

NOTICE: This is a translation of a part of a notice issued on June 2, 2020 in Japanese and is made solely for the convenience of the foreign shareholders. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

Securities code: 4536

June 2, 2020

**CONVOCATION NOTICE
OF THE 108TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholder:

We hereby inform you of the 108th Annual General Meeting of Shareholders of the Company to be held as set forth below.

Recently, current circumstances have resulted in the national and prefectural governments requesting people to avoid the “Three Cs” (*i.e.*, closed spaces, crowded places and close-contact settings) and voluntarily refrain from going outside to prevent the spreading of novel coronavirus (COVID-19) infections.

Taking the duration of such situation into account, you are firmly requested to exercise your voting right by a written form or via the Internet* in advance, and refrain from coming to the venue on the day of the General Meeting of Shareholders regardless of your health condition.

As for the exercise of your voting right in advance, after reviewing the attached “Reference Materials for the General Meeting of Shareholders,” please exercise your voting right by: filling up the Voting Card indicating your assent or dissent to the items on the agenda, and sending it back to reach us by mail before 17:30 on Tuesday, June 23, 2020 (JST); or accessing the website (<https://evote.tr.mufg.jp/>) designated by the Company for voting using your personal computer, and exercising your voting right before 17:30 of the aforementioned day (JST).

Very truly yours,

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

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

AGENDA

1. **Date and Time: Wednesday, June 24, 2020 at 10:00 a.m.**
(Start of admission at 9:00 a.m.)

2. **Place: Knowledge Capital Congrès Convention Center at the Second Basement, North Building, Grand Front Osaka**
3-1, Ofuka-cho, Kita-ku, Osaka, Japan

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

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

The Company's website can be accessed here: <https://www.santen.co.jp/ja/>

3. **Agenda**

Reports: 1. Reports on the Business Report, Consolidated Financial Statements and Financial Statements for the 108th Business Term (April 1, 2019 to March 31, 2020)

2. Reports on the Audit Reports by the Accounting Auditors and the Board of Corporate Auditors on the Consolidated Financial Statements for the 108th Business Term (April 1, 2019 to March 31, 2020)

Items for Resolution:

Proposal No. 1 Appropriation of Surplus

Proposal No. 2 Appointment of Six (6) Directors

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

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

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

*Japanese version only.

■ **Disclosure via the Internet**

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

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

Please be informed that the Consolidated Financial Statements and the Financial Statements that have been audited by the Corporate Auditors and the Accounting Auditors consist of documents included in the Appendices hereto as well as the matters described in (2) and (3) above posted on the website of the Company.

*Japanese version only.

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

REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and Reference Information

Proposal No. 1 Appropriation of Surplus

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

Matters regarding the Term-End Dividends of Profits

Basic Policy on Dividends of Profits

Our basic policy ensures management which places the greatest importance on shareholder returns with emphasis on stability and sustainability. We return profits to shareholders primarily through dividend payments, in tandem with repurchasing treasury shares as a supplemental measure, taking into consideration a comprehensive range of factors, including the medium- to long-term business environment, funding requirements, internal reserves available, and capital structure.

Term-End Dividends of Profits for the 108th Business Term

For the 108th Business Term, the Board of Directors proposes term-end dividends of profits at JPY 14 per share.

Consequently, the total dividends for the annual business term, including the interim dividends previously distributed (JPY 13 per share), will be JPY 27 per share, which is JPY 1 higher than the previous business term.

- (1) Kind of dividend property: cash
- (2) Matters concerning the distribution of dividend property to shareholders and the aggregate amount thereof: JPY 14 per share of the common shares of the Company, which amounts to JPY 5,592,112,666 in the aggregate.
- (3) Effective date of distribution of dividends from the surplus: June 25, 2020

Proposal No. 2 Appointment of Six (6) Directors

The term of office of all the Directors will expire at the close of this Annual General Meeting of Shareholders. Under this Proposal, the Board of Directors proposes the appointment of six (6) Directors as specified below.

