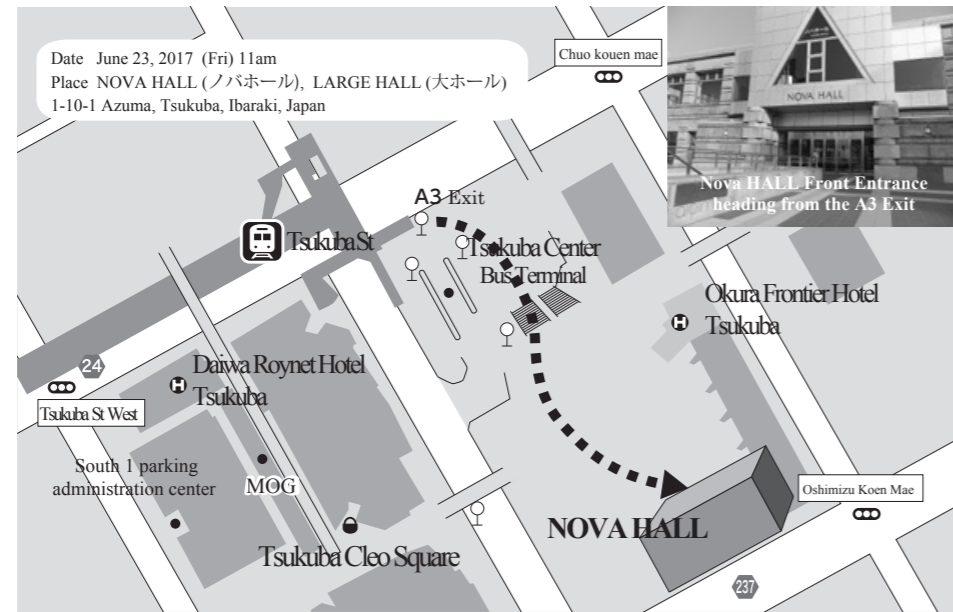


Guide map to the venue of the General Shareholders Meeting



Date June 23, 2017 (Fri) 11am
Place NOVA HALL (ノバホール), LARGE HALL (大ホール)
1-10-1 Azuma, Tsukuba, Ibaraki, Japan

Chuo kouen mae
NOVA HALL Front Entrance
heading from the A3 Exit

Access



By Train
Tsukuba Express [Tsukuba Station]
walk 3 min from the A3 Exit



By Highway Bus
"Tsukuba Go" Bus from the Yaesu South exit of Tokyo St
Walk 3 min from [Tsukuba Center Station]



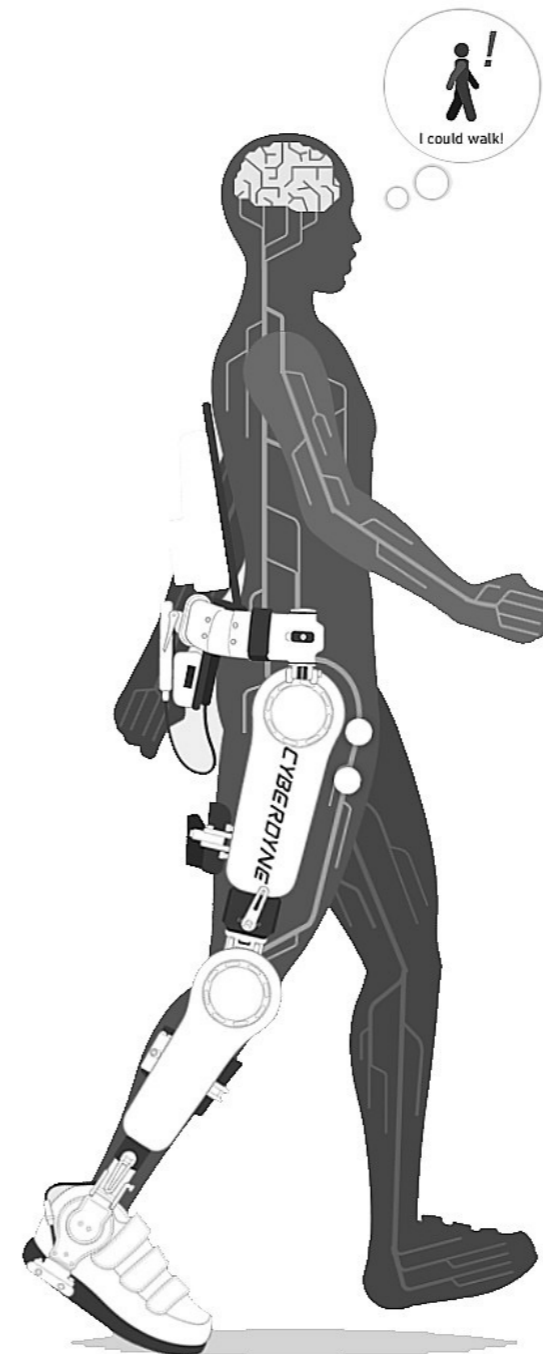
By Car
1. Exit at Sakura Tsuchiura Interchange of Joban expressway and head towards Sakura/Tsukuba Science City.
2. Turn right at the second crossing with a footbridge (Sasagi) and head north along Higashi-odori for 3km.
3. After the two-lane road turns to a three-lane road, take the 3rd crossing (Gakuen Higashi) to the left.
4. The building you will see on the far right at the 2nd crossing point (Oshimizu Koen Mae) is the NOVA HALL

※Please use the pay parking nearby. (We do not offer any discount for parking)



Venue of demonstration event for the shareholders (admission fee required)

CYBERDYNE STUDIO
〒305-0817 5-19 Kenkyugakuen, Tsukuba, Ibaraki TEL : 029-828-8282
Walk 4 min from the North exit of the Kenkyugakuen Station (Tsukuba Express)
It is located on the 2nd floor of iias Tsukuba shopping center



Code: 7779 (Mothers Section of the Tokyo Stock Exchange)

13th Ordinary General Meeting of Shareholders

Date

June 23, 2017 (Friday)
11 am (reception starts from 10 am)

Venue

1-10-1 Azuma, Tsukuba, Ibaraki, Japan
NOVA HALL (ノバホール) LARGE HALL (大ホール)

Please refer to the map on the front page

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CYBERDYNE,INC.

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

To our shareholders

Code: 7779
June 7, 2017

2-2-1 Gakuen Minami,
Tsukuba, Ibaraki, Japan

Dear shareholders

I would like to take this opportunity to thank you for your support towards our endeavors. We are conducting the 13th Ordinary Meeting of the Shareholders according to the details stated on the right. For this fiscal year, we have also planned a demonstration event for our shareholders as shown below.

If it is not possible for you to attend the Ordinary General Meeting of the Shareholders, you are still entitled to exercise your voting rights through the enclosed form. Please examine the reference documents to judge whether you agree or disagree with the resolution and send us the form by 6pm, June 22, 2017 (Thursday).

Kindest regards

<Details about the demonstration event for the shareholders>

Venue : CYBERDYNE STUDIO

4 min walk from the northern exit of Kenkyugakuen station. 2nd floor of iias Tsukuba

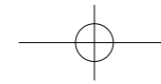
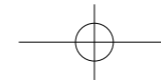
Prior reservation is necessary. Please contact CYBERDYNE STUDIO at

Tel: 029-828-8282 (From 10am to 6pm) Email: cyberdynestudio@cyberdyne.jp

2 pm- HAL guide tour for the shareholders including demonstration of the motion principle 500 Japanese yen per person

4pm- Demonstration of HAL (Lumbar Type) for the shareholders 3,000 Japanese yen per person

* Reception starts 30 min before each session



Notice of the 13th Ordinary General Meeting of Shareholders

Date

June 23, 2017 (Friday)

11 am(Reception starts at 10 am)

Venue

1-10-1 Azuma, Tsukuba, Ibaraki, Japan

NOVA HALL (ノバホール) LARGE HALL (大ホール)

Please refer to the map on the front page

Agenda

<Matters to be reported>

I. Business report and consolidated financial statements for the 13th fiscal year (from April 1, 2016 to March 31, 2017)

as well as the audit reports from the Accounting Auditors and Audit and Supervisory Board Members regarding the consolidated financial statements

II. Financial report of the 13th fiscal year (from April 1, 2016 to March 31, 2017)

<Items proposed for resolution>

Proposal 1. Election of seven Directors

Proposal 2. Election of three Audit and Supervisory Board Members

Proposal 3. Issuing of Stock Acquisition Rights as Stock Option

【Disclosure via the internet】

I. Because the materials listed below are posted on CYBERDYNE'S website pursuant to the provision of laws, regulations and Article 22 of CYBERDYNE's Article of Incorporation, they are not included in the materials provided in this notice of the 13th Ordinary General Meeting of Shareholders.

1. Items included in the business report

- Items concerning Stock Acquisition Rights

- System to ensure the properness of the businesses and its status of operation

2. Consolidated statements of changes in equity and related notes for the consolidated financial statements

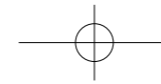
3. Statements of changes in equity and related notes for the financial statements

II. If any incidents that require the revision of the enclosed documents occur after these documents are mailed out, it will be announced on the CYBERDYNE's website listed below.

Website of CYBERDYNE, INC.

<http://www.cyberdyne.jp/english/company/IR.html>

- To the shareholders attending the meeting, please bring the enclosed attendance form and submit it at the reception of the venue. Please also bring this invitation to serve as the program for the meeting.



