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Concerning Accounting for Grant from California Institute of Regenerative Medicine

SanBio Group (SanBio Co., Ltd. as "the Company," and its subsidiary SanBio Inc.) today announced that in terms of accounting for a grant of $20 million that it will receive from the California Institute of Regenerative Medicine (CIRM), the Company will record the grant to be received as non-operating income as it is non-operating transaction.

As the Company announced in the press release "Concerning Milestones for Receiving Grant from California Institute of Regenerative Medicine" on September 20, 2017, the grant will be received in installments as development progresses. And as it announced in the press release "SanBio Receives $4.5 Million Grant Payment from California Institute of Regenerative Medicine" on September 26, 2017, the Company has already received the $4.5 million grant for concluding a contract with CIRM, although the timing of receipt of the remaining payments of the grant has not yet been determined.

The impact of receiving this grant on the Group's financial results for the fiscal year ending January 31, 2018, is being examined. If any matters to be disclosed arise, the Company will announce them promptly.