
Medium-Term Plan "MTP2025"

Santen Pharmaceutical Co., Ltd.
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Presentation



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Forward-Looking Statements

- Information given in this presentation contains certain forward-looking statements concerning forecasts, projections and plans whose realization is subject to risk and uncertainty from a variety of sources. Actual results may differ significantly from forecasts.
- Business performance and financial conditions are subject to the effects of medical regulatory changes made by the governments of Japan and other nations concerning medical insurance, drug pricing and other systems, and to fluctuations in market variables such as interest rates and foreign exchange rates.
- The process of drug research and development from discovery to final approval and sales is long, complex and uncertain. Individual compounds are subject to a multitude of uncertainties, including the termination of clinical development at various stages and the non-approval of products after a regulatory filing has been submitted. Forecasts and projections concerning new products take into account assumptions concerning the development pipelines of other companies and any co-promotion agreements, existing or planned. The success or failure of such agreements could affect business performance and financial condition significantly.
- Business performance and financial conditions could be affected significantly by a substantial drop in sales of a major drug, either currently marketed or expected to be launched, due to termination of sales as a result of factors such as patent expiry and complications, product defects or unforeseen side effects. Santen also sells numerous products under sales and / or manufacturing license from other companies. Business performance could be affected significantly by changes in the terms and conditions of agreements and/or the non-renewal of agreements.
- Santen is reliant on specific companies for supplies of certain raw materials used in production. Business performance could be affected significantly by the suspension or termination of supplies of such raw materials if such an event were to adversely affect supply capabilities for related final products.

Agenda

1. Santen's Vision & Mid/Long-term Targets (KPI)
2. Business Plan & Strategy/Initiatives
3. Long-term Direction for Further Future Growth
4. Shareholder Return Policy
5. ESG Strategy/Initiatives
6. Details of Business Strategy



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From Vision 2020 to Santen 2030

What we have achieved

Vision 2020: Evolved into a
**"Specialized Pharmaceutical
Company with a Global Presence"**

Rapidly expanded presence in each region by capturing inorganic growth as well as organic growth

Established new organizational capabilities such as regulatory affairs, production and supply while entering and expanding sales in new countries

Evolved into a global organization

Drove growth by investing in R&D and business development

Provided pharmaceutical solutions for ophthalmic area



Challenges

Achieving balance between strategic investment and profitability

Profit margin/ROE declined despite growth

Further clarification of financial discipline in investment decisions and value maximization of existing assets will be key

Improving the profit margin

While sales and profits increased, expenses for regional and business expansion depressed profit margins

Necessary to optimize SG&A and COGS

Establishing a global organization

Enhancing development and leadership capabilities is a work in progress

Achieving sustainable business growth and solving social issues

Proactive initiatives for DE&I and environmental protection

Strengthening quality and quantity of external disclosures

Provide more concrete strategies/plans with numerical targets to address investor concerns

CORE PRINCIPLE and WORLD VISION

CORE PRINCIPLE

天機に参与する

Tenki ni sanyo suru

“Exploring the secrets and mechanisms of nature in order to contribute to people’s health” *

WORLD VISION

Happiness with Vision

The Happiest Life for every individual, through the Best Vision Experience

* Santen’s original interpretation of a passage from the Zhongyong (The Doctrine of the Mean) by Confucius.

The World is Built on the Ability to See



Santen's VISION

Become A Social Innovator

Orchestrate and mobilize key technologies and players around the world, to deliver happiness through vision

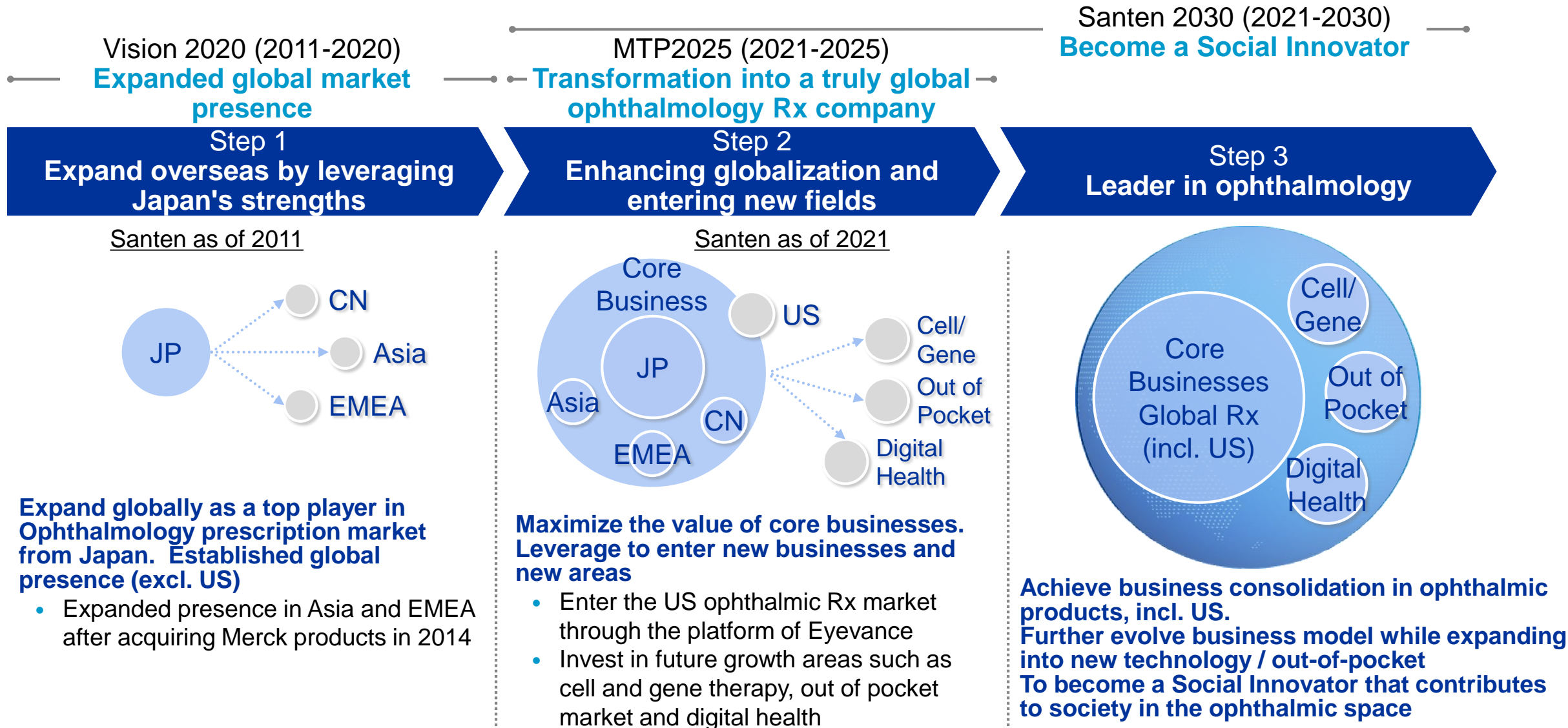
GOAL

Aim to reduce the loss of social and economic opportunities for people around the world due to eye conditions

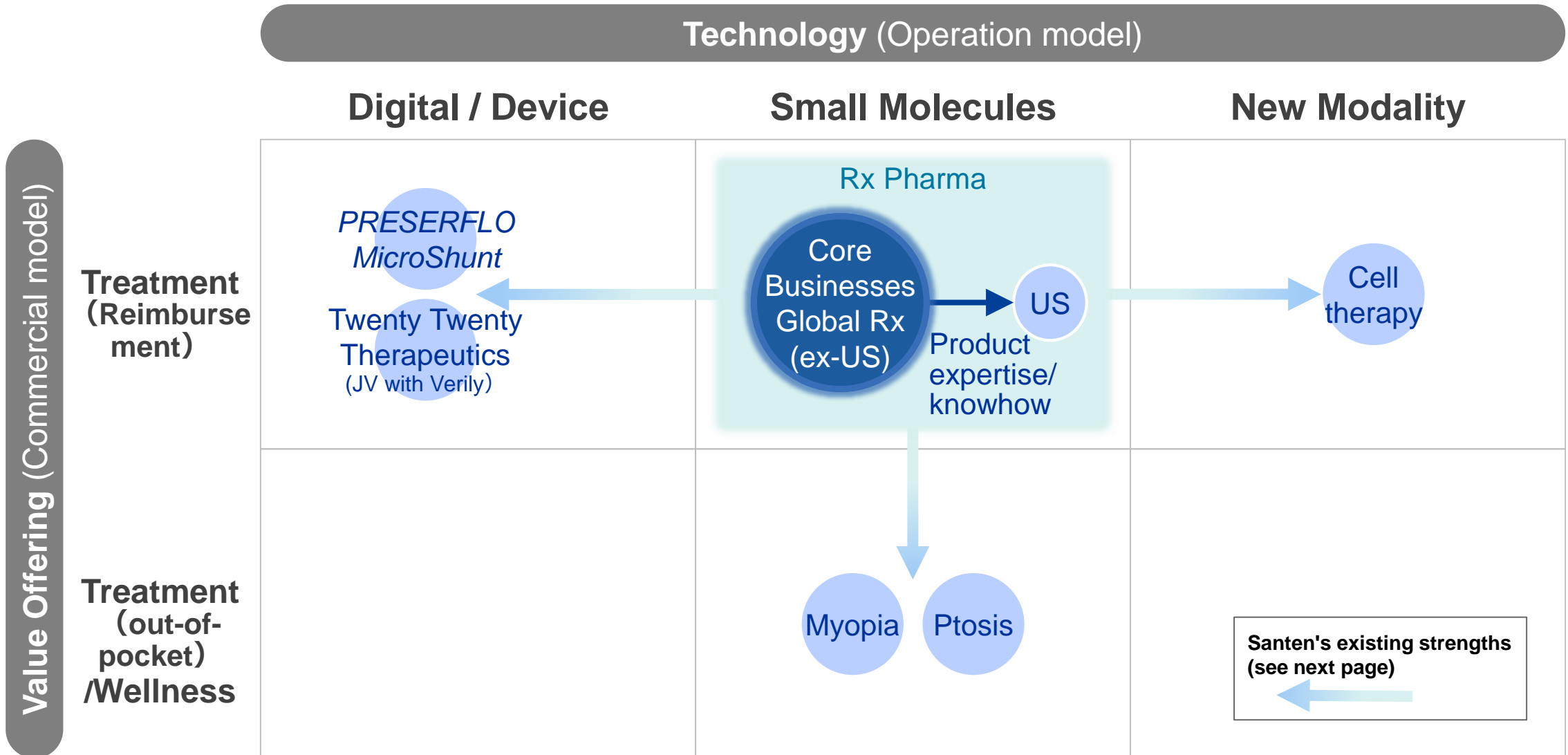
STRATEGY

- A Ophthalmology**
Innovation in Ophthalmology and Acceleration of Ecosystem Development
- B Wellness**
Awareness and Proactive Care toward Better Eye Condition
- C Inclusion**
Building Society that is Inclusive regardless of Visual Impairment

Evolution from Vision 2020 to Santen 2030



Aiming for Growth in Adjacent New Areas by Leveraging Strengths Built up in Core Businesses



Leveraging Santen's Strengths for Further Expansion

Organizational excellence



Track record of commercialization, monetization, and multi-region operations in ophthalmic area



Differentiation of product development through patient needs-driven innovation x repurposing



Symbiotic business model specialized in ophthalmology that aims to continuously improve value of the patient experience together with ophthalmologists

Customer equity



Unparalleled customer equity in Japan, China and Asia



Global network as a leading company in ophthalmic area (Pharmaceutical companies and startups, universities and research institutions, IT and other industries)