Exercise of voting rights

Those who are attending the shareholders meeting



Please submit the enclosed form to exercise voting rights at the reception of the venue

Date June 23, 2017 (Friday) 11 am

Venue NOVA HALL, LARGE HALL (大ホール)

Those who are not attending the shareholders meeting

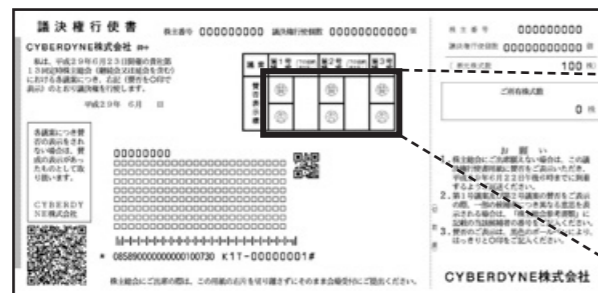


Exercise voting rights by mail

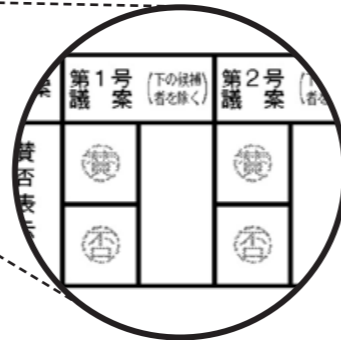
Please state whether you agree to each items proposed for resolution on the enclosed form and mail it to CYBERDYNE. If the form is submitted in blank, it will be assumed that you are in favor of the resolution.

Exercise period The form must arrive by June 22, 2017 (Thu) 6 pm

Example of voting on the form



Please circle yes (賛) or no (否) for each item proposed for resolution



Reference documents

Proposal 1. Election of seven (7) Directors

All the Directors will complete their terms as of the end of this Meeting of Shareholders. As such, we ask you to elect seven Directors. Candidates are shown below.

Candidate Number 1	Yoshiyuki Sankai	re-election	Ph.D. in Engineering
	Born June 24, 1958 (58 years old)		

Descriptions of the positions, personal history, assignments and other important positions held outside CYBERDYNE

2003/7	Professor of Functional Engineering, University of Tsukuba	2014/6	Program manager of the Impulsing Paradigm Changes through Disruptive Technology Program (ImPACT) hosted by the cabinet office of Japan (present)
2004/4	Professor at the Graduate School of Systems & Information Engineering, University of Tsukuba (present)	(Important positions held outside CYBERDYNE)	
2004/6	Director at incorporation of CYBERDYNE	Professor at the Graduate School of Systems & Information Engineering, University of Tsukuba	
2006/2	Representative and CEO of CYBERDYNE (present)	Director of the Center for Cybernic Research, University of Tsukuba	
2009/9	Director of the Center for Cybernic Research, University of Tsukuba (present)	Program Manager of ImPact hosted by the cabinet office of Japan	

Reason for the nomination as candidate for Director

Dr. Sankai is nominated as a candidate for Director. His extensive experience gained through his service as a founder of CYBERDYNE (the "Company") and establishment of new academic field of Cybernics as a professor of Graduate School of University of Tsukuba are deemed to be valuable to further promote the business of the Company and the group companies (collectively referred to as the "Group") and to reinforce its corporate governance.

Years in service as Director 13 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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Candidate Number 2	Fumiyuki Ichihashi	re-election	Ph.D. in Engineering
	Born May 1, 1978 (39 years old)		

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

2004/6	Director at incorporation of CYBERDYNE (present)	2007/10	Head of Research and Development Department at CYBERDYNE
2005/5	Representative Director of CYBERDYNE	2013/12	Team leader of the Information Strategy Team in the Improvement Office of CYBERDYNE (present)
2006/2	Representative Director of Medical Interface Incorporated		

Reason for the nomination as candidate for Director

Dr. Ichihashi is nominated as a candidate for Director. His extensive knowledge as a Ph.D. holder in engineering and experience gained through his service in the management are deemed to be valuable to further promote the research and development of the Group.

Years in service as Director 13 years	Special interest in CYBERDYNE none	Number of company shares owned Common 20,000 Shares
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Candidate Number **3** **Shinji Uga** re-election Certified Public Accountant MBA
 Born February 15, 1970 (47 years old)

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

1994/4	Joined Tomen Corporation (Now known as Toyoda Tsusho)	2007/6	Joined Ridgeway Capital Partners Ltd.
2001/10	Joined Chuo Aoyama Audit Corporation (Now known as PricewaterhouseCoopers)	2008/9	Joined CYBERDYNE, INC.
2005/10	Assigned to PricewaterhouseCoopers Shanghai office	2009/2	Director (present) and head of Financial Affairs and Accounting Department of CYBERDYNE, INC.
		2013/12	Head of the Corporate Department of CYBERDYNE, INC. (present)

Reason for the nomination as candidate for Director

Mr. Uga is nominated as a candidate for Director. His extensive experience as a certified public accountant, MBA and various others related to management and accounting are deemed to be valuable to further promote management of the Group and its operations.

Years in service as Director 8 years	Special interest in CYBERDYNE none	Number of company shares owned Common 60,000 Shares
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Candidate Number **4** **Hiroaki Kawamoto** re-election Ph.D. in Engineering
 Born August 25, 1974 (42 years old)

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

2004/6	Director at incorporation of CYBERDYNE	2015/4	Associate Professor at the Graduate School of Systems & Information Engineering, University of Tsukuba (present)
2005/8	Researcher at Japan Association for the Advancement of Medical Equipment		(Important positions held outside CYBERDYNE)
2006/2	Director of CYBERDYNE (present)		Associate Professor at the Graduate School of Systems & Information Engineering, University of Tsukuba

Reason for the nomination as candidate for Director

Dr. Kawamoto is nominated as a candidate for Director. His extensive knowledge as a holder of Ph.D. in engineering and experience gained through his service in the management since the founding of the Company are deemed to be valuable to further promote the business of the Group.

Years in service as Director 13 years	Special interest in CYBERDYNE none	Number of company shares owned Common 14,000 Shares
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Candidate Number **5** **Kinichi Nakata** re-election Outside Director Ph.D. in Medicine
 Born May 12, 1962 (55 years old)

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

1989/7	Worked for Nippon University School of Medicine	2008/3	Councilor at Japanese Association for Coronary Artery Surgery (present)
1996/10	Councilor at Japanese Society for Artificial Organs	2008/6	Outside Director of CYBERDYNE (present)
2003/3	Technical Committee on Industrial Promotion of Medical Electromagnetic Drive Systems		(Important positions held outside CYBERDYNE)
2003/10	Lecturer at Nihon University School of Medicine (present)		Lecturer at Nihon University School of Medicine

Reason for the nomination as candidate for Outside Director

Dr. Nakata is nominated as a candidate for Outside Director. His extensive experience and knowledge as a doctor as well as Ph.D. holder in medicine are deemed to be valuable for corporate governance of the Company, which develops its business in the medical field. Furthermore, while Dr. Nakata have no experience of corporate management other than his contribution in the Company, reasons stated above as well as his performance in CYBERDYNE has led the Group to judge that Dr. Nakata will appropriately execute his duties as a Outside Director.

Years in service as Outside Director 9 years	Special interest in CYBERDYNE none	Number of company shares owned -
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Candidate Number **6** **Kazumasa Yoshida** re-election Outside Director Independent Officer
 Born August 20, 1958 (58 years old)

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

1984/10	Joined Intel Corporation	2016/7	Outside Director of FreeBit Co., Ltd. (present)
2003/6	President and CEO of Intel Kabushiki Kaisha		(Important positions held outside CYBERDYNE)
2012/6	Outside Director of Onkyo Corporation (present)		Outside Director of Onkyo Corporation
2013/2	Outside Director of Gibson Guitar Corporation (present)		Outside Director of Gibson Guitar Corporation
2013/6	Outside Director of CYBERDYNE (present)		Outside Director of TDK Corporation
2014/6	Outside Director of TDK Corporation (present)		Outside Director of Mamezou Holdings Co., Ltd.
2015/6	Outside Director of Mamezou Holdings Co., Ltd. (present)		Outside Director of FreeBit Co., Ltd.

Reason for the nomination as candidate for Outside Director

Mr. Yoshida is nominated as a candidate for Outside Director. His extensive experience and wide range of knowledge gained through his career as an executive of a global company are deemed valuable for the corporate governance of the Group, which promotes its business internationally.

Years in service as Outside Director 4 years	Special interest in CYBERDYNE none	Number of company shares owned Common 60,000 Shares
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Candidate Number **7** **Hikari Imai** re-election Outside Director
 Born July 23, 1949 (67 years old)

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

1974/4	Joined Yamaichi Securities Co., Ltd.	2012/4	Outside Director of Olympus Corporation
1986/1	Joined Morgan Stanley Securities Co., Ltd.	2015/6	Outside Director of CYBERDYNE (present)
1993/4	Joined Merrill Lynch Securities Company	2016/6	Outside Director of PACIFIC METALS CO., LTD. (present)
1999/1	Vice Chairman of Merrill Lynch Japan Securities Company, Limited	2016/12	Chairman of 3DOM Inc. (present)
2007/11	Director, Vice President of RECOF Corporation		(Important positions held outside CYBERDYNE)
2008/4	President and CEO of RECOF Corporation		Outside Director of PACIFIC METALS CO., LTD.
			Director and Chairman of 3DOM Inc.

