

Consolidated Financial Results (Tanshin) for the Six Months Ended September 30, 2016
(Based on Japanese GAAP)

November 14, 2016

Name of listed company : CYBERDYNE, INC. Stock exchange listing : Mothers Section of TSE
 Stock code : 7779 URL : <http://www.cyberdyne.jp/>
 Representative (title) : President and CEO Name : Yoshiyuki Sankai
 Contact (title) : Director and CFO Name : Shinji Uga Tel. +81-29-869-9981
 Scheduled date for release of six month report : November 14, 2016 Scheduled start of dividend payment: —
 Additional materials for the financial results : Yes
 Information meeting for the financial results : Yes (only for institutional investors)

(rounded down to the nearest JPY 1 million)

I. Consolidated financial results for the six months ended September 30, 2016 (April 1, 2016 – September 30, 2016)

1. Consolidated result of operations (percentages denote year-on-year change)

	Net sales		Operating income		Ordinary income*		Net income attributable to owners of the parent	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Apr.1- Sep 30, 2016	600	8.3	-694	—	-510	—	-514	—
Apr.1- Sep 30, 2015	555	161.6	-530	—	-387	—	-387	—

*Income/loss before income tax, also called “Pretax income” or “Ordinary profit”

Notes: Comprehensive income for the six months ended Sep 30, 2016: JPY -508 million (—%)
 for the six months ended Sep 30, 2015: JPY -389 million (—%)

	Net income per share	Diluted net income per share
	JPY	JPY
Apr.1- Sep 30, 2016	-2.42	—
Apr.1- Sep 30, 2015	-1.90	—

Notes:

- (i) Dilutive shares exist but diluted net income per share of each term is not recorded due to net loss per share.
- (ii) CYBERDYNE, INC. implemented stock splits of 1 to 2 for each Common Share and Class B Share on August 1, 2015. Net income (loss) per share for each term is calculated, assuming that the stock splits were implemented at the beginning of the previous fiscal year (April 1, 2015).

2. Consolidated financial position

	Total assets	Net assets	Equity ratio
	JPY million	JPY million	%
Six months ended Sep 30, 2016	47,085	46,495	98.7
The fiscal year ended March 31, 2015	47,534	27,063	55.8

Notes: shareholders' equity JPY 46,483 million as of six month ended Sep 30, 2016
 JPY 26,527 million as of the fiscal year ended March 31, 2015

II. Dividends

	Dividend payments for each term and the year				
	1st quarter (Apr.1- June 30, 2016)	2nd quarter (Apr.1- Sep 30, 2016)	3rd quarter (Apr.1- Dec 31, 2016)	Year end (Apr.1- Mar 31, 2017)	Total
	JPY	JPY	JPY	JPY	JPY
Fiscal year ended March 31, 2016	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2017	—	0.00	—	—	—
Fiscal year ending March 31, 2017 (estimated)	—	—	—	0.00	0.00

Notes:

- (i) Changes from the latest released dividend forecasts: none
- (ii) The table of “Dividends” indicates dividend payments on Common Shares. Dividends on Class Share (non-listed) for which the number of share units differs from Common Shares are shown below as “Dividends on Class Shares”.

III. Forecast of consolidated financial results for the fiscal year ending March 31, 2017 (April 1, 2016 – March 31, 2017)

As the business of CYBERDYNE, INC. and its group companies (collectively referred to as the “Group”) is based on a new market with innovative technologies, there are many uncertain factors that could have an impact on its performance, making it difficult to provide a forecast with accurate figures. CYBERDYNE, INC. (the “Company”) will announce the forecast of consolidated financial results once information necessary to make reasonable judgment becomes available.

