



Consolidated Financial Results (Tanshin) for the Nine Months Ended December 31, 2017
(Based on Japanese GAAP)

February 14, 2018

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-month report :February 14, 2018 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, 2017 (April 1, 2017-December 31, 2017)

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

	Net sales		Ordinary income*		Net income attributable to CYBERDYNE, INC.	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Apr.1-December 31, 2017	1,163	10.3	(595)	—	(498)	—
Apr.1-December 31, 2016	1,055	18.6	(657)	—	(662)	—

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

Notes: Comprehensive income for the nine months ended December 31, 2017: ¥ (507) million (—%)
 for the nine months ended December 31, 2016: ¥ (662) million (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
Apr.1-December 31, 2017	(2.32)	—
Apr.1-December 31, 2016	(3.10)	—

Note: Dilutive shares exist but diluted net income per share of each term is not recorded due to net loss per share.

2. Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2017	46,402	45,725	98.5
As of March 31, 2017	46,848	46,226	98.6

cf. shareholders' equity ¥45,702 million as of December 31, 2017

¥46,213 million as of March 31, 2017

II. Dividends

	Dividend payments for each term and the year				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2018	—	0.00	—		

Notes:

(i) Changes from the latest released dividend forecasts: none

(ii) The table of "Dividends" indicates dividend payments on Common Shares. Dividends on Class Share (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, 2018 (April 1, 2017-March 31, 2018)

As the business of CYBERDYNE, INC. (the "Company") and its group companies (with the Company, 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 and make it difficult for the Company to provide a forecast with accurate figures. As such the Company will not announce the forecast of consolidated financial results.

Notes:

1. Changes in key subsidiaries during the consolidated 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 consolidated financial statements for the nine months ended December 31, 2017 : 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: none
 - (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 December 31, 2017	215,047,609 shares	As of March 31, 2017	215,047,609 shares
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- (ii) Total number of treasury shares at the end of each period

As of December 31, 2017	138 shares	As of March 31, 2017	138 shares
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- (iii) Average number of shares during the nine-month period

Apr.1-December 31, 2017	215,047,471 shares	Apr.1-December 31, 2016	213,421,276 shares
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Note: 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.

*Consolidated Financial Results (Tanshin) is not subject to auditor's review procedures.

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 (Jun.30, 2017)	End of 2nd quarter (Sep.30, 2017)	End of 3rd quarter (Dec.31, 2017)	Fiscal year end (Mar.31, 2018)	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2018	—	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

I . Qualitative information regarding settlement of accounts for the nine months ended December 31, 2017	2
1. Explanation on operating results.....	2
2. Explanation of financial position.....	5
II . Consolidated financial statements (Unaudited)	6
1. Consolidated balance sheets (Unaudited).....	6
2. Consolidated statement of income and consolidated statement of comprehensive income (Unaudited)	7
Quarterly consolidated statements of income (cumulative).....	7
3. Notes of financial statements.....	8
(Notes on premise of going concern)	8
(Notes to significant changes in the amount of shareholder's equity)	8

I . Qualitative information regarding settlement of accounts for the nine months ended December 31, 2017

All forward-looking statements included in this explanation were determined reasonable by CYBERDYNE, INC. (“the Company”) and its group companies (with the Company, collectively referred to as “the Group”) based on currently available information for the consolidated nine-month period ended December 31, 2017 and certain assumption made by the Group.

1. Explanation on operating results

The Group continues to research, develop and socially implement Cybernic Technology* (See below.) that combines and fuses people, robots and information in the medical, nursing-care and living support (at home and in work environments) fields. By achieving physical, informational and vital interaction with Cybernic Technology, the Group aims at solving various problems that the hyper-aging society faces.

**“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 Yoshiyuki Sankai, a professor at the University of Tsukuba in Japan. Cybernic Technology means a practical application of Cybernic to technology.*

Cybernic connects humans, robots and information functionally and establishes physical, informative and biological interaction. Utilizing Cybernic, the Group pursues to establish a new vision of Society 5.1, where “human” is centered and combined with cyberspace (virtual world) and physical space (real world) of Society 5.0. The Group will continue to drive the movement to realize Society 5.1 as a future society where human and technology coexist.

During the consolidated nine months ended December 31, 2017, the Group carried out the following activities.