Reason for the nomination as candidate for Outside Director

Mr. Imai is nominated as a candidate for Outside Director. His extensive experience and wide range of knowledge gained through his career as an executive of financial institutions and as a Outside Director of companies including those engaged in medical device manufacturing are deemed to be valuable to the Group's corporate governance such as reinforcement of risk management.

Years in service as Outside Director 2 years	Special interest in CYBERDYNE none	Number of company shares owned -
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(Notes) The Company entered into a limited liability agreement with each of Hiroaki Kawamoto, Kinichi Nakata, Kazumasa Yoshida and Hikari Imai, in accordance with Article 423-1 of the Companies Act. If the aforementioned candidates are re-elected at this Meeting of Shareholders, this contract will be continued.

The outline of this agreement is as follows.

-In the event that Outside Director is deemed to be liable for damages due to the negligence of his/her duties, his/her liability will be limited to the minimum amount set forth in Article 425-1 of the Companies Act.

-This limitation of liability will only be applicable if he/she carried out their duties which led to such liability in good faith and with no gross negligence.

Proposal 2. Election of three (3) Audit and Supervisory Board Members

All Audit and Supervisory Board Members will complete their terms as of the end of this Meeting of Shareholders. As such, we ask you to elect three Audit and Supervisory Board Members. Candidates are shown below.

Candidate Number **1** **Yutaka Fujitani** re-election Outside Audit and Supervisory Board Member (Full-time)
 Born April 1, 1953 (64 years old)

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

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

Reason for the nomination as candidate for Outside Audit and Supervisory Board Member

Mr. Fujitani is nominated as a candidate for Outside Audit and Supervisory Board Member. His extensive domestic and international experience, gained through his service in a major bank as well as from his involvement in advisory business for building the internal control system at KPMG AZSA LLC led the Group to judge that Mr. Fujitani is capable of auditing Directors' performance of their duties from an objective and fair stand point.

Years in service as Outside Audit and Supervisory Board Member 6 years	Special interest in CYBERDYNE none	Number of company shares owned -
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Candidate Number **2** **Cees Vellekoop** re-election Outside Audit and Supervisory Board Member
 Born May 4, 1956 (61 years old)

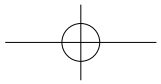
Descriptions of the positions, personal history, assignments and other important positions held outside the Company

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

Reason for the nomination as candidate for Outside Audit and Supervisory Board Member

Mr. Vellekoop is nominated as a candidate for Outside Audit and Supervisory Board Member. His extensive experience gained through his service as attorney-at-law in Britain and the Netherlands (these certificates have since been relinquished) led the Group to judge that Mr. Vellekoop is capable of auditing Directors' performance of their duties from an objective and fair stand point.

Years in service as Outside Audit and Supervisory Board Member 10 years	Special interest in CYBERDYNE none	Number of company shares owned -
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Candidate Number **3** **Kenichiro Okamura** re-election Independent Officer Outside Audit and Supervisory Board Member
 Born August 18, 1971 (45 years old)

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

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

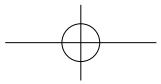
Reason for the nomination as candidate for Outside Audit and Supervisory Board Member

Mr. Okamura is nominated as a candidate for Outside Audit and Supervisory Board Member. His extensive experience gained through his service as certified public accountant both in Japan and the U.S. and his experience as an executive, who established and developed his own company, led the Group to judge that Mr. Okamura is capable of auditing Directors' performance of their duties from an objective and fair stand point.

Years in service as Outside Audit and Supervisory Board Member 6 years	Special interest in CYBERDYNE none	Number of company shares owned -
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(Notes) The Company entered into a limited liability agreement with each of Yutaka Fujitani, Cees Vellekoop and Kenichiro Okamura in accordance with Article 423-1 of the Companies Act. If the aforementioned candidates are re-elected at this Meeting of Shareholders, this contract will be continued. The outline of this agreement is as follows.

- In the event that an Outside Audit and Supervisory Board Member is deemed to be liable for damages due to the negligence of his/her duties, his/her liability will be limited to the minimum amount set forth in Article 425-1 of the Companies Act.
- This limitation of liability will only be applicable if he/she carried out their duties which led to such liability in good faith and with no gross negligence.



Proposal 3: Issuing of Stock Acquisition Rights as a Stock Option

The Company calls for the approval of its shareholders for giving the authority to the Company's Board of Directors to determine the terms and conditions of Stock Acquisition Rights as Stock Options without compensation to the Company's and its affiliated company's Directors, employees as well as external consultants based on the provisions of Articles 236, 238 and 239 of the Companies Act.

The Stock Acquisition Rights that will be allocated to Directors of the Company are considered to be compensation other than cash, and furthermore their value are undetermined. As such, the Company requests the approval of its shareholders on the details of the compensation by means of Stock Acquisition Rights as well as their calculation method separately from aggregate amount of compensation by cash, which was approved by the 2nd Ordinary General Meeting of Shareholders held on May 31, 2006. As such is the case, details of the compensation by means of Stock Acquisition Rights to Directors (excluding Outside Directors) are stated on III. below, and the fair value of the Stock Acquisition Rights will be calculated by Black-Scholes option pricing model on the date where the allotment of the Stock Acquisition Rights will be made ("Allotment Date"). The issuing of the Stock Acquisition Rights to Directors (excluding the Outside Directors) are conducted with the purpose of raising motivation and morale towards improvement of the Company's business performance and increment of its corporate value. Upon determination of details of the compensation by means of Stock Acquisition Rights and details of calculation methods, various factors such as the contribution of each Director (excluding Outside Directors) have been taken into account. Therefore the contents of them are considered to be appropriate.

If "the matter to be resolved" I. above is approved, the Company will have seven Directors (three Outside Directors), and the maximum numbers of Stock Acquisition Rights that would be allotted to Directors (excluding Outside Directors) will be set at two hundred (200) units.

I. Purposes and reasons for the issuance of Stock Options on preferential terms and conditions

Aiming to improve business performance and increase the corporate value of the Group, Stock Acquisition Rights will be issued as Stock Options to Directors, employees as well as external consultants of the Company and related companies without compensation.

II. Necessity of cash payment for the Stock Options and the maximum number of the Stock Acquisition Rights, which the Board of Directors can decide to issue under the authority granted by a resolution at this Ordinary General Meeting of Shareholders

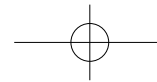
1. The maximum number of Stock Acquisition Rights, for which the terms and conditions of the issuance can be determined based on the authority mentioned above

The maximum number of Stock Acquisition Rights shall be one thousand (1,000) units pursuant to III. 1. written below.

The total number of shares that can be issued as a result of exercising these Stock Options is set at hundred thousand (100,000) Common Shares of the Company, and if the number of granted shares for each Stock Options ("Number of Granted Shares". Will be defined below) is adjusted due to reasons described in III. 1., the maximum number of shares that can be issued will be the amount calculated by multiplying the adjusted Numbers of Granted Shares and the maximum number of Stock Options stated above.

2. Necessity of cash payment for the Stock Acquisition Rights, for which the terms and conditions of the issuance can be determined based on the authority mentioned above

The stock acquisition right shall require no amount to be paid in.



III. Details of the Stock Acquisition Rights as the Stock Options, for which the terms and conditions of the issuance can be determined based on the authority mentioned above

1. Class and number of shares covered by the Stock Options:

The class of shares covered by the Stock Options shall be Common Shares of the Company, and the Number of Granted Shares shall be one hundred (100) Common Shares. However, the Number of Granted Shares shall be adjusted according to the following formula if the Company splits (including allotment of the Company's Common Share without contribution; the same shall apply to any reference to a share split hereinafter) or consolidates shares after the date when the allotment of the Stock Options are made (the "Allotment Date"). Fractions less than one (1) share arising as a result of such adjustment shall be rounded down.

$$\text{Number of Granted Shares after adjustment} = \text{Number of Granted Shares before adjustment} \times \frac{\text{Share split or share consolidation ratio}}{1}$$

The provisions of Section 3.(ii)(1) shall apply mutatis mutandis to the application date of the Number of Granted Shares after such adjustment.

In addition to the cases stated above, if the Company are merged or split or enters other situation where adjustment of the Numbers of Granted Shares becomes necessary after the Allotment Date, the Company may adjust the Numbers of Granted Shares appropriately within reasonable extent. When adjusting the Number of Granted Shares, the Company shall notify each holder of Stock Options recorded in the Stock Options register (each a "Stock Option Holder") or give public notice of necessary matters by the date immediately preceding the effective date on which the adjusted Number of Granted Shares will become part of the Stock Options; however, if the Company is unable to notify the Stock Option Holders or give public notice by the date immediately preceding the effective date, the Company shall notify the Stock Option Holders or give public notice promptly thereafter.

2. Value of property to be contributed upon exercise of the Stock Options:

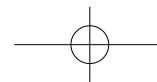
The value of property to be contributed upon the exercise of each Stock Option shall be the amount obtained by multiplying the amount to be paid-in for one (1) share to be delivered by exercising such Stock Option (the "Exercise Price") by the Number of Granted Shares. The Exercise Price is the amount obtained by multiplying (a) the closing price of ordinary transactions of common stock of the Company at the Tokyo Stock Exchange (the "Closing Price") on the Allotment Date (or the Closing Price on the immediately preceding transaction date, if there is no Closing Price for the Allotment Date) by (b) 1.20, with any fraction less than one (1) yen being rounded up to the nearest whole number; provided that the Exercise Price shall be subject to the adjustment set forth in Section 3. below.

