

## Financial Strategy (Financial Capital)

We will pave the way to sustainable growth by continuing to boldly invest in the future growth of our business.

### Tsuyoshi Osato

Director & Vice President  
In charge of Group Auditing,  
Group Finance & Accounting, and Group Procurement  
Chief Executive of Finance & Accounting Headquarters



## Financial Results

While the Message from the President section of this report touches on Canon MJ's financial results for fiscal 2022, please allow me to explain these results in more detail. As the inaugural year of our new medium-term management plan covering the period up to fiscal 2025, fiscal 2022 was positioned as a crucial year for our business. We got off to an exceptionally promising start, as net sales improved 7% from the previous year, to ¥588.1 billion, and operating income soared 26% year on year, to ¥49.9 billion. As a result, we posted our highest results for operating income for the second year in a row, in addition to achieving record-breaking results for ordinary income and net income attributable to owners of the parent. Moreover, both net sales and operating income improved in all of our business segments.

The driving force behind this encouraging performance was the IT solutions business, the focal point of our operations, as sales improved 9% year on year, to ¥241.4 billion. Due to the rapidly advancing global trend toward digital transformation (DX), I believe we were able to successfully tap into demand through the proprietary

technologies we have developed over the years and our long-cultivated capabilities for proposing the most optimal solutions to customers.

Looking back on fiscal 2022, we faced headwinds from the outset in the form of material supply shortages and surging logistics costs. Regardless, we fared well in this environment owing to the fact that our basic strategy of expanding the IT solutions business took hold throughout the organization.

Based on these fiscal 2022 results, in January 2023 we upwardly revised our Companywide consolidated financial plan for fiscal 2025. Our operating income target for fiscal 2025, announced in April 2021, has been increased by ¥8.0 billion, to ¥58.0 billion. As for ROE, we have already achieved our initial target of 8% ahead of schedule. Looking ahead to fiscal 2025, we will establish a system that enables us to consistently achieve ROE of 9% or more and proceed with our plan of increasing this to 10% or more in the near future.

### Updated Companywide Consolidated Financial Plan

	2022 (Results)	Updated Financial Plans of Medium-Term Management Plan (2022-2025)		(Billions of yen)	
		2023 (Projection)	2025 (Projection)	2025 (Previously Announced Figures)	Change from 2025 Targets Announced in April 2021
<b>Net sales</b>	588.1	<b>624.0</b>	<b>650.0</b>	650.0	0
(of which, IT solutions sales)	241.4	<b>269.2</b>	<b>300.0</b>	300.0	0
<b>Operating income</b>	49.9	<b>50.0</b>	<b>58.0</b>	50.0	+8.0
Operating margin	8.5%	<b>8.0%</b>	<b>8.9%</b>	7.7%	+1.2%
<b>ROE</b>	9.2%	<b>8.7%</b>	<b>9.0%</b>	8.0%	+1.0%

## Policy on Cash Allocation

### Investment for Growth

We are actively investing in growth businesses, systems, and human resources in line with our announcement of allocating ¥200.0 billion or more to growth investments during the four-year period under our Medium-Term Management Plan (2022-2025). We underscore the importance of investing aggressively in accelerating our transformation into a service-based business model and achieving further growth.

In terms of investing in growth businesses, in fiscal 2022 we welcomed QB5 Inc., a human resources business processing outsourcing company, into the Group. We have also been focusing on developing new products, including the release of *DigitalWork Accelerator*, an electronic transaction management service that will serve as a solution for many companies in complying with the Law on Book and Record Keeping through Electronic Methods. In addition, Canon IT Solutions Inc.'s low-code development tool *WebPerformer* was upgraded, and a cloud-based version of this platform has been introduced to better meet the needs of the rapidly growing low-code market. As for system-related investments, we have organized and are proceeding with the

development of the Group's next-generation mission-critical system. By revamping our existing system and reassessing the way we conduct business, we aim to enhance productivity even further.

With respect to human resources-related investments, we are taking measures and creating a framework to develop highly specialized personnel internally. In addition to our in-house development of employees who are highly proficient at creating IT solutions and innovation-minded personnel who will be essential to our entry into new business domains, we are working to secure specialists from outside the Company to speed up the pace of business growth. Moreover, in response to the recent rapid increases in commodity prices, we have implemented special pay raises for all employees of the Canon MJ Group. Going forward, we will continue to make every effort to develop highly skilled professionals, increase employee engagement, and create a rewarding workplace environment in the process.

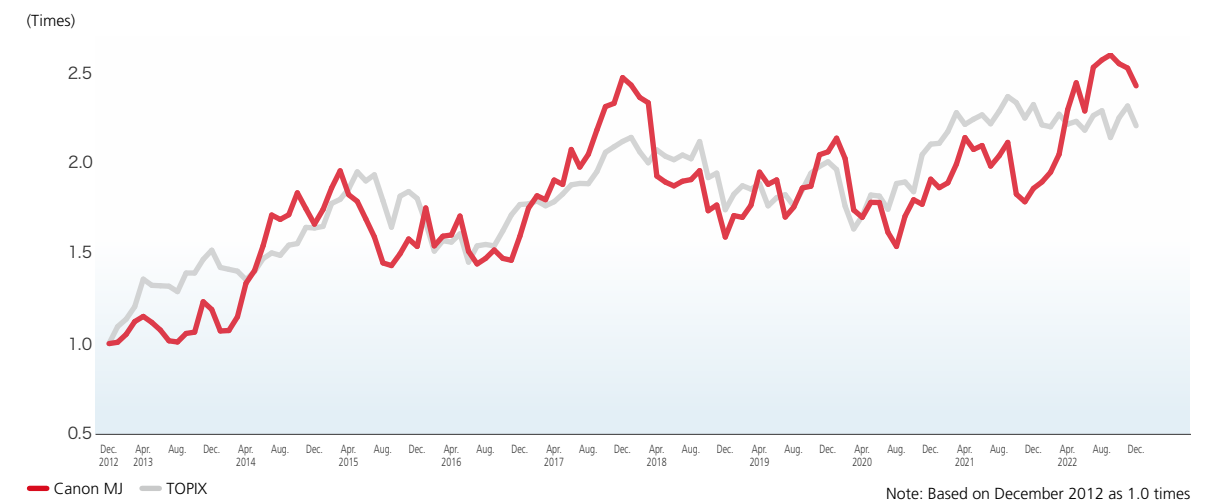
### Shareholder Returns

With regard to cash allocation, we place the same level of importance on returning profits to shareholders as we do on investing in future growth. Our policy is to steadily increase dividends in line with profit growth, steadily implement a dividend payout ratio of 30% or more as we have continued to do for some time, and increase total shareholder returns. Meanwhile, investors have requested an increase in the dividend payout ratio. We intend to do exactly that by continuing to achieve profitable growth and realizing even higher levels of net

income attributable to owners of the parent in the future.

We will continue to consider a wide range of measures to increase the liquidity of our shares, and in 2022 we reviewed our cross-shareholdings and promoted activities to increase overall market liquidity by promoting sales of our shares. Similarly, if a company holding our shares as cross-shareholdings expresses a desire to sell these shares, we will proceed with such a sale.

### Stock Price Range

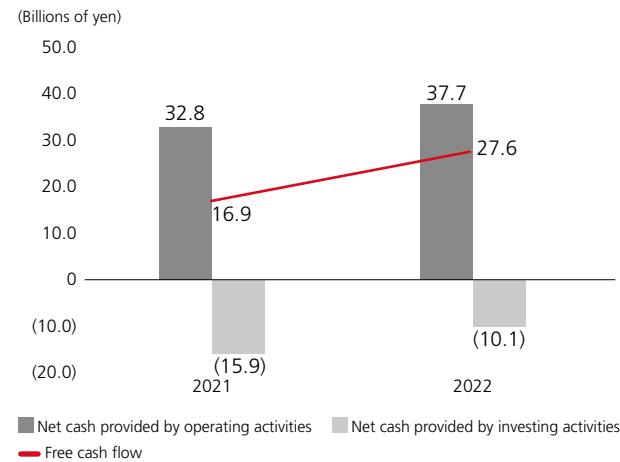


Financial Strategy (Financial Capital)

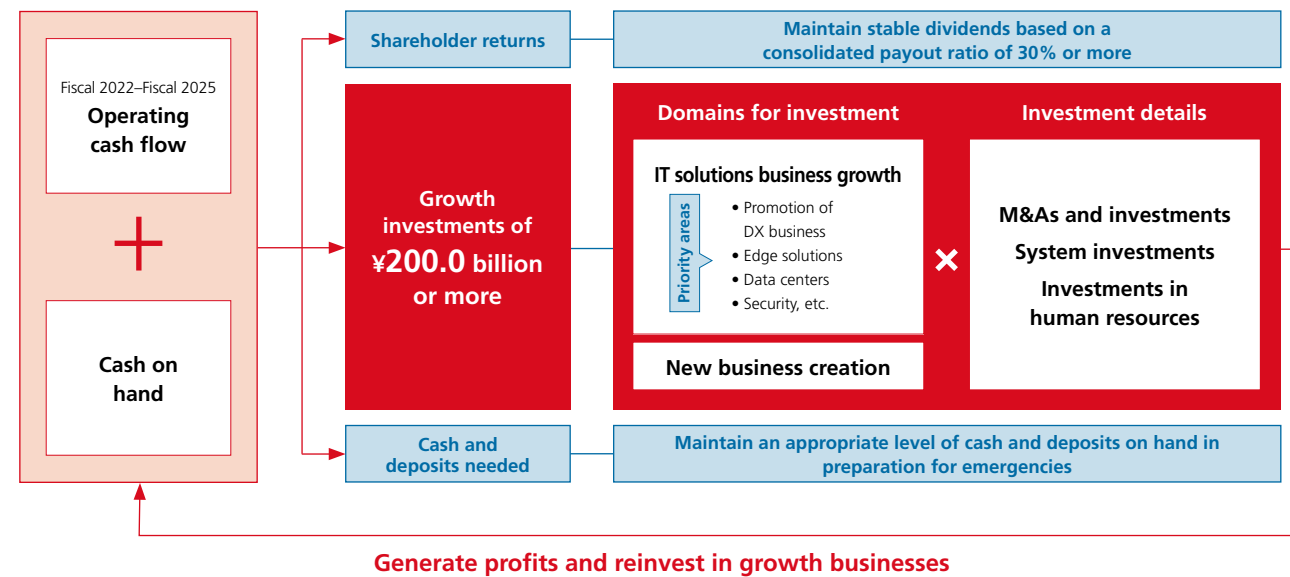
The Company has been enhancing its ability to generate ample cash flow through recent increases in profits and thorough management of working capital. Currently, funds that have no immediate use are lent to the parent company in the form of short-term loans. As these short-term loans can be returned at any time when the need for funds arises, such as in the case of M&As, we are able to respond flexibly to unexpected events.

