Canon Inc.

2025 Corporate Strategy Conference

Medical Group

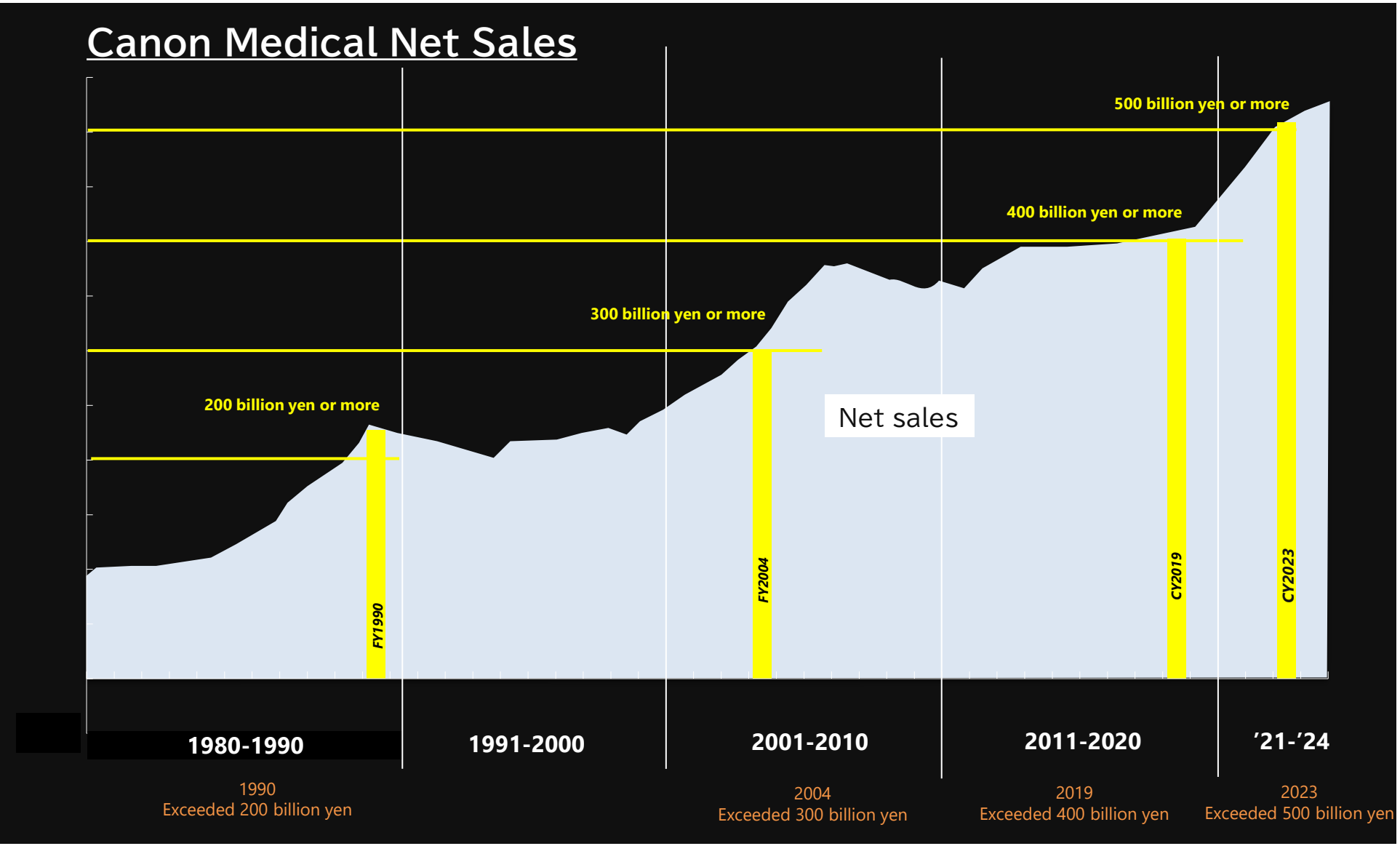
March 7, 2025

Toshio Takiguchi

Executive Vice President

Head of Medical Group

Results up to 2024 & Challenges (Sales Growth)



