



**Consolidated Financial Results (Tanshin)**  
for the Six Months Ended September 30, 2018 (Based on IFRS)

November 14, 2018

Name of listed company	:CYBERDYNE, INC.	Stock exchange listing	:Mothers Section of TSE
Stock code	:7779	URL	:https://www.cyberdyne.jp/english
Representative (title)	:President and CEO	Name	:Yoshiyuki Sankai
Contact (title)	:Director and CFO	Name	:Shinji Uga                      Tel. +81-29-869-9981
Scheduled date for release of six-month report	:November 14, 2018	Scheduled start of dividend payment	:—
Additional materials for the financial results	:Yes		
Information meeting for the financial results	:Yes (only for institutional investors)		

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

**I . Consolidated financial results for the six months ended September 30, 2018 (April 1, 2018-September 30, 2018)**

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

	Revenue		Operating profit (loss)		Profit (loss) before tax		Profit (loss) attributable to owners of parent	
		%		%		%		%
Apr.1-Sep. 30, 2018	752	(1.3)	(268)	—	(242)	—	(236)	—
Apr.1-Sep. 30, 2017	762	—	(315)	—	(312)	—	(308)	—

	Basic earnings (loss) per share	Diluted earnings (loss) per share
	Yen	Yen
Apr.1-Sep. 30, 2018	(1.10)	(1.10)
Apr.1-Sep. 30, 2017	(1.43)	(1.43)

**2. Consolidated financial position**

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
	Millions of yen	Millions of yen	Millions of yen	%
As of Sep. 30, 2018	46,650	45,232	45,243	97.0
As of March 31, 2018	46,598	45,674	45,698	98.1

**II . Dividends**

	Dividend payments for each term and the year				
	End of 1st quarter (Jun.30, 2018)	End of 2nd quarter (Sep.30, 2018)	End of 3rd quarter (Dec.31, 2018)	Fiscal year end (Mar.31, 2019)	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2018	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2019	—	0.00			

Notes:

- ( i ) Changes from the latest released dividend forecasts: none
- ( ii ) The table of “Dividends” indicates dividend payments on Common Shares. Dividends on Class Share (non-listed) for which the number of share units differs from Common Shares are shown below as “Dividends on Class Shares”.

III. Forecast of consolidated financial results for the fiscal year ending March 31, 2019 (April 1, 2018-March 31, 2019)

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

Notes:

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

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

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

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

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

(iii) Changes in accounting estimates: none

3. Total number of issued shares (Common Shares)

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

As of September 30, 2018	215,047,609 shares	As of March 31, 2018	215,047,609 shares
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( ii ) Total number of treasury shares at the end of each period

As of September 30, 2018	138 shares	As of March 31, 2018	138 shares
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(iii) Average number of shares during each three month period

Apr.1-September 30, 2018	215,047,471 shares	Apr.1-September 30, 2017	215,047,471 shares
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Note: Class B Shares are ranked the same as Common Shares and paid the same amount as Common Shares with regard to dividends of surplus and distribution of residual assets. Therefore the total number of issued shares at each end of period and the average number of shares during each period include Class B Shares as Common Shares.

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

Dividends on Class Shares

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

	Dividend payments for each term and the year				
	End of 1st quarter (Jun.30, 2018)	End of 2nd quarter (Sep.30, 2018)	End of 3rd quarter (Dec.31, 2018)	Fiscal year end (Mar.31, 2019)	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2018	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2019	—	0.00			

Note:

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

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## I . Qualitative information regarding settlement of accounts for the six months

### 1. Explanation of operating results

All forward-looking statements included in this explanation were determined reasonable by CYBERDYNE, INC. (the “Company”) and its group companies (collectively referred to as the “Group”) based on currently available information for the consolidated six months period ended September 30 2018 and certain assumptions made by the Group.

