CYBERDYNE REPORT #3

Citron Exposes the **MOST IMPORTANT** Document that Cyberdyne Has Been **HIDING From the Investing Public**

Citron Reaffirms its **300¥ Target**

In our first two reports, Citron explained that hat Cyberdyne (7779.T-JP) , despite exaggerated promotional efforts by its CEO, has failed to deliver any meaningful revenues or unique technology over the past 4 years. More importantly, we have shown that Cyberdyne with a market cap of 225.B¥ significantcantly lags behind its competition Rewalk and Ekso Bionics in both innovation and penetration in the United States yet the competition market caps are 7 Bil¥ and 10 Bil¥

What has been most disturbing to Citron is that Cyberdyne has avoided any clear disclosure on its FDA approval timeline. Citron will now expose why Cyberdyne has not disclosed any communication with the FDA, and the real reason we have not seen any meaningful revenues worldwide.

Citron RESEARCH

CYBERDYNE REPORT #3

OCT 5th 2016

The Clinical Trial Cyberdyne **Does Not Want You To See!!!**

Although rarely discussed, Citron was aware that Cyberdyne had conducted a clinical test on its HAL device. We had evidence to the trial through this link:

Link to Report

https://dbcentre3.jmacct.med.or.jp/jmactr/App/JMACTRE02_04/JMACTRE02_04.aspx?kbn=3&seqno=3962

Yet, there's **no mention from Cyberdyne** of the results of these trials to investors.

In order for an investor to see how effective or rather ineffective the HAL robot is you have to look at the small print in the user manual inserted in the package of the HAL. Citron believes the full results of this study **have never been released to the investing public.**

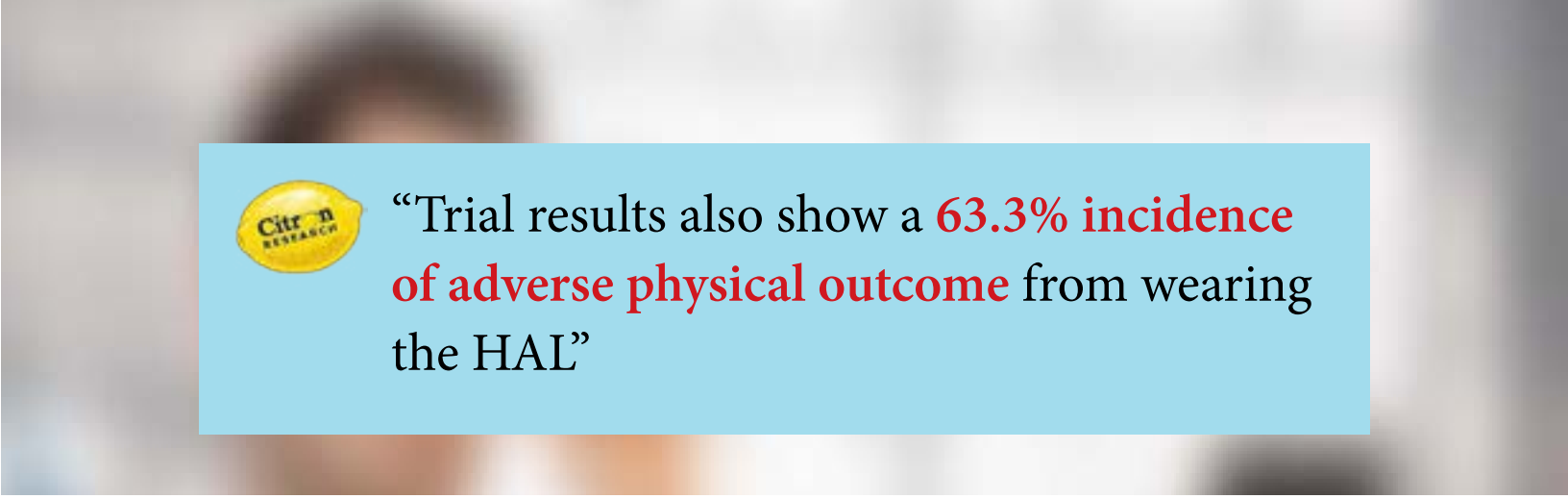
Link to Product Insert

http://citronresearch.com/wp-content/uploads/2016/10/CyberdynePackageInsert.pdf

The results of the clinical test show that the **improvement in walking distance by a patient** using HAL compared to a standard low-tech ambulatory hoist system was **less than 10%.**

