

**Canon Inc.**

# **Medical Group Business Strategy Conference**

**March 24, 2025**  
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**Head of Medical Group**



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## Today's Agenda

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- 1 . Position of Medical Business within Canon**
- 2 . Environment**
- 3 . Outlook for Profitability Improvement in 2025**
- 4 . Measures and Strategies from 2026 and after**

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**Entering Third Stage of Canon's Medical Business**

**Canon Medical Business 1.0**

- In 1940, Canon develops Japan's first domestically produced X-ray camera

**Canon Medical Business 2.0**

- In 2016, Canon acquires Toshiba's medical system business

**Canon Medical Business 3.0**

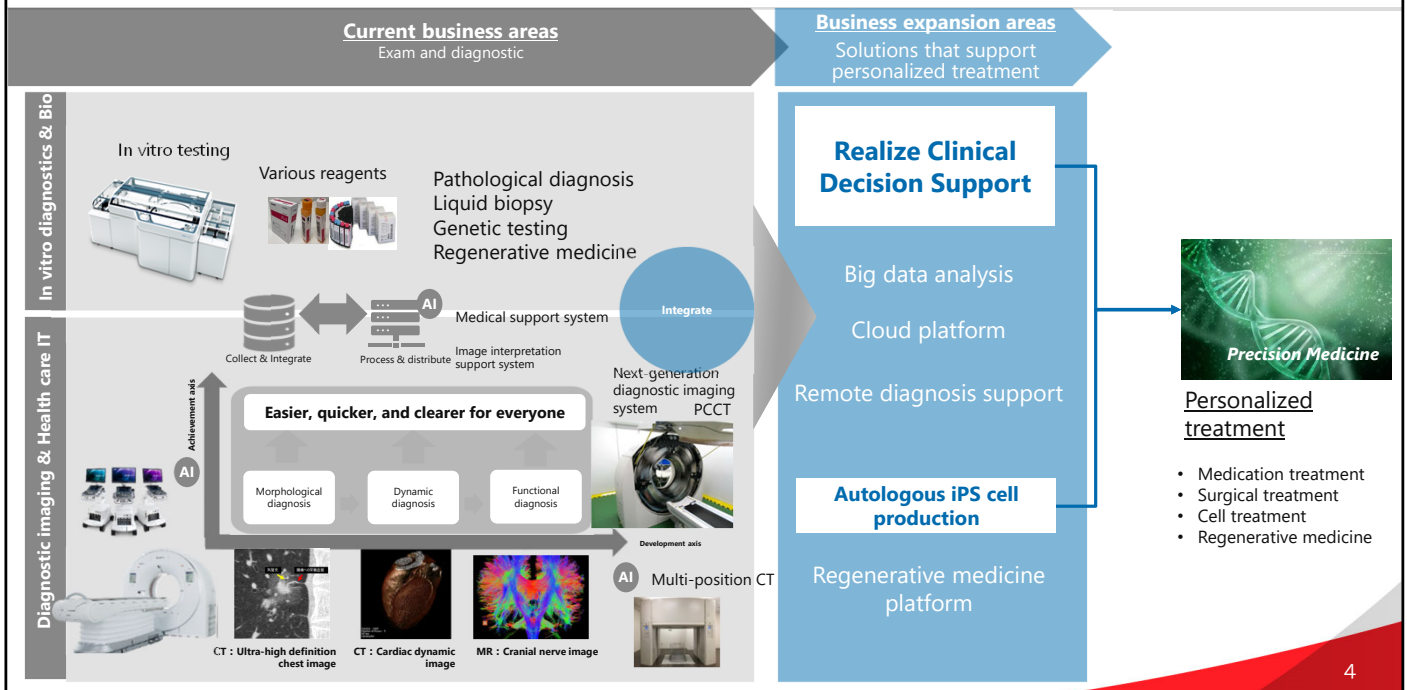
- In 2024, Medical Business Innovation Committee is established
- In 2026, Canon Medical Systems will be integrated with Canon Inc.

Canon was founded in 1937. Since then, it has laid the foundation of the medial equipment industry in Japan, including developing Japan's first domestically produced X-ray camera for mass screening in 1940. This is Canon Medical Business 1.0. Then, in 2016, Canon acquired Toshiba's medical systems business, bringing with it 100 years of medical and healthcare expertise and technological and product capabilities which made Canon's medical business even stronger. This is Canon Medical Business 2.0. However, up to this stage, Canon Inc. and Canon Medical Systems (hereafter Canon Medical or CMSC) were managing their organizations independently.

Nine years have passed since Toshiba's medical systems business joined the Canon Group. In February of last year, the Medical Business Innovation Committee was established to integrate Canon Medical with Canon's organization, human resources, know-how and culture, and to make the medical business one of Canon's pillars by reforming its business structure and strengthening its organization, thereby realizing high profitability and high growth.

In January 2026, Canon Medical will be integrated with Canon Inc., and Canon's medical business will enter its third stage, which will be Canon Medical Business 3.0. We will build a system that can make maximum use of Canon's technology and know-how in quality control and cost reduction and will accelerate efforts to improve profitability and achieve goals by reviewing all operations, including development, manufacturing, and management.

# Direction of Medical Group – Contribute to precision medicine



What we are trying to achieve is to promote business that is committed to human health and support the creation of a world free from diseases (strengthening efforts in precision medicine).

Canon's advocates "kyosei" as its corporate philosophy and aims to grow together with people and society. In the medical business, CMSC has adopted the slogan "Made for Life," and has positioned it as an important mission to support a better life by working to resolve issues facing medical professionals, patients and society as a whole.

