

**Canon Inc.**

**2026 – 2030**  
**Excellent Global Corporation Plan Phase VII**

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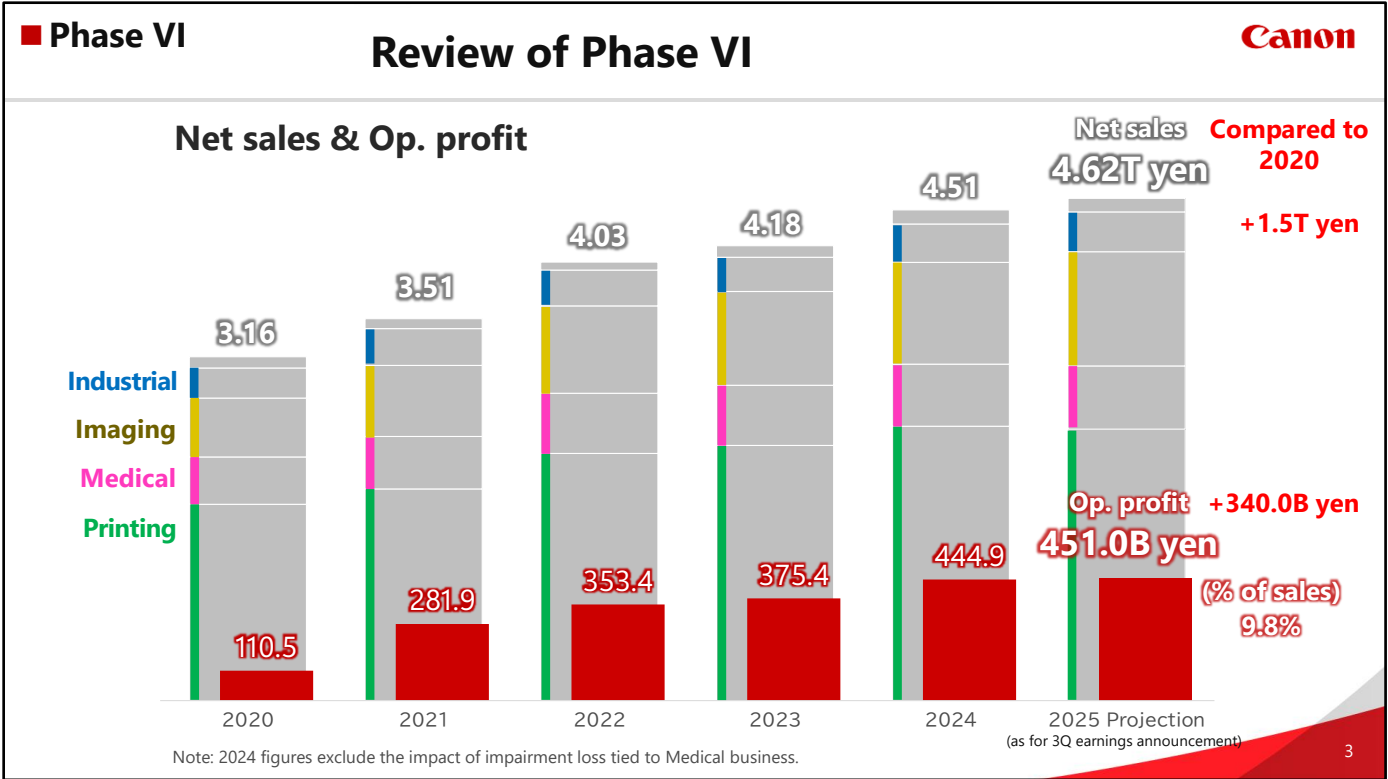