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

The candidates for Director are as follows:

Candidate No.	Name (Date of birth)	Profile (Positions and responsibilities in the Company/other entities, and material posts concurrently held in other juridical persons)	Number of Santen shares owned
1	Akira KUROKAWA (September 5, 1952)	<p>April 1977 Joined the Company</p> <p>April 1997 General Manager, Head of the Office of Sales & Marketing Division, Prescription Pharmaceuticals</p> <p>June 1997 Director</p> <p>June 1998 Deputy Head of Sales & Marketing Division, Prescription Pharmaceuticals</p> <p>May 2001 Head of Sales & Marketing Division, Prescription Pharmaceuticals</p> <p>June 2001 Corporate Officer</p> <p>July 2004 Senior Corporate Officer</p> <p>June 2006 Representative Director, President & COO</p> <p>June 2008 Representative Director, President & CEO</p> <p>April 2018 Representative Director, Chairman & CEO</p> <p>April 2020 Representative Director, Chairman (incumbent)</p>	171,870 shares
2	Shigeo TANIUCHI (December 10, 1973)	<p>April 1996 Joined the Company</p> <p>October 2007 Deputy General Manager, Chinese Business Management Group, Asia Division</p> <p>November 2008 Head of Marketing & Sales Division, Santen Pharmaceutical (China) Co., Ltd.</p> <p>April 2011 General Manager, Business Planning & Administration Group, Asia Division</p> <p>April 2012 General Manager, Corporate Planning Group, Corporate Development Division</p> <p>January 2014 Deputy Head of Corporate Development Division</p> <p>April 2015 Corporate Officer, Head of Santen Europe (currently EMEA), and President of Santen Holdings EU B.V.</p> <p>April 2016 Senior Corporate Officer, Head of Santen Europe (currently EMEA), and President of Santen Holdings EU B.V.</p> <p>June 2017 Director</p> <p>April 2018 Representative Director, President & COO</p> <p>October 2018 Head of Asia Division, President & CEO of Santen Inc.</p> <p>April 2019 Head of North America Business, President & CEO of Santen Inc.</p> <p>April 2020 Representative Director, President & CEO (incumbent)</p>	23,570 shares
3	Takeshi ITO (July 16, 1959)	<p>April 1982 Joined the Company</p> <p>July 1999 General Manager, Business Development Group, Business Development Division</p> <p>May 2001 General Manager, Corporate Development Group, R&D Strategic Integration Department</p> <p>December 2002 Head of R&D Integration Department, R&D Division</p> <p>April 2007 Head of Surgical Division</p> <p>April 2012 Corporate Officer, Head of Prescription Pharmaceuticals Sales Department, Sales & Marketing Division, Prescription Pharmaceuticals</p>	16,474 shares

