



Notice of Convocation of the Ordinary General Meeting of Shareholders for the 124th Business Term

Photograph location: Fuji City, Shizuoka Pref.
Photographed with EOS R7
RF50mm F1.8 STM

DATE AND TIME	March 28 (Friday), 2025 at 10:00 a.m. (Japan time) (The reception will commence at 9:00 a.m.)
PLACE	Headquarters of the Company 30-2, Shimomaruko 3-chome, Ohta-ku, Tokyo
MATTERS TO BE RESOLVED	Item No.1 Dividend from Surplus Item No.2 Election of Ten Directors Item No.3 Election of Two Audit & Supervisory Board Members Item No.4 Grant of Bonus to Directors



Based on our philosophies of “respect for humanity” and “emphasis on original technology,” Canon was founded in 1937 as a camera manufacturer and continued to grow for 30 years under the high ideal of “building the world’s best cameras using our own technology.”

Against the backdrop of internationalization in the 1960s, we achieved further growth through structural transformation aimed at “globalization” and “diversification.”

Additionally, in the increasingly internationalized world, we marked the 50th anniversary of our founding in 1987. And, in 1988, we announced our second founding, introducing the new corporate philosophy of “*kyosei*” (living and working together for the common good).

In accordance with this philosophy of “*kyosei*,” Canon will continue its business activities aimed at corporate growth and development in the interest of global prosperity and the well-being of humankind.

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To Our Shareholders

We are pleased to present our notice of convocation of the Ordinary General Meeting of Shareholders for the 124th Business Term (from January 1, 2024 to December 31, 2024).

In 2024, the global economy continued to grow at a gradual pace. While the European economy remained sluggish due to increase in energy costs and high interest rates, and the Chinese economy continued to slow down, triggered by the real estate slump, the U.S. economy remained solid.

As for our semiconductor lithography equipment, digital commercial printing equipment, and network camera businesses, where medium- to long-term market expansion is expected, we posted strong sales growth. Additionally, for interchangeable-lens cameras and laser printers, following the completion of market inventory adjustment, we have been posting increased sales since the second quarter. As a result, net sales grew for the fourth consecutive year and exceeded our record high set in 2007. Along with this, we were able to achieve the target of our five-year management plan, Phase VI (2021 to 2025) of the “Excellent Global Corporation Plan,” one year earlier than planned.

For the term-end dividend, in appreciation of the continued support of our shareholders, we will propose a distribution of 80.00 yen per share at the Ordinary General Meeting of Shareholders for the 124th Business Term. As such, our dividend for the year, including our interim dividend of 75.00 yen per share, will amount to 155.00 yen per share, representing an increase of 15.00 yen relative to our annual dividend for the 123rd Business Term.

Regarding the global economy in 2025, considering the mounting geopolitical tensions and the change of government in countries around the world, we project a continuation of uncertainty. Although navigating our business through this difficult phase will continue, the Canon Group will work in a concerted effort to meet the challenges, aiming to achieve its goals, as this is the final year of its five-year management plan, Phase VI (2021 to 2025) of the “Excellent Global Corporation Plan.”

We look forward to our shareholders’ continued support and encouragement.

March, 2025

Chairman & CEO

FUJIO MITARAI



TO OUR SHAREHOLDERS

CANON INC.

30-2, Shimomaruko 3-chome,

Ohta-ku, Tokyo

Chairman & CEO Fujio Mitarai

NOTICE OF CONVOCATION OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS FOR THE 124TH BUSINESS TERM

Notice is hereby given that the Ordinary General Meeting of Shareholders for the 124th Business Term of Canon Inc. (the "Company") will be held as described below.

As you can exercise your voting rights via the Internet or in writing, we strongly encourage you to do so if choosing not to travel to the Meeting venue on the date of the Meeting. The voting deadline via the Internet or in writing is **5:00 p.m. on March 27 (Thursday), 2025 (Japan time). (If exercising your voting rights in writing, your vote must arrive at the manager of the register of shareholders no later than the aforementioned deadline.)**

1. DATE AND TIME:	March 28 (Friday), 2025 at 10:00 a.m. (Japan time) (The reception will commence at 9:00 a.m.)
2. PLACE:	Headquarters of the Company 30-2, Shimomaruko 3-chome, Ohta-ku, Tokyo (Please see the guide map at the end of this notice.)
3. MATTERS CONSTITUTING THE PURPOSE OF THE MEETING	<p>Matters to be Reported:</p> <ol style="list-style-type: none"> 1. Reports on the contents of the Business Report and Consolidated Financial Statements for the 124th Business Term (from January 1, 2024 to December 31, 2024), and reports on the Auditing Results of Accounting Auditor and Audit & Supervisory Board regarding the Consolidated Financial Statements. 2. Reports on the content of the Non-Consolidated Financial Statements for the 124th Business Term (from January 1, 2024 to December 31, 2024). <p>Matters to be Resolved upon:</p> <p>Propositions:</p> <ul style="list-style-type: none"> Item No.1 - Dividend from Surplus Item No.2 - Election of Ten Directors Item No.3 - Election of Two Audit & Supervisory Board Members Item No.4 - Grant of Bonus to Directors

1. Measures for Electronic Provision of the Shareholders Meeting Reference Documents

Upon convening the Meeting, the Company takes Measures for Electronic Provision (on the websites listed below) of the information that includes the contents of Reference Documents for General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements pursuant to provisions of the Companies Act and the Company's Articles of Incorporation. Please note, however, that regardless of whether or not a Request for Delivery of Documents is made pursuant to the Companies Act, the Company sends this information to shareholders in paper-based form as before.

(1) Company's website ("Shareholders' Meeting" page of the "Investor Relations" section)

Please access the website below and see "The Ordinary General Meeting of Shareholders for the 124th Business Term (March 28, 2025)"

<https://global.canon/en/ir/share/meeting.html>



(2) Tokyo Stock Exchange website (Listed Company Search)

Please access the website below, input "Canon" into "Issue name (company name)" or "7751" into "Code," click "Search," then "Basic information" of Canon Inc. and select "Documents for public inspection/PR information," "Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting."

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>



2. Documents not included in this Notice of Convocation

The following documents are not included in this Notice of Convocation: "Canon Group Global Network" and "Stock Acquisition Rights, etc. of the Company" of the Business Report; "Consolidated Statement of Equity" and "Notes to Consolidated Financial Statements" of the Consolidated Financial Statements; and "Non-Consolidated Statement of Changes in Net Assets" and "Notes to Non-Consolidated Financial Statements" of the Non-Consolidated Financial Statements. These documents are posted on each of the websites described in 1. above as "Matters Omitted from the Notice of Convocation of the Ordinary General Meeting of Shareholders for the 124th Business Term." Please access one of the websites to read them.

These matters have been subject to audit, whereby the Audit & Supervisory Board Members have prepared the Audit Report of Audit & Supervisory Board and the Accounting Auditor has prepared the Audit Report of Accounting Auditor.

3. Changes in the contents of Shareholders Meeting Reference Documents

Any changes in information that includes the contents of Reference Documents for General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements will be posted on each of the websites described in 1. above.

4. Cautionary matters concerning attending the Meeting in person

- (1) Upon attending the Meeting, please present the Voting Form delivered by the Company to the receptionist at the place of the Meeting.
- (2) If you exercise your voting rights by proxy, the proxy should also be a shareholder with voting rights for the Meeting. The proxy is requested to present the Voting Form for exercising your voting rights by proxy, documents that prove the proxy, and the Voting Form under the name of the proxy to the receptionist at the place of the Meeting.

5. Exercise of voting rights via the Internet or in writing

Please refer to "Guidance Notes on the Exercise of Voting Rights via the Internet or in Writing" on the following page.

Guidance Notes on the Exercise of Voting Rights via the Internet or in Writing

Shareholders may exercise their voting rights prior to the Meeting via the Internet or in writing (using the Voting Form), instead of attending the Meeting in person.

Exercise of Voting Rights via the Internet

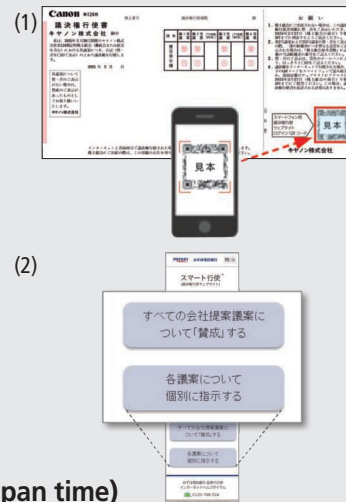


1. Method of Scanning the QR Code Using Smartphones, etc. for Exercising Voting Rights

- (1) Please access the website for exercising voting rights by scanning the QR Code*¹ printed on the lower right-hand side of the Voting Form with your smartphone or other such device*².
- (2) Please exercise your voting rights by following the directions on the screen.
 - You do not need to enter your Code for the Exercise of Voting Rights (ID) and the Password.
 - Please note that exercising voting rights by using this method is available only once. If you wish to revise your for/against selections upon having submitted your votes by the method indicated here, please exercise your voting rights again using "Method of Entering the Code for the Exercise of Voting Rights (ID)" as described below.

*1. "QR Code" is a registered trademark of DENSO WAVE INCORPORATED.

*2. Your device must have an application for scanning QR Codes or such functionality in order to exercise your voting rights by using this method.



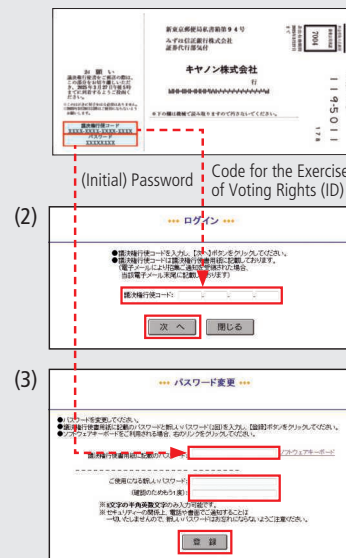
Voting deadline:

No later than 5:00 p.m. on March 27 (Thursday), 2025 (Japan time)



2. Method of Entering the Code for the Exercise of Voting Rights (ID)

- (1) Please access the website for exercising voting rights specified by the Company (<https://soukai.mizuho-tb.co.jp/>).
- (2) Please enter the "Code for the Exercise of Voting Rights (ID)" printed on the lower left hand corner of the reverse side of the Voting Form, and then click on the "Next" button.
- (3) On the first time you log in, you are required to change your password. Following the on-screen instructions, please enter the "(Initial) Password" printed on the lower left hand corner of the reverse side of the Voting Form and a password of your choice, and then click on the "Register" button.
- (4) Please exercise your voting rights by following the directions on the screen.



Voting deadline:

No later than 5:00 p.m. on March 27 (Thursday), 2025 (Japan time)

Exercise of Voting Rights in Writing (Using the Voting Form)



Please indicate your for/against for each of the propositions on the Voting Form and send it to us by postal mail.

(1) Please indicate your for/against for each of the propositions here.

· Item No.2 and Item No.3

If you approve of all of the candidates:

Mark the “賛” (for) box with a “○”

If you are opposed to all of the candidates:

Mark the “否” (against) box with a “○”

If you are opposed to some of the candidates:

Mark the “賛” (for) box with a “○,” and indicate the numbers for the candidates that you are opposed to

· In the event that your for/against of any proposition is not indicated on the Voting Form, the proposition shall be considered as an indication of for.

(2) Please cut the form at the dotted line, and send this portion of the form by postal mail.

(Please use the personal information security sticker on the Voting Form before sending it by postal mail.)

Voting deadline:

To arrive no later than 5:00 p.m. on March 27 (Thursday), 2025 (Japan time)

(Voting Forms that arrive at our manager of the register of shareholders (Mizuho Trust & Banking Co., Ltd.) no later the aforementioned deadline shall be deemed valid.)

1. Treatment of Voting Rights Which Are Exercised More Than Once

- If you exercise your voting rights twice, via the Internet and in writing, we will only accept the exercise of your voting rights via the Internet as effective.
- If you exercise your voting rights more than once via the Internet, we will only accept the last exercise of your voting rights as effective.

2. Other Notes Regarding the Exercise of Voting Rights via the Internet

- The cost of Internet access (access fees to providers, telecommunications fees, etc.) shall be borne by the shareholders.
- Although each of the methods concerning the exercise of voting rights via the Internet has been operationally verified on standard devices connected to the Internet, in some cases, it may not be possible to gain access using certain devices or due to certain circumstances.

3. For Inquiries with Respect to the Exercise of Voting Rights via the Internet

Please contact:

Stock Transfer Agency Department of Mizuho Trust & Banking Co., Ltd.

Telephone: 0120-768-524 (toll-free, available in Japan only)

Operating Hours: 9:00 a.m. to 9:00 p.m. (excluding the New Year holidays)

To Institutional Investors

The electronic voting platform for institutional investors operated by Investor Communications Japan Inc. is available for institutional investors that have applied to use such platform in advance.

REFERENCE DOCUMENTS FOR GENERAL MEETING OF SHAREHOLDERS

Item No.1: Dividend from Surplus

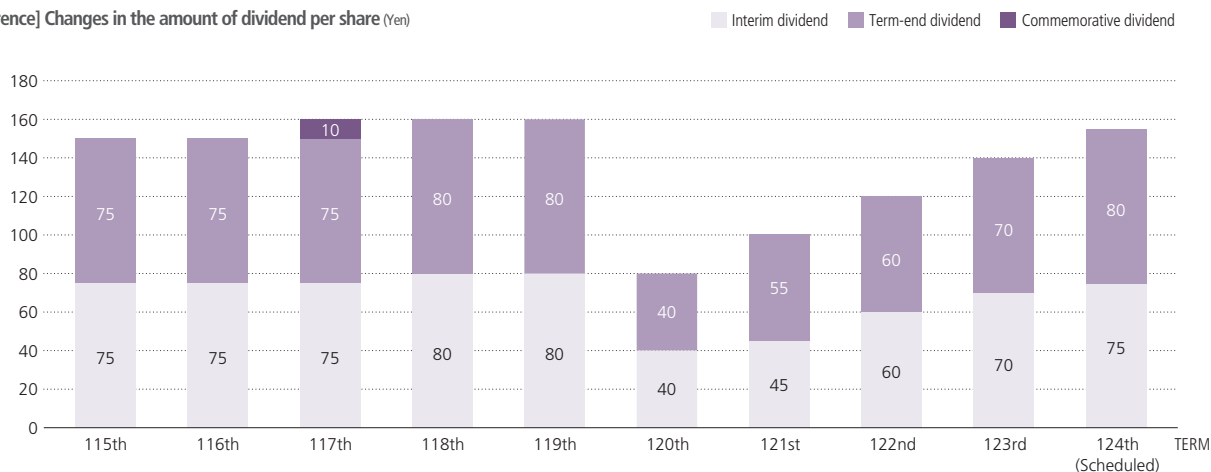
The basic policy of the Company is to provide a stable return and actively return profits to shareholders, mainly in the form of a dividend, taking into consideration medium-term profit forecasts along with planned future investments, cash flow and other factors.

In accordance with the above basic policy, we propose a term-end dividend of 80.00 yen per share for the current business term, an increase of 10.00 yen relative to term-end dividend of the previous term.

As we have already paid an interim dividend of 75.00 yen per share, the full-year dividend will be 155.00 yen per share (an increase of 15.00 yen from the previous term).

1. Kind of the dividend property	Cash
2. Matters regarding allocation of the dividend property and its total amount	80.00 yen per one common share of the Company Total amount of dividend 75,519,349,280 yen
3. Effective date of the distribution of the dividend from surplus	March 31, 2025

[Reference] Changes in the amount of dividend per share (Yen)



Item No.2: Election of Ten Directors

The terms of office of all of the ten Directors will expire at the end of this Meeting. Accordingly, we propose the election of ten Directors. The Company has a basic policy that the focus of the organizational structure of the Board of Directors is on the Directors that oversee company-wide business strategies or execution and the Directors that oversee multiple business fields or headquarters functions, while 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 candidates for Directors, based on this basic policy, are as follows:

Candidate No.	Name	Current Position, Business in Charge, etc. at the Company	Board of Directors Meeting Attendance
1	Fujio Mitarai Reappointed	Chairman & CEO	100% (10/10)
2	Toshizo Tanaka Reappointed	Executive Vice President & CFO Group Executive of Public Affairs Headquarters Senior General Manager of Corporate Governance Center	100% (10/10)
3	Toshio Homma Reappointed	Executive Vice President & CTO Head of Printing Group Chief Executive of Digital Printing Business Operations	100% (10/10)
4	Kazuto Ogawa Reappointed	Executive Vice President & Director Group Executive of Global Marketing Strategy Headquarters	100% (7/7)
5	Hiroaki Takeishi Reappointed	Senior Managing Director Head of Industrial Group Chief Executive of Optical Products Operations	100% (7/7)
6	Minoru Asada Reappointed	Senior Managing Director Group Executive of Finance & Accounting Headquarters Chief, PSI Optimization Project	100% (7/7)
7	Yusuke Kawamura Reappointed Outside Director Independent Director	Director	100% (10/10)
8	Masayuki Ikegami Reappointed Outside Director Independent Director	Director	100% (7/7)
9	Masaki Suzuki Reappointed Outside Director Independent Director	Director	100% (7/7)
10	Akiko Ito Reappointed Outside Director Independent Director	Director	100% (7/7)

Note: The attendance figures above constitute attendance of the Board of Directors meetings by the respective candidates for Directors during the 124th business term.



