



Consolidated Financial Results (Tanshin) for the Three Months Ended June 30, 2017 (Based on Japanese GAAP)

August 14, 2017

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

(rounded down to the nearest millions of yen)

I . Consolidated financial results for the three months ended June 30, 2017 (April 1, 2017-June 30, 2017)

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

	Net sales		Ordinary income*		Net income attributable to CYBERDYNE,INC.	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Apr.1-June 30, 2017	353	29.9	(257)	—	(258)	—
Apr.1-June 30, 2016	271	60.4	(322)	—	(325)	—

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

Notes: Comprehensive income for the three months ended June 30, 2017: ¥ (264) million (—%)
for the three months ended June 30, 2016: ¥ (319) million (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
Apr.1-June 30, 2017	(1.20)	—
Apr.1-June 30, 2016	(1.55)	—

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

2. Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2017	46,560	45,958	98.7
As of March 31, 2017	46,848	46,226	98.6

cf. shareholders' equity ¥45,946 million as of three month ended June 30, 2017

¥46,213 million as of the fiscal year ended March 31, 2017

II . Dividends

	Dividend payments for each term and the year				
	End of 1st quarter (Jun.30, 2017)	End of 2nd quarter (Sep.30, 2017)	End of 3rd quarter (Dec.31, 2017)	Fiscal year end (Mar.31, 2017)	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2018	—				

Notes:

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

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

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

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

Notes:

1. Changes in key subsidiaries during the consolidated three month period under review (changes in specific subsidiaries resulting in changes of consolidation scope): none
new: — (company name: —), excluded: — (company name: —)
2. Application of special accounting for preparing consolidated financial statements for the three months ended June 30, 2017 : none
3. Changes in accounting policies, accounting estimates, and restatement of error corrections
(i) Changes in accounting policies due to revisions of accounting standards, and other regulations: none
(ii) Changes in accounting policies due to reasons other than (i) : none
(iii) Changes in accounting estimates: none
(iv) Restatement of prior period financial statements after error corrections: none

4. Total number of issued shares (Common Shares)

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

As of June 30, 2017	215,047,609 shares	As of March 31, 2017	215,047,609 shares
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- (ii) Total number of treasury shares at the end of each period

As of June 30, 2017	138 shares	As of March 31, 2017	138 shares
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- (iii) Average number of shares during each three month period

Apr. 1-June 30, 2017	215,047,471 shares	Apr. 1-June 30, 2016	210,133,148 shares
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Note: Class B Shares are ranked the same as Common Shares and paid the same amount as Common Shares with regard to dividends of surplus and distribution of residual assets. Therefore the total number of issued shares at each end of period and the average number of shares during each period include Class B Shares as Common Shares.

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

Dividends on Class Shares

Details of dividends on the Company's class shares for which the number of share units differs from its Common Shares are as below.

	Dividend payments for each term and the year				
	End of 1st quarter (Jun.30, 2017)	End of 2nd quarter (Sep.30, 2017)	End of 3rd quarter (Dec.31, 2017)	Fiscal year end (Mar.31, 2017)	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2018	—				

Note:

The Company issued Class B Shares which were accorded the same rights as its Common Shares with regard to dividends and distribution of residual assets, but for which share units differ from Common Shares.

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I . Qualitative information regarding settlement of accounts for the three months ended June 30, 2017

1. Explanation of results of operation

All forward-looking statements included in this explanation were determined reasonable by the Group based on currently available information for the consolidated three months period ended June 30 2017 and certain assumptions made by the Group.

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

**“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.*

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 prioritizes the following fields.

- social implementation of Artificial Intelligence (AI) and Internet of Things (“IoT”)
- research and development of assistive robots that ensure safe and secure life for elderly and disabled people
- research and development of assistive technology for efficiently providing nursing-care and promoting independence of those in need of care support

By utilizing innovative Cybernic technology, the Group aims to accelerate its research, development, and business promotion, in order to provide solutions to the problems that the modern 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, nursing-care and living support, as one of the driving forces that aim to realize Society 5.0.

