Consolidated Financial Results (Tanshin) for the Fiscal Year Ended March 31, 2016 (Based on Japanese GAAP)

May 13, 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 of Ordinary General Meeting of Shareholders : June 24, 2016

Scheduled start of dividend payment : —

Scheduled date for submission of the Securities Report : June 27, 2016

Additional materials for the financial results : yes

Information meeting for the financial results : yes (for institutional investors)

(rounded down to the nearest JPY 1 million)

1. Consolidated financial results for the fiscal year ended March 31, 2016 (April 1, 2015 – March 31, 2016)

(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	%
Fiscal year ended March 31, 2016	1,264	100.4	–1,292	—	–710	—	–718	—
Fiscal year ended March 31, 2015	631	38.3	–1,766	—	–907	—	–915	—

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

Note: Comprehensive income for the fiscal year ended March 31, 2016: JPY –719million (—%)

for the fiscal year ended March 31, 2015: JPY –916million (—%)

	Net income per share	Diluted net income per share	Return of equity	Return on asset	Operating profit on sales
	JPY	JPY	%	%	%
Fiscal year ended March 31, 2016	–3.53	—	–2.7	–1.5	–102.2
Fiscal year ended March 31, 2015	–4.74	—	–3.4	–1.9	–279.8

(Reference) Equity in earnings for the fiscal year ended March 31, 2016: JPY — million

for the fiscal year ended March 31, 2015: JPY — million

Note:

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

2. 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	Net assets per share
	JPY million	JPY million	%	JPY
As of March 31, 2016	47,534	27,063	55.8	130.50
As of March 31, 2015	48,289	27,777	56.4	134.03

cf. shareholders' equity JPY 26,527 million as of the fiscal year ended March 31, 2016

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

Note: 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 assets 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).

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of fiscal year
	JPY million	JPY million	JPY million	JPY million
As of March 31, 2016	–258	–482	–21	18,458
As of March 31, 2015	–779	–26,780	42,441	19,221

2. Dividends

	Dividend payments for each term and the year					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter	2nd quarter	3rd quarter	Fiscal year end	Total			
	JPY	JPY	JPY	JPY	JPY	JPY Million	%	%
Fiscal year ended March 31, 2015	—	0.00	—	0.00	0.00	0	0.00	0.00
Fiscal year ended March 31, 2016	—	0.00	—	0.00	0.00	0	0.00	0.00
Fiscal year ending March 31, 2017 (estimated)	—	0.00	—	0.00	0.00			

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

Note

As the business of the Group is based on new market with a new revolutionary technologies, there are many uncertain factors which could have impact on the 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.

Note：

(1) Changes in key subsidiaries during the fiscal year under review (changes in specific subsidiaries resulting in changes of consolidation scope): none

new: ― (company name: ―)

excluded: ― (company name: ―)

(2) 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

(3)Total number of issued shares (Common Shares)

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

As of March 31, 2016	203,276,000 shares	As of March 31, 2015	203,276,000 shares

2) Total number of treasury shares at the end of the period

As of March 31, 2016	138 shares	As of March 31, 2015	0 shares

3) Average number of shares during the period

As of March 31, 2016	203,275,911 shares	As of March 31, 2015	193,311,824 shares

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 each 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).

Reference: Summary of non-consolidated financial results

1. Financial results for the Fiscal Year ended March 31, 2016 (April 1, 2015 – March 31, 2016)

(1) Non-Consolidated Results of Operations (percentages indicate changes from previous year)

	Net Sales		Operating income		Ordinary income		Net income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Fiscal year ended March 31, 2016	1,012	72.0	–1,277	—	–685	—	–689	—
Fiscal year ended March 31, 2015	588	31.2	–1,493	—	–886	—	–890	—

	Net income per share	Diluted net income per share
	JPY	JPY
Fiscal year ended March 31, 2016	–3.39	—
Fiscal year ended March 31, 2015	–4.61	—

Note:

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

2. The company implemented stock splits of 1 to 5 for each Common Share and Class B share on October 25, 2014 and 1 to 2 for each Common Share and Class B share on August 1, 2015. Each net income (loss) per share is calculated, assuming that the stock splits were executed at the beginning of the previous fiscal year (April 1, 2014).

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	JPY million	JPY million	%	JPY
March 31, 2016	47,533	27,132	56.0	130.84
March 31, 2015	48,238	27,815	56.6	134.23

cf. shareholders' equity JPY 26,596 million as of the fiscal year ended March 31, 2016
JPY 27,285 million as of the fiscal year ended March 31, 2015

Note:

The company implemented stock splits of 1 to 5 for each Common Share and Class B share on October 25, 2014 and 1 to 2 for each Common Share and Class B share on August 1, 2015. Net assets 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).

