

Canon Inc.
2025 Corporate Strategy Conference

Canon Overall Strategy

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Chairman & CEO



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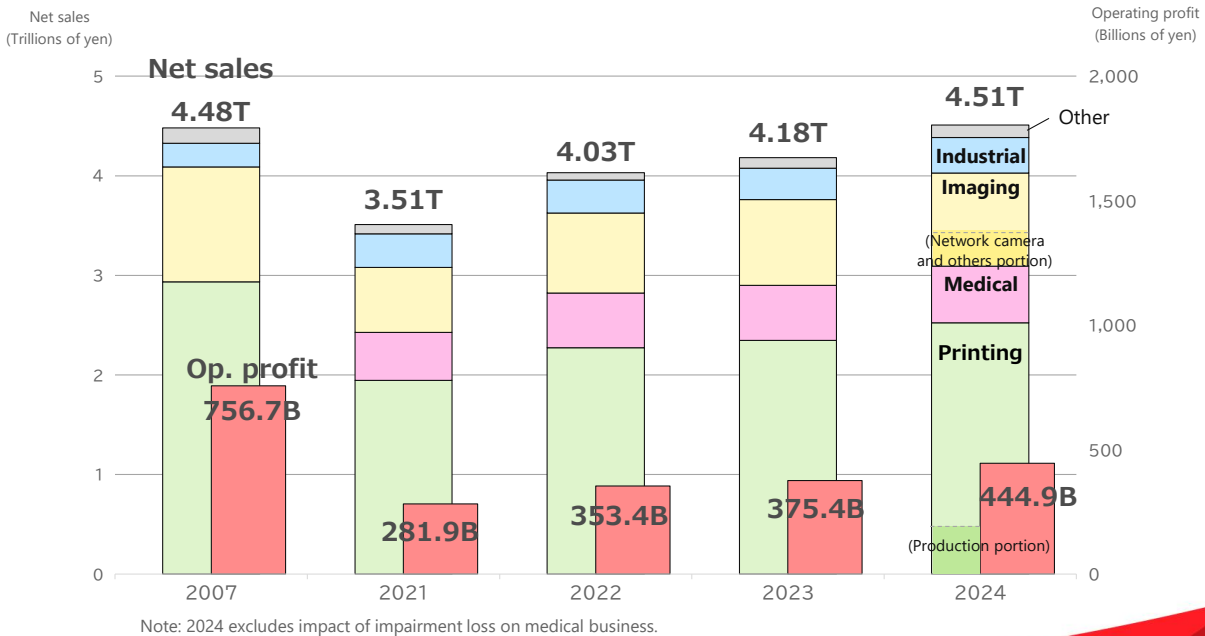
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■ Review of 2024

