Canon Inc.
2023 Corporate Strategy Conference

Imaging Group

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Canon

The Imaging Group Business Area.

The main products currently supporting the Imaging Group are the EOS R System, the Cinema EOS System, professional camcorders, broadcast lenses, network cameras, etc.

For the purpose of shooting and viewing images, we have grown this business. From now own, however, through the development of new technologies and responding to market changes, we are promoting expansion into new business areas, namely image experience, image utilization and utilizing components as show on this charge.

2022 Results & Growth Strategy (Imaging)

Canon

Results — **Imaging Group sales & profit growth. Significant improvement in profitability**

Profitability
- 2021 12.0%, 2022 15.8%

Cameras
- Firmly maintained mirrorless camera market share
- Expanded unit sales, adding first EOS R System mirrorless cameras with APS-C image sensor

Network Cameras & Others
- Posted record-high network camera net sales as Axis achieved significant revenue growth
- Drew great attention by broadcasting of professional sports using Free Viewpoint Video System

Growth Strategy — **Maintain high profitability of current businesses while creating new ones**

Aiming for 1 trillion yen in 2025 sales for entire group

Our results of last year and our future growth strategy.

Last year, the Imaging Group achieved sales and profit growth and a significant improvement in profitability.

As for cameras, our mirrorless camera market share remained stable thanks to our strong market reputation. We also posted strong sales of new products. Through this, our camera business is supporting earnings as a mainstay of Imaging.

As for network cameras, we posted record-high sales thanks to significant growth in AXIS revenue. Additionally, Free Viewpoint Video, which is a new initiative, is expanding its field of activities such as commercials and dramas. It was also well received by professional sports broadcasts in Japan and overseas.

Our future growth strategy is to create new businesses while maintaining high profitability in existing ones.

With EOS R and other existing products, we will create new markets and businesses by offering attractive products that anticipate market demands, strengthen our profit structure, activate group synergies, and deliver unprecedented value through products and solutions.

And we aim to achieve sales of 1 trillion yen in the Imaging Group in 2025.

Growth Strategy (Overwhelming No. 1 Mkt. Shr.)
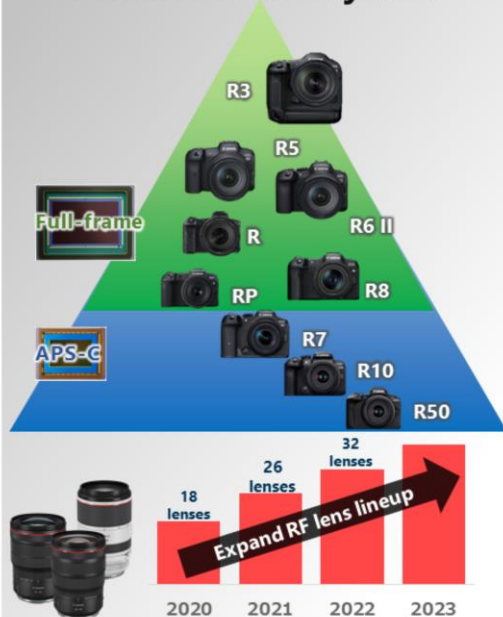
This year, we expect the global market for interchangeable lens cameras to be around 5.5 to 6 million units and more than 70% of this to be mirrorless cameras.

This year as well, we expect to maintain our No. 1 share of the interchangeable-lens camera market and at the same time aim to No. 1 in mirrorless cameras as sub-segment as well. In addition to market share, we will also work to expand sales volume of the EOS R System itself through three measures.

The first is "enhancing the EOS R System." To this end, we will expand our lineup of cameras and lenses to meet the diverse needs of our customers.

Moreover, in recent years, the demographic of video-oriented users, such as video creators, media users, and SNS users, is thick and growing. We aim to expand the scale of the R system by including functions and performance that respond to user requests not only for still images but also for videos.

Also, the world of imaging is changing from 2D to 3D to XR. In anticipation of these future demands, we will also focus on the deployment of EOS VR systems and work to expand awareness of VR, improve the usability of apps and software, and create an environment where users can enjoy VR images.

We will further raise profitability by improving productivity across the Imaging Group

Our development division already makes heavy use of simulation technology. Some products already run development processes that do not require prototyping. We will continue to shorten the development period and improve the quality of our products through the advancement of simulation technology.

