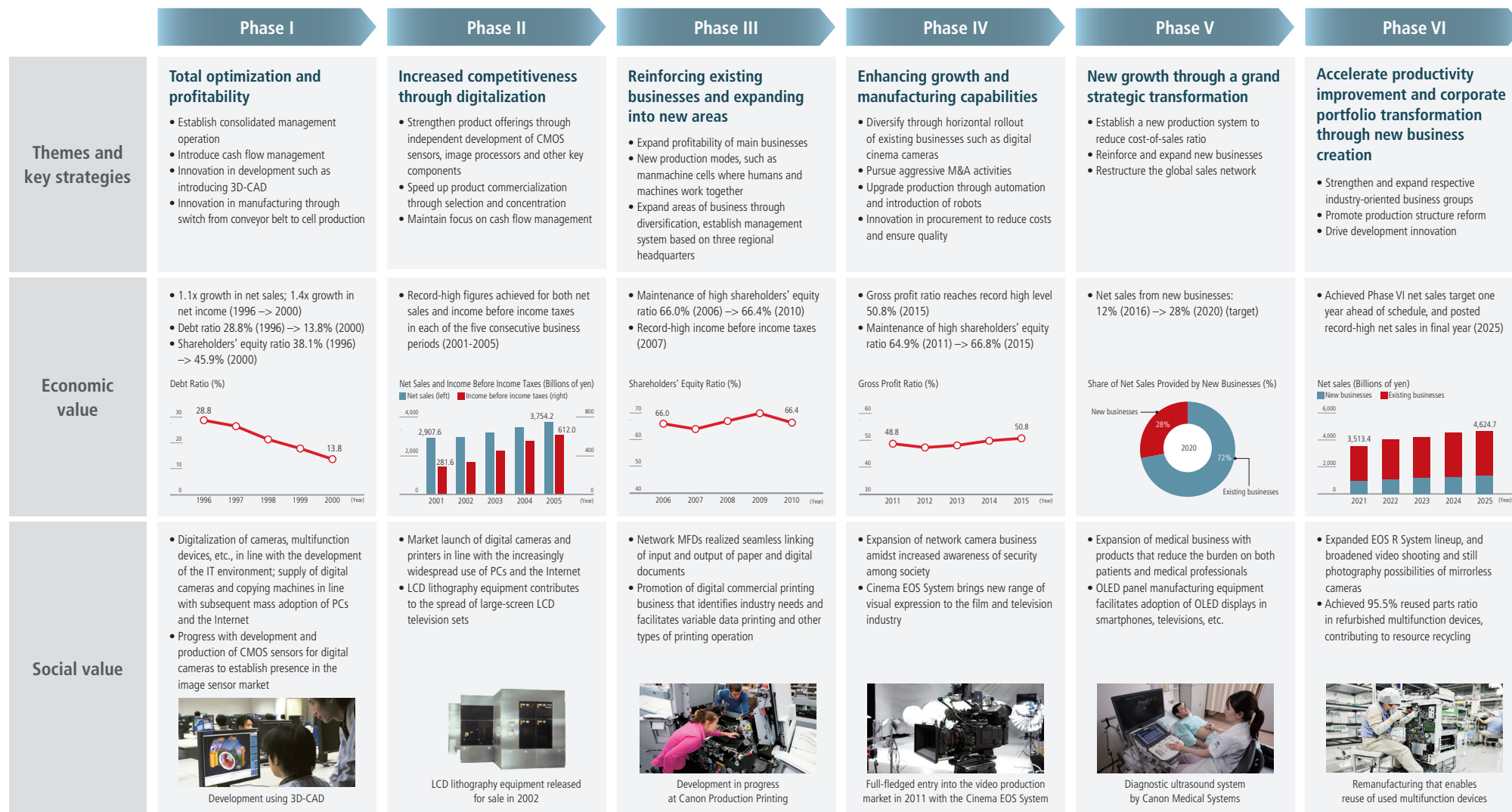


Evolution of the Excellent Global Corporation Plan

Since 1996, Canon has promoted the Excellent Global Corporation Plan, aiming to become a corporation that people around the world admires and respects by contributing to society through technology.

