



September 10, 2018

Company name: SanBio Co., Ltd.  
Representative: Keita Mori, Representative Director and President  
(TSE Mothers Code: 4592)  
Contact: Yoshihiro Kakutani, Corporate Officer of Management Administration  
(TEL: +81-3-6264-3481)

Company name: CareNet, Inc.  
Representative: Katsuhiko Fujii, President and COO  
(TSE Mothers Code: 2150)  
Contact: Toshiro Ichimasa, Operating Officer, Manager, Corporate Planning and Management Division  
(TEL: +81-3-5214-5800)

Company name: Medical Incubator Japan K.K.  
Representative: Jun Katsura, President & Co-CEO  
Contact: Mitsuhiro Hata, Director, Chief Administrative Officer  
(TEL: +81-3-4590-0240)

Company name: Vital KSK Holdings, Inc.  
Representative: Taisuke Murai, President & CEO  
(TSE 1 Code: 3151)  
Contact: Masaaki Tsugoshi, Director, Head of Business Planning  
(TEL: +81-22-218-6132)

Company name: Astem Inc.  
Representative: Tsuguo Yoshimura, President  
Contact: Forest Holdings Inc.  
Ryuji Eguchi, Director, Executive Officer, Head of Corporate Planning Division  
(TEL: +81-92-477-5804)

**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) hereby

## 1. Overview of the business alliance

## Cutting-edge regenerative cell medicine startup



## 2. Overview of the equity alliance

Although the main goal of forming business alliance is to improve the content of joint research, the five companies have judged that they could also increase their corporate value by taking part in the alliance. Hence, to conduct the joint research in a more cooperative way and to make the best of their alliance, they have decided to enter into an equity alliance agreement.

SanBio will acquire 1,076,400 common shares in CareNet held by its largest shareholder CareNet Innovation Investment Limited Partnership (hereinafter CareNet Innovation) in an off-market transfer (9.74% of 11,048,000 outstanding shares as of August 31, 2018). CareNet, Medical Incubator, Vital KSK Holdings, and Astem will acquire in total 1.59% of outstanding shares in SanBio (49,713,533 shares as of August 31, 2018). Medical Incubator will own shares in SanBio through CareNet Innovation, which Medical Incubator manages as a general partner.

## 3. Profiles of companies in the equity and business alliance

### (1) Profile of SanBio

(1) Company name	SanBio Co., Ltd.	
(2) Address	8-1 Akashi-cho, Chuo-ku, Tokyo	
(3) Representative	Keita Mori, Representative Director and President	
(4) Main business	Development, manufacture, and sales of regenerative cell medicines	
(5) Capital	3,875 million yen	
(6) Established	February 2013	
(7) Major shareholders and shareholding ratios (as of January 31, 2018)	Toru Kawanishi 26.86%	
	Keita Mori 13.18%	
	Sumitomo Dainippon Pharma Co., Ltd. 6.19%	
	Tenjin Limited 6.10%	
	J.P. Morgan Bank Luxembourg S.A. 385576 1.42%	
	RBC IST 15 PCT Lending Account–Client Account 1.27%	
	Japan Trustee Services Bank, Ltd. (Trust Account) 1.19%	
	The Bank of New York 133524 1.12%	
	RBC ISB S/A DUB Nonresident/Treaty Rate UCITS–Clients Account 0.87%	
	SBI Securities Co., Ltd. 0.85%	
(8) Relationships with partnering companies	Relationship with CareNet	
	Capital relationship	Toru Kawanishi, Executive Chairman and Co-CEO of SanBio, owns 1.30% of outstanding shares in CareNet (as of June 30, 2018). Motoyasu Ohno, Chairman and CEO of CareNet, owns 0.26% of outstanding shares in SanBio (as of January 31, 2018).