Management Themes to be Addressed over Mid-/Long-term



A Strengthen global presence and profitability of core pharma business

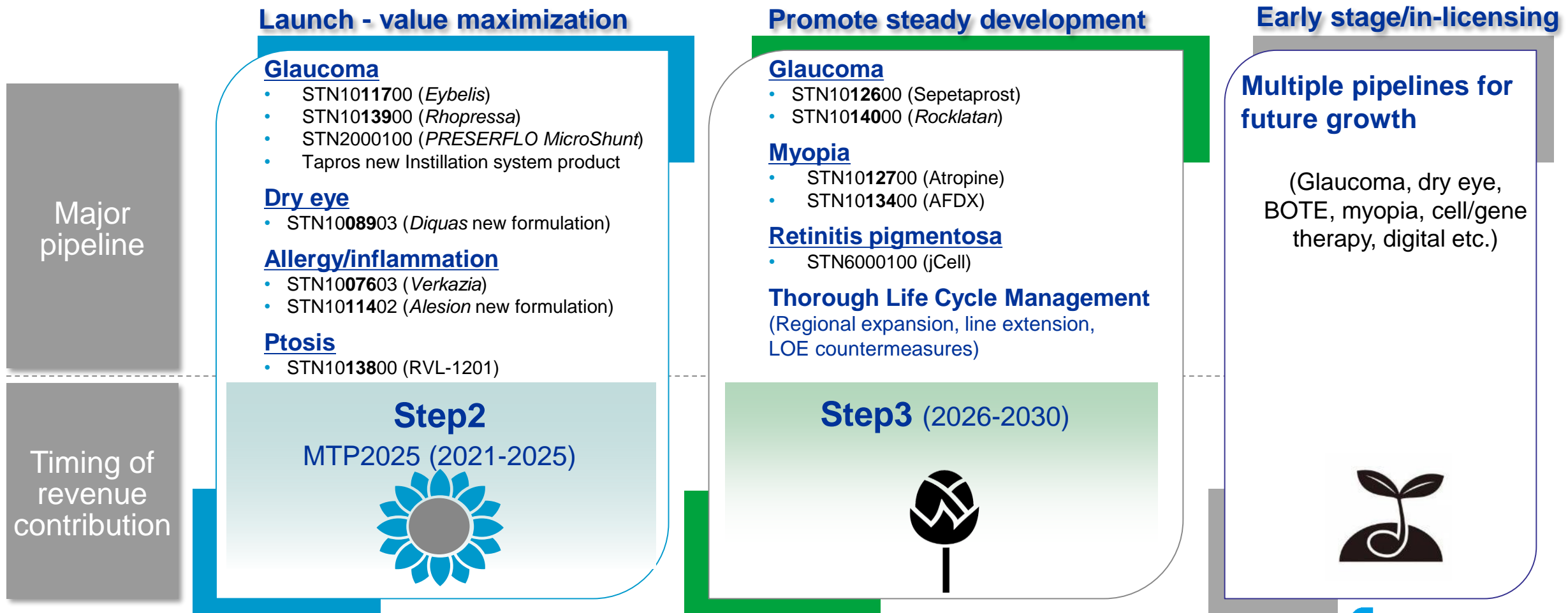
- **Determined shift in focus from "quantity" to "quality"**
 - Steadily monetize existing assets
- **Enhancement of new pipeline + disciplined execution of LCM**
 - Regional expansion, indication expansion and LoE countermeasures
- **Transformation into a "truly" global company**
 - Global organization and process optimization
 - Investment in production facilities to establish global framework

B Capture the potential of ophthalmic domain

- **Launch business in new areas**
 - Establish US pharma business
 - Expand into areas such as cell/gene therapy, out-of-pocket and digital health
- **Establish ophthalmology ecosystem**
 - Promote cooperation and collaboration with other players mainly in China and Asia

Positioning of Major Pipeline in MTP2025 (Step 2)

▶ Monetizing projects by leveraging Santen's development strengths (as a specialized ophthalmology pharmaceutical company) and enhancing development capability



Concepts Behind Mid-/Long-term Targets

- ▶ **Contribute to sustainable development of society by addressing social issues.**
Aim to increase corporate value over the medium- to long-term

Contribution to society based on our corporate philosophy

- *Tenki ni sanyo suru*
- Happiness with Vision

Contribute to all stakeholders, including people suffering from eye diseases and disorders, healthcare professionals and shareholders

Management stance and mid-/long-term targets

Contribute to people with eye diseases and disorders and healthcare professionals by providing products to meet needs



Commitment to improve TSR as a comprehensive metric for enhancing shareholder value.

In addition, commitment to balance ESG strength

- Emphasize an appropriate balance between growth and profitability
- Strengthen ESG: Set clear KPIs and enhance initiatives

FY2025 targets and Image of Growth Toward Santen 2030

▶ Achieve both sales growth and profit improvement to realize Top 1/2 TSR within the pharma industry, and provide stable shareholder returns

		As of FY2020 Step 1 (~2020) Global expansion of core businesses	FY2025 target Step 2 (~2025) Strengthen core business profitability Launch mid-/long-term growth drivers	Santen 2030 growth image Step 3 (~2030) Strengthen profitability of mid-/long-term growth drivers. Improve global presence by integrating core businesses and new areas
TSR		-	Top 1/2 level in pharma industry	Further improvement from FY2025
Business Strategy	Net sales	JPY249.6 B	≥ JPY315.0 B (CAGR 5%)	≥ JPY500.0 B
	Operating profit ratio (Core basis)	5.2%*1 (20.1%)	≥ 21% (≥ 24%)	≥ 30%
	Operating profit (IFRS)	JPY12.9 B (JPY38.0 B adjusted for impairment loss*2)	≥ 1.7 times*4 vs. FY2020 (JPY66.0 B)	≥ 2.3 times vs. FY2025 (JPY150.0 B)
Financial Strategy	ROE	2.2%	≥ 13%	≥ 20%
Shareholder Value	Shareholder return	Dividend payout ratio approx.30-50%*3+Buy-back	Dividend payout ratio ≥ 40% +Opportunistic share buyback(s)	Further enhance returns in line with growth
Business Targets	Overseas sales ratio	32%	≥ 50%	≥ 2/3
	New area sales ratio	-	-	≥ 30%

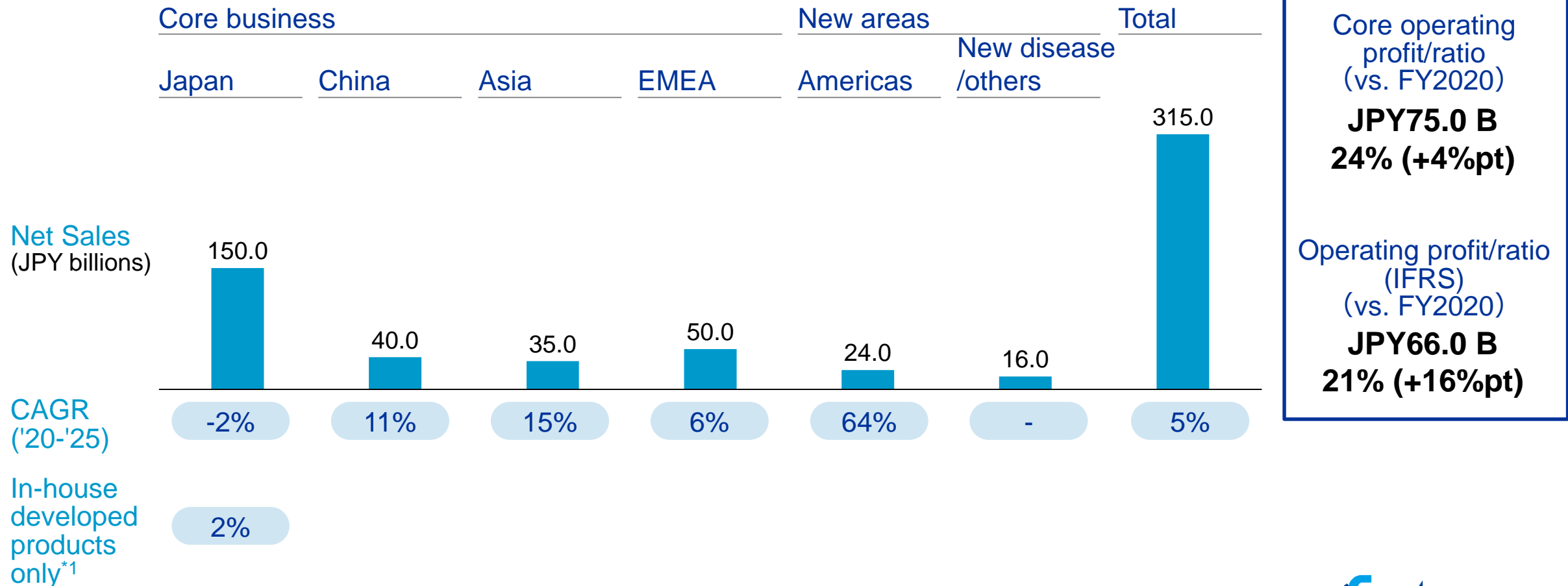
*1 Impairment loss on STN2000100 depressed operating profit margin by 10.0%-points, *2 Operating profit adjusted for (added back) the impact of impairment losses, etc., described in *1, *3 164% in FY2020 due to the impairment loss described in *1, *4 Compared to operating profit adjusted for impairment loss

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Business Plan Summary

▶ Demonstrate our ability to generate earnings through steady growth in core business and improved profitability. Target sales of JPY 315.0 B, core operating profit of JPY 75.0 B (24% margin) and operating profit of JPY 66.0B (21% margin) in FY2025



*1 Products for which Santen holds drug production and sales rights, Includes other revenue

Key Strategies/Measures for Business Plan Achievement

▶ While expecting steady recurring profits in core businesses, will also launch and quickly monetize new areas for next-stage growth. In addition, will further strengthen foundation as a global company to support these businesses

Key strategies/measures

- A** Profit ratio improvement in core businesses

1 Profit maximization in each region
- B** Expansion of new areas

1 Establishment of revenue structure in Americas

2 New disease / other upsides
- C** Strengthening of foundation as a global company

1 Strengthening of product development capabilities

2 Strengthening of product supply infrastructure

3 Reflect strategies in company-wide financial KPIs and business KPIs

4 Establishing global platform



Company-wide financial KPIs		
	FY2020	FY2025
Sales	JPY 249.6 B	JPY315.0 B (CAGR +5%)
(Core) Operating profit	JPY50.1 B	JPY75.0 B (CAGR +8%)
(Core) Operating profit ratio	20%	24%

A Products/Solutions Based on Needs of Patients in Japan

▶ While anticipating severe environment changes including LOE of existing products and NHI (National Healthcare Insurance) price revisions, aim to achieve a 2%-pt*1. improvement in contribution profit ratio in FY2025 through the introduction of products and solutions based on patient needs

Target business structure in FY2025

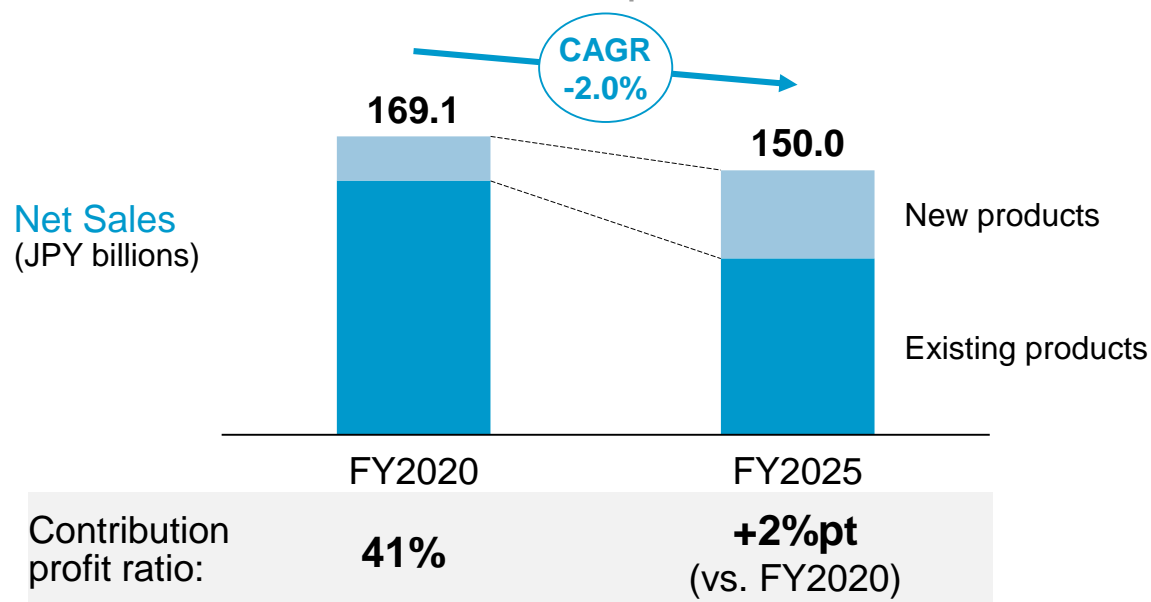
Near-term environmental changes:

Factors depressing existing product sales

- Impact of NHI drug price revisions, LOE of certain existing products

What we aim to be:

Promote product portfolio transformation through the launch of new formulations



Actions to achieve business plan

Continuously launch of new products/formulations:

Plan to launch new, differentiated formulations by FY2025



➤ Alesion LX+
Alesion new formulation
(Allergy)



Diquas
new formulation
(Dry eye)



Tapros with new
instillation system
(Glaucoma)

