BUSINESS STRATEGY

AT A GLANCE

Guided by a core policy of "accelerate our corporate portfolio transformation by improving productivity and creating new business," Canon reorganized its business divisions into four industry-oriented business groups to make the best possible use of Canon's broad range of businesses and technologies.

We will revisit all of our technological capabilities and business areas from the perspective of each group to build a more robust organization while actively pursuing M&A and other avenues to bolster Canon's development and production and create new businesses.

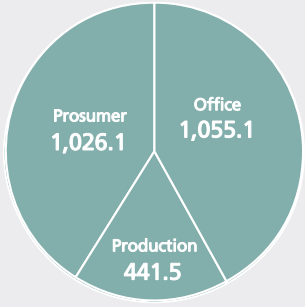
PRINTING

From Home Printing to Commercial and Industrial Printing

Net Sales ¥2,522.7 billion / 56% Share of Net Sales

Number of Employees 111,733

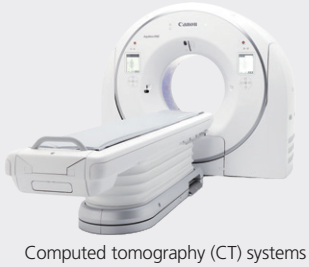
Laser printers



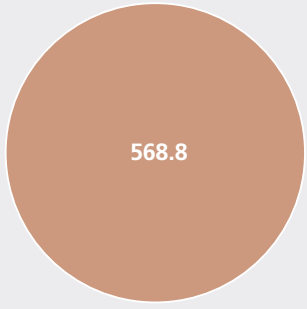
Office multifunction devices (MFDs)

Digital sheet-fed presses

Magnetic resonance imaging (MRI) systems



Computed tomography (CT) systems



Diagnostic X-ray systems

MEDICAL

Co-creation with Healthcare Professionals

Net Sales ¥568.8 billion / 13% Share of Net Sales

Number of Employees 13,289

Business

Total Net Sales

¥4,50

Total Number

170,

Note: The totals do not amount to 100% because the sales of each business unit include the sales relating to intersegment transactions.

Others & Corporate

Net Sales ¥233.7 billion / 5% Share of Net Sales

Number of Employees 11,966

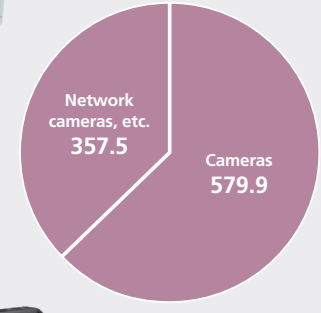
IMAGING

From People's Daily Lives to Professional Settings

Net Sales ¥937.4 billion / 21% Share of Net Sales

Number of Employees 25,612

Network cameras



Mirrorless cameras

Digital cinema cameras

RF lenses

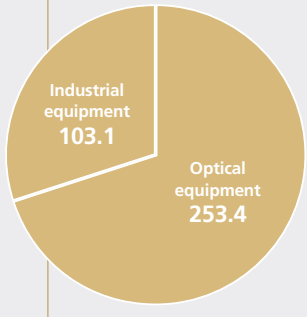
Segments for 2024

9.8 billion

of Employees

340

OLED Display Manufacturing Equipment



Semiconductor lithography equipment

FPD (Flat panel display) lithography equipment

INDUSTRIAL

Contributing to Leading-edge Electronics Industry

Net Sales ¥356.5 billion / 8% Share of Net Sales

Number of Employees 7,740

The imageRUNNER ADVANCE DX series enhances office productivity with high-speed, yet quiet, printing

Satisfying diverse printing needs with a broad product lineup, while at the same time expanding commercial and industrial printing

In commercial and industrial printing fields, as we ride the wave of transition from analog to digital, we will further expand our business. We will also accelerate full-scale digital transformation in both office and prosumer fields to increase market share.

Performance in 2024

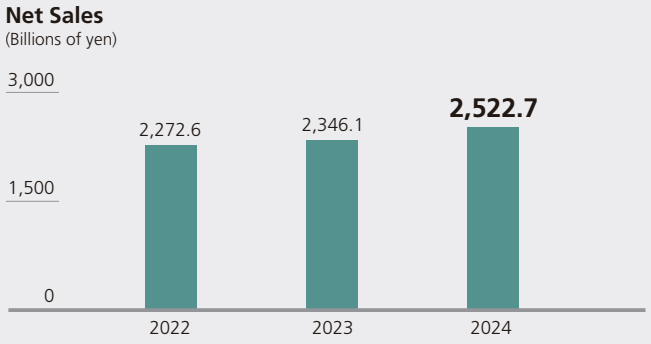
Orders for commercial and industrial printing equipment expanded, and sales of office MFDs increased due to steady service revenues

As for commercial and industrial printing, amid a continued shift to digital, which addresses quick turnaround and wide-variety short-run printing and also offers advantages in terms of operability, we have made several improvements to our products, based on customer feedback. At a quadrennial international printing equipment trade fair held in Germany at the end of May 2024, our industry-leading product lineup, including new products, was well received, leading to increased orders.