	Personal relationship	Not applicable	
	Business relationship	Based on an outsourcing agreement concluded in the fiscal year ended in January 31, 2018, SanBio has outsourced post-market research of SB623 to CareNet.	
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable	
	Relationship with CareNet Innovation		
	Capital relationship	Not applicable	
	Personal relationship	Not applicable	
	Business relationship	Not applicable	
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable	
	Relationship with Medical Incubator		
	Capital relationship	Not applicable	
	Personal relationship	Not applicable	
	Business relationship	Not applicable	
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable	
	Relationship with Vital KSK Holdings		
	Capital relationship	Not applicable	
	Personal relationship	Not applicable	
	Business relationship	Not applicable	
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable	
	Relationship with Astem		
	Capital relationship	Not applicable	
	Personal relationship	Not applicable	
	Business relationship	Not applicable	
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable	
(9) Consolidated earnings and financial position for the last three fiscal years			
Fiscal year ended	January 2016	January 2017	January 2018
Net assets (million yen)	6,366	4,594	853
Total assets (million yen)	8,271	6,292	5,193
Net assets per share (yen)	142.66	101.52	18.33

Operating revenue (million yen)	1,174	949	490
Operating income (million yen)	(1,125)	(1,932)	(4,378)
Ordinary income (million yen)	(1,172)	(2,166)	(3,947)
Net income attributable to owners of parent (million yen)	(988)	(1,835)	(3,940)
Net income per share (yen)	(22.67)	(40.88)	(86.85)
Dividend per share (yen)	None	None	None

(2) Profile of CareNet

(1) Company name	CareNet, Inc.		
(2) Head office	1-5-6 Kudan-minami, Chiyoda-ku, Tokyo		
(3) Representative	Katsuhiro Fujii, President and COO		
(4) Main business	Provides pharmaceutical sales support for pharmaceutical companies Provides medical content for physicians and other health care professionals		
(5) Capital	627 million yen		
(6) Established	July 1996		
(7) Major shareholders and shareholding ratios (as of June 30, 2018)	CareNet Innovation Investment Limited Partnership		28.64%
	BNYM Non-Treaty DTT		7.42%
	Astem Inc.		6.20%
	Vital-Net, Inc.		3.72%
	Millennium Partners Co., Ltd.		3.65%
	KSK Co., Ltd.		2.48%
	Motoyasu Ohno		2.42%
	UBS Securities LLC–HFS Customer Segregated Account		1.62%
	Kanji Fujii		1.54%
(8) Relationships with partnering companies	Relationship with SanBio		
	Capital relationship	Toru Kawanishi, Executive Chairman and Co-CEO of SanBio, owns 1.30% of outstanding shares in CareNet (as of June 30, 2018). Motoyasu Ohno, Chairman and CEO of CareNet, owns 0.26% of outstanding shares in SanBio (as of January 31, 2018).	
	Personal relationship	Not applicable	
	Business relationship	Based on an outsourcing agreement, CareNet has received orders for market research from SanBio.	
	Affiliated party as prescribed in the Rules of Corporate	Not applicable	

	Accounting	
	Relationship with CareNet Innovation	
	Capital relationship	CareNet Innovation owns 28.64% of outstanding shares in CareNet (as of June 30, 2018).
	Personal relationship	Not applicable
	Business relationship	CareNet and CareNet Innovation have concluded an equity alliance agreement.
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable
	Relationship with Medical Incubator	
	Capital relationship	Mitsuhiro Hata, Director of Medical Incubator, owns 0.75% of outstanding shares in CareNet (as of June 30, 2018). Medical Incubator owns 28.64% of outstanding shares in CareNet through CareNet Innovation, which Medical Incubator manages as a general partner (as of June 30, 2018).
	Personal relationship	Motoyasu Ohno, Chairman and CEO of CareNet, was appointed as Chairman & Co-CEO of Medical Incubator.
	Business relationship	CareNet and Medical Incubator have concluded a business alliance agreement and a consortium agreement.
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable
	Relationship with Vital KSK Holdings	
	Capital relationship	Vital-Net and KSK (subsidiaries of Vital KSK Holdings) respectively owns 3.72% and 2.48% of outstanding shares in CareNet (as of June 30, 2018).
	Personal relationship	Not applicable
	Business relationship	Not applicable
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable

	Relationship with Astem	
	Capital relationship	Astem owns 6.20% of outstanding shares in CareNet (as of June 30, 2018).
	Personal relationship	Not applicable
	Business relationship	CareNet and Astem have concluded an agreement regarding cooperation on DVD sales.
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable

(9) Consolidated earnings and financial position for the last three fiscal years\*

Fiscal year ended	December 2015	December 2016	December 2017
Total net assets (million yen)	1,424	1,528	1,904
Total assets (million yen)	1,723	2,029	2,778
Net assets per share (yen)	131.40	140.80	176.57
Net sales (million yen)	1,911	2,196	2,854
Operating profit (million yen)	153	194	407
Ordinary income (million yen)	147	197	408
Net income attributable to parent company shareholders (million yen)	132	158	464
Net income per share (yen)	12.25	14.62	42.64
Dividend per share (yen)	10.00	8.00	6.00

\*Note: CareNet carried out a two-for-one stock split effective October 1, 2017. Net assets per share and net income per share were calculated based on the assumption that the stock split was carried out at the beginning of the fiscal year ended December 31, 2015.

(3) Profile of CareNet Innovation

(1) Company name	CareNet Innovation Investment Limited Partnership	
(2) Head office	3-5-6 Kita-aoyama, Minato-ku, Tokyo	
(3) Representative	General partner: Millennium Partners Co., Ltd. Mitsuhiro Hata, Managing Partner General partner: Medical Incubator Japan K.K. Jun Katsura, President & Co-CEO	
(4) Main business	Purchases and owns stocks, share acquisition rights, bonds with share acquisition rights, convertible bonds with stock acquisition rights, and other investment securities issued by companies	
(5) Total capital	1,360,636,638 yen	
(6) Date established	November 25, 2008	
(7) Investors and capital contribution ratios	Astem Inc.	48.70%
	Vital-Net, Inc.	29.22%

(as of June 30, 2018)	KSK Co., Ltd. 19.48%	
	IC Solutions Co., Ltd. 2.58%	
(8) Relationships with partnering companies	Relationship with SanBio	
	Capita relationship	Not applicable
	Personal relationship	Not applicable
	Business relationship	Not applicable
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable
	Relationship with CareNet	
	Capital relationship	CareNet Innovation owns 28.64% of outstanding shares in CareNet (as of June 30, 2018).
	Personal relationship	Not applicable
	Business relationship	CareNet Innovation and CareNet have concluded an equity alliance agreement.
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable
	Relationship with Medical Incubator	
	Capital relationship	Medical Incubator owns 0.01% of interest in CareNet Innovation as a general partner.
	Personal relationship	Medical Incubator is serving as the representative of CareNet Innovation as a general partner.
	Business relationship	Medical Incubator executes business operations of CareNet Innovation as a general partner.
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable
	Relationship with Vital KSK Holdings	
	Capital relationship	Capital contributions from Vital-Net and KSK (subsidiaries of Vital KSK Holdings) account for 29.22% and 19.48%, respectively, of total capital in CareNet Innovation.
	Personal relationship	Not applicable
	Business relationship	Not applicable



	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable
	Relationship with Astem	
	Capital relationship	Astem contributed to 48.70% of total capital in CareNet Innovation (as of June 30, 2018).
	Personal relationship	Not applicable
	Business relationship	Not applicable
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable
(9) Consolidated earnings and financial position for the last three fiscal years		
	Because CareNet Innovation is an unlisted company, its earnings results and financial position shall not be disclosed.	