Notes:

1. Changes in key subsidiaries during the six months under review (changes in specific subsidiaries resulting in changes of consolidation scope): none
new: — (company name: —), excluded: — (company name: —)
2. Application of special accounting for preparing consolidated financial statements for the six-months ended September 30, 2016 : none
3. Changes in accounting policies, accounting estimates, and restatement of error corrections
 - (i) Changes in accounting policies due to revisions of accounting standards, and other regulations: yes
 - (ii) Changes in accounting policies due to reasons other than (i): none
 - (iii) Changes in accounting estimates: none
 - (iv) Restatement of prior period financial statements after error corrections: none
4. Total number of issued shares (Common Shares)
 - (i) Total number of issued shares at the end of each period (including treasury shares)

As of Sep 30, 2016	215,047,609 shares	As of March 31, 2016	203,276,000 shares
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 - (ii) Total number of treasury shares at the end of each period

As of Sep 30, 2016	138 shares	As of March 31, 2016	138 shares
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 - (iii) Average number of shares during each six months

Apr.1 – Sep 30, 2016	212,603,736 shares	Apr.1 – Sep 30, 2015	203,275,960 shares
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Notes:

- (i) Class B Shares are ranked the same as Common Shares and paid the same amount as Common Shares with regard to dividends of surplus and distribution of residual assets. Therefore the total number of issued shares at each end of period and the average number of shares during each period include Class B Shares as Common Shares.
- (ii) The Company implemented stock splits of 1 to 2 for each Common Share and Class B Share on August 1, 2015. Therefore the number of issued shares is calculated, assuming that the stock splits were implemented at the beginning of the previous consolidated fiscal year (April 1, 2015).

*Indication regarding execution of quarterly review procedures:

Though this six months financial results report is not subject to the quarterly review procedures in accordance with the Financial Instruments and Exchange Law, at the time of disclosure of this six months financial results report, the quarterly review procedures for the six months consolidated financial statements have been completed.

*Proper use of the financial results forecast, and other special matters

Descriptions about the future of the Company in this document, such as the financial results forecast, are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Nevertheless, the Company cannot assure materialization of these forecasts. Actual

business and other results might differ substantially from the forecasts due to various factors. Please refer to “3. Explanation related to the forecast of consolidated financial results and other forward-looking statements” in section I “Qualitative information regarding settlement of accounts for the six months ended September 30, 2016” at page 6.

Dividends on Class Shares

Details of dividends on the Company’s class shares for which the number of share units differs from its Common Shares are as below.

Class B Shares	Dividends per share				
	1st quarter	2nd quarter	3rd quarter	Fiscal year end	Total
	JPY	JPY	JPY	JPY	JPY
Fiscal year ended March 31, 2016	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2017	—				
Fiscal year ending March 31, 2017 (estimation)		0.00	—	0.00	0.00

Notes:

The Company issued Class B Shares which were accorded the same rights as its Common Shares with regard to dividends and distribution of residual assets, but for which share units differ from Common Shares.

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I. Qualitative information regarding settlement of accounts for the six months ended September 30, 2016

1. Explanation of results of operation

All forward-looking statements included in this explanation were determined reasonable by the Group based on currently available information for the six months ended September 30, 2016 and certain assumptions made by the Group.

From May 15 to May 17, 2016, G7 Science & Technology Ministers' Meeting was held in Tsukuba, Ibaraki, Japan. On the final day, the Joint Statement "Tsukuba Communiqué" was adopted including the following statements :

- Regarding that the G7 countries ("the G7") and many of the emerging economies are facing the challenges of rapidly aging societies, the G7 put emphasis on an important role of the science-based innovation including the establishment of social systems that assist healthy long life of elderly people and provide good quality elderly care to them.
- The G7 also refer to the possibility to improve welfare for, and living quality of, the aged and to reduce the load on caregivers through the utilization of robotics and express their determination on reduction of the burden on families and the society by integrating social science research with medical care, Information and Communication Technology ("ICT") and robotic assistance.

In Japan, the cabinet has determined to adopt the "5th Science and Technology Basic Plan" on January 22, 2016, in order to advance firmly the new concept "Society 5.0", a human centric society where physical space (real world) and cyber space are initiatively merged to solve economic and social problems and people can enjoy good quality of life. Noting this, the cabinet also adopted "Comprehensive Strategy on Science, Technology and Innovation 2016" in May 24, 2016, which stated that in order to deepen and advance the concept of Society 5.0, those involved must focus on research and development of robots, designed to assist the elderly and disabled people for their safe and secured life. This relevant strategy also mentions promoting independence of people in need of support as well as research, development and effective distribution of technologies in nursing and care services.

These significant movements such as the concept of Society 5.0 match the Company's endeavor to realize "Zero Intensive Care Society". By utilizing innovative Cybernics* technology, the Company aims to provide solutions to the problems that the society faces while firmly establishing an economic cycle at the same time. In the field of medicine, living support and labor support, the Company attempts social and industrial transformation by accelerating its research and development, and business development.

