

FY2018 Results and FY2019 Forecasts



Kazuo Koshiji

Senior Corporate Officer

Corporate Administration

Chief Financial Officer

Head of Finance and Administration Division

FY2018 Financial Results ended March 31, 2019

FY2018 Financial Highlights

Achieved higher revenue with steady growth overseas and key products in Japan more than offsetting negative impact from NHI price cuts in Japan; Strong OP growth on higher revenue and cost optimization

(JPY billions)	FY2017	FY2018			
	Full Year actual	Full Year actual	YoY	Full year forecast	vs FY forecast
Core basis					
Revenue	224.9	234.0	4.0%	237.0	98.7%
COGS	-86.4	-90.8	5.1%	-91.0	99.7%
Gross profit	138.6	143.3	3.4%	146.0	98.1%
SGA	-68.8	-71.3	3.6%	-73.0	97.6%
R&D expenses	-24.4	-23.8	-2.6%	-25.0	95.0%
OP	45.4	48.2	6.3%	48.0	100.5%
Net profit	33.5	36.1	7.9%	35.3	102.2%
IFRS					
OP	38.7	45.1	16.6%	40.7	110.8%
Net profit	35.3	31.9	-9.4%	30.4	105.1%
Actual tax ratio	10.2%	25.9%			
ROE	13.0%	11.1%	-1.9pt		
USD	JPY 110.94	JPY 110.82	+0.1%	JPY 110.00	-0.7%
EUR	JPY 129.92	JPY 128.38	+1.2%	JPY 130.00	+1.2%
CNY	JPY 16.84	JPY 16.52	+1.9%	JPY 17.00	+2.8%

+: JPY appreciation, -: JPY depreciation

Revenue

Japan: Growth of key products absorbed the negative impact from NHI price cuts

Overseas: Continued strong growth, particularly in Asia

Consolidated total growth: 9.1 bil JPY (+4.0%)

Operating profit

Core basis

Increased 2.9 bil JPY (+6.3%) with continued overseas growth and group-wide cost optimization offsetting negative impact from NHI price cuts

IFRS

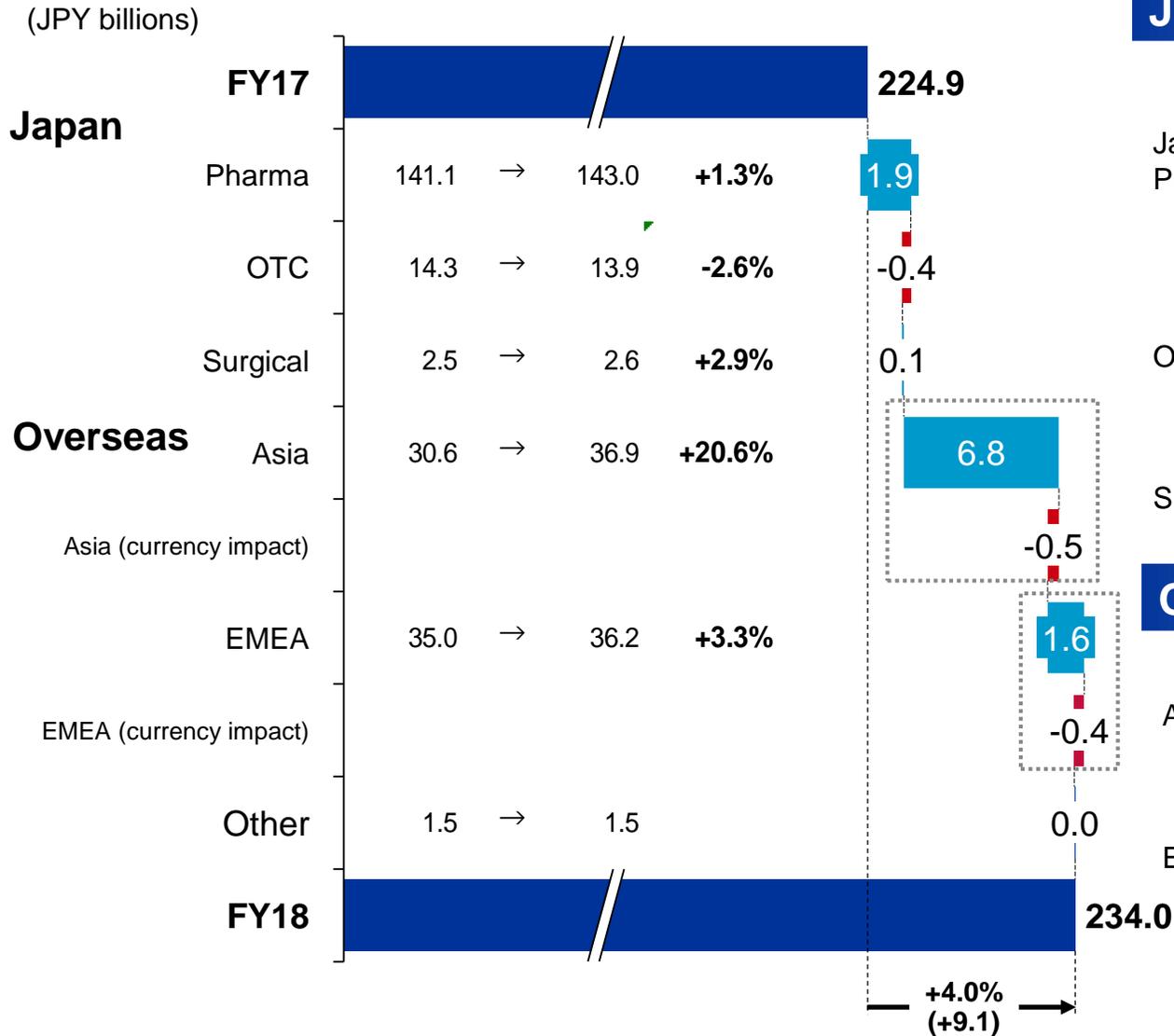
Business growth on core basis and gain on sale of former HQ/Osaka plant site, **increased by 6.4 bil JPY (+16.6%)**

IFRS Net profit

With one-time benefit of reduced corporate tax rate in U.S. in prior year and impact of accounting treatment of InnFocus acquisition costs, **decreased by 3.3 bil JPY (-9.4%)**

FY2018 Revenue

Japan: steady growth of key products; Overseas: strong growth, particularly in Asia



Japan business

Growth of *Eylea**1 (+9.0%), *Alesion* (+15.4%), *Diquas* (+8.7%) mitigated impact of NHI price cuts (over -4%)

Japan Pharma (Revenue increased by 10.7 bil JPY (+7.7%) , excluding the negative impacts from NHI price cuts and transitory factors)

Good start for new products (*Eybelis* launched in Nov., *Well Wash Eye*, cleansing eye drop launched in Dec.)

OTC Good progress in premium products for domestic market mitigated negative comparative impact from marketing campaign in prior year and a lower purchases by visitors to Japan due to natural disasters and regulation changes

Surgical Trial sales begun in Nov. of new IOL product, *LENTIS Comfort*, which provides comfortable vision across intermediate and far distances (officially launched in Apr. 2019)

Overseas business

Continued strong revenue growth of over 20% broadly across the region.

China: +20.0%, Korea: +20.9% (JPY)

Asia region: 21 launches, 42 approvals

Together with existing products, creating future sustainable growth

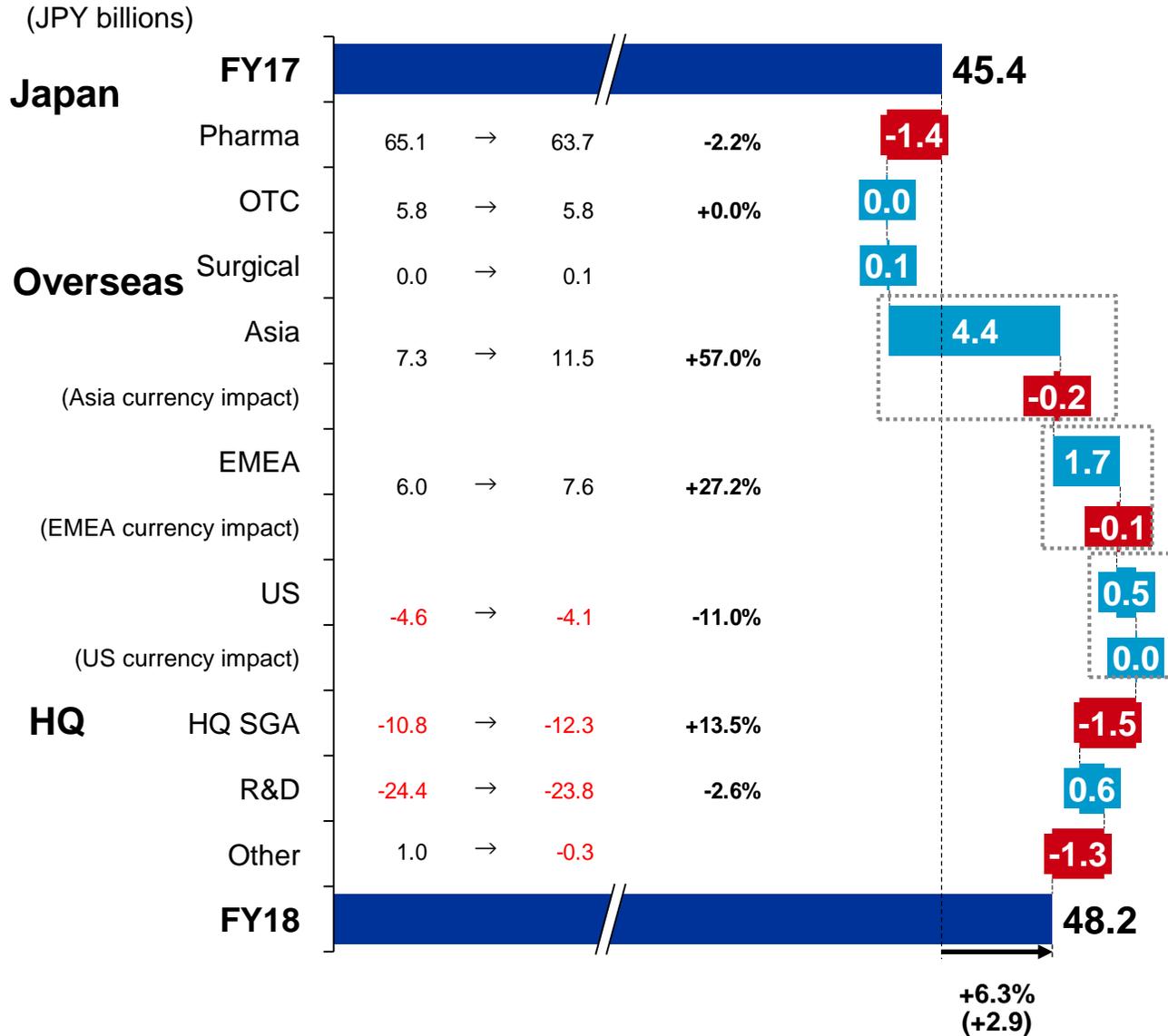
EMEA Growth of *Ikervis* and glaucoma products particularly in Italy and Germany more than offset the comparative impact of one-time revenue boost in Russia in prior year

