



**CYBERDYNE, INC.
Second Quarter
Financial Results for
Year Ending March 31, 2017**

November 14, 2016



G7 Science & Technology Ministers' Meeting in Tsukuba (May 15 to 17, 2016)



May 15 Dr. Yoshiyuki Sankai, CEO of Cyberdyne, conducted a keynote speech at the commemorative Symposium

May 17 A group of G7 representatives visited Cyberdyne



the Joint Statement “Tsukuba Communiqué”

- To improve welfare support and living quality of the elderly and to reduce the burden on the caregivers through the utilization of robotics
- To reduce the burden on families and the society by integrating social science research with medical care, ICT and robotic assistance.

→ **Achieving a “Zero Intensive Nursing-care Society”**

Consolidated financial results - year-on-year comparison for the 6 months ended September 30, 2016



Increase of net sales of HAL for Care Support (Lumbar Type) due to subsidy program and HAL for Medical Use, newly covered by public health insurance is anticipated in the second half of the fiscal year.

Net sales: increase of 46M due to growing number of operating HAL (Lumbar Type) and (Single Joint Type)

Ordinary loss: increase of 30M, excluding the share issuance cost for the conversion of CB (96M)

【Consolidated income statement of the 6 months ended September 30, 2016】

Unit : JPY million

| Item | FY2016 (Apr. 1, 2016 - June.30, 2016) | FY2016 (Jul. 1, 2016 - Sep.30, 2016) | FY2016 (Apr. 1, 2016 - Sep. 30, 2016) | FY2015 (Apr. 1, 2016 - Sep. 30, 2016) | +/- | Comments |
|-----------------------------------------------|---------------------------------------------|--------------------------------------------|---------------------------------------------|---------------------------------------------|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Net sales | 272 | 329 | 601 | 555 | 46 | increase of operating number of HAL (Lumbar Type) +46M |
| Costs of sales | 91 | 124 | 215 | 195 | 19 | |
| Gross profit | 181 | 205 | 386 | 360 | 26 | |
| R&D expenses | 232 | 196 | 428 | 316 | 113 | expense required for JST innovative Cybernics project brought forward to speed up |
| Other SGA expenses | 307 | 345 | 652 | 575 | 78 | taxes and dues +31M, consumables in relation to the production base in Fukushima+17M |
| Operating loss | -358 | -336 | -694 | -531 | -164 | |
| Non-operating income | 144 | 890 | 1,034 | 223 | 811 | increase of contracted research income and subsidy+134M, non-current asset subsidy (mainly related to the Fukushima production base) +683M |
| Non-operating expenses | 109 | 741 | 850 | 80 | 770 | share issuance cost for conversion of CB +96M (non-recurring), Increase in the loss on reduction of non-current assets (mainly related to the Fukushima production base) +683M |
| Ordinary loss | -323 | -187 | -510 | -388 | -122 | |
| Net loss attributable to owners of the parent | -325 | -190 | -515 | -387 | -127 | |

Positive factors: increase of gross profit (+26M), increase of contracted research income and subsidy (+134M)

Negative factors: non-recurring CB conversion cost (+96M), increase of R&D expenses (+113M), increase of other SGA expenses including taxes and dues(+78M)