In precision medicine, by combining high-definition diagnostic imaging technology with AI and big data analysis to products and services that enable optimal treatment for each patient, it is expected that earlier and more accurate intervention will be achieved and the burden on patients will be reduced. As the scope of application of precision medicine expands, through collaboration with genome analysis and new therapeutic devices, and the expansion of remote medical care (telemedicine), it will become essential to strengthen R&D and external collaboration, ensure thorough data governance, and develop new business models. Canon will continue to fully utilize the optical and imaging technologies and global networks it has cultivated to grow its medical business.

Today, I would like to focus on areas that are of great interest to you all, such as the expected improvement in our operating profit ratio, the details of the Business Innovation Committee's activities, sales growth strategies by region and modality, and marketing strategies.

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As I explained at our corporate strategy conference on March 7, last year we increased sales in the United States, where we continued to strengthen our sales capabilities. However, in China, where the anti-corruption campaign has been protracted, sales fell far short of plan, and equipment sales in Japan and other countries decreased due to the worsening business environment for hospitals. As a result, sales growth slowed to 2.7% compared to the previous year.

## Environment in Japan

- **Changes in demographics and medical demand towards 2040**
  - ✓ **Aging population and expanding medical needs**
  - ✓ **Changes in disease structure and importance of preventive medicine**
- **Hospital management environment**
- **Market and industry trends**
  - ✓ **Demand toward hospital management and cost efficiency**
  - ✓ **Increasing use of AI**



In Japan, the number of people aged 65 or older is increasing year by year, and their proportion of total population is expected to reach approximately 35% by 2040, which is referred to as the 2040 problem. As the population ages, the incidence of chronic diseases such as cancer, cardiovascular diseases, and neurological disorders increases, and medical expenses and demand for testing tends to increase. Diagnostic imaging is essential for the prevention, early detection and treatment of these diseases, and demand is expected to increase not only for large equipment such as CT and MRI, but also for small and medium-sized equipment such as portable ultrasound and digital X-rays. In addition, AI-based image analysis support and remote diagnosis solutions are becoming more widespread, and the focus of competition is shifting from hardware to providing higher-definition image analysis and comprehensive solutions.

Last year, the business environment for hospitals worsened, particularly in Japan, affecting equipment sales, and we believe that the business environment for hospitals may continue to be tough in 2025 due to factors such as a shortage of medical personnel, rising prices, and curbs on medical fees. Although it is a common issue in developed countries, the rise in medical expenses is also becoming a serious problem in Japan, and as the medical fee system is being reviewed and insurance reimbursement prices are being curbed, the need for cost reduction and management efficiency is increasing at medical institutions. Offering highly accurate and cost-effective equipment and services is highly desired.

Furthermore, with regional medical restructuring expected to continue in the future, it is likely that the implementation needs and budget scales of large hospitals will differ from those of small and medium-sized hospitals. We foresee this polarization becoming even more pronounced, with large hospitals focusing on high-end equipment and research applications, while small and medium-sized hospitals focus on cost-efficient lineups and lease contracts.

## Environment in China



- **Impact of anti-corruption campaign on introduction of new technology reduced to certain extent**
- **Continued weakness of Chinese economy**
- **Healthcare area relatively stable over medium- to long-term due to government support and demand from aging population**
- **Centralized purchasing**
- **Preferential treatment for domestic produced goods (Stricter definition of domestically produced goods)**

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Last year, the Chinese market saw local manufacturers make great strides thanks to the government's policy of promoting (preferential treatment) domestic production. However, for Japanese and other foreign-owned companies, the anti-corruption campaign created a very tough market environment. Recently, the impact of the anti-corruption campaign's restraint on the introduction of new products has been somewhat alleviated, but the weakness of the Chinese economy will continue for the time being. The medical and healthcare sector is expected to expand relatively steadily over the medium- to long-term due to government support and demand from an aging population, but at the same time, pressures such as centralized purchasing and strengthened preferential treatment for domestic production are likely to continue to be a headwind for foreign and Japanese companies.

Volume-based procurement, a government initiative aimed to lower prices and stabilize supply, is being promoted by local governments, and this could accelerate a situation in which local manufacturers (Mindray, United Imaging, etc.) that are highly competitive on pricing and have strong relationships with local governments have an advantage in bidding. As volume-based procurement begins in earnest, it is expected that there will be demands for significant price reductions.

The current state of the Chinese market has had a major impact on our goals set in Phase VI. However, we have made progress in preparing for domestic production through foreign capital investments, and we are close to having a complete lineup.

Although the business environment will remain tough even after 2025, we will minimize risks and efficiently generate sales.



## Environment in the U.S.

- **Transition to “Value-based healthcare”\***
- **Large-scale medical network (Integrated Delivery Network)**
- **Complex public (Medicare & Medicaid) and private insurance framework**
- **Diagnostic imaging equipment market – Continued stable growth**
- **Demand for high-performance equipment such as CT and MRI systems, and portable ultrasound and digital X-ray systems**



\* Efforts to improve healthcare while reducing medical costs by focusing on medical outcomes

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In recent years, the United States has been aiming to move to a remuneration system based on medical quality, and while there is an increasing need to quantitatively prove the usefulness of diagnostic imaging, there is also a need to balance this with pressure to reduce medical costs. This has led to a demand for comprehensive solutions, such as integration with AI solutions and remote maintenance services.

In addition, consolidation and M&A among hospitals and medical groups is progressing, and there is a growing trend toward purchasing medical equipment in bulk under large-scale medical networks (Integrated Delivery Network).

On the other hand, due to the complexity of public insurance (Medicare/Medicaid) and private insurance frameworks, it is important for companies to streamline diagnostic processes and comply with insurance reimbursement rules.

A structure that enables the rapid introduction of new technologies while complying with the U.S. Food and Drug Administration (FDA) medical device approval process and insurance reimbursement systems will also be important for competition. In the current trend toward reducing medical costs, a major theme is how to add value to innovative technologies and obtain reimbursement.