During the consolidated three months ended June 30, 2017, in the field of medicine, the Group continued business promotion of Medical HAL (Double-Leg model) [“Medical HAL”] *, mainly to hospitals that would become the “base” hospitals for the treatment with the device in Japan. Investigator-initiated clinical trial on the use of HAL for Medical Use (Single-Leg model) on stroke patients, which commenced on September 30, 2016, is in process. In addition to public health insurance, the Group endeavored the coverage of the treatment with Medical HAL (Double-Leg model) with private insurance in order to further spread this innovative medical technology. Daido Life Insurance Company announced the release of its new insurance product “HAL Plus” rider on July 3, 2017, as the world's first insurance product offered by a private insurance company, which covers treatment with the Medical HAL of above-mentioned intractable diseases to reduce financial burden of users.

**Manufacturing and distribution approval for Medical HAL (Double-Leg model) for the treatment of neuromuscular disease patient was granted under Pharmaceutical and Medical Device Law of Japan in November 2015. Treatment with Medical HAL (Double-Leg model) for neuromuscular disease patient using public health insurance started on September 2016.*

In Europe, the Group 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. The Group is processing applications to obtain public health insurance coverage in the country. Furthermore, private insurer started providing insurance coverage for Cybernic treatment with Medical HAL in Poland on July, 2017. This is the world's first case where a private insurance company entered into a contract with a medical institution that implements Medical HAL with regards to providing insurance coverage for Cybernic treatment*.

**Cybernic Treatment is described as "Functional Regenerative Medicine" realized by devices like Medical HAL that are developed using Cybernic Technology, and it is an innovative treatment technology that promotes the functional improvement/regeneration of the brain-nerve-physical systems. Medical HAL establishes interactive biofeedback by moving according to intension-based motion information from the brain-nervous system and activating sensory systems like muscle spindle fibers to form a neural loop between the brain-nerve system and the musculoskeletal system. Even if the patient is unable to generate enough muscle strength to move due to motor dysfunction, the treatment is able to repeatedly realize actual movement that is in sync with the motion intent of the brain while avoiding excessive burden on the brain-nerve-muscle systems, thus making functional improvement/regeneration possible. A physician can intervene by tuning the many adjustable parameters related to the patient's motor and neurological information built into the device, in a way that appropriately circulates the patient's neurological information through the neural loop between the brain-nerve system and the musculoskeletal system. Treatment with Medical HAL has been approved by the regulatory authorities in Japan and has been listed as a new treatment procedure that is distinct from other traditional rehabilitation procedures, with a different reimbursement price. Cybernic Treatment is not limited to Medical HAL and can be administered by other Medical Cybernic Systems that take on various forms using Cybernic Technology.*

In the United States, the Company continued to clarify and explain the designed purpose, technical characteristics and clinical benefits of Medical HAL to the United States Food and Drug Administration s (FDA) since 2015, focusing on the following points.

- Medical HAL is considered to be an innovative Cybernic Treatment device that attempts to actively improve and regenerate the patient's functions of brain-nerve-physical systems,
- Medical HAL is not considered to be an orthosis that physically supports patients to walk or a robot that repeatedly performs specific movements for its patients

As a result of continued discussions with the FDA after a Pre-Submission* that took place on November 4, 2016 EST, the Company has decided to resubmit an application for Medical HAL on June 19, 2017(EST), based on the 510 (k) process (Class II).

**A Pre-Submission is defined as a formal written request from an applicant/sponsor for feedback from FDA to be provided in the form of a formal written response or, if the manufacturer chooses, a meeting or teleconference in which the feedback is documented in meeting minutes. A Pre-Submission is appropriate when FDA's feedback on specific questions is necessary.*

The Group 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 Group has completed preliminary consultation with the Pharmaceuticals and Medical Devices Agency about the necessary procedures to obtain a medical device approval and commenced preparation to file the necessary documents for the Vital Sensor, which is a palm-size device for monitoring indices of arteriosclerosis and electrocardiogram.

The Group continues to advance its clinical trials of the Medical HAL in Japan and other countries to enlarge the range of targeted diseases alongside its implementation for treatment with Medical HAL of neuromuscular disease. 210 units of the Medical HAL were in operation as of June 30, 2017, including those used outside of Japan and those used for clinical research. Out of the aforementioned number, 54 units were rented out in Japan. The Group will continue to coordinate with number of core hospitals in each region, which would become the bases for further expansion. 220 units of HAL for Living Support (Single Joint Type) were in operation as of the end of June, 2017, which were mainly used for clinical studies by hospitals in Japan.

