

Annual Report 2023



*Pioneering the future with
CYBERNICS*



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 a advertisement or medical advices.

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 strive it 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.

Trademarks

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

"CYBERDYNE" registered trademark No. 5164351 No.5172034 No.5403306

"HAL" registered trademark No.5300686 No.5302317 No.5924213

"Neuro HALFIT" registered trademark No.6332846

"Techno Peer Support" registered trademark No.5813772

"Cybernetics Treatment" registered trademark No.5986327

"Wearable Cyborg" registered trademark No.6291786

"IoH/IoT" registered trademark No.6074269

Scope of this report

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

- Information available as of September, 2023 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")

President and CEO of CYBERDYNE

Yoshiyuki Sankai (Ph.D. in Engineering)

Yoshiyuki SANKAI earned a Ph.D. in Engineering from University of Tsukuba in Japan in 1987. He has progressed from being a research fellow at the JSPS to assistant professor, associate professor, and then professor at the Graduate School of Systems and Information Engineering, University of Tsukuba. Dr. Sankai was also a visiting professor at Baylor College of Medicine in Houston, Texas in the United States. Currently, he is a professor, the Executive Research Director at the Center for Cybernetics Research and the Director at the F-MIRAI for the University of Tsukuba, the President and CEO of CYBERDYNE Inc., and a Program Director of SIP for the Cabinet Office of the Government of Japan.

He successively held the position of Leader/PM for the FIRST program and ImPACT program, both initiated by the Japanese Cabinet Office, and the Business producer of the Program for Building Regional Innovation Ecosystem by MEXT. He also served as an Executive Board Member of Advanced Robotics, a member of Global Agenda Council on Robotics & Smart Devices, a Center Partner of the Center for the Fourth Industrial Revolution, a member of the Global Future Council of Production, and a member of the Global Precision Medicine Council of the WEF. Now, he is a fellow of the Robotics Society of Japan ("RSJ") and the Society of Instrument and Control Engineers ("SICE"). And he is also appointed as an International Fellow of the Royal Swedish Academy of Engineering Sciences ("IVA").

【Main awards associated with Yoshiyuki SANKAI】

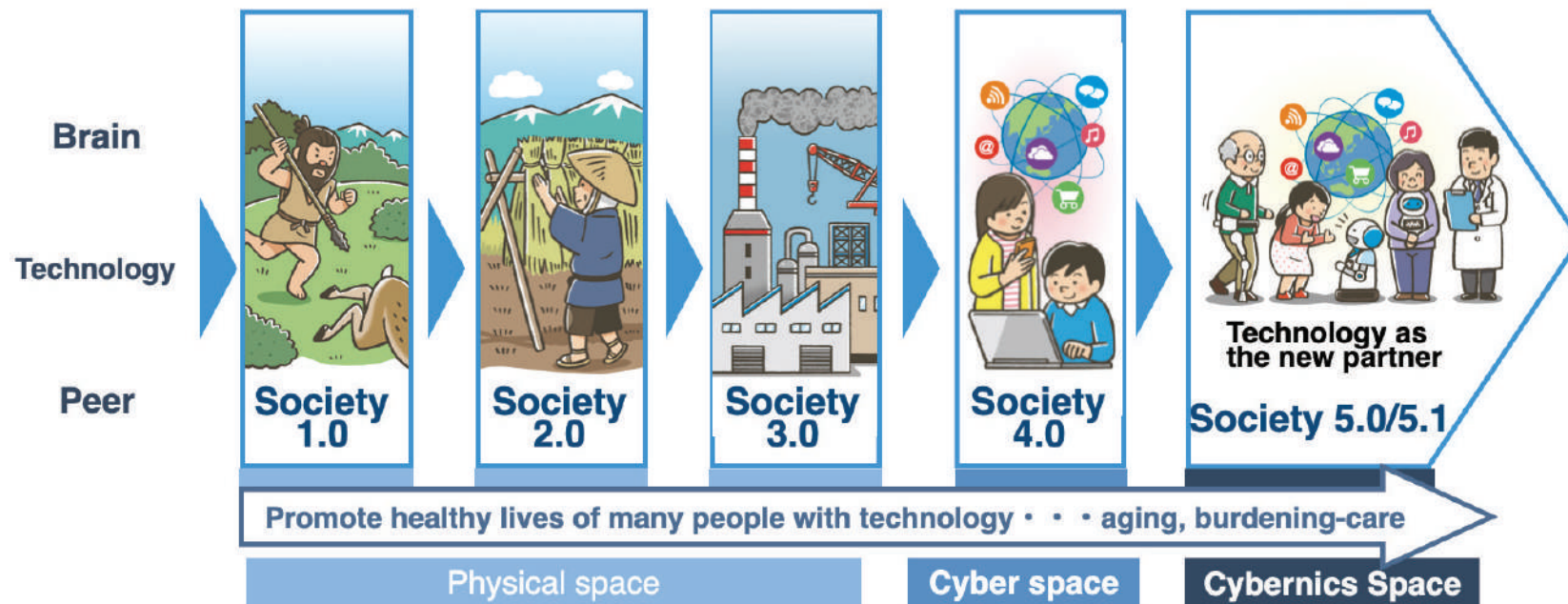
The 2005 World Technology Award (the Grand Prize) (2005), the Good Design Award (the Gold Prize), the Japan Innovator Award (the Award of Excellence)(2006), the Minister of Economy, Trade and Industry Award (2007), the 21st Century Invention Award at the National Invention Awards, "Development of Cyborg-type Robot Technology" (2009), the NetExplorateurs at UNESCO Headquarters (2011), the Capek Award (2012), the 2014 Technology Pioneer at the World Economic Forum (2013), the 2014 Edison Awards Gold Award, the DealWatch Awards 2013, the IPO of the Year at the Thomson Reuters (2014), the Zaikai Business Leader of the Year Award (2015), the DIA Japan Outstanding Contribution to Health Award, the Robot Award - Ministry of Health Labour and Welfare Award (2016), the Prime Ministers Award (the Nippon Venture Award)(2017), the Medal of Honor with Purple Ribbon (2019), the Intellectual Property Achievement Awards (the Minister of Economy Trade and Industry Awards) (2020), etc.



Realizing Techno Peer Support Society

Humans have created technology, lived with technology, and evolved with technology. From hunter-gatherer societies, agricultural societies, industrial societies, and now to the information society, technology has brought about social change.

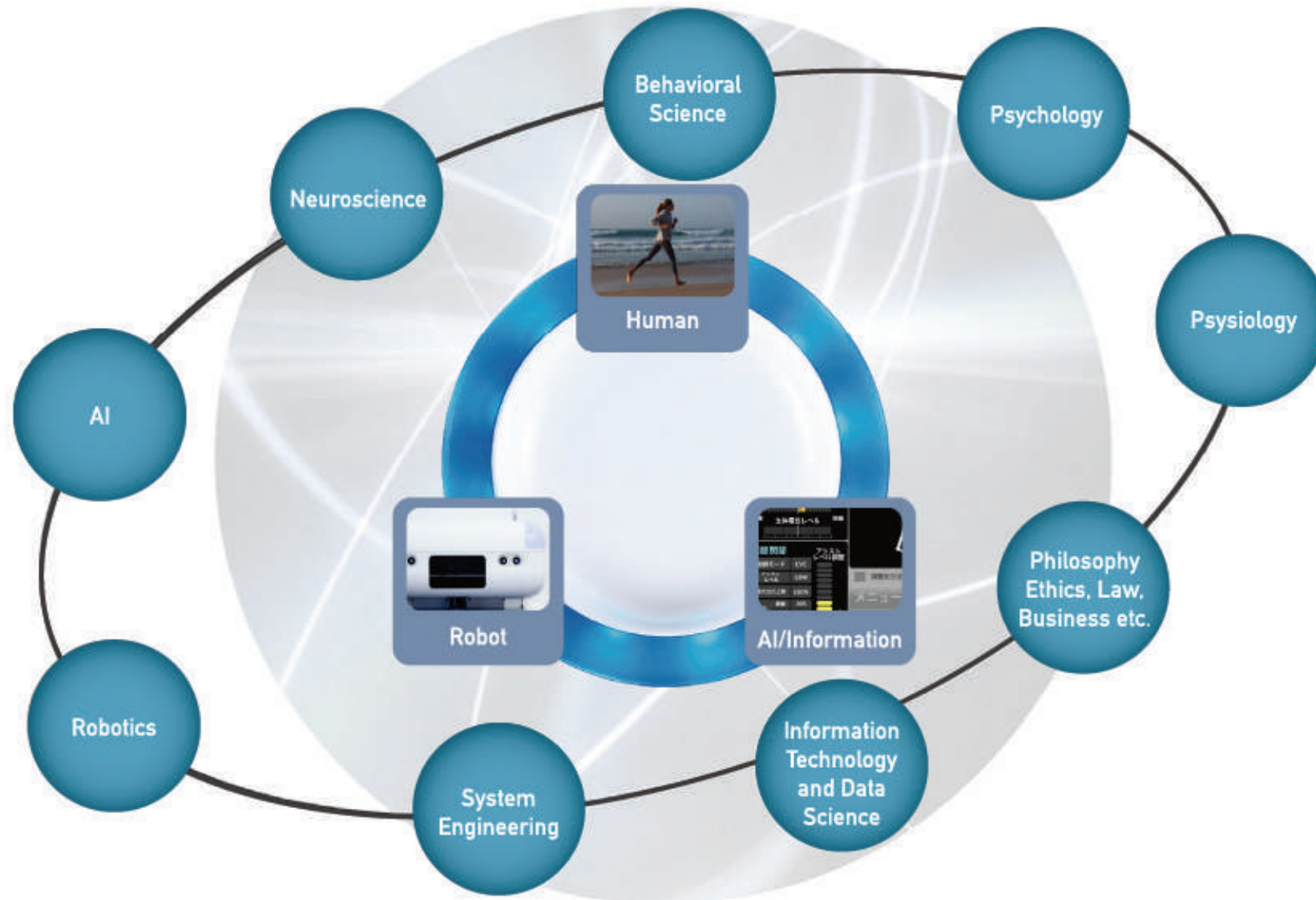
In the face of unprecedented challenges such as the declining birthrate, aging population, and the need for nursing care, we are driving efforts to realize a "Techno Peer Support Society" in which people and technology coexist and mutually support each other by promoting innovation that leaves no one behind.



What is Cybernics

Cybernics is a new field that fuses brain/neuroscience, AI, robotics, information, behavioral science, psychology, law, ethics, and management.

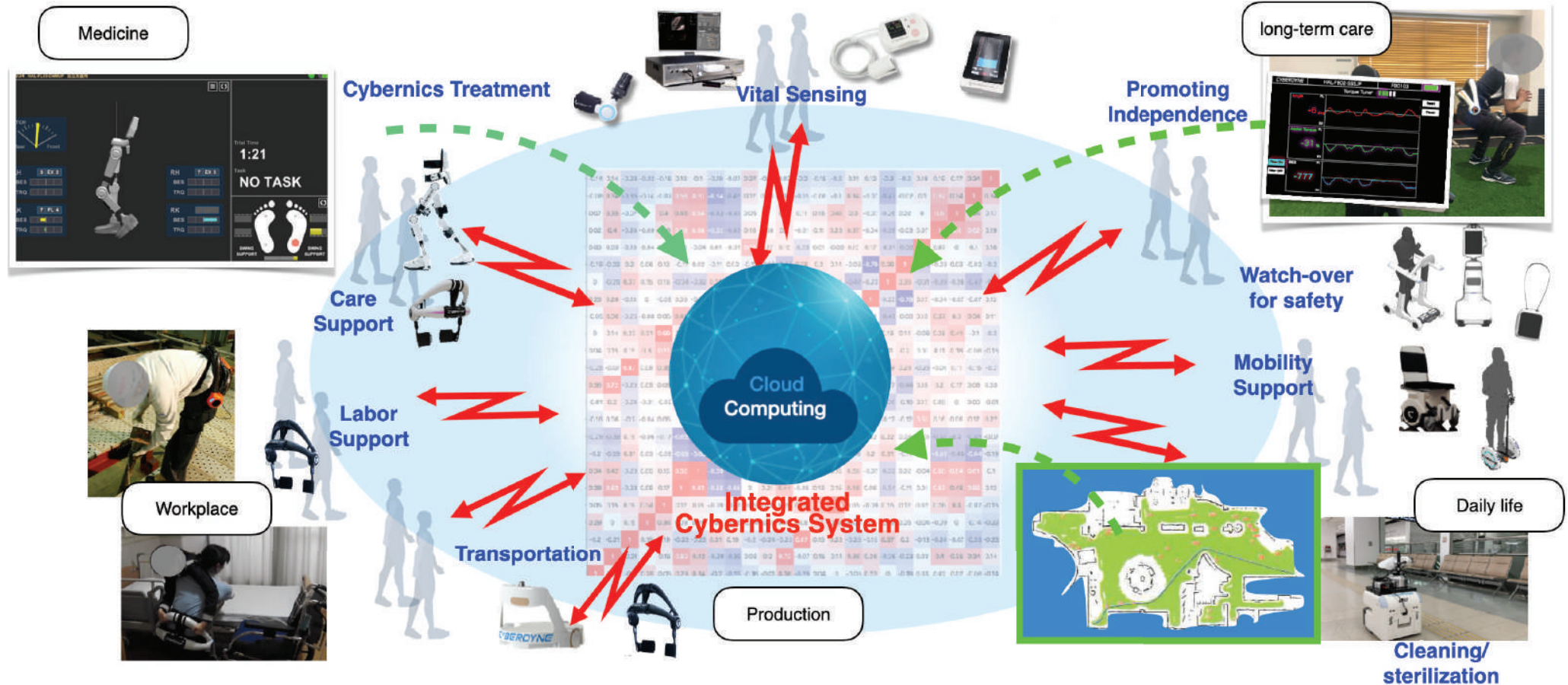
Cybernics is capable of handling "human" and "Cyber Physical space" in an integrated manner.



Integrated Cybernics System

Cyberdyne is working to create a Cybernics Industry for people and society, focusing on medical care, welfare, lifestyle, workplace, and production by realizing physical and informational interaction with "Human" to solve various problems of an aging society with a super low birthrate.

We will build an integrated Cybernics System and realize the fusion of "Human" and "Cyber Physical Space" as part of this effort.



Business development in a fusion space of "Human" + "Cyber Physical space"

Cybernetics Technology can handle "Human" + "Cyber Physical space" in an integrated manner. The Group aims to deploy this technology in different fields to take down the wall between them.

Cybernetics Technology will enable user to track the information of themselves at all time, no matter where they are.

Elderly Care



Life support



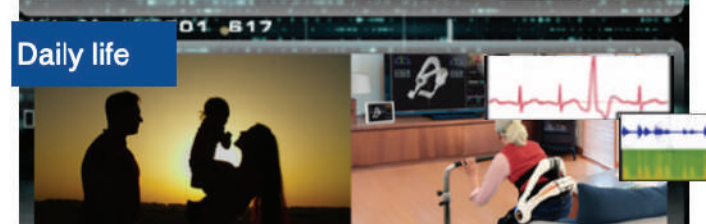
Medicine, Healthcare



Care/Welfare



Daily life



Work



Medicine, Health Care



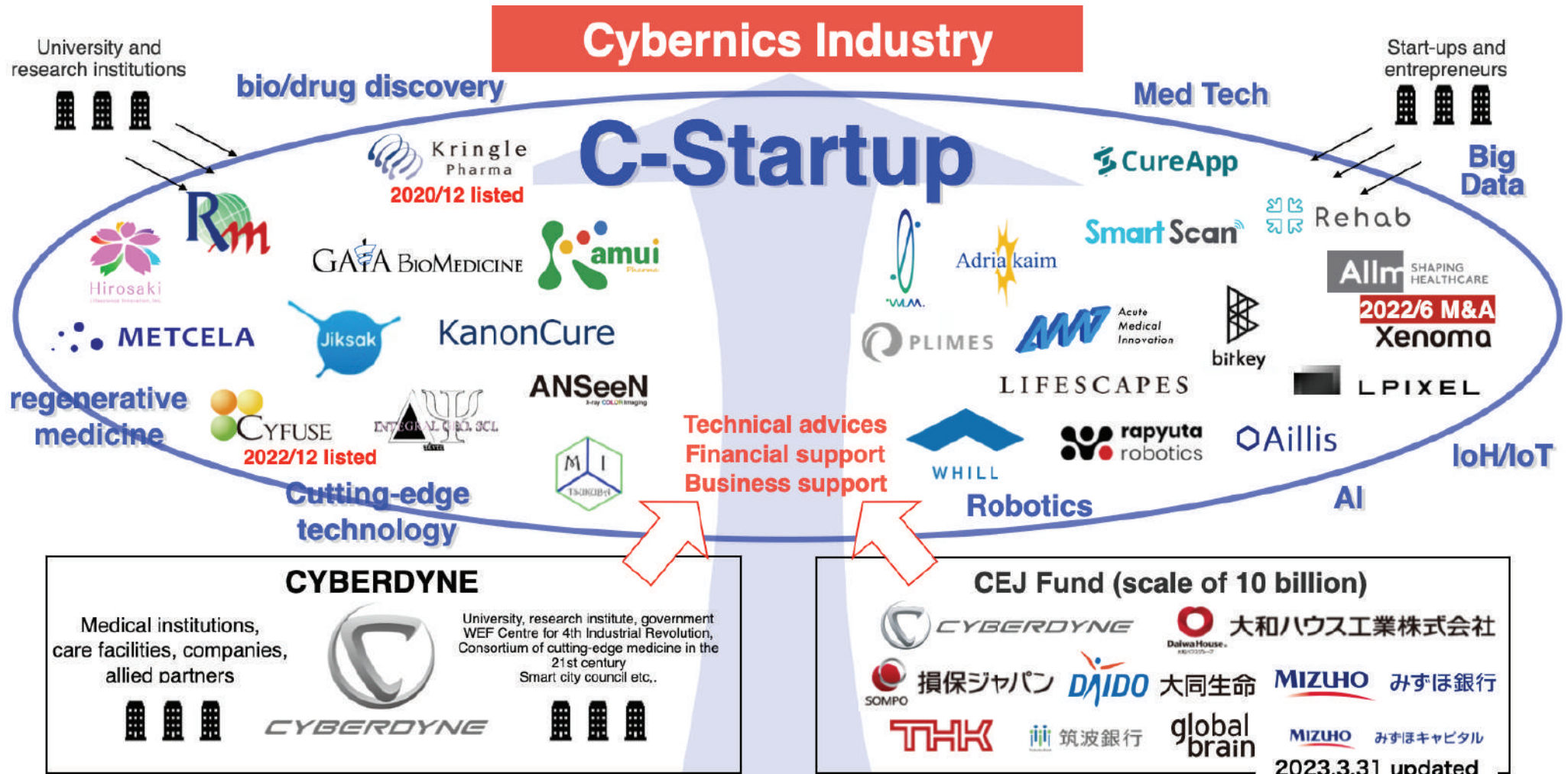
Work Support



C-Startup

C-Startup is an innovation ecosystem for the creation of the Cybernics Industry. C-Startup supports startups and entrepreneurs who aspire to create new industries to solve social problems by providing technical advice from Yoshiyuki Sankai and business support through financing, etc., by CYBERDYNE and CEJ Fund.

Through this ecosystem, we aim to create a Techno Peer Support Society where humans and technology support each other through a virtuous innovation spiral by integrally handling innovative technologies for people and society, the creation of new industries, and the support of startup companies/entrepreneurs. We aim to realize "Society5.0/5.1" and achieve social and industrial transformation by creating a Cybernics Industry.



Cybernetics Medical Innovation Base

Cybernetics Medical Innovation Base is a new facility of Cyberdyne that was established in the national strategic zone nearby Haneda International Airport. While Cybernetics Treatment was already proved to be effective, for patients in severe conditions, combination with cutting-edge biological technology could be promising.

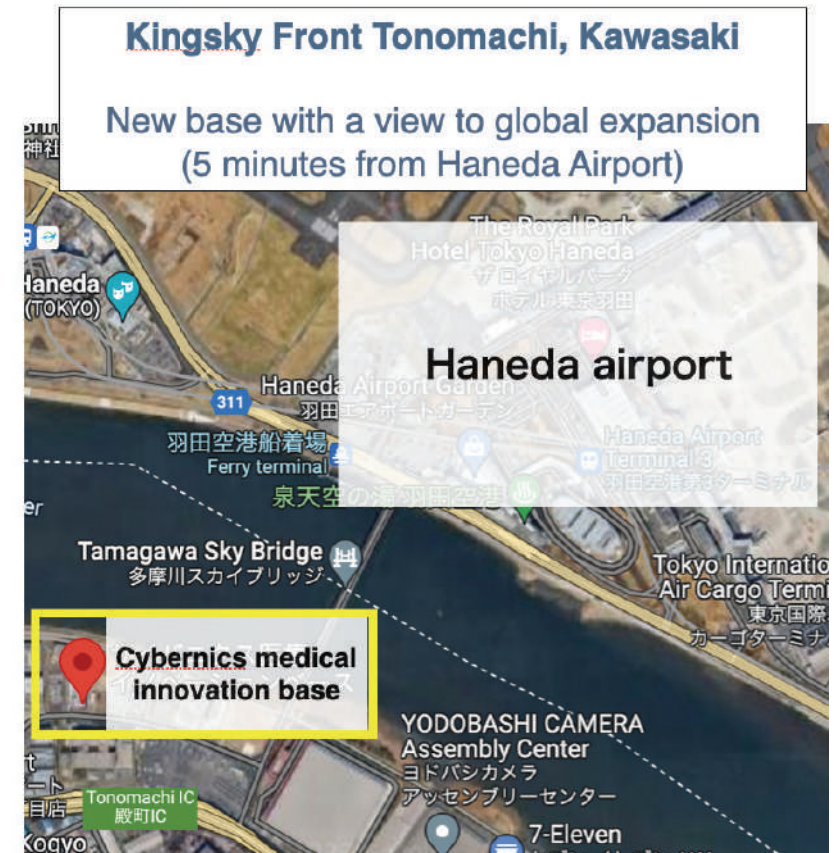
This facility is equipped with new-gen robotic bioreactors and environment need for biological technology companies. By working in a office closeby from such companies, the facility aims to encourage collaborations between companies to mix knowledge of medicine, biology, AI, robot and information systems.