*"Cybernics" (adjective: Cybernic) is a new academic field that is centered around

cybernetics, mechatronics and informatics fused/combined with various other fields including brain/neuroscience, robotics, biology, behavioral science, psychology, law, ethics, and business administration. Cybernetics is championed by Dr. Yoshiyuki Sankai, a professor at the University of Tsukuba in Japan. Cybernetic technology means the practical application of Cybernetics to technology.

During this consolidated six months ended September 30, 2016, in the field of medicine, the Ministry of Health, Labour and Welfare (“MHLW”) announced its explanation regarding the technical fee for the treatment of rare neuromuscular disease patients using HAL for Medical Use (Lower Limb Type, Double-Leg model) (“Medical HAL” or “Medical HAL (Double-Leg)”) on April 25, 2016 and on September 2, 2016, two hospitals in Japan implemented the treatment with Medical HAL, as the world's first treatment with robot covered by public health insurance. The Company will continue to accelerate its clinical studies and investigations with Japanese hospitals as well as hospitals in other countries, in order to expand the insurance coverage for the treatment with HAL to other disorders such as stroke and spinal cord injury. Further, the Company also started a joint-research project with notable hospitals to accelerate the realization of the cutting-edge research on Functional Regeneration Treatment, which could make the treatment with HAL applicable to an even wider range of patients suffering from paralysis. In addition, to further spread this innovative medical technology, the Company announced to collaborate with private insurance company, Daido Life Insurance Company, which will be proceeded alongside its endeavors to apply for public health insurance coverage. In Europe, the Company already acquired medical device certification for Medical HAL, and has been providing the medical treatment service with the device covered by public workers’ compensation insurance in Germany. In order to expand the coverage, the Company is processing applications to cover patient in an acute stage as well as in a recovery phase by public health insurance in the country. In the United States, the Company has found that the United States Food and Drug Administration’s (“FDA”) understanding of HAL for Medical Use’s innovation to use Cybernetic technology to provide functional improvement/regeneration treatment of the brain and nervous system has been deepened as a result of continued discussions, and the Company has begun its reapplication process toward obtaining medical device approval in a format that allows for Medical HAL to be identified as a new and unique robot treatment device by submitting pre-submission to the FDA in November 4, 2016. The Company already established and commenced the operation of the U.S. subsidiary, "CYBERDYNE USA Inc." in September, 2016, in anticipation of obtaining medical device approval for HAL® for Medical Use from the FDA.

Furthermore, in the six months ended September 2016, investigator-initiated clinical trial of the single-leg model of HAL for Medical Use as a medical device for stroke patients to recover and regenerate walking ability commenced on September 30, 2016 to

obtain the manufacturing and distribution approval under Pharmaceutical and Medical Device Law. The Company made progress in clinical research, as part of the procedures to turn HAL for Living Support (Single Joint Type) into a medical device. As for the Vital Sensor, a palm-sized device that can detect arteriosclerosis and heart function, the Company started preliminary consultation with the Pharmaceuticals and Medical Devices Agency ("PMDA"), before making an application to obtain medical device approval.

The Company continues to advance its clinical trials of HAL for Medical Use (Lower Limb Type) in Japan and other countries to enlarge the range of targeted diseases. In Japan the world's first coverage of the treatment with HAL as a medical device by the public health insurance has been approved and installation of HAL for insured treatment by hospitals has commenced. Currently there are 158 units of HAL for Medical Use (Lower Limb Type), including those used outside of Japan and those used for clinical research as of the end of September 2016. The Company plans to coordinate with numbers of core hospitals, which would become the "bases" for further expansion. 186 units of HAL for Living Support (Single Joint Type) were in operation as of the end of September 30, 2016, introduced to hospitals within Japan for clinical studies.

In the field of living support, HAL for Living Support (Lower Limb Type) has been used in care facilities and hospitals within Japan to assist people to move independently, and as of the end of September 30, 2016, 451 units were in operation. 303 units of HAL for Care Support (Lumbar Type), a device capable of reducing the load on the lower back of caregivers, which would result in improving the work environment of care facilities that suffer from high turnover rates, were in operation as of the end of September 30, 2016. A significant increase in the operating number of HAL for Care Support (Lumbar Type) can be expected owing to the subsidy project of the MHLW for assisting welfare facilities with installation of robotic devices and through introduction of waterproofed model of HAL (Lumbar Type) which will allow users to provide bathing aid for example, in the third quarter of the fiscal year ending March 31, 2017.

