

CYBERDYNE INC. (7779) Consolidated Financial Results (Tanshin) for the Fiscal Year Ended March 31, 2017

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(Based on Japanese GAAP)

May 15, 2017

Name of listed company : CYBERDYNE, INC. Stock exchange listing : Mothers Section of TSE
 Stock code : 7779 URL : <http://www.cyberdyne.jp/english>
 Representative (title) : President and CEO Name : Yoshiyuki Sankai
 Contact (title) : Director and CFO Name : Shinji Uga

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Scheduled date of Ordinary General Meeting of Shareholders : June 23, 2017
 Scheduled date for submission of the Securities Report : June 26, 2017
 Additional materials for the financial results : yes
 Information meeting for the financial results : yes (for institutional investors)

Scheduled start of dividend payment : —

(rounded down to the nearest millions of yen)

I. Consolidated financial results for the fiscal year ended March 31, 2017 (April 1, 2016 – March 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	%
Fiscal year ended March 31, 2017	1,649	30.4	(782)	—	(789)	—
Fiscal year ended March 31, 2016	1,264	100.4	(710)	—	(718)	—

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

Note: Comprehensive income for the fiscal year ended March 31, 2017: (777) millions of yen (—%)
 for the fiscal year ended March 31, 2016: (719) millions of yen (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2017	(3.69)	—
Fiscal year ended March 31, 2016	(3.53)	—

(Reference) Equity in earnings for the fiscal year ended March 31, 2017: — millions of yen
 for the fiscal year ended March 31, 2016: — millions of yen

Notes:

- (i) Dilutive shares exist but diluted net income per share of each term is not recorded due to net loss per share.
- (ii) CYBERDYNE, INC. implemented stock splits of 1 to 2 for each Common Share and Class B Share on August 1, 2015. Net income (loss) per share for each term is calculated, assuming that the stock splits were implemented at the beginning of the previous fiscal year (April 1, 2015).

2. Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	46,848	46,226	98.6	214.90
As of March 31, 2016	47,534	27,063	55.8	130.50

cf. shareholders' equity 46,213 millions of yen as of the fiscal year ended March 31, 2017
 26,527 millions of yen as of the fiscal year ended March 31, 2016

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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of March 31, 2017	575	(5,547)	(109)	13,375
As of March 31, 2016	(258)	(482)	(21)	18,458

II. Dividends

	Dividends per share				
	End of 1st quarter (Jun.30, 2016)	End of 2nd quarter (Sep.30, 2016)	End of 3rd quarter (Dec.31, 2016)	Fiscal year end (Mar.31, 2017)	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2016	—	0.00	—	0.00	0.00
Fiscal year ended March 31, 2017	—	0.00	—	0.00	0.00

Notes:

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

(ii) The table of “Dividends” indicates dividend payments on Common Shares. Dividend payments on Class Shares (non-listed) for which the number of share units differs from Common Shares are shown below as “Dividends on Class Shares”.

III. Forecast of consolidated financial results for the year ending March 31, 2018 (April 1, 2017 – March 31, 2018)

Note:

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

Notes:

1. Changes in key subsidiaries during the 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

(i) Changes in accounting policies due to revisions of accounting standards, and other regulations: yes

(ii) Changes in accounting policies due to reasons other than (i): none

(iii) Changes in accounting estimates: none

(iv) Restatement of prior period financial statements after error corrections: none

3. Total number of issued shares (Common Shares)

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

As of March 31, 2017	215,047,609 shares	As of March 31, 2016	203,276,000 shares
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(ii) Total number of treasury shares at the end of period

As of March 31, 2017	138 shares	As of March 31, 2016	138 shares
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(iii) Average number of shares during the period

As of March 31, 2017	213,822,256 shares	As of March 31, 2016	203,275,911 shares
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Notes:

(1) 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.

(2) The Company implemented stock splits of 1 to 2 for each Common Share and Class B Share on August 1, 2015. Therefore the number of issued shares is calculated, assuming that the stock splits were implemented at the beginning of the previous consolidated fiscal year (April 1, 2015).

*Consolidated Financial Results (Tanshin) is not subject to audit.