2023/1- C-Startup partners began moving in

Kingsky Front Tonomachi, Kawasaki

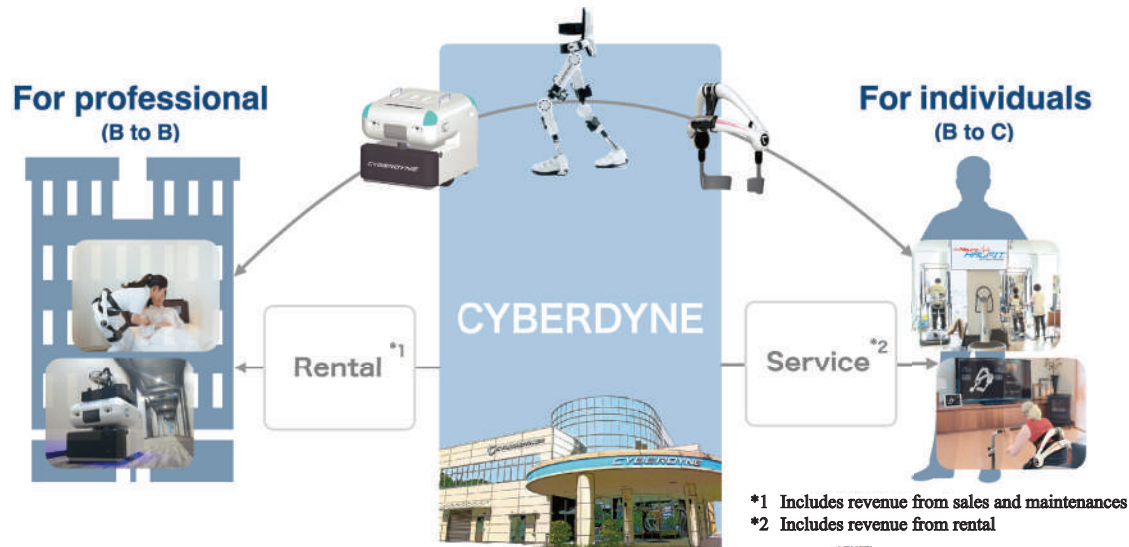
New base with a view to global expansion
(5 minutes from Haneda Airport)



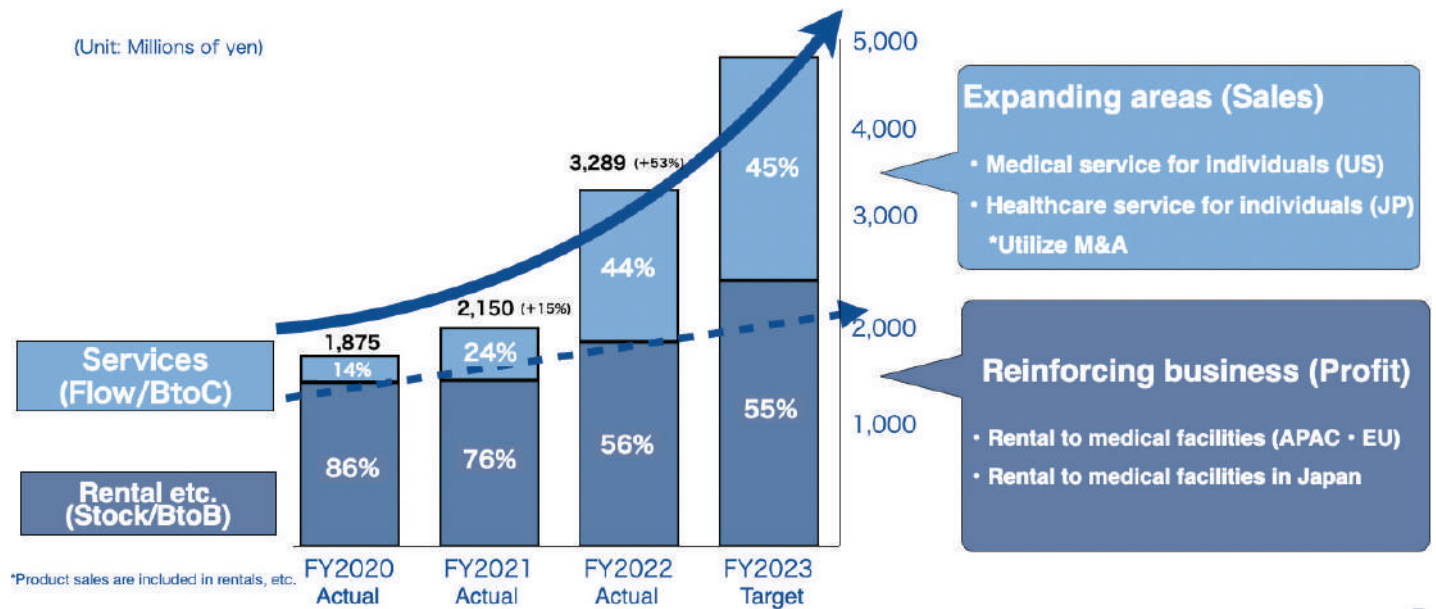
Business structure

CYBERDYNE currently rents products to corporations and provides services to individuals, including functional improvement services at our centers and in-home services.

The balance between rental and service became roughly the same. CYBERDYNE sets target to 30% to 40% for its compound average growth rate.



(Unit: Millions of yen)



Outlook to achieve operating profitability

CYBERDYNE has yet to achieve operating profitability. However it is striving to achieve it as quickly as possible.

Factors contributing the increase in operating loss and key points to achieve operating profitability are stated below.

Factors Contributing to the Increase in Operating Loss

- ✓ Upfront investment in new businesses through acquired subsidiaries (Upfront investment will continue in FY2023)
- ✓ Temporary delay in introduction of HAL at Japanese hospitals due to COVID-19

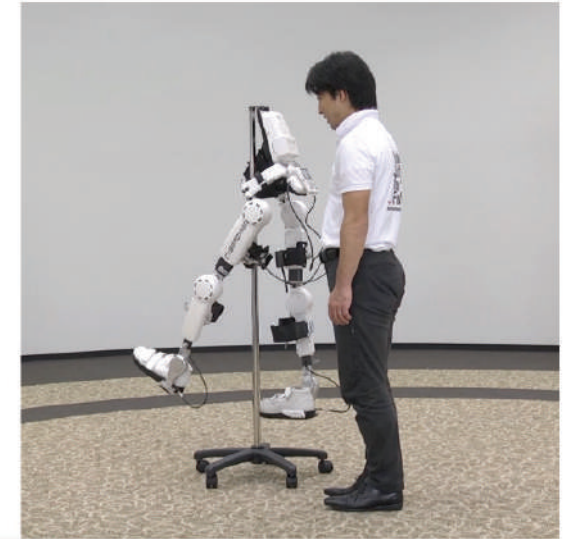
Key points to achieve operating profitability

- ✓ Progress in the U.S. for medical, healthcare, and welfare services business
- ✓ Continued expansion of HAL rentals to Europe and Asia
- ✓ Medical device approval and insurance listing of stroke and spinal cord injury in Japan
- ✓ Other (expansion of cleaning/disinfection robot CL02, Vital Sensor “Cyvis” and commercialization of photoacoustic imaging device “Acoustic X”)

Motion principle

HAL is said to be the world's first Wearable Cyborg. When used for treatment, the device can induce functional regeneration. HAL is capable of reading information from the wearer's brain-nerve systems with its sensors attached to the skin surface.

The AI system immediately processes and analyzes this signal to realize movement synchronized with the wearer's intention. In the image of the demonstration below, it shows that HAL moving with the leg movement (center) and HAL moving without the leg movement (right) just by detecting the intent of motion.






- 1) Obtain information about the brain-nerve and musculoskeletal system from the peripheral part of the body
- 2) HAL supports the movement synchronized with the wearer's intention of movement
- 3) Forms interactive Biofeedback Loop (iBF) which induces recovery of brain-nerve and musculoskeletal systems

II Business environment of medical/healthcare business

Addressable market of our medical HAL

While CYBERDYNE's Medical HAL can be used for various diseases, currently, it is mainly used for the treatment of stroke, spinal cord injury, and neuromuscular diseases.

The table below shows the number of addressable patients who could benefit from Medical HAL in the top three medical devices markets and its status of medical device approval.

	Stroke	Spinal Cord Injury	Neuromuscular diseases	Market Size
Japan 	Preparing application for medical approval 1.2	Planning clinical trial 0.2	Medical device approval + Public health insurance 0.05	1.5 Million
USA 	Medical device approval 6.8	Medical device approval 0.3	Medical device approval 0.15	7.3 Million
European Union(*) 	Medical device approval 1.8	Medical device approval 0.3	Medical device approval 0.15	2.3 Million
	9.9 Million	0.8 Million	0.4 Million (**)	11.1 Million

(Ref) New Energy and Industrial Technology Development Organization (2013), Ministry of Health, Labour and Welfare of Japan (2011), Translational Research Informatics Center (2014), American Heart Association (2010), National Spinal Cord Injury Statistical Center (2013), The Patient Education Institute, Inc. (2010), Parkinson's Disease Foundation (2010)

(*) Countries included for the calculation of EU numbers (Germany, France, Britain, Italy, Sweden)

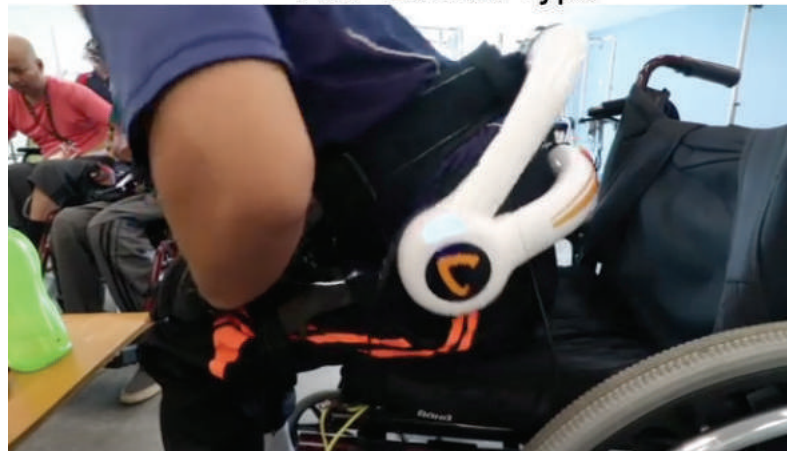
(**) The number of neuromuscular patients in USA and EU were calculated based on 0.05M patients in Japan

(***) In addition the Group is working together with regenerative medicine and pharmaceuticals on research on the treatment of Parkinson's Disease 1.9M patient

Cybernetics Treatment: Innovative method that utilizes HAL for treating brain-nerve-musculoskeletal disorders



HAL Lumbar Type



HAL Single Joint Type



HAL Lower Limb Type





Cybernetics treatment with Medical HAL Lower Limb Type (Germany)

Medical HAL Single Joint Type is a medical device that supports intensive rehabilitation of each joints by combining the main unit with the attachment suited for each joints. Using the product, the therapist could perform rehabilitation in various positions, such as lying, sitting and standing in accordance to physical conditions of the patient. The compact design of the product makes it easy to carry around, enabling rehabilitation in a wide range of environment, such as general ward rehabilitation room and bedside room in the acute phases.



Cybernetics treatment with Medical HAL Single Joint Type (Japan)



Cybernetics treatment with HAL "Lumbar Type" (Malaysia)

HAL Lumbar Type is a device that could be applied for two roles. The device supports both caregiver and care-receivers. When its used by "caregiver" it reduces the stress applied on the lumbar region during care movement and reduces the risk of back injury. When its used by "care-receivers", it could help a person with weak legs to maintain and improve the person's body function.

While it is being used in medical conditions for some countries, the device is not registered as a medical device yet.

Research on HAL

Listed below are some of major studies related to HAL for each conditions.

Spinal Cord Injury

- "Feasibility, safety, and functional outcomes using the neurological controlled Hybrid Assistive Limb exoskeleton (HAL) following acute incomplete and complete spinal cord injury – Results of 50 patients" *The Journal of Spinal Cord Medicine* (2023)
- "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 *The International Spinal Cord Society* (2019)
- "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)
- "Against the odds: what to expect in rehabilitation of chronic spinal cord injury with a neurologically controlled Hybrid Assistive Limb exoskeleton. A subgroup analysis of 55 patients according to age and lesion level" *Neurosurgical Focus* (2017)
- "The Effectiveness and Safety of Exoskeletons as Assistive and Rehabilitation Devices in the Treatment of Neurologic Gait Disorders in Patients with Spinal Cord Injury: A Systematic Review" *Global Spine Journal* (2016)
- "Voluntary driven exoskeleton as a new tool for rehabilitation in chronic spinal cord injury : A pilot study" *The Spine Journal* (2014)
- "Locomotion training using voluntary driven exoskeleton (HAL) in acute incomplete SCI" *Neurology* (2014)

Stroke

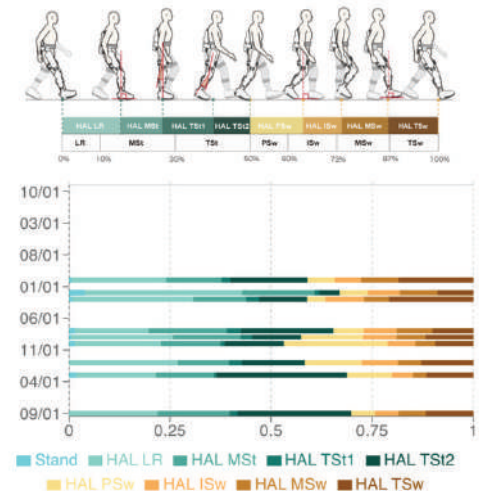
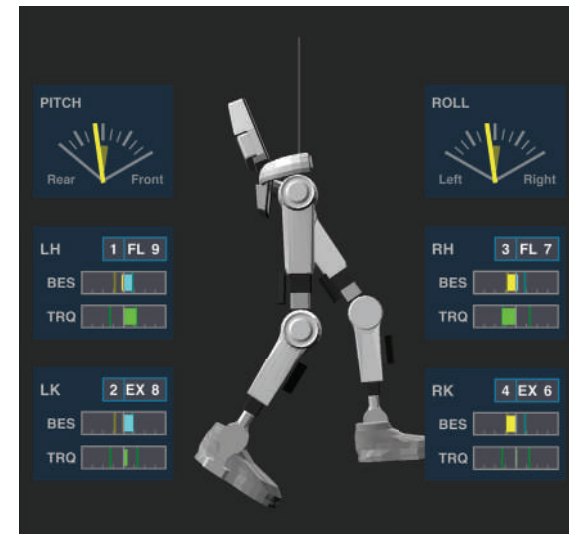
- "Combined therapy using botulinum toxin A and single-joint hybrid assistive limb for upper-limb disability due to spastic hemiplegia". *Journal of the Neurological Sciences* (2017) "Gait training with Hybrid Assistive Limb enhances the gait functions in subacute stroke patients: A pilot study". *NeuroRehabilitation* (2017)
- "Gait training of subacute stroke patients using a hybrid assistive limb: a pilot study" *NeuroRehabilitation* (2017)
- "Tailor-made rehabilitation approach using multiple types of hybrid assistive limb robots for acute stroke patients: A pilot study". *Assistive Technology* (2016)
- "Feasibility and efficacy of high-speed gait training with a voluntary driven exoskeleton robot for gait and balance dysfunction in patients with chronic stroke: nonrandomized pilot study with concurrent control". *International Journal of Rehabilitation Research* (2015)
- "Gait training early after stroke with a new exoskeleton the hybrid assistive limb: a study of safety and feasibility" *Journal of Neuro Engineering and Rehabilitation* (2014)
- "Pilot study of locomotion improvement using hybrid assistive limb in chronic stroke patients" *BMC Neurology* (2013)

Neuro Muscular Diseases

- "Effects of Long-term Hybrid Assistive Limb Use on Gait in Patients with Amyotrophic Lateral Sclerosis" *Internal Medicine* (2022)
- "Robot-assisted training using hybrid assistive limb ameliorates gait ability in patients with amyotrophic lateral sclerosis". *Journal of Clinical Neuroscience* (2022)
- "Cybernic treatment with wearable cyborg Hybrid Assistive Limb (HAL) improves ambulatory function in patients with slowly progressive rare neuromuscular diseases: a multicentre, randomised, controlled crossover trial for efficacy and safety (NCY-3001)". *Orphanet Journal of Rare Diseases* (2021)

Other

- "Biofeedback Core Exercise Using Hybrid Assistive Limb for Physical Frailty Patients With or Without Parkinson's Disease". *Frontiers in Neurology* (2020)
- "Feasibility of rehabilitation using the single-joint hybrid assistive limb to facilitate early recovery following total knee arthroplasty: A pilot study". *Assistive Technology* (2017)
- "Feasibility of rehabilitation training with a newly developed wearable robot for patients with limited mobility" *Archives of Physical Medicine and Rehabilitation* (2013)

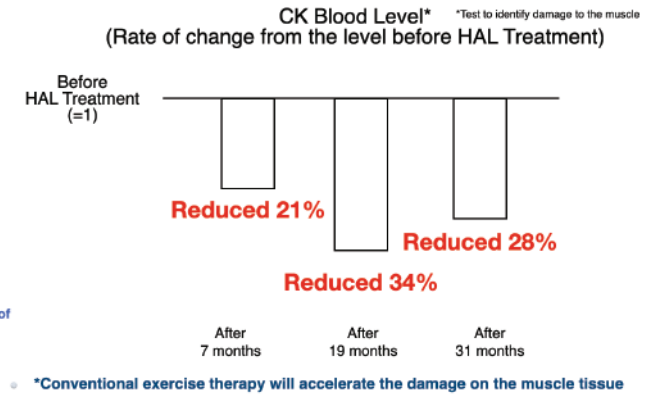
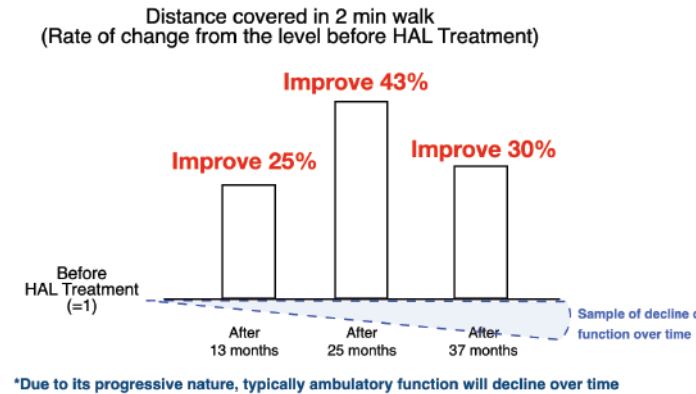


Effect of Medical HAL

After years of trials and clinical researches, we succeeded in accumulating clinical results that suggest high medical efficacy and safety of Medical HAL. We have highlighted some of the most notable findings

a) Neuromuscular disease

For this patient group, we prepared a summary of the post-marketing surveillance completed in 2020. Twenty hospitals took part in the test, delivering a total of 6,486 treatment sessions to 218 patients. The test result suggests very high efficacy and safety in a clinical setting. Based on this result, the Japanese Society of Neurological Therapeutics submitted a proposal to the Central Social Insurance Medical Council, claiming that "the medical technology produced significant improvement of physical function towards slowly progressive neuromuscular disease, which are intractable diseases with no established treatment methods that are effective (excerpts from the proposal, translated by CYBERDYNE)."