As for office MFDs, with solid demand for highly productive core printing equipment, and our products which have been highly evaluated by customers for their energy saving performance and maintainability, our install base of color models at customer sites has increased, leading to stable service revenue.

Although sales of inkjet printers were affected by weak market conditions in Europe and China, we recorded double-digit growth in the unit sales of refillable ink tank models that benefited from the launch of new products. As for laser printers, after the completion of shipment adjustments, sales have steadily recovered from the second quarter, leading to increased sales for the full year.

As a result, on a consolidated basis, sales for this business unit increased by 7.5% to 2,522.7 billion yen in comparison to the previous term.



Toward Further Growth

Pursuing the value of print in a digital society and expanding business domains

We will meet diversified printing needs by taking advantage of the strength of offering a wide variety of printing equipment from printers for home use and for office use to commercial printers.

As for digital commercial printing, the Company's sales are growing. This reflects the enhanced image quality and productivity that have spread throughout the industry as we incorporate the feedback of printing company customers. We will develop sales channels through cooperation with Heidelberger Druckmaschinen AG, a leading German company of offset printing equipment, while expanding our business domain by making a full-scale entry into the industrial printing field, specifically targeting labels and packaging, which have high growth potential, to accelerate growth.

As for office and home printing, since the market has matured and is not expected to grow substantially, we will work to increase market share by raising product competitiveness, and review our structures of development, production, and sales, to build a more effective organization for higher profitability.

CT systems that deliver high-resolution images, but also reduce the strain on patients with less radiation exposure

Enhancing our presence through the development of next-generation products centered on diagnostic imaging equipment and strengthening our global sales capabilities

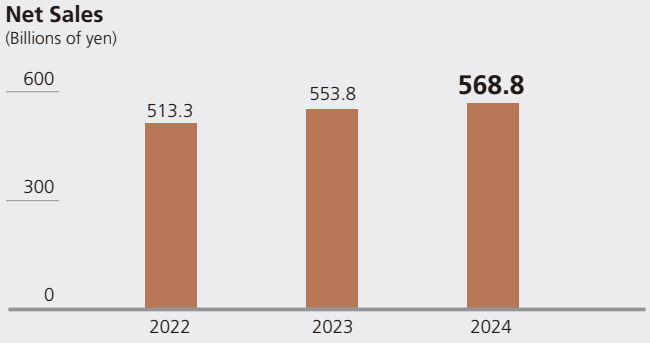
We are bolstering our sales structure, particularly in the United States, which is designated as a key region, while accelerating development of Photon Counting CT, with the aim of achieving the No.1 global market share in CT. We are also working to increase our market share by boosting the product competitiveness of our MRI and diagnostic ultrasound systems.

Performance in 2024

In diagnostic imaging equipment, sales of flagship models increased. Sales increased due to strong results, mainly in the Unites States, Asia, and the Middle East

As for diagnostic imaging equipment, the market shrank, due to China's prolonged anticorruption campaign, economic slowdown in Europe, and work style reforms at medical institutions in Japan. However, we increased sales, particularly in the United States, with our new flagship computed tomography (CT) system, the "Aquilion ONE / INSIGHT Edition," which we globally released, the "Vantage Galan 3T / Supreme Edition," a magnetic resonance imaging (MRI) system in which key parts were replaced with ones made by Canon, and the "Alphenix," an angiography system. In the United States, a key market for our growth, positive effects are emerging from the strengthening of our sales structure and the forging of partnerships with medical institutions. We also saw sales growth in emerging countries, including in Asia and the Middle East.

As a result, on a consolidated basis, sales for this business unit increased by 2.7% to 568.8 billion yen in comparison to the previous term.



Toward Further Growth

Bolstering global sales capabilities and presence by expanding our lineup of mainstay diagnostic imaging equipment

We aim to establish a solid presence in the field of diagnostic imaging equipment, which serves as the core of the business. In addition to further expanding our product lineup that is comparable to that of competitors around the world, strengthening our sales capability and presence overseas is an urgent issue. In the United States which is a medically advanced country that has great influence in the global market, while reinforcing our sales structures by means of increasing our sales force and other resources, we are collaborating with advanced medical institutions and strengthening relationships with medical practitioners who serve as key opinion leaders. In addition, Photon Counting CT, the next generation CT, is drawing increasing attention as many papers based on Canon's equipment have been published. We will work to improve Canon's presence by realizing the early launch of Photon Counting CT.

