Canon

CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2026

July 27, 2026
Canon Inc.

Canon hereby reports that the following consolidated financial results for the six months ended of the fiscal year ending December 31, 2026 (from January 1, 2026 to June 30, 2026) have been approved today at the board of directors meeting.

CONSOLIDATED RESULTS

(Millions of yen, thousands of U.S. dollars, except per share amounts)

	Actual			Actual	Projection	
	Six months ended June 30, 2026	Six months ended June 30, 2025	Change(%)	**Six months ended June 30, 2026**	Year ending December 31, 2026	Change(%)
Net sales	¥ **2,274,542**	¥ 2,198,567	+ 3.5	$ **14,040,383**	¥ 4,800,000	+ 3.8
Operating profit	**230,595**	214,308	+ 7.6	**1,423,426**	465,000	+ 2.1
Income before income taxes	**252,074**	222,319	+ 13.4	**1,556,012**	492,000	+ 2.1
Net income attributable to Canon Inc.	¥ **171,184**	¥ 155,904	+ 9.8	$ **1,056,691**	¥ 340,000	+ 2.4
Net income attributable to Canon Inc. shareholders per share:						
- Basic	¥ **197.51**	¥ 169.16	+ 16.8	$ **1.22**	¥ 398.84	+ 8.5
- Diluted	**197.36**	169.06	+ 16.7	**1.22**	398.51	+ 8.5

	Actual			
	As of June 30, 2026	As of December 31, 2025	Change(%)	**As of June 30, 2026**
Total assets	¥ **6,378,155**	¥ 6,135,044	+ 4.0	$ **39,371,327**
Canon Inc. shareholders' equity	¥ **3,483,846**	¥ 3,491,808	- 0.2	$ **21,505,222**

Notes: 1. Canon's consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles.
2. U.S. dollar amounts are translated from yen at the rate of JPY162=U.S.$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of June 30, 2026, solely for the convenience of the reader.

Canon Inc.
Headquarter office

3-30-2 Shimomaruko, Ota-ku,
Tokyo 146-8501, Japan
Phone: +81-3-3758-2111

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

July 27, 2026

Consolidated Financial Results for the Six Months Ended June 30, 2026 (Under U.S. GAAP)

Company name: Canon Inc.
Listing: Tokyo Stock Exchange / Nagoya Stock Exchange / Sapporo Securities Exchange / Fukuoka Stock Exchange
Securities code: 7751
URL: https://global.canon/en/ir/
Representative: Fujio Mitarai, Chairman & CEO
Inquiries: Sachiho Tanino, General Manager, Consolidated Accounting Div.
Telephone: +81-3-3758-2111
Scheduled date to file semi-annual securities report: August 6, 2026
Scheduled date to commence dividend payments: August 25, 2026
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

(Yen amounts are rounded to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended June 30, 2026 (from January 1, 2026 to June 30, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Income before income taxes		Net income attributable to Canon Inc.	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	2,274,542	3.5	230,595	7.6	252,074	13.4	171,184	9.8
June 30, 2025	2,198,567	2.0	214,308	8.0	222,319	0.4	155,904	4.1

Note: Comprehensive income For the six months ended June 30, 2026: ¥ 214,913 million 84.3%
For the six months ended June 30, 2025: ¥ 116,628 million -68.9%

	Net income attributable to Canon Inc. shareholders per share -Basic	Net income attributable to Canon Inc. shareholders per share -Diluted
Six months ended	Yen	Yen
June 30, 2026	197.51	197.36
June 30, 2025	169.16	169.06

(2) Consolidated financial position

	Total assets	Total equity (Net assets)	Canon Inc. shareholders' equity	Canon Inc. shareholders' equity ratio
As of	Millions of yen	Millions of yen	Millions of yen	%
June 30, 2026	6,378,155	3,687,079	3,483,846	54.6
December 31, 2025	6,135,044	3,774,128	3,491,808	56.9

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2025	―	80.00	―	80.00	160.00
Fiscal year ending December 31, 2026	―	80.00			
Fiscal year ending December 31, 2026 (Forecast)			―	80.00	160.00

Note: Revisions to the forecast of cash dividends most recently announced: None

As for the dividend per share for the fiscal year ending December 31, 2026, Canon aims for a payout ratio of around 40% without reducing the dividend amount, and under the policy of stable and proactive profit distribution, dividend will be reviewed as necessary taking into account future business performance and financial conditions.

