

**To our Shareholders**

**Internet disclosure related to the  
Notice of the 14th Ordinary General Meeting of Shareholders**

**June 5, 2018  
CYBERDYNE,INC.**

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The matters mentioned above are deemed to have been provided to all shareholders through disclosure via the internet on the Company website (<http://www.cyberdyne.jp/english/company/IR.html>) pursuant to the provisions of laws and regulations and Article 22 of the Company's Articles of Incorporation.

# Business report

## II Matters regarding the Company shares

### 3. Matters regarding the Stock Acquisition Rights

**(i) Status of the Stock Acquisition Rights issued to the CYBERDYNE's Directors as remuneration for the performance of their duties**

No items to report

**(ii) Status of the Stock Acquisition Rights issued to the CYBERDYNE's employees as remuneration for the performance of their duties**

No items to report

**(iii) Other important matters regarding the Stock Acquisition Rights**

**(1) 2015 1st Series Stock Options of CYBERDYNE, INC. / 2016 1st Series Stock Options of CYBERDYNE, INC. / 2017 1st Series Stock option of CYBERDYNE, INC.**

Name (Date of resolution)	2015 1st Series Stock Option of CYBERDYNE, INC. (July 28, 2015)		2016 1st Series Stock Option of CYBERDYNE, INC. (May 24, 2016)		2017 1st Series Stock Option of CYBERDYNE, INC. (July 25, 2017)	
Number of the Stock Option	78 units		46 units		105 units	
Class and number of shares covered by the Stock Option	Common Share (100 Common Shares constitute 1 share unit) 7,800 shares		Common Share (100 Common Shares constitute 1 share unit) 4,600 shares		Common Share (100 Common Shares constitute 1 share unit) 10,500 shares	
Amount to be paid in to obtain the Stock Option	gratis		gratis		gratis	
Amount to be paid in upon exercise of the Stock Option	¥180,600 per unit (¥1,806 per share)		¥306,000 per unit (¥3,060 per share)		¥178,800 per unit (¥1,788 per share)	
Exercise period	From July 29, 2017 to July 28, 2025		From May 25, 2018 to May 24, 2026		From July 26, 2019 to July 25, 2027	
Issue price of shares upon exercise of the Stock Options and increase of stated capital per share	Issue price per share Increase of stated capital per share	¥1,806 ¥903	Issue price per share Increase of stated capital per share	¥3,060 ¥1,530	Issue price per share Increase of stated capital per share	¥1,788 ¥894
Conditions on exercise of the Stock Options	(Refer to the note below)		(Refer to the note below)		(Refer to the note below)	
Allottee	1 external consultant		1 external consultant		1 external consultant	

(Note)

Conditions on exercise of the Stock Option are stated below

- If a Stock Option Holder has waived his/her Stock Options, the Stock Option Holder may not exercise his/her Stock Option

(2) 2016 2nd Series Stock Options of CYBERDYNE, INC.

Name (Date of resolution)	2016 2nd Series Stock Options of CYBERDYNE, INC. (July 26, 2016)	
Number of the Stock Option	477 units	
Class and number of shares covered by the Stock Options	Common Share (100 Common Shares constitute 1 share unit) 47,700 shares	
Amount to be paid in to obtain the Stock Options	¥200 per each Stock Option	
Amount to be paid in upon exercising the Stock Options	¥235,500 per unit (¥2,355 per share)	
Exercise period	From July 1, 2017 to August 24, 2021	
Issue price of shares upon exercise of the Stock Options and increase of stated capital per share	Issue price per share	¥2,357
	Increase of stated capital per share	¥1,179
Conditions on exercise of the Stock Options	(Refer to the note below)	
Allottee	Directors, Audit and Supervisory Board Members and employee of the Company and its subsidiary companies	

(Note)

Stock Options can be exercised only if they meet the conditions set forth in (a) and (b) below as of the fiscal year ended March 31, 2017 or the fiscal year ending March 31, 2018, from the first day of the month following the filing date of the securities report of the period in which these conditions are first met.

