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.

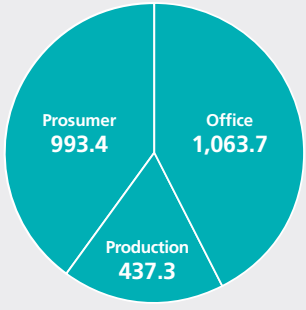
PRINTING

From Home Printing to Commercial and Industrial Printing

Net Sales ¥2,494.4 billion / 54% Share of Net Sales

Number of Employees 105,938

Inkjet printers



Office multifunction devices (MFDs)

Digital sheet-fed presses

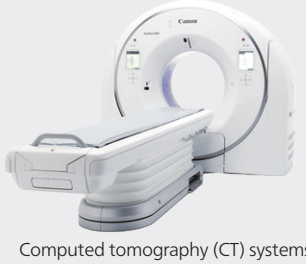
MEDICAL

Co-creation with Healthcare Professionals

Net Sales ¥580.6 billion / 13% Share of Net Sales

Number of Employees 13,347

Magnetic resonance imaging (MRI) systems



Computed tomography (CT) systems

Diagnostic X-ray systems

Business

Total Net Sales

¥4,62

Total Number

165,

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

Others & Corporate

Net Sales ¥237.1 billion / 5% Share of Net Sales

Number of Employees 12,138

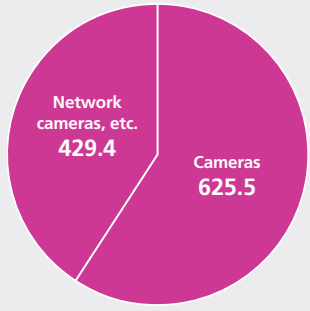
IMAGING

From People's Daily Lives to Professional Settings

Net Sales ¥1,054.9 billion / 23% Share of Net Sales

Number of Employees 26,367

Network cameras



Digital compact cameras

Digital cinema cameras

RF lenses

Mirrorless cameras

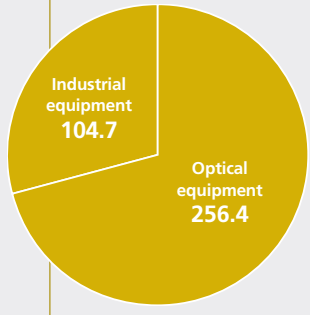
Segments for 2025

4.7 billion

of Employees

547

Semiconductor lithography equipment



Sputtering equipment

FPD (Flat Panel Display) lithography equipment

INDUSTRIAL

Contributing to Leading-edge Electronics Industry

Net Sales ¥361.1 billion / 8% Share of Net Sales

Number of Employees 7,757

PRINTING GROUP

imageFORCE series delivers high productivity and strong expressive capability to meet the needs of today's workforce

Gaining market share with new series of office MFDs, while expanding product lineup for commercial and industrial printing

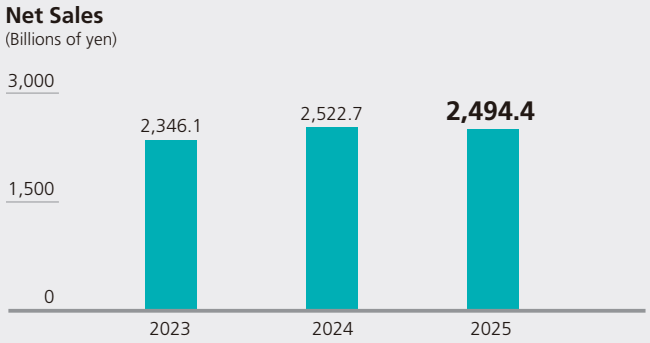
Expanded product lineup for commercial printing to meet diverse needs and achieved sales growth even in challenging market conditions

Performance in 2025

Expanded sales channels for commercial and industrial printing and introduced new series of office MFDs to drive sales growth

As for commercial and industrial printers, we started to supply digital printing equipment to Heidelberger Druckmaschinen AG, a leading company of offset printing equipment, as well as expanded our sales channels, which led to increased sales of cut sheet equipment. We expect sales to increase further in 2026 by expanding our product lineup.

