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Notice Concerning Recording of Non-operating Expenses and Deferred Income Taxes

SanBio Co., Ltd. (the “Company”) announces that it has recorded non-operating expenses and deferred income taxes in the first half of the fiscal year ending January 31, 2026 (February 1, 2025 – July 31, 2025).

1. Overview of non-operating expenses and deferred income taxes

1) Overview of non-operating expenses (foreign exchange loss)

In the first half of the fiscal year ending January 31, 2026 (February 1, 2025 – July 31, 2025), the Company recorded a foreign exchange loss of 518 million yen resulting from fluctuations in exchange rates. This loss was mainly associated with foreign currency-denominated loans to a consolidated subsidiary and other related receivables. Meanwhile, the Company recorded a foreign currency translation adjustment of 495 million yen due to the same exchange rate fluctuations as other comprehensive income.

2) Overview of non-operating expenses (financing expenses)

In the first half of the fiscal year ending January 31, 2026 (February 1, 2025 – July 31, 2025), the Company recorded 34 million yen in financing expenses mainly committed credit line agreements fees.

3) Overview of non-operating expenses (bond interest)

In the first half of the fiscal year ending January 31, 2026 (February 1, 2025 – July 31, 2025), the Company recorded 13 million yen in bond interest related to the issuance of the convertible bonds with stock acquisition rights.

4) Overview of deferred income taxes

In the first half of the fiscal year ending January 31, 2026 (February 1, 2025 – July 31, 2025), the Company recognized deferred tax liabilities associated with foreign currency-denominated loans to a consolidated subsidiary and other related receivables and accordingly recorded deferred income taxes of negative 485 million yen.

2. Impact on earnings performance

Regarding the impact of the non-operating expenses, and deferred income taxes on the Company's earnings performance, please see the Consolidated Financial Results for the Six Months Ended July 31, 2025 [Japanese GAAP] released on the date of this notice.