Disease	Natural course	Change rate	HAL	Change rate
Amyotrophic lateral sclerosis	After 6 months	Decline 16%	After 19 months	Improve 27%
Spinal muscular atrophy (Natural course is Type III. HAL is Type III and Type IV)	After 12 months	Decline 2.6%	After 19 months	Improve 153%
Spinal and bulbar muscular atrophy	After 18 months	Decline 7%	After 19 months	Improve 38%
Charcot-Marie-Tooth disease	After 4 months	Decline 1.4%	After 13 months	Improve 4%
Muscular dystrophy (Natural course is DMD and HAL is dystrophinopathy)	After 11 months	Decline 5%~17%	After 19 months	Improve 16%
Congenital myopathy	After 12 months	Decline 1.1%	After 19 months	Improve 28%
Inclusion body myositis	After 11 months	Decline 12%	After 19 months	Improve 9%

The proposal also stated that HAL did not increase the destruction of the patient's muscles. The CK value in the blood* was actually in the declining trend, which is medically noteworthy. This suggests that HAL is a safe treatment method for progressive neuromuscular patients.

*Creatine Kinase in the blood is an assessment index to show the disability in the musculoskeletal system. Conventional exercise therapy progresses the destruction of the muscles and increases the CK value.

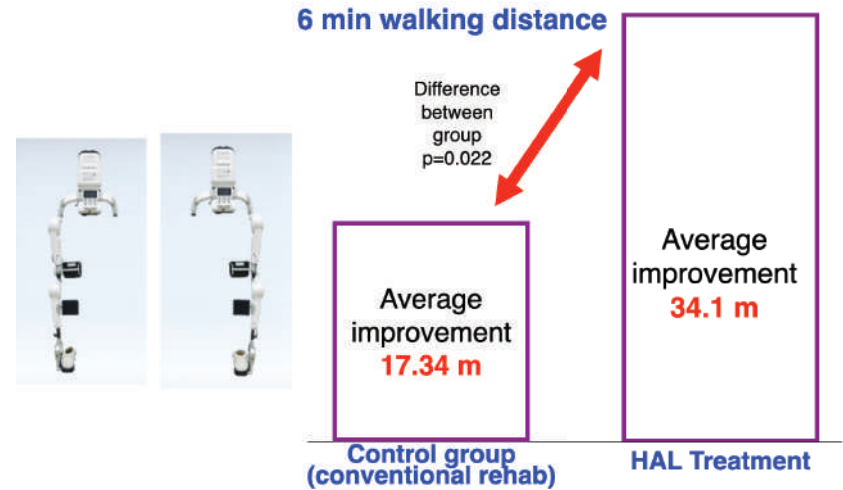
Due to such results, HAL is used for the treatment of eight types of neuromuscular diseases, namely: Spinal muscular atrophy, spinal and bulbar muscular atrophy, amyotrophic lateral sclerosis, Charcot-Marie-Tooth disease, distal muscular dystrophy, inclusion body myositis, congenital myopathy, muscular dystrophy. Treatment for these eight diseases is currently covered by public health insurance in Japan.

b) Stroke

For this patient group, we prepared a summary of the clinical trial completed in 2020. Sixteen hospitals took part in the test. Forty-nine patients who have reached a "plateau" state of improvement after conventional rehabilitation were recruited for the trial. Patients were separated into the control group (80 min conventional rehab each session) and HAL treatment group (60 min conventional rehab+20 min HAL Treatment each session). Results were compared after 20-25 sessions without wearing HAL.

As a result, superiority of the HAL group was suggested for 6 min walking distance as presented in the chart on the right. The result indicated a more significant improvement of the HAL group for 10m walking speed. Still, due to the number of cases, dispersion remained, and the result did not achieve statistical significance ($p < 0.05$).

Due to such results, HAL is currently used for treatment for stroke in many countries, except for Japan where the company plans to submit medical device application based on the conducted clinical trial.



c) Spinal cord injury

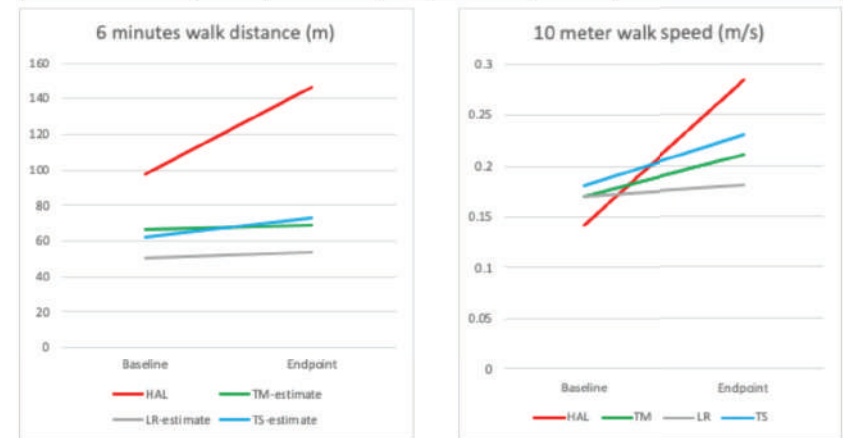
For this patient group, we prepared a summary of the clinical trial completed in 2016. A hospital in Germany conducted the trial. Fifty-five chronic stage patients (approx. seven years after injury) were recruited for the trial. Tests without wearing HAL was used to investigate the outcome, and result before and after 60 treatment sessions was compared.

As a result, for the 10m walking speed test, the patients' walking speed doubled on average, as presented on the chart on the left. Also, for 6 min walking distance test, the distance covered increased by 1.5 times on average.

Furthermore, CYBERDYNE compared the result of HAL Treatment with other popular methodology. In the referenced paper, there is one more group that was tested: OG (Overground + FES). We excluded this results from the chart as the measurements for 10m speed and 2 minutes distance are done in an overground walking setting. Subjects in the OG group had 60 opportunities to practice and get used to overground walking, whereas subjects in the other groups were only walking on the treadmill. This inter-group difference in the practice effect of walking overground can affect measurement results.

Comparison of SCI Intervention Results

	Subject	Frequency/Duration	N	6 min/2 min distance gain	10 m speed gain	Treatment Effects
TM (Treadmill + Manual)	SCI Chronic	5 sessions/wk 12 wks total 60 sessions	17	23.5%	4.1%	Treatment effect (small - moderate)
TS (Treadmill + FES)			14	27.8%	18.4%	Treatment effect (moderate)
LR (Lokomat)			15	5.9%	6.5%	Treatment effect (small)
HAL (Treadmill + HAL)			55	100.0%	49.6%	Treatment effect (significant)



Compared studies

HAL group: endpoints are 10m walk speed and 6 minutes walk distance
 Grasmücke D, Zierliacks A, Jansen O, Fisahn C, Sczesny-Kaiser M, Wessling M, Meindl RC, Schildhauer TA, Aach M. Against the odds: what to expect in rehabilitation of chronic spinal cord injury with a neurologically controlled Hybrid Assistive Limb exoskeleton. A subgroup analysis of 55 patients according to age and lesion level. Neurosurg Focus. 2017 May;42(5):E15. doi: 10.3171/2017.2.FOCUS171. PMID: 28463613.
 Other groups: endpoints are 10m walk speed and 2 minutes walk distance (no influence on gain ration, but the actual measurement results are not directly comparable with HAL study (therefore the results are labeled as "-estimate" to highlight that point)
 Field-Fote EC, Roach KE. Influence of a locomotor training approach on walking speed and distance in people with chronic spinal cord injury: a randomized clinical trial. Phys Ther. 2011 Jan;91(1):48-60. doi: 10.2522/ptj.20090359. Epub 2010 Nov 4. PMID: 21051593; PMCID: PMC3017322.

We have highlighted three types of diseases that are currently treated with HAL. To expand the target disease of HAL, there are clinical trials and research conducted for other conditions such as Parkinson's disease, cerebral palsy, multiple sclerosis, and many more. Furthermore, in addition to improvement of physical functions, there are also reports on the improvement of sensory such as sensory of bladder and urinary issues.

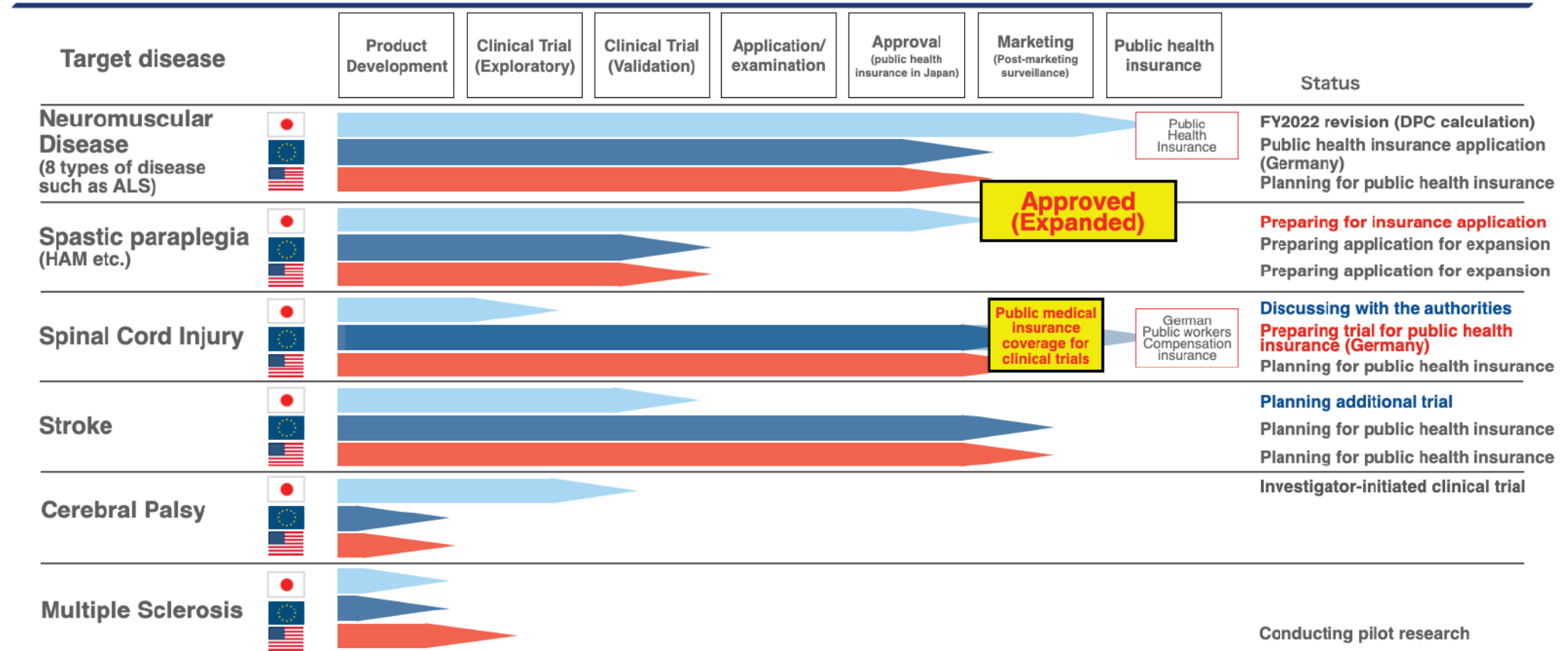
Development pipeline of Medical HAL

The process to establish a new technology as a standard treatment method can be a lengthy process. We have worked together with medical institutions, and moved forward step by step.

Below are the summary of the status of Medical HAL towards each target diseases in three main regions that CYBERDYNE operates in.







1) Medical HAL (Lower Limb Type)

As of March 31, 2023









2) Medical HAL (Single Joint Type)

As of March 31, 2023

Target disease		Product Development	Clinical Trial (Exploratory)	Clinical Trial (Validation)	Application/examination	Approval (public health insurance in Japan)	Marketing (Post-marketing surveillance)	Public health insurance	Status
Neurology (e.g. stroke)		[Progress bar]						Public Health Insurance	Additional equipment for increased physical activity
		[Progress bar]							Preparing for public health insurance
		[Progress bar]							Preparing for public health insurance
Orthopedic (e.g. after artificial knee replacement)		[Progress bar]							Preparing for public health insurance
		[Progress bar]							Preparing for public health insurance
		[Progress bar]							Preparing for public health insurance

3) Medical HAL (Lumbar Type)

As of March 31, 2023

Target disease		Product Development	Clinical Trial (Exploratory)	Clinical Trial (Validation)	Application/examination	Approval (public health insurance in Japan)	Marketing (Post-marketing surveillance)	Public health insurance	Status
Stroke		[Progress bar]							Conducting pilot trial
		[Progress bar]							
		[Progress bar]							
Parkinson's Disease		[Progress bar]							Preparing clinical trial
		[Progress bar]							
		[Progress bar]							

Status of approvals by diseases and countries

[Status of approval for HAL Lower Limb Type]

As of March 31, 2023

		Stroke	Spinal Cord Injury	Neuromuscular disease*
Japan		Planning submission of application for medical device approval	Planning clinical trial	Approved
USA		Approved	Approved	Approved
EMEA	EU	Approved	Approved	Approved
	Saudi Arabia	Approved	Approved	Approved
	Turkey	Approved	Approved	Approved
APAC	Malaysia	Approved	Approved	Approved
	Indonesia	Approved	Approved	Approved
	Thailand	Approved	Approved	Approved
	Taiwan	(application in progress)	Approved	(application in progress)
	Singapore	Approved	Approved	Approved
	Australia	Approved	Approved	Approved

[Status of approval for HAL Single Joint Type]

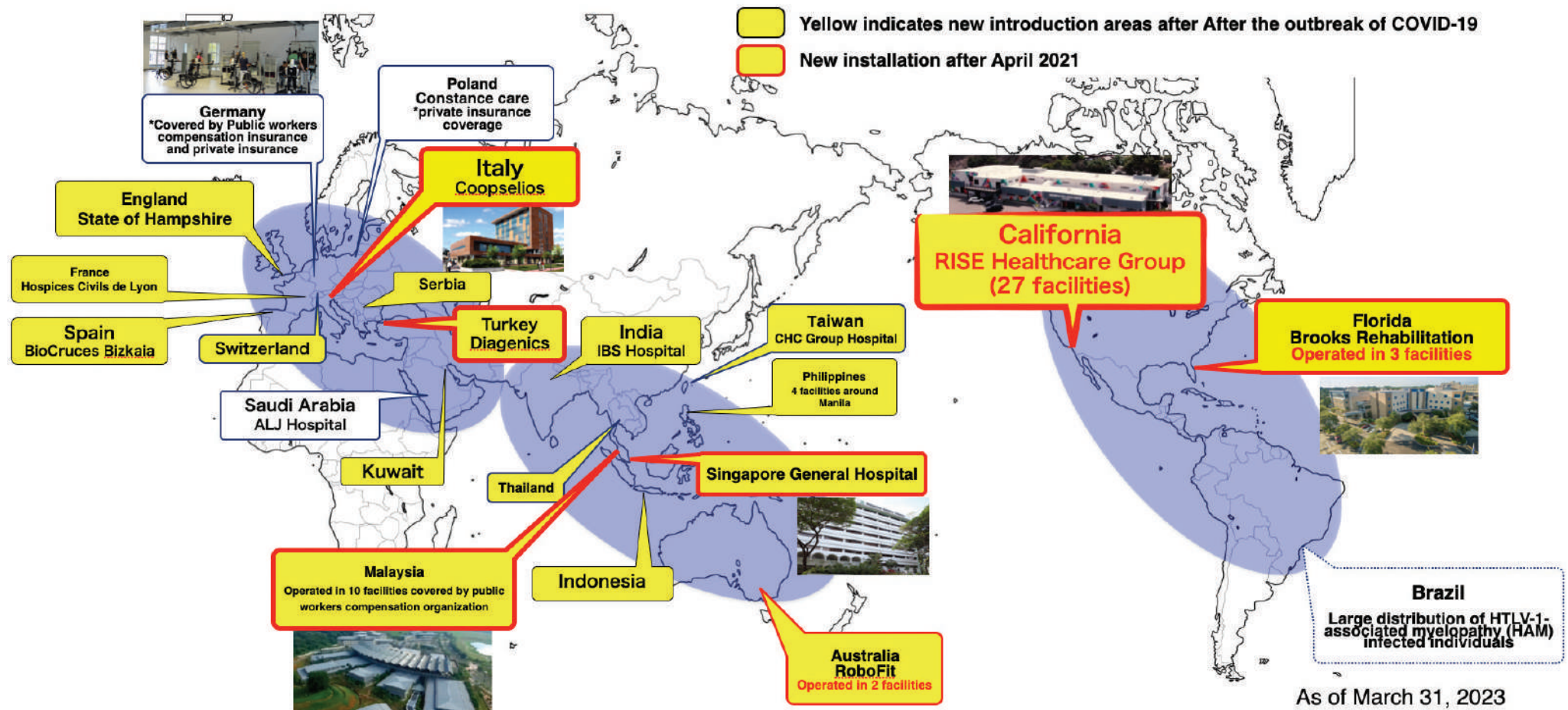
As of March 31, 2023

		Neurology (e.g. stroke)	Orthopedic (e.g. after artificial knee replacement)
Japan		Certified*	Certified*
USA		Approved	Approved
EMEA	EU	Approved	Approved
	Turkey	Approved	Approved
	Saudi Arabia	Approved	Approved
APAC	Malaysia	Approved	Approved
	Indonesia	Approved	Approved
	Thailand	Approved	Approved
	Taiwan	Approved	Approved
	Singapore	Approved	Approved
	Australia	Approved	Approved

Global dissemination

Cybernetics Technology deployed by the Company is being disseminated amid the global pandemic of COVID-19. Currently, HAL is active in over 20 countries and regions worldwide.

We use this technology as an international platform to strategically promote collaboration with national and international doctors, patients and families, regulatory authorities, certification bodies, and health organizations.



Business development in Malaysia

One of the biggest adopter of the technology has been Malaysia. Working with the Public Social Security Organization (SOCSO) to make the technology accessible by patients, over 100 units of HAL are being used in Malaysia today.

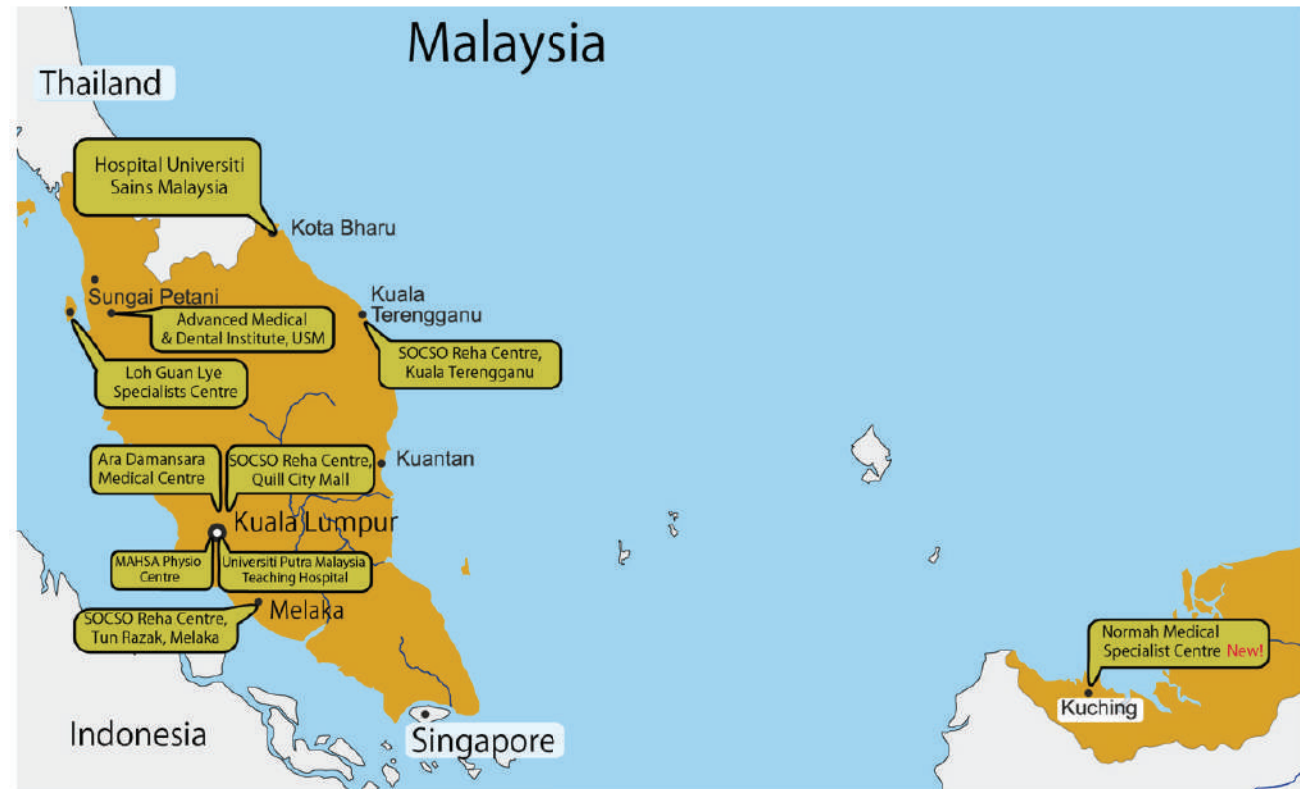
With the installation of HAL to the island of Kalimantan, HAL can now be used in almost every region of Malaysia.