For office MFDs, we will work to expand our market share through the progressive introduction of core products of the imageFORCE series, our first new series in 15 years, which incorporates new technologies that significantly enhance product functionality. While unit sales grew for inkjet printers, mainly refillable ink tank models, sales of laser printers declined substantially due to shipment adjustments resulting from a deterioration in market conditions. As a result, on a consolidated basis, sales for this Business Unit decreased by 1.1% to 2,494.4 billion yen in comparison to the previous term.



Toward Further Growth

Drive sales growth by introducing new products for commercial printing that meet rising demand for high-mix, small-lot printing and by making effective promotional investments

Starting with commercial printing, we plan to steadily introduce new products that expand our business area, including the varioPRINT iX1700 for small- and medium-size printing companies, the varioPRESS iV7, which enables printing on B2-size substrates, and the Colorado XL, a large format printer that can handle a wide variety of media. In Office MFDs, expanding sales of our new imageFORCE series will be a major driver of growth. As for laser printers, we will work to make effective marketing investments to regain market share. As for inkjet printers, we will continue to expand sales of refillable ink tank models and expand sales through the new cartridge-based models that were launched in 2025. As a result, even under challenging market conditions, we expect to increase Business Unit net sales by 1.5%.

MEDICAL GROUP

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

Expanding sales in the U.S. and emerging markets and accelerating growth through launch of next-generation CT system and business reforms

Enhanced global presence, introducing next-generation CT system, expanding sales channels in emerging markets, and enhancing recognition in the U.S.

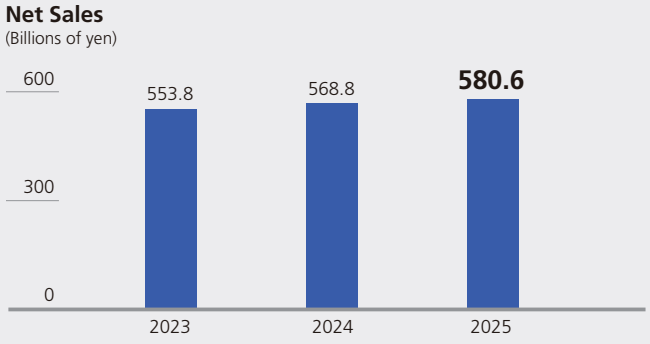
Performance in 2025

Secured orders for diagnostic imaging systems in the U.S. and achieved steady sales growth by also expanding sales in emerging markets

As for diagnostic imaging equipment, including CT, MRI, and diagnostic X-ray systems, we increased sales in the United States, a key market for our growth, by gaining orders from major hospitals, ranked among the top ten in the world. Sales also grew steadily in emerging markets, particularly in Latin America and Asia. In April, we launched the Aquilion Rise, a multi-position CT system that enables patient imaging not only in the conventional couch (supine) position, but also in standing and sitting positions. We are also preparing for the introduction of Photon Counting CT, our next-generation CT system.

Going forward, we aim to achieve further sales growth through groundbreaking new products. The Medical Business Innovation Committee, which was launched in 2024, is making steady progress in its efforts to improve profitability. In April 2026, Canon Medical Systems Corporation will be integrated into Canon Inc., and under this new structure, we plan to advance to the next stage and accelerate our efforts to innovate this business.

As a result, on a consolidated basis, sales for this Business Unit increased by 2.1% to 580.6 billion yen in comparison to the previous term.



Toward Further Growth

Preparing groundbreaking new products and expanding sales of CT and other large-size systems to drive sales growth

Through innovative new products, such as the Aquilion Rise, a multiple position CT system launched in April that can image a patient in a standing or sitting position, and Photon Counting CT, our next-generation CT technology, which we are preparing to launch, we aim to achieve further sales growth. In emerging markets, we will continue to grow, mainly through sales channel expansion. In the United States, which is a key region, recognition of our products in the medical industry has been increasing through papers and presentations at academic conferences by influential and prominent physicians. As a result, we expect to achieve double digit growth, particularly in large systems such as CTs, and aim for a full-year sales increase of 6.1% on a global basis.

