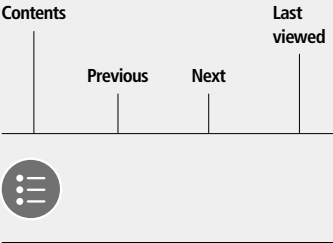


CANON INTEGRATED REPORT 2026



How to use the navigation buttons

This report provides navigation buttons on each page to help you navigate between pages.



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Editorial Policy

This integrated report is intended to give Canon's stakeholders an understanding of our longer-term corporate value creation story. It summarizes Canon's ESG initiatives along with our business plan and various business, financial, human resources and other strategies. Our objective is to create a report that is both comprehensive and easy to read.

Referenced Reporting Guidelines

International Integrated Framework (IFRS Foundation)
Guidance for Integrated Disclosure and Dialogue in Collaborative Value Creation (Ministry of Economy, Trade and Industry, Japan)
Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
Recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD)
For ESG information, please refer to the CANON SUSTAINABILITY REPORT.
<https://global.canon/en/sustainability/report/>
Additional financial informations are available in the Annual Securities Report and CANON ANNUAL REPORT 2025.
<https://global.canon/en/ir/library/yuuhou.html>
<https://global.canon/en/ir/library/annual.html>

Target of the Report

This report presents data from 321 companies (55 companies in Japan and 266 overseas) that are consolidated companies of the Canon Group.

Date of Publication

April 2026 (previous: April 2025, next planned: April 2027)

Notation

"Canon" refers to all companies in the Canon Group including Canon Inc. and its consolidated subsidiaries, while "Canon Inc." indicates the non-consolidated parent company. "Employees" refers to full-time employees and part-time workers. "Europe" refers to the region including Europe, the Middle East, and Africa. In addition, "Canon MJ" refers to Canon Marketing Japan Inc.

Disclosed Data/Forward-looking Statements

In principle, this report covers Canon's economic, social and environmental activities within the scope of consolidated accounting from January 1 to December 31, 2025. The scope of environmental reporting is not limited to activities (development, production, and sales) at operational sites. Supplemental information on important targets, indicators, and initiatives prior to and beyond 2024 is referenced in this report. Information specific to a region or organization is indicated as such.

Disclosed data has been revised to reflect changes in calculation methods and the expanded scope of sites covered. Accordingly, some data in this report differ from previously disclosed data. This report contains not only past and present facts about Canon, but also forward-looking statements based on plans, prospects, and management policies and strategies as of the publication date. These forward-looking statements are assumptions or estimations based on information available at the time the report was prepared. Due to a range of variables, however, the results or circumstances of future business activities may vary from the forecasts contained herein.

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About the cover

The cover depicts the fusion of various Canon technologies continuing to drive growth during Phase VII of the Excellent Global Corporation Plan that commenced this year.





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Kyosei

Canon's corporate philosophy is *kyosei*.

It conveys our dedication to seeing all people, regardless of culture, customs, language, or race, harmoniously living and working together in happiness into the future. Unfortunately, current factors related to economies, resources, and the environment make realizing *kyosei* difficult.

Canon strives to eliminate these factors through corporate activities rooted in *kyosei*. Truly global companies must foster good relations with customers and communities, as well as with governments, regions, and the environment as part of their fulfillment of social responsibilities.

For this reason, Canon's goal is to contribute to global prosperity and the well-being of humankind as we continue our efforts to bring the world closer to achieving *kyosei*.

Canon's Corporate DNA

Behind Canon's 80-year history and development as a business lies its corporate DNA: a respect for humanity, an emphasis on technology, and an enterprising spirit that the company has consistently passed on since its foundation. The enterprising spirit on which Canon was started as a venture company, and the relentless drive to distinguish itself through technology, permeate the company, and have continued to provide society with new advances. These motivating factors are in turn supported by a respect for humanity, which encompasses meritocracy and an emphasis on good health. Canon is committed to passing its corporate DNA on to future generations to ensure the company grows for another 100, or even 200, years.



The San-ji (Three Selves) Spirit

The Three Selves, the foundation of the company's guiding principles that have been passed down since Canon was founded, are self-motivation, self-management, and self-awareness. For Canon, which strives to be a truly excellent global corporation while maintaining the legacy of its corporate DNA, the Three Selves continue to serve as the company's most important guiding principles.

Self-motivation : Take the initiative and be proactive in all things

Self-management : Conduct oneself with responsibility and accountability

Self-awareness : Understand one's situation and role in all situations



Message from the CEO

**“Becoming a truly excellent global corporation”
Guided by the vision we set 30 years ago, we will continue to set
our sights on realizing a society characterized by *kyosei*”**



With the aim of realizing a society based on our corporate philosophy of *kyosei*, in which people around the world respect and support each other, Canon launched its medium- to long-term management plan, the Excellent Global Corporation Plan, in 1996. For 30 years, we have moved forward guided by our vision of becoming a “truly excellent global corporation” that addresses social challenges through technology while achieving outstanding profitability. We are steadily evolving as we strive to achieve productivity innovation and other initiatives, but our goal still lies ahead. As changes in society accelerate, including the adoption of AI and the growing global divide, predicting the future is becoming increasingly difficult. Still, now is the time for us to raise the banner of *kyosei* even higher and, with the approach of “being deliberate in council, and decisive in action,” aim for even greater heights.

Fujio Mitarai
Chairman & CEO, Canon Inc.



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Message from the CEO

The “truly excellent global corporation” that Canon seeks to become

- For 30 years, Canon has walked its own path based on the belief that “change is progress, transformation is advancement”

— What drove Canon to evolve and flexibly transform itself?

When I became president in 1995, I embraced the medium- to long-term objective of turning Canon into a truly excellent global corporation. For more than 30 years, I have single-mindedly pursued that goal. There are four main requirements for becoming a truly excellent global corporation. The organization must be able to: (1) contribute to solving social challenges; (2) boast an overwhelmingly strong earnings structure; (3) create value with a highly skilled and select workforce; and (4) enable each and every employee to feel pride and fulfillment. I believe that only by fulfilling all four of these requirements can we become a company respected by people around the world. Guided by the belief that “change is progress, transformation is advancement,” we have pursued improvement and reform.

- The blue-chip companies that made a strong impression on me 60 years ago

— Is there a model company that you aspire to?

My image of a model company comes from those highly profitable companies in the U.S. known as “blue chips.” I was stationed at Canon USA, our U.S. subsidiary, for 23 years starting in 1966. Even then, there were truly excellent corporations operating at levels far beyond Canon and other Japanese companies. My approach to corporate management changed when, after we had settled our accounts in my first year stationed there, a local tax officer who came to audit us basically said, “If you can’t earn profits above the interest rate on bank deposits, you should promptly collect your receivables, shut down the business, and return to Japan.” What I learned from reading the business reports of top-performing companies in the U.S. was that their strength lies in extraordinary earning power, a robust equity base, proactive investment in technological development, and a strong commitment to social contribution. Employees took great pride in working for these companies, and the local communities also respect them. Such companies continue to grow even today.

- “If I’m going to be president,” I will put forward a grand vision

— It sounds like truly excellent corporations in the U.S. have been steadily accumulating profits ever since.

At that time, not only Canon but also most Japanese companies had a strong “sales-first” mentality

and did not place much emphasis on profits. Canon, too, was constantly struggling to manage its daily cash flow. I deepened my relationships with leading U.S. business leaders and experts and learned a great deal about the essence of corporate management from them. When I returned to our global headquarters in Japan, I realized that there were many issues with Canon’s corporate management. Becoming president was unexpected, but if I was going to take on the role, I vowed to make Canon a truly excellent global corporation.



Press conference for my appointment as president in 1995
(on the left is then-Chairman Ryuzaburo Kaku)

- The two essential qualities required of a business leader: Imagination and Creativity

— In 1996, Canon launched the Excellent Global Corporation Plan.

Business leaders need to have two essential qualities. One is “imagination,” which is the ability to set a medium- to long-term vision and unify the organization around it. The other is “creativity,” which is the ability to implement reforms that give tangible shape to the vision. In order for Canon to become a truly excellent global corporation, I decided to assess changes in technology and society every five years, develop strategies accordingly, and steadily carry out reforms. That is the Excellent Global Corporation Plan. Because the speed of digital technological advancement is accelerating, it is difficult to foresee even five years ahead. Nevertheless, we chose five years as a key milestone.



Message from the CEO

Riding the wave of innovation by “being deliberate in council, and decisive in action”

■ A series of unexpected events and decisive action to radically transform our business portfolio

— That was the start of 30 turbulent years, wasn't it?

Looking back, it was a series of unexpected events. Canon's greatest challenge was in the 2010s, when the widespread adoption of smartphones and cloud computing triggered a sharp decline in demand for our two longstanding, mainstay products—cameras and office equipment. But we had no time to stand still. I quickly decided to leverage our strongest assets, our people and our technology, to enter businesses with the potential for medium-to long-term growth, and by conducting large-scale M&As to buy time, we rapidly transformed our business portfolio into four pillars: Printing, Medical, Imaging, and Industrial. Change always involves risk, but my motto is “be deliberate in council, and decisive in action.” This means to gather as much information as possible, think things through thoroughly using deductive and inductive reasoning, and once a decision has been made, to move forward without hesitation. Looking back now, be deliberate in council, and decisive in action has guided me for the past 30 years.

■ Despite COVID-19 pandemic, achieved target ahead of schedule: Two key factors

— Please summarize Phase VI of the Excellent Global Corporation Plan, which concluded in 2025.

When that phase of the plan commenced in 2021, we were in the midst of the COVID-19 pandemic, and manufacturing supply chains themselves were in chaos. Just when it seemed that we had overcome the pandemic, geopolitical risks suddenly intensified due to the situation in Ukraine and other factors, while supplies of energy, grain and other commodities also tightened and inflation became severe. These three developments combined had a significant impact on the economy. Moreover, due to the impact of high tariffs and ultra-protectionist policies in the U.S., the trend of globalization that had developed since the postwar era came to a complete halt, pushing the international community into an unprecedented level of uncertainty.

Despite these challenges, we achieved our Phase VI target of 4.5 trillion yen in consolidated net sales one year ahead of schedule, establishing a record-high that was exceeded again in 2025. There were two key factors behind this success. One was the growth of our employees, each of whom persevered and applied creativity and ingenuity to deliver results. The other was our foresight in building four business portfolios as a foundation for growth before the pandemic.



Unpredictable future and reaching new heights

■ Three concerns in the lead up to 2030: Division, AI, and competition for talent

— Looking ahead, how do you see Phase VII, which began in 2026?

We are prepared for a series of unpredictable changes. Looking ahead to 2030, I am particularly focused on three major trends. The first trend is the progression of global fragmentation. In this era of rising nationalism, both economic blocs and people's values are becoming fragmented and multipolar, and competition among nations is intensifying. In circumstances where decisions cannot be made based solely on economic rationality, we must steer the management of the Company whilst carefully assessing geopolitical risks.

The second trend is the rapid adoption of AI across society. AI has become a “real-world infrastructure” that is fundamentally transforming the industrial landscape. The speed of its adoption far exceeds that of past digital technologies. And most importantly, AI itself is capable of replacing roles that have traditionally been carried out by humans. Companies must focus not on viewing ever-evolving AI as a threat, but on mastering its use.

The third trend is the worsening labor shortage. In Japan and other developed countries, declining birthrates and aging populations are making it increasingly difficult to secure talented personnel. Furthermore, even in emerging economies, labor shortages are becoming evident, and production systems that rely on low-cost labor are no longer viable. The importance of AI will continue to grow, and there will be heightened global demand for highly skilled talent capable of mastering AI. If such personnel are drawn to companies in Europe and the U.S. offering higher wages, how should Japanese companies respond? This represents a significant challenge.



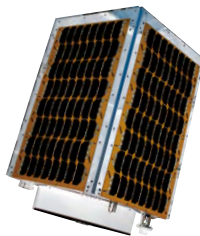
Message from the CEO

■ Leveraging AI to transform productivity and positioning the Space business as a new growth engine

— Specifically, how do you intend to steer the company?

Canon has worked tirelessly in pursuit of becoming a truly excellent global corporation, but our journey toward that goal is still ongoing. To achieve the four conditions I stated earlier, we must continue to set our sights even higher. First, we will thoroughly utilize AI. We will equip factory robots with AI to achieve the highest level of automation. We will also enhance our simulation technology not only for the production process, but also for development and prototype processes, drastically reducing both time-to-market and costs. We will also promote centralized management of intellectual property, which is scattered across various sites, through a company-wide shared platform, and use AI analysis to come up with new solutions. We are also considering offering services that use AI to analyze operating data from printing and medical equipment to further enhance the productivity of our customers.

Furthermore, we will earnestly develop the space business as a new growth engine, following the four pillars of our business portfolio. Within the Canon Group, Canon Electronics Inc. has worked on the development of ultra-compact satellites and other technologies. Going forward, Canon Inc. will take the lead in the development of the space business and further enhance its competitiveness by bringing together the Group's expertise in optics, sensing, equipment control, and image processing. In doing so, we aim to realize a space business capable of competing on the global stage at the earliest opportunity.



CE-SAT-IE microsatellite of Canon Electronics Inc. launched in February 2024



High-resolution photo taken from CE-SAT-IE microsatellite over Honolulu

■ Our commitment to high wages for high efficiency

— What is the biggest challenge in becoming a truly excellent global corporation?

The biggest challenge is to create high added value with a highly skilled and select workforce. In Phase VII, I will emphasize the key theme of "high wages for high efficiency" because I am

determined to overcome this barrier. To be more specific, the talented employees at world-class companies in the U.S., that I have so far used as a model, continually grow and strive for excellence without changing jobs. Not only are wage levels high, but employees take great pride in being part of the company, to the extent that there are families where grandparents, parents, and children are all employees. This is why such companies are able to continuously generate innovative technologies and services. In contrast, in Japan, companies have traditionally been expected to serve as employment safety nets, with lifetime employment still largely taken as a given. Wage levels remain lower than those at Western companies, and the overall structure makes it difficult for meaningful differentiation in pay to emerge.

Since its founding, Canon has steadfastly protected people's jobs, promoted the autonomous growth of employees through the so-called San-ji (Three Selves) Spirit, and was quick to implement a merit-based evaluation system. That is why we are confident in our ability to secure talented human resources. However, it is also true that there remains a significant gap between us and Western companies.

By harnessing AI and other technologies to achieve high efficiency, we will offer high wages to a small number of highly skilled employees on par with those offered by Western companies. If we do not, talented personnel will leave Japan—and Canon—for opportunities abroad. It is an extremely difficult challenge for a Japanese company, but having decided to pursue the vision of becoming a truly excellent global corporation, we are fully committed to seeing it through.

■ Pushing through reforms to achieve a 15% operating profit ratio

— How will you approach your 2030 targets of 5.6 trillion yen in consolidated net sales and an operating profit ratio of 15%?

In Phase VII, we expect to see strong demand for nanoimprint lithography, an entirely new semiconductor production-engineering technology. This technology forms patterns in the same way as stamping, and compared to conventional state-of-the-art lithography equipment, it can significantly reduce power consumption. Also, in the medical field, we see the likelihood of strong demand for our photon-counting CT system, which offers high performance while greatly reducing radiation exposure. We also expect digital industrial printers, as well as other markets, to steadily expand.

An operating profit ratio of 15% is not an easy target, but it is the minimum requirement for what we define as "exceptionally strong profitability," one of the four conditions I discussed earlier. From a global perspective, Canon's ability to generate profit is still not as strong as it needs to be, and across both our production and sales operations, there are still areas that have not fully adapted to changes in the market environment. We will drastically overhaul our business structure in order to achieve these goals without fail.



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Solving social challenges and realizing *kyosei*

- **Generating innovation with human resources and intellectual property**
— Sustainability initiatives are also a key element in becoming a truly excellent global corporation.

In 1988, Canon established the corporate philosophy of *kyosei*. Our aim is to create a society where all people, regardless of differences in culture, customs, language, or race, can harmoniously live and work together in happiness in the future. This is the fundamental concept behind our approach to sustainability. To realize this vision, we must always be at the forefront of innovation, have the courage to move beyond our past successes, and continuously strive to deliver new value to society. In doing so, the two most important strategies are those that relate to human resources and intellectual property.

The personnel we seek at Canon are strong individuals who can embody the corporate philosophy of *kyosei*. Since our founding, we have upheld the spirit of respecting humanity and valued every individual's sense of mission, responsibility, and ambition. In addition, we have embraced a "meritocracy" approach, implementing fair and impartial performance evaluation and treatment,



Canon Group Invention Awards: 40 years of innovation (1986-2025)

and have created an environment where an enterprising spirit can thrive. We have also enhanced our employee training systems in line with the trends of technological innovation. Given that AI will become a major driver of change in society up ahead, we are strategically acquiring and developing data science specialists, and we have also established training programs to raise the digital literacy of all employees. We are also running hands-on AI training tailored to each job type and organizational level, thereby raising our ability right across the Company to utilize AI in every workplace and to evolve the very design of our operations. We are also breathing new life into such initiatives as our internal job transfer system to boldly shift personnel into growth areas. We will maximize the abilities of each and every employee to achieve the greatest results with a highly skilled and select workforce. We will waste no time in establishing a framework that enables us to put into practice the "high wages for high efficiency" approach I mentioned earlier.

The inventions created by our highly skilled workforce will be fully leveraged through our intellectual property strategy. Acquiring and utilizing patents will remain a key business strategy for us going forward, and with technology, we will continue to meet the desire of people worldwide to be prosperous and happy. I am confident that making the most of our technology and creating inventions that contribute to social innovation will lead to even greater growth for Canon.

- **Reducing environmental impact over the entire product lifecycle**
— Canon has worked for many years on initiatives to recycle resources and fight global warming.

Protecting our irreplaceable global environment and passing it on to the next generation is also part of the *kyosei* philosophy. To that end, we are implementing initiatives in collaboration with partner companies and customers, not just at Canon Group locations, but across the entire product lifecycle. In the area of resource recycling, we were quick to establish a global system for collecting and recycling ink cartridges, and we are also expanding sales of refurbished office equipment. In 2024, we established a Sustainability Committee to spearhead Group-wide sustainability initiatives with the aim of achieving net-zero greenhouse gas emissions by 2050.



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To our stakeholders

- The conviction and resolve to see things through and the mission to entrust leadership to the next generation

—What is your message to stakeholders?

As society changes at an accelerating pace and people's values grow increasingly diverse, I feel that feedback from our stakeholders is extremely important in confirming the direction Canon ought to take. We will continue to listen sincerely to everyone's opinions and tackle the management issues that we may struggle to notice internally.

Until now, I have served in two major roles as Chairman and President & CEO, but with our five-year management plan entering Phase VII, Kazuto Ogawa will assume the position of President & COO, while I will become Chairman & CEO. I will focus on overseeing the Group as a whole and formulating strategy, while entrusting the execution of operations to Mr. Ogawa. He has extensive overseas experience and the ability to assess Canon's strengths and weaknesses based on global standards. During the COVID-19 pandemic, he demonstrated his ability as the head of our U.S. subsidiary by inspiring creativity among employees and achieving an impressive turnaround in a short period of time.

If I had to name just one essential quality for a corporate manager, I believe it would be humility. That is, to honestly acknowledge one's own failures and humbly listen to those around you. A leader who can unite an organization in difficult times is someone whose humility naturally shines through. I believe that Kazuto Ogawa fully possesses this quality. Going forward, I will support and mentor him closely for some time.

As AI begins to transform society in unprecedented ways, even with more than 30 years of management experience, I feel a renewed sense of responsibility. Even so, the very purpose of Canon's existence remains unchanged. It is to become a truly excellent global corporation that continually makes contributions to society in order to realize our corporate philosophy of *kyosei*. No single company can change society on its own. That said, we will not give up but instead join hands with our stakeholders and continue to set our sights on a society of coexistence, not division. I believe my mission is to fully pass on to the next generation the conviction and resolve to "be deliberate in council, and decisive in action," the credo that I have lived by as a business leader for more than 30 years.





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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.

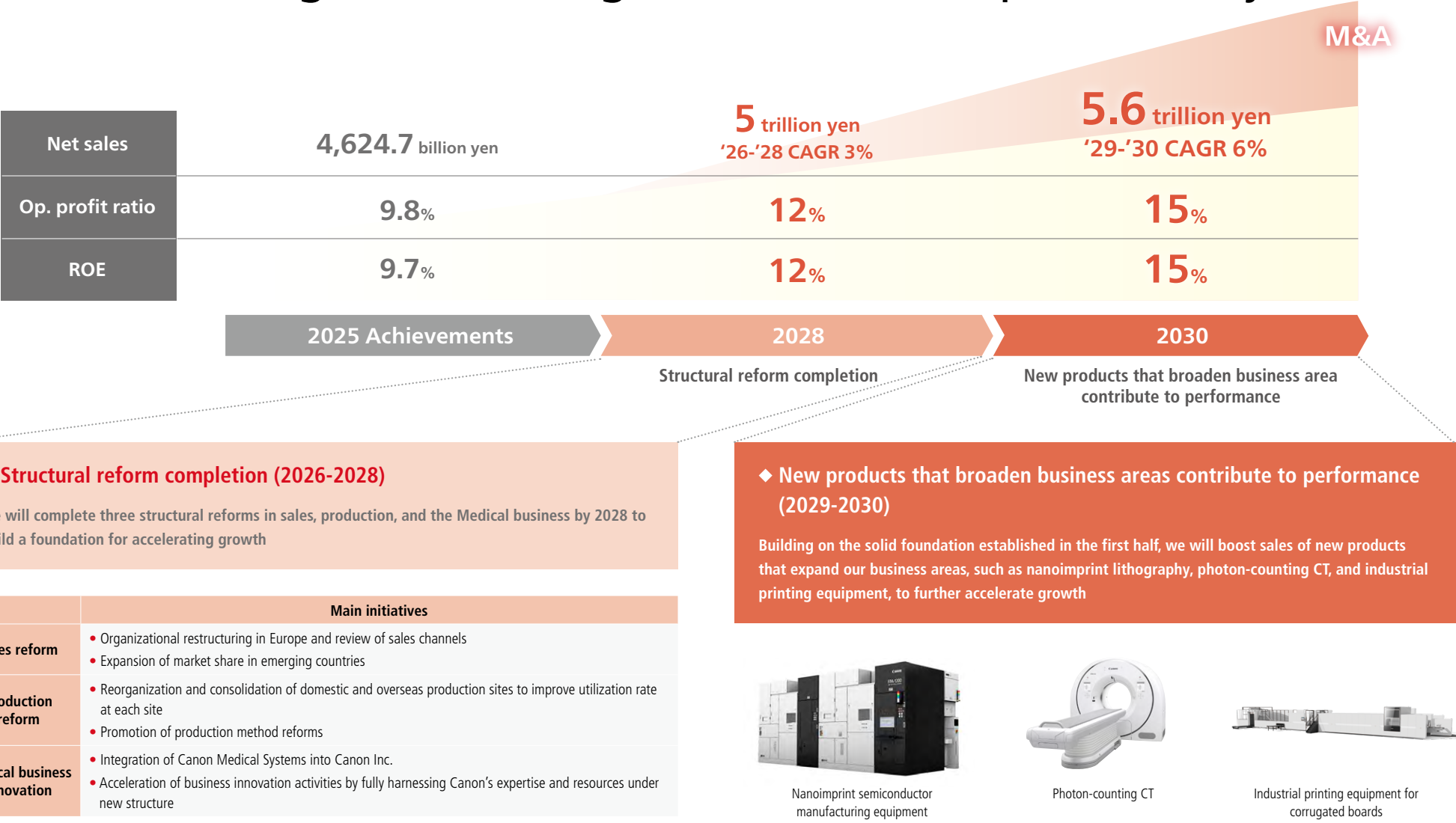
From 2026, Phase VII of the plan begins. Building on the management foundation established through Phase VI, Canon aims for its next stage of growth under the slogan "Achieve new growth through innovations in productivity."

