

**Canon Inc.**  
**2025 Corporate Strategy Conference**

# **Medical Group**

**March 7, 2025**

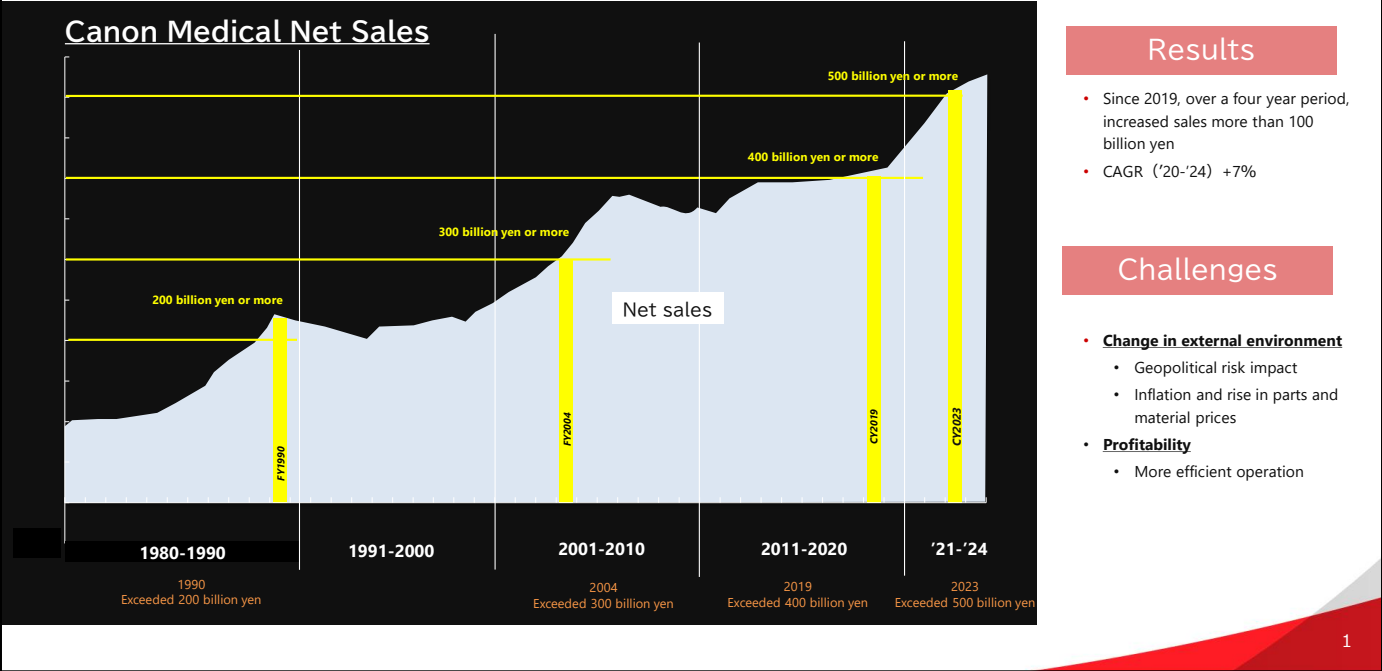
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**Head of Medical Group**



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Results up to 2024 & Challenges (Sales Growth)

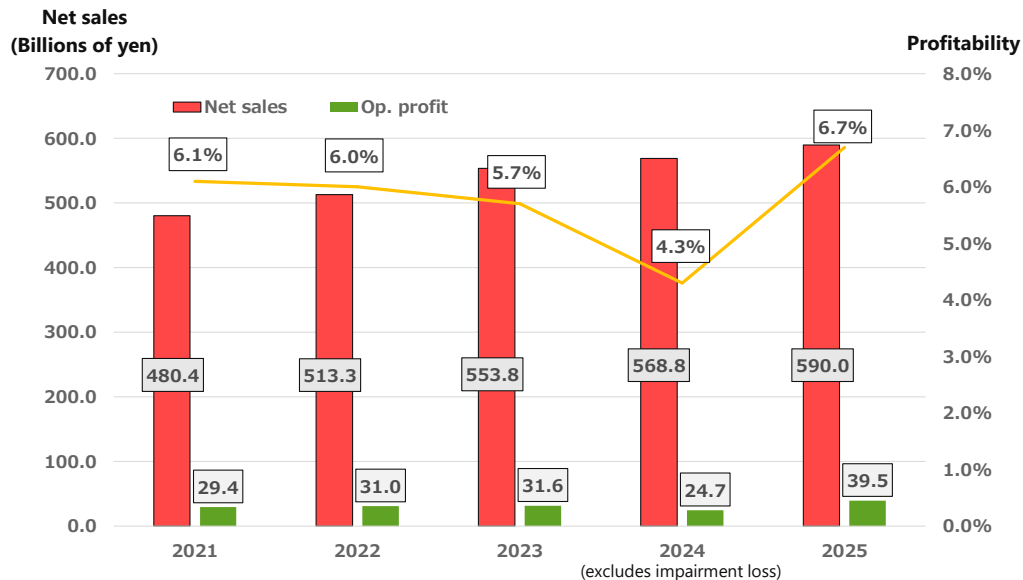
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First, I would like to explain our results through 2024.