Improve diagnosis and compliance rate by deploying treatment support tools

- Glaucoma treatment compliance package ("ACT Pack")
- Dry eye diagnostic support system

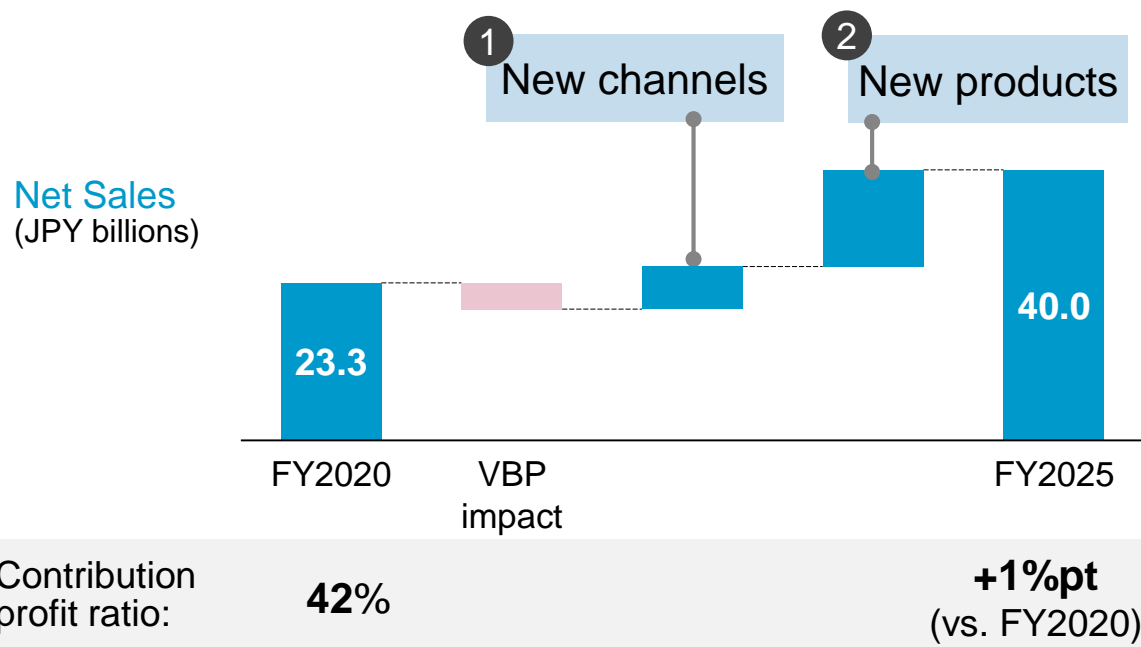
Alesion: Trademark of alliance partner Nippon Boehringer Ingelheim
*1 FY2025 plan figures compared to FY2020

A New Channel Development and Introduction of New Products for Sustainable Growth in China

▶ In anticipation of continued reforms to the healthcare system, project total sales of JPY+17.0 B*1 through a shift in focus away from public Tier 3 hospitals to multi-channel sales and sales growth of new products leveraging digital technologies and academia

Initiatives for stable growth/profit ratio improvement

While factoring in VBP impact, achieve growth by developing new channels and introducing new products



Concrete actions to achieve plan

1 Channel development outside of Tier 3 hospitals

- Develop/penetrate channels such as private hospitals and retail, which are expected to expand
 - e.g. Collaborations with online pharmacies, rebuilding of sales structure

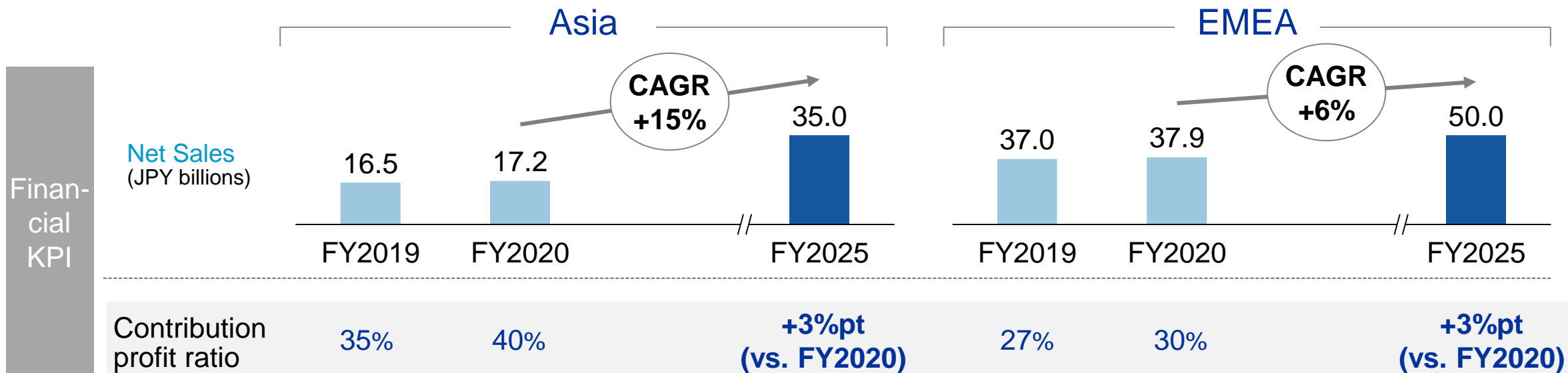
2 Expand sales of new products starting with *Diquas* and *Tapros*

- Digitech use
 - Diversification of activities/expansion of coverage
- Strengthening scientific approach
- Building a locally-optimized medical affairs capability

*1: FY2025 plan figures compared to FY2020

A Business Development in Asia and EMEA

- Sales and profit ratios have grown steadily in Asia and EMEA over the past few years.
- Increased sales coupled with improved profitability through expansion of new product sales and optimization of operating expenses will be key over the next 5 years



Key measures in MTP2025

New product launches and maximization of sales

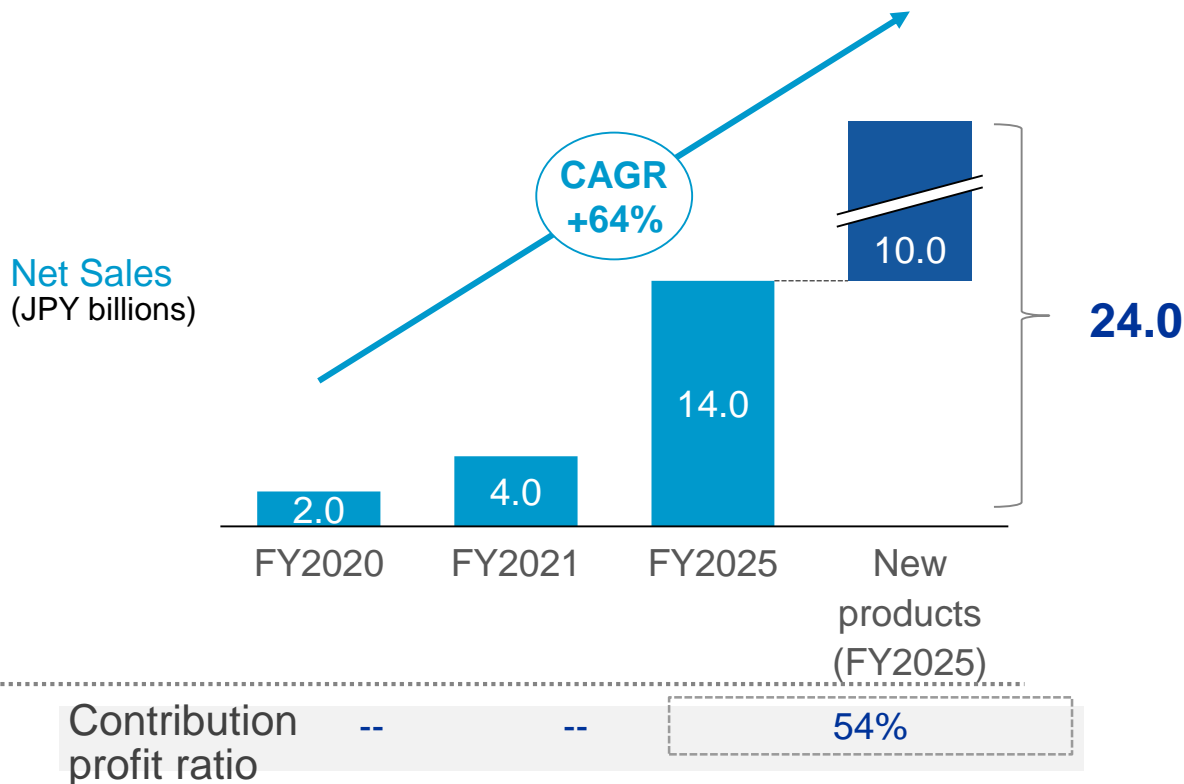
- Both regions : STN2000100 (*PRESERFLO MicroShunt*), *Ikervis/Verkazia*
- Asia: *Diquas, Tapcom, Eybelis, STN1013900 (Rhopressa)*
- EMEA : *Ducressa, Puralid, Cosopt PFMD/Taflotan PFMD, STN1013001 (Catioprost)*

Operating efficiency improvement through utilization of digitech and thorough implementation of PDCA cycle

B - 1 Establish Profitable Structure in Americas

▶ Steadily build a profitable framework for Rx business by leveraging Eyevance's business structure and launching late-stage development products

Projected sales and profit (FY2020~FY2025)



STN2000100 not included in the net sales figures as it is under consideration.

Concrete actions to achieve plan

Strengthen Rx business platform based on Eyevance's business structure

- Implement commercial strategy and invest resources
- Form a development and sales alliance with Glaukos for device business, while allowing Santen to focus its resources on Rx

Leverage profitable structure while aiming for virtuous cycle to further boost R&D and business development capabilities in US



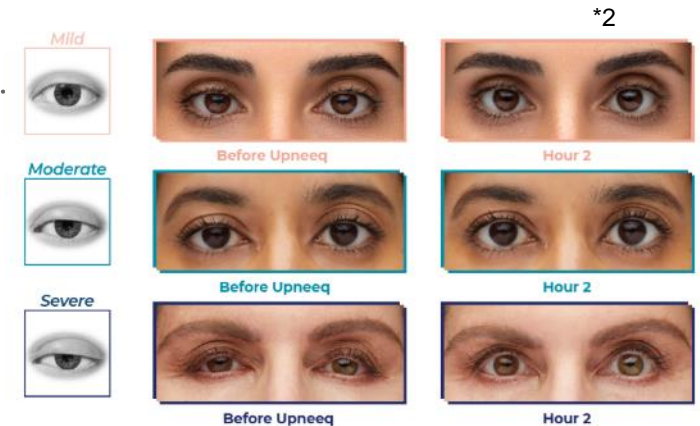
Aim to establish Santen's presence swiftly in largest ophthalmic market

B - 2 New Disease/Others (Example): Ptosis

▶ Currently developing the first eye-drop medical solution for ptosis patients with the aim to enter an area where unmet needs are significant. Will also expand the business by developing sales channels in non-ophthalmology fields

Direction / progress for business launch

Market Potential*1	<ul style="list-style-type: none"> • Patients: 260 million (Diagnosed, but no definitive treatment available other than surgery; strong need for eye-drop medical solution) • Consumers: 870 million (Significant needs for eyelid lift-ups among undiagnosed people)
R&D	<ul style="list-style-type: none"> • Developing the first eye-drop medical solution for ptosis patients. Launch from Asia after FY2023 <ul style="list-style-type: none"> • Osmotica has already obtained approval in US under brand name <i>UPNEEQ™</i> (Jul. 2020) • Asia: Preparing for application using approved data in US • Japan: Aiming to commence clinical trials in FY2021 • EMEA/China: Aiming to flesh out development plan
Sales channels	<ul style="list-style-type: none"> • Pursue sales leveraging existing commercial platform for ophthalmic area • Promote development of sales channels in non-ophthalmic fields: consider leveraging digitech for customer engagement



*1 Estimated by Santen based on UPNEEQ Target Patient and Consumer Survey 2021 (n= Approx. 400 × 10 countries: Japan/China/South Korea/Thailand/the Philippines/ five European countries) and various academic articles on number of patients, etc. *2 Source for description/picture: UPNEEQ website (<https://ecp.upneeq.com/>) and brochure

C Strengthening Foundation as a Global Company

Strategic direction Policy

1

Strengthen product development capabilities

Structure to promote thorough lifecycle management

Development structure: particularly in US and China

- Global project management scheme: Enhance rigorousness of investment decision and progress management process

2

Strengthen product supply infrastructure

Plant investment for business growth and cost reduction (Suzhou/China and Shiga/Japan)

- Promote growth in China through Suzhou New Plant which is one of the world's largest plants
- Reduce environmental impact (reduce CO₂ emission, improve water/electricity consumption efficiency etc.)