3. Forecast of consolidated financial results for the fiscal year ending December 31, 2026 (from January 1, 2026 to December 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Income before income taxes		Net income attributable to Canon Inc.		Net income attributable to Canon Inc. shareholders per share -Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2026	4,800,000	3.8	465,000	2.1	492,000	2.1	340,000	2.4	398.84

Note: Revisions to the forecast of consolidated financial results most recently announced: Yes

* **Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of simplified method of accounting or specific accounting treatments: None

(3) Changes in accounting policies

  (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

  (ii) Changes in accounting policies due to other reasons: None

(4) Number of issued shares (common stock)

  (i) Total number of issued shares at the end of the period (including shares of treasury stock)

As of June 30, 2026	1,333,763,464 shares
As of December 31, 2025	1,333,763,464 shares

  (ii) Number of shares of treasury stock at the end of the period

As of June 30, 2026	484,424,702 shares
As of December 31, 2025	455,138,571 shares

  (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2026	866,697,720 shares
Six months ended June 30, 2025	921,617,922 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Appropriate use of financial forecasts, and other special notes

  Financial forecast and forward looking statements in this document are based on the available information at present and contain potential risks and uncertainties. Please be aware that the actual result may differ significantly from the forecast due to changes caused by various factors. For assumptions and other matters related to the forecast of financial results, please refer to the “Presentation Material” published on the Canon Global website on July 27, 2026.

CONTENTS

I. Operating Results and Financial Conditions

For details of the Operating Results and Financial Conditions, please refer to the “Presentation Material” published on the Canon Global website on July 27, 2026.

URL：https://global.canon/en/ir/library/results.html

II. Consolidated Financial Statements

1. Consolidated Balance Sheet

	Millions of yen		
	As of June 30, 2026	As of December 31, 2025	Change
Assets			
Current assets	**2,839,745**	2,617,021	222,724
Cash and cash equivalents	**731,922**	585,981	145,941
Short-term investments	**12,248**	32,446	(20,198)
Trade receivables	**688,734**	733,809	(45,075)
Inventories	**961,468**	840,445	121,023
Current lease receivables	**181,070**	175,798	5,272
Prepaid expenses and other current assets	**282,993**	265,266	17,727
Allowance for credit losses	**(18,690)**	(16,724)	(1,966)
Non-current assets	**3,538,410**	3,518,023	20,387
Noncurrent receivables	**47,504**	45,743	1,761
Investments	**105,438**	103,602	1,836
Property, plant and equipment, net	**1,193,093**	1,190,682	2,411
Operating lease right-of-use assets	**129,450**	126,997	2,453
Intangible assets, net	**252,454**	259,661	(7,207)
Goodwill	**989,210**	985,806	3,404
Noncurrent lease receivables	**367,141**	365,734	1,407
Prepaid pension and severance cost	**349,299**	336,986	12,313
Other assets	**110,044**	107,916	2,128
Allowance for credit losses	**(5,223)**	(5,104)	(119)
Total assets	**6,378,155**	6,135,044	243,111
Liabilities and Equity			
Current liabilities	**1,949,161**	1,704,060	245,101
Short-term loans and current portion of long-term debt	**734,789**	511,139	223,650
Short-term loans related to financial services	**34,900**	38,100	(3,200)
Other short-term loans and current portion of long-term debt	**699,889**	473,039	226,850
Trade payables	**321,462**	310,832	10,630
Accrued income taxes	**66,785**	65,550	1,235
Accrued expenses	**450,913**	474,052	(23,139)
Current operating lease liabilities	**42,886**	43,096	(210)
Other current liabilities	**332,326**	299,391	32,935
Non-current liabilities	**741,915**	656,856	85,059
Long-term debt, excluding current portion of long-term debt	**404,324**	304,970	99,354
Accrued pension and severance cost	**147,640**	149,503	(1,863)
Noncurrent operating lease liabilities	**88,058**	86,954	1,104
Other noncurrent liabilities	**101,893**	115,429	(13,536)
Total liabilities	**2,691,076**	2,360,916	330,160
Canon Inc. shareholders' equity	**3,483,846**	3,491,808	(7,962)
Common stock	**174,762**	174,762	-
Additional paid-in capital	**395,423**	408,920	(13,497)
Retained earnings	**4,165,632**	4,064,922	100,710
Legal reserve	**62,679**	62,382	297
Other retained earnings	**4,102,953**	4,002,540	100,413
Accumulated other comprehensive income (loss)	**734,131**	701,248	32,883
Treasury stock, at cost	**(1,986,102)**	(1,858,044)	(128,058)
Noncontrolling interests	**203,233**	282,320	(79,087)
Total equity	**3,687,079**	3,774,128	(87,049)
Total liabilities and equity	**6,378,155**	6,135,044	243,111