* Indication regarding execution of audit procedures
  This financial results report is not subject to the audit procedures in accordance with the Financial Instruments and Exchange Law. At the time of disclosure of this financial results report, the audit procedures for the financial statements are in progress.
* Proper use of the financial results forecast, and other special matters
  The financial results forecast contained herein is based on information currently available to the company and on certain assumptions deemed to be reasonable. The company does not intend to promise materialization of the forecast. Actual business and other results could differ substantially from the forecast due to various factors. The assumptions that the forecast is based on are stated in the "Forecast for the fiscal year ending March 31, 2017" on p.2 of the attached explanation materials.

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	2nd quarter	3rd quarter	Fiscal year end	Total
	JPY	JPY	JPY	JPY	JPY
Fiscal year ended March 31, 2015	—	0.00	—	0.00	0.00
Fiscal year ended March 31, 2016	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2017 (estimation)	—	0.00	—	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 of surplus and distribution of residual property, but for which share units differ from Common Shares.

1. Explanation of results of operation/ financial position

(1) Explanation of results of operation

On January 22, 2016, the Abe Cabinet announced their "5th Science and Technology Basic Plan" to preemptively address the various issues that are taking shape across the globe by advancing science, technology and innovation ("STI"), further reinforcing research and development, leading the rest of the world toward strengthening the processes to achieve a "super smart society" that produces new values and services, and embodying such a structure of society, "Society 5.0". On the same date, Prime Minister Abe in the 190th Diet administration policy speech once again spoke his will to achieve "zero turnover 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 dreams", 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 other foreign countries. By fully utilizing the innovative Cybernic technologies within this open 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.

During this fiscal year ended March 31, 2016, HAL® for Medical Use (Lower Limb Type) ("HAL® for Medical Use" or "HAL®") acquired manufacturing and distribution approval in Japan from the Ministry of Health Labour and Welfare, as a new medical device for neuromuscular diseases on November 25, 2015. Further, on April 25, 2016, the Ministry of Health Labour and Welfare announced the technology fee for the treatment using HAL® for Medical Use, making it the world's first designation of an insurance reimbursement price for treatment with Robots. With this insurance coverage, a patient will be able to claim between JPY 49,600 - JPY 85,100 per treatment indefinitely as long as the effect of treatment can be confirmed. The Company will continue to advance its clinical studies in order to expand the insurance coverage of the treatment with HAL® for patients with diseases other than neuromuscular diseases. In Europe, the Company acquired medical device certification, providing medical treatment services with HAL® in Germany. In Germany, public workers' compensation is applied to the treatment with HAL® for Medical Use. In order to expand the number of patients covered by insurance for the treatment with HAL®, the Company applied to the Institute for the Hospital Remuneration System (InEK) on October 27 of 2015 for public health insurance coverage of all paraplegic patients in the acute to recovery phases. The Company also applied to the Federal Joint Committee (G-BA) for public health insurance coverage of the treatment with HAL® for all paraplegic patients after acute and recovery phases. In the United States, the Company is in the midst of its application for medical device approval of HAL® for Medical Use to the U.S. Food and Drug Administration (FDA), aiming to receive the approval as quickly as possible, noting various insurance coverage as an important milestone for its future business in the U.S.

Aiming for expansion of target diseases of HAL® for Medical Use (Lower Limb Type), clinical tests in Japan and other countries will be accelerated, and as of the end of March, 2016, a total of 140 units were in operation in Japan and other countries. Also HAL® for Living Support (Single Joint Type) began being introduced mainly to hospitals within Japan for the purpose of clinical studies, and as of the end of March, 2016, 154 units were in operation.

In the field of nursing care, HAL® for Living Support (Lower Limb Type) has been used in care facilities and hospitals within Japan for the purpose of motion assistance, and as of the end of March, 2016, 489 units were in operation. For HAL® for Care Support (Lumbar Type), a device used to improve the work environment in care facilities that suffer from high turnover rates, 282 units were in operation as of the end of March 2016. This number is forecasted to increase substantially due to the subsidy project of the Ministry of Health, Labour and Welfare for assisting welfare facilities with installation of robotic devices.

In the field of labor support, the number of units of HAL® for Labor Support (Lumbar Type) introduced to improve the work environment in order to maintain the labor force of distribution warehouses, construction sites and factories of various types suffering from an aging population and declining birthrate, is increasing steadily, and as of the end of March, 2016, 216 units were in operation. For the Cleaning Robot and Transport Robot, 14 units were in operation as of the end of March 2016,
Further, the Company has entered into a provisional contract for land owned by the Ibaraki prefecture. Stepping towards the realization of “Cybernic city”, a city living together with future Cybernics technology, the Company will continue to research and develop cutting-edge living assistance robots and implement them into society.

As the result of the aforementioned, in the consolidated financial result of this fiscal year ended March 31, 2016, the Company recorded net sales of JPY 1,264,902 thousand (100.4% increase year on year), mainly due to a substantial increase in the operating numbers of the new products such as HAL® for Care/Labor Support (Lumbar Type), while maintaining sales cost to JPY 401,121 thousand (11.5% increase year on year), attributable to cost reduction due to mass production and improvement of cost of service in the Company’s subsidiaries. As a result, the gross profit increased significantly to JPY 863,780 thousand (218.2% increase year on year) and the gross profit margin was ameliorated to 68.3% (25.3% increase year on year).