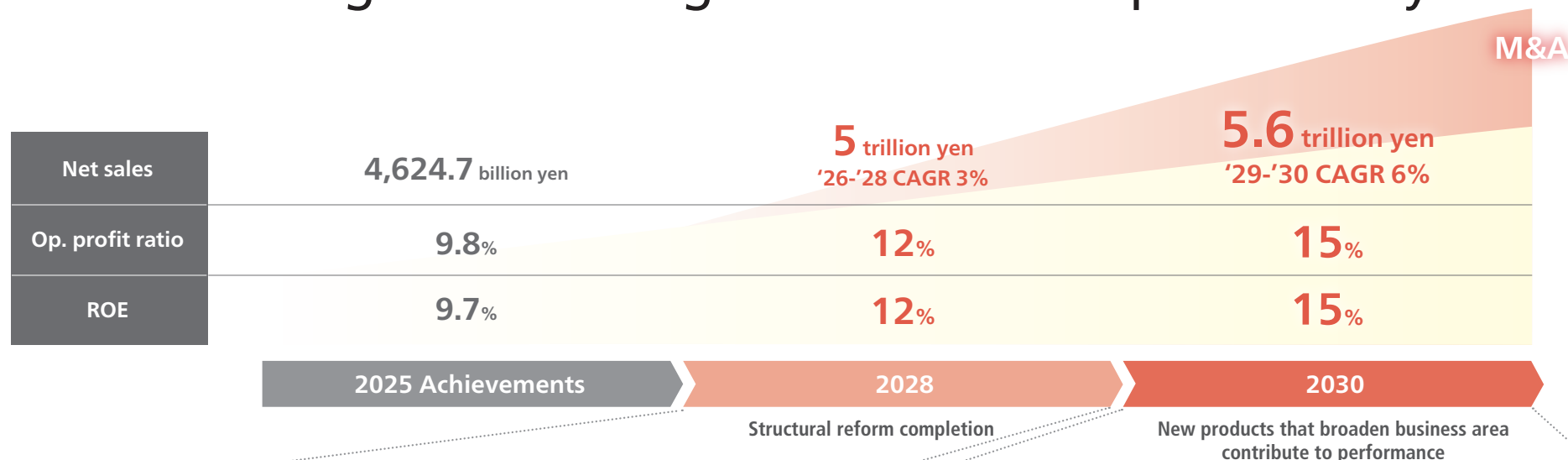
From 2026, Phase VII of the plan begins. Building on the management foundation established through Phase VI, Canon aims for its next stage of growth under the slogan "Achieve new growth through innovations in productivity."



Excellent Global Corporation Plan Phase VII

Slogan

Achieve new growth through innovations in productivity



◆ Structural reform completion (2026-2028)

We will complete three structural reforms in sales, production, and the Medical business by 2028 to build a foundation for accelerating growth

◆ New products that broaden business areas contribute to performance (2029-2030)

Building on the solid foundation established in the first half, we will boost sales of new products that expand our business areas, such as nanoimprint lithography, photon-counting CT, and industrial printing equipment, to further accelerate growth

	Main initiatives
Sales reform	<ul style="list-style-type: none"> Organizational restructuring in Europe and review of sales channels Expansion of market share in emerging countries
Production reform	<ul style="list-style-type: none"> Reorganization and consolidation of domestic and overseas production sites to improve utilization rate at each site Promotion of production method reforms
Medical business innovation	<ul style="list-style-type: none"> Integration of Canon Medical Systems into Canon Inc. Acceleration of business innovation activities by fully harnessing Canon's expertise and resources under new structure