Among these, the United States is the largest market for diagnostic imaging equipment, which is our main battlefield. The market size is said to be nearly 40% of the global market, with investments in advanced medical treatment and research and development being particularly concentrated there. The diagnostic imaging equipment market in the United States is expected to grow steadily over the next few years, and while there remains strong demand for high-performance equipment such as CT and MRI, mainly from hospitals and research facilities that provide advanced medical treatment, demand for portable ultrasound and digital X-ray devices for clinics and home medical centers is also expected to grow.

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Under this challenging market environment, I would like to explain about how we will improve profitability this year, our growth strategies, and the effects it will have.

## Outlook for Profitability Improvement in 2025

Operating profit (Billions of yen)		Operating profit increase	ROS improvement % impact	Measures etc.
<b>2024 operating profit (Actual)</b>		24.7	ROS 4.3%	
Increase in op. profit due to top-line growth	Reform global service business			Offer service solutions that improve efficiency of customer operations
	Strengthen product competitiveness and sales capability			Introduce new products that maximize customer value Strengthen U.S. sales network with focus on CHCU
Increase in op. profit due to improvement in productivity and cost management	Prepare business foundation Reform business structure Improve mfg. profit			Review business foundation Optimize overseas fixed costs Achieve excellence in quality control, cost reduction, procurement, and supply-chain
	Optimize operation Review development system Improve operational efficiency etc.			Optimize sales co. structure etc. Continuously improve operational efficiency
<b>2025 operating profit (Plan)</b>		39.5	ROS 6.7%	2.4% Net sales growth rate +3%

With operating profit of 24.7 billion yen in 2024, we will improve profitability by focusing on four main improvement measures:

- 1) Reform the global service business,
- 2) Strengthen product competitiveness and sales capability
- 3) Reform business structure and improve manufacturing profit
- 4) Optimize operations, review the development system, and improve operational efficiency

Through this, we aim to improve profitability and achieve a sales target of 590 billion yen and a profit margin of 6.7%.

## Improve Global Service Business

### Accelerate offering of service solutions/Pursue operational efficiency

Based on the philosophy of "Made for life" we will further accelerate the offering of better service solutions such as quality improvement and optimization of functions and performance so that medical equipment can be used stably and with peace of mind at medical sites in each region, thereby minimizing downtime at customer sites. At the same time, we aim to increase service profits by pursuing operational improvements through DX and other means.



#### High customer satisfaction

- Improve quality, strengthen remote service solutions through digital transformation, and increase the efficiency of installation, inspection, and repair



#### High market share and profitability

- Offer services that improve the value of customers' assets (Launch of SLA/service solutions )



#### Optimize management resource

- Shift to centralized operation

The pillars of our strategy to increase operating profit through top-line sales growth are (1) reform of the global service business and (2) strengthen product competitiveness and sales capability.

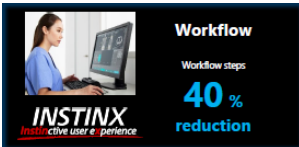
As for reform of the global service business, we expect to improve profits by 3.7 billion yen this year through improved operational efficiency and reductions in SG&A expenses, etc., achieved by providing services that enhance the value of customers' assets in terms of functionality and performance.

# Strengthen Product Competitiveness CT & MRI Systems



- Photon Counting CT
- Planned launch: End of FY25
- Currently under evaluation at four influential sites around the world

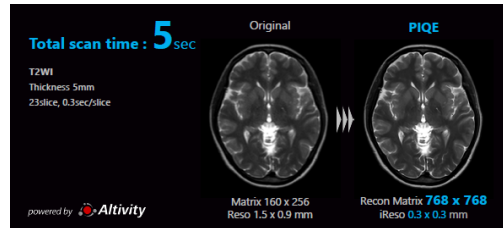
- Commercialization of multi-position CT system
- Further raising clinical value
  - ✓ Showcased at Canon EXPO



- Further efficiency in testing
- Strengthen and expand automation technology utilizing AI
- Various solutions that contribute to operability
  - ✓ Solutions that support image interpretation
  - ✓ Integrated view of acute medical information
  - ✓ Remote operation



- 3-Tesla MRI
- New hardware to leverage AI technology
- Improve sequent flexibility



- Achieve both high-resolution and reduced imaging time through super-high resolution DLRI[PIQE]\*

\* Precise IQ Engine

The next two slides show the main new products and functions that will contribute to sales in 2025. We have been working to provide solutions that contribute to the efficiency of diagnostic imaging, but with interest in work style reform increasing, providing efficiency will become even more important.

Canon is particularly competitive in the areas of CT, MRI, ultrasound, and digital X-ray equipment. Going forward, we will develop new product groups and service models that combine high added value and cost performance, such as diagnostic imaging support and workflow efficiency that utilizes AI and other advanced technologies and will strive to make proposals that directly contribute to solving the challenges faced by hospital management.

On the middle-left side of this slide is a multi-position CT, which aims to provide diagnostic value to support the extension of healthy life expectancy and drastically improve workflow which will directly lead to improved hospital management. We exhibited this at the Canon EXPO in 2023, and four units have been installed to date.

In a recent example, we built a camera into the CT scanner and used AI to reduce the number of steps required to operate the scanner compared to previous models by 40%. We have been able to improve the efficiency of examinations, meet the shortage of radiologists and increase the number of examinations, and are now able to introduce the equipment to hospitals that have been using only other companies' products, which had been difficult to access. Most recently, we have introduced our equipment to a major hospital in the United States and a university hospital in Japan.

# Strengthen Product Competitiveness Ultrasound & X-ray systems

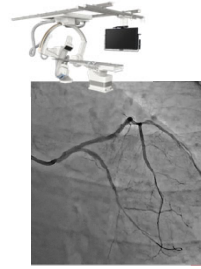


- Expand diagnostic field (Strengthen collaboration with other cos. In gastrointestinal field)
- Endoscope with build-in ultrasound



- Expand into POCUS<sup>\*1</sup> area
- Utilizing E-commerce

- Expand into breast area
- Re-sales of QT Imaging's Breast Acoustic CT scanner
- Sales expansion centered around NXC<sup>\*2</sup> in the U.S.



