



Canon Inc.

2Q 2025 Analyst Meeting

Q&A Session Summary

Q1. Please explain the impact of additional tariffs by the United States in the second quarter. Was there any rush in demand as a result of the price increase due to tariff costs?

A1. In the second quarter, the impact of increased costs due to tariffs was 3 billion yen. When combined with the positive impact of 4 billion yen from price increases, the overall impact was a positive 1 billion yen and not significant. A 7-8% price increase in printing equipment and cameras was implemented in June. Though there was a rush to buy in May, there was a recoil in June, so there was no significant impact in the quarter.

Q2. In your previous projection, you assumed the impact of tariffs on your costs would be 56 billion yen. You now lowered your projection by 14.7 billion yen to 41.3 billion yen. Please provide the reasons for this.

A2. As for our tariff rate assumptions, besides changing China's rate from 145% to 30%, there has been no change. The main factor for the change is differences in volume. Compared with the rough estimate in the previous projection, the impact of tariff costs has been reduced due to the fact that the volume of shipments to U.S. sales companies prior to the tariff rate change was greater than expected, and the volume of shipments subject to higher tariffs were reexamined by sales companies.

Q3. Your outlook for the full year is based on a tariff rate of 10%. How much of an impact would you expect to see if the latest tariff rate was applied?

A3. From August 1, if we apply the latest tariff rates, such as 15% on Japan and 20% on Vietnam, based on our current supply chain assumption, the impact of increased costs would roughly be between 15 and 16 billion yen at most. We are currently considering how to respond to this cost increase, including passing this on through price increases. Rather than applying price increases evenly, we will consider this on an individual product basis, taking into account product competitiveness.

Q4. Do you have an estimate of the impact of tariffs for the next fiscal year? Also, how will you respond to cost increases?

A4. We have calculated the impact of tariffs on our performance this year using the new rates, but have not been able to calculate how this will impact us next year. We can assume that it will be double the impact from the six-month period of this year. However, we will make up for this by reducing costs and raising prices. Regardless of the current tariff issue, for several years, we have been promoting a return of production to Japan based on our ability to automate production, with a focus on cameras. We will expand this to office equipment, and plan to increase productivity by utilizing external resources for low added-value products. As for price increases, while considering the competitiveness of individual products, we will devise a detailed plan.

Q5. As for your sales outlook for the full year, please explain the key changes you made compared to your previous plan.

A5. In our Printing business, due to the tariff issue, a trend of postponing investments in production, office MFDs, laser printers etc. is beginning to appear in regions outside of the United States as well. We assumed this will continue to a certain extent in the second half of the year, and subsequently lowered our sales forecast by approximately 60 billion yen. As for Industrial, we also lowered our projection by 22 billion yen due to the delayed investment plans of customers.

Q6. Are there any differences in the performance of the second half from the usual seasonal trends?

A6. Apart from the impact of additional tariffs and the fact that most of the 20 billion yen in full-year costs associated with the review of our production structure will be incurred in the fourth quarter, we do not see a significant difference in trends compared to a normal year.

Q7. Will the structural reforms be complete with the plans included in this year's projection?

A7. Of the three structural reforms we are currently implementing, the Medical business innovation and production structural reforms are initiatives that will take two to three years. Thus, we are working on an initiative to improve profits in the first half of our next five-year plan.

Q8. What was the market situation for cameras in the second quarter? Additionally, please talk about your outlook for the second half of the year, including how additional tariffs will impact demand.

A8. The sales of cameras, despite a trend of demand shifting from high-end to low-end products, grew significantly in the second quarter as well. Although sales in the U.S. are expected to fall in the second half of the year due to price hikes resulting from additional tariffs, we have not changed our plan to sell 3 million interchangeable lens cameras on a global basis this year, as we will cover this with increased sales in Asia and other areas.

Q9. Please talk about the impact of additional tariffs on your Medical and Industrial businesses.

A9. Although tariffs have a certain degree of impact, the situation in the Medical business is different from that in the Printing business. In our Medical business, terms and conditions vary depending on the individual business negotiations and prices are not raised evenly. As for our Industrial business, there is little impact because the importer is the one who bears the responsibility of paying tariffs.

Q10. As for unit sales of i-line semiconductor lithography equipment, please explain the reason why you lowered your full-year projection from 232 units to 200 units?

A10. Demand for lithography equipment, largely driven by GPUs and High Bandwidth Memory (HBM) for AI, remains strong. However, the demand for memory used in PCs and smartphones is not recovering as expected and the slowdown in demand for power semiconductors used in EVs has pushed out the investment plans of customers to next year.

Q11. As for nanoimprint, you mentioned that other systems were shipped in the second quarter. Could you please provide more detail? When do you plan to book sales?

A11. We do not disclose specific customer names. However, we have shipped evaluation systems to major semiconductor manufacturers. Currently, evaluation and verification for mass production application are ongoing at various semiconductor manufacturers. We are aiming for early sales and revenue recognition.

Q12. This year is the final year of Phase VI of your Excellent Global Corporation Plan. Please explain your future policy as it relates to your new 5-year plan starting next year.

A12. As for our next 5-year plan, we will begin earnest discussion from the second half of this year and are unable to provide specifics at this time. However, one of our goals is to achieve a market capitalization of 10 trillion yen. And to achieve this, we are discussing what needs to be added to our current business structure.

This document contains forward-looking statements with respect to future results, performance and achievements that are subject to risk and uncertainties and reflect management's views and assumptions formed by available information. All statements other than statements of historical fact are statements that could be considered forward-looking statements. When used in this document, words such as "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "project" or "should" and similar expressions, as they relate to Canon, are intended to identify forward-looking statements. Many factors could cause the actual results, performance or achievements of Canon to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in general economic and business conditions, changes in currency exchange rates and interest rates, introduction of competing products by other companies, lack of acceptance of new products or services by Canon's targeted customers, inability to meet efficiency and cost reduction objectives, changes in business strategy and various other factors, both referenced and not referenced in this document. Should one or more risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. Canon does not intend or assume any obligation to update these forward-looking statements.