TRANSLATION

Securities Code: 7751

CANON INC.

Photograph location: Ishigaki City, Okinawa Pref., Japan
Photographed using: EOS R5 Mark II / RF14-35mm F4 L IS USM

Interim Report for the 126th Business Term

From January 1, 2026 to June 30, 2026

To Our Shareholders

We are pleased to provide this overview of the first half (from January 1, 2026 to June 30, 2026) of our 126th Business Term.

As for the global economy, while the U.S. economy remains solid, China's economic slowdown persists. At the same time, heightened geopolitical tensions in the Middle East have pushed up energy and raw material prices, contributing to ongoing economic uncertainty, especially in Europe.

As for Canon, while our results were affected by the Middle East situation, camera sales increased, driven largely by digital compact cameras. We also reported strong sales growth in network cameras, for which medium- to long-term market growth is expected. Our Printing Business also showed signs of recovery from the second quarter, as evidenced by the increase in sales of commercial printing equipment. Together, these contributed to increases in first-half consolidated net sales and consolidated net income attributable to Canon Inc. of 3.5% and 9.8%, respectively, compared to the same period in the previous term.

Based on our first-half results, as previously announced, we decided to pay 80.00 yen per share as the interim dividend for this term, which is the same as the interim dividend for the previous term.

While political and economic uncertainties remain, we aim to achieve our sixth consecutive year of sales growth and further profit expansion by driving sales in growth areas, including semiconductor lithography equipment, network cameras, and digital commercial printing equipment, while also stimulating demand for office MFDs and cameras through the launch of new models. This year marks the initial year of our five-year management initiative, Phase VII of the Excellent Global Corporation Plan. Guided by the slogan "Achieve New Growth Through Innovations in Productivity," we will pursue further growth while continuing to enhance management quality, even in the face of adversity.

We look forward to our shareholders' continued support and encouragement.

August, 2026

Chairman & CEO FUJIO MITARAI

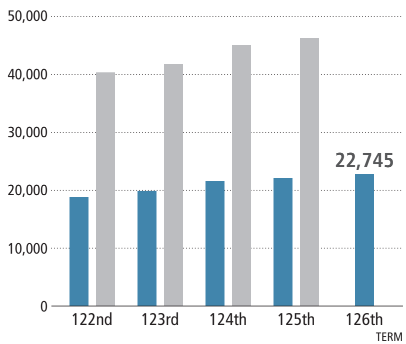
Highlights of Consolidated Results

- In the first half of this term, we achieved significant sales growth in both cameras, supported by solid demand, and network cameras, a key growth business. As a result, consolidated net sales for the first half of this term increased by 3.5% year on year.
- Despite higher memory and raw material costs, we delivered a 9.8% year-on-year increase in consolidated net income attributable to Canon Inc., driven by revenue growth, ongoing structural reforms, and U.S. tariff refunds.

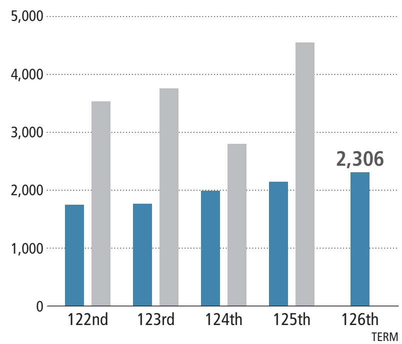
Changes in Net Sales and Profits

First Half Annual

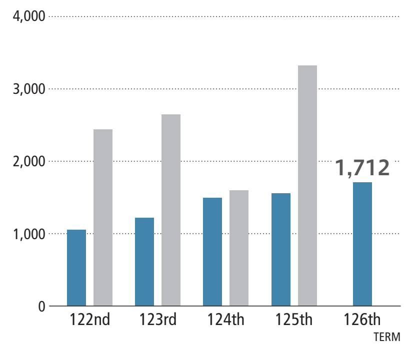
Net Sales (100 MILLIONS OF YEN)



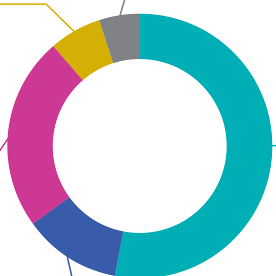
Operating Profit (100 MILLIONS OF YEN)



Net Income Attributable to Canon Inc. (100 MILLIONS OF YEN)



Constitution of Sales by Operations (100 MILLIONS OF YEN)



Industrial Business Unit

6.4%

Sales 1,452
Decreased by 9.1% from the first half of the previous term

Imaging Business Unit

24.3%

Sales 5,527
Increased by 16.9% from the first half of the previous term

Total

Sales 22,745
Increased by 3.5% from the first half of the previous term

Others and Corporate

5.0%

Sales 1,129
Decreased by 3.2% from the first half of the previous term

Printing Business Unit

54.5%

Sales 12,399
Increased by 1.5% from the first half of the previous term

Medical Business Unit

12.2%

Sales 2,774
Decreased by 0.7% from the first half of the previous term

Note: The totals do not amount to 100% because the consolidated sales of each business unit include the sales relating to intersegment transactions.