In the field of labor support, as of the end of September 30, 2016, there were 248 units of HAL for Labor Support (Lumbar Type), a device capable of reducing the load on the lower back of workers and improving the work environment in order to maintain the labor force of distribution warehouses, construction sites and factories of various types that suffer from an aging population and declining birthrate. Situations appropriate for using HAL for Labor Support (Lumbar Type) is expected to expand significantly once additional functions and features such as waterproofing are installed. The Cleaning Robot and Transportation Robot have been introduced to airports and major pharmaceutical factory and currently there are 19 units were in operation as of the end of September 30, 2016.

As the result of the aforementioned, in the consolidated six months ended September 30, 2016, the Company recorded net sales of JPY 600,921 thousand (8.3% increase year on year), mainly due to an increase in the operating numbers of the HAL for Care/Labor Support (Lumbar Type) and HAL for Living Support (Single Joint Type). As a result, the

gross profit increased to JPY 386,301 thousand (7.3% increase year on year).

Research and development expenses increased to JPY 428,234 thousand (35.6% increase year on year), due to consigned research projects of "Realization of Zero Intensive Care Society through Innovative Cybernic System", which are part of the projects under the Impulsing Paradigm Change through Disruptive Technologies Program ("ImPACT") hosted by the Japan Science and Technology Agency ("JST"). On the other hand, other selling, general and administrative expenses were recorded at JPY 652,465 thousand (13.5% increase year on year), mainly due to the increase of taxes and dues such as business tax (capital base). As a result, operating loss was recorded at JPY 694,398 thousand.

Non-operating income was recorded at JPY 1,034,392 thousand (363.8% increase year on year), mainly due to an increase of consigned research income as well as an increase of subsidy income in relation to construction of Next-Generation Multipurpose Robotized Production Facility in the Fukushima Prefecture ("Fukushima Production Facility"), non-operating expense was recorded at JPY 850,270 thousand due to JPY 96,231 thousand in the stock issuance expenses caused by the exercise of stock acquisition rights included in the convertible bonds as well as an increase of loss on reduction of non-current assets in relation to construction of Fukushima Production Facility. As a result, ordinary loss was recorded at JPY 510,276 thousand.

Further, because income taxes-deferred recorded at JPY 4,066 thousand and net loss attributable to non-controlling interests recorded at JPY 0, net loss attributable to owners of the parent for the six months ended September 30, 2016 was recorded at JPY 514,604 thousand.

2. Explanation of financial position

【Status of assets, liabilities and net assets】

i. Assets

As of the end of this consolidated six months, September 30, 2016, total assets decreased JPY 449,096 thousand to JPY 47,085,373 thousand in comparison to the end of the previous fiscal year. This was mainly due to a decrease of JPY 4,209,569 thousand in cash and deposits, JPY 1,499,848 thousand in securities partly offset by an increase of JPY 4,964,107 thousand in construction in progress and JPY 307,764 thousand in buildings and structures (net).

ii. Liabilities

As of the end of this consolidated six months, September 30, 2016, total liabilities decreased JPY 19,880,853 thousand to JPY 589,682 thousand in comparison to the end

of the previous fiscal year. This was mainly due to the exercise of stock acquisition rights included in the convertible bonds.

iii. Net assets

As of the end of this consolidated six months, September 30, 2016, net assets increased JPY 19,431,756 thousand to JPY 46,495,690 thousand in comparison to the end of the previous fiscal year. This was mainly due to the exercise of stock acquisition rights included in the convertible bonds.

