

NOTICE: This is a translation of a part of the notice issued on June 2, 2025 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.

BUSINESS REPORT

(From April 1, 2024 to March 31, 2025)

1. Matters Regarding the Status of the Corporate Group

(1) Basic Policy on Management

As a specialized company dedicated to eye health, the Santen Group* aspires to contribute to the realization of “Happiness with Vision” by providing valuable products and services to patients, consumers, and medical professionals around the world. Since its establishment, and guided by its CORE PRINCIPLE, “*Tenki ni sanyo suru,*” the Santen Group has been committed to helping people maintain and improve their eye health for more than 130 years. The Santen Group is engaged in the global research and development, manufacturing, and sales and marketing of pharmaceutical products in the field of eye care, supporting the eye health of approximately 50 million people in more than 60 countries and regions worldwide. The Santen Group’s mission is to provide essential and significant value that are not yet provided to patients and society in the prevention, diagnosis, and treatment of eye diseases through products and services created from its expertise in the ophthalmology field and from the patient’s perspective. To create a future in which as many patients as possible can lead happy and fulfilling lives, the Santen Group is committed to doing its utmost to realize a society in which people around the world can feel happy through vision-related experiences.

* The Company (Santen) and its affiliate companies.

(2) Progress and Achievement in Business

(i) Consolidated Results

(JPY billions)

	FY2023	FY2024	Year-on-year change
Revenue	302.0	300.0	(0.6%)
Core operating profit* ¹	62.8	59.4	(5.4%)
Operating profit	38.5	46.9	21.6%
Net profit for the year	26.7	35.9	34.3%
Net profit for the year attributable to owners of the company	26.6	36.3	36.1%

[Revenue]

Revenue in the fiscal year ended March 31, 2025 decreased by 0.6% year-on-year to ¥300.0 billion.

This was mainly due to the focus on expanding sales of new and mainstay products despite the impact of NHI price revisions and a voluntary recall of *Diquas LX* in Japan, solid performances from mainstay products in overseas as well as FX impact. As a result, it remained largely unchanged from the level of the last fiscal year.

◇ Japan

Revenue in the fiscal year ended March 31, 2025 decreased by 5.9% year-on-year to ¥165.3 billion. NHI price revisions at the high end of the 6% level and a voluntary recall of *Diquas LX* were mitigated by the focus on growing mainstay products including *EYLEA* 8 mg which was launched in April 2024 and *Alesion* eyelid cream launched in May 2024.

◇ China

On a JPY basis, revenue in the fiscal year ended March 31, 2025 decreased by 3.1% year-on-year (-7.9% excluding FX impact) to ¥28.9 billion. This was due to the impact of volume-based purchasing and product supply.

◇ Asia (excluding China)

On a JPY basis, revenue in the fiscal year ended March 31, 2025 increased by 5.0% year-on-year (+2.7% excluding FX impact) to ¥30.1 billion. This was due to the steady growth of mainstay products despite the impact of HCP strikes in South Korea.

◇ EMEA*2

On a JPY basis, revenue in the fiscal year ended March 31, 2025 increased by 14.8% year-on-year (+10.5% excluding FX impact) to ¥74.3 billion. This was mainly due to growth in sales of glaucoma products, the disease area in which Santen holds No. 1 market share*3.

[Core operating profit]

Gross profit in the fiscal year ended March 31, 2025 decreased by 4.4% year-on-year to ¥171.0 billion.

SG&A expenses in the fiscal year ended March 31, 2025 decreased by 3.6% year-on-year (-6.2% excluding FX impact) to ¥87.5 billion.

R&D expenses in the fiscal year ended March 31, 2025 decreased by 4.6% year-on-year (-7.4% excluding FX impact) to ¥24.1 billion.

As a result, operating profit on a core basis in the fiscal year ended March 31, 2025 decreased by 5.4 % year-on-year (-6.1% excluding FX impact) to ¥59.4 billion.

[Operating profit]

For the adjustments from the core basis, with regard to expenses related to the streamlining of costs in the Americas, adjustments of ¥0.2 billion, ¥0.7 billion and ¥0.2 billion were made to Cost of Sales, SG&A and R&D expenses, and Streamlining costs amounting to ¥0.4 billion were incurred in SG&A in the fiscal year ended March 31, 2025.

Amortization on intangible assets associated with products in the fiscal year ended March 31, 2025 decreased by 7.0% year-on-year (-8.6% excluding FX impact) to ¥8.8 billion. This is mainly due to the amortization on intangible assets associated with products acquired from Merck & Co., Inc. (U.S.) in 2014, *PRESERFLO MicroShunt* which was launched in Europe in 2019, *Ikervis* which was launched in Europe in 2015, and *Rhopressa / Rocklatan* which Santen began selling in Europe in 2023.

Other income amounted to ¥0.6 billion.

Other expenses amounted to ¥3.9 billion.

As a result, operating profit on an IFRS basis in the fiscal year ended March 31, 2025 increased by 21.6%

year-on-year (+21.1% excluding FX impact) to ¥46.9 billion. This is mainly due to the large amount of other expenses in the previous fiscal year.

[Net profit for the year]

Finance income amounted to ¥4.0 billion.

Finance expenses amounted to ¥2.7 billion

Share of loss of investments accounted for using equity method amounted to ¥0.7 billion.

Income tax expenses amounted to ¥11.6 billion, up ¥8.5 billion year-on-year. This was mainly due to the increase of profit before tax as a result of the increase in operating profit on a IFRS basis and the recognition of deferred tax assets at overseas subsidiaries in the previous fiscal year ended March 31, 2024.

As a result, net profit in the fiscal year ended March 31, 2025 increased by 34.3% year-on-year to ¥35.9 billion.

[Net profit for the year attributable to owners of the company]

Net profit attributable to owners of the company in the fiscal year ended March 31, 2025 increased by 36.1% year-on-year to ¥36.3 billion. The ratio to revenue was 12.1%.

*1 With the adoption of IFRS in the fiscal year ended March 31, 2015, the Santen Group discloses financial information on a core basis, which is calculated by excluding certain income and expense items from the IFRS basis, as an indicator of ordinary performance. The core basis is calculated by deducting the following income and expense items from IFRS results.

- Amortization on intangible assets associated with products
- Other income
- Other expenses
- Expenses related to acquisitions of companies and initiatives for the resumption of growth such as productivity improvements and streamlining measures

*2 It shows Europe, Middle East and Africa.

*3 Source: Copyright © 2025 IQVIA. IQVIA MIDAS 2023 Q1-2023 Q4. Santen analysis based on IQVIA data. Reprinted with permission.

(ii) Status of Other Operations

[Research & Development Activities]

<Glaucoma and Ocular hypertension area>

STN1011101 (DE-111A, generic name: tafluprost / timolol maleate) is a fixed dose combination drug of a prostaglandin F_{2α} derivative and a beta-adrenergic receptor blocker. The Company received marketing approval in March 2025 in China.

STN1011702 (generic name: omidenepag isopropyl) is an EP2 receptor agonist. Phase 3 trial was started in November 2024 in China.

STN1012600 (DE-126, generic name: sepetaprost) is a dual agonist that activates both FP and EP3 receptors. An additional Phase 2 trial was completed in December 2021 in the U.S. The Company filed for manufacturing and marketing approval in September 2024 in Japan. Phase 2 trial (exploratory study) was completed in Europe.

STN1013001 (DE-130A, generic name: latanoprost) is an ophthalmic emulsion of a prostaglandin F_{2α} derivative. The Company filed for marketing approval in November 2024 in Asia. The Company launched the product in August 2024 in European countries including Spain.

STN1013900 (AR-13324, generic name: netarsudil mesylate) is a ROCK inhibitor. Phase 3 trials were completed in January 2025 in Japan. Marketing approval has been received in Europe and the Company has launched the product in Sweden and other countries from February 2023 onward. The Company has successively received marketing approval in Asian countries and launched in South Korea in November 2024.

STN1014000 (PG-324, generic name: netarsudil mesylate / latanoprost) is a fixed dose combination drug of a ROCK inhibitor and a prostaglandin F_{2α} derivative. Marketing approval has been received in Europe and the Company has launched the product in Germany and other countries from January 2023 onward. The Company has successively received marketing approval in Asian countries and launched in March 2025 in Singapore.

STN1014003 (generic name: netarsudil mesylate / latanoprost) is a fixed dose combination drug of a ROCK inhibitor and a prostaglandin F_{2α} derivative. Phase 3 trial was started in February 2025 in Japan.

<Keratoconjunctival disease area including dry eye>

STN1007603 (DE-076C, generic name: ciclosporin) for vernal keratoconjunctivitis has been approved and launched in Europe and Asia. Marketing approval has been received in April 2022 in China.

STN1008903 (DE-089C, generic name: diquafosol sodium) is for the treatment of dry eye. The Company launched the product in November 2022 in Japan. In Asia, the Company received marketing approval in South Korea in March 2024 but deregistered the product license in August 2024.

STN1014100 (generic name: olodaterol hydrochloride) is for the treatment of dry eye. Phase 1/2a trial was completed in March 2024 in Japan.

STN1010904* (generic name: sirolimus) is for the treatment of Fuchs endothelial corneal dystrophy. The Company has executed a joint development agreement with ActualEyes Inc. Phase 2a trial has been under way in the U.S., France and India since May 2022. (*The development code (STN1010904) is due to be assigned to the product when Santen obtains an exclusive license upon completion of Phase 2 clinical trial.)

STN1010905 (generic name: sirolimus) is for the treatment of meibomian gland dysfunction. The Company started an additional Phase 2a trial in June 2024 in Japan.

STN1011402 (generic name: epinastine hydrochloride) is eyelid cream for the treatment of allergic conjunctivitis. The Company launched the product in May 2024 in Japan.

STN1011403 (generic name: epinastine hydrochloride) is high dose formulation to instill twice a day for the treatment of allergic conjunctivitis. The Company filed for marketing approval in March 2025 in China.

<Refractive disorder>

STN1012700 (DE-127, generic name: atropine sulfate) is for the treatment of myopia in children. The Company launched the product in April 2025 in Japan. Phase 2/3 trial has been under way since June 2022 in China. Phase 2 trial was completed in April 2020 in Asia.

STN1012701 (SYD-101, generic name: atropine sulfate) is for the treatment of myopia in children. Sydnexis Inc. (U.S.), the licensor, is conducting Phase 3 trials in Europe and the U.S. Santen has obtained the exclusive license for Europe, Middle East and Africa. The Company filed for marketing authorization approval in March 2024 and received a positive CHMP opinion in March 2025 in Europe.

STN1013400 (compound name: AFDX0250BS) is for the treatment of myopia. The Company discontinued development following the review of P2a trial data.

<Others>

STN1013800 (generic name: oxymetazoline hydrochloride) is for the treatment of ptosis. The Company filed for manufacturing and marketing approval in December 2024 in Japan. Phase 3 trial was started in December 2024 in Europe. Phase 3 trial was started in October 2024 in China.

* The numbering method for development codes has changed. Both existing development codes (DE-XXX) and new development codes (STNXXXXXXXX) are shown. AR-13324/PG-324 and SYD-101 are the development codes of Alcon Inc. (Switzerland) and Sydnexis Inc. (U.S.) respectively.

(3) Status of Capital Expenditures and Financing

Capital expenditures in the fiscal year ended March 31, 2025 amounted to ¥7.5 billion. In addition to the upgrading of manufacturing facilities and equipment for R&D, Santen has continued investing in a new factory for Santen Pharmaceutical (China) Co., Ltd., with the aim of addressing expanding demand and strengthening the production and supply structure. This adds production capacity to proactively cater to anticipated market growth, thereby establishing Santen's competitive edge globally for further business growth.

These capital expenditures were covered with own funds.

(4) Issues to be Addressed

Medium-Term Management Plan and the Target Managerial Indicator

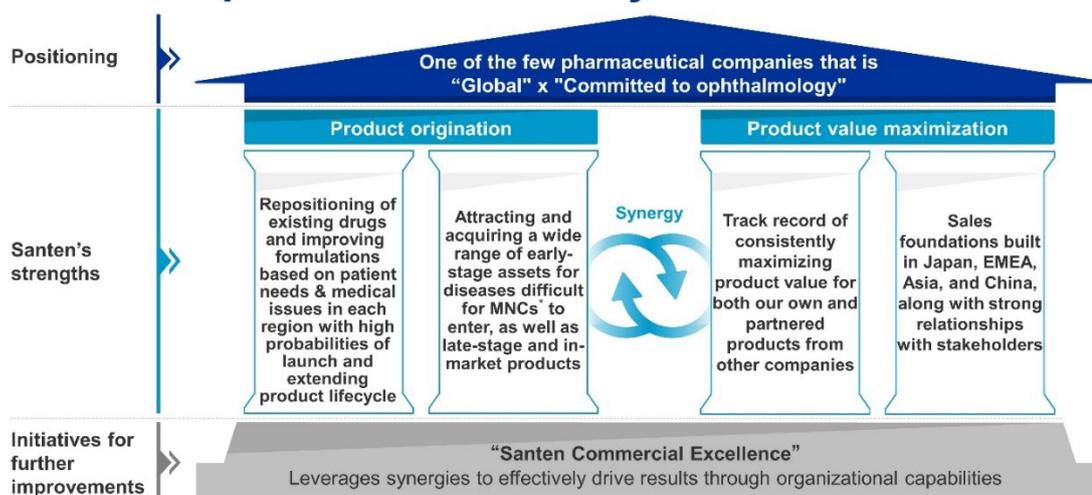
The Santen Group formulated the new Medium-Term Management Plan covering the five years from FY2025 to FY2029, and publicized it in May 2025.

1. What Santen group aspires To-be in 2035

Santen group has steadily implemented structural reforms and other measures outlined in the medium-term management plan “MTP2025,” announced in fiscal year 2023, achieving the numerical targets for fiscal year 2025 ahead of schedule. Santen group has now formulated a vision for what it aspires to be in 2035 and its medium-term management plan for the fiscal years up to 2029 (2025-2029), under which it will seek to achieve a new growth trajectory through the implementation of long-term strategies and by further strengthening its revenue base. As a global company specialized in eye health, the company pursues steady global growth through highly accurate product development and reliable revenue generation, conducting business activities with a keen focus on providing optimal ophthalmic care based on maximization of product value and innovation born from a deep understanding of both the field of ophthalmology and patient needs.

<Santen Group’s Business Model>

What Santen aspires To-be in 2035 **A leading ophthalmology company leveraging "Santen Commercial Excellence" earning the trust of patients and the ophthalmic community worldwide**



2. Growth Strategy

Over the next five years (fiscal years 2025-2029), Santen group will leverage its accumulated strengths to further reinforce the Santen group business model across all regions. The company will pursue six initiatives to build its reputation as a leader in the ophthalmology market and establish foundations for sustainable growth.

<Establishing sustainable growth foundations: 6 initiatives>

■ Short- to Mid-Term Sales Growth

1. Establish leadership positions in ex-Japan markets (EMEA, Asia and China): Santen group will strengthen its presence through revenue growth that exceeds market growth rates in all regions, including Japan. While maintaining its leadership position in Japan, the company will seek to achieve a 58% overseas business sales ratio in fiscal 2029 through strong growth in markets outside of Japan.

2. Create markets for myopia and ptosis and expand globally:

Santen group will seek to create Rx markets for the new areas of myopia and ptosis and develop environments in which doctors and medical institutions can proactively provide treatment aligned to local market needs. Myopia: by establishing a market for an eye drop treatment that curbs myopia progression, the company will seek to slow the progression of myopia in pediatric patients, reducing the burden on their daily lives while alleviating future eye-related concerns. Ptosis: the company will seek to enhance awareness of ptosis as a condition that is treatable with eye drops, promote the adoption of new treatment concepts, and establish a market for its non-invasive ptosis eye drop treatment.

■ **Mid- to Long-Term Sales Growth**

3. Strengthen Rx portfolios and pipelines:

The company will accelerate approvals for the current pipeline and continue to promote life cycle management (LCM) that will contribute to sales during the medium-term management plan period. To expand Rx portfolios and pipelines for sustainable growth beyond fiscal year 2030, the company will strengthen business development target selection and capability enhancement while also taking on the challenge of developing new ophthalmic drug formulation technologies and modalities.

■ **Continuous strengthening of business foundations**

4. Strengthen stable supply & supply chain:

In anticipation of increased demand for new products, the company will strengthen its stable and flexible product supply system by expanding in-house production capacity and reviewing its production network.

5. Continuously optimize costs:

The company will thoroughly promote multifaceted COGS-related initiatives and optimize SG&A through business process streamlining.

6. Strengthen people/organization and Digital/IT:

Santen group's most important asset is the talents who embody the company's Core Principle and Vision and contribute to growth; as such, the company will promote the creation of a highly productive organization that improves and leverages their abilities. To achieve sustainable mid-to-long term growth, Santen group will improve business productivity and stability by effectively leveraging digital technology and by strengthening company-wide IT and security infrastructure.

3. Targets for fiscal year 2029

■ **KPIs**

Revenue	400 billion yen
Core operating profit	80 billion yen (EBITDA : 90 billion yen) ^[1]
ROE	Over 14%
EPS Growth rate	Double-digit growth ^[2] (EPS: JPY 160 yen or more)
Shareholder returns	<ul style="list-style-type: none"> • Minimum annual dividend of 38 yen with dividend hikes targeting 40% payout ratio • Opportunistic buybacks as a function of share price and surplus cash ^[3] • Further ROE, EPS improvements

[1] Reference range

[2] 2024 results - 2029 target CAGR

[3] Define necessary working capital as 45 billion yen and use retained surplus cash over a fixed period

as the source for implementation

4. Capital Allocation including Shareholder Returns Policy

In addition to cash generated from operations, the company will maximize investment capacity by reducing working capital, utilizing surplus funds within the group, and raising funds in line with capital needs. As growth investments for the future, the company will prioritize investments in facility upgrades to expand production capacity and in research and development and business development to create innovation. Regarding shareholder returns, the company will continue to provide cash returns to shareholders through its progressive dividend system, maintaining the current minimum annual dividend of 38 yen and increasing dividends in line with profit growth. Santen group will optimize its capital base through flexible share buybacks with the aim of improving ROE and EPS.

5. Sustainability

To contribute to society and achieve sustainable growth, Santen group will vigorously promote the following 13 materialities (including four most important materialities). Specific KPI and other details will be disclosed through Santen's corporate website and other channels in the future.

