Consolidated Financial Results (Tanshin)
for the Nine Months Ended December 31, 2019 (Based on IFRS)

February 14, 2020

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 nine-month report :February 14, 2020 Scheduled start of dividend payment :—
Additional materials for the financial results :None
Information meeting for the financial results :None

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

Ⅰ. Consolidated financial results for the nine months ended December 31, 2019 (April 1, 2019-December 31, 2019)

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

	Revenue		Operating profit (loss)		Profit (loss) before tax		Profit (loss) attributable to owners of parent	
		%		%		%		%
Apr.1-December 31, 2019	1,265	2.5	(540)	—	218	—	(13)	—
Apr.1-December 31, 2018	1,234	6.0	(378)	—	(169)	—	(208)	—

	Basic earnings (loss) per share	Diluted earnings (loss) per share
	Yen	Yen
Apr.1-December 31, 2019	(0.06)	(0.06)
Apr.1-December 31, 2018	(0.97)	(0.97)

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 December 31, 2019	47,467	44,387	44,399	93.5
As of March 31, 2019	45,746	44,203	44,217	96.7

Ⅱ. Dividends

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

Notes:

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

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

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

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

Notes:

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

   new: － (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 December 31, 2019	215,145,809 shares	As of March 31, 2019	215,147,809 shares

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

As of December 31, 2019	4,451 shares	As of March 31, 2019	138 shares

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

Apr.1-December 31, 2019	215,141,371 shares	Apr.1-December 31, 2018	215,047,471 shares

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

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

Dividends on Class Shares

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

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

Note:

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

○ Contents of the Attached Material

Ⅰ. Qualitative information regarding settlement of accounts for the nine 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 nine months period ended December 31, 2019 and certain assumptions made by the Group.

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

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

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

<u>Status of business operation</u>

(Business operation around the medical application)

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

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

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

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

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

In Italy, the nation's first International Forum on Medical HAL was held on October 2019. On the same month Centro Giusti adopted HAL for Medical Use Lower Limb Type, making them the second facility with HAL in Italy. Currently Medical HAL is being operated in the following EU countries; Germany, Poland, Italy and Bulgaria.

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

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

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

The Group offers HAL for Well-being Lower Limb Type, HAL for Well-being Single Joint Type and HAL Lumbar Type for Well-being to long-term care and elderly users. This endeavor targets to improve the autonomy of the elderly person, keep healthy condition and prevent fraility which is the cause leading to reduction of physical function.

On July 2019, the Group announced Ankle Joint Attachment as a new product for HAL Single Joint Type. The product was designed to induce voluntary movements and improvement of gait. The Group also introduced HAL Lumbar Type for Well-being (BB04 Model) as a new product that could support both care givers and care receivers on August 2019 and the Group introduced the aforementioned device to the U.K. on January 2020, as the first country in Europe. The new model was installed with new control mode that uses information of angle sensor instead of bio-electrical signals, allowing the device to be put on in 10 seconds. Also, monitor function was added on HAL Lumbar Type for Well-being (FB02 Model) as an optional function from January 2020. This new function can display bio-electrical signals, tilting of their body trunk and other information of the wearer at real time, allowing efficient and ideal training of their body.

The Group continues to coordinate with partners in different prefectures of Japan to offer Neuro HALFIT Service through Robocare Centers. The novel program that induces improvement of the brain-neve and musculoskeletal system are currently offered in 14 sites of Japan. The Group also began providing IWA Neuro HAL Plus at Yotsuya Robocare Center as a new service to improve the performance of athletes. The Group will continue to develop service that is suited for visitors with various needs.

(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 focusing on the Group's partners. The Group also introduced this application to support the fire fighters and Tsukuba Fire Fighting Department and Ebina Fire Fighting Department have adopted the device. The Group also lended HAL Lumbar Type for Labor Support to communities that was heavilyu struck by Typhoon 19 in 2019. The next-generation Cleaning Robot CL02 is being implemented in commercial facilities operated by Mitsui Fudosan Co., Ltd. office buildings operated by Sumitomo Corporation and in Airports such as Haneda Airport and Narita Airport. On November 2019, Narita Airport and Haneda Airport announced to install a total of 15 units of CL02 in their facility for practical use.

Status of research and development

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

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

(Numbers of operating units)

As of the end of December 2019, 303 units of Medical HAL were in operation worldwide including those used for clinical research. Out of the aforementioned number, 81 were rented out in Japan for treatment. 294 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 358 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 December 2019. While the number of HAL for Well-being is increasing following adoptions by care facilities in hospitals in Japan, the older model HAL for Living Support Lower Limb Type is starting to meet its service life and the Group is disposing the units that have exceeded it. As of the end of December 2019, 948 units of HAL Lumbar Type for Well-being were in operation. While the operating number of the new HAL Lumbar Type for Well-being (BB04) increased, the older model HAL Lumbar Type for Care Support is starting to meet its service life and the Group is disposing the units that have exceeded it.

