Canon Inc.
2024 Corporate Strategy Conference

Imaging Group

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Canon

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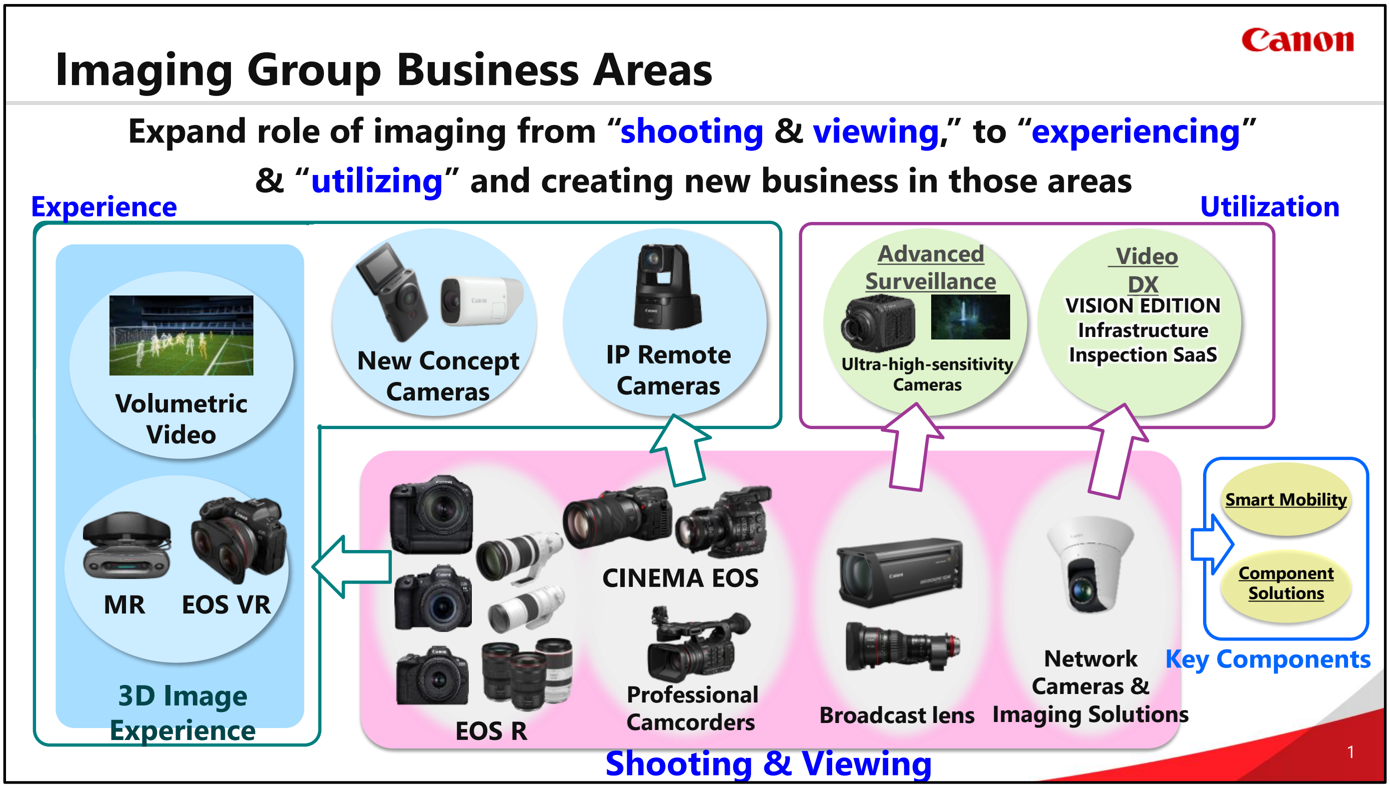
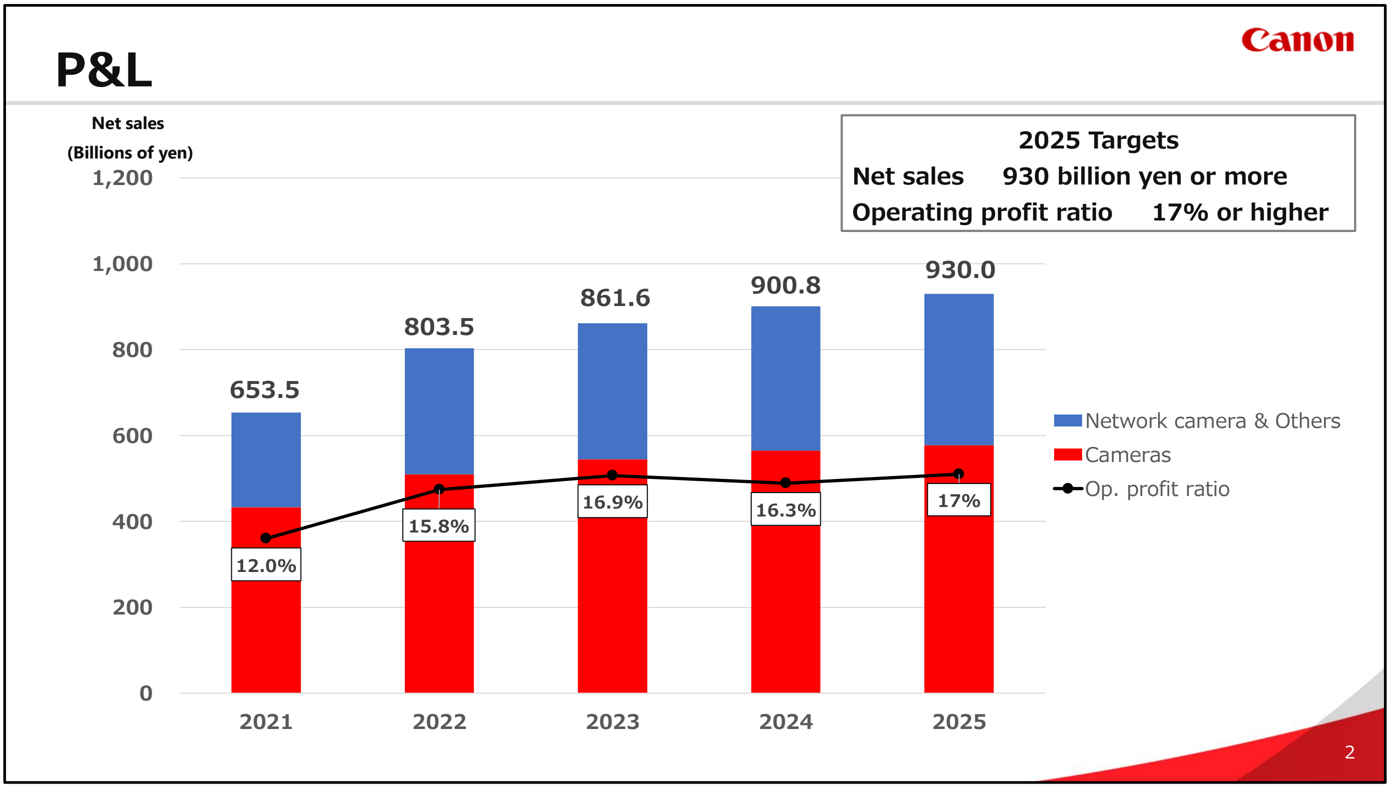