3

Reflection in company-wide financial KPIs and business KPIs

Design KPIs and operational processes suitable for global management

- Management indicators, strategy/monitoring processes etc.
- Linkage between company-wide financial KPIs and business/functional behavioral KPIs

4

Establish global platform

Introduction of next-gen ERP and global implementation, dramatic efficiency improvements for mission-critical tasks



C - 1 Strengthening Product Development Capabilities

Santen's development strengths

- **Strength as ophthalmology specialty company**
 - Focus on disease needs
 - Explore / repurpose applications for ophthalmic area
 - Strong linkage with clinical practice
- **Global capability**
- **Strengthen development capability**
 - Reaffirmed necessity to strengthen expertise and development capability around foreign medical affairs / device

Points to be improved / strengthened

Points to be strengthened in MTP2025

Thorough life cycle management

Immediate regional expansion, product improvement, indication expansion, LoE countermeasures

- e.g. *Alesion*: Successful sales increase of *Alesion LX* and development of new formulations

Overseas development capability

Fundamental enhancement of clinical development capability especially in US and China

- e.g. Building capability for global expansion of *Verkazia*

Global project management scheme

- Enhance rigorousness of investment decision and progress management process

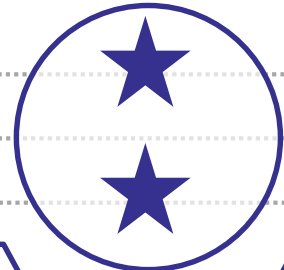
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Three Ways to Capture Growth Potential

Santen
2030
Strategy

Ophthalmology
Innovation
Ecosystem
Wellness



1 Disease

Achieve new growth in four disease areas, not just extrapolating on the existing business

- Glaucoma, myopia, ptosis, retinitis pigmentosa



2 Region

Accurately understand regional needs and (1) address growth potential in China/Asia (2) provide advanced medical care in developed countries



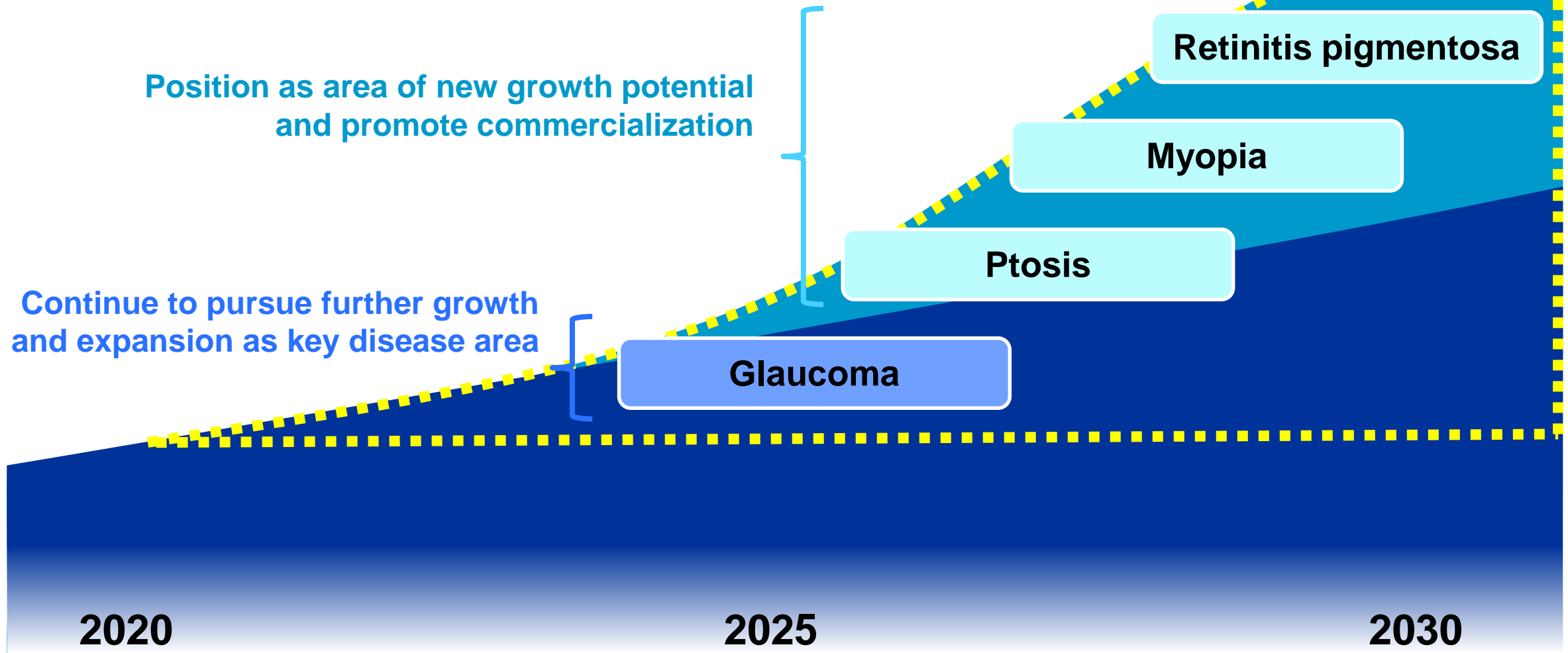
3 Channel

Aggressively develop a hybrid online-offline model to respond to the expansion of out-of-pocket channels and private health insurance

Three ways to capture growth potential

1 Significant Growth Potential

▶ Capture new growth in four disease areas, not just extrapolating on existing areas



1 Extensive Pipeline to Drive Growth

▶ Holistic coverage of ophthalmic area including diseases with limited treatment options

	Disease area	# of patients*1 (global)	Pipeline (Examples)	Launch target	Projected sales (FY2030)
New	Retinitis pigmentosa	Approx. 1.5 million	STN6000100 (jCell)	FY2026~	+JPY 300.0 billion*2 • Abundant pipeline will drive growth through FY2030
	Myopia	Approx. 2.0 billion	STN1012700 STN1013300 STN1013400	FY2025~	
	Ptosis + Eyelid worries	Approx. 0.6+ billion	STN1013800	FY2023~	
Core	Glaucoma	Approx. 95 million	STN1011700 STN1012600 STN1013900 STN2000100	FY2021~	

*1 RP) Santen internal estimates, Myopia) Holden, et al, 2016 Ophthalmology, Ptosis+Eyelid worries) Santen internal estimates, Glaucoma) World report on Vision
 *2 Increase potential from FY2025 level. This is a best-case scenario which does not factor in development risk. This includes potential business development projects

2 Unmet Needs in Each Region and Santen's Direction

- ▶ Accurately understand regional needs and (1) address growth potential in China/Asia (2) provide medical care with new modality in developed countries

Unmet needs

China & Asia

Expansion of ophthalmology medical infrastructure

- Lack of / under-development of healthcare practitioners, facilities, insurance system, etc. to meet rapidly increasing needs

Developed countries

Response to refractory diseases with limited treatment options

- e.g. Retinitis pigmentosa

Santen's direction

Uncover potential markets

- Create new markets from scratch to meet needs by providing medical infrastructure
- Examples of recent initiatives:
 - Support for improving productivity of medical staff (expand quality and quantity)
 - Support establishment of medical infrastructure screening
 - Strengthen cooperation with related organizations such as academic societies and ITU*1
 - Establish dedicated department internally

Focus on new modality (e.g. STN6000100(jCell))

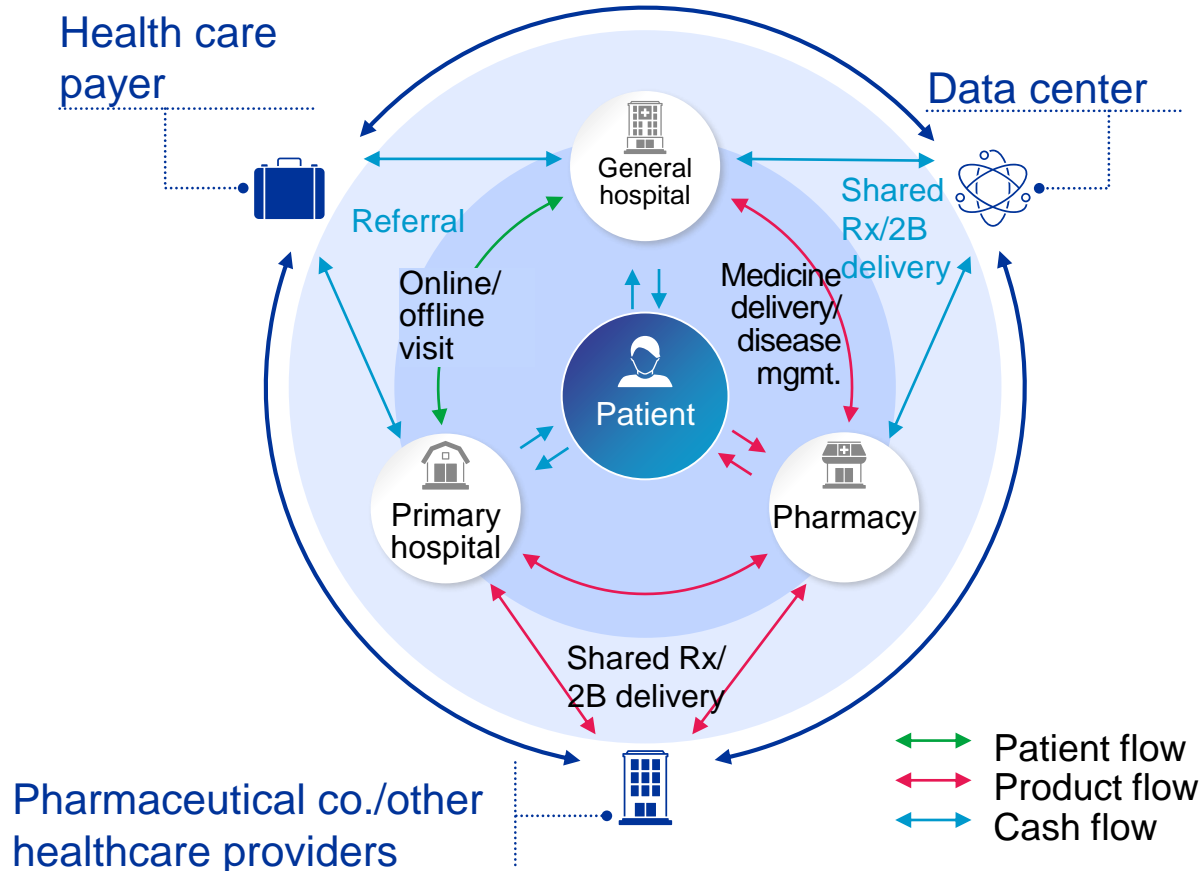
- Establish center of excellence, support for doctor education, medical examination cooperation support
- Example of recent initiatives: Establish / strengthen dedicated team in EMEA

*1 : International Telecommunication Union

2 Optimization of Ophthalmology Ecosystem in China/Asia

Develop/optimize ophthalmology ecosystem together with partners, to uncover market potential, and drive business growth. Concrete measures already being implemented in China and Asia

Targeted ecosystem (China example)



Santen's business growth

Improve awareness of ophthalmic diseases

- Disease awareness & screening
- Use digitech to reach out to patients
 - e.g. Tie-up with myopia app

Expand quantitative/qualitative treatment capacity & enhance treatment compliance

- Support training of healthcare providers
- Diagnostic support using digitech
- Provision of medical information



3 Channel Changes and Santen's Direction

▶ To respond to expansion of out-of-pocket channels & private health insurance, aggressively develop a hybrid online/offline model to leverage Santen's strength in ophthalmic coverage

Channel changes:

Expansion of out-of-pocket channels & private health insurance*¹

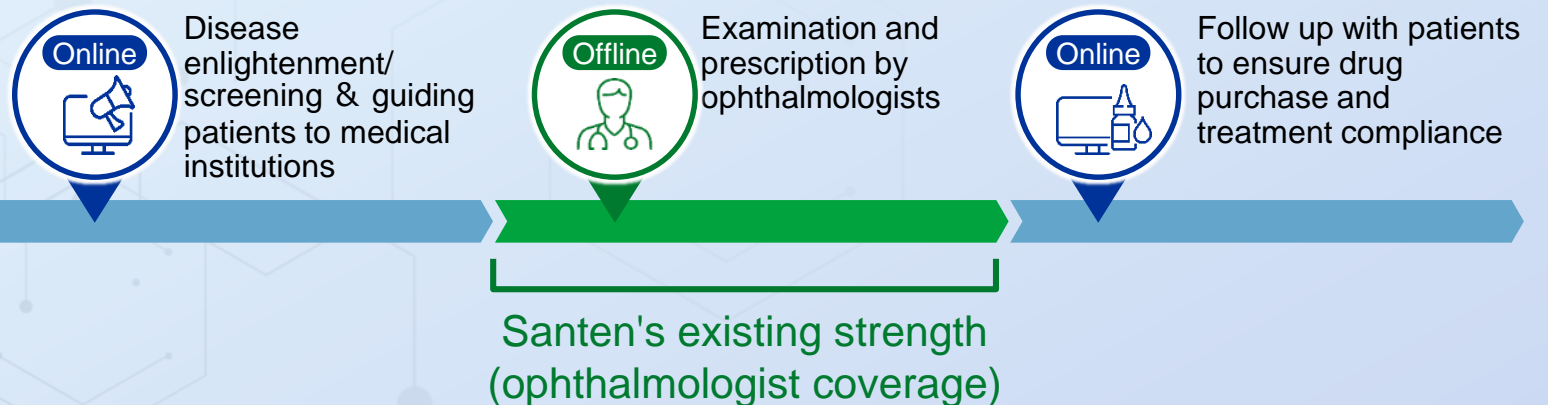
e.g. In principle, dry eye is not covered by public insurance in China*²

Santen's direction:

Deploy a hybrid online/offline model that leverages Santen's coverage of ophthalmologists

- Example of recent initiatives:
Collaboration with online pharmacies has already started in China

Image for hybrid model based on patient flow



*1 Includes both narrowly defined private and corporate insurance, *2 Dry eye is already not covered by insurance except post cataract surgery. Therefore patients are required to pay based on prescriptions issued by medical institutions (Coverage by private health insurance differs according to insurance package)

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Shareholder Returns Policy

▶ We enforce the sustainable shareholder returns and BD investment to increase shareholder value.



