



Consolidated Financial Results (Tanshin)
for the Nine Months Ended December 31, 2021 (Based on IFRS)

February 14, 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 nine-month report	:February 14, 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 nine months ended December 31, 2021 (April 1, 2021-December 31, 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-Dec. 31, 2021	1,347	8.0	(650)	—	(548)	—	(587)	—
Apr.1-Dec. 31, 2020	1,247	(1.4)	(498)	—	389	78.7	81	—

	Basic earnings (loss) per share	Diluted earnings (loss) per share
	Yen	Yen
Apr.1-Dec. 31, 2021	(2.73)	(2.73)
Apr.1-Dec. 31, 2020	0.38	0.38

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 Dec. 31, 2021	48,232	43,273	43,205	87.8
As of March 31, 2021	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”.

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: 2 (company name: C2, Inc. RISE Physical Therapy, Inc.), 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 December 31, 2021	215,145,809 shares	As of March 31, 2021	215,145,809 shares
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(ii) Total number of treasury shares at the end of each period

As of December 31, 2021	11,671 shares	As of March 31, 2021	8,771 shares
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(iii) Average number of shares during each three month period

Apr.1-December 31, 2021	215,135,098 shares	Apr.1-December 31, 2020	215,137,271 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, 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 the settlement of accounts for the nine months ended December 31, 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 nine months ended December 31, 2021, 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. 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 humanity. All Cybernics Technology is equipped with communication functions. They 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.

For the Medical HAL Lower Limb Type Double-leg Model, the Group completed five years of post-marketing surveillance for patients with progressive neuromuscular disease in Japan in November 2020. Twenty hospitals took part in the test, delivering 6,486 treatment sessions to 218 patients. The test result suggests very high efficacy and safety in a clinical setting. Based on this result, the Japanese Society of Neurological Therapeutics submitted a proposal to the Central Social Insurance Medical Council, claiming that “the medical technology produced significant improvement of physical function towards slowly progressive neuromuscular disease, which are intractable diseases with no established treatment methods that are effective (excerpts from the proposal, translated by CYBERDYNE).” As a result of the proposal, the Medical Council submitted a report to allow hospitals that use the DPC system (80% of base hospitals treating intractable diseases in Japan) to calculate insurance for treatment with HAL towards hospitalized patients. Also, it increased insurance reimbursement pricing associated with the treatment. The Group will utilize this result to list Cybernic 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 results gained through the trial. The Group also considers the result as compelling data that can be used to apply for medical insurance for stroke worldwide. In addition, the University of Tsukuba Hospital started clinical trials to investigate the effect of HAL to improve the physical functions of children affected by cerebral palsy.

In EMEA (Europe and the Middle East) and the new installations in Spain and France, the Group continues to disseminate Cybernic Treatment in other countries of the region. In the U.S., the Group acquired RISE Physical Therapy, Inc, which operates 16 facilities in southern California to promote medical service business with its innovative medical technology in the U.S.

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

<<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 the 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 the 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, which opened in November 2020, and as of the end of December 2021, there was an accumulation of 441 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 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 2022. 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 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.

(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 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 early, and now the Group is preparing to commercialize the product. As for photoacoustic imaging technology for real-time analysis of microvascular information, the Group's proposal was 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 an elderly and disabled person, the Group is developing a cloth-type HAL to maintain and improve ambulatory functions, a watchful communication robot to preserve and enhance 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, 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, began in December 2020. It is scheduled to be completed by the end of the fiscal year 2021 at the Tonomachi International Strategic Center (King Skyfront) in Kawasaki City.

Numbers of operating units

As of the end of December 2021, 362 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. 454 units of HAL Single Joint Type were in operation, mainly from the increase of medical products. Out of the number mentioned above, 7 were rented to individual users in Japan.

There was a total of 336 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 December 2021. The number decreased due to the disposal of the units that met its service life. 1,144 units of HAL Lumbar Type for Well-being and HAL Lumbar Type for Care Support put together were in operation. Out of the number mentioned above, 43 were rented to individual users in Japan. While the Group is disposing of the units that have exceeded product life, the number of units is increasing as the number of rentals towards individuals increases.