Looking back at the history of the medical system business, as shown in this graph, it took 10 to 15 years for sales to grow 100 billion yen. However, since joining the Canon Group and after reaching sales of 400 billion yen in 2019, we increased our sales by 100 billion yen in 4 years, and reached 500 billion yen in 2023.

We recognize that the strengthening of our product and sales capabilities thus far has led to certain results.



On the other hand, last year, sales increased in the United States, where we continued to strengthen our sales capabilities. However, sales in China, where the anti-corruption movement has been protracted, fell significantly short of the target. Also, equipment sales in Japan and Europe declined due to the deteriorating hospital operating environment. As a result, sales growth slowed to 2.7% year-on-year.

Profits were significantly impacted by the higher-than-expected labor costs and price for imported materials and parts affected by the weak yen. Therefore, we were unable to cover the costs of strengthening our overseas sales structure, developing next-generation CT systems, and increasing structural reform costs, resulting in a profit ratio of only 4.3%.

Over the past few years, we have not been able to achieve the growth in profit that we were expecting, and it has become difficult to achieve the original business plan we set at the time of acquisition.

As a result of calculating fair value based on our revised plan, as it was below our carrying amount, a difference of 165.1 billion yen was expensed as impairment loss on goodwill, as we reported back in January.

This shows our performance for the past four years and our plan for this year.

# Results & Challenges / Strategies & Measures

## Results & Challenges

【2024 net sales】: 568.8 billion yen (+2.7%Y/Y) 【Op. profit】: 24.7 billion yen (-22.1% Y/Y)

- 【Challenges】
- ① Increase profitability by promoting efficient business operations
  - ② Ensure "resilience" against rapid changes in exchange rates and geopolitics
  - ③ Continuously strengthen product and sales capabilities  
(Timely product launches in response to changing market needs)



## Measures for future growth

- Launch of Medical Business Innovation Committee and integration of Canon Medical Systems Corporation (CMSC) with Canon Inc.
- Review of overseas business structure and optimization of overseas fixed costs
- Strengthen U.S. business centered on CHCU\*<sup>1</sup>, reinforce U.S. AM\*<sup>2</sup>, and expand U.S. distributor network
- Promote commercialization of CT that incorporates Canon's proprietary AI technology and development of diagnostic imaging systems that meet the needs for more efficient workflow. Research toward practical application of next-generation CT (to be released in 2025), and reform of global services

\*1: Canon Healthcare USA, Inc. established in Cleveland, a center of the U.S. medical industry, in November 2022.

\*2: Account manager

Global uncertainty and geopolitical risks are increasing. Under these circumstances, to achieve our targets of 600 billion yen in sales and an operating profit ratio of 10%, we need to accelerate our response to the changed external environment.