- Image processing that utilizes AI
- Global expansion (Promotions to start in U.S.)



- NRT<sup>\*3</sup> product sales expansion
- Multipurpose DR system
- From still image DR systems to video systems

<sup>\*1</sup> Point of Care Ultrasound  
<sup>\*2</sup> Canon Medical Systems USA's subsidiary, NXC Imaging  
<sup>\*3</sup> Denmark's NORDISK RØNTGEN TEKNIK A/S (NRT)

The product on the middle left of this slide is our portable ultrasound system. Demand is growing in the U.S. for clinics and home care centers, and we expect this to contribute to sales expansion in the U.S. market.

Also, on the bottom left of this slide is a 3D ultrasound device in the digital breast field which we began reselling from QT Imaging. Unlike conventional mammography, this is a non-invasive test that does not involve pain or X-ray exposure, and does not require operation by an ultrasound technician, making it a medical device that is kind to both examinees and medical professionals.

We have already received orders for several dozen units for 2025, and we plan to continue the collaborate even further.

# Enhance Sales Capability in U.S.

**Based on integrated platform in Cleveland, utilize products for new areas and AI applications to further strengthen and expand sales capability**

## Upstream marketing

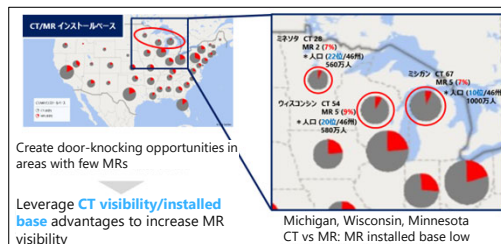


- Further expand KOL network in U.S.



- Disseminate globally from Canon Medical Academy
- Expanding from radiology to specialized areas
- Business expansion utilizing CT install base

## Downstream marketing



The steady improvement in our results in the United States is partly due to the November 2022 establishment of Canon Healthcare USA (CHCU) in Cleveland, one of the centers of the American healthcare industry.

**Established "Canon Medical Academy," training centers in Japan, U.S., and Europe**

**Under head office management, latest information is centralized and appropriate information is provided in a timely manner depending on business case**



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By continuing to gain a deep understanding of the U.S. market, a medically advanced country, we will be able to develop products and propose solutions that capture medical trends and clinical needs. Aiming for growth, we will also strive to introduce our products to hospitals that are accustomed to using products from other companies.

We have also established training centers, called "Canon Medical Academy," in Japan, the U.S., and Europe. It is possible for employees to receive practical training at dedicated facilities before or during the installation of equipment at hospitals, enabling a smooth launch of routine clinical testing after equipment installation, as well as providing timely information and active information exchange in line with business negotiation cases.

In this way, we have established the foundation for increasing sales in the U.S., so this year we will increase the number of U.S. account managers, expand our U.S. sales agent network, and strengthen downstream marketing.



## Regional Strategy (India and Near & Middle East)

### Established local subsidiary in India



- Established local subsidiary (Corporate registration) – Dec. 2022
- Obtained sales license – Jun. 2023
- Obtain import license – Jan. 2025, by completing compliance with all regulations

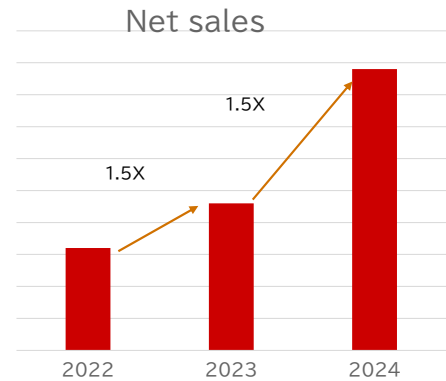
### Established local subsidiary in Saudi Arabia



- Expand Canon brand sales promotions and strengthen response to large group business negotiations
- Participating in bulk bidding for national and public projects through government cooperation

#### Participation in Recent Events in India and Near & Middle East

- Asia Oceania Congress of Radiology 2025
- Arab Health 2025
- Accompanied Japanese government visit to Middle East and participated in business forum and reception



We are also working to strengthen our sales capabilities outside the United States.

In India, we established a local subsidiary and started sales activities focusing on the high-end equipment market, which we had not been able to penetrate through the conventional distributor business. This month we have successfully received an order for a top-of-the-line CT. We believe that our strong presence at the Asia Oceania Congress of Radiology held at the end of January led to this order. In the future, we aim to achieve a 10% overall market share, including cooperation with distributors.

In the Middle East, the establishment of Regional Headquarters (RHQ) in Saudi Arabia enabled us to enter the public hospital market, which accounts for 80% of the entire Saudi Arabian market. Since the beginning of this year, we have seen a steady increase in orders for CT, ultrasound, angiography equipment, etc., and we are aiming for a market share of 15% by 2027.

## SCM Reform Working Group

**Reform SCM (procurement, production, logistics) systems and processes**  
**Raise productivity, improve quality, and reduce costs**

### Maximize use of Canon's technology, quality control, and cost reduction

- **Procurement reform**
  - Integrate procurement operating with head office
  - Thorough pursuit of optimal procurement
  - Canon-style cost reduction and quality improvement through collaboration and cooperation with business partners
  
- **Production reform**
  - A system and execution that fully utilizes Canon's production technology and on-site know-how
  - Thoroughly promotion of automation, insourcing, and labor-saving
  - Improve productivity and yield in all processes
  - Renewal of facility layout and promotion of efficient manufacturing flow and space saving
  
- **Logistics reform**
  - Integrate logistics operations with head office
  - Optimization of all logistical areas, including domestic, overseas, import/export, on-site, and warehouse
  - Thorough pursuit of optimal logistics costs

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Measures to improve profitability by raising productivity and strengthening cost management are being implemented mainly in the context of medical reform activities.