As of the end of December 2021, 416 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. 144 units of Cleaning Robot, as well as Transportation Robot, were in operation.

In the consolidated nine months ended December 31, 2021, revenue from the increase of overseas sales, training, and treatment services recovered from the impact of COVID-19, resulting in the revenue recorded at ¥1,347 million (8.0% increase year on year). In addition, the Group recorded gross profit at ¥984 million (14.7% increase year on year).

Research and development expenses were recorded at ¥523 million (2.4% 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 ¥1,177 million (22.9% increase year on year).

Other income was recorded at ¥66 million (43.4% decrease year on year), mainly from a consigned research project, resulting in the operating loss of ¥650 million.

The Group recorded gains related to CEJ Fund at ¥95 million and income tax expense at ¥55 million from deferred tax expenses, resulting in the posting of loss attributable to owners of the parent at ¥587 million.

(2) Explanation of financial position

① Assets

For the consolidated nine months ended December 31, 2021, assets increased ¥1,113 million to ¥49,232 million compared to the end of the previous fiscal year. This was mainly due to a decrease of ¥3,908 million in other financial assets (current), partly offset by an increase of ¥1,961 million in goodwill, ¥1,891 million in other financial assets (non-current), ¥608 million in property, plant and equipment, and ¥360 million in cash and cash equivalents.

② Liabilities

For the consolidated nine months ended December 31, 2021, liabilities increased ¥1,626 million to ¥5,958 million compared to the end of the previous fiscal year. This was mainly due to ¥1,242 million in third-party interest in CEJ Fund, partly offset by an increase of ¥124 million in lease liability (non-current) and ¥104 million in trade and other payables.

③ Equity

For the consolidated nine months ended December 31, 2021, equity decreased ¥513 million to ¥43,273 million compared to the end of the previous fiscal year. This was mainly due to a decrease of retained earnings following the posting of a loss attributable to owners of the parent.

(3) Status of cashflow

For the consolidated nine months ended December 31, 2021, cash and cash equivalents increased ¥360 million to ¥7,064 million compared to the end of the previous fiscal year. The status of each cash flow within the consolidated nine-month period ended December 31, 2021, and its main influencing factors are stated below.

(Cash flows from operating activities)

For the consolidated nine months ended December 31, 2021, net cash provided by operating activities recorded an outflow of ¥208 million (outflow of ¥588 million in the previous fiscal year). This is mainly attributed to depreciation and amortization posted at ¥342 million and inflow from a decrease in trade and other receivables posted at ¥139 million, and increase in trade and other payables posted at ¥96 million, partly offset by an outflow from loss before tax posted at ¥548 million, and ¥281 million from an increase of inventory.

(Cash flows from investment activities)

For the consolidated nine months ended December 31, 2021, net cash provided by investing activities recorded an outflow of ¥725 million (outflow of ¥1,495 million in the previous fiscal year). The changes were mainly due to proceeds of redemption of investment posted at ¥16,000 million, partially offset by the acquisition of stock of subsidiary with a change of scope of consolidation posted at ¥1,908 million, the payment of ¥10,999 million from the purchase of investments, ¥1,848 million from the purchase of investment securities, ¥1,000 million from payments into time deposits, and purchase of property, plant and equipment posted at ¥853 million.

(Cash flows from financing activities)

For the consolidated nine months ended December 31, 2021, net cash used in financing activities recorded an inflow of ¥1,268 million (inflow of ¥640 million in the previous fiscal year). This was mainly due to the inflow of ¥1,360 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 December 31, 2021
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	6,704	7,064
Trade and other receivables	352	383
Other financial assets	19,007	15,099
Inventories	808	1,089
Other current assets	350	145
Total current assets	27,220	23,779
Non-current assets		
Operating lease assets	475	422
Property, plant and equipment	12,206	12,814
Right of use assets	337	511
Goodwill	57	2,018
Intangible assets	38	37
Investments accounted for using equity method	454	433
Other financial assets	7,271	9,162
Other non-current assets	61	55
Total non-current assets	20,898	25,452
Total assets	48,119	49,232