In terms of profitability, we began taking action by establishing the Medical Business Innovation Committee in February 2024 to identify areas for improvement. We will unify Canon Inc. and Canon Medical Systems Corporation and improve efficiency in our development, production, sales, and management operations for higher profitability.

Canon's mirrorless cameras support photographers with high-precision AF, superior image quality, and high reliability

Sales of cameras increased thanks to sustained growth of core products, while network cameras also performed well

By further expanding our product lineup, we aim to secure an overwhelming No.1 position in the global interchangeable-lens camera market. We will also expand our network camera business by capturing growing demand.

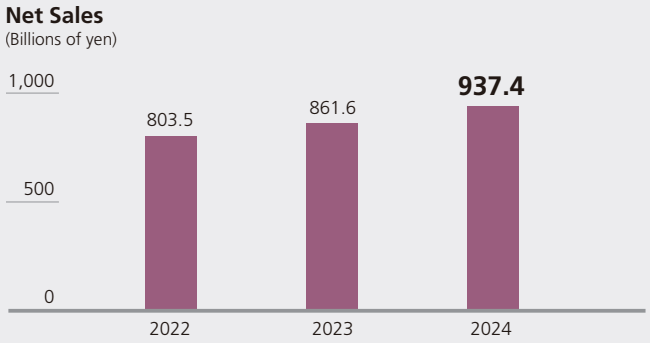
Performance in 2024

Sustained growth in both interchangeable-lens cameras and network cameras

As for interchangeable-lens cameras, in August and November of last year, we launched new mirrorless cameras, namely the "EOS R5 Mark II," a new mainstream model for professionals and enthusiasts, and the "EOS R1," our flagship model, respectively. As a result, we maintained mirrorless camera sales growth as unit sales exceeded those of the previous term. The sales of interchangeable lenses also increased due to sales growth in high-value-added cameras, which led to net sales growth in the camera category overall.

The network camera market keeps on growing with a continued focus on the security field. Sales of network cameras were sluggish in the first quarter due to inventory adjustments. However, after inventory adjustments were completed, we firmly secured growing demand by leveraging our powerful sales channels in Europe and the United States. As a result, we posted growth in both network camera hardware and software sales, which led to double-digit net sales growth also in this term.

As a result, on a consolidated basis, sales for this business unit increased by 8.8% to 937.4 billion yen in comparison to the previous term.



