



Consolidated Financial Results (Tanshin) for the Six Months Ended September 30, 2021 (Based on IFRS)

November 12, 2021

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 12, 2021	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, 2021 (April 1, 2021-September 30, 2021)

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, 2021	825	3.9	(480)	—	(388)	—	(427)	—
Apr.1-Sep. 30, 2020	794	(3.5)	(362)	—	442	6,933	167	—

	Basic earnings (loss) per share	Diluted earnings (loss) per share
	Yen	Yen
Apr.1-Sep. 30, 2021	(1.99)	(1.99)
Apr.1-Sep. 30, 2020	0.78	0.78

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, 2021	48,460	43,355	43,352	89.5
As of March 31, 2020	48,119	43,786	43,776	91.0

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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2022	—	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”.

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, 2021	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2022	—	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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1. Qualitative information regarding settlement of accounts for the six months ended September 30, 2021

(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 ended September 30, 2021 and certain assumptions made by the Group.

The Group aims to transform society and industry through the creation of a Cybernics Industry, a new industry that 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 types of Cybernics Technologies that accumulates, analyzes, 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 is also capable of improving, regenerating, expanding, and supporting wearer's physical functions. We are also working on bio-, neuro-, physiological -systems and, cyborgs, robots, mobility, healthy city OS, and disaster evacuation response as an initiative to accelerate the evolution of the human race. All of the devices, software, handled by Cybernics have communication functions and are seamlessly connected to hospitals, nursing homes, homes, and workplaces through IoH/IoT by linking data and services via cloud systems. By making full use of such innovative Cybernics, the Group will take on the challenge of cultivating a "healthy future society" in which people can participate in society while maintaining a high level of independence and health, even if they are in a physical state of multiple disuse, disease, or disability, and will promote the realization of Society 5.0/5.1 as a healthy and sustainable society.

Status of business operation

<<Effects of COVID-19 >>

During the consolidated six-month period, while the onsite service in Robocare Center in Japan and treatment service in Germany are in a recovering trend, the Group continues to experience a short-term impact on the revenue due to the temporary suspension of new opportunities, contracts, and shipments, especially towards medical institutions outside Japan.

On the other hand, the Group regards the changes in social structure due to the pandemic of COVID-19 as an opportunity for further acceleration of Cybernics Industries. Under the keywords of Remote, Home, and Digital, the Group will conduct initiatives to realize the fusion of Human + Cyber/Physical Space. For example, Neuro HALFIT at Home, a contactless service for households, can transmit data obtained from HAL to Cloud. This service helps elderly users to prevent frailty amid the COVID-19 pandemic. The Group also introduced disinfection features to its next-generation Cleaning Robot CL02, such as disinfection sprayers and UV disinfection unit. The Group continues to promote Neuro HALFIT at Home and Disinfection/Cleaning Robot CL02 as a solution towards COVID-19.

<<Business operation around the medical application>>

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.

(Status of medical device approvals by each types of HAL)

For Medical HAL Lower Limb Type, the Group completed a performance test for progressive neuromuscular disease patients in Japan in November 2020. Twenty hospitals took part in the test, delivering a total of 6,486 treatment sessions to 218 patients. The result of the test suggests very high efficacy and safety in a clinical setting as well. The Group will utilize this result to list Cybernics Treatment for insurance worldwide to establish this new treatment technology as a global standard towards progressive neuromuscular disease, as there were no effective treatment methods globally towards this before HAL. Furthermore, regarding the investigator-initiated clinical trial for stroke patients in Japan finished in December 2020, the Group is planning to prepare for the application of medical device approval in Japan based on the efficacy and safety result gained through the trial. The Group also considers the result to be compelling data to apply for medical insurance worldwide.

In EMEA (Europe and Middle East), in addition to the new installations in Spain and France, several large-scale projects are in progress. In the U.S., the Group succeeded in obtaining expanding clearance from the U.S. Food and Drug Administration ("U.S. FDA") for stroke and neuromuscular diseases in October 2020 and listing of HAL for Medical Use Single Joint Type on August 2021. Following these events, the Group reached a decision with the counterpart to acquire RISE Physical Therapy, Inc. The Group will continue to promote medical service business in the U.S., and conducts various initiatives towards this endeavor.