3. Adjustment of Exercise Price:

(i) If the Company takes any of the actions listed in items (1) and (2) below with respect to the shares of common stock of the Company after the Allotment Date, the Company shall adjust the Exercise Price by using the corresponding formula (the "Exercise Price Adjustment Formula") set forth below. Any fraction less than one (1) yen resulting from the adjustment shall be rounded up to the nearest whole number:

- (1) Split or consolidation of shares

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Share split or share consolidation ratio}}$$



(2) Issuance of new shares or disposition of treasury shares at a price lower than the market price (excluding sale of treasury shares pursuant to Article 194 (demand for sale to holders of shares less than one unit) of the Companies Act, conversion of securities that are to be or may be converted into common stock of the Company, or exercise of Stock Options (including those attached to bonds with Stock Options) by which delivery of Common Share of the Company may be requested)

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of issued shares} + \frac{\text{Number of new shares to be issued} \times \text{Amount to be paid-in per share}}{\text{Market price}}}{\text{Number of issued shares} + \text{Number of new issued shares to be issued}}$$

- a. The “market price” in the Exercise Price Adjustment Formula shall be the average price of the Closing Price (including indicative prices; hereinafter the same) of ordinary transactions of common stock of the Company at the Tokyo Stock Exchange for a period of thirty (30) transaction days (excluding any day without the Closing Price) commencing on the forty-fifth transaction day prior to the “Application Date of the Exercise Price after adjustment” set forth in clause (2) below (the “Application Date”). In calculating the “average price,” fractional amounts less than one (1) yen shall be calculated to the hundredth and then rounded up to the nearest tenth.
- b. The “Number of issued shares” in the Exercise Price Adjustment Formula shall be the total number of issued shares of common stock of the Company as of the record date, if any, or otherwise the date one (1) month prior to the Application Date, less the number of treasury shares of common stock of the Company which are held by the Company on such date.
- c. In the case of disposition of treasury shares, the “Number of new shares to be issued” in the Exercise Price Adjustment Formula shall be replaced with the “Number of treasury shares to be disposed of.”

(ii) The Application Date shall be subject to the following:

- (1) When making an adjustment pursuant to clause(i)(1) above, the Exercise Price after adjustment shall be applied, in the case of a share split, on and after the day immediately following the record date for the share split (if no record date is prescribed, the effective date of such share split) and, in the case of a share consolidation, on and after the effective date thereof; however, if a share split is subject to the condition that a proposal to increase the stated capital or reserves by decreasing the amount of surplus is approved at the Company’s shareholders meeting, and the record date for the share split is prescribed to be the date prior to the date of conclusion of such shareholders meeting, the Exercise Price after adjustment shall be applied retrospectively to the date immediately following the record date on and after the date immediately following the date of conclusion of the shareholders meeting.

Under the proviso clause of the preceding paragraph, the Company shall adjust, by the following calculation formula, the number of shares of its common stock to be delivered to the Stock Option Holder exercising Stock Options during the period commencing on the date immediately following the record date for the share split and ending on the date of conclusion of the shareholders meeting (the number of shares that may be delivered by exercising Stock Options shall hereinafter be referred to as the “Number of Shares subject to Exercise before Split”). Any fraction less than one (1) share resulting from the adjustment shall be rounded down.

$$\text{Number of new shares to be issued} = \frac{(\text{Exercise Price before adjustment} - \text{Exercise Price after adjustment}) \times \text{Number of Shares subject to Exercise before Split}}{\text{Exercise Price after adjustment}}$$

- (2) When making an adjustment pursuant to clause (i)(2) above, the Exercise Price after adjustment shall be applied on and after the date immediately following the payment date (if a period for payment is prescribed, the last day thereof) for such issuance or disposition (or on and after the date immediately following the record date, if any).

(iii) In addition to clauses (i)(1) and (i)(2), in the case where it is necessary to adjust the Exercise Price such as in the case of the Company allotting shares of other classes without contribution to common shareholders or distributing shares of another company as dividends to common shareholders, the Company may adjust the Exercise Price within a reasonable extent after taking into consideration conditions or other related factors of the allotment or distribution.

(iv) When adjusting the Exercise Price, the Company shall notify the Stock Option Holders or give public notice of necessary matters by the date immediately preceding the Application Date; provided that, if the Company is unable to notify the Stock Option Holders or give public notice by the date immediately preceding the Application Date, the Company shall notify the Stock Option Holders or give public notice promptly thereafter.

4. Exercise Period for the Stock Options:

8 years counting from the date when 2 years passes after the issuing of the Stock Options are resolved.

5. Matters regarding Increase of Stated Capital and Capital Reserve in Issuance of Shares upon Exercise of the Stock Options:

- (i) The amount of the increase of stated capital upon the issuance of shares by the exercise of Stock Options shall be one-half (1/2) of the maximum amount of the increase of stated capital to be calculated pursuant to Article 17, paragraph 1 of the Ordinance on Accounting of Companies. Any fraction less than one (1) yen resulting from the calculation shall be rounded up to the nearest whole number.
- (ii) The amount of the increase of capital reserves in issuance of shares upon exercise of Stock Options shall be the maximum amount of increase of stated capital set forth in the above clause (i) above less the amount of increase of stated capital set forth in clause (i) above.

6. Restrictions on Acquisition of the Stock Options by Transfer:

Any acquisition of the Stock Options by transfer shall be subject to approval by resolution of the Board of Directors of the Company.

7. Conditions on acquisition of the Stock Options:

The Company may acquire the Stock Options on a date separately prescribed by the Board of Directors of the Company without any consideration if any of the proposals listed in items (i), (ii), (iii), (iv) and (v) below is approved at a shareholders meeting of the Company (if no resolution at a shareholders meeting is required, when a resolution of the Company’s Board of Directors has been passed):

- (i) a proposal for approval of a merger agreement pursuant to which the Company will become an absorbed company;
- (ii) a proposal for approval of a corporate split agreement or a corporate split plan pursuant to which the Company will become a splitting company;
- (iii) a proposal for approval of a share exchange agreement or a share transfer plan pursuant to which the Company will become a wholly-owned subsidiary;
- (iv) a proposal for approval of an amendment to the Articles of Incorporation of the Company to provide that the acquisition by transfer of all classes of shares issued by the Company is subject to the approval of the Company; or
- (v) a proposal for approval of an amendment to the Articles of Incorporation of the Company to provide that the acquisition by transfer of the shares covered by the Stock Options is subject to the approval of the Company, or that all of the shares of such class may be acquired by the Company by a resolution of a shareholders meeting of the Company.

8. Matters related to delivery of the Stock Options upon reorganization:

In the event of a merger (limited to a merger by which the Company is absorbed), an absorption-type split or incorporation-type split (in each case limited to a split by which the Company becomes a split company), or a share exchange or share transfer (in each case limited to cases where the Company becomes a wholly owned subsidiary) (collectively, the "Reorganization") with regard to the Company, the Stock Options Holders holding outstanding Stock Options (the "Outstanding Stock Options") immediately prior to the effective date of the Reorganization (meaning, in the case of an absorption-type merger, the date on which such absorption-type merger becomes effective; in the case of an incorporation-type merger, the date of incorporation of the company incorporated by such merger; in the case of an absorption-type split, the date on which such absorption-type split becomes effective; in the case of an incorporation-type split, the date of incorporation of the company incorporated by such split; in the case of a share exchange, the date on which such share exchange becomes effective; and in the case of a share transfer, the date of incorporation of the wholly owning parent company incorporated through the share transfer) shall receive, in each case, Stock Options of the company resulting from the Reorganization (the "Reorganized Company") listed in Article 236, paragraph 1, item 8(a) through (e) of the Companies Act; provided that the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type split agreement, incorporation-type split plan, share exchange agreement, or share transfer plan shall prescribe to the effect that the Stock Options of the Reorganized Company will be delivered to the holders of the Outstanding Stock Options in accordance with each of the following items:

- (i) Number of Stock Options of the Reorganized Company to be delivered
The number of Stock Options equal to the number of Outstanding Stock Options held by each Stock Option Holder shall be delivered.
- (ii) Class of shares of the Reorganized Company covered by the Stock Options
Shares of common stock of the Reorganized Company shall be covered.
- (iii) Number of shares of the Reorganized Company covered by the Stock Options
The number shall be determined in accordance with Section 1. above, taking into consideration various factors such as the conditions applicable to the Reorganization.
- (iv) Value of property to be contributed upon exercise of the Stock Options
The value of property to be contributed upon exercise of each Stock Option to be delivered shall be the amount obtained by multiplying (a) the exercise price after the Reorganization to be obtained by adjusting the Exercise Price set forth in Section 2. above after taking into consideration relevant factors such as the conditions applicable to the Reorganization by (b) the number of shares of the Reorganized Company covered by the Stock Options, which is determined pursuant to item (iii) above.
- (v) Exercise Period for the Stock Options
The exercise period shall commence on the commencement date of the exercise period of the Stock Options set forth in Section 4. above or the effective date of the Reorganization, whichever is later, and end on the expiration date of the exercise period of the Stock Options set forth in Section 4. above.

- (vi) Matters regarding increase of stated capital and capital reserve in issuance of shares upon exercise of the Stock Options
To be determined in accordance with Section 5. above.
- (vii) Restrictions on acquisition of the Stock Options by transfer
Any acquisition of the Stock Options by transfer shall be subject to approval by resolution of the Board of Directors of the Reorganized Company.
- (viii) Conditions on acquisition of the Stock Options
To be determined in accordance with Section 7. above.
- (ix) Other conditions on exercise of the Stock Options
To be determined in accordance with Section 10. below.

