



Santen Report 2025

Year ended March 31, 2025



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”

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

Our Vision

Happiness with Vision

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

Our Guiding Principle and Values

We will base all our actions and decisions on Our Guiding Principle and Values to contribute to patients and society, and to achieve sound and sustainable company development.

We carefully consider what is essential in each situation, determine what we should do, and act quickly.

Guiding Principle

Values

Santen

Patient
Centricity

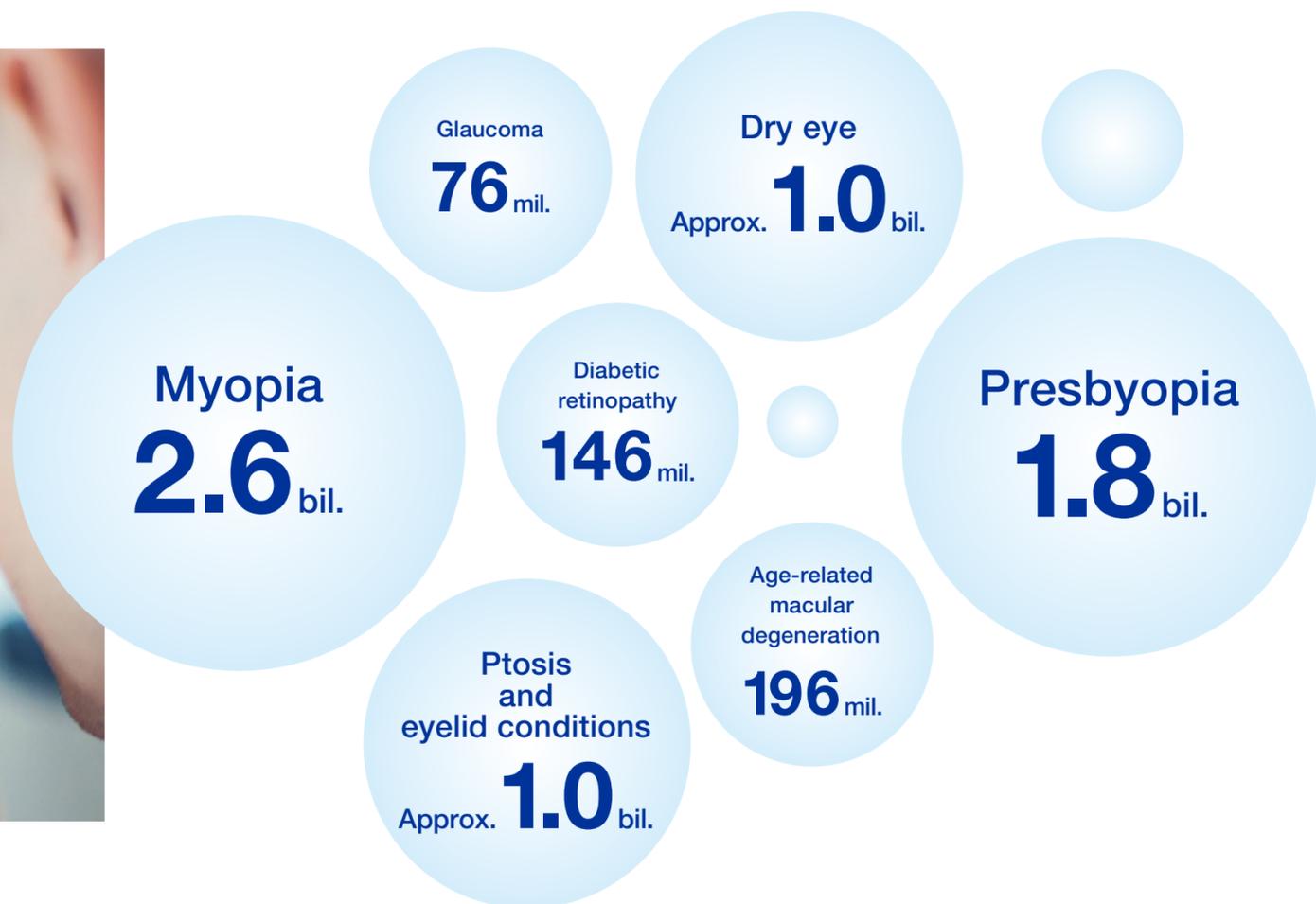
Achieve
Together

Integrity
and Trust

Continuous
Advancement



Number of People Affected Worldwide



Source: Myopia, glaucoma, age-related macular degeneration, diabetic retinopathy, presbyopia: WHO, *World report on vision*/Ptosis and eyelid conditions, dry eye: Estimated by Santen.

Santen at a Glance

Since its founding in 1890, Santen has contributed to patients and their loved ones. As a company specialized in ophthalmology with an established global presence, Santen will continue to support people's eye health and contribute to patients with eye problems worldwide.

135-year
history

Market share in Japan,¹
China,² Asia³
No. 1

Market share
in Japan¹
51%

Ratio of sales from
prescription
pharmaceuticals (Rx)
92%

Countries/
Regions
Over 60

Overseas business
sales ratio
44%

Annual production
volume⁴
400 mil. units



¹ Source: Copyright © 2025 IQVIA. JPM 2024.4-2025.3, Santen analysis based on IQVIA data. Reprinted with permission.

² Excluding retinal segment. Source: Copyright © 2025 IQVIA. IQVIA MIDAS 2024.Q1-2024.Q4, Santen analysis based on IQVIA data. Reprinted with permission.

³ Excluding retinal segment. Countries and regions included: South Korea, Vietnam, Thailand, Philippines, Indonesia, Malaysia, Singapore, Taiwan, Hong Kong and Australia.

⁴ Source: Copyright © 2025 IQVIA. IQVIA MIDAS 2024.Q1-2024.Q4, Santen analysis based on IQVIA data. Reprinted with permission.

⁴ Actual production at Santen plants. Single-dose containers are aggregated by counting 10 single-dose containers as 1 bottle, otherwise actual number of bottles produced.
Note: Where not specified, all other data is as of March 31, 2025.

Contents

01 Introduction

As a company specialized in ophthalmology, Santen aspires to realize “Happiness with Vision” by providing valuable products and services to patients, consumers, and medical professionals around the world. Bringing together diverse talent, we do our utmost to realize a society that offers the Happiest Life for every individual, through the Best Vision Experience.

- 1 Santen’s Values
- 2 Number of People Affected Worldwide / Santen at a Glance
- 3 Contents
- 4 Dialogue with Shareholders and Investors
- 5 Santen’s History
- 6 Value Creation Process

02 Strategies and Initiatives for Sustainable Value Creation and Growth

As a global pharmaceutical company specialized in ophthalmology, Santen will leverage its strengths in product creation and maximization of product value to further enhance Santen Commercial Excellence—the expression of our unique organizational capabilities—and thereby address unmet needs in ophthalmology and deliver optimal eye care treatments to even more people. Underpinning this is value creation rooted in our Core Principle. We will achieve sustainable growth and contribute to society, based on our medium- to long-term strategies for achieving our Vision.

- 7 CEO’s Message
- 11 FY2025-2029 Medium-Term Management Plan
- 16 Materiality
- 19 CFO’s Message
- 23 COO’s Message
- 25 Regional Strategies
- 30 Creating Prescription Eye Drop Markets for Myopia and Ptosis
- 32 Strengthening the Rx Portfolio and Pipeline to Support Medium- to Long-Term Growth
- 34 Updating Santen’s Corporate Philosophy Framework and Clarifying the Basis for Employees’ Actions and Decision-Making
- 37 Human Capital Strategy
- 40 Conservation of the Global Environment

03 The Foundations Supporting Value Creation

A key to realizing sustainable value creation is a sound and transparent governance system. We will respond flexibly to the changing business environment while fulfilling our social responsibilities as we work to build the business foundations necessary for sustainable growth.

- 43 Corporate Governance
- 51 Risk Management
- 52 Corporate Executives

04 Performance and Key Metrics

- 54 Financial Highlights
- 55 Non-Financial Highlights
- 57 MD&A
- 60 Eleven-Year Summary of Selected Financial Data
- 62 Ophthalmology Market Data
- 63 Corporate Information / Stock Information
- 65 Editorial Note

Santen Report 2025

[Introduction](#)

3 [Contents](#)

Dialogue with Shareholders and Investors

We proactively exchange opinions with institutional investors and analysts in Japan and overseas through events such as financial results presentations, one-on-one meetings, and conferences. Our aim is to deepen their understanding of our management, business, and ESG initiatives. In fiscal 2024, we created approximately 350 occasions for dialogue, including IR meetings with top management and IR staff, as well as SR and other ESG-related meetings, leading to improvements in the quality of our management. Below are some of the questions and opinions we receive most frequently during these exchanges. Click on the page links for content relating to these questions and opinions in this report. Corresponding pages¹ are denoted by the letter **Q** in the upper right corner.

Santen Report 2025

Introduction

4 Dialogue with Shareholders and Investors

Category	Question/Opinion	Corresponding Pages in <i>Santen Report 2025</i>
Management	Q1 What are Santen's strengths and values? What are its strategies for medium- to long-term growth?	<ul style="list-style-type: none"> → CEO's Message (Pages 7–10) → FY2025-2029 Medium-Term Management Plan (Pages 11–15) → Materiality (Pages 16–18) → Updating Santen's Corporate Philosophy Framework and Clarifying the Basis for Employees' Actions and Decision-Making (Pages 34–36)
	Q2 Santen acquired assets related to pterygium and uveitic macular edema. We would like to understand your business development targets and strategic approach.	→ Strengthening the Rx Portfolio and Pipeline to Support Medium- to Long-Term Growth (Pages 32–33)
	Q3 It is apparent that Santen has adopted a proactive stance on conducting share repurchases. What are your policies for capital allocation, balancing investments for growth, and shareholder returns?	→ CFO's Message (Page 22)
Business/ R&D	Q4 Given the expected impacts of co-pay hikes on certain long-listed products (the "sentei-ryoyo" system that came into effect in October 2024) and the market entry of generics competing against mainstay products, what are the strengths of and future outlook for the Japan business?	→ Regional Strategy (Pages 25–26)
	Q5 Given the increasing importance of Santen's overseas businesses, what is the Company's current positioning and where are the future growth opportunities?	→ Regional Strategy (Pages 25, 27–29)
	Q6 What specifically constitutes Santen Commercial Excellence?	<ul style="list-style-type: none"> → CEO's Message (Page 8) → FY2025-2029 Medium-Term Management Plan (Page 12) → COO's Message (Pages 23–24)
	Q7 What is the market potential in the myopia and ptosis areas, which are expected to be growth drivers from fiscal 2026 onward?	→ Creating Prescription Eye Drop Markets for Myopia and Ptosis (Pages 30–31)
	Q8 Where can we find basic information, such as data on the ophthalmic market, major disease areas, and patient numbers, that will allow us to evaluate Santen's growth potential?	<ul style="list-style-type: none"> → Number of People Affected Worldwide (Page 2) → Creating Prescription Eye Drop Markets for Myopia and Ptosis (Pages 30–31) → Ophthalmology Market Data (Page 62)
Sustainability	Q9 What issues and themes are discussed at Board of Directors meetings?	→ Corporate Governance (Pages 43–47)
	Q10 Has there been any discussion about the composition and skill matrix of the Board of Directors, including Outside Directors?	→ Corporate Governance (Page 46)
	Q11 What are the initiatives and focus points with regard to human capital, and talent linked to the implementation of management strategies?	<ul style="list-style-type: none"> → Updating Santen's Corporate Philosophy Framework and Clarifying the Basis for Employees' Actions and Decision-Making (Pages 34–36) → Human Capital Strategy (Pages 37–39)
	Q12 Is Santen conducting any distinctive initiatives for environmental conservation?	→ Conservation of the Global Environment (Pages 40–42)

¹ The first page when content spans multiple pages.

Santen's History

Since our founding in Osaka in 1890, we have continuously evolved our focus and specialization in the field of eye health, driving creativity and innovation to meet the unmet needs of people and society.

Establishment – Laying the Foundation

1890 – 1989

1890

Santen's new challenge begins with the aim of contributing to people's health

Santen's origins date back to 1890, when Kenkichi Taguchi opened Taguchi Santendo. *Heburin-gan*, a cold medication, was its main product at the time. In the late 19th century, many people in Japan suffered from eye disorders, and demand for eye drops was high. The Company launched *Daigaku Eye Drops* in 1899 and the product's popularity spread nationwide. From that point, Santen began taking on the challenge of contributing to eye health.



1950s

Pursuing a strategy centered on eye drops, and expanding into prescription pharmaceuticals



Due to difficulties encountered from aerial bombings during World War II, Santen shifted its business strategy focusing on eye drops. In 1958, Santen entered the prescription pharmaceutical business and in 1962 launched *Mydrin-P*, which promotes mydriasis, or dilation of the pupil. This groundbreaking eye drop used in ophthalmic surgery and diagnosis contributed significantly to the development of ophthalmology in Japan. Thereafter, product launches including innovative anti-infective eye drops and glaucoma treatments laid the foundation to support ophthalmic treatment in Japan.

Growth

1990 – 2009

1990s

Strengthening the global production system toward internationalization and entering the European market

Upon its centennial in 1990, Santen embarked on a new growth stage with the announcement of a long-term vision to contribute to society with the best products and services focusing on the eye and health. In addition to business growth in Japan on the back of an expanding product lineup, and the completion of the Shiga Plant, Santen entered the European market and emphasized aggressive business development to contribute to patients around the world.



2000s



Expanding solutions and building a business foundation in Asia

Santen focused on meeting the needs of more people by providing a wide range of treatment options including intraocular lenses and supplements in addition to ophthalmic solutions for eye diseases. At the same time, the Company worked to build a business foundation in Asia, which included building a direct sales network in China as well as completing its Suzhou Plant, and establishing a Group company in South Korea.

2010s

Rapidly accelerating globalization to contribute to eye health worldwide

Aiming to become a specialized pharmaceutical company with a global presence as its long-term vision up to 2020, Santen rapidly accelerated its globalization, centered on China, Asia, and EMEA (Europe, Middle East and Africa). In 2015, Santen sold its anti-rheumatic pharmaceuticals business to AYUMI Pharmaceutical Corporation to specialize in ophthalmology and concentrate its management resources in the field.

Transformation

2010 and beyond

2020s

Realizing Happiness with Vision

To help individuals around the world achieve the happiest lives possible through the Best Vision Experience, Santen continues to pursue global initiatives that combine internal expertise with external partnerships and M&A. These efforts aim to deliver truly valuable products and services across the globe.

In 2025, we updated our Corporate Philosophy Framework and set out what Santen aspires to be in 2035. Moving forward, we aspire to be a leading ophthalmology company that earns the trust of patients and the ophthalmic community worldwide.



- Introduction
- 1 Business Overview
- 2 Financial Performance
- 3 Business Strategy
- 4 Business Performance
- 5 Santen's History
- 6 Environmental and Social Initiatives
- 7 Governance
- 8 Appendix

Value Creation Process

With over 130 years of history, Santen is a pharmaceutical company dedicated to ophthalmology. We strive to enhance corporate value by leveraging both financial and non-financial capital accumulated over time. Based on our Core Principle, *Tenki ni sanyo suru* (exploring the secrets and mechanisms of nature in order to contribute to people's health), we will contribute to the sustainable development of society, aspiring to be a leading ophthalmology company that earns the trust of patients and the ophthalmic community worldwide.



¹ As of the end of March 2025 ² Fiscal 2024 result ³ Source: Copyright © 2025 IQVIA. JPM 2024.4-2025.3. Santen analysis based on IQVIA data. Reprinted with permission. ⁴ Total for China, Asia, and EMEA, including foreign exchange impacts, excluding one-time factors. Compound annual growth rate (CAGR) for fiscal 2022 through fiscal 2024. ⁵ Actual production at Santen plants. Single-dose containers are aggregated by counting 10 single-dose containers as 1 bottle, otherwise actual number of bottles produced.

CEO's Message



Following a period of structural reforms, Santen has entered a new phase of further growth and evolution. Accordingly, we have defined our targeted vision for 2035 and developed a medium-term management plan through fiscal 2029 to support its achievement. To sustainably contribute to patients while growing our business, we will continuously refine Santen's unique business model with the aim of becoming a leading ophthalmology company that earns the trust of patients and the ophthalmic community worldwide.

Takeshi Ito
Representative Director,
President & CEO



Toward a New Phase of Growth

Since assuming the position of CEO, I have worked to strengthen the foundation for Santen's renewed growth through structural reforms. Under the recently completed FY2023-2025 Medium-Term Management Plan, we implemented measures across the entire Company based on three key strategies.

