(Translation)

June 14, 2023

To Shareholders,

Company Name: Renascience Inc.
Representative: Koji Naito, President & CEO
(Code: 4889 TSE Growth)
Inquiries: Department of Administration

Notice of Receipt of Milestone Under License Agreement with Chest MI Inc on AI for Respiratory Function Diagnosis

The Company entered into the license agreement (the "Agreement") with Chest MI Inc ("Chest"), a medical device manufacturer specializing in the respiratory field, on July 3, 2020, for the joint development and commercialization of artificial intelligence (software) to assist the accurate determination and interpretation of measurement data of the spirometry[1]. The Company is pleased to announce that the development of the "validation model"[2] is now completed and that the Company receives the milestone of 10 million yen as the Company and Chest agree to progress to the commercialization phase.

The World Health Organization (WHO) considers respiratory diseases need to be addressed, in addition to cancer, diabetes, and cardiovascular diseases. Typical respiratory diseases include chronic obstructive pulmonary disease (COPD) and asthma. COPD is also discussed as an important disease in the revision of "Health Japan 21" by the Ministry of Health, Labour and Welfare, and is referred to as a "lifestyle disease of the lung". However, the prevalence, morbidity, and mortality rates of respiratory diseases including COPD are not clear due to the lack of widespread use of diagnostic tests for respiratory function. Spirometry is the most important test for respiratory diseases and respiratory function, but it is not widely used. This is because it requires the effortful cooperation of the patient (effort breathing), and because it is difficult for unexperienced pulmonologists or physicians to determine whether the test was performed correctly and to interpret the output results (flow volume curves). The development of a system that allows unexperienced pulmonologists to easily interpret the results is an important medical issue for the diagnosis and early treatment of respiratory diseases.

The Company has developed the artificial intelligence (AI) to interpret flow volume curves in

collaboration with Kyoto University, Chest, and NEC Solution Innovator, Ltd. The development of the artificial intelligence (AI) that can automatically analyze the curve patterns obtained from this test will enable unexperienced pulmonologists to interpret the test result and is expected to facilitate early diagnosis and treatment of respiratory diseases.

Having already received the milestone in October 2021 for the completion of the development of the "initial model" capable of differential diagnosis of respiratory diseases, the additional milestone is received this time for the completion of the development of the "validation model". The full amount of this milestone is expected to be recorded as revenue in the first quarter of the fiscal year ending March 31, 2024. Chest will further take the lead in developing a system that also integrates the background information (smoking history, age, etc.) of the subjects to be evaluated, and will conduct the studies for the commercialization.

This matter has already been incorporated into the full-year earnings forecast for the fiscal year ending March 31, 2024, in the Financial Results released on May 11, 2023.

*1: Spirometry: A physiological test of respiratory function that measures the amount of breath a subject exhale and the time it takes for the subject to exhale. It is an important test for the diagnosis of COPD and other lung diseases, but its use is not widespread. This is because the test requires effortful cooperation of the subjects (patients) (effort breathing), and because it is difficult for unexperienced pulmonologists to determine whether the test was performed correctly and to interpret the output results (flow volume curve).

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

<Reference>
[Chest MI Inc]
Since its establishment in 1965, Chest MI Inc (headquartered in Bunkyo-ku, Tokyo; President & CEO: Hiroaki Hoki) has been providing a wide range of high-quality products and services in the respiratory field, from testing equipment to treatment devices. Chest is a leading company in the field of spirometers, having launched Japan's first spirometer in 1968. The company has positioned this business as its flagship operation and has built up trust and achievement in the respiratory field.
For more information, please visit the company's website at https://www.chest-mi.co.jp/.

End