[Translation]

Annual Securities Report

（Report pursuant to Article 24, Paragraph 1 of
the Financial Instruments and Exchange Act）

Fiscal Year	From April 1, 2024
（Term21）	To March 31, 2025

CYBERDYNE, INC.

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

This document is a partial translation of the Annual Securities Report (有価証券報告書).
The Japanese original, "Part I Information on the Company V. Consolidated Financial Statements and Other Information 1. Consolidated Financial Statements," was audited by Deloitte Touche Tohmatsu LLC.

CYBERDYNE filed the Annual Securities Report to the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investor's NETwork ("EDINET") under Japan's Financial Instruments and Exchange Act.

Chapter 1【Information of the company】

Part 1【Status of the company】

1【Changes in major management indicators】

(1) Consolidated management indicators

Order		International Financial Standards (IFRS)				
		Term 17	Term 18	Term 19	Term 20	Term 21
Date of settlement		March 2021	March 2022	March 2023	March 2024	March 2025
Revenue	Millions of yen	1,875	2,150	3,289	4,354	4,384
Operating profit (loss)	Millions of yen	-700	-878	-1,145	-2,018	-926
Profit (loss) before tax	Millions of yen	408	-389	53	-1,141	-879
Profit (loss) attributable to the owner of the parent	Millions of yen	-59	-498	-298	-1,476	-577
Comprehensive profit(loss) attributable to owners of the parent	Millions of yen	-479	-371	-131	-1,284	-490
Equity attributable to owners of the parent	Millions of yen	43,776	43,413	42,101	40,752	39,575
Total assets	Millions of yen	48,119	49,467	50,187	49,999	48,547
Equity attributable to owners of the parent per share	Yen	203.39	201.74	199.32	192.93	187.35
Basic earnings (loss) per share	Yen	-0.27	-2.32	-1.39	-6.99	-2.73
Diluted earnings (loss) per share	Yen	-0.27	-2.32	-1.39	-6.99	-2.73
Ratio of equity attributable to owners of the parent	%	91.0	87.8	83.9	81.5	81.5
Return of equity attributable to owners of the parent	%	―	―	―	―	―
Price-to-earnings ratio	Ratio	―	―	―	―	―
Cash flow from operating activities	Millions of yen	-775	-564	-143	-850	-430
Cash flow from investing activities	Millions of yen	-2,794	-1,788	2,173	-2,075	2,325
Cash flow from financing activities	Millions of yen	617	1,248	14	160	-216
Balance of cash and cash equivalents at the end of the fiscal year	Millions of yen	6,704	5,677	7,801	5,155	6,824
Numbers of employee (Average number of nonregular employees)	Persons	96 (44)	201 (47)	257 (55)	227 (54)	211 (56)

Note

1. The Company has prepared the consolidated financial statements under International Accounting Standards.
2. The Company did not state the price-to-earnings ratio because CYBERDYNE recorded a loss attributable to the owners of the parent.
3. The Company did not state the return of equity attributable to the owners of the parent because CYBERDYNE recorded a loss attributable to the owners of the parent.

4. Rounded down to the closest millions of yen (same for the following)
5. In term 19, the Company finalized the provisional accounting treatment for the business combination, and the related key management indices for term 18 are based on the amounts after the significant revision of the initial allocation of acquisition costs due to the finalization of the provisional accounting treatment.

(2) Non-consolidated management indicators

Order		Term 17	Term 18	Term 19	Term 20	Term 21
Date of settlement		March 2021	March 2022	March 2023	March 2024	March 2025
Net sales	Millions of yen	1,663	1,564	1,715	1,835	2,088
Operating profit (loss)	Millions of yen	-521	-602	-545	-269	-504
Net profit (loss)	Millions of yen	-527	-607	-595	-1,431	-827
Share capital	Millions of yen	10	10	10	10	10
Total number of issued shares	Shares	Common Share 137,445,809 Class B Share 77,700,000	Common Share 137,445,809 Class B Share 77,700,000	Common Share 137,445,809 Class B Share 77,700,000	Common Share 137,445,809 Class B Share 77,700,000	Common Share 137,445,809 Class B Share 77,700,000
Net assets	Millions of yen	42,708	42,080	40,435	38,874	38,058
Total assets	Millions of yen	43,295	42,663	41,531	39,717	39,094
Net assets per share	Yen	198.43	195.51	191.42	184.03	180.17
Dividend per share (Interim dividend per share)	Yen	− (−)	− (−)	− (−)	− (−)	− (−)
Net profit (loss) per share	Yen	-2.45	-2.82	-2.77	-6.78	-3.91
Diluted net income per share	Yen	−	−	−	−	−
Capital ratio	%	98.6	98.6	97.3	97.8	97.3
Return on equity	%	−	−	−	−	−
Price-to-earnings ratio	Ratio	−	−	−	−	−
Payout ratio	%	−	−	−	−	−
Numbers of employee (Average number of non-regular employees)	Persons	81 (39)	84 (40)	82 (37)	83 (36)	83 (38)
Total shareholder return	%	93.4	53.2	41.5	31.1	28.9
(Comparative index: Tokyo Stock Exchange Mothers Index)	%	(125.9)	(82.7)	(78.4)	(98.1)	(137.9)
Highest share price	Yen	975	695	463	357	239
Lowest share price	Yen	360	307	276	196	155

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

Chapter 5【Status of Accounting】

1 Basis of preparation of consolidated financial statement and non-consolidated financial statement

(1) The consolidated financial statements of CYBERDYNE, INC. (the “Company”) have been prepared by International Accounting Standards (hereafter referred to as “IFRS”) under Article 312 of the “Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ordinance of the Ministry of Finance No. 28 of 1976)

(2) The non-consolidated financial statements of the Company have been prepared by “Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements, etc.” (Ordinance of the Ministry of Finance No. 59 of 1963. from now on referred to as “Ordinance on Financial Statements”).

The Company is a special company that submits and prepares financial statements under Article 127 of the Ordinance on Financial Statements.

2 Audit Certification

Under the provisions of Article 193-2 item 1 of the Financial Instruments and Exchange Law, the Company has undergone an audit by Deloitte Touche Tohmatsu LLC of the consolidated financial statements for the consolidated fiscal year (from April 1, 2024, to March 31, 2025) and the non-consolidated financial statements for the business year (from April 1, 2024, to March 31, 2025).

3 Special efforts to ensure the appropriateness of consolidated financial statements, etc., and the establishment of a system that enables the proper preparation of consolidated financial statements, etc. based on IFRS

The Company makes special efforts to ensure the appropriateness of its consolidated financial statements. It maintains a system that prepares consolidated financial statements appropriately under IFRS. The contents are as follows.

(1) To appropriately understand the content of accounting standards, etc., and to develop a system that can adequately respond to changes in accounting standards, etc., the Company joined the Financial Accounting Standards Foundation and participated in seminars sponsored by the foundation and auditing firms, etc.

(2) In applying IFRS, the Company obtained press releases and statements issued by the International Accounting Standards Board occasionally to keep track of the latest standards. To prepare the appropriate consolidated financial statements by IFRS, the Group has designed its accounting policies and guidelines and applies them to accounts processing.

1 【**Consolidated financial statements and Notes to consolidated financial statements**】

(1) Consolidated financial statements

① Consolidated statement of financial position

	Note	Previous consolidated fiscal year (March 31, 2024)	Current consolidated fiscal year (March 31, 2025)
		Millions of yen	Millions of yen
Assets			
Current assets			
Cash and cash equivalents	8,33	5,155	6,824
Trade and other receivables	9,33	674	800
Other financial assets	10,33	11,504	8,033
Inventories	11	997	923
Other current assets	12	139	177
Total current assets		18,469	16,758
Non-current assets			
Operating lease assets	13,18	359	353
Property, plant and equipment	13	13,237	13,186
Right of use assets	18	482	362
Goodwill	14	2,134	1,766
Intangible assets	14	48	45
Investment accounted for using equity method	15	261	243
Other financial assets	10,33	14,814	15,333
Deferred tax assets	16	142	455
Other non-current assets	12	55	46
Total non-current assets		31,530	31,790
Total assets		49,999	48,547

	Note	Previous consolidated fiscal year (March 31, 2024)	Current consolidated fiscal year (March 31, 2025)
		Millions of yen	Millions of yen
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	19,33	606	533
Bonds and borrowings	17,31,33	84	22
Lease liabilities	18,31,33	160	146
Other current liabilities	22	386	384
Total current liabilities		1,236	1,085
Non-current liabilities			
Bonds and borrowings	17,31,33	22	15
Third-party interests in CEJ Fund	31,33,34	5,733	5,165
Lease liabilities	18,31,33	366	251
Provisions	21	96	193
Deferred tax liabilities	16	2,040	2,202
Other non-current liabilities		30	43
Total non-current liabilities		8,286	7,869
Total liabilities		9,523	8,954
Equity			
Share capital	23	10	10
Capital surplus	23	42,811	42,297
Treasury shares	23	-1,188	-1,188
Other components of equity	32,33	-787	-743
Retained earnings	23	-95	-801
Total equity attributable to owners of the parent		40,752	39,575
Non-controlling interests		-275	18
Total equity		40,477	39,593
Total liabilities and equity		49,999	48,547

② 【Consolidated statement of profit or loss and consolidated statement of comprehensive income】

【Consolidated statement of profit or loss】

	Note	Previous consolidated fiscal year (From April 2023 to March 31,2024)	Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)
		Millions of yen	Millions of yen
Revenue	6,25	4,354	4,384
Cost of sales	11,18,20,26	-1,961	-2,011
Gross profit		2,393	2,373
Selling, general and administrative expenses			
Research and development expenses	18,20,26	-877	-1,065
Other selling, general and administrative expenses	18,20,26	-3,251	-2,804
Total selling, general and administrative expenses		-4,129	-3,869
Other income	27	424	765
Other expenses	27	-707	-195
Operating profit (loss)		-2,018	-926
Finance income	28,33	543	539
Finance costs	33	-482	-303
Gains (losses) related to CEJ Fund	34	796	-172
Share of profit (loss) of investments accounted for using equity method	15	21	-17
Profit (loss) before tax		-1,141	-879
Income tax expense	16	-507	174
Profit (loss)		-1,648	-706
Profit (loss) attributable to			
Owners of parent		-1,476	-577
Non-controlling interest		-172	-129
Profit (loss)		-1,648	-706
Earnings (loss) per share			
Basic earnings (loss) per share (yen)	30	-6.99	-2.73
Diluted earnings (loss) per share (yen)	30	-6.99	-2.73

【Consolidated statement of comprehensive income】

	Note	Previous consolidated fiscal year (From April 2023 to March 31,2024)	Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)
		Millions of yen	Millions of yen
Profit (loss)		-1,648	-706
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income	29,33	-59	68
Total of items that will not be reclassified to profit or loss		-59	68
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operation	29	231	29
Total of items that may be reclassified to profit or loss		231	29
Total other comprehensive income, net of tax		172	97
Comprehensive income		-1,477	-609
Comprehensive income attributable to			
Owners of parent		-1,284	-490
Non-controlling interests		-193	-120
Comprehensive income		-1,477	-609

③ 【Consolidated statement of changes in shareholders' equity】

	Note	Share capital	Capital surplus	Treasury shares	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Stock acquisition rights
		Equity attributable to owners of parent			Other components of equity		
		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2023		10	42,877	-1,188	-1,270	272	19
Profit (loss))		—	—	—	—	—	—
Other comprehensive income		—	—	—	-59	251	—
Total comprehensive income		—	—	—	-59	251	—
Share-based payment transactions	32	—	7	—	—	—	—
Acquisition of treasury shares	23	—	—	-0	—	—	—
Equity transactions with noncontrolling interests		—	-73	—	—	—	—
Increase (decrease) by business combination		—	—	—	—	—	—
Other		—	—	—	—	—	—
Total transaction with owners		—	-66	-0	—	—	—
March 31, 2024		10	42,811	-1,188	-1,329	523	19
Profit (loss)		—	—	—	—	—	—
Other comprehensive income		—	—	—	68	19	—
Total comprehensive income		—	—	—	68	19	—
Share-based payment transactions	32	—	—	—	—	—	—
Acquisition of treasury shares	23	—	—	-0	—	—	—
Equity transactions with noncontrolling interests		—	-514	—	—	—	—
Increase (decrease) by business combination		—	—	—	—	-43	—
Other		—	—	—	—	—	—
Total transaction with owners		—	-514	-0	—	-43	—
March 31, 2025		10	42,297	-1,188	-1,261	499	19

	Note	Equity attributable to owners of parent			Non-controlling interests	Total equity
		Other components of equity	Retained earnings	Total		
		Total				
		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2023		-979	1,381	42,101	-118	41,983
Profit (loss)		―	-1,476	-1,476	-172	-1,648
Other comprehensive income		192	―	192	-21	172
Total comprehensive income		192	-1,476	-1,284	-193	-1,477
Share-based payment transactions	32	―	―	7	―	7
Acquisition of treasury shares	23	―	―	-0	―	-0
Equity transaction with non-controlling interest		―	―	-73	31	-42
Increase (decrease) by business combination		―	―	―	―	―
Other		―	―	―	5	5
Total transactions with owners		―	―	-66	36	-30
March 31, 2024		-787	-95	40,752	-275	40,477
Profit (loss)		―	-577	-577	-129	-706
Other comprehensive income		87	―	87	10	97
Total comprehensive income		87	-577	-490	-120	-609
Share-based payment transaction	32	―	―	―	―	―
Acquisition of treasury shares	23	―	―	-0	―	-0
Equity transaction with non-controlling interest		―	-114	-628	185	-443
Increase (decrease) by business combination		-43	-16	-59	228	169
Other		―	―	―	―	―
Total transactions with owners		-43	-130	-687	413	-274
March 31, 2025		-743	-801	39,575	18	39,593

④ 【Consolidated statement of cash flows】

	Note	Previous consolidated fiscal year (From April 2023 to March 31,2024)	Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)
		Millions of yen	Millions of yen
Cash flows from operating activities			
Profit (loss) before tax		-1,141	-879
Depreciation and amortization	13,14,18	677	592
Impairment losses	14	660	175
Finance income	28,33	-543	-539
Finance costs	33	482	303
Losses (gains) on CEJ Fund	34	-796	172
Share of losses (gains) of investments accounted for using the equity method	15	-21	17
Decrease (increase) in inventories		-6	74
Decrease (increase) in trade and other receivables		-134	-126
Increase (decrease) in trade and other payables		-85	-73
Other		88	-110
Subtotal		-819	-394
Interest and dividends received		27	28
Interest paid		-0	-0
Income taxes paid		-7	-7
Income taxes refund		—	0
Payments for administrative expenses etc. related to CEJ Fund	34	-52	-56
Cash flows from operating activities		-850	-430
Cash flows from investing activities			
Purchase of investments		-20,000	-19,484
Proceeds of redemption of investments		18,000	23,000
Purchase of property, plant and equipment	13	-216	-296
Purchase of intangible assets	14	-8	-9
Purchase of investment securities	33	-455	-915
Proceeds from sale of investment securities	33	572	264
Payments for loss of control of subsidiaries		—	-245
Payments for loan receivable		-3	-4
Collection of loans receivable		5	—
Other		29	13
Cash flows from investing activities		-2,075	2,325

	Note	Previous consolidated fiscal year (From April 2023 to March 31,2024)	Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)
		Millions of yen	Millions of yen
Cash flows from financing activities			
Repayments of long-term borrowings	31	-10	-5
Purchase of treasury shares	31	-0	-0
Lease liabilities paid	18,31	-174	-161
Contributions into CEJ Fund from third-party investors	31	680	—
Distributions and redemptions from CEJ Fund into third-party investors	31	-320	-39
Other		-16	-11
Cash flows from financing activities		160	-216
Effect of exchange rate changes on cash and cash equivalents		120	-10
Net increase (decrease) in cash and cash equivalents		-2,646	1,669
Cash and cash equivalents at the beginning of the fiscal year	8	7,801	5,155
Cash and cash equivalents at the end of the year	8	5,155	6,824

【Notes to consolidated financial statements】

1. Nature of operations

CYBERDYNE, INC. (the "Company") is domiciled in Tsukuba, Ibaraki, Japan. The location of the Company's headquarters and its main offices are disclosed on the Company website (https://www.cyberdyne.jp/english). The accompanying consolidated financial statements comprise the Company, its group companies (with the Company collectively referred to as the "Group"), associates, and jointly controlled entities. The fiscal year is from April 1 to March 31.