For our first strategy, *Improving Profitability through Structural Reforms*, we reviewed investments that had been dispersed across a variety of areas and concentrated our resources on prescription pharmaceuticals while withdrawing from the pharmaceutical sales business in the Americas. We also promoted cost and organizational optimization to improve productivity and profitability. Under *Maximizing Regional Business Sales*, we have been achieving growth in per-employee sales in our overseas businesses by expanding Santen

Santen's Unique Capabilities

It is said that few people live their entire lives without experiencing an eye disease or disorder at some point. Moreover, as the population ages and diagnostic and treatment technologies advance, the global demand with regard to eye health is expected to continue to grow, with the ophthalmic pharmaceutical market forecast to maintain a high growth rate.

For more than 130 years, Santen has been committed to helping people maintain and improve their eye health. To continue meeting the changing needs of society and ever more diverse demands for medical care, we must maintain the expertise and trust we have accumulated while continuing to take on new challenges. To this end, further refining our strengths and enhancing our competitiveness is essential.

Santen's strengths are product creation and maximizing product value. We develop pharmaceuticals that demonstrate a deep understanding of the needs of patients and medical professionals, and work together with the global ophthalmic community to implement strategies that maximize product value. Santen Commercial Excellence is the driving force that creates synergies among these strengths and leads to greater results.

One of the best examples of Santen Commercial Excellence creating synergistic effects is the development of *Alesion*, an ophthalmic drug for treatment of allergic conjunctivitis. While

Commercial Excellence—our unique organizational capability—across the Santen Group. In *Strengthening the Pipeline*, we enhanced our product portfolio and strengthened our competitive position in the market through innovative lifecycle management (LCM) initiatives, including the launch in Japan of *Alesion* eyelid cream, the world's first eyelid-applied treatment for allergic conjunctivitis, and the approval of drugs that slow progression of myopia.

Through the concerted efforts of the entire Company, we were able to achieve the performance targets of the FY2023-2025 Medium-Term Management Plan ahead of schedule in both fiscal 2023 and fiscal 2024. Based on the foundation established through our structural reforms, we are now moving forward into the next phase of growth.

other companies discontinued the development of epinastine hydrochloride as an ophthalmic agent, we were able to launch the product as an eye drop in 2013, and then continued to refine and enhance product value by introducing improvements such as a preservative-free formulation and a new product that reduced administration frequency from four times daily to twice daily. In May 2024, we launched the world's first cream formulation for allergic conjunctivitis, which is applied once daily to the eyelid. Leveraging these improvements, sales for *Alesion* products reached JPY 30.0 billion in fiscal 2024.

This epitomizes our process of listening carefully to the voices of patients and healthcare professionals, making product improvements aligned to their needs, and accumulating data to maximize product value from the clinical trial design stage onward. Our consistent efforts to create value, from development through marketing, are the foundation of our competitiveness. By effectively leveraging our strengths in product creation and maximizing product value, and through the practice of Santen Commercial Excellence, we will continue to pursue similar success stories in the future. [▶ Page 23](#)

Santen Report 2025

Strategies and Initiatives for Sustainable Value Creation and Growth

7 CEO's Message

Corporate Philosophy Framework: Roadmap for Leveraging Santen Strengths

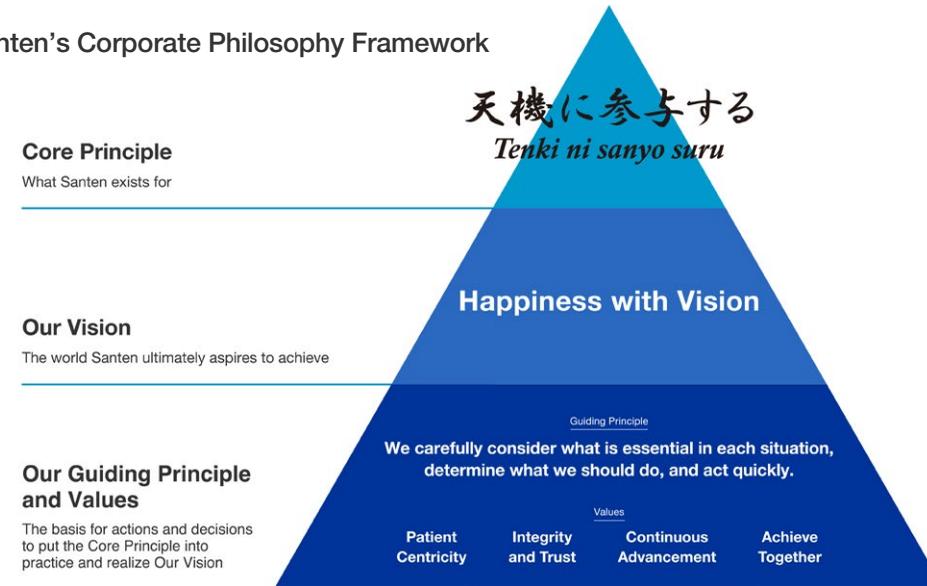
Today, we are mobilizing the strength of the entire Santen Group and advancing toward new growth. The driving force behind this effort is our Core Principle of “*Tenki ni sanyo suru*” (exploring the secrets and mechanisms of nature in order to contribute to people’s health). Based on this principle, we have reviewed our Guiding Principle and Values, and updated our Corporate Philosophy Framework.

To realize our Vision, “Happiness with Vision,” every employee must approach their work with confidence and a sense of responsibility. As such, we believe that clear guidelines that bring consistency and direction to our decision-making and daily activities are indispensable. Against this backdrop, we undertook a review of our Corporate Philosophy Framework based on insights gained from our past experiences.

After working as a medical representative (MR) for seven years, I was transferred to the Office of the President in 1989 and—in preparation for the Company’s 100th anniversary in 1990—was involved in formulating the long-term vision for the year 2000. At the time, the Head of President’s Office frequently posed thought-provoking questions that gave me valuable insights on a daily basis. “What’s the purpose of this work?” “What outcomes are we aiming for?” “Can we really achieve results with this approach?” Day after day, these simple yet profound questions guided me back to the fundamentals: to think and then act.

The vision that we established clearly articulates the Core Philosophy of “*Tenki ni sanyo suru*” as follows: “We carefully consider what is essential in each situation, determine what we should do, and act quickly.” These words encapsulate the fundamental questions that I have grappled with throughout my career. They remind us of the importance of approaching

Santen’s Corporate Philosophy Framework



every task with sincerity, and encourage us to always work with a high level of awareness and responsibility, without becoming complacent or passive. Convinced that this way of thinking should serve as the cornerstone for decision-making for all employees, and following intensive discussions with corporate officers responsible for various functions and regional business, we have redefined them as our “Guiding Principle.” At the same time, we have revised the content of our Values and consolidated them into a new Corporate Philosophy Framework. [▶ Page 34](#)

Building Trust and Achieving Sustainable Growth: Medium-Term Management Plan

With the newly updated Corporate Philosophy Framework as the basis, we have created our targeted vision for 2035 as “a leading ophthalmology company leveraging Santen Commercial Excellence earning the trust of patients and the ophthalmic community worldwide” and formulated our [FY2025-2029 Medium-Term Management Plan](#) (▶ Page 11). Utilizing the four growth strategies in this medium-term management plan, we will strengthen Santen’s business model across all regions, build a market-leader reputation, and establish foundations for sustainable growth.

First, we will build a strong presence in each region. In Japan, we will maintain our leadership position in ophthalmology by launching multiple products and creating new markets.

In overseas regions, we will strengthen our product portfolio with a focus on glaucoma, dry eye, and myopia in EMEA, glaucoma and dry eye in Asia, and enhance our multi-channel sales capabilities in China, to establish leadership positions in these markets similar to that in Japan.

Second, we will create markets in new disease areas, including myopia and ptosis. Each region where we operate is characterized by a unique medical environment and specific needs. By leveraging our success and expertise in leading markets such as Japan, we will create markets and build competitive advantages by providing treatments and value tailored to each region.

Santen Report 2025

- Strategies and Initiatives for Sustainable Value Creation and Growth
- 7 CEO's Message



Santen Report 2025

Strategies and Initiatives for Sustainable Value Creation and Growth

7 CEO's Message



Third, we will expand our Rx¹ portfolio to support medium- to long-term growth. We will continue to work toward early approval for our current pipeline candidates, while for our existing products we will further advance LCM, where progress can often be achieved rapidly and efficiently. In business development, we will seek to acquire/license seeds and products that are not being targeted by major global pharmaceutical companies, building new partnerships based on our development and sales track record. We will also pursue the potential of new eye drop treatments through technological innovation, take up the challenge of new modalities, and engage in developing drugs for diseases where no drug-based therapeutic options currently exist.

Fourth, we will continue to enhance stable supply and productivity, which is the business foundation that supports the other three pillars. In anticipation of increased production and supply volumes due to the launch of therapies in new areas such as myopia and ptosis, we will start new production lines at each plant and expand our in-house production capacity. In addition, we will diversify risk through strategic alliances with external manufacturing partners, build a more stable supply system, and reliably fulfill our responsibility to supply products that form the foundation of healthcare.

Through the steady implementation of measures based on these strategies, by fiscal 2029 we aim to achieve sales growth that exceeds the market in all regions, including Japan, and achieve revenue of JPY 400.0 billion, core operating profit of JPY 80.0 billion, ROE of 14% or more, and double-digit EPS growth. For our shareholders, our goal is to achieve a dividend payout ratio of approximately 40% with a minimum annual dividend of JPY 38 per share. We will also implement a flexible share buyback program, taking into consideration share prices and other factors, to further enhance ROE and EPS. (▶ [Page 16](#))

Meeting Expectations and Contributing to Society

Through Santen's unique value proposition and contributions to patients and the ophthalmic community, we will contribute to the realization of a sustainable society by *Generating Products and Services Contributing to Eye Health* and through *Penetration of Products and Market Creation*. As a pharmaceutical company, *Ensuring Product Quality and Stable Supply* are critically important responsibilities. While reducing our environmental impact, we will also strengthen our preparedness for natural disasters by securing alternative production sites. To achieve these goals, we believe that *Enhancing the Value of Working at Santen and Strengthening People/Organization* will be important. We have identified the above four items as our most important materialities, and carefully examined appropriate measures and their impact on our business based on scenario analysis of risks and opportunities. In addition, we have established indicators and targets and continue to steadily promote initiatives that create sustainable value. (▶ [Page 16](#))

To achieve the goals of this medium-term management plan, employees are our most important asset. We will actively create opportunities for challenge and growth, and accelerate the creation of an environment in which employees can work with enthusiasm, so that each employee can experience the value of working under our new Corporate Philosophy Framework. We will also focus on developing the next generation of leaders who will drive Santen Commercial Excellence. By increasing the number of highly motivated and results-oriented employees and promoting the creation of a highly productive organization, we will further refine Santen's strengths, leading to sustainable growth. (▶ [Page 37](#))

The Board of Directors plays a crucial role in ensuring Santen's sustainable growth and sound governance. To achieve Santen's medium- to long-term growth and the steady execution of its strategies, members with diverse experience engage in active discussions to make appropriate decisions and ensure effective monitoring. (▶ [Page 43](#))

By delivering valuable products and services to patients and healthcare professionals around the world, Santen aims to create a future where more people can live rich and happy lives. To achieve this, we will further evolve Santen Commercial Excellence as an organizational capability, strive to reach and deliver optimal ophthalmic care to each and every patient, and continue to improve healthcare from the patient's perspective.

We sincerely appreciate your continued support.

Takeshi Ito
President & CEO

¹ Prescription pharmaceuticals

FY2025-2029 Medium-Term Management Plan

Under the previous medium-term management plan, which was announced in fiscal 2023 and covered the period through fiscal 2025, we steadily implemented structural reforms and other measures, and achieved the performance targets for fiscal 2025 ahead of schedule. In our new medium-term management plan up to fiscal 2029, we will shift to a new growth path through the implementation of strategies with a long-term perspective and the reinforcement of our earnings base. Moreover, we will develop products and maximize product value based on the needs of patients and ophthalmic care as a global company specialized in ophthalmology. This should lead to steady growth in the medium and long term.

Looking Back at the Previous Medium-Term Management Plan

The strategic focus of the previous plan was on executing structural reforms, maximizing sales in regional operations, and strengthening the development pipeline for medium- to long-term growth. For structural reforms aimed at quickly improving profitability, we withdrew from commercial operations in the Americas and reassessed major investment projects, and took strong measures to increase profitability. As a result, our core operating profit margin returned to the 20% range. For the growth of regional operations, we have brought Santen Commercial Excellence—various organizational capabilities we have nurtured in Japan—to regions outside Japan. These initiatives are leading to enhanced productivity at our overseas businesses. In terms of our pipeline, we launched *Alesion* eyelid cream, the world’s first cream-formulation treatment for allergic conjunctivitis, in

Japan. We obtained regulatory approval in Japan for *Ryjusea* as a treatment that slows the progression of myopia—a new therapeutic area that should be a driver of medium- to long-term growth. We also received a positive opinion for the product (under the name *Ryjunea*) from the European Medicines Agency’s (EMA) Committee for Medicinal Products for Human Use. Moreover, our successes included acquiring pipeline assets targeting the creation of new markets, such as the pterygium disease area. Based on the structural reforms achieved during the previous medium-term management plan and the foundation for a high-profit/high-productivity structure built through the growth of our regional operations, we will move into a new growth phase that will lead to growth over the medium to long term.

Review of Performance Targets of Previous Medium-Term Management Plan

	Previous targets (for FY2025)	FY2024 results
Revenue	JPY 280.0 bil.	JPY 300.0 bil. ✓ Achieved
Core operating profit / Core operating profit margin	JPY 56.0 bil. / 20%	JPY 59.4 bil. / 20% ✓ Achieved
Sales growth rate per overseas employee	Over 7% ^{1,2}	19% ^{3,4} ✓ Achieved
Core ROE	13%	15% (IFRS basis: 12%) ✓ Achieved
Core EPS growth rate	Over 10% ²	23% ⁴ (IFRS basis: JPY 104) ✓ Achieved
Shareholder returns	Flexible share buybacks as a function of capital surplus management, minimum annual dividend of JPY 32	Increased annual dividend to JPY 33 for FY2023 and to JPY 36 for FY2024. Acquired and cancelled JPY 53.3 billion worth of treasury shares (10% of outstanding shares) in FY2023-FY2024

Review of Key Strategies

FY2023-2024 Foundation for change

Improve profitability through structural reforms

- Withdrew from commercial operations in Americas, reviewed major investment projects
- Enhanced Company-wide productivity through cost and organizational optimization

Grow regional operations

- Strengthened overseas business capabilities through global rollout of Santen Commercial Excellence
- Increased overseas business sales and productivity (sales per employee)

Strengthen pipeline

- Supported regional business growth through LCM
- Developed pipelines for future growth
- Acquired new pipelines

¹ Total for China, Asia, and EMEA, excluding currency effects. Converted at the medium-term management plan rate disclosed in April 2023. ² CAGR for fiscal 2022 (forecast) through fiscal 2025 (target). ³ Total for China, Asia, and EMEA, including foreign exchange impacts, excluding one-time factors. ⁴ Compound annual growth rate (CAGR) for fiscal 2022 through fiscal 2024.

Strategies and Initiatives for Sustainable Value Creation and Growth

11 FY2025-2029 Medium-Term Management Plan

Santen’s Targeted Vision for 2035 and Market Potential in Ophthalmology

By 2035, Santen seeks to be a leading ophthalmology company that earns the trust of patients and the ophthalmic community worldwide. The core of that effort is “Santen Commercial Excellence.” By this, we mean our strengths in product creation based on a thorough understanding of ophthalmology, and our organizational capabilities for creating synergies to maximize product value and effectively linking that to results. We will develop

our business centered on those organizational capabilities, maximize product value from the patient’s perspective, and provide innovative products based on a deep understanding of ophthalmic care and patient needs, or products that bring about a paradigm shift in ophthalmic care, thereby realizing what Santen aspires to be in 2035.

