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Cover Photo:

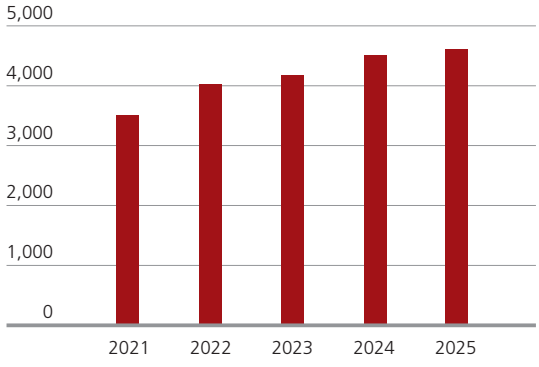
Products representing Canon's four new businesses;
Continuous feed presses: Printing
Multi-position computed tomography (CT) system: Medical
Network cameras: Imaging
Nanoimprint semiconductor manufacturing equipment: Industrial

FINANCIAL HIGHLIGHTS

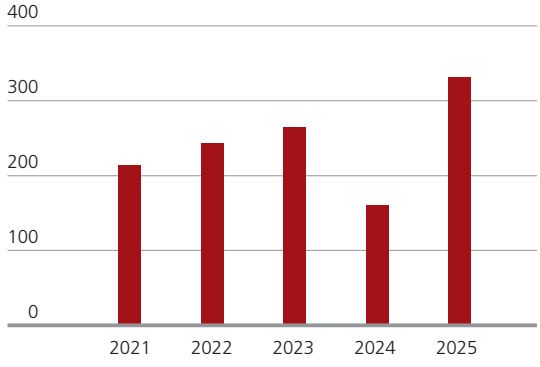
	Millions of yen (except per share amounts)			Thousands of U.S. dollars (except per share amounts)
	2025	2024	**Change (%)**	**2025**
Net sales	**¥ 4,624,727**	¥ 4,509,821	**+ 2.5**	**$ 29,456,860**
Operating profit	**455,390**	279,754	**+ 62.8**	**2,900,573**
Income before income taxes	**482,059**	301,161	**+ 60.1**	**3,070,439**
Net income attributable to Canon Inc.	**332,053**	160,025	**+ 107.5**	**2,114,987**
Net income attributable to Canon Inc. shareholders per share:				
—Basic	**¥ 367.48**	¥ 165.53	**+ 122.0**	**$ 2.34**
—Diluted	**367.25**	165.44	**+ 122.0**	**2.34**
Total assets	**¥ 6,135,044**	¥ 5,766,246	**+6.4**	**$ 39,076,713**
Canon Inc. shareholders' equity	**¥ 3,491,808**	¥ 3,380,273	**+3.3**	**$ 22,240,815**

Notes:
1. Canon's consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles.
2. U.S. dollar amounts are translated from yen at the rate of JPY157 = U.S.$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of December 30, 2025, solely for the convenience of the reader.

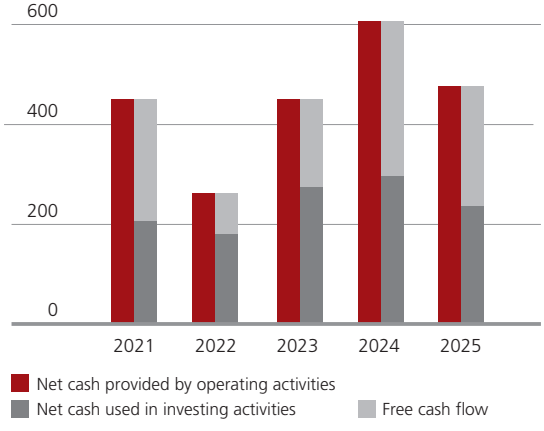
Net Sales (Billions of yen)



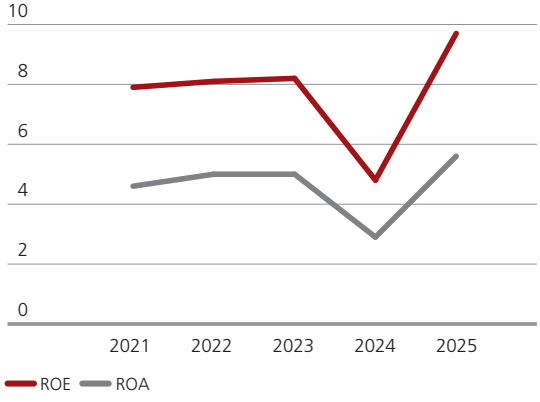
Net Income Attributable to Canon Inc. (Billions of yen)



Cash Flows (Billions of yen)



ROE/ROA (%)



TO OUR SHAREHOLDERS



“Change is progress, transformation is advancement”

Achieved record-high net sales in 2025 Aiming even higher to become a truly excellent global corporation

FUJIO MITARAI
Chairman & CEO
Canon Inc.

