

## Summary Report of Consolidated Financial Results

for the fiscal year ended December 31, 2017

Registered company name: **Canon Marketing Japan Inc.**  
 Stock listing: Tokyo Stock Exchange, First Section  
 Code number: 8060  
 URL: <http://cweb.canon.jp/eng/ir>  
 Representative director: Masahiro Sakata, President  
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Dividend payable date (as planned): March 29, 2018

U.S. Accounting Standards Applied: No

1. Consolidated business results for the year ended December 31, 2017 (From January 1, 2017 to December 31, 2017)

(1) Consolidated Results of Operations (Amounts less than one million yen are truncated)

(Percentage represents increases or decreases from the previous year)

Year ended	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2017	632,189	0.5	30,406	9.9	31,491	9.7	20,679	13.9
December 31, 2016	629,313	(2.6)	27,676	3.9	28,717	2.4	18,161	15.9

[Note] Comprehensive Income: Year ended December 31, 2017 : 23,697 million yen [153.9%]

Year ended December 31, 2016 : 9,332 million yen [(39.9)%]

Year ended	Basic earnings per share	Diluted net income per share	Rate of return on equity	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
December 31, 2017	159.48	-	7.2	6.2	4.8
December 31, 2016	140.06	-	6.5	5.8	4.4

(2) Consolidated Financial Position

(Amounts less than one million yen are truncated)

Year ended	Total assets	Net assets	Equity ratio	Net asset per share
	Millions of yen	Millions of yen	%	Yen
Year ended December 31, 2017	510,832	297,522	58.1	2,290.70
Year ended December 31, 2016	497,727	280,919	56.4	2,162.96

[Reference] Shareholders' equity: Year ended December 31, 2017 : 297,031 million yen

Year ended December 31, 2016 : 280,472 million yen

(3) Cash Flows

(Amounts less than one million yen are truncated)

Year ended	Net cash provided by operating activities	Net cash provided by investing activities	Net cash provided by financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended December 31, 2017	28,885	7,963	(7,145)	136,979
Year ended December 31, 2016	33,306	(19,460)	(6,086)	107,285

2. Dividends

Year ended	Dividend per share					Total dividends (annual)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter -end	Second quarter -end	Third quarter -end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Yen	%	%
Year ended December 31, 2016	-	20.00	-	30.00	50.00	6,483	35.7	2.3
Year ended December 31, 2017	-	25.00	-	35.00	60.00	7,780	37.6	2.7
Year ending December 31, 2018 (forecast)	-	-	-	-	60.00		35.9	

3. Consolidated financial forecast for the fiscal year ending December 31, 2018

(Amounts less than one million yen are truncated)

(Percentage represents increases or decreases from the previous year)

Full year	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	645,000	2.0	32,000	5.2	33,000	4.8	21,700	4.9	167.35

\* Others

(1) Material changes in subsidiaries during this period

(Changes in scope of consolidations resulting from change is subsidiaries) : None

(2) Changes in accounting policies and accounting estimates, retrospective restatement

( i ) Changes in accounting policies based on revisions of accounting standard: None

( ii ) Changes in accounting policies other than ( i ) : None

( iii ) Changes in accounting estimates : None

( iv ) Retrospective restatement : None

(3) Number of issued and outstanding shares (common stock)

( i ) Number of issued and outstanding shares at the end of fiscal year (including treasury stock)

As of December 31, 2017 : 151,079,972

As of December 31, 2016 : 151,079,972

( ii ) Number of treasury stock at the end of fiscal year

As of December 31, 2017 : 21,411,513

As of December 31, 2016 : 21,409,021

( iii ) Average number of shares

As of December 31, 2017 : 129,669,783

As of December 31, 2016 : 129,671,693

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated business results for the year ended December 31, 2017 (From January 1, 2017 to December 31, 2017)

(1) Non-Consolidated Results of Operations

(Amounts less than one million yen are truncated)

(Percentage represents increases or decreases from the previous year)

Year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2017	489,105	2.0	19,768	22.2	24,881	22.1	18,141	33.5
December 31, 2016	479,457	(3.3)	16,183	1.9	20,375	1.4	13,593	14.7

Year ended	Net income per share	Diluted net income per share
	Yen	Yen
December 31, 2017	139.91	-
December 31, 2016	104.83	-

(2) Non-Consolidated Financial Position

(Amounts less than one million yen are truncated)

Year ended	Total assets	Net assets	Equity ratio	Net asset per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2017	503,790	283,887	56.4	2,189.33
December 31, 2016	484,283	272,417	56.3	2,100.83

[Reference] Shareholders' equity: Year ended December 31, 2017 : 283,887 / Year ended December 31, 2016 : 272,417

Disclaimer :

This report is not subject to audit procedures based on the Financial Instruments and Exchange Law in Japan.