In APAC (Asia Pacific Region) the Group succeeded in obtaining approvals in major countries of the Asia. The Group will continue to disseminate the technology further in the region.

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

The Group has developed various types of HAL with the aim of improving elderly people's level of need of nursing care, preventing severity of their illness, preventing frailty and maintaining their independence from care. For example, HAL Lower Limb Type for inducing improvement of ambulatory functions, HAL Single Joint Type that can be used to train elbow, knee and ankle movements and HAL Lumbar Type for inducing improvement of trunk and lower limb function.

(Business of Robocare Center)

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 with business partners in each region. The Group plans to open 2 to 3 additional Robocare Centers within the fiscal year ending in March, 2022.

(Neuro HALFIT at Home as individual rental service)

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 user can sign up for this service through CYBERDYNE STORE that opened in November 2020, and as of the end of September 2021, there was an accumulation of 369 contracts.

<<Prevention/early detection)>>

The Group is preparing for the commercialization of Cyvis, 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. 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.

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

(HAL Lumbar Type for Labor Support)

HAL Lumbar Type for Labor Support with dustproof and waterproof feature is being introduced to large users such as airports, construction, and logistics to improve the working environment by reducing the stress applied on the workers' lower back.

(Autonomous navigated robots)

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

Status of Research and Development

The Group completed the development of ultra-small sized vital sensor "Cyvis" designed to detect arteriosclerosis and arrhythmia at an early stage, and now the Group is making preparation to commercialize the product. As for photoacoustic imaging technology for real-time analysis of microvascular information, the Group's proposal were adopted by AMED Medical Engineering Innovation Promotion Project (Development Commercialization). The Group will continue to develop the technology as a new imaging modality medical device.

Furthermore, as technologies to promote independence for elderly and disabled person, the Group is developing a cloth-type HAL to maintain and improve ambulatory functions, a watchful communication robot to maintain and improve ADL (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, construction of the Cybernics 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, began in December 2020 and it is scheduled to be completed by the end of fiscal year 2021 at the Tonomachi International Strategic Center (King Skyfront) in Kawasaki City.

Numbers of operating units

As of the end of September 2021, 361 units of Medical HAL Lower Limb Type were in operation worldwide including those used for clinical research. Out of the aforementioned number, 81 were rented out in Japan for treatment. 433 units of HAL Single Joint Type were in operation, mainly from the increase of medical product. Out of the aforementioned number, 14 were rented to individual users in Japan.

There was a total of 334 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 2021. The number decreased due to disposal of the units that met its service life. 1,142 units of HAL Lumbar Type for Well-being and HAL Lumbar Type for Care Support put together were in operation. Out of the aforementioned number, 67 were rented to individual users in Japan. While the Group is disposing the units that have exceeded product life, the number of units is increasing as the number of rental towards individual is on the rise.

As of the end of September 2021, 456 units of HAL Lumbar Type for Labor Support were in operation. The number of units declined mainly due to reduced number of units rented to airports. 143 units of Cleaning Robot as well as Transportation Robot were in operation.

In the consolidated six months ended September 30, 2021, revenue from increase of oversea sales, training and treatment services recovered from the impact of COVID-19, resulting in the revenue recorded at ¥825 million (3.9% increase year on year). In addition, the Group recorded gross profit at ¥619 million (12.0% increase year on year).

Research and development expenses were recorded at ¥350 million (1.3% increase year on year), mainly due to the development of new products at the Company's own cost and consigned research projects. In addition, the Group recorded other selling, general and administrative expenses at ¥780 million (19.9% increase year on year).

Other income was recorded at ¥32 million (62.0% decrease year on year), mainly from a consigned research project, resulting in the operating loss of ¥480 million (32.7% increase year on year).

The Group recorded gains related to CEJ Fund at ¥82 million and income tax expense at ¥51 million from deferred tax expenses, resulting in the posting of loss attributable to owners of the parent at ¥432 million.