Net sales & operating profit



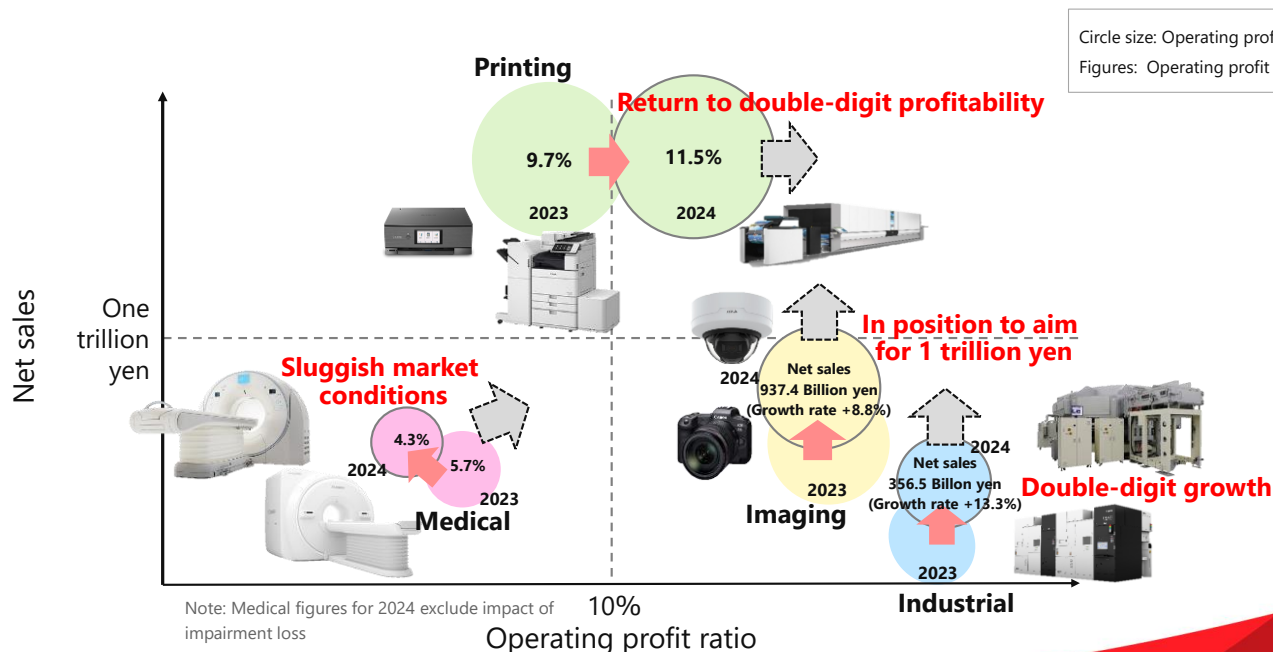
In 2024, we effectively posted our fourth consecutive year of sales and profit growth, achieved our sales target for 2025 of 4.5 trillion yen, one year ahead of plan, and market out highest sales figure in 17 years, exceeding our previous record set in 2007.

In 2007, riding the wave of digitalization, we posted our eighth consecutive year of sales and profit growth, with sales of cameras and printers both exceeded one trillion yen. Subsequently, further digitalization led to the spread of smartphones and paperless. As a result, sales of these two products declined by more than 1 trillion yen in total. In response, to regain growth potential, we acquired highly relevant businesses where we could leverage our managerial resources, including people, products, and technology. Commercial printing was added to the Printing Group, and network cameras were added to the Imaging Group, which contributed to increased sales. Furthermore, we added the medical business through M&A, and semiconductor manufacturing equipment has become a high-growth business due to expanding demand for semiconductor devices and the introduction of semiconductor manufacturing equipment that uses nanoimprint.

Through steady progress in shifting our business portfolio, we have finally been able to achieve record-high sales.

As for profit, thanks to efforts of each business to reduce costs, our operating profit ratio, excluding the impairment loss on goodwill linked to our medical business, was 9.9% last year, bringing it one step closer to a double-digit level.

Performance by industry-oriented business group



Last year's performance by Group.

The Printing Group, which accounts for more than half of Canon's sales and profits, saw its operating profit ratio recover to a double-digit level, thanks to commercial printing sales growth, a recovery in laser printer sales, and measures to improve profitability.

As for the Imaging Group, in addition to stable sales of interchangeable-lens cameras, thanks to over 300 billion yen in network camera sales, the Group is now able to aim for one trillion yen in sales this year.

As for the Industrial Group, sales grew at a double-digit rate, largely thanks to semiconductor lithography equipment.

