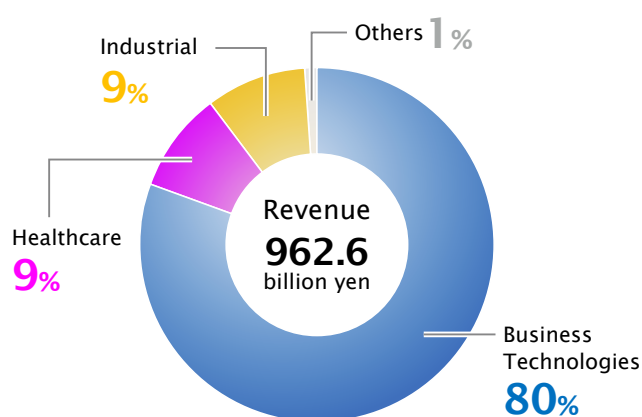


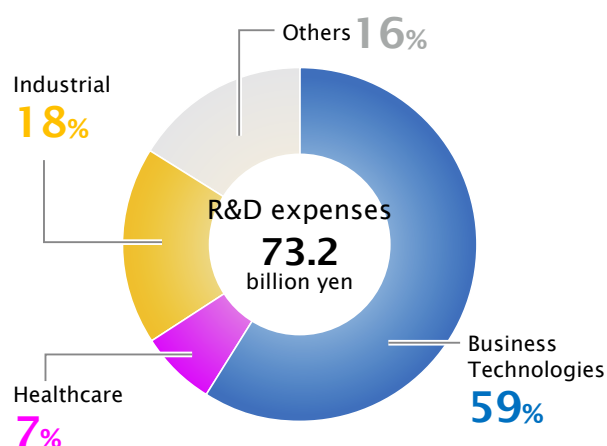
## 2. R&D and Intellectual Property that Support Our Businesses

In comparison with the percentage of revenue by business (see the left graph below), R&D expenses “Industrial” and “others” account for a high percentage of total R&D expenditure (see the right graph below). This indicates active R&D investment in these business segments, which include both “New” and “Growth” businesses.

Percentage of revenue by business in fiscal 2016

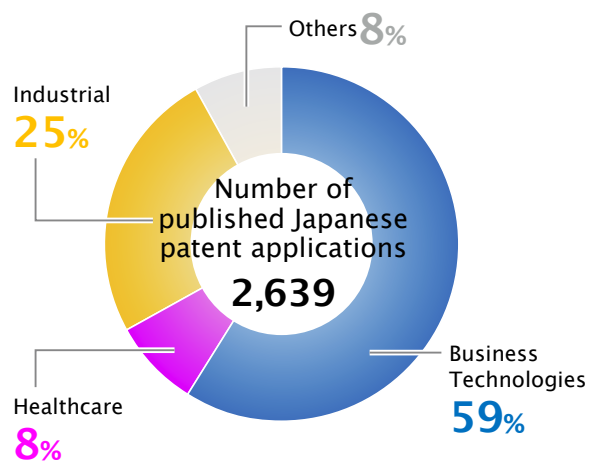


Percentage of R&D expenses by business in fiscal 2016

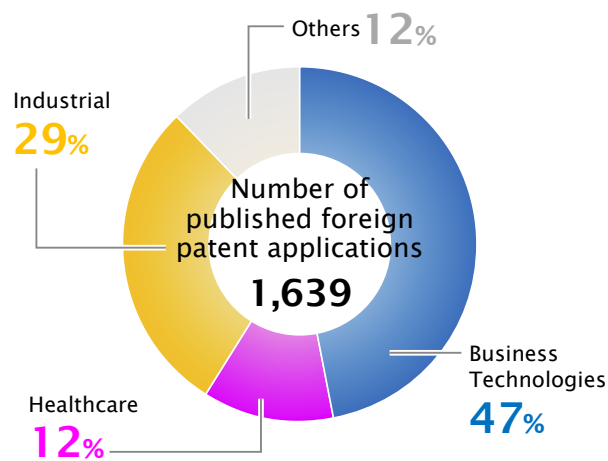


In line with our R&D investment activities “Industrial” and “Others” also account for a high percentage of the total number of patent applications (see graphs below), which include “New” and “Growth” businesses.

Percentage of published Japanese patent applications in fiscal 2016



Percentage of published foreign patent applications in fiscal 2016



This includes the number of published PCT applications.