Research and development expenses were recorded at JPY 1,001,547 thousand (1.9% increase year on year) due to new product developments and clinical tests, and other selling, general and administrative expenses increased to JPY 1,154,365 (9.5% increase year on year) thousand mainly due to the increase of taxes and dues, labor costs and direct-selling expenses. As a result, operating loss improved drastically to JPY 1,292,132 thousand (26.8% decrease year on year).

Non-operating income was recorded at JPY 705,727 thousand (33.7% decrease year on year), mainly due to a decrease of subsidy income, and non-operating expense was recorded at JPY 123,674 thousand (40.1% decrease year on year) due to the loss of stock issuance expenses JPY 99,409 thousand in the last fiscal year. As a result, ordinary loss improved to JPY 710,079 thousand (21.8% decrease year on year). Further, because income taxes-deferred recorded at JPY 11,173 thousand and net loss attributed to owners of the parents recorded at JPY 3,195 thousand, net loss for the fiscal year ended March 31, 2016 improved to JPY 718,057 thousand (21.6% decrease year on year)

【Forecast for the fiscal year ending March 31, 2017】

The Group is creating a new market and developing a new type of business based on revolutionary technologies. Therefore, there are many uncertain factors that could have an impact on performance, making it difficult to provide a forecast with accurate figures. The Company will announce the forecast of consolidated financial results once information necessary to make reasonable judgments become available.

(2) Explanation of financial position

【Status of assets, liabilities and net assets】

1) Assets:

For the fiscal year ended March 31, 2016, total assets decreased JPY 754,582 thousand to JPY 47,534,470 thousand in comparison to the end of the previous fiscal year. This was mainly attributed to a decrease of JPY 15,263,391 thousand in cash and deposits, an increase of JPY 13,000,717 thousand in securities, an increase of JPY 662,771 thousand in construction in progress and an increase of JPY 599,980 thousand in investment securities.

2) Liabilities:

For the fiscal year ended March 31, 2016, total liabilities decreased JPY 41,218 thousand to JPY 20,470,536 thousand in comparison to the end of the previous fiscal year. This was mainly due to a decrease of JPY 44,074 thousand in accounts payable.

3) Net assets:

For the fiscal year ended March 31, 2016, net assets decreased JPY 713,363 thousand to JPY 27,063,934 thousand in comparison to the end of the previous fiscal year. This was mainly due to a posting of JPY 721,253 thousand in net loss.

【Status of cash flow】

For the fiscal year ended March 31, 2016, cash and cash equivalents decreased JPY 762,887 thousand to JPY 18,458,970 thousand. Status of each cash flow within the fiscal year ended March 31, 2016 and its main influencing factors are stated below.

(Net cash provided by operating activities)

For the fiscal year ended March 31, 2016, net cash provided by operating activities recorded an outflow of JPY 258,282 thousand (outflow of JPY 779,286 thousand in the previous fiscal year). This is mainly because, while depreciation was posted at JPY 280,299 thousand, outflow due to inventories increased JPY 110,417 thousand, inflow due to account receivable decreased JPY 200,633 thousand and loss before provision for income taxes recorded JPY 710,079 thousand.

(Net cash provided by investment activities)

For the fiscal year ended March 31, 2016, net cash provided by investment activities recorded an outflow of JPY 482,675 thousand (outflow of JPY 26,780,601 thousand in the previous fiscal year). This is mainly because inflow due to a decrease of derivative deposit reached JPY 20,000,000 thousand, outflow due to acquirement of securities recorded JPY 20,000,213 thousand, inflow due to an increase of time deposit was JPY 1,500,000 thousand, outflow due to acquisition of property, plant and equipment was JPY 1,354,938 thousand and expense due to acquisition of investment securities recorded JPY 599,980 thousand.

(Net cash provided by financing activities)

For the fiscal year ended March 31, 2016, net cash provided by financing activities recorded an outflow of JPY 21,185 thousand (inflow of JPY 42,441,003 thousand in the previous fiscal year), mainly due to outflow because of the repayment of installment obligations.

(3) Basic policy for profit sharing and dividends for the current and next fiscal years

Ever since the establishment of the company, no dividend has been paid to the shareholders and under the protocols listed in the Companies Act, the Company is incapable of paying dividends. In order to achieve the earliest possible positive turnaround, the Company will prioritize reinforcement of financial strengths by building the internal reserves as well as reinvesting in research and development activity. As such, we will not be paying end-of-term dividends to our shareholders for the fiscal year ended March 31, 2016 and fiscal year ending March 31, 2017. On the other hand, returning profit to our shareholders remains an important management issue and the Company will continue to examine the dividend scale if the Company becomes capable of paying dividends, while taking financial status, business performance and business plans for each fiscal year into account.