- 9. Treatment of fractions less than one (1) share arising upon exercise of the Stock Options:
If the number of shares to be delivered to a Stock Option Holder exercising the Stock Options includes any fraction less than one (1) share, such fraction shall be rounded down.
- 10. Other conditions on exercise of the Stock Options:
If a Stock Option Holder has waived his/her Stock Options, the Stock Option Holder may not exercise his/her Stock Options.

(Attached documents) **Business Report** (from April 1, 2016 to March 31, 2017)

I Current status of the Group

1. Process and outcome of the business

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

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

As one of the driving forces that aim to realize Society 5.0, the Company made contribution in the aforementioned Meeting. CEO Yoshiyuki Sankai presented a keynote speech at the Commemorative Symposium, gave an address at the Meeting and hosted the group of representatives during their visit to the Company headquarters. The Joint Statement "Tsukuba Communiqué" that was adopted on the final day noted the importance of innovation based on science to establish a social structure that allows its senior citizens to age healthily including provision of high quality care in G7 countries and many emerging countries, which face the hyper aging society. The statement noted the possibility of robotics as the means of improving the quality of welfare as well as quality of life for the elderly, and also (as the mean of) reducing the workload for the caregivers. The statement expressed their determination of integration of social science research and support for medicine, ICT and Robotics in order to reduce the burdens on families and the society.

Also, in February 2017, the Company became the winner of the Prime Minister's Award in the third Nippon Venture Awards, which is an award ceremony hosted by the Ministry of Economy, Trade and Industry along with other organizations. The Company won this award as it was highly rated for

- i) the novelty and innovativeness of its business
- ii) its visions to expand into the global market and solve various problems that the society faces today.

By utilizing innovative Cybernic* technology, the Group aims to accelerate its research, development, and business development, in order to provide solutions to the problems that the society faces while firmly establishing an economic cycle at the same time. The Group will continue to attempt Cybernic Revolution through social and industrial transformation in the fields of medicine, living support and labor support, as one of the driving forces that aim to realize "Society 5.0".

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

Major Business Line of the Group (As of March 31, 2017)

The major business lines of the Group are as follows

- Business related to R&D, manufacture and sales of Robot Suits for Medical and welfare industry
- Business related to R&D, manufacture and sales of Robot Suits for Labor and heavy work related industries
- Functional improvement treatment services business using HAL
- Training as well as nursing care insurance business using HAL

Medical Fields

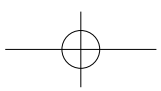
During the fiscal year ended March 31, 2017, in the field of medicine, the Ministry of Health, Labour and Welfare ("MHLW") announced public health insurance coverage of the technical fee for the treatment of rare neuromuscular disease patients using HAL for Medical Use (Lower Limb Type, Double-Leg model) ["Medical HAL" or "Medical HAL (Double-Leg)"] on April 25, 2016. On September 2, 2016, the treatment with Medical HAL started in Japan, as the world's first treatment with robot covered by public health insurance. The Company will continue to accelerate its clinical studies and investigations with Japanese hospitals as well as hospitals in other countries, in order to expand the range of diseases such as stroke and spinal cord injury to which the treatment with Medical HAL is applicable. For stroke, investigator-initiated clinical trial on HAL for Medical Use (Lower Limb Type, Single-Leg model) ["Medical HAL" or "Medical HAL (Single-Leg)"] commenced on September 30, 2016, which is the necessary procedure to obtain the manufacturing and distribution approval of the medical device under Pharmaceutical and Medical Device Law of Japan, aiming at functional improvement and regeneration of the patients' impaired mobility. Furthermore, the Company also started a joint-research project with notable hospitals to accelerate the realization of the cutting-edge research on functional regeneration treatment, which could make the treatment with HAL applicable to an even wider range of patients suffering from paralysis. In addition, to further spread this innovative medical technology, the Company announced collaboration with private insurance companies, Daido Life Insurance Company in the life insurance sector and AIG Japan Holdings in the accident insurance sector, which will be proceeded alongside its endeavors to apply for public health insurance coverage. As a result of this business collaboration, Daido Life Insurance Company announced the release of its new insurance product "HAL Plus rider", the world's first insurance product offered by a private insurance company that covers treatment of intractable diseases with the Medical HAL on May 8, 2017. In Europe, the Company already acquired medical device certification for Medical HAL, and has been providing the medical treatment service with the device covered by public workers' compensation insurance in Germany and the Company is processing applications to obtain public health insurance coverage in the country. In the United States, the Company found that the United States Food and Drug Administration's ("FDA") understanding of HAL for Medical Use's innovation to use Cybernic technology to provide functional improvement/regeneration treatment of impaired functions of the brain and nervous system has been deepened as a result of continued discussions. The Company begun its reapplication process toward obtaining medical device approval in a format that allows for Medical HAL to be identified as a new and unique robot treatment device by submitting Pre-submission to the FDA in November 4, 2016.

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

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

Living Support Field (Including Care/Welfare and Labor Support)

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



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

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

Business performances

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

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

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

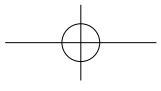
Furthermore, because income taxes were recorded at ¥6,417 thousand, net loss attributable to CYBERDYNE, INC. for the fiscal year ended March 31, 2017 was recorded at ¥789,332 thousand.

2. Status of capital investments

Capital investments made in the fiscal year ended at March 31, 2017 were a total of ¥6,610,490 thousand. This mostly came from payment of part of the amount related to the purchase of land in Tsukuba city, Ibaraki prefecture.

3. Status of financing

There were no "financing activities", "transfer, absorption-type split or incorporation-type split of the business", "business transferred from other companies" or "acquisition of rights and obligations related to the business of other corporations from absorption-type splits or absorption-type mergers" that took place during this fiscal year.



4. Acquisition/disposal of other companies' equity

The Company established CYBERDYNE USA Inc. as a 100% wholly owned subsidiary in August, 2016.

5. Issues to be addressed

The Group continues to research, develop and socially implement Cybernic technology that combines and fuses people, robots, and information for the medical, welfare and living support (including work environment) fields, in order to achieve physical, informational and vital interaction, so that various problems that the hyper aging society faces could be solved. HAL, which was developed by utilization of innovative Cybernic technology, has been successfully put into practical use as the first wearable robot in the world. To make use of various Cybernic systems such as HAL to make contribution to society on a global basis, the Group regards the following as the issues.

R&D activities to create innovative technologies and new industries

R&D activities of the Group are based on three keywords; "challenge", "global development" and innovation". As an innovative company aiming to support the aging society, the Group must continue to carry out multifaceted R&D activities to create new technologies capable of creating new industries, and implementing those technologies in to the society. The Group will collaborate with universities, research institutions, hospitals, corporations and various other organizations in Japan to advance its researches of cutting-edge Cybernic systems (e.g. Cybernic devices and Cybernic interfaces) that utilize Cybernic technologies and compound treatment with drugs as well as regenerative medicine.

Fostering personnel with target oriented mind to develop the business

In order to create a new industry by developing innovative technologies originating in Japan in global basis, the Group recognize that "target oriented mind to develop the business" will be the key. The employees of the Group are expected to come up with ideas by thinking from the goals and also to have prominent capabilities to research, develop and acquire know-how so that they could become experts and take a leadership in those fields, in which they have not been specialized before. The Group assembles various personnel, who are highly gifted and knowledgeable in wide variety of fields so that the Group could structure an organization that could do everything from R&D to social implementation on global basis, and foster personnel with target oriented mind.

Obtaining insurance coverage in major countries of EU

In June 2013, HAL for Medical Use (Lower Limb Type) obtained conformity certification as a robotic therapeutic device by TÜV Rheinland, a third party accreditation organization, concerning the Medical Device Directive in the EU (MDD), which is necessary when exporting medical devices to the EU market. As a result, Medical HAL (Lower Limb Type) can be freely distributed and sold in the EU region, which accounts for 31%*1 in the global medical device market by indicating the CE Marking. As of this date, entire fee of Cybernic treatment* is covered by the accident insurance under the public workers' compensation system in Germany, which is the largest medical device market in the EU. Furthermore, an application for coverage by German public health insurance was submitted in October, 2015. Endeavors of developing a new market for Medical HAL (Lower Limb Type) as a medical device is in progress.

**Cybernic treatment is a treatment that utilizes various Cybernic systems designed for the medical purposes such as Medical HAL towards improvement and regeneration of functions of brain-neuro-physical systems.*

In order to turn Cybernic treatment and Medical HAL into a global standard medicine that could spread throughout EU, the Group must work to obtain either public or private insurance coverage in major EU countries and acquire appropriate insurance reimbursement pricing. The Group will continue their clinical trials for HAL at the Karolinska Institute (Danderyd Hospital in Sweden) and the Bergmannsheil University Hospital in Germany in order to obtain each type of insurance coverage under favorable conditions in major EU nations at the earliest opportunity.

Obtaining permission to market their medical devices in the U.S.

In order to distribute HAL in the U.S., which accounts for 39%*1 of the global medical device market, the Group must obtain approval from the U.S. Food and Drug Administration (FDA), and the Group has commenced its application to the FDA in November, 2014. The Group is currently in the process of discussion with the FDA, in order to obtain medical device approval in a format that allows for Medical HAL to be identified as a innovative and unique robot treatment device. In anticipation of business development after obtaining FDA approval, the Group will continue to proceed various consideration strategically such as obtaining each types of insurance coverage in the U.S.

