



Consolidated Financial Results (Tanshin)
for the Three Months Ended June 30, 2022 (Based on IFRS)

August 12, 2022

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 three-month report	:August 12, 2022	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 three months ended June 30, 2022 (April 1, 2022-June 30, 2022)

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-June 30, 2022	751	97.6	(174)	—	376	—	244	—
Apr.1-June 30, 2021	380	5.9	(283)	—	(265)	—	(276)	—

	Basic earnings (loss) per share	Diluted earnings (loss) per share
	Yen	Yen
Apr.1-June 30, 2022	1.13	1.13
Apr.1-June 30, 2021	(1.28)	(1.28)

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 June 30, 2022	50,583	43,853	43,816	86.6
As of March 31, 2022	49,459	43,457	43,419	87.8

II. Dividends

	Dividend payments for each term and the year				
	End of 1st quarter (June.30)	End of 2nd quarter (September.30)	End of 3rd quarter (December.31)	Fiscal year end (March.31)	Total
Fiscal year ended March 31, 2022	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00
Fiscal year ending March 31, 2023	—	—	—	—	—

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, 2022 (April 1, 2021-March 31, 2022)

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 : none

(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 June 30, 2022	215,145,809 shares	As of March 31, 2022	215,145,809 shares
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- (ii) Total number of treasury shares at the end of each period

As of June 30, 2022	11,671 shares	As of March 31, 2022	11,671 shares
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- (iii) Average number of shares during each three month period

Apr.1-June 30, 2022	215,134,138 shares	Apr.1-June 30, 2021	215,137,038 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 (June.30)	End of 2nd quarter (September.30)	End of 3rd quarter (December.31)	Fiscal year end (March.31)	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2023	—				

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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1. Qualitative information regarding the settlement of accounts for the three months ended June 30, 2021

(1) Explanation of operating result

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 three months ended June 30, 2022, and certain assumptions made by the Group.

The Group aims to transform society and industry by creating a Cybernics Industry. This new industry will follow the robotics and IT industries by realizing a "Techno-peer Support Society" where human and technology works together and supports each other by innovation that leaves no one behind. To be precise, the Group will make full use of Cybernics (fusion of Human, Robots, AI, and Information Systems), a new field that integrates "Human" and "Cyber/Physical Space."

Healthy Future Society using Cybernics

The Group is developing various Cybernics Technologies that accumulate, analyze, and AI processes Human Big Data (human-related physiological, psychological, lifestyle, behavioral, and environmental information) with its IoH/IoT (Internet of Humans and Things) system. The technology can also improve, regenerate, expand, and support the wearer's physical functions. Furthermore, the Group equips communication functions to all Cybernics Technologies. They are seamlessly connected to hospitals, nursing homes, homes, and workplaces through IoH/IoT by linking data and services via cloud systems. Using Cybernics Technologies, the Group will challenge cultivating a "healthy future society" where people can participate in society with a high level of independence and health, even if they experience multiple disuses, disease, or disability. The Group will promote Society 5.0/5.1 as a healthy and sustainable society through this challenge.

Status of business development

<<Medical: Cybernics Treatment >>

(Japan)

The Group continues its efforts to establish 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. Post-marketing surveillance on the Medical HAL Lower Limb Type Double-leg Model suggested a high efficacy and safety towards progressive neuromuscular diseases. As a result of the proposal, the revision of insurance pricing for 2022 allows hospitals that use the DPC system (80% of base hospitals treating intractable diseases in Japan) to calculate insurance for treatment with HAL for hospitalized patients. Also, insurance reimbursement pricing associated with the treatment was increased, encouraging the Group to spread the technology in the country. The Group will also utilize the result of post-marketing surveillance to list Cybernics Treatment for insurance worldwide to establish this new treatment technology as a global standard for progressive neuromuscular disease, as there were no effective treatment methods globally for these diseases before HAL.

Furthermore, regarding the investigator-initiated clinical trial for stroke patients in Japan, the primary endpoints' clinical significance and statistical significance, which are considered the most crucial evaluation points of this clinical trial, are being discussed with the authorities and investigators, and statistical experts.

The Group also considers the result as compelling data for medical insurance for stroke worldwide.

