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Please read before you read the content

Many of the statements included in this annual report contain forward-looking statements and information such as forecasts, plans and targets. CYBERDYNE Inc. (the "Company") bases these statements on beliefs as well as assumptions made using information currently available to the Company. As these statements reflect the Company's current views concerning future events, these statements involve risks, uncertainties and assumptions. The actual future performance of the Company, its consolidated subsidiaries and its affiliates accounted for by the equity method (the "Group") could differ materially from these forward-looking statements.

Furthermore, text related to medical products (including products currently under development) and Neuro HALFIT is not intended as an advertisement or medical advice.

Editorial policy

The Company published this annual report to present how it targets to continue generating value for sustainable growth. In order to utilize the report as a communication tool with many stakeholders, it was presented with charts and photos, and the Company strives to make it easy to read and understand.

In addition, the Company adopted the International Financial Reporting Standards (IFRS) from the year ended March 31, 2018. Unless otherwise noted, information in this annual report is based on IFRS.

The following are trademarks registered by CYBERDYNE in Japan. Some are also registered in other regions. In this annual report trademarks are stated without the R mark.

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"HALFIT" registered trademark No.5419254

"Techno-peer Support" registered trademark No.5813772

"Cybernetics Treatment" registered trademark No.5986327

Scope of this report

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

- Information available as of September, 2020 may also be included
- When the applicable period and scope differ from the aforementioned period, it will be stated clearly

Organization

CYBERDYNE Inc. and its consolidated subsidiaries (the "Group")

I. Challenges to pioneer the future

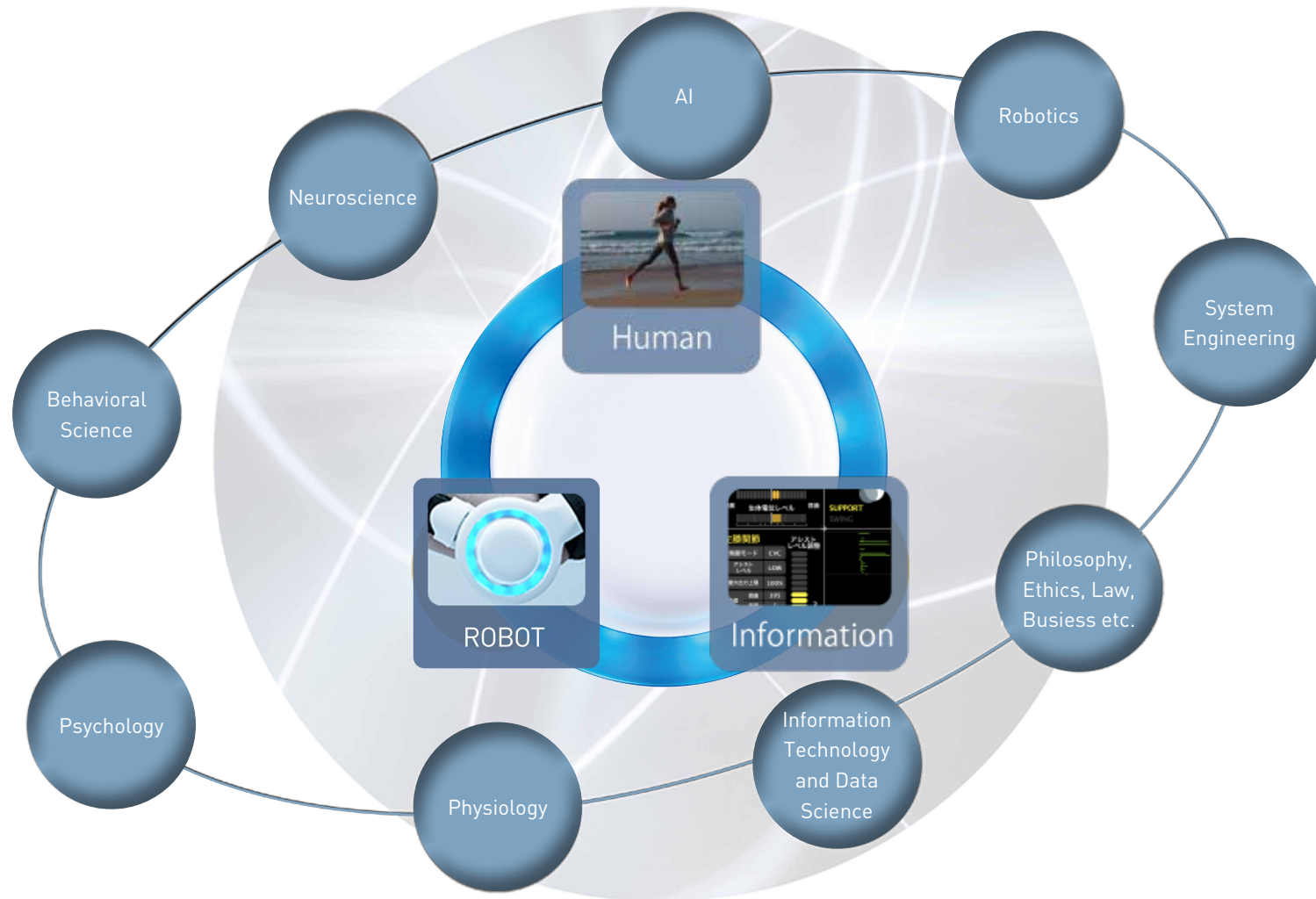
1. Cybernetics: the foundation of the business

Cybernetics is a new academic field that fused/combined cross-disciplinary fields. The core disciplines of Cybernetics are academic field related to human, robots and information systems; however, it also embraces various fields such as neuroscience, AI, Robotics, system engineering, information technology, physiology, psychology, behavioral science, philosophy, ethics, law, business administration and etc.

Complex problems that people and the society faces today can no longer be solved from single field of academia. Yoshiyuki Sankai, a professor at the University of Tsukuba in

Japan, and President and CEO of CYBERDYNE, Inc. (the "Company") founded Cybernetics as a new academic field that approaches these issues from multiple direction.

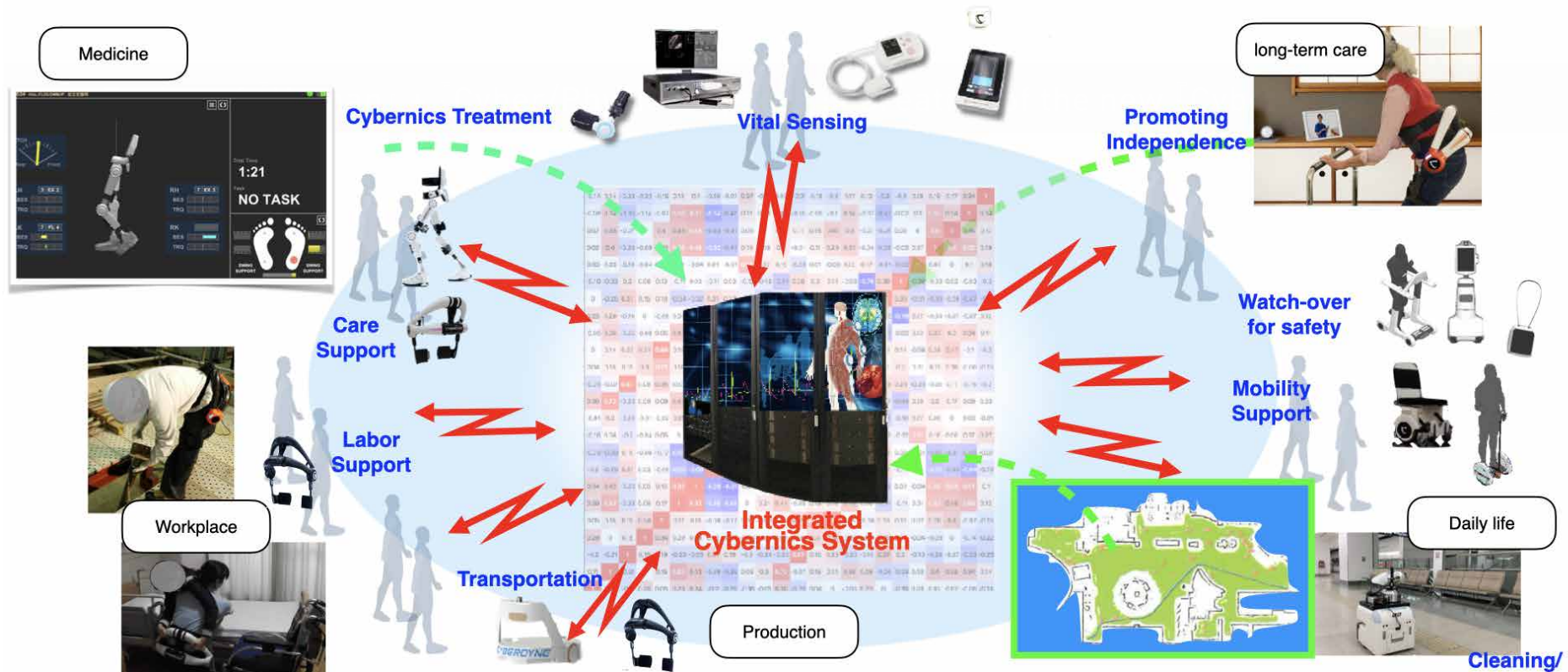
The Group works to realize the fusion of "Human" + "Cyber/Physical space" through the use of innovative Cybernetics Technology. The name of CYBERDYNE originates from the utilization of innovative "Cybernetics" technologies and the "dyne" which is a Greek word for power. The name therefore means "power generated by Cybernetics".



2. Cybernics Industry: the new industry

The Group's business is to implement "Cyberbnics Technologies" powered by loH/ IoT (Internet of Humans/Internet of Things), Robot and AI, to create a Cybernic Industry that will connect medicine, nursing-care, production, work place and daily life in order to solve various problems that is becoming apparent in the society today.

The Group's business has a unique advantage in its ability to access and integrate information within the human body (e.g. brain-nerve and vital systems) in addition to information outside the human body (behavior, life and environmental information), connecting and integrating it to supercomputer. The Group aims to realize a system where Big Data of the aforementioned information are accumulated, analyzed and processed with AI.

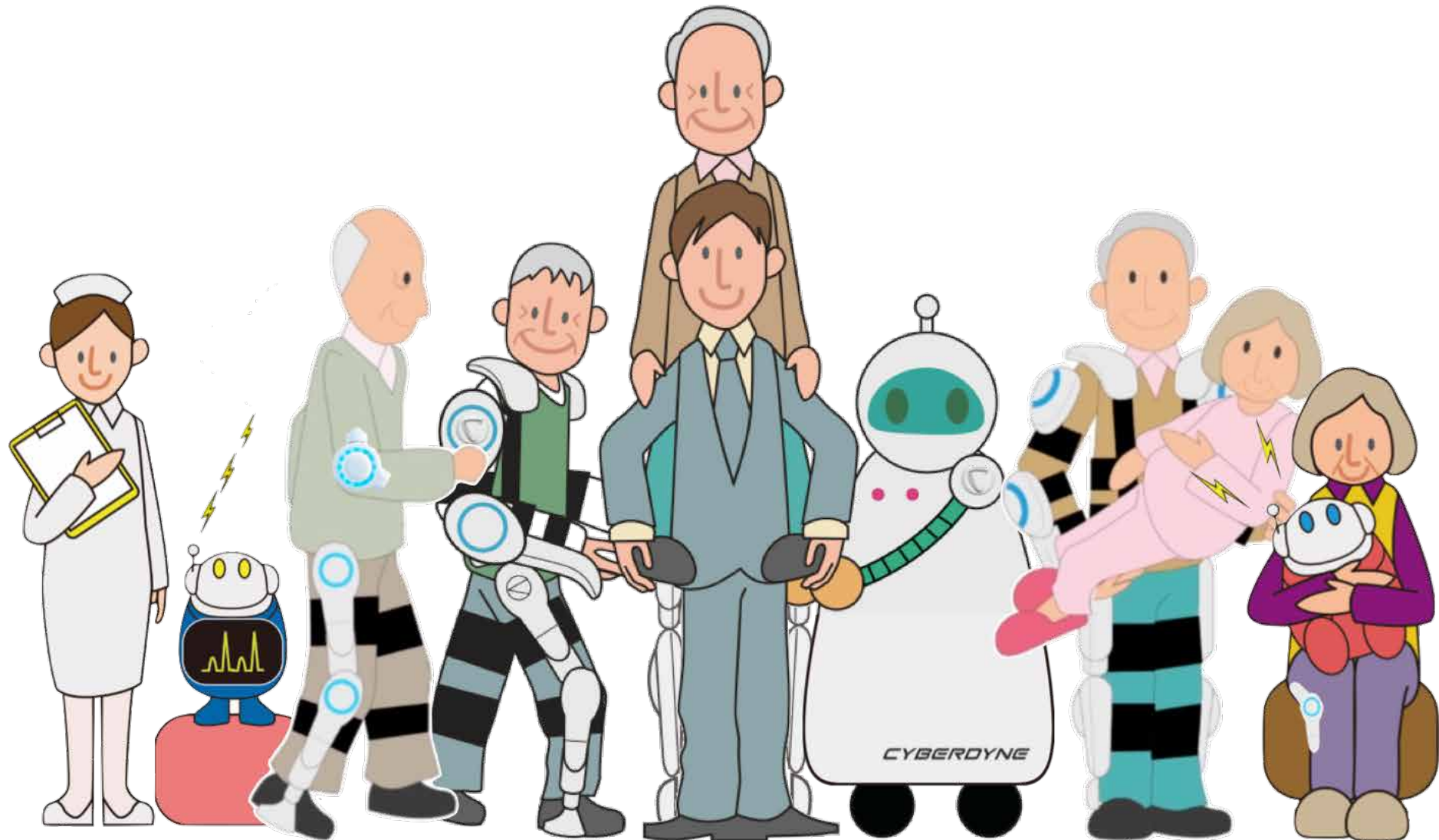


Accumulate loH/IoT data from Cybernics Technology to construct an Integrated Cybernics System

3. Techno-peer Support: the future

Unlike most species, human came to possess technologies and chose the path of survival through altering its environment with technology and genius ideas instead of the path of evolution. Therefore, the future of human kind will always be with technology and the future will be shaped by sort of technologies that will be invented in the years to come.

The Group promotes fusion of "Human" + "Cyber/Physical Space" through utilization of Cybernics Technology to realize a future society of "Techno-peer Support" where technology becomes one of the important partners upon solving various problems in the society which can only be solved through cooperation with peers.



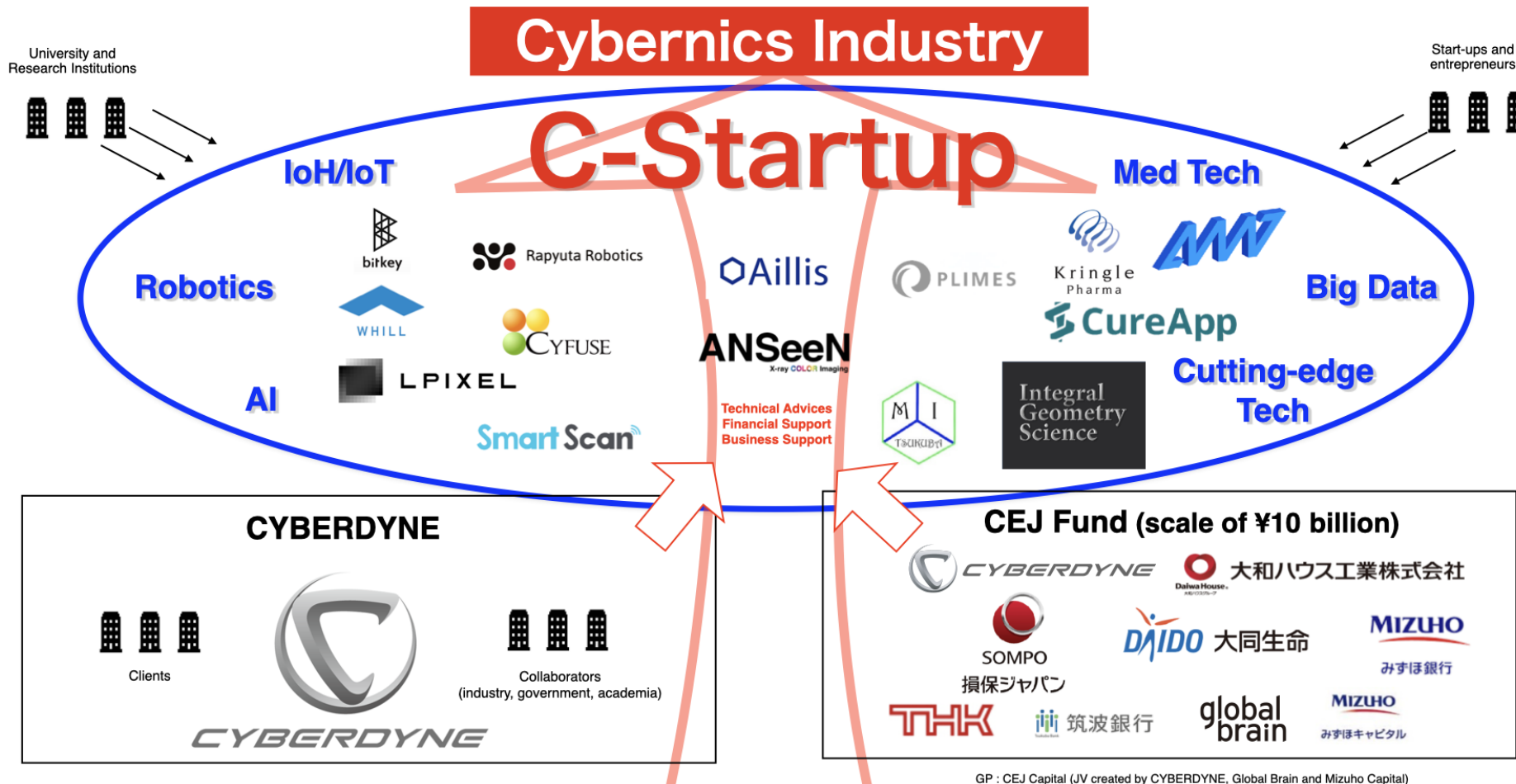
II. Initiatives to pioneer the future

1.C-Startup: ecosystem for creating the new industry

“C-startup” is an innovation ecosystem to drive the creation of Cybernics Industry. C-Startup gathers startups and entrepreneurs who aims to solve social problems and create new industry.