		<p>April 2014 Senior Corporate Officer, Head of Japan Sales & Marketing Division, Prescription Pharmaceuticals</p> <p>April 2016 Executive Corporate Officer (incumbent), Japan Business, Head of Japan Sales & Marketing Division, Prescription Pharmaceuticals</p> <p>June 2017 Director (incumbent)</p> <p>April 2019 Head of Japan Business, Head of Japan Sales & Marketing Division (incumbent)</p>	
4	<p>Kanoko OISHI (March 24, 1961)</p>	<p>January 1993 Partner, McKinsey & Company, Inc.</p> <p>June 2000 Established Mediva Inc. Representative Director (incumbent)</p> <p>July 2000 Established Seinan Mediva Co., Ltd. (currently, Seeds 1 Co., Ltd.); Representative Director (incumbent)</p> <p>August 2004 Established Platanus Medical Corporation; COO (incumbent)</p> <p>June 2010 Outside Director of Astellas Pharma Inc.</p> <p>June 2015 Outside Director of the Company (incumbent)</p> <p>June 2015 External Board Member of Ezaki Glico Co., Ltd. (incumbent)</p> <p>June 2015 Outside Director of Suruga Bank Ltd.</p> <p>March 2016 External Director of Shiseido Company, Limited (incumbent)</p> <p>Material posts concurrently held in other juridical persons: Representative Director of Mediva Inc. Representative Director of Seeds 1 Co., Ltd. External Board Member of Ezaki Glico Co., Ltd. External Director of Shiseido Company, Limited</p> <p>Total term of office until the close of this Meeting: Five (5) years Number of attendance at the Board of Directors' meetings: 14 out of 14 meetings</p>	0 share
5	<p>Yutaro SHINTAKU (September 19, 1955)</p>	<p>June 2005 Executive Officer of Terumo Corporation</p> <p>June 2006 Director and Executive Officer, President of Cardiac & Vascular Products Group of Terumo Corporation</p> <p>June 2007 Director and Senior Executive Officer in charge of the R&D Center, Intellectual Property Department and Legal Department of Terumo Corporation</p> <p>June 2009 Director and Managing Executive Officer, General Manager of Strategy Planning Department, and General Manager of International Business in charge of the Human Resources Department and Accounting & Finance Department of Terumo Corporation</p> <p>June 2010 Representative Director, President and CEO of Terumo Corporation</p> <p>April 2017 Director and Corporate Advisor of Terumo Corporation</p> <p>June 2017 Corporate Advisor of Terumo Corporation</p> <p>June 2017 External Director of J-Oil Mills Inc. (incumbent)</p> <p>June 2017 Outside Director of the Company (incumbent)</p> <p>March 2018 Outside Director of Kubota Corporation (incumbent)</p> <p>April 2018 Visiting Professor, Business Administration, Hitotsubashi University Business School</p> <p>April 2019 Project Professor, Business Administration, Hitotsubashi University Business School (incumbent)</p> <p>September 2019 Outside Director of KOZO KEIKAKU ENGINEERING Inc. (incumbent)</p> <p>Material posts concurrently held in other juridical persons: External Director of J-Oil Mills Inc. Outside Director of Kubota Corporation Project Professor, Business Administration, Hitotsubashi University Business School Outside Director of KOZO KEIKAKU ENGINEERING Inc.</p> <p>Total term of office until the close of this Meeting: Three (3) years Number of attendance at the Board of Directors' meetings: 14 out of 14 meetings</p>	0 share

6	Kunihito MINAKAWA (August 15, 1954)	October 1997	Senior Vice President and Chief Financial Officer, Ricoh Americas Corporation	1,000 Shares	
		April 2010	Corporate Vice President, and General Manager of Finance and Accounting Division, Ricoh Company, Ltd.		
		June 2010	Outside Audit & Supervisory Board Member, Ricoh Leasing Company, Ltd.		
		April 2012	Corporate Senior Vice President, and General Manager of Finance and Accounting Division, Ricoh Company, Ltd.		
		June 2013	Audit & Supervisory Board Member, Ricoh Company, Ltd.		
		June 2017	Outside Director of Sony Corporation (incumbent)* *Expected to resign from office on June 26, 2020.		
		June 2018	Outside Director of the Company (incumbent)		
		April 2019	Commissioner of the Certified Public Accountants and Auditing Oversight Board, Financial Services Agency (incumbent)		
		Material posts concurrently held in another juridical persons: Outside Director of Sony Corporation Commissioner of the Certified Public Accountants and Auditing Oversight Board, Financial Services Agency			
		Total term of office until the close of this Meeting: Two (2) years Number of attendance at Board of Directors' meetings: 14 out of 14 meetings			

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

(Note 2) Among the candidates for Director, the Company designated Kanoko Oishi, Yutaro Shintaku and Kunihito Minakawa as Independent Officers pursuant to Article 436-2, Paragraph 1 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc., and has filed their names therewith.