As of end of December 2019, 614 units of HAL Lumbar Type for Labor Support were in operation. While the operating number of the new HAL Lumbar Type for Labor Support (LB03) is increasing, the older model HAL Lumbar Type for Care Support is starting to meet its service life and the Group is disposing the units that have exceeded it. As of December 2019, 72 units of Cleaning Robot as well as Transportation Robot were in operation.

As the result of the aforementioned, in the nine months ended December 31, 2019, the Group recorded revenue of ¥1,265 million (2.5% increase year on year) mainly due to increase of rental income from Medical HAL. Gross profit ratio improved 1.0 points to 72.8% year on year, resulting in the gross profit of ¥921 million (4.0% increase year on year).
Research and development expenses were recorded at ¥563 million (18.8% decrease year on year), mainly due to development of new products at the Company's own expense and consigned research projects. In addition, other selling, general and administrative expenses increased to ¥959 million (12.6% increase year on year). Other income was recorded at ¥70 million (75.6% decrease year on year), mainly due to income from consigned research project, while other expenses were recorded at ¥8 million (35.1% increase year on year), resulting in the operating loss of ¥540 million (42.6% increase year on year).

Finance income was recorded at ¥826,finance costs were recorded at ¥99, mainly due to valuate difference of investment and gains related to CEJ Fund were recorded at ¥52 million, leading to improvement of ¥387 million in the profit before tax to ¥218 million. Income tax expense was recorded at ¥237 million, mainly due to deferred tax expenses. As a result, the Group improved ¥195 million to ¥13 million (93.7% decrease year on year) in the loss attributable to owners of the parent.

The Company forms business and capital alliances with various startup companies that develop unique technologies. The Company calculates the fair value of unlisted stocks of such companies using the IFRS 9 “Financial Instruments”. As a result, gain on investments in securities was recorded at ¥363 million as "finance income" and the deferred tax expense related to this valuation was recorded at ¥115 million as "income tax expense". Also, loss on investments in securities was recorded at ¥10 million as "finance costs". Therefore, the result of calculation of fair value, impact towards quarterly profit was ¥238 million.

2. Explanation of financial position

(ⅰ) Assets

For the consolidated nine months ended December 31, 2019, assets increased ¥1,721 million to ¥47,467 million in comparison to the end of the previous fiscal year. This was mainly due to decrease of ¥1,500 million in other financial assets (current), partly offset by increase of ¥1,292 million in cash and cash equivalents, and posting of ¥333 million in the right of use asset following the adoption of IFRS 16 "Leases" from the first quarter of the fiscal year ending March 31, 2020.

(ⅱ) Liabilities

For the consolidated nine months ended December 2019, liabilities increased ¥1,537 million to ¥3,080 million in comparison to the end of the previous fiscal year. This was mainly due to decreases of ¥102 million in trade and other payables, ¥249 million in other current liabilities, partly offset by increase of ¥1,218 million in third-party interests in CEJ Fund, ¥324 million in deferred tax liability, and posting of ¥42 million in lease liability (current) and ¥301 million in lease liability (non-current) following the adoption of IFRS 16 "Leases" from the first quarter of the fiscal year ending March 31, 2020.

(ⅲ) Equity

For the consolidated nine months ended December 2019, equity increased ¥184 million to ¥44,387 million in comparison to the end of the previous fiscal year. This was mainly due to increase in other components of equity associated with increase of financial assets measured at fair value through other comprehensive income.

3. Status of cash flow

For the consolidated nine months ended December 31, 2019, cash and cash equivalents increased ¥1,292 million to ¥10,088 million in comparison to the end of the previous fiscal year. Status of each cash flow within the consolidated nine months ended December 31, 2019 and its main influencing factors are stated below.

(Cash flows from operating activities)

For the consolidated nine months ended December 31, 2019, net cash provided by operating activities recorded outflow of ¥322 million (outflow of ¥545 million in the same period of the previous fiscal year). This is mainly attributed to depreciation and amortization posted at ¥373 million, partly offset by finance income recorded at ¥826 million and outflow of ¥102 million due to a decrease of trade and other payables.