< Sustainable growth of society and business >

- **Generating products and services contribution to eye health ***
- **Ensuring product quality & stable supply ***
- **Penetration of products and market creation ***

< Strengthen business foundation >

- **Enhancing the value of working at Santen & strengthen people/organization ***
- Business operations with high ethical standards
- Transparent disclosure of information
- Promoting Diversity, Equity & Inclusion (DE&I)
- Respect for human rights
- Sustainable procurement
- Ensuring Information security
- Promoting digital transformation
- Measures against climate change
- Environmental load reduction

* Most important materialities

(5) Situation of Assets and Profit and Loss**(Transitional situation of the achievement and assets of the Corporate Group)**

Classification	110th Term (April 1, 2021 to March 31, 2022)	111th Term (April 1, 2022 to March 31, 2023)	112th Term (Previous Consolidated Fiscal Year) (April 1, 2023 to March 31, 2024)	113th Term (Present Consolidated Fiscal Year) (April 1, 2024 to March 31, 2025)
Revenue (JPY billions)	266.3	279.0	302.0	300.0
Operating profit (loss) (JPY billions)	35.9	(3.1)	38.5	46.9
Net profit (loss) for the year (JPY billions)	27.2	(15.0)	26.7	35.9
Basic earnings (loss) per share (yen)	68.07	(38.60)	72.59	103.98
Total assets(JPY billions)	460.0	421.2	435.7	409.3
Total equity attributable to owners of the company(JPY billions)	337.5	294.0	306.1	286.2

(Note) The consolidated financial statement has been prepared pursuant to IFRS under the provisions of Article 120(1) of the Regulation on Corporate Accounting of Japan.

(Transitional situation of the achievement and assets of the Company)

Classification	110th Term (April 1, 2021 to March 31, 2022)	111th Term(April 1, 2022 to March 31, 2023)	112th Term (Previous Fiscal Year) (April 1, 2023 to March 31, 2024)	113th Term (Present Fiscal Year) (April 1, 2024 to March 31, 2025)
Net sales (JPY billions)	190.8	196.6	195.2	188.1
Ordinary income (JPY billions)	22.5	27.1	31.3	26.2
Net income (loss) for the year (JPY billions)	17.4	(59.4)	18.7	17.8
Per share net income (loss) (yen)	43.59	(153.18)	50.88	51.03
Total assets (JPY billions)	363.8	282.9	271.8	237.7
Net assets (JPY billions)	297.5	199.3	187.5	153.4

(Note) Prepared pursuant to the Japanese accounting standard.

(6) Outline of the Major Business

The Santen Group manufactures and sells prescription pharmaceuticals, OTC pharmaceuticals and medical devices, the major products of which are as follows:

Category	Name of Major Products
Prescription Pharmaceuticals	EYLEA solution for IVT inj.* ¹ , ALESION products* ² , COSOPT ophthalmic solution, Hyalein ophthalmic solution, TAPROS ophthalmic solution, Cravit ophthalmic solution, Ikervis, DIQUAS ophthalmic solution* ³ , TAPCOM ophthalmic solution, EYBELIS ophthalmic solution
OTC Pharmaceuticals	Sante FX NEO, Soft Santear, Sante FX V +, Soft Santear Hitomi Stretch, Hyalein S, Sante Beautéye, Sante Medical 12, Sante Medical Active
Medical Devices	PRESERFLO MicroShunt, LENTIS Comfort, Eternity

*1 Includes EYLEA solution for IVT inj. 8mg/mL.

*2 Includes ALESION ophthalmic solution, ALESION LX ophthalmic solution, ALESION eyelid cream, EPINASTINE hydrochloride ophthalmic solution, and EPINASTINE hydrochloride LX ophthalmic solution.

*3 Includes DIQUAS LX ophthalmic solution.

(7) Major Business Locations, etc.

(i) The Company

Corporate Headquarters Kita-ku, Osaka

Business Locations Sendai Office (Aoba-ku, Sendai), Tokyo Office (Chuo-ku, Tokyo), Nagoya Office (Naka-ku, Nagoya), Shin Osaka Office (Yodogawa-ku, Osaka), Hiroshima Office (Naka-ku, Hiroshima), Fukuoka Office (Hakata-ku, Fukuoka), and Sales&Marketing-OTC Products (Chuo-ku, Tokyo)

Plants Shiga Product Supply Center (Taga-cho, Inukami-gun, Shiga), Noto Plant (Houdatsushimizu-cho, Hakui-gun, Ishikawa)

Laboratories Nara Research and Development Center (Ikoma-shi, Nara)

* In addition to the above, sales offices and other offices are located in Japan.

(ii) Subsidiaries and Affiliated Companies

Santen Holdings U.S. Inc. (Emeryville, U.S.)

Santen Inc. (Emeryville, U.S.)

Santen Holdings EU B.V. (Amsterdam, the Netherlands)

Santen SA (Geneva, Switzerland)

Santen China Investment Co., Ltd. (Shanghai, P.R.C.)

Santen Pharmaceutical (China) Co., Ltd. (Suzhou, P.R.C.)

Santen Pharmaceutical Asia Pte. Ltd. (Singapore)

And 27 other companies

(8) Situation of Employees

(i) Situation of Employees of the Santen Group

Number of Employees	Year to Year Change
3,849	Increased by 105

(Note) The number of employees means the number of working employees excluding temporary personnel, but including part-timers.

(ii) Situation of Employees of the Company

Number of Employees	Year to Year Change	Average age	Average years of being employed
1,756	Increased by 80	43 years 10 months	16 years 4 months

(Note) The number of employees means the number of working employees excluding employees seconded to other companies and temporary personnel, but including employees seconded from other companies and part-timers.

(9) Situation of Material Subsidiaries

Company Name (country where it is located)	Capital	The Company's Equity Ratio () shows indirect holding	Major Business
Santen Holdings U.S. Inc. (U.S.)	\$24,784 (thousands)	(100.0%)	Management and control of the subsidiaries in North America
Santen Inc. (U.S.)	\$8,765 (thousands)	(100.0%)	Clinical development of prescription pharmaceuticals and business development
Santen Holdings EU B.V. (the Netherlands)	€50 (thousands)	100.0%	Pure holding company of Santen SA
Santen SA (Switzerland)	Fr.22,565 (thousands)	(100.0%)	Management, finance, control, manufacture and sale of prescription pharmaceuticals in the EMEA regions
Santen China Investment Co., Ltd. (P.R.C.)	RMB 449,439 (thousands)	100.0%	Management of investment/fund administration and support of business administration of the group companies in China
Santen Pharmaceutical (China) Co., Ltd. (P.R.C.)	RMB 692,293 (thousands)	(100.0%)	Manufacture and sale of prescription pharmaceuticals and clinical development
Santen Pharmaceutical Asia Pte. Ltd. (Singapore)	S\$24,177 (thousands)	(100.0%)	Management and control of the Asia region, manufacture and sale of prescription pharmaceuticals

(10) Major Lenders

Borrower Company	Lender	Outstanding Borrowings (JPY millions)
Santen Pharmaceutical Co., Ltd.	MUFG Bank, Ltd.	20,000
Santen SA	Syndicated loan	6,483

(Note) The syndicated loan is co-financed by multiple lenders arranged by UBS Switzerland AG (former Credit Suisse (Switzerland) Ltd.) and BNP Paribas S.A. Niederlassung Deutschland.

(11) Other Material Items Regarding the Current Status of the Corporate Group

Situation of Major Business Alliances

In this fiscal year, the particulars of the statement have been reviewed to represent the actual business of the Santen Group more appropriately.

◆ Technical Alliances (License-In)

Alliancing Company	Particulars
DAIICHI SANKYO COMPANY, LIMITED (Japan)*1	Manufacture and sale of ophthalmic pharmaceuticals containing Ofloxacin
DAIICHI SANKYO COMPANY, LIMITED (Japan)	Manufacture and sale of ophthalmic pharmaceuticals containing Levofloxacin
AGC Inc. (Japan)	Manufacture and sale of ophthalmic pharmaceuticals containing Tafluprost
UBE Corporation (Japan)	Development, manufacture and sale of ophthalmic pharmaceuticals containing Omidenepag Isopropyl
Teleon Surgical B.V. (the Netherlands)	Manufacture and sale of “LENTIS Comfort” intraocular lens.
Osmotica Pharmaceuticals plc (U.S.)	Right to develop, apply for approval and commercialize in Japan, China and other Asian countries, North Americas and EMEA countries RVL-1201, oxymetazoline hydrochloride ophthalmic solution 0.1%, which is the first and only treatment for adult’s acquired blepharoptosis approved in the U.S.
Alcon Inc. (Switzerland)	Right pertaining to exclusive development and sale of Rhopressa® and Rocklatan® in Japan, Europe, China, Asian countries and others.
Sydnexis Inc. (U.S.)	Exclusive sale of low-dosage Atropine preparation (SYD-101), a novel investigational treatment under development for progressive childhood myopia, in Europe, Middle East and Africa regions (EMEA).
Cloudbreak Pharma Inc. (U.S.)	Development, manufacture and sale of CBT-001, Cloudbreak’s investigational proprietary multi-kinase inhibitor developing for the indication of pterygium, for Japan, South Korea, and southeast Asian countries of Vietnam, Thailand, Malaysia, Philippines, Singapore and Indonesia.

* 1 The agreement terminated in July 2024.

◆ Technical Alliances (License-Out)

Alliancing Company	Particulars
Bausch & Lomb Incorporated (U.S.)	Manufacture and sale of “Eternity” intraocular lens in areas other than Japan
Glaukos Corporation (U.S.)	Collaboration in the development and commercialization of STN2000100 (DE-128, PRESERFLO MicroShunt) in the Americas (North, Central, and South America), Australia, and New Zealand
Ocuvex Therapeutics Inc. (U.S.) *2	Manufacture and sale of OMLONTI®, a treatment for glaucoma and ocular hypertension, in the U.S.
Harrow Health, Inc. (U.S.)	Manufacture and sale of Verkazia®, a treatment for vernal keratoconjunctivitis, in the U.S. and Canada, and manufacture and sale of Cationorm® Plus, an artificial tear, in Canada

*2 Alliancing company has been changed due to the merger of Visiox Pharmaceuticals, Inc. and Ocuvex Therapeutics Inc.

♦ Sales Alliance

Alliancing Company	Particulars
Bayer Yakuhin, Ltd. (Japan)	Exclusive sale of Aflibercept solution for IVT inj. in Japan
Mitsubishi Tanabe Pharma Corporation (Japan)	Joint sales promotion of anti-allergy ophthalmic, “ALESION ophthalmic solution” and “ALESION LX ophthalmic solution”*3, and long-acting, trans-eyelid formulation for treating allergic conjunctivitis, “ALESION® eyelid cream 0.5%”
Arctic Vision (Hong Kong) Limited (P.R.C.)	Exclusive sale of ARVN001, Arctic Vision’s triamcinolone acetonide suprachoroidal injectable suspension for the treatment of uveitic macular edema (UME), for China excluding Taiwan, Hong Kong and Macau.

*3 The agreement terminated in May 2024.

♦ Contingent consideration pursuant to business combination

The Company acquired InnFocus, Inc. on August 19, 2016 (Eastern Time, U.S.). While a contingent consideration agreement provides that the Company shall make milestone payments upon progress in the development of STN2000100 (DE-128, PRESERFLO MicroShunt) and sales achievements thereof, no more future milestone payments will accrue.

♦ Joint-venture Agreement

Partner	Particulars
Chongqing Kerui Pharmaceutical Co., Ltd. (P.R.C.)*4	Established a joint venture (Chongqing Santen Kerui Pharmaceutical Co., Ltd.) in August 2016 for the purpose of providing high-quality prescription pharmaceuticals to patients in China at an appropriate price.
Verily Life Sciences LLC (U.S.)*5	Established a joint venture (Twenty Twenty Therapeutics LLC) in August 2020 to develop and commercialize unique ophthalmic devices.

*4 In October 2024, the Company’s Board of Directors has passed a resolution to start liquidation proceedings for Chongqing Santen Kerui Pharmaceutical Co., Ltd (P.R.C.).

*5 In this fiscal year, Twenty Twenty Therapeutics LLC (U.S.) has been excluded from an equity method affiliate, since material operative force over it was lost due to the receipt of a liquidating dividend therefrom.

♦ Others

Alliancing Company	Particulars
Shanghai Airdoc Medical Technology Co., Ltd. (P.R.C.)*6	Partner to improve diagnostic rate of fundus ocular diseases with AI device in China.
Singapore National Eye Centre (Singapore)	A strategic partnership to develop and deploy internationally an innovative educational programme for development of the eye care ecosystem in Asia.
ActualEyes Inc. (Japan)	A joint development on Phase II clinical trial (Phase II a/Proof of Concept study) toward global development for sirolimus eye drops for treating Fuchs endothelial corneal dystrophy.

*6 The agreement terminated in June 2024.

2. Matters Regarding the Shares

(1) **Total Number of the Authorized Shares:** 1,100,000,000 shares

(2) **Total Number of the Outstanding Shares:** 342,055,554 shares (including 632,186 treasury shares)

(Note) A total increase of 44,700 issued shares was made through the exercise of the right to subscribe for new shares granted as Stock-based Remuneration type stock option to Directors (excluding Outside Directors) and Corporate Officers of the Company. Also, a decrease by 21,985,400 shares was made through retirement of treasury shares pursuant to the resolution of the Board of Directors.

(3) **Number of Shareholders:** 24,124 shareholders (decreased by 1,016 as a year-to-year change)

(4) Major Shareholders

Name / Company Name	Number of Shares Owned (1,000 shares)	Holding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	58,076	17.0
Custody Bank of Japan, Ltd. (Trust account)	18,594	5.4
BNYM AS AGT/CLTS NON TREATY JASDEC (Standing agent: MUFG Bank, Ltd.)	10,857	3.2
Nippon Life Insurance Company (Standing agent: The Master Trust Bank of Japan, Ltd.)	10,662	3.1
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST (Standing agent: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	10,567	3.1
GOVERNMENT OF NORWAY (Standing agent: Citibank, N.A., Tokyo Branch)	8,084	2.4
JPMorgan Securities Japan Co., Ltd	7,310	2.1
MUFG Bank, Ltd.	6,989	2.0
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS (Standing agent: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	6,975	2.0
STATE STREET BANK AND TRUST COMPANY 505001 (Standing agent: Settlement & Clearing services Department, Mizuho Bank, Ltd.)	6,944	2.0

(Notes)

- The holding ratio is computed excluding the number of treasury shares (632,186 shares).
- Among the numbers of shares owned as described in the above, respective numbers of shares related to trust services are as follows (unit: 1,000 shares):

The Master Trust Bank of Japan, Ltd. (Trust account)	58,076
Custody Bank of Japan, Ltd. (Trust account)	18,594
- While the large shareholding report (change report) made available for public inspection as of September 6, 2023 states that Sumitomo Mitsui Trust Bank, Limited and its two (2) joint holders, respectively hold the following shares as of August 31, 2023, the respective numbers of shares substantially owned thereby as of March 31, 2025 have not been confirmed, and thus they are not included in the Major Shareholders described in the above.
The holding ratio is computed excluding the number of treasury shares (632,186 shares).

Name / Company Name	Number of Shares Owned (1,000 shares)	Holding Ratio (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	11,339	3.3
Nikko Asset Management Co., Ltd	8,203	2.4

4. While the large shareholding report (change report) made available for public inspection as of June 6, 2024 states that Nomura Securities Co., Ltd. holds the following shares as of May 31, 2024, the number of shares substantially owned thereby as of March 31, 2025 has not been confirmed, and thus Nomura Asset Management Co., Ltd. is not included in the Major Shareholders described in the above. The holding ratio is computed excluding the number of treasury shares (632,186 shares).

Name / Company Name	Number of Shares Owned (1,000 shares)	Holding Ratio (%)
Nomura Asset Management Co., Ltd.	19,141	5.6

5. While the large shareholding report (change report) made available for public inspection as of July 29, 2024 states that Mitsubishi UFJ Financial Group, Inc. and its four (4) joint holders respectively hold the following shares as of July 22, 2024, the numbers of shares substantially owned by Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Asset Management Co., Ltd., and FIRST SENTIER INVESTORS RQI PTY LTD as of March 31, 2025 have not been confirmed, and thus Mitsubishi UFJ Trust and Banking Corporation is not included in the Major Shareholders described in the above.

The holding ratio is computed excluding the number of treasury shares (632,186 shares).

Name / Company Name	Number of Shares Owned (1,000 shares)	Holding Ratio (%)
MUFG Bank, Ltd.	6,989	2.0
Mitsubishi UFJ Trust and Banking Corporation	9,832	2.9
Mitsubishi UFJ Asset Management Co., Ltd.	2,237	0.7
FIRST SENTIER INVESTORS RQI PTY LTD	482	0.1

6. While the large shareholding report (change report) made available for public inspection as of October 18, 2024 states that Black Creek Investment Management, Inc. holds the following shares as of October 15, 2024, the number of shares substantially owned thereby as of March 31, 2025 has not been confirmed, and thus it is not included in the Major Shareholders described in the above.

The holding ratio is computed excluding the number of treasury shares (632,186 shares).

Name / Company Name	Number of Shares Owned (1,000 shares)	Holding Ratio (%)
Black Creek Investment Management, Inc.	13,738	4.0

7. While the large shareholding report made available for public inspection as of December 5, 2024 states that BlackRock Japan Co., Ltd. and six (6) other joint holders hold the following shares as of November 29, 2024, the numbers of shares substantially owned thereby as of March 31, 2025 have not been confirmed, and thus BlackRock Japan Co., Ltd. is not included in the Major Shareholders described in the above.

The holding ratio is computed excluding the number of treasury shares (632,186 shares).

Name / Company Name	Number of Shares Owned (1,000 shares)	Holding Ratio (%)
BlackRock Japan Co., Ltd.	7,039	2.1
Aperio Group, LLC	378	0.1
BlackRock Advisors, LLC	462	0.1
BlackRock Fund Managers Limited	1,468	0.4
BlackRock Asset Management Ireland Limited	900	0.3
BlackRock Fund Advisors	3,815	1.1
BlackRock Institutional Trust Company, N.A.	4,213	1.2

8. While the large shareholding report (change report) made available for public inspection as of March 24, 2025 states that Silchester International Investors LLP holds the following shares as of March 17, 2025, the number of shares substantially owned thereby as of March 31, 2025 has not been confirmed, and thus it is not included in the Major Shareholders described in the above.
The holding ratio is computed excluding the number of treasury shares (632,186 shares).

Name / Company Name	Number of Shares Owned (1,000 shares)	Holding Ratio (%)
Silchester International Investors LLP	24,381	7.1

(5) Situation of Shares Issued to the Company’s Officers During the Business Term as Compensation for the Execution of Their Duties

	Kind and Number of shares	Number of Recipients of the Issuance
Directors (excluding Outside Directors)	The Company’s Common Shares: 68,987 shares	Five (5)

(Note) The aforementioned shares were those that we have granted to Directors (excluding Outside Directors, including retirees) as compensation under the Restricted Stock-Based Remuneration System and the Performance Share Unit System.

