

Cyberdyne Is The Most Ridiculously Priced Stock In the World. Japanese Investors are ADVISED to EXERCISE EXTREME CAUTION

Target Price: 300¥ -- 85% Downside

**With its share price ~ 2,000¥, Cyberdyne's market cap exceeds \$4 billion USD.
The story of Cyberdyne MUST be told to the worldwide investment community.**

Cyberdyne (TYO:7779) CEO Yoshiyuki Sankai has become a cultural icon in Japan. With his "mad scientist" appearance and his lifelong passion for robots, he has become the face of innovation and science in Japan.....**But what is the truth?**

While Sankai's creation of the HAL® (Hybrid Assistive Limb) was unique and creative in 2005 (named one of Time Magazine's most amazing inventions of the year,) -- time and competitors have eclipsed Cyberdyne; the company has yet to effectively commercialize any product. Worse, when you get past the rhetoric, propaganda and press, you find a company that is more interested in making a "[Gundam](#) Stock" rather than an underlying business of authentic value.

Citron first became aware of Cyberdyne when normally bullish Japanese equities investor Seth Fischer cited Cyberdyne's valuation as "unrealistic" during a recent Sohn Hedge Fund Conference in Japan.

<http://www.bloomberg.com/news/articles/2016-06-01/japan-bull-fisher-says-short-cyberdyne-as-valuation-unrealistic>

While we found Fischer's valuation argument to be beyond compelling, we knew there had to be a reason HOW the stock ever got to these nonsensical and ridiculous levels ... which is precisely what Citron explains to the investing public below.

Before going any further into the story, let's have a look at Cyberdyne's ugly operational results:

Sales	31-Mar-13*	31-Mar-14	31-Mar-15	31-Mar-16	cumulative
Sales (¥)	¥286,000,000	¥456,375,000	¥631,278,000	¥1,264,902,000	¥2,638,555,000
FX (¥/\$)	0.00998	0.00914	0.00834	0.008336	
Sales (\$)	\$2,855,424	\$4,171,724	\$5,262,333	\$10,544,223	\$22,833,704
Operating Income (¥)	(¥855,000,000)	(¥1,154,242,000)	(¥1,766,118,000)	(¥1,292,132,000)	(¥5,067,492,000)
FX (¥/\$)	0.00998	0.00914	0.00834	0.00834	
Operating Income (\$)	(\$8,536,320)	(\$10,550,926)	(\$14,722,360)	(\$10,771,212)	(\$44,580,818)
Net Income (¥)	(¥573,000,000)	(¥682,881,000)	(¥915,893,000)	(¥721,253,000)	(¥2,893,027,000)
FX (¥/\$)	0.00998	0.00914	0.00834	0.00834	
Net Income (\$)	(\$5,720,832)	(\$6,242,215)	(\$7,634,884)	(\$6,012,365)	(\$25,610,296)

*Non-consolidated results

At the time of Cyberdyne's IPO, it was noted that: "The company expects to post sales of 469 million yen for the year through March, up 60% from the previous year. For the following fiscal year, it sees sales jumping 200-300% [e.g. 1.4 -1.9 billion yen]."

However, total revenues for 2015 amounted to **just ¥631 million**, an increase of just 35%. For 2015, Cyberdyne posted a **net loss of ¥915 million**.

To make matters worse, Cyberdyne does not break out its revenue, so investors do not know how much of their revenue is from the sale of exoskeletons, how much is the sale of cleaning robots, and how much comes from **ticket sales to its robot museum** (yes, this is true...read on.)

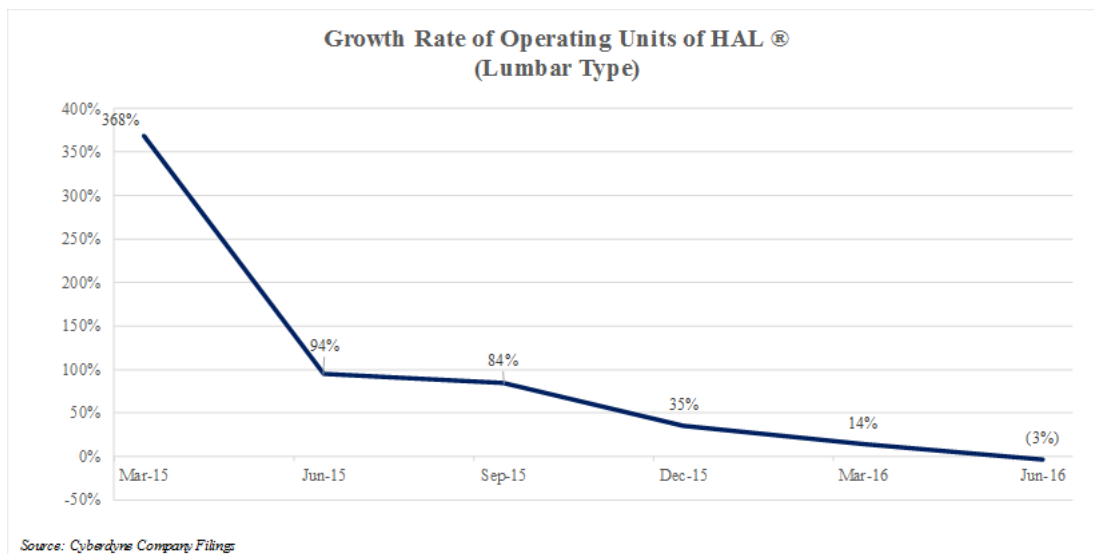
What we do know is that a full 25% of Cyberdyne's miniscule 2015 sales were transacted with its largest shareholder: Related party Daiwa House, and its strategic partner, the University of Tsukuba.

