February 20, 2025

Company Name: HEALIOS K.K.
Representative: Hardy TS Kagimoto, Chairman & CEO
(TSE Mothers Code: 4593)
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Notice Concerning Reduction of Capital Stock and Capital Reserves and Appropriation of Surplus

HEALIOS K.K. ("Healios") announces that its Board of Directors, at a meeting held on February 20, 2025, resolved to propose an agenda "Reduction of Capital Stock and Capital Reserves and Appropriation of Surplus" at the 14th General Shareholders Meeting to be held on March 26, 2025 as follows.

1. Purpose of reduction of capital stock and capital reserves and appropriation of surplus
In accordance with Article 447, paragraph 1 of the Companies Act and Article 448, Paragraph 1 of the Companies Act, we would like to reduce capital stock and capital reserves, to transfer them to other capital surplus, and then to transfer other capital surplus after the increase to retained earnings under Article 452 of the Companies Act for the purpose of eliminating carry-forward losses and reducing tax burden as per the below.

Note that this proposal does not change the number of outstanding shares and will only reduce the amount of capital stock and capital reserves, so it will not affect the number of shares held by shareholders. In addition, since there is no change in the net asset value of Healios, there is no change in the net asset value per share.

2. Details of reduction of capital stock
(1) Amount of capital stock to be reduced
1,336,477,866 yen as of December 31, 2024 out of 1,363,594,994 yen for the total amount of capital stock, to be reduced to 27,117,128 yen.

If the stock options issued by Healios are exercised by the effective date, the amount of the capital

and the amount of the capital after the decrease will fluctuate.

(2) Method to reduce capital stock

The amount of capital stock will be reduced and transferred to other capital surplus.

3. Details of reduction of capital reserves

(1) Amount of capital reserves to be reduced

1,336,477,865 yen as of December 31, 2024 out of 1,362,594,997 yen for the total amount of capital reserves, to be reduced to 26,117,132 yen.

If the stock options issued by Healios are exercised by the effective date, the amount of the capital reserves and the amount of the capital reserves after the decrease will fluctuate.

(2) Method to reduce capital reserves

The amount of capital reserves will be reduced and transferred to other capital surplus.

4. Details of appropriation of surplus

In accordance with the Article 452 of the Companies Act, Healios will cover the deficiency by transferring other capital surplus to retained earnings, subject to the effect of the reduction in the amount of capital stock and capital reserves as described above. As a result, the amount of retained earnings after the transfer will be 0 yen.

(1) Other capital surplus to be reduced and the amount thereof

Other capital surplus 2,672,955,731 yen

(2) Retained earnings to be increased and the amount thereof

Retained earnings 2,672,955,731 yen

5. Dates (planned)

(1) Date of resolution of the Board of Directors	February 20, 2025
(2) Resolution date of the General Meeting of Shareholders	March 26, 2025
(3) Final description date of creditor's objection	April 28, 2025
(4) Effective date of reduction in capital stock, capital reserves and appropriation of surplus	April 30, 2025

6. Future outlook

The reduction of capital stock and capital reserves and the appropriation of surplus mentioned above are merely transfers of account titles within the net assets section, and there is no change

of the amount of Healios's net assets and there is no effect on Healios's business performance.