April 22, 2024

Cyto-Facto Inc.

Cyto-Facto Inc. (Head Office: Chuo-ku, Kobe-City, CEO: Shin Kawamata, hereinafter referred to as CF), which conducts CMO/CDMO business specializing in Cell and Gene Therapy (CGT), has raised a total of 1.18 billion Yen through the third-party allocation of shares as Series A Fund-raising.

In this fundraising, the total amount of raised funds reached 1.18 billion Yen with investments from MPower Partners GP, Limited, an ESG-integrated global venture capital fund, and D3 LLC (D3 Bio-Healthcare Fund Investment Limited Partnership No.1), which advocates a global standard bio-healthcare fund, as lead investors respectively, and many business corporations and VCs including Asahi Kasei, Mitsubishi Corporation, Kobe University Capital, Mizuho Capital, SMBC Venture Capital, and others as follower investors.

The former Research & Development Center for Cell Therapy (RDC) in Foundation for Biomedical Research and Innovation at Kobe, the predecessor of CF, was the first in Asia to commercially manufacture a CAR-T product, Novartis' Kymriah®. After spinning out and starting new business activities in April 2023, CF has continued to support Fujifilm Ltd. for its development of the latest CGT, including the manufacture of investigational products for regenerative medicine.

As a global leader in the field of CGT development, we have contributed to the development of

technologies in this field under the leadership of Shin Kawamata, CEO.
Although it has been only one year since the company was established, we are proud that this fundraising is the result of high expectations for the CF's future, and we will use the raised funds to expand our business while strengthening our internal infrastructure, including ESG implementation, in order to protect the precious health of patients who need CGTs.

CF's vision for the world of gene and cell therapy - for all patients in need of treatment

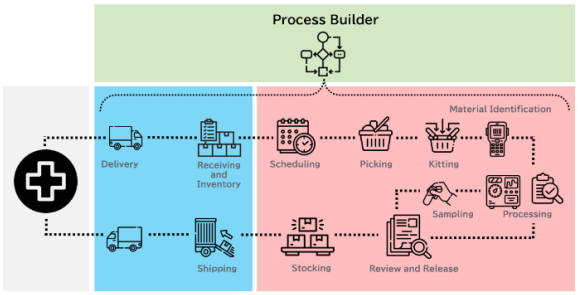
When CGTs to be supplied to Japan and Asia are manufactured in Europe and the U.S., the patient's tissue and blood are sent to manufacturing facilities in Europe and the U.S., and then sent back to Japan and Asia as products again, which entails huge transportation costs. In addition, unlike ordinary pharmaceutical products, the manufacturing of CGT is not automated, and the costs of manual manufacturing and labor costs for keeping the manufacturing records cause the price of CGT high, which is a major burden on patients.
CF has developed human resources with advanced knowledge and skills essential for the manufacture of CGT. As the success of these human resources, CF is the only one company which commercially manufactures CGT based on the international manufacturing standards (PIC/S GMP) in Japan. Based on these achievements, we will continue our efforts to deliver CGT to all patients in need of treatment.

1. Expansion and reinforcement of commercial manufacturing of CGT

In order to deliver CGT to a large number of patients in Japan, it is necessary to establish a manufacturing system in Japan, rather than overseas. CF will use the raised funds to further promote the management and expansion of manufacturing facilities under the Pharmaceutical Affairs Law and the development of various human resources who will be responsible for these manufacturing facilities. Furthermore, CF will aim to further expand its business to function as a "hub" for CMO/CDMO of CGT for patients in Asia, taking advantage of its experience of manufacturing investigational drugs from the overseas pharmaceutical company.

2. Cost reduction and environmental consideration through computerization

CF is developing a cloud-based DX system, CytoFactory 4.0 (CF4.0), to improve manufacturing efficiency. CF4.0 is an all-in-one manufacturing/information management system that digitizes inventory control information, manufacturing process records, quality inspection records, and approval processes, making it possible to accumulate, link, and unify manufacturing-related data in the cloud and to prove the robustness of the acquired manufacturing information.
In addition, the introduction of CF4.0 is expected not only to realize a completely paperless process, leading to significant cost reductions in the number of manufacturing processes and labor costs, but also to contribute to the revision process itself and the development of new products by linking manufacturing and quality control data. Furthermore, by changing from paper-based to cloud-based recording, we will also take the environment into consideration.



