



CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED MARCH 31, 2026

April 23, 2026
Canon Inc.

Canon hereby reports that the following consolidated financial results for the first quarter of the fiscal year ending December 31, 2026 (from January 1, 2026 to March 31, 2026) have been approved today at the board of directors meeting.

CONSOLIDATED RESULTS

(Millions of yen, thousands of U.S. dollars, except per share amounts)

	Actual			Projection		
	Three months ended March 31, 2026	Three months ended March 31, 2025	Change(%)	Three months ended March 31, 2026	Year ending December 31, 2026	Change(%)
Net sales	¥ 1,093,653	¥ 1,058,396	+ 3.3	\$ 6,835,331	¥ 4,765,000	+ 3.0
Operating profit	71,370	96,517	- 26.1	446,063	456,000	+ 0.1
Income before income taxes	74,744	98,845	- 24.4	467,150	483,000	+ 0.2
Net income attributable to Canon Inc.	<u>¥ 48,303</u>	<u>¥ 72,231</u>	<u>- 33.1</u>	<u>\$ 301,894</u>	<u>¥ 333,000</u>	<u>+ 0.3</u>
Net income attributable to Canon Inc. shareholders per share:						
- Basic	¥ 55.20	¥ 77.27	- 28.6	\$ 0.35	¥ 388.42	+ 5.7
- Diluted	<u>55.16</u>	<u>77.22</u>	<u>- 28.6</u>	<u>0.34</u>	<u>388.10</u>	<u>+ 5.7</u>

	Actual		
	As of March 31, 2026	As of December 31, 2025	Change(%)
Total assets	¥ 6,237,861	¥ 6,135,044	+ 1.7
Canon Inc. shareholders' equity	<u>¥ 3,433,091</u>	<u>¥ 3,491,808</u>	<u>- 1.7</u>

Notes: 1. Canon's consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles.
2. U.S. dollar amounts are translated from yen at the rate of JPY160=U.S.\$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of March 31, 2026, solely for the convenience of the reader.

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Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

April 23, 2026

Consolidated Financial Results for the Three Months Ended March 31, 2026 (Under U.S. GAAP)

Company name: Canon Inc.
 Listing: Tokyo Stock Exchange / Nagoya Stock Exchange / Sapporo Securities Exchange / Fukuoka Stock Exchange
 Securities code: 7751
 URL: <https://global.canon/en/ir/>
 Representative: Fujio Mitarai, Chairman & CEO
 Inquiries: Sachiho Tanino, General Manager, Consolidated Accounting Div.
 Telephone: +81-3-3758-2111
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

(Yen amounts are rounded to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended March 31, 2026 (from January 1, 2026 to March 31, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Income before income taxes		Net income attributable to Canon Inc.	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
March 31, 2026	1,093,653	3.3	71,370	-26.1	74,744	-24.4	48,303	-33.1
March 31, 2025	1,058,396	7.1	96,517	20.5	98,845	10.8	72,231	20.5

Note: Comprehensive income For the three months ended March 31, 2026: ¥ 72,220 million 353.1%
 For the three months ended March 31, 2025: ¥ 15,940 million -89.2%

	Net income attributable to Canon Inc. shareholders per share -Basic	Net income attributable to Canon Inc. shareholders per share -Diluted
Three months ended	Yen	Yen
March 31, 2026	55.20	55.16
March 31, 2025	77.27	77.22

(2) Consolidated financial position

	Total assets	Total equity (Net assets)	Canon Inc. shareholders' equity	Canon Inc. shareholders' equity ratio
As of	Millions of yen	Millions of yen	Millions of yen	%
March 31, 2026	6,237,861	3,660,204	3,433,091	55.0
December 31, 2025	6,135,044	3,774,128	3,491,808	56.9

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2025	—	80.00	—	80.00	160.00
Fiscal year ending December 31, 2026	—				
Fiscal year ending December 31, 2026 (Forecast)		80.00	—	80.00	160.00

Note: Revisions to the forecast of cash dividends most recently announced: None

As for the dividend per share for the fiscal year ending December 31, 2026, Canon aims for a payout ratio of around 40% without reducing the dividend amount, and under the policy of stable and proactive profit distribution, dividend will be reviewed as necessary taking into account future business performance and financial conditions.