IMAGING GROUP

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

Achieved sales growth in interchangeable-lens digital cameras and digital compact cameras driven by new products, and maintained strong sales of network cameras

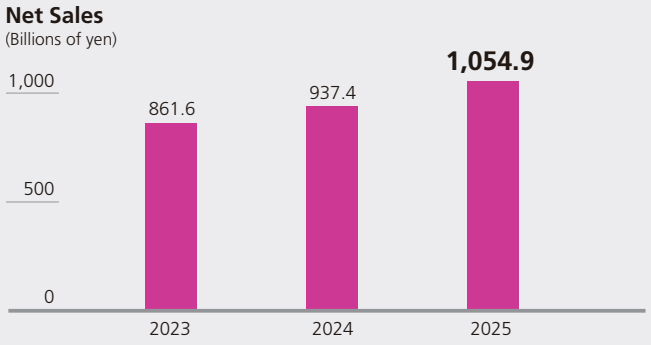
Interchangeable-lens digital camera sales continued to grow, driven by strong demand for popular entry-level models. Network camera sales also grew in response to rising demand

Performance in 2025

Interchangeable-lens digital camera sales grew, driven by strong demand for entry-level models and launch of two new products

As for interchangeable-lens digital cameras, we expanded sales, particularly of entry-level models, amid an increase in camera users, especially young people. We boosted sales through the launch of new mirrorless cameras, namely the EOS R50 V, in April, and the EOS R6 Mark III, a core model for advanced amateurs, in November, and also through an increase in production of compact digital cameras, for which demand is growing, particularly among young people. As for network cameras, the market continues to grow, driven mainly by the security sector. Leveraging our strong sales channels in Europe and the United States, we firmly captured expanding demand. Through this, we significantly increased sales of both network camera hardware and software to achieve double-digit full-year sales growth again this year.

As a result, on a consolidated basis, sales for this Business Unit increased by 12.5% to 1,054.9 billion yen in comparison to the previous term, exceeding the 1 trillion-yen mark.