	As of March 31, 2021	As of December 31, 2021
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	268	372
Bonds and borrowings	31	31
Lease liabilities	61	110
Other current liabilities	276	349
Total current liabilities	635	861
Non-current liabilities		
Bonds and borrowings	49	40
Third-party interests in CEJ Fund	2,429	3,670
Lease liabilities	280	404
Provisions	93	96
Deferred tax liabilities	847	886
Total non-current liabilities	3,697	5,097
Total liabilities	4,332	5,958
Equity		
Share capital	10	10
Capital surplus	42,861	42,867
Treasury shares	(0)	(0)
Other components of equity	(1,272)	(1,263)
Retained earnings	2,177	1,591
Total equity attributable to owners of the parent	43,776	43,205
Non-controlling interests	10	69
Total equity	43,786	43,273
Total liabilities and equity	48,119	49,232

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

Condensed year to quarter end consolidated statement of profit or loss

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
	Millions of yen	Millions of yen
Revenue	1,247	1,347
Cost of sales	(389)	(362)
Gross profit	858	984
Selling, general and administrative expenses		
Research and development expenses	(510)	(523)
Other selling, general and administrative expenses	(958)	(1,177)
Total selling, general and administrative expenses	(1,468)	(1,700)
Other income	116	66
Other expenses	(3)	(0)
Operating loss	(498)	(650)
Finance income	565	30
Finance costs	(2)	(2)
Gains related to CEJ Fund	334	95
Share of profit (loss) of investments accounted for using equity method	(10)	(21)
Profit before tax	389	(548)
Income tax expense	(328)	(55)
Profit (loss)	62	(603)
Profit (loss) attributable to		
Owners of parent	81	(587)
Non-controlling interests	(19)	(17)
Profit (loss)	62	(603)
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	0.38	(2.73)
Diluted earnings (loss) per share (yen)	0.38	(2.73)

Condensed quarter period consolidated statement of profit or loss

	Three months ended December 31, 2020	Three months ended December 31, 2021
	Millions of yen	Millions of yen
Revenue	453	521
Cost of sales	(147)	(156)
Gross profit	305	365
Selling, general and administrative expenses		
Research and development expenses	(165)	(173)
Other selling, general and administrative expenses	(307)	(397)
Total selling, general and administrative expenses	(472)	(570)
Other income	32	34
Other expenses	(2)	0
Operating loss	(136)	(170)
Finance income	5	3
Finance costs	(1)	(0)
Gains related to CEJ Fund	83	13
Share of profit (loss) of investments accounted for using equity method	(4)	(5)
Profit (loss) before tax	(52)	(160)
Income tax expense	(40)	(4)
Profit (loss)	(92)	(165)
Profit (loss) attributable to		
Owners of parent	(86)	(159)
Non-controlling interests	(6)	(5)
Profit (loss)	(92)	(165)
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	(0.40)	(0.74)
Diluted earnings (loss) per share (yen)	(0.40)	(0.74)

Condensed year to quarter end consolidated statement of comprehensive income

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
	Millions of yen	Millions of yen
Profit (loss)	62	(603)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(369)	(50)
Total of items that will not be reclassified to profit or loss	(369)	(50)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(17)	60
Total of items that may be reclassified to profit or loss	(17)	60
Total other comprehensive income, net of tax	(386)	9
Comprehensive income	(325)	(594)
Comprehensive income attributable to		
Owners of parent	(304)	(577)
Non-controlling interests	(21)	(17)
Comprehensive income	(325)	(594)