3. Forecast of consolidated financial results for the fiscal year ending December 31, 2026 (from January 1, 2026 to December 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Income before income taxes		Net income attributable to Canon Inc.		Net income attributable to Canon Inc. shareholders per share -Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2026	4,765,000	3.0	456,000	0.1	483,000	0.2	333,000	0.3	388.42

Note: Revisions to the forecast of consolidated financial results most recently announced: Yes

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of simplified method of accounting or specific accounting treatments: None
- (3) Changes in accounting policies
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None

(4) Number of issued shares (common stock)

- (i) Total number of issued shares at the end of the period (including shares of treasury stock)

As of March 31, 2026	1,333,763,464 shares
As of December 31, 2025	1,333,763,464 shares

- (ii) Number of shares of treasury stock at the end of the period

As of March 31, 2026	465,175,943 shares
As of December 31, 2025	455,138,571 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2026	875,051,949 shares
Three months ended March 31, 2025	934,838,474 shares

* Review of the attached consolidated quarterly financial statements of the Japanese original by certified public accountants or an audit firm: None

* Appropriate use of financial forecasts, and other special notes

- (1) Financial forecast and forward looking statements in this document are based on the available information at present and contain potential risks and uncertainties. Please be aware that the actual result may differ significantly from the forecast due to changes caused by various factors. For assumptions and other matters related to the forecast of financial results, please refer to the "Presentation Material" published on the Canon Global website on April 23, 2026.
- (2) After the completion of the review by the audit firm, Canon plans to disclose the first quarter earnings report with the interim review report attached on April 30, 2026.

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I. Operating Results and Financial Conditions

For details of the Operating Results and Financial Conditions, please refer to the “Presentation Material” published on the Canon Global website on April 23, 2026.

URL : <https://global.canon/en/ir/library/results.html>

II. Consolidated Financial Statements

1. Consolidated Balance Sheet

	Millions of yen		
	As of March 31, 2026	As of December 31, 2025	Change
Assets			
Current assets	2,698,874	2,617,021	81,853
Cash and cash equivalents	639,490	585,981	53,509
Short-term investments	11,842	32,446	(20,604)
Trade receivables	674,248	733,809	(59,561)
Inventories	913,690	840,445	73,245
Current lease receivables	181,274	175,798	5,476
Prepaid expenses and other current assets	295,617	265,266	30,351
Allowance for credit losses	(17,287)	(16,724)	(563)
Non-current assets	3,538,987	3,518,023	20,964
Noncurrent receivables	46,969	45,743	1,226
Investments	112,258	103,602	8,656
Property, plant and equipment, net	1,194,341	1,190,682	3,659
Operating lease right-of-use assets	127,366	126,997	369
Intangible assets, net	255,191	259,661	(4,470)
Goodwill	986,694	985,806	888
Noncurrent lease receivables	371,622	365,734	5,888
Prepaid pension and severance cost	344,006	336,986	7,020
Other assets	105,639	107,916	(2,277)
Allowance for credit losses	(5,099)	(5,104)	5
Total assets	6,237,861	6,135,044	102,817
Liabilities and Equity			
Current liabilities	1,836,270	1,704,060	132,210
Short-term loans and current portion of long-term debt	700,083	511,139	188,944
Short-term loans related to financial services	37,100	38,100	(1,000)
Other short-term loans and current portion of long-term debt	662,983	473,039	189,944
Trade payables	324,279	310,832	13,447
Accrued income taxes	44,105	65,550	(21,445)
Accrued expenses	439,592	474,052	(34,460)
Current operating lease liabilities	43,141	43,096	45
Other current liabilities	285,070	299,391	(14,321)
Non-Current liabilities	741,387	656,856	84,531
Long-term debt, excluding current portion of long-term debt	404,248	304,970	99,278
Accrued pension and severance cost	149,288	149,503	(215)
Noncurrent operating lease liabilities	85,883	86,954	(1,071)
Other noncurrent liabilities	101,968	115,429	(13,461)
Total liabilities	2,577,657	2,360,916	216,741
Canon Inc. shareholders' equity	3,433,091	3,491,808	(58,717)
Common stock	174,762	174,762	-
Additional paid-in capital	400,317	408,920	(8,603)
Retained earnings	4,042,935	4,064,922	(21,987)
Legal reserve	62,494	62,382	112
Other retained earnings	3,980,441	4,002,540	(22,099)
Accumulated other comprehensive income (loss)	719,290	701,248	18,042
Treasury stock, at cost	(1,904,213)	(1,858,044)	(46,169)
Noncontrolling interests	227,113	282,320	(55,207)
Total equity	3,660,204	3,774,128	(113,924)
Total liabilities and equity	6,237,861	6,135,044	102,817

