Canon Inc.

2025 Corporate Strategy Conference

Printing Group

March 7, 2025

Toshio Homma

Executive Vice President & CTO

Head of Printing Group

Canon

Printing Group Corporate Strategy Conference

Agenda

- **Global Excellent Corporation Plan Phase VI**

  Review of Strategies & Measures

- **Progress report up to 2024**

- **Roll out of priority measures**

【Review】 Phase VI Strategies & Initiatives (Priority measures)

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- **Business Strategy**
  - **Expand profit in existing business areas and expand sales in new business areas through enhanced business structural reform**
- **Initiatives** **(Priority measures)**
  - **- *Monozukuri* innovation**
    - **Strengthen product development capability through deeper Group collaboration**
    - **Enhance product strength through full deployment of platform innovation**
    - **Product evolution through enhancement of key value technology**
  - **- Sales innovation**
    - **Highly efficient sales through smart service system**

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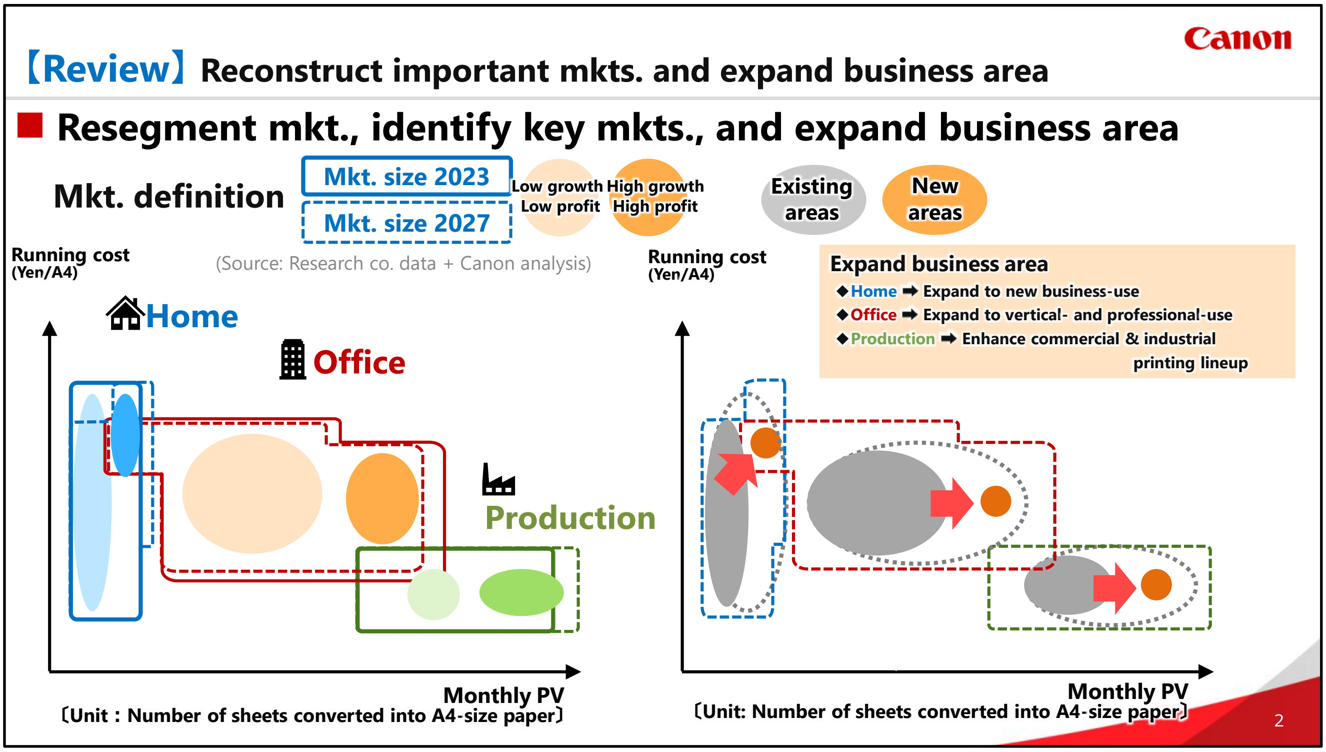
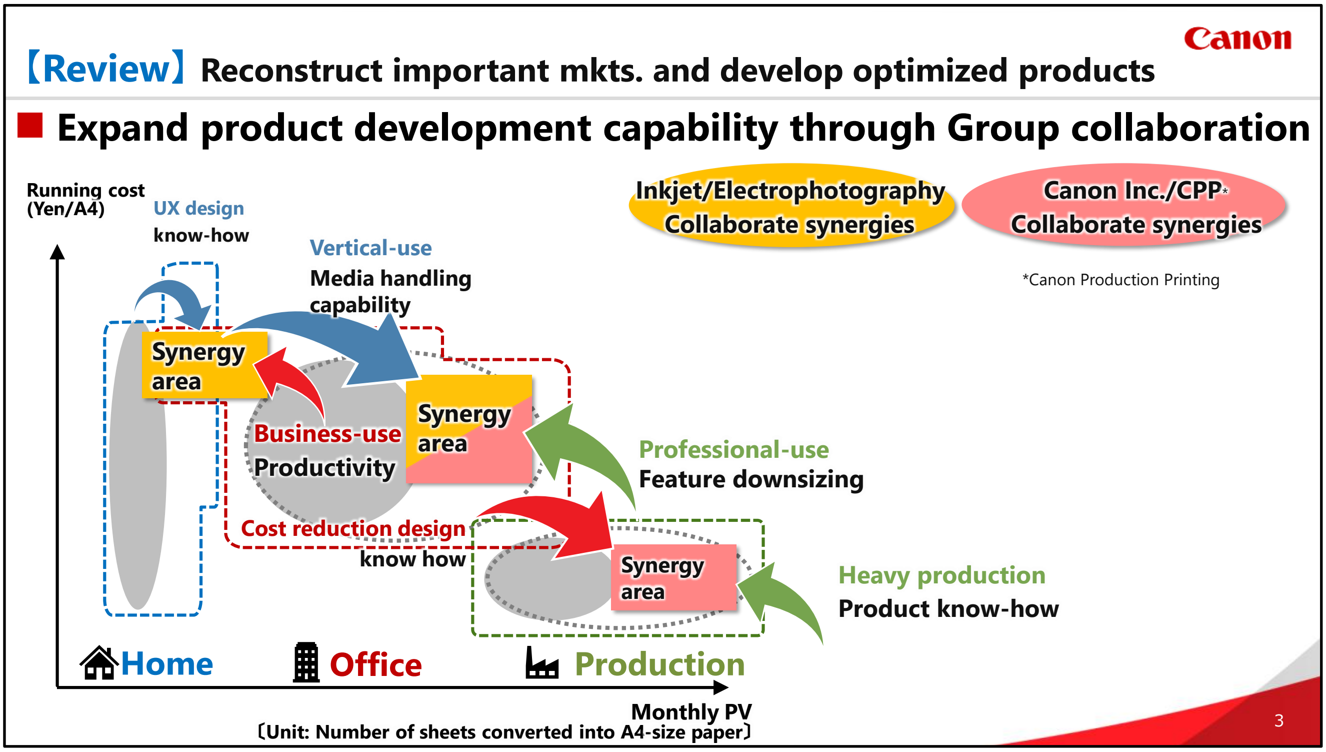
First, I would like to review our Strategies & Measures.

