September 15, 2021

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Representative: Hardy TS Kagimoto, Chairman & CEO
(TSE Mothers Code: 4593)
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Announcement of Issuance of New Shares through an International Offering

HEALIOS K.K. (the "Company") hereby announces that, at the executive officers meeting held on September 15, 2021, the Company resolved to issue new shares through an international offering pursuant to Regulation S under the U.S. Securities Act of 1933 (the "International Offering"), as follows.

1. Background to and Purposes of the International Offering

The Company is developing innovative treatments in the field of regenerative medicine domestically and globally. In Japan, it has been running two clinical trials using Multistem® (development code HLCM051), a bone-marrow derived somatic stem cell therapy, as a potential new treatment for ischemic stroke and acute respiratory distress syndrome (ARDS). Recently the Company fully enrolled both trials and released positive top-line results for ARDS. The Company has been advancing its proprietary induced pluripotent stem cell (iPSC) platform and pipeline. It has established a clinical grade "universal donor" IPSC line to create various off-the-shelf IPSC-derived product candidates with reduced risk of invoking an immune response. Within its iPSC pipeline, its lead product candidate is HLCN061, an iPSC-derived natural killer (NK) cell that has been functionally enhanced through gene editing for the potential treatment of solid cancers.

In this context, the Company has decided to issue new shares through the International Offering to secure funds for the cost of further establishing commercial manufacturing capabilities in anticipation of marketing approval for HLCM051; for the expenses for continued research and development of its NK cells as well as other iPSC-derived pipeline assets; and for general working capital for personnel expenses, etc.

2. Issuance of New Shares through an International Offering

(1)	Class and Number of Shares to be Offered	3,300,000 shares of common stock of the Company
(2)	Method of Pricing	The pricing will take place on any day between September 15, 2021 and September 16, 2021 (both dates inclusive) 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 International Offering will be made in overseas markets, mainly in Europe and Asia (excluding the United States and Canada)
(5)	Date of Payment	September 30, 2021
(6)	Date of Delivery	October 1, 2021

<Reference>

1. Total Number of Issued Shares Before and After the Issuance of New Shares

Current total number of issued shares:	51,828,800 shares
(as of August 31, 2021)	
Number of shares to be issued:	3,300,000 shares
Total number of issued shares after the issuance of new shares:	55,128,800 shares

2. Use of Proceeds

The total net proceeds from the International Offering is estimated to be approximately ¥6.8 billion.

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

(1) Approximately ¥2.0 billion towards the cost of further establishing commercial manufacturing capabilities in anticipation of marketing approval for HLCM051;

(2) Approximately ¥3.0 billion towards the expenses for ongoing research and development of its proprietary NK cells and other pipeline assets; and

(3) The remaining amount after deducting (1) and (2) above from the estimated net proceeds, towards general working capital for personnel expenses, etc.

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 for distribution, directly or indirectly, in or into the United States (including its territories and possessions, any State of the United States and the District of Columbia). This press release does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The Shares mentioned herein have not been, and will not be, registered under the United States Securities Act of 1933 (the "Securities Act").

The Shares may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the Securities Act. There will be no public offer of 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. If there are any discrepancies between this and the original, the original Japanese document prevails.