	FY2017	FY2018
USD	JPY 110.94	JPY 110.82
EUR	JPY 129.92	JPY 128.38
CNY	JPY 16.84	JPY 16.52

Eylea*1 : Co-promoted product of Bayer Yakuhin, Ltd. (MAH)

FY2018 Core Operating Profit

Strong growth in overseas business and group-wide cost optimization to offset NHI price cut impact



Japan business

Japan Pharma: Cost optimization efforts partially mitigated the negative impact of COGS ratio increase (NHI price cuts and product mix) and channel inventory adjustment

Overseas business

Asia: Significantly higher with revenue growth and lower cost of goods sold

EMEA: Achieved increase in profit with revenue growth in key countries and cost optimization efforts more than offsetting the comparative impact of one-time boost to revenue and profit in Russia in prior year

US: Lower mainly on postponed U.S. market launch related expenses for DE-109

R&D expenses

Lower on postponed DE-109 (restarted in Q3), DE-126 study costs completed in prior year (data now under evaluation), and cost optimization efforts

	FY2017	FY2018
USD	JPY 110.94	JPY 110.82
EUR	JPY 129.92	JPY 128.38
CNY	JPY 16.84	JPY 16.52

FY2019 Forecast ended March 31, 2020

FY2019 Forecast Overview

As middle year of MTP2020, targeting to raise both revenue growth and operating efficiency

(JPY billions)	FY2018	FY2019	
	Actual	Forecast	YoY
Core basis			
Revenue	234.0	248.0	6.0%
COGS	-90.8	-95.0	4.7%
Gross profit	143.3	153.0	6.8%
SGA	-71.3	-74.0	3.8%
R&D expenses	-23.8	-28.0	17.9%
Operating profit	48.2	51.0	5.7%
Net profit	36.1	37.7	4.5%
Actual tax ratio	25.2%	26.1%	
ROE	12.5%	12.8%	0.3pt
IFRS			
Operating profit	45.1	34.5	-23.5%
Net profit	31.9	23.2	-27.4%
Actual tax ratio	25.9%	32.4%	
ROE	11.1%	7.9%	-3.2pt
USD	110.82	110.00	+0.7%
EUR	128.38	130.00	-1.2%
CNY	16.52	16.00	+3.3%

+: JPY appreciation, -: JPY depreciation

Revenue

Japan:

To grow with increased revenue from key products (including *Eybelis*, High-dose *Alesion* and *LENTIS Comfort*) covering the negative impact from NHI price cuts

Overseas:

Maximize revenue both in Asia and EMEA

Consolidated total revenue 248 bil JPY (+6.0%)

Core basis

Continuous profit improvement from core business

- **SGA: 74 bil JPY (+3.8%)**

Accelerate cost optimization under new management framework

- **R&D expenses: 28 bil JPY (+17.9%)**

Continue strategic investment to lead growth to 2020 and beyond

Operating profit: 51 bil JPY (+5.7%)

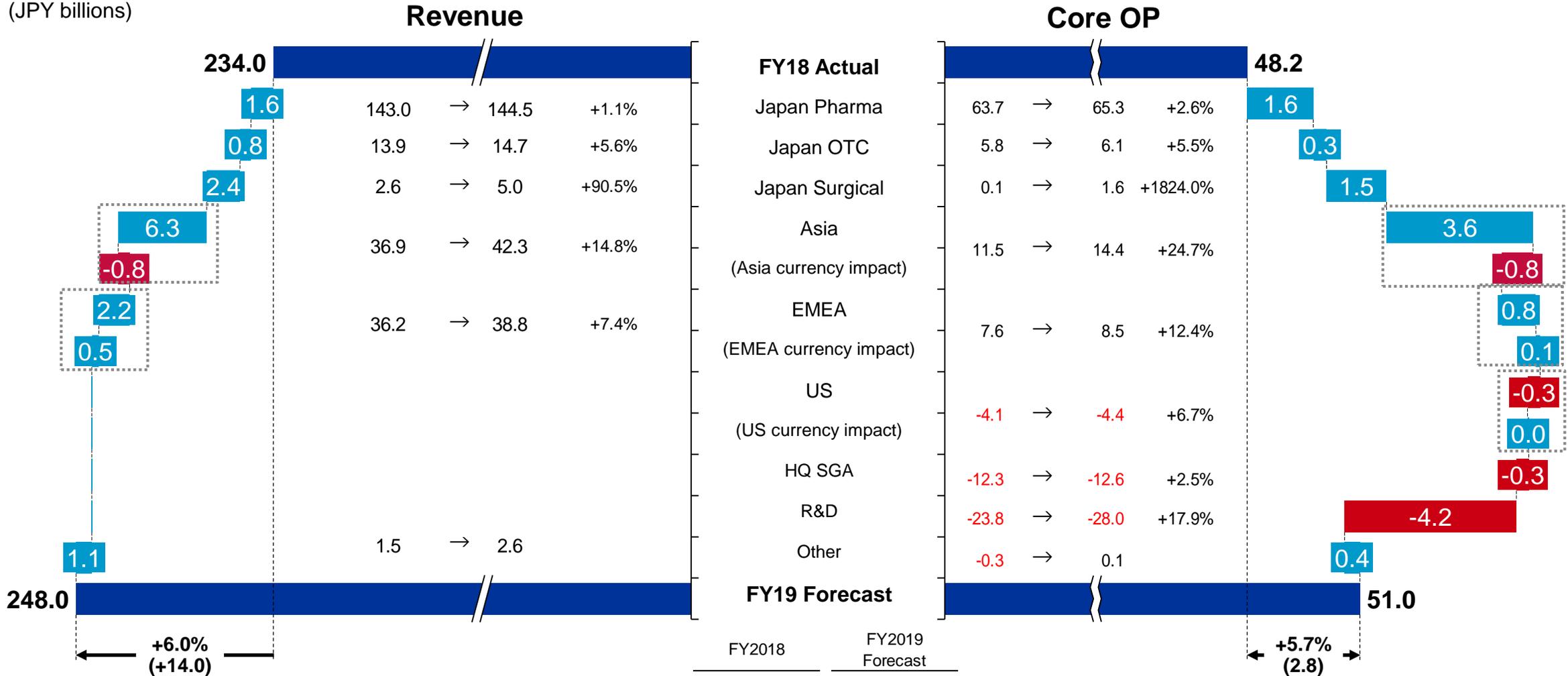
IFRS

Other expenses increase mainly from raised assumptions regarding DE-128 milestone payment probability based on development progress; Operating profit and net profit lower YoY