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

The Group’s business is to implement Cybernic Technology powered by Internet of Humans/Internet of Things (“IoH/IoT”), Robots, and AI, to create a Cybernic Industry that will connect medicine, nursing-care, production, household, and work place in order to solve the various problems that a hyper-aging society must tackle. The Group’s business has a unique advantage in its ability to access and integrate information within the human body (e.g. Brain-nerve and vital systems) and information outside the human body (behavioral, life and environmental information) and apply them to different fields such as medicine, nursing care, production, household, and work places. All of the Group’s devices and interfaces are compatible with Internet of Humans/Internet of Things (“IoH/IoT”), and through these products, information of the brain-nerve, vital, physiological, behavioral, life and environmental systems can be integrated and connected to a super computer. The Group simultaneously works on research and development, business development and formation of business alliances to further accelerate the creation of a Cybernic Industry that will solve the problems that society faces.

#### Status of research and development

The Group is interested in preventing and diagnosing diseases of the cardiovascular systems, and has developed a palm-sized IoH device for early detection of symptoms of hardening arteries and cardiac arrhythmias, the primary causes of stroke and cardiac infarction. The Group submitted its documents to the Japanese Pharmaceuticals and Medical Devices Agency (“PMDA”) on June 2018, to obtain medical device clearance for this sensor. In addition, the Company acquired the business of Photoacoustic Imaging from the PreXion Corporation on July 2018, and the Group is now working to further develop the technology to analyze data of microcapillary vessels.

\_The Group also continues to develop Cyin as a sensing device capable of analyzing various types of vital information, such as bio-electrical signals. Using its ability to sense this information at a high level, the Group commenced selling Cyin for Living Support as a communication device that supports users with severely disabling disorders on September 2018. This model helps users who have difficulty speaking or moving, transmit their intention by operating various environment controlling equipment such as speech and communication devices or the nurse-call button.

Furthermore, the Group has commercialized a next-generation Cleaning Robot CL02, which is installed with the highest quality autonomous navigation and cleaning capabilities. The Group began selling this new model in March 2018. The Group plans to convert and apply this state-of-the-art AI/Vision System that allows the device to move autonomously and recognize its surrounding environments to other technologies. Examples of its application include the Transportation Robot, a robot to improve mobility for the elderly, a robot to support transfers from a wheel chair, a robot to support bathroom use for the disabled and a guardian robot to watch over an elderly person.

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

### Status of business operation

(Business operation around the medical application)

The Group continues its endeavors to turn Cybernic Treatment, a treatment program using Medical HAL systems that aims to induce improvement and regeneration of the functions of the brain, nerves and muscles, into a global standard of treatment.

In order to expand the target patient population of each market clearance to include stroke, which is a disease with over 8 million patients in Japan and U.S. combined, a multisite investigator-initiated clinical trial using HAL for Medical Use Single-Leg models is in progress. Furthermore, the Group has developed a 2S size product of the Medical HAL system, and is now in discussion with the PMDA to receive clearance for a reduction of the minimum height requirement. In addition, an investigator-initiated clinical trial led by Kyoto University Hospital for the lightweight and compact HAL for Well-being Single Joint Type, a device that can be applied on the knee or the elbow, is being prepared as a treatment for acute stage stroke.

With regards to market development outside Japan, following the marketing clearance from the U.S. FDA on December 2017, which specified therapeutic effects to improve gait function in its Indication for Use, the Group started to market the medical application to the Asia Pacific region in addition to Europe and the U.S. The Group is also making preparations to obtain market clearance for products other than Medical HAL on a global scale.

In the U.S., the Company set up a joint venture, CYBERDYNE & BROOKS, Inc., with Brooks Rehabilitation Hospital, which is known as one of the busiest rehabilitation hospital groups in the U.S. With the help of Brooks' medical network, the Group is spreading the concept of Cybernic Treatment across the medical community, marketing Medical HAL to various facilities and conducting discussions with private workers compensation insurers on insurance coverage for Medical HAL. Furthermore, Brooks Cybernic Treatment Center was established in Jacksonville, Florida on March 2018. The center will become the main base that provides Cybernic Treatment and trains new operators of Medical HAL in the U.S. The Group is also making preparations to take the operation in the U.S. to the next phase. In order to speed up the business in the U.S., the Group is currently screening management candidates to run the U.S. operation and reinforce the marketing team.

In Europe, the Group has been providing a medical treatment service with the device covered by public workers compensation insurance in Germany. The Group is taking procedures to obtain public health insurance coverage in Germany. In other countries in Europe, HAL is already used in a hospital in Poland. Italy will become the third European country to adopt HAL, following the announcement made by an advanced rehabilitation research center in Northern Italy in November 2018.