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 ¥106 million was recorded as "finance income" and "gains related to CEJ Fund". Deferred tax expense related to this valuation was recorded at ¥36 million as "income tax expense" and ¥41 millions was reclassified to third-party interest in CEJ-Fund. Therefore, the impact towards quarterly profit was ¥29 million.

(2) Explanation of financial position

① Assets

For the consolidated six months ended September 30, 2021, assets increased ¥341 million to ¥48,460 million in comparison to the end of the previous fiscal year. This was mainly due to decrease of ¥1,160 million in cash and cash equivalents and ¥968 million in other financial assets (current), partly offset by increase of ¥1,345 million in other financial assets (non-current), ¥677 million in goodwill and ¥624 million in property, plant and equipment.

② Liabilities

For the consolidated six months ended September 30, 2021, liabilities increased ¥773 million to ¥5,105 million in comparison to the end of the previous fiscal year. This was mainly due to ¥624 million in third-party interest in CEJ Fund, partly offset by increase of ¥78 million in trade and other payables.

③ Equity

For the consolidated six months ended September 30, 2021, equity decreased ¥432 million to ¥43,355 million in comparison to the end of the previous fiscal year. This was mainly due to decrease of retained earnings following the posting of a loss attributable to owners of the parent.

(3) Status of cashflow

For the consolidated six months ended September 30, 2021, cash and cash equivalents decreased ¥1,160 million to ¥5,544 million in comparison to the end of the previous fiscal year. Status of each cash flow within the consolidated six months period ended September 30, 2021 and its main influencing factors are stated below.

(Cash flows from operating activities)

For the consolidated six months ended September 30, 2021, net cash provided by operating activities recorded outflow of ¥151 million (outflow of ¥306 million in the previous fiscal year). This is mainly attributed to depreciation and amortization posted at ¥231 million and inflow from decrease of operating liabilities and other liabilities posted at ¥129 million, partly offset by outflow from loss before tax posted at ¥388 million, and outflow of ¥182 million from increase of inventory.

(Cash flows from investment activities)

For the consolidated six months ended September 30, 2021, net cash provided by investing activities recorded outflow of ¥1,649 million (outflow of ¥1,339 million in the previous fiscal year). The changes were mainly due to proceeds of redemption of investment posted at ¥11,000 million, partially offset by the payment of ¥8,999 million from the purchase of investments, ¥1,250 million from the purchase of investment securities and ¥1,000 million from payments into time deposits.

(Cash flows from financing activities)

For the consolidated six months ended September 30, 2021, net cash used in financing activities recorded inflow of ¥605 million (inflow of ¥26 million in the previous fiscal year). This was mainly due to inflow of ¥680 million from contribution into CEJ Fund from third-party investors.

2. Condensed quarterly consolidated financial statement

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

	As of March 31, 2021	As of September 30, 2021
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	6,704	5,544
Trade and other receivables	352	256
Other financial assets	19,007	18,039
Inventories	808	990
Other current assets	350	145
Total current assets	<u>27,220</u>	<u>24,975</u>
Non-current assets		
Operating lease assets	475	445
Property, plant and equipment	12,206	12,830
Right of use assets	337	327
Goodwill	57	734
Intangible assets	38	38
Investments accounted for using equity method	454	438
Other financial assets	7,271	8,615
Other non-current assets	61	57
Total non-current assets	<u>20,898</u>	<u>23,485</u>
Total assets	<u><u>48,119</u></u>	<u><u>48,460</u></u>

	As of March 31, 2021	As of September 30, 2021
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	268	346
Bonds and borrowings	31	31
Lease liabilities	61	66
Other current liabilities	276	307
Total current liabilities	635	705
Non-current liabilities		
Bonds and borrowings	49	43
Third-party interests in CEJ Fund	2,429	3,053
Lease liabilities	280	264
Provisions	93	96
Deferred tax liabilities	847	899
Total non-current liabilities	3,697	4,356
Total liabilities	4,332	5,105
Equity		
Share capital	10	10
Capital surplus	42,861	42,865
Treasury shares	(0)	(0)
Other components of equity	(1,272)	(1,273)
Retained earnings	2,177	1,750
Total equity attributable to owners of the parent	43,776	43,352
Non-controlling interests	10	3
Total equity	43,786	43,355
Total liabilities and equity	48,119	48,460

