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Delay in First Implantation to Patients for Phase 2b Trial of Regenerative Medicine "SB623" for Chronic Stroke in the United States and its expected impact on Business Results

SanBio Co., Ltd. (hereafter "the Company") announced today that, in its Phase 2b clinical trial for regenerative medicine SB623 for chronic stroke in the United States, the first implantation to patients originally scheduled to occur in the Company's fourth fiscal quarter ended January 31, 2016 will be delayed until the first quarter of the Company's fiscal year ending January 31, 2017.

1. Details and background of the delay in first implantation to patients.

After the Company began patient recruitment in December, 2015 for the Phase 2b clinical trial for chronic stroke in the United States, the first implantation to patients was scheduled by the end of January, 2016. However, due to external factors, such as site approval as well as the scheduling of patients, we found that the first implantation will be delayed until the first quarter of the fiscal year ending January 31, 2017.

This clinical trial has been conducted in accordance with the Company's joint development agreement with Sumitomo Dainippon Pharma Co., Ltd., under which the Company receives a total of $10 million as a development milestone payment when the clinical trial in the United States proceeds to Phase 2b. Half of this payment, $5 million, was received upon entering into an agreement with the first clinical site in September, 2015. The remaining $5 million is due upon the first implantation to patients. The Company's previous forecast was based upon receiving the entire $10 million in the fiscal year ended January 31, 2016. However, as a result of the delay in first dosing, we have changed our forecast and now anticipate receiving the remaining $5 million in the fiscal year ending January 31, 2017.

2. Expected impact on profit and loss.

The Company is currently investigating the impact on business results of the aforementioned delay in the first implantation to patients in the clinical trial for chronic stroke in the United States. Details will be promptly disclosed as soon as they become available.