(4) Risks associated with business operations

Disclosure of the “Risks associated with business operations” is omitted since there are no updates from those mentioned in the most recent Securities report (Submitted June 25, 2015).

2. Current status of the Company group

Disclosure of the “Current status of the Company group” is omitted because the significance of disclosing this information in this financial report briefing is not considered large.

3. Management policies

(1) Basic management policy of the Company

The Group aims to provide solutions to various issues that society faces by utilizing Cybernics technology created by Yoshiyuki Sankai. In order to do so, the Group will deploy its business, combining the integrating creation of revolutionary technology and the development of fundamental research to social implementation. The Group aims to become a future pioneering company, simultaneously creating innovative products and cultivating new industries in an upward spiral.

(2) Targeted management indicator

As a research and development oriented company, the Group will accelerate R&D, clinical trials, verification research as well as acquirement of necessary approvals for its revolutionary products in order to generate profit through introducing the products to the market as well as deploying related services for sustainable growth of the Group.

(3) Long-term management strategy

Under the philosophy “Technology should be for humans and their society”, the Group will continue to accelerate the R&D, social implementation and service deployment of cutting-edge Robotic medical devices, living support devices, medical devices, all made in Japan, aiming to cultivate the market and to deploy the business internationally as a leading company in the field of human assistive industry to achieve healthier and longer life spans and a zero intensive care society.

(4) Issues to be addressed

The Group aims to develop and provide products and services that are useful to people and society by using Cybernic technologies which derive from the Group’s business domain Cybernics, a new research area that unites and combines human, mechanics and information fields. HAL®, which was developed by utilizing innovative Cybernic technologies, has been successfully put into practical use as the first wearable robot in the world. To make use of it and contribute to society on a global basis, the Group regards the following as the issues.

1) Research and development activities for creation of innovative technologies and new industries
Research and development activities of the Group are based on three keywords: “challenge,” “overseas development” and “innovation.” As an innovative company that supports an aging society, the Group carries out multifaceted research and development aimed at realizing “implementation for society,” including “creation of innovative technologies” and “creation of new industries,” and promoting business, and research and development of business strategies. To create robotic medical devices, which make full use of cutting-edge Cybernic technologies, the Group will cooperate with universities and research institutions, hospitals, administrative organs, corporations, etc. in Japan and push forward with research and development of compound therapies with pharmaceuticals and regenerative medicine.

2) Fostering of human resources with target-oriented research and development as the key
To create new industries by globally developing innovative technologies originating in Japan, the Group centers on “target-oriented research and development.” Researchers of the Group who support such research and development are required to have, prominent capabilities to research, develop, acquire know-how and become a specialist, even in fields different from their specialty if such activities are necessary to achieve human and social business goals; adaptability and flexibility that enable them to explore outside their specialty; and “exit-oriented creative power.” The Group will endeavor to foster human resources who can play active roles globally, by accumulating new therapeutic methods using innovative technologies and equipment and operation technologies, as well as talented persons who should actively serve as promoters in overseas bases, in cooperation with overseas hospitals, universities, corporations, local governments, etc.

3) Insurance coverage in major countries in the EU
In June 2013, HAL® for Medical Use (Lower Limb Type) obtained conformity certification as a robotic therapeutic device by TÜV Rheinland, a third party accreditation organization, concerning the Medical Device Directive in the EU (MDD), which is necessary when exporting medical devices to the EU market. As a result, HAL® for Medical Use (Lower Limb Type) can be freely distributed and sold in the EU region, which accounts for 31% (*1) of the world’s medical device market by indicating the CE Marking. Also, treatment for functional regeneration using HAL® for Medical Use (Lower Limb Type) is now covered under the public workers’ compensation system in Germany, the largest medical device market in the EU. Further, an application for coverage by public health insurance was submitted in October, 2015, progressing towards a development of a new market for HAL® for Medical Use (Lower Limb Type) as a medical device.
On the other hand, to accelerate the expansion of sales channels and sales volume of HAL® as a world standard medical and care-service device in the EU region from this point onward, the Group needs to have HAL® covered under medical insurance and nursing care insurance

systems in major EU countries and acquire appropriate insurance reimbursement/coverage at the same time. The Group is conducting clinical tests on HAL® at the Karolinska Institute (Danderyd Hospital in Sweden) and the Bergmannsheil University Hospital in Germany in order to expand insurance coverage in each of the countries. The Group aims for coverage under each type of insurance under favorable conditions in major EU nations.

4) Permission for marketing medical devices in the U.S.
To be able to distribute HAL® in the U.S., which accounts for 39% (*1) of the world's medical device market, the Group needs to obtain approval from the U.S. Food and Drug Administration (FDA) for marketing of a medical device. In November 2014, an application for HAL® for Medical Use (Lower Limb Type) has been submitted to the FDA and the Company resent a revised application (Form-510k for a new type of device) in June, 2015. The Group aims for an approval at the earliest possible date, noting various insurance coverages as an important milestone for its business promotion strategy in the U.S.