Related Party Sales	¥m
Sales to Daiwa House Industry Co., Ltd.	70
Sales to University of Tsukuba	88
Total related party sales disclosed	157
Total Sales	631
Percent of Sales to Related Parties	25%

Cyberdyne released its quarterly earnings this week and, needless to say, there was no good news. Earnings surprise? Only a negative one. Revenues were only **¥271m**, **scarcely more than half** of the company's own very minimal **¥500m** guidance. (appx \$2.7 mil vs. \$5 mil estimated.)

7779 JT ¥ C e2067 +17			
On 10 Aug d Vol 868,500 0 2050T H			
7779 JT Equity		96) Actions ▾	97) Output to Ex
CYBERDYNE Inc		Csld C ▾	Perio
1) Values		2) Growth	
3 Months Ending		Q1 2017 Act	Q1 2017 Est
		06/30/2016	06/30/2016
11) EPS, Adj+		-1.550	
12) EPS, GAAP		-1.550	
13) Revenue		271.000M	500.000M
14) Gross Margin %			76.000
15) Operating Profit		-358.243M	-170.000M
16) Current Profit		-322.834M	-50.000M
17) Net Income Adj+		-325.000M	-50.000M
18) Net Income, GAAP		-325.000M	-50.000M
19) Net Debt		-34.368B	
20) BPS		217.088	

What investors cannot ignore is the **catastrophically declining growth** in their core technology and product:



Let's Talk Exoskeletons

Most investors in Cyberdyne believe that CEO Sankai's human-assisting space age robot is the singular iconic symbol of Japanese innovation. Nothing could be further from the truth. Cyberdyne is now just one among many strong competitors in the exoskeleton market. Yet, despite their valuation and hype, Cyberdyne does not lead this niche in either sales or research.

While Raytheon, Lockheed Martin, Honda and Panasonic are just some of the multinational names in the exoskeleton market, we will instead look at the efforts of Parker Hannifin as well as other "pure play" publically traded exoskeleton companies.



(Pictures from Raytheon and Lockheed)

Parker Hannifin

Cyberdyne's most formidable competitor is Parker Hannifin (a company with more than 1,800 times Cyberdyne's revenue, yet only 4 times its market cap.) Parker-Hannifin is already light years ahead of Cyberdyne in terms of developing, manufacturing and selling functional exoskeletons.

Parker-Hannifin's [Indego](#) is already FDA approved for sales into the US, and has earned the CE mark for sales into Europe. The product is approved for both clinical and personal use. Because of its substantial head start, PH's Indego is has already established itself in the scientific community. It has been more widely researched and studied than any other exoskeleton in existence or even in development. As part of its extensive FDA clinical trials, PH's Indego was studied in more than 1,200 individual sessions. Indego has also been [researched](#) for more uses and specific patient types than any competitor. The product goes beyond just "level surface" use and has been proven effective for "variable geometry stair ascent and descent". The product has also been the subject of [multiple studies](#) for its use by paraplegics, stroke victims, and victims of spinal cord injuries.

Even so, [PH is staying conservative](#), rather than touting its sales prospects. In fact, despite its massive head start vs. competitors and existing commercial transaction, PH is being noticeably subdued in its financial forecasts. In fact, PH is going out of its way to manage Street expectations for sales of the product.

"We're not claiming this business will be hundreds of millions of dollars a year "
-- Achilleas Dorotheou, head of Parker Hannifin's Human Motion & Control Unit

[According to PH](#), "Annual sales of the devices are expected to total less than \$10 million initially."

And this is for the company which has secured a strong first mover advantage and FDA approval in the world's largest market (in addition to Europe), with existing government contracts (DOD).

Panasonic

Panasonic has been developing exoskeletons for years, but only in 2016 has the company begun to receive much attention. The reason for the attention now is that Panasonic's products are actually starting to hit the market.