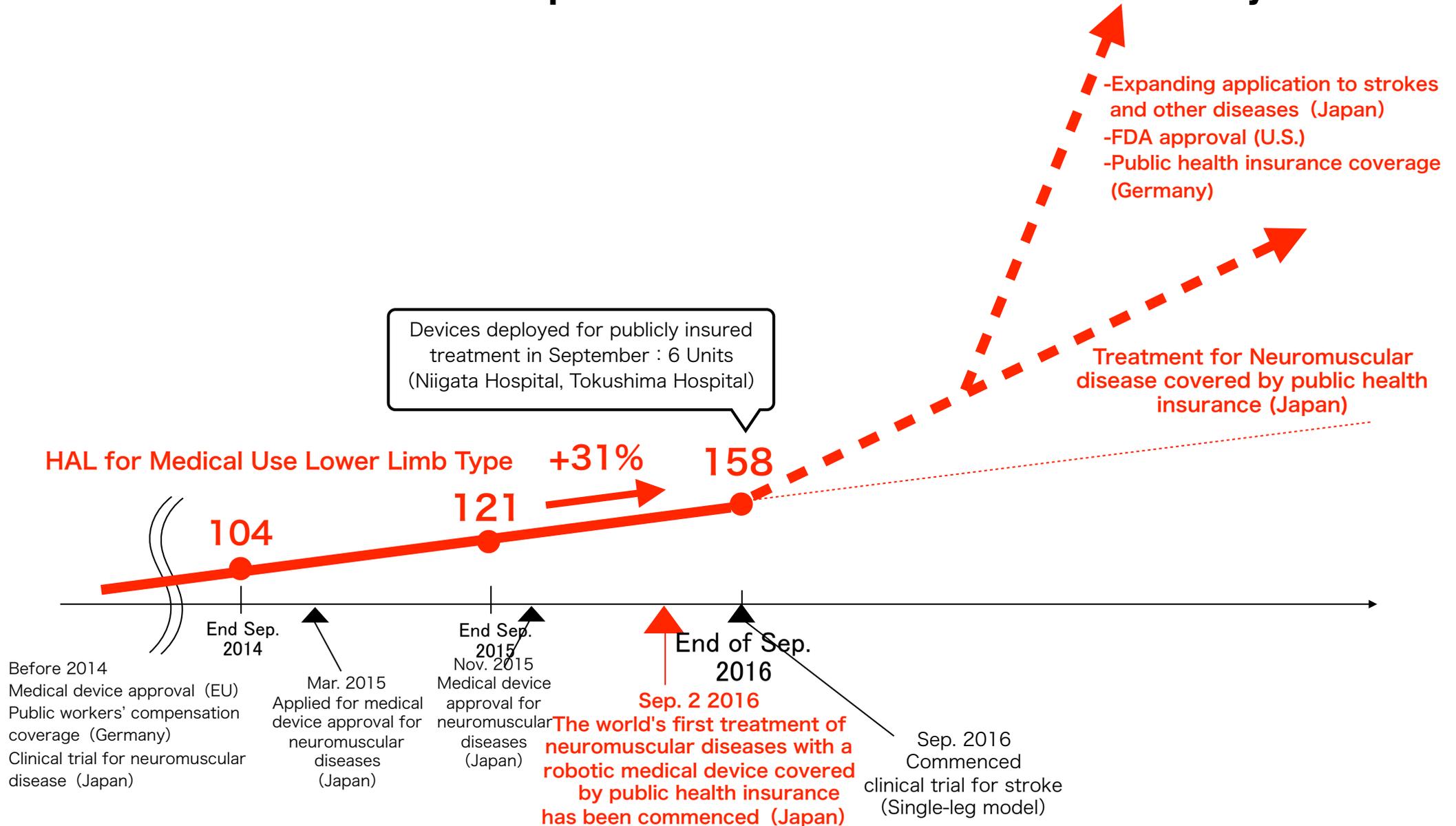
Note: Non-operating income (subsidy income) and the non-operating expense (loss on reduction of non current asset), both related to Fukushima production base do not impact the financial results.

Number of units in operation



-HAL for Medical Use (Lower Limb Type)

Increase of net sales of HAL for Medical Use, newly covered by public health insurance is anticipated in the second half of the fiscal year.