104 HALs rented for a fee at 10 facilities in Malaysia

More locations to be added in the future

SOCSO (Malaysian Public Social Security Organization)

SOCSO has four functions: disability pension, survivor's pension, medical coverage and occupational injury coverage, and is compulsory for Malaysian and foreign workers in Malaysia to join the program. It provides medical compensation, disability compensation, funeral benefits, child support and nursing care benefits for illness or injury that occurs while commuting to and from work.



As of March 31 2023

Construction of National Center for Cybernics Treatment in Malaysia

The Malaysian government has announced construction of National Neuro-Robotic and Cybernics Centre in the northern region of Malaysia (Ipoh, Perak).

The center is expected to be the largest medical complex in Southeast Asia, enabling treatment of 700 patients at the same time. The construction is already in progress and is scheduled for completion at the end of 2024.

SOCSO constructs “National Neuro-Robotic and Cybernics Centre” in the northern region of Malaysia



National Centre for Neuro-Robotics and Cybernics

It is being built in Bandar Meru Raya, a new area being developed in Ipoh, Perak, northern Malaysia. It is expected to cover an area of 37 hectares. It will be the largest medical complex in Southeast Asia operated by SOCSO, with the capacity to provide comprehensive treatment to about 700 patients simultaneously for a certain period.

- ✓ **Cybernics Treatment are highly evaluated outside Japan**
- ✓ **Reinforce Cybernics Industry from this site**

Planned to be completed at the end of 2024

Business development in Singapore

In July 2022, treatment of HAL have started in the largest medical institute in Singapore, Singapore General Hospital.

The country has a great reputation of high quality medical service and we will continue to work with other partners to expand the usage to other hospitals.

- 1) Obtained medical approval for HAL Lower Limb (December 2020)
- 2) Ships out HAL to Singapore General Hospital (July 2022)



Singapore General Hospital

The hospital is the first and largest hospital in Singapore. It provides affordable specialist care for patients, training for doctors and other healthcare professionals, and research to bring better care to its patients. Every year, the SGH Campus caters to over 1 million patients. With a 10,000-strong workforce, SGH accounts for about a quarter of the total acute hospital beds in the public sector and about one-fifth of acute beds nationwide.

Business development in Turkey

In the fiscal year ended March 31, 2023, we started to offer our technology to Turkey as well. Working with a company called Diagenics.

19 units was shipped out to Diagenics at the end of March 2023 and the number of total units is expected to reach 36 units in total.



Diagenics

The Diagenics Group was established to provide Precision Medicine through the comprehensive use of innovative medical technologies, including Cybernics Treatment utilizing HAL, Stem-cell therapy, and epidural stimulation therapy.

Business development in Italy

We also signed an agreement with Coopselios Italy, which is a social service organization that has been active in Italy for over 30 years.



Coopselios Headquarter in Reggio Emilia - Italy

25 units of HAL was installed to the Coopselios group already and the revenue was reflected on the 1Q of FY2023



Coopselios is a social service organization active in Italy for over 30 years, including nursing homes, rehabilitation centers, and children's homes. Coopselios has been providing services to Italy's families, municipalities, and public health institutions.

- 3,550 professionals
- In 8 regions of Italy
- Providing services to 7,800 people everyday

https://www.coopselios.com/uploads/2023/02/Ok-COOPSELIOS-GROUP-2022-ENG_definitiva_SHORT-modalità-compatibilità.pdf

To spread the message to patients and their family

As the technology is still new, we continue to publish various materials to raise the awareness about its technology.

During the previous fiscal year, the company published a panthlet fan website for the patients who were starting to go through Cybernetics treatment with HAL.

Medical Supervisor: Takashi Nakajima, Neurologist
<https://my.ebook5.net/cyberdyne/4i66V/>

Panthlet on Cybernetics Treatment (available in Japanese only)

Medical Supervisor: Takashi Nakajima, Neurologist

<https://www.hal-treatment.jp>

Website on Cybernetics Treatment (available in Japanese only)

Challenge to expand the insurance coverage

In Germany, the treatment with HAL is covered by public workers compensation insurance. To benefit patient who suffer from other diseases we have been working to obtain public medical insurance coverage.

We have been discussing with the German Federal Joint Committee to conduct additional clinical trial in premise of public medical insurance coverage in Germany.

G-BA (German Federal Joint Committee) decides to conduct clinical trials under the premise of insurance coverage

G-BA approves Cybernics Treatment as the standard of care to be considered for spinal cord injury patients (in accordance with §137eSGB V of the Study Regulations)

G-BA itself decides to conduct a clinical trial (the clinical trial will be covered by public health insurance for Cybernics Treatment in advance).

The results of the clinical trial are expected to be included in the German public medical insurance system.

G-BA Preparing Protocol Framework for Clinical Trials

2023/01 Protocol outline presented

2023/03 Expert hearing held

G-BA (Federal Joint Committee): Organization at the federal level that determines basic benefits, prices, standards, etc. for German insurance treatment.

§137e SGB V (Trial Regulation): A system under which the G-BA conducts its own initiated clinical trials and makes final evaluations of promising treatments that could become the standard of care.

Additional indication

In Japan, we obtained additional indication for two diseases: HTLV-1 related myelopathy and hereditary spastic paraplegia.

We plan on expanding indications in countries outside of Japan as well.

Existing indication

Progressive neuromuscular diseases (8 diseases)

1. Spinal and bulbar muscular atrophy
2. Amyotrophic lateral sclerosis,
3. Spinal muscular atrophy
4. Charcot-Marie-Tooth disease
5. Inclusion body myositis
6. Distal muscular dystrophy
7. Congenital myopathy
8. Muscular dystrophy



Expanded indication (2022/10)

Progressive spinal diseases (2 diseases)

1. HTLV-1-related myelopathy
2. hereditary spastic paraplegia

Cybernetics Treatment promotes the regeneration of neurological function in many diseases. It improves gait instability and functional disability caused by progressive intractable diseases for which no effective treatment has been established

Neuro HALFIT: Programs at Robocare Center etc., to improve brain-nerve-musculoskeletal functions



HAL Lumbar Type



HAL Single Joint Type



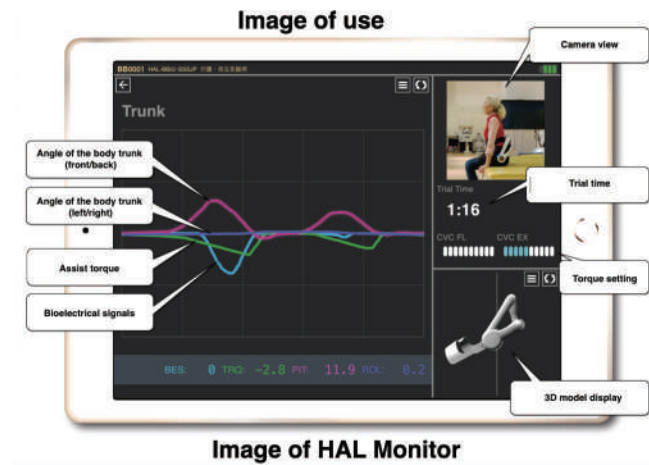
HAL Lower Limb Type



Neuro HALFIT at Home

Neuro HALFIT at Home is a non-contact home service for individual users. It is a service that allows the wearer to receive visual feedback from the HAL monitor, linked to Cyberdyne's cloud data, to visualize the bio-potential signals that command physical movement and posture information.

In addition, the system provides remote online support by professional staff such as therapists and trainers. This service is provided through an online site called CYBERDYNE STORE.



Program to prevent the need of care

After receiving several reports on the effect of HAL in maintaining the wearer's physical function and preventing frailty, the Company started scientific studies to investigate further.

Below is a summary of the care prevention program conducted in Kanagawa prefecture. Significant improvement in mobility functions was observed for seniors at an average age of 74.8.

Care prevention program (Kanagawa Mirai MIBYO Cohort Study)

Interim evaluation results of short-term intervention **twice a week for a total of 10 sessions**



Evaluation item	Before HAL (Mean±SD)	After HAL (Mean±SD)	Improvement rate	P-value
10m walk (walking speed m/sec)	1.04±0.22	1.45±0.25	39%	<0.001***
Locomotiv 5 check <small>*Signs of motor unit deterioration</small>	8.15±2.48	3.96±3.15	105%	<0.001***

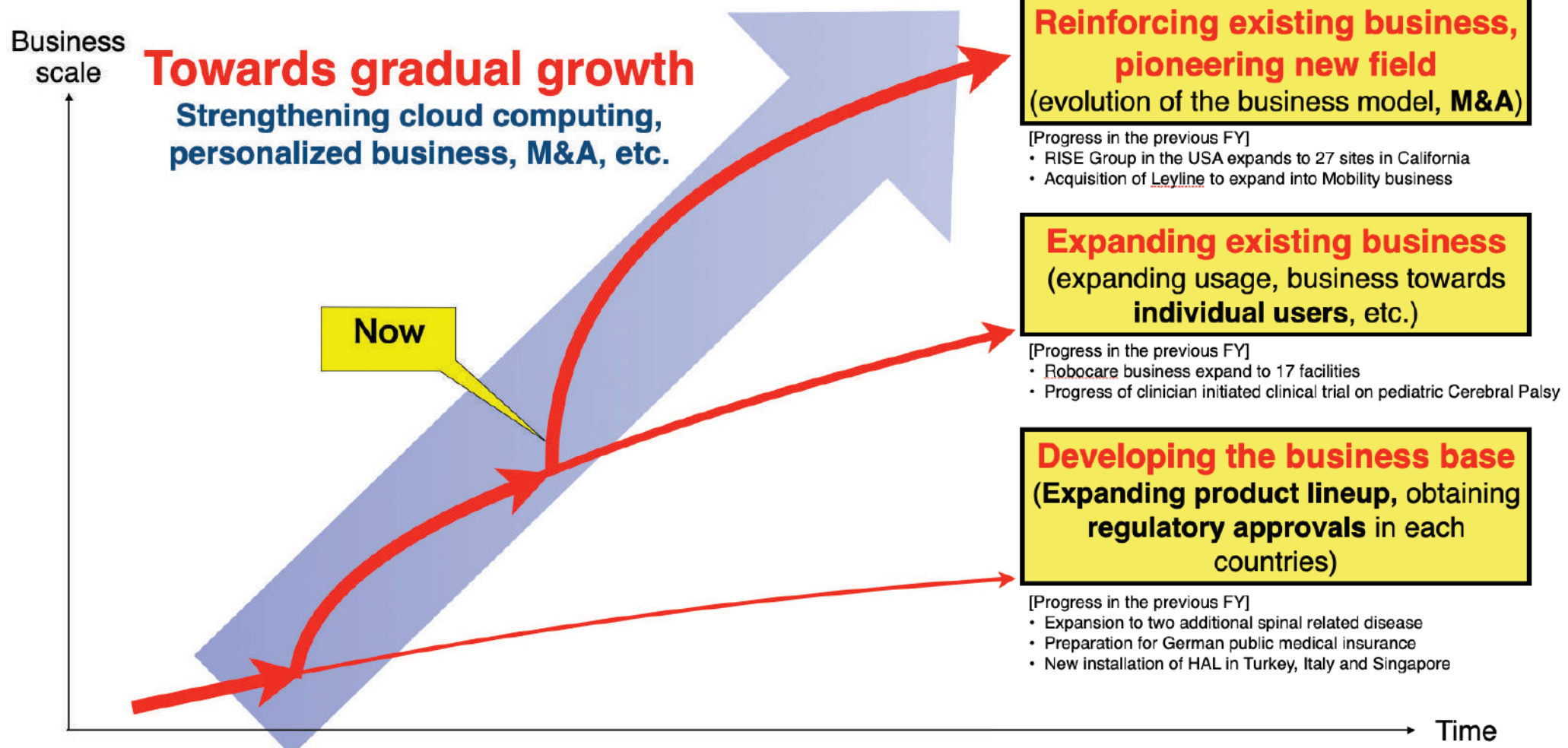
Subject n=80 people (Average age : 74.8 ± 4.3 years old)

Research and development of nursing care prevention programs utilizing healthcare robots

Growth scenario

CYBERDYNE succeeded on developing the business base by rapidly expanding the product lineup and obtaining regulatory approvals in each countries. We have expanded the usage and started new business towards individual users.

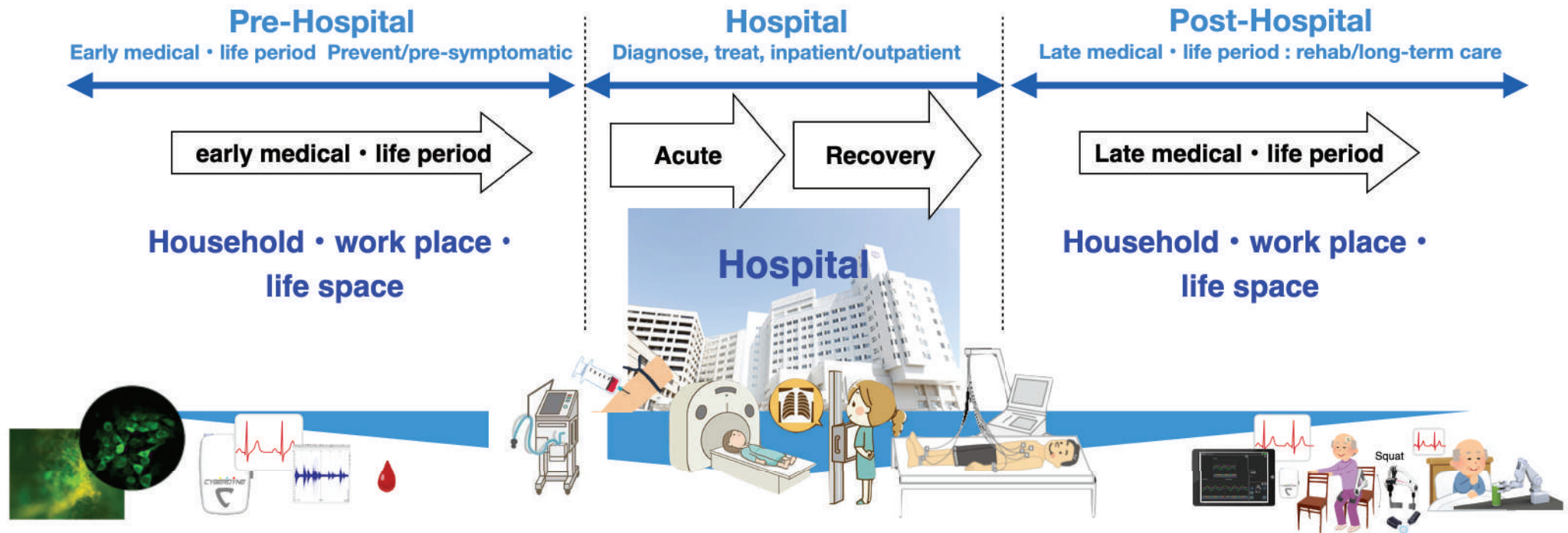
Our next challenges are to reinforce the existing business by evolving our business model and conducting M&A to accelerate the growth.



Future of medical and healthcare

The boundaries between medical and non-medical care have been strictly separated.

As all of our devices are equipped with communication functions, connecting them to small vital sensors and various applications will make it possible to handle data of a level that could only be obtained by visiting a medical facility while going about one's daily life.



Formation of Cybernics Medical System

By deploying loH/IoT (Internet of Human and Things) enabled cybernics technology in hospitals, nursing homes, homes, and workplaces, we will improve, regenerate, expand, and support the functions of users while accumulating, analyzing, and processing AI human big data (physiological, psychological, lifestyle, behavioral, and environmental information related to humans) through it.

All cybernics technologies have communication capabilities and can be seamlessly connected to different locations by linking them with data and services.

Prevent, early detect and improve on daily basis



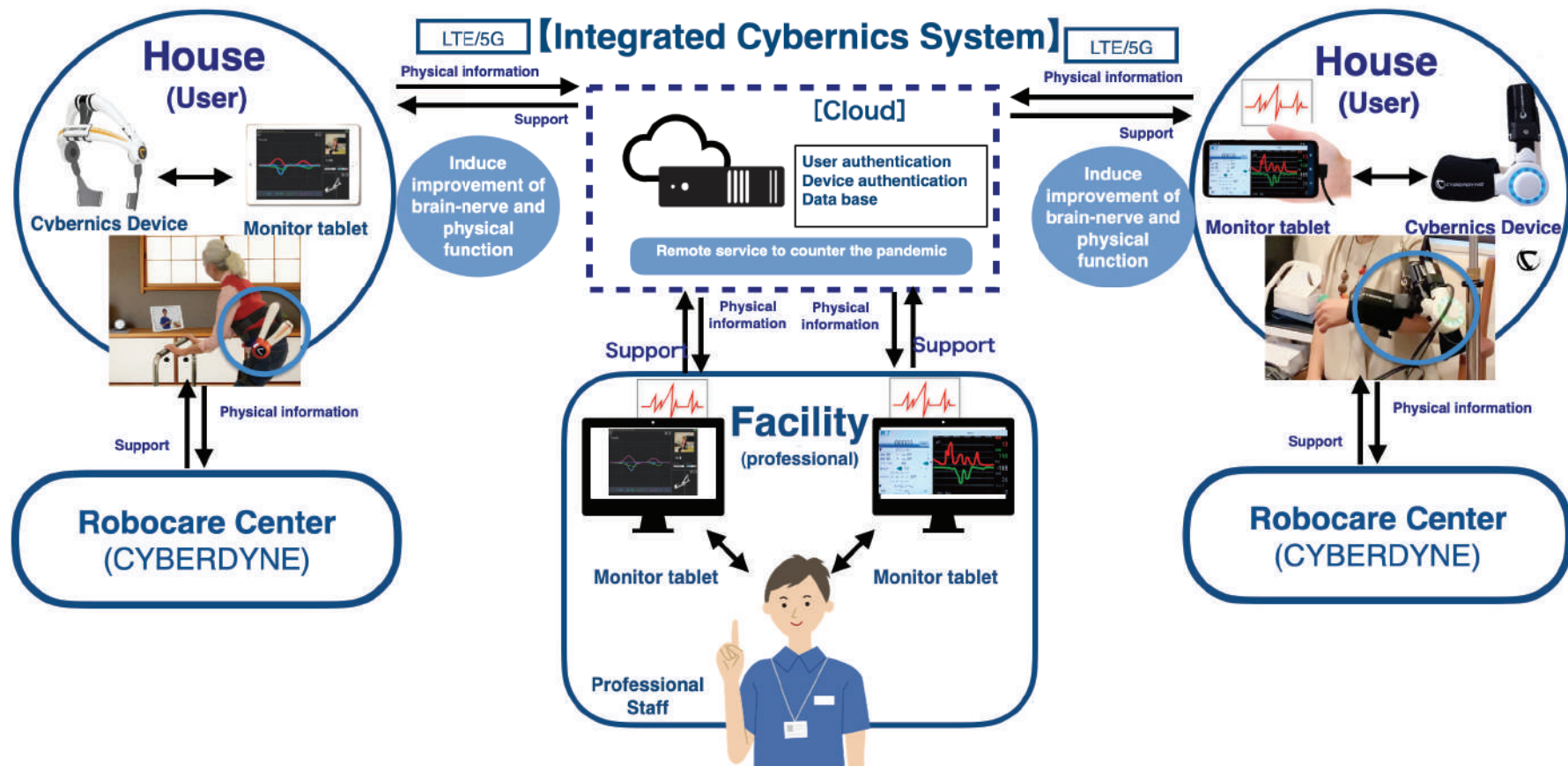
Seamless data linkage between hospitals, facilities, homes, and workplaces with loH/IoT

Medical/Healthcare service for individuals

All devices and software handled by Cybernics, including Wearable Cyborgs (Medical/Non-medical), ultra-small vital sensors, and applications, have communication functions and can be used in various activities by utilizing cloud computing.

For example, the user can now obtain detailed health data without visiting a medical institution while going about their daily life.