【Cash flows】

For this consolidated six months ended September 30, 2016, cash and cash equivalents increased JPY 15,790,796 thousand to JPY 34,249,767 thousand. The status of each cash flow within the consolidated six-months ended September 30, 2016 and its main influencing factors are stated below.

a. Cash flows from operating activities

For this consolidated six months ended September 30, 2016, net cash earned from operating activities was JPY 529,051 thousand mainly due to subsidy income as well as contracted research income (JPY 306,948 thousand in the same period of the previous financial year).

b. Cash flows from investing activities

For this consolidated six months ended September 30, 2016, net cash earned from investing activities was JPY 15,362,488 thousand (compared with the outflow of JPY 1,302,340 thousand in the same period of the previous financial year), mainly attributable to the following factors. The inflows of JPY 20,000,213 thousand due to change in the period of the jointly managed money trust (from over three months to within three months) and JPY 1,500,000 thousand due to withdrawal of time deposits were partly offset with the outflow of JPY 6,073,776 thousand due to acquisition of property, plant and equipment.

c. Cash flows from financing activities

For this consolidated six months ended September 30, 2016, net cash used in financing activities was JPY 98,820 thousand (JPY 10,598 thousand in the same period of the previous financial year), mainly due to payments for issuance of common shares JPY 88,131 thousand.

3.Explanation related to the forecast of consolidated financial results and other forward-looking statements

As the business of the Group is based on a new market with innovative technologies, there are many uncertain factors that could have an impact on its performance, making it difficult to provide forecast with accurate figures. The Company will announce the forecast of consolidated financial results once information necessary to make reasonable judgment becomes available.

II. Matters regarding summary information (Notes)

1. Changes in key subsidiaries during the six months ended September 30, 2016

No items to report. Though this event is not considered to be changes in significant subsidiaries, CYBERDYNE USA Inc. was newly established during the six months ended September 30, 2016 and it was included within the range of consolidation.

2. Application of special accounting for preparing cumulative quarterly consolidated financial statements

No items to report.

3. Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

(Changes in accounting policy)

Following the revision of the Corporation Tax Act, the Group applied the "Practical Solution on Accounting for Changes in Depreciation Method related to the 2016 Tax Law Changes (PITF No.32 of June 17, 2016)," to the three-months ended June 30, 2016. Accordingly, the depreciation method of structures and facilities attached to buildings acquired on and after April 1, 2016 was changed from declining-balance method to straight-line method.

The impact on the consolidated financial statements of the six months ended September 30, 2016 is minimal.

III. Quarterly Consolidated Financial Statements

1. Quarterly consolidated balance sheets

(Thousands of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	14,458,798	10,249,229
Accounts receivable	217,347	181,589
Securities	25,500,386	24,000,538
Merchandise and finished goods	149,939	116,332
Work in process	13,519	13,607
Raw materials and supplies	286,167	507,804
Other	425,280	286,963
Allowance for doubtful accounts	-758	-1,793
Total current assets	41,050,680	35,354,270
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	702,620	1,010,385
Rental assets, net	460,527	430,771
Land	3,214,303	3,118,558
Construction in progress	699,992	5,664,099
Other, net	254,767	304,092
Total property, plant and equipment	5,332,211	10,527,907
Intangible assets	65,658	65,213
Investments and other assets		
Investment securities	914,830	970,574
Other	171,089	167,407
Total investments and other assets	1,085,919	1,137,981
Total non-current assets	6,483,790	11,731,102
Total assets	47,534,470	47,085,373
Liabilities		
Current liabilities		
Accounts payable - trade	48,120	57,258
Convertible bonds with stock acquisition rights scheduled for redemption within one year	19,927,483	—
Income taxes payable	63,804	95,842
Other	283,151	299,720
Total current liabilities	20,322,560	452,822
Non-current liabilities		

Asset retirement obligations	71,613	72,345
Other	76,362	64,515
Total non-current liabilities	147,975	136,860
Total liabilities	20,470,536	589,682
Net assets		
Shareholders' equity		
Capital stock	16,511,767	26,743,881
Capital surplus	16,447,767	26,679,881
Retained earnings	-6,433,015	-6,947,619
Treasury shares	-204	-204
Total shareholders' equity	26,526,314	46,475,938
Other comprehensive income		
Foreign currency translation adjustment	772	7,284
Total accumulated other comprehensive income	772	7,284
Stock acquisition rights	536,847	12,468
Non-controlling interests	—	—
Total net assets	27,063,934	46,495,690
Total liabilities and net assets	47,534,470	47,085,373