Moreover, instead of designing each product individually, we are promoting efficient development under the standardized platform design concept. Furthermore, through the automation of routine design tasks and reducing design time with this concept, engineers can spend more time developing high-performance, high-quality products.

As for production divisions, first, we are building efficient production processes through factory DX, which allow us to centrally control various complex process.

In the field of automation, we will further expand the scope of its application, aiming to break away from human dependency.
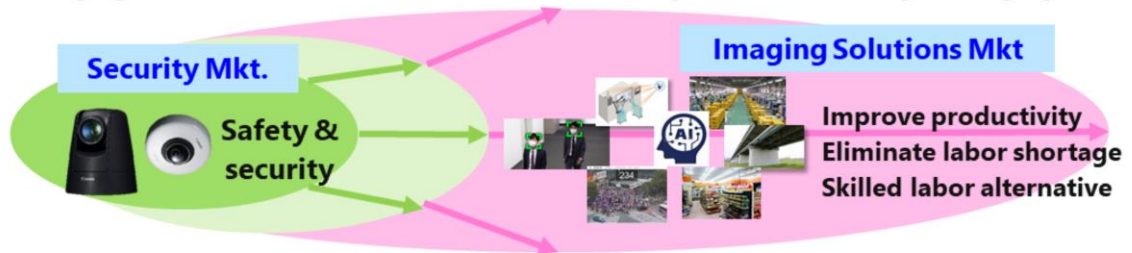
In addition to promoting in-house production, which is linked to reduced facility costs and high-quality manufacturing, we will also contribute to BCP by reducing external impacts. These measures will further enhance the cost-effectiveness of domestic plants.

Growth Strategy (Expand Network Camera Business) — Canon

Double-digit growth of network camera market as focus expands from security to imaging solutions

Security Mkt.
Safety & security

Imaging Solutions Mkt
Improve productivity
Eliminate labor shortage
Skilled labor alternative

Canon Group growing faster than the global market*, maintaining No. 1 global market share

*Excluding China

Total Imaging Solution

AXIS COMMUNICATIONS
Overwhelming product lineup
Worldwide sales channels

Canon
Accumulated optical and imaging technologies
world's highest production capacity

milestone
BriefCam ARCULES
Open platform video management technology
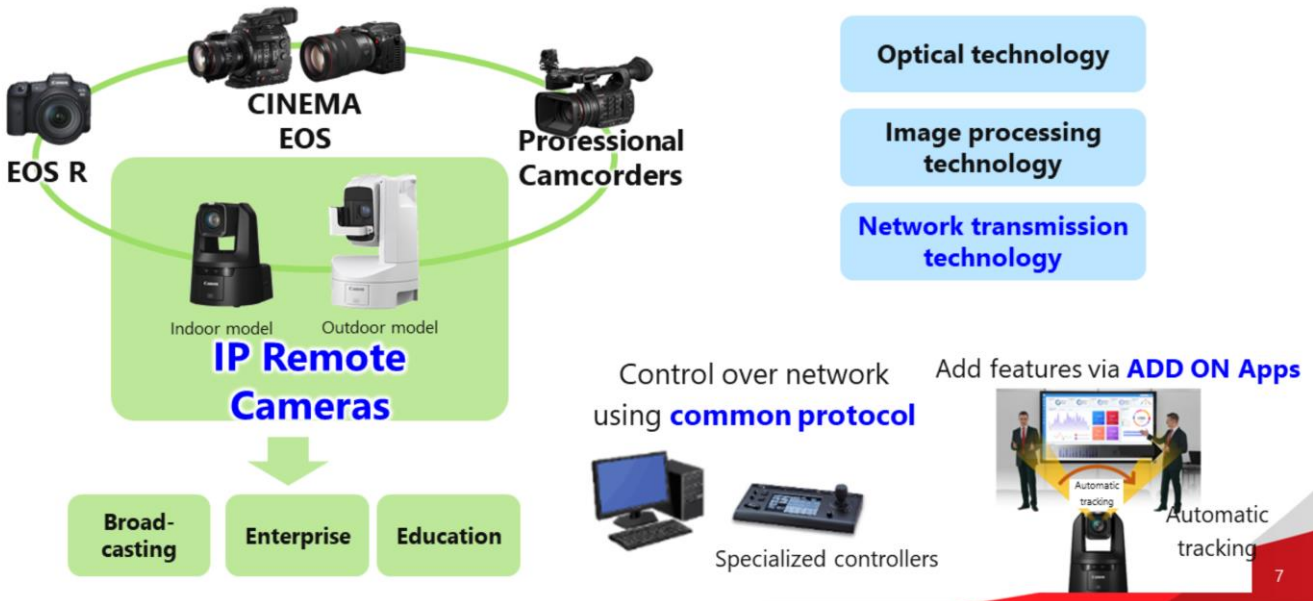Unparalleled video synopsis and analytics

