
Canon Inc.

Second Quarter 2026 Results

July 27, 2026

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Agenda



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- Market conditions remained weak in Europe, affected by Middle East situation, and in the U.S., where tariff impact persists. In printing equipment market, trend of postponed investment continued
- Net sales rose 3.6%, reaching record high for second quarter, driven by continued sales growth in compact camera and network camera businesses, and revenue growth in semiconductor lithography equipment driven by memory-related demand
- Higher costs resulting from rise in memory prices and Middle East situation, absorbed by refunds on additional U.S. tariff and yen depreciation
- Increased operating profit by 35.2% to 159.2 billion yen

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In the markets we serve, amid an uncertain economic outlook, demand remained weak in both Europe, which continues to be affected by the Middle East situation, and the U.S., where the impact of tariffs persists. In the printing equipment market, customers continued to defer investment decisions.

On the other hand, compact cameras, which are gaining popularity especially among younger users, and network cameras, which continue to achieve strong growth as their use cases expand, both posted significant sales growth this quarter. In addition, revenue from semiconductor lithography equipment also increased, driven by increased sales to memory customers with strong investment demand.

Furthermore, as both the U.S. dollar and the euro were more than 10% stronger against the yen than in the previous year, overall net sales rose 3.6%, reaching a record high for a second quarter.

Higher memory prices and increased costs for raw materials and other inputs resulting from rising oil prices were absorbed by refunds on additional U.S. tariff and yen depreciation. As a result, operating profit increased 35.2% year on year to 159.2 billion yen, and the operating profit ratio improved to 13.5%.

P&L (2Q/1H 2026 Results)



	2Q			1st Half		
	2026 Actual	2025 Actual	% Change	2026 Actual	2025 Actual	% Change
(Billions of yen)						
Net Sales	1,180.9	1,140.2	+3.6%	2,274.5	2,198.6	+3.5%
Gross Profit (% of Net Sales)	617.7 52.3%	534.8 46.9%	+15.5%	1,122.9 49.4%	1,035.7 47.1%	+8.4%
Op. Expenses (% of Net Sales)	458.5 38.8%	417.0 36.6%		892.3 39.3%	821.4 37.4%	
Op. Profit (% of Net Sales)	159.2 13.5%	117.8 10.3%	+35.2%	230.6 10.1%	214.3 9.7%	+7.6%
IBT	177.3	123.5	+43.6%	252.1	222.3	+13.4%
Net Income (% of Net Sales)	122.9 10.4%	83.7 7.3%	+46.9%	171.2 7.5%	155.9 7.1%	+9.8%
USD	159.50	144.59		158.27	148.34	
EUR	185.35	163.82		184.54	162.23	

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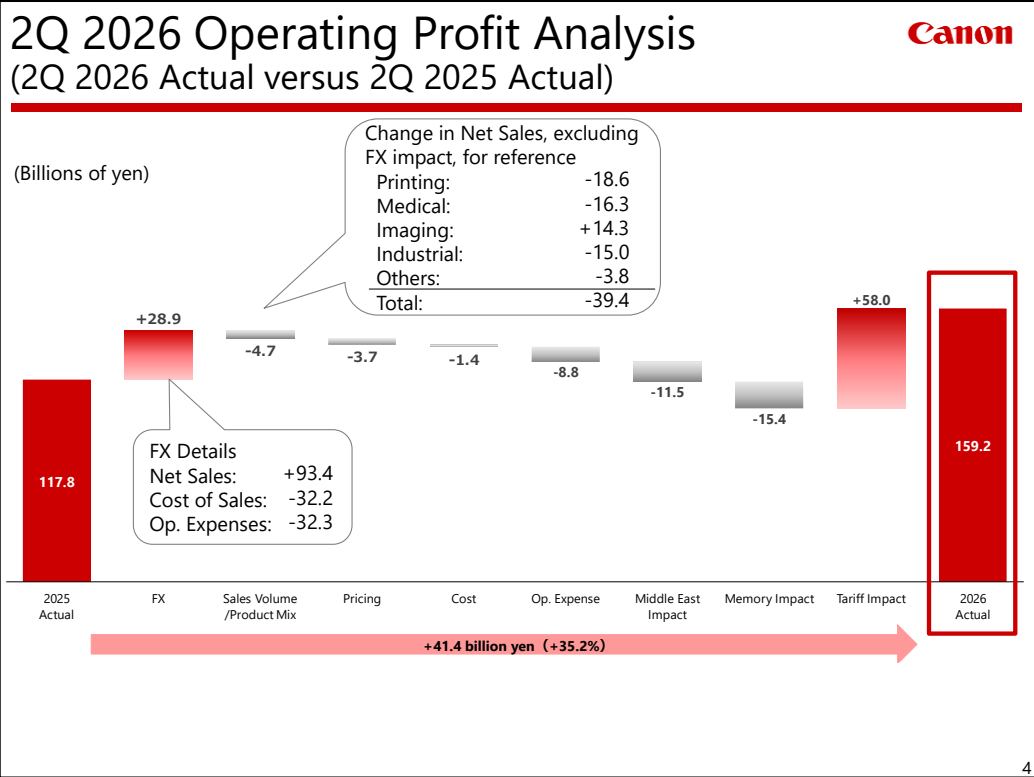
Second-quarter net sales increased by 3.6% to 1 trillion 180.9 billion yen, reaching a new record high.

Despite the rise in memory and raw material costs, our gross profit ratio improved by 5.4 points, owing to the weaker yen and refunds on additional U.S. tariff.

Operating expenses as a percentage of net sales increased by 2.2 points. This increase reflects the depreciation of the yen, as well as base salary increases, higher development expenses in cameras and in growth areas such as network cameras, as well as restructuring costs.

As a result, operating profit increased by 35.2% to 159.2 billion yen, income before income taxes increased by 43.6% to 177.3 billion yen, and net income increased by 46.9% to 122.9 billion yen. Our net income ratio also improved to a double-digit level of 10.4%.

For the first half of the year, net sales increased by 3.5% to 2 trillion 274.5 billion yen, reaching a record high. Operating profit rose by 7.6% to 230.6 billion yen, while net income increased by 9.8% to 171.2 billion yen, resulting in higher sales and profits.



The yen depreciated by more than 10 yen against both the U.S. dollar and the euro. As a result, foreign exchange rates had a positive impact of 28.9 billion yen.

As for changes in sales volume and product mix, the negative impact was limited to 4.7 billion yen, reflecting the fact that the deterioration in the Printing and Industrial businesses was offset by the highly profitable Imaging business, while sales of higher-priced camera models also increased.

