

NOTICE: This is a translation of a part of a notice issued on June 2, 2022 in Japanese and is made solely for the convenience of the foreign shareholders. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

Securities code: 4536

June 2, 2022

**CONVOCATION NOTICE  
OF THE 110<sup>TH</sup> ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholder:

We hereby inform you of the 110<sup>th</sup> Annual General Meeting of Shareholders of the Company to be held as set forth below.

As there are continuing concerns about the situation regarding the spread of novel coronavirus (COVID-19) infections, you are requested to deliberate and exercise your voting right by a written form or via the Internet\* in advance, and refrain from coming to the venue on the day of the General Meeting of Shareholders regardless of your health condition.

As for the exercise of your voting right in advance, after reviewing the attached “Reference Materials for the General Meeting of Shareholders,” please exercise your voting right by: filling up the Voting Card indicating your assent or dissent to the items on the agenda, and sending it back to reach us by mail before 17:30 on Thursday, June 23, 2022 (JST); or accessing the website (**<https://evote.tr.mufg.jp/>**) designated by the Company for voting, and exercising your voting right before 17:30 of the aforementioned day (JST).

Very truly yours,

Shigeo Taniuchi  
Representative Director, President & CEO  
SANTEN PHARMACEUTICAL CO., LTD.  
4-20, Ofuka-cho, Kita-ku, Osaka, Japan

\*Please note that shareholders outside Japan may not directly use this means outside Japan.

## AGENDA

1. **Date and Time: Friday, June 24, 2022 at 10:00 a.m.**  
(Start of admission at 9:00 a.m.)
2. **Place: Knowledge Capital Congrès Convention Center at the Second Basement, North Building, Grand Front Osaka**  
**3-1, Ofuka-cho, Kita-ku, Osaka, Japan**

Please be informed that the number of seats prepared will be greatly reduced to allow more space between seats to prevent the COVID-19 infections from spreading. We kindly ask for your understanding in advance.

\*There may be cases where the venue above becomes unavailable due to the influence of infections of COVID-19. We kindly ask shareholders who are considering coming to the venue on the day of the General Meeting of Shareholders to check our website in advance, on the day immediately before the Meeting, where we will notify a change of the venue, if any.

The Company's website can be accessed here: <https://www.santen.com/en/>

### 3. Agenda

- Reports:**
1. Reports on the Business Report, Consolidated Financial Statements and Financial Statements for the 110<sup>th</sup> Business Term (April 1, 2021 to March 31, 2022)
  2. Reports on the Audit Reports by the Accounting Auditors and the Board of Corporate Auditors on the Consolidated Financial Statements for the 110<sup>th</sup> Business Term (April 1, 2021 to March 31, 2022)

#### Items for Resolution:

- Proposal No. 1** Appropriation of Surplus
- Proposal No. 2** Appointment of Eight (8) Directors
- Proposal No. 3** Appointment of One (1) Corporate Auditor
- Proposal No. 4** Partial Amendments to the Articles of Incorporation
- Proposal No. 5** Revision of the Limit of Remuneration for Outside Directors
- Proposal No. 6** The Approval of Stock-Based Remuneration Program for Directors excluding Outside Directors, Foreign Residing Corporate Officers and Foreign Residing Employees

### 4. Matters Determined concerning the Convocation\*

Please see the Information regarding the Exercise of Voting Rights, etc.

\*Japanese version only.

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#### ■ Disclosure via the Internet

Pursuant to laws and regulations as well as Article 16 of the Company's Articles of Incorporation, the following matters are posted on the website of the Company (<https://www.santen.com/en/ir/document/meeting.jsp>), and hence, are not provided in the Appendices\* hereto.

- (1) Matters regarding the rights to subscribe for new shares, etc. set forth in the Business Report;
- (2) Explanatory Notes to the Consolidated Financial Statements; and
- (3) Explanatory Notes to the Financial Statements.

Please be informed that the Consolidated Financial Statements and the Financial Statements that have been audited by the Corporate Auditors and the Accounting Auditors consist of documents included in the Appendices hereto as well as the matters described above posted on the website of the Company.

\*Japanese version only.

- © Changes in the Reference Materials for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements or Financial Statements, if any, shall be publicized via the Internet on the website of the Company (<https://www.santen.com/en/ir/document/meeting.jsp>).

## **REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS**

Proposals and Reference Information

### **Proposal No. 1 Appropriation of Surplus**

The Board of Directors proposes to appropriate the surplus as follows:

#### **Matters regarding the Term-End Dividends of Profits**

##### Basic Policy on Dividends of Profits

We regard returning profits to shareholders as a top management priority. We will incrementally raise dividends to keep a dividend payout ratio of at least 40% accompanied by earnings growth. Surplus capital held for a certain period will be returned to shareholders through share repurchases to be executed flexibly subject to market conditions.

##### Term-End Dividends of Profits for the 110<sup>th</sup> Business Term

For the 110<sup>th</sup> Business Term, the Board of Directors proposes term-end dividends of profits at JPY 16 per share.

Consequently, the total dividends for the annual business term, including the interim dividends previously distributed (JPY 16 per share), will be JPY 32 per share, which is JPY 4 higher than the previous business term.

- (1) Kind of dividend property: cash
- (2) Matters concerning the distribution of dividend property to shareholders and the aggregate amount thereof: JPY 16 per share of the common shares of the Company, which amounts to JPY 6,404,597,712 in the aggregate.
- (3) Effective date of distribution of dividends from the surplus: June 27, 2022

## Proposal No. 2 Appointment of Eight (8) Directors

The term of office of all the Directors will expire at the close of this Annual General Meeting of Shareholders. Under this Proposal, the Board of Directors proposes to newly appoint eight (8) Directors as specified below.

The Board of Directors passed a resolution on the selection of candidates for Director after a deliberation thereon was made by the Nominating Committee, which is a voluntary committee comprised of inside Directors and Outside Directors.

The candidates for Director are as follows:

Candidate No.	Name (Date of birth)	Profile (Positions and responsibilities in the Company/other entities, and material posts concurrently held in other juridical persons)	Number of Santen shares owned
1	<b>Akira KUROKAWA</b> (September 5, 1952)	<p>April 1977      Joined the Company</p> <p>April 1997      General Manager, Head of the Office of Sales &amp; Marketing Division, Prescription Pharmaceuticals</p> <p>June 1997      Director</p> <p>June 1998      Deputy Head of Sales &amp; Marketing Division, Prescription Pharmaceuticals</p> <p>May 2001      Head of Sales &amp; Marketing Division, Prescription Pharmaceuticals</p> <p>June 2001      Corporate Officer</p> <p>July 2004      Senior Corporate Officer</p> <p>June 2006      Representative Director, President &amp; COO</p> <p>June 2008      Representative Director, President &amp; CEO</p> <p>April 2018      Representative Director, Chairman &amp; CEO</p> <p>April 2020      Representative Director, Chairman</p> <p>April 2022      Director, Chairman (incumbent)</p>	200,060 shares
2	<b>Shigeo TANIUCHI</b> (December 10, 1973)	<p>April 1996      Joined the Company</p> <p>October 2007    Deputy General Manager, Chinese Business Management Group, Asia Division</p> <p>November 2008    Head of Marketing &amp; Sales Division, Santen Pharmaceutical (China) Co., Ltd.</p> <p>April 2011      General Manager, Business Planning &amp; Administration Group, Asia Division</p> <p>April 2012      General Manager, Corporate Planning Group, Corporate Development Division</p> <p>January 2014     Deputy Head of Corporate Development Division</p> <p>April 2015      Corporate Officer, Head of Santen Europe (currently EMEA), and President of Santen Holdings EU B.V.</p> <p>April 2016      Senior Corporate Officer, Head of Santen Europe (currently EMEA), and President of Santen Holdings EU B.V.</p> <p>June 2017      Director</p> <p>April 2018      Representative Director, President &amp; COO</p> <p>October 2018     Head of Asia Division, President &amp; CEO of Santen Inc.</p> <p>April 2019      Head of North America Business, President &amp; CEO of Santen Inc.</p> <p>April 2020      Representative Director, President &amp; CEO (incumbent)</p>	53,029 shares
3	<b>Takeshi ITO</b> (July 16, 1959)	<p>April 1982      Joined the Company</p> <p>July 1999      General Manager, Business Development Group, Business Development Division</p> <p>May 2001      General Manager, Corporate Development Group, R&amp;D Strategic Integration Department</p> <p>December 2002    Head of R&amp;D Integration Department, R&amp;D Division</p> <p>April 2007      Head of Surgical Division</p> <p>April 2012      Corporate Officer, Head of Prescription Pharmaceuticals Sales Department, Sales &amp; Marketing Division, Prescription Pharmaceuticals</p>	23,554 shares