[Medical Healthcare Service for Individuals Neuro HALFIT at home Expansion of remote services connecting home and hospitals/facilities through cloud computing

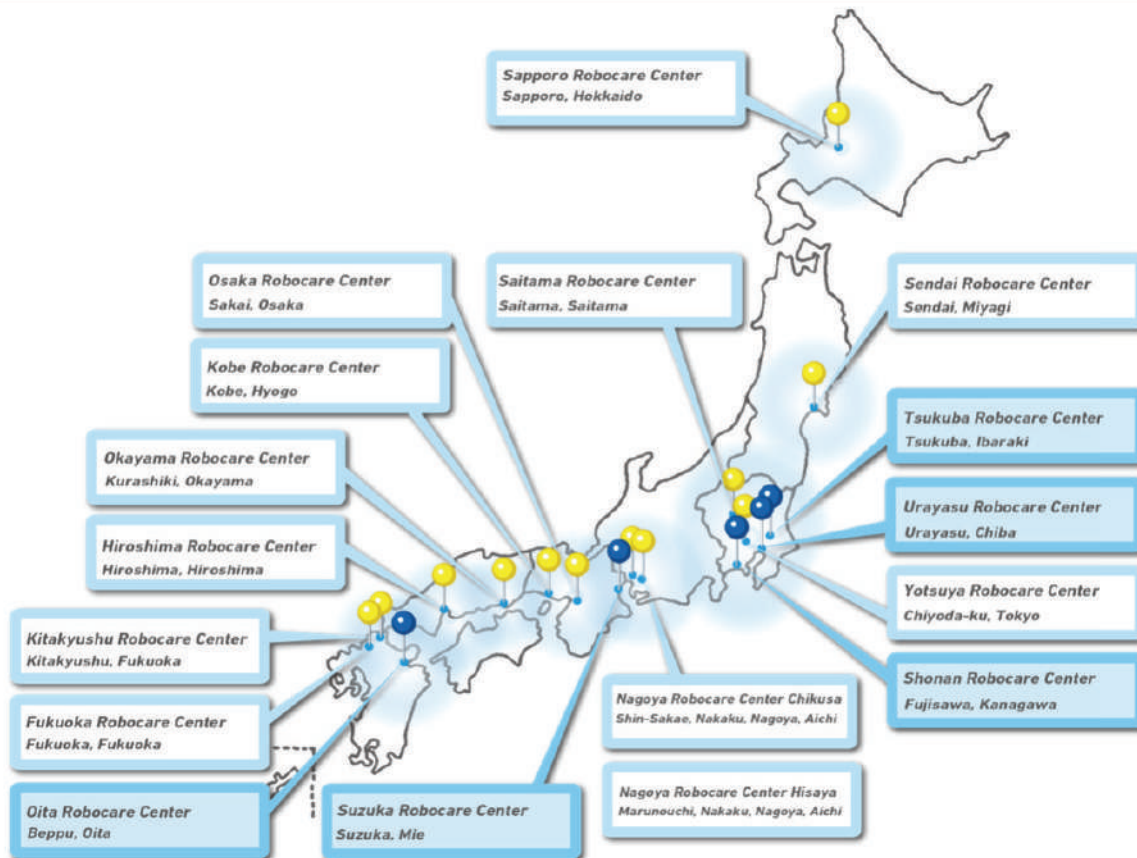


Robocare Center

CYBERDYNE develops Robocare Centers as hubs for medical healthcare service business for individuals. The center offers a non-medical service called "Neuro HALFIT" to improve the functions of neuromuscular systems.

The program targets individuals with diseases not currently covered by public health insurance, individuals who strive for further recovery after hospital discharge, and visitors from countries that do not have HAL installed yet.

Expansion of hubs in the medical healthcare service business for individuals



Available in 17 locations
nationwide

Expansion of medical service

CYBERDYNE formed a strong partnership with RISE Physical Therapy Inc. in California, USA through M&A. RISE group operates 27 medical centers around San Diego and Los Angeles areas.

RISE group will add Cybernics Treatment with HAL in their service lineup following the deal. This will enable CYBERDYNE to obtain its medical service platform for individual users.

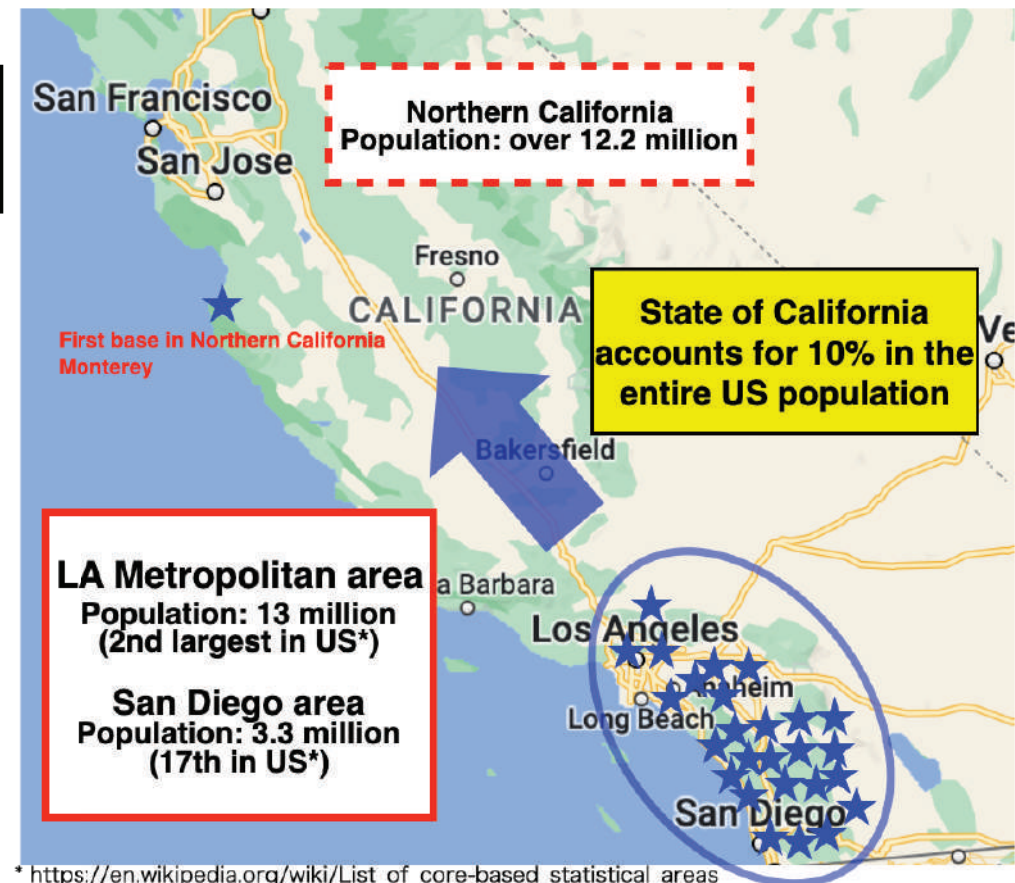
Promotion of in-house platform development of medical services for individuals

RHG (RISE Healthcare Group Inc.)

(Company in charge of the Group's medical service business)

- ✓ Gradual expansion in Southern California
- ✓ Expansion to Northern California (February 2023)
- ✓ Currently 27 locations (up 11 locations since the beginning of the year)

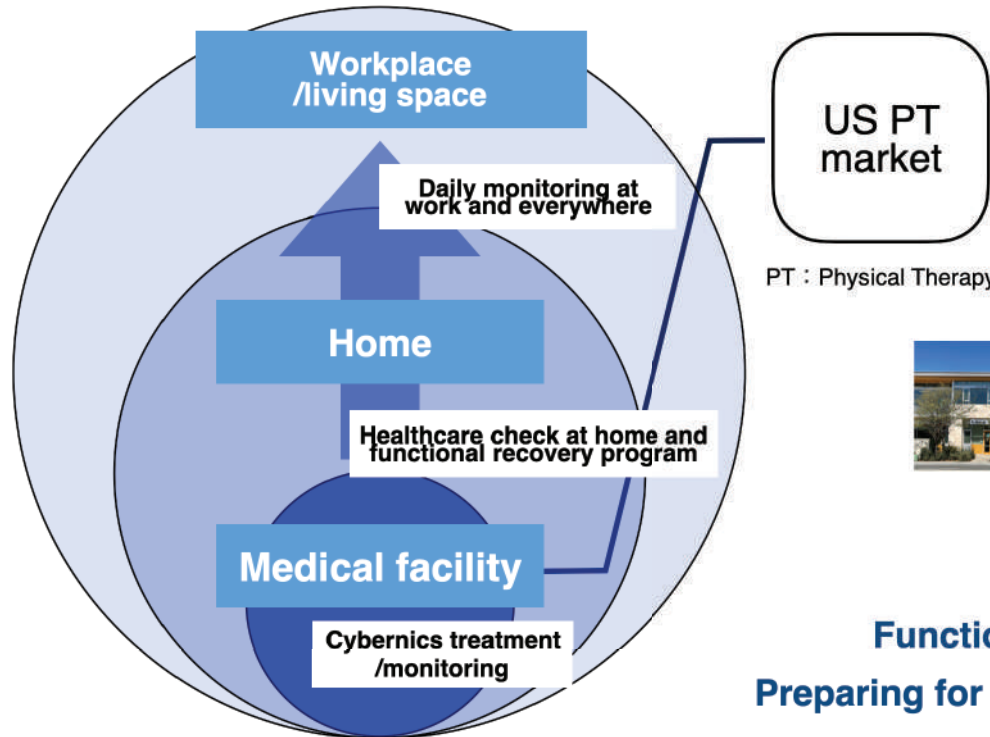
A milestone in developing personalized services, such as home functional improvement and daily health care monitoring



Growth scenario of medical service business

CYBERDYNE is formulating a platform to get direct access to individuals, and M&A of RISE Physical Therapy will be the first step for this endeavor. While physical therapy is a large and competitive market, most services focus on orthopedic aspects and conduct manual approaches by physiotherapists' hands.

We will differentiate our services by focusing on neural elements of the disease by use of Wearable Cyborg HAL. We will also expand our services to homes and workspaces through products that could prevent diseases.



- Orthopedic+brain-nerve diseases (target of HAL)
- Typically done manually by PT (can differentiate with HAL)
- Growing market due to aging population (Annually 33.1 billion=3.7 trillion yen)*
- Players are dispersed (potential for further growth through M&A)

PT : Physical Therapy



RISE Physical Therapy Inc.
→ First facility in the west coast area

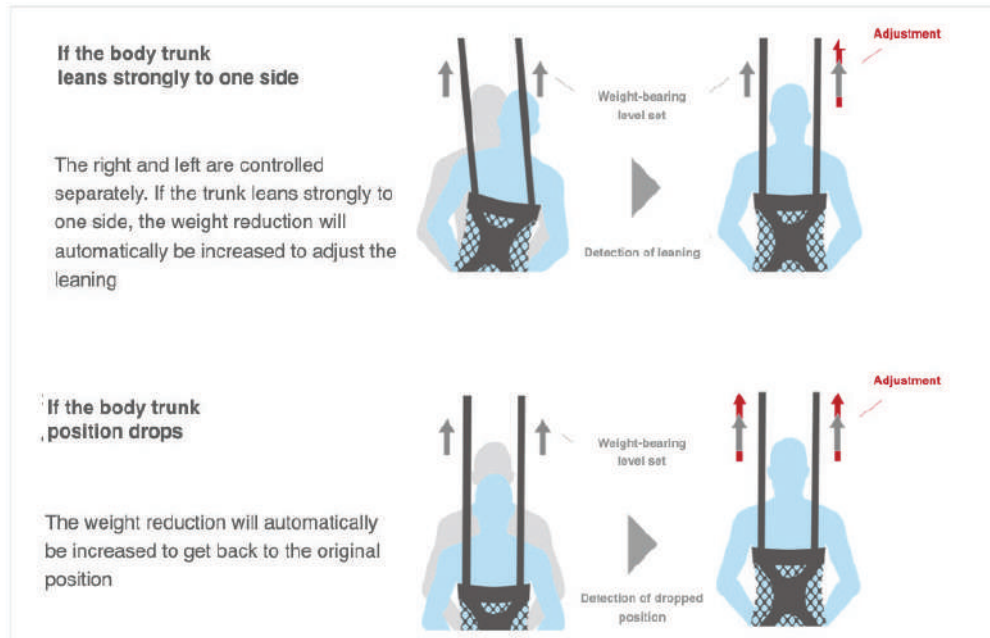
Functional recovery at home and daily healthcare monitoring
Preparing for launch of service towards individuals (consider further M&A)

*Physical Therapists in the US" IBIS World

New product to enhance efficiency of Cybernics Treatment

We are also developing devices that could be used together with HAL to maximize the effect. For example, Medicalcare Pit was newly introduced as a robotic treadmill that could make automatic adjustments of leaning to one side or the other.

Robotized left-right independent unloading control



At times, the therapist had to make adjustment manually when the body was leaning on either side, but the introduction of this new treadmill could automatize these tasks, enabling the therapists to supervise multiple patients at the same time.



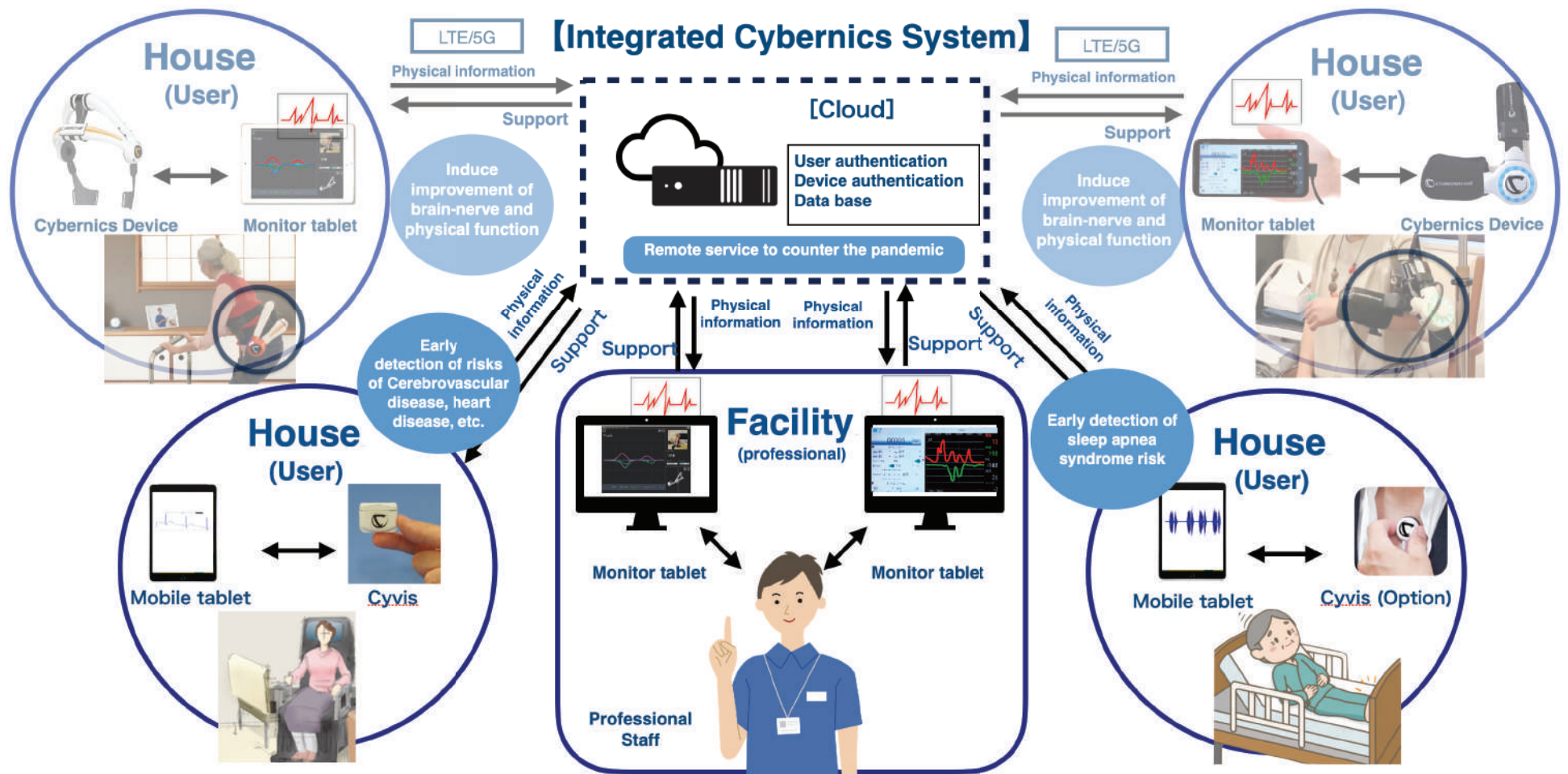
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For example, the user can now obtain detailed health data without visiting a medical institution while going about their daily life.

Cyvis-Ultra small Vital Sensor

Expands remote service that connects households to hospitals and facilities



New product for prevention/early detection

are preparing a new product, Cyvis, a tiny vital sensor. This sensor is designed to collect, analyze, and process various healthcare data such as cardiac activity, brain activity, body temperature, SpO2 (arterial blood oxygen saturation measured transcutaneously with a pulse oximeter), and activity level daily in hospitals, nursing homes, workplaces, and other places where people live, through a cloud system.

This helps users to detect an irregular heartbeat and neo-atrial fibrillation. This helps prevent myocardial infarction and cerebral infarction by appropriately managing heart attack and stroke risks.

Healthcare monitoring on daily basis with Cyvis

Daily accumulation, analysis, and AI processing of various vital data

- **Cardiac activity**
- **brain activity**
- **body temperature**
- **SpO2**
- **Body movements**
- **Breathing (optional)**



**Check for arrhythmia and atrial fibrillation
to prevent myocardial infarction and cerebral infarction
Option to check breathing conditions during sleep for early detection of sleep apnea risk**

- ✓ “Cyvis-1” applied for medical device legislation (Apr. 2022), Available on a trial basis for users
- ✓ “Cyvis-2” applying for medical device legislation (Apr. 2023)

Initiatives to address SAS

One example of what can be accomplished by combining services like Cyvis and JUKUSUI is to address sleep apnea-induced drowsy driving and driver health care.

We are beginning these initiatives in stages in cooperation with related industries.

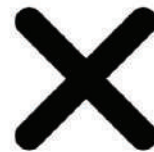
Smartphone app “JUKUSUI”



Active user
300 thousand
per month



Check sleeping condition



small vital sensor “Cyvis”



High-precision screening tests
(Measures breathing during sleep)

Development of photoacoustic imaging technology

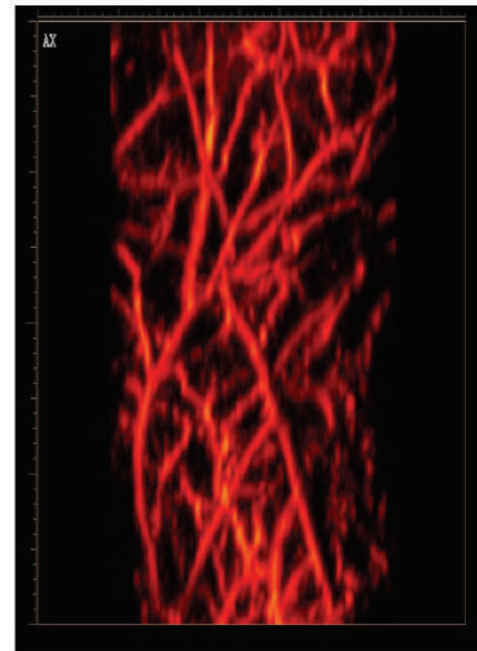
We are developing one of the most advanced photoacoustic imaging technology that is available in the market today.

The device does not require contrast agent. By using a non-invasive probe with LED light array, it can provide high-resolution 3D imaging at real time

LED array method (patent held by the company)



Adopted as the cover of **Biophotonics**, a U.S. industry journal dealing with biophotonics



Peripheral vascular and blood conditions, etc.

Peripheral level examination, which could not be done with conventional imaging equipment, is now possible!

Example of application

- Routine examination and diagnosis of diabetic foot lesions
- Examination of vascular regeneration status by regenerative medicine
- Examination and diagnosis of cancer
- Examination of aging skin, etc.

Currently promoting medical device commercialization as a next-generation medical diagnostic imaging device

HAL Lumbar Type to support workers

The product to support the workers maintains its advantages, not only by its features to assist when lifting something.

It also uses loH/IoT features to visualize the wearer's conditions and connect with a cloud system to enable managers to instruct and supervise their workers according to the information obtained.

Active type and light weight

- Can be worn for long hours

Compact design (back won't be covered)

- Can be used with safety belts (full-body type) and air conditioning suits!

Assist walking

- Can be moved smoothly on site

Able to move in mid-back position.

- Respond with assistance in a variety of practical tasks!

IoH/IoT device

- Visualize workload analysis and operation status!
Integrated production management

Wearable Cyborg

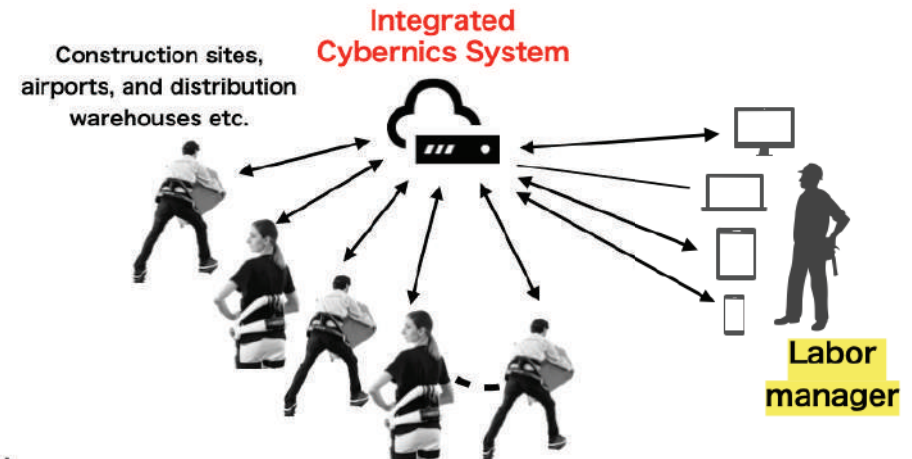
- It moves according to the wearer's intention

Can be worn in 10 sec

- Easy to put on and take off, share with multiple people!

