
Press Release

May 9, 2024

Sumitomo Pharma Co., Ltd.

Notice of Company Split (Simplified Absorption-type Company Split) of the Frontier Business and Notice of Business Acquisition by a Wholly-Owned Subsidiary of the Company

Sumitomo Pharma Co., Ltd. (the "Company") passed a resolution at its Board of Directors meeting held on May 9, 2024 to implement the company split of its Frontier Business and transfer to FrontAct Co., Ltd. ("FrontAct"), a wholly-owned subsidiary of the Company established on April 1, 2024, (the "Absorption-type Company Split") as described below. The Company also announced that FrontAct has entered into a business transfer agreement for medical business with MELTIN MMI on April 16, 2024. Disclosure items and details are partially omitted as the Absorption-type Company Split is a simplified absorption-type company split with a wholly-owned subsidiary of the Company.

I. The Company Split of the Frontier Business (Absorption-type Company Split)

1. Purpose of the Absorption-type Company Split

The Company operates the Frontier Business aiming to provide new solutions to resolve social issues in the field of non-pharmaceutical healthcare.

The Company established the Frontier Business Office in April 2019, and over the five years since the division's launch, the Company has expanded its development pipeline by securing new business development capabilities, intellectual properties, and business rights and has initiated the building of a platform with data business in mind, to expand its Frontier Business. Including the launch of a new medical device product in 2022, the Company expects to launch multiple products in the future, thereby entering a new phase of establishing a business foundation.

With the Absorption-type Company Split, FrontAct will further expand its network through collaboration and alliances with various business partners and academia as a company with agile business management along with realizing management decisions and business development that immediately respond to changes in customers, markets, and the environment. Under the new structure, FrontAct will pursue the possibility of incorporating capital from other companies in addition to our own capital and will focus on a sense of speed and profitability more than ever, thereby aiming to build a solid position in the business field.

The name "FrontAct" represents the FrontAct's aspiration to create innovation through cutting-edge technology and to take on (Action) new challenges (Front) that transcend the realm of pharmaceuticals. Unbound by conventional healthcare concepts, it aims to provide an innovative solution ecosystem to realize diverse lifestyles of people.

2. Outline of the Absorption-type Company Split

(1) Schedule

May 9, 2024	Resolution of the Absorption-type Company Split by the Board of Directors
May 9, 2024	Agreement date of the Absorption-type Company Split
June 18, 2024 (planned):	Effective date of the Absorption-type Company Split

The Absorption-type Company Split shall be implemented without obtaining the approval thereof by a resolution of a shareholders' meeting, as it is a simplified company split as stipulated in Article 784, Paragraph 2 of the Companies Act of Japan.

(2) Company Split Method

An absorption-type company split (a simplified company split) in which the Company shall be the splitting company and FrontAct shall be the succeeding company.

(3) Share Allotments

The Company shall be allotted 200,000 shares of FrontAct's common stock in compensation for the Absorption-type Company Split.

(4) Treatment of Share Options, etc.

The Company has issued neither any share options nor bonds with share options.

(5) Decrease in Capital Due to the Company Split

There will be no decrease in capital, etc. of the Company due to the Company Split.

(6) Rights and Obligations to be Succeeded by the Succeeding Company

FrontAct shall succeed to the assets, liabilities, and status under contracts (excluding employment contracts) related to the Frontier Business of the Company thereof to the extent specified by the Absorption-type Company Split Agreement.

As regards the succession of the obligations, it will be carried out by the assumption of obligation releasing an old obligor.

(7) Prospect for Fulfillment of Obligations

The Company has concluded that there will be no problems regarding the certainty of fulfilling the obligations to be borne by the Company and FrontAct after the Absorption-type Company Split.

3. Summary of the Company Involved in the Company Split (as of May 9, 2024)

	Splitting Company	Succeeding Company
(1) Company Name	Sumitomo Pharma Co., Ltd.	FrontAct Co., Ltd.
(2) Location	6-8, Doshomachi 2-	17-24, Shinkawa 1-Chome,

	Chome, Chuo-ku, Osaka	Chuo-ku, Tokyo, NMF Kayabacho Building 5F
(3) Name and Title of Representative	Hiroshi Nomura, Representative Director, President and CEO	Takehiko Nomura, Representative Director, President and CEO
(4) Business	Manufacturing and sales, etc. of pharmaceuticals and others	R&D, manufacturing, sales, leasing, import/export, etc. of products, software, and systems related to medical care, nursing care, welfare, health, lifestyle, and others
(5) Capital	22.4 billion yen	1 million yen
(6) Established	May 14, 1897	April 1, 2024
(7) Outstanding Shares	397,900,154 shares	100 shares
(8) Fiscal Year-End	March 31	March 31
(9) Major Shareholders and Shareholding Ratio	Sumitomo Chemical Co., Ltd. 51.76%	Wholly-owned subsidiary of the Company
(10)	Financial position and operating results at the end of the previous fiscal year (the fiscal year ended March 31, 2023 (consolidated))	
Capital	406,782 million yen	-
Assets	1,134,742 million yen	-
Equity Attributable to Owners of the Parent per Share	1,023.80 yen	-
Revenue	555,544 million yen	-
Operating Profit (loss)	(76,979 million yen)	-
Net Profit (loss)	(96,714 million yen)	-
Basic Earnings per Share	(187.55 yen)	-

