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Supplementary information to the Notice regarding an equity and business alliance between five companies for joint research on the appropriate use, adoption, and stable distribution of regenerative cell medicine SB623

SanBio Co., Ltd. (representative: Keita Mori, headquarters: Chuo-ku, Tokyo; hereinafter SanBio) has agreed to enter into an equity and business alliance with CareNet, Inc. (representative: Katsuhiro Fujii, headquarters: Chiyoda-ku, Tokyo; hereinafter CareNet), Medical Incubator Japan K.K. (representative: Jun Katsura, headquarters: Minato-ku, Tokyo; hereinafter Medical Incubator), Vital KSK Holdings, Inc. (representative: Taisuke Murai, headquarters: Setagaya-ku, Tokyo; hereinafter Vital KSK Holdings), and Astem Inc. (representative: Tsuguo Yoshimura, headquarters: Oita, Oita Prefecture; hereinafter Astem) regarding the appropriate use, adoption, and stable distribution of regenerative cell medicine SB623 as announced in the "Notice regarding an equity and business alliance between five companies for joint research on the appropriate use, adoption, and stable distribution of regenerative cell medicine SB623" on the same day as this supplementary information.

The following outlines the details of the agreement.

Since its founding as a biotechnology startup in 2001, SanBio has worked to develop its propriety regenerative cell medicine SB623 targeting central nervous system disorders and made steady progress. In the SB623 development program targeting chronic motor deficit from ischemic stroke in the US, phase 2b clinical trials are currently underway. Enrollment of 163 patients have already been completed, and SanBio plans to announce the results of the clinical trial in the first half of the fiscal year ending January 31, 2020 (February 2019 to July 2019) after a 12-month follow-up period. In Japan, SanBio is currently preparing for the development of SB623 with an aim of launching the product targeting chronic motor deficit from ischemic stroke in Japan ahead of anywhere else in the world. Further, in the program targeting chronic motor deficit from traumatic brain injury (TBI) in Japan and the US, phase 2 clinical trials are currently underway. Enrollment of 61 patients have been completed, and the results of the clinical trials are scheduled to be announced during the fiscal year ending January 31, 2019 (February 2018 to January 2019) after a six-month follow-up period. For the program targeting chronic motor deficit from TBI in Japan, SanBio aims to apply for manufacture and marketing approval by utilizing the conditional and time-limited authorization system for regenerative medicine products under the Revised Pharmaceutical Affairs Act of Japan, in the fiscal year ending January 31, 2020 (February 2019 to January 2020).

While SanBio is making steady progress in the R&D of SB623 as outlined above, it is preparing to establish a system for manufacture, distribution, and sales of SB623, which will be necessary after its launch. As part of

preparatory measures for establishing a manufacturing system, SanBio Group has entered into a business alliance agreement with Hitachi Chemical Group regarding manufacture of SB623 on March 13, 2018. SanBio decided to form an equity and business alliance with the four companies stated above to ensure the appropriate use, adoption, and stable distribution of SB623 after launch in Japan as part of its effort to prepare for building a distribution and sales system. Based on the alliance agreement, with SB623 as the research target, SanBio will conduct joint research on the appropriate use and adoption of the product with CareNet and Medical Incubator, and on distribution with Vital KSK Holdings and Astem. By utilizing CareNet and Medical Incubator's extensive track records in providing pharmaceutical information and educational content for physicians and pharmacists and Vital KSK Holdings and Astem's experience and knowledge in pharmaceutical distribution, SanBio believes it can enrich the content and quality of the joint research.

Since its founding, CareNet has been dedicated to educating physicians and providing support to pharmaceutical companies. CareNet's business assets include over 140,000 member physicians, proven track records in providing sales support for pharmaceutical companies, and a network of physicians built through its educational content business for physicians. Based on such, SanBio has judged that it can accelerate the promotion of appropriate use and adoption of regenerative cell medicine SB623—a new type of drug many in the pharmaceutical and healthcare industry are not familiar with—by collaborating with CareNet, and hence decided to invest in CareNet.