Towards such individuals or companies with technologies or services with potentials to solve problems, the scheme provides technical advices, business support and financial support through the Company and CEJ Fund* (a 10 billion yen fund operated by CYBERDYNE subsidiary CEJ Capital) to accelerate the creation of Cybernics Industry.

*short for Cybernics Excellence Japan Fund 1 Investment Limited Partnership



2.CYBERNICS EXPO 2019

On December 16, 2019, the Group hosted "CYBERNICS EXPO 2019" at the Tokyo International Forum as an event to declare the beginning of "Cybernetics Industry". The day begun with keynote speech of CEO Yoshiyuki Sankai, followed by showcase of latest Cybernetics Technologies, dialogue with next generation leaders of creation of new industry as well as leaders

in each fields, a pitch event to highlight the next startups, and display of products and services produced by companies composing the new industry. The event was participated by many, such as business men, startups, entrepreneurs, members of the government, academics and media. Ending with a success that prodly declared the beggining of the new Cybernetics Industry.



Keynote Speech "beginning of Cybernetics Industry"



Showcase of latest Cybernetics Technologies



Special session
[Consortium of cutting-edge medicine in the 21st century]
x
[Cybernetics Industry]



Guest section
"Leaders that drives the creation of the new industry"



Dialogue with Professor Seiichiro Yonekura
"This is how you create future"



Display in the hall



Presentation ceremony of C-Startup pitch
Grand prize: AMI Kabushiki Kaisha
Prize: ANSeeN Inc



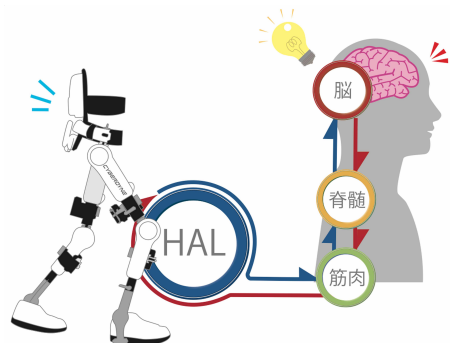
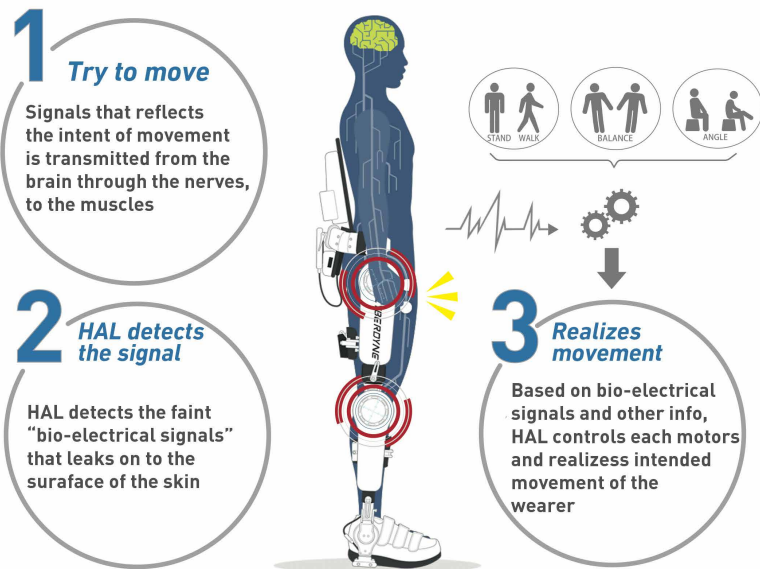
Display outside the hall

3. HAL: innovation that connects brain-nerve systems and robots

One of the most well known result of Cybernics research is the world's first Wearable Cyborg HAL. HAL fuses and integrates the function of human, robot and information and improves, supports, expands and regenerates the function of the wearer.

HAL can realize movement according to the wearer's intent, based on "bio-electrical signal" generated when a person tries to move. While HAL is gathering attention as an unique technology that could induce improvement of the brain-nerve-musculoskeletal functions, the use is also promoted for other purpose as well. The Group is involved in the entire process from development and social implementation of HAL.

Motion Principle of HAL



Why does HAL induce improvement?

Unlike conventional rehabilitation, even for patient who are unable to move on their own, intervention of HAL establishes loop of functional improvement and regeneration that is synchronized with the wearer's intended motion, without excess burden on the muscles. The cycle effectively changes the function of the brain-nerve and muscular function



Cybernics treatment with HAL "Lower Limb Type" (Germany)



Cybernics treatment with HAL "Single Joint Type" (Japan)



Cybernics treatment with HAL "Lumbar Type" (Malaysia)

Research on HAL

Use of HAL in the medical fields related to brain-nerves and musculoskeletal system are being explored by medical professionals. Furthermore, use in combination with pharmaceuticals and regenerative medicine is also being researched by institutions around the world. Below lists some examples of such researches.

Spinal Cord Injury

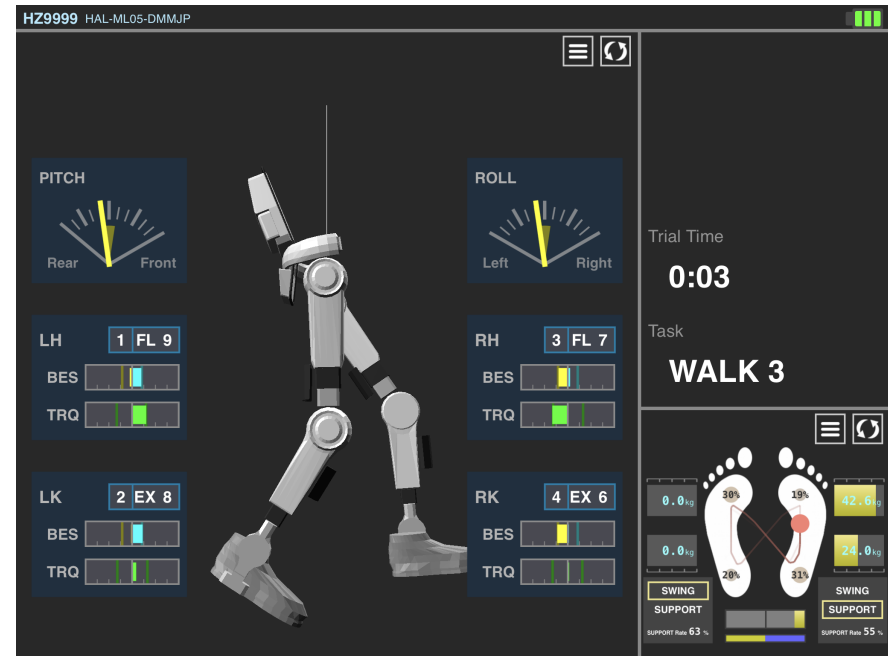
1. "Gait ability required to achieve therapeutic effect in gait and balance function with the voluntary driven exoskeleton in patients with chronic spinal cord injury: a clinical study" Nature (2019)
2. "Functional Outcome of Neurologic—Controlled HAL—Exoskeletal Neurorehabilitation in Chronic Spinal Cord Injury: A Pilot With One Year Treatment and Variable Treatment Frequency" Global Spine Journal (2017)
3. "Against the odds: what to expect in rehabilitation of chronic spinal cord with a neurologically controlled Hybrid Assistive Limb Exoskeleton. A subgroup analysis of 55 patients according to age and lesion level" Neurosurgical Focus (2017)

Stroke

1. "Effects of Gait Treatment With a Single-Leg Hybrid Assistive Limb System After Acute Stroke: A Non-randomized Clinical Trial" Frontiers in Neuroscience (2020)
2. "Microstructural white matter changes following gait training with Hybrid Assistive Limb initiated within 1 week of stroke onset" Journal of Neurological Sciences (2020)
3. "Effectiveness of a Walking Program Involving the Hybrid Assistive Limb Robotic Exoskeleton Suit for Improving Walking Ability in Stroke Patients: Protocol for a Randomized Controlled Trial" JMIR Publications (2019)
4. "Gait training with Hybrid Assistive Limb enhances the gait functions in subacute stroke patients: A pilot study" Neuro Rehabilitation (2017)

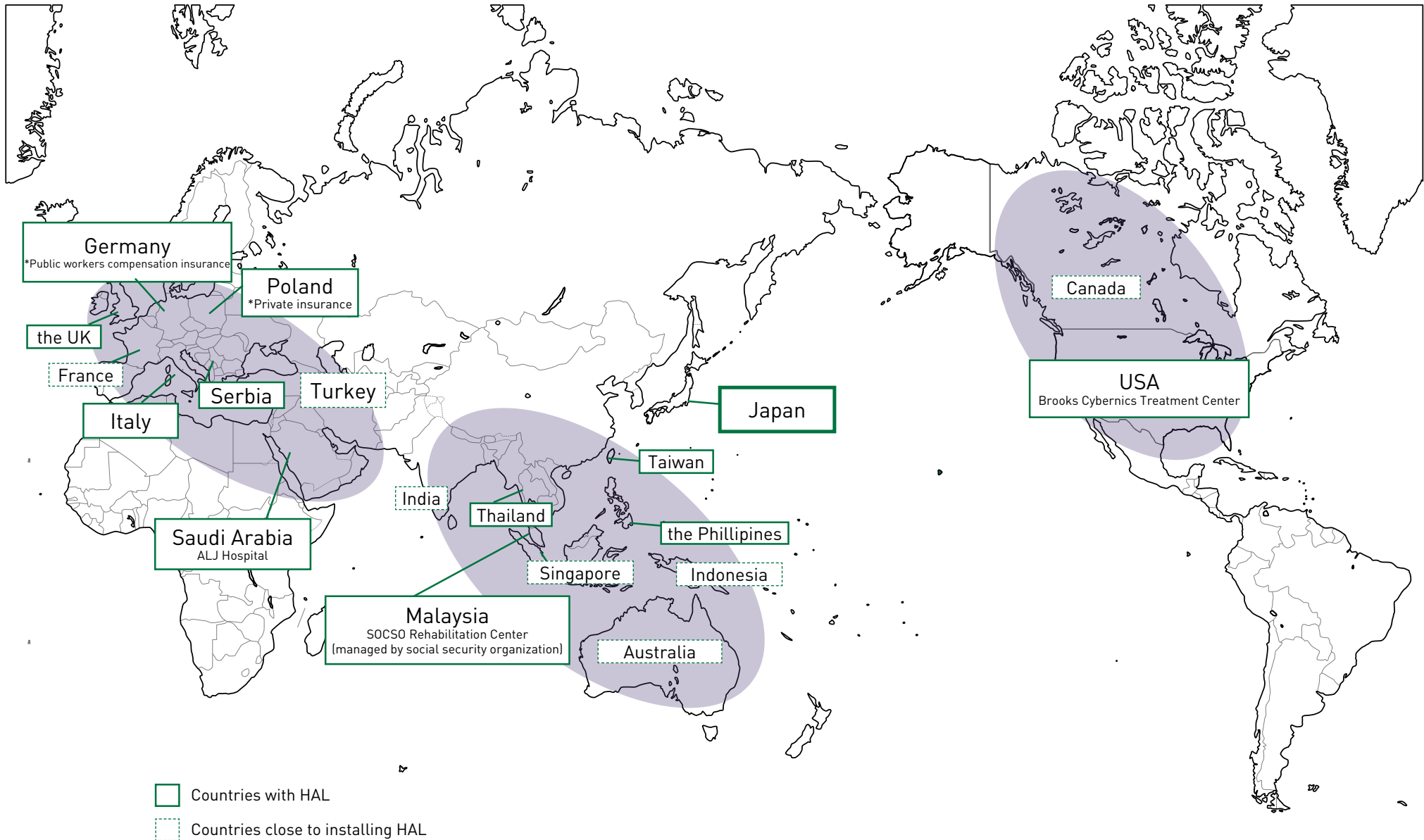
Other research

1. "Biofeedback Core Exercise Using Hybrid Assistive Limb for Physical Frailty Patients With or Without Parkinson's Disease" Frontiers in Neurology (2020)
2. "Safety and immediate effect of gait training using a Hybrid Assistive Limb in patients with cerebral palsy" Journal of Physical Therapy Science (2018)
3. "Reshaping of Gait Coordination by Robotic Intervention in Myelopathy Patients After Surgery" Frontiers in Neuroscience (2018)
4. "Gait training using a hybrid assistive limb (HAL) attenuates head drop: A case report" Journal of Clinical Neuroscience (2018)
5. "Biofeedback effect of hybrid assistive limb in stroke rehabilitation: A proof of concept study using functional near infrared spectroscopy" PLOS ONE (2018)



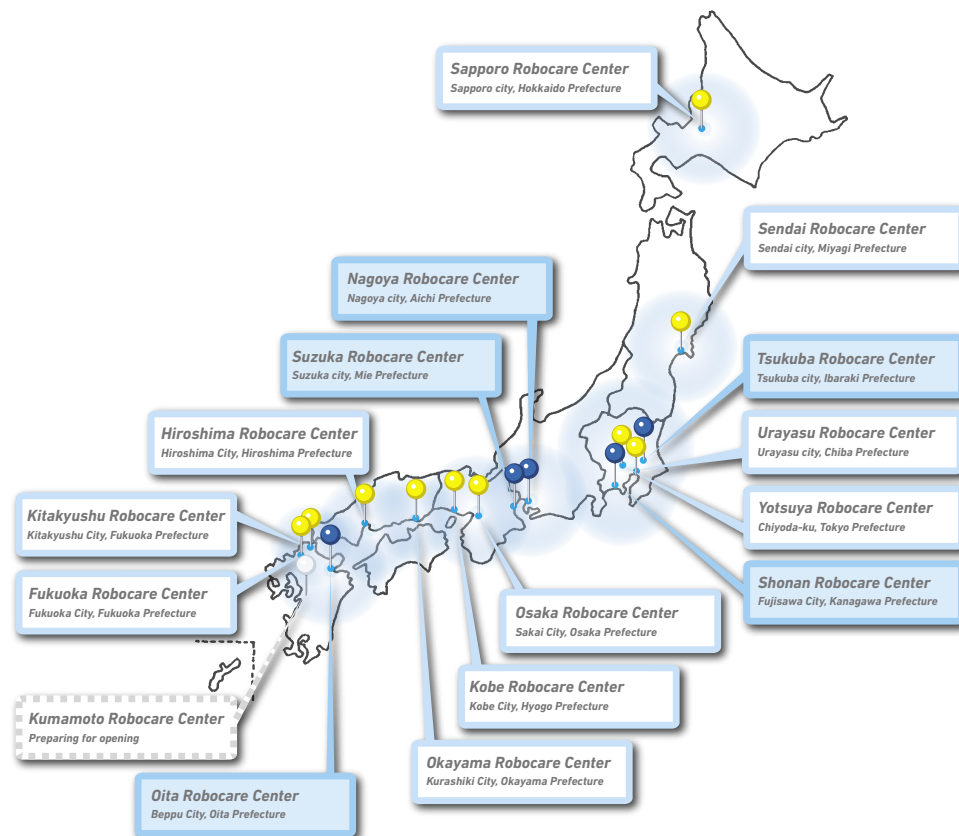
Global expansion of Cybernics Treatment

The Group promotes Cybernics Treatment with HAL as a global standard of treatment to induce improvement of the brain-nerve and musculoskeletal functions



4. Neuro HALFIT: Induce improvement of physical functions

The Group offers "Neuro HALFIT" as a program to induce improvement of brain-nerve and musculoskeletal system. For people who have difficulty standing, sitting, walking or moving their arms on their own due to decline in physical function from aging, diseases or injuries etc. Wearing HAL activates the neural loop of the brain-nerve systems thereby inducing improvement in the brain-nerve-musculoskeletal systems.



The non-medical service is available at 15 Robocare Centers (as of September 2020) around Japan. The centers also started a new service on April 2020 that enables customers to use HAL at their own houses, so that they can work to improve independence from care, and induce improvement of functions. Furthermore some of the centers have started to offer Neuro HAL Plus as a program to enhance the performance of the body.

Neuro HALFIT tailor made program

Targets to induce improvement of physical functions of each visitors, fulfilling every goals



Neuro HALFIT group program

Conducts easy training of the body core, to prevent frailty and locomotiv syndrome.



Neuro HALFIT at home

Enables users to use HAL at home. By using HAL on daily bases and in more concentrated manner, users could expect further improvement of autonomy and quality of life. With the communication and monitoring function, users can share information of their sessions with the trainers when needed.



Neuro HAL Plus

Accurately use the muscles they wish to use and relaxing muscles that does not need to be used, to improve athletes performance in sports



5. Contactless technology: prevent infectious diseases

While the spreading of new coronavirus is causing paradigm shift in the way people and society behave, Cybernics Technologies may become an effective technology to solve problems related to infectious diseases.

The Group develops and implements contactless technologies and services such as, integral vital sensor (medical) that would enable support sites of high

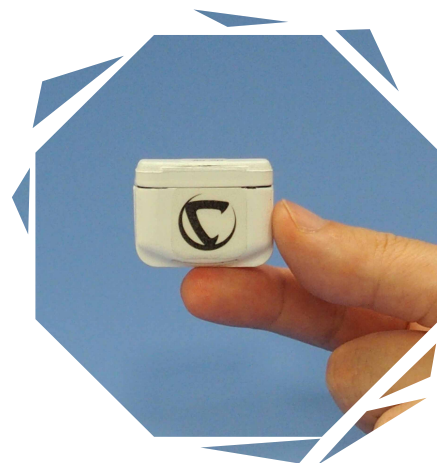
risk of infection from remotely, "Neuro HALFIT at Home" (long-term care) to prevent frailty and locomotic syndrome even during lockdown and disinfection/ cleaning robot (workplace and daily life) in key base for transportation such as train stations and airports.

1

Integral Vital Sensor

The technology will remotely track and monitor vital information, physical conditions and symptoms of an infected person or person who maybe infected without directly contacting the person.

It will be made available for use in hospitals, facilities, houses, in daily life and in evacuation sites. It enables appropriate handling of a variety of infectious disease by managing personal and group data and processing mathematical statistics.



2

Neuro HALFIT at home

While restriction from going outdoor is expected to reduce opportunity to workout and reduce the amount of exercise, the Group prepared "Neuro HALFIT at home" as a service that can be practiced at home, without direct contact with another person.

The service will enable person with reduced mobility from aging or diseases, to not only use HAL in facilities but also at their own houses, and conduct training program that could maintain or induce improvement in their function of the brain-nerves and musculoskeletal system.

3

Disinfection Cleaning Robot

With a robot mounted with one of the most sophisticated AI that enables autonomous navigation, it can be used for contactless and automated disinfection and cleaning. It can suit facilities with high risk of infections such as hospitals, accomodations, airports, stations, shoping malls and city offices.