2. Quarterly consolidated statements of income and consolidated statements of comprehensive income
 Quarterly consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	555,064	600,921
Cost of sales	195,203	214,619
Gross profit	359,860	386,301
Selling, general and administrative expenses		
Research and development expenses	315,707	428,234
Other selling, general and administrative expenses	574,862	652,465
Total selling, general and administrative expenses	890,569	1,080,699
Operating loss	-530,708	-694,398
Non-operating income		
Interest income	14,621	5,357
Subsidy income	138,038	778,916
Consigned research income	51,659	227,912
Other	18,691	22,207
Total non-operating income	223,011	1,034,392
Non-operating expenses		
Interest expenses	23,140	7,208
Share issuance cost	—	96,231
Loss on reduction of non-current assets	56,316	739,669
Other	666	7,161
Total non-operating expenses	80,123	850,270
Ordinary loss	-387,820	-510,276
Extraordinary income		
Gain on sales of fixed assets	—	40
Total extraordinary income	—	40
Extraordinary losses		
Loss on sales of fixed assets	—	302
Total extraordinary losses	—	302
Net loss before provision for income taxes	-387,820	-510,537
Income taxes - current	2,982	4,721
Income taxes - deferred	-734	-655
Total income taxes	2,248	4,066
Net loss	-390,068	-514,604
Net loss attributable to non-controlling interests	-2,865	—
Net loss attributable to owners of parent	-387,203	-514,604

* Income/loss before income tax without extraordinary income/loss, also called “Pretax income” or “Ordinary profit”

Quarterly consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net loss before minority interest	-390,068	-514,604
Other comprehensive income		
Foreign currency translation adjustment	447	6,511
Total other comprehensive income	447	6,511
Total comprehensive income	-389,620	-508,092
(Comprehensive income attributable to)		
Owners of parent	-386,867	-508,092
Non-controlling interests	-2,753	—

3. Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities		
Net loss before provision for income taxes	-387,820	-510,537
Depreciation	127,356	160,648
Loss on reduction of non-current assets	56,316	739,669
Increase (decrease) in allowance for doubtful accounts	-285	1,035
Interest income	-14,621	-5,357
Interest expenses	23,140	7,208
Share issuance cost	—	96,231
Decrease (increase) in notes and accounts receivable - trade	47,867	35,757
Decrease (increase) in inventories	10,516	-188,117
Increase (decrease) in notes and accounts payable - trade	-29,772	9,138
Other, net	475,133	189,888
Subtotal	307,831	535,565
Interest and dividend income received	12,615	5,413
Interest expenses paid	-1,385	-993
Income taxes paid	-12,113	-10,934
Net cash provided by (used in) operating activities	306,948	529,051
Cash flows from investing activities		
Proceeds from redemption of securities	—	20,000,213
Proceeds from withdrawal of time deposits	—	1,500,000
Purchase of property, plant and equipment	-678,365	-6,073,776
Purchase of intangible assets	-21,704	-8,208
Purchase of investment securities	-599,980	-55,744
Other, net	-2,291	4
Net cash provided by (used in) investing activities	-1,302,340	15,362,488
Cash flows from financing activities		
Payments for issuance of common shares	—	-88,131
Other, net	-10,598	-10,689
Net cash provided by (used in) financing activities	-10,598	-98,820
Effect of exchange rate change on cash and cash equivalents	792	-1,922
Net increase (decrease) in cash and cash equivalents	-1,005,198	15,790,796
Cash and cash equivalents at beginning of period	19,221,857	18,458,970
Cash and cash equivalents at end of period	18,216,659	34,249,767

4. Notes to quarterly consolidated financial statements

(Notes on premise of going concern)

There are no items to report.

(Notes to significant changes in the amount of shareholder's equity)

During the six months ended September 30, 2016, the Company exercised its stock acquisition rights to redeem early its Euro Yen Zero Coupon Convertible Bonds due 2017. As a result of this conversion, capital stock increased by JPY 10,232,113 thousand to a total of JPY 26,743,881 thousand and capital surplus increased by JPY 10,232,113 thousand to a total 26,679,881 thousand as of the six months ended September 30, 2016.

(Segment information)

The six months ended September 30, 2015 (from April 1, 2015 to September 30, 2015):

Since the company group had a single segment, segment information was omitted.

The six months ended September 30, 2016 (from April 1, 2016 to September 30, 2016):

Since the company group had a single segment, segment information was omitted.

(Important subsequent event)

There are no items to report.