

Q&A concerning issuance of new shares and convertible bonds

With regard to CYBERDYNE's ("the Company's") issuance of new shares and convertible bonds ("CB" or "CBs"), which was resolved on November 26, 2014 and of which terms and conditions were determined on November 27, 2014, the Company received many questions from investors. The Company is pleased to put up major and typical questions and answers as below for your reference.

Q1. Inform me of the outline of the newly issued CBs.

A1. The outline of the company's CBs is as below.

aggregated principal amount: JPY20,000,000,000

closing date: December 12, 2014

maturity: December 12, 2017 (three years)

offer price: 104.5%

issue price: 102.0%

redemption price: 100.0%

coupon: zero

conversion price: JPY3,790

Characteristics of the CBs

- Call option

On or after March 11, 2016 the Company may, having given not less than 45 nor more than 60 days' prior notice (which is irrevocable) of redemption to the bondholders, redeem all, but not some only, of the bonds then outstanding at 100 % of their principal amount, if the closing price of the shares for each of the 20 consecutive trading days, the last of which

occurs not more than 30 days prior to the date upon which the notice of such redemption is first published, is at least 120% of the conversion price in effect on each such trading day.

- Reset of conversion price

If the average of the closing price of the shares for 30 consecutive trading days up to and including December 11, 2015 (the “reset calculation date”), rounded upwards to the nearest one yen, shall be at least one yen less than the conversion price in effect on the reset calculation date, conversion price shall, on December 21, 2015 (the “reset effective date”), be reset downwards to the average of the closing price of the shares so calculated. However, an amount equal to the conversion price in effect on the reset calculation date multiplied by 85%, rounded upwards to the nearest one yen shall be the floor reset price.

*For the purpose of easy understanding, there are terms and conditions omitted in the explanation above. For the precision purpose, refer to the Offering Circular of this financing.

Q2. Are the convertible bonds Moving Strike Convertible Bonds (“MSCBs”)?

A2. The convertible bonds are not so-called MSCBs. While MSCBs reset conversion prices semi-annually or more frequently (*1), our CBs’ conversion price will only be reset on December 21, 2015. At that time, 85% of conversion price in effect shall be the floor reset price that is set out in order to avoid excessive dilution. Though the reset of the conversion price is only one time, it is attempted to heighten probability of conversion to stocks and strengthen shareholders’ equity to a certain extent. Even the conversion price is revised downward (and more stocks are issued), the maximum dilution ratio will be 5.8% (*2). Issuance of stocks from the conversion of the bonds will be performed within a limited probability.

(*1) See “Securities Listing Regulations of Tokyo Stock Exchange, Inc. Rule 410. Disclosure of the Status of Conversion or Exercise of MSCB, etc. 1st paragraph” and “Rules Concerning Handling of Allotment of New Shares to Third Party, etc. Article 2 (Definitions) (2) MSCB, etc.”.

(*2) The maximal dilution ratio 5.8% (*2) is calculated on the following factors:

- total number of issued shares (including Class B shares) after the public offering this time: 101,638,000 shares
- floor rest price: JPY3,222 (85% of the initial conversion price JPY3,790)
- maximum number of shares newly issued through conversion: 6,207,324 shares

Q3. Why CYBERDYNE decided the increase in capital within a year from the listing?

A3. After the listing in March, 2014, the Company made big strides in various aspects, for instance:

- submitted a final application on November 14, 2014 for certification to HAL as a medical device in USA, the world’s largest medical device market
- completed clinical tests on August 8, 2014 for submitting an application for certification to the Company as a medical device manufacturer and marketer in the domestic market and started preparing the application.

In addition to Europe, where HAL obtained a certification as a medical device, the company’s business horizon in Japan and USA was remarkably enlarged. In order to provide comprehensive services with HAL in Japan, USA and Europe, the establishment of global network for service providing, reinforcement of production capacity and promotion of research and development are necessary. For those purposes, financial support is indispensable. The company judged that was the best timing to do financing after the applications for certification as a medical device were prepared or submitted in Japan and USA.

Q4. CYBERDYNE should keep the proceeds of the CBs in the escrow account until its stock price exceeds the conversion price. Why the Company needs to finance the funds now, which it cannot spend at once? Should the company have financed after the stock price rises sufficiently?

A4. The Company submitted the application, attempting to obtain the certification to HAL as a medical device in USA within 2015. While an examination period in USA is stipulated as within 120 days, an earlier certification is probable providing prompt response of the Company to inquiries from the authority. The Company judged that it should start funding which would be affected by the market trend without waiting for the certification in order to start its business development in USA with available funds immediately after the certification. By issuing CBs in tandem with new shares, consequently almost a half of the aggregated principal of this funding is to be funded by the issuance of new shares at the higher price (the conversion price).

Q5. How will the dilution ratio be after this capital increase?

A5. Providing that all the CBs are converted, the maximal dilution ratio together with the issuance of new shares will be 11.5%, or 12.3% when the conversion price is revised downward. In order to avoid a large dilution at one time, the company decided to finance nearly a half of the total issue amount in the CBs and to keep the immediate dilution ratio after the public offering at 6.9%.

Q6. Why the major shareholders lent shares?

A6. Generally speaking, as prerequisites of transactions of stock acquisition rights, adequate supply of shares by lending must be ensured. In case of the Company's ordinary shares, supply by lending is not enough due to small floating supply. For that reason, the Company requested major shareholders to lend shares on the occasion of the CB issuance. This enabled the launching of the CBs and the adequacy of shares lent contributed to the improvement of issuing conditions.