5) Acquisition of approval and authorization of medical devices in Japan
To have HAL® distributed as a medical device in Japan, which accounts for 9% (*1) of the world's medical device market, the Group acquired manufacture and distribution approval for HAL® for Medical Use (Lower Limb Type) from the Ministry of Health, Labour and Welfare ("MHLW") as a "new medical device" for patients with neuromuscular diseases in November 25, 2015, and in April 25, 2016, the MHLW announced the technology fee for treatment using HAL®, making it the worlds' first designation of an insurance reimbursement price for treatment with Robots. With this insurance coverage, patients will be able to claim up to JPY 49,600 - JPY 85,100 per treatment indefinitely as long as the effect of treatment can be confirmed. While the insurance is currently for neuromuscular diseases only, the Company aims to expand the target diseases by conducting clinical research on patients with stroke and spinal cord injuries.

6) Promotion of care-service robot business
Japan has become a super-aging society: the number of senior citizens aged 65 or older stood at about 31.9 million as of October 1, 2012 and the number of persons requiring long-term care and persons requiring support under the public nursing care insurance system was about 5.6 million (*2) as of the end of December, 2014. It is expected that about 2.5 million care workers, double the number at present, will be necessary in 2025 (*3). Towards achieving "zero turnover for nursing care", the number of HAL® for Care Support (Lumbar Type) introduced to care facilities is expected to increase significantly due to the "subsidy project for assisting welfare facilities with installation of robotic devices", organized by the MHLW.
For HAL® for Living Support (Lower Limb Type) which is a self-reliance support type device that is worn by persons requiring care and support when they stand up, sit down and walk, and for HAL® for Living Support (Single Joint Type) which is a device that allows patients to train the joints of their arms and legs while remaining in bed, and for HAL® for Care Support (Lumbar Type) which was successfully released on the market in year 2014 and is intended to reduce the load on the lower back of caregivers, the Company will continue to

upgrade the devices.

7) Early expansion of product line-up
With a goal of realizing a long-lived society as well as a Zero Intensive Nursing Care Society®, the Group is promoting the commercialization and further sophistication of HAL® in the each of the following fields: 1) those for medical use, aimed at improving body functions of patients; 2) those for personal care use, aimed at supporting autonomous actions of the disabled; and 3) those for supporting workers in nursing-care sites and factories. Also as a countermeasure to an aging population and declining birthrate, automated Transport Robots, automated Cleaning Robots and Vital Sensors to prevent diseases are being developed. In order to quickly deploy these products, the Group will design and develop new products as well as gather feedback from users in the actual fields to work on further upgrades.

8) Enhancement of the management control structure and development of human resources
The Group needs to push forward with enhancement of the management control structure and development of next-generation human resources to cope with global development. Regarding the establishment of an internal control system, the Group considers reinforcement to be an important issue, and in order to maintain a sufficient management control structure in accordance with its future business expansion, the Group will promote the development of next-generation human resources with advanced and extensive expertise and experience.

(Note)

(*1)Espicom Business Intelligence, "The World Markets Fact Book 2013"

(*2)Cabinet Office, "FY2013 White Paper on Aging Society"

(*3)Ministry of Health, Labor and Welfare, "About Medical and Nursing Care System Reform, November 2011"

4. Accounting standards

As the Group is mainly operating in Japan, it does and will prepare consolidated financial statements based on the Japanese accounting standards for the time being. The group will deliberate an adoption of International Financial Reporting Standards ("IFRS") depending on its business development and domestic and international accounting trend.

5. Consolidated Financial Statements

(1) Consolidated balance sheets

(Unit JPY thousand)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	29,722,189	14,458,798
Accounts receivable - trade	207,622	217,347
Securities	12,499,668	25,500,386
Merchandise and finished goods	52,779	149,939
Work in process	21,956	13,519
Raw materials and supplies	264,473	286,167
Accounts receivable	549,893	349,259
Other	91,013	76,021
Allowance for doubtful accounts	–1,350	–758
Total current assets	43,408,245	41,050,680
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	768,907	702,620
Assets for rent, net	179,397	460,527
Land	3,143,151	3,214,303
Construction in progress	37,221	699,992
Other, net	199,253	254,767
Total property, plant and equipment	4,327,931	5,332,211
Intangible assets	58,211	65,658
Investments and other assets		
Investment securities	314,850	914,830
Other	179,814	171,089
Total investments and other assets	494,664	1,085,919
Total non-current assets	4,880,807	6,483,790
Total assets	48,289,052	47,534,470
Liabilities		
Current liabilities		
Accounts payable - trade	92,195	48,120
Convertible bonds with stock acquisition rights scheduled for redemption within one year	—	19,927,483
Income taxes payable	69,899	63,804
Other	295,071	283,151
Total current liabilities	457,167	20,322,560
Non-current liabilities		
Convertible bonds	19,883,974	—
Deferred tax liabilities	13,335	11,027
Asset retirement obligations	70,171	71,613
Other	87,107	65,335
Total non-current liabilities	20,054,587	147,975
Total liabilities	20,511,754	20,470,536
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	–6,433,015