Pricing had a negative impact of 3.7 billion yen. Lower sales and higher raw material prices both stemming from the Middle East situation had a negative impact of 11.5 billion yen, while higher memory prices had a negative impact of 15.4 billion yen. However, these negative factors were offset by a positive impact of 58.0 billion yen from U.S. tariff refunds.

Operating expenses increased by 8.8 billion yen compared to the same period last year, primarily due to base salary increases, higher development expenses, and 7.1 billion yen in restructuring costs.

As a result, operating profit increased by 35.2% to 159.2 billion yen.

2Q/1H 2026 Financial Results by Business Unit

		2Q			1st Half		
		2026	2025	% Change	2026	2025	% Change
(Billions of yen)		Actual	Actual		Actual	Actual	
Printing	Net Sales	629.4	610.6	+3.1%	1,239.9	1,221.6	+1.5%
	Op. Profit	97.6	76.9	+26.9%	157.5	150.0	+5.0%
	(%)	(15.5%)	(12.6%)		(12.7%)	(12.3%)	
Medical	Net Sales	135.4	142.0	-4.6%	277.4	279.3	-0.7%
	Op. Profit	3.1	5.1	-38.5%	8.3	11.8	-29.2%
	(%)	(2.3%)	(3.6%)		(3.0%)	(4.2%)	
Imaging	Net Sales	306.8	260.7	+17.7%	552.7	472.8	+16.9%
	Op. Profit	69.8	39.1	+78.7%	97.6	70.3	+38.8%
	(%)	(22.8%)	(15.0%)		(17.7%)	(14.9%)	
Industrial	Net Sales	78.3	92.4	-15.3%	145.2	159.8	-9.1%
	Op. Profit	12.6	17.7	-28.7%	17.4	26.1	-33.1%
	(%)	(16.1%)	(19.2%)		(12.0%)	(16.3%)	
Others & Corporate	Net Sales	59.0	60.7	-2.7%	112.9	116.7	-3.2%
	Op. Profit	-24.4	-20.8	-	-50.0	-44.2	-
Eliminations	Net Sales	-28.0	-26.2	-	-53.6	-51.6	-
	Op. Profit	0.5	-0.2	-	-0.2	0.3	-
Total	Net Sales	1,180.9	1,140.2	+3.6%	2,274.5	2,198.6	+3.5%
	Op. Profit	159.2	117.8	+35.2%	230.6	214.3	+7.6%
	(%)	(13.5%)	(10.3%)		(10.1%)	(9.7%)	

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As for the Printing Group, the market slowdown caused by uncertainty about the economic outlook is gradually easing. In commercial printing, printing companies have resumed investment, leading to increased sales of continuous-feed presses and high-speed cut-sheet presses. Sales negotiations for office MFDs have also become more active, resulting in revenue growth for the Business Unit as a whole.

For the Medical Group, sales increased in emerging markets such as Southeast Asia and Latin America due to the acquisition of large-scale orders. However, overall sales declined owing to issues arising from the production system transition implemented in April, together with the impact of a disruption at a supplier, prevented the timely procurement of components needed for production, resulting in significant delays in product supply.

Next, the Imaging Group, starting with cameras. Sales increased significantly, driven by strong demand for compact cameras, which continued from the first quarter.

For interchangeable-lens cameras, revenue increased as sales of full-frame models, led by the EOS R6 Mark III launched last November, grew compared with the first quarter, resulting in a higher average selling price.

Network cameras also saw strong growth, driven primarily by data center and commercial real estate project installations. Revenue increased by more than 20%, outpacing the strong growth recorded in the first quarter. As a result, revenue for the Imaging Group as a whole increased significantly, rising 17.7% year on year.

For the Industrial Group, overall revenue declined due to lower sales of display manufacturing equipment, reflecting panel manufacturers' postponement of investment decisions last year. However, revenue from semiconductor lithography equipment grew, driven by strong sales of back-end advanced packaging systems and KrF lithography systems for memory applications.

Nanoimprint lithography, which is being promoted as a next-generation semiconductor manufacturing technology, also made steady progress toward volume-production deployment. Additional systems were shipped in June to customers conducting evaluation and verification activities.

- Raised operating profit projection by 9.0 billion yen, to reflect uncertain factors not included in previous projection

Negative factors

- Impact from Middle East situation: Negative 34.6 billion yen
 - Expected normalization of sales now pushed back to October or later
 - Incorporated expected increase in costs for oil-related raw materials, components, and transportation
- Additional 6.0 billion yen increase in cost due to rise in memory prices

Positive factors

- U.S. tariff impact, including refund: Positive 37.5 billion yen
- Foreign exchange impact: Positive 34.1 billion yen
 - 2026 2nd half Assumptions - USD 150 yen to 155 yen, EUR 175 yen to 180 yen

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We revised our outlook to reflect certain factors that could affect our performance, which were not included in our previous forecast due to limited visibility at the time.

First, regarding the impact of the Middle East situation, we have assumed that current conditions will continue through the end of September, given the uncertainty surrounding when the situation may be resolved. Based on this assumption, we have revised down our sales and profit forecasts and incorporated the expected increase in costs for oil-related raw materials, components, and transportation. The total negative impact is estimated at 34.6 billion yen. Reflecting the latest memory price trends, higher memory prices are expected to increase costs by 6.0 billion yen compared with our previous plan.

On the positive side, the impact of U.S. tariffs, including tariff refunds, is expected to be a positive 37.5 billion yen. In addition, we revised our assumed exchange rates for the second half from the previous plan to 155 yen to the U.S. dollar and 180 yen to the euro, reflecting a 5 yen depreciation of the yen against both currencies, resulting in a positive impact of 34.1 billion yen.

As a result, the negative factors, including lower sales volumes in the Printing, Medical, and Industrial businesses, were almost entirely offset by the positive factors, and operating profit is now projected to be 465.0 billion yen, 9.0 billion yen higher than in our previous projection.

In the second half of the year, the impact of higher memory and raw material costs is expected to increase. However, with sales of new products in the Printing business gaining momentum and shipments of semiconductor lithography equipment for memory applications increasing, we aim to expand sales, supported by the continued strong performance of our network camera and camera businesses.

