



March 18, 2024

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

Name of representative: Keita Mori, Representative Director and President

For inquiries contact: Yoshihiro Kakutani, Corporate Officer of Management Administration
(Phone: 03-6264-3481)

Announcement on 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 18, 2024, the Company decided to submit to the Company’s 11th annual general meeting of shareholders, to be held on April 24, 2024, a proposal to reduce the amounts of stated capital and capital reserves and to make an appropriation of other capital surplus.

I. Purpose

The Company recorded a deficit in its retained earnings brought forward of 4,133,986,925 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 2,066,993,463 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, 2024.

2. Reduction in amount of capital reserves

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

The Company will reduce capital reserves by 2,066,993,462 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, 2024.

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 4,133,986,925 yen

(2) Item of surplus to be increased and amount by which it will be increased:

Retained earnings brought forward 4,133,986,925 yen

(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, 2024.

III. Schedule

- 1 Date of resolution by Board of Directors: March 18, 2024
- 2 Date of resolution at annual general meeting of shareholders: April 24, 2024 (planned)
- 3 Deadline for submission of objections by creditors: May 30, 2024 (planned)
- 4 Effective date: June 6, 2024 (planned)

IV. Outlook

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