While there are many challenges, we are currently focusing on the following three key issues:

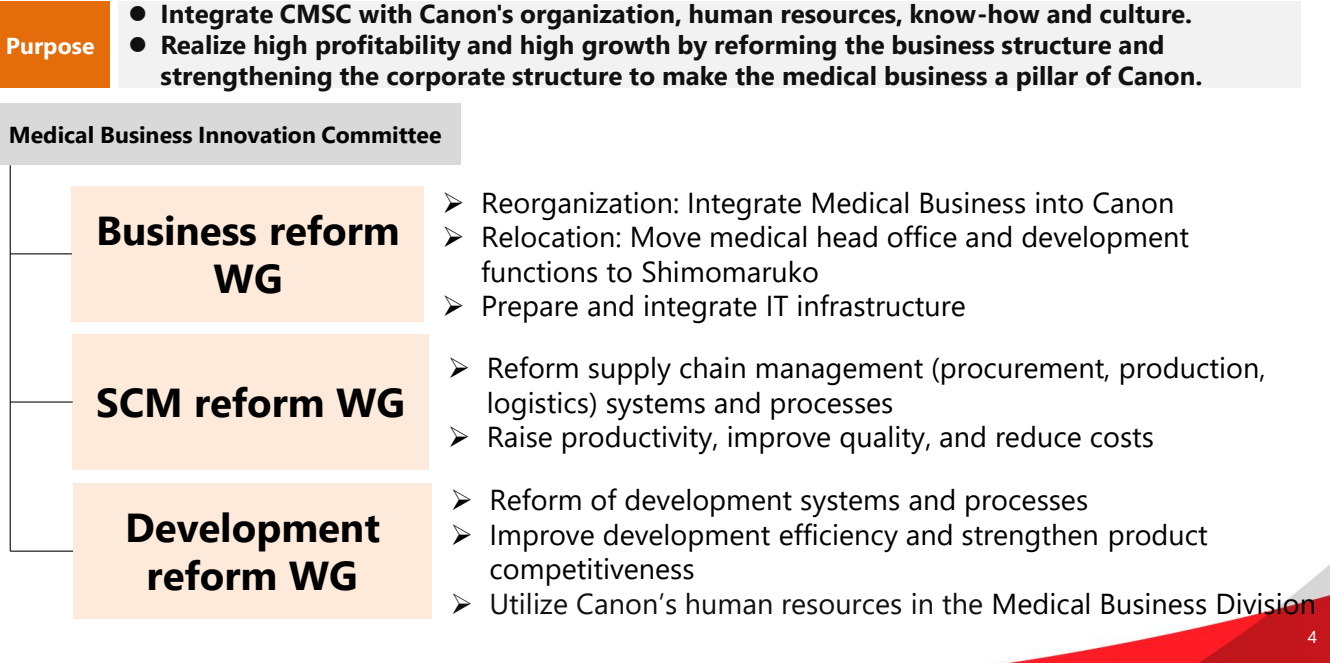
One, improving profitability by promoting efficient business operations.

Two, ensuring resilience against rapid changes in exchange rates and geopolitics.

Three, continuous enhancement of product and sales capabilities.

I will now explain our efforts to address these three key issues.