2026 Financial Projection (Full Year)



(Billions of yen)	2026 Current Projection	2025 Actual	% Change	2026 Previous Projection	Amount Change
Net Sales	4,800.0	4,624.7	+3.8%	4,765.0	+35.0
Gross Profit (% of Net Sales)	2,268.0 47.3%	2,162.0 46.7%	+4.9%	2,219.0 46.6%	+49.0
Op. Expenses (% of Net Sales)	1,803.0 37.6%	1,706.6 36.9%		1,763.0 37.0%	-40.0
Op. Profit (% of Net Sales)	465.0 9.7%	455.4 9.8%	+2.1%	456.0 9.6%	+9.0
IBT	492.0	482.1	+2.1%	483.0	+9.0
Net Income (% of Net Sales)	340.0 7.1%	332.1 7.2%	+2.4%	333.0 7.0%	+7.0
USD	156.56	149.71		151.58	
EUR	182.08	169.41		176.82	
Impact of exchange rate movement (3Q-4Q impact given a one yen change)					
Net Sales Op. Profit					
USD	6.8 billion yen			1.5 billion yen	
EUR	3.3 billion yen			1.5 billion yen	

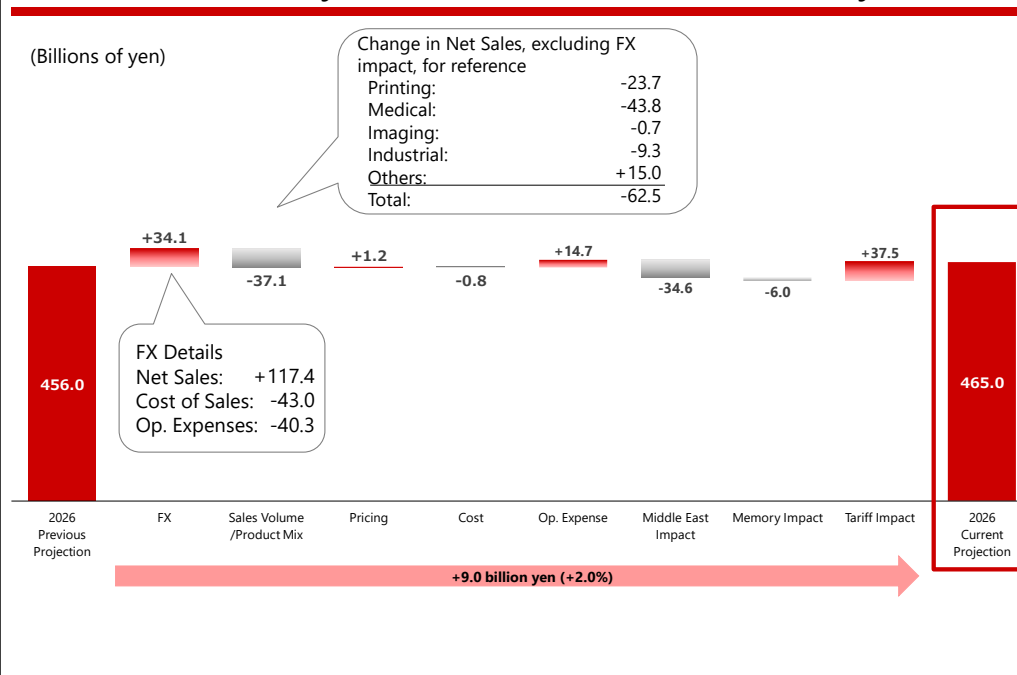
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We have raised our net sales projection by 35.0 billion yen to 4.8 trillion yen, up 3.8% compared to last year. We have also raised our operating profit projection by 9.0 billion yen to 465.0 billion yen, up 2.1% compared to last year, and our net income projection by 7.0 billion yen to 340.0 billion yen, up 2.4% compared to last year.

2026 Operating Profit Analysis

(FY 2026 Current Projection versus FY 2026 Previous Projection)

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The foreign exchange impact is expected to be a positive 34.1 billion yen for the full year, as the exchange rate assumptions for the second half have been revised from the previous plan to reflect a 5 yen depreciation of the yen against both the U.S. dollar and the euro.

We now expect the Middle East situation to have a negative impact of 34.6 billion yen on earnings. This reflects a delay in the expected recovery of sales, with normalization now assumed to occur after October instead of June, as well as higher costs for production materials due to rising oil prices and increases in utility and logistics expenses.

For memory, reflecting the latest price trends, the impact of memory costs is expected to worsen by 6.0 billion yen compared with our previous plan. As memory prices are expected to take some time to normalize, we will closely monitor future price trends and seek to mitigate the negative impact as much as possible through price increases and additional cost reductions.

On the positive side, earnings will benefit from tariff refunds of 37.5 billion yen as well as measures we will pursue to generate an additional 14.7 billion yen in cost reductions.

Review of Business Structure

(Billions of yen)

		2025			2026			2026
		1Q	2Q	Full Year	1Q	2Q	Full year Current Projection	Full year Previous Projection
Sales	Cost	-1.2	-0.5	-7.9	-0.7	-2.0	-15.1	-14.4
Structural Reform	Effect	5.0	4.9	22.0	0.8	2.1	8.2	4.7
	PL Impact	3.8	4.4	14.1	0.1	0.1	-6.9	-9.7
Production	Cost	-0.9	-0.1	-14.7	-0.8	-13.6	-20.4	-12.4
Structural Reform	Effect	0	0	0	0.3	0.7	14.4	14.0
	PL Impact	-0.9	-0.1	-14.7	-0.5	-12.9	-6.0	1.6
Medical Business	Cost	-0.7	-0.7	-3.6	-0.3	-0.1	-0.7	-1.2
Innovation	Effect	1.5	2.2	11.5	1.0	3.0	10.0	10.0
	PL Impact	0.8	1.5	7.9	0.7	2.9	9.3	8.8
Total	Cost	-2.8	-1.3	-26.2	-1.8	-15.7	-36.2	-28.0
	Effect	6.5	7.1	33.5	2.1	5.8	32.6	28.7
	PL Impact	3.7	5.8	7.3	0.3	-9.9	-3.6	0.7

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With regard to sales operations, we are carrying out organizational restructuring and reviewing the balance between direct and indirect sales in each country across Europe. This year, we expect to incur costs of 15.1 billion yen, while benefits of 8.2 billion yen are expected, primarily in the second half of the year. In the next fiscal year, the benefits are expected to significantly exceed the associated costs.

As for production structure reforms, we have been accelerating site consolidation since the second half of last year. We incurred costs of 13.6 billion yen in the second quarter and expect to incur costs of 20.4 billion yen for the full year. These initiatives are expected to generate annual benefits of 14.4 billion yen through cost reductions in administrative and other indirect functions.

