

# 15th Ordinary General Meeting of Shareholders

## Date

**11 am (Reception starts from 10am)  
Friday, June 21, 2019**

## Venue

**NOVA HALL, LARGE HALL  
1-10-1 Azuma, Tsukuba, Ibaraki, Japan**

(Please refer to the map on the end page)

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**CYBERDYNE, INC.**

Security Code: 7779 (Mothers Section of the Tokyo Stock Exchange)

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Japanese original were audited by Deloitte Touche Tohmatsu LLC.

To our shareholders

June 5, 2019

2-2-1 Gakuen-minami, Tsukuba, Ibaraki, Japan

President and CEO Yoshiyuki Sankai  
CYBERDYNE, INC.

## Notice of 15th Ordinary Meeting of Shareholders

We would like to take this opportunity to thank you for your support towards our endeavors.

You are cordially invited to the 15th Ordinary General Meeting of CYBERDYNE, INC. (the “Company”), which will be held as detailed below.

If it is not possible for you to attend the Ordinary General Meeting of the Shareholders, you are still entitled to exercise your voting rights through the enclosed form. Please examine the reference documents to judge whether you agree or disagree with the resolution and send us the form by 6pm, June 20, 2019 (Thursday).

Date

**11 am (Reception starts from 10am) Friday, June 21, 2019**

Venue

**NOVA HALL, LARGE HALL, 1-10-1, Azuma, Tsukuba, Ibaraki**

Please refer to the map on the end page)

Agenda

<Matters to be reported>

- 1. The Business report for the 15th fiscal year ended March 31 2019, consolidated financial statements and audit reports on the consolidated financial statements by the Accounting Auditors and the Audit and Supervisory Board.**
- 2. Non-consolidated financial statements for the 15th fiscal year ended March 31 2019.**

<Matters to be resolved>

**Agenda 1: Election of Seven (7) Members of the Board of Directors**

**Agenda 2: Election of One (1) Audit and Supervisory Board Member**

## Disclosure via the internet

- I. Among the documents and matters to be included in this Notice of the 15th Ordinary General Meeting of Shareholders (“this Notice” or “the Notice”), the following matters and documents are posted on “Internet disclosure related to the Notice of the 15th Ordinary General Meeting of Shareholders” of the Company’s website (see below), pursuant to the provisions of laws, regulations and Article 22 of CYBERDYNE’s Article of Incorporation. Therefore, they are not included in the documents provided in this Notice.
  1. Business report items
    - Items concerning stock acquisition rights
    - System to ensure the properness of the business and its status of operation
  2. Consolidated statement of changes in equity and related notes for the consolidated financial statements
  3. Statements of changes in equity and related notes for the non-consolidated financial statements

The Audit and Supervisory Members of the Company audited the business report, consolidated financial statements and non-consolidated financial statement, which is included in the Notice, in addition to items 1., 2., and 3. stated above which is presented separately on the Company website as “Internet Disclosure related to the Notice of the 15th Ordinary General Meeting of Shareholders”.

Furthermore, the Accounting Auditors of the Company audited each of the documents included in the Notice, in addition to items 2. and 3. stated above which is presented separately on the Company website as “Internet Disclosure related to the Notice of the 15th Ordinary General Meeting of Shareholders”.
- II. If any incidents that require the revision of the enclosed documents occur after these documents are mailed out, they will be announced on CYBERDYNE’s website.

Website of CYBERDYNE, INC.    **<https://www.cyberdyne.jp/english/company/IR.html>**

To the shareholders attending the meeting  
Please bring the enclosed attendance form and submit it at the reception of the meeting.  
Please also bring this invitation to serve as the program for the meeting.

# Exercise of voting rights

## Those who are **attending** the shareholders meeting



Please submit the enclosed form to exercise voting right at the reception of the venue.

**Date** June 21, 2019 (Friday) 11 am  
**Venue** NOVA HALL, LARGE HALL

## Those who are **not attending** the shareholders meeting



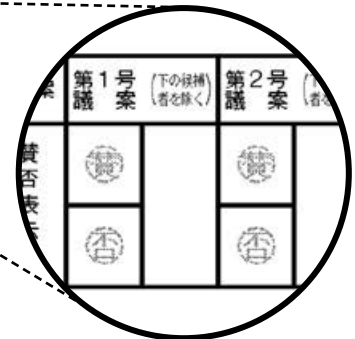
### Exercise voting rights by mail

Please state whether you agree to each items proposed for resolution on the enclosed form and mail it to CYBERDYNE. If the form is submitted in blanc, it will be assumed that you are in favor of the resolution.

**Exercise period** The form must arrive by June 20, 2019 (Thu) 6 pm

### Example of voting on the form

Please circle yes (賛) or no (否) for each item proposed for resolution



# Reference documents

## Agenda 1. Election of Seven (7) Members of the Board of Directors

All the Members of the Board of Directors will complete their terms as of the end of this Meeting of Shareholders. As such, we ask you to elect seven Members of the Board of Directors. Candidates are shown below.

Candidate Number **1** **Yoshiyuki Sankai**  
Born June 24, 1958 (60 years old) re-election Ph.D. in Engineering

### Description of the positions, personal history, assignments and other important positions held outside CYBERDYNE

2003/7	Professor of Functional Engineering, University of Tsukuba	2014/6	Program manager of the Impulsing Paradigm Changes through Disruptive Technology Program (ImPACT) hosted by the Cabinet Office of Japan
2004/4	Professor of Systems & Information Engineering, University of Tsukuba (present)	2017/10	Executive Research Director of the Center for Cybernic Research, University of Tsukuba (present)
2004/6	Director at incorporation of CYBERDYNE		
2006/2	President and CEO of CYBERDYNE (present)		(Important positions held outside CYBERDYNE)
2009/9	Director of the Center for Cybernic Research, University of Tsukuba		Professor of Systems & Information Engineering, University of Tsukuba Executive Research Director of the Center for Cybernic Research, University of Tsukuba
2010/3	Core Researcher of Funding Program for World-Leading Innovative R&D on Science and Technology Program (FIRST) hosted by the Cabinet Office of Japan		

### Reason for the nomination as candidate for Director

Yoshiyuki Sankai is nominated as a candidate for Director. His extensive experience gained through his service as a founder of CYBERDYNE (the “Company”) and establishment of new academic field of Cybernics as a professor of Graduate School of University of Tsukuba are deemed to be valuable to further promote the business of the Company and the group companies (collectively referred to as the “Group”) and to reinforce its corporate governance.

Years in service as Director  
**15 years**

Special interest in CYBERDYNE  
**None**

Number of company shares owned  
Common 3,042,000 Shares  
Class B 77,696,000 Shares

Candidate Number **2** **Shinji Uga**  
Born February 15, 1970 (49 years old) re-election Certified Public Accountant  
MBA

### Description of the positions, personal history, assignments and other important positions held outside CYBERDYNE

1994/4	Joined Tomen Corporation (Now known as Toyoda Tsusho)	2007/6	Joined Ridgeway Capital Partners Ltd.
2001/10	Joined Chuo Aoyama Audit Corporation (Now known as Pricewaterhouse Coopers)	2008/9	Joined CYBERDYNE, INC.
2005/10	Assigned to PricewaterhouseCoopers Shanghai office	2009/2	Director (present) and head of Financial Affairs and Accounting Department of CYBERDYNE, INC.
		2013/12	Manager of Corporate Department of CYBERDYNE, INC. (present)

### Reason for the nomination as candidate for Director

Shinji Uga is nominated as a candidate for Director. His extensive knowledge as a certified public accountant, MBA and various others related to management and accounting are deemed to be valuable to further promote management of the Group and its operations of the Group.

Years in service as Director  
**10 years**

Special interest in CYBERDYNE  
**None**

Number of company shares owned  
Common 60,000 Shares

Candidate Number **3** Yoshihiro Yasunaga

Born November 14, 1974 (44 years old)

Newly appointed

Certified Public Accountant (U.S.)  
Masters in academics

**Description of the positions, personal history, assignments and other important positions held outside CYBERDYNE**

1997/4	Joined Takefuji Corporation	2013/4	Representative Director of Suzuka RoboCare Center Co., Ltd. (present)
2002/7	Joined Tyco Healthcare Japan Inc	2013/9	Representative Director of Oita RoboCare Center Co., Ltd. (present)
2006/10	Joined ON Semiconductor Japan Ltd.	2017/11	Outside Director of SUMS, Inc. (present)
2008/4	Joined CYBERDYNE, INC. as Head of Business Management	2018/4	Representative Director of Shonan RoboCare Center Co., Ltd. (present)
2013/1	Manager of the Sales Department (present)	2019/2	Outside Director of Okayama RoboCare Center Co., Ltd. (present) (Important positions held outside CYBERDYNE) Outside Director of SUMS, Inc.

