December 13, 2019

Company name: SanBio Co., Ltd.
Representative: Keita Mori, Representative Director and President
(TSE Mothers Code: 4592)
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SanBio and Sumitomo Dainippon Pharma Announce a Decision to Terminate a Joint Development and License Agreement for Regenerative Cell Medicine SB623 for Chronic Stroke in North America

SanBio Co., Ltd. (the ***"Company"***) hereby announces that SanBio and Sumitomo Dainippon Pharma Announce a Decision to Terminate a Joint Development and License Agreement for Regenerative Cell Medicine SB623 for Chronic Stroke in North America as attached.

The impact of this event does not affect the Company's consolidated operating performance for the fiscal year ending January 31, 2020.

December 13, 2019

SanBio Co., Ltd.
Sumitomo Dainippon Pharma Co., Ltd.

SanBio and Sumitomo Dainippon Pharma Announce a Termination of a Joint Development and License Agreement for Regenerative Cell Medicine SB623 for Chronic Stroke in North America

SanBio Co., Ltd. (Head Office: Chuo-ku, Tokyo, Japan; President: Keita Mori) and Sumitomo Dainippon Pharma Co., Ltd. (Head Office: Osaka, Japan; Representative Director, President and CEO: Hiroshi Nomura) announced today that the two companies have agreed to discontinue joint development of regenerative cell medicine SB623 for chronic stroke in North America (the United States and Canada) and to terminate the joint development and license agreement (the Agreement) concluded between SanBio, Inc., SanBio's subsidiary in the United States, and Sumitomo Dainippon Pharma in 2014. With this, the rights to SB623 in North America will be returned to the SanBio Group (SanBio and SanBio, Inc.) and there will be no payment or receipt of development cooperation fees or monetary remittance at milestones or otherwise between the two companies. As of this writing, Sumitomo Dainippon Pharma has no imminent intention to sell the shares of SanBio that it holds.

SanBio Inc. and Sumitomo Dainippon Pharma concluded the Agreement in September 2014, following the favorable results of a Phase 1/2a study that the SanBio Group conducted in the United States to determine the efficacy of SB623 for chronic stroke. A Phase 2b study that commenced in 2015 did not meet its primary endpoint upon completion in January 2019. Based on a detailed analysis of the Phase 2b study results and discussions of SB623's future development strategy that followed, the two companies concurred that the Agreement should be terminated.

Sumitomo Dainippon Pharma has determined to discontinue joint development of SB623 after evaluating priorities of its business strategies by taking into account the detailed analysis results of its Phase 2b study. Meanwhile, the SanBio Group will continue development of SB623 for chronic stroke in the hopes of marketing it globally.

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