3. Matters Regarding Rights to Subscribe for New Shares and the Like

(1) Outline of Rights to Subscribe for New Shares and the Like Issued as Compensation for the Performance of Duties and Held by Officers as of the End of this Fiscal Year

The 4th rights to subscribe for new shares as Stock-Based Remuneration	
Date of the resolution of the issuance	August 2, 2016
Date of the issuance	August 31, 2016
Number of the rights to be issued	313 rights
Class and number of shares that are the subject of the rights	31,300 shares (<i>i.e.</i> , 100 shares per right to subscribe for new shares) of common stock of the Company
Amount to be paid for rights to subscribe for new shares	¥1 per share
Value of the property to be contributed upon the exercise of each right	¥114,821 (per right to subscribe for new shares)
Period during which rights may be exercised	From September 1, 2019 to September 1, 2026
Conditions for exercising the rights to subscribe for new shares	<ul style="list-style-type: none"> • The grantee may exercise the right even in the event that the grantee retires for legitimate reasons. • A partial exercise of one right can only be exercised as long as the number of shares to be issued is an integral multiple of the number of shares for one stock trade unit. • A successor may exercise the right.
Status of the right held by officers of the Company	54 rights (1 grantee)
Directors (excluding Outside Directors)	54 rights (1 grantee)

The 5th rights to subscribe for new shares as Stock-Based Remuneration	
Date of the resolution of the issuance	August 1, 2017
Date of the issuance	August 31, 2017
Number of the rights to be issued	328 rights
Class and number of shares that are the subject of the rights	32,800 shares (<i>i.e.</i> , 100 shares per right to subscribe for new shares) of common stock of the Company
Amount to be paid for rights to subscribe for new shares	¥1 per share
Value of the property to be contributed upon the exercise of each right	¥154,409 (per right to subscribe for new shares)
Period during which rights may be exercised	From September 1, 2020 to September 1, 2027
Conditions for exercising the rights to subscribe for new shares	<ul style="list-style-type: none"> • The grantee may exercise the right even in the event that the grantee retires for legitimate reasons. • A partial exercise of one right can only be exercised as long as the number of shares to be issued is an integral multiple of the number of shares for one stock trade unit. • A successor may exercise the right.
Status of the right held by officers of the Company	119 rights (1 grantee)
Directors (excluding Outside Directors)	119 rights (1 grantee)

(2) Situation of Rights to Subscribe for New Shares and the Like Issued as Compensation for the Performance of Duties to Company's Employees, the Company's Subsidiaries' Officers and its employees During the Period

Not applicable.

4. Matters Regarding Corporate Officers

(1) Status of Directors and Corporate Auditors

(As of March 31, 2025)

Position in the Company	Name	Responsibilities in the Company and material posts concurrently held
Director Chairman	Akira KUROKAWA	–
Representative Director President and Chief Executive Officer	Takeshi ITO	–
Director Corporate Officer Chief Operating Officer	Rie NAKAJIMA	Material Posts concurrently held: Director of Santen Holdings U.S. Inc. Director of Santen Inc.
Director Corporate Officer	Ippei KURIHARA	Responsibilities Head of Japan Business Head of Global Commercial Strategy
Director	Noboru KOTANI	Material posts concurrently held: Representative Director of Vehicle Inc. Outside Director of JINS HOLDINGS Inc. External Director of SanBio Company Limited
Director	Tamie MINAMI	Material post concurrently held: Independent Outside Director of TEIJIN LIMITED
Director	Masahiko IKAGA	Material posts concurrently held: Representative of Masahiko Ikaga Certified Public Accountant Office Representative Director of PrajnaLink Co., Ltd. Outside Director of RYOBI LIMITED
Director	Minoru KIKUOKA	–
Standing Corporate Auditor	Hiroshi ISAKA	–
Corporate Auditor	Junichi ASATANI	–
Corporate Auditor	Yaeko HODAKA	Material posts concurrently held: Partner of Isshiki & Partners Outside Director (Member of the Audit and Supervisory Committee) of YASKAWA Electric Corporation External Director of Sumitomo Heavy Industries, Ltd.
Corporate Auditor	Yuichiro MUNAKATA	Material posts concurrently held: Outside Director (Audit & Supervisory Board Member) of Kasumigaseki Capital Co., Ltd. Outside Director and Audit/Supervisory Committee Member (Full time) of SINANEN HOLDINGS CO., LTD.

(Notes)

1. Kanoko Oishi, Yutaro Shintaku and Kunihito Minakawa resigned from their offices as Director effective on June 25, 2024.
2. Rie Nakajima, Ippei Kurihara, Masahiko Ikaga and Minoru Kikuoka took their offices as Director effective on June 25, 2024.
3. Masahiko Ikaga resigned from his office as Corporate Auditor effective on June 25, 2024
4. Yuichiro Munakata took his office as Corporate Auditor effective on June 25, 2024.
5. Junichi Asatani, Corporate Auditor, has extensive knowledge and experience in finance and accounting amassed through involvement in overseas business including that related to financial and accounting affairs and as CFO of subsidiaries.
6. Yuichiro Munakata, Corporate Auditor, is qualified as a certified public accountant and has extensive knowledge and experience in finance and accounting.
7. Among the Directors, Noboru Kotani, Tamie Minami, Masahiko Ikaga and Minoru Kikuoka are Outside Directors.
8. Among the Corporate Auditors, Junichi Asatani, Yaeko Hodaka and Yuichiro Munakata are Outside Corporate Auditors.
9. The Company has registered the names of Noboru Kotani, Tamie Minami, Masahiko Ikaga and Minoru Kikuoka, Directors, and names of Junichi Asatani, Yaeko Hodaka and Yuichiro Munakata, Corporate

Auditors, as Independent Officers pursuant to Article 436-2, Paragraph 1 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc.

10. The Company has introduced a corporate officer system to further strengthen management while improving the quality and speed of strategic decision-making processes.

(2) Outline of the Contents of the Directors and Officers 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 claims for damages made (including legal damages, litigation expenses, expenses to cooperate to secure reimbursement) will be indemnified. Provided, however, there are certain exclusions, *e.g.*, any loss arising out of an act committed knowing that it is an illegal act shall not be indemnified.

- Companies covered: The Company and all of its subsidiaries under the Companies Act, as well as juridical persons which existed in the past and have been liquidated or absorbed in association with the Company's business activities and do not currently exist as an entity holding legal status.
- Insureds: Directors, Auditors, employees (*e.g.*, those sued as a joint co-defendant with an officer in the position of a manager/supervisor), and spouses of the insured, including retired officers, of the companies covered.

The Company bears all of the premium costs for all of the insureds described above.

(3) Aggregate Amount of Remunerations for Directors and Corporate Auditors
(Amount of Remuneration)

Classification		Number of Recipients	Amount	
Director	Basic compensation (Outside Directors)	11 (7)	¥341 million (¥92 million)	Limit of the amount and number of recipients as resolved at the General Meeting of Shareholders held on June 26, 2018: Annual ¥400 million for four (4) Directors excluding Outside Directors. Limit of the amount and number of recipients as resolved at the General Meeting of Shareholders held on June 24, 2022: Annual ¥100 million for five (5) Outside Directors
	Annual bonus (Outside Directors)	3 (-)	¥53 million (-)	Limit of the amount and number of recipients as resolved at the General Meeting of Shareholders held on June 26, 2018: Annual ¥200 million for four (4) Directors excluding Outside Directors.
	Performance Share Unit (PSU) system (Outside Directors)	4 (-)	¥72 million (-)	Limit of the amount and number of recipients as resolved at the General Meeting of Shareholders held on June 24, 2022: ¥100 million per year for three (3) Directors excluding Outside Directors.
	Restricted Stock (RS) system (Outside Directors)	4 (-)	¥67 million (-)	Limit of the amount and number of recipients as resolved at the General Meeting of Shareholders held on June 24, 2022: Annual ¥100 million for three (3) Directors excluding Outside Directors.
Sub Total (Outside Directors)			¥533 million (¥92 million)	
Corporate Auditor	Basic compensation (Outside Corporate Auditors)	5 (4)	¥83 million (¥48 million)	Limit of the amount and number of recipients as resolved at the General Meeting of Shareholders held on June 25, 2024: Annual ¥100 million for four (4) Corporate Auditors.
Total (Outside Directors and Outside Corporate Auditors)			¥616 million (¥140 million)	

(Notes)

1. The number of recipients is the total number of officers holding office during this business year, which includes three (3) Directors who retired upon the expiration of the term of office thereof and one (1) Corporate Auditors who retired upon resignation at the close of the General Meeting of Shareholders held on June 25, 2024.
2. The amount and number of the recipients of “basic compensation” for Directors includes Outside Directors.
3. The amount and number of the recipients of “basic compensation” for Corporate Auditors includes Outside Corporate Auditors.
4. Pursuant to the “Performance Share Unit System,” the Company has issued 16,254 shares to three (3) Directors (excluding Outside Directors, including retirees) on September 30, 2024, and has paid ¥30 million in cash. For the avoidance of doubt, these include ¥37 million that have been disclosed, in the Business report of this fiscal year and past fiscal years, as the payment amount of remuneration.

(The System of Remuneration for Directors and Corporate Auditors)

	Basic compensation	Annual bonus	PSU	RS
Directors excluding Outside Directors	Eligible	Eligible	Eligible	Eligible
Outside Directors	Eligible	-	-	-
Corporate Auditors	Eligible	-	-	-

(4) Matters Regarding the Decision of the Amount of Remunerations and the Like for Directors and Corporate Auditors and the Calculation Method of Such Amount

(Remuneration Philosophy)

The Company has determined the following basic policies regarding decisions on the amount of remuneration and the like for Directors, Corporate Auditors and Corporate Officers.

<Inside Directors and Corporate Officers (internal executive personnel)>

- Ensure effectiveness that contributes to Santen's suitable growth and enhancement of medium-long term corporate value to enable them to be engaged in the achievement of Santen's VISION "Santen 2030" and medium-term strategic objectives, as well as in strengthening ESG management with high motivation.
- Deepen the sharing of values with broad-ranging stakeholders.
- Objectiveness is secured through a highly transparent process for making decisions on remunerations to ensure high accountability to stakeholders.
- Provide a competitive level of compensation capable of recruiting global and other outstanding human resources in various countries and regions.
- Under the globally unified system of evaluation and compensation, further foster a performance culture equipped with strict discipline, and encourage the exertion of efforts towards the achievement of objectives.

<Outside Directors and Corporate Auditors>

- To support Santen's sustainable growth from their independent positions which are distinct from internal executive personnel, set a level of remuneration appropriate to their prominent roles, and through a system which is not indicative of an achievement target in common with internal executive personnel, encourage fulfillment of their functions efficiently in supervising the management.

(Determination Policy on particulars of individual remuneration and the like for Directors)

- (i) The method to decide the Determination Policy on particulars of individual remunerations and the like for Directors

In accordance with the philosophy described above, the determination policy on particulars of individual remuneration and the like for Directors ("Determination Policy") was adopted at the meeting of the Board of Directors based on the Executive Compensation Committee's report.

- (ii) The outline of the Determination Policy

Please refer to "Particulars of the individual remunerations and the like for Directors (excluding Outside Directors)," "Particulars of the individual remunerations and the like for Outside Directors," and "Matters regarding the decision of the particulars of individual remunerations and the like for Directors" described below.

- (iii) The reason why the Board of Directors considers the particulars of individual remunerations and the like for Directors for this business year to be in line with the Determination Policy

Upon deciding the particulars of individual remunerations and the like for Directors, the Executive Compensation Committee conducted a multifaceted review on the original proposal, including consistency with the Determination Policy, and the Board of Directors validated the contents of its report and considered it to be in line with the Determination Policy.

(Particulars of the individual remunerations and the like for Directors (excluding Outside Directors))

The remunerations for the Company’s Directors (excluding Outside Directors) are comprised of, in principle, basic compensation, annual bonus and stock-based remuneration. The component ratio in the base aggregate amount shall be: 1/0.25/0.5 respectively for basic compensation/annual bonus/stock-based remuneration, and the level of the aggregate remuneration is decided in reference to the results of pharmaceutical company benchmarks and the like. The outline of the above are as described below (Schedules 1 and 2). Provided, however, that there may be cases where individual adjustment is made in accordance with an individual’s role, responsibility and the like.

The remuneration for the Director Chairman consists of the two remuneration factors of basic compensation and stock-based remuneration in order to encourage the maintenance and enhancement of the medium- to long-term corporate value through the exercise of supervisory function. The component ratio in the basic aggregate amount shall be: 1/0.5 for basic compensation/stock-based remuneration. The stock-based remuneration is solely comprised of the Restricted Stock-based Remuneration, and annual bonus and the Performance Share Units that are linked to performance metrics will not be granted.

Schedule 1: Purpose and outline of the system

Category of remuneration		Purpose and outline
Fixed	Basic compensation	<ul style="list-style-type: none"> Monthly fixed compensation which is graded based on job evaluation
Variable	Annual bonus (Annual Incentive)	<ul style="list-style-type: none"> Performance-based remuneration encouraging the steady accumulation of results towards an achievement of targets for every fiscal year, whereby the base amount is set in the ratio of 0.25 against basic compensation. The annual bonus is comprised of three evaluation factors: single-year consolidated “Financial” performance metrics, “Non-Financial” performance metrics, and “Individual” metrics based on divisional performance and individual targets. However, for the CEO, evaluation factors shall consist of only two factors: Financial and Non-Financial. The consolidated “Financial” performance metrics is linked to, and the payout ratio thereof is determined pursuant to, the level of the achievement of the target indices for revenue, operating profit ratio, and ROE. The assessment of each metrics is weighed at 25:50:25 (revenue: operation profit ratio: ROE). The payout ratio of the “Non-Financial” metrics will be determined after the establishment of the ESG-related targets and the evaluation thereof at the end of the fiscal year by the Executive Compensation Committee. For the portion based on divisional performance and individual targets performance (“Individual”) for Directors (excluding Outside Directors) other than the CEO, the payout ratio will be determined after the establishment of the initial targets at the beginning of the fiscal year and the evaluation thereof at the end of the fiscal year in the interview of each Director with the CEO. The final payout is calculated by multiplying the target amount for each position by the payout ratio for each evaluation factor. The maximum payment ratio against the base amount will be 275% for the CEO and 248% for the other Directors (excluding Outside Directors). The

		<p>payment amount will be determined within the range of the payment ratio of 0% up to these figures, and paid after the end of every fiscal year.</p>
	<p>Stock-based remuneration (Medium- and long-term incentive)</p>	<ul style="list-style-type: none"> • For the purposes of encouraging the target Directors to proactively engage in achieving the Company’s vision and strategy and further sharing value with the shareholders, it is comprised of the following two systems, and each base amount, as the base number of shares to be issued under the respective systems, shall be decided at the ratio of 0.25 against basic compensation. <p>(The Performance Share Unit System)</p> <ul style="list-style-type: none"> • A performance-linked stock remuneration system in which the number of stocks to be issued fluctuates in accordance with the level of achievement of the target achievement indexes for a certain period (“Performance Evaluation Period”) to be determined from time to time such as the period of the medium-term plan. • The ratio of the grant of stocks shall be determined in the range of 0% to 200% in accordance with the level of achievement of the relative TSR (weighted on 80%), which was established by referring to global life-science companies as a peer group, and indices in relation to ESG (weighted on 20%). • To be paid after the end of the Performance Evaluation Period, subject to conditions including that the grantee remains in the position of the eligible Director (“Target Director”) at the time of the expiry of the Performance Evaluation Period. <p>(The Restricted Stock-based Remuneration System)</p> <ul style="list-style-type: none"> • A stock-based remuneration system in which restricted shares shall be granted every fiscal year. • The restriction shall be released subject to fulfillment of conditions such as that the grantee remains in the position of the Target Director.

(Notes)

1. The results of single-year “Financial” performance metrics of this fiscal year pertaining to the annual bonus described above are: revenue of ¥300,004 million; operating profit ratio (full base) of 15.6%; and ROE (full base) of 12.2% (the targeted values of which were, ¥297,000 million; 15.0%; and 10.5%, respectively). Also, “Non-Financial” performance metrics (ESG-related targets) include conducting initiatives to enhance engagement, raising the level of understanding of cyber security, and disseminating understanding concerning compliance for which an evaluation was implemented at the Executive Compensation Committee held in May 2025, whereby it was evaluated that the achievement exceeded the target (with a payment ratio of 104.8%).

2. The companies to be referred to as the comparison for the relative TSR pertaining to the Performance Share Unit System are the following 21 companies:

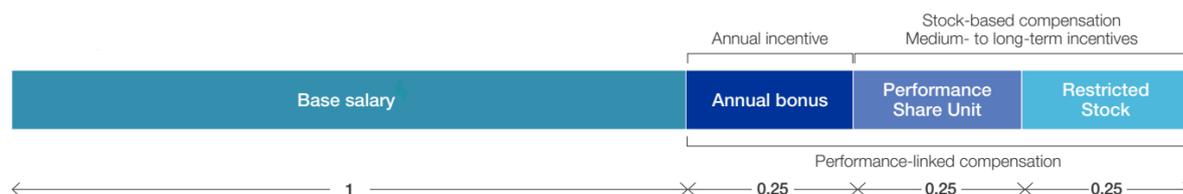
Companies and other entities the head office of which is located in Japan	Companies and other entities the head office of which is located in Europe	Companies and other entities the head office of which is located in the Americas
Astellas Pharma Inc. Chugai Pharmaceutical Co., Ltd. Daiichi Sankyo Co., Ltd.	Alcon AG Bayer AG GlaxoSmithKline plc.	Abbott AbbVie Allergan Bausch Health Companies Inc.
Eisai Co., Ltd. Kyowa Kirin Co., Ltd. Takeda Pharmaceutical Company Limited Terumo Corporation	Novartis International AG Novo Nordisk Pharma Ltd. F. Hoffman-La Roche Ltd Sanofi S.A.	Glaukos Corporation Johnson & Johnson Merck & Co., Inc. Pfizer Inc.

To promote the fulfillment of the aims of our medium-term management plan, the rate of the provision is stipulated as 100% for cases where the rank is in the top one half (50th percentile) amongst the companies used for comparison; the rate of the provision is stipulated as 200% for cases where the rank is in the top one quarter (75th percentile). The threshold is the bottom one quarter (25th percentile), above which the rate of the provision will be 50%. In cases where the performance is lower than that threshold, the rate of the provision will be 0%.

As to the Index for the target in relation to ESG, the rate of the provision shall be determined in reference to an election to the Dow Jones Sustainability Indices (DJSI) or the relative position of the Company's score among all pharmaceutical companies participating in the DJSI. Upon election to the Index, the evaluation is made for the provision of: 200% by the inclusion in "World Index"; and 150% by the inclusion in "Asia Pacific Index". Upon no election to any Index, the rate of the provision shall fluctuate in accordance with the relative position of the Company's score among all pharmaceutical companies participating in the DJSI, and shall be calculated pursuant to the relative position of the Company in a straight line linking the rate of the provision of 150% for the lowest score among companies elected to the "Asia Pacific Index" and the rate of the provision of 0% for 65% of the highest score among all pharmaceutical companies participating in the DJSI. If the Company's score is below 65% of the highest score among all pharmaceutical companies participating in the DJSI, the rate of the provision shall be 0%.

