Consolidated Financial Results (Tanshin)
for the Six Months Ended September 30, 2019 (Based on IFRS)

November 14, 2019

Name of listed company	:CYBERDYNE, INC.	Stock exchange listing	:Mothers Section of TSE
Stock code	:7779	URL	:https://www.cyberdyne.jp/english
Representative (title)	:President and CEO	Name	:Yoshiyuki Sankai
Contact (title)	:Director and CFO	Name	:Shinji Uga Tel. +81-29-869-9981

Scheduled date for release of six-month report :November 14, 2019 Scheduled start of dividend payment :－
Additional materials for the financial results :Yes
Information meeting for the financial results :Yes (only for institutional investors)

(Millions of yen: Rounded to the nearest one million yen)

Ⅰ. Consolidated financial results for the six months ended September 30, 2019 (April 1, 2019-September 30, 2019)

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

	Revenue		Operating profit (loss)		Profit (loss) before tax		Profit (loss) attributable to owners of parent	
		%		%		%		%
Apr.1-Sep. 30, 2019	823	9.5	(380)	－	6	－	(112)	－
Apr.1-Sep. 30, 2018	752	(1.3)	(268)	－	(242)	－	(236)	－

	Basic earnings (loss) per share	Diluted earnings (loss) per share
	Yen	Yen
Apr.1-Sep. 30, 2019	(0.52)	(0.52)
Apr.1-Sep. 30, 2018	(1.10)	(1.10)

2. Consolidated financial position

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
	Millions of yen	Millions of yen	Millions of yen	%
As of Sep. 30, 2019	46,666	44,284	44,298	94.9
As of March 31, 2019	45,746	44,203	44,217	96.7

Ⅱ. Dividends

	Dividend payments for each term and the year				
	End of 1st quarter (Jun.30, 2019)	End of 2nd quarter (Sep.30, 2019)	End of 3rd quarter (Dec.31, 2019)	Fiscal year end (Mar.31, 2020)	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	－	0.00	－	0.00	0.00
Fiscal year ending March 31, 2020	－	0.00			

Notes:

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

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

Ⅲ. Forecast of consolidated financial results for the fiscal year ending March 31, 2020 (April 1, 2019-March 31, 2020)

As the business of CYBERDYNE, INC. and its group companies (collectively referred to as the “Group”) is based on a new market with innovative technologies, there are many uncertain factors that could have an impact on its performance and make it difficult for CYBERDYNE,INC. (the "Company") to provide a forecast with accurate figures. As such the Company will not announce the forecast of consolidated financial results.

Notes:

1. Changes in key subsidiaries during the consolidated three month period (changes in specific subsidiaries resulting in changes of consolidation scope): none

   new: ー (company name: ー) , excluded: ー (company name: ー)

2. Changes in accounting policies, accounting estimates, and restatement of error corrections

   (ⅰ) Changes in accounting policies required by IFRS : yes

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

   (ⅲ) Changes in accounting estimates: none

3. Total number of issued shares (Common Shares)

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

As of September 30, 2019	215,145,809 shares	As of March 31, 2019	215,145,809 shares

   (ⅱ) Total number of treasury shares at the end of each period

As of September 30, 2019	4,438 shares	As of March 31, 2019	138 shares

   (ⅲ) Average number of shares during each three month period

Apr.1-September 30, 2019	215,141,371 shares	Apr.1-September 30, 2018	215,047,471 shares

Note: Class B Shares are ranked the same as Common Shares and paid the same amount as Common Shares with regard to dividends of surplus and distribution of residual assets. Therefore the total number of issued shares at each end of period and the average number of shares during each period include Class B Shares as Common Shares.

*This quarterly consolidated financial report is not subject to the quarterly review procedure by the scope of audit.

Dividends on Class Shares

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

	Dividend payments for each term and the year				
	End of 1st quarter (Jun.30, 2019)	End of 2nd quarter (Sep.30, 2019)	End of 3rd quarter (Dec.31, 2019)	Fiscal year end (Mar.31, 2020)	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2020	—	0.00			

Note:

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

○ Contents of the Attached Material

Ⅰ. Qualitative information regarding settlement of accounts for the six months ended September 30, 2019

1. Explanation of operating results

All forward-looking statements included in this explanation were determined reasonable by CYBERDYNE, INC. (the "Company") and its group companies (collectively referred to as the "Group") based on currently available information for the consolidated six months period ended September 30 2019 and certain assumptions made by the Group.