		<p>April 2014 Senior Corporate Officer, Head of Japan Sales &amp; Marketing Division, Prescription Pharmaceuticals</p> <p>April 2016 Executive Corporate Officer, Japan Business, Head of Japan Sales &amp; Marketing Division, Prescription Pharmaceuticals</p> <p>June 2017 Director</p> <p>April 2019 Head of Japan Business, Head of Japan Sales &amp; Marketing Division (incumbent)</p> <p>April 2022 Representative Director, Vice President (incumbent)</p>	
4	<p><b>Kanoko OISHI</b> (March 24, 1961)</p>	<p>January 1993 Partner, McKinsey &amp; Company, Inc.</p> <p>June 2000 Established Mediva Inc. Representative Director (incumbent)</p> <p>July 2000 Established Seinan Mediva Co., Ltd. (currently, Seeds 1 Co., Ltd.); Representative Director (incumbent)</p> <p>August 2004 Established Platanus Medical Corporation; COO (incumbent)</p> <p>June 2010 Outside Director of Astellas Pharma Inc.</p> <p>June 2015 Outside Director of the Company (incumbent)</p> <p>June 2015 External Board Member of Ezaki Glico Co., Ltd. (incumbent)</p> <p>June 2015 Outside Director of Suruga Bank Ltd.</p> <p>March 2016 External Director of Shiseido Company, Limited (incumbent)</p> <p>Material posts concurrently held in other juridical persons: Representative Director of Mediva Inc. Representative Director of Seeds 1 Co., Ltd. External Board Member of Ezaki Glico Co., Ltd. External Director of Shiseido Company, Limited</p> <p>Total term of office until the close of this Meeting: Seven (7) years Number of attendance at the Board of Directors' meetings: 14 out of 14 meetings</p>	0 share
5	<p><b>Yutaro SHINTAKU</b> (September 19, 1955)</p>	<p>June 2005 Executive Officer of Terumo Corporation</p> <p>June 2006 Director and Executive Officer, President of Cardiac &amp; Vascular Products Group of Terumo Corporation</p> <p>June 2007 Director and Senior Executive Officer in charge of the R&amp;D Center, Intellectual Property Department and Legal Department of Terumo Corporation</p> <p>June 2009 Director and Managing Executive Officer, General Manager of Strategy Planning Department, and General Manager of International Business in charge of the Human Resources Department and Accounting &amp; Finance Department of Terumo Corporation</p> <p>June 2010 Representative Director, President and CEO of Terumo Corporation</p> <p>April 2017 Director and Corporate Advisor of Terumo Corporation</p> <p>June 2017 Corporate Advisor of Terumo Corporation</p> <p>June 2017 External Director of J-Oil Mills Inc. (incumbent)</p> <p>June 2017 Outside Director of the Company (incumbent)</p> <p>March 2018 Outside Director of Kubota Corporation (incumbent)</p> <p>April 2018 Visiting Professor, Business Administration, Hitotsubashi University Business School</p> <p>April 2019 Project Professor, Business Administration, Hitotsubashi University Business School (incumbent)</p> <p>September 2019 Outside Director of KOZO KEIKAKU ENGINEERING Inc. (incumbent)</p> <p>Material posts concurrently held in other juridical persons: External Director of J-Oil Mills Inc. Outside Director of Kubota Corporation Project Professor, Business Administration, Hitotsubashi University Business School Outside Director of KOZO KEIKAKU ENGINEERING Inc.</p> <p>Total term of office until the close of this Meeting: Five (5) years Number of attendance at the Board of Directors' meetings: 14 out of 14 meetings</p>	0 share

6	<p><b>Kunihito MINAKAWA</b> (August 15, 1954)</p>	<p>October 1997 Senior Vice President and Chief Financial Officer, Ricoh Americas Corporation</p> <p>April 2010 Corporate Vice President, and General Manager of Finance and Accounting Division, Ricoh Company, Ltd.</p> <p>June 2010 Outside Audit &amp; Supervisory Board Member, Ricoh Leasing Company, Ltd.</p> <p>April 2012 Corporate Senior Vice President, and General Manager of Finance and Accounting Division, Ricoh Company, Ltd.</p> <p>June 2013 Audit &amp; Supervisory Board Member, Ricoh Company, Ltd.</p> <p>June 2017 Outside Director of Sony Corporation</p> <p>June 2018 Outside Director of the Company (incumbent)</p> <p>April 2019 Financial Services Agency, Certified Public Accountants and Auditing Oversight Board, Commissioner (incumbent)</p> <p>July 2020 External Director of Nippon Sheet Glass Co., Ltd. (incumbent)</p> <p>Material posts concurrently held in other juridical persons: Financial Services Agency, Certified Public Accountants and Auditing Oversight Board, Commissioner External Director of Nippon Sheet Glass Co., Ltd.</p> <p>Total term of office until the close of this Meeting: Four (4) years Number of attendance at Board of Directors' meetings: 14 out of 14 meetings</p>	2,000 shares
7	<p><b>Noboru KOTANI</b> (November 13, 1956)</p>	<p>December 1991 Vice President of Boston Consulting Group</p> <p>June 2000 Representative Director of Dream Incubator Inc.</p> <p>June 2005 Representative Director of Vehicle Inc. (incumbent)</p> <p>June 2005 Outside Director of the Company</p> <p>November 2006 Outside Director of JINS HOLDINGS Inc. (incumbent)</p> <p>March 2013 External Director of SanBio Company Limited (incumbent)</p> <p>March 2018 External Director of Medley, Inc. (incumbent)</p> <p>Material posts concurrently held in other juridical persons: Representative Director of Vehicle Inc. Outside Director of JINS HOLDINGS Inc. External Director of SanBio Company Limited External Director of Medley, Inc.</p>	5,000 shares
8	<p><b>Tamie MINAMI</b> (February 15, 1959)</p>	<p>May, 2008 Vice President and General Manager, Home Care Division, 3M Company</p> <p>October, 2013 Vice President, Southeast Asia Region, 3M Company</p> <p>October, 2015 Vice President, Latin America, 3M Company</p> <p>November, 2017 Vice President, Asia, 3M Company</p> <p>December, 2019 Senior Vice President, Safety &amp; Industrial Business Group, Asia, 3M Company</p> <p>Material posts concurrently held in other juridical persons: Not applicable</p>	0 share

(Note 1) Among the candidates for Director, Kanoko Oishi, Yutaro Shintaku, Kunihito Minakawa, Noboru Kotani and Tamie Minami are candidates for Outside Director.

(Note 2) Among the candidates for Director, the Company designated Kanoko Oishi, Yutaro Shintaku and Kunihito Minakawa as Independent Officers pursuant to Article 436-2, Paragraph 1 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc., and has filed their names therewith. Also, the Company, through a filing, has informed the Tokyo Stock Exchange, Inc. that, upon the approval of the appointment of Noboru Kotani and Tamie Minami under this Proposal, they will become Independent Officers pursuant to Article 436-2, Paragraph 1 of the said Regulations.

(Note 3) Reasons for the appointment of the candidates for Director:

(1) As regards Akira Kurokawa, he has assumed command of overall management as the

Representative Director, President & CEO of the Company since June 2008, the Representative Director, Chairman & CEO of the Company since April 2018 and the Representative Director, Chairman of the Company since April 2020, Director, Chairman of the Company since April 2022 and has achieved a sustained enhancement of the corporate value of the Company. Furthermore, at the Board of Directors, he has taken the chair thereof as Director, Chairman of the Company, appropriately conducted the meetings thereof, and contributed in the making of decisions thereat by gaining the understanding of each Director. Considering the foregoing, the Board of Directors proposes his continuous appointment as a Director.

- (2) As regards Shigeo Taniuchi, he has an understanding of Santen's Values and the underlying ethos thereof, and besides that, he has experience in various divisions including the China business, corporate development and the European business, and has served as the Corporate Officer, Head of Santen Europe (currently EMEA) since 2015 and the Senior Corporate Officer, Head of Santen Europe (currently EMEA) since 2016, and he has contributed to the enhancement of the corporate value of the Company as the Representative Director, President & COO of the Company since April 2018, and, as the Representative Director, President & CEO of the Company since April 2020. Furthermore, he has fulfilled his responsibilities concerning matters for resolutions and reports as the President & CEO as well as contributed to enhance the quality of the discussions in the Board of Directors by expressing his opinions actively throughout the proceedings at meetings, and he has contributed in the making of decisions thereat. Considering the foregoing, the Board of Directors proposes his continuous appointment as a Director.
- (3) As regards Takeshi Ito, he has an understanding of Santen's Values and the underlying ethos thereof, and besides that, he has experience in various divisions including R&D, surgical, sales & marketing, prescription pharmaceuticals, and has served as the Corporate Officer since 2012, the Senior Corporate Officer, Head of Japan Sales & Marketing Division, Prescription Pharmaceuticals since 2014, the Executive Corporate Officer, Japan Business, Head of Japan Sales & Marketing Division, Prescription Pharmaceuticals since 2016, the Head of Japan Business, Head of Japan Sales & Marketing Division since 2019, and the Representative Director, Vice President since April 2022; and he has contributed to the enhancement of the corporate value of the Company. Furthermore, he has contributed to enhance the quality of the discussions in the Board of Directors by expressing his opinions actively throughout the proceedings at meetings, and he has contributed in the making of decisions thereat. Considering the foregoing, the Board of Directors proposes his continuous appointment as a Director.
- (4) As regards Kanoko Oishi, we expect that she will fulfil her function of assistance and supervision based on her extensive knowledge and experience amassed through long years of involvement in management in the country and overseas. Considering that she has contributed to enhance the quality of the discussions in the Board of Directors by expressing her opinions actively throughout the proceedings at meetings, the Board of Directors believes that she is well-qualified to be an Outside Director, and proposes her continuous appointment as such.
- (5) As regards Yutaro Shintaku, we expect that he will fulfil his function of assistance and supervision based on his extensive knowledge and global experience amassed through long years of involvement in management in the country and overseas, including as a management executive of a major company manufacturing and distributing medical equipment and pharmaceutical products. Considering that he has contributed to enhance the quality of the discussions in the Board of Directors by expressing his opinions actively

throughout the proceedings at meetings, the Board of Directors believes that he is well-qualified to be an Outside Director, and proposes his continuous appointment as such.

- (6) As regards Kunihito Minakawa, we expect that he will fulfil his function of assistance and supervision based on his extensive knowledge and global experience amassed through long years of involvement in management in the country and overseas, as well as extensive insight and business experience in finance and auditing. Considering that he has contributed to enhance the quality of the discussions in the Board of Directors by expressing his opinions actively throughout the proceedings at meetings, the Board of Directors believes that he is well-qualified to be an Outside Director, and proposes his continuous appointment as such.
- (7) As regards Noboru Kotani, considering that he has served as an Outside Director of the Company for ten (10) years in total from 2005 to 2015, he holds in-depth understanding of the Company's ophthalmic business, its strategy, governance, decision making and the like, and he has extensive knowledge and experience concerning corporate management as a management consultant, and that he is expected to express appropriate opinions from the company-wide point of view at the meetings of the Board of Directors, the Board of Directors believes that he is well-qualified to be an Outside Director, and proposes his appointment as such.
- (8) As regards Tamie Minami, considering that she has abundant business experience overseas such as experiencing being a head of business divisions in multiple regions in a globally expanding company, and that she is expected to express appropriate opinions from a global point of view at the meetings of the Board of Directors, the Board of Directors believes that she is well-qualified to be an Outside Director, and proposes her appointment as such.

