



Consolidated Financial Results (Tanshin) for the Nine Months Ended December 31, 2014 (Based on Japanese GAAP)

February 13, 2015

Name of listed company : CYBERDYNE Inc. Stock exchange listing : Mothers Section of TSE
 Stock code : 7779 URL : http://www.cyberdyne.jp/
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Scheduled date for release of nine-month report : Feb. 13, 2015 Scheduled start of dividend payment: —
 Explanatory materials to nine-month financial : No
 results
 Information meeting for nine-month financial : No
 results

(rounded down to the nearest JPY 1 million)

1. Consolidated financial results for the nine months ended December 31, 2014 (April 1, 2014 – December 31, 2014)

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

	Net sales		Operating income		Ordinary income*		Net income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Nine months ended December 31, 2014	349	29.5	-1,187	96.1	-709	57.5	-718	59.5
Nine months ended December 31, 2013	269		-605		-450		-450	

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

Note: Comprehensive income for the nine months ended December 31, 2014: JPY -719million (60.2%)
 for the nine months ended December 31, 2013: JPY -448million (—%)

	Net income per share	Diluted net income per share
	JPY	JPY
Nine months ended December 31, 2014	-7.57	—
Nine months ended December 31, 2013	-5.18	—

Note:

- As the company's first consolidated financial results were prepared for the nine month-period ended December 31, 2013, the year on year changes in monetary and percentage terms for the nine months ended December 31, 2013 are not indicated.
- Dilutive shares exist but diluted net income per share of each term is not recorded due to net loss per share.
- The company implemented stock splits of 1 to 200 for each ordinary share and Class B share on October 25, 2013 and 1 to 5 for each ordinary share and Class B share on August 1, 2014. Net income (loss) per share for the nine-month period ended December 31, 2014 is calculated, assuming that the stock splits were executed at the beginning of the fiscal year (April 1, 2014).

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	JPY million	JPY million	%
As of December 31, 2014	48,514	27,974	56.6
As of March 31, 2014	6,434	5,995	93.2

Reference: shareholders' equity JPY 27,442 million (as of December 31, 2014), JPY 5,995 million (as of March 31, 2014)

2. Dividends

	Dividend payments for each term and the year				
	1st quarter	2nd quarter	3rd quarter	Fiscal year end	Total
	JPY	JPY	JPY	JPY	JPY
Year ended March 31, 2014	—	0.00	—	0.00	0.00
Year ending March 31, 2015	—	0.00	—	—	—
Year ending March 31, 2015 (estimated)	—	—	—	0.00	0.00

Note:

Changes from the latest released dividend forecasts: none

3. Forecast of consolidated financial results for the year ending March 31, 2015 (April 1, 2014 – March 31, 2015)

(percentages indicate changes from the previous year)

	Net sales		Operating income		Ordinary income*		Net income		Net income per share
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	(JPY)
Full year	750	64.3	—	—	-558	—	-576	—	-6.09

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

Note:

1. Changes from the latest released forecast of financial result: none
2. Earnings per share in the “Forecast of consolidated financial results for the year ending March 31, 2015” above are calculated taking the stock split of 1 to 5 for each ordinary share and Class B share on August 1, 2014 into consideration.
3. The company often carries out research and development (hereinafter R&D) projects based on subsidies from administrative bodies, which are equivalent to expenses for the R&D projects. In such cases, the R&D expenses (sales and administrative costs) and the corresponding subsidy incomes (non-operating income) are posted at the same time. Due to this accounting operation, operating income/loss estimates might fluctuate drastically, depending on the existence of sizable R&D projects. Therefore, in order to avoid the risk of being misunderstood, operating income/loss estimates are not disclosed.

***Notes**

(1) Changes in key subsidiaries during the nine-month period 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 quarterly consolidated financial statements: none

(3) Changes in accounting policies, accounting estimates, and restatement of error corrections

1) Changes in accounting policies due to revisions of accounting standards, and other regulations: none

2) Changes in accounting policies due to reasons other than 1): none

3) Changes in accounting estimates: none

4) Restatement of prior period financial statements after error corrections: none

(4) Total number of issued shares (ordinary shares)

1) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2014	101,638,000 shares	As of March 31, 2014	93,117,000 shares
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2) Total number of treasury shares at the end of the period

As of December 31, 2014	0 shares	As of March 31, 2014	0 shares
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3) Average number of shares during the period

As of December 31, 2014	95,025,411 shares	As of December 31, 2013	87,007,000 shares
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Note:

1. Class B shares are ranked the same as ordinary shares and paid at the same amount as ordinary shares with regard to dividends of surplus and distribution of residual property. Therefore the total number of issued shares at the end of the period and the average number of shares during the period include Class B shares as ordinary shares.
2. The company implemented stock splits of 1 to 200 for each ordinary share and Class B share on October 25, 2013 and 1 to 5 with regard to both ordinary shares and Class B shares as of August 1, 2014. Therefore the total number of issued shares at the ends of the periods are calculated, assuming that the stock splits were executed at the beginning of each previous consolidated fiscal year.