In the Medium-Term Management Plan (2022–2025), we declared that ¥200.0 billion or more will be invested in growth over the four-year period from 2022 to 2025. We will make efficient use of the cash generated toward the achievement of our sustainable growth in the future.

Cash Flow



Policy on Cash Allocation



Accelerating the Path to Sustainable Growth

My most important role as chief executive of the Finance & Accounting Headquarters is to ensure, from a financial perspective, that the appropriate system is in place for realizing the Group's sustainable growth up to 2030 and 2050 from onward.

While we will expand our existing businesses to realize the goals of the Medium-Term Management Plan (2022–2025), achieving sustainable growth in the years that follow will entail entry into new business domains. I would like to implement a variety of systems to accelerate investment in new businesses, measure the effectiveness of such investments, and develop employees who are highly proficient in investment strategies and can bring about innovation.

Over this past year in particular, we have put systems in place to expedite the pace of decision-making for investments. When making decisions on investments and loans, discussions are held by a dedicated committee before the matter is presented to the Board of Directors. In the past, the committee would spend a great deal of time discussing almost every project. However, due to the need for quicker decisions on a greater number of projects in recent years, our rules were changed in fiscal 2022, shortening the time for making decisions by delegating decision-making authority based on the amount of investments and allocating more time to discussions on more-important large-scale investment projects.

We will continue to review our rules to facilitate even timelier decisions on investments when necessary. At the same time, we will make sure to maintain financial discipline.

When venturing into new domains with multiple new businesses, it is natural for some of them to fail to a certain degree. The financial criteria for withdrawing from such businesses are already in place and in use, so we will quickly and flexibly make changes according to the state of the Company, in the same way as our investment decisions.

While the Canon MJ Group has not engaged in large-scale M&As in the past few years, history shows that M&As have played a major role in its development. As it takes some time before synergies with existing businesses are created, M&As do not necessarily lead to immediate profits. On the other hand, even if we were to encounter negative impacts as a result of amortizing goodwill, our financial base is sufficient to withstand such consequences. Therefore, if there is a promising project in sight, we will not hesitate whatsoever in investing in such an opportunity.

Proactive Engagement with Shareholders and Investors

Since its reorganization in 2018, the Group has been disclosing financial information based on customer groups. While the IT solutions business has been achieving solid results, the fact that it is still a relatively little-known business is an issue we must address. Many investors have asked for the results of our high-priority IT solutions business to be disclosed in an easy-to-understand manner. For this reason, we began disclosing the breakdown of results of the IT solutions business through a matrix table on our financial presentation in fiscal

2022. I believe this will give readers a better understanding of which businesses are on the rise and the reasons behind upward trends. Moving ahead, we will continue to actively engage with shareholders and investors and disclose information in an easy-to-understand manner to deepen their understanding and trust in the Group. We look forward to your continued guidance and support.

Overall Sales of IT Solutions Business (January to December)

	Consumers		Enterprise		Area		Professional		Other		Total		Composition Ratio
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	
<b>Systems integration services</b> (YoY change)	0	0	57.3	64.7	9.9	10.0	7.5	9.6	(1.6)	(2.3)	73.0	82.0	34%
<b>Maintenance and operations services / outsourcing</b> (YoY change)	0	0	39.0	40.5	9.2	10.1	1.4	1.4	(2.0)	(1.5)	47.6	50.5	21%
<b>IT products and system sales</b> (YoY change)	28.8	29.3	32.2	37.4	43.2	45.1	0	0	(3.7)	(2.9)	100.5	108.8	45%
<b>Total</b> (YoY change)	28.8	29.3	128.4	142.6	62.3	65.2	8.9	11.1	(7.3)	(6.7)	221.1	241.4	+9%

Note: Fiscal 2021 results have been reclassified to reflect the impact of the reclassifications made to certain products and businesses from fiscal 2022. "Other" is a business segment that is excluded from the reportable segments and includes shared service businesses and the elimination of intersegment transactions.



## Human Resources Strategy (Human Capital)

**Aiming to further expand our business, we will create an environment conducive to pursuing new challenges in a timely manner by placing priority on our employee recruitment and development processes.**

### Minoru Mizoguchi

Director & Senior Vice President  
In charge of Group General  
Administration & Human Resources Management,  
Group Legal and Intellectual Property, and Group Logistics  
Group Executive of General Administration & Human  
Resources Management Headquarters  
General Manager of Secretarial Office



### Establishing the Ideal Human Resources Portfolio for a Service-Based Business Model

Let me begin by discussing the results of an external assessment that has been conducted over a number of years on the specific qualities of the Canon MJ Group's workforce. In this assessment, our employees received high marks for their strong determination to achieve their goals at all costs. Meanwhile, the results also indicated that there is room for improvement from a creativity point of view, such as their ability to make future projections on their own and conceptualize freely.

The Canon MJ Group made its start through the sale of Canon products in Japan. Due to the Group's sales-based business model, employees were expected to produce results by working tirelessly to sell products to customers and ensuring that this process was managed diligently. For that reason, as demonstrated by the results of our external assessment, there are many employees at Canon MJ with the skills and abilities to deliver on their goals.

In recent years, however, we have seen a change in our business landscape. Customers' needs have shifted from standalone products to services combining products and IT solutions that help resolve their issues. In response to this change, we at Canon MJ are reinforcing the IT solutions business and transitioning from a business model centered on sales to one focused on services.

The key to achieving this is to identify customers' issues, develop solutions to resolve said issues, strengthen our ability to make proposals that look ahead to the future and cater to customers' individual needs, and create new businesses by pursuing all of these measures. However, due to the changes in the Group's business to date, we have yet to reach our goal when it comes to developing highly creative employees who can create new value.

Aiming to resolve this issue and develop a large number of employees who are ideally suited to our service-based business model, we established a human resources portfolio in 2022. In formulating our new human resources portfolio, we laid out two major steps: define the type of

human resources necessary based on our business strategy and establish uniform standards for IT skills across the Group.

In 2022, we proceeded with our first step of defining the type of human resources necessary based on our business strategy. In continuing to focus on the IT solutions business, we looked into what kinds of employees would be necessary to win out in the face of competition and defined the business direction we would pursue in each field and the level of expertise that would entail.

Specifically, employee expertise was defined by area of expertise, such as sales and engineering, based on a level of 1 to 5. As levels 4 and 5 indicate extremely high levels of expertise, they have been set as the standard that all employees should aim to achieve. We also determined the number of employees of these levels necessary for continuing to expand our business scale. Although currently targets have only been established for 2025, the final year of the Medium-Term Management Plan (2022–2025), we will forge ahead with our sights on 2030 and 2035 as well.

In 2023, we advanced with our second step of establishing uniform standards for IT skills across the Group. Because many of the Group's subsidiaries were consolidated through M&As, each company has its own standards for IT skills. However, to continue to expand our business going forward, we must be aware of the current level of IT skills of our employees across the Group. To do so, we will establish benchmarks for the type of human resources we aim to develop while referring to the Digital Skill Standards (DSS) announced by the Information-technology Promotion Agency (IPA), an independent administrative agency, and the Ministry of Economy, Trade and Industry of Japan.

Unifying the standards for IT skills will allow us to develop human resources on a Groupwide level. By extension, we hope to implement a variety of training programs, such as for data scientist training, by selecting talented individuals from each business segment. In addition,

this unification will ease the process of personnel transfers, creating new opportunities for employees and enhancing their motivation.

As we transition from a sales-based business to a service-based business, I imagine it would be quite a task for senior-level employees, who have continued to work in the sales-based business year after year, to suddenly be expected to acquire IT skills.

Although this has been a major issue, we came across one unexpectedly pleasant miscalculation. When the Group's employees were asked to take certification exams for DX and DX business, those of 55 years of age and under were required to do so, while certification for those of

56 years of age and over was made optional due to the difficulties involved. Although we had assumed that only a few employees aged 56 and over would take the exams, the results far exceeded our expectations. The exams were taken by 62% of Canon MJ Group employees aged 56 and over and 83% of Canon MJ Inc. employees in the same age bracket, not to mention their high scores across the board. The drive to continue to learn and study among our senior-level employees served as an inspiration for the management team, including myself.

### Maximizing the Value of Human Capital through the Creation of an Engagement Improvement Cycle

To pull even further ahead with the execution of our business strategy, "maximize the value of human capital" was added as one element of the basic policies of the Medium-Term Management Plan (2022–2025).

The key to maximizing the value of human capital is establishing an engagement improvement cycle. The engagement improvement cycle is a concept in which its three elements—employee job satisfaction, the development of skilled personnel, and customer satisfaction—are interconnected and work in a cyclical manner toward the achievement of the Company's sustainable growth.

To be more specific, employees find their work rewarding when it brings satisfaction to customers, and employees who find their work rewarding will strive to grow even further and improve their skills. When these skills are used to provide more value to customers, their level of satisfaction increases even further. This engagement improvement cycle also leads to the growth of the Company.

I believe engagement, a premise for running the engagement improvement cycle, is also a matter of great significance. This is because employee engagement is about synchronizing an individual's sense of growth with the growth of the organization.

The Group discloses the scores of its employee awareness survey, which are used as benchmarks for employee engagement. There are 20 questions in total to which employees respond with one of four choices, "agree," "somewhat agree," "somewhat disagree," or "disagree," and the results are converted into a score out of 1,000 points. In 2022, the total score was 686 points, which is more than the 666 points that would have been obtained if all the positive responses had only been given in the form of "somewhat agree." As this marks an 8-point improvement over the previous year, I think we should commend ourselves to a certain degree.

Looking at the results by category, we scored particularly high in "identifying with management's vision." On the other hand, we scored low in the areas of "impact of job rotation on career development" and "sense of personal and professional growth." We will seek improvement in these areas by unifying standards for IT skills across the Group and promoting the engagement improvement cycle.

When I reflect on the growth of our employees and the transformation of our corporate culture, I come to realize once again the significance of the "Three Selves" spirit, which constitutes the Canon Code of Conduct. This spirit has been passed down since the founding of Canon Inc. and is composed of self-motivation (the willingness to take on each task in a proactive manner), self-management (the ability to manage one's own affairs), and self-awareness (the awareness of one's position, role, and situation).

As I stated previously, we are advocating a shift to a service-based business model and urging employees to acquire the kind of creative skills that have not been applied in our business to date. However, a willingness to do only what we are told essentially runs contrary to the "Three Selves," as this spirit is about assertively identifying customers' issues and taking on the challenge of resolving them. I have come to believe once again that the spirit of the "Three Selves" is an aspect of the Group's DNA that we must continue to cherish and preserve going forward.

In continuing to expand our business, there will be a greater need to identify new opportunities and establish businesses in a timely manner. If the human resources necessary for developing new businesses are not available, it will take a considerable amount of time before they can begin operations.