These are the business areas covered by the Imaging Group.

The main products supporting the Group at this time are the EOS R system, CINEMA EOS system, professional camcorders, broadcast lenses, and network cameras.

These businesses have grown for the purpose of shooting and viewing images. In recent years, we have been working to develop new business domains into areas such as "image experience" and "image utilization" and "key component utilization," as we develop new technologies and respond to changes in the market.



In 2025, the Imaging Group is targeting 930 billion yen or more in sales and an operating profit ratio of 17% or higher.

Results & Challenges up to 2023 and Strategies & Measures Over Next 2 Years

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Results & Challenges up to 2023

■ **Results**

Imaging Group：	Significant sales and profit growth, net sales 861.6 billion yen (vs. 2021 +31.8%), profitability 16.9% (vs. 2021 +4.9 points)
Cameras：	Maintained No. 1 share of interchangeable-lens camera market for 21 consecutive years Expanded EOS R system range by launching entry-class models EOS R50, EOS R100
Network Cameras:	Axis continued to renew record sales with strong sales growth
Other new bus.：	Enhance measures in 3D imaging area Launched ultra-high-sensitivity camera MS-500, which incorporates SPAD sensor

■ **Challenges**

1．Maintaining growth and high profitability amid global inflation and unstable global conditions
2．How to respond to diversifying values, needs, an viewing forms due to the spread from 2D to 3D as well as other factors

Strategies & Measures Over Next 2 Years

1. Establish Absolute Position in Mirrorless Camera Market
2. Expand Network Camera Business Through Group Collaboration
3. Strengthen Profit Structure by Improving Productivity
4. Expand Systems for 3D Imaging

These are the results up to 2023 and challenges going forward.

First, the Imaging Group was able to achieve significant sales and profit growth last year.

In 2023, sales were 861.6 billion yen, 31.8% higher than in 2021, the first year of the Global Excellent Corporation Plan Phase VI. Additionally, profitability was 16.9%, 4.9 points higher than in 2021.

As for Cameras, in the interchangeable-lens camera category, we have held to the No. 1 market share position consecutively for 21 years, supported by products that are highly reputed by the market.
Furthermore, in mirrorless cameras, with the addition of two entry-class models, we expanded the range of our EOS R system lineup.

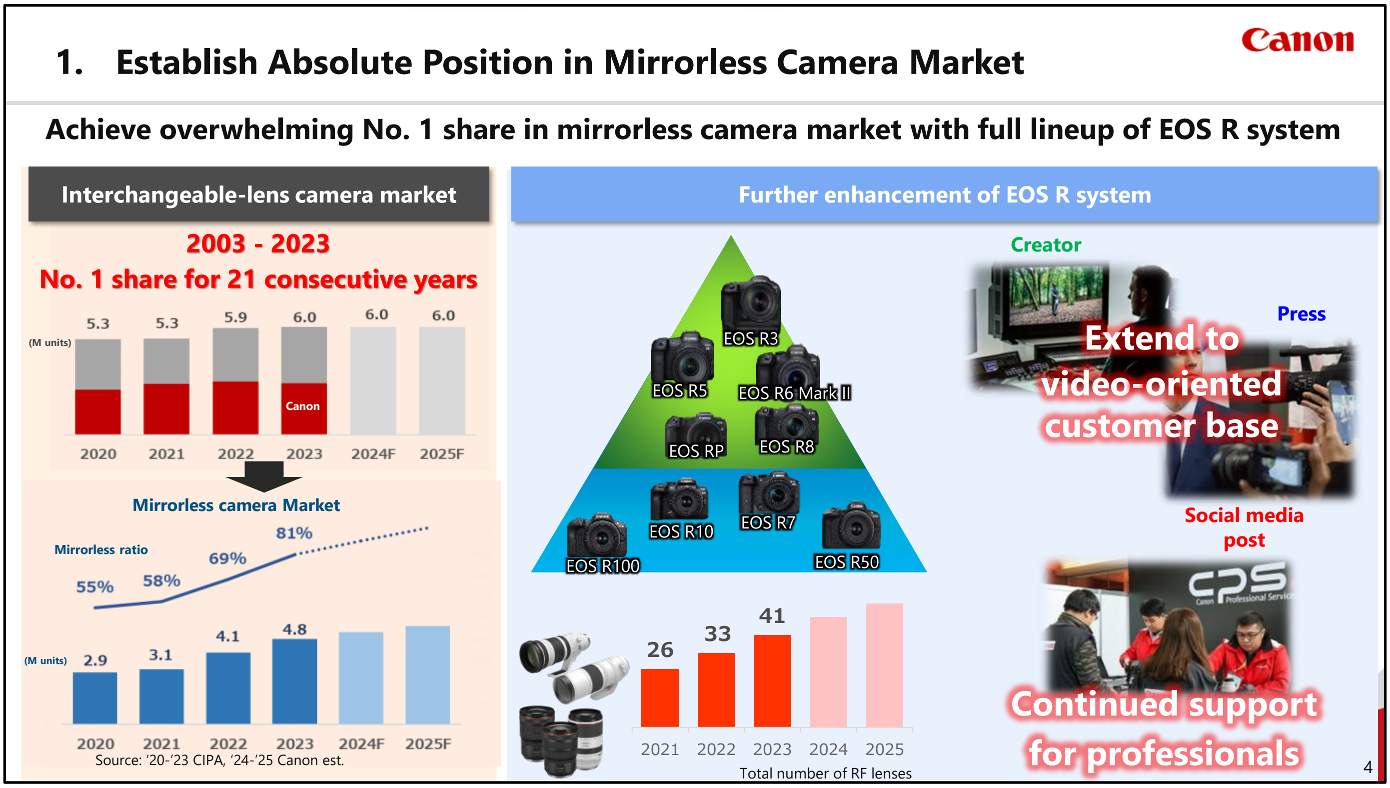
In network cameras as well, thanks to significant AXIS growth, we achieved record high sales.

