

## **RepliCel Life Sciences enters into Definitive Agreements for sale of Company Assets**

**VANCOUVER, BC, CANADA –August 28, 2024 – RepliCel Life Sciences Inc.** (OTCPK: REPCF) (TSXV: RP) (FRA:P6P2) (“**RepliCel**” or the “**Company**”), a company developing next-generation technologies in aesthetics and orthopedics, is pleased to announce that, following the negotiation and recommendation of a special independent committee (the “**Special Committee**”) of its board of directors (the “**Board**”), it has entered into a binding agreement with 1456390 B.C. Ltd. (“**NumberCo**”), a non-arm’s length private British Columbia company owned and controlled by RepliCel’s Chief Executive Officer and President Andrew Schutte, detailing (collectively, the “**Transaction**”) the license of certain patent rights currently held by RepliCel (collectively, the “**Patent Rights**”) and sale of all know-how related to such Patents Rights, marketing materials, brand, server data and hardware (collectively, the “**Assets**”) used in RepliCel’s autologous cell therapies and the development of its programmable injector device.

“Following review of the Transaction by the Special Committee, in consultation with our financial and legal advisors, we believe that this transaction represents the best available path forward for the Company, its shareholders and other stakeholders. The Transaction seeks to provide the best opportunity for commercialization of the assets and a return on investment to shareholders, and the Special Committee is unanimous in its belief that the Transaction is in the best interests of the Company and its shareholders,” said David Hall, Chair of the Special Committee.

Andrew Schutte, the CEO and President of RepliCel and director, CEO and controlling shareholder of NumberCo, stated: “As both the CEO and President of RepliCel and as director and CEO of NumberCo, I am excited to announce the strategic transaction that will see the license of the Patent Rights and Assets being acquired by NumberCo. This move is a pivotal step in a long-term vision, hopefully allowing the parties to reduce operating costs and enhance operational flexibility. By integrating these Patent Rights and Assets into NumberCo, I believe it will be poised to restructure and optimize them in ways that are aligned with RepliCel’s previous growth objectives. This transaction is designed not only to unlock the full commercial potential of the Patent Rights and Assets but also to create substantial value for shareholders as the parties drive forward towards sustainable success.”

### **Overview of the Transaction**

Pursuant to the terms of an asset purchase and license agreement (the “**Purchase Agreement**”) dated August 6, 2024 between the Company and NumberCo, RepliCel has agreed to license the Patent Rights and sell the Assets to NumberCo in exchange for an 8% royalty on all gross profits earned by NumberCo in relation to NumberCo’s commercialization and sale of DermaPrecise<sup>TM</sup>, RCH, RCT, RCS or their improvements after completion of the Transaction, up to a maximum gross dollar value paid to RepliCel equivalent to US\$2.00 per share on a fully diluted basis (the “**Royalty**”), which fully diluted number shall, for greater certainty, assume the due conversion or exercise, as applicable, into common shares (each, a “**Common Share**”) of the Company of: (a) all of the issued and outstanding Class A preference shares of

RepliCel; (b) all outstanding options to acquire Common Shares; and (c) all outstanding warrants to purchase Common Shares, in each case as is outstanding as of the closing of the Transaction (the “**Closing**”). The granting of the Royalty by NumberCo to RepliCel is to be governed by the terms of a royalty agreement between the Company and NumberCo to be executed at the closing of the Transaction. If NumberCo sells, sub-licenses or transfers any of the Purchased Assets or the license to the Patent Rights to any third parties for cash consideration, NumberCo will pay RepliCel 75% of the cash consideration received by it for such Purchased Assets or license.

RepliCel has agreed that, upon receipt of Royalty payments from NumberCo, RepliCel will declare a dividend on its Common Shares in an amount equal to RepliCel’s earnings after tax, less amounts reserved for issuance to the holders of RepliCel options and warrants. The amount and timing of any dividends resulting from Royalty payments will be determined by the Board exercising its fiduciary duty and subject to applicable solvency or other legal or contractual requirements. Dividends will be made after payment of all of the Company’s expenses and taxes, and retention by RepliCel of amounts necessary to fund dividend payments to holders of RepliCel options and warrants. NumberCo has agreed to fund RepliCel’s expenses on a secured loan basis until the total Royalties paid to RepliCel by the Acquiror reach US\$20 million, after which such loans become repayable.

### Requisite Approvals

The Transaction will constitute the disposition of all or substantially all of RepliCel’s undertaking under the *Business Corporations Act* (British Columbia) and accordingly requires shareholder approval. In order to become effective, the Transaction must be approved by: (i) at least 66⅔% of the votes cast by shareholders present in person or represented by proxy at a special meeting of shareholders (the “**Meeting**”); and (ii) a simple majority of votes cast by shareholders present in person or represented by proxy at the Meeting after excluding votes cast by shareholders who are required to be excluded in accordance with Section 8.1 of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-01**”) and the policies of the TSX Venture Exchange (“**TSXV**”). The Meeting is expected to take place in October 2024.

Andrew Schutte, the CEO and President of RepliCel, is a director, CEO and controlling shareholder of NumberCo and as a result the Transaction is a “related party transaction” under MI 61-101. The Transaction is exempt from the valuation requirements of MI 61-101 by virtue of the exemption contained in section 5.5(b) as the Company’s shares are not listed on a specified market.

