



August 25, 2016

Citron Research Calls on Japan's Securities and Exchange Surveillance Commission to Immediately Initiate Investigation of Cyberdyne CEO For Materially Misleading Claims

Cyberdyne Is Intentionally Misleading Investors

Japan's SESC should immediately investigate statements that are being made on the Cyberdyne (TYO:7779) website by its CEO for the purpose of deceiving investors.

In a recent interview Dr. Yoshiyuki Sankai stated,

“What makes HAL unique is the fact that HAL is the only device in the world covered by public medical insurance, meaning HAL successfully provided enough medical evidence worthy of coverage.”

***-- Cyberdyne CEO Yoshiyuki Sankai,
August 2016***

http://www.cyberdyne.jp/wp_uploads/2016/08/Analyst_Interview_CYBERDYNEs-Challenges-to-Shape-the-Future.pdf

This statement is an utter falsehood. ReWalk, a competitor with a market cap of less than \$100 million USD, is covered by insurance in both United States and Germany. ReWalk's exoskeleton is also approved by the Veterans Administration in the U.S.

<http://rewalk.com/commercial-health-insurance-company-becomes-first-to-implement-medical-policy-finding-powered-exoskeletons-medically-necessary/>

<http://www.research.va.gov/pubs/varqu/winter2016/14.cfm>

<http://rewalk.com/german-social-and-youth-agency-reimburses-rewalk-robotics-exoskeleton-for-the-first-time/>

The HAL suit has been around for over 10 years and only has 104 full devices in operation. This compares to Rewalk who has been around for 5 years with 269 devices in operation. Cyberdyne's market cap is over \$3 billion. ReWalk's is \$80 million.

Cyberdyne is going to 300¥. That is the TRUTH.

Money Does Not Lie – Cyberdyne Does

In the same interview Sankai makes the claim:

“... for CYBERDYNE, the field of robotics is only a part of its business field. CYBERDYNE is a company that solves social problems using innovative Cybernic systems, and establishes new markets through advancements of innovation.”

-- Cyberdyne CEO Yoshivuki Sankai.

http://www.cyberdyne.jp/wp_uploads/2016/08/Analyst_Interview_CYBERDYNEs-Challenges-to-Shape-the-Future.pdf

This statement makes investors think that Cyberdyne is the way of the future...

But it is Not the Truth.

The reality is that of the **221** stocks on the Japanese Mothers index with R&D budgets of over \$1 million, **Cyberdyne has the lowest percentage of Research and Development expenditure compared to market capitalization.**

This is a company that is supposed to change the future?


Analysts Aiding and Abetting

And we thought Japan has a zero tolerance policy on drugs? After reading the analysts' reports it seems that the only way they can come to such crazy conclusions would be if they were smoking something illegal. Most recent, the Citi analyst stated,

"We also note that Cyberdyne manages operational data on HAL and all its other devices in a comprehensive manner, and aims to become a world-class AI company. Its rivals, therefore, are not those firms that produce apparently similar devices but IT companies."

What evidence does he have to make this statement? The company has **never** sold or developed anything that is even close to world class Artificial Intelligence. Mr. Analysts should go chase some Pokemons and stop discussing the stock market!

The Lies Continue

 Cyberdyne (TYO:7779) came out with a response to Citron's story. Sadly, management continues its attempt to confuse investors.

Cyberdyne is lying about what the links state in the rebuttal they posted.

http://www.cyberdyne.jp/company/download/20160819_tekijikaiji_en.pdf

Cyberdyne compares ReWalk and EksoBionics FDA **de novo** application times to approvals (12 and 15 months) with their own 510(K) (simpler) FDA approval process, which has been now bumping along for over 14 months.

Instead they should be comparing THE SAME application which we clearly show that ReWalk and Ekso received their 510(K) approvals in **3.5** and **2.5** months. The FDA states that their official guideline is to reply to 510(K) applications within 90 days, and their average approval is 5 months. So again, something unexplained is definitely going on over at Cyberdyne -- their 14 month 510(K) application is definitely unusual, and should be compared to the timespans above.

As for their product being new and unlike any other technology, you cannot have it both ways. The fact that they filed a 510(k) approval says it all. According to the FDA a 510(k) is for a device that is "**substantially equivalent**"

<http://www.fda.gov/MedicalDevices/DeviceRegulationandGuidance/HowtoMarketYourDevice/PremarketSubmissions/PremarketNotification510k/>

Any hope of them stating they have a new device went away when they switched their application from de novo.

But who cares if they do get 510(k) approval? Both of their US competitors have de novo AND 510(K) approvals, yet have market caps of \$90 mil U.S. (**1/40th** the market cap of Cyberdyne) Yes that is correct **1/40th**! This shows that even with FDA approval, Cyberdyne will go down to 300¥ per share.

How has HAL sold in Japan or Germany? It is time for management to start being accountable to the many years of empty promises they have made to investors.

We will see you at 300¥.

Cautious Investing to All