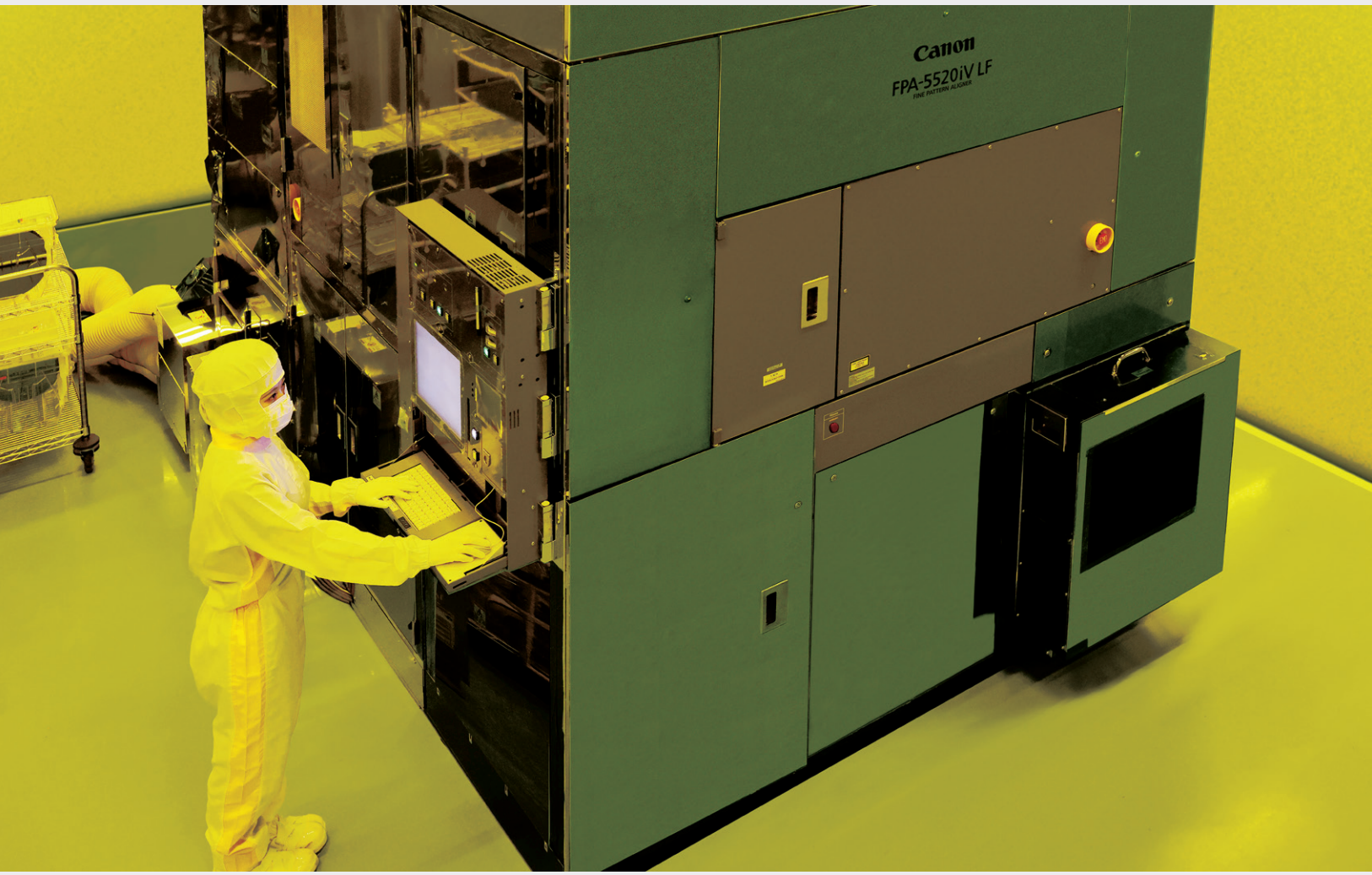
Toward Further Growth

Accelerating growth by creating attractive products and responding to increasingly diverse needs

As for digital cameras, it is important for us, as a leading company of cameras, to continue to provide attractive products to users, including younger generations, and to stimulate the market going forward. Canon will offer a lineup that satisfies both demand for still image photography from professional photographers and camera enthusiasts, and for diverse video recording from social media users.

Demand for network cameras for surveillance applications continues to increase to ensure safety and security against disasters and crimes.

At the same time, the need for in-store marketing and for production control at manufacturing sites are growing. Canon will accelerate its growth by responding to diversifying demand.



i-line semiconductor lithography systems for advanced packaging which contribute to high integration of semiconductor devices

Strong sales of mainstay, semiconductor lithography equipment driven by growing demand for semiconductors, mainly for generative AI

As we take steps to ramp up production capacity to fully capture the strong demand for semiconductor lithography equipment, we also aim to expand sales of nanoimprint semiconductor manufacturing equipment that can reduce production costs and power consumption.

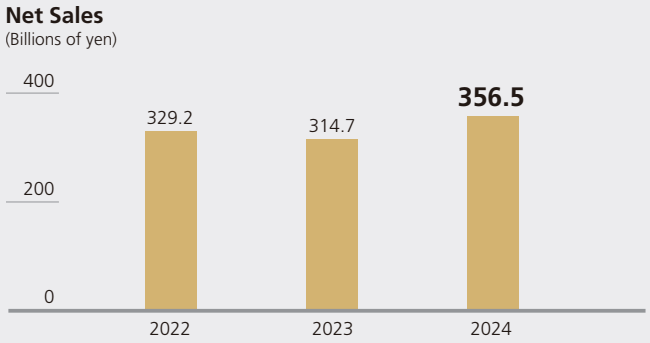
Performance in 2024

Sales of semiconductor lithography equipment increased due to robust demand, while demand for FPD lithography equipment started to recover in the second half

As for semiconductors, demand for logic and DRAM for generative AI has grown significantly, and with the trend toward domestic production from an economic security perspective, demand for semiconductor lithography equipment has remained strong. We have experienced a significant increase in the sales of equipment for power semiconductors used in electric vehicles (EVs), etc. As for our back-end processing equipment for the advanced packaging of semiconductors used in generative AI, which is recognized as the industry standard, our unit sales more than doubled compared to the previous term.

For FPD (Flat Panel Display) lithography equipment, new investment for IT panels installed in notebook PCs and tablets and additional investment for smartphones due to advanced functions gradually recovered as the earnings of panel manufacturers improved. This led to a slight increase in unit sales compared with the previous term.

As a result, on a consolidated basis, sales for this business unit increased by 13.3% to 356.5 billion yen in comparison to the previous term.