As featured in [this video](#), Panasonic recently unveiled a variety of advanced exoskeleton products. This includes the AWN-03 which is intended for industrial use, and which is [already being deployed](#) in various workplaces. Panasonic also has the [PLN-01](#) (AKA the "Ninja") which assists in walking running and even lifting. Panasonic specifically [notes that](#) it is designing its products to assist the elderly.



Panasonic: AWN-03



PLN-01 ("Ninja")

Honda

Likewise, Japanese mega giant Honda is best known as a car company. But the company has been working on functional exoskeletons for [over a decade](#). Even 3 years ago, Honda was already [leasing](#) these assisted walking devices to hospitals.



Honda Exoskeletons

The competition is real and it is local as well as worldwide. While Sankai enticed investors with expectations of near term profitability and rapid growth in sales of its exoskeletons, he failed to acknowledge the truth -- that Cyberdyne is losing the race to the real leaders in exoskeletons.

🍋 So How Can Anyone Value Cyberdyne?

Amongst the vast competition, two US listed exoskeleton “pure play” firms stand out most clearly: ReWalk and Ekso Bionics.

ReWalk Robotics

ReWalk Robotics (NASDAQ:RWLK) is an Israel-domiciled pure play on exoskeletons which is listed on NASDAQ. ReWalk bears the distinction that it was the first exoskeleton to receive FDA approval in the US. ReWalk received FDA approval in June of 2014. The device has been approved in Europe since 2012.

ReWalk went public in a [2014 IPO](#) at a price of \$12. As with Cyberdyne, the initial concept of a life-changing device with a huge addressable market fueled strong investor enthusiasm. At the time, ReWalk had just become the first FDA approved exoskeleton in the US. Within days of the IPO, the stock [peaked](#) at \$37.15.

But once investors got past the “big story” and focused on the actual business, ReWalk steadily traded down, while investors waited for sales that never seemed to materialize. By December 2015, the shares were trading at just \$5.00, down by 87% from their post IPO peak.

6.52 -0.35 (-5.09%)Real-time: 3:20PM EDT
NASDAQ real-time data - Disclaimer
Currency in USD

Range	6.44 - 6.80	Dividend	-
52 week	5.55 - 17.40	EPS	-2.18
Open	6.80	Shares	12.37M
Vol / Avg	94,606.00/69,930.00	Beta	-
Mkt cap	77.29M	Inst. own	32%
P/E	-		

Dow Jones	18,513.02	-0.16%
Nasdaq	5,206.95	-0.27%
Healthcare		-1.04%
RWLK	6.52	-5.09%



ReWalk is currently valued at just \$83 million, compared to Cyberdyne's \$4.0 billion.

Cyberdyne's promotional materials would lead you to believe that they are a leader in the exoskeleton market ... but real companies take action while the pretenders just talk. Just look at this Cyberdyne press release, proudly announcing that it is the subject of a case study by Harvard Business School.

Citron has read the case study. Far from a testament to the strength of Cyberdyne's product or technology prospects, the only outstanding point from the study is the observation that Cyberdyne is a promotional company.

"In Japan, the promotion of prescribed drugs or medical devices through mass media was prohibited. Instead, HAL and Sankai had been frequently featured over the past few years on **special TV programs and TV news**, as well as in **newspaper and magazine articles** and on **the Internet**. In this way, HAL had built some recognition in Japanese society without spending money on promotional efforts. "

-- Harvard Business School Case Study: Cyberdyne January 2016 Control Unit

<http://www.hbs.edu/faculty/Pages/item.aspx?num=50543>

Ironically, in the same month in which Harvard Business School published its Cyberdyne case study, Harvard entered a **bona fide research collaboration -- with ReWalk**.

<http://wyss.harvard.edu/viewpressrelease/259/wyss-institute-collaborates-with-ReWalk-robotics-to-develop-wearable-exosuits-for-patients-with-limited-mobility>

And just last week ReWalk entered into [another prestigious research collaboration – this time with Stanford University](#).

Ironically, the largest investor in ReWalk is none other than Japan's largest manufacturer of robots: Yaskawa Electric Corporation.

Stock price: 6506 (TYO) ¥1,402 +1.00 (+0.07%)

<http://ReWalk.com/wearable-ReWalk-device-finds-an-investor-and-strategic-partner-in-japanese-robotics-firm/>

Despite all of the advantages that ReWalk has over Cyberdyne, the stock trades at a market capitalization roughly 1/50th of Cyberdyne -- a mere \$85 million compared to more than \$4 billion.



(ReWalk Robotics images)



Ekso Bionics

The other direct comparable to Cyberdyne is **Ekso Bionics** (NASDAQ:EKSO).