**Reason for the nomination as candidate for Director**

Yoshihiro Yasunaga is nominated as a candidate for Director. After joining the Company, he served in Business Management Department and Sales Department. Since 2013, he also serves as the Representative Director of the Company's subsidiaries. He has experience and knowledge gained through his service and are deemed to be valuable to further promote the sales of the Group.

Years in service as Director

-

Special interest in CYBERDYNE

None

Number of company shares owned  
Common 8,000 Shares

Candidate Number **4** Hiroaki Kawamoto

Born August 25, 1974 (44 years old)

re-election

Ph.D. in Engineering

**Description of the positions, personal history, assignments and other important positions held outside CYBERDYNE**

2004/6	Director at incorporation of CYBERDYNE	2015/4	Associate Professor at the Graduate School of System & Information Engineering, University of Tsukuba (present) (Important positions held outside CYBERDYNE)
2005/8	Researcher at Japan Association for the Advancement of Medical Equipment		
2006/2	Director of CYBERDYNE (present)		Associate Professor at the Graduate School of Systems & Information Engineering, University of Tsukuba

**Reason for the nomination as candidate for Director**

Hiroaki Kawamoto is nominated as a candidate for Director. His extensive knowledge as a holder of Ph.D. in engineering and experience gained through his service in the management since the founding of the Company are deemed to be valuable to further promote the business of the Group.

Years in service as Director

15 years

Special interest in CYBERDYNE

None

Number of company shares owned  
Common 14,000 Shares

Candidate Number **5** Kinichi Nakata

Born May 12, 1962 (57 years old)

re-election

Outside Director

Independent Officer

Ph.D. in Medicine

**Description of the positions, personal history, assignments and other important positions held outside CYBERDYNE**

1989/7	Worked for Nippon University School of Medicine	2008/3	Councillor at Japanese Association for Coronary Artery Surgery
1996/10	Councillor at Japanese Society for Artificial Organs	2008/6	Outside Director of CYBERDYNE (present) (Important positions held outside CYBERDYNE)
2003/3	Technical Committee on Industrial Promotion of Medical Electromagnetic Drive Systems		Lecturer at Nihon University School of Medicine
2003/10	Lecturer at Nihon University School of Medicine (present)		

**Reason for the nomination as candidate for Director**

Kinichi Nakata is nominated as a candidate for Outside Director. His extensive experience and knowledge as a doctor as well as Ph.D. holder in medicine are deemed to be valuable for corporate governance of the Company, which develops its business in the medical field. Furthermore, while Kinichi Nakata have no experience of corporate management other than his contribution in the Company, reasons stated above as well as his performance in CYBERDYNE has led the Group to judge that Kinichi Nakata will appropriately execute his duties as a Outside Director.

Years in service as Director

11 years

Special interest in CYBERDYNE

None

Number of company shares owned

-

Candidate Number **6 Kazumasa Yoshida**

Born August 20, 1958 (60 years old)

re-election

Outside Director

Independent Officer

**Description of the positions, personal history, assignments and other important positions held outside CYBERDYNE**

1984/10	Joined Intel Corporation	2016/7	Outside Director of FreeBit, Ltd. (present)
2003/6	President and CEO of Intel Kabushiki Kaisha	2017/12	Outside Director of Mynavi Corporation (present)
2012/6	Outside Director of Onkyo Corporation (present)		(Important positions held outside CYBERDYNE)
2013/6	Outside Director of CYBERDYNE (present)		Outside Director of Onkyo Corporation
2014/6	Outside Director of TDK Corporation (present)		Outside Director of TDK Corporation
2015/6	Outside Director of Mamezou Holdings Co., Ltd. (present)		Outside Director of Mamezou Holdings Co., Ltd.
			Outside Director of FreeBit Co., Ltd.
			Outside Director of Mynavi Corporation

**Reason for the nomination as candidate for Director**

Kazumasa Yoshida is nominated as a candidate for Outside Director. His extensive experience and wide range of knowledge gained through his career as an executive of a global company are deemed valuable for the corporate governance of the Group, which promotes its business internationally.

Years in service as Director  
**6 years**

Special interest in CYBERDYNE  
**None**

Number of company shares owned  
Common **60,000 Shares**

Candidate Number **7 Hikari Imai**

Born July 23, 1949 (69 years old)

re-election

Outside Director

Independent Officer

MBA

**Description of the positions, personal history, assignments and other important positions held outside CYBERDYNE**

1974/4	Joined Yamaichi Securities Co., Ltd.	2016/6	Outside Director of PACIFIC METALS CO., LTD. (present)
1986/1	Joined Morgan Stanley Securities Co., Ltd.	2016/11	Chairman of 3DOM Inc. (present)
1993/4	Joined Merrill Lynch Securities Company	2019/1	Outside Director of GPSS Holdings Inc. (present)
1999/1	Vice Chairman of Merrill Lynch Japan Securities Company, Limited	2019/1	Chairman of the Keiaikai Medical Foundation (present)
			(Important positions held outside CYBERDYNE)
2007/11	Director, Vice President of RECOF Corporation		Outside Director of PACIFIC METALS CO., LTD.
2008/4	President and CEO of RECOF Corporation		Chairman of 3DOM Inc.
2012/4	Outside Director of Olympus Corporation		Outside Director of GPSS Holdings Inc.
2015/6	Outside Director of CYBERDYNE (present)		Chairman of the Keiaikai Medical Foundation

**Reason for the nomination as candidate for Director**

Hikari Imai is nominated as a candidate for Outside Director. His extensive experience and wide range of knowledge gained through his career as an executive of financial institutions and as a Outside Director of companies including those engaged in medical device manufacturing are deemed to be valuable to the Group's corporate governance such as reinforcement of risk management.

Years in service as Director  
**4 years**

Special interest in CYBERDYNE  
**None**

Number of company shares owned  
**-**

(Notes) The Company entered into a limited liability agreement with each of Hiroaki Kawamoto, Kinichi Nakata, Kazumasa Yoshida and Hikari Imai, in accordance with Article 423-1 of the Companies Act. If the aforementioned candidates are re-elected at this Meeting of Shareholders, this contract will be continued.

The outline of this agreement is as follows.

-In the event that Outside Director is deemed to be liable for damages due to the negligence of his/her duties, his/her liability will be limited to the minimum amount set forth in Article 425-1 of the Companies Act.

-This limitation of liability will only be applicable if he/she carried out their duties which led to such liability in good faith and with no gross negligence.

## Agenda 2. Election of one (1) Audit and Supervisory Board Member

In order to strengthen the auditing system, the Company wishes to add one Audit and Supervisory Board Member to the Audit and Supervisory Board. The Company requests its shareholders to elect one Audit and Supervisory Board Member.

This proposal has been approved by the Board of Audit and Supervisory Board. Candidate for Audit and Supervisory Board are as follows:

Candidate Number **1** **Kazuro Kawamata**  
Born April 11, 1953 (66 years old)

Newly appointed

Outside Audit and Supervisory Board Member

### Description of the positions, personal history, assignments and other important positions held outside CYBERDYNE

1976/3	Joined Kanto Bank, Ltd. (now known as The Tsukuba Bank, Limited)	2010/3	Director and Manager of the Human Resources Department of The Tsukuba Bank, Limited
2008/4	Senior Vice President and General Manager of Audit Department of The Kanto Tsukuba Bank, Limited (now known as The Tsukuba Bank, Limited)	2012/6	Managing Director and Manager of the Human Resources Department of The Tsukuba Bank, Limited
2009/6	Audit and Supervisory Board Member of The Kanto Tsukuba Bank, Limited (now known as The Tsukuba Bank, Limited)	2013/6	President and CEO of Tsukuba Business Services Limited

### Reason for the nomination as candidate for Audit and Supervisory Board Member

Kazuro Kawamata is nominated as a candidate for Audit and Supervisory Board Member due to his extensive experience and broad insight in corporate management gained through his service as General Manager of the Audit Department, Audit and Supervisory Board Member, Director and Management of the Human Resources Department of the bank would allow Kazuro Kawamata to audit the execution of duties by the Directors of the Group from an objective and fair standpoint.

Years in service as  
Audit and Supervisory Board Member

—

Special interest in CYBERDYNE

None

Number of company shares owned

—



# Business Report (from April 1, 2018 to March 31, 2019)

All forward-looking statements included in this explanation were determined reasonable by CYBERDYNE, INC. (the “Company”) and its group companies (collectively referred to as the “Group”) based on currently available information for the consolidated fiscal year ended March 31, 2019 and certain assumptions made by the Group.

## I Current status of the Group

### 1. Process and outcome of the business

The Group aims to establish Society 5.1, a new vision of society where the “humans” are combined with the cyberspace (virtual world) and physical space (real world) of Society 5.0, by utilizing innovative Cybernic Technology. The Group continues to drive the movement to revision society and industry to realize Society 5.0/5.1 as a future “Techno-Peer Support Society” where humans and technology support each other.