The Printing Group's business strategy in Phase VI of the Global Excellent Corporate Group Plan is to expand profits in existing business areas and sales in new business areas through enhanced business structural reforms. To achieve this, we have identified "*Monozukuri* innovation" and "Sales innovation" as priority measures, while "enhancing key value technologies" and "launching a smart service system" are new measures that have emerged through activities up to last year.



First, "Restructuring important markets and expanding business areas."
At last year's Corporate Strategy Conference, we explained the positioning of our existing and new business areas, as well as the direction of our expansion into new business areas.

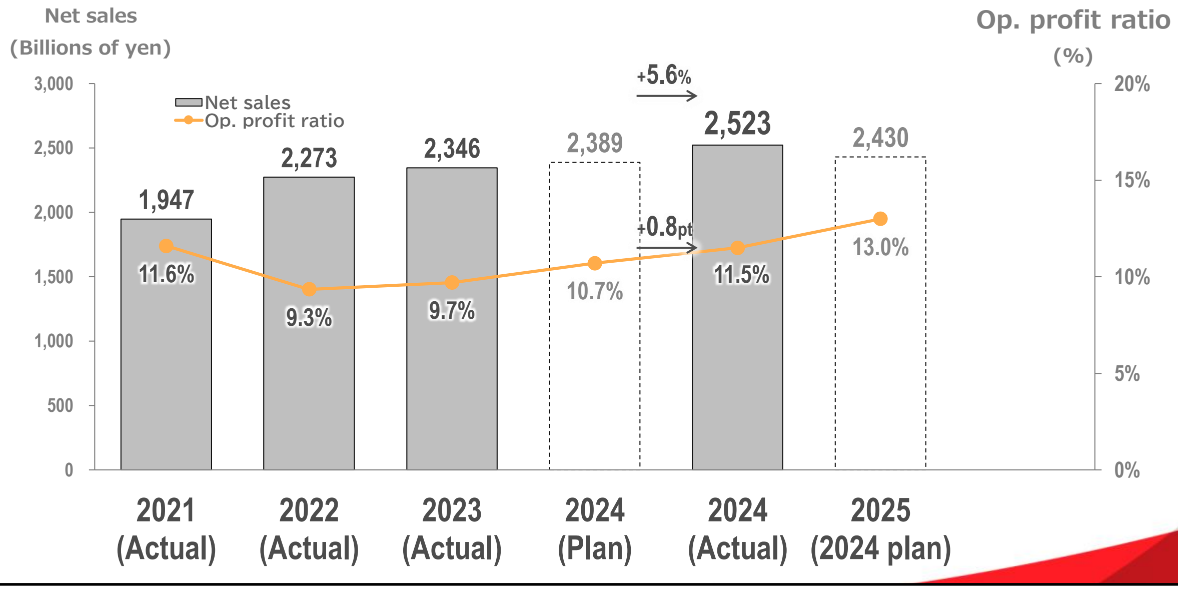


Next, "Reconstructing important markets and developing optimized product." This shows how we are expanding our product development capabilities through synergies between inkjet and electrophotography technology, and synergies through Canon Inc. and Canon Production Printing collaboration.

In Phase VI, we are promoting product development and sales activities in line with the above.

Progress report up to 2024

Printing Group sales and profitability



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As for Printing Group results in 2024, compared to plans at the beginning of the year, sales were 5.6% higher and operating profit as a percentage of sales was 0.8 points better. For sales, we also achieved our target for 2025, the final year of Phase VI, one year ahead of plan.

Progress report up to 2024

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Results & Challenges

- **Expansion of Platform innovation & Group collaboration**
  - **Expand sales and reduce cost of products in existing areas (Improve product reputation and reduce burden of service operations)**
  - **Progress in launching products in new areas (New Production and Office products)**
- **Prosumer inkjet products returning to path of growth**
  - **Introduce drastic measures for products and sales**

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Results of our activities up to 2024 include expanding sales and reducing costs of existing products through “Platform innovation” and progress in launching products in new areas through “Group collaboration.”

However, a delay in returning to a growth trajectory in prosumer inkjet products remains an issue.

Progress **Enhance product strength through *monozukuri* innovation**

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WW market share

	2023		2024
Production			
• Commercial printing printers Continuous feed (excluding China)	1st 33%	+5pt	1st 38%
• Commercial printing printers A3+	1st 27%	+4pt	1st 31%
• Large-format printers GA/CAD	2nd 31%	▲1pt	2nd 30%
Office			
• A3 MFD	1st 18%	+1pt	1st 19%
Prosumer			
• Inkjet printers	3rd 27%	▲2pt	3rd 25%

<Results and challenges>

✓ Enhanced product capability via collaborative development

✓ Expanded sales of imagePRESS V-series to secure No.1 mkt. shr. (2 consecutive years)

✓ Achieved share No.1 for 4th consecutive year through enhanced performance

✓ Enhanced competitiveness (Rebuild product lineup)

(Source: Research co. data + Canon analysis)