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

- (1) As regards Akira Kurokawa, he has assumed command of overall management as the Representative Director, President & CEO of the Company since June 2008, the Representative Director, Chairman & CEO of the Company since April 2018 and the Representative Director, Chairman of the Company since April 2020 and has achieved a sustained enhancement of the corporate value of the Company. Furthermore, at the Board of Directors, he has taken the chair thereof as the Chairman, appropriately conducted the meetings thereof, and contributed in the making of decisions thereat by gaining the understanding of each Director. Considering the foregoing, the Board of Directors proposes his continuous appointment as a Director.
- (2) As regards Shigeo Taniuchi, he has an understanding of Santen's Values and the underlying ethos thereof, and besides that, he has experience in various divisions including the China business, corporate development and the European business, and has served as the Corporate Officer, Head of Santen Europe (currently EMEA) since 2015, and as the Senior Corporate Officer, Head of Santen Europe (currently EMEA) since 2016, and he has contributed to the enhancement of the corporate value of the Company as the Representative Director, President & COO of the Company since April 2018, and, as the President & CEO of the Company since April 2020. Furthermore, he has fulfilled his responsibilities concerning matters for resolutions and reports as the President & CEO as well as contributed to enhance the quality of the discussions in the Board of Directors by

expressing his opinions actively throughout the proceedings at meetings, and he has contributed in the making of decisions thereat. Considering the foregoing, the Board of Directors proposes his continuous appointment as a Director.

- (3) As regards Takeshi Ito, he has an understanding of Santen's Values and the underlying ethos thereof, and besides that, he has experience in various divisions including R&D, surgical, sales & marketing, prescription pharmaceuticals, and has served as a Corporate Officer since 2012, the Senior Corporate Officer, Head of Sales & Marketing Division, Prescription Pharmaceuticals since 2014, and the Executive Corporate Officer, Japan Business, Head of Japan Sales & Marketing, Prescription Pharmaceuticals since 2016; and he has contributed to the enhancement of the corporate value of the Company. Furthermore, he has contributed to enhance the quality of the discussions in the Board of Directors by expressing his opinions actively throughout the proceedings at meetings, and he has contributed in the making of decisions thereat. Considering the foregoing, the Board of Directors proposes his continuous appointment as a Director.
- (4) As regards Kanoko Oishi, considering that she has extensive knowledge and experience amassed through long years of involvement in management in the country and overseas, and that she has contributed to enhance the quality of the discussions in the Board of Directors by expressing her opinions actively throughout the proceedings at meetings, the Board of Directors believes that she is well-qualified to be an Outside Director, and proposes her continuous appointment as such.
- (5) As regards Yutaro Shintaku, considering that he has extensive knowledge and experience amassed through long years of involvement in management in the country and overseas, including as a management executive of a major company manufacturing and distributing medical equipment and pharmaceutical products, and that he has contributed to enhance the quality of the discussions in the Board of Directors by expressing his opinions actively throughout the proceedings at meetings, the Board of Directors believes that he is well-qualified to be an Outside Director, and proposes his continuous appointment as such.
- (6) As regards Kunihiro Minakawa, considering that he has extensive knowledge and global experience amassed through long years of involvement in management in the country and overseas, as well as extensive insight and business experience in finance and auditing, and that he has contributed to enhance the quality of the discussions in the Board of Directors by expressing his opinions actively throughout the proceedings at meetings, the Board of Directors believes that he is well-qualified to be an Outside Director, and proposes his continuous appointment as such.

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

- (1) Suruga Bank Ltd., in which Kanoko Oishi assumed her office as an outside director from June 2015 to June 2018, underwent administrative depositions (*i.e.*, a partial business suspension order and a business improvement order) in October 2018 by the Financial Services Agency, which pointed out problems including its wrongful acts regarding loans for share houses and other loans for real estate, its operation of business in a manner that harms the interests of customers and making inappropriate loans for its family companies. She did not recognize these facts until they were revealed and the investigation report by the third party panel reported that no legal responsibility was found on her part. Also, she

had been regularly providing advice as an outside director of the said company from the standpoint of legal compliance, and called attention to legal compliance by the said company. Once the aforementioned facts were revealed, she performed her duties appropriately, including, at the meetings of the board of directors of the said company, determining such facts, and seeking to strengthen and ensure thorough compliance and to take appropriate measures towards the prevention of a recurrence of these situations, and endeavored to restore confidence in the said company.