The Group’s business is to implement Cybernic Technology powered by Internet of Humans/Internet of Things (“IoH/IoT”), Robots, and AI, to create a Cybernic Industry that will connect medicine, nursing-care, production, household, and work place in order to solve the various problems that a hyper-aging society must tackle. The Group’s business has a unique advantage in its ability to access and integrate information within the human body (e.g. Brain-nerve and vital systems) in addition to information outside the human body (behavior, life and environmental information) and applying them to different fields such as medicine, nursing care, production, household, and work places. All of the Group’s devices and interfaces are compatible with Internet of Humans/Internet of Things (“IoH/IoT”), and through these products, information of the brain- nerve, vital, physiological, behavioral, life and environmental systems can be integrated and connected to a super computer. The Group aims to realize a system where Big Data of the aforementioned information are accumulated, analyzed and processed with AI. The Group simultaneously works on research and development, business development and formation of business alliances to further accelerate the emergence of a Cybernic Industry that will solve the problems facing society.

#### Major business lines of the Group (As of March 31, 2019)

The major business lines of the Group are as follows.

- Research, development, manufacturing and sales of Cybernic Systems for medical and long-term care field
- Research, development, manufacturing and sales of Cybernic Systems for households and workplaces
- Cybernic Treatment Service using Cybernics
- Training Service using Cybernics

#### Status of research and development

While the Group is best known for research and development of HAL, it is working on various other products as well. For example, the Group developed “Cyin”, which applies the highly sophisticated sensing technology of HAL to process and analyze various types of vital information. Cyin for Living Support has been made commercially available on September 2018 as a communication device that supports users who have difficulty speaking or moving due to severely disabling disorders. Cyin for Living Support was designated to be a tax-free device on April 2019. The Group also plans to offer this technology to support other types of research in the future.

The Group is working on projects to prevent or diagnose diseases in the cardiovascular system, and has developed a palm-sized device “VS-AS01 for Electrocardiogram and Pulse Wave Examination” that seeks to detect early symptoms of arteriosclerosis and arrhythmias that are major causes of stroke and heart disease. The Group obtained medical device clearance for this device from the Japanese Ministry of Health, Labour and Welfare on December 2018, and also obtained public health insurance coverage for the examination of arterial stiffness using this device in medical facilities on January 2019. The Group is currently preparing an external application of “VS-AS01 for Electrocardiogram and Pulse Wave Examination” that will improve its usability for public consumption. In addition, the Group continues to work on further development of photoacoustic imaging technology that analyzes data of microcapillary vessels in real time and other sensing devices for various types of vital information.

Furthermore, the Group has commercialized a next-generation Cleaning Robot CL02, which is equipped with the highest quality autonomous navigation and environmental recognition technology. The Group began selling this new model in March 2018. The Group plans to convert and apply this state-of-the-art mobility technology for other application such as the Transportation Robot, a robot to improve mobility for the elderly, a robot to support transfers from a wheel chair, a robot to support bathroom use for the disabled, and a guardian robot to watch over an elderly person.

Other projects that the Group is working on are a Clothing Type HAL to promote maintenance and improvement of walking function for the wearer, a robot that communicates and watches over an elderly user while monitoring vital and environmental information to ensure their safety during activities of daily living, and a robot that can dock to toilets to support bathroom use for users who have difficulty walking on their own.

## **Status of business operation**

(Business operation around the medical application)

The Group continues its efforts to establish Cybernic Treatment, a treatment program using Medical HAL systems that aims to induce improvement and regeneration of the functions of the brain, nerves and muscles, into a global standard of treatment.

In order to expand the target patient population of each market clearance to include stroke, which is a disease with over eight million patients in Japan and U.S. combined, an investigator-initiated multicenter clinical trial using the HAL for Medical Use Lower Limb Type Single-Leg model is in progress at 15 different medical institutions. This clinical trial is scheduled to be complete within the fiscal year ending March 31, 2020. Furthermore, the Group has developed a 2S size product of the Medical HAL system, and is in discussion with the Japanese Pharmaceuticals and Medical Device Agency to receive clearance for a reduction of the minimum height requirement to use HAL for patients with neuromuscular disease. In addition, an investigator-initiated clinical trial led by Kyoto University Hospital for the HAL for Well-being Single Joint Type, a lightweight and compact device that can be applied on the knee or the elbow, is being prepared as a treatment for stroke in the acute stage.

With regards to market development outside Japan, the market clearance decision from the U.S. Food and Drugs Administration on December 2017 that specifically describes therapeutic effects to improve gait function in its Indication for Use sprung the Group’s efforts to market the medical application to the Asia Pacific region in addition to Europe and the U.S. The Group is also making preparations to obtain market clearance for products other than Medical HAL on a global scale.

In the U.S., the Company set up a joint venture, CYBERDYNE & BROOKS, Inc., with Brooks Rehabilitation Hospital, which is known as one of the busiest rehabilitation hospital groups in the U.S. The Brooks Cybernic Treatment Center opened in Jacksonville, Florida on March 2018, and has been educating and spreading the concept of Cybernic Treatment across the medical community through conferences and exhibits, while accumulating clinical experience and results. Meanwhile, the Group is making preparations to speed up business development in the U.S. by reinforcing its sales force. In Europe, the Group has been providing its medical treatment service with the device covered by public workers compensation insurance in Germany, and it is taking procedures necessary to obtain public health insurance coverage as well. In terms of sales activities, HAL is already being used in a hospital in Poland, and in addition, Italy became the third European country to adopt HAL following the announcement made by an advanced rehabilitation research center specializing in neurological diseases (San Girolamo Center) in November 2018. Outside of Europe, the Group started to offer HAL to Saudi Arabia in 2017. A pilot trial of HAL to treat spinal cord injury patients was launched on March 2019 under the leadership of the Saudi Arabian Ministry of Health. It is currently taking place in multiple medical institutions owned by the public sector. The Group also started offering HAL to medical facilities in the Asia Pacific Region. On November 2018, SOCSO Rehabilitation Center, a medical institution owned by the Malaysian Social Security Organization (a government organization), adopted a total of 24 units of Medical HAL and other HAL systems (Single Joint Type and Lumbar Type), making them the operator of the largest number of HAL units in one site. In April 2019, the A. Zarate General Hospital in the Philippines also adopted 12 units of HAL Lower Limb Type. The Group is currently in a process to obtain medical device clearance from the Thai FDA so that the Group can spread HAL to Thailand, which is known to be the largest medical device market in South East Asia.

### **(Business operation around applications to support caregivers and care receivers)**

For devices that support patients and elderly persons outside of medical institutions, the Group mainly promotes two devices aimed at improving their independence and quality of life. HAL for Well-being Lower Limb Type is designed for receivers of care with disabled or weakened lower limb function. HAL Lumbar Type for Well-being is also designed for receivers of care but with weakened function in the body's core and lower limbs. The Group is preparing a new model of HAL Lumbar Type for Well-being that will integrate the algorithms used in functions to support the caregivers, allowing adopting facilities gain greater utilization and efficiency with the device.

There is also a potential for change in the field of well-being and support for independence. In the Council on the Investments for the Future that was held in October 2018, the Japanese government stated that in the next revision of their nursing care compensation rates, they intend to reinforce the incentives that reward healthcare providers who successfully improve the independence of care receivers. As such the Group will continue to develop new products that enable greater results for this goal.

The Group is also coordinating with leading facilities in each region of Japan to reinforce the HAL FIT fitness training service. The Company coordinated with Eijyu, a Designated Non-profit Organization, to establish the Osaka Robocare Center in October 2018. The Company also coordinated with the General Incorporated Association Japan Wheelchair Sports Association to establish the Urayasu Robocare Center in December 2018. The Company also established Tsukuba Robocare Center on March 2018 inside the Group's facility "Cyberdyne Studio". Additional centers in Okayama and Sendai are scheduled to open in May 2019 and the Group plans to continue establishing additional centers in other major cities of Japan.

## **(Business operation around applications in household and workplace)**

In its effort to improve the workplace environment, the Group continues to implement HAL Lumbar Type for Labor Support to large clients in aviation, construction, logistics, etc. The latest model of this device is installed with dust proof and waterproof functions. The next-generation Cleaning Robot CL02 is being utilized in major Japanese airports, commercial facilities operated by Mitsui Fudosan Co., Ltd., such as Diversity Tokyo Plaza, Lalaport Toyosu, etc., and office buildings operated by Sumitomo Corporation such as the Sumitomo Corporation Osaka Building, Sumitomo Corporation Nagoya Gate Tower, etc.

### **Status of business alliance**

The Group continues to advance business alliances with insurance companies in order to improve the system for implementation of its technology into society. With its business ally, AIG Japan Holdings Kabushiki Kaisha, the Group has been offering a training program to improve walking function using HAL to 50 school students under the age of 18 with disabilities in the lower limb since October 2017. This campaign was expanded in March 2019, enabling more people to receive the benefit of the program at more facilities. AIG General Insurance announced an additional program on January 2019, which offers its insured persons under automobile insurance and accident insurance, access to the “HAL FIT” program for free (initially starting at 10 sessions) at training centers such as the Robocare Centers. Sampo Japan Nipponkoa Insurance Inc. also made an announcement on January 2019, to cover the expenses of training with HAL that is prescribed by doctors for its insured persons under automobile insurance.