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Four ESG Materialities Based on Sustainability Policy

▶ Aim to achieve continuous growth by focusing on four materialities and contributing to ongoing social innovation under our corporate vision

1 Development and stable supply of socially significant products and services (Happiness with Vision)

- Enrichment of products, information, and services along the three pillars of Ophthalmology, Wellness, and Inclusion
Enhancement of responsible supply chain, safety monitoring, and customer service
- Aiming to reach over 60 million patients*¹

2



Nurturing a corporate culture promoting value creation

DE&I*² - Promote diversity with a focus on gender, nationality, and the visually impaired

3



Contribute to the strengthening of governance and achieving social fairness and equity

Management effectiveness, diversity, compliance and respect for human rights aimed at ensuring medium and long-term growth

4



Global environment protection

Countermeasures against climate change, reduction of environmental impact

- Scopes 1 & 2: CO₂ emissions
FY2025: 25% reduction,
FY2030: 50% reduction
- Shift to bioplastic eye-drop containers FY2030: 60%

*1 Estimated total no. of patients to which Santen contributed (disease areas: inflammation/allergies, cornea, glaucoma, cataracts) in FY2019 was approx. 43 million, calculated based on JMDC's estimated total no. of patients for Santen's Rx products and Santen's shipment data *2 Diversity, Equity & Inclusion

Diversity, Equity & Inclusion (DE&I) Initiatives

▶ Further strengthen diversity initiatives through global collaboration with partners

Global advocacy for people with disabilities through “The Valuable 500” initiatives



Santen's commitment to gender equality and women's empowerment

In support of

**WOMEN'S
EMPOWERMENT
PRINCIPLES**

Established by UN Women and the UN Global Compact Office



Santen's unique support, employment, and job development for people with visual impairment through activities, including Blind Football*¹



Healthy gender balance at Board and senior management levels

30% Club
GROWTH THROUGH DIVERSITY

*1 Santen has signed a 10-year partnership agreement with the Japan Blind Football Association (JBFA) through 2030 in an effort to popularize blind soccer

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Japan Business

Takeshi Ito

Director of the Board,
Executive Corporate Officer,
Head of Japan Business,
Head of Japan Sales & Marketing Division



Pipeline Under the Medium-term Plan

▶ We plan to rollout an extensive range of new products/formulations and solutions which will drive growth in key disease areas

New products/formulations (launch target)

Solutions

Allergy

- (FY2019): *Alesion LX*
- (FY2024): *Alesion* new formulation



Kayumi Dasu app
(already available)



Dry eye

- (FY2022): *Diquas* new formulation
- (FY2023): STN1013500



(FY2022)
Dry eye diagnostic
support system



Glaucoma

- (FY2021): Brimonidine GE
- (FY2022): *Eybelis* PFUD,
STN2000100 (*PRESERFLO MicroShunt*)
- (FY2023): *Tapros* with new instillation system
Tapcom with new instillation system
- (FY2024): STN1013900 (*Rhopressa*)
- (FY2025): STN1012600 (*Sepetaprost*)



ACT Pack
(already available)



Alesion New Formulation: Innovation in Treatment Concept

Ensuring all-day comfort for patients with new formulation, driven by innovation in treatment concept

Current medical challenges

Concept of proactive treatment is a work-in-progress

- Allergy treatment usually starts after symptoms appear
- Eye drops are applied after itching occurs; dosage regimen typically not followed

What Santen wants to achieve

Ensure all-day comfort for patients through new formulation through improvements to *Alesion LX* which represents an advance in proactive treatment

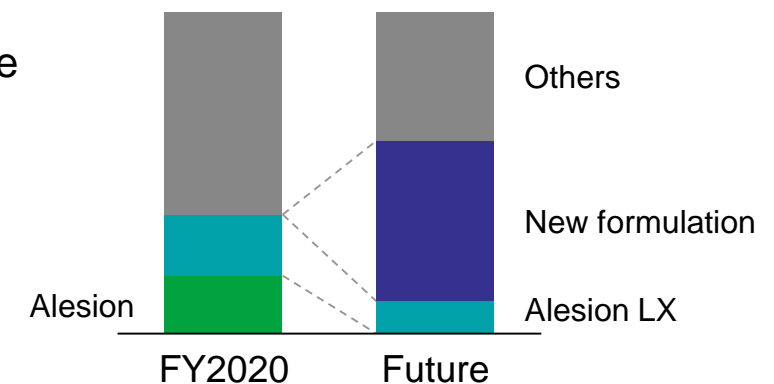
Transformation of allergy treatment concept

- From "anti-itch" use to "non-itch" use

As a result, "reshape" anti-allergy eye drop share

- New formulation: POC*¹ achieved

[Anti-allergy eye drop market share image]



Significance of Development of *Diquas* New Formulation

▶ Provide therapeutic effects while reducing the burden associated with frequent eye drop application

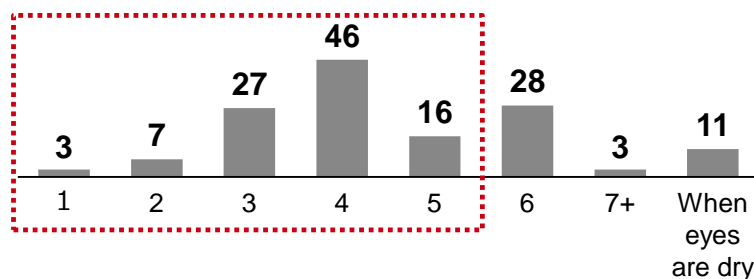
Current medical challenges

Many patients don't achieve adequate therapeutic effects as a consequence of not applying eye drops six times per day

Doctors

- Currently, many patients are not instructed to apply eye drops six times per day by their doctor

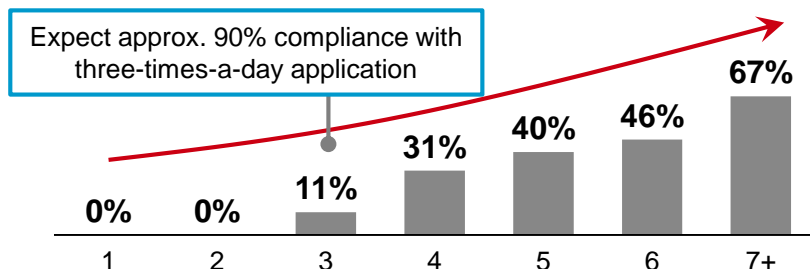
【No. of application times for eye drops as instructed by Drs.】 *1



Patients

- Percentage of patients who fail to comply increases as the number of daily applications specified rises
- Approx. half fail to comply when instructed to apply six times a day

【Percentage of patients who don't apply eye drops as instructed】 *1



What Santen wants to achieve with new formulation

Longer effect than existing products

- Existing product administered six times a day
- New formulation enables application three times a day

Providing therapeutic effects while reducing the burden associated with frequent eye drop application

Approval process is now well underway

- Plan to launch in FY2022



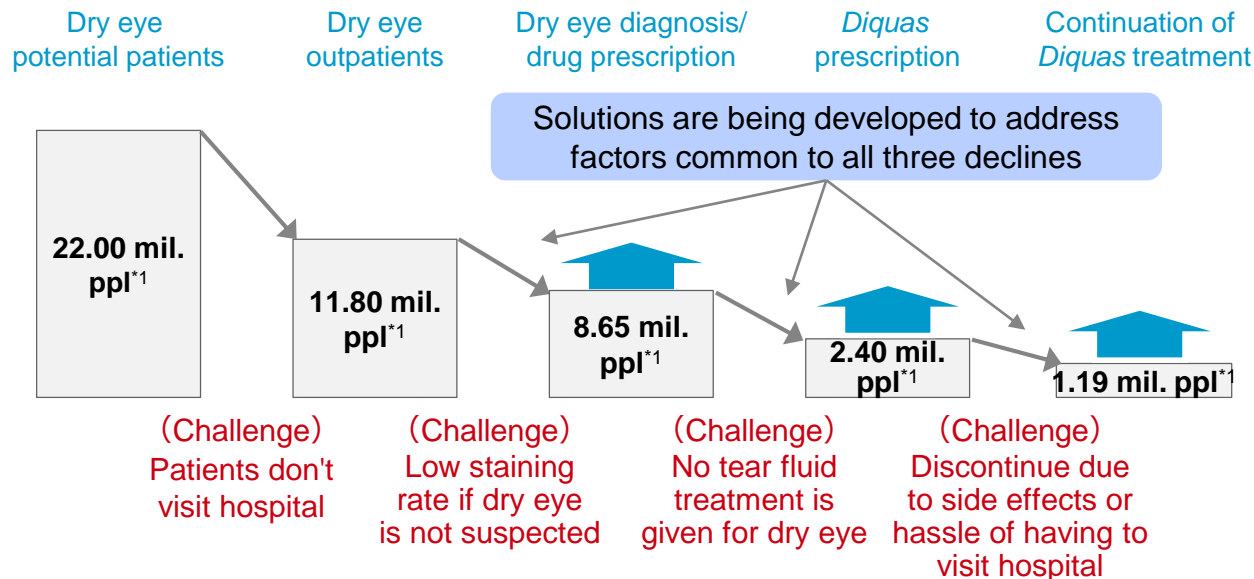
*1 *Diquas* internal survey

Development of Dry Eye Diagnostic Support System

Maximize value of *Diquas* with a dry eye diagnostic support system

Current medical challenges

- Doctors: More accurate diagnosis requires more time and experience. Also hard to explain results to patients in an easily visualized manner
- Patients: Find it hard to recognize their condition and improvements, making motivating patients to seek treatment a challenge. Having to apply eye drops too frequently is troublesome



What Santen wants to achieve with dry eye diagnostic support system

Development of dry eye diagnostic support system

- Developing a system to promote implementation of TFOD/TFOT^{*2} in daily practice, and aid patient understanding and compliance through visual explanations

Realization of a world in which both doctors and patients are highly motivated to undertake treatment