(a) Sales exceeds ¥3,000 million

(b) Ordinary income\* becomes profitable

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

## VII System to ensure the properness of the business and actual operation of the system

### 1. System to ensure the properness of the business

The resolution passed at the Board of Directors with regard to the system to ensure that the Directors’ implementation of business is conducted in compliance with laws, regulations and the Articles of Incorporation, as well as the structure to ensure that the business is conducted in an appropriate manner is stated as below.

- (i) System to ensure that the Directors and employees of C BERD E,I C. (the Company ) and its subsidiaries (collectively referred to as the Group”+ rgthqt o vjgk fwwgu lp ceeqt f cpeg ykvj nc yu. tgi wncvkqpu cpf vjg Ctkeng qh kpeqtrqtckvqp

A code of conduct that embodies the Company Code of Conduct and other compliance-related rules shall be established for Directors and employees to ensure adherence to laws, regulations, the Articles of Incorporation and internal regulations. The designated Director of the Company shall have cross-organizational control over compliance initiatives and be responsible for building, maintaining and updating compliance systems. The designated Director shall disseminate the spirit of compliance to Directors and employees of the Group to identify and solve problem.

The Company shall also establish the Affiliated Company Management Policy and in its respect, assign Directors (if necessary, an Audit and Supervisory Board Member) of the notable subsidiaries. Also by making it necessary for the subsidiaries to obtain approval from the Company with regard to important matters and the Company corporate sector to conduct certain parts of the management work, the Affiliated Company Management Policy shall ensure the appropriateness of their work.

The Company shall establish the Internal Audit Office who will work directly under the Company CEO. The Internal Audit Office shall conduct internal audits in accordance with the Internal Audit Policy and Affiliated Company Management Policy to check the compliance status with laws, the Articles of Incorporation, internal regulations and risk management. Results of the internal audits shall be reported to the Company CEO, the Audit and Supervisory Board, and Board of Directors.

The Hotline System Policy shall be established and operated as a means for employees to directly provide information about legally suspicious behavior. The method of providing information by means of oral communication, email, chat and opinion boxes shall be the subject of the compliance hotline protocol.

**(ii) System to store and manage information related to the execution of duties by the Company Directors**

The Company shall establish the Document Management Policy which states the method of storing and managing information related to the execution of duties. Pursuant to the law and this protocol, the information related to the execution of duties shall be recorded and stored in paper or electronic format.

This information shall always be accessible by Directors and Audit and Supervisory Board Members.

**(iii) Rules and other systems of the Group to manage the risk of losses**

In order to strengthen the risk management structure of the Group, a designated director shall put a relevant operating unit in charge for each risk category and each operating unit in charge is to create risk scopes, risk profiles, self evaluation policies and guidelines. Director in charge of finance shall monitor risks across the organization and address companywide risks. When a new risk arises, the Company CEO shall quickly appoint Director or head of operating unit in charge of handling such risks.

**(iv) System of the Group to ensure the efficient execution of duties by Directors**

As a system to ensure the efficient execution of duties by Directors, The Board of Directors shall meet once a month and provisional meetings of the Board of Directors shall be conducted whenever necessary.

Regarding the execution status of matters resolved by the meeting of Board of Directors, the designated Director or head of operating unit shall report on a regular basis and Audit and Supervisory Board shall perform audits.

Medium-term business policies shall be established and updated if necessary to cope with the changes in the operating environment. The status of operation shall be reported to the meeting of Board of Directors whenever necessary.

The Company shall also establish the Affiliated Company Management Policy in order to manage the subsidiaries under the related sector of the Company so that Directors of the subsidiaries can execute their duties efficiently.

**(v) System to ensure reporting on the subsidiary directors' performance of duties to the Company**

The Company shall establish the Affiliated Company Management Policy and the subsidiaries must report to the Company's sector in charge of managing subsidiaries whenever necessary with regard to the status of their duties.