To move ahead with changes in the times and rapidly advance our business, we must make the effort to eliminate time lags by placing priority on our employee recruitment and development processes. Employee growth is not something that will happen overnight and so these processes must be implemented based on appropriate forecasts and business strategies. I will do what it takes to ensure as little time lag as possible and play an integral role in maximizing the value of human capital.

Vision for Our Human Resources

Professional human resources who demonstrate an enterprising nature and continue to be selected for creating new value

Code of Conduct

Employees of the Canon MJ Group work daily in accordance with the five guiding principles of the Canon Code of Conduct so that each one of them will find their job rewarding and live with good health and wealth.

Since its founding, Canon has maintained a management philosophy of promoting an environment in which employees can enjoy rich, happy lives. This founding philosophy continues today as the basis of the five guiding principles in the Canon Code of Conduct—the “Three Selves” spirit, meritocracy, internationalism, familism, and health first—which are based on Canon’s commitment to respecting humanity. Through these guiding principles, we are endeavoring to develop a corporate climate in which all of our employees enjoy working and are proud of their job.

Code of Conduct

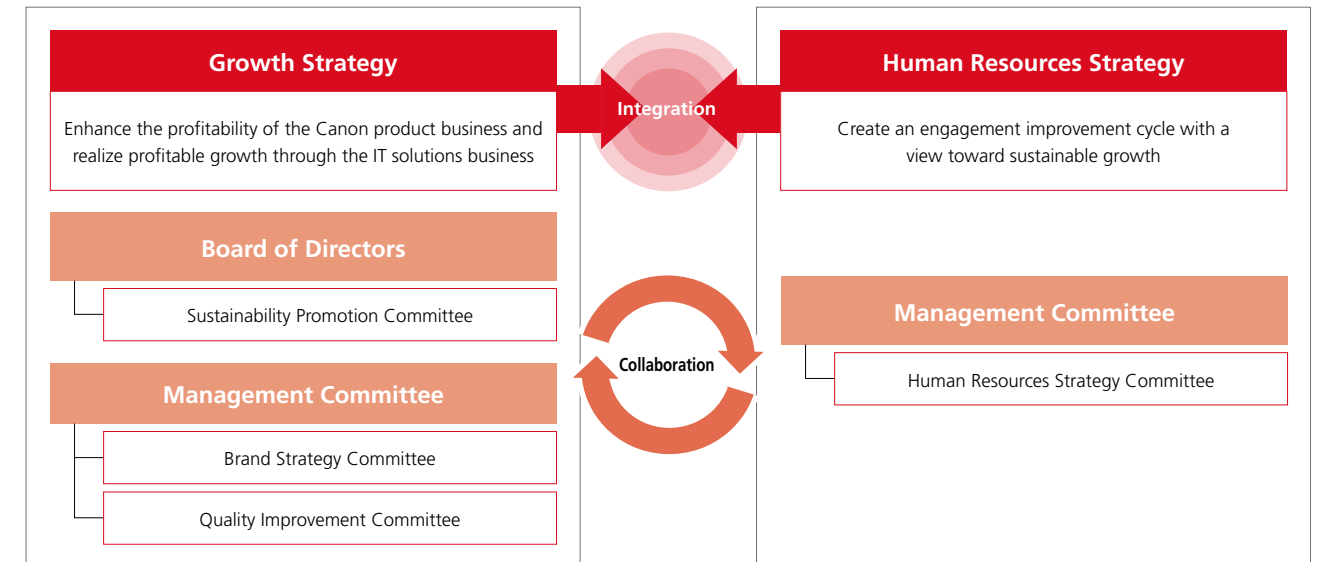
- The “Three Selves” Spirit** Adhere to the principles of self-motivation, self-management, and self-awareness in day-to-day activities
- Meritocracy** Employees who have made achievements in important and responsible jobs are assessed fairly and equitably regardless of their age or gender
- Internationalism** Strive to become a culturally sensitive, internationally minded, sincere, and active person
- Familism** Strengthen the trust and understanding of others and work together in a spirit of harmony
- Health First** Live by the motto “healthy and happy” and work to cultivate character

The Canon MJ Group believes that the promotion of independent career development is essential to putting together a group of highly skilled human resources who share its 2025 Vision of becoming a “professional corporate group that solves social and customer issues using ICT and the power of humans.” Guided by this belief, we defined 2021 as a “year for new beginnings” and established an organization to support the career development of our employees. At the same time, we created an in-house career consultant position filled by employees with an abundance of experience and sound knowledge, thereby enhancing career awareness among our employees. We have also been asking managers to hold interviews and training sessions to foster expert knowledge among their subordinates in order to support the development of their career paths.

While we place value on approaches that we have maintained since the time of our founding, the skills and literacy our employees need are constantly changing alongside the external operating environment amid the rising uncertainty of the global economy and the rapid progression of digital technologies. To respond flexibly and swiftly to these changes, including changes occurring around the globe and the need to refine our understanding of and sensitivities toward the true needs of clients, we strive to be a corporate group in which employees from diverse backgrounds can work with enthusiasm and demonstrate their full potential.

Integrating Our Management and Human Resources Strategies

In addition to adding “maximize the value of human capital” as part of the basic policies of our Medium-Term Management Plan (2022–2025), we clearly laid out our human resources strategy as one of our major management strategies and have made a commitment among management to swiftly execute and advance this strategy.



Structure Underpinning Our Human Resources Strategy

1. Human Resources Strategy Committee

We have established the Human Resources Strategy Committee, chaired by the president and representative director, as an organization that formulates Groupwide human resources strategies and designs structures for utilizing personnel based on a “right person in the right position” approach.

In 2022, the committee held discussions pertaining to the development of skilled personnel and the enhancement of employee engagement. In terms of developing skilled personnel, the committee developed and implemented a wide variety of measures, including holding training sessions to cultivate the next generation of management personnel, recruiting and developing employees to fill the new position of IT business planner, rolling out DX certification and DX business certification exams targeting all employees Companywide, and assigning personnel to highly specialized positions. To enhance employee engagement, the committee carried out a Companywide survey and held discussions on analyzing the results and determining how to utilize them going forward.

2. Collaboration between Committees

The Human Resources Strategy Committee collaborates with three other committees involved in efforts to “maximize the value of human capital,” thereby integrating the Company’s management and human resources strategies. These committees are the Sustainability Promotion Committee, which promotes the sustainability management of the Group; the Brand Strategy Committee, which oversees efforts to maintain and improve brand value; and the Quality Improvement Committee, which implements continuous efforts to improve quality. Through the close exchange of opinions and the promotion of collaborative initiatives, the committees are working to maximize the capabilities of the Company’s human resources in a multifaceted manner and creating frameworks and environments that lead to results on the front lines.



Collaborative forum involving the Sustainability Promotion Committee, the Brand Strategy Committee, the Quality Improvement Committee, and the Human Resources Strategy Committee



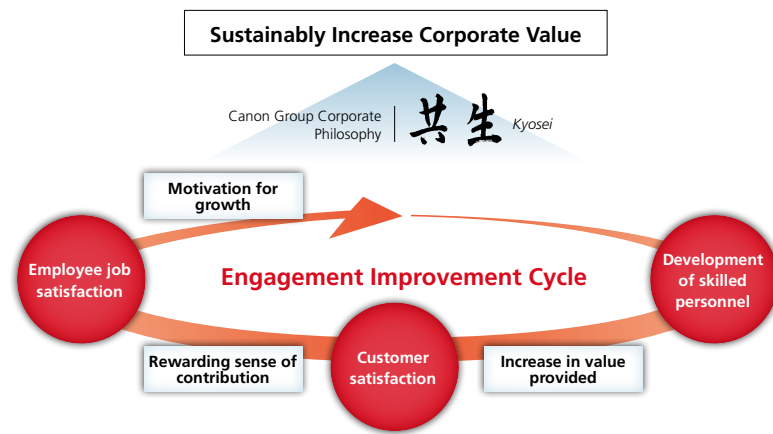


## Engagement Improvement Cycle

We aim to create a cycle in which the independent growth of employees and the improvement of their skills helps invigorate the organization as a whole and creates customer satisfaction, ultimately leading to enhanced job satisfaction and motivation for growth among our employees. By putting this engagement enhancement cycle into motion, we are striving to maximize the value of our human capital.

This engagement improvement cycle comprises three elements: employee job satisfaction, the development of skilled personnel,

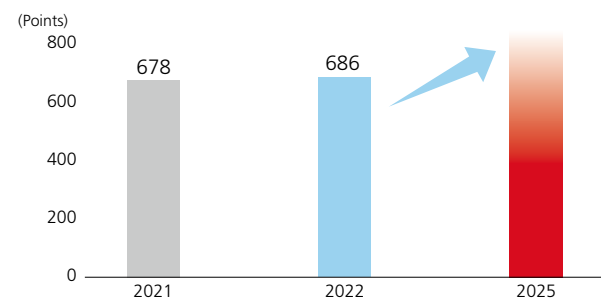
and customer satisfaction. Of these elements, in 2022 we sought to visualize the gap between our current situation regarding employee job satisfaction and the development of skilled personnel and our ideal vision for these elements. We also moved forward with examinations on how to bridge this gap. In 2023, we will execute initiatives to address this gap and examine the creation of indicators in order to engage in more concrete efforts toward customer satisfaction.



We have been carrying out an annual engagement survey of Group employees to use as an indicator to measure the progress we are making toward employee job satisfaction since 2021. In addition to analyzing the overall results of this survey, we also analyze the results according to such factors as Group company, division, and employee age. By doing so, we are able to differentiate Groupwide issues and issues specific to certain divisions and visualize them accordingly. Taking into account the differences in results between the 2021 and 2022 surveys, we are working to share examples of successful initiatives in a cross-organizational manner. At the same time, we are engaging in more concrete actions by incorporating initiatives to improve engagement within the business plans of each division.

### Group Employee Engagement Survey

- Implemented engagement survey targeting Canon MJ Group employees
- Four options available to answer survey questions: "agree," "somewhat agree," "somewhat disagree," and "disagree," with points assigned to each answer for a total possible score of 1,000
- Response rate of 87% in 2022 (up 2% year on year)



## TOPIC

In our analysis of the results of the employee engagement survey carried out in fiscal 2021, we gained an understanding on how unseen internal aspects of employees (their personalities and value systems) have a major impact on employee engagement.

Taking this into account, in fiscal 2022 we implemented a survey aimed at visualizing employees' personalities, ambitions, and attitudes toward work in conjunction with the employee engagement survey.