Toward Further Growth

Augmenting production capacity in preparation for increased demand for semiconductor lithography equipment in line with medium-to-long-term market growth

We anticipate continuing market growth for semiconductors driven by essential devices used in AI, IoT, electric vehicles (EVs), and other technological innovations. And due to this, demand for semiconductor lithography equipment is anticipated to also increase. Recognizing the need to significantly bolster production capacity to respond to strong demand, we have started construction of a new plant at our production site in Utsunomiya that is scheduled to become operational in 2025.

We are aiming to expand sales of "nanoimprint semiconductor manufacturing equipment" to further enhance sales growth potential. Unlike conventional methods that use light to expose circuit patterns, this system forms circuit patterns by pressing a patterned mold like a stamp. We are working with semiconductor manufacturers to evaluate and test various types of patterning for mass production.

In addition, we are also proceeding with the development of ArF lithography equipment with the aim of launching it in the second half of 2025. We will expand the coverage of semiconductor production processes by enhancing our lineup.

Canon seeks to solve issues in society through innovation.

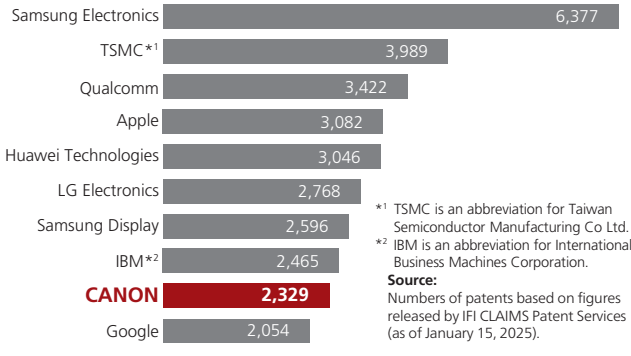
Development of OLED materials

Canon's R&D

Canon, founded in 1937 as a camera manufacturer, started to expand its business domains from the 1960s to office equipment, optical devices, and medical equipment. Today, we operate in four industry-oriented groups: Printing, Medical, Imaging, and Industrial.

We have continued to diversify our business operations by practicing a style of core competency management that intertwines our technologies in various ways. Namely, the core competency technologies to create core products, the fundamental technologies as the basis for technology accumulation, and value creation technologies that underpin our product commercialization technologies. In addition, the most distinctive feature of Canon's R&D is that a holistic environment (one where technologies can be joined in complex ways) has been developed where it is possible to use and deploy together throughout the company the "technologies that go into products" like core technologies/fundamental technologies, and the "technologies that support products" such as value creation technologies. Moreover, in order to respond quickly to social issues, we have sought out the most optimal R&D structure best suited to the times. Currently, instead of having a single R&D department take on all research and development areas, we have multiple R&D departments, each responsible for specific fields. We have evolved this aggregation of R&D functions in line with our business domains

Top Ten companies by number of US patents obtained in 2024



*1 TSMC is an abbreviation for Taiwan Semiconductor Manufacturing Co Ltd.
*2 IBM is an abbreviation for International Business Machines Corporation.
Source:
Numbers of patents based on figures released by IFI CLAIMS Patent Services (as of January 15, 2025).

to engage in new manufacturing processes. Going forward, we will continue to create new value through technology and innovation and advance R&D in order to contribute to solving increasingly complex and diverse social issues.

In 2024, R&D expenses amounted to 337.3 billion yen, which equates to 7.5% as a percentage of net sales. Our focus on R&D has also helped us cement our leading position in the intellectual property field. Canon was granted 2,329 patent applications in the U.S. in 2024, ranking it ninth in the world. We also maintained our number one ranking among Japanese companies for the 20th consecutive year.

Efforts to Develop and Expand Latest Technologies

Development of high-performance material for perovskite solar cells

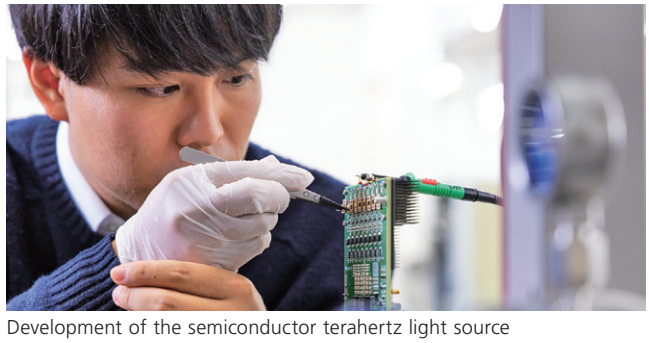
Canon has developed a high-performance material for perovskite solar cells, which are gaining attention as next-generation solar cells. Perovskite solar cells are lightweight, bendable, and can generate electricity even from indoor lighting, thereby offering a greater degree of freedom in installation than silicon solar cells. In addition, they are expected to reduce capital investment costs because they do not require large-scale manufacturing equipment. On the other hand, the crystal structure of the perovskite layer (photoelectric conversion layer) is susceptible to the effects of mainly moisture, heat, and oxygen in the atmosphere, resulting in low durability. Furthermore, stable volume production of perovskite solar cells with large surface areas has shown to be problematic. By applying the materials technology cultivated through the development of photosensitive members, a key component of multifunction office devices and laser printers, Canon has developed a high-performance material to protect the photoelectric conversion layer and improve durability.

