



Consolidated Financial Results (Tanshin)
for the Three Months Ended June 30, 2020 (Based on IFRS)

August 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 three-month report	:August 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 three months ended June 30, 2020 (April 1, 2020-June 30, 2020)

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, 2020	359	(8.8)	(230)	—	(66)	—	(129)	—
Apr.1-June 30, 2019	393	17.4	(173)	—	279	—	156	—

	Basic earnings (loss) per share	Diluted earnings (loss) per share
	Yen	Yen
Apr.1-June 30, 2020	(0.60)	(0.60)
Apr.1-June 30, 2019	0.72	0.72

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, 2020	47,453	44,120	44,139	93.0
As of March 31, 2020	47,808	44,259	44,268	92.6

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, 2020	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2021	—				

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, 2021 (April 1, 2020-March 31, 2021)

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 June 30, 2020	215,145,809 shares	As of March 31, 2020	215,145,809 shares
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(ii) Total number of treasury shares at the end of each period

As of June 30, 2020	8,751 shares	As of March 31, 2020	4,451 shares
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(iii) Average number of shares during each three month period

Apr.1-June 30, 2020	215,137,720 shares	Apr.1-June 30, 2019	215,141,371 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, 2020	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2021	—				

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 three 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 three months ended June 30, 2020 and certain assumptions made by the Group.

(1) Status of financial position and operating results

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

Endeavor to create "Cybernic Industry"

The Group’s business is to implement Cybernic Technology powered by Internet of Humans/Internet of Things (“IoH/IoT”), Robots, and AI, to create a Cybernic Industry that will connect medicine, nursing-care, production, work place and daily life in order to solve the various problems that is becoming apparent in hyper-aging society. 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) in addition to information outside the human body (behavior, life and environmental information) and applying them to different fields such as medicine, nursing care, production work places and daily life. 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 aims to realize a system where Big Data of the aforementioned information are accumulated, analyzed and processed with AI. The Group will continue to work simultaneously on research and development, business development and formation of business alliances to further accelerate the emergence of a Cybernic Industry that will solve the problems facing society.

Status of business operation

<<Effects of COVID-19 >>

During the consolidated three months ended June 30, 2020, there was a short term impact on the revenue due to temporary suspension of onsite service in Robocare Center and treatment service in Germany as well as temporary delays for new opportunities, contracts, and shipments, especially towards medical institutions. On the other hand, while COVID-19 is growing into a major social problem, the Group regards it to be an opportunity to contribute through its Cybernic Technology. The Changes in social structure after COVID-19 is seen as an opportunity for further acceleration of “Cybernic Industries” and the Group is promoting initiatives to fuse “Human” + “Cyber/Physical Space” under the keywords of “remote” “home” and “digital”. The Group started to rent HAL Lumbar Type for Well-being (FB02) to individual users so that they can conduct Neuro HALFIT at the user’s own houses. The Group also mounted disinfection units on the next generation Cleaning Robot CL02, which is installed with leading Simultaneous Localization and Mapping Technology (SLAM) to automate disinfection, and these robots are used for disinfection at Haneda International Airport.

<<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, in order to expand the scope of medical device approval to include stroke, which is a disease with over eight million patients in Japan and U.S. combined, an investigator-initiated multicenter clinical trial using the Single-Leg model is in progress and it is scheduled to be complete by December 2020. Since obtaining 510k marketing clearance from the U.S. Food and Drug Administration ("U.S. FDA") in December 2017, the Company worked to accelerate the approval processes in the Asia Pacific Region ("APAC"). The Group obtained medical approval in Malaysia in October 2019, Thailand and Indonesia in April 2020 (as in the EU, approved for wide range of diseases like stroke, spinal cord injury, and neuromuscular disease). Approval process is underway in Taiwan, Singapore, Turkey, and other countries.

For HAL Single Joint Type, the Group obtained medical device certificate (certification of compliance with the European Medical Device Directive) from TUV Rheinland, a third-party certification organization, in October 2019. In July 2020, the Group also acquired certification for medical devices in Japan, followed by public health insurance coverage in August as an equipment for increasing exercise load. The Group is now preparing to apply for medical device approval in the U.S., and in some countries in APAC (Thailand, Malaysia, Indonesia, Taiwan and etc.)

<<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 and knee movements and HAL Lumbar Type for inducing improvement of trunk and lower limb function.

(Business of Robocare Center)

The Group continues to reinforce "Neuro HALFIT" at Robocare Centers, as a program that induces improvement of the brain-nerve and musculoskeletal system through utilization of HAL. By coordinating with business partners in each region, currently there are 14 Robocare Centers in Japan and the Group plans to establish new centers in major Japanese cities.