As we saw, in 2005, Time Magazine had been featuring Cyberdyne's HAL as one of its "Most Amazing Innovations of 2005". By 2010, the target for this enthusiasm for the cutting edge in robotics had been redirected onto Ekso's device.

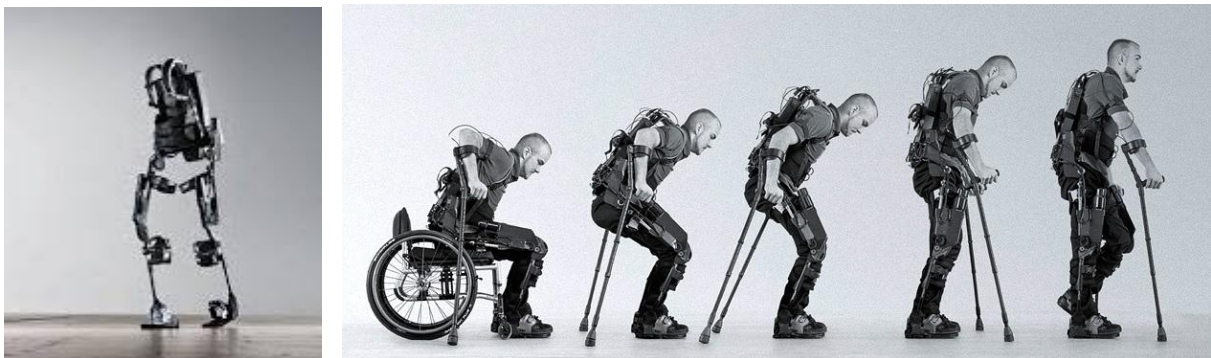
In 2010, Time featured Ekso's eLegs among the "[50 Best Inventions of 2010](#)". With Cyberdyne's device now being 5 years out of date, accolades for Ekso continued. Wired Magazine, called eLegs (then known as Berkeley Bionics) as #2 among its "[Most Significant Gadget of 2010](#)". Ekso Bionics was also featured in Inc. Magazine as one of "5 Big Ideas for the Next 15 Years".

Ekso has **already received FDA approval** in April of 2016: "[Ekso GT™ Robotic Exoskeleton Cleared by FDA for Use With Stroke and Spinal Cord Injury Patients](#)"

Ekso came public in 2014 at a price of around \$2.00. As with Cyberdyne, initial enthusiasm for Ekso was overwhelming; the stock soared rapidly to as high as \$6.00. As with ReWalk, the share price quickly faded to around \$1.00, as financial realities dampened initial enthusiasm.

Much like ReWalk, Ekso enjoys several major advantages when compared to Cyberdyne. First, the company is dealing with much newer technology. Ekso was founded in 2005 and subsequently developed its technology. Second, Ekso is already FDA approved. Third, Ekso already has been able to successfully license out its technology to a major industrial conglomerate.

As a result of these advantages, Ekso is trading at an all time high valuation, which amounts to just \$67 million, a mere 1/60th of Cyberdyne's \$4 billion valuation!



(Ekso Robotics images)

The only chart you really need to consider

While ReWalk and Ekso are both approved by the FDA and are more advanced in research and development, the disparities between **ratios of Enterprise Value to Revenue** are devastating.

Ultimate Valuation of Cyberdyne							
	Enterprise Value		Implied	Revenue		EV / Revenue	
	US\$m	¥m	Share Price	2015A	2016E	2015A	2016E
EKSO Ekso Bionics Holdings	\$67	¥6,791		\$9	\$17	8x	4x
RWLK ReWalk Robotics	\$79	¥7,954		\$4	\$10	21x	8x
Average						14x	6x
7779 Cyberdyne ⁽¹⁾ Current	\$4,053	¥444,503	¥2,067	\$11	\$31	384x	132x
7779 Cyberdyne ⁽¹⁾ At Comp Valuation	\$180	¥18,250	¥250		\$31	←	6x
Downside	(96%)	(96%)	(88%)				

(1) Cyberdyne year end of March 31 has been used for prior year for purposes of analysis

(2) Assumes 100% of convertible debenture was converted to shares outstanding



Research & Development

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It is obvious that Cyberdyne does not have the financials to support its market valuation. Is the future any better? NO! While Sankai is busy talking about innovation, he has not dedicated any significant investment in R&D to the efforts despite the fact that Parker Hannifin, Panasonic, Honda and the other real leaders in robotics are spending billions of \$USD to advance robotics technology into the marketplace to take future market share

CEO Sankai is aware of this as Cyberdyne has published in its most recent annual report:

“Research and development activities for creation of innovative technologies and new industries: Research and development activities of the Group are based on three keywords: “challenge,” “overseas development” and “innovation.”