In the field of medicine, the Group continued business promotion of HAL for Medical Use Lower Limb Type Double-Leg model (“Medical HAL”), which is designed as a device to improve ambulation. Medical HAL is promoted mainly to hospitals that would become the “base” hospitals for the treatment with the device in Japan. The treatment towards neuromuscular disease with the coverage of public health insurance was started in September 2016. In line with this promotion, an investigator-initiated clinical trial on the use of HAL for Medical Use Lower Limb Type Single- Leg model on stroke patients, which commenced in September 2016, is in process.

In Europe, the Group already acquired medical device certification for Medical HAL for a wider range of diseases such as stroke, spinal cord injury and neuromuscular diseases etc. The Group has been providing the medical treatment service with the device covered by public workers compensation insurance in Germany. The Group is processing applications to obtain public health insurance coverage in the country. Furthermore, a private insurer started providing insurance coverage for the treatment with Medical HAL in Poland in July 2017.

In the United States, the Group obtained marketing clearance from U.S. FDA in December 2017. Upon this clearance, the following points were reflected.

- The Indication for Use: Medical HAL is a gait training device intended to temporarily improve ambulation upon completion of the HAL gait training intervention.

Note 1: Other devices in the category are intended to enable individuals to perform ambulatory functions while it is worn.

Note 2: Long term use of over 12 weeks (60 treatment sessions) has not been clinically tested and therefore the term "temporarily" is used.

- The therapeutic effects: The results of HAL gait training intervention suggest a statistically significant improvement in the gait related outcome measures collected without wearing HAL, and clinical significance was acknowledged.

Following this announcement of the FDA marketing clearances, the Group advanced its preparation to set up a joint venture company with Brooks Rehabilitation, which is known to be one of the busiest rehabilitation hospital groups in the U.S. The Group will create Cybernic Treatment Center in Jacksonville, Florida within the fiscal year ending March 31 2018, to provide the treatment service with Medical HAL. The Group plans to disseminate the treatment services with Medical HAL in the U.S., which is the largest medical device market in the world.

In another region, the Group obtained medical device approval for manufacturing and marketing of Medical HAL from The Saudi Food and Drug Authority in August 2017. In October 2017, Medical HAL was delivered to Abdul Latif Jameel Hospital, which is the hospital owned by the Company's business partner Abdul Latif Jameel Group.

As of the end of December 2017, 237 units of Medical HAL were in operation in Japan and foreign countries including those used for clinical research. Out of the aforementioned number, 60 units were rented out in Japan.

With regards to the light-weighted and compact HAL for Living Support (Single Joint Type), which is a device designed to be applied on the knee or the elbow, a proposal on an investigator-initiated clinical trial towards a treatment with the device for acute stage stroke led by Kyoto University Hospital as the representative research and development institution was adopted by Japan Agency for Medical Research and Development ("AMED") for its solicited project in October 2017. Once this clinical trial is complete, the Group will go through necessary steps to obtain a medical device approval for this device. 234 units of HAL for Living Support (Single Joint Type) were in operation as of the end of December 2017, which were mainly used for clinical studies by hospitals in Japan. For Vital Sensor, which is a palm-size device for monitoring indices of arteriosclerosis and electrocardiogram, the Group has completed preliminary consultation with the Pharmaceuticals and Medical Devices Agency about the necessary procedures to obtain a medical device approval and commenced preparation to file necessary documents.

In the field of nursing-care, HAL for Living Support (Lower Limb Type) has been used in care facilities and hospitals in Japan to promote independent movement of their users from their caregivers, and as of the end of December 2017, 402 units were in operation. Regarding HAL for Care Support (Lumbar Type) that reduces the load on the lower back of caregivers and would result in improvement of the work environment at care facilities that suffer from high turnover rates, 790 units were in operation as of the end of December 2017. Furthermore, the Group started to market its new product, HAL Lumbar Type for Independent Living (tentative name) in October 2017. This product is capable of maintaining and improving the weakened bodily functions of a care receiver in the core and lower body. Quality of his/her life will improve with this product, as it would enable him/her to stand and sit without the help of caregivers. It will also greatly reduce the physical burden of the caregivers. 24 units of HAL Lumbar Type for Independent Living (tentative name) were in operation as of the end of December 2017 and the Group expects a significant increase in its number in the future.