The SCM Reform Working Group is working on business infrastructure development, business structure reform, and manufacturing profit improvement.

For example, in procurement reforms, we will optimize procurement for CMSC and its subsidiaries by integrating procurement functions with Canon Inc. We will also make full use of Canon Inc.'s know-how in reducing costs and improving quality through collaboration work.

In terms of production reforms, we have already put in place a system that fully utilizes the capabilities of Canon Inc., including thorough automation, insourcing, and labor-saving measures, as well as revamped the layout of our facilities, and we have begun implementing specific measures.

In addition, in terms of logistics reforms, we will integrate our logistics functions with Canon's head office, thoroughly reviewing our logistics system, and pursuing optimal logistics costs.

## Development Reform Working Group

**Improve development systems and processes**  
**Improve development efficiency and strengthen product competitiveness**  
**Utilizing Canon's human resources in medical business divisions**

Comprehensively strengthen quality and efficiency of development by introducing Canon's development process and utilizing Canon's human resources

■ **Enhance development structure WG**

- **Build new development structure in cooperation with Canon headquarters**
- **Rebuild global development structure**
  - Rebuild global development structure that takes advantage of the characteristics of each development base

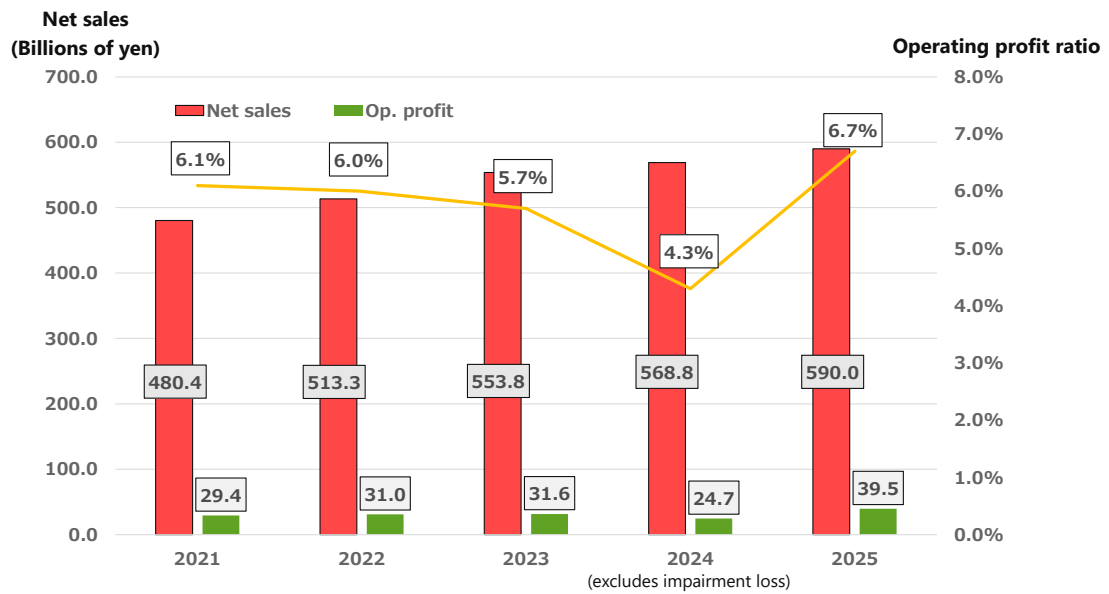
■ **Promote insourcing of development WG**

- **Promote insourcing of hardware and software development**
- **Improve quality of development and reduce external distribution costs through insourcing**

Additionally, the Development Reform Working Group is working to improve profitability by reviewing the development system and improving operational efficiency, etc. For example, we will work to build a new development system in cooperation with Canon headquarters, restructure the global development system, and improve development quality and reduce external costs by promoting in-house production of hardware and software.

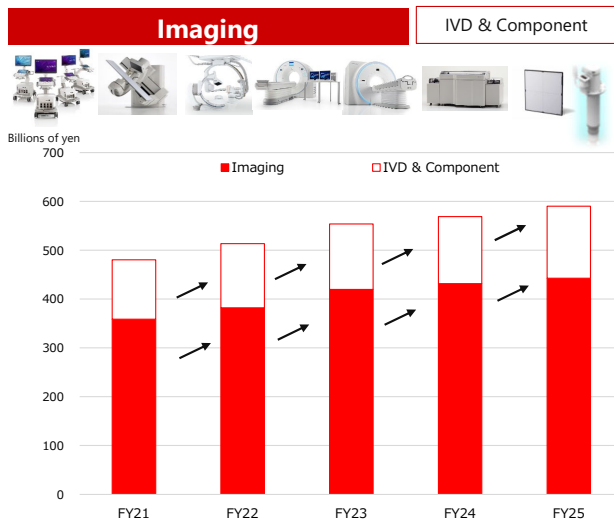
In addition to optimizing normal operations, we will thoroughly implement these initiatives and continue these efforts beyond 2026, aiming to achieve medium- to long-term benefits.

# P&L

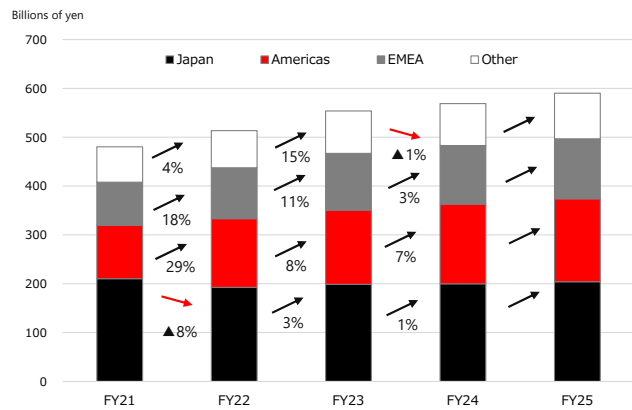


By implementing these measures, we will continue to strive to achieve our targets of 590 billion yen in sales and a profit ratio of 6.7% by 2025.

