



November 16, 2021

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Business Partnership for Development and Commercialization of Medical Device Implant utilizing MSC2 for the regeneration of esophageal tissue in humans

SanBio Company Limited (hereafter, “the Company”) hereby announces that it entered into a business partnership agreement with D&P Bioinnovations, Inc. (San Diego, California; hereafter, “D&P”), a US-based regenerative medicine company, regarding the development and commercialization of a medical device implant utilizing the Company’s regenerative medicine MSC2 for the regeneration of esophageal tissue in humans on November 15, 2021.

1. Overview of the business partnership

Under the partnership agreement, SanBio will grant D&P a non-exclusive, non-transferable license to use MSC2 for the development and commercialization of the latter’s regenerative esophageal implant. In return, the Company will receive rights to commercialize D&P’s regenerative esophageal implant in Japan, as well as first negotiation rights to commercialize the implant in other parts of Asia. Further, the Company will receive tiered royalties (up to 2.5%) for D&P’s sales of the implant outside Japan. In case D&P out-licenses its regenerative esophageal implant to a third party, the Company will be entitled to a certain proportion (up to 20%) of the profits D&P earns from out-licensing the implant.

In terms of major expenses, SanBio will cover expenses required for the development of manufacturing processes of MSC2 while D&P will shoulder expenses for the development of the regenerative esophageal implant in all countries except Japan.

Keita Mori, CEO of SanBio, commented as follows on the partnership agreement:

D&P has extensive knowledge and highly specialized expertise in the field of regenerative esophageal implants. We believe our collaboration with D&P, which includes the supply of MSC2, will lead to development of a medical device implant that can provide substantial potential benefits to patients suffering from esophageal damages.

Dr. Derek Dashti, CEO of D&P, commented as follows:

We at D&P Bioinnovations are pleased to cooperate with SanBio, a leader in regenerative medicine research development, in our development of regenerative esophageal implants. D&P is a regenerative medicine company focused on repairing damaged tissue/organs with engineered biomaterials and stem cells. We look forward to collaborating with SanBio on the development of our off-the-shelf engineered platform organ regenerative implant for our first application to treat and regenerate a severely damaged esophagus due to cancer, illness, and/or physical trauma. This collaboration is exciting to continue our work in changing and translating the paradigm of regenerative medicine therapeutics through the use of D&P’s novel engineered off-the-shelf tissue/organ regenerative implants.

2. Overview of business partner

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| (1) | Company name | D&P Bioinnovations, Inc. |
| (2) | Location | San Diego, California, the U.S.A. |
| (3) | Name and position of representative | Derek Dashti, CEO |
| (4) | Main business | Development of platform tissue/organ regenerative implants: 1st application to develop regenerative esophageal implants. |
| (5) | Date established | March, 2015 |

3. Outlook

The impact of the newly published analytical results on earnings for the current fiscal year (ending January 2022) is expected to be marginal, but the Company thinks the partnership will contribute to enhancing its performance in the medium to long term.