-- Cyberdyne, FY 2016 Consolidated Financial Statements (p.11)

https://www.cyberdyne.jp/company/download/20160513_financialresults_FY2016_en.pdf



UNKO



Lets start here. This is a list of patents from [Cyberdyne's 2015 annual report](#). Despite the advances made in technology and by its competitors over the last decade, there is nothing new for Cyberdyne since 2005.

Application number/ Registration number (Date of application)	Name of invention/Inventor Type of invention
2004-068790/4200492 (2004/03/11)	Wearing type motion assisting apparatus Inventor: Dr. Yoshiyuki Sankai
2004-040168/4178185 (2004/02/17)	Wearable action supporting apparatus, controlling methods of drive source in wearable action supporting apparatus, and program Inventor: Dr. Yoshiyuki Sankai
2004-045354/4178186 (2004/02/20)	Wearing type motion assisting apparatus, controlling method and program of wearing type motion assisting apparatus Inventor: Dr. Yoshiyuki Sankai
2005-018295/4178187 (2005/01/26)	Wearing type motion assisting apparatus and control program Inventor: Dr. Yoshiyuki Sankai

Research and Development Expenditures:

From a company supposedly leading Japan in innovation, Cyberdyne's investment in R&D is virtually non-existent?

	2012	2013	2014	2015	Total
Cyberdyne R&D (\$ m USD)	\$6.5	\$7.2	\$9.0	\$8.3	\$31.0

\$31 million USD over 4 years, spread amongst all of their claimed projects, is a bad joke. Cyberdyne spreads this budget across a variety of pet projects. This is not enough money to dominate the exoskeleton market, nor stand as the face of technology in Japan.

To put this in perspective, Nissin Foods (2897), the maker of Top Ramen Noodles **spends 6x as much on research and development each year compared to Cyberdyne**. Is this the future of Japanese Innovation????



As for overseas development and innovation, we will discuss these issues further in our sections on the FDA and the cleaning robots.

Intellectual Property

To make matters worse, Cyberdyne doesn't even own the patents underlying its intellectual property:

“The patents of intellectual property related to Robot Suit HAL have been acquired by the University of Tsukuba, Japan. The company with exclusive rights to use all the patent rights has competitiveness in the wearable robot market. Various enterprises are proceeding with research and commercialization of wearable robots and their development status of new technologies might affect the company group’s business performance and business development.”

-- Cyberdyne, [Mar 31, 2014 Consolidated Financial Statements](#)

Most of the patents founded by Yoshiyuki Sankai are in fact property of the University of Sankai ([list of patents](#)). In addition, Cyberdyne will owe the University of Tsukuba an undisclosed percentage of royalties ([Mar 31, 2014 Financial Results – Page 16 highlight Royalty](#)).

Cyberdyne and the FDA: Something is REALLY wrong here.

It is universally accepted by everyone (including Cyberdyne) that the US is the world's [largest market](#) for exoskeletons. This is why Cyberdyne's competitors have made FDA approval a top priority.

It should be noted that ReWalk Robotics, Parker Hannifin and Ekso Bionics have **all** obtained FDA approval to market exoskeletons in the US.

How has so much time elapsed without progress on Cyberdyne's approval? Here is a brief timeline of Cyberdyne's FDA application process.

In August 2014, at the time of its IPO, Cyberdyne announced:

CYBERDYNE Inc. has begun seeking approval from the U. S. Food and Drug Administration (FDA) to export Robot Suit HAL for Medical Use to the United States. A Section 513(g) Request for Information summarizing the characteristics of the device and requesting a judgement clarifying the device classification was **submitted, and received by the FDA on June 27, 2014.**

http://www.cyberdyne.jp/english/company/PressReleases_detail.html?id=1075

Less than a year later at the June 30 2015 quarter end, we read:

“CYBERDYNE Group submitted to the Food and Drug Administration (FDA) in November 2014 a request for approval of HAL® for Medical Use (Lower Limb Type) as a medical device, **with the intention of receiving approval during 2015.**”

https://www.cyberdyne.jp/company/download/20150814_kessantanshin_1Q2016_en_1.pdf

As 2015 was coming to an end, and investors were expecting approval, we read:

In USA, the Company has applied for medical device certificate of HAL® for Medical Use to US Food and Drug Administration (FDA) and **aims to receive the certificate within the fiscal year ending March 31, 2016.**

https://www.cyberdyne.jp/company/download/20160212_financialresults.pdf

OK, so it was delayed a bit ... It happens. But then the story changes again ... just three months later...

March 31 2016 Quarter End

In November 2014, an application for HAL® for Medical Use (Lower Limb Type) has been submitted to the FDA and the Company resent a revised application (Form-510k for a new type of device).

https://www.cyberdyne.jp/company/download/20160513_financialresults_FY2016_en.pdf

and now....