# Structure of Medical Business Innovation Committee

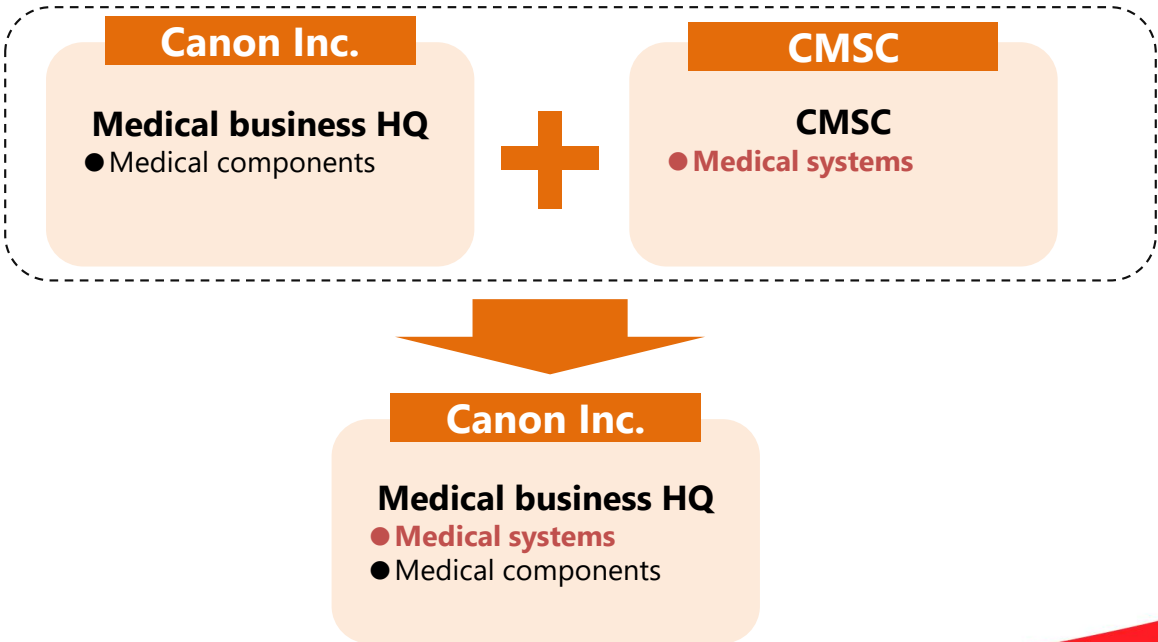


The first and second issues are being addressed by the Medical Business Innovation Committee, which was established in February last year. The main objective of the Medical Business Innovation Committee is to integrate Canon Medical Systems Corporations (CMSC) with Canon's organization, human resources, know-how, and culture, and to make the medical business one of Canon's pillars by reforming the business structure and strengthening the organization, thereby achieving high profitability and high growth.

In terms of securing "resilience " against sudden changes in foreign exchange rates and geopolitics, we will review our overseas business structure and work to optimize our overseas fixed costs in light of the significant impact of the increased risk of procuring parts from overseas, including the Zero COVID-19 policy, the large increase in foreign currency-based costs due to inflation and labor costs that were higher-than-expected, and the weakening of the yen.

We will invest approximately 13 billion yen in medical innovation activities over the 2 years of 2024 and 2025. However, we expect to see an improvement in profits of approximately 10 billion yen in 2025 and will continue to improve profits from 2026 onwards. The breakdown of the 13 billion yen in expenses is 10 billion yen for investment and 3 billion yen for expenses.

# Integration of CMSC with Canon Inc.

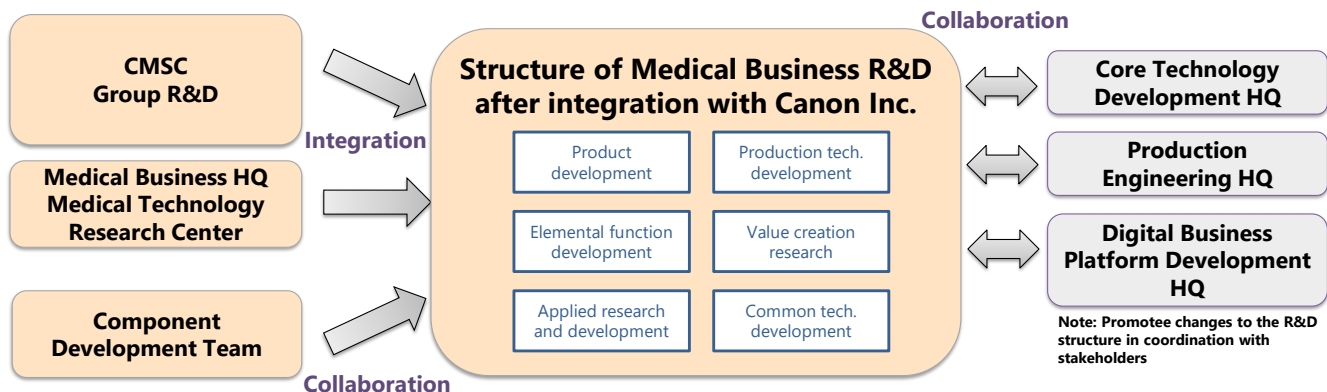


Additionally, by integrating the two corporate structures of Canon Inc., and CMSC, we will establish a system that can make maximum use of Canon's technology and expertise in quality control and cost reduction. And by reviewing all operations, including development, manufacturing, and management, we will accelerate our efforts to improve profitability and achieve our targets.

The plan is to integrated CMCS with Canon Inc.'s medical business division by January 2026.