Fujio Mitarai

Date of birth
Sep. 23, 1935

Number of the Company's shares held
153,144 shares

Candidate No. **1**

Reappointed

(Male)

Brief personal record, position, business in charge and important concurrent posts

As of

Apr. 1961: Entered the Company

Mar. 1981: Director

Mar. 1985: Managing Director

Mar. 1989: Senior Managing Director

Mar. 1993: Executive Vice President

Sep. 1995: President

Mar. 2006: Chairman, President & CEO

May 2006: Chairman & CEO (*daihyō torishimariyaku kaichō*)

Mar. 2012: Chairman & CEO (*daihyō torishimariyaku kaichō ken shachō*)

Mar. 2016: Chairman & CEO (*daihyō torishimariyaku kaichō*)

May 2020: Chairman & CEO (*daihyō torishimariyaku kaichō ken shachō*) (present)

[Important concurrent post]

· Audit & Supervisory Board Member of The Yomiuri Shimbun Holdings

[Reasons for being selected as a candidate]

Mr. Fujio Mitarai has supervised the Company's management as a CEO over the course of many years and has accomplished many things, such as significantly increasing profitability through management reform including production reform, and building a foundation for the transformation of the Company's business structure for new areas where growth is expected. The Company has selected him as a candidate for Director upon determining that his wealth of expertise and ability related to management, gained from being chairman of Keidanren ("Japan Business Federation"), and holding many important positions in other organizations, are vital to the Company's management.



Toshizo Tanaka

Date of birth
Oct. 8, 1940

Number of the Company's shares held
25,510 shares

Candidate No. **2**

Reappointed

(Male)

Brief personal record, position, business in charge and important concurrent posts

As of

Apr. 1964: Entered the Company

Mar. 1995: Director

Mar. 1997: Managing Director

Mar. 2001: Senior Managing Director

Mar. 2007: Executive Vice President & Director

Mar. 2008: Executive Vice President & CFO (present)

Apr. 2011: Group Executive of Finance & Accounting Headquarters

Mar. 2014: Group Executive of Human Resources Management & Organization Headquarters

Apr. 2017: Group Executive of Facilities Management Headquarters

Mar. 2018: Group Executive of Public Affairs Headquarters (present)

Apr. 2018: Group Executive of Finance & Accounting Headquarters

Jul. 2023: Senior General Manager of Corporate Governance Center (present)

[Reasons for being selected as a candidate]

Mr. Toshizo Tanaka has contributed greatly to building the Company's strong financial position while working for many years as CFO. The Company has selected him as a candidate for Director upon determining that his extensive expertise, insight, and wide range of experience, gained from managing overall corporate administration, are vital to the Company's management.



Candidate No. **3**

Reappointed

(Male)

Toshio Homma

Date of birth
Mar. 10, 1949

Number of the Company's shares held
78,852 shares

Brief personal record, position, business in charge and important concurrent posts

As of
Apr. 1972: Entered the Company
Jan. 1995: Senior General Manager of Copying Machine Development Center
Mar. 2003: Director
Apr. 2003: Group Executive of Business Promotion Headquarters
Jan. 2007: Chief Executive of L Printer Products Operations
Mar. 2008: Managing Director
Mar. 2012: Senior Managing Director
Group Executive of Procurement Headquarters
Mar. 2016: Executive Vice President
Apr. 2016: Chief Executive of Office Imaging Products Operations
Mar. 2017: Executive Vice President & In charge of Office Business
Apr. 2020: Executive Vice President & CTO & In charge of Printing Business
Chief Executive of Digital Printing Business Operations (present)
Apr. 2021: Executive Vice President & CTO (present)
Head of Printing Group (present)

[Reasons for being selected as a candidate]

Mr. Toshio Homma accomplished great things in the commercialization of large-format printing systems after being engaged in the development and commercialization of copying machines over the course of many years. Also, he led procurement reform and contributed to creating a structure to support reducing the cost-of-sales ratio. He is currently in charge of and managing the overall printing business including commercial printing, while also managing the Company's technological R&D as CTO. The Company has selected him as a candidate for Director upon determining that his broad knowledge and experience are vital to the Company's management.



Candidate No. **4**

Reappointed

(Male)

Kazuto Ogawa

Date of birth
Apr. 5, 1958

Number of the Company's shares held
6,800 shares

Brief personal record, position, business in charge and important concurrent posts

As of
Apr. 1981: Entered the Company
Apr. 2005: President & CEO of Canon Singapore Pte. Ltd.
Mar. 2008: President & CEO of Canon Canada Inc.
Apr. 2011: Executive Officer of the Company
Feb. 2014: Executive Vice President of Canon (China) Co., Ltd.
Apr. 2016: Managing Executive Officer of the Company
Apr. 2018: President & COO of Canon U.S.A., Inc.
Apr. 2021: Senior Managing Executive Officer of the Company
Jan. 2024: Group Executive of Global Marketing Strategy Headquarters (present)
Mar. 2024: Executive Vice President & Director (present)

[Reasons for being selected as a candidate]

Mr. Kazuto Ogawa had been assigned to overseas group companies for about 10 years before he served as president of a sales subsidiary in Singapore, president of a sales subsidiary in Canada, vice president of regional sales headquarters in Asia, and president of regional sales headquarters in the United States. He demonstrated outstanding leadership at these respective positions, as he steadily improved performance of the sales company in the U.S. through structural reforms and new business development in the midst of the COVID-19 pandemic. The Company has selected him as a candidate for Director upon determining that his extensive global experience and business management skills are indispensable for the Company's management.



Hiroaki Takeishi

Date of birth
Mar. 20, 1964

Number of the Company's shares held
10,000 shares

Candidate No. **5**

Reappointed

(Male)

Brief personal record, position, business in charge and important concurrent posts

As of
Jul. 1990: Entered the Company
Jul. 2008: Senior General Manager of Semiconductor Production Equipment Design Center 2
Jul. 2009: Senior General Manager of Semiconductor Production Equipment PLM Center 1
Jan. 2012: Group Executive of Semiconductor Production Equipment Group Optical Products Operations
Apr. 2012: Executive Officer
Jul. 2016: Deputy Chief Executive of Optical Products Operations
Jan. 2017: Chief Executive of Optical Products Operations (present)
Apr. 2017: Managing Executive Officer
Apr. 2021: Senior Managing Executive Officer
Head of Industrial Group (present)
Chairman & CEO of Canon Tokki Corporation (present)
Mar. 2024: Senior Managing Director (present)

[Reasons for being selected as a candidate]

Mr. Hiroaki Takeishi had long been engaged in the development of semiconductor manufacturing equipment, playing a central role. Since 2012, he has been responsible for the semiconductor manufacturing equipment business and has made great contribution in strengthening and nurturing the business. Currently, he oversees the entire business of Canon's Industrial Group, including organic LED deposition systems. The Company has selected him as a candidate for Director upon determining that his experience and knowledge with both technical and business management aspects in the industrial business field, which is one of the pillars of the Company's businesses going forward, are indispensable for the management of the Company.



Minoru Asada

Date of birth
Jun. 18, 1962

Number of the Company's shares held
10,879 shares

Candidate No. **6**

Reappointed

(Male)

Brief personal record, position, business in charge and important concurrent posts

As of
Apr. 1985: Entered the Company
Apr. 2016: Senior General Manager of Group Management Center of Finance & Accounting Headquarters
Apr. 2017: Executive Officer
Apr. 2018: Deputy Group Executive of Finance & Accounting Headquarters
Sep. 2018: Executive Vice President & COO of Océ Technologies B.V. (Currently, Canon Production Printing Netherlands B.V.)
Dec. 2018: President & CEO of Océ Holding B.V. (Currently, Canon Production Printing Holding B.V.)
Apr. 2020: Managing Executive Officer of the Company
Jan. 2023: Group Executive of Finance & Accounting Headquarters (present)
Apr. 2023: Senior Managing Executive Officer
Jan. 2024: Audit & Supervisory Board Member (Outside) of OHARA INC. (present)
Mar. 2024: Chief, PSI Optimization Project (present)
Senior Managing Director (present)

[Important concurrent post]

· Audit & Supervisory Board Member (Outside) of OHARA INC.

[Reasons for being selected as a candidate]

Mr. Minoru Asada had been engaged in accounting in Japan and overseas for many years and has made substantial contribution to strengthening our group's financial structure. In 2018, he assumed the position of president of the Dutch subsidiary for the manufacture and sales of commercial printing systems, where he succeeded in restoring sound management by encouraging thorough streamlining and new product development. He is currently the Group Executive of the Finance & Accounting Headquarters of the Company, which oversees the group's accounting operations. The Company has selected him as a candidate for Director upon determining that his advanced accounting and financial expertise and experience in operating subsidiaries are indispensable to the Company's management.



Yusuke Kawamura

Date of birth
Dec. 5, 1953

Number of the Company's shares held
2,500 shares

Candidate No. **7**

Reappointed **Outside Director**

(Male) **Independent Director**

Brief personal record, position, business in charge and important concurrent posts

As of
Apr. 1977: Entered Daiwa Securities Co. Ltd.
Jan. 1997: General Manager of Syndicate Department of Daiwa Securities Co. Ltd.
Apr. 2000: Professor of Faculty of Economics and the Graduate School of Economics of Nagasaki University
Apr. 2010: Senior Managing Director of Daiwa Institute of Research Ltd.
Jan. 2011: Commissioner of Fiscal System Council of Ministry of Finance
Apr. 2012: Deputy Chairman of Daiwa Institute of Research Ltd.
Feb. 2013: Commissioner of Business Accounting Council of Financial Services Agency
Jun. 2017: Outside Director of Mitsui Sugar Co., Ltd.
(currently Mitsui DM Sugar Holdings Co., Ltd.) (present)
Apr. 2019: Executive Counselor of the Japan Securities Dealers Association
Apr. 2020: Chairman & CEO of Institute of Glocal Policy Research (present)
Jun. 2020: Director (external) of Toyo Aluminium K.K. (present)
Mar. 2021: Director of the Company (present)
Jun. 2024: External Director of The Shoko Chukin Bank, Ltd. (present)

[Important concurrent posts]

- Outside Director of Mitsui DM Sugar Holdings Co., Ltd.
- Chairman & CEO of Institute of Glocal Policy Research
- Director (external) of Toyo Aluminium K.K.
- External Director of The Shoko Chukin Bank, Ltd.

[Reasons for being selected as a candidate and expected roles]

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 selected him as a candidate for 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

Date of birth
Aug. 29, 1951

Number of the Company's shares held
0 shares

Candidate No. **8**

Reappointed **Outside Director**

(Male) **Independent Director**

Brief personal record, position, business in charge and important concurrent posts

As of
Apr. 1977: Appointed as Public Prosecutor
Jun. 2006: Deputy Vice-Minister of Justice of Ministry of Justice
Oct. 2008: Public Prosecutor of Supreme Public Prosecutors Office
Aug. 2011: Deputy Prosecutor-General of Supreme Public Prosecutors Office
Jul. 2012: Superintending Prosecutor of Nagoya High Public Prosecutors Office
Jan. 2014: Superintending Prosecutor of Osaka High Public Prosecutors Office
Oct. 2014: Justice of the Supreme Court
Aug. 2021: Retired from Justice of the Supreme Court
Mar. 2023: Registered as an attorney (present)
Mar. 2024: Director of the Company (present)

[Important concurrent post]

- Attorney

[Reasons for being selected as a candidate and expected roles]

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 selected him as a candidate for 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

Date of birth
Apr. 18, 1955

Number of the Company's shares held
3,700 shares

Candidate No. **9**

Reappointed **Outside Director**
(Male) **Independent Director**

Brief personal record, position, business in charge and important concurrent posts

As of
Apr. 1978: Joined Ministry of Finance
Jul. 2007: Deputy Vice Minister for Policy Planning and Co-ordination of Minister's Secretariat of Ministry of Finance
Jul. 2008: Councillor of Minister's Secretariat of Ministry of the Environment
Sep. 2012: Deputy Vice Minister of Minister's Secretariat of Ministry of the Environment
Jul. 2014: Vice-Minister of the Environment of Ministry of the Environment
Jul. 2015: Retired from Ministry of the Environment
Oct. 2015: Chairman and Representative Director of AEON Bank, Ltd.
Jun. 2016: Chairman of AEON Financial Service Co., Ltd.
Mar. 2017: Executive Officer in charge of Comprehensive Financial Business of AEON Co., Ltd.
Jun. 2023: Outside Director of FP Partner Inc. (present)
Mar. 2024: Director of the Company (present)
Aug. 2024: Outside Director of OHBA CO., LTD. (present)

[Important concurrent posts]

- Outside Director of FP Partner Inc.
- Outside Director of OHBA CO., LTD.

[Reasons for being selected as a candidate and expected roles]

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 selected him as a candidate for 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

Date of birth
Feb. 28, 1962

Number of the Company's shares held
500 shares

Candidate No. **10**

Reappointed **Outside Director**
(Female) **Independent Director**

Brief personal record, position, business in charge and important concurrent posts

As of
Apr. 1984: Joined Ministry of Construction
Sep. 2014: Councillor of Cabinet Secretariat
Deputy Director General of Secretariat of the Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan
Jun. 2016: Deputy Director-General of Ministry of Land, Infrastructure, Transport and Tourism
Jul. 2017: Director-General of Housing Bureau of Ministry of Land, Infrastructure, Transport and Tourism
Jul. 2018: Councillor of Cabinet Secretariat
Director General of Secretariat of the Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan
Jul. 2019: Commissioner of Consumer Affairs Agency
Jul. 2022: Retired from Consumer Affairs Agency
Jun. 2023: Outside Director of ITOCHU Corporation (present)
Mar. 2024: Director of the Company (present)

[Important concurrent post]

- Outside Director of ITOCHU Corporation

[Reasons for being selected as a candidate and expected roles]

Ms. Akiko Ito joined the Ministry of Construction (currently the Ministry of Land, Infrastructure, Transport and Tourism) as a technical official, served as its first female director (Director of Housing Bureau), and was 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 participate in research in related fields, while serving as the outside director of a corporation. The Company has selected her as a candidate for Outside Director in hopes that she can provide insightful advice and supervision particularly from the perspective of clients and consumers, as well as advice related to the active promotion of diverse human resources.

Notes: 1. None of the candidates for the Directors have any special interest in the Company.

2. Mr. Yusuke Kawamura, Mr. Masayuki Ikegami, Mr. Masaki Suzuki and Ms. Akiko Ito are candidates for Outside Directors defined by Item 7, Paragraph 3, Article 2 of the Enforcement Regulations of the Corporation Law of Japan.
3. Although Mr. Yusuke Kawamura, Mr. Masayuki Ikegami and Ms. Akiko Ito do not have the experience of being involved in the management of a company other than in a position of an outside director or outside audit & supervisory board member, the Company judges that they will appropriately perform their duties as Outside Director as outlined above in "Reasons for being selected as a candidate and expected roles."
4. Mr. Yusuke Kawamura will have served as Outside Director of the Company for four years as of the end of this Meeting. Mr. Masayuki Ikegami, Mr. Masaki Suzuki and Ms. Akiko Ito will have served as Outside Director of the Company for one year as of the end of this Meeting.
5. The Company has entered into contracts with Mr. Yusuke Kawamura, Mr. Masayuki Ikegami, Mr. Masaki Suzuki and Ms. Akiko Ito which set forth the limitation on their damage compensation liabilities resulting from negligence of his or her duties, pursuant to the provisions of Paragraph 1, Article 427 of the Corporation Law of Japan and the Company's Articles of Incorporation to the amount provided by laws and regulations. Should they be elected to the position of Director, the Company will continue the aforementioned contract with them.
6. The Company has entered into a directors and officers liability insurance contract with an insurance company as specified in the provision of Paragraph 1, Article 430-3 of the Corporation Law of Japan, whereby the Company's Directors serve as the insured parties. The insurance covers damages that could arise under situations where an insured party bears liability in regard to performance of his or her duties or where the insured party becomes subject to a claim seeking to hold him or her liable in that regard. Every Director candidate is to be insured under the directors and officers liability insurance contract should they be elected. The contract is to be renewed in September 2025.
7. The Company has notified Mr. Yusuke Kawamura, Mr. Masayuki Ikegami, Mr. Masaki Suzuki and Ms. Akiko Ito as independent directors to each stock exchange in Japan on which the Company is listed as provided under the regulations of each stock exchange. Should they be elected to the position of Director, the Company will continue to make each of them an independent director.
8. Ms. Akiko Ito is registered as Akiko Noda in Japan's Family Register System.