The Group aims to establish a new vision of Society 5.1, where the "human" is at the center of and combined with the cyberspace (virtual world) and physical space (real world) of Society 5.0 by utilizing innovative Cybernics Technology. The Group continues to drive the movement to revolutionize society and industry to realize Society 5.0/5.1 as a future "Techno-Peer Support Society" where human and technology support each other.

The Group's business is to implement Cybernics Technology powered by Internet of Humans/Internet of Things ("IoH/IoT"), Robots, and AI, to create a Cybernics Industry that will connect medicine, nursing-care, production, household, and work place in order to solve the various problems that a hyper-aging society must tackle. The Group's business has a unique advantage in its ability to access and integrate information within the human body (e.g. Brain-nerve and vital systems) and information outside the human body (behavioral, life and environmental information) and apply them to different fields such as medicine, nursing care, production, household, and work places. All of the Group's devices and interfaces are compatible with Internet of Humans/Internet of Things ("IoH/IoT"), and through these products, information of the brain-nerve, vital, physiological, behavioral, life and environmental systems can be integrated and connected to a super computer. On June 2019, G20 Ministerial Meeting on Trade and Digital Economy were held in Tsukuba, Ibaraki prefecture. Delegation of the meeting visited CYBERDYNE HQ to receive presentation from CEO Sankai on Cybernics Digital Industry that would fuse "Human" with "Cyber +Physical Space".

The Group simultaneously works on research and development, business development and formation of business alliances to further accelerate the creation of a Cybernics Industry that will solve the problems that society faces.

<u>Status of business operation</u>

(Business operation around the medical application)

The Group continues its endeavors to turn Cybernics Treatment, a treatment program using the world's first Wearable Cyborg HAL that aims to induce improvement and regeneration of the functions of the brain, nerves and musculoskeletal, into a global standard of treatment.

In order to expand the target patient population of each market clearance to include stroke, which is a disease with over 8 million patients in Japan and U.S. combined, a multisite investigator-initiated clinical trial using HAL for Medical Use Single-Leg models is in progress. The clinical trial is taking place in 15 Japanese medical institutes and it is scheduled to be completed on the first half of fiscal year ending March 2021. Following the marketing clearance from the U.S. Food and Drugs Administration on December 2017, the Group is working to obtain medical device approvals in Asia. The Group obtained medical device approval in Malaysia on October 2019 and now application is in progress for Thailand and Taiwan.

For products other than HAL for Medical Use Lower Limb Type, The Group obtained conformity certification to the Medical Device Directive in the EU ("MDD") by TUV Rheinland LGA Products GmbH, Koln, Germany, for HAL for Medical Use Single Joint Type on October 2019. Following the conformity certification from TUV Rheinland, the Group commenced the application to obtain medical device approval for countries outside EU. Currently the Group commenced the application for Taiwan and preparing the application for the U.S. as well as other countries in Asia.

In the U.S., the Group accumulated clinical results in Brooks Cybernic Treatment Center located in Jacksonville Florida. Utilizing those results, the Group works to market and sell Medical HAL to other states of the U.S. For example CEO Sankai conducted a keynote presentation at Neuroscience Convergence 2019, hosted by Mayo Clinic on November 2019. Mayo Clinic is currently ranked to be the best hospital in the U.S.

In Europe, the Group has been providing a medical treatment service with the device covered by public workers compensation insurance in Germany, while spreading the technology to other countries. On July 2019, Nurnberger Health Insurance signed a contract with the Company's subsidiary Cyberdyne Care Robotics GmbH, making Nurnberger the first insurance company in Germany to cover this medical technology. In Poland, the Groups partner, Constance Care is offering Cybernics Treatment, covered by major Polish insurers, WARTA and PZU.

In Italy, the nation's first International Forum on Medical HAL was held on October 2019. On the same month Centro Giusti adopted HAL for Medical Use Lower Limb Type, making them the second facility with HAL in Italy. In addition, SERDIKA Rehabilitation hospital in Sofia, Bulgaria adopted HAL on July 2019.

In the Middle East, HAL was installed in Saudi Arabia in 2017. The multi-site clinical trial that was started by the Saudi Arabian Ministry of Health on Medical HAL is now complete and result proved significant improvement on ambulatory function of patient with Spinal Cord Injury. The Group signed a Memorandum of Understanding (MOU) with ALJ group on October 2019 to spread Cybernics Treatment to countries in the region of Gulf Cooperation Council.

