



Consolidated Financial Results (Tanshin) for the Nine Months Ended December 31, 2015
(Based on Japanese GAAP)

February 12, 2016

Name of listed company : CYBERDYNE Inc. Stock exchange listing : Mothers Section of TSE
 Stock code : 7779 URL : <http://www.cyberdyne.jp/>
 Representative (title) : President and CEO Name : Yoshiyuki Sankai
 Contact (title) : Director and CFO Name : Shinji Uga
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Scheduled date for release of nine-month report : February 12, 2016 Scheduled start of dividend payment: —

Additional materials for the financial results : none

Information meeting for the financial results : none

(rounded down to the nearest JPY 1 million)

1. Consolidated financial results for the nine months ended December 31, 2015 (April 1, 2015 – December 31, 2015)

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

	Net sales		Operating income		Ordinary income*		Net income attributable to owners of the parent	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Nine months ended December 31, 2015	889	154.7	-861	—	-582	—	-582	—
Nine months ended December 31, 2014	349	29.5	-1,187	—	-709	—	-718	—

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

Note: Comprehensive income for the nine months ended December 31, 2015: JPY -584million (—%)
 for the nine months ended December 31, 2014: JPY -719million (—%)

	Net income per share	Diluted net income per share
	JPY	JPY
Nine months ended December 31, 2015	-2.87	—
Nine months ended December 31, 2014	-3.78	—

Note:

- Dilutive shares exist but diluted net income per share of each term is not recorded due to net loss per share.
- CYBERDYNE Inc. (the “Company”) implemented stock splits of 1 to 5 for each Common Share and Class B Share on August 1, 2014 and 1 to 2 for each Common Share and Class B Share on August 1, 2015. Net income (loss) per share for each term is calculated, assuming that the stock splits were executed at the beginning of the previous fiscal year (April 1, 2014).

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	JPY million	JPY million	%
As of December 31, 2015	47,808	27,198	55.8
As of March 31, 2015	48,289	27,777	56.4

cf. shareholders' equity JPY 26,661 million as of December 31, 2015

JPY 27,244 million as of the fiscal year end March 31, 2015

2. Dividends

	Dividend payments for each term and the year				
	1st quarter	2nd quarter	3rd quarter	Fiscal year end	Total
Fiscal year ended March 31, 2015	JPY —	JPY 0.00	JPY —	JPY 0.00	JPY 0.00
Fiscal year ending March 31, 2016	—	0.00	—		
Fiscal year ending March 31, 2016 (estimated)				0.00	0.00

Note

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

3. Forecast of consolidated financial results for the year ending March 31, 2016 (April 1, 2015 –March 31, 2016)

(percentages indicate changes from the previous year)

	Net sales		Operating income		Ordinary income*		Net income attributable to owners of the parent		Net income per share (JPY)
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	
Full year	1,200	90.1	—	—	-750	-17.4	-750	-18.1	-3.69

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

Note:

1. Changes from the latest released forecasts of consolidated financial results for the fiscal year: yes
2. Net income per share in the forecast of consolidated financial results for the year ending March 31, 2016 is calculated, taking the stock split of 1 to 2 for each Common Share and Class B Share effective as of August 1, 2015 into consideration.
3. The Company often carries out research and development (“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 misunderstanding, 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 nine-month 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: yes
- 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 (Common Shares)

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

As of Dec. 31, 2015	203,276,000 shares	As of March 31, 2015	203,276,000 shares
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2) Total number of treasury shares at the end of the period

As of Dec. 31, 2015	138 shares	As of March 31, 2015	0 shares
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3) Average number of shares during the nine-month period

Apr. 1 – Dec. 31, 2015	203,275,928 shares	Apr. 1 – Dec. 31, 2014	190,050,822 shares
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Note:

1. Class B Shares are ranked the same as Common Shares and paid the same amount as Common Shares with regard to dividends and distribution of residual assets. Therefore the total number of issued shares at each end of period and the average number of shares during each period include Class B Shares as Common Shares.
2. The Company implemented stock splits of 1 to 5 for each Common Share and Class B Share on August 1, 2014 and 1 to 2 for each Common Share and Class B Share on August 1, 2015. Therefore the number of issued shares is calculated, assuming that the stock splits were executed at the beginning of the previous consolidated fiscal year (April 1, 2014).

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

Though this 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 nine-month financial results report, the quarterly review procedures for the 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.