(Cash flows from investment activities)

For the consolidated nine months ended December 31, 2019, net cash provided by investing activities recorded inflow of ¥296 million (inflow of ¥11,111 million in the same period of the previous fiscal year). This is mainly attributed to expenses from purchase of investment securities posted at ¥1,014 million, partly offset by proceeds from withdrawal of time deposits posted at ¥2,500 million.

(Cash flows from financing activities)

For the consolidated nine months ended December 31, 2019, net cash used in financing activities recorded inflow of ¥1,319 million (inflow of ¥650 million in the same period of the previous fiscal year). This is mainly attributed to proceeds of ¥1,360 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, 2019	As of December 31, 2019
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	8,796	10,088
Trade and other receivables	257	237
Other financial assets	20,505	19,005
Inventories	901	818
Other current assets	169	66
Total current assets	30,627	30,214
Non-current assets		
Operating lease assets	463	501
Property, plant and equipment	11,624	11,583
Right of use assets	―	333
Intangible assets	70	55
Investments accounted for using equity method	456	480
Other financial assets	2,431	4,231
Other non-current assets	74	69
Total non-current assets	15,118	17,254
Total assets	45,746	47,467

	As of March 31, 2019	As of December 31, 2019
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	284	182
Lease liabilities	—	42
Other current liabilities	370	121
Total current liabilities	654	346
Non-current liabilities		
Third-party interests in CEJ Fund	544	1,762
Lease liabilities	—	301
Provisions	91	93
Deferred tax liabilities	254	578
Total non-current liabilities	889	2,734
Total liabilities	1,543	3,080
Equity		
Share capital	26,745	26,751
Capital surplus	26,494	26,494
Treasury shares	(0)	(0)
Other components of equity	(1,048)	(860)
Retained earnings	(7,942)	(7,986)
Total equity attributable to owners of the parent	44,217	44,399
Non-controlling interests	(15)	(12)
Total equity	44,203	44,387
Total liabilities and equity	45,746	47,467

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

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
	Millions of yen	Millions of yen
Revenue	1,234	1,265
Cost of sales	(348)	(344)
Gross profit	886	921
Selling, general and administrative expenses		
Research and development expenses	(693)	(563)
Other selling, general and administrative expenses	(851)	(959)
Total selling, general and administrative expenses	(1,545)	(1,522)
Other income	286	70
Other expenses	(6)	(8)
Operating profit (loss)	(378)	(540)
Finance income	197	826
Finance costs	(10)	(99)
Gains related to CEJ Fund	37	52
Share of profit (loss) of investments accounted for using equity method	(15)	(21)
Profit (loss) before tax	(169)	218
Income tax expense	(49)	(237)
Profit (loss)	(218)	(19)
Profit (loss) attributable to		
Owners of parent	(208)	(13)
Non-controlling interests	(10)	(6)
Profit (loss)	(218)	(19)
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	(0.97)	(0.06)
Diluted earnings (loss) per share (yen)	(0.97)	(0.06)

Condensed quarter period consolidated statement of profit or loss

	Three months ended December 31, 2018 (October 1- December 31)	Three months ended December 31, 2019 (October 1- December 31)
	Millions of yen	Millions of yen
Revenue	482	442
Cost of sales	(126)	(115)
Gross profit	356	327
Selling, general and administrative expenses		
Research and development expenses	(192)	(191)
Other selling, general and administrative expenses	(305)	(329)
Total selling, general and administrative expenses	(497)	(521)
Other income	37	23
Other expenses	(6)	11
Operating profit (loss)	(110)	(159)
Finance income	176	368
Finance costs	(5)	(11)
Gains related to CEJ Fund	21	20
Share of profit (loss) of investments accounted for using equity method	(9)	(6)
Profit (loss) before tax	73	212
Income tax expense	(51)	(114)
Profit (loss)	23	98
Profit (loss) attributable to		
Owners of parent	28	99
Non-controlling interests	(6)	(1)
Profit (loss)	23	98
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	0.13	0.46
Diluted earnings (loss) per share (yen)	0.13	0.46

Condensed year to quarter end consolidated statement of comprehensive income

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
	Millions of yen	Millions of yen
Profit (loss)	(218)	(19)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(460)	187
Total of items that will not be reclassified to profit or loss	(460)	187
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	5	3
Total of items that may be reclassified to profit or loss	5	3
Total other comprehensive income, net of tax	(456)	189
Comprehensive income	(674)	170
Comprehensive income attributable to		
Owners of parent	(665)	176
Non-controlling interests	(9)	(6)
Comprehensive income	(674)	170

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

Nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)