***Indication regarding execution of quarterly review procedures**

Though this quarterly (nine-month) 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 quarterly (nine-month) financial results report, the quarterly review procedures for the quarterly (nine-month) consolidated financial statements have been completed.

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

1. Financial results forecast

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, materialization of them cannot be assured by the company. Actual business and other results might differ substantially from the forecast due to various factors. With regard to the financial results forecast as of the financial year ending March 31, 2015 above, see page 4. “1. Qualitative information regarding settlement of accounts for the nine months, (3) Explanation of forecast of consolidated financial results and other forward-looking statements” of Attached Material.

2. Stock split

In accordance with the board resolution dated May 22, 2014, the company implemented a stock split of 1 to 5 for each ordinary share and Class B share effective as of August 1, 2014. With regard to influence of the stock split on the financial results forecast as of the financial year ending March 31, 2015 above, see “3. Forecast of consolidated financial results for the year ending March 31, 2015 (April 1, 2014 –March 31, 2015)” above.

cf. Dividends on class shares

Details of dividends on the company's class shares of which number of share trading units differ from its ordinary shares are as below.

Class B shares	Dividends per share				
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total
	JPY	JPY	JPY	JPY	JPY
Year ended March 31, 2014	—	0.00	—	0.00	0.00
Year ending March 31, 2015	—	0.00	—		
Year ending March 31, 2015 (estimation)			—	0.00	0.00

Note:

The company issued class B shares which were entitled the same rights as its ordinary shares with regard to dividend of surplus and distribution of residual property, but their share trading units differ from the ordinary shares.

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1. Qualitative information regarding settlement of accounts for the nine months ended December 31, 2014

(1) Explanation of results of operation

Descriptions about the future of the company in this document are based on information currently available to the company and on certain assumptions deemed to be reasonable as of December 31, 2014.

In the nine-month period from April 1 to December 31, 2014, the government established a national strategy (New Robot Strategy) in order to:

- 1) utilize robots as effective means for solving problems of labor shortage and lowering productivity in service sectors due to low birth rate and aging population in Japan, and
- 2) bring up a robot industry as a rapidly growing and highly competitive edge to cultivate world markets pursuant to discussions in “Conference for Materialization of Robot Revolution (temporary translation)” held by the Japanese government. .

The fields of robots for medical-use, care-support and other services, in which the company group is active, are designated as important fields in terms of the national growth strategy, and further research and development and promotion will be carried out and expected to grow remarkably.

In this business environment, the company group promoted product development in the medical device field and provision of related services. In the US medical market, the largest one in the world, the company group submitted a final application for an accreditation of “Robot Suit HAL® for Medical Use” (=HAL® for Medical Use) as a medical device to Food and Drug Administration (= FDA) in November 2014 aiming at accreditation in 2015. HAL® for Medical Use obtained a medical device quality certification under EC’s Medical Device Directive and, in Germany, functional improvements by therapeutic treatments using HAL® for Medical Use are covered by Germany’s public labor insurance. The company group is carrying out clinical tests in Germany and another country, aiming at enlargement of insurance coverage of therapeutic treatments with HAL® for Medical Use to public medical insurance. In Japan, HAL® for Medical Use was designated as a orphan medical device for rare diseases and its acceleration of an accreditation process under Pharmaceutical Affairs Law (= PAL) is assumed. Treatments with HAL® for Medical Use was accredited as an objective of treatment for mixed billing in Tokyo National Strategic Special Zone by the prime minister. The company group attempts to obtain the accreditation of HAL® for Medical Use under PAL by this fiscal year end. As of December 31, 2014, six institutions including the company group’s German subsidiary, “Cyberdyne Care Robotics GmbH” which provided therapy services used HAL® for Medical Use and in Japan HAL® for Medical Use were used for clinical tests. Totally 116 units of the device were used.

With regard to the care-support field, “Robot Suit HAL® for Care Support (Lumbar Type)” obtained a certification of international safety standards for a wearable robot for a care giver (ISO13482) for the first time in the world in November 2014. The product was launched in the month and 14 units were in use as of December 31, 2014. A total of 363 units of “Robot Suit HAL® for Welfare Use” were in use in 159 facilities as of December 31, 2014.

Further, in the field of service robots, “HAL® for Labour Support (Lumbar Type)” which was newly launched in September, 2014 obtained a certification of international safety standards for a wearable robot for a worker (ISO13482) for the first time in the world, and five units were operated mostly in construction sites as of December 31, 2014.