Santen Report 2025

Strategies and Initiatives for Sustainable Value Creation and Growth

11 FY2025-2029 Medium-Term Management Plan

What Santen aspires to be in 2035	A leading ophthalmology company leveraging “Santen Commercial Excellence” earning the trust of patients and the ophthalmic community worldwide	
Operational model for achieving the targeted vision	Provide optimal ophthalmic care by maximizing product value	Continuously pursue optimal eye care from a patient perspective, maximizing product value through promotion of appropriate treatment concepts and care, and providing optimal care to patients through strong collaboration with stakeholders in each market
	Innovation in ophthalmic care	Deeply understand patients’ unmet needs and medical challenges, utilizing our extensive ophthalmic expertise and open collaboration to deliver innovative products for untreated diseases and products that shift the paradigm for existing standard treatments

A high overall growth rate is expected in the global ophthalmic pharmaceutical market, in the context of significant unmet needs. There is significant room to deliver value to patients by addressing these same needs. The ophthalmology space has many players, from drug discovery ventures to major pharmaceutical companies that handle systemic medications. However, Santen is one of the few global pharmaceutical companies dedicated to ophthalmology. As such, based on our patient-centric approach we strive to contribute to the lives of patients and consumers dealing with eye diseases and problems. Our major growth drivers in the global ophthalmology market will be expansion in our current markets with new drugs and products based on LCM, the creation of new markets, and entry into

untapped markets. For each of these growth drivers, we have a well-balanced pipelines of assets that we believe have a high likelihood of success. In addition, by leveraging our strength in using product improvement technology to extend product lifecycles, we can reduce development risk and minimize the impact from patent expiration.

As a leading ophthalmology company, we will capture market potential to achieve sustainable growth. We will do so not only in disease areas expected to have a large market, such as back-of-eye diseases, but also by developing new products and products based on LCM that address needs in treatment settings, and linking them to maximization of value in the markets where our products are already available.

Ophthalmology Market Potential	Significant opportunities to deliver value to patients through new drug development and high-value-added LCM in a growing ophthalmic pharmaceutical market	Drug discovery ventures focus on and promote early-stage development in ophthalmology, but many lack late-stage development or commercial functions	Several major pharmaceutical companies develop ophthalmic products, but proactively developing Rx treatments to meet specific needs is rare
---------------------------------------	--	---	---

Santen’s Business Model

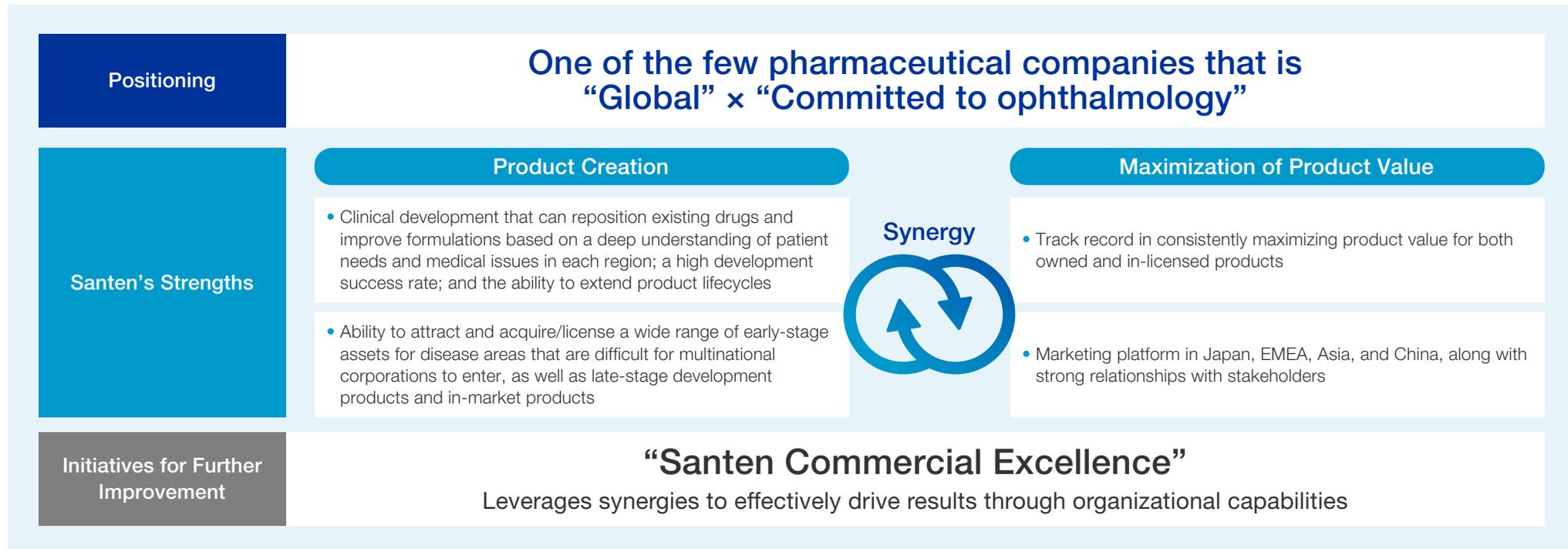
In its position as one of the few global pharmaceutical companies dedicated to ophthalmology, Santen handles a wide range of products based on patient needs. We have particular strengths in two areas—product creation and maximization of product value—that enable us to continue delivering products to a large number of patients. In product creation, we have carried out the repositioning of existing drugs and made formulation improvements based on patient needs in the regions we serve, based on clinical development with a high likelihood of success, which has led to new product launches and longer lifecycles for products. We also have the ability to acquire/license a wide range of products and pipeline assets, including (for ophthalmic diseases) early-stage candidate compounds that multinational corporations have difficulty taking on, products in late-stage development, and in-market products already launched. In maximization of

product value, we have a proven track record of success in maximizing value for further growth, not just for products we developed ourselves, but also for products including glaucoma products that we purchased from Merck & Co., Inc. in 2014, for example, and for products sold in partnership with other companies. A strong marketing platform is important for maximizing product value. We have built a network of our own medical representatives (MRs), who are able to take the perspective of patients, and a solid customer base among medical professionals, including key opinion leaders in Europe (a large market), in Asia and China (where strong growth is anticipated in the medium and long term), and in our home market of Japan (where we hold more than a 50% market share¹). These strengths are synergized through Santen Commercial Excellence to achieve effective outcomes.

Santen Report 2025

Strategies and Initiatives for Sustainable Value Creation and Growth

11 FY2025-2029 Medium-Term Management Plan



¹ Source: Copyright © 2025 IQVIA. JPM 2024.4-2025.3. Santen analysis based on IQVIA data. Reprinted with permission.

Medium-Term Management Plan Growth Strategy

To further strengthen Santen’s business model across all regions, enhance its reputation as a leading company in the ophthalmology market, and establish a foundation for sustainable growth, we have formulated a four-part growth strategy.

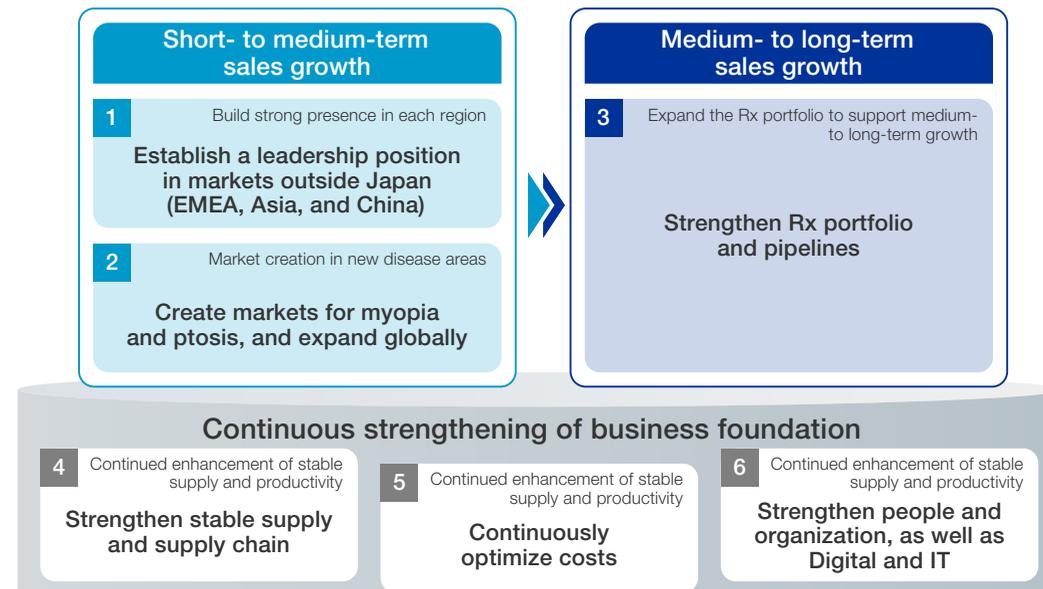


As part of this four-part growth strategy, we will pursue six key initiatives in total—three from the standpoint of sales growth, and three from the standpoint of strengthening our business foundation. In terms of sales growth, our first initiative is to establish a leadership position in markets outside Japan (EMEA, Asia, and China) (▶ Page 25). This will necessitate strengthening our presence by achieving revenue expansion faster than the market growth rate in all regions, Japan included. While maintaining our leadership position in Japan, through strong growth in overseas markets we aim to achieve an overseas business sales ratio of 58% in fiscal 2029. In our second initiative, we will create markets for myopia and ptosis, and expand globally (▶ Page 30). We will pioneer prescription drug markets with eye drops for myopia and ptosis, which are new areas for Santen, starting from Japan. We will apply the knowledge gained in each market we enter to the next region so as to build up competitive advantages. Third, in strengthening the Rx portfolio and pipeline (▶ Page 32), we will shorten the time to approval for current pipeline projects and continuously promote LCM, as well as expand our prescription pharmaceutical pipeline and portfolio assets that will lead to sustainable growth in fiscal 2030 and beyond.

Our initiatives to continuously strengthen our business foundation apply three perspectives. The fourth initiative is to strengthen stable supply and the supply chain. We will review our production and supply network, increase internal production capacity, and partner strategically with contract manufacturing organizations (CMOs) and contract development and manufacturing organizations (CDMOs). Doing so will help to shore up our supply system, ensuring supply stability while avoiding opportunity losses and decentralizing risks. Fifth, to continuously optimize costs, we will appropriately control cost of sales and selling, general and administrative expenses to keep them at the same level as in fiscal 2024 in terms of percentage of revenue. Our sixth initiative will be to strengthen our people and organizations, as well as our digital and IT capabilities. Talent who embody the Core Principle and Our Vision, and

contribute to Santen’s growth are our most important asset. As such we will support their personal growth and create workplace environments that enable them to make the most of their abilities. In terms of digital and IT investment, we will implement measures to boost productivity through the utilization of digital technology and by continuously strengthening information security and resilience, thereby ensuring business continuity and growth.

Six Key Initiatives



FY2029 Performance Targets and Path for Growth

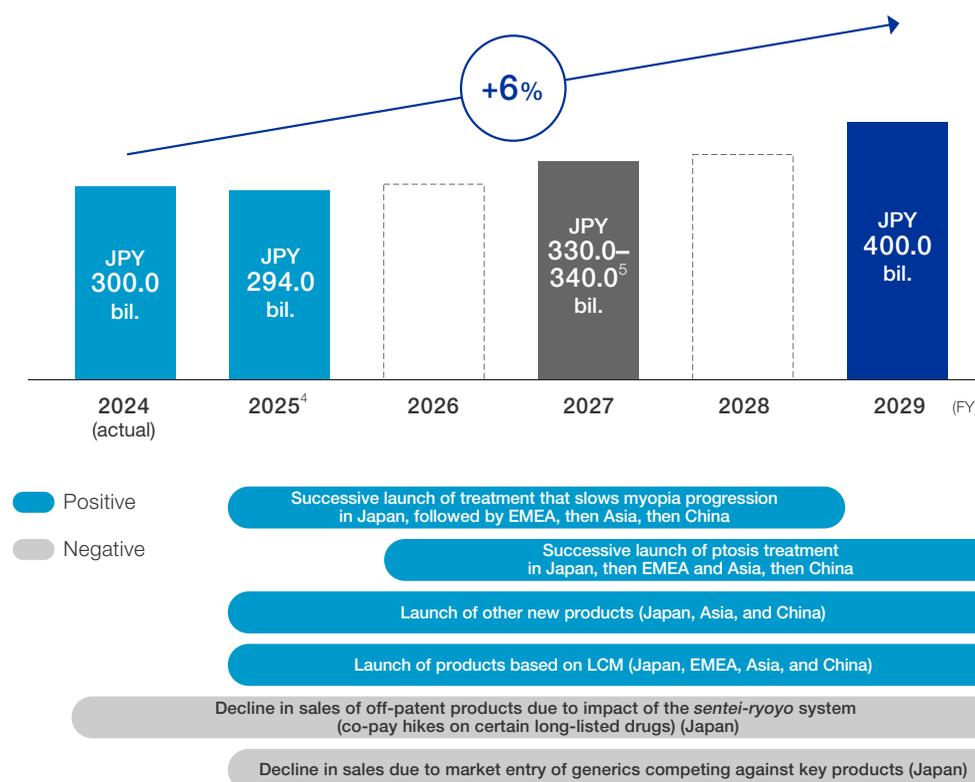
By steadily executing our growth strategy and linking it to sales expansion that exceeds the market growth rate, we are targeting fiscal 2029 revenue of JPY 400.0 billion, core operating profit of JPY 80.0 billion, ROE of 14% or higher, and a double-digit CAGR in earnings per share over the plan period. For shareholder returns, we are planning to increase the dividend payout ratio to the 40% level, with a minimum annual dividend of JPY 38 per share, and will also make flexible share buybacks, taking into account the stock price and other factors. We will achieve these high targets by refining our strengths as a global company dedicated to ophthalmology and by accurately meeting the needs of patients and healthcare professionals.

FY2029 Targets

	FY2024 performance	FY2029 targets
Revenue	JPY 300.0 bil.	JPY 400.0 bil.
Core operating profit	JPY 59.4 bil. (EBITDA: JPY 68.1 bil.)	JPY 80.0 bil. (EBITDA: JPY 90.0 bil.) ¹
ROE	12%	Over 14%
EPS growth rate	EPS: JPY 104	Double-digit growth ² (EPS: JPY 160 or more)
Shareholder returns	<ul style="list-style-type: none"> Maintained progressive dividend increases Annual dividend per share JPY 36 in FY2024 Share buybacks in FY2023-2024 	<ul style="list-style-type: none"> Increase dividends targeting 40% payout ratio with a minimum annual dividend of JPY 38 Flexible share buyback(s) taking into account stock price and surplus cash levels³ Further improvements in ROE and EPS

In fiscal 2025, we are projecting revenue on par with fiscal 2024. In our business in Japan, various factors will significantly impact our results, including the market entry of generics and co-pay hikes on certain long-listed drugs, while the contribution of new products in new areas such as myopia and ptosis, as well as in existing areas, will still be limited. However, we expect growth to resume in fiscal 2026, with strong growth in sales of new products, including those for myopia and ptosis, and for products based on LCM. We will then accelerate growth toward fiscal 2029.

Projected Annual Sales Trends through FY2029



Santen Report 2025

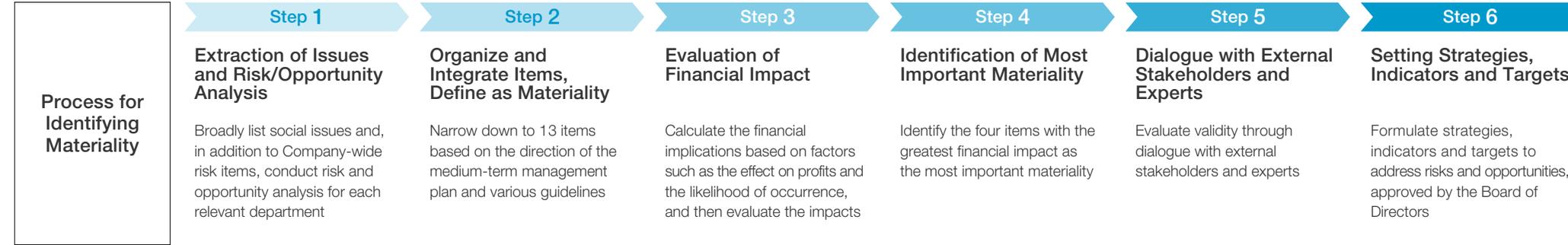
Strategies and Initiatives for Sustainable Value Creation and Growth

11 FY2025-2029 Medium-Term Management Plan

¹ For reference purposes only ² CAGR for fiscal 2024 (results) through fiscal 2029 (target). ³ Set the necessary level of working capital at JPY 45.0 billion and implement buybacks using retained surplus cash that remains on-hand after a certain period
⁴ Forecast disclosed on May 13, 2025 ⁵ Target core operating profit ratio of 19–20% in fiscal 2027

Materiality

As we formulated the FY2025-2029 Medium-Term Management Plan, we also took the opportunity to review and revise our materiality.