	Phase I	Phase II	Phase III	Phase IV	Phase V	Phase VI
Themes and key strategies	Total optimization and profitability - Establish consolidated management operation - Introduce cash flow management - Innovation in development such as introducing 3D-CAD - Innovation in manufacturing through switch from conveyor belt to cell production	Increased competitiveness through digitalization - Strengthen product offerings through independent development of CMOS sensors, image processors and other key components - Speed up product commercialization through selection and concentration - Maintain focus on cash flow management	Reinforcing existing businesses and expanding into new areas - Expand profitability of main businesses - New production modes, such as manmachine cells where humans and machines work together - Expand areas of business through diversification, establish management system based on three regional headquarters	Enhancing growth and manufacturing capabilities - Diversify through horizontal rollout of existing businesses such as digital cinema cameras - Pursue aggressive M&A activities - Upgrade production through automation and introduction of robots - Innovation in procurement to reduce costs and ensure quality	New growth through a grand strategic transformation - Establish a new production system to reduce cost-of-sales ratio - Reinforce and expand new businesses - Restructure the global sales network	Accelerate productivity improvement and corporate portfolio transformation through new business creation - Strengthen and expand respective industry-oriented business groups - Promote production structure reform - Drive development innovation
Economic value	1.1x growth in net sales; 1.4x growth in net income (1996 → 2000) - Debt ratio 28.8% (1996) → 13.8% (2000) - Shareholders' equity ratio 38.1% (1996) → 45.9% (2000)	Record-high figures achieved for both net sales and income before income taxes in each of the five consecutive business periods (2001-2005)	- Maintenance of high shareholders' equity ratio 66.0% (2006) → 66.4% (2010) - Record-high income before income taxes (2007)	- Gross profit ratio reaches record high level 50.8% (2015) - Maintenance of high shareholders' equity ratio 64.9% (2011) → 66.8% (2015)	Net sales from new businesses: 12% (2016) → 28% (2020) (target)	Achieved Phase VI net sales target one year ahead of schedule, and posted record-high net sales in final year (2025)
Social value	- Digitalization of cameras, multifunction devices, etc., in line with the development of the IT environment; supply of digital cameras and copying machines in line with subsequent mass adoption of PCs and the Internet - Progress with development and production of CMOS sensors for digital cameras to establish presence in the image sensor market Development using 3D-CAD	- Market launch of digital cameras and printers in line with the increasingly widespread use of PCs and the Internet - LCD lithography equipment contributes to the spread of large-screen LCD television sets LCD lithography equipment released for sale in 2002	- Network MFDs realized seamless linking of input and output of paper and digital documents - Promotion of digital commercial printing business that identifies industry needs and facilitates variable data printing and other types of printing operation Development in progress at Canon Production Printing	- Expansion of network camera business amidst increased awareness of security among society - Cinema EOS System brings new range of visual expression to the film and television industry Full-fledged entry into the video production market in 2011 with the Cinema EOS System	- Expansion of medical business with products that reduce the burden on both patients and medical professionals - OLED panel manufacturing equipment facilitates adoption of OLED displays in smartphones, televisions, etc. Diagnostic ultrasound system by Canon Medical Systems	- Expanded EOS R System lineup, and broadened video shooting and still photography possibilities of mirrorless cameras - Achieved 95.5% reused parts ratio in refurbished multifunction devices, contributing to resource recycling Remanufacturing that enables reuse of used multifunction devices

Excellent Global Corporation Plan Phase VII

Slogan

Achieve new growth through innovations in productivity





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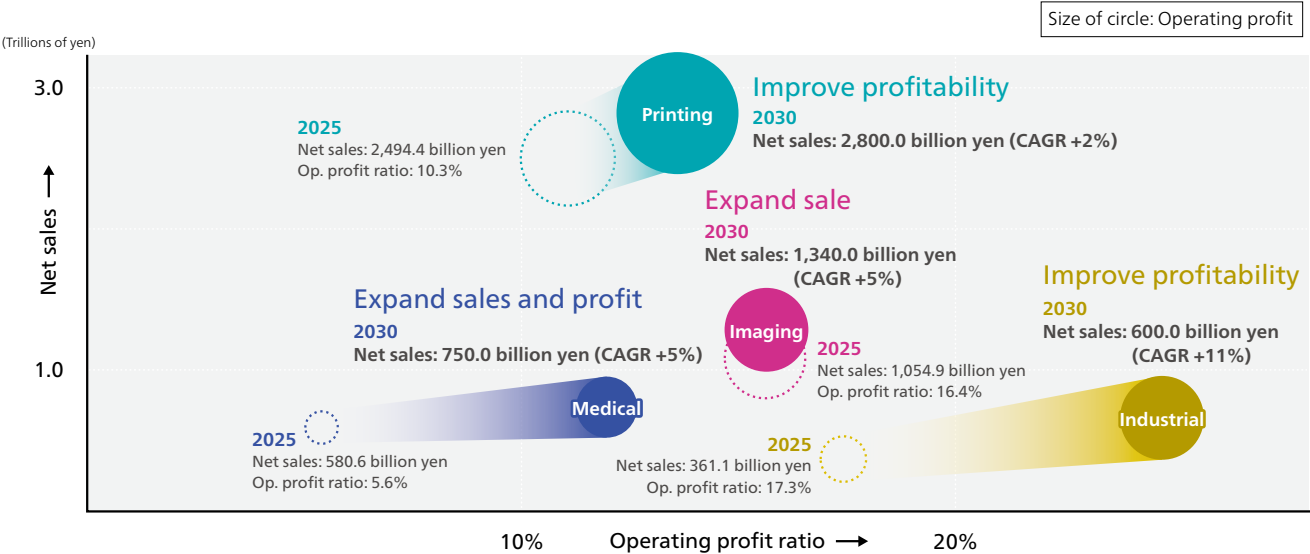
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Excellent Global Corporation Plan Phase VII

◆ 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

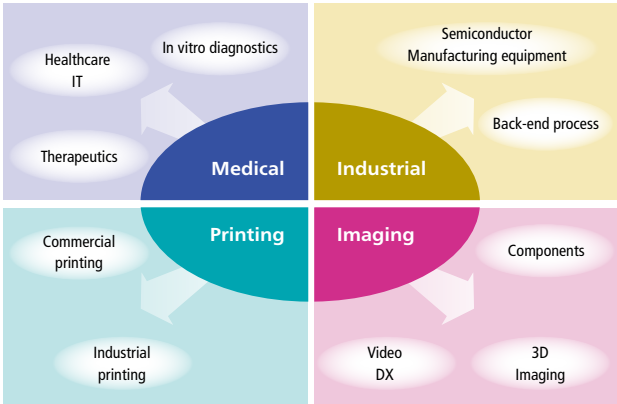
◆ Creation of solutions businesses that utilize AI

- 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



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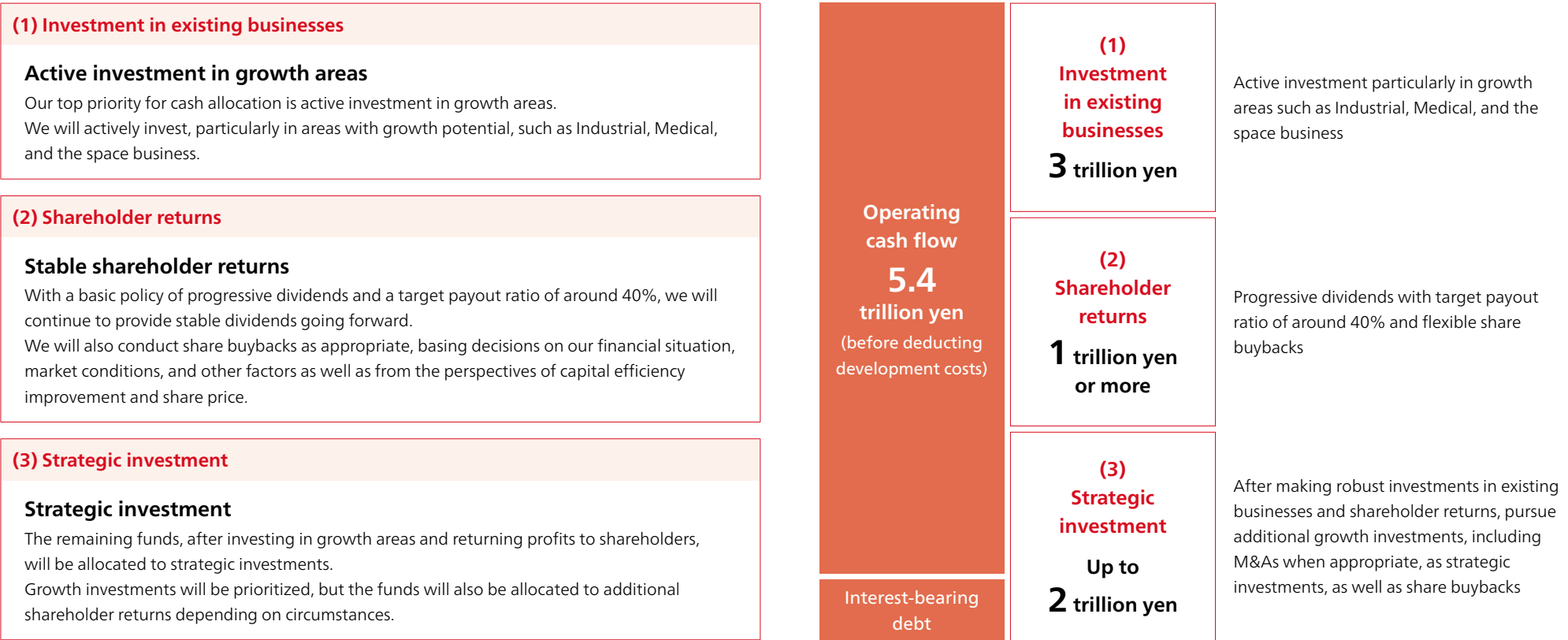
◆ Excellent Global Corporation Plan Phase VII: Financial Strategy

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.





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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

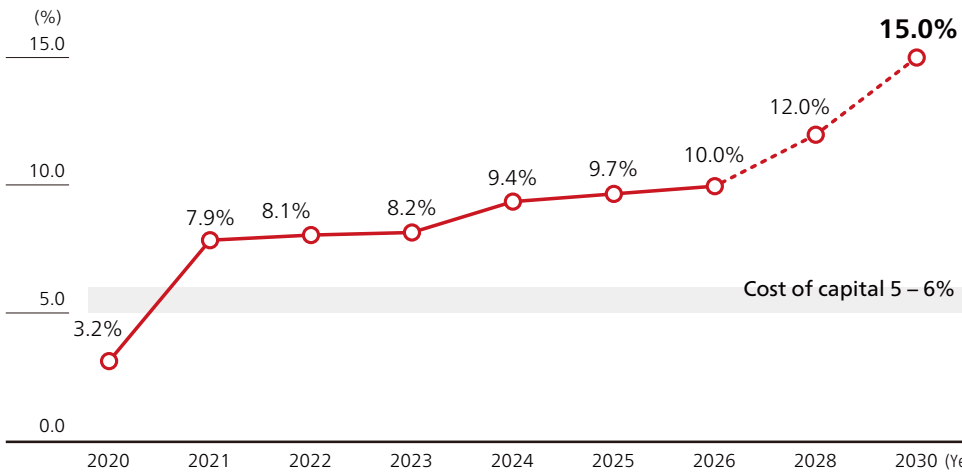
Asset efficiency improvement

- 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	8.6	10.5
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



Value Creation Process

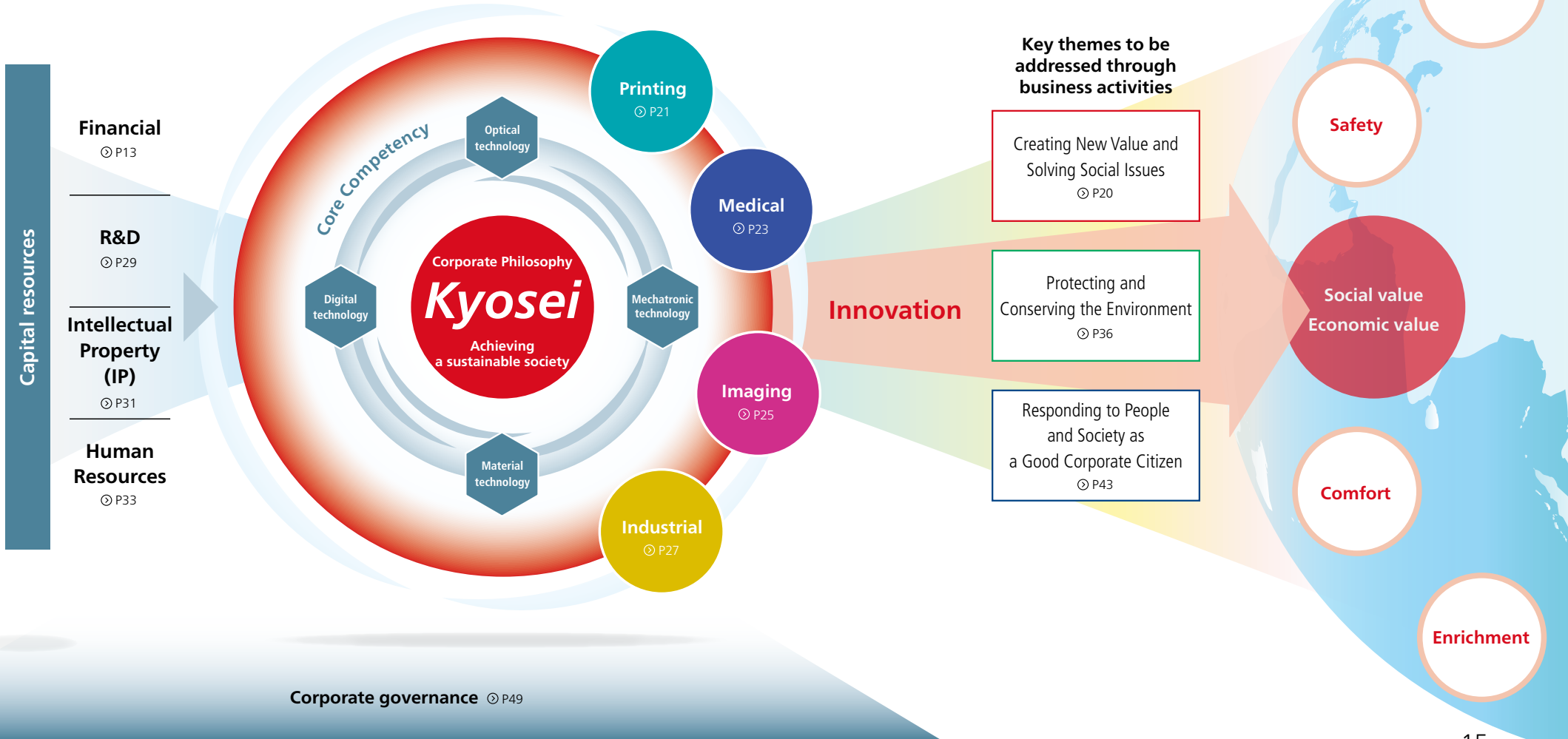
Based on the corporate philosophy of kyosei, Canon is working to establish competitive advantages and maximize business value through the business activities of our four industry-oriented business groups by making full use of our abundant management resources and core competency technologies.

Furthermore, we have identified three key themes to be addressed through our business activities and will create new value that contributes to enhancing security, safety, comfort, and enrichment of society.

Through this value-creation process, Canon aims to achieve both social and economic value, and contribute to achieving a sustainable society and the enhancement of corporate value.

Business strategies

Excellent Global Corporation Plan Phase VII

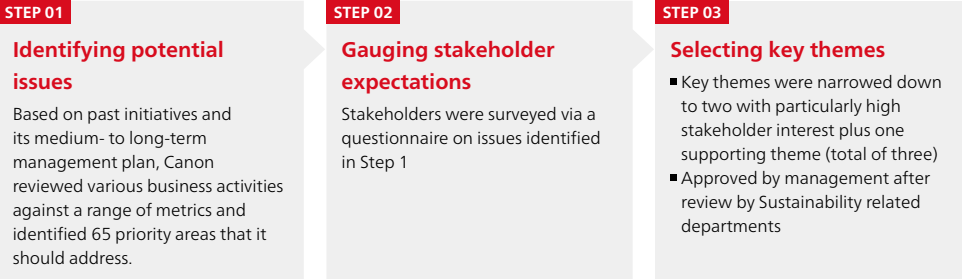




Key Themes and SDGs

Process to identify key themes

At Canon, we selected key themes using a three-step process, as outlined below. “Creating New Value and Solving Social Issues” and “Protecting and Conserving the Environment” were identified as themes of particularly high stakeholder interest. In addition, we selected “Responding to People and Society as a Good Corporate Citizen” as a third supporting key theme.



Stakeholder Questionnaire Survey*

Canon carries out stakeholder questionnaire surveys to better understand the social issues stakeholders are interested in as well as the expectations they have of the Company in response to trends within and outside the Group. We use the survey results along with the opinions of sustainability experts, investors, and others to evaluate the validity of the key themes and review them as appropriate. We also use the surveys to analyze the impact of Canon’s business activities on society and further improve our corporate activities.

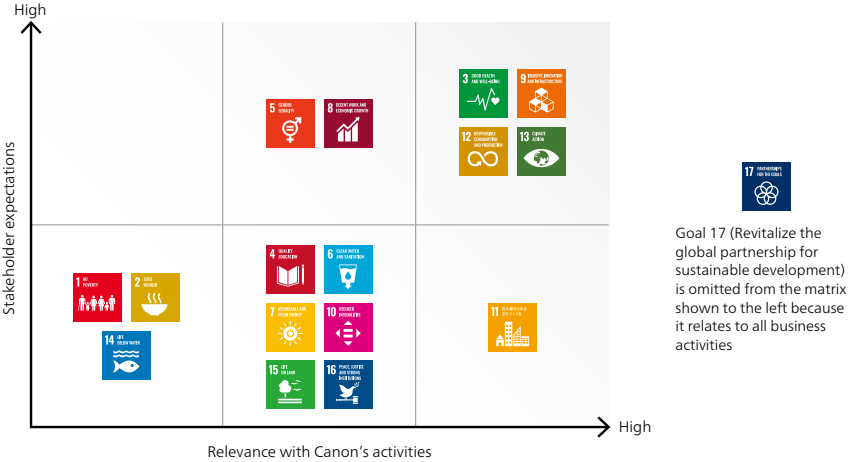
*Stakeholder Questionnaire Survey Outline: Stakeholders including consumers, suppliers, investors/analysts, NPOs, civic groups, persons affiliated with universities/research institutions, and national/local governments in Japan, the Americas, Europe, Asia, and other regions (total: 100 stakeholders)

Three key themes

Identified key theme		Stakeholder expectations (excerpts)	Typical measures	Related SDGs
Creating New Value and Solving Social Issues		- Development of medical technology that contributes to human health and the prevention of disease - Advancing security technology to contribute to the safety and security of society - Development of products and technologies that lead to affluence and delight for people in the fields of photography and imaging	We are working to create new value and address social issues through the business activities of the Printing, Medical, Imaging, and Industrial groups P20-28	
		- Promotion of energy conservation and utilization of renewable energy - Reuse and recycling of used products - Reduction of waste and prevention of water and soil pollution	- We are disclosing information to meet the needs of our stakeholders, including content in line with TCFD Recommendations P37-39 - We are working throughout product lifecycles to achieve net-zero GHG emissions by 2050 P38-39 - We are reducing resource consumption and realizing advanced resource recycling P40 - We are promoting management of the entire supply chain, including management of chemical substances in products P41	
Responding to People and Society as a Good Corporate Citizen	Human Rights and Labor	- Respect for basic human rights and prevention of discrimination and harassment - Appropriate wage and working hour management	We respect human rights, including by formulating the Canon Human Rights Policy and identifying human rights-related risks P43-46	
	Social Contribution	- Utilizing business activities to contribute to social welfare - Support for nurturing the students and children who will lead the next generation	We promote activities across the supply chain that consider the needs of the global environment, people, and society P47-48	

Contributing to Achievement of SDGs via key themes

Canon is contributing to the achievement of the SDGs through various business activities. The chart below plots each SDG according to stakeholder expectations as gauged via our survey, versus the degree of relevance for Canon’s activities based on the three key themes we identified. While gauging any shifts in societal expectations as accurately as possible, Canon contributes to the achievement of the SDGs through the effective utilization of its proprietary technology and solutions.





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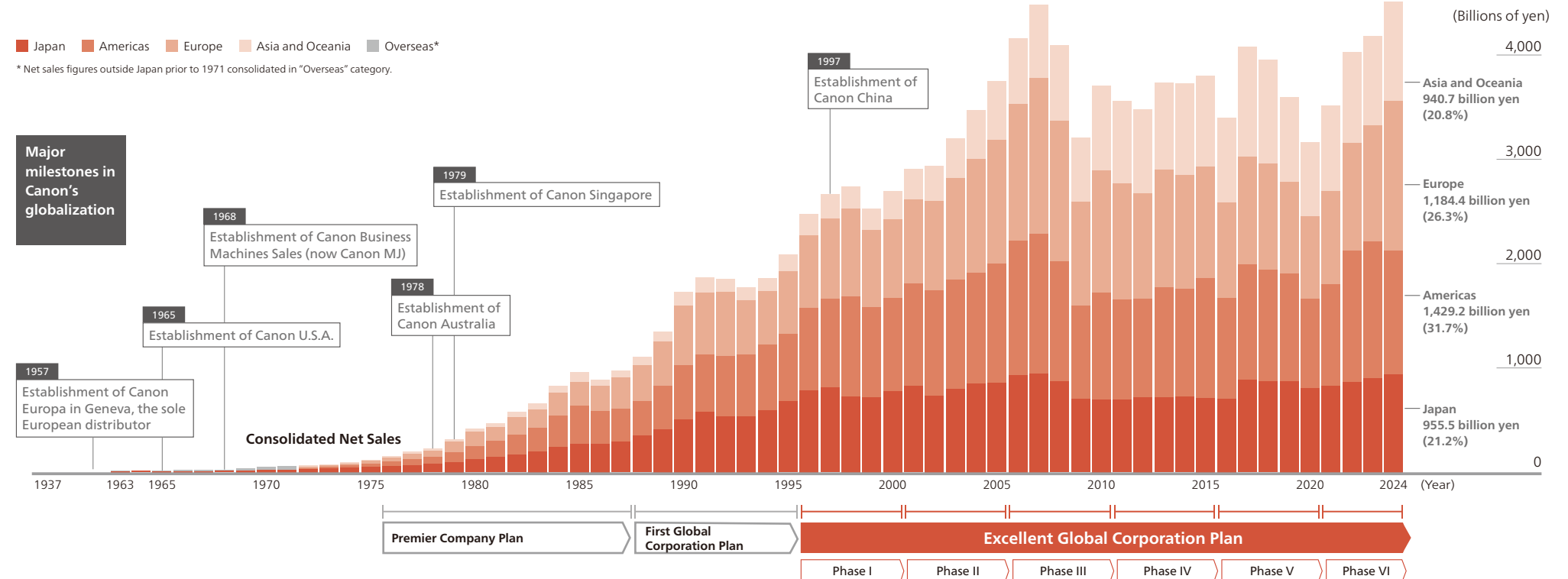
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Governance

Company Overview

History of Canon — Globalization

Canon was quick to expand internationally and has since grown into a global brand



1950s

- Corporate headquarters and factory consolidated in Shimomaruko in 1950
- Established first overseas site in New York in 1955



1960s

- Began sales in the US of products such as Canonflex, Canonet, and Canola 130



1970s

- Established first production facility outside of Japan, Canon Taiwan, in 1970
- Established first production site in Europe in Germany in 1972



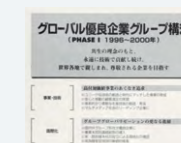
1980s

- Began OEM supply of laser printers to Hewlett-Packard (US) in 1984



1990s

- Launched the Excellent Global Corporation Plan in 1996 to enhance international competitiveness



2000 onwards

- Listed on the New York Stock Exchange in 2000 (delisted in March 2023)





History of Canon

Current Globalization

(as of Dec.31, 2025)

Net sales (2025)

¥4,624.7 billion

Employees

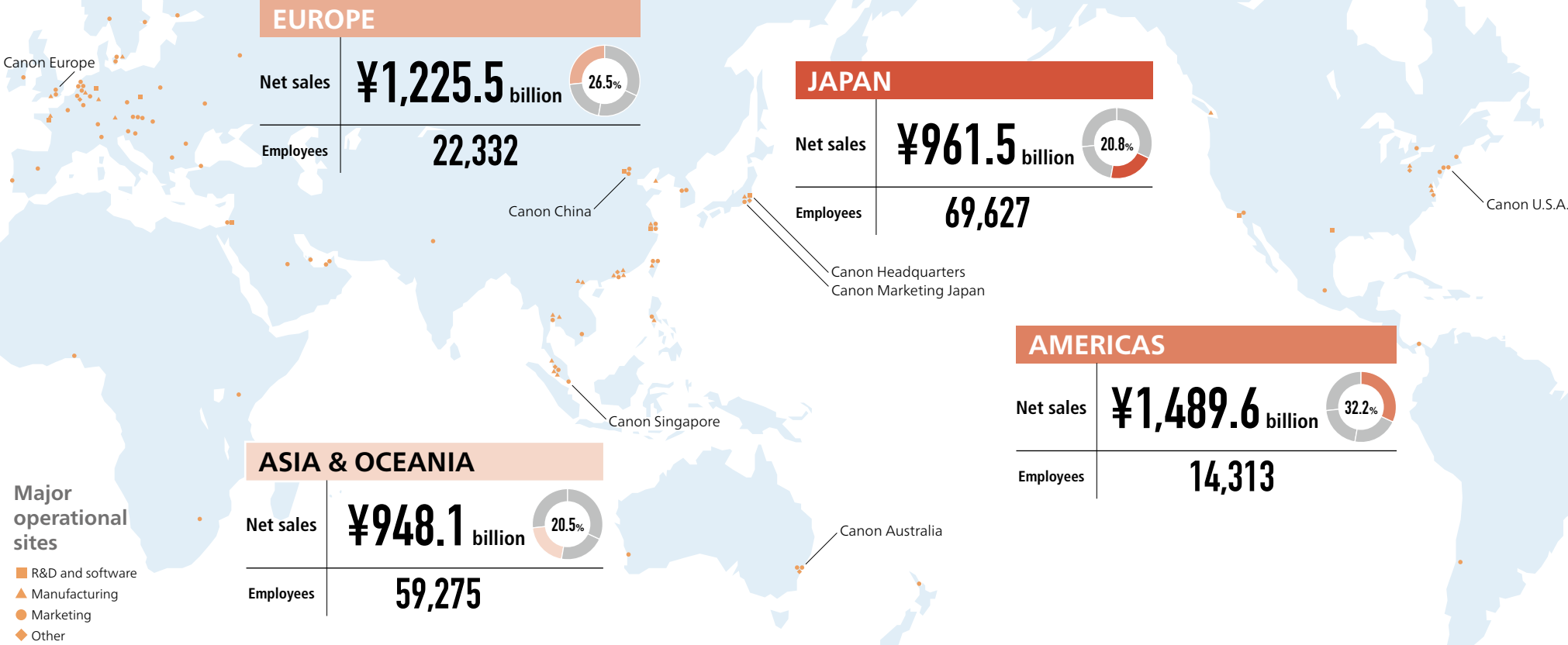
165,547

Net income (2025)