## Results by Modality and by Region



With sales network of 15 major local subsidiaries and 90 agents, continue to grow while working closely with medical facilities in over 190 countries and regions around the world



This shows the sales trends by region and modality to date, as well as our sales plan based on the measures for 2025.

In 2024, we offset headwinds in the Japanese and European markets, which were affected by the deteriorated operating environment of hospitals, and the Chinese market, with sales in the United States and other overseas regions, primarily in Asia. Therefore, the key for us is how to increase sales in the U.S. market and other overseas regions.

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### Key measures for future growth

- Promote innovation
  - ✓ Launch new products that drive growth (PCCT)
  - ✓ Support diagnostic imaging that utilizes AI and other technologies, and raise workflow efficiency
- Strengthen portfolio management and expand business
  - ✓ In Vitro Diagnostics (IVD) business
- "Operation excellence"
  - ✓ Reaping benefits of Medical Innovation Committee activities

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Although there are many challenges we need to address from 2026 and after, we are currently focusing on three priority issues:

1. Promoting innovation
2. Strengthening portfolio management and expanding business
3. Pursuing operational excellence

# Canon PCCT Research System: Global Research and Goals

- Promoting early empirical research to realize "Global No. 1 Highest Image Quality and Low Exposure"
- Maximize awareness and expectations for Canon's PCCT technology in global markets and academic circles to prepare for commercial product launch
- Promote measures to enhance the "value" of products and services through early clinical evaluation of Redlen detectors and deep learning reconstruction technology
- Focus on the clinical areas in which each institution is strong and disseminate a wide range of clinical value globally from Japan, Europe, and the United States

**University of Pennsylvania**

November 23, 2023

Canon Launches Research Collaboration with Penn Medicine for Application of Photon-Counting CT

On Nov. 23, 2023, Canon Inc., Canon Medical Systems Corporation and Canon Medical USA, Inc. announced today that they have launched a research collaboration with Penn Medicine for the application of photon-counting CT to the treatment of the world's first cancer treatment center for photon-counting CT technology at the Hospital of the University of Pennsylvania. Research is underway aimed at accelerating the development of PCCT by utilizing the advancement of diagnostic devices used in Redlen from clinical practice. The partnership will focus on enhancing specific diagnostic imaging operations such as chest and brain CT and neurovascular imaging.

<https://global.medical.canon/News/PressRelease/Detail/158010-834>

**Radboud University**

February 26, 2024

Clinical Research on Photon-Counting CT Begins with Radboud University Medical Center

Canon Medical Systems Corporation (hereinafter "Canon Medical"), President and CEO Toshiro Takiguchi, Radboud University's Chairman, Tohru, and President and Vice-Chancellor, Professor Willem van de Ven, together with Canon Medical Systems Corporation, signed a research agreement for Canon photon-counting CT (PCCT) system installation at Radboud University Medical Center (UzC) in Nijmegen, the Netherlands, and clinical research began in late January. PCCT is expected to be the next generation of X-ray CT.

<https://global.medical.canon/News/PressRelease/Detail/147516-834>

**Hiroshima University**

April 8, 2024

Start of Clinical Research with Hiroshima University on Photon-Counting CT

Canon Medical Systems Corporation (hereinafter "Canon Medical"), President and CEO Toshiro Takiguchi, Hiroshima University's Chairman, Tohru, and President and Vice-Chancellor, Professor Hiroshi Imai, together with Canon Medical Systems Corporation, signed a research agreement for Canon photon-counting CT (PCCT) system installation at Hiroshima University Hospital. PCCT is expected to become the next generation of X-ray CT.

<https://global.medical.canon/News/PressRelease/Detail/149824-834>

**National Cancer Center / Advanced Medical Development Center**

TOKYO November 7, 2022—Last year, Canon Inc. acquired Redlen Technologies Inc. (Redlen), one of the world's leading companies in creating new technologies related to the development and manufacture of semiconductor detector modules. Canon Medical Systems Corporation (Canon Medical), a group company of Canon Inc., has developed the first domestically produced\* photon-counting CT (PCCT) system incorporating Redlen's advanced technologies. This system has been installed at the National Cancer Center (NCC) Advanced Medical Research & Clinical Trial Center in Japan, where it is currently used to conduct research regarding the clinical applications of PCCT.

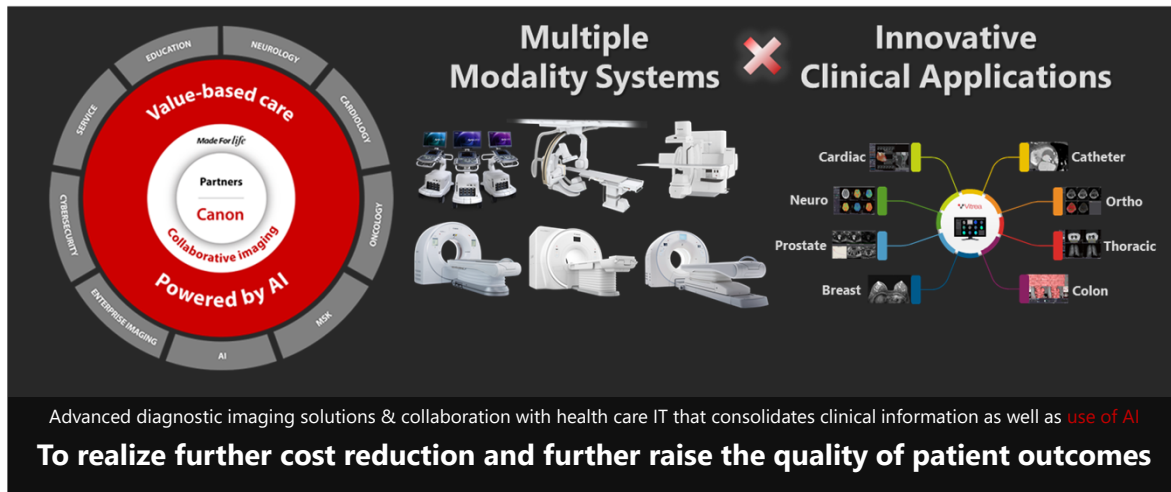
An advanced modular photon-counting detector based on the latest crystal production/processing technologies developed by Redlen Technologies Inc. is incorporated in the PCCT system. The modular design of the photon-counting detector allows the size of the detector to be increased while reducing manufacturing and service costs. The modular detector supports a wide range of examinations and is expected to satisfy the most demanding requirements of advanced clinical practice.