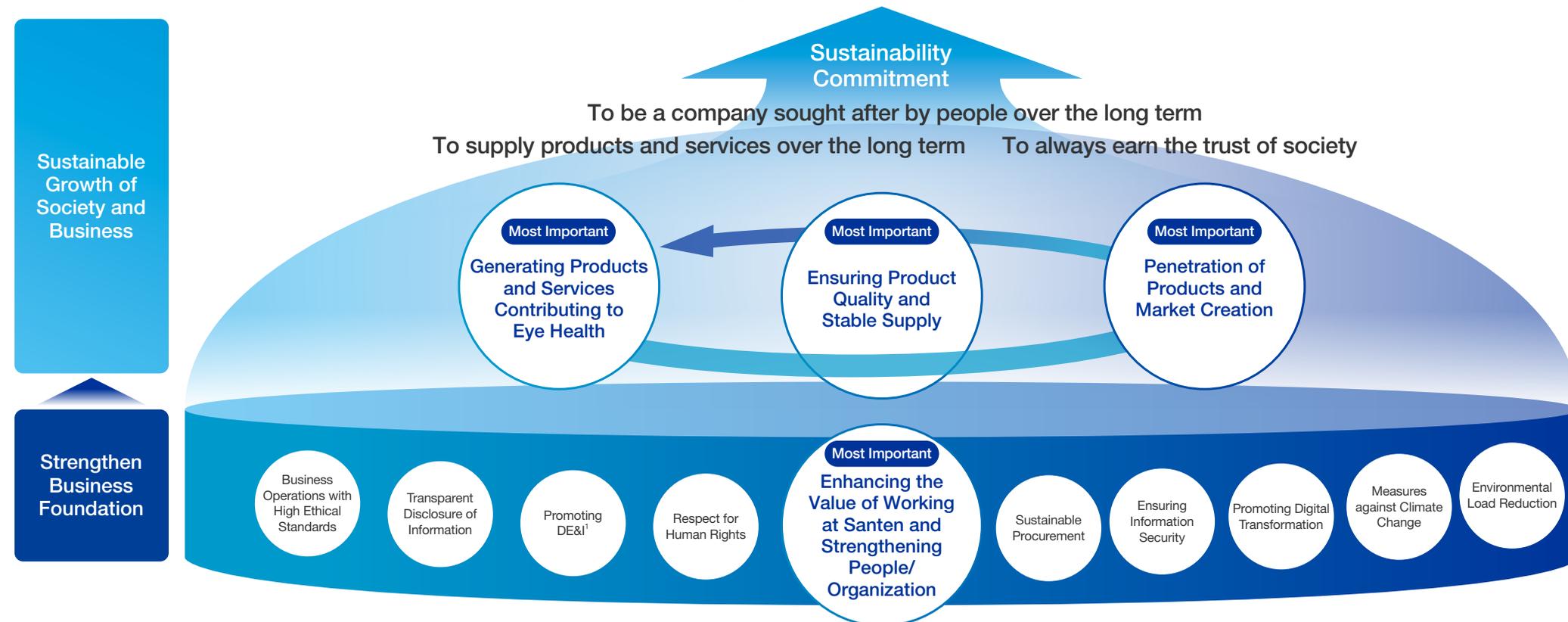
Q1

Santen Report 2025

Strategies and Initiatives for Sustainable Value Creation and Growth

16 Materiality

Realizing Happiness with Vision



¹ Diversity, Equity & Inclusion

Strategies for Most Important Materialities

The four most important materialities were those that have a significant financial impact, and that are related to initiatives that will directly lead to the sustainable growth of our business and society, as well as the people and organization supporting those initiatives. We conducted a scenario analysis of risks and opportunities for each of the four, and considered countermeasures and impacts.

Most Important Materialities	Risks	Opportunities	Countermeasures	Impact
Generating Products and Services Contributing to Eye Health	<ul style="list-style-type: none"> Exhaustion of the research and development pipeline Increasing complexity of research and development and intensified competition resulting in the creation of fewer new products 	<ul style="list-style-type: none"> Identification of unmet needs and development of unique and valuable therapeutic solutions Promotion of joint research, development, and ecosystems 	<ul style="list-style-type: none"> Identification of therapeutic solutions in the field of ophthalmic diseases where strengths can be leveraged Active evaluation and introduction of therapeutic candidate compounds, advancement of collaborative research and development, utilization of ecosystems, and investment in research and development of new modalities Development of ophthalmic drug discovery and response to ophthalmic diseases that other companies cannot emulate 	<ul style="list-style-type: none"> Contributing to the treatment of patients by creating products in eye disease areas where there were no therapeutic drugs until now and products that fill unmet needs Continuing and developing business with partner companies
Ensuring Product Quality and Stable Supply	<ul style="list-style-type: none"> Decreasing supply capacity and delayed recovery following natural disasters, etc. Delays in supply due to the demands of complying with regulations Further increases in volatility and uncertainty in the market, leading to increased difficulty of production capacity and supply planning 	<ul style="list-style-type: none"> Establishing a global product supply network that is resilient to environmental change, including regulatory aspects 	<ul style="list-style-type: none"> Optimization of production volume balance between sites, appropriate inventory level management, and advance preparation of alternative production sites for each product Continuous improvement of quality systems Strategic collaboration with contract manufacturing organizations (CMOs) Optimization of the production and supply network 	<ul style="list-style-type: none"> Providing patients with options for ongoing treatment Enhancing customer trust in Santen Maintaining production and supply capabilities that are resilient to environmental change
Penetration of Products and Market Creation	<ul style="list-style-type: none"> Intensified price competition due to national measures to reduce drug prices and the promotion of generic products Overdependence on revenue from the Japanese market 	<ul style="list-style-type: none"> Expansion of the global ophthalmology market Exploration of potential markets driven by unmet needs in ophthalmology 	<ul style="list-style-type: none"> Enhancing organizational capabilities to promote accurate understanding of treatment and make appropriate treatment proposals Strengthening presence in EMEA, Asia, and China Exploring areas that enable the provision of new value 	<ul style="list-style-type: none"> Providing optimal ophthalmic care to a greater number of patients Alleviating eye-related concerns and anxieties by offering new treatment options
Enhancing the Value of Working at Santen and Strengthening People/Organization	<ul style="list-style-type: none"> Cost pressures and difficulties in securing talent due to rising labor costs Decline in organization performance due to inadequate systems and structures Talent attrition and loss of hiring opportunities 	<ul style="list-style-type: none"> Enhancing the speed of personal development and organizational productivity through flexible systems and structures Clarifying the value of working at Santen to attract and retain talented individuals 	<ul style="list-style-type: none"> Implementation of Company-wide cross-functional projects and strategic internal dual-role programs Enhancing employee performance and engagement through understanding of the Core Principle, Guiding Principle, and Values Externally communicating the significance of a career at Santen 	<ul style="list-style-type: none"> Strengthening competitiveness, further developing businesses, and providing new value to society

Strategies and Initiatives for Sustainable Value Creation and Growth

Indicators and Targets

In working to resolve social issues and achieve sustainable growth, we set indicators and targets for each materiality and actively promote corresponding initiatives.

Materiality	Indicators and Targets
Generating Products and Services Contributing to Eye Health	<ul style="list-style-type: none"> Development of products (therapeutic areas/regions) based on plans to address unmet medical needs
Ensuring Product Quality and Stable Supply	<ul style="list-style-type: none"> On Time In Full: OTIF (% of orders shipped on time and in full)
Penetration of Products and Market Creation	<ul style="list-style-type: none"> Improvement in contribution to patients worldwide (market share) Total number of patients we are contributing to in newly created markets (myopia and ptosis Rx markets)
Enhancing the Value of Working at Santen and Strengthening People/Organization	<ul style="list-style-type: none"> Adoption of the new philosophy framework (Core Principle, Vision, Guiding Principle, and Values) Improvement of the global engagement score
Business Operations with High Ethical Standards	<ul style="list-style-type: none"> Annual compliance education completion rate: Maintain at 95% or more Major compliance violations: 0
Transparent Disclosure of Information	<ul style="list-style-type: none"> Implementation of statutory and timely disclosure based on respective laws and regulations, and timely and appropriate voluntary disclosure to external stakeholders (e.g., integrated reports)
Promoting DE&I	<ul style="list-style-type: none"> Continue to promote diversity in senior management Continuously increase the ratio of female managers (in Japan)

Materiality	Indicators and Targets
Respect for Human Rights	<ul style="list-style-type: none"> Establish internal and external human rights due diligence processes and structures
Sustainable Procurement	<ul style="list-style-type: none"> Supplier evaluation rate: 85% or higher Supplier training rate: 80% or higher ESG education completion rate in purchasing departments: 100%
Ensuring Information Security	<ul style="list-style-type: none"> Percentage of cybersecurity incidents classified as “critical” resolved within the scope of SLA¹ and OLA² Cybersecurity training completion rate
Promoting Digital Transformation	<ul style="list-style-type: none"> Percentage of DX-related projects (e.g., ERP,³ generative AI) that achieved the initially expected effects: 80% or more
Measures against Climate Change	<ul style="list-style-type: none"> Reduce CO₂ emissions by 2030 against the 2019 level as follows <ul style="list-style-type: none"> Scope 1 and 2: 50% reduction Scope 3 Category 1 (non-consolidated): 15% reduction
Environmental Load Reduction	<ul style="list-style-type: none"> [Water Resources] Intake of water per unit of production: 12.4 m³/10,000 units or less [Resource Conservation] Recycling rate: 98% or more [Plastic] <ol style="list-style-type: none"> 60% of plastic eye drop containers being produced from biomass plastic in 2030 Reduce plastic materials used in packaging and packing materials by 15% by 2030 compared to 2019

Santen Report 2025

Strategies and Initiatives for Sustainable Value Creation and Growth

16 Materiality

¹ Service level agreements ² Operational level agreements ³ Enterprise resource planning (core business systems)

Note: Numerical targets are for FY2029 unless otherwise indicated.

CFO's Message

FY2024 Results and FY2025 Outlook

Under the FY2023-2025 Medium-Term Management Plan, our focus was on the core issue of restoring profitability, and in the first year we achieved all final-year financial targets. In the second year, fiscal 2024, we once again exceeded all of our financial KPI targets for fiscal 2025. This was despite co-pay hikes on certain long-listed drugs and other changes in the business environment that we had not anticipated when formulating the medium-term management plan.

Fiscal 2024 revenue of JPY 300.0 billion was essentially unchanged year-on-year, and core operating profit decreased by 5.4% year-on-year to JPY 59.4 billion. These results reflected the second-highest performance in our history, despite the impact of product supply issues resulting from the prolonged recovery from the Noto Peninsula Earthquake that occurred in January 2024, NHI drug price revisions in our core Japanese market, the suspension of shipments of *Diquas LX*, and co-pay hikes on certain long-listed drugs. Revenue and profit decreased in the Japan business but increased in overseas businesses. As a result, the overseas sales ratio increased to 44% from 42% for the previous fiscal year.

In addition, non-recurring expenses such as restructuring expenses decreased compared to fiscal 2023. As a result, operating profit increased by 21.6% year-on-year to JPY 46.9 billion, net profit increased by 34.3% year-on-year to JPY 35.9 billion, diluted earnings per share increased by 43.3% to JPY 103.68.

As mentioned earlier, restoring profitability was the core issue of the FY2023-2025 Medium-Term Management Plan. Given that we were on track to do so, we formulated a new five-year medium-term management plan commencing in fiscal 2025, which we announced in May 2025. We expect significant impact during fiscal 2025 from the market entry of generics competing against our main products in Japan, and we will increase upfront expenditures for R&D, marketing and other related initiatives for future growth. As a result, we expect revenue to decrease by 2.0% year-on-year to JPY 294.0 billion, and core operating profit to decrease by 9.1% year-on-year to JPY 54.0 billion. Fiscal 2025 is thus positioned as a year in which we will prepare for growth from fiscal 2026 onward. In addition, given the reduced impact of factors listed below core operating profit, including structural reforms, we project EPS of JPY 103.



Kazuo Koshiji

Corporate Officer,
Chief Financial Officer (CFO)

Santen Report 2025

Strategies and Initiatives for Sustainable Value Creation and Growth

19 CFO's Message

Financial Strategy during the FY2025-2029 Medium-Term Management Plan

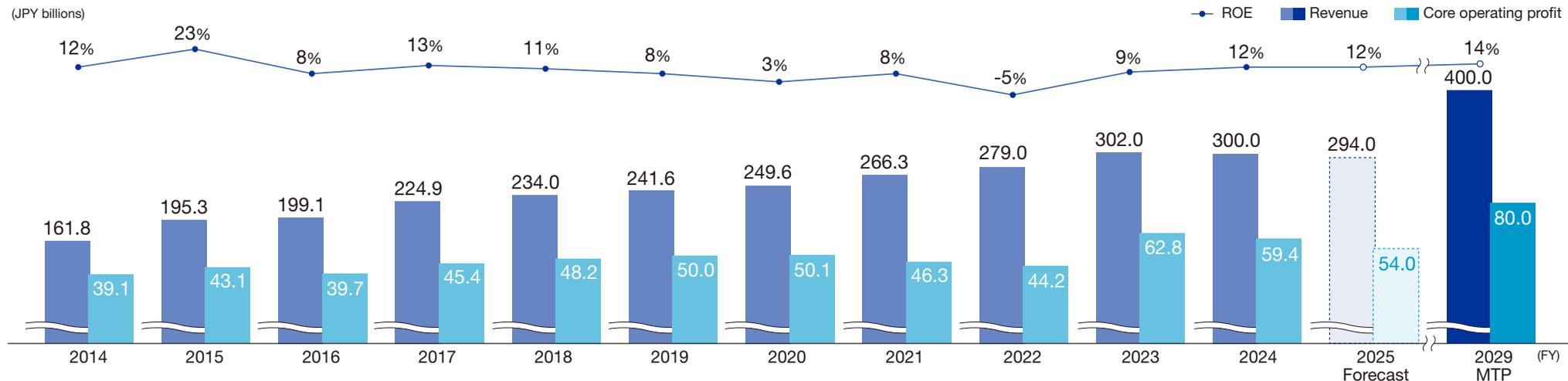
As a leading company in the ophthalmology pharmaceutical market, we aim to build a stronger presence in Japan and internationally, create markets in new disease areas such as myopia and ptosis, and strengthen our Rx portfolio and pipeline. The objective of these initiatives is to achieve revenue growth that exceeds market growth, increase profitability, maximize our ability to generate cash, improve capital efficiency as measured by return on equity (ROE) and return on invested capital (ROIC), and ultimately to maximize shareholder value. While this basic direction remains unchanged, we will also take action with a sense of urgency to ensure our share price appropriately reflects our fundamental value.

During the FY2023-2025 Medium-Term Management Plan, since we expected accounting profits to fluctuate due to structural reforms, balance sheet optimization, and other improvements, we set the ROE and EPS financial indicators for fiscal 2025 on a core basis. However, for the FY2025-2029 Medium-Term Management Plan we have announced IFRS-based ROE and EPS targets for fiscal 2029, namely ROE of 14% or higher and double-digit average annual EPS growth during the period (i.e., EPS of JPY 160 or more in fiscal 2029).

1 Growing Revenue and Increasing Profitability

Our goal is to increase sales at a rate that exceeds market growth to achieve revenue of JPY 400.0 billion and core operating profit of JPY 80.0 billion for fiscal 2029. As exemplified by the period from fiscal 2020 through fiscal 2022, profitability has historically trended downward during periods of sales growth. Nevertheless, for average annual growth in revenue and core operating profit we have set the same target of 6%, i.e., we are targeting linear profit growth relative to revenue. In particular, we aim for a P&L statement that is resilient to unexpected changes in the environment to ensure a core operating profit margin of 20%. A first step will be keeping the cost of sales ratio at 42% or lower. In terms of reducing costs, we will implement strategies that include launching new products to improve our product mix with the aim of offsetting increased depreciation expenses associated with capital investments made to increase product supply capacity, as well as higher raw material costs due to inflation, and other factors that increase costs. While we intend to gradually increase R&D expenses to support future growth, we will maintain this expenditure at the same percentage of revenue as in fiscal 2025. We will keep the ratio of SG&A expenses to revenue at 30% or less by enhancing the productivity of business and back-office divisions.

Revenue, Core Operating Profit and ROE



2 Enhancing Cash Generation Ability and Reducing Cost of Capital

As we recognize that cash generation and its allocation are the sources of enhanced shareholder value, we aim to optimize both financial soundness and capital efficiency.

One focus during the current management plan will be maximizing our capacity to invest in future growth. We are therefore engaging in balance sheet management in order to strengthen our cash generation ability and manage cash flow efficiently, all predicated upon maintaining our current level of operating cash flow and an A+ credit rating from Rating and Investment Information, Inc. (R&I). Our International Financial Headquarters (IFHQ) in Switzerland centrally manages the cash we generate, including with regard to foreign exchange and interest rates, and supplies cash to each region through our cash management system in order to improve capital efficiency and ultimately reduce cost of capital.