FY2019 Forecast

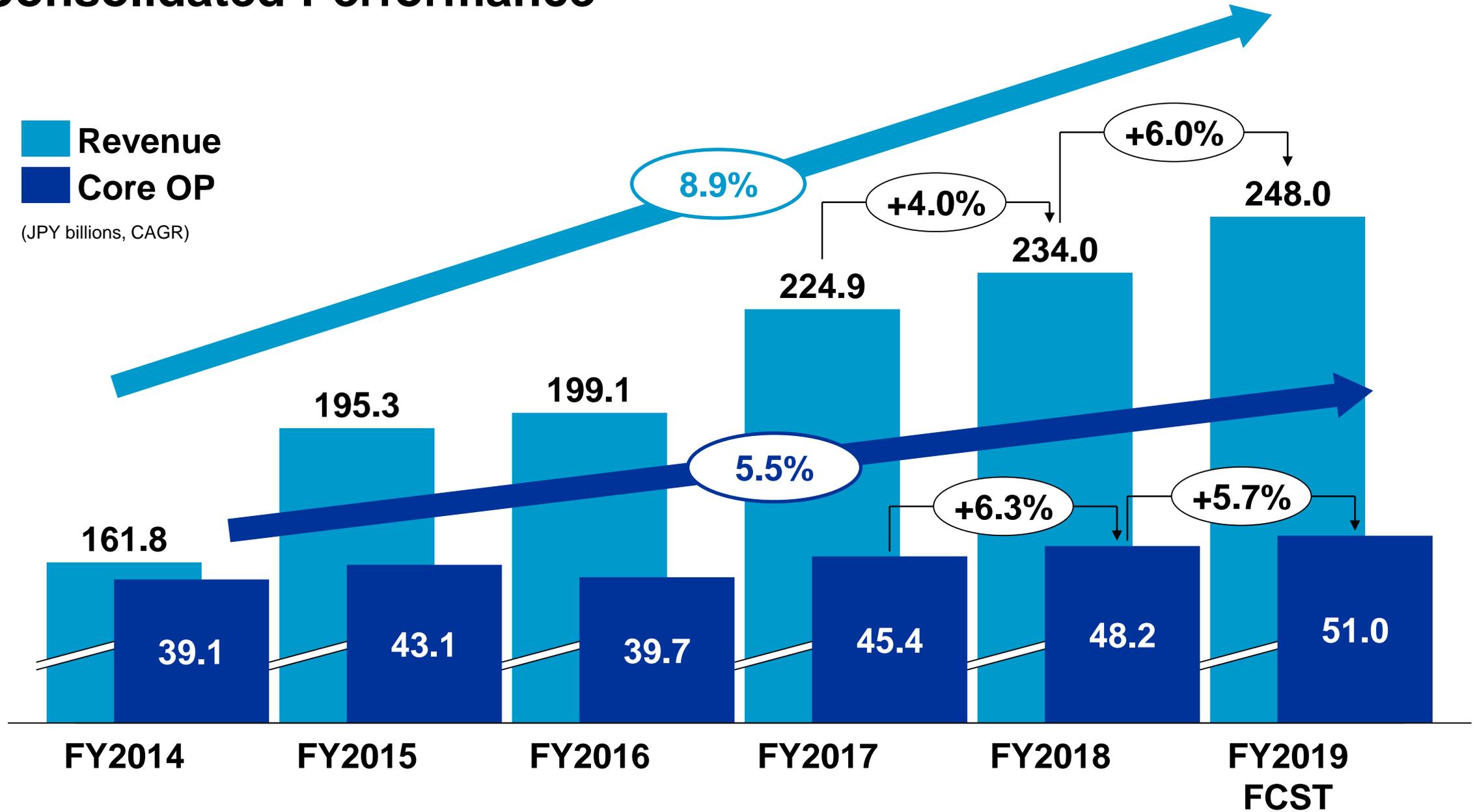
Growth in Japan and overseas businesses and further optimization of costs in order to realize strategic investment and higher profit

(JPY billions)



	FY2018	FY2019 Forecast
USD	JPY 110.82	JPY 110.00
EUR	JPY 128.38	JPY 130.00
CNY	JPY 16.52	JPY 16.00

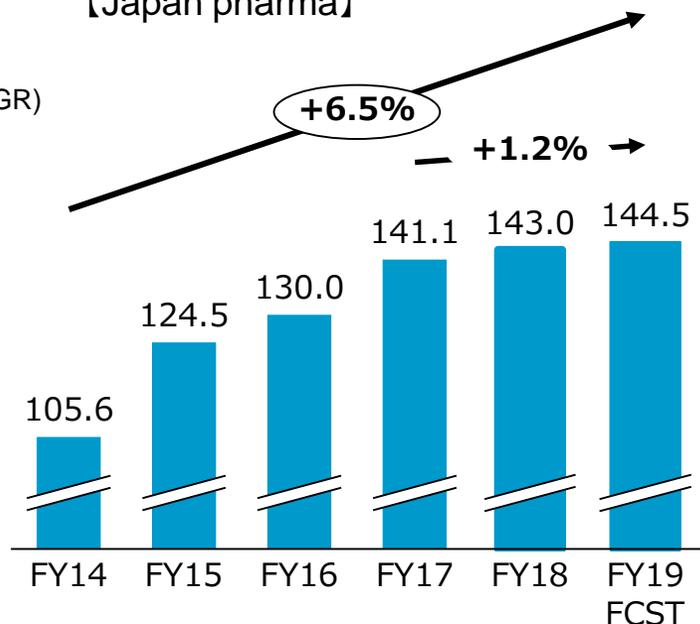
Consolidated Performance



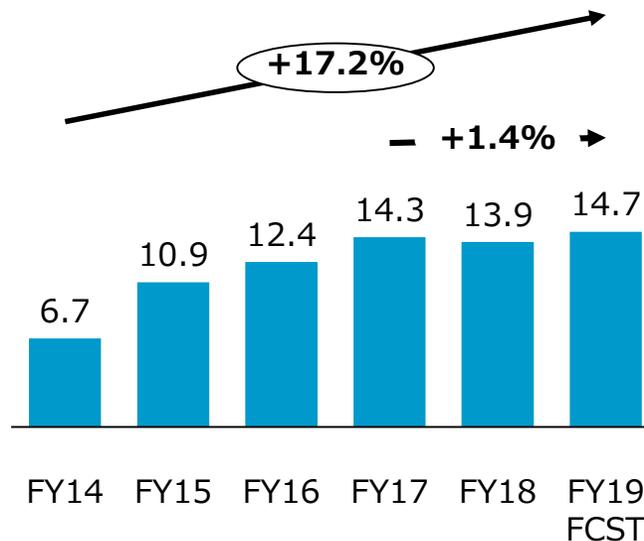
Performance by Business (Japan)

【Japan pharma】

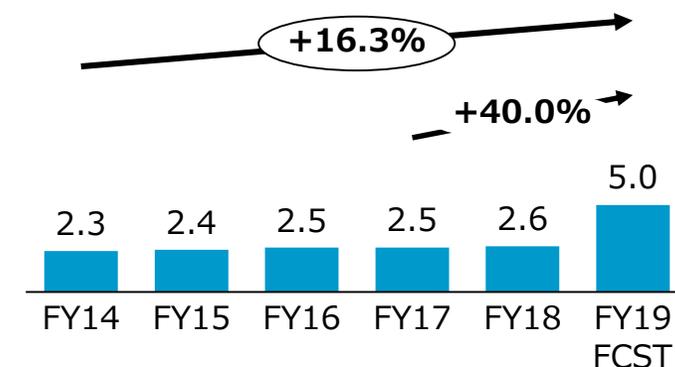
(JPY billions, CAGR)



【OTC】

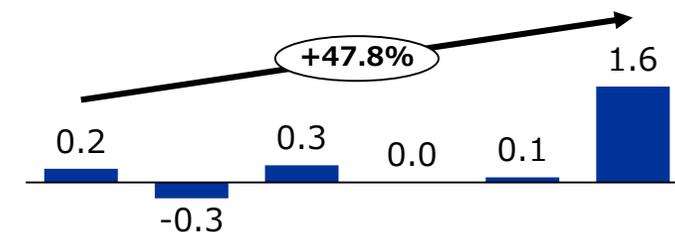
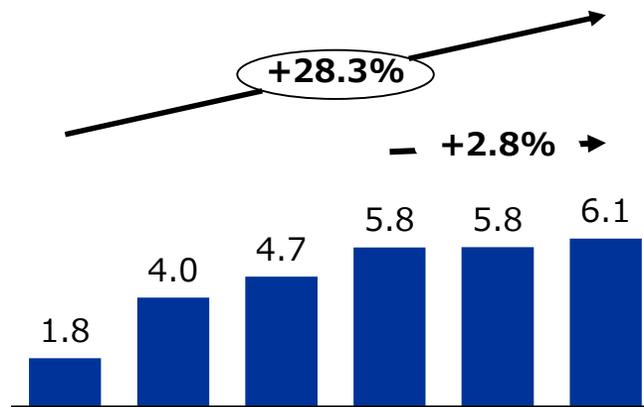
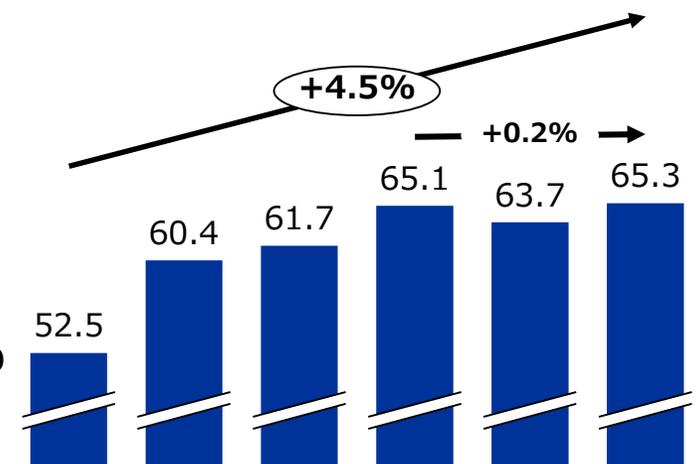