As a result,

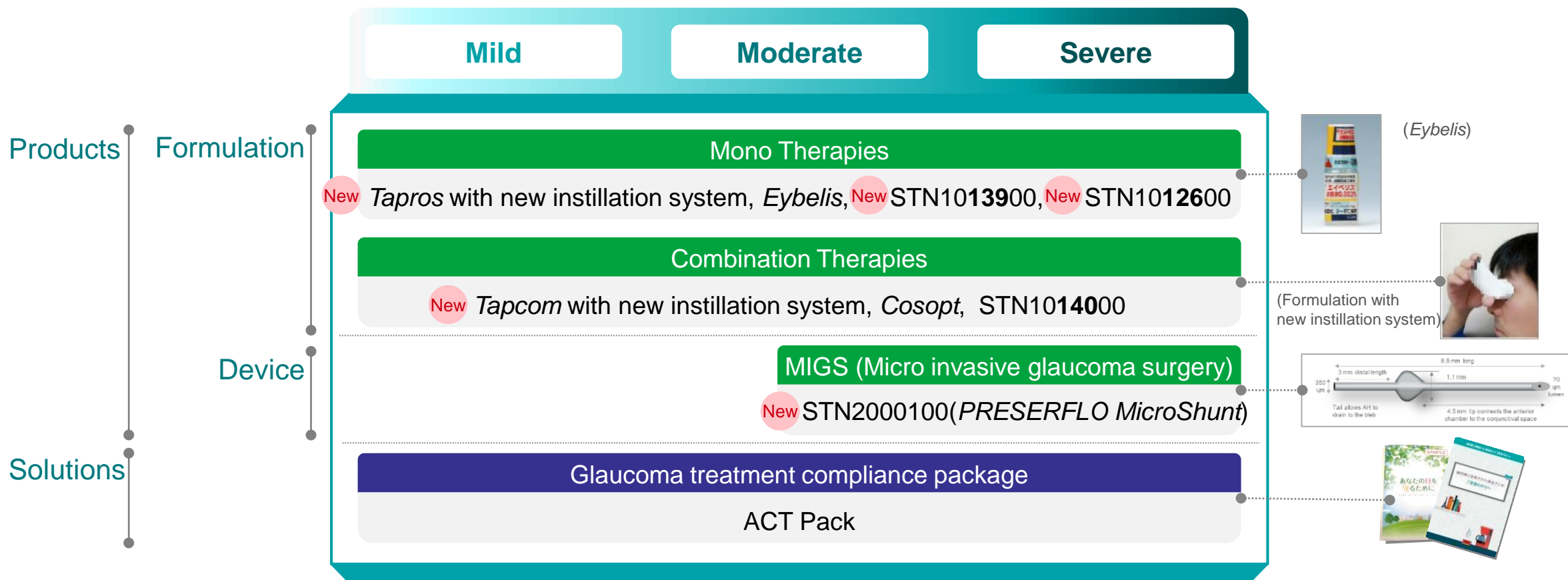
- Maximize *Diquas* usage opportunities
- Maximize satisfaction of doctors/ patients

^{*1} Santen internal estimates, ^{*2} TFOD (Tear Film Oriented Diagnosis): Stratified diagnosis of ocular surface, TFOT (Tear Film Oriented Therapy): Stratified therapy of ocular surface

Products / Solutions Provided by Santen

▶ Provide treatment packages through an extensive range of products / solutions

New : Pipeline scheduled for launch during MTP2025



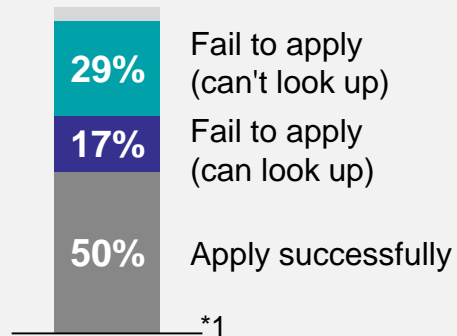
Rollout of New Instillation System and *Eybelis*

Further contribute to glaucoma treatment by launching a new instillation system and *Eybelis* during MTP2025

New instillation system

Current medical challenges

- Approx. 45% of patients can't apply eye drops properly

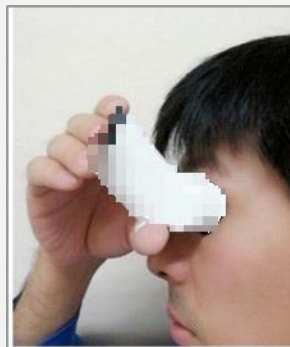


*1

Added value created by Santen

Help all patients, including the elderly, to properly apply eye drops (prevents misapplication of eye drops)

- No need to look up or raise your arm when applying eye drops, enabling proper eye drop application



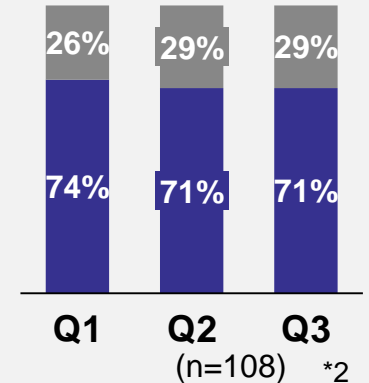
Eybelis

Current medical challenges

Patient participation in drug selection increases their motivation and satisfaction with treatment

- Q1. Which explanation do patients prefer?
- Q2. Which explanation would lead to patients continuing to apply eye drops?
- Q3. Which explanation would lead to continued outpatient treatment?

Explanation of drug selection provided by doctor
Patient is also involved in explanation of drug selection



If *Eybelis* is added as an option, we anticipate more patients will choose it

Added value created by Santen

Support patient motivation and satisfaction by encouraging patient participation in drug selection with *Eybelis*

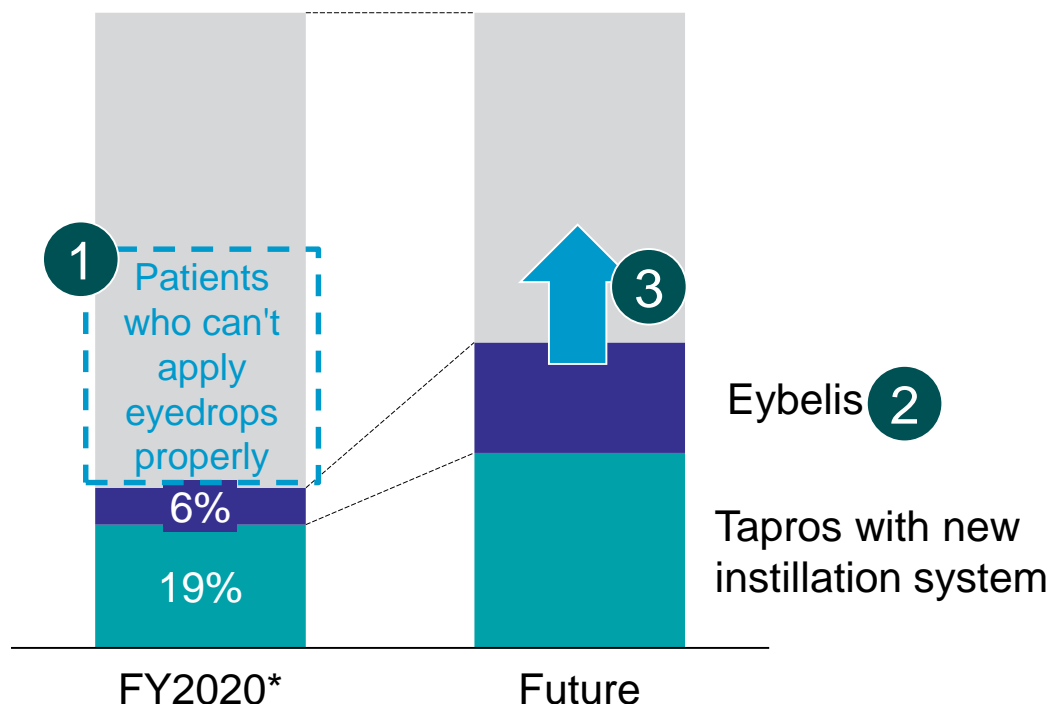
*1 K. Namiguchi et al., Atarashii Ganka (2017), J. L. Stone et al. Arch Ophthalmol. (2009), G. Hosoda et al. Atarashii Ganka (1993), Santen internal surveys

*2 E Miyamoto et al. Medicine & Pharmacology 78 (3) 1-6, 2021

New Instillation System and *Eybelis* as New Standard

▶ Realize a world in which patients' potential needs are recognized by the patients themselves, physicians provide treatment to satisfy those needs, and patients can commit to treatment with a sense of satisfaction

Reshaping of market with *Tapros* with new instillation system and *Eybelis*.
(PG single agent market share)

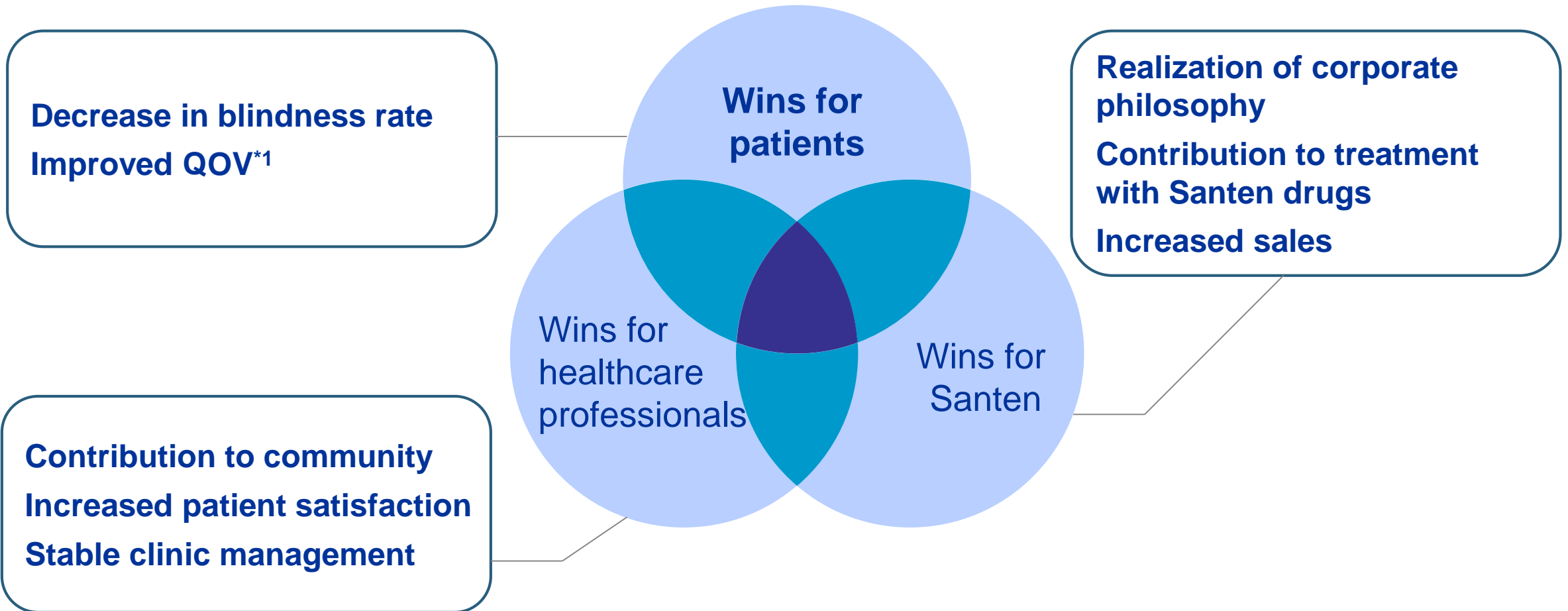


- 1 Provide new instillation system for patients who can't apply eye drops properly
- 2 Satisfy patients' needs with *Eybelis*
 - Patient participation in drug selection increases their motivation and satisfaction with treatment
- 3 Increase no. of treated patients through glaucoma treatment compliance package (ACT Pack)

*Note: Bimatoprost is not included in PG single agent market
Source: Copyright © 2021 IQVIA. JPM 2020.4-2021.3, Santen analysis based on IQVIA data. Reprinted with permission.