¥332.1 billion

Consolidated subsidiaries

321





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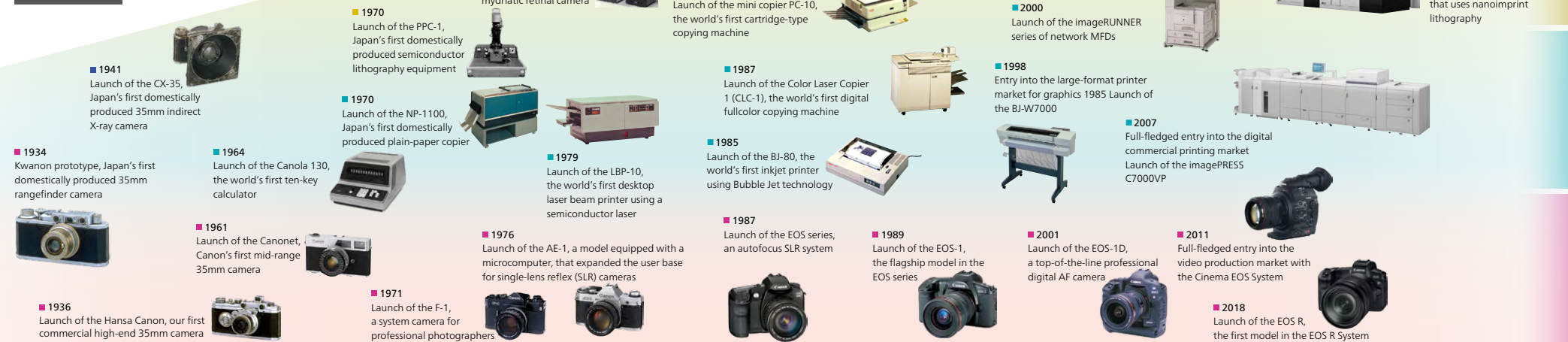
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History of Canon — Diversification

Canon has always created new businesses by integrating existing technologies with new state-of-the-art advances

Timeline of major products



Key events driving diversification

Printing

- 2010: Océ (now Canon Production Printing), a major manufacturer of commercial and industrial printers, joins the Group
- 2022: Edale, a manufacturer of label and packaging printers, joins the Group

Medical

- 2016: Toshiba Medical Systems (now Canon Medical Systems), a major medical device company, joins the Group
- 2019: Quality Electrodynamics (QED), a developer of high-frequency coils, a core component of MRI machines, joins the Group
- 2021: Redlen Technologies, a developer of radiation detection technology for photon counting CT, joins the Group
- 2023: Minaris Medical, a manufacturer of in-vitro diagnostic pharmaceuticals and automated analyzers, joins the Group

Imaging

- 2014: Milestone Systems, a leading provider of video management software, joins the Group
- 2015: Axis Communications, a major network camera manufacturer, joins the Group
- 2018: BriefCam, a provider of video content analytics software, joins the Group

Industrial

- 2005: ANELVA (now Canon ANELVA), a manufacturer of vacuum and thin-film technologies, and NEC Machinery (now Canon Machinery), a provider of automation and semiconductor manufacturing equipment, join the Group
- 2007: Tokki (now Canon Tokki), a provider of OLED manufacturing equipment, joins the Group
- 2014: Molecular Imprints (now Canon Nano Technologies), a developer of nanoimprint lithography equipment, joins the Group

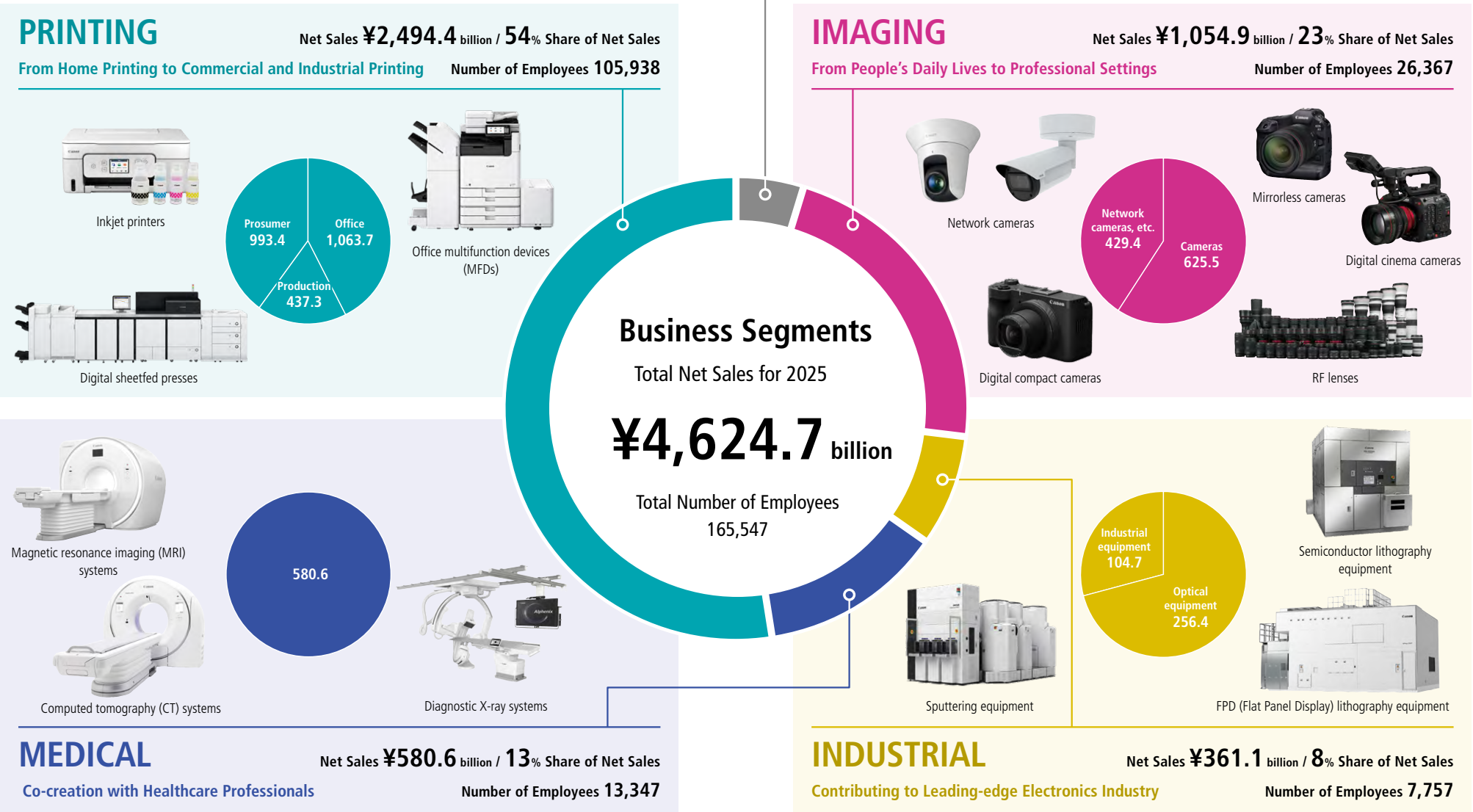
New businesses

- 2023: Canon acquires technology from Kyoto Seisakusho for mass production of cells for use in treatment and other clinical applications
- 2026: Canon Electronics was made a wholly owned subsidiary, positioning the space business as a future growth driver



Business Strategy — Business Overview

We will review our technological capabilities and business areas from the perspective of our four industry-oriented business groups, actively pursue M&A, strengthen our development and production systems, and create new businesses.



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



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Business Strategy — Printing

One cannot talk about economic development, cultural succession, and scientific progress without printed paper. Through print, Canon supports human activities such as thinking, collaborating, and enjoying life, thereby contributing to the creation of new value for humanity and the storage and transmission of value. In some situations, paper printing surpasses digital data and displays in terms of speed and convenience.

To continue meeting these needs, Canon will provide products and related services for a wide range of applications, from home and office use to commercial and industrial printing.

Going forward, we will provide a wide range of solutions that enable printing to be done securely, safely, easily, and comfortably, thereby building cyber-physical systems in which high-performance hardware and advanced software, including the effective use of AI, work together through the cloud.



Business Environment

Competitive Advantages	- Ownership of both electrophotography and inkjet technologies for digital printing and a broad range of products including those for consumer, office, and commercial printing, all of which are organically integrated. - Globally distributed sales, service, and support network, ability to mass-produce high-performance printers for large-scale systems, and advanced technical capabilities to even make production equipment in-house
Business Opportunities	- Demand for new printing and document solutions driven by advancements in IT - Demand for new print services as work styles diversify and work locations become more decentralized - Expansion of print demand driven by the shift to digital in commercial and industrial printing sectors
Risks	- Accelerated decline in print volumes linked to widespread adoption of paperless processes - Delay in roll out of digital services suited to the new era - Impact on production due to supply chain disruptions

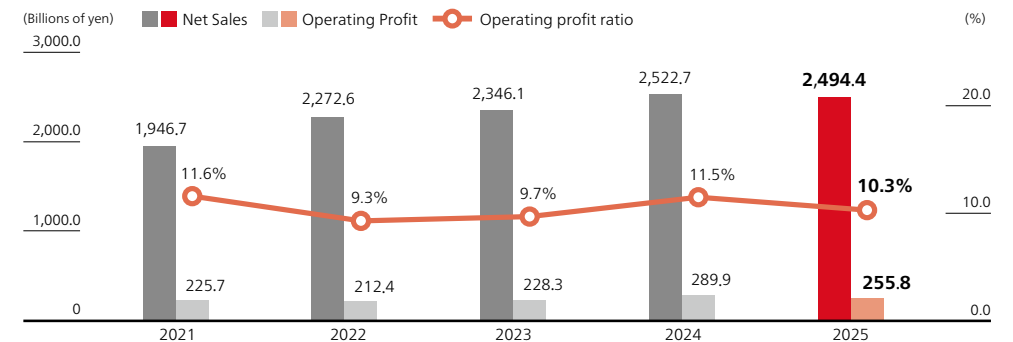
Performance in 2025

Promoting sales expansion measures for future growth

For the business unit overall, sales declined by 1.1% due to the impact of U.S. tariffs as well as delays in the purchasing of printing equipment in Europe and Asia driven by economic uncertainty. Even in this challenging business environment, we steadily advanced sales expansion measures in each business.

In the commercial and industrial printing businesses, we began supplying digital printing equipment to Heidelberger Druckmaschinen AG, a leading provider of offset printing equipment; this broadened our sales channels to accelerate sales of cut-sheet machines. As for office MFDs (office multifunction devices), we rolled out core models of the new imageFORCE series, our first in 15 years, which incorporate new technologies that significantly enhance product functions. As for inkjet printers, unit sales increased, primarily driven by our full lineup of refillable ink tank models.

Results of Excellent Global Corporation Plan Phase VI





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Business Strategy — Printing

Excellent Global Corporation Plan Phase VII

The market of our printing business is maturing, and overall it is expected to continue on a path of gradual decline. However, we aim to achieve an annual growth rate of 2% across the entire business by expanding market share, primarily in areas where growth or continued high print volume is expected, such as digital commercial and industrial printing and markets for specific industries.

Specifically, in inkjet printers, we will continue expanding sales of refillable ink tank models to capture demand associated with remote work and small office/home office (SOHO) use, while also expanding our B2B lineup. Our new imageFORCE series of office MFDs features new technologies that improve basic performance such as image quality and productivity and deliver streamlining of maintenance tasks through cloud-integrated smart services. By combining solution products that meet customer needs, we aim to increase the value provided to users and dealers and further expand market share. As for commercial and industrial printing, in the expanding digital printing equipment market, we will accelerate sales growth by expanding our business scope, introducing new products into areas that we have not been able to cover before.

In addition to sales growth, we will pursue structural reforms in both sales and production to improve profitability. On the sales front, following the optimization of our organizational structure in the U.S. and Asia, we are currently reviewing our structure in Europe, and we aim to complete global optimization by 2028 to improve profitability. In terms of production, we will reduce asset holdings and boost utilization rates by consolidating our overseas production sites, thereby improving our cost structure. At the same time, as part of our reform of the production system, we will streamline in-house production by utilizing external outsourcing while promoting the construction of man-machine systems where humans and machines work together, the standardization of parts, and the automation of in-factory logistics. In this way, we will make our production more competitive.

2030 Target

Net Sales

2,800

billion yen

New TechnologyNew Product

Accelerating growth in commercial and industrial printing

In the commercial and industrial printing markets, demand for short-run production for a broad range of applications is expanding and the shift from analog to digital printing continues. Amid this, Canon’s digital printing equipment business continues to grow. In particular, the industrial printing market for product packaging and packing materials is rapidly shifting toward digitalization, creating expectation for high growth.

Canon has earned high praise from the industry by continually working to improve image quality and productivity while incorporating customer feedback. In particular, Canon’s varioPRINT iX3200 has secured a high market share in the field of high-speed sheetfed inkjet presses. In the future, our lineup will expand to include the varioPRINT iX1700, which balances price and productivity, and the varioPRESS iV7, which supports B2-sized paper, with the aim of further business expansion.

We will also further expand our future business by making a full-scale entry into the high-growth industrial printing sector. To accelerate the expansion of our business areas, we will enhance our industrial printing product lineup, including the LabelStream LS2000, an inkjet label press for labels for food and other daily necessities and the corrPRESS iB17, an inkjet press for industrial-scale corrugated packaging printing.



LabelStream LS2000 inkjet press for industrial-scale label printing



corrPRESS iB17 inkjet press for industrial-scale corrugated packaging printing



Business Strategy — Medical

Against a backdrop of rapidly aging populations worldwide and rising healthcare costs, measures to promote better health and prevent disease are now common challenges in countries around the world. Canon believes that being sensitive and empathetic to the concerns of patients and healthcare professionals while providing advanced technologies that meet the needs of the medical community in an easy-to-use and economical manner is key to sustainable value creation.

The Medical Business offers a variety of products and services in the three fields of diagnostic imaging, healthcare IT, and in-vitro diagnostics.

In the diagnostic imaging field, our CT, MRI, and angiography systems capture higher-resolution images that contribute to early detection of diseases and reduce the burden on patients through lower exposure doses and shorter examination times. In the healthcare IT field, we support decision-making in the medical field by utilizing AI and IoT to integrate, analyze, and process a wide range of medical data including diagnostic images and patient information. In the in-vitro diagnostics field, we are working on the development of reagents as well as clinical chemistry analyzers to support the early detection and diagnosis of diseases.



Business Environment

★ Competitive Advantages	- Over a century of knowledge gained in the medical field as well as partnerships with healthcare professionals - Superior imaging and manufacturing technologies developed through cameras and printing - Sales and service network covering more than 190 countries and regions
🔍 Business Opportunities	- Improving the added value of diagnostic imaging systems and solutions through the use of AI - Advancing biotechnology, including genetics, and regenerative medical technologies - Adoption of remote medical support and training driven by advancements in DX tools
⚠️ Risks	- Stricter medical laws and regulations and changes in healthcare policies in each country and region - Greater adoption of policies that give preferential treatment to local production of medical devices

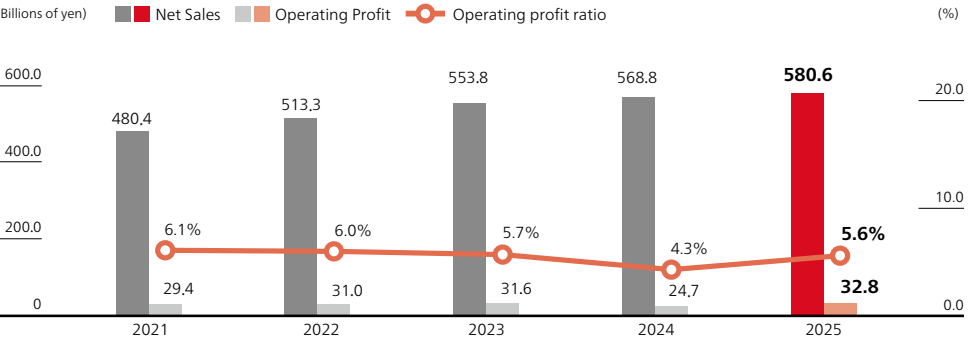
Performance in 2025

Sales growth primarily in the U.S. and emerging markets where we are strengthening our sales structures

In the U.S., which is positioned as a key region for sales growth, we have made progress in building relationships with some of the world's leading medical institutions, including the Cleveland Clinic, which has led to orders for large-scale diagnostic imaging equipment. Sales also increased due to higher sales of diagnostic ultrasound systems through newly contracted dealers. In emerging markets, we expanded our sales channels by establishing local subsidiaries and signing new agency agreements, resulting in steady sales growth throughout the year, particularly in Latin America and Asia.

In April, Canon launched the Aquilion Rise multi-position CT scanner, which can scan patients standing, sitting, or in the traditional lying-down position, depending on the area and symptoms being diagnosed, thereby providing new clinical value by enabling the detection of diseases and dysfunctions that were previously difficult or impossible to detect.

Results of Excellent Global Corporation Plan Phase VI



Business Strategy

Medical

Excellent Global Corporation Plan Phase VII

We will further strengthen our sales structure and expand sales in the U.S., the world’s largest and most advanced market for medical equipment. Increasing market share in the U.S. will boost Canon’s presence in the medical industry, have a positive effect in emerging countries where continued market expansion is expected, and accelerate sales growth across the entire medical business.

In terms of products, we aim to expand our market share overseas by leveraging the strengths of our CT products, which have a high market share in Japan. Following the world’s first whole-body multi-position CT scanner released last year, this year Canon has launched its own photon-counting CT, a next-generation CT scanner that is expected to improve diagnostic capabilities through its dramatically higher resolution. By enhancing our reputation among key opinion leaders through the launch of these groundbreaking products, we aim to increase sales of our existing product line of diagnostic imaging equipment and achieve an overall annual sales growth rate of 5%.

Efforts by the Medical Business Innovation Committee, launched in 2024, to improve earnings are progressing steadily. In April 2026, Canon Medical Systems Corporation will be split and absorbed by Canon Inc. We will accelerate reforms while making full use of Canon’s resources and know-how, aiming to achieve a profit ratio of 10% as soon as possible.

2030 Target

Net Sales

750
billion yen

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New Technology

New Product

Launch of first domestically produced* PCCT system Ultimion

While conventional CT scanners offer shorter examination times and clearer images compared to MRI, they have the drawback of requiring a small amount of X-ray exposure. PCCT is attracting considerable attention from the medical industry and is being called the next-generation CT technology because it can obtain higher-definition images with less X-ray exposure thanks to a completely different detection method.

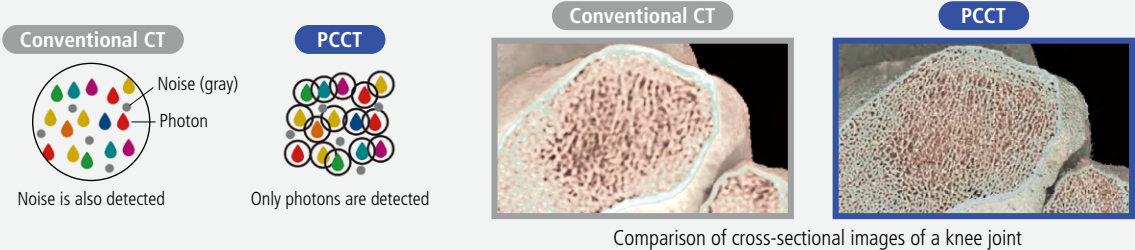
Canon’s PCCT not only produces high-resolution images and achieves low radiation exposure, but can also identify specific substances within the body with high precision, which is expected to enable early detection of very small lesions and detailed assessment of subtle pathological changes.

Canon has been participating in clinical research using PCCT at major medical institutions in Japan and abroad since 2023. As a result of developing new diagnostic methods and verifying their clinical usefulness, we obtained approval for PCCT under pharmaceutical and medical device laws in Japan in 2025 and will be launching the product in 2026.

* As of April 8,2026, based on Canon research

Advantages of PCCT

Conventional CT systems generate diagnostic images by accumulating a certain number of X-ray photons (the smallest quanta of light) and then measuring the quantity of photons. With this method, photons are first accumulated and then measured all at once, which means that any noise present is also measured. PCCT, on the other hand, counts photons one at a time at high speed and accurately, making it possible to distinguish noise, resulting in high-resolution images with noise removed.





Business Strategy — Imaging

In every aspect of society, visual information is utilized. In addition to products and services that provide the enjoyment of capturing images and the joy and emotional impact of viewing them, Canon provides solutions that transform image data into value that meets customer needs.

As for cameras, which account for approximately 60% of the Imaging Group's sales, through high-quality camera bodies that deliver excellent image performance and a wide variety of lenses that meet diverse shooting needs, we enable photographers and videographers to realize their ideal expression and deliver visual experiences that make people "feel happy." As for network cameras, for which demand is expanding due to growing security awareness worldwide, we are contributing to the realization of a safe and secure society by providing video solutions that integrate cameras with video management software and video analytic applications. We are also helping customers improve the efficiency of their operations as the use of network cameras as video solutions expands in sales and production environments.

In this way, the Imaging Group will contribute to enriching lives, culture, and education by providing visual experiences that bring happiness to people and video solutions that help solve social issues.



Business Environment

★ Competitive Advantages	- Trust in, and recognition of, a history-making brand that has been used by professionals in the camera industry over many years - Ability to deliver value as a leading company in the field of imaging, established through advanced optical, camera, and image processing technologies - Product portfolio that includes network cameras, video management software, and video analytics applications, as well as ability to supply products and services on a global scale
🔍 Business Opportunities	- Growing need for video shooting and rising demand for cameras among young people - Expanding demand for video solutions driven by DX ✓ Growing demand for new forms of visual expression, such as the fusion of the real and virtual worlds and 3D ✓ Possibility for dramatic improvements in camera and lens functionality and performance driven by advances in AI technology
⚠️ Risks	- Changes in market environments due to global inflation and instability in world affairs ✓ Delayed response to rapidly evolving and diversifying customer needs ✓ Growing concerns about authenticity of images due to misuse of AI technology

Performance in 2025

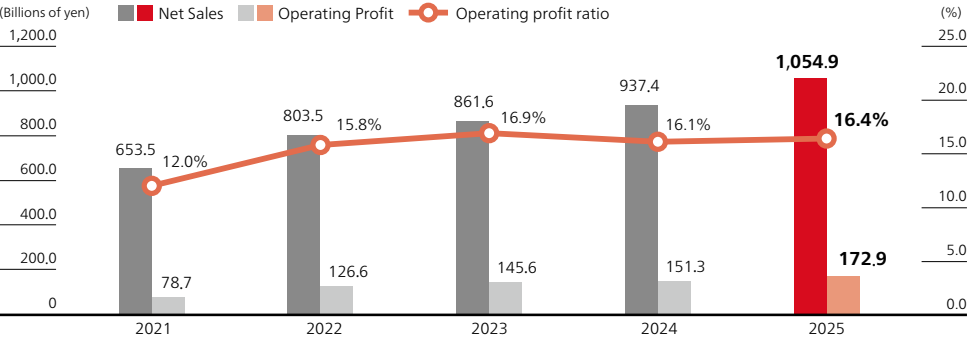
Both cameras and network cameras performed well; sales exceeded 1.0 trillion yen

In interchangeable-lens cameras, we expanded sales, particularly of entry-level models, amid an increase in camera users, especially young people. We boosted sales through the launch of new mirrorless cameras, namely the EOS R50 V in April and the EOS R6 Mark III in November. As a result, we have held the top market share in interchangeable-lens cameras for 23 consecutive years. We also boosted sales through an increase in production of compact digital cameras, for which demand is growing particularly among young people.

As for network cameras, the market continues to grow, driven mainly by the security sector. Leveraging our strong global sales channels, we captured expanding demand. Through this, we significantly increased sales of both network camera hardware and software to achieve double-digit full-year sales growth.

As a result, on a consolidated basis, sales for the Imaging Group increased by 12.5% to 1,054.9 billion yen in comparison to the previous fiscal year, exceeding the one-trillion-yen range.

Results of Excellent Global Corporation Plan Phase VI



Business Strategy

Imaging

Excellent Global Corporation Plan Phase VII

The camera market continues to grow at a gradual pace due to expanding demand for video and an increase in new users, mainly young people. To cater to such a diverse range of customers and shooting styles, Canon offers a wide range of products, from cinematography equipment to mirrorless cameras and compact digital cameras, and will continue to strengthen its lineup in the future. Along with our cameras, by continuing to expand our RF lens lineup, which reached 63 models in 2025, we aim to maintain our top market share and further increase sales.

The network camera-related market is growing rapidly, driven by continued demand for safety and security, as well as the expansion to AI-powered video analytics applications for purposes such as marketing and improving work efficiency. Sales of our AXIS network cameras in particular are growing thanks to their advanced product capabilities and strong brand. Going forward, we aim to achieve above-market sales growth by not only enhancing the network camera product itself but also expanding the solutions business, for example through integration with peripherals and systems and support for the cloud.

The Imaging Group as a whole aims to increase sales by an average of 5% annually, targeting 1.34 trillion yen in 2030.

2030 Target

Net Sales

1,340

billion yen

New Technology

New Product

Focus on compact digital cameras, which are back in the spotlight

Now that everyone owns a smartphone, there is growing need among social media users, especially young people, for photo and video capture capabilities that go beyond smartphones. Furthermore, because owning a compact digital camera is seen as a fashion statement by the younger generation, compact digital cameras are once again attracting attention, and as a result, the market is expanding.