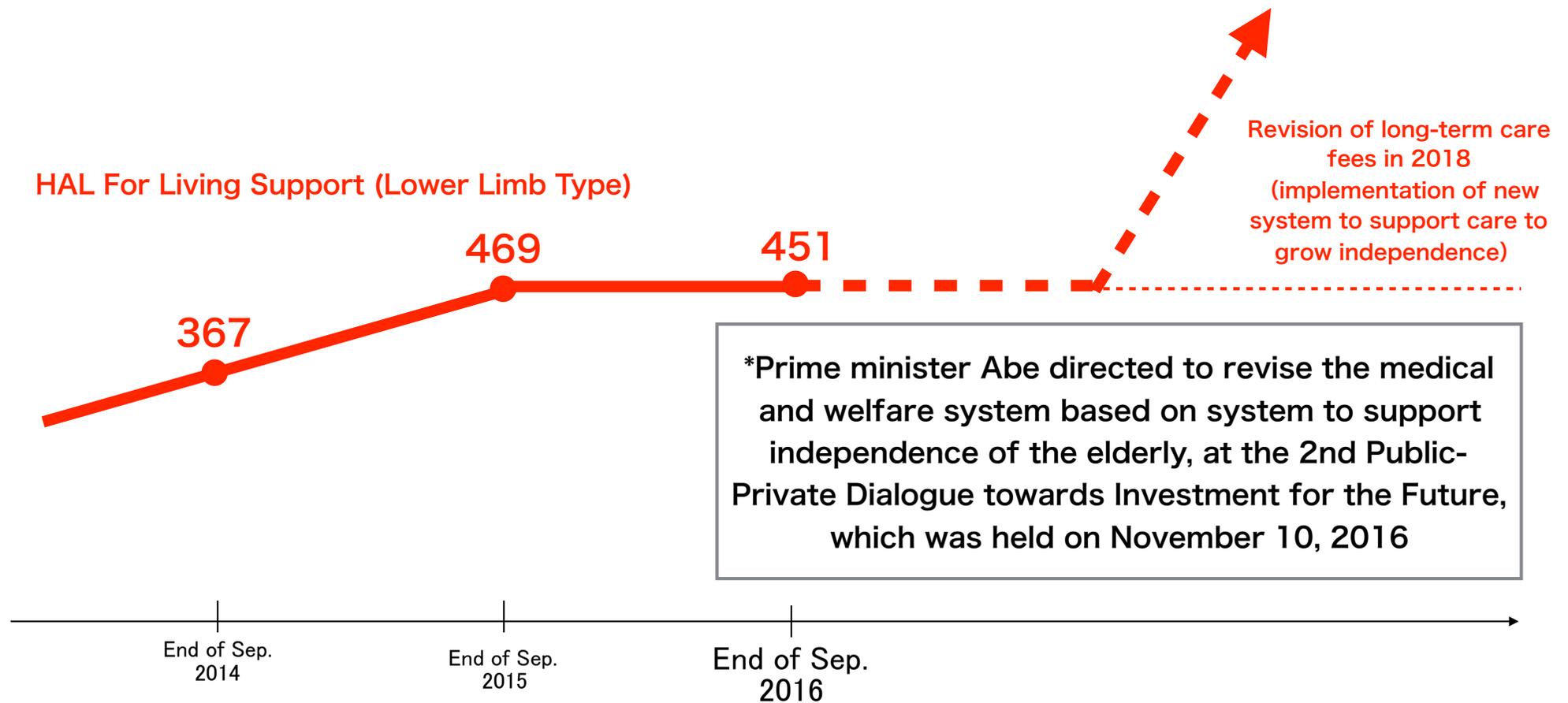


Number of units in operation



-HAL for Living Support (Lower Limb Type)

Aims to increase is operating unit with the revision of long-term care fees in 2018 (implementation of new system to support care to grow independence*)