As for Medical, we accelerated our transformation by integrating Canon Medical Systems into Canon Inc. on April 1. These initiatives generated benefits of 3.0 billion yen in the second quarter. We have completed service-operation efficiency improvements, including the consolidation of overseas call centers. In the second half of the year, we will further reduce external spending and implement additional measures, with the goal of delivering a full-year profit contribution of 10.0 billion yen.

2026 Financial Projection by Business Unit

(Full Year)

(Billions of yen)		2026 Current Projection	2025 Actual	% Change	2026 Previous Projection	Amount Change
Printing	Net Sales	2,544.2	2,494.4	+2.0%	2,526.8	+17.4
	Op. Profit	256.0	255.8	+0.1%	254.5	+1.5
	(%)	(10.1%)	(10.3%)		(10.1%)	
Medical	Net Sales	568.2	580.6	-2.1%	601.4	-33.2
	Op. Profit	22.8	32.8	-30.4%	38.2	-15.4
	(%)	(4.0%)	(5.6%)		(6.4%)	
Imaging	Net Sales	1,201.5	1,054.9	+13.9%	1,158.5	+43.0
	Op. Profit	191.5	172.9	+10.8%	176.5	+15.0
	(%)	(15.9%)	(16.4%)		(15.2%)	
Industrial	Net Sales	353.7	361.1	-2.1%	361.5	-7.8
	Op. Profit	60.3	62.5	-3.6%	63.1	-2.8
	(%)	(17.0%)	(17.3%)		(17.5%)	
Others & Corporate	Net Sales	241.3	237.1	+1.8%	214.4	+26.9
	Op. Profit	-65.9	-69.5	-	-75.5	+9.6
Eliminations	Net Sales	-108.9	-103.4	-	-97.6	-11.3
	Op. Profit	0.3	0.9	-	-0.8	+1.1
Total	Net Sales	4,800.0	4,624.7	+3.8%	4,765.0	+35.0
	Op. Profit	465.0	455.4	+2.1%	456.0	+9.0
	(%)	(9.7%)	(9.8%)		(9.6%)	

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As for the Printing Group, we will capitalize on the recovering market environment, with new products driving sales in the second half of the year. In commercial printing, we are expanding our lineup of high-speed cut-sheet presses. In addition to the new B3-format varioPRINT iX1700, we plan to launch the B2-format varioPRESS iV7.

In addition, for office MFDs, we will round out the imageFORCE product lineup by expanding it to include lower-speed models and aim to achieve revenue growth in the second half of the year. As a result, we plan to increase sales for the Business Unit as a whole by 2.0%.

As for Medical, we are making every effort to resolve product supply delays caused by shortages in components procurement and expect production to normalize in September, with sales recovering from the fourth quarter onward. Order intake remains strong in emerging markets and the United States, and we aim to make up for lost sales by delivering products to customers as quickly as possible.

Next, the Imaging Group, starting with cameras. The EOS R6 Mark III, which was launched in November last year, achieved strong sales growth in the first half of the year. In addition, with the launch in June of the EOS R6 V, a camera aimed at video creators, we will drive revenue growth in the second half through expanded sales of full-frame models.

For compact cameras as well, we will further increase production volumes in the second half of the year and aim to achieve full-year sales growth of more than 50%.

For network cameras, in a market that continues to grow, we will leverage our strong sales network and extensive product lineup to increase sales, and achieve a 13.9% increase in revenue for the Imaging Group as a whole.

For the Industrial Group, against the backdrop of expanding AI demand and the resulting need for capital investment in memory-related production, we are increasing production of semiconductor lithography equipment. In particular, we plan a significant increase in revenue by doubling sales of KrF lithography systems in the second half of the year compared with the same period last year.

Orders for semiconductor deposition equipment have also increased, primarily for HBM-related applications, and we expect revenue growth from this business as well.

Inventory

- Utilize inventory built up since end of last year following year-end sales season to support sales expansion in second half
- Plan to maintain higher-than-normal inventory levels at year-end in preparation for next year

(Amt: Billions of yen)		2025				2026		Change	
		Mar.-end	Jun.-end	Sep.-end	Dec.-end	Mar.-end	Jun.-end	vs 25 Jun.	vs 25 Dec.
Printing	Amt.	334.4	346.1	368.1	342.1	355.8	375.3	+29.2	+33.2
	Days	47	52	55	49	51	55	+3	+6
Medical	Amt.	139.8	138.5	148.5	142.4	149.1	156.8	+18.3	+14.4
	Days	85	90	99	86	88	103	+13	+17
Imaging	Amt.	176.3	166.4	172.1	170.3	214.0	223.7	+57.3	+53.4
	Days	66	64	61	53	68	74	+10	+21
Industrial	Amt.	150.7	160.3	154.7	130.0	133.5	140.1	-20.2	+10.1
	Days	146	183	159	118	133	176	-7	+58
Others & Corporate	Amt.	71.6	68.2	70.4	55.6	61.3	65.6	-2.6	+10.0
	Days								
Total	Amt.	872.8	879.5	913.8	840.4	913.7	961.5	+82.0	+121.1
	Days	68	73	74	63	69	77	+4	+14

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Inventory at the end of June 2026 increased by 47.8 billion yen from the end of March to 961.5 billion yen. This reflects the weaker yen, which increased the value of foreign currency-denominated assets, the buildup of inventories, primarily in the Printing, Imaging, and Semiconductor Lithography Equipment businesses, to support sales growth in the second half of the year, and the advance procurement of memory and semiconductor components that are currently in short supply.

Finished goods inventory is expected to decline to an appropriate level by year-end following the peak sales season in the second half. However, raw materials and work-in-process inventories are expected to remain at strategically elevated levels. This reflects production ramp-ups for Semiconductor Lithography Equipment to support increased shipments next year and the early procurement of required memory components amid tight supply conditions.