*Note this was a 2 minute walking test with a limited subset. The clinical trial was conducted for **a distance of less than 10 meters**. Therefore, the improvement in walking ability is at maximum one meter; more likely measured in centimeters.

VS



"Trial results also show a **63.3% incidence of adverse physical outcome** from wearing the HAL"

Because Cyberdyne conducted this clinical trial we assume that this study was intended to show the HAL in its best possible performance. The trial itself is very questionable, given it is not blinded and vulnerable to biases both from clinicians and patients. Also, the sample size exceptionally small with only 11 patients in one control group and 13 patients in the other control group.

For all of the hype Cyberdyne created around their product, it barely even works better than a common hospital mechanical device that has no robotic or "brain reading" ability.

More troubling, the trial results also shows a 63.3% incidence of adverse physical outcome from wearing the HAL. Injuries include myalgia, contact dermatitis (burning from electrode contact), abrasion, back pain, falls, bruising, pain in extremities, soreness, osteoarthritis of the hip, arthralgia, erythema, and peeling skin……No wonder no one wants to use it.

It is Citron's opinion that that Cyberdyne has never submitted a "de novo" application to the FDA because they knew this clinical trial would never get approval in the United States, because the trial shows the product barely works and puts patients in danger.

Cyberdyne then tried to latch onto competitor FDA applications in form 510(k) (despite claiming that their exoskeleton is different), but the FDA seems to have denied them this route to approval.

And **Last Week The Story Got Worse** For Cyberdyne…Proof the Company has been **misleading analysts and investors.**

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Last week Cyberdyne issued a press release stating that they had just started a clinical trial in Japan for HAL to be used in stroke patients (recall the previous clinical trial we have is for rare neuromuscular disease)

http://www.cyberdyne.jp/english/company/PressReleases_detail.html?id=4883

Just started??? Analysts have been saying for years that HAL had already been studied and approved for stroke patients, without ever delivering any clinical trials or data. Here is an example that shows how little the analyst community knows.

We take for example the Nomura analyst who has been talking about stroke treatments as if it was imminent since the company's IPO in 2014.

THEN

"It has entered the stage of practical use in the treatment of stroke patients previously thought untreatable, and for function improvement and regenerative medical treatment for patients with lower limb disabilities. We project that Cyberdyne will move into recurring profits in third quarter 2015 in step with expanding sales in Japan of HAL for welfare applications."

-- Nomura Initiation of Cyberdyne Sept 30, 2014

AND NOW...

Nomura's note last week states that they believe the trial duration will be between 12 and 18 months. So how in the world in 2014 when he initiated could this guy have said that we have ***"entered the stage of practical use for the treatment of stroke patients"*** *when in 2016 the clinical trial just started and won't even be finished until 2018?*

Needless to say the company is nowhere near collecting revenue for their product's main use case, despite consensus assuming 145% YoY revenue growth in 2016 and 62% revenue growth in 2017 which is impossibly unrealistic.

OUR CONCLUSION

There is a reason the HAL robot has not sold widespread through Europe and Japan. There is also a reason why Cyberdyne cannot give us straight answers to its status with the US FDA. The reason all comes down to the results of their own clinical trial. Despite its high cost, the HAL robot does not work much better than a typical hospital hoist and the HAL robot comes with a high chance of injury to the patient.

We believe the stock will trade down to 300¥.

Cautious Investing To All