4. Summary of the Business Division to be Split Off

(1) Description of the Business to be Split Off

It is the Company's Frontier Business and includes the following.

- R&D, manufacturing, processing, designing, maintenance, management, sales, trading, leasing, repairing, import/export of products, software, and systems related to medical care, nursing care, welfare, health, lifestyle, and others
- Provision of services related to medical care, nursing care, welfare, health, lifestyle, and others
- Collecting, surveying, analyzing, researching of various information and data, information processing services, and information provision services related to medical care, nursing care, welfare, health, lifestyle, and others

(2) Operating Results of the Division to be Split Off

Revenue (estimated for the fiscal year ended March 31, 2024): 50 million yen

(3) Items and Amounts of Assets and Liabilities to be Split Off (as of December 31, 2023)

Assets		Liabilities	
Item	Book Value	Item	Book Value
Current Assets	481 million yen	Current Liabilities	128 million yen
Fixed Assets	2,057 million yen	Fixed Liabilities	83 million yen
Total	2,538 million yen	Total	211 million yen

5. Status of the Company and FrontAct after the Company Split

There will be no change to the company name, description of business, location of the head office, representative, capital, and fiscal year of the Company and FrontAct after the company split.

6. Financial Impact on Business Performance

No major impact is expected from the Absorption-type Company Split on the Company's consolidated financial results.

II. Acquisition of the Medical Business of MELTIN MMI by FrontAct

1. Purpose of Business Acquisition

The Company launched the MELTz[®] Hand Rehabilitation System ("MELTz[®]"), co-developed with MELTIN MMI, on September 30, 2022. MELTz[®] is a robotic neurorehabilitation device (certified device) that enables motion assistance in accordance with the patient's movement intentions through its unique AI analysis of myoelectric signals from patients with hand and finger paralysis, converting them into robotic movements. MELTz[®] Portable (non-medical device) with simplified function is also under development and is expected to start full-scale sales around 2026. Various related solutions are also scheduled to be offered.

Upon succession of the Frontier Business through the Absorption-type Company Split and acquisition of the Medical Business from MELTIN MMI, FrontAct shall integrate the manufacturing and sales functions of MELTz[®] and maximize synergy effects by unifying R&D and sales of the succeeding products.

2. Summary of the Business Acquisition

(1) Description of the Business to be Acquired

Manufacturing and sales of MELTz[®] Hand Rehabilitation System and development of MELTz[®]-related business

(2) Operating Results of Business to be Acquired

Non-disclosure

(3) Items and Amounts of Assets and Liabilities of the Business to be Acquired
 Non-disclosure (assets and liabilities to be assumed are small)

(4) Acquisition Price and Settlement Method

By agreement between the parties, the acquisition price is undisclosed, however, the amount is small. The settlement method is expected to be cash.

(5) Summary of the Company to be Acquired

(1)	Company Name	MELTIN MMI	
(2)	Location	17-24 Shinkawa, 1-Chome Chuo-ku, Tokyo, NMF Kayabacho Building 5F	
(3)	Name and Title of Representative	Mark Kasuya, CEO	
(4)	Business	Cyborg business by using bio-signal and robot technology - R&D and commercialization of medical and welfare equipment - R&D and commercialization of empowering robots and devices	
(5)	Capital	100 million yen	
(6)	Net assets	Non-disclosure	
(7)	Total assets	Non-disclosure	
(8)	Established	July 19, 2013	
(9)	Major Shareholders and Shareholding Ratio	Non-disclosure	
(10)	Relationship Between the Company and MELTIN MMI	Capital Relationship	The Company has invested therein, but the shareholding ratio is undisclosed.
		Personal Relationship	One member of the Board of Directors of the Company concurrently serves as a director of MELTIN MMI.
		Business Relationship	The Company purchases and sells MELTz®.
		Status of Applicability to the Related Party	Major Shareholder

(6) Schedule

April 16, 2024	Date of Agreement
June 17, 2024 (planned)	Date of Business Acquisition

(7) Summary of Accounting Treatment

Accounting standards to be applied are currently under review.

(8) Financial Impact on Business Performance

No major impact is expected from this business acquisition on the Company's consolidated financial results.

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