Expanding application of Cybernic treatment in Japan

Within Japan, which accounts for 9%*1 of the global medical market, the Group has obtained market approval from the MHLW on November 25, 2016, which allows the Group to produce and sell the Medical HAL as a new medical device for neuromuscular diseases and commenced the world's first robotic treatment covered by public health insurances on September, 2016. The Group continues to coordinate with numbers of hospitals in each region, which would act as "bases" to treat neuromuscular diseases. The Group also continues its endeavors to expand the application of Cybernic treatment by accelerating clinical researches and trials for other diseases such as stroke and spinal cord injury. For stroke, investigator initiated clinical trial for Medical HAL (Lower Limb Type, Single-leg Model) commenced in September 30, 2016 in order to obtain medical device approval.

Promotion of care-service robot business

Japan has become a super-aging society, with the number of senior citizens aged 65 or older stood at about 34 million (26.7% of the total population) as of October 1, 2015 and the number of persons requiring long-term care and persons requiring support under the public nursing care insurance system stood at about 5.69 million*2, as of the end of December, 2013 and the numbers are expected to continue its increase. Furthermore, it is predicted that about 2.5 million*3 care workers, will be necessary by the year 2025, making endeavors to decrease the numbers of turnover due to nursing care into one of the most urgent matter that Japanese society must confront. The Group will continue to work on the new version of HAL for Living Support, which would promote the independence of users in need of long-term care, and development of HAL for Care Support (Lumbar Type) towards further improvement.

Early expansion of product line-up

With a goal of realizing "Society 5.0" and "Zero Intensive Nursing-care Society", the Group will continue to commercialize or further sophisticate its products in the following fields:

- 1) medical products intended to improve or regenerate the physical functions of the patients
- 2) welfare and care products intended to promote independent movements of the elderly
- 3) products intended to reduce the workload upon conducting heavy work in targeted fields of HAL for Care Support (Lumbar Type), HAL for Labor Support (Lumbar Type) and AI processed Transport Robot as well as Cleaning Robot.

Furthermore Vital Sensor, a palm-sized device capable of measuring hardening of arteries and electrocardiogram so that early signs of diseases could be detected are being developed.

In order to accelerate the expansion of its product line-up, the Group works on development of new products and gathers feedbacks from the users of the Group's products in the field so that further improvement could be applied.

Reinforcing the management structure and fostering personnel

In anticipation of global development, the Group must reinforce the management structure by fostering personnel. The Group considers that reinforcement of internal control system is a significant issue. In order to foster its management structure sufficiently in line with rapid growth of business, the Group will also educate next-generation personnel with wide range of specialized knowledge and experiences.

Sources

- *1. Espicom Business Intelligence; "The World Markets Fact Book 2013"
- *2. Cabinet Office, "Fiscal Year 2016 White Paper on Aging Society"
- *3. Ministry of Health, Labour and Welfare, "Forecast of supply and demand on personnel working in the field of welfare towards the year 2025 (Final value)"

6. Status of assets and income

(i) Status of assets and income of the Group

Division	Fiscal year 2013 (April 1, 2013 to March 31, 2014)	Fiscal year 2014 (April 1, 2014 to March 31, 2015)	Fiscal year 2015 (April 1, 2015 to March 31, 2016)	Fiscal year 2016 (April 1, 2016 to March 31, 2017)
Net sales (Thousands of Yen)	456,375	631,278	1,264,902	1,649,940
Ordinary loss* (Thousands of Yen)	(682,881)	(907,854)	(710,079)	(782,653)
Net loss attributable to owners of the parent (Thousands of Yen)	(688,171)	(915,893)	(718,057)	(789,332)
Net loss per share (Yen)	(3.95)	(4.74)	(3.53)	(3.69)
Total assets (Thousands of Yen)	6,434,768	48,289,052	47,534,470	46,848,267
Net assets (Thousands of Yen)	5,995,828	27,777,298	27,063,934	46,226,147
Net assets per share (Yen)	32.19	134.03	130.50	214.90

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

The Company effected a two hundred for one stock split on October 25, 2013, five for one stock split for the Company Common Share as well as Class B Share on August 1, 2014, two for one stock split for the Company Common Share as well as Class B Share on August 1, 2015. Net loss per share as well as net assets per share are calculated assuming that these stock splits took place on the beginning of fiscal year 2013 (April 1, 2013).

(ii) Status of assets and income of the Company

Division	Fiscal year 2013 (April 1, 2013 to March 31, 2014)	Fiscal year 2014 (April 1, 2014 to March 31, 2015)	Fiscal year 2015 (April 1, 2015 to March 31, 2016)	Fiscal year 2016 (April 1, 2016 to March 31, 2017)
Net sales (Thousands of Yen)	448,543	588,631	1,012,412	1,453,642
Ordinary loss* (Thousands of Yen)	(671,213)	(886,741)	(685,226)	(701,853)
Net loss attributable to owners of the parent (Thousands of Yen)	(672,764)	(890,532)	(689,004)	(707,418)
Net loss per share (Yen)	(3.86)	(4.60)	(3.39)	(3.31)
Total assets (Thousands of Yen)	6,373,749	48,238,237	47,533,060	46,921,518
Net assets (Thousands of Yen)	6,010,180	27,815,874	27,132,982	46,374,379
Net assets per share (Yen)	32.27	134.02	130.84	215.59

(Notes)

The Company effected a two hundred for one stock split on October 25, 2013, five for one stock split for the Company Common Share as well as Class B Share on August 1, 2014, two for one stock split for the Company Common Share as well as Class B Share on August 1, 2015. Net loss per share as well as net assets per share are calculated assuming that these stock splits took place on the beginning of fiscal year 2013 (April 1, 2013).

7. Status of the parent and notable subsidiaries

(i) Parent

There are no items to report.

(ii) Status of subsidiaries

Name	Capital	Ownership of voting rights (%)	Major business lines
(Outside of Japan)			
Cyberdyne Care Robotics GmbH	25,000 Euros	75.1%	Functional improvement/regeneration treatment service with HAL
CYBERDYNE USA Inc.	100,000 U.S. Dollars	100.0%	Management and acceleration of the Company's business in the U.S.
(Within Japan)			
Suzuka RoboCare Center Co., Ltd.	3,000 Thousands of yen	100.0%	Training service business with HAL
Shonan RoboCare Center Co., Ltd.	3,000 Thousands of yen	100.0%	Training service business with HAL
Oita Robocare Center Co., Ltd.	3,000 Thousands of yen	100.0%	Training service business with HAL

8. Major business lines

Please refer to section 1 "Process and outcome of the business"

9. Main offices of operations and factories

Division	Name	Location
The Company	Head Quarters	Tsukuba, Ibaraki, Japan
	Next-generation multipurpose robotized production facility (Fukushima office)	Koriyama, Fukushima, Japan
Subsidiaries (Outside Japan)	Cyberdyne Care Robotics GmbH	Bochum, Nordrhein-Westfalen, Germany
	CYBERDYNE USA Inc.	State of Washington, United States of America
Subsidiaries (Within Japan)	Suzuka Robocare Center Co., Ltd.	Suzuka, Mie, Japan
	Shounan Robocare Center Co., Ltd.	Fujisawa, Kanagawa, Japan
	Oita Robocare Center Co., Ltd.	Beppu, Oita, Japan

10. Status of employees

(i) Status of employees in the Group (as of March 31, 2017)

Number of employees	Change from previous fiscal year
71 members	Increase of 6 members
(94 members)	(Increase of 1 member)

(Notes)

- (1) The number of employees includes full-time employees and members on temporary transfer assignments. It does not include the numbers of Directors who also hold positions as a Company employees or dispatch workers sent from a temp agencies.
- (2) The number of contract employees (includes part-time workers but excludes those who work in the Company as their second jobs)
- (3) Since the Group is involved in a single segment of business related to robots, information of employees for each segments is omitted.

(ii) Status of employees in the Company (as of March 31, 2017)

Number of employees	Change from previous fiscal year	Average age	Average years of continuous service
61 members	Increase of 6 members	39.5 years old	4.5 years
(61 members)	(Increase of 2 members)		

(Notes)

- (1) The number of employees includes full-time employees and members on temporary transfer assignments. It does not include the numbers of Directors who also hold positions as a Company employees or dispatch workers sent from a temp agencies.
- (2) The number of contract employees (includes part-time workers but excludes those who work in the Company as their second jobs)

II Matters regarding the Company shares

1. Status of shares (as of March 31, 2017)

Class	Total number of authorized shares	Total number of shares issued	Number of shareholders
Common Share	618,300,000 shares	137,347,609 shares	86,822 shareholders
Class B Share	77,700,000 shares	77,700,000 shares	3 shareholders

2. Major shareholders (as of March 31, 2017)

Name of shareholder	Number of shares held (shares)	Shareholding ratio (%)
Yoshiyuki Sankai	Common Share 3,042,000	37.54
	Class B Share 77,696,000	
Daiwa House Industry Co., Ltd.	Common Share 37,690,000	17.53
GCAS BANA LONDON US CLIENT	Common Share 3,726,000	1.73
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS- UNITED KINGDOM	Common Share 3,580,500	1.66
BBH FOR MATTHEWS JAPAN FUND	Common Share 2,943,600	1.37
Japan Trustee Services Bank, Ltd. (Trust Account)	Common Share 2,669,700	1.24
SBI SECURITIES Co., Ltd.	Common Share 1,733,500	0.81
The Master Trust Bank of Japan, Ltd. (Trust Account)	Common Share 1,635,500	0.76
Japan Trustee Services Bank, Ltd. (Trust Account 9)	Common Share 1,263,100	0.59
THE CHASE MANHATTAN BANK, N. A. LONDON SPECIAL ACCOUNT NO.1	Common Share 841,713	0.39

(Note)

138 shares in the treasury stock was excluded upon calculation of the Shareholding ratio

3. Matters regarding Stock Acquisition Rights

Information regarding Stock Acquisition Rights is posted on the Company's website pursuant to the related law, regulations and Article 22 of the Company's Articles of Incorporation.