(reference) Dividends on Class Shares

Details of dividends on the Company's Class Shares which differ in shareholder's rights from its Common Shares are as below.

	Dividends per share				
	End of 1st quarter (Jun.30, 2016)	End of 2nd quarter (Sep.30, 2016)	End of 3rd quarter (Dec.31, 2016)	Fiscal year end (Mar.31, 2017)	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2016	—	0.00	—	0.00	0.00
Fiscal year ended March 31, 2017	—	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.

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I. Qualitative information regarding settlement of accounts for the fiscal year ended March 31, 2017

1. Summary of operating result of the fiscal year

All forward-looking statements included in this explanation were determined reasonable by the Group based on currently available information as of end of March 2017 and certain assumptions made by the Group.

The Group continues R&D and socially implementation of Cybernic technology that combines and fuses people, robots, and information for the medical, welfare and living support (including work environment) fields, in order to achieve physical, informational and vital interaction, so that various problems that the hyper aging society faces could be solved.

In the "5th Science and Technology Basic Plan" of Japan, a new concept of super smart society led by scientific and technological innovation called "Society 5.0" is promoted. Society 5.0 is a human centric society where physical space (real world) and cyber space are initiatively merged to solve economic and social problems so that people can enjoy good quality of life. The plan states that research, development and social implementation of AI, IoT, robots, designed to assist the elderly and disabled people for their safe and secured life and promoting independence of people in need of support as the fields that should be focused on. As a hosting country of G7 Science & Technology Ministers' Meeting that was held in May 2016, Japan projected this concept as the future society where humans and technologies coexist.

As one of the driving forces that aims to realize Society 5.0, the Company made contribution in the aforementioned G7 Meeting that was held in Tsukuba, Japan. CEO Yoshiyuki Sankai presented a keynote speech at the Memorial Symposium, addressed the G7 Ministers of Science with a speech during the ministers meeting and hosted the group of representatives during their visit to the Company headquarters. The Joint Statement "Tsukuba Communiqué" that was adopted on the final day noted that many countries, regardless of whether if it is a G7 country or emerging country, are making a rapid approach towards the hyper aging society, and innovation based on science is very important to establish a social structure and that allows its senior citizens to age healthily and provides them high quality care. The statement also notes the possibility of robotics as the means of improving the quality of welfare as well as quality of life for the elderly, and also as the mean of reducing the workload for the caregivers. Statement concluded that integrated effort to combine research of social science and support for medicine, Information and Communication Technology and Robotics as their goal, in order to reduce the burdens on families and the society.

On February 2017, the Company became the winner of the Prime Minister's Award in the third Nippon Venture Awards, which is an award ceremony hosted by the Ministry of Economy, Trade and Industry along with other organizations. The Company won this award as it was highly rated for the novelty of its business and innovativeness of its business, its visions to expand the business into the global market and to solve various problems that the society faces today. By utilizing innovative Cybernic* technology, the Group aims to accelerate its R&D and business development, in order to provide solutions to the problems that the society faces while firmly establishing an economic cycle at the same time. The Group will continue to attempt Cybernic Revolution through social and industrial transformation in the fields of medicine, living support and labor support, as one of the driving force that aims to realize "Society 5.0".

**"Cybernic" (adjective: Cybernic) is a new academic field that is centered around humans, machines and information fused/combined with various other fields including brain/neuroscience, robotics, biology, behavioral science, psychology, law, ethics, and business administration. Cybernic is championed by Dr. Yoshiyuki Sankai, a professor at the University of Tsukuba in Japan. Cybernic technology means the practical application of Cybernic to technology.*