As in fiscal 2023, our initiatives to improve our cash conversion cycle (CCC)⁴ in fiscal 2024

included securitizing accounts receivable in the Japanese market. As a result, our CCC in fiscal 2024 decreased to 170 days from more than 190 days in recent years. In addition, more efficient management of invested capital enabled us to increase our return on invested capital (ROIC) to 18% in fiscal 2024, the highest level in the past five years. Going forward, we will utilize the unique characteristics of the pharmaceutical industry to reduce invested capital (and thus improve ROIC) by emphasizing strategies such as securitizing accounts receivable while maintaining inventory at a stable level. In fiscal 2025, we will further promote securitization of accounts receivable by expanding the number of transaction partners and regions where it is applied.

In addressing the cost of capital, we will work to reduce it not only through asset valuation models based on financial statements—such as the Capital Asset Pricing Model (CAPM)—but also by taking into account market-based indicators such as expected equity returns, with a focus on market value-based shareholder cost of capital.

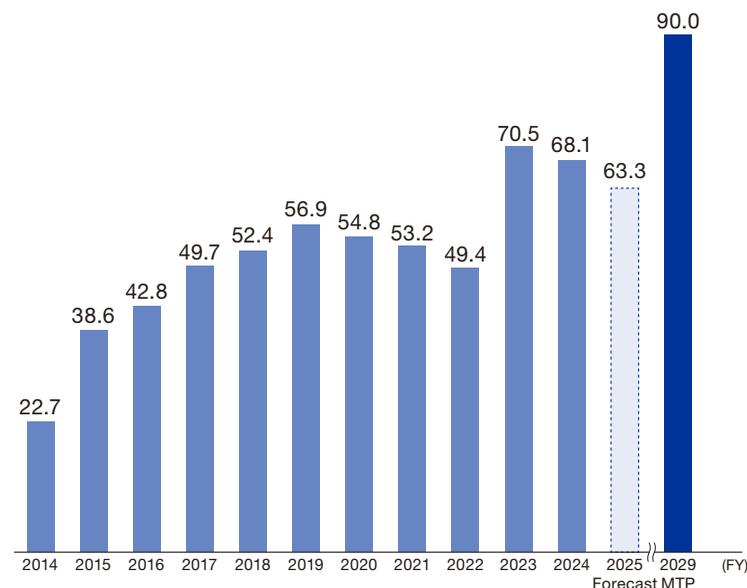
Santen Report 2025

Strategies and Initiatives for Sustainable Value Creation and Growth

19 CFO's Message

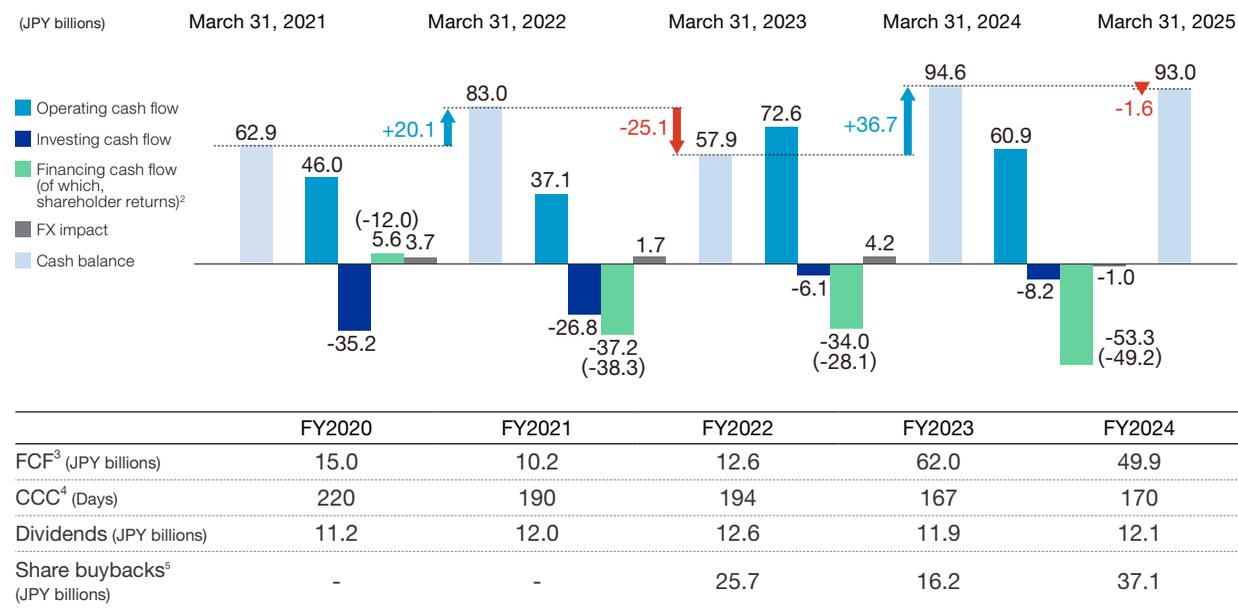
EBITDA¹

(JPY billions)



Cash Flows

(JPY billions)



	FY2020	FY2021	FY2022	FY2023	FY2024
FCF ³ (JPY billions)	15.0	10.2	12.6	62.0	49.9
CCC ⁴ (Days)	220	190	194	167	170
Dividends (JPY billions)	11.2	12.0	12.6	11.9	12.1
Share buybacks ⁵ (JPY billions)	-	-	25.7	16.2	37.1

¹ EBITDA = (Operating profit) - (Other income) + (Other expenses) + (Depreciation and amortization) ² Dividends paid + Share buybacks through open-market repurchases ³ Free cash flow = (Net cash flows from operating activities) - (Capital payments for acquisition of property, plant and equipment, and intangible assets) ⁴ Cash conversion cycle: Based on turnover period of trade and other receivables, inventories, and business operation related expenses ⁵ Treasury shares acquired through open-market purchases

3 Capital Allocation for Sustainable Growth

Revenue growth and increasing profitability while at the same time enhancing our ability to generate cash will provide resources to invest in future growth. We will prioritize investment in plant and equipment, R&D, and business development, in areas where we expect the returns generated to exceed the cost of capital. Capital expenditures will decrease compared to the preceding five years as the current cycle of new plant construction in and outside Japan reaches completion. We expect capital expenditures to total JPY 55.0 billion from fiscal 2025 through fiscal 2029, and plan to focus capital spending on fundamental needs such as plant and equipment investments to expand production capacity. We will also prioritize future growth as we allocate JPY 160.0 billion for R&D investment during the same period. We will invest in business development to strengthen our competitive advantage in overseas markets. In particular, we will invest aggressively to acquire products that will further accelerate sales growth during the medium-term management plan and to develop pipeline candidates that will contribute to growth from fiscal 2030 or beyond. However, if investment opportunities and funding needs fall short of initial expectations due to a selective approach to projects, we will consider share buybacks as an investment that exceeds our cost of capital, taking into account our stock price level. Excess liquidity on hand will be returned to shareholders.

During fiscal 2025, we will repurchase shares up to a value of JPY 35.0 billion or 5.8% of outstanding shares. We believe Santen shares are still undervalued at current prices, so we will improve ROE and EPS through share buybacks. We therefore expect share buybacks to total JPY 114.0 billion, or 23% of outstanding shares, over the five years through fiscal 2029.

In accordance with our progressive dividend policy, dividends will not be lowered and will be increased in line with profit growth, with a target dividend payout ratio of 40%. We are targeting EPS of JPY 160 or more for fiscal 2029, the final year of the plan, which would bring cash dividends per share to JPY 64. Taking dividends per share of JPY 36 for fiscal 2024 as the baseline, the average annual dividend growth rate would therefore be 12% over the five years of the plan—double the 6% growth rate for revenue and core operating profit mentioned earlier. In this way we intend to meet expectations from shareholders regarding the distribution of returns. Based on this policy, we increased the dividend for the second half of fiscal 2024 by JPY 2 to JPY 19 per share, and our forecast annual dividend for fiscal 2025 is JPY 38 per share. Combining share buybacks and dividends, we forecast a total payout ratio of 141% for fiscal 2025.

Committed to increasing shareholder value, we will continue to listen to feedback from capital markets and engage fully in disclosure and dialogue to ensure an accurate evaluation of Santen's shareholder value so that we can meet the expectations of the shareholders and investors, including securities analysts, with an interest in Santen.

Q3

Santen Report 2025

Strategies and Initiatives for Sustainable Value Creation and Growth

19 CFO's Message

Recurring Income and Cash Inflow

Recurring Income and Cash Inflow		Outflow	
Increase inflow in response to additional funding requirements		Use	Amount (change from previous 5-year period)
Operating cash flow (excl. R&D expenses) JPY 420.0 bil.	Cash as of March 31, 2025 JPY 93.0 bil.	CAPEX	JPY 55.0 bil. (JPY -17.0 bil.)
		R&D	JPY 160.0 bil. (JPY +23.0 bil.) (Incl. development milestones ¹)
Surplus cash JPY 48.0 bil.	Working capital JPY 45.0 bil.	Investments for business development	Using only on-hand liquidity > JPY 150.0 bil. (Business development: JPY +86.0 bil.)
		Shareholder returns	Of which, share buyback from May 22, 2025 JPY 35.0 bil.
		Dividends	> JPY 80.0 bil. (JPY +20.0 bil.)

Approach

- Large-scale CAPEX completed in previous medium-term management plan; hereafter selective investment based on essential needs
– e.g., plant/facility investment to increase production capacity
- Higher priority than previously
- Strengthen investment in seed discovery, pipeline/lifecycle management (LCM) product development
- Asset acquisitions that strengthen our leading position in markets outside Japan
– Maintain short- to medium-term growth momentum, strengthen regional products
- Secure sources of future growth for FY2030 and beyond
– Acquire distinct pipelines with strong differentiation potential
– Early-stage pipeline/development theme creation
- Share buybacks in absence of investment opportunities
– Secure necessary working capital (JPY 45.0–50.0 billion)
– Evaluate surplus amount to be allocated for share buybacks based on the availability of investment opportunities and future cash flow projections
– Decision to execute buybacks based on current share price level
- Minimum annual dividend of JPY 38 with continued progressive dividends in line with profit growth
– Dividend payout ratio target of 40%

¹ Future development milestones resulting from investments made in or before FY2024 ² JPY 79.0 billion of share buybacks in the past 5 years



We will continue to refine Santen Commercial Excellence in order to maximize the value that our products provide to patients, thereby generating strong growth throughout our regional operations.

Clear Outcomes from Maximizing Product Value

During the previous medium-term management plan, we focused on strengthening the foundations of our overseas businesses. We did so by formalizing the strengths that our Japan business has developed over many years, then extending them to and embedding them in operations at our overseas businesses. In particular, in key markets such as Germany, the U.K., and South Korea, in-market leadership teams and our global corporate functions worked together to create standardized strategic frameworks and enhance training to effectively utilize them. We also took measures to ensure consistency between strategies and action plans, enhance collaboration among relevant departments, and closely monitor results while conducting management based on the PDCA cycle. The organizational capabilities that we developed during the plan period are the foundation of Santen Commercial Excellence, and have produced concrete results in terms of maximizing product value in the regions we serve.

As just one example from our operations in South Korea, the prescription intent for the glaucoma treatment *Eybelis* increased significantly a mere six months after the launch of Santen Commercial Excellence measures and the product achieved over 50%¹ year-on-year revenue growth in fiscal 2024. We are seeing positive outcomes from this strategy and activities, as they help patients accurately understand the value of our products, while the adoption of *Eybelis* by doctors in treatment regimens is resulting in greater impact on patients' lives. We have also been successful in creating new value through formulation improvements to our existing drugs. In Japan, we took on the challenge of reformulating *Alesion* ophthalmic solution to better meet the needs of patients, launching it as the world's first eyelid cream for allergic conjunctivitis treatment marketed in May 2024. This was the result of efficient product development based on market feedback, with multiple departments from development to marketing sharing their ideas while working quickly toward the goal. This is but one example of how we have leveraged our strengths as a company specialized in ophthalmology. During the previous medium-term management plan, we emphasized productivity improvement as an important Company-wide indicator for measuring Santen Commercial Excellence. Cumulative efforts in the regions we serve enabled us to achieve an average annual growth rate of 19%² in revenue per employee in our overseas businesses, which significantly exceeded our target.

¹ On a local-currency basis

² Compound annual growth rate (CAGR) for fiscal 2022 through fiscal 2024.



The Ongoing Evolution of Santen Commercial Excellence

Under our newly formulated FY2025-2029 Medium-Term Management Plan, we consider Santen Commercial Excellence to be the organizational capabilities for leveraging synergies among our strengths in product creation and maximization of product value to effectively drive results. We will work to share and establish our collective initiatives to date in every country we serve, with the objective of achieving further evolution in business growth based on the following two perspectives.

The first perspective involves elevating our organizational strength. Previously, we focused on enhancing our commercial strategies and marketing activities. We have now added emphasis on enhancing our overall capabilities so that we can more easily bring our strengths to bear. This encompasses R&D, product supply, and the back-office departments that provide the relevant support. As mentioned above, *Alesion* eyelid cream is an example of a product developed quickly in Japan to meet market needs by combining the strengths of multiple departments. We intend to transform such case studies into unique competitive advantages by establishing an organization-wide system for consistently replicating them, both in Japan and overseas businesses.

The second perspective is enhancing essential organizational capabilities tailored to each country and region we serve. Until now, our focus has been on establishing globally

standardized models and enhancing organizational capabilities at our overseas businesses. To that, we have added a focus on enhancing the organizational capabilities required given the market and customer characteristics of each country and region. For example, in EMEA, the focus is on optimizing patient access and pricing strategies; in Asia, on agile responses to growing self-medication demand; in China, on strengthening multi-channel sales capabilities through a combination of e-commerce and retail; and in Japan, on maximizing product value in the private healthcare sector. Each region requires tailored organizational capabilities to address its unique strategic priorities. We will create additional value in the countries and regions we serve by investing to strengthen the organizational capabilities we need to enhance our operations globally and those that are specific to particular countries and regions.

Evolving Santen Commercial Excellence will empower us to maximize the value of our existing product portfolio while rapidly creating new markets in new disease areas. We are taking on new challenges in myopia and ptosis, areas in which we plan to launch new products first in Japan and subsequently in EMEA, Asia, and China. We will leverage the collective strengths of our organization, as well as strengths specific to each region, and thereby contribute to more patients and the advancement of ophthalmology worldwide.

Developing Talent to Lead across Functions and Regions

We will achieve business growth centered on Santen Commercial Excellence by promoting the creation of a highly productive organization that can produce better results and has a leaner structure. To achieve this, we need leaders who are able to think deeply about how to create value, lead teams, get colleagues involved, and continue to hone organizational capabilities. We will employ job rotations among functions and regions to develop leadership talent for key positions at headquarters and in each region.

Another aspect I wish to highlight is Santen's culture of sincerity. Our people take pride in the fact that we are a company specialized in ophthalmology, and are committed to eye care

and the treatment of eye diseases, achieving success one step at a time. This culture is the foundation of the earnest approach and discipline that empower the expression of individuality—the very individuality that gives color to each aspect of the organization and results in greater collective strength. We will continue to foster a strong, flexible organization in which diverse human resources can quickly convert what they learn from others into their own abilities and continue to achieve personal growth while driving our business with vigor. Together we will work to realize Happiness with Vision so that we can be a company that is trusted by patients and society worldwide.

Santen Report 2025

Strategies and Initiatives for Sustainable Value Creation and Growth

23 COO's Message

Regional Strategies

By strengthening our presence in overseas regions while maintaining our earnings base in Japan we will achieve strong business growth and contribute to the lives of patients worldwide.

Backed by our strengths in product creation and maximization of product value, both of which are grounded in a deep understanding of ophthalmic care, we have established a strong sales base and solid relationships with healthcare providers in Japan, as well as EMEA, Asia, and China. In the medium-term management plan that runs through fiscal 2029, we will further strengthen our business foundation, centering on Santen Commercial Excellence, based on our efforts to establish a leadership position in markets outside Japan (EMEA, Asia, and China), and will aim to expand earnings at a rate that outpaces market growth in all regions, Japan included.

Santen Report 2025

Strategies and Initiatives for Sustainable Value Creation and Growth

25 Regional Strategies

Japan

Although Japan has a lower market growth rate than other regions, it is our home market, and will continue to be a key source of revenue. While strengthening our leadership position, we will make maximum use of our accumulated knowledge and organizational expertise to take on the challenge of creating new markets including myopia and ptosis.