Research of high-performance material for perovskite solar cells

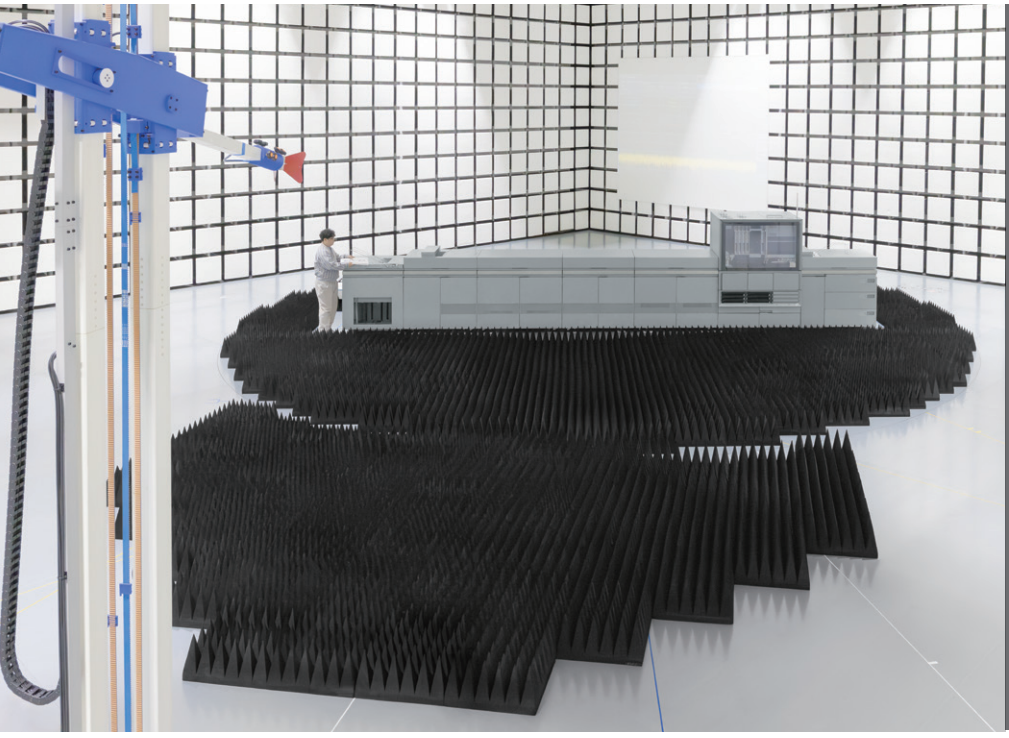
Development of compact terahertz device with world's highest output*

Canon has developed a compact, high-performance device capable of transmitting terahertz waves more strongly and over longer distances. The device delivers the world's highest output and a high level of directivity (the concentration of energy in a single direction). Terahertz waves consist of electromagnetic waves that enable high-speed, high-capacity communication and are expected to be deployed in such fields as 6G telecommunications. They also have the potential to be used in security applications because they can penetrate certain objects without causing exposure to radiation. Canon became the first Japanese company to receive the Best Paper Award from a leading international journal published by IEEE MTT-S, a world-renowned academic institute in the field of microwaves.

*Among 450GHz output semiconductor devices. As of December 28, 2022 (based on Canon research).



Development of the semiconductor terahertz light source



Canon has established its own quality management system to provide high-quality and excellent products and services. We strive to further improve production-engineering technology and to develop human resources with outstanding technical skills.

Quality testing of a digital commercial printing machine conducted in a radio frequency shielded room that is not affected by radio waves

Quality Control

Canon's basic quality concept is "no claims, no trouble." We have developed our own quality management system that we exhaustively follow to deliver products and services that are guaranteed to be safe, reliable, and satisfactory. The system has three defining characteristics, shown in the chart below. With the quality management system as a base, each business division at Canon Inc. implements rigorous quality control by building quality assurance systems optimized for the characteristics of each business and in compliance with the laws and regulations of each country and region.