	Millions of yen	
	As of June 30, 2026	As of December 31, 2025
Notes:		
1. Accumulated depreciation	**3,305,251**	3,304,002
2. Accumulated other comprehensive income (loss):		
Foreign currency translation adjustments	**693,732**	665,412
Net unrealized gains and losses on securities	**120**	77
Net gains and losses on derivative instruments	**(848)**	(1,786)
Pension liability adjustments	**41,127**	37,545

2. Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated statement of income

	Millions of yen				
	Six months ended June 30, 2026		Six months ended June 30, 2025		Change
		%		%	
Net sales	**2,274,542**	**100.0**	2,198,567	100.0	75,975
Cost of sales	**1,151,597**	**50.6**	1,162,854	52.9	(11,257)
Gross profit	**1,122,945**	**49.4**	1,035,713	47.1	87,232
Operating expenses:					
Selling, general and administrative expenses	**715,165**	**31.5**	657,785	30.0	57,380
Research and development expenses	**177,185**	**7.8**	163,620	7.4	13,565
Total	**892,350**	**39.3**	821,405	37.4	70,945
Operating profit	**230,595**	**10.1**	214,308	9.7	16,287
Other income (deductions):					
Interest and dividend income	**7,604**		7,543		61
Interest expense	**(5,606)**		(2,990)		(2,616)
Other, net	**19,481**		3,458		16,023
Total	**21,479**	**1.0**	8,011	0.4	13,468
Income before income taxes	**252,074**	**11.1**	222,319	10.1	29,755
Income taxes	**70,166**	**3.1**	53,970	2.4	16,196
Consolidated net income	**181,908**	**8.0**	168,349	7.7	13,559
Less: Net income attributable to noncontrolling interests	**10,724**	**0.5**	12,445	0.6	(1,721)
Net income attributable to Canon Inc.	**171,184**	**7.5**	155,904	7.1	15,280

Consolidated statement of comprehensive income

	Millions of yen		
	Six months ended June 30, 2026	Six months ended June 30, 2025	Change
Consolidated net income	**181,908**	168,349	13,559
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments	**28,551**	(55,671)	84,222
Net unrealized gains and losses on securities	**43**	4	39
Net gains and losses on derivative instruments	**903**	1,413	(510)
Pension liability adjustments	**3,508**	2,533	975
Total	**33,005**	(51,721)	84,726
Comprehensive income (loss)	**214,913**	116,628	98,285
Less: Comprehensive income (loss) attributable to noncontrolling interests	**10,846**	11,548	(702)
Comprehensive income (loss) attributable to Canon Inc.	**204,067**	105,080	98,987

