

Translation

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June 5, 2024
Alfresa Holdings Corporation

**Notice Regarding Basic Business Alliance Agreement and Bond Purchase Agreement
with HEALIOS K.K.**

Subsidiary Alfresa Corporation (head office: Chiyoda-ku, Tokyo; Representative Director & President: Yusuke Fukujin; hereinafter “Alfresa”) has entered into a basic business alliance agreement with HEALIOS K.K. (head office: Chiyoda-ku, Tokyo; Chairman & CEO: Tadahisa Kagimoto; hereinafter “Healios”) for the handling of products produced by Healios. In conjunction with this basic business alliance agreement, Alfresa has also entered a bond purchase agreement for corporate straight bonds issued by Healios.

1. Background and Purpose of the Agreements

The Alfresa Group is working to enhance and expand its total supply chain services while broadening and transforming its business portfolio in line with the Alfresa Group’s Medium- to Long-Term Vision, which comprises the Group’s medium- to long-term business strategy as well as its financial and capital strategy until fiscal 2032^{*1}. Accordingly, the Group is making efforts related to the regenerative medicine supply chain, one of its new businesses. These efforts include the establishment of the Cell Resources Corporation operating in the field of regenerative medicine and its ongoing work to develop a system to provide domestically-produced master cells (cellular raw materials) and manufacture both autologous and allogeneic cell products. For storage and transport of these items, the Group has also set up two regenerative medicine distribution stations and nine regenerative medicine product storage facilities, which enables contracted distribution while continuing to increase our transport and delivery know-how.

Healios' mission is “to foster a “Life Explosion” that enriches the lives of people around the world” and it is developing multiple pipelines that utilize stem cell technology in the fields of somatic stem cell regenerative medicine and iPSC regenerative medicine. Their goal is to provide new treatments and hope to patients around the world who suffer from diseases that currently lack effective treatments. The company is currently promoting development of MultiStem® (HLICM051) ^{*2} as a treatment for ischemic strokes, acute respiratory distress syndrome (ARDS), and other indications. Healios is also conducting research aimed at commercializing culture medium supernatants^{*3} generated as part of the MultiStem® production process, as well as promoting R&D for its Secure Integrated Freezer Unit™ (SIFU™) ^{*4}, an automated freezing and thawing inventory management system. SIFU™ shows strong potential as a solution for issues facing the cell and gene therapy industry, such as transportation and storage at ultra-low temperatures.

By way of these agreements, Alfresa will support Healios' R&D efforts, strengthen the regenerative medicine supply chain, expand its product lineup, and work with Healios promote the development of

businesses utilizing culture medium supernatants. Through these efforts, Alfresa will expand business dedicated to building a system for the supply of safe, high-quality stem cell culture medium supernatants in keeping with the spirit of the *Guidelines for the Clinical Application of Extracellular Vesicles*^{*5}, released by the Japanese Society for Regenerative Medicine on April 30, 2024. By doing so, Alfresa will contribute to medical care in Japan, where technological innovation is on the rise.

*1 Reference: Notice regarding the Formulation of the Alfresa Group's Medium-term to Long-term Vision, published May 15, 2023 on the Alfresa Holdings Corporation corporate website

https://ssl4.eir-parts.net/doc/2784/ir_material17/206790/00.pdf

*2 MultiStem[®] (HLCM051) is a somatic stem cell regenerative medicine product comprising 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. The drug can be manufactured consistently in 3D bioreactors (three-dimensional culture system), with safety and efficacy suggested across multiple indications in late-stage clinical trials involving hundreds of patients. MultiStem[®] is a proprietary technology wholly owned by Healios.

*3 The supernatant of the solution used to culture and grow stem cells

*4 SIFU[™] is an advanced automated freezing and thawing inventory management system with strong potential as a solution for logistical challenges facing the cell and gene therapy industry, such as transportation and storage at ultra-low temperatures. Healios is the owner of this technology, including its patents, plans, and prototype units. The SIFU[™] technology provides an avenue for efficient commercial distribution not only to MultiStem[®], but to the broader market^{*5}.