In Asia Pacific region, 3 different types of HAL, total of 24 units, are being utilized in Neuro-Robotics Rehabilitation and Cybernics Center, which was established in Melaka Malaysia. The facility is established within the hospital of Public Social Security Organization (SOCSO). The Group also received the intention of support from the Malaysian Minister of Human Resource, M. Kulasegaran on August 2019. In addition the Company entered into contract with PERKESO BHD, company operated by SOCSO, on Distribution Agreement for the Middle East, South Asia and South East Asia. For Thailand, which is known to be the largest medical market in South East Asia, several medical institutions has already announced its intention to adopt the Medical HAL System, once the medical device approval is obtained. In Taiwan, the Group formed an alliance with CHC Healthcare Group, a major medical device trader in Taiwan, to first install HAL Lumbar Type to Yee Zen General Hospital operated by CHC Healthcare Group. Once the Group obtains medical device approval for HAL for Medical Use Lower Limb Type and HAL for Medical Use Single Joint Type, those models will be offered to Taiwan as well.

(Business operation around applications to support the care givers and care receivers)

For devices that support patients and elderly persons outside of medical institutes, the Group offers HAL for Well-being Lower Limb Type, HAL for Well-being Single Joint Type and HAL Lumbar Type for Well-being.

On July 2019, the Group announced Ankle Joint Attachment as a new product for HAL Single Joint Type. The product was designed to induce voluntary movements and improvement of gait. The Group also introduced HAL Lumbar Type for Well-being (BB04 Model) as a new product that could support both care givers and care receivers on August 2019. The new model was installed with new control mode that could be used without the sensors, allowing the device to be put on in 10 seconds.

The Group continues to coordinate with partners in different prefectures of Japan to offer Neuro HALFIT Service through Robocare Centers. The novel program that induces improvement of the brain-neve and musculoskeletal system are currently offered in 14 sites of Japan. The Group schedules to open a center in Kumamoto on November.

(Business operation around applications in household and workplace)

As an endeavor to improve the workplace environment, the Group offers HAL Lumbar Type for Labor Support with a focus on large clients. This product can reduce the stress applied on the lower back when the wearer attempts to lift, hold and lower heavy loads. The latest model of HAL Lumbar Type for Labor Support is both dust proof and waterproof. The next-generation Cleaning Robot CL02 is being implemented in commercial facilities operated by Mitsui Fudosan Co., Ltd. office buildings operated by Sumitomo Corporation and in Airports such as Haneda Airport and Narita Airport.

Status of research and development

The Group has developed a palm-sized IoH device for early detection of symptoms of hardening arteries and cardiac arrhythmias. Currently external application to improve the usability of the device are under preparation. In addition, the Group also develops photoacoustic imaging technology as well as sensing device that could detect various vital information.

Furthermore, the Group has commercialized a next-generation Cleaning Robot CL02, which is installed with the highest quality autonomous navigation and cleaning capabilities. The Group plans to convert and apply this state-of-the-art AI/Vision System that allows the device to move autonomously and recognize its surrounding environments to other technologies. Examples of its application include the Transportation Robot, a robot to improve mobility for the elderly, a robot to support transfers from a wheel chair, a robot to support bathroom use for the disabled and a guardian robot to watch over an elderly person.

Other projects that the Group is working on are a Clothes Type HAL to promote maintenance and improvement of walking function for the wearer, a robot that communicates and watches over an elderly user to ensure their safety during activities of daily living, and a robot that can dock to toilets to support bathroom use for users who have difficulty walking on their own.

(Numbers of operating units)

As of the end of September 2019, 296 units of Medical HAL were in operation worldwide including those used for clinical research. Out of the aforementioned number, 81 were rented out in Japan for treatment. 281 units of HAL for Well-being Single Joint Type were in operation and most of the units were used by hospitals in Japan for clinical research.

There was a total of 361 units of HAL for Well-being Lower Limb Type and HAL for Living Support Lower Limb Type (older model) put together in operation as of end of September 2019. While the number of HAL for Well-being is increasing following adoptions by care facilities in hospitals in Japan, the older model HAL for Living Support Lower Limb Type is starting to meet its service life and the Group is disposing the units that have exceeded it. As of the end of September 2019, 933 units of HAL Lumbar Type for Well-being were in operation. While the operating number of the new HAL Lumbar Type for Well-being (BB04) increased, the older model HAL Lumbar Type for Care Support is starting to meet its service life and the Group is disposing the units that have exceeded it.