<http://www.cyberdyne.jp/english/company/IR.html>

III Board members of the Company

Position	Name	Description of the position and other important positions held outside the Company
President and CEO	Yoshiyuki Sankai	Professor at the Graduate School of Systems & Information Engineering, University of Tsukuba Director of the Center for Cybernetics Research, University of Tsukuba Program Manger of Impulsing Paradigm Change through Disruptive Technology Program hosted by the cabinet office of Japan
Director	Fumiyuki Ichihashi	Team leader of the Information Strategy Team in the Improvement office of CYBERDYNE
Director	Shinji Uga	Head of the Corporate Department of CYBERDYNE
Director	Hiroaki Kawamoto	Associate Professor at the Graduate School of Systems & Information Engineering, University of Tsukuba
Outside Director	Kinichi Nakata	Lecturer at Nihon University School of Medicine Special interest in CYBERDYNE No relevant items Main activities Provided appropriate opinions upon discussions of Company busienss from the stand point of a Doctor. Situation of attendance at the meeting of the Board of Directors 10 out of 18 times Due to sickness, Dr. Nakata was not able to attend to 6 of the meetings that took place from September 2016 to Ferbruary 2017. He have recovered and it will not influence his duties.
Outside Director	Kazumasa Yoshida	Outside Director of Onkyo Corporation Outside Director of Gibson Guitar Corporation Outside Director of TDK Corporation Outside Director of Mamezou Holdings Co., Ltd. Outside Director of FreeBit Co., Ltd. Special interest in CYBERDYNE No relevant items Main Activities Provided appropriate opinions in all aspects of corporate management based on his rich experience and knowledge of global corporate management. Situation of attendance at the meeting of the Board of Directors 18 out of 18 times
Outside Director	Hikari Imai	Outside Director of PACIFIC METALS CO., LTD. Director and Chairman of 3DOM Inc. Special interest in CYBERDYNE No relevant items Main Activities Provided appropriate opinions in all aspects of corporate management based on his rich experience and knowledge as an Outside Director. Situation of attendance at the meeting of the Board of Directors 18 out of 18 times

Position	Name	Description of the position and other important positions held outside the Company
Outside Audit and Supervisory Board Member	Yutaka Fujitani	Full-time Special interest in CYBERDYNE No relevant items Main activities Provided opinions on corporate management whenever necessary, based on his extensive experiences earned through his background of financial institution and audit firm. Situation of attendance at the meeting of the Board of Directors 18 out of 18 times Situation of attendance at the meeting of the Audit and Supervisory Board 12 out of 12 times
Outside Audit and Supervisory Board Member	Cees Vellekoop	Special interest in CYBERDYNE No relevant items Main activities Provided opinions whenever necessary, based on his professional knowledge of law Situation of attendance at the meeting of the Board of Directors 18 out of 18 times Situation of attendance at the meeting of the Audit and Supervisory Board 12 out of 12 times
Outside Audit and Supervisory Board Member (Independent Officer)	Kenichiro Okamura	President and CEO of Kaede Audit Corporation Outside Audit and Supervisory Board Member of SG Holdings Co., Ltd Outside Director of Kanematsu Sustech Corporation (Audit and Supervisory Committee) Special interest in CYBERDYNE No relevant items Main activities Provided opinions whenever necessary, based on his professional knowledge of financing and accounting as a certified public accountant Situation of attendance at the meeting of the Board of Directors 18 out of 18 times Situation of attendance at the meeting of the Audit and Supervisory Board 12 out of 12 times

(Notes)

- Three of the Directors, Kinichi Nakata, Kazumasa Yoshida and Hikari Imai are Outside Directors. The Company registered Mr. Yoshida as the Independent Officer at the Tokyo Stock Exchange, Inc. pursuant to their Securities Listing Regulation, Article 436-2.
- Three Audit and Supervisory Board Members, Yutaka Fujitani, Cees Vellekoop and Kenichiro Okamura are Outside Audit and Supervisory Board Members. The Company registered Mr. Okamura as the Independent Officer at the Tokyo Stock Exchange, Inc. pursuant to their Securities Listing Regulation Article 436-2.
- Audit and Supervisory Board Member, Yutaka Fujitani has extensive experience in both domestic and international environment, through his work at a major bank as well as from his contribution in structuring internal control system at KPMG AZSA LLC. As such, Mr. Fujitani is deemed to have sufficient knowledge and experience related to business auditing and internal control.
- Audit and Supervisory Board Member, Cees Vellekoop was a qualified lawyer in Britain as well as the Netherlands and worked for Allen & Overy Gaiokokuho Kyodo Jigyo Horitsu Jimusho as an attorney for foreign law (all three certificate have since been relinquished). As such, Mr. Vellekoop is deemed to have sufficient knowledge and experience in the field of law.
- Audit and Supervisory Board Member, Kenichiro Okamura is a certified public accountant. Through his work in the auditing firm, he have experience both domestic and international auditing. He also have a record of working as a consultant on Sarbenes-Oxley Act (an act related to internal control, "SOX"), International Financial Reporting Standards (IFRS) and in management of subsidiaries located overseas. As such, Mr Okamura was deemed to have sufficient knowledge and experience in finance, accounting and internal control.

IV Outline of the limited liability agreement

The Company entered into a limited liability agreement with each of Director Hiroaki Kawamoto, Outside Directors and Outside Audit and Supervisory Board Members in accordance with Article 423-1 of the Companies Act. Liability for the damages caused shall be limited to the sum of amount specified in each items of Article 425-1 of the Companies Act.

V Remuneration and other payments for Directors and Audit and Supervisory Board Members of the Company

Position	Number of recipients	Amount of payment	Description
Directors	7	36,200 Thousands of yen	3,600 Thousands of yen for the three Outside Directors
Audit and Supervisory Board Members	3	9,600 Thousands of yen	9,600 Thousands of yen for the three Outside Audit and Supervisory Board Members
Total	10	45,800 Thousands of yen	

(Notes)

1. The upper limit of remuneration for Directors are set at 100,000 thousands of yen per year by the resolution at the 2nd Ordinary General Meeting of Shareholders that took place on May 31, 2006. The upper limit of remuneration for Audit and Supervisory Board Members was set at 50,000 thousands of yen by the resolution at the 3rd Ordinary General Meeting of the Shareholders at June 28, 2008.
2. The amount of payment stated above includes remuneration for Outside Directors and Outside Audit and Supervisory Board Members.
3. The payment for Directors does not include the payment of standard payroll for Directors who also hold a positions as a Company employee.
4. As of the end of March 31, 2017, there are seven Directors and three Audit and Supervisory Board Members on the Board.

VI Accounting Auditor

1. Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC

2. Fee for Accounting Auditor

Items	Amount paid
Fee for Accounting Audit within this fiscal year	20,500 Thousands of yen
Total amount of money and property benefits to be paid to Accounting Auditor by the Company and its Subsidiaries	20,500 Thousands of yen

(Note)

In the audit contract between the Company and Accounting Auditor, there is no distinction between the fee for the audit based on the Companies Act as Accounting Auditors and the fee for the audit based on the Financial Instruments Exchange Act, as it is not practically possible to distinguish them.

3. Reasons for Audit and Supervisory Board to accept the fee for Accounting Auditor

Audit and Supervisory Board agreed with the fee for Accounting Auditor, reviewing its audit plan and progress of work and the history of the fees as well as their performance in accordance with the "Practical Guidelines Regarding Cooperation with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association to consider the appropriateness of the estimate of the fee for Accounting Auditors. As a result, Audit and Supervisory Board granted the consent in accordance to the Companies Act Article 399-1.

4. Policy regarding decisions to dismiss or not to reappoint the Accounting Auditor

The Company's policy states that, if Accounting Auditor is found to meet the definition of one of the items stated in Article 340-1 of the Companies Act, subject to the consent of all Audit and Supervisory Board Members, Audit and Supervisory Board shall dismiss Accounting Auditor. Upon such dismissals, selected member from Audit and Supervisory Board shall report the said dismissals and the reasons thereof at the first General Meeting of the Shareholders convened for the first time after such dismissals.

In addition to the case stated above, Audit and Supervisory Board may determine the details of the proposals to be resolved related to decision to dismiss or not to reappoint Accounting Auditor based on their review of the performance and quality of auditing work by Accounting Auditor. Board of Directors may propose the relevant items for resolution to the General Meeting of the Shareholders based on such decisions made by Audit and Supervisory Board Members.

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

Based on relevant laws and Article 22 of the Company's Article of Incorporation, system to ensure the properness of the business and actual operation of the system are posted on the Company website as set forth below.

<https://www.cyberdyne.jp/english/company/IR.html>

This is an English translation of financial statements as well as notes to financial statements, originally in Japanese. Japanese original were audited by Deloitte Touche Tohmatsu LLC.