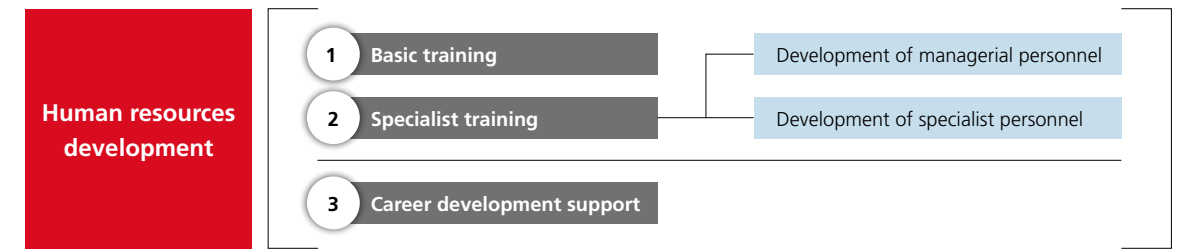
We conveyed the results of this survey to the employees themselves, which was utilized as reference information to help them better understand themselves and consider their future careers. We also disclosed a personnel development support report for supervisors based on the personalities and inclinations of their subordinates. Furthermore, through management training and explanatory videos, we engaged in efforts to promote the proper understanding and utilization of survey results.

Opportunities for day-to-day communication have been decreasing due to the widespread adoption of telework and other changes in workstyles. This has led to concerns that the intuitively cultivated mutual understanding between supervisors and their subordinates is declining. Amid these concerns, we are working to improve employee engagement by deepening supervisors' understanding of the personalities and values of their subordinates based on objective data and promoting ways of assigning work that help enhance subordinate motivation.

By combining survey results with various other kinds of data, we will examine ways to utilize these results as reference information for personnel selection and assignment based on performance analysis and as a tool for promoting diverse and dynamic team building.

## Human Resources Development

The Canon MJ Group conducts the same basic training for all roles as well as for increasing expertise in each field and developing personnel who can lead their departments.



### 1 Basic Training

The Canon MJ Group seeks to be an entity that continues to learn, challenge, and evolve. Guided by this vision, we aim to set in motion a cycle in which employees learn independently, leverage the knowledge they gain to take on the challenge of new work, and ultimately become able to spur change externally and change themselves internally. In our new employee training and rank-specific training, we offer training that helps develop a mindset and skill set among employees that allows them to view change as an opportunity to take on new challenges. This training is implemented based on a personnel training system that systematically develops the ability to think, execute, and work with others. In addition to business skills such as logical thinking, marketing, accounting, and strategy formulation, our training aims to enable participants to gradually develop "design thinking" and acquire career education and human resources development capabilities. We also support employee growth by offering a wide range of other learning

opportunities, including a system for supporting the acquisition of qualifications, self-selected distance education, and e-learning. Furthermore, with the aim of strengthening IT skills, we have been implementing IT passport, DX certification, and DX business certification exams targeting all employees Companywide. At the same time, we have been pursuing such efforts as having all employees complete data literacy courses focusing on the handling of data.

Total number of training hours in 2022	600,000 hours
Number of employees completing DX certification/DX business certification exams* as of February 2023	13,887 (87.1%)
Number of employees receiving DX business certification	4,843 (46.7%)
Number of employees within the above group who have received professional level certification or higher	531

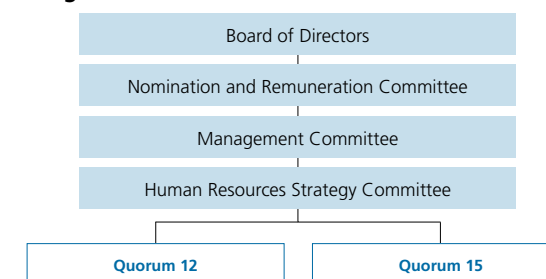
\* Employees can choose between DX certification and DX business certification

### 2 Specialist Training

#### Development of Managerial Personnel

The next generation of managerial personnel are determined by the Nomination and Remuneration Committee, which is chaired by the president and comprises both inside and outside directors. In addition, discussions on how to cultivate candidates for future managerial positions are held at meetings of the standing Human Resources Strategy Committee. In these ways, we have established frameworks for holding detailed examinations, including on the appointment of candidates for important positions and participation in selection training, and for developing managerial personnel.

#### System for Developing Next-Generation Managerial Personnel



#### Selection Training

We implement selection training for managers and general managers with the goal of developing a diverse range of candidates for future managerial positions. In 2014, we held Quorum 12, a training session for select personnel in the general manager class. Through events such as these, we are working to enhance not only the management skills but also the people skills of select personnel. For example, by incorporating a liberal arts curriculum into such training, we have been working to refine the understanding and sensitivities of managerial candidates with the aim of having them adopt diverse perspectives and develop flexible ways of thinking.

Furthermore, in 2019 we held Quorum 15, a set of lectures targeting select managers, in order to swiftly cultivate leadership personnel. These managers have also been engaging in training through contests between business schools and field work pertaining to regional revitalization, among other activities.

Upon completing either Quorum 12 or Quorum 15, participants are assigned to positions in which they have no previous experience, thereby helping them develop into diverse personnel with broad ranges of insight. In this way, Quorum 12 and Quorum 15 function as effective frameworks for the selection of future talent.

Human Resources Strategy (Human Capital)

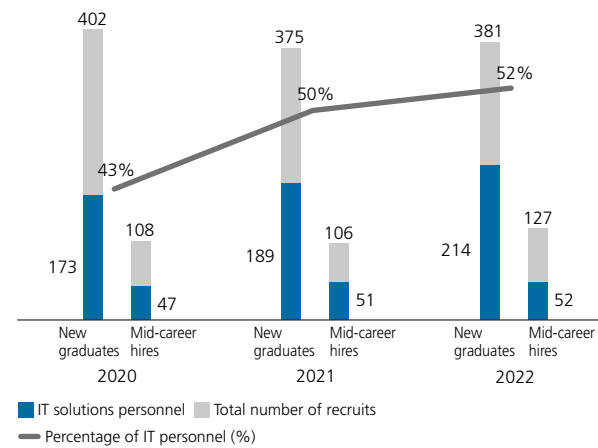
Development of Skilled Personnel

In 2022, we defined the type of human resources required for each position and visualized the number of personnel we aim to cultivate for these positions in accordance with our business strategies. Specifically, we have created role-specific levels for human resources on a range from 1 to 5, with levels 4 and 5 positioned as requiring highly skilled personnel. We are working to develop such personnel while clarifying the targeted number for each level. In particular, we are focusing on acquiring IT solutions personnel and enhancing their skills.

Acquisition of IT Solutions Personnel

In our recruitment activities, we are placing an emphasis on acquiring human resources with the goal of strengthening our IT solutions business. In 2022, we commenced recruitment activities for the new position of IT business planner. As part of these activities, we have been striving to bolster the number of personnel with good data literacy and business design knowledge. Furthermore, to promptly realize important goals of our business expansion endeavors, we are stepping up our efforts toward mid-career recruitment. Over the past several years, the percentage of IT-related personnel we have acquired among the total number of human resources recruited has been increasing. In particular, we have been inviting business managers from external institutions to the Group in an effort to create new value. Since 2018, we have added 10 such managers with diverse backgrounds to serve in new businesses and businesses related to IT solutions, thereby driving the growth of such businesses. Additionally, we have been promoting a structure that enables us to secure human resources more consistently through investment in IT solutions partnerships in a bid to expand the IT solutions business on a continuous basis.

Percentage of IT Solutions Personnel to Total Number of Recruits



Development of Skilled IT Solutions Personnel

Focused on human resources involved in the systems integration business, we have laid out a personnel system based on the Information Technology Skill Standard (ITSS). We have also provided training on the skills required for each position and offered support for the acquisition of qualifications. Through such efforts, we have supported the growth of our human resources. Recently, there has been an increase in roles that go beyond the ITSS. As demonstrated by the establishment of the

Digital Skill Standards (DSS) by the Ministry of Economy, Trade and Industry at the end of 2022, there is a growing need around the world for personnel who do not fit into conventionally defined roles. As we work to define the type of human resources required for each position and visualize the targeted number of personnel for these positions in accordance with our business plans, we are promoting efforts to utilize the DSS to hone the skills of our IT solutions personnel.

Initiative 1

Development of Solutions Specialists in the Major Account Headquarters

Solutions specialists (SSs) at the Major Account (MA) Headquarters (Enterprise segment), one of the many roles at Canon MJ, have the knowledge and know-how necessary to provide IT solutions mainly for large corporations, working closely with customers to develop plans centered on IT solutions that will resolve their issues. In particular, SSs strive to hone their solution planning skills and business conceptualizing skills in order to strengthen their skills for conceptualizing and building IT for business based on social issues and technological innovation while considering the growth strategies of customers. The Company has created the "Defining the Ideal SS" document and a skill assessment system and conducts practical training to develop highly skilled human resources.

The Company is carrying out multifaceted activities to ensure that skills firmly take root through group work, classroom learning, on-site practice, presentations, feedback, and other venues, with an emphasis on putting skills into practice. These activities include the DX Human Resources Development School for learning methods and processes to create new business models, the Design Thinking Workshop for learning the entire "design thinking" process and gaining the experience of putting it into practice, and the New Solution Workshop for putting the solution discovery process—from "shared feelings," a concept that is particularly important within design thinking, to "defining the problem"—into practice.

Initiative 2

Development of Highly Skilled Human Resources at Canon IT Solutions

Canon IT Solutions Inc. is promoting a business co-creation model and the service provision model to realize its goal of becoming a co-creating company as stated in its VISION 2025. To that end, the company is working to develop the human capital that holds the key to these models, namely consultants, and personnel who can create service concepts.

Co-creation School: Business Co-creation Course

The business co-creation model of Canon IT Solutions requires human resources who can set the pace for the launch of new businesses and services while firmly understanding the way customers think about the business environment and business strategy. Playing such a role requires advanced knowledge and skills, including knowledge of corporate management, the ability to collect new information related to matters such as customer strategies and trends, practical abilities pertaining to consulting frameworks, and fresh insight on numerous types of information and communication technology. The Business Co-creation Course involves a six-month curriculum that refines the issue identification capabilities of personnel who will promote the business co-creation model. It also enables such personnel to accumulate actual experience through hands-on projects. By doing so, this course supports the growth of human resources who possess advanced knowledge and skills.