Printing Business Unit

Digital Continuous Feed Presses, Digital Sheet-fed Presses, Large Format Printers, Office Multifunction Devices (MFDs), Document Solutions, Laser Multifunction Printers (MFPs), Laser Printers, Inkjet Printers, Image Scanners, Calculators

Medical Business Unit

Computed Tomography (CT) Systems, Diagnostic Ultrasound Systems, Diagnostic X-ray Systems, Magnetic Resonance Imaging (MRI) Systems, Digital Radiography Systems, Ophthalmic Equipment, In Vitro Diagnostic Systems and Reagents, Healthcare IT Solutions

Imaging Business Unit

Interchangeable-lens Digital Cameras, Interchangeable Lenses, Digital Compact Cameras, Compact Photo Printers, MR Systems, Network Cameras, Video Management Software, Video Content Analytics Software, Digital Camcorders, Digital Cinema Cameras, Broadcast Equipment

Industrial Business Unit

Semiconductor Lithography Equipment, FPD (Flat Panel Display) Lithography Equipment, OLED Display Manufacturing Equipment, Vacuum Thin-film Deposition Equipment, Die Bonders

Others

Handy Terminals, Document Scanners

Printing Business Unit

As for the Printing Business, the trend among customers to postpone purchases due to uncertainty about the economic outlook continued. However, signs of market recovery have become evident as sales of commercial printing equipment increased from the second quarter. As for office MFDs, in addition to stable service and consumable revenue, customer discussions regarding hardware sales have become more active. As a result, sales for this business unit for the first half of this term increased by 1.5% on a consolidated basis, in comparison to the first half of the previous term. In the second half, we will expand the rollout of new products in each segment. These include the varioPRINT iX1700, a commercial printing press that offers an attractive price-performance balance; the new imageFORCE series of office MFDs with a comprehensive lineup; and laser and inkjet printers that are expected to deliver high print volumes. Through these initiatives, we aim to raise our sales growth rate.

Medical Business Unit

As for diagnostic imaging equipment, including CT, MRI, and diagnostic X-ray systems, inquiry levels remained high in emerging markets, and in the United States, a key market for us, we secured new orders through our strengthened relationships with major hospitals. However, sales declined due to factors including issues arising from a production system transition, resulting in challenges in procuring components required for production, and significant delays in delivering products that had been ordered. We intend to quickly normalize production, restore product supply levels, and return to positive growth. In April, we launched the Photon Counting CT, our next-generation CT system in Japan. It works on a principle different from that of conventional CT scans for X-ray detection, which enables higher-resolution imaging while reducing radiation exposure. It can also distinguish between different substances within the body, which is expected to improve diagnostic accuracy and has contributed to strong customer interest.
As a result, sales for this business unit for the first half of this term decreased by 0.7% on a consolidated basis, in comparison to the first half of the previous term.

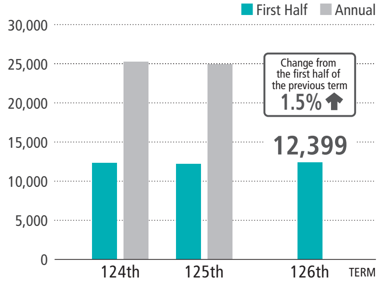
Imaging Business Unit

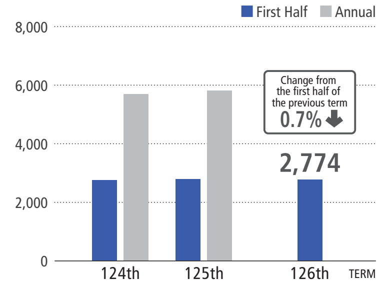
As for interchangeable-lens digital cameras, sales increased due to a growing number of new camera users, particularly among young people, who are seeking a photography experience different from that of smartphones. Sales also benefited from the launch of the EOS R6 Mark III, a full-frame mirrorless camera introduced in November last year. As for digital compact cameras, which are backed by growing demand, sales were strong, as we stepped up production and increased supply volume. As for network cameras, where the market continues to grow, particularly for security applications, strong growth continued, as we increased sales by more than 20%, driven primarily by growth in data centers and commercial facilities.
As a result, sales for this business unit for the first half of this term increased by 16.9% on a consolidated basis, in comparison to the first half of the previous term.