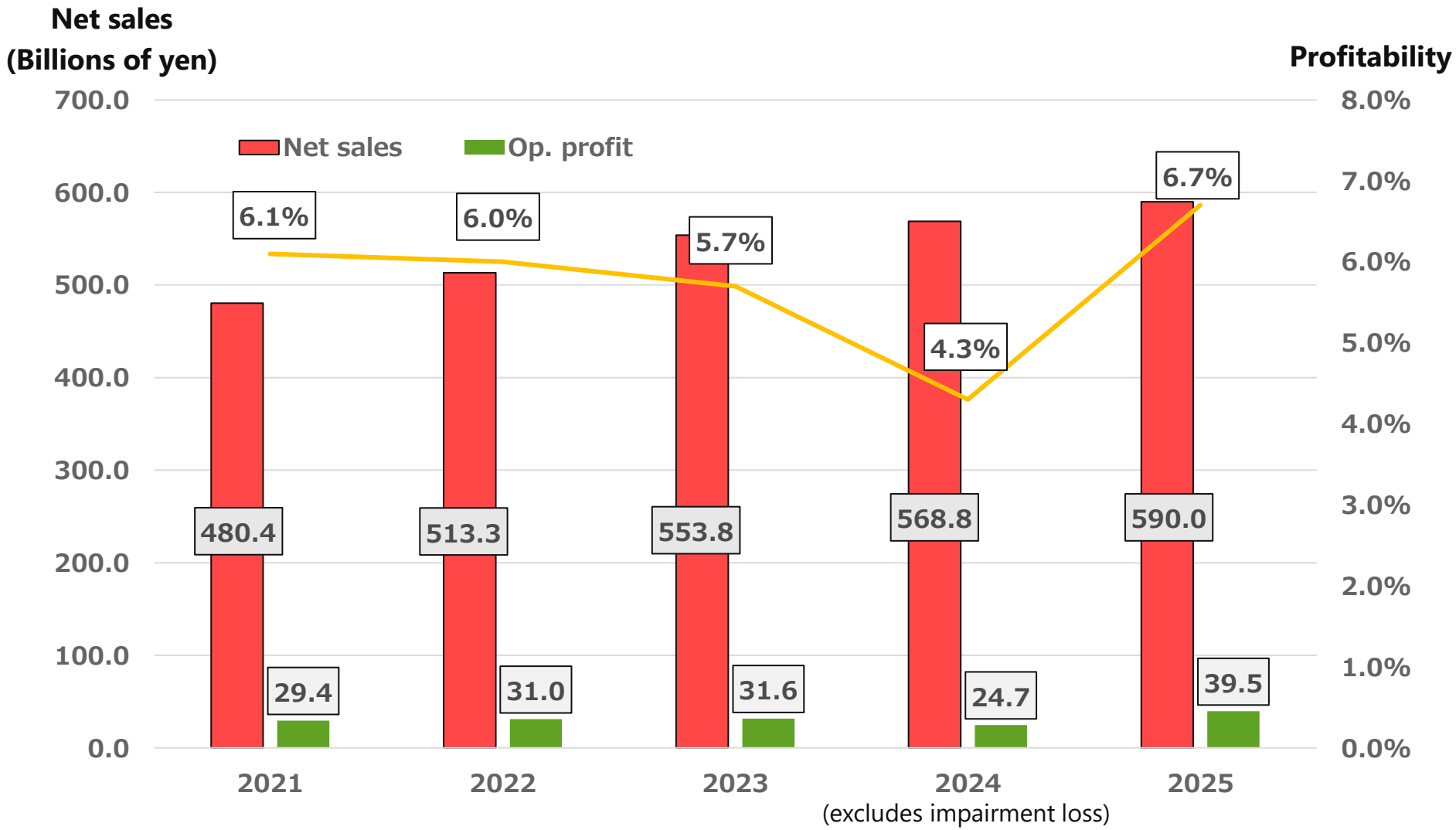
Results

- Since 2019, over a four year period, increased sales more than 100 billion yen
- CAGR（'20-'24）+7%