3. The actual number of the Company's shares for the Performance Share Unit granted in FY2022 and the achieved value of the evaluation metrics to be used in the calculation of the amount of money pertaining thereto are: 60.6th percentile for the relative TSR. The metrics in relation to ESG is 75 points. Since the Company has not been elected to either Index, the rate of the provision was calculated based on the lowest score of the company elected to the "Asia Pacific Index" (76 points) and the score equivalent to 65% of the highest score of all pharmaceutical companies participating in the DJSI (53 points).
4. The status of the grant of shares under the Stock-Based Remuneration System is as described in "(5) Situation of Shares Issued to the Company's Officers During the Business Term as Compensation for the Execution of Their Duties" of "2. Matters regarding the Shares."

Schedule 2: Comparison of base amounts of respective remunerations (composition ratio is the same for each classification)



With the aim of preventing any incentive remuneration from causing excessive risk taking and to ensure the soundness of the executive compensation system, the Company has provided a clause that requires an officer to return, or claw back, all or part of the incentive remuneration pursuant to a decision of the Board of Directors after deliberations of the Executive Compensation Committee, regardless of

whether it is applied before or after the payment or release of such remuneration (the so-called malus and clawback clause), upon the occurrence of certain events, such as misconduct or a retroactive adjustment of the financial statements due to accounting fraud.

(Particulars of the individual remunerations and the like for Outside Directors)

Remuneration for Outside Directors, who are independent from business execution, consists only of fixed monthly compensation, and are decided in reference to the results of pharmaceutical company benchmarks and the like. Also, an allowance is paid to the Outside Director who serves as the chair of a voluntary committee, including the Executive Compensation Committee.

Performance-linked remuneration is not paid stemming from the perspective of encouraging proper demonstration of Outside Directors' supervisory functions.

(Particulars of the individual remunerations and the like for Corporate Auditors)

Remuneration for Corporate Auditors consists only of fixed monthly compensation, and are decided through consultations with the Corporate Auditors within the limitation of remuneration for the Corporate Auditors resolved at the General Meeting of Shareholders, in reference to the results of pharmaceutical company benchmarks and the like and in accordance with recommendations from the Executive Compensation Committee.

Performance-linked remuneration is not paid stemming from the perspective of encouraging proper demonstration of Corporate Auditors' auditing functions.

(Matters regarding the decision-making of the particulars of individual remunerations and the like for Directors)

The Company has established the Executive Compensation Committee as an advisory body for the Board of Directors to ensure independence and objectivity upon deliberations and determinations by the Board of Directors on basic policy regarding remunerations, the remuneration system, level of remunerations and other items, as well as to strengthen the Board of Directors' supervisory function and its ability to fulfill accountability.

The Executive Compensation Committee is to be composed by members, the majority of which is Outside Directors, and the chairperson of the Executive Compensation Committee is appointed from the members who are Independent Outside Directors to ensure effective operation of the committee from the viewpoint of strengthening its independence, objectivity and ability to fulfill accountability.

The Company's Executive Compensation Committee appointed Willis Towers Watson Public Limited Company ("WTW"), an independent compensation consulting company, as an advisor. In accordance with the "Management Compensation Database" run by WTW, the Executive Compensation Committee sets a benchmark every year concerning companies or other entities of a business size and business category / business field analogous to those of the Company, verifies the appropriateness of the level of remuneration and the ratio of the performance-linked remunerations for Directors of the Company, and concurrently therewith, engages in appropriate deliberations based on necessary and sufficient information provided by WTW.

As to determination of remuneration for Directors, individual payment amounts are determined within the scope of each remuneration limitation as per resolutions of the General Meeting of Shareholders by the Board of Directors, and upon deliberation by the Executive Compensation Committee. In the event an unforeseeable event such as a change in business environment or some misconduct has occurred in the course of the determination of individual amounts for respective Directors, the Board of Directors may make adjustments on a discretionary basis regarding the same after deliberations, as needed, by the Executive Compensation Committee.

(The constitution of the Executive Compensation Committee, attribution of the Chairperson, and particulars of its activities and the like)

The Executive Compensation Committee, the majority of which is composed of Outside Directors, consists of five (5) Directors including three (3) Outside Directors.

The chairperson of the Executive Compensation Committee is appointed from the members who are Independent Outside Directors to ensure effective operation of the committee from the viewpoint of strengthening its independence, objectivity and ability to fulfill accountability.

The constituents of the Executive Compensation Committee as of the date of preparation of this Business Report are as follows:

Name of the Committee	Names of the members	Title and name of the chairperson
Executive Compensation Committee	Inside: Akira KUROKAWA, Takeshi ITO Outside: Masahiko IKAGA, Noboru KOTANI, Tamie MINAMI	Masahiko IKAGA, Outside Director

The major matters to be deliberated at the Executive Compensation Committee are as follows:

Major matters to be deliberated and approved by the Executive Compensation Committee	<ul style="list-style-type: none"> • Compensation systems for Directors including CEO and the amount to be paid to each individual Director • Outline of the compensation system and performance management for the internal executive personnel • Particulars of the advice concerning the compensation systems for Corporate Auditors • Outline of the disclosure of compensation • Matters concerning stock-based compensation plans for the Group as a whole
Major matters to be reported to the Executive Compensation Committee	<ul style="list-style-type: none"> • Outline of the status of operation of the performance management for the respective executive personnel and the amount of the payment for each individual member • Outline of the human resources system throughout the world

In the course of deciding the amount of remuneration for this business year, nine (9) meetings in total of the Executive Compensation Committee were held (on April 30, May 14, June 25, October 1 and December 3 of 2024, and January 7, February 27, March 27 and May 1 of 2025, including a meeting held after the end of the fiscal year), whereat recommendations to the Board of Directors or advice to the Board of Auditors were provided. Also, responding to such recommendations, the meetings of the Board of Directors conducted deliberations and made decisions on the matters relevant thereto.

Major matters of the deliberations conducted at the meetings of the Executive Compensation Committee are as described in Schedule 3.

Schedule 3: Major particulars of the deliberations

Major particulars of the deliberations
<ul style="list-style-type: none"> • Policy on determination of remuneration for Directors • Treatment of remuneration for newly appointed executives and retired executives • Detailed design of the annual bonus in FY2024 • Establishment of targets for “Non-Financial” metrics (<i>i.e.</i>, ESG targets) for the annual bonus in FY2024 • Number of grants of stock-based compensation in FY2024 • Direction of the amendment of the remuneration system for executive personnel towards FY2025 • Amendment of the remuneration composition and level for Directors towards FY2025 • Amendment of the maximum remuneration for Directors towards FY2025 • Amendment of the annual bonus system and Stock-Based Remuneration System for internal executive personnel towards FY2025 • Transition from the Restricted Stock-Based Remuneration System to the Restricted Stock Unit System (a post-delivery type stock-based remuneration system), for internal executive personnel located in Japan

- Particulars of advice by the Executive Compensation Committee concerning the remuneration for Corporate Auditors (including Outside Corporate Auditors)
- Draft disclosure of remuneration for officers in the Business Report

(5) Matters Regarding Outside Officers

(i) Status of material position concurrently held

Classification	Name	Name of the other juridical persons or other entity in which the position is concurrently held	Position concurrently held in the other juridical persons or other entity	Relationship between the Company and the other juridical persons or other entity in which the position is concurrently held
Outside Director	Noboru KOTANI	Vehicle Inc.	Representative Director	-
		JINS HOLDINGS Inc.	Outside Director	-
		SanBio Company Limited	External Director	-
	Tamie MINAMI	TEIJIN LIMITED	Outside Director	-
	Masahiko IKAGA	Masahiko Ikaga Certified Public Accountant Office	Representative	-
		PrajnaLink Co., Ltd.	Representative Director	-
		RYOBI LIMITED	Outside Director	-
Outside Corporate Auditor	Yaeko HODAKA	Isshiki & Partners	Partner	-
		YASKAWA Electric Corporation	Outside Director (Member of the Audit and Supervisory Committee)	-
		Sumitomo Heavy Industries, Ltd.	External Director	-
	Yuichiro MUNAKATA	Kasumigaseki Capital Co., Ltd.	Outside Director (Audit & Supervisory Board Member)	-
		SINANEN HOLDINGS CO., LTD.	Outside Director and Audit/Supervisory Committee Member (Full time)	

(ii) Status of major activities

Classification	Name	Status of major activities
Outside Director	Noboru KOTANI	We expect that he will express appropriate opinions from the Company-wide viewpoint based on his in-depth understanding of the Company's ophthalmic business, its strategy, governance, decision making and the like amassed through his office as Outside Director of the Company for ten years from 2005 to 2015 as well as his extensive knowledge and experience concerning company management as management consultant. In addition to attendance at all 13 meetings of the Board of Directors held in this fiscal year, he has served as a member of the "Nominating Committee" and "Corporate Strategy Committee" which are voluntary committees established by the Company, and attended all of the meetings of these committees. He expressed his opinions appropriately as required in deliberation of the proposed items from the viewpoint described above.
	Tamie MINAMI	We expect that she will express appropriate opinions from a global point of view at the meetings of the Board of Directors based on her abundant business experience overseas such as experiencing being a head of business divisions in multiple regions in a globally expanding company. In addition to attendance at all 13 meetings of the Board of Directors held in this fiscal year, she has served as a member of the "Executive Compensation Committee" and "Corporate Strategy Committee" which are voluntary committees established by the Company, and attended all of the meetings of these committees. She expressed her opinions appropriately as required in deliberation of the proposed items from the viewpoint described above.
	Masahiko IKAGA	He has expertise concerning financial and accounting affairs as a certified public accountant, as well as extensive international experience and knowledge including the promotion of globalization as a corporate executive. Furthermore, he previously served as the Company's Outside Corporate Auditor for two years from 2022 to 2024. In the meetings of the Corporate Auditors and the Board of Directors, he provided accurate advice from a Company-wide point of view, and audited the appropriateness of Directors' managerial judgment and execution of their duties from wide point of view. Based on the foregoing, we expect that he will express appropriate opinions as Director. In addition to attendance at all 13 meetings of the Board of Directors (three meetings of which were as Corporate Auditor) held in this fiscal year, he has served as a member of the "Nominating Committee" "Executive Compensation Committee" and "Corporate Strategy Committee" which are voluntary committees established by the Company, and attended all of the meetings of these committees. He expressed his opinions appropriately as required in deliberation of the proposed items from the viewpoint described above.
	Minoru KIKUOKA	We expect that he will express appropriate opinions as a Director on the Company's global business expansion and the like based on his extensive knowledge and business experience concerning financial and accounting affairs as well as corporate management, which includes exerting leadership as CFO or CEO at in multiple global organizations. In addition to attendance at all 10 meetings of the Board of Directors held after the assumption of office as Outside Director among the meetings of the Board of Directors held in this fiscal year, he has served as a member of the "Nominating Committee" and "Corporate Strategy Committee" which are voluntary committees established by the Company and attended all of the meetings of these committees. He expressed his opinions appropriately as required in deliberation of the proposed items from the viewpoint described above.
Outside Corporate Auditor	Junichi ASATANI	He attended all 13 meetings of the Board of Directors held in this fiscal year and all 11 meetings of the Board of Corporate Auditors held in this fiscal year, and expressed appropriate opinions required to ensure the fairness and appropriateness of the decision-making by the Board of Directors based on his abundant experience and expertise from his involvement in the business of a pharmaceutical company, including that relating to sales and marketing in Japan, financial and accounting affairs, risk and compliance management, and internal auditing practices, as well as his extensive international experience and knowledge, including from overseas postings and involvement in local business in areas such as business planning, accounting, and financial affairs.. Also, he exchanged opinions with Representative Directors, Corporate Officers and other officers and engaged in other activities, such as on-site visits to foreign subsidiaries, pursuant to audit policies and plans determined by the Board of Corporate Auditors.

Yaeko HODAKA	She attended all 13 meetings of the Board of Directors held in this fiscal year and all 11 meetings of the Board of Corporate Auditors held in this fiscal year, and expressed appropriate opinions required to ensure the fairness and appropriateness of the decision-making by the Board of Directors based on her abundant experience and expertise as an attorney-at law, especially in relation to corporate legal practices, and her extensive international legal experience and knowledge gleaned from her responsibilities as a long-time partner in a U.S.-affiliated law firm. Also, she exchanged opinions with Representative Directors, Corporate Officers and other officers and engaged in other activities, such as on-site visits to foreign subsidiaries, pursuant to audit policies and plans determined by the Board of Corporate Auditors.
Yuichiro MUNAKATA	He attended all 10 meetings of the Board of Directors held after the assumption of office as Corporate Auditor on June 25, 2024 and all 8 meetings of the Board of Corporate Auditors held after the said assumption of office, in which he expressed appropriate opinions required to ensure the fairness and appropriateness of the decision-making by the Board of Directors based on his expertise as a certified public accountant concerning financial and accounting affairs, as well as a high degree of expertness in auditing, internal control, corporate governance, and related topics. Furthermore, he has amassed extensive international experience and global awareness from overseas and other postings. Also, he exchanged opinions with Representative Directors, Corporate Officers and other officers and engaged in other activities, such as on-site visits to foreign subsidiaries, pursuant to audit policies and plans determined by the Board of Corporate Auditors.

(Note) In addition to the number of meetings of the Board of Directors held as described above, two (2) resolutions in writing were made during this fiscal year, which deemed that a resolution of the Board of Directors was passed under Article 370 of the Companies Act and Article 24 of the Company's Articles of Incorporation.

(iii) Matters regarding Agreement with Outside Directors and Outside Corporate Auditors to limit 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 and Outside Corporate Auditor as well as to further strengthen the audit system, it is provided under the Company's current Articles of Incorporation that the Company may enter into an agreement with Outside Director and Outside Corporate Auditor to limit his or her liability for damages suffered by the Company within a certain scope. Pursuant to such provision, the Company has entered into such agreements with Outside Directors and Outside Corporate Auditors to limit their liability for damages.

The outline of such agreement is as follows:

- In case an Outside Director and/or Outside Corporate Auditor become(s) 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 an Outside Director and 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.

(iv) Aggregate amount of remunerations and other payments

Classification	Number of the recipients	Amount of remunerations, etc.
Outside Director	Seven (7) recipients	¥92 million
Outside Corporate Auditor	Four (4) recipients	¥48 million
Total	Eleven (11) recipients	¥140 million

(Note) The number of recipients is the total number of officers holding office during this business year, which includes three (3) Outside Directors who retired upon the expiration of the term of office thereof and one (1) Outside Corporate Auditor who retired upon resignation at the close of the General Meeting of Shareholders held on June 25, 2024.

5. Situation Regarding Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC

(2) Amount of Remuneration and the Like of the Accounting Auditor in this Fiscal Year

	Paid Amount
(i) Amount of remuneration and the like for the services of auditing under the Companies Act and the Financial Instruments and Exchange Act among auditing services under Article 2, Paragraph 1 of the Certified Public Accountants Act	¥119 million
(ii) Amount of remuneration and the like paid other than those described in (i)	– million
(iii) Total amount payable to the Accounting Auditor by the Company and its subsidiaries	¥119 million

(Notes)

- As to (i) above, the Company’s Board of Corporate Auditors conducted necessary review on the appropriateness of the content of the Accounting Auditor’s audit plan, the status of execution of its accounting audit duties and the grounds for calculation of the estimated remuneration, and deemed that this amount of remuneration for audit is at a reasonable level for the Accounting Auditor to perform a proper audit, and it consented to the amount of remuneration and the like for the Accounting Auditor under Article 399, Paragraph 1 of the Companies Act.
- The audit agreement executed between the Company and the Accounting Auditor does not distinguish between remuneration for audit under the Companies Act and under the Financial Instruments and Exchange Act, nor is it practical to make such distinction, so the amount of remuneration and the like described in (i) above includes the amount of remuneration and the like for audit under the Financial Instruments and Exchange Act.

(3) The Company’s Policy of Dismissal/Non-reappointment of an Accounting Auditor

In cases where the Company’s Board of Corporate Auditors deems that the Accounting Auditor falls under any event enumerated in items of Article 340, Paragraph 1 of the Companies Act, the Accounting Auditor shall be dismissed by unanimous consent of all Corporate Auditors. In such case, the Corporate Auditor appointed by the Board of Corporate Auditors shall report the dismissal of the said Accounting Auditor with the reason therefor at the earliest General Meeting of the Shareholders to be convened after the dismissal.

Also, in addition to cases where the Accounting Auditor falls under any situation enumerated in items of Article 340, Paragraph 1 of the Companies Act, in cases where the Company’s Board of Corporate Auditors deem that it would be difficult for the Accounting Auditor to properly perform its auditing duties, or, upon its evaluation during every business term of the Accounting Auditor’s legal compliance system, quality control system, the independence and expertness, global auditing system, attention to risk of fraud, appropriateness of remuneration for the audit services and the like, if it determines that it is necessary to appoint another prospective accounting auditor who is expected to better perform a proper audit, it shall determine the details of the proposal for dismissal or non-appointment of such Accounting Auditor to be submitted to the Shareholders’ Meeting.

6. Corporate Governance

(1) Basic Approach to Corporate Governance

The Company believes that it is vital to upgrade and strengthen corporate governance systems in order to achieve and enhance corporate value, and thus returns to shareholders.

The Company has adopted a “Company with Board of Corporate Auditors” system as defined in the Companies Act. The Company will continuously be working to upgrade and strengthen corporate governance by making the most of the current system.

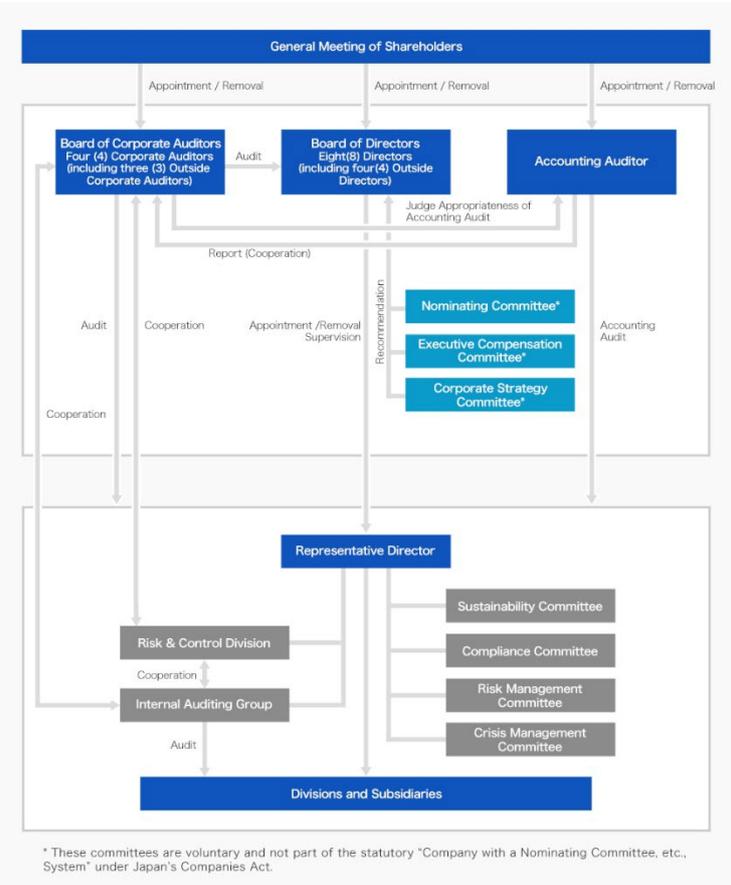
First, the functions of the Board of Directors are to make decisions concerning the vital execution of the business as well as to monitor the execution of the business by the management and Directors. The Company will operate in a manner to maximize both of the above functions.