As of end of September 2019, 572 units of HAL Lumbar Type for Labor Support were in operation. While the operating number of the new HAL Lumbar Type for Labor Support (LB03) is increasing, the older model HAL Lumbar Type for Care Support is starting to meet its service life and the Group is disposing the units that have exceeded it. As of September 2019, 60 units of Cleaning Robot as well as Transportation Robot were in operation.

As the result of the aforementioned, in the six months ended September 30, 2019, the Group recorded revenue of ¥823 million (9.5% increase year on year) mainly due to increase of rental income from Medical HAL. Gross profit ratio improved 1.6 points to 72.1% year on year, resulting in the gross profit of ¥593 million (12.0% increase year on year).

Research and development expenses were recorded at ¥372 million (25.8% decrease year on year), mainly due to development of new products at the Company's own expense and consigned research projects. In addition other selling, general and administrative expenses increased to ¥630 million (15.2% increase year on year).

Other income was recorded at ¥47 million (81.2% decrease year on year), mainly due to income from consigned research project, while other expenses were recorded at ¥19 million (6953.6% increase year on year). Operating loss was recorded at ¥380 million (41.7% increase year on year) was posted.

Furthermore, finance income was recorded at ¥458 million, mainly due to gain on valuation difference of investment, finance cost was recorded at ¥88 million, mainly due to loss on valuation difference of investment securities, gain related to CEJ Fund recorded at ¥32 million, income taxes recorded at ¥123 million, mainly due to deferred tax assets. As a result, the Group recorded ¥112 million in the loss attributable to owners of the parent.

The Company forms business and capital alliances with various startup companies that develop unique technologies. The Company calculates the fair value of such companies that are not listed on the market using the IFRS 9 "Financial Instruments". As a result of measurement of fair value for the consolidated six months ended September 30, 2019 the loss on valuation difference of investment securities ¥87 million was posted as finance cost.

2. Explanation of financial position

(ⅰ) Assets:

For the consolidated six months ended September 30, 2019, assets increased ¥921 million to ¥46,666 million in comparison to the end of the previous fiscal year. This was mainly due to decrease of ¥1,493 million in other financial assets (current), partly offset by increase of ¥1,229 million in cash and cash equivalents and posting of ¥345 million in the right of use asset following the adoption of IFRS 16 "Leases" from the consolidated three months ended June 30, 2019.

(ⅱ) Liabilities

For the consolidated six months ended September 30, 2019, liabilities increased ¥839 million to ¥2,382 million in comparison to the end of the previous fiscal year. This was mainly due to decreases of ¥137 million in trade and other payables, ¥175 million in other current liabilities, partly offset by increase of ¥588 million in third-party interests in CEJ Fund, ¥210 million in deferred tax liability and posting of ¥42 million in lease liability (current) and ¥310 million in lease liability (non-current) following the adoption of IFRS 16 "Leases" from the consolidated three months ended June 30, 2019.

(ⅲ) Equity

For the consolidated six months ended September 30, 2019, equity increased ¥81 million to ¥44,284 million in comparison to the end of the previous fiscal year. This was mainly due to increase in other components of equity associated with increase of financial assets measured at fair value through other comprehensive income.

3. Status of cash flow

For the consolidated six months ended September 30, 2019, cash and cash equivalents increased ¥1,229 million to ¥10,024 million in comparison to the end of the previous fiscal year. Status of each cash flow within the consolidated six months ended September 30, 2019 and its main influencing factors are stated below.

(Cash flows from operating activities)

For the consolidated six months ended September 30, 2019, net cash provided by operating activities recorded outflow of ¥302 million (outflow of ¥226 million in the same period of the previous fiscal year). This is mainly attributed to depreciation and amortization posted at ¥249 million, partly offset by finance income recorded at ¥458 million and outflow of ¥137 million due to a decrease of trade and other payables.

(Cash flows from investment activities)

For the consolidated six months ended September 30, 2019, net cash provided by investing activities recorded inflow of ¥886 million (outflow of ¥355 million in the same period of the previous fiscal year). This is mainly attributed to expenses from purchase of investment securities posted at ¥605 million, partly offset by proceeds from withdrawal of time deposits posted at ¥2,500 million.

