RepliCel™

NEWS RELEASE

RepliCel Life Sciences Reschedules Meeting, Provides Supplemental Disclosure for Transaction involving the Sale of Assets and Provides Board Update

VANCOUVER, BC – December 20, 2024 - RepliCel Life Sciences Inc. (OTCQB: REPCF) (TSXV: RP) (FRA: P6P2), **("RepliCel"** or the **"Company")** today announces that it has rescheduled its annual general and special meeting to Thursday, January 16, 2025 (the "**Meeting**"), and it is providing additional disclosure to supplement the disclosure in the information circular for the Meeting (the "**Circular**"). At the Meeting, shareholders will consider resolutions to approve the sale and licensing of all or substantially all of the Company's assets (the "**Transaction**"), voluntary delisting from the TSX Venture Exchange and annual meeting matters. The Company also announced today that Jamie Mackay has resigned from the Board of Directors, effective December 18, 2024. Mr. Mackay will not seek re-election at the Meeting. The Company thanks Jamie Mackay for all his contributions and service on the Board. Jamie's contributions were pivotal in keeping the Company funded and operational, and the Company greatly appreciate his efforts through difficult times. As the Company transitions, Jamie has elected to pursue other interests.

Rescheduled Meeting

The Company is providing supplemental disclosure via press release pursuant to communication with the Ontario Securities Commission. The Company is rescheduling the Meeting in order to give shareholders sufficient time to review this supplemental disclosure prior to making a voting decision, and as a result of the Canada Post job action. The Company has previously mailed the Circular, and no additional supplemental materials will be mailed.

The Meeting will be held on Thursday, January 16, 2025 (instead of December 30, 2024) at 2:00 p.m. (Vancouver time) at the offices of Clark Wilson LLP, Suite 900, 885 West Georgia Street, Vancouver, BC, V6C 3H1 and via Microsoft Teams https://www.microsoft.com/en-ca/microsoftteams/join-a-meeting with Meeting ID: 214 726 360 988 and Passcode: o6Nk6xU3. Proxies must now be received by 2:00 p.m. (Vancouver time) Tuesday, January 14, 2025. The record date for the Meeting remains November 27, 2024. Registered shareholders as at the close of business on the record date who wish to dissent must deliver a written notice of dissent by 5:00 p.m. (Vancouver time) on January 14, 2025. Shareholders who have already voted their shares do not have to recast their votes.

Although the Canadian postal strike ended on Tuesday, December 17, 2024, shareholders may experience delays in receiving physical copies of the previously mailed Meeting Materials. Shareholders are encouraged to access the Meeting Materials electronically under the Company's profile on SEDAR+ at www.sedarplus.ca, or on the Company's corporate website at https://replicel.com/news. In addition, Shareholders may also obtain copies of the Meeting Materials by email upon request at info@replicel.com.

Supplemental Disclosure

The Company is providing additional disclosure to supplement the disclosure in the information circular for the Meeting (the "**Circular**"). Capitalized terms not otherwise defined below have the meanings given to them in the Circular.

Additional Background to the Transaction

Lack of Funding

Discussions at the Board level regarding a potential transaction with the Acquiror first commenced in October 2023, after the adverse arbitration decision involving the Collaboration and Technology Transfer Agreement with Shiseido Co. Ltd. The adverse arbitration decision created a great deal of uncertainty regarding how to proceed as an ongoing entity. As of November 2023, the Company was discussing with major stakeholders how best to move forward, and by February 2024 it had become apparent there were no other viable options to move forward beyond the offer submitted by Mr. Schutte, despite soliciting other potential suitors and partners. The Company directly contacted two groups with whom the Board had discussed partnerships in the past. Furthermore, between 2016 and 2022 the Company had ongoing discussions with a management consulting firm specializing in life sciences regarding finding potential partners for the Company.

The Company undertook a private placement offering in 2023, and there was limited or no interest from parties not familiar with the Company. Discussions relating to potential additional equity funding revealed that any such funding would be extremely dilutive to the Company's current shareholders. The only available funding since that time has been the secured loan provided by Mr. Schutte.

The Special Committee was formed at a Board meeting held on January 14, 2024. The Special Committee was concerned with the Company's ability to continue as a going concern in the short and medium term and to fund its operations going forward. Since no funding was available, the Company was unable to pursue work to finalize the development of the DermaPrecise™ device, the subsequent safety testing work, a clinical trial or FDA approval application.