June 30 2016 Quarter End

Also in the United States, in anticipation of obtaining medical device approval for HAL® for Medical Use (Lower Limb Type) by the U.S. Food and Drug Administration (“FDA”), the Company began the process of establishing an American incorporation CYBERDYNE USA Inc.

http://www.cyberdyne.jp/company/download/20160810_kessantanshin_1Q2016_en.pdf

Investors must ask themselves and the company: When and how did Cyberdyne’s HAL FDA application change from a “de novo**” to a **510k**?**

A “**de novo**” application is for a unique medical device that has no precedent and would position Cyberdyne as an innovator and first mover. But then the application changes to 510k, which means they are just offering an alternative device to something that has already been cleared by the FDA, and can be compared to it for regulatory approval.

<http://www.meddeviceonline.com/doc/are-you-sure-you-know-the-best-regulatory-pathway-for-your-new-medical-device-0001>

This change clearly demonstrates that Cyberdyne admits it is now just a **follower**, not a **leader** - -- without ever informing its own shareholders.

http://www.cyberdyne.jp/english/company/PressReleases_detail.html?id=1460

What happened to the prior application? Was it rejected? Withdrawn?

But this is MOST Disturbing ...

It is now **20 months** since the alleged revised 510k submission to the FDA and still no approval.

By comparison, when earning their own 510K approvals, both ReWalk and Ekso Bionics obtained their approvals in just a matter of a few months.

	Applied	Approved	Duration
ReWalk	4/8/2016	7/22/2016	3.5 months
Ekso Bionics	5/25/2016	7/9/2016	2.5 months

ReWalk: <http://www.accessdata.fda.gov/scripts/cdrh/cfdocs/cfpmn/pmn.cfm?ID=K160987>

Ekso: <http://www.accessdata.fda.gov/scripts/cdrh/cfdocs/cfpmn/pmn.cfm?ID=K161443>

Why is Cyberdyne going on 20 months and investors hear only silence??? Citron has a theory.

Perhaps Cyberdyne **does not want** approval. When you have a market capitalization so high, you cannot let investors discover the harsh truth. It is easier to pretend that the future is unlimited rather than be confronted with the reality that, despite what you tell your investors, if and when you ever earn FDA approval, it will come with **adding no significant new revenues to your company**.

Even after years following its FDA approval in the US, ReWalk continues to sell less than \$10 million of exoskeletons in the world's largest market. Parker Hannifin has told investors to expect a similar level of sales.

Despite Cyberdyne having received regulatory approval in Europe and Japan, and having marketed products since 2009, total cumulative sales over the last four years -- from April 2012 through March 2016 have amounted to a mere \$22.8 million -- less than a six million per year run rate -- and that figure is not even income allocated purely from robotic products.

<http://asia.nikkei.com/Japan-Update/Japan-s-Cyberdyne-sees-US-as-path-to-profit?page=1>

If Cyberdyne is not the technology company it claims to be..... What Is It?

It is the opinion of Citron that the ridiculous market valuation of Cyberdyne is the result of a promotional CEO taking advantage of the long-standing fascination with robots in Japanese culture.

Cyberdyne has never generated significant revenues.

Cyberdyne has never invested realistically in Research & Development.

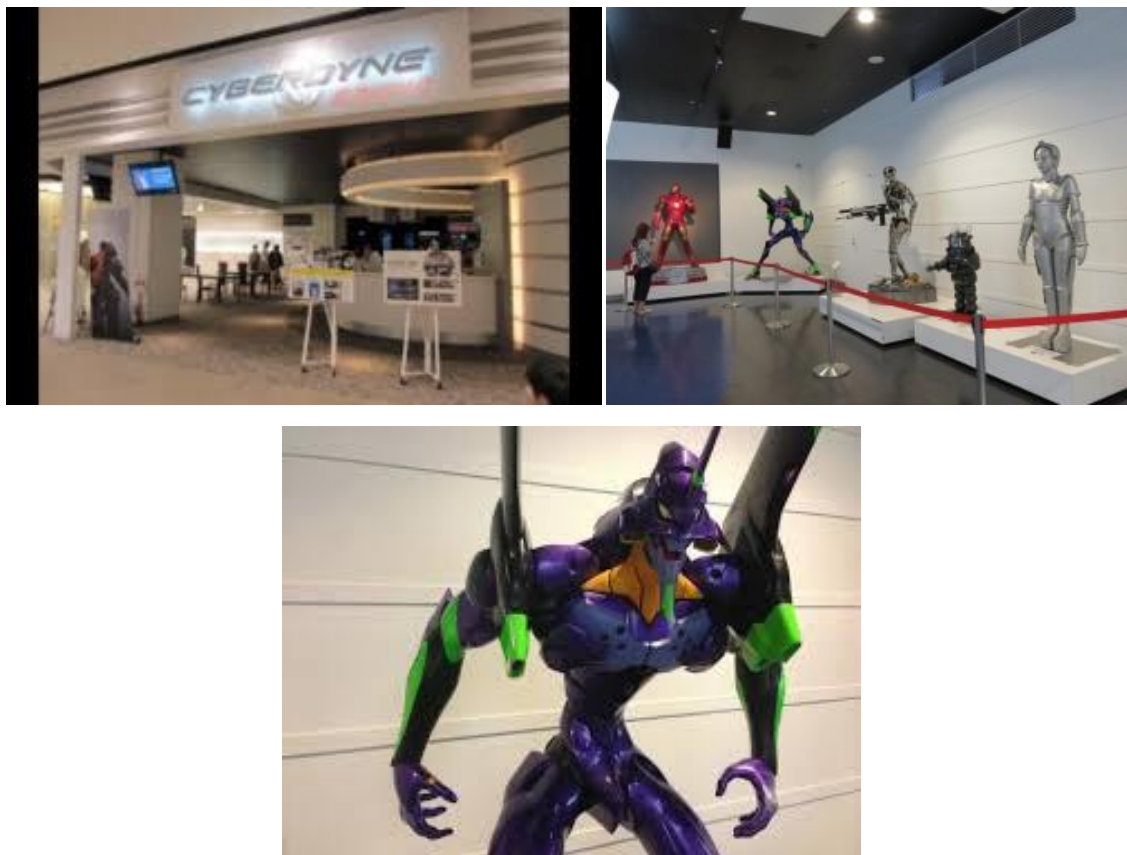
Cyberdyne has no regulatory approvals and no presence in the world's largest market.