During this fiscal year ended March 31, 2017, in the field of medicine, the Ministry of Health, Labour and Welfare ("MHLW") announced public health insurance coverage of the technical fee for the treatment of rare neuromuscular disease patients using HAL for Medical Use (Lower Limb Type, Double-Leg model) ["Medical HAL" or "Medical HAL (Double-Leg)"] on April 25, 2016. On September 2, 2016, the treatment with Medical HAL started in Japan, as the world's first treatment with robot covered by public health insurance. The Company will continue to accelerate its clinical studies and investigations with Japanese hospitals as well as hospitals in other countries, in order to expand the range of diseases such as stroke and spinal cord injury to which the treatment with Medical HAL is applicable. For stroke, investigator-initiated clinical trial on HAL for Medical Use (Lower Limb Type, Single-Leg model) ["Medical HAL" or "Medical HAL (Single-Leg)"] commenced on September 30, 2016, which is the necessary procedure to obtain the manufacturing and distribution approval of the medical device under Pharmaceutical and Medical Device Law of Japan, aiming at functional improvement and regeneration of the patients' impaired mobility. Furthermore, the Company also started a joint-research project with notable hospitals to accelerate the realization of the cutting-edge research on functional regeneration treatment, which could make the treatment with HAL applicable to an even wider range of patients suffering from paralysis. In addition, to further spread this innovative medical technology, the Company announced to collaborate with private insurance company, Daido Life Insurance

Company in the life insurance sector and AIG Japan Holdings in the accident insurance sector, which will be proceeded alongside its endeavors to apply for public health insurance coverage. As a result of this business collaboration, Daido Life Insurance Company announced the release of its new insurance product "HAL Plus rider", the world's first insurance product offered by a private insurance company that covers treatment of intractable diseases with the Medical HAL on May 8, 2017. In Europe, the Company already acquired medical device certification for Medical HAL, and has been providing the medical treatment service with the device covered by public workers' compensation insurance in Germany and the Company is processing applications to obtain public health insurance coverage in the country. In the United States, the Company found that the United States Food and Drug Administration's ("FDA") understanding of HAL for Medical Use's innovation to use Cybernic technology to provide functional improvement/regeneration treatment of impaired functions of the brain and nervous system has been deepened as a result of continued discussions. The Company begun its reapplication process toward obtaining medical device approval in a format that allows for Medical HAL to be identified as a new and unique robot treatment device by submitting pre-submission to the FDA in November 4, 2016.

The Company continues to advance its clinical researches for the light-weighted and compact HAL for Living Support (Single Joint Type), which is a device designed to be applied on the knee or the elbow. The Company has completed preliminary consultation with the Pharmaceuticals and Medical Devices Agency about the necessary procedures to obtain medical device approval and commenced preparation to file the necessary documents for the Vital Sensor, which is a palm-size device for monitoring indices of arteriosclerosis and electrocardiogram.

The Company continues to advance its clinical trials of the Medical HAL in Japan and other countries to enlarge the range of targeted diseases. In Japan the world's first coverage of the treatment with HAL as a medical device by the public health insurance has been approved and installation of HAL for insured treatment by hospitals has commenced. 188 units of the Medical HAL were in operation as of March 31, 2017, including those used outside of Japan and those used for clinical research. Out of the aforementioned numbers, 38 units were rented out in Japan. The Company will continue to coordinate with numbers of core hospitals in each region, which would become the "bases" for further expansion. 208 units of HAL for Living Support (Single Joint Type) were in operation as of the end of March, 2017, which is mainly used for clinical studies by hospitals in Japan.

In the field of living support, HAL for Living Support (Lower Limb Type) has been used in care facilities and hospitals within Japan to promote independent movement of their users, and as of the end of March, 2017, 422 units were in operation. HAL for Care Support (Lumbar Type), a device capable of reducing the load on the lower back of caregivers, which would result in improving the work environment of care facilities that suffer from high turnover rates, recorded a increase of 411 units in operaton units since the end of September 2016, due to the subsidy program of the MHLW for assisting care facilities with installation of robotic devices and introduction of waterproofed new model of HAL (Lumbar Type) which will allow users to provide bathing aid for example, and as of end of March, 2017, 714 units were in operation.

In the field of labor support, as of the end of March, 2017, there were 274 units of HAL for Labor Support (Lumbar Type), a device capable of reducing the load on the lower back of workers and improving the work environment in order to maintain the labor force 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. Implementation by Haneda Airport Limousine Bus and major construction companies contributed to the increase of the rented units. Furthermore, starting from April 2017, All Nippon Airways group plans to implement 25 units to Narita Airport as well as notable domestic airports for various airport tasks. Operating number of HAL for Labor Support (Lumbar Type) is expected to grow significantly once improvements such as waterproofing are installed. The Cleaning Robots and Transportation Robots were introduced to Haneda airport and a major pharmaceutical factory and there were 21 units in operation as of the end of March, 2017.

