July 10, 2019

Company Name: HEALIOS K.K.
Representative: Hardy TS Kagimoto,
Chairman & CEO
(TSE Mothers Code: 4593)
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Announcement of Issuance of New Shares and Zero Coupon Convertible Bonds due 2022 Through an International Offering

HEALIOS K.K. (the "Company") hereby announces that, at the executive officers meeting held on July 10, 2019, the Company resolved to issue new shares and Zero Coupon Convertible Bonds due 2022, being bonds with stock acquisition rights (*tenkanshasaigata shinkabu yoyakuken-tsuki shasai*), through an offering pursuant to Regulation S under the U.S. Securities Act of 1933, as follows.

1. Background to and Purposes of Offering

The Company has engaged in proactive efforts to develop innovative treatments in the field of regenerative medicine domestically and globally as well as to strengthen its alliances.

The Company decided to issue new shares and convertible bonds through an international offering to secure funds for the development of its pipeline, including the acquisition of new seeds in relation to it; for its expected commitment to invest in the Venture Capital Fund the Company is planning to establish; and for general working capital.

2. Issuance of New Shares through an International Offering (the "Share Offering")

(1)	Class and Number of Shares to be Offered	Between 1,200,000and 2,800,000 shares of common stock of the Company, depending on investor demand, market conditions and the aggregate principal amount of Zero Coupon Convertible Bonds to be issued in the Bond Offering.
(2)	Method of Pricing	The pricing will take place on either July 10, 2019 or July 11, 2019 through a process equivalent to the book-building process provided under Article 25 of the Rules concerning Underwriting, Etc. of Securities of the Japan Securities Dealers Association.
(3)	Amount of Stated Capital and Additional Paid-in Capital to be Increased	The amount of stated capital to be increased will be half of the maximum amount of the stated capital increase, as calculated in accordance with Article 14, Paragraph 1 of the Rules on Account Settlement of Corporations with any fraction less than one yen resulting from the calculation being rounded up to the nearest one yen. The amount of additional paid-in capital to be increased will be the amount obtained by subtracting the relevant amount of stated capital to be increased from the relevant maximum amount of stated capital increase.
(4)	Method of Offering	The Share Offering will be made in overseas markets, mainly in Europe and Asia (excluding the United States)
(5)	Date of Payment	July 26, 2019

3. Issuance of Zero Coupon Convertible Bonds through an International Offering (the "Bond Offering" and together with the Share Offering, the "International Offering")

(1)	Securities to be Offered	The aggregate principal amount of the Zero Coupon Convertible Bonds due 2022 is expected to be ¥3,000,000,000, subject to increase to up to ¥5,000,000,000 depending on investor demand and market conditions.
(2)	Issue Price	100.0%

(3)	Closing and Issue Date	July 26, 2019
(4)	Coupon	Zero.
(5)	Redemption at Maturity	100%

<Reference>

1. Total Number of Issued Shares Before and After the Share Offering

Current total number of issued shares: 49,284,400 shares
(as of June 30, 2019)

2. Use of Proceeds

The maximum total net proceeds from the International Offering is estimated to be approximately ¥9,080 million.

The Company plans to apply the total net proceeds from the International Offering as follows:

(1) For the development of the Company's pipeline, including acquisition of new seeds in relation to it, the total net proceeds after deducting the amounts in (2) and (3) below;

(2) Approximately ¥2,500 million (or a similar amount in another currency) towards the establishment of, and the Company's expected commitment to invest in, the Venture Capital Fund, subject to it being established as planned; and

(3) Approximately ¥1,600 million towards general working capital.

Note: This press release has been prepared for the sole purpose of publicly announcing the International Offering, and not for the purpose of soliciting investment or engaging in any other similar activities within or outside Japan. This press release is not an offer of securities for sale in the United States and nothing in this communication shall constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction in which such offer or sale would be unlawful. The securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended (the "Securities Act"). The securities referred to herein have not been, and will not be registered under the Securities Act. If any public offering of securities is made in the United States, it will be by means of a prospectus that may be obtained from the Company that will contain detailed information about the Company and its management, as well as financial statements of the Company The Company does not intend to register the securities in the United States or to conduct a public offering of the securities in the United States. A prospectus has not been prepared for the International Offering. As the offering in connection with the issuance of new shares referred to herein will be made outside Japan and only to the non-residents of Japan, registrations or notifications under the Financial Instruments and Exchange Act of Japan (the "FIEA") will not be made, and a prospectus under the FIEA will not be prepared.

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Note on translation
This is an abbreviated translation of the original Japanese document and is provided for informational purpose only.