The Group utilizes Cybernics to work on the entire process, from basic research of innovative technologies to their social implementation, which could contribute to overcoming various problems that modern society faces. At the same time, the Group will continue its endeavors to create new industries and nurture human resources to induce an upward spiral of innovation and shape the future. The Group operates under a single segment of business related to robotics, detailed in "6. Segment information".

2. Basis of presentation

(1) Conformance of consolidated financial statements with IFRS and matters regarding the first-time adoption

As the Group meets the requirement of "Specified Company Applying Designated International Reporting Standards" under Article 1-2 of the "Ordinance on terminology, forms and preparation methods of consolidated financial statements" (Ordinance of the Ministry of Finance No. 28 of 1976, referred to as the "Ordinance"), the consolidated financial statements of the Group have been prepared by International Financial Reporting Standards ("IFRS") as permitted by the provisions of Article 312 of the Ordinance.

The consolidated financial statements under review have been approved by Yoshiyuki Sankai, President and CEO of the Company, and Shinji Honda, Director and COO of the Company, on June 24, 2025.

(2) Basis of measurement

As described in Note "3. Significant accounting policies", consolidated financial statements of the Group have been prepared based on the acquisition cost, except for specific financial instruments measured at fair value.

(3) Functional currency and presentation currency

The consolidated financial statements of the Group are presented in Japanese yen, which is the Company's functional currency, rounded to the nearest million yen.

3. Significant accounting policies

(1) Basis of consolidation

① Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it has exposure, or rights, to variable returns from involvement with an investee and could affect those returns through its power over the investee.

The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date the Group gains control until it loses control of the subsidiary.

Some of the subsidiaries have a close date of December 31. Due to the relationship with other shareholders and contract agreements, practically unifying these subsidiaries' closing dates is impossible. As such, these subsidiaries are subject to provisional settlements of accounts on March 31, and the Group utilizes these accounts for its consolidated financial statements.

All intergroup balances, transactions, income and expenses, and unrealized gains and losses arising from intergroup transactions are eliminated when preparing the consolidated financial statements.

Comprehensive income of subsidiaries is attributed to owners of the parent and the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the Group's ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity attributable to the owners of the parent. In case of a change in the Group's ownership interest in a subsidiary, resulting in a loss of control, profit or losses arising from the loss of control are recognized as net loss.

② Associates

An associate is defined as an entity over which the Group significantly influences financial and operating policy decisions but does not have control over the entity.

The Group is presumed to have significant influence over another entity when it holds at least 20% but at most 50% of the voting rights of that entity.

Investments in associates are accounted for by the equity method from the date the Group gains significant influence to the date it loses that influence.

Suppose the Group's share of the associates' loss (amount equivalent to equity interest) exceeds the Group’s share of the investment in the associate. In that case, the Group reduces the carrying amount of the investment to zero. It does not recognize any further losses unless the Group incurs or pays obligations (legal or constructive obligations) on behalf of the associate.

Any excess of the cost of acquisition over identifiable assets, liabilities, and contingent liabilities of the associates at the date of acquisition are recognized as goodwill and shall be included in the carrying value of the investment. The relevant goodwill is not recognized separately, so it shall not be tested for impairment individually.

However, suppose there is objective evidence on the possibility of impaired investment. In that case, the Group shall test its investment to associates for impairment by recognizing the investment as a single asset in net amounts.

③ Jointly controlled company

A jointly controlled company is an entity jointly controlled by two or more parties, including the Group under the contractually agreed share of control of an arrangement over the economic activity of the jointly controlled company, which exists only when the decision for strategic, financial, and operating decisions related to relevant activities require unanimous consent of the parties sharing control. A jointly controlled company of the Group is accounted for using the equity method.

Some of the jointly controlled company has a close date of December 31. Due to the relationship with other shareholders and agreements of contract, it is impossible to practically unify the closing date for the said jointly controlled company. As such, the Group adjusts important transactions and events during the period to reflect the impact of changes caused by the difference in close dates.

(2) Business combinations

Business combinations are accounted for using the acquisition method. The consideration of an acquisition is measured as the aggregate of the acquisition-date fair value of the assets transferred, liabilities assumed, and equity securities issued by the Group to the former owners of the acquiree in exchange for control of the acquiree. Any excess of the consideration over the net fair value of identifiable assets acquired and liabilities assumed at the acquisition date is recognized as goodwill in the consolidated statement of financial position. Conversely, any deficit is immediately recognized as income in the consolidated statement of income.

Costs associated with business combinations, such as advisory fees, attorney fees, and due diligence costs, are expensed as incurred.

Suppose the initial accounting for a business combination is incomplete by the end of the fiscal year in which the combination occurs. In that case, provisional amounts of incomplete items are measured and adjusted during the measurement period within one year from the date of acquisition. During the measurement period, the Group shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. If this new information brings about new recognition of assets and liabilities, it will be recognized as additional assets and liabilities. The measurement period could last up to one year from the date of acquisition.

The additional acquisition of non-controlling interests is accounted for as an equity transaction; therefore, no goodwill is recognized for such a transaction.

Identifiable assets and liabilities of the acquiree in business combinations are measured at their acquisition-date fair value, with the following exceptions:

・Deferred tax assets and liabilities and assets or liabilities related to employee benefit arrangements

・Share-based payment transactions of the acquire

・Non-current assets and disposal groups classified as held for sale under IFRS 5 “Non-current assets held for sale and discontinued operations.”

In a business combination achieved in stages, the Group re-measures its previously held equity interest at its acquisition-date fair value. It recognizes the resulting gain or loss, if any, in net profit or loss.

(3) Foreign currency transaction

① Foreign currency transactions

Foreign currency transactions are translated into the functional currency of each company of the Group at the spot exchange rate at the date of the transaction or an exchange rate that approximates the spot rate.

Foreign currency monetary items are translated into functional currency using the rates at the end of the reporting period.

Non-monetary items measured at fair value in foreign currencies are translated into the functional currency using the exchange rates when the fair value was measured.

Exchange differences from such translations and settlements are recognized in profit or loss. However, exchange differences arising from financial assets measured at fair value through other comprehensive income are recognized in other comprehensive income.

② Financial statements of foreign operations

Assets and liabilities of foreign operations are translated at the rate at the end of each reporting period. Income and expenses are translated at the average exchange rates for the period, provided there were no significant fluctuations in the exchange rates. Exchange differences arising from the translation of the financial statements of foreign operations are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

(4) Financial instruments

① Financial assets

(i) Initial recognition and measurement

The Group classifies its financial assets as financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, or financial assets measured at amortized cost. The classification of measurements is conducted at initial recognition.

The Group recognizes and derecognizes all financial assets on trade date where the purchase or sale of a financial asset under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value.

Financial assets held by the Group are measured at amortized cost if both conditions are met.

・The financial asset is held in a business model whose objective is to hold financial assets to collect contractual cash flows

・The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity instruments not measured through amortized cost are classified as equity instruments measured at fair value.

Excluding equity instruments measured at fair value through profit or loss that is held for trading, for each equity item, the Group designates whether it shall be measured at fair value through profit and loss or whether it shall be measured at fair value through comprehensive income. This designation is continuously used after the initial designation.

(ii) Subsequent measurement

Measurement of financial assets after initial recognition is performed according to the classification of financial assets as follows:

(a) Financial assets measured at amortized cost

The effective interest method recognizes the carrying amounts of financial assets measured at amortized cost.

(b) Financial assets measured at fair value

These financial assets are measured at fair value after initial recognition, and changes in their fair value are recognized in profit or loss.

However, for financial assets designated as financial assets measured at fair value through comprehensive profit, the Group recognizes changes in their fair value as other comprehensive income. Dividends from equity instruments measured at fair value through other comprehensive income are recognized as financial income in profit or loss.

(iii) Derecognition of financial assets

The Group derecognizes financial assets only when the contractual rights to the cash flows from the financial assets expire, or when the Group transfers financial assets. In cases where the Group continues to possess ownership over the transferred asset, it shall be recognized as liability related to the asset within the range of ownership held, so long as this ownership continues to remain in effect.

(iv) Impairment of financial assets

For impairment of financial assets measured at amortized cost, the Group recognizes an allowance for doubtful accounts for expected credit losses on such financial assets.

At each reporting date, the Group assesses whether the credit risks on the financial assets have increased significantly since initial recognition.

Suppose credit risk on a financial instrument has not increased significantly since initial recognition. In that case, the allowance for doubtful accounts for that financial instrument equals the 12-month expected credit losses. If credit risk in a financial instrument has increased significantly since initial recognition, the allowance for doubtful accounts equals the lifetime expected credit losses.

The Group determines if credit risk has increased significantly by evaluating changes in default risk concerning factors such as downgrading internal credit ratings, declining counterparty results, and delinquency information. Furthermore, suppose the credit risk is determined to be low as of the closing date. In that case, the Group shall assess that credit risk on a financial instrument has not increased significantly since the initial recognition. However, the allowance for doubtful accounts on trade receivables and others always equals the lifetime expected credit losses.

The expected credit losses of financial assets are estimated in a way that reflects the following:

・An unbiased and probability-weighted amount determined by evaluating a range of possible outcomes ・The time value of money

・Reasonable and supportable information about past events, current conditions, and forecasts of economic conditions that is available without undue cost or effort at the reporting date The amounts of these measurements are recognized in profit or loss.

If an event that reduces an impairment loss occurs after the impairment loss has been recognized, the impairment loss will be reversed to the extent of the decrease and credit to profit or loss.

② Financial liabilities

(i) Initial recognition and measurement

The Group classifies financial liabilities as financial liabilities measured at fair value through profit or loss or at amortized cost. This classification is conducted upon initial recognition.

All financial liabilities are measured at fair value. However, financial liabilities measured at amortized cost are measured in the total amount after deducting directly attributable transaction costs from the fair value.

(ii) Subsequent measurement

Financial liabilities are measured according to the classification of the financial liabilities after initial recognition. Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method.

Amortization using the effective interest method and gains and losses on derecognition are recognized in profit or loss for the period.

(iii) Derecognition of financial liabilities

The Group derecognizes financial liabilities when they are extinguished (i.e. when the obligation specified in the contract is discharged, canceled, or expires).

③ Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset, and the net amount is presented in the consolidated statement of financial position only when the Group currently has a legally enforceable right to set off the recognized amount and intends to settle on a net basis or realize the assets and settle the liabilities simultaneously.

④ Fair value of financial instruments

For financial instruments measured at fair value, their fair value is classified into Level 1 through Level 3 based on the observability of inputs used for the measurement and their materiality.

Level 1: Quoted prices in active markets for identical assets or liabilities (unadjusted)

Level 2: Fair value determined using observable prices other than Level 1 for the asset or liability directly or indirectly

Level 3: Fair value determined using the valuation technique, including unobservable inputs for the asset or liability

(5) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments that are highly liquid and readily convertible to known amounts of cash subject to an insignificant risk of changes in value and that mature or become due within three months from the date of acquisition.

Cash and cash equivalents include certificates of deposit and joint-managed money trusts.

(6) Inventories

Inventories are measured at the lower value between cost and net realizable value. The cost of finished goods and work in process are calculated using specific identification methods and purchase costs. Merchandise and raw materials are calculated using the moving average method. These include processing costs and all other costs incurred in bringing the inventories to their existing location. Net realize value is the estimated selling price in the ordinary course of business minus the estimated completion costs and the costs necessary to make the sale.

(7) Property, plant and equipment

Property, plant and equipment are presented at a cost calculated by deducting accumulated depreciation and impairment losses from the purchase cost.

The cost of an item of property, plant and equipment comprises any costs directly attributable to the acquisition of the asset and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation of assets other than land and construction in progress is calculated straight-line over the assets' estimated useful lives. The estimated useful lives of major asset items are as follows:

Buildings and structures:	3 to 50 years
Operating lease assets	5 years
Tools, furniture and fixtures:	2 to 20 years

The estimated useful lives, residual value, and depreciation method are reviewed at each fiscal year-end, and any revisions are applied prospectively as changes in accounting estimates.

(8) Intangible assets

① Goodwill

The measurement of Goodwill arising from business combination at the time of initial recognition is stated in “2. Business combinations.”

Goodwill is not amortized but is tested for impairment annually or whenever there is an indication of impairment. The goodwill impairment test and measurement of impairment loss are described in “10. Impairment of nonfinancial assets.”

Goodwill is presented in the consolidated statement of financial position as the amount obtained by deducting accumulated impairment loss from the acquisition cost.

② Intangible assets

Intangible assets acquired separately are measured using acquisition cost at the initial recognition.

After initial recognition, except for intangible assets with an indefinite useful life, intangible assets are amortized on a straight basis over their estimated useful lives. After deducting the accumulated depreciation and impairment loss, they are presented at acquisition cost.

Expenditures related to internally generated intangible assets are recognized as expenses when incurred, except development expenses that meet the criteria for capitalization.

The Group has no intangible assets with indefinite useful lives. The estimated useful lives of major intangible assets are as follows:

Software	5 years
Patents	8 years
Customer-related assets	3 years

The estimated useful lives, residual values, and amortization method are reviewed at each fiscal year-end, and any revisions are applied prospectively as changes in accounting estimates.