In 2025, to meet robust market demand, we expanded production to increase sales volume, and in addition to our conventional models that focus on still images, we released the PowerShot V1, a model primarily designed for shooting video.

Going forward, we will continue to expand our lineup of compact digital cameras to meet the diverse needs of the market, providing new value in the form of exciting ways to experience both still images and video.



PowerShot V1



PowerShot G7 X Mark III



PowerShot SX740 HS



IXY 650 m





Business Strategy — Industrial

Digital technology innovations such as AI, IoT, and 5G are the driving force behind the creation of social infrastructure and the realization of industrial innovation around the world. Canon will contribute to the development of society by supplying manufacturing solutions that incorporate its proprietary optical and precision control technologies and software technologies such as AI for the advanced electronics industry.

Canon's Industrial Group provides industrial equipment such as lithography equipment, which plays an important role in the production of semiconductor devices, flat panel display (FPD) lithography equipment, which is indispensable to the production of smartphones and TVs, and manufacturing equipment, which has become the industry standard for producing high-definition OLED displays. Because semiconductor and display manufacturing processes consume large amounts of electricity, the Industrial Group has set its own goals for reducing CO₂ emissions*¹ and improving resource efficiency*², with the aim of providing innovative and environmentally responsible products.

*1 For the i-line (mercury lamp) lithography equipment FPA-5550iZ series and the KrF (krypton fluoride) lithography equipment FPA-6000E56a series, we aim to reduce CO₂ emissions associated with raw materials and operation by 50% on a per-wafer basis by 2030 (i-line: compared to 2008, KrF: compared to 2009)

*2 Promoting the extension of equipment service life, we aim to achieve an operational availability of 95% or higher in 2030 for i-line and KrF lithography equipment shipped from 2001 onward



Related SDGs

Business Environment

★ Competitive Advantages	- Broad product lineup that contributes to improving customer productivity and reducing cost of ownership and workforce with high levels of technical expertise and experience - Nanoimprint lithography technology that achieves miniaturization with low power consumption and low cost
🔍 Business Opportunities	- Global expansion of semiconductor market due to rising demand for AI, IoT, and EV-related products - New capital investment to strengthen semiconductor manufacturing sites in countries and regions around the world
⚠️ Risks	- Volatility due to business cycles of semiconductor and FPD industries - Laws and regulations influenced by international politics and other factors

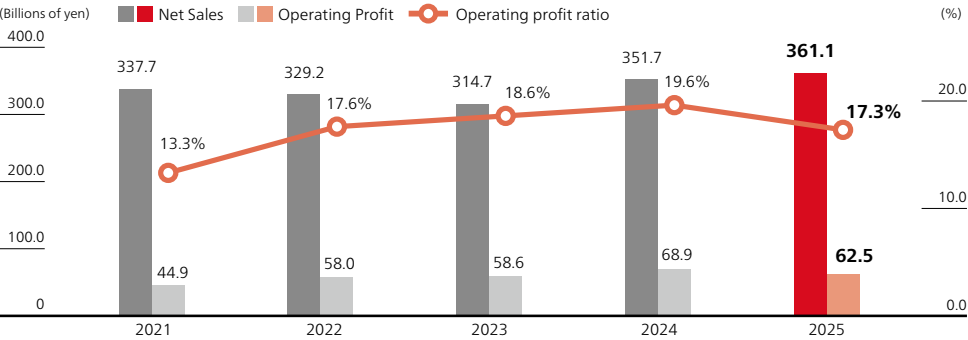
Performance in 2025

Sales increased, supported by strong AI-related demand

In semiconductor lithography equipment, supported by strong AI-related demand, we posted a large increase in the sales of our equipment used in back-end processing, which has become industry standard for advanced packaging. We also increased sales of sputtering and other equipment for use in the production of advanced semiconductor devices for applications like generative AI. At the new plant in Utsunomiya, which was completed in July, we are proceeding with the installation of equipment in preparation for full-scale operation with the aim of increasing production capacity in response to growing demand.

For FPD lithography equipment, as the earnings of panel manufacturers improved, there was an increase in new investment for IT panels installed in notebook PCs and tablets, as well as additional investment for smartphones with increasingly high functional capabilities. This led to an increase in unit sales. As a result, on a consolidated basis, sales for this business unit increased by 2.7% to 361.1 billion yen in comparison to the previous term.

Results of Excellent Global Corporation Plan Phase VI





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Excellent Global Corporation Plan Phase VII

To capture demand for semiconductors, which is expected to grow over the medium- to long-term, we will strengthen the competitiveness of products in our existing businesses while simultaneously commercializing new business domains. Through these efforts, we aim to grow sales of the entire Industrial Group at an annual rate of at least 10% and further improve our operating profit ratio.

In our existing businesses, we aim to expand our market share by responding to customer needs through the introduction of new products, such as KrF lithography equipment offering significant improvement in productivity and i-line lithography equipment for advanced back-end processes compatible with large panel substrates.

With regard to new domains, we will work to expand our business areas by promoting sales of nanoimprint and ArF (argon fluoride) dry lithography equipment. We will also leverage our industry-leading core technologies and strengthen collaboration among Group companies in order to continue to pioneer new domains. In response to growing demand, Canon ANELVA will continue to expand the product line of its new Adastra platform for semiconductor and electrical component manufacturing equipment, while Canon Machinery plans to introduce new products for circuit board manufacturing, including hot press machines.

2030 Target

Net Sales

600

billion yen or more

New Technology / New Product

World's first practical application of wafer planarization technology using nanoimprint lithography

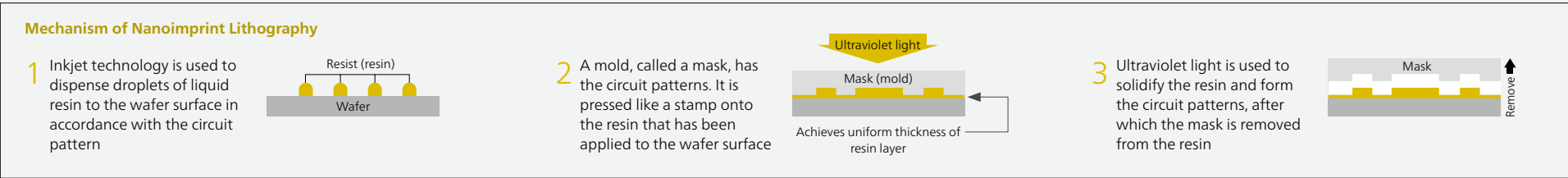
In 2023, Canon launched the FPA-1200NZ2C, a nanoimprint semiconductor manufacturing equipment that forms circuit patterns using a different method from conventional projection lithography equipment. Specifically, it creates a circuit pattern using the simple principle of pressing a finely patterned mold onto resin applied on the wafer. The equipment has attracted inquiries from many semiconductor manufacturers because, among other benefits, it enables production of fine circuit patterns of 15 nm* or smaller at low cost and can reduce power consumption to about one-tenth that of existing lithography technologies for advanced logic chips. We are working with several semiconductor manufacturers on evaluation and verification for practical use in various applications, including not only memory and logic chips but also non-semiconductor devices such as optical elements.

In January 2026, Canon announced a technique that expands the application of nanoimprint lithography beyond circuit pattern formation to include high-precision planarization—the process of smoothing out surface irregularities on wafers. Canon aims to promptly commercialize the technology and expand its application in the manufacturing of advanced semiconductors, including logic and memory devices.

* 1nm = one billionth of a meter



Nanoimprint lithography equipment being used for mass production verification at KIOXIA Corporation





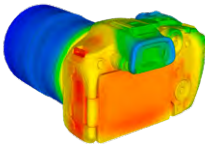
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R&D Strategy

Development and Design Platform

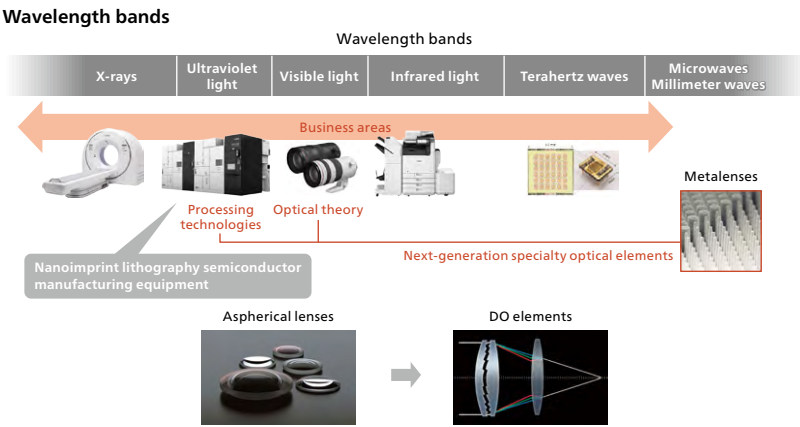
In conventional product development, multiple prototypes are produced based on designs created in a CAD environment and then used for repeated experiments and testing. This method placed a burden on product development in terms of cost and duration of prototyping because many pieces of different prototypes had to be built for each stage of development. At Canon, we have built a platform that can be used for all products throughout the Company, accumulating simulations for reproducing and testing physical phenomena from the micro to the macro scale, such as warping or undulation of paper, melting of individual toner grains, heat diffusion and fluid dynamics, or the impact on a camera when the camera is dropped. As a result, we can now check accuracy and solve problems in the product design stage, for development in a shorter time and at a lower cost. The simulation technology is used in the development of products such as office multifunction devices, FPD lithography equipment, mirrorless cameras, and CT systems, promoting prototype-free manufacturing in many divisions and providing high-quality products to customers in a timely manner.



Thermal and fluid simulation for mirrorless cameras

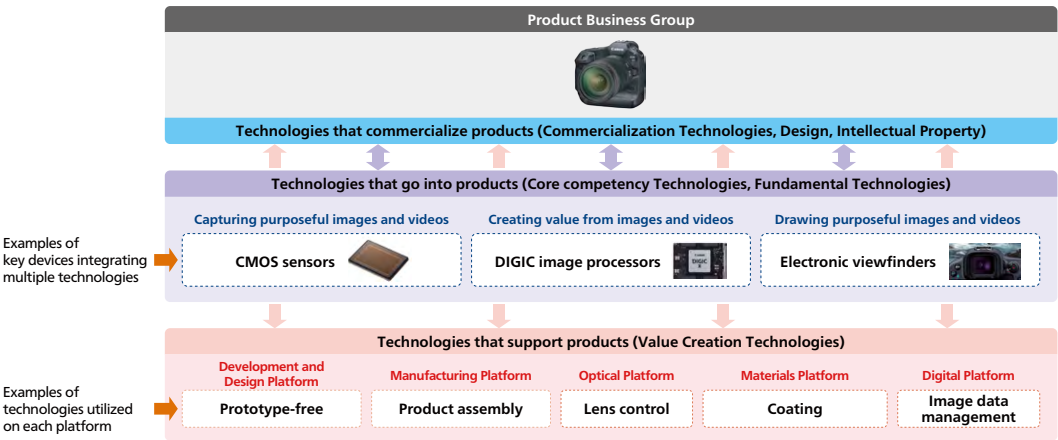
Optical Platform

Optical technology, which has served as the axis of Canon's diversification, is constantly evolving as a competitive core technology. Over time, the light handled by our optical technology has expanded beyond visible light, ranging from X-rays at the shorter-wavelength end to infrared at the longer-wavelength end, and has even expanded to cover the terahertz wavelength as well. The products that rely on our optical technology have also expanded from interchangeable lenses to printers and semiconductor lithography equipment. Our optical technology used to utilize the properties of ordinary rays of light, but as the technology progressed, it came to incorporate wave optics, which deals with the properties of light as waves, and now even utilizes the properties of light as particles. We have also developed the ability to design and manufacture lenses used in our products, which have progressed from simple spherical shapes to complex aspherical shapes. We have even developed diffractive optical (DO) elements — minute structures that control light — which is a technology that is found in our interchangeable lenses for mirrorless cameras. Canon systemizes the outcomes of these series of advances in optical technology as fundamental technologies.



Example of technology platform utilization (digital cameras)

Taking digital cameras as an example, we combine Canon's proprietary core competency technologies, such as optical, material, precision mechanical, and image processing technologies, as technologies that go into products, and develop key devices like CMOS sensors, our DIGIC image processors, and viewfinders to support the competitiveness of our products. In addition, our technologies that support products include prototype-free development environments, high-precision assembly processes for products, core optical technologies such as lens control, materials development like lens coating, and cloud-based data management platforms, all of which contribute to product quality, safety, and cost reduction. By integrating Canon's accumulated technologies through those that commercialize products (commercialization technologies, design, and intellectual property) into valuable products that meet requirements for quality, cost, and delivery (QCD), we bring to market cameras that are unmatched by competitors.



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Intellectual Property (IP) Strategy

◆ Basic Policy

Canon has grown as an R&D-oriented company that develops new markets and customers through compelling, high-quality products and services differentiated by proprietary technologies. Canon's IP organization places the highest importance on supporting business development and formulates and executes IP strategies with this objective as its mission.

1. Securing a competitive advantage

We build strong patent portfolios of technologies related to our core competence. Instead of licensing them, we use them as barriers to market entry. Furthermore, we ensure medium- to long-term competitive advantages and high profitability by safeguarding inventions that are difficult to verify and hard for other companies to replicate as confidential know-how, thereby preventing others from catching up.

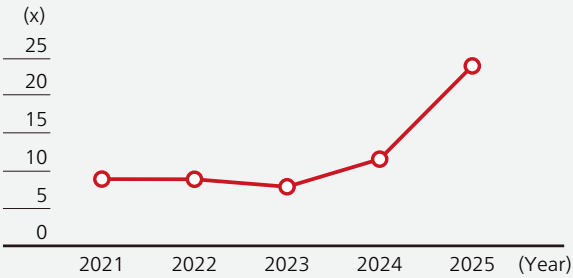
2. Greater degree of technological freedom

We hold numerous patents in collaborative technology domains that are also valuable to the business activities of other companies, which we use for cross-licensing. Through cross-licensing and patent pools, we have access to approximately one million patents held by other companies, which means a greater degree of freedom in R&D and business activities.

3. Contributions to profitability

While fulfilling 1 and 2 above, we balance licensing income and expenses by actively leveraging our patent portfolio and conducting thorough patent clearance searches. Licensing income is reinvested in subsequent technological development, thereby contributing to the continued growth of the business. In recent years, licensing income has grown to over 10 times licensing expenses, enabling us to consistently generate income that far outweighs licensing costs.

Licensing income / expenses



4. Brand Management

Canon carefully manages its brand to ensure that neither customers nor society are adversely affected by the improper handling of the Canon logo within the Group or its misuse by third parties. "Canon" is registered as a trademark in roughly 190 countries and regions worldwide. By engaging with enforcement agencies and e-commerce platforms operators around the world, we carry out global initiatives to deter and prevent the distribution of counterfeit goods.

Brand Management

➡ <https://global.canon/en/sustainability/governance/brand/initiatives/>

Collaboration between the IP organization and Management, Business, and R&D

Canon has a long history of appointing directors from within its IP organization. As a result, the importance of intellectual property is well understood across the Company and has become an important component of our management strategy. Reports are regularly given to management, including the CEO, and based on their guidance provided in response, management that takes a long-term perspective on intellectual property is implemented.

The IP organization operates under a three-pronged framework together with the head office R&D organization, which is responsible for fundamental and Company-wide technology research, and the business divisions, which conduct business-specific technology development and product design while carrying out actual business operations. Specific actions are decided at management meetings attended by executives, including the directors of each division, and intellectual property activities are carried out to realize our business strategies.





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Intellectual Property (IP) Strategy

Transforming the Patent Portfolio to Focus on New Areas

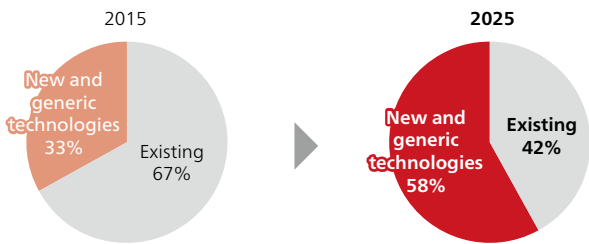
Canon maintains a patent portfolio of over 60,000 surviving patent families* worldwide. In our printing and imaging businesses, we have built a strong patent portfolio that is also compelling to our competitors in order to secure competitive advantages in our existing businesses. At the same time, over the past decade, Canon has been transforming its patent portfolio to focus on new areas.

In this transformation, in addition to various new areas centered on our medical, imaging, and industrial businesses, we have positioned generic technology areas—expected to be utilized across multiple businesses and to play an important role in licensing negotiations with other companies—as a major pillar in building our patent portfolio. Over the course of the past decade, we have significantly transformed our patent portfolio, raising the proportion of new and generic technologies from 33% in 2015 to 58% in 2025.

We will continue to refine and evolve our patent portfolio, providing strong intellectual property support for the expansion and growth of business areas, a goal set forth in Phase VII of the Excellent Global Corporation Plan.

* Number of groups of patent applications derived from a basic patent application

Patent portfolio breakdown



* Compiled by Canon using PatentSight* data of LexisNexis
* Number of surviving patent families (number of disclosed patent families with registered or pending patents) held by the Canon Group at end of each year

Examples of new and generic technology areas (2025)

	New areas	Generic technology areas
Printing	Commercial printing, industrial printing	Wireless communications (Wi-Fi, 5G), video compression (HEVC, VVC), wireless power transmission (Qi), digital, green
Medical	MRI, CT (including photon-counting CT), and diagnostic ultrasound systems, iPS cells	
Imaging	Network cameras, 3D imaging, SPAD sensors	
Industrial	Nanoimprint lithography, OLED display manufacturing equipment, die bonders, robotics	

Intellectual property for creating the future

IP Activities in the Medical Field

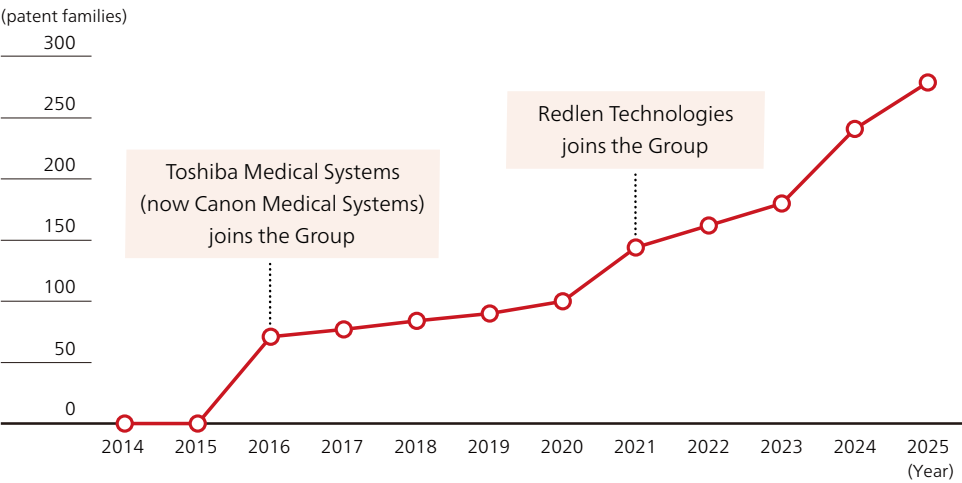
Photon-counting CT is a next-generation technology that dramatically improves the accuracy of diagnostic imaging, and has the potential to fundamentally transform diagnosis itself, opening up new horizons for the future of medicine.

Canon regards this technology field as a future growth area and has actively pursued M&As to acquire advanced technologies and intellectual property, thereby expanding its patent portfolio.

This rapidly growing patent portfolio will not just serve to protect our business from our competitors but will also play an important role as intellectual property for creating the future. The needs of the medical field will grow even more sophisticated and diverse in the future, and our patent portfolio will support new clinical applications and the development of new devices.

While continuing to closely coordinate our R&D and intellectual property strategies, we will promote the creation of inventions that support the social implementation of innovative diagnostic imaging technologies and lead to the creation of new value in the medical field. Canon's intellectual property activities will contribute to the further improvement of corporate value by serving as a foundation for shaping the future of healthcare.

Cumulative number of photon-counting CT patent applications (counted by patent family)



(Based on Canon research)

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Human Resources Strategy

◆ Human Resources Strategy in Phase VII of the Excellent Global Corporation Plan

At Canon, guided by a corporate DNA of Respect for Humanity passed down since its founding, we believe that people are the source of value creation, which is why we actively invest in maximizing the value of our workforce. Currently, under Phase VII of the Excellent Global Corporation Plan, we are carrying out productivity innovation and pursuing new growth.

To achieve this, we focus on acquiring and nurturing human resources that can drive innovation and fostering a free and open organizational culture that maximizes the value of a diverse workforce and different ideas. In addition, we introduced a position-based pay system to ensure that the right people are appointed to the right jobs, regardless of age or gender. We support the physical and mental health of our employees through various health support initiatives to enable each employee to fully realize their potential. Furthermore, we are realizing the growth of both individuals and the company by strengthening engagement through better working conditions and job satisfaction.



Acquiring and Nurturing Human Resources that Drive Innovation

Canon is working to acquire and nurture human resources that can drive innovation in order to provide new value to society through the creation of innovative products.

In our regular recruitment process, we look to generate greater interest among students through internships and other programs. To secure talented students, we are expanding direct recruiting, whereby we approach candidates based on their academic achievement, such as papers and patents, and job-matching recruitment, which guarantees placements that match the candidate's expertise and interests. In addition, we are actively pursuing career hiring (experienced-hire recruitment) to acquire people with technological know-how that Canon does not possess. In 2025, career hires accounted for 43% of new hires, a 3.9-fold increase compared with 2015.

In terms of nurturing human resources, from a long-term perspective, we have established over 300 specialized training programs, under the guidance of the Engineering Resources Development Committee, to nurture the next generation of technicians and engineers. In 2023, we launched an advanced engineer certification program to recognize engineers with advanced technical capabilities and knowledge as "top scientists" and "top engineers," thereby promoting the acquisition and nurturing of human resources capable of creating new businesses through proprietary technology.

In addition, to nurture business personnel and manufacturing personnel who drive innovation in various fields, we have established a variety of training programs and trainee systems. We also strategically place and nurture executive candidates in each field. In 2025, the average training time per employee was 25.7 hours and average training outlays were 167,000 yen.

Promoting right people in the right jobs and a highly skilled and select workforce

Canon is working to strengthen job-based HR management to achieve a highly skilled and select workforce while it promotes placing the right people in the right jobs through strategic workforce deployment and career development support.

In order to promote outstanding talent regardless of age or gender and ensure fair and equitable treatment, Canon introduced a position-based pay system in 2001. Canon creates job descriptions for each position to clearly set out the knowledge and skills required, enabling self-determined career development and the placement of the right people in the right jobs. Also, since 2021, we have strengthened our investments in human resources by improving the compensation system, including the introduction of a scheme under which teams that generate higher profits with fewer human resources receive higher bonuses.

As a mechanism to shift talent to growth areas and enable employees to take ownership of their career development, Canon introduced a Career Matching Program (internal job posting system), promoting greater talent mobility and organizational dynamism. Moreover, to support employees who wish to challenge themselves in new roles, Canon introduced a trainee-style career matching system that is combined with job change training. In particular, for career changes to software roles, we established the Canon Institute of Software Technology (CIST) in 2018 to train software engineers, thereby bolstering our training system. As a result of efforts to expand the system, 281 employees transferred through internal recruitment in 2025.

Human Resources Strategy

Advancing Diversity

Canon promotes workforce diversity to capitalize on an array of values and ideas to drive innovation. In 2012, we launched VIVID (Vital workforce and Value Innovation through Diversity), a company-wide, horizontally integrated organizational initiative. VIVID has been undertaking activities centered around the key measures of (1) female empowerment and (2) encouraging men to participate in childcare.

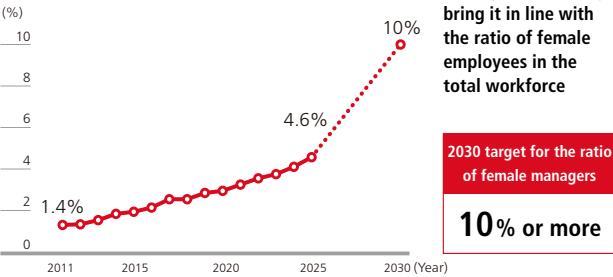
Female empowerment

In addition to conducting leadership training for women as part of our planned development of managerial candidates, we have also established a support system that includes seminars for employees returning to work from childcare leave and mentoring. In this way, we are working to create an environment in which women can play active roles.

As a result of these initiatives, the ratio of female managers reached 4.6% at the end of 2025, meaning that we achieved our target of increasing this ratio to more than three times the 2011 level by the end of 2025. In recognition of these achievements, we received the highest-level, three-star Eruboshi certification,

granted by the Minister of Health, Labour and Welfare to companies with outstanding records in promoting female empowerment. Starting in 2026, we set a new target of raising the ratio of female managers to 10% or more by the end of 2030 and began initiatives to achieve it. In the future, we aim to make the ratio of female managers equivalent to the ratio of female employees in the total workforce (17.1% at the end of 2025).

Ratio of female managers

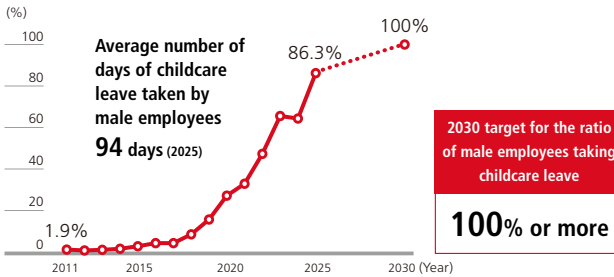


Encouraging men to participate in childcare

To raise awareness and foster a workplace culture that embraces gender equality, we hold initiatives such as roundtable discussions and seminars by male employees who have taken childcare leave.

