

NOTICE: This is a translation of a part of the notice issued on June 5, 2023 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 5, 2023

CONVOCAATION NOTICE OF THE 111TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholder:

We hereby inform you of the 111th Annual General Meeting of Shareholders of the Company to be held as set forth below.

For the information contained in the reference documents and other documents (except the Voting Rights Exercise Form) for this Annual General Meeting of Shareholders (*i.e.*, matters regarding measures for electronic provision), we have taken measures for the electronic provision of materials. As such, please access the same from the Company's website and confirm them thereat:

The Company's website: <https://www.santen.com/en/ir/document/meeting>

The matters regarding measures for electronic provision are also subject to measures for the electronic provision on the website of the Tokyo Stock Exchange (TSE). To verify these matters, please access the TSE's website (TSE Listed Company Search) described below, enter and search "Santen Pharmaceutical" in the column "Issue name (company name)," or enter and search "4536" (half-width) in the column "Code," then select "Basic information" button, and "Documents for public inspection/PR information" tab in sequence.

TSE's website (TSE Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please be advised that you may exercise your voting right via the Internet or in writing. To do so, after reviewing the "Reference Materials for the General Meeting of Shareholders," please exercise your voting right by either: accessing the website (<https://evote.tr.mufig.jp/>) designated by the Company for voting, and indicating thereat* your assent or dissent to the items on the agenda, or filling up the Voting Rights Exercise Form by indicating your assent or dissent to the items on the agenda, and sending it back to reach us by mail, in either case, before 17:30 on Monday, June 26, 2023 (JST).

Very truly yours,

Takeshi Ito

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: Tuesday, June 27, 2023 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
3. **Agenda**
Reports: 1. Reports on the Business Report, Consolidated Financial Statements and Financial Statements for the 111th Business Term (April 1, 2022 to March 31, 2023)
2. Reports on the Audit Reports by the Accounting Auditors and the Board of Corporate Auditors on the Consolidated Financial Statements for the 111th Business Term (April 1, 2022 to March 31, 2023)
Items for Resolution:
Proposal No. 1 Appropriation of Surplus
Proposal No. 2 Appointment of Seven (7) Directors
Proposal No. 3 Appointment of Two (2) Corporate Auditors
4. **Matters Determined concerning the Convocation***
Please see the Information regarding the Exercise of Voting Rights, etc.
*Japanese version only.

◎ Information on the system of the electronic provision of materials for the General Meeting of Shareholders

1. Outline of the system for the electronic provision of materials for the General Meeting of Shareholders

The system for the electronic provision of materials for the General Meeting of Shareholders (the “System”) was introduced pursuant to the partial amendment of the Companies Act (enacted on September 1, 2022). The System allows the disclosure of materials for the General Meeting of Shareholders, which were previously sent in writing, on the website.

2. Measures taken by the Company to address the System

Considering that the 111th Annual General Meeting of Shareholders is the first General Meeting of Shareholders to be held after the implementation of the System, as a transitional measure, we have delivered to the shareholders the materials for the General Meeting of Shareholders in writing, together with the Voting Rights Exercise Form, in the conventional manner.

The Convocation Notice for the next meeting onwards will be a simple one containing the day and time, place and agenda of the General Meeting of Shareholders as well as the means to access the website. For shareholders who wish to continue to receive the materials in writing even for the next meeting onwards, they must contact the Company’s shareholder registry administrator (Mitsubishi UFJ Trust and Banking Corporation), or any other security company you are trading with, and fulfill the formalities for the “Request for the Delivery of Documents.”

For inquiries about the Request for the Delivery of Documents for the materials for the General Meeting of Shareholders, please contact:

Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation
Telephone: 0120-696-505 (toll free)
Reception time: 9:00 to 17:00 from Monday to Friday excluding holidays and the like

◎ Matters partially omitted from the materials for the General Meeting of Shareholders

Pursuant to laws and regulations as well as Article 16 of the Company’s Articles of Incorporation, the following matters have been posted on the website of the Company (<https://www.santen.com/en/ir/document/meeting>), and hence, are not included in the documents sent to you:

- (1) Matters regarding the rights to subscribe for new shares, etc., as 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 the documents included in the Appendices hereto as well as the matters described above and posted on the website of the Company.

◎ Any changes in the matters regarding the measures for electronic provision, shall be publicized via the Internet on the relevant website on which they were posted.

