Canon

CONSOLIDATED RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2026

October 27, 2026
Canon Inc.

Canon hereby reports that the following consolidated financial results for the nine months ended of the fiscal year ending December 31, 2026 (from January 1, 2026 to September 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				Projection	
	Nine months ended September 30, 2026	Nine months ended September 30, 2025	Change(%)	**Nine months ended September 30, 2026**	Year ending December 31, 2026	Change(%)
Net sales	**¥ 3,433,357**	¥ 3,302,891	+ 4.0	**$ 21,868,516**	¥ 4,766,000	+ 3.1
Operating profit	**327,684**	302,355	+ 8.4	**2,087,159**	456,000	+ 0.1
Income before income taxes	**358,442**	314,149	+ 14.1	**2,283,070**	483,000	+ 0.2
Net income attributable to Canon Inc.	**¥ 246,409**	¥ 219,571	+ 12.2	**$ 1,569,484**	¥ 333,000	+ 0.3
Net income attributable to Canon Inc. shareholders per share:						
- Basic	**¥ 287.24**	¥ 240.99	+ 19.2	**$ 1.83**	¥ 390.78	+ 6.3
- Diluted	**287.01**	240.84	+ 19.2	**1.83**	390.46	+ 6.3

	Actual			
	As of September 30, 2026	As of December 31, 2025	Change(%)	**As of September 30, 2026**
Total assets	**¥ 6,364,771**	¥ 6,135,044	+ 3.7	**$ 40,539,943**
Canon Inc. shareholders' equity	**¥ 3,326,957**	¥ 3,491,808	- 4.7	**$ 21,190,809**

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 JPY157=U.S.$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of September 30, 2026, solely for the convenience of the reader.

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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.

October 27, 2026

Consolidated Financial Results for the Nine Months Ended September 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 commence dividend payments: -
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 nine months ended September 30, 2026 (from January 1, 2026 to September 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.	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2026	3,433,357	4.0	327,684	8.4	358,442	14.1	246,409	12.2
September 30, 2025	3,302,891	2.1	302,355	1.9	314,149	1.1	219,571	0.5

Note: Comprehensive income For the nine months ended September 30, 2026: ¥ 203,512 million -17.9%
For the nine months ended September 30, 2025: ¥ 247,816 million -2.2%

	Net income attributable to Canon Inc. shareholders per share -Basic	Net income attributable to Canon Inc. shareholders per share -Diluted
Nine months ended	Yen	Yen
September 30, 2026	287.24	287.01
September 30, 2025	240.99	240.84

(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	%
September 30, 2026	6,364,771	3,531,808	3,326,957	52.3
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	4,766,000	3.1	456,000	0.1	483,000	0.2	333,000	0.3	390.78

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 September 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 September 30, 2026	500,439,561 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)

Nine months ended September 30, 2026	857,843,741 shares
Nine months ended September 30, 2025	911,121,651 shares

* Review of the attached consolidated quarterly financial statements of the Japanese original by certified public accountants or an audit firm: None

* Appropriate use of financial forecasts, and other special notes

(1) 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 October 27, 2026.

(2) After the completion of the review by the audit firm, Canon plans to disclose the third quarter earnings report with the interim review report attached on October 30, 2026.

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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 October 27, 2026.