# Transformation toward new R&D structure

Solve challenges in the medical business and create new value by transforming R&D structure

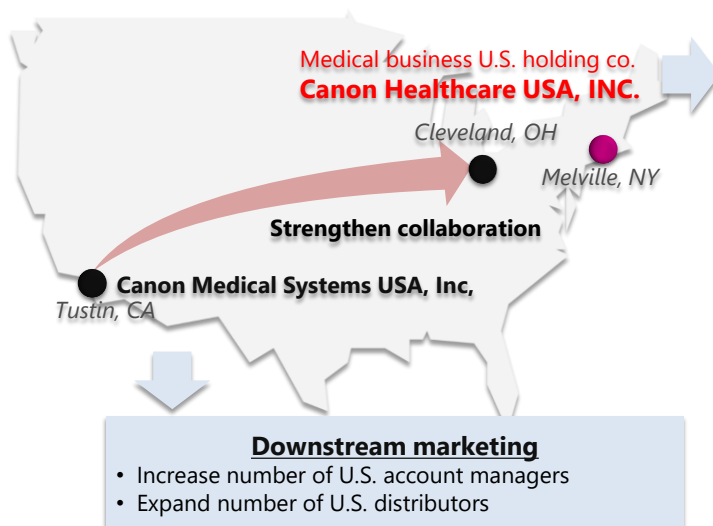


Common processes will also be integrated into Canon Inc. By consolidating CMSC's R&D and head office administration functions in Shimomaruko, we will be able to combine CMSC's diagnostic imaging technology with Canon Inc.'s production, procurement and infrastructure technologies, and promote transformation into a more highly productive organization.

As a result, , we aim to create new value by going beyond the scope of CMSC and incorporating Canon's strengths and perspectives. We will also continue to strengthen our management structure and, for example, improve our ability to execute business plans.

# Reorganize & Strengthen Sales Network in U.S. Mkt.

- Canon Healthcare USA, INC. (CHCU) will operate as U.S. headquarters of medical business
- CHCU will be a holding company, overseeing all medical related companies in the United States



## Upstream marketing

- Formulate global business strategy for the future
- Create solutions that address market and clinical needs

Expand headquarters function and strengthen collaboration with Cleveland Clinic (Purchased IBM building)



Opening of Canon Medical Academy



Next, I would like to move on to the third issue, continuous enhancement of our product and sales capabilities.

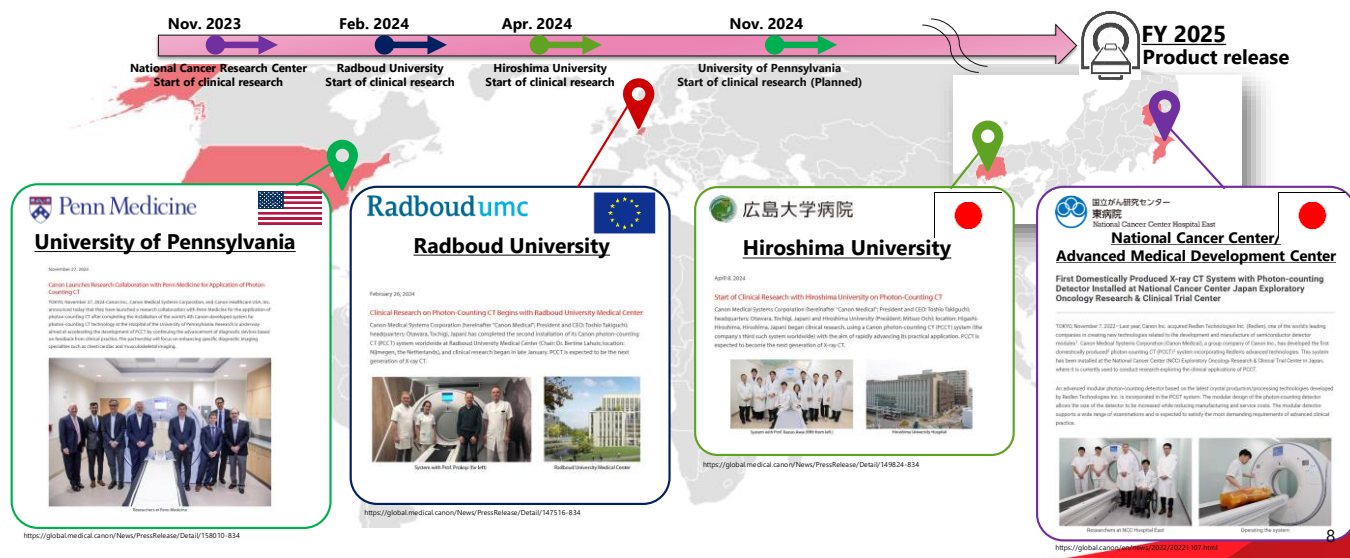
In Canon's medical business, increasing its presence in the U.S. medical market, which is the world's largest and most influential market, is a pressing issue. Therefore, in November 2022, we established Canon Healthcare USA (CHCU) in Cleveland, one of the centers of the U.S. medical industry. By building a network with medical institutions that provide cutting-edge medical care and gaining a deep understanding of the medically advanced U.S. market, we will develop products and propose solutions that capture medical market trends and clinical needs.