Waterproof/dustproof (IEC reg, IP54)

- Can be worn outdoors, even in the rain!



Topics

Preparing a prototype of a new model

- 1) Slimming down even further
- 2) Further power and smooth assistance
- 3) Visualization of vital and work environment



Advantages of CYBERDYNE's Cleaning Robot

CYBERDYNE's Disinfection/Cleaning Robot CL02 is currently one of the most sophisticated systems available today.

Its unparalleled autonomous navigation and disinfection/cleaning performances contribute to promoted quality and safety of disinfection/cleaning work that is currently faced with workforce shortages.

Extensive Cleaning ability

- **High speed autonomous navigation** (Can safely clean at 4km/h to cover massive space in short time)
- **Massive cleaning area** (Detects wall that is 30m away and cover max 3,000m² with full charge battery)
- **High vacuum performance** (one of the best in the industry)

Can be used for multiple tasks such as disinfection

- **Disinfection agent sprayer** (Disinfects handrails and benches)
- **UV Ray Disinfector** (set on the bottom of the robot to disinfect floors)

Visualizes its work

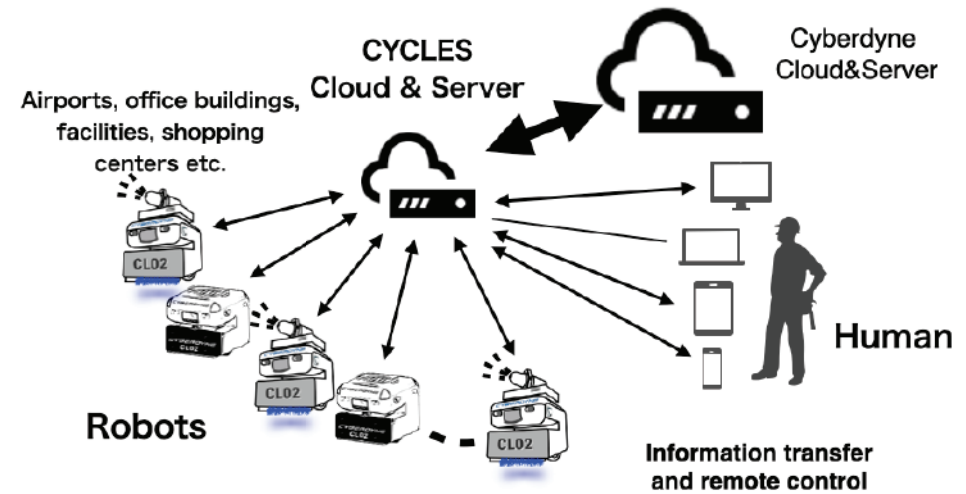
- **Dust distribution map** (visualizes result of the task)
- **Navigated route** (to create efficient and effective cleaning plan)

Automatically rides on the elevator

- **Elevator interface unit developed inhouse** (Can connect to elevators developed by multiple vendors)
- **Can work on multiple floors** (Expands the space that can be cleaned)

Cloud linkage

- **"CYCLES" designed for the Robot** (realizes high usability and management)
- **Integration with the base system**

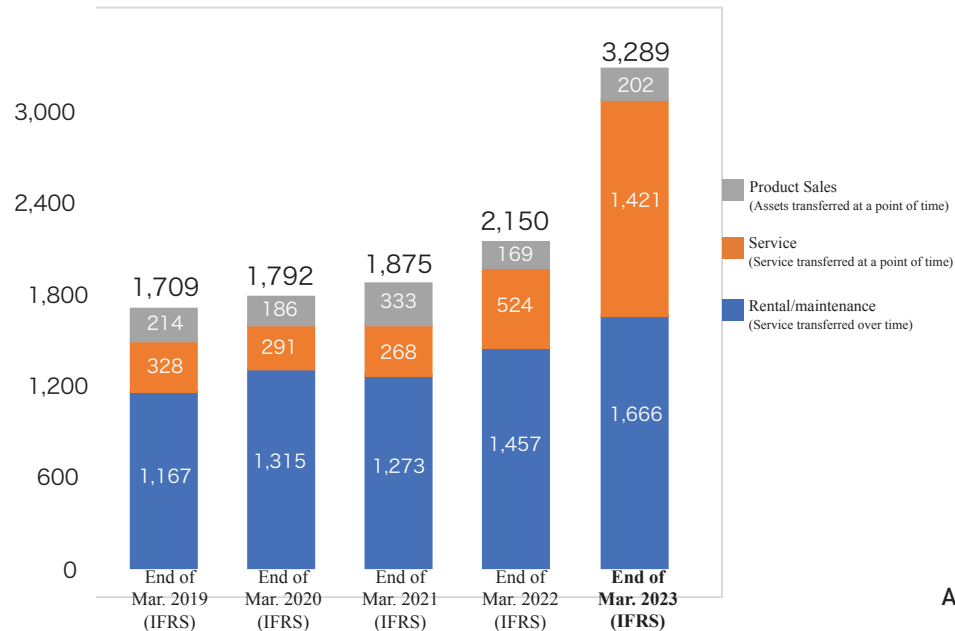


Revenue

For the fiscal year ended March 31, 2023, revenue was posted at ¥3,289 million. The Group's primary business of "rental and maintenances" improved steadily. Also, following the acquisition of hospital group in the U.S., there was an rapid increase in the revenue from "service"

The graph below shows revenue for the last 5 years.

Revenue (Unit: Millions of yen)

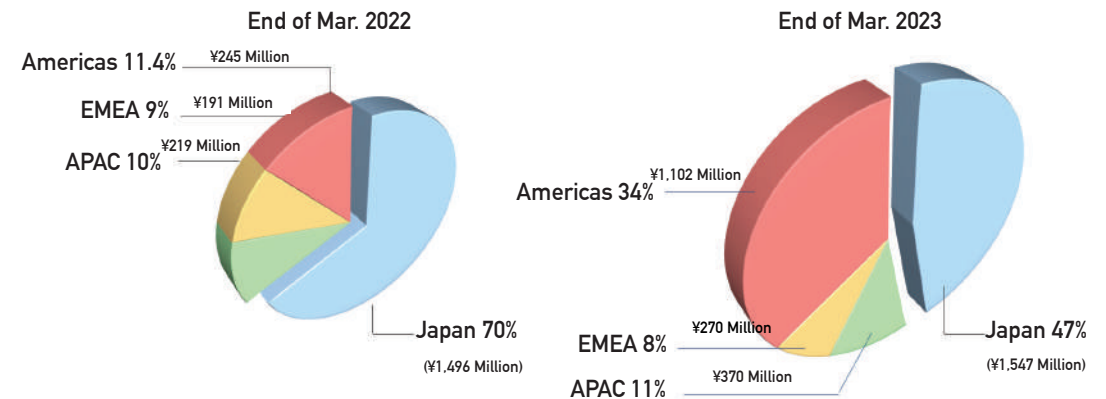


Revenue by geographical regions and type of transactions

Due to acceleration of international business, ratio of sales outside Japan increased by ¥1,087M to 53% of the total revenue. This was led by 69% increase of sales in APAC and 41% increase of sales in EMEA.

Revenue by geographical regions and type of transactions (Unit: Millions of yen)

FY2022 Q1-Q4 (FY2021 Q1-Q4)	Rental/maintenance	Product sales	Service	Total
Japan	1,092 (1,124)	158 (145)	297 (227)	1,547 (1,496)
Americas	31 (20)	17 (0)	1,054 (225)	1,102 (245)
EMEA	204 (111)	0 (9)	67 (71)	270 (191)
APAC	340 (203)	26 (15)	4 (1)	370 (219)
Total	1,666 (1,457)	202 (169)	1,421 (524)	3,289 (2,150)



Americas : North, Central and South America
 EMEA : Europe, the Middle East and Africa
 APAC : Asia-Pacific *Revenue from Japan is stated separately

Number of operating units and revenue by products

In the fiscal year ended March 31, 2023, the number of units in operation increased, especially for HAL for Medical Use Lower Limb Type and HAL Lumbar Type for Well-being.

Number of operating units (Unit: unit)

	End of Mar. 2019	End of Mar. 2020	End of Mar. 2021	End of Mar. 2022	End of Mar. 2023
HAL Lower Limb (Medical)	291	310	351	368	442
HAL Lower Limb (Non-medical)	357	357	342	341	351
HAL Single Joint	252	300	391	492	584
HAL Lumbar (Well-being)	919	951	1,074	1,143	1,138
HAL Lumbar (Labor)	572	624	459	417	419
Disinfection/Cleaning/Transportation Robot	44	75	141	147	164
Total	2,435	2,617	2,758	2,908	3,098

Medical HAL Lower Limb Type led the continued increase of revenue from rental. Also, following the M&A of an app development company, subscription revenue from a Sleeping App "Jukusui" also contributed in the overall growth.

Rental Maintenance Sales (Unit: Millions of yen)

Product		March 2020	March 2021	March 2022	March 2023	Ratio	
For hospital (improve functions)	HAL Lower Limb (Medical)	471	491	584	692*	42%	*Mainly from rental to APAC and EMEA
	HAL Lower Limb (Non-medical)	222	196	188	173	10%	
	HAL Single Joint	119	127	132	180*	11%	*Mainly from rental towards Japanese hospitals
Well-being	HAL Lumbar	226	245	251	238	14%	
Labor Support	HAL Lumbar	214	129	98	65	4%	
Disinfection/Cleaning/Transportation Robot		49	61	51	53	3%	
Other		13	24	174	265	16%	
Total		1,315	1,273	1,457	1,666	100%	

The Groups commitment on SDGs

The Sustainable Development Goals (SDGs), consisting of 17 goals and 169 targets, were declared as an action plan for people, the planet, and prosperity at the UN Sustainable Development Summit held in September 2015.

As a member of society, CYBERDYNE will contribute to achieving the relevant SDGs. The initiatives that we are mainly focusing on are as follows.



10 REDUCED INEQUALITIES



Develop Cybernics Technology to support people with reduced physical function

Main initiatives

- Disseminate Cybernics Treatment that promotes functional improvement and regeneration of the brain, nervous system, and muscular system using a Wearable Cyborg HAL, as a global standard treatment
- Disseminate Wearable Cyborg HAL to improve the level of care required by the elderly and prevent severe illness and prevent frailty and maintain independence as physical functions decline with age
- Develop Cyin for Living Support for people with severe disabilities who cannot speak or write as they wish due to the progression of intractable diseases to communicate and operate machines without speech or physical movement



3 GOOD HEALTH AND WELL-BEING



Health Risk Management with Cyberdyne Cloud

Main initiatives

- Develop Cyberdyne Cloud to accumulate, analyze, and perform AI processing of big data on people and things (IoT/IIoT big data) obtained through all Cybernics Technologies equipped with communication functions
- Realize personalized healthcare through Cyberdyne Cloud
- Develop sensing technology to monitor vital information daily
- Develop HAL at Home as a new service that can share user's information on their training sessions conducted at home using HAL with medical and care facilities



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Form social infrastructure to create the Cybernics Industry

Main initiatives

- Establish a system to support companies and human resources that develop and deploy technologies and services that solve social problems
- Construct Cybernics Innovation Base to promote innovation in the medical and biotechnology fields
- Continue the projects at the Next-generation multi-purpose robotized production facility to induce innovation in the production field



11 SUSTAINABLE CITIES AND COMMUNITIES



Realize Society 5.0/5.1, a future society that accelerates innovation

Main initiatives

- Develop mobility technologies that are safe, affordable, and ready for use by all people
- Develop a future city where all people, including the elderly and disabled, can easily access public spaces.
- Establish educational institutions that develop knowledge and skills to help people.
- Create shared spaces that promote innovation and scientific research and areas for field testing

Develop Cybernics Technology to support people with reduced physical function



Main target

10.2
by 2030 empower and promote the social, economic and political inclusion of all irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

Our contribution

By developing the Wearable Cyborg HAL for medical and welfare fields, and Cyin for Well-being to support severely disabled to communicate their intentions, we are supporting the elderly and disabled person by maintaining and improving their functions. We also help them express what they have in mind.

We also develop another type of HAL to support people engaged in heavy work.

This project promotes the empowerment of these people and their social, economic, and political inclusion.



Cybernics Treatment Center and Medical HAL



Cyin to support communication of severely disabled person



HAL Lumbar Type to support various heavy work

Disseminating Medical HAL as a global standard treatment

As of the end of March 2023, HAL for Medical Use is available in 20 countries and regions, including Southeast Asia and South Asia, as a treatment technology for stroke, spinal cord injury, and intractable neuromuscular diseases.

In addition, in order to contribute to solving the needs of developing countries, we have been selected by the Japan International Cooperation Agency (JICA) to conduct a research project in number of countries.

We will continue to disseminate the technology.

Post-discharge care at the Robocare Center

For those who want to keep improving their physical functions after they get discharged from the hospital, we offer Neuro HALFIT at self-funded rehabilitation facilities called RoboCare Center. As of the end of March 2023, they are 17 centers around Japan. A user can also access similar programs at self-funded rehabilitation facilities with which we have cooperative relationships.

In addition, we have formed alliances with private insurance companies such as Daido Life, AIG Insurance, and Sampo Japan to cover the cost of such programs for their policy holders.

We will continue our efforts to improve physical and economic access.

Improving the working environment

Job turnover due to the onset of back pain and the deterioration of performance caused by frequent heavy lifting is becoming a significant issue in nursing care, construction, and logistics.

The Company develops HAL Lumbar Type to reduce the risk of developing back pain by reducing the load applied to the lower back. The technology empowers people engaged in heavy lifting and enables the worker to continue working longer and safer.

As of the end of March 2023, 1,557 units of HAL Lumbar Type were in operation.

This product is currently available in Japan and the UK. We will continue to disseminate the technology to more countries and regions.

Supporting communication for the severely disabled

We develop Cyin for Living Support, which enables people with severe disabilities who cannot speak or move their bodies due to the progression of intractable diseases to communicate and operate devices.

The product is available on the market. Daido Life Insurance donated the product to several patient groups and patient support groups to promote this endeavor.

We will continue to work on additional functions and offer the product outside of Japan once it is ready.

Health Risk Management with Cyberdyne Cloud



Main target

3.d

Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks

Our contribution

Cybernetics Technology deployed in various fields such as medicine, nursing-care, production, and other workplaces with households, integrally connects people's internal information (brain nerve information, physiological information, etc.), people's external information (behavioral information, lifestyle information, etc.), and environmental information with a supercomputer.

The Company works on the system that accumulates, analyzes, and AI processes all the loH/loT Big Data obtained through this process, contributing to personalized medicine, early warning of health risks, and enhancing risk mitigation and risk management capabilities.

Release of Cyberdyne Cloud

The Company develops Cyberdyne Cloud to connect different fields and provide feedback on health risks based on loH/loT Big Data. In Japan, a system that allows users to send information on their training sessions from home to a facility and receive timely support from the facility is already in operation from November 2020.

We will continue to expand this system to other fields according to the development of products and services. We will also offer the system outside Japan to contribute to health management in all countries, including developing countries.

Realizing personalized healthcare

By accumulating, analyzing, and AI-processing loH/loT Big Data related to a single user across different fields, we will realize personalized healthcare that will maximize the effect and safety of that user.

This initiative is being carried out simultaneously with the formation of loH/loT Big Data for all users. We will continue to expand this system to other fields according to the development of products and services. We will also offer the system outside Japan to contribute to health management in all countries, including developing countries.

Developing vital sensing technology

In addition to developing the Wearable Cyborg HAL and autonomous navigation technology, we are developing sensing technology to prevent and detect diseases.

For example, commercialization of Cyvis, an ultra small-sized vital sensor to detect arteriosclerosis and arrhythmia at an early stage, and a photoacoustic imaging device to enable real-time analysis of capillary information.

By promoting these products, we will accumulate important vital information that will lead to the prevention and early detection of diseases, thereby contributing to the enhancement of capabilities for health risk management.

HAL at Home

HAL at Home is a new service that enables safe and effective training at home. HAL at Home also realized the visualization of exercise information and remote online support by professional staff through HAL's built-in communication functions.

The Company is also working to expand home visiting services so that seniors who have concerns about handling digital devices can also engage in the program.



Form social infrastructure to create the Cybernics Industry



Main target

9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries

Our contribution

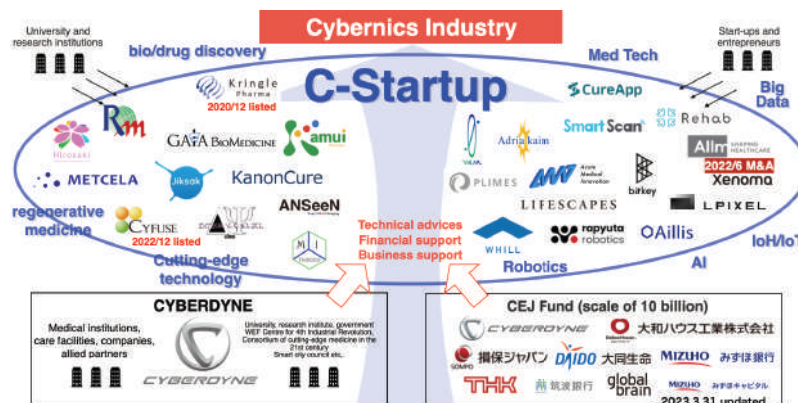
We are working to create an inclusive and sustainable industry called Cybernics Industry by building an innovation ecosystem called C-Startup and facilities to accelerate innovation in medicine/biotechnology and production.

C-Startup, the foundation for the creation of new industries

C-Startup is an innovation ecosystem to create a new industry for solving problems of people and society: Cybernics Industry. We work together with startups and entrepreneurs with similar visions, regardless of their nationalities.

We accelerate creating the Cybernics Industry by providing technical advice by Yoshiyuki Sankai (CEO of CYBERDYNE/Professor of Tsukuba University) and financial support by CYBERDYNE and its related Fund.

As part of this initiative, we have formed partnerships with a total of 31 startups and have invested over 10 billion yen in accumulation to support this endeavor.



Promoting the vision of the Cybernics Industry

The Company promotes the vision of the Cybernics Industry, a new industry that fuses Human and Cyber/Physical Space, both domestically and internationally. With this initiative, we are leading the efforts to form Cybernics Industry together with industry, academia, and government.

For example, in 2023, we communicated this vision to various countries at the G7 Digital and Technology Ministerial Meeting held in Takasaki City, Gunma Prefecture

We will continue to share our vision of the Cybernics Industry as a foundation for industrial and technological innovation.



G7 Digital and Technology Ministerial Meeting (2023)

Construction of Cybernics Medical Innovation Base



Exterior image

We plan to construct the Cybernics Innovation Base in Kawasaki City, Kanagawa Prefecture, as a facility to accelerate innovation in the medical and biotechnology fields. The facility will house a cluster of medical and biotechnology ventures. The Company, universities, and resident companies can conduct a clinical trial in the facility independently and through collaboration.

The facility commenced operation in 2023.

Activities at the Next-Generation Multipurpose Robotic Manufacturing Base

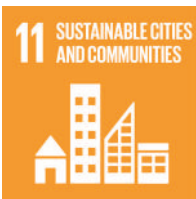
In Koriyama City, Fukushima Prefecture, we have constructed a next-generation production base to produce robots and devices with Cybernics Technology. In this facility, the Company embedded the skills of experienced workers into the robots so the robots and human workers can work in harmony.

The Company constructed the facility in 2016 and completed a registration to manufacture medical devices in 2020.



Exterior of the facility

Realize Society 5.0/5.1, a future society that accelerates innovation



Main target

11.2
by 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

11.7
by 2030, provide universal access to safe, inclusive and accessible, green and public spaces, particularly for women and children, older persons and persons with disabilities

Our contribution

Using innovative Cybernics Technology, we promote the fusion of Human and Cyber/Physical Space to create Society 5.0/5.1. We envision this future society as a techno-peer-supported society where technology and human support each other as partners.

Creation of Society 5.0/5.1

Society 5.0 is a concept first proposed in Japan's Fifth Science and Technology Basic Plan as the ideal future society. In this society, science and technology connect all people and things, sharing various knowledge and information to create new values never seen before.

We contribute to the creation of Society 5.0 by implementing Cybernics Technology in the various business fields to integrate internal information (brain nerve information, physiological information, etc.), people's external information (behavioral information, lifestyle information, etc.), and environmental information with a supercomputer. As one of the leaders in this challenge, we work to explore the society beyond Society 5.0/5.1.



perspective drawing of the future city

Mobility Infrastructure

We are working on personal mobility and drones for transportation that is safe, inexpensive, and easy to use, taking into consideration the needs of the elderly and disabled living in the community.

We are also planning cities based on the premise of introducing mobility, which will shorten travel time and create new connections and added value between functions and facilities.

While developing mobility infrastructure in-house, we are also collaborating with startups that are developing related technologies.

Shared Economy

We plan to shift from the conventional model of occupying information, people, goods, space, and time to a new form of a city where we can share and help each other.

We will work to achieve success with the allies formed in C-Startup. We will also continue to gather people and companies with seeds related to Cybernics and accelerate the creation of innovation through sharing and mutual aid of information, people, goods, space, and time.