Challenges

- **Change in external environment**
  - Geopolitical risk impact
  - Inflation and rise in parts and material prices
- **Profitability**
  - More efficient operation

P&L


Net sales
(Billions of yen)
Profitability
700.0
600.0
500.0
400.0
300.0
200.0
100.0
0.0
8.0%
7.0%
6.0%
5.0%
4.0%
3.0%
2.0%
1.0%
0.0%
Net sales
Op. profit
6.1%
6.0%
5.7%
4.3%
6.7%
480.4
513.3
553.8
568.8
590.0
29.4
31.0
31.6
24.7
39.5
2021
2022
2023
2024
2025
(excludes impairment loss)

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*1, reinforce U.S. AM*2, 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

Structure of Medical Business Innovation Committee

Purpose

- **Integrate CMSC with Canon's organization, human resources, know-how and culture.**
- **Realize high profitability and high growth by reforming the business structure and strengthening the corporate structure to make the medical business a pillar of Canon.**

Medical Business Innovation Committee

Business reform WG

- Reorganization: Integrate Medical Business into Canon
- Relocation: Move medical head office and development functions to Shimomaruko
- Prepare and integrate IT infrastructure

SCM reform WG

- Reform supply chain management (procurement, production, logistics) systems and processes
- Raise productivity, improve quality, and reduce costs

Development reform WG

- Reform of development systems and processes
- Improve development efficiency and strengthen product competitiveness
- Utilize Canon’s human resources in the Medical Business Division

Integration of CMSC with Canon Inc.

Canon Inc.

Medical business HQ
- Medical components

+

CMSC

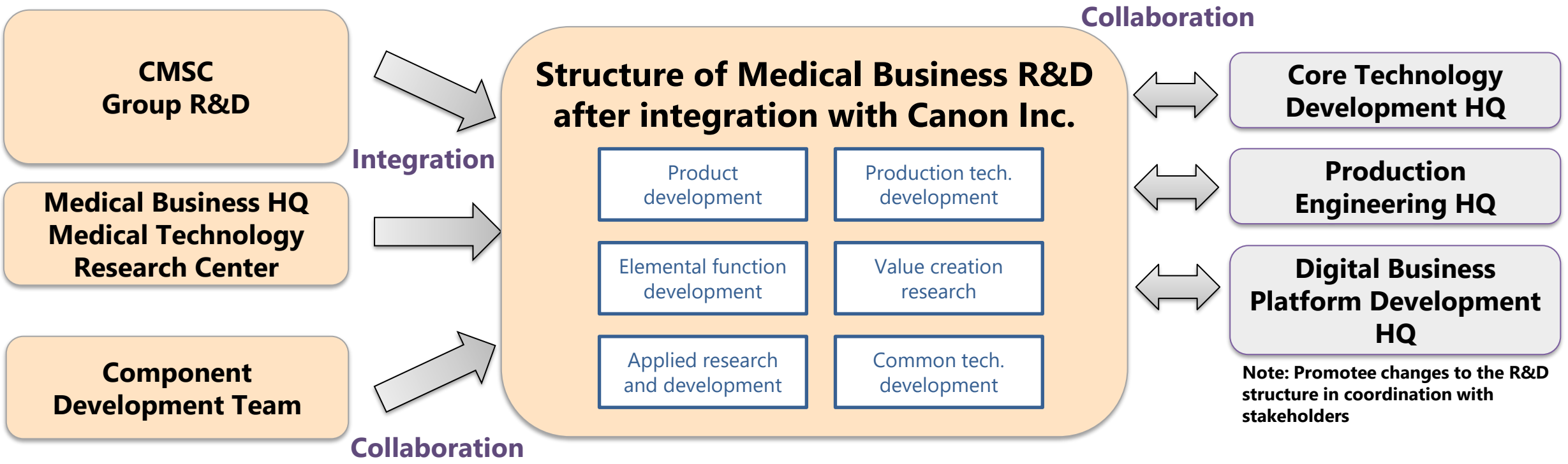
CMSC
- **Medical systems**

Canon Inc.