Cash Flow

(Full Year)



- Generate 545.0 billion yen in operating CF, significantly exceeding last year's level
- Invest in growth areas and deliver proactive, stable shareholder returns

(Billions of yen)	2026 Current Projection	2026 Previous Projection	2025 Actual	2024 Actual
Net income	340.0	333.0	332.1	325.1
Depreciation and amortization	230.0	230.0	239.2	235.5
Others	-25.0	37.0	-95.4	46.2
Net cash provided by operating activities	545.0	600.0	475.9	606.8
Net cash used in investing activities	-255.0	-270.0	-237.4	-297.3
Free cash flow	290.0	330.0	238.5	309.5
Net cash provided by (used in) financing activities	-445.0	-394.0	-179.2	-226.0
Effect of exchange rate changes on cash and cash equivalents	-6.0	-11.0	25.1	16.7
Net change in cash and cash equivalents	-161.0	-75.0	84.4	100.2
Cash and cash equivalents at end of period	425.0	511.0	586.0	501.6
Cash-on-hand (In months of Net sales)	1.0	1.3	1.4	1.3

* 2024 net income excludes the impact of impairment loss.

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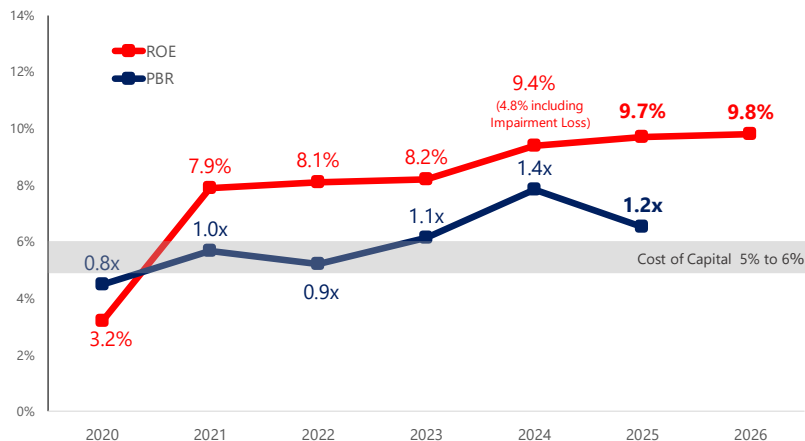
Despite strategically building up component inventories, we plan to generate 545.0 billion yen in operating cash flow, again significantly exceeding that of the previous year.

As for the usage of cash, we are giving top priority to investments for future growth. In addition to a new factory in Utsunomiya for semiconductor lithography equipment, where increasing production capacity is an urgent need, we are also making aggressive investments in areas such as medical equipment and network cameras.

As for shareholder returns, in addition to maintaining a full-year dividend of 160 yen per share, we are also carrying out the 200.0 billion yen share buyback program authorized in January, demonstrating our commitment to proactive and stable shareholder returns.

Return on Capital

- ROE for 2026 projected to be 9.8%
- Advance efforts to enhance capital efficiency and profitability toward achieving Phase VII targets

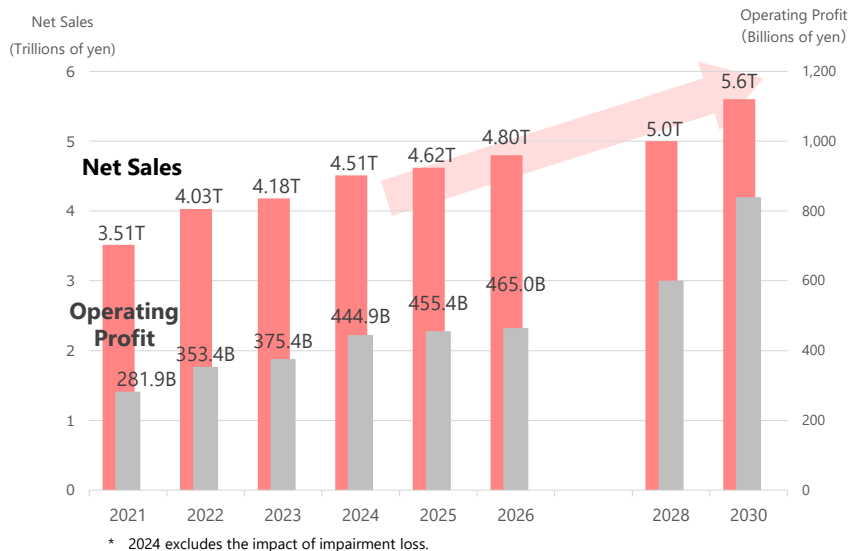


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Net income is expected to increase by approximately 8.0 billion yen compared with last year. In addition, the reduction in shareholders' equity resulting from the 200.0 billion yen share buyback will further support ROE. As a result, ROE is expected to reach 9.8% this year.

Even amid ongoing economic uncertainty, we will steadily advance the structural reforms currently underway and aim to achieve the ROE targets we set out in Phase VII—12% in 2028 and 15% in 2030—by strengthening our ability to generate profits and improving capital efficiency.

- In 2026 – first year of five-year plan – deliver higher revenue and profit, while elevating management quality to lay foundation for future growth



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The Middle East situation and the outlook for the global economy remain uncertain, and the business environment surrounding us continues to be challenging due to factors such as rising memory and raw material costs. Nevertheless, by leveraging our strong cost management capabilities and solid business foundation, we aim to achieve sales and profit growth again this year.

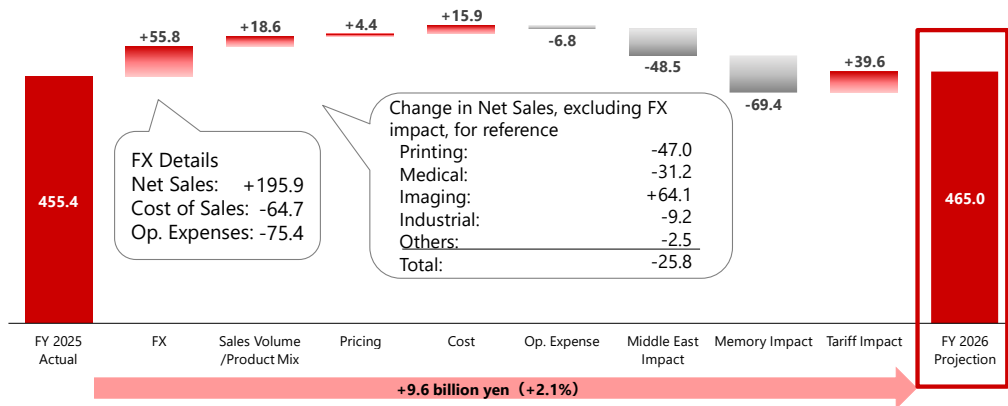
We are steadily advancing our medium- to long-term initiatives such as structural reforms as planned. Guided by the theme “Achieving New Growth Through Innovations in Productivity,” we will pursue further growth while continuing to enhance management quality as we work toward achieving the management targets set out in our five-year initiative – Phase VII of the Excellent Global Corporation Plan.