1. Fulfills all the requirements of ISO 9001, the international quality management standard.*1
2. Incorporates the concept of substantial safety*2 to place greater emphasis on safety.
3. Introduces a framework for quality verification in the product commercialization process to ensure reliable product safety standards.*3

In terms of quality governance, the Quality Assurance Department within each business division checks the quality of the Development Division independently from the

Three defining characteristics

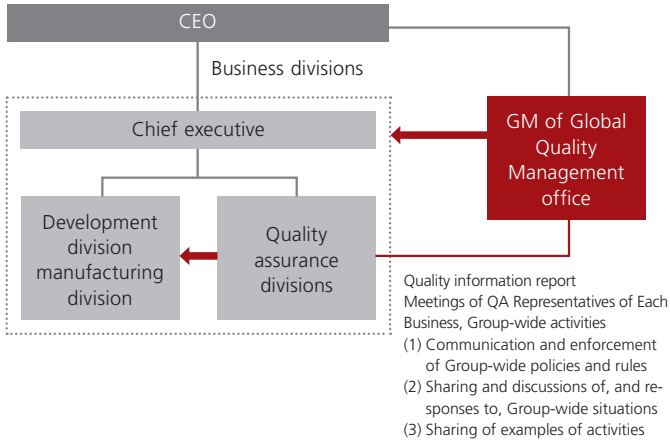
1	2	3
Fulfills all the requirements of ISO 9001, the international quality management standard.*1	Incorporates the concept of substantial safety*2 to place greater emphasis on safety.	Introduces a framework for quality verification in the product commercialization process to ensure reliable product safety standards.*3

Manufacturing Division, while the Quality Control Headquarters, which is under the direct control of the CEO, controls the quality assurance activities of each business division.

In addition, we believe that employees must always have opportunities to become more aware of quality control and acquire knowledge in order to maintain and enhance superior product quality. To this end, we repeatedly communicate our basic quality concept, as well as messages about quality control. And every year we have all Group employees complete a quality awareness survey so that we can assess their degree of understanding.

*1 The in-house regulations governing Canon's quality management system are recognized by the International Register of Certificated Auditors (IRCA) as an alternative standard to ISO 9001.

*2 This means safety not only in terms of what is required by laws and statutes, but also any safety issue that can reasonably be expected to arise during customer use even if not regulated or mandated by law.

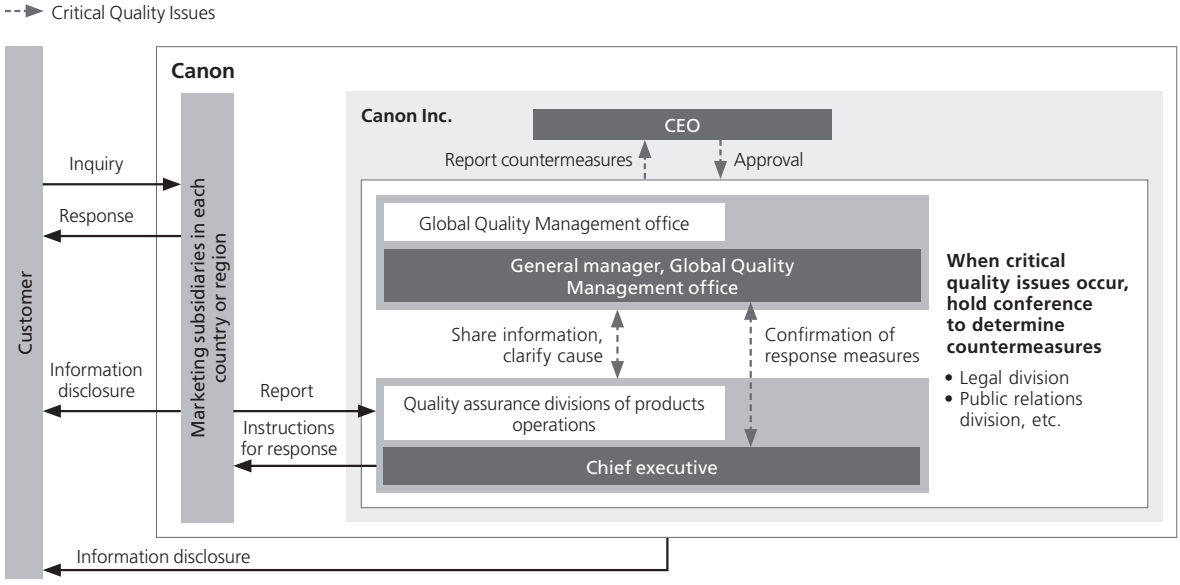


*3 This involves setting QA standards that must be satisfied for each of the stages in the development of Canon products from development and design to production and shipping. At each checkpoint along the development process, the QA framework requires a decision on whether the QA standard is satisfied to ensure rigorous control of product quality.