Additional Note for English Translation:

Mr. Fujio Mitarai, Mr. Toshizo Tanaka and Mr. Toshio Homma are Representative Directors.

[Reference] Overall Skills of the Board of Directors

In accordance with the philosophy of "kyosei," the Company's aim is to create new value through the power of technology and innovation toward realizing a better society, to provide world-first technologies and world-leading products and services, and to contribute to solving social issues.

With this in mind, we operate businesses in diverse fields with different market environments, from BtoB to BtoC, all over the world.

Given this background of the Company, in order for the Board of Directors to continue to make appropriate decisions and supervise business execution, and steadily achieve management goals, we believe that all members must share the philosophy of "kyosei," and that the Board of Directors as a whole must cover at least the seven skills in the areas listed in the following table, including market and technological expertise in the Company's business areas, management skills at a large company with a wide range of activities, a sophisticated international mindset, and advanced knowledge of ESG.

* The following table 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.

Candidates for Directors Asterisks indicate candidates for Outside Directors	Skills to be Possessed by the Board of Directors Overall						
	Corporate Management	Global Understanding	Business Experience	Technology and Development	Finance and Accounting	Risk Management	ESG
	Skills as a senior level executive of a listed company that does business globally, and the like	Global awareness /experience obtained through working overseas, global marketing, etc.	Business management skills in the Company's business domain	Knowledge and R&D experience in the Company's core competence technologies	Skills as a financial accounting expert, derived from being a financial accounting officer of a listed company, a certified public accountant, etc.	Skills as an expert in risk management, including compliance, and internal control systems	Knowledge and experience in ESG
Fujio Mitarai	●	●			●	●	●
Toshizo Tanaka		●			●	●	●
Toshio Homma	●	●	●	●			
Kazuto Ogawa	●	●	●			●	
Hiroaki Takeishi	●	●	●	●			
Minoru Asada	●	●			●	●	
Yusuke Kawamura *					●	●	●
Masayuki Ikegami *						●	●
Masaki Suzuki *					●	●	●
Akiko Ito *						●	●

Item No.3: Election of Two Audit & Supervisory Board Members

Audit & Supervisory Board Member Mr. Hideya Hatamochi will resign at the end of this Meeting, and the term of office of Audit & Supervisory Board Member Mr. Hiroshi Yoshida will expire at the end of this Meeting. Accordingly, we propose the election of two Audit & Supervisory Board Members.

The Company has a basic policy to have Audit & Supervisory Board Members that are familiar with the Company's businesses or its management structure, or that have extensive knowledge in specialized areas such as law, finance and accounting, and internal controls. The candidates for Audit & Supervisory Board Member, based on this basic policy, are as follows:

Prior to our proposal of this item, we have already obtained the consent of the Audit & Supervisory Board.



Candidate No. 1

Takeshi Morikawa

Date of birth
Nov. 20, 1966

Number of the Company's shares held
300 shares

Brief personal record, position and important concurrent posts

As of
Apr. 1990: Entered the Company
Sep. 2010: Director of Asia Human Resources Headquarters of Canon (China) Co., Ltd.
Apr. 2018: Deputy Senior General Manager of Public Affairs Center of Public Affairs Headquarters
Jan. 2022: Senior General Manager of Public Affairs Center of Public Affairs Headquarters
Secretary General of Economic Security Office (present)

[Reasons for being selected as a candidate]

Mr. Takeshi Morikawa has long been engaged in operations of management divisions of the Company and its group companies in Japan and overseas. He has overseen human resources of the subsidiary in China which is responsible for sales in the Asia region, and has also served as an officer in the public affairs division, where he was engaged in relationship-building with public offices and other entities, as well as information collection, and as an officer in a division to handle economic security. Given that he is familiar with Canon Group's risk management status through such experience, the Company has selected him as a candidate for Audit & Supervisory Board Member in hopes that his expertise will function effectively in improving the appropriateness of audits.

Newly appointed

(Male)



Yuka Shigetomi

Date of birth
Jun. 17, 1970

Number of the Company's shares held
0 shares

Candidate No. **2**

Newly appointed
(Female)
Outside Audit & Supervisory Board Member
Independent Audit & Supervisory Board Member

Brief personal record, position, and important concurrent posts

As of
Oct. 1993: Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC)
Apr. 1997: Registered as a certified public accountant in Japan (present)
Nov. 1998: Transferred to Ernst & Young, Hong Kong
Aug. 2001: Registered as a certified public accountant in the United States (present)
Jan. 2002: Registered as a certified public accountant in Hong Kong (present)
Jun. 2006: Partner of Ernst & Young, Hong Kong
Partner of ShinNihon & Co. (currently Ernst & Young ShinNihon LLC)
Hong Kong and China South Leader for Japan Business Services of Ernst & Young
Feb. 2007: Registered as a certified public accountant in Hong Kong (practising)
Jun. 2015: Senior Partner of ShinNihon LLC (currently Ernst & Young ShinNihon LLC)
May 2018: Greater China Assurance Leader for Japan Business Service of Ernst & Young (Mainland China, Hong Kong & Taiwan)
Jun. 2024: Outside director of Kyushu Electric Power Company, Incorporated (present)
Jul. 2024: Senior advisor of Ernst & Young, Hong Kong (present)

[Important concurrent posts]

- Outside director of Kyushu Electric Power Company, Incorporated
- Senior advisor of Ernst & Young, Hong Kong

[Reasons for being selected as a candidate]

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 selected her as a candidate for 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.

Notes: 1. None of the candidates for Audit & Supervisory Board Member have any special interest in the Company.

2. Ms. Yuka Shigetomi is a candidate for Outside Audit & Supervisory Board Member defined by Item 8, Paragraph 3, Article 2 of the Enforcement Regulations of the Corporation Law of Japan.
3. Although Ms. Yuka Shigetomi does not have the experience of being involved in the management of a company other than in a position of an outside director, the Company judges that she will appropriately perform her duties as Outside Audit & Supervisory Board Member by utilizing her abundant experience in corporate accounting, and her wealth of knowledge on topics such as risk management and ESG, as outlined above in "Reasons for being selected as a candidate."
4. Should Ms. Yuka Shigetomi be elected to the position of Audit & Supervisory Board Member, the Company will enter into a contract with her which sets forth the limitation on her damage compensation liabilities resulting from negligence of her duties, pursuant to the provisions of Paragraph 1, Article 427 of the Corporation Law of Japan and the Company's Articles of Incorporation to the amount provided by laws and regulations.
5. The Company has entered into a directors and officers liability insurance contract with an insurance company as specified in the provision of Paragraph 1, Article 430-3 of the Corporation Law of Japan, whereby the Company's Audit & Supervisory Board Members serve as the insured parties. The insurance covers damages that could arise under situations where an insured party bears liability in regard to performance of his or her duties or where the insured party becomes subject to a claim seeking to hold him or her liable in that regard. Should each candidate be elected to the position of Audit & Supervisory Board Member, each person is to be insured under the directors and officers liability insurance contract. The contract is to be renewed in September 2025.
6. Should Ms. Yuka Shigetomi be elected to the position of Audit & Supervisory Board Member, the Company will notify her as an independent audit & supervisory board member to each stock exchange in Japan on which the Company is listed as provided under the regulations of each stock exchange.

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

Independence Standards for Independent Directors/Audit and Supervisory Board Members

Canon Inc. deems that a person who satisfies the requirements for Outside Directors/Audit and Supervisory Board Members prescribed by the Corporation Law of Japan, and meets the independence criteria set by securities exchanges in Japan, and does not fall into any of the items below, is an “Independent Director/Audit and Supervisory Board Member” (a person who is independent from the management of Canon Inc. and unlikely to have conflicts of interest with general shareholders).

1. A person/organization for which Canon Group (Canon Inc. and its subsidiaries; hereinafter the same) is a major client, or a major client of Canon Group, or an executing person of such organization or client
2. A major lender to Canon Group, or an executing person of such lender
3. A large shareholder of Canon Inc., or an executing person of such shareholder
4. A person/organization receiving large amounts of contributions from Canon Group, or an executing person of such organization
5. A consultant, accounting professional or legal professional who has received a large amount of money or other properties from Canon Group, other than as compensation for being a director/Audit and Supervisory Board Member (if the recipient is a corporation, partnership or any other organization, this item applies to any person belonging to said organization.)
6. A certified public accountant belonging to the audit firm engaged to conduct the statutory audit of Canon Group (including any such accountant to whom this item has applied in the last 3 business years)
7. An executing person of another company in cases where an executing person of Canon Group is an outside director/Audit and Supervisory Board Member of such other company
8. An immediate family member (spouse and a relative within the second degree of kinship) of any of the persons listed in each of items 1 to 7; provided, however that the persons to whom this is applicable shall be limited to key executing persons such as directors, executive officers of companies and partners of advisory firms

(Notes)

- * In item 1, “major” means in cases where the total amount (for any business year during the last 3 business years) of transactions between Canon Group and such client exceeds 1% of the consolidated sales of Canon Group or such client.
- * In item 2, “major” means in cases where the debt outstanding exceeds 1% of the consolidated total assets of Canon Inc. for any business year during the last 3 business years.
- * In item 3, “a large shareholder” means a shareholder who directly or indirectly holds 5% or more of the total voting rights of Canon Inc.
- * In item 4, “a large amount” means in cases where the total amount of contributions exceeds JPY 12 million (in cases where the recipient is an individual) or 1% of the annual gross income of such recipient (in cases where the recipient is an organization), for any business year during the last 3 business years of Canon Inc.
- * In items 1 to 4 and 7, an “executing person” means an executive director, executive officer and employee including manager (in items 1 to 4, including a person to whom this item has applied in any business year during the last 3 business years).
- * In item 5, “a large amount” means in cases where the total amount of money or other properties received by said consultant, etc., exceeds JPY 12 million (in cases where the recipient is a person) or 1% of the annual gross sales of such consultant, etc. (in cases where the recipient is an organization), for any business year during the last 3 business years of Canon Inc.

Item No.4: Grant of Bonus to Directors

We propose that bonus be granted to the six Directors excluding Outside Directors as of the end of this term, which totals 543,000,000 yen. Remuneration for the Company's Directors consists of a basic remuneration, a bonus, and stock-type compensation stock options. The Nomination and Remuneration Advisory Committee has furnished its confirmation with respect to the aforementioned bonus amount in accordance with the "Policy on Decisions on the Content of Remunerations for Individual Directors" (pages 33 to 34), stipulated at the meeting of the Board of Directors. Therefore, we have determined that it is appropriate.

BUSINESS REPORT (From January 1, 2024 to December 31, 2024)

1. Current Conditions of the Canon Group

(1) Business Progress and Results

General Business Conditions

As for the global economy during the 124th Business Term (from January 1, 2024 to December 31, 2024), while there were factors such as a slowdown in the Chinese economy owing to the slump in the real estate market, and a sluggish European economy resulting from interest rate hikes implemented to control inflation and heightened geopolitical risks due to Russia, Ukraine, and the Middle East, it grew at a gradual pace thanks to the U.S. economy, which remained firm.

In addition to significantly increasing the unit sales of semiconductor lithography equipment due to strong demand for semiconductors,

we grew sales of new businesses, such as network cameras and commercial printing on the back of market growth. And for office multifunction devices (MFDs), laser printers and cameras, we maintained high market shares backed by competitive product lineups, which led to higher sales than the previous term. As a result, we achieved record high consolidated net sales for this term, which was 4,509.8 billion yen (up 7.9% from the previous term).

In addition to increased sales, we made efforts to control logistics costs, production costs, and selling expenses, which raised profits, including operating profit, by approximately 20% and improved

Four Fields Expecting Future Growth Commercial Printing



Continuous feed printers for graphic art requiring high-quality image

Medical



MRI systems with reduced image noise using deep learning

profitability. However, as we booked an impairment loss on goodwill linked to our medical business of 165.1 billion yen, owing to changed external circumstances, such as the current deterioration of medical institutions’ business conditions, and reduced business opportunities due to geopolitical impacts, consolidated operating profit was 279.8 billion yen (down 25.5% from the previous term). Consolidated net income attributable to Canon Inc. was 160.0 billion yen (down 39.5% from the previous term). Net sales reached the target of our five-year management plan one year ahead of schedule, and the operating profit ratio has also

increased by 9.9%, excluding an impairment loss on goodwill linked to the medical business. We are making steady progress in the transformation of our business portfolio as set out in Phase VI of the “Excellent Global Corporation Plan,” the five-year management plan.

Network cameras



Network cameras that protect people’s safety and meet security needs

Industrial Equipment



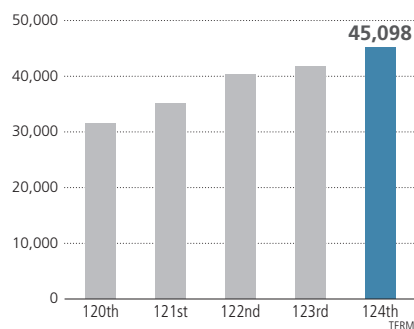
Nanoimprint semiconductor manufacturing equipment aimed at mass production of semiconductor devices

Highlights of Results

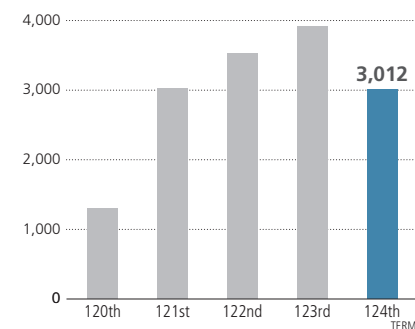
- As a result of sales growth, mainly in growth businesses, such as semiconductor lithography equipment, digital commercial printing equipment, and network cameras, consolidated net sales increased by 7.9% in comparison to the previous term.
- In addition to increased sales, we made efforts to control costs, which were planned to raise profits, including operating profit, by approximately 20%. However, due to an impairment loss on goodwill linked to our medical business, consolidated net income attributable to Canon Inc. decreased by 39.5% compared to the previous term.

Changes in Net Sales and Profits

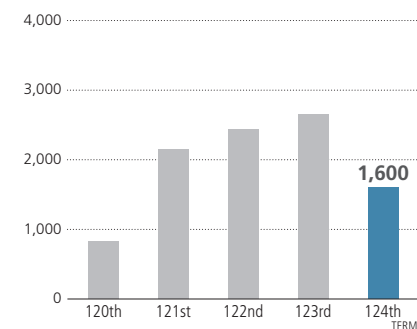
Net Sales (100 MILLIONS OF YEN)



Income Before Income Taxes (100 MILLIONS OF YEN)



Net Income Attributable to Canon Inc. (100 MILLIONS OF YEN)



Constitution of Sales by Region

Asia & Oceania

20.8%
Sales 9,408



Japan

21.2%
Sales 9,555

Americas

31.7%
Sales 14,292

Europe

26.3%
Sales 11,844

(100 MILLIONS OF YEN)

Constitution of Sales by Operations

Industrial Business Unit

7.9%
Sales 3,565
Change from the Previous Term 13.3%

Imaging Business Unit

20.8%
Sales 9,374
Change from the Previous Term 8.8%

Medical Business Unit

12.6%
Sales 5,688
Change from the Previous Term 2.7%

Others and Corporate

5.2%
Sales 2,337
Change from the Previous Term 11.9%

Printing Business Unit

55.9%
Sales 25,227
Change from the Previous Term 7.5%

Total

Sales 45,098
Change from the Previous Term 7.9%

(100 MILLIONS OF YEN)

Notes: 1. In order to manage the performance of each reportable segment more appropriately, Canon has changed its performance management method for intersegment transactions in "Others and Corporate." Accordingly, the figures for the previous term have also been restated.

