

August 13, 2015

To whom it may concern:

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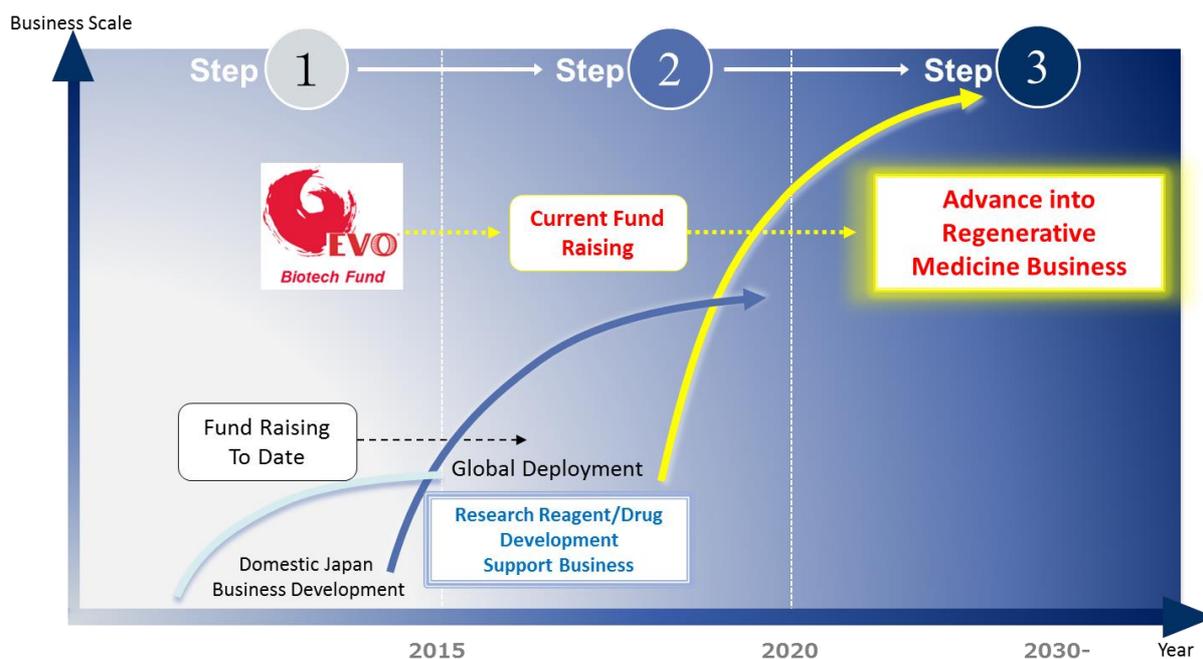
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Commit to Regenerative Medicine **Explanation of “Commit Issue”**

Our company announced on August 13, 2015 that our Board of Directors has resolved to issue “**Commit Issue**” Warrants to Evolution Biotech Fund (“EVO Biotech”), and to enter into an agreement with EVO Biotech in respect to such new shares and share acquisition rights after the effective date by Securities and Exchange Law (“Equity Finance”). This release is to further explain the characteristics of the Commit Issue Warrants, for more details please see the office press release regarding these warrants.

Commit to Regenerative Medicine: Investing in the Growth of the Sector

The current equity financing (Commit Issue) with an estimated raise of 2.2 billion JPY is to be used entirely for investment into the Regenerative Medicine sector; for example investing in clinical trials to advance cell and reagents for regenerative medicine manufacturing. Adhering to the pharmaceutical industry’s Good Manufacture Practices (GMP) for quality, we will also invest in facilities and equipment for pharmaceutical manufacturing. In addition to equipment investments, investments in R&D will include raising cell/reagent manufacturing to clinical grade GMP standards. Our goal is to become a market leader in the new industry by quickly establishing our business model at an early phase.