The Company expects its Outside Directors to be actively involved in the Board of Directors in decision making on individual managerial issues, taking advantage of their wide range of experience and knowledge. Concurrently therewith, the Company shall also ask for their opinions and recommendations from the view of strengthening the function of monitoring its management.

Furthermore, the Company established the Nominating Committee, the Executive Compensation Committee and the Corporate Strategy Committee, which are all voluntary committees comprised of Inside and Outside Directors, with the aim of improving management transparency and objectivity. Moreover, the Company will, in a compatible manner, realize strong management and speedy business execution under the corporate officer system.

Corporate Auditors, an independent organ which has fiduciary responsibilities to shareholders, audit the execution of duties by the Directors, not only from the viewpoint of legality, but also with a view to the appropriateness of the decision-making process as well as the effectiveness of corporate governance, and provide recommendations to strengthen the function of the Board of Directors and executive sections.

(As of April 1, 2025)



(2) The Board of Directors

The Company's Board of Directors multilaterally deliberates and makes decisions mainly on material execution of business such as corporate strategies aiming to promote enhancement of the Company's sustained growth and its medium- and long-term corporate value, and concurrently therewith, supervises whether execution of business by the management and directors is properly performed from an independent and objective standpoint. The Board features a well-balanced mix of knowledge and experience, and the ability to effectively fulfill its roles and responsibilities with a structure that satisfies both diversity and an appropriate size. Outside Directors are provided with opportunities necessary to fulfill their roles, in various ways including the provision of the necessary information and knowledge.

(3) The Board of Corporate Auditors

The Company has appointed as its Corporate Auditors persons with the expertise and capability necessary to properly perform audits, especially including one or more person with sufficient knowledge in financial and accounting matters. Outside Corporate Auditors are provided with opportunities necessary to fulfill their roles, in various ways including the provision of the necessary information and knowledge.

(4) Voluntarily Established Committees

The Company has established the "Nominating Committee," the "Executive Compensation Committee" and the "Corporate Strategy Committee," which are all voluntary committees, composed of Inside and Outside Directors.

The Nominating Committee aims to deliberate on the selection of candidates for Directors and Corporate Officers and submit recommendations therefor, as well as to provide advice in response to consultations concerning the selection of candidates for Corporate Officers. This committee is composed of five (5) Directors, including three (3) Outside Directors.

The Executive Compensation Committee aims to deliberate on the compensation of Directors and Corporate Officers and submit recommendations therefor to the Board of Directors, as well as to provide advice to the Board of Corporate Auditors with respect to the compensation of Corporate Auditors with reference to market levels. This committee is composed of five (5) Directors, including three (3) Outside Directors.

The majority of the Nominating Committee and the Executive Compensation Committee are composed of Outside Directors, and their respective chairpersons are elected from constituent members thereof who are Independent Outside Directors, to ensure effective operation of each committee from the viewpoint of independence, objectivity and strengthening the ability to fulfill accountability.

The Corporate Strategy Committee aims to deliberate in a concentrated manner on key strategic issues such as business strategies, and is composed of eight (8) Directors, including four (4) Outside Directors.

The names of constituent members of respective committees and the names/titles of their chairpersons are as follows:

Committee	Name of the Constituent Members		Name/Title of the Chairpersons
Nominating Committee	Inside:	Akira KUROKAWA; Takeshi ITO	Noboru KOTANI Outside Director
	Outside:	Noboru KOTANI; Masahiko IKAGA; Minoru KIKUOKA	
Executive Compensation Committee	Inside:	Akira KUROKAWA; Takeshi ITO	Masahiko IKAGA Outside Director
	Outside:	Masahiko IKAGA; Noboru KOTANI; Tamie MINAMI	
Corporate Strategy Committee	Inside:	Akira KUROKAWA; Takeshi ITO; Rie NAKAJIMA; Ipppei KURIHARA	Takeshi ITO Representative Director President and CEO
	Outside:	Noboru KOTANI; Tamie MINAMI; Masahiko IKAGA; Minoru KIKUOKA	

(5) Meetings Solely Comprised of Independent Outside Directors

The Company timely holds meetings solely comprised of Independent Outside Directors as a place where information can be exchanged and awareness shared.

(6) Collaboration between Independent Outside Directors and Corporate Auditors

The Company holds regular meetings for the exchange of information between Independent Outside Directors and Corporate Auditors for the purpose of providing necessary information to improve the quality of discussions at the Board of Directors meetings and deepen cooperation.

7. System to Ensure Appropriateness of the Business and Status of the Operation of the Same

In accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act, Santen Pharmaceutical Co., Ltd. (hereinafter, “Santen” or the “Company”) has passed the resolution to maintain the basic policy on a system to ensure the appropriateness of business (internal control) of its corporate group consisting of Santen and its subsidiaries (in this section, the “Santen Group” or the “Company’s Group”), and Santen endeavors according to the details contained therein. In the meeting of the Board of Directors held on May 1, 2025, Santen passed the resolution to revise the same as described below.

(1) The Santen Group’s Core Principle and Our Vision

- (i) The Santen Group’s Core Principle and Our Vision are formulated as described below:

Santen’s Core Principle

“*Tenki ni sanyo suru*”

- ◆ Exploring the secrets and mechanisms of nature in order to contribute to people’s health

Our Vision

- ◆ Based on the Santen Group’s Core Principle, we set up “Happiness with Vision” as Our Vision which is the world Santen ultimately aspires to achieve, and aims to realize the happiest life for every individual, through the Best Vision Experience.

- (ii) The Santen Group refers to Our Guiding Principle and Values as the basis for actions and decisions, under which we carefully consider what is essential in each situation, determine what we should do, and act quickly, in order to help people in the world achieve happy lives through improved “vision”, in accordance with the Santen Group’s Core Principle and Our Vision.

[Status of operation of the system]

- In accordance with the revision of our corporate philosophy framework, communication has been made by the executives and the Core Principle and Our Vision as well as Our Guiding Principle and Values were disseminated. Also, the Company endeavors to increase exposure of the Core Principle and Our Vision through various ways, including always referring to them in officers’ messages, as well as to confirm that every activity is performed in accordance with the Core Principle and Our Vision through various ways, including confirmation thereof at material internal meetings.

(2) System to Ensure that the Execution of Duties of the Directors and Employees of Santen Group Complies with Laws, Regulations and the Articles of Incorporation

- (i) The Santen Group’s Directors and Employees shall consider as norms Santen’s Core Principle and the Santen Code of Practice, which provides the behavioral guidelines for all of the corporate activities to be conducted by all of the constituents.
- (ii) To promote Santen’s Core Principle and the Santen Code of Practice by the Santen Group as a whole, Santen shall endeavor to ensure the proper recognition thereof and thorough compliance therewith under the direction of officers dedicated thereto.
- (iii) The Santen Group shall stipulate in the Santen Code of Practice that it will never respond to any demand by an anti-social force; and concurrently, cooperate with the relevant authorities, as necessary, to eliminate any relationship with such anti-social forces.
- (iv) As regards any suspected compliance violation within the Santen Group entities, the Santen shall endeavor to implement measures that would allow the seeking of direct advice and reporting through an internal and external help desk; and concurrently, Santen Group entities shall handle the said advice and reporting in collaboration with the relevant departments of Santen.
- (v) To strengthen and enhance the function of monitoring management, Santen shall appoint multiple highly independent Outside Directors; and concurrently, it shall endeavor to enhance the audit by

Corporate Auditors as well as the internal audit system of the Internal Auditing Group under the direct control of the President.

[Status of operation of the system]

- As for the “Santen Code of Practice”, stipulated as behavioral guidelines for all of the corporate activities to be conducted from a common viewpoint under the Core Principle which is “*Tenki ni sanyo suru*,” the Company implements measures to ensure proper recognition thereof, and thorough compliance therewith, through transmission of information to and trainings of all constituents including foreign subsidiaries.
- The Company established the position of Chief Compliance Officer (CCO) and thereby has propelled the further improvement of the Group’s compliance system and activities.
- The Company is continually aware of anti-social forces’ actions, cooperates with relevant authorities opposed thereto, and blocks any relationship with, anti-social forces which threaten social order and security.
- As to advice by and reporting to an internal and external help desk, the Company has performed necessary investigations including interviews in collaboration with independent specialists in Japan and abroad and has taken appropriate actions.
- The Company endeavors to strengthen its managerial supervisory function through appointment of four (4) highly independent Outside Directors, and the audit performed by four (4) people consisting of three (3) highly independent Outside Corporate Auditors and a standing Corporate Auditor. Also, the Company established the Internal Auditing Group under the direct control of the CEO, which reports the result of internal audits based on an annual plan to Directors and Corporate Auditors.

(3) System on Retention and Management of Information on the Execution of Duties of the Directors

- (i) As to the treatment of information concerning the execution of the duties of Directors of Santen, Santen shall appropriately maintain and administer such information based on internal rules such as for information security, internal approvals and document control.

[Status of operation of the system]

- As to the information including records and document concerning the execution of duties of Directors, the Company has been performing appropriate maintenance and administration thereof based on internal rules such as for information security, internal approvals and document control.
- The Company has established a code of conduct for officers, and has been engaged in strengthening its governance functions as well as maintaining and enhancing the corporate value of the Group.

(4) Rules on the Management of Risk of Loss of the Santen Group and Other Systems

- (i) For Santen Group to respond appropriately to assumable major risks of loss related to its business activities, in accordance with the rules on risk management, each of its business corporations and organizations shall endeavor to detect and manage risk of loss from normal times, construct systems that will formulate policies / countermeasures and gather information, and endeavor to avoid or minimize risk of loss. Specifically, Santen’s risk management division shall, collaborating with its subsidiaries, detect and evaluate the Santen Group’s risks, and formulate and implement necessary countermeasures.
- (ii) Upon the occurrence of any event that may evolve into a material risk or if such an event is reported, the Crisis Management Committee chaired by Santen’s Representative Director, President & CEO shall be established within Santen, which will endeavor to address the matter and settle the situation, and concurrently therewith, institute measures to prevent a recurrence.

- (iii) Santen's Internal Auditing Group shall conduct internal audit of the status of management of the risk of loss within the Santen Group from an independent viewpoint.

[Status of operation of the system]

- As risk management in ordinary times, the system to promote the ERM has been reviewed, whereby formulation of risk-management rules and collection of information are performed in an expeditious manner, and re-established and clarified our three-lined system.
- Based on the foregoing, identification of risk items and establishment of risk scenario, verification of particulars to be controlled, pointing out residual risks, extraction of material risks as well as formulation of a plan to address these risks have been performed.
- From now on, the aforesaid mechanism shall be operated every year, and the monitoring situation shall be reported to and discussed at the Risk Management Committee.
- The Company has formulated the Rules on Reporting Critical Incidents as a global set of rules to maintain a framework that facilitates prompt reporting upon the occurrence of a crisis.
- The Company has built an administrative structure where the occurrence or reporting of an incident that is potentially capable of developing into a major crisis will trigger an assessment of the degree of such incident. If it is determined that the event is a major crisis that needs to be addressed, the Crisis Management Committee, chaired by the Representative Director, President and CEO of Santen who is the chief executive overseeing the risk management, shall be established. The aforesaid structure will provide centralized management of information upon the occurrence of the crisis and enable the necessary measures thereto to be taken and the crisis will be resolved.
- As for the deviance from standards for DIQUAS LX ophthalmic solution that occurred in FY2024, the Company established the Crisis Management Committee on April 18, 2024, held eight (8) meetings thereof in total under which the cause was investigated, safety was examined, discussions and decisions were made concerning the scope and means of recall, while giving utmost priority to the impact to patients, and measures towards stable supply were discussed.
- The Company's Internal Auditing Group performs validation of the status of risk management through the business operations audit, from its independent standpoint.

(5) System to Ensure the Efficient Execution of Duties of the Directors of the Santen Group

- (i) Santen shall establish a global management system centering on the Corporate Management Members (CMM), appointed by the Board of Directors. The CMM shall implement optimum decision-making speedily and on a company-wide basis, and thereby strengthen the Company's governance system for the conduct of its business.
- (ii) Santen shall hold meetings of the Board of Directors at least once a month in principle, and shall hold special meetings of the Board of Directors as necessary.
- (iii) Santen shall establish the Nominating Committee, the Executive Compensation Committee and the Corporate Strategy Committee, which are all voluntary committees comprised of Inside and Outside Directors, to deliberate on prescribed matters and submit recommendations to Santen's Board of Directors.
- (iv) Santen shall establish various meeting bodies in order to swiftly and efficiently decide on important matters concerning the Santen Group's management policies and conduct of the business.
- (v) Santen shall establish the Rules of the Board of Directors and the Rules for Corporate Officers clarifying their duties and powers. Furthermore, Santen shall maintain rules and standards concerning internal approvals and clarify procedures for decision-making.
- (vi) For each of the Santen Group entities to promote its global business operation, a personnel and organizational system shall be maintained to clarify its role and implement strategies with more certainty and to enable further contribution to customers. Furthermore, rules and standards

concerning the organization shall be established to clarify the authority and responsibilities of each organization and subsidiary.

[Status of operation of the system]

- Under the structure for the execution of operation centering on the Corporate Management Members (CMM), the Company is committed to speedy decision-making and powerful business operation with a sense of coherence.
- The Company's Board of Directors held thirteen (13) ordinary meetings. Also, the Nominating Committee, the Executive Compensation Committee and the Corporate Strategy Committee, which are all voluntary committees made up of Inside and Outside Directors, held meetings and engaged in deliberations four (4) times, nine (9) times, and four (4) times respectively.
- The Company established the Rules of the Board of Directors and the Rules for Corporate Officers clarifying their duties and powers, and performs appropriate operations thereof. Also, the Company established the Rules for Decision Making ("Kessai") , whereby the procedures for decision making are clarified and appropriately operated.
- The Company defined the management framework to enable it to perform its business effectively and efficiently, clarifying the role of the global organization and implementing overall optimization and standardization.

(6) System to Ensure Proper Operating Controls Within the Santen Group

- (i) Santen shall, centering on its internal control divisions, establish a managerial system to make recommendations and instructions to enhance the appropriateness of corporate activities within the Santen Group.
- (ii) Santen shall maintain rules on control of subsidiaries to clarify matters necessary to ensure appropriateness of operation of its subsidiaries and shall apply the same to all entities within the Santen Group and strengthen the auditing function of its key subsidiaries. Concurrently, Santen shall establish a system whereby developments and applications of its subsidiaries' internal control systems are ascertained.
- (iii) To ensure the credibility of financial reports, a system shall be established whereby each of Santen's relevant divisions and subsidiaries will perform a self-check concerning the appropriateness of its business, and then Santen's Internal Auditing Group will verify the adequacy thereof.

[Status of operation of the system]

- The Company has operated the rules on control of subsidiaries and the "Regional Person in Charge", "Corporate CFO" and "Region Finance Head" take, in principle, respective offices as directors of major subsidiaries. Also, to strengthen its function to supervise subsidiaries, Corporate Auditors of subsidiaries attend the Santen Group Corporate Auditors' meeting, to share the auditing plan of the Board of Corporate Auditors as well as exchange opinions on issues or the like.
- To enhance appropriateness of business activities within the Santen Group, the Company has established and been operating a managerial system whereby advice and guidance are given centered at the department of Risk & Control of the Company.
- To ensure appropriateness of operation of its subsidiaries, the Company prepared a management book (a support tool for internal control) and disseminated it to the management personnel of every subsidiary.
- As to the consolidation and operation of the internal control systems in its subsidiaries, the Company has identified major risk factors and selected a department to be responsible for addressing such factors. It has also established a system to periodically conduct and verify risk assessments in the respective regions.

- As to ensuring the credibility of financial reports, at relevant divisions of the Company and its subsidiaries, self-checks have been performed concerning the status of improvement and operation, and internal audits have been conducted.

(7) Matters Regarding an Employee, when the Board of Corporate Auditors Seeks to Adopt Him or Her as an Assistant, Matters Regarding the Independence of such Employee from Directors, and Matters Regarding Ensuring the Effectiveness of Directions to such Employee

- A dedicated staff, who will assist Santen's Corporate Auditors as well as discharge other duties as necessary, and who does not belong under the line of supervision and direction of the management, shall be employed.
- Personnel transfers of the staff of the Corporate Auditors shall be made by Santen's Representative Director in accordance with the internal rules and with the consent of the Corporate Auditors. As to the evaluation thereof, the contents thereof examined and determined by the Corporate Auditors in accordance with the internal rules shall be duly respected.

[Status of operation of the system]

- The Company established the office of Corporate Auditors, comprised of three (3) dedicated members including the head of the office, which provides assistance to its Corporate Auditors as well as other duties as necessary, and which does not belong under the line of supervision and direction of the management.
- As to personnel transfers and the evaluation of the staff of the Corporate Auditors, they have been made in accordance with the internal rules and in consideration of the evaluation by the Corporate Auditors.

(8) System for Directors and Employees of the Santen Group to Report to Corporate Auditors, System Regarding Other Reports to Corporate Auditors, and System to Ensure that the Person who Reported to Corporate Auditors Will Not Receive Any Adverse Treatment by Reason of Such Reporting

- In the event the Directors and employees of the Santen Group come to know of any specific matter that may cause any tremendous damage to the company, they shall report the same to Santen's Corporate Auditors and Board of Corporate Auditors without delay.
- Santen's Corporate Auditors may seek reports from the Santen Group's Directors and employees as needed and as necessary even for matters other than those described in item (i) above.
- Santen's Internal Auditing Group and the auditing divisions in key subsidiaries shall regularly report to Santen's Board of Corporate Auditors their audit policies and plans, and the results of their internal audits as well as exchange information therewith.
- No disadvantageous treatment shall be suffered by any Director or employee of the Santen Group on the ground that such Director or employee reported to the Corporate Auditors concerning any internal suspicious compliance violation and the like within the Santen Group entities, regardless of whether or not it was made through an internal or external help desk.