In the Middle East, HAL was installed in Saudi Arabia in 2017. The Group started discussing with medical institutes around the Asia Pacific Area as well. On October 2018, medical institution owned by Malaysian Social Security Organization (government organization) determined to adopt a total of 24 units of Medical HAL and other HAL systems (Single Joint Type and Lumbar Type), which renewed the record of most number of HAL implemented.

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

For devices that support patients and elderly persons outside of medical institutes, the Group mainly promotes two devices.

HAL for Well-being Lower Limb Type is designed for receivers of care with disabled or weakened lower limb function. HAL Lumbar Type for Well-being is also designed for receivers of care but with weakened function in the body core and lower limbs. These products aim to induce improvements in the disabled or weakened body parts so that the independence and quality of life of the care receiver can be improved. The

Group also anticipates effects to reduce the physical burden of the caregiver as well, because the care receiver will require less support after training. There is a potential change of environment in the targeted space of these devices. In the Council on the Investments for the Future that was held in October 2018, the Japanese government stated that in the next revision of their nursing care compensation they intend to reinforce the incentives for the providers of care if the care providers succeed on improving the independence of the receiver of care. The Group will continue to develop new products to improve the independence of the receiver of care.

The Group also plans to coordinate with leading facilities in each region to reinforce the HAL FIT fitness training service. In coordination with this development, the Company coordinated with Eijyu, a Specified Non-profit Organization, to establish the Osaka Robo Care Center on October 2018 as the 5th Robo Care Center in Japan. The Company also plans to coordinate with General Incorporated Association Japan Wheelchair Sports Association to establish the Urayasu Robo Care Center on December 2018. The Group plans to establish more centers in major cities of Japan.

(Business operation around applications in household and workplace)

As an endeavor to improve the workplace environment, the Group offers HAL Lumbar Type for Labor Support with a focus on large clients. This product can reduce the stress applied on the lower back when the wearer attempts to lift, hold and lower something. The latest model of HAL Lumbar Type for Labor Support is both dust proof and waterproof. The next-generation Cleaning Robot CL02 is being implemented in commercial facilities operated by Mitsui Fudosan Co., Ltd., such as Diversity Tokyo Plaza, Lalaport Toyosu, etc. It is also being implemented in office buildings operated by Sumitomo Corporation such as Sumitomo Corporation Osaka Building, Sumitomo Corporation Nagoya Gate Tower, etc.

(Status of business alliance)

The Group has been offering a training program to improve walking function using HAL to 50 school students under the age of 18 with disabilities in the lower limb from October 2017 with its business ally, AIG Japan Holdings Kabushiki Kaisha. This program will be expanded further following the announcement made by AIG General Insurance Company to offer its insured persons under automobile insurance and accident insurance, 10 training sessions of “HAL FIT” for free at training centers such as Robo Care Center. This program is scheduled to start on January 2019.

The Group also formed a number of alliances with venture companies with unique technologies. To accelerate this movement to create the Cybernic Industry, the Group established the Cybernic Excellence Japan Fund 1 Investment Limited Partnership (“CEJ Fund”) in July 2018. CEJ Fund will support and nurture venture companies and it has already commenced its operation by taking part in an investment towards a promising startup.

(Numbers of operating units)

As of the end of September 2018, 265 units of Medical HAL were in operation world wide including those used for clinical research. Out of the aforementioned number, 72 were rented out in Japan for treatment. 251 units of HAL for Well-being Single Joint Type were in operation and most of the units were used by hospitals in Japan for clinical research.

There was a total of 371 units of HAL for Well-being Lower Limb Type and HAL for Living Support Lower Limb Type (older model) put together in operation as of end of September 2018. While the number of HAL for Well-being is increasing following adoptions by care facilities in hospitals in Japan, the older model HAL for Living Support Lower Limb Type is starting to meet its service life and the Group is disposing the units

that have exceeded it. As of the end of September 2018, 97 units of HAL Lumbar Type for Well-being were in operation. 750 units of HAL Lumbar Type for Care Support were in operation. Operating units of HAL Lumbar Type for Care Support decreased following the scheduled finish of the short rental scheme under the subsidy program by the Ministry of Health Labour and Welfare in the previous fiscal year.