The robot sprays disinfection agent to chairs, handrails etc., with a sprayer on the top. It will then light UV rays to virus that fell on the floor for futher disinfection and vacuums the remainder that is tangled with dust.



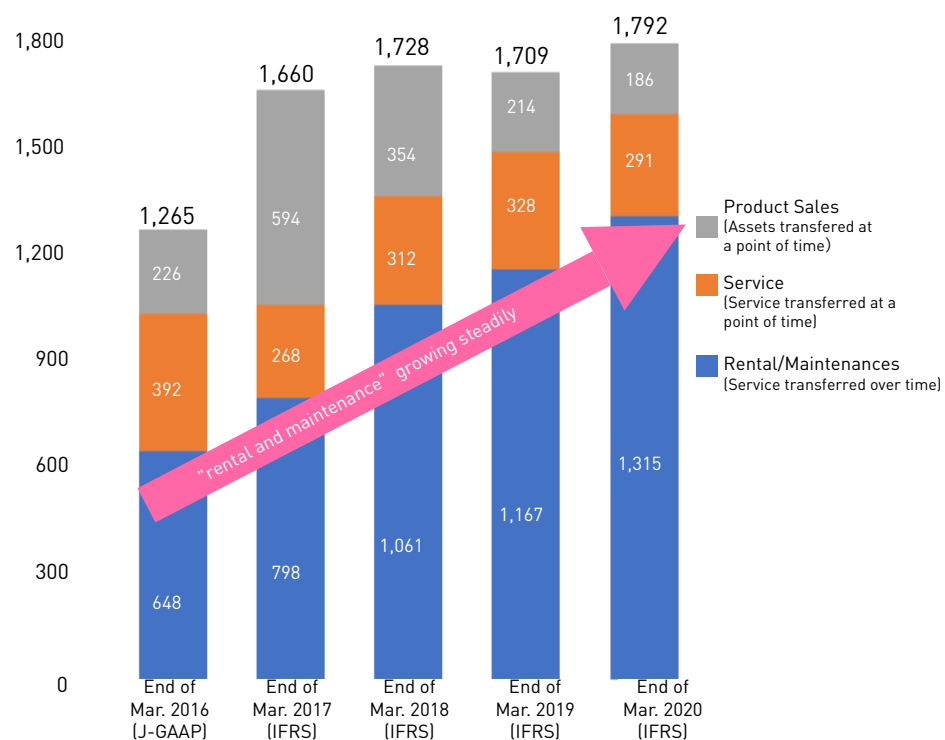
III Activity Report

1. Revenue

For the fiscal year ended March 31, 2020, revenue was posted at ¥1,792 million. The Group's main business of "rental and maintenances" improved steadily. Although the Group forecasts a short-term impact on the revenue due to spreading of the newcorona virus, it is also considered as a new opportunity of business. The Group will make contribution through its Cybernics Technology that will fuses "Human" + "Cyber/ Physical Space".

The graph below shows revenue for the last 5 years.

Revenue

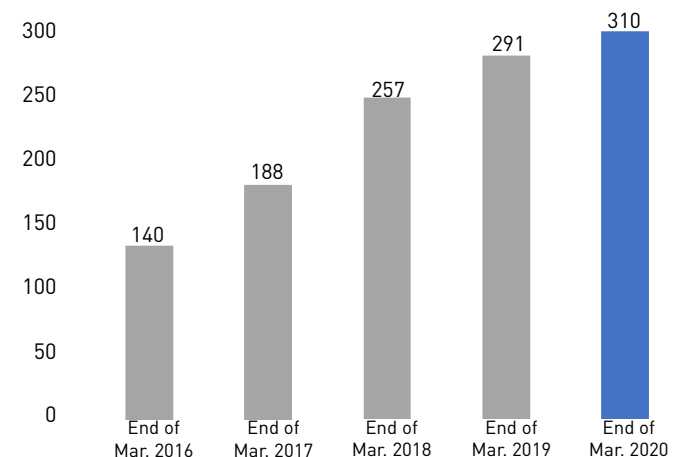


Effective from fiscal year ended March 31, 2017, the Company discloses its figures based on International Accounting Standards (IFRS). For the above chart, "revenue" is used for fiscal years after IFRS came into effect and for fiscal years before that "net sales" is stated based on Japanese-GAAP

2. Operating numbers of HAL

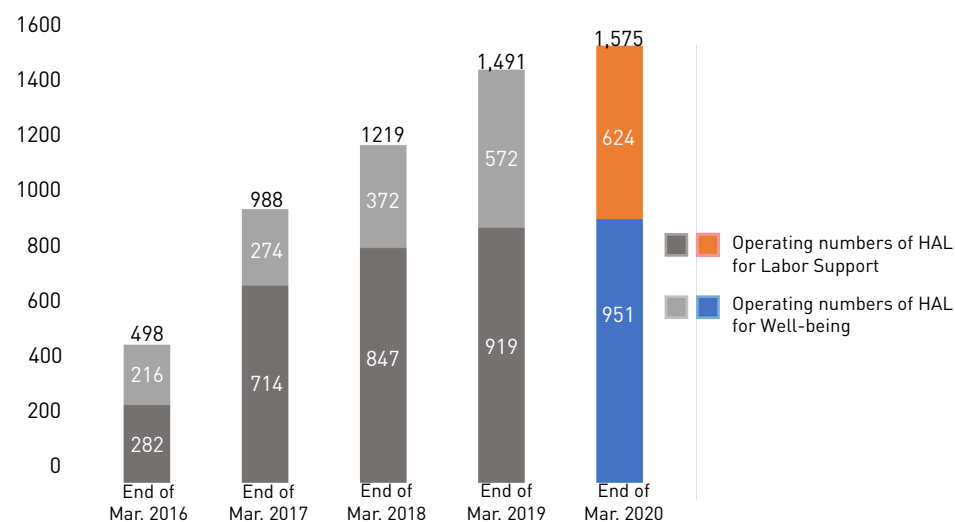
HAL for Medical Use Lower Limb Type

In parallel with clinical trials and clinical research aimed at expanding the scope of diseases covered, the Group worked to obtain insurance coverage and overseas expansion



HAL Lumbar Type

Operating numbers of HAL Lumbar Type for Well-being (used for both caregivers and elderly person receiving care) and HAL Lumbar Type for Labor Support grew steadily.



3. Initiatives towards sustainable business

In September 2015, Sustainable Development Goals (“SDGs”) were adopted in the UN Sustainable Development Summit. SDGs are a collection of 17 global goals and 169 targets that constitute an action plan for humans, the planet and prosperity. SDGs are common goals for all people on earth, including industry, civil society and the government. As a member of the society, the Group will make active contribution to achieve the SDGs that is relevant to its business activities.

Developing technology for peaceful use



Based on the philosophy “Technology for humans and society,” the Group researches, develops and conducts its corporate activity for peaceful purposes. The Group will not consider offering its technologies for military purposes because if the technology is turned into weapons or is used to support a military action, it could lead to damaging people and society. Upon entering a business field other than medical, long-term care, daily lives, work places and production, the Company’s Peace and Ethic Committee will discuss if there is a possibility of its technologies being used for military purposes.

Solving social problems through technology



Based on its corporate philosophy, the Group researches, develops and implements its products to solve problems of people and the society. For example, the Group utilizes the HAL technology in the field of medical and long-term care to induce improvement and regeneration of the physical functions of a patient that has difficulty moving. Furthermore, the Group also works on sensing technology that supports early diagnosis, prevention of diseases and supporting patient with difficulties in verbal communication or physical movement. These products could promote independence of a disabled person and reduce the burden of a caregiver.



New version of HAL that could be used for dual purpose: to support both care givers and care receivers

The Group also recognizes the spreading of new coronavirus to be a new social problem, developing contactless technologies and services to prevent the spreading. Furthermore, while the climate change is said to be the cause of increasing amount of natural disasters, the Group offers its HAL Lumbar Type for Labor Support to various disaster sites since 2018, in order to support quick and successful recovery. The Group have been deploying these system according to news about the damages caused and also following the requests from stakeholders in each sites. The Group is also working to develop a system that would enable it to deploy HAL more quickly and more effectively.

Coordination with partners



The Group works to create “Cybernetics Industry” that will follow the success of the robot industry and IT industry. To accelerate this creation, the Group started “CEJ Fund (CEJ stands for Cybernetic Excellency Japan)” as a framework to shape new industry. The fund provides both business and financial support to startup companies that contributes to the development of people and society. It also promotes collaboration among industry, academia and government in Japan and overseas.



Disaster relief at Hitoyoshi, Kumamoto (July 2020)

Through this endeavor, the Group works to build a foundation to promote the entire process from research and development to social implementation. This way, the Group will quickly implement technologies to contribute to solving social problems related to the aging population, declining birthrate and disabilities, as well as to providing advanced standards of prevention and treatment for diseases and injuries.

The Group also coordinates with its partners on sales of its products in Japan and in other countries.

Creating a pleasant work environment



The Group considers human resources to be the most important for its sustainable growth. In order to develop its human resources, the Group conducts various initiatives. The Group prepares various work arrangements such as irregular working hour system, flextime system and discretionary work system to suit the nature of the work and the different needs of the employees. Furthermore, the Group prepares parental leave and family care leave, which has records of being used by employees of both genders. With regard to training, the Group creates training plans annually to improve individual skills and knowledge. The Group holds a number of internal seminars and also provides support for employees to participate in external seminars related to their jobs. The Group also encourages close coordination with academia, and there are employees that goes through Ph.D. course while working at the Group.

The Group employees a clinical psychologist, who works closely with an industrial physician in order to maintain good mental condition of its employees through interviews conducted on regular basis.

Following the spreading of newcorona virus, the Group works to digitalize all of its operation, aiming to reduce the risk of its employees being infected. The Group promotes use of web meetings for all of its meeting and recommends remote working to all of its employees. As the impact of the virus is expected to continue over a long term, the Group will continue to digitalize and automate all of its business operations, working together to realize a new way to work.

IV. Interview: Cyborg Daddy Yusuke Terada

~HAL, my dream my future: the things I can do for my son, and re-pursuing of my baseball dream~

We invited Yusuke Terada, a user of "Neuro HALFIT" program that induce improvement of physical function, to discuss his challenges in life, how he got to know HAL, and his plan for the future.

(The interview took place on July 7, 2020)



Neuro HALFIT session at Tsukuba Robocare Center (using HAL Lower Limb Type for gait training)

Q: Could you please give us a brief introduction of yourself?

Terada: I was born with cerebral palsy and I cannot walk very well. My father used to play rugby, and my mother was doing Kendo (Japanese martial arts with sword) and dancing. So everyone thought I was going to be a born athlete. But soon after my birth, the doctor said that I was born with cerebral palsy.

I devoted my youthful days to baseball. After I started using wheelchair in my twenties, I worked as a wheel chair comedian, wheelchair host at a mail host club and did some hitchhiking with my wheelchair. Now my main earnings comes from my YouTube channel "Terada Family TV". From May, 2020, I started a project called "Cyborg Daddy Project" and uses HAL at Robocare Centers and at home. Through the project, I am trying to improve my physical function, so that I can get more involved in raising my little boy "Tabi".

Q: What made you start playing baseball?

Terada: My father was a baseball fan, so I was raised with it. I started to play it for fun with my friends when I got in primary school. I loved it, but I didn't feel it was right to join my school baseball team because of my disability. But one of my friend asked me why I was not joining the team.

I told them that I can't run and that I don't want to let everyone down because of my disability. But my friends said, "don't worry Tera-chan. If you can't run, we will run for you. Join the team!". So that was the moment I started playing competitively. In challenger baseball (baseball for disabled players), there is a rule that allows other player to run on behalf of the batter, if the batter cannot run. Obviously my friend and I didn't know that back then, but I think children are genius at coming up with clever ideas so everyone could play together.

Q: What was your best memory when you were playing baseball?

Terada: Thanks to my parents, I was quite athletic. I had the feeling that I was just as good as my team mates. When I went up to 5th grade I also joined a local club, and it took me only three months until I was promoted to the A-team. I thought to myself "Gosh, I'm a genius. And my coach...he is a decent guy to see that through". But later, I had to thank my parents for asking my coach to give me some chances, even though I am disabled. I also had to thank my coach, because he put me in the A team so, even if he can't play me, I still get to see quality baseball and maintain my passion towards the sport. I was always supported by very nice peoples.

So thanks to that, although I was rarely selected as the starting lineup, but I still got to practice just like my team mates and I never really felt left out.

My best memory was my first official match. My parents and my grand parents came over to see me play. At my first turn at bat, I did a good sacrifice bunt. Defensively, I was assigned to play right field, but because of my legs, my defence range was probably just few steps at very best. But, a strong liner came straight towards me and every single people in the stadium thought that I had no chance of catching it. I caught it though. Miraculously the ball came right in to my gloves. I highfived with my team mates who ran towards me for cover. I will never forget that moment.

Narrator: Yusuke Terada

Born in Nagoya, Aichi prefecture.

He Graduated Kwansei Gakuin University, School of Sociology. Mr. Terada is a YouTuber with an unique history of working as a wheel chair comedian, wheel chair host at a male host club and wheel chair hitch hiker. He was born with a disability due to cerebral palsy, With the support from his wife, Mayumi, he manages his YouTube Channel "Terada Family TV". He is the author of "Wheel Chair Host" (Futabasha Publishers Ltd.), which describes his experience of working in a male host club

Link to Terada Family TV

<https://www.youtube.com/channel/UCI4yBwvm17eA6VzkrGi9ljw>



Q: I heard that you lost the passion for baseball at one point. Could you tell us what happened?

Terada: I still loved it in middle school. Sure, I can't really practice running between bases. So instead, I did push ups and back extensions to cover my weakness. I trained hard and it paid off. I was mainly playing as pinch hitter, but I was smashing good hits in official games. At this point, my dream was to be a professional baseballer, so when I got up to highschool, I decided to join the baseball team that was using "hardball" (the ball which is used by professional players and in many of the competitions above highschool level). But that's when my doctor told me to stop. The doctor told me that the speed of the hit ball gets faster with hardballs and it will be difficult for me to dodge if I sense any risks. My coach and manager asked me to be a scorer, but I wasn't able to give up staying on the field as a player. So I left the team after few months with my highschool team. So that's how I lost my place in the "standard baseball". But my love for baseball was still strong at this point, and I

took up challenger baseball in my second grade. Thanks to my ten years of experience in standard baseball, I was one of the best player in my new team. I was motivated to get even better, so for the first time in my life, I decided to take a surgery for my leg. It was a surgery to extend my heel cords and hamstrings. I was hospitalized for few months and I went through ten hours of rehabilitation every day. Although the effect only remained temporary, the surgery restored my gait function quite well and at one point I was walking two to three kilometers quite easily.

When I got in Kwansai Gakuin University, I joined one of the strong teams in Kansai region. I was still good, and I was striking out famous players in challenger baseball. So I was hoping to be selected for the national team. But at the end, they didn't select me for the national team. My training was, at the very least, just as hard as any other players in the competition. So I couldn't really understand why I fell from the selection. However, when I went to see Japan play, I came to see why. When it was Japan's turn to defend, all the players ran to their defensive position. To me, that was a clear indication that, even in challenger baseball, it's a sport for someone who can run. No matter how hard a player like me trains, or how many good batters I can struck out, I was never going to be selected for the higher level just because I can't run. Others supported me this far so I can continue to love baseball to the age of twenty. But I shut my door towards standard baseball, and then I shut my door towards challenger baseball. At that point, I built up hatred towards baseball. After quitting the team, I was left empty. I couldn't get the motivation to do anything and my room became a complete mess.



(Sit and stand training with HAL Lumbar Type)

Q: How did you recover from that?

Terada: My parents thought I should try out something new and strongly recommended me to use a wheel chair. For me, disability was a huge complex, I think part of me was playing baseball to hide that. For example, since "walking" is difficult for me, I easily sweat and even get some mud on me from time to time. But if I have my baseball kit on, no one would see me with strange eyes, because that's natural for baseball players. But if I start using a wheel chair, my disability will be quite obvious. In addition, my parents, being expert on disability after all these years, told me that while wheel chair helps me to move around better, it will start to deteriorate my legs. So it was an ultimate choice between my legs, that I worked so hard to maintain through baseball and surgery versus mobility.

At the end, I chose wheel chair, and it worked wonders for me. I felt like Cinderella on the pumpkin carriage. It opened up a new world for me. Straight after, I decided to fly to the U.K. to study English. After coming back to Japan, I went through great challenges like becoming a wheel chair comedian, wheel chair host and wheel chair hitch hiker.

Q: Mayumi-san is important partner, both in private and work. How did you two meet?

Terada: Before I met my wife Mayumi, I was always trying to push myself to the extreme where a person on a wheel chair will not dare to challenge. Sometime things went beyond my capability or I was doing things that would be considered reckless. I always had the feeling that I needed to do a lot more than others, if I want to be approved despite my disability. And that was especially so in my interaction with the ladies. I have only failed in love, which led me to believing that "in order to be loved, I must achieve it all. Wealth, fame and power must all be mine", just like someone said in a famous manga.

But, Mayumi, who I met when I was twenty seven, during my hitchhiking journey. She said that she will gladly marry me, a guy with no money, no fame and a pair of dodgy legs. After I came to see that a partner that is willing to spend the life together, will accept me as it is, I was relieved from my complex of disability that was nailed deep inside of me.



(Practicing to shift the center of gravity with balance training sheet)

Q: After your son was born, it seemed to me that the taste of your programs on "Terada Family TV" changed drastically.

Terada: Before I got married, I was willing to wear myself out at any moment and I just gave in everything that I had for every opportunity. Because of that mind set, making my legs better was never my priority ever since the surgery in highschool. But the unexpected marriage and my son coming into life changed everything. My well-being was no longer became something that I can disregard on my own responsibility. I can't do typical dad things like, carrying heavy things, starting a fire at a BBQ party or drive a car and that was all fine until now. Because there was always someone who would take good care of me. But as I became a dad, I suddenly felt the need to change myself and thats when I ran into HAL.

Q: What was your first impression of HAL

Terada: The concept of "turning into cyborg just by wearing it" really caught my attention, and I did some research on how it works. As I read, I decided to give it a try just for fun. To be honest, until the moment HAL helped me to stand up, I had doubts. I never imagined starting "Cyborg Daddy Project" and using it everyday. But, when HAL helped me to stand up, various memories came back to me, like the miraculous moment in my first baseball game and the first step after the surgery in highschool. Words can't describe my feeling, but it simply made me happy.

Q: Have your physical functions changed since using HAL?