EMEA

We will strengthen our sales organization in Germany and France to expand sales of glaucoma and dry eye treatments, and create a market for treatments that slow myopia progression. By carefully identifying needs in regions and therapeutic areas where there is room for growth, and reflecting that knowledge in products and formulations, we will enhance our solid presence in key countries and EMEA as a whole.

Asia

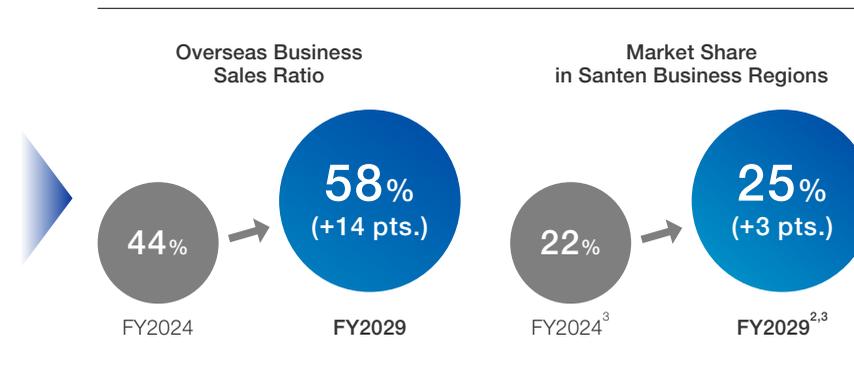
We already have a strong presence in South Korea, Thailand and Vietnam, where we have gained a high market share, particularly in glaucoma, infectious diseases, and dry eye. Since markets as a whole are expected to grow strongly in Asia, we will leverage our current business base to continue achieving high growth.

China

Through our multichannel strategy, we will mitigate the impact of volatility due to volume-based procurement (VBP) and other policies, and reinforce our structure for stable revenue generation. In addition to launching new products, we will actively seek business development opportunities to further strengthen our presence.

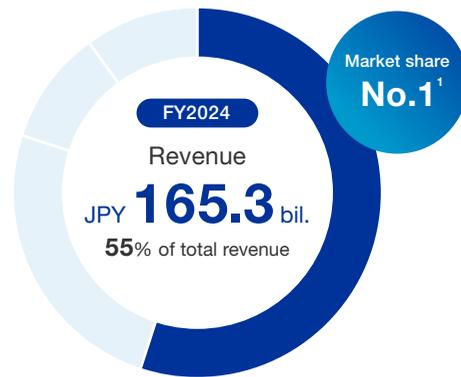
By maximizing overseas sales, we expect the overseas business sales ratio to account for 58% of our sales in fiscal 2029. We will deepen our contribution to eye care globally so as to be a leading ophthalmology company that earns the trust of patients and the ophthalmic community worldwide.

Region	Japan	EMEA	Asia	China
FY2029 Revenue (Contribution profit ratio)	JPY 170.0 bil. (35%)	JPY 100.0 bil. (38%)	JPY 65.0 bil. (48%)	JPY 65.0 bil. (39%)
Change¹ (vs. FY2024)	JPY +4.7 bil.	JPY +25.7 bil.	JPY +34.9 bil.	JPY +36.1 bil.
Santen CAGR (FY2024-2029)	1%	6%	17%	18%
Market CAGR² (FY2024-2029)	-3%	3%	7%	5%

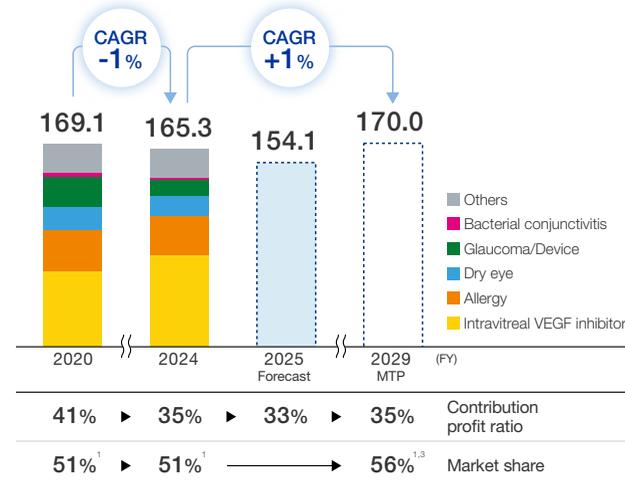


¹ Fiscal 2024 revenue includes revenue other than from the four regions. Revenue for Hong Kong is included in Asia for fiscal 2024 and in China for fiscal 2029. ² Santen estimate. Figures for FY2024 are estimates. Excluding the retinal disease segment in EMEA, Asia and China. ³ Calendar year basis. Excluding the retinal disease segment in EMEA, Asia and China. Refer to the following pages of this report for a breakdown of the constituent markets of Asia and EMEA. Source: Copyright © 2025 IQVIA. IQVIA MIDAS 2024.1Q-2024.4Q. Santen analysis based on IQVIA data. Reprinted with permission.

Japan



Revenue by Therapeutic Area (JPY billions)



Ippei Kurihara

Director, Corporate Officer,
 Head of Japan Business,
 Global Commercial Strategy

As a leading company dedicated to ensuring people's eye health, Santen carefully considers proposals for treatment approaches from the patient's perspective and implements them through cross-departmental efforts. This has supported the many successes of our Japan business. Although we expect to be affected by factors including reforms to the drug price system in our existing markets, we will continue to support stable performance as a whole by leveraging our strengths to pioneer new markets with a focus on the myopia and ptosis therapeutic areas, thereby contributing to the lives of more patients.

- National Healthcare Insurance (NHI) drug price revisions and a voluntary recall of *Diquas LX* affected performance during fiscal 2024. Nevertheless, we were able to minimize the impact by focusing on expanding sales of core products, including *EYLEA* 8mg² and *Alesion* eyelid cream. Revenue decreased 5.9% year-on-year to JPY 165.3 billion.
- For fiscal 2025, we forecast revenue will decrease 6.8% year-on-year to JPY 154.1 billion, which reflects the full-year impact from the market entry of generics competing against mainstay products and co-pay hikes on long-listed products under the *sentei-ryoyo* system. We will continue with initiatives to strengthen our foundation for future growth, although their contribution to fiscal 2025 results will be limited. These initiatives will include the launch of *Ryjusea*, an ophthalmic solution that slows the progression of myopia, and sepetaprost (STN1012600) for glaucoma. We will also resume shipments of *Diquas LX*.

Toward Fiscal 2029

As a market leader, continue to launch new products and enhance access, seeking a win-win situation for patients, healthcare facilities and Santen. Target sales of JPY 170.0 billion in fiscal 2029.

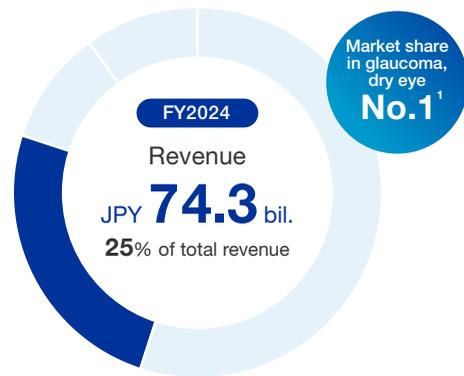
Basic Policy	Minimize LOE⁴ and NHI drug price cut impact by expanding portfolio and improving treatment access	
	<ul style="list-style-type: none"> • Strengthen leadership position in existing markets • Expand the portfolio and provide a wide range of treatment options by creating markets in myopia and ptosis, and launching new glaucoma products 	
Growth Opportunities and Measures	Glaucoma	• Expand treatment options and increase market share by launching new products (STN1012600, STN1013900, STN1014003)
	Myopia (new)	• Create myopia market with <i>Ryjusea</i> and establish it as standard treatment for controlling myopia progression
	Ptosis (new)	• Launch STN1013800 to create a world where “ptosis is treated by ophthalmologists” and lead the Rx market for ptosis

Santen Report 2025

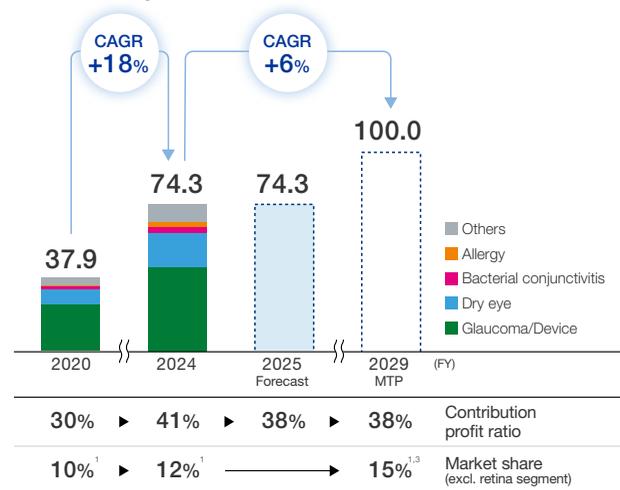
Strategies and Initiatives for Sustainable Value Creation and Growth

¹ Source: Copyright © 2025 IQVIA. JPM 2020.4-2021.3, 2024.4-2025.3. Santen analysis based on IQVIA data. Reprinted with permission. ² Product co-promoted with Bayer Yakuhin, Ltd. (Marketing authorization holder) ³ Santen estimate ⁴ Loss of exclusivity

EMEA



Revenue by Therapeutic Area (JPY billions)²



Marianthi Psaha

Corporate Officer,
Head of Europe,
Middle East and Africa
(EMEA) Business

In EMEA, Santen operates in over 50 countries and regions, driven by a clear purpose: to improve lives by providing better eye care to more people in more countries. With our leadership in glaucoma, a strong presence in dry eye, and upcoming launches in myopia and ptosis, we are strengthening our position as a leader in eye health. Our ambition is to be a trusted partner to patient communities, healthcare professionals, payers, and policymakers, driving sustainable impact and shaping the future of eye care together.

- In fiscal 2024, glaucoma and dry eye products drove steady sales growth. Non-recurring revenue from out-licensing also contributed to the 14.8% year-on-year increase in revenue to JPY 74.3 billion.
- In fiscal 2025, we expect growth in sales of preservative-free glaucoma products, new launches, and dry eye treatments to partly offset the absence of fiscal 2024 non-recurring revenue, and we forecast that revenue will decrease 0.1% year-on-year to JPY 74.3 billion. In the glaucoma market, the launch of *Catiolanze* and ROCK inhibitors such as *Roclanda (Rocklatan)* has progressed smoothly, and we expect these products to generate additional growth by leveraging our sales network across all of Europe.

Toward Fiscal 2029

With a focus on glaucoma, dry eye, and myopia, grow EU5 market share mainly in Germany and France. Target sales of JPY 100.0 billion in fiscal 2029.

Basic Policy	Build a leadership position in the ophthalmology market
	<ul style="list-style-type: none"> • Expand presence in Germany and France • Increase market share in glaucoma and maintain leading market share in dry eye • Create myopia and ptosis markets
Growth Opportunities and Measures	Glaucoma <ul style="list-style-type: none"> • Expand market and increase presence by promoting standardized glaucoma treatment in collaboration with stakeholders • Launch and develop key products (<i>Catiolanze</i>, <i>Roclanda</i>, <i>PreserFlo MicroShunt</i>) in EMEA and achieve early market penetration
	Dry Eye <ul style="list-style-type: none"> • Strengthen <i>Ikervis</i> targeting and value proposition to establish it as first choice in an increasingly competitive anti-inflammatory treatment segment, thereby maintaining our top share of dry eye Rx treatments
	Myopia and Ptosis (new) <ul style="list-style-type: none"> • Create the Rx market and establish a leadership position through the launch of <i>Ryjunea</i> and STN1013800, and strengthen collaboration with stakeholders to improve the treatment environment for myopia and ptosis

Q5

Santen Report 2025

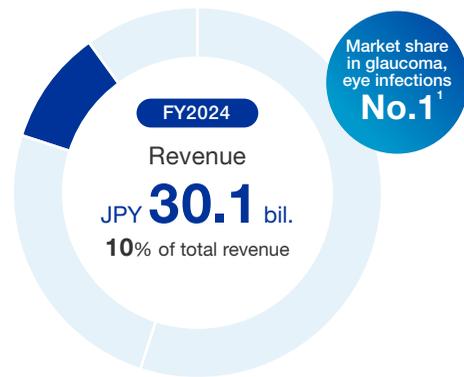
Strategies and Initiatives for Sustainable Value Creation and Growth

25 Regional Strategies

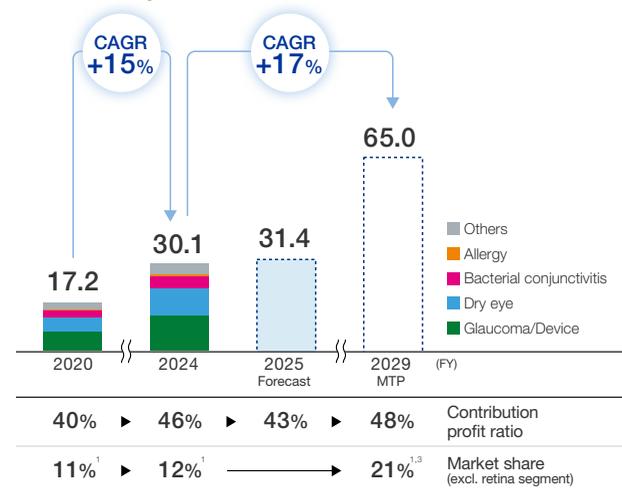
¹ Markets analyzed: AT, BY, BE, BA, BG, HR, CZ, EE, FI, FR, DE, GR, HU, IE, IT, KZ, LV, LT, LU, NL, NO, PL, PT, RO, RU, RS, SK, SI, ES, SE, CH, GB Source: Copyright © 2025 IQVIA. IQVIA MIDAS 2020.1Q-2020.4Q, 2024.1Q-2024.4Q. Santen analysis based on IQVIA data. Reprinted with permission.

² Fiscal 2024 includes one-time factors ³ Santen estimate

Asia



Revenue by Therapeutic Area (JPY billions)²



Tomoyuki Yoshida
Corporate Officer,
Head of Asia Business

Our business in Asia is growing strongly, driven by the development of local ophthalmology ecosystems and economic development, particularly in Southeast Asia. In addition, we have been strengthening our human resources development and organizational capabilities by providing employees with various growth opportunities, such as the opportunity for active involvement in the process of building the business. Based on detailed strategies that meet the needs of each of the countries and regions we serve and on our relationships of trust with customers, we aim to further contribute to the development of ophthalmology and grow our business.

- In fiscal 2024, we were affected by a strike by doctors in South Korea and delays in product supply, but sales of glaucoma and dry eye products remained strong in major markets. As a result, revenue increased 5.0% year-on-year to JPY 30.1 billion. We expect similar growth in fiscal 2025, and forecast that revenue will increase 7.8% year-on-year to JPY 31.4 billion.⁴
- Ophthalmic demand is increasing as people become more health conscious, so we are growing our business by collaborating with in-market ophthalmology communities to expand diagnosis and treatment. We are also promoting the capture of self-medication demand through the pharmacy channel.

Toward Fiscal 2029

Strengthen portfolio with a focus on glaucoma and dry eye. Capture OTx⁵/OTC demand. Target sales of JPY 65.0 billion in fiscal 2029, mainly in South Korea, Thailand, and Vietnam.