As of end of September 2018, 521 units of HAL Lumbar Type for Labor Support were in operation. Operating units are steadily increasing due to implementation in airports, factories and warehouses. The Group commenced sales of the new model of Cleaning Robot CL02 and its implementation in commercial facilities operated by Mitsui Fudosan Co., Ltd. and office buildings operated by Sumitomo Corporation are progressing steadily. The Group anticipates further increases in the operating units for the bottom half of the fiscal year starting from October 2018. As of September 2018, 37 units of Cleaning Robot as well as Transportation Robot were in operation.

As the result of the aforementioned, in the six months ended September 30, 2018, the Group recorded revenue of ¥752 million (1.3% decrease year on year) mainly due to increase of rental income from Medical HAL, partly offset with decrease in revenue from sale of product decreased arising from the absence of one time sale in six month period of the previous fiscal year. Gross profit ratio improved 1.4 points to 70.4% year on year, resulting in the gross profit of ¥530 million (0.8% increase year on year).

Research and development expenses were recorded at ¥501 million (27.8% increase year on year), mainly due to development of new products at the Company's own expense and consigned research projects. In addition other selling, general and administrative expenses decreased to ¥546 million (3.1% decrease year on year).

Other income was recorded at ¥250 million (112.4% increase year on year), mainly due to income from consigned research project, while other expenses were recorded at 0 million (81.0% decrease year on year). Operating loss improved ¥46 million to ¥268 million (14.7% decrease year on year) was posted.

Furthermore, because of gains related to CEJ Fund recorded at ¥16 million, the Group improved ¥72 million to ¥236 million (23.3% decrease year on year) in the loss attributable to owners of the parent.

## 2. Explanation of financial position

### ( i ) Assets:

For the consolidated six months ended September 30, 2018, assets increased ¥52 million to ¥46,650 million in comparison to the end of the previous fiscal year. This was mainly due to decreases of ¥126 million in trade and other receivables, partly offset by increases of ¥91 million in inventories, ¥55 million in financial assets (non-current) and ¥38 million in other current assets.

### ( ii ) Liabilities

For the consolidated six months ended September 30, 2018, liabilities increased ¥494 million to ¥1,419 million in comparison to the end of the previous fiscal year. This was mainly due to a decrease of ¥191 million in other current liabilities, partly offset by increase of ¥573 million in third-party interests in CEJ Fund, ¥95 million in deferred tax liabilities and ¥18 million in trade and other receivables.

### ( iii ) Equity

For the consolidated six months ended September 30, 2018, equity decreased ¥442 million to ¥45,232 million in comparison to the end of the previous fiscal year. This was mainly due to decreases of ¥219 million in other components of equity and ¥236 million in retained earnings following the posting of loss attributable to owners of the parent.



### 3. Status of cash flow

For the consolidated six months ended September 30, 2018, cash and cash equivalents increased ¥24 million to ¥10,844 million in comparison to the end of the previous fiscal year. Status of each cash flow within the consolidated six months ended September 30, 2018 and its main influencing factors are stated below.

#### (Cash flows from operating activities)

For this consolidated six months ended September 30, 2018, net cash provided by operating activities recorded outflow of ¥226 million (outflow of ¥159 million in the same period of the previous fiscal year). This is mainly attributed to depreciation and amortization posted at ¥212 million as well as inflow of ¥126 million due to a decrease in trade and other receivables, partly offset by loss before tax recorded at ¥242 million.

#### (Cash flows from investment activities)

For this consolidated six months ended September 30, 2018, net cash used in investing activities recorded outflow of ¥355 million (outflow of ¥2,319 million in the same period of the previous fiscal year). This is mainly attributed to outflow of ¥168 million due to purchase of investment securities and ¥187 million due to purchase of property, plant and equipment.

#### (Cash flows from financing activities)

For this consolidated six months ended September 30, 2018, net cash used in financing activities recorded inflow of ¥602 million (outflow of ¥11 million in the same period of the previous fiscal year). This is mainly attributed to proceeds of ¥610 million from contributions into CEJ Fund from third-party investors.