The Group also formed a number of alliances with venture companies with unique technologies. To accelerate the emergence of the Cybernic Industry, the Group established the Cybernic Excellence Japan Fund 1 Investment Limited Partnership (“CEJ Fund”) in July 2018. CEJ Fund will support and nurture venture companies and it has already commenced its operation by taking part in an investment towards a promising startup.

### **Numbers of operating units**

As of the end of March 2019, 291 units of Medical HAL were in operation worldwide including those used for clinical research. Out of the aforementioned number, 77 were rented out in Japan for treatment. 252 units of HAL for Well-being Single Joint Type were in operation and most of the units were used by hospitals in Japan for clinical research.

There were a total of 357 units combined of HAL for Well-being Lower Limb Type and HAL for Living Support Lower Limb Type (older model) in operation as of end of March 2019. While the number of HAL for Well-being is increasing following adoptions by care facilities in hospitals in Japan, the older model HAL for Living Support Lower Limb Type is starting to meet its service life and the Group is decommissioning the units that have exceeded it. As of the end of March 2019, 919 units of HAL Lumbar Type for Well-being and Care Support were in operation.

As of end of March 2019, 572 units of HAL Lumbar Type for Labor Support were in operation. Operating units are steadily increasing due to implementation in airports, factories and warehouses. As of March 2019, 44 units of Cleaning Robot and Transportation Robots were in operation.

## Result

As the result of the aforementioned, in the fiscal year ended March 31, 2019, the Group recorded revenue of ¥1,709 million (1.1% decrease year on year) mainly due to the increase in rental income from products such as Medical HAL while income from selling the HAL Lumbar Type for Care Support decreased. Gross profit ratio improved 2.1 points to 71.8% year on year, resulting in the gross profit of ¥1,227 million (1.9% increase year on year).

Research and development expenses were recorded at ¥998 million (19.8% increase year on year), mainly due to development of new products at the Company's own expense and consigned research projects. In addition other selling, general and administrative expenses increased to ¥1,454 million (4.6% increase year on year).

Other income was recorded at ¥406 million (11.5% increase year on year), mainly due to income from consigned research projects, while other expenses were recorded at ¥11 million (179.4% increase year on year). Operating loss was recorded at ¥830 million (26.0% increase year on year).

Furthermore, finance income was recorded at ¥239 million due to financial assets measured at fair value through profit or loss, profit related to CEJ Fund were recorded at ¥61 million, and income tax expenses were recorded at ¥74 million mainly due to deferred tax expenses. As a result, the Group improved by ¥41 million and recorded ¥632 million (6.1% decrease year on year) in the loss attributable to owners of the parent.

The Company forms business and capital alliances with various startup companies that develop unique technologies. The Company calculates the fair value of such companies that are not listed on the market using the IFRS 9 "Financial Instruments". As a result the financial assets measured at fair value through profit or loss ¥213 million was posted as "finance income" for the fiscal year ended March 31, 2019. Furthermore, the deferred tax expense in relation to this valuation was calculated at ¥68 million and posted as "income tax expenses". As such, the impact on the calculation of the profit was ¥146 million.

## **Accounting standards**

The Group adopts International Financial Reporting Standard (IFRS) from the consolidated financial statements and the Annual Securities Report for the fiscal year ended March 31, 2018, with the aim of improving the international comparability of the Groups' financial information in the capital markets and strengthening the Groups' business foundations by unifying accounting standards throughout the Group.

## **2. Status of capital investments**

Capital investments made in the consolidated fiscal year ended March 31, 2019 were ¥789 million in total. This mostly came from partial payment of the amount related to the purchase of land in Tsukuba city, Ibaraki prefecture.

## **3. Status of financing**

There was no “financing activities”, “transfer, absorption-type split or incorporation-type split of the business”, “business transferred from other companies” or “acquisition of rights and obligations related to the business of other corporations from absorption-type splits or absorption-type mergers” that took place during this fiscal year.

## **4. Acquisition/disposal of other companies' equity**

The Company established Cybernic Excellence Japan Fund 1 Investment Limited Partnership in the consolidated fiscal year ended at March 31, 2019.

## **5. Issues to be addressed**

The Group aims to solve various problems facing society by promoting the entire process from R&D to social implementation of innovative Cybernic Systems (Cybernic Devices, Cybernic Interfaces, etc.) based on Cybernics, which is a new research areas that fuses and combines human, robot (machine) and information systems.

The Group's business is to connect human, robotic systems and information systems in the field of medicine, long-term care, household, workplace and production in order to develop and provide products and services that benefit people and society. The Group succeeded on commercializing Robot Suit HAL through the use of Cybernics Technology, as the world's first Cyborg-type Robot. In order to contribute to society on a global scale through the use of HAL and other Cybernic Systems, the Group considers to address the following issues.

## **R&D activities to create innovative technologies and new industries**

R&D activities of the Group are based on three keywords “challenge”, “global development” and “innovation”. As an innovative enterprise aiming to support the aging society, the Group must continue to carry out multifaceted R&D activities to create new technologies capable of creating new industries, and implementing those technologies in to the society.

The Group collaborates with universities, research institutions, hospitals, corporations and various other organizations in Japan to advance its researches of innovative Cybernic Systems. The Group also promotes R&D of accumulating, analyzing and AI processing of IoH/IoT Big Data gathered through Cybernic Systems.

## **Fostering personnel with target oriented mind to develop the business**

In order to create a new industry on global basis by developing innovative technologies originating in Japan in global basis, the Group recognize that target oriented mind to develop the business will be the key. The employees of the Group are expected to come up with ideas by thinking from the goals and also to have prominent capabilities to research, develop and acquire know-how so that they could become experts and take a leadership in those fields, in which they have not necessarily had expertise before. The Group assembles various personnel, who are highly talented and knowledgeable in wide variety of fields so that the Group could structure an organization that could do everything from R&D to social implementation on global basis, and foster personnel with target oriented mind.

## **Expanding application of Cybernic Treatment in Japan**

Within Japan, which accounts for 9%\*<sup>1</sup> (see page 9) of the global medical market, the Group obtained marketing approval from the MHLW on November 25, 2016, which allows the Group to produce and sell the Medical HAL as a new medical device for neuromuscular diseases and commenced the world's first robotic treatment covered by public health insurances on September, 2016.

The Group continues to coordinate with numbers of hospitals in each region, which would act as “bases” to treat neuromuscular diseases. The Group also continues its endeavors to expand the application of Cybernic Treatment by accelerating clinical researches and trials for other diseases such as stroke and spinal cord injury. For stroke, investigator initiated clinical trial for Medical HAL Lower Limb Type Single-Leg Model commenced in September 30, 2016 in order to obtain medical device approval.

## **Expanding application and spreading Cybernic Treatment in the U.S.**

In December 2017, Medical HAL obtained marketing clearance from the U.S. Food and Drug Administration (FDA) as a medical device towards spinal cord injury. As a result, Medical HAL became marketable in the U.S., which accounts for 39%\*<sup>1</sup> (see page 9) of the global medical device market. The Group has commenced the treatment using Medical HAL in BROOKS CYBERNIC TREATMENT CENTER from March 2018, which is located in Jacksonville, Florida.

The Group will accelerate its endeavors to spread Cybernic Treatment and continue its efforts to obtain each type of insurance coverage in the U.S. Furthermore, the Group will commence the clinical trial of Medical HAL on stroke patients, in order to expand application of Medical HAL to treatment of stroke.

## **Expanding application and spreading Cybernic Treatment in major European countries**

In June 2013, Medical HAL Lower Limb Type obtained conformity certification (“CE”) as a robotic therapeutic device from TÜV Rheinland, a third party accreditation organization, concerning the Medical Device Directive in the EU (“MDD”), which is necessary when exporting medical devices to the EU market. As a result, Medical HAL became marketable in the EU region, which accounts for 27%\*<sup>1</sup> (see page 9) in the global medical device market by indicating the CE Marking.

As of this date, entire fee of Cybernic Treatment is covered by the accident insurance under the public workers' compensation system in Germany, which is the largest medical device market in the EU. The Group continues to follow a necessary process in order to obtain coverage by public health insurance. Furthermore, in Polish medical institute, treatment using Medical HAL commenced from July 2017 and the treatment in Poland is covered by a private insurance company. The Group will spread Cybernic Treatment to other major European countries by obtaining insurance coverage for Cybernic Treatment from private insurance.

## Promoting the business of robots in long-term care field

Japan is at the forefront of a super-aging society, with the number of senior citizens aged 65 or older stood at about 35.2 million (27.7% of the total population) as of October, 2017 and the number of people requiring long-term care and persons requiring support under the public nursing care insurance system stood at about 6.1 million\*<sup>2</sup>, as of the end of December, 2015. The numbers are expected to continue its increase. Furthermore, it is predicted that about 2.5 million\*<sup>3</sup> care workers, will be necessary by the year 2025, making a reduction of the number of voluntary turnover due to nursing care as the most urgent matter that Japanese society must confront.