Treasury shares	—	–204
Total shareholders’ equity	27,244,576	26,526,314
Other comprehensive income		
Foreign currency translation adjustment	–442	772
Total accumulated other comprehensive income	–442	772
Stock acquisition rights	530,529	536,847
Minority interests	2,634	—
Total net assets	27,777,298	27,063,934
Total liabilities and net assets	48,289,052	47,534,470

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

Consolidated statements of income

(Unit JPY thousand)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	631,278	1,264,902
Costs of sales	359,798	401,121
Gross profit	271,479	863,780
Selling, general and administrative expenses		
Research and development expenses	983,278	1,001,547
Other selling, general and administrative expenses	1,054,320	1,154,365
Total selling, general and administrative expenses	2,037,598	2,155,912
Operating loss	–1,766,118	–1,292,132
Non-operating income		
Interest income	2,830	32,846
Subsidy income	891,972	399,574
Grants for research received	133,520	235,330
Other	36,544	37,975
Total non-operating income	1,064,868	705,727
Non-operating expenses		
Interest expenses	18,839	46,142
Share issuance cost	99,409	—
Loss on reduction of non-current assets	82,463	72,517
Other	5,892	5,014
Total non-operating expenses	206,603	123,674
Ordinary loss (*)	–907,854	–710,079
Extraordinary income		
Gain on change in equity	4,959	—
Total extraordinary income	4,959	—
Loss before provision for income taxes	–902,895	–710,079
Income taxes-current	14,616	13,481
Income taxes-deferred	–2,968	–2,307
Total income taxes	11,648	11,173
Net loss	–914,543	–721,253
Net gain attributable to non-controlling interests or net loss attributable to non-controlling interests	1,349	–3,195
Net loss attributable to owners of the parent	–915,893	–718,057

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

Consolidated statements of comprehensive income

(Unit JPY thousand)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net loss	–914,543	–721,253
Other comprehensive income		
Foreign currency translation adjustment	–1,497	1,776
Total other comprehensive income	–1,497	1,776
Total comprehensive loss	–916,040	–719,476
(Comprehensive loss attributable to)		
Owners of the parent	–917,112	–716,723
Non-controlling interests	1,072	–2,753

(3) Consolidated statements of changes in equity

Fiscal year 2014 (from April 1, 2014 to March 31, 2015) (Unit JPY thousand)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of year	5,428,919	5,364,919	-4,799,064	—	5,994,773
Changes of items during year					
Issuance of new shares	11,082,848	11,082,848	—	—	22,165,696
Net loss attributable to owners of the parent	—	—	-915,893	—	-915,893
Acquisition of treasury shares	—			—	—
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes of items during year	11,082,848	11,082,848	-915,893	—	21,249,803
Balance at end of year	16,511,767	16,447,767	-5,714,957	—	27,244,576

	Other comprehensive income		Stock acquisition rights	Minority interests	Total net assets
	Foreign currency translation adjustment	Total other comprehensive income			
Balance at beginning of year	1,055	1,055	—	—	5,995,828
Changes of items during year					
Issuance of new shares	—	—	—	—	22,165,696
Net loss attributable to owners of the parent	—	—	—	—	-915,893
Acquisition of treasury shares	—	—	—	—	—
Net changes of items other than shareholders' equity	-1,497	-1,497	530,529	2,634	531,665
Total changes of items during year	-1,497	-1,497	530,529	2,634	21,781,469
Balance at end of year	-442	-442	530,529	2,634	27,777,298

Fiscal year 2015 (from April 1, 2015 to March 31, 2016) (Unit JPY thousand)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of year	16,511,767	16,447,767	-5,714,957	—	27,244,576
Changes of items during year					
Issuance of new shares	—	—	—	—	—
Net loss attributable to owners of the parent	—	—	-718,057	—	-718,057
Acquisition of treasury shares	—		—	-204	-204
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes of items during year	—	—	-718,057	-204	-718,262
Balance at end of year	16,511,767	16,447,767	-6,433,015	-204	26,526,314

	Other comprehensive income		Stock acquisition rights	Minority interests	Total net assets
	Foreign currency translation adjustment	Total other comprehensive income			
Balance at beginning of year	-442	-442	530,529	2,634	27,777,298
Changes of items during year					
Issuance of new shares	—	—	—	—	—
Net loss attributable to owners of the parent	—	—	—	—	-718,057
Acquisition of treasury shares	—	—	—	—	-204
Net changes of items other than shareholders' equity	1,214	1,214	6,318	-2,634	4,898
Total changes of items during year	1,214	1,214	6,318	-2,634	-713,363
Balance at end of year	772	772	536,847	—	27,063,934