*5 Reference: Japanese Society for Regenerative Medicine, *Guidelines for the Clinical Application of Extracellular Vesicles*, <https://www.jsm.jp/news/news-14993/> (Japanese only)

2. Outline of the Agreements

1) Basic Business Alliance Agreement

1. Alfresa will acquire exclusive wholesale distribution rights in Japan for products in Healios' pipeline, including MultiStem[®], as well as exclusive transportation and distribution rights in Japan for investigational drugs related to these pipeline products.
2. Alfresa will acquire the rights to commercialize MultiStem[®] culture medium supernatants and products that utilize these supernatants as raw materials (including products that Healios develops in collaboration with third parties), as well as exclusive rights to sell these products in Japan or act as the sole distributor.
3. Alfresa will acquire commercialization rights in Japan as well as exclusive selling rights in Japan for SIFU[™].

We will discuss the details of the work and conclude individual contracts at future dates.

2) Outline of the bonds issued by Healios

(1) Name of bonds	<ul style="list-style-type: none"> • Healios' First Series of Straight Bonds • Healios' Second Series of Straight Bonds
(2) Underwriting amount	¥1.6 billion
(3) Interest rate	2% per annum
(4) Payment date	June 28, 2024

(5) Redemption date	First series: June 28, 2027 Second series: June 28, 2030
(6) Interest payment method and deadlines	<p>1. Interest on the bonds will accrue from the day following the payment date (including that date) to the redemption date (including that date), with the first interest payment date being December 28, 2024. Thereafter, interest payments will be paid on June 28 and December 28 of each year until the redemption date. The payment will be in an amount corresponding to the period beginning from the day following the immediately preceding interest payment date to the relevant interest payment date.</p> <p>2. If the interest payment date is not a banking business day, the payment will be brought forward to the banking business day immediately preceding the interest payment date.</p> <p>3. No interest will accrue after the bonds are redeemed.</p> <p>4. When calculating interest for an interest calculation period less than one year, the interest will be calculated on a per-day basis, assuming that one year is 365 days, and any fractional amount less than ¥1.0 will be rounded down.</p>
(7) Collateral and Guarantees	<p>The bonds are unsecured, non-guaranteed and no assets have been specifically reserved for the bonds.</p> <p>However, under the basic business alliance agreement, both parties have agreed that if the bonds are not redeemed on the redemption date set forth in the issuance terms or if an acceleration clause is activated, Healios will immediately enter into an asset transfer agreement and an intellectual property license agreement to transfer certain assets or intellectual property rights held by Helios to Alfresa.</p>

3. Overview of Alliance Partner

(1) Corporate name	HEALIOS K.K.	
(2) Head office	Hibiya Mitsui Tower 12F, WORK STYLING, 1-1-2 Yurakucho, Chiyoda-ku, Tokyo	
(3) Name and title of representative	Tadahisa Kagimoto, Chairman & CEO	
(4) Description of Business	Research, development, and manufacturing of cellular medicine and regenerative medicine products	
(5) Paid-in capital	¥2.8 billion (as of March 31, 2024)	
(6) Date of establishment	February 24, 2011	
(7) Relationships between Alfresa Holdings Corporation (and Alfresa Corporation) and HEALIOS K.K.	Capital relationship	None
	Human relationship	None
	Transactional relationship	None
	Related parties	None

4. Timeline

- (1) Meeting at the Alfresa Corporation Board of Directors June 05, 2024
- (2) Conclusion of contract June 05, 2024

5. Outlook

While the impact of the agreements on performance is expected to be minimal at the current time, we

believe that it will contribute to enhancing the Group's corporate value in the medium to long term. If matters arise in the future related to said agreements that need to be disclosed, we will inform the relevant parties in a timely manner.

About the Alfresa Group

The Alfresa Group is a leader in the Japanese healthcare industry and is dedicated to making its corporate philosophy, "we create and deliver a fresh life for all," come true through a wide range of business lines, including ethical pharmaceuticals wholesaling, OTC pharmaceuticals wholesaling, pharmaceutical manufacturing, and operating dispensing pharmacies. Alfresa Holdings Corporation (TSE:2784) reported consolidated revenue of ¥2.8 trillion for the fiscal year ended March 31, 2024. For more information, please see: <https://www.alfresa.com/eng/>