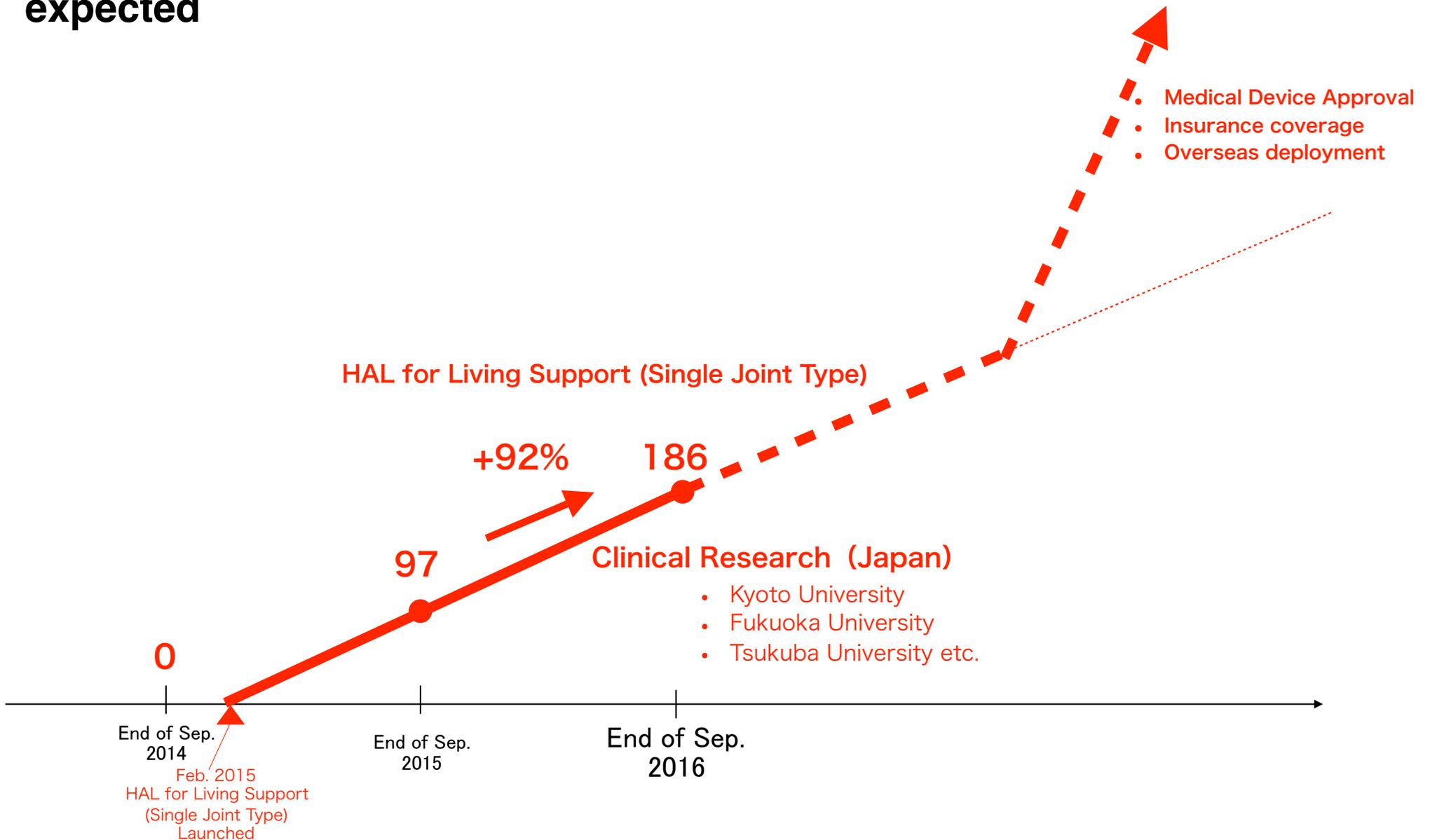


Number of units in operation



-HAL for Living Support (Single Joint Type)