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. Our basic policy is to continue a progressive dividend policy in line with a medium-to long-term profit 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 111th Business Term

For the 111th 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, the same amount as that of 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 6,009,323,168 in the aggregate.
- (3) Effective date of distribution of dividends from the surplus: June 28, 2023

Proposal No. 2 Appointment of Seven (7) 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 seven (7) 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	Akira KUROKAWA (September 5, 1952)	<p>April 1977 Joined the Company</p> <p>April 1997 General Manager, Head of the Office of Sales & Marketing Division, Prescription Pharmaceuticals</p> <p>June 1997 Director</p> <p>June 1998 Deputy Head of Sales & Marketing Division, Prescription Pharmaceuticals</p> <p>May 2001 Head of Sales & Marketing Division, Prescription Pharmaceuticals</p> <p>June 2001 Corporate Officer</p> <p>July 2004 Senior Corporate Officer</p> <p>June 2006 Representative Director, President & COO</p> <p>June 2008 Representative Director, President & CEO</p> <p>April 2018 Representative Director, Chairman & CEO</p> <p>April 2020 Representative Director, Chairman</p> <p>April 2022 Director, Chairman</p> <p>June 2022 Representative Director, Chairman (incumbent)</p>	218,825 shares
2	Takeshi ITO (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&D Strategic Integration Department</p> <p>December 2002 Head of R&D Integration Department, R&D Division</p> <p>April 2007 Head of Surgical Division</p> <p>April 2012 Corporate Officer, Head of Prescription Pharmaceuticals Sales Department, Sales & Marketing Division, Prescription Pharmaceuticals</p> <p>April 2014 Senior Corporate Officer, Head of Japan Sales & Marketing Division, Prescription Pharmaceuticals</p> <p>April 2016 Executive Corporate Officer, Japan Business, Head of Japan Sales & Marketing Division, Prescription Pharmaceuticals</p> <p>June 2017 Director</p> <p>April 2019 Head of Japan Business, Head of Japan Sales & Marketing Division</p> <p>April 2022 Representative Director, Executive Vice President</p> <p>September 2022 Representative Director, President & CEO (incumbent)</p>	48,370 shares

3	<p>Kanoko OISHI (March 24, 1961)</p>	<p>January 1993 Partner, McKinsey & Company, Inc. June 2000 Established Mediva Inc. Representative Director (incumbent) July 2000 Established Seinan Mediva Co., Ltd. (currently, C's One Co., Ltd.); Representative Director (incumbent) August 2004 Established Platanus Medical Corporation; COO (incumbent) June 2010 Outside Director of Astellas Pharma Inc. June 2015 Outside Director of the Company (incumbent) June 2015 Outside Director of Ezaki Glico Co., Ltd. (incumbent) Outside Director of Suruga Bank Ltd. June 2015 External Director of Shiseido Company, Limited March 2016 (incumbent)</p> <p>Material posts concurrently held in other juridical persons: Representative Director of Mediva Inc. Representative Director of C's One Co., Ltd. Outside Director of Ezaki Glico Co., Ltd. External Director of Shiseido Company, Limited</p> <p>Total term of office until the close of this Meeting: Eight (8) years Number of attendance at the Board of Directors' meetings: 13 out of 13 meetings</p>	0 share
4	<p>Yutaro SHINTAKU (September 19, 1955)</p>	<p>June 2005 Executive Officer of Terumo Corporation June 2006 Director and Executive Officer, President of Cardiac & Vascular Products Group of Terumo Corporation June 2007 Director and Senior Executive Officer in charge of the R&D Center, Intellectual Property Department and Legal Department of Terumo Corporation 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 & Finance Department of Terumo Corporation June 2010 Representative Director, President and CEO of Terumo Corporation April 2017 Director and Corporate Advisor of Terumo Corporation June 2017 Corporate Advisor of Terumo Corporation June 2017 Outside Director of J-OIL MILLS, INC. June 2017 Outside Director of the Company (incumbent) March 2018 Outside Director of Kubota Corporation (incumbent) April 2018 Visiting Professor, Business Administration, Hitotsubashi University Business School April 2019 Project Professor, Business Administration, Hitotsubashi University Business School (incumbent) September 2019 Outside Director of KOZO KEIKAKU ENGINEERING Inc. (incumbent)</p> <p>Material posts concurrently held in other juridical persons: 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: Six (6) years Number of attendance at the Board of Directors' meetings: 13 out of 13 meetings</p>	0 share