2. Stock split

In accordance with the board resolution dated May 25, 2015, the Company implemented a stock split of 1 to 2 for each Common Share and Class B Share effective as of August 1, 2015. With regard to influence of the stock split on the financial results forecast as of the financial year ending March 31, 2016 above, see “3. Forecast of consolidated financial results for the year ending March 31, 2016 (April 1, 2015 –March 31, 2016)” above.

Dividends on Class Shares

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

Class B Shares	Dividends per share				
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total
	JPY	JPY	JPY	JPY	JPY
Fiscal year ended March 31, 2015	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2016	—	0.00	—		
Fiscal year ending March 31, 2016 (estimation)				0.00	0.00

Note:

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

○ Contents of the Attached Material

- 1. Qualitative information regarding settlement of accounts for the nine months ended December 31, 2015 1
 - (1) Explanation of results of operation..... 1
 - (2) Explanation of financial position..... 2
 - (3) Explanation of forecast of consolidated financial results and other forward-looking statements..... 3
- 2. Matters regarding summary information (Notes) 3
 - (1) Changes in key subsidiaries during the nine months under review..... 3
 - (2) Application of special accounting for preparing cumulative quarterly consolidated financial statements..... 3
 - (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections..... 3
- 3. Quarterly Consolidated Financial Statements..... 4
 - (1) Quarterly consolidated balance sheets..... 4
 - (2) Quarterly consolidated statements of income and consolidated statements of comprehensive income 5
 - (Notes on premise of going concern) 7
 - (Notes to significant changes in the amount of shareholder’s equity) 7
 - (Segment information) 7

1. Qualitative information regarding settlement of accounts for the nine months ended December 31, 2015

(1) Explanation of results of operation

All forward-looking statements included in this explanation were determined reasonable by CYBERDYNE Inc. and group companies (collectively referred as the “Group”) based on currently available information as of the nine-month period ended December 31, 2015 and certain assumptions by it.

On January 22, 2016, Prime Minister Abe in the 190th Diet administration policy speech once again spoke his will to achieve the “zero resignation for nursing care” and to turn Japan into “the most suited country for innovation” as part of his “Promoting Dynamic Engagement of All Citizens” Plan. He referenced HAL®, the “Robot Suit of the dream”, which was jointly created by CYBERDYNE, Inc. (the “Company”) and Tsukuba University, as an example of dynamic innovation with open coordination of research institutions, universities and corporations in Japan and foreign countries. By fully utilizing the innovative Cybernic* technologies within this external environment, the Group aims to realize a “zero intensive care society”, create a new “human support industry” that focuses on the fields of medicine, living support, and labor support, and advance its research and development (“R&D”) and business development.

**“Cybernic (adjective: Cybernic)” is a new academic field that is centered around cybernetics, mechatronics and informatics fused/combined with various other fields including brain/neuroscience, robotics, biology, behavioral science, psychology, law, ethics, and business administration. Cybernic is championed by Dr. Yoshiyuki Sankai, a professor at the University of Tsukuba in Japan, and the President and CEO of CYBERDYNE Inc. Cybernic technology means the practical application of Cybernic to technology.*

During the nine months ended December 31, 2016, HAL® for Medical Use (Lower Limb Type) acquired a manufacturing and selling approval in Japan from the Ministry of Health Labour and Welfare, as a new medical device for neuromuscular diseases on November 25, 2015. The Company also applied for insurance coverage of the medical treatment with HAL® for Medical Use (Lower Limb Type) to the Ministry of Health, Labour and Welfare in December 3, 2015. In order to achieve the insurance coverage by April 2016, the discussion regarding insurance reimbursement price has started between the Ministry of Health, Labour and Welfare and Central Social Medical Insurance Council. In Europe, the Company acquired medical device certification three years ago and started medical treatment service in Germany. In Germany public workers’ compensation has already been applied to the treatment with HAL® for Medical Use (Lower Limb Type). In order to expand the insurance coverage of the treatment with HAL®, the Company applied for it to public medical insurance for all paraplegic patients from acute to recovery phases to Institute for the Hospital Remuneration System (InEK) on October 27 of 2015. The Company also applied for the insurance coverage of the treatment with HAL® for all paraplegic patients after acute and recovery phases to the Federal Joint Committee (G-BA). In USA, the Company has applied for medical device certificate of HAL® for Medical Use to US Food and Drug Administration (FDA) and aims to receive the certificate within the fiscal year ending March 31, 2016. As of the December 31, 2015, there were 111 units of HAL® for Medical Use (Lower Limb Type) in Japan and foreign countries were in operation, including those used for clinical trials.