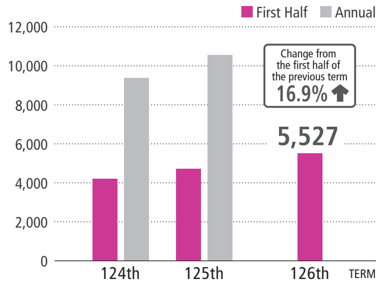
Industrial Business Unit

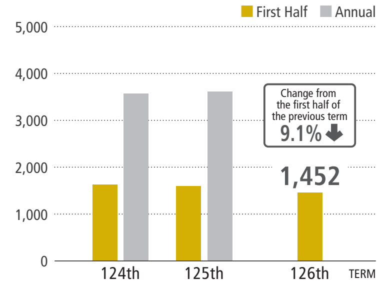
As for semiconductor lithography equipment, supported by strong AI-related demand for products such as HBM and GPUs, we grew unit sales of systems used in back-end processing, which has become the industry standard for advanced packaging, and KrF lithography systems for memory applications. Meanwhile, sales of display manufacturing equipment declined due to the postponement of plans by panel manufacturers to invest in smartphone production. As a result, sales for this business unit for the first half of this term decreased by 9.1% on a consolidated basis, in comparison to the first half of the previous term. However, orders for semiconductor lithography equipment for memory-related applications are accumulating, and we will increase sales from the second half and into the next term.
Nanoimprint lithography, our next-generation semiconductor manufacturing technology, has entered a new stage in which customers are evaluating it under conditions that simulate actual production lines. Our goal is to achieve early deployment in mass-production environments.

Change in Sales (100 MILLIONS OF YEN)









Network cameras: Sustained growth through their contribution to a safe and secure society

Full-frame mirrorless camera: Meeting high expectations of professional photographers with advanced imaging performance

Multi-position CT system: Offering a wider range of examination capabilities through imaging in not only couch position, but also standing and sitting positions

Semiconductor lithography equipment for advanced back-end processes: Sales growth supported by robust AI-related demand

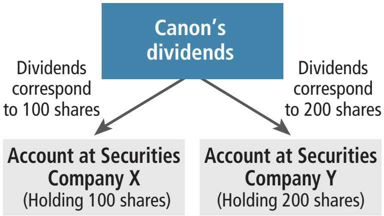

Commercial printing equipment: Meeting customer needs for high-mix, low-volume printing through high productivity

For Shareholders who Receive Dividends by Exchanging a "Receipt of Dividend" (Guidance for the Direct Deposit of Dividends into an Account)

We recommend the direct deposit of dividends into an account as a safer and more expeditious way to receive dividends.
Please select one of the three ways to have dividends deposited into an account, outlined below.

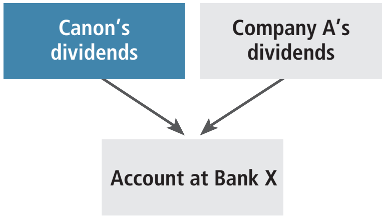
System of allocating dividends to securities company accounts in proportion to the number of shares held in respective accounts

With this method, the shareholders are able to receive dividends for each account they have with a securities company in proportion to the number of shares they hold.



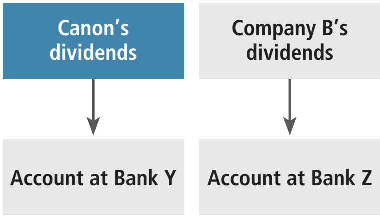
System of receiving dividends in the account registered for receipt of dividends

With this method, the shareholders are able to receive dividends for all of the issues they hold through one designated account with a financial institution.



System of designating an account for each issue held

With this method, the shareholders are able to designate the account that the dividends will be transferred to for each issue they hold.



For information regarding procedures:
If you hold shares through a securities company, please contact the securities company where you have an account.
If you don't hold shares through a securities company, please contact Mizuho Trust & Banking Co., Ltd. Toll-free (Japan only): 0120-288-324

Share Handling Procedures

For inquiries	If you hold shares through a securities company:	If you don't hold shares through a securities company(*):
Change of name or address Requests for purchase or sale of shares less than one unit Change of dividend receiving method	Please contact the securities company where you have an account.	Stock Transfer Agency Department of Mizuho Trust & Banking Co., Ltd. 0120-288-324 (Japan only) 9:00 – 17:00 (Monday – Friday, except national holidays)
Procedure for receiving unclaimed dividends	Stock Transfer Agency Department of Mizuho Trust & Banking Co., Ltd. 2-8-4 Izumi, Suginami-ku, Tokyo 168-8507 0120-288-324 (Japan only) 9:00 – 17:00 (Monday – Friday, except national holidays)	
Electronic provision of Materials for the General Meeting of Shareholders (Requests for delivery of documents)	The securities company where you have an account or the Stock Transfer Agency Department of Mizuho Trust & Banking Co., Ltd. 0120-524-324 (Japan only) 9:00 – 17:00 (Monday – Friday, except national holidays)	

*To sell your shares, you will first need to transfer them to an account with a securities company etc. For details of the procedure, please contact Mizuho Trust & Banking Co., Ltd.

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(By following the "Investor Relations" link on the top page, you can view financial information, the IR library, etc.)