Cyberdyne trails behind all of its competitors.

🍋🍋🍋 **Cyberdyne is a massive stock promotion.** 🍋🍋🍋

Part of the promotion is operating a robot museum. Yes a robot museum.

In one of the busiest shopping malls in Tokyo, Cyberdyne feeds on the public's fascination with robots, offering a display that is a tribute to robots of the past and future.



Instead of actually selling exoskeletons to hospitals, they are giving free demonstrations in shopping malls to **able bodied people**... perhaps potential investors. In what Citron considers to be Cyberdyne's greatest success, they have actually created a tourist destination out of a robot museum:

<https://www.govoyagin.com/activities/japan-ibaraki-experience-japans-robot-technology-at-cyberdyne-in-tsukuba/5813>

And as ridiculous as this might sound, there are many retail investors and enough naïve consumers who believe that Cyberdyne is on the verge of creating the famous Gundam Robots that have become a part of the Japanese popular fictional culture.

<http://www.thejapanguy.com/are-terminators-being-manufactured-in-japan/>

*It should be noted that the shopping mall that houses the museum is owned by Daiwa House, Cyberdyne's largest investor and largest customer:

<http://www.reuters.com/article/japan-itochu-japan-exchange-idUST9N19L02F>

Complicit Role of the Japanese Government

In order to make the promotion work without paying for advertising coverage for a medical device, CEO Sankai has been clever enough to enlist the help of the Japanese government. Citron assumes that the Japanese Government did not look too closely at Cyberdyne's promotional agenda before unleashing a series of commercials (complete with commercial jingle music) that made Cyberdyne the face of technology in Japan:



<https://www.ispot.tv/ad/7eMc/the-government-of-japan-robots>

Appropriating Prime Minister Shinzo Abe's image and quotes – completely inappropriately. This in a country where it is not legal to promote sales of drugs and medical technologies!

OF course, CEO Sankai brags about the above video in corporate PR. More no-cost, no-value, no-point-except-stock-promotion noise.

http://www.cyberdyne.jp/english/company/PressReleases_detail.html?id=3147

Then there's this one. Etc., etc. <https://www.youtube.com/watch?v=vm35YzviagM>



Cyberdyne Trying to Clean Up the Dirt!

In what seems to be nothing more than another attempt to distract investors from the slow moving exoskeleton business, in 2013 Cyberdyne entered the robotic-driven cleaning business in an attempt to be a “comprehensive robot company”. It is three years later now. But as of its last shareholders' report, there are only 14 robots in operation.