- (2) Kubota Corporation, in which Yutaro Shintaku has held an office as an outside director since March 2018, announced publicly in September 2018 that inappropriate conduct had been made regarding the inspection report for consumable parts (*i.e.*, mill roll) used in facilities for production of steel sheets, etc. While he had not recognized such fact until this issue was discovered, he had been regularly making suggestions on various occasions, including the meetings of the board of directors, from the standpoint of general and legal compliance. Once he recognized such facts, he carried out his duties, including giving instructions to conduct an exhaustive investigation to determine the cause and to prevent recurrence as well as readjustment of the inspection system.

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

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

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

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

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

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

The candidate for Corporate Auditor is as follows:

The candidate who will be newly appointed is shown with an asterisk (*) next to name.

Name (Date of birth)	Profile (Positions and responsibilities in the Company/other entities and material posts concurrently held in other juridical persons)	Number of Santen shares owned
* Hiroshi ISAKA (July 8, 1963)	May 1997 Joined the Company January 2002 Joined USJ Co., Ltd (currently, USJ LLC.) January 2010 Joined the Company April 2011 General Manager, Corporate Planning Group, Corporate Development Division April 2012 Head of Corporate Development Division April 2013 Deputy Head of Human Resources Development and CSR Division February 2015 Deputy Head of Surgical Division October 2015 Head of Surgical Division April 2019 General Manager, IOL Business Planning Group June 2020 Manager, Office of the Corporate Auditors (incumbent)	0 share

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

(Note 2) Reasons for the appointment of the candidate for Corporate Auditor:

As regards Hiroshi Isaka, considering that he has an understanding of Santen's Values and the underlying ethos thereof, as well as thorough and global familiarity with the Company's business through his involvement in corporate development, human resources development, CSR and various business in the country and overseas, and also has extensive knowledge and wealth of experience amassed through his involvement in corporate administration, corporate strategy, governance and the like and he is expected to conduct the audit from a neutral and objective point of view to contribute to sustainable growth of the Company and enhancement of its corporate value, he is well-qualified to be a Corporate Auditor, and the Board of Directors proposes his appointment as such.

For Your Reference:

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

(1) Appointment of Candidates for Director

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

(2) Appointment of Candidates for Corporate Auditor

In the Company, the Nominating Committee, which is a voluntary committee comprised of inside Directors and Outside Directors, discusses the recommendation of candidates for Corporate Auditor, and then the Board of Directors determines the nominees as candidates for Corporate Auditor after it obtains the consent of the Board of Corporate Auditors. Upon consent by the Board of Corporate Auditors, on the premise that each nominee has an understanding of Santen's Values and the underlying ethos thereof, the guiding principle for the selection of candidates for Corporate Auditor is that each nominee must have credentials such as having ethical values and a sense of fairness, while being experienced in performing high-level duties in any field, while the guiding principle for the selection of candidates for Outside Corporate Auditor is that each nominee must have credentials such as being experienced in academic pursuits, the legal profession, accounting or management as well as having a wealth of experience and high expertise in each field, and satisfies the criteria of independence established by the Company.

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

From the viewpoint of further strengthening corporate governance as well as enhancing the transparency and objectiveness of management, the Company has established the following criteria in determining that each of the Outside Directors and Outside Corporate Auditors has no interest in the Company and its affiliate companies (collectively, the "Santen Pharmaceutical Group"), and that each of them is "independent."

- (1) In the past, the relevant director/corporate auditor has never been a director, corporate auditor or employee of the Santen Pharmaceutical Group.
- (2) The relevant director/corporate auditor is not a consultant, accounting expert or legal expert, regardless of whether he/she/it is an individual or a juridical person, who has ever been directly involved in the business of the Santen Pharmaceutical Group, and has never obtained money or other assets in an amount of JPY 10 million or more per year therefrom, during the past three (3) years.