[Status of operation of the system]

- The Company is well equipped with and operated under the system of reporting to the Corporate Auditors and the Board of Corporate Auditors with respect to important matters.
- The Corporate Auditors obtain monthly operating reports as well as minutes of meetings and other various materials as necessary from respective divisions of the Company and key subsidiaries, and also seek, from time to time, Directors and employees of the Group to submit reports as necessary.
- The Company's Internal Auditing Group holds monthly regular meetings with standing Corporate Auditor and reports its audit results.
- The Company has stipulated the protection of whistle blowers under its internal rules concerning any internal suspicious compliance violation and the like and extended efforts to avoid any

possible disadvantageous treatment due to whistle-blowing.

(9) Other Systems to Ensure the Effective Conduct of the Audit by the Corporate Auditors

- (i) Santen's Corporate Auditors and Board of Corporate Auditors shall hold meetings regularly or as needed with not only Santen's Representative Director, but also with the Santen Group's Directors and employees as deemed necessary, to exchange opinions on issues such as issues that the companies must address and substantial issues relating to audit, and enhance mutual awareness and build trust.
- (ii) Santen's Corporate Auditors may attend meetings that they wish to attend upon consultation with Santen's Representative Director, and state their opinion on procedures regarding substantial decision-making and the state of the conduct of the business.
- (iii) Santen shall bear the expenses necessary for Santen's Corporate Auditors to perform their duties.

[Status of operation of the system]

- The Corporate Auditors and the Board of Corporate Auditors hold meetings regularly or as needed with Directors, Corporate Officers and other officers, whereat opinions on substantial issues and the like are exchanged.
- The Corporate Auditors attend internal substantial meetings as needed, whereat they state their opinions on procedures of substantial decision-making and the state of the conduct of business.
- The Company bears the expenses necessary for its Corporate Auditors to perform their duties.

(Note) The amount and number of shares stated in this Business Report the amount of which is less than the presented unit are, unless otherwise notified, rounded to the nearest integral number.

Consolidated statement of income (IFRS*)

(JPY millions)

	Year to March 31, 2025	(Reference) Year to March 31, 2024
Revenue	300,004	301,965
Cost of sales	(128,977)	(123,256)
Gross profit	171,027	178,709
Selling, general and administrative expenses	(87,967)	(91,529)
Research and development expenses	(24,103)	(25,416)
Amortization on intangible assets associated with products	(8,812)	(9,471)
Other income	589	1,548
Other expenses	(3,854)	(15,301)
Operating profit	46,880	38,541
Finance income	4,002	1,572
Finance expenses	(2,716)	(2,664)
Share of loss of investments accounted for using equity method	(685)	(7,575)
Profit before tax	47,481	29,874
Income tax expenses	(11,628)	(3,171)
Net profit for the year	35,853	26,703
Profit attributable to		
Owners of the company	36,256	26,642
Non-controlling interests	(403)	60
Net profit for the year	35,853	26,703

(Figures are rounded to the nearest million yen)

* International Financial Reporting Standards

Consolidated statement of financial position (IFRS)

(JPY millions)

	Year ended March 31, 2025	(Reference) Year ended March 31, 2024
Assets		
Non-current assets		
Property, plant and equipment	72,954	71,576
Intangible assets	75,467	83,819
Financial assets	16,177	21,832
Retirement benefit assets	7,861	7,165
Investments accounted for using equity method	—	2,574
Deferred tax assets	10,017	10,765
Other non-current assets	2,501	1,829
Total non-current assets	184,978	199,560
Current assets		
Inventories	51,590	43,185
Trade and other receivables	71,759	90,539
Other financial assets	997	379
Income taxes receivable	324	—
Other current assets	6,633	7,453
Cash and cash equivalents	92,997	94,582
Total current assets	224,300	236,139
Total assets	409,277	435,699

(Figures are rounded to the nearest million yen)

(JPY millions)

	Year ended March 31, 2025	(Reference) Year ended March 31, 2024
Equity		
Equity attributable to owners of the company		
Share capital	8,806	8,777
Capital surplus	9,797	9,854
Treasury shares	(1,161)	(1,018)
Retained earnings	228,291	240,029
Other components of equity	40,509	48,411
Total equity attributable to owners of the company	286,242	306,055
Non-controlling interests	(1,061)	(685)
Total equity	285,181	305,369
Liabilities		
Non-current liabilities		
Financial liabilities	30,940	32,439
Net defined benefit liabilities	1,221	1,292
Income taxes payable	122	-
Provisions	670	687
Deferred tax liabilities	2,606	1,377
Other non-current liabilities	1,701	1,739
Total non-current liabilities	37,260	37,534
Current liabilities		
Trade and other payables	38,989	43,531
Other financial liabilities	25,573	25,711
Income taxes payable	2,239	5,127
Provisions	2,087	1,783
Other current liabilities	17,949	16,643
Total current liabilities	86,837	92,796
Total liabilities	124,096	130,329
Total equity and liabilities	409,277	435,699

(Figures are rounded to the nearest million yen)

Consolidated statement of changes in equity (IFRS)

Year to March 31, 2025

(JPY millions)

	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	Exchange differences on translation of foreign operations
Balance at April 1, 2024	8,777	9,854	(1,018)	240,029	-	5,481	40,306
Comprehensive income							
Net profit for the year				36,256			
Other comprehensive income					358	(2,293)	(2,677)
Total comprehensive income	-	-	-	36,256	358	(2,293)	(2,677)
Transactions with owners							
Issuance of new shares	28	28					
Repurchase of treasury shares		(46)	(37,836)				
Disposal of treasury shares		8	875				
Cancellation of treasury shares		(36,820)	36,820				
Transfer to Capital surplus from Retained earnings		36,812		(36,812)			
Dividends				(12,112)			
Share-based payments		(39)					
Other				930	(358)	(571)	
Total transactions with owners	28	(57)	(142)	(47,994)	(358)	(571)	-
Balance at March 31, 2025	8,806	9,797	(1,161)	228,291	-	2,616	37,629

	Other components of equity				Total equity attributable to owners of the company	Non-controlling interests	Total equity
	Cash flow hedges	Share of other comprehensive income of investments accounted for using equity method	Share acquisition rights	Total			
Balance at April 1, 2024	(20)	2,464	181	48,411	306,055	(685)	305,369
Comprehensive income							
Net profit for the year				-	36,256	(403)	35,853
Other comprehensive income	20	(2,325)		(6,916)	(6,916)	27	(6,889)
Total comprehensive income	20	(2,325)	-	(6,916)	29,340	(376)	28,964
Transactions with owners							
Issuance of new shares			(57)	(57)	0		0
Repurchase of treasury shares				-	(37,883)		(37,883)
Disposal of treasury shares				-	882		882
Cancellation of treasury shares				-	-		-
Transfer to Capital surplus from Retained earnings				-	-		-
Dividends				-	(12,112)		(12,112)
Share-based payments				-	(39)		(39)
Other				(930)	-		-
Total transactions with owners	-	-	(57)	(986)	(49,152)	-	(49,152)
Balance at March 31, 2025	-	140	124	40,509	286,242	(1,061)	285,181

(Figures are rounded to the nearest million yen)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Significant Matters as Bases for Preparation of the Consolidated Financial Statements)

1. Basis for preparing the Consolidated Financial Statements

The Consolidated Financial Statements of the Santen Group have been prepared under the International Financial Reporting Standards (“IFRS”) in accordance with the first paragraph of Article 120 of the Ordinance on Company Accounting of Japan. Pursuant to the second sentence of the paragraph, certain disclosures required by IFRS have been omitted in this Consolidated Financial Statements.

2. Scope of consolidation

The consolidated subsidiaries are 34 companies where all of the subsidiaries were consolidated. The trusts pertaining to the stock-based remuneration system were included in the scope of the consolidation.

Name of the major companies:	Santen Holdings U.S. Inc., Santen Inc., Santen Holdings EU B.V., Santen SA, Santen China Investment Co., Ltd., Santen Pharmaceutical (China) Co., Ltd., Santen Pharmaceutical Asia Pte. Ltd.
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In this consolidated fiscal year, Santen Business Services Co., Ltd. (Japan) has been excluded from the scope of consolidation since the liquidation was consummated.

3. Application of the equity method

Companies to which the equity method is applied: One (1) company

Name of the companies:	Plano Pte. Ltd.
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In this consolidated fiscal year, the Company lost material operative force over Twenty Twenty Therapeutics LLC (U.S.) due to the receipt of a liquidating dividend therefrom, and it has been excluded from an equity method affiliate.

4. Matters regarding the business year and other matters concerning the consolidated subsidiaries

The consolidated subsidiaries, Santen China Investment Co., Ltd., Santen Pharmaceutical (China) Co., Ltd., Santen Pharmaceutical Sales & Marketing (Suzhou) Co., Ltd., Chongqing Santen Kerui Pharmaceutical Co., Ltd., Eyevance Pharmaceuticals Holdings Inc., and Eyevance Pharmaceuticals LLC, with the closing date of December 31, have been consolidated based on provisional settlement accounts as of the consolidated closing date of March 31.

5. Accounting policies

(1) Basis and method for valuation of properties, plants and equipment and intangible assets, and method of depreciation or amortization therefor

(i) Property, plant and equipment

Property, plant and equipment is recognized at cost, which includes any costs directly attributable to the acquisition of the asset and dismantlement, removal and restoration costs, as well as borrowing costs eligible for capitalization.

After the recognition, property, plant, and equipment is measured by using the cost model and is stated at cost less accumulated depreciation and impairment losses.

Property, plant and equipment other than land are depreciated using the straight-line method over the estimated useful lives of each item from the date the assets are available for use. The estimated useful lives of major property, plant and equipment are as follows:

Buildings and structures:	3 to 50 years
Machinery, equipment, and vehicles:	3 to 10 years
Tools, furniture and fixtures:	4 to 10 years

The depreciation methods, residual values and estimated useful lives are reviewed annually, and adjusted as necessary.

(ii) Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance and have been acquired individually or through business combinations. The major intangible assets are goodwill, intangible assets associated with products, and software.

<1> Goodwill

For the measurement of goodwill on initial recognition, the Santen Group measures the consideration for an acquisition as the sum of (1) consideration transferred in a business combination, (2) the amount of the non-controlling interest and (3) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree. The Santen Group recognizes goodwill as any excess of this consideration for acquisition over the net amount of the identifiable assets acquired and the liabilities assumed at the acquisition date.

After initial recognition, goodwill is not amortized and is measured at cost less the accumulated impairment losses. Goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination.

<2> Intangible assets other than goodwill

Intangible assets other than goodwill that are acquired individually are recognized at cost, specifically any cost directly attributed to the acquisition of the asset. Intangible assets other than goodwill that are acquired through business combinations are recognized based on the fair value at the business combination date.

After recognition, intangible assets are measured using the cost model and are stated at cost less accumulated amortization and impairment loss.

These intangible assets are amortized using the straight-line method over the estimated useful lives (within approximately 20 years) from the date the assets are available for use. The estimated useful lives are calculated based on the term of legal protection or the economical life, and are regularly reviewed.

(iii) Impairment of property, plant, equipment, and intangible assets

At the end of each reporting period, the Santen Group assesses whether there is any indication of impairment that property, plant and equipment and intangible assets available for use may be impaired for each asset, cash-generating unit, or group of cash-generating unit. If there is an indication of impairment, the Santen Group performs impairment test and assesses the recoverability of each asset, cash-generating unit or group of cash-generating unit.

Goodwill and intangible assets that are not yet available for use are tested for impairment and assessed for recoverability annually regardless of whether there is an indication of impairment of the asset, cash-generating unit, or group of cash-generating units.

The cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflow from other assets or groups of assets.

The recoverable amount of an asset or a cash-generating unit is determined at the higher of its fair value less cost of disposal or its value in use. The value in use is the present value of the future cash flow that is expected to be generated by an asset, a cash-generating unit or group of cash-generating units. If the carrying amount of the asset or cash-generating unit exceeds the recoverable amount, impairment losses are recognized in profit or loss and the carrying amount is reduced to the recoverable amount.

An asset or a cash-generating unit other than goodwill for which impairment losses were

recognized in prior years is assessed at the end of the reporting period to determine whether there is any indication that the impairment losses recognized in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of the asset or cash-generating unit is estimated. In cases in which the recoverable amount exceeds the carrying amount of the asset or cash-generating unit, the impairment losses is reversed up to the lower of the estimated recoverable amount or the carrying amount that would have been determined if no impairment losses had been recognized in prior years.

(iv) Leases

At the time of signing a contract, the Santen Group determines whether the contract is a lease or includes a lease. The contract is considered to be a lease or include a lease when the right to control the use of the identified assets is conveyed for a period of time in exchange for consideration.

If the contract is determined to be a lease or include a lease, the right-of-use asset and the lease liability are recognized at the inception date of the lease. Right-of-use assets are initially measured at acquisition cost adjusted for initial direct costs and lease incentives, etc. to the initial measurement of lease liabilities.

When ownership of the underlying assets is transferred to the lessee by the end of the lease term, or when the acquisition cost of the right-of-use asset reflects the use of the purchase option, the right-of-use asset is depreciated from the inception date to the end of the useful life of the underlying asset, otherwise it is depreciated regularly over the shorter of the economic life or the lease term from the inception date. In addition, right-of-use assets are impaired (where applicable) by impairment losses and adjusted for remeasurement of the lease liabilities.

Lease liabilities are initially measured at the present value of outstanding lease payments discounted at the lessee's incremental borrowing rate at the inception date of the lease. After the commencement date of the lease, the carrying amount of the lease liability is increased or decreased to reflect the lease interest on the lease liability and the lease payments. If the lease liability is revised or the lease terms are revised, the lease liability is remeasured and the right-of-use asset is modified. In the measurement of lease liabilities, the lease component and the related non-lease component are not separated but recognized as a single lease component.

The commencement date is the date when the right-of-use asset is acquired, and the lease term is calculated from the lease commencement date. The lease term is estimated to be the period in which it is reasonably certain that the lessee will exercise (or not exercise) the option to extend the lease during the non-cancellable period of the lease, including the free rent period.

In the consolidated statement of financial position, the right-of-use assets are included in "Property, plant and equipment" and lease liabilities are included in "Financial liabilities" or "Other financial liabilities."

The Company has selected to apply the exemption of IFRS 16 for short-term leases with lease terms of 12 months or less and immaterial leases, not to recognize right-of-use assets and lease liabilities. The Santen Group recognizes lease payments associated with those assets as expenses over the lease term using the straight-line method.

(2) Basis and method for valuation of financial instruments

(i) Financial assets

<1> Initial recognition and measurement

Financial assets are classified as financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss. The classification of financial assets is determined upon initial recognition.

Financial assets are initially recognized on the transaction date upon which the Company becomes a party to the contractual terms of the financial assets.

(Financial assets measured at amortized cost)

Financial assets are classified as financial assets measured at amortized cost if they meet the following conditions:

- The financial asset is held within a business model whose object is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on a specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(Financial assets measured at fair value through other comprehensive income)

(a) Debt financial assets that are measured at fair value through other comprehensive income

Financial assets are classified as debt instruments that are measured at fair value through other comprehensive income if they meet the following conditions:

- The financial asset is held based within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Equity financial assets measured at fair value through other comprehensive income

For all investments in equity instruments other than those held for trading among financial assets measured at amortized cost and debt financial assets measured at fair value through other comprehensive income that are equity instruments, the Santen Group has irrevocably elected to represent changes in fair value after initial recognition under other comprehensive income.

(Financial assets measured at fair value through profit or loss)

Financial assets not classified as financial assets measured at amortized cost or as financial assets measured at fair value through other comprehensive income are classified as financial assets measured at fair value through profit or loss. No investments in debt financial assets are designated for measurement at fair value through profit or loss so as to eliminate or significantly reduce mismatches in accounting.

All financial assets except trade receivables that contain a significant financing component, are initially measured by the sum of the fair value and the transaction cost, except when they are classified as financial assets measured at fair value through profit and loss.

<2> Subsequent measurement

Measurement of financial assets after initial recognition is conducted in accordance with their classification as follows:

(Financial assets measured at amortized cost)

Financial assets measured at amortized cost are measured by the effective interest rate method.

(Financial assets measured at fair value through other comprehensive income)

(a) Debt financial assets that are measured at fair value through other comprehensive income

Changes in the fair value of debt financial assets measured at fair value through other

comprehensive income are recognized as other comprehensive income until the financial asset is derecognized, except for impairment gain or impairment losses and foreign exchange gains and loss. If the financial asset is derecognized, other comprehensive income recognized in the past is transferred to profit and loss.

- (b) Equity financial assets that are measured at fair value through other comprehensive income
Changes in the fair value of equity financial assets measured at fair value through other comprehensive income are recognized as other comprehensive income. If the financial asset is derecognized, or if the fair value has decreased markedly, other comprehensive income recognized in the past is transferred directly to retained earnings.

(Financial assets measured at fair value through profit or loss)

Financial assets measured at fair value through profit and loss are measured at fair value after initial recognition and changes in fair value are recognized as profit and loss.

<3> Impairment losses

Allowance for doubtful accounts is recognized for expected credit losses related to financial assets measured at amortized cost.

(Determination of significant increase in credit risk)

At the end of each fiscal year, the non-performance risk for financial assets at the end of the fiscal year is compared with the risk on the initial recognition date to evaluate whether there has been a significant increase in credit risk for the financial asset since initial recognition. In performing this evaluation, the Santen Group considers the financial status of the transaction counterparty, the overdue information, etc.

If all or part of a financial asset is deemed unrecoverable, or extremely difficult to recover, for example when the debtor is in serious financial difficulty, or has been delinquent for a long period after the due date, then the asset is deemed to be in default.

If a financial asset is in default, or if there is evidence for impairment, such as notable financial difficulty of the issuer or debtor, then the asset is deemed to be credit impaired.

(Measurement of expected credit loss)

Expected credit loss is the present value of the difference between the contractual cash flow that is supposed to be received based on the contract and the cash flow that is expected to be received. If the credit risk of a financial asset has increased significantly since initial recognition, the allowance for doubtful accounts related to that financial asset is measured using an amount equal to the expected credit loss over the entire period. If it has not increased significantly, then it is measured using an amount equivalent to the expected credit loss over a 12-month period.

For trade receivables that do not include a significant financial element, allowance for doubtful accounts is measured using an amount equal to the expected credit loss over the entire period.

If all or part of a financial asset is reasonably deemed unrecoverable, the carrying amount of the financial asset is fully written-off. The provision for allowance for doubtful accounts related to financial assets is recognized in profit and loss.

The provision for allowance for doubtful accounts related to financial assets is recognized in profit and loss. If an event occurs that reduces the allowance for doubtful accounts, a reversal of the allowance is recognized in profit and loss.

<4> Derecognition

The Santen Group derecognizes a financial asset only when the contractual right to receive the cash flows from the asset expires or when the Companies transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

(ii) Financial liabilities

<1> Initial recognition and measurement

Financial liabilities are classified as financial liabilities measured through amortized cost and financial liabilities measured at fair value through profit and loss. The classification is determined when the financial liability is initially recognized.