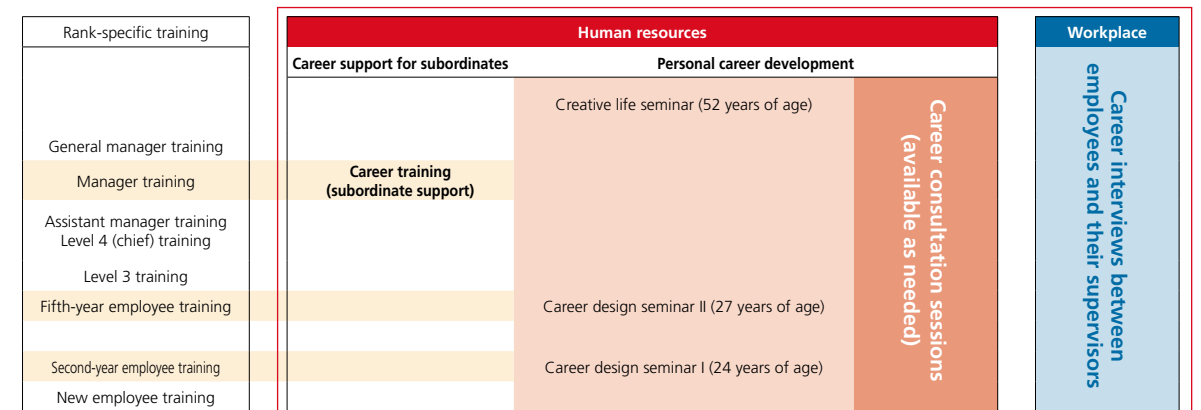
Co-creation School: Service Creation Course

The service provision model of Canon IT Solutions needs personnel that can create services to resolve common issues in industries, businesses, and day-to-day work as well as services that are highly competitive. To fulfill this role, employees must have a deep understanding of and insight into industries, businesses, and day-to-day work, in addition to the ability to identify social issues and problems through market surveys and analysis and to conceptualize and create new services that offer solutions. They must also possess execution capabilities to utilize practical IT to launch new services. The Service Creation Course offers a curriculum centered on the Graduate School of Project Design, helping to strengthen the new service creation capabilities of personnel who will promote the service provision model, thereby supporting their growth.

3 Career Development Support

The Canon MJ Group provides career development support to its employees with the aim of enabling them to think independently about their career, enhancing their motivation by encouraging proactive engagement in duties aimed at achieving their future career vision, and fostering a corporate culture that better invigorates independent-thinking personnel.

In addition to regular career interviews between employees and their supervisors, we help employees independently realize their ideal careers through career consultation sessions with full-time career consultants (nationally certified) and career seminars specific to employee rank and age group.



Asia Trainee System

The Canon Group offers the Asia Trainee System, through which it sends young employees to undertake language and practical training at overseas subsidiaries in Asia. The goal of this system is to foster professionals who are familiar with local languages, cultures, and business practices.

This is a training program of Canon Inc. that aims to have those participating in the program become strong candidates for future overseas assignments.

In-House Recruiting Program

We support career development through the Job Opening Bulletin System. This program encourages employees to take on new positions and seeks to stimulate their career aspirations.

# The Long-Term Management Objectives (2021–2025) and the Medium-Term Management Plan (2022–2025)

Long-Term Management Objectives (2021–2025)

2025 Vision

**Professional corporate group that solves social and customer issues using ICT and the power of humans**

Medium-Term Management Plan (2022–2025)

Financial Targets (2025)

Operating income

**¥58.0 billion**

Net sales

**¥650.0 billion**

of which, IT solutions sales

**¥300.0 billion**

ROE

**9.0%**

**Basic Policy 1**

**Expand IT Solutions Business with Profit**

Execute and accelerate our IT solutions strategy by customer segment

Expand the stock business by establishing a service-based business model

**Basic Policy 2**

**Increase the Earnings Capacity of Existing Businesses**

Develop strategies tailored to each customer segment

Further enhance the profitability of main product businesses

**Basic Policy 3**

**Strengthen Areas of Expertise and Create New Businesses**

Ensure continuous growth of the industrial equipment business

Create new businesses

**Basic Policy 4**

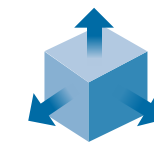
**Group Management Aimed at Continuous Growth**

Maximize the value of human capital

Establish an engagement improvement cycle

Accelerate business investments toward growth

## Progress of Medium-Term Management Plan (2022–2025)



**Basic Policy 1**  
**Expand IT Solutions Business with Profit**

We improved on our results from the previous year for the four Key performance indicators (KPIs) adopted for each customer segment of the IT solutions business. The IT solutions business continues to expand owing to factors such as the increasing number of high-value-added services and solutions associated with our service-based business model.

- ▶ IT Solutions Business by Customer Segment (pages 35–42)
- ▶ Business Strategy (pages 43–54)
- ▶ Intellectual Property Strategy (pages 59–60)



**Basic Policy 3**  
**Strengthen Areas of Expertise and Create New Businesses**

In the industrial equipment business, one of our areas of expertise, we achieved significant growth by improving our performance, particularly in the service business through our support for multi-vendor maintenance and orders for projects we have been undertaking in response to the brisk demand for semiconductors.

- ▶ Business Strategy (pages 43–54)



**Basic Policy 2**  
**Increase the Earnings Capacity of Existing Businesses**

We have developed the Canon product business into a highly efficient and profitable business by deploying strategies that are tailored to the sales channels of each product. We have been able to raise the sales price of each product and maintain a high market share by continuing to introduce appealing products and propose high-value-added solutions.

- ▶ Business Strategy (pages 43–54)



**Basic Policy 4**  
**Group Management Aimed at Continuous Growth**

The results of our employee awareness survey, which has been conducted with all Group employees since fiscal 2021, improved from that of the previous year. We have also consistently invested in our human resources to strengthen IT skills in line with our IT solutions strategies for each customer segment.

- ▶ Financial Strategy (pages 19–20)
- ▶ Human Resources Strategy (pages 23–30)
- ▶ IT Solutions Business by Customer Segment: Investments and Business Alliances (page 37)
- ▶ Sustainability Management (pages 61–62)

## Financial Plan Revision

Based on our performance in fiscal 2022, we updated our Companywide consolidated financial plan in January 2023, which included revising our operating income target for fiscal 2025 upward by ¥8.0 billion to ¥58.0 billion. As for ROE, we were able to achieve our initially announced fiscal 2025 target ahead of schedule. Therefore, as we work our way to fiscal 2025, we will establish a system that enables us to steadily achieve ROE of 9% or more and proceed even further with the intention of achieving 10% in the foreseeable future.

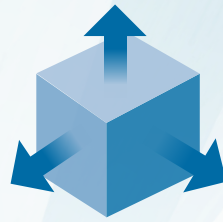
### Updated Companywide Consolidated Financial Plan

### Updated Financial Plans of Medium-Term Management Plan (2022–2025)

	2022 (Results)	2025 (Projection)		2025 (Previously Announced Figures)	Change from 2025 Targets Announced in April 2021
		2023 (Projection)	2024 (Projection)		
<b>Net sales</b>	588.1	<b>624.0</b>	<b>650.0</b>	650.0	0
(of which, IT solutions sales)	241.4	<b>269.2</b>	<b>300.0</b>	300.0	0
<b>Operating income</b>	49.9	<b>50.0</b>	<b>58.0</b>	50.0	+8.0
Operating margin	8.5%	<b>8.0%</b>	<b>8.9%</b>	7.7%	+1.2%
<b>ROE</b>	9.2%	<b>8.7%</b>	<b>9.0%</b>	8.0%	+1.0%



The Medium-Term Management Plan (2022–2025)



Basic Policy 1

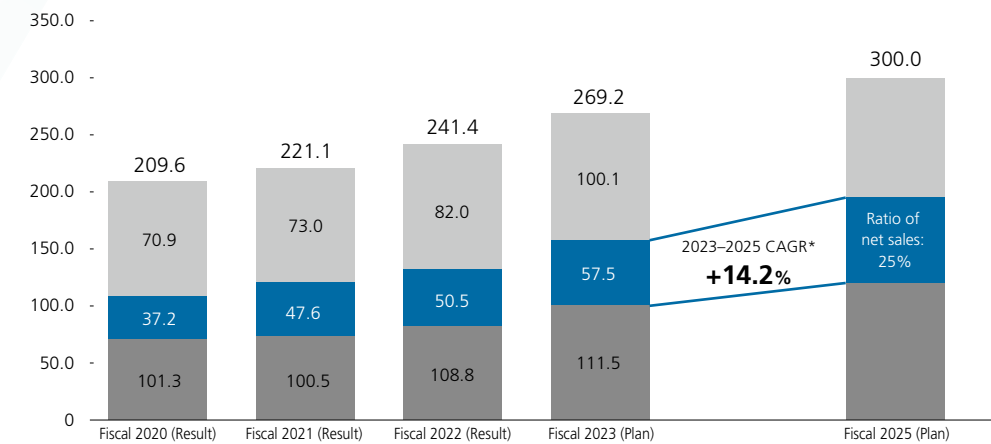
Expand IT Solutions Business with Profit

We will expand the scope of our service-based business model by implementing and promoting IT solutions strategies for each customer segment and ensure continuous growth of the IT solutions business by enhancing the profitability of our maintenance, operations, and outsourcing services.

Please refer to pages 35–42 for details on our IT solutions business by customer segment.

Sales by Service Type in the IT Solutions Business

(Billions of yen)



Legend: Systems integration services, Maintenance and operations services / outsourcing, IT products and system sales. \* Compound annual growth rate

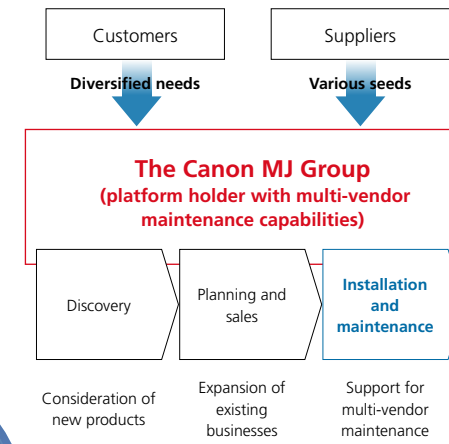


Basic Policy 3

Strengthen Areas of Expertise and Create New Businesses

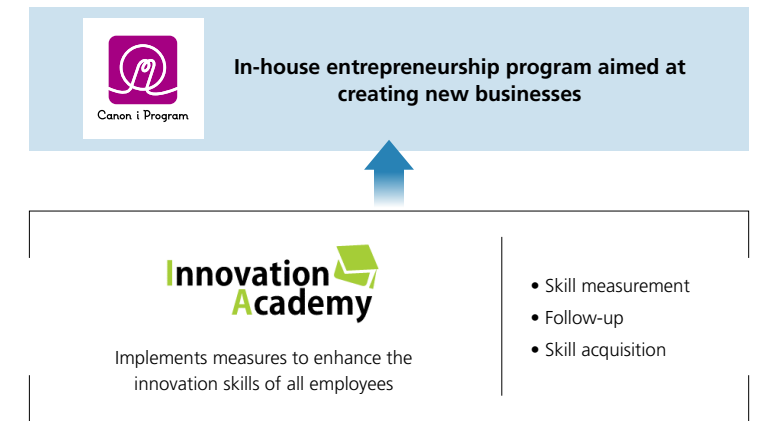
Industrial Equipment Business

We will establish a business structure that is conducive to continuously generating sales and profits by expanding our business scale through the discovery of new products and developing highly skilled personnel in the areas of installation and maintenance.