<https://global.medical.canon/News/PressRelease/Detail/158010-834>

The new product that will drive growth as part of our innovation efforts in CT is the PCCT (photon counting detector-equipped X-ray CT), which we plan to release in FY2025 and expect to start sales thereafter. We are currently conducting clinical research in collaboration with four leading medical research institutes in Japan, the United States, and Europe. PCCT is a next-generation diagnostic imaging device that is expected to be able to obtain high-resolution images with less X-ray exposure than conventional devices and accurately distinguish the malignancy of tumors. Doctors who have used the device have commented that "the image quality is quite good even when the X-ray exposure is reduced to one-tenth," and another major feature is the possibility of significantly reducing the burden on patients. We are conducting clinical research to realize new medical treatments. Canon, which has strengths in CT, aims to become the world's number one with PCCT as its core.



## Collaborative imaging with AI

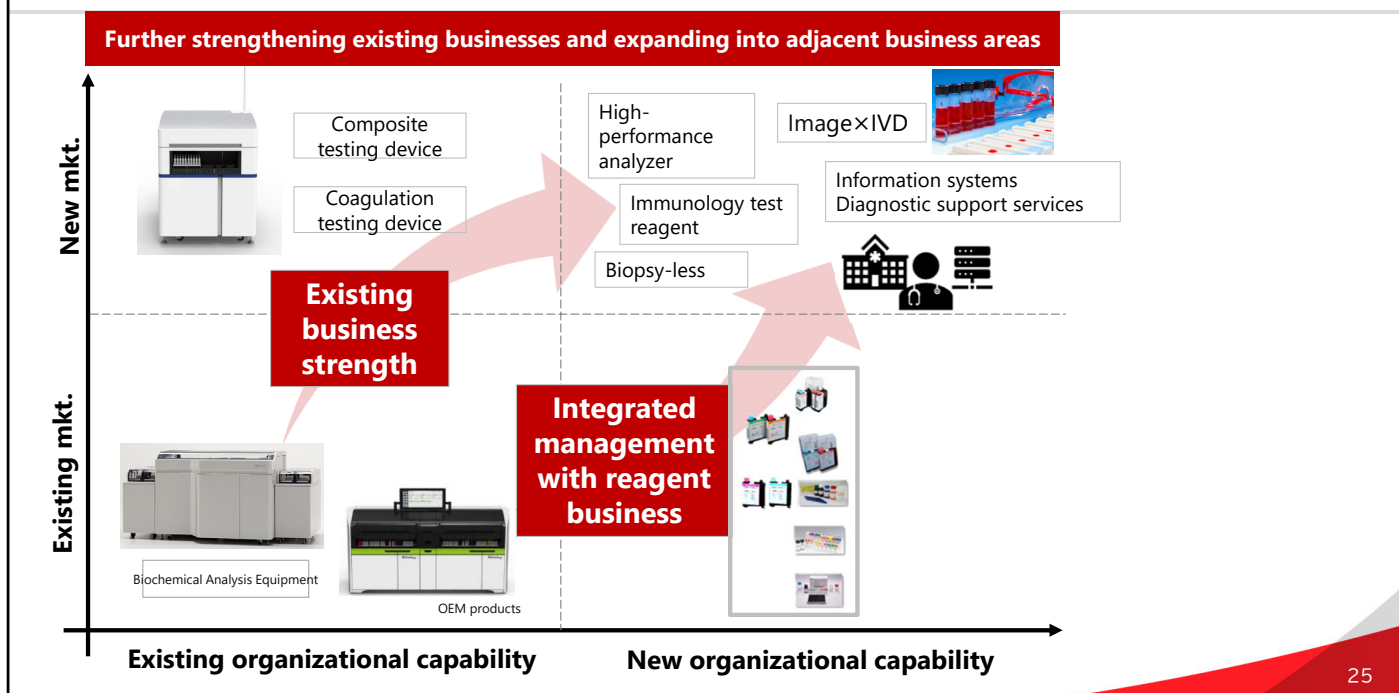


In addition to the product lineup I mentioned earlier, we will also release new products and functions for various modalities in line with customer needs. The key to this is the use of AI technology.

The strength of our AI lies in "image reconstruction," and we were the first to introduce this technology to all of our CT models, and our "image reconstruction" using "Deep Learning" has enabled us to realize MRI images equivalent to 3T even at 1.5T. Also to extend this strength, we have expanded it to other diagnostic imaging equipment, such as X-ray mammography, which we announced in a press release this month. We will continue to work on improving image quality using AI.

Going forward, Canon Medical will continue to provide added value to its customers by leveraging AI to enhance its innate strengths in equipment and improve services and workflows.

# IVD Business Growth Strategy



Regarding our IVD business, we acquired Minaris Medical in July 2023. Going forward, we will utilize Canon's broad technological platform at the renamed Canon Medical Diagnostics (formerly Minaris Medical).