Earnings projections are based on information available at the time these materials were announced, and the Company cannot guarantee that they will be realized. Also, actual results may differ from the estimated figures given due to various factors.

## Consolidated Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2016	As of December 31, 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	76,785	66,479
Notes and accounts receivable-trade	124,475	125,626
Securities	30,500	70,500
Merchandise and finished goods	28,270	32,076
Work in process	834	958
Raw materials and supplies	875	836
Deferred tax assets	4,214	4,062
Short-term loans receivable	90,044	90,014
Other	6,263	7,050
Allowance for doubtful accounts	(121)	(98)
<b>Total current assets</b>	<b>362,141</b>	<b>397,506</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	47,425	30,825
Machinery, equipment and vehicles, net	147	251
Tools, furniture and fixtures, net	3,963	3,732
Rental assets, net	10,574	11,058
Land	34,364	29,016
Leased assets, net	226	116
Construction in progress	-	89
<b>Total property, plant and equipment</b>	<b>96,701</b>	<b>75,090</b>
<b>Intangible assets</b>		
Software	6,443	5,153
Leased assets	53	12
Right of using facilities	317	316
Other	4	2
<b>Total intangible assets</b>	<b>6,819</b>	<b>5,485</b>
<b>Investments and other assets</b>		
Investment securities	7,422	9,027
Long-term loans receivable	10	29
Net defined benefit asset	-	404
Deferred tax assets	17,668	16,203
Guarantee deposits	4,824	4,880
Other	2,483	2,532
Allowance for doubtful accounts	(344)	(327)
<b>Total investments and other assets</b>	<b>32,064</b>	<b>32,750</b>
<b>Total non-current assets</b>	<b>135,585</b>	<b>113,325</b>
<b>Total assets</b>	<b>497,727</b>	<b>510,832</b>

## Consolidated Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2016	As of December 31, 2017
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	102,662	100,940
Short-term loans payable	-	147
Lease obligations	175	125
Accrued expenses	18,968	18,168
Income taxes payable	4,689	6,289
Accrued consumption taxes	4,296	4,586
Provision for bonuses	3,473	3,443
Provision for directors' bonuses	128	128
Provision for product warranties	461	487
Provision for loss on order received	23	132
Other	22,086	22,949
<b>Total current liabilities</b>	<b>156,966</b>	<b>157,398</b>
<b>Non-current liabilities</b>		
Lease obligations	206	163
Deferred tax liabilities	422	438
Deferred tax liabilities for land revaluation	6	-
Accrued long service rewards for employees	961	961
Net defined benefit liability	53,568	49,604
Other	4,675	4,743
<b>Total non-current liabilities</b>	<b>59,841</b>	<b>55,911</b>
<b>Total liabilities</b>	<b>216,808</b>	<b>213,310</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	73,303	73,303
Capital surplus	82,820	82,820
Retained earnings	163,363	176,911
Treasure stocks	(31,914)	(31,921)
<b>Total shareholders' equity</b>	<b>287,571</b>	<b>301,113</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,328	3,159
Deferred gains or losses on hedges	(14)	6
Foreign currency translation adjustment	147	98
Remeasurements of defined benefit plans	(9,560)	(7,345)
<b>Total accumulated other comprehensive income</b>	<b>(7,099)</b>	<b>(4,081)</b>
<b>Non-controlling interests</b>	<b>446</b>	<b>490</b>
<b>Total net assets</b>	<b>280,919</b>	<b>297,522</b>
<b>Total liabilities and net assets</b>	<b>497,727</b>	<b>510,832</b>

## Consolidated Statements of Income

(Amounts less than one million yen are truncated)

	FY2016 (from January 1, 2016 to December 31, 2016)	FY2017 (from January 1, 2017 to December 31, 2017)
Net sales	629,313	632,189
Cost of sales	403,306	408,417
Gross profit	226,007	223,771
Selling, general and administrative expenses	198,331	193,365
Operating income	27,676	30,406
Non-operating income		
Interest income	220	165
Dividend income	132	121
Insurance income	609	549
Other	443	493
Total non-operating income	1,405	1,328
Non-operating expenses		
Interest expenses	15	12
Foreign exchange losses	78	11
Other	270	220
Total non-operating expenses	363	244
Ordinary income	28,717	31,491
Extraordinary income		
Gain on sales of non-current assets	774	879
Gain on sales of investment securities	661	539
Other	36	63
Total extraordinary income	1,473	1,482
Extraordinary losses		
Loss on sales and retirement of non-current assets	985	898
Impairment loss	131	1,033
Loss on disaster	27	-
Special extra retirement payments	5	100
Other	137	23
Total extraordinary losses	1,287	2,054
Profit before income taxes	28,903	30,918
Income taxes-current	8,789	9,950
Income taxes-deferred	1,918	272
Total income taxes	10,707	10,222
Profit	18,195	20,695
Profit attributable to non-controlling interests	33	15
Profit attributable to owners of parent	18,161	20,679