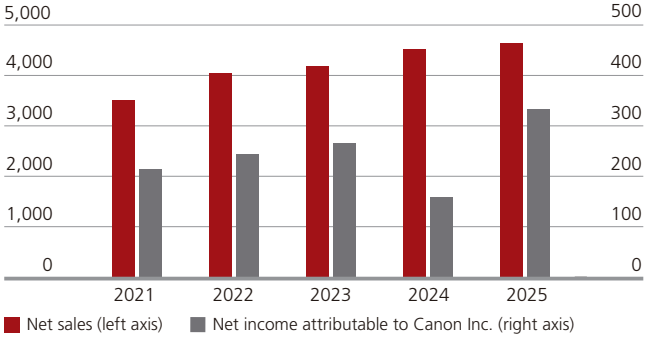
Achieved record-high in net sales last year, driven mainly by cameras and network cameras

Looking back at economic conditions in 2025, despite the impact of U.S. tariff policies spreading worldwide, the U.S. economy remained firm, driven by AI-related demand and other factors. Though China’s economic slowdown persisted, and Europe’s economic recovery lacked strength, the global economy as a whole experienced modest growth throughout the year.

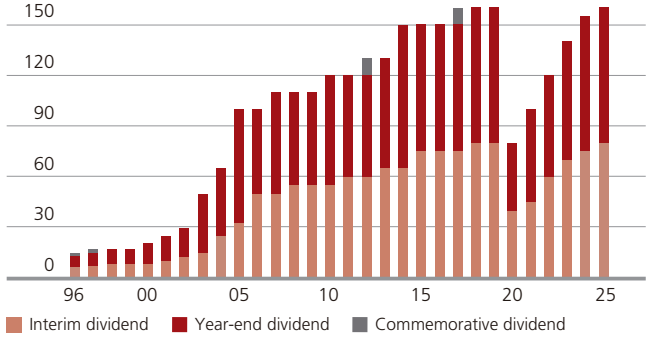
Under these conditions, we not only posted double-digit growth in our camera business, with the launch of new products, and our network camera business, amid strong demand, but also increased sales in our medical, office MFD, and inkjet printer businesses.

As a result, 2025 net sales increased by 2.5% to 4,624.7 billion yen, exceeding our previous record-high set in 2024.

Net sales and net income attributable to Canon Inc.
(Billions of yen)



Canon Inc. dividend per share
(Yen)



Over 250 billion yen in capital expenditure for future growth

Owing to improved profitability, operating cash flow was at a high level of 475.9 billion yen. We invested 262.2 billion yen in capital expenditure for future growth, including the construction of a new plant at our production site in Utsunomiya for semiconductor lithography equipment, an area where further growth is expected. As for shareholder returns, we restored our annual dividend per share to the pre-COVID-19 pandemic level of 160 yen and acquired 300 billion yen worth of our own shares.

Achieved target one year ahead of schedule despite unexpected events

The five-year period of Phase VI of the Excellent Global Corporation Plan, which commenced in 2021, was marked by a series of truly unexpected events. Among these were the COVID-19 pandemic and ongoing conflicts like Russia's invasion of Ukraine. Amid dwindling supplies of energy, grain, and other essential commodities, and with severe inflation, the second Trump administration, advocating an "America First" agenda, took office in 2025. As high tariffs and ultra-protectionist policies took hold, the global economic order built around postwar globalization collapsed, leaving the international community facing an unprecedented level of uncertainty. Even in the face of such challenges, each and every Canon Group employee persevered and showed ingenuity, further strengthening the competitiveness of many products, which enabled us to achieve the net sales target we had for 2025, the final year of Phase VI, one year ahead of schedule.