(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, 2020	Six months ended September 30, 2021
	Millions of yen	Millions of yen
Revenue	794	825
Cost of sales	(241)	(206)
Gross profit	553	619
Selling, general and administrative expenses		
Research and development expenses	(345)	(350)
Other selling, general and administrative expenses	(651)	(780)
Total selling, general and administrative expenses	(996)	(1,130)
Other income	83	32
Other expenses	(2)	(1)
Operating profit (loss)	(362)	(480)
Finance income	559	27
Finance costs	(1)	(1)
Gains related to CEJ Fund	251	82
Share of profit (loss) of investments accounted for using equity method	(5)	(16)
Profit (loss) before tax	442	(388)
Income tax expense	(288)	(51)
Profit (loss)	154	(439)
Profit (loss) attributable to		
Owners of parent	167	(427)
Non-controlling interests	(14)	(12)
Profit (loss)	154	(439)
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	0.78	(1.99)
Diluted earnings (loss) per share (yen)	0.78	(1.99)

Condensed quarter period consolidated statement of profit or loss

	Three months ended September 30, 2020	Three months ended September 30, 2021
	Millions of yen	Millions of yen
Revenue	435	445
Cost of sales	(134)	(103)
Gross profit	301	342
Selling, general and administrative expenses		
Research and development expenses	(165)	(162)
Other selling, general and administrative expenses	(304)	(389)
Total selling, general and administrative expenses	(469)	(551)
Other income	36	13
Other expenses	0	(1)
Operating profit (loss)	(132)	(197)
Finance income	505	22
Finance costs	(1)	(1)
Gains related to CEJ Fund	130	59
Share of profit (loss) of investments accounted for using equity method	5	(6)
Profit (loss) before tax	508	(123)
Income tax expense	(214)	(33)
Profit (loss)	294	(156)
Profit (loss) attributable to		
Owners of parent	296	(151)
Non-controlling interests	(3)	(6)
Profit (loss)	294	(156)
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	1.38	(0.70)
Diluted earnings (loss) per share (yen)	1.38	(0.70)

Condensed year to quarter end consolidated statement of comprehensive income

	Six months ended September 30, 2020	Six months ended September 30, 2021
	Millions of yen	Millions of yen
Profit (loss)	154	(439)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	2	(21)
Total of items that will not be reclassified to profit or loss	2	(21)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(14)	20
Total of items that may be reclassified to profit or loss	(14)	20
Total other comprehensive income, net of tax	(12)	(1)
Comprehensive income	142	(440)
Comprehensive income attributable to		
Owners of parent	157	(428)
Non-controlling interests	(15)	(12)
Comprehensive income	142	(440)

(3) Condensed quarterly consolidated statement of changes in equity (Unaudited)
Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

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, 2020	26,753	26,494	(0)	(880)	6	19
Profit (loss)	—	—	—	—	—	—
Other comprehensive income	—	—	—	2	(13)	—
Total comprehensive income	—	—	—	2	(13)	—
Share-based payment transactions	4	—	—	—	—	—
Disposal of subsidiaries	—	—	—	—	2	—
Total transactions with owners	4	—	—	—	2	—
September 30, 2020	26,757	26,494	(0)	(878)	(4)	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, 2020	(854)	(8,124)	44,268	(9)	44,259
Profit (loss)	—	167	167	(14)	154
Other comprehensive income	(11)	—	(11)	(1)	(12)
Total comprehensive income	(11)	167	157	(15)	142
Share-based payment transactions	—	—	4	—	4
Disposal of subsidiaries	2	5	8	—	8
Total transactions with owners	2	5	11	—	11
September 30, 2020	(863)	(7,952)	44,436	(23)	44,413

