

Notice on the Disposal of Treasury Shares for the Post-delivery Type Performance-Linked Stock Remuneration Plan

Santen Pharmaceutical Co., Ltd. (Head Office: Osaka; President and CEO: Takeshi Ito; hereinafter, the “Company”) announced that its Board of Directors resolved today to dispose of treasury shares (the “Disposal of treasury shares” or the “Disposal”) related to the Performance Share Unit (PSU) plan based on the Post-delivery Type Performance-linked stock remuneration plan, as set out below.

Details

1. Outline of the disposal

(1)	Disposal date	September 30, 2026
(2)	Type and number of shares to be disposed of	68,912 shares of the Company's common stock
(3)	Disposal price	1,867.5 yen per share
(4)	Total amount of share disposal	128,693,158 yen
(5)	Recipients of allotment of shares to be disposed of, number thereof, and number of shares allotted to be disposed of	3 Directors (outside directors excluded): 35,881 shares 7 Corporate officers: 33,031 shares
(6)	Other	The Company has submitted a Securities Registration Statements for today's Disposal of treasury shares in accordance with the Financial Instruments and Exchange Act.

2. Objectives and reasons for the Disposal

The Company introduced the Restricted Stock (⁽¹⁾) and PSU, a form of performance-linked stock remuneration for its directors (excluding outside directors) and corporate officers (all eligible persons to be referred to hereinafter as the “Participants”), for the purposes of providing medium- to long-term incentives and sharing of value with shareholders. In conjunction with the completion of the Performance Assessment Period for the PSU granted to the Participants for the period of FY2023 to FY2025, shares will be delivered based on performance on a post-delivery basis.

The Disposal of treasury shares will be conducted using the aggregate monetary remuneration claims of 128,693,158 yen paid as share remuneration as contributed assets.

The resolution for introducing the plan was approved at the 110th Annual General Meeting of

Shareholders held on June 24, 2022.

*1 At the 113th Annual General Meeting of Shareholders held on June 24, 2025, the introduction of a Restricted Stock Unit (a post-delivery type stock-based remuneration system, RSU) System was approved as a replacement for the Restricted Stock-Based Remuneration System, effective from fiscal year 2025.

3. Performance during Assessment Period and Payout Ratio

The Performance Metrics and the Payout Ratio were determined respectively at the beginning and end of the Assessment Period by the Board of Directors after reviewed by the Executive Compensation Committee, where external directors account for a majority. The Performance Assessment for the period of FY2023 to FY2025 was determined as shown in the table below.

Performance metrics		Weight- ing	Evaluation criteria and payout ratio	Actual	Payout ratio
Relative total shareholder return (TSR)	Comparison and ranking against 21 global healthcare peer companies (seven companies headquartered in each of Japan, Europe, and the U.S.)	80%	Upper 1/4 (75th percentile): 200% Upper 1/2 (50th percentile): 100% Upper 3/4 (25th percentile): 50% Lowest 1/4: 0%	87.3%ile	185.0%
ESG- related metrics	Improvement of score on Dow Jones Sustainability Indices	20%	Inclusion in "World Index": 200% Inclusion in "Asia Pacific Index": 150% In cases where the company is not selected for either index, the payout ratio will be adjusted based on the Company's relative score among all pharmaceutical participating companies in the DJSI. The minimum score among companies selected for the "Asia Pacific Index" will correspond to a payout ratio of 150%, while a score equivalent to 65% of the highest score among all participating pharmaceutical companies will correspond to a payout ratio of 0%, each of	Score 69pt (not selected for either index)	

			these constituting a reference point. The Company's payout ratio will be calculated based on its relative position on the straight line connecting these two reference points.		
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4. Method of calculating the number of shares to be delivered and the amount of cash to be paid to Participants

The delivery to each Participant is made in accordance with the PSU plan both by share distribution and cash payment. The number of shares to be distributed and the amount of cash to be paid to each Participant are calculated based on the formula below.

1. Number of common shares of the Company to be delivered to each Participant
Base number of share units (*²) x Payout Ratio (*³) x 50%
2. Amount of cash to be paid to each Participant
(Base number of share units (*²) x Payout Ratio (*³) - Number of common shares as calculated in formula 1) x Share price at vesting (*⁴)

*2 The number of units determined by the Company's Board of Directors taking into consideration of the job and grade of each Participant.

*3 The payout ratio for each performance metric is calculated within the range of 0% to 200% according to the level of achievement of each metric during the Performance Assessment Period, using the method determined by the Board of Directors. The final payout ratio is then calculated by multiplying the payout ratio for each metric by the weighting assigned to that metric and aggregating the results. For the Payout Ratio during the period from FY2023 to FY2025, please refer to 3. Performance during Assessment Period and Payout Ratio.

*4 The share price at vesting will be determined by the Board of Directors at a level that will not be particularly favorable to the Participants receiving shares. It will be based on the closing price on the Tokyo Stock Exchange on the business day immediately preceding the day of the Board meeting after the completion of the Assessment Period at which the number of shares to be delivered will be determined.

5. Basis for calculating amount to be paid and details thereof

In order to eliminate arbitrariness in setting the disposal price, the Company will use the closing price for its common shares on the Prime Market of the Tokyo Stock Exchange on September 2, 2026, 1867.5 yen. This is the market price on the business day immediately prior to the Board of Directors' determination date. The Company believes the price is rational and not particularly favorable to the recipients.

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About Santen

Santen is a global pharmaceutical company committed to advancing eye health and improving lives through better vision. Founded in 1890 in Osaka, Japan, Santen makes use of more than 135 years of experience in research and development, manufacturing, and marketing of pharmaceuticals and medical devices to help people around the globe maintain and improve their eye health. Santen focuses exclusively on eye health and its portfolio includes glaucoma, dry eye, infection, allergy, age-related macular degeneration, and myopia. Santen's products and services are available in more than 60 countries and regions. Guided by its Core Principle "*Tenki ni sanyo suru*" – Exploring the secrets and mechanisms of nature in order to contribute to people's health – Santen combines its expertise with deep patient focus to contribute to the realization of "Happiness with Vision."

For more information, please visit <https://www.santen.com/en>.