5	<p>Kunihito MINAKAWA (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 & 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 & Supervisory Board Member, Ricoh Company, Ltd.</p> <p>June 2017 Outside Director of Sony Corporation (currently, Sony Group 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: Five (5) years Number of attendance at Board of Directors' meetings: 13 out of 13 meetings</p>	2,000 shares
6	<p>Noboru KOTANI (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>June 2022 Outside Director of the Company (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> <p>Total term of office until the close of this Meeting: One (1) year Number of attendance at Board of Directors' meetings: 10 out of 10 meetings</p>	5,000 shares
7	<p>Tamie MINAMI (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 & Industrial Business Group, Asia, 3M Company</p> <p>June 2022 Outside Director of the Company (incumbent)</p> <p>June 2023 Outside Director of TEIJIN LIMITED (to assume office)</p> <p>Material posts concurrently held in other juridical persons: Outside Director of TEIJIN LIMITED (to assume office on June 21, 2023)</p> <p>Total term of office until the close of this Meeting: One (1) year Number of attendance at Board of Directors' meetings: 10 out of 10 meetings</p>	0 share

(Note 1) The above candidates for Director have no special interest in the Company.

(Note 2) Among the candidates for Director, Kanoko Oishi, Yutaro Shintaku, Kunihito Minakawa,

Noboru Kotani and Tamie Minami are candidates for Outside Director.

(Note 3) Among the candidates for Director, the Company designated Kanoko Oishi, Yutaro Shintaku, Kunihito Minakawa, Noboru Kotani and Tamie Minami 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.

(Note 4) 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 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, 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 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, the Representative Director, Executive Vice President since April 2022, and the Representative Director, President & CEO since September 2022; and he has contributed to the enhancement of the corporate value of the Company. Furthermore, he has fulfilled his accountability concerning matters for resolutions and reports as 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 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.
- (4) 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.
- (5) 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.

- (6) 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 that he has extensive knowledge and experience concerning corporate management as a management consultant, we expect that he will express appropriate opinions from the company-wide point of view at the meetings of the Board of Directors. 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 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, we expect that she will express appropriate opinions from a global point of view at the meetings of the Board of Directors. 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.

(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, Kunihito Minakawa, Noboru Kotani and Tamie Minami 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. 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 Two (2) Corporate Auditors

The term of office of the Corporate Auditors, Hirofumi Yasuhara and Yumiko Ito, will expire at the close of this Annual General Meeting of Shareholders. Under this Proposal, the Board of Directors proposes the appointment of two (2) Corporate Auditors 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 candidates for Corporate Auditor are 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
Junichi ASATANI (Feb. 22, 1961)	<p>April 2010 Vice President & CFO of Eisai Inc.</p> <p>April 2012 Executive Director, Corporate Internal Audit Department of Eisai Co., Ltd.</p> <p>June 2014 Chief Compliance Officer and Vice President, Internal Control, of Eisai Co., Ltd.</p> <p>June 2020 Vice President, Internal Audit of Eisai Co., Ltd.</p> <p>July 2021 Corporate Advisor to Eisai Co., Ltd</p> <p>Material post concurrently held in other juridical persons: Not applicable</p>	3,000 shares
Yaeko HODAKA (March 20, 1966)	<p>April 1992 Registered as an attorney-at-law and joined ISHII LAW OFFICE</p> <p>January 2005 Joined Morrison & Foerster, Partner</p> <p>January 2011 Joined Baker & McKenzie, Partner</p> <p>September 2020 Fellow of Centre for the Fourth Industrial Revolution Japan, World Economic Forum</p> <p>June 2021 External Corporate Auditor of Sumitomo Heavy Industries, Ltd. (incumbent)</p> <p>April 2023 Joined ISSHIKI & PARTNERS, Partner (incumbent)</p> <p>May 2023 Outside Director of YASKAWA Electric Corporation (incumbent)</p> <p>Material post concurrently held in other juridical persons: External Corporate Auditor of Sumitomo Heavy Industries, Ltd. Partner of ISSHIKI & PARTNERS Outside Director of YASKAWA Electric Corporation</p>	0 share

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

(Note 2) Junichi Asatani and Yaeko Hodaka, the candidates for Corporate Auditor, are candidates 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 Junichi Asatani and Yaeko Hodaka under this Proposal, they will become Independent Officers 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 candidates for Corporate Auditor:

- (i) As to Junichi Asatani, considering that he has been involved in the business of a pharmaceutical company, such as sales and marketing in Japan, financial and accounting affairs, risk and compliance management, as well as internal audit, with abundant experience and expertise, and is well-versed in the business of a pharmaceutical company with extensive international experience and knowledge, including from his overseas posting and involvement in local business in the area of business planning as well as accounting and financial affairs, 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.
- (ii) As to Yaeko Hodaka, considering that, as a lawyer, she has abundant experience and expertise, especially in the corporate legal practice, and has extensive international legal experience and knowledge amassed from her responsibilities as a partner in a U.S.-affiliated law firm for a long time, and that she 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 she is well-qualified to be an Outside Corporate Auditor, and proposes her 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 Junichi Asatani and Yaeko Hodaka, who are candidates for Outside Corporate Auditor 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 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 each candidate assumes his/her office as Corporate Auditor, each candidate shall be included as an insured in the said insurance policy, which is expected to be renewed during the period of his/her 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.

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 2022, 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, an assessment questionnaire to Directors and Corporate Auditors was conducted on the items described below. The said questionnaires took a form that allowed a four-level quantitative evaluation of each question and the free writing of comments. Additionally, 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; and based on the foregoing, the evaluation results were discussed at the meeting of the Board of Directors held in March 2023.

[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

Measures were taken to make qualitative progress in the evaluation by earning the support of third party organizations in the implementation and analysis of the evaluation of effectiveness.

In addition, the Company has separately implemented peer reviews in the Nominating Committee whereby all the Directors evaluated each other's performance.

(Summary of Results)

The Company's Board of Directors has assessed that its effectiveness was confirmed for the fiscal year of 2022. 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 a high rate (approximately 80%). Among all the responses, the following items obtained a high evaluation in the questionnaire and the individual interviews:

- The Board of Directors is composed of Outside Officers that make up majority of both the Directors and Corporate Auditors, and constituted by human resources to be diverse.
- Independent Outside Directors can express their unfettered opinions openly under any circumstances, and fulfil their roles.

In the fiscal year of 2022, through the increase of the number of Independent Outside Directors, which constitutes a majority of the Directors, the Company aspired to achieve a higher-level of governance in both decision-making and the supervision of operations. We believe that the current evaluation is evidence of the fact that the structure and governance of the Board of Directors aspired by the Company have been achieved.

On the other hand, a sense of crisis was shared that enhancement of decisiveness to surely achieve business goal and the ability to organize are imperative in all aspects of the operations of the Company. The Board of Directors intends to direct and supervise the executives for the necessary improvements while clarifying its priorities. Concurrently therewith, the Board of Directors will make efforts to work with the executives in an integrated manner to achieve the benefits of such improvements.

(Initiatives Going Forward)

Based on the circumstances that the Company is facing, high-priority matters for enhancing decision-making at and the supervisory functions of the Board of Directors were discussed. Specific issues and an outline of the actions to be taken towards improvement were acknowledged as follows:

- Strengthen the monitoring of progress in material strategic matters as well as research and development matters

Based on the situation that, among the recent material strategic investments as well as research and development investments, there were some investments that have culminated with an outcome different from what was foreseen at the time these investments were determined, it was acknowledged that there is a need to enhance the capability of achieving results through a more careful assessment of the situation as well as timely and appropriate directions and recommendations by the Board of Directors. Based on the foregoing, the Board of Directors decided to make the following efforts:

- ✓ Enhance the degree of resolution of any progress status through upgrading and expanding the metrics and information used in monitoring the same
 - ✓ Timely report to the Board of Directors changes in the situation after the time an investment decision was made
 - ✓ Expand opportunities to directly view the situation and hear the voices of the business lines
- Strengthen systems for internal control and risk management

Recognizing the increasing significance, in accordance with the diversification and globalization of human resources for executives, concerning the establishment of systems for internal control and risk management that underpin the stable and secure operation of the business, the Board of Directors decided to make the following efforts:

- ✓ Raise awareness about internal control and risk management by having messages delivered by top executives
 - ✓ Strengthen the nurturing of a common sense of values through internal control education that is shared globally
- Strengthen the cooperation between the Board of Directors and activities of voluntary committees

While the Board of Directors and voluntary committees have both been exerting efforts in close coordination with each other, the following efforts were decided to be made to further strengthen such cooperation, especially with regard to the Executive Compensation Committee in light of the increased number of committee members and the change in composition due to the increased number of Outside Directors:

- ✓ Share the particulars of the status of deliberations at the committees with the Board of Directors
- ✓ Upgrade and expand opportunities for clarification to newly appointed officers and the like concerning the executive compensation system

In this fiscal year, the Company will focus on the three points above as key initiatives, and review and implement measures that contribute to enhancing the effectiveness of the Board of Directors.