As a result of these initiatives, the rate of men taking childcare leave reached 86.3% at the end of 2025, a significant increase from 1.9% in 2011, meaning that we achieved our target of raising the rate to 50% or more by 2025. In addition, the average number of days of childcare leave taken remained high at 94. Starting in 2026, we set a new target of raising this figure to 100% or more by the end of 2030 and began initiatives to achieve it.

Ratio of male employees taking childcare leave / average number of days taken



Current ratio of female managers and Canon's initiatives

The ratio of female managers in the Canon Group is 12.7% on a consolidated basis, 4.8% in Japan, and 4.6% at Canon Inc. This reflects the fact that Canon places a strong emphasis on technological development and conducts most of that development in Japan, where we hire many employees for technical positions, a field in which the ratio of female students is generally low. As a result, the ratio of women among our employees is also low. To address this, in addition to strengthening the hiring of women through numerical targets, we are also working to develop candidates for managerial positions, and the ratio of women at the assistant-manager level rose steadily to 8.9% at the end of 2025.

Since 2024, we have also supported initiatives such as Riko-challe, a program of the Gender Equality Bureau of the Cabinet Office that encourages junior high school and high school girls to pursue science and engineering. As part of this program, we have organized and held a variety of events.

Ratio of female employees and ratio of female managers in the Canon Group

	Canon Inc.	Consolidated Group	By region			
			Japan	Americas	Europe	Asia and Oceania
Total number of employees	19,916	165,547	69,627	14,313	22,332	59,275
Number of female employees	3,399	60,951	16,452	4,695	6,550	33,254
Ratio of female employees	(17.1%)	(36.8%)	(23.6%)	(32.8%)	(29.3%)	(56.1%)
Number of female managers	182	1,207	313	306	217	371
Ratio of female managers	(4.6%)	(12.7%)	(4.8%)	(30.4%)	(23.6%)	(33.3%)



Human Resources Strategy

Enhancing Employee Engagement

Canon implements a variety of measures to encourage employees to identify with the company's corporate philosophy and strategies and engage in work enthusiastically.

To help each employee maintain high motivation and maximize their potential, we are working to create a work environment that supports shorter working hours and flexible working arrangements according to different life stages.

By improving our system for shortened working hours and other schemes, encouraging planned holidays through an open vacation system that allows employees to take five consecutive days of paid leave, and improving work efficiency through the use of IT and AI, total hours worked per employee in 2025 came to 1,708 hours, a level significantly below the national average.

In addition, in 2025 the average paid leave utilization rate was 94.5% (18.9 days), which was significantly higher than the national average. As a result of these efforts, Canon's voluntary job separation rate is low at 1.2%, and our employee retention rate is one of the highest in the industry.

Comparisons with the national average

	Canon	National average
Total actual work hours per person	1,708 hours	1,917 hours*1
Average paid leave utilization rate/ average number of days taken	94.5%/ 18.9 days	66.9%/ 12.1 days*2
Voluntary job separation rate	1.2%	11.5%*3

*1 Canon estimates the above based on finalized monthly results from the Ministry of Health, Labour and Welfare's 2025 Monthly Labour Survey

*2 Source: 2025 General Survey on Working Conditions, published by the Ministry of Health, Labour and Welfare

*3 Source: 2024 Survey on Employment Trends, published by the Ministry of Health, Labour and Welfare

In addition, to understand the current state of the organization and employees, we conduct an employee opinion survey every two years. After conducting a multifaceted analysis of the survey results, we implement CAMP (Canon Active Management Program) Training for all line managers in the year following the survey. As part of the training, in each workplace, managers discuss their department's issues and develop specific measures, setting in motion a cycle where the effectiveness of the measures is confirmed in the next survey.

In the 2024 CAMP Training, we adopted "Think Engagement" as the theme, and around 1,800 employees from 140 departments discussed how to improve engagement in their own departments. We also compiled internal best practices into a Best Practice Handbook and shared them across the company, thereby supporting proactive initiatives in each workplace aimed at improving organizational culture.

These initiatives also received high external recognition, and we won the Excellence Award in the Human Resource Management Division of the 14th Japan HR Challenge Award. We were recognized not only for combining multifaceted analysis of employee opinion survey data with the latest HR theories and using that analysis to formulate specific action plans for each workplace, but also for going beyond training alone and promoting manager-led improvements in subordinate engagement and reform of organizational culture through multifaceted measures such as company-wide sharing of best practices and the provision of e-learning.

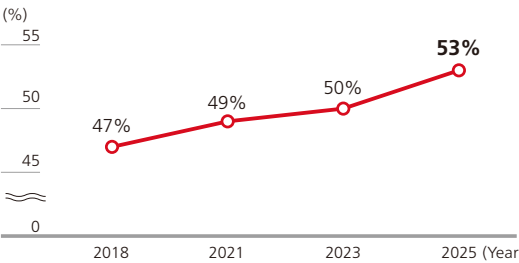
Going forward, we will continue striving for further improvement in employee engagement, identifying organizational issues from diverse perspectives and reflecting the results in various HR measures, thereby supporting the sustainable growth of both employees and the company.

2025 Employee Opinion Survey

In the 2025 employee opinion survey, the rate of positive responses rose from the previous survey in most items, including "self-growth" and "overall perception of the company."

In particular, scores for employees in their 20s increased sharply, reflecting the results of our efforts to improve engagement among younger employees through the introduction of so-called motivation diagnosis and pulse survey questionnaires. At the same time, the employment opinion survey also revealed issues such as employees' understanding of the company's direction, and we will work to address these through stronger communication of management policies and the implementation of CAMP Training.

Employee engagement score*



* Rate of positive responses to engagement-related items in the employee opinion survey, such as job satisfaction, self-growth, and a comfortable working environment

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Initiatives for the Environment

Environmental Management

Canon works to protect and conserve the environment throughout the product lifecycle.

Acting on the foundation of its approach to sustainability, Canon works to protect and conserve the global environment in line with the Canon Group Environmental Charter and the Canon Group Environmental Vision.

Canon Group Environmental Vision

Through technological innovation and improved management efficiency throughout all of its corporate activities, Canon aims to achieve sustainable corporate growth while also realizing a society that promotes both enriched lifestyles and the environment.

To this end, Canon offers greater value using fewer resources throughout the entire product lifecycle —Produce, Use, Recycle— to achieve highly functional products with minimal environmental burden. Canon continues to expand these activities with its customers and business partners.

Canon will contribute to a future that promotes both enrichment and the environment through technological innovation.

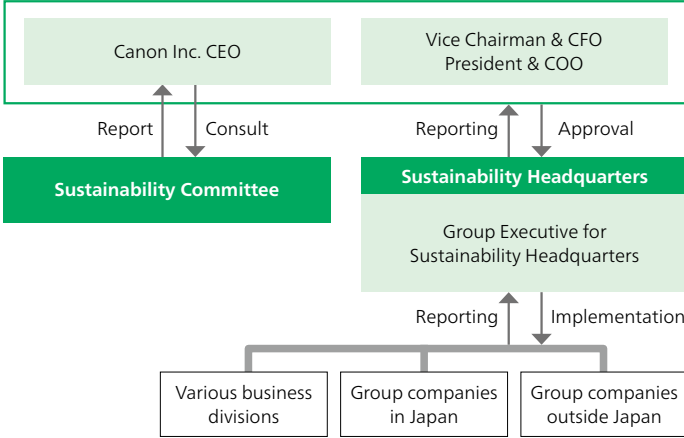
Global Environmental Promotion System

Under the supervision of the Vice Chairman & CFO, Canon is conducting environmental activities with the aim of achieving Canon's environmental targets and realizing the Canon Group environmental vision. We use a global framework comprising business operations and Canon Group companies in Japan and overseas. Activities are regularly reported from the Canon Executive for Sustainability Headquarters to the Chairman & CEO, CFO, and President & COO*, as well as to the CEO if necessary to gain approval.

The Sustainability Committee also identifies risks and opportunities with regard to sustainability-related matters requiring Canon's response or engagement, deliberates on response policies and measures, and receives approval from the CEO.

* From April 2026

Global Environmental Promotion System



Materiality	Rationale for Selection
Climate change	We recognize that climate change could have a significant negative effect on our business stemming from the risk of climate-related impacts, such as operational stoppages caused by natural disasters, higher regulatory compliance costs, reputational damage from non-compliance, or the loss of sales opportunities. At the same time, we believe that responding to climate change is important because there are also opportunities to increase sales arising from higher demand for products that help customers adapt to climate change while reducing costs from improvements in energy efficiency, thereby supporting growth in profits.
Circular economy	In line with the Canon Group Environmental Charter, we pursue maximum efficiency in our use of resources to support the sustainable development of society. With fears of resource depletion fueling global interest in recycling, Canon recognizes the importance of working as a manufacturer to help make society more focused on recycling. Demand is growing for products and consumables that can contribute to the circular economy, in turn leading to the creation of business opportunities. Canon is pursuing strategies to promote the ongoing recycling of resources to maximize the value generated by resource efficiency.
Chemical substance management	Canon regards supplying customers with safe products as a fundamental part of our mission as a manufacturer. Our product development complies with in-house standards modeled on the most stringent regulations in the world. Moreover, to avoid the risk of significant harm to human health or the environment, we believe in the importance of ensuring that emissions of chemical substances from Group business sites stay within regulatory limits.
Biodiversity and ecosystems	We recognize the importance of addressing nature-related issues to help prevent the loss of economic activity or other negative consequences for the ongoing development of society and Canon. Mitigating the risk of water shortages and water pollution has become an issue of societal importance. We believe addressing water-related issues is critical to our business sustainability since significant water resources are required in manufacturing processes for Canon products.

Initiatives for the Environment

Climate Change

Canon is working to reduce GHG emissions at all stages of the product lifecycle.

Vision for 2050

We aim to achieve net-zero GHG emissions across the entire product lifecycle (Scope 1-3) by 2050.

Disclosure in Line with TCFD Recommendations

Canon endorses the final report of the Task Force on Climate-related Financial Disclosures (TCFD) and discloses climate-related information in accordance with the TCFD framework.

Governance	Strategy	Risk management	Indicators and targets		
The impact of climate changes on Canon, response plans and targets were discussed at the Climate Change Working Group (WG) under the Sustainability Committee. The Climate Change Working Group is comprised of senior managers from each business and corporate division. The content of discussions is reported to the Sustainability Committee, and after approval, it is reported to the CEO. To achieve these targets, the Sustainability Headquarters plays a central role in promoting activities Company-wide. The progress of targets is reported to management every month, and the annual review is reported to the CEO.	Canon conducts scenario analysis based on the TCFD framework, which is recommended in non-financial disclosures, and recognizes the importance of both “mitigation” and “adaptation” to physical risks. We are working to achieve our GHG (greenhouse gas) emissions reduction targets and build a sustainable business model resilient to climate-related impacts. As climate-related risks and opportunities differ among the businesses of Canon's industry-oriented groups (Printing, Medical, Imaging, and Industrial), the Group reviewed its major climate-related risks and opportunities, their countermeasures, and financial impacts for the entire Group and each industry group. For details on the risk and opportunity factors affecting Canon and estimated financial impacts, please see our annual securities report. ▶ https://global.canon/en/ir/library/yuuhou.html	Our response to climate-related risks and opportunities is reflected in our Company-wide environmental targets and priority measures. At Canon, environmental initiatives are part of our management evaluation. The achievement of environmental targets and the results of environmental activities of each division are evaluated twice a year in the Environmental and Corporate Social Responsibility Performance Evaluation, which is implemented as an indicator of the Consolidated Performance Evaluation System for evaluating the performance of the Group's overall management. The results of the evaluation are reported to the CEO and others in the management team. Canon manages identified climate-related risks in accordance with the PDCA cycle of ISO14001. PLAN Set medium-term and annual environmental targets DO Promote environmental assurance activities in cooperation with the activities of each division CHECK Conduct environmental audits and environmental and CSR performance evaluations ACT Continuously improve and enhance environmental assurance activities	GHG emissions (compared to 2022)	2030 Targets 42% reduction for Scope 1 & 2 25% reduction for Scope 3 (category 1 and 11)	2025 Results 6.3% reduction for Scope 1 & 2 19.4% reduction for Scope 3 (category 1 and 11)
			Lifecycle CO ₂ improvement index per product (compared to 2008)	2030 Targets 50% improvement	2025 Results 45.5% improvement
			Overall target Lifecycle CO ₂ improvement index per product	2030 Targets Average annual 3% improvement	2025 Results Average annual 3.59% improvement (2008–2025)

Environmental Targets

At Canon, environmental targets are set in line with our three-year management plan and reviewed every year to determine whether changes are necessary. Under the overall target of a 3% average annual improvement in the index of lifecycle CO₂ emissions per product unit, our product target is a 3% average annual improvement in the index of CO₂ emissions per product unit associated with raw

materials and product utilization. The operational site target includes target figures for reductions per basic unit in energy consumption. As for the operational site target, we also set goals for waste emissions, water consumption, and controlled chemical substance emissions, thus making the management of environmental risks and opportunities more comprehensive and conclusive.



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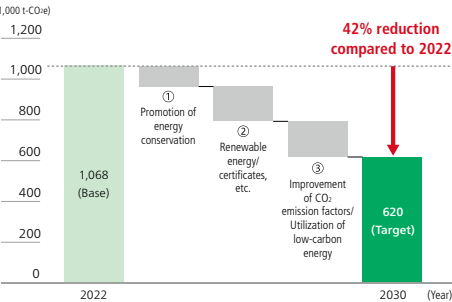
Initiatives for the Environment

Canon's GHG Emission Reduction Initiatives

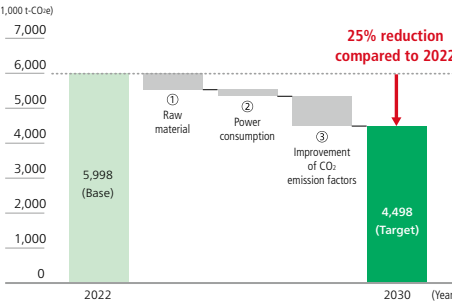
Canon is working to reduce greenhouse gas emissions by assessing the impact of climate change on the entire product lifecycle, from the manufacturing of materials and parts at suppliers, transportation to retailers, use by customers, and disposal and recycling. Canon aims to achieve net-zero GHG emissions by 2050, and to reduce its scope 1 and 2 GHG emissions by 42% compared to 2022 and scope 3 (category 1 and 11) GHG emissions by 25% compared to 2022 by 2030. These targets for 2030 have been verified by SBTi (Science Based Targets initiative), an international initiative that recommends setting scientifically based GHG emissions reduction targets. To reach these targets, we are promoting various initiatives, including the development of products using recycled materials, product downsizing and weight reduction, energy-saving activities at production sites, energy saving during product use, product recycling, and efficient logistics.

GHG Emissions Reduction (Diagram)

Scope 1&2



Scope 3 (Categories 1, 11)



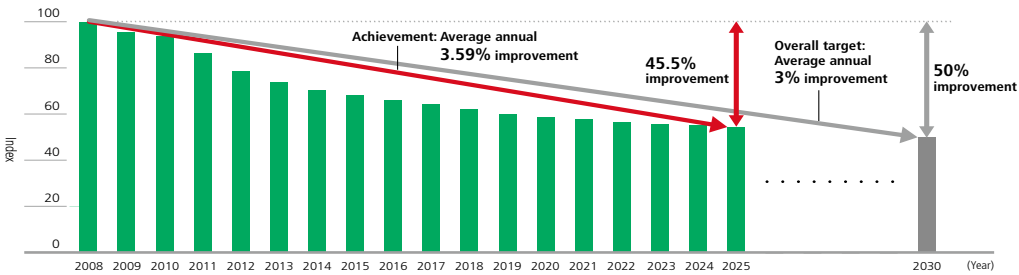
Scope 1: Direct emissions (city gas, LPG, diesel oil, kerosene, non-energy greenhouse gases, etc.)
Scope 2: Indirect emissions (electricity, steam, etc.)
Scope 3: Emissions in the supply chain (category 1: Purchased goods and services, category 11: Use of products sold)

Lifecycle CO₂ improvement index per product

Since 2008, we have set a target of “an average improvement in lifecycle CO₂ emissions per unit of product of 3% per year” (basic unit target) as a comprehensive target of Canon's environmental targets. By consistently achieving this target, we expect to achieve a 50% improvement in 2030 compared to 2008. As of 2025, the average rate of improvement since 2008 had exceeded the target

average at 3.59%, representing an improvement of 45.5% compared to 2008.

Index of Lifecycle CO₂ Emissions Per Product Unit

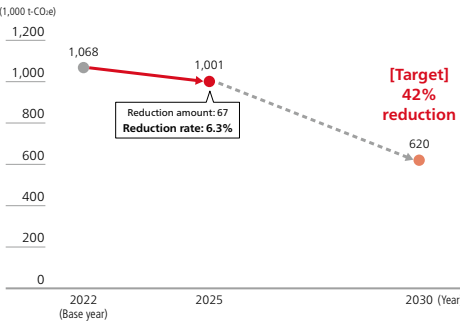


Results of Reducing Lifecycle CO₂ Emissions

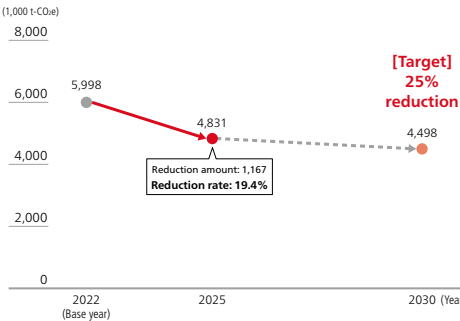
In 2025, actual lifecycle CO₂ emissions (the total of Scopes 1, 2 and 3) were 7,774,000 t-CO₂e, with Scope 1 emissions of 184,000 t-CO₂e, Scope 2 emissions of 817,000 t-CO₂e, and Scope 3 emissions of 6,773,000 t-CO₂e. In 2025, in terms of SBTi, through the promotion of various energy-saving measures, the introduction of renewable energy, the adoption of smaller, lighter, and low-carbon emission components, we achieved a reduction of 6.3% in Scope 1 and 2, and 19.4% in Scope 3 (categories 1 and 11) compared to 2022.

GHG Emissions

Scope 1 & 2



Scope 3 (category 1, 11)*



* Some of the data for 2022 and 2023 has been recalculated in line with the 2025 calculation method.



CANON INTEGRATED REPORT 2026



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Energy-saving Activities at Production Sites

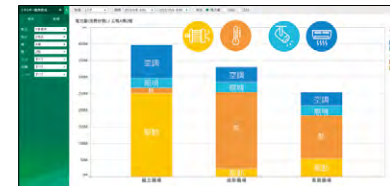
At Canon, we use Green Cost Management (GCM) to refer to the management framework we have developed that targets parallel reductions in costs and CO₂ emissions, alongside decarbonization efforts based on the development of green technologies. Within this framework, we focus on "production GCM" initiatives that aim to reduce the power used at the production stage. In production GCM, a factory's energy data is automatically collected and plotted in graphs (visualization of electricity) through established systems, which has facilitated not only the instant identification of wasteful operations (analysis of reduction potential), but also the systematic accumulation of data across the entire company, thereby enabling the immediate discovery of appropriate reduction measures (expansion of reduction measures).

The production GCM system is being gradually rolled out to all Canon production sites, with installation completed in 2025 at six major sites in Japan that use large amounts of electricity.

This initiative has yielded more sophisticated energy management at production sites, with the rollout demonstrating concrete results.

For example, we used the system to discover wasteful operations involving certain production equipment, which resulted in a 10% reduction in power consumption. Canon aims to further improve energy efficiency across the Group by rolling out the system to overseas sites in 2026 as well as in Japan.

1 Visualization of electricity consumption



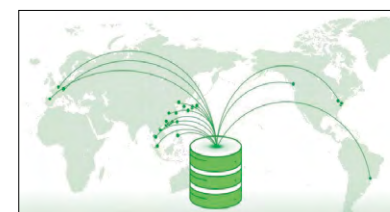
Check factory electricity for each workplace and narrow down reduction targets, such as production heat and drive systems.

2 Analysis of electricity consumption



Focus on equipment that uses large amounts of electricity and break down operations and phenomena to identify hidden wastefulness.

3 Rapid rollout to production sites worldwide



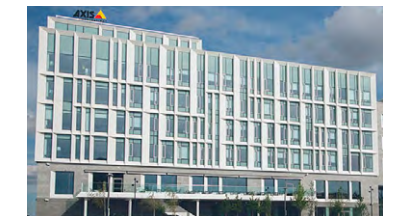
Systematize actions aimed at improvement, compile into a database, and rapidly implement them at Canon production sites.

Use of Renewable Energy

Canon is working to expand the use of renewable energy in a variety of ways, taking into account the regional prevalence of renewable energy and the initiatives of various countries.

For example, we have installed solar generation panels on the premises of Canon Vietnam's Thang Long Factory and other sites, using the renewable energy generated. In addition, five factories of four production sites—Canon Suzhou, Canon Vietnam (Thang Long Factory and Tien Son Factory), Canon Hi-Tech Thailand (Ayutthaya Factory), and Canon Prachinburi Thailand—obtained renewable energy certificates for a second year in a row in 2025, which document the environmental value of renewable energy. This means that the sites achieved their target of using 100% renewable energy for the year. Sales marketing companies such as Canon Deutschland and Canon (China) are also using renewable energy certificates to ensure that 100% of electricity consumption in their offices comes from renewable energy sources. Use of renewable energy earned Canon Europe and Canon UK an "excellent" evaluation (the second highest rating) under the BREEAM* environmental assessment standard. Total worldwide renewable energy consumption by the Canon Group was 291,797 MWh in 2025.

* Abbreviation for Building Research Establishment Environmental Assessment Method. An environmental sustainability assessment method developed by Britain's Building Research Institute that evaluates buildings under nine categories, including health and wellbeing, energy, and waste.

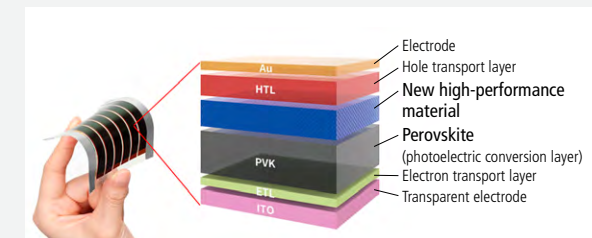


Axis's new headquarters building in Lund, Sweden, meeting the "Excellent" rating under the Swedish version of BREEAM (BREEAM-SE)

High-performance materials that contribute significantly to the use of renewable energy

Perovskite solar cells are drawing attention as the next generation of solar cells. Compared to conventional silicon solar cells, they are lightweight, bendable, and can generate electricity even with indoor light, allowing for greater flexibility over where they can be installed and the potential for lower capital investment

costs. Canon is currently developing a high-performance material to coat the perovskite layer (the photoelectric conversion layer). This material is expected to help improve the durability and mass production stability of the solar cells.





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Circular Economy

Promote resource recycling at every stage (Produce, Use, Recycle)

Resource Efficiency Initiatives

Canon seeks to recycle used products to allow the continued reuse of resources and maximize the value brought about by resource efficiency. In addition to contributing to resource efficiency, we believe these efforts will help bring about a carbon-free future. Canon handles a broad array of products, ranging from consumer products to industrial products, both small and large. We believe it is vital to pursue resource efficiency initiatives appropriate for each product group, taking into account product characteristics and market conditions. Canon's four industry-oriented business groups—Printing, Medical, Imaging, and Industrial—have established resource efficiency initiatives and targets tailored to their particular context.

Printing	Medical	Imaging	Industrial
Resource recycling rate for Printing Business products 2030: 50% The resource circulation rate is an indicator that represents the proportion of recycled materials and recycled products in the total sales weighting of the Printing Business, and a target of 50% has been set for 2030. To improve the resource circulation rate, Canon is implementing various initiatives. In 2025, as a result of activities to enhance reuse and recycling, the resource circulation rate reached approximately 16.7%, representing an improvement from approximately 16.0% in 2024*1. Looking ahead, toward the target of 50% by 2030, we will further promote resource circulation initiatives through measures such as expanding the use of recycled materials and increasing the production, sales, and collection of recycled products. Resource Flowchart	Improvement in waste generation per basic unit: 1% annual reduction At the Nasu Plant, steps to reduce environmental impact include more rigorously separating discarded products as well as reusing parts and selling valuables. Guided by an annual target of improving the total waste generation per basic unit by 1% or more, the plant brought pallets used in deliveries back for reuse. As a result, in 2025 we achieved an 4.2% improvement compared with the previous year, exceeding our target.	Percentage of products using non-single-use plastic packaging materials*2 2030: 100% We aim to boost the proportion of products that do not use single-use plastics in their packaging to 100% by 2030 for all interchangeable lens digital cameras, interchangeable lenses, and compact digital cameras announced in a given year. Starting with the PowerShot V10 released in 2023, we have eliminated the use of single-use plastic packaging in 33 products, including the EOSR50 V, the RF75-300mm F4-5.6, and accessories. (as of the end of 2025)	Maintain operational availability of i-line and KrF lithography systems shipped since 2001 2030: 95% or greater We are working to extend the lifespans of products, with a goal of ensuring that 95% or more of the i-line and KrF lithography equipment shipped in 2001 or later is still operational in 2030. We provide parts and software that extend product lifespans and product lifecycles and reduce waste, as well as develop products that encourage recycling. In 2025, we launched services to overhaul the electronic components of legacy products of the FPA-3000 series i-line lithography systems and switch out existing servers with the latest models, using virtualization technology to avoid the need to rewrite existing software. This will enable us to extend the lifespan of products that have been up and running for many years at our customers' production sites. We will further increase the proportion of i-line and KrF lithography equipment shipped in 2001 or later that is still in operation—currently at 92.6%—by 2030. Electronic parts >>>> New software >>>> Extend product lifecycles by providing parts and software

*1 In order to more accurately reflect actual conditions, the calculation method was revised in 2025, and the 2024 results were recalculated accordingly

*2 This refers to petroleum-derived plastics, and excludes the raw materials used for labels, coatings, and adhesives



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Chemical Substance Management

Canon thoroughly manages chemical substances in products and those used in manufacturing processes.

