October 10, 2024

Company Name:	HEALIOS K.K.
Representative:	Hardy TS Kagimoto, Chairman & CEO (TSE Growth Code: 4593)
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Milestone Achieved Pursuant to Joint Research Agreement with AND medical and Projected Demand for Culture Supernatant

HEALIOS K.K. ("Healios") today announces that it has achieved the first milestone for the progress of research under the Joint Research Agreement (the "Agreement") with AND medical group ("AND medical" https://and-mg.com/) to utilize Healios owned technology in the production of culture supernatant. As a result, we will receive 60 million yen as compensation for this milestone, following the upfront payment of 60 million yen already received at the time of signing of the agreement.

Healios plans to start providing 25 liters of culture supernatant per month during fiscal year 2025 to meet demand specifically from AND medical, and will increase production based on an ongoing assessment of demand. Based on our market analysis, most culture supernatant products carry a unit price of approximately 10,000 yen to 30,000 yen per cubic centimeter (cc) when sold as a raw material. The final unit price per cc will be determined with AND medical after additional confirmation of the quality of Healios produced culture supernatant.

Note: For more information on this agreement, please see the press release announced on April 9, 2024 titled "Joint Research Agreement with AND medical to Utilize Healios Technology and Culture Supernatant".

1. Outline of the Agreement

Through the Agreement, Healios will provide regenerative medicine technology and raw materials to AND medical for use in the development of a new therapy. Upon entering of the agreement, Healios received 60 million yen as an upfront payment. Subsequently, the company will receive milestone payments based on the progress of the research, which together with the upfront payment will total 180 million yen. After the manufacturing method and system for the raw materials have been established and the objectives of the Agreement have been achieved, Healios expects to enter into an agreement to supply culture supernatant to AND Medical on an ongoing basis.

2. Future Outlook

60 million yen from this milestone payment is scheduled to be received in the 4th quarter of the fiscal year ending December 31, 2024.

About AND medical group:

AND medical group is a general medical group operating clinics in 26 locations nationwide (as of September 30, 2024). AND medical was incorporated in 2020, and from 2023, has offered cosmetic dermatology, cosmetic surgery, plastic surgery, and urology services under the AND medical group brand, and has also begun working in the field of regenerative medicine using stem cells at its affiliated institutions that provide regenerative medicine and

other services.

The company's vision is "To be beautiful is a human being's right". Based on this vision, AND medical group believes that there are various kinds of "beauty" depending on the different personalities, preferences, and values that each person possesses, and we aim to realize "a world where everyone can pursue their own beauty" regardless of gender, age, nationality, etc. We provide a variety of medical services to alleviate patients' dissatisfaction and complexes about their appearance.

In the future, AND medical group will advance joint research with Healios in the field of regenerative medicine. Together we will conduct scientific verification of safety and therapeutic efficacy at the level required by the government, aiming to establish stem cell-based therapeutic approaches and to manufacture cosmetic as well as medical products utilizing cultures supernatants. By doing so, we aspire to explore the potential of stem cell therapies across various disease affected areas.

Name of the company: AND medical group
Location: Roppongi, Minato-ku, Tokyo
Representative: Masaomi Kusano, Representative of Board of Directors
https://and-mg.com/

About Healios:
Healios K.K. is Japan's leading clinical stage biotechnology company harnessing the potential of stem cells for regenerative medicine. It aims to offer new therapies for patients suffering from diseases without effective treatment options. Healios is a pioneer in the development of regenerative medicines in Japan and owns proprietary, global platforms utilizing both somatic stem cells and iPS cells.

In the somatic stem cell field, Healios is developing MultiStem® (HLCM051), a proprietary cell product comprised of multipotent adult progenitor cells ("MAPCs") derived from the bone marrow of healthy adult donors. MultiStem has been shown to exhibit powerful anti-inflammatory and immunomodulatory properties with applicability in a range of disease states, has been tested in hundreds of patients in late stage clinical trials, is manufactured consistently at scale in 3D bioreactors, and has demonstrated both safety and suggested efficacy in hundreds of patients across multiple indications. Healios is seeking to advance MultiStem on a global basis for ischemic stroke, ARDS, and trauma.

In the iPSC regenerative medicine field, Healios' lead candidate, HLCN061, is a next generation NK cell treatment for solid tumors that has been functionally enhanced through gene-editing. These cells have demonstrated robust anti-tumor efficacy in animal models, benefit from a scalable 3D bioreactor manufacturing process, and are currently being prepared for initial human testing. The company has also established a proprietary, gene-edited "universal donor" induced pluripotent stem cell line to develop next generation regenerative treatments in immuno-oncology, ophthalmology, liver diseases, and other areas of severe unmet medical need.

Healios was established in 2011 and has been listed on the Tokyo Stock Exchange since 2015 (TSE Growth: 4593). https://www.healios.co.jp/en