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

Printing Business Unit

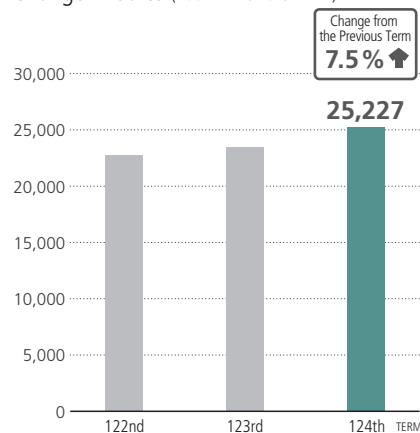
As for commercial and industrial printing, amid a continued shift to digital, which addresses quick turnaround and wide-variety short-run printing and also offers advantages in terms of operability, we have made several improvements to our products, based on customer feedback. At a quadrennial international printing equipment trade fair held in Germany at the end of May 2024, our industry-leading product lineup, including new products, was well received, leading to increased orders.

As for office MFDs, with solid demand for highly productive core printing equipment, and our products which have been highly evaluated by customers for their energy saving performance and maintainability, our install base of color models at customer sites has increased, leading to stable service revenue.

Although sales of inkjet printers were affected by weak market conditions in Europe and China, we recorded double-digit growth in the unit sales of refillable ink tank models that benefited from the launch of new products. As for laser printers, after the completion of shipment adjustments, sales have steadily recovered from the second quarter, leading to increased sales for the full year.

As a result, on a consolidated basis, sales for this business unit increased by 7.5% to 2,522.7 billion yen in comparison to the previous term.

Change in Sales (100 MILLIONS OF YEN)

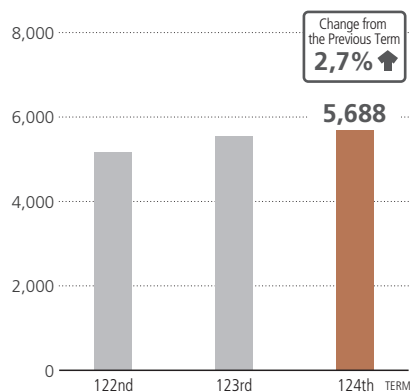


Medical Business Unit

As for diagnostic imaging equipment, the market shrank, due to China's prolonged anti-corruption campaign, economic slowdown in Europe, and work style reforms at medical institutions in Japan. However, we increased sales, particularly in the United States, with our new flagship computed tomography (CT) system, the "Aquilion ONE / INSIGHT Edition," which we globally released, the "Vantage Galan 3T / Supreme Edition," a magnetic resonance imaging (MRI) system in which key parts were replaced with ones made by Canon, and the "Alphenix," an angiography system. In the United States, a key market for our growth, positive effects are emerging from the strengthening of our sales structure and the forging of partnerships with medical institutions. We also saw sales growth in emerging countries, including Asia and the Middle East.

As a result, on a consolidated basis, sales for this business unit increased by 2.7% to 568.8 billion yen in comparison to the previous term.

Change in Sales (100 MILLIONS OF YEN)



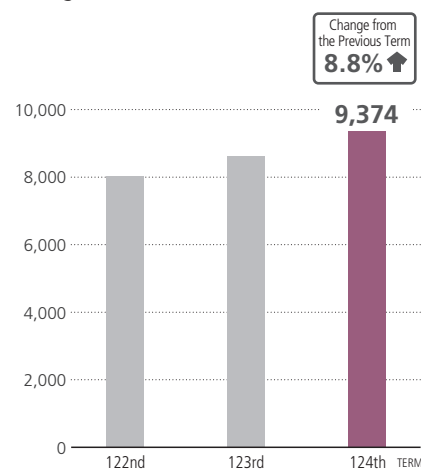
Imaging Business Unit

As for interchangeable-lens cameras, in August and November of last year, we launched new mirrorless cameras, namely the “EOS R5 Mark II,” a new mainstream model for professionals and enthusiasts, and the “EOS R1,” our flagship model, respectively. As a result, we maintained mirrorless camera sales growth as unit sales exceeded those of the previous term. The sales of interchangeable lenses also increased due to sales growth in high-value-added models, which led to net sales growth in the camera category overall.

The network camera market keeps on growing with a continued focus on the security field. Sales of network cameras were sluggish in the first quarter due to inventory adjustments. However, after inventory adjustments were completed, we firmly secured growing demand by leveraging our powerful sales channels in Europe and the United States. As a result, we posted growth in both network camera hardware and software sales, which led to double-digit net sales growth also in this term.

As a result, on a consolidated basis, sales for this business unit increased by 8.8% to 937.4 billion yen in comparison to the previous term.

Change in Sales (100 MILLIONS OF YEN)



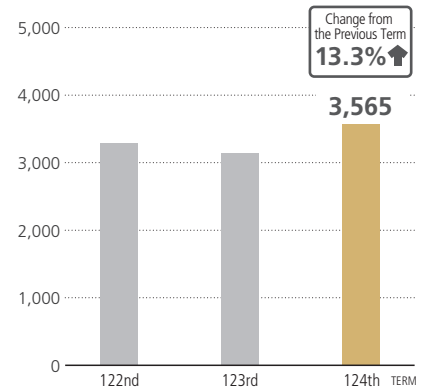
Industrial Business Unit

As for semiconductors, demand for logic and DRAM for generative AI has grown significantly, and with the trend toward domestic production from an economic security perspective, demand for semiconductor lithography equipment has remained strong. We have experienced a significant increase in the sales of equipment for power semiconductors used in electric vehicles (EVs), etc. As for our back-end processing equipment for the advanced packaging of semiconductors used in generative AI, which is recognized as the industry standard, our unit sales more than doubled compared to the previous term.

For FPD (Flat Panel Display) lithography equipment, new investment for IT panels installed in notebook PCs and tablets and additional investment for smartphones due to advanced functions gradually recovered as the earnings of panel manufacturers improved. This led to a slight increase in unit sales compared with the previous term.

As a result, on a consolidated basis, sales for this business unit increased by 13.3% to 356.5 billion yen in comparison to the previous term.

Change in Sales (100 MILLIONS OF YEN)



(2) Facilities Investment

The investment in facilities by the Canon Group during this term totaled 219.2 billion yen (95.7 billion yen by the Company), which are mainly as follows:

Main facilities under construction for establishment / expansion as of the end of this term

Canon Inc.:

New Production Base of Utsunomiya Optical Products Plant
(Industrial Business Unit)
Location: Utsunomiya-shi, Tochigi Pref., Japan

(3) Acquisition of Shares of Other Companies

Canon Marketing Japan Inc., a subsidiary of the Company, acquired all shares of Primagest, Inc. making it a wholly owned subsidiary as of March 29, 2024. This will help to further expand their BPO business and enable them to create new services by combining technologies and development capabilities possessed by the Canon Marketing Japan Group.

(4) Business Challenges and Countermeasures

To achieve new growth, Canon made “accelerating our productivity improvement and corporate portfolio transformation through new business creation” its basic policy under Phase VI of the “Excellent Global Corporation Plan,” its five-year management plan from 2021 to 2025. In 2021, Canon reorganized its product-oriented business divisions into four industry-oriented business groups that included new businesses of commercial printing, medical, network cameras, and industrial equipment, thereby establishing a structure for enhancing business competitiveness and creating new drivers of growth. Each industry-oriented business group will concentrate investments in high-growth areas and by strengthening and expanding these areas, Canon will realize overall growth.

In the first half of the five-year management plan, impact of the COVID-19 pandemic remained, and Canon was preoccupied with responding to shortages of semiconductors and other components, and logistical disruptions. After entering 2023, however, as the situation settled down, Canon resumed and accelerated its measures for growth, with office MFDs, cameras and other existing businesses generating profit, and sales growth coming from new businesses such as semiconductor lithography equipment, medical equipment, network cameras, and commercial printing.

Although Canon expects to continue operating its business in a climate of political and economic uncertainty going forward, Canon will maintain growth momentum and lay the foundations to achieve even greater growth over the next five years beginning in 2026 by ensuring all divisions, including development, procurement, production and sales, work in a concerted effort to implement the following priority measures.

1. Strengthen and expand industry-oriented business groups

To promote business portfolio transformation, we will thoroughly strengthen competitiveness and expand industry-oriented business groups.

1) Printing Group

The Company will meet diversified printing needs by taking advantage of the strength of offering a wide variety of printing equipment from printers for home use and for office use to commercial printers.

As for digital commercial printing, the Company's sales are growing. This reflects the enhanced image quality and productivity that have spread throughout the industry as we incorporate the feedback of customers who are printing companies. We will develop sales channels through cooperation with Heidelberger Druckmaschinen AG, a leading German company of offset printing equipment, while expanding our business domain by making a full-scale entry into the industrial printing field, specifically targeting labels and packaging, which have high growth potential, to accelerate growth.

As for office and home printing, since the market has matured and is not expected to grow substantially, we will work to increase market share by raising product competitiveness, and review our structures of development, production, and sales, to build a more effective organization for higher profitability.

2) Medical Group

The Company aims to establish a solid presence in the field of diagnostic imaging equipment, which serves as the core of the business. In addition to further expanding our product lineup that is comparable to that of competitors around the world, strengthening our sales capability and presence overseas is an urgent issue. In the United States which is a medically advanced country that has great influence in the global market, while reinforcing our sales structures by means of increasing our sales force and other resources, we are collaborating with advanced medical institutions and strengthening relationships with medical practitioners who serve as key opinion leaders. In addition, Photon Counting CT, the next generation CT, is drawing increasing attention as many papers based on Canon's equipment have been published. We will work to improve Canon's presence by realizing the early launch of Photon Counting CT.

In terms of profitability, we began taking action by establishing the Medical Business Innovation Committee in February 2024 to identify areas for improvement. We will unify Canon Inc. and Canon Medical Systems Corporation and improve efficiency in our development, production, sales, and management operations for higher profitability.

3) Imaging Group

As for digital cameras, it is important for us, as a leading company of cameras, to continue to provide attractive products to users, including younger generations, and to stimulate the market going forward. Canon will offer a lineup that satisfies both demand for still image photography from professional photographers and camera enthusiasts, and for diverse video recording from social media users.

Demand for network cameras for surveillance applications continues to increase to ensure safety and security against disasters and crimes. At the same time, the need for in-store marketing and for production control at manufacturing sites are growing. Canon will accelerate its growth by responding to diversifying demand.

4) Industrial Group

We anticipate continuing market growth for semiconductors driven by essential devices used in AI, IoT, electric vehicles (EVs), and other

technological innovations. And due to this, demand for semiconductor lithography equipment is anticipated to also increase. Recognizing the need to significantly bolster production capacity to respond to strong demand, we have started construction of a new plant at our production site in Utsunomiya that is scheduled to become operational in 2025.

The Company is aiming to expand sale of “nanoimprint semiconductor manufacturing equipment” to further enhance sales growth potential. Unlike conventional methods that use light to expose circuit patterns, this system forms circuit patterns by pressing a patterned mold like a stamp. We are working with semiconductor manufacturers to evaluate and test various types of patterning for mass production. In addition, we are also proceeding with the development of ArF lithography equipment with the aim of launching it in the second half of 2025. We will expand the coverage of semiconductor production process by enhancing our lineup.

2. Promote production structure reform

In an uncertain and unstable global environment, the supply chain is the lifeline of a manufacturer, and from a stability and sustainability perspective, we need to review it. We are seeking to achieve robust production and supply systems by reorganizing our domestic and overseas production sites and consolidating them in countries and regions where we see political and social stability. In addition, we are working to improve the capacity utilization rates of production sites and to promote the return of production of high-value-added products to Japan. We will also concentrate our efforts on automation and in-house production technologies through collaboration among design, production technology, and manufacturing sites, while improving cost competitiveness.

3. Promote development innovations

Under such circumstances where the world is rapidly changing and competition is becoming more severe, it is important to swiftly launch products that are superior in terms of quality and cost. At the development stage, which is the starting point of such a plan, we will employ concurrent development, which requires cooperation with production technology and production sites for joint work, at a company-wide level. We will also utilize digital transformation (DX) and simulation technologies to reduce development time and costs for prototypes, etc., with the aim of further increasing development productivity. To cultivate innovation personnel who support development, we will develop and strengthen a system to certify talented engineers as “top scientists” and “top engineers,” while supporting skill improvements through CIST, an in-house institution intended to develop software engineers.

4. Address 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 also working on countermeasures against cybersecurity risks, such as the leakage of personal and confidential information, from the development stage.

* Computer Security Incident Response Team (general term for organizations to deal with incidents and accidents related to computer security)

(5) Status of Assets and Earnings

	120th Business Term (Jan. 1, 2020-Dec. 31, 2020)	121st Business Term (Jan. 1, 2021-Dec. 31, 2021)	122nd Business Term (Jan. 1, 2022-Dec. 31, 2022)	123rd Business Term (Jan. 1, 2023-Dec. 31, 2023)	124th Business Term (Jan. 1, 2024-Dec. 31, 2024)
Net Sales (100 millions of yen)	31,602	35,134	40,314	41,810	45,098
Income before Income Taxes (100 millions of yen)	1,303	3,027	3,524	3,908	3,012
Net Income Attributable to Canon Inc. (100 millions of yen)	833	2,147	2,440	2,645	1,600
Basic Net Income Attributable to Canon Inc. Shareholders Per Share (yen)	79.37	205.35	236.71	264.20	165.53
Total Assets (100 millions of yen)	46,256	47,509	50,955	54,166	57,662
Total Canon Inc. Shareholders' Equity (100 millions of yen)	25,750	28,738	31,131	33,530	33,803

Notes: 1. Canon's consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles.

2. Basic net income attributable to Canon Inc. shareholders per share is calculated based on the weighted-average number of outstanding common shares during the term.

(6) Main Activities

The Canon Group is engaged in the development, manufacture and sales of the following products.

Operations	Main Products
Printing Business Unit	Digital Continuous Feed Presses, Digital sheet-fed Presses, Large Format Printers, Office Multifunction Devices (MFDs), Document Solutions, Laser Multifunction Printers (MFPs), Laser Printers, Inkjet Printers, Image Scanners, Calculators
Medical Business Unit	Computed Tomography (CT) Systems, Diagnostic Ultrasound Systems, Diagnostic X-ray Systems, Magnetic Resonance Imaging (MRI) Systems, Digital Radiography Systems, Ophthalmic Equipment, In Vitro Diagnostic Systems and Reagents, Healthcare IT Solutions
Imaging Business Unit	Interchangeable-Lens Digital Cameras, Interchangeable Lenses, Digital Compact Cameras, Compact Photo Printers, MR Systems, Network Cameras, Video Management Software, Video Content Analytics Software, Digital Camcorders, Digital Cinema Cameras, Broadcast Equipment
Industrial Business Unit	Semiconductor Lithography Equipment, FPD (Flat Panel Display) Lithography Equipment, OLED Display Manufacturing Equipment, Vacuum Thin-Film Deposition Equipment, Die Bonders
Others	Handy Terminals, Document Scanners

(7) Employees

Consolidated

Number of Employees	
170,340 persons	(Increase of 1,189 persons from the previous term)

(Breakdown by Operation)

Printing Business Unit	Medical Business Unit	Imaging Business Unit	Industrial Business Unit	Others and Corporate
111,733 persons	13,289 persons	25,612 persons	7,740 persons	11,966 persons

Non-Consolidated

Number of Employees	
23,457 persons	(Decrease of 474 persons from the previous term)

(8) Major Lenders

Lenders	Funds Borrowed
Mizuho Bank, Ltd.	265.0 billion yen
MUFG Bank, Ltd.	210.0 billion yen

(9) Principal Subsidiaries

Subsidiaries

Company Name	Capital Stock	Ratio of Voting Rights of the Company (%)	Main Activities
Canon Marketing Japan Inc.	73,303 millions of yen	51.2	Sale of business machines, cameras, etc. in Japan
Canon Electronics Inc.	4,969 millions of yen	55.2	Manufacture and sale of information related equipment and precision machinery units for cameras
Oita Canon Inc.	80 millions of yen	100.0	Manufacture of cameras
Canon U.S.A., Inc.	204,355 thousands of U.S.\$	100.0	Sale of business machines, cameras, etc. in the Americas
Canon Europa N.V.	360,021 thousands of Euro	100.0	Sale of business machines, cameras, etc. in Europe
Canon Singapore Pte. Ltd.	7,000 thousands of Singapore \$	100.0	Sale of business machines, cameras, etc. in Southeast Asia
Canon Vietnam Co., Ltd.	94,000 thousands of U.S.\$	100.0	Manufacture of inkjet printers and laser printers
Canon Medical Systems Corporation	20,700 millions of yen	100.0	Development, manufacture, and sale of medical equipment
Canon Medical Systems USA, Inc.	262,250 thousands of U.S.\$	100.0	Sale of medical equipment in the U.S.