Medical business HQ
- **Medical systems**
- Medical components

Transformation toward new R&D structure

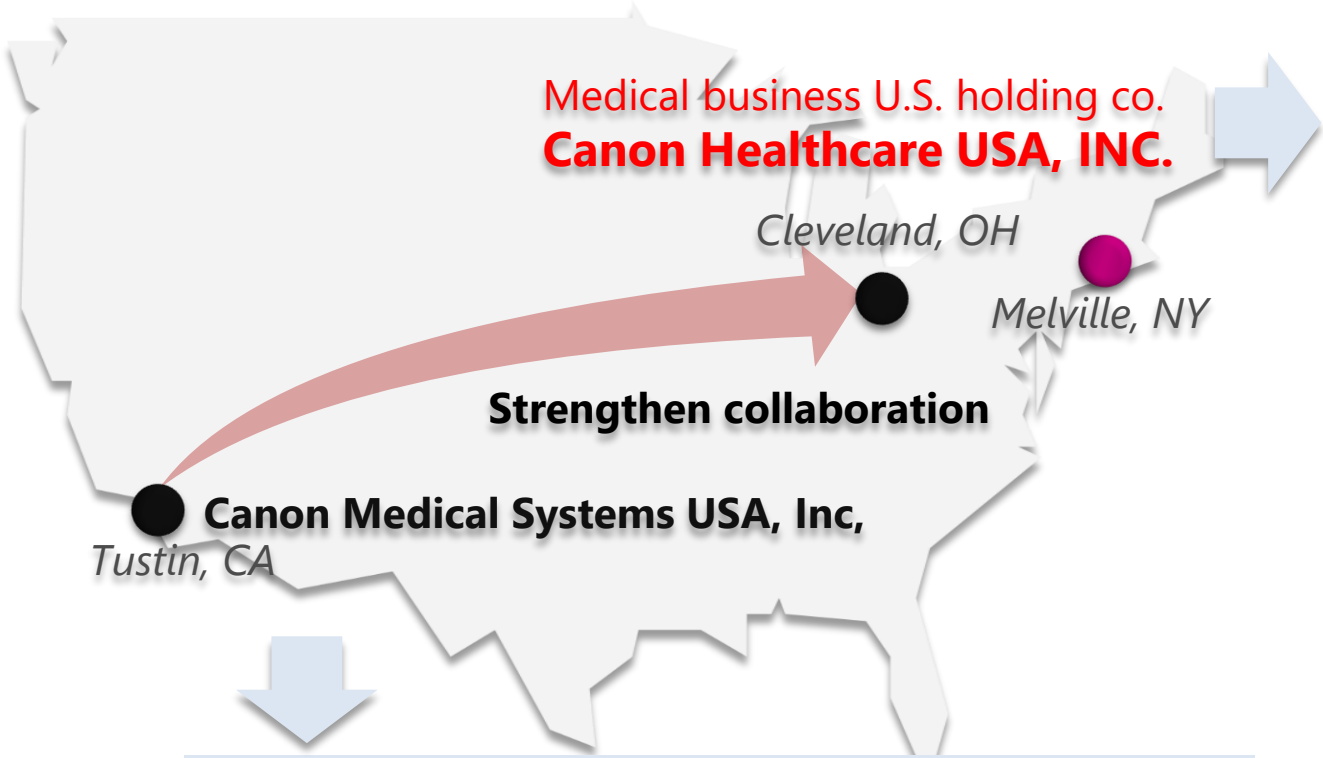
Solve challenges in the medical business and create new value by transforming R&D structure



Note: Promotee changes to the R&D structure in coordination with stakeholders

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

Downstream marketing

- Increase number of U.S. account managers
- Expand number of U.S. distributors

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

Nov. 2023 — National Cancer Research Center: Start of clinical research

Feb. 2024 — Radboud University: Start of clinical research

Apr. 2024 — Hiroshima University: Start of clinical research

Nov. 2024 — University of Pennsylvania: Start of clinical research (Planned)

FY 2025 Product release

University of Pennsylvania

November 27, 2024

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

TOKYO, November 27, 2024-Canon Inc., Canon Medical Systems Corporation, and Canon Healthcare USA, Inc. announced today that they have launched a research collaboration with Penn Medicine for the application of photon-counting CT after completing the installation of the world's 4th Canon-developed system for photon-counting CT technology at the Hospital of the University of Pennsylvania. Research is underway aimed at accelerating the development of PCCT by continuing the advancement of diagnostic devices based on feedback from clinical practice. The partnership will focus on enhancing specific diagnostic imaging specialties such as chest/cardiac and musculoskeletal imaging.