In addition, we will strengthen our IVD business by leveraging our strength in the integrated development of diagnostic pharmaceuticals and analytical equipment, thereby improving sales and the profit ratio for the entire medical business.

I will leave the details of our efforts to develop new businesses and expand our portfolio to Phase VII, but as a company committed to people's health, rather than blindly investing in new businesses, I am convinced that a simple and robust management style is the right approach to take, as it will hone our strengths in diagnostic imaging equipment and related businesses, improve our competitiveness, and lead to improved performance.

Our policy of identifying M&A investment opportunities that will contribute to the growth of Canon's medical business remains unchanged, and we are looking broadly at it, not just in the field of diagnostic imaging. However, we are also emphasizing the balance between recognizing the current issues that I have introduced today and investing in short-term measures, so we will be more careful in selecting deals more than ever.

# Operation Excellence

## Change to "Canon-style" Management Policy

- **Reaping benefits of Medical Innovation Committee activities**

1. Prepare business foundation
2. Strengthen manufacturing and development capabilities

- **Prepare business foundation**

- **Establish business HQ operations and strengthen governance structure**

- ✓Further promote integration of development, manufacturing and management divisions with Canon
- ✓Make full use of Canon Inc.'s resources
- ✓Strengthen governance structure

- **Strengthen manufacturing and development capabilities**

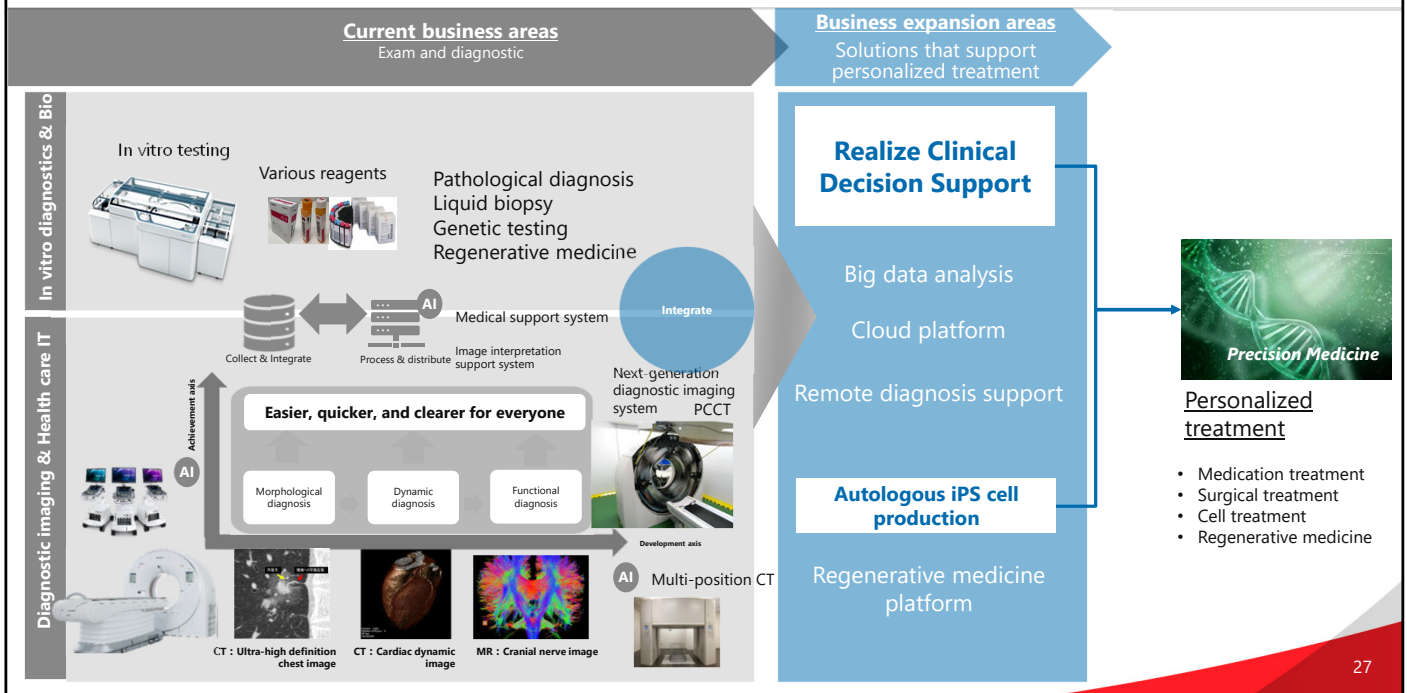
- **Improve QCD through cooperation between development and manufacturing, and enhance product competitiveness**

- ✓Introduce Canon's development and manufacturing processes and realize early benefits
- ✓Promote insourcing of core technologies
- ✓Realize Canon-style manufacturing

Lastly, I would like to talk about operational excellence. I think it is fair to say that operational excellence is one of the strengths of Canon Inc., and Canon Medical will also be working to shift its management policy from a Toshiba-style to a Canon-style.

The Medical Business Innovation Committee will continue its activities beyond 2026, but this initiative means changing our management policy and adopting a Canon style. In other words, we have decided to replace our management operating system with Canon's, and we are now executing on that. We will make the most of Canon's accumulated know-how, such as promoting in-house production, which is Canon's specialty, and reap the rewards.

# Direction of Medical Group – Contribute to precision medicine



Although we have postponed the targets of 600 billion yen in sales and a profit ratio of 10% or higher, which we set for the medical business in Phase VI, we have not changed them. We believe that we can achieve the 600 billion yen in sales target in 2026. In addition, we will make every effort to achieve the initial target of a 10% operating profit ratio as early as possible in Phase VII by quickly realizing the various initiatives that I explained today. We will thoroughly execute Canon Medical Business 3.0.



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Made for you  
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