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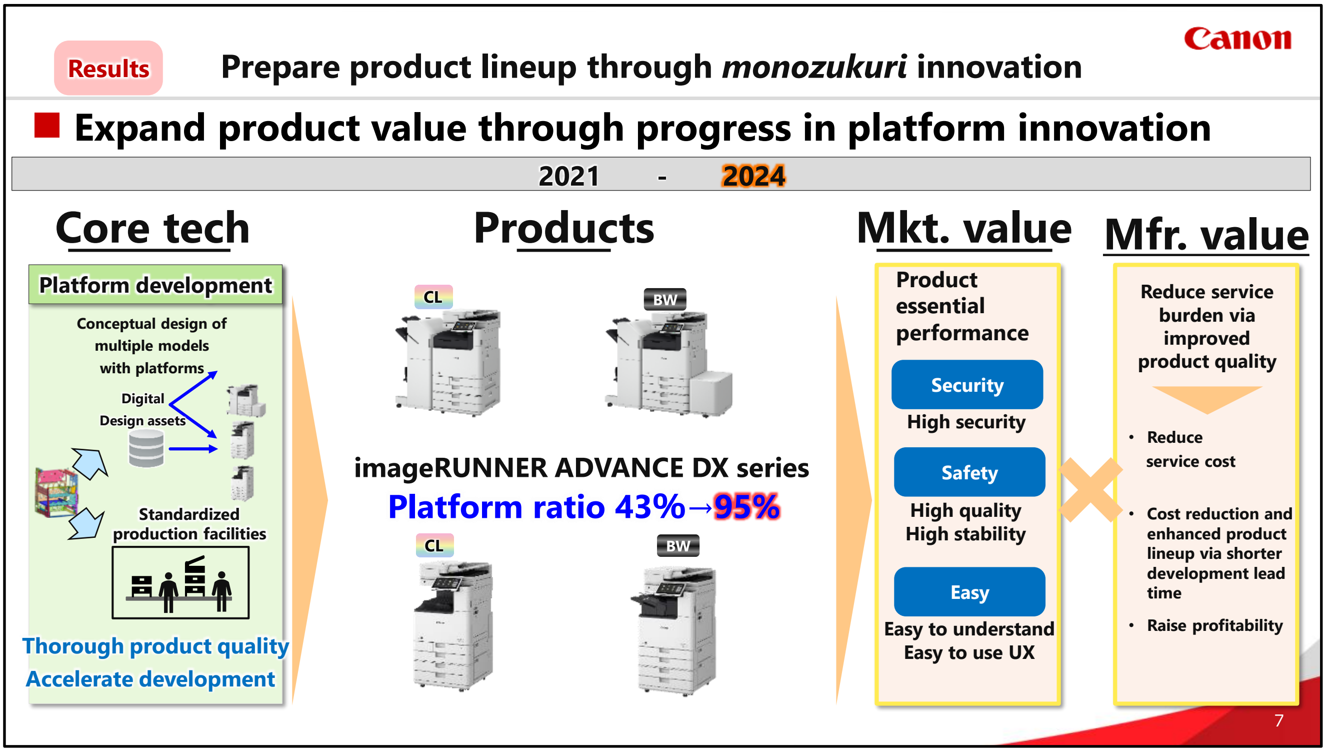
As a result of our *monozukuri* innovation and product enhancement, in the production area, we strengthened our product lineup through development collaboration and the expansion of platform development. As a result, we significantly increased our market share in continuous feed and A3+ printers and maintained our number one position.

In Office MFDs, platform development has also resulted in enhanced essential performance, which helped to increase our market share by one point and maintained our No. 1 market share position for the fourth consecutive year.

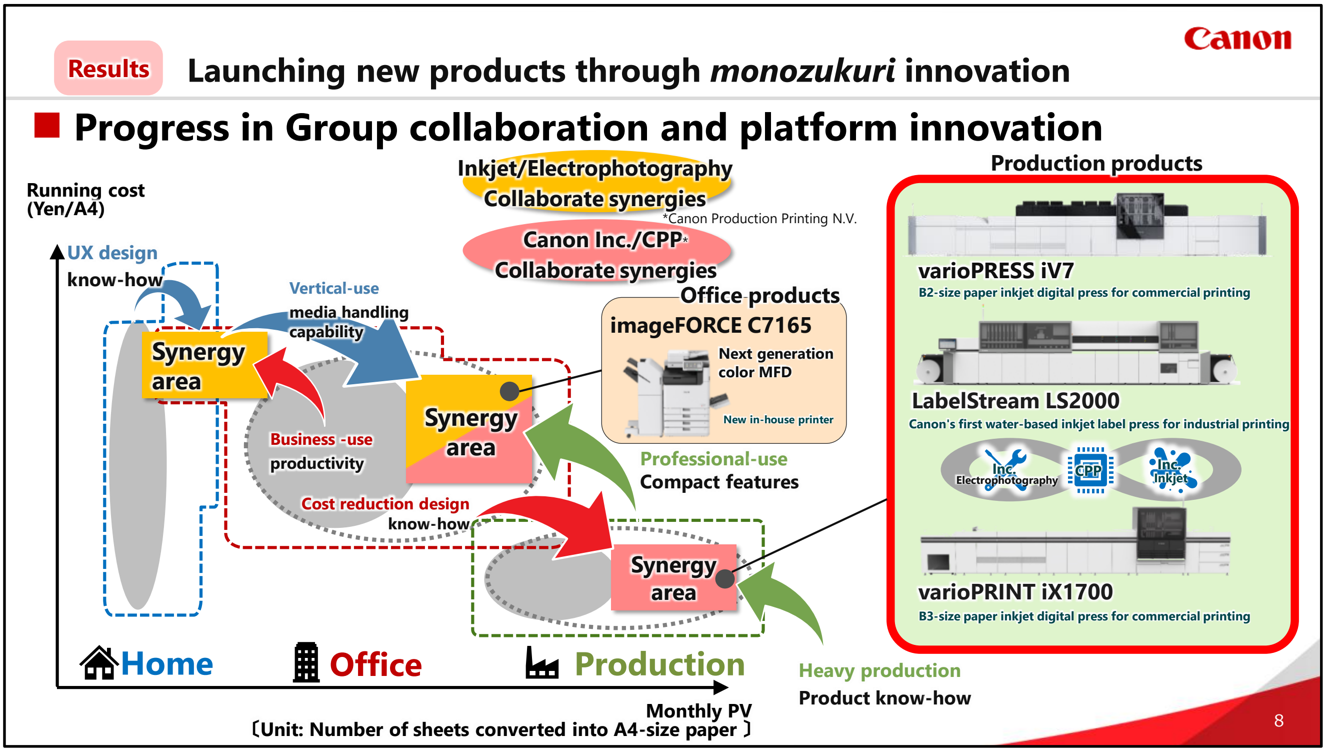
On the other hand, prosumer inkjet is a challenge. Last year, we lost 2 points of market share and are still struggling in third place. Currently, we are working to strengthen our product capabilities through the full implementation of *monozukuri* innovation.