3. Consolidated Statement of Cash Flows

	Millions of yen	
	Six months ended June 30, 2026	Six months ended June 30, 2025
Cash flows from operating activities:		
Consolidated net income	**181,908**	168,349
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	**114,038**	108,743
(Gain) loss on disposal of fixed assets	**(520)**	44
Deferred income taxes	**(15,350)**	(17,053)
Decrease in trade receivables	**55,352**	44,745
Increase in inventories	**(109,027)**	(50,788)
Decrease (increase) in lease receivables	**9,116**	(4,905)
Increase in trade payables	**7,881**	4,142
Increase (decrease) in accrued income taxes	**1,053**	(17,775)
Decrease in accrued expenses	**(27,818)**	(33,845)
Decrease in accrued pension and severance cost	**(12,916)**	(9,491)
Other, net	**1,704**	(33,274)
Net cash provided by operating activities	**205,421**	158,892
Cash flows from investing activities:		
Purchases of fixed assets	**(123,113)**	(119,210)
Proceeds from sale of fixed assets	**3,399**	1,515
Purchases of securities	**(18,371)**	(6,658)
Proceeds from sale and maturity of securities	**18,599**	4,024
Acquisitions of businesses, net of cash acquired	**(3,405)**	(539)
Other, net	**19,849**	(3,292)
Net cash used in investing activities	**(103,042)**	(124,160)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	**100,046**	-
Repayments of long-term debt	**(101,407)**	(1,238)
Proceeds from short-term loans (maturities greater than three months)	**49,400**	-
Decrease in short-term loans related to financial services, net	**(3,200)**	(200)
Increase in other short-term loans, net	**277,000**	470,000
Transactions with noncontrolling interests	**(86,292)**	(5,668)
Dividends paid	**(70,290)**	(75,520)
Repurchases and reissuance of treasury stock, net	**(128,199)**	(200,011)
Other, net	**(1,280)**	24
Net cash provided by financing activities	**35,778**	187,387
Effect of exchange rate changes on cash and cash equivalents	**7,784**	(8,506)
Net change in cash and cash equivalents	**145,941**	213,613
Cash and cash equivalents at beginning of period	**585,981**	501,565
Cash and cash equivalents at end of period	**731,922**	715,178

* Corresponding figures for the six months ended June 30, 2025 have been reclassified to conform to the consolidated statement of cash flows for the six months ended June 30, 2026.

4. Note for Going Concern Assumption

Not applicable.

5. Segment Information

Segment information by business unit

(1) Consolidated statement of income, depreciation and amortization, and capital expenditures by business unit

	Millions of yen			
	Six months ended June 30, 2026	Six months ended June 30, 2025	Change	Change(%)
Printing				
Net sales:				
External customers	**1,237,891**	1,218,306	19,585	+1.6
Intersegment	**1,988**	3,271	(1,283)	-39.2
Total	**1,239,879**	1,221,577	18,302	+1.5
Cost of sales	**645,885**	653,765	(7,880)	-1.2
Gross profit	**593,994**	567,812	26,182	+4.6
Research and development expenses	**46,165**	46,791	(626)	-1.3
Selling, general and administrative expenses	**390,304**	371,036	19,268	+5.2
Operating profit	**157,525**	149,985	7,540	+5.0
Other income (deductions)	**9,599**	10,011	(412)	-4.1
Income before income taxes	**167,124**	159,996	7,128	+4.5
Depreciation and amortization	**29,639**	29,339	300	+1.0
Capital expenditures	**30,530**	34,593	(4,063)	-11.7
Medical				
Net sales:				
External customers	**276,857**	278,985	(2,128)	-0.8
Intersegment	**590**	307	283	+92.2
Total	**277,447**	279,292	(1,845)	-0.7
Cost of sales	**149,200**	155,311	(6,111)	-3.9
Gross profit	**128,247**	123,981	4,266	+3.4
Research and development expenses	**23,499**	24,244	(745)	-3.1
Selling, general and administrative expenses	**96,405**	87,945	8,460	+9.6
Operating profit	**8,343**	11,792	(3,449)	-29.2
Other income (deductions)	**915**	270	645	+238.9
Income before income taxes	**9,258**	12,062	(2,804)	-23.2
Depreciation and amortization	**8,067**	6,556	1,511	+23.0
Capital expenditures	**7,605**	7,723	(118)	-1.5
Imaging				
Net sales:				
External customers	**552,518**	472,589	79,929	+16.9
Intersegment	**176**	175	1	+0.6
Total	**552,694**	472,764	79,930	+16.9
Cost of sales	**237,904**	220,713	17,191	+7.8
Gross profit	**314,790**	252,051	62,739	+24.9
Research and development expenses	**70,177**	51,974	18,203	+35.0
Selling, general and administrative expenses	**146,991**	129,757	17,234	+13.3
Operating profit	**97,622**	70,320	27,302	+38.8
Other income (deductions)	**2,305**	2,054	251	+12.2
Income before income taxes	**99,927**	72,374	27,553	+38.1
Depreciation and amortization	**9,967**	9,825	142	+1.4
Capital expenditures	**17,705**	18,873	(1,168)	-6.2
Industrial				
Net sales:				
External customers	**143,636**	157,959	(14,323)	-9.1
Intersegment	**1,591**	1,881	(290)	-15.4
Total	**145,227**	159,840	(14,613)	-9.1
Cost of sales	**84,779**	91,313	(6,534)	-7.2
Gross profit	**60,448**	68,527	(8,079)	-11.8
Research and development expenses	**14,814**	15,222	(408)	-2.7
Selling, general and administrative expenses	**28,187**	27,218	969	+3.6
Operating profit	**17,447**	26,087	(8,640)	-33.1
Other income (deductions)	**1,322**	1,301	21	+1.6
Income before income taxes	**18,769**	27,388	(8,619)	-31.5
Depreciation and amortization	**5,771**	5,484	287	+5.2
Capital expenditures	**9,499**	7,916	1,583	+20.0

