



Consolidated Financial Results (Tanshin) for the Nine Months Ended December 31, 2016  
(Based on Japanese GAAP)

February 14, 2017

Name of listed company : CYBERDYNE, INC. Stock exchange listing : Mothers Section of TSE  
 Stock code : 7779 URL : http://www.cyberdyne.jp/english/  
 Representative (title) : President and CEO Name : Yoshiyuki Sankai  
 Contact (title) : Director and CFO Name : Shinji Uga Tel. +81-29-869-9981  
 Scheduled date for release of nine months report : February 14, 2017 Scheduled start of dividend payment: —  
 Additional materials for the financial results : None  
 Information meeting for the financial results : None

(rounded down to the nearest millions of yen)

I. Consolidated financial results for the nine months ended December 31, 2016 (April 1, 2016 – December 31, 2016)

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

	Net sales		Operating income		Ordinary income*		Net income attributable to CYBERDYNE, INC.	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Apr.1- Dec.31, 2016	1,055	18.6	(961)	—	(657)	—	(662)	—
Apr.1- Dec.31, 2015	889	154.7	(861)	—	(582)	—	(582)	—

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

Notes: Comprehensive income for the nine months ended December 31, 2016: (662) millions of yen (—%)  
 for the nine months ended December 31, 2015: (584) millions of yen (—%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Apr.1- Dec.31, 2016	(3.10)		—	
Apr.1- Dec.31, 2015	(2.87)		—	

Notes:

- (i) Dilutive shares exist but diluted net income per share of each term is not recorded due to net loss per share.
- (ii) CYBERDYNE, INC. implemented stock splits of 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 implemented at the beginning of the previous fiscal year (April 1, 2015).

2. Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of December 31, 2016	46,964		46,341		98.6	
As of March 31, 2015	47,534		27,063		55.8	

Notes: shareholders' equity 46,328 millions of yen as of nine month ended December 31, 2016  
 26,527 millions of yen as of the fiscal year ended March 31, 2015

II. Dividends

	Dividend payments for each term and the year				
	End of 1st quarter (Jun.30, 2016)	End of 2nd quarter (Sep.30, 2016)	End of 3rd quarter (Dec.31, 2016)	Year end (Mar.31, 2017)	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2016	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2017	—	0.00	—	—	—
Fiscal year ending March 31, 2017 (estimated)	—	—	—	0.00	0.00

Notes:

- (i) Changes from the latest released dividend forecasts: none
- (ii) The table of "Dividends" indicates dividend payments on Common Shares. Dividend payments on Class Shares (non-listed) for which the number of share units differs from Common Shares are shown below as "Dividends on Class Shares".

### III. Forecast of consolidated financial results for the fiscal year ending March 31, 2017 (April 1, 2016 – March 31, 2017)

As the business of CYBERDYNE, INC. and its group companies (collectively referred to as the “Group”) is based on a new market with innovative technologies, there are many uncertain factors that could have an impact on its performance, making it difficult to provide a forecast with accurate figures. CYBERDYNE, INC. (the “Company”) will announce the forecast of consolidated financial results once information necessary to make reasonable judgment becomes available.

#### Notes:

1. Changes in key subsidiaries during the nine months 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 consolidated financial statements for the nine months ended December 31, 2016 : none
3. Changes in accounting policies, accounting estimates, and restatement of error corrections
  - (i) Changes in accounting policies due to revisions of accounting standards, and other regulations: yes
  - (ii) Changes in accounting policies due to reasons other than (i): none
  - (iii) Changes in accounting estimates: none
  - (iv) Restatement of prior period financial statements after error corrections: none

#### 4. Total number of issued shares (Common Shares)

##### (i) Total number of issued shares at the end of each period (including treasury shares)

As of Dec.31, 2016	215,047,609 shares	As of Mar.31, 2016	203,276,000 shares
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##### (ii) Total number of treasury shares at the end of each period

As of Dec.31, 2016	138 shares	As of Mar.31, 2016	138 shares
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##### (iii) Average number of shares during each nine months

Apr.1 – Dec.31, 2016	213,421,276 shares	Apr.1 – Dec.31, 2015	203,275,928 shares
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#### Notes:

- (i) Class B Shares are ranked the same as Common Shares and paid the same amount as Common Shares with regard to dividends of surplus 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.
- (ii) The Company implemented stock splits of 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 implemented at the beginning of the previous consolidated fiscal year (April 1, 2015).