The Group is working to disseminate a new version of HAL Lumbar Type that integrates the function of HAL Lumbar Type for Well-being (to train the body core of the care receivers) and HAL Lumbar Type for Care Support (to support the lower back of the care givers when lifting a heavy weight).

## Early expansion of product line-up

With a goal of realizing “Society 5.0/5.1” and “Zero Burdening-care Society” the Group will continue to commercialize or further sophisticate its products in the following fields:

- 1) Medical devices designed to induce improvement or regeneration of the patient’s physical functions
- 2) Devices for long-term care designed to promote independent movements of the elderly people and people with disabilities
- 3) Targeted field of HAL Lumbar Type for Care/Labor Support to reduce the workload upon conducting heavy work and AI processed Transportation Robot as well as Cleaning Robot.

Furthermore the Group is developing a palm-sized device called Vital Sensor, which functions as an electrocardiogram and a detector of arterial sclerosis so that early signs of diseases could be detected. In order to accelerate the expansion of its product line-up, the Group works on development of new products and gathers feedbacks from the users of the Groups products in various fields so that further improvement could be applied.

## Reinforcing the management structure and fostering personnel

In anticipation of global development, the Group must reinforce the management structure by fostering personnel. The Group considers that reinforcement of internal control system is a significant issue. In order to foster its management structure sufficiently in line with rapid growth of business, the Group will also educate next-generation personnel with wide range of specialized knowledge and experiences.

### Sources

\*1. Espicom “Worldwide Medical Market Forecasts to 2019”

\*2. Cabinet Office, “Fiscal Year 2018 White Paper on Aging Society”

\*3. Ministry of Health, Labour and Welfare, “Forecast of supply and demand on personnel working in the field of welfare towards the year 2025 (Final value)”



## 6. Status of assets and income

### (i) Status of assets and income of the Group (Japanese-GAAP)

Division		Fiscal year 2015 (April 1, 2015 to March 31, 2016)	Fiscal year 2016 (April 1, 2016 to March 31, 2017)	Fiscal year 2017 (April 1, 2017 to March 31, 2018)	Fiscal year 2018 (April 1, 2018 to March 31, 2019)
Net sales	(Millions of Yen)	1,264	1,649	1,726	—
Ordinary loss*	(Millions of Yen)	(710)	(782)	(688)	—
Net loss attributable to CYBERDYNE, INC.	(Millions of Yen)	(718)	(789)	(591)	—
Net loss per share	(Yen)	(3.53)	(3.69)	(2.75)	—
Total assets	(Millions of Yen)	47,534	46,848	46,338	—
Net assets	(Millions of Yen)	27,063	46,226	45,630	—
Net assets per share	(Yen)	130.50	214.90	212.04	—

\*Income/loss before income tax without extraordinary income/loss, also called “pre-tax income” or “ordinary profit”

(Note)

The Company effected a two for one stock split for the Company Common Share as well as Class B Share on August 1, 2015. Net loss per share as well as net assets per share are calculated assuming that these stock splits took place on the beginning of fiscal year 2015 (April 1, 2015).

### (ii) Status of assets and income of the Group (International Financial Reporting Standards : IFRS)

Division		Fiscal year 2015 (April 1, 2015 to March 31, 2016)	Fiscal year 2016 (April 1, 2016 to March 31, 2017)	Fiscal year 2017 (April 1, 2017 to March 31, 2018)	Fiscal year 2018 (April 1, 2018 to March 31, 2019)
Revenue	(Millions of Yen)	—	1,660	1,728	1,709
Operating loss	(Millions of Yen)	—	(697)	(659)	(830)
Loss attributable to owners of parent	(Millions of Yen)	—	(676)	(673)	(632)
Net loss per share	(Yen)	—	(3.16)	(3.13)	(2.94)
Total assets	(Millions of Yen)	—	47,712	46,598	45,746
Equity attributable to owners of the parent	(Millions of Yen)	—	46,768	45,698	44,217
Equity attributable to owners of the parent per share	(Yen)	—	217.56	212.53	205.50

(Note)

The Group adopts International Financial Reporting Standard (IFRS) from the consolidated financial statements and the Annual Securities Report for the fiscal year ended March 31, 2018.

(i) Status of assets and income of the Company

Division		Fiscal year 2015 (April 1, 2015 to March 31, 2016)	Fiscal year 2016 (April 1, 2016 to March 31, 2017)	Fiscal year 2017 (April 1, 2017 to March 31, 2018)	Fiscal year 2018 (April 1, 2018 to March 31, 2019)
Net sales	(Millions of Yen)	1,012	1,453	1,542	1,530
Ordinary loss*	(Millions of Yen)	(685)	(701)	(624)	(734)
Net loss	(Millions of Yen)	(689)	(707)	(529)	(1,906)
Net loss per share	(Yen)	(3.39)	(3.31)	(2.46)	(8.86)
Total assets	(Millions of Yen)	47,533	46,921	46,458	44,740
Net assets	(Millions of Yen)	27,132	46,374	45,843	44,020
Net assets per share	(Yen)	130.84	215.59	213.09	204.52

\*Income/loss before income tax without extraordinary income/loss, also called “pre-tax income” or “ordinary profit”

(Note)

The Company effected a two for one stock split for the Company Common Share as well as Class B Share on August 1, 2015. Net loss per share as well as net assets per share are calculated assuming that these stock splits took place on the beginning of fiscal year 2015 (April 1, 2015).

## 7. Status of the parent and notable subsidiaries

### (i) Parent

There are no items to report.

### (ii) Subsidiaries

Name	Capital	Ownership of voting rights (%)	Major business lines
(Outside of Japan)			
Cyberdyne Care Robotics GmbH	€25,000	75.1%	Functional improvement/regeneration treatment service with HAL and sales of HAL
CYBERDYNE USA Inc.	US\$ 100,000	100.0%	Management and acceleration of the Company's business in the U.S.
CYBERDYNE & BROOKS, Inc.	US\$ 300,000	66.7%	Functional improvement/regeneration treatment service with HAL and sales of HAL
(Within Japan)			
Suzuka RoboCare Center Co., Ltd.	¥3 Million	100.0%	Training service with HAL
Shonan RoboCare Center Co., Ltd.	¥3 Million	100.0%	Training service with HAL
Oita RoboCare Center Co., Ltd.	¥3 Million	100.0%	Training service with HAL
CEJ Capital, Inc.	¥10 Million	60.0%	Management and operation of Cybernic Excellence Japan Fund 1 Investment Limited Partnership
Cybernic Excellence Japan Fund 1 Investment Limited Partnership	¥990 Million	30.9%*	Investment fund-related businesses aimed at creating the new Cybernic Industry

\*Including shares held indirectly

## 8. Major business lines

Please refer to section 1 “process and outcome of the business”.

## 9. Main offices and factories (as of March 31, 2019)

Division	Name	Location
The Company	Head Quarters	Tsukuba, Ibaraki, Japan
	Next-generation multipurpose robotized production facility (Fukushima Ooffice)	Koriyama, Fukushima, Japan
	Cyberdyne Care Robotics GmbH	Bochum, North Rhine-Westphalia, Germany
Subsidiaries (Outside Japan)	CYBERDYNE USA Inc.	Jacksonville, Florida, USA Seattle, Washington, USA
	CYBERDYNE & BROOKS, Inc.	Jacksonville, Florida, USA
	Subsidiaries (Within Japan)	Suzuka RoboCare Center Co., Ltd.
	Shonan RoboCare Center Co., Ltd.	Fujisawa, Kanagawa, Japan
	Oita RoboCare Center Co., Ltd.	Beppu, Oita, Japan
	CEJ Capital, Inc.	Tsukuba, Ibaraki, Japan
	Cybernic Excellence Japan Fund 1 Investment Limited Partnership	Shibuya, Tokyo, Japan

## 10. Status of employees (as of March 31, 2019)

### (i) Status of employees in the Group (as of March 31, 2019)

Number of employees	Change from previous fiscal year
84 members (47 members)	Increase of 9 members (Decrease of 16 members)

(Notes)

- (1) The number of employees includes full-time employees and members on temporary transfer assignments. It does not include the number of Members of the Board of Directors who also hold positions as Company employees or dispatch workers sent from a temp agencies.
- (2) The number of contract employees are stated in the brackets (). This number includes part-time workers but excludes those who work in the Group as second jobs.
- (3) Since the Group is involved in a single segment of business related to robots, information of employees for each segment is omitted.