(4) Profile of Medical Incubator

(1) Company name	Medical Incubator Japan K.K.	
(2) Head office	3-5-6 Kita-aoyama, Minato-ku, Tokyo	
(3) Representative	Jun Katsura, President & Co-CEO	
(4) Main business	Investment activities specializing in the healthcare field Incubation services for companies involved in development and sales of healthcare products and services	
(5) Capital	50 million yen	
(6) Date established	May 15, 2018	
(7) Major shareholders and shareholding ratios (as of June 30, 2018)	Mitsuhiro Hata	60.00%
	Jun Katsura	20.00%
	Motoyasu Ohno Office, Ltd.	20.00%
(8) Relationships with partnering companies	Relationship with SanBio	
	Capital relationship	Not applicable
	Personal relationship	Not applicable
	Business relationship	Not applicable
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable
	Relationship with CareNet	
	Capital relationship	Mitsuhiro Hata, Director of Medical Incubator, owns 0.75% of outstanding shares in CareNet (as of June 30, 2018). Medical Incubator owns 28.64% of

		outstanding shares in CareNet through CareNet Innovation, which Medical Incubator manages as a general partner (as of June 30, 2018).
	Personal relationship	Motoyasu Ohno, Chairman and CEO of CareNet, was appointed as Chairman & Co-CEO of Medical Incubator.
	Business relationship	Medical Incubator have concluded a business alliance agreement and a consortium agreement with CareNet.
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable
	Relationship with CareNet Innovation	
	Capital relationship	Medical Incubator owns 0.01% interest in CareNet Innovation as a general partner.
	Personal relationship	Medical Incubator is serving as the representative of CareNet Innovation as a general partner.
	Business relationship	Medical Incubator executes business operations of CareNet Innovation as a general partner.
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable
	Relationship with Vital KSK Holdings	
	Capital relationship	Not applicable
	Personal relationship	Not applicable
	Business relationship	Vital KSK Holdings invests in CareNet Innovation, which Medical Incubator manages as a general partner.
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable
	Relationship with Astem	
	Capital relationship	Not applicable
	Personal relationship	Not applicable
	Business relationship	Astem invests in CareNet Innovation, which Medical Incubator manages as a general

		partner.
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable
(9) Consolidated earnings and financial position for the last three fiscal years		
	Because Medical Incubator is an unlisted company, its earnings results and financial position shall not be disclosed.	

(5) Profile of Vital KSK Holdings

(1) Company name	Vital KSK Holdings, Inc.	
(2) Head office	1-1-12 Tsurumaki, Setagaya-ku, Tokyo	
(3) Representative	Taisuke Murai, President and CEO	
(4) Main business	Corporate planning and management of group companies that operate pharmaceutical wholesale and retail businesses and other related businesses	
(5) Capital	5,000 million yen	
(6) Date established	April 1, 2009	
(7) Major shareholders and shareholding ratios (as of March 31, 2018)	Suzuhiko Co., Ltd.	8.66%
	Mizuho Trust & Banking Co., Ltd. Employee pension trust	3.91%
	Employee Stock Ownership Association of KSK Co., Ltd.	2.73%
	Mitsubishi Tanabe Pharma Corporation	2.57%
	Ken Suzuki	2.36%
	Dainippon Sumitomo Pharma Co., Ltd.	2.12%
	Cueco Co., Ltd.	2.10%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	2.09%
	Takeda Pharmaceutical Company Limited	2.05%
	Koichiro Suzuki	1.81%
(8) Relationships with partnering companies	Relationship with SanBio	
	Capital relationship	Not applicable
	Personal relationship	Not applicable
	Business relationship	Not applicable
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable
	Relationship with CareNet	
	Capital relationship	Vital-Net and KSK (subsidiaries of Vital KSK Holdings) respectively owns 3.72% and 2.48% of outstanding shares in CareNet (as of June 30, 2018).
	Personal relationship	Not applicable