	Millions of yen	
	As of March 31, 2026	As of December 31, 2025
Notes:		
1. Accumulated depreciation	3,319,377	3,304,002
2. Accumulated other comprehensive income (loss):		
Foreign currency translation adjustments	679,517	665,412
Net unrealized gains and losses on securities	13	77
Net gains and losses on derivative instruments	(205)	(1,786)
Pension liability adjustments	39,965	37,545

2. Consolidated Statement of Income and
Consolidated Statement of Comprehensive Income

Consolidated statement of income

	Three months ended		Millions of yen		Change
	March 31, 2026		March 31, 2025		
		%		%	
Net sales	1,093,653	100.0	1,058,396	100.0	35,257
Cost of sales	588,371	53.8	557,480	52.7	30,891
Gross profit	505,282	46.2	500,916	47.3	4,366
Operating expenses:					
Selling, general and administrative expenses	347,216	31.8	323,610	30.6	23,606
Research and development expenses	86,696	7.9	80,789	7.6	5,907
Total	433,912	39.7	404,399	38.2	29,513
Operating profit	71,370	6.5	96,517	9.1	(25,147)
Other income (deductions):					
Interest and dividend income	3,731		3,646		85
Interest expense	(2,560)		(1,359)		(1,201)
Other, net	2,203		41		2,162
Total	3,374	0.3	2,328	0.2	1,046
Income before income taxes	74,744	6.8	98,845	9.3	(24,101)
Income taxes	20,652	1.9	21,192	2.0	(540)
Consolidated net income	54,092	4.9	77,653	7.3	(23,561)
Less: Net income attributable to noncontrolling interests	5,789	0.5	5,422	0.5	367
Net income attributable to Canon Inc.	48,303	4.4	72,231	6.8	(23,928)

Consolidated statement of comprehensive income

	Three months ended		Millions of yen		Change
	March 31, 2026		March 31, 2025		
Consolidated net income	54,092		77,653		(23,561)
Other comprehensive income (loss), net of tax					
Foreign currency translation adjustments	14,211		(65,133)		79,344
Net unrealized gains and losses on securities	(64)		(25)		(39)
Net gains and losses on derivative instruments	1,594		2,070		(476)
Pension liability adjustments	2,387		1,375		1,012
Total	18,128		(61,713)		79,841
Comprehensive income (loss)	72,220		15,940		56,280
Less: Comprehensive income (loss) attributable to noncontrolling interests	5,875		4,706		1,169
Comprehensive income (loss) attributable to Canon Inc.	66,345		11,234		55,111