Researchers at Penn Medicine

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: Toshio Takiguchi; headquarters: Otawara, Tochigi, Japan) has completed the second installation of its Canon photon-counting CT (PCCT) system worldwide at Radboud University Medical Center (Chair: Dr. Bertine Lahuis; location: Nijmegen, the Netherlands), and clinical research began in late January. PCCT is expected to be the next generation of X-ray CT.

System with Prof. Prokop (far left)

Radboud University Medical Center

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: Toshio Takiguchi; headquarters: Otawara, Tochigi, Japan) and Hiroshima University (President: Mitsuo Ochi; location: Higashi-Hiroshima, Hiroshima, Japan) began clinical research, using a Canon photon-counting CT (PCCT) system (the company's third such system worldwide) with the aim of rapidly advancing its practical application. PCCT is expected to become the next generation of X-ray CT.

System with Prof. Kazuo Awai (fifth from left.)

Hiroshima University Hospital

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

National Cancer Center, Advanced Medical Development Center

First Domestically Produced X-ray CT System with Photon-counting Detector Installed at National Cancer Center Japan Exploratory Oncology Research & Clinical Trial 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[1]. Canon Medical Systems Corporation (Canon Medical), a group company of Canon Inc., has developed the first domestically produced[2] photon-counting CT (PCCT)[3] system incorporating Redlen's advanced technologies. This system has been installed at the National Cancer Center (NCC) Exploratory Oncology Research & Clinical Trial Center in Japan, where it is currently used to conduct research exploring 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.

Researchers at NCC Hospital East

Operating the system

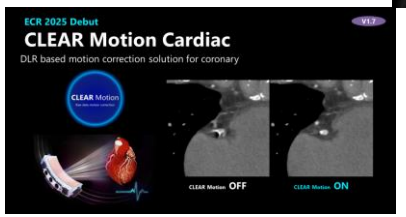
https://global.canon/en/news/2022/20221107.html

Major new product and features contributing to 2025

Aquilion ONE INSIGHT evolution

Incorporated with Canon's proprietary AI tech.

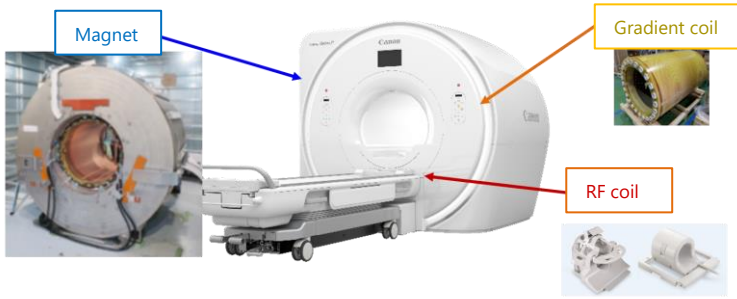
- "CLEAR Motion Cardiac" AI dynamics correction added to "PIQE" AI high-definition reconstruction
- Provides clearer cardiac images and improved diagnostic confidence



Vantage Galan 3T / Supreme Edition

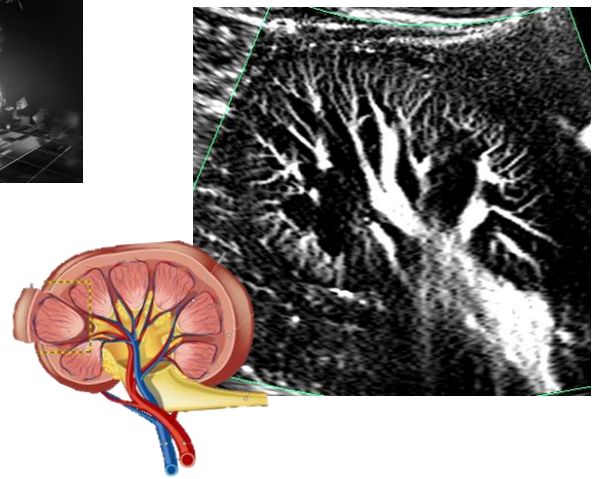
Redesigned HW to make use of AI tech.

