March 13, 2018

Company name: SanBio Co., Ltd.

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Notice Concerning Differences Between Consolidated Financial Forecasts and Actual Results for the Fiscal Year Ended January 31, 2018

SanBio Co., Ltd. hereby announces that differences have arisen between its consolidated financial forecasts for the fiscal year ended January 31, 2018 (from February 1, 2017 to January 31, 2018) released on March 17, 2017, and the actual results announced today.

1. Differences with consolidated financial forecasts
   Differences between consolidated financial forecasts and actual results for the fiscal year ended January 31, 2018 (From February 1, 2017 to January 31, 2018)

	Operating Revenue	Operating Income	Ordinary Income	Net Income Attributable to Owners of Parent	Net Income Per Share
Previous Forecast (A) (as of March 17, 2017)	Million yen 662	Million yen -3,945	Million yen -3,957	Million yen -3,982	Yen -87.82
Actual Results (B)	490	-4,378	-3,947	-3,940	-86.85
Amount Change (B-A)	-172	-433	10	42	
Percentage Change (%)	-26.0	―	―	―	
(Reference) Actual results for the fiscal year ended January 31, 2017	949	-1,932	-2,166	-1,835	-40.88

2. Reasons for the differences
   The clinical trial for the treatment of chronic motor deficit from ischemic stoke is being conducted in the US in accordance with the joint development agreement with Sumitomo Dainippon Pharma Co., Ltd. In the fiscal year ended January 31, 2018, enrollment for the Phase 2b clinical trial was completed three months ahead of plan. However, the booking of development support fee revenue associated with the joint development, which the company anticipated for the fiscal year under review,

has been deferred in part to the subsequent fiscal year. As a result, a difference occurred between the forecast and actual result for operating revenue due to development support fees finishing below plan. Turning to profits, although the Phase 2b clinical trial for the treatment of chronic motor deficit from ischemic stroke in the US and the Phase 2 clinical trial for the treatment of chronic motor deficit from traumatic brain injury (TBI) in Japan and the US made steady progress as mentioned above, the operating loss widened as clinical development costs exceeded the forecast. However, the ordinary loss and net loss attributable to owners of parent were broadly in line with forecasts because the US-based Phase 2b clinical trial for the treatment of chronic motor impairments resulting from stroke obtained a grant from the California Institute for Regenerative Medicine (CIRM), a portion of which was booked as non-operating income.