3. Consolidated Statement of Cash Flows

	Millions of yen	
	Three months ended March 31, 2026	Three months ended March 31, 2025
Cash flows from operating activities:		
Consolidated net income	54,092	77,653
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	56,200	52,903
Gain on disposal of fixed assets	(178)	(242)
Deferred income taxes	(9,321)	(13,570)
Decrease in trade receivables	60,908	54,798
Increase in inventories	(69,438)	(49,376)
(Increase) decrease in lease receivables	(2,850)	9,830
Increase in trade payables	12,786	13,632
Decrease in accrued income taxes	(21,456)	(34,034)
Decrease in accrued expenses	(36,304)	(23,423)
Decrease in accrued pension and severance cost	(6,627)	(5,347)
Other, net	(13,303)	(10,882)
Net cash provided by operating activities	24,509	71,942
Cash flows from investing activities:		
Purchases of fixed assets	(61,978)	(51,372)
Proceeds from sale of fixed assets	1,120	1,478
Purchases of securities	(15,511)	(3,845)
Proceeds from sale and maturity of securities	3,441	2,487
Acquisitions of businesses, net of cash acquired	(3,405)	-
Other, net	18,944	(540)
Net cash used in investing activities	(57,389)	(51,792)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	100,081	-
Repayments of long-term debt	(100,734)	(564)
Proceeds from short-term loans (maturities greater than three months)	49,400	-
Decrease in short-term loans related to financial services, net	(1,000)	(800)
Increase in other short-term loans, net	240,000	370,000
Transactions with noncontrolling interests	(70,010)	(5,497)
Dividends paid	(70,290)	(75,520)
Repurchases and reissuance of treasury stock, net	(46,169)	(100,007)
Other, net	(17,234)	6
Net cash provided by financing activities	84,044	187,618
Effect of exchange rate changes on cash and cash equivalents	2,345	(12,183)
Net change in cash and cash equivalents	53,509	195,585
Cash and cash equivalents at beginning of period	585,981	501,565
Cash and cash equivalents at end of period	639,490	697,150

* Corresponding figures for the three months ended March 31, 2025 have been reclassified to conform to the consolidated statement of cash flows for the three months ended March 31, 2026.

4. Note for Going Concern Assumption

Not applicable.

5. Segment Information

Segment information by business unit

(1) Consolidated statement of income, depreciation and amortization, and capital expenditures by business unit

	Millions of yen			
	Three months ended March 31, 2026	Three months ended March 31, 2025	Change	Change(%)
Printing				
Net sales:				
External customers	609,157	609,559	(402)	-0.1
Intersegment	1,347	1,406	(59)	-4.2
Total	610,504	610,965	(461)	-0.1
Cost of sales	338,615	330,365	8,250	+2.5
Gross profit	271,889	280,600	(8,711)	-3.1
Research and development expenses	22,142	23,365	(1,223)	-5.2
Selling, general and administrative expenses	189,874	184,176	5,698	+3.1
Operating profit	59,873	73,059	(13,186)	-18.0
Other income (deductions)	5,377	5,058	319	+6.3
Income before income taxes	65,250	78,117	(12,867)	-16.5
Depreciation and amortization	14,540	14,409	131	+0.9
Capital expenditures	15,303	16,134	(831)	-5.2
Medical				
Net sales:				
External customers	141,856	137,188	4,668	+3.4
Intersegment	211	145	66	+45.5
Total	142,067	137,333	4,734	+3.4
Cost of sales	76,729	74,665	2,064	+2.8
Gross profit	65,338	62,668	2,670	+4.3
Research and development expenses	11,910	11,852	58	+0.5
Selling, general and administrative expenses	48,213	44,111	4,102	+9.3
Operating profit	5,215	6,705	(1,490)	-22.2
Other income (deductions)	226	115	111	+96.5
Income before income taxes	5,441	6,820	(1,379)	-20.2
Depreciation and amortization	4,119	3,209	910	+28.4
Capital expenditures	4,486	4,713	(227)	-4.8
Imaging				
Net sales:				
External customers	245,805	211,989	33,816	+16.0
Intersegment	81	107	(26)	-24.3
Total	245,886	212,096	33,790	+15.9
Cost of sales	115,186	94,413	20,773	+22.0
Gross profit	130,700	117,683	13,017	+11.1
Research and development expenses	33,019	24,746	8,273	+33.4
Selling, general and administrative expenses	69,914	61,709	8,205	+13.3
Operating profit	27,767	31,228	(3,461)	-11.1
Other income (deductions)	1,173	1,029	144	+14.0
Income before income taxes	28,940	32,257	(3,317)	-10.3
Depreciation and amortization	4,806	4,904	(98)	-2.0
Capital expenditures	9,808	9,140	668	+7.3
Industrial				
Net sales:				
External customers	65,886	66,420	(534)	-0.8
Intersegment	1,079	1,048	31	+3.0
Total	66,965	67,468	(503)	-0.7
Cost of sales	41,734	37,678	4,056	+10.8
Gross profit	25,231	29,790	(4,559)	-15.3
Research and development expenses	7,218	8,551	(1,333)	-15.6
Selling, general and administrative expenses	13,202	12,863	339	+2.6
Operating profit	4,811	8,376	(3,565)	-42.6
Other income (deductions)	672	581	91	+15.7
Income before income taxes	5,483	8,957	(3,474)	-38.8
Depreciation and amortization	2,795	2,620	175	+6.7
Capital expenditures	4,815	1,938	2,877	+148.5