Furthermore, on May 15, 2017, the Company announced an investment in Works Applications Co., Ltd. based on business alliance. This alliance will allow the two companies to make progress towards the realization of Society 5.0 by developing the next-generation systems that integrate the Company's Cybernic technologies. To accelerate the realization of Society 5.0, the Company will continue to collaborate with companies with unique and specialized technologies.

As the result of the aforementioned, in the fiscal year ended March 31, 2017, the Company recorded net sales of ¥1,649,940 thousand (30.4% increase year on year), mainly due to an increase in the operating numbers of the Medical HAL and HAL for Care Support (Lumbar Type), increasing the gross profit to ¥1,078,953 thousand (24.9% increase year on year).

Research and development expenses was recorded at ¥902,867 thousand (9.9% decrease year on year), main due to consigned research projects of "Realization of Zero Intensive Care Society through Innovative Cybernic System", which are part of the projects under the Impulsing Paradigm Change through Disruptive Technologies Program ("ImPACT") hosted by the Japan Science and Technology Agency ("JST"). On the other hand, other selling, general and administrative expenses was recorded at ¥1,348,201 thousand (16.8% increase year on year), mainly due to the increase of taxes and dues such as business tax (capital base) due to exercise of stock acquisition rights included in the Company's convertible bonds. As a result, operating loss improved ¥120,016 thousand to ¥1,172,115 thousand.

Non-operating income was recorded at ¥1,242,386 thousand (76.0% increase year on year), mainly due to an increase of subsidy income in relation to construction of Next-Generation Multipurpose Robotized Production Facility in the Fukushima Prefecture ("Fukushima Production Facility"), while ordinary loss (income/loss before income tax, also called "Pretax income" or "Ordinary profit") was posted at ¥782,653 thousand due to ¥96,231 thousand in the share issuance cost caused by the exercise of stock acquisition rights included in the convertible bonds as well as ¥852,923 thousand (589.7% increase year on year) from an increase of loss on reduction of non-current assets in relation to construction of Fukushima Production Facility.

Furthermore, because income taxes-deferred was recorded at ¥6,417 thousand, net loss attributable to CYBERDYNE,INC. for the fiscal year ended March 31, 2017 were recorded at ¥789,332 thousand.

2. Explanation of financial position

(i) Assets:

For the fiscal year ended March 31, 2017, total assets decreased ¥686,203 thousand to ¥46,848,267 thousand in comparison to the end of the previous fiscal year. This was mainly due to a decrease of ¥4,083,064 thousand in cash and deposits, ¥2,500,386 thousand in securities partly offset by an increase of ¥5,303,887 thousand in construction in progress.

(ii) Liabilities

For the fiscal year ended March 31, 2017, total liabilities decreased ¥19,848,415 thousand to ¥622,120 thousand in comparison to the end of the previous fiscal year. This was mainly due to the exercise of stock acquisition rights included in the convertible bonds.

(iii) Net assets

For the fiscal year ended March 31, 2017, net assets increased ¥19,162,212 thousand to ¥46,226,147 thousand in comparison to the end of the previous fiscal year. This was mainly due to the exercise of stock acquisition rights included in the convertible bonds.

3. Status of cash flow

For the fiscal year ended March 31, 2017, cash and cash equivalents decreased ¥5,083,237 thousand to ¥13,375,733 thousand in comparison to the end of the previous fiscal year. Status of each cash flow within the fiscal year ended March 31, 2017 and its main influencing factors are stated below.

(Net cash provided by operating activities)

For the fiscal year ended March 31, 2017, net cash provided by operating activities recorded inflow of ¥575,438 thousand (outflow of ¥258,282 thousand in the previous fiscal year), mainly attributable to the following factors. This is mainly attributed to net loss before provision for income taxes recorded ¥782,914 thousand and outflow due to inventories increase recorded ¥76,919 thousand, partly off set with inflow recorded ¥224,026 thousand due to loss on reduction of non-current assets posted at ¥741,755 thousand, depreciation posted at ¥341,191 thousand, share issuance cost posted at ¥96,231 thousand as well as decrease of accounts receivable.