- Notes: 1. The ratio of the Company's voting rights in Canon Marketing Japan Inc. is calculated together with the number of voting rights held by subsidiaries of the Company. Furthermore, the ratios of the Company's voting rights in Canon Europa N.V. and Canon Medical Systems USA, Inc. are made up of the number of voting rights held by subsidiaries of the Company.
2. The status of the specified wholly-owned subsidiary as of the end of this term was as follows:
 Name of specified wholly-owned subsidiary: Canon Medical Systems Corporation
 Address of specified wholly-owned subsidiary: 1385 Shimoishigami, Otawara-shi, Tochigi Pref., Japan
 Book value of shares of specified wholly-owned subsidiary at the Company: 658,304 million yen
 Amount of total assets of the Company: 3,026,990 million yen

Consolidated Status

The number of consolidated subsidiaries was 334, and the number of affiliated companies accounted for by the equity method was 10 as of the end of this term.

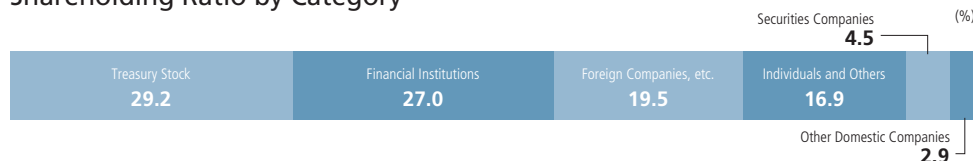
2. Shares of the Company

Number of Shares Issuable 3,000,000,000 shares

Issued Shares, Capital Stock, Number of Shareholders

	As of the end of the Previous Term	Change during This Term	As of the end of This Term
Issued Shares (share)	1,333,763,464	0	1,333,763,464
Capital Stock (yen)	174,761,797,475	0	174,761,797,475
Number of Shareholders (person)	398,914	Decrease of 49,880	349,034

Shareholding Ratio by Category



Major Shareholders (Top ten shareholders)

Name of Shareholders	Number of Shares Held (thousands of shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	172,090	18.2
Custody Bank of Japan, Ltd. (Trust Account)	64,575	6.8
Mizuho Bank, Ltd.	22,558	2.4
State Street Bank West Client - Treaty 505234	21,857	2.3
SMBC Nikko Securities Inc.	20,241	2.1
OBAYASHI CORPORATION	16,527	1.8
JPMorgan Securities Japan Co., Ltd.	13,980	1.5
Sompo Japan Insurance Inc.	13,080	1.4
Moxley and Co. LLC	13,004	1.4
The Dai-ichi Life Insurance Company, Limited	12,120	1.3

Notes: 1. Shareholding ratio is calculated by deducting the number of treasury shares (389,771 thousand shares) from total shares issued.

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

3. Directors and Audit & Supervisory Board Members

(1) Directors and Audit & Supervisory Board Members

Position	Name	Business in Charge or Important Concurrent Posts
Chairman & CEO	Fujio Mitarai	CEO, Audit & Supervisory Board Member of The Yomiuri Shimbun Holdings
Executive Vice President	Toshizo Tanaka	CFO, Group Executive of Public Affairs Headquarters, Group Executive of Facilities Management Headquarters Senior General Manager of Corporate Governance Center
Executive Vice President	Toshio Homma	CTO, Head of Printing Group, Chief Executive of Digital Printing Business Operations
Executive Vice President & Director	Kazuto Ogawa	Group Executive of Global Marketing Strategy Headquarters
Senior Managing Director	Hiroaki Takeishi	Head of Industrial Group, Chief Executive of Optical Products Operations
Senior Managing Director	Minoru Asada	Group Executive of Finance & Accounting Headquarters, Chief, PSI Optimization Project Audit & Supervisory Board Member (Outside) of OHARA INC.
Director	Yusuke Kawamura	Outside Director of Mitsui DM Sugar Holdings Co., Ltd., Chairman & CEO of Institute of Glocal Policy Research Director (external) of Toyo Aluminium K.K., External Director of The Shoko Chukin Bank, Ltd.
Director	Masayuki Ikegami	Attorney
Director	Masaki Suzuki	Outside Director of FP Partner Inc., Outside Director of OHBA CO., LTD.
Director	Akiko Ito	Outside Director of ITOCHU Corporation
Audit & Supervisory Board Member	Chikahiro Okayama	
Audit & Supervisory Board Member	Hideya Hatamochi	
Audit & Supervisory Board Member	Yutaka Tanaka	Attorney, Director of Laws & Ordinances Compliance Investigation Office, Financial Services Agency of Japan
Audit & Supervisory Board Member	Hiroshi Yoshida	Certified Public Accountant
Audit & Supervisory Board Member	Koichi Kashimoto	

Notes: 1. Directors Mr. Kazuto Ogawa, Mr. Hiroaki Takeishi, Mr. Minoru Asada, Mr. Masayuki Ikegami, Mr. Masaki Suzuki, Ms. Akiko Ito, and Audit & Supervisory Board Member Mr. Chikahiro Okayama were newly elected at the Ordinary General Meeting of Shareholders for the 123rd Business Term held on March 28, 2024, and assumed their offices.

2. Audit & Supervisory Board Member Mr. Katsuhito Yanagibashi resigned at the end of the Ordinary General Meeting of Shareholders for the 123rd Business Term held on March 28, 2024.

3. "Business in Charge or Important Concurrent Posts" of Executive Vice President Mr. Toshizo Tanaka, as of January 1, 2025, is as follows.

[CFO, Group Executive of Public Affairs Headquarters, Senior General Manager of Corporate Governance Center]

4. Directors Mr. Yusuke Kawamura, Mr. Masayuki Ikegami, Mr. Masaki Suzuki and Ms. Akiko Ito are Outside Directors defined by Item 15, Article 2 of the Corporation Law of Japan. Also, the Company has notified the above Outside Directors as independent directors to each stock exchange in Japan on which the Company is listed as provided under the regulations of each stock exchange.

5. Audit & Supervisory Board Members Mr. Yutaka Tanaka, Mr. Hiroshi Yoshida and Mr. Koichi Kashimoto are Outside Audit & Supervisory Board Members defined by Item 16, Article 2 of the Corporation Law of Japan. Also, the Company has notified the above Outside Audit & Supervisory Board Members as independent Audit & Supervisory Board Members to each stock exchange in Japan on which the Company is listed as provided under the regulations of each stock exchange.

6. Audit & Supervisory Board Member Mr. Hiroshi Yoshida is qualified as a Certified Public Accountant and has a wealth of expertise in finance and accounting.

Additional Note for English Translation: Mr. Fujio Mitarai, Mr. Toshizo Tanaka and Mr. Toshio Homma are Representative Directors.

(2) Outline of Contracts for Limitation of Liability

Pursuant to the provisions of Paragraph 1, Article 427 of the Corporation Law of Japan and the Company's Articles of Incorporation, the Company has entered into a contract with Outside Directors and Outside Audit & Supervisory Board Members which sets forth the limitation on their damage compensation liabilities resulting from negligence of the Director's or Audit & Supervisory Board Member's duty. The amount of the limitation on the damage compensation liabilities under the said contract shall be the amount provided by laws and regulations.

(3) Outline of a Directors and Officers Liability Insurance Contract

The Company has entered into a directors and officers liability insurance contract with an insurance company as specified in the provision of Paragraph 1, Article 430-3 of the Corporation Law of Japan. The scope of insured parties of the insurance covers Directors, Audit & Supervisory Board Members, and Executive Officers of the Company, and the full cost of insurance premiums for all the insured parties is borne by the Company. The insurance covers damages that could arise under situations where an insured party bears liability in regard to performance of his or her duties or where the insured party becomes subject to a claim seeking to hold him or her liable in that regard. However, the Company has taken measures to ensure that the appropriateness of the execution of duties by Directors, Audit & Supervisory Board Members, and other officers is not impaired, such as by exempting coverage in cases of criminal acts or intentionally committed illegal acts.

(4) Remuneration and Other Amounts to Directors and Audit & Supervisory Board Members

1) Total Remuneration and Other Amounts to Directors and Audit & Supervisory Board Members

Category of Position	Number of Directors and Audit & Supervisory Board Members (persons)	Remuneration and Other Amounts by Classification (millions of yen)			Remuneration and Other Amounts (millions of yen)
		Monetary Remuneration, etc.		Non-Monetary Remuneration, etc.	
		Basic Remuneration	Bonus (Performance-Linked Remuneration)	Stock-Type Compensation Stock Options	
Directors (excluding Outside Directors)	6	852	543	101	1,496
Outside Directors	5	84	—	—	84
Total	11	936	543	101	1,580
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	3	43	—	—	43
Outside Audit & Supervisory Board Members	3	60	—	—	60
Total	6	103	—	—	103

Notes: 1. The above numbers of Outside Directors and Audit & Supervisory Board Members include one Outside Director and one Audit & Supervisory Board Member who have resigned at the end of the Ordinary General Meeting of Shareholders for the 123rd Business Term held on March 28, 2024 respectively.

2. "Bonus" represents the accrued director's bonuses for this term. The amount presented is the same as the scheduled bonus payments assuming Item No.4 is approved and adopted as initially proposed at the Ordinary General Meeting of Shareholders for the 124th Business Term scheduled to be held on March 28, 2025.

3. In the column Stock-Type Compensation Stock Options, expenses for this term are presented.

4. When calculating the performance-linked remuneration, consolidated income before income taxes is used as the indicator for the Company's business performance. That amount is considered to be an appropriate representation of the results of annual group-wide corporate activities. The amount of performance-linked remuneration is calculated as described in 4) (b) below. The above performance-linked remuneration is calculated based on 301.2 billion yen serving as the indicator of business performance.

2) Content of Non-Monetary Remuneration, etc.

The content of non-monetary remuneration, etc. and the main conditions for exercise, etc. are as described in 4) (b) a. (i) <Stock-Type Compensation Stock Options> below. During the term, 269 units of stock acquisition rights (26,900 shares of common stock of the Company) were delivered to six Directors, excluding Outside Directors.

3) Resolution of the General Meeting of Shareholders Regarding Remuneration and Other Amounts for Directors and Audit & Supervisory Board Members

General Meeting of Shareholders	Content of Resolution / Number of Directors and Audit & Supervisory Board Members Involved in Resolution (Number of Directors and Audit & Supervisory Board Members at Time of Conclusion of General Meeting of Shareholders)
Ordinary General Meeting of Shareholders for the 103rd Business Term (held on March 30, 2004)	Total remuneration of "0.2 billion yen or less annually" was approved and adopted for Audit & Supervisory Board Members / 4 persons (of which, 2 persons were Outside Audit & Supervisory Board Members)
Ordinary General Meeting of Shareholders for the 112th Business Term (held on March 28, 2013)	Total remuneration of "1.8 billion yen or less annually" was approved and adopted for Directors / 21 persons
Ordinary General Meeting of Shareholders for the 117th Business Term (held on March 29, 2018)	Of the above total remuneration for Directors, "0.3 billion yen or less annually" was approved and adopted as the total amount of stock acquisition rights as stock-type compensation stock options / 5 persons (excluding Outside Directors)
Ordinary General Meeting of Shareholders for the 120th Business Term (held on March 30, 2021)	Details of stock-type compensation stock options to be granted to Directors were approved and adopted / 3 persons (excluding Outside Directors)
Ordinary General Meeting of Shareholders for the 123rd Business Term (held on March 28, 2024)	Raising "0.3 billion yen or less annually" to "0.4 billion yen or less annually" as the total amount of stock acquisition rights as stock-type compensation stock options to be granted to Directors and other details were approved and adopted / 6 persons (excluding Outside Directors)

4) "Policy on Decisions on the Content of Remunerations for Individual Directors"

(a) Method of Determining Policy on Decisions

The Company adopted the "Policy on Decisions on the Content of Remunerations for Individual Directors" by resolution at the Board of Directors meeting. Before making this resolution, the Board of Directors consulted the Nomination and Remuneration Advisory Committee, which is mainly comprised of Independent Outside Directors and Audit & Supervisory Board Members, about the content of the resolution and received its response. Moreover, if it is deemed necessary to make revisions to this policy in the future, the same process shall be followed.

(b) Outline of Policy on Decisions

a. Content of Each Remuneration System

(i) Representative Directors, Executive Directors

Remuneration for Directors consists of a basic remuneration, a bonus and stock-type compensation stock options as described below.

<Basic Remuneration>

Basic remuneration consists of a fixed amount of monetary remuneration paid monthly as consideration for the performance of duties of Directors. 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. (Total remuneration amount here refers to the total basic remuneration of all Directors including Outside Directors.)

<Bonus>

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 contributes 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>

Once a year, stock acquisition rights on the Company's shares are granted with the intent of providing an incentive for Directors to further contribute to the improvement of medium- and long-term performance and raising 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 those 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 (the amount of monetary compensation claims granted to Directors for the payment in exchange for the stock acquisition rights), 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.

Determining the proportion of basic remuneration, bonus, and stock-type compensation stock options enlists a basic approach of emphasizing the level and stability of basic remuneration given that we believe it is important to engage with management from the medium- to long-term perspective. At the same time, taking into account the need for enhancing performance over the course of a single fiscal year and pursuing shareholder returns, the proportion of total remuneration for Directors is arranged such that basic remunerations, bonuses and stock-type compensation stock options may account for approximately 50%, 30%, and 20% respectively.

(ii) Outside Directors

The remuneration received by Outside Directors who maintain a position independent from the execution of business consists entirely of a basic remuneration, i.e., monetary remuneration of a fixed amount paid monthly as consideration for the performance of duties.

b. Remuneration Decision-Making Process

The "Nomination and Remuneration Advisory Committee," which consists of the CFO, four Independent Outside Directors and one Independent Outside Audit & Supervisory Board Member, examines the rationale of the remuneration system, and reports to the Board of Directors to the effect that the system is reasonable. Regarding the amount and content of remuneration (the amount of basic remuneration and bonus as well as the number of stock-type compensation stock options) of each Director, the CEO must make decisions based on the prescribed criteria in accordance with the policy described above. For making a decision, before the Board of Directors deliberates on the remuneration for Directors, the CEO must present the proposal to the "Nomination and Remuneration Advisory Committee" for confirmation. As described above, matters including whether a payment of bonus is allowed or the total amount of bonus, are deliberated during the General Meeting of Shareholders each time.

(c) Reasons the Board of Directors Judged the Details of Individual Director Remuneration for This Term to be Corresponding with the Policy on Decisions

Decisions regarding the amount and content of remuneration (the amount of basic remuneration and bonus as well as the number of stock-type compensation stock options) of each Director are made in accordance with the policy on decisions described above, and such decisions are made after the "Nomination and Remuneration Advisory Committee" has furnished its confirmation beforehand. Accordingly, the Board of Directors judges that the content is in line with the policy on decisions.

5) Delegation of Decisions on the Content of Remuneration for Individual Directors

Delegated person	Chairman & CEO Fujio Mitarai
Content of delegated authority and measures taken to ensure that authority is appropriately executed	As described under 4) (c), above
Reason for delegation	Decisions on remuneration for Directors should be made based on assessment conducted by a person equipped with precise understanding regarding the Company's management and the status of duties executed by each Director, in alignment with the policy on decisions. Accordingly, authority has been delegated to the above delegated person upon having deemed that the individual is able to most appropriately perform such assessment.