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# Agenda



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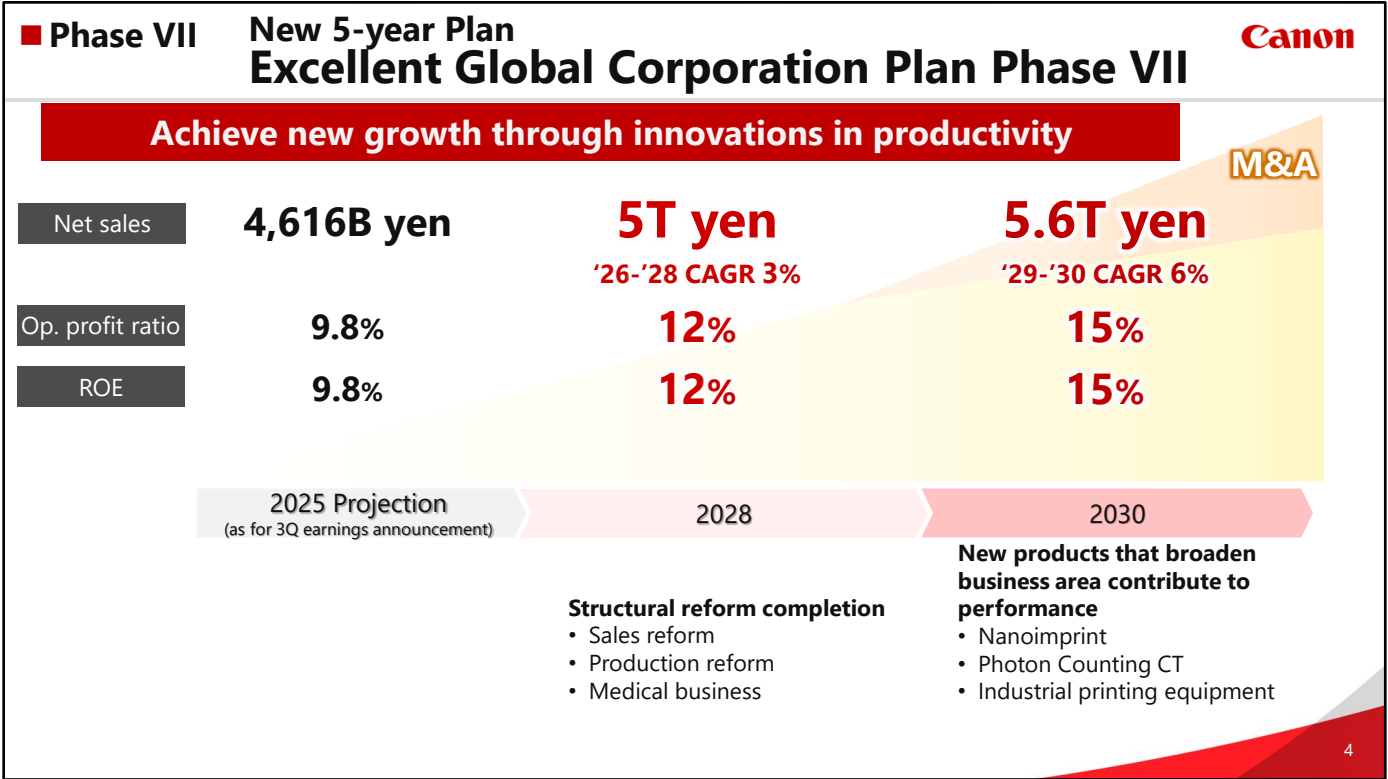
Over the five years from 2021 to 2025, a series of unexpected events occurred.

Starting with the coronavirus outbreak, followed by a semiconductor shortage, logistics disruptions, the Russia-Ukraine conflict, and last year’s additional U.S. tariffs—all of these were major issues that shook the very foundation of our management. However, by mobilizing the resources of the entire company and working together as one, we successfully overcame them.

As a result, in Phase VI, the Printing Group, since 2024, has restored its operating profit ratio to a double-digit level, the Medical Group strengthened its U.S. sales capabilities after the end of the pandemic and achieved annual average sales growth of over 5%, the Imaging Group returned cameras to a growth trajectory, while more than doubling sales of network cameras, compared to 2021, and the Industrial Group doubled its unit sales of semiconductor lithography equipment.

As a result, we achieved our 2025 sales target of 4.5 trillion yen, one year ahead of schedule.

However, regarding profits, due to factors such as rising labor costs, inflation, and tariffs, the achievement of an operating profit ratio of 12% in 2025, which was a Phase VI target, was delayed. Nevertheless, we launched structural reforms aimed at improving profitability two years ago, and their effects began to appear last year. Further improvements are expected from this year onward.



And in our new five-year plan starting this year, the Excellent Global Corporation Group Plan Phase VII, we will aim for growth and further enhancement in management quality, under the slogan “Achieve new growth through innovations in productivity.”