Creation of New Businesses

We will take measures to instill innovation skills in all of our employees while aiming to develop independent businesses through spinouts and joint ventures based on our in-house entrepreneurship program and other initiatives.



Basic Policy 2

Increase the Earnings Capacity of Existing Businesses

Please refer to page 43 for an overview of our businesses by segment.

Printing Business

In each customer segment, we propose solutions that help customers cope with their business issues while working to overcome their inadequacies and tap into new demands for printing services.

Camera Business

We will develop stronger relationships with customers by expanding our line of products and comprehensive services that cater to their various needs and pool the Group's collective strengths to expand the imaging business by shifting our focus away from cameras.

Develop Strategies Specific to Each Customer Segment (Printing Business)

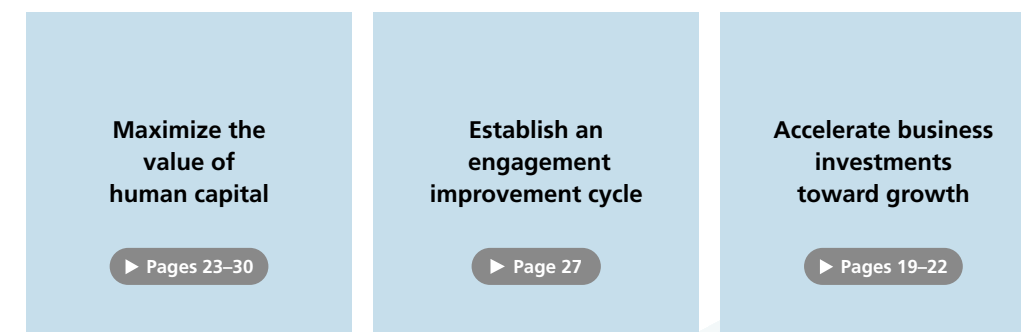
Leveraging our customer-focused organizational structure, we will develop strategies that accurately identify the needs of each customer segment in a timely manner.

Target Customers	Segments	Strategy
Large corporations	Enterprise	<ul style="list-style-type: none"> <li>Expand <b>sector-specific and operational-specific projects</b> by leveraging our customer base</li> <li>Tap into new demands for document solutions stemming from the diversification of offices during the COVID-19 pandemic</li> <li>Expand business by <b>acquiring new quasi-major and upper medium-sized enterprise customers</b></li> <li>Strengthen sales force through reorganization</li> </ul>
Quasi-major and upper medium-sized enterprises		
Small and medium-sized enterprises	Area	<ul style="list-style-type: none"> <li>Strengthen and intensify <b>area marketing</b></li> <li><b>Improve productivity</b> by reassessing business processes</li> </ul>

Basic Policy 4

Group Management Aimed at Continuous Growth

In order to pick up speed in our efforts to “expand the IT solutions business with profit,” “increase the earnings capacity of existing businesses,” and “strengthen areas of expertise and create new businesses”—the basic policies of the Medium-Term Management Plan (2022–2025)—we have established “maximize the value of human capital” as an additional element of the basic policies from fiscal 2023.





## Focus: IT Solutions Business by Customer Segment

The Canon MJ Group will dramatically grow its business by accelerating the expansion of its IT solutions business through profits and realizing its growth strategy, including M&As and strategic investments.

### Katsuya Imoto

Vice President  
Director of Group IT Solutions Strategy Management Center



The Canon MJ Group has been making history for the past 55 years by engaging with its countless customers. The relationships we have built with our customers are among our most valuable assets, and we boast an extensive customer base that ranges from small and medium-sized enterprises (SMEs) to quasi-major and upper medium-sized enterprises and large corporations.

In our Long-Term Management Objectives (2021–2025), we declared the goal of achieving ¥300.0 billion in sales in the IT solutions business.

Our basic policy in developing the IT solutions business is to provide value that caters to the specific needs of each customer segment, and based on this policy we are working to clearly define the areas of focus for each segment as the key elements of our growth strategy. I have taken the helm in formulating and executing the specific strategies to achieve this goal.

To resolve the issues of SMEs by not only implementing and installing standalone IT equipment but also combining maintenance and operations services, in August 2021 Canon System & Support Inc. began providing its *Makasete IT DX Series* service based on the concept of working closely with its customers for years to come. In fiscal 2023, we will take our *Makasete IT DX Series* to another level by providing support services for IT coordination, sales capability enhancement, and employee training in sequence, which are high on the list of priorities for managers of SMEs.

To resolve the issues of our quasi-major and upper medium-sized enterprise customers, it is certainly important to gain a deeper understanding of their business, but it is also essential to understand the common issues faced by their industry and similar businesses. Edge solutions is the answer to such needs of customers and society. Our edge solutions currently consist of four core solutions, including imaging solutions, that have combined Canon's unique strengths, and we will reinforce these solutions even further through the creation of our fifth and sixth edge solutions.

For our large corporation customers, our efforts go beyond the development of edge solutions to include the development of "co-creation" services aimed at resolving various social issues with our customers. Together with our customers, we will make full use of digital technology, turn innovative ideas into services that benefit society, and find solutions to social issues.

Moreover, regardless of the size of our customers' businesses, we will help them achieve digital transformation (DX) by providing security

support services in response to the increasing demand for cybersecurity measures in recent years as well as outsourcing services, such as information technology outsourcing (ITO) and business process outsourcing (BPO), based on our data center services, which have earned a high reputation for quality.

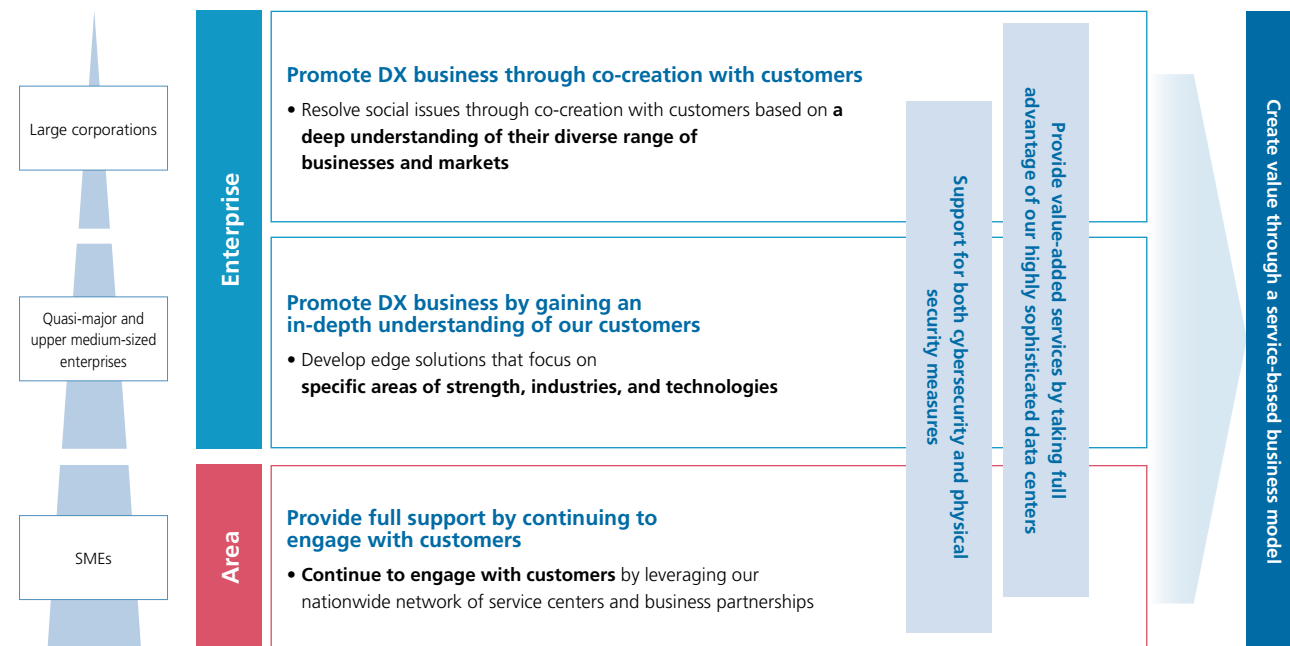
For the four aforementioned priority areas of the IT solutions business (*HOME* and IT maintenance and operations contracts for SMEs and edge solutions, security solutions, and ITO and BPO services for large corporations and quasi-major and upper medium-sized enterprises), we have adopted the KPIs indicated below for our Medium-Term Management Plan (2022–2025).

To ensure that we achieve the targets of these four KPIs, the IT Solutions Promotion Committee was established in October 2020. President Adachi serves as the chairperson of this committee while Hatsumi Hirukawa, the director in charge of Group Corporate Planning, and I serve as vice-chairpersons. Under the IT Solutions Promotion Committee, we have established the Task Force on Edge Solutions Execution and Promotion, the Task Force on SMB-IT Solutions Execution and Promotion, and the Task Force on Total Security Execution and Promotion. In each task force, we have removed Group and organizational boundaries and the senior general managers of headquarters related to the IT solutions business are tasked with the responsibility of implementing these strategies. We have been expanding our business with speed and agility through the continuous operation of a plan–do–check–act cycle for our strategy execution.

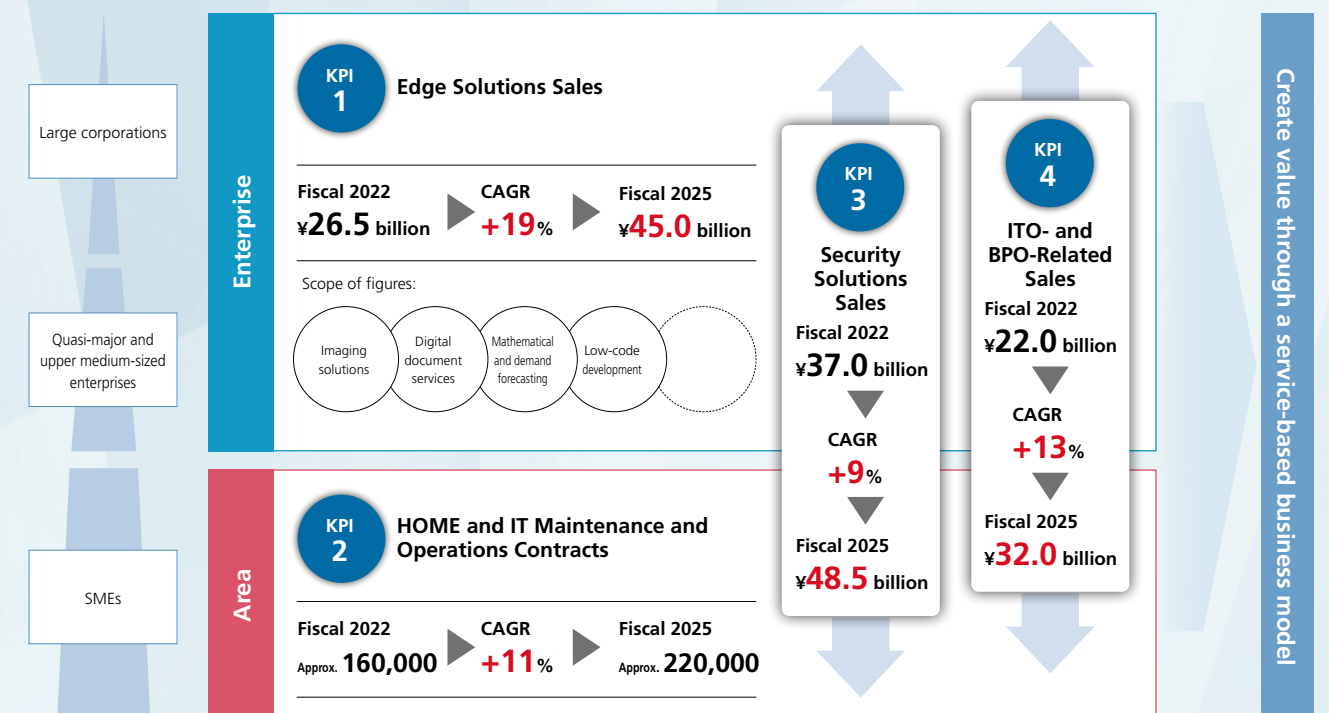
## Realizing the Strategies of the IT Solutions Business for Each Customer Segment