The Company believes that, for the continued enhancement of its corporate value as it addresses internal and external changes, it is crucial to improve the governance of the Board of Directors and other corporate organs. Based on these evaluation results, the Company endeavors to continuously improve the functions of the Board of Directors.

Skill Matrix of Directors and Corporate Auditors

The Company believes that, upon nomination of its candidates for Directors and Corporate Auditors, 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 new medium-term plan for FY 2023-FY 2025, 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 (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)	Reappointed	●	●					
	Tamie MINAMI* (Outside Director)	Reappointed		●		●			
Corporate Auditor	Hiroshi ISAKA (Standing Corporate Auditor)			●	●				
	Masahiko IKAGA (Outside Corporate Auditor)		●				●	●	
	Junichi ASATANI (Outside Corporate Auditor)	Newly Appointed		●			●	●	
	Yaeko HODAKA (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.

*Australian nationality.

Strategic-Shareholdings

The Company shall hold shares as strategic-shareholdings only when it determines that doing so will lead to stronger business relationships with the Company over the medium- to long-term and contribute to enhancing its corporate value. The Company sets a maximum threshold amount for its overall holdings of investment securities, and within that scope, holds only the shares of business partners that are imperative for its business development as strategic-shareholdings. At least once a year, the Board of Directors verifies whether or not such shareholdings are within the threshold based on these criteria, and for each individual security, evaluates the priority placed on the benefit of holding the shares to strengthen business relationships with the Company, taking into account the investment amount and investment risks involved therein. The Company will liquidate securities held as strategic-shareholdings if the rationale of keeping these is deemed to be insufficient. In the fiscal year of 2022, a part of three (3) securities were liquidated, thereby resulting in the ratio of strategic-shareholdings in net assets at 6.6%.

Consolidated statement of income (IFRS*)

(Millions of yen)

	Year to March 31, 2023	(Reference) Year to March 31, 2022
Revenue	279,037	266,257
Cost of sales	(112,950)	(109,671)
Gross profit	166,087	156,586
Selling, general and administrative expenses	(96,257)	(84,499)
Research and development expenses	(28,297)	(26,377)
Amortization on intangible assets associated with products	(9,518)	(9,734)
Other income	3,524	1,043
Other expenses	(38,629)	(1,133)
Operating profit (loss)	(3,090)	35,886
Finance income	1,153	2,543
Finance expenses	(1,499)	(1,209)
Share of loss of investments accounted for using equity method	(2,362)	(1,604)
Profit (loss) before tax	(5,799)	35,616
Income tax expenses	(9,184)	(8,427)
Net profit (loss) for the year	(14,983)	27,189
Profit (loss) attributable to		
Owners of the company	(14,948)	27,218
Non-controlling interests	(35)	(29)
Net profit (loss) for the year	(14,983)	27,189

(Figures are rounded to the nearest million yen)

* International Financial Reporting Standards

Consolidated statement of financial position (IFRS)

(Millions of yen)

	Year ended March 31, 2023	(Reference) Year ended March 31, 2022
Assets		
Non-current assets		
Property, plant and equipment	66,173	56,287
Intangible assets	96,309	130,217
Financial assets	28,038	28,673
Net defined benefit assets	3,438	3,011
Investments to which equity method has been applied	9,321	7,565
Deferred tax assets	2,810	3,103
Other non-current assets	1,763	1,695
Total non-current assets	207,853	230,551
Current assets		
Inventories	39,352	37,141
Trade and other receivables	107,165	99,591
Other financial assets	774	1,293
Income tax receivable	60	—
Other current assets	8,072	8,387
Cash and cash equivalents	57,903	83,014
Total current assets	213,326	229,426
Total assets	421,179	459,976

(Figures are rounded to the nearest million yen)

(Millions of yen)