**(vi) Matters regarding employees who assist Audit and Supervisory Board with the fulfillment of its duties**

When the Audit and Supervisory Board requests assignment of staff to assist with its duties, the Board of Directors may designate the appropriate employees who shall serve as assistant employees or as employees who also hold a post as an assistant upon consulting with Audit and Supervisory Board.

During the assistance period, the authority over the designated employees shall be delegated to the Audit and Supervisory Board, and the employees shall not be subject to the chain of command of the directors. Any performance evaluation and changes in the relevant personnel providing assistance shall require the consent of the Audit and Supervisory Board.

**(vii) System for Directors and employees of the Company to report to the Audit and Supervisory Board, and a system for Directors and employees of the subsidiaries, or the Company's personnel who received reports from Directors and employees of the subsidiaries, to report to the Audit and Supervisory Board of the Company**

The Directors and employees of the Company as well as the Directors and employees of the subsidiaries shall report any significant matters that is against the law or the Articles of Incorporation and matters that are considered dishonest acts and matters that may have a significant impact on the Company, to the Audit and Supervisory Board Member immediately. In addition, if the Audit and Supervisory Board Member asks for a report from the directors or employees pursuant to the law, Auditing Standards or Auditor's Meeting Rules established by the Audit and Supervisory Board, the directors or employees in concern shall report promptly. In order to improve comprehensiveness of the report regarding any significant matters which are against the law or the Articles of Incorporation, matters that are considered dishonest acts, and matters that may have a significant impact on the Company, Directors and employees of the Company as well as Directors and employees of the subsidiaries shall conduct a hearing and gather information from the reports stated in this item, items stated in Internal Audits, hotlines and Accounting Auditors.

Pursuant to the Hotline System Policy, if matters that may violate the law or corporate compliance in the Group are found, they shall be reported to the Board of Directors by the director in charge of compliance. Furthermore, the contents reported and the results shall be reported to full-time Audit and Supervisory Board Member.

The Internal Audit Office of the Company shall report the status of the internal audit to Audit and Supervisory Board Members. Furthermore, the director in charge of compliance shall report the status regarding compliance to Audit and Supervisory Board when necessary.

**(viii) U{ ugo 'q'gpwt'g'y c'vj g't'gtuq'y j q'b cf g'tgr qt w'q'Cwf k'cpf 'Uwr gt xkuq { 'Dqct f 'O go dgt 'y knpqv'dg'l'w'lp't' f kcf xcpwi gquw't'qulskp**

The Company shall not conduct any treatment that puts a person in a disadvantageous position because of their reports made to the Audit and Supervisory Board Member.

**(ix) Matters regarding the Company policy of processing auditing fees**

If Audit and Supervisory Board Member requests a payment required in accordance with the execution of their duty in advance or to be reimbursed, with the exception of cases where such a payment is recognized to be completely unnecessary for the execution of their duty, it shall be paid promptly upon request.

**(x) Other systems to ensure the effective execution of audits by Audit and Supervisory Board Member of the Company**

The Directors and employees of the Company and the subsidiaries shall comply with hearing or visiting audits and other methods of investigation by Audit and Supervisory Board Member in order to secure the effectiveness of the audits.

The Company shall provide enough opportunities for Audit and Supervisory Board Member to exchange opinion with Directors, Accounting Auditors and any other personnel required to appropriately execute the duty as an auditor.

The Company shall also provide enough opportunities for Audit and Supervisory Board Member to coordinate with other Audit and Supervisory Board Members and to gather information from employees of the subsidiaries.

## **2. The status of operation of the system to ensure appropriate execution of duties**

The Group shall work to maintain the aforementioned system and its operation. Notable actions conducted within this fiscal year which are thought to be important with regard to internal control are stated below.

### **(i) Corporate Compliance System**

All members of the Group shall work to comply with the law in accordance with the policies regarding the compliance system, such as the Company Code of Conduct. Furthermore, in order to detect or avoid violation of compliance at the earliest opportunity, the Hotline System Policy and its method of utilization shall be notified to related personnel in a thorough fashion.