Consolidated financial statements

Consolidated balance sheets (as of March 31, 2017)

(Unit: Thousands of yen)

Items	Amount	Item	Amount
Assets		Liabilities	
Current assets	34,391,415	Current liabilities	492,444
Cash and deposits	10,375,733	Accounts payable- trade	20,758
Accounts receivable - trade	247,451	Income taxes payable	151,632
Securities	23,000,000	Other	320,052
Merchandise and finished goods	96,708	Non-current liabilities	129,676
Work in process	9,569	Deferred tax liabilities	13,853
Raw materials and supplies	420,267	Asset retirement obligations	73,081
Accounts receivable - other	125,233	Other	42,741
Other	117,807	Total Liabilities	622,120
Allowance for doubtful accounts	(1,355)	Net assets	
Non-current assets	12,456,851	Shareholders' equity	46,201,209
Property, plant and equipment	10,865,595	Capital stock	26,743,881
Property and structures, net	978,884	Capital surplus	26,679,881
Rental assets, net	478,415	Retained earnings	(7,222,347)
Land	3,118,558	Treasury shares	(204)
Construction in progress	6,003,880	Accumulated other comprehensive income	12,468
Other, net	285,856	Valuation difference on available-for-sale securities	8,966
Intangible assets	66,026	Foreign currency translation adjustment	3,502
Investments and other assets	1,525,229	Stock acquisition rights	12,468
Investment securities	1,360,838	Total net assets	46,226,147
Other	164,391	Total liabilities and net assets	46,848,267
Total assets	46,848,267		

(Rounded down to the closest thousands of yen)

Consolidated statements of income (April 1, 2016 to March 31, 2017)

(Unit: Thousands of yen)

Item	Amount	
Net sales		1,649,940
Cost of sales		570,987
Gross profit		1,078,953
Selling, general and administrative expenses		2,251,068
Operating loss		1,172,115
Non-operating income		
Interest income	8,902	
Subsidy income	879,669	
Consigned research income	283,805	
Other	70,008	1,242,386
Non-operating expenses		
Interest expenses	7,999	
Share issuance cost	96,231	
Loss on reduction of non-current assets	741,755	
Other	6,936	852,923
Ordinary loss (*)		782,653
Extraordinary income		
Gain on sales of non-current assets	40	40
Extraordinary loss		
Loss on sales of non-current assets	302	302
Loss before provision for income taxes		782,914
Income taxes-current	7,534	
Income taxes- deferred	(1,116)	6,417
Net loss		789,332
Net loss attributable to non-controlling interests		-
Net loss attributable to CYBERDYNE, INC.		789,332

(Rounded down to the closest thousands of yen)

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

Financial statements

Balance sheets (as of March 31, 2017)

(Unit: Thousands of yen)

Items	Amount	Items	Amount
Assets		Liabilities	
Current assets	34,443,314	Current liabilities	417,462
Cash and deposits	10,290,337	Accounts payable - trade	20,399
Accounts receivable - trade	234,742	Accounts payable - other	128,241
Securities	23,000,000	Income taxes payable	151,075
Merchandise and finished goods	92,477	Accrued expenses	11,962
Work in process	9,569	Other	105,784
Raw materials and supplies	420,257	Non-current liabilities	129,676
Accounts receivable - other	120,446	Deferred tax liabilities	13,853
Other	276,837	Asset retirement obligations	73,081
Allowance for doubtful accounts	(1,355)	Other	42,741
Non-current assets	12,478,203	Total liabilities	547,138
Property, plant and equipment	10,847,252	Net assets	
Buildings	972,909	Shareholders' equity	46,352,944
Structures	4,004	Capital stock	26,743,881
Assets for rent	478,056	Capital surplus	26,679,881
Machinery & equipment	17,641	Legal capital surplus	26,679,881
Vehicles & delivery equipment	11,960	Retained earnings	(7,070,612)
Tools, furniture & fixtures	240,241	Legal retained earnings	30
Land	3,118,558	Other retained earnings	(7,070,642)
Construction in progress	6,003,880	Retained earnings brought forward	(7,070,642)
Intangible assets	64,250	Treasury shares	(204)
Patent	11,320	Valuation and translation adjustments	8,966
Software	47,213	Valuation difference on available-for-sale securities	8,966
Other	5,715	Stock acquisition rights	12,468
Investments and other assets	1,566,700	Total net assets	46,374,379
Investment securities	1,360,838	Total liability and net assets	46,921,518
Shares of subsidiaries and affiliates	39,010		
Investments in capitals of subsidiaries and affiliates	22,947		
Long-term prepaid expenses	78,493		
Other	65,410		
Total assets	46,921,518		

(Rounded down to the closest thousands of yen)

Statement of income (April 1, 2016 to March 31, 2017)

(Unit: Thousands of yen)

Items	Amount	
Net sales		1,453,642
Cost of sales		438,063
Gross profit		1,015,578
Selling, general and administrative expenses		2,112,105
Operating loss		1,096,526
Non-operating income		
Interest income	9,704	
Subsidy income	877,406	
Consigned research income	283,805	
Other	76,415	1,247,331
Non-operating expenses		
Interest expenses	1,785	
Bond interests	6,214	
Share issuance cost	96,231	
Loss on reduction of non-current assets	741,755	
Other	6,672	852,658
Ordinary loss (*)		701,853
Extraordinary income		
Gain on sales of non-current assets	40	40
Extraordinary loss		
Loss on sales of non-current assets	302	302
Loss before provision of income tax		702,114
Income taxes - current	6,420	
Income taxes - deferred	(1,116)	5,303
Net loss		707,418

(Rounded down to the closest thousands of yen)

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

This is an English translation of financial statements as well as notes to financial statements, originally in Japanese. Japanese original were audited by Deloitte Touche Tohmatsu LLC.

Audit Report by Audit and Supervisory Board

Audit report

With respect to the Directors' performance of their duties during the 13th business year (from April 1, 2016 to March 31, 2017), the Audit and Supervisory Board has prepared this audit report based on methods and results of audits reported by each member of Audit and Supervisory Board Members, and hereby reports as follows:

I. Method and contents of audits by the Audit and Supervisory Board and each of its members

1. The Audit and Supervisory Board established the audit policies, assignment of duties, etc. and received reports from kansayaku regarding the status of implementation of their audits and results thereof. In addition, Audit and Supervisory Board received reports from Directors, etc. and the Accounting Auditor regarding the status of performance of their duties, and requested explanations as necessary.
2. In conformity with the Auditing Standards established by Auditing and Supervisory Board, and in accordance with the audit policies and assignment of duties, etc., each of Audit and Supervisory Board Members endeavored to facilitate a mutual understanding with the Directors, the Internal Audit Office and other employees, etc., endeavored to collect information and maintain and improve the audit environment, and performed audits in the following manners:
 - (i) Attended the Meetings of the Board of Directors and other important meetings, received reports on the status of performance of duties from Directors and other employees, requested explanations as necessary, examined important approval/decision documents, inspected the status of the corporate affairs and assets at the head office and other principal business locations, and, with respect to the subsidiaries, Audit and Supervisory Board Member endeavored to facilitate a mutual understanding and exchanged information with their directors and audit and supervisory board members, etc. and received reports on their respective business as necessary.
 - (ii) Received reports from Directors, employees and so on and requested their explanations as necessary concerning the descriptions on the business report with regard to the design and operation of (a) the contents of Board of Directors' resolutions on the development and maintenance of the system to ensure that Directors' performance of their duties complied with all laws, regulations and the Articles of Incorporation of the Company and other systems that are set forth in Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of a company group that consists of a joint stock company and its subsidiaries, and (b) the systems (internal control systems) based on such resolutions. With respect to the subsidiaries, Audit and Supervisory Board Member endeavored to facilitate a mutual understanding and exchanged information with their directors and audit and supervisory board members, etc. and received from subsidiaries reports on respective business as necessary.
 - (iii) Monitored and verified whether Accounting Auditor maintained its independence and properly conducted its audit, received a report from Accounting Auditor on the status of its performance of duties, and requested explanations as necessary. Audit and Supervisory Board was notified by Accounting Auditor that it had established a system to ensure that the performance of the duties of the accounting auditor was properly conducted (the matters listed in each item of Article 131 of the Company Accounting Regulations) in accordance with the Quality Control Standards for Audits (Business Accounting Council on October 28, 2005), etc., and requested explanations as necessary.

Based on the above-described methods, each member of Audit and Supervisory Board examined the business report and its annexed specifications thereto, the financial statements (the balance sheet, the income statement, the statements of changes in net assets, and the related notes) and the accompanying supplemental schedules thereto, as well as the consolidated financial statements (the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in net assets and the related notes), for the business year under consideration.

II. Results of audit

1. Results of audit on Business Report, etc.
 - (i) We acknowledge that the business report and the annexed specifications thereto fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
 - (ii) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Articles of Incorporation of the Company was found with respect to the Directors' performance of their duties.
 - (iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the descriptions in business report and Directors' performance of their duties concerning the internal control systems.
2. Results of audit on financial financial statements and the accompanying supplemental schedules
We acknowledge that the methods and results of audit performed by Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.
3. Results of audit of consolidated financial statements
We acknowledge that the methods and results of audit performed by Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

May 18, 2017

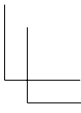
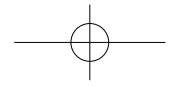
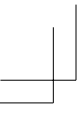
CYBERDYNE, INC. the Audit and Supervisory Board

Full-time Outside Audit and Supervisory Board Member **Yutaka Fujitani** ㊟

Outside Audit and Supervisory Board Member **Cornelis Vellekoop** ㊟

Outside Audit and Supervisory Board Member **Kenichiro Okamura** ㊟

The above represents a translation, for convenience only, of the original report issued in the Japanese language and "the accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.



MEMO

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