### III. Condensed quarterly consolidated financial statement

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

	As of March 31, 2018	As of September 30, 2018
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	10,820	10,844
Trade and other receivables	385	260
Other financial assets	20,004	20,009
Inventories	565	656
Other current assets	32	70
Total current assets	31,807	31,839
Non-current assets		
Operating lease assets	401	433
Property, plant and equipment	11,339	11,292
Intangible assets	90	78
Investments accounted for using equity method	474	469
Other financial assets	2,406	2,462
Other non-current assets	81	78
Total non-current assets	14,791	14,811
Total assets	46,598	46,650

	As of March 31, 2018	As of September 30, 2018
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	274	292
Other current liabilities	386	194
Total current liabilities	659	486
Non-current liabilities		
Third-party interests in CEJ Fund	—	573
Provisions	91	91
Deferred tax liabilities	145	240
Other non-current liabilities	29	29
Total non-current liabilities	265	933
Total liabilities	925	1,419
Equity		
Share capital	26,744	26,744
Capital surplus	26,495	26,495
Treasury shares	(0)	(0)
Other components of equity	(65)	(283)
Retained earnings	(7,476)	(7,712)
Total equity attributable to owners of the parent	45,698	45,243
Non-controlling interests	(24)	(11)
Total equity	45,674	45,232
Total liabilities and equity	46,598	46,650

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

Condensed year to quarter end consolidated statement of profit or loss

	Six months ended September 30, 2017	Six months ended September 30, 2018
	Millions of yen	Millions of yen
Revenue	762	752
Cost of sales	(236)	(222)
Gross profit	525	530
Selling, general and administrative expenses		
Research and development expenses	(392)	(501)
Other selling, general and administrative expenses	(564)	(546)
Total selling, general and administrative expenses	(956)	(1,048)
Other income	118	250
Other expenses	(1)	(0)
Operating profit (loss)	(315)	(268)
Finance income	6	20
Finance costs	(1)	(4)
Gains related to CEJ Fund	—	16
Share of profit (loss) of investments accounted for using equity method	(3)	(6)
Profit (loss) before tax	(312)	(242)
Income tax expense	1	2
Profit (loss)	(310)	(240)
Profit (loss) attributable to		
Owners of parent	(308)	(236)
Non-controlling interests	(3)	(4)
Profit (loss)	(310)	(240)
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	(1.43)	(1.10)
Diluted earnings (loss) per share (yen)	(1.43)	(1.10)

Condensed quarter period consolidated statement of profit or loss

	Three months ended September 30, 2017	Three months ended September 30, 2018
	Millions of yen	Millions of yen
Revenue	408	417
Cost of sales	(125)	(119)
Gross profit	283	298
Selling, general and administrative expenses		
Research and development expenses	(193)	(284)
Other selling, general and administrative expenses	(272)	(251)
Total selling, general and administrative expenses	(465)	(535)
Other income	65	171
Other expenses	(0)	4
Operating profit (loss)	(117)	(62)
Finance income	4	10
Finance costs	(0)	(4)
Gains related to CEJ Fund	—	16
Share of profit (loss) of investments accounted for using equity method	(3)	(3)
Profit (loss) before tax	(116)	(43)
Income tax expense	0	0
Profit (loss)	(116)	(43)
Profit (loss) attributable to		
Owners of parent	(114)	(41)
Non-controlling interests	(2)	(2)
Profit (loss)	(116)	(43)
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	(0.53)	(0.19)
Diluted earnings (loss) per share (yen)	(0.53)	(0.19)

Condensed year to quarter end consolidated statement of comprehensive income

	Six months ended September 30, 2017	Six months ended September 30, 2018
	Millions of yen	Millions of yen
Profit (loss)	(310)	(240)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(199)	(220)
Total of items that will not be reclassified to profit or loss	(199)	(220)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(14)	1
Total of items that may be reclassified to profit or loss	(14)	1
Total other comprehensive income, net of tax	(213)	(218)
Comprehensive income	(524)	(459)
Comprehensive income attributable to		
Owners of parent	(518)	(455)
Non-controlling interests	(6)	(4)
Comprehensive income	(524)	(459)