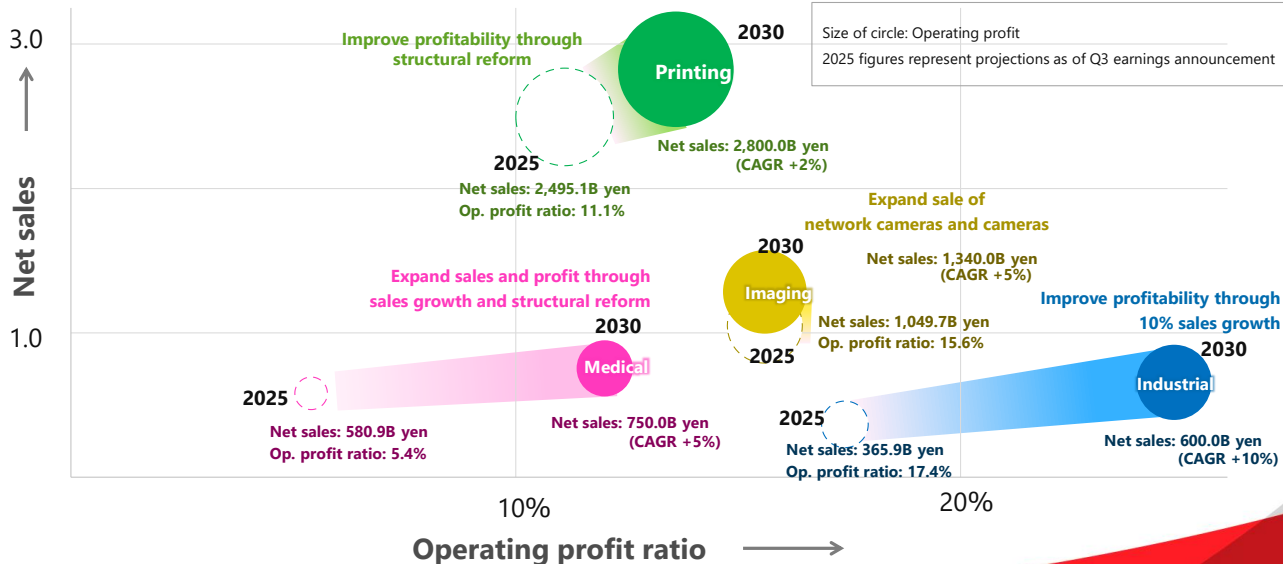
When dividing our five-year plan into the first half up to 2028 and the latter half thereafter, we believe that in the first half, it is important to first build a foundation for accelerating growth and to drive innovations in productivity. Regarding the three structural reforms currently underway in sales, production, and Medical, which started in 2024 and have steadily produced results through last year, without slowing down, we intend to complete them by 2028.

As for sales, we plan to grow at an annual rate of 3%, which is in line with the GDP growth rate, to achieve 5 trillion yen in revenue and an operating profit ratio of 12% by 2028.

Then, in the latter half, under a strengthened structure, we will enter a phase of further enhancing growth potential. New products that broaden business areas introduced to the market in the first half of our 5-year plan, such as nanoimprint and ArF lithography equipment in Industrial, photon-counting CT in Medical, and industrial printing equipment for the printing of labels, packaging etc. are expected to significantly increase sales and accelerate revenue growth. Furthermore, by adding new businesses acquired through M&A, we aim to achieve net sales of 5.6 trillion yen, an operating profit ratio of 15%, and ROE of 15% by 2030.

Expand profits in growth areas by redistributing cash to Industrial and Medical that is earned from Printing and Imaging, which are cash cow businesses

(Trillions of yen)



To achieve our 2030 targets, it is necessary to further clarify the direction in which our four industry-oriented business groups should proceed.

As for Printing, the market is expected to continue to shrink due to paperless trends. However, by improving market share, developing emerging markets, entering the industrial printing sector, and further expanding our IT solutions business, we anticipate an annual sales increase of 2%.

Even though sales will not grow significantly, we will enhance profitability through the structural reforms in sales and production that are currently being implemented and will raise the operating profit ratio.

For Imaging, we aim to continue growing at a rate of around 10% for network cameras as the market expands, and for cameras, the market contraction caused by spread of smartphone has settled, and with the addition of a new user segment focused on video and SNS-oriented shooting, we are now in a position to pursue renewed sales growth. While maintaining the current operating profit ratio, we will increase sales of the entire Imaging Group at an annual rate of 4%.

Medical will simultaneously pursue sales expansion through the introduction of groundbreaking new products and strengthened sales capabilities centered on the U.S., and improve profitability through structural reforms, thereby expanding both sales and profits. We aim to achieve an operating profit ratio of 10% at an early stage and further raising it by 2030, transforming the business into one that is on par with other groups.