Nanoimprint semiconductor manufacturing equipment



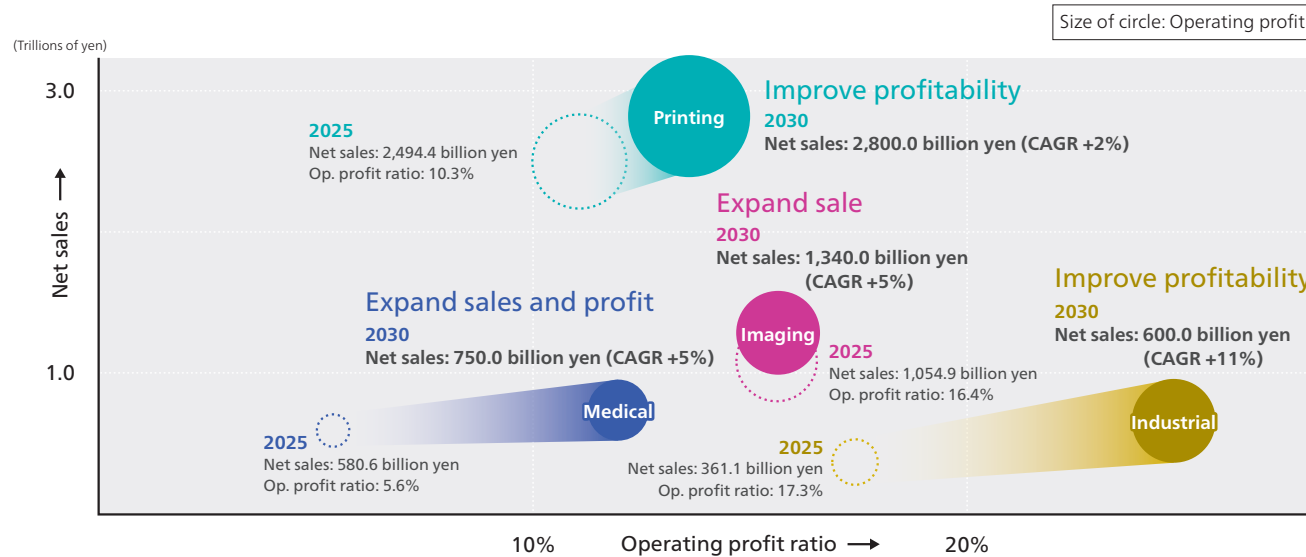
Photon-counting CT



Industrial printing equipment for corrugated boards

Excellent Global Corporation Plan Phase VII

◆ Strengthening and Expansion of the Industry-oriented Group



● Printing ○ P21

- By increasing market share, developing emerging markets, entering the industrial printing sector, and expanding the IT solutions business, we aim to achieve annual sales growth of 2%
- Through structural reforms in sales and production, we will enhance profitability and raise our operating profit ratio

● Imaging ○ P25

- We will continue to achieve growth of around 10% in the expanding network camera market. As for cameras, where market contraction due to the proliferation of smartphones has eased, we aim to expand sales again as new user segments focused on video and social media photography emerge
- In the Imaging Group as a whole, we aim to achieve annual sales growth of 5% while maintaining our current operating profit ratio

● Medical ○ P23

- We will expand sales through the launch of groundbreaking new products and stronger sales capabilities centered on the US and improve profitability through structural reform
- We will increase both sales and profit, achieve an operating profit ratio of 10% at an early stage, and target an even higher level by 2030

● Industrial ○ P27

- Capitalizing on growth of the semiconductor market driven by AI demand, we will increase the market share of our existing i-line and KrF systems, and expand our business areas into next-generation equipment, including nanoimprint lithography
- By achieving annual sales growth of 10% or more, we will drive our operating profit ratio even higher

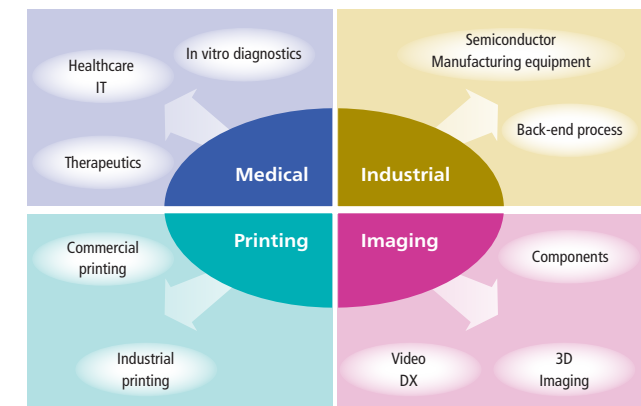
◆ Creation of solutions businesses that utilize AI