(Net cash provided by investment activities)

For the fiscal year ended March 31, 2017, net cash provided by investing activities recorded outflow of ¥5,547,807 thousand (outflow of ¥482,675 thousand in the previous financial year), mainly due to outflow of ¥6,596,919 thousand due to acquisition of property, plant and equipment.

(Net cash provided by financing activities)

For the fiscal year ended March 31, 2017, net cash used in financing activities was ¥109,807 thousand (outflow of ¥21,185 thousand in the previous financial year), mainly due to outflow of ¥88,131 thousand from the payment of share issuance cost.

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

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

II. 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.

III. Consolidated Financial Statements

1. Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	14,458,798	10,375,733
Accounts receivable - trade	217,347	247,451
Securities	25,500,386	23,000,000
Merchandise and finished goods	149,939	96,708
Work in process	13,519	9,569
Raw materials and supplies	286,167	420,267
Accounts receivable	349,259	125,233
Other	76,021	117,807
Allowance for doubtful accounts	(758)	(1,355)
Total current assets	41,050,680	34,391,415
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	702,620	978,884
Rental assets, net	460,527	478,415
Land	3,214,303	3,118,558
Construction in progress	699,992	6,003,880
Other, net	254,767	285,856
Total property, plant and equipment	5,332,211	10,865,595
Intangible assets	65,658	66,026
Investments and other assets		
Investment securities	914,830	1,360,838
Other	171,089	164,391
Total investments and other assets	1,085,919	1,525,229
Total non-current assets	6,483,790	12,456,851
Total assets	47,534,470	46,848,267
Liabilities		
Current liabilities		
Accounts payable - trade	48,120	20,758
Convertible bonds with stock acquisition rights scheduled for redemption within one year	19,927,483	—
Income taxes payable	63,804	151,632
Other	283,151	320,052
Total current liabilities	20,322,560	492,444
Non-current liabilities		
Deferred tax liabilities	11,027	13,853
Asset retirement obligations	71,613	73,081
Other	65,335	42,741
Total non-current liabilities	147,975	129,676
Total liabilities	20,470,536	622,120

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
Net assets		
Shareholders' equity		
Capital stock	16,511,767	26,743,881
Capital surplus	16,447,767	26,679,881
Retained earnings	(6,433,015)	(7,222,347)
Treasury shares	(204)	(204)
Total shareholders' equity	26,526,314	46,201,209
Other comprehensive income		
Valuation difference on available-for-sale securities	—	8,966
Foreign currency translation adjustment	772	3,502
Total accumulated other comprehensive income	772	12,468
Stock acquisition rights	536,847	12,468
Total net assets	27,063,934	46,226,147
Total liabilities and net assets	47,534,470	46,848,267

2. Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	1,264,902	1,649,940
Costs of sales	401,121	570,987
Gross profit	863,780	1,078,953
Selling, general and administrative expenses		
Research and development expenses	1,001,547	902,867
Other selling, general and administrative expenses	1,154,365	1,348,201
Total selling, general and administrative expenses	2,155,912	2,251,068
Operating loss (*)	(1,292,132)	(1,172,115)
Non-operating income		
Interest income	32,846	8,902
Subsidy income	399,574	879,669
Consigned research income	235,330	283,805
Other	37,975	70,008
Total non-operating income	705,727	1,242,386
Non-operating expenses		
Interest expenses	46,142	7,999
Share issuance cost	—	96,231
Loss on reduction of non-current assets	72,517	741,755
Other	5,014	6,936
Total non-operating expenses	123,674	852,923
Ordinary loss	(710,079)	(782,653)
Extraordinary income		
Gain on sales of fixed assets	—	40
Total extraordinary income	—	40
Extraordinary loss		
Loss on sales of fixed assets	—	302
Total extraordinary loss	—	302
Loss before provision for income taxes	(710,079)	(782,914)
Income taxes-current	13,481	7,534
Income taxes-deferred	(2,307)	(1,116)
Total income taxes	11,173	6,417
Net loss	(721,253)	(789,332)
Net loss attributable to non-controlling interests	(3,195)	—
Net loss attributable to CYBERDYNE,INC.	(718,057)	(789,332)