The president of CHCU, which is responsible for upstream marketing activities, will concurrently serve as the president of Canon Medical Systems USA (CMSU), the U.S. sales subsidiary of CMSC, which is responsible for downstream marketing. By strengthening the collaboration between CHCU and CMSU, increasing the number of account managers in the U.S., and expanding the sales agency network in the U.S., Canon aims to increase its market share in the diagnostic imaging field in the U.S. and accelerate the growth of the medical business.



# 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 of 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



Joint research with U.S. medical institutions toward the practical application of X-ray CT (PCCT) equipped with a photon counting detector is progressing well. PCCT is a next-generation diagnostic imaging system that is expected to be able to obtain high-definition images with less X-ray radiation and to accurately determine the degree of malignancy of tumors. We are conducting joint clinical research with 4 universities in Japan, the United States and Europe, and plan to release the product in FY2025. A doctor who has actually used it has commented that the image quality is very good even when the X-ray dose is reduced to 1/10. Another major feature of this system is that it can significantly reduce the burden on patients. We are conducting clinical research to realize new medical treatments.

# Major new product and features contributing to 2025

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## Aquilion ONE INSIGHT evolution

**Incorporated with Canon's proprietary AI tech.**

- "CLEAR Motion Cardiac" AI dynamics correction added to "PIQE" AI high-definition reconstruction
- Provides clearer cardiac images and improved diagnostic confidence



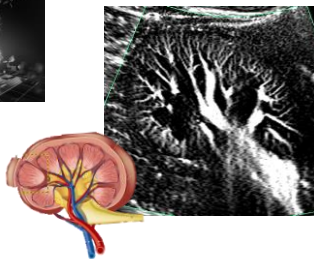
## Vantage Galan 3T / Supreme Edition

**Redesigned HW to make use of AI tech.**

MRI: Magnetic Resonance Imaging uses 3 kinds of magnetic fields to create an image



**Ultrasound SMI "World's first"**  
**Succeeded in isolating blood flow in the cortex of the kidney**



## New 3D Transesophageal probe

**Next generation 3D TEE probe with high image quality and high usability**



## Alphenix / Evolve Edition

### Alphenix 4D CT

Maintained top market share in Angio-CT by combining with the latest high-end CT



**Expand out from world's largest cardiovascular mkt.**  
Global expansion (planned to start promotion in the US)



### Radrex i5 Flex Edition

**Launch Q2 2025**

Fundamentally rethinking the operability of the current analog-based series and appealing added value with camera assist function and CXDI integrated DR system



### Adora DRFi

**U.S. launch Q1 2025**

Canon's video FPDe (CXDI-B1) is installed in NRT's Adora DRFi high-value-added DR system



Looking at demographic trends in our country, the population of people aged 65 and over will continue to increase until around 2040 as the working-age population continues to decline, and changes in U.S. immigration policy are expected to cause a shortage of labor, including essential workers. We have been working to improve the efficiency of the diagnostic imaging process. However, with increasing interest in workstyle reform, it is critical to provide efficiency for patients and customers. Going forward, we will aim for growth by developing and providing products and services that accurately meet the needs related to workflow efficiency by utilizing AI and other advanced technologies.