	Millions of yen			
	Three months ended March 31, 2026	Three months ended March 31, 2025	Change	Change(%)
Others and Corporate				
Net sales:				
External customers	30,949	33,240	(2,291)	-6.9
Intersegment	22,935	22,765	170	+0.7
Total	53,884	56,005	(2,121)	-3.8
Cost of sales	41,162	46,801	(5,639)	-12.0
Gross profit	12,722	9,204	3,518	+38.2
Research and development expenses	12,407	12,275	132	+1.1
Selling, general and administrative expenses	25,874	20,403	5,471	+26.8
Operating profit	(25,559)	(23,474)	(2,085)	-
Other income (deductions)	(4,075)	(4,456)	381	-
Income before income taxes	(29,634)	(27,930)	(1,704)	-
Depreciation and amortization	29,940	27,761	2,179	+7.8
Capital expenditures	24,155	20,982	3,173	+15.1
Eliminations				
Net sales:				
External customers	-	-	-	-
Intersegment	(25,653)	(25,471)	(182)	-
Total	(25,653)	(25,471)	(182)	-
Cost of sales	(25,055)	(26,442)	1,387	-
Gross profit	(598)	971	(1,569)	-
Research and development expenses	-	-	-	-
Selling, general and administrative expenses	139	348	(209)	-
Operating profit	(737)	623	(1,360)	-
Other income (deductions)	1	1	0	-
Income before income taxes	(736)	624	(1,360)	-
Depreciation and amortization	-	-	-	-
Capital expenditures	-	-	-	-
Consolidated				
Net sales:				
External customers	1,093,653	1,058,396	35,257	+3.3
Intersegment	-	-	-	-
Total	1,093,653	1,058,396	35,257	+3.3
Cost of sales	588,371	557,480	30,891	+5.5
Gross profit	505,282	500,916	4,366	+0.9
Research and development expenses	86,696	80,789	5,907	+7.3
Selling, general and administrative expenses	347,216	323,610	23,606	+7.3
Operating profit	71,370	96,517	(25,147)	-26.1
Other income (deductions)	3,374	2,328	1,046	+44.9
Income before income taxes	74,744	98,845	(24,101)	-24.4
Depreciation and amortization	56,200	52,903	3,297	+6.2
Capital expenditures	58,567	52,907	5,660	+10.7

* Corporate expenses include certain corporate research and development expenses. Amortization costs of identified intangible assets resulting from the purchase price allocation of Toshiba Medical Systems Corporation (Canon Medical Systems Corporation) are also included in corporate expenses.

Notes: The primary products included in each of the segments are as follows:

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

(2) Total assets by business unit

	Millions of yen		
	As of March 31, 2026	As of December 31, 2025	Change
Printing	1,366,840	1,360,992	5,848
Medical	436,646	434,929	1,717
Imaging	524,170	504,267	19,903
Industrial	232,020	231,431	589
Others and Corporate	3,681,369	3,606,118	75,251
Eliminations	(3,184)	(2,693)	(491)
Consolidated	6,237,861	6,135,044	102,817