③ Research and development expenses

Research expenditures are expensed as incurred. Development expenditures are capitalized if they can be measured reliably, future economic benefits are probably, and the Group intends to, and has sufficient resources to, complete development and to use or sell assets.

(9) Leases

The Group determines whether a contract is a lease or includes a lease at the time the contract is entered into. If the contract conveys the right to control the use of the identified asset for a period of time in exchange for consideration, the contract is considered to be a lease or to contain a lease.

Leases as lessee

Right-of-use assets and lease liabilities are recognized at the start date of the lease.

Right-of-use assets are initially measured at acquisition cost, which is obtained by adjusting the amount of the initial measurement of the lease liability according to any lease payments made at or before the commencement date, any initial direct costs that were incurred, etc.

After initial recognition, right-of-use assets are depreciated using the straight-line method over the shorter period of the following useful lives or lease terms. The lease term is measured as the period that includes the non-cancelable period of the lease, the extended option period if it is reasonably certain that the lease will be exercised, and the cancellation option period if it is not reasonably certain that the lease will be exercised.

Lease liabilities are initially measured at the present value, which is the total amount of lease payments payable discounted at the rate of interest on the lease or the rate of interest on additional borrowings of the lessee.

Lease payments are allocated to finance costs and the repayment of lease liabilities using the interest method, with finance costs recognized in the consolidated statement of profit or loss.

For short-term leases with 12 months or less or leases with small underlying assets, right-of-use assets and lease liabilities are not recognized. In these cases, lease payments are amortized over the lease term by the straight-line or other regular methods.

Leases as lessor

Leases for which the Group is the lessor are classified as finance or operating leases when the lease contract becomes effective.

When the Group classifies leases, the Group conducts comprehensive evaluations of whether all of the risks and economic values associated with ownership of the underlying asset are substantially transferred. If they are transferred, the lease is classified as a finance lease; if not, it is classified as an operating lease. As part of this evaluation, the Group considers specific indicators, such as whether the lease period based on the non-cancelable period accounts for the majority of the economic useful life of the underlying asset.

Lease payments under operating leases are recognized as revenue in the consolidated statement of profit or loss on a straight-line basis over the lease term. Units such as HAL that are leased as operating leases are presented as operating lease assets in the consolidated statement of financial position. Please refer to Note "3. Significant accounting policies, 7. Property, plant and equipment" for further details.

In finance lease transactions, when the Group becomes a lessor who is a manufacturer or a seller, the Group recognizes income, cost of sales, and gains or losses on sales under its policy for outright sales to which IFRS 15 applies, on the commencement date. Please refer to Note "25. Revenue".

Leases are classified as finance leases when substantially all the risks and rewards incidental to ownership of assets are contractually transferred to the Group. All the other leases are classified as operating leases.

(10) Impairment of non-financial assets

Non-financial assets, excluding inventories, are assessed at the end of each reporting period to determine whether there is any indication of impairment. If impairment is indicated, the asset's recoverable amount is estimated.

A cash-generating unit, which is a unit for conducting impairment testing, is the smallest group of assets that generates cash inflows, which are generally independent of cash flows of other assets or groups of assets.

Recoverability is measured using the higher of the following: fair value after deducting disposal costs or value in use as recoverable amount. If the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount and recognized as an impairment loss in profit or loss. When testing goodwill for impairment, the cash-generating units to which goodwill is allocated are consolidated so that impairment is tested to reflect the smallest unit to which goodwill relates. Goodwill acquired through a business combination is allocated to cash-generating units expected to generate synergies from the combination. An impairment loss recognized in connection with a cashgenerating unit is allocated first to reduce the carrying amount of goodwill allocated to that unit and then to reduce the carrying amount of other assets in the cash-generating unit proportionally. Value in use is the present value of future cash flows expected to accrue from the asset or cash-generating unit.

Impairment losses related to goodwill have not been reversed. As for the reversal of impairment losses on the other assets or cash-generating units, if there is an indication at the end of each reporting period that an asset or cashgenerating unit that has incurred an impairment loss in a prior period may have either disappeared or decreased, the recoverability of the asset or cash-generating unit is assessed. In cases where the recoverable amount exceeds the carrying amount of assets or cash-generating units, the Group shall reverse the impairment loss at the maximum of the amount calculated by deducting the depreciation and amortization necessary from the carrying amount that would have been determined if no impairment loss had previously been recognized in the prior year.

(11) Employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as expenses when related services are rendered. For bonuses, when there is a legal or constructive obligation to make payments of bonuses, and a reliable estimate of the obligation can be made, the estimated amount to be paid is accounted for as a liability.

Paid leave expenses are recognized when labor that grants an employee additional rights to paid leave is incurred.

(12) Share-based payment

① Stock options

The Company has a stock option scheme accounted for as an equity-settled share-based payment scheme. The equity settled share-based payment scheme is estimated at the fair value of the date of allotment, taking the estimated number of subscription rights to share that are likely to be vested into the account. It is recognized as an expense in the consolidated statement of profit or loss from the date of allotment through the vesting period and the same amount as an increase in asset in the consolidated statement of profit and loss. The fair value of the allotted option is calculated mainly by the Black-Scholes Model, considering the conditions of the option. Furthermore, the conditions of stock options are reviewed regularly, and estimates of subscription rights to share are adjusted where necessary.

② Shares with transfer restriction

The Group has adopted shares with transfer restrictions as a compensation plan for its employees.

Consideration received for services is recognized as an expense by a straight-line method over a certain period from the day of allotment. An equal amount is recognized as an increase in capital.

(13) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation due to a past event, an outflow of resources embodying economic benefits will probably be required to settle the obligation, and a reliable estimate can be made of the obligation amount. Where the time value of money is material, a provision is measured by its present value, to which estimated future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the provision. Interest costs associated over time are recognized as finance costs.

(14) Revenue

The Group recognizes revenue based on the following five-step model, excluding revenue from dividend and interest income based on IFRS 9 "Financial Instruments." Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the entity satisfies a performance obligation

Details on revenue recognition are stated in Note "25. Revenue".

(15) Government grants

Government grants are measured and recognized at fair value when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. The Group fulfills the incidental condition for grants and receives reasonable assurance that the grants are scheduled for delivery.

For government grants related to expense items, related costs that grants will compensate are regularly recognized over the recognized term as revenue. Grants related to assets are calculated by deducting the amount of relevant grants from the acquisition cost of assets.

(16) Income taxes

Income taxes consist of current income taxes and deferred income taxes. Income taxes are recognized as income or expenses and included in profit or loss, except for taxes related to business combinations and taxes related to items recognized directly in equity or other comprehensive income.

Current income taxes are recognized in the amount of the expected taxes payable to or receivable from the taxation authorities. Calculation of the amount of tax is based on the tax rates and laws enacted or substantively enacted by the end of the reporting period in countries.

Deferred tax assets and liabilities are recognized for temporary differences between the carrying amounts of assets or liabilities at the end of the reporting period and its tax base, as well as for tax loss carryforwards and tax credits. Deferred tax assets and liabilities are recognized for the following temporary differences:

・Taxable temporary differences arising from initial recognition of goodwill

・Temporary differences arising from the initial recognition of assets and liabilities from transactions that are not business combination transactions, that do not affect accounting profit or taxable income (loss) at the time of the transaction, and that do not give rise to an equal amount of future additional temporary differences and future subtractive temporary differences at the time of the transaction

・Taxable temporary differences associated with investments in subsidiaries and associates where the timing of the reversal of the temporary differences will not reverse in the foreseeable future or where it is no longer probable that sufficient tax profit subject to taxable temporary difference will be available.

・Taxable temporary differences associated with investments in subsidiaries and associates where the timing of the reversal of the temporary differences can be controlled and, probably, the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Unrecognized deferred tax assets are reassessed at each reporting period. They are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate expected to apply when the assets are realized, or the liabilities are settled based on the tax rates and laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when it meets any of the following conditions: If it relates to income taxes levied by the same tax authority, if different taxable entities intend to settle current tax assets and liabilities on a net basis, or if the realization of assets and settlement of liabilities are done simultaneously.

(17) Earnings per share

Basic earnings per share are calculated by dividing profit (loss) attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period, adjusted for treasury shares held. Diluted earnings per share are calculated by adjusting the effects of all dilutive potential ordinary shares.

(18) Equity and other capital

① Common shares

Common shares issued by the Company are recognized in share capital and capital surplus at their issue price. Share issuance costs are deducted from the issue price.

② Treasury shares

When a treasury share is acquired, consideration received (including direct transaction cost) is recognized as deducted items from equity. When a treasury share is sold or re-issued, consideration received is recognized as an increase in capital. The surplus and deficit generated by this transaction are presented as capital surplus.

(19) Significant accounting policy related to Cybernic Excellence Japan Fund 1 Investment Limited Partnership

① Consolidation of Cybernic Excellence Japan Fund 1 Investment Limited Partnership by the Company

The Company is consolidating Cybernic Excellence Japan Fund 1 Investment Limited Partnership (“CEJ Fund”) for the following reasons.

The Company practically decides on the investment of CEJ Fund through its consolidated subsidiary CEJ Capital, Inc. (general partner "GP" of CEJ Fund), which gives the Company control. As a GP, CEJ Capital, Inc. receives the performance fee, and the Company gets returns based on the performance according to its contribution as a Limited Partner ("LP") of CEJ Fund. As the Company has the power over the CEJ Fund to influence the return, the Company has the control based on IFRS 10 "Consolidated Financial Statements."

Inter-company transactions such as management and performance fees to CEJ Capital, Inc., GP of CEJ Fund, to be paid from CEJ Fund are eliminated in consolidation.

② Investment by CEJ Fund

For financial instruments measured at fair value, except financial assets that are held for trading purposes that must be measured at fair value through profit or loss, for each financial instruments, the Group classifies each capital-based financial asset to either financial assets measured at fair value through profit or loss or financial assets measured at fair value through other comprehensive income. The same classification is applied continuously.

③ Contribution from Limited Partners (“LP”) to CEJ Fund

CEJ Fund will issue capital calls for its respective LP ("Capital Call")

(a) Contribution from LP other than the Company

The term of existence (up to 12 years from the effective date) is prescribed in the investment limited partnership agreement of the CEJ Fund. This agreement states that equity interests in the CEJ Fund held by LPs other than the Company (from now on, “Third-Party Investors”) that invest in CEJ Fund shall be distributed and refunded. As such, it is recorded as a liability under “Third-party interests in CEJ Fund” in the consolidated statement of financial position and classified as “financial liabilities measured at amortized cost.” The carrying amounts of the liabilities is the amount of equity vested in Third-Party Investors under the limited partnership agreement for investment, assuming that the Fund was liquidated at the end of each quarter.

“Third-party interests in CEJ Fund” are subject to change depending on payments from Third-Party Investors based on Capital Calls, distributions, and refunds to Third-Party Investors and the performance of the CEJ Fund. Changes in the performance of the CEJ Fund are included in “Gains (losses) related to CEJ Fund” in the consolidated statement of profit or loss. “Gains (losses) related to CEJ Fund” includes the costs of establishing and managing the CEJ Fund.

Contributions from Third-Party Investors are presented as "Contribution into CEJ Fund from third-party investors" under cash flows from financing activities in the consolidated statement of cash flow. Distribution and refunds to third-party investors are presented as "Distributions and redemptions from CEJ Fund into third-party investors" under cash flow from financing activities.

(b) Contribution from the Company

Contribution from the Company to CEJ Fund as an LP is eliminated in consolidation.

4. Significant accounting estimates and judgments

Preparing the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, expenses, and related disclosures. Due to the uncertain nature of estimates, in some cases, actual results may vary from initial estimates.

Management reviews the estimates and their underlying assumptions continuously. The effects of revisions to accounting estimates and assumptions are recognized from the accounting period when the estimates are revised and all accounting periods after that point.

Estimates and assumptions that significantly affect the amounts recognized in the Group's consolidated financial statements are as follows:

・ Matters concerning financial instruments (Notes "3. Significant accounting policies, (4) Financial instruments", Notes "3. Significant accounting policies, (19) Significant accounting policy related to Cybernic Excellence Japan Fund 1 Investment Limited Partnership", Notes "10. Other financial assets", "33. Financial instruments" as well as "34. CEJ Fund”

・ Impairment of non-financial assets (“Note 3. Significant accounting policies, (10) Impairment of non-financial assets)”, “13. Property, plant and equipment”, “14. Goodwill and intangible assets”, “15. Investments accounted for using equity method”)

・ Useful lives of property, plant, and equipment, estimation of residual value (Note "3. Significant accounting policies, (7) Property, plant and equipment" as well as Note "13. Property, plant and equipment")

・ Collectability of deferred tax assets (Note "16. Income taxes")

・Recognition of revenue (Note "3. Significant accounting policies, (14) Revenue", Note "25. Revenue")

・Measurement of share-based payments (Note "32. Share-based payment")

・Estimates of measurement of equity from Third-Party in CEJ Funds (Note "3. Significant accounting policies, (19) Significant accounting policy related to Cybernic Excellence Japan Fund 1 Investment Limited Partnership")

5. New standards and interpretations not yet adopted

The following are the standards and interpretations issued before the approval date for the consolidated financial statements but have not yet been adopted by the Group.

The impact of the application of these accounting standards is still being calculated.

IFRS		Mandatory effective date (start date)	Effective date for the Group	Outline of the establishment and revision
IFRS 9 IFRS 7	Modifications to the classification and measurement of financial instruments	January 1, 2026	Fiscal year ending March 31, 2027	Clarification of the classification of financial assets, addition of derecognition requirements for financial liabilities, and revision of disclosure requirements for financial assets measured at fair value through other comprehensive income
IFRS 18	Presentation and disclosure in Financial Statements	January 1, 2027	Fiscal year ending March 31, 2028	A new standard that will replace the current standard IAS 1 about presentation and disclosure in financial statements

6. Segment information

(1) Summary of reportable segments

The Group's reportable segments are the components of the Group for which discrete financial information is available and which are regularly reviewed by the Board of Directors in deciding how to allocate resources and assess their performance.

Since the Group operates under a single segment of business related to robotics, segment information is omitted.

(2) Revenue and results of reportable segments

Since the Group operates under a single segment, segment information is omitted.

(3) Information about Products and Services

Please refer to Note "25. Revenue" on information related to products and services.

(4) Geographical information

Revenue to customers and non-current assets by region consists of the following:

Revenue to customers

	Previous consolidated fiscal year (From April 1,2023 to March 31,2024)	Current consolidated fiscal year (From April 1,2024 to March 31,2025)
	Millions of yen	Millions of yen
Japan	1,457	1,319
Americas	1,521	1,565
EMEA (Europe, Middle East, Africa)	908	939
APAC	468	562
Total	4,354	4,384

(Note) Revenue is classified by country or region based on the location of customers.

Non-current assets

Since most non-current assets are in Japan, the amount of non-current assets in the consolidated financial position and information on non-current assets by geographical area are omitted.