#### \*Indication regarding execution of review procedures:

The consolidated financial information included in this report is out of scope of the review procedure under the Financial Instruments and Exchange Law of Japan, however the review procedure under the Financial Instruments and Exchange Law of Japan has been completed at the date of disclosure of this report.

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

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, the Company cannot assure materialization of these forecasts. Actual business and other results might differ substantially from the forecasts due to various factors. Please refer to “3.

Explanation related to the forecast of consolidated financial results and other forward-looking statements” in section I “Qualitative information regarding settlement of accounts for the nine months ended December 31, 2016” at page 6.

#### 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.

	Dividend payments for each term and the year				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2016	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2017	—	0.00	—		
Fiscal year ending March 31, 2017 (estimated)				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.

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## **I. Qualitative information regarding settlement of accounts for the nine months ended December 31, 2016**

### 1. Explanation of results of operation

All forward-looking statements included in this explanation were determined reasonable by the Group based on currently available information for the nine months ended December 31, 2016 and certain assumptions made by the Group.

From May 15 to May 17, 2016, G7 Science & Technology Ministers' Meeting was held in Tsukuba, Ibaraki, Japan. On the final day, the Joint Statement "Tsukuba Communiqué" was adopted including the following statements:

- Regarding that the G7 countries ("the G7") and many of the emerging economies are facing the challenges of rapidly aging societies, the G7 put emphasis on an important role of the science-based innovation including the establishment of social systems that assist healthy and long life of elderly people and provide quality care to them.
- The G7 also refer to the possibility to improve welfare for, and living quality of, the aged and to reduce the load on caregivers through the utilization of robotics. They express their determination on reduction of the burden on families and the society by integrating social science research with medical care, Information and Communication Technology ("ICT") and robotic assistance.

In Japan, the cabinet has determined to adopt the "5th Science and Technology Basic Plan" on January 22, 2016, in order to advance firmly the new concept "Society 5.0", a human centric society where physical space (real world) and cyber space are initiatively merged to solve economic and social problems so that people can enjoy good quality of life. Noting this, the cabinet also adopted "Comprehensive Strategy on Science, Technology and Innovation 2016" in May 24, 2016, which stated that in order to deepen and advance the concept of Society 5.0, those involved must focus on research and development of robots, designed to assist the elderly and disabled people for their safe and secured life. This relevant strategy also mentions promoting independence of people in need of support as well as research, development and effective distribution of technologies in nursing and care services.

These significant movements such as the concept of Society 5.0 match the Group's endeavor to realize "Zero Intensive Care Society". By utilizing innovative Cybernics\* technology, the Group aims to provide solutions to the problems that the society faces while firmly establishing an economic cycle at the same time. In the fields of medicine, living support and labor support, the Group attempts social and industrial transformation by accelerating its research and development, and business development.

*\*"Cybernics" (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. Cybernics is championed by Dr. Yoshiyuki Sankai, a professor at the University of Tsukuba in Japan. Cybernic technology means the practical application of Cybernics to technology.*