- Build a Company-wide AI platform and centrally manage data and expertise
- Use AI to analyze data obtained from Canon products at customer sites and provide software and services that meet on-site needs

◆ Full-scale entry into the space business

- Make Canon Electronics, which has a space business, a wholly owned subsidiary and enter the space business in earnest, a sector that is expected to grow

◆ In addition to organic growth investments, utilize M&As to expand business areas



Business areas we aim to expand through M&As and organic growth

Financial Strategy

◆ Excellent Global Corporation Plan Phase VII: Financial Strategy

The basic policy of Canon's financial strategy is comprehensive cash flow management and maintenance of a sound financial position. This reflects our belief that maintaining a sound financial position is crucial not only to prepare for unforeseen circumstances, but also to enable dynamic, long-term management while keeping open a variety of options.

In Phase VII, we will continue to adhere to this policy while pursuing active growth investments and stable shareholder returns to enhance corporate value.

Cash allocation that enables active investment in growth areas and stable shareholder returns

Through structural reforms, we will increase profitability while generating sufficient cash, which will then be allocated to the following three areas.

(1) Investment in existing businesses

Active investment in growth areas

Our top priority for cash allocation is active investment in growth areas. We will actively invest, particularly in areas with growth potential, such as Industrial, Medical, and the space business.

(2) Shareholder returns

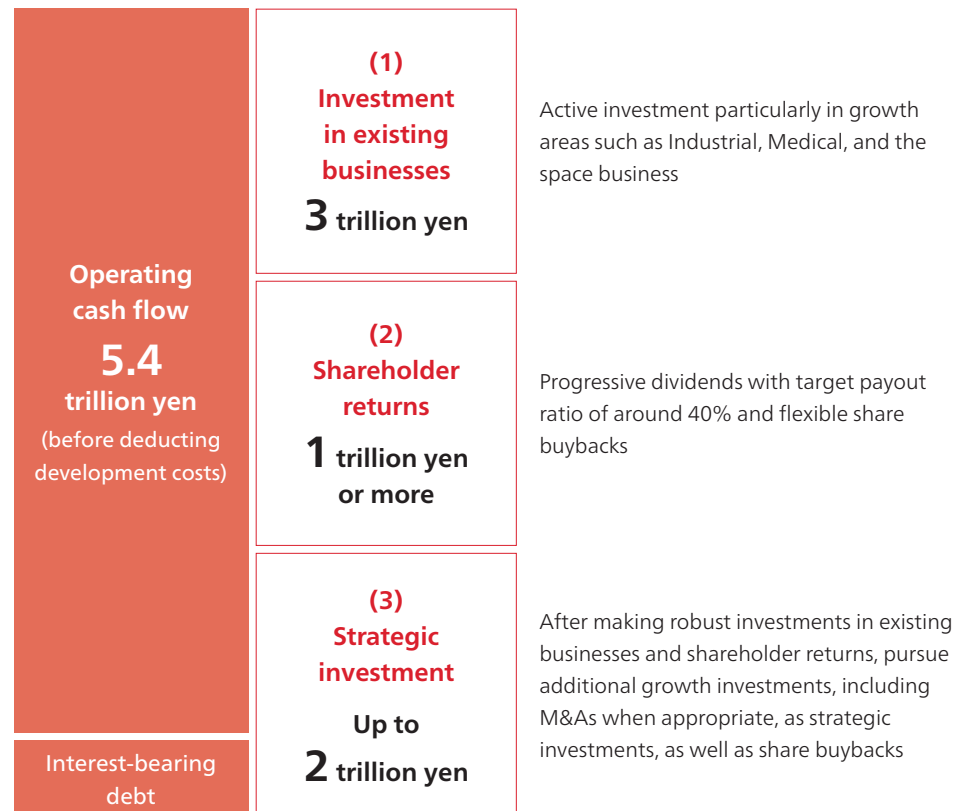
Stable shareholder returns

With a basic policy of progressive dividends and a target payout ratio of around 40%, we will continue to provide stable dividends going forward. We will also conduct share buybacks as appropriate, basing decisions on our financial situation, market conditions, and other factors as well as from the perspectives of capital efficiency improvement and share price.