	Year ended March 31, 2023	(Reference) Year ended March 31, 2022
Equity		
Share capital	8,702	8,672
Capital surplus	9,789	9,370
Treasury shares	(364)	(718)
Retained earnings	238,071	290,477
Other components of equity	37,781	29,688
Total equity attributable to owners of the company	293,979	337,488
Non-controlling interests	(683)	(645)
Total equity	293,297	336,844
Liabilities		
Non-current liabilities		
Financial liabilities	33,513	22,023
Net defined benefit liabilities	1,271	1,077
Provisions	691	738
Deferred tax liabilities	1,592	2,526
Other non-current liabilities	1,312	948
Total non-current liabilities	38,378	27,312
Current liabilities		
Trade and other payables	44,945	41,185
Other financial liabilities	25,858	38,533
Income tax payable	6,745	4,198
Provisions	4,212	939
Other current liabilities	7,744	10,965
Total current liabilities	89,504	95,821
Total liabilities	127,883	123,133
Total equity and liabilities	421,179	459,976

(Figures are rounded to the nearest million yen)

Consolidated statement of changes in equity (IFRS)

Year to March 31, 2023

(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
Balance at April 1, 2022	8,672	9,370	(718)	290,477	-	8,438
Comprehensive income						
Net profit (loss) for the period				(14,948)		
Other comprehensive income					32	589
Total comprehensive income	-	-	-	(14,948)	32	589
Transactions with owners						
Issuance of new shares	31	31				
Acquisition of treasury shares		(51)	(26,007)			
Disposal of treasury shares		(2)	367			
Cancellation of treasury shares		(25,994)	25,994			
Transfer to Capital surplus from Retained earnings		25,990		(25,990)		
Dividends				(12,611)		
Share-based payments		445				
Other				1,143	(32)	(1,111)
Total transactions with owners	31	419	354	(37,458)	(32)	(1,111)
Balance at March 31, 2023	8,702	9,789	(364)	238,071	-	7,917

	Other components of equity						Total 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	
Balance at April 1, 2022	19,950	914	384	29,688	337,488	(645)	336,844
Comprehensive income							
Net profit (loss) for the period				-	(14,948)	(35)	(14,983)
Other comprehensive income	8,021	648		9,290	9,290	(3)	9,287
Total comprehensive income	8,021	648	-	9,290	(5,658)	(38)	(5,696)
Transactions with owners							
Issuance of new shares			(54)	(54)	7		7
Acquisition of treasury shares				-	(26,058)		(26,058)
Disposal of treasury shares				-	365		365
Cancellation of treasury shares				-	-		-
Transfer to Capital surplus from Retained earnings				-	-		-
Dividends				-	(12,611)		(12,611)
Share-based payments				-	445		445
Other				(1,143)	-		-
Total transactions with owners	-	-	(54)	(1,197)	(37,851)	-	(37,851)
Balance at March 31, 2023	27,971	1,562	331	37,781	293,979	(683)	293,297

(Figures are rounded to the nearest million yen)

Non-consolidated balance sheets (J-GAAP*)

(Millions of yen)

	Year ended March 31, 2023	(Reference) Year ended March 31, 2022
Assets		
Current assets	145,119	149,883
Cash and deposits	23,831	37,608
Trade notes receivable	370	374
Trade accounts receivable	82,998	77,121
Merchandise and finished goods	18,662	16,926
Work in process	48	58
Raw materials and supplies	5,263	5,151
Other	14,227	12,902
Allowance for doubtful receivables	(279)	(257)
Fixed assets	137,785	213,880
Tangible assets	37,035	31,977
Buildings	6,524	7,149
Structures	53	61
Machinery and equipment	2,159	2,695
Vehicles	5	4
Tools, furniture and fixtures	1,031	1,105
Land	6,796	6,796
Leased assets	147	11
Construction in progress	20,320	14,155
Intangible assets	32,708	34,976
Manufacturing and marketing approval	18,422	24,163
Software	8,686	2,866
Other	5,600	7,948
Investments and other assets	68,042	146,927
Investment securities	20,097	21,392
Investments in subsidiaries	38,454	116,233
Deferred tax assets	5,187	5,385
Prepaid pension costs	2,424	1,887
Other	1,880	2,029
Total assets	282,904	363,763

(Figures are rounded to the nearest million yen)

* Generally Accepted Accounting Principles in Japan

(Millions of yen)

