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Company Name:	HEALIOS K.K.
Representative:	Hardy TS Kagimoto, Chairman & CEO (TSE Growth Code: 4593)
Contact:	Richard Kincaid, Executive Officer CFO (TEL: 03-4590-8009)

Termination of Discussions with Nobelpharma regarding the Development and Commercializing Collaboration Agreement

HEALIOS K.K. ("Healios") today announces that Healios, its wholly owned subsidiary ProcellCure Inc. ("ProcellCure") and Nobelpharma Co., Ltd. ("Nobelpharma" https://www.nobelpharma.co.jp/en/) terminated further discussion regarding the conclusion of a development and commercialization agreement ("Agreement") under the letter of intent that we entered into on December 27, 2023, as announced in the press release titled "Announcement of Letter of Intent with Nobelpharma for the Development and Commercialization of HLCM051 for ARDS in Japan" for a development and marketing alliance in Japan for MultiStem®*1, a somatic stem cell regenerative medicine therapy for the treatment of acute respiratory distress syndrome (ARDS)*2.

1. Background of the termination of the discussions

As announced today in the press release titled "Status of Conditional and Time-Limited Approval Application for ARDS in Japan (Clinical Part)," preparations for filing for approval of the ARDS drug in Japan are steadily progressing. Under such circumstances, Nobelpharma and Healios renegotiated the terms of the Agreement, but were unable to reach an agreement and decided to terminate further discussions, mainly because the clinical development for the Japanese market through a Phase 3 trial in Japan that was originally planned and the cost of such trials was no longer necessary.

2. Future Outlook

This matter has no impact on our consolidated financial results of the fiscal year ending December 31, 2025.

*1 MultiStem®

MultiStem (HLCM051) is a somatic stem cell regenerative medicine product comprised of multipotent adult progenitor cells ("MAPCs") derived from the bone marrow of healthy adult donors. MultiStem has been shown to exhibit powerful anti-inflammatory and immunomodulatory properties with applicability in a range of disease states, has been tested in hundreds of patients in late stage clinical trials, is manufactured consistently at scale in 3D bioreactors, and has demonstrated both safety and suggested efficacy in hundreds of patients across multiple indications. MultiStem is a proprietary technology wholly owned by Healios. Healios has a long history developing MultiStem. It originally added MultiStem to its pipeline in 2016 through an exclusive license to develop and distribute the product to treat ischemic stroke in Japan. Further, in 2018 Healios expanded its license to include development and distribution to treat ARDS in Japan, and in 2023 it expanded its ARDS license to include global territories. Having acquired the full technology platform in April 2024, Healios is seeking to advance MultiStem on a global basis for ischemic stroke, ARDS, and trauma.

*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 currently 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%[*a], 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[*b] per year, and ARDS is designated as a rare disease. However, it is estimated that 262,000[*c] patients in the United States, 133,000[*d] in Europe, 670,000 in China, and more than 1.1 million people worldwide are affected annually[*e].

(Source)

*a ARDS Diagnostic Guidelines 2016

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

*c 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

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

*e song-et-al-2014-acute-respiratory-distress-syndrome-emergingresearch-in-china