Terada: Right after my trial at the Robocare Center, the new coronavirus started to spread and I refrained from visiting the Robocare Centers for a while. However, I borrowed a unit of HAL Lumbar Type, so that I can use it for training at home. There are numbers of good outcomes I can think of, but for example, I can now stand up smoothly, without using my arms to give it a push.

The situation of COVID-19 is getting slightly better in Japan, and I am now visiting Nagoya Robocare Center and Tsukuba Robocare Center for Neuro HALFIT programs with trainers. I noticed another change recently. When I was training with HAL Lower Limb Type, I was gripping the handrails of the walkers or treadmills too strongly. That was probably because "walking" was still a huge deal for me at that time, and I was still scared to walk. Because I was gripping strong for hour or so, I used to feel some tension on the back after each sessions. But at the session yesterdays, I was able to take of that strength on the handrails and I didn't feel that much fatigue. My gait function was at its peak in the four months after my leg surgery. But the feeling now is quite close to the feeling I had back then.

There was another interesting change I noticed. Before using HAL, I had to focus on walking, and I wasn't able to do anything else. So when people spoke to me while I walk, I was unable to respond very well. Those people probably must've thought that I am anti-social and grumpy. One of the good thing about wheel chair was enabling me to talk while I move, but HAL enabled me to talk while I walk. Its a new experience for me.



Mr. Terada had the opportunity to meet CEO Sankai during Cyborg Training Camp

Q: Right now, you are doing this so called "Cyborg Training Camp". What exactly is that?

Terada: Its nothing special. I am staying for a week in Tsukuba, so I can train at Tsukuba Robocare Center everyday with HAL and receive personal training. I don't have to complete fixed hour of training everyday. The Robocare staff would check my condition and come up with a training menu. Still, it is the first intensive training in ten years. It was more simple back then because I just had to focus on baseball. But now I also have to do some work and do some things for my children as well. It feels that this opportunity is not only helping me to improve my physical function but also helping me to be a better person. I have been receiving help from others, but after this hard work, I hope I can start giving help to people as well.

Q: There are many people out there, who are interested in HAL, but had no opportunity to use it. As one of the ongoing user of HAL, what would be your message?

Terada: Isn't it exciting? Thats my message. I don't think there are many opportunity to turn into cyborgs, and for me, this is one of the coolest experience. When people talks about "rehabilitation", they image how painful and tough it could be. I been through it and its not a easy experience. In my case, I felt a lot of pain after surgery and I had to endure that pain until my rehabilitation days ended. What I like about HAL is that, its not painful. I'm really grateful that I can feel changes in my physical condition without feeling any pain.

When I was little, I had disabilities in my hands as well. But my parents did a lot of research and invented this training activity by sticking a lot of stickers for me to peel off. I had so much fun peeling them off the walls and thanks to that I can hardly feel any disability in my hands. I suppose "fun" is the important keyword to keep the motivation up high. When using HAL, it feels like the body becomes more and more "cyborg" and Its a kind of experience that you can only get in science fiction. Also, imagine if your friends ask you about the rehab you are working on. You get to say "I am becoming a cyborg".

So I supposed to people who are interested in HAL, I would also say "lets be a cyborg together".

Q: To conclude our interview, could you share what the next episode of "Cyborg Daddy Project" might look like? And perhaps your plans after the project?

Terada: I spoke about I lost my passion for baseball. But thanks to HAL, that passion is coming back to me. Back in primary school, it was my friends who encouraged me to play baseball. But this time, the cyborg is pushing my back. I am now thirty years old and I became a dad. But I am really grateful that I can pursuit my childhood dream once again in my current circumstances. Its only been about a month since I stood up with HAL so its quite natural, but there is not enough strength in my legs to throw a powerful ball yet. I heard that Yotsuya Robocare Center in Tokyo started "Neuro HAL Plus", as a new program to improve abilities of athletes, so I am planning to try that. I want to take the mound again and pitch against professional players. I will show my son, how mighty daddy can be.

I'm not sure what will happen to me after "Cyborg Daddy Project", but it will probably be the last project that I will do on my own for my own sake. After this project, I am thinking of doing something for the next generation, like my son, so I can leave something that young people can inherit. When I was training at Tsukuba Robocare Center, I met a girl with cerebral palsy who also came to train. Her family told me how grateful they are after finally knowing about HAL, and I can't forget their smiling faces. I hope I can become a role model for the younger generation, making sure that disability does not become a reason to stop challenging. I want to show them that there are unlimited possibilities, even for a disabled person like my self. To those who got to know me through this interview, hopefully we can achieve something great together through our next challenges, or at the very least, be your entertainment.



Photo of Mr. Terada and CEO Sankai at CYBERDYNE HQ

"While the article describes effects of medical HAL, it is merely a personal experience of Mr. Terada, and the effect varies from person to person."

V. Other important information

1. The Company's basic approach to corporate governance

In order to increase the corporate value over longterm, the Company works to improve transparency and ensuring compliance, while further enhancing the corporate governance of the Company. The Company regards corporate governance to be a vital to build constructive relationships with its stakeholders. It is important from the standpoint to ensure decisions or actions of the Company complies to laws and market regulations, but also to make sure that the Company's endeavor is not against the needs of the society and that the Company is indeed contributing to the society. The Company also believes that high levels of transparency are essential to make corporate governance function properly. As such, the Company takes a proactive stance on disclosing information to its stakeholders, beyond the level that is obliged by law, etc.

2. Corporate organization

CYBERDYNE Inc. holds a Board of Directors at least once a month to make timely decisions on business matters and to supervise whether the Members of the Board of Directors (the "Directors") appropriately execute their duties. There are seven Directors in the Board of Directors and three out of seven are Outside Director, making the board capable of efficient decision making and business judgments.

The Company also have an Audit and Supervisory Board. There are four Audit and Supervisory Board Members, and all four members are outside Audit and Supervisory Board Member (the "Auditors"). The Auditors proactively voice their opinions at the Board Meeting to reinforce its function to monitor whether the Board functions appropriately. The Auditor also supervises business execution and important decision-making by the Directors from an objective standpoint.

resolution at the Compensation Committee, which is a committee made from at least three members from the Board of Directors or Audit and Supervisory Board, selected by the President and CEO, and the result of the resolution at the committee will be reported to the Board of Directors. To prevent conflicts of interest with University of Tsukuba, the Company will maintain at least the same or more number of Outside Board Members with no affiliations with the University. This enables the Outside Board Member to reject the resolutions in the Board of Directors if there are possibilities of conflicts of interest with the University of Tsukuba. To protect the interest of minority shareholders, the Company has put in place a system for obtaining resolutions at the Board of Directors based on preapprovals from a committee comprising the Outside Directors and Outside Auditors when decisions must be made concerning transactions between the Company and Yoshiyuki Sankai, Sankai Health Foundation or Sankai Science and Technology Promotion Foundation (collectively referred to as the "Foundations"), both of which are represented and managed by Yoshiyuki Sankai. The Company shall take the same measure upon transactions with the trustees, directors or controllers of the Foundations. The Company has also established the Peace and Ethics Committee to prevent its technologies from being turned into something that could harm people, such as weapons. The Peace and Ethics Committee are comprised of all of Outside Directors, all of Outside Auditors and the President and CEO. Before newly offering the product to business field outside the areas of medicine, living support, and labor support, which are defined in the Company Code of Conduct, the Peace and Ethics Committee investigates, deliberates and reaches a decision on if there is any risk of the Company's technologies being turned into something to harm people. The committee then submits its findings to the Board of Directors.

3. System to ensure the appropriateness of business operations and status of its implementation

a. System to ensure the appropriateness of business operations

The Company resolved the following items to establish a system that makes sure that the business operation by the Directors are executed appropriately in compliance to laws, regulations and Articles of Incorporation and system to ensure the appropriateness of other business operations.

- (a) Systems to ensure that the directors and employees perform their duties in accordance with laws, regulations and the Articles of Incorporation

The Company have established compliance-related policies embodying the Company Code of Conduct, to make sure that the directors and employees of the Company and its subsidiaries (collectively referred to as the "Group") complies to laws, regulations, the Articles of Incorporation and other internal policies. A selected Member of the Board of Director shall have cross-organizational control over the Group's compliance initiatives and this Director responsible for the compliance related matter (the "Compliance Director") shall work to structure, improve and maintain such initiatives. The Compliance Director shall disseminate the spirit of compliance to directors and employees of the Group to identify and solve problems.

The Company established the Affiliated Company Management Policy. The Company appoints director or auditor (if necessary) of the subsidiaries and approves important matters of subsidiaries in accordance to the policy. Furthermore, some of the subsidiaries' administrative works are conducted by the Corporate Unit of the Company. These are the initiatives conducted to ensure the appropriateness of the subsidiaries business.

The Company established the Internal Audit Office that works directly under the Company CEO. The Internal Audit Office conducts internal audits of the Group in accordance to the Internal Audit Policy and Affiliated Company Management Policy to ensure the compliance with laws, Articles of Incorporation, and other internal regulations and to ensure appropriate risk management systems are implemented. The Internal Audit Office shall report the results of the internal audits to the Company CEO, the Audit and Supervisory Board and the Board of Directors.

The Company established the Hot-line System Policy and operates appropriate measures that enables employees to provide information about legally suspicious behaviors directly to appropriate person. The Hot-line System Policy defines oral communication, e-mail, chat and

opinion box, etc. as a method of providing information about legally suspicious behaviors.

- (b) System to store and manage information related to the execution of duties by the Directors

The Company established the Document Management Policy, which defines appropriate method to store and manage information related to execution of duties. In accordance to law and the aforementioned policy, information related to execution of duties shall be recorded and stored in paper or electronic format.

The information shall always be available for browsing by the Directors and the Auditors.

- (c) Policies, procedures and other systems to manage the risk of losses

In order to strengthen the risk management structure of the Group, the Compliance Director have determined the operating unit responsible for each risk category. Each operating unit establishes risk scopes, risk profiles, self evaluation policies and guidelines for the responsible risk category. The Director in charge of finance shall monitor risks across the organization and address company wide risks.

The Company CEO shall quickly appoint a Director or a head of operating unit when a new risk is identified. The appointed member will be responsible to address the newly identified risk.

- (d) System to ensure the efficient execution of duties by the Directors

To ensure efficient execution of duties by the Directors, the Board of Directors is scheduled once every month. The Company also conducts extraordinary meetings when necessary.

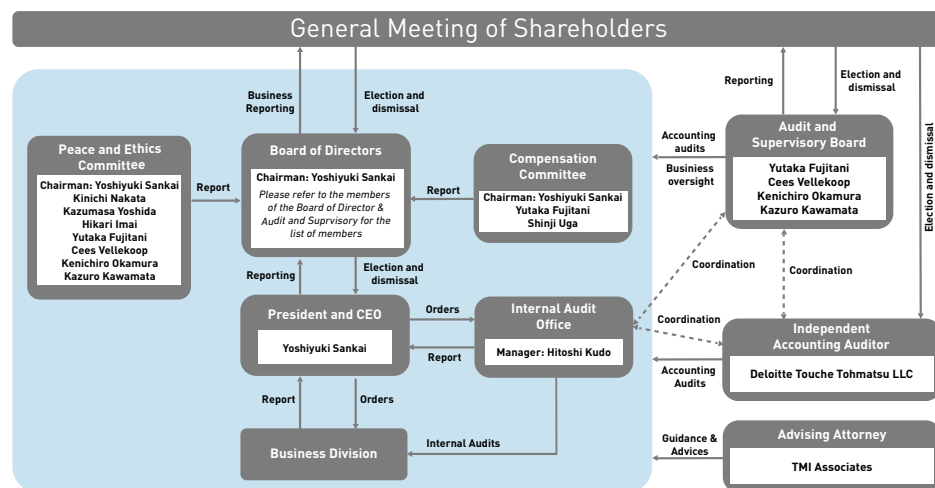
Status of matters resolved by the Board of Directors is reported by either the responsible Director or responsible head of operating unit on a regular basis and the status of execution is audited by the Audit and Supervisory Board.

The Company establishes medium-term business policy and updates if there is any changes in the business environment. Status of The status of the Company's operation in line with this policy is reported to the Board of Directors whenever necessary.

The Company established the Affiliated Company Management Policy with the aim of efficient execution of the duties by the directors of the subsidiaries. Subsidiaries are managed under the supervision of a related units of the Company.

- (e) System to ensure reporting on the performance of duties by directors of the subsidiaries

When necessary, the directors of the subsidiaries shall report the status of their duties to the Company's related business units supervising the operation in accordance to the established Affiliated Company Management Policy.



(f) Assistance of the Audit and Supervisory Board

When the Audit and Supervisory Board requests for assistance of their duties, the Board of Directors shall communicate with the Audit and Supervisory Board and assign appropriate employee(s) to serve as assistants or as assistants with a concurrent post.

The assigned assistant(s) shall be put under the chain of command of the Audit and Supervisory Board, and the assistance shall not be subject to orders from a Director. Any performance evaluation and personnel changes concerning the assistant shall require the consent of the Audit and Supervisory Board.

(g) System for directors and employees of the Group to report to an Auditor

Directors and employees of the Group shall report any significant matters that i) are against the law or the Articles of Incorporation and ii) are considered dishonest acts iii) may have a significant impact on the Group, to an Auditor immediately. Furthermore, if directors or employees of the Group are asked to report from the Auditor in accordance to the law, Regulations of Audit and Supervisory Board Meeting or Auditing Standards established by the Audit and Supervisory Board, the relevant director or employee shall report promptly. In order to improve comprehensiveness of the report regarding any significant matters, directors and/or employees of the Group shall work to gather information from the report, Internal Audits, hot-lines and Independent Accounting Auditors in accordance to the items stated below.

If matters that suggests violation of the law or corporate compliance are reported, the Compliance Director shall report the matter to the Board of Directors in accordance to the Hot-line System Policy. The Compliance Director shall report to the full-time Auditor.

The Internal Audit Office of the Company shall report the status of the internal audits to an Auditor. Furthermore, the Compliance Director shall report the status of compliance to the Auditor when necessary.

(h) System to ensure that a person who made a report to an Auditor is not mistreated

The Company shall not mistreat a person because of his/her report to an Auditor.

(i) Matters regarding the processing of auditing fees

If an Auditor requests for an advanced payment or quick reimbursement of expenses caused in a process of their duty, the Company shall pay them promptly unless the expenses are clearly unrelated to the execution of their duty.

(j) Other systems to ensure the effective execution of audits by Auditors

Directors and employees of the Group shall

comply with requests for hearing, visitation and other methods of examination by the Auditor in order to secure the effectiveness of the audits.

The Company shall provide sufficient opportunities to Auditors to exchange opinion with the Directors, Independent Accounting Auditors and any other personnel required to appropriately execute the duty.

The Company shall also provide enough opportunities to Auditors to coordinate with auditor and employees of the subsidiaries to gather necessary information.

b. Status of systems to ensure appropriateness of business operations

The Group established and implemented the aforementioned systems. Notable actions conducted within this fiscal year, which are thought to be important for internal control are stated below.

(a) Compliance System

All members of the Group worked to comply to the laws and regulations with compliance related policies, such as the Company Code of Conduct. Furthermore, all members received explanations on the Hot-line System Policy where necessary, as a method to prevent compliance violation or to detect it at early stages.

(b) Risk Management System

The Compliance Director determined the operating unit responsible for each risk categories. The Compliance Director monitors the status of risk status and responds accordingly. Furthermore, the status of risk management are subject to internal audits and audits conducted by the Auditor.

(c) Efficiency of the duty executed by the Director
The Board of Directors have been meeting once a month and extraordinary Board of Directors was conducted whenever necessary, for the purpose of receiving reports on business execution (including reports from subsidiaries), progress of business for the fiscal year (including subsidiaries), and so on.

4. Status of risk management structure

The Group works to enhance its risk management system by updating its Code of Conduct, the Risk Management Policy, Hot-line Policy and etc. Since sound management practices and a stable earnings foundation through risk control are key priorities for the Company, the Company has an advisory contract with a law firm "TMI Associates" to receive advice and guidance about all legal matters when necessary

5. Purchase of treasury stock

In accordance with Article 165-2 of the Companies Act, the Company's Article of Incorporation state

that purchase of treasury stock can be determined by the Board of Directors with the objective of flexibly returning profits to shareholders

6. Interim dividends

The Company's Articles of Incorporation states that the payment of interim dividend to shareholders listed in the shareholders' register as of the close of September 30 every year or registered pledgees of shares can be determined by the Board of Directors with the objective of flexibly returning profits to shareholders.

7. Outline of limitation of liability contracts

In accordance with Article 427-1 of the Companies Act, the Company's Articles of Incorporation permit the Company to enter into contracts that limit the liability of the Directors (excluding Internal Directors etc) and Auditors for damages defined by Article 423-1 of the Companies Act. The limit is set to the amount stated in law.

8. Outline of exemption from liability

In accordance with Article 426-1 of the Companies Act, the Company's Articles of Incorporation states that the Board of Directors can pass a resolution to exempt the liability of the Directors (including former Directors) and the Auditors to the fullest extent allowable by law for damages defined by Article 423-1 of the Companies Act. The purpose of this exemption is to ensure the abilities of the Directors and the Auditors can be performed at the fullest extent and their expected roles can be fulfilled.

9. Number of Members of the Board of Directors

The Articles of Incorporation state that the Company shall have no more than eight Directors.

10. Election of the Directors

The Company's Articles of Incorporation state that resolutions for election of the Directors can only be resolved with more than one third of the shareholders in possession of voting rights are present at the General Meeting of the Shareholders and majority of the votes are casted to support the election. The Articles of Incorporation also states that cumulative voting is not allowed for resolutions to elect the Directors.

11. Matters subject to resolution by the General Meeting of Shareholders, which can be resolved by the Board of Directors

The Company's Articles of Incorporation states that the Board of Directors may resolve to pay dividends of surplus, as prescribed by Article 454-5 of the Companies Act to shareholders, class shareholders and registered pledgee of shares, who are registered or recorded on the last shareholder registry as of the close of September 30 each year.

12. Requirements for validity of special resolutions at General Meeting of Shareholders and General Meeting of Class Shareholders

The Company's Articles of Incorporation state that special resolutions at the General Meeting of Shareholders defined by Article 309-2 of the Companies Act, will only be valid if one-thirds or more shareholders entitled to exercise their voting rights attends and two-thirds of the voting rights are exercised. The Articles of Incorporation also states that special resolutions at the General Meeting of Class Shareholders defined by Article 324-2 of the Companies Act, will only be valid if one-thirds or more shareholders entitled to exercise their voting rights attends and two-thirds of the voting rights are exercised. These regulations are intended to facilitate the smooth operation of the General Meeting of Shareholders and the General Meeting of Class Shareholders by relaxing the requirements for a quorum on special resolutions put to a vote at the General Meeting of Shareholders and the General Meeting of Class Shareholders.