(4) Consolidated statements of cash flows

(Unit JPY thousand)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Net loss before provision for income taxes	–902,895	–710,079
Depreciation	202,295	280,299
Loss on reduction of non-current assets	82,463	72,517
Increase (decrease) in allowance for doubtful accounts	987	–592
Interest income	–2,830	–32,846
Interest expenses	18,839	46,142
Share issuance cost	99,409	—
Decrease (increase) in notes and accounts receivable - trade	–141,496	–9,724
Decrease (increase) in inventories	–139,552	–110,417
Increase (decrease) in notes and accounts payable - trade	65,985	–44,074
Decrease (increase) in accounts receivable	–9,959	200,633
Other	–28,925	32,644
Subtotal	–755,680	–275,497
Interest and dividend income received	1,763	33,553
Interest expenses paid	–4,335	–2,632
Income taxes paid	–21,034	–13,706
Cash flows from operating activities	–779,286	–258,282
Cash flows from investing activities		
Net decrease (increase) of limited withdrawal deposit	–20,000,000	20,000,000
Purchase of securities	—	–20,000,213
Payments into time deposits	–3,000,000	–1,500,000
Proceeds from withdrawals of time deposits	—	3,000,000
Purchase of property, plant and equipment	–3,440,817	–1,354,938
Purchase of intangible assets	–29,875	–25,228
Purchase of investment securities	–314,850	–599,980
Other	4,941	–2,314
Cash flows from investing activities	–26,780,601	–482,675
Cash flows from financing activities		
Proceeds from issuance of convertible bonds	20,394,935	—
Proceeds from issuance of common shares	22,066,287	—
Other	–20,219	–21,185
Cash flows from financing activities	42,441,003	–21,185
Effect of exchange rate changes on cash and cash equivalents	–521	–743
Net increase (decrease) in cash and cash equivalents	14,880,593	–762,887
Cash and cash equivalents at beginning of fiscal year	4,341,264	19,221,857
Cash and cash equivalents at end of year	19,221,857	18,458,970

(5) Notes to consolidated financial statements

(Notes on premise of going concern)

There are no items to report.

(Important items that form the basis for preparing "Consolidated financial statements")

(a) Scope of consolidation

Number of consolidated subsidiaries: 4

i) Names of major consolidated subsidiaries:

Suzuka Robo Care Center Co., Ltd., Shonan Robo Care Center Co., Ltd., Oita Robo Care Center Co., Ltd., and Cyberdyne Care Robotics GmbH

ii) Names of major non-consolidated subsidiaries and others:

Major non-consolidated subsidiaries are as follows:

Niigata Robo Care Center Co., Ltd., Cyberdyne EU B.V., CYBERDYNE DENMARK ApS, Cyberdyne Sweden AB, CYBERDYNE (Europe) GmbH

Reasons for excluding from the scope of consolidation

The five non-consolidated subsidiaries are all small and immaterial when measured in impact of total amounts of assets, net sales, net income (based on the Company's ownership percentage), and retained earnings (based on the Company's ownership percentage) of those companies on consolidated financial statements. They have therefore been excluded from the scope of consolidation.

(b) Matters concerning consolidated subsidiaries' account closing date for the fiscal year end

Among the consolidated subsidiaries, Cyberdyne Care Robotics GmbH's account closing date is December 31 each year. In the preparation of the consolidated financial statements, the Company used financial statements based on a provisional statement of accounts on the consolidated closing date. The account closing dates for the fiscal year end of all other consolidated subsidiaries are the same as the parent company.

(c) Matters concerning account processing standards

i) Evaluation standards and methods for important assets

1) Securities

a) bonds held to maturity: amortized cost method (straight-line method)

b) other securities (non-marketable securities): moving average cost method

2) Evaluation standards and methods for inventories

a) finished goods, work in process : specific cost method

b) raw materials and merchandises : moving average cost method

c) supplies : last purchase price method

The book values of inventories whose profitability has declined are recorded.

ii) Depreciation methods of important depreciable assets

1) Property, plant and equipment

The declining-balance method was adopted. Exceptionally, the straight-line method was adopted for part of buildings (except accessories), assets for rent, part of tools, furniture and fixtures.

The useful lives for major assets are as follows.

Buildings	3 – 20 years
Structures	10 – 20 years
Machinery and equipment	7 years
Vehicles	2 – 6 years
Tools, furniture and fixtures	2 – 20 years
Assets for rent	5 years

2) Intangible assets (excluding leased assets)

The straight-line method was adopted. Software for internal use is amortized using the straight-line method over the estimated useful lives (within five years).