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(Cash flows from financing activities)

For the consolidated six months ended September 30, 2019, net cash used in financing activities recorded inflow of ¥652 million (inflow of ¥602 million in the same period of the previous fiscal year).

Ⅲ. Condensed quarterly consolidated financial statement

1. Condensed quarterly consolidated statement of financial position (Unaudited)

	As of March 31, 2019	As of September 30, 2019
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	8,796	10,024
Trade and other receivables	257	229
Other financial assets	20,505	19,012
Inventories	901	852
Other current assets	169	101
Total current assets	30,627	30,219
Non-current assets		
Operating lease assets	463	469
Property, plant and equipment	11,624	11,550
Right of use assets	－	345
Intangible assets	70	61
Investments accounted for using equity method	456	486
Other financial assets	2,431	3,466
Other non-current assets	74	71
Total non-current assets	15,118	16,448
Total assets	45,746	46,666

	As of March 31, 2019	As of September 30, 2019
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	284	148
Lease liabilities	―	42
Other current liabilities	370	195
Total current liabilities	654	385
Non-current liabilities		
Third-party interests in CEJ Fund	544	1,131
Lease liabilities	―	310
Provisions	91	92
Deferred tax liabilities	254	464
Total non-current liabilities	889	1,997
Total liabilities	1,543	2,382
Equity		
Share capital	26,745	26,749
Capital surplus	26,494	26,494
Treasury shares	(0)	(0)
Other components of equity	(1,048)	(860)
Retained earnings	(7,972)	(8,084)
Total equity attributable to owners of the parent	44,217	44,298
Non-controlling interests	(15)	(14)
Total equity	44,203	44,284
Total liabilities and equity	45,746	46,666

2. Condensed quarterly consolidated statement of profit or loss and condensed quarterly consolidated statement of comprehensive income (Unaudited)

Condensed year to quarter end consolidated statement of profit or loss

	Six months ended September 30, 2018	Six months ended September 30, 2019
	Millions of yen	Millions of yen
Revenue	752	823
Cost of sales	(222)	(230)
Gross profit	530	593
Selling, general and administrative expenses		
Research and development expenses	(501)	(372)
Other selling, general and administrative expenses	(546)	(630)
Total selling, general and administrative expenses	(1,048)	(1,002)
Other income	250	47
Other expenses	(0)	(19)
Operating profit (loss)	(268)	(380)
Finance income	20	458
Finance costs	(4)	(88)
Gains related to CEJ Fund	16	32
Share of profit (loss) of investments accounted for using equity method	(6)	(15)
Profit (loss) before tax	(242)	6
Income tax expense	2	(123)
Profit (loss)	(240)	(117)
Profit (loss) attributable to		
Owners of parent	(236)	(112)
Non-controlling interests	(4)	(5)
Profit (loss)	(240)	(117)
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	(1.10)	(0.52)
Diluted earnings (loss) per share (yen)	(1.10)	(0.52)

Condensed quarter period consolidated statement of profit or loss

	Three months ended September 30, 2018	Three months ended September 30, 2019
	Millions of yen	Millions of yen
Revenue	417	430
Cost of sales	(119)	(122)
Gross profit	298	308
Selling, general and administrative expenses		
Research and development expenses	(284)	(210)
Other selling, general and administrative expenses	(251)	(323)
Total selling, general and administrative expenses	(535)	(533)
Other income	171	25
Other expenses	4	(7)
Operating profit (loss)	(62)	(208)
Finance income	10	12
Finance costs	(4)	(87)
Gains related to CEJ Fund	16	16
Share of profit (loss) of investments accounted for using equity method	(3)	(7)
Profit (loss) before tax	(43)	(273)
Income tax expense	0	2
Profit (loss)	(43)	(271)
Profit (loss) attributable to		
Owners of parent	(41)	(268)
Non-controlling interests	(2)	(3)
Profit (loss)	(43)	(271)
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	(0.19)	(1.25)
Diluted earnings (loss) per share (yen)	(0.19)	(1.25)