13. Class B Shares

The Company's Articles of Incorporation state that 10 Class B Shares constitute one share unit and 100 Common Shares constitute one share unit.

This dual class structure is implemented to concentrate voting rights to Yoshiyuki Sankai and the Foundations in order to ensure that the Company's technologies are used for peaceful purposes only, and to prevent it being turned into something that could harm people or to create weapons.

The Group's vision for the future is to create a Cybernics Industry—a new industrial field that will support people by solving issues directly caused by aging and declining birth rate. To realize this vision, the Company must coordinate business management with research and development in Cybernics Technologies. Yoshiyuki Sankai is the creator of Cybernics Technologies, and continues to be a central figure in Cybernics research. He is also a business leader who seeks to make this innovative technology widely available for the benefit of society. To increase corporate value, which will also benefit the shareholders, Yoshiyuki Sankai must remain to have a stable control over the management of the Company for the time being. This scheme was designed to ensure this.

In order to preserve the continuity of this Scheme, Yoshiyuki Sankai plans to transfer part of the Class B Shares held to the Foundations at no cost. Furthermore, the Foundations plans to hold the Class B Shares for the foreseeable future.

As holders of Class B Shares, the Foundations have created the following guidelines concerning the exercise of voting rights with the objective of ensuring that the Group's advanced technologies are used for peaceful purposes only and preventing

damage to the corporate value of the Company. As the owner of the Class B Shares the Foundations shall vote against resolutions that contain language defined in a and b below at the General Meeting of Shareholders and the General Meeting of Class Shareholders.

The Foundation is required to obtain the approval from its board meetings and disclose the changes through predetermined format in case of changing the guideline. In the General Meeting of Shareholders and General Meeting of Class Shareholders, the Foundation will vote against cases stated below.

- a) A resolutions to dismiss or appoint directors that may lead to the misuse of the Group's innovative technology and to damaging the Group's corporate value
- b) All other resolutions that with risk of turning the Group's technologies to harm people or damaging the Group's corporate value

1. List of Board Members Board of Directors

Yoshiyuki Sankai	President and CEO	Ph.D. in Engineering
Born June 24, 1958 (Male)		

Description of the positions, personal history, assignments and other important position held outside the Company

2003/7 Professor of Functional Engineering, University of Tsukuba	2010/3 Core Researcher of Funding Program for World-Leading Innovative R&D on Science and Technology Program (FIRST) hosted by the Cabinet Office of Japan
2004/4 Professor of Information & Systems, University of Tsukuba (present)	2014/6 Program manager of the Impulsing Paradigm Changes through Disruptive Technology Program (ImPACT) hosted by the Cabinet Office of Japan
2004/6 Director at incorporation of CYBERDYNE	2017/10 Executive Research Director of the Center for Cybernetics Research, University of Tsukuba (present)
2006/2 President and CEO of CYBERDYNE (present)	
2009/9 Director of the Center for Cybernetic Research, University of Tsukuba	

Years in service as Director 16 years	Special interest in CYBERDYNE none	Number of company shares owned Common 3,042,000 Shares Class B 77,696,000 Shares
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Shinji Uga	Director	Certified Public Accountant MBA
Born February 15, 1970 (Male)		

Description of the positions, personal history, assignments and other important position held outside the Company

1994/4 Joined Tomen Corporation (Now known as Toyoda Tsusho)	2013/4 Audit and Supervisory Board Member of Suzuka Robocare Center (present)
2001/10 Joined Chuo Aoyama Audit Corporation (Now known as PricewaterhouseCoopers)	2013/7 Audit and Supervisory Board Member of Shonan Robocare Center (present)
2005/10 Assigned to PricewaterhouseCoopers Shanghai office	2013/7 Cyberdyne Care Robotics GmbH Managing Director (present)
2007/6 Joined Ridgeway Capital Partners Ltd.	2013/7 Audit and Supervisory Board Member of Oita Robocare Center (present)
2008/9 Joined CYBERDYNE as and head of Financial Affairs and Accounting Unit of CYBERDYNE	2014/1 Head of Corporate Unit of CYBERDYNE (present)
2009/2 Director of CYBERDYNE (present)	

Years in service as Director 11 years	Special interest in CYBERDYNE none	Number of company shares owned Common 60,000 Shares
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Yoshihiro Yasunaga	Director	Certified Public Accountant (U.S.) Masters in academics
Born November 14, 1974 (Male)		

Description of the positions, personal history, assignments and other important position held outside the Company

1997/4 Joined Takefuji Corporation	2013/4 Representative Director of Suzuka Robocare Center Co., Ltd. (present)
2002/7 Joined Tyco Healthcare Japan Inc	2013/9 Representative Director of Oita Robocare Center Co., Ltd. (present)
2006/10 Joined ON Semiconductor Japan Ltd.	2017/11 Outside Director of SUMS, Inc. (present)
2008/4 Joined CYBERDYNE's Business Management Team	2018/4 Representative Director of Shonan Robocare Center Co., Ltd. (present)
2013/1 Head of the Sales Department (present)	2019/2 Outside Director of Okayama Robocare Center Co., Ltd. (present)
	2019/6 Director of CYBERDYNE (present)

Years in service as Director 1 year	Special interest in CYBERDYNE none	Number of company shares owned Common 8,000 Shares
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Hiroaki Kawamoto **Director**
 Born August 25, 1974 (Male) **Ph.D. in Engineering**

Description of the positions, personal history, assignments and other important position held outside the Company

2004/6	Representative director at incorporation of CYBERDYNE	2006/2	Director of CYBERDYNE (present)
2005/8	Researcher at Japan Association for the Advancement of Medical Equipment	2015/4	Associate Professor of Information & Systems, University of Tsukuba (present)
2005/5	Representative Director of CYBERDYNE		

Years in service as Director 16 years	Special interest in CYBERDYNE none	Number of company shares owned Common 14,000 Shares
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Kinichi Nakata **Outside Director**
 Born May 12, 1962 (Male) **Ph.M.D. in Medicine**
Independent Officer

Description of the positions, personal history, assignments and other important position held outside the Company

1989/7	Worked for Nihon University School of Medicine	2003/10	Lecturer at Nihon University School of Medicine (present)
1996/10	Councillor at Japanese Society for Artificial Organs	2008/3	Councillor at Japanese Association for Coronary Artery Surgery (present)
1996/11	Obtained Ph.M.D. in Medicine		
2003/3	Technical Committee on Industrial Promotion of Medical Electromagnetic Drive Systems	2008/6	Outside Director of CYBERDYNE (present)

Years in service as Director 12 years	Special interest in CYBERDYNE none	Number of company shares owned -
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Kazumasa Yoshida **Outside Director**
 Born August 20, 1958 (Male) **Independent Officer**

Description of the positions, personal history, assignments and other important position held outside the Company

1984/10	Joined Intel Corporation	2014/6	Outside Director of TDK Corporation (present)
2003/6	President and CEO of Intel Kabushiki Kaisha	2015/6	Outside Director of Mamezou Holdings Co., Ltd. (present)
2012/6	Outside Director of Onkyo Corporation (present)	2016/7	Outside Director of FreeBit Co., Ltd. (present)
2013/6	Outside Director of CYBERDYNE (present)	2017/12	Outside Director of Mynavi Corporation (present)

Years in service as Director 7 years	Special interest in CYBERDYNE none	Number of company shares owned Common 60,000 Shares
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Hikari Imai **Outside Director**
 Born July 23, 1949 (Male) **MBA**
Independent Officer

Description of the positions, personal history, assignments and other important position held outside the Company

1974/10	Joined Yamaichi Securities Co., Ltd.	2012/4	Outside Director of Olympus Corporation
1983/1	Joined Morgan Stanley Co., Ltd.	2015/6	Outside Director of CYBERDYNE (present)
1993/4	Joined Merrill Lynch Securities Company	2016/6	Outside Director of PACIFIC METAL CO., LTD. (present)
1999/1	Vice Chairman of Merrill Lynch Japan Securities Company, Limited	2016/12	Director and Chairman of 3DOM Inc. (present)
2007/11	Director, Vice President of RECOF Corporation	2019/1	Director of GPSS Holding Inc. (present)
2008/4	President and CEO of RECOF Corporation	2019/1	Chairman of the Keiaikai Medical Foundation (present)
		2019/11	Outside Director of SHIMACHU Co., Ltd. (present)

Years in service as Director 5 years	Special interest in CYBERDYNE none	Number of company shares owned -
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Audit and Supervisory Board Members

Yutaka Fujitani **Outside Audit and Supervisory Board Member (Full-time)**
 Born April 1, 1953 (Male) **Independent Officer**

Description of the positions, personal history, assignments and other important position held outside the Company

1975/4	Joined The Mitsubishi Bank, Ltd. (Now known as The Bank of Tokyo Mitsubishi UFJ, Ltd.)	2005/1	Joined KPMG AZSA LLC.
		2011/6	Outside Audit and Supervisory Board Member of CYBERDYNE (present)

Years in service as Audit and Supervisory Board Member 9 years	Special interest in CYBERDYNE none	Number of company shares owned -
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Cees Vellekoop **Outside Audit and Supervisory Board Member**
 Born May 4, 1956 (Male)

Description of the positions, personal history, assignments and other important position held outside the Company

1981/5	Registered as attorney-at-law at Court of Rotterdam District of Amsterdam District	2003/5	Joined Allen & Overy Gaikokuho Kyodo Jigyō Horitsu Jimusho
1992/5	Admitted in Japan as attorney for foreign law	2005/10	Admitted in England and Wales as attorney-at-law
		2007/6	Audit and Supervisory Board Member of CYBERDYNE (present)

Years in service as Audit and Supervisory Board Member 13 years	Special interest in CYBERDYNE none	Number of company shares owned -
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Kenichiro Okamura **Outside Audit and Supervisory Board Member**
 Born August 18, 1971 (Male) **Certified Public Accountant**

Description of the positions, personal history, assignments and other important position held outside the Company

1994/4	Joined Chuo Audit Corporation	2011/6	Outside Audit and Supervisory Board Member of CYBERDYNE (Present)
2007/2	Representative Director of Kabushiki Kaisha BizNext (Now known as Kaede Accounting Advisory Inc.) (present)	2015/6	Outside Audit and Supervisory Board Member of SG Holdings Co., Ltd. (present)
		2016/6	Outside Director of Kanematsu Sustech Corporation (Audit Committee)
2009/9	Representative Director of Tokyo-IAS Inc. (Present)	2016/6	Audit and Supervisory Board Member of United Urban Investment Corporation (present)
2011/6	Senior Partner of Akasaka Sogo Accounting Firm Co., Ltd. (Now known as Kaede Tax Corporation) (present)		

Years in service as Audit and Supervisory Board Member 9 years	Special interest in CYBERDYNE none	Number of company shares owned -
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Kazuro Kawamata **Outside Audit and Supervisory Board Member**
 Born April 11, 1953 (Male)

Description of the positions, personal history, assignments and other important position held outside the Company

1976/3	Joined Kanto Bank, Ltd. (now known as the Tsukuba Bank, Limited)	2010/3	Director and Manager of the Human Resources Department of the Tsukuba Bank, Limited
2008/4	Senior Vice President and General Manager of Audit Department of The Kanto Tsukuba Bank, Limited (now known as the Tsukuba Bank, Limited)	2012/6	Managing Director and Manager of the Human Resources Department of the Tsukuba Bank, Limited
		2013/6	President and CEO of Tsukuba Business Services Limited
2009/6	Audit and Supervisory Board Member of the Kanto Tsukuba Bank, Limited (now known as the Tsukuba Bank, Limited)	2019/6	Audit and Supervisory Board Member of CYBERDYNE (present)

Years in service as Audit and Supervisory Board Member 1 year	Special interest in CYBERDYNE none	Number of company shares owned -
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Notes to the List of Board Members

1. Director Kinichi Nakata, Kazumasa Yoshida and Hikari Imai are Outside Directors
2. Auditor Yutaka Fujitani, Cees Vellekoop, Kenichiro Okamura and Kazuro Kawamata are Outside Auditors
3. Director Kinichi Nakata, Kazumasa Yoshida, Hikari Imai and Auditor Yutaka Fujitani fulfills the requirement of the Independent Officer defined by the Tokyo Stock Exchange Securities Listing Regulation Article 436-2 as well as the Company's regulation on independence of the outside board member. As such the Company registers the aforementioned members as Independent Officers to Tokyo Stock Exchange.
4. The elected period of the Directors are from the end of the Ordinary General Meeting of Shareholders on June 21, 2019 to the end of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2021.
5. The elected period of Yutaka Fujitani, Cees Vellekoop and Kenichiro Okamura is from the end of the Ordinary General Meeting of the Shareholders on June 23, 2017 to the end of the Ordinary General Meeting of the Shareholder for the Fiscal Year Ending March 31, 2021.
6. The elected period of Kazuro Kawamata is from the end of the Ordinary General Meeting of the Shareholders on June 21, 2019 to the end of the Ordinary general Meeting of the Shareholder for the Fiscal Year Ending March 31, 2023.

2. Status of Outside Board Member

The Company has elected three Outside Directors and four Outside Auditors.

The Company has not set any regulations or policies regarding the independence of its Outside Directors and Outside Auditors. Instead, the Company appoints Outside Directors and Outside Auditors based on their extensive experience as management, as well as their deep insight about research, finance, accounting and legal affairs, for the purpose of building an effective corporate governance system from an external standpoint.

The Company expects its Outside Directors and Outside Auditors to supervise the business execution of internal Directors.

Outside Director Kazumasa Yoshida provides his opinions and proposals regarding management in general in the Board of Directors from the standpoint of the experienced executive in a global company. While Kazumasa Yoshida holds 60,000 shares of the Company as of June 26th, 2020, when the securities report was submitted, the Company does not recognize it to have significant impact on the relationship with Kazumasa Yoshida. Furthermore, there are no human, capital, business affiliation or any other conflicts of interests between the Company and Kazumasa Yoshida. In addition, while Kazumasa Yoshida currently serves

as the outside director of Onkyo Corporation, TDK Corporation, Mamezou Holdings, Co. Ltd., FreeBit Co., Ltd., MyNavi Corporation and previously served as President and CEO of Intel Kabushiki Kaisha and vice president of Intel Corporation, the Company does not have any human, capital, business affiliations or other conflicts of interest with the seven aforementioned companies.

The Company share held by Outside Directors and Outside Auditors are stated in the list of Board Members "Numbers of Shares Held".

3. Relationship Status of Outside Board Member

does not have any human, capital, business affiliations or other conflicts of interest with other Outside Members of the Board of Directors and Outside Audit & Supervisory Board Members.

Outside Audit and Supervisory Board Members supervise the business execution of Inside Members of the Board of Directors and other management. Audit and Supervisory Board Members conduct an audit of the business execution of Members of the Board of Directors and the methods and results of audits performed by the accounting auditor. As it is stated in "4. Status of internal audits and audits by Audit and Supervisory Board Members," Audit and Supervisory Board Members coordinates their audits in terms of scopes, risk profiles, schedules, communication and so on. Audit and Supervisory Board Members report the process and results of their audits at the Meeting of the Board of Directors on a regular basis. This activity is a significant support to the supervision of each Board Member's business execution by the Board of Directors.

[Audit]**1. Status of audit by Auditors**

In accordance to Regulation of Audit and Supervisory Board and Code of Kansayaku Auditing Standards, the Auditors audits business execution of the Group's directors and other business executions.

The Company elected four Outside Auditors with extensive experience on accounting, legal affairs and legal management in general, each with a license of either certified public accountant or attorney-at-law, for the purpose of supervising the business management effectively.

Full-time Outside Auditor Yutaka Fujitana has an extensive experience on business management gained through his service in a financial institute and auditing firm. Outside Auditor Cees Vellekoop has an extensive experience on legal affairs gained through his service as attorney-in-law in Britain and the Netherland (both certificates have been relinquished). Outside Auditor Kenichiro Okamura has an extensive experience on financials and accounting gained through his service as an Certified Public Accountant in both Japan and in the U.S. Outside Auditor Kazuro Kawamata has an extensive experience on business management gained through his service in a financial institution.

2. Status of audit by Internal Audit Office

The Company has an Internal Audit Office that consists of one internal auditor (with a concurrent post) and performs necessary operational audits based on the Internal Audit Policy. Internal Audit Office contributes to the enhancement of the Company's internal control systems. As the internal auditor concurrently belongs in the Corporate sector as a leader of General Affairs and HR team, an internal audit on General Affairs and HR team are conducted by an auditor selected by the president and CEO. Internal Audit Office coordinates with full-time Outside Auditor upon establishment of an annual internal audit plan. Results of internal audits are reported to the President and CEO and Auditors on regular basis. Furthermore, if issues related to internal control are found in the midst of internal audits, Internal Audit Office provides proposals for improvement to the unit in charge of the internal control process. Internal Audit Office exchanging opinions and information with Auditors as well as Independent Accounting Auditors for effective execution of audits.

3. Status of audit by Independent Accounting Auditors**a.Name of the auditing firm**

Deloitte Touche Tohmatsu LLC

b.Continuous audit period

10 years

c.Name of the CPA responsible for the audit

Hajime Seishi
Joji Furukawa

d.Assistants involved in audit work

10 support members made up by three CPAs and seven other professionals

e.The reason of selecting the firm

In selecting an auditing firm, the Company confirmed that Deloitte Touche Tohmatsu LLC is independent and has necessary expertise, sufficient size and overseas network to perform efficient audit operations in accordance with a wide range of the Company's operations. The Company also confirmed that the audit system, audit scope, audit schedule, other audit plans and expenses related to audit that were explained by the audit firm were reasonable and appropriate. Also considering the past record of the auditing and other factors the Company made a comprehensive judgment.

The Audit and Supervisory Board shall dismiss the Independent Accounting Auditor with the consent of all the Auditors, if the auditing firm is deemed to fall under any of the grounds set forth in Article 340-1 of the Companies Act. In such case, an Auditor shall report the dismissal of the Independent Accounting Auditor and the reason for the dismissal at the first General Meeting of Shareholders convened after the dismissal.