## Consolidated Statements of Comprehensive Income

(Amounts less than one million yen are truncated)

	FY2016 (from January 1, 2016 to December 31, 2016)	FY2017 (from January 1, 2017 to December 31, 2017)
Profit	18,195	20,695
Other comprehensive income		
Valuation difference on available-for-sale securities	(447)	831
Deferred gains or losses on hedges	(15)	20
Foreign currency translation adjustment	(80)	(65)
Remeasurements of defined benefit plans, net of tax	(8,319)	2,214
Total other comprehensive income	(8,862)	3,001
Comprehensive income	9,332	23,697
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,302	23,697
Comprehensive income attributable to non-controlling interests	30	0

## Consolidated Statements of Shareholders' Equity

I. FY2016 (from January 1, 2016 to December 31, 2016)

(Amounts less than one million yen are truncated)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasure stocks	Total shareholders' equity
Balance at beginning of current period	73,303	82,820	151,036	(31,911)	275,247
Cumulative effects of changes in accounting policies					-
Restated balance	73,303	82,820	151,036	(31,911)	275,247
Changes of items during period					
Dividends of surplus			(5,835)		(5,835)
Profit attributable to owners of parent			18,161		18,161
Purchase of treasury stock				(2)	(2)
Disposal of treasury stock					-
Profit attributable to non-controlling interests					-
Dividends paid to non-controlling interests					-
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	-	12,326	(2)	12,324
Balance at end of current period	73,303	82,820	163,363	(31,914)	287,571

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,775	0	224	(1,240)	1,760	430	277,438
Cumulative effects of changes in accounting policies					-		-
Restated balance	2,775	0	224	(1,240)	1,760	430	277,438
Changes of items during period							
Dividends of surplus					-		(5,835)
Profit attributable to owners of parent					-		18,161
Purchase of treasury stock					-		(2)
Disposal of treasury stock					-		-
Profit attributable to non-controlling interests					-	33	33
Dividends paid to non-controlling interests					-	(10)	(10)
Net changes of items other than shareholders' equity	(446)	(15)	(77)	(8,319)	(8,859)	(7)	(8,866)
Total changes of items during period	(446)	(15)	(77)	(8,319)	(8,859)	16	3,481
Balance at end of current period	2,328	(14)	147	(9,560)	(7,099)	446	280,919



Consolidated Statements of Shareholders' Equity

II. FY2017 (from January 1, 2017 to December 31, 2017)

(Amounts less than one million yen are truncated)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasure stocks	Total shareholders' equity
Balance at beginning of current period	73,303	82,820	163,363	(31,914)	287,571
Cumulative effects of changes in accounting policies					-
Restated balance	73,303	82,820	163,363	(31,914)	287,571
Changes of items during period					
Dividends of surplus			(7,131)		(7,131)
Profit attributable to owners of parent			20,679		20,679
Purchase of treasury stock				(6)	(6)
Disposal of treasury stock		0		0	0
Profit attributable to non-controlling interests					-
Dividends paid to non-controlling interests					-
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	0	13,548	(6)	13,541
Balance at end of current period	73,303	82,820	176,911	(31,921)	301,113

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,328	(14)	147	(9,560)	(7,099)	446	280,919
Cumulative effects of changes in accounting policies					-		-
Restated balance	2,328	(14)	147	(9,560)	(7,099)	446	280,919
Changes of items during period							
Dividends of surplus					-		(7,131)
Profit attributable to owners of parent					-		20,679
Purchase of treasury stock					-		(6)
Disposal of treasury stock					-		0
Profit attributable to non-controlling interests					-	15	15
Dividends paid to non-controlling interests					-	(12)	(12)
Net changes of items other than shareholders' equity	830	20	(48)	2,214	3,017	40	3,057
Total changes of items during period	830	20	(48)	2,214	3,017	44	16,603
Balance at end of current period	3,159	6	98	(7,345)	(4,081)	490	297,522

Consolidated Statements of Cash Flows

(Amounts less than one million yen are truncated)