# Global service business reform

## Aiming to maximize profits by expanding sales and improving efficiency

- Minimize service business resources by strengthening remote services and streamlining installation, inspection, and repair, using DX
- Offer services that raise customer asset value (Launch of SLA/service solutions)
- Shift to centralized operation (Optimization of management resources)



## Minimize downtime at customer sites



High level of customer satisfaction



High market share and profitability

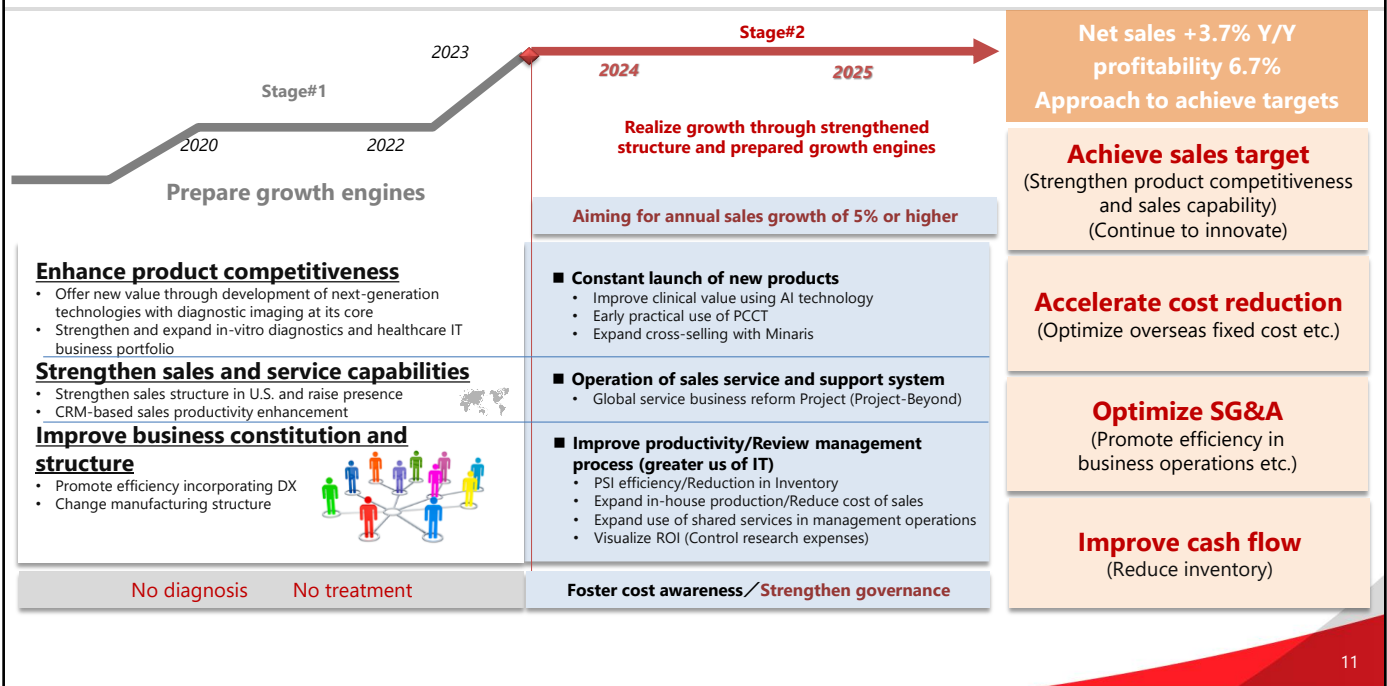


High employee engagement

We are making steady progress in reforming our global services business, which is directly linked to achieving our sales targets and improving our profitability. We are making concerted efforts on a global basis to increase service profits by further accelerating the provision of service solutions that maximize the value of customers' assets in terms of ensuring the operation of medical equipment, improving quality, and optimizing functions and performance. We are also pursuing operational efficiency through remote diagnosis and the creation of information centers.

The benefit was approximately 1.9 billion yen in 2024, as is expected to be 6.6 billion yen in 2025, for a two year total of 8.5 billion yen.