In addition to the above cases, the Audit and Supervisory Board shall propose a resolution to dismiss or not re-elect the Independent Accounting Auditor to the Board of Director, who will then propose the resolution to the General Meeting of Shareholders based on the decision made.

f.Evaluation from the Auditor

The Audit and Supervisory Board confirmed that Deloitte Touche Tohmatsu LLC is independent and has necessary expertise, sufficient size and overseas network to perform efficient audit operations in accordance with a wide range of the Company's operations. The Audit and Supervisory Board also confirmed that the audit system, audit scope, audit schedule, other audit plans and expenses related to audit that were explained by the audit firm were reasonable and appropriate. Also considering the past record of the auditing and other factors the Audit and Supervisory Board made a comprehensive judgment.

4. Compensation for Independent Accounting Auditors

a. Compensation for Certified Public Accountants, etc.

Class	Previous fiscal year		Relevant fiscal year	
	Compensation for audit and attestation service (Millions of Yen)	Compensation for non-audit service (Millions of Yen)	Compensation for audit and attestation service (Millions of Yen)	Compensation for non-audit service (Millions of Yen)
The Company	28	—	28	—
Consolidated subsidiary	3	—	3	—
Total	31	—	31	—

b. Compensation for organizations belonging to the same network as certified public accountants, etc. (excluding a.)

Class	Previous fiscal year		Relevant fiscal year	
	Compensation for audit and attestation service (Millions of Yen)	Compensation for non-audit service (Millions of Yen)	Compensation for audit and attestation service (Millions of Yen)	Compensation for non-audit service (Millions of Yen)
The Company	—	—	—	—
Consolidated subsidiary	0	0	0	0
Total	0	0	0	0

Detail of non-audit service

Previous fiscal year (from April 1, 2018 to March 31, 2019)

Non-audit service in consolidated subsidiary were mainly supporting accounting of individual companies

Detail of non-audit service

Relevant fiscal year (from April 1, 2019 to March 31, 2020)

Non-audit service in consolidated subsidiary were mainly supporting accounting of individual companies

c. Contents of remuneration for other important audit and attestation services

Previous fiscal year (from April 1, 2018 to March 31, 2019)

There were no items to report

Relevant fiscal year (from April 1, 2019 to March 31, 2020)

There were no items to report

d. Policy on determination of compensation

Compensation for Independent Accounting Auditors are determined by the Board of Directors, based on consent of the Audit and Supervisory Board Members, considering the size of the Group, its nature of business, days required to conduct audit and other factors.

e. Reason of consent from the Board of Audit and Supervisory Board

Based on the "Practical Guidelines on Cooperation with Accounting Auditors" published by the Japan Institute of Corporate Auditors, the Audit and Supervisory Board confirmed changes in audit time and audit fees in the audit plan, the audit plan for the previous fiscal year and the status of performance, and examined the appropriateness of the estimated amount of remuneration. As a result, the Audit and Supervisory Board has given consent as set forth in Article 399, Paragraph 1 of the Companies Act.

Compensation for Directors and Auditors

1. Policy on determination of amount of compensation and its calculation

The compensation for Directors and Auditors are determined within the limits approved by the General Meeting of Shareholders, based on the discussion by the Compensation Committee. The Committee have discussed the compensation for such members after July 2019, in the committee of June 2019 and the decision was approved at the Board of Directors on July 2019.

The upper limit of remuneration for the Directors was set at ¥100 million per year, in accordance to the resolution at the 2nd General Meeting of Shareholders on May 31, 2006.

The upper limit of remuneration for the Auditors was set at ¥50 million per year, in accordance to the resolution at the 3rd Ordinary General Meeting of Shareholders on June 28, 2007.

The compensation for the Directors and Auditors is fixed remuneration only, and there is no performance-linked compensation.

2. Remuneration for Directors, Auditors by each types and its total number

Type	Total Compensation (Millions of Yen)	Breakdown of compensation (Millions of Yen)				Number of applicable members (people)
		Base salary	Stock options	Bonus	Retirement benefits	
Directors (excluding Outside Directors)	41	41	—	—	—	5
Auditors (excluding Outside Auditors)	—	—	—	—	—	—
Outside Directors and Auditors	19	19	—	—	—	7

3. Total amount of consolidated compensation for each member

Since there were no members who received more than ¥100 million for a consolidated compensation, there were no items to report.

Status of investment in other companies

The Company supports and nurtures startups for the purpose of solving problems in the society and creating a new Cybernics Industry. The Company holds a investment securities of startups (non-listed) with unique technologies. However the purpose of this is not purely for investment, and the Company also enters into business alliance with all of the companies.

Total amount of investments in other companies reported on the balance sheet are stated below.

	Numbers of companies	Total amount reported on the balance sheet (Millions of yen)
Shares of unlisted companies	15	1,670
Shares of companies that are not unlisted	—	—

The companies which the number of shares held by CYBERDYNE increased during the fiscal year ended March 31, 2020

	Numbers of companies	Total amount of acquisition costs pertaining to the increase in the number of shares (Millions of yen)	Reason for the increase in the number of shares
Shares of unlisted companies	6	380	Increase from acquisition of shares
Shares of companies that are not unlisted	—	—	—

The companies which the number of shares held by CYBERDYNE decreased during the fiscal year ended March 31, 2020

	Numbers of companies	Total amount of the sale price pertaining to the decrease in the number of shares (Millions of yen)
Shares of unlisted companies	2	326
Shares of companies that are not unlisted	—	—

Risks associated with business operations

Set out below are some of the major risks associated with the business operations of the Group as well as other potential risks that the Group may face. Listed items include risks that may not apply directly, but have been included in order to disclose information fairly and accurately as they are thought to be important for investors upon making sound investing decisions. While the Group recognizes the possibilities of the listed risks occurring and will take necessary measures either to avoid their occurrence or to react appropriately to reduce damages, investors should carefully consider both the stated risks and other risks unstated, prior to making an investment.

Furthermore, please keep in mind that the items set out below do not cover all of the potential risks. The stated risks are based on assumptions and beliefs derived from information currently available to the Group and they may be altered due to change of circumstances in the future.

1. Risk in business execution

(1) The Group business in a novel business category

The Group's main product is HAL*, the world's first "Wearable Cyborg", developed by Yoshiyuki Sankai, President and CEO. The Group is currently developing business of Medical HAL in Japan, Europe, U.S., Asia Pacifics, and the Middle East. Also in Japan, the Group is developing business of HAL for Well-being Lower Limb Type, Single Joint Type, Lumbar Type and HAL Lumbar Type for Care/Labor Support, etc. The Group's technologies are thought to be applicable to various fields, including medicine, living support, labor support, entertainment and so on. However, since the Group is working in a novel business category, uncertainty is very high, and there is no guarantee that the market will grow steadily. Moreover, if penetration of the Group's products does not progress as planned, or if the Group is unable to achieve profitability, its business performance, financial condition, and future business development may be affected.

(2) Competition

The Group is developing its business in the fields of medicine, care support and living support mainly centered on HAL.

Currently, wearable robots with autonomous control systems are being developed by companies in Japan and elsewhere in the world. However the Cybernics Voluntary Control technology** that utilizes BES originating from the brain is unique to the Group. Due to this difference, the Group can maintain its competitive edge. Intellectual properties related to HAL such as the basic principles of Cybernic Voluntary Control are jointly held by the Group and the University of Tsukuba.

The Group has exclusive rights to use all of the

patent rights that give it a competitive advantage in the wearable robot market. However, various companies are conducting research and commercialization of wearable robots. On the otherhand, the environment surrounding the Group is changing constantly and many more companies, including giant technology companies are entering the competition of commercial robotics. There is a possibility that some of the Group's competitors have or may have substantially greater capital, human and other resources, more efficient cost structures, higher brand recognition and more diversified product lines than the Group. For advanced products such as HAL, while the research, development, verification tests, process to obtain safety standards certification and medical device approval and receiving insurance coverage requires a lot of time and investment, there are no guarantees that the products sells successfully. In such business environment, if another company succeeds in developing newer technologies or more effective products than the Group, the Group will lose its advantage in the competition and the Group's business performance, financial condition, and future business development may be affected.

* Note, HAL is a Cybernic System that fuses and integrates the function of human and robot. It is regarded to be the world's first technology that could improve, support, expand and regenerate the physical function of the wearer. The Group obtained several patents to deploy the technology as an international platform. Some of the basic patents are listed below.

Application number/ Registration number (Date of application)	Name of invention/Inventor Type of invention
2004-068790/4200492 (2004/03/11)	Wearable action assist device Inventor: Yoshiyuki Sankai
2004-040168/4178185 (2004/02/17)	Wearable action assist device, and controlling methods of drive source in wearable action assist device, and its program Inventor: Yoshiyuki Sankai
2004-045354/4178186 (2004/02/20)	Wearable action assist device, and method and program for controlling wearable action-assist device Inventor: Yoshiyuki Sankai
2005-018295/4178187 (2005/01/26)	Wearable action assist device and control program Inventor: Yoshiyuki Sankai

(3) Internal organizational structure

The Company was established on June 24, 2004 and has the following issues which are specific to venture companies.

i)The Group heavily relies on Yoshiyuki Sankai, the founder, President and CEO of CYBERDYNE, in both business management and development of new technology. If he becomes unable to perform his duties in the Group, the Group's business performance and future business development might be affected.

ii)The Group employees a great number of high-level staff members in research and development. However, if a staff members that are crucial to the Group's business resigns, the speed of development might be affected.

iii)In accordance to the expansion of the business, the Group intends to reinforce the manpower and internal management structure. However, if the Company fails to do so smoothly, the Group's business performance and future business development might be affected.

(4) Dependence on a specific product

The majority of the Group's revenue is composed from sales of HAL, and the product continues to be the main source of revenue. As such, if there is delay in approval process, changes of law or healthcare policy and delay of preparing sufficient insurance systems for HAL, the Group's business and profitability might be affected. In addition to these factors, incase of lawsuits or other legal action arising from the use of HAL, the emergence of new technologies or technological innovation that replaces HAL, the introduction of more competitive products in the same category, changes in relevant laws and regulations, changes in the relationship with the University of Tsukuba regarding the grant of exclusive rights to the use of intellectual property related to HAL, and any other factors that could preclude the potential of HAL, the Group's business performance, financial condition, and future business development might be affected.

(5) Approval of medical devices

In order to sell HAL and other Group products as medical devices, the products need to obtain approval from authorities in each country and region after undergoing certain tests and examinations based on local laws and regulations.

The Group has obtained medical device approval and clearances for HAL in EU, Japan, U.S., and etc. However, there is no guarantee that the Group will succeed in obtaining medical device approval and clearances for HAL and other Group products in other country or region. Even if it is approved or cleared, the timing may be different for each countries and regions. Furthermore if laws and regulations in respective countries and regions changes, approval for HAL might be canceled or fails to be renewed. In such cases, the Group's business performance, financial condition and future business development might be affected.

(6) Insurance coverage

In order to spread Cybernics Treatment with the Group's technology, it is very important to receive the coverage from both public and private health insurances so that the hospitals can be reimbursed and a patient can receive

the treatment with minimal financial burden. However, insurance systems is different in each countries and regions, and aspects such as the scope of coverage and payment levels are determined separately by the respective public insurance institutions or private insurance companies in each country and region. These determinations may affect the Group's business performance, financial condition, and future business development.

(7) Alliances and investments to startups

The Group regards its endeavors to make strategic investment and formation of business alliance with startups to be important procedure to accelerate the creation of Cybernics Industry. The Group will continue to drive this endeavor proactively. However, in this endeavor, it is difficult to predict the effect of investment or alliance completely beforehand. Moreover, there is no guarantee that the investment or alliance proceeds smoothly. The Group cannot make guarantees that the effect of strategic investment and business alliance can be obtained within an initially projected time frame. There are also possibilities that the Group might fail to utilize the effects from an investment or alliance appropriately. In addition, the Group may be required to change the evaluation of the share in accordance to the status of the business of startups that the Group invests in. These factors may affect the Group's business performance, financial condition, and future business development.

(8) Business in EU

i)The Group started its business in Germany on August 2013. In Germany, the entire cost of treatment with Medical HAL can be covered by public workers compensation by BG RCI if DGUV recognizes the case to be applicable. However, if BG RCI changes its policy with regards to the coverage, it may affect the Group's business in Germany and also affect financial condition and future business development of the Group.

(9) Business activities in general

The Group conducts business activities in Japan and in other countries. The Group recognizes the following risks in business activities for all countries and regions. With regards to countermeasure towards the new coronavirus, the Group encourages remote work and web meetings to all of its employees. The Group also constantly explains the need of social distance in the office as well as measures to prevent the infection to its employees in suitable occasions.

- Geopolitical risks associated with political and economic situations
- Risks of infectious diseases and natural disasters

- Risk of changes in legal and tax systems

Risks specific to business activities outside of Japan

- Risk of differences in commercial and trade customs
- Risk of large-scale strikes or other disruptions in working conditions
- Risk of difficulties in managing local personnel and business operations due to cultural differences and other factors
- Risk of difficulties in repatriation of funds to Japan
- Risk associated with fluctuations in foreign exchange rates

These risks might affect business performance, financial condition, and future business development of the Group.

(10) Loss of clients due to product malfunctions

The Group continuously strives to improve the quality of its products based on ISO13485 (international standards for quality control management systems for medical equipment). However, there is no guarantee that its products will be free of deficiency or that product liability claims or recalls will not occur in the future. While the product liability claims would be covered entirely or in part by product liability insurance; it will damage the social credibility of both the Group and the product, resulting in effects of the Group's business performance, financial condition, and future business development.

(11) Intellectual property

- HAL is a unique technology that utilizes a wearer's BES and the patent rights for technologies used in HAL are jointly held by the University of Tsukuba and the Company, except for patents independently owned by the Company. The Company concluded a contract concerning an exclusive license for use of these patented technologies. This contract is considered to be important for the Group's operation. While the contract is valid until the expiry date, if the contract lapses due to breach of the contract, a merger, an acquisition of significant assets, or transfer of the Company's key business line, the Group's business performance, financial condition, and future business development might be affected.
- The Group has never received any claims from, nor been involved in a lawsuit with any third party concerning intellectual property such as patent rights related to the Group's business. Moreover, the Group considers it unlikely that its business operations would be materially hindered due to a problem arising in relation to infringement on intellectual property such as

other parties' patent rights during its business operations. The Group takes measures to avoid problems concerning intellectual property infringement by conducting continuous technical investigations.

However, as the Group's business is strongly associated with R&D, it is very difficult to avoid the occurrence of problems concerning intellectual property infringement completely. If the Group gets involved in such situation, the Group will consider countermeasures according to details of each case and consult with lawyers and patent attorneys. In any cases, the process will require a lot of time and money to reach a settlement, regardless of the validity of the counter-party's claim. Furthermore, although the Group manages its technologies with the utmost care, if a third party violates the intellectual property of the Group's technologies, settlement of the issue will also consume a lot of time and money. In such cases, the Group's business strategies, business performance, financial condition, and future business development might be affected.

(12) Legal risks

The Group's business is subject to respective laws and regulations of each country and region. For example, laws and regulations concerning intellectual property rights, product liabilities related to technologies, pharmaceutical affairs, commercial transactions, import and export restrictions, tax obligations, including tariffs, anti-bribery, anti-corruption, fair competition, labor, consumers, personal information, environment, foreign exchange and various others. Moreover, the Group may encounter unexpected issues relating to aforementioned laws, regulations or business customs. In particular, some of the Group's products are medical devices designated under the Pharmaceuticals and Medical Devices Act of Japan, and the Group obtained the manufacture and distribution approval from the MHLW in compliance to this law. Similarly, in other countries and regions, local regulatory authorities' approvals may be required, along with supervision from respective supervisory authorities. Approval inspections are conducted to validate the effectiveness and safety of the products and an application can be denied or be delayed as a result of the inspection. Even if it is approved, the approval could become void if problems in product effectiveness or safety are discovered. In addition, if the Group violates any laws or regulations related to its business, it could be subjected to civil, administrative, or criminal sanctions, which might affect the Group's social credibility. In such a case, the Group's business performance or financial condition may be affected materially.

(13) Risks associated with personal information

The Group obtains the personal information of HAL users. The Group limits the number of staff who can access this personal information and also signs nondisclosure agreements with all executives and employees. Moreover, the Group has taken adequate measures for the protection of personal information, including the establishment of regulations for protection of personal information and the appointment of a person in charge of protecting personal information. With such measures, the Group has not recognized any problem, such as leakage of clients information to this date. However, if such problem occurs in the future, not only the Group will be required to compensate for damages caused but the Group's social credibility will also be damaged, and affect the Group's business, financial status, and business performance.

(14) Peace and Ethics Committee

The Group has also established the Peace and Ethics Committee to prevent the use of its advanced technologies to harm people or to create military weapons. The Committee are composed of all members of CYBERDYNE's outside board members and President and CEO. Resolutions in the Committee requires two-thirds of the attending member supporting the resolution. Before entering fields outside the areas of medicine, living support and disaster recovery, which are defined in the Company Code of Conduct, the Peace and Ethics Committee investigates, deliberates and reports the results to the Board of Directors.

The result of the Committee's examination and verification might not necessarily contribute to improving the Group's short-term business performance.

2. Risks associated with the President's engagement as a University professor

(1) President's engagement as a professor at the University of Tsukuba

Yoshiyuki Sankai, President and CEO of the Company, holds concurrent positions as a professor of the University of Tsukuba. Details of "i) measures to avoid conflicts of interest between the Group, the University of Tsukuba and ii) impediments to performance of duties as the President and CEO are as follows:

① Measures to avoid conflicts of interest

All decisions related to conflicts of interest, including transactions and conclusions of joint research agreements with the University of Tsukuba are made by the Board of Directors. When a resolution concerns such cases, decision will be made by five directors (three outside directors) and Yoshiyuki Sankai as well

as board member affiliated with the University of Tsukuba will not take part. In addition, Audit and Supervisory Board monitors for cases that may be related to conflicts of interest and reports any findings at the Meeting of the Board of Directors.

② Impediments to performance of duties as President and CEO

Although duties related to Cybernics research by the Group as well as University of Tsukuba are integral and inseparable, the effect of duties as a faculty member of the University of Tsukuba (lectures, attendance at intramural meetings as a university professor, etc.) are limited at it does not disturb performance of duties as President and CEO of the Company such as attendance at the Board of Directors meetings, approval of requests and communication with investors, etc.

However, if Yoshiyuki Sankai prioritize his duties as a university professor over his position as a President and CEO of the Company, the Group's financial condition and business performance might be affected.