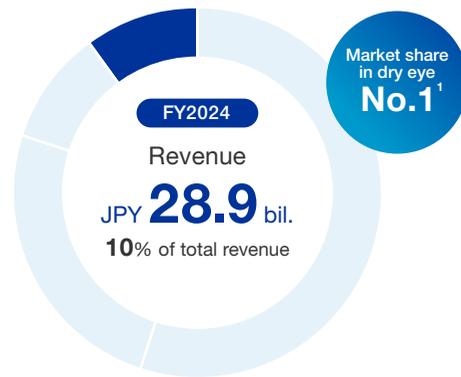
Basic Policy	
<ul style="list-style-type: none"> • Contribute to optimal diagnosis and treatment of glaucoma and dry eye through the Rx portfolio and OTx/OTC products • Leverage new products to create myopia and ptosis markets 	
Growth Opportunities and Measures	
Glaucoma	<ul style="list-style-type: none"> • Launch and early regional expansion of <i>Rhopressa</i>, <i>Rocklatan</i>, and <i>Catiolanze</i> • Expand market by promoting of appropriate treatment concept and care using strategies that address patient journey pain points
Dry Eye	<ul style="list-style-type: none"> • Establish and disseminate new framework for diagnosis and treatment of dry eye by working with key opinion leaders and societies in each market
OTx/OTC	<ul style="list-style-type: none"> • Strengthen marketing strategy to capture growing self-medication demand mainly in Thailand, Vietnam, Philippines, and other markets in Southeast Asia
Myopia and Ptosis (new)	<ul style="list-style-type: none"> • Enter myopia and ptosis markets via launch of STN1012700 and STN1013800, using sales bases in existing markets to lead market creation
Others	<ul style="list-style-type: none"> • Establish optimal sales models in the Indonesia and Australia markets

Santen Report 2025

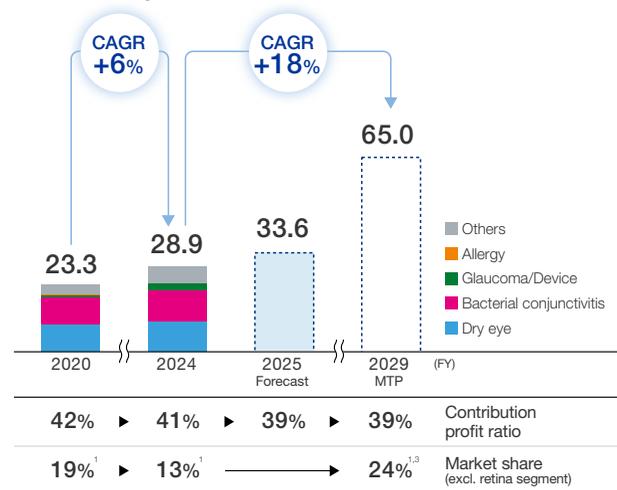
Strategies and Initiatives for Sustainable Value Creation and Growth

¹ Markets analyzed: HK, ID, KR, MY, PH, SG, TW, TH, VN, AU Source: Copyright © 2025 IQVIA. IQVIA MIDAS 2020.1Q-2020.4Q, 2024.1Q-2024.4Q. Santen analysis based on IQVIA data. Reprinted with permission. ² Fiscal 2025 and fiscal 2029 exclude Hong Kong. ³ Santen estimate ⁴ Fiscal 2025 excludes Hong Kong. YoY figures are also calculated excluding Hong Kong. ⁵ OTC products purchased based on a doctor's prescription or a pharmacist's advice.

China



Revenue by Therapeutic Area (JPY billions)²



Shawn Xiang
Corporate Officer,
Head of China Business

China is a market with significant growth potential, driven by the increasing number of ophthalmology patients and national-level initiatives addressing eye diseases. We will strengthen our sales capabilities by expanding hospital channels and renewing consumer channels, minimizing the impact of risks such as VBP, and linking these efforts to sustainable growth by seizing opportunities. Furthermore, we aim to harness the expansion of our pipeline as a future growth driver and establish strong leadership in the ophthalmology field.

- In fiscal 2024, revenue decreased 3.1% year-on-year to JPY 28.9 billion due to factors such as the impact of VBP and delays in product supply. We are working to minimize the impact of VBP by actively expanding sales channels to private hospitals and pharmacies, including by expanding the retail business for *Diquas*.
- We expect fiscal 2025 revenue to increase 12.6% year-on-year to JPY 33.6 billion, supported in part by the new value that *Benoxil* provides, and the new launch of *Tapcom*.⁴ With a view to market expansion over the medium to long term, we will also focus on launching new products and exploring business development opportunities.

Toward Fiscal 2029

Maximize sales with new products and with assets acquired through business development and strengthen multichannel sales for sustainable growth. Target sales of JPY 65.0 billion in fiscal 2029.

Basic Policy	Increase presence through multi-channel strategy and by strengthening the portfolio
	<ul style="list-style-type: none"> • Capture consumer demand through retail channels⁵ unaffected by VBP • In addition to releasing new glaucoma, myopia and ptosis products, expand portfolio via collaboration with other companies
Growth Opportunities and Measures	
Glaucoma	<ul style="list-style-type: none"> • Promote expansion of product portfolio through launch of new products such as <i>Tapcom</i>, <i>Eybelis</i> and provide comprehensive treatment options to patients
Dry Eye	<ul style="list-style-type: none"> • Expand sales channels with particular focus on retail channels
Myopia and Ptosis (new)	<ul style="list-style-type: none"> • Promote early branding activities • Expand sales channels with particular focus on retail channels
Others	<ul style="list-style-type: none"> • Explore further business development opportunities in addition to ARVN001

Santen Report 2025

Strategies and Initiatives for Sustainable Value Creation and Growth

¹ Source: Copyright © 2025 IQVIA. IQVIA MIDAS 2020.1Q-2020.4Q, 2024.1Q-2024.4Q. Santen analysis based on IQVIA data. Reprinted with permission. ² Fiscal 2025 and fiscal 2029 includes Hong Kong. ³ Santen estimate
⁴ Fiscal 2025 includes Hong Kong. YoY figures are also calculated including Hong Kong. ⁵ Online/Offline (out-of-pocket markets)

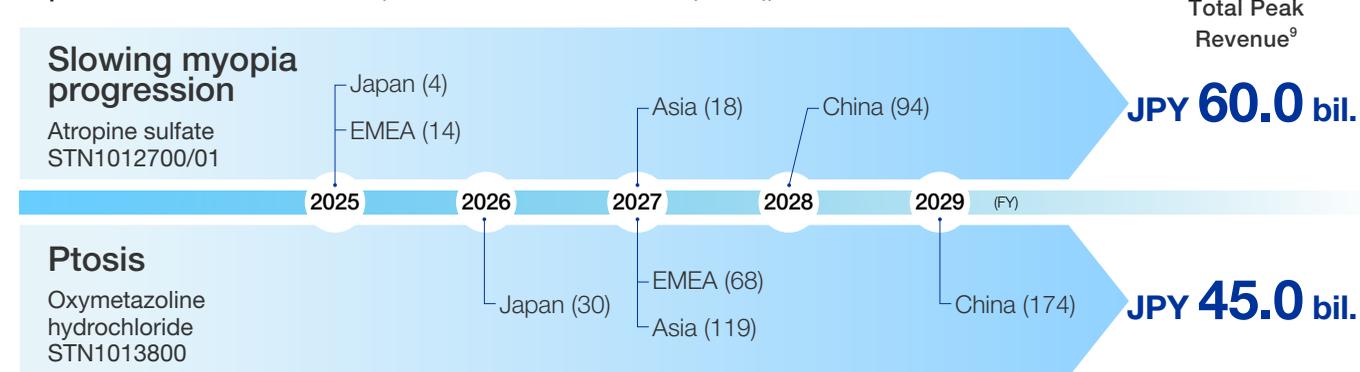
Creating Prescription Eye Drop Markets for Myopia and Ptosis

One of the growth strategies in our medium-term management plan is market creation in new disease areas. In two areas where drugs have not been the primary approach for treatment—slowing myopia progression in children and acquired ptosis—we will create new markets by providing and promoting eye drop treatments. We have already launched drugs for myopia in Japan and EMEA, and we intend to launch a drug for ptosis in Japan in fiscal 2026. We aim to contribute to patients worldwide by steadily expanding our business to new regions, tailoring our approach to each one and leveraging the knowledge we gain from the markets that precede it.

Establishing an Eye Drop Market for Slowing Myopia Progression

Myopia (commonly known as nearsightedness) is a condition in which the focal point for distant objects is in front of the retina, instead of directly on it, and is primarily caused by elongation of the axial length (front to back) of the eye. It has been reported that, in addition to affecting patient quality of life,^{1,2} the progression to “high myopia” increases the risk of severe complications that can lead to visual impairment or blindness.^{3,4} Moreover, given the possibility that it primarily advances during school age, it is considered crucial to control the progress of myopia during this period.⁵ In 2020, 34.0% of the world’s population was estimated to have myopia, a figure that is expected to reach 49.8% in 2050.⁶ As such, the global increase in the myopia population is a major social issue. Myopia is generally corrected with glasses or contact lenses, but other measures include issuing preventive advice, such as spending more time outdoors, and treatments to reduce progression. There has been R&D into a variety of approaches to slow progression, including eye drops, therapeutic contact lenses, and orthokeratology, and these are gradually being developed into practical applications.

Expected Launch Schedule⁷ (Estimated Number of Patients (Million))⁸



Envisioned Treatment

Slowing myopia progression

Myopia progression is controlled, helping to prevent other diseases associated with myopia

- Patients requiring treatment for myopia seek to slow its progression with eye drops and opt to pursue treatment.
- An environment has been established in which patients experience positive outcomes from and continue eye drop treatments.

Ptosis

Ptosis is a condition treated by ophthalmologists and for which eye drops are commonly prescribed

- Patients are aware that symptoms can be treated with eye drops and consult medical professionals when symptoms cause problems.
- Ophthalmologists appropriately prescribe eye drops as a non-invasive option for ptosis.
- More frequent patient visits contribute to early detection and treatment of other diseases, such as glaucoma.

Strategies and Initiatives for Sustainable Value Creation and Growth

30 Creating Prescription Eye Drop Markets for Myopia and Ptosis

¹ Curr Eye Res. 2023;48(12):1189-94. ² Invest Ophthalmol Vis Sci. 2021;62(5):2. ³ Lancet. 2012;379(9827):1739-48. ⁴ Invest Ophthalmol Vis Sci. 2020;61(4):49. ⁵ Sci Rep. 2022 Feb 21;12(1):2879. ⁶ Ophthalmology. 2016 May;123(5):1036-42. ⁷ The schedule is based on the best-case scenario assumed as of the end of March 2025 and does not guarantee launch. ⁸ Santen estimate. Countries and regions included: Japan, China, South Korea, Taiwan, Singapore, Thailand, Philippines, Hong Kong, Indonesia, Vietnam, Malaysia, the U.K., France, Germany, Spain, Italy, Switzerland, Austria, Netherlands, Denmark, Norway, Sweden, Finland, Ireland, and Portugal ⁹ Total revenue at peak year for each region

We have been developing low-dose atropine as an eye drop for slowing myopia progression. The estimated number of potential childhood myopia patients, the primary target for prescriptions, is estimated to be approximately 130 million in the regions currently served by Santen.¹ Our drug became the first approved drug in Japan when it was launched in April 2025. In July 2025, after obtaining approval from the European Medicines Agency, it was launched in EMEA as the first approved drug in Europe. We plan to release a product in Asia in fiscal 2027 and in China in fiscal 2028. We expect these drugs to contribute revenue of JPY 30.0 billion or more in the four business regions in fiscal 2029. Furthermore, we estimate that the sum of peak revenue in each respective region will total approximately JPY 60.0 billion. To achieve this, it is essential to develop systems and a treatment environment where myopia is widely recognized as a controllable disease for which intervention is important, and where patients are able to continue their treatment. Working with healthcare professionals to go beyond providing products

and change the perception of myopia treatment is an approach we have successfully applied in other disease areas. We aim to leverage our accumulated experience and strengths to contribute to patients worldwide.

Establishing an Eye Drop Market for Ptosis

Ptosis is a condition that causes the upper eyelid to droop, making it more difficult to see. Symptoms include a restricted upper visual field, shoulder stiffness, headaches, and susceptibility to fatigue, all of which can interfere with activities of daily life and reduce QOL.² Ptosis can be classified into congenital and acquired forms. Acquired ptosis has a variety of causes, and there is research that indicates it can occur as a result of degeneration of the levator aponeurosis due to aging, or the prolonged use of contact lenses.^{3,4,5,6} In the United States, there is an approved eye drop available, but in other regions surgery is the only treatment option.

In 2020, Santen in-licensed an approved drug marketed for the treatment of acquired ptosis in adults in the United States. We estimate that there are 391 million potential patients in the regions we currently serve,⁷ and we are developing the drug for launch in Japan, EMEA, Asia and China. In Japan, we submitted an application for approval in December 2024, and a launch is scheduled for fiscal 2026, pending approval. We plan for launches in EMEA and Asia in fiscal 2027, and in China in fiscal 2029. In so doing we aim to create an eye drop market for ptosis and contribute to this new therapeutic area. As with myopia, it is important to spread awareness of the possibility of treating the condition with eye drops. By working with healthcare professionals to make eye drops a common ophthalmic prescription for ptosis, we believe that we will be able to achieve revenue of JPY 15.0 billion or more in fiscal 2029 in the above four regions, and that the sum of peak revenue in each respective region will total about JPY 45.0 billion.

Santen Report 2025

Strategies and Initiatives for Sustainable Value Creation and Growth

30 Creating Prescription Eye Drop Markets for Myopia and Ptosis

COMMENT



Takashi Maeda

Team Manager
Myopia & Ptosis Marketing Team
Ophthalmology Marketing Group 1
Marketing Department,
Japan Business

It has long been common practice to correct myopia, but in recent years it has become possible to address anxieties regarding future visual function by slowing myopia progression. In Japan, prior to our product’s launch we received feedback from numerous medical professionals that a means of managing myopia progression is needed. We take this as evidence that interest and expectations are high.

In order to maximize the value of this product and deliver that value to patients, Santen is focusing not only on information provision activities but also on developing healthcare environments that improve the patient experience. Moreover, we are leveraging the extensive accumulated knowledge we have as a solution provider and advancing various initiatives while securing the support of outside stakeholders. These efforts should establish a new clinical experience and prove useful in our initiatives for ptosis treatment, which we expect to launch in fiscal 2025.

¹ Santen estimate. (Total estimated number of pediatric myopia patients in four business regions: Japan, EMEA, Asia and China. Countries and regions included: Japan, China, South Korea, Taiwan, Singapore, Thailand, Philippines, Hong Kong, Indonesia, Vietnam, Malaysia, the U.K., France, Germany, Spain, Italy, Switzerland, Austria, Netherlands, Denmark, Norway, Sweden, Finland, Ireland, and Portugal) ² *Am J Ophthalmol.* 1996;121(6):677-86. ³ *Ophthalmology.* 3rd ed. St. Louis, Mo: Mosby Elsevier; 2008. p.1397-1403. ⁴ *Ophthalmology.* 1992;99(12):1759-65. ⁵ *Ophthalmology.* 1995;102(6):924-8. ⁶ *Ophthalmology.* 2007;114(12):2370. ⁷ Santen estimate. (Total estimated number of potential acquired ptosis patients in four business regions: Japan, EMEA, Asia and China. Countries and regions included: Japan, China, South Korea, Taiwan, Singapore, Thailand, Philippines, Hong Kong, Indonesia, Vietnam, Malaysia, the U.K., France, Germany, Spain, Italy, Switzerland, Austria, Netherlands, Denmark, Norway, Sweden, Finland, Ireland, and Portugal)

Strengthening the Rx Portfolio and Pipeline to Support Medium- to Long-Term Growth

One of the growth strategies in our medium-term management plan is to expand the Rx portfolio to support medium- to long-term growth. Through business development and R&D, we will expand our Rx portfolio and pipeline, which will contribute to sales during the period of the plan and support sustainable growth from fiscal 2030 onward.

Policy for Strengthening the Rx Portfolio and Pipeline

As shown in [Sannten's business model](#) (► Page 13), one of our strengths is product creation in the field of ophthalmology. Based on a deep understanding of patients' needs and medical challenges, we are able to reposition drugs, enhance their convenience and efficacy by leveraging advanced formulation technologies, and expand indications to other ophthalmic diseases, thereby maximizing product value and extending product lifecycles. In addition, we are able to attract and acquire/license a wide range of assets and products, including candidate compounds for the treatment of certain ophthalmic diseases that global major pharmaceutical companies are not targeting due to market size or the fact

that they are outside areas of specialty, as well as late-stage clinical development pipeline and marketed products from pharmaceutical startups and other companies that do not have commercialization or marketing capabilities.

In our medium-term management plan, we set five priority measures to further refine the above strengths and expand our Rx portfolio and pipeline. First of all, we aim to shorten the development period for candidates in our pipeline, thereby obtaining approval sooner. In addition, we will continue providing new value and extending the lifecycle of our products by improving formulations through an approach that offers a high likelihood of success and rapid development. From the perspective of acquiring new growth drivers, we will formulate disease strategies based on analyses, including of unmet medical needs and solutions that meet them, and select

targets for business development. In this way, we will pursue the licensing of candidates under development and marketed products, including those with a market size and area of specialty that are not being targeted by global majors. In terms of providing higher added value and differentiating our products, we will continue to develop formulation technologies, including new drug delivery systems,¹ while also tackling new modalities, with a focus on ophthalmic diseases for which there are no current drug treatments. These measures will contribute greatly not only to expanding the Rx portfolio and pipeline but also to maximizing the post-marketing value of products, through strong collaboration between customer-facing units, product supply, and R&D departments, based on the patient's perspective and a deep understanding of the ophthalmology healthcare environment.