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

II. Consolidated Financial Statements

1. Consolidated Balance Sheet

	Millions of yen		
	As of September 30, 2026	As of December 31, 2025	Change
Assets			
Current assets	**2,875,899**	2,617,021	258,878
Cash and cash equivalents	**697,505**	585,981	111,524
Short-term investments	**12,375**	32,446	(20,071)
Trade receivables	**686,089**	733,809	(47,720)
Inventories	**1,025,033**	840,445	184,588
Current lease receivables	**179,552**	175,798	3,754
Prepaid expenses and other current assets	**293,980**	265,266	28,714
Allowance for credit losses	**(18,635)**	(16,724)	(1,911)
Non-current assets	**3,488,872**	3,518,023	(29,151)
Noncurrent receivables	**49,155**	45,743	3,412
Investments	**110,881**	103,602	7,279
Property, plant and equipment, net	**1,181,602**	1,190,682	(9,080)
Operating lease right-of-use assets	**117,068**	126,997	(9,929)
Intangible assets, net	**248,337**	259,661	(11,324)
Goodwill	**959,011**	985,806	(26,795)
Noncurrent lease receivables	**362,703**	365,734	(3,031)
Prepaid pension and severance cost	**352,412**	336,986	15,426
Other assets	**113,175**	107,916	5,259
Allowance for credit losses	**(5,472)**	(5,104)	(368)
Total assets	**6,364,771**	6,135,044	229,727
Liabilities and Equity			
Current liabilities	**2,103,685**	1,704,060	399,625
Short-term loans and current portion of long-term debt	**914,026**	511,139	402,887
Short-term loans related to financial services	**36,100**	38,100	(2,000)
Other short-term loans and current portion of long-term debt	**877,926**	473,039	404,887
Trade payables	**332,522**	310,832	21,690
Accrued income taxes	**42,892**	65,550	(22,658)
Accrued expenses	**468,583**	474,052	(5,469)
Current operating lease liabilities	**39,465**	43,096	(3,631)
Other current liabilities	**306,197**	299,391	6,806
Non-current liabilities	**729,278**	656,856	72,422
Long-term debt, excluding current portion of long-term debt	**404,416**	304,970	99,446
Accrued pension and severance cost	**143,521**	149,503	(5,982)
Noncurrent operating lease liabilities	**81,150**	86,954	(5,804)
Other noncurrent liabilities	**100,191**	115,429	(15,238)
Total liabilities	**2,832,963**	2,360,916	472,047
Canon Inc. shareholders' equity	**3,326,957**	3,491,808	(164,851)
Common stock	**174,762**	174,762	-
Additional paid-in capital	**395,347**	408,920	(13,573)
Retained earnings	**4,172,910**	4,064,922	107,988
Legal reserve	**62,683**	62,382	301
Other retained earnings	**4,110,227**	4,002,540	107,687
Accumulated other comprehensive income (loss)	**641,857**	701,248	(59,391)
Treasury stock, at cost	**(2,057,919)**	(1,858,044)	(199,875)
Noncontrolling interests	**204,851**	282,320	(77,469)
Total equity	**3,531,808**	3,774,128	(242,320)
Total liabilities and equity	**6,364,771**	6,135,044	229,727

	Millions of yen	
	As of September 30, 2026	As of December 31, 2025
Notes:		
1. Accumulated depreciation	**3,259,157**	3,304,002
2. Accumulated other comprehensive income (loss):		
Foreign currency translation adjustments	**599,554**	665,412
Net unrealized gains and losses on securities	**97**	77
Net gains and losses on derivative instruments	**621**	(1,786)
Pension liability adjustments	**41,585**	37,545

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

Consolidated statement of income

	Millions of yen				
	Nine months ended September 30, 2026		Nine months ended September 30, 2025		Change
		%		%	
Net sales	**3,433,357**	**100.0**	3,302,891	100.0	130,466
Cost of sales	**1,766,463**	**51.5**	1,755,168	53.1	11,295
Gross profit	**1,666,894**	**48.5**	1,547,723	46.9	119,171
Operating expenses:					
Selling, general and administrative expenses	**1,076,011**	**31.3**	999,202	30.2	76,809
Research and development expenses	**263,199**	**7.7**	246,166	7.5	17,033
Total	**1,339,210**	**39.0**	1,245,368	37.7	93,842
Operating profit	**327,684**	**9.5**	302,355	9.2	25,329
Other income (deductions):					
Interest and dividend income	**11,907**		10,947		960
Interest expense	**(9,202)**		(5,016)		(4,186)
Other, net	**28,053**		5,863		22,190
Total	**30,758**	**0.9**	11,794	0.3	18,964
Income before income taxes	**358,442**	**10.4**	314,149	9.5	44,293
Income taxes	**95,215**	**2.7**	76,959	2.3	18,256
Consolidated net income	**263,227**	**7.7**	237,190	7.2	26,037
Less: Net income attributable to noncontrolling interests	**16,818**	**0.5**	17,619	0.6	(801)
Net income attributable to Canon Inc.	**246,409**	**7.2**	219,571	6.6	26,838

