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Announcements Regarding Certain Media Coverages on MetaTech(AP) Inc. in Taiwan

We would like to clarify recent reports in some Taiwanese media regarding MetaTech (AP) Inc. (hereafter referred to as MetaTech), with whom we have an exclusive development and marketing agreement in Taiwan regarding cell sheet regenerative medicine businesses (epithelial cell sheets for esophageal regeneration and autologous chondrocyte sheets). It has been reported that our "cell sheet engineering" information was leaked from MetaTech, that MetaTech is conducting research and development of allogeneic chondrocyte sheets, and even that the technology involved in chondrocyte sheets has leaked out to China.

The rights granted to MetaTech by CellSeed are only for "autologous chondrocyte sheets" and "esophageal regeneration sheets" in Taiwan, and we have NOT granted any other rights including "allogeneic chondrocyte sheets". We have been demanding MetaTech should confirm the facts regarding these reporting and seek a cease and desist against the use and retrieval of the leaked information, yet MetaTech's response was that they could not explain the details because they are still in the judicial proceedings in Taiwan.

We are continuing to investigate the facts and are consulting with our legal counsel to determine the necessary legal actions against MetaTech.

The "allogeneic chondrocyte sheet" is currently making consistent progress toward the submission of a clinical trial notification after consulting with the Pharmaceuticals and Medical Devices Agency (PMDA) to start a Phase III study (confirmatory study) in Japan. Also, negotiations with several domestic and overseas companies as potential partners are ongoing. Therefore, we are confident that the direct damage caused by the information leakage and so forth is extremely limited and will have almost no impact on the development of "allogeneic chondrocyte sheet".

We will promptly disclose any matters that may affect our business performance in the future. We apologize for any concerns this may cause to our shareholders and other stakeholders, and we deeply appreciate your continued support as we strive to enhance our corporate value.