

February 22, 2017

Company Name: HEALIOS K.K.  
Representative: Hardy TS Kagimoto,  
President, Representative Director & CEO  
(TSE Mothers Code: 4593)  
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## **Announcement of Business and Capital Alliance Contract with Nikon Corporation**

HEALIOS K.K. (“Healios”) hereby announces the decision reached at our board of directors’ meeting held on February 22, 2017 to execute a business and capital alliance agreement with Nikon Corporation (“Nikon”) in the field of regenerative medicine.

### 1. Reason for the business alliance

Following our mission, “To be the change in an ever-evolving world through enrichment of living,” and with the hope of delivering cure and hope to patients inflicted with refractory diseases all over the world by using stem cell technology such as iPS cells etc, Healios has been engaged in its business. In addition to the field of iPSC regenerative medicine to develop cellular and tissue based products, made through culturing and inducing differentiation of iPS cells that have functions comparable to human tissues, in January 2016, Healios introduced a pipeline in the somatic stem cell regenerative medicine field which will become the new mainstay of our company’s business portfolio, then began developing treatments for the ischemic stroke in Japan using the stem-cell product and entered the stage of clinical trials.

Healios continues to accelerate the development of new regenerative medical products and to aim at putting them to practical use, with the goal of moving forward the development by applying optimal technology and our multilayered, multi-stratified pipeline strategy in therapeutic areas having high unmet medical needs.

Nikon is a world leading manufacturer of optical instruments, which possesses long history in cell observation via microscope, and cutting-edge image analysis techniques. Utilizing these core technologies, Nikon is actively driving the early stage implementation of regenerative medicines in Japan through the development of a cell quality evaluation system and the establishment of a cell and gene therapy contract development and manufacturing facility.

By signing this agreement, Healios and Nikon will promote the establishment of new treatments for diseases currently without effective treatments by leveraging the technology and knowledge of both companies. Furthermore, we will develop practical applications for regenerative medicine and participate in the expansion of related industries.

## 2. Overview of the business and capital alliance

### (1) Overview of the business alliance

By signing this agreement, Healios and Nikon aim to pursue mutual growth potential in the field of the regenerative medicine. For this purpose, Healios promotes the search and development of new seeds in the regenerative medicine field, and Nikon supports these new seeds from the viewpoint of contract manufacturing of cells/ cell quality evaluation with image analysis etc.,

Healios will provide useful information to Nikon concerning areas such as cell contract manufacturing and image analysis for cells which can contribute to the development of new businesses in the field of regenerative medicine.

And also, if Healios acquires the license to develop regenerative medicine products for Japan, Nikon has exclusive negotiation rights or an opportunity for preferential negotiation (excluding specific fields) in the case where Healios considers contract manufacturing of cell production for regenerative medicine.

In addition to the cooperation of Nikon for contract manufacturing of cells and image analysis for cells, Nikon will actively consider development support (including support for development funds) for Healios when Nikon conducts contract manufacturing of cell production for Healios.

### (2) Overview of the capital alliance

Based on this business and capital alliance contract, Healios will allocate 1,037,400 common shares of Healios to Nikon by the method of the third-party allocation.

## 3. Overview of the alliance partner

(1) Name	NIKON CORPORATION	
(2) Location	2-15-3, Konan, Minato-ku, Tokyo 108-6290, Japan	
(3) Post and name of representative	President and Representative Director Kazuo Ushida	
(4) Outline of Business	Manufacture and sales of optical instruments	
(5) Capital	65,475 million Japanese Yen	
(6) Date of Establishment	July 25, 1917	
(7) Major shareholder and shareholding ratio (As of September 30, 2016,)	Japan Trustee Services Bank, Ltd. (Trust account)	7.12%
	The Master Trust Bank of Japan, Ltd. (Trust account)	6.86%
	Meiji Yasuda Life Insurance Company	4.87%
	Japan Trustee Services Bank, Ltd. (Trust account 9)	2.12%
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1.84%
	The Joyo Bank, Ltd.	1.70%
	NIPPON LIFE INSURANCE COMPANY	1.67%
	NORTHERN TRUST CO.(AVFC) RE THE KILTEARN GLOBAL EQUITY FUND (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo branch)	1.62%
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	1.51%

	Mitsubishi UFJ Trust and Banking Corporation	1.37%
(8) Relationship between Healios and the partner	Capital	The number of shares held by the partner: 500,000shares (Percentage against the number of voting rights of all shareholders: 1.22%) The number of shares of the partner held by Healios: -
	Personal	There is no corresponding matter.
	Business	In August 2013, Healios and Nikon executed a business and capital alliance agreement which Nikon accepted a 500-million-yen third-party allocation of shares by Healios for the purpose of building a stronger cooperative relationship in development and commercialization of process control for manufacturing iPSC-derived RPE cells utilizing image analysis. Since then, we are in a friendly collaborative relationship.
	Status of relationship with related parties	There is no corresponding matter.

(9) Consolidated operating results and consolidated financial condition over the last three years

Accounting period	FY2014/3	FY 2015/3	FY 2016/3
Total net assets	546,813	572,200	541,007
Total liabilities and net assets	949,515	972,945	945,827
Net assets per share of common stock (Yen)	1,375.92	1,438.17	1,360.80
Net sales	980,556	857,782	822,915
Operating income	62,941	43,412	36,701
Ordinary income	61,725	46,368	42,870
Net income attributable to owners of parent	46,824	18,364	22,192
Net income per share of common stock	118.06	46.29	55.98
Dividend per share (Second quarter ended) (Yen)	32.00 (10.00)	32.00 (10.00)	18.00 (8.00)

(Unit: million yen. Except what is specified.)

4. Schedules

(1) Board of Directors' resolution date	February 22, 2017
(2) Contract date	February 22, 2017
(3) Starting date of Business alliance	March, 2017 (Planned)

5. Future outlook

If matters to be disclosed arise in the future, Healios will make an announcement without delay.