In the field of nursing-care, HAL for Living Support (Lower Limb Type) has been used in care facilities and hospitals within Japan to promote independent movement of their users from their caregivers, and as of the end of June, 2017, 423 units were in operation. Regarding HAL for Care Support (Lumbar Type) that reduces the load on the lower back of caregivers and would result in improving the work environment of care facilities that suffer from high turnover rates, 758 units were in operation as of the end of June 2017.

In the field of labor support, HAL for Labor Support (Lumbar Type) are utilized to reduce the load on the lower back of workers and improve the work environment in order to maintain the labor force in distribution warehouses, construction sites and factories of various types that suffer from serious shortage of labor force as a result of an aging population and declining birthrate. 280 units of HAL for Labor Support (Lumbar Type) were in operation as of the end of June, 2017. Operating number of HAL for Labor Support (Lumbar Type) is expected to grow significantly due to improvements such as waterproofing. 22 units of Cleaning Robots and Transportation Robots in operation were recorded as of the end of June 2017. Its number is expected to grow significantly once improvements are applied.

Furthermore, to accelerate the realization of Society 5.0, the Group will continue to collaborate with companies with unique and specialized technologies. On May 15, 2017, the Group announced an investment in Works Applications Co., Ltd. based on business alliance. Works Applications Co., Ltd. is known to be a leading company within Japan for its business in ERP packages designed for major firms. 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 Group's Cybernic technologies. The Group also announced an investment in MIRAISENS, Inc. based on business alliance on June 15, 2017. This alliance allows the Group to jointly develop various cutting-edge devices that realize realistic user experience in virtual space through the utilization of 3D Haptics technology of MIRAISENS, Inc. and provide support to MIRAISENS, Inc. whenever necessary.

Furthermore, with Covia Inc., a company known for its competitive telecommunication devices and products for SIM-free smartphones, the Group established a joint-venture company called CYBERDYNE Omni Networks, INC. (the "JV") on August 7, 2017 to conduct communication business, distribution of communication devices and related services on Internet of Human (IoH) and Internet of Things (IoT). The JV will develop and sell micro communication devices that could gather vast amount of information ("Big Data") from the Group's Cybernic systems. The JV will also gather these Big Data to data center, and offer system /services that would allow them to analyze, integrate and securely manage these Big Data.

As the result of the aforementioned, in the consolidated financial result of three months ended June 30, 2017, the Company recorded net sales of ¥353,176 thousand (29.9% increase year on year), mainly due to an significant increase in the operating numbers of the Medical HAL and HAL for Care Support (Lumbar Type), increasing the gross profit to ¥242,351 thousand (33.8% increase year on year).

Research and development expenses were recorded at ¥198,915 thousand (14.4% decrease year on year), as well as the previous fiscal year mainly due to development of new products at the Company's own expense and consigned research projects of “Realization of Zero Tiring Care Society through Innovative Cybernic System”, which are part of the projects under the Impulsing Paradigm Change through Disruptive Technologies Program (“ImPACT”) hosted by the Japan Science and Technology Agency (“JST”). On the other hand, other selling, general and administrative expenses were recorded at ¥353,580 thousand (15.2% increase year on year), mainly due to the increase of taxes and dues such as business tax (capital base) due to revision of Size-based Business Tax. As a result, operating loss improved ¥48,099 thousand to ¥310,144 thousand.

While non-operating income were recorded at ¥54,451 thousand (62.3% decrease year on year), mainly due to a subsidy income, while non-operating expenses improved ¥107,610 thousand to ¥1,414 thousand (98.7% decrease year on year) as share issuance cost caused by the exercise of stock acquisition rights of the previous fiscal year was non-recurring expense. These results led to improvement of ¥65,727 thousand in ordinary loss (income/loss before income tax, also called pretax income or ordinary profit) to ¥257,107 thousand.

Because income taxes-deferred was recorded at ¥1,329 thousand, net loss attributable to CYBERDYNE, INC. for the consolidated three months ended June 30, 2017 were recorded at ¥258,436 thousand.

2. Explanation of financial position

(i) Assets:

For the consolidated three months ended June 30, 2017, total assets decreased ¥288,126 thousand to ¥46,560,141 thousand in comparison to the end of the previous fiscal year. This was mainly due to a decrease of ¥1,459,435 thousand in cash and deposits partly offset by an increase of ¥1,204,058 thousand in investment securities.

(ii) Liabilities

For the consolidated three months ended June 30, 2017, total liabilities decreased ¥20,481 thousand to ¥601,638 thousand in comparison to the end of the previous fiscal year. This was mainly due to a decrease of ¥97,887 thousand in income taxes payable partly offset by an increase of ¥73,277 thousand in accounts payables-trade.

