February 12, 2025

To Shareholders,

Company Name: Renascience Inc.
Representative: Keisuke Furuta, President & CEO
(Code: 4889 TSE Growth)
For inquiries, please contact Administration Dept.

Notice of receipt of lump sum payment due to the exercise of option right by Chest Co., Ltd. for the artificial intelligence (AI)-based medical software to diagnose respiratory diseases by the spirometry

On July 3, 2020, we concluded a license agreement (hereinafter, "this agreement") with Chest Co., Ltd. (Head office: Bunkyo-ku, Tokyo; President and CEO: Hiroaki Hoki; hereinafter "Chest Co.") for the joint development and commercialization of artificial intelligence(AI)-based medical software that assists in accurate judgment and interpretation of measurement data of the spirometry[*1]. Chest has notified us that they will exercise an option right for expanding the target territory (international expansion) in anticipation of commercializing this programmed medical device. As a result, we will receive a lump sum from Chest as an option fee.

Chronic respiratory diseases, especially chronic obstructive pulmonary disease (COPD), are important "lifestyle-related lung diseases" that are described as diseases that require measures in the "Basic Policy for Economic and Fiscal Management and Reform 2024" (Basic Policy) formulated in 2024, and the estimated number of patients is 5.3 million. In the COPD treatment guidelines of the Japanese Respiratory Society, the spirometry is thought to be an important medical devise to prove obstructive ventilation disorder, but the implementation rate is around 10%, and despite the importance of early detection and early intervention of COPD, its implementation is not necessarily progressing. The reasons for this include the fact that the test requires the patient's cooperation (forced expiration), and that it is difficult for non-specialists to evaluate whether the test has been performed correctly and interpret the printed results. A contrasting medical device is the electrocardiogram, which has become widely used due to automatic diagnosis. If automatic diagnosis is developed for the spirometry, a respiratory function test will be widely used.

For automatic diagnosis of spirometry, we have developed the artificial intelligence (AI) that predicts diagnoses from the obtained image data (flow-volume curves) in collaboration with Kyoto University, Chest Co., Ltd. and NEC Solution Innovators, Ltd. We hope to solve the problem of automatic diagnosis in the spirometry, provide test interpretation to non-specialists, and lead to early diagnosis

and treatment of respiratory diseases.

Currently, Chest is considering commercialization and is preparing to conduct clinical performance tests. On July 3, 2020, we signed a license agreement with Chest regarding the joint development and commercialization of this programmed medical device. We have received a notice from Chest that they would like to exercise the option right to expand the target territory (international expansion) in anticipation of commercialization of this programmed medical device. By exercising the option right, Chest will be able to sell it worldwide.

In addition, the impact on the financial results for the fiscal year ending March 2025 is expected to be recorded as sales for the fiscal year ending March 2025 as a lump sum payment for the exercise of the option rights of 5 million yen.

*1 Spirometry
This is one of the respiratory function physiological tests, and it measures the amount of breath exhaled by the subject and the time it takes to exhale. Although it is an important test for diagnosing chronic obstructive pulmonary disease (COPD) and other lung diseases, its use has not become widespread. In addition to the fact that it requires the cooperation of the subject (effortful breathing), it is difficult for non-specialists to avaluate whether the test was performed correctly and interpret the output results (flow-volume curve).

*2 Verification model
By training approximately 2,000 spirometry image data provided by Kyoto University, an artificial intelligence (AI) model has been developed that can classify diseases such as bronchial asthma, COPD, and interstitial pneumonia with an accuracy of about 75%.

*3 Clinical performance test
In order to make it possible to use the software as a medical device (SaMD) currently under development in the medical field, it is necessary to verify whether the software as a medical device performs as expected in the clinical field using actual human clinical data. Clinical performance test is a clinical study conducted for this verification. Based on the performance confirmed in the clinical performance test, we will submit an application (pharmaceutical application) to the Ministry of Health, Labor and Welfare to manufacture and sell it as a programmed medical device. This is a clinical study with a similar nature to verification tests (phase 3 trials) for pharmaceuticals.