During this consolidated nine months ended December 31, 2016, in the field of medicine, the Ministry of Health, Labour and Welfare (“MHLW”) announced public health insurance coverage of the technical fee for the treatment of rare neuromuscular disease patients using HAL for Medical Use (Lower Limb Type, Double-Leg model) [“Medical HAL” or “Medical HAL (Double-Leg)”] on April 25, 2016. On September 2, 2016, the treatment with Medical HAL, as the world's first treatment with robot covered by public health insurance started in Japan. The Company will continue to accelerate its clinical studies and investigations with Japanese hospitals as well as hospitals in other countries, in order to expand the range of disorders such as stroke and spinal cord injury to which the treatment with Medical HAL is applicable. For stroke, investigator-initiated clinical trial of the single-leg model of HAL for Medical Use [“Medical HAL” or “Medical HAL (Single-Leg)”] commenced on September 30, 2016, which is the necessary procedure to obtain the manufacturing and distribution approval of the medical device under Pharmaceutical and Medical Device Law of Japan, aiming at functional improvement and regeneration of the patients’ impaired mobility. Furthermore, the Company also started a joint-research project with notable hospitals to accelerate the realization of the cutting-edge research on functional regeneration treatment, which could make the treatment with HAL applicable to an even wider range of patients suffering from paralysis. In addition, to further spread this innovative medical technology, the Company announced to collaborate with private insurance company, Daido Life Insurance Company in the life insurance sector and AIG Japan Holdings in the liability insurance sector, which will be proceeded alongside its endeavors to apply for public health insurance coverage. In Europe, the Company already acquired medical device certification for Medical HAL, and has been providing the medical treatment service with the device covered by public workers’ compensation insurance in Germany and the Company is processing applications to obtain public health insurance coverage in the country. In the United States, the Company found that the United States Food and Drug Administration’s (“FDA”) understanding of HAL for Medical Use’s innovation to use Cybernic technology to provide functional improvement/regeneration treatment of impaired functions of the brain and nervous system has been deepened as a result of continued discussions. The Company begun its reapplication process toward obtaining medical device approval in a format that allows for Medical HAL to be identified as a new and unique robot treatment device by submitting pre-submission to the FDA in November 4, 2016. The Company already established and commenced the operation of the U.S. subsidiary, "CYBERDYNE USA Inc." in September, 2016, in anticipation of obtaining medical device approval for HAL for Medical Use from the FDA.

The Company continues to advance its clinical researches for the light-weighted and compact HAL for Living Support (Single Joint Type), which is a device designed to be applied on the knee or elbows. The Company also commenced preliminary consultation with the Pharmaceuticals and Medical Devices Agency about the necessary procedures to obtain medical

device approval for the Vital Sensor, which is a palm-size device for monitoring indices of arteriosclerosis and electrocardiogram.

The Company continues to advance its clinical trials of HAL for Medical Use (Lower Limb Type) in Japan and other countries to enlarge the range of targeted diseases. In Japan the world's first coverage of the treatment with HAL as a medical device by the public health insurance has been approved and installation of HAL for insured treatment by hospitals has commenced. Currently there were 185 units of HAL for Medical Use (Lower Limb Type), including those used outside of Japan and those used for clinical research as of the end of December, 2016. Out of the aforementioned numbers, 33 units are rented out in Japan. The Company plans to coordinate with numbers of core hospitals, which would become the "bases" for further expansion. 202 units of HAL for Living Support (Single Joint Type) were in operation as of the end of December, 2016, mainly used for clinical studies by the hospitals in Japan.

In the field of living support, HAL for Living Support (Lower Limb Type) has been used in care facilities and hospitals within Japan to assist people to move independently, and as of the end of December, 2016, 462 units were in operation. HAL for Care Support (Lumbar Type), a device capable of reducing the load on the lower back of caregivers, which would result in improving the work environment of care facilities that suffer from high turnover rates, recorded a significant increase of 170 units in its operating units due to the subsidy project of the MHLW for assisting welfare facilities with installation of robotic devices and introduction of waterproofed model of HAL (Lumbar Type) which will allow users to provide bathing aid for example, and as of end of December, 2016, 473 units are in operation. Further increase is expected in the fourth quarter of the fiscal year ending March 31, 2017.

In the field of labor support, as of the end of December, 2016, there were 272 units of HAL for Labor Support (Lumbar Type), a device capable of reducing the load on the lower back of workers and improving the work environment in order to maintain the labor force of distribution warehouses, construction sites and factories of various types that suffer from serious shortage of labor force as a result of an aging population and declining birthrate. Implementation by Haneda Airport Limousine Bus and major construction companies contributed to the increase of the rented units. Situations appropriate for using HAL for Labor Support (Lumbar Type) is expected to expand significantly once additional functions and features such as waterproofing are installed. The Cleaning Robot and Transportation Robot were introduced to airports and major pharmaceutical factory and currently there were 19 units in operation as of the end of December, 2016.

As the result of the aforementioned, in the consolidated nine months ended December 31, 2016, the Company recorded net sales of ¥1,055,339 thousand (18.6% increase year on year), mainly due to an increase in the operating numbers of the HAL for Medical Use (Lower Limb Type) and HAL for Care Support (Lumbar Type), leading to the gross profit of ¥688,528 thousand (14.0% increase year on year). In year on year comparison of the third quarter from October 1 to December 31, the Company recorded a significant increase of 35.8% in net sales.