Initiative	Target (annual)	2025 results
Ensure environmental regulatory compliance at Group sites	Keep wastewater effluent at 80% of regulatory value	Implemented
Assess, manage, and reduce use of controlled chemical substances in products, and related emissions	In principle, deliveries by suppliers of items containing prohibited chemical substances to cease 12 months prior to any regulatory ban	Implemented

Approach to Managing Chemical Substances

Canon strictly manages chemical substances in products as well as those used in manufacturing processes. Our basic approach to management involves confirming products do not contain regulated chemical substances that exceed the prescribed standard and production sites do not discharge regulated chemical substances that exceed the prescribed standard.

Management of Chemical Substances in Products

Canon has built a Canon-wide environmental assurance system for managing chemical substances in products. Taking the laws and major environmental-labeling requirements around the world into consideration, we established in-house standards in line with the most stringent regulations in the world, and are working to develop products that comply with these standards. Specifically, we classify and rigorously manage chemical substances as shown in the table below. To ensure rigorous management and compliance with laws and regulations, the Canon Green Procurement Standards prohibit the delivery of parts and materials containing regulated chemical substances. The standards also make even stronger demands of suppliers and clarify the need to provide reliable chemical substance information.

Classification and Management Method for Chemical Substances Contained in Products

Classification	Management Method
Prohibited substances	Chemical substances which cannot be used in products
Use-restricted substances	Substances for which substitution or phase-out is pursued, and for which use is prohibited after a specified deadline
Controlled substances	Chemical substances for which the amount should be monitored

Managing Chemical Substances Used in Manufacturing Processes

The chemical substances handled during manufacturing at Canon include “controlled chemical substances” regulated in terms of safety such as negative impact on human health, the environment, and flammable risk. Canon categorizes these substances and has put effective measures in place for each category.

Classification and Measures for Controlled Chemical Substances in Production Processes

Classification	Explanation	Response Measures
A	Substances specified by the Chemical Weapons Convention, the Stockholm Convention, the Montreal Protocol and the Convention concerning Safety in the Use of Asbestos, as well as specified greenhouse gases (PFCs/HFCs/SF6), other soil and groundwater pollutants, and substances that significantly impact people's health	Prohibit use in principle. Only use as an exception when there are no alternatives and the substance is not prohibited by law after applying for and receiving permission, and control the amount used.
B	Greenhouse gases other than PFCs/HFCs/SF6, greenhouse gases for which global warming potential (GWP) has been determined by the IPCC*, volatile organic compounds (VOCs), and other substances designated by Canon	Aim to reduce use and emissions through substitutions, sealing, recovery, etc.
C	Chemical substances with defined compliance requirements, including compliance with reference values and the ascertainment of usage and storage quantities	Manage the amount of use and usage history in accordance with laws.

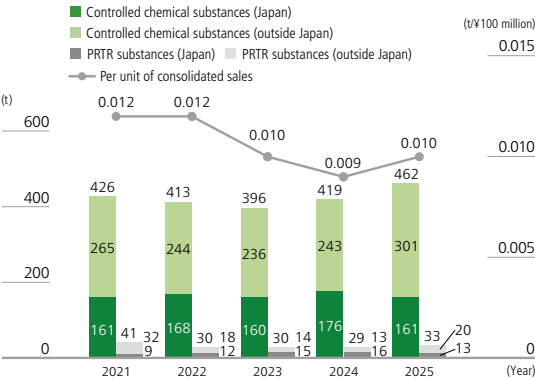
*IPCC: Intergovernmental Panel on Climate Change

Reducing the Usage and Emission of Controlled Chemical Substances

Canon engages in various initiatives at its sites to reduce emissions of controlled chemical substances, including reducing the volume of substances and promoting reuse through improvements in production processes.

In 2025, Canon Dalian Business Machines took steps to reuse and recycle solvents, as did Canon Inc., Taiwan, amid other efforts to replace controlled chemical substances with other substances.

Emissions of Controlled Chemical Substances and Amount of Chemical Substances Designated by the PRTR System*



* PRTR System: Pollutant Release and Transfer Register System, a notification system for the transfer and release of chemical substances.

* Controlled chemical substances exclude regulated substances.

* The scope of aggregation mainly includes companies that have acquired ISO 14001 consolidated certification.

Initiatives for the Environment

Biodiversity and Ecosystems

Under our Biodiversity Policy, we have formulated the slogan “Nature Positive” and are pursuing activities rooted in local communities worldwide.

Initiative	Target (annual)	2025 results
Reduce use of water resources	1% improvement in per-unit usage	0.9% improvement

Biodiversity Policy

Canon recognizes biodiversity as essential for a sustainable society. We carry out various activities to conserve and protect biodiversity under the Canon Group Biodiversity Policy.

Canon believes that actions to conserve biodiversity will prevent the loss of economic activity, create jobs and business, and lead to Canon’s sustainable development. For this reason, we are currently assessing issues related to the natural environment, including our dependence on natural capital and our impact on such capital, and are steadily increasing our disclosure on these issues in accordance with the framework of the Task Force on Nature-related Financial Disclosures (TNFD).

Initiatives in 2025

In 2025, in line with the TNFD-recommended LEAP approach*¹, we initiated the Locate phase of analyzing our main operational sites and marketing and production sites (80 locations in Japan and overseas), targeting direct operations. We used the ENCORE*² tool to assess the dependencies and impacts on nature at each of Canon’s business sectors. By creating and scoring a heat map, we found that several businesses have relatively high dependencies and impacts on nature.

We also used multiple analytical tools to assess ecologically sensitive areas based on the location information of the sites.

Accordingly, we will continue to conduct detailed surveys, evaluating impacts on business and the environment to identify priority locations, while also identifying dependencies, impacts, risks, and opportunities in accordance with the analysis from the Evaluate phase onwards.

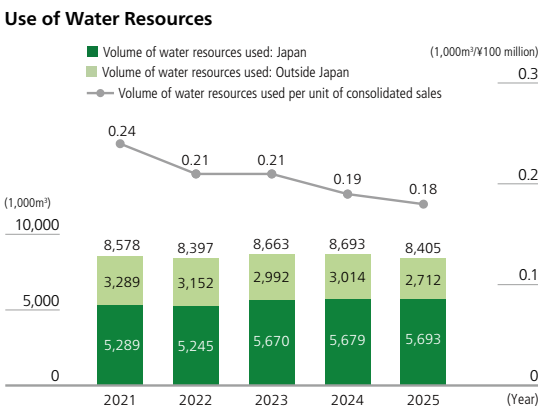
*¹ LEAP approach: An integrated approach for evaluating nature-related issues, consisting of the steps Locate, Evaluate, Assess, and Prepare
*² Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE): A nature-related risk management tool that can assess dependencies and impacts on nature for each type of economic activity.

Water Resources Policy

At Canon, we rely on numerous water resources in our production processes. We have therefore formulated a Canon Group Water Resources Policy, and we work both to promote the effective use of water and to prevent water pollution. We also recognize that water is closely linked to climate change and other environmental issues, and as such, we continue to monitor its impact on the environment. Based on our corporate philosophy of *kyosei*, at Canon we are working with various parties—including local communities and our suppliers—to reduce our use of water resources, and to minimize our impact on the environment.

Water Recycling at Production Sites

Canon promotes the recycling of water resources. We promote the efficient use of water by making decisions on whether water can be recycled based on measurements using measuring instruments. Each site is taking on individual initiatives suited to their own unique circumstances. Although various Canon sites are making ongoing efforts to reduce water usage, total water consumption was down by 3.3% in 2025 from the previous year to 8,405,000 m³, reflecting the larger volume of cooling water used for facility maintenance and due to high prevailing temperatures.



* Third-party assurance obtained for water consumption figures from 2018.
* The scope of aggregation mainly includes companies that have acquired ISO 14001 consolidated certification.

Initiatives for Society

Canon identifies items of materiality in the social domain by considering the positive and negative, as well as the potential and actual, impacts of its activities on society, and is pressing ahead with various initiatives to address them. This report focuses on respect for human rights and supply chain management, which we have positioned as very important items.

Respecting Human Rights

Indicator	Target	2025 result
Implementation rate for human rights due diligence	100% (every year)	100%
Implementation rate for human rights-related education and awareness activities	100% (until 2027)	80%

Basic Approach

Based on the UN Guiding Principles on Business and Human Rights, Canon respects the human rights of employees, business partners and other stakeholders involved in its business activities. Based on the advice of outside experts, Canon works to ensure human rights using the following measures: (1) formulating a human rights policy; (2) undertaking human rights due diligence; (3) instituting and operating a grievance mechanism; (4) conducting human rights awareness training; (5) engaging with stakeholders; and (6) addressing human rights risks in the supply chain.

Promotion System

Canon has established an internal Human Rights Secretariat, headed by the CFO, who serves as the executive in charge, to pursue human rights initiatives. The secretariat formulates an overall plan for human rights initiatives, establishes and operates grievance mechanisms, conducts stakeholder engagement, and reports important matters to the executive in charge.

The Risk Management Committee, established by resolution of the Board of Directors, identifies human rights violations as a significant risk, and each Canon Inc. division and Group company is implementing initiatives to prevent and mitigate human rights risks. The results are evaluated annually by the Risk Management Committee and reported to the CEO and Board of Directors. We also established a Human Rights Working Group in April 2024 under direction of the Sustainability Committee, which engages in the planning and promotion of human rights initiatives and activities aimed at ensuring appropriate disclosure.

(1) Formulating a Human Rights Policy

In 2021, under the direction of the Chairman & CEO, Canon established the Canon Group Human Rights Policy, and has been working to promote respect for human rights. This policy expresses Canon’s commitment to respect human rights and to take measures to protect human rights under the corporate philosophy of *kyosei*, which we embed into our operational policies and procedures. It stipulates that Canon will conduct human rights due diligence, establish and operate a grievance mechanism, conduct awareness training, and engage in dialogue with stakeholders in addition to respecting internationally recognized human rights, including the prohibition of child labor, forced labor, unreasonable restrictions on movement and excessive overtime work, and also the respect for freedom of association and the right to collective bargaining. The Human Rights Policy is communicated to employees and stakeholders in each country and region via our website.

Canon Group Human Rights Policy
📄 <https://global.canon/en/sustainability/society/human-rights/pdf/hr-policy-e.pdf>



Initiatives for Society

(2) Undertaking Human Rights Due Diligence

Based on the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct, we undertake human rights due diligence across the Group, as one of the activities under the Risk Management Committee. Each Canon Inc. division and Group company conducts human rights due diligence in their respective business activities, including the supply chain, following the process shown in the diagram below. They identify and evaluate potential adverse human rights impacts and determine salient human rights risks. In assessing human rights risks, they refer to resources such as the country/region-specific human rights risk index provided by the Responsible Business Alliance (RBA).

In addition, we assess human rights risks for new businesses. For example, when conducting an acquisition, we examine the target company's compliance with labor standards, health and safety laws, and other regulations as part of due diligence to confirm that there are no serious human rights risks at the company that is newly joining the Group. Canon will continue to reinforce efforts to prevent and mitigate human rights risks.

Canon's human rights due diligence process



Ongoing Monitoring

Canon continuously monitors compliance with the commitments set forth in the Canon Group Human Rights Policy. We also pursue ongoing efforts to improve our identification and assessment methods for human rights due diligence, and periodically review them throughout the Group. We also review the Group's human rights initiatives in accordance with social demand, dialogue with stakeholders, and Canon's business operations.

Salient Human Rights Risks for Canon

We have identified 11 items as salient human rights risks that may arise in Canon's business activities, including the supply chain. These include discrimination based on factors such as race, gender, or religion; harassment; child labor; forced labor; unpaid wages/low wages; excessive overtime work; occupational health and safety; and protection of privacy. As shown in the table below, various measures are taken to prevent and mitigate these risks.

Significant Human Rights Risks and Responses at Canon

	Rights-holders				Measures
	Suppliers/ Contractors	Canon employees	Customers/ Consumers	Local communities	
Discrimination based on such factors as race, gender, or religion		●			Thoroughly communicate the Canon Group Code of Conduct throughout the company
Harassment		●			Raise awareness through training and meetings to prevent harassment
Child labor	●				Engagement through supplier questionnaires
Forced labor	●				
Unpaid wages/low wages	●				
Excessive overtime work	●	●			Implement so-called "no overtime days" (twice a week), educate managers on how to thoroughly manage subordinates' working hours in training sessions, and set alerts for employees who may exceed overtime limits
Occupational health and safety	●	●			Engagement through supplier questionnaires Formulate a health management strategy map to further promote health management and prevent the occurrence of occupational accidents
Protection of privacy		●			Monitor trends regarding tighter personal data protection regulations in various countries and regions, and ensure compliance with rules for handling cookie data
			●		Create and ensure compliance with rules and guidelines for the communication of information through advertising, public relations, websites, and social media
Procurement of conflict minerals				●	Identify conflict-torn regions and high-risk areas and avoid the use of materials supplied by businesses with high human rights and environmental risks
Noise, environment pollution at operational sites				●	In all aspects of corporate activities, comply with applicable national and regional laws and agreements with other stakeholders, while promoting energy and resource conservation and the elimination of hazardous substances
Health damage or accident caused by product			●		Manage and understand quality issues that occur in the market as well as their severity, and take action to prevent their recurrence

Initiatives for Society

(3) Instituting and Operating a Grievance Mechanism

Canon Inc. has set up an internal reporting system through which employees can report specific human rights concerns. We also work to raise awareness of the reporting system via the company intranet and training programs, among other measures, and are taking steps to ensure its appropriate use. In addition, we have established a reporting system for external stakeholders. Both the internal and external systems give careful consideration to protecting the privacy of informants, such as allowing anonymous reporting, to ensure that informants are not treated unfairly. For reports of potential compliance violations, we investigate the facts and ultimately determine whether a violation has taken place. Based on the findings, in cases where a compliance violation has been recognized, we take necessary measures to remedy the problem and prevent recurrence. The table below shows the number of reported human rights-related whistleblowing reports, reported cases, and reported cases in which compliance violations were found, over the past three years. No cases of serious human rights-related compliance violations were found.

Responsible Business Conduct Hotline
▶ <https://global.canon/en/contact/csr/csr-form-e.html>

Number of reported cases and compliance violation reports over the past three years				(no.)
	2023	2024	2025	
Reported cases during the year	94	140	141	
Reported cases in which investigations were completed and compliance violations were found	17	27	29	
Discrimination, harassment	14	23	25	
Labor management	3	4	4	

(4) Conducting Human Rights Awareness Training

Since 2021, Canon has been carrying out human rights awareness training programs for employees to instill basic knowledge about business and human rights and raise awareness of the Canon Group Human Rights Policy and other human rights initiatives. Training programs held overseas reflect national and local characteristics, with each company optimizing the content and translating it into each language. Canon positioned this activity under the Risk Management Committee starting in 2025 and set a target of achieving a 100% implementation rate* for human rights education and

awareness activities across the Group over the three-year period from 2025 to 2027. The rate as of the end of 2025 was 80%. We will continue to strengthen these education and awareness activities, aiming to further enhance the awareness of human rights among all employees.
* Implementation rate at Group companies selected by the Risk Management Committee secretariat to undertake human rights education activities

(5) Engaging with Stakeholders

The OECD Due Diligence Guidance for Responsible Business Conduct states that it is important for companies to engage with stakeholders at each stage, such as when identifying and assessing the actual or potential adverse impact caused by corporate activities or when devising measures to prevent or mitigate such impact. In addition to the Canon Workers' Union, Canon is engaged in dialogue with institutional investors, suppliers, and business partners.

Example of Stakeholder Engagement
To identify and assess salient human rights risks and to consider measures for prevention, we organized dialogue with the union (in Japan) relating to issues that represent human rights risks for employees, including discrimination based on factors such as race, gender, or religion; harassment; excessive overtime work; occupational health and safety; and protection of privacy. Through dialogue, we identified trends in corporate responses to human rights issues and are exchanging opinions on a wide range of concerns, including the active participation of women in the workforce, issues involving lesbian, gay, bisexual, transgender, and queer (LGBTQ+) persons and persons with disabilities, and consultations about harassment and efforts to address these issues, as well as concerns about employee career development and telework and other types of flexible work styles. The results of these discussions are taken into consideration when we identify and assess salient human rights risks for Canon and consider preventive measures.

Respect for Freedom of Association and the Right to Collective Bargaining

As stated in the Canon Group Human Rights Policy, Canon respects freedom of association and the right to collective bargaining. We also strive to address various labor issues by promoting dialogue between labor and management. For example, the labor agreement between Canon Inc. and the Canon Workers' Union commits both sides to work in good faith to peacefully resolve issues in a timely manner.



Human rights dialogue with the Canon Workers' Union



Initiatives for Society

(6) Addressing Human Rights Risks in the Supply Chain

Canon joined the RBA in 2019, with the aim of strengthening our initiatives for social responsibility within the supply chain, and formulated the Canon Supplier Code of Conduct, based on the RBA Code of Conduct. We communicate the Canon Supplier Code of Conduct to suppliers and also request our major suppliers to sign a compliance agreement on the RBA Code of Conduct. The RBA Code of Conduct has been translated into over 20 languages, including English, Chinese, Japanese, Thai, and Vietnamese. In line with our support for the Keidanren-led Declaration of Partnership Building initiative, Canon is also committed to cooperation and co-existence with business partners and strives to avoid unreasonable requests for cost reductions, orders with short turnarounds that do not reflect appropriate cost bearing, and requests for sudden changes in specifications. We also make efforts to set prices that take into account the impact of higher labor costs.

Respecting Human Rights of Employees

■ Human Rights Risk Assessments at Production Sites

In 2025, Canon conducted human rights risk assessments at 64 of our production sites in Japan and overseas using the RBA's Self-Assessment Questionnaire (SAQ). Through this assessment, Canon confirmed that there were no cases of child labor or forced labor, verified the actual conditions regarding worker's freedom of association and collective bargaining rights, and implemented improvements to address any identified risks. In 2025, nine sites worldwide underwent Validated Assessment Program (VAP) audits, a third-party auditing program of the RBA. Facilities audited in 2025 received feedback including in the following areas and are taking corrective measures.

Improvements Made Following the 2025 VAP Audit

Management of consecutive working days

Improvements to employee protective equipment

Improvements to deficiencies in hazard labeling for chemical substances

Installation of emergency eyewash and shower facilities

Improvements to deficiencies in evacuation route maps

■ Prevention of Excessive Overtime Work

We have instituted a system to accurately ascertain the working hours of employees at production sites in Asia deemed to be subject to a notably high risk of excessive overtime work. Actual results

on working time management, including overtime work, are reported annually to the HR division of Canon Inc. Work guidelines were introduced to Canon Group production companies based in Asia in 2015 as part of human rights risk-related initiatives. In 2022, we overhauled these guidelines to make them consistent with RBA standards, extending them to all our domestic and overseas Group production companies.

■ Prevention of Harassment

In line with the principle of respect for humanity that Canon has followed since its foundation, Canon not only prohibits discrimination on such factors as gender or occupation, but also maintains a zero-tolerance policy on harassment, which it communicates to all management executives and employees. In addition to sexual harassment and abuse of authority (power harassment), Canon Inc.'s employment rules and Harassment Prevention Provisions prohibit other forms of harassment, including maternity harassment. In a further effort to maintain a comfortable workplace environment, Canon Inc. and its many Group companies in Japan have established a Harassment Hotline. Confidentiality surrounding employee consultations is strictly maintained and a firm guarantee against unfair treatment is provided to victims and informants. In terms of preventing harassment, regular liaison meetings are held for persons responsible at operational sites and Group companies in Japan, enabling the operational status of hotlines to be monitored and shared. Meeting participants review procedure manuals and share knowledge on how to respond to reports of harassment.

■ Prevention of Child and Forced Labor and Unreasonable Restrictions on Movements

We use the RBA's SAQ at Canon Group production sites in Japan and overseas. Based on the survey responses, we confirm that there is no evidence of child or forced labor or any unreasonable restrictions on workers' movements on the site or while at work. In addition, we have confirmed through the SAQ that Group companies do not retain originals of employee personal ID documents or other personal documents, and that they have put regulations in place that clearly stipulate this. To prevent child labor, we thoroughly check the age of employees when they enter the company, and we have developed a response flow in case an employee who is under the minimum working age is found. In addition, young workers under the age of 18 are prohibited from working any overtime or night time, or engaging in dangerous work, thereby giving consideration to their health.

Compliance with Modern Slavery Act

Based on the laws and regulations of each country, such as the UK's Modern Slavery Act 2015, Australia's Modern Slavery Act 2018, and Canada's Supply Chains Act, Group companies subject to such laws publish statements outlining their policies and efforts to eliminate human trafficking, forced labor, and other illegal activities from their supply chains.

Initiatives for Society

Supply Chain Management

Indicator	Target	2025 result
Rate of requests for compliance with the Canon Sustainability Supplier Guidelines among major suppliers	100% (every year)	100%
Completion rate of risk assessments using SAQ surveys among major suppliers	At least 95% (every year)	99.5%

Basic Approach

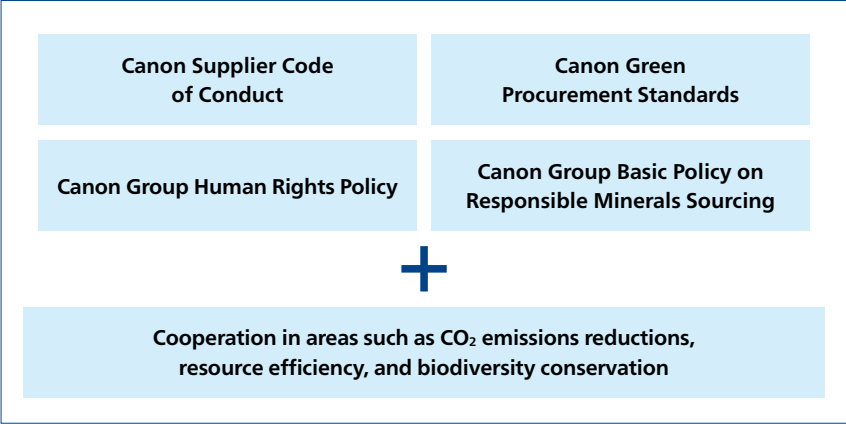
Having formed partnerships with suppliers worldwide, from whom it purchases considerable numbers of components, such as electronic parts, mechanical parts, units and materials, Canon believes it has a responsibility as a global manufacturer to consider the social and environmental impact of its procurement activities. In 2019, in line with this approach, Canon joined the Responsible Business Alliance (RBA), a coalition of companies that promotes socially responsible global supply chains.

Besides focusing on legal and regulatory compliance related to procurement from a global standpoint, Canon believes in the importance of dealing with suppliers in a fair and transparent manner. We promote an open procurement approach utilizing a broad base of suppliers worldwide.

Policies

Canon's Procurement Policy establishes our basic stance on procurement, with the emphasis placed on observing corporate ethics, environmental conservation, and fair and equitable business conduct. We are working to develop a socially responsible global supply chain on issues such as labor, occupational health and safety, the environment, corporate ethics, and management systems. We have also formulated the Canon Supplier Code of Conduct, based on the RBA Code of Conduct. In July 2024, we also formulated and distributed to suppliers the Canon Sustainability Supplier Guidelines, which summarize our initiatives for addressing climate change, human rights, and other important issues related to sustainability; requests for supplier cooperation and surveys; and the standards set out in the Canon Supplier Code of Conduct and Canon Green Procurement Standards. Based on these guidelines, we will continue to strengthen sustainable procurement in our supply chain. Our Procurement Policy and the Canon Sustainability Supplier Guidelines are published on our website to inform all stakeholders.

Canon Sustainability Supplier Guidelines



To strengthen cooperation with our major suppliers, we hold a procurement meetings to explain procurement policies, request compliance with the Canon Sustainability Supplier Guidelines, and report on related activities. In addition, we raise awareness of the code by conducting an annual survey of our suppliers worldwide, while also asking first-tier suppliers to ensure their supply chain (Canon's second-tier suppliers) understands and complies with the Canon Sustainability Supplier Guidelines. In 2025, we requested all major suppliers to comply with the Canon Sustainability Supplier Guidelines.