Propose New Treatment Standard to Patients / Healthcare Professionals

▶ **Make a much greater contribution to treatment by proposing new, more patient-oriented treatments and practices to healthcare professionals**



*1 Quality of Vision

China Business

Takayuki Yamada

Corporate Officer,
Head of China Business



China: New Channels and New Products for Sustainable Growth

- ▶ Given ongoing reform of the healthcare system, we aim to achieve sustainable growth in China by shifting our focus from Tier 3 hospitals to multi-channel sales, and expanding sales of new products leveraging digitech and scientific approach

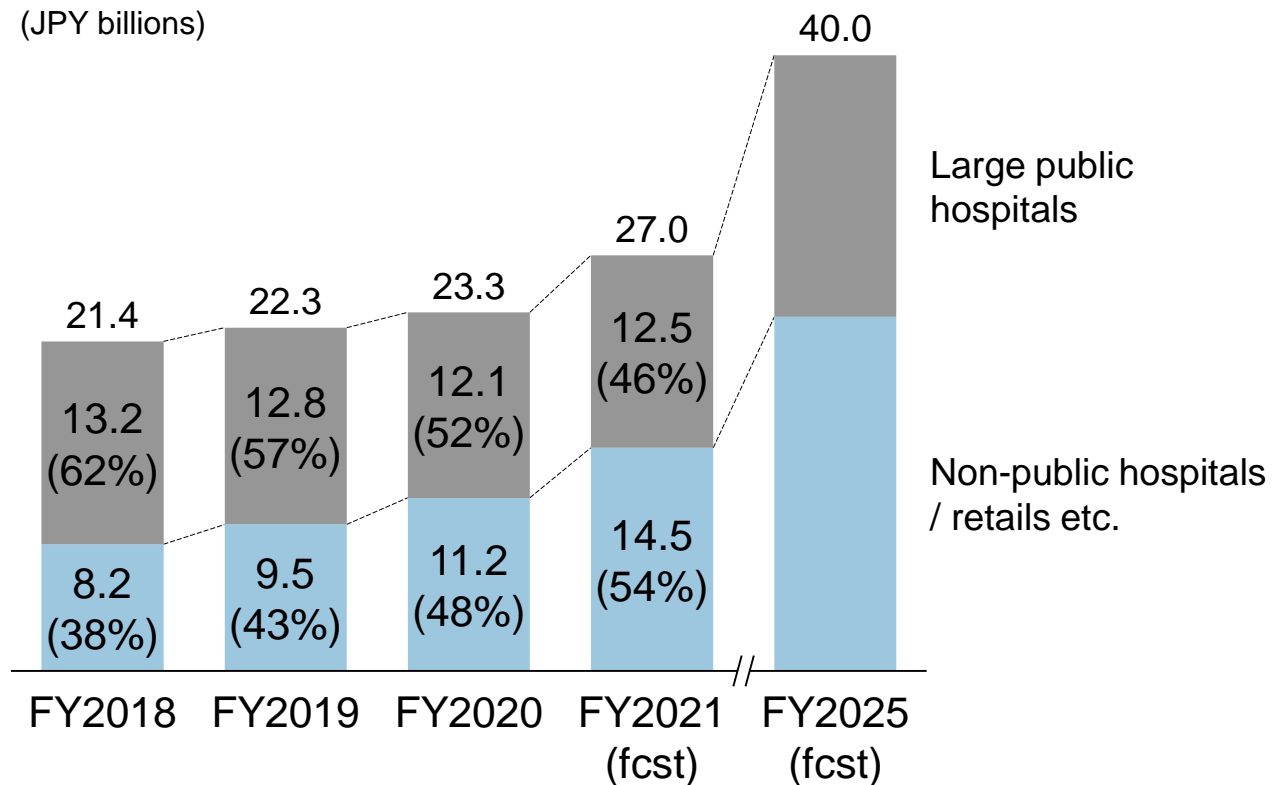
Efforts to achieve plan

Channel development outside of Tier 3 hospitals	<p>Expand sales by developing and penetrating channels such as private hospitals and retail, which are expected to expand going forward as a result of healthcare system reforms</p> <ul style="list-style-type: none">• Cooperation with online pharmacies• Rebuilding of sales structure
New product sales expansion	<p>Expand sales of new products starting with <i>Diquas</i> and <i>Tapros</i></p> <ul style="list-style-type: none">• Diversification of activities and expansion of coverage using digitech• Strengthening of scientific approach• Steady building of a locally-optimized medical affairs capability
Cooperation with local partners	<p>Contribute to establishment/development of ophthalmology ecosystem in China in alliance with local partners</p>

Details of Initiatives 1: Marketing Activities in China

Net sales by channels

Shift sales resources away from large public hospitals to expand channels, aiming to achieve stable sales expansion



Enlightenment and marketing activities to expand channels

Steadily conducting enlightenment and marketing activities through explanatory meeting, training, etc.



Key sales activities
(Jan 2021~)

- Regional marketing training: 30 times
- Medical institution meetings, scientific meetings: 200 times
 - Already covered 2,000 HCPs and 2,000 pharmacists, etc.

Details of Initiatives 2 : New Product Development/Sales in China

Development/sales status

Market share*1

Projected target population in China*2

Diquas



- Launched in FY2018
- Actual sales of approx. JPY0.7 billion (FY2020)
- FY2020 actual: +329% (YoY)
FY2021 forecast: +288% (YoY)
- Net sales growing especially in private hospitals/retail channels

0.1% (Feb. 2020)
→1.6% (Feb. 2021)

- **Approx. 16 million ppl**
- No. of patients is on the rise due to increased computer work, widespread use of contact lenses etc.
- Dry eye potential patients are estimated to be **approx. 96 million ppl** including untreated population*3

Tapros



- Launched in FY2015
- Listed on NRDL (National Reimbursement Drug List)
- Actual sales of approx. JPY0.6 billion (FY2020)
- FY2020 actual: +52% (YoY)
FY2021 forecast: +363% (YoY)

Achieved **top share (33.1%)** in **prostaglandin single agent market** as of Feb 2021

- Established position as first-line brand for new glaucoma patients

- **Approx. 0.9 million ppl**
- No. of patients is also increasing in China due to aging society
- Total prevalence is estimated to be **approx. 20 million ppl**

*1 Volume base/Source: IQVIA, *2 Source: DRG, *3 based on diagnosed population as of 2020
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Initiatives for Long-term Growth 1: Development, Manufacturing, Sales Structure

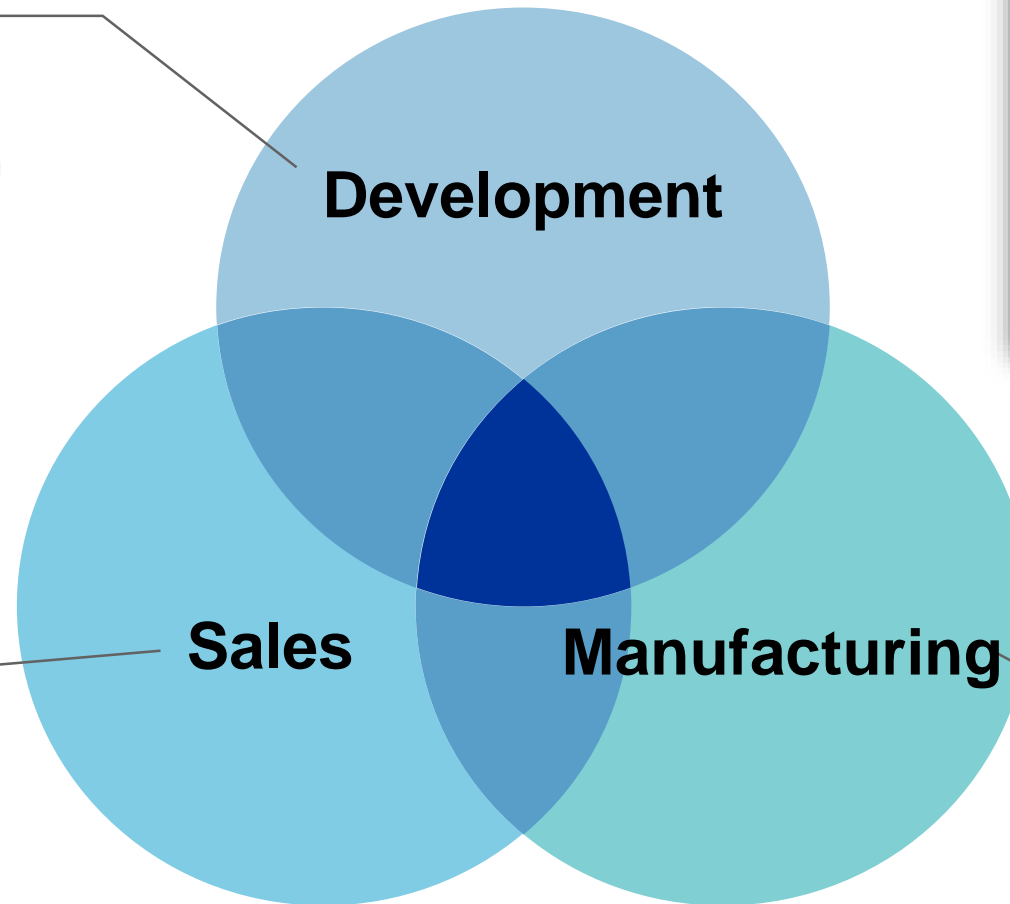
- ▶ To achieve medium- to long-term growth, establish an integrated system for development, manufacturing, and sales in China, and promote development, manufacturing, and sales that are rooted in the local community

Establishment of local development capability

- Dramatically strengthen local clinical development capability in preparation for new product development/launches in long term
- Pipeline examples;
STN1012700 (Atropine)
STN1013400 (AFDX)
STN1007603 (*Verkazia*)
STN2000100
(*PRESERFLO MicroShunt*)

Establishment of sales capability

- Expand coverage using digitech
- Strengthen scientific approaches based on data and science



Construction of Suzhou new plant

- Undertake cost reduction and respond to future demand expansion

Initiatives for Long-term Growth 2: Construction of New Plant in Suzhou

▶ Promote business growth in China by meeting the ever-increasing demand for products, and strengthening future global product supply structure

- **Competitive advantage**

- Even as of FY2021, Suzhou Plant is the only plant operated by a pharmaceutical company specializing in ophthalmology to obtain EU-GMP in China, and is unparalleled in its high level of **technological capabilities, quality and production capacity (finished products)**
- Further strengthen our competitive advantage through **construction of Suzhou new plant as one of the world's largest eye drop factories equipped with the latest equipment**

- **Start of operations**

- 2025 (Gradual ramp-up)

- **Cost improvement initiatives**

- Automation/manpower saving, etc.

- **Environmental considerations**

- CO₂ emission reduction
- Improvement of water and electricity consumption efficiency



*Image of completed building



*As of Apr. 2021

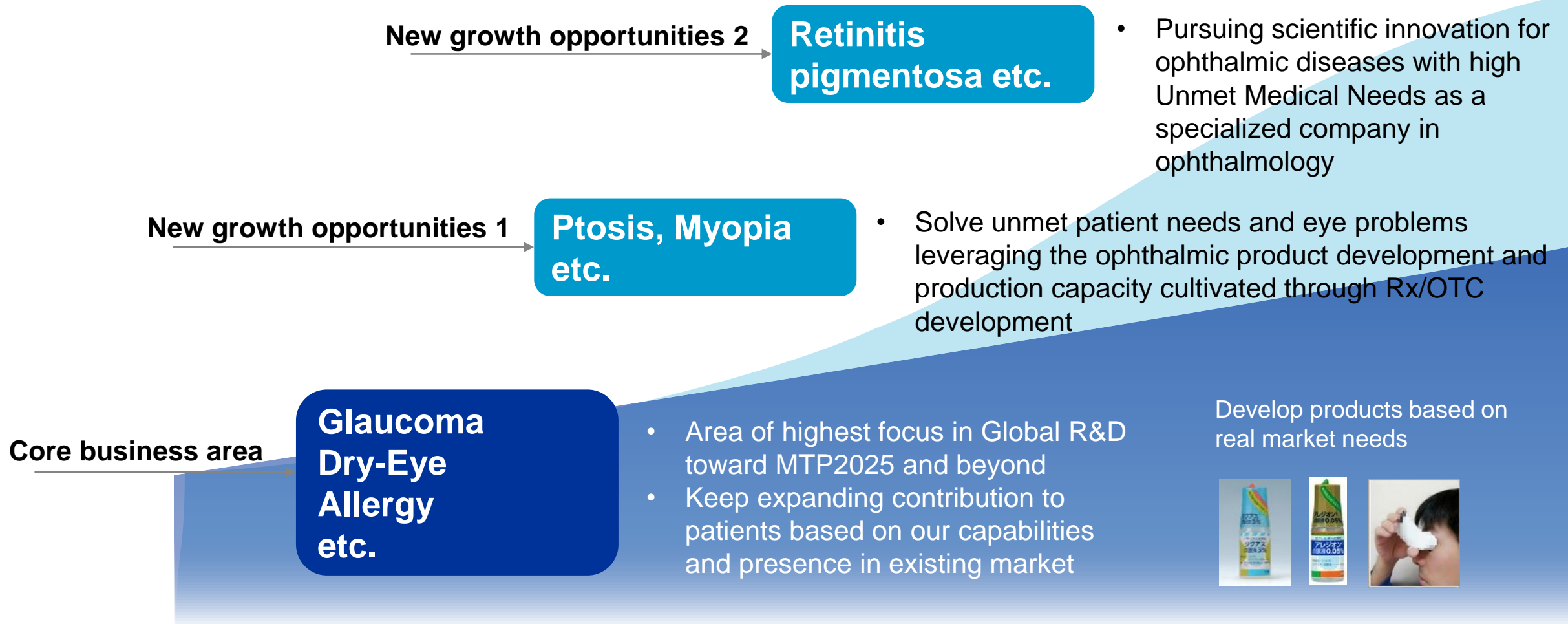
Global R&D

Peter Sallstig

Corporate Officer,
Head of Product Development Division



Focus Areas of Global R&D Toward MTP2025 and Beyond



Expected Pipelines by / After MTP2025

Potential New Global product
 Value expansion of product based on real market needs

STN1013900
Gla: Asia
 STN1014000
Gla: Asia
 Under review
Launch prior to JP
expected

Launch Target → **FY2021** **FY2022** **FY2023** **FY2024** **FY2025**

FY2026 and beyond

Core Business

**Glaucoma
Dry-Eye
Allergy
etc.**

Verkazia VKC: US	Eybelis, PFUD Gla: JP	Tapros with new insti- llation system, Gla: JP	STN1010900 Uveitis: US	STN1012600 Gla: JP, US, EMEA
Brimonidine GE Gla: JP, Asia	Eybelis Gla: US	Tapcom with new insti- llation system, Gla: JP	STN1013900 Gla: JP	Tapcom Gla: CN
PRESERFLO MicroShunt Gla: Asia	Verkazia VKC: CN	Ikervis, PFMD Dry eye: Asia	Alesion NF* Allergy: JP	Catioprost Gla: Asia
	Diquas NF* Dry eye: JP	STN1013500 Dry eye: JP	Eybellis, PFUD Gla: CN, Asia	
	Cationorm Dry eye: CN	Catioprost Gla: EMEA		
	PRESERFLO MicroShunt Gla: JP			

*NF: new formulation

STN1010905
MGD
 PRESERFLO
MicroShunt
Gla: CN

New bottle development

Next-gen. eye- drop applicator

New formulation development

Drug delivery system

Promoting platform-technology development to enhance product life cycle management

**Ptosis, Myopia,
Presbyopia
etc.**

STN1013800
Ptosis: Asia, EMEA

STN1012700
Myopia: JP

STN1012700
Myopia: CN, Asia

STN1013300
Myopia

STN1013400
Myopia

STN1013800
Ptosis: CN, JP

STN1013600
Presbyopia

Retinitis Pigmentosa etc.