(5) Information about major customers

(Unit: Millions of yen)

Name of customer	Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)	Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Related segments
Pertubuhan Kaselamatan Social	308	475	Business related to robots
Petroliam Nasional Berhad	440	336	Business related to robots

7. Business combination

Previous fiscal year (from April 1, 2023 to March 31, 2024)

No applicable item

Current fiscal year (from April 1, 2024 to March 31, 2025)

No applicable item

8. Cash and cash equivalents

The breakdown of Cash and cash equivalents is as follows

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
	Millions of yen	Millions of yen
Cash and cash equivalents		
Cash and deposits	5,155	6,824
Total	5,155	6,824

The balances of "Cash and cash equivalents" presented in the consolidated statements of financial position for the previous and current consolidated fiscal years are consistent with those presented in the consolidated statements of cash flows.

9. Trade and other receivables

Trade and other receivables consist of the following:

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
	Millions of yen	Millions of yen
Accounts receivable-trade	663	622
Accounts receivable-other	34	196
Allowance for doubtful accounts	-23	-18
Total	674	800

Trade and other receivables are classified into the financial assets measured at amortized cost.

10. Other financial assets

(1) Other financial assets

Breakdown of other financial assets are as follows:

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
	Millions of yen	Millions of yen
Other financial assets		
Financial assets measured at amortized cost：		
Bonds	11,500	7,984
Leasehold and guarantee deposits	89	89
Other	22	266
Financial assets measured at fair value through profit or loss：		
Equity securities	9,276	11,999
Convertible bonds	4,266	1,853
Other	11	11
Financial assets measured at fair value through other comprehensive income：		
Equity securities	1,154	1,164
Total	26,318	23,366
Current assets	11,504	8,033
Non-current assets	14,814	15,333
Total	26,318	23,366

(2) Financial assets measured at fair value through other comprehensive income

Names and fair values of major financial assets measured at fair value through other comprehensive income are as follows:

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
Trading name	Millions of yen	Millions of yen
Listed		
Kringle Pharma, Inc.	105	175
Cyfuse Biomedical K.K.	69	－
Total	174	175
Non-listed		
WHILL, Inc.	626	626
Materials Innovation Tsukuba Co, Ltd.	100	100
Other	254	263
Total	980	990

As equity securities are held mainly to strengthen relationships with investees, the shares are considered financial assets measured at fair value through other comprehensive income.

No dividend income was recognized from financial assets measured at fair value through other comprehensive income in the previous or current consolidated fiscal year.

11. Inventories

Breakdown of Inventories are as follows:

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
	Millions of yen	Millions of yen
Merchandise and finished goods	259	264
Work in process	75	31
Raw materials	663	628
Total	997	923

The inventories recognized as expenses and included in the cost of sales for the previous consolidated fiscal year and the current consolidated fiscal year were ¥377 million and ¥401 million, respectively.

Loss on devaluation of inventory recognized as expenses and included in the cost of sales for the previous consolidated fiscal year and current consolidated fiscal year were ¥7 million and ¥12 million, respectively.

12. Other assets

Breakdown of Other assets are as follows:

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
	Millions of yen	Millions of yen
Other current assets		
Prepaid expenses	121	154
Consumption taxes receivable	3	10
Other	15	13
Total	139	177
Other non-current assets		
Long-term prepaid expenses	55	46
Total	55	46

13. Property, plant and equipment

(1) Change in property, plant and equipment

The following tables present changes in acquisition costs, accumulated depreciation, impairment losses, and carrying amounts of property, plant and equipment.

Acquisition costs	Operating lease assets	Property plant and equipment						Total
		Land	Buildings and structures	Tools, furniture and fixtures	Other	Construction in progress	Subtotal	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2023	1,384	9,872	4,083	1,583	276	461	16,276	17,660
Acquisition	117	—	3	83	7	9	103	220
Sales and disposals	-22	—	—	-6	—	—	-6	-28
Exchange differences on translation of foreign operations	—	—	4	23	1	—	28	28
Other	—	—	—	—	—	-4	-4	-4
March 31, 2024	1,479	9,872	4,090	1,683	285	467	16,397	17,877
Acquisition	168	—	118	173	7	1	299	467
Sales and disposals	-109	—	-5	-23	-1	—	-29	-139
Exchange differences on translation of foreign operations	—	—	-3	27	-0	—	24	24
Other	—	—	—	-2	-4	-4	-10	-10
March 31, 2025	1,538	9,872	4,200	1,857	286	465	16,681	18,220

Accumulated depreciation and impairment losses	Operating lease assets	Property plant and equipment						Total
		Land	Buildings and structures	Tools furniture and fixtures	Other	Construction in progress	Subtotal	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2023	-954	—	-1,279	-1,325	-266	—	-2,870	-3,823
Depreciation	-168	—	-167	-104	-5	—	-276	-444
Sales and disposals	2	—	—	5	—	—	5	7
Exchange differences on translation of foreign operations	—	—	-3	-17	-0	—	-20	-20
March 31, 2024	-1,120	—	-1,449	-1,440	-271	—	-3,161	-4,280
Depreciation	-145	—	-169	-172	-5	—	-346	-491
Sales and disposals	79	—	0	7	1	—	8	87
Exchange differences on translation of foreign operations	—	—	1	—	0	—	1	1
Other	—	—	—	2	0	—	2	2
March 31, 2025	-1,186	—	-1,617	-1,604	-274	—	-3,495	-4,681

(Note) Depreciation of property, plant and equipment is included in the cost of sales, research and development expenses and other selling, general and administrative expenses in the consolidated statement of income.

Carrying amounts	Operating lease assets	Property plant and equipment						Total
		Land	Buildings and structures	Tools furniture and fixtures	Other	Construction in progress	Subtotal	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2023	430	9,872	2,804	258	11	461	13,406	13,837
March 31, 2024	359	9,872	2,640	243	14	467	13,237	13,596
March 31, 2025	353	9,872	2,583	253	12	464	13,186	13,539

(2) Impairment loss

As the Company has continued to record negative operating results, indications of impairment have been identified for the cash-generating unit to which the head office group (comprising the head office, production facilities, and research and development facilities) belongs. This unit includes operating lease assets of ¥353 million, property, plant and equipment of ¥4,200 million, right-of-use assets of ¥96 million, and intangible assets of ¥18 million. In conducting the impairment test, the recoverable amount has been measured based on value in use. The value in use is calculated as the present value of estimated future cash flows. These future cash flows are based on business plans approved by management, and for periods beyond the scope of those plans, a growth rate is estimated taking into account future uncertainties. The discount rate (8.9% in the previous fiscal year and 11.9% in the current fiscal year) is determined based on the weighted average cost of capital.

The key assumption in estimating value in use is the projection of future cash flows. These future cash flows are primarily influenced by factors such as the timing and likelihood of obtaining regulatory approval and insurance reimbursement for medical devices, the projected number of adopting facilities, and expected selling prices.

These projections involve a high degree of uncertainty and may have a significant impact on the estimation of value in use.

No impairment losses were recognized in either the previous or the current consolidated fiscal year.

14. Goodwill and intangible assets

(1) The following tables present changes in acquisition costs, accumulated amortization and impairment losses, and carrying amounts of intangible assets.

Acquisition cost	Goodwill	Intangible assets				
		Customer-related assets	Software	Patents	Other	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2023	2,531	77	173	20	19	289
Acquisition	—	—	—	—	0	0
Acquisition through business combination	—	—	—	—	—	—
Sales and disposals	—	—	—	—	—	—
Exchange difference on translation of foreign operations	250	3	0	—	2	5
Other	—	—	—	—	—	—
March 31, 2024	2,781	81	173	20	21	294
Acquisition	—	—	16	—	2	18
Acquisition through business combination	—	—	—	—	—	—
Sales and disposals	—	—	-7	—	-1	-8
Exchange difference on translation of foreign operations	-23	-0	—	—	-0	-0
Other	-345	—	—	—	—	—
March 31, 2025	2,413	81	182	20	22	303

Accumulated amortization and impairment losses	Goodwill	Intangible assets				
		Customer-related assets	Software	Patents	Other	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2023	—	-27	-156	-19	-6	-209
Amortization	—	-11	-6	-0	-3	-20
Impairment losses	-643	-17	—	—	—	-17
Sales and disposals	—	—	—	—	—	—
Exchange difference on translation of foreign operations	—	-0	—	—	-0	-1
Other	-4	—	—	—	—	—
March 31, 2024	-647	-55	-162	-20	-9	-247
Amortization	—	-5	-6	—	-3	-14
Impairment losses	-175	—	—	—	—	—
Sales and disposals	—	—	—	—	—	—
Exchange difference on translation of foreign operations	—	3	—	—	-0	2
Other	175	—	—	—	—	—
March 31, 2025	-647	-58	-168	-20	-13	-259

(Note) Amortization of intangible assets is included in the cost of sales, research and development expenses and other selling, general and administrative expenses in the consolidated statement of income.

Carrying amount	Goodwill	Intangible assets				
		Customer-related assets	Software	Patents	Other	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2023	2,531	50	17	0	13	80
March 31, 2024	2,134	26	10	—	12	48
March 31, 2025	1,766	22	14	—	9	45

(2) Significant goodwill

The carrying amounts of goodwill recognized in the Group's consolidated statement of financial position for the previous and current fiscal years are as follows. Goodwill from business combinations is allocated to the cash generating units that will benefit from the business combination at the acquisition date.

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
	Millions of yen	Millions of yen
RISE Healthcare Group,Inc.	1,731	1,709
LeyLine GmbH	347	—
Other	57	57
Total	2,134	1,766

(3) Impairment test of goodwill

The Group tests goodwill for impairment each period and whenever there is an indication of impairment. The recoverable amount of the impairment test is based on a value in use. Value in use is calculated as the discounted present value of estimated future cash flows based on business plans and growth rates for the next five years, reflecting past performance and future projections.

The discount rates used to calculate the value in use of the cash-generating units to which significant goodwill was allocated for RISE Healthcare Group, Inc. in the current consolidated fiscal year and the previous consolidated fiscal year were 9.8% and 12.3% respectively. The growth rate is determined by considering the average long-term growth rate in the market or the country to which the cash generating unit belongs.

These projections are subject to a high degree of uncertainty and can significantly impact value-in-use estimates. No impairment loss on goodwill was recognized in the previous fiscal year.

In the previous fiscal year, based on a review of the future recoverability of fixed assets such as goodwill and other assets of the Group's consolidated subsidiaries, such as C2, Inc. an impairment loss of ¥660 million (including ¥643 million for goodwill and ¥17 million for intangible assets) was recorded under "Other expenses" in the consolidated statements of profit or loss.

In the current consolidated fiscal year, the recoverability of goodwill related to the consolidated subsidiary LeyLine GmbH (“LeyLine”) was assessed, and an impairment loss of ¥175 million was recognized under “Other expenses” in the consolidated statement of profit or loss.

This impairment loss was recorded as the expected profitability initially anticipated at the time of acquisition was no longer achievable, resulting in a write-down of the carrying amount of goodwill and related assets to their recoverable amount.

In other cases, although there is a risk of impairment if the assumptions used in the impairment testing were to change, the value in use is well over the carrying amount of the cash-generating unit group concerned. It is considered unlikely that the value in use would be less than the carrying amount, even if the assumptions used in the impairment testing changed within a reasonably foreseeable range.

15. Investments accounted for using the equity method

Investments in associates are accounted for using equity method in the Group's consolidated financial statements.
No associates or jointly controlled companies are individually material for the Group.

(1) Investments in associates

The carrying amount of investments in associates that are not individually material is as follows:

	Previous fiscal year (March 31,2024)	Current fiscal year (March 31,2025)
	Millions of yen	Millions of yen
Total carrying amount	0	0

The share of other comprehensive income for the period attributable to individually immaterial associates is as follows:

	Previous fiscal year (From April 1,2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31,2025)
	Millions of yen	Millions of yen
The Group’s share of profit	—	—
The Group’s share of other comprehensive income	—	—
The Group’s share of comprehensive income	—	—

(2) Investments in a jointly controlled company

The carrying amount of investments in jointly controlled companies that are not individually material is as follows:

	Previous fiscal year (March 31,2024)	Current fiscal year (March 31,2025)
	Millions of yen	Millions of yen
Total carrying amount	261	243

Changes in the Group's share of profit and other comprehensive income of jointly controlled companies that are not individually material are as follows:

	Previous fiscal year (From April 1,2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31,2025)
	Millions of yen	Millions of yen
The Group’s share of profit	21	-17
The Group’s share of other comprehensive income	—	—
The Group’s share of comprehensive income	21	-17

16. Income taxes

(1) Deferred tax assets and liabilities

Breakdown of deferred tax assets and liabilities for different significant causes of occurrence are as follows

Previous consolidated fiscal year (April 1, 2023 to March 31, 2024)

	April 1, 2023	Recognized through profit or loss	Recognized through comprehensive income	March 31, 2024
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Deferred tax assets				
Loss carried forward	93	12	―	106
Other	21	15	―	36
Total	114	27	―	142
Deferred tax liabilities				
Financial assets measured at fair value through profit or loss	1,287	535	―	1,822
Financial assets measured at fair value through other comprehensive income	244	―	-58	185
Property, plant and equipment	37	-5	―	33
Other	9	-9	―	0
Total	1,577	521	-58	2,040

Current consolidated fiscal year (April 1, 2024 to March 31, 2025)

	April 1, 2024	Recognized through profit or loss	Recognized through comprehensive income	March 31, 2025
Deferred tax assets	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Loss carried forward				
Other	106	320	―	426
Total	36	△6	―	29
Deferred tax liabilities	142	314	―	455
Financial assets measured at fair value through profit or loss				
Financial assets measured at fair value through other comprehensive income	1,822	111	―	1,932
Property, plant and equipment	185	―	28	213
Other	33	23	―	56
Total	0	△0	―	0
Deferred tax assets	2,040	134	28	2,202

As of the end of the previous and current consolidated fiscal years, deferred tax assets attributable to taxable entities that incurred a loss in the respective fiscal years amounted to ¥142 million and ¥455 million, respectively. These deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profit will be available within the carryforward period of tax losses under the tax laws of the respective jurisdictions.

The details of tax loss carryforwards and deductible temporary differences for which deferred tax assets have not been recognized are as follows:

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
	Millions of yen	Millions of yen
Tax losses carryforwards	6,300	6,271
Deductible temporary differences	4,645	4,070
Total	10,944	10,341

(Note) The tax loss carryforwards and deductible temporary differences are stated at amounts based on taxable income.

The scheduled expiration of tax loss carryforwards for which deferred tax assets have not been recognized is as follows:

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
	Millions of yen	Millions of yen
First year	595	503
Second year	503	475
Third year	474	587
Fourth year	598	1,726
Fifth year and onwards	4,129	2,980
Total	6,300	6,271

The aggregate amounts of taxable temporary differences associated with investments in subsidiaries and associates for which deferred tax liabilities were not recognized at the previous and current consolidated fiscal year were not material.