Furthermore, in January 2018, the Group announced to commence selling of Cyin™ for Living Support ("Cyin") from the coming spring. Cyin is an innovative Cybernic Interface, which utilizes Cybernic Technology, and it allows patients with difficulties in verbal communication or physical movement due to disease etc., to transmit their intention and operate other communication and environmental control devices, such as a nurse call button. The Group intends to develop Cyin even more, so that it could be used to analyze vital information such as bio-electrical signal. Through this endeavor, the Group hopes to make further contribution to the development of Cybernics fields, such as medicine and engineering.

In the field of living support, the Group focuses its development on labor support. HAL Lumbar Type for Labor Support is utilized to reduce the load on the lower back of workers and improve the work environment in order to maintain the labor force in 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. 284

units of HAL Lumbar Type for Labor Support were in operation as of the end of December 2017. The new model (LB03) that was announced in November 2017 is expected to significantly multiply the usage scenes of HAL Lumbar Type for Labor Support. This new model with waterproof and dust proof functions will allow the product to be used in various situations such as rainy or dusty outdoor construction sites and humid indoor sites.

25 units of Cleaning Robots and Transportation Robots in operation were recorded as of the end of December 2017. The Group completed the development of the improved new model of the Cleaning Robot, and it is currently making preparation towards manufacturing and selling of this device. It is expected that dissemination of the device will be expedited significantly.

In order to disseminate Medical HAL (Double-Leg model) further, the Company established a business alliance with a private insurer and promoted a private insurance coverage of the treatment with the device in addition to the public health insurance. Daido Life Insurance Company announced the release of its new insurance product “HAL Plus” rider in July, 2017, as the world's first insurance product offered by a private insurance company, which covers treatment with Medical HAL of intractable neuromuscular diseases to reduce financial burden of the patient. Additionally, in January 2018, Daido Life Insurance Company also announced to donate Cyin to 11 patients association as well as a support association of patients as part of its supporting initiative of communication for intractable disease patients.

AIG Holding Japan KK announced in October, to cover the fee for the training program with HAL for 50 students in Kanagawa Prefecture, who suffer from spinal cord injury as part of their contribution to their society. Furthermore, the Company has entered into comprehensive business alliance with Sampo Japan Nipponkoa Insurance in October in order to fuse innovative Cybernic Technology with risk financing facilities of the insurer to structure healthy and rich social system, starting with the field of long-term care.

The Group continues to revolutionize both industries and the society through Cybernics in order to solve problems related to the super aging society. In line with that, the Group announced to establish “CEJ Fund” with Mizuho Bank, Ltd. and Global Brain Corporation in December 2017. Preparation is currently in process to start the operation of CEJ Fund to establish a new industrial infrastructure to support and nurture venture companies.

As the result of the aforementioned, in the consolidated financial result of nine months ended December 31, 2017, the Company recorded net sales of ¥1,163,539 thousand (10.3% increase year on year), mainly due to an increase in the operating number of Medical HAL and a gross profit of ¥815,489 thousand (18.4% increase year on year).

Research and development expenses were recorded at ¥627,003 thousand (4.2% decrease year on year). Alike the previous fiscal year, this was mainly due to development of new products at the Company's own expense and consigned research projects of “Realization of Zero Burdening-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 only increased to ¥1,013,258 thousand (1.8% increase year on year). As a result, operating loss improved by ¥137,080 thousand to ¥824,772 thousand.

While non-operating income was recorded at ¥254,865 thousand, mainly due to a subsidy income, non-operating expenses were recorded at ¥25,178 thousand mainly due to share of loss of entities accounted for using equity method. These results led to improvement of ¥62,423 thousand in ordinary loss (income/loss before income tax, also called pretax income or ordinary profit) to ¥595,085 thousand.

Because gain on sale of investment securities was recorded at ¥99,990 thousand and income taxes-deferred was recorded at ¥3,467 thousand, net loss attributable to CYBERDYNE, INC. for the consolidated nine months ended December 31, 2017 improved by ¥164,024 thousand to ¥498,563 thousand.

2. Explanation of financial position

【Status of assets, liabilities and net assets】

(i) Assets:

For the consolidated nine months ended December 31, 2017, total assets decreased ¥445,588 thousand to ¥46,402,678 thousand in comparison to the end of the previous fiscal year. This was mainly due to a decrease of ¥2,673,782 thousand in cash and deposits partly offset by an increase of ¥800,000 thousand in securities and an increase of ¥809,912 thousand in investment securities.

(ii) Liabilities

For the consolidated nine months ended December 31, 2017, total liabilities increased ¥55,060 thousand to ¥677,180 thousand in comparison to the end of the previous fiscal year.