	Year ended March 31, 2023	(Reference) Year ended March 31, 2022
Liabilities		
Current liabilities	62,541	53,525
Electronically recorded obligations	1,306	1,394
Trade accounts payable	20,059	19,988
Short-term loans payable	7,000	-
Current portion of long-term loans payable	1,907	-
Other payables	23,065	24,328
Income tax payable	6,325	2,383
Consumption tax payable	120	1,262
Reserves for bonuses	2,080	3,192
Other	677	979
Non-current liabilities	21,102	12,731
Long-term loans payable	20,000	11,874
Derivative obligations	16	68
Asset retirement obligations	311	311
Other	775	477
Total liabilities	83,643	66,256
Net assets		
Shareholders' equity	190,915	288,486
Common stock	8,702	8,672
Capital surplus	9,397	9,372
Additional paid-in capital	9,397	9,366
Other capital surplus	-	6
Gain on retirement of treasury shares	-	6
Retained earnings	173,180	271,161
Earing reserve	1,551	1,551
Other retained earnings	171,629	269,610
Reserve for retirement benefit	372	372
General reserve	89,109	89,109
Retained earnings carried forward	82,148	180,129
Treasury shares	(364)	(718)
Valuation, translation adjustments	8,015	8,636
Unrealized gains on securities, net of taxes	8,015	8,636
Stock subscription rights	331	384
Total net assets	199,261	297,507
Total liabilities and net assets	282,904	363,763

(Figures are rounded to the nearest million yen)

Non-consolidated statement of income (J-GAAP)

(Millions of yen)

	Year to March 31, 2023	(Reference) Year to March 31, 2022
Net sales	196,589	190,828
Cost of sales	87,415	87,402
Gross profit	109,174	103,425
Selling, general and administrative expenses	84,376	82,037
Operating income	24,798	21,389
Non-operating income	2,600	2,416
Interest and dividend income	499	616
Dividend income of life insurance	155	164
Gain on valuation of derivative	52	477
Asset rental income	1,742	1,043
Other	152	115
Non-operating expenses	330	1,279
Interest expenses	100	154
Foreign exchange losses	39	914
Other	190	212
Ordinary income	27,068	22,525
Extraordinary income	1,602	2,755
Gain on disposal of fixed assets	3	489
Gain on sales of investment securities	1,599	2,265
Extraordinary losses	78,549	63
Loss on disposal of fixed assets	23	57
Impairment losses	747	-
Loss on valuation of shares of subsidiaries and associates	77,779	-
Loss on valuation of investment securities	-	6
Income (loss) before income taxes	(49,879)	25,217
Income taxes - current	6,397	6,095
Income taxes - prior periods	2,632	-
Income taxes - deferred	471	1,688
Net income (loss)	(59,379)	17,433

(Figures are rounded to the nearest million yen)

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

Year to March 31, 2023

(Millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus			Earning reserve	Retained earnings			
		Additional paid-in capital	Other capital surplus	Total capital surplus		Other retained earnings			Total retained earnings
					Reserve for retirement benefit	General reserve	Retained earnings carried forward		
Balance at April 1, 2022	8,672	9,366	6	9,372	1,551	372	89,109	180,129	271,161
Changes of items during period									
Issuance of new shares	31	31		31					-
Dividends of surplus				-				(12,611)	(12,611)
Net income (loss)				-				(59,379)	(59,379)
Acquisition of treasury shares				-					-
Disposal of treasury shares			(2)	(2)					-
Cancellation of treasury shares			(25,994)	(25,994)					-
Transfer to Capital surplus from Retained earnings			25,990	25,990				(25,990)	(25,990)
Net changes of items other than shareholders' equity				-					-
Total changes of items during period	31	31	(6)	25	-	-	-	(97,981)	(97,981)
Balance at March 31, 2023	8,702	9,397	-	9,397	1,551	372	89,109	82,148	173,180

	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, 2022	(718)	288,486	8,636	8,636	384	297,507
Changes of items during period						
Issuance of new shares		61		-		61
Dividends of surplus		(12,611)		-		(12,611)
Net income (loss)		(59,379)		-		(59,379)
Acquisition of treasury shares	(26,007)	(26,007)		-		(26,007)
Disposal of treasury shares	367	365		-		365
Cancellation of treasury shares	25,994	-		-		-
Transfer to Capital surplus from Retained earnings		-		-		-
Net changes of items other than shareholders' equity		-	(620)	(620)	(54)	(674)
Total changes of items during period	354	(97,571)	(620)	(620)	(54)	(98,245)
Balance at March 31, 2023	(364)	190,915	8,015	8,015	331	199,261

(Figures are rounded to the nearest million yen)