(Start of service for home)

The Group started a new service for individual customers that enables Neuro HALFIT at home. Due to the spread of COVID-19, many are forced to refrain from going outside the house. The new service creates opportunities to train effectively and safely at their own house, allowing users to induce improvement of the brain-nerves-musculoskeletal function in daily basis and improving independence from care.

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

(HAL Lumbar Type for Labor Support)

HAL Lumbar Type for Labor Support (LB03), which is dust-proof and waterproof is being introduced to major users in airports, construction and logistics. Furthermore, the Group rented HAL Lumbar Type for Labor Support free of charge to Kumamoto prefecture and Oita prefecture, which took a severe damage from the heavy rain in July 2020. The products were used to reduce the burden of the volunteer staffs working on the recovery effort and the Group plans to continue its contribution in this field.

(Autonomous navigated robots)

The next-generation Cleaning Robot CL02 is being used in commercial facilities, office buildings and international airports (10 units in Narita Airport and 8 units in Haneda Airport). The Group also started to install CL02 mounted with disinfection units to prevent the infection of COVID-19 and the units are now being used in Haneda Airport. The Group formed a business alliance with NIPPON SIGNAL CO., LTD. to install CL02 to station and station buildings. The Group also developed an Interface Unit that enables CL02 to ride on elevators on its own and started joint verification with TOKYU COMMUNITY CORP from August 2020.

Status of Research and Development

With regard to the palm-sized small vital sensor designed to detect arteriosclerosis and arrhythmia at an early stage, the Group is working to add new functions to improve usability. The Group are also researching and developing small sensing device that could accumulate various vital information such as electrocardiogram and photoacoustic imaging for real-time analysis of microvascular information and small sensing devices for various types of vital information

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.

The Group is researching and developing integrated Cybernics System to accumulate, analyze and AI process IoH/IoT Big Data from various Cybernics Devices.

As for the plan to construct a base to accelerate the creation of innovative medical industry in Kingsky Front, Tonomachi, Kawasaki, the Group schedules to complete the construction at the end of Fiscal Year 2021.

Numbers of operating units

As of the end of June 2020, 314 units of Medical HAL Lower Limb Type were in operation worldwide including those used for clinical research, due to a temporary delay of new opportunities, contracts, and shipments. Out of the aforementioned number, 79 were rented out in Japan for treatment. 314 units of HAL Single Joint Type were in operation and most of the units were used by hospital in Japan for clinical research.

There was a total of 352 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 June 2020. While the number of HAL for Well-being Lower Limb Type is increasing following adoption by care facilities and hospitals in Japan, the old mode is starting to meet its service life and the Group is disposing the units that have exceeded it. 962 units of HAL Lumbar Type for Well-being and HAL Lumbar Type for Care Support put together in operation. While the number of HAL Lumbar Type for Well-being is increasing, the old model of 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 the end of June 2020, 622 units of HAL Lumbar Type for Labor Support were in operation. 84 units of Cleaning Robot as well as Transportation Robot were in operation.

As the result of the aforementioned, in the consolidated three months ended June 30, 2020, the Group recorded revenue of ¥359 million (8.8% decrease year on year), mainly due to the increase in the sales of products, while the revenue from training and treatment services decrease due to effect of COVID-19. Gross profit was recorded at ¥252 million (11.8% decrease year on year).

Research and development expenses were recorded at ¥180 million (11.5% increase year on year), mainly due to development of new products at the Company's own expense and consigned research projects. In addition, other selling, general and administrative expenses increased to ¥347 million (13.2% increase year on year).

Other income was recorded at ¥47 million (118.4% increase year on year), mainly due to income from consigned research project, while other expenses were recorded at ¥2 million (85.9% decrease year on year), resulting in the operating loss of ¥230 million (32.9% increase year on year).

Finance income was recorded at ¥54 million, mainly due to gains related to CEJ Fund recorded at ¥121 million, income tax expense recorded at ¥74 million from deferred tax expenses. As a result, the Group recorded ¥129 million 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 valuation difference of investments securities ¥247 million was recorded as "finance income" and "gains related to CEJ Fund". Deferred tax expense related to this valuation was recorded at ¥75 million as "income tax expense" and ¥95 millions was reclassified to Third-Party Interest in CEJ-Fund. Therefore, the impact towards quarterly profit was ¥77 million.