Overcame impact of COVID-19 through fruits of major portfolio transformation

Another reason we were able to exceed our target is that, guided by the belief that "change is progress, transformation is advancement," we have continually adapted to the rapidly changing industrial landscape through technological innovation. Looking back, the widespread adoption of smartphones and cloud computing in the 2010s, which triggered a sharp decline in demand for cameras and office equipment, was an enormous test for Canon. Even in this environment, we identified growth industries where we could leverage our strongest assets, our people and our technology, and conducted large-scale M&As to buy time and established what are now the four pillars of our business: Printing, Medical, Imaging, and Industrial. Transformation was not an easy process, but because we faced it with determination, we overcame the pandemic and were able to steadily grow our profits.

Aiming even higher in an era of dramatic change

The global economy is now undergoing dramatic changes that no longer follow past trajectories. Looking ahead over the next five years, I am keenly aware of 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 this environment, the time when decisions could be made solely on economic rationale has ended. We have now entered a time when management must navigate with far greater sophistication, incorporating geopolitical risks into every decision.

TO OUR SHAREHOLDERS



The second trend is the rapid adoption of AI across society.

AI has already become a part of daily life and now serves as a "real-world infrastructure" that is fundamentally transforming the industrial landscape. The speed of its adoption surpasses that of the internet and smartphones in the past. Also, what sets AI apart from previous digital innovations is that it can directly substitute for roles long performed by people. In light of this reality, our task is not to fear AI, but to find ways to coexist with it. This means harnessing AI's capabilities to the fullest, establishing a new division of roles between people and AI, and working together to build a better world.

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. Now, the advancement of AI and robotics is driving the substitution of simple labor. On the other hand, demand for highly skilled personnel that create new value is stronger than ever before, which is intensifying global competition among companies to attract talent, a decisive factor that determines corporate competitiveness.

Change does bring risks, but if we have the resolve to jump into the wave of change and transform ourselves, we can turn it into a great opportunity. We, anticipating the accelerated advancement of AI and other major shifts, made significant changes to our business portfolio, reorganized our structure, and built our operations around four industry-oriented business pillars. This enabled us to regain our growth potential. In addition, we strengthened the essential foundation of the company, including our globally expanding sales network, robotics-driven production engineering, and performance-based HR system, creating a solid and resilient platform for future growth. With Phase VII beginning this year, we will build on this strong foundation and evolve into a company of an even higher level.

Learning the importance of profit from blue-chip companies

In 1996, the year after I became president, we launched the Excellent Global Corporation Plan. We set forth a long-term vision to become a truly excellent global corporation that contributes to solving social challenges, boasts an overwhelmingly strong earnings structure, creates value with a highly skilled and select workforce, and allows each and every employee to feel pride and fulfillment. By formulating and implementing strategies every five years based on this vision, we have shaped the Canon you see today. When I was assigned to our U.S. subsidiary in 1966, there were already blue-chip companies in the U.S. practicing this. At that time, Canon and other Japanese companies could not even come close. Awakened by a local tax official's comment along the lines of "a company that can't earn profits above the deposit interest rate should be liquidated," I spent 23 years in the U.S. desperately striving to catch up with those truly outstanding blue-chip companies. That passion remains just as strong in me today.

Driving production innovation through AI and robotics technology

We will make full use of AI as we strive to become a truly excellent global corporation. We will equip our factory robots with AI to push automation even further. We will also enhance our simulation technology not only for the production process, but also for development and prototype process, 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. We will exhaustively implement AI education throughout the company in an effort to create value that is unique to Canon.

Our commitment to high-wage for high-efficiency

In Phase VII, I will emphasize the key theme of "high-wages for high-efficiency." This stems from my belief that we must create high added value with a highly skilled and select workforce. More specifically, the talented employees at truly outstanding U.S. blue-chip companies, which I have long regarded 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 the grandfather, father, and child are all employees. This is why such companies are able to continuously generate innovative technologies and services. In contrast, in Japan, lifetime employment has become the norm as a system, wage levels do not match those of Western companies, and, in a sense, the system produces uniform and largely identical pay levels. Since its founding, Canon has steadfastly protected people's jobs, promoted the autonomous growth of employees through our so-called San-ji (Three Selfs) 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 Western companies. Going forward, we will offer high wages to a small number of highly skilled employees who achieve high efficiency. 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.

