

September 30, 2024

Sumitomo Chemical Co., Ltd.

Sumitomo Pharma Co., Ltd.

### **Change in Ownership Ratio in Regenerative Medicine and Cell Therapy CDMO**

Sumitomo Chemical Company Limited (Head Office: Chuo-ku, Tokyo, Japan; "Sumitomo Chemical") and Sumitomo Pharma Co., Ltd. (Head Office: Chuo-ku, Osaka, Japan; "Sumitomo Pharma") announced today that they have agreed to change their respective ownership ratios in their joint venture Contract Development and Manufacturing Organization (CDMO), S-RACMO Co., Ltd. ("S-RACMO"), a company that develops manufacturing methods and manufactures products for the regenerative medicine and cell therapy field. On October 1, 2024, Sumitomo Chemical's ownership ratio will increase to 66.6% from 49%, and it will lead the CDMO's business operations.

The field of cell therapy had a market size of approximately \$2 billion in 2022, and it is expected to grow rapidly at an annual rate of 10-15% going forward. S-RACMO was established and began business operations in 2020. It has been leveraging Sumitomo Chemical's platform technology in iPS/ES cells, along with its know-how as a contract manufacturer of pharmaceuticals, while also taking advantage of Sumitomo Pharma's expertise gained by developing sophisticated manufacturing methods and pharmaceutical development through its many years of research and multiple projects in the regenerative medicine and cell therapy business. Combining these strengths, S-RACMO has been working to deepen and further enhance its capabilities as a CDMO in the regenerative medicine and cell therapy field. In addition to a manufacturing facility whose establishment was completed in 2021, it is in the midst of constructing a new manufacturing facility that is scheduled to be completed in 2025. In terms of its financial performance, as well, it has recorded profits in three consecutive years since fiscal 2021, while also achieving increasing profits.

As announced at its Investors' Meeting for the Current Priority Management Issues and Business Strategy held on April 30, 2024, Sumitomo Chemical has positioned the advanced medical solutions business as a new core area for growth, starting with its CDMO business in active ingredients and intermediates for small molecule drugs as well as in regenerative medicine and cell therapies. It is moving ahead in developing this business as a next-generation growth driver. The increase its ownership ratio announced today is an expression of Sumitomo Chemical's commitment to further developing the regenerative medicine and cell therapy CDMO business. Under Sumitomo Chemical's leadership, S-RACMO will accelerate its business, using the new manufacturing facility currently under construction in Osaka and entering the US market.

Sumitomo Pharma, meanwhile, is positioning itself as a frontrunner in developing cell therapy products using iPS cells in the regenerative medicine and cell therapy business. It is aiming to bring to market the world's first cell therapy product derived from iPS cells. To maximize group synergies in the

research and development of regenerative medicine and cell therapies as well as their manufacturing and sales organization, Sumitomo Chemical and Sumitomo Pharma plan to establish a new joint company within fiscal 2024. They plan to publicly announce further details at an appropriate time once further details are determined.

#### **Outline of the CDMO in the Regenerative Medicine and Cell Therapy Field**

- (1) Company name: S-RACMO Co., Ltd.  
S-RACMO is an acronym of Sumitomo and Regenerative And Cellular Medicine Organization.
- (2) Address: 33-94 Enoki-cho, Suita, Osaka, Japan (on the premises of Sumitomo Pharma's Central Research Laboratories)
- (3) Representative Director and President: Atsushi Tsuchida
- (4) Lines of business: CDMO of development of manufacturing methods and manufacturing for regenerative medicine and cell therapy products.
- (5) Capital: ¥50 million
- (6) Established on: September 1, 2020
- (7) Ownership ratios: Sumitomo Chemical 66.6%, Sumitomo Pharma 33.4% (starting October 1, 2024)

#### **Outline of the New Regenerative Medicine and Cell Therapy Manufacturing Facility Being Built**

- (1) Address: 33-94 Enoki-cho, Suita, Osaka, Japan (on the premises of Sumitomo Pharma's Central Research Laboratories)
- (2) Building size: 2 stories
- (3) Building area: Approx. 1,800m<sup>2</sup>
- (4) Construction start: July 2024
- (5) Completion: July 2025 (plan)

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