



June 14, 2022

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Recording of Non-operating Income (Foreign Exchange Gains), Deferred Income Taxes, and Short-Term Loans Payable

SanBio Company Limited (hereafter, the “Company”) hereby announces that it has recorded non-operating income (foreign exchange gains) and deferred income taxes in the first quarter of the fiscal year ending January 31, 2023 (February 1, 2022–April 30, 2022), and short-term loans payable at the end of the first quarter of the said fiscal year (April 30, 2022).

1. Overview of non-operating income (foreign exchange gains) and deferred income taxes

In the first quarter of the fiscal year ending January 31, 2023 (February 1, 2022–April 30, 2022), the Company recorded a foreign exchange gain of 2,729 million yen resulting from fluctuations in exchange rates as non-operating income. This gain was mainly associated with foreign currency denominated loans receivable from a consolidated subsidiary of the Company. Meanwhile, due to the same exchange rate fluctuations, the Company recorded foreign currency translation adjustment of negative 2,629 million yen arising from converting financial results of the consolidated subsidiary into the reporting currency (Japanese yen) as other comprehensive income. Further, it recognized deferred tax liabilities associated with foreign currency denominated assets, and accordingly recorded deferred income taxes of 1,184 million yen.

Regarding the impact of the non-operating income (foreign exchange gains) and deferred income taxes on the Company’s earnings performance, please see the Consolidated Financial Results for the First Quarter of the Fiscal Year Ending January 31, 2023 [Japanese GAAP] released on the date of this notice.

2. Overview of short-term loans payable

At the end of the first quarter of the fiscal year ending January 31, 2023 (April 30, 2022), the Company recorded short-term loans payable of 1,400 million yen. This was due to a loan the Company took out based on a committed credit line agreement with a partnering bank to secure working capital on March 24, 2022.

The Company has repaid the loan in full as of May 31, 2022, and hence the loan has only a marginal impact on the Company’s earnings performance.