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### **Recording of Non-operating Income (Foreign Exchange Gains) and Deferred Income Taxes**

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 nine months of the fiscal year ending January 31, 2023 (February 1, 2022–October 31, 2022).

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

In the first nine months of the fiscal year ending January 31, 2023 (February 1, 2022–October 31, 2022), the Company recorded a foreign exchange gain of 6,885 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 6,524 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 2,194 million yen.

#### 2. Impact on earnings performance

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 Nine Months Ended October 31, 2022 [Japanese GAAP] released on the date of this notice.