The Company currently has a collaboration with the University of Victoria, which is funded both by the Company and through a grant from Mitacs Inc. The grant funds were obtained and managed by the University of Victoria in agreement with Mitacs, and such funds did not and will not flow to the Company. The collaboration is intended to amend and optimize the current manufacturing process. New intellectual property arising from the project is the sole and exclusive property of the University of Victoria with a non-exclusive license to RepliCel for any commercial purposes. RepliCel has the option to negotiate an exclusive license to such intellectual property from the University of Victoria for commercial purposes important to the Company. There is no cash flow expectation from this collaboration.

The Company had granted an exclusive license to YOFOTO (China) Health Industry Co. Ltd. of the Company's tendon regeneration cell therapy technology (RCT-01), skin rejuvenation cell therapy technology (RCS-01), and its injection technology for dermal applications (RCI-02) (excluding hair-related treatments) in Greater China (Mainland China, Hong Kong, Macau, and Taiwan). Under its agreement with YOFOTO, the Company is entitled to a $500,000 milestone payment from YOFOTO if YOFOTO registers European or US marketing approval in Hong Kong. The Company understands that YOFOTO is not close to such registration, and the payment of such milestone is not currently foreseeable. If such milestone does become payable, pursuant to the terms of the Royalty Agreement, 75% will be paid to the Company.

Letter of Intent with the Acquiror

Negotiations on the letter of intent with the Acquiror began in February 2024. The Special Committee was represented by the Company's legal counsel, and elected not to retain independent counsel.

In February 2024, the Special Committee reviewed the terms of the letter of intent in consultation with counsel. At the Special Committee's meeting on February 15, 2024, the Special Committee discussed there being two likely pathways for the Company, the first being bankruptcy and the second being a transaction with the Acquiror. The Special Committee sought legal advice on whether a valuation was required, and the Special Committee was advised that a valuation would not be required.

The bulk of the Special Committee's work was conducted during February and March 2024, during which time the Company contacted potentially interested parties and the letter of intent with the Acquiror was being negotiated.

On March 12, 2024, the Board met to discuss the letter of intent, which had been negotiated through Company counsel and the Acquiror's counsel. The form of the proposed transaction, as reflected in the letter of intent, allowed the Acquiror control over the assets (which would also free Company management from compliance and reporting obligations) while obligating the Acquiror to pay a royalty to the Company once the products are commercialized. After discussing the terms of the letter of intent, and discussing the lack of interest from alternative parties contacted by the Special Committee, the Board unanimously approved the letter of intent, with Mr. Schutte abstaining.

On May 10, 2024 (not April 10, 2024), the Acquiror provided the Special Committee with a draft of the definitive transaction documents. During subsequent negotiations, the Special Committee obtained a commitment from the Acquiror to provide up to $50,000 of loan funding each year, with an additional loan available if the Company faced extraordinary costs. The Special Committee also negotiated changes to ensure that the Company received 75% of the proceeds from any sale or license of the Company's assets, and to the definition of Gross Profit to provide additional clarity and certainty to the Company.

The Special Committee met on June 10, 2024 to discuss the terms of the definitive transaction documents. Negotiations between Company's counsel and the Acquiror's counsel continued, and the Board met on August 6, 2024 to receive the Special Committee's report. The Board unanimously approved the definitive transaction documents at this August 6, 2024 meeting, with Mr. Schutte abstaining.

Independence of Boddington

Mr. Boddington is a member of the Special Committee. The Circular also discloses Mr. Boddington as a Continuing Officer. There has been no agreement with respect to Mr. Boddington's arrangement with the Acquiror, and any equity ownership by Mr. Boddington, if any, would have been through employment incentive share arrangements. Discussions of Mr. Boddington's potential involvement with the Acquiror post-closing first arose after the Special Committee's June 10, 2024 meeting. On August 6, 2024, the Board met to receive the Special Committee's report, and Mr. Boddington disclosed the possibility of his participation in the Acquiror post-closing. Mr. Boddington communicated that no agreement had been entered into, and there was no guarantee that he would participate. Mr. Boddington will cease being a director of the Company after the Meeting. Mr. Boddington has also decided that due to personal commitments he will no longer participate with the Acquiror as a Continuing Officer.

The Company reiterates that the substantive work of the Special Committee pre-dated any discussion of Mr. Boddington's potential involvement in the Acquiror post-closing (which will no longer occur). The Company believes he continues to be an independent director under National Instrument 52-110.

Assumption of Agreements and Liabilities by the Acquiror

The Acquiror will assume all of RepliCel's rights, obligations, liabilities and interests in the agreements entered into by RepliCel with YOFOTO (China) Health Industry Co. Ltd. and MainPointe Pharmaceuticals, LLC. The Company's interim financial statements for the nine-month period ended on September 30, 2024 reflect contract liabilities ($353,735 current liability and $981,972 non-current liability) and a put liability ($1,997,517 non-current liability) owed to YOFOTO. The put liability expires in January 2027. The Acquiror will assume the contract liabilities and the put liability.