Mainly used for clinical research in Japan and steady increase is expected

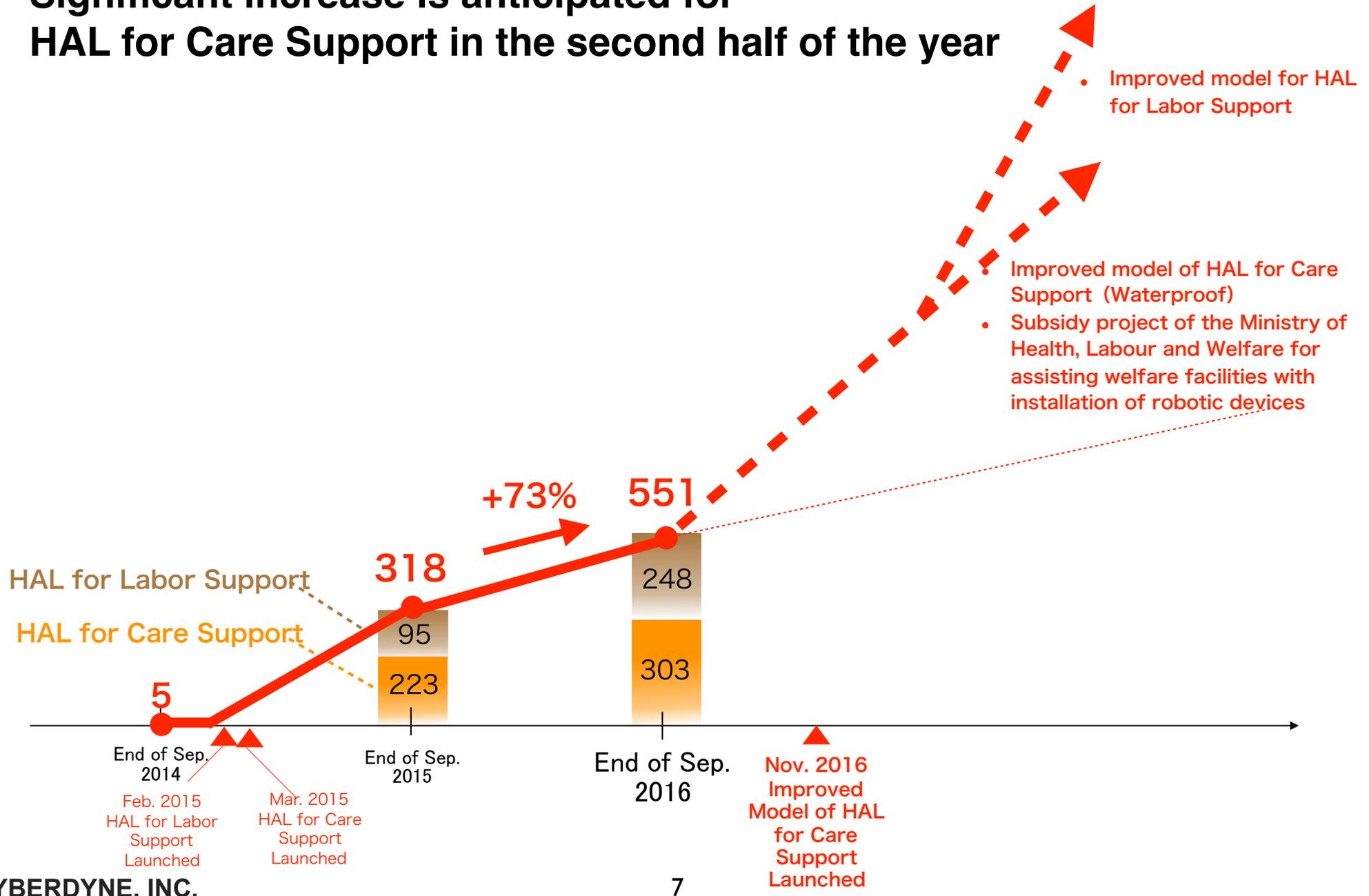


Number of units in operation



-HAL for Care/Labor Support (Lumbar Type)

Significant increase is anticipated for HAL for Care Support in the second half of the year



Business highlights



Medical device approval and insurance coverage

- Japan: The world's first treatment of neuromuscular diseases with a robotic medical device covered by public health insurance has been commenced in September, 2016
→ Cyberdyne will continue its effort to expand the application of the device to other diseases.
- USA: Pre-submission has been submitted to FDA as the first step to obtain medical device approval in a format that allows for Medical HAL to be identified as a new and unique robot treatment device. (Nov. 2016)
- Europe: Application in process to obtain public health insurance coverage in Germany

Product development

- HAL for Medical Use: Started investigator-initiated clinical trial for stroke (Japan, Sep. 2016)
- HAL (Single Joint Type): Proceeding clinical research to obtain medical device approval
- Vital sensor: Proceeding with application for approval as a medical device (consultation with PMDA)
- HAL (Lumbar Type): Improved model with waterproof and other functions commenced distribution (HAL for Care Support, Nov. 2016) → improved model for Labor Support will follow shortly after
- Cleaning/Transportation Robot: Upgrading in progress. Transport robot introduced to pharmaceutical factory etc.
- Others: (Continuing to develop, SS size HAL, Cybernetic Switch (Communication device for ALS), Robot Cart and various others.)

Base strengthening and development

- U.S.: Established U.S. subsidiary and preparing to deploy U.S. business from Seattle (Sep. 2016)
- Tsukuba (HQ): Planning Cybernic City (Social Implementation Acceleration Area)
- Tokyo Area (Haneda/Kawasaki): Preparing a Cybernics medical innovation base in the National Strategic Special Zone
- Fukushima Area (Koriyama): Completed construction of the Next-Generation and Multipurpose Robotic Production Base (1st series completion: Aug. 2016)