In new businesses, we worked to strengthen our efforts in 3D imaging areas, including Volumetric Video, and our EOS VR SYSTEM.
Furthermore, we launched the MS-500, the world's first ultra-high-sensitivity camera equipped with a SPAD sensor.

Next, we recognize two challenges we face in achieving our 2025 targets.

The first is how we maintain "continued growth" and "high profitability" facing an unstable global situation, characterized by global inflation~~,~~ conflicts etc.
The second is how we respond to market changes, reflecting diversification in people's values, needs, and viewing styles amidst the expansion of the imaging world from 2D to 3D.

In response to these challenges, the Imaging Group will promote the following four strategies and measures.



First, we aim to establish an absolute position in the mirrorless camera market.

Last year, in the interchangeable-lens camera market, which was 6 million units, we maintained our No. 1 market share position for the 21st consecutive year.
And going forward, we expect the interchangeable-lens camera market to remain relatively stable in terms of units.

Within this, we expect the mirrorless camera market, which comprised 80% of the interchangeable-lens camera market last year, to account for an even higher percentage this year.

In the mirrorless camera market as well, we will strive to achieve an overwhelming No. 1 market share position.

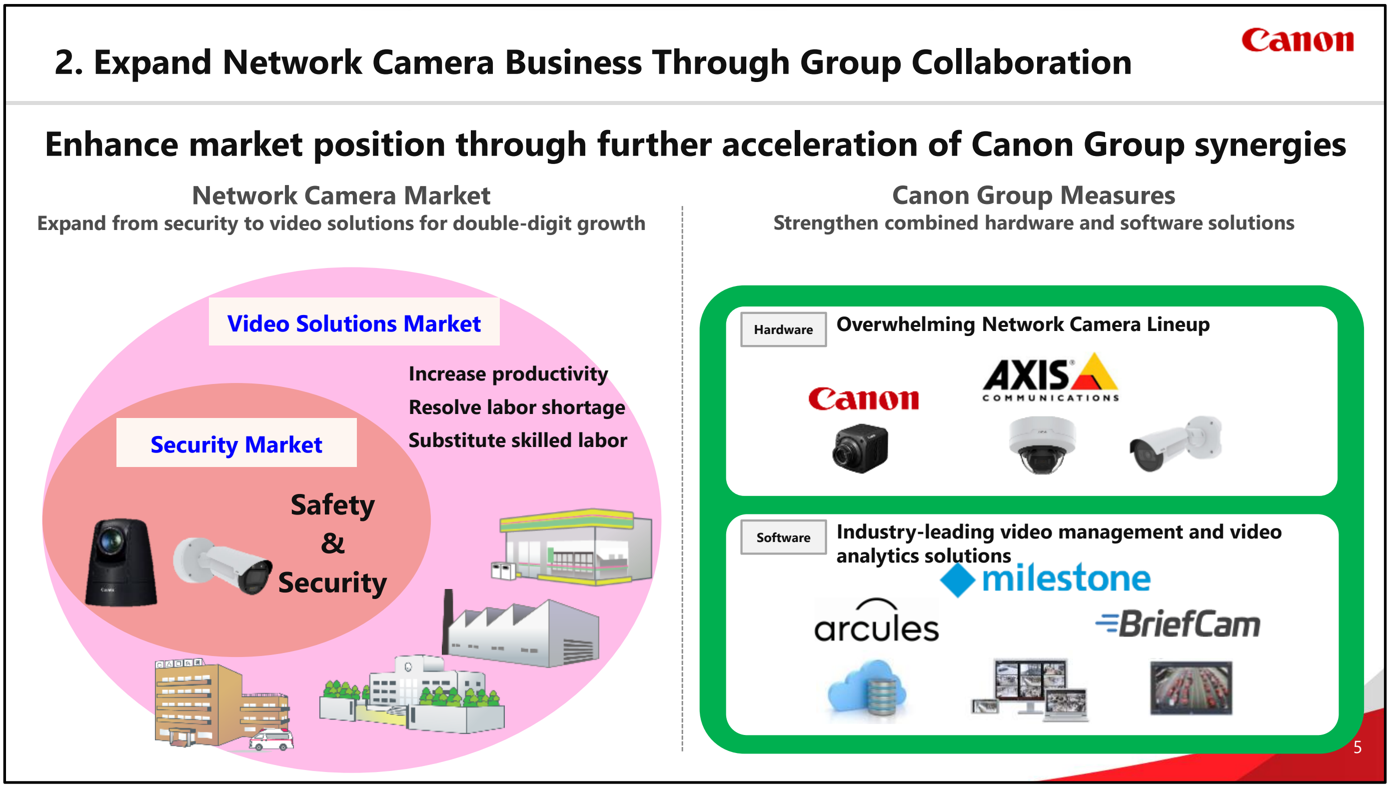
To facilitate this, we are working to further enhance our EOS R system.