Under the royalty arrangement with MainPointe, RepliCel has provided MainPointe with a right to participate in RepliCel's royalty revenue stream up to a maximum payout of US$16 million and certain distribution rights of the RepliCel injector product line in the United States. The royalty payment obligation, which the Acquiror will assume, is contingent upon the commercial production RepliCel's products related to the royalty arrangement.

MainPointe is owned and controlled by John Schutte, the father of Andrew Schutte. While Andrew Schutte currently acts as MainPointe's Chief Technology Officer, Andrew Schutte does not have any ownership interest in MainPointe, nor does he have any control or direction over the RepliCel shares held by MainPointe. Neither MainPointe nor John Schutte are joint actors with the Acquiror or Andrew Schutte in respect of securities of the Company.

The Company Post-Closing

Post-closing, as the Company will continue to be a "reporting issuer" in British Columbia, Alberta and Ontario, it will be subject to all applicable continuous disclosure requirements under such securities laws, including disclosure of all material changes. As its shares will no longer be listed on a stock exchange, it will not be required to disclose material facts as per stock exchange timely disclosure rules. The Royalty Agreement also requires the Acquiror to provide annual reports to the Company. The Company expects to disclose to shareholders the material, relevant and disclosable information from such annual reports. The Company will also be required to comply with all ongoing annual shareholder meeting, financial statement and MD&A requirements.

The Company does not currently have any business plan for the time period after the Royalty and Sale Fee Cap is reached. The Company currently expects that such plans would be considered by the Company's Board after payments under the Royalty Agreement commence, and once it appears reasonably foreseeable that the Royalty and Sale Fee Cap will be met. It is likely that the Board will consider winding up the Company once the Royalty and Sale Fee Cap has been reached.

Arrangements with Continuing Officers

The Continuing Officers will receive their equity interest in the Acquiror through normal course employment incentive share arrangements. None of these incentive share arrangements have yet been agreed to. The

Company believes the equity incentives will provide continuity of key personnel which is vital to the operations of the business.

At all times prior to the completion of the Transaction, Mr. Schutte is and will be the 100% owner of the Acquiror, and none of the Continuing Officers are joint actors with the Acquiror or Mr. Schutte in respect of the Company's securities.

Minority Approval Requirements

As a result of the Transaction being considered a related party transaction under MI 61-101, the Company is required to obtain "minority approval" for the Transaction. Pursuant to Section 8.1(2) of MI 61-101, in determining whether minority approval for the Transaction has been obtained, the Company is required to exclude the votes attaching to the Common Shares beneficially owned by, or over which control or direction is exercised by, among others, Interested Parties, related parties of Interested Parties or any joint actors in respect thereof. MI 61-101 provides that "interested parties" include but are not limited to related parties who receive a "collateral benefit" as a result of the related party transaction.

The Circular discloses that the votes that are required to be excluded from the vote at the Meeting on the Disposition Resolution approving the Transaction for the purposes of determining majority of the minority approval pursuant to Section 8.1(2) of MI 61- 101, are limited to the votes attaching to the Common Shares beneficially owned or over which direction or control is exercised by Messrs. Schutte and McElwee, who are considered to be Interested Parties under MI 61-101. Additionally, given Mr. Austring's 670,000 vested stock options, Mr. Austring is also considered to hold >1% of the Company's Common Shares. As a result, Mr. Austring is also considered to be receiving a "collateral benefit" and thus is also an interested party. Mr. Austring's votes will also be excluded in determining the majority of minority approval on the Disposition Resolution.

To the knowledge of the Company, after reasonable inquiry, the votes to be excluded are those votes attaching to 21,019,972 Common Shares (being approximately 29% of the issued and outstanding Common Shares as at the date of the Circular).

Board Update

Given Mr. Mackay's resignation, there will only be two director nominees proposed for election to the Board of Directors at the Meeting. The remaining director nominees are David Hall and Peter Lewis. The Company will not be replacing Mr. Mackay with a new director nominee for election to the Board of Directors at the Meeting. If Shareholders approve the resolution to set the number of directors of the Company at three, and if Mr. Hall and Mr. Lewis are elected, there will be one vacancy on the Board.

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 Meeting and the Meeting Materials, the election of directors, the prospects for the Company if the Transaction is not completed and the Company's post-closing plans and public reporting obligations and expectations. 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 Company may not complete the Transaction described herein as anticipated or at all; the Transaction may not yield the expected benefits; as well as certain other risks related to factors beyond the control of the Company. 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.ca.

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