Business Development

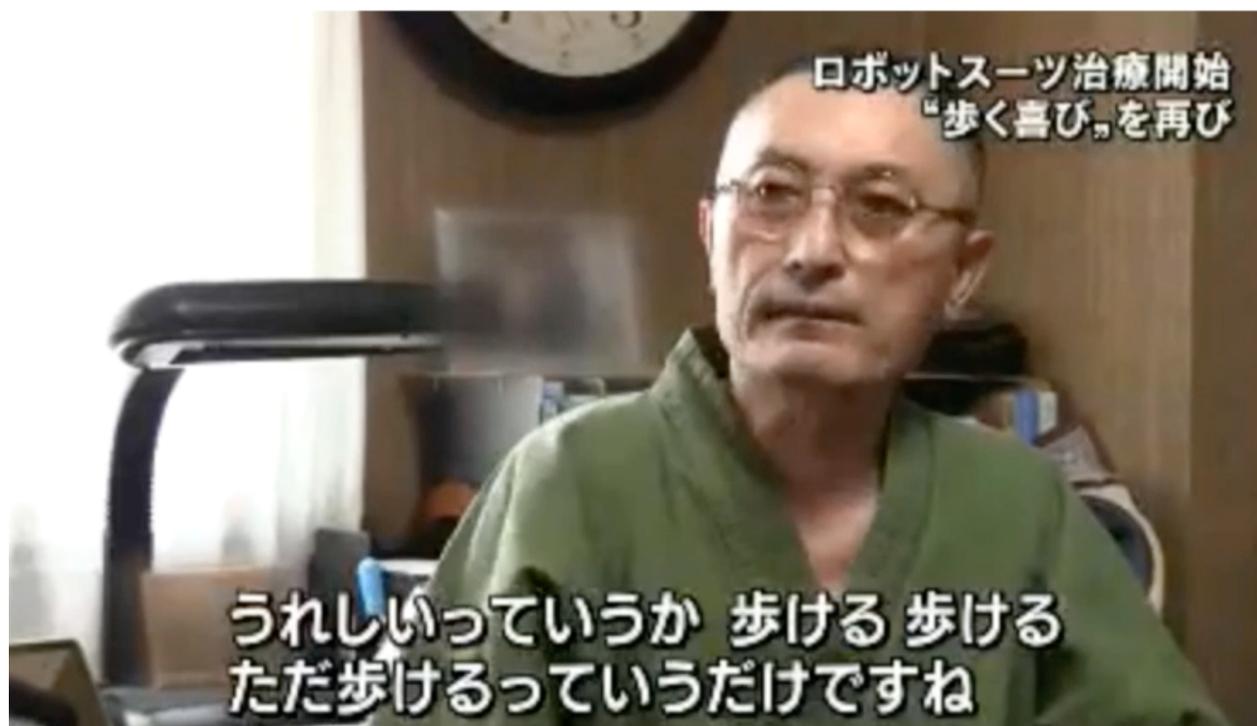
- Collaboration with private insurance: In the life insurance sector, closed an agreement with Daido Life Insurance Company (in Japan, Sep. 2016) and in the liability insurance sector, is currently discussing with an internationally major player
- Next-gen airports : Introducing Cybernic technologies to Haneda Airport and other international hub airports
- Mobility: Discussing with influential VBs about next generation mobility technology to achieve “Zero Intensive Nursing-care Society”
- Others: Combining robotics, regenerative medicine, AI, IoT and Big Data etc

The world's first treatment with HAL covered by public health insurance commences (September 2, 2016)

Treatment capable of delaying the progress and even improve the body function of patients with slowly progressive rare neuromuscular disease

“Now we are capable of using this innovative treatment method for patients with neuromuscular disease which were thought to be intractable. We would like to expand the application of HAL to other diseases.”

Takashi Nakajima: Niigata National Hospital, Department of Neurology, Deputy Director



NHK 2016/9/7

HAL® for Medical Use becomes the first winner of Ministry of Health, Labour and Welfare award for “7th Robot Award”!

Reasons for selections*

HAL® for Medical Use that obtained the manufacturing and distribution approval as a medical device for the treatment of patients of rare neuromuscular diseases is a successful example of robotic medical device in practical use. The device was rated highly because it succeeded in improving the walking function when conducting the treatment to delay the progress of rare neuromuscular disease. Achievement of HAL® for Medical Use, presented effectiveness on improving the walking ability of patients with slowly progressing rare disease that have been considered intractable even with modern medicine in other advanced countries shall be widely acknowledged.

*This is an only trial translation of Robot Awards' press release, done by Cyberdyne. Cyberdyne is not responsible for the content of it.