### (ii) Status of employees in the Company (as of March 31, 2019)

Number of employees	Change from previous fiscal year	Average age	Average years of continuous service
65 members (41 members)	Increase of 3 members (Decrease of 3 members)	41.8 years old	5.0 years

(Notes)

- (1) The number of employees includes full-time employees and members on temporary transfer assignments. It does not include the number of Members of the Board of Directors who also hold positions as Company employees or dispatch workers sent from a temp agencies.
- (2) The number of contract employees are stated in the brackets (). This number includes part-time workers but excludes those who work in the Group as second jobs.

## II Matters regarding the Company shares

### 1. Status of shares (as of March 31, 2019)

Class	Total number of authorized shares	Total number of shares issued	Number of shareholders
Common Share	618,300,000 shares	137,445,809 shares	92,058 shareholders
Class B Share	77,700,000 shares	77,700,000 shares	3 shareholders

### 2. Major shareholders (as of March 31, 2019)

Name of shareholder	Number of shares held (shares)	Shareholding ratio (%)
Yoshiyuki Sankai	Common Share 3,042,000	37.52
	Class B Share 77,696,000	
Daiwa House Industries Co., Ltd.	Common Share 30,000,000	13.94
GCAS BANA LONDON US CLIENT	Common Share 3,739,033	1.73
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS - UNITED KINGDOM	Common Share 2,940,000	1.36
BBH FOR GLOBAL X ROBOTICS AND ARTIFICIAL INTELLIGENCE ETF	Common Share 2,848,484	1.32
The Nomura Trust & Banking Co., Ltd. (Investment Trust Account)	Common Share 2,184,300	1.01
Japan Trustee Service Bank of Japan. Ltd. (Trust Account)	Common Share 1,950,500	0.90
The Master Trust Bank of Japan. Ltd. (Trust Account)	Common Share 1,426,400	0.66
RBC IST 15 PCT LENDING ACCOUNT-CLIENT ACCOUNT	Common Share 864,993	0.40
BBH FOR MATTHEWS ASIA GROWTH FUND	Common Share 768,500	0.35

(Notes)

The treasury stock (138 Common Shares) was excluded from the calculation of the shareholding ratio.

### 3. Matters regarding stock acquisition rights

Information regarding stock acquisition rights is posted on the Company's website pursuant to the related law, regulations and Article 22 of the Company's Articles of Incorporation.

<https://www.cyberdyne.jp/english/company/IR.html>

# III Members of the Board of Directors and Members of the Board of Members of the Audit and Supervisory Board

Position	Name	Status of the position and other important positions held outside CYBERDYNE
President and CEO Member of the Board of Directors	Yoshiyuki Sankai	Professor of Systems & Information Engineering, University of Tsukuba Executive Research Director of the Center for Cyberic Research, University of Tsukuba
Member of the Board of Directors	Fumiyuki Ichihashi	Team leader of the Information Strategy Team in the Improvement Office of CYBERDYNE
Member of the Board of Directors	Shinji Uga	Head of Corporate Department of CYBERDYNE
Member of the Board of Directors	Hiroaki Kawamoto	Associate Professor of Systems & Information Engineering, University of Tsukuba
Outside Member of the Board of Directors (Independent Officer)	Kinichi Nakata	Lecturer at Nihon University School of Medicine <b>Special interest in CYBERDYNE</b> No relevant items <b>Main activities</b> Provided appropriate opinions upon discussions of Company business from the stand point of a Doctor. <b>Situation of attendance at the meeting of the Board of Directors</b> 13 out of 17 times
Outside Member of the Board of Directors (Independent Officer)	Kazumasa Yoshida	Outside Director of Onkyo Corporation Outside Director of TDK Corporation Outside Director of Mamezou Holdings Co., Ltd. Outside Director of FreeBit Co., Ltd. Outside Director of Mynavi Corporation <b>Special interest in CYBERDYNE</b> No relevant items <b>Main activities</b> Provided appropriate opinions in all aspects of corporate management based on his rich experience and knowledge of global corporate management. <b>Situation of attendance at the meeting of the Board of Directors</b> 17 out of 17 times
Outside Member of the Board of Directors (Independent Officer)	Hikari Imai	Outside Director of PACIFIC METALS CO., LTD. Director and Chairman of 3DM Inc. Outside Director of GPSS Holdings Inc. Chairman of the Keiaikai Medical Foundation <b>Special interest in CYBERDYNE</b> No relevant items <b>Main activities</b> Provided appropriate opinions in all aspects of corporate management based on his rich experience and knowledge of global corporate management. <b>Situation of attendance at the meeting of the Board of Directors</b> 17 out of 17 times

Position	Name	Status of the position and other important positions held outside CYBERDYNE
Outside Audit and Supervisory Board Member (Independent Officer)	Yutaka Fujitani	<p>Full-time</p> <p><b>Special interest in CYBERDYNE</b></p> <p>No relevant items</p> <p><b>Main activities</b></p> <p>Provided opinions on corporate management whenever necessary, based on his extensive experiences earned through his background of financial institution and audit firm.</p> <p><b>Situation of attendance at the meeting of the Board of Directors</b></p> <p>13 out of 17 times</p> <p><b>Situation of attendance at the meeting of the Audit and Supervisory Board</b></p> <p>9 out of 10 times</p>
Outside Audit and Supervisory Board Member	Cees Vellekoop	<p>–</p> <p><b>Special interest in CYBERDYNE</b></p> <p>No relevant items</p> <p><b>Main activities</b></p> <p>Provided opinions whenever necessary, based on his professional knowledge of law</p> <p><b>Situation of attendance at the meeting of the Board of Directors</b></p> <p>17 out of 17 times</p> <p><b>Situation of attendance at the meeting of the Audit and Supervisory Board</b></p> <p>10 out of 10 times</p>
Outside Audit and Supervisory Board Member (Independent Officer)	Kenichiro Okamura	<p>President and CEO of Kaede Audit Corporation External Member of Board of Auditors of SG Holdings Co., Ltd Outside Director of Kanematsu Sustech Corporation (Audit and Supervisory Committee)</p> <p><b>Special interest in CYBERDYNE</b></p> <p>No relevant items</p> <p><b>Main activities</b></p> <p>Provided opinions whenever necessary, based on his professional knowledge of financing and accounting as a certified public accountant.</p> <p><b>Situation of attendance at the meeting of the Board of Directors</b></p> <p>17 out of 17 times</p> <p><b>Situation of attendance at the meeting of the Audit and Supervisory Board</b></p> <p>9 out of 10 times</p>

(Notes)

- (1) Three of the Members of the Board of Directors, Kinichi Nakata, Kazumasa Yoshida and Hikari Imai are Outside Members of the Board of Directors. The Company registered them as the Independent officers at the Tokyo Stock Exchange, Inc. pursuant to their Securities Listing Regulation, Article 436-2.
- (2) Three Audit and Supervisory Board Members, Yutaka Fujitani, Cees Vellekoop and Kenichiro Okamura are Outside Audit and Supervisory Board Members. The Company registered Yutaka Fujitani and Kenichiro Okamura as the Independent Officers at the Tokyo Stock Exchange, Inc. pursuant to their Securities Listing Regulation Article 436-2.
- (3) Audit and Supervisory Board Member, Yutaka Fujitani has extensive experience in both domestic and international environment, through his work at a major bank as well as from advisory service to financial institute at KPMG AZSA LLC in structuring internal control system. As such Yutaka Fujitani is deemed to have sufficient knowledge and experience related to business auditing and internal control.
- (4) Audit and Supervisory Board Member, Cees Vellekoop was a qualified lawyer in Britain as well as the Netherlands and worked for Allen & Overy Gaikokuho Kyodo Jigyo Horitsu Jimusho as an attorney for foreign law (all three certificate have since been relinquished). As such, Cees Vellekoop is deemed to have sufficient knowledge and experience in the field of law.
- (5) Audit and Supervisory Board Member, Kenichiro Okamura is a certified public accountant. Through his work in auditing firm, he has experience in both domestic and international auditing. He also has a record of working as an advisor on Sarbanes-Oxley Act (“SOX”), an act related to control, International Financial Reporting Standards (IFRS) and in management of subsidiaries located overseas. As such, Kenichiro Okamura is deemed to have sufficient knowledge and experience in finance, accounting and internal control.

## IV Outline of the limited liability agreement

The Company entered into a limited liability agreement with Hiroaki Kawamoto, each of Outside Member of the Board of Director and Outside Audit and Supervisory Board Members in accordance with Article 423-1 of the Companies Act. Liability for the damages caused shall be limited to the sum of amount specified in each items of Article 425-1 of the Companies Act.