In addition, the University of Tsukuba Hospital started clinical trials to investigate the effect of HAL on improving the physical functions of children affected by cerebral palsy on January 2022.

(USA)

RISE Healthcare Group (RHG), the Company's subsidiary offering medical service, is further expanding from its current 20 locations (an increase of 4 locations since the beginning of the year) and is conducting trials of combined services with the innovative medical technology of CYBERDYNE.

(EMEA: Mainly Europe and the Middle East)

Following from the previous year, the Group is promoting Cybernics Treatment in Turkey and other major countries.

(APAC: Asia Pacific)

In February 2022, the Group established CYBERDYNE MALAYSIA Sdn. Bhd. in Malaysia as a business promotion base in APAC to further accelerate the spread of Cybernics Treatment. In Malaysia, Cybernics Treatment continues to expand through the public social security coverage provided by the government-affiliated Social Security Organization (SOCSO). Cybernics Treatment has also started at Singapore General Hospital, the country's largest general hospital.

<<Business operation around applications to support caregivers and care receivers>>

The Group has developed various types of HAL to improve older adults' need for nursing care, preventing their illness, preventing frailty, and maintaining their independence from care. For example, HAL Lower Limb Type for improving ambulatory functions; HAL Single Joint Type to train elbow, knee, and ankle movements; and HAL Lumbar Type for inducing improvement of the trunk and lower limb function.

(Service at facilities for individuals)

The Group continues to offer Neuro HALFIT, a program that induces improvement of the brain-nerve and musculoskeletal system through utilization of HAL. The program is currently available at 16 Robocare Centers operated by business partners. The Group plans to open additional Robocare Centers.

(Neuro HALFIT at Home as a service towards individuals)

The Group offers Neuro HALFIT at Home to enable individuals to work out at home using HAL. By connecting HAL with Cyberdyne Cloud, users can see their bio-electrical signals, postures, and many more on the connected tablets. In addition, the tablet monitor allows users to obtain visual feedback on their training and receive feedback from their therapists and trainers remotely. The Group also work with home visiting providers to promote in-person support, from equipment setup to program implementation at home.

<<Prevention/early detection>>

The Group is preparing for the commercialization of the Cyvis series, an ultra-small size vital sensor designed to manage the risk of arrhythmia and atrial fibrillation and prevent myocardial infarction and stroke by accumulating, analyzing, and AI- processing various healthcare data such as cardiac activity, brain activity, body temperature, SpO2, and daily activities. Furthermore, Cyvis will also be equipped with an optional feature to measure breathing conditions during sleep, enabling easy and precise screening for the risk of SAS (Sleep Apnea Syndrome). In addition, in August 2021, the Group acquired C2, a company that develops and operates the "Sound Sleep Alarm" healthcare application that visualizes sleep, to strengthen the Group's healthcare business. The Group applied for Cyvis-1 in April 2022 to register it as a medical device and started trial marketing of the product to users in May 2022.

<<Business operation around applications for the workplace and daily life>>

(Well-being)

The Group started to export HAL Lumbar Type for Well-being to care facilities in Hampshire County, UK, in October 2021. The Group will coordinate with Hampshire County to use this as a model example to disseminate the technology in other areas of the UK and other European nations.

(Labor Support)

HAL Lumbar Type for Labor Support with dustproof and waterproof features is introduced to large users such as airports, construction, and logistics. In addition, the Group is working to develop a practical application for production management that integrates labor management and work efficiency by visualizing workers' workload and physical condition.

(Disinfection / Cleaning)

Next-generation Cleaning Robot CL02 uses the cutting-edge SLAM technology to achieve high-speed autonomous driving, introduced in airports, public facilities, office buildings, and other locations. In addition, in response to preventing the spread of COVID-19, the Group realized non-contact and non-face-to-face disinfection work with disinfection spray, UV irradiation functions, and a multi-vendor elevator interface unit enables CL02 to travel between floors without the need for human intervention. The Group is working to develop next-generation technology suited for the post-COVID society.

Status of Research and Development

The Group completed the development of the ultra-small-sized vital sensor "Cyvis" designed to detect arteriosclerosis and arrhythmia early, and now the Group is preparing to commercialize the product. The Group also develops photoacoustic imaging technology for real-time analysis of microvascular information, which was adopted by the AMED Medical Engineering Innovation Promotion Project (Development Commercialization). The Group will continue to develop the technology as a new imaging modality medical device.

