Press Release 2016/08/26


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# CYBERDYNE, INC.'s view on the research report released by Citron Research (Part 2)

On August 25, 2016, Citron Research published a report (the "8/25 Report") outlining their additional viewpoints regarding CYBERDYNE, INC. (the "Company"). The Company believes that the 8/25 Report is based on Citron Research's individual analysis that included several inadequate statements, and similarly to the research report released by Citron Research on August 15, 2016 (the "8/15 Report"), the Company is providing important information for shareholders and investors to consider and to prevent unnecessary confusion.

## I. Public medical insurance coverage for HAL for Medical Use (Lower Limb Type)

In the 8/25 Report, Citron Research states that the Company's claim that HAL for Medical Use is the only device in the world covered by public medical insurance "is an utter falsehood." However, the Company believes that the 8/25 Report is based on Citron Research's individual analysis that did not fully comprehend the business characteristics of the Company.

HAL for Medical Use is the only robotic treatment device in the world with the direct purpose of improving and regenerating the patient's physical functions, and whose treatment is covered by health insurance for the general public. The 8/25 Report refers to specific cases of insurance coverage for another company's device, but it is clear that unlike HAL's public health insurance policy, these cases, which are repeated below, do not cover the entire general public.

http://rewalk.com/commercial-health-insurance-company-becomes-first-to-implement-medical-policy-finding-powered-exoskeletons-medically-necessary/
In the U.S., a single private insurance company decided to reimburse fees for purchasing the device for members of their insurance plan.

http://www.research.va.gov/pubs/varqu/winter2016/14.cfm
In the U.S., Veterans Affairs will pay for fees to purchase the device for eligible veterans.

http://rewalk.com/german-social-and-youth-agency-reimburses-rewalk-robotics-exoskeleton-for-the-first-time/
In Germany, an insurance company reimbursed the fees to purchase the device for a specific individual patient.

II. Research and development expenditure

The 8/25 Report states that of the 221 stocks on the Japanese Mothers index with R&D budgets of over $1 million, the Company has the lowest percentage of Research and Development expenditure compared to market capitalization. However, the Company believes that the ratio of R&D expenditure to market capitalization is not a reasonable index to use when evaluating the research and development activities of any business.

III. FDA approval

In the 8/25 Report, Citron Research states that the Company has spent 14 months and has yet to obtain 510 (k) approval, even though other companies only needed 2.5 and 3.5 months. The Company's viewpoint is outlined below.

- **The approval periods for the other companies to which the 8/25 Report refers are not the periods that each company needed to obtain approval for their initial application.**

  On August 19, 2016, based on publicized information, the Company exhibited the facts concerning the 8/15 Report in a release titled "CYBERDYNE, INC.'s view on the research report released by Citron Research" (the "8/19 Response"), and it explained that the ReWalk device required 12 months from its initial submission to obtain its first approval (submission in June 2013 and approval in June 2014)[1] and the Ekso device required 15 months from its initial submission to obtain its first approval (submission in December 2014 and approval in April 2016)[2]. The approval periods of 2.5 months and 3.5 months cited again by Citron Research in the 8/25 Report are believed to be the times required for revisions or additions to the respective devices' original approvals. This is clear from the fact that both of the cases[3] cited by Citron Research in the 8/25 Report were submitted in 2016, as well as from the details of the 510 (k) summary[4] for the Ekso device made available by the FDA.

1 http://www.accessdata.fda.gov/scripts/cdrh/cfdocs/cfpmn/denovo.cfm?ID=DEN130034
2 http://www.accessdata.fda.gov/scripts/cdrh/cfdocs/cfPMN/pmn.cfm?ID=K143690
3 http://www.accessdata.fda.gov/scripts/cdrh/cfdocs/cfpmn/pmn.cfm?ID=K160987
http://www.accessdata.fda.gov/scripts/cdrh/cfdocs/cfpmn/pmn.cfm?ID=K161443
4 http://www.accessdata.fda.gov/cdrh_docs/pdf16/K161443.pdf

As explained in the 8/19 Response, Citron Research includes the following disclaimers on its website. "Citron Research makes no representations, and specifically disclaims all warranties, express, implied, or statutory, regarding the accuracy, timeliness, or completeness of any material contained in this site." "The principals of Citron Research most always hold a position in any of the securities profiled on the site. Citron Research will not report when a position is initiated or covered." Based on these disclaimers, the Company believes that there is a possibility that Citron Research may have released the 8/15 Report and the 8/25 Report with the purpose of generating considerable profit for itself or a related third party by initiating a short position on the Company's shares prior to their release. With the fall in market value of the Company's shares due to omission of important information in these reports, they may have been able to cover their position for significant gains.

The Company takes its dialogue with its shareholders and investors seriously, and it will not spare any effort to clarify any misunderstandings. However, the Company will firmly address any activities that deliberately announce unreasonable information.

The Company assumes its shareholders and investors exercise care when making investment decisions.