【Surgical】



Revenue

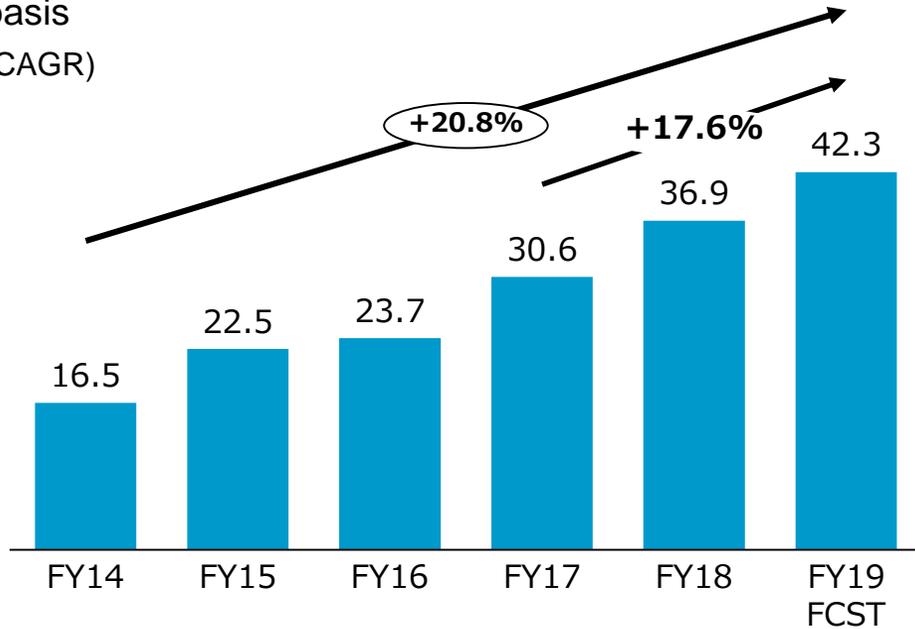
OP before R&D



Performance by Business (Asia)

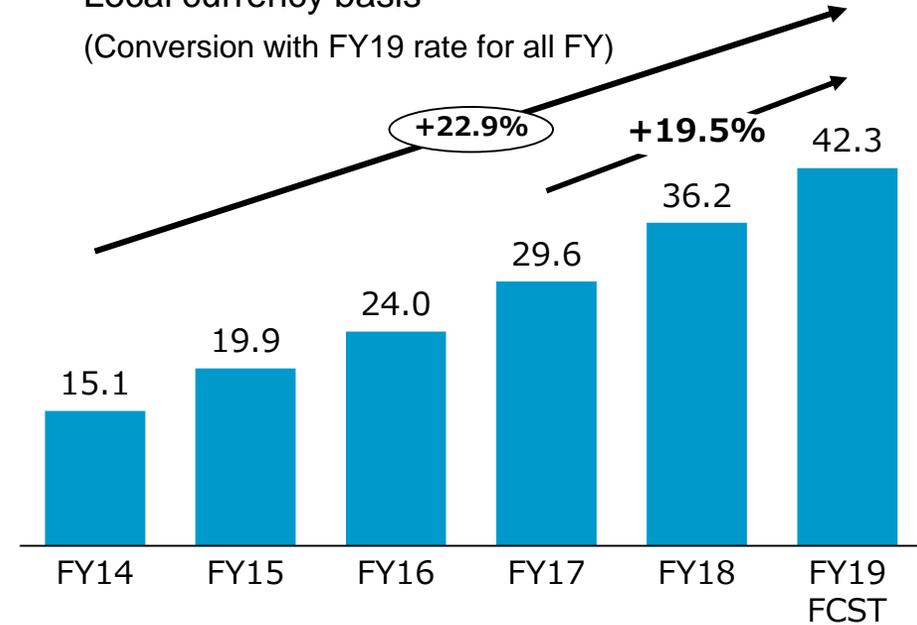
Japan yen basis
(JPY billions, CAGR)

Revenue

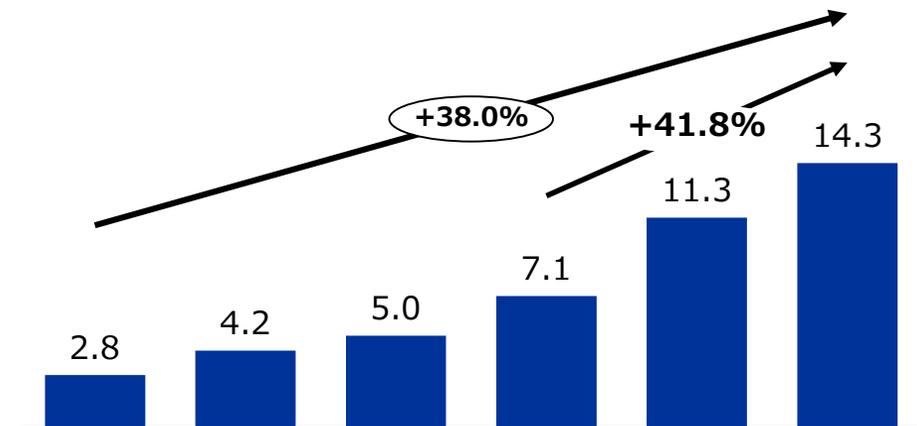
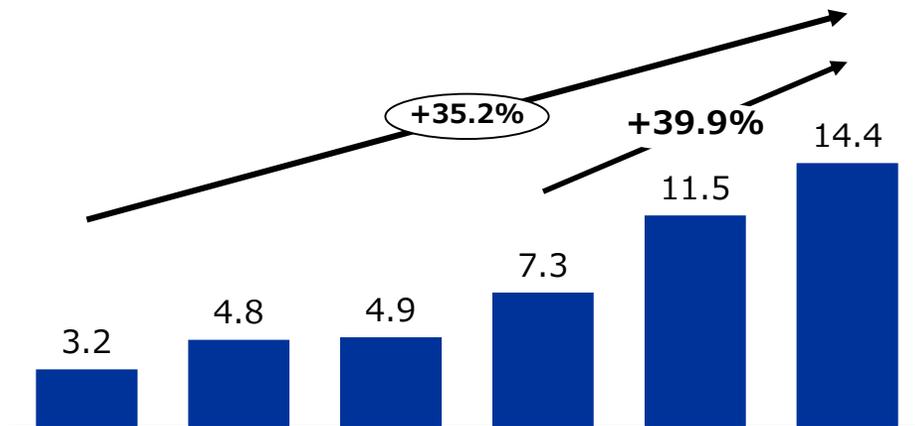


