June 27, 2019

Company Name: HEALIOS K.K.
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Chairman & CEO
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Announcement Regarding Decision Not to Extend Exclusive Negotiation Period with Athersys

As announced in the press release on December 17, 2018, "Announcement of Extension of Exclusive Negotiation Period with Athersys", HEALIOS K.K. ("Healios") extended its rights to hold exclusive negotiations with Athersys, Inc. ("Athersys") to acquire an option to a license for the development and commercialization of MultiStem®, the proprietary product of Athersys in China.

At that time, we extended the exclusive negotiation period to June 30, 2019 by making a payment to Athersys that is creditable against future Japan milestones, and it was agreed that Healios could extend such period for another six months to December 31, 2019 by making a further payment to Athersys.

Today, Healios announces that it has decided not to extend the exclusive negotiation period for the additional six months.

Over the past several months, Healios has performed due diligence on the China specific development environment from various points of view to consider product marketability and risks as they pertain to that market, and has held discussions with Athersys regarding business terms. As a result of this process, we were unable to make the determination to extend the exclusive negotiation period.

While we will continue to explore business possibilities in China, we will focus our resources on the MultiStem clinical trials for ischemic stroke and acute respiratory distress syndrome (ARDS) that we are currently running in Japan, leveraging the conditional and time-limited authorization system for regenerative medicine.