September 14, 2023

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Notice Concerning Differences between Consolidated Earnings Forecast and Actual Results for the First Half of the Fiscal Year Ending January 31, 2024

SanBio Co., Ltd. (the “Company”) hereby provides notice that the actual results for the first half of the fiscal year ending January 31, 2024 (February 1, 2023–July 31, 2023) deviated from the consolidated earnings forecast for the corresponding period released on March 16, 2023, as outlined below.

1. Differences between consolidated earnings forecast and actual results for the first half of the fiscal year ending January 31, 2024

(Million yen)

	Operating revenue	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share (yen)
Previous forecast (A) (Announced March 16, 2023)	-	(2,398)	(2,341)	(2,344)	(36.85)
Actual results (B)	-	(3,084)	(1,930)	(1,787)	(27.59)
Change (B) – (A)	-	(686)	411	557	
Rate of change (%)	-	-	-	-	
(Ref.) Q2 FY2023.1 results	-	(4,621)	(774)	(2,154)	(39.26)

2. Reasons for difference

Operating loss was greater than initially forecast, largely due to the booking of expenses for the restructuring including personnel reduction at the Company’s US subsidiary SanBio, Inc. and increased manufacturing-related expenses toward obtaining approval for SB623 for the chronic traumatic brain injury program.

Ordinary loss was narrower than initially expected, owing to the recording of foreign exchange gains on foreign currency denominated loans to consolidated subsidiaries and related receivables resulting from a depreciation of the yen.

Net loss attributable to owners of the parent was smaller than projected, due to the recording of gain on reversal of share subscription rights as the Company acquired a portion of the share subscription rights it had issued free of charge and cancelled them. The smaller-than-expected loss was also attributed to the recognition of deferred tax liabilities on foreign currency denominated loans to consolidated subsidiaries and related receivables.

The Company has not revised the full-year earnings forecast for the fiscal year ending January 31, 2024, released on March 16, 2023.