Supplementary Information

2026 Operating Profit Analysis

(FY 2026 Projection versus FY 2025 Actual)

(Billions of yen)



Net Sales & Net Sales Growth Rate Y/Y

(Billions of yen)

		2Q			Full Year				
		2026 Actual	2025 Actual	% Change	2026 Current Projection	2025 Actual	% Change	2026 Previous Projection	Amount Change
Production		116.1	103.3	+12.4%	469.0	437.3	+7.3%	468.3	+0.7
Office	Office MFDs	167.4	161.2	+3.8%	653.3	631.6	+3.4%	643.9	+9.4
	Others	111.1	104.2	+6.7%	454.2	432.1	+5.1%	446.4	+7.8
		278.5	265.4	+4.9%	1,107.5	1,063.7	+4.1%	1,090.3	+17.2
Prosumer	LPs	152.2	160.4	-5.1%	619.4	648.1	-4.4%	617.2	+2.2
	IJPs	82.6	81.5	+1.3%	348.3	345.3	+0.9%	351.0	-2.7
		234.8	241.9	-3.0%	967.7	993.4	-2.6%	968.2	-0.5
Net Sales		629.4	610.6	+3.1%	2,544.2	2,494.4	+2.0%	2,526.8	+17.4
Op. Profit		97.6	76.9	+26.9%	256.0	255.8	+0.1%	254.5	+1.5
%		15.5%	12.6%		10.1%	10.3%		10.1%	

Net Sales Growth Rate Y/Y (Local Currency)

	2026	
	2Q	Full Year Projection
Production	+1.2%	+1.6%
Office	-2.3%	0.0%
Prosumer	-10.9%	-6.2%
Total	-5.1%	-2.2%

Unit Growth Rate Y/Y

	2026	
	2Q	Full Year Projection
Office MFDs	-7%	-4%
LPs	-9%	-3%
IJPs	-11%	-7%

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Production

As for commercial printing, while customers continued to postpone investment up to and including the first quarter, particularly in Europe and the United States, market conditions began to recover as printing companies resumed investment in digital printing equipment to improve productivity. As a result, sales of large continuous-feed and cut-sheet systems increased in the second quarter, and revenue returned to growth.

In the second half of the year, as improving market conditions and growing contributions from new products accelerate our growth, we aim to achieve 7.3% revenue growth for the full year.

Our varioPRINT iX3200 has already established itself as the industry-standard inkjet cut-sheet press. Going forward, we will further accelerate sales of the varioPRINT iX1700, which offers an attractive balance of price and performance, and plan to launch the varioPRESS iV7, a higher-productivity model capable of printing media up to B2 size. By expanding our lineup across a broader range of price and performance levels, we aim to capture a wider range of demand from printing companies transitioning to digital printing.

Net Sales & Net Sales Growth Rate Y/Y

(Billions of yen)

		2Q			Full Year				
		2026 Actual	2025 Actual	% Change	2026 Current Projection	2025 Actual	% Change	2026 Previous Projection	Amount Change
Production		116.1	103.3	+12.4%	469.0	437.3	+7.3%	468.3	+0.7
Office	Office MFDs	167.4	161.2	+3.8%	653.3	631.6	+3.4%	643.9	+9.4
	Others	111.1	104.2	+6.7%	454.2	432.1	+5.1%	446.4	+7.8
		278.5	265.4	+4.9%	1,107.5	1,063.7	+4.1%	1,090.3	+17.2
Prosumer	LPs	152.2	160.4	-5.1%	619.4	648.1	-4.4%	617.2	+2.2
	IJPs	82.6	81.5	+1.3%	348.3	345.3	+0.9%	351.0	-2.7
		234.8	241.9	-3.0%	967.7	993.4	-2.6%	968.2	-0.5
Net Sales		629.4	610.6	+3.1%	2,544.2	2,494.4	+2.0%	2,526.8	+17.4
Op. Profit		97.6	76.9	+26.9%	256.0	255.8	+0.1%	254.5	+1.5
%		15.5%	12.6%		10.1%	10.3%		10.1%	

Net Sales Growth Rate Y/Y (Local Currency)

	2026	
	2Q	Full Year Projection
Production	+1.2%	+1.6%
Office	-2.3%	0.0%
Prosumer	-10.9%	-6.2%
Total	-5.1%	-2.2%

Unit Growth Rate Y/Y

	2026	
	2Q	Full Year Projection
Office MFDs	-7%	-4%
LPs	-9%	-3%
IJPs	-11%	-7%

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Office MFDs

For office MFDs, hardware sales continued to face challenging conditions in the second quarter, particularly in Europe and the United States, due to weak market conditions resulting from U.S. tariffs and the Middle East situation. However, service and consumables revenue, which reflects print volumes, is tracking in line with expectations, and recent customer discussions regarding hardware sales have shown improvement, supporting sales in the second half of the year.

The new imageFORCE series has received high praise for its basic features such as image quality, energy efficiency, and ease of maintenance. In June, we rounded out the lineup by introducing the low-speed imageFORCE C3100. In the second half of the year, we will address a broad range of customer needs with a comprehensive lineup that includes low- and mid-speed models at more accessible price points and aim to increase sales over the full year by encouraging customers to replace older models as well as competitor products.

Office Other

In the IT solutions business, investment in digital transformation and security enhancement remains active, and demand continues to be strong. Supported by this, we continued to deliver revenue growth in the second quarter, primarily in Japan.

Net Sales & Net Sales Growth Rate Y/Y

(Billions of yen)

		2Q			Full Year				
		2026 Actual	2025 Actual	% Change	2026 Current Projection	2025 Actual	% Change	2026 Previous Projection	Amount Change
Production		116.1	103.3	+12.4%	469.0	437.3	+7.3%	468.3	+0.7
Office	Office MFDs	167.4	161.2	+3.8%	653.3	631.6	+3.4%	643.9	+9.4
	Others	111.1	104.2	+6.7%	454.2	432.1	+5.1%	446.4	+7.8
		278.5	265.4	+4.9%	1,107.5	1,063.7	+4.1%	1,090.3	+17.2
Prosumer	LPs	152.2	160.4	-5.1%	619.4	648.1	-4.4%	617.2	+2.2
	IJPs	82.6	81.5	+1.3%	348.3	345.3	+0.9%	351.0	-2.7
		234.8	241.9	-3.0%	967.7	993.4	-2.6%	968.2	-0.5
Net Sales		629.4	610.6	+3.1%	2,544.2	2,494.4	+2.0%	2,526.8	+17.4
Op. Profit		97.6	76.9	+26.9%	256.0	255.8	+0.1%	254.5	+1.5
%		15.5%	12.6%		10.1%	10.3%		10.1%	