(Note 4) Facts regarding cases of unjust execution of business of another stock company during the preceding five (5) years where candidates for Outside Director were in his or her office as a director or corporate auditor at such company:

- (1) Suruga Bank Ltd., in which Kanoko Oishi assumed her office as an outside director from June 2015 to June 2018, underwent administrative depositions (*i.e.*, a partial business suspension order and a business improvement order) in October 2018 by the Financial Services Agency, which pointed out problems including its wrongful acts regarding loans for share houses and other loans for real estate, its operation of business in a manner that harms the interests of customers and making inappropriate loans for its family companies. She did not recognize these facts until they were revealed and the investigation report by the third party panel reported that no legal responsibility was found on her part. Also, she had been regularly providing advice as an outside director of the said company from the standpoint of legal compliance, and called attention to legal compliance by the said company. Once the aforementioned facts were revealed, she performed her duties appropriately, including, at the meetings of the board of directors of the said company, determining such facts, and seeking to strengthen and ensure thorough compliance and to take appropriate measures towards the prevention of a recurrence of these situations, and endeavored to restore confidence in the said company.
- (2) Kubota Corporation, in which Yutaro Shintaku has held an office as an outside director since March 2018, announced publicly in September 2018 that inappropriate conduct had been made regarding the inspection report for consumable parts (*i.e.*, mill roll) used in facilities for production of steel sheets, etc. While he had not recognized such fact until this issue was discovered, he had been regularly making suggestions on various occasions, including the meetings of the board of directors, from the standpoint of general and legal



compliance. Once he recognized such facts, he carried out his duties, including giving instructions to conduct an exhaustive investigation to determine the cause and to prevent recurrence as well as readjustment of the inspection system.

(Note 5) Agreement with the Outside Directors to limit their liability:

To further ensure the Company's objective and transparent management through the invitation and appointment of capable and competent persons for the post of Outside Director, it is provided in Article 27 of the Company's current Articles of Incorporation that the Company may enter into an agreement with any Outside Director to limit his or her liability for any damage suffered by the Company. Pursuant to such provision, the Company has previously entered into agreements with Kanoko Oishi, Yutaro Shintaku and Kunihito Minakawa respectively, the candidates for Outside Director, to limit their liability for any such damage. Upon the approval of the reappointment of these Outside Directors under this Proposal, the foregoing agreements are planned to be renewed. Further, upon the approval of the appointment of Noboru Kotani and Tamie Minami, who are candidates for Outside Directors under this Proposal, such agreement is planned to be concluded between each of them and the Company as well. The outline of such agreement is as follows:

- In case the Outside Director becomes liable for damages suffered by the Company due to his or her negligence in the performance of his or her duty, he or she shall be liable for such damages only up to the maximum amount set forth in Article 425, Paragraph 1 of the Companies Act of Japan (Act No. 86 of 2005) (the "Companies Act").
- The aforementioned limitation on liability of the Outside Director shall be allowed only if he or she performed his or her duty, which caused the damages, in good faith and without gross negligence.

(Note 6) The Directors and Officers (D&O) Liability Insurance Policy:

The Company has entered into a D&O liability insurance policy as provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company, whereby the loss to be incurred by the insured due to damages, litigation expenses and the like will be indemnified. Provided, however, that there are a certain exclusions, *e.g.*, any loss arising out of an act committed knowing that it is an illegal act shall not be indemnified.

Upon the approval of this Proposal without any amendment, and if candidates assume their respective offices as Directors, each candidate shall be included as an insured in the said insurance policy, which is expected to be renewed during the period of his or her office. The outline of the said insurance policy is as described in the Business Report.

### **Proposal No. 3 Appointment of One (1) Corporate Auditor**

The term of office of the Corporate Auditor, Yasuyuki Miyasaka, will expire at the close of this Annual General Meeting of Shareholders. Under this Proposal, the Board of Directors proposes the appointment of one (1) Corporate Auditor as specified below.

The Board of Directors passed a resolution on the selection of the candidate for Corporate Auditor with the consent of the Board of Corporate Auditors after discussions on recommendation of such candidate were made by the Nominating Committee, which is a voluntary committee comprised of inside Directors and Outside Directors.

The candidate for Corporate Auditor is as follows:

Name (Date of birth)	Profile (Positions and responsibilities in the Company/other entities and material posts concurrently held in other juridical persons )		Number of Santen shares owned
<b>Masahiko IKAGA</b> (May 14, 1955)	October 1979	Joined Tohmatsu Awoki & Co. (currently, Deloitte Touche Tohmatsu LLC)	0 share
	March 1988	Registered as Certified Public Accountant	
	May 1988	Director of Tohmatsu Touche Ross Consulting Co., Ltd. (currently, Abeam Consulting Ltd.)	
	May 1990	Partner of Tohmatsu Awoki & Co.	
	April 1993	Director of Tohmatsu Consulting Co., Ltd. (currently, Deloitte Tohmatsu Consulting LLC)	
	March 2000	Representative Director and President of Tohmatsu Consulting Co., Ltd.	
	October 2010	Director and Chairman of Tohmatsu Consulting Co., Ltd.	
	November 2013	CSO of Deloitte Touche Tohmatsu LLC	
	March 2016	Retired from Partner of Deloitte Touche Tohmatsu LLC	
	April 2016	Representative Accountant, Masahiko Ikaga Certified Public Accountant Office (incumbent)	
	May 2016	Representative Director of PrajnaLink Co., Ltd. (incumbent)	
	June 2016	External Audit & Supervisory Board Member of Morinaga Milk Industry, Co., Ltd. (incumbent)	
March 2017	Outside Audit & Supervisory Board Member of Yamaha Motor Co., Ltd.		
June 2017	Outside Director of RYOBI LIMITED (incumbent)		
Material post concurrently held in other juridical persons: Representative Accountant, Masahiko Ikaga Certified Public Accountant Office Representative Director of PrajnaLink Co., Ltd. External Audit & Supervisory Board Member of Morinaga Milk Industry, Co., Ltd. Outside Director of RYOBI LIMITED			

(Note 1) The above candidate for Corporate Auditor has no special interest in the Company.

(Note 2) Masahiko Ikaga, the candidate for Corporate Auditor, is a candidate for Outside Corporate Auditor.

(Note 3) The Company, through a filing, has informed the Tokyo Stock Exchange, Inc. that, upon the approval of the appointment of Masahiko Ikaga under this Proposal, he will become an Independent Officer pursuant to Article 436-2, Paragraph 1 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc.

(Note 4) Reasons for the appointment of the candidate for Corporate Auditor:

As regards Masahiko Ikaga, considering that he has an expertise concerning financial affairs and accounting as a certified public accountant as well as extensive international experience and knowledge such as promoting globalization as a corporate executive, and that he is expected to express appropriate audit opinions from the company-wide point of view at the meetings of the Board of Corporate Auditors and the Board of Directors, the Board of Directors believes that he is well-qualified to be an Outside Corporate Auditor, and proposes his appointment as such.

(Note 5) Agreement with the Outside Corporate Auditors to limit their liability:

To further ensure the Company's objective and transparent management through the invitation and appointment of capable and competent persons for the post of Outside Corporate Auditor, it is provided in Article 35 of the Company's current Articles of Incorporation that the Company

may enter into an agreement with any Outside Corporate Auditor to limit his or her liability for any damage suffered by the Company. Pursuant to such provision, upon the approval of the appointment of Masahiko Ikaga, who is a candidate for Outside Corporate Auditor under this Proposal, such agreement is planned to be concluded between him and the Company as well. The outline of such agreement is as follows:

- In case the Outside Corporate Auditor becomes liable for damages suffered by the Company due to his or her negligence in the performance of his or her duty, he or she shall be liable for such damages only up to the maximum amount set forth in Article 425, Paragraph 1 of the Companies Act.
- The aforementioned limitation on liability of the Outside Corporate Auditor shall be allowed only if he or she performed his or her duty, which caused the damages, in good faith and without gross negligence.

(Note 6) The Directors and Officers (D&O) Liability Insurance Policy:

The Company has entered into a D&O liability insurance policy as provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company, whereby the loss to be incurred by the insured due to damages, litigation expenses and the like will be indemnified. Provided, however, that there are a certain exclusions, *e.g.*, any loss arising out of an act committed knowing that it is an illegal act shall not be indemnified.

Upon the approval of this Proposal without any amendment, and if the candidate assumes his office as Corporate Auditor, the candidate shall be included as an insured in the said insurance policy, which is expected to be renewed during the period of his office. The outline of the said insurance policy is as described in the Business Report.

### **For Your Reference:**

#### 1. The Company's Policy and Procedures for the Appointment of Candidates for Director and Corporate Auditor

##### (1) Appointment of Candidates for Director

In the Company, the Nominating Committee, which is a voluntary committee comprised of inside Directors and Outside Directors, deliberates on the selection of candidates for Director, and based on its recommendation, the Board of Directors determines the candidates for Director. Upon deliberation by the Nominating Committee, on the premise that each nominee has an understanding of Santen's Values and the underlying ethos thereof, as set forth in the Skill Matrix which is separately disclosed, the guiding principle for the selection of candidates for inside Director is that each nominee must have credentials such as superb expertise, ability to participate in decision-making from a managerial standpoint and supervise execution of the duties by directors, while the guiding principle for the selection of candidates for Outside Director is that each nominee must have credentials such as being capable of contributing to enhance the quality of the discussions in the Board of Directors with experience in managing companies or a specialized understanding of corporate management, and satisfies the criteria of independence established by the Company.

##### (2) Appointment of Candidates for Corporate Auditor

In the Company, the Nominating Committee, which is a voluntary committee comprised of inside Directors and Outside Directors, discusses the recommendation of candidates for Corporate Auditor, and then the Board of Directors determines the nominees as candidates for Corporate Auditor after it obtains the consent of the Board of Corporate Auditors. Upon consent by the Board of Corporate Auditors, on the premise that each nominee has an understanding of Santen's Values and the underlying ethos thereof, as set forth in the Skill Matrix which is separately disclosed, the

guiding principle for the selection of candidates for inside Corporate Auditor is that each nominee must have credentials such as having ethical values and a sense of fairness, while being experienced in performing high-level duties in any field, while the guiding principle for the selection of candidates for Outside Corporate Auditor is that each nominee must have credentials such as being experienced in academic pursuits, the legal profession, accounting or management as well as having a wealth of experience and high expertise in each field, and satisfies the criteria of independence established by the Company.

## 2. Criteria of Independence of Outside Directors and Outside Corporate Auditors

As regards the criteria to determine whether “independence” is retained, the Company has established, from the viewpoint of further strengthening corporate governance as well as enhancing the transparency and objectiveness of management, the following criteria, in addition to the Independence Criteria prescribed by the Tokyo Stock Exchange, Inc., in determining that each of the Outside Directors and Outside Corporate Auditors has no interest in the Company and its affiliate companies (collectively, the “Santen Group”), and that each of them is “independent.”