(iii) Net assets

For the consolidated three months ended June 30, 2017, net assets decreased ¥267,644 thousand to ¥45,958,502 thousand in comparison to the end of the previous fiscal year. This was mainly due to the decrease in retained earnings arising from the net loss attributable to CYBERDYNE, INC. for the consolidated three months under review.

II. Consolidated Financial Statements (Unaudited)

1. Consolidated balance sheets (Unaudited)

(Thousands of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	10,375,733	8,916,297
Accounts receivable - trade	247,451	155,144
Securities	23,000,000	23,000,000
Merchandise and finished goods	96,708	112,810
Work in process	9,569	16,876
Raw materials	420,267	497,754
Other	243,040	100,836
Allowance for doubtful accounts	(1,355)	(903)
Total current assets	34,391,415	32,798,815
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	978,884	959,147
Rental assets, net	478,415	472,211
Land	3,118,558	3,118,558
Construction in progress	6,003,880	6,136,990
Other, net	285,856	289,309
Total property, plant and equipment	10,865,595	10,976,218
Intangible assets	66,026	63,312
Investments and other assets		
Investment securities	1,360,838	2,564,897
Other	164,391	156,898
Total investments and other assets	1,525,229	2,721,795
Total non-current assets	12,456,851	13,761,326
Total assets	46,848,267	46,560,141
Liabilities		
Current liabilities		
Accounts payables - trade	20,758	94,036
Income taxes payable	151,632	53,744
Other	320,052	328,706
Total current liabilities	492,444	476,488
Non-current liabilities		
Asset retirement obligations	73,081	73,451
Other	56,595	51,699
Total non-current liabilities	129,676	125,150
Total liabilities	622,120	601,638
Net assets		
Shareholders' equity		
Capital stock	26,743,881	26,743,881
Capital surplus	26,679,881	26,679,881
Retained earnings	(7,222,347)	(7,484,369)
Treasury shares	(204)	(204)
Total shareholders' equity	46,201,209	45,939,188
Other comprehensive income		
Valuation difference on available-for-sale securities	8,966	11,871
Foreign currency translation adjustment	3,502	(5,025)
Total accumulated other comprehensive income	12,468	6,846
Stock acquisition rights	12,468	12,468
Total net assets	46,226,147	45,958,502
Total liabilities and net assets	46,848,267	46,560,141

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

Quarterly consolidated statement of income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net sales	271,930	353,176
Costs of sales	90,777	110,824
Gross profit	181,153	242,351
Selling, general and administrative expenses		
Research and development expenses	232,397	198,915
Other selling, general and administrative expenses	306,998	353,580
Total selling, general and administrative expenses	539,396	552,495
Operating loss	(358,243)	(310,144)
Non-operating income		
Interest income	2,797	1,769
Subsidy income	8,047	1,182
Consigned research income	124,386	25,867
Other	9,203	25,631
Total non-operating income	144,434	54,451
Non-operating expenses		
Interest expenses	6,736	319
Share issuance cost	96,231	1
Other	6,057	1,094
Total non-operating expenses	109,025	1,414
Ordinary loss (*)	(322,834)	(257,107)
Extraordinary income		
Gain on sale of fixed assets	40	—
Total extraordinary income	40	—
Extraordinary loss		
Loss on sale of fixed assets	302	—
Total extraordinary loss	302	—
Net loss before provision for income taxes	(323,095)	(257,107)
Income taxes-current	2,273	1,658
Income taxes-deferred	(327)	(328)
Total income taxes	1,945	1,329
Net loss	(325,041)	(258,436)
Net loss attributable to CYBERDYNE,INC.	(325,041)	(258,436)

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

Quarterly consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net loss before minority interest	(325,041)	(258,436)
Other comprehensive income		
Valuation difference on available-for-sale securities, before tax	—	2,905
Foreign currency translation adjustment	5,648	(8,528)
Total other comprehensive income	5,648	(5,622)
Total comprehensive loss	(319,392)	(264,059)
(Comprehensive loss attributable to) CYBERDYNE,INC.	(319,392)	(264,059)

3. Notes of financial statements

(Notes on premise of going concern)

There are no items to report.

(Notes to significant changes in the amount of shareholder's equity)

There are no items to report.