### **(ii) Risk Management System**

For the Group, the director in charge of risk management shall determine the operating unit in charge of each risk category, monitor the risk status and respond accordingly. Furthermore, the status of this risk management is subject to Internal Audits and audits conducted by Audit and Supervisory Board Member.

### **(iii) Effectiveness of the execution of duty by the directors**

For the Group, the Board of Directors shall meet once a month with provisional Board of Directors meetings conducted whenever necessary, in order to check the reports of business execution (including reports from subsidiaries), progress of business plans for the fiscal year (including plans for subsidiaries), and so on.

# Consolidated financial statements

## Consolidated statements of changes in shareholders' equity (from April 1, 2017 to March 31, 2018)

(Unit: Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of year	26,743,881	26,679,881	(7,222,347)	(204)	46,201,209
Changes of items during year					
Net loss attributable to CYBERDYNE,INC.	—	—	(591,185)	—	(591,185)
Increase in retained earnings due to merger of non-consolidated subsidiaries	—	—	(3,585)	—	(3,585)
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes of items during year	—	—	(594,771)	—	(594,771)
Balance at end of year	26,743,881	26,679,881	(7,817,118)	(204)	45,606,438

	Other comprehensive income			Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total other comprehensive income			
Balance at beginning of year	8,966	3,502	12,468	12,468	—	46,226,147
Changes of items during year						
Net loss attributable to CYBERDYNE,INC.	—	—	—	—	—	(591,185)
Increase in retained earnings due to merger of non-consolidated subsidiaries	—	—	—	—	—	(3,585)
Net changes in items other than shareholders' equity	(8,288)	(11,703)	(19,991)	6,635	12,019	(1,336)
Total changes of items during year	(8,288)	(11,703)	(19,991)	6,635	12,019	(596,107)
Balance at end of year	677	(8,200)	(7,522)	19,103	12,019	45,630,039

(Rounded down to the closest thousands of yen)

## Notes to consolidated financial statements

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

#### 1. Scope of consolidation

##### (i) Numbers of consolidated subsidiaries and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 7 companies

Names of major consolidated subsidiaries:

Suzuka Robo Care Center Co., Ltd., Shonan Robo Care Center Co., Ltd., Oita Robo Care Center Co., Ltd., Cyberdyne Care Robotics GmbH, CYBERDYNE USA Inc., CEJ Capital Inc., CYBERDYNE & BROOKS, Inc.

Out of the subsidiaries mentioned above, as CEJ Capital Inc. and CYBERDYNE & Brooks, Inc. was newly established during the fiscal year ended March 31, 2018 and it was included within the range of consolidation.

##### (ii) Names of major non-consolidated subsidiaries etc.

Names of major non-consolidated subsidiaries:

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.

#### 2. The scope of the equity method

##### (i) Affiliated companies included in the scope of the equity method

Number of affiliated companies included in the scope of the equity method: 2 companies

Name of affiliated companies included in the scope of equity method

CYBERDYNE Omni Networks, INC., Shisei Datum Ltd.

CYBERDYNE Omni Networks, INC. was newly established during the fiscal year ended March 31, 2018 and it was included in the scope of the equity method.

Furthermore, shares of Shisei Datum Ltd. was obtained during the fiscal year ended March 31, 2018 and Shisei Datum Ltd. was included in the scope of the equity method.

##### (ii) Affiliated companies not included in the scope of the equity method

Number of affiliated companies not included in the scope of the equity method: 4 companies

Name of affiliated companies not included in the scope of equity method

CYBERDYNE EU B.V., CYBERDYNE Denmark ApS, Cyberdyne Sweden AB, CYBERDYNE (Europe) GmbH  
Reason of not including the companies in the scope of the equity method

The aforementioned companies were not included in the scope of the equity method because as the companies only has a slight effect on the consolidated financial statements and as the companies have no significance as a whole in terms of net profit or loss (amount corresponding to the equity interest) and retained earnings (amount corresponding to the equity interest) even if they are excluded from the scope of equity method.