As a result of *monozukuri* innovation in office MFDs, 95% of A3 office MFD that were sold in 2024, were products that were based on platforms.

As a result of the expansion of products based on platforms, we have been able to provide the essential product performance of safety, security, and ease of use as market value across the entire product lineup, and high customer satisfaction has increased brand power and expanded sales.

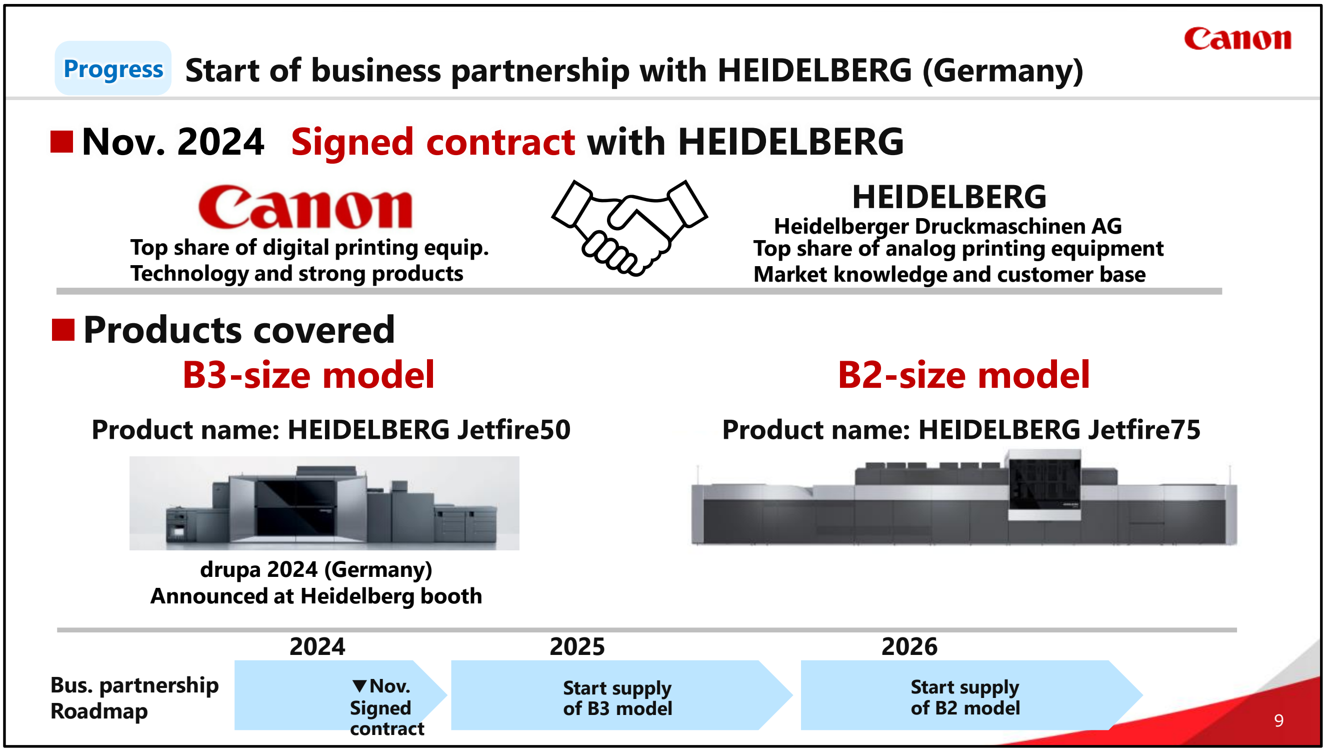
Also, in terms of manufacturer value, the use of platforms provides improved quality, reduced service costs, and shortened development time, which reduces total costs and supports the improved profitability.



As a result of launching new products through *monozukuri* innovation, we announced three new printers for commercial printing and industrial printing that were an outcome of collaboration between Canon Inc. and Canon Production Printing (CPP).

As for commercial printing products, we announced the varioPRINT iX1700, a printer that handles B3-size media, of which Canon Inc. is in charge, and the varioPRESS iV7, a printer that handles B2-size media, of which CPP is in charge. We plan to start sales of both machines in 2025 and 2026, respectively.