6. Details of Sales

Sales by business unit	Millions of yen				
	Three months ended March 31, 2026		Three months ended March 31, 2025		Change(%)
		%		%	
Printing	610,504	55.8	610,965	57.7	-0.1
Medical	142,067	13.0	137,333	13.0	+3.4
Imaging	245,886	22.5	212,096	20.0	+15.9
Industrial	66,965	6.1	67,468	6.4	-0.7
Others and Corporate	53,884	4.9	56,005	5.3	-3.8
Eliminations	(25,653)	(2.3)	(25,471)	(2.4)	-
Total	1,093,653	100.0	1,058,396	100.0	+3.3

Sales by region	Millions of yen				
	Three months ended March 31, 2026		Three months ended March 31, 2025		Change(%)
		%		%	
Japan	239,581	21.9	239,354	22.6	+0.1
Overseas:					
<i>Americas</i>	340,965	31.2	337,010	31.8	+1.2
<i>Europe</i>	290,741	26.6	272,908	25.8	+6.5
<i>Asia and Oceania</i>	222,366	20.3	209,124	19.8	+6.3
	854,072	78.1	819,042	77.4	+4.3
Total	1,093,653	100.0	1,058,396	100.0	+3.3

Notes: The principal countries and regions included in each regional category are as follows:

Americas: United States of America, Canada, Latin America

Europe: United Kingdom, Germany, France, Netherlands, European countries, Middle East and Africa

Asia and Oceania: China, Asian countries, Australia

7. Note on Significant Changes in Shareholders' Equity

None.

8. Basis of Presentation and Significant Accounting Policies

Canon's quarterly consolidated financial statements are prepared in accordance with Article 5, Paragraph 4 of the Standards for Preparation of Quarterly Financial Statements of the Tokyo Stock Exchange, the Nagoya Stock Exchange, the Sapporo Securities Exchange, and the Fukuoka Stock Exchange, and in accordance with U.S. generally accepted accounting principles.

However, the omission of details, as stipulated in Article 5, Paragraph 5 of the Standards for Preparation of Quarterly Financial Statements, has been applied. Canon also applies mutatis mutandis to Paragraph 3 of the Supplementary Provisions of the Cabinet Office Ordinance for Partial Amendment of the Regulations on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (the Cabinet Office Ordinance No.11 of 2002) in compiling its quarterly consolidated financial statements.

9. Notes to Consolidated Financial Statements

(1) Change in depreciation method and useful life

Historically, Canon Inc. (the "Company") and its consolidated manufacturing subsidiaries primarily applied the declining-balance method for the depreciation of property, plant and equipment. Effective January 1, 2026, the Company changed the depreciation method to the straight-line method.

Under the Excellent Global Corporation Plan Phase VII initiatives, the Company has been reviewing its global manufacturing structure. As part of this process, the Company conducted an assessment of the actual usage of its property, plant and equipment. Based on this assessment, the Company expects that the economic benefits from such assets will be consumed in a more even and stable pattern going forward. Accordingly, the Company believes that the straight-line method more appropriately reflects the pattern of consumption of economic benefits of these assets.

In connection with this change, the estimated useful lives of certain machinery and equipment were also revised.

The impact of the change in depreciation method is recognized prospectively as a change in accounting estimate in accordance with the Accounting Standards Codification (ASC) 250 "Accounting Changes and Error Corrections."

As a result of these changes, depreciation and amortization for the three months ended March 31, 2026 decreased by ¥6,082 million compared with the previous method, and net income attributable to Canon Inc. and basic net income attributable to Canon Inc. shareholders per share increased by ¥4,196 million and ¥4.80, respectively.

(2) Recently adopted accounting guidance

In July 2025, ASU No. 2025-05, "Measurement of Credit Losses for Account Receivable and Contract Assets"-ASC 326 ("Financial Instruments – Credit Losses"), was issued by FASB. This standard allows us to elect the practical expedient to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset when developing an estimate of expected credit losses on current accounts receivable and current contract asset balances arising from transactions accounted for under ASC 606 on revenue from contracts with customers. Canon adopted the standard from interim and annual reporting periods beginning January 1, 2026. The adoption of this standard did not have a material impact on its consolidated results of operations and financial condition.