In the field of care welfare, HAL® for Living Support (Lower Limb Type) is used in welfare facilities and

hospitals within Japan and as of December 31, 2015, 476 units of HAL® were in operation. Also HAL® for Living Support (Single Joint Type) was implemented to hospitals in Japan, mainly for clinical researches, and as of December 31, 2015, 129 units were in operation. Furthermore, in order to improve the work environment of welfare facilities which suffer from high turnover rate, HAL for Care Support (Lumbar Type) was introduced and as of December 31, 2015, 256 units were in operation.

In the field of labor support, HAL® for Labor Support (Lumbar Type) was introduced in order to improve the work environment aiming to maintain the labor force in distribution, warehousing, construction and manufacturing sites which suffer from significant lack of labor force due to aging population and declining birthrate. As of December 31, 2015, 172 units of HAL® for Labor Support (Lumbar Type) were in operation. Furthermore, as of December 31, 2015, 14 units of Cleaning Robots and Transport Robots were in operation.

In addition, the Company concluded a provisional agreement regarding the acquirement of prefectural land on December 25, 2015. To achieve “Cybernic City” there, in which the human life will coexist with Cybernic technology, the Company will work on research and development of cutting edge living assistance robots as well as implementation of them in the society.

In the consolidated financial result of the nine-month period ended December 31, 2015, the Company recorded the net sales of JPY889,683 thousand (154.7% increase year on year), mainly due to the increased sales of new products which were launched last term. Sales cost remained on JPY285,496 thousand (5.3% increase year on year) attributable to the cost reduction due to mass production of new products and improvement of cost of service in the Company’s subsidiaries. As a result, the cumulative third quarter ended with the gross profit of JPY604,187 thousand (673.2% increase year on year), and the gross profit margin also improved by 45.5%.

With continued new product developments and increase of costs needed for approval application, research and development expenses were recorded at JPY586,672 thousand (16.6% increase year on year). For other selling, general and administrative expenses increased to JPY879,428 thousand (15.3% increase year on year) mainly due to the increase of taxes and dues, labor costs and direct-selling expenses. Because of the significant increase of gross profit, operating loss improved drastically to JPY861,914 thousand (operating loss in the same period of the previous year: JPY1,187,891 thousand). However, due to the decrease of subsidy income, non-operating income decreased to JPY388,781 thousand and ordinary loss was recorded at JPY582,215 thousand (ordinary loss in the same period of the previous year: JPY709,577 thousand).

As a result of the aforementioned, net loss attributed to owners of the parent was JPY582,740 thousand (net loss attributed to owners of the parent in the same period of the previous year: JPY718,891 thousand).

(2) Explanation of financial position

[Status of assets, liabilities and net assets]

i) Assets:

As of December 31, 2015, the end of consolidated 9 months, total assets decreased JPY480,387 thousand to JPY47,808,665 thousand in comparison to the end of the previous fiscal year. This was mainly attributed to a decrease of JPY10,373,525 thousand in cash and deposit, despite an increase of JPY9,001,450 thousand in securities by effective investment in jointly managed money trusts and commercial papers putting emphasis on safety and

liquidity.

ii) Liabilities:

As of December 31, 2015, the end of consolidated 9 months, total liabilities increased JPY98,207 thousand to JPY 20,609,961 thousand in comparison to the end of the previous fiscal year. This was mainly due to an increase of JPY118,083 thousand in “other” current liabilities.

iii) Net assets:

As of December 31, 2015, the end of consolidated 9 months, net assets fell JPY578,594 thousand to JPY27,198,704 thousand in comparison to the end of the previous fiscal year. This was mainly due to posting of JPY582,740 thousand cumulative quarterly net loss attributable to owners of the parent.

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

Forecast of consolidated financial result for the year ending March 31, 2016, which was released on May 15, 2015 has been revised. For further details, please see the “Revision of forecast of consolidated financial result” released today.

2. Matters regarding summary information (Notes)

(1) Changes in key subsidiaries during the nine months under review

No items to report.

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

No items to report.