Net Sales Growth Rate Y/Y (Local Currency)

	2026	
	2Q	Full Year Projection
Production	+1.2%	+1.6%
Office	-2.3%	0.0%
Prosumer	-10.9%	-6.2%
Total	-5.1%	-2.2%

Unit Growth Rate Y/Y

	2026	
	2Q	Full Year Projection
Office MFDs	-7%	-4%
LPs	-9%	-3%
IJPs	-11%	-7%

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Prosumer

As for printers, market conditions continue to be weak, particularly in Europe and the United States, due to the impact of U.S. tariffs and the Middle East situation. As a result, the printer market is expected to contract by 5% to 6% in 2026 compared with last year.

As for laser printers, second-quarter sales were below the same period last year, particularly in Europe and the United States. However, we continue to expand our product lineup in terms of performance and price points. In addition to the new products launched in the first half of the year with high-speed printing and document-processing capabilities, we will strengthen our portfolio with products that fill gaps in our lineup while concentrating our sales efforts on markets with high print volumes.

As for inkjet printers, second-quarter sales were below the same period last year as inventory adjustments in the market, primarily for consumables, lasted longer than expected, partly due to the worsening Middle East situation.

In the second half of the year, we will continue expanding sales of refillable ink tank models, particularly in Asia, our largest market for these models. In addition, the new cartridge models launched last year are gaining traction, and by increasing sales of mid-range models, we aim to raise our average selling price and achieve revenue growth.

Printing Hardware & Non-hardware Sales



Net Sales Growth Rate of Printing Hardware & Non-hardware

			2026		2025	
			2Q	Full Year Projection	2Q	Full Year Actual
Production	JPY	Hardware	+12%	+9%	-12%	-4%
		Non-hardware	+13%	+6%	-4%	+1%
	LC	Hardware	+1%	+4%	-7%	-5%
		Non-hardware	+1%	+1%	0%	0%
Office MFDs	JPY	Hardware	+1%	+4%	-7%	-5%
		Non-hardware	+6%	+3%	-4%	0%
	LC	Hardware	-8%	-2%	-2%	-5%
		Non-hardware	-2%	-1%	0%	0%
LPs	JPY	Hardware	-7%	-5%	-17%	-12%
		Non-hardware	-4%	-4%	-7%	0%
	LC	Hardware	-15%	-8%	-12%	-12%
		Non-hardware	-11%	-7%	0%	+1%
IJP	JPY	Hardware	+3%	-1%	-7%	+2%
		Non-hardware	0%	+2%	-10%	-2%
	LC	Hardware	-6%	-6%	-2%	+1%
		Non-hardware	-9%	-3%	-6%	-3%

Net Sales & Net Sales Growth Rate Y/Y

(Billions of yen)

	2Q			Full Year				
	2026 Actual	2025 Actual	% Change	2026 Current Projection	2025 Actual	% Change	2026 Previous Projection	Amount Change
Net Sales	135.4	142.0	-4.6%	568.2	580.6	-2.1%	601.4	-33.2
Op. Profit %	3.1 2.3%	5.1 3.6%	-38.5%	22.8 4.0%	32.8 5.6%	-30.4%	38.2 6.4%	-15.4

Net Sales Growth Rate Y/Y (Local Currency)

	2026	
	2Q	Full Year Projection
Total	-12.0%	-6.2%

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Medical

In the second quarter, revenue declined due to issues arising from the production system transition implemented in April and a disruption at a supplier, which prevented us from procuring components required for production on schedule and resulted in significant delays in delivering products that had been ordered. We expect production to normalize around September, and sales are expected to recover from the fourth quarter onward as supply returns to normal.

As for orders, order intake in emerging markets remains solid. In the United States, a key market for us, we continue to win orders from leading hospitals with which we have strong relationships. We are prioritizing the rapid restoration of product supply and are committed to returning the business to a growth trajectory.

The photon-counting CT system that was initially launched in Japan in April of this year has also received certification in Europe and is now being marketed there. This next-generation CT system, which incorporates our proprietary technology and has the potential to expand diagnostic capabilities, is attracting strong interest, and we have already received inquiries from many leading medical institutions, including those in Germany. Strengthening relationships with medical institutions is also helping to stimulate discussions regarding other diagnostic equipment. Going forward, we expect this to contribute to sales growth.

Net Sales & Net Sales Growth Rate Y/Y

(Billions of yen)

	2Q			Full Year				
	2026 Actual	2025 Actual	% Change	2026 Current Projection	2025 Actual	% Change	2026 Previous Projection	Amount Change
Cameras	175.4	155.4	+12.9%	698.0	625.5	+11.6%	674.8	+23.2
Network Cameras & Others	131.4	105.3	+24.8%	503.5	429.4	+17.3%	483.7	+19.8
Net Sales	306.8	260.7	+17.7%	1,201.5	1,054.9	+13.9%	1,158.5	+43.0
Op. Profit	69.8	39.1	+78.7%	191.5	172.9	+10.8%	176.5	+15.0
%	22.8%	15.0%		15.9%	16.4%		15.2%	

Net Sales Growth Rate Y/Y (Local Currency)

	2026	
	2Q	Full Year Projection
Cameras	+1.1%	+5.4%
NWCs & Others	+12.6%	+11.3%
Total	+5.7%	+7.8%

Digital Interchangeable Lens Cameras (DILCs) Units (Millions) & Unit Growth Rate Y/Y

	2026	
	2Q	Full Year Projection
Units (Millions)	0.67	2.80
Growth Rate	-10%	-3%

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Cameras

The compact camera market continues to expand, driven by the growing number of new camera users, particularly among younger consumers. As for the interchangeable-lens camera market, while we lowered our outlook to reflect the impact of the Middle East situation, we still expect the market to reach 6.45 million units.

In the second quarter, compact camera sales increased significantly as we were able to meet strong demand through the production expansion implemented in the second half of last year.

For interchangeable-lens cameras, sales of full-frame models increased significantly compared with the first quarter, led by the EOS R6 Mark III, which was launched in November last year. Combined with an increase in the average selling price, this resulted in revenue growth of 12.9% year on year.