Concept and Features of Commit Issue Warrants

1) Evolution Biotech Fund’s commitment to investing in new shares

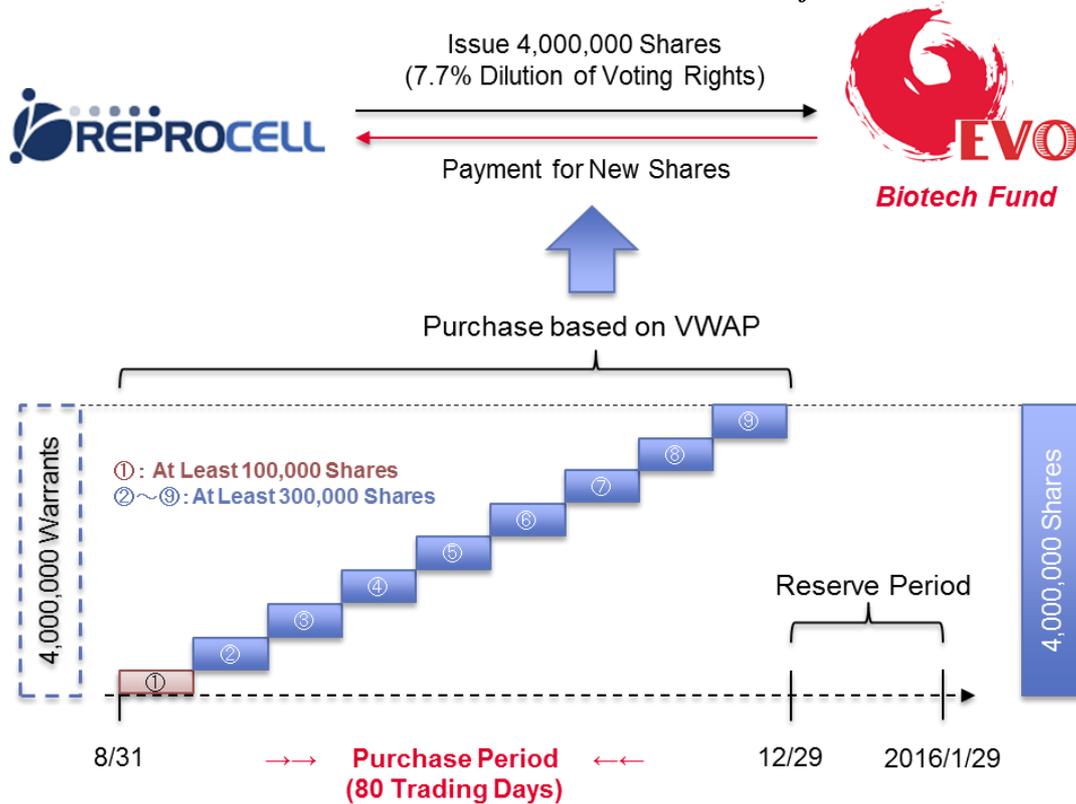
Evolution Financial Group (<http://www.evofinancialgroup.com/>) was founded in 2002 and based in Los Angeles, as an institutional investor and respected advisor and counter party for institutional investors, corporate clients, and wealthy individuals around the globe.

The group focuses on Japanese equities and looking towards the growth strategy of “Abenomics”, the firm has been expanding investments into emerging and growth companies in Japan. In regards to Third Party Allotment Equity Financing Evolution has deal experience in convertible bonds, warrants, and new shares issuance and is ranked 7th in Japan (Financial 3rd Party Allotment Notional Value, 2014-Present).

Evolution has decided to focus on the Japanese Biotechnology sector (especially Regenerative Medicine) and founded a specialized fund Evolution Biotech Fund. After discussing to our growth strategy and business plan EVO Biotech has made a commitment to purchase shares as the first investment of the Evolution Biotech Fund via the Commit Issue warrants

Evolution Biotech Fund will make an investment in our company (For our company using the VWAP of the 80 Trading Days following the issuance of the warrants. An additional merit to this structure is via the timing of this issuance, we have the possibility of increasing the amount of capital raised over time with this large share allotment instead of one upfront investment.