[Cyberdyne was quick to put out a press release of a trial cleaning robot at the Tokyo Airport:](#)

... but this bizarre explanation to investors in a quarterly report footnote speaks for itself:

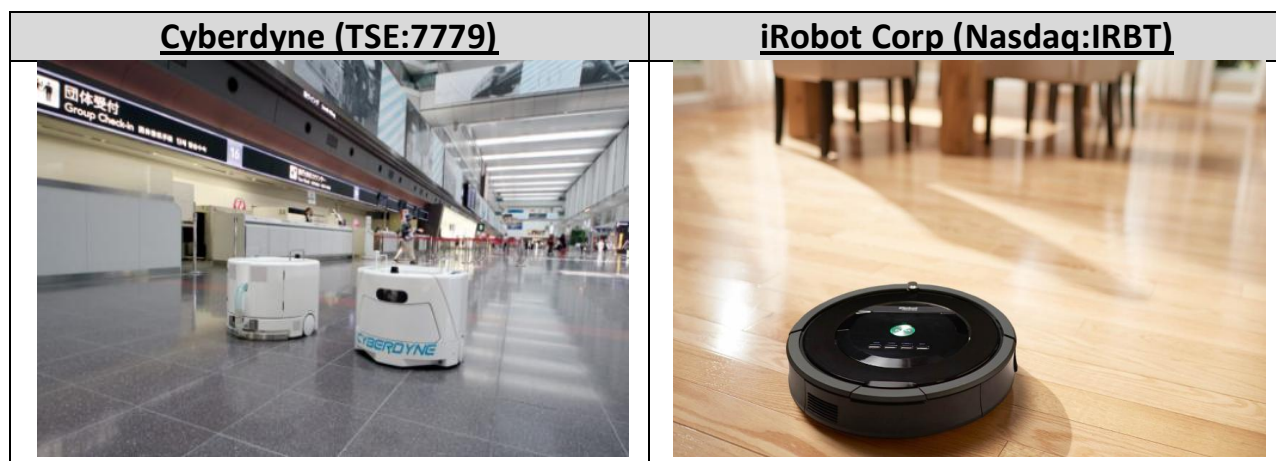
“Main reasons for business combination: The company group judged that it would develop into a comprehensive robot company, centering on Robot Suit HAL, by taking over the cleaning robot business of Fuji Heavy Industries Ltd. and pushing forward with research and development of robots for cleaning and transportation, with which its proprietary advanced technologies will be combined.”

https://www.cyberdyne.jp/company/download/20140911_kessantanshin_FY2014_en.pdf

Though this sounds unique and sophisticated, it is anything but. These Cyberdyne cleaning robots were acquired **for less than \$200,000**. Currently the company has only 14 in operation, and are unlikely to ever compete with or compare to iRobot's Roomba, which shipped over two million units in each of the past two years.

We have a robot cleaning company in the United States called iRobot. If you want to see what the financials of a cleaning device robot company look like....here you go.....these financials **CRUSH** Cyberdyne ... Cyberdyne's revenues are **1/50th** of iRobot, yet Cyberdyne trades for **4x** the market cap of iRobot's.

iRobot Corp Financials				
(US\$m, unless otherwise noted)		FY2013	FY2014	FY2015
Sales		\$487	\$557	\$617
R&D		\$64	\$69	\$76
R&D as % of Sales		13%	12%	12%
EBITDA		\$45	\$66	\$76
EBITDA Margin		9%	12%	12%
(¥m, unless otherwise noted)		FY2013	FY2014	FY2015
Sales		¥47,600	¥59,009	¥74,655
R&D		¥6,216	¥7,355	¥9,208
R&D as % of Sales		13%	12%	12%
EBITDA		¥4,375	¥7,015	¥9,163
EBITDA Margin		9%	12%	12%



Citron Research Offers a Respectful Message to Japanese Investors:

Citron Research is an activist short seller. Building upon our 16 years' experience in publishing about dangerous investments, we try to add insight into stock markets that are otherwise clouded with promotion and misinformation.

Recently Japan Exchange Group CEO Akira Kiyota commented that activist short selling can be considered "ethically challenged."

<http://www.reuters.com/article/japan-itochu-japan-exchange-idUST9N19L02F>

Telling the truth is never ethically challenged. What is ethically challenged, in our opinion, is the campaign of misinformation and promotion that will eventually hurt investors, which has been perpetuated by Cyberdyne itself! The fairest and most efficient markets are free markets, and the ability to tell the "other side of the story" is important to keep balance in the marketplace.

Further comment to Japanese Investors: For those of you who still want to own a Japanese company with exposure to robots we suggest Softbank.....yes, **Softbank**. Their 'Pepper' robot has sold out thousands of units upon launch! This is buying real innovation with an underlying business and management that is dedicated to execution of business

http://www.softbank.jp/en/corp/group/sbr/news/press/2015/20150731_01/

Conclusion

Many great technology advances have come from innovative Japanese companies -- **BUT CYBERDYNE IS NOT ONE OF THEM.** Far from the great Japanese companies that have transformed the automobile industry and pioneered the video game industry, Cyberdyne is an example of a company that is taking advantage of the naiveté of retail investors and lack of open information about stocks in the Japanese stock market. Citron Research has no doubt that as soon as the investing public understands the real Cyberdyne, the stock will embark on its downward descent to reality -- **85%** below current levels.

Cautious Investing To All