The Group did not recognize deferred tax liabilities for these temporary differences because it could control the timing of the reversal of these temporary differences, and it was probable that the temporary difference would not reverse in the foreseeable future.

(2) Income tax expense Income tax expense consists of the following:

	Previous fiscal year (From April 1,2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31,2025)
	Millions of yen	Millions of yen
Current taxes	6	7
Deferred taxes	501	-181
Total	507	-174

(3) Reconciliation of effective tax rate

The details of the difference between the effective statutory tax rate and the Group's average tax rate consist of the following:

	Previous fiscal year (From April 1,2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31,2025)
	%	%
The effective statutory tax rate	34.26	34.26
Non-deductible expenses for tax purposes	-0.15	-0.06
Non-deductible income taxes	-0.11	-0.56
Inhabitant tax equalization rate	-0.51	-0.66
Differences in overseas tax rate	-2.80	-13.20
Unrecognized differed tax asset	-54.53	-14.95
Share of profit (loss) of investments accounted for using equity method	0.62	0.67
Gain (losses) related to CEJ Fund	-20.63	18.39
Other	-0.58	-4.15
Average actual tax rate	-44.43	19.74

Income tax, inhabitant tax, and business tax are the main components of income tax expense imposed on the Group. Based on those taxes, the effective statutory tax rate was 34.26% in the previous consolidated fiscal year and 34.26% in the current consolidated fiscal year. Foreign subsidiaries are subject to income taxes in the countries where they are located.

Following the enactment of the “Act Partially Amending the Income Tax Act, etc.” (Act No. 13 of 2025) by the National Diet on March 31, 2025, the “Defense Special Corporate Tax” will be imposed starting from consolidated fiscal years beginning on or after April 1, 2026.

Accordingly, for deferred tax assets and deferred tax liabilities related to temporary differences expected to reverse in fiscal years beginning on or after April 1, 2026, the statutory effective tax rate has been revised from 34.26% to 35.11%.

The impact of this change is immaterial.

17. Bonds and borrowings

Bonds and borrowings consist of the following:

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)	Average interest rate	Repayment period
	Millions of yen	Millions of yen	%	
Short-term loans payables	80	16	0.00	—
Long-term loans payable due within one year	5	6	1.24	—
Long-term loans payable	22	15	1.32	2026 to 2027
Total	106	38	—	—
Current liabilities	84	22	—	—
Non-current liabilities	22	15	—	—
Total	106	38	—	—

18. Leases

(1) Leases as lessee

As a lessee, the Group primarily leases land and buildings for a contractual term of 2 to 20 years. The Group has no covenants such as restrictions on renewable options, purchase options, escalation clauses, and lease contracts.

Breakdown of gains (losses) related to leases are as follows:

	Previous fiscal year (From April 1,2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31,2025)
	Millions of yen	Millions of yen
Depreciation of right-of-use assets		
Land and buildings	168	166
Tools, furniture and fixtures	5	—
Total	174	166
Interest expense on lease liabilities	16	15
Short-term lease expenses	205	88
Lease expenses under small assets	0	0
Variable lease payments (note)	6	6

(Note) This item is expenses related to variable lease payments that are not included in the measurement of lease liabilities

Breakdown of carrying amount of right-of-use asset are as follows:

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
	Millions of yen	Millions of yen
Right-of-use-assets		
Land and buildings	482	362
Total	482	362

The increase in right-of-use assets for the previous and current fiscal years was ¥75 million and ¥1 million, respectively.

The total amount of cash outflows related to leases for the previous and current consolidated fiscal year was ¥174 million and ¥161 million, respectively.

The maturity analysis of lease liabilities is presented in Note “33. Financial Instruments (2) Risk management for financial instruments ② Liquidity risk management.”

(2) Operating leases (as lessor)

As a lessor, the Group leases products such as HAL. The Group has no covenants such as restrictions on renewable options, purchase options, escalation clauses, or lease contracts.

As a lessor of operating leases, the Group leases HAL, etc. The risk of the underlying asset is reduced by conducting monitoring via the Internet and designating the place of use in the contract.

Lease income for the previous and current consolidated fiscal year was ¥1,493 million and ¥1,582 million, respectively.

The total future minimum lease payment under non-cancellable operating lease contracts consists of the following:

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
	Millions of yen	Millions of yen
Within one year	1,189	1,397
One to two years	625	733
Two to three years	368	553
Three to four years	239	363
Four to five years	45	183
Total	2,466	3,230

(3) Finance lease (as lessor)

In cases where the Group acts as a lessor of right-of-use for devices such as HAL, if the lease transfers substantially all the risks and reward of ownership to the lessee, the Group classifies such lease as a financial lease.

As a lessor of finance leases, the Group leases HAL, etc. The risk of the underlying asset is reduced by conducting monitoring via the Internet and designating the place of use in the contract.

As the Group manufactures devices such as HAL, the Group recognizes the revenue from the asset as an asset transferred at a point of time in the same way the Group recognizes regular purchase transactions and the profit from sales under finance leases for the previous consolidated fiscal year and the current consolidated fiscal year was ¥48 million and ¥1 million respectively. As finance income and variable lease payments on the net investment in leases based on finance lease contracts do not occur, the related statement is omitted.

19. Trade and other payables

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
	Millions of yen	Millions of yen
Accounts payable-trade	83	99
Accounts payable-other	243	159
Advance received	280	274
Total	606	533
Current liabilities	606	533
Non-current liabilities	—	—
Total	606	533

Trade and other payables are classified into the financial liabilities measured at amortized cost.

20. Employee benefits

The Company and certain subsidiaries adopted defined contribution pension plans covering substantially all of their employees' retirement benefits. Defined contribution pension plans are exposed to general investment risk, interest rate risk, inflation risk, etc., but are judged to be immaterial.

The amount recognized as an expense for the defined contribution pension plan for the previous and current consolidated fiscal year was ¥48 million and ¥49 million, respectively.

21. Provisions

Breakdown of changes in provisions are as follows:

	Asset retirement obligations
	Millions of yen
April 1, 2023	96
Increase during the period	—
Interest expense from discounting	—
Decrease during the period (other)	—
March 31, 2024	96
Increase during the period	96
Interest expense from discounting	—
Decrease during the period (other)	—
March 31, 2025	193

Asset retirement obligations are provided based on or under reasonably estimated future expenditures using historical experience and other factors when the Group has a legal or contractual obligation to restore buildings and land to their original condition. The timing of expenditures is affected by future business plans and other factors.

Breakdown of provisions are as follows:

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
	Millions of yen	Millions of yen
Current liabilities	—	—
Non-current liabilities	96	193
Total	96	193

22. Other liabilities

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
	Millions of yen	Millions of yen
Other current liabilities		
Accrued bonuses	—	22
Accrued vacation payable	45	47
Accrued expenses	66	62
Accrued consumption taxes	24	23
Deposits received	54	26
Other tax liabilities	103	128
Other	95	77
Total	386	384
Other non-current liabilities		
Other	30	43
Total	30	43

23. Share capital and other equity items

(1) Total numbers of authorized shares and issued shares The total numbers of authorized shares and issued shares are as follows.

	Previous fiscal year (From April 1,2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31,2025)
	Shares	Shares
Number of authorized shares：(Note)		
Common Shares	618,300,000	618,300,000
Class B Shares	77,700,000	77,700,000
Total	696,000,000	696,000,000
Number of issued shares：		
Common Shares：		
Balance at beginning of period	137,445,809	137,445,809
Changes during the period	—	—
Balance at end of period	137,445,809	137,445,809
Class B Shares：		
Balance at beginning of period	77,700,000	77,700,000
Changes during the period	—	—
Balance at end of period	77,700,000	77,700,000

(Note) Information concerning authorized shares is as follows:

1. Information concerning the Common Shares and Class B shares scheme is defined by the Company's Articles of Incorporation, and its details are set forth below.

(i) Dividends of surplus and distribution of residual assets

Common Shareholders and Class B Shareholders will receive the same amount of distribution of surplus per share in the same rank.

(ii) Voting rights

Common and Class B Shareholders can exercise their voting rights for all items resolved at the Meeting of Shareholders.

(iii) Restriction on the transfer of Class B Shares

Approval of the Board of Directors is required upon transfer of Class B Share. However, suppose Class B Shares are transferred to Class B Shareholders. In that case, it will be deemed that the Board of Directors approved the transfer according to Article 136 or Article 137, Paragraph 1 of the Companies Act.

(iv) Cases where resolution of the Meeting of Class Shareholders is not required

Upon conducting acts stated in the items of Article 322, Paragraph 1 of the Companies Act, unless otherwise indicated by related law or the Company's Articles of Incorporation, resolution of General Meeting of Class Shareholders for Common Shares shall not be required.

(v) Put option

Holders of Class B Shares may request that the Company acquire Class B Shares held by such shareholders, in whole or in part, at any time. One Common Share shall be delivered to such shareholders in exchange for acquiring one Class B Share.

(vi) Compulsory conversion

a. Upon the occurrence of any event described below, all outstanding Class B Shares shall be acquired, either at the date stated below or any date before if designated by the Board of Directors. In these cases, one Common Share shall be delivered to such shareholders in exchange for acquiring one Class B Share.

① A resolution at the General Meeting of Shareholders (or the Board of Directors of the Company if a resolution at the General Meeting of Shareholders is not required) for (a) a merger of the Company into any other corporation, (b) share exchange by which the Company becomes a wholly-owned subsidiary of another corporation or (c) share transfer that is effected jointly with any other corporation is passed, and the day before the effective date of such merger, share exchange or share transfer has occurred.

② As a result of a tender offer, if the offeror holds three-quarters or more of the total number of the
Company's outstanding shares and 90 days have passed after the tender offer report regarding such tender offer was filed.
"Hold," "offeror," and "tender offer report" means hold, offeror, and tender offer report, defined in
Chapter II-2, Section 1 of the Financial Instruments and Exchange Act. In addition, "tender offer" means tender offer described in Article 27-3 Paragraph 1 of the Financial Instruments and Exchange Act.

③ Consent (a "Shareholders' Consent") is obtained for the acquisition by the Company of all of the Company's outstanding Class B Shares in exchange for the same number of Common Shares in a confirmation process (the "Shareholders' Confirmation Process") and 90 days have passed since then. Under the Company's Article of Incorporation, the Shareholders' Confirmation Process must be implemented (a) before the conclusion of the General Ordinary Meetings of the Shareholders for the last fiscal year which ends within one year from the time of retirement of Yoshiyuki Sankai, the President and CEO of the Company, from a member of the Board of Directors and (b) before the conclusion of the General Ordinary Meeting of the Shareholders for the last fiscal year which ends within five years from the time of the last Shareholders' Confirmation Process. Under the Company's Article of Incorporation, the quorum for a Shareholders' Consent is one-third of the total number of voting rights of the shareholders who are entitled to exercise their voting rights (100 shares constitute one unit of both Common Shares and Class B Shares for the calculation. Same calculation shall be applied for the entire item a-3) and the consent of at least two-thirds of the voting rights represented in the Shareholders' Confirmation Process is required for a Shareholders' Consent.

b. Suppose any of the following events occur to Class B Shareholders. In that case, the Company will, on the date prescribed in Article 170, item 1, acquire Class B Shares specified in each item and deliver one share of Common Share to said Class B Shareholders in exchange for one share of Class B Shares.

① When the Company is requested to approve the transfer of Class B Shares from a Class B Shareholder to someone else, according to Article 136 or Article 137 of the Companies Act, the requested number of Class B Shares will be exchanged for Common Shares

② When a holder of the Class B Shares dies, and 90 days pass without succession or transfer to any other holder of the Class B Shares, all Class B Shares held by such departed shareholder will be exchanged to Common Share

(vii) Share split and share consolidation, etc.

a. When the Company splits or consolidates its Common Shares or Class B Shares, the Company shall split or consolidate its other share type at the same ratio simultaneously.

b. When the Company allocates subscribed shares to Common Shareholders or Class B Shareholders, the
Company shall simultaneously allocate shares to the shareholders of another share type at the same ratio.

c. When the Company allocates stock acquisition rights to Common Shareholders or Class B Shareholders, the Company shall allocate stock acquisition rights to shareholders of another share type at the same ratio simultaneously.

d. When the Company distributes shares for free to Common Shareholders or Class B Shareholders, the Company shall distribute shares for free to shareholders of another share type at the same ratio simultaneously.

e. When the Company distributes stock acquisition rights for free to Common Shareholders or Class B Shareholders, the Company shall distribute stock acquisition rights for free to shareholders of another share type at the same ratio simultaneously.

f. When the Company transfers its shares (excluding cases where the share transfer is conducted together with other companies), the Company shall substitute the shares held by shareholders with the shares of the new company set up after the transfer, granting shareholders the same numbers of shares and the same class of shares at the same ratio.

g. When the Company plans to change its calculation of share units stated in the Articles of Incorporation, it shall be executed at the exact timing and the same ratio.

2. Class B Shares differ from Common Shares in traded units. Common Shares are traded in units of 100 shares, and Class B Shares are traded in units of 10 shares. This scheme that grants ten times as many voting rights to Class B Share was adopted to has been adopted to concentrate the voting rights to Yoshiyuki Sankai and the foundations of which Yoshiyuki Sankai serves as Representative Director (from now on referred to collectively as "the Foundation") so that the Group's innovative technologies can be used solely for peaceful purpose and avoid being used for non-peaceful purposes such as lethal weaponry in the military industry (the scheme involving the Company's Class B Shares is hereafter referred to as "Scheme").

   Furthermore, the Group has a vision for the future to create a human-assistive industry. This new industrial field will support people by solving emerging issues associated with the aging population and declining birthrate. To realize this vision, the Group must promote business management and research and development of Cybernics at the same time. Yoshiyuki Sankai is the creator of Cybernics Technologies and is still a central figure in the research of this new field of academia. He is also a business leader who seeks to make this innovative technology widely available for the benefit of society. For the Group to increase corporate value (i.e., the common interest of shareholders), Yoshiyuki Sankai must be a stable leadership figure in the management of the Company in the future. This scheme has been adopted to ensure he remains so.

3. To preserve the continuity of this Scheme, Yoshiyuki Sankai plans on transferring part of the Class B Shares he holds as of this submission date to the Foundation at no cost. Furthermore, there are no plans for the Foundations to release the Class B Shares in their possession.

   As a shareholder of Class B Shares, the Foundations established guidelines on exercising their voting rights to prevent the Group's technologies from being used to harm people or create military weapons, damaging the Group's corporate value.