(iii) Net assets

For the consolidated nine months ended December 31, 2017, net assets decreased ¥500,648 thousand to ¥45,725,498 thousand in comparison to the end of the previous fiscal year. This was mainly due to the decrease in retained earnings arising from the net loss attributable to CYBERDYNE, INC. for the consolidated nine months under review.

II. Consolidated financial statements (Unaudited)

1. Consolidated balance sheets (Unaudited)

(Thousands of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	10,375,733	7,701,950
Accounts receivable - trade	247,451	177,051
Securities	23,000,000	23,800,000
Merchandise and finished goods	96,708	113,466
Work in process	9,569	26,308
Raw materials	420,267	475,914
Other	243,040	44,700
Allowance for doubtful accounts	(1,355)	(1,049)
Total current assets	34,391,415	32,338,341
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	978,884	919,505
Rental assets, net	478,415	408,805
Land	3,118,558	3,118,558
Construction in progress	6,003,880	6,449,380
Other, net	285,856	275,991
Total property, plant and equipment	10,865,595	11,172,240
Intangible assets	66,026	96,200
Investments and other assets		
Investment securities	1,360,838	2,170,750
Other	164,391	625,145
Total investments and other assets	1,525,229	2,795,896
Total non-current assets	12,456,851	14,064,336
Total assets	46,848,267	46,402,678
Liabilities		
Current liabilities		
Accounts payables - trade	20,758	23,183
Income taxes payable	151,632	65,959
Other	320,052	468,813
Total current liabilities	492,444	557,957
Non-current liabilities		
Asset retirement obligations	73,081	74,207
Other	56,595	45,016
Total non-current liabilities	129,676	119,223
Total liabilities	622,120	677,180
Net assets		
Shareholders' equity		
Capital stock	26,743,881	26,743,881
Capital surplus	26,679,881	26,679,881
Retained earnings	(7,222,347)	(7,724,495)
Treasury shares	(204)	(204)
Total shareholders' equity	46,201,209	45,699,061
Other comprehensive income		
Valuation difference on available-for-sale securities	8,966	15,938
Foreign currency translation adjustment	3,502	(12,701)
Total accumulated other comprehensive income	12,468	3,237
Stock acquisition rights	12,468	19,199
Non-controlling interests	—	4,000
Total net assets	46,226,147	45,725,498
Total liabilities and net assets	46,848,267	46,402,678

2. Consolidated statement of income and consolidated statement of comprehensive income (Unaudited)
 Quarterly consolidated statement of income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	1,055,339	1,163,539
Costs of sales	366,810	348,049
Gross profit	688,528	815,489
Selling, general and administrative expenses		
Research and development expenses	654,655	627,003
Other selling, general and administrative expenses	995,726	1,013,258
Total selling, general and administrative expenses	1,650,381	1,640,261
Operating loss	(961,852)	(824,772)
Non-operating income		
Interest income	6,484	7,521
Subsidy income	831,807	12,445
Consigned research income	271,506	179,314
Other	41,151	55,584
Total non-operating income	1,150,949	254,865
Non-operating expenses		
Interest expenses	7,629	800
Share issuance cost	96,231	13
Loss on reduction of non-current assets	741,755	—
Share of loss of entities accounted for using equity method	—	23,564
Other	989	799
Total non-operating expenses	846,605	25,178
Ordinary loss (*)	(657,509)	(595,085)
Extraordinary income		
Gain on sale of fixed assets	40	—
Gain on sale of investment securities	—	99,990
Total extraordinary income	40	99,990
Extraordinary loss		
Loss on sale of fixed assets	302	—
Total extraordinary loss	302	—
Net loss before provision for income taxes	(657,770)	(495,095)
Income taxes-current	5,795	4,453
Income taxes-deferred	(982)	(986)
Total income taxes	4,813	3,467
Net loss	(662,583)	(498,563)
Net loss attributable to CYBERDYNE, INC.	(662,583)	(498,563)

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

Quarterly consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net loss before minority interest	(662,583)	(498,563)
Other comprehensive income		
Valuation difference on available-for-sale securities, before tax	—	6,972
Foreign currency translation adjustment	138	(16,204)
Total other comprehensive income	138	(9,231)
Total comprehensive loss	(662,444)	(507,794)
(Comprehensive loss attributable to) CYBERDYNE, INC.	(662,444)	(507,794)

3. Notes of 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.