(5) Outside Directors and Outside Audit & Supervisory Board Members

Relation Between Important Organization of Concurrent Posts and the Company

Name	Organization of Concurrent Post	Concurrent Post	Relation with the Company
Yusuke Kawamura	Mitsui DM Sugar Holdings Co., Ltd.	Outside Director	No special relation
	Institute of Global Policy Research	Chairman & CEO	No special relation
	Toyo Aluminium K.K.	Director (external)	No special relation
	The Shoko Chukin Bank, Ltd.	External Director	No special relation
Masaki Suzuki	FP Partner Inc.	Outside Director	No special relation
	OHBA CO., LTD.	Outside Director	No special relation
Akiko Ito	ITOCHU Corporation	Outside Director	No special relation
Yutaka Tanaka	Financial Services Agency of Japan	Director of Laws & Ordinances Compliance Investigation Office	No special relation

Principal Activities

Name	Principal Activities
Yusuke Kawamura, Outside Director	Attended all 10 of Board of Directors meetings held during this term, and when necessary provided input particularly on matters regarding investment strategy and ESG, based on his experience and insight as an expert on financial and securities systems as well as strategy for managing financial institutions.
Masayuki Ikegami, Outside Director	Attended all 7 of Board of Directors meetings held during this term subsequent to his assumption of office in March 2024, and when necessary provided input particularly on matters regarding internal controls and compliance, based on his experience and insight in the legal profession.
Masaki Suzuki, Outside Director	Attended all 7 of Board of Directors meetings held during this term subsequent to his assumption of office in March 2024, and when necessary provided input particularly on matters regarding risks in business management, based on his wealth of insight in the areas of finance and the environment.
Akiko Ito, Outside Director	Attended all 7 of Board of Directors meetings held during this term subsequent to her assumption of office in March 2024, and when necessary provided input particularly on matters regarding risks in business management, based on her wealth of experience in policymaking related to consumer protection and other matters concerning people's lives.
Yutaka Tanaka, Outside Audit & Supervisory Board Member	Attended all 10 of Board of Directors meetings and all 21 of Audit & Supervisory Board meetings held during this term, and provided input based on his experience and insight as a legal expert when necessary.
Hiroshi Yoshida, Outside Audit & Supervisory Board Member	Attended all 10 of Board of Directors meetings and all 21 of Audit & Supervisory Board meetings held during this term, and provided input based on his experience and insight as a Certified Public Accountant when necessary.
Koichi Kashimoto, Outside Audit & Supervisory Board Member	Attended all 10 of Board of Directors meetings and all 21 of Audit & Supervisory Board meetings held during this term, and provided input based on his insight in business management when necessary.

4. Accounting Auditor

(1) Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC

(2) Remuneration and Other Amounts to Accounting Auditor for This Term

	Amount
(i) Remuneration and other amounts payable by the Company for the services defined in Paragraph 1, Article 2 of the Certified Public Accountants Act	591 million yen
(ii) Total amount of cash and other financial benefits payable by the Company and its subsidiaries to the Accounting Auditor	1,181 million yen

Notes: 1. In the audit agreement between the Company and the Accounting Auditor, remuneration amounts are determined on a lump-sum without breakdown into a separate remuneration amount for auditing in accordance with the Corporation Law of Japan and in accordance with the Financial Instruments and Exchange Law of Japan. Accordingly, the amounts shown in (i) above represent total amounts of remuneration and other amounts for both of these auditing services.

2. The Company pays remuneration to the Accounting Auditor for their advisory services in addition to the services defined in Paragraph 1, Article 2 of the Certified Public Accountants Act.

3. Among the Company's principal subsidiaries, Canon U.S.A., Inc., Canon Singapore Pte. Ltd. and Canon Medical Systems USA, Inc. are audited by Deloitte & Touche LLP in their respective countries, Canon Europa N.V. is audited by Deloitte Accountants B.V., and Canon Vietnam Co., Ltd. is audited by Deloitte Vietnam Company Limited.

4. Reason that the Audit & Supervisory Board reached an agreement regarding the remuneration to Accounting Auditor:
The Audit & Supervisory Board has received necessary documents and reports from related internal divisions and the Accounting Auditor with regard to procedures for prior approval for audit and non-audit work in accordance with the Sarbanes-Oxley Act of 2002, Article 202. The Audit & Supervisory Board has also confirmed that the estimated remuneration is appropriate for the term by confirming the previous term's audit plan, the status of its implementation, and the current term's audit plan, and also by seeking explanations as necessary. As a result, the Audit & Supervisory Board reached an agreement regarding the remuneration to Accounting Auditor, upon judging it to be a rational level for maintaining and improving audit quality.

(3) Policy Regarding Decision to Either Dismiss or Not Reappoint Accounting Auditor

The Audit & Supervisory Board, by unanimous agreement, as needed, will dismiss the Accounting Auditor when confirmed that the Accounting Auditor falls under any Item of Paragraph 1, Article 340 of the Corporation Law of Japan.

In addition to the above, should anything occur to negatively impact the qualifications or independence of the Accounting Auditor, making it unlikely that the Accounting Auditor will be able to properly perform an audit, the Audit & Supervisory Board will decide the contents of the item to be proposed at a General Meeting of Shareholders regarding the dismissal or refusal of reappointment of the Accounting Auditor.

5. Systems Necessary to Ensure the Properness of Operations

The content of the resolution of the Board of Directors regarding the systems necessary to ensure the properness of the Company's operations (basic policy) as well as the outline of activities for the aforementioned systems, are as follows:

<p>Basic Policy Regarding Systems Necessary to Ensure the Properness of Operations (the "Internal Control System")</p>	<p>Content of Basic Policy Resolution</p> <p>To ensure the properness of operations and to work for continuous improvement in corporate value, Canon Inc. (the "Company") and the enterprises consisting of the Company and its subsidiaries (the "Canon Group"), shall foster a sound corporate culture based on the Spirit of "Three Selves" (Self-motivation, Self-management, and Self-awareness) – guiding principles dating back to the founding of the Company. The Canon Group shall also work to foster a law-abiding awareness through the "Canon Group Code of Conduct." Furthermore, the Canon Group shall firmly strive to ensure management transparency through clearly defined approval processes and authorities of the CEO and Chief/Group Executives of the Company as well as executive officers of each subsidiary of the Company.</p>
<p>1. System for Compliance (Item 6, Paragraph 4, Article 362 of the Corporation Law of Japan, and Item 4, Paragraph 1, Article 100 of the Enforcement Regulations of the Corporation Law of Japan)</p>	<p>Content of Basic Policy Resolution</p> <ol style="list-style-type: none"> (1). The Board of Directors, in accordance with regulations prescribed by the Board of Directors (the "Regulations of the Board of Directors"), shall make decisions on important Canon Group managerial matters after careful deliberation. Additionally, the Board of Directors shall have representative directors, executive directors and executive officers (collectively the "Officers") give reports regarding their execution of duties. (2). The Board of Directors shall thoroughly instill compliance awareness through training and other programs geared towards new employees, managers, and newly-appointed board members and executive officers, utilizing the "Canon Group Code of Conduct," prescribed by the Board of Directors as a standard to be adhered to in the execution of duties. (3). As a part of the Company's risk management system, the Company shall put in place business procedures/checking systems that prevent violation of laws and regulations and the Company's articles of incorporation in the course of daily business. It shall also maintain a compliance education system. (4). The internal audit division of the Company, which has the authority to audit the execution of duties by Officers and employees, shall also conduct audits regarding the status of compliance with laws and regulations and the Company's articles of incorporation. (5). If an act that violates laws and regulations, or the Company's articles of incorporation is discovered in the Canon Group, employees have the ability to anonymously report such fact to any director or officer, including Outside Directors and Outside Audit & Supervisory Board Members by means of a whistleblowing system. Additionally, the Company shall prohibit any disadvantageous treatment of any whistleblower. <p>Outline of Activities</p> <ol style="list-style-type: none"> (1). During the current business term, 10 Board of Directors meetings were held. At these meetings, in addition to deliberating and deciding on important matters, the Board of Directors received reports from Officers in charge of major divisions concerning the execution of business. (2). In addition to implementing compliance training that follows the Canon Group Code of Conduct, the Company established "Compliance Week," an event to provide an opportunity for discussion on familiar risks of law-and-regulation violations by each respective workplace. (3). The activity is described in item (1) of Outline of Activities in 2 below. (4). Supported by about 60 personnel, the internal audit division conducts audits of each division and subsidiary including in its scope of inquiry not only compliance but also the usefulness and efficiency of operations. When necessary, proposals for improvement are given, and then the results of these audits are reported to the CEO and CFO. In addition, a summary of audit results is also periodically reported to the Outside Directors, Audit & Supervisory Board Members and Audit & Supervisory Board. (5). The regulations of the whistleblowing system and the rules on its use, including the explicit prohibition of the disadvantageous treatment of whistleblowers, are disseminated via the intranets of the Company, along with information on the contact counter for reporting internal problems. In the current business term, there were no whistleblower reports relating to serious violations of laws and regulations, or the like.

<p>2. System for Risk Management (Item 2, Paragraph 1, Article 100 of the Enforcement Regulations of the Corporation Law of Japan)</p>	<p>Content of Basic Policy Resolution</p> <p>(1). The Company established the Risk Management Committee as a deliberation body that is in direct control of the CEO, in accordance with the “Regulations of Risk Management” prescribed by the Board of Directors. This Committee shall develop various measures with regard to improving the risk management system. These measures include the system for grasping any significant risks (violation of laws and regulations, inappropriate financial reporting, quality issues, work-related injuries, disasters, etc.) that the Canon Group may face in the course of business, and all measures shall be approved by the CEO and the Board of Directors. Additionally, this Committee shall evaluate the status of improvement and implementation of the risk management system that are autonomously carried out by each organization such as business divisions and subsidiaries, and report its findings to the CEO and the Board of Directors.</p> <p>(2). The Company established the Corporate Strategy Committee in accordance with the “Regulations of the Corporate Strategy Committee” prescribed by the Board of Directors. Even if the authority to decide certain items is delegated from the Board of the Directors to the CEO, the Committee shall carefully deliberate those items in cases that are considered particularly important.</p> <hr/> <p>Outline of Activities</p> <p>(1). Established under the Risk Management Committee are the following three subcommittees: the Financial Risk Management Subcommittee, which is in charge of improving systems to ensure the reliability of financial reporting, the Compliance Subcommittee, which is in charge of improving systems to ensure compliance of corporate ethics and major laws and regulations, and the Business Risk Management Subcommittee, which is in charge of improving systems to manage risks in associated with business operations, such as changes in the market competitive environment. These subcommittees carried out evaluation based on their respective roles of the status of improvement and implementation of risk management system by each organization in 2024. The result of such evaluation did not discover any major flaws in the system and the Risk Management Committee reported this to the CEO and the Board of Directors.</p> <p>(2). The Corporate Strategy Committee was held 8 times in the current business term. In addition to the Officers in charge of executing business operations, the Outside Directors and full-time Audit & Supervisory Board Members also attended, as necessary, and provided opinions.</p>
<p>3. System for Efficient Execution of Duties (Item 3, Paragraph 1, Article 100 of the Enforcement Regulations of the Corporation Law of Japan)</p>	<p>Content of Basic Policy Resolution</p> <p>(1). Based on regulations regarding the division of duties and administrative authorities prescribed by the Board of Directors, the CEO and other Officers shall execute shared duties under the supervision and direction of the CEO.</p> <p>(2). The CEO shall formulate 5-year management goals (the “Excellent Global Corporation Plan”) and 3-year priority measures, contained in mid-term management plans. Based upon these plans, the CEO shall manage operations from a unified group approach.</p> <hr/> <p>Outline of Activities</p> <p>(1). The CEO and other Officers execute the duties allocated to them in accordance with the related regulations. The Company has established a framework for engaging in business activities whereby the Representative Directors and Executive Officers other than the CEO assume responsibility for the four industry-oriented business groups of “Printing,” “Medical,” “Imaging,” and “Industrial,” as well as sales subsidiaries that engage in oversight of sales in respective major regions worldwide. They are accordingly assigned such duties under the command and supervision of the CEO.</p> <p>(2). The CEO decides on a mid-term management plan, which is decided based on close discussions with Officers of the Company and the executive officers of the major subsidiaries in Japan and overseas, and ensures the cohesion of the Group’s corporate management.</p>

<p>4. System for Group Management (Item 5, Paragraph 1, Article 100 of the Enforcement Regulations of the Corporation Law of Japan)</p>	<p>Content of Basic Policy Resolution The Company strengthens the internal control system of the Canon Group by requiring subsidiaries to follow the respective items:</p> <ul style="list-style-type: none"> (a). to obtain prior approval from the Company or report to the Company on important decisions in accordance with the “Regulations of Group Companies Management,” prescribed by the Board of Directors of the Company, (b). to grasp significant risks that the subsidiary may face in the course of business and to verify and evaluate the status of improvement and implementation of the risk management system and report their findings to the Company in accordance with the “Regulations of Risk Management,” (c). to design an appropriate organization under the governing law of incorporation and to clearly define approval processes and authorities of executive officers, (d). in addition to thoroughly instilling compliance awareness through the Canon Group Code of Conduct, to put in place business procedures/checking systems that prevent violation of laws and regulations and subsidiaries’ articles of incorporation in the course of daily business and prepare a compliance education system as a part of the subsidiary’s risk management system, and (e). to establish a whistleblowing system and prohibit any disadvantageous treatment of any whistleblower. <hr/> <p>Outline of Activities</p> <ul style="list-style-type: none"> (a). The Company received reports from subsidiaries and provided prior approval to subsidiaries in accordance with the “Regulations of Group Companies Management.” (b). In order to conduct evaluation of the status of improvement and implementation of the risk management system described in item (1) of Content of Basic Policy Resolution in 2 above, the subsidiaries being evaluated implemented evaluation of the respective targeted risks. (c). Each subsidiary performs, as appropriate, a review of the appropriateness of organizational design, and approval criteria and processes in accordance with the applicable laws and regulations and the nature of business and other factors. (d). Each subsidiary performed an inspection of the compliance system in the process of evaluating improvement and implementation of the risk management system (as described in item (1) of Outline of Activities in 2 above), and furthermore fosters a culture of compliance through training and other such means as necessary. (e). Each company has established a whistleblowing system and totally prohibits any disadvantageous treatment of any whistleblower.
<p>5. System for Storing and Managing Information (Item 1, Paragraph 1, Article 100 of the Enforcement Regulations of the Corporation Law of Japan)</p>	<p>Content of Basic Policy Resolution Information related to the execution of duties of the CEO and other Officers, including meeting minutes of the Board of Directors and settlement documents, shall be maintained and managed by respective divisions in charge of such management in accordance with laws and regulations, the “Regulations of the Board of Directors,” and other related rules. Directors, Audit & Supervisory Board Members, and members of the internal audit division have the ability to inspect this information at any time.</p> <hr/> <p>Outline of Activities Whenever deemed necessary, Directors, Audit & Supervisory Board Members and members of the internal audit division peruse or obtain copies of meeting minutes of the Board of Directors and the Corporate Strategy Committee, and other records such as settlement documents of the CEO.</p>

6. System for Auditing by Audit & Supervisory Board Members (Paragraph 3, Article 100 of the Enforcement Regulations of the Corporation Law of Japan)

Content of Basic Policy Resolution

- (1). The Company established and assigns dedicated full-time employees of an appropriate number to the Office of Audit & Supervisory Board Members. The Office of Audit & Supervisory Board Members is established as an independent entity that is outside the control of Officers. Any change in dedicated full-time employee personnel shall require the prior consent of the Audit & Supervisory Board.
- (2). Audit & Supervisory Board Members shall grasp the execution of duties by Officers, attending not only meetings of the Board of Directors, but also other important meetings such as meetings of the Corporate Strategy Committee and Risk Management Committee.
- (3). The administrative divisions of the headquarters, such as human resources, finance & accounting, and legal affairs, shall hold meetings with Audit & Supervisory Board Members and report on the execution of duties in a timely manner. Additionally, if any material breach of laws and regulations occurs, the relevant division shall immediately report this to Audit & Supervisory Board Members.
- (4). Audit & Supervisory Board Members shall have accounting auditors periodically give reports.
- (5). Audit & Supervisory Board Members shall hold periodic meetings with counterparts of domestic subsidiaries of the Company and work to improve the auditing system from a unified group perspective by sharing information. Additionally, Audit & Supervisory Board Members shall grasp the execution of duties by Officers of subsidiaries, sharing responsibility for the auditing of major subsidiaries in Japan and overseas.
- (6). The Company prohibits any disadvantageous treatment of any person that reports to Audit & Supervisory Board Members. The Company also seeks its subsidiaries to prohibit any disadvantageous treatment.
- (7). The Audit & Supervisory Board shall draw up an annual audit plan and an annual budget covering the audit of the Company and its subsidiaries. And the Company shall secure necessary funds for the annual budget. When an outlay outside the budget is incurred, due to a special audit, etc., the expense shall be reimbursed by the Company.