- Procurement Policy
- 🔗 <https://global.canon/en/procurement/policy.html>
- Canon Sustainability Supplier Guidelines
- 🔗 <https://global.canon/en/procurement/sustainability.html>

Promotion System

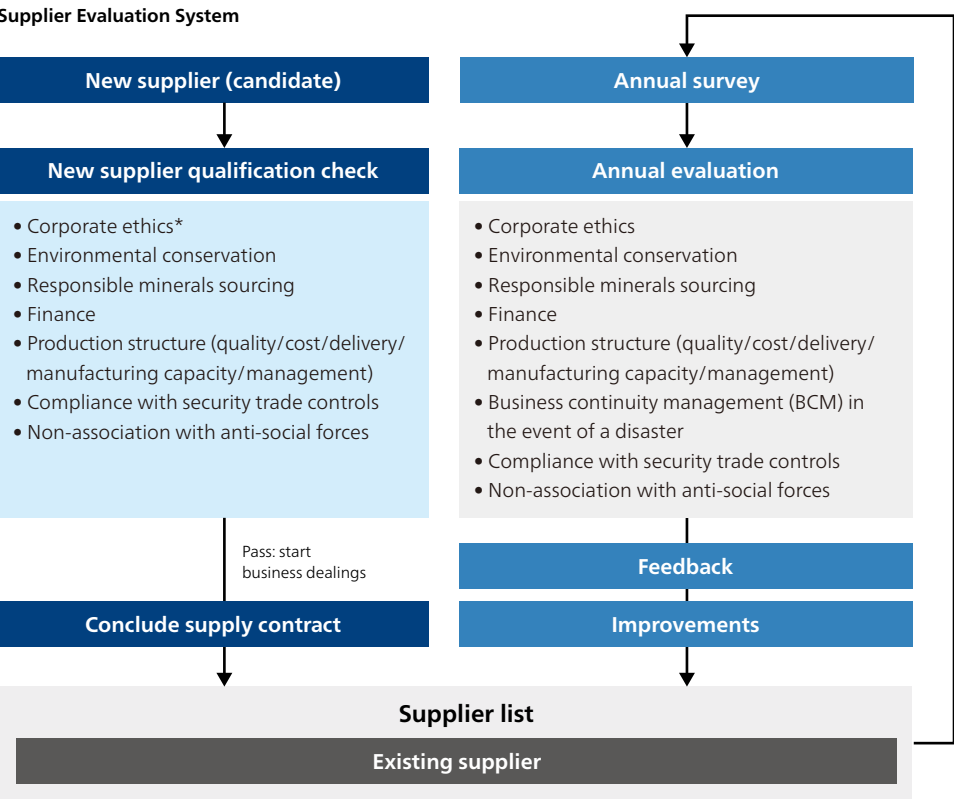
The executive officer in charge of the Procurement Headquarters at Canon Inc. oversees and promotes procurement activities across the Group. A central unit has also been established to manage internal controls, including setting rules, monitoring operational status, and training staff. Furthermore, policy items and significant matters regarding legal violations and risks relating to business operations are deliberated by the Risk Management Committee in terms of how to respond to business risks and what measures are required. The results are then reported to the CEO and the Board of Directors.



Initiatives for Society

Initiatives with Suppliers

Before starting business dealings with a new supplier, Canon conducts assessments in accordance with the supplier evaluation process (shown below) based on the Canon Sustainability Supplier Guidelines. Only those suppliers who meet these criteria are accepted as suppliers. We then conduct a comprehensive evaluation based on the results of an annual survey and transaction history, giving priority to transactions with highly rated suppliers. In addition, we conduct on-site audits of suppliers with low evaluations, providing guidance and instruction for improvement. In particular, Canon may choose to terminate business with suppliers if they are not complying with laws and social norms covering areas such as human rights, labor, and the environment.



* Corporate ethics covers areas including legal compliance, product safety, management of confidential information, human rights, labor, health and safety, and intellectual property right protection.

We request major suppliers to sign an agreement concerning actions related to the RBA Code of Conduct. In 2025, agreements were signed with 367 of 375 major suppliers, equivalent to a consent rate of 97.9%. Canon also uses an RBA-approved Self-Assessment Questionnaire (SAQ) to identify and assess labor, health and safety, environmental, and ethical risks. Our goal is to consistently achieve a risk assessment response rate of over 95%. The response rate was 99.2% in 2025 (372 responses out of 375 companies surveyed).

Suppliers that did not reply to the survey were followed up individually. No businesses were identified as high risk among major suppliers, but we provided feedback on the results to our major suppliers and requested that they identify weaknesses and improve on them. We also conduct online meetings and arrange site visits to help verify the SAQ responses of a select number of major suppliers.

Addressing the Issue of Responsible Minerals Sourcing

Products manufactured and sold by the Canon Group and numerous other corporations contain materials that originate from a variety of minerals. These materials are sourced through diverse supply chains from their places of origin throughout the world. Mineral mining sites, smelters, or other processing sites for some of those materials have been shown to have links to armed groups, serious human rights violations, or environmental destruction. Corporations are therefore being called upon to exercise their social responsibility by identifying conflict/high-risk regions and avoiding the use of materials supplied from business operators disrespecting human rights or environmental conservation in those regions.

To reassure customers using Canon products, we are working with suppliers and industry bodies on responsible mineral sourcing initiatives.

In 2025, Canon requested CMRT/EMRT-based surveys relating to 3TG and cobalt sourcing from eligible suppliers. The response rates were approximately 91.7% for 3TG and 90.9% for cobalt (provisional response rate as of March 23, 2026). Based on the survey responses, there is no evidence pointing towards significant human rights or environmental risks in Canon's supply chain. If a significant risk is identified as a result of these surveys, we request that the supplier switch to a lower-risk supply chain and work to reduce the risk. In line with OECD Guidance, the assessment framework of Canon Group surveys, the results, risk analyses, and information relating to specific smelters are published annually in the Conflict Minerals Report on Canon's website.

Responsible Minerals Sourcing Report (3TG)
<https://global.canon/ja/sustainability/society/conflict/pdf/minenralsourcingreport2024.pdf>

Cooperation with Industry Groups

Since April 2015, Canon has supported the activities of the Responsible Minerals Initiative (RMI), an international program focused on addressing the issue of conflict minerals. In Japan, Canon is active as a leading member of the Responsible Minerals Trade Working Group of the Japan Electronics and Information Technology Industries Association (JEITA).



Corporate Governance

Basic Views and Structure

In order to establish a sound corporate governance structure and continuously raise corporate value, Canon Inc. (the "Company") believes that it is essential to improve management transparency and strengthen management supervising functions. At the same time, a sense of ethics and mission held by each executive and employee of a company is very important in order to achieve continuous corporate growth and development.

An Overview of Corporate Governance

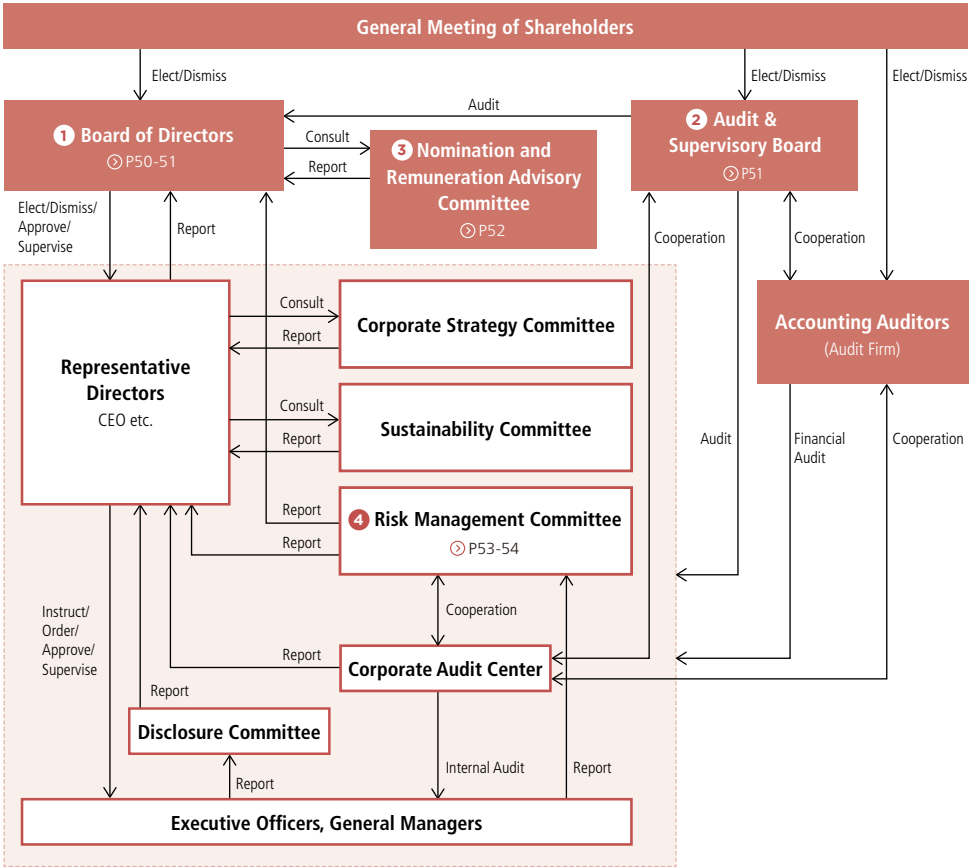
➔ <https://global.canon/en/ir/strategies/governance.html>

Governance Structure

Timeline

2010	• Reduction in the number of Directors (from 25 to 17)
2014	• Appointment of Outside Directors (two)
2015	• Appointment of female Executive Officer • Start of evaluation of Board of Directors' effectiveness
2016	• Reduction in the number of Directors (from 17 to 6) • Establishment of Nomination and Remuneration Advisory Committee • Establishment of the Independence Standards for Independent Directors/Audit and Supervisory Board Members
2024	• Appointment of female Director Appointment of Ms. Akiko Ito as Outside Director • Increase in the number of Directors (from 5 to 10) Increase in the number of Directors to enhance the functionality of the Board of Directors and to develop the next generation of management • Establishment of the Sustainability Committee Established to share information and conduct preliminary deliberations with the aim of ensuring appropriate and effective judgement by the CEO and Board of Directors regarding sustainability-related matters that the Canon Group should respond to or address
2025	• Appointment of female Audit & Supervisory Board Member Appointment of Ms. Yuka Shigetomi as Outside Audit & Supervisory Board Member
2026	• Appointment of Mr. Kazuto Ogawa as President & COO • Increase in the number of Outside Directors (from 4 to 5), increase in the number of female Directors (from 1 to 2) Appointment of Ms. Atsumi Arima as Outside Director

Corporate governance structure



* The light pink boxes represent the organizations executing operations.

➔ For details on each organization, please refer to the corporate governance section of Canon's website.
<https://global.canon/en/sustainability/governance/corporate-governance/management/>

Corporate Governance

(1) Board of Directors

Inside (6 persons)

Outside (5 persons)

While the focus of the organizational structure of the Board of Directors is on Representative Directors and Executive Directors, at least two Independent Outside Directors are appointed while also assuring that they account for one-third or more of the total number of Directors, in order to secure sound management. The Board of Directors, in accordance with laws and regulations, makes important decisions and supervises the execution of duties.

Except for the above, the CEO and other Representative Directors are active in decision making and execution, and under the direction and supervision of the Representative Directors, Executive Officers that are elected through resolution of the Board of Directors make decisions and execute operations of each business field or function.

Board Policies in the Appointment of Senior Management and the Nomination of Director Candidates

Director candidates are people that have the ability to fairly and effectively execute duties and, in principle, are selected from people that have met the following requirements, regardless of personal attributes such as gender, nationality, age, etc.

Requirements of Director candidates	
Representative Directors and Executive Directors	Have a true understanding of the corporate philosophy and code of conduct of the Canon Group. At the same time, have broad familiarity with the Company's businesses and operations, gained through, for example, Executive Officer experience. Have the ability to make effective decisions that overlook multiple businesses and functions. In addition to this, the CEO shall be a person with the ability to lead the Canon Group, having, in particular, a wealth of knowledge and skill related to management and a clear vision and a strong sense of responsibility.
Independent Outside Directors	In addition to meeting the independence standard that is separately determined by the Board of Directors, have an abundance of experience and superior insight in areas that cannot be adequately covered by internally appointed directors in fields such as risk management, law, and economics.

Independence Standards for Independent Directors/Audit and Supervisory Board Members

The Company, taking into consideration Japan's Corporate Governance Code (Principle 4.9) and the independence criteria set by securities exchanges in Japan, established the Independence Standards for Independent Directors/Audit and Supervisory Board Members, in order to clarify the standards for ensuring independence of Outside Directors and Outside Audit & Supervisory Board Members of the Company. The Independence Standards for Independent Directors/Audit and Supervisory Board Members were resolved by the Board of Directors with the consent of all Audit & Supervisory Board Members.

Independence Standards for Independent Directors/Audit and Supervisory Board Members

➤ <https://global.canon/en/ir/strategies/governance.html>

Reasons for Appointment of Outside Directors

The Company appoints Outside Directors based on its Independence Standards for Independent Directors/Audit and Supervisory Board Members.

Classification	Name	Reasons for Appointment
Outside Directors	Yusuke Kawamura	Mr. Yusuke Kawamura has a wealth of experience as an Outside Director along with capacity as an expert with respect to financial and securities systems as well as strategy for managing financial institutions, given that he worked at a securities company and subsequently served in various positions, including as a university professor, a commissioner of councils of Japan's Ministry of Finance and Financial Services Agency, and an Executive Counselor of the Japan Securities Dealers Association. The Company has elected him as an Outside Director in hopes that he will furnish particularly useful advice, drawing on his wealth of experience and high level of expertise regarding finance and securities, especially when taking part in discussions on M&A and ESG-related topics from a shareholder and investor perspective.
	Masayuki Ikegami	Mr. Masayuki Ikegami has been involved in various matters, including corporate cases, in legal professions over many years, having served in important roles at the High Public Prosecutors Office in both Nagoya and Osaka and as a Justice of the Supreme Court for seven years. The Company has elected him as an Outside Director in hopes that he can provide insightful opinions and supervision, particularly regarding internal control systems and corporate governance, including from the perspective of ensuring corporate compliance, based on his abundant experience and advanced knowledge.
	Masaki Suzuki	Mr. Masaki Suzuki worked for many years at the Ministry of Finance, before transferring to the Ministry of the Environment, where he held important positions such as Vice-Minister. After retiring from the ministry, he also served as the representative director of a private financial institution. The Company has elected him as an Outside Director in hopes that he can provide insightful opinions particularly concerning the areas of corporate finance and environment, in addition to opinions and supervision based on his managerial experience at financial institutions which require a high degree of appropriateness and compliance.
	Akiko Ito	Ms. Akiko Ito joined the Ministry of Construction (currently the Ministry of Land, Infrastructure, Transport and Tourism) as a technical official, served as Director of Housing Bureau, and was subsequently responsible for policies for regional revitalization, including human resource development and job and town development, before becoming Commissioner of the Consumer Affairs Agency. Since retiring from the Consumer Affairs Agency, she has continued to engage in related fields, while serving as an outside director of corporations. The Company has elected her as an Outside Director in hopes that she can provide insightful advice and supervision, particularly from the perspective of clients, consumers, and organizational management.
	Atsumi Arima	Ms. Atsumi Arima has abundant practical experience and specialized knowledge from her time spent working at a major financial institution, where she served critical roles in its corporate advisory and international business departments. She also has plentiful experience as an outside director. The Company has elected her as an Outside Director in hopes that she can leverage this experience and her advanced knowledge of risk management in the field of finance to provide appropriate advice on the Company's management and supervision of business execution.



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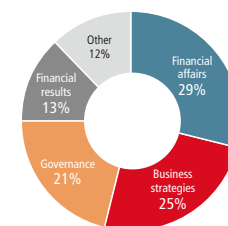
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Corporate Governance

Board of Directors Meeting Status in 2025

Number of times held	10 times
Main agenda items	Status of execution of duties; performance reports and sales profit plans; direction of business strategy; risk management; evaluation of the effectiveness of the Board of Directors; Directors, Audit & Supervisory Board Members, Executive Officers, and other important personnel matters; significant organizational changes; convocation of the Ordinary General Meeting of Shareholders; review of strategic shareholdings; share buybacks; Canon Electronics TOB; integration of the medical business

Breakdown of agendas at the Board of Directors



Analyzing and Evaluating the Effectiveness of the Board of Directors

Once a year, a questionnaire survey of Directors and Audit & Supervisory Board Members on the items below is conducted. Based on the result of the questionnaire survey, analysis and evaluations regarding the effectiveness of the entire Board of Directors are carried out at the Board of Directors' meeting.

- As for the operation of the Board of Directors (including the appropriateness of when documents are distributed, how often meetings are held, and the time spent deliberating)
- As for the roles (the decision making and supervisory function) of the Board of Directors (including the appropriateness of agenda items and agenda criteria of the Board of Directors as well as appropriateness etc. of content that is reported)
- As for the roles of Outside Directors and Audit & Supervisory Board Members (including the necessity of training, etc., regarding the understanding of company affairs and corporate structure)

In fiscal 2025, the Board of Directors made continuous efforts to vitalize deliberations at the Board of Directors, such as providing advance explanations on proposals to Outside Directors and the Audit & Supervisory Board, sharing information on management through the attendance of Outside Directors at Corporate Strategy Meetings, etc., regular exchanges of opinions between Outside Directors and the Audit & Supervisory Board. As not only directors in charge of business execution but also Outside Directors and Audit & Supervisory Board Members made positive and useful comments, it was evaluated that there were no problems with the effectiveness of the Board of Directors.

In the future as well, yearly analysis and evaluations will be continued and an overview of the results will be disclosed. At the same time, when necessary, efforts will be made to improve the running etc. of the Board of Directors meetings.

(2) Audit & Supervisory Board



As a body which is in charge of the audit of operations, under the principles of autonomy, which is independent from the Board of Directors, the Company has full-time Audit & Supervisory Board Members that are familiar with the Company's businesses or its management structure, and Independent Outside Audit & Supervisory Board Members that have extensive knowledge in specialized areas such as law, finance and accounting, and internal control. The Audit & Supervisory Board, which is composed of these individuals, cooperates with the Company's Accounting Auditors and internal audit division, oversees the status of duty execution of operations and corporate assets to secure the soundness of management.

In accordance with auditing policies and plans decided at Audit & Supervisory Board meetings, the Audit & Supervisory Board Members attend Board of Directors' meetings and other internal important gatherings such as Corporate Strategy Committee meetings. They are also able to listen to reports from Directors and employees, review documents related to important decisions, and conduct audits by investigating, etc., the situation of businesses and property of Canon Inc. and its subsidiaries. Additionally, the Office of Audit & Supervisory Board Members is independent from the control of the Directors, etc., and it has a dedicated staff. The Audit & Supervisory Board Members can order headquarters management and other operations to conduct investigations in cases of necessity. In this way, the Audit & Supervisory Board plays a role in monitoring management, conducting strict audits of directors' execution of duty, including the status of development of the internal control system. Furthermore, the Audit & Supervisory Board Members cooperate closely with the Accounting Auditors and the Company's internal auditing arm, and such cooperation services to improve each monitoring function.

Reasons for Appointment of Outside Audit & Supervisory Board Members

Canon appoints Outside Audit & Supervisory Board Members based on its Independence Standards for Independent Directors/Audit and Supervisory Board Members.

Classification	Name	Reasons for Appointment
Outside Audit and Supervisory Board Members	Yutaka Tanaka	Mr. Yutaka Tanaka had for many years served as a judge in charge of civil cases, and subsequently has been engaging in corporate legal affairs as an attorney and as a law school professor. The Company has elected him as an Outside Audit & Supervisory Board Member as it desires to leverage his considerable experience and high level of expert knowledge about legal affairs to further enhance the Company's auditing system.
	Yuka Shigetomi	Ms. Yuka Shigetomi has obtained practical experience in corporate accounting over many years as a certified public accountant in Japan, the U.S., and Hong Kong, as well as an abundance of international experience through her service at the overseas office of one of the world's largest audit firms. The Company has elected her as an Outside Audit & Supervisory Board Member because it expects that, in addition to her qualifications as an expert in corporate accounting, her wealth of knowledge on topics such as risk management and ESG from a global perspective will help the Company to conduct appropriate audits more effectively.
	Kaori Asakura	Ms. Kaori Asakura has been engaged for many years in securities analysis and other roles at a major life insurance company, and possesses highly specialized knowledge relating to economics and finance. She also manages overall business administration, including human resources, at the corporate group's think tank. The Company has elected her as an Outside Audit & Supervisory Board Member to leverage her abundant knowledge and experience to further enhance appropriate auditing of the Company.



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Corporate Governance

(3) Nomination and
Remuneration Advisory
Committee



With regard to the nomination of candidates for Directors and Audit & Supervisory Board Members and the election of Executive Officers (including the selection of a successor to the Chief Executive Officer position), the CEO recommends candidates from among those who are recognized to meet predetermined requirements, and after confirming the fairness and appropriateness of the recommendation by the Nomination and Remuneration Advisory Committee, the proposal of candidates is submitted to the Board of Directors for deliberation.

With the aim of ensuring the transparency and objectivity of the remuneration decision-making process as well as the validity of the remuneration system, the Committee, after examining the rationale of the remuneration system, including calculation standards of the basic remuneration, bonus, and the granting standards of stock-type compensation stock option plan, reports to the Board of Directors to the effect that the system is reasonable.

Succession Plan for the CEO

The succession plan for the CEO is one of the key themes that contributes to sustainable growth and medium- to long-term enhancement of corporate value. Through mechanisms such as senior management training programs, training programs for selected executive officers, and the accumulation of management experience gained through subsequent personnel transfers and involvement in Company-wide projects, the CEO, under their own responsibility, assigns tasks, checks and evaluates progress, and selects and develops candidates. This whole process is reviewed by the Nomination and Remuneration Advisory Committee. Executive Vice President & Director Kazuto Ogawa was selected through this same process before his appointment as President & COO in March 2026.

Executive Compensation

The remuneration of Representative Directors and Executive Directors consists of a basic remuneration, a bonus, and stock-type compensation stock options. As for the breakdown of remuneration, in view of the importance of addressing management from a medium- to long-term perspective, the Company's basic stand is to emphasize the level and stability of basic remuneration. In addition to this, consideration is also given to improved performance in a single year and the pursuit of shareholder interest.

Basic Remuneration	Approx. 50%	As remuneration for the performance of Directors' duties a fixed amount of remuneration is paid monthly. The amount is prescribed according to each Director's position and the degree to which the Director contributes in this role and the total remuneration amount is within the limit approved at the General Meeting of Shareholders.
Bonus	Approx. 30%	As a reward for Director service over a one-year term, Directors receive a bonus once a year for which consolidated income before income taxes is used as a financial indicator to measure the results of annual group-wide corporate activities. The total amount of the Director's bonus is determined by multiplying such consolidated income with a given predetermined coefficient that corresponds with the Director's position. It is also determined through individual assessment based on the degree to which the Director has contributed in this role. Matters including whether a payment is allowed or the total amount of bonus as calculated above, are deliberated during the General Meeting of Shareholders every year.
Stock-type Compensation Stock Options	Approx. 20%	Once a year, stock acquisition rights on the Company's shares are granted with the intent of providing additional incentive for Directors to further contribute to the improvement of medium- and long-term performance and raise corporate value through sharing the benefits and risks of share price fluctuations with the Company's shareholders. The total amount of the stock acquisition rights is within the amount approved at the General Meeting of Shareholders and the number of stock acquisition rights granted is calculated based on the amount determined by the Director's position, the consolidated income before income taxes in the previous year as well as the degree to which the Director has contributed in this role, and the stock price level at the time of grant. As remuneration is linked to the achievements throughout one's term in office, the Company has a system in place that allows the exercising of acquisition rights at the time of retirement.

Canon

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(4) Risk Management Committee

At Canon, we recognize that to ensure proper operations and to continually improve corporate value, implementing and maintaining a management system to deal with significant risks that may arise in the course of business operations is vital.

Risk Management System

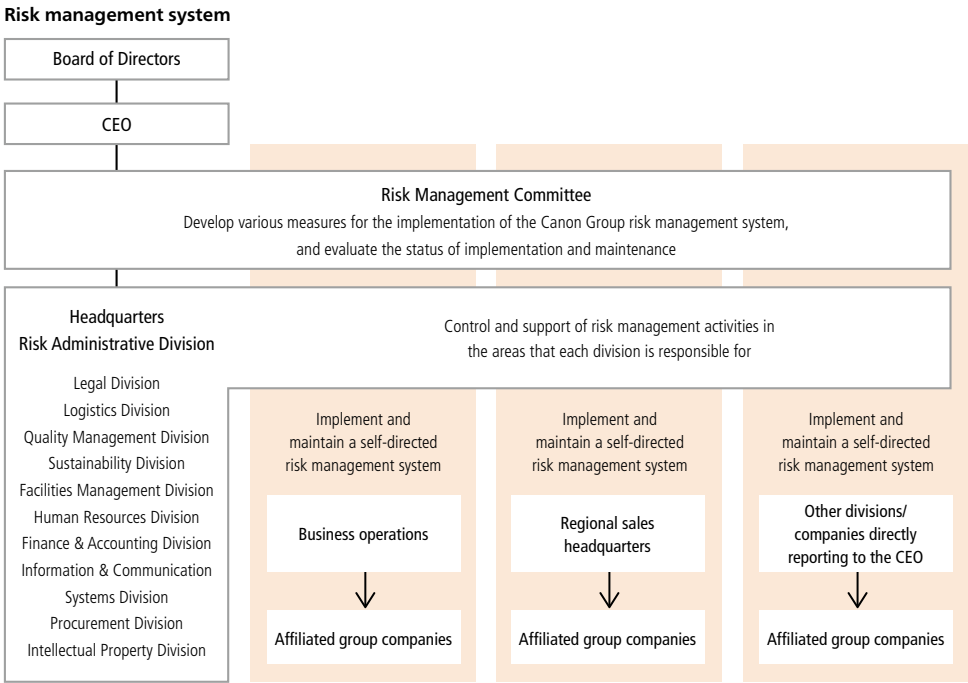
Based on a resolution of the Board of Directors, the Company set up the Risk Management Committee. Chaired by the CFO, the committee consists of three entities: the Financial Risk Management Subcommittee, the Compliance Subcommittee, and the Business Risk Management Subcommittee.