- (1) In the past, the relevant director/corporate auditor has never been a director, corporate auditor or employee of the Santen Group (excluding independent officers).
- (2) The relevant director/corporate auditor is not a consultant, accounting expert or legal expert, regardless of whether he/she/it is an individual or a juridical person, who has ever been directly involved in the business of the Santen Group, and has never obtained money or other assets in an amount of JPY 10 million or more per year therefrom, during the past three (3) years.
- (3) During the past three (3) years, the relevant director/corporate auditor has never been a director and the like (including a corporate officer or other person equivalent thereto; hereinafter, the same shall apply) of a company with sales to the Santen Group amounting to 2% or more of the annual sales of such company. Also, during the past three (3) years, the relevant director/corporate auditor has never been a director and the like of a company with sales by the Santen Group amounting to 2% or more of the annual sales of the Santen Group.
- (4) The relevant director/corporate auditor is not a director and the like of a company, 10% or more of the aggregate number of outstanding shares of which is held by the Santen Group, or a company holding 10% or more of the aggregate number of outstanding shares of the Company.
- (5) The relevant director/corporate auditor has never taken office as a director and the like of the Santen Group’s main bank, lead managing securities companies, main life insurance company or main non-life insurance company.
- (6) The relevant director/corporate auditor is not a director/corporate auditor of the Santen Group (excluding independent officers), a spouse or another relative within the third degree of kinship of any person classified under any of items (1) to (5) above.
- (7) There is no matter concerning the relevant director/corporate auditor that may raise a material conflict of interest in his/her performing the duties of an Outside Director/Outside Corporate Auditor, or any relationship that may affect his/her judgment as an Outside Director/Outside Corporate Auditor.

## **Proposal No. 4 Partial Amendments to the Articles of Incorporation**

### 1. Reasons for Amendments

The amended provisions stipulated in the proviso of Article 1 of the Supplementary Provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will come into force on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for the

electronic provision of materials for general meetings of shareholders, it is proposed to amend the Company's Articles of Incorporation as follows:

- (1) The proposed paragraph 1, Article 16 stipulates that the Company takes measures to provide information contained in the reference materials and other documents for general meetings of shareholders in electronic format.
- (2) The proposed paragraph 2, Article 16 establishes a provision to limit the scope of the matters to be contained in the document to be delivered to shareholders who requested the delivery of materials in a paper-based format.
- (3) The provision related to the disclosure via internet and the deemed provision of reference materials for the general meetings of shareholders and other documents (Article 16 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
- (4) In line with the new establishment and deletion of the provisions set forth above, it is proposed to establish supplementary provisions related to the effective date and other relevant matters.

## 2. Details of the Amendments

Details of the proposed amendments are as follows:

Current Articles of Incorporation	Proposed Amendment
Chapter III General Meeting of Shareholders	Chapter III General Meeting of Shareholders
<p>Article 16 (<i>Disclosure via Internet and the Deemed Provision of Reference Materials for the General Meetings of Shareholders and other Documents</i>)</p> <p>The Company may deem that the Company has provided shareholders with information pertaining to matters to be described or presented in the reference materials for the general meetings of shareholders, business report, non-consolidated financial statement and consolidated financial statement, if the Company discloses such information by means of using the Internet pursuant to provisions stipulated by the Ordinance of the Ministry of Justice.</p>	[Deleted]
[Newly established]	<p>Article 16 (<i>Measures for Providing Information in Electronic Format, Etc.</i>)</p> <p>When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference materials and other documents for the general meeting of shareholders in electronic format.</p> <p>(2) Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or a part of those items designated by the Ordinance of the Ministry of Justice from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the recorded date of voting rights.</p>
<Supplementary Provisions>	<Supplementary Provisions>
[Newly established]	<p>(<i>Supplementary Provisions</i>)</p> <p>The deletion of Article 16 (<i>Disclosure via Internet and the Deemed Provision of Reference Materials for the General Meetings of Shareholders and other Documents</i>) of the current Articles of Incorporation and the new establishment of Article 16 (<i>Measures for Providing Information in Electronic Format, Etc.</i>) of the proposed amendment shall come into effect on September 1, 2022 (the "Effective Date").</p> <p>(2) Notwithstanding the provisions of the preceding paragraph, Article 16 (<i>Disclosure via Internet and the</i></p>

*Deemed Provision of Reference Materials for the General Meetings of Shareholders and other Documents*) of the current Articles of Incorporation shall remain in force with respect to general meetings of shareholders to be held on a date during the period from June 1, 2022 to the end of February, 2023.

(3) These supplementary provisions shall be deleted after the lapse of six (6) months from the Effective Date or the lapse of three (3) months from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.

### **Proposal No. 5 Revision of the Limit of Remuneration for Outside Directors**

Among the remuneration systems for the Company's Directors, the limit of the amount of monetary remuneration for Directors excluding Outside Directors (the "Target Directors") was approved, at the 106th Annual General Meeting of Shareholders held on June 26, 2018, to be no more than 600 million yen per year (of which no more than 400 million yen shall be the fixed basic compensation, and no more than 200 million yen shall be the annual bonus). Also, the limit of the amount of monetary remuneration for Outside Directors was approved at the said meeting, apart from the remuneration limit for the Target Directors, to be no more than 60 million yen solely comprised by the fixed basic compensation. These limits have been maintained up to now.

Now that an increase of the number of Outside Directors from three (3) to five (5) is expected, it is proposed, in order to prepare for the said increase, to revise the limit of the amount of monetary remuneration for Outside Directors to be no more than 100 million yen annually. There is no change in the limit of the monetary remuneration for the Target Directors.

The Company's Board of Directors passed a resolution on this proposed revision based on the report submitted by the Executive Compensation Committee, majority of the members of which are Outside Directors, after their deliberations. Since the particulars of the system are in accordance with the "Policy Regarding the Decision of the Amount of Remunerations and the Like for Directors and Corporate Auditors and the Calculation Method of Such Amount", they are judged as appropriate.

While the incumbent Directors are six (6) (three (3) of which are Outside Directors), upon approval of Proposal No. 2 without any amendment, the number of Directors will be eight (8) (five (5) of which are Outside Directors).

### **Proposal No. 6 The Approval of the Stock-Based Remuneration Program for Directors Excluding Outside Directors, Foreign Residing Corporate Officers and Foreign Residing Employees**

#### **I. Reasons for this Proposal and Reasons for the Appropriateness of Such Remunerations**

The Company's remuneration system for Directors consists of a fixed basic compensation as well as an annual bonus and a stock-based remuneration program solely for Directors excluding Outside Directors (the "Target Directors"). As to the amount of remuneration and the like for the Target Directors, the limit of the amount of the monetary remuneration was approved to be no more than 600 million yen per year (of which no more than 400 million yen shall be the fixed basic compensation, and no more than 200 million yen shall be the annual bonus) at the 106th Annual General Meeting of Shareholders held on June 26, 2018 (the "June 2018 General Meeting"). In addition, apart from the aforementioned remuneration limit, an implementation of the stock-based remuneration program for the Target Directors which consists of two types of systems, namely, the Performance Share Unit System (a post-delivery type performance-linked stock remuneration system; the "PSU System") and the Restricted Stock-Based

Remuneration System was approved at the June 2018 General Meeting. The PSU System for the Target Directors has been maintained up to now, upon approval passed at the Board of Directors to continue the system after the end of the initial Performance Evaluation Period (three (3) fiscal years from the fiscal year ended on March 31, 2019 to the fiscal year ended on March 31, 2021) within the scope approved at the June 2018 Meeting.

With the aim of realizing “Santen 2030” which is a long-term vision looking forward to the world in 2030 and beyond, it is necessary to achieve the goal presented in the “MTP2025” which is the medium-term plan until fiscal year of 2025, as well to continuously motivate the Target Directors toward mid- and long-term growth and creation of value leading into and after 2026, it is hereby proposed for approval that the structure of the PSU System be revised, focusing on a change from the previous form in which the term of the medium-term plan is considered the single Performance Evaluation Period, to a form in which the Performance Evaluation Period is comprised of consecutive multiple fiscal years that commence every fiscal year.

Also, for the foreign residing Corporate Officers who do not concurrently hold the position of Director of the Company (\*) (the “Target Corporate Officers”), the Company has introduced the stock-based remuneration system, which consists of two types of systems, namely, the PSU System and the Restricted Stock Unit System (a post-delivery type stock-based remuneration system; the “RSU System”), and concurrently therewith, for the foreign residing employees of the Company who are not the Target Directors or the Target Corporate Officers (“Target Employees”), the Company has also introduced the RSU System. Nonetheless, in accordance with the expansion of the target grantees in the U.S., it is required under the laws of the U.S. to obtain approval through a resolution at the general meeting of shareholders regarding such stock-based remuneration program. Based on the foregoing, such stock-based remuneration program is hereby proposed for approval, in addition to the stock-based remuneration program for the Target Directors.

The goal of the stock-based remuneration program for the Target Directors is that the Target Directors will share the same point of view as shareholders, and concurrently therewith, they will proactively engage in achieving the Company’s vision and strategy, which would make the remuneration system effective in contributing to the Company’s continuous growth and the improvement of its corporate value on a medium- to long-term basis. Since the particulars of the system are in accordance with the “Policy Regarding the Decision on the Amount of Remunerations and the Like for Directors and Corporate Auditors and the Calculation Method of Such Amount”, they are judged as appropriate.

The Company’s Board of Directors passed a resolution on this Proposal No. 6 based on the report submitted by the Executive Compensation Committee, majority of the members of which are Outside Directors, after their deliberations. While the incumbent Directors are six (6) (three (3) of which are Outside Directors), upon approval of Proposal No. 2 without any amendment, the number of Directors will be eight (8) (five (5) of which are Outside Directors).

(\*) For the Corporate Officers residing in Japan who do not concurrently hold the position of Director of the Company, similar to the Target Directors, the PSU System and the Restricted Stock-Based Remuneration System have been introduced. Under such systems, the target grantees are determined through resolution passed at the Board of Directors, and then the Company’s shares are granted thereto. The specific time of the grant and payment to each of the Corporate Officers as well as the specific allocation among them are determined by the Representative Director, President & CEO of the Company based on the calculation method established by the Executive Compensation Committee.