### 3. Matters regarding account processing standards

#### (i) Evaluation standards and methods for important assets

##### (1) Evaluation standards and methods for securities

- a) bonds held to maturity : amortized cost method (straight-line method)
- b) other securities (non-marketable securities) : moving average 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

Inventories whose profitability has declined are recorded with reduced book values accordingly.

#### (ii) Depreciation methods of non-current assets

##### (1) Property, plant and equipment

Declining-balance method is adopted. However, for some buildings (excluding accessories), property, plant and equipment obtained after April 1 2016, assets for rent, as well as part of tools, furniture and fixtures, straight-line method is adopted. The useful lives for major assets are as follows.

Buildings	3 – 38 years
Assets for rent	5 years
Machinery and equipment	7 years
Vehicles	2 – 6 years
Tools, furniture and fixtures	2 – 20 years

##### (2) Intangible assets

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 of 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) Other material information regarding the preparation of consolidated financial statements

##### (1) Basis for evaluating foreign-currency-denominated

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.

Foreign-currency-denominated securities (other securities) are converted into Japanese yen at the spot exchange rates in effect at the consolidated balance sheet date, and exchange differences are calculated by moving-average method.

**(2) Accounting treatment of consumption taxes, etc.**

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

**(3) Treatment method of deferred assets**

New share issuance costs are recognized as expenses when disbursed.

**(Notes to consolidated balance sheet)**

**1. Accumulated depreciation deducted directly from the assets**

Property, plant and equipment                      ¥ 2,293,782 thousand

Amount stated above includes accumulated impairment losses

**2. Reduction entry deducted from the acquisition cost due to government subsidy, etc.**

Buildings    ¥ 631,457 thousand

Machinery & equipment                                ¥ 144,555 thousand

Tools, furniture & fixtures                            ¥ 189,458 thousand

Land    ¥ 95,744 thousand

Software     ¥ 14,174 thousand

**3. Overdraft agreement**

The Company has entered overdraft agreements with banks that the Company has transactions with, in order to efficiently fund ongoing operations. Balance of unexecuted loans of the overdraft agreements as of the end of this consolidated fiscal year is written below.

Maximum limit of overdraft account	¥ 900,000 thousand
Balance of unexecuted loans	-
Balance	¥ 900,000 thousand

**(Notes to consolidated statements of changes in equity)**

**1. Total numbers of issued shares as well as type of the issued shares within the consolidated fiscal year under review**

	Number of shares issued in consolidated fiscal year under review	Increase	Decrease	Number of shares issued As of March 31, 2017
Issued shares				
Common Shares	137,347,609	—	—	137,347,609
Class B Shares	77,700,000	—	—	77,700,000
Total	215,047,609	—	—	215,047,609

**(Outline of changes in the number of issued shares)**

Reason of the increase in the number of issued Common Share is stated below

Increase due to conversion of Convertible Bonds with stock acquisition rights 7,800 Shares

**(Notes related to financial instruments)**

**1. Matters related to the status of financial instruments**

**(i) Company policy for financial instruments**

The Group obtains financing by borrowings from banks or other financial institutions such as through the issuance of bonds based on its capital financing plan. Cash surpluses, if any, are invested only in low risk financial assets. The Company does not intend to engage in derivative transactions.

**(ii) Nature and extent of risks arising from financial instruments**

Receivables, such as trade accounts and other, are exposed to customer credit risk.

Payment terms of payables, such as trade accounts, are less than a month.

Marketable and investment securities, which mainly consist of stocks, held-to-maturity bonds and money trust, are exposed to credit risk of the issuers.

**(iii) Risk management for financial instruments**

The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment terms and balances of major customers by each business administration department to identify the default risk of customers at an early stage.

With regard to marketable securities and investment securities, the Group regularly monitors the financial conditions and other parameters of the issuers of these securities.

**(iv) Supplemental explanation related to fair values of financial instruments**

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, another rational valuation technique is used instead. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value.