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

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net loss before minority interests	(721,253)	(789,332)
Other comprehensive income		
Valuation difference on available-for-sale securities, before tax	—	8,966
Foreign currency translation adjustment	1,776	2,730
Total other comprehensive income	1,776	11,696
Total comprehensive income	(719,476)	(777,636)
(Comprehensive income attributable to)		
CYBERDYNE,INC.	(716,723)	(777,636)
Non-controlling interests	(2,753)	—

3. Consolidated statements of changes in equity

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

(Thousands of yen)

	Shareholders' equity					Other comprehensive income			Stock acquisition rights	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total other comprehensive income			
Balance at beginning of year	16,511,767	16,447,767	(5,714,957)	—	27,244,576	—	(442)	(442)	530,529	2,634	27,777,298
Changes of items during year											
Issuance of new shares	—	—	—	—	—	—	—	—	—	—	—
Net loss attributable to CYBERDYNE,INC.	—	—	(718,057)	—	(718,057)	—	—	—	—	—	(718,057)
Acquisition of treasury shares	—	—	—	(204)	(204)	—	—	—	—	—	(204)
Net changes in items other than shareholders' equity	—	—	—	—	—	—	1,214	1,214	6,318	(2,634)	4,898
Total changes of items during year	—	—	(718,057)	(204)	(718,262)	—	1,214	1,214	6,318	(2,634)	(713,363)
Balance at end of year	16,511,767	16,447,767	(6,433,015)	(204)	26,526,314	—	772	772	536,847	—	27,063,934

Fiscal year 2016 (from April 1, 2016 to March 31, 2017)

(Thousands of yen)

	Shareholders' equity					Other comprehensive income			Stock acquisition rights	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total other comprehensive income			
Balance at beginning of year	16,511,767	16,447,767	(6,433,015)	(204)	26,526,314	—	772	772	536,847	—	27,063,934
Changes of items during year											
Issuance of new shares	10,232,113	10,232,113	—	—	20,464,227	—	—	—	—	—	20,464,227
Net loss attributable to CYBERDYNE,INC.	—	—	(789,332)	—	(789,332)	—	—	—	—	—	(789,332)
Acquisition of treasury shares	—	—	—	—	—	—	—	—	—	—	—
Net changes in items other than shareholders' equity	—	—	—	—	—	8,966	2,730	11,696	(524,378)	—	(512,682)
Total changes of items during year	10,232,113	10,232,113	(789,332)	—	19,674,895	8,966	2,730	11,696	(524,378)	—	19,162,212
Balance at end of year	26,743,881	26,679,881	(7,222,347)	(204)	46,201,209	8,966	3,502	12,468	12,468	—	46,226,147

4. Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Net loss before provision for income taxes	(710,079)	(782,914)
Depreciation	280,299	341,191
Loss on reduction of non-current assets	72,517	741,755
Increase (decrease) in allowance for doubtful accounts	(592)	597
Interest income	(32,846)	(8,902)
Interest expenses	46,142	7,999
Share issuance cost	—	96,231
Decrease (increase) in notes and accounts receivable - trade	(9,724)	(30,104)
Decrease (increase) in inventories	(110,417)	(76,919)
Increase (decrease) in notes and accounts payable - trade	(44,074)	(27,361)
Decrease (increase) in accounts receivable	200,633	224,026
Other	32,644	95,454
Subtotal	(275,497)	581,053
Interest and dividend income received	33,553	6,982
Interest expenses paid	(2,632)	(1,785)
Income taxes paid	(13,706)	(10,813)
Cash flows from operating activities	(258,282)	575,438
Cash flows from investing activities		
Net decrease (increase) of limited withdrawal deposit	20,000,000	—
Purchase of securities	(20,000,213)	(20,000,000)
Proceeds from redemption of securities	—	20,000,213
Payments into time deposits	(1,500,000)	—
Proceeds from withdrawals of time deposits	3,000,000	1,500,000
Purchase of property, plant and equipment	(1,354,938)	(6,596,919)
Purchase of intangible assets	(25,228)	(18,003)
Purchase of investment securities	(599,980)	(433,099)
Other	(2,314)	1
Cash flows from investing activities	(482,675)	(5,547,807)
Cash flows from financing activities		
Proceeds from issuance of Common Shares	—	(88,131)
Other	(21,185)	(21,676)
Cash flows from financing activities	(21,185)	(109,807)
Effect of exchange rate changes on cash and cash equivalents	(743)	(1,060)
Net increase (decrease) in cash and cash equivalents	(762,887)	(5,083,237)
Cash and cash equivalents at beginning of fiscal year	19,221,857	18,458,970
Cash and cash equivalents at end of year	18,458,970	13,375,733