Local currency basis

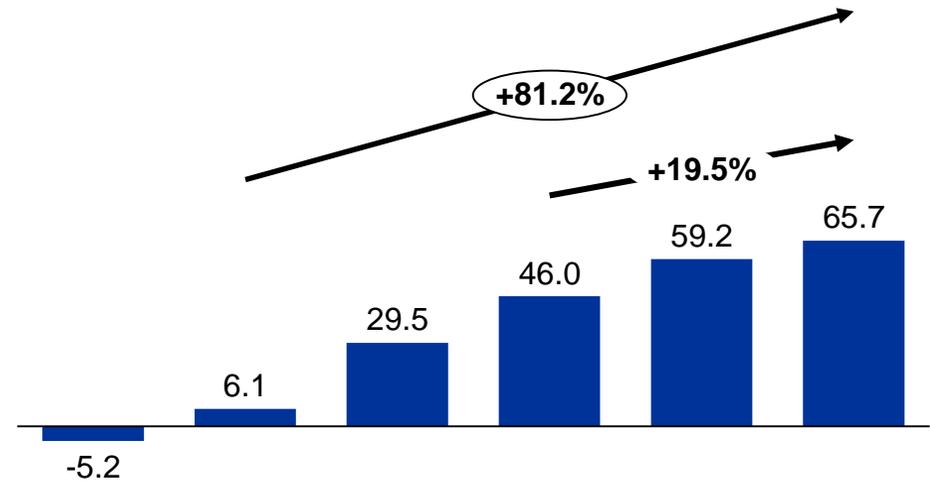
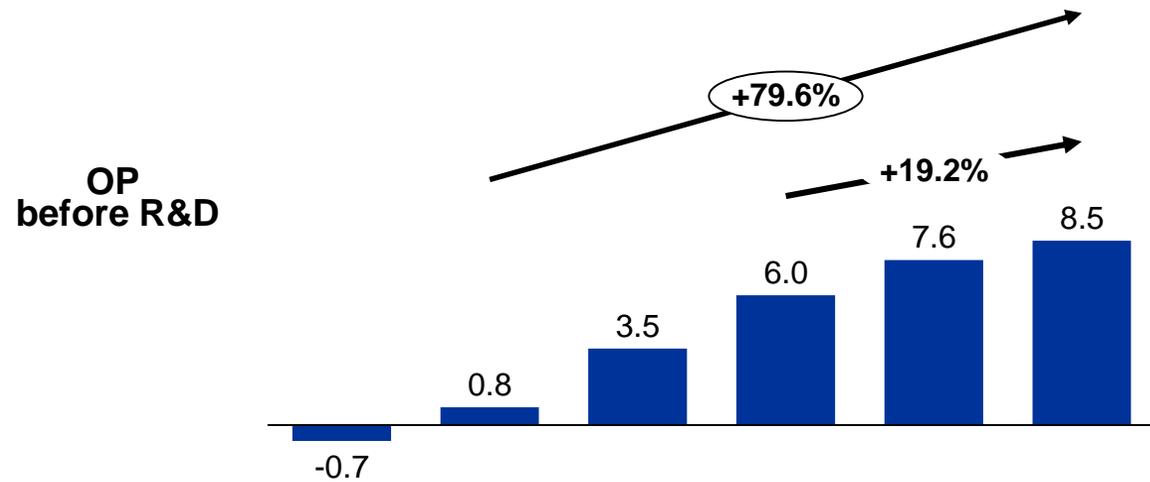
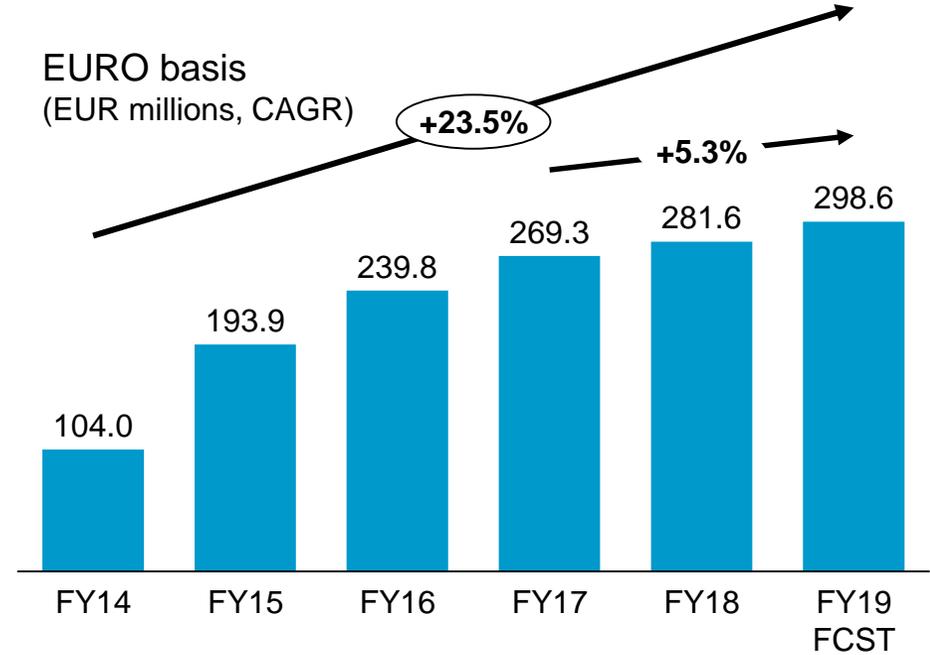
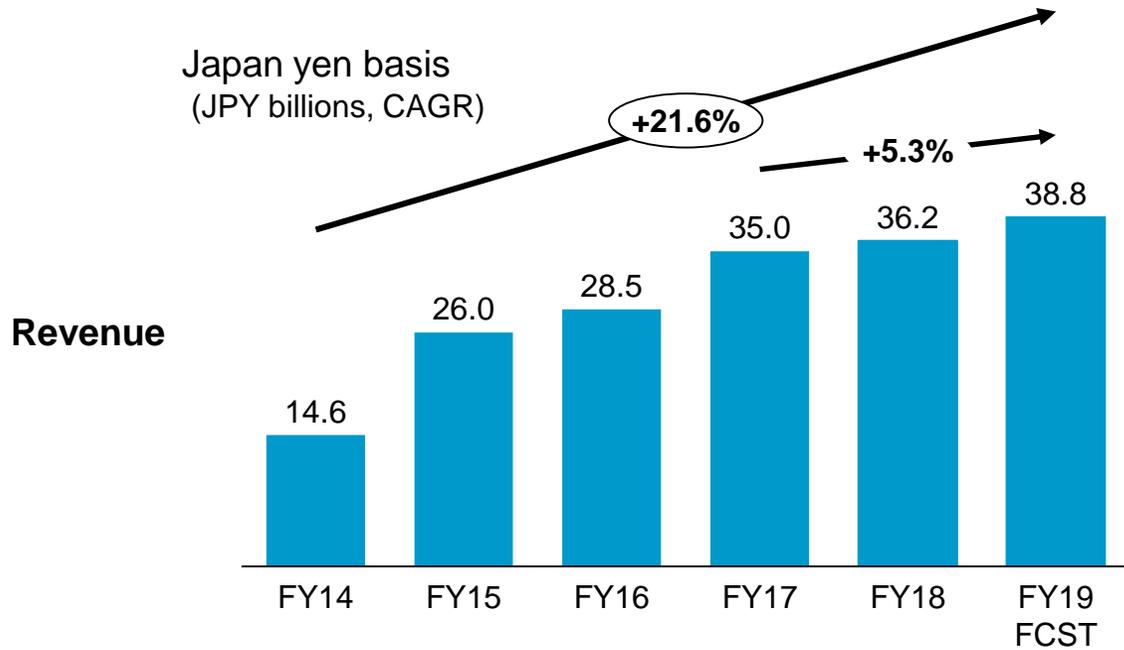
(Conversion with FY19 rate for all FY)



OP
before R&D



Performance by Business (EMEA)



FY2019 Dividend Forecast

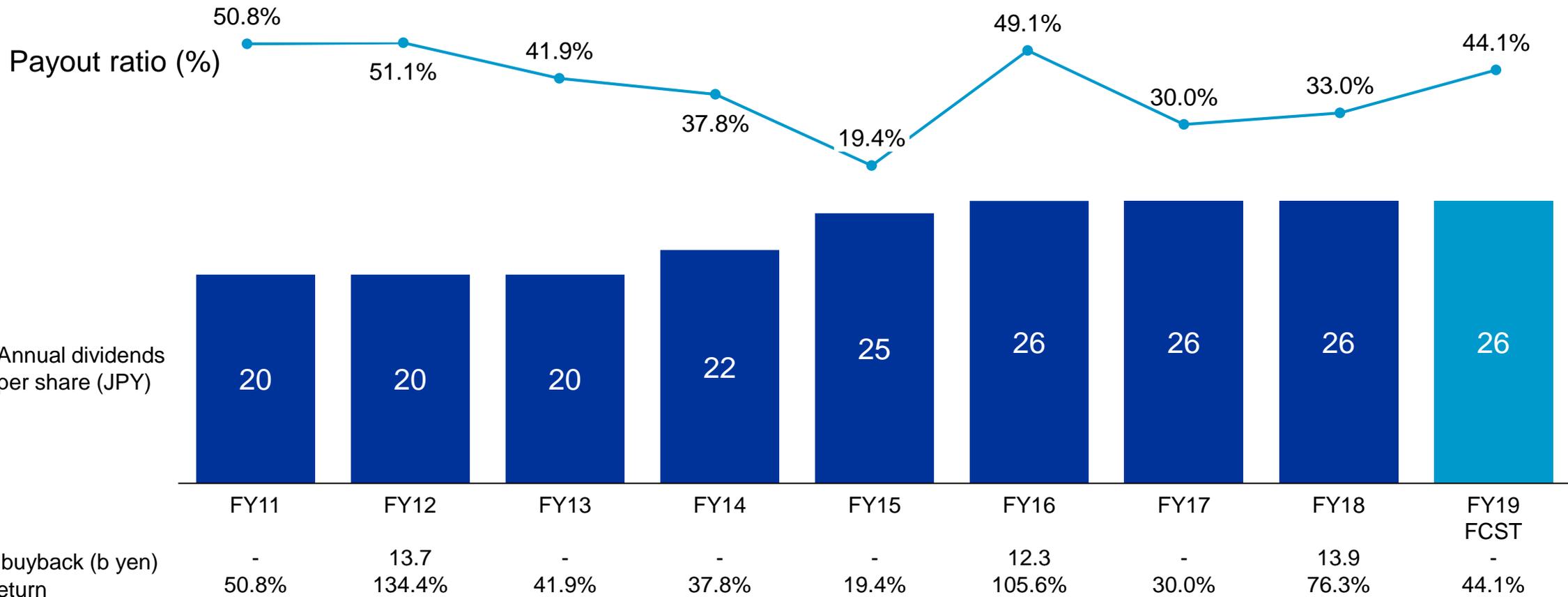
- Annual Dividends

FY2019 forecast: JPY 26 / share

- Stable and sustained return to shareholders

- Mid and Long term strategic investment for growth beyond 2020

→ Implementing shareholder returns policy to achieve the best balance between above two priorities considering dividends and total return



Fiscal Year	Share buyback (b yen)	Total return
FY11	-	50.8%
FY12	13.7	134.4%
FY13	-	41.9%
FY14	-	37.8%
FY15	-	19.4%
FY16	12.3	105.6%
FY17	-	30.0%
FY18	13.9	76.3%
FY19 FCST	-	44.1%

The company implemented a 5-for-1 stock split on April 1, 2015. Accordingly, the calculations of annual dividend per share have been adjusted in all periods for comparison purposes. J-GAAP standards used until FY13, IFRS applied from FY14.

Status of Research & Development



Naveed Shams, M.D., Ph.D.