Six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

Equity attributable to owners of parent

	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	—	—	—	(21)	20	—
Total comprehensive income	—	—	—	(21)	20	—
Share-based payment transactions	—	4	—	—	—	—
Equity transaction non-controlling	—	—	—	—	—	—
Total transactions with owners	—	4	—	—	—	—
September 30, 2021	10	42,865	(0)	(1,306)	14	19

Equity attributable to owners of parent

	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, 2021	(1,272)	2,177	43,776	10	43,786
Profit (loss)	—	(427)	(427)	(12)	(439)
Other comprehensive income	(1)	—	(1)	—	(1)
Total comprehensive income	(1)	(427)	(428)	(12)	(440)
Share-based payment transactions	—	—	4	—	4
Equity transaction non-controlling	—	—	—	4	4
Total transactions with owners	—	—	4	4	8
September 30, 2021	(1,273)	1,750	43,352	3	43,355

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

	Six months ended September 30, 2020	Six months ended September 30, 2021
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit (loss) before tax	442	(388)
Depreciation and amortization	235	231
Finance income	(559)	(27)
Finance costs	1	1
Loss (gains) on CEJ Fund	(251)	(82)
Share of loss (profit) of investments accounted for using equity method	5	16
Decrease (increase) in inventories	30	(182)
Decrease (increase) in trade and other receivables	86	129
Increase (decrease) in trade and other payables	(65)	69
Other	(235)	23
Subtotal	(311)	(209)
Interest received	6	6
Interest paid	(1)	(1)
Income taxes paid	(0)	—
Income taxes refund	—	53
Net cash provided by (used in) operating activities	(306)	(151)
Cash flows from investing activities		
Purchase of investments	(8,000)	(8,999)
Proceeds of redemption of investments	7,999	11,000
Payment into time deposit	—	(1,000)
Purchase of property, plant and equipment	(132)	(810)
Purchase of intangible assets	(3)	(3)
Purchase of investment securities	(1,200)	(1,250)
Purchase of stock of subsidiaries with change of scope of consolidation	—	(561)
Other	(2)	(26)
Net cash provided by (used in) investing activities	(1,339)	(1,649)
Cash flows from financing activities		
Repayments of short-term borrowings	(6)	—
Proceeds from long-term borrowings	20	—
Repayments of long-term borrowings	(17)	(41)
Repayments of lease obligation	(23)	(33)
Contributions into CEJ Fund from third-party investors	—	680
Other	(1)	(1)
Net cash provided by (used in) financing activities	(26)	605
Effect of exchange rate changes on cash and cash equivalents	(6)	35
Net increase (decrease) in cash and cash equivalents	(1,676)	(1,160)
Cash and cash equivalents at beginning of fiscal year	9,636	6,704
Cash and cash equivalents at end of year	7,960	5,544

(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 six months ended September 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 six months ended September 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.

	Six months ended September 30, 2020	Six months ended September 30, 2021
	Millions of yen	Millions of yen
Timing of revenue recognition		
Service transferred over time	616	672
Asset transferred at a point of time	90	34
Service transferred at a point of time	88	119
Total	794	825

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

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

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

The Group recognizes subscription fees for the provision and operation of smartphone applications as service provided through an application over time. The Company records this revenue over time.

Asset transferred at a point of time

The asset transferred at a point of time includes revenue from sales of commodities and products based on the sales contract. The Group mainly determines that performance obligation of sales of commodities and products are satisfied at the point of customer acceptance of the relevant product. Therefore, the Group receives most of the payment within one month from the point of fulfilling the performance obligation. Regarding 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 a finance lease. Finance lease income is processed in the same way as cases where the Group acts as a lessor of manufacturer or distributor of sales of goods. The Group determines that performance obligation is satisfied at the point of customer acceptance, and the 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 Robocare Centers to end-users (such as patients). In addition, the Company also includes revenue received in return for providing outcomes of consigned research projects in this category.

The Group determines that the performance obligation of Cybernic Treatment and training services are satisfied at the point of completion of such services. Furthermore, the Group determines that the performance obligation of providing outcomes of consigned research projects is satisfied when the customer inspects and accepts the work.