Furthermore, the Group is developing a cloth-type HAL to maintain and improve ambulatory functions, a communication robot to preserve and enhance activities of daily living with its conversation functions while acquiring vital and environmental information, and a personal mobility robot for users who have difficulty walking.

In addition, the construction of the Cybernics Medical Innovation Base A building, which will promote bio-related research such as regenerative medicine and drug discovery in addition to clinical research on HAL and other products, was completed in March 2022. The Group is now conducting additional interior work, and the building is scheduled to be operational by the end of this fiscal year.

Numbers of operating units

As of the end of June 2022, 373 units of Medical HAL Lower Limb Type were operating worldwide, including those used for clinical research. Out of the number mentioned above, 83 were rented out in Japan for treatment. 521 units of HAL Single Joint Type were in operation, mainly from the increase of medical products. There was a total of 342 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 the end of June 2022. 1,148 units of HAL Lumbar Type for Well-being and HAL Lumbar Type for Care Support put together were in operation. As of the end of June 2022, 420 units of HAL Lumbar Type for Labor Support were in operation. The number of units declined mainly due to the reduced number of units rented to airports. 154 units of Cleaning Robot, as well as Transportation Robot, were in operation.

In the consolidated three months ended June 30, 2022, the medical service in the US and significant increase of rental in Asia and Europe contributed to the revenue recorded at ¥751 million (97.6% increase year on year). In addition, the Group recorded gross profit at ¥490 million (76.9% increase year on year).

Research and development expenses were recorded at ¥151 million (19.5% decrease year on year), mainly due to the development of new products at the Company's own cost, clinical research and consigned research projects. In addition, the Group recorded other selling, general and administrative expenses at ¥564 million (44.2% increase year on year) due to an increase following the M&A in the previous fiscal year.

Other income was recorded at ¥51 million (168.2% increase year on year), mainly from exchange differences on translation of foreign operations and a consigned research project, resulting in an operating loss of ¥174 million (38.5% decrease year on year).

Finance income was recorded at ¥545 million, mainly due to gain from valuation difference of investment securities and translation of foreign operations. The Group recorded gains related to CEJ Fund at ¥14 million and income tax expense at ¥141 million from deferred tax expenses, resulting in the posting of profit attributable to owners of the parent at ¥244 million (loss of ¥276 million in the Q1 of the previous fiscal year).

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 valuation difference of investments securities ¥447 million was recorded as finance income. Furthermore, as the Group recorded deferred tax expense associated with this valuation ¥56 million as an income tax expense, the impact of calculation of the fair value towards the quarterly profit was ¥391 million.

(2) Explanation of financial position

① Assets

For the consolidated three months ended June 30, 2021, assets decreased ¥327 million to ¥47,792 million compared to the end of the previous fiscal year. Changes were mainly due to an increase of ¥341 million in other financial assets (non-current), partially offset by a decrease of ¥537 million in cash and cash equivalents and ¥194 million in trade and other receivables.

② Liabilities

For the consolidated three months ended June 30, 2021, liabilities increased ¥53 million to ¥4,279 million compared to the end of the previous fiscal year. The changes were mainly due to an increase of ¥36 million in deferred tax liability, partially offset by a decrease of ¥43 million in third-party interest in CEJ Fund and ¥20 million in trade and other payables.

③ Equity

For the consolidated three months ended June 30, 2021, equity decreased ¥273 million to ¥43,513 million compared to the end of the previous fiscal year. Changes were mainly due to a decrease of retained earnings resulting from the recording of a loss attributable to owners of the parent.

(3) Status of cashflow

For the consolidated three months ended June 30, 2021, cash and cash equivalents decreased ¥537 million to ¥6,167 million compared to the end of the previous fiscal year. The main influence factors for the cash flow status within the consolidated three months ended June 30, 2021, are stated below.

(Cash flows from operating activities)

For the consolidated three months ended June 30, 2021, net cash provided by operating activities recorded an outflow of ¥135 million (outflow of ¥263 million in the previous fiscal year). Changes were mainly due to an inflow of ¥158 million from the decrease of trade and other receivables profit and depreciation and amortization posted at ¥112 million. However, these were partially offset by loss before tax posted at ¥265 million, an outflow of ¥69 million from an increase in inventories, gains related to CEJ Fund posted at ¥23 million, and outflow of ¥20 million from the decrease of trade and other payables.