   The Foundations will exercise their voting rights related to the Class B Shares they hold against resolutions in the General Meetings of Shareholders and General Meeting of Class Shareholders in the cases stated below. Furthermore, a resolution of the board meeting of the Foundations will be required to alter these guidelines. The Foundation will announce any changes to the guideline with a communication method they choose:

   a. In case of resolutions for dismissal or appointment of Directors that may lead to the misuse of the Group's advanced technology or damage the Group's corporate value
   b. In case of other resolutions, which may lead to the misuse of the Group's advanced technology or damage the Group's corporate value

(2) Treasury shares

The changes in treasury shares are as follows

	Number of shares	Amount
	Shares	Millions of yen
April 1, 2023	4,011,673	1,188
Change during the year	2,901	0
March 31, 2024	4,014,574	1,188
Change during the year	179	0
March 31, 2025	4,014,753	1,188

(Note) This increase is due to the purchase of shares less than one unit.

(3) Capital surplus

The Companies Act stipulates that over half of the capital contributed from the issue of shares must be included in share capital and that the remainder must be included in the legal capital surplus. Moreover, the legal capital surplus may be included in share capital by resolution of the General Meeting of Shareholders.

(4) Retained earnings

The Companies Act stipulates that an amount equal to one-tenth of dividends must be appropriated as a legal capital surplus or legally retained earnings until the aggregate amount of legal capital surplus and legal retained earnings equals a quarter of share capital. Legal retained earnings may be appropriated to reduce a deficit and reversed by resolution of the General Meeting of Shareholders.

24. Dividends

Dividends paid are as follows:

Previous consolidated fiscal year (From April 1, 2023 to March 31,2024)

There are no items to report.

Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)

There are no items to report.

Dividends with an effective date after the fiscal year ended are as follows:

Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)

There are no items to report.

Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)

There are no items to report.

25. Revenue

(1) Decomposition of revenue

Breakdown of the decomposition of revenue are as follows.

	Previous fiscal year (From April 1,2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31,2025)
	Millions of yen	Millions of yen
Timing of revenue recognition		
Service transferred over time	2,301	2,178
Asset transferred at a point of time	273	411
Service transferred at a point of time	1,779	1,795
Total	4,354	4,384

(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, maintenance income based on the maintenance contract of finance lease income where the Group acts as a lessor of the right-of-use asset, and subscription fees from the provision, operation of smartphone applications, and sponsor revenue.

The Group recognizes rental income as income generated throughout the rental period after the customer accepts the relevant product using the following methods. The pay-per-use model is based on times of product usage each month, and the base fee model is based on the fixed monthly price.

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

The Group recognizes usage fee revenue from the provision and operation of smartphone applications over time, as services are provided through the applications over a fixed period.

The Group recognizes sponsorship revenue over time by entering into a title sponsorship agreement and providing rights, etc., that allow the sponsor to be represented as a sponsor over the term of the agreement.

Asset transferred at a point of time

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

The Group mainly determines the performance obligation of commodities sales and when the customer accepts the relevant product. The Group receives most of the payment within one month from the point of satisfying the performance obligation. Regarding the 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 the right-of-use of its devices, such as HAL, it classifies the relevant lease as a 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 Group recognizes the revenue simultaneously.

Service transferred at a point of time

Service transferred at a point of time includes revenue from offering Cybernics Treatment and training services at Cybernics Treatment Center and Robocare Centers to end users (such as patients). It also includes revenue received for providing outcomes of consigned development projects.

The Group determines that the performance obligation of Cybernics Treatment and training services are satisfied at the completion point of such services. The Group determines that the performance obligation of providing outcomes of consigned development projects is satisfied when the customer inspects and accepts the outcome.

(2) Changes in the contract

Breakdown of receivables and contract liabilities from contracts with customers are as follows:

	Accounts receivable arising from contracts with customers	Advances received on contractual liabilities
	Millions of yen	Millions of yen
April 1, 2023	530	346
March 31, 2024	663	280
March 31, 2025	622	274

(Note) The amount of revenue recognized from the balance of advances received in the previous consolidated fiscal year and the current consolidated fiscal year was ¥161 million and ¥174 million, respectively. In addition, the amount of revenue recognized from performance obligations satisfied in prior periods was not material for the previous and current consolidated fiscal year.

(3) Transaction price allocated to remaining performance obligations

Recognition of revenue arising from maintenance contracts that occur incidental to sales of commodities are as follows:

	Previous fiscal year (From April 1,2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31,2025)
	Millions of yen	Millions of yen
With in one year	29	41
More than 1 year and up to 5 years	27	46
Total	55	87

26. Selling, general and administrative expenses

Breakdown of other selling, general and administrative expenses are as follows:

	Previous fiscal year (From April 1,2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31,2025)
	Millions of yen	Millions of yen
Personnel expenses	1,219	1,086
Taxes and dues	65	67
Commission expenses	439	405
Depreciation	365	305
Advertising expenses	217	62
Other	946	880
Total	3,251	2,804

Personnel expenses included in the cost of sales, research and development, and other selling, general and administrative expenses in the consolidated statement of profit or loss for the previous consolidated fiscal year and the current consolidated fiscal year were ¥1,735 million and ¥1,576 million, respectively.

27. Other income and other expenses

Breakdown of other income are as follows:

	Previous fiscal year (From April 1,2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31,2025)
	Millions of yen	Millions of yen
Grants	1	—
Consigned research income	222	603
Foreign exchange gains	75	35
Other	126	127
Total	424	765

(note) Contract research income primarily includes government grants for research and development

Breakdown of other expenses are as follows:

	Previous fiscal year (From April 1,2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31,2025)
	Millions of yen	Millions of yen
Impairment losses	660	175
Miscellaneous losses	41	6
Other	5	14
Total	707	195

28. Financial income

Breakdown of financial income are as follows:

	Previous fiscal year (From April 1,2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31,2025)
	Millions of yen	Millions of yen
Interest income：		
Financial assets measured at amortized cost	25	45
Financial assets measured at fair value through profit or loss	363	489
Exchange gain	155	5
Total	543	539

29. Other comprehensive income

The amount incurred during the fiscal year, reclassifications to profit or loss and tax effects, including non-controlling interests for each item of other comprehensive income, are as follows:

	Previous fiscal year (From April 1,2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31,2025)
	Millions of yen	Millions of yen
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income		
Gains (losses) arising for the year	-90	68
Tax effects	31	—
Financial assets measured at fair value through other comprehensive income	-59	68
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations		
Gains (losses) arising for the year	231	29
Reclassifications	—	—
Before tax	231	29
Tax effects	—	—
Exchange differences on translation of foreign operations	231	29
Total of other comprehensive income	172	97

30. Earning per share

(1) The basis for calculating basic earnings per share

	Previous fiscal year (From April 1,2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31,2025)
Gain (loss) attributable to owners of parent (Millions of yen)	-1,476	-577
Gain not attributable to common shareholders of the parent (Millions of yen)	—	—
Gain (loss) used to calculate basic earnings per share (Millions of yen)	-1,476	-577
Weighted average number of common shares and shares equivalent to common shares (Shares)	211,131,236	211,131,120
Basic earnings (loss) per share (Yen)	-6.99	-2.73

(2) The basis for calculating diluted earnings per share

	Previous fiscal year (From April 1,2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31,2025)
Gain (loss) used to calculate basic earnings per share(Millions of yen)	-1,476	-577
Adjustments to loss (Millions of yen)	—	—
Gain (loss) used to calculate diluted earnings per share (Millions of yen)	-1,476	-577
Weighted average number of common shares and shares equivalent to common shares (Shares)	211,131,236	211,131,120
Adjustment (Note)	—	—
Weighted average number of diluted common shares and shares equivalent to common shares (Shares)	211,131,236	211,131,120
Diluted earnings (loss) per share (Yen)	-6.99	-2.73

(Note) Summary of potential shares not included in the calculation of diluted earnings per share as it does not have dilutive effects

	Previous fiscal year (From April 1,2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31,2025)
	Shares	Shares
2015 1st Series Stock Option of CYBERDYNE, INC.	(Common Shares) 7,800	(Common Shares) 7,800
2016 1st Series Stock Option of CYBERDYNE, INC.	(Common Shares) 4,600	(Common Shares) 4,600
2017 1st Series Stock Option of CYBERDYNE, INC.	(Common Shares) 10,500	(Common Shares) 10,500

31. Cash flow information

Changes in liabilities arising from financing activities are as follows:

Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)

	April 1, 2023	Fluctuations accompanied by cash flows	Fluctuations not accompanied by cash flows				March 31, 2024
			Change in scope of consolidation	Exchange fluctuation	New lease	Other	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Short-term loans payable	73	-0	—	7	—	-1	80
Long-term loans payable (Note)	36	-10	—	—	—	—	26
Lease liabilities	559	-174	—	36	100	5	526
Third-party interests in CEJ Fund	4,792	680	—	—	—	261	5,733
Total	5,461	496	—	43	100	265	6,365

(Note) Includes Long-term loans payable due within one year

Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)

	April 1, 2024	Fluctuations accompanied by cash flows	Fluctuations not accompanied by cash flows				March 31, 2025
			Change in scope of consolidation	Exchange fluctuation	New lease	Other	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Short-term loans payable	80	4	-64	-3	—	—	16
Long-term loans payable (Note)	26	-5	—	—	—	—	22
Lease liabilities	526	-161	—	-3	—	36	397
Third-party interests in CEJ Fund	5,733	—	—	—	—	-568	5,165
Total	6,365	-162	-64	-6	—	-533	5,600

(Note) Includes Long-term loans payable due within one year

32. Share-based payments

(1) Outline of share-based payments

The Company adopted an equity-settled share-based payment (stock option) and shares with restrictions on transfer as remuneration for the Company employees.

The stock option is allotted to an external consultant to boost their motivation and morale towards the Company's corporate value growth. The stock option is issued based on the resolution at the Meeting of Shareholders and approval by the Meeting of the Board of Directors of the Company. The allotment contract determines the exercise period of the stock acquisition rights included in the stock option. If the stock acquisition rights are not exercised by the holder of the stock acquisition rights during this period, stock acquisition rights will lose their effect. Shares with restrictions on transfer as remuneration for the Company employees are allotted to the Company employees to boost their motivation and morale towards the growth of the Company's corporate value. The Meeting of the Company's Board of Directors approved the issuance of these shares.

Outlines of the Company stock options issued are as follows:

	Class and number of shares covered by the stock option	Allottee	Date of allotment	Exercise period	Conditions for determination of rights
2015 1st Series Stock Option of CYBERDYNE, INC. (Note 1)	Common Share 7,800 shares	One external consultant	August 12, 2015	July 28, 2025	Conditions on the determination of rights are not attached (Note 2)
2016 1st Series Stock Option of CYBERDYNE, INC.	Common Share 4,600 shares	One external consultant	June 8, 2016	May 24, 2026	Conditions on the determination of rights are not attached (Note 2)
2017 1st Series Stock Option of CYBERDYNE, INC.	Common Share 10,500 shares	One external consultant	August 8, 2017	July 25, 2027	Conditions on the determination of rights are not attached (Note 2)

(Notes)

1 This stock acquisition right was determined before the transition to IFRS (April 1, 2016). As such, IFRS 2 "Share-based Payment" has not been applied.

2 This stock acquisition right has no conditions for determining rights attached. Related expenses are processed at once when the rights are allotted.

(2) Number of stock options and weighted average exercise price

	Previous fiscal year (From April 1,2023 to March 31, 2024)		Current fiscal year (From April 1, 2024 to March 31,2025)	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
	Shares	Yen	Shares	Yen
Outstanding balance at beginning of period	22,900	2,050	22,900	2,050
Granted	—	—	—	—
Exercised	—	—	—	—
Expired	—	—	—	—
Expired at maturity	—	—	—	—
Ending balance of outstanding	22,900	2,050	22,900	2,050
Ending balance of exercisable	22,900	2,050	22,900	22,900

(Notes)1. The exercise price of stock options that were not yet exercised for the previous consolidated fiscal year and the current consolidated fiscal year were between ¥1,788 to ¥3,060 and ¥1,788 to ¥3,060, respectively.
2. The weighted average remaining contractual life of stock options not yet exercised for the previous and current consolidated fiscal year were three years and two years, respectively.

(3) The assumption used to measure the fair value of stock options weighted average fair value of the stock options allotted in the fiscal year is measured through the Black-Scholes Model using the following assumptions

Previous consolidated fiscal year (from April 1, 2023 to March 31, 2024)
There were no items to report.

Current consolidated fiscal year (from April 1, 2024 to March 31, 2025)
There were no items to report.

(4) Shares with restrictions on transfer as remuneration for the Company employees

The Group has introduced a restricted share payment scheme under which it provides remuneration to Company employees by way of shares with restrictions on transfer until the rights are vested. The scheme is accounted for using an equity settlement. Under this scheme, the transfer of shares becomes possible when the requirements of the service conditions are met. In principle, the vesting period is five years.

The fair value of such shares is measured based on observable market prices.

33. Financial instruments

(1) Capital management

The Group is a company centered on research and development of innovative devices. It promotes clinical research and verification and endeavors to obtain approvals from various regulators to introduce the Group's product and services into the market, which will realize sustainable growth. In line with these challenges, the Group manages its financial instruments to maximize its corporate value.

The Group treats the portion of equity attributable to owners of the parent company as equity capital.

There are no capital restrictions that affect the Group.

(2) Risk management for financial instruments

In its operation, the Group is exposed to various financial risks, such as credit, liquidity, and exchange rate risks. The Group selects financial instruments with low risk to mitigate these financial risks. For financing, the Group either borrows from the bank or issue bonds.

On derivative transactions, the Group has a policy not to conduct any speculative transactions.

① Credit risk management

Credit risk is when a counterparty (the party to whom the Group holds its financial assets) cannot fulfill its contractual obligations, resulting in a financial loss for the Group.

a. Trade and other receivables

Accounts receivable-trade exposes the Group to customer credit risk. The Group manages that risk with an internal audit process for investigating and approving customer credit on initial transactions. Furthermore, according to Customer Credit Management protocol, the Group manages customers' due dates and outstanding balances to mitigate any concerns about collection due to deterioration in their financial positions and other reasons.

Accounts receivables-other expose the Group to business partner credit risk, but these receivables are almost entirely settled in the short term.

b. Short-term investments

Short-term investments are recognized in cash and cash equivalents and other financial assets and are highly safe and liquid financial instruments.

The carrying amount after the impairment of financial assets in the consolidated statement of financial position represents the Group's maximum exposure to the credit risk of financial assets. The Group is not exposed to excessive credit risk associated with a customer requiring exceptional management.

The Group recognizes allowance for doubtful accounts for trade receivables and other financial assets measured at amortized cost by estimating future credit losses considering recoverability and significant increases in credit risk. The Group determines if credit risk has increased significantly by evaluating changes in default risk concerning factors, including the decline of counterparty results and delinquency information.

