



Press Release

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Notice Regarding the Issuance of Stock Options (Stock Acquisition Rights)

At the Board of Directors meeting held today, CYBERDYNE, INC. (the "Company") has resolved to offer for subscription of the 2017 1st series stock option (the "Stock Options") for an external consultant of the Company, under the subscription terms and conditions determined as bellow.

I. Reasons for the Issuance of Stock Options with "Particularly Favorable" Conditions

The purpose of the issuance of Stock Options is to raise motivation and morale of the external consultant toward the growth of the Company's business results and its corporate value.

If all of these Stock Options are exercised, it will cause a 0.004% dilution to the total number of shares issued as of June 30, 2017 at 215,047,609 shares (Total number of Common Shares and Class B Shares). However, since the Stock Options will be issued for the purpose of enhancing motivation and morale leading to an increase of the Company's corporate value and growth of its business results, it will also benefit the Company shareholders, and the impact caused by this dilution is thought to be within reason.

II. Terms and Conditions for Issuance of Stock Options

1. Name of Stock Options: 2017 1st series stock options of CYBERDYNE, INC.
2. Total Number of Stock Options: 105 units
3. Class and Number of Shares Covered by the Stock Options:

The class of shares covered by the Stock Options shall be Common Shares of the Company, and the number of shares covered by each Stock Option shall be one hundred (100) shares (the “Number of Granted Shares”).

However, the Number of Granted Shares shall be adjusted according to the following formula if the Company splits (including allotment of shares of Common Shares of the Company without contribution; the same shall apply to any reference to a share split hereinafter) or consolidates shares of its Common Shares after the date for the allotment of the Stock Options (the “Allotment Date”), and fractions less than one (1) share arising as a result of such adjustment shall be rounded down.

$$\text{Number of Granted Shares after adjustment} = \frac{\text{Number of Granted Shares before adjustment}}{\text{Share split or share consolidation ratio}} \times$$

The provisions of Section 5(2)(i) shall apply mutatis mutandis to the application date of the Number of Granted Shares after such adjustment.

In addition to the above, if the Company conducts any merger or corporate split, or if any other events occur, which require an adjustment of the Number of Granted Shares in a manner similar to the adjustments related to such events, the Company may adjust the Number of Granted Shares to a reasonable extent as appropriate.

When adjusting the Number of Granted Shares, the Company shall notify each holder of Stock Options set forth in the Stock Options register (each a “Stock Option Holder”) or give public notice of necessary matters by the date immediately preceding the effective date on which the adjusted Number of Granted Shares will become part of the Stock Options; however, if the Company is unable to notify the Stock Option Holders or give public notice by the date immediately preceding the effective date, the Company shall notify the Stock Option Holders or give public notice promptly thereafter.

4. Value of Property to be Contributed upon Exercise of the Stock Options:

The value of property to be contributed upon the exercise of each Stock Option shall be the amount obtained by multiplying the amount to be paid-in for one (1) share to be delivered by exercising such Stock Option (the “Exercise Price”) by the Number of Granted Shares.

The Exercise Price is the amount obtained by multiplying (a) the closing price of ordinary transactions of Common Shares of the Company at the Tokyo Stock Exchange (the “Closing Price”) on the Allotment Date (or the Closing Price on the immediately preceding transaction date, if there is no Closing Price for the Allotment Date) by (b) 1.20, with any fraction less than one (1) yen being rounded up to the nearest whole number; provided that the Exercise Price shall be subject to the adjustment set forth in Section 5 below.

5. Adjustment of Exercise Price:

(1) If the Company takes any of the actions listed in items (i) and (ii) below with respect to the shares of Common Shares of the Company after the Allotment Date, the Company shall adjust the Exercise Price by using the corresponding formula (the “Exercise Price Adjustment Formula”) set forth below. Any fraction less than one (1) yen resulting from the adjustment shall be rounded up to the nearest whole number:

(i) Split or consolidation of shares

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Share split or share consolidation ratio}}$$

(ii) Issuance of new shares or disposition of treasury shares at a price lower than the market price (excluding sale of treasury shares pursuant to Article 194 (demand for sale to holders of shares less than one unit) of the Companies Act, conversion of securities that are to be or may be converted into Common Shares of the Company, or exercise of Stock Options (including

those attached to bonds with Stock Options) by which delivery of Common Shares of the Company may be requested)

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of issued shares} + \frac{\text{Number of new shares to be issued} \times \text{Amount to be paid-in per share}}{\text{Market price}}}{\text{Number of issued shares} + \text{Number of new shares to be issued}}$$

- i The “market price” in the Exercise Price Adjustment Formula shall be the average price of the Closing Prices (including indicative prices; hereinafter the same) of ordinary transactions of Common Shares of the Company at the Tokyo Stock Exchange for a period of thirty (30) transaction days (excluding any day without the Closing Prices) commencing on the forty-fifth transaction day prior to the “Application Date of the Exercise Price after adjustment” set forth in clause (2) below (the “Application Date”). In calculating the “average price,” fractional amounts less than one (1) yen shall be calculated to the hundredth and then rounded up to the nearest tenth.
- ii The “Number of issued shares” in the Exercise Price Adjustment Formula shall be the total number of issued shares of Common Shares of the Company as of the record date, if any, or otherwise the date one (1) month prior to the Application Date, less the number of treasury shares of Common Shares of the Company which are held by the Company on such date.
- iii In the case of disposition of treasury shares, the “Number of new shares to be issued” in the Exercise Price Adjustment Formula shall be replaced with the “Number of treasury shares to be disposed of.”