Consolidated statement of comprehensive income

	Millions of yen		
	Nine months ended September 30, 2026	Nine months ended September 30, 2025	Change
Consolidated net income	**263,227**	237,190	26,037
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments	**(65,996)**	7,581	(73,577)
Net unrealized gains and losses on securities	**20**	36	(16)
Net gains and losses on derivative instruments	**2,324**	555	1,769
Pension liability adjustments	**3,937**	2,454	1,483
Total	**(59,715)**	10,626	(70,341)
Comprehensive income (loss)	**203,512**	247,816	(44,304)
Less: Comprehensive income (loss) attributable to noncontrolling interests	**16,494**	17,207	(713)
Comprehensive income (loss) attributable to Canon Inc.	**187,018**	230,609	(43,591)

3. Consolidated Statement of Cash Flows

	Millions of yen	
	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Cash flows from operating activities:		
Consolidated net income	**263,227**	237,190
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	**172,056**	173,413
(Gain) loss on disposal of fixed assets	**(1,249)**	439
Deferred income taxes	**(20,626)**	(22,001)
Decrease in trade receivables	**36,354**	58,587
Increase in inventories	**(197,054)**	(71,485)
(Increase) decrease in lease receivables	**(734)**	15,172
Increase (decrease) in trade payables	**24,557**	(8,056)
Decrease in accrued income taxes	**(22,105)**	(35,349)
Increase in accrued expenses	**2,380**	1,823
Decrease in accrued pension and severance cost	**(17,982)**	(14,950)
Other, net	**(7,411)**	(51,230)
Net cash provided by operating activities	**231,413**	283,553
Cash flows from investing activities:		
Purchases of fixed assets	**(187,909)**	(183,144)
Proceeds from sale of fixed assets	**6,409**	2,432
Purchases of securities	**(19,535)**	(9,010)
Proceeds from sale and maturity of securities	**19,843**	6,502
Acquisitions of businesses, net of cash acquired	**(3,405)**	(878)
Other, net	**19,579**	(4,331)
Net cash used in investing activities	**(165,018)**	(188,429)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	**100,046**	200,000
Repayments of long-term debt	**(102,012)**	(1,842)
Proceeds from short-term loans (maturities greater than three months)	**67,400**	-
Decrease in short-term loans related to financial services, net	**(2,000)**	(700)
Increase in other short-term loans, net	**437,000**	360,000
Transactions with noncontrolling interests	**(107,107)**	(11,280)
Dividends paid	**(138,237)**	(147,644)
Repurchases and reissuance of treasury stock, net	**(200,016)**	(300,013)
Other, net	**(30)**	27
Net cash provided by financing activities	**55,044**	98,548
Effect of exchange rate changes on cash and cash equivalents	**(9,915)**	399
Net change in cash and cash equivalents	**111,524**	194,071
Cash and cash equivalents at beginning of period	**585,981**	501,565
Cash and cash equivalents at end of period	**697,505**	695,636