Accounts receivable-trade are significant financial assets for the Group. The Group collectively measures expected credit losses of the financial assets for the entire period to recognize the allowance for doubtful accounts. In the following situations that would adversely affect future cash flows, however, the Group measures expected credit losses individually by treating each receivable as a credit-impaired financial asset:

・ Where the customer has serious financial difficulties
・ Where the customer defaults or becomes delinquent in accounts receivable payments despite repeated demands for payment
・ Where it is more likely that the customer will go into bankruptcy or face a situation that forces it to reconstruct its business

The Group directly writes down the carrying amount if it does not reasonably expect to recover all or part of the trade receivables following an internal investigation and approval process.

The Group is not exposed to excessive credit risk associated with a customer requiring exceptional management. Furthermore, the customers of the Group are highly creditworthy, and the credit risk is limited. As the customer of the Group is highly creditworthy, there are very few delinquents in accounts receivables, and the impact towards impairments in accounts receivable-trade and allowance for doubtful accounts are insignificant.

The Group always sets allowances for doubtful accounts for trade receivables without a significant financial component. This amount is equal to the expected credit loss for the entire period.

The carrying amounts for trade receivable for the previous and current consolidated fiscal years were ¥697 million and ¥818 million, respectively.

Changes in the related allowance for doubtful accounts are as follows:

	Previous fiscal year (From April 1,2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31,2025)
	Millions of yen	Millions of yen
Balance at beginning of the period	4	23
Increase during the period	23	18
Decrease during the period (utilization for intended purpose)	—	—
Decrease during the period (reversal)	-4	-23
Other changes	—	—
Balance at end of period	23	18

② Liquidity risk management

Liquidity risk is the risk that an entity cannot pay by its due date when performing its repayment obligations for financial liabilities that become due.

The Corporate Unit of the Group renews the funding plans where necessary and maintains the level of liquidity above a certain level to manage liquidity risk.

The Group prepares appropriate funds for repayment, secures credit lines from the financial institute where necessary, and constantly monitors the plans of cash flows and its performance to manage liquidity risk.

Financial liabilities by maturity date consist of the following:

Previous fiscal year (March 31, 2024)

	Carrying amount	Contract amount	Not later than one year	More than one year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Non-derivative financial liabilities				
Trade and other payables	606	606	606	—
Bonds and borrowings	106	106	84	22
Lease liabilities	526	526	160	366
Third-party interests in CEJ Fund	5,733	(note) 5,733	—	5,733
Total	6,970	6,970	850	6,120

(Note) This amount is the amount of equity vested to third-party investors if the fund was liquidated on March 31, 2024

Current fiscal year (March 31, 2025)

	Carrying amount	Contract amount	Not later than one year	More than one year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Non-derivative financial liabilities				
Trade and other payables	533	533	533	—
Bonds and borrowings	38	38	22	15
Lease liabilities	397	397	146	251
Third-party interests in CEJ Fund	5,165	(Note) 5,165	—	5,165
Total	6,132	6,132	701	5,431

(Note) This amount is the amount of equity vested to third-party investors if the fund was liquidated on March 31, 2025

The total amounts of commitment lines and their usage are as follows:

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31,2025)
	Millions of yen	Millions of yen
Total amount of commitment lines	800	800
Balance of executed loans	—	—
Undrawn amount	800	800

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③ Exchange rate risk management

The Group also operates outside Japan and, therefore, is exposed to the risks of exchange rate fluctuations associated with transactions conducted in foreign currencies, etc.

As the impact of changes in the exchange rate is insignificant, related information is omitted.

Furthermore, the translation of the financial statements of the subsidiaries operating outside of Japan affects the amount of other comprehensive income. However, the Group does not regard this impact to be material.

(3) Fair value of financial instruments

For financial instruments measured at fair value, their fair values are classified into Level 1 through Level 3 based on the observability of inputs used for the measurement and their materiality.

Level 1: Quoted prices in active markets for identical assets or liabilities (unadjusted)

Level 2: Fair value determined using observable prices other than Level 1 for the asset or liability directly or indirectly

Level 3: Fair value determined using the valuation technique, including unobservable inputs for the asset or liability

① Measurement methods of the fair value

The Group adopts the following measurement methods for the main financial instruments measured at fair value:

(Cash and cash equivalents, trade and other receivables, other financial assets (current), trade and other payables)

Cash and cash equivalents, trade and other receivables, other financial assets (current), and trade and other payables are stated at their carrying amounts because their fair values approximate their carrying amounts due to their short maturities.

(Other financial assets (non-current))

The fair value of listed shares is measured based on the observable market price

The fair value of unlisted stocks and other securities is determined using the most appropriate valuation technique among the following methods: using the most recently traded prices, the comparable companies method, the method based on the equity in net assets based on the most recently available information, and the method based on the discounted present value of future cash flows.

The fair value of leasehold and guarantee deposits is measured by the present value obtained through discounting yield to maturity of long-term bonds with high security by the planned redemption schedule.

(Third-party interests in CEJ Fund)

The carrying amount of the third-party interests in CEJ Fund is the equity interest attributable to third-party investors, assuming the fund is liquidated at the end of each quarter. As such, the fair value of the equity interest is determined based on the carrying amount of the equity interest.

② Financial instruments measured at amortized cost

The following tables present the measurement techniques for measuring the fair value of major financial instruments measured at amortized cost. Financial instruments for which carrying amounts are a reasonable approximation of fair value or financial instruments that are not material are not included in the tables.

	Previous fiscal year (March 31, 2024)		Current fiscal year (March 31,2025)	
	Carrying amount	Fair value	Carrying amount	Fair value
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Financial assets：				
Financial assets measured at amortized cost				
Leasehold and guarantee deposits	89	92	89	90
Total	89	92	89	90

(Notes)

1 The fair value of leasehold and guarantee deposits is classified into Level 2.

2 There were no transfers between Level 1, Level 2, and Level 3 during the previous fiscal year and the current fiscal year

③ Financial instruments measured at fair value

The carrying amount and fair value of financial instruments measured at fair value are as follows:

Previous consolidated fiscal year (March 31, 2024)

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Financial assets：					
Financial assets measured at fair value through profit or loss					
Other financial assets	13,553	134	－	13,419	13,553
Financial assets measured at fair value through other comprehensive income					
Other financial assets	1,154	174	－	980	1,154
Total	14,707	308	－	14,400	14,707

Current consolidated fiscal year (March 31, 2025)

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Financial assets：					
Financial assets measured at fair value through profit or loss					
Other financial assets	13,863	29	－	13,834	13,863
Financial assets measured at fair value through other comprehensive income					
Other financial assets	1,164	175	－	990	1,164
Total	15,027	204	－	14,823	15,027

Transfers between levels of the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer. There were no significant transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy during the previous or current consolidated fiscal year.

④ Assessment procedures

The assessment of financial instruments classified as Level 3 is done by the person responsible for the Corporate Department. A responsible person conducts assessments and analyses based on the Group's accounting policies and procedures, which are approved by the head of the Corporate Department. The Head of the Corporate Department reviews and approves the assessment results.

⑤ Quantitative information concerning financial instruments classified as Level 3

The fair value of financial assets classified as Level 3 is measured by the person responsible for the Corporate Department each quarter using recently available data according to the Group accounting policy. Any changes in fair value and reasons are reported to the department manager and the CEO as necessary. Upon fair value measurement, inputs are reasonably estimated, and the most suitable valuation model is selected based on the nature of the asset. The determination of the suitable valuation model will be verified using the most appropriate internal approval process to ensure its validity.

⑥ Changes in financial instruments classified as Level 3 during the period Changes in financial instruments classified as Level 3 are as follows:

	Previous fiscal year (From April 1,2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31,2025)
	Millions of yen	Millions of yen
Balance at the beginning of period	12,986	14,400
Total gains and losses		
Profit or loss (note 1)	1,378	-491
Other comprehensive income (note 2)	47	-1
Purchase	455	915
Sale	-465	—
Other	—	-0
Balance at the end of period	14,400	14,823
Changes in unrealized gains or losses recognized in profit or loss for the current period related to assets held at the end of the reporting period (note 1)	1,157	-491

(Notes)

1 Included in finance income, gains related to CEJ, and finance costs in the consolidated statement of profit or loss

2 Included in financial assets measured at fair value through other comprehensive income in the consolidated statement of comprehensive income.

34. CEJ Fund

Gains (losses) related to CEJ Fund consist of the following:

	Previous fiscal year (From April 1,2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31,2025)
	Millions of yen	Millions of yen
Gains (losses) related to CEJ Fund		
Gains of CEJ Fund		
Unrealized gains (losses) on investments	1,483	-644
Administrative expenses	-106	-69
Subtotal	1,376	-713
Amount reclassified to third-party equity	-581	541
Total	796	-172

Changes in Third-party interests in CEJ Fund are as follows:

	Third-party interests
	Millions of yen
April 1, 2023	4,792
Contributions into CEJ Fund from third-party investors	680
Changes in third-party interests in CEJ Fund	581
Distributions and redemptions to external investors	-320
March 31, 2024	5,733
Contributions into CEJ Fund from third-party investors	—
Changes in third-party interests in CEJ Fund	-541
Distributions and redemptions to external investors	-27
March 31, 2025	5,165

35. Related parties

(1) Major subsidiaries and associates etc.

Please refer to "Appendix 1 Outline of the Company 4 Status of associated companies" for major subsidiaries, associates, etc. Information on transactions and balance of receivables or payables between the Group and related parties are omitted as this information is not material.

(2) Compensation to main executives

Breakdown of compensation to the Groups executives are as follows:

	Previous fiscal year (From April 1,2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31,2025)
	Millions of yen	Millions of yen
Basic remuneration：		
Directors (excluding outside directors	42	54
Outside board members	8	9
Total	50	63

36. Subsequent events

There are no items to report

（２）【Other】

Quarterly information for the current fiscal year, etc.

	Interim consolidated period	Current consolidated fiscal year
Revenue（Millions of yen）	2,143	4,384
Profit (loss) before tax (Millions of yen）	-215	-879
Profit (loss) attributable to owners of the parent (Millions of yen)	-305	-577
Profit (loss) per share (Yen)	-1.45	-2.73

2 【Financial statement etc.】

(1) 【Financial statement】

① 【Non-consolidated balance Sheet】

(Unit：Millions of yen)

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
Assets		
Current assets		
Cash and cash equivalents	3,465	5,967
Accounts receivable-trade	*2 417	*2 631
Securities	11,500	7,984
Merchandise and finished goods	254	262
Work in process	27	22
Raw materials	663	628
Accounts receivable-other	*2 81	*2 288
Other	*2 112	*2 120
Allowances for doubtful accounts	-73	-17
Total current assets	16,446	15,884
Non-current assets		
Property, plant and equipment		
Buildings, net	*1 2,488	*1 2,463
Structures, net	59	54
Machinery & equipment, net	*1 1	*1 0
Vehicles & delivery equipment, net	2	3
Tools, furniture & fixtures, net	*1 216	*1 232
Rental assets, net	357	352
Land	*1 9,872	*1 9,872
Construction in progress	467	465
Total property, plant and equipment	13,462	13,443
Intangible assets		
Software	*1 10	*1 14
Other	5	4
Total intangible assets	15	18
Investments and other assets		
Bonds of affiliated companies	53	53
Investments securities	3,762	3,910
Shares of affiliated companies	2,477	2,492
Investments in capitals of subsidiaries and associates	2,149	1,995
Long-term prepaid expenses	39	32
Other	*2 1,522	*2 1,478
Allowance for doubtful accounts	-211	-211
Total investments and other assets	9,793	9,749
Total non-current assets	23,270	23,209
Total assets	39,717	39,094

(Unit：Millions of yen)

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
Liabilities		
Current liabilities		
Accounts payable-trade	35	99
Accounts payable-other	※2 234	※2 249
Accrued expenses	19	14
Unearned revenue	74	76
Income taxes payable	5	5
Other	※2 324	※2 294
Total current liabilities	691	737
Non-current liabilities		
Deferred tax liabilities	38	74
Asset retirement obligations	84	183
Other	30	43
Total non-current liabilities	152	300
Total liabilities	842	1,036
Net assets		
Shareholders' equity		
Capital stock	10	10
Capital surplus		
Capital reserve	26,714	26,714
Other capital surplus	16,413	16,413
Total capital surplus	43,128	43,128
Retained earnings		
Legal retained earnings	0	0
Other retained earnings		
Retained earnings brought forward	△3,159	△3,986
Total retained earnings	△3,159	△3,986
Treasury shares	△1,188	△1,188
Total shareholders' equity	38,790	37,964
Valuation & translation adjustments		
Valuation differences on available-for-sale securities	65	75
Total valuation & translation adjustments	65	75
Stock acquisition rights	19	19
Total net assets	38,874	38,058
Total liabilities and equity	39,717	39,094

② 【Non-consolidated statement of profit or loss】

(Unit: Millions of yen)

	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31, 2025)
Net sales	*2 1,835	※2 2,088
Cost of sales	*2 538	※2 678
Gross profit	1,297	1,410
Selling, general and administrative expenses	*1,*2 2,351	*1,*2 2,583
Operating profit (loss)	-1,055	-1,173
Non-operating income		
Interest income	*2 62	*2 100
Profit distribution	141	12
Subsidy income	33	11
Consigned research income	222	603
Outsourcing service fee	*2 106	*2 93
Other	*2 317	*2 25
Total non-operating income	880	843
Non-operating expenses		
Loss on investments in capital	93	150
Other	2	24
Total non-operating expenses	95	174
Ordinary profit (loss)	-269	-504
Extraordinary income		
Gain on sale of investment securities	107	192
Other	—	4
Total extraordinary income	107	195
Extraordinary loss		
Loss on valuation of investment securities	393	69
Loss on valuation of shares of subsidiaries and associates	751	—
Loss on sales of shares of subsidiaries and associates	—	414
Provision for doubtful accounts of subsidiaries and affiliates	—	120
Total extraordinary loss	1,265	482
Profit (loss) before provision of income tax	-1,427	-791
Income taxes – current	5	5
Income taxes – deferred	-1	31
Total income taxes	4	36
Net profit (loss)	-1,431	-827

【Statement of production cost】

Classification	Note	Previous fiscal year (From April 1, 2023 to March 31, 2024) Amount (Millions of yen)	Ratio(%)	Current fiscal year (From April 1, 2024 to March 31, 2025) Amount (Millions of yen)	Ratio(%)
I Material cost		251	67.0	330	77.1
II Labor cost		73	19.5	49	11.6
III Other expenses	* 1	51	13.5	48	11.3
Total manufacturing costs for the period		374	100.0	427	100.0
Inventory of work in process at the beginning of the year		23		31	
Total		398		458	
Inventory of work in process at the end of the year		31		25	
Transfer to other accounts	* 2	233		299	
Cost of products manufactured in the current fiscal year		135		133	

The Company uses a standard cost accounting method based on specific cost accounting to calculate the production cost. Cost variances are allocated to products, work in process, cost of sales, and fixed assets at the end of the period.