(2) The Application Date shall be subject to the following:

- (i) When making an adjustment pursuant to clauses (1)(i) above, the Exercise Price after adjustment shall be applied, in the case of a share split, on and after the day immediately following the record date for the share split (if no record date is prescribed, the effective date of such share split) and, in the case of a share consolidation, on and after the effective date thereof; however, if a share split is subject to the condition that a proposal to increase the stated

capital or reserves by decreasing the amount of surplus is approved at the Company's shareholders meeting, and the record date for the share split is prescribed to be the date prior to the date of conclusion of such shareholders meeting, the Exercise Price after adjustment shall be applied retrospectively to the date immediately following the record date on and after the date immediately following the date of conclusion of the shareholders meeting.

Under the proviso clause of the preceding paragraph, the Company shall adjust, by the following calculation formula, the number of shares of its Common Shares to be delivered to the Stock Option Holder exercising Stock Options during the period commencing on the date immediately following the record date for the share split and ending on the date of conclusion of the shareholders meeting (the number of shares that may be delivered by exercising Stock Options shall hereinafter be referred to as the "Number of Shares subject to Exercise before Split"). Any fraction less than one (1) share resulting from the adjustment shall be rounded down.

$$\text{Number of new shares to be issued} = \frac{(\text{Exercise Price before adjustment} - \text{Exercise Price after adjustment}) \times \text{Number of Shares subject to Exercise before Split}}{\text{Exercise Price after adjustment}}$$

- (ii) When making an adjustment pursuant to clause (1)(ii) above, the Exercise Price after adjustment shall be applied on and after the date immediately following the payment date (if a period for payment is prescribed, the last day thereof) for such issuance or disposition (or on and after the date immediately following the record date, if any).
- (3) In addition to clauses (1)(i) and (1)(ii), in the case where it is necessary to adjust the Exercise Price such as in the case of the Company allotting shares of other classes without contribution to Common Shareholders or distributing shares of another company as dividends to Common Shareholders, the Company may adjust the Exercise Price within a reasonable extent after taking into consideration conditions or other related factors of the allotment or distribution.

- (4) When adjusting the Exercise Price, the Company shall notify the Stock Option Holders or give public notice of necessary matters by the date immediately preceding the Application Date; provided that, if the Company is unable to notify the Stock Option Holders or give public notice by the date immediately preceding the Application Date, the Company shall notify the Stock Option Holders or give public notice promptly thereafter.

6. Exercise Period for the Stock Options:

From: July 26, 2019

To: July 25, 2027

7. Matters regarding Increase of Stated Capital and Capital Reserve in Issuance of Shares upon Exercise of the Stock Options:

- (1) The amount of the increase of stated capital upon the issuance of shares by the exercise of the Stock Options shall be one-half (1/2) of the maximum amount of the increase of stated capital to be calculated pursuant to Article 17, paragraph 1 of the Ordinance on Accounting of Companies. Any fraction less than one (1) yen resulting from the calculation shall be rounded up to the nearest whole number.
- (2) The amount of the increase of capital reserves in issuance of shares upon exercise of the Stock Options shall be the maximum amount of increase of stated capital set forth in the above clause (1) above less the amount of increase of stated capital set forth in clause (1) above.

8. Restrictions on Acquisition of the Stock Options by Transfer:

Any acquisition of the Stock Options by transfer shall be subject to approval by resolution of the Board of Directors of the Company.

9. Conditions on Acquisition of the Stock Options:

The Company may acquire the Stock Options on a date separately prescribed by the Board of Directors of the Company without any consideration if any of the proposals listed in items (i), (ii), (iii), (iv) and (v) below is approved at a shareholders meeting of the Company (if no resolution at a shareholders meeting is required, when a resolution of the Company's Board of Directors has been passed):

- (i) a proposal for approval of a merger agreement pursuant to which the Company will become an absorbed company;
- (ii) a proposal for approval of a corporate split agreement or a corporate split plan pursuant to which the Company will become a splitting company;
- (iii) a proposal for approval of a share exchange agreement or a share transfer plan pursuant to which the Company will become a wholly-owned subsidiary;
- (iv) a proposal for approval of an amendment to the Articles of Incorporation of the Company to provide that the acquisition by transfer of all classes of shares issued by the Company is subject to the approval of the Company; or
- (v) a proposal for approval of an amendment to the Articles of Incorporation of the Company to provide that the acquisition by transfer of the shares covered by the Stock Options is subject to the approval of the Company, or that all of the shares of such class may be acquired by the Company by a resolution of a shareholders meeting of the Company.