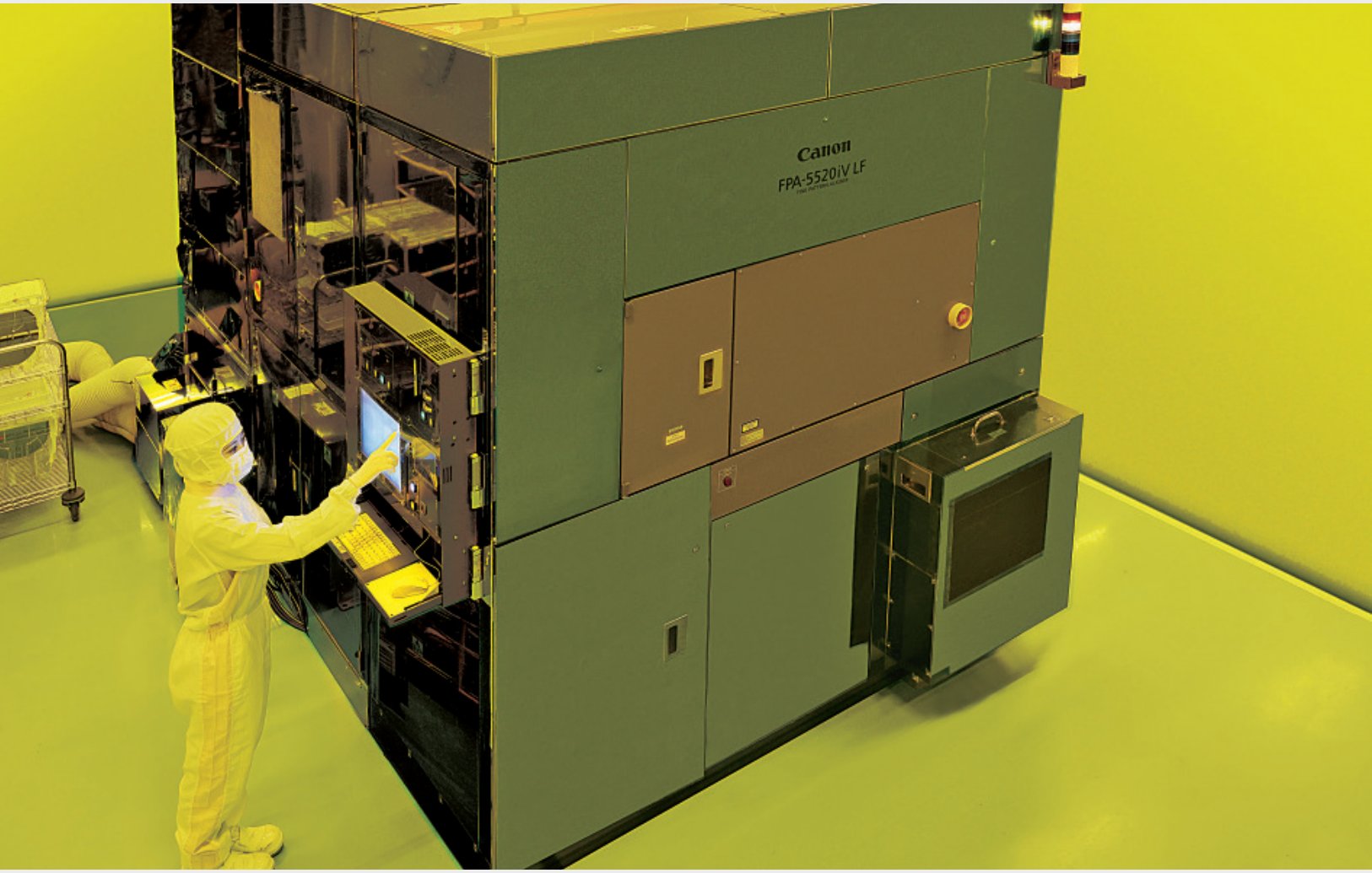


Toward Further Growth

Continued growth in camera sales driven by popularity of entry-level interchangeable-lens digital cameras among young people and new full-frame models

Starting with cameras, we will continue to increase sales of entry-level interchangeable-lens digital cameras like the EOS R50 V, the EOS R50 and the EOS R100, which are popular among new camera users, particularly young people. We also plan to increase sales of full-frame models, with focus on the new EOS R6 Mark III, which was launched in the second half of last year. As for digital compact cameras, supported by strong demand, we will expand sales by further increasing production and plan to increase camera business net sales overall by 8%. As for network cameras, supported by market growth, driven by expanding demand for security, and other applications, we expect to grow our full-year sales by 7.6% and aim to increase Business Unit net sales by 7.8%.

INDUSTRIAL GROUP



Lithography equipment for advanced back-end process applications that contribute to high integration of semiconductor devices

Achieved strong sales growth of lithography equipment for advanced back-end process applications and making steady progress in evaluation of next-generation systems for mass production

Strong demand from AI data centers driving equipment growth for memory devices. Aim for sales growth through KrF equipment, while accelerating the evaluation and verification of nanoimprint for mass-production

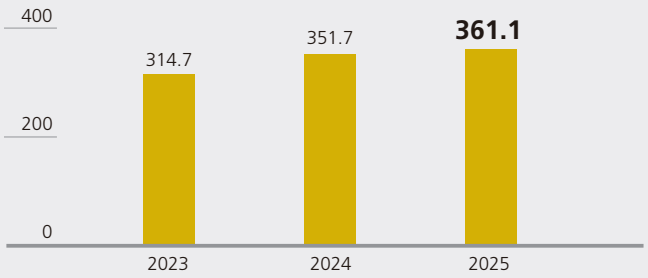
Performance in 2025

AI demand drives sales expansion of semiconductor lithography and sputtering equipment for advanced back-end process applications

As for semiconductor lithography equipment, supported by strong AI-related demand, we posted a large increase in the sales of our equipment used in back-end process applications, which set the industry standard for leading-edge semiconductor packaging. We also increased sales of sputtering and other equipment for use in the production of HBM (High Bandwidth Memory) and other advanced semiconductor devices. As for Nanoimprint, our next-generation semiconductor manufacturing equipment, we are already shipping systems to customers, and the on-site evaluation of this equipment for use in mass production is progressing smoothly.