	Millions of yen			
	Six months ended June 30, 2026	Six months ended June 30, 2025	Change	Change(%)
Others and Corporate				
Net sales:				
External customers	**63,640**	70,728	(7,088)	-10.0
Intersegment	**49,230**	45,929	3,301	+7.2
Total	**112,870**	116,657	(3,787)	-3.2
Cost of sales	**87,027**	93,978	(6,951)	-7.4
Gross profit	**25,843**	22,679	3,164	+14.0
Research and development expenses	**22,530**	25,389	(2,859)	-11.3
Selling, general and administrative expenses	**53,346**	41,528	11,818	+28.5
Operating profit	**(50,033)**	(44,238)	(5,795)	-
Other income (deductions)	**7,366**	(5,626)	12,992	-
Income before income taxes	**(42,667)**	(49,864)	7,197	-
Depreciation and amortization	**60,594**	57,539	3,055	+5.3
Capital expenditures	**53,850**	47,414	6,436	+13.6
Eliminations				
Net sales:				
External customers	**-**	-	-	-
Intersegment	**(53,575)**	(51,563)	(2,012)	-
Total	**(53,575)**	(51,563)	(2,012)	-
Cost of sales	**(53,198)**	(52,226)	(972)	-
Gross profit	**(377)**	663	(1,040)	-
Research and development expenses	**-**	-	-	-
Selling, general and administrative expenses	**(68)**	301	(369)	-
Operating profit	**(309)**	362	(671)	-
Other income (deductions)	**(28)**	1	(29)	-
Income before income taxes	**(337)**	363	(700)	-
Depreciation and amortization	**-**	-	-	-
Capital expenditures	**-**	-	-	-
Consolidated				
Net sales:				
External customers	**2,274,542**	2,198,567	75,975	+3.5
Intersegment	**-**	-	-	-
Total	**2,274,542**	2,198,567	75,975	+3.5
Cost of sales	**1,151,597**	1,162,854	(11,257)	-1.0
Gross profit	**1,122,945**	1,035,713	87,232	+8.4
Research and development expenses	**177,185**	163,620	13,565	+8.3
Selling, general and administrative expenses	**715,165**	657,785	57,380	+8.7
Operating profit	**230,595**	214,308	16,287	+7.6
Other income (deductions)	**21,479**	8,011	13,468	+168.1
Income before income taxes	**252,074**	222,319	29,755	+13.4
Depreciation and amortization	**114,038**	108,743	5,295	+4.9
Capital expenditures	**119,189**	116,519	2,670	+2.3

* Corporate expenses include certain corporate research and development expenses. Amortization costs of identified intangible assets resulting from the purchase price allocation of Toshiba Medical Systems Corporation (Canon Medical Systems Corporation) are also included in corporate expenses.