Futuristic housing

Through daily health management and lifestyle support infrastructure based on Cybernics Technology, we will develop housing where all people, including the elderly and disabled, can live in harmony with technology and mutually support each other to ensure peace of mind.

Specifically, various Cybernics Technologies, such as the Wearable Cyborg HAL, autonomous navigation robots, and vital sensors, will be introduced into every space, including residences. Personal health information will be accumulated, analyzed, and processed by AI to be linked to medical facilities to manage each person's health and safety better.

An educational institution that nurtures the next generation of human resources

We develop Cyin for Living Support, which enables people with severe disabilities who cannot speak or move their bodies due to the progression of intractable diseases to communicate and operate devices.

The product is available on the market. Daido Life Insurance donated the product to several patient groups and patient support groups to promote this endeavor.

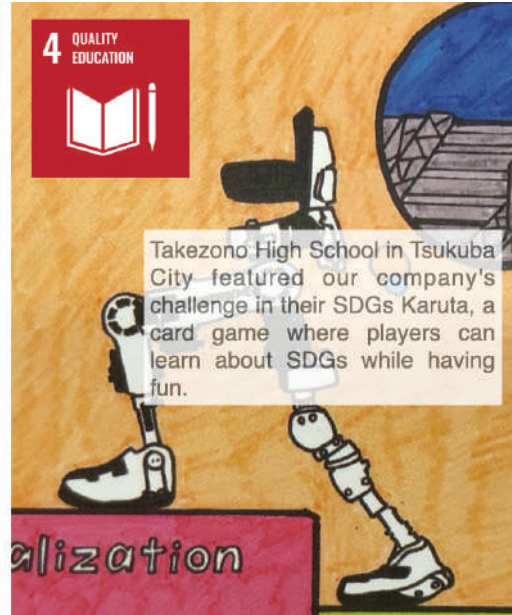
We will continue to work on additional functions and offer the product outside of Japan once it is ready.



We communicate with public and private insurers to get programs with HAL covered by insurance to make the program more affordable and accessible to people with disabilities.



We are developing a robot that automatically collects fruits and vegetables at the optimal harvest time using a camera to determine the sugar content.



Takezono High School in Tsukuba City featured our company's challenge in their SDGs Karuta, a card game where players can learn about SDGs while having fun.

We contribute to the achievement of other sustainable development goals set by the United Nations through various initiatives



To create a comfortable working environment for workers of all genders, we grant flexible work styles. For example, both male and female workers in our company have a record of taking childcare leave.



By developing a toilet docking robot that assists the elderly and other people to use the toilet, we are working to help the elderly become more independent and reduce the burden of nursing care.



We are working on the development of environmentally friendly, next-generation mobility technologies.



8 DECENT WORK AND ECONOMIC GROWTH

We help people with disabilities return to life and work by improving their physical functions.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

In cooperation with various organizations, we thoroughly manufacture products following international safety standards, and we produce products that users can use safely.



13 CLIMATE ACTION

To support recovery from natural disasters, we are lending HAL Lumbar Type, which reduces the load on the lower back, to disaster areas free of charge.

We contribute to the achievement of other sustainable development goals set by the United Nations through various initiatives



16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Based on the motto "science exists for humans and society," we implement various measures to prevent our technology from being diverted to weapons. We are working to solve social issues and realize a peaceful world through our business.



17 PARTNERSHIPS FOR THE GOALS

We actively collaborate with industry, government, academia, and other business fields to pioneer the future together.

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 five Directors in the Board of Directors and four out of five 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. The compensation for the Directors are put

on 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 etc, 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. The President and CEO 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 President and CEO shall determine 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 responsible head of the Corporate Department 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.

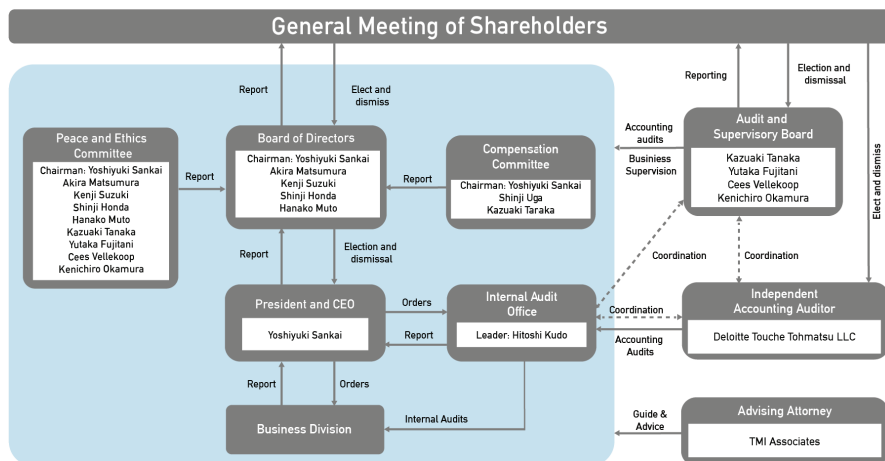
Status of matters resolved by the Board of Directors is reported by responsible head of operating unit on a regular basis and the status of execution is audited by the Audit and Supervisory Board.

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 assistance(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 President and CEO shall determine the operating unit responsible for each risk categories. The President and CEO shall monitor 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. Summary of directors' and officers' liability insurance

The Company has concluded a directors' and officers' liability insurance contract with an insurance company as stipulated in Article 430-3(1) of the Companies Act. The insured's scope under the insurance contract covers the Directors and Auditors of the Company and its subsidiaries. The insured does not bear the premiums. The policy covers damages (defense costs, compensation, and settlement payments) suffered by the insured due to claims (including shareholder lawsuits) brought against the insured during the insurance period in connection with the insured's performance of their duties. The policy will be renewed at the next renewal with the same contents.

10. Number of Members of the Board of Directors

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

11. 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.

12. 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.

13. 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.

14. 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 Cybernetics 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 Cybernetics Technologies. Yoshiyuki Sankai is the creator of Cybernetics Technologies, and continues to be a central figure in Cybernetics 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.

of the ordinary general meeting of shareholders.

15. Status of activity in the Board of Directors

During the fiscal year under review, the Company held the meeting of the Board of Directors once every month. The following table summarizes the attendance by each member of the Board of Directors.

Name	Number of meetings held	Number of attendance
Yoshiyuki Sankai	12 times	12 times
Shinji Uga	12 times	12 times
Yoshihiro Yasunaga	12 times	12 times
Hiroaki Kawamoto	12 times	12 times
Hikari Imai	12 times	12 times
Yuzo Toda	9 times	7 times
Akira Matsumura	12 times	12 times
Kenji Suzuki	12 times	12 times

Matters discussed at the meeting of the Board of Directors include share repurchases, consideration of director competition/conflicts of interest, consideration of investment items, and consideration of business combinations.

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	2020/6	Director of R&D Center for Frontiers of MIRAI in Policy and Technology, University of Tsukuba (present)
2004/4	Professor of Information & Systems, University of Tsukuba (present)	2023/4	Director of CYBERDYNE MALAYSIA SDN. BHD (present)
2004/6	Director at incorporation of CYBERDYNE	2023/4	Program Director of Cross-ministerial Strategic Innovation Promotion Program (present)
2006/2	President and CEO of CYBERDYNE (present)	(Important positions held outside CYBERDYNE)	
2010/3	Core Researcher of FIRST program hosted by the Cabinet Office	Professor of Faculty of Engineering, Information and Systems University of Tsukuba	
2011/10	Director of Center for Cybernic Research, University of Tsukuba	Executive Research Director of the Center for Cybernic Research, University of Tsukuba	
2013/8	Director of Cyberdyne Care Robotics GmbH	Director of R&D Center for Frontiers of MIRAI in Policy and Technology, University of Tsukuba	
2014/11	Program manager of IMPACT Program hosted by the Cabinet Office	Director of CYBERDYNE USA Inc.	
2016/8	Director of CYBERDYNE USA Inc. (present)	Director of Cyberdyne Care Robotics GmbH	
2017/10	Executive Research Director of the Center for Cybernics Research, University of Tsukuba (present)	Director of CYBERDYNE MALAYSIA SDN. BHD Program Director of Cross-ministerial Strategic Innovation Promotion Program	

Years in service as Director 19 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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Akira Matsumura **Outside Director** **Ph.D. in Medicine**
 Born October 25, 1954 (Male)
Independent Officer

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

2004/3	Professor of Clinical Medicine, University of Tsukuba	2018/6	Committee Chairman of Medical Education Committee at Association of Japan Medical Colleges
2007/4	Vice Director of University of Tsukuba Hospital	2018/10	Vice President, International Society for Neutron Capture Therapy
2011/4	Director of Clinical Trial and Research Center, University of Tsukuba Hospital	2020/4	President of Ibaraki Prefectural University of Health Sciences
2011/4	Director of University of Tsukuba Europe Office Bonn/Germany	2021/4	Committee member of Ibaraki Prefecture Council for Cardiovascular Countermeasures
2014/4	Vice President of University of Tsukuba and Director of University Hospital	(Important positions held outside CYBERDYNE)	
2016/3	Co-Representative Director of Artron (present)	President of Ibaraki Prefectural University of Health Sciences	
2016/4	Hospital Board Trustee of Kennan Hospital	Hospital Board Trustee of Kennan Hospital Co-Representative Director of Artron Vice President, International Society for Neutron Capture Therapy	

Years in service as Director 2 years	Special interest in CYBERDYNE none	Number of company shares owned Common 5,000 Shares
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Kenji Suzuki **Outside Director** **Ph.D. in Engineering**
 Born January 17, 1975 (Male)
Independent Officer

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

2016/4	Professor of Engineering, Information and Systems University of Tsukuba (present)	(Important positions held outside CYBERDYNE)	
2017/10	Director of Center for Cybernics Research, University of Tsukuba (present)	Professor of Engineering, Information and Systems University of Tsukuba Director of Center for Cybernics Research, University of Tsukuba President and CEO of PLIMES Inc. Advisor of Tsukuba City on Smart City/Super City	
2018/4	President and CEO of PLIMES Inc. (present)		
2021/2	Advisor of Tsukuba City on Smart City/Super City (present)		
2021/6	Director of CYBERDYNE Inc. (present)		

Years in service as Director 2 years	Special interest in CYBERDYNE none	Number of company shares owned -
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Shinji Honda
Outside Director
Born May 26, 1958 (Male)
Independent Officer
Master in Business Administration

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

1981/4	Joined Takeda Pharmaceutical Company Ltd.	2014/10	Senior Management Director and CSO of Takeda Pharmaceuticals Company Ltd.
2001/1	Executive Vice President of TAP Pharmaceutical Products, Inc.	2018/1	Executive Officer of Business Planning Division at NISSIN FOOD HOLDINGS CO., LTD.
2005/10	General Manager of U.S. business at Takeda Pharmaceutical Company Ltd.	2018/2	Executive Officer and Corporate Strategy Officer (CSO) at NISSIN FOOD HOLDINGS CO., LTD.
2008/6	Head of Overseas Business Promotion Department at Takeda Pharmaceutical Company Ltd.	2018/3	Outside Director of Premier Foods PLC (England)
2009/4	President and Chief Executive Officer of Takeda Pharmaceuticals North America, Inc.	2018/6	Managing Executive Officer and Corporate Strategy Officer (CSO) at NISSIN FOOD HOLDINGS CO., LTD.
2011/6	Corporate Officer of Takeda Pharmaceutical Company, Inc.	2021/7	Executive Advisor at NISSIN FOOD HOLDINGS CO., LTD. (present)
2011/6	Chief Integration Officer at Takeda Pharmaceuticals International, Inc.	2022/6	Outside Director at USS Co., Ltd. (present)
2012/4	Corporate Officer and Head of Planning and Management Department at Takeda Pharmaceuticals Company Ltd.	(Important positions held outside CYBERDYNE)	
2012/4	Senior Management Director and Head of Planning and Management Department at Takeda Pharmaceuticals Company Ltd.	Executive Advisor at NISSIN FOOD HOLDINGS CO., LTD. Outside Director at USS Co., Ltd.	

Years in service as Director —	Special interest in CYBERDYNE none	Number of company shares owned —
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Hanako Muto
Outside Director
Born April 16, 1965 (Female)
Independent Officer
Executive MBA

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

1986/8	Joined the Mitsui Bank, Ltd.	2018/11	Joined General Incorporated Association Japan Industrial and Medical Gases Association (JIMGA)
1999/10	Joined Sony Corporation	2022/7	Partner at Korn Ferry Japan (present)
2008/5	Joined Mitsubishi Corp. - UBS Realty Inc.	(Important positions held outside CYBERDYNE)	
2012/4	Joined NEXON Co., Ltd.	Partner at Korn Ferry Japan (present)	
2013/5	Joined McKinsey & Company Japan		
2013/5	Joined Air Liquide Japan G.K. (formerly K.K.)		

Years in service as Director —	Special interest in CYBERDYNE none	Number of company shares owned —
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Skill matrix of the Board of Director

Name	Role	Industry specific skill			Common skill			
		Medical/clinical	R&D	Global	Management Experience	Finance/Accounting/Legal	Business development	Finance/M&A
Yoshiyuki Sankai	Inside (Representative/R&D)	●	●	●	●		●	
Akira Matsumura	Outside/Independent	●	●		●			
Kenji Suzuki	Outside/Independent	●	●		●		●	
Shinji Honda	Outside/Independent (Newly appointed)	●		●	●		●	●
Hanako Muto	Outside/Independent (Newly appointed)			●	●		●	●

Audit and Supervisory Board Members

Kazuaki Tanaka

Born April 3, 1957 (Male)

Outside Audit and
Supervisory Board Member

Independent Officer
Full-time

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

1980/4 Joined Marubeni Corporation
2008/4 Executive Officer of Marubeni
2011/4 Managing Executive Officer of Marubeni
2013/6 Representative Director and Managing Executive Officer of Marubeni
2015/4 Managing Executive Officer of Marubeni
2016/6 Chairman of the Board of MX Mobiling Co., Ltd.
2020/6 Advisor of MX Mobiling Co., Ltd.
(Important positions held outside CYBERDYNE)
Advisor of MX Mobiling Co., Ltd.

Years in service as Audit and Supervisory Board Member 2 years	Special interest in CYBERDYNE none	Number of company shares owned —
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Yutaka Fujitani

Born April 1, 1953 (Male)

Outside Audit and
Supervisory Board Member

Independent Officer

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

1975/4 Joined The Mitsubishi Bank, Ltd.
2005/1 Joined KPMG AZSA LLC.
2011/6 Outside Audit and Supervisory Board Member of CYBERDYNE (present)
(Important positions held outside CYBERDYNE)
—

Years in service as Audit and Supervisory Board Member 12 years	Special interest in CYBERDYNE none	Number of company shares owned —
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Cees Vellekoop

Born May 4, 1956(Male)

Outside Audit and
Supervisory Board Member

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
1992/5 Admitted in Japan as attorney for foreign law
2003/5 Joined Allen & Overy Gaikokuho Kyodo Jigyo Horitsu Jimusho
2005/10 Admitted in England and Wales as attorney-at-law
2007/6 Audit and Supervisory Board Member of CYBERDYNE (present)
(Important positions held outside CYBERDYNE)
—

Years in service as Audit and Supervisory Board Member 16 years	Special interest in CYBERDYNE none	Number of company shares owned —
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Kenichiro Okamura

Born August 18, 1971 (Male)

Outside Audit and
Supervisory Board Member

Independent Officer

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

1994/4 Joined Chuo Audit Corporation
2007/2 Representative Director of Kabushiki Kaisha BizNext (Now known as Kaede Accounting Advisory Inc.) (present)
2011/6 Representative Director of Tokyo-IAS Inc. (Present)
2011/6 Senior Partner of Akasaka Sogo Accounting Firm Co., Ltd. (Now known as Kaede Tax Corporation) (present)
2015/6 Outside Auditor of SG Holdings Co., Ltd. (present)
2016/6 Outside Director of Kanematsu Sustech Corporation (Audit Committee)
2019/9 Audit and Supervisory Board Member of United Urban Investment Corporation (present)
(Important positions held outside CYBERDYNE)
Representative Director of Kaede Accounting Advisory Inc.
Outside Auditor of SG Holdings Co., Ltd.
Outside Director of Kanematsu Sustech Corporation (Audit Committee) Auditor of United Urban Investment Corporation

Years in service as Audit and Supervisory Board Member 12 years	Special interest in CYBERDYNE none	Number of company shares owned —
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Skill matrix of the Audit and Supervisory Board Members

Name	Type	Business management	Risk management	Legal	Finance/Accounting	Auditing experience	Global
Kazuaki Tanaka	Full time	●	●				●
Yutaka Fujitani	Part time		●		●	●	●
Cees Vellekoop	Part time	●	●	●			●
Kenichiro Okamura	Part time	●	●		●	●	●

Notes to the List of Board Members

1. Director Akira Matsumura, Kenji Suzuki, Shinji Honda and Hanako Muto are Outside Directors
2. Auditor Kazuaki Tanaka, Yutaka Fujitani, Cees Vellekoop, and Kenichiro Okamura are Outside Auditors
3. Director Akira Matsumura, Kenji Suzuki and Shinji Honda, and Hanako Muto, as well as Auditor Kazuaki Tanaka, Yutaka Fujitani, and Kenichiro Okamura fulfill 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 22, 2023 to the end of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2025.
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 24, 2021 to the end of the Ordinary General Meeting of the Shareholder for the Fiscal Year Ending March 31, 2025.

2. Status of Outside Board Member

The Company has elected four 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 Akira Matsumura provides his opinions and proposals regarding medical and clinical affairs in the Board of Directors from the standpoint of the experiences as a medical doctor and manager of a hospital. While Akira Matsumura holds 5,000 shares of the Company as of June 25th, 2022, when the securities report was submitted, the Company does not recognize it to have significant impact on the relationship with Akira Matsumura. Furthermore, there are no human, capital, business affiliation or any other conflicts of interests between the Company and Akira Matsumura. In addition, while Akira Matsumura currently serves as the Hospital Board Trustee of Kennan Hospital, President of Ibaraki Prefectural University of Health Sciences, and Co-Representative Director of Artron, the Company does not have any human, capital, business affiliations or other conflicts of interest with the aforementioned three

organizations.

As of the date of submission of this report, Outside Audit and Supervisory Board Member Cees Vellekoop, holds 5,000 common shares of the Company, but it is not considered to be material. The Company do not have other special personal, capital, business, or other interest relationship with Cees Vellekoop. There is no special personal, capital, business, or other interest relationship between other outside directors and outside corporate auditors and the Company.

Furthermore, there are no human, capital, business affiliation or any other conflicts of interests between the Company and other Outside Directors and Outside Auditors.

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

3. Mutual cooperation between supervision or auditing by Outside Directors, Outside Auditors, and supervision or auditing by Internal Auditors, and Accounting Auditors

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 Accounting Auditors. 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 Kazuaki Tanaka has extensive business experience gained as a manager in a major general trading company, including new project development and overseas sales. 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.

There were 15 meeting of Audit and Supervisory Board held in the relevant fiscal year. Attendance of each members are as follows.

Name	Number of meetings held	Number of meetings attended
Kazuaki Tanaka	15 times	15 times
Yutaka Fujitani	15 times	15 times
Cees Vellekoop	15 times	15 times
Kenichiro Okamura	15 times	15 times

The precise matters considered by the Meeting of Audit and Supervisory Board were the appropriateness of decision-making by the Board of Directors, audit policies and plans, the status of internal control systems, and the appropriateness of the methods and results of audits conducted by the accounting auditors.

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

13 years

c. Name of the CPA responsible for the audit

Daijiro Furutani

Joji Furukawa

d. Assistants involved in audit work

21 support members made up by seven CPAs and fourteen 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 (As of March 31, 2022)		Current fiscal year (As of March 31, 2023)	
	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	30	—	36	—
Consolidated subsidiary	5	—	23	—
Total	35	—	59	—

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

Class	Previous fiscal year (As of March 31, 2022)		Current fiscal year (As of March 31, 2023)	
	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	—	—	—	—
Total	—	—	—	—

Detail of non-audit service

Previous fiscal year (from April 1, 2021 to March 31, 2022)

There were no items to report

Detail of non-audit service

Relevant fiscal year (from April 1, 2022 to March 31, 2023)

There were no items to report

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

Previous fiscal year (from April 1, 2021 to March 31, 2022)

There were no items to report

Relevant fiscal year (from April 1, 2022 to March 31, 2023)

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 2023, in the committee of June 2023 and the decision was approved at the Board of Directors on June 2023.

The upper limit of remuneration for the Directors was set at ¥100 million per year (maximum of 8 members), 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 (maximum of 5 members), in accordance to the resolution at the 3rd Ordinary General Meeting of Shareholders on June 28, 2007.

The details of the policy for determining the content of each individual director are as follows

a. Policy on base remuneration

A fixed amount of basic remuneration shall be determined by taking into consideration the Company's business performance and the results of the duties under the control of each Director.

b. Policy on Performance-Linked Remuneration, etc.

The Company determines a fixed amount of basic remuneration for executive directors, taking into consideration the Company's business performance and the results of the duties under the control of each of them. However, for Outside Directors, from the viewpoint of their role and independence, they shall receive only base remuneration.