In connection with the Transaction, RepliCel intends to use its commercially reasonable efforts to revoke its registration status under the United States *Securities Exchange Act of 1934* (the “**Registration Revocation**”). RepliCel will also apply to the TSXV and at the Meeting RepliCel will seek minority shareholder approval for a voluntary delisting of its Common Shares from the facilities of the TSXV (the “**Delisting**”). Following the Delisting, RepliCel will continue to be subject to public company reporting requirements under Canadian securities law, but its shares will not be listed on any exchange. The Transaction amounts to a reviewable transaction under TSXV Policy 5.3 – *Acquisitions and Dispositions of Non-Cash Assets* and the Common Shares will remain halted pending receipt and review of acceptable documentation pursuant to Section 5.6 (d) of TSXV Policy 5.3.

The Company is currently proposing to amend the terms of the RepliCel Class A Preference Shares. Pursuant to the terms of the RepliCel Class A Preference Shares, on September 5, 2024 RepliCel will be

required to redeem the RepliCel Class A Preference Shares for cash. The amendments, if approved by the holders of RepliCel Class A Preference Shares, will convert the Company's redemption obligation, as well as the accrued dividend on RepliCel Class A Preference Shares, into a number of Common Shares to be issued to the holders of RepliCel Class A Preference Shares. If the RepliCel Class A Preference Share Amendment is completed, the RepliCel Class A Preference Shares will no longer exist. The completion of the RepliCel Class A Preference Share Amendment is a condition to closing the Transaction.

### **Closing Conditions**

Closing is subject to the satisfaction of various conditions standard for a transaction of this nature, including but not limited to:

- the receipt by the Company of the requisite approvals for the Transaction by the shareholders of the Company at the Meeting;
- the receipt of each regulatory approval necessary to consummate the Transaction, and all necessary approvals of the TSXV, as applicable, have been made, given or obtained on terms acceptable to RepliCel and NumberCo;
- the completion of the amendment to the terms of the RepliCel Class A Preference Shares;
- the TSXV having given final acceptance of the Delisting; and
- such other closing conditions customary for a transaction of this nature and as enumerated in the Purchase Agreement.
- Assuming completion of all closing conditions, the Transaction is expected to close in Q4 2024 or Q1 2025.

### **About RepliCel Life Sciences**

RepliCel is a regenerative medicine company focused on developing cell therapies for aesthetic and orthopedic conditions affecting what the Company believes is approximately one in three people in industrialized nations, including aging/sun-damaged skin, pattern baldness, and chronic tendon degeneration. These conditions, often associated with aging, are caused by a deficit of healthy cells required for normal tissue healing and function. These cell therapy product candidates are based on RepliCel's innovative technology, utilizing cell populations isolated from a patient's healthy hair follicles.

The Company's cell therapy product pipeline is comprised of RCT-01 for tendon repair, RCS-01 for skin rejuvenation, and RCH-01 for hair restoration. RCH-01 has been the subject of successful safety and dose-finding clinical studies. RCT-01 and RCS-01 are exclusively licensed in Greater China to YOFOTO (China) Health Company. RepliCel maintains the rights to these products outside of Greater China.

RepliCel has also developed a proprietary injection device (DermaPrecise™) and related consumables, which is expected to improve the administration of its cell therapy products and certain other injectables. YOFOTO has exclusively licensed the commercial rights for the DermaPrecise™ device and consumables

in Greater China for dermatology applications. MainPointe Pharmaceuticals has an exclusive distribution agreement for the DermaPrecise™ device and consumables in the United States, subject to income.

Please visit [RepliCel.com](http://RepliCel.com) for additional information.

**On Behalf of the Board of Directors,**

*“Ben Austring”*

Ben Austring  
COO and Corporate Secretary

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**Cautionary Statement Regarding Forward-Looking Statements**

*This news release includes certain “forward-looking statements” under applicable Canadian securities legislation that are not historical facts. Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results, performance, prospects, and opportunities to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements made in this news release include, but are not limited, to statements regarding: the Transaction and the potential for the Royalty to be payable to the Company upon the commercialization of the Company’s products by NumberCo, the expected timeline for holding the Meeting and completing the Transaction, the proposed amendment to the terms of the RepliCel Class A Preference Shares, the Registration Revocation, and the Delisting; the ability of RepliCel’s DermaPrecise™ injection device and related consumables ability to improve the administration of its cell therapy products and certain other injectables; and other general statements related to the business and development of the Company. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements, including, but not limited to: the inability of the Company to close the Transaction; the inability of the Company to receive the necessary regulatory and corporate approvals necessary to complete the Transaction; the inability of the Company to receive the necessary regulatory and corporate approvals necessary to complete the Registration Revocation and the Delisting; as well as certain other risks related to factors beyond the control of the Company. Further, the ongoing labour shortages, high energy costs, inflationary pressures, rising interest rates, the global financial climate and conflicts in Ukraine and Palestine and surrounding regions are some additional factors that are affecting current economic conditions and increasing economic uncertainty, which may impact the operating performance, financial position, and future prospects of RepliCel. Collectively, the potential impacts of this economic environment pose risks that are currently indescribable and immeasurable. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Readers should also refer to the risk factor disclosure contained in the public filings of the Company filed with Canadian securities regulators and available under the Company’s profile on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).*

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