In Industrial, we will capture growth in the expanding semiconductor market, which is being driven by AI demand. We will accomplish this by raising our market share in existing equipment segments such as i-line and KrF and expanding into other business areas with our next-generation equipment, including nanoimprint. Through these efforts, we aim to achieve annual sales growth of 10% or more and further raise our operating profit ratio.

■ Structural Reform

Sales Reform

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Aiming for further growth by raising efficiency in the sales system in mature markets and strengthening sales capabilities in emerging markets

Sales structure reform

2024

In United States & Asia

Optimize organizational structure

2025-2026

In Europe

Review organizational structure and ratio between direct and indirect sales

Expansion in emerging markets

Key regions

Africa, Middle East, India, Indonesia, Latin America etc.

• High GDP growth rate

• Potential for increased market share

Emerging markets sales composition ratio

10%

2025

15%

2030

The three structural reforms.

The sales structural reform, which started in 2024, have already been implemented in the United States. Since last year, we have been working to improve efficiency in European regions, which includes many countries, through organizational restructuring and reviewing the ratio of direct to indirect sales and we plan to complete this by 2028.

Under this streamlined organization, in order to expand our business, we will also work to develop emerging markets where we have not been able to sufficiently enter until now. By focusing investments on countries where Canon's market share is low despite high GDP growth rates, and expanding sales in Africa, the Middle East, India, Indonesia, and Latin America, we aim to increase sales in emerging countries from the current 10% to 15% by 2030.

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## ■ Structural Reform    Production Reform (Printing)

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- Review global production system and rebuild it into a structure that enhances competitiveness in line with the times
- Thoroughly improve efficiency by actively utilizing external resources and further enhancing production automation

### Consolidate overseas mfg. sites for hardware

Rebuild production system for optimal performance by 2028

- ✓ **30% reduction** in workforce
- ✓ **40% reduction** in workspace
- ✓ **50% reduction** in work in process inventory
- ✓ Improvement in utilization rate
- ✓ Asset reduction

### New production system (Printing Group)

# Slim&Vital

#### Optimize production resources

##### Outsource manufacturing

- Hardware products and units that do not need special technology to produce

#### Strengthen in-house production system

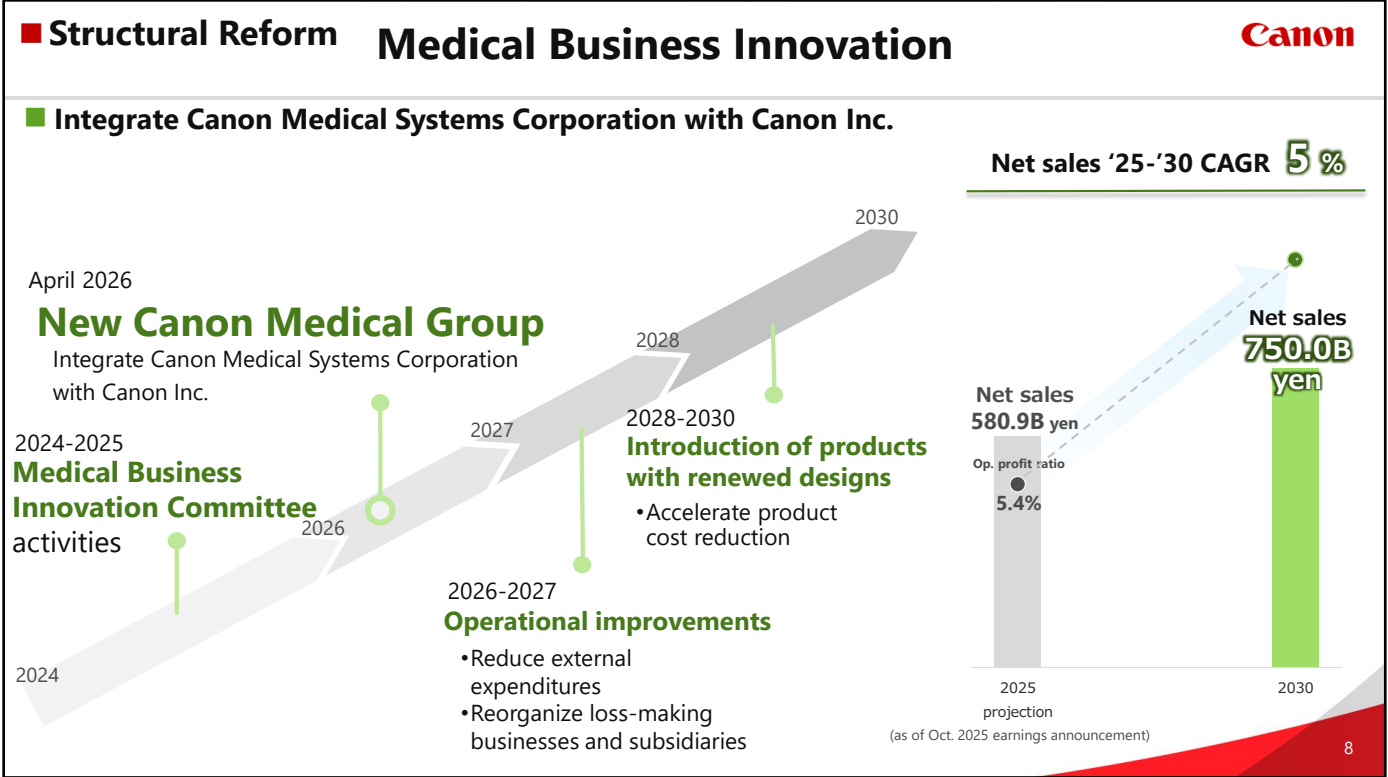
##### Promote production automation in Printing