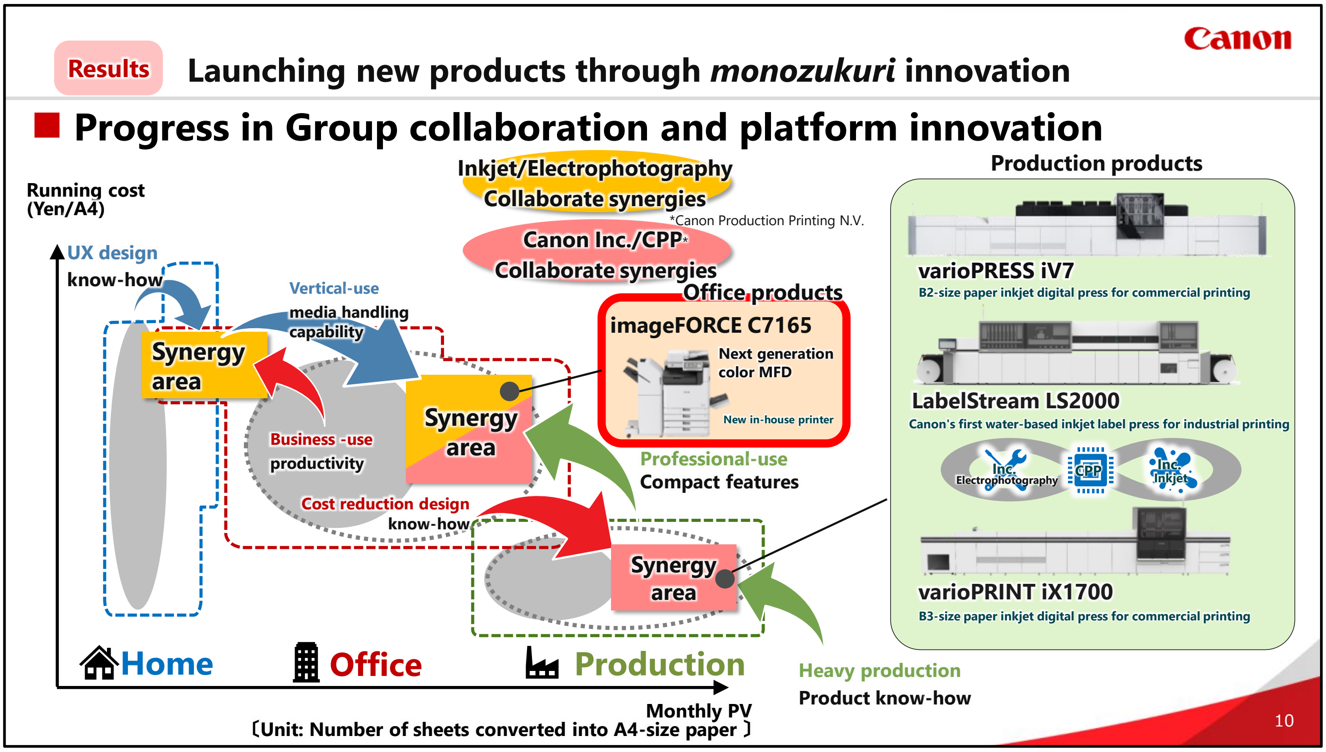
As for industrial printing products, we announced the LabelStream LS2000, a printer that addresses label printing, of which Canon Inc. is in charge. We plan to start sales of this machine in 2025.



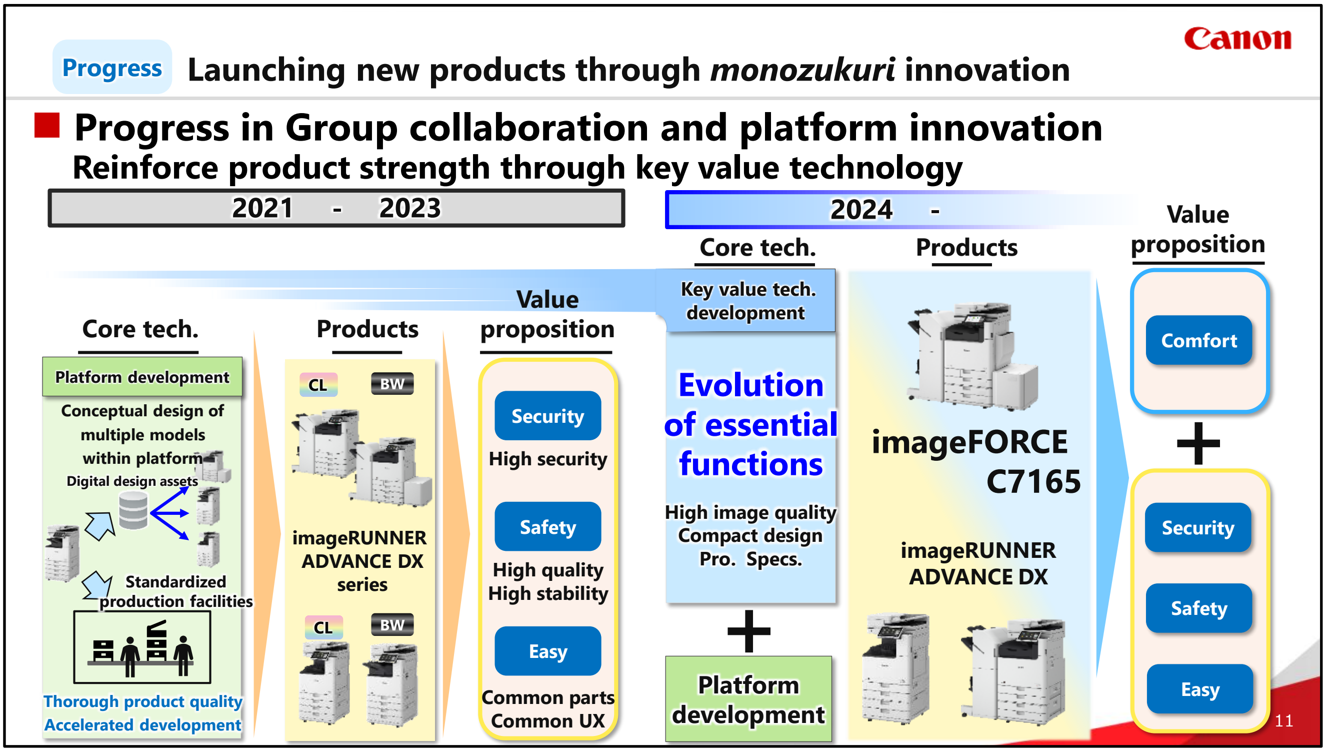
Furthermore, progress in production products includes the development of a business alliance with Heidelberg.

In November last year, we signed a contract to supply products to Heidelberg, a global leader in analog commercial printing. We plan to begin supplying B3 size models in the second quarter of 2025 and B2 size models in 2026.

This will open opportunities for Canon to bring its printing technology to the commercial printing market of the historic Heidelberg Company.



As a result of group collaboration in office products, we established a new lineup of products based on key value technology born from the collaboration of electrophotography and inkjet fundamental technologies. This new product lineup is aimed at in-house printing and was launched on the market in the latter half of last year.



To strengthen the product appeal of our next-generation office MFPs, in addition to our track record of improving quality and speeding up development through the use of platforms, last year we began to introduce key value technologies that we have been working on.

The first of these is the imageFORCE C7165. With this new product, we have been able to improve its appeal compared to previous models by adding value that leads to “comfort,” such as “high image quality,” “miniaturization” and “professional specification.”