Financial liabilities are initially recognized on the transaction date upon which the Santen Group becomes a party to the contractual terms of the financial instrument.

All financial liabilities are initially measured at fair value; however, financial liabilities measured at amortized cost are measured using the amount net of directly incurred transaction expenses.

<2> Subsequent measurement

Measurement of financial liabilities after initial recognition is dependent on their classification, as follows:

(a) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are measured at amortized cost by the effective interest rate method after initial recognition. Interest expense through the effective interest rate method and gain and loss upon derecognition are recognized in profit and loss.

(b) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit and loss are measured at fair value after initial recognition and changes in fair value are recognized as profit and loss.

<3> Derecognition

The Santen Group derecognizes financial liabilities when the obligation specified in the contract is exempted, cancelled, or expired.

(iii) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Santen Group:

(a) Currently has a legally enforceable right to set off the recognized amounts;

(b) Intends either to settle on a net basis, or realize the asset and settle the liability simultaneously.

(iv) Derivatives and hedge accounting

The Company utilizes derivative transactions, including foreign exchange forwards and commodity derivatives, for hedging the risk arising from fluctuation in foreign currency exchange rates, interest rates and share price, as well as the fuel price risk. Derivatives are initially measured at fair value on the date when the derivative contracts are entered into and are subsequently remeasured to fair value at each reporting date. Subsequent to initial recognition, derivatives are measured at fair value and the related transaction costs are recognized as expenses as incurred. However, for derivative transactions that are hedging instruments, hedge accounting is applied if the hedging criteria are met. The Santen Group does not enter into derivatives for trading or speculative purposes.

(3) Basis and method of valuation of inventories

Inventories are measured at the lower of cost and net realizable value.

The cost of inventories is calculated based on the weighted-average cost method, including raw materials, direct labor and other direct costs as well as relevant overhead expenses. The net realizable value is determined based on the estimated selling price in the ordinary course of business less the

estimated costs of completion and the estimated costs necessary to make the sale.

(4) Employee benefits

(i) Post-employment benefits

The Santen Group has adopted defined benefit plans and defined contribution plans as post-employment benefit plans for employees.

<1> Defined benefit plans

The present value of defined benefit obligation and the related current service costs and past service costs are calculated based on the projected unit credit method.

The discount rates are determined with reference to the market yields of high-quality corporate bonds at the end of each reporting period.

Service cost and net interest on the net defined benefit liabilities are recognized in profit or loss.

Actuarial gains and losses, return on plan assets excluding amounts included in net interest on the net defined benefit liabilities, and changes in the effect of the asset ceiling are recognized in other comprehensive income and reclassified to retained earnings in the period in which they are recognized.

Prior service cost is recognized in profit or loss when incurred.

<2> Defined contribution plan

Costs for defined contribution plans are recognized as expenses when they are paid.

(ii) Short-term employee benefit

The undiscounted amount of short-term employee benefits expected to be paid in exchange for that service are recognized as expenses when employees have rendered services to the Santen Group.

(5) Basis for recording significant provisions

A provision is recognized when the Santen Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligations can be estimated reliably. When the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation.

Major items are as described below:

Provision for paid leave	.....	Unused paid leave granted to employees under the paid-leave system are recognized as liabilities.
Provision for disadvantageous contracts	.....	Provision for disadvantageous contracts is recorded if inevitable expenses to perform contractual obligations exceed the economic benefit expected to be received under such contract(s). Provision for disadvantageous contracts is provided to prepare for the loss due to a decline in profitability of inventory for which a purchasing agreement was concluded but not yet purchased. The estimated unrecoverable amount is recorded.

(6) Basis for foreign currency translation

Foreign currency transactions are translated into the functional currency using exchange rates at the dates of transactions or rates that approximate the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at year-end exchange rates, and nonmonetary assets and liabilities denominated in foreign currencies measured at fair value are translated at the exchange rates in effect at the date when the fair value was determined. Nonmonetary assets and liabilities denominated in foreign currencies

measured at historical cost are translated into the functional currency at the spot exchange rate on the date of the initial transaction. Differences arising from the translation and settlement are recognized as profit or loss.

Assets and liabilities of foreign operations are translated into the presentation currency using the exchange rate at the fiscal year-end. Income and expenses of foreign operations are translated into the presentation currency using the average exchange rate during the fiscal year, except for cases of significant exchange rate movements. Exchange differences are recognized in other comprehensive income. If a foreign operation is discontinued, the cumulative exchange differences of the relevant foreign operation are reclassified to profit or loss when it is discontinued.

(7) Recognition of revenue

Revenue is recognized based on the following five-step approach:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

For sales of goods, the customer usually acquires control over the goods when they are transferred. Therefore, the performance obligation is deemed to be satisfied, and the revenue is recognized at the time when the goods are transferred. Depending on the terms of the agreements, the Company is also obligated to accept returns, rebates and discounts, which are then measured on a net basis. The transaction price in this case is calculated as the consideration committed to the contract with the customer less these estimates, and the consideration expected to be refunded to the customer is recorded as a refund liability. The estimated liability for such refunds is calculated based on the terms of the agreements and historical experience.

The Company uses the practical expedient and does not adjust for any significant financial factors as the consideration for the transaction is generally received within 120 days of satisfaction of performance obligations.

(8) Other basic material matters in preparing the Consolidated Financial Statements

(i) Description of the amount contained

Figures less than one million yen have been rounded to the nearest million.

(ii) Accounting of consumption tax and the like

The accounting treatment of consumption and local consumption tax is net of tax, and the non-deductible consumption tax and local consumption tax are treated as expenses of this fiscal year.

6. Notes regarding accounting estimates

The figures of items that were recorded in the Consolidated Financial Statements of this consolidated fiscal year based on accounting estimates, which may have a significant impact on the consolidated financial statements for the next consolidated fiscal year, are as described below:

Intangible assets associated with products of JPY54,423 million

Intangible assets associated with products are assessed for indicators of possible impairment of an asset or cash-generating unit as of the end of each reporting period, and if indicators of impairment exist, they are tested for impairment to assess recoverability. Intangible assets associated with products that are not yet available for use are tested for impairment and assessed for recoverability annually regardless of whether there is an indication of impairment of an asset or cash-generating unit.

In the assessment of recoverability, the higher of fair value less costs of disposal or value in use is regarded

as the recoverable amount. If the recoverable amount is less than the carrying amount, the carrying amount is written down to the recoverable amount, and the amount to be written down is recognized in profit or loss as impairment losses.

In cases where the recoverable amount is calculated as fair value less costs of disposal, the said fair value is determined using a discounted cash flow method. Future cash flows, which are the basis for the calculation, are estimated based on the development success rate and future business plans. However, there is a high degree of uncertainty mainly with respect to the prospects for the development success rate, drug prices and market share expansion. In addition, the discount rate used to calculate fair value is based on the weighted average cost of capital, which requires a high degree of expertise in selecting calculation methods and input data.

Unforeseeable changes in assumptions and other factors could materially affect the calculation of fair value less costs of disposal and consequently materially affect the amount of intangible assets associated with products.

Notes

(Notes to Consolidated Statements of Income)

1. Other Expenses

(Impairment of non-financial assets)

An impairment loss of JPY1,302 million recognized in the consolidated fiscal year ended March 31, 2025 was recorded as other expenses.

Among which, an impairment loss of JPY1,196 million was recorded for the intangible asset related to the product. This impairment loss was recorded since expectation of revenues from the intangible assets or the like related to STN 1013400 for myopia was lost in accordance with discontinuance of development or reconsideration of the development plan.

Impairment losses other than those described above were constructions in progress and software. Considering that no future prospects related thereto have been determined or the like, these were recorded as impairment losses.

(Expenses to discharge contractual obligations)

As expenses related to the discharge of contractual obligations in connection with the Merger Agreement for the acquisition of InnFocus, Inc. (U.S.), JPY 1,183 million was recorded as other expenses.

2. Finance income

An income of JPY2,271 million recognized in the consolidated fiscal year ended March 31, 2025 was recorded as a finance income, since foreign currency translation adjustment was realized.

The reason for this is that material operative force over Twenty Twenty Therapeutics LLC (U.S.), an equity method affiliate, was lost due to the receipt of the liquidating dividend therefrom and the foreign currency translation adjustment was realized.

(Notes to Consolidated Statement of Financial Position)

1. Allowance for doubtful receivables directly deducted from assets

Financial assets	JPY 704 million
Trade and other receivables	JPY 518 million
Other financial assets	JPY 462 million

2. Accumulated depreciation of property, plant and equipment (including accumulated impairment)

JPY 70,322 million

3. The Santen Group has entered into commitment line agreements with its banks for the purpose of obtaining effective funding to maximize investment opportunities in capital investments and business development activities. The balance of unused loans as of the end of the period was as follows:

Aggregate amount of commitment lines (specified credit facilities)	JPY 20,933 million
Amount of used loans	JPY – million
Balance	JPY 20,933 million

(Notes to Consolidated Statement of Changes in Equity)

1. Class and number of outstanding shares at the end of this consolidated fiscal year

Class of shares	Beginning of this consolidated fiscal year	Increased by	Decreased by	End of this consolidated fiscal year
Common stock	363,996,254 shares	44,700 shares	21,985,400 shares	342,055,554 shares

(Note 1) The increase in the number of outstanding shares is caused by the exercise of rights to subscribe for new shares.

(Note 2) The decrease in the number of outstanding shares is caused by the retirement of treasury shares pursuant to a resolution passed at the meeting of the Board of Directors.

2. Matters regarding dividends

(1) Amount of dividend payment

Resolution	Class of shares	Aggregate dividends (Unit: JPY million)	Dividend per share (Unit: yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 25, 2024	Common stock	6,175	17.00	March 31, 2024	June 26, 2024
Meeting of the Board of Directors held on November 7, 2024	Common stock	5,937	17.00	September 30, 2024	November 29, 2024
Total		12,112			

(2) Dividends with a record date within this consolidated fiscal year and an effective date in the next fiscal year

The matters concerning the dividends of the common stock are scheduled to be proposed for resolution in the Annual General Meeting of Shareholders that is expected to be held on June 24, 2025:

	Aggregate dividends (Unit: JPY million)	Dividend per share (Unit: yen)	Record date	Effective date
Common stock	6,487	19.00	March 31, 2025	June 25, 2025

The retained earnings are intended to be used as the source of the funds for the dividends.

3. Matters regarding rights to subscribe for new shares at the end of this consolidated fiscal year

Date of the issuance	Class of shares that are the subject of the rights	Number of shares that are subject of the rights
August 31, 2015	Common stock	9,000 shares
August 31, 2016	Common stock	29,400 shares
August 31, 2017	Common stock	48,100 shares
Total		86,500 shares

(Note) All rights to subscribe for new shares can be exercised.

(Notes to Financial Instruments)

1. Matters regarding the status of financial instruments

As to fund management, the Santen Group manages funds by focusing on short-term financial assets that are highly secured and liquid, and as to fund procurement, for the purpose of financial soundness, reduction of the capital cost and enhancement of capital efficiency, the Company procures funds through debt financing by bank loans and asset financing by liquidation of claims. Derivatives are used to avoid the risk of foreign exchange currency rate fluctuations related to assets and liabilities denominated in foreign currencies, and the fuel price risk, and no speculative transactions are engaged in at all.

Trade and other receivables are exposed to customers' credit risk. To address such risk, a system has been established to control the due dates and balances for every counterparty pursuant to credit management regulations, and concurrently therewith, the credit status of main counterparties is verified every business term. Also, while the debt securities included in other financial assets are exposed to issuing entities' credit risk, only those issued by highly rated issuing entities have been selected.

While stocks included in other financial assets are exposed to the risk of fluctuations in market prices, such stocks are held in companies with which the Santen Group has built business relationships, and a system has been established to verify the fair value thereof on a regular basis and properly report the same to the Board of Directors.

While trade and other payables as well as loans are exposed to liquidity risk, each entity controls it by preparing a monthly cash flow management plan.

The Santen Group has established commitment lines (specified credit facilities) with its banks to secure liquidity.

Derivative transactions are executed and administered in accordance with internal rules and regulations that prescribe transaction authorization. Derivatives are also used by transactions only with highly rated financial institutions to reduce credit risks.

2. Matters regarding fair value of financial instruments

The amount recorded in the Consolidated Statement of Financial Position, the fair value, and the difference between them as of March 31, 2025 (consolidation closing date of this financial year) are as described below. The statements of trade and other receivables, other financial assets (except derivatives), cash and cash equivalents, trade and other payables as well as other financial liabilities (except derivatives) were omitted because they will be settled within a short period of time, and hence, the fair value thereof approximates the book value.

(Unit: JPY millions)

	Amount recorded in the Consolidated Statement of Financial Position	Fair value	Difference
(1) Financial assets	16,177	16,177	—
(2) Financial liabilities	(26,757)	(25,724)	1,033
(3) Other financial liabilities	(190)	(190)	—

(Note 1) The amounts recorded as a loss are enclosed in parentheses.

(Note 2) Lease liabilities are not included in the financial liabilities shown above or other financial liabilities because the fair value thereof is not required to be disclosed under IFRS 7.

(Note 3) Financial liabilities include loans to be repaid within one year.

3. Matters regarding the breakdown for each level for the fair value of financial instruments

The following table is an analysis of financial instruments carried at fair value by valuation method.

Each level is defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than market prices included in Level 1 that are observable for the asset or liability,

either directly (i.e., as a price) or indirectly (i.e., derived from price)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The measurement of fair value is undertaken in accordance with the Santen Group's valuation policies and procedures. Fair value is measured using the valuation model that most appropriately reflects the individual characteristics, features and risks of the financial instruments.

(1) Financial assets and liabilities whose fair value amounts have been recorded in the Consolidated Statement of Financial Position

(Unit: JPY millions)

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at fair value through other comprehensive income				
Stocks	7,844	—	3,521	11,365
Trade and other receivables	—	23,615	—	23,615
Financial assets measured at fair value through profit or loss				
Convertible bonds	—	—	2,047	2,047
Investment in limited partnerships	—	—	1,599	1,599
Golf membership rights, etc.	—	68	78	147
Liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivatives	—	190	—	190

(2) Financial liabilities with no fair value amount recorded in the Consolidated Statement of Financial Position

(Unit: JPY millions)

	Level 1	Level 2	Level 3	Total
Loans payable	—	25,724	—	25,724

(Note) Includes outstanding balances to be repaid within one year.

(Note) Description of the valuation method and inputs used in the calculation of the fair value.

(1) Financial assets

Among financial assets measured at fair value through other comprehensive income, the fair value of listed shares is classified as a Level 1 fair value because it is measured by the market value or current price information obtained from the counterparty financial institutions.

Among financial assets measured at fair value through other comprehensive income, the fair value of unlisted shares is valued using the net asset method, comparable company method, or the like, and is classified as a Level 3 fair value. Under the comparable company method, the company select comparable publicly traded companies of the target company and use stock indicators of the comparable company to determine fair value.

Among financial assets measured at fair value through other comprehensive income, trade and other receivables are classified as a Level 2 fair value because it is measured by the billing amount.

For Investment in limited partnerships, Equity investments in limited partnerships are shares of the fair value of limited partnerships which are measured at the fair value of partnership assets. It is classified as a Level 3 fair value because unobservable inputs are used.

(2) Financial liabilities

Loans with a variable interest rate reflect the market rate of interest for a short period of time, and

the fair value thereof approximates the book value. Also, those with a fixed interest rate are measured by discounting the expected interest rate in cases where the total amount of the principal and interest are newly borrowed, and thus, are classified as a Level 2 fair value.

For the fair value of derivative liabilities, significant inputs based on observable market information, and measured by current price information obtained from the trading financial institutions based on the valuation method, including discounting future cash flow to present value. Because of this, it is classified as a Level 2 fair value.

(Notes to Revenue Recognition)

1. The disaggregation of revenue

Revenue of Major Products

(Unit: JPY millions)

		Total
Glaucoma and ocular hypertension	Cosopt combination ophthalmic solution	26,799
	Tapros ophthalmic solution	16,461
	Tapcom combination ophthalmic solution	9,661
	Eybelis ophthalmic solution	5,291
Dry eye	Diquas ophthalmic solution	11,134
	Hyalein ophthalmic solution	16,896
	Ikervis	11,290
	Cationorm	4,324
Allergy	Alesion products (Alesion ophthalmic solution , Alesion LX ophthalmic solution, Alesion eyelid cream, Epinastine hydrochloride ophthalmic solution, and Epinastine hydrochloride LX ophthalmic solution)	31,702
	Verkazia	1,821
Intravitreal VEGF inhibitor	EYLEA aflibercept solution for intravitreal injection	78,052
Bacterial conjunctivitis	Cravit ophthalmic solution	13,641
Medical devices	PRESERFLO MicroShunt	6,053
OTC Pharmaceuticals		11,578
Others		55,301
Total		300,004

Regional Information

(Unit: JPY millions)

	Total
Japan	165,310
P.R.C.	28,297
Asia	30,097
EMEA	74,322
Others	1,349
Total	300,004

2. Information to understand the revenue amounts in this fiscal year and the subsequent fiscal year

(1) Contract balance

The balances of receivables and contractual liabilities arising from contracts with customers were as follows:

(Unit: JPY millions)

	Beginning of this consolidated fiscal year (April 1, 2024)	End of this consolidated fiscal year (March 31, 2025)
Receivables arising from contracts with customers	91,335	72,276
Contract liabilities	—	—

Receivables arising from contracts with customers are included in trade and other receivables on the Consolidated Statement of Financial Position. Contract liabilities are included in trade and other payables. In addition, there were no amounts of revenue recognized from performance obligations that were satisfied (or partially satisfied) in prior periods during this consolidated fiscal year.

(2) Transaction price allocated to remaining performance obligations

The Santen Group has no important transactions with individual contract periods in excess of one year.

Moreover, there are no important amounts not included in the transaction price in connection with consideration arising from contracts with customers. In addition, the Santen Group has applied the practical expedient measure of IFRS 15 Paragraph 121, and doesn't disclose information regarding remaining performance obligations whose initial expected remaining period is within one year.

(Notes Regarding Per Share Information)

- | | |
|---|------------|
| 1. Total equity per share attributable to owners of the Company | 839.20 yen |
| 2. Basic profit per share in this fiscal year | 103.98 yen |

(Note) As company shares held in trust for the stock remuneration system are included in treasury shares, the calculation of earnings per share is performed after deducting these shares from the number of shares outstanding as of the end of fiscal year and the weighted average number of shares outstanding during the period.

(Notes regarding Significant Subsequent Events)

Not applicable.