(2) Explanation of financial position

① Assets

For the consolidated three months ended June 30, 2020, assets decreased ¥355 million to ¥47,453 million in comparison to the end of the previous fiscal year. This was mainly due to increase of ¥850 million in other financial assets (non-current), partly offset by decrease of ¥964 million in cash and cash equivalents and ¥114 million in trade receivables and other assets.

② Liabilities

For the consolidated three months ended June 30, 2020, liabilities decreased ¥215 million to ¥3,334 million in comparison to the end of the previous fiscal year. This was mainly due to increase of ¥73 million in deferred tax liability, ¥49 million in third-party interest in CEJ Fund, partly offset with decrease of ¥86 million in trade and other payables and ¥207 million in other current liabilities.

③ Equity

For the consolidated three months ended June 30, 2020, equity decreased ¥139 million to ¥44,120 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 three months ended June 30, 2020, cash and cash equivalents decreased ¥964 million to ¥8,672 million in comparison to the end of the previous fiscal year. Status of each cash flow within the consolidated three months period ended June 30, 2020 and its main influencing factors are stated below.

(Cash flows from operating activities)

For the consolidated three months ended June 30, 2020, net cash provided by operating activities recorded outflow of ¥263 million (outflow of ¥236 million in the previous fiscal year). This is mainly attributed to depreciation and amortization posted at ¥119 million, inflow from decrease of operating liabilities and other liabilities posted at ¥115 million, partly offset by loss before tax posted at ¥66 million, finance income posted at ¥54 million, gains related to CEJ Fund posted at ¥121 million, outflow from decrease of trade and other payables posted at ¥61 million and outflow from payment of size based business tax (capital base) as well as fix assets tax for the previous fiscal year.

(Cash flows from investment activities)

For the consolidated three months ended June 30, 2020, net cash provided by investing activities recorded outflow of ¥682 million (inflow of ¥2,512 million in the previous fiscal year). This is mainly attributed to outflow of ¥600 million for the purchase of investment securities.

(Cash flows from financing activities)

For the consolidated three months ended June 30, 2020, net cash used in financing activities recorded outflow of ¥16 million (outflow of ¥14 million in the previous fiscal year).

2. Condensed quarterly consolidated financial statement

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

	As of March 31, 2020	As of June 30, 2020
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	9,636	8,672
Trade and other receivables	263	149
Other financial assets	19,004	19,008
Inventories	832	852
Other current assets	156	120
Total current assets	29,891	28,800
Non-current assets		
Operating lease assets	481	442
Property, plant and equipment	11,553	11,522
Right of use assets	361	332
Goodwill	57	57
Intangible assets	53	50
Investments accounted for using equity method	472	462
Other financial assets	4,872	5,722
Other non-current assets	68	67
Total non-current assets	17,917	18,653
Total assets	47,808	47,453

	As of March 31, 2020	As of June 30, 2020
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	247	161
Bonds and borrowings	37	37
Lease liabilities	61	62
Other current liabilities	464	257
Total current liabilities	810	518
Non-current liabilities		
Bonds and borrowings	51	46
Third-party interests in CEJ Fund	1,714	1,763
Lease liabilities	313	273
Provisions	93	93
Deferred tax liabilities	568	641
Total non-current liabilities	2,739	2,816
Total liabilities	3,549	3,334
Equity		
Share capital	26,753	26,755
Capital surplus	26,494	26,494
Treasury shares	(0)	(0)
Other components of equity	(854)	(861)
Retained earnings	(8,124)	(8,248)
Total equity attributable to owners of the parent	44,268	44,139
Non-controlling interests	(9)	(20)
Total equity	44,259	44,120
Total liabilities and equity	47,808	47,453

(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, 2019	Three months ended June 30, 2020
	Millions of yen	Millions of yen
Revenue	393	359
Cost of sales	(108)	(107)
Gross profit	286	252
Selling, general and administrative expenses		
Research and development expenses	(162)	(180)
Other selling, general and administrative expenses	(307)	(347)
Total selling, general and administrative expenses	(468)	(527)
Other income	22	47
Other expenses	(12)	(2)
Operating profit (loss)	(173)	(230)
Finance income	445	54
Finance costs	(1)	(1)
Gains related to CEJ Fund	16	121
Share of profit (loss) of investments accounted for using equity method	(8)	(10)
Profit (loss) before tax	279	(66)
Income tax expense	(126)	(74)
Profit (loss)	154	(140)
Profit (loss) attributable to		
Owners of parent	156	(129)
Non-controlling interests	(2)	(11)
Profit (loss)	154	(140)
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	(0.72)	(0.60)
Diluted earnings (loss) per share (yen)	(0.72)	(0.60)