The performance-linked remuneration system shall be based on "consolidated revenue" which represents the Group's final profit and loss, and "consolidated operating income," which is the result of the progress of the Group's core business operations. If the "consolidated revenue" is positive, 20% of the base remuneration shall be paid. In addition if the "consolidated operating income" is also positive, 50% of the base remuneration shall be paid.

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)	44	44	—	—	—	4
Auditors (excluding Outside Auditors)	—	—	—	—	—	—
Outside Directors and Auditors	25	25	—	—	—	8

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

1. Criteria and approach to classification of investment shares

The Company supports and nurtures startups for the purpose of solving problems in the society and creating a new Cybernetics Industry. The Company holds a investment securities in mainly non-listed startups 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.

2. Investment shares held for purposes other than pure investment

a. Methods of verifying the rationality of the holding policy and the holding of each shares

Details of verification
The Company will consider investments if the companies has the potential to contribute to maintaining or increasing CYBERDYNE's corporate value by solving social problems and creation of new Cybernetics Industry.

The shares held are reviewed by the Board of Directors as necessary, taking into account the results of initiatives, progress, risks and other factors in light of the significance of holding the shares.

b. Number of companies and the total amount reported on the balance sheet

	Numbers of companies	Total amount reported on the balance sheet (Millions of yen)
Shares of unlisted companies	28	2,068
Shares of companies that are not unlisted	2	480

The companies which the number of shares held by CYBERDYNE increased during the fiscal year ended March 31, 2023

	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	331	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, 2023

	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	1	486
Shares of companies that are not unlisted	1	128

c. Number of shares of specific investment stock and information on its total amount reported on the balance sheet

Company name	Current fiscal year	Previous fiscal year	Purpose of holding, quantitative effect and reasons for increase in number of shares	Shares held in CYBERDYNE's shareholding
	Numbers of shares	Numbers of shares		
	Total amount reported on the balance sheet (Millions of yen)	Total amount reported on the balance sheet (Millions of yen)		
Kringle Pharma, Inc.	200,000	200,000	(Purpose of holding) To accelerate the creation of the cybernetics industry	None
	195	162	(Quantitative effects) Difficult to describe	
Cyfuse Biomedical K.K.	233,300	319,500	(Purpose of holding) To accelerate the creation of the cybernetics industry	None
	285	156	(Quantitative effects) Difficult to describe	

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 Pacific, 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 are being developed by companies in Japan and other countries. As large technology enterprises and various other companies are entering the business of commercial robotics, competitive landscape is changing.

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 sell 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. Listed below are some of the basic patents held by the Company.

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 employs a great number of high-level staff members in research and development. However, if a staff member that is crucial to the Group's business resigns, the speed of development might be affected.

- iii) In accordance with 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, increase 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 country and region. 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 Cybernic 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 country and region, 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 Cybernic 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 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.

(9) 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.

(10) Intellectual property

i) 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 signed a contract with the University on an exclusive license for use of these patents. 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.

ii) 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 anycases, 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.

(11) 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.

(12) 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.

(13) 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:

i) 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 three directors (three outside directors) that excludes Yoshiyuki Sankai and any board member

affiliated with the University of Tsukuba. 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.

ii) 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, 2023, 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, 2022, 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 weaponarys. 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 30, 2022, 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 30, 2022, 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.

i) Strong influence of Class B Shareholders on business matters

As of the fiscal year ended on March 31, 2022, 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.

ii) 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.

iii) 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.

iv) 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 25, 2021 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

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. 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)

International Financial Standards (IFRS)						
Fiscal Year		March 2019	March 2020	March 2021	March 2022	March 2023
Revenue	Millions of yen	1,709	1,792	1,875	2,150	3,289
Operating profit (loss)	Millions of yen	(830)	(1,039)	(700)	(878)	(1,145)
Profit (loss) before tax	Millions of yen	(569)	91	408	(389)	53
Profit (loss) attributable to owner of the parent	Millions of yen	(632)	(152)	(59)	(498)	(298)
Comprehensive profit(loss) attributable to owners of the parent	Millions of yen	(1,480)	42	(479)	(371)	(131)
Equity attributable to owners of the parent	Millions of yen	44,217	44,268	43,776	43,413	42,101
Total assets	Millions of yen	45,746	47,808	48,119	49,467	50,187
Equity attributable to owners of the parent per share	Yen	205.50	205.71	203.39	201.74	199.32
Basic earnings (loss) per share	Yen	(2.94)	(0.71)	(0.27)	(2.32)	(1.39)
Diluted earnings (loss) per share	Yen	(2.94)	(0.71)	(0.27)	(2.32)	(1.39)
Ratio of equity attributable to owners of the parent	%	96.7	92.6	91.0	87.8	83.9
Return of equity attributable to owners of the parent	%	—	—	—	—	—
Price-to-earnings ratio	Ratio	—	—	—	—	—
Cash flow from operating activities	Millions of yen	(775)	(215)	(775)	(564)	(143)
Cash flow from investing activities	Millions of yen	(1,917)	(244)	(2,794)	(1,788)	2,173
Cash flow from financing activities	Millions of yen	670	1,304	617	1,248	14
Balance of cash and cash equivalents at the end of the fiscal year	Millions of yen	8,796	9,636	6,704	5,677	7,801
Numbers of employee	persons	84	95	96	201	257
(Average number of non-regular employees)		(47)	(56)	(44)	(47)	(55)

Notes

1. The Company has prepared the consolidated financial statements under International Accounting Standards.
2. The Company did not state the price-to-earnings ratio because CYBERDYNE recorded a loss attributable to the owners of the parent
3. The Company did not state the return of equity attributable to the owners of the parent because CYBERDYNE recorded a loss attributable to the owners of the parent
4. Rounded down to the closest millions of yen (same for the following)
5. In the consolidated fiscal year, the Company finalized the provisional accounting treatment for the business combination, and the related key management indices for the previous consolidated fiscal year are based on the amounts after the significant revision of the initial allocation of acquisition costs due to the finalization of the provisional accounting treatment was reflected.

Non-consolidated management indicators

Fiscal year		March 2019	March 2020	March 2021	March 2022	March 2023
Net sales	Millions of yen	1,530	1,595	1,663	1,564	1,715
Operating profit (loss)	Millions of yen	(734)	(615)	(521)	(602)	(545)
Net profit (loss)	Millions of yen	(1,906)	(849)	(527)	(607)	(595)
Share capital	Millions of yen	26,778	26,778	10	10	10
Total number of issued shares	Shares	Common Share 137,445,809 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	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	44,020	43,167	42,708	42,080	40,435
Total assets	Millions of yen	44,740	43,899	43,295	42,663	41,531
Net assets per share	Yen	204.52	200.56	198.43	195.51	191.42
Dividend per share (Interim dividend per share)	Yen	(—)	(—)	(—)	(—)	(—)
Net profit (loss) per share	Yen	(8.86)	(3.95)	(2.45)	(2.82)	(2.77)
Diluted net income per share	Yen	—	—	—	—	—
Capital ratio	%	98.4	98.3	98.6	98.6	97.3
Return on equity	%	—	—	—	—	—
Price-to-earnings ratio	Ratio	—	—	—	—	—
Payout ratio	%	—	—	—	—	—
Numbers of employee (Average number of non-regular employees)	Persons	65 (41)	78 (47)	81 (39)	84 (40)	82 (37)
Total shareholder return (Comparative index: TSE Mothers Index)	%	45.4 (79.2)	28.1 (60.7)	29.7 (117.9)	24.2 (65.7)	18.9 (94.8)
Highest share price	Yen	1,538	753	975	695	463
Lowest share price	Yen	449	320	360	307	276

Notes

1. The Company did not state diluted net income per share because, while there are diluted shares, CYBERDYNE recorded net loss per share.
2. The Company did not state return of equity as CYBERDYNE recorded net loss attributable to owners of the parent.
3. The Company did not state price-to-earnings ratio as CYBERDYNE recorded net loss per share.
4. The highest and lowest share prices are based on share price at Tokyo Stock Exchange (Growth) price starting from April 4, 2022. Prices before that date are based on the share price at Tokyo Stock Exchange (Mothers)

[Consolidated financial statements]
Consolidated statement of financial position

	Previous consolidated fiscal year	Current consolidated fiscal year
	(As of March 31, 2022)	(As of March 31, 2023)
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	5,677	7,801
Trade and other receivables	493	540
Other financial assets	15,151	9,507
Inventories	1,089	991
Other current assets	455	308
Total current assets	22,865	19,147
Non-current assets		
Operating lease assets	430	430
Property, plant and equipment	13,416	13,406
Right of use assets	499	546
Goodwill	2,070	2,531
Intangible assets	76	80
Investment accounted for using equity method	435	240
Other financial assets	9,571	13,641
Other non-current assets	105	166
Total non-current assets	26,602	31,040
Total assets	49,467	50,187

	Previous consolidated fiscal year	Current consolidated fiscal year
	(As of March 31, 2022)	(As of March 31, 2023)
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	418	690
Bonds and borrowings	34	89
Lease liabilities	118	147
Other current liabilities	259	365
Total current liabilities	828	1,291
Non-current liabilities		
Bonds and borrowings	34	21
Third-party interests in CEJ Fund	3,629	4,792
Lease liabilities	389	412
Provisions	96	96
Deferred tax liabilities	1,040	1,577
Deferred tax liabilities	—	14
Total non-current liabilities	5,189	6,913
Total liabilities	6,017	8,204
Equity		
Share capital	10	10
Capital surplus	42,869	42,877
Treasury shares	(0)	(1,188)
Other components of equity	(1,145)	(979)
Retained earnings	1,679	1,381
Total equity attributable to owners of the parent	43,413	42,101
Non-controlling interests	38	(118)
Total equity	43,450	41,983
Total liabilities and equity	49,467	50,187

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

	Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)
	Millions of yen	Millions of yen
Revenue	2,150	3,289
Cost of sales	(688)	(1,498)
Gross profit	1,462	1,791
Selling, general and administrative expenses		
Research and development expenses	(713)	(735)
Other selling, general and administrative expenses	(1,797)	(2,406)
Total selling, general and administrative expenses	(2,509)	(3,140)
Other income	175	212
Other expenses	(6)	(8)
Operating profit (loss)	(878)	(1,145)
Finance income	398	1,312
Finance costs	(4)	(193)
Gains related to CEJ Fund	115	274
Share of profit (loss) of investments accounted for using equity method	(19)	(195)
Profit (loss) before tax	(389)	53
Income tax expense	(133)	(446)
Profit (loss)	(522)	(393)
Profit (loss) attributable to		
Owners of parent	(498)	(298)
Non-controlling interests	(24)	(95)
Profit (loss)	(522)	(393)
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	(2.32)	(1.39)
Diluted earnings (loss) per share (yen)	(2.32)	(1.39)

Consolidated statement of comprehensive income

	Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)
	Millions of yen	Millions of yen
Profit (loss)	(522)	(393)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(20)	36
Total of items that will not be reclassified to profit or loss	(20)	36
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operation	149	134
Total of items that may be reclassified to profit or loss	149	134
Total other comprehensive income, net of tax	129	170
Comprehensive income	(393)	(223)
Comprehensive income attributable to		
Owners of parent	(371)	(131)
Non-controlling interests	(22)	(91)
Comprehensive income	(393)	(223)

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, 2021	10	42,861	(0)	(1,286)	(6)	19
Profit (loss)	—	—	—	—	—	—
Other comprehensive income	—	—	—	(20)	147	—
Total comprehensive income	—	—	—	(20)	147	—
Share-based payment transactions	—	8	—	—	—	—
Equity transaction with non-controlling interest	—	—	—	—	—	—
Increase (decrease) by business combination	—	—	—	—	—	—
Total transactions with owners	—	8	—	—	—	—
March 31, 2022	10	42,869	(0)	(1,306)	142	19
Profit (loss)	—	—	—	—	—	—
Other comprehensive income	—	—	—	36	130	—
Total comprehensive income	—	—	—	36	130	—
Share-based payment transactions	—	8	—	—	—	—
Acquisition of treasury shares	—	—	(1,188)	—	—	—
Equity transaction with non-controlling interest	—	—	—	—	—	—
Increase (decrease) by business combination	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total transaction with owners	—	8	(1,188)	—	—	—
March 31, 2023	10	42,877	(1,188)	(1,270)	272	19

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity	Retained earnings	Total		
	Total	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2021	(1,272)	2,177	43,776	10	43,786
Profit (loss)	—	(498)	(498)	(24)	(522)
Other comprehensive income	127	—	127	2	129
Total comprehensive income	127	(498)	(371)	(22)	(393)
Share-based payment transaction	—	—	8	—	8
Equity transaction with non-controlling interest	—	—	—	8	8
Increase (decrease) by business combination	—	—	—	41	41
Total transactions with owners	(1,145)	—	8	49	58
March 31, 2022	(1,272)	1,679	43,413	38	43,450
Profit (loss)	—	(298)	(298)	(95)	(393)
Other comprehensive income	166	—	166	4	170
Total comprehensive income	166	(298)	(131)	(91)	(223)
Share-based payment transactions	—	—	8	—	8
Acquisition of treasury shares	—	—	(1,188)	—	(1,188)
Equity transaction with non-controlling interest	—	—	—	9	9
Increase (decrease) by business combination	—	—	—	(75)	(75)
Other	—	—	—	2	2
Total transaction with owners	—	—	(1,180)	(65)	(1,244)
March 31, 2023	(979)	1,381	42,101	(118)	41,983

Consolidated statement of cash flows

	Previous consolidated fiscal year (From March 31, 2021 to March 31, 2022)	Current consolidated fiscal year (From March 31, 2022 to March 31, 2023)
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit (loss) before tax	(389)	53
Depreciation and amortization	482	627
Finance income	(398)	(1,312)
Finance costs	4	193
Losses (gains) on CEJ Fund	(115)	(274)
Share of loss of investments accounted for using equity method	19	195
Decrease (increase) in inventories	(281)	98
Decrease (increase) in trade and other receivables	29	(275)
Increase (decrease) in trade and other payables	(61)	379
Other	187	261
Subtotal	(521)	(55)
Interest and dividends received	16	20
Interest paid	(2)	(0)
Income taxes refund	53	2
Payments for administrative expenses etc. related to CEJ Fund	(110)	(110)
Net cash provided by (used in) operating activities	(564)	(143)
Cash flows from investing activities		
Purchase of investments	(19,499)	(15,000)
Proceeds of redemption of investments	26,000	18,000
Payments into time deposits	(2,500)	(2,000)
Proceeds from withdrawal of time deposits	—	4,500
Purchase of property, plant and equipment	(1,770)	(451)
Purchase of intangible assets	(6)	(58)
Purchase of investment securities	(1,848)	(3,309)
Proceeds from sale of investments securities	—	556
Purchase of stock of subsidiaries with change of scope of consolidation	(2,008)	(23)
Payments for loans receivable	(139)	(69)
Collection of loans receivable	—	13
Other	(18)	14
Net cash provided by (used in) investing activities	(1,788)	2,173
Cash flows from financing activities		
Repayments of long-term borrowings	(47)	(12)
Purchase of treasury shares	—	(1,188)
Lease liabilities paid	(68)	(153)
Contributions into CEJ Fund from third-party investors	1,360	1,380
Other	3	(13)
Net cash provided by (used in) financing activities	1,248	14
Effect of exchange rate changes on cash and cash equivalents	77	80
Net increase (decrease) in cash and cash equivalents	(1,027)	2,124
Cash and cash equivalents at beginning of fiscal year	6,704	5,677
Cash and cash equivalents at end of year	5,677	7,801

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)
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
March 4, 2021 *3	—	Common Shares 137,445,809 Class B Shares 77,700,000	(26,768)	10	—	26,714

Notes

- 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.
- On 4 March 2021, under Article 447, paragraph 1 of the Companies Act, the capital was reduced by ¥26,758 million and transferred to other capital surpluses.

Classification of shareholders

Common Share

As of March 31, 2023

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)	—	7	33	417	178	221	76,589	77,445	—
Number of shareholder (unit)	—	47,063	30,075	288,636	63,094	3,722	941,420	1,374,010	44,809
Shareholding ratio (%)	—	3.43	2.19	21.01	4.59	0.27	68.52	100	—

Notes

- Yoshiyuki Sankai has both Common Share and Class B Share
- Out of 4,011,673 shares in the treasury stock, 40,116 units were included in "Individual investors etc." and 73 shares were included in "status of shares less than one share unit"

Class B Share

As of March 31, 2023

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

As of March 31, 2023

Name of shareholder	Numbers of share held (shares)	Shareholding ratio (%)
Yoshiyuki Sankai	80,738,000	38.24
Daiwa House Industries Co., Ltd.	26,000,000	12.31
THE BANK OF NEW YORK MELLON SA/NV 10	1,826,400	0.86
The Nomura Trust & Banking Co., Ltd. (Investment Trust Account)	1,690,000	0.80
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,531,600	0.72
Ueda Yagi Securities Co., Ltd.	913,400	0.43
Mikio Yano	740,100	0.35
Custody Bank of Japan, Ltd. (Investment Trust Account)	678,500	0.32
Daido Life Insurance Company (Standing proxy: Custody Bank of Japan, Ltd.)	500,000	0.23
Hidenori Ishii	459,300	0.21
Total	115,077,300	54.50

Number of voting rights held

As of March 31, 2023

Name of shareholder	Numbers of voting rights held (units)	voting rights ratio (%)
Yoshiyuki Sankai	7,800,020	85.68
Daiwa House Industries Co., Ltd.	260,000	2.86
THE BANK OF NEW YORK MELLON SA/NV 10	18,264	0.20
The Nomura Trust & Banking Co., Ltd. (Investment Trust Account)	16,900	0.19
The Master Trust Bank of Japan, Ltd. (Trust Account)	15,316	0.17
Ueda Yagi Securities Co., Ltd.	9,134	0.10
Mikio Yano	7,401	0.08
Custody Bank of Japan, Ltd. (Investment Trust Account)	6,785	0.07
Daido Life Insurance Company (Standing proxy: Custody Bank of Japan, Ltd.)	5,000	0.05
Hidenori Ishii	4,593	0.05
Total	8,143,413	89.45

Status of affiliated companies

As of March 31, 2023

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 EUR	Functional improvement/regeneration treatment service with HAL and sales of HAL	100.0
CYBERDYNE USA Inc.	State of California, USA	14,100,000 USD	Management and acceleration of the Company's business in the U.S.	100.0
RISE Healthcare Group, Inc.	State of California, USA	990,748 USD	Management of outpatient rehabilitation clinic	80.0 (80.0)
CYBERDYNE MALAYSIA SDN.BHD.	Kuala Lumpur, Malaysia	1,000,000 MYR	Promotion of CYBERDYNE's business in Asia Pacific region	100.0
LeyLine GmbH	State of NRW, Germany	56,250 EUR	Management, development, manufacturing and human development of PETRONAS MIE Racing Honda Team	63.6
(Within Japan)				
Suzuka RoboCare Center Co., Ltd.	Mie prefecture, Japan	3,000,000 JPY	Training service with HAL	100.0
Shonan RoboCare Center Co., Ltd.	Kanagawa prefecture, Japan	3,000,000 JPY	Training service with HAL	100.0
Oita RoboCare Center Co., Ltd.	Oita prefecture, Japan	3,000,000 JPY	Training service with HAL	100.0
C2 Inc.	Tokyo prefecture, Japan	10,000,000 JPY	Development and operation of smartphone healthcare app "JUKUSUI"	100.0
CEJ Capital, Inc.	Ibaraki prefecture, Japan	45,000,000 JPY	Management and operation of Cybernic Excellence Japan Fund 1 Investment Limited Partnership	60.0
Cybernic Excellence Japan Fund 1 Investment Limited Partnership*2	Tokyo prefecture, Japan	7,920,000,000 JPY	Investment fund-related businesses aimed at creating the new Cybernics Industry	60.0 (60.0)
and five other companies				

As of March 31, 2023

Name	Location	Share capital	Major business line	Ownership of voting rights (%)
(affiliated company accounted for by equity method)				
CYBERDYNE Omni Networks, INC.	Tsukuba city, Ibaraki prefecture, Japan	160 million JPY	Communication business in relation to IoT and Cybernics field, sales of communication device and offering of related services	49.0
Shisei Datum Ltd.	Machida city, Tokyo prefecture, Japan	150 million JPY	Design, development, and manufacture of electronic blood pressure monitors for medical use	32.0

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, 2023

Number of employees (person)
257 (55)

(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.
- The number of employees increased by 56 in the current fiscal year. This is mainly due to increase of consolidated subsidiary and business expansion.

Status of employees in the Company

As of March 31, 2023

Number of employees (person)	Average age (years old)	Average years in service (years)	Average annual salary (thousands of yen)
82 (37)	43.7	7.6	6,119

(Notes)

- The number of employees includes full-time employees and members on temporary transfer assignments.
- The number of contract employees and part-time workers are stated in the brackets ().
- Average annual salary includes bonuses and substandard wages.
- As the company operates in a single business sector, the number of employees is company-wide.

Status of workers union

CYBERDYNE have not formed a workers union for the company. However the management have a good relationship with its workers and have no special item to report.



CYBERDYNE