Outline of Activities

- (1). The Company established the Office of Audit & Supervisory Board Members to be independent from the directives and commands of Officers and it assigns dedicated full-time employee(s) of an appropriate number to the Office of Audit & Supervisory Board Members. During the current business term, the Company changed the dedicated full-time employee personnel after receiving the prior consent of the Audit & Supervisory Board.
- (2). Audit & Supervisory Board Members, including Outside Audit & Supervisory Board Members, attend all the Board of Directors meetings, and full-time Audit & Supervisory Board Members attend all meetings of the Corporate Strategy Committee and the Risk Management Committee, overseeing the execution of duties by Officers.
- (3). Audit & Supervisory Board Members and the Audit & Supervisory Board periodically receive reports from the internal audit division on the results of audits. In addition, full-time Audit & Supervisory Board Members periodically receive reports from the managers in charge of the administrative divisions of the headquarters on the execution of duties.
- (4). Audit & Supervisory Board Members receive reports from the Accounting Auditor on the status of audits at least once a month and receive reports from the Accounting Auditor on the results of the audit of the business term in accordance with laws and regulations.
- (5). Audit & Supervisory Board Members periodically hold meetings with Audit & Supervisory Board Members of domestic subsidiaries and share information. In addition, at the time of audits at subsidiaries, Audit & Supervisory Board Members receive reports from the Directors of subsidiaries and share information with Audit & Supervisory Board Members of the subsidiaries, overseeing the execution of duties by Officers of subsidiaries.
- (6). Information is disseminated in the Company and its subsidiaries concerning the prohibition of disadvantageous treatment of any person that reports to Audit & Supervisory Board Members.
- (7). In the current business term, there were no shortfalls in the budget allocated for the implementation of audits in accordance with the audit plan.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheets

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2023 (Reference)		As of Dec. 31, 2024	As of Dec. 31, 2023 (Reference)
ASSETS			LIABILITIES AND EQUITY		
Current assets:			Current liabilities:		
Cash and cash equivalents	501,565	401,323	Short-term loans and current portion of long-term debt	318,330	386,200
Short-term investments	4,775	3,822	Short-term loans related to financial services	40,400	38,900
Trade receivables	705,591	655,460	Other short-term loans and current portion of long-term debt	277,930	347,300
Inventories	841,836	796,881	Trade payables	350,128	309,930
Current lease receivables	167,612	150,324	Accrued income taxes	78,438	56,983
Prepaid expenses and other current assets	245,665	231,605	Accrued expenses	433,329	373,544
Allowance for credit losses	(16,961)	(15,329)	Current operating lease liabilities	41,876	35,559
			Other current liabilities	324,205	276,960
Total current assets	2,450,083	2,224,086	Total current liabilities	1,546,306	1,439,176
Non-current assets:			Non-current liabilities:		
Noncurrent receivables	29,614	11,734	Long-term debt, excluding current portion of long-term debt	205,075	2,954
Investments	113,241	78,505	Accrued pension and severance cost	166,153	171,779
Property, plant and equipment, net	1,147,380	1,095,879	Noncurrent operating lease liabilities	98,219	92,604
Operating lease right-of-use assets	136,717	126,125	Other noncurrent liabilities	105,442	104,357
Intangible assets, net	275,391	274,942	Total non-current liabilities	574,889	371,694
Goodwill	915,258	1,045,400	Total liabilities	2,121,195	1,810,870
Noncurrent lease receivables	363,749	321,065	Equity:		
Other assets	339,569	242,659	Canon Inc. shareholders' equity:		
Allowance for credit losses	(4,756)	(3,818)	Common stock	174,762	174,762
Total non-current assets	3,316,163	3,192,491	[Authorized shares] (share)	[3,000,000,000]	[3,000,000,000]
			[Issued shares] (share)	[1,333,763,464]	[1,333,763,464]
Total assets	5,766,246	5,416,577	Additional paid-in capital	412,287	404,935
			Retained earnings:		
			Legal reserve	61,893	61,634
			Other retained earnings	3,818,668	3,801,212
			Total retained earnings	3,880,561	3,862,846
			Accumulated other comprehensive income (loss)	470,897	268,758
			Treasury stock, at cost	(1,558,234)	(1,358,279)
			[Treasury shares] (share)	[389,771,598]	[345,964,752]
			Total Canon Inc. shareholders' equity	3,380,273	3,353,022
			Noncontrolling interests	264,778	252,685
			Total equity	3,645,051	3,605,707
			Total liabilities and equity	5,766,246	5,416,577

Consolidated Statements of Income

(Millions of yen)

	Year ended Dec. 31, 2024	Year ended Dec. 31, 2023 (Reference)
Net sales	4,509,821	4,180,972
Cost of sales	2,366,726	2,212,062
Gross profit	2,143,095	1,968,910
Operating expenses:		
Selling, general and administrative expenses	1,360,893	1,261,630
Research and development expenses	337,348	331,914
Impairment losses on goodwill	165,100	-
	1,863,341	1,593,544
Operating profit	279,754	375,366
Other income (deductions):		
Interest and dividend income	15,602	13,425
Interest expense	(3,745)	(2,267)
Other, net	9,550	4,243
	21,407	15,401
Income before income taxes	301,161	390,767
Income taxes	118,287	106,346
Consolidated net income	182,874	284,421
Less: Net income attributable to noncontrolling interests	22,849	19,908
Net income attributable to Canon Inc.	160,025	264,513

Notes to Consolidated Balance Sheet

<Notes to Consolidated Balance Sheet as of December 31, 2024>

1. Accumulated depreciation: 3,203,327 million yen
2. Accumulated other comprehensive income (loss) includes foreign currency translation adjustments, net unrealized gains and losses on securities, net gains and losses on derivative financial instruments and pension liability adjustments.
3. Guarantee obligations for bank loans and others: 2,014 million yen

<Note to Per Share Information as of December 31, 2024>

Canon Inc. shareholders' equity per share 3,581.36 yen

Note to Consolidated Statement of Income

<Note to Per Share Information for the year ended December 31, 2024>

Net income attributable to Canon Inc. shareholders per share

Basic	165.53 yen
Diluted	165.44 yen

NON-CONSOLIDATED FINANCIAL STATEMENTS

Non-Consolidated Balance Sheets

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2023 (Reference)		As of Dec. 31, 2024	As of Dec. 31, 2023 (Reference)
ASSETS			LIABILITIES AND NET ASSETS		
Current assets	736,777	671,351	Current liabilities	1,093,669	1,322,689
Cash and deposits	44,670	43,845	Notes payable	31	98
Notes receivable	7,538	2,160	Electronically recorded obligations-operating	25,666	24,454
Accounts receivable	282,137	248,023	Accounts payable	333,252	270,974
Finished goods	90,868	92,579	Short-term loans payable	540,545	883,620
Work in process	112,909	105,592	Other payables	52,572	30,169
Raw materials and supplies	10,050	7,791	Accrued expenses	40,799	39,524
Short-term loans receivable	80,567	93,367	Accrued income taxes	39,330	22,947
Other current assets	108,168	77,994	Advances received	10,082	9,733
Allowances for doubtful accounts	(130)	-	Accrued warranty expenses	5,232	5,353
Fixed assets	2,290,213	2,267,187	Accrued bonuses for employees	5,689	5,198
Property, plant and equipment, net	568,493	552,731	Accrued directors' bonuses	543	326
Buildings	290,643	305,256	Other current liabilities	39,928	30,293
Machinery	55,083	58,145	Noncurrent liabilities	216,932	23,973
Vehicles	233	248	Long-term loans payable	200,000	-
Tools and equipment	12,412	12,281	Accrued pension and severance cost	14,062	20,776
Land	150,227	150,227	Reserve for environmental provision	681	720
Construction in progress	59,895	26,574	Accrued long service rewards for employees	1,109	1,337
Intangible fixed assets	19,983	20,246	Other noncurrent liabilities	1,080	1,140
Software	14,855	14,531	Total liabilities	1,310,601	1,346,662
Goodwill	3,636	3,945	Shareholders' equity	1,709,420	1,581,839
Other intangibles	1,492	1,770	Common stock	174,762	174,762
Investments and other assets	1,701,737	1,694,210	Capital surplus	306,288	306,288
Investment securities	10,885	14,029	Additional paid-in capital	306,288	306,288
Shares in subsidiaries and associates	1,562,850	1,560,535	Retained earnings	2,786,589	2,459,053
Capital contribution in subsidiaries and associates	37,453	37,453	Legal reserve	22,114	22,114
Long-term pre-paid expenses	11,986	14,321	Other retained earnings	2,764,475	2,436,939
Prepaid pension expense	8,021	-	Reserve for deferral of capital gain on property	3,069	3,203
Deferred tax assets	65,038	61,444	Special reserves	1,249,928	1,249,928
Other noncurrent assets	5,591	6,515	Retained earnings brought forward	1,511,478	1,183,808
Allowances for doubtful accounts	(87)	(87)	Treasury stock	(1,558,219)	(1,358,264)
Total assets	3,026,990	2,938,538	Valuation and translation adjustments	5,715	9,052
			Net unrealized gains (losses) on securities	6,000	7,557
			Net deferred gains (losses) on hedges	(285)	1,495
			Subscription rights to shares	1,254	985
			Total net assets	1,716,389	1,591,876
			Total liabilities and net assets	3,026,990	2,938,538

Non-Consolidated Statements of Income (Millions of yen)

	Year ended Dec. 31, 2024	Year ended Dec. 31, 2023 (Reference)
Net sales	1,886,031	1,668,007
Cost of sales	1,303,472	1,157,447
Gross profit	582,559	510,560
Selling, general and administrative expenses	362,338	376,399
Operating profit (loss)	220,221	134,161
Other income	291,698	432,995
Interest income	1,501	2,128
Dividend income	262,626	394,531
Rental income	18,730	18,644
Miscellaneous income	8,841	17,692
Other expenses	46,461	55,538
Interest expense	6,391	10,795
Depreciation of rental assets	15,079	15,348
Foreign exchange loss	19,517	24,203
Miscellaneous loss	5,474	5,192
Ordinary profit	465,458	511,618
Non-ordinary income	60,275	955
Gain on sales of fixed assets	124	944
Gain on sales of investment securities	2	11
Gain on sales of shares of subsidiaries and associates	60,149	-
Non-ordinary loss	1,678	1,005
Loss on sales and disposal of fixed assets	772	909
Loss on valuation of investment securities	906	-
Other	-	96
Income before income taxes	524,055	511,568
Income taxes - Current	57,102	38,228
- Deferred	(2,130)	(3,415)
Net income	469,083	476,755

Notes to Non-Consolidated Balance Sheet

<Notes to Non-Consolidated Balance Sheet as of December 31, 2024>

1. Accumulated depreciation of property, plant and equipment		1,659,061 million yen
2. Guarantees		
Mortgage bank loans for employees		118 million yen
3. Receivable and payable for affiliated companies		
Receivables		422,514 million yen
Payables		588,877 million yen
4. Plan assets in the retirement benefit trust that are offset with the accrued pension and severance cost are as follows:		
	Accrued pension and severance cost before deduction of plan assets	Plan assets in the retirement benefit trust
Severance Pay Plan	42,813 million yen	28,750 million yen
Corporate Pension Plan	83,106 million yen	91,127 million yen

<Note to Per Share Information as of December 31, 2024>

Net assets per share	1,816.90 yen
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Notes to Non-Consolidated Statement of Income

<Notes to Non-Consolidated Statement of Income for the year ended December 31, 2024>

Transactions with affiliated companies	
Sales	1,683,967 million yen
Purchase	1,246,547 million yen
Other transactions	380,456 million yen

<Note to Per Share Information for the year ended December 31, 2024>

Net income per share	485.14 yen
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AUDIT REPORT OF ACCOUNTING AUDITOR ON CONSOLIDATED FINANCIAL STATEMENTS

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

February 10, 2025

To the Board of Directors of
Canon Inc.:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Masayuki Yamada

Designated Engagement Partner,
Certified Public Accountant:

Susumu Nakamura

Designated Engagement Partner,
Certified Public Accountant:

Hideaki Takagi

Designated Engagement Partner,
Certified Public Accountant:

Masayoshi Nakai

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of Canon Inc. and its consolidated subsidiaries (the "Group"), namely, the consolidated balance sheet as of December 31, 2024, and the consolidated statement of income and consolidated statement of equity for the fiscal year from January 1, 2024 to December 31, 2024, and the related notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024, and its consolidated results of its operations for the year then ended in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which is applied mutatis mutandis pursuant to the third paragraph of Article 120-3 of the Ordinance on Company Accounting that omit a part of the disclosures required under accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which is applied mutatis mutandis pursuant to the third paragraph of Article 120-3 of the Ordinance on Company Accounting that omit a part of the disclosures required under accounting principles generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which is applied mutatis mutandis pursuant to the third paragraph of Article 120-3 of the Ordinance on Company Accounting that omit a part of the disclosures required under accounting principles generally accepted in the United States of America.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which is applied mutatis mutandis pursuant to the third paragraph of Article 120-3 of the Ordinance on Company Accounting that omit a part of the disclosures required under accounting principles generally accepted in the United States of America, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader. The other information in "the accompanying supplemental schedules" referred to in the "Other Information" section of this English translation is not translated.

AUDIT REPORT OF ACCOUNTING AUDITOR

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

February 10, 2025

To the Board of Directors of
Canon Inc.:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Masayuki Yamada

Designated Engagement Partner,
Certified Public Accountant:

Susumu Nakamura

Designated Engagement Partner,
Certified Public Accountant:

Hideaki Takagi

Designated Engagement Partner,
Certified Public Accountant:

Masayoshi Nakai

Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the non-consolidated financial statements of Canon Inc. (the "Company"), namely, the non-consolidated balance sheet as of December 31, 2024, and the non-consolidated statement of income and non-consolidated statement of changes in net assets for the 124th fiscal year from January 1, 2024 to December 31, 2024, and the related notes and the accompanying supplemental schedules. In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the non-consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements. As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the non-consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader. "The accompanying supplemental schedules" referred to in the "Opinion" section of this English translation are not included in the attached financial documents.

In addition, the other information in "the accompanying supplemental schedules" referred to in the "Other Information" section of this English translation is not translated.

AUDIT REPORT OF AUDIT & SUPERVISORY BOARD

Audit Report

Regarding the performance of duties by the Directors for the 124th business term from January 1, 2024, to December 31, 2024, we have prepared this Audit Report upon deliberation based on the audit reports prepared by each Audit & Supervisory Board Member and hereby report as follows:

1. Auditing Methods Employed by the Audit & Supervisory Board Members and Audit & Supervisory Board and Details of Such Audit

- (1) We established auditing policies, allocation of duties and other relevant matters, and received reports from each Audit & Supervisory Board Member regarding their execution of audits and results thereof, as well as reports from the Directors, other relevant personnel, and the Accounting Auditor regarding performance of their duties, and sought explanations as necessary.
- (2) Each Audit & Supervisory Board Member complied with the auditing standards of Audit & Supervisory Board Members established by the Audit & Supervisory Board, followed the auditing policies, allocation of duties, and other relevant matters, communicated with such as the Directors, the internal auditing and other employees, made efforts to establish the environment for collecting information and auditing, and conducted the audit by the following methods.
 - (i) Each Audit & Supervisory Board Member participated in the meetings of the Board of Directors and other important meetings, received reports from such as the Directors and employees regarding performance of their duties, sought explanations as necessary, examined important authorized documents and associated information, and studied the operations and status of assets at the headquarters and principal offices. With respect to subsidiaries, we communicated and exchanged information with Directors and Audit & Supervisory Board Members of subsidiaries using method such as teleconferencing systems, Internet connections, etc., and received business reports from subsidiaries as necessary.
 - (ii) We periodically received reports from Directors, employees and others, requested explanations as necessary, and expressed opinions, regarding the resolution of the Board of Directors on the establishment of following systems (Internal Control System) and the status of operation of the organized system based on such resolution, both of which are described in the business report;
 - i) the system for ensuring that the performance of duties by the Directors conforms to the applicable laws and regulations and Articles of Incorporation, and
 - ii) the system stipulated in Item 1 and Item 3, Article 100, of the Enforcement Regulations of the Corporation Law, which are necessary for ensuring the properness of operations of the enterprises consisting of the Company and its subsidiaries.With respect to subsidiaries, we received reports from Directors and Audit & Supervisory Board Members of subsidiaries regarding the establishment of the systems above (Internal Control System) and the status of operation of the organized system as necessary.
 - (iii) We monitored and verified whether the Accounting Auditor maintained their independence and implemented appropriate audits, and we received reports from the Accounting Auditor regarding the performance of their duties and sought explanations as necessary. In addition, we received notice from the Accounting Auditor that "System for ensuring that duties are performed properly" (matters set forth in each item of Article 131 of the Company Accounting Regulations) is organized in accordance with the "Quality Management Standards Regarding Audits" (Business Accounting Council) and other relevant standards, and sought explanations as necessary. The Audit & Supervisory Board Members consulted the Accounting Auditor on key audit matters for discussion, received reports on the execution of audits and, when necessary, requested explanations regarding such reports.