# 2025 Outlook (Final year of 5-year plan)



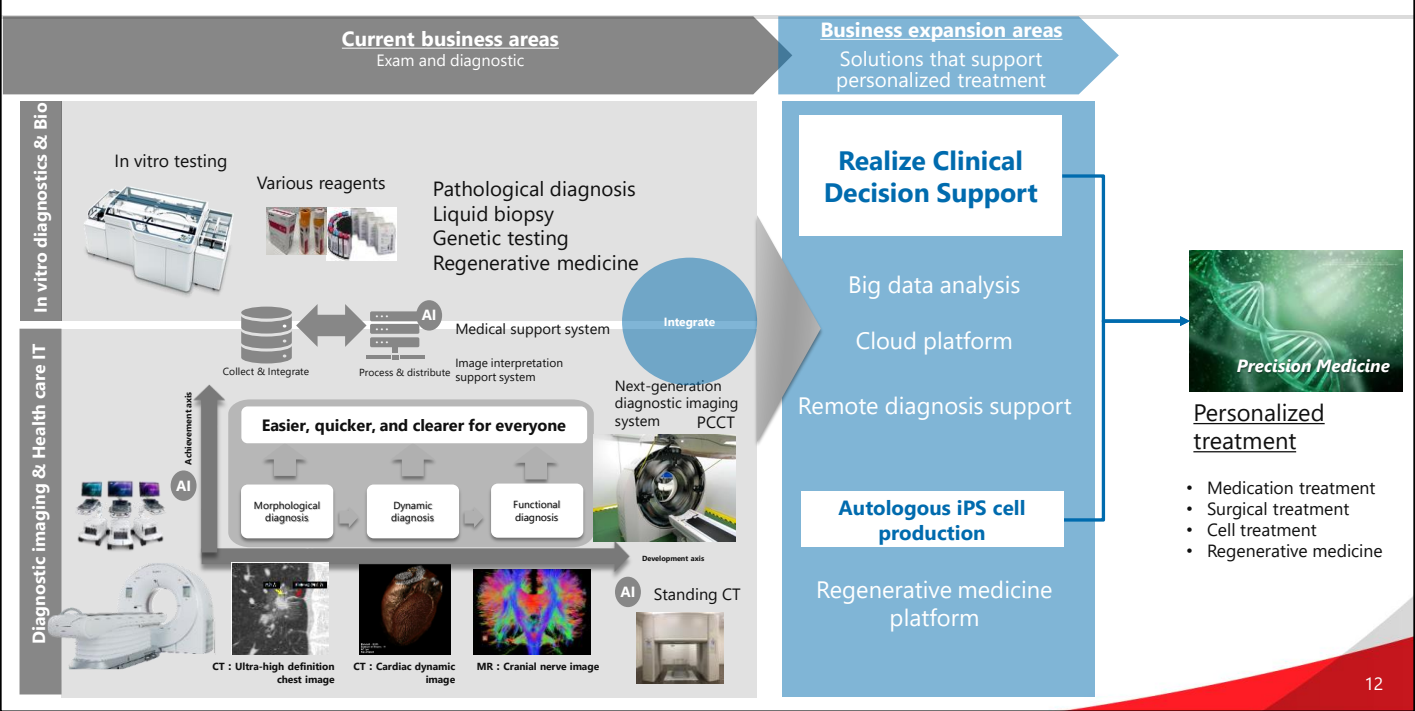
Although we expect severe market conditions to continue in 2025, the diagnostic imaging equipment market is expected to be slightly positive due to a recovery in investment appetite in the United States and expansion in emerging markets such as the Middle East and Southeast Asia.

The individual measures I explained today are progressing steadily, and the business structure is in place to achieve our Five-Year Plan, Phase VI. We will continue to strengthen our sales capabilities in the United States, where market conditions are relatively favorable, and further increase sales by enhancing our presence through groundbreaking products such as the next-generation CT scheduled to be released at the end of 2025. In addition, we aim to achieve 3.7% growth in medical by maximizing the acquisition of orders for large-scale projects in high-growth emerging countries such as India and the Middle East, which have been delayed since the previous year.

In terms of profit, we are striving to achieve a profit ratio of 6.7% through a combination of growth investments such as sales capabilities and development, and drastic improvements to our profit structure through medical business innovation activities.

Direction of Medical Group – Contribute to precision medicine

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The targets for the medical business set in Phase VI, which are net sales of 600 billion yen and a profit ratio of 10% or higher, have been postponed but have not changed. We expect to achieve net sales of 600 billion yen by 2026. With regard to the operating profit ratio of 10%, the Business Innovation Committee has implemented improvement measures, and while some measures have short-term effects and others require time, we will work diligently to achieve our initial target within a few years by realizing the results of our innovation activities as soon as possible.

A photograph of two hands, an adult's and a child's, holding each other. The background is a warm, golden sunset over a body of water, with light reflecting off the surface. The text is overlaid on the left side of the image.

## ***Made For life***

Made for patients.  
Made for you  
Made for partnerships.