Research and development expenses increased to ¥654,655 thousand (11.6% increase year on year), due to consigned research projects of "Realization of Zero Intensive Care Society through Innovative Cybernic System", which are part of the projects under the Impulsing Paradigm Change through Disruptive Technologies Program ("ImPACT") hosted by the Japan Science and Technology Agency ("JST"). On the other hand, other selling, general and administrative expenses were recorded at ¥995,726 thousand (13.2% increase year on year), mainly due to the increase of taxes and dues such as business tax (capital base) due to exercise of stock acquisition rights included in the Company's convertible bonds. As a result, operating loss was recorded at ¥961,852 thousand.

Non-operating income was recorded at ¥1,150,949 thousand (196.0% increase year on year), mainly due to an increase of consigned research income as well as an increase of subsidy income in relation to construction of Next-Generation Multipurpose Robotized Production Facility in the Fukushima Prefecture ("Fukushima Production Facility"), while non-operating expense was recorded at ¥846,605 thousand (676.1% increase year on year) due to ¥96,231 thousand in the stock issuance expenses caused by the exercise of stock acquisition rights included in the convertible bonds as well as an increase of loss on reduction of non-current assets in relation to construction of Fukushima Production Facility. As a result, ordinary loss was recorded at ¥657,509 thousand.

Furthermore, because income taxes-deferred was recorded at ¥4,813 thousand, net loss attributable to CYBERDYNE,INC. for the nine months ended December 31, 2016 was recorded at ¥662,583 thousand.

## 2. Explanation of financial position

### 【Status of assets, liabilities and net assets】

#### i. Assets

As of the end of this consolidated nine months, December 31, 2016, total assets decreased ¥569,998 thousand to ¥46,964,471 thousand in comparison to the end of the previous fiscal year. This was mainly due to a decrease of ¥3,754,948 thousand in cash and deposits, ¥2,500,386 thousand in securities partly offset by an increase of ¥4,969,341 thousand in construction in progress.

#### ii. Liabilities

As of the end of this consolidated nine months, December 31, 2016, total liabilities decreased ¥19,847,402 thousand to ¥623,133 thousand in comparison to the end of the previous fiscal year. This was mainly due to the exercise of stock acquisition rights included in the convertible bonds.



### iii. Net assets

As of the end of this consolidated nine months, December 31, 2016, net assets increased ¥19,277,404 thousand to ¥46,341,338 thousand in comparison to the end of the previous fiscal year. This was mainly due to the exercise of stock acquisition rights included in the convertible bonds.

### 3. Explanation related to the forecast of consolidated financial results and other forward-looking statements

As the business of the Group is based on a new market with innovative technologies, there are many uncertain factors that could have an impact on its performance, making it difficult to provide forecast with accurate figures. The Company will announce the forecast of consolidated financial results once information necessary to make reasonable judgment becomes available.

## II. Matters regarding summary information (Notes)

### 1. Changes in key subsidiaries during the nine months ended December 31, 2016

No items to report. Though this event is not considered to be changes in significant subsidiaries, CYBERDYNE USA Inc. was newly established during the six months ended September 30, 2016 and it was included within the range of consolidation.

### 2. Application of special accounting for preparing cumulative 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 policy)

Following the revision of the Corporation Tax Act, the Group applied the "Practical Solution on Accounting for Changes in Depreciation Method related to the 2016 Tax Law Changes (PITF No.32 of June 17, 2016)," to the three-months ended June 30, 2016. Accordingly, the depreciation method of structures and facilities attached to buildings acquired on and after April 1, 2016 was changed from declining-balance method to straight-line method.

The impact on the consolidated financial statements of the nine months ended December 31, 2016 is minimal.