Senior Corporate Officer

Chief Scientific Officer

Head of Global Research & Development

Pipeline / Product Development Status (1)

As of May 9, 2019
Updated information is underlined

	Indication	Region	Status
DE-111 <i>TAPCOM / TAPTIQOM</i> Combination of tafluprost and timolol maleate	Glaucoma / ocular hypertension	China	P3 <i>Plan: 1st half FY2020 P3 completion</i>
DE-117 <i>EYBELIS</i> EP2 receptor agonist	Glaucoma / ocular hypertension	US	P3 <i>Plan: Jan~Jun 2020 P3 completion</i>
		Japan	Launched
		Asia	<u>Filed (Apr 2019, including Korea)</u> <i>Plan: 1st half of FY2020 approval</i>
DE-126 FP/EP3 receptors dual agonist	Glaucoma / ocular hypertension	US	P2b
		Japan	
DE-128 <i>PRESERFLO MicroShunt</i>	Glaucoma	US	P2/3 <i>Plan: calendar 2019 PMA rolling submission completion, calendar 2020 launch</i>
		Europe	CE mark received
DE-130A Catioprost latanoprost	Glaucoma / ocular hypertension	Europe	<u>P3 started (Apr 2019)</u>
		Asia	<i>Plan: calendar 2021 P3 completion</i>

Pipeline / Product Development Status (2)

As of May 9, 2019

Updated information is underlined

	Indication	Region	Status
DE-109 IVT sirolimus	Uveitis	US	P3 <i>Plan: Jan~Jun 2021 P3 completion</i>
		Japan	P3
		Europe	P3
		Asia	Filed
DE-122 Anti-endoglin antibody	Wet age-related macular degeneration	US	P2a <i>Plan: 2nd half of FY2019 P2a completion</i>
DE-089 <i>Diquas</i>	Dry eye	China	Launched
DE-076C Vekacia / Verkazia ciclosporin	Vernal kerato-conjunctivitis	Europe	Launched
		Asia*	Filed, <i>Plan: Jul~Dec 2019 approval</i>
		Others	Approved, <i>Plan: calendar 2019 launch</i>
DE-114A epinastine HCl (high dose)	Allergic conjunctivitis	Japan	Filed <i>Plan: Jul~Dec 2019 approval</i>
DE-127 atropine sulfate	Myopia	Japan	<i>Plan: <u>1st half of FY2019 P2/3 start</u></i>
		Asia	P2 <i>Plan: 2nd half of FY2019 P2 completion</i>
MD-16 Intraocular lens	Cataract	Japan	<u>P3 completion (Mar 2019)</u> <i>Plan: <u>1st half of FY2019 submission</u></i>

*Product name *IKERVIS*

Appendix

FY2018 Profit and Loss Statement

(JPY billions)	FY2017		FY2018		YoY
	Actual	vs Revenue	Actual	vs Revenue	
Revenue	224.9		234.0		4.0%
COGS	-86.4	-38.4%	-90.8	-38.8%	5.1%
Gross profit	138.6	61.6%	143.3	61.2%	3.4%
SGA expenses	-68.8	-30.6%	-71.3	-30.5%	3.6%
R&D expenses	-24.4	-10.8%	-23.8	-10.2%	-2.6%
Amortization on intangible assets associated with products	-6.7	-3.0%	-7.0	-3.0%	3.7%
Other income	0.4	0.2%	4.0	1.7%	865.3%
Other expenses	-0.4	-0.2%	-0.2	-0.1%	-52.7%
Operating profit (IFRS)	38.7	17.2%	45.1	19.3%	16.6%
Finance income	1.0	0.4%	0.9	0.4%	-10.3%
Finance expenses	-0.4	-0.2%	-2.9	-1.2%	563.5%
Profit before tax	39.3	17.5%	43.1	18.4%	9.8%
Income tax expenses	-4.0	-1.8%	-11.2	-4.8%	179.4%
<i>Actual tax ratio</i>	<i>10.2%</i>		<i>25.9%</i>		<i>15.7pt</i>
Net profit (IFRS)	35.3	15.7%	31.9	13.6%	-9.4%
Core operating profit	45.4	20.2%	48.2	20.6%	6.3%
Core net profit	33.5	14.9%	36.1	15.4%	7.9%

Gain on sale of former HQ / Osaka plant site

Due to the yearly re-evaluation of non-current liability from the acquisition of InnFocus

Due to a significant reduction in income tax expense for the previous fiscal year associated with a reduction in the US corporate tax rate at the end of 2017 and the deferred tax liabilities recognized as a result of the acquisition of InnFocus, Inc.

FY2019 Profit and Loss Statement Forecast

(JPY billions)	FY2018		FY2019		
	Actual	vs Revenue	Forecast	vs Revenue	YoY
Revenue	234.0		248.0		6.0%
COGS	-90.8	-38.8%	-95.0	-38.3%	4.7%
Gross profit	143.3	61.2%	153.0	61.7%	6.8%
SGA expenses	-71.3	-30.5%	-74.0	-29.8%	3.8%
R&D expenses	-23.8	-10.2%	-28.0	-11.3%	17.9%
Amortization on intangible assets associated with products	-7.0	-3.0%	-9.9	-4.0%	41.1%
Other income	4.0	1.7%	0.9	0.4%	-77.3%
Other expenses	-0.2	-0.1%	-7.6	-3.0%	4287.5%
Operating profit (IFRS)	45.1	19.3%	34.5	13.9%	-23.5%
Finance income	0.9	0.4%	0.8	0.3%	-6.8%
Finance expenses	-2.9	-1.2%	-1.0	-0.4%	-63.9%
Profit before tax	43.1	18.4%	34.3	13.8%	-20.4%
Income tax expenses	-11.2	-4.8%	-11.1	-4.5%	-0.7%
<i>Actual tax ratio</i>	25.9%		32.4%		6.4pt
Net profit (IFRS)	31.9	13.6%	23.2	9.4%	-27.4%
Core operating profit	48.2	20.6%	51.0	20.6%	5.7%
Core net profit	36.1	15.4%	37.7	15.2%	4.5%

Starting amortization of intangible assets on PRESERFLO MicroShunt

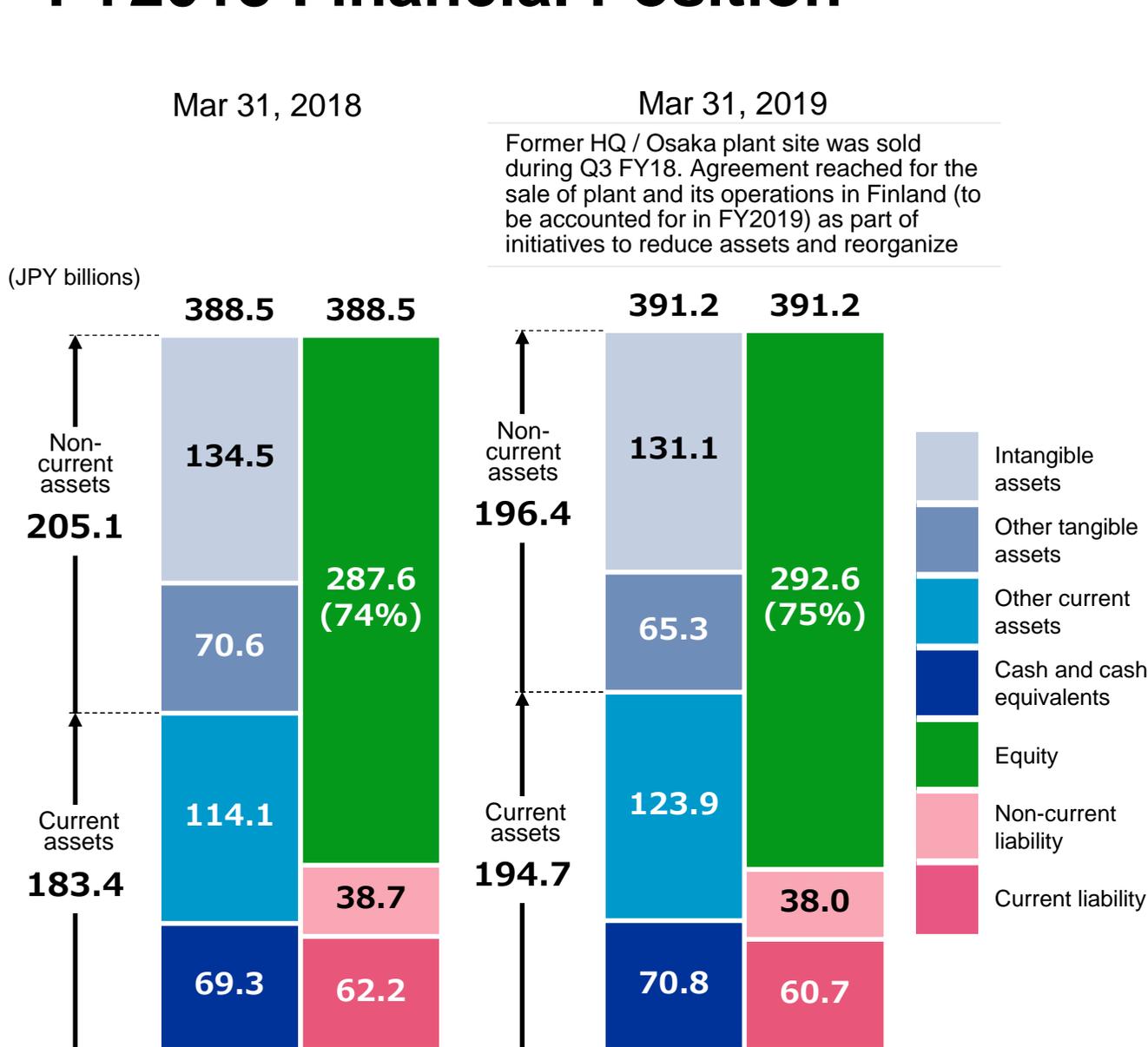
Due to the increase of the fair value of contingent payment on InnFocus acquisition (milestone would be paid on the progress of DE-128 status during FY2019)