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

(Changes in accounting policies)

The Group applied the “Accounting Standard for Business Combination” (ASBJ Statement No. 21, September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013) and the “Accounting Standard for Business Divestiture” (ASBJ Statement No. 7, September 13, 2013) from the first quarter of the fiscal year ending March 31 2016 and changed the manner in which quarterly net loss was presented, and changed “minority interests” to “non-controlling interests.” To reflect these changes, the Group reclassified the cumulative quarterly consolidated financial statements for the cumulative third quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

3. Quarterly Consolidated Financial Statements**(1) Quarterly consolidated balance sheets**

	(Unit JPY thousand)	
	As of March 31, 2015	As of December 31, 2015
Assets		
Current assets		
Cash and deposits	29,722,189	19,348,664
Accounts receivable	207,622	110,491
Securities	12,499,668	21,501,118
Merchandise and finished goods	52,779	117,198
Work in process	21,956	39,466
Raw materials and supplies	264,473	260,041
Other	640,906	318,496
Allowance for doubtful accounts	-1,350	-680
Total current assets	43,408,245	41,694,796
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	768,907	720,737
Assets for rent, net	179,397	404,582
Land	3,143,151	3,214,303
Other, net	236,474	618,444
Total property, plant and equipment	4,327,931	4,958,068
Intangible assets	58,211	67,805
Investments and other assets		
Investment securities	314,850	914,830
Other	179,814	173,165
Total investments and other assets	494,664	1,087,995
Total non-current assets	4,880,807	6,113,869
Total assets	48,289,052	47,808,665
Liabilities		
Current liabilities		
Accounts payables	92,195	100,013
Income taxes payable	69,899	25,847
Other	295,071	413,154
Total current liabilities	457,167	539,015
Non-current liabilities		
Convertible bond	19,883,974	19,916,606
Asset retirement obligations	70,171	71,252
Other	100,442	83,087
Total non-current liabilities	20,054,587	20,070,946
Total liabilities	20,511,754	20,609,961
Net assets		
Shareholders' equity		
Capital stock	16,511,767	16,511,767
Capital surplus	16,447,767	16,447,767
Retained earnings	-5,714,957	-6,297,697
Treasury shares	—	-204
Total shareholders' equity	27,244,576	26,661,632
Other comprehensive income		
Foreign currency translation adjustment	-442	225
Total accumulated other comprehensive income	-442	225
Stock acquisition rights	530,529	536,847
Non-controlling interests	2,634	—
Total net assets	27,777,298	27,198,704
Total liabilities and net assets	48,289,052	47,808,665

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

Quarterly consolidated statements of income (cumulative)

	(Unit JPY thousand)	
	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Net sales	349,252	889,683
Costs of sales	271,113	285,496
Gross profit	78,139	604,187
Selling, general and administrative expenses		
Research and development expenses	502,993	586,672
Other selling, general and administrative expenses	763,037	879,428
Total selling, general and administrative expenses	1,266,030	1,466,101
Operating loss	-1,187,891	-861,914
Non-operating income		
Interest income	627	22,146
Subsidy income	499,057	245,494
Grants for research received	90,599	93,042
Other	25,618	28,097
Total non-operating income	615,903	388,781
Non-operating expenses		
Interest expenses	7,197	34,693
Share issuance cost	99,409	—
Loss on reduction of non-current assets	27,728	72,517
Other	3,253	1,872
Total non-operating expenses	137,588	109,083
Ordinary loss (*)	-709,577	-582,215
Extraordinary income		
Gain on change in equity	4,959	—
Total extraordinary income	4,959	—
Loss before provision for income taxes	-704,617	-582,215
Income taxes-current	15,492	4,640
Income taxes-deferred	-1,218	-1,101
Total income taxes	14,273	3,539
Net loss	-718,891	-585,754
Net loss attributable to non-controlling interests	—	-3,014
Net loss attributable to owners of the parent	-718,891	-582,740

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

CYBERDYNE Inc. (7779) Consolidated Financial Results (Tanshin) for the Nine Months Ended December 31, 2015
 Quarterly consolidated statements of comprehensive income (cumulative)

	(Unit JPY thousand)	
	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Net loss	-718,891	-585,754
Other comprehensive income		
Foreign currency translation adjustment	-427	1,048
Total other comprehensive income	-427	1,048
Total comprehensive loss	-719,318	-584,706
(Comprehensive loss attributable to)		
Owners of the parent	-719,318	-581,952
Non-controlling interests	—	-2,753

(3) Notes to quarterly consolidated financial statements

(Notes on premise of going concern)

There are no items to report.

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

There are no items to report.

(Segment information)

The nine months of the consolidated fiscal year ended March 31, 2015 (from April 1, 2014 to December 31, 2014):

Since the Group had a single robot-related segment, segment information was omitted.

The nine months of the consolidated fiscal year ending March 31, 2016 (from April 1, 2015 to December 31, 2015):

Since the Group had a single robot-related segment, segment information was omitted.