3. Matters associated with advanced device businesses in general

(1) Risks associated with development businesses in general

In the field of developing advanced technologies, companies around the world compete with each other for quality and speed of technological innovation. In the long process that stretches from basic research, development and manufacturing and sales, companies must invest large amounts of funds over long term, since they must proceed in accordance with the various regulations of each country. As such, research and development entail many uncertainties and such risks are inherent in the products developed or planned to be developed by the Group. While the Group develops its business according to its business plan, there are no guarantee that the Group will expand its business domains as planned, recognizes risks such as changes of insurance systems that were previously covering the cost of using the Group's product. If such risks materializes, the Group's business, financial condition, and business performance might be affected.

(2) Newly developed products

The Group explores and creates newly developed products through joint research with research institutions, such as University of Tsukuba, and regards development of new products as an important business strategy to expand the existing product line up such as HAL for Medical Use, Well-being, Care Support, Labor Support, and Cleaning Robot as well as Transportation Robot that is equipped with artificial intelligence.

However, there is no guarantee that such new products will be successfully explored and created. If exploration and creation activities of new products were hindered for some reason, the Group's financial condition and business performance might be affected.

(3) Delays of research and development

The Group proceeds research and development efficiently by establishing cooperative relationships with external partners, such as University of Tsukuba. However, there are no guarantee that research and development activities proceeds as planned. If the Group fails to obtain results as planned or if the start or completion of various experiments are delayed, it may delay the timing or limit the range of medical device approvals and manufacturing and marketing clearance. To avoid such situations as much as possible, the Group manages and evaluates the progress of each product under development in a timely manner and prioritize products under development by changing the levels of management resources invested in products or deciding to suspend development temporarily. While the Group works to reduce the risk of a sharp increase in research and development expenses with such measures, if research and development does not proceed as planned, the Group's, business, financial condition, and business performance might be affected.

4. Risks related to the dual class share structure

(1) Outline of the Scheme

Under the Group's philosophy "Technology exists for humans and society" the Group implements advanced technologies such as HAL for peaceful purposes. The peaceful application of Cybernics Technologies to improve, support, expand and regenerate wearers' physical functions matches the needs of the hyper aging society, leading to increase of the Group's long-term corporate value. However, the Group's technology has a potential to be turned into tools of damaging people or into weapons in the military industry. As a scheme to raise funds from the market while ensuring peaceful use for the Group's technologies, the Company issues "Class B Shares", which is different from the listed Common Shares. (The scheme involving the Company's Class B Shares is hereafter referred to as the "Scheme")

In order to solve social problems surrounding hyper aging and decline of population while pioneering the new industrial field of Cybernics Industry, the Group must advance the process of development of Cybernics Technologies and business management as a whole. Yoshiyuki Sankai is the creator of Cybernics Technologies, the central figure of Cybernics researches and a

business leader who works to make contribution by making this innovative technology widely available. As such, the Group believes it is necessary for Yoshiyuki Sankai to continue his stable involvement in management of CYBERDYNE in order to increase the corporate and benefit the common interest of shareholders for the time being. As such, the Group regards the Scheme to ensure continuous involvement of Yoshiyuki Sankai are important for the perspective of common interest of shareholders.

To explain in detail, while Class B Shares are ranked the same as Common Shares and paid the same amount as Common Shares with regard to dividends and distribution of residual assets, Class B Shares differ from Common Shares in traded units. Common Shares are traded in units of 100 shares, while Class B Shares are traded in units of 10 shares. This grants a holder of Class B Shares 10 times more voting rights in comparison to the holder of Common Shares with equal numbers of shares. Class B Shares are currently held by Yoshiyuki Sankai, the founder and President and CEO of the Company and the two foundation; general incorporated foundation Sankai Health Foundation and general incorporated foundation Sankai Foundation for the Promotion of Science (collectively referred to as the "Foundation"), both of which Yoshiyuki Sankai serves as Representative Director. As of March 31, 2020, Yoshiyuki Sankai holds 3,042,000 Common Shares and 77,696,000 Class B Shares, which makes up approximately 38% of the total number of shares issued and 85% of the total number of voting rights.

Set out below is certain information concerning this Scheme, Common Shares and Class B Shares.

i) Outline of the shares

	Common Shares	Class B Shares
Dividends of surplus and distribution of residual assets	Receive the same amount of dividends of surplus per share in the same rank	
The number of shares constituting one unit	100 Shares (1 voting rights per 100 shares)	10 Shares (1 voting rights per 10 shares)
Article of incorporation to preclude a resolution of the Common Shareholders' Class Shareholders' Meeting	Yes	None
Shares with put option	None	Yes (1 Class B Share for 1 Common Share)
Shares subject to call	None	Yes (1 Class B Share for 1 Common Share)
Share split or consolidation	Executed into the same numbers of shares simultaneously	
Listing	Listed	Unlisted

ii) Difference between the share units of the two share types

While shareholders of both Common Shares and Class B Shares receive the same amount of dividends and distribution of residual assets at the same priority level, they differ in the number of shares that constitute one share unit. One hundred (100) Common Shares constitute one share unit whereas ten (10) Class B Shares constitute one share unit. As such, a shareholder of Class B Shares has 10 times as many voting rights as a shareholder of Common Shares when they have the equal number of shares.

As of the consolidated financial year ended March 31, 2020, there was total numbers of 137,445,809 Common Shares and 77,700,000 Class B Shares issued. Yoshiyuki Sankai, the President and CEO of the Company, holds 3,042,000 Common Shares and 77,696,000 Class B Shares, which represents approximately 38% of all issued and outstanding shares of the Company and holds 85% of the total number of voting rights, making him capable of determining matters for resolution in the General Meeting of Shareholders such as the selection of directors or reorganization by acting on his own.

iii) Scheme to prevent changes of shareholders of Class B Shares

Class B Shares are issued to prevent the Group's technology from being turned to technology to harm people or to weaponry. In order to prevent Class B Shares from being transferred to people or entities other than the shareholders of Class B Shares, as of the submission date of the Company's Annual Securities Report released on June 26, 2020, the Articles of Incorporation of the Company states that

a) The approval of the Board of Directors is necessary upon the transfer of the Class B Shares to any person who does not own Class B Shares

b) The Company shall acquire all Class B Shares in exchanged of one Common Share per Class B Share upon a request for approval of share transfer by shareholder other than shareholder of Class B Share, which is a request for approval as set down in Article 136 and 137 of the Companies Act or after 90 days from the date where a shareholder of the Class B Shares dies (excluding Class B shares that was transferred or inherited to other holders of Class B Shares within 90 days from the date where a shareholder of the Class B Shares dies).

As of the submission date of the Company's Annual Securities Report, June 26, 2020, 77,696,000 Class B Shares are held by Yoshiyuki Sankai and 4,000 Class B Shares are held by the Foundations. In order to preserve the continuity of this Scheme, Yoshiyuki Sankai plans to transfer part of the Class B Shares held to the Foundations at no cost in

case of aforementioned event. Furthermore, the Foundations plans to hold the Class B Shares for the foreseeable future.

As a shareholder of Class B Shares, the Foundations established the following guidelines on the execution of their voting rights, to prevent the Group's technologies from being turned into something that would damage the Group's corporate value such as weapons.

The Foundation is required to obtain the approval from its board meetings and disclose the changes through predetermined format in case of changing the guideline. In the General Meeting of Shareholders and General Meeting of Class Shareholders, the Foundation will vote against cases stated below.

- a) A resolutions to dismiss or appoint directors that may lead to the misuse of the Group's innovative technology and to damaging the Group's corporate value
- b) All other resolutions that with risk of turning the Group's technologies to harm people or damaging the Group's corporate value

iv) Breakthrough provision

If the shares held by one acquirer is over three quarters of the total number of issued shares (excluding the treasury stock) as a result of a takeover bid, all Class B Shares will be converted to Common Shares.

v) Sunset provision

As stated in iii) above, Yoshiyuki Sankai plans to transfer portions of Class B Shares he holds to the Foundations at no cost in order to preserve the continuity of this Scheme. This Scheme is planned to be continued after Yoshiyuki Sankai resigns his role as a director of CYBERDYNE, or after his death. However, the Group recognizes a possibility where the voting by the Foundations after Yoshiyuki Sankai's resignation from the post of director (excluding cases where he is reappointed or resumes to the post simultaneously or immediately after resignation) does not match the intention of the Company shareholders (including holders of the Common Shares), an intention verification procedure of shareholders will be conducted by the conclusion of the last General Meeting of the Shareholders held in the fiscal year ending within one year of the date of Yoshiyuki Sankai's resignation or within three months after the end of the last fiscal year that ends within five years time since the most recent intention verification procedure of shareholders. More specifically, if the shareholders of Common Shares and Class B Shares who hold one third of the total voting right [calculated using 100 Class B Shares for each share unit] participate in the intention verification procedure and two thirds (2/3) of those who participated agree, all Class B Shares will be converted to Common Shares of the Company.

vi) Elimination of the Meeting of Class Shareholders comprised of shareholders of Common Shares

The Company's Articles of Incorporation states that, the execution of actions stated in each item of Article 322-1 of the Companies Act does not require the resolution of the Meeting of Class Shareholders comprised of shareholders of common shares, unless stated otherwise by law or by the Articles of Incorporation.

However, to ensure that the elimination of the Meeting of Class Shareholders does not unfairly damage the shareholders of Common Shares, out of the actions stated in each item of Article 322-1 of the Companies Act the Group will,

a) Both common share and Class B Share shall be calculated at the same timing and same ratio upon reverse share splits, share splits, free allocation of shares, free allocation of stock acquisition rights, allocation of shares as well as stock acquisition rights to shareholders, share transfers (excluding cases where the share transfer is conducted together with other companies) and changes to the calculation of the share units.

b) In case of a merger agreement where the Company will be absorbed, or a share exchange agreement or share transfer plan (limited to cases where the share transfer is conducted together with other companies) where the Company will become a wholly owned subsidiary, is approved by all Meeting of Shareholders (if an approval by the Meeting of Shareholders is not required, resolution by the Board of Directors) of relevant companies, every Class B Shares shall be converted to Common Shares.

(2) Risks of this Scheme

Class B Shares have been issued for the purpose of preventing the Group's technology from being used to harm people or to create military weapons. However, this Scheme also presents potential risks stated below. If such risks were to materialize, rights and interests of the shareholders of the Company's Common Shares may be affected.

a) Strong influence of Class B Shareholders on business matters

As of the fiscal year ended on March 31, 2020, Yoshiyuki Sankai holds 3,042,000 Common Shares and 77,696,000 Class B Shares which accounts for 38% of the total number of issued shares. This equates to 85% of the total number of voting rights of the Company, giving him strong influence over business matters, while the influence of other shareholders are limited. Especially in cases where Class B Shareholders exercise their voting rights to ensure peaceful use of the Group's technologies, it may conflict the interest of other shareholders.

b) Prevention of takeover bids

As Class B Shareholder possess 10 times more voting rights in comparison to Common Shareholder with same number of shares. While the Company sets "breakthrough provision", the outstanding Class B Shares will only be converted to Common Shares if the acquirer comes to possess three quarters (3/4) of the total numbers of issued shares (including Class B) in a take over bid or if two thirds (2/3) of shareholders who took part in the intention verification procedures agrees to the conversion of the Class B Shares to Common Shares. Therefore, the Scheme may prevent acquisitions that may benefit the shareholders of Common Shares.

c) Elimination of the Meeting of Class Shareholders comprised of shareholders of Common Shares

As the Company is capable of executing each actions stated in Article 322-1 without the resolution of the Meeting of Class Shareholders comprised of shareholders of Common Shares (unless stated otherwise in law or Article of Incorporation), the decisions made by the Company may not reflect the intention of the shareholders of Common Shares.

d) Conversion of the Class B Shares

Because Class B Shares include the right to request acquisitions under acquisition terms, there is the possibility that a future conversion of Class B Shares to Common Shares will increase the total number of authorized Common Shares issued on the market, and the market price of the Common Shares may be affected.

5. Other risks

(1) Dividend policy

The Company has not been able to pay dividends to shareholders since its establishment, and as of June 24, 2020 when the Annual Securities Report was issued the Company does not meet the requirement stated in the Companies Act to pay dividends. For the time being, the Company sets its priority on achieving profitability quickly, improving its financial strength through retaining earnings and reinvesting in research and development activities. On the other hand the Company recognizes returning profit to shareholders to be an important management issue and will consider to pay dividends in the future taking into account its financial condition and business results. However, if the Company's earnings plan does not proceed as envisaged, and it continues to be unable to achieve steady earnings, the Company may have difficulty paying the dividends to shareholders.

(2) Financing and fund procurement

The Group records large amount of cost due to research and development of products that are still in the early stages. This has been leading to continuous recording of operating losses. The Group's funding needs are expected to increase in accordance to its business proceeds, such as operating capital, investment in research and development, investment in facilities and potential M&A, etc. Although the Group plans to continue strengthening its financial base, depending on how successful the Group is at securing profits and raising capital, its financial condition and business performance may be affected.

(3) Recording negative retained earnings brought forward

The Group has been putting a lot of focus on research and development activities, which led to posting of large amount of research and development expenses and negative retained earnings brought forward. The Group aims to achieve profitability quickly and to establish a strong and stable financial base. However, there is a risk that the Group's business might not proceed as planned, and that the Group may be unable to eliminate the recording of negative retained earnings brought forward, which might affect its business, financial condition, and business performance.

(4) Loss carried forward for tax purposes

Since the Group has been making upfront investments in development as a corporate research and development group, the Group has posted a loss carried forward for tax purposes. Should there be any changes to the Japanese tax systems in the future to tighten the restrictions on deduction of losses carried forward, the Group might lose the opportunity to recover part of the capital that it has invested in research and development, and its business, financial condition, and business performance may be affected.

(5) Fluctuations in foreign exchange rates

Since the financial results of the group companies that are located outside of Japan needs to be translated into Japanese yen, when the results are reflected in the Group's consolidated financial statements, the Group is exposed to risk from the effects of fluctuations in foreign exchange rates. Therefore, if foreign exchange rates were to fluctuate sharply in the future, the Group's financial condition and business performance might be affected.

[Status of the Company]

Consolidated management indicators under International Financial Standards (IFRS)

Fiscal Year		International Financial Standards (IFRS)				
		Transition to IFRS (April 1, 2017)	March 2017	March 2018	March 2019	March 2020
Revenue	Millions of yen	—	1,660	1,728	1,709	1,792
Operating profit (loss)	Millions of yen	—	(697)	(659)	(830)	(1,039)
Profit (loss) before tax	Millions of yen	—	(648)	(672)	(569)	91
Profit (loss) attributable to owner of the parent	Millions of yen	—	(676)	(673)	(632)	(152)
Comprehensive profit(loss) attributable to owners of the parent	Millions of yen	—	(256)	(1,076)	(1,480)	42
Equity attributable to owners of the parent	Millions of yen	27,151	46,768	45,698	44,217	44,268
Total assets	Millions of yen	47,743	47,712	46,598	45,746	47,808
Equity attributable to owners of the parent per share	Yen	130.98	217.56	212.53	205.50	205.71
Basic earnings (loss) per share	Yen	—	(3.16)	(3.13)	(2.94)	(0.71)
Diluted earnings (loss) per share	Yen	—	(3.16)	(3.13)	(2.94)	(0.71)
Ratio of equity attributable to owners of the parent	%	56.9	98.0	98.1	96.7	92.6
Return of equity attributable to owners of the parent	%	—	—	—	—	—
Price-to-earnings ratio	Ratio	—	—	—	—	—
Cash flow from operating activities	Millions of yen	—	575	(53)	(775)	(215)
Cash flow from investing activities	Millions of yen	—	(5,548)	(2,484)	(1,917)	(244)
Cash flow from financing activities	Millions of yen	—	(110)	(23)	670	1,304
Balance of cash and cash equivalents at the end of the fiscal year	Millions of yen	18,462	13,378	10,820	8,796	9,636
Numbers of employee (Average number of non-regular employees)	persons	65 (93)	71 (94)	75 (63)	84 (47)	95 (56)

Notes

- Revenue does not include consumption tax etc.
- Consolidated financial statement have been prepared in accordance with International Accounting Standards since the 14th business term.
- Price-to-earnings ratio is not stated because CYBERDYNE recorded a loss attributable to owners of the parent
- Return of equity attributable to the owners of the parent is not stated because CYBERDYNE recorded a loss attributable to the owners of the parent
- Rounded down to the closest millions of yen

Consolidated management indicators under Japanese GAAP

Fiscal Year		Japanese GAAP		
		March 2016	March 2017	March 2018
Net sales	Millions of yen	1,265	1,650	1,727
Ordinary profit (loss)	Millions of yen	(710)	(783)	(689)
Net profit attributable to owners of the parent	Millions of yen	(718)	(789)	(591)
Comprehensive income	Millions of yen	(719)	(778)	(614)
Net assets	Millions of yen	27,064	46,226	45,630
Total assets	Millions of yen	47,534	46,848	46,339
Net assets per share	Yen	130.50	214.90	212.04
Net profit (loss) per share	Yen	(3.53)	(3.69)	(2.75)
Diluted net income per share	Yen	—	—	—
Capital ratio	%	55.8	98.6	98.4
Return of equity	%	—	—	—
Price-to-earnings ratio	Ratio	—	—	—
Cash flow from operating activities	Millions of yen	(258)	575	(53)
Cash flow from investing activities	Millions of yen	(483)	(5,548)	(2,483)
Cash flow from financing activities	Millions of yen	(21)	(110)	(23)
Balance of cash and cash equivalents at the end of the fiscal year	Millions of yen	18,459	13,376	10,820
Numbers of employee (Average number of non-regular employees)	persons	65 (93)	71 (94)	75 (63)

Notes

- Net sales does not include consumption tax etc.
- Diluted net income per share is not stated because, while there are diluted shares, CYBERDYNE recorded net loss per share.
- Return of equity is net is not stated as CYBERDYNE recorded net loss attributable to owners of the parent.
- Price-to-earnings ratio is not stated as CYBERDYNE recorded net loss per share.
- CYBERDYNE conducted a two-for-one stock split for both Common Shares and Class B Shares on August 1, 2015. The net loss per share is computed based on the assumption that the stock split took place at the beginning of fiscal year ended March 2016.
- Due to a change in the method of calculating the number of employees in fiscal year ended March 2017, CYBERDYNE applies the changed method of calculating the number of employees in fiscal year ended March 2016
- Figures based on Japanese GAAP for the fiscal year ended March 2018 has not been audited in accordance with Article 163 item 2-1 of the Financial Instruments and Exchange Law.
- Rounded down to the closest millions of yen