TO OUR SHAREHOLDERS

Building new growth engines that follow the four pillars

Within our four business pillars, we have put in place a solid framework to bring products to the market capable of driving further growth, such as photon-counting CT in the Medical field and nanoimprint lithography in the Industrial field. I am confident that each of these products will contribute to solving social challenges. That said, there is no room for complacency. Looking ahead, we must begin preparing now for the next wave of innovation. To this end, we are working on the space business as a new growth engine—specifically, satellites, and the data businesses that utilize them. The space industry was traditionally led by the government, but it is now shifting to the private sector, with markets growing across a wide range of applications such as communications, earth observation, and disaster prevention.

Within the Canon Group, Canon Electronics Inc. has worked on the development of ultra-compact satellites and other technologies that are competitive in both performance and cost. 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. I certainly expect satellite technology to become a driving force that supports Canon's future growth.

In the medical field as well, there are many untapped markets where Canon's fundamental technologies can be utilized. For example, if we can develop testing technology that accurately analyzes the wide variety of information contained in blood, it will become possible to elucidate the mechanisms of diseases for which the cause has been previously unknown. Regenerative medicine is precisely the kind of technology that will become indispensable in the future. We are working in collaboration with Kyoto University's Center for iPS Cell Research and Application (CiRA) to develop production equipment for iPS cells and artificial platelets.

Pushing through reforms to achieve a 15% operating profit ratio

In 2030, the final year of Phase VII, we are targeting 5.6 trillion yen in net sales and an operating profit ratio of 15%.

This is not an easy target, but it is the minimum requirement for what we define as "exceptionally high profitability." 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.

Continuing to contribute to society through sustainable management

The greatest role of a company is to create jobs, generate profits, and continually contribute to solving social challenges. Canon expresses this commitment in its corporate philosophy of *kyosei*, which conveys its dedication to creating a society where all people, regardless of culture, customs, language, or race, can harmoniously live and work together in happiness. In addressing global warming and promoting the recycling of resources, we have implemented initiatives not only at our own sites, but also in collaboration with suppliers, customers, and even competitors, which has ultimately led to cost reductions and the development of new business relationships. We aim to achieve net-zero greenhouse gas (GHG) emissions by 2050 and we are committed to reducing GHG emissions across the entire lifecycle of our products, including the supply chain.

In sustainability, human resources are also an important theme as it is people that enables these initiatives to grow and endure. Canon has long upheld the principles of respect for humanity, meritocracy, and enterprising spirit, and has developed human resources that can contribute to societies around the world as internationally minded individuals. As technology evolves and society undergoes rapid change, our employees need to learn more than ever and continue to grow. By further strengthening our personnel evaluation system that ensures fairness and equity, we will promote a sustainability-driven management approach that enables us to keep contributing to society.

To our stakeholders

Guided by its corporate philosophy of *kyosei*, Canon will continue to use technology to fulfill the genuine desire of people around the world to have happier lives. To achieve this, we must engage with society's diverse values and deepen mutual understanding through dialogue. In 2023, we established the Corporate Governance Center to further deepen dialogue with stakeholders, including shareholders and investors, and to support sustainable growth as a company.

Looking back on over my more than thirty years as a business leader, I am reminded that a leader needs two essential qualities. One is imagination. That means, taking a broad view of society and envisioning the future we should strive toward. The other is creativity. This refers to formulating and implementing strategies to turn that envisioned future into reality. My sights are set on turning Canon into a truly excellent global corporation. By staying at the forefront of innovation and continuing to take on challenges, we have finally reached where we are today.

However, we are still far from becoming a truly excellent global corporation. Our ability to generate profit is still not where it needs to be. There are many challenges we must overcome before we can become a company that earns the respect of people around the world and one in which our employees can take genuine pride. With the advent of AI, the speed of technological innovation will accelerate more than ever before. Keeping pace with that speed and adapting to changes in industry and society will be no easy task. As a business leader, I know we are entering a tough and demanding era — but it is one I must see through to the very end.

Leaders must learn from their failures and continue to challenge themselves. While there are many important qualities for effective management, if I were to highlight one, it would be humility. It is important to humbly acknowledge one's own shortcomings and swiftly pull oneself together after a failure.