In the Japanese economy, which was hit hard by the COVID-19 pandemic, the biggest issue facing SMEs—said to account for 98.6% of all companies in Japan—from a business continuity perspective is the

securement of skilled professionals, and this need only continues to increase. It is especially difficult for many of these companies to acquire IT and security personnel on their own.



## IT Solutions Business by Customer Segment: KPI Targets



Focus: IT Solutions Business by Customer Segment

Fiscal 2022 Performance and Our Pursuit of Rapid Growth

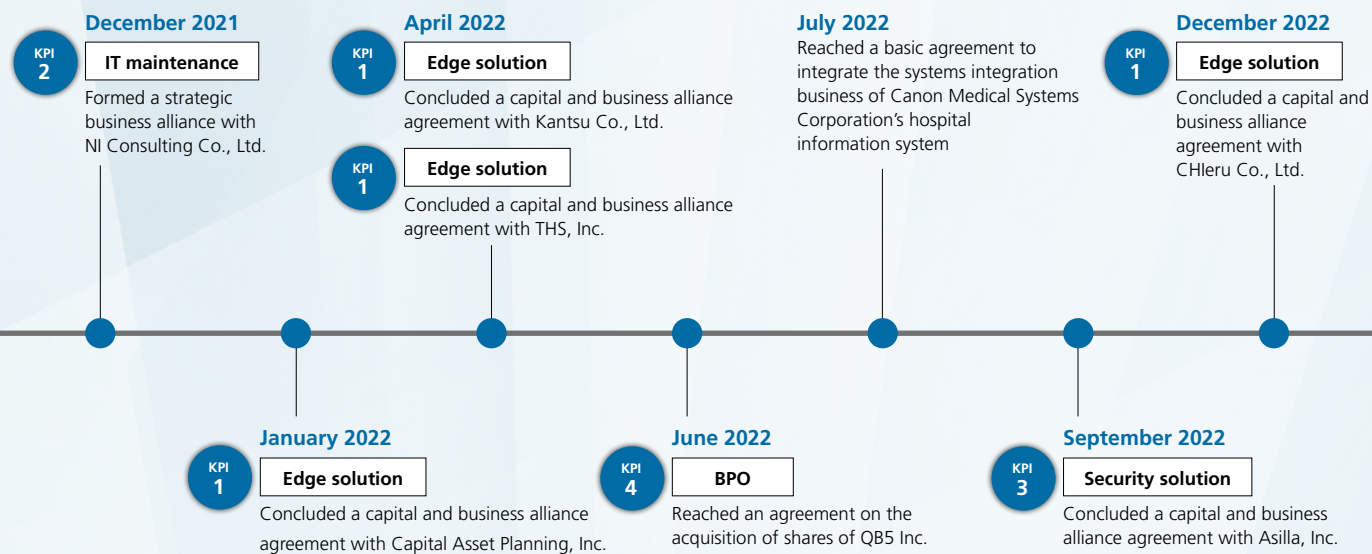
In fiscal 2022, the inaugural year of our Medium-Term Management Plan (2022–2025), we got off to an exceptionally promising start as we improved on our results for all of our KPIs from the previous year.

We also invested aggressively to achieve our targets for fiscal 2025. In addition to investing in strategic business alliances, we are rapidly expanding the IT solutions business through profits by means of business transfers in the healthcare IT business as well as M&As as a part of our BPO business. In order to achieve ¥300.0 billion in sales

in the IT solutions business by fiscal 2025 and continue to grow our business thereafter, we must break with the past and make more dynamic investments. The Canon MJ Group will dramatically expand its business by pursuing the measures necessary for realizing its four KPIs as well as its growth strategy, including M&As and strategic investments.

KPIs of IT Solutions Business	Fiscal 2021 Results	Fiscal 2022 Results	Change (from Previous Year)
<b>KPI 1</b> Edge solutions sales	¥23.0 billion	¥26.5 billion	+15%
<b>KPI 2</b> HOME and IT maintenance and operations contracts	135,000	160,000	+19%
<b>KPI 3</b> Security solutions sales	¥32.5 billion	¥37.0 billion	+14%
<b>KPI 4</b> ITO- and BPO-related sales	¥21.5 billion	¥22.0 billion	+2%

IT Solutions Business by Customer Segment: Investments and Business Alliances



**KPI 1** Edge Solutions Sales



Creating Unrivaled IT Solutions and Services by Refining Our Competitive Edge

We refer to the solutions focusing on the areas, industries, and technologies where the Group holds a competitive edge as edge solutions, which consist of imaging solutions, digital document services, mathematical and demand forecasting, and low-code development.

With edge solutions, we will continue to hone the strengths of our various existing solutions to create unrivaled IT solutions and expand

the areas where we hold an advantage. In addition, we will establish a service-based service model by utilizing our customer base to create solutions individually with customers of large corporations and then expand them to customers of the same industry as well as to quasi-major and upper medium-sized enterprises by converting these solutions into services.

Imaging Solutions

Supporting DX with an Extensive Line of Devices and Various Imaging Platforms and Analytics Services

The Canon Group's strengths lie in its optical technologies, which have been passed down since its founding as a camera manufacturer, its line of more than 200 devices, its various imaging platforms, and its elemental technologies for analyzing the most advanced images and videos. Meanwhile, the Canon MJ Group is teaming up with multiple vendors in Japan and overseas to expand the scope of its image analysis solutions as well as providing optimal security products, helping ensure the safe and secure use of data.



Digital Document Services

Helping Reform Business Processes through the Integration of Canon Input and Output Devices and Canon MJ's IT Solutions

Based on our in-depth knowledge of our customers' workflow, which has been cultivated through the supply of Canon input and output devices, we help customers reform their business processes according to changes in legal systems and workstyles. For example, in 2022 we began providing the *DigitalWork Accelerator Series*, which enables transaction-related documents to be stored and maintained over the long term in a manner that complies with the Law on Book and Record Keeping through Electronic Methods, as a result of which we have expanded our area of expertise from document solutions to document services.





Focus: IT Solutions Business by Customer Segment

Mathematical and Demand Forecasting

Proposing Optimal Solutions in the Manufacturing, Sales, and Logistics Sectors with the Latest AI Technology and Our Mathematical Technologies Crafted from Years of Experience

Leveraging our track record in the research and development of mathematical technology (operations research) and our know-how in the use of the latest AI technology, we resolve various business- and management-related issues using an advanced algorithm. With a particular focus on supply chain management (including demand forecasting, production planning, and delivery planning), our consultants provide optimal data-driven solutions and resolve customer issues by drawing on their data analysis capabilities, such as data analytics technology and mathematical optimization technology, and their extensive knowledge of business processes.



Low-Code Development

Developing a Proprietary Low-Code Development Platform That Facilitates the Rapid Creation of Web Systems

Launched in 2005 as a platform to pioneer low-code development, *WebPerformer* shortens development time by developing web systems intuitively, releasing systems rapidly, and maintaining quality, facilitating co-creation-based development between the development department and the business departments that use these systems. *WebPerformer* allows for the development of systems that flexibly adapt to changes in the business environment and has been adopted by more than 1,300 customers. A cloud version of this development platform, *WebPerformer-NX*, was released in 2023, enabling us to expand our range of proposals through the operation of front-end systems in the cloud and mission-critical and peripheral systems on premises.



KPI 2 HOME and IT Maintenance and Operations Contracts



Maintaining Our Strong Connections with Customers by Supporting the IT Operations of SMEs

It is becoming more difficult than ever for SMEs to secure highly skilled professionals, particularly when it comes to acquiring IT and security solutions experts on their own. To overcome these issues, Canon MJ

offers a range of services for its SME customers that include its *DX support services such as HOME and HOME Select Series*, and IT maintenance and operations service, such as *Makasete IT DX Series*.

HOME

Providing Stable Security Solutions and Efficient Cloud Services to SME Customers

*HOME* is Canon MJ's original DX support service that offers security measures and cloud services on a one-stop basis for a monthly fee. In addition to providing support for the implementation and operation of unified threat management devices as a security measure, we facilitate compliance with the Law on Book and Record Keeping through Electronic Methods, the digitalization of work processes, and improvements to productivity through the provision of our *HOME Select Series* service.

IT Maintenance and Operations

Resolving the Issues of SME Customers with the Makasete IT DX Series

In addition to having to cope with IT equipment failures, SMEs are facing a growing number of other operation-related issues stemming from changes in their business environment. The *Makasete IT DX Series* service provides customers with a safe and secure environment in which they can conduct business operations by resolving their issues in a timely manner and providing operational support to ensure the proper use of business software and the stable operation of IT equipment. We will also expand our selection of management support services and educational support services to help overcome the issues faced by managers of SMEs.

Message from the Person in Charge of Planning Digital Document Services, DigitalWork Accelerator

Canon Marketing Japan Inc.



**Hiroyuki Hayashi**  
General Manager  
Digital Document Service Planning Division,  
Solution Development Center  
Business Innovation Section,  
Marketing Headquarters

To address the needs of our many customers, we have been developing business document solutions, digital workflow, and other digital document services for more than 20 years in conjunction with Canon products. We believe the knowledge we have gained from the flow of data utilization of our various customers, from input to output, and their entire workflow is a strength of the Company. Utilizing this knowledge, in December 2022 we launched the *DigitalWork Accelerator Series* service, a cloud service that complies with the Law on Book and Record Keeping through Electronic Methods and the invoice system in Japan.