## II. The Stock-Based Remuneration Program for Target Directors, Target Corporate Officers and Target Employees

Currently, for the purpose described in I above, the Company has introduced, apart from the limit of the amount of monetary remuneration, a stock-based remuneration program for the Target Directors, which consists of two types of systems, namely, the PSU System and the Restricted Stock-Based Remuneration System respectively described in sections 1 and 2 of the Overview of the Program below. In addition, the PSU System and the RSU System described in section 3 of the Overview of the Program below have been introduced for the Target Corporate Officers, and the RSU System described in section 3 of the Overview of the Program below has been introduced for the Target Employees.

The specific time of the grant and payment to each of the Target Directors and the specific allocation among them are determined by the Company's Board of Directors after deliberations at the Executive Compensation Committee, majority of the members of which are Outside Directors. Also, the specific time of the payment to each of the Target Corporate Officers and each of the Target Employees as well as the specific allocation among them are determined by the Representative Director, President & CEO of the Company based on the calculation method established by the Executive Compensation Committee.

<Overview of the Program>

## 1. The PSU System for Target Directors

### (1) Overview of the System

The PSU System for the Target Directors is a performance-linked stock remuneration system for the Target Directors wherein evaluation indices such as the Company's business performance are predetermined by the Company's Board of Directors for the performance evaluation period, which consists of several consecutive fiscal years (decided by the Company between three (3) and five (5) years) of the Company (the "Performance Evaluation Period"), and which grants monetary remuneration claims for the issuance of a number of common shares of the Company (the "Company Shares") based on the achievement rate of said evaluation indices as well as pays cash to secure funds for the purpose of paying tax that will accrue due to the issuance of the Company Shares ("Cash for Tax Payment Purposes") as remuneration for the Performance Evaluation Period in every fiscal year. Accordingly, in principle, the grant of such monetary remuneration claims for the issuance of Company Shares to the Target Directors and the payment of Cash for Tax Payment Purposes will be made after the end of each Performance Evaluation Period. Considering that the PSU System for Target Directors involves granting of monetary remuneration claims for the issuance of Company Shares and payment of Cash for Tax Payment Purposes based on the achievement rate of the subject evaluation indices, whether or not such grants or payments will be made to each Target Director as well as the specific number of Company Shares to be issued (the "Number of Shares to be Issued") or the amount of the monetary remuneration claims for the issuance of Company Shares or the Cash for Tax Payment Purposes to be granted and paid will not be fixed at the time of the implementation of the PSU System for Target Directors.

The initial Performance Evaluation Period, if this Proposal No. 6 is approved, shall be three (3) fiscal years from the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2025. The continuation of the PSU System for Target Directors in each fiscal year thereafter, with a new Performance Evaluation Period that extends a consecutive three (3) to five (5) fiscal years including such fiscal year, may be approved by the Company's Board of Directors within the scope approved at the General Meeting of Shareholders.

We have set the aggregate amount of the amount of monetary remuneration claims to be paid in each Performance Evaluation Period at no more than 100 million yen per fiscal year; the upper limit of the Number of Shares to be Issued at no more than 100 thousand shares per fiscal year; and the aggregate amount of Cash for Tax Payment Purposes to be paid per fiscal year at no more than 100 thousand shares which is the limit of the Number of Shares to be Issued per fiscal year multiplied by the share price at the time of issuance (which is equivalent to approximately 0.02% of 400,694,754 shares, the number of shares outstanding as of the end of March 2022 for a single fiscal



year).

If a split of the Company Shares (including an allotment thereof without contribution) or a consolidation thereof is made after the day of the resolution on this Proposal No. 6, then the number of shares to be used as a criteria for the calculation of the aforementioned total amount and the total number of Company Shares to be allotted to each of the Target Directors shall be adjusted based on the ratio of such split or consolidation.

(2) The Structure of the System

The specific structure of the PSU System for Target Directors is as follows:

- (i) The Company has established each of the evaluation indices and evaluation weights to be used in the PSU System for Target Directors as described in the table below, pursuant to the resolution at the Board of Directors:

Evaluation Indices	Weight
The relative TSR (*1)	80%
Indices in relation to ESG (*2)	20%

- (ii) After the end of the Performance Evaluation Period, the Company shall determine the number of Company Shares to be allotted to each of the Target Directors based on the achievement rate of each of the evaluation indices described in item (i) above in the relevant Performance Evaluation Period.
- (iii) Based on a resolution of the Board of Directors, the Company shall grant to each of the Target Directors their monetary remuneration claims within the limit of the total amount to be paid during the aforesaid Performance Evaluation Period as remuneration under the PSU System for Target Directors based on the number of Company Shares to be allotted to each of the Target Directors as determined under item (ii) above, and each of the Target Directors shall receive an allotment of such number of Company Shares upon payment by way of a contribution in kind of all of their monetary remuneration claims. The amount of the payment for the Company Shares shall be determined by the Company's Board of Directors based on the closing price thereof at the Tokyo Stock Exchange on the business day immediately before the day of the resolution of the Company's Board of Directors on the aforesaid allotment (or, if no trading is made on that day, then the closing price on the trading day immediately before that day), and shall be within a range that is not particularly advantageous to any of the Target Directors who will subscribe to the Company Shares.
- (iv) As each of the Target Directors will incur expenses to pay the tax associated with the allotment of the Company Shares described in item (iii) above, in order to secure funds to pay such tax expenses, in addition to granting the aforesaid monetary remuneration claims, upon such allotment, the Company shall pay Cash for Tax Payment Purposes in an amount taking into consideration the expenses needed to pay the taxes to be incurred thereon.
- (v) The requirements for the issuance of the Company Shares to each of the Target Directors and other details shall be determined by the Company's Board of Directors. In cases where misconduct or the like occurs, the right to receive the grant may be extinguished, or a claim to demand for return of the remuneration may be allowed depending on when such misconduct took place or when it was found. The said extinguishment of the right to receive the grant or return of the remuneration shall be determined by the Board of Directors after deliberations by the Executive Compensation Committee.

\*1: This was established by referring to global life-science companies as a peer group. In cases where the rank of the Company's total shareholder return (relative TSR) is positioned in the medium level, the ratio of 100% shall be granted. The evaluation table for the ratio of the grant ranging from 0% to 200% shall be reasonably calculated in accordance with the relative position with the peer group.

\*2: As an index in relation to ESG, the evaluation result by an independent evaluation organization is used. In accordance with the degree of improvement during the Performance Evaluation Period, the ratio of the grant ranging from 0% to 200% shall be determined.

(3) The Manner of Calculating the Number of Company Shares to be Issued and the Amount of Money to be Paid to the Target Directors

The Company shall calculate the number of Company Shares to be issued to each of the Target Directors based on the formula described in item (i) below (any fraction less than one (1) share shall be rounded down), and the amount of money to be paid to each of the Target Directors based on the formula described in item (ii) below. In case of any resignation or new appointment during the Performance Evaluation Period, the number of Company Shares to be issued or the amount of money to be paid to the relevant Target Director or his or her heir(s) and the like may be reasonably adjusted as determined by the Company's Board of Directors. If the aforesaid total number of Company Shares to be allotted to the Target Directors (100 thousand shares) will be exceeded due to the allotment of such number of Company Shares determined under item (i) below, then, to the extent that will not exceed the aforesaid total number, the number of Company Shares to be allotted to each of the Target Directors shall be reduced by way of a proportional distribution or other reasonable means to be determined by the Company's Board of Directors.

(i) The Number of Company Shares to be Issued to Each of the Target Directors

The number of the Base Share Unit (\*1) x Payment Rate (\*2) x 50%

(ii) The Amount of Money to be Paid to Each of the Target Directors

(The number of the Base Share Unit (\*1) x Payment Rate (\*2) – the number of Company Shares calculated under item (i) above) x the share price at the time of the issuance (\*3)

\*1: to be determined by the Company's Board of Directors taking into consideration of the classification and duties of each of the Target Directors.

\*2: to be calculated in a manner to be determined by the Company's Board of Directors within the range between 0% and 200% based on the achievement rate of each of the evaluation indices (*i.e.*, the relative TSR and indices in relation to ESG) and other elements during the Performance Evaluation Period.

\*3: the amount to be determined by the Company's Board of Directors, after the end of the Performance Evaluation Period, based on the closing price of the Company Shares at the Tokyo Stock Exchange on the business day immediately before the day of the resolution of the Company's Board of Directors on the aforesaid allotment (or, if no trading is made on that day, then the closing price on the trading day immediately before that day) under the PSU System for Target Directors, and which is within a range that is not particularly advantageous to any of the Target Directors who will subscribe to the Company Shares.

\* If any matter concerning a merger agreement, where the Company will be the company absorbed, or any other organizational restructuring as determined by the Company's Board of Directors (a "Material Organizational Restructuring") is approved at the Company's general meeting of shareholders (or by the Company's Board of Directors if such Material Organization Restructuring does not require an approval at the Company's general meeting of shareholders) during the Performance Evaluation Period (limited to cases where the effective date of such Material Organization Restructuring is scheduled to take place before the day of the issuance of the Company Shares under the PSU System for Target Directors), then on the effective date of such Material Organization Restructuring, the Company shall pay to the Target Directors the amount to be adjusted in a reasonable manner to be determined by the Company's Board of Directors.

2. The Restricted Stock-Based Remuneration System for Target Directors

(1) Overview of the System

The Restricted Stock-Based Remuneration System for Target Directors is a system wherein, pursuant to the resolution of the Company's Board of Directors, the monetary remuneration claims are granted to the Target Directors every fiscal year as remuneration relating to restricted stock, and each of the Target Directors shall receive an allotment of the Company Shares upon payment by way of a contribution in kind of all of their monetary remuneration claims. The issuance or disposition of Company Shares under the Restricted Stock-Based Remuneration System is conditioned on the conclusion of a restricted stock allotment agreement between the Company and each of the Target Directors (the "Allotment Agreement").

The total annual amount of the monetary remuneration claims to be granted in a fiscal year shall not be more than 100 million yen, and the maximum number of Company Shares to be allotted to the Target Directors by the Company within such fiscal year upon their payment by way of a contribution in kind of all of their monetary remuneration claims shall be 100 thousand shares (per fiscal year, which will be equivalent to approximately 0.02% of 400,694,754 shares, the number of shares outstanding as of the end of March 2022). If a split of the Company Shares (including an allotment thereof without contribution) or a consolidation thereof is made after the day of the resolution on this Proposal No. 6, or it is otherwise necessary to adjust the total number of restricted stocks to be allotted for cases equivalent to these cases, then the total number of such Company Shares may be reasonably adjusted.