## 2. Matters related to the fair value of financial instruments

Balance sheet amounts and fair values of financial instruments and their differences as of March 31, 2018 are as follows

(Unit: Thousands of Yen)

	Amounts included in the consolidated balance sheet	Fair value	Differences
(i) Cash and bank balances	6,820,464	6,820,464	—
(ii) Accounts receivable - trade	363,222	363,222	—
(iii) Securities	23,999,977	23,999,977	—
(iv) Accounts receivable - other	23,991	23,991	—
Total assets	31,207,656	31,207,656	—
(i) Accounts payable - trade	53,033	53,033	—
(ii) Income taxes payable	124,763	124,763	—
Total liability	177,797	177,797	—

(Note)

(1) Method of calculating the fair value of the financial instruments

Assets

a) cash and bank balances, b) accounts receivable- trade, c) securities, d) accounts receivable- other

The valuation of carrying values are used for the items above, as the carrying values approximate fair value because of their short maturities.

Liabilities

a) accounts payable - trade, b) income taxes payable

The valuation of carrying values are used for the items above, as the carrying values approximate fair value because of their short maturities.

(2) Carrying amount of financial instruments whose fair value cannot be reliably determined

(Unit: Thousands of Yen)

Items	Amounts included in the consolidated balance sheet
Shares of subsidiaries and affiliates	458,011
Investments in capital of subsidiaries and affiliates	2,957
Investment securities	2,314,159

The above items do not have a market price, and its fair value is therefore cannot be reliably determined. As such the items are excluded from "assets"

**(Notes to per- share data)**

**1. Net assets per share .....¥212.04**

(Note)

Net assets per share are calculated ased on the following

Total net assets	¥45,630,039 thousand
Amount deducted from total net assets	¥31,123 thousand
Net assets at end of year pertaining to Common Shares and shares equivalent to Common Shares	¥45,598,916 thousand
Number of Common Shares and shares equivalent to Common Shares that is used in calculation of net assets per share	215,047,471 shares

**2. Net loss per share.....¥2.75**

(Note)

Net loss per share are calculated ased on the following

Total net loss	¥591,185 thousand
Net loss attributable to CYBERDYNE	-
Net loss attributable to common shares and shares equivalent to Common Shares	¥789,332 thousand
Average number of Common Shares and shares equivalent to Common Shares during the period	213,822,256 shares

Although there were dilutive shares, diluted net income per share is not disclosed because the Company posted a net loss per share.

## Non-consolidated financial statements

### Statement of changes in shareholders' equity (from April 1, 2017 to March 31, 2018)

(Unit: Thousands of yen)

	Shareholders' equity					
	Capital stock	Capital surplus		Retained earnings		
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings
					Retained earnings brought forward	
Balance at beginning of year	26,743,881	26,679,881	26,679,881	30	(7,070,642)	(7,070,612)
Change of items during year						
Net loss	—	—	—	—	(529,186)	(529,186)
Net changes in items other than shareholders' equity	—	—	—	—	—	—
Total changes of items during year	—	—	—	—	(529,186)	(529,186)
Balance at end of year	26,743,881	26,679,881	26,679,881	30	(7,599,828)	(7,599,798)

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of year	(204)	46,352,944	8,966	8,966	12,468	46,374,379
Change of items during year						
Net loss	—	(529,186)	—	—	—	(529,186)
Net changes in items other than shareholders' equity	—	—	(8,288)	(8,288)	6,635	(1,652)
Total changes of items during year	—	(529,186)	(8,288)	(8,288)	6,635	(530,838)
Balance at end of year	(204)	45,823,758	677	677	19,103	45,843,540

(Rounded down to the closest thousands of yen)

## **Notes to non-consolidated financial statements**

### **(Important items that form the basis for preparing "non-consolidated financial statements)**

#### **1. Evaluation standards and methods for important assets**

##### **(i) Evaluation standards and methods for securities**

- a) bonds held to maturity: amortized cost method (straight-line method)
- b) other securities (non-marketable securities): moving average cost method
- c) shares of subsidiaries and affiliates as well as investments in capital of subsidiaries and affiliates: moving average cost method

##### **(ii) 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

Inventories whose profitability has declined are recorded with reduced book values accordingly.