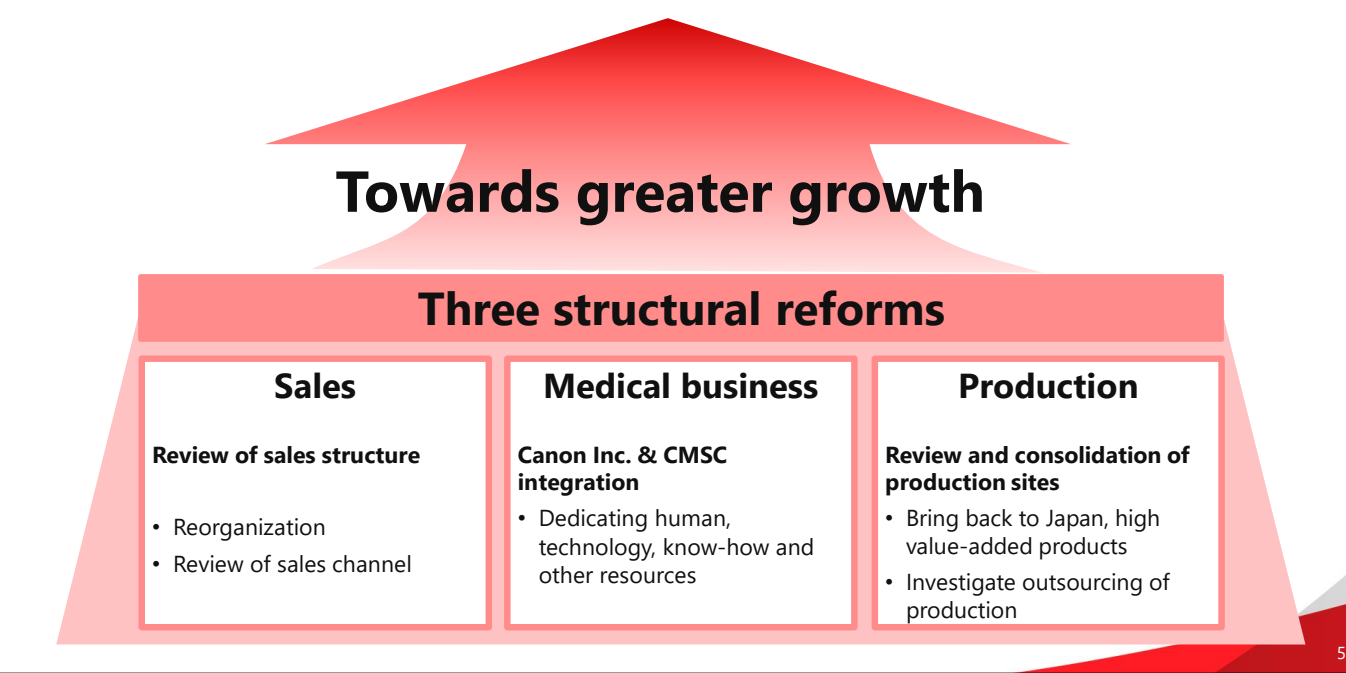
Both Groups secured high profitability and 0expanded sales.

As for the Medical Group, since the beginning of last year, we have been carrying out business reform to improve profitability, and raise growth potential, through the integration of Canon Medical Systems Corporation with Canon Inc.

Each group is progressing steadily in the direction they are aiming for.

■ Towards Phase VII (2026 -)

As for Phase VII of the Excellent Global Corporation Plan, our 5-year management initiative that starts next year, this will be discussed on another occasion. However, we aim to not only maintain the current momentum in our sales and achieve greater growth, but also surpass our record-high profit of 2007. To this end, we are currently implementing three company-wide reforms that will lay the foundations for this.



The first reform reviewing our sales structure.

Since the second quarter of last year, we have been conducting a review of our sales structure, particularly in the United States. This year, we decided to take a proactive approach, conducting a further review of our operations, primarily in Europe, where there are concerns that market conditions will remain weak for a prolonged period of time. We will complete the reform by the end of this year and see their effects.

The second reform is the integration of Canon Medical Systems Corporation with Canon Inc.'s medical business. We will fully devote resources from Canon Inc., including management level personnel, technology, and know-how, to thoroughly review all operations, including development, manufacturing, and management, and make our organization into one that is more efficient and competitive. Since the activity began in February of last year steady results have been seen. We aim to have the necessary structure in place by the end of the year, cut unnecessary expenses, reform unprofitable businesses and otherwise achieve an operating profit ratio of 10% as soon as possible.

At the same time, we plan to continue strengthening our sales network overseas to expand sales. We will drive growth, accelerating our activities, particularly in the United States, using the marketing company we establish in Cleveland Ohio, which is a medical center.

The third and final reform is to conduct an earnest review of our production sites over the next two or three years with the aim of consolidation.

To achieve a stable production and supply system, we are concentrating our production in countries and regions with political and social stability, while promoting a return of high value-added products to Japan and considering outsourcing some production of lower end products.