(3) Condensed quarterly consolidated statement of changes in equity (Unaudited)
 Nine months ended December 31, 2020 (from April 1, 2020 to December 31, 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	—	—	—	(369)	(16)	—
Total comprehensive income	—	—	—	(369)	(16)	—
Acquisition of treasury shares	—	—	(0)	—	—	—
Share-based payment transactions	6	—	—	—	—	—
Equity transaction non-controlling	—	—	—	—	—	—
Disposal of subsidiaries	—	—	—	—	2	—
Total transactions with owners	6	—	(0)	—	2	—
December 31, 2020	26,759	26,494	(0)	(1,249)	(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, 2020	(854)	(8,124)	44,268	(9)	44,259
Profit (loss)	—	81	81	(19)	62
Other comprehensive income	(385)	—	(385)	(2)	(386)
Total comprehensive income	(385)	81	(304)	(21)	(325)
Acquisition of treasury shares	—	—	(0)	—	(0)
Share-based payment transactions	—	—	6	—	6
Equity transaction non-controlling	—	—	—	4	4
Disposal of subsidiaries	2	5	8	—	8
Total transactions with owners	2	5	13	4	17
December 31, 2020	(1,237)	(8,038)	43,977	(26)	43,952

Nine months ended December 31, 2021 (from April 1, 2021 to December 31, 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	—	—	—	(50)	60	—
Total comprehensive income	—	—	—	(50)	60	—
Share-based payment transactions	—	6	—	—	—	—
Equity transaction non-controlling	—	—	—	—	—	—
Increase (decrease) by business combination	—	—	—	—	—	—
Total transactions with owners	—	6	—	—	—	—
December 31, 2021	10	42,867	(0)	(1,336)	54	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)	—	(587)	(587)	(17)	(603)
Other comprehensive income	9	—	9	—	9
Total comprehensive income	9	(587)	(577)	(17)	(594)
Share-based payment transactions	—	—	6	—	6
Equity transaction non-controlling	—	—	—	8	8
Increase (decrease) by business combination	—	—	—	67	67
Total transactions with owners	—	—	6	75	81
December 31, 2021	(1,263)	1,591	43,205	69	43,273

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

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	389	(548)
Depreciation and amortization	346	342
Finance income	(565)	(30)
Finance costs	2	2
Loss (gains) on CEJ Fund	(334)	(95)
Share of loss (profit) of investments accounted for using equity method	10	21
Decrease (increase) in inventories	9	(281)
Decrease (increase) in trade and other receivables	49	139
Increase (decrease) in trade and other payables	(38)	96
Other	(471)	83
Subtotal	(601)	(270)
Interest received	15	11
Interest paid	(1)	(2)
Income taxes paid	(0)	—
Payments for administrative expenses etc. related to CEJ Fund	—	53
Net cash provided by (used in) operating activities	(588)	(208)
Cash flows from investing activities		
Purchase of investments	(16,000)	(10,999)
Proceeds of redemption of investments	16,000	16,000
Payment into time deposit	—	(1,000)
Purchase of property, plant and equipment	(273)	(853)
Purchase of intangible assets	(5)	(6)
Purchase of investment securities	(1,215)	(1,848)
Payments for loans receivable	—	(93)
Purchase of stock of subsidiaries with change of scope of consolidation	—	(1,908)
Other	(3)	(18)
Net cash provided by (used in) investing activities	(1,495)	(725)
Cash flows from financing activities		
Repayments of short-term borrowings	(0)	—
Proceeds from long-term borrowings	20	—
Repayments of long-term borrowings	(26)	(44)
Repayments of lease obligation	(34)	(47)
Contributions into CEJ Fund from third-party investors	680	1,360
Other	(1)	(1)
Net cash provided by (used in) financing activities	640	1,268
Effect of exchange rate changes on cash and cash equivalents	(11)	25
Net increase (decrease) in cash and cash equivalents	(1,454)	360
Cash and cash equivalents at beginning of fiscal year	9,636	6,704
Cash and cash equivalents at end of year	8,182	7,064

(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 nine months ended December 31, 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 nine months ended December 31, 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.

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
	Millions of yen	Millions of yen
Timing of revenue recognition		
Service transferred over time	941	1,057
Asset transferred at a point of time	153	85
Service transferred at a point of time	153	204
Total	<u>1,247</u>	<u>1,347</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, 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

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.