#### **2. Depreciation methods of non-current assets**

##### **(i) Property, plant and equipment**

Declining-balance method is adopted. However, for some of the buildings (excluding accessories), property, plant and equipment obtained after April 1 2016, assets for rent, as well as part of tools, furniture and fixtures, straight-line method is adopted. The useful lives for major assets are as follows.

Buildings	3 – 38 years
Structure	10-20 years
Machinery and equipment	7 years
Vehicles	2 – 6 years
Tools, furniture and fixtures	2 – 20 years
Assets for rent	5 years

##### **(ii) Intangible assets**

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) Long-term prepaid expenses**

The straight-line method is adopted.

### **3. Basis for recording provision and 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.

### **4. Other material information regarding the preparation of financial statements**

#### **(i) Basis for evaluating foreign-currency-denominated important assets and liabilities in Japanese yen**

Foreign-currency-denominated money claims and liabilities are converted into Japanese yen at the spot exchange rates in effect at the balance sheet date, and the exchange differences are scored as profits/losses.

Furthermore, Foreign-currency-denominated securities (other securities) are converted into Japanese yen at the spot exchange rates and the valuation difference is included in the net assets as valuation difference on available-for-sale securities.

#### **(ii) Accounting treatment of consumption taxes, etc.**

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

#### **(iii) Treatment method of deferred assets**

New share issuance costs are recognized as expenses when disbursed.

### **(Notes to non-consolidated balance sheet)**

#### **1. Accumulated depreciation deducted directly from the assets**

Property, plant and equipment	¥ 2,282,301 thousand
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Amount stated above includes accumulated impairment losses

#### **2. Reduction entry deducted from the acquisition cost due to government subsidy, etc.**

Buildings	¥ 631,457 thousand
Machinery & equipment	¥ 144,555 thousand
Tools, furniture & fixtures	¥ 189,458 thousand
Land	¥ 95,744 thousand
Software	¥ 14,174 thousand

### 3. Overdraft agreement

The Company has entered overdraft agreements with banks that the Company has transactions with, in order to efficiently fund ongoing operations. Balance of unexecuted loans of the overdraft agreements as of the end of this fiscal year is written below.

Maximum limit of overdraft account	<u>¥ 900,000 thousand</u>
Balance of unexecuted loans	<u>-</u>
Balance	<u><u>¥ 900,000 thousand</u></u>

### 4. Money claims and liabilities toward subsidiaries

Short-term money claims	¥ 216,820 thousand
Short-term money liabilities	¥ 26,121 thousand

### (Notes to non consolidated statement of income)

Business transactions with subsidiaries and associates

Business turnover from operating transactions

Net sales	¥ 56,696 thousand
Other operating transaction	¥ 38,758 thousand
Transaction amount other than business transactions	¥ 8,546 thousand

### (Notes to statement of changes in shareholders' equity)

Number of treasury shares as of the end of business year ended March 31, 2018

Common Share 138 Shares

### (Notes to tax effect accounting)

The deferred tax liabilities are mainly due to retirement costs for asset retirement obligations.

**(Notes to per- share data)**

**1. Net assets per share .....¥213.09**

(Note)

Net assets per share are calculated ased on the following

Total net assets	¥45,843,540 thousand
Amount deducted from total net assets	¥19,103 thousand
<u>Net assets at end of year pertaining to Common Shares and shares equivalent to Common Shares</u>	<u>¥45,824,436 thousand</u>
Number of Common Shares and shares equivalent to Common Shares that is used in calculation of net assets per share	215,047,471 shares

**2. Net loss per share.....¥2.46**

(Note)

Net loss per share are calculated ased on the following

Total net loss	¥529,186 thousand
Net loss attributable to CYBERDYNE	-
Net loss attributable to common shares and shares equivalent to Common Shares	¥529,186 thousand
Average number of Common Shares and shares equivalent to Common Shares during the period	215,047,471 shares

Although there were dilutive shares, diluted net income per share is not disclosed because the Company posted a net loss per share.