Q2

Santen Report 2025

Strategies and Initiatives for Sustainable Value Creation and Growth

32 Strengthening the Rx Portfolio and Pipeline to Support Medium- to Long-Term Growth

Priority Measures	Measure Policy
Obtaining approval sooner for candidates in the current pipeline	Shorten development time and accelerate development <ul style="list-style-type: none"> • Improve facility selection, patient recruitment, etc. for clinical development • Consult with and receive feedback from regulatory authorities at earlier stages of development
Continuous promotion of LCM	Develop and deploy new formulations based on medical needs <ul style="list-style-type: none"> • Develop and deploy <i>Alesion</i> eyelid cream in Asia and China • Add new PFMD² formulation with improved convenience for patients (<i>Catiolanze</i>, <i>Roclanda</i>) • Initiate LCM for new products at an earlier stage
Enhancement of business development target selection and capabilities/processes	Acquire seeds and products outside the scope of major pharmaceutical companies <ul style="list-style-type: none"> • Acquire first-in-class therapeutic products and products for untapped markets through new partnerships based on development and marketing track record
Development of eye drop formulation technologies	Pursue possibilities for new eye drop treatments <ul style="list-style-type: none"> • Develop drug delivery system and other technologies for the treatment of back-of-eye diseases
Tackling new modalities	Develop drugs for diseases with no current drug treatments <ul style="list-style-type: none"> • Develop treatments for genetic eye diseases and refractory corneal conditions

¹ Formulation technologies engineered to deliver the right amount of drug to the right target at the right time ² Preservative-free multi-dose

Three Growth Drivers in the Pipeline

Santen divides its pipeline into three categories for the purpose of considering growth drivers.

The first category is market expansion. Our existing disease areas such as glaucoma, dry eye, and allergic conjunctivitis are where we have traditionally focused. Our understanding of these diseases and market needs is deep, and our experience in product development is rich. This is also evident in the fact that while the average industry-wide success rate of Phase III trials is said to be in the 50% range, ours is significantly higher, in the 70% range. We will expand the markets for these treatments through the launch of new products and through development activities that offer a relatively high likelihood of success, such as launching products in new regions and improving formulations.

The second is market creation. We will create new markets in disease areas such as myopia and ptosis, for which there were previously no approved therapeutic drugs. For diseases without approved drug treatments, there are often no established endpoints in clinical trials. It is common practice to define endpoints based on sound principles, in collaboration with academia and regulatory authorities. Furthermore, when embarking on new clinical trials, there is the risk of encountering unknown challenges. Nevertheless, even in the case of new disease areas, by leveraging our deep knowledge and experience accumulated over many years in ophthalmic drug development, we have overcome the above conditions and obtained approval for drugs that slow myopia progression, and have also filed for approval for a ptosis drug treatment. Moreover, we will further expand these markets and maintain our competitiveness by leveraging our expertise in maximizing product value through formulation improvements—one of

our strengths—to ensure that development continues beyond the launch of a single product.

The third is market entry. We will expand the scope of our contribution to patients by actively entering markets through in-licensing of products under development and marketing tie-ups in areas where we have not yet entered the market. One example is obtaining exclusive commercialization rights of a treatment for uveitic macular edema in the China market.

We have been contributing to each region we serve through a wide range of essential products in ophthalmology, from front-of-eye to back-of-eye, as well as for diagnostic agents. By continuing to maintain and expand our pipeline across the three categories in a well-balanced manner, we will increase our contribution to patients and realize steady growth in the short term and growth on a global basis over the medium to long term.

Projected Launch Schedule (As of March 31, 2025)

	Indication	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030 onward
Market Expansion	Glaucoma	<ul style="list-style-type: none"> • Sepetaprost STN1012600 / Japan • PreserFlo MicroShunt 11mm STN2000110 / Europe • Tapcom (combination drug of tafluprost and timolol maleate), UD STN1011101 / China 	<ul style="list-style-type: none"> • Netarsudil mesylate STN1013900 / Japan 	<ul style="list-style-type: none"> • Ophthalmic emulsion of latanoprost, PFMD STN1013002 / Europe • Ophthalmic emulsion of latanoprost STN1013001 / Asia 	<ul style="list-style-type: none"> • Combination drug of netarsudil mesylate and latanoprost STN1014003 / Japan • Omidenepag isopropyl, UD STN1011702 / China 	<ul style="list-style-type: none"> • Combination drug of netarsudil mesylate and latanoprost, PFMD STN1014001 / Europe 	
	Dry eye						<ul style="list-style-type: none"> • Olodaterol hydrochloride STN1014100
	Allergic conjunctivitis			<ul style="list-style-type: none"> • Epinastine hydrochloride, twice a day, eye drop STN1011403 / China 	<ul style="list-style-type: none"> • Epinastine hydrochloride, eyelid cream STN1011402 / Asia 	<ul style="list-style-type: none"> • Epinastine hydrochloride, eyelid cream STN1011402 / China 	
	VKC	<ul style="list-style-type: none"> • Verkazia (ciclosporin) STN1007603 / China 					
Market Creation	Myopia	<ul style="list-style-type: none"> • Ryusea, Ryjunea (atropine sulfate) STN1012700/01 / Japan, Europe 		<ul style="list-style-type: none"> • Atropine sulfate STN1012700 / Asia 	<ul style="list-style-type: none"> • Atropine sulfate STN1012700 / China 		
	Ptosis		<ul style="list-style-type: none"> • Oxymetazoline hydrochloride STN1013800 / Japan 	<ul style="list-style-type: none"> • Oxymetazoline hydrochloride STN1013800 / Europe, Asia 		<ul style="list-style-type: none"> • Oxymetazoline hydrochloride STN1013800 / China 	
	FECD						<ul style="list-style-type: none"> • Sirolimus eye drop STN1010904
	MGD						<ul style="list-style-type: none"> • Sirolimus eye drop STN1010905
	Pterygium						<ul style="list-style-type: none"> • Nintedanib STN1014200
Market Entry	UME			<ul style="list-style-type: none"> • Triamcinolone acetonide injectable suspension for SCS AFVN001 / China 			

PFMD: Preservative-free multi-dose, UD: Unit-dose, VKC: Vernal keratoconjunctivitis, FECD: Fuchs endothelial corneal dystrophy, MGD: Meibomian gland dysfunction, UME: Uveitic macular edema, SCS: Suprachoroidal space

Santen Report 2025

Strategies and Initiatives for Sustainable Value Creation and Growth

32 Strengthening the Rx Portfolio and Pipeline to Support Medium- to Long-Term Growth

Updating Santen’s Corporate Philosophy Framework and Clarifying the Basis for Employees’ Actions and Decision-Making

Prior to the announcement of the FY2025-2029 Medium-Term Management Plan, Santen updated its Corporate Philosophy Framework in February 2025. To put into practice the Core Principle and realize our Vision, we have clarified our Guiding Principle and Values, which form the basis for the actions and decision-making of every employee, and are thus ready to advance Santen’s distinctive value creation.



Fumiyasu Ako
Corporate Officer,
Chief of Staff to CEO

Backdrop to Updating the Corporate Philosophy Framework and Dedication to Our Founding Spirit

In formulating the new medium-term management plan, we began a review of our Corporate Philosophy Framework. Our reasoning was that we needed to examine what should be changed and what should be preserved to ensure that Santen can continue to contribute to patients and society while adapting to the shifting business environment.

The previous philosophy structure was overly complex, so even though the Core Principle and the Vision (then referred to as the “WORLD VISION”) were well established within the Company, the various values expected of Santen employees

were not necessarily fully understood or consistently practiced. As part of the review, the corporate officers in charge of each function and regional operations were brought together for extensive discussions of what should be preserved. We decided that the Core Principle and our Vision continue to be Santen’s enduring purpose and reason for existence, and should not change, but that we should update and restate the values that guide our behavior and decision-making, to better fit the times.

As the review progressed, what impressed me was that despite the diverse roles and career backgrounds of the members, their opinions on the values we should embody were surprisingly consistent. Empathy with Santen’s Core Principle and way of achieving “To-be,” and a desire to contribute to patients and their loved ones, were things they all shared.

Faced with the challenge of conveying Santen’s values in a way that all employees around the world could easily understand, it was those very commonalities that led to passionate discussions about how to express those values in words. For example, one word that was considered was “innovation,” which is generally associated with new technologies with no precedent. However, the kind of innovation that we aim for does not always fit that mold; it also includes improvements to existing product value that are tailored to the needs of patients and healthcare professionals. We therefore chose the phrase “Continuous Advancement” because it encompasses those ideas.

Role of the Core Principle in the FY2025-2029 Medium-Term Management Plan

The Core Principle will play a critical role for advancing the medium-term management plan as a Company-wide effort. The competitive landscape is constantly changing, and it is entirely possible that our current assumptions will also change in the future. In these changing conditions, it is likely that there will be many situations that require the revision of our strategies and measures. When that happens, our basis for decision-making will always be the Core Principle. With a unique business model focused on ophthalmology, Santen is striving for stable growth globally while limiting the impact of development risk and patent expirations. This growth will be supported by our 4,000 or so employees worldwide who are sincere in their approach to patients and consumers whose lives are affected by eye diseases and other eye problems. Through activities rooted in the Core Principle, we will contribute to patients and increase our corporate value.



Santen Report 2025

Strategies and Initiatives for Sustainable Value Creation and Growth

34 Updating Santen’s Corporate Philosophy Framework and Clarifying the Basis for Employees’ Actions and Decision-Making

Initiatives to Enhance Corporate Value Centered on the Revision and Sharing of Our Philosophy Framework

In order to maximize Santen's strengths, contribute to patients globally, and thereby achieve business growth, we believe it is essential for each and every employee to understand and put into practice our Corporate Philosophy Framework, and to promote our unique business model. As such, we launched a project to update the Corporate Philosophy Framework and better share that philosophy across the Company. This section highlights the approach applied by the project leaders.

Leading the Project to Review Santen's Corporate Philosophy Framework and More Accurately Express Santen's Essence in Words

Yuki Shiratsugi
 Manager, CEO Office

I was in charge of the overall project, and led the project launch and the design of the guidelines. We wanted to make our Guiding Principle and Values, which were somewhat abstract before, easier for employees to put into practice, so a cross-departmental project team was assembled, with input from both senior management and frontline employees, to redesign them to be more concrete and relatable. In that process, all members involved in the project, including management, discussed in depth what values and behavior patterns have been important to Santen over the years, and I was impressed to see them seriously come to grips with the task of finding the essence of Santen. In deciding on the wording of the framework, we were very particular about the nuance and meaning of the words, and we struggled to find just the right expressions in both Japanese and English to convey our intended meaning. We expect that each and every employee striving to embody and share the corporate philosophy in their day-to-day work will lead to its further spread and ultimately to the enhancement of Santen's corporate value.



From Philosophy to Everyday Work: Putting Santen's Values into Practice

Shigeo Hasegawa
 Head of Core Principle and CSV

Our department is responsible for building understanding of the Corporate Philosophy Framework among all employees globally. As part of the recent update to our Corporate Philosophy Framework, we have appointed "Ambassadors" from among mid-level employees who play central roles at each organization. Ambassadors lead efforts to promote company-wide understanding and engagement with the philosophy. Through ongoing dialogue with colleagues, they help foster shared understanding and empathy, and are actively involved in implementing specific initiatives such as workshops to help embed the philosophy throughout the organization.



As one initiative to promote understanding, a video message by the CEO and other members of management received a certain level of feedback, with many employees saying it was very easy to understand. Workshops to connect the values of Santen and individuals also received many positive comments such as "It led me to personally feel the connection between the framework and my work."

It is essential that each employee deepens their practice while reflecting on their own actions and decisions based on the Guiding Principle and Values. I expect that this will help the philosophy framework take root in employees' everyday work, and lead to a greater sense of the significance of their work and improved engagement.

Initiatives to Instill Our Philosophy

Taking Actions Globally and across Organizational Boundaries

Since February 2025, video messages from senior management, starting with the CEO, have been sent out Company-wide to share the importance of the Core Principle with all employees. Managers responsible for different regions and organizational units talk about their thoughts based on their own experience, thereby communicating a common set of values from multiple perspectives. We have also held townhall meetings in each overseas region to build greater understanding of our business strategy and philosophy. In these meetings, top management visit sites to talk with employees directly, and promote shared values throughout our global operations. Additionally, since April 2025 we have held workshops in each region and department to encourage employees to think about how the philosophy connects to their work. Through these initiatives, we are promoting practical understanding of the philosophy framework and its steady integration into our daily operations.

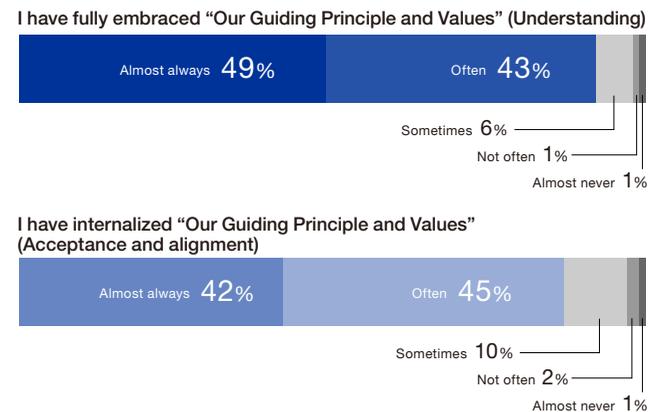


A workshop

Pulse Surveys to Gauge Degree of Recognition and Alignment Over Time

We conducted pulse surveys in June 2025 to continuously check whether the Guiding Principle and Values are properly established in employees' actions and decision-making. This fiscal year, we are planning three surveys in total, with 92% of employees globally across the Santen Group responding to the first one. In the question asking people whether they perceive the Guiding Principle and Values as their own concern (which assesses their understanding and acceptance of and alignment with the philosophy), nearly 90% of employees indicated agreement, which shows that the results of our initiatives are steadily becoming apparent. By continuing to promote understanding of the philosophy framework and establish it as the basis of employees' actions and decision-making, we will support an organizational culture that delivers even greater successes and value.

Survey Results



The Sixth Santen Value Award

We launched the Santen Value Award program in fiscal 2020. This award is presented by the President and CEO with the goal of enhancing corporate value by sharing and applying best practices from each region/department.

This year, a wide range of initiatives that contribute to enhancing corporate value were nominated. They included initiatives to advance ophthalmic care, achieve business growth, and create new value in cooperation with partner companies. The number of submissions was 22, compared with 16 last year. Many proposals and activities that take the perspective of patients were submitted, indicating that bottom-up efforts are steadily expanding. Through this award, we are fostering a corporate culture where employees take the lead in creating value.

In the 2025 Santen Value Award, four initiatives received awards:

- Global Myopia Value Dossier – Shaping Healthcare Policy and Breaking Barriers to Myopia Treatment
- Advancing Public Affairs in the EMEA Region by Raising Awareness and Fostering Policy Dialogue on Myopia
- Contributions to Advancing Regional Healthcare through Portfolio Enrichment in the Santen Middle East
- Maximizing Product Value and Promoting Self-care through the Successful Transition of *Hyalein S* to Schedule II Pharmaceuticals as a Switch OTC Drug in Japan

Santen Report 2025

Strategies and Initiatives for Sustainable Value Creation and Growth

34 Updating Santen's Corporate Philosophy Framework and Clarifying the Basis for Employees' Actions and Decision-Making

Human Capital Strategy

To continue to contribute to patients and society over the long term, we will need people who deeply understand and embody our Core Principle, appreciate the value of working at Santen, and can achieve and maintain a high level of performance.



Yoko Saiki
Corporate Officer,
Global Head of Corporate
Strategy (in charge of HR)

Santen’s Ideal Talent Profile

As one of the few pharmaceutical companies specializing in ophthalmology, we are achieving steady global growth through our unique business model. With high growth expected in the ophthalmology pharmaceutical market, Santen continues to strengthen its position in this market.

To achieve effective business results, simply continuing to use existing all-encompassing strategies and approaches is not enough. The most important factors are to have a detailed grasp of the needs of patients and healthcare professionals, and for employees in sales and marketing, R&D, manufacturing, and corporate departments to deeply understand our business model, and commit to getting results while refining their own areas of expertise.

In recent years, people’s values with regard to careers

and ways of working have diversified, and the environment surrounding the labor market has been rapidly changing, including soaring labor costs worldwide. To respond to these changes, it is important to promote the well-being and personal growth of employees by providing enriched working environments where all employees can work in good health, where individual values and lifestyles are respected, and where flexible ways of working are available.

With that in mind, we revised our Guiding Principle and Values, which are the basis for actions and decisions that serve to embody our Core Principle and realize our Vision, as well as redefined the talent we seek, as follows. A key to our sustainable growth is for employees who understand this talent profile, work