For FPD (Flat Panel Display) lithography equipment, as the earnings of panel manufacturers improved, there was an increase in new investment for IT panels installed in notebook PCs and tablets, as well as additional investment for smartphones with increasingly high functional capabilities. This led to an increase in unit sales. As a result, on a consolidated basis, sales for this Business Unit increased by 2.7% to 361.1 billion yen in comparison to the previous term.

Net Sales
(Billions of yen)



* In order to manage the performance of each reportable segment more appropriately, Canon has changed its performance management method regarding intercompany transactions for Industrial Business Unit from the beginning of the first quarter of 2025. Operating results for the year ended December 31, 2024 have also been reclassified.

Toward Further Growth

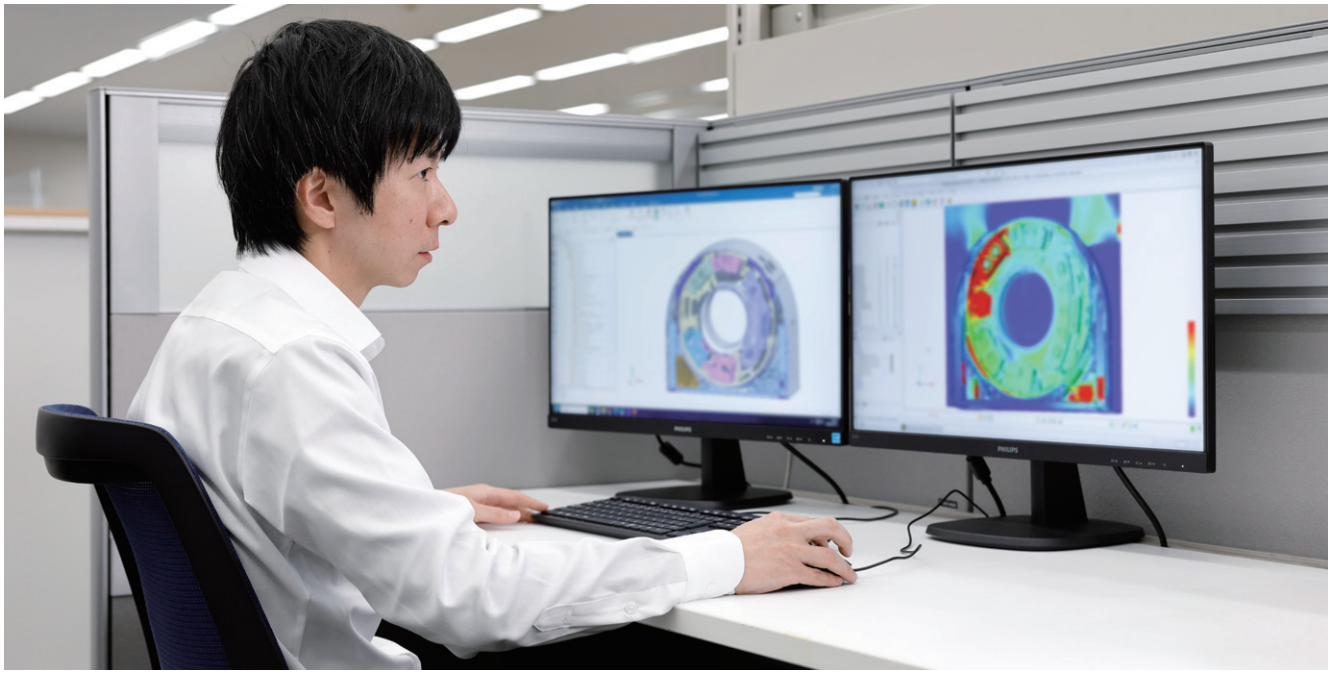
Expand sales of KrF equipment while commercializing nanoimprint-based wafer planarization technology to broaden its application

As for the semiconductor lithography equipment market, in 2025, demand for power semiconductor devices decreased due to a slowdown in EV demand. However, as demand for AI data centers continues to grow, we expect growth in 2026, particularly for equipment used in the manufacturing of memory devices.