## V Total amount of remuneration, etc. for Members of the Board of Directors and Audit and Supervisory Board Members

Position	Number of recipients	Amount of payment	Description
Member of the Board of Directors	7	¥36 Million	¥3 Million for the three Members of the Outside Board of Directors
Audit and Supervisory Board Members	3	¥10 Million	¥10 Million for the three Members of the Outside Audit and Supervisory Board Members
Total	10	¥46 Million	

(Notes)

- (1) The upper limit of remuneration for Member of the Board of Directors was set at ¥100 Million per year by the resolution at the 2nd Ordinary General Meeting of Shareholders on May 31, 2006. The upper limit of remuneration for Audit and Supervisory Board Members was set at ¥50 Million per year by the resolution at the 3rd Ordinary General Meeting of the Shareholders on June 28, 2007.
- (2) The amount of payment stated above includes remuneration for Outside Member of the Board of Directors and Outside Audit and Supervisory Board Members.
- (3) The payment for Member of the Board of Directors does not include the payment of standard payroll for Member of the Board of Directors who also hold a positions as the Company employees.
- (4) As of the end of March 31, 2019, there are seven Member of the Board of Directors and three Audit and Supervisory Board Members.

## VI Accounting Auditor

### 1. Name of the Accounting Auditor

Deloitte Touche Tohmatsu LLC

### 2. Fee for the Accounting Auditor

Items	Amount paid
Fee for accounting audit within this fiscal year	¥28 Million
Total amount of money and property benefits to be paid to the Accounting Auditors by the Company and its subsidiaries	¥31 Million

(Note)

In the audit contract between the Company and the Accounting Auditor, there is no distinction between the fee for the audit based on the Companies Act as Accounting Auditors and the fee for the audit based on the Financial Instruments Exchange Act, as it is not practically possible to distinguish them. The aggregated amount of those fees is depicted in the table above.



### **3. Reasons for the Audit and Supervisory Board to accept the fee for the Accounting Auditor**

The Audit and Supervisory Board agreed with the fee for the Accounting Auditor in accordance to the Companies Act Article 399-1, after examining the appropriateness of its audit plan and number of audit hours and its performance in the previous fiscal year in line with the “Practical Guidelines Regarding Cooperation with Accounting Auditors” published by the Japan Audit & Supervisory Board Members Associations.

### **4. Policy regarding decisions to dismiss or not to reappoint the Accounting Auditor**

The Company’s policy states that, if an Accounting Auditor is found to meet the definition of one of the items stated in Article 340-1 of the Companies Act, subject to the unanimous consent of the Audit and Supervisory Board Members, Audit and Supervisory Board shall dismiss the Accounting Auditor. Upon such dismissal, a selected member of the Audit and Supervisory Board shall report the said dismissal and the reasons thereof at the first General Meeting of shareholders convened for the first time after such dismissal.

In addition to the case stated above, the Audit and Supervisory Board may determine the details of the proposal to dismiss or not to reappoint the Accounting Auditor based on its comprehensive judgment concerning deterioration of the Accounting Auditor’s performance and quality of auditing work. The Board of Directors submits such proposal for resolution to the General Meeting of Shareholders.

## **VII Systems to ensure the appropriateness of the business operations and implementation status of the systems**

Based on relevant laws and Article 22 of the Company’s Article of Incorporation, systems to ensure the appropriateness of the business operation and implementation status of system are posted on the Company website as set forth below. <https://www.cyberdyne.jp/english/company/IR.html>

# Consolidated financial statements

Consolidated financial position (as of March 31, 2019)

Unit : Millions of yen

Items	Amount	Items	Amount
Assets		Liabilities	
<b>Current Assets</b>		<b>Current liabilities</b>	
Cash and cash equivalents	8,796	Trade and other payables	284
Trade and other receivables	257	Other current liabilities	370
Other financial assets	20,505	Total current liabilities	654
Inventories	901	<b>Non-current liabilities</b>	
Other current assets	169	Third-party interests in CEJ Fund	544
Total current assets	30,627	Provisions	91
		Deferred tax liabilities	254
		Total non-current liabilities	889
		<b>Total liabilities</b>	<b>1,543</b>
<b>Non-current assets</b>		Equity	
Operating lease assets	463	<b>Current liabilities</b>	
Property, plant and equipment	11,624	Share capital	26,745
Intangible assets	70	Capital surplus	26,494
Investments accounted for using equity method	456	Treasury shares	(0)
Other financial assets	2,431	Other components of equity	(1,048)
Other non-current assets	74	Retained earnings	(7,972)
Total non-current assets	15,118	<b>Total equity attributable to owners of the parent</b>	<b>44,217</b>
		<b>Non-controlling interests</b>	<b>(15)</b>
		<b>Total equity</b>	<b>44,203</b>
<b>Total assets</b>	<b>45,746</b>	<b>Total liabilities and equity</b>	<b>45,746</b>

Rounded down to the closest millions of yen

This is an English translation of financial statements as well as notes to financial statements, originally in Japanese. Japanese original were audited by Deloitte Touche Tohmatsu LLC.

Consolidated statement of profit or loss (from April 1, 2018 to March 31, 2019)

Unit : Millions of yen

Items	Amount
Revenue	1,709
Cost of sales	(481)
<b>Gross profit</b>	<b>1,227</b>
Selling, general and administrative expenses	
Research and development expenses	(998)
Other selling, general and administrative expenses	(1,454)
<b>Total selling, general and administrative expenses</b>	<b>(2,453)</b>
Other income	406
Other expenses	(11)
<b>Operating profit (loss)</b>	<b>(830)</b>
Finance income	239
Finance costs	(15)
Gains related to CEJ Fund	61
Share of profit (loss) of investments accounted for using equity method	(24)
<b>Profit (loss) before tax</b>	<b>(569)</b>
Income tax expense	(74)
<b>Profit (loss)</b>	<b>(643)</b>
Profit (loss attributable to)	
Owners of parent	(632)
Non-controlling interests	(11)
Profit (loss)	(643)

Rounded down to the closest millions of yen

**This is an English translation of financial statements as well as notes to financial statements, originally in Japanese. Japanese original were audited by Deloitte Touche Tohmatsu LLC.**

# Non-consolidated financial statements

Non-consolidated balance sheet (as of March 31, 2019)

Unit : Millions of yen

Items	Amount	Items	Amount
Assets		Liabilities	
<b>I Current Assets</b>		<b>I Current liabilities</b>	
Cash and cash equivalents	7,396	Accounts payable - trade	41
Accounts receivable - trade	234	Accounts payable - other	225
Securities	21,500	Accrued expenses	19
Merchandise and finished goods	148	Unearned revenue	119
Work in process	25	Income taxes payable	142
Raw materials	725	Other	83
Accounts receivable	15	Total current liabilities	629
Other	244	<b>II Non - current liabilities</b>	
Allowance for doubtful accounts	(1)	Deferred tax liabilities	15
Total current assets	30,286	Asset retirement obligations	76
		Total non-current liabilities	91
<b>II Non-current assets</b>		<b>Total liabilities</b>	<b>720</b>
<b>Property, plant and equipment</b>		Net assets	
Buildings, net	820	<b>I Shareholders' equity</b>	
Structures, net	1	<b>Capital stock</b>	<b>26,778</b>
Machinery & equipment, net	8	<b>Capital surplus</b>	
Vehicles & delivery equipment, net	4	Legal capital surplus	26,714
Tools, furniture & fixtures, net	251	Total capital surplus	26,714
Rental assets, net	461	<b>Retained earnings</b>	
Land	9,803	Legal retained earnings	0
Construction in progress	495	Other retained earnings	
Total property, plant and equipment	11,843	Retained earnings brought forward	(9,506)
<b>Intangible assets</b>		Total retained earnings	(9,506)
Patents	6	<b>Treasury shares</b>	<b>(0)</b>
Software	56	<b>Total shareholders' equity</b>	<b>43,987</b>
Other	7	<b>II Valuation &amp; Translation adjustments</b>	
Total intangible assets	69	Valuation difference on available-for-sale securities	15
<b>Investments and other assets</b>		Total Valuation & Translation adjustments	15
Investment securities	1,484	<b>III Stock Acquisition Rights</b>	<b>19</b>
Shares of affiliated companies	572	<b>Total net assets</b>	<b>44,020</b>
Investments in capitals of subsidiaries and associates	302	<b>Total liabilities and net assets</b>	<b>44,740</b>
Long-term prepaid expenses	118		
Other	65		
Total investments and other assets	2,542		
Total non-current assets	14,454		
<b>Total assets</b>	<b>44,740</b>		

Rounded down to the closest millions of yen

This is an English translation of financial statements as well as notes to financial statements, originally in Japanese. Japanese original were audited by Deloitte Touche Tohmatsu LLC.