* Corresponding figures for the nine months ended September 30, 2025 have been reclassified to conform to the consolidated statement of cash flows for the nine months ended September 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			
	Nine months ended September 30, 2026	Nine months ended September 30, 2025	Change	Change(%)
Printing				
Net sales:				
External customers	**1,864,291**	1,820,795	43,496	+2.4
Intersegment	**3,130**	4,768	(1,638)	-34.4
Total	**1,867,421**	1,825,563	41,858	+2.3
Cost of sales	**996,935**	989,660	7,275	+0.7
Gross profit	**870,486**	835,903	34,583	+4.1
Research and development expenses	**69,328**	69,885	(557)	-0.8
Selling, general and administrative expenses	**593,000**	563,835	29,165	+5.2
Operating profit	**208,158**	202,183	5,975	+3.0
Other income (deductions)	**14,911**	13,600	1,311	+9.6
Income before income taxes	**223,069**	215,783	7,286	+3.4
Depreciation and amortization	**45,255**	47,146	(1,891)	-4.0
Capital expenditures	**45,397**	53,198	(7,801)	-14.7
Medical				
Net sales:				
External customers	**406,406**	411,580	(5,174)	-1.3
Intersegment	**957**	579	378	+65.3
Total	**407,363**	412,159	(4,796)	-1.2
Cost of sales	**217,096**	225,543	(8,447)	-3.7
Gross profit	**190,267**	186,616	3,651	+2.0
Research and development expenses	**34,978**	35,768	(790)	-2.2
Selling, general and administrative expenses	**144,499**	132,697	11,802	+8.9
Operating profit	**10,790**	18,151	(7,361)	-40.6
Other income (deductions)	**1,095**	569	526	+92.4
Income before income taxes	**11,885**	18,720	(6,835)	-36.5
Depreciation and amortization	**12,528**	10,106	2,422	+24.0
Capital expenditures	**11,279**	10,487	792	+7.6
Imaging				
Net sales:				
External customers	**847,347**	726,093	121,254	+16.7
Intersegment	**270**	280	(10)	-3.6
Total	**847,617**	726,373	121,244	+16.7
Cost of sales	**380,265**	342,090	38,175	+11.2
Gross profit	**467,352**	384,283	83,069	+21.6
Research and development expenses	**103,259**	78,250	25,009	+32.0
Selling, general and administrative expenses	**219,699**	197,605	22,094	+11.2
Operating profit	**144,394**	108,428	35,966	+33.2
Other income (deductions)	**4,330**	2,938	1,392	+47.4
Income before income taxes	**148,724**	111,366	37,358	+33.5
Depreciation and amortization	**15,729**	15,800	(71)	-0.4
Capital expenditures	**29,756**	30,313	(557)	-1.8
Industrial				
Net sales:				
External customers	**216,531**	242,797	(26,266)	-10.8
Intersegment	**2,360**	2,412	(52)	-2.2
Total	**218,891**	245,209	(26,318)	-10.7
Cost of sales	**123,272**	139,715	(16,443)	-11.8
Gross profit	**95,619**	105,494	(9,875)	-9.4
Research and development expenses	**22,182**	23,007	(825)	-3.6
Selling, general and administrative expenses	**43,332**	42,459	873	+2.1
Operating profit	**30,105**	40,028	(9,923)	-24.8
Other income (deductions)	**1,998**	1,860	138	+7.4
Income before income taxes	**32,103**	41,888	(9,785)	-23.4
Depreciation and amortization	**8,911**	9,639	(728)	-7.6
Capital expenditures	**16,067**	12,480	3,587	+28.7

	Millions of yen			
	Nine months ended September 30, 2026	Nine months ended September 30, 2025	Change	Change(%)
Others and Corporate				
Net sales:				
External customers	**98,782**	101,626	(2,844)	-2.8
Intersegment	**76,741**	70,392	6,349	+9.0
Total	**175,523**	172,018	3,505	+2.0
Cost of sales	**132,601**	137,594	(4,993)	-3.6
Gross profit	**42,922**	34,424	8,498	+24.7
Research and development expenses	**33,452**	39,256	(5,804)	-14.8
Selling, general and administrative expenses	**75,158**	62,283	12,875	+20.7
Operating profit	**(65,688)**	(67,115)	1,427	-
Other income (deductions)	**8,423**	(7,172)	15,595	-
Income before income taxes	**(57,265)**	(74,287)	17,022	-
Depreciation and amortization	**89,633**	90,722	(1,089)	-1.2
Capital expenditures	**80,375**	76,056	4,319	+5.7
Eliminations				
Net sales:				
External customers	**-**	-	-	-
Intersegment	**(83,458)**	(78,431)	(5,027)	-
Total	**(83,458)**	(78,431)	(5,027)	-
Cost of sales	**(83,706)**	(79,434)	(4,272)	-
Gross profit	**248**	1,003	(755)	-
Research and development expenses	**-**	-	-	-
Selling, general and administrative expenses	**323**	323	0	-
Operating profit	**(75)**	680	(755)	-
Other income (deductions)	**1**	(1)	2	-
Income before income taxes	**(74)**	679	(753)	-
Depreciation and amortization	**-**	-	-	-
Capital expenditures	**-**	-	-	-
Consolidated				
Net sales:				
External customers	**3,433,357**	3,302,891	130,466	+4.0
Intersegment	**-**	-	-	-
Total	**3,433,357**	3,302,891	130,466	+4.0
Cost of sales	**1,766,463**	1,755,168	11,295	+0.6
Gross profit	**1,666,894**	1,547,723	119,171	+7.7
Research and development expenses	**263,199**	246,166	17,033	+6.9
Selling, general and administrative expenses	**1,076,011**	999,202	76,809	+7.7
Operating profit	**327,684**	302,355	25,329	+8.4
Other income (deductions)	**30,758**	11,794	18,964	+160.8
Income before income taxes	**358,442**	314,149	44,293	+14.1
Depreciation and amortization	**172,056**	173,413	(1,357)	-0.8
Capital expenditures	**182,874**	182,534	340	+0.2