Condensed year to quarter end consolidated statement of comprehensive income

	Three months ended June 30, 2019	Three months ended June 30, 2020
	Millions of yen	Millions of yen
Profit (loss)	154	(140)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(1)	1
Total of items that will not be reclassified to profit or loss	(1)	1
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	1	(10)
Total of items that may be reclassified to profit or loss	1	(10)
Total other comprehensive income, net of tax	0	(9)
Comprehensive income	154	(149)
Comprehensive income attributable to		
Owners of parent	156	(138)
Non-controlling interests	(2)	(11)
Comprehensive income	154	(149)

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

Three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)

	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, 2019	26,745	26,494	(0)	(1,071)	3	19
Profit (loss)	—	—	—	—	—	—
Other comprehensive income	—	—	—	(1)	1	—
Total comprehensive income	—	—	—	(1)	1	—
Share-based payment transactions	2	—	—	—	—	—
Total transactions with owners	2	—	—	—	—	—
June 30, 2019	26,747	26,494	(0)	(1,071)	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, 2019	(1,048)	(7,972)	44,217	(15)	44,203
Profit (loss)	—	156	156	(2)	154
Other comprehensive income	0	—	0	0	0
Total comprehensive income	0	156	156	(2)	154
Share-based payment transactions	—	—	2	—	2
Total transactions with owners	—	—	2	—	2
June 30, 2019	(1,048)	(7,817)	44,375	(16)	44,359

Three months ended June 30, 2020 (from April 1, 2020 to June 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	—	—	—	1	(9)	—
Total comprehensive income	—	—	—	1	(9)	—
Share-based payment transactions	2	—	—	—	—	—
Disposal of subsidiaries	—	—	—	—	2	—
Total transactions with owners	2	—	—	—	2	—
June 30, 2020	26,755	26,494	(0)	(879)	(1)	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, 2020	(854)	(8,124)	44,268	(9)	44,259
Profit (loss)	—	(129)	(129)	(11)	(140)
Other comprehensive income	(9)	—	(9)	(0)	(9)
Total comprehensive income	(9)	(129)	(138)	(11)	(149)
Share-based payment transactions	—	—	2	—	2
Disposal of subsidiaries	2	5	8	—	8
Total transactions with owners	2	5	10	—	10
June 30, 2020	(861)	(8,248)	44,139	(20)	44,120

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

	Three months ended June 30, 2019	Three months ended June 30, 2020
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit (loss) before tax	279	(66)
Depreciation and amortization	124	119
Finance income	(445)	(54)
Finance costs	1	1
Loss (gains) on CEJ Fund	(16)	(121)
Share of loss (profit) of investments accounted for using equity method	8	10
Decrease (increase) in inventories	(16)	(20)
Decrease (increase) in trade and other receivables	62	115
Increase (decrease) in trade and other payables	(80)	(61)
Other	(121)	(188)
Subtotal	(206)	(265)
Interest received	1	2
Interest paid	—	(0)
Income taxes paid	—	(0)
Payments for administrative expenses etc. related to CEJ Fund	(30)	—
Net cash provided by (used in) operating activities	(236)	(263)
Cash flows from investing activities		
Proceeds from withdrawal of time deposit	2,500	—
Purchase of property, plant and equipment	(38)	(80)
Purchase of intangible assets	(2)	(2)
Purchase of investment securities	(100)	(600)
Proceeds from sale of investment securities	198	—
Purchase of investments accounted for using equity method	(46)	—
Other	0	0
Net cash provided by (used in) investing activities	2,512	(682)
Cash flows from financing activities		
Repayments of short-term borrowings	—	(5)
Repayments of lease obligation	(13)	(11)
Other	(1)	(0)
Net cash provided by (used in) financing activities	(14)	(16)
Effect of exchange rate changes on cash and cash equivalents	(1)	(2)
Net increase (decrease) in cash and cash equivalents	2,261	(964)
Cash and cash equivalents at beginning of fiscal year	8,796	9,636
Cash and cash equivalents at end of year	11,057	8,672

(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, 2020 are the same as those applied to the consolidated financial statements for the fiscal year ended March 31, 2020

The income tax expense for the consolidated three months ended June 30, 2020 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, 2019	Three months ended June 30, 2020
	Millions of yen	Millions of yen
Timing of revenue recognition		
Service transferred over time	303	302
Asset transferred at a point of time	23	32
Service transferred at a point of time	68	26
Total	393	359

(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 Cybernic 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 Cybernic 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.