Roll out of important measures

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- **Accelerate platform innovation 2**
- **Manifestation of key value tech. development**
- **Launch smart service system**

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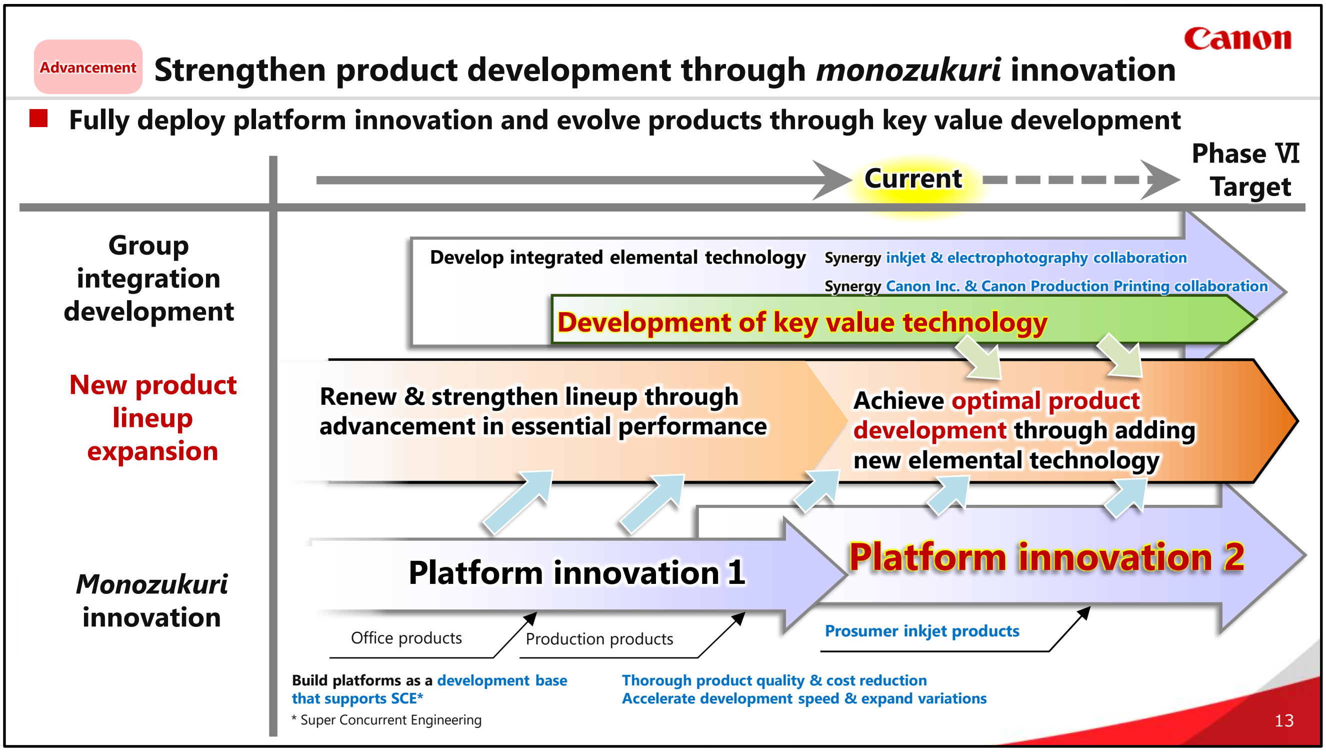
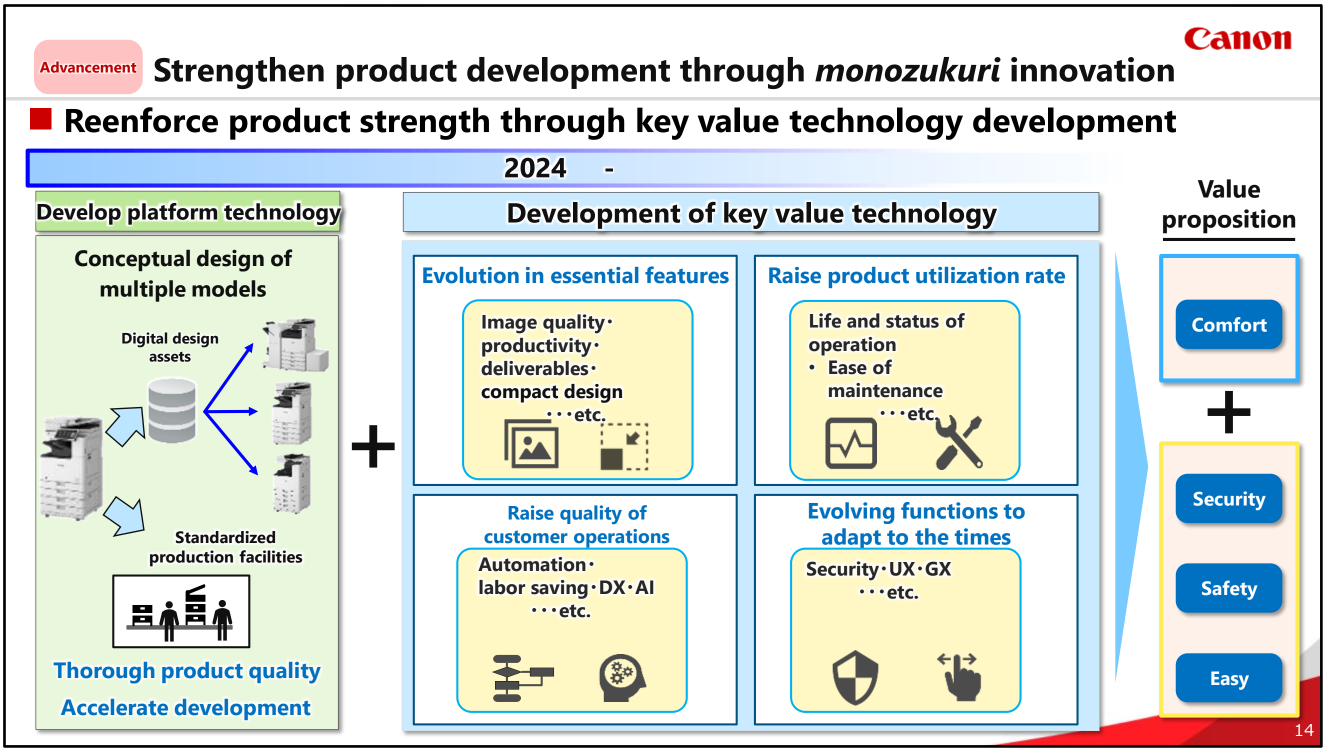
Finally, I would like to explain the future development of priority measures.