**Non-consolidated statement of profit or loss** (from April 1, 2018 to March 31, 2019)

Unit : Millions of yen

Items	Amount
Net sales	1,530
Cost of sales	376
<b>Gross profit</b>	<b>1,154</b>
Selling, general and administrative expenses	2,345
<b>Operating profit (loss)</b>	<b>(1,191)</b>
Non-operating income	
Interest income	19
Subsidy income	15
Consigned research income	374
Outsourcing service fee	107
Other	21
Total non-operating income	536
Non-operating expenses	
Interest expenses	0
Share issuance cost	0
Loss on investments in capital	55
Other	23
Total non-operating expenses	79
<b>Ordinary profit (loss)*</b>	<b>(734)</b>
<b>Extraordinary loss</b>	
Loss on valuation of investment securities	1,168
Total extraordinary loss	1,168
<b>Profit (loss) before provision of income tax</b>	<b>(1,902)</b>
Income taxes - current	5
Income taxes - deferred	(1)
Total income taxes	5
<b>Net profit (loss)</b>	<b>(1,906)</b>

Rounded down to the closest millions of yen

\* Income/loss before income tax without extraordinary income/loss, also called “pre-tax income” or “ordinary profit”

**This is an English translation of financial statements as well as notes to financial statements, originally in Japanese. Japanese original were audited by Deloitte Touche Tohmatsu LLC.**

# Audit report by Audit and Supervisory Board

## Audit Report

With respect to the performance of duties by Members of the Board of Directors during the 15th business year (from April 1, 2018 to March 31, 2019), the Audit and Supervisory Board has prepared this Audit Report based on methods and results of audits reported by each of Audit and Supervisory Board Members, and hereby reports as follows:

### **I. Method and contents of audits by the Audit and Supervisory Board and each of its members**

1. The Audit and Supervisory Board established the audit policies, assignment of duties, etc. and received reports from each of the Audit and Supervisory Board Members regarding the status of implementation of their audits and results thereof. In addition, Audit and Supervisory Board received reports from the Members of the Board of Directors, etc. and the Accounting Auditor regarding the status of performance of their duties, and requested explanation as necessary.
2. In conformity with the Auditing Standards established by Audit and Supervisory Board, and in accordance with the audit policies and assignment of duties, etc., each of the Audit and Supervisory Board Members endeavored to facilitate a mutual understanding with the Directors, the Internal Audit Office and other employees, etc., endeavored to collect information and maintain and improve the audit environment, and performed audits in the following manners:
  - i) Attended the Meeting of the Board of Directors and other important meetings, received reports on the status of performance of duties from Members of the Board of Directors and other employees, requested explanations as necessary, examined important approval/decision documents, inspected the status of the corporate affairs and assets at the head office and other principal business locations, and, with respect to subsidiaries, Audit and Supervisory Board Members endeavored to facilitate a mutual understanding and exchanged information with their Members of the Board of Directors and Audit and Supervisory Board Members, etc. and received reports on their respective business as necessary.
  - ii) Received reports from the Members of the Board of Directors, employees and so on and requested their explanations as necessary concerning the descriptions on the business report with regard to the design and operation of (a) the contents of Board of Directors' resolutions on the development and maintenance of the system to ensure that Directors' performance of their duties complied with all laws, regulations and the Articles of Incorporation of the Company and other systems that are set forth in Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of a company group that consists of a joint stock company and its subsidiaries, and (b) the systems (internal control systems) based on such resolutions. With respect to the subsidiaries, Audit and Supervisory Board Member endeavored to facilitate a mutual understanding and exchanged information with their Members of the Board of Directors and audit and Supervisory Board Members, etc. and received subsidiaries' reports on respective business as necessary.
  - iii) Monitored and verified whether an Accounting Auditor maintained its independence and properly conducted its audit, received a report from the Accounting Auditor on the status of its performance of duties, and requested explanations as necessary. The Audit and Supervisory Board was notified by the Accounting Auditor that it had established a system to ensure that the performance of the duties of the Accounting Auditor was properly conducted (the matters listed in each item of Article 131 of the Company Accounting Regulations) in accordance with the Quality Control Standards for Audits (Business Accounting Council on October 28, 2005), etc., and requested explanations as necessary.

Based on the above-described methods, each member of the Audit and Supervisory Board examined the business report and its annexed specifications thereto, the non-consolidated financial statements (the balance sheet, the income statement, the statements of changes in net assets, and the related notes) and the accompanying supplemental schedules thereto, as well as the consolidated financial statements (the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in net assets and the related notes), for the business year under consideration.

## II. Results of audit

### 1. Results of audit on business report, etc.

i) We acknowledge that the business report and the annexed specifications thereto fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.

ii) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Articles of Incorporation of the Company was found with respect to performance of duties by the Members of the Board of Directors.

iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the descriptions in business report and performance of their duties by the Members of the Board of Directors concerning the internal control systems.

### 2. Results of audit on non-consolidated financial statements and the accompanying supplemental schedules

We acknowledge that the methods and results of audit performed by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

### 3. Results of audit on consolidated financial statements

We acknowledge that the methods and results of audit performed by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

May 20, 2019

CYBERDYNE, INC. Audit and Supervisory Board

Full-time Outside Audit and Supervisory Board Member

**Yutaka Fujitani** (Seal)

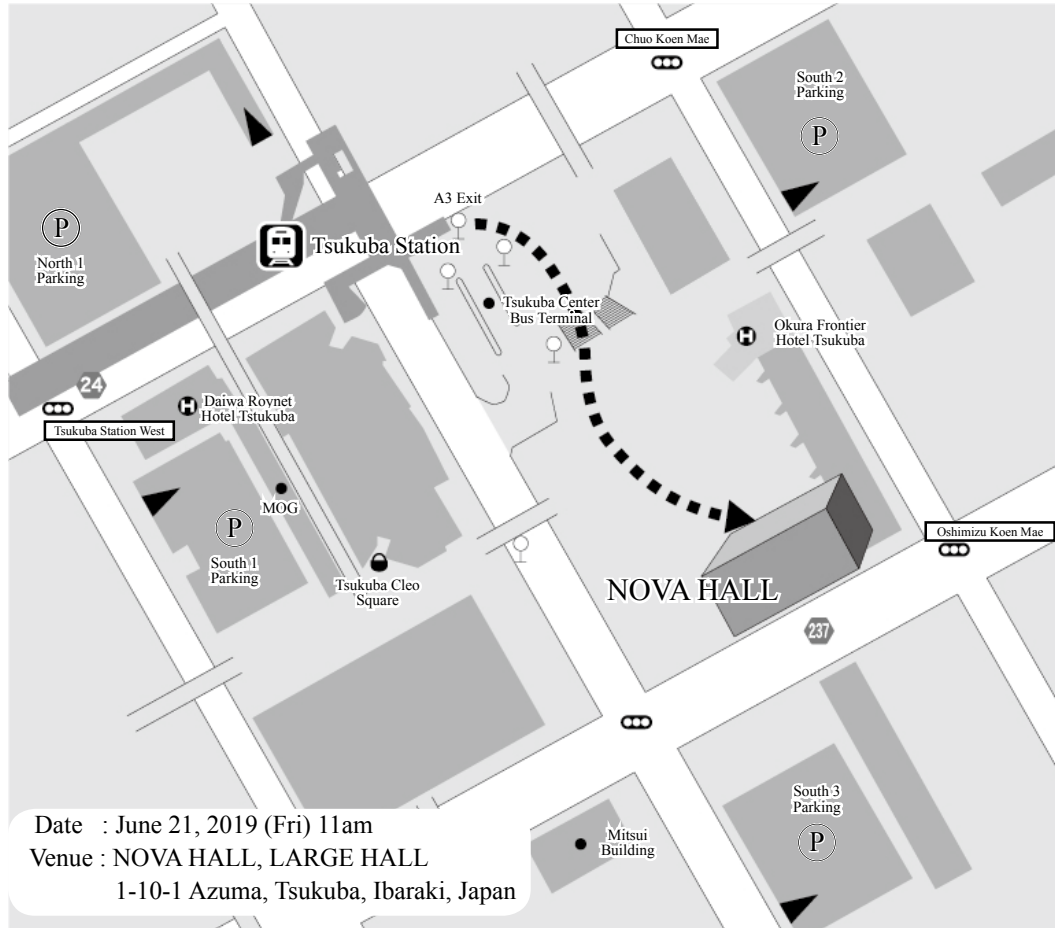
Outside Audit and Supervisory Board Member

**Cornelis Vellekoop** (Seal)

Outside Audit and Supervisory Board Member

**Kenichiro Okamura** (Seal)

# Guide map to the venue of the Ordinary General Meeting of Shareholders



Date : June 21, 2019 (Fri) 11am  
Venue : NOVA HALL, LARGE HALL  
1-10-1 Azuma, Tsukuba, Ibaraki, Japan

## Access



By train

Tsukuba Express (Tsukuba Station)  
walk 3 min from the A3 Exit



By Highway Bus

"Tsukuba Go Bus" Yaesu South exit [Tokyo Station]  
walk 3 min from [Tsukuba Center Station]



By car

1. Exit at Sakura Tsuchiura Interchange of Joban expressway and head towards Sakura/Tsukuba Science City
2. Turn right at the second crossing with a footbridge (Sasagi) and head north along Higashi-odori for 3km
3. After the two-lane road turns to a three-lane road, take the 3rd crossing (Gakuen-Higashi) to the left
4. The building you will see on the far right at the 2nd crossing point (Oshimizu Koen Mae) is the NOVA HALL



Front entrance of NOVA HALL  
when coming from A3 Exit

\*Please use the pay parking nearby (CYBERDYNE is unable to provide any discount for the parking)