- Collaborative cells with humans and robots
- DX of inspection process
- Automation of parts logistics

The Production structural reform.

In production of the Printing Group, due to the promotion of automation, almost all production of consumables is done in Japan. However, for the main hardware unit, we still maintain a labor-intensive production system overseas, and due to market contraction, utilization rates have declined. In the second half of last year, we began to actively consolidate our production sites. And will work to save costs by reducing assets and improving utilization rates of overseas production sites for hardware units.

Reforming our production structure is not limited to simply consolidating production sites. We are also working to reform our production methods. The Printing Group strives to slim down its own production by outsourcing production of products that do not require special technology to produce. In addition, for products we continue to manufacture internally, we will establish a man-machine system through the cooperation of humans and machines. We will also promote the standardization of parts and the automation of in-plant logistics to build a competitive and robust production system.



The Medical business structural innovation.

In 2024, the Medical Business Innovation Committee was set up and Canon Inc. has invested a great deal of resources to thoroughly identify and improve issues in all divisions of the medical business, including development, production, procurement, logistics, and sales. As a result, approximately 10 billion yen in cost reduction was achieved in 2025.

And in April of this year, we will officially integrate Canon Medical Systems Corporation into Canon Inc., and under this new structure, we will further advance reforms while fully utilizing Canon’s resources and expertise.

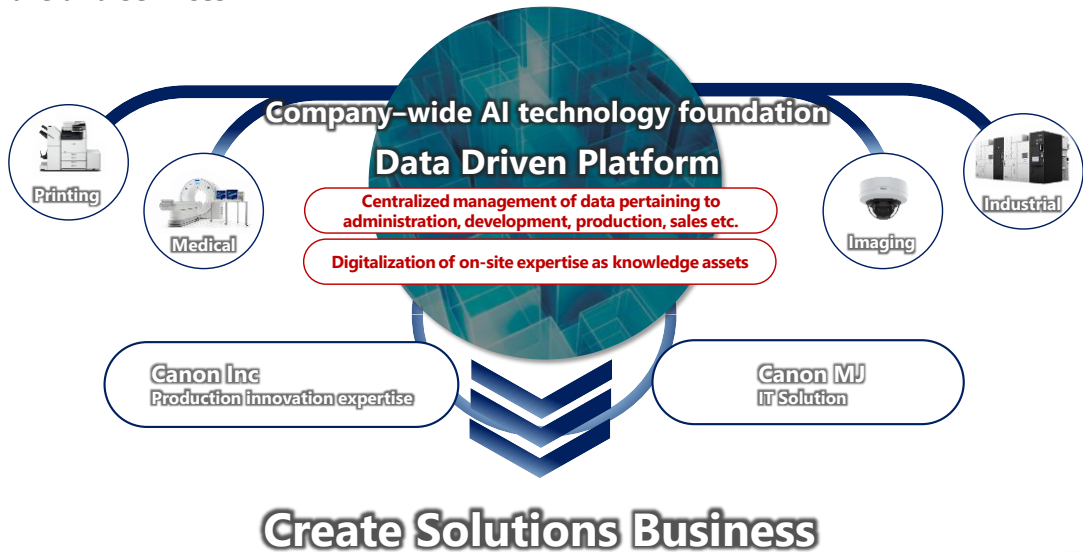
By further reducing unnecessary external expenditures, streamlining unprofitable businesses and subsidiaries, and reviewing operations, we expect to achieve significant cost savings over the next two years.