Non-consolidated balance sheets (J-GAAP*)

(JPY millions)

	Year ended March 31, 2025	(Reference) Year ended March 31, 2024
Assets		
Current assets	124,877	145,215
Cash and deposits	30,645	34,203
Notes receivable - trade	557	472
Accounts receivable - trade	48,270	65,429
Merchandise and finished goods	26,103	19,471
Work in process	133	69
Raw materials and supplies	6,968	6,590
Other	12,512	19,296
Allowance for doubtful accounts	(310)	(314)
Non-current assets	112,775	126,633
Property, plant and equipment	34,224	35,644
Buildings	13,700	14,602
Structures	53	50
Machinery and equipment	8,892	9,113
Vehicles	11	9
Tools, furniture and fixtures	1,315	1,040
Land	6,796	6,796
Leased assets	80	69
Construction in progress	3,377	3,966
Intangible assets	20,244	26,513
Manufacturing and marketing approval	7,932	12,682
Software	11,613	8,638
Other	699	5,194
Investments and other assets	58,307	64,475
Investment securities	8,515	14,270
Shares and investments in capital of subsidiaries and associates	38,444	38,454
Deferred tax assets	4,685	5,704
Prepaid pension costs	4,989	4,302
Other	3,640	3,743
Long-term allowance for doubtful accounts	(1,966)	(1,997)
Total assets	237,652	271,848

(Figures are rounded to the nearest million yen)

* Generally Accepted Accounting Principles in Japan

(JPY millions)

	Year ended March 31, 2025	(Reference) Year ended March 31, 2024
Liabilities		
Current liabilities	63,028	63,108
Accounts payable - trade	23,340	19,169
Short-term borrowings	7,500	7,500
Accounts payable - other	17,721	22,031
Income taxes payable	1,654	3,353
Accrued consumption taxes	107	-
Deposits received	9,774	7,571
Reserves for bonuses	2,006	2,606
Valuation reserve for purchase commitments	700	-
Other	227	877
Non-current liabilities	21,178	21,235
Long-term borrowings	20,000	20,000
Derivative liabilities	-	29
Long-term income taxes payable	122	-
Asset retirement obligations	314	311
Other	742	895
Total liabilities	84,206	84,343
Net assets		
Shareholders' equity	150,634	181,839
Share capital	8,806	8,777
Capital surplus	9,500	9,472
Legal capital surplus	9,500	9,472
Retained earnings	133,488	164,608
Legal retained earnings	1,551	1,551
Other retained earnings	131,937	163,057
Reserve for retirement allowance	372	372
General reserve	89,109	89,109
Retained earnings brought forward	42,456	73,576
Treasury shares	(1,161)	(1,018)
Valuation and translation adjustments	2,688	5,485
Valuation difference on available-for-sale securities	2,688	5,506
Deffered gains or losses on hedges	-	(20)
Share acquisition rights	124	181
Total net assets	153,446	187,505
Total liabilities and net assets	237,652	271,848

(Figures are rounded to the nearest million yen)

Non-consolidated statement of income (J-GAAP)

(JPY millions)

	Year to March 31, 2025	(Reference) Year to March 31, 2024
Net sales	188,101	195,238
Cost of sales	96,587	92,062
Gross profit	91,513	103,176
Selling, general and administrative expenses	68,105	75,164
Operating profit	23,408	28,013
Non-operating income	3,426	4,279
Interest and dividend income	459	536
Dividend income of life insurance	157	157
Gain on valuation of derivatives	-	232
Asset rental income	2,632	3,196
Other	178	156
Non-operating expenses	602	1,019
Interest expenses	352	222
Foreign exchange losses	136	248
Litigation expenses	-	410
Commission for purchase of treasury shares	67	29
Other	47	110
Ordinary income	26,232	31,272
Extraordinary income	814	1,915
Gain on disposal of non-current assets	5	2
Gain on sales of investment securities	368	1,912
Gain on liquidation of subsidiaries and associates	440	-
Extraordinary losses	1,909	7,384
Loss on disposal of non-current assets	32	24
Impairment losses	106	-
Loss on disaster	39	755
Provision for allowance for doubtful accounts of subsidiaries and associates	-	1,997
Business structure improvement expenses	-	4,609
Expenses to discharge contractual obligations	1,733	-
Income before income taxes	25,137	25,803
Income taxes - current	5,136	6,529
Income taxes - deferred	2,197	595
Net income	17,804	18,680

(Figures are rounded to the nearest million yen)

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

Year to March 31, 2025

(JPY millions)

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
					Reserve for retirement allowance	General reserve	Retained earnings brought forward		
Balance at April 1, 2024	8,777	9,472	-	9,472	1,551	372	89,109	73,576	164,608
Changes of items during period									
Issuance of new shares	28	28		28					-
Dividends of surplus				-				(12,112)	(12,112)
Net income				-				17,804	17,804
Acquisition of treasury shares				-					-
Disposal of treasury shares			8	8					-
Cancellation of treasury shares			(36,820)	(36,820)					-
Transfer to Capital surplus from Retained earnings			36,812	36,812				(36,812)	(36,812)
Net changes of items other than shareholders' equity				-					-
Total changes of items during period	28	28	-	28	-	-	-	(31,120)	(31,120)
Balance at March 31, 2025	8,806	9,500	-	9,500	1,551	372	89,109	42,456	133,488

	Shareholders' equity		Valuation, translation adjustments			Stock subscription rights	Total net assets
	Treasury shares	Total shareholders' equity	Unrealized gains on securities, net of taxes	Deffered gains or losses on hedges	Total valuation, translation adjustments		
Balance at April 1, 2024	(1,018)	181,839	5,506	(20)	5,485	181	187,505
Changes of items during period							
Issuance of new shares		57			-		57
Dividends of surplus		(12,112)			-		(12,112)
Net income		17,804			-		17,804
Acquisition of treasury shares	(37,836)	(37,836)			-		(37,836)
Disposal of treasury shares	875	882			-		882
Cancellation of treasury shares	36,820	-			-		-
Transfer to Capital surplus from Retained earnings		-			-		-
Net changes of items other than shareholders' equity		-	(2,817)	20	(2,797)	(57)	(2,854)
Total changes of items during period	(142)	(31,205)	(2,817)	20	(2,797)	(57)	(34,059)
Balance at March 31, 2025	(1,161)	150,634	2,688	-	2,688	124	153,446

(Figures are rounded to the nearest million yen)

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

(Matters Regarding Significant Accounting Policies)

1. Basis and method for valuation of assets

(1) Securities

(i)	Securities to be held to maturity	.....	Amortized cost method
(ii)	Shares in subsidiaries and associates	.....	Moving average cost method
(iii)	Other securities		
	Securities other than shares that do not have a market value	.....	Fair value method (with the entire amount of valuation differences inserted directly into net assets, and the cost of sales calculated using the moving average method)
	Shares that do not have a market value	.....	Moving average cost method For contribution in investment limited partnerships and other partnerships analogous thereto (those deemed to be the securities under paragraph (2), Article 2 of the Japan's Financial Instruments and Exchange Act), it is based on the latest financial statements available in accordance with the day of the reporting the financial statement prescribed in the partnership agreement, and by the method of embedding the net amount corresponding to equity interest.

(2) Derivatives Fair value method

(3) Finished goods, work in process, raw materials, and supplies

..... Cost method based on the weighted-average method (with amount shown on balance sheet written down as profitability declines)

2. Depreciation method for non-current assets

(1) Property, plant and equipment (excluding leased assets) The straight-line method

Major durations of useful life are as follows:

Building	31 to 50 years
Machinery and equipment	8 years
Others	4 to 10 years

(2) Intangible assets (excluding leased assets) The straight-line method

For software (internal use), the straight-line method based on internal availability period (5 years or 10 years).

(3) Leased assets

Leased assets related to finance lease transactions with the right of ownership not transferred

..... The straight-line method using the lease term as service life and a residual value of zero

(4) Long-term prepared expenses..... Amortized in equal amounts

3. Standard for translation of foreign currency-denominated assets or liabilities into Japanese yen

Foreign-currency-denominated money claims and liabilities are translated into Japanese yen at the spot exchange rates in effect at the balance sheet date, and the foreign exchange differences are scored as gains or losses.

4. Basis to record provisions

- | | | | |
|-----|--|-------|--|
| (1) | Allowance for doubtful accounts | ..... | A provision for an allowance for the non-payment of trade receivables. For general receivables, the historical default is used, and receivables that are designated as potentially irrecoverable are determined using the actual default rate on an individual claim basis. |
| (2) | Provision for bonuses | ..... | A provision for an allowance for the payment of bonuses to employees. This is recorded based on the amount of the projected bonus payments based on the subject period of the payments. |
| (3) | Valuation reserve for purchase commitments | ..... | A provision to prepare for the loss due to a decline in profitability of inventory for which a purchasing agreement was concluded but not yet purchased. The estimated unrecoverable amount is recorded. |
| (4) | Provision for retirement benefits | ..... | A provision for an allowance for the payment of retirement benefits to employees. The amount recognized as accrued as of the end of the fiscal year is recorded as provision for retirement benefits and prepaid pension costs based on the amount of projected retirement benefit liabilities and pension assets as of the end of the fiscal year under review. |
- (i) The method for attributing expected retirement benefits
When calculating pension benefit liabilities, the method for attributing expected retirement payments for the period of this fiscal year is as per the benefit formula basis.
- (ii) The method actuarial differences and past service costs are recorded as expenses
Past service costs are primarily recorded as expenses using the straight-line method over a fixed number of years that is within the average number of years of remaining service for employees at the time the expense is incurred.
- Actuarial differences are recorded as expenses in the fiscal year in which they arise, in an amount proportionally divided using the straight-line method over a fixed number of years that is within the average number of years of remaining service of employees at the time the differences emerge each fiscal year.

5. Basis to record revenues and expenses

The “Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and the “Implementation Guidance on Accounting Standard for Revenue” (ASGJ Guidance No. 30, March 26, 2021) are applied, and revenues arising from contracts with customers are recognized based on the following five-step approach:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

For sales of goods, the customer usually acquires control over the goods when they are transferred. Therefore, the performance obligation is deemed to be satisfied, and the revenue is recognized at the time when the goods are transferred. Depending on the terms of the agreements, the Company is also obligated to accept returns, rebates and discounts, which are then measured on a net basis. The transaction price in this case is calculated as the consideration committed to the contract with the customer less these estimates, and the consideration expected to be refunded to the customer is recorded as a refund liability. The estimated liability for such refunds is calculated based on the terms of the agreements and historical experience.

The Company uses the practical expedient and does not adjust for any significant financial factors as the consideration for the transaction is generally received within 120 days of satisfaction of performance obligations.

6. Hedge accounting methods

(1) Hedge accounting methods

Deferral hedge accounting has been adopted. As to those eligible for allocation treatment, such as forward-exchange contracts, allocation treatment is applied.

(2) Hedging vehicle

- Hedging instrument: Foreign exchange forwards, commodity derivative transactions
- Hedged item: Foreign currency-denominated financial liabilities, cost of raw materials and fuels

(3) Hedging policy

Derivative transactions are used mainly to avoid risks of fluctuation of exchange rates, changes in interest rates and share prices, as well as the fuel price risk, associated with assets and liabilities. It is our policy not to carry out derivative transactions for speculation purposes.

(4) Method to assess the effectiveness of hedging

The effectiveness of hedging is assessed based on the correlation between the change in the aggregate amount of cash flow of the hedging instrument or aggregate market fluctuation changes and the change in the aggregate amount of cash flow of the hedged item. Assessment of such effectiveness is omitted for those treated by the deferral hedge accounting.

7. Consumption taxes and local consumption taxes are accounted for by the tax-exclusion method. Non-deductible consumption taxes and local consumption taxes are treated as expenses for this fiscal year.

(Notes to Accounting Estimates)

The followings are items for which accounting estimates were included in the Non-Consolidated Financial Statements for this fiscal year and which may have a significant impact on the Non-Consolidated Financial statements for subsequent fiscal years:

Retirement benefit liabilities: JPY15,083 million

In order to prepare for the payment of retirement benefits to employees, the Company has adopted the defined benefit plan. There is a high uncertainty in the discount rate used in the calculation of the retirement benefit liabilities at the end of this fiscal year.

There is a possibility that unpredictable changes in conditions precedent may have a significant impact on the calculation of the retirement benefit liabilities.

The retirement benefit liabilities are offset against the pension assets and recorded on the Balance Sheet as prepaid pension costs of JPY4,989 million.

(Notes)

(Notes to Non-Consolidated Balance Sheet)

1. Accumulated depreciation for property, plant, and equipment (including accumulated impairment)
JPY51,546 million

2. Debt guarantee liabilities

Financial guarantee for subsidiaries' loans from financial institutions JPY 6,483 million

3. Monetary assets of or monetary liabilities to subsidiaries and associates
Short-term monetary assets JPY 8,577 million
Long-term monetary assets JPY 1,966 million
Short-term monetary liabilities JPY11,415 million

(Notes to Non-Consolidated Statement of Incomes)

1. Amount of transactions with subsidiaries and associates
Net sales JPY 19,298 million
Purchases JPY 2,547 million
Amount of transactions from operating transactions JPY 17,076 million
Amount of transactions from transactions other than operating transactions JPY 3,055 million

2. Profit from liquidation of subsidiaries and associates
This is a profit in association with a consummation of the liquidation of Santen Business Services Co., Ltd. (Japan), the Company's consolidated subsidiary.

3. Impairment loss
The Company uses a grouping of business assets based on managerial accounting, according to which it continuously comprehends income and expenditure, under which the minimum unit of unutilized assets is each individual asset.

In this fiscal year, impairment loss of JPY 106 million is recorded as an extraordinary loss. The item of the assets recognized as impairment loss is as described below:

Location	Usage	Classification	Amount
Taga-cho, Shiga	Unutilized asset	Constructions in progress	JPY 46 million

Since there is no expectation of use of the unutilized asset described above in future, the recoverable amount thereof is measured at its value in use and its carrying amount is reduced to the recoverable amount.

Location	Usage	Classification	Amount
Kita-ku, Osaka	Business asset (Other assets)	Software	JPY 60 million

Since there is a decline in profitability of the business asset described above, the recoverable amount thereof is measured at its value in use and its carrying amount is reduced to the recoverable amount.

4. Expenses to discharge contractual obligations
These are expenses related to the discharge of contractual obligations in connection with the Merger Agreement for the acquisition of InnFocus, Inc. (U.S.)

(Notes to Non-Consolidated Statement of Changes in Equity)

1. Matters regarding treasury shares

	Number of shares at the beginning of this fiscal year	Number of shares increased in this fiscal year	Number of shares decreased in this fiscal year	Number of shares at the end of this fiscal year
Common shares	786,780 shares	22,443,723 shares	22,538,988 shares	691,515 shares

(Note 1) The number of shares at the end of this fiscal year includes 59,329 treasury shares held by the trust associated with the stock remuneration plan.

(Note 2) The increase in the number of treasury shares is due to the acquisition of treasury shares pursuant to the resolution of the Board of Directors, the acquisition of treasury shares by the trust associated with the stock remuneration plan, the acquisition without consideration of a part of the common shares allotted as restricted stock-linked remuneration, and purchases of fractional shares.

(Note 3) The decrease in the number of treasury shares is due to the retirement of treasury shares pursuant to the resolution of the Board of Directors, disposal of treasury shares for the restricted stock-linked remuneration and the disposal of the treasury shares by the trust associated with the stock remuneration system.

(Notes regarding Tax Effects)

1. Breakdown of the significant components of deferred tax assets and liabilities

(Unit: JPY millions)

Deferred tax assets	
Loss on valuation of stocks of subsidiaries and associates	26,539
Provision for retirement benefits	1,473
Deferred assets for tax purposes	1,367
Allowance for doubtful accounts	910
Provision for bonuses	596
Excess depreciation	263
Impairment loss	242
Contract research expenses, etc.	233
Accounts payable	135
Accrued enterprise taxes	133
Refund liabilities	62
Inventory write-down	46
Other	1,777
Sub total	33,776
Valuation allowance	(27,859)
Total deferred tax assets	5,916
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(1,232)
Total deferred tax liabilities	(1,232)
Net amount of deferred tax assets (liabilities)	4,685

2. Difference between burden ration of statutory tax rate and corporate tax rate after tax effect accounting
Since the difference between the statutory tax rate and corporate tax rate after tax effect accounting is less than five hundredths of the statutory tax rate, this note is omitted.

3. Amendment of the amounts of deferred tax assets and deferred tax liabilities due to the change of tax rates including corporate income tax

The Act Partially Amending the Income Tax Act and Other Acts (Act No.13 of 2025) was promulgated on March 31, 2025, whereby interest rates for corporate income tax and other taxes will be raised in and

after the fiscal year that commences on April 1, 2026. In accordance therewith, the statutory tax rate to be used in calculation of deferred tax assets and liabilities for the temporary difference for which resolution is expected in or after the fiscal year that commences on April 1, 2026 will be changed from the previous 30.52% to 31.42%. Due to this change of tax rate, the amount of deferred tax assets (*i.e.*, the amount after deduction of the amount of deferred tax liabilities) increases by JPY 94 million, while the deferred amount of corporate taxes, etc., and the unrealized gain on available-for-sale securities have decreased by JPY 129 million and JPY 35 million, respectively.

(Notes regarding Transactions with Related Parties)

1. Subsidiary

(Unit: JPY millions)

Category	Name of the entity	Voting rights ownership (owned) ratio	Relationship with related party	Transaction contents	Transaction amount	Description	Ending balance
Subsidiary	Santen Pharmaceutical Asia Pte. Ltd.	Indirect ownership 100%	Sale of prescription pharmaceuticals	Sale of products, etc. (Note 1)	4,592	Accounts receivable - trade	2,440
				Receipt of royalty, and receipt of fees for the use of systems, etc. (Notes 1 and 2)	1,340	Other current asset (Accounts receivable – others)	389
	Santen SA	Indirect ownership 100%	Fund transactions Sale of prescription pharmaceuticals	Influx of capital (Note 3)	7,500	Short-term borrowings	7,500
				Sale of products, etc. (Note 1)	3,440	Accounts receivable - trade	614
				Receipt of royalty, and receipt of fees for the use of systems, etc. (Notes 1 and 2)	4,894	Other current asset (Accounts receivable – others)	2,270
				Debt guarantee (Note 4)	6,483	–	–

(Note 1) The sale of products, etc. and the receipt of royalty are determined taking into account market price and the like.

(Note) The receipt of fees for the use of systems, etc. is determined upon consultation between both companies based on the actual amount of expenses accrued for the service.

(Note 3) The interest rate for the influx of capital is determined on a reasonable basis taking into account the market price. There is no provision of collateral.

(Note 4) A debt guarantee was made for a bank loan (40 million euro) by Santen SA.

(Notes regarding per share information)

1. Net assets per share: JPY 449.15
2. Net profit per share in this fiscal year: JPY 51.03

(Note) As company shares held in trust for the stock remuneration system are included in treasury shares, the calculation of earnings per share is performed after deducting these shares from the number of shares outstanding as of the end of fiscal year and the weighted average number of shares outstanding during the period.

(Notes regarding revenue recognition)

Basic information for understanding revenue is included in “Notes regarding significant accounting policies, recognition criteria for revenue and expenses.”

(Notes regarding significant subsequent events)

Not applicable.