* 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 September 30, 2026	As of December 31, 2025	Change
Printing	**1,373,481**	1,360,992	12,489
Medical	**425,848**	434,929	(9,081)
Imaging	**581,928**	504,267	77,661
Industrial	**281,865**	231,431	50,434
Others and Corporate	**3,704,404**	3,606,118	98,286
Eliminations	**(2,755)**	(2,693)	(62)
Consolidated	**6,364,771**	6,135,044	229,727

6. Details of Sales

Sales by business unit	Millions of yen				
	Nine months ended September 30, 2026		Nine months ended September 30, 2025		Change(%)
		%		%	
Printing	**1,867,421**	**54.4**	1,825,563	55.3	+2.3
Medical	**407,363**	**11.9**	412,159	12.5	-1.2
Imaging	**847,617**	**24.7**	726,373	22.0	+16.7
Industrial	**218,891**	**6.4**	245,209	7.4	-10.7
Others and Corporate	**175,523**	**5.1**	172,018	5.2	+2.0
Eliminations	**(83,458)**	**(2.5)**	(78,431)	(2.4)	-
Total	**3,433,357**	**100.0**	3,302,891	100.0	+4.0

Sales by region	Millions of yen				
	Nine months ended September 30, 2026		Nine months ended September 30, 2025		Change(%)
		%		%	
Japan	**699,168**	**20.4**	698,867	21.2	+0.0
Overseas:					
Americas	**1,123,274**	**32.7**	1,058,292	32.0	+6.1
Europe	**908,433**	**26.5**	866,131	26.2	+4.9
Asia and Oceania	**702,482**	**20.4**	679,601	20.6	+3.4
	2,734,189	**79.6**	2,604,024	78.8	+5.0
Total	**3,433,357**	**100.0**	3,302,891	100.0	+4.0

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 quarterly consolidated financial statements are prepared in accordance with Article 5, Paragraph 4 of the Standards for Preparation of Quarterly Financial Statements of the Tokyo Stock Exchange, the Nagoya Stock Exchange, the Sapporo Securities Exchange, and the Fukuoka Stock Exchange, and in accordance with U.S. generally accepted accounting principles.
However, the omission of details, as stipulated in Article 5, Paragraph 5 of the Standards for Preparation of Quarterly Financial Statements, has been applied. Canon also applies mutatis mutandis to Paragraph 3 of the Supplementary Provisions of the Cabinet Office Ordinance for Partial Amendment of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (the Cabinet Office Ordinance No.11 of 2002) in compiling its quarterly consolidated financial statements.

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 and its consolidated manufacturing subsidiaries 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 nine months ended September 30, 2026 decreased by ¥20,901 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 ¥14,436 million and ¥16.83, respectively.

(2) Recently adopted accounting guidance

In July 2025, ASU No. 2025-05, "Measurement of Credit Losses for Accounts 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.