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

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

2025 Outlook（Final year of 5-year plan)

Canon

Stage#1

2020 2022 2023

Prepare growth engines

Stage#2

2024 2025

Realize growth through strengthened structure and prepared growth engines

Aiming for annual sales growth of 5% or higher

Net sales +3.7% Y/Y
profitability 6.7%
Approach to achieve targets

Enhance product competitiveness

- Offer new value through development of next-generation technologies with diagnostic imaging at its core
- Strengthen and expand in-vitro diagnostics and healthcare IT business portfolio

■ **Constant launch of new products**

- Improve clinical value using AI technology
- Early practical use of PCCT
- Expand cross-selling with Minaris

Strengthen sales and service capabilities

- Strengthen sales structure in U.S. and raise presence
- CRM-based sales productivity enhancement

■ **Operation of sales service and support system**

- Global service business reform Project (Project-Beyond)

Improve business constitution and structure

- Promote efficiency incorporating DX
- Change manufacturing structure

■ **Improve productivity/Review management process (greater us of IT)**

- PSI efficiency/Reduction in Inventory
- Expand in-house production/Reduce cost of sales
- Expand use of shared services in management operations
- Visualize ROI (Control research expenses)

No diagnosis No treatment

Foster cost awareness／Strengthen governance

Achieve sales target
(Strengthen product competitiveness and sales capability)
(Continue to innovate)

Accelerate cost reduction
(Optimize overseas fixed cost etc.)

Optimize SG&A
(Promote efficiency in business operations etc.)

Improve cash flow
(Reduce inventory)

Direction of Medical Group – Contribute to precision medicine

Current business areas
Exam and diagnostic

Business expansion areas
Solutions that support personalized treatment

In vitro diagnostics & Bio

In vitro testing

Various reagents

Pathological diagnosis
Liquid biopsy
Genetic testing
Regenerative medicine

Diagnostic imaging & Health care IT

Collect & Integrate

Process & distribute

Medical support system

Image interpretation support system

Integrate

Achievement axis

AI

Easier, quicker, and clearer for everyone

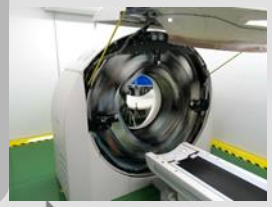
Morphological diagnosis

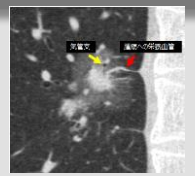
Dynamic diagnosis

Functional diagnosis

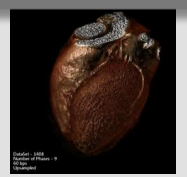
Development axis

Next-generation diagnostic imaging system PCCT

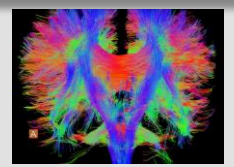




CT : Ultra-high definition chest image



CT : Cardiac dynamic image



MR : Cranial nerve image

AI Standing CT

Realize Clinical Decision Support

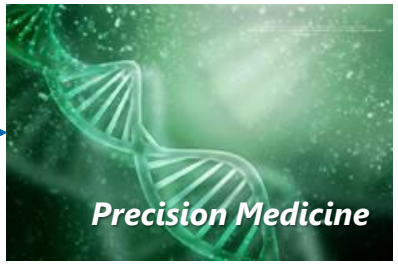
Big data analysis

Cloud platform

Remote diagnosis support

Autologous iPS cell production

Regenerative medicine platform



Personalized treatment

- Medication treatment
- Surgical treatment
- Cell treatment
- Regenerative medicine


Made For life
Made for patients.
Made for you
Made for partnerships.