(2) Outline of the Allotment Agreement

The following is an outline of the Allotment Agreement:

(i) Details of the Transfer Restriction

Each Target Director shall not transfer, pledge or otherwise dispose of the Company Shares allotted under the Allotment Agreement (the "Allotted Shares") during the transfer restriction period to be pre-determined by the Company's Board of Directors between three (3) years to five (5) years from the day of receipt of the allotment under the Allotment Agreement ("Transfer Restriction").

(ii) Treatment in Case of Resignation

If any Target Director resigns or retires from the position of Director, Corporate Officer, Corporate Auditor, employee or any equivalent thereof of the Company or its subsidiary before the end of the Transfer Restriction period, then the Company shall automatically acquire the Allotted Shares without consideration unless such event is due to the expiration of the term, death or any other justifiable reason.

(iii) Lift of the Transfer Restriction

The Company shall lift the Transfer Restriction on the Allotted Shares upon the expiration of the Transfer Restriction period, on condition that the Target Director has held the position of Director, Corporate Officer, Corporate Auditor, employee or any equivalent thereof of the Company or its subsidiary continuously during the Transfer Restriction period. However, if such Target Director resigns or retires from such position before the expiration of the Transfer Restriction period due to the expiration of the term, death or any other justifiable reason, then the number of Allotted Shares to be lifted from the Transfer Restriction and the time of lifting of such Transfer Restriction shall be reasonably adjusted as necessary. In addition, immediately after the Transfer Restriction is lifted in accordance with the foregoing provisions, the Company shall automatically acquire the Allotted Shares still subject to the Transfer Restriction without consideration.

(iv) Treatment in Cases of Organizational Restructurings

Notwithstanding the provisions of item (i) above, in cases where matters concerning a Material Organizational Restructuring are approved at the Company's general meeting of shareholders

(or by the Company's Board of Directors if the approval at the Company's general meeting of shareholders is not required for such Material Organization Restructuring) during the Transfer Restriction period, prior to the effective date of the approval of such Material Organization Restructuring, the Company shall lift the Transfer Restriction on a number of the Allotted Shares to be reasonably determined by a resolution of the Company's Board of Directors taking into consideration the period from the day of commencement of the Transfer Restriction period to the day of the approval of such Material Organization Restructuring. In addition, immediately after the Transfer Restriction is lifted in accordance with the foregoing provisions, the Company shall automatically acquire the Allotted Shares still subject to the Transfer Restriction without consideration.

(v) Other Matters to be Determined by the Board of Directors

Other matters shall be determined by the Company's Board of Directors. In cases where misconduct or the like occurs, the right to receive the grant may be extinguished, or a claim to demand for return of the remuneration may be made depending on when such misconduct took place or when it was found. The said extinguishment of the right to receive the grant or return of the remuneration shall be determined by the Board of Directors after deliberations by the Executive Compensation Committee.

### 3. The PSU System for Target Corporate Officers and the RSU System for Target Corporate Officers and Target Employees

The PSU System for Target Corporate Officers and the RSU System for Target Corporate Officers and Target Employees are systems to grant shares under which the share units are granted to the Target Corporate Officers or the Target Employees as target grantees, and, after obtaining the Company Shares using money contributed by the Company through a trust established abroad as a fund, the Company Shares are granted. Specifically, the Company Shares shall be obtained from the stock markets in Japan under a trust (the "Trust") (\*1) (\*2) established under a trust agreement entered into by and between the Company and JTC Employer Solutions Limited (the "Entrustee"). The money entrusted by the Company shall be the funds for the Entrustee to obtain the Company Shares. These systems aim to allow each target grantee to share the same point of view with shareholders, and concurrently, form a foundation to cultivate a sense of unity as a corporate member of the Santen Group.

The PSU System for Target Corporate Officers and the RSU System for Target Corporate Officers and Target Employees are systems under which share units are granted to the target grantees every fiscal year, and subject to a certain duration of tenure (\*3), such number of Company Shares corresponding to the number of units (and, for the PSU System, in accordance with the achievement-linked conditions) shall be granted. As such, whether or not the Company Shares will be granted to each target grantee, or the number of shares to be granted, will not be fixed at the time of the implementation of these systems. The timing when the Entrustee obtains the Company Shares shall be around the time of the grant of shares to the target grantee. After the right is determined, the shares subject to the grant (the "Subject Shares") shall be transferred to and administered in the account in the name of the target grantee in the U.S. (if the target grantee is located in the U.S.) or Ireland (if the target grantee is located outside the U.S.), depending on where the target grantee is located. The target grantee may receive the proceeds from the sale by giving instructions to sell the Subject Shares.

(\*1) The Entrustee shall procure shares from the stock markets through a trust account to be opened in Ireland by Global Shares ("GS"), a company providing services to administer stock-based remuneration.

(\*2) In practice, the Trust is administered by JTC Employer Solutions Limited (the "Custodian"), a custodian appointed by GS and a sub-custodian re-consigned by the Custodian. There exists no capital ties or any personal (secondment) relationship between the Entrustee, the Custodian / the sub-custodian

and the Company.

(\*3) Under the PSU System and the RSU System for Target Corporate Officers, every fiscal year, the right pertaining to the entire number of the share units shall be fixed after three (3) years from the grant, subject to three (3) years' duration of tenure after the grant of the share units. Under the RSU System for Target Employees, every fiscal year, the right shall be fixed depending on the duration of tenure, namely, the right pertaining to one third of the share unit shall be fixed after one (1) year from the grant, another one third thereof shall be fixed after two (2) years therefrom, and the residual one third shall be fixed after three (3) years therefrom, subject to continued tenure after the grant of the share units.

### **Results of the Evaluation of the Board of Director's Effectiveness**

The Company's Board of Directors has conducted an evaluation of its effectiveness in the fiscal year of 2021, with the aim of further enhancing the role and function of the Board of Directors. The overview of the results of the same is as follows:

(Evaluation Method)

At first, the assessment questionnaire to Directors and Corporate Auditors were conducted on the items described below. The said questionnaires took a form that allows a four-level quantitative evaluation of each question and also allows the free inscription of comments. Additionally, in order to further understand in more depth the contents of the responses to the questionnaires, individual interviews of all of the Outside Directors and Outside Corporate Auditors were made; based on the foregoing, the evaluation results were discussed at the meeting of the Board of Directors held in March 2022.

[Major Categories of the Questionnaire Items]

1. The operation and constitution of the Board of Directors
2. The managerial strategy and business strategy
3. Corporate ethics and risk control
4. The monitoring of achievements and evaluation-based remuneration for the executives
5. Conversations with shareholders and other stakeholders

In keeping with the amendment of the Corporate Governance Code in the last year, we reviewed the questionnaire items in order to conduct an evaluation that contributes to the further enhancement of governance. While the evaluation has been conducted, up to now, from the respective viewpoints of decision-making function and supervision function of the Board of Directors (viewpoint (i)), we newly added viewpoints: (ii) an election and evaluation of the CEO and other executives who are the main subjects of supervision by the Board of Directors; (iii) the composition of the Board of Directors; (iv) the degree of the fulfillment of each aspect that is subject to decision-making and supervision; and (v) the relationship with shareholders and other stakeholders. Thus, the questionnaire items are made up from these five viewpoints to allow for a comprehensive evaluation.

Also, we have taken measures to make qualitative progress in the evaluation through earning support from third party organizations in the implementation and analysis of the evaluation of effectiveness, including the aforementioned review.

### **(Summary of Results)**

The Company's Board of Directors has assessed that its effectiveness was ensured for the fiscal year of 2021. The reason therefor is that the overall average evaluation mark response was "mostly effective," and responses for each questionnaire item indicated "effective" and "mostly effective" at high rates (approximately 90%). Among all the responses, the following items obtained a high evaluation in the questionnaire and individual interviews:

- Independent Outside Directors are participating in discussions from multifaceted viewpoints based on sufficient provision of information, and appropriately fulfil their duties.

- A transfer of power to executive organs is made in an appropriate manner, and thus the Board of Directors is able to concentrate on its primary role.
- The system necessary for the compliance with corporate ethics is consolidated, and the whistle-blowing system as a vehicle therefor was effectively functioning.

Also, it was evaluated that improvement occurred in the following items:

- As for the ongoing matters and other internal strategies, the monitoring of subsequent progress was appropriately conducted.
- Information such as opinions and the like of outside stakeholders are appropriately shared with Outside Directors and Corporate Auditors.

We recognize that, in addition to our continuing efforts, the result of our efforts to improve the issues we recognized in the evaluation of the effectiveness of the Board of Directors in the last fiscal year has contributed to this evaluation.

More specifically, in the meetings of the Board of Directors, opportunities to report were amplified for, in addition to a status report on the progress of material matters, the status of development matters, planning and implementation of strategies concerning human resources, IT strategies and the like, and thereby opportunities for and the quality of the monitoring were enhanced. Also, the Board of Directors focused on promptly and steadily sharing opinions and recommendations provided by institutional investors and other stakeholders with Outside Directors and Corporate Auditors, and made efforts so that the recognition of stakeholders shall commonly considered at the Board of Directors.

(Initiatives Going Forward)

On the other hand, the necessity of making continuous efforts was discussed from the viewpoint of further enhancing the effectiveness, and further enriching the quality, of decision-making at the Board of Directors, as well as strengthening supervisory functions. Specific issues and the outline of actions to be taken towards improvement were acknowledged as follows:

- Securing a degree of certainty of implementation when a decision is made on material strategic matters  
Under the circumstances where it becomes more important for the Company to maximize the efficiency of investment towards the accomplishment of MTP2025, the Board of Directors recognizes it is more important to make appropriate decisions on the destination of the investment of limited resources in accord with the feasibility thereof. Based on the foregoing, the Board of Directors decided to make efforts as follows:
  - ✓ Increasing opportunities to regularly share the progress status, issues and capabilities concerning respective businesses
  - ✓ Increasing opportunities to comprehend the situation of the job sites where a business is performed as well as the subject of the post-merger integration (PMI)
  - ✓ Amplifying quantitative indices for decision-making for strategic matters
- Strengthening of implementation of monitoring and planning of strategies  
While the monitoring has been strengthened, the Board of Directors decided to make efforts to further amplify the scope and the particulars of the monitoring, make it more satisfactory, and strengthen its supervision.
  - ✓ Verifying the progress in strategic investment and development matters as well as the situation, reasons and countermeasures in cases where an issue arises concerning the progress
  - ✓ Verifying the status of the progress in relation to material managerial measures, including human resources, sustainability, DX and the like
- Strengthening the cooperation between the Board of Directors and activities of voluntary committees

As shown in the Corporate Governance Code amended in June 2021, based on a recognition that an appropriate effort by voluntary committees is crucially important for the Company to enhance its governance, it was decided to make efforts to further strengthen the cooperation among the Board of Directors, the Nominating Committee and the Executive Compensation Committee to allow them to maximally fulfill their functions.