The Risk Management Committee develops various measures to implement Canon's risk management system, including identifying any significant risks that the Group may face in the course of business, including violations of laws and regulations or corporate ethics, inappropriate financial reporting, environmental issues, quality issues or information leaks.

The Company's administrative divisions responsible for various risks associated with business activities, including the Legal Division, Logistics Division, Quality Management Division, Human Resources Division, Finance & Accounting Division, belong to the relevant subcommittee and according to their areas of responsibility, control and support the risk management activities of Company divisions as well as companies of the Canon Group.

Under this system, Company divisions and companies of the Canon Group implement and maintain self-directed risk management systems and make yearly reports to the Risk Management Committee on the results of activities. Having received the report of each subcommittee, division, and group company, the Risk Management Committee evaluates the status of implementation and maintenance of the risk management system and reports its findings to the CEO and Board of Directors. The evaluation conducted in 2025 found no material flaws in the system.

P	D	C	A
Risk Management Committee and Board of Directors ● Develop various measures including the identification of significant risks Divisions and Group companies ● Formulate annual risk management policies and plans	Divisions and Group companies ● Establish appropriate rules and workflows ● Carry out employee education ● Conduct audits and checks	Divisions and Group companies ● Evaluate the status of implementation and maintenance Risk Management Committee, CEO and Board of Directors ● Confirm results of evaluation	Risk Management Committee and Board of Directors ● Discuss various measures of the risk management activity in the next fiscal year



Group-wide Risk Management Communication

At the Company, during training programs for newly appointed executives of Canon Group companies, participants are educated on the importance of autonomously implementing and maintaining a risk management system at each company, and the role and responsibilities of executives in implementing and maintaining such systems. Furthermore, at the Company and Canon Group companies in Japan, we distribute the Canon Group Risk Management Handbook to directors and executives. In the training program for newly appointed general managers and managers, the handbook is used to educate them on the importance of risk management and the role of management in constructing the risk management system. In addition, an intranet site provides all Canon Group employees with timely information, including our approach to risk management and updates on activities.



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Financial Risk Management

The Company's internal control over financial reporting is maintained and performed in accordance with the basic framework of internal control established in the revision of the "Standards and Practice Standards for Management Assessment and Audit concerning Internal Control over Financial Reporting (Opinion)" issued by the Business Accounting Council. The Financial Risk Management Subcommittee carries out activities to strengthen internal controls pertaining to financial risks for the entire Canon Group, including compliance with Japan's Companies Act and Financial Instruments and Exchange Act. Specifically, the Subcommittee works to achieve qualitative improvements in ensuring the reliability of financial reporting across the entire Group by supporting autonomous activities and voluntary education at each Group company and ensuring that each company takes the initiative in implementing a PDCA cycle for business procedures regarding financial risks.

Promoting Compliance

The Compliance Subcommittee works to promote corporate ethics across the Group in accordance with the Canon Group Code of Conduct, developing and regularly reviewing the Group's compliance system. As a result of these initiatives, Canon had another year free from material fines or other sanctions in 2025.

Promoting Business Risk Management

The Business Risk Management Subcommittee is responsible for identifying significant operational risks in terms of their potential impact and managing them. Action policies and plans for each identified significant risk are decided in cooperation with the responsible divisions across the Group, and system implementation and risk mitigation activities are promoted through each business division and the responsible division at each Group company.

Addressing Cybersecurity Risks

As for information security risks that are an increasing global threat, while working on countermeasures against information leakage from within the Group and cyberattacks from outside, we are also taking other steps such as raising the awareness of employees at a Group-wide level. In the unlikely event that an information security incident occurs, we have established a dedicated team, CSIRT*, to deal with it promptly.

Furthermore, since we are working to boost the convenience of our products and services by connecting them to the cloud and smartphones via networks, as a key initiative, we are working on countermeasures against cybersecurity risks, such as leakage of personal and confidential information, from the development stage.

* Computer Security Incident Response Team: (a general term that refers to an organization that deals with incidents and accidents related to computer security)

Listed Subsidiaries

Views and Policies on Group Management

The Company, from a Group management perspective, has conducted reviews of listed subsidiaries. The Company made Canon Electronics into a wholly owned subsidiary this year, so there is now only one listed subsidiary, Canon Marketing Japan Inc. ("Canon MJ"). The Company believes that if each company in the Canon Group, including Canon MJ, fulfills its social responsibility through corporate activities rooted in Canon's corporate philosophy of *kyosei*, and continues to strive to realize *kyosei*, this will lead to sustainable growth and medium- to long-term improvement in corporate value.

From the perspective of risk management, the Company is further promoting the sharing of policies and information and the development of systems throughout the Group, including Canon MJ, in order to control risks related to compliance, internal control, and economic security, and to carry out activities related to sustainability, such as measures to address decarbonization and global warming, and efforts to respect human rights. On the other hand, from the viewpoint of respecting the interests of minority shareholders of the Company and Canon MJ, the Company considers it an important management policy of the Canon Group to continue a system that enables Canon MJ to conduct flexible management while maintaining a high degree of independence from the Company. Therefore, the Company does not intervene in the decisions of Canon MJ on specific matters. We will also review the effectiveness of subsidiary listings as necessary to ensure that business activities are carried out under an optimal structure at all times in this ever-changing business environment.



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Significance of Holding Listed Subsidiaries

Canon MJ not only sells Canon products but also operates its own IT solutions and other businesses. While leveraging the strengths of being a part of the Canon Group, the company maintains its listing to ensure managerial independence, enabling faster decision-making, and more agile business development. Being listed also helps attract top talent in software development, expand business relationships through the credibility of being a listed company, and keep employees motivated. Overall, the Company decided that remaining listed maximizes the value of the entire Canon Group.

Measures to Ensure the Effectiveness of the Governance System of Listed Subsidiaries

Canon MJ operates independently of the Company. In addition, none of the Company’s officers hold officer positions within Canon MJ. To improve governance, Canon MJ established a Nomination and Remuneration Advisory Committee, the majority of whose members are Independent Outside Directors. The Company fully respects the decisions of the committee in the election and dismissal of Directors and the remuneration determination process.

In addition, in transactions between the Company and Canon MJ, the Company endeavors not to unduly harm the interests of minority shareholders by, for example, applying arms-length rules from the viewpoint of ensuring appropriateness of transactions. Canon MJ has a special committee that deliberates and reviews the risks of conflicts of interest between controlling shareholders and minority shareholders and strives to mitigate such risks.

Making Canon Electronics a Wholly Owned Subsidiary

In April 2026, Canon Electronics was made a wholly owned subsidiary. The purpose of this was to improve profitability and raise capital efficiency in Canon Electronics Inc.’s existing businesses and to expand its space-related business, where strong growth is expected. As the parent company, the Company will make effective use of resources across the Canon Group and swiftly realize synergies.

Constructive Dialogue with Shareholders

For sustainable growth and to help improve corporate value over a medium- to long-term perspective, the Company engages in constructive dialogue with shareholders through ordinary general meetings of shareholders, corporate strategy conferences, financial results conferences, and interviews with major institutional investors.

Structure to Promote Dialogue

Investor Relations (IR) and Shareholders Relations (SR) departments are responsible for working with related departments and promoting dialogue, and the entire structure is overseen by the Vice Chairman & CFO. For analysts and institutional investors, the CEO hosts an annual corporate strategy conference, and the CFO hosts quarterly financial results conferences. In addition, we continue to provide prompt and accurate disclosure of business conditions by posting materials on the Company’s website. Furthermore, we established an English IR website for overseas investors, to disclose the same information at the same time as in Japan.

Additionally, the Company provides opportunities to meet with Executive Officers, Outside Directors, Audit & Supervisory Board Members, etc. as necessary, to engage in dialogue with analysts and institutional investors in Japan and overseas. As for the opinions or requests that are obtained through dialogue with shareholders, accordingly, the department in charge reports to the CFO and the CFO reports important ones to the CEO or the Board of Directors.

Status of Dialogue with Shareholders

The Company actively provides opportunities for dialogue and information provision throughout the year. IR, SR, the Director that heads both divisions, the sustainability division, the human resource management division etc. engage in dialogue according to the subject. In addition, individual meetings with management and Outside Directors are conducted in response to investor requests when appropriate.

The dialogue covers a wide range of topics, including business performance, business policies, governance, and sustainability matters. As for the Company’s position on governance and other SR-related matters, Canon listens attentively to investors’ expectations, opinions, and guidelines for exercising voting rights and we make efforts to explain our position through open and honest dialogue.

The opinions received through dialogue are share with Directors and used as reference for management. Through this, we strive to enhance corporate value.



Outside Director Interview

Steady progress on governance reforms



Outside Director Yusuke Kawamura

Worked at Daiwa Securities and served as a professor in the Faculty of Economics at Nagasaki University, Deputy Chairman of Daiwa Institute of Research, and Executive Counselor of the Japan Securities Dealers Association. Appointed as an outside director of Canon Inc. in March 2021.

■ Appropriate and timely deliberation of tender offer and business integration

— What do you consider important when carrying out your duties as an outside director?

The fundamental mission of an outside director is to implement rigorous oversight as to whether management is being conducted in a manner that contributes to the creation of shareholder value, and whether decision-making processes are appropriate. I draw on my experience in observing corporate management from an investor's perspective, and participate in discussions at Board meetings and with the CEO in light of the expectations the capital markets have for the Company. In addition, by hearing the details of initiatives and challenges from the officers in charge of each business, and personally visiting development and production sites, I strive to enhance the accuracy of my judgments during Board meetings and in other situations.

— How did you address key agenda items of Board meetings in fiscal 2025?

In fiscal 2025, the integration of the medical business and the tender offer for Canon Electronics were particularly important agenda items. On both matters, we engaged in discussions exhaustively yet expeditiously over an extended period, and I determined that the decision-making process was appropriate. The decision to integrate the medical business was approved unanimously as an effective measure to achieve strong profitability and high growth. All outside directors also approved the tender offer for Canon Electronics from the perspectives of enhancing corporate value and

avoiding potential conflicts of interest. Each outside director, drawing on their expertise, discussed matters such as incorporating the space business—for which the market has high expectations—into the next five-year management plan (Phase VII) and realizing synergies through full ownership and effective use of management resources.

■ Sustainable management structure is driving transformation

— What is your assessment of Canon's corporate governance?

Canon's corporate governance has evolved significantly in recent years. The number of outside directors has increased from two men to five members in total (three men and two women), further strengthening the independence and supervisory functions of the Board. Also, with an eye toward developing the next generation of management personnel, the Company is steadily formulating and implementing a succession plan. For example, it increased the number of internal directors by three in 2024, and this year, one of those directors, Kazuto Ogawa, was appointed as President & COO. In addition, with the establishment of the Corporate Governance Center, not only IR activities but also SR activities have been energized, dialogue with investors has deepened, disclosure has expanded, and a mechanism has been developed to ensure that the information gained through these activities is reliably communicated to the management team, including outside directors.

Canon's internal directors possess significant expertise and extensive experience, while the outside directors contribute to the Board by leveraging their broad-ranging perspectives on economic trends both in Japan and overseas; as well as their ample knowledge of law, governance, financial and securities markets, and ESG; and substantial administrative experience. I myself leverage my experience as an outside director at multiple companies and strive to ensure that Canon's governance bears fruit. However, I do feel that some aspects of this robust framework are not being sufficiently communicated to external stakeholders.

— What are the key focus areas of Phase VII of the Excellent Global Corporation Plan?

In the midst of this highly uncertain business environment, I am confident that the new management structure led by Chairman & CEO Fujio Mitarai and President & COO Kazuto Ogawa will vigorously drive further transformation that leads to growth. Under the corporate philosophy of *kyosei* and by demonstrating the so-called San-ji (Three Selfs) Spirit, I expect the Company to further evolve into a more resilient corporation, achieving higher profitability and operating at a new level of excellence by refining its existing businesses and expanding into new areas such as medical and space, while also broadening its business domains through M&As and the like. I believe that by effectively utilizing indicators like ROE and ROIC in each business and balancing growth with efficient financial strategies, Canon can further strengthen its ability to uphold the mandate of its stakeholders. As an outside director, I will continue to work toward achieving these goals.

Directors, Audit & Supervisory Board Members, and Executive Officers

(as of April 1, 2026)

Directors

										
Fujio Mitarai	Toshizo Tanaka	Toshio Homma	Kazuto Ogawa	Hiroaki Takeishi	Minoru Asada	Yusuke Kawamura	Masayuki Ikegami	Masaki Suzuki	Akiko Ito	Atsumi Arima
Chairman & CEO	Vice Chairman & CFO	Vice Chairman & CTO	President & COO	Senior Managing Director	Senior Managing Director	Outside Independent	Outside Independent	Outside Independent	Outside Independent	New Outside Independent
	Senior General Manager, Corporate Governance Center	Head of Printing Group	Group Executive, Global Marketing Strategy Headquarters	Head of Industrial Group Chairman & CEO, Canon Tokki Corporation	Group Executive, Finance & Accounting Headquarters Chief, PSI Optimization Project	Mar. 2021 - Director	Mar. 2024 - Director	Mar. 2024 - Director	Mar. 2024 - Director	Mar. 2026 - Director

Director Skills Matrix

Canon Inc. operates businesses globally with very different market environments. As a whole, the Board of Directors, which oversees important decision-making and execution, needs to possess skills in the following seven areas.

Corporate Management	●		●	●	●	●				
Global Understanding	●	●	●	●	●	●				
Business Experience			●	●	●					
Technology and Development			●		●					
Finance and Accounting	●	●				●	●		●	
Risk Management	●	●		●		●	●	●	●	●
ESG	●	●				●	●	●	●	●

* The table above indicates up to five areas in which we expect each person to particularly demonstrate their skills. It does not represent the entirety of each person's experience, knowledge, or skills.

Explanation

Corporate Management	Skills as a senior level executive of a listed company that does business globally, and the like	Finance and Accounting	Skills as a financial accounting expert, derived from being a financial accounting officer of a listed company, a certified public accountant, etc.
Global Understanding	Global awareness/ experience obtained through working overseas, global marketing, etc.	Risk Management	Skills as an expert in risk management, including compliance, and internal control systems
Business Experience	Business management skills in the Company's business domain	ESG	Knowledge and experience in ESG
Technology and Development	Knowledge and R&D experience in the Company's core competence technologies		

The career summaries, concurrent positions, and reasons for appointment of each director are disclosed in the Notice of Convocation of the Ordinary General Meeting of Shareholders

➤ <https://global.canon/en/ir/share/meeting/e125conv.pdf>



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Directors, Audit & Supervisory Board Members, and Executive Officers (as of April 1, 2026)

Audit & Supervisory Board Members

Full-time Audit & Supervisory Board Members



Ikuko Naruse

New

Mar. 2026 -
Full-time Audit &
Supervisory Board
Member



Takeshi Morikawa

Mar. 2025 -
Full-time Audit &
Supervisory Board
Member

Audit & Supervisory Board Members



Yutaka Tanaka

Outside

Mar. 2019 -
Audit & Supervisory
Board Member



Yuka Shigetomi

Outside

Mar. 2025 -
Audit & Supervisory
Board Member



Kaori Asakura

New

Outside

Mar. 2026 -
Audit & Supervisory
Board Member

Executive Officers

Executive Vice President

Hideki Ozawa

Chairman & CEO, Canon (China)
Co., Ltd.

Toshio Takiguchi

Head of Medical Group
Chairman, Canon Medical Systems
Corporation

Go Tokura

Head of Imaging Group
Chief, Space Business Planning Project

Senior Managing Executive Officers

Seymour Liebman

Executive Vice President,
Canon U.S.A., Inc.

Takayuki Miyamoto

Deputy Chief Executive,
Medical Systems and Components
Operations

Katsumi Iijima

Group Executive,
Digital Business Platform Development
Headquarters
Chief, AX Strategy Project

Takashi Takeya

Group Executive,
Procurement Headquarters

Hisahiro Minokawa

Group Executive,
Human Resources Management &
Organization Headquarters

Ritsuo Mashiko

President, Oita Canon Inc.

Managing Executive Officers

Kazuhiko Nagashima

Deputy Chief Executive,
Medical Systems and Components
Operations

Yoichi Iwabuchi

Group Executive,
Information & Communication Systems
Headquarters

Tamaki Hashimoto

Unit Executive,
Solution & Recurring Product Business
Unit

Katsuhiko Shinjo

Group Executive,
Core Technology Development
Headquarters

Masaki Omori

Group Executive,
Production Headquarters

Takeshi Ichikawa

Group Executive,
Device Technology Development
Headquarters

Hideki Sanatake

Group Executive,
Corporate Intellectual Property and
Legal Headquarters

Saijiro Endo

Senior General Manager,
Digital Printing Development
Technology Planning &
Management Center

Isao Kobayashi

President & CEO, Canon U.S.A., Inc.

Yoshiyuki Koshimizu

Senior General Manager,
Digital Printing Business Planning &
Management Center

Toshiyuki Ishii

President & CEO,
Canon Singapore Pte. Ltd.

Masahide Kinoshita

Chief Executive,
Peripheral Products Operations

Hideto Kotani

Unit Executive,
IMG Business Unit 3
Deputy Chief,
Space Business Planning Project

Shunji Sawa

Plant Manager, Toride Plant

Makoto Kambe

Group Executive,
General Affairs Headquarters
Group Executive,
Sustainability Headquarters
Director, Eagles Athlete Club
Promotion Center

Hirotoomo Fujimori

Group Executive, Corporate
Communications Headquarters

Executive Officers

Toshiyuki Matsuda

Deputy Chief Executive,
Peripheral Products Operations

Hiroto Okawara

Executive Manager,
Medical Systems and Components
Operations

Katsuhito Sakurai

Unit Executive,
Device Development Unit

Takahito Miura

Senior General Manager,
Global Legal Administration Center

Seiya Miura

Unit Executive,
Semiconductor Production Equipment
Unit

Shinichi Yoshida

President & CEO, Canon Europa N.V.
President & CEO, Canon Europe Ltd.

Hisashi Tachizaki

Deputy Chief Executive, Medical
Systems and Components Operations
President, Canon Healthcare USA, Inc.

Kohei Iida

Senior Principal Analyst,
Global Marketing Strategy
Headquarters

Yasufumi Inoue

Senior General Manager,
Global Logistics Management Center

Manabu Kato

Unit Executive, IMG Business Unit 1

Yuki Sudo

Senior General Manager,
Human Resources Management &
Organization Center

Akira Yoshida

President,
Canon Production Printing Holding B.V.

Kazumasa Yoshikawa

Unit Executive, IMG Development Unit

Eisuke Katsuyama

Group Executive,
Public Affairs Headquarters

Kazuhiro Tomoi

Deputy Group Executive,
Procurement Headquarters



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Financial Data

Canon Inc. and Subsidiaries

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
(Millions of yen)										
Net sales:	3,401,487	4,080,015	3,951,937	3,593,299	3,160,243	3,513,357	4,031,414	4,180,972	4,509,821	4,624,727
Domestic	706,979	884,828	869,577	872,534	806,305	830,378	864,808	901,589	955,456	961,480
Americas	963,544	1,107,515	1,076,402	1,029,078	852,451	968,839	1,255,405	1,312,438	1,429,201	1,489,639
Europe	913,523	1,028,415	1,015,428	882,480	795,616	894,898	1,034,008	1,111,211	1,184,389	1,225,475
Asia and Oceania	817,441	1,059,257	990,530	809,207	705,871	819,242	877,193	855,734	940,775	948,133
Percentage of previous year (%)	89.5%	119.9%	96.9%	90.9%	87.9%	111.2%	114.7%	103.7%	107.9%	102.5%
Gross profit	1,671,998	1,990,554	1,835,554	1,610,033	1,375,868	1,627,792	1,827,802	1,968,910	2,143,095	2,161,955
Gross profit ratio (%)	49.2%	48.8%	46.4%	44.8%	43.5%	46.3%	45.3%	47.1%	47.5%	46.7%
Operating profit	216,338	322,211	342,452	174,420	110,547	281,918	353,399	375,366	279,754	455,390
Operating profit ratio (%)	6.4%	7.9%	8.7%	4.9%	3.5%	8.0%	8.8%	9.0%	6.2%	9.8%
Net income attributable to Canon Inc.	150,334	242,081	252,441	124,964	83,318	214,718	243,961	264,513	160,025	332,053
Net income attributable to Canon Inc. ratio (%)	4.4%	5.9%	6.4%	3.5%	2.6%	6.1%	6.1%	6.3%	3.5%	7.2%
Depreciation and amortization	250,096	261,881	251,554	237,327	227,825	221,246	226,492	238,676	235,465	239,236
R&D expenses	302,376	333,371	315,842	298,503	272,312	287,338	306,730	331,914	337,348	339,288
Capital expenditure	208,379	181,389	200,504	211,228	161,727	179,000	183,291	231,725	256,267	249,530
Net cash provided by operating activities	500,283	590,557	365,293	358,461	333,805	451,028	262,603	451,190	606,831	475,903
Net cash used in investing activities	-837,125	-165,010	-195,615	-228,568	-155,439	-207,256	-180,820	-275,372	-297,322	-237,450
Free cash flow	-336,842	425,547	169,678	129,893	178,366	243,772	81,783	175,818	309,509	238,453
Net cash provided by (used in) financing activities	355,692	-340,464	-354,830	-232,590	-183,449	-267,366	-146,844	-156,729	-225,996	-179,221
Inventories	560,736	570,033	611,281	584,756	562,807	650,568	808,312	796,881	841,836	840,445
Inventory turnover in days (Days)	59 days	49 days	56 days	59 days	60 days	66 days	69 days	66 days	65 days	63 days
Interest-bearing debt	613,139	532,566	400,489	514,946	506,172	320,971	417,413	517,317	663,500	946,159
Canon Inc. shareholders' equity	2,776,327	2,863,986	2,820,644	2,685,496	2,575,031	2,873,773	3,113,105	3,353,022	3,380,273	3,491,808
Total assets	5,142,279	5,201,626	4,902,955	4,771,918	4,625,614	4,750,888	5,095,530	5,416,577	5,766,246	6,135,044
Key Performance Indicators										
ROE (%)	5.2%	8.6%	8.9%	4.5%	3.2%	7.9%	8.1%	8.2%	4.8%	9.7%
ROA (%)	3.1%	4.7%	5.0%	2.6%	1.8%	4.6%	5.0%	5.0%	2.9%	5.6%
Price-to-book ratio (PBR) (x)	1.3	1.6	1.1	1.2	0.8	1.0	0.9	1.1	1.4	1.2
Earnings per share (EPS)	137.66	223.03	233.80	116.79	79.37	205.35	236.71	264.20	165.53	367.48
Dividend per share (DPS)	150	160	160	160	80	100	120	140	155	160
Dividend payout ratio (%)	109.0%	71.4%	68.4%	136.2%	100.4%	48.7%	50.3%	52.6%	92.4%	42.9%

* Financial statements for years up to and including 2019 were restated to reflect the provision for paid leave.
* Capital expenditure is the total of tangible and intangible assets.



Company and Stock Information

(As of December 31, 2025)

Company Information

Company name	Canon Inc.
Established	August 10, 1937
Headquarters	3-30-2 Shimomaruko, Ota-ku, Tokyo, Japan
Chairman & CEO	Fujio Mitarai
Canon Inc. shareholders' equity:	
Common stock	174,762 million yen
Group companies	321 consolidated subsidiaries
Affiliated companies accounted for by the equity-method	8

Stock Information

Number of Shares Issuable

3,000,000,000

Number of Shares Issued, Capital, and Number of Shareholders

	As of the end of the previous fiscal year	Change during the period under review	As of the end of the period under review
Number of Shares Issued	1,333,763,464	0	1,333,763,464
Capital Stock (yen)	174,761,797,475	0	174,761,797,475
Number of Shareholders	349,034	Increase of 9,032	358,066

Shareholding Ratio by Category

34.1	24.5	18.0	17.4	3.9	2.0
Treasury Stock	Financial Institutions	Foreign Companies, etc.	Individuals and Others	Securities Companies	Other Domestic Companies

Major Shareholders (top ten)

Name of Shareholder	Number of Shares Held (thousands)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	154,586	17.6
Custody Bank of Japan, Ltd. (Trust Account)	54,001	6.1
Mizuho Bank, Ltd.	22,558	2.6
Moxley and Co. LLC	13,058	1.5
SMBC Nikko Securities Inc.	12,750	1.5
JP Morgan Chase Bank 385781	12,395	1.4
State Street Bank and Trust Company 505001	12,193	1.4
The Dai-ichi Life Insurance Company, Limited	12,120	1.4
JPMorgan Securities Japan Co., Ltd.	11,981	1.4
Canon Group Employee Stock Ownership Association	10,622	1.2

* Shareholding ratio is calculated by deducting the number of treasury shares (455,138 thousand shares) from total shares issued.

* With respect to The Dai-ichi Life Insurance Company, Limited, in addition to the above, there are 6,180 thousand shares of the Company stock included in trust property relating to a retirement benefit trust.

External Recognition

(As of March 31, 2026)

Inclusion in indexes

2026 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX



FTSE4Good



FTSE Blossom Japan Index



FTSE Blossom Japan Sector Relative Index



2026 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

Sustainability-related recognition



Eruboshi certification for efforts to promote the empowerment of women



Kurumin certification for supporting employee child-raising efforts



White 500 organization for having outstanding health and productivity management

Credit Ratings

(As of April 1, 2026)

	Long-term	Short-term
S&P	A	A-1
R&I	AA	—



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