- (3) During the past three (3) years, the relevant director/corporate auditor has never been a director and the like (including a corporate officer or other person equivalent thereto; hereinafter, the same shall apply) of a company with sales to the Santen Pharmaceutical Group amounting to 2% or more of the annual sales of such company. Also, during the past three (3) years, the relevant director/corporate auditor has never been a director and the like of a company with sales by the Santen Pharmaceutical Group amounting to 2% or more of the annual sales of the Santen Pharmaceutical Group.
- (4) The relevant director/corporate auditor is not a director and the like of a company, 10% or more of the aggregate number of outstanding shares of which is held by the Santen Pharmaceutical Group, or a company holding 10% or more of the aggregate number of outstanding shares of the Company.
- (5) The relevant director/corporate auditor has never taken office as a director and the like of the Santen Pharmaceutical Group's main bank, lead managing securities companies, main life insurance company or main non-life insurance company.
- (6) The relevant director/corporate auditor is not a director/corporate auditor of the Santen Pharmaceutical Group, a spouse or another relative within the third degree of kinship of any person classified under any of items (1) to (5) above.
- (7) There is no matter concerning the relevant director/corporate auditor that may raise a material conflict of interest in his/her performing the duties of an Outside Director/Outside Corporate Auditor, or any relationship that may affect his/her judgment as an Outside Director/Outside Corporate Auditor.

Consolidated statement of income (IFRS*)

	Year to March 31, 2020	(Reference) Year to March 31, 2019
Revenue	241,555	234,026
Cost of sales	(94,831)	(90,764)
Gross profit	146,724	143,262
Selling, general and administrative expenses	(73,360)	(71,273)
Research and development expenses	(23,341)	(23,759)
Amortization on intangible assets associated with products	(9,898)	(6,988)
Other income	390	4,028
Other expenses	(6,980)	(172)
Operating profit	33,535	45,098
Finance income	950	901
Finance expenses	(2,393)	(2,881)
Profit before tax	32,091	43,117
Income tax expenses	(10,377)	(11,174)
Net profit for the year	21,714	31,943
Profit attributable to		
Owners of the company	23,618	31,954
Non-controlling interests	(1,904)	(11)
Net profit for the year	21,714	31,943

(Figures are rounded to the nearest million yen)

* International Financial Reporting Standards

Consolidated statement of financial position (IFRS)

(Millions of yen)

	Year ended March 31, 2020	(Reference) Year ended March 31, 2019
Assets		
Non-current assets		
Property, plant and equipment	35,601	31,699
Intangible assets	119,850	131,110
Financial assets	30,848	30,044
Deferred tax assets	2,100	1,771
Other non-current assets	1,813	1,819
Total non-current assets	190,212	196,444
Current assets		
Inventories	35,282	35,235
Trade and other receivables	86,999	84,618
Other financial assets	452	267
Other current assets	4,392	3,826
Cash and cash equivalents	91,430	70,796
Total current assets	218,556	194,742
Total assets	408,768	391,186

(Figures are rounded to the nearest million yen)

(Millions of yen)

	Year ended March 31, 2020	(Reference) Year ended March 31, 2019
Equity		
Share capital	8,366	8,252
Capital surplus	8,746	8,661
Treasury shares	(1,033)	(1,131)
Retained earnings	273,422	258,659
Other components of equity	13,364	16,461
Total equity attributable to owners of the company	302,865	290,900
Non-controlling interests	(305)	1,672
Total equity	302,560	292,572
Liabilities		
Non-current liabilities		
Financial liabilities	27,592	23,520
Net defined benefit liabilities	1,738	1,992
Provisions	570	1,255
Deferred tax liabilities	7,228	9,389
Other non-current liabilities	1,483	1,795
Total non-current liabilities	38,611	37,951
Current liabilities		
Trade and other payables	32,578	32,079
Other financial liabilities	18,777	12,116
Income tax payable	6,848	7,185
Provisions	633	717
Other current liabilities	8,761	8,566
Total current liabilities	67,597	60,663
Total liabilities	106,208	98,614
Total equity and liabilities	408,768	391,186