Tax effect cannot be recognized on the expense from the change in the fair value of contingent payment (described above), income tax expense would not be reduced, resulting in an increase in actual tax ratio

FY2017, FY2018, FY2019 (Forecast) Profit and Loss Statement

(JPY billions)	FY2017		FY2018			FY2019		
	Actual	vs Revenue	Actual	vs Revenue	YoY	Forecast	vs Revenue	YoY
Revenue	224.9		234.0		4.0%	248.0		6.0%
COGS	-86.4	-38.4%	-90.8	-38.8%	5.1%	-95.0	-38.3%	4.7%
Gross profit	138.6	61.6%	143.3	61.2%	3.4%	153.0	61.7%	6.8%
SGA expenses	-68.8	-30.6%	-71.3	-30.5%	3.6%	-74.0	-29.8%	3.8%
R&D expenses	-24.4	-10.8%	-23.8	-10.2%	-2.6%	-28.0	-11.3%	17.9%
Amortization on intangible assets associated with products	-6.7	-3.0%	-7.0	-3.0%	3.7%	-9.9	-4.0%	41.1%
Other income	0.4	0.2%	4.0	1.7%	865.3%	0.9	0.4%	-77.3%
Other expenses	-0.4	-0.2%	-0.2	-0.1%	-52.7%	-7.6	-3.0%	4287.5%
Operating profit (IFRS)	38.7	17.2%	45.1	19.3%	16.6%	34.5	13.9%	-23.5%
Finance income	1.0	0.4%	0.9	0.4%	-10.3%	0.8	0.3%	-6.8%
Finance expenses	-0.4	-0.2%	-2.9	-1.2%	563.5%	-1.0	-0.4%	-63.9%
Profit before tax	39.3	17.5%	43.1	18.4%	9.8%	34.3	13.8%	-20.4%
Income tax expenses	-4.0	-1.8%	-11.2	-4.8%	179.4%	-11.1	-4.5%	-0.7%
<i>Actual tax ratio</i>	<i>10.2%</i>		<i>25.9%</i>		<i>15.7pt</i>	<i>32.4%</i>		<i>6.4pt</i>
Net profit (IFRS)	35.3	15.7%	31.9	13.6%	-9.4%	23.2	9.4%	-27.4%
Core operating profit	45.4	20.2%	48.2	20.6%	6.3%	51.0	20.6%	5.7%
Core net profit	33.5	14.9%	36.1	15.4%	7.9%	37.7	15.2%	4.5%

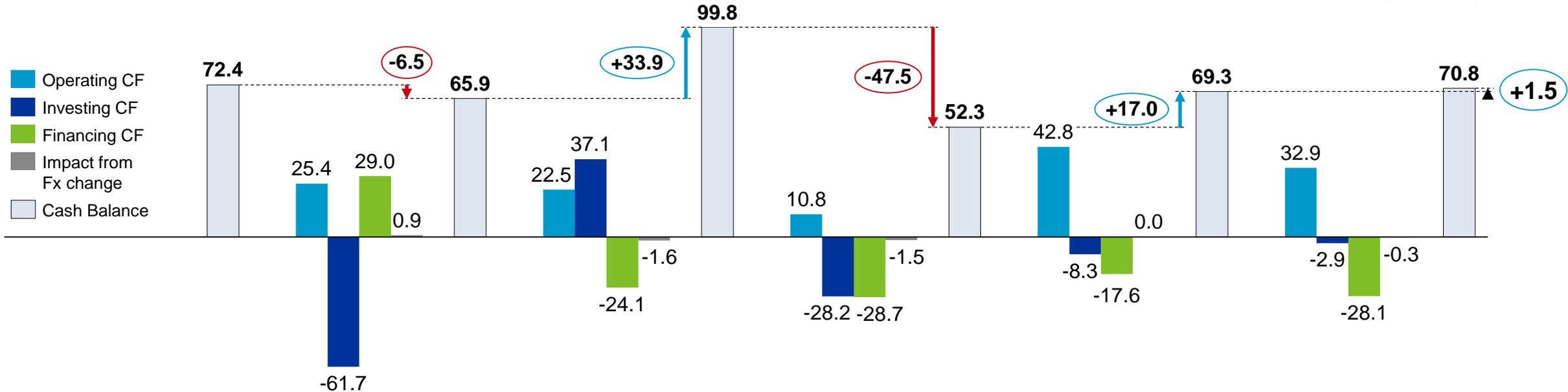
FY2018 Financial Position



	March 31, 2018	Mar 31, 2019	Change
Non-current assets	205.1	196.4	-8.7
Property, plant and equipment	29.7	31.7	2.0
Intangible assets	134.5	131.1	-3.4
Financial assets	35.8	30.0	-5.7
Deferred tax assets	2.3	1.8	-0.5
Other	2.9	1.8	-1.0
Current assets	183.4	194.7	11.4
Inventories	30.6	35.2	4.6
Trade and other receivables	78.7	84.6	6.0
Cash and cash equivalents	69.3	70.8	1.5
Other	4.8	4.1	-0.7
Equity	287.6	292.6	5.0
Non-current liabilities	38.7	38.0	-0.8
Financial liabilities	3.5	3.6	0.1
Deferred tax liabilities	12.9	9.4	-3.5
Other	22.3	25.0	2.7
Current liabilities	62.2	60.7	-1.5
Trade and other liabilities	29.7	32.1	2.3
Other financial liabilities	14.4	12.1	-2.3
Income tax payable	7.7	7.2	-0.5
Other	10.4	9.3	-1.1

Cash Flow Changes

(JPY billions)



2013

2014

2015

2016

2017

2018

-Increase of investing activity cash-out due to the acquisition of MSD products
 -Increase of financing activity cash-in due to long term debt for the MSD product acquisition

-Operating cash expenses increased on pension contributions reducing retirement benefit liabilities (cash flow from operating activities lower YoY)
 -Revenue from investment activities increased due to the transfer of anti-RA business
 -Expenditure on financing activities increased due to partial repayment of long-term borrowings

-Expenditures on operating activities increased due to income tax payments on gains on the transfer of anti-RA business in fiscal 2015 (Decrease in operating cash flow YoY)
 -Investing activities cash outflow increased on InnFocus acquisition
 -Expenditure on financing activities increased due to share repurchase and repayment of long-term borrowings

-Operating CF increased due to the increase of net profit after tax
 -Each CF increased since there were no items in FY2017 such as income tax payments on gains on the business transfer, Acquisition, share repurchase in FY2016.

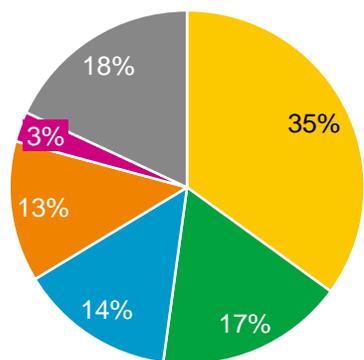
-Operating CF decreased due to the decrease of net profit after tax and increase of tax payment
 -Investing CF increased from the gain on the sale of former HQ /Osaka plant site
 -Financing CF decreased due to the share buyback

FY2018 Segment Revenue

Segment Revenue												
	Japan				Overseas				Total			
(JPY billions)	FY2017 Actual	FY2018 Actual	YoY	FY2019 Forecast	FY2017 Actual	FY2018 Actual	YoY	FY2019 Forecast	FY2017 Actual	FY2018 Actual	YoY	FY2019 Forecast
Pharmaceuticals	158.7	160.5	1.1%	166.1	66.3	73.6	11.0%	81.9	224.9	234.0	4.0%	248.0
Prescription	141.1	143.0	1.3%	144.5	65.9	73.1	10.9%	80.9	207.0	216.0	4.4%	225.4
Ophthalmic	140.4	142.6	1.5%	144.1	65.5	72.7	11.1%	80.7	205.9	215.3	4.6%	224.8
Others	0.7	0.4	-43.6%	0.4	0.4	0.4	-19.4%	0.2	1.1	0.7	-33.8%	0.6
OTC	14.3	13.9	-2.6%	14.7	0.3	0.3	-0.1%	0.4	14.6	14.2	-2.5%	15.1
Medical devices	2.5	2.6	2.9%	5.0	0.1	0.1	95.7%	0.5	2.6	2.7	4.9%	5.4
Others	0.8	1.0	28.9%	1.9	0.0	0.1	121.0%	0.1	0.8	1.1	33.5%	2.0
Sales ratio	70.5%	68.6%		67.0%	29.5%	31.4%		33.0%				

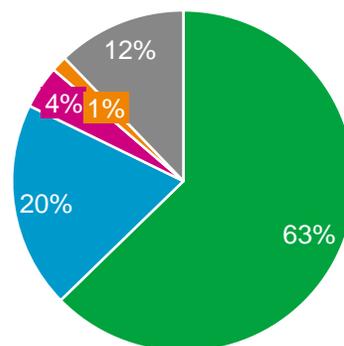
Revenue by Business (Graph) / FY2018

Japan



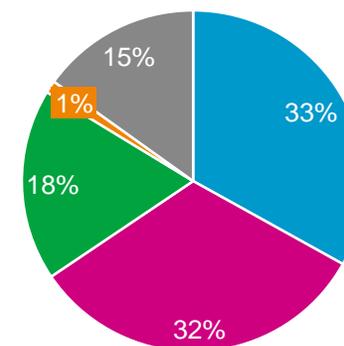
(JPY billions)	
Eylea* ¹	56.2
Alesion	19.4
Diquas	13.9
Others	70.9
Total	160.5