Commencement of investigator-initiated clinical trial of stroke patients using HAL for Medical Use (Single-Leg Model) (September 30, 2016)

Stroke : 1 million 179 thousands patients. No.1 cause of paraplegic aftereffects, forcing patients to use care support

Clinical research found out that HAL for Medical Use may enable those patients to recover walking ability beyond the limit of other treatment methods

Excerpts from press release made by University of Tsukuba Hospital and Prefectural University of Health Sciences Hospital on Sep 30, 2016 (trial translation by Cyberdyne)

→Investigator-initiated clinical trial with Single-leg model

→Towards medical device approval and expansion of Cybernic treatment

There are number of treatment methods tried on stroke patients to recover their walking ability. However, depending on the level of their disorder, there are limits on recovery of their walking ability. This makes it difficult for considerable population of those patients to return to the society. Our clinical research found out that HAL® for Medical Use may enable those patients to recover walking ability beyond the limit of other treatment methods (a submitted essay which covers this finding has already been accepted).

This clinical trial will investigate how much further the treatment conducted by HAL® for Medical Use (Single-Leg Model) can add to the recovery of walking ability with other treatment methods. Institutional Review Board of University of Tsukuba Hospital approved this initiative to conduct the clinical trial and clinical trial plan was submitted to the Pharmaceutical and Medical Devices Agency (“PMDA”) in August 31, 2016.

HAL for Medical Use (Double-Leg Model) has already obtained the manufacturing and distribution approval under Japan’s Pharmaceutical and Medical Device Law (“PMDL”) as a innovative medical device to delay the progress of slowly progressive neuromuscular disease patients such as Amyotrophic Lateral Sclerosis and Muscular Dystrophy. “Stroke”, the targeted disease for this clinical trial is known to be a disease with vast numbers of 1 million and 179 thousand patients and the medical fee required to treat these patients is said to be JPY 1 trillion and 773 billion, fee large enough to compress the national medical budget. It is also known to be the number 1 cause of paraplegic aftereffects, forcing patients to use care support. If we succeed on realizing Cybernic treatment for stroke patients, utilizing HAL for Medical Use, introduction of these robotic treatment devices to medical facilities is anticipated to accelerate, making contribution to solve one of the social problem that this country faces.

Excerpts from press release made by University of Tsukuba Hospital and Prefectural University of Health Sciences Hospital on Sep 30, 2016 (trial translation by Cyberdyne)

Status of medical device approval and insurance coverage

- CYBERDYNE aims to expand medical approval and insurance coverage of HAL in target areas - EU, US and Japan

| Medical use | | Process for insurance coverage | | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| Market (Applicable laws and regulations) | | Product development clinical research | Equipment safety test / Clinical safety test / Preparation and documentation for application Clinical study | Application for approval | Approval as a Exam | Insurance coverage (Insurance) |
| EU  Medical Device Directive ("MDD") | | | Determined to be covered by Public workers' compensation insurance (Germany) (Aug, 2013) | | Application in process to obtain public health insurance coverage (Germany) (Oct 2015~) | Insurance coverage |
| U.S.  Federal Food, Drug, and Cosmetic Act ("FDCA") Medical Device Amendment Act ("MDA") | | | | Applied for FDA (Changed to 510K) (June, 2015) | Pre-submission submitted to FDA as the first step to obtain medical device approval in a format that allows for Medical HAL to be identified as a new and unique robot treatment device. (Nov 2016) | |
| Japan  Pharmaceutical Affairs Act ("PAA") | | | <Neuromuscular disease> Applied for medical device approval (March, 2015) | <Neuromuscular disease> Obtained medical device approval (Nov, 2015) Determination of insurance price (Apr, 2016) | <Neuromuscular disease> Treatment covered by public health insurance commences! (Sep 2016) <Stroke> Commenced clinical trial (Sep 2016) | |

(a) FDA: U.S. Food and Drug Administration
 (b) Ministry of Health, Labour and Welfare of Japan

Introduction of improved model of HAL for Care Support (Lumbar Type)

Usability and functions increased significantly. Distribution commenced in November 2016



Notable improvements

✓ Can be used for bathing support

- Waterproof (Can resist water splash from any direction)

✓ Easier to work in crouching posture

- Algorithm installed to conform with the movement necessary for work

✓ Easier to wear and more comfortable

- No longer necessary to directly stick electrodes to the skins and can be worn by simply wrapping the sensor belt around the waist.
- Cushion newly attached to hold the body etc.

This presentation contains forward-looking statements concerning CYBERDYNE, INC. and its Group’s future plans, strategies and performance. Forward-looking statements contained in this presentation are based on information currently available and on certain assumption redeemed rational at the time of creation of this presentation. As such, due to various risks and uncertainties, the statements and assumption does not guarantee future performance, may be considered differently from alternative perspectives and may differ from the actual result.

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