In addition, we expect to launch new products in 2028 that are based on new design concepts, which will increase sales and gross profit ratios.

By taking advantage of innovative new products such as multi-position CT, which enable images to be taken in a standing or sitting position, and photon counting CT, we will increase our presence in the market and accelerate sales growth, particularly in the United States and emerging countries where we are strengthening our sales capabilities. We will also aim to achieve an operating profit ratio of 10% at an early stage and aim for further improvement going forward.



- Improve profitability by leveraging Canon Inc.'s strength in hardware and expanding sales of software and services

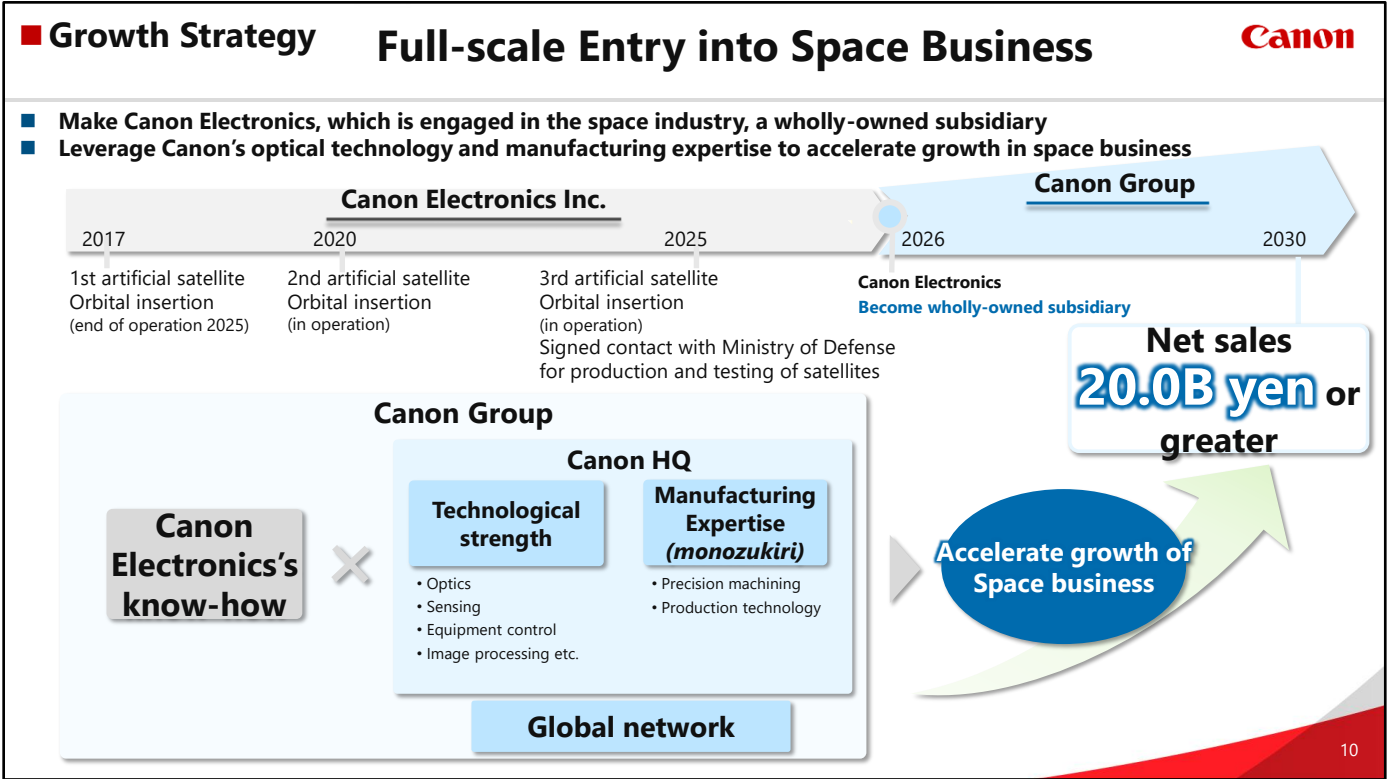


The growth strategy, starting with AI.

We have already incorporated AI-based product design into the development process and released numerous products that offer enhanced performance through the incorporation of AI. Going forward, we will build a company-wide platform that accelerates value creation through AI, digitize scattered data and field expertise as intellectual assets, and centrally manage them to provide new solutions.