This will increase the utilization rate of each production site and reduce assets such as fixed assets and work-in-process, thereby improving profitability.

Cash flow

Acquire new growth drivers

(Billions of yen)

	2021	2022	2023	2024	2025
Op. cash flow	451.0	262.6	451.2	606.8	651.0

Growth investment	R&D	287.3	306.7	331.9	337.3	355.0
	CapEx	177.4	188.5	230.3	237.0	250.0
	M&A	31.8	5.9	54.6	32.7	100.0
	Total	496.4	501.1	616.8	607.0	705.0
Shareholders return	Dividend	88.9	119.3	131.0	141.5	149.4
	Buybacks	0.0	100.0	100.0	200.0	100.0
	Total	88.9	219.3	231.0	341.5	249.4
Debt repayment		174.8	-74.9	-82.0	-126.7	95.0

Actively invest in products and services that will become new pillars

Support the growth of new businesses. Acquire new growth businesses.

And on the established business foundation, we will acquire new growth drivers.

Our operating cash flow has grown significantly, and we are actively investing in products and services that will become new pillars in phase VII of our four industry-oriented groups, such as semiconductor manufacturing equipment that use nanoimprint, photon counting CT systems, industrial printing machines for labels and packaging, and 3D imaging systems

As for M&A, we will initially target projects that complement the growth of our current business portfolio, but from 2026 onward, if there are attractive large-scale projects that will enable us to acquire new growth businesses, we will also pursue these deals using debt and our own shares.

Evolution of business portfolio management

【Effort areas by Group】

		Printing	Medical	Imaging	Industrial
Profitability	Sales expansion		◎		◎
	Profitability improvement	◎	◎		
Asset turnover ratio	Asset reduction	◎		○	

【Operating profit/Total assets

【Billions of yen】

2024	Printing	Medical*	Imaging	Industrial	Corp. & Others	Total
Net sales	2,522.7	568.8	937.4	356.5	124.4	4,509.8
Op. profit	289.9	24.7	151.3	68.9	-89.9	444.9
Op. profit ratio	11.5%	4.3%	16.1%	19.3%	-	9.9%
Total assets	1,354.9	421.5	425.5	238.6	3,329.0	5,769.6

*Excludes impact of impairment loss

We reorganized our newly established business portfolio into four industry-oriented groups. As we develop our business, each group has its own business characteristic and business circumstances, and the direction they are aiming for is not the same.

As for the Printing Group, although their operating profit ratio has increase to 11.5%, we believe there is still significant room for improvement, such as in expense ratios and asset reduction.

As for the Medical Group, although profitability declined due to weak market conditions, we will work to not only expand sales, but also improve profitability though sales growth and greater efficiency in operations.

As for the Imaging Group, profitability is already at a high level. Going forward the driver of growth will be network cameras. As for cameras, we will promote measures to improve profitability.

As for the Industrial Group, we will expand sales by increasing our production capacity through the construction of a new factory, which will lead to increased production of nanoimprint and ArF semiconductor manufacturing equipment.


As each Group works to increase business value, we will manage investment allocation by business and the profits derived from it, linking it to the overall enhancement of Canon's corporate value.

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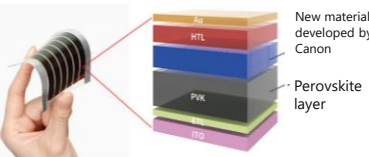
Realizing a sustainable society

What is expected of companies is to “solve social issues” through business

Canon products and technologies
that contribute to solving social issues



FPA-1200NZ2C
Semiconductor manufacturing equipment
that uses Nanoimprint



Development of high-performance
material for perovskite solar cells

New material developed by Canon

Perovskite layer

Established company-wide organization
that promotes sustainability activities

Sustainability Committee

《Important themes》

Climate change

Human capital

Human rights

Materiality

Sustainability has become an important factor to achieving growth. Canon's corporate philosophy of kyosei, adopted in 1988, is a direct reflection of the sustainability concept of "Aiming for a society in which all people regardless of culture, customs, language, ethnicity, or region, can harmoniously live and work together in happiness into the future." And the type of company that society demands is one that continues to solve social issues through business.