<For Reference: Commit Issue Concept>



※This structure is realized using Warrants

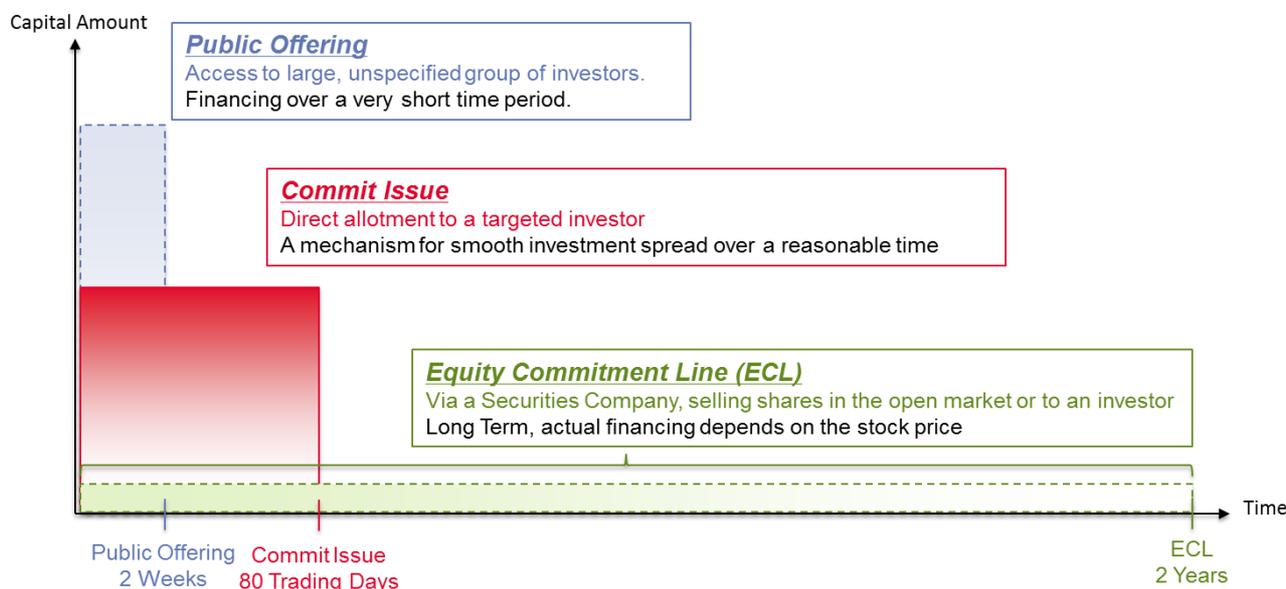
2) Financing over a short period with certainty

EVO Biotech commits to exercise the entire amount of warrants within 80 trading days. Furthermore, during the 80 trading days there are principally only nine times that an exercise can happen with minimum exercise requirements. This structure allows for a timely, confirmed cash flow to be established

3) Reasonable Financing Period

The Commit Issue spreads the investment over a reasonable amount of time to create a structure that allows for investment in large amounts of shares.

<For Reference: Comparison Other Financing Methods>



Based on our analysis, we decided on this financing method we have decided on the Commit Issue is the most suitable financing for ReproCELL based on:

- Corporate Structure
- Capital Needs and Speed
- Market Conditions and Volume

<For Reference: Comparison of Third Party Allotment Methods>

| | Commit Issue | Equity Commitment Line |
|-----------------------|------------------------------------|-------------------------------|
| Structure | Warrants | Warrants |
| Warrant Holder | Institutional Investor | Securities Company |
| Term | Short Term (4-5 Months) | Long Term (2 Years) |
| Full Commitment | Yes | No |
| Sectional Commitment | Yes | Depends on Liquidity |
| Frequency of Exercise | 1 Time every two weeks, Total of 9 | Everyday |
| Exercise Stop Clause | No | Yes, Issuer has right to stop |

Regarding the “Commit Issue”

We plan to issue four million new shares and this method of allotment is designed to have a **full commitment** to buy all four million shares within 80 trading days using the VWAP price of our stock to define the purchase price. During the 80 days, the investor agrees to exercise at least 100,000 shares worth of warrants on the day after issuance, and then every 10 trading days following the allotment date the investor agrees to exercise at least 300,000 shares worth of warrants, a **sectional commitment**. These two commitments are special characteristics of the commit issue.

Our target price (Upward Reset Limit) is set at 908 JPY and the purchase price of the warrants will be reset eight times following the VWAP of our stock price.

<For Reference: ReproCELL Press Release Information regarding Regenerative Medicine (Japanese Only)>

※ 2015年6月8日付発表のプレスリリース「再生医療実現に向けたiPS由来の分化細胞群からの残留iPS細胞の選択的除去技術の開発（SBIファーマ株式会社ALA技術応用）に関するお知らせ」

※2015年1月27日付発表のプレスリリース「造血幹細胞の増幅方法に関する国内特許成立に関するお知らせ」

※2014年9月29日付発表のプレスリリース「新生銀行との共同ベンチャーファンド「cell Innovation Partners,L.P」の運営開始に関するお知らせ

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