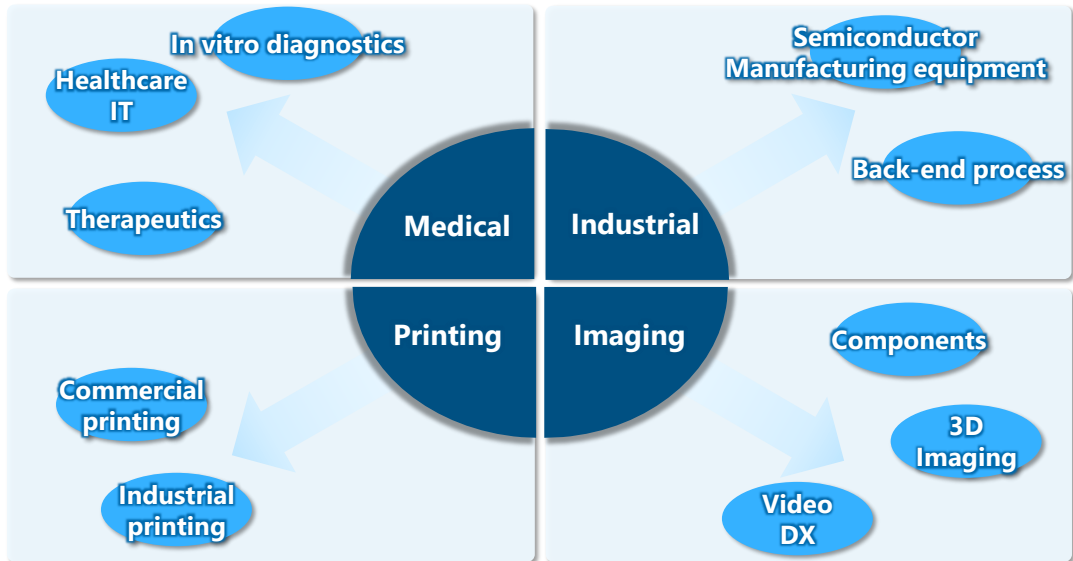
Our products, such as printing equipment, medical systems, network cameras, and industrial equipment, are operating in significant numbers at customer sites, and the data obtained from each area is enormous. We intend to analyze that data using AI, capture on-site needs, and implement them into software for delivery. In this process, we believe the know-how we have cultivated through production innovation in our factories will be useful.

While leveraging our strength in hardware, we will expand sales of software and services to improve profitability.



## ■ Growth Strategy      Expand Business Area

### ■ Expand business area through organic growth investment and M&A



About expanding business areas.

Our growth strategy combines organic growth investment with M&A and will be achieved by expanding business areas in our four industry-oriented business groups.

We have a specialized department within the company for this purpose and maintain necessary relationships with external partners.

In Printing and Imaging, we already have a formidable portfolio of technologies, production capabilities, and sales channels. As for Printing, commercial and industrial printing, which have high market growth potential, and in Imaging, 3D imaging and video DX, which are new business areas, are our focus for M&As.

And in Medical and Industrial, which have high growth potential, we currently cover only a limited area, such as diagnostic imaging systems and lithography equipment, and we believe there is still considerable room for expansion in these areas.

We will expand our business area in Medical, targeting healthcare IT, in vitro diagnostics, and therapeutics, and in Industrial, targeting other semiconductor manufacturing processes with growth potential other than lithography.

### ■ Active cash allocation in growth areas



The financial strategy to support Canon's transformation and growth.

Over the next five years, we will continue to raise profitability through various reforms and generate sufficient cash. This cash will be allocated not only to growth investments such as development and capital investment in existing businesses, but also M&A.

As for shareholder returns, we will maintain stable dividend payments without reducing the amount, aiming for a payout ratio of around 40%. We will also flexibly conduct share buybacks, based on considerations of capital efficiency and stock price.

## ■ Financial Strategy    Capital Efficiency Improvement

### ■ Achieve ROE of 15% in 2030

	2025	2028	2030
ROE	9.8%	12%	15%
Net income ratio	7.1%	8.6%	10.5%
Total asset turnover ratio	0.8	0.8	0.8
Financial leverage	1.74	1.74	1.8

#### Profitability improvement

- Improvement in net income ratio through structural reform
- Profit contribution from growth areas

