

December 17, 2024

Sumitomo Chemical Co., Ltd.
Sumitomo Pharma Co., Ltd.

Sumitomo Chemical and Sumitomo Pharma to Establish Regenerative Medicine and Cell Therapy Joint Venture

Sumitomo Chemical Co., Ltd. (Head Office: Chuo-ku, Tokyo, Japan; "Sumitomo Chemical") and Sumitomo Pharma Co., Ltd. (Head Office: Chuo-ku, Osaka, Japan; "Sumitomo Pharma") have studied restructuring measures to accelerate the development of regenerative medicine and cell therapy business by maximizing the Sumitomo Chemical Group's synergies. These measures included establishing a new jointly-owned company by the end of fiscal 2024. Today, on December 17, 2024, Sumitomo Chemical and Sumitomo Pharma concluded agreements concerning a joint venture that is to undertake the research and development for the Sumitomo Chemical Group's regenerative medicine and cell therapy business. This new entity RACTHERA Co., Ltd. is scheduled to start operations on February 1, 2025.

The global market for cell therapies is estimated to be worth approximately \$2.0 billion (as of 2022), and is expected to grow rapidly in coming years, at 10% to 15% annually. Meanwhile, in the Group's medium- to long-term strategy, Sumitomo Chemical commits to solving society's major issues in the four areas of food, ICT, healthcare, and the environment by leveraging the Group's innovative technologies, and has designated advanced medical solutions as a new growth area that will potentially follow the growth path of its agro-solutions and ICT solutions businesses. The company is stepping up efforts to enhance its advanced medical solutions businesses, including regenerative medicine and cell therapy as well as its CDMO business (*1).

Sumitomo Pharma is a front runner in the development of cell therapy, particularly regenerative medicine and cell therapy using iPS cells, and is pursuing multiple programs. The company is developing an iPS cell-derived cell therapy for the treatment of Parkinson's disease, the first of its kind in the world, in Japan and the United States. The other programs include its clinical study of an iPS cell-derived cell therapy for the treatment of retinal pigment epithelium tear, which started in Japan in June 2023, and its clinical study of an iPS cell-derived cell therapy for the treatment of retinitis pigmentosa, which started in the United States in November 2024. It has also already started sales of a regenerative medicine, RETHYMIC® (allogeneic processed thymus tissue-agdc), a one-time regenerative tissue-based therapy for pediatric congenital athymia, in the United States in March of 2022.

Sumitomo Chemical and Sumitomo Pharma expect that making full use of Sumitomo Pharma's technologies and advanced knowledge developed over the many years of experience in the research and development of iPS cell-derived cell therapies while also leveraging Sumitomo Chemical's expertise in industrial engineering, analysis and evaluation, and quality management will maximize the Group's synergies in this field. The companies will thus strive to speed up the development of the Group's regenerative medicine and cell therapy business and accelerate its globalization, and seek to scale it to a business worth a maximum of approximately 350 billion yen by the late 2030s (*2).

Overview of the Regenerative Medicine and Cell Therapy Joint Venture

Company name:	RACTHERA Co., Ltd. *The name RACTHERA (pronounced as RAK-thera) comes from the phrase “ <u>Re</u> generative <u>And</u> <u>C</u> ellular <u>T</u> HERApy”
Location:	2-7-1, Nihonbashi, Chuo-ku, Tokyo, Japan
Representative:	Atsushi Ikeda, Representative Director and President (currently Vice President, Head of Regenerative & Cellular Medicine Kobe Center, Sumitomo Pharma)
Scope of business:	Research, development, manufacture, sales, and import and export of regenerative medicine and cell therapy products, cell processing products, and regenerative medicine and cell therapy-related products
Capital:	1 million yen (as of November 15, 2024)
Date of establishment:	November 15, 2024
Shareholders:	Sumitomo Chemical: 66.6%; Sumitomo Pharma: 33.4% (from February 1, 2025)

The new joint venture RACTHERA is to become the core entity to undertake the research and development for the Sumitomo Chemical Group’s regenerative medicine and cell therapy business. Sumitomo Chemical, Sumitomo Pharma, their CDMO joint venture (*3), and RACTHERA will work as one to accelerate the growth of this business and provide new treatment options to patients as soon as possible.

*Sumitomo Pharma issued the following press release related to this matter today, Dec 17, 2024.

“Notice Regarding Company Split (Simplified Absorption-type Company Split) of the Regenerative Medicine and Cell Therapy Business and Transfer of Subsidiary Shares”:
<https://www.sumitomo-pharma.com/news/assets/pdf/ene20241217.1.pdf>

(*1) CDMO. Acronym of contract development and manufacturing organization. It is a business to develop commercial manufacturing processes and manufacture products for customers on contract. Sumitomo Chemical engages in CDMO business for small-molecule pharmaceutical active ingredients and intermediates, nucleic acid drug substances, and regenerative medicine and cell therapy products.

(*2) The estimation of the business value assumes that the multiple products that are under development will be successfully launched and does not make any adjustment based on probability of success.

(*3) Sumitomo Chemical and Sumitomo Pharma established S-RACMO (pronounced as ES-RAK-mo), a regenerative medicine and cell therapy CDMO, in 2020. The joint venture, headquartered in Suita City, Osaka, Japan, is expanding its business, and construction of its new manufacturing facility is underway.

(Reference)

“Change in Ownership Ratio in Regenerative Medicine and Cell Therapy CDMO,” press release dated September 30, 2024:
<https://www.sumitomo-chem.co.jp/english/news/detail/20240930e.html>

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