Systems for Responding to Quality Issues

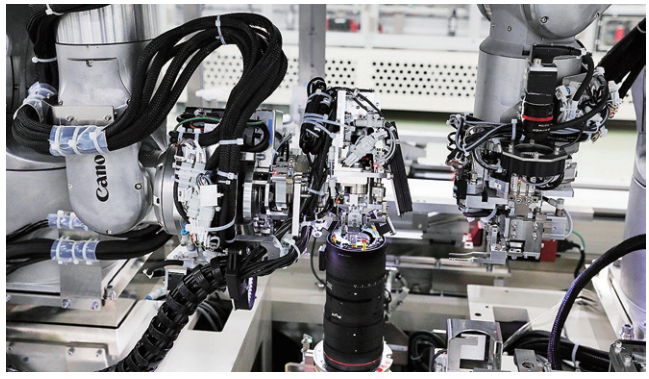
Should a quality issue arise, Canon has systems in place to promptly and appropriately investigate the cause, conduct free repairs, and disclose quality information.

In the event of a quality problem, the marketing companies in each country or region, which serve as the contact point for customers, file a report with the quality assurance division of the respective business division. The quality assurance division then investigates the cause and considers the countermeasures. Moreover, in the event of a major issue, related business divisions, the Global Quality Management office, the Legal Division, and Public Relations Division are consulted concerning response measures, and after the matter is reported to the CEO, action is promptly taken.



Productivity Improvements Through Automation and In-House Production

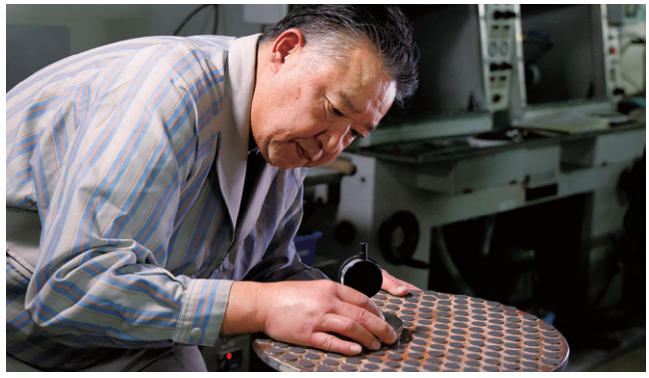
Canon aims to achieve further production efficiency by leveraging technologies cultivated in different businesses regardless of divisions and by collaboration among design, production engineering, and manufacturing sites, to refine its automation and in-house production technologies. In addition to key devices and components, we are also actively pursuing in-house production of production equipment and molding dies. Following toner cartridges, we have rolled out automated production lines for cameras and interchangeable lenses to further enhance productivity.



Automated production process for interchangeable lenses

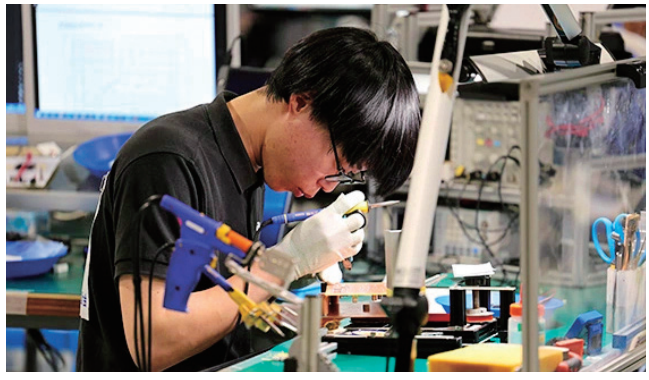
Development of Human Resources: Master Craftsmen and Meisters

To further enhance its manufacturing capabilities, Canon is actively engaged in the development of technicians to support production. We are also focused on nurturing our most skilled technicians in specific fields, known as Master Craftsmen, and those who contribute to the advancement of manufacturing with their wide-ranging skills and knowledge of mainly assembly and component processing, known as Meisters. These technicians contribute to the improvement of Canon's production-engineering technology and play an active role at the front line of production by passing on the skills they have honed over the years to the next generation.


Canon's master craftsman with exceptional skills who also nurtures young talent

Participation in the National Skills Competition

At Canon, we believe that the development of human resources is fundamental to manufacturing, which is why we have long been committed to training the skilled workers and engineers. In addition, as part of our efforts to train young skilled workers, we have participated in the National Skills Competition, a competition for young skilled workers in Japan (generally under 23 years of age) since the 43rd competition in 2005. In 2024, eight participants from the Canon Group competed in four categories, winning a total of four awards including one gold medal.


Young engineers entering competitions to further hone their technique