STN6000100(jCell)
RP:EMEA, JP, CN

LCM of jCell
(Incl. other than RP)

Mechanism to Drive Value Creation for Patients

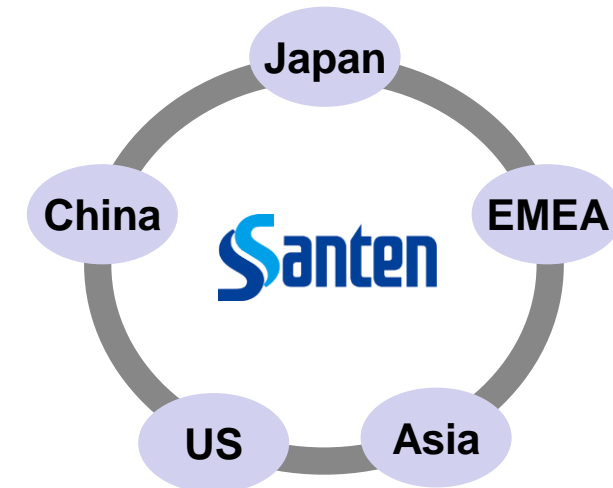
External innovations



Development engine



Global launches & deep dive into market needs



Discover external innovation leveraging “Santen’s Eye” based on deep understanding of real voice/needs of doctors and patients



Achieve new value creation and robust global product development based on established core functions led by experienced leadership



Understanding real needs through touchpoints with doctors & patients after product launches

*1 SERI: Singapore Eye Research Institute, UCL: University College London, academic collaboration partners

Santen Global R&D: Strong Leadership



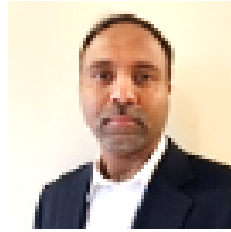
Global Product Development Division



Peter Sallstig
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Kenji Morishima
Head of China Product
Development,
Representative, Asia R&D,
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Uday Arulmani
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Pharmacology Department,
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Flavio Lima
Vice President,
Global Medical Affairs



Franz Buchholzer
Vice President,
Global Regulatory Affairs



Ophthalmology Innovation Center



Reza Haque
Head



Takeo Hirose
Representative Head



Almira Chabi
Vice President,
Glaucoma and
Neuroprotection,
Therapeutic Area Strategy



Abu Abraham
Vice President,
Vitreous and Retina,
Therapeutic Area Strategy



Hisao Shimada
General Manager,
Ocular Surface and
Anterior Segment,
Therapeutic Area Strategy



Sreenivasu Mudumba
Vice President,
Therapeutic Modality
Innovation



Najam Sharif
Vice President,
Global Alliance and
External Research



Happiness with Vision



Appendix

Looking Back at MTP2020 (1/2): Qualitative Perspective


▶ Have developed what will be the core strengths of MTP2025, but need to continue to work on execution issues

Goals

Achievement

Fundamental policy	Goals	Achievement
	<ul style="list-style-type: none"> To become a “Specialized Pharmaceutical Company with a Global Presence” Construct a path for sustainable growth beyond FY2020 	<ul style="list-style-type: none"> While global presence has been enhanced by expanding sales channels, need to strengthen quality in the future Seeds sown for growth drivers (proactive business development) . Promoted management efficiency. Continue to address execution issues
Strategic goals	<ol style="list-style-type: none"> Grow faster than the market through progress in global business strategy 	<p>Existing markets: Leveraged experience in Japan & EMEA to achieve above-market growth in China & Asia</p> <p>New markets: Built foundation in US through acquisition of Eyevance</p> <hr/> <p>Achieved a certain level of results in value maximization and enriching the pipeline</p> <p>Promoted initiatives to meet a variety of unmet needs Deployment of eye drop bottle & support device, cell therapy, etc.</p> <p>Recognize issues with development system, such as delays in global development</p>
	<ol style="list-style-type: none"> Raise strength / efficiency of business framework; boost human resource and organizational capabilities 	<p>Launched multiple initiatives to improve efficiency</p> <ul style="list-style-type: none"> Construct new building in Shiga and new plant in Suzhou Introduce next-generation ERP Transform into a global organization through introduction of management framework

Looking Back at MTP2020 (2/2): Quantitative Perspective

	Target		Actual
Grow faster than market	Revenue growth $\geq 6\%$ (CAGR)		Revenue growth 3.5% (CAGR)
Maintain/grow profit ratio	Core OP ratio $\geq 21\%$ (MTP average)		Core OP ratio 20.5% (MTP average)
Maintain/improve capital efficiency	IFRS ROE $\geq 11\%$ (MTP average)		IFRS ROE 7.1% (MTP average)

Ref.) Business in Asian Region

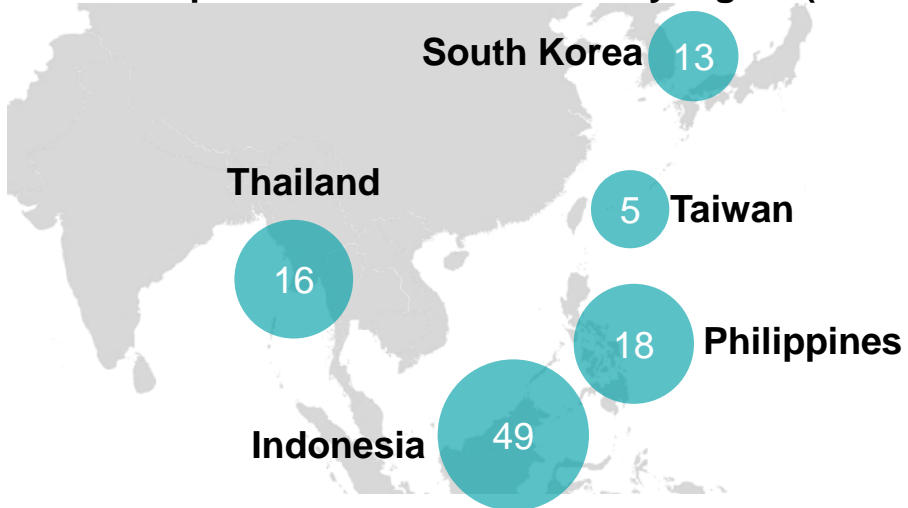
▶ In Other Asia, where market growth rate is high, expect steady business expansion mainly in glaucoma and dry eye areas. Actively promoting disease enlightenment in collaboration with KOLs and new product introduction

Market potential in Asia

Ratio of treatment to total prevalent cases is low compared to Japan; there are unmet needs and room for further market expansion

- e.g.) Ratio of treatment to prevalent glaucoma patients
 - Japan: Approx. 18%
 - Other Asian countries*1: Approx. 7~12%

Estimated prevalence in each country/region (million people)*2





Initiatives / progress

Strengthening of marketing	Already developed relationships with KOLs Partnering with Singapore Eye Research Institute (SERI)
Disease enlightenment activities	Implementing a disease enlightenment and treatment compliance program by leveraging digitech e.g. "The Eye Observer" deployed in Singapore
New product launch/sales expansion	<i>Eybelis</i> : To be launched gradually starting in FY2020-2021 STN1013900 (<i>Rhopressa</i>), STN1014000 (<i>Rocklatan</i>): Aim to launch during MTP period

*1 Thailand, Indonesia, Philippines, *2 Total glaucoma and dry eye prevalence in 2020, Source: DRG 2020/Decision Resources, LLC. All right reserved. Reproduction, distribution, transmission or publication is prohibited. Reprinted with permission

Ref.) Major ESG KPIs and Priority Initiatives (1/2)

Regarding DE&I, develop new KPIs for priority initiatives to be disclosed in our Integrated Report

ESG materiality	Challenges	KPIs	Priority initiatives
<p>1 Development & stable supply of socially significant product/services</p> 	<p>Market penetration of products with social significance Ensuring quality and safety and establishing an appropriate supply system</p>	<ul style="list-style-type: none"> Reaching ≥60 million patients*1 	<ul style="list-style-type: none"> Contribute to reduction of untreated patients by ensuring more people can access eye care Contribute to expansion of production capacity through construction of a new building in Shiga and Suzhou new plant Obtain and comply with PIC/S-GMP*2 in accordance with business and regional expansion
<p>2 Nurturing a corporate culture promoting value creation</p> 	<p>Promoting Diversity, Equity & Inclusion</p>	<ul style="list-style-type: none"> Increase diverse representation with a focus on gender, nationality at all levels, especially senior management Promote employment opportunities for people with disabilities, including vision impairment throughout the Santen Group 	<ul style="list-style-type: none"> Promote global DE&I strategy Setting group / regional goals and measuring and reporting progress Promotion of employment and occupational development for the visually impaired Foster and create inclusive organizational culture and environment (establish Blind Experience/ support structure/workplace environment)
	<p>Employee engagement</p>	<ul style="list-style-type: none"> Engagement score 	<ul style="list-style-type: none"> Expanding engagement surveys globally (Engagement in Santen's growth strategy)

*1 Estimated total no. of patients to which Santen contributed (disease areas: inflammation/allergies, cornea, glaucoma, cataracts) in FY2019 was approx. 43 million, calculated based on JMDC's estimated total no. of patients for Santen's Rx products and Santen's shipment data *2 Pharmaceutical Inspection Convention and Pharmaceutical Inspection Cooperation Scheme

Ref.) Major ESG KPIs and Priority Initiatives (2/2)

ESG materiality

3 Contribute to the strengthening of governance and achieving social fairness and equity



Challenges

Corporate governance

KPIs

- Increased diversity

Priority initiatives

- Composition of the Board of Directors and Audit & Supervisory Board (Appropriateness and sufficiency of knowledge, experience, and abilities according to skills matrix)
- Ensuring diversity of officers (gender / nationality, etc.)
- Link executive compensation to corporate value and ESG

4 Global environment protection



Climate change measures (CO₂ emission reduction)

- Scopes 1 & 2: FY2025: 25% reduction, FY2030: 50% reduction*¹
- Scope 3 Category 1 (Non-consolidated) : FY2025: 8% FY2030: 15% reduction*¹

- Shift to renewable power sources for electricity used in production facilities and laboratories
- Promote engagement with major suppliers
- Plan to disclose TCFD in June 2022
- Replace 100% of company vehicles with electric vehicles
- Promote use of low environmental impact means of transportation, remote work, and meetings

Environmental load reduction

- Eye drop container: Use 60% biomass plastic in FY2030
- Packaging and packing materials: 10% reduction in plastic in FY2025/ 15% in FY2030*¹
- Water intake production basic unit less than 12.4 m³ / 10,000 bottles, recycling rate 98%

- Use biomass plastic in manufacturing of eye drop containers
- Switch from plastic to paper packaging and packing materials
- Effectively use water resources through continuous reuse and other efforts and promote recycling and conversion to valuable resources through thorough sorting

*1 Comparison with 2019