(3) Strategic investment

Strategic investment

The remaining funds, after investing in growth areas and returning profits to shareholders, will be allocated to strategic investments. Growth investments will be prioritized, but the funds will also be allocated to additional shareholder returns depending on circumstances.



Financial Strategy

Increasing Return on Capital

In Phase VI, considering the cost of capital as the minimum rate of return to be achieved, we calculated the cost of shareholders' equity using the capital asset pricing model (CAPM) and the weighted average cost of capital (WACC) and set ROE (return on equity) as a key management indicator. We worked to increase return on capital and were able to raise ROE to 9.7% in 2025.

In Phase VII, we will continue our efforts to increase return on capital.

We will complete structural reforms in the first three years with the goal of achieving an ROE of 12% by 2028 through improved capital efficiency and increased profits. In the two years following that, we aim to achieve a 15% ROE by 2030 through increased sales and profit contributions from growth areas.

Furthermore, in order to improve capital efficiency, we will establish new KPIs for each of the four industry-oriented business groups and work towards achieving them.

Initiatives to improve ROE

Profitability improvement

Sales structure reform

- Launched in the US in 2024
- Improve profitability by completing ongoing structural reforms in European regions by 2028

Medical business innovation

- Integrate Canon Medical Systems Corporation into Canon Inc. in April 2026
- Improve profitability by reassessing external expenditures and reducing costs, utilizing Canon's resources and know-how
- Improve profitability through the introduction of redesigned products

Asset efficiency improvement

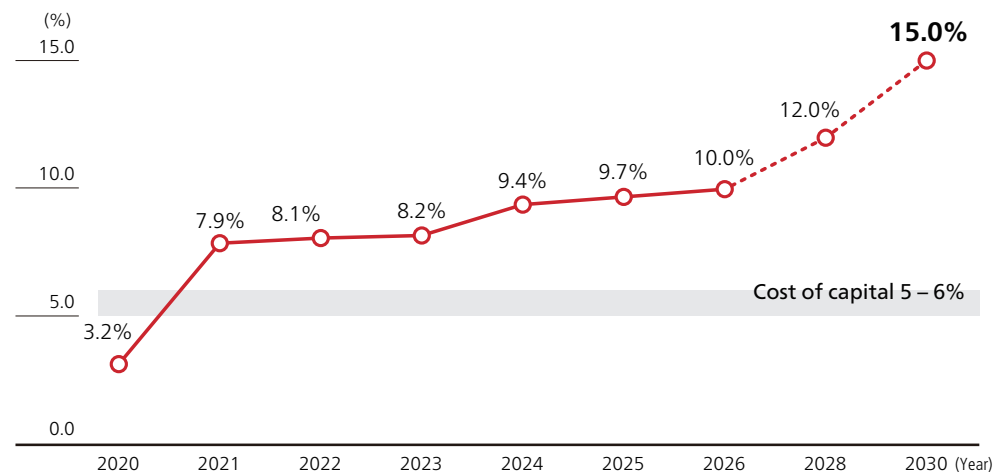
Reform of production structure

- Reduce assets and improve utilization rates by consolidating production sites

Optimization of capital structure

- Execute growth investments while also utilizing debt

ROE



	2020	2021	2022	2023	2024	2025	Announced Jan. 2026	2028 target	2030 target
ROE (%)	3.2	7.9	8.1	8.2	9.4	9.7	10.0	12.0	15.0
Net profit ratio (%)	2.6	6.1	6.1	6.3	7.2	7.2	7.2	9.0	11.0
Total asset turnover ratio	0.67	0.75	0.82	0.80	0.79	0.78	0.78	0.80	0.80
Financial leverage	1.76	1.74	1.64	1.63	1.65	1.73	1.77	1.74	1.80