



March 11, 2022

Company name: SanBio Co., Ltd.  
(Code: 4592 TSE Mothers)

Name of representative: Keita Mori, Representative Director and President

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## **Announcement on Partial Amendment to the Articles of Incorporation, Reduction in Amounts of Stated Capital and Capital Reserves and Appropriation of Other Capital Surplus**

SanBio Company Limited (the “**Company**”) hereby announces that by the resolution of the Board of Directors dated as of March 11, 2022, the Company decided to submit to the Company’s 9th annual general meeting of shareholders, to be held on April 27, 2022, a proposal to amend the Article of Incorporation partially, to reduce the amounts of stated capital and capital reserves and to make an appropriation of other capital surplus.

### **Partial Amendment to the Articles of Incorporation**

#### **I. Reasons for the proposal**

As the amendment provisions stipulated in the proviso of Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) will come into effect on September 1, 2022, the Articles of Incorporation of the Company shall be amended as follows to prepare for the introduction of the system of electronic provision of materials for the General Meetings of Shareholders.

- 1 Article 15, paragraph (1) of the Proposed Amendment provides that the Company shall take measures to provide electronically the information that is the content of the Reference Documents for the General Meeting of Shareholders and other documents.
- 2 Article 15, paragraph (2) of the Proposed Amendment establishes a provision to limit the scope of matters to be stated in the documents to be delivered to shareholders who have requested the delivery of paper-based documents.
- 3 As the provision of Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders and other documents (Article 15 of the current Articles of Incorporation) will be no longer necessary, it is hereby deleted.
- 4 In line with the new establishment and deletion stated above, the Company will establish supplementary provisions regarding the effective date and related matters.

#### **II. Details of the amendments**

Details of the amendments to the Articles of Incorporation are as follows:

(Underlined parts represent amendments)

Current Articles of Incorporation	Proposed Amendment
<p style="text-align: center;">Chapter 3 General Meetings of Shareholders <u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders and other documents)</u></p> <p><u>Article 15</u></p> <p><u>The Company may, when convening a General Meeting of Shareholders, deem to have provided shareholders with information pertaining to matters to be stated or indicated in the reference documents for general meetings of shareholders, business reports, financial statements and consolidated financial statements by disclosing such information through the Internet in accordance with the applicable Ministry of Justice Ordinance.</u></p> <p style="text-align: center;"><u>(Newly established)</u></p>	<p style="text-align: center;">Chapter 3 General Meetings of Shareholders</p> <p style="text-align: center;"><u>(Deleted)</u></p> <p><u>(Electronic Provision Measures, Etc.)</u></p> <p><u>Article 15</u></p> <ol style="list-style-type: none"> <li><u>1. The Company shall, when convening a General Meeting of Shareholders, take measures to provide electronically the information that is the content of the Reference Documents for General Meeting of Shareholders and other documents.</u></li> <li><u>2. The Company may choose to exclude all or part of the matters for which electronic provision measures are to be taken, as provided for in the applicable Ministry of Justice Ordinance, from being stated in the paper-based documents to be delivered to shareholders who have made a request for the paper-based documents by the Record Date for Voting Rights.</u></li> </ol>

<p>Articles 16 to 49 (Omitted)</p> <p style="text-align: center;"><u>(Newly established)</u></p>	<p>Articles 16 to 49 (As is currently written)</p> <p><u>Supplementary Provisions</u></p> <ol style="list-style-type: none"> <li>1. <u>The deletion of Article 15 of the current Articles of Incorporation (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders and other documents) and the new establishment of the proposed Article 15 (Electronic Provision Measures, Etc.) shall become effective as of September 1, 2022 (the “Effective Date”), which is the date of enforcement of the amendment provisions stipulated in the proviso of Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019).</u></li> <li>2. <u>Notwithstanding the provisions of the preceding paragraph, Article 15 of the current Articles of Incorporation shall remain in force with respect to a General Meeting of Shareholders to be held on a date within six (6) months from the effective date.</u></li> <li>3. <u>These Supplementary Provisions shall be deleted after six (6) months have elapsed from the effective date or three (3) months have elapsed from the date of the General Meeting of Shareholders set forth in the preceding paragraph, whichever date is later.</u></li> </ol>
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### III. Schedule

1. Date of the General Meeting of Shareholders to approve the amendment to the Article of Incorporation: April 27, 2022(planned)
2. Effective Date of the amendment to the Article of Incorporation: April 27, 2022(planned)

## **Reduction in Amounts of Stated Capital and Capital Reserves and Appropriation of Other Capital Surplus**

### I. Purpose

The Company recorded a deficit in its retained earnings brought forward of 6,439,895,876 yen at the end of this business year.

Accordingly, with the aim of reducing the Company’s tax burden through a reduction in its stated capital and capital reserves, achieving a healthier financial platform by covering this deficit, and ensuring agile capital policy, including shareholder returns (dividends and acquisition of treasury shares) for the future, the Company wishes to, as follows, carry out a reduction in the amount of its stated capital and its capital reserves in accordance with Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act, post these to other capital surplus, and then post other capital surplus (as increased by the reduction in the amounts of stated capital and capital reserves) to retained earnings brought forward in accordance with Article 452 of the Companies Act.

As these measures will not result in a change in the total number of issued shares and will only involve a reduction in the amounts of stated capital and capital reserves, there will be no impact on the number of shares held by each shareholder. Furthermore, there will be no change in the amount of the Company’s net assets, and therefore, there will be no change in the amount of net assets per share.

### II. Outline of reduction in amounts of stated capital and capital reserves and appropriation of other capital surplus

### 1. Reduction in amount of stated capital

(1) Amount by which stated capital will be reduced:

The Company will reduce stated capital by 3,219,947,938 yen and post that amount to other capital surplus.

(2) Date on which the reduction in the amount of stated capital takes effect:

The reduction in the amount of stated capital is planned to take effect on June [6], 2022.

### 2. Reduction in amount of capital reserves

(1) Amount by which capital reserves will be reduced:

The Company will reduce capital reserves by 3,219,947,938 yen and post that amount to other capital surplus.

(2) Date on which the reduction in the amount of capital reserves takes effect:

The reduction in the amount of capital reserves is planned to take effect on June 6, 2022.

### 3. Appropriation of other capital surplus

As described below, subject to the reduction in the amounts of stated capital and capital reserves (detailed above) becoming effective, the Company will, in accordance with Article 452 of the Companies Act, post the other capital surplus to retained earnings brought forward so as to cover the deficit. In doing so, the amount of retained earnings brought forward after the posting will be 0 yen.

(1) Item of surplus to be reduced and amount by which it will be reduced:

Other capital surplus	6,439,895,876 yen
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(2) Item of surplus to be increased and amount by which it will be increased:

Retained earnings brought forward	6,439,895,876 yen
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(3) Date on which the appropriation of other capital surplus takes effect:

The appropriation of other capital surplus is planned to take effect on June 6, 2022.

## III. Schedule

- 1 Date of resolution by Board of Directors: March 11, 2022
- 2 Date of resolution at annual general meeting of shareholders: April 27, 2022 (planned)
- 3 Deadline for submission of objections by creditors: May 30, 2022 (planned)
- 4 Effective date: June 6, 2022 (planned)

## IV. Outlook

These measures will not have any impact on the business performance of the Company.