Condensed year to quarter end consolidated statement of comprehensive income

	Six months ended September 30, 2018	Six months ended September 30, 2019
	Millions of yen	Millions of yen
Profit (loss)	(240)	(117)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(220)	184
Total of items that will not be reclassified to profit or loss	(220)	184
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	1	6
Total of items that may be reclassified to profit or loss	1	6
Total other comprehensive income, net of tax	(218)	190
Comprehensive income	(459)	73
Comprehensive income attributable to		
Owners of parent	(455)	77
Non-controlling interests	(4)	(4)
Comprehensive income	(459)	73

3. Condensed quarterly consolidated statement of changes in equity (Unaudited)

Six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

	Equity attributable to owners of parent					
				Other components of equity		
	Share capital	Capital surplus	Treasury shares	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Share acquisition rights
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2018	26,744	26,495	(0)	(77)	(7)	19
Profit (loss)	−	−	−	−	−	−
Other comprehensive income	−	−	−	(220)	1	−
Total comprehensive income	−	−	−	(220)	1	−
Equity transaction with non-controlling interest	−	−	−	−	−	−
Total transactions with owners	−	−	−	−	−	−
September 30, 2018	26,744	26,495	(0)	(297)	(6)	19

	Equity attributable to owners of parent				
	Other components of equity				
	Total	Retained earnings	Total	Non-controlling interests	Total equity
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2018	(65)	(7,476)	45,698	(24)	45,674
Profit (loss)	−	(236)	(236)	(4)	(240)
Other comprehensive income	(219)	−	(219)	0	(218)
Total comprehensive income	(219)	(236)	(455)	(4)	(459)
Equity transaction with non-controlling interest	−	−	−	17	17
Total transactions with owners	−	−	−	17	17
September 30, 2018	(283)	(7,712)	45,243	(11)	45,232

Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

	Equity attributable to owners of parent					
				Other components of equity		
	Share capital	Capital surplus	Treasury shares	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Share acquisition rights
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2019	26,745	26,494	(0)	(1,071)	3	19
Profit (loss)	−	−	−	−	−	−
Other comprehensive income	−	−	−	184	4	−
Total comprehensive income	−	−	−	184	4	−
Share-based payment transactions	4	−	−	−	−	−
Equity transaction with non-controlling interest	−	−	−	−	−	−
Total transactions with owners	4	−	−	−	−	−
September 30, 2019	26,749	26,494	(0)	(886)	8	19

	Equity attributable to owners of parent				
	Other components of equity				
	Total	Retained earnings	Total	Non-controlling interests	Total equity
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2019	(1,048)	(7,972)	44,217	(15)	44,203
Profit (loss)	−	(112)	(112)	(5)	(117)
Other comprehensive income	189	−	189	1	190
Total comprehensive income	189	(112)	77	(4)	73
Share-based payment transactions	−	−	4	−	4
Equity transaction with non-controlling interest	−	−	−	4	4
Total transactions with owners	−	−	4	4	8
September 30, 2019	(860)	(8,084)	44,298	(14)	44,284

4. Condensed quarterly consolidated statement of cash flows (Unaudited)

	Six months ended September 30, 2018	Six months ended September 30, 2019
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit (loss) before tax	(242)	6
Depreciation and amortization	212	249
Finance income	(20)	(458)
Finance costs	4	88
Gains on CEJ Fund	(16)	(32)
Share of loss (profit) of investments accounted for using equity method	6	15
Decrease (increase) in inventories	(91)	49
Decrease (increase) in trade and other receivables	126	28
Increase (decrease) in trade and other payables	29	(137)
Other	(192)	(114)
Subtotal	(185)	(305)
Interest received	3	4
Interest paid	(0)	—
Income taxes paid	—	(1)
Payments for administrative expenses etc. related to CEJ Fund	(44)	—
Net cash provided by (used in) operating activities	(226)	(302)
Cash flows from investing activities		
Purchase of investments	(10,000)	(11,000)
Proceeds of redemption of investments	10,000	10,000
Proceeds from withdrawal of time deposits	—	2,500
Purchase of property, plant and equipment	(187)	(162)
Purchase of intangible assets	(1)	(4)
Purchase of investment securities	(168)	(605)
Proceeds from sales of investment securities	—	205
Purchase of investments accounted for using equity method	—	(46)
Other	2	(1)
Net cash provided by (used in) investing activities	(355)	886
Cash flows from financing activities		(26)
Lease liabilities paid	—	
Contributions into CEJ Fund from third-party investors	610	680
Proceeds from stock issuance to non-controlling interests	4	—
Other	(12)	(2)
Net cash provided by (used in) financing activities	602	652
Effect of exchange rate changes on cash and cash equivalents	2	(7)
Net increase (decrease) in cash and cash equivalents	24	1,229
Cash and cash equivalents at beginning of fiscal year	10,820	8,796
Cash and cash equivalents at end of year	10,844	10,024

5. Notes to condensed quarterly consolidated financial statements

(Notes on premise of going concern)

There are no items to report.