First, as part of our efforts to strengthen product development through *monozukuri* innovation, we have been implementing platform innovation for office products and production products in succession. Going forward, we will expand this to prosumer inkjet products as part of platform innovation 2.

Furthermore, we will advance product evolution by incorporating new elemental technologies to strengthen product appeal through key value technology development into all product platforms, including office, production, and prosumer.

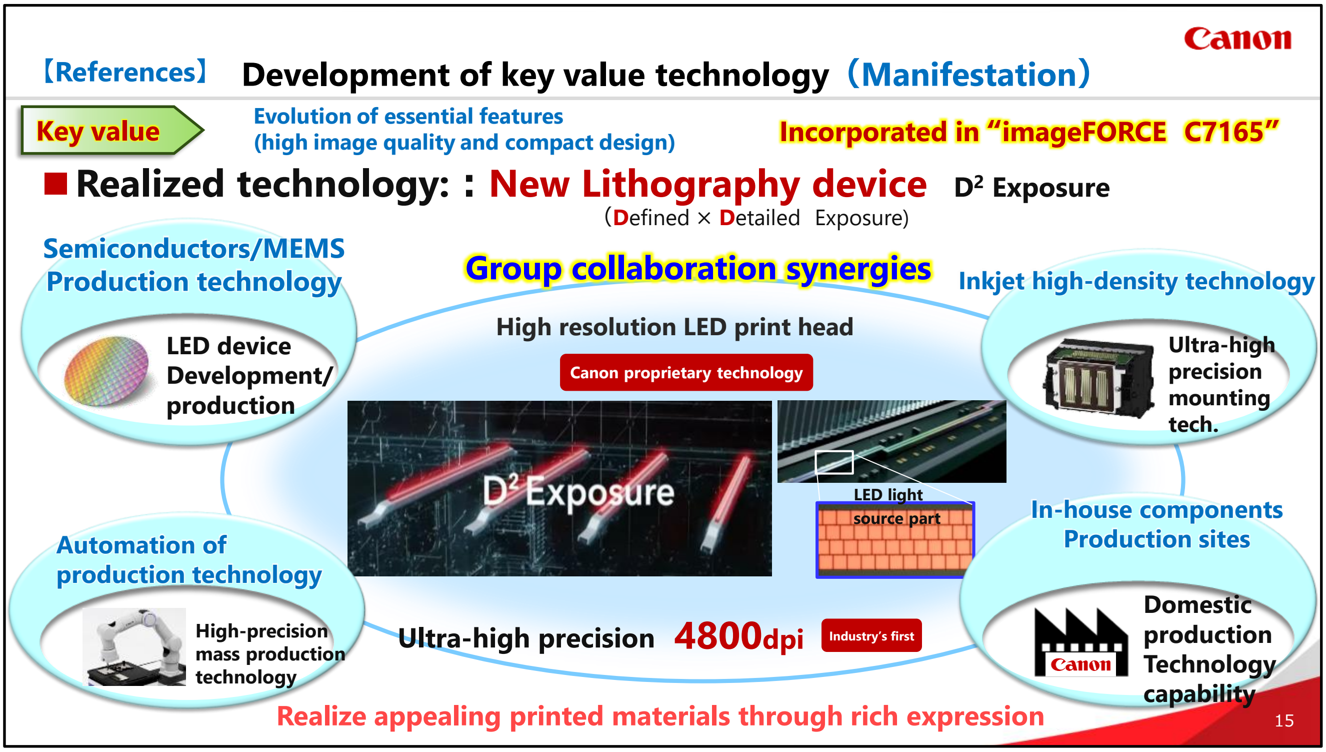
Through these two measures, we will stimulate replacement demand for new printers in the stagnant MIF market and restore growth by strengthening the competitiveness of lagging prosumer inkjet products.



Next, strengthening of product competitiveness through the development of key value technologies. For printing products, from 2024 we began providing new value to our products by adding key value technologies to our platform-based products.

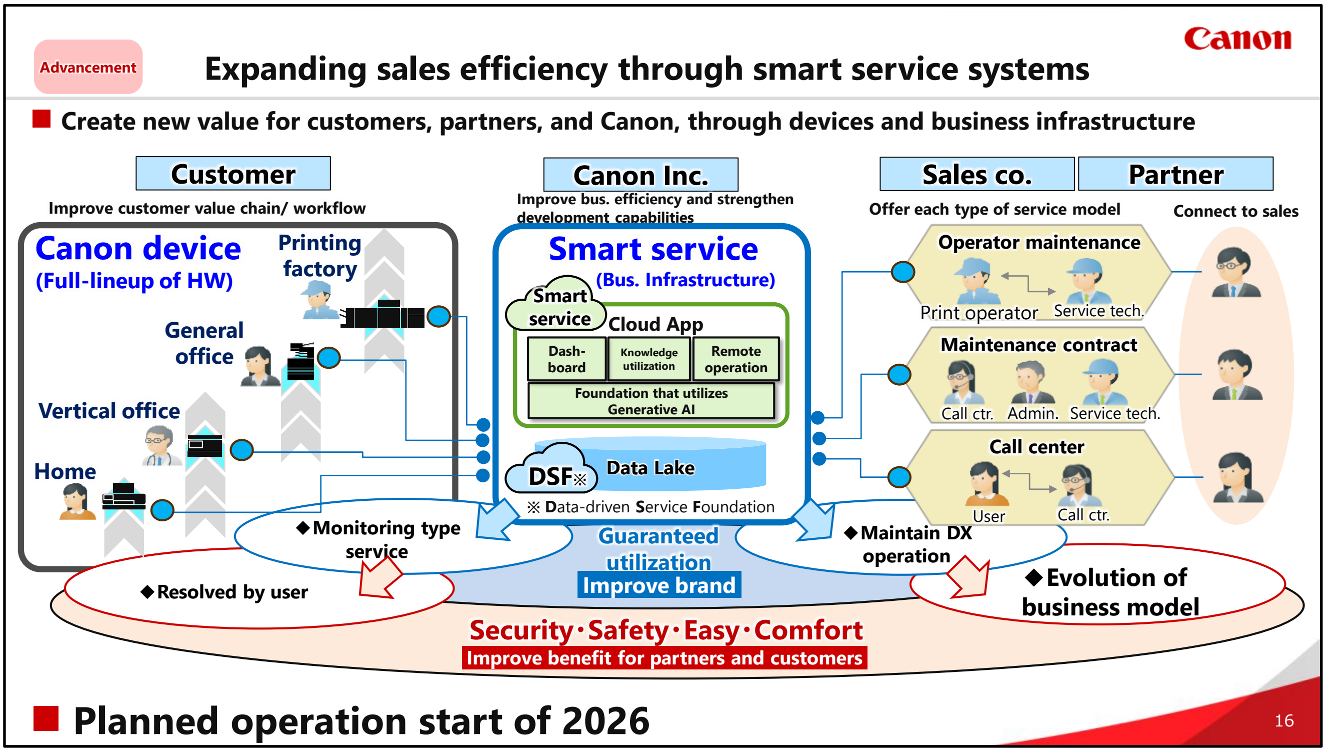
The development of key value technologies is broadly divided into four concepts for improving product value, "evolution of essential performance," "improvement in product utilization," "improvement in the quality of customer operations," and "functional evolution to address the needs of the time." For each concept, "new composite technologies" have been developed in cooperation with the Group and in cooperation with divisions throughout the Company. It is no exaggeration to say that this development truly brings together all of Canon's fundamental technologies of *monozukuri*.