(Cash flows from investment activities)

For the consolidated three months ended June 30, 2021, net cash provided by investing activities recorded an outflow of ¥384 million (outflow of ¥682 million in the previous fiscal year). The changes were mainly due to proceeds of redemption of investment posted at ¥3,000 million, partially offset by the payment of ¥1,999 million from the purchase of investments, ¥1,000 million from payments into time deposits, and ¥300 million from the purchase of investment securities.

(Cash flows from financing activities)

For the consolidated three months ended June 30, 2021, net cash used in financing activities recorded an outflow of ¥21 million (outflow of ¥16 million in the previous fiscal year). The changes were mainly due to the outflow of ¥18 million from lease liabilities paid.

2. Condensed quarterly consolidated financial statement

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

	As of March 31, 2022	As of June 30, 2022
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	5,677	6,554
Trade and other receivables	493	433
Other financial assets	15,151	13,220
Inventories	1,089	1,117
Other current assets	455	455
Total current assets	22,865	21,779
Non-current assets		
Operating lease assets	430	415
Property, plant and equipment	13,416	13,428
Right of use assets	499	506
Goodwill	2,104	2,266
Intangible assets	35	29
Investments accounted for using equity method	435	429
Other financial assets	9,571	11,618
Other non-current assets	105	113
Total non-current assets	26,594	28,804
Total assets	49,459	50,583

	As of March 31, 2022	As of June 30, 2022
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	418	377
Bonds and borrowings	34	41
Lease liabilities	118	126
Other current liabilities	259	251
Total current liabilities	828	795
Non-current liabilities		
Bonds and borrowings	34	29
Third-party interests in CEJ Fund	3,629	4,254
Lease liabilities	389	391
Provisions	96	96
Deferred tax liabilities	1,026	1,164
Total non-current liabilities	5,175	5,934
Total liabilities	6,002	6,730
Equity		
Share capital	10	10
Capital surplus	42,869	42,871
Treasury shares	(0)	(0)
Other components of equity	(1,145)	(994)
Retained earnings	1,685	1,929
Total equity attributable to owners of the parent	43,419	43,816
Non-controlling interests	38	37
Total equity	43,457	43,853
Total liabilities and equity	49,459	50,583

(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

	Three months ended June 30, 2021	Three months ended June 30, 2022
	Millions of yen	Millions of yen
Revenue	380	751
Cost of sales	(103)	(261)
Gross profit	277	490
Selling, general and administrative expenses		
Research and development expenses	(188)	(151)
Other selling, general and administrative expenses	(391)	(564)
Total selling, general and administrative expenses	(579)	(715)
Other income	19	51
Other expenses	(0)	(0)
Operating profit (loss)	(283)	(174)
Finance income	5	545
Finance costs	(1)	(3)
Gains related to CEJ Fund	23	14
Share of profit (loss) of investments accounted for using equity method	(10)	(6)
Profit (loss) before tax	(265)	376
Income tax expense	(17)	(141)
Profit (loss)	(283)	235
Profit (loss) attributable to		
Owners of parent	(276)	244
Non-controlling interests	(6)	(9)
Profit (loss)	(283)	235
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	(1.28)	1.13
Diluted earnings (loss) per share (yen)	(1.28)	1.13

Condensed year to quarter end consolidated statement of comprehensive income

	Three months ended June 30, 2021	Three months ended June 30, 2022
	Millions of yen	Millions of yen
Profit (loss)	(283)	235
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	9	(21)
Total of items that will not be reclassified to profit or loss	9	(21)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(2)	175
Total of items that may be reclassified to profit or loss	(2)	175
Total other comprehensive income, net of tax	7	154
Comprehensive income	(275)	389
Comprehensive income attributable to		
Owners of parent	(269)	395
Non-controlling interests	(6)	(6)
Comprehensive income	(275)	389