Notes: The primary products included in each of the segments are as follows:

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

(2)Total assets by business unit

	Millions of yen		
	As of June 30, 2026	As of December 31, 2025	Change
Printing	**1,378,729**	1,360,992	17,737
Medical	**429,507**	434,929	(5,422)
Imaging	**557,847**	504,267	53,580
Industrial	**247,234**	231,431	15,803
Others and Corporate	**3,767,765**	3,606,118	161,647
Eliminations	**(2,927)**	(2,693)	(234)
Consolidated	**6,378,155**	6,135,044	243,111

6. Details of Sales

Sales by business unit	Millions of yen				
	Six months ended June 30, 2026		Six months ended June 30, 2025		Change(%)
		%		%	
Printing	**1,239,879**	**54.5**	1,221,577	55.6	+1.5
Medical	**277,447**	**12.2**	279,292	12.7	-0.7
Imaging	**552,694**	**24.3**	472,764	21.5	+16.9
Industrial	**145,227**	**6.4**	159,840	7.3	-9.1
Others and Corporate	**112,870**	**5.0**	116,657	5.3	-3.2
Eliminations	**(53,575)**	**(2.4)**	(51,563)	(2.4)	-
Total	**2,274,542**	**100.0**	2,198,567	100.0	+3.5

Sales by region	Millions of yen				
	Six months ended June 30, 2026		Six months ended June 30, 2025		Change(%)
		%		%	
Japan	**475,575**	**20.9**	481,043	21.9	-1.1
Overseas:					
Americas	**725,752**	**31.9**	700,024	31.8	+3.7
Europe	**605,133**	**26.6**	569,564	25.9	+6.2
Asia and Oceania	**468,082**	**20.6**	447,936	20.4	+4.5
	1,798,967	**79.1**	1,717,524	78.1	+4.7
Total	**2,274,542**	**100.0**	2,198,567	100.0	+3.5

Notes: The principal countries and regions included in each regional category are as follows:

Americas: United States of America, Canada, Latin America

Europe: United Kingdom, Germany, France, Netherlands, European countries, Middle East and Africa

Asia and Oceania: China, Asian countries, Australia

7. Note on Significant Changes in Shareholders' Equity

None.

8. Basis of Presentation and Significant Accounting Policies

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

9. Notes to Consolidated Financial Statements

(1) Change in depreciation method and useful life

Historically, Canon Inc. (the "Company") and its consolidated manufacturing subsidiaries primarily applied the declining-balance method for the depreciation of property, plant and equipment. Effective January 1, 2026, the Company changed the depreciation method to the straight-line method.
Under the Excellent Global Corporation Plan Phase VII initiatives, the Company has been reviewing its global manufacturing structure. As part of this process, the Company conducted an assessment of the actual usage of its property, plant and equipment. Based on this assessment, the Company expects that the economic benefits from such assets will be consumed in a more even and stable pattern going forward. Accordingly, the Company believes that the straight-line method more appropriately reflects the pattern of consumption of economic benefits of these assets.
In connection with this change, the estimated useful lives of certain machinery and equipment were also revised.
The impact of the change in depreciation method is recognized prospectively as a change in accounting estimate in accordance with the Accounting Standards Codification (ASC) 250 "Accounting Changes and Error Corrections."
As a result of these changes, depreciation and amortization for the six months ended June 30, 2026 decreased by ¥12,644 million compared with the previous method, and net income attributable to Canon Inc. and basic net income attributable to Canon Inc. shareholders per share increased by ¥8,731 million and ¥10.07, respectively.

(2) Recently adopted accounting guidance

In July 2025, ASU No. 2025-05, "Measurement of Credit Losses for Account Receivable and Contract Assets"-ASC 326 ("Financial Instruments – Credit Losses"), was issued by FASB. This standard allows us to elect the practical expedient to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset when developing an estimate of expected credit losses on current accounts receivable and current contract asset balances arising from transactions accounted for under ASC 606 on revenue from contracts with customers. Canon adopted the standard from reporting period beginning January 1, 2026. The adoption of this standard did not have a material impact on its consolidated results of operations and financial condition.