Network cameras are expected to continue to grow in security applications. In addition to this, due to the spread of image solutions in DX applications aimed at improving productivity and eliminating labor shortages in production, education, medical, retail, and other fields, the market is expected to grow by double digits in the coming years

With AXIS's overwhelming product lineup and global sales network, we will leverage Canon's optical imaging technology, which we have accumulated over many years, coupled with our video management and analytics technology centered on Milestone, our business will cover the image solution area in addition to network cameras, and thus we will achieve growth that outpaces that of the market.

In recent years, demand for IP remote cameras, which can be controlled over a network, based on demand for labor-saving and remote shooting, has been increasing in the video production market due to the explosive increase in video content.

With our lineup of IP remote cameras covering a variety of indoor and outdoor applications, we are responding to market demands from broadcasters, enterprises, and education.

IP remote cameras are an example of group synergy where the technologies of video cameras and network cameras merge. Going forward, we can dramatically improve the usability of the video production system by making conventional equipment such as cinema EOS and professional camcorders, able to be connected to the same network through a common protocol, in addition to IP remote cameras.

Additionally, a mechanism is provided to allow application software to be added to the camera. Through this ability to add functions such as automatic tracking we can later on increase the utility value of our products already owned by users.

Volumetric video system is a technology for reproducing the subjects/objects by reconstructing their 3D models generated from the images captured by multiple cameras. This technology can provide a new visual experience, as images seen from any location, angle, at any time of day can be superimposed on any background image in reconstructing the scene. It has already been used in numerous corporate commercials and TV programs. Especially, it created a sensation last year, used in the broadcasting of professional sports both in Japan and abroad.

Additionally, we have begun selling and servicing XR systems. VR can provide users with impressive and proximate visual experience of high-definition 3D images taken with an EOS R camera and special lenses.

In addition, MR enables users to experience an immersive, full-scale world through the seamless fusion of real images and 3D CG, and is used for prototyping and production simulations in the manufacturing industry.

We fully recognize that Canon's volumetric video system and XR are solutions that can provide a market-leading performance in terms of sense of presence and immersion in the fast growing 3D imaging technology areas including metaverse, and we will continue to aggressively expand this business.

Growth Strategy (Develop advanced surveillance)

Leverage Canon's technology and product performance in the surveillance area of public facilities and Critical Infrastructure

1. **Outstanding imaging technology obtained through consumer product development**

   Cameras with extreme low light sensitivity full-frame CMOS sensors

   Image sharpening technology

2. **Vast array of lenses that no other company can match**

3. **Advancing sensors with superlative low-light sensitivity**

   35mm full-frame CMOS sensor

   Pixel pitch 19µm / Pixel pitch 6.39µm

   SPAD Image sensor

   Develop products that incorporate SPAD sensors with 1/9th the size of current sensors, very low noise

Canon is able to respond to advanced surveillance needs with its highly sensitive cameras and image sharpening technology, which are created by taking advantage of the imaging technologies it has acquired through the development of consumer products, as well as its rich array of lenses covering various focal lengths and field angles.

In addition, we have succeeded in developing an ultra-compact SPAD image sensor that can capture faint light particles efficiently with a unique pixel structure, enabling color photography to exceed full HD even in the dark. We are also developing an ultra-sensitive camera equipped with this SPAD sensor, which makes it possible to take pictures in dark conditions that are difficult for the naked eye to recognize any objects, and will use it as a growth engine in the advanced surveillance area.