First, we will provide a full lineup of EOS R cameras. Next, for lenses, we will continue to steadily expand our lineup as we have done up to now. Going forward as well, we will respond to the requests of diverse customers by enriching our offerings of cameras and lenses.

In recent years, the need to shoot video is diversifying and expanding due to an expanding base of video-oriented users, range from the media to video creators and social media users such as Vloggers.

As a result, in our EOS R system cameras and RF lenses, we are working to strengthen the functionalities to fulfill this need.

In preparation for the international sports tournament that will be held in Europe this year, we are in continuous communication with participating professional photographers.
We will provide the best service and support leading the industry with the slogan of "zero down time," allowing professionals to work non-stop, providing plenty of equipment and sending our elite staff from all over the world to facilitate their efforts to shoot the defining moments in history.



Second, we will expand the network camera business through group collaboration.

As for the network camera market, major use cases requiring surveillance and security applications are expected to grow steadily. In addition to this, it is expected that the market will further grow at a double-digit rate by incorporating the expansion of video solutions that address DX applications to improve productivity and eliminate labor shortages, spreading to various vertical markets such as retail, manufacturing, education, and medical.

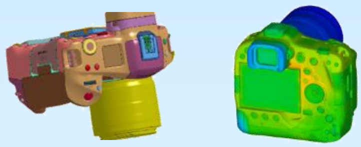
We will strengthen our position in the market, promoting a total solution of hardware and software as well as the integration of AI and IoT, and leveraging the extensive product lineup of AXIS and its worldwide sales network, Canon's advanced optical imaging technology, and the video management and analytics technologies of Milestone, Arcules and BriefCam.

3. Strengthen Profit Structure by Improving Productivity

Build structure for efficient development and optimal production, utilizing cutting-edge technologies

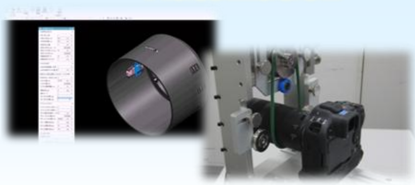
Efficient Development Structure

Use of Simulation



Drop Impact **Heat**

Automation



Optimal Manufacturing Structure

DX promotion

Automation

In-house production

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Third, we will further strengthen profit structure by implementing productivity improvement measures across all areas within the Imaging group.