(Figures are rounded to the nearest million yen)

Consolidated statement of changes in equity (IFRS)

Year to March 31, 2020

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Remeasurements of defined benefit plans	Net gain or loss on financial assets measured at fair value through other comprehensive income
Balance at April 1, 2019	8,252	8,661	(1,131)	258,659	—	10,230
Comprehensive income						
Net profit for the year				23,618		
Other comprehensive income					(253)	2,696
Total comprehensive income for the year	—	—	—	23,618	(253)	2,696
Transactions with owners						
Issuance of new shares	114	114				
Acquisition of treasury shares			(22)			
Retirement of treasury stock		(85)	121			
Dividends				(10,379)		
Share-based payments		56				
Other				1,523	253	(1,776)
Total transactions with owners	114	85	99	(8,856)	253	(1,776)
Balance at March 31, 2020	8,366	8,746	(1,033)	273,422	—	11,150

	Other components of equity			Total equity attributable to owners of the company	Non-controlling interests	Total equity
	Foreign currency translation adjustments	Subscription rights to shares	Total			
Balance at April 1, 2019	5,428	802	16,461	290,900	1,672	292,572
Comprehensive income						
Net profit for the year			—	23,618	(1,904)	21,714
Other comprehensive income	(3,899)		(1,457)	(1,457)	(73)	(1,529)
Total comprehensive income for the year	(3,899)	—	(1,457)	22,162	(1,977)	20,185
Transactions with owners						
Issuance of new shares		(117)	(117)	112		112
Acquisition of treasury shares			—	(22)		(22)
Retirement of treasury stock			—	35		35
Dividends			—	(10,379)		(10,379)
Share-based payments			—	56		56
Other			(1,523)	—		—
Total transactions with owners	—	(117)	(1,640)	(10,198)	—	(10,198)
Balance at March 31, 2020	1,529	686	13,364	302,865	(305)	302,560

(Figures are rounded to the nearest million yen)

Non-consolidated balance sheets (J-GAAP*)

(Millions of yen)

	Year ended March 31, 2020	(Reference) Year ended March 31, 2019
Assets		
Current assets	166,709	144,059
Cash and deposits	58,122	40,689
Trade notes receivable	357	275
Trade accounts receivable	75,855	71,796
Merchandise and finished goods	18,958	20,066
Work in process	85	62
Raw materials and supplies	5,292	4,481
Other	8,275	6,932
Allowance for doubtful receivables	(235)	(243)
Fixed assets	173,298	177,864
Tangible assets	21,558	21,584
Buildings	8,395	8,575
Structures	78	88
Machinery and equipment	3,397	3,437
Vehicles	20	21
Tools, furniture and fixtures	1,162	1,163
Land	6,880	6,880
Leased assets	18	21
Construction in progress	1,608	1,400
Intangible assets	40,108	44,182
Manufacturing and marketing approval	35,643	41,384
Software	2,049	2,308
Other	2,416	491
Investments and other assets	111,632	112,098
Investment securities	27,371	27,003
Investments in subsidiaries	77,513	77,513
Deferred tax assets	3,770	4,174
Prepaid pension costs	671	816
Other	2,307	2,592
Total assets	340,007	321,924

(Figures are rounded to the nearest million yen)

* Generally Accepted Accounting Principles in Japan

(Millions of yen)

