



Canon Inc.
FY 2025 Analyst Meeting
Q&A Session Summary

Q1. You established a framework for 200 billion yen in share buybacks. Please tell us your stance regarding cash allocation in connection with Phase VII.

A1. This framework for share buybacks is part of our plan to return 1 trillion yen or more to shareholders during Phase VII, our 5-year plan. We also set aside 2 trillion yen as a flexible strategic investment pool. Our first priority for these funds is growth investment, the second is shareholder returns, and the third is debt repayment. If there is an opportunity for growth investment, such as an M&A, we will pursue it as a top priority. If there is no opportunity, we intend to allocate the funds to shareholder returns, such as share buybacks, taking into account our share price and other factors.

Q2. The balance of treasury stock has increased significantly. Please tell us your current stance regarding the cancellation of treasury stock?

A2. We hold treasury stock for potential future use as consideration in M&A transactions or for stock options. We do not have any plans to cancel treasury stock any time soon. Additionally, we don't have any intention to reissue these shares to raise funds as we are not facing any funding constraints at this time.

Q3. In 2026, you are expecting a 7.3 billion yen negative impact from U.S. tariffs. Could you please break this down by contributing factors?

A3. In 2025, tariffs increased costs by 45.4 billion yen, while our pricing adjustments contributed 41.2 billion yen. As a result, the net impact on our 2025 results was a negative 4.2 billion yen. In 2026, tariffs will increase costs by 96.1 billion yen as it will affect the entire year. Price adjustments will offset 84.6 billion yen of this, leaving a net negative impact of 11.5 billion yen. Therefore, the impact worsens from 4.2 billion yen in 2025 to 11.5 billion yen in 2026, which results in lower profit in the amount of 7.3 billion yen.

Q4. To what extent have you factored in the rising price of DRAMs into your plan? Besides higher costs, is there a possible risk that procurement will become difficult? If so, could this lead to a build up in DRAM inventory?

A4. In 2026, we expect this to increase costs by approximately 6 to 7 billion yen, with roughly one-third of the impact on Printing and two-thirds on Imaging. While we are not currently facing any major disruption in procurement, if the situation worsens, supply risks could emerge. We haven't decided how far ahead we will secure inventory, but our current policy is to purchase everything we are able to obtain.

Q5. How are rising raw material prices and rare-earth supply issues factored into your plan?

A5. Rising raw material prices have been affecting various products since last year and is already factored into our plan for this year. We highlighted semiconductor memory, in particular, because the impact from its steep price increase is especially large. As for rare earth, we are not facing any major issues at this time, but tighter regulations or any suspension of supply could have a significant impact, particularly on Imaging.

Q6. In your 2026 plan, why is laser printer the only business in Printing showing negative growth?

A6. In 2025, on top of being impacted by restrained investment in the market, we were affected by differences in pricing and sales investment levels compared to competitors, which led to a decline in market share. This year, we plan to recover by introducing new products with stronger price competitiveness, but since it will take time, our current outlook is conservative.

Q7. As for your medical business in 2026, in addition to an increase in net sales, you are expecting benefits from structural reforms. Why then are you only projecting a small improvement in profitability?

A7. In 2025, we achieved improvements totaling 11.5 billion yen, exceeding our target, and in 2026 we will continue to pursue structural reforms aimed at generating more than 10 billion yen in additional benefits. At the same time, we expect to incur approximately 10 billion yen in additional personnel, development and marketing costs, covering the development of our next generation photon-counting CT, as well as the expansion of sales channels and the reinforcement of our sales force in the United States and emerging markets, where sales continue to grow.

Q8. Why are you expecting the unit sales of i-line semiconductor lithography equipment to decline in 2026?

A8. Although equipment demand for back-end processes remains at a high level, the decline reflects a significant decrease in demand for power semiconductor devices, particularly for EVs, and sluggish activity surrounding PCs and smartphones.

Q9. As for nanoimprint, how is it reflected in your plan for 2026?

A9. We expect nanoimprint to make a full contribution to sales from 2027 onward. It is not included in our plan for 2026. However, we have already shipped systems to customers, and if the customer evaluations confirm that the technology can be applied to mass production, sales could exceed our current plan.

Q10. Please tell us the reason why the 2025 profit for the “Others and Corporate” segment is expected to exceed the previous plan?

A10. In our previous outlook, we assumed that the impact of U.S. tariffs would ease in the fourth quarter and ahead of the full-scale launch of our new product “imageFORCE,” we maintained a relatively aggressive forecast for the Printing business. At the same time, we factored additional downside risks into the “Others and Corporate” segment. Ultimately, the Printing business fell short of the plan, but the improvements in the corporate side offset this shortfall.

Q11. Why did the profit for the “Others and Corporate” segment improve in the fourth quarter of 2025 compared with last year? Also, why is the projected loss for 2026 expected to be smaller than previous years?

A11. In the fourth quarter, results improved due to company-wide cost reduction efforts, and gains on the sale of assets carried out as part of our balance sheet review to enhance asset efficiency. Although our 2026 plan does not include asset sales, we aim to reduce losses by improving productivity in corporate administrative and development functions and by addressing unprofitable businesses and subsidiaries.

Q12. Please explain the process of how a president is selected?

A12. We have established an executive training program modeled after GE's leadership development school, and many of its graduates have gone on to become executive officers. The CEO assigns each executive various challenges and selects candidates based on a comprehensive assessment of their ability to execute these tasks and the methods they employ. Then, the Nomination and Remuneration Advisory Committee, which is composed primarily of outside directors, reviews the CEO's recommendations before the final decision is made by the Board of Directors.

Q13. Please explain the reasons behind the selection of Mr. Ogawa as the new president. Additionally, how will the new president be involved in Phase VII?

A13. Mr. Ogawa has more than 30 years of experience at our major overseas sales subsidiaries, and has delivered strong results as President of Canon U.S.A. and as Vice President of Canon China. He possesses the international experience and global mindset that are essential for the president of our company. As for his involvement in Phase VII, he was deeply involved in formulating the new five-year plan, and naturally, as the new president, he will play a central role in its execution.

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