About the new management structure

CF has restarted with the participation of Ms. Yumiko Murakami from MPower Partners Fund L.P., the lead investor, as an outside director. Together with Mr. Tomoya Nagata of D3 LLC, the company now has two outside directors and four internal directors.
The directors and employees will work together to effectively utilize the raised funds to resolve the two issues mentioned above.

Comments from Yumiko Murakami, General Partner of MPower Partners GP, Limited

We saw the potential and significance of CF, which is the only company in all Asia that commercially manufactured Novartis' Kymriah (anti-cancer drug) for approximately 200 patients with relapsed/ refractory B-cell acute lymphoblastic leukemia. MPower also has high expectations for the development of a system (CF4.0) that leverages this track record, and we are pleased to invest in the company. We believe that CF, based on Dr. Kawamata's long-standing research on CGT, will become an indispensable medical infrastructure not only for Japan but also for Asia through the reinforcement of its sales force and support from investors, including MPower. MPower is committed to support CF's efforts through ESG implementation, including internal governance and reducing medical waste.

Comments from Tomoya Nagata, Managing Partner of D3 LLC

It has been a year since we spun out from Foundation for Biomedical Research and Innovation at Kobe, a public interest incorporated foundation, as a start-up company. CF, led by Dr. Kawamata, was known around the world for its achievements and technological capabilities, but as a private company that runs and grows on its own, it was a seed-stage startup that had just been born. D3 has been accompanying the company since its spin-out, and over the past year, we have been working with the company on management, organization, finance, sales, and other aspects of the start-up. A startup spinout from a public institution is a rare challenge in Japan and abroad. It has been a year of unprecedented change, but the executives and staff of CF have overcome the challenges. I am sure it is because of their aspiration to "bring the world's most advanced cell and gene therapy to patients in Japan, and to fulfill our responsibility as an infrastructure that enables Japan to develop medical technology that will contribute to the world. This process was also highly evaluated, and we were able to bring in MPower Partners, a globally active VC firm, as the lead investor. In addition, many other investors have also expressed an interest in investing in the company, including Asahi Kasei Corporation and Mitsubishi Corporation as operating companies, SMBC VC and Mizuho Capital as financial institutions, and Kobe University Capital as university VC, resulting in Series A funding that far exceeded our initial plan. Through this financing, CF, as a private company with sustainable growth, will strengthen its sales

structure as a CGT CDMO covering not only Japan but also Asia. We will also promote the full implementation of our cell manufacturing DX program based on our experience in cell manufacturing for the launch of global mega pharma quality standards. Furthermore, as a global leader* in CGT development and manufacturing, we will continue to promote research and development of cutting-edge CGT technologies.
(*Most recently, Dr. Kawamata will present at ISCT (International Society for Gene and Cell Therapy) in May of this year: iPSC Signature Series - ISCT 2024 (iPSC Signature Series - ISCT 2024 (isctglobal.org))

Comments from Shin Kawamata, Cyto-Facto CEO

One year has passed since we spun out from FBRI, and we owe this milestone to our great business partners and stakeholders. Our team is very grateful to have raised nearly 1.2 billion Japanese yen in this round of funding, and we believe it is a testament to the societal importance of our business and the high expectations for our growth.
We are humbled and excited to work with our investors, MPower Partners and D3, who are co-leading this round. D3 has been an ongoing supporter of Cyto-Facto since their initial investment in the summer of 2023, and we are grateful to receive their investment again with MPower, a globally minded and ESG-focused venture capital fund. With other VCs, corporates and trading firms also participating in this round, we are confident in our journey to become a globally competitive company.

About us

Specializing in CGT, we offer CMO/CDMO business, contract quality testing, and consulting services for manufacturing CGT.

【Company】

- Name: Cyto-Facto Inc.
- Representative: Shin Kawamata, MD, PhD, CEO
- Location: Shimin Byoin Mae Bldg 3F, 2-1-11, Minatojima-minamimachi, Chuo-ku, Kobe, Japan
- Establishment: October 18, 2022
- Employees: 65 (as of April 1st, 2024)
- HP: https://www.cytofacto.com/en/

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