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”)

(i) Scope of consolidation

Number of consolidated subsidiaries: 5

(1) 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 and CYBERDYNE USA Inc.

Out of the subsidiaries mentioned above, as CYBERDYNE USA Inc. was newly established during the fiscal year ended March 31, 2017 and it was included within the range of consolidation.

(2) 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.

(ii) Matters concerning consolidated subsidiaries’ account closing date for the fiscal year end

Among the consolidated subsidiaries, Cyberdyne Care Robotics GmbH's account closing date and CYBERDYNE USA Inc.'s amount closing date are 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.

(iii) Matters concerning account processing standards

(1) Evaluation standards and methods for important assets

a. 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

b. 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.

(2) Changes in depreciation methods of important depreciable assets

a. Property, plant and equipment

Declining-balance method is adopted. However, for 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

b. Intangible assets (excluding leased 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

(3) 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.

(4) 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 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.

(5) 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.

(6) Other material information concerning the preparation of consolidated financial statements

a. Accounting treatment of consumption taxes, etc.

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

b. Deferred assets

New share issuance costs are recognized as expenses when disbursed.

(Changes in accounting policy)

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

The impact on the consolidated financial statements of the year ended March 31, 2017 is minimal.

(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.

	(Thousands of yen)	
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash and deposits	14,458,798	10,375,733
Securities	25,500,386	23,000,000
Time deposits for which the depositing term is over three months	(1,500,000)	—
Limited withdrawal deposit	—	—
Bonds for which the redemption date is over three months	(20,000,213)	(20,000,000)
Cash and cash equivalents	18,458,970	13,375,733

(Segment information)

Segment information:

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

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

Fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

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

(Per-share data)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net assets per share (Yen)	130.50	214.90
Net loss per share (Yen)	(3.53)	(3.69)

Notes:

- (i) Diluted net income per share is not stated because net loss per share was posted in spite that there are potential shares.
(ii) CYBERDYNE, INC. implemented stock splits of 1 to 2 for each Common Share and Class B Share on August 1, 2015.

Net income (loss) per share for each term is calculated, assuming that the stock splits were implemented at the beginning of the previous fiscal year (April 1, 2015).

- (iii) Net assets per share are calculated based on the following.

Item	As of March 31, 2016	As of March 31, 2017
Total of Net assets in the Balance Sheets (Thousands of yen)	27,063,934	46,226,147
Amount to be deducted from the total of net assets (Thousands of yen)	536,847	12,468
Net assets at end of year pertaining to Common Shares and shares equivalent to Common Shares (Thousands of yen)	26,527,087	46,213,678
Number of Common Shares and shares equivalent to Common Shares that is used in calculation of net assets per share (Unit shares)	203,275,862	215,047,471

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

Item	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net loss attributable to CYBERDYNE,INC. (Thousands of yen)	(718,057)	(789,332)
Amount not available for Common Shareholders and shareholders equivalent to Common Shareholders (Thousands of yen)	—	—
Net loss attributable to Common Shares and shares equivalent to Common Shares (Thousands of yen)	(718,057)	(789,332)
Average number of Common Shares and shares equivalent to Common Shares during the period (Unit shares)	203,275,911	213,822,256