Canon is working to develop products and services from a medium- to long-term perspective, including semiconductor manufacturing equipment that uses nanoimprint technology which significantly reduces costs and power consumption, and high-performance materials for perovskite solar cells based on technologies accumulated through the development of multifunction devices and laser printers.

In April last year, we established the Sustainability Committee, a cross-functional company-wide organization that includes business divisions.

Four important themes of "climate change," "materiality," "human capital," and "human rights" were identified. In particular, regarding "climate change," scenario analysis of rising temperatures was conducted, and medium- to long-term financial impacts were calculated.

Canon will continue to work to solve social issues through integrated business and sustainability management.

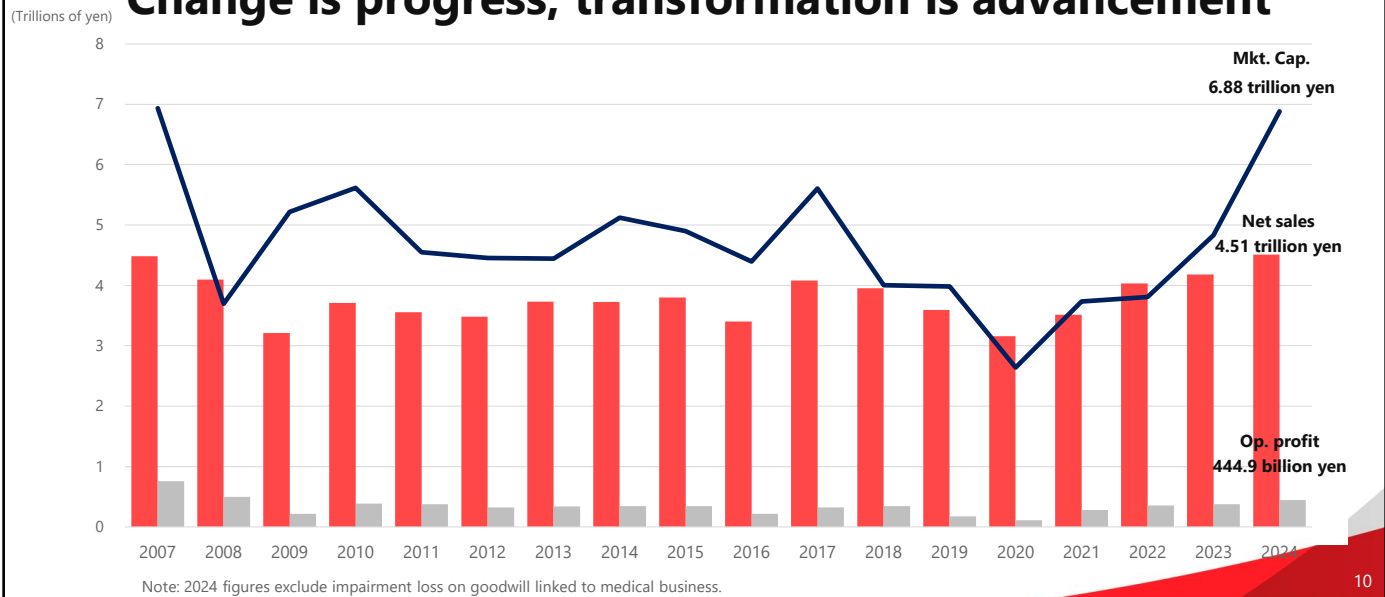
■ Summary

Summary



Promoting change based on the idea that

“Change is progress, transformation is advancement”



Amid tremendous political, economic, social, and technological changes, the source of Canon's growth has been its ability to respond to changes in the business environment. Transformation is in Canon's DNA.

We will move forward with transformation with a strong sense that "Change is evolution and, transformation is advancement."

This year is the final year of our five-year plan, so we will work in a concerted effort to complete structural reforms, establish a foundation for growth, and achieve even greater growth over the next five years, which will put us within reach of a 10 trillion-yen market capitalization.