In the second half of the year, for compact cameras, which continue to perform strongly, we will further expand production capacity to eliminate supply shortages as quickly as possible and drive additional sales growth. For interchangeable-lens cameras, in addition to the EOS R6 Mark III, which contributed to sales growth in the first half of the year, we will strengthen sales of full-frame models, led by the EOS R6 V, a full-frame mirrorless camera for video creators launched in June. As a result, we aim to achieve full-year revenue growth of 11.6% for the camera business.

Net Sales & Net Sales Growth Rate Y/Y

(Billions of yen)

	2Q			Full Year				
	2026 Actual	2025 Actual	% Change	2026 Current Projection	2025 Actual	% Change	2026 Previous Projection	Amount Change
Cameras	175.4	155.4	+12.9%	698.0	625.5	+11.6%	674.8	+23.2
Network Cameras & Others	131.4	105.3	+24.8%	503.5	429.4	+17.3%	483.7	+19.8
Net Sales	306.8	260.7	+17.7%	1,201.5	1,054.9	+13.9%	1,158.5	+43.0
Op. Profit	69.8	39.1	+78.7%	191.5	172.9	+10.8%	176.5	+15.0
%	22.8%	15.0%		15.9%	16.4%		15.2%	

Net Sales Growth Rate Y/Y (Local Currency)

	2026	
	2Q	Full Year Projection
Cameras	+1.1%	+5.4%
NWCs & Others	+12.6%	+11.3%
Total	+5.7%	+7.8%

Digital Interchangeable Lens Cameras (DILCs) Units (Millions) & Unit Growth Rate Y/Y

	2026	
	2Q	Full Year Projection
Units (Millions)	0.67	2.80
Growth Rate	-10%	-3%

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Network cameras

The network camera market is expected to continue growing strongly. In addition to the security sector, which continues to expand due to strong demand for safety and security, advances in AI-powered video analytics are expanding the use of network cameras beyond security into areas such as marketing support and operational efficiency in manufacturing and production environments.

In the second quarter, revenue grew by more than 20%, exceeding the growth rate achieved in the strong first quarter. Growth was driven by data centers, which continued to benefit from AI-related investment, as well as by large-scale projects, particularly in the commercial real estate sector.

In the second half of the year, we aim to outpace the market by fully leveraging our strong sales partner network and driving sales through our broad product lineup and integrated hardware-and-software solutions. As a result, we are targeting full-year double-digit revenue growth of 17.3%.

Net Sales & Net Sales Growth Rate Y/Y

(Billions of yen)

	2Q			Full Year				
	2026 Actual	2025 Actual	% Change	2026 Current Projection	2025 Actual	% Change	2026 Previous Projection	Amount Change
Optical Equipment	61.9	61.2	+1.0%	262.2	256.4	+2.3%	260.1	+2.1
Industrial Equipment	16.4	31.2	-47.3%	91.5	104.7	-12.7%	101.4	-9.9
Net Sales	78.3	92.4	-15.3%	353.7	361.1	-2.1%	361.5	-7.8
Op. Profit	12.6	17.7	-28.7%	60.3	62.5	-3.6%	63.1	-2.8
%	16.1%	19.2%		17.0%	17.3%		17.5%	

Net Sales Growth Rate Y/Y
(Local Currency)

	2026	
	2Q	Full Year Projection
Opt. Equip.	+0.1%	+1.8%
Industrial Equip.	-48.5%	-13.3%
Total	-16.2%	-2.6%

Lithography Equipment (Units)

		2026	
		2Q	Full Year Projection
Semiconductor	KrF	17	70
	i-line	31	157
		48	227
FPD		6	20

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Optical equipment

Semiconductor manufacturing equipment

The semiconductor lithography equipment market, driven by expanding AI-related demand, continues to grow, led by the memory and logic segments, and we expect the market to continue expanding through next year.

We sold 48 semiconductor lithography systems in the second quarter, primarily for AI-related back-end advanced packaging and memory applications. For KrF systems in particular, we are increasing production capacity, and by doubling unit sales in the second half compared with the same period last year, we expect significant revenue growth. We are building on this momentum to drive further growth in unit sales in 2027.

As for nanoimprint lithography, which we are promoting as a next-generation semiconductor manufacturing technology, we shipped additional systems in June to customers conducting evaluation and verification. As we work toward mass-production adoption in 2027, we have moved into the production validation phase, using customer wafers under conditions that simulate actual manufacturing lines. Multiple customers are advancing validation activities for mass production, and we expect this progress to support additional shipments going forward.

Net Sales & Net Sales Growth Rate Y/Y

(Billions of yen)

	2Q			Full Year				
	2026 Actual	2025 Actual	% Change	2026 Current Projection	2025 Actual	% Change	2026 Previous Projection	Amount Change
Optical Equipment	61.9	61.2	+1.0%	262.2	256.4	+2.3%	260.1	+2.1
Industrial Equipment	16.4	31.2	-47.3%	91.5	104.7	-12.7%	101.4	-9.9
Net Sales	78.3	92.4	-15.3%	353.7	361.1	-2.1%	361.5	-7.8
Op. Profit	12.6	17.7	-28.7%	60.3	62.5	-3.6%	63.1	-2.8
%	16.1%	19.2%		17.0%	17.3%		17.5%	

Net Sales Growth Rate Y/Y
(Local Currency)

Lithography Equipment (Units)

	2026	
	2Q	Full Year Projection
Opt. Equip.	+0.1%	+1.8%
Industrial Equip.	-48.5%	-13.3%
Total	-16.2%	-2.6%

		2026	
		2Q	Full Year Projection
Semiconductor	KrF	17	70
	i-line	31	157
		48	227
FPD		6	20

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Optical equipment

FPD (Flat Panel Display) lithography equipment

The display manufacturing equipment market is expected to contract temporarily in 2026 as panel manufacturers delayed investment decisions in response to U.S. tariffs and rising memory prices.

We sold six FPD lithography systems in the second quarter and plan to sell 20 units for the full year. In addition to new investments in IT panel production, investments in smartphone displays are supporting demand as smartphones continue to become more advanced and thinner. Panel manufacturers are making progress toward resuming investments, and the number of business opportunities continue to increase. This is strengthening our outlook, and we expect unit sales to grow further in 2027.

Industrial Equipment

OLED display manufacturing equipment is expected to generate lower revenue as panel manufacturers continue to postpone investments. In contrast, semiconductor deposition systems are benefiting from strong AI-related demand, with orders increasing significantly, particularly for memory production applications such as HBM. As a result, we expect sales growth.