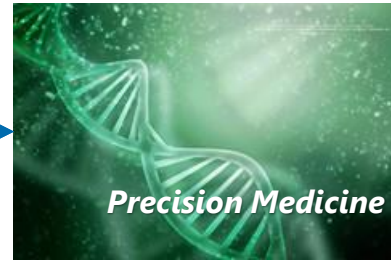
Big data analysis

Cloud platform

Remote diagnostic support

autologous iPS cell production

Regenerative medicine platform



Individualized treatment

- Medical treatment
- Surgical treatment
- Cell therapy
- Regenerative medicine

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