	Equity attributable to owners of parent					
				Other components of equity		
	Share capital	Capital surplus	Treasury shares	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Share acquisition rights
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2018	26,744	26,495	(0)	(77)	(7)	19
Profit (loss)	－	－	－	－	－	－
Other comprehensive income	－	－	－	(460)	3	－
Total comprehensive income	－	－	－	(460)	3	－
Transfer from other components of equity to retained earnings	－	－	－	(135)	－	－
Equity transaction with non-controlling interest	－	－	－	－	－	－
Total transactions with owners	－	－	－	(135)	－	－
December 31, 2018	26,744	26,495	(0)	(673)	(3)	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, 2018	(65)	(7,476)	45,698	(24)	45,674
Profit (loss)	－	(208)	(208)	(10)	(218)
Other comprehensive income	(457)	－	(457)	1	(456)
Total comprehensive income	(457)	(208)	(665)	(9)	(674)
Transfer from other components of equity to retained earnings	(135)	135	－	－	－
Equity transaction with non-controlling interest	－	－	－	17	17
Total transactions with owners	(135)	135	－	17	17
December 31, 2018	(657)	(7,549)	45,033	(16)	45,017

Nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)

	Equity attributable to owners of parent					
				Other components of equity		
	Share capital	Capital surplus	Treasury shares	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Share acquisition rights
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2019	26,745	26,494	(0)	(1,071)	3	19
Profit (loss)	−	−	−	−	−	−
Other comprehensive income	−	−	−	187	2	−
Total comprehensive income	−	−	−	187	2	−
Acquisition of treasury shares	−	−	(0)	−	−	−
Share-based payment transactions	6	−	−	−	−	−
Equity transaction with non-controlling interest	−	−	−	−	−	−
Total transactions with owners	6	−	(0)	−	−	−
December 31, 2019	26,751	26,494	(0)	(884)	5	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, 2019	(1,048)	(7,972)	44,217	(15)	44,203
Profit (loss)	−	(13)	(13)	(6)	(19)
Other comprehensive income	189	−	189	1	189
Total comprehensive income	189	(13)	176	(6)	170
Acquisition of treasury shares	−	−	(0)	−	(0)
Share-based payment transactions	−	−	6	−	6
Equity transaction with non-controlling interest	−	−	−	8	8
Total comprehensive income	−	−	6	8	14
December 31, 2019	(860)	(7,986)	44,399	(12)	44,387

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

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit (loss) before tax	(169)	218
Depreciation and amortization	322	373
Finance income	(197)	(826)
Finance costs	10	99
Gains on CEJ Fund	(37)	(52)
Share of loss (profit) of investments accounted for using equity method	15	21
Decrease (increase) in inventories	(326)	83
Decrease (increase) in trade and other receivables	131	20
Increase (decrease) in trade and other payables	(26)	(102)
Other	(234)	(173)
Subtotal	(511)	(339)
Interest received	16	17
Interest paid	(0)	—
Income taxes paid	—	(1)
Payments for administrative expenses etc. related to CEJ Fund	(50)	1
Net cash provided by (used in) operating activities	(545)	(322)
Cash flows from investing activities		
Purchase of investments	(18,000)	(19,000)
Proceeds of redemption of investments	30,000	18,000
Proceeds from withdrawal of time deposit	—	2,500
Purchase of property, plant and equipment	(271)	(342)
Purchase of intangible assets	(2)	(5)
Purchase of investment securities	(618)	(1,014)
Proceeds from sale of investment securities	—	205
Purchase of investments accounted for using equity method	—	(46)
Other	2	(1)
Net cash provided by (used in) investing activities	(11,111)	296
Cash flows from financing activities		
Lease liabilities paid	—	(39)
Contributions into CEJ Fund from third-party investors	660	1,360
Proceeds from stock issuance to non-controlling interests	4	—
Other	(14)	(2)
Net cash provided by (used in) financing activities	650	1,319
Effect of exchange rate changes on cash and cash equivalents	(2)	(0)
Net increase (decrease) in cash and cash equivalents	11,215	1,292
Cash and cash equivalents at beginning of fiscal year	10,820	8,796
Cash and cash equivalents at end of year	22,035	10,088

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 nine months ended December 31, 2019 are the same as those applied to the consolidated financial statements for the fiscal year ended March 31, 2019, with the following exceptions.

The income tax expense for the consolidated nine months ended December 31, 2019 has been calculated based on the estimated annual effective income tax rate.

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

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

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

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

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

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

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

(Revenue)

Disaggregation of revenue

Details of disaggregation of revenue are set forth below.

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
	Millions of yen	Millions of yen
Timing of revenue recognition		
Service transferred over time	850	990
Asset transferred at a point of time	143	99
Service transferred at a point of time	241	176
Total	1,234	1,265

(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 Cybernic Treatment Center and 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.