My guiding principle is "be deliberate in council, and decisive in action," an idiomatic phrase given to me by my father, who was a doctor. It means before making a decision, gather as much information as possible, think through it repeatedly using deductive and inductive reasoning, and once you have resolved yourself, proceed without hesitation. This saying describes the mindset of surgeons in a time before X-rays, when it was impossible to confirm the condition of a lesion. This truly applies to corporate management as well. I have been helped by these words many times. If a mistake is made after careful deliberation, the cause of the error can usually be identified quickly.

I believe that the mindset of being deliberate in council, and decisive in action is something future leaders must uphold. Achieving my vision of becoming a truly excellent global corporation will require time, but we will accomplish it without fail. Life as a business leader is never easy. That is precisely why it is so rewarding. I recognize that my greatest responsibility in Phase VII is to demonstrate my experience and determination to the next generation of leaders.





Fujio Mitarai
Chairman & CEO
Canon Inc.

Medium- to Long-term Management Program

Excellent Global Corporation Plan Phase VII

Guided by the corporate philosophy of "*kyosei*," Canon launched its five-year management plan, "Excellent Global Corporation Plan," in 1996 with the goal of becoming a truly excellent company that is admired and respected around the world.

In the five-year plan, "Excellent Global Corporation Plan – Phase VI" ("Phase VI"), which ran through 2025, Canon Group set forth the basic policy of "promoting portfolio transformation through improved productivity and new business creation" and carried out initiatives to strengthen Canon's four industry-oriented business groups: Printing, Medical, Imaging, and Industrial. Supported by steady gains in market share across these businesses, Canon Group achieved its Phase VI net sales target of ¥4,500 billion one year ahead of schedule. However, Canon Group's earnings structure continues to rely heavily on the Printing business and the Imaging business centered on cameras — segments that largely operate in mature market environments. Therefore, Canon Group recognizes the need to further accelerate its portfolio transformation. In addition, external factors such as rising labor costs, inflation, and tariffs adversely impacted profitability, and as a result, the Phase VI operating profit ratio fell short of the 12% target. Therefore, strengthening businesses in growth areas and improving profitability through structural reforms remain key management priorities for the Canon Group.

In light of these challenges, Canon's new five-year plan beginning in 2026, the "Excellent Global Corporation Plan – Phase VII" ("Phase VII"), adopts the basic policy of "Achieve new growth through innovations in productivity," and under this policy, Canon will steadily progress the three structural reforms launched in 2024 — sales reform, production reform, and medical business innovation. At the same time, Canon will enhance its focus on strengthening the Medical and Industrial businesses, which offer high market growth potential, while further shifting the emphasis of each industry-based business group toward growth domains. Furthermore, it will advance initiatives for full-scale entry into the space-related business as well as create new business solutions leveraging AI platforms. Through these efforts, Canon aims to realize a new stage of growth and further enhance corporate value.

Phase I
1996–2000

To strengthen its financial structure, Canon transformed its mindset to a focus on total optimization and profitability. The company introduced various business innovations, including the selection and consolidation of business areas, and reform activities in such areas as production and development.

Phase II
2001–2005

Aiming to become No.1 in all major business areas, Canon focused on strengthening product competitiveness and stepped up efforts to digitize products. The company also conducted structural reforms across all Canon Group companies around the world.

Phase III
2006–2010

Canon moved ahead with such growth strategies as enhancing existing businesses and expanding into new areas while also thoroughly implementing supply chain management and IT reforms.

Phase IV
2011–2015

Canon's management policy has shifted from a strategy targeting expansion of scale to one aimed at further strengthening the company's financial structure. Through M&A activities, the company's business was restructured at the foundational level to introduce new growth engines for future expansion.

Phase V
2016–2020

Pursuing new growth, Canon initiated expansion of its four new businesses and completed the first stage of the grand strategic transformation, which involved transitioning the company's business portfolio.

Phase VI
2021–2025

Strengthened competitiveness of businesses by reorganizing them into four industry-oriented groups, under basic policy of "promoting portfolio transformation through improved productivity and new business creation."

Phase VII Basic Policy and Targets

In Phase VII that commenced in 2026, our basic policy is "Achieve new growth through innovations in productivity." For 2030, the final year of Phase VII, we are targeting 5.6 trillion yen or more in net sales, an operating profit ratio of 15% or higher, and a return on equity (ROE) of 15% or higher. And we will accelerate our transformation through seven key strategies.