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

Three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

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	Stock acquisition rights
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2021	10	42,861	(0)	(1,286)	(6)	19
Profit (loss)	—	—	—	—	—	—
Other comprehensive income	—	—	—	9	(2)	—
Total comprehensive income	—	—	—	9	(2)	—
Share-based payment transactions	—	2	—	—	—	—
Total transactions with owners	—	2	—	—	—	—
June 30, 2021	10	42,863	(0)	(1,277)	(7)	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, 2021	(1,272)	2,177	43,776	10	43,786
Profit (loss)	—	(276)	(276)	(6)	(283)
Other comprehensive income	7	—	7	—	7
Total comprehensive income	7	(276)	(269)	(6)	(275)
Share-based payment transactions	—	—	2	—	2
Total transactions with owners	—	—	2	—	2
June 30, 2021	(1,265)	1,901	43,509	4	43,513

Three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

	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	Stock acquisition rights
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
April 1, 2022	10	42,869	(0)	(1,306)	142	19
Profit (loss)	—	—	—	—	—	—
Other comprehensive income	—	—	—	(21)	172	—
Total comprehensive income	—	—	—	(21)	172	—
Share-based payment transactions	—	2	—	—	—	—
Equity transaction with non-controlling interest	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total transactions with owners	—	2	—	—	—	—
June 30, 2022	10	42,871	(0)	(1,327)	314	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
April 1, 2022	(1,145)	1,685	43,419	38	43,457
Profit (loss)	—	244	244	(9)	235
Other comprehensive income	151	—	151	3	154
Total comprehensive income	151	244	395	(6)	389
Share-based payment transactions	—	—	2	—	2
Equity transaction with non-controlling interest	—	—	—	4	4
Other	—	—	—	2	2
Total transactions with owners	—	—	2	6	8
June 30, 2022	(994)	1,929	43,816	37	43,853

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

	Three months ended June 30, 2021	Three months ended June 30, 2022
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit (loss) before tax	(265)	376
Depreciation and amortization	112	141
Finance income	(5)	(545)
Finance costs	1	3
Loss (gains) on CEJ Fund	(23)	(14)
Share of loss (profit) of investments accounted for using equity method	10	6
Decrease (increase) in inventories	(69)	(29)
Decrease (increase) in trade and other receivables	158	60
Increase (decrease) in trade and other payables	(1)	(41)
Other	(54)	(30)
Subtotal	(136)	(72)
Interest received	2	5
Interest paid	(0)	(0)
Income taxes refund	0	—
Net cash provided by (used in) operating activities	(135)	(67)
Cash flows from investing activities		
Purchase of investments	(1,999)	(3,000)
Proceeds from redemption of investments	3,000	4,000
Payments into time deposits	(1,000)	—
Proceeds from withdrawal of time deposits	—	1,000
Purchase of property, plant and equipment	(84)	(97)
Purchase of investment securities	(300)	(1,643)
Payments for loans receivable	—	(66)
Collection of loans receivable	—	1
Other	(0)	(0)
Net cash provided by (used in) investing activities	(384)	194
Cash flows from financing activities		
Repayments of long-term borrowings	(3)	(3)
Repayments of lease obligation	(18)	(31)
Contributions into CEJ Fund from third-party investors	—	680
Other	(0)	3
Net cash provided by (used in) financing activities	(21)	649
Effect of exchange rate changes on cash and cash equivalents	2	99
Net increase (decrease) in cash and cash equivalents	(537)	876
Cash and cash equivalents at beginning of fiscal year	6,704	5,677
Cash and cash equivalents at end of year	6,167	6,554

(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 consolidated three months ended June 30, 2021 are the same as those applied to the consolidated financial statements for the fiscal year ended March 31, 2021

The income tax expense for the consolidated three months ended June 30, 2021 has been calculated based on the estimated annual effective income tax rate.

(Revenue)

Disaggregation of revenue

Details of disaggregation of revenue are set forth below.

	Three months ended June 30, 2021	Three months ended June 30, 2022
	Millions of yen	Millions of yen
Timing of revenue recognition		
Service transferred over time	325	406
Asset transferred at a point of time	13	42
Service transferred at a point of time	43	304
Total	<u>380</u>	<u>751</u>

(Note) Since the Group operates under a single segment of business, 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 Cybernics Treatment and training service at Cybernic Treatment Center and Robocare Centers, to end users (such as patients). It also includes revenue received in return of providing outcomes of consigned research projects.

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