- ✓ Appropriately sharing the particulars of the efforts taken by the Board of Directors and both committees
- ✓ Further fulfilling the functions of committees through an enhancement of the cooperation of the function of the secretariat of both committees.

In this fiscal year, Santen will focus on the three points above as key initiatives, and, concurrently therewith, continuously review measures to enhance the effectiveness of the Board of Directors, including strengthening of efforts such as risk control and an internal control under the new leadership system established on April 1, 2022.

Santen believes that, for continued enhancement of Santen's corporate value while it addresses internal and external changes and to complete Santen 2030 and MP2025, it is crucial to improve the governance of the Board of Directors and other corporate organs.

Based on these evaluation results, Santen endeavors to continuously improve the function of the Board of Directors.

### **Skill Matrix of Directors and Corporate Auditors**

The Company believes that, upon nomination of its candidates for Director and Corporate Auditor, it is important to establish its effective governance system towards the sustainable enhancement of its corporate value through both of the following: (i) in the meetings of the Board of Directors, Directors and Corporate Auditors that attend are engaged in multifaceted deliberations on the appropriateness of business strategies, risks upon realization thereof and other aspects, and also they appropriately supervise the status of execution thereof; and (ii) the Board of Corporate Auditors conducts the audit from the perspective of not only legality but also appropriateness and effectiveness of the Board of Directors and other executive divisions, and thereby fully exerts its function.

Meanwhile, based on the long-term vision "Santen 2030," and the medium-term plan "MTP2025," the Company endeavors to solve social issues through vision by standing by medical professionals and patients and providing innovative value as a Social Innovator beyond the borders of the pharmaceutical industry. Also, in these efforts, the Company will exercise leadership globally allowing us to contribute to people around the world based on ophthalmologic medical needs which differ depending on countries and areas.

The Company considers that, in addition to planning and carrying out corporate strategies as well as appropriate business administration, the knowledge, experience and ability described in the schedule below are specifically important from the viewpoint of the aforementioned principles and business orientation of the Company. In addition to the life science business and global viewpoint, the Company will continuously place emphasis on fields such as ESG and service to society. Upon appointment of Directors and Corporate Auditors, the Company shall ensure balance and diversity by appointing personnel from various backgrounds, including those with expert knowledge and experience, to allow them to provide advice to and supervision of the management from a multifaceted point of view, and shall place importance on valuing individuals without any other distinctions such as gender, age, nationality, race or ethnic group. Moreover, the Company respects the balance between inside and Outside Directors to secure the objectiveness of discussions, and concurrently therewith, especially with regard to the Board of Corporate Auditors, it has been stipulated that a majority of its offices shall be taken by Outside Corporate Auditors who satisfy the criteria of independence to enhance the

independence and neutrality of the audit.

Directors and Corporate Auditors (both incumbent and candidates)			Corporate management	Life science business	Understanding medical field and patients	Global leadership	Finance and accounting	Legal affairs and risk control	ESG and service to society
Director	Akira KUROKAWA (Director)	Reappointed	●	●	●				
	Shigeo TANIUCHI (Representative Director)	Reappointed	●	●		●			
	Takeshi ITO (Representative Director)	Reappointed		●	●				
	Kanoko OISHI (Outside Director)	Reappointed	●		●				●
	Yutaro SHINTAKU (Outside Director)	Reappointed	●	●		●			
	Kunihito MINAKAWA (Outside Director)	Reappointed				●	●	●	
	Noboru KOTANI (Outside Director)	Newly appointed	●	●					
	Tamie MINAMI (Outside Director)	Newly appointed		●		●			
Corporate Auditor	Hiroshi ISAKA (Standing Corporate Auditor)			●	●				
	Hirofumi YASUHARA (Outside Corporate Auditor)		●			●	●		
	Yumiko ITO (Outside Corporate Auditor)					●		●	●
	Masahiko IKAGA (Outside Corporate Auditor)	Newly appointed	●				●	●	

\*Among skills respectively held, two to three skills (maximum three skills), which are specifically advantageous or those with strong relevance to the business of the Company, are described.



## (Significant Subsequent Events)

1. Resolution pertaining to share repurchases (The share repurchases in accordance with Article 165, paragraph 2 of the Companies Act (Japan))

At a meeting of the Board of Directors on May 10, 2022, the Board resolved to repurchase its own shares in accordance with Article 156 of the Companies Act (Japan), as applied pursuant to Article 165, paragraph 3.

(I) Reasons for repurchase of own shares

To enhance capital efficiency and improve return of profits.

(II) Details of repurchase

- |   |   |
|---|---|
| (1) Class of shares to be repurchased:        | Common shares   |
| (2) Total number of shares to be repurchased: | 12,500,000 shares (maximum)<br>*Representing 3.1% of the total number of shares outstanding (excluding treasury shares)   |
| (3) Total amount of repurchase:               | 15.0 billion yen (maximum)  |
| (4) Period of repurchase:                     | May 11, 2022 to September 30, 2022  |
| (5) Method of repurchase:                     | Open-market repurchase through discretionary investment contract  |
| (6) Other:                                    | After repurchase, the Company plans to cancel the repurchased shares within the fiscal year ending March 2023 by its Board of Directors resolution in accordance with Article 178 of the Companies Act (Japan). |

2. Cancellation of transition to a holding company structure through sole-share transfer and change in fiscal year

At a meeting of the Board of Directors on May 10, 2022, the Board resolved to cancel the transition to a holding company structure through sole-share transfer with effect from April 1, 2022, and the change of Santen's fiscal year period starting January 1, 2022 (hereinafter, the "Transition"), which was previously resolved and subsequently postponed.

Reasons for the Cancellation

The Company announced the postponement of the Transition on May 11, 2021 resulting from a comprehensive assessment of short-term changes in its business environment after preparations for the Transition were underway to allow Santen to achieve steadily its long-term vision, Santen 2030. Subsequent considerations has led the Company to resolve the cancellation of the Transition to allow its currently effective organization to promptly address improvements in profitability for a sustainable growth trajectory as presented in the medium-term plan (MTP 2025).

Santen announced its new Executive Management Team (herein after EMT) effective on April 1, 2022 as part of the importance placed on strengthening our business execution capabilities. With the reinvention of our leadership team, Business Heads in Regions and Business groups and Centers of Excellence (CoE), which lead strategies and operations from global perspective, will collaborate to establish a global management system that enables fast and effective decision making and strengthen the governance system for business execution. Santen aims to bolster its competitiveness as a global company and strengthen its strategic execution capabilities with our organization leveraging EMT.

## Consolidated statement of income (IFRS\*)

(Millions of yen)

	Year to March 31, 2022	(Reference) Year to March 31, 2021
Revenue	266,257	249,605
Cost of sales	(109,671)	(98,221)
<b>Gross profit</b>	<b>156,586</b>	<b>151,384</b>
Selling, general and administrative expenses	(84,499)	(79,554)
Research and development expenses	(26,377)	(24,112)
Amortization on intangible assets associated with products	(9,734)	(10,650)
Other income	1,043	16,007
Other expenses	(1,133)	(40,889)
<b>Operating profit</b>	<b>35,886</b>	<b>12,187</b>
Finance income	2,543	1,346
Finance expenses	(1,209)	(1,488)
Share of loss of investments accounted for using equity method	(1,604)	(358)
<b>Profit before tax</b>	<b>35,616</b>	<b>11,688</b>
Income tax expenses	(8,427)	(2,562)
<b>Net profit for the year</b>	<b>27,189</b>	<b>9,126</b>
Profit attributable to		
Owners of the company	27,218	9,311
Non-controlling interests	(29)	(185)
<b>Net profit for the year</b>	<b>27,189</b>	<b>9,126</b>

(Figures are rounded to the nearest million yen)

\* International Financial Reporting Standards

(Note)

In conjunction with the completion of the adjustments in the present consolidated fiscal year with regard to provisional accounting treatment related to a business combination, previous consolidated fiscal year have been retroactively restated.

# Consolidated statement of financial position (IFRS)

(Millions of yen)

	Year ended March 31, 2022	(Reference) Year ended March 31, 2021
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	56,287	39,489
Intangible assets	130,217	115,808
Financial assets	28,673	31,903
Net defined benefit assets	3,011	1,619
Investments to which equity method has been applied	7,565	5,162
Deferred tax assets	3,103	2,824
Other non-current assets	1,695	2,249
<b>Total non-current assets</b>	<b>230,551</b>	<b>199,054</b>
<b>Current assets</b>		
Inventories	37,141	41,575
Trade and other receivables	99,591	95,992
Other financial assets	1,293	527
Other current assets	8,387	5,248
Cash and cash equivalents	83,014	62,888
<b>Total current assets</b>	<b>229,426</b>	<b>206,231</b>
<b>Total assets</b>	<b>459,976</b>	<b>405,285</b>

(Figures are rounded to the nearest million yen)

(Note)

In conjunction with the completion of the adjustments in the present consolidated fiscal year with regard to provisional accounting treatment related to a business combination, previous consolidated fiscal year have been retroactively restated.