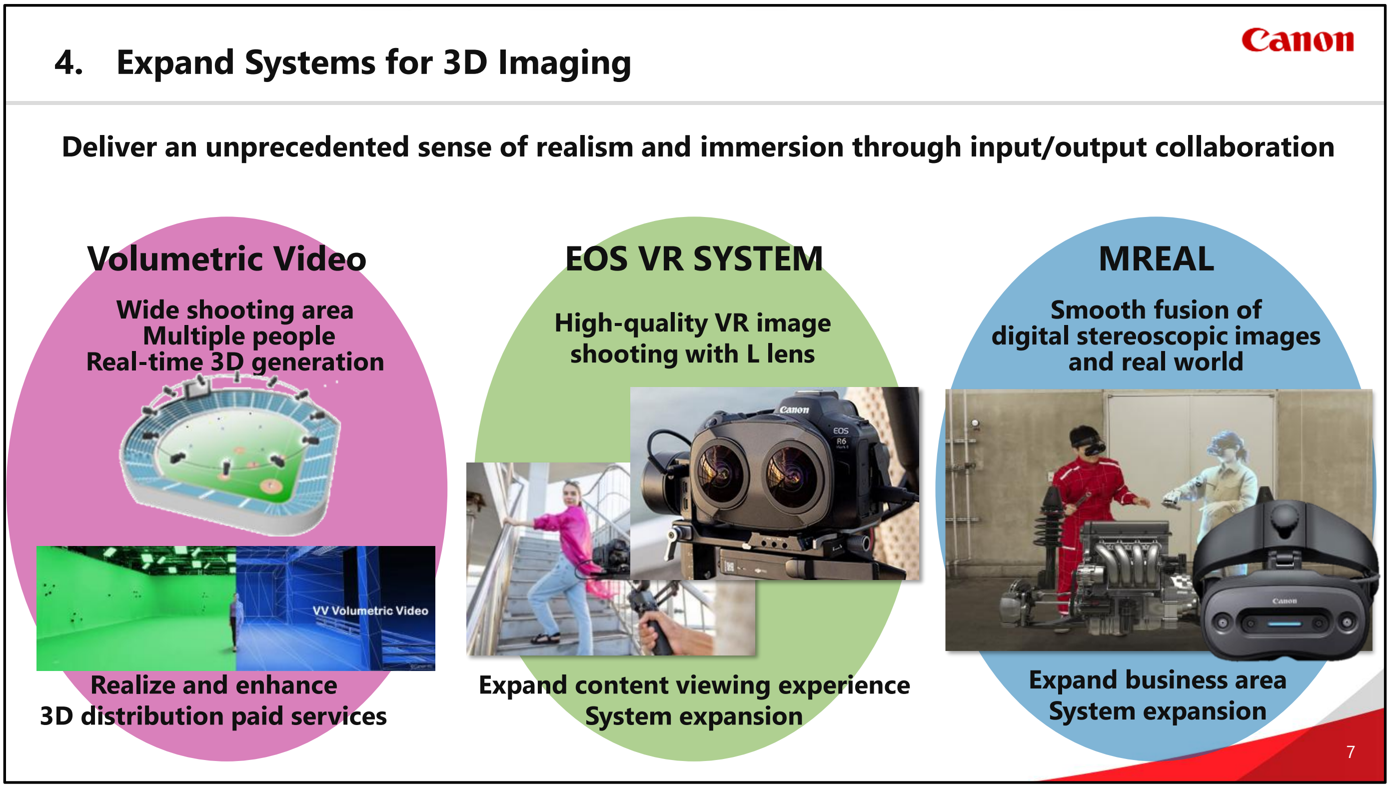
In product development divisions, we will further accelerate efficient development by utilizing various simulation technologies.

Furthermore, as the multi-functionality and high-functionality of cameras and lenses continue to evolve, and the burden of evaluation is not decreasing but rather increasing, we will expand the use of automation to further enhance productivity in evaluation processes.

In production divisions, we are building an efficient production process, centralizing control of the management of various complex processes by promoting DX.

Additionally, we will further advance our proprietary manufacturing capabilities through a continued focus on automation and in-house production,

Through this, we will not only increase productivity but also significantly improve quality.



Fourth is the system expansion for 3D imaging.

The 3D imaging systems that we are working on include, volumetric video, which can generate and reconstruct real-time 3D models of a large shooting area and of multiple people, the EOS VR SYSTEM, which can easily capture high quality 180° 3D VR images, and MREAL, which integrates digital stereoscopic images into the real world without discomfort, enabling a free-viewpoint experience.

While expanding the content and application fields of the 3D imaging product group equipped with these advanced technologies, we will expand the system and work on 3D distribution paid services.

In addition, through the combination of these systems, we will realize a seamless workflow from input to output, thereby providing 3D imaging solutions.

Through these, we will contribute to the creation and activation of a new 3D imaging market, providing customers an unprecedented sense of realism and immersion.