	Year ended March 31, 2020	(Reference) Year ended March 31, 2019
Liabilities		
Current liabilities	50,482	46,644
Electronically recorded obligations	1,552	1,376
Trade accounts payable	17,492	18,386
Current portion of long-term loans payable	3,000	500
Other payables	17,871	16,537
Income taxes payable	5,493	5,724
Consumption taxes payable	1,712	794
Reserves for bonuses	2,835	2,937
Other	527	389
Non-current liabilities	6,004	9,880
Long-term loans payable	4,992	8,411
Derivative obligations	419	255
Asset retirement obligations	168	165
Other	424	1,049
Total liabilities	56,485	56,524
Net assets		
Shareholders' equity	271,552	254,201
Common stock	8,366	8,252
Capital surplus	9,061	8,946
Additional paid-in capital	9,060	8,946
Other capital surplus	1	—
Gain on retirement of treasury stock	1	—
Retained earnings	255,158	238,135
Earing reserve	1,551	1,551
Other retained earnings	253,606	236,584
Reserve for retirement benefit	372	372
General reserve	89,109	89,109
Retained earnings carried forward	164,125	147,103
Treasury shares	(1,033)	(1,131)
Valuation, translation adjustments	11,284	10,396
Unrealized gains on securities, net of taxes	11,284	10,396
Stock subscription rights	686	802
Total net assets	283,522	265,400
Total liabilities and net assets	340,007	321,924

(Figures are rounded to the nearest million yen)

Non-consolidated statement of income (J-GAAP)

(Millions of yen)

	Year to March 31, 2020	(Reference) Year to March 31, 2019
Net sales	182,610	176,208
Cost of sales	78,476	75,222
Gross profit	104,134	100,986
Selling, general and administrative expenses	69,700	68,137
Operating income	34,434	32,849
Non-operating income	1,308	1,066
Interest and dividend income	691	545
Dividend income of life insurance	161	191
Asset rental income	280	189
Other	175	141
Non-operating expenses	880	724
Interest expenses	125	37
Commission for loans payables	559	—
Loss on valuation of derivative	165	255
Foreign exchange losses	1	120
Commission for acquisition of treasury shares	—	213
Depreciation	—	58
Other	31	41
Ordinary income	34,862	33,191
Extraordinary income	2,557	4,808
Gain on disposal of non-current assets	0	3,592
Gain on sales of investment securities	2,557	1,215
Gain on sales of golf club memberships	—	0
Gain on reversal of special retirement expenses	—	1
Extraordinary losses	3	40
Loss on disposal of non-current assets	3	40
Income before income taxes	37,416	37,960
Income taxes - current	10,000	9,628
Income taxes - deferred	14	317
Net income	27,402	28,014

(Figures are rounded to the nearest million yen)

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

Year to March 31, 2020

(Millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus			Earning reserve	Retained earnings			
		Additional paid-in capital	Other capital surplus	Total capital surplus		Other retained earnings			Total retained earnings
					Reserve for retirement benefit	General reserve	Retained earnings carried forward		
Balance at April 1, 2019	8,252	8,946	—	8,946	1,551	372	89,109	147,103	238,135
Changes of items during period									
Issuance of new shares	114	114		114					—
Dividends of surplus				—				(10,379)	(10,379)
Net income				—				27,402	27,402
Acquisition of treasury shares				—					—
Retirement of treasury stock			1	1					—
Net changes of items other than shareholders' equity				—					—
Total changes of items during period	114	114	1	115	—	—	—	17,023	17,023
Balance at March 31, 2020	8,366	9,060	1	9,061	1,551	372	89,109	164,125	255,158

	Shareholders' equity		Valuation, translation adjustments		Stock subscription rights	Total net assets
	Treasury shares	Total shareholders' equity	Unrealized gains on securities, net of taxes	Total valuation, translation adjustments		
Balance at April 1, 2019	(1,131)	254,201	10,396	10,396	802	265,400
Changes of items during period						
Issuance of new shares		229		—		229
Dividends of surplus		(10,379)		—		(10,379)
Net income		27,402		—		27,402
Acquisition of treasury shares	(22)	(22)		—		(22)
Retirement of treasury stock	121	122		—		122
Net changes of items other than shareholders' equity		—	888	888	(117)	771
Total changes of items during period	99	17,351	888	888	(117)	18,122
Balance at March 31, 2020	(1,033)	271,552	11,284	11,284	686	283,522

(Figures are rounded to the nearest million yen)