### III. Consolidated Financial Statements (Unaudited)

#### 1. Consolidated balance sheets (Unaudited)

(Thousands of yen)

	As of March 31, 2016	As of December 31, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	14,458,798	10,703,849
Accounts receivable	217,347	240,239
Securities	25,500,386	23,000,000
Merchandise and finished goods	149,939	151,008
Work in process	13,519	15,993
Raw materials and supplies	286,167	445,263
Other	425,280	343,034
Allowance for doubtful accounts	(758)	(1,601)
Total current assets	41,050,680	34,897,787
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	702,620	999,737
Rental assets, net	460,527	467,800
Land	3,214,303	3,118,558
Construction in progress	699,992	5,669,334
Other, net	254,767	300,278
Total property, plant and equipment	5,332,211	10,555,709
Intangible assets	65,658	63,113
Investments and other assets		
Investment securities	914,830	1,281,933
Other	171,089	165,927
Total investments and other assets	1,085,919	1,447,861
Total non-current assets	6,483,790	12,066,684
Total assets	47,534,470	46,964,471
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	48,120	40,096
Convertible bonds with stock acquisition rights scheduled for redemption within one year	19,927,483	—
Income taxes payable	63,804	95,921
Other	283,151	355,886
Total current liabilities	20,322,560	491,903
Non-current liabilities		
Asset retirement obligations	71,613	72,716
Other	76,362	58,513
Total non-current liabilities	147,975	131,229
Total liabilities	20,470,536	623,133
<b>Net assets</b>		
Shareholders' equity		
Capital stock	16,511,767	26,743,881
Capital surplus	16,447,767	26,679,881
Retained earnings	(6,433,015)	(7,095,598)
Treasury shares	(204)	(204)
Total shareholders' equity	26,526,314	46,327,958
Other comprehensive income		
Foreign currency translation adjustment	772	911
Total accumulated other comprehensive income	772	911
Stock acquisition rights	536,847	12,468
Non-controlling interests	—	—
Total net assets	27,063,934	46,341,338
Total liabilities and net assets	47,534,470	46,964,471

2. Consolidated statements of income and consolidated statements of comprehensive income (Unaudited)

Consolidated statements of income (cumulative) (Unaudited)

	(Thousands of yen)	
	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net sales	889,683	1,055,339
Cost of sales	285,496	366,810
Gross profit	604,187	688,528
Selling, general and administrative expenses		
Research and development expenses	586,672	654,655
Other selling, general and administrative expenses	879,428	995,726
Total selling, general and administrative expenses	1,466,101	1,650,381
Operating loss	(861,914)	(961,852)
Non-operating income		
Interest income	22,146	6,484
Subsidy income	245,494	831,807
Consigned research income	93,042	271,506
Other	28,097	41,151
Total non-operating income	388,781	1,150,949
Non-operating expenses		
Interest expenses	34,693	7,629
Share issuance cost	—	96,231
Loss on reduction of non-current assets	72,517	741,755
Other	1,872	989
Total non-operating expenses	109,083	846,605
Ordinary loss	(582,215)	(657,509)
Extraordinary income		
Gain on sales of fixed assets	—	40
Total extraordinary income	—	40
Extraordinary losses		
Loss on sales of fixed assets	—	302
Total extraordinary losses	—	302
Net loss before income taxes	(582,215)	(657,770)
Income taxes - current	4,640	5,795
Income taxes - deferred	(1,101)	(982)
Total income taxes	3,539	4,813
Net loss	(585,754)	(662,583)
Net loss attributable to non-controlling interests	(3,014)	—
Net loss attributable to CYBERDYNE,INC.	(582,740)	(662,583)

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

Consolidated statements of comprehensive income (cumulative) (Unaudited)

	(Thousands of yen)	
	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net loss before minority interests	(585,754)	(662,583)
Other comprehensive income		
Foreign currency translation adjustment	1,048	138
Total other comprehensive income	1,048	138
Total comprehensive income	(584,706)	(662,444)
(Comprehensive income attributable to)		
CYBERDYNE,INC.	(581,952)	(662,444)
Non-controlling interests	(2,753)	—

### 3. Notes to 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)

During the three months ended June 30, 2016, the Company exercised its stock acquisition rights to redeem early its Euro Yen Zero Coupon Convertible Bonds due 2017. As a result of this conversion, capital stock increased by ¥10,232,113 thousand to a total of ¥26,743,881 thousand and capital surplus increased by ¥10,232,113 thousand to a total ¥26,679,881 thousand as of the nine months ended December 31, 2016.

(Segment information)

The nine months ended December 31, 2015 (from April 1, 2015 to December 31, 2015):

Since the company group had a single segment, segment information was omitted.

The nine months ended December 31, 2016 (from April 1, 2016 to December 31, 2016):

Since the company group had a single segment, segment information was omitted.

(Important subsequent event)

There are no items to report.