EMEA



(JPY billions)	
Cosopt	9.4
Tapros	6.4
Ikervis	2.9
Others	17.5
Total	36.2

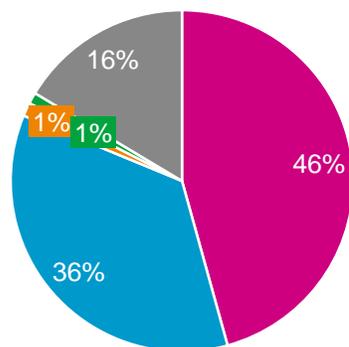
ASIA



(JPY billions)	
Cravit	10.4
Hyalein	10.1
Cosopt	3.7
Others	12.7
Total	36.9

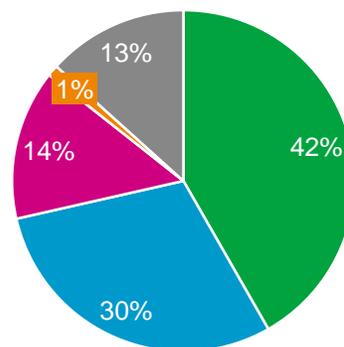
Eylea*: Co-promoted product of Bayer Yakuhin, Ltd. (MAH)

China



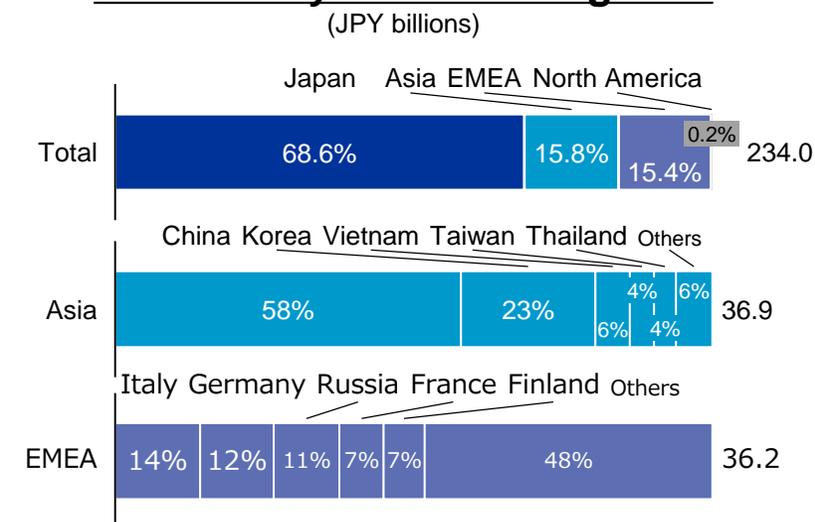
(JPY billions)	
Cravit	8.9
Hyalein	7.6
Flumetholon	1.2
Others	3.7
Total	21.4

Asia (Ex. China)



(JPY billions)	
Cosopt	3.7
Hyalein	2.6
Tapros	1.9
Others	7.4
Total	15.5

Revenue by business segment



■ Intravitreal VEGF inhibitor
 ■ Glaucoma
 ■ Dry eye
 ■ Allergy
 ■ Bacterial conjunctivitis
 ■ Others

Capital Expenditures / Depreciation & Amortization

(JPY billions)	FY2017		FY2018		FY2019	
	Actual	YoY	Actual	YoY	Forecast	YoY
Capital expenditures	5.4	4.4%	7.2	32.6%	10.0	38.5%
Depreciation and amortization*	4.2	19.7%	4.0	-4.2%	4.8	19.6%
Amortization on intangible assets associated with products	6.7	5.1%	7.0	3.7%	9.9	41.7%
Intangible assets -Merck products	5.6	4.4%	5.8	3.9%	5.8	0.0%
Intangible assets -PRESERFLO MicroShunt	-	-	-	-	2.8	-
Intangible assets -Ikervis	0.7	9.2%	0.7	-1.2%	0.7	1.8%

*Excludes amortization on intangible assets associated with products and long-term prepaid expenses

Prescription Ophthalmic Market in Japan

JPY billions	FY2017					FY2018						
	Santen*		Market		Santen market share*		Santen*		Market		Santen market share*	
	Value	Change (YoY)	Value	Change (YoY)			Value	Change (YoY)	Value	Change (YoY)		
Total	167.9	6.7%	363.3	5.1%	46.2%	No.1	172.6	2.8%	365.2	0.5%	47.3%	No.1
Glaucoma	35.9	-2.4%	114.9	0.5%	31.2%	No.1	33.1	-7.8%	109.8	-4.4%	30.1%	No.1
Anti-VEGF	61.2	13.5%	85.3	14.5%	71.8%	No.1	67.5	10.3%	93.6	9.8%	72.1%	No.1
Corneal/dry eye	29.0	1.7%	46.6	2.5%	62.2%	No.1	28.1	-3.2%	45.7	-2.1%	61.5%	No.1
Allergy	20.5	26.7%	42.9	13.5%	47.9%	No.1	24.7	20.3%	47.3	10.3%	52.2%	No.1
Anti-infection	5.6	-13.4%	13.9	-4.7%	40.0%	No.1	4.4	-20.4%	12.6	-9.4%	35.1%	No.1

*Including co-promoted product (Anti-VEGF *Eylea*) of Bayer Yakuhin, Ltd. (MAH)

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Agreement with Glaukos for Exclusive Distribution of PRESERFLO MicroShunt (DE-128) in U.S.


U.S. market entry strategy

- 
- Maximize the value of each differentiated product through tailored strategy
 - Achieve profit at earliest timing

GLAUKOS[®]

PRESERFLO MicroShunt



- High surgical glaucoma expertise
- Strong presence in US

- Aiming for leading efficacy and greater safety compared to existing surgical methods



- Upon approval, provide PRESERFLO MicroShunt to more patients in the most timely way possible
- Shorten the start-up period / minimize U.S. entry costs

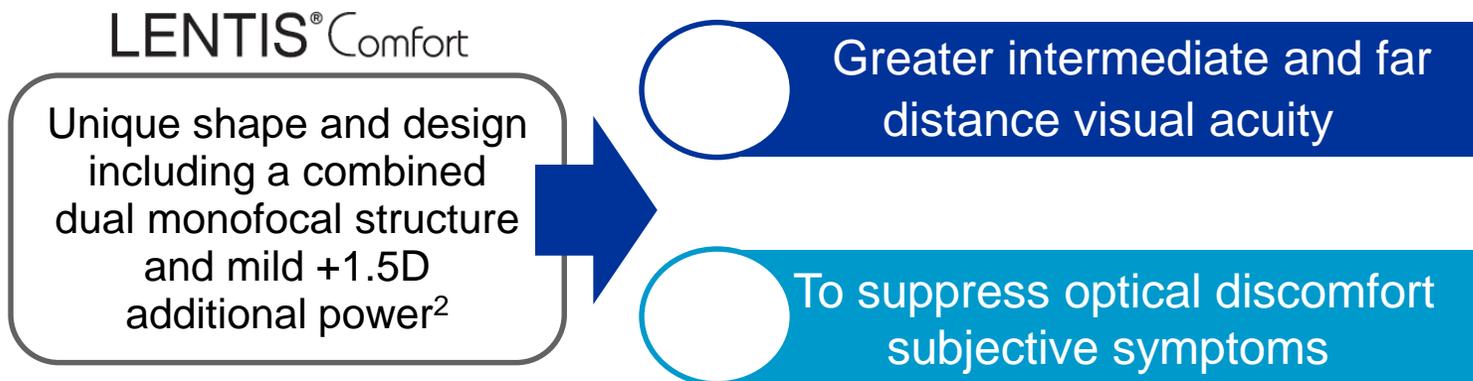
- Agreement with Glaukos for exclusive distribution is solely for the U.S.
- Santen to gain a foothold in U.S. market and build experience in areas including marketing, manufacture, quality and safety controls, regulatory activities and post-approval marketing requirements for PRESERFLO MicroShunt. Such experience can be leveraged in future with other pipeline projects.

Launched LENTIS[®] Comfort in Japan

*Pipeline: MD-16 (toric lens)

A low-add segmental intraocular lens and 1st covered by the Japanese national health insurance system
To provide patients with more comfortable visual acuity compared to monofocal lenses

(90% of intraocular lens market in Japan (unit base), excluding toric lens¹)



- Existing monofocal lens
Limited focus range → good vision is limited to near or far distance
- **LENTIS Comfort**
Expected greater intermediate and far distance visual acuity with a wide focus range³
Halo / glare temporal changes
98.3% of the patients 52 weeks after the surgery scored halos / glare subjective symptoms as “No subjective symptoms” or “Sometimes noticing subjective symptoms, however no impact on daily life”³

Halo / glare
Unwanted visual images surrounding light sources in low-light situations that interferes with vision



Above images are simulations

1) Santen internal data 2) an added power in diopter to focus on near objects (equivalent to the difference between an diopter for near distance and far distance 3) Clinical trial summary reports version 2.1 of MD-15 intraocular lens Phase 3, open label study for aphakic eyes after cataract surgery

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 condition 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 Pharmaceutical 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.
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Santen

A Clear Vision For Life™