	Business relationship	Not applicable		
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable		
	Relationship with CareNet Innovation			
	Capital relationship	Capital contributions from Vital-Net and KSK (subsidiaries of Vital KSK Holdings) account for 29.22% and 19.48%, respectively, of total capital in CareNet Innovation (as of June 30, 2018).		
	Personal relationship	Not applicable		
	Business relationship	Not applicable		
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable		
	Relationship with Medical Incubator			
	Capital relationship	Not applicable		
	Personal relationship	Not applicable		
	Business relationship	Vital KSK Holdings invests in CareNet Innovation, which Medical Incubator manages as a general partner.		
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable		
	Relationship with Astem			
	Capital relationship	Vital-Net owns 0.52% of outstanding shares in Forest Holdings (as of March 31, 2018). Astem owns 0.35% of outstanding shares in Vital KSK Holdings (as of March 31, 2018).		
	Personal relationship	Yasuaki Yoshimura, Chairman of the Board of Astem, was appointed as the outside director of Vital KSK Holdings.		
	Business relationship	Not applicable		
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable		
	(9) Consolidated earnings and financial position for the past three fiscal years			
	Fiscal year ended	March 2016	March 2017	March 2018

Net assets (million yen)	85,261	90,007	98,447
Total assets (million yen)	327,047	305,375	321,679
Net assets per share (yen)	1,504.04	1,586.61	1,735.04
Net sales (million yen)	621,040	581,079	565,589
Operating profit (million yen)	6,892	3,207	2,384
Ordinary profit (million yen)	10,584	6,987	6,276
Profit attributable to owners of parent (million yen)	6,556	4,778	4,467
Basic earnings per share (yen)	117.25	84.78	79.27
Dividend per share (yen)	24.00	20.00	20.00

(6) Profile of Astem

(1) Company name	Astem Inc.	
(2) Headquarters	2-3-8 Nishi-omichi, Oita, Oita Prefecture	
(3) Representative	Tsuguo Yoshimura, President	
(4) Main business	Medical general trading company that handles healthcare-related products, systems, and services such as pharmaceutical drugs, medical devices, and diagnostic reagents	
(5) Capital	3,355 million yen	
(6) Date established	May 27, 1948	
(7) Major shareholder and shareholding ratio (as of March 31, 2018)	Forest Holdings Inc. 100.0%	
(8) Relationships with partnering companies	Relationship with SanBio	
	Capital relationship	Not applicable
	Personal relationship	Not applicable
	Business relationship	Not applicable
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable
	Relationship with CareNet	
	Capital relationship	Astem owns 6.20% of outstanding shares in CareNet (as of June 30, 2018).
	Personal relationship	Not applicable
	Business relationship	Astem and CareNet have concluded an agreement regarding cooperation on DVD sales.
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable

	Relationship with CareNet Innovation	
	Capital relationship	Capital contribution from Astem accounts for 48.70% of total capital in CareNet Innovation (as of June 30, 2018).
	Personal relationship	Not applicable
	Business relationship	Not applicable
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable
	Relationship with Medical Incubator	
	Capital relationship	Not applicable
	Personal relationship	Not applicable
	Business relationship	Astem invests in CareNet Innovation, which Medical Incubator manages as a general partner.
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable
	Relationship with Vital KSK Holdings	
	Capital relationship	Vital-Net owns 0.52% of outstanding shares in Forest Holdings (as of March 31, 2018). Astem owns 0.35% of outstanding shares in Vital KSK Holdings (as of March 31, 2018).
	Personal relationship	Yasuaki Yoshimura, Chairman of the Board of Astem, was appointed as the outside director of Vital KSK Holdings.
	Business relationship	Not applicable
	Affiliated party as prescribed in the Rules of Corporate Accounting	Not applicable
(9) Consolidated earnings and financial position for the last three fiscal years		
	Because Astem is an unlisted company, its earnings results and financial position shall not be disclosed.	

#### 4. Schedule

(1)	Date of resolution at each company's Board of Directors meeting	September 10, 2018
(2)	Conclusion date of the Agreement	September 10, 2018

#### 5. Outlook

The Agreement is likely to have minimal impacts on earnings of SanBio, CareNet, and Vital KSK Holdings for the current fiscal year. However, the companies believe that pioneering the establishment of appropriate use, adoption, and stable distribution of regenerative cell medicines in Japan, which are expected to spread widely in the coming years, will improve their earnings in the medium to long term.