10. Matters related to Delivery of the Stock Options upon Reorganization:

In the event of a merger (limited to a merger by which the Company is absorbed), an absorption-type split or incorporation-type split (in each case limited to a split by which the Company becomes a split company), or a share exchange or share transfer (in each case limited to cases where the Company becomes a wholly owned subsidiary) (collectively, the "Reorganization") with regard to the Company, the Stock Options Holders holding outstanding Stock Options (the "Outstanding Stock Options") immediately prior to the effective date of the Reorganization (meaning, in the case of an absorption-type merger, the date on which such absorption-type merger becomes effective; in the case of an incorporation-type merger, the date of incorporation of the company incorporated by such merger; in the case of an absorption-type split, the date

on which such absorption-type split becomes effective; in the case of an incorporation-type split, the date of incorporation of the company incorporated by such split; in the case of a share exchange, the date on which such share exchange becomes effective; and in the case of a share transfer, the date of incorporation of the wholly owning parent company incorporated through the share transfer) shall receive, in each case, stock options of the company resulting from the Reorganization (the “Reorganized Company”) listed in Article 236, paragraph 1, item 8(a) through (e) of the Companies Act; provided that the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type split agreement, incorporation-type split plan, share exchange agreement, or share transfer plan shall prescribe to the effect that the stock options of the Reorganized Company will be delivered to the holders of the Outstanding Stock Options in accordance with each of the following items:

- (i) Number of stock options of the Reorganized Company to be delivered

The number of stock options equal to the number of Outstanding Stock Options held by each Stock Option Holder shall be delivered.

- (ii) Class of shares of the Reorganized Company covered by the stock options

Common shares of the Reorganized Company shall be covered.

- (iii) Number of shares of the Reorganized Company covered by the stock options

The number shall be determined in accordance with Section 3 above, taking into consideration various factors such as the conditions applicable to the Reorganization.

- (iv) Value of property to be contributed upon exercise of the stock options

The value of property to be contributed upon exercise of each stock option to be delivered shall be the amount obtained by multiplying (a) the exercise price after the Reorganization to be obtained by adjusting the Exercise Price set forth in Section 4 above after taking into consideration relevant factors such as the conditions applicable to the Reorganization by (b) the number of shares of the Reorganized Company covered by the stock options, which is determined pursuant to item (iii) above.

- (v) Exercise period for the stock options

The exercise period shall commence on the commencement date of the exercise period of the stock options set forth in Section 6 above or the effective date of the Reorganization, whichever is later, and end on the expiration date of the exercise period of the stock options set forth in Section 6 above.

- (vi) Matters regarding increase of stated capital and capital reserve in issuance of shares upon exercise of the stock options

To be determined in accordance with Section 7 above.

(vii) Restrictions on acquisition of the stock options by transfer

Any acquisition of the stock options by transfer shall be subject to approval by resolution of the Board of Directors of the Reorganized Company.

(viii) Conditions on acquisition of the stock options

To be determined in accordance with Section 9 above.

(ix) Other conditions on exercise of the stock options

To be determined in accordance with Section 12 below.

11. Treatment of Fractions Less than One (1) Share Arising upon Exercise of the Stock Options:

If the number of shares to be delivered to a Stock Option Holder exercising the Stock Options includes any fraction less than one (1) share, such fraction shall be rounded down.

12. Other Conditions on Exercise of the Stock Options:

- (1) If a Stock Option Holder has waived his/her Stock Options, the Stock Option Holder may not exercise his/her Stock Options.

13. Amount to be Paid-in for the Stock Options:

No money shall be required to be paid for the Stock Options.

14. Allotment Date for the Stock Options:

August 9, 2017

15. Allottee of the Stock Options and the Number of Stock Options to be Allotted.

External consultant	1 person	105 units
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16. Reasons for the Selection of the Allottee of the Stock Options

(1) Overview of the selected allottee

Selected allottee		External consultant
Address		Resident of Germany
Relationship between the Company and the allottee	Investment relationship	No matters to be reported
	Personnel relationship	No matters to be reported
	Financial relationship	No matters to be reported
	Technological or Business relationship	Medical advisor to the Company

The Company used “Nikkei Telecom”, a tool for searching newspaper archives, to conduct a comprehensive background check for any information or keywords that suggest ties between the allottee and antisocial forces. No results that suggest such ties were found and the Company concluded that the allottee has no relationship with any antisocial forces.

Furthermore, the Company submitted documents to the Tokyo Stock Exchange confirming that the allottee has no relationship with antisocial forces.

(2) Reasons for the Selection of the Allottee of the Stock Options

The Company appointed the external consultant the medical advisor for the Company, as the allottee of the Stock Options, who can contribute to the expansion of the business in Europe. For the purpose of strengthening the friendly and collaborative relationship and encouraging further contribution to the improvement of the Company’s performance, the Company selected the external consultant as the allottee.