

October 11, 2023

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Obtaining a Global License for ARDS and Provision of Clinical Trial Product from Athersys, Inc.

HEALIOS K.K. (“Healios”) has entered into an exclusive license agreement with Athersys, Inc. (“Athersys”) for the development, manufacture and sale of the cell therapy drug HLCM051 for acute respiratory distress syndrome (ARDS) in Japan (the “License Agreement”). Today, Healios agreed to expand the License Agreement for ARDS to cover global territories, dramatically increasing the number of ARDS patients Healios has the opportunity to treat with this therapy. In addition, as [announced on March 2, 2023](#), Healios plans to conduct a new clinical trial for ARDS in Japan, and we are pleased to announce that we have obtained from Athersys the necessary investigational product for this study manufactured by the 3D bioreactor-based method.

1. Outline of the Agreement

- 1) The scope of the license agreement for the development, manufacture and sale of ARDS will be expanded from Japan to the entire world.
- 2) Athersys will provide our company with investigational product for use in future clinical trials conducted by our company.
- 3) As a result of the foregoing, Healios will pay Athersys up to \$4.5 million subject to the terms of the agreement.
- 4) In the future, Healios will pay development milestones and sales milestones and royalties as development and sales progress around the world.

2. Acute Respiratory Distress Syndrome (ARDS)

ARDS is a general term for respiratory failure that occurs suddenly in a variety of critically ill patients. Although there are many causes of ARDS, approximately one-third of ARDS cases are caused by pneumonia, and it has been confirmed that ARDS also occurs in critically ill patients with COVID-19. There is no approved drug therapy that can directly improve the prognosis of patients with ARDS, and respiratory failure is treated with mechanical ventilation. The mortality rate after the onset of ARDS is 30~58%*¹, and there is a need for new therapies that can improve the prognosis of patients with ARDS.

Currently, the number of patients in Japan is estimated to be approximately 28,000*² per year, and ARDS is designated as a rare disease. However, it is estimated that between 213,000 and 262,000*³ patients in the United States and 133,000*⁴ patients in Europe are affected annually.

3. Development of drugs for ARDS by Healios

In 2018, Healios obtained a license to develop and market HL051 for ARDS in Japan and started a phase II study (clinical study name: ONE-BRIDGE study) to evaluate the efficacy and safety of HL051 in patients with pneumonia-induced ARDS. In 2021, we signed an agreement with Athersys to expand our comprehensive collaboration for commercialization and obtained licensing rights for the commercial manufacture of therapeutic drugs. In August and November 2021, we released partial data on the endpoints at 90 and 180 days after administration of HL051 in the ONE-BRIDGE study, showing favorable efficacy and safety results. In consultation with the Pharmaceuticals and Medical Devices Agency (PMDA), we agreed on the outline of the clinical trial to be conducted in the future, as announced on [March 2, 2023](#). In addition, as announced on [July 5, 2023](#), we plan to use investigational product manufactured by the 3D bioreactor-based manufacturing method, which enables mass production, and it is expected that we will be able to supply drug product in larger quantities and more stably than the conventional 2D culture method. Under these circumstances, Healios is currently preparing for the start of a clinical trial in Japan.

4. Future Outlook

Of the up to \$4.5 million in costs associated with this license agreement amendment, \$3 million will be reflected in our results for the year ended December 2023. Our company does not disclose its consolidated earnings forecasts. We will promptly notify you of any future disclosures.

(Source)

*1 ARDS Diagnostic Guidelines 2016

*2 Healios Estimates Based on the Incidence Rate of Epidemiological Data and the Total Population of Japan by Demography

*3 Diamond M et al. 2023 Feb 6. In: StatPearls [Internet]. Treasure Island (FL): StatPearls Publishing; 2023 Jan-. PMID: Estimates for our company based on 28613773 Data and US Population Based on the Ministry of Foreign Affairs Basic Data

*4 Community Research and Development Information Service (CORDIS) 2020 7-9