Non-consolidated management indicators

Fiscal year		March 2016	March 2017	March 2018	March 2019	March 2020
Net sales	Millions of yen	1,012	1,454	1,543	1,530	1,595
Operating profit (loss)	Millions of yen	(685)	(702)	(625)	(734)	(615)
Net profit (loss)	Millions of yen	(689)	(707)	(529)	(1,906)	(849)
Share capital	Millions of yen	16,512	26,744	26,744	26,778	26,778
Total number of issued shares	Shares	Common Share 125,576,000 Class B Share 77,700,000	Common Share 137,347,609 Class B Share 77,700,000	Common Share 137,347,609 Class B Share 77,700,000	Common Share 137,445,809 Class B Share 77,700,000	Common Share 137,445,809 Class B Share 77,700,000
Net assets	Millions of yen	27,133	46,374	45,844	44,020	43,167
Total assets	Millions of yen	47,533	46,922	46,459	44,740	43,899
Net assets per share	Yen	130.84	215.59	213.09	204.52	200.56
Dividend per share (Interim dividend per share)	Yen	—	—	—	—	—
		(—)	(—)	(—)	(—)	(—)
Net profit (loss) per share	Yen	(3.39)	(3.31)	(2.46)	(8.86)	(3.95)
Diluted net income per share	Yen	—	—	—	—	—
Capital ratio	%	55.7	98.8	98.6	98.4	98.3
Return on equity	%	—	—	—	—	—
Price-to-earnings ratio	Ratio	—	—	—	—	—
Payout ratio	%	—	—	—	—	—
Numbers of employee (Average number of non-regular employees)	Persons	55 (59)	61 (61)	62 (44)	65 (41)	78 (47)
Total shareholder return (Comparative index: TSE Mothers Index)	%	137.2 (117.8)	102.0 (123.5)	96.1 (139.2)	43.7 (110.3)	38.6 (71.5)
Highest share price	Yen	2,185	2,629	2,150	1,538	753
Lowest share price	Yen	1,212	1,281	1,380	449	320

Notes

1. Net sales does not include consumption tax etc.
2. Diluted net income per share is not stated because, while there are diluted shares, CYBERDYNE recorded net loss per share.
3. Return of equity is net is not stated as CYBERDYNE recorded net loss attributable to owners of the parent.
4. Price-to-earnings ratio is not stated as CYBERDYNE recorded net loss per share.
5. CYBERDYNE conducted a two-for-one stock split for both Common Shares and Class B Shares on August 1, 2015. The net loss per share is computed based on the assumption that the stock split took place at the beginning of fiscal year ended March 2016.
6. Due to a change in the method of calculating the number of employees in the fiscal year ended March 2017, CYBERDYNE applies the changed method of calculating the number of employees in the fiscal year ended March 2016.
7. The highest and lowest share prices are based on share price at Tokyo Stock Exchange (Mothers)

Numbers of products in operation

Number of units in operation	(Units)				
	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020
HAL Lower Limb Type (medical)	140	188	257	291	310
HAL Lower Limb Type (non-medical)	489	422	398	357	357
HAL Single Joint Type	154	208	234	252	300
HAL Lumbar Type for Well-being and Care Support	282	714	847	919	951
HAL Lumbar Type for Labor Support	216	274	372	572	624
Transportation Robot and Cleaning Robot	14	21	27	44	75
Total	1,295	1,827	2,135	2,435	2,617

[Consolidated financial statements]
Consolidated statement of financial position

	Previous consolidated fiscal year	Current consolidated fiscal year
	(As of March 31, 2019)	(As of March 31, 2020)
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	8,796	9,636
Trade and other receivables	257	263
Other financial assets	20,505	19,004
Inventories	901	832
Other current assets	169	156
Total current assets	30,627	29,891
Non-current assets		
Operating lease assets	463	481
Property, plant and equipment	11,624	11,553
Right of use assets	—	361
Goodwill	—	57
Intangible assets	70	53
Investment accounted for using equity method	456	472
Other financial assets	2,431	4,872
Other non-current assets	74	68
Total non-current assets	15,118	17,917
Total assets	45,746	47,808

	Previous consolidated fiscal year	Current consolidated fiscal year
	(As of March 31, 2019)	(As of March 31, 2020)
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	284	247
Bonds and borrowings	—	37
Lease liabilities	—	61
Other current liabilities	370	464
Total current liabilities	654	810
Non-current liabilities		
Bonds and borrowings	—	51
Third-party interests in CEJ Fund	544	1,714
Lease liabilities	—	313
Provisions	91	93
Deferred tax liabilities	254	568
Total non-current liabilities	889	2,739
Total liabilities	1,543	3,549
Equity		
Share capital	26,745	26,753
Capital surplus	26,494	26,494
Treasury shares	(0)	(0)
Other components of equity	(1,048)	(854)
Retained earnings	(7,972)	(8,124)
Total equity attributable to owners of the parent	44,217	44,268
Non-controlling interests	(15)	(9)
Total equity	44,203	44,259
Total liabilities and equity	45,746	47,808

[Consolidated statement of profit or loss and consolidated statement of comprehensive income]
Consolidated statement of profit or loss

	Previous consolidated fiscal year	Current consolidated fiscal year
	(From April 1, 2018 to March 31, 2019)	(From April 1, 2019 to March 31, 2020)
	Millions of yen	Millions of yen
Revenue	1,709	1,792
Cost of sales	(481)	(492)
Gross profit	1,227	1,300
Selling, general and administrative expenses		
Research and development expenses	(998)	(812)
Other selling, general and administrative expenses	(1,454)	(1,646)
Total selling, general and administrative expenses	(2,453)	(2,459)
Other income	406	138
Other expenses	(11)	(18)
Operating profit (loss)	(830)	(1,039)
Finance income	239	1,184
Finance costs	(15)	(100)
Gains related to CEJ Fund	61	75
Share of profit (loss) of investments accounted for using equity method	(24)	(29)
Profit (loss) before tax	(569)	91
Income tax expense	(74)	(240)
Profit (loss)	(643)	(149)
Profit (loss) attributable to		
Owners of parent	(632)	(152)
Non-controlling interests	(11)	3
Profit (loss)	(643)	(149)
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	(2.94)	(0.71)
Diluted earnings (loss) per share (yen)	(2.94)	(0.71)

Consolidated statement of comprehensive income

	Previous consolidated fiscal year	Current consolidated fiscal year
	(From April 1, 2018 to March 31, 2019)	(From April 1, 2019 to March 31, 2020)
	Millions of yen	Millions of yen
Profit (loss)	(643)	(149)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(858)	191
Total of items that will not be reclassified to profit or loss	(858)	191
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operation	14	4
Total of items that may be reclassified to profit or loss	14	4
Total other comprehensive income, net of tax	(845)	195
Comprehensive income	(1,487)	46
Comprehensive income attributable to		
Owners of parent	(1,480)	42
Non-controlling interests	(7)	4
Comprehensive income	(1,487)	46

Consolidated statement of changes in equity

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Stock acquisition rights
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
April 1, 2018	26,744	26,495	(0)	(77)	(7)	19
Profit (loss)	—	—	—	—	—	—
Other comprehensive income	—	—	—	(858)	10	—
Total comprehensive income	—	—	—	(858)	10	—
Issuance of new shares	1	(2)	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	(135)	—	—
Equity transaction with non-controlling interest	—	—	—	—	—	—
Total transactions with owners	1	(2)	—	(135)	—	—
March 31, 2019	26,745	26,494	(0)	(1,071)	3	19
Profit (loss)	—	—	—	—	—	—
Other comprehensive income	—	—	—	191	3	—
Total comprehensive income	—	—	—	191	3	—
Acquisition of treasury shares	—	—	(0)	—	—	—
Share-based payment transaction	8	—	—	—	—	—
Equity transaction with non-controlling interest	—	—	—	—	—	—
Increase (decrease) by business combination	—	—	—	—	—	—
Total transaction with owners	8	—	(0)	—	—	—
March 31, 2020	26,753	26,494	(0)	(880)	6	19

	Equity attributable to owners of parent				
	Other components of equity	Retained earnings	Total	Non-controlling interests	Total equity
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2018	(65)	(7,476)	45,698	(24)	45,674
Profit (loss)	—	(632)	(632)	(11)	(643)
Other comprehensive income	(848)	—	(848)	4	(845)
Total comprehensive income	(848)	(632)	(1,480)	(7)	(1,487)
Issuance of new shares	—	—	(1)	—	(1)
Transfer from other components of equity to retained earnings	(135)	135	—	—	—
Equity transaction with non-controlling interest	—	—	—	17	17
Total transactions with owners	(135)	135	(1)	17	16
March 31, 2019	(1,048)	(7,972)	44,217	(15)	44,203
Profit (loss)	—	(152)	(152)	3	(149)
Other comprehensive income	194	—	194	1	195
Total comprehensive income	194	(152)	42	4	46
Acquisition of treasury shares	—	—	(0)	—	(0)
Share-based payment transaction	—	—	8	—	8
Equity transaction with non-controlling interest	—	—	—	8	8
Increase (decrease) by business combination	—	—	—	(6)	(6)
Total transaction with owners	—	—	8	2	10
March 31, 2020	(854)	(8,124)	44,268	(9)	44,259

Consolidated statement of cash flows

	Previous consolidated fiscal year (From March 31, 2018 to March 31, 2019)	Current consolidated fiscal year (From March 31, 2019 to March 31, 2020)
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit (loss) before tax	(569)	91
Depreciation and amortization	436	492
Finance income	(239)	(1,184)
Finance costs	15	100
Losses (gains) on CEJ Fund	(61)	(75)
Share of loss of investments accounted for using equity method	24	29
Decrease (increase) in inventories	(336)	85
Decrease (increase) in trade and other receivables	128	1
Increase (decrease) in trade and other payables	24	(45)
Other	(138)	85
Subtotal	(716)	(420)
Interest and dividends received	17	318
Interest paid	(0)	(0)
Income taxes paid	—	(2)
Payments for administrative expenses etc. related to CEJ Fund	(76)	(111)
Net cash provided by (used in) operating activities	(775)	(215)
Cash flows from investing activities		
Purchase of investments	(28,000)	(29,999)
Proceeds of redemption of investments	30,000	29,000
Payments into time deposits	(2,500)	—
Proceeds from withdrawal of time deposits	—	2,500
Purchase of property, plant and equipment	(789)	(399)
Purchase of intangible assets	(7)	(6)
Purchase of investment securities	(618)	(1,715)
Proceeds from sale of investment securities	—	333
Proceeds from purchase of stock of subsidiaries with change of scope consolidation	—	91
Purchase of investments accounted for using equity method	(5)	(46)
Other	2	(2)
Net cash provided by (used in) investing activities	(1,917)	(244)
Cash flows from financing activities		
Lease liabilities paid	—	(53)
Contributions into CEJ Fund from third-party investors	680	1,360
Proceeds from stock issuance to non-controlling interests	4	—
Other	(14)	(3)
Net cash provided by (used in) financing activities	670	1,304
Effect of exchange rate changes on cash and cash equivalents	(3)	(5)
Net increase (decrease) in cash and cash equivalents	(2,025)	840
Cash and cash equivalents at beginning of fiscal year	10,820	8,796
Cash and cash equivalents at end of year	8,796	9,636

Changes in the total number of issued shares and share capital

Date	Changes in the total number of issued shares (shares)	Total outstanding shares (shares)	Changes in the share capital (Millions of yen)	Outstanding share capital (Millions of yen)	Changes in the capital surplus (Millions of yen)	Outstanding capital surplus (Millions of yen)
August 1, 2015 *1	Common Share 62,788,000 Class B Share 38,850,000	Common Shares 137,347,609 Class B Shares 77,700,000	—	16,512	—	16,448
April 1 2016 to June 6, 2016 *2	Common Share 11,771,609	Common Shares 137,347,609 Class B Shares 77,700,000	10,232	26,744	10,232	26,680
March 5, 2019 *3	Common Shares 98,200	Common Shares 137,445,809 Class B Shares 77,700,000	35	26,778	35	26,714

Notes

- The Company effected a two for one stock split for the Company common share as well as Class B Share held by shareholders listed on the shareholders' register on July 31, 2015. As a result, the number of common share increased 62,788,000 shares to 125,576,000 shares and Class B Shares increased 38,850,000 shares to 77,700,000 shares.
- Stock acquisition rights included in the Euro Yen Zero Coupon Convertible Bonds Due 2017 were exercised. As such, there was increase of 11,771,609 shares in total amount of issued shares. There was also an increase of ¥10,232 million in share capital and capital surplus.
- The Company allocated shares with transfer restriction to employees of the Company on March 5, 2019. Due to this event, there was an increase of 98,200 common shares in the amount of issued shares. There was also an increase of ¥35 million in share capital and capital surplus.

Classification of shareholders
Common Share

As of March 31, 2020

Classification	Status of shares (100 shares per 1 share unit)								Status of shares less than one share unit (share)
	Government and local government	Financial institution	Financial instrument service operators	Other corporations	Foreign investors		Individual Investors etc.	Total	
					Non-individuals	Individuals			
Number of shareholder (person)	—	13	49	482	183	140	84,344	85,211	—
Number of shareholder (unit)	—	63,361	31,213	323,798	147,957	1,472	806,317	1,374,118	34,009
Shareholding ratio (%)	—	4.61	2.27	23.56	10.77	0.11	58.68	100	—

Notes

- Yoshiyuki Sankai is in possession of both Common Share and Class B Share
- Out of 4,451 shares in the treasury stock, 4,400 shares was included in "Individual investors etc." and 51 shares was included in "status of shares less than one share unit"

Class B Share

As of March 31, 2020

Classification	Status of shares (10 shares per 1 share unit)								Status of shares less than one share unit (share)
	Government and local government	Financial institution	Financial instrument service operators	Other corporations	Foreign investors		Individual Investors etc.	Total	
					Non-individuals	Individuals			
Number of shareholder (person)	—	—	—	2	—	—	1	3	—
Number of shareholder (unit)	—	—	—	400	—	—	7,769,600	7,770,000	—
Shareholding ratio (%)	—	—	—	0.01	—	—	99.99	100	—

Major shareholders
Number of shares held

Name of shareholder	Numbers of share held (shares)	Shareholding ratio (%)
Yoshiyuki Sankai	80,738,000	37.53
Daiwa House Industries Co., Ltd.	30,000,000	13.94
GCAS BANA LONDON US CLIENT	3,730,783	1.73
The Nomura Trust & Banking Co., Ltd. (Investment Trust Account)	2,506,800	1.17
THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT	2,405,750	1.12
The Master Trust Bank of Japan. Ltd. (Trust Account)	1,431,100	0.67
RBC IST 15 PCT LENDING ACCOUNT-CLIENT ACCOUNT	1,114,700	0.52
SBI SECURITIES Co., Ltd.	955,700	0.44
Kimiaki Ogumi	715,000	0.33
MSIP CLIENT SECURITIES	704,100	0.33
Total	124,301,933	57.78

Number of voting rights held

Name of shareholder	Numbers of voting rights held (units)	voting rights ratio (%)
Yoshiyuki Sankai	7,800,020	85.30
Daiwa House Industries Co., Ltd.	300,000	3.28
GCAS BANA LONDON US CLIENT	37,307	0.41
The Nomura Trust & Banking Co., Ltd. (Investment Trust Account)	25,068	0.27
THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT	24,057	0.26
The Master Trust Bank of Japan. Ltd. (Trust Account)	14,311	0.16
RBC IST 15 PCT LENDING ACCOUNT-CLIENT ACCOUNT	11,157	0.12
SBI SECURITIES Co., Ltd.	9,557	0.10
Kimiaki Ogumi	7,150	0.08
MSIP CLIENT SECURITIES	7,041	0.08
Total	8,235,668	90.07

Status of affiliated companies

Name	Location	Share capital	Major business line	Ownership of voting rights (%)
(Consolidated subsidiary) (Outside Japan)				
CYBERDYNE Care Robotics GMBH	State of NRW, Germany	€25,000	Functional improvement/regeneration treatment service with HAL and sales of HAL	75.1
CYBERDYNE USA Inc.	State of California, USA	US\$2,100,000	Management and acceleration of the Company's business in the U.S.	100.0
CYBERDYNE & BROOKS, Inc.	State of Florida, USA	US\$300,000	Functional improvement/regeneration treatment service with HAL and sales of HAL	66.7
(Within Japan)				
Suzuka RoboCare Center Co., Ltd.	Mie prefecture, Japan	¥3 Million	Training service with HAL	100.0
Shonan RoboCare Center Co., Ltd.	Kanagawa prefecture, Japan	¥3 Million	Training service with HAL	100.0
Oita RoboCare Center Co., Ltd.	Oita prefecture, Japan	¥3 Million	Training service with HAL	100.0
CEJ Capital, Inc.	Ibaraki prefecture, Japan	¥20 Million	Management and operation of Cybernic Excellence Japan Fund 1 Investment Limited Partnership	60.0
Cybernic Excellence Japan Fund 1 Investment Limited Partnership**	Tokyo prefecture, Japan	¥990 Million	Investment fund-related businesses aimed at creating the new Cybernics Industry	60.0 (60.0)
and four other companies				

Name	Location	Share capital	Major business line	Ownership of voting rights (%)
(affiliated company accounted for by equity method)				
CYBERDYNE Omni Networks, INC.	Ibaraki prefecture, Japan	¥160 million	Communication business in relation to IoT/loH/IoT and Cybernics field, sales of communication device and offering of related services	49.0
Shisei Datum Ltd.	Tokyo prefecture, Japan	¥100 million	Design, development, and manufacture of electronic blood pressure monitors for medical use	31.6

Notes

- There are no companies that have submitted securities registration statements or securities reports.
- Brackets in the ownership of voting rights is the joint ownership percentage and is included in the total.

Status of employees

Status of employees in the Group As of March 31, 2020

Number of employees	Change from previous fiscal year
95 members (56 members)	Increase of 11 members (Increase of 9 members)

[Notes]

- The number of employees includes full-time employees and members on temporary transfer assignments. It does not include the number of Members of the Board of Directors who also hold positions as Company employees or dispatch workers sent from a temp agencies.
- The number of contract employees are stated in the brackets []. This number includes part-time workers but excludes those who work in the Group as second jobs.
- Since the Group is involved in a single segment of business related to robots, information of employees for each segment is omitted.

Status of employees in the Company

As of March 31, 2020

Number of employees	Change from previous fiscal year	Average age	Average years in service
78 members (47 members)	Increase of 13 members (Increase of 6 members)	41.7 years old	5.0 years

[Notes]

- The number of employees includes full-time employees and members on temporary transfer assignments. It does not include the number of Members of the Board of Directors who also hold positions as Company employees or dispatch workers sent from a temp agencies.
- The number of contract employees are stated in the brackets []. This number includes part-time workers but excludes those who work in the Group as second jobs.



CYBERDYNE