*DigitalWork Accelerator* provides a framework for centralizing the management of transaction-related documents and managing information on the business processes for the digitalization, approval, and storage of paper documents.

According to customers that have adopted this service, *DigitalWork Accelerator* is easy to use and has reduced the workload on the front lines, as it eliminates the need to register purchase orders, invoices, and other documents and to enter index information and can be easily integrated with accounting systems.

Going forward, we will expand our services for this platform, from services geared toward compliance with laws and regulations, such as the invoice system in Japan, to support for reforming business processes, thereby creating new value through the strengthening of the linkage with business applications and industry-specific services and accelerating the growth of our customers' businesses in the process.

Message from the Person in Charge of Sales IT Maintenance and Operations

Canon System & Support Inc.



**Yasushi Fujimura**  
Assistant Manager  
Tokyo-Daini Sales Dept. 1  
Tokyo-Daini Sales Division  
Tokyo Sales Group  
Sales Headquarters

Customers that do not have an in-house IT specialist often ask about how they should respond to the accelerating pace of digitalization. The *Makasete IT DX Series* is a service that provides support for not only equipment selection and implementation but also fault isolation and operations. This allows us, as sales representatives, to confidently make proposals for everything from equipment selection to operations and gain the support of customers as a trusted IT partner. As the Company will also be expanding its services to support management in addressing issues related to the formulation of IT investment plans, the development of sales strategies, and the promotion of sales activities, I will work to improve my own IT skills and evolve together with customers so that we connect with them on a wider scale, from their front lines to management.

Comments from the Person in Charge of the Customer Support Center IT Maintenance and Operations

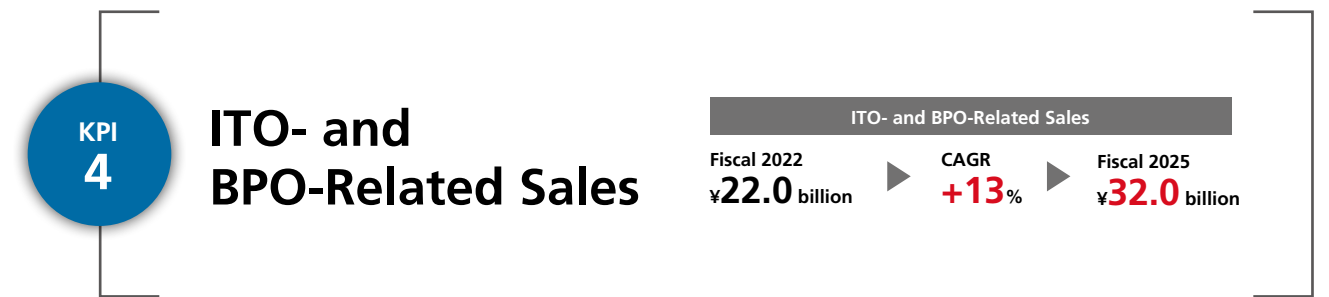
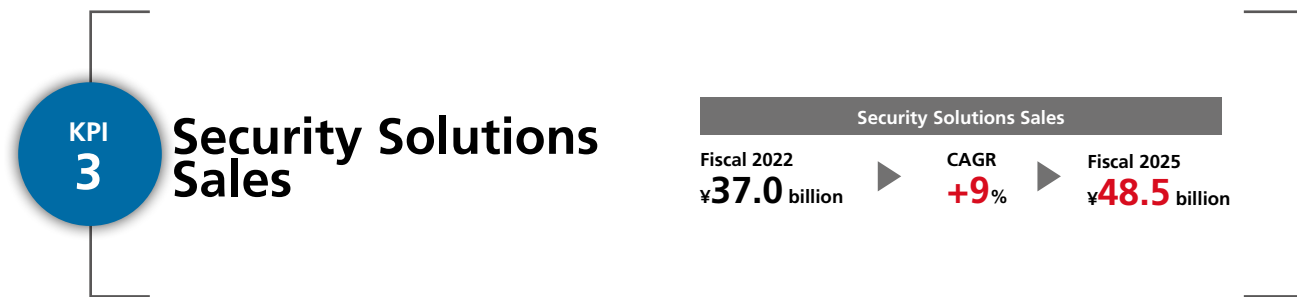
Canon System & Support Inc.



**Yasushi Tateiwa**  
Senior Staff  
Infrastructure Operation  
Support Dept. 1  
Customer Support Center  
Infrastructure Engineering  
Group  
Engineering Headquarters  
Canon System & Support  
Inc.

The Customer Support Center receives inquiries from customers under IT maintenance and operations contracts. In handling our customers' day-to-day issues, we utilize the tools necessary to promptly resolve matters remotely. We are also working to improve our knowledge on ways to handle customer inquiries so that we are able to resolve even more issues for our customers. The number of operation-related inquiries has increased since the release of the *Makasete IT DX Series*, and I get the sense that our operational support services, which take into account the ongoing changes in the business environment, are drawing tremendous interest among customers. Moving ahead, we will continue to provide new value by adhering to our customers' needs for everything from troubleshooting to operational support.

Focus: IT Solutions Business by Customer Segment



### Providing Comprehensive Support from a Cybersecurity and Physical Security Perspective

Today, cyberspace and physical space are merging in all areas of the world. While their linkage offers many benefits, we must also consider the increasing risk of the impact of cyberattacks on physical space. The Canon MJ Group provides customers with security and peace

of mind through the development of comprehensive security solutions that encompass both physical security, such as video surveillance, and cybersecurity, including network intrusion detection and prevention services.

#### Physical Security

#### Delivering a Wide Range of Solutions by Incorporating the Canon Group's Hardware and Software Capabilities

By combining the Canon Group's diverse line of network cameras with video management software, our proprietary video cloud service *VisualStage*, and AI technology, including facial and behavior recognition, we will support the DX activities of customers in a variety of industries and business categories by utilizing video data, such as diagnostic imaging and video analysis, in addition to surveillance.

#### Cybersecurity

#### Providing an Array of Products, Services, and Support Based on the ESET Antivirus Software

In addition to antivirus software and other solutions that protect websites from external attacks, we offer a wide selection of services to prevent cyberattacks, including vulnerability assessment and malware analysis services. The *ESET* antivirus software, for which we are an exclusive distributor in Japan, has gained the recognition of many customers for its high detection capabilities and easy operation, ranking atop Nikkei Computer Customer Satisfaction Survey 2022–2023 in the security products division for the 10th year in a row.

#### Message from the Person in Charge of Planning Cybersecurity

Canon Marketing Japan Inc.



**Koji Sekiguchi**  
Manager  
Security Solution Planning Dept. 1  
Security Solution Planning Division  
Security Solution Planning Group  
IT Products Marketing Section  
Marketing Headquarters

As the exclusive distributor of the *ESET* comprehensive endpoint protection software in Japan, Canon MJ not only purchases and sells the software but also ensures that it can be used by customers with peace of mind through verification of the security program by the engineering department in accordance with the Canon MJ Group's quality standards. The software is released upon confirmation that they meet a certain level of quality. We also operate a customer support center, through which we receive feedback from *ESET* users that are forwarded to the developer ESET, spol. s r.o. In this way, we continue to make improvements in accordance with the needs of the Japanese market and its expectations for high quality. We provide value to customers through a variety of means, including prepurchase consultation and post-purchase product support, by drawing on our technical knowledge and expertise cultivated over many years. Going forward, we will continue to deliver reliable security solutions in order to maintain our solid reputation for accurate malware detection, ease of operation, and technical, support, and information dissemination capabilities.

### Enabling Customers to Focus on Their Core Operations by Taking Charge of Their IT Operations

The demand for outsourcing services continues to rise due to the challenge of securing workers caused by the declining birth rate and aging population, the accelerating shift to the cloud and the advancement of security measures due to the evolution of DX, and other factors. At the

Canon MJ Group, we help create an environment that allows our customers to focus more closely on their core operations by ensuring a thorough understanding of their entire business.

#### Information Technology Outsourcing (ITO)

#### Continuously Supporting the IT Environments of Customers with the Nishi-Tokyo Data Center at the Core

We ensure that our customers can always receive support for their IT environments through our cloud integration services that cater to customer needs, our system maintenance and operations services that minimize the workload of our customers' operations through the strength of our extensive operational track record spanning more than 20 years, and our data center services that support our customers' IT systems 24-hours a day, 365-days a year through our exceptional operational quality and equipment.

#### Business Process Outsourcing (BPO)

#### Developing Distinctive Services Based on Our Unique Technologies

The Canon MJ Group's BPO services encompass the outsourcing of specific projects as well as customers' non-core operations. In addition to being able to flexibly assign the right personnel for each project, the strengths of our BPO services lie in our ability to ensure a thorough understanding of our customers' business flows, make use of the Canon MJ Group's abundance of input and output devices and technology, and streamline and enhance the performance of their series of tasks. We also make business improvement proposals aimed at streamlining our customers' core operations.

#### Message from Persons in Charge of Operations ITO (Nish-Tokyo Data Center)

Canon IT Solutions, Inc.



**Shinichi Kobayashi (right)**  
General Manager  
Data Center Management Division  
Data Center Service Group  
IT Service Technology Headquarters  
IT Platform Business Section

**Yuko Furusaki (left)**  
Regular Employee  
Data Center Management Division  
Data Center Service Group  
IT Service Technology Headquarters  
IT Platform Business Section

The Nishi-Tokyo Data Center, owned and operated by the Canon MJ Group, offers exceptional levels of security and operational quality that meet the strict requirements of our customers and is used by a number of companies in industries such as finance, manufacturing, and cloud computing. No matter how sophisticated and robust the data center, it will not be enough to ensure that our services will cater to the needs of our customers. With the aim of enhancing our operational quality, each week we conduct drills to ensure that we are able to respond quickly and properly to equipment failures and other problems that occur on a regular basis as well as to prepare for large-scale disasters based on our Data Center Contingency Plan and its over 200 failure scenarios. Moreover, once a year, we carry out a comprehensive interlock inspection by cutting off the power supply and using power generators. The training scenarios are updated each year based on the assumption of failures at multiple facilities, possible points of failure, and the types of failures that could occur. We have been able to maintain high levels of quality as a result, as demonstrated by our acquisitions of the Management & Operations Stamp of Approval and other quality-related certifications.

In addition, Nishi-Tokyo Data Center building No. 1 and No. 2 received Outstanding Specified Anti-Global Warming Facility (near-top-level business facility) certification from the Tokyo Metropolitan Government's Bureau of Environment for their exceptional system for promoting measures against global warming. Moving ahead, we will contribute to more efficient use of energy in society through the operations of our energy-efficient data centers.

Note: Please refer to our corporate website for information on our various certifications. (in Japanese only)  
<https://www.canon-its.co.jp/solution/idx/>