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

Six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Share acquisition rights
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
April 1, 2017	26,744	26,495	(0)	417	2	12
Profit (loss)	—	—	—	—	—	—
Other comprehensive income	—	—	—	(199)	(10)	—
Total comprehensive income	—	—	—	(199)	(10)	—
Share-based payment transactions	—	—	—	—	—	7
Total transactions with owners	—	—	—	—	—	7
September 30, 2017	26,744	26,495	(0)	218	(8)	19

	Equity attributable to owners of parent				
	Other components of equity	Retained earnings	Total	Non-controlling interests	Total equity
	Total				
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
April 1, 2017	432	(6,903)	46,768	(31)	46,737
Profit (loss)	—	(308)	(308)	(3)	(310)
Other comprehensive income	(210)	—	(210)	(3)	(213)
Total comprehensive income	(210)	(308)	(518)	(6)	(524)
Share-based payment transactions	7	—	7	—	7
Total transactions with owners	7	—	7	—	7
September 30, 2017	229	(7,211)	46,257	(37)	46,220

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

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

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



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

	Six months ended September 30, 2017	Six months ended September 30, 2018
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit (loss) before tax	(312)	(242)
Depreciation and amortization	191	212
Finance income	(6)	(20)
Finance costs	1	4
Gains on CEJ Fund	—	(16)
Share of loss (profit) of investments accounted for using equity method	3	6
Decrease (increase) in inventories	(69)	(91)
Decrease (increase) in trade and other receivables	154	126
Increase (decrease) in trade and other payables	19	29
Other	(143)	(192)
Subtotal	(163)	(185)
Interest received	5	3
Interest paid	(1)	(0)
Income taxes paid	—	—
Payments for administrative expenses etc. related to CEJ Fund	—	(44)
Net cash provided by (used in) operating activities	(159)	(226)
Cash flows from investing activities		
Purchase of investments	(23,000)	(10,000)
Proceeds of redemption of investments	23,000	10,000
Purchase of property, plant and equipment	(573)	(187)
Purchase of intangible assets	(45)	(1)
Purchase of investment securities	(1,200)	(168)
Purchase of investments accounted for using equity method	(495)	—
Other	(6)	2
Net cash provided by (used in) investing activities	(2,319)	(355)
Cash flows from financing activities		
Contributions into CEJ Fund from third-party investors	—	610
Proceeds from stock issuance to non-controlling interests	—	4
Other	(11)	(12)
Net cash provided by (used in) financing activities	(11)	602
Net increase (decrease) in cash and cash equivalents	(2,486)	24
Cash and cash equivalents at beginning of fiscal year	13,378	10,820
Effect of exchange rate changes on cash and cash equivalents	2	(2)
Cash and cash equivalents at end of year	10,892	10,844

## 5. Notes to condensed quarterly consolidated financial statements

(Notes on premise of going concern)

There are no items to report.

(Changes in accounting policy)

Significant accounting policies applied to the condensed consolidated financial statements for the six months ended September 30, 2018 are the same as those applied to the consolidated financial statements for the fiscal year ended March 31, 2018, with the following exceptions.

The income tax expense for the six months ended September 30, 2018 has been calculated based on the estimated annual effective income tax rate.

The Group has applied the following accounting standards from the first quarter of the fiscal year ending March 31, 2019. The effect of applying these accounting standards on the Group's condensed consolidated financial statements is not material.

	IFRSs	Nature of the new standards or amendments
IAS 28	Investments in Associates and Joint Ventures	Revised accounting process upon holding any investment through venture capitals towards affiliates or jointly controlled entity
IFRS 2	Share-based Payment	Revised classification and measurement of share-based payment transactions

(Segment information)

Six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

Since the Group had a single segment, segment information was omitted.

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

Since the Group had a single segment, segment information was omitted.

(Revenue)

Disaggregation of revenue

Details of disaggregation of revenue are set forth below.

	Six months ended September 30, 2017	Six months ended September 30, 2018
	Millions of yen	Millions of yen
Timing of revenue recognition		
Service transferred over time	509	536
Asset transferred at a point of time	96	65
Service transferred at a point of time	157	151
Total	762	752

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

Service transferred over time

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

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

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

Asset transferred at a point of time

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

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

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

Service transferred at a point of time

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

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