#### Asset efficiency improvement

- Asset reduction through structural reform

#### Financial leverage

- Utilize borrowing in cases of large-scale M&A

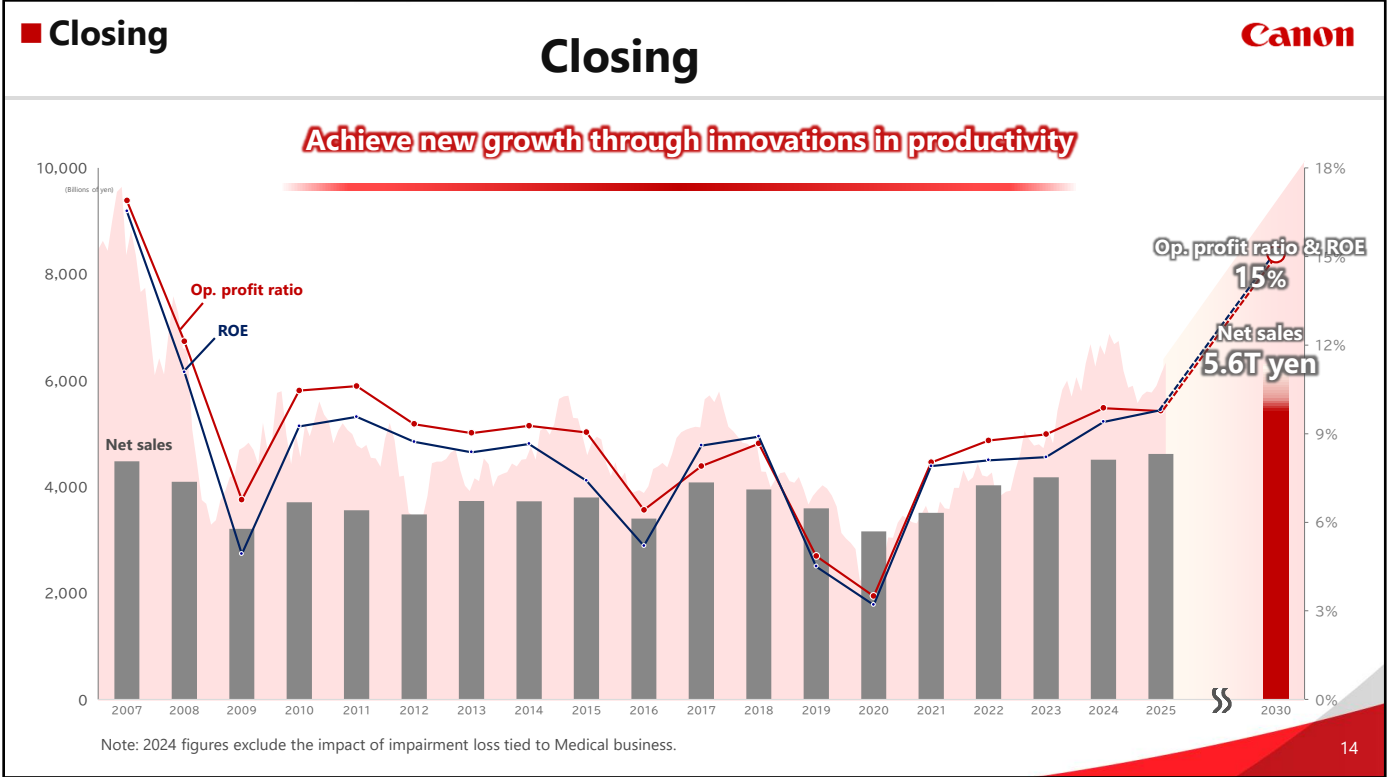
The improvement of capital efficiency.

Two years ago, Canon added ROE as a KPI and has recovered to nearly 10% in 2025.

By completing structural reforms and improving our net profit ratio by 2028, we aim to raise ROE to 12%. And with the full contribution of new products such as nanoimprint lithography systems, photon-counting CTs, and industrial printing equipment, we will continue to increase ROE from 2029 onward and aim to achieve 15% by 2030.

In order to enhance our overall capital efficiency, we will manage it by the four business groups where improvements are being made.

The Printing Group is pursuing structural reforms to improve profitability and reduce assets. The Medical Group is implementing fundamental business reforms through operational improvements and cost structure reviews. The Imaging and Industrial Groups are working to improve profitability and asset turnover through sales expansion. We will steadily advance these initiatives to improve capital efficiency.



Over the next five years we will drive innovations in productivity through structural reforms and AI-driven transformation, and under a strengthened organization and framework, we will achieve a new stage of growth.

And by 2030, with significant progress in transforming our business portfolio, we expect to achieve sales of 5.6 trillion yen, an operating profit ratio of 15%, and ROE of 15%, to transform ourselves into a truly excellent company.

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