Based on the above methods, we examined the business report and the accompanying detailed statements, the financial statements (balance sheet, statement of income, statement of changes in net assets, and notes to non-consolidated financial statements) and the accompanying detailed statements as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of equity, and notes to consolidated financial statements) for this business term.

2. Audit Results

(1) Results of Audit of Business Report and Other Relevant Documents

- (i) We confirm that the business report and the accompanying detailed statements fairly represent the Company's conditions in accordance with the related laws and regulations and Articles of Incorporation.
- (ii) We have found no significant evidence of wrongful act or violation of related laws and regulations, nor the Articles of Incorporation with regard to the execution of duties by the Directors.
- (iii) We confirm that the content of the resolution of the Board of Directors regarding the Internal Control System is proper. In addition, we have found no matters on which to remark in regard to the description of the business report and the execution of duties by the Directors regarding the Internal Control System.

(2) Results of Audit of Financial Statements and the Accompanying Detailed Statements

We confirm that the methods and results of the audit conducted by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are proper.

(3) Results of Audit of Consolidated Financial Statements

We confirm that the methods and results of the audit conducted by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are proper.

February 12, 2025

Audit & Supervisory Board, Canon Inc.

Audit & Supervisory Board Member Chikahiro Okayama

Audit & Supervisory Board Member Hideya Hatamochi

Audit & Supervisory Board Member Yutaka Tanaka

Audit & Supervisory Board Member Hiroshi Yoshida

Audit & Supervisory Board Member Koichi Kashimoto

Note: Audit & Supervisory Board Members, Yutaka Tanaka, Hiroshi Yoshida and Koichi Kashimoto are Outside Audit & Supervisory Board Members, as provided in Item 16, Article 2, and Paragraph 3, Article 335, of the Corporation Law.

REFERENCE

Sustainability Initiatives

Expectation for corporations to address sustainability issues such as climate change and human rights has been increasing. Under the corporate philosophy of “*kyosei*,” Canon creates new value through the power of innovation and technology, provides world-first technologies and world-leading products/services which enhance the corporate value, and contributes to solving the social problems.

(1) Climate Change

Canon has been aiming to achieve net-zero CO₂ emissions from the business activities by 2050. To that end, Canon keeps monitoring CO₂ emissions throughout the entire product lifecycle and working to reduce CO₂ emissions at each stage. In 2008, Canon set the environment target of achieving an average annual improvement of 3% in the index of lifecycle CO₂ emissions per product unit, and has realized average annual improvement rate of 3.76% (from 2008 to 2024) and improvement of 44.6% compared with 2008. In addition, as a target for 2030, Canon aims to reduce the CO₂ emissions (Scope 1^{(*)1}, 2^{(*)2}) by 42% compared to 2022 levels, and also to reduce CO₂ emissions from the purchased goods/services and use of sold products (Scope 3^{(*)3}: Category 1, 11) by 25%. These emission reduction targets were approved as science-based targets by the Science Based Targets initiative (SBTi), an international initiative to encourage companies to set greenhouse gas (GHG) emission reduction targets on the basis of climate science. Scope 1 and 2 emission has been reduced by approximately 13.5%^{(*)4} and Scope 3 emission has been reduced by approximately 17.0%^{(*)4} in 2024 compared to 2022. Canon gets CO₂ emission volume verified by a third-party organization and discloses the value every year. Based on items recommended by the Task Force on Climate-related Financial Disclosures (TCFD), Canon discloses information related to climate change through its sustainability report and website. As a result of these disclosures, in February 2024, Canon was selected for A list under climate change category in 2023 by international non-profit organization CDP which administers one of the world’s largest platforms for environmental information disclosure.

*1 Direct emissions produced by a business operator itself (through fuel combustion, manufacturing processes, etc.)

*2 Indirect emissions produced by the use of electricity, heat, steam, etc. supplied by other companies

*3 Indirect emissions produced except for Scope 1 and 2 (emissions from other companies associated with the business’s activities)

*4 Preliminary figures as of January 31, 2025 (including estimates)

(2) Resource Efficiency

In 1990, Canon launched the collection and recycling program of used toner cartridges in advance to other competitors and since then has always been promoting advanced initiatives. Canon pursues resource efficiency where materials are to be used multiple times. Canon has been taking initiatives such as closed-loop recycling of used toner cartridges, reuse of used parts, and the remanufacturing of collected office multifunction devices, making them into the good-as-new condition. Currently, Canon operates five recycling factories in Japan, the United States, Germany, France and China, and promotes recycling schemes aiming to circulate resources locally where they are used.

Canon’s four business groups (Printing, Medical, Imaging and Industrial) have set their own resource efficiency targets based on their business characteristics and disclose them on the website*. For example, the Digital Printing Business, which handles MFDs for offices and inkjet printers, has set targets for the resource recycling ratio (the percentage of recycled materials and recycled products to the total weight of sold material and products) to be increased to 20% by 2025 and 50% by 2030. In order to achieve these targets, Canon is planning to use recycled steel material (electric furnace steel sheets) collected from steel scrap obtained from used products, for the new printing products released in 2025, and planning to gradually expand the product ranges going forward. Furthermore, with the aim to contribute to solving the global problem of marine plastic pollution, Canon has been working to reduce the use of single-use plastics. As a Group-wide effort, Canon has been reducing materials for product packaging, eliminating polystyrene foam packaging and switching to pulp mold packaging instead. In addition, Canon promotes reduction, reuse and recycling of plastic waste generated at operational sites. In 2024, Canon newly launched plastic sorting equipment that applies Raman spectroscopy technology to moving objects with a tracking mechanism and began receiving orders. With this new equipment, black plastic pieces which were challenging to detect using the conventional technology can now be detected in a practical manner even when mixed with other color plastics, thereby helping to improve the productivity of recycling plants and, as the result, maximizing material recycling.

*<https://global.canon/en/sustainability/environment/business/>

(3) Biodiversity

Canon recognizes that biodiversity is essential for a sustainable society and has formulated the group-shared Biodiversity Policy*¹, conducting various efforts towards biodiversity preservation. As Canon relies on multiple water resources in the manufacturing process of products, we

formulated a Water Resources Policy*² in 2024, and have been promoting the effective use and pollution control of water resources. We will begin to assess nature-related issues including our dependency and impact on natural capital and sequentially disclose results in accordance with the framework of the Taskforce on Nature-related Financial Disclosures (TNFD).

In addition, Canon has been contributing to local biodiversity preservation to achieve the world target of 30by30*³. In addition to Shimomaruko Forest, which is a green zone in the property where Canon Global Headquarters is located, Oita Canon Inc. Oita Plant and the Headquarters of Canon Medical Systems Corporation were newly certified as Nature Symbiosis Sites*⁴ in 2024. As a symbolic initiative based on Biodiversity Policy, Canon has promoted the Canon Bird Branch Project, an activity focused on birds at operational sites in Japan and overseas, which marks its 10th anniversary in 2025. Under this project, we observe the wild birds that live on our premises and disseminate initiatives to protect birds and biodiversity. Furthermore, under our new Nature Positive slogan, Canon is promoting initiatives rooted in local communities around the world, which mainly focus on “Water,” “Forests,” and “Creatures,” such as green space management and ecosystem restoration.

*1 <https://global.canon/en/sustainability/environment/biodiversity/policy/>

*2 <https://global.canon/en/sustainability/environment/water/policy/>

*3 A global goal that aims for the effective preservation of more than 30% of land and ocean areas as a healthy ecosystem by 2030.

*4 A zone where biodiversity is being preserved through private entities’ initiatives and other efforts, recognized by the Japanese government to achieve the global goal of 30by30.

(4) Respecting Human Rights

Recently, progress is being made on new legislation regarding due diligence and information disclosures concerning human rights, particularly in the United States and European nations. Respect for human rights is increasingly being considered a requirement for doing business. In accordance with this trend, Canon is strengthening such efforts. Specifically, Canon has established the Canon Group Human Rights Policy, which expresses the Group’s commitment to respect and protect human rights. Based on the policy, it has worked on its human right initiatives, such as conducting human rights due diligence to identify human rights risks, instituting and operating a grievance mechanism for human rights infringement, conducting human rights awareness training, such as e-learning and other methods to Group companies in Japan and overseas, and engaging in dialogue with stakeholders. In 2024, Canon introduced its human rights initiatives at a webinar hosted by the International Labour Organization (ILO), the Japan External Trade Organization (JETRO), and Global Compact Network Japan (GCNJ). Moreover, Canon participates in the Responsible Business Alliance (RBA), a corporate alliance that promotes social responsibility in global supply chains, for the purpose of improving sustainability throughout the entire supply chain. Canon published Canon Sustainability Supplier Guidelines in 2024, and is committed to identifying and reducing risks through risk assessment of and visit to suppliers to confirm their working conditions.

Going forward, Canon will continue to proactively work to achieve a sustainable society through all of its corporate activities.



Bird watching on Canon Global Headquarters property



Japanese white-eyes came to Canon’s property

Topics

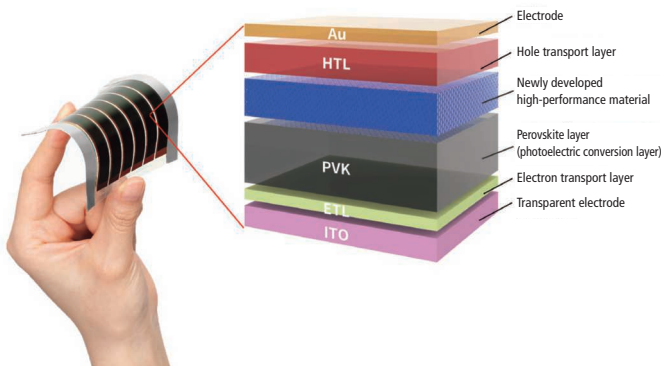
Canon Launches Research Collaboration with Penn Medicine for Application of Photon-Counting CT



Researchers at Penn Medicine

Canon Inc., Canon Medical Systems Corporation, and Canon Healthcare USA, Inc. launched a research collaboration with Penn Medicine with the aim of accelerating the development of photon-counting CT (PCCT), which is expected to become a next-generation CT imaging technique. The world's 4th Canon-developed system has been installed at the Hospital of the University of Pennsylvania to promote clinical research. PCCT is expected to improve diagnostic accuracy and reduce radiation exposure compared to conventional CT. Canon will promote research for greater resolution in imaging and increased diagnostic opportunities.

Canon Develops High-performance Material for Perovskite Solar Cells



Structure of perovskite solar cell layered with newly developed high-performance material

Canon has developed high-performance material that is expected to improve the durability and mass-production stability of perovskite solar cells, which have been attracting attention as next-generation solar cells.

Perovskite solar cells are lightweight, bendable, and can generate electricity even from indoor lighting, thereby offering a greater degree of freedom in installation than silicon solar cells which are currently the mainstream. Additionally, they are expected to reduce capital investment costs.

The newly developed high-performance material is based on material technology that Canon has cultivated through the development of photosensitive members, a key component of office MFDs and laser printers, and a key characteristic of this material is its ability to cover the perovskite layer thickly while maintaining a high rate of photoelectric conversion efficiency, which has been difficult in the past. Canon will work to further develop the technology and aims to initiate production in 2025.

Tsuzuri Project Donates a High-Resolution Facsimile to Kyoto City University of Arts



Tsuzuri Project donates a high-resolution facsimile of “Waves at Matsushima” by Ogata Kōrin

The “Tsuzuri Project,” a joint project organized by Canon and the Kyoto Culture Association (NPO), is a social contribution activity that produces high-resolution facsimiles of cultural assets with limited viewing opportunities. The project enables the utilization of the facsimiles in various situations, such as public exhibitions at recipients’ sites, and for use in education fields. In 2024, the project donated a high-resolution facsimile of “Waves at Matsushima,” which has resided at the Museum of Fine Arts in Boston, to Kyoto City University of Arts. Canon’s EOS R5 mirrorless camera was used to capture images of the original work, after which Canon applied its proprietary color matching system and image processing. The facsimile was then output using a large-format inkjet printer with 12-color pigment ink. Finally, expert Kyoto craftsmen applied gold to the facsimile and mounted it on folding screen frames, completing an extremely accurate reproduction of the original work.

Canon Institute for Global Studies Presents Strategic Proposals



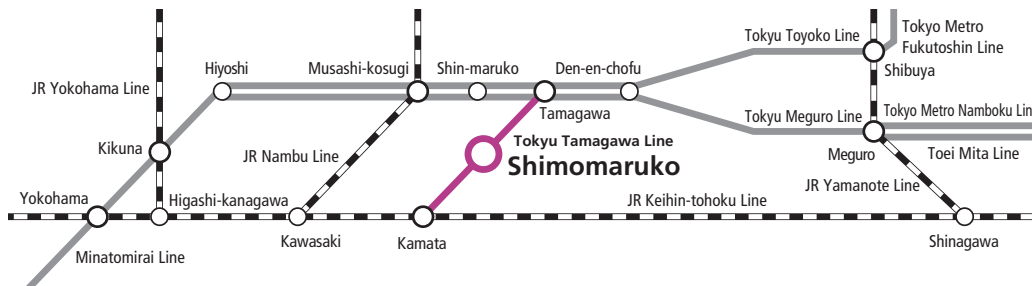
Kunihiko Miyake, Director and Special Advisor, giving a lecture at a seminar of the Research Institute of Japan

The Canon Institute for Global Studies, as a think tank that focuses on themes such as the “macroeconomy,” “resources, energy, and the environment,” and “foreign affairs and national security.” From a global perspective, it investigates, analyzes, researches issues facing Japan and the world, and provides policy research and proposals. In 2024, it distributed 20 strategic proposals that focused on the global economy, and energy and the environment, and hosted many events, such as open seminars, international exchanges, and workshops on the themes of geopolitical risks, environmental issues, future technologies, etc. Going forward, the institute will continue its research and proposal activities to contribute to the development of Japan and the world.

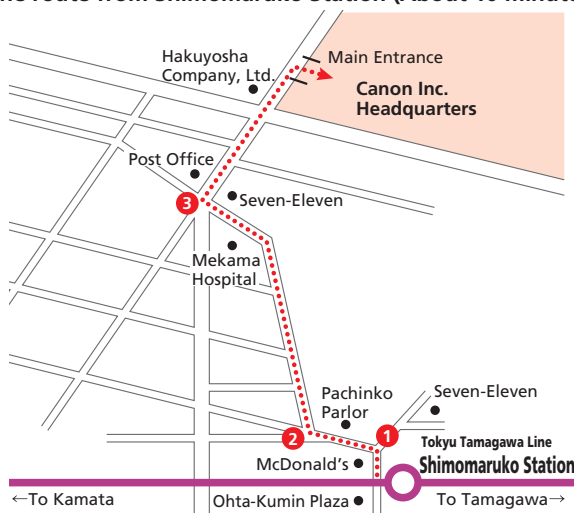
Guide Map to the Venue of the General Meeting of Shareholders

Information about transportation

Station: **Shimomaruko** Station of the Tokyu Tamagawa Line



The route from Shimomaruko Station (About 10 minutes walk)



Headquarters of the Company 30-2, Shimomaruko 3-chome, Ohta-ku, Tokyo

- 1 After exiting from the station, turn left at McDonald's on the corner.
- 2 Take the right at the junction of three roads.
- 3 Turn right at Seven-Eleven convenience store on the corner and go straight. The main entrance of Canon Headquarters is on your right, across from a dry cleaner's (Hakuyosha Company, Ltd.).

Please note that no gift will be provided.
Thank you for your understanding.

There will be a dedicated area
for wheelchair users at the venue.
Our staff will guide you upon your arrival.

Canon
CANON INC.

30-2, Shimomaruko 3-chome, Ohta-ku, Tokyo 146-8501

Website: <https://global.canon/en/>