The next generation of printing products will incorporate these key value technologies, adding the product value of "comfort" to the values of "safety, security, and ease of use," and will strongly promote the replacement of printers in operation in the market.



The details of key value technology development are highly confidential and it is not possible to explain the whole story. As one example, however, I will explain the key value technology installed in the imageFORCE C7165, a new Office MFD.

As a key value technology, Canon developed "D^2 Exposure," a new exposure device, and began installing it in new products. "D^2 Exposure" is the industry's first 4800dpi, ultra-high-definition exposure device realized through Canon's proprietary technology. This was made possible through collaborative development and manufacturing across the entire Canon company, including inkjet printing. The printing produced by this technology has rich expressive power and creates new product value.

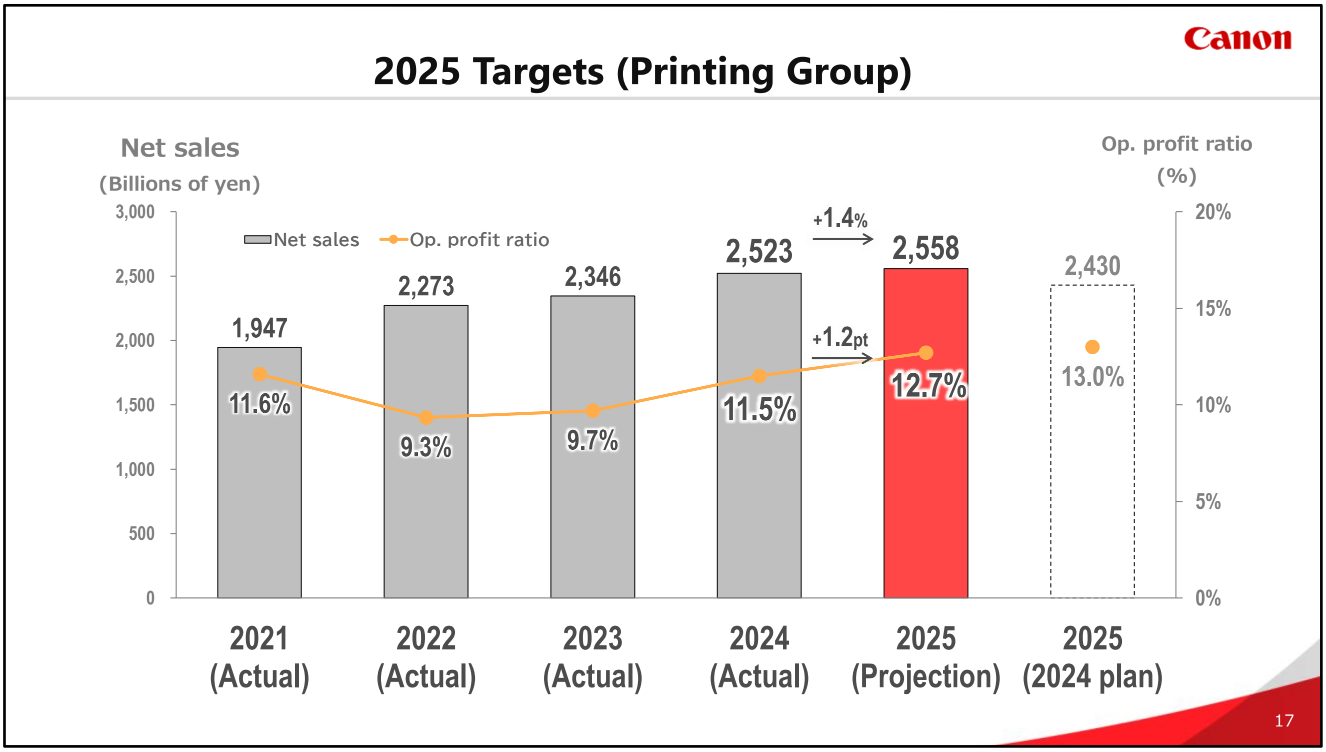


To close my explanation of priority measures, I would like to explain highly efficient sales through smart service system.

“Highly efficient sales through smart products” is something I explained at last year’s Corporate Strategy Conference. Development has advanced to the point where we plan to start operation at the beginning of 2026.

The aim of this system is to create new value for customers, partners, and Canon's sales through the business infrastructure of Canon devices and smart services.

The system configuration will be based on DSF as a data lake and will deploy cloud applications that will increase the operational reliability of Canon devices. We will focus on strengthening the generative AI utilization platform and remote operation. Through this system, we will provide “Maintenance Digital Transformation” to Canon sales and partners and “monitoring-type services” to customers. Through remote service support, we aim to create a business model in which all customers, from home to the printing factory, can use “safely, securely, easily and comfortably” printing services. We are currently in the construction phase of the sales company system.



Our targets for fiscal year 2025, the final year of Phase VI, are sales of 2 trillion 558 billion yen and an operating profit ratio of 12.7%, representing a 1.4% increase in sales and a 1.2 point improvement in our operating profit ratio.