Software	3 – 5 years
Patent rights	8 years

iii) Basis for recording important provisions allowance for doubtful receivables

Allowance for doubtful accounts:

To provide for losses incurred through bad debts, the amount of potential loss is calculated by using the historical loss ratio in case of non-classified loans/receivables. Potential losses for classified loans/receivables are individually assessed.

iv) Basis for evaluating foreign-currency-denominated important assets and liabilities in JPY

Foreign-currency-denominated money claims and liabilities are converted into Japanese yen at the spot exchange rates in effect at the consolidated balance sheet date, and the exchange differences are scored as profits/losses. Assets and liabilities of subsidiaries outside of Japan are translated into Japanese yen at the spot exchange rates in effect on the balance sheet date; their earnings and expenses are translated into Japanese yen at the average rate during the period; and the exchange differences are included in foreign currency translation adjustment under net assets.

v) Scope of cash and cash equivalents in the consolidated statement of cash flows

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term, high-liquidity investment with maturities not exceeding three months at the time of purchase, which can be easily cashed and involve little fluctuation risk of value, are considered to be cash and cash equivalent.

vi) Other material information concerning the preparation of consolidated financial statements

1) Accounting treatment of consumption taxes, etc.

   Consumption taxes and local consumption taxes are excluded from the transaction accounts.

2) Deferred assets

   New share issuance costs are recognized as expenses when disbursed.

(Changes in accounting policy)

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 fiscal year ending March 31 2016 and changed the manner in which net loss was presented, and changed "minority interests" to "non-controlling interests." To reflect these changes, the Group reclassified the consolidated financial statements for the previous fiscal year.

(For "Consolidated Statements of Cash Flows")

Relationship between cash and cash equivalents in the consolidated statements of cash flows at the end of the fiscal year and amounts of the relevant accounts stated in the Consolidated Balance Sheet are as follows.

(Unit JPY thousand)

	FY 2014 (From April 1, 2014 to March 31, 2015)	FY 2015 (From April 1, 2015 to March 31, 2016)
Cash and deposits	29,722,189	14,458,798
Securities	12,499,668	25,500,386
Time deposits for which the depositing term is over three months	-3,000,000	-1,500,000
Limited withdrawal deposit	-20,000,000	—
Bonds for which the redemption date is over three months	—	-20,000,213
Cash and cash equivalents	19,221,857	18,458,970

(Segment information and so on)

Segment information:

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

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

Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

Since the company group has a single segment, segment information is omitted.

(Per-share data)

(Unit JPY)

	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Net assets per share	134.03	130.50
Net loss per share	-4.74	-3.53

Notes: 1. Diluted net income per share is not stated because net loss per share was posted in spite that there are potential 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. 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).

3. Net assets per share are calculated based on the following.

Item	FY2014 (March 31, 2015)	FY2015 (March 31, 2016)
Total of Net assets in the Balance Sheets (Unit JPY thousand)	27,777,298	27,063,934
Amount to be deducted from the total of net assets (Unit JPY thousand)	533,163	536,847
Net assets at end of year pertaining to Common Shares and shares equivalent to Common Shares (Unit JPY thousand)	27,244,134	26,527,087
Number of Common Shares and shares equivalent to Common Shares that is used in calculation of net assets per share (Unit shares)	203,276,000	203,275,862

4. Net loss per share is calculated based on the following.

Item	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Net loss (Unit JPY thousand)	-915,893	-718,057
Amount not available for Common Shareholders and shareholders equivalent to Common Shareholders (Unit JPY thousand)	—	—
Net loss attributable to Common Shares and shares equivalent to Common Shares (Unit JPY thousand)	-915,893	-718,057
Average number of Common Shares and shares equivalent to Common Shares during the period (Unit shares)	193,311,824	203,275,911

(Significant subsequent events)

Early redemption of the Euro Yen Zero Coupon Convertible Bonds due 2017 (the "Bonds"):
On April 22, 2016, the Company fulfilled the conditions contained in the 120% call option articles of the Terms and Conditions of the Bonds issued on December 12, 2014, and acquired the right to exercise its option to redeem early the entire outstanding amount of the Bonds at 100% of their principal amount.

The company decided to exercise this right for the remaining outstanding Bonds as follows.

1. Bonds to be redeemed: CYBERDYNE, INC.
   Euro Yen Zero Coupon Convertible Bonds due 2017
2. Amount for redemption: All of the outstanding Bonds
   *Outstanding amount as of April 30, 2016: JPY 13,980,000 thousand (par value)
3. Redemption date: June 6, 2016
4. Redemption amount: JPY 100 per par value of JPY 100

Execution of stock acquisition rights as an option of the Bonds:

After the end of the consolidated fiscal year, the stock acquisition rights as an option of the Bonds were executed. The statement below is an overview of the execution from April 1, 2016 to April 30, 2016.

1. Increased amount of capital stocks JPY 3,079,476 thousand
2. Increased amount of capital surplus JPY 3,079,476 thousand
3. Increased number of Common Shares 3,543,254 Shares

For Reference:

Outline of Euro Yen Zero Coupon Convertible Bonds due 2017

1. Date of issue: December 12, 2014
2. Final maturity date: December 12, 2017
3. Total principal amount: JPY 20,000 million
4. Conversion price: JPY 1,699.0

*Initial conversion price was JPY 3,790 but it was adjusted on August 1, 2015 due to a Stock Split and reset on December 21, 2015 according to the Articles for the Adjustments of the Conversion Price.