The projects of the company group had been adopted for Fukushima Prefecture's subsidy, "Fukushima medical / welfare device development and commercialization funding". The granting of the subsidy was decided and notified on October 17, 2014. By utilizing the fund, the company group is going to build up a production base for the next generation, which will produce merchandises, such as, 1) various types of HAL® which satisfy international safety standards of medical devices and robots, 2) other robots and 3) bio and health care devices. The total amount of subsidy is JPY784,720 thousand and will be recorded in accordance with the progress of construction.

As the result of the above, for the nine months ended December 31, 2014, net sales were JPY349,252 thousand (increased by 29.5% on a year-on-year basis) due to starting of full-scale operations of subsidiaries, launching of new products, namely HAL® for Care Support (Lumbar Type) and HAL® for Labour Support (Lumbar Type) while sales cost JPY271,113 thousand (increased by 158.9% on a year-on-year basis) was posted mainly attributable to set-up costs of subsidiaries. As a result, gross income was JPY78,139 thousand (decreased by 52.7% on a year-on-year basis).

Research and development expenses were JPY502,993 thousand (increased by 58.8% on a year-on-year basis) due to expedited development of new products and clinical tests, while other selling, general and administrative expenses were JPY763,037 thousand (increased by 68.0% on a year-on-year basis). Consequently operating loss was JPY1,187,891 thousand (increased by 96.1% on a year-on-year basis).

Details of non operating income are as below:

- subsidy income JPY497,946 thousand, which were adopted before the listing of the Company's common stocks in the previous fiscal year and of which JPY168,723 thousand was executed in the three months ended December 31, 2014
 - subsidy* income JPY1,110 thousand, of which granting was decided on September 3, 2014 and of which JPY1,110 thousand was executed in the three months ended December 31, 2014
- *"Subsidy for innovative manufacturing, trading and service by small and medium size companies (temporary translation)": A planned application amount is JPY 6,792 thousand and its scheduled payment period is in March, 2016
- grants for research received JPY 90,599 thousand, of which JPY34,423 thousand was executed in the three months ended December 31, 2014
 - other non-operating income JPY25,618 thousand which included income of CYBERDYNE STUDIO JPY17,686 thousand, of which JPY5,556 thousand was posted in the three months ended December 31, 2014, and other JPY7,932 thousand, of which JPY5,312 thousand was posted in the three months ended December 31, 2014

Details of non operating expenses are as below:

- loss on reduction of fixed asset JPY27,728 thousand of which JPY20,858 thousand was posted in the three months ended December 31, 2014
- share issuance cost JPY99,409 thousand related to the new share issuance by the third party allotment, of which JPY94,742 thousand was posted in the three months ended December 31, 2014
- financing related front-end fees, such as bond issuance cost JPY3,064 thousand, which were included in other non-operating expenses and interest payment for bonds JPY3,625 thousand, which were included in interest expenses

Consequently, ordinary loss (pre-tax loss) was JPY709,577 thousand (increased by 57.5% on a year-on-year basis).

Due to a decrease of the company group's ownership ratio in line with capital increase of the company group's German subsidiary, Cyberdyne Care Robotics GmbH, gain on change in equity JPY4,959 thousand was posted in the three months ended December 31, 2014.

As a result, net loss JPY718,891 thousand was posted (increased by 59.5% on a year-on-year basis).

(2) Explanation of financial position

[Assets, liabilities and net assets]

i) Assets:

Compared with the previous financial year end, total assets as of the third quarter ended December 31, 2014 increased JPY42,079,908 thousand to JPY48,514,676 thousand. This was primarily due to an increase of cash and deposit JPY38,849,441 by issuing new shares and convertible bonds and an increase of land JPY3,066,615 thousand.

ii) Liabilities:

Compared with the previous financial year end, total liabilities as of the third quarter ended December 31, 2014 increased JPY20,101,598 thousand to JPY20,540,536 thousand. This was mainly attributable to an increase of convertible bonds JPY19,873,096 thousand.

iii) Net assets:

Compared with the previous financial year end, net assets as of the third quarter ended December 31, 2014 increased JPY21,978,310 thousand to JPY27,974,139 thousand. This was primarily due to an increase of capital stock JPY11,082,848 thousand and capital surplus JPY11,082,848 thousand resulting from the issuance of new shares and an increase of stock acquisition rights JPY530,529 thousand, while net loss JPY718,891 thousand was posted.

(3) Explanation of forecast of consolidated financial results and other forward-looking statements

There is no change from the forecast of consolidated financial results announced on November 14, 2014.

2. Matters regarding summary information (Notes)

(1) Changes in key subsidiaries during the nine months ended December 31, 2014

No items to report.

(2) Application of special accounting for preparing 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

No items to report.

3. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

	(unit JPY thousand)	
	As of March 31, 2014	As of December 31, 2014
Assets		
Current assets		
Cash and deposits	4,341,264	43,190,705
Accounts receivable	66,126	72,620
Merchandise and finished goods	19,669	30,860
Work in process	9,932	40,480
Raw materials and supplies	170,054	220,380
Other	459,085	337,705
Allowance for doubtful accounts	-362	-357
Total current assets	5,065,769	43,892,396
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	838,231	785,371
Assets for rent, net	110,127	130,342
Land	—	3,066,615
Other, net	176,988	191,087
Total property, plant and equipment	1,125,347	4,173,417
Intangible assets	50,754	51,565
Investments and other assets, gross	192,896	397,297
Total non-current assets	1,368,999	4,622,280
Total assets	6,434,768	48,514,676
Liabilities		
Current liabilities		
Accounts payables - trade	26,210	44,089
Income taxes payable	26,469	52,591
Other	222,277	393,428
Total current liabilities	274,956	490,109
Non-current liabilities		
Convertible bonds	—	19,873,096
Asset retirement obligations	68,762	69,821
Other	95,221	107,509
Total non-current liabilities	163,983	20,050,427
Total liabilities	438,938	20,540,536
Net assets		
Shareholders' equity		
Capital stock	5,428,919	16,511,767
Capital surplus	5,364,919	16,447,767
Retained earnings	-4,799,064	-5,517,956
Total shareholders' equity	5,994,773	27,441,578
Other comprehensive income		
Foreign currency translation adjustment	1,055	628
Total accumulated other comprehensive income	1,055	628
Stock acquisition right	—	530,529
Minority interest	—	1,403
Total net assets	5,995,828	27,974,139
Total liabilities and net assets	6,434,768	48,514,676

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

Quarterly consolidated statements of income (cumulative)

	(unit JPY thousand)	
	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Net sales	269,787	349,252
Costs of sales	104,715	271,113
Gross income	165,072	78,139
Selling, general and administrative expenses		
Research and development expenses	316,700	502,993
Other	454,135	763,037
Total selling, general and administrative expenses	770,835	1,266,030
Operating loss	-605,763	-1,187,891
Non-operating income		
Interest income	275	627
Subsidy income	86,597	499,057
Grants for research received	57,245	90,599
Other	14,913	25,618
Total non-operating income	159,032	615,903
Non-operating expenses		
Interest expenses	3,465	7,197
Share issuance cost	—	99,409
Loss on reduction of non-current assets	—	27,728
Other	352	3,253
Total non-operating expenses	3,817	137,588
Ordinary loss (*)	-450,549	-709,577
Extraordinary income		
Gain on negative goodwill	4,330	—
Gain on change in equity	—	4,959
Total extraordinary income	4,330	4,959
Loss before provision for income taxes	-446,218	-704,617
Income taxes-current	5,752	15,492
Income taxes-deferred	-1,296	-1,218
Total income taxes	4,455	14,273
Loss before minority interest	-450,674	-718,891
Net loss	-450,674	-718,891

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

Quarterly consolidated statements of comprehensive income (cumulative)

	Nine months ended December 31, 2013	(unit JPY thousand) Nine months ended December 31, 2014
Net loss before minority interest	-450,674	-718,891
Other comprehensive income		
Foreign currency translation adjustment	1,677	-427
Total other comprehensive income	1,677	-427
Total comprehensive loss	-448,996	-719,318
(Comprehensive loss attributable to)		
Owners of the parent	-448,996	-719,318
Minority interests	-	-

(3) Notes to consolidated financial statements

(Notes on premise of going concern)

There are no items to report.

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

Nine months ended December 31, 2014 (From April 1, 2014 to December 31, 2014)

i) Dividends paid

There are no items to report.

ii) Among dividends for which the record date falls within the nine months ended December 31, 2014, the dividends for which the effective date of payment is after the last date of the nine months ended December 31, 2014

There are no items to report.

iii) Significant changes in the amount of shareholder's equity

During the nine months ended December 31, 2014, the company received the proceeds of the third-party allocation, related to a secondary offering through over allotment, from SMBC Nikko Securities Inc. and its capital stock increased JPY517,748 thousand and capital surplus increased JPY517,748 thousand as of the end of nine-month period December 31, 2014. In addition, by issuing new shares through an international offering, its capital stock increased JPY10,565,100 thousand and its capital surplus increased JPY10,565,100 thousand. As a result, the company's capital stock was JPY16,511,767 thousand and its capital surplus was JPY16,447,767 thousand as of the nine months ended December 31, 2014.

(Segment Information and so on)

Segment information :

Nine months ended December 31, 2014 (From April 1, 2014 to December 31, 2014)

Since the company group has a single segment of Robot Suit and related items, segment information is omitted.