(Changes in accounting policy)

Significant accounting policies applied to the condensed consolidated financial statements for the six months ended September 30, 2019 are the same as those applied to the consolidated financial statements for the fiscal year ended March 31, 2019, with the following exceptions.

The income tax expense for the consolidated six months ended September 30, 2019 has been calculated based on the estimated annual effective income tax rate.

The Group has applied the following accounting standards from the first quarter of the fiscal year ending March 31, 2020.

IFRSs		Nature of the new standards or amendments
IFRS 16	Leases	Revised accounting process upon leases

The Group adopted IFRS 16 "Leases" (issued on January 2019; hereinafter "IFRS 16") in the first quarter of the fiscal year ending March 31, 2020.

Upon applying IFRS 16, the Group recognizes cumulative effect of application at the point of effective date. Furthermore, in transition to IFRS 16, the Group has chosen the practical expedient detailed in IFRS 16 paragraph C3 by conducting assessment of whether contracts contain leases based on IAS 17 "Leases" (hereinafter "IAS 17") and IFRIC 4 "Determining whether an Arrangement contains a Lease."

For the leases that the Group previously classified as operating leases based on IAS 17, the Group recognizes lease liabilities at the point of effective date. These lease liability are measured at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate at the point of effective date. At the point of effective date the amount of lease liabilities recognized by the Group is ¥363 million and the weighted average of the lessee's incremental borrowing rates is 0.7%.

Upon applying IFRS 16 the Group has chosen the following practical expedient.

- A single discount rate is applieid to portfolios of leases with reasonably similar characteristics
- As an alternative to performing an impairment review, the Group relies on its assessment of whether leases are onerous applying IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" immediately before the date of initial application
- Leases for which lease contracts ends after 12 months from the point of effective date are processed in the same manner as short-term lease
- Initial direct costs are excluded from the measurement of right-of-use asssets at the point of effecitve date
- Use hindsight: e.g. in determining the lease term of the contract that contains options to extend or terminate the lease

(Revenue)

Disaggregation of revenue

Details of disaggregation of revenue are set forth below.

	Six months ended September 30, 2018	Six months ended September 30, 2019
	Millions of yen	Millions of yen
Timing of revenue recognition		
Service transferred over time	536	642
Asset transferred at a point of time	65	59
Service transferred at a point of time	151	121
Total	752	823

(Note) Since the Group operates under a single segment of business related to robotics, segment information on revenue is omitted.

Service transferred over time

Service transferred over time includes rental income based on the individual rental contract and maintenance income based on the maintenance contract in relation to finance lease income where the Group acts as a lessor of right-of-use asset.

The Group recognizes rental income as income generated throughout the rental period after the customer acceptance of the relevant product, by either of the following method. Pay-per-use model based on times of product usage in the relevant month and base fee model based on fixed monthly price.

The Group recognizes maintenance income as performance obligation satisfied over time. The Company records this revenue during this contract period based on average amount during the period.

Asset transferred at a point of time

Asset transferred at a point of time includes revenue from sales of commodities and products based on sales contract.

The Group mainly determines that performance obligation of sales of commodities as well as products are satisfied at the point of customer acceptance the relevant product. The Group receives most of the payment within one month from the point of satisfying the performance obligation. With regards to transaction price, there is no significance in the amount of sales revenue that includes variable consideration. Furthermore, there are no significant financial components in the amount of promised consideration.

Furthermore, if the Group acts as a lessor of right-of-use of its devices such as HAL, the Group classifies the relevant lease as finance lease. Finance lease income is processed in the same way as cases where the Group acts as a lessor of manufacturer or distributor of sales of goods. The Group determines that performance obligation is satisfied at the point of customer acceptance and the revenue is recognized at a point of time.

Service transferred at a point of time

Service transferred at a point of time includes revenue from offering Cybernic Treatment and training service at Robo Care Centers, to end users (such as patients).

The Group determines that performance obligation of Cybernic Treatment as well as training services are satisfied at the point of completion of such services.