

In Q4 of 2020, Healionics finalized preparations for a follow-on human study of our revised *STARgraft* device, and continued raising a new funding round to support completion of that study and FDA market clearance.

#### Financial Snapshot

12/31/20 Cash Balance: \$2,752k  
Income and Financing in Q4:  
    Grant funding received: \$250k  
    Financing received: \$1,936k (Series A-1)  
Operating Expenses in Q4: \$520k  
Grant Funding Pool: \$500k thru mid-'21  
*(Additional \$1M anticipated upon renewal of existing grant in mid-2021.)*

#### Follow-on Human Study of revised *STARgraft*

Our *STARgraft* vascular graft (artificial blood vessel) is intended to provide a safer and more reliable means to access the bloodstream for dialysis in patients with kidney failure.

Following successful bench and animal testing of our revised *STARgraft* ("*STARgraft-2*"), we are now prepared to begin a follow-on human study of that device. The study will involve about 25 patients followed for 12 months (at the same site in Paraguay), and is intended to:

- Confirm the superior infection resistance observed in the first human study.
- Demonstrate superior patency (ability to maintain blood flow without intervention) compared to existing grafts.

We have received all necessary approvals to begin the study, including FDA export permit and Paraguay national ethics committee approval. CTO Andrew Marshall is now on-site in Paraguay, where screening of patient candidates is underway.

#### Funding Round

We have closed \$2.4 million of the targeted \$3 million in the current funding round. These funds will be used to support the above human study and obtain FDA market clearance for *STARgraft*. As part of this round, all outstanding notes were converted into preferred shares.

The round is led by Keiretsu Capital, the venture arm of Keiretsu Forum (the world's largest angel investor group). Round participants include many of our earlier investors, plus a few new angel groups. Our shareholders now include: Keiretsu Forum (*8 chapters: Northwest, NorCal, SoCal, Midwest, Mid-Atlantic, Canada, Singapore, Mumbai*), Keiretsu Capital, Tech Coast Angels, Mid-Atlantic Bio Angels, iSelect Fund, Bellingham Angels, Arizona Tech Investors, Alliance of Angels, VisionTech, TiE (*2 chapters: Oregon, SoCal*), NO/LA Angel Network, Frontier Angels, Rockies Venture Club, Central Texas Angel Network, and Chemical Angel Network.

**There is still room to participate in this round.** If you have interest, please contact me to request closing documents, ask questions, or schedule a call to discuss the opportunity. You can also find helpful diligence materials on our [Google drive](#), including: executive summary, slides, frequently-asked questions, video of presentations and Q&A sessions, illustrative ROI analysis, term sheet, and an extensive diligence report issued by Keiretsu Forum.

*(Note: this update does not constitute an offer to sell or purchase securities. We will contact you under separate cover if you indicate interest and are eligible to participate.)*

### **Most Valued Company**

In October, Healionics was selected as a *Most Valued Company* by investors attending Keiretsu Forum's Capital Expo. This is the second time we have been so recognized at this annual event.

### **Intellectual property**

US patent 10,842,916B2 was issued in November, covering a new potential application for *STAR* material to treat age-related macular degeneration (a leading cause of vision loss in people over age 50).

### **COVID impact**

Our clinical site in Paraguay is currently open and operating with improvements to the facility and stricter safety protocols for increased COVID protection of staff and patients. Our Seattle facility remains in use as necessary for fabrication & testing, but employees are able to do much of their work from home.

### **iSTAR Medical**

In November, Healionics' spinout iSTAR announced [continued positive results](#) in European trials of its *STAR* material-based MINject device for glaucoma treatment. iSTAR also presented these results at the American Academy of Ophthalmology annual meeting and published them in the *British Journal of Ophthalmology*.

Best regards,  
Mike

Mike Connolly  
CEO  
[Healionics Corporation](#)