(Millions of yen)

	Year ended March 31, 2022	(Reference) Year ended March 31, 2021
<b>Equity</b>		
Share capital	8,672	8,525
Capital surplus	9,370	8,954
Treasury shares	(718)	(934)
Retained earnings	290,477	273,238
Other components of equity	29,688	20,398
<b>Total equity attributable to owners of the company</b>	<b>337,488</b>	<b>310,181</b>
<b>Non-controlling interests</b>	<b>(645)</b>	<b>(535)</b>
<b>Total equity</b>	<b>336,844</b>	<b>309,646</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Financial liabilities	22,023	10,141
Net defined benefit liabilities	1,077	1,210
Provisions	738	600
Deferred tax liabilities	2,526	3,626
Other non-current liabilities	948	1,514
<b>Total non-current liabilities</b>	<b>27,312</b>	<b>17,090</b>
<b>Current liabilities</b>		
Trade and other payables	41,185	38,106
Other financial liabilities	38,533	23,739
Income tax payable	4,198	5,458
Provisions	939	819
Other current liabilities	10,965	10,428
<b>Total current liabilities</b>	<b>95,821</b>	<b>78,549</b>
<b>Total liabilities</b>	<b>123,133</b>	<b>95,639</b>
<b>Total equity and liabilities</b>	<b>459,976</b>	<b>405,285</b>

(Figures are rounded to the nearest million yen)

(Note)

In conjunction with the completion of the adjustments in the present consolidated fiscal year with regard to provisional accounting treatment related to a business combination, previous consolidated fiscal year have been retroactively restated.

# Consolidated statement of changes in equity (IFRS)

Year to March 31, 2022

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Remeasurements of defined benefit plans	Net gain or loss on financial assets measured at fair value through other comprehensive income
<b>Balance at April 1, 2021</b>	8,525	8,954	(934)	273,238	-	11,075
<b>Comprehensive income</b>						
Net profit for the period				27,218		
Other comprehensive income					449	(1,067)
<b>Total comprehensive income</b>	-	-	-	27,218	449	(1,067)
<b>Transactions with owners</b>						
Issuance of new shares	146	146				
Acquisition of treasury shares			(12)			
Retirement of treasury shares		(15)	228			
Dividends				(11,998)		
Share-based payments		285				
Other				2,019	(449)	(1,570)
<b>Total transactions with owners</b>	146	416	216	(9,979)	(449)	(1,570)
<b>Balance at March 31, 2022</b>	8,672	9,370	(718)	290,477	-	8,438

	Other components of equity						
	Foreign currency translation adjustments	Share of other comprehensive income of investments accounted for using equity method	Subscription rights to shares	Total	Total equity attributable to owners of the company	Non-controlling interests	Total equity
<b>Balance at April 1, 2021</b>	8,634	170	518	20,398	310,181	(535)	<b>309,646</b>
<b>Comprehensive income</b>							
Net profit for the period				-	27,218	(29)	<b>27,189</b>
Other comprehensive income	11,316	744		11,442	11,442	(81)	<b>11,361</b>
<b>Total comprehensive income</b>	11,316	744	-	11,442	38,660	(110)	<b>38,550</b>
<b>Transactions with owners</b>							
Issuance of new shares			(134)	(134)	159		<b>159</b>
Acquisition of treasury shares				-	(12)		<b>(12)</b>
Retirement of treasury shares				-	213		<b>213</b>
Dividends				-	(11,998)		<b>(11,998)</b>
Share-based payments				-	285		<b>285</b>
Other				(2,019)	-		-
<b>Total transactions with owners</b>	-	-	(134)	(2,152)	(11,353)	-	<b>(11,353)</b>
<b>Balance at March 31, 2022</b>	19,950	914	384	29,688	337,488	(645)	<b>336,844</b>

(Figures are rounded to the nearest million yen)

(Note)

During the fiscal year ended March 31, 2022, Santen completed the purchase price allocation for the assets acquired and liabilities assumed as part of the Eyevance Pharmaceuticals Holdings Inc.(U.S.) acquisition. Accordingly, balances of Retained earnings and Foreign currency transaction adjustments as of April 1, 2021 were retrospectively adjusted from 270,757 million yen and 8,519 million yen to 273,238 million yen and 8,634 million yen respectively.

# Non-consolidated balance sheets (J-GAAP\*)

(Millions of yen)

	Year ended March 31, 2022	(Reference) Year ended March 31, 2021
<b>Assets</b>		
<b>Current assets</b>	<b>149,883</b>	<b>140,651</b>
Cash and deposits	37,608	24,691
Trade notes receivable	374	335
Trade accounts receivable	77,121	79,784
Merchandise and finished goods	16,926	21,001
Work in process	58	49
Raw materials and supplies	5,151	5,144
Other	12,902	9,880
Allowance for doubtful receivables	(257)	(232)
<b>Fixed assets</b>	<b>213,880</b>	<b>212,952</b>
<b>Tangible assets</b>	<b>31,977</b>	<b>23,903</b>
Buildings	7,149	7,755
Structures	61	70
Machinery and equipment	2,695	3,017
Vehicles	4	11
Tools, furniture and fixtures	1,105	1,122
Land	6,796	6,880
Leased assets	11	14
Construction in progress	14,155	5,032
<b>Intangible assets</b>	<b>34,976</b>	<b>36,995</b>
Manufacturing and marketing approval	24,163	29,903
Software	2,866	2,460
Other	7,948	4,633
<b>Investments and other assets</b>	<b>146,927</b>	<b>152,054</b>
Investment securities	21,392	26,429
Investments in subsidiaries	116,233	116,233
Deferred tax assets	5,385	5,967
Prepaid pension costs	1,887	1,253
Other	2,029	2,172
<b>Total assets</b>	<b>363,763</b>	<b>353,603</b>

(Figures are rounded to the nearest million yen)

\* Generally Accepted Accounting Principles in Japan

(Millions of yen)

	Year ended March 31, 2022	(Reference) Year ended March 31, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>	<b>53,525</b>	<b>53,320</b>
Electronically recorded obligations	1,394	1,336
Trade accounts payable	19,988	20,577
Other payables	24,328	22,788
Income taxes payable	2,383	3,775
Consumption taxes payable	1,262	1,272
Reserves for bonuses	3,192	3,000
Other	979	572
<b>Non-current liabilities</b>	<b>12,731</b>	<b>6,051</b>
Long-term loans payable	11,874	5,486
Derivative obligations	68	104
Asset retirement obligations	311	169
Other	477	292
<b>Total liabilities</b>	<b>66,256</b>	<b>59,372</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>	<b>288,486</b>	<b>282,557</b>
<b>Common stock</b>	<b>8,672</b>	<b>8,525</b>
<b>Capital surplus</b>	<b>9,372</b>	<b>9,241</b>
Additional paid-in capital	9,366	9,220
Other capital surplus	6	21
Gain on retirement of treasury shares	6	21
<b>Retained earnings</b>	<b>271,161</b>	<b>265,725</b>
Earing reserve	1,551	1,551
Other retained earnings	269,610	264,174
Reserve for retirement benefit	372	372
General reserve	89,109	89,109
Retained earnings carried forward	180,129	174,693
<b>Treasury shares</b>	<b>(718)</b>	<b>(934)</b>
<b>Valuation, translation adjustments</b>	<b>8,636</b>	<b>11,156</b>
Unrealized gains on securities, net of taxes	8,636	11,156
<b>Stock subscription rights</b>	<b>384</b>	<b>518</b>
<b>Total net assets</b>	<b>297,507</b>	<b>294,231</b>
<b>Total liabilities and net assets</b>	<b>363,763</b>	<b>353,603</b>

(Figures are rounded to the nearest million yen)

# Non-consolidated statement of income (J-GAAP)

(Millions of yen)

	Year to March 31, 2022	(Reference) Year to March 31, 2021
Net sales	190,828	186,112
Cost of sales	87,402	81,391
<b>Gross profit</b>	<b>103,425</b>	<b>104,721</b>
Selling, general and administrative expenses	82,037	81,108
<b>Operating income</b>	<b>21,389</b>	<b>23,614</b>
Non-operating income	2,416	2,216
Interest and dividend income	616	600
Dividend income of life insurance	164	156
Gain on valuation of derivative	477	414
Asset rental income	1,043	901
Other	115	146
Non-operating expenses	1,279	506
Interest expenses	154	126
Foreign exchange losses	914	342
Other	212	38
<b>Ordinary income</b>	<b>22,525</b>	<b>25,324</b>
Extraordinary income	2,755	2,307
Gain on disposal of fixed assets	489	6
Gain on sales of investment securities	2,265	2,300
Gain on sales of golf club memberships	-	1
Extraordinary losses	63	214
Loss on disposal of fixed assets	57	41
Loss on valuation of investment securities	6	173
<b>Income before income taxes</b>	<b>25,217</b>	<b>27,417</b>
Income taxes - current	6,095	7,804
Income taxes - deferred	1,688	(2,141)
<b>Net income</b>	<b>17,433</b>	<b>21,754</b>

(Figures are rounded to the nearest million yen)



# Non-consolidated statement of changes in net assets (J-GAAP)

Year to March 31, 2022

(Millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings				
		Additional paid-in capital	Other capital surplus	Total capital surplus	Earning reserve	Other retained earnings			Total retained earnings
					Reserve for retirement benefit	General reserve	Retained earnings carried forward		
Balance at April 1, 2021	8,525	9,220	21	9,241	1,551	372	89,109	174,693	265,725
Changes of items during period									
Issuance of new shares	146	146		146					-
Dividends of surplus				-				(11,998)	(11,998)
Net income				-				17,433	17,433
Acquisition of treasury shares				-					-
Retirement of treasury shares			(15)	(15)					-
Net changes of items other than shareholders' equity				-					-
Total changes of items during period	146	146	(15)	131	-	-	-	5,436	5,436
Balance at March 31, 2022	8,672	9,366	6	9,372	1,551	372	89,109	180,129	271,161

	Shareholders' equity		Valuation, translation adjustments		Stock subscription rights	Total net assets
	Treasury shares	Total shareholders' equity	Unrealized gains on securities, net of taxes	Total valuation, translation adjustments		
Balance at April 1, 2021	(934)	282,557	11,156	11,156	518	<b>294,231</b>
Changes of items during period						
Issuance of new shares		293		-		<b>293</b>
Dividends of surplus		(11,998)		-		<b>(11,998)</b>
Net income		17,433		-		<b>17,433</b>
Acquisition of treasury shares	(12)	(12)		-		<b>(12)</b>
Retirement of treasury shares	228	213		-		<b>213</b>
Net changes of items other than shareholders' equity		-	(2,520)	(2,520)	(134)	<b>(2,653)</b>
Total changes of items during period	216	5,929	(2,520)	(2,520)	(134)	<b>3,276</b>
Balance at March 31, 2022	(718)	288,486	8,636	8,636	384	<b>297,507</b>

(Figures are rounded to the nearest million yen)