	FY2016 (from January 1, 2016 to December 31, 2016)	FY2017 (from January 1, 2017 to December 31, 2017)
Cash flows from operating activities		
Profit before income taxes	28,903	30,918
Depreciation	14,870	14,268
Impairment loss	131	1,033
Amortization of goodwill	799	-
Increase (decrease) in allowance for doubtful accounts	(34)	(40)
Increase (decrease) in net defined benefit liability	(1,271)	(959)
Decrease (increase) in net defined benefit asset	-	(206)
Interest and dividend income	(352)	(286)
Interest expenses	15	12
Loss (gain) on sales and retirement of property, plant and equipment	78	6
Loss (gain) on sales of investment securities	(661)	(539)
Decrease (increase) in notes and accounts receivable-trade	1,248	(1,098)
Decrease (increase) in inventories	87	(3,917)
Increase (decrease) in notes and accounts payable-trade	843	(1,812)
Other, net	(716)	396
Subtotal	43,939	37,774
Interest and dividends income received	366	285
Interest expenses paid	(17)	(12)
Income taxes paid	(10,982)	(9,162)
Net cash provided by (used in) operating activities	33,306	28,885
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,990)	(12,070)
Proceeds from sales of property, plant and equipment	2,307	21,355
Purchase of intangible assets	(1,441)	(1,230)
Purchase of investment securities	(454)	(733)
Proceeds from sales of investment securities	796	880
Net decrease (increase) in short-term loans receivable	(9,990)	10
Other, net	311	(247)
Net cash provided by (used in) investing activities	(19,460)	7,963
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-	147
Repayments of finance lease obligations	(239)	(192)
Purchase of treasury stock	(2)	(6)
Cash dividends paid	(5,833)	(7,127)
Dividends paid to non-controlling interests	(10)	(12)
Proceeds from share issuance to non-controlling shareholders	-	49
Other, net	-	(1)
Net cash provided by (used in) financing activities	(6,086)	(7,145)
Effect of exchange rate change on cash and cash equivalents	(47)	(9)
Net increase (decrease) in cash and cash equivalents	7,712	29,693
Cash and cash equivalents at beginning of period	99,573	107,285
Cash and cash equivalents at end of period	107,285	136,979

## Consolidated Segment Information

### I. FY2016 (from January 1, 2016 to December 31, 2016)

Information on net sales and income (loss) by reportable segment.

(Amounts less than one million yen are truncated)

	Business Solutions	IT Solutions	Imaging System	Industrial / Medical	Other	Total	Adjustment	Consolidated
Net sales								
Sales - external customers	334,603	103,269	159,206	32,208	25	629,313	-	629,313
Sales - intersegment	-	25,528	-	-	-	25,528	(25,528)	-
Total	334,603	128,798	159,206	32,208	25	654,842	(25,528)	629,313
Operating income	12,052	3,981	10,887	185	569	27,676	-	27,676
Assets	145,217	59,998	71,021	20,627	9,194	306,059	191,667	497,727
Other								
Depreciation	10,620	2,070	1,561	496	120	14,870	-	14,870
Amortization of goodwill	-	254	-	544	-	799	-	799
Increase in Property, plant and equipment and Intangible assets	8,168	4,114	529	357	-	13,169	-	13,169

[Note]

- "Other" includes businesses, such as shared service businesses, which are not included in other reportable segments.
- "Assets" corresponding to the "Adjustment" is mainly surplus investment funds of the company, such as cash and securities, the assets of the administrative department and among others.
- "Operating income" is equal to the "Operating income" of "Consolidated Statements of Income."

### II. FY2017(from January 1, 2017 to December 31, 2017)

Information on net sales and income (loss) by reportable segment.

(Amounts less than one million yen are truncated)

	Business Solutions	IT Solutions	Imaging System	Industrial / Medical	Other	Total	Adjustment	Consolidated
Net sales								
Sales - external customers	338,145	107,368	152,339	34,308	27	632,189	-	632,189
Sales - intersegment	-	27,528	-	-	-	27,528	(27,528)	-
Total	338,145	134,896	152,339	34,308	27	659,718	(27,528)	632,189
Operating income	12,238	4,559	11,688	1,543	375	30,406	-	30,406
Assets	130,213	62,606	63,670	22,504	8,238	287,233	223,598	510,832
Other								
Depreciation	10,277	2,326	1,083	440	141	14,268	-	14,268
Amortization of goodwill	-	-	-	-	-	-	-	-
Increase in Property, plant and equipment and Intangible assets	10,222	2,510	706	224	2	13,666	-	13,666

[Note]

- "Other" includes businesses, such as shared service businesses, which are not included in other reportable segments.
- "Assets" corresponding to the "Adjustment" is mainly surplus investment funds of the company, such as cash and securities, the assets of the administrative department and among others.
- "Operating income" is equal to the "Operating income" of "Consolidated Statements of Income."

\*NOTE\*

Canon Biz Attenda Inc. and A&A Co., Ltd. , which were previously included in "IT Solutions" segment, are included in "Business Solutions" segment and Canon ITS Medical Inc., which was previously included in "IT Solutions" segment, is included in "Industrial / Medical" segment starting from the current fiscal year. The segment information for the previous fiscal year is disclosed after reclassifying the figures in accordance with the new reportable segments mentioned above.