Note） * 1 Details of the cost are stated below

Item	Previous fiscal year (Millions of yen)	Current fiscal year (Millions of yen)
Communication expenses	12	13
Depreciation and amortization	7	7
Storage fee	6	6
Travel expenses	5	4
Consumable expenses	3	3

* 2 Details of transfers to other accounts are as follows.

Item	Previous fiscal year (Millions of yen)	Current fiscal year (Millions of yen)
Property, plant and equipment	115	188
Other	118	112
Total	233	299

③ 【Non-consolidated statements of changes in shareholders' equity】

Previous fiscal year (From April 1, 2023 to March 31, 2024)

(Unit: Millions of yen)

	Equity attributable to owners of parent							
	Share capital	Capital Surplus			Retained earnings			Treasury stock
		Capital reserve	Other capital reserve	Total capital reserve	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings	
April 1, 2023	10	26,714	16,413	43,128	0	-1,728	-1,728	-1,188
Changes during the period								
Net profit (loss)	—	—	—	—	—	-1,431	-1,431	—
Acquisition of treasury stock	—	—	—	—	—	—	—	-0
Changes in items other than shareholders equity (net)	—	—	—	—	—	—	—	—
Total changes during the fiscal year	—	—	—	—	—	-1,431	-1,431	-0
March 31, 2024	10	26,714	16,413	43,128	0	-3,159	-3,159	-1,188

	Shareholders' equity	Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Total shareholders' equity	Valuation difference on available-for sale securities	Total valuation and translation adjustments		
April 1, 2023	40,222	195	195	19	42,435
Changes during the period					
Net profit (loss)	-1,431	—	—	—	-1,431
Acquisition of treasury stock	-0	—	—	—	-0
Changes in items other than shareholders equity (net)	—	-130	-130	—	-130
Total changes during the fiscal year	-1,431	-130	-130	—	-1,561
March 31, 2024	38,790	65	65	19	38,874

The current fiscal year (From April 1, 2024 to March 31, 2025）

(Unit: Millions of yen)

	Equity attributable to owners of parent							
	Share capital	Capital Surplus			Retained earnings			Treasury stock
		Capital reserve	Other capital reserve	Total capital reserve	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings	
April 1, 2024	10	26,714	16,413	43,128	0	-3,159	-3,159	-1,188
Changes during the period								
Net profit (loss)	—	—	—	—	—	-827	-827	—
Acquisition of treasury stock	—	—	—	—	—	—	—	-0
Changes in items other than shareholders equity (net)	—	—	—	—	—	—	—	—
Total changes during the fiscal year	—	—	—	—	—	-827	-827	-0
March 31, 2025	10	26,714	16,413	43,128	0	-3,986	-3,986	-1,188

	Shareholders' equity	Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Total shareholders' equity	Valuation difference on available-for sale securities	Total valuation and translation adjustments		
April 1, 2024	38,790	65	65	19	38,874
Changes during the period					
Net profit (loss)	-827	—	—	—	-827
Acquisition of treasury stock	-0	—	—	—	-0
Changes in items other than shareholders equity (net)	—	10	10	—	10
Total changes during the fiscal year	-827	10	10	—	-816
March 31, 2025	37,964	75	75	19	38,058

【Notes to non- consolidated financial statements】

(Important items that form the basis for preparing “non-consolidated financial statements”)

1 Evaluation standards and method for important assets

(1) Valuation standards and methods for securities

Bonds held to maturity..Amortized cost method (straight-line method)

Other securities

Securities with market value...Market value method

Securities without market value...................................Moving average cost method

Shares or investment in subsidiaries and associates ....Moving average cost method

(2) Valuation standards and methods for inventories

Finished goods, work in process.......................................Specific cost method

Raw materials and merchandises......................................Moving average cost method

Supplies...Last purchase price method

Inventories with reduced profitability were devalued.

2 Depreciation methods of non-current assets

(1) Property, plant and equipment

The declining-balance method is adopted. However, the straight-line method is applied to buildings (excluding attached facilities), building fixtures and structures acquired on or after April 1, 2016, assets for lease, and specific tools, furniture, and fixtures.

The useful lives for major assets are as follows.

Buildings..3 to 50 years

Structure...10 to 20 years

Machinery and equipment...5 to 7 years

Vehicles...2 to 6 years

Tools, furniture and fixtures......................................2 to 20 years

Assets for rent...5 years

(2) Intangible assets

The straight-line method was adopted. Software for internal use is amortized using the straight-line method over the estimated useful lives (within five years)

Software...5 years

Patent rights..8 years

(3) Long-term prepaid expenses

Depreciated in equal amounts.

3 Basis for recording allowances

Allowance for doubtful accounts

To prepare for potential credit losses on receivables, the Group records an estimated amount that CYBERDYNE can’t collect through calculating the historical rate of credit losses for standard receivables and the amount determined in consideration of the collectability of individual receivables for doubtful accounts and certain other receivables.

4 Basis for recording revenue

The Group recognizes revenue by applying the following steps.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Calculate the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the entity satisfies a performance obligation

Further details are stated in "Notes on revenue recognition."

5 Other material information regarding the preparation of financial statements

(1) Basis for translating foreign-currency-denominated assets and liabilities into Japanese yen

The Group translates foreign-currency-denominated assets and liabilities based on the spot exchange rate at the date of the announcement of financial statements. The Group processes translated differences as profit and losses.

Furthermore, Foreign-currency-denominated securities (other securities) are converted into Japanese yen at the spot exchange rates, and the valuation difference is included in the net assets as the valuation difference on available-for-sale securities.

(2) Processing deferred assets

Share issuance cost : The entire amount is processed as expenditure at the timing of the issuance

(Notes to accounting estimates)

The following is a list of items recorded in the financial statements for the fiscal year under review that may have a material impact on the next fiscal year.

1 Valuation of property, plant and equipment

(1) Amount for the Group recorded in the financial statements for the current fiscal year

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
Property, plant and equipment	4,396	4,482
Intangible assets	15	18

(2) Information that contributes to understanding the content of accounting estimates

For property, plant, and equipment listed in (1), the Group (headquarters, production facility and R&D facilities) searches for an indication that the assets or asset group may be impaired as of the end of each reporting period. If so, the Company determines whether to recognize an impairment loss on the asset or asset group by comparing the carrying amount of the asset or asset group with the total undiscounted future cash flows from the asset or asset group.

As the Company has continued to record negative operating results, indications of impairment have been identified for each of the assets comprising the head office group referred to in (1) above. To determine whether an impairment loss should be recognized, the Company has estimated the total amount of undiscounted future cash flows based on business plans approved by management.

The business plans underlying the estimation of the total undiscounted future cash flows are based primarily on key assumptions such as the timing and likelihood of obtaining regulatory approval and insurance reimbursement for medical devices, the projected number of adopting facilities, and the expected unit selling prices.

The projections are subject to a high degree of uncertainty. Because of such nature, it may significantly impact total undiscounted future cash flow estimates.

(Change in accounting policy)

Application of the Accounting Standard for Income Taxes, Inhabitant Taxes, and Enterprise Taxes

The “Accounting Standard for Income Taxes, Inhabitant Taxes, and Enterprise Taxes” (ASBJ Statement No. 27, issued on October 28, 2022), and related standards have been applied from the beginning of the current fiscal year.

The adoption of these accounting policies had no impact on the financial statements.

(Notes on the non-consolidated balance sheet)

Note 1: Amount of Deferred Gain on Reduction Entry

The amount of deferred gain on reduction of acquisition cost, deducted from the acquisition cost through government subsidies and similar grants, is as follows:

	Previous fiscal year (March 31,2024)	Current fiscal year (March 31, 2025)
Buildings	631 Millions of yen	631 Millions of yen
Machinery & equipment	145	145
Tools, furniture & fixtures	211	211
Land	96	96
Software	6	5

Note 2: Monetary claims and monetary obligations

Monetary claims and monetary obligations to affiliated companies other than those presented separately are as follows

	Previous fiscal year (March 31,2024)	Current fiscal year (March 31, 2025)
Short-term money claims	208 Millions of yen	270 Millions of yen
Long-term money claims	1,443	1,199
Short-term money liabilities	30	127

Note 3: The Company has entered an overdraft agreement with a correspondent bank to raise working capital efficiently. Unused lines of credit related to overdraft agreements are as follows.

	Previous fiscal year (March 31,2024)	Current fiscal year (March 31, 2025)
Maximum limit of total line of credit	800 Millions of yen	800 Millions of yen
Balance of used line of credit	—	—
Short-term money liabilities	800 Millions of yen	800 Millions of yen

(Notes to non-consolidated statement of profit or loss)

* 1 Main items, amounts, and approximate percentages of other selling, general and administrative expenses are as follows

	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31, 2025)
Salaries	316 Millions of yen	342 Millions of yen
Depreciation and amortization	122	134
Research and development expenses	801	981
Taxes and dues	130	137
Approximate percentage		
Selling expenses	21.1 %	22.2 %
General management expenses	78.9	77.8

(Notes to Marketable Securities)

Previous fiscal year (March 31, 2024)

Shares in affiliated companies and investments in affiliated companies (balance sheet amount: shares in affiliates ¥2,477 million and investments in affiliates ¥2,149 million) are not stated because they do not have market prices, and it is difficult to determine their fair value.

The current fiscal year (March 31, 2025)

Shares in affiliated companies and investments in affiliated companies (balance sheet amount: shares in affiliates ¥2,492 million and investments in affiliates ¥1,995 million) are not stated as it does not have a market price.

(Tax effect accounting)

1 Main component of deferred tax assets and deferred tax liabilities related to tax effect accounting

	Previous fiscal year (March 31,2024)	Current fiscal year (March 31,2025)
Deferred tax assets		
Tax loss carryforwards	1,827 Millions of yen	2,044 Millions of yen
Research and development expenses	92	101
Loss on revaluation of inventories	42	43
Lump-sum depreciable assets deduction limits excess amount	3	2
Accumulated impairment loss	0	0
Depreciation limit excess	235	249
Asset retirement obligations	29	64
Loss on valuation of investment securities	172	62
Loss on valuation of affiliated company stock and investment	368	377
Allowance for doubtful accounts	96	76
Accrued business tax	1	1
Other	42	47
Deferred tax asset subtotal	2,906	3,067
Valuation allowance for tax loss carryforwards	-1,827	-2,044
Valuation allowance for the total of future subtraction temporary differences, etc.	-1,079	-1,023
Valuation reserve subtotal	-2,906	-3,067
Total deferred tax assets	—	—
Deferred tax liability		
Removal costs corresponding to asset retirement obligations	4	36
Valuation difference on other securities	34	39
Total deferred tax liabilities	38	74
Deferred tax liabilities, net	38	74

2 Reconciliation between the statutory tax rate and the effective income tax rate after the application of tax effect accounting

The previous fiscal year (March 31, 2024)

Information is omitted because a loss before income taxes was recorded

The current fiscal year (March 31, 2025)

Information is omitted because a loss before income taxes was recorded

3. Adjustment to Deferred Tax Assets and Liabilities Due to Change in Corporate Tax Rate

Following the enactment of the “Act Partially Amending the Income Tax Act, etc.” (Act No. 13 of 2025) by the National Diet on March 31, 2025, a “Defense Special Corporate Tax” will be imposed from fiscal years beginning on or after April 1, 2026.

Accordingly, for deferred tax assets and deferred tax liabilities related to temporary differences expected to reverse in fiscal years beginning on or after April 1, 2026, the statutory effective tax rate has been revised from 34.3% to 35.1%.

The impact of this change is immaterial.

(Revenue recognition)
Basic information to understand earnings

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 of finance lease income where the Company acts as a lessor of the right-of-use asset.

The Company recognizes rental income as income generated throughout the rental period after the customer accepts the relevant product using the following methods. The pay-per-use model is based on times of product usage each month, and the base fee model is based on the fixed monthly price.

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

Asset transferred at a point of time

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

The Company mainly determines the performance obligation of commodities sales and when the customer accepts the relevant product. The Company receives most of the payment within one month from the point of satisfying the performance obligation. Regarding the 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 Company acts as a lessor of the right-of-use of its devices, such as HAL, it classifies the relevant lease as a finance lease. Finance lease income is processed in the same way as cases where the Company acts as a lessor of manufacturer or distributor of sales of goods. The Company determines that performance obligation is satisfied at the point of customer acceptance, and the Company recognizes the revenue simultaneously.

Service transferred at a point of time

Service transferred at a point of time includes revenue from offering Cybernic Treatment and training services at Cybernics Treatment Center and Robocare Centers to end-users (such as patients).

The Company determines the performance obligation of Cybernics Treatment and training services when the provision of such services is completed.

The basis for recognizing revenues is stated in the "(4) Accounting policy Standards for recording revenue" in the Important items that form the basis for preparing the Consolidated Financial Statements section.

(Business Combinations, etc.)
Business Combination through Acquisition
Not applicable.

(Significant subsequent events) |

Not applicable.

④【Supplementary schedule】

【Schedule of Tangible Fixed Assets, etc.】

Type of assets	Balance at the beginning of the fiscal year (Millions of yen)	Amount of increase during the fiscal year (Millions of yen)	Amount of decrease during the fiscal year (Millions of yen)	Balance at the end of the fiscal year (Millions of yen)	Accumulated depreciation or amortization at the end of the fiscal year (Millions of yen)	Amortization for the year (Millions of yen)	Balance at the end of current period (Millions of yen)
Property, plant and equipment							
Buildings, net	3,907	116	—	4,022	1,559	140	2,463
Structures, net	119	—	—	119	65	5	54
Machinery & equipment, net	230	—	—	230	230	0	0
Vehicles & delivery equipment, net	37	3	—	40	36	2	3
Tools, furniture & fixtures, net	1,622	170	11	1,781	1,548	98	232
Rental assets, net	1,436	168	85	1,520	1,168	145	352
Land	9,872	—	—	9,872	—	—	9,872
Construction in progress	467	1	4	465	—	—	465
Total property, plant and equipment	17,689	458	100	18,048	4,605	390	13,443
Intangible assets							
Patents	4	—	—	4	4	—	—
Software	43	9	6	45	31	5	14
Other	7	1	1	6	2	0	4
Total intangible assets	53	9	7	54	37	5	18

Note 1. "Accumulated depreciation or amortization at the end of fiscal year" includes accumulated impairment loss.

2. "Balance at the beginning of the fiscal year" and "Balance at the end of the fiscal year" are stated at acquisition cost.

【Allowance Schedule】

Type of assets	Balance at the beginning of the fiscal year (millions of yen)	Amount of increase during the fiscal year (millions of yen)	Amount of decrease during the fiscal year (millions of yen)	Balance at the end of the fiscal year (millions of yen)
Allowance for doubtful accounts	284	15	71	228

(2) 【Details of main assets and liabilities】

Details have been omitted since the consolidated financial statements have been prepared.

(3) 【Other】

Not applicable.