In 2026, we expect the sales of i-line equipment for power semiconductor devices for automotive applications to decline, largely due to the slowdown in EV demand. However, supported by strong AI demand, there has been a significant increase in business negotiations for equipment used in the manufacturing of memory devices. Accordingly, we aim to achieve sales growth by selling 71 KrF units, which is 25 units more than last year.

As for Nanoimprint, our next-generation semiconductor manufacturing equipment, the specifications of equipment that was shipped to major semiconductor manufacturers were confirmed. We are now working to further accelerate the evaluation and verification of this equipment for use in mass production. In addition, we announced a technology that leverages our expertise in nanoimprint lithography to flatten wafer surface topography with high precision and are working to expand its application.

RESEARCH & DEVELOPMENT



Thermal airflow simulation of CT systems

Canon seeks to solve issues in society through innovation. In addition, the company actively promotes research and development through its distinctive development framework and continues to diversify its business portfolio

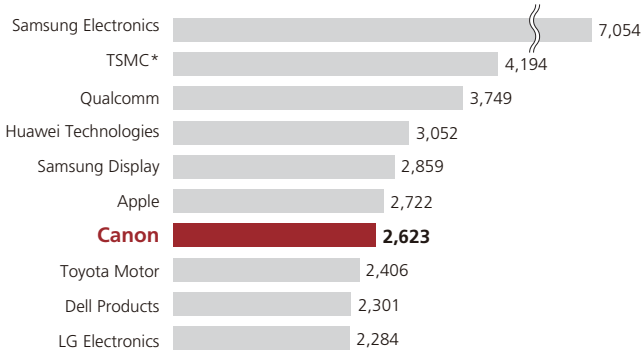
Canon's R&D

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.

Canon, which started out as a camera manufacturer, has promoted the diversification of its business in line with the needs of the times, centered on optical technology, and has expanded its business fields to include office equipment and optical products. Today, Canon operates in four industry-oriented groups: Printing, Medical, Imaging, and Industrial. During this period, management and R&D have been working together to develop technology management and build an optimal R&D system.

Although Canon is composed of various businesses, we continue to grow as one unified company thanks to a system that enables us to make use of our accumulated technologies across the entire Group. The Canon Group's technologies are classified into Technologies that go into products (Core Competency Technologies and Fundamental Technologies), Technologies that support

Top 10 companies by number of US patents obtained in 2025



* TSMC is an abbreviation for Taiwan Semiconductor Manufacturing Company Limited
Source: Numbers of patents based on figures released by IFI CLAIMS Patent Services (as of January 16, 2026).

products (Value Creation Technologies), and Technologies that commercialize products.

This development environment, in which we are able to combine technologies to create synergies, is also effective in integrating newly acquired technologies and those of companies acquired through M&A, serving as a driving force for Canon's continuing evolution and creation of new value.

In 2025, R&D expenses amounted to 339.3 billion yen, which equals 7.3% of net sales. Our focus on R&D has also helped us cement our leading position in the intellectual property field. Canon was granted 2,623 patents in the U.S. in 2025, ranking it seventh in the world.

Among the companies that have continually maintained a position within the global top 10, Canon currently holds the record for the longest duration—42 consecutive years.

Efforts to Develop and Expand Latest Technologies

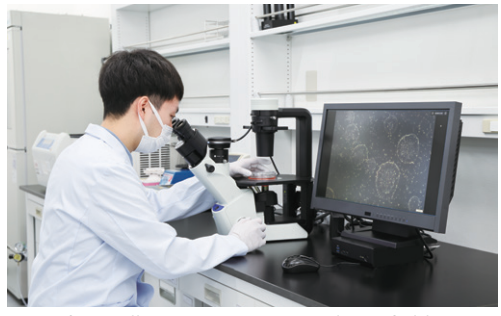
Developed new material to solve perovskite solar cell issues

Canon has developed new material that addresses the challenges of 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 it 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.

R&D of new material to solve perovskite solar cell issues

Developing fundamental technologies for iPS cell production

Canon is developing fundamental technologies to automate the iPS cell production process. Leveraging its expertise in manufacturing process technologies and quality control, Canon is working jointly with the CiRA Foundation to develop automated production processes. Based on its proprietary optical technologies and image processing and analysis technologies, it is also working to develop technologies that enable the continuous monitoring of the condition of iPS cells during the cultivation process and ensure the stable production of high-quality iPS cells. Through these initiatives, it will help bring about a society where high-quality iPS cells and the regenerative medicine products derived from them can be produced at a lower cost and made available to more patients.



R&D of iPS cells in regenerative medicine field

PRODUCTION & QUALITY

Product evaluation testing of the EOS R1

Canon is building a quality management system to provide customers with products and services of surpassing quality.
While striving to further enhance our production-engineering technology, we are developing human resources with outstanding technical skills

Quality Control

In 1964, Canon determined that its basic quality concept is to ensure that customers have "no claims, no trouble," and has since striven to earn the trust and heartfelt satisfaction of customers around the world by providing products and services of surpassing quality.

Based on this mindset, the Canon Group's firm commitment is to adhere to the Canon Quality motto that incorporates the three keywords "Safety + Smartness + Satisfaction" —the elements we view as essential to product and service quality.

At Canon, we have developed an in-house quality management system that we follow assiduously. The system has three defining characteristics, as outlined below.

1. Fulfills all the requirements of the international quality assurance standard ISO 9001*1
2. Incorporates the concept of "substantial safety*2" as standard for quality management
3. Introduces a framework for checking quality in product commercialization processes to ensure reliable product safety standards*3

Using our in-house quality management system as a base, the various Headquarters divisions at Canon implement rigorous quality control by building quality assurance (QA) systems that are optimized for the characteristics of each business, as well as in compliance with the legal and regulatory standards of each country and region.

Under Canon's quality governance set-up, the quality assurance division within each business division works independently of the development and manufacturing divisions. The Global Quality Management Office, a separate entity reporting

Canon Quality
Safety+Smartness+Satisfaction

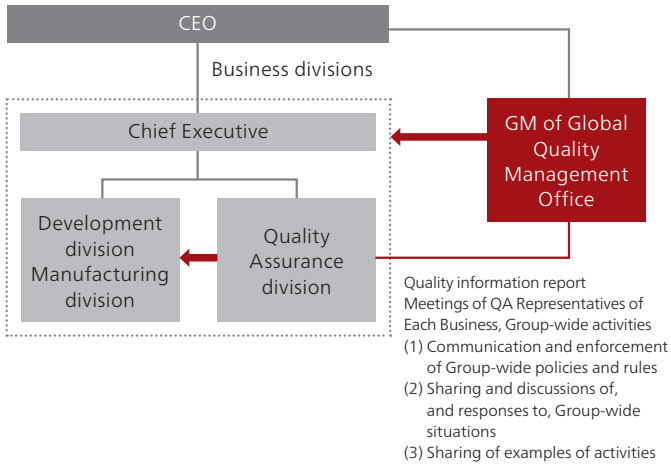
directly to the CEO, also oversees quality assurance activities by each business division.

In addition, Canon employs a range of measures to instill high employee awareness of the need to maintain outstanding quality and attain further quality improvements, and to help employees gain related knowledge.

We continually communicate our basic concept and motto on quality, while also conducting annual Group-wide surveys of employees to ascertain the degree of quality awareness.

*1 The in-house regulations governing Canon's quality management system have been recognized by the International Register of Certificated Auditors (IRCA) as an alternative standard to ISO 9001 since 2017.
*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 path, the QA framework requires a decision on whether the QA standard is satisfied to ensure rigorous control of product quality.

Quality Governance Framework



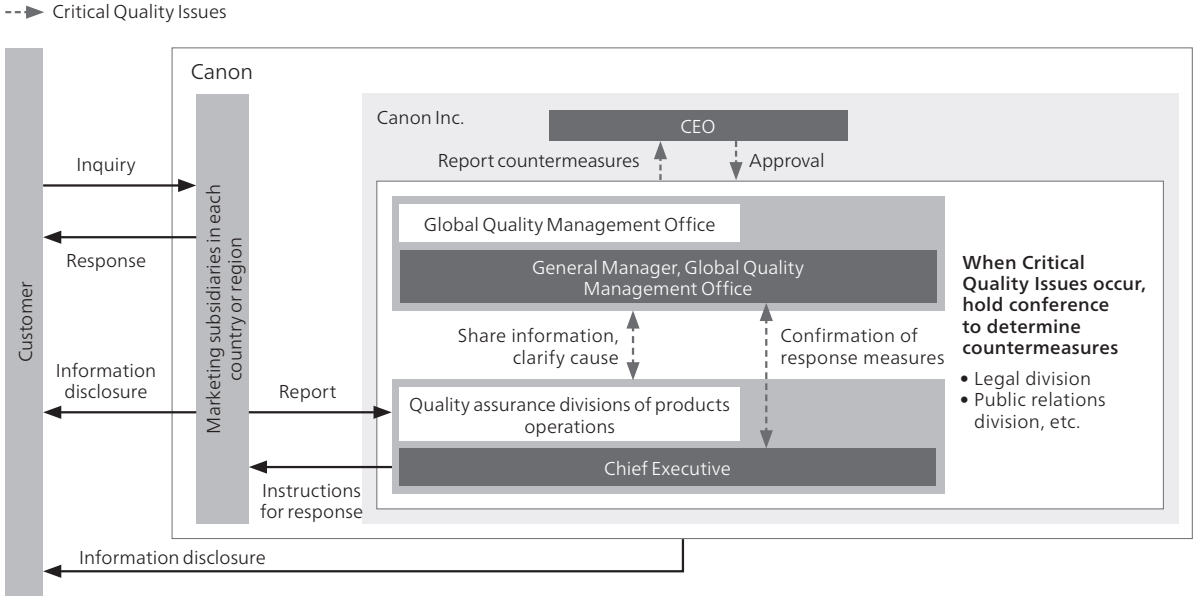
Systems for Responding to Quality Issues

Should a quality issue arise, Canon has systems in place to promptly and appropriately investigate the cause, repair products free of charge, and disclose quality information.

In the event of a quality problem, our 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 Canon Inc. Headquarters division (products operations). The quality assurance division then investigates the cause of the issue as well as countermeasures.

Moreover, in the event of a major issue, related Headquarters divisions (products operations), 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.

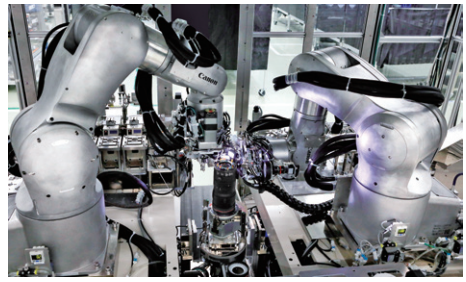
Process for Response to Quality Issues



PRODUCTION & QUALITY

Productivity Improvements Through Automation and In-House Production

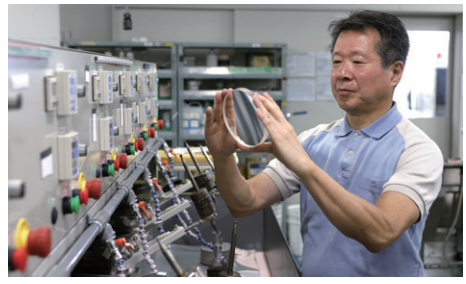
Canon aims to achieve further production efficiency by leveraging technologies cultivated in different businesses regardless of divisions and by collaboration among design, production engineering, and manufacturing sites, to refine its automation and in-house production technologies. In addition to key 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 Craftsmen with exceptional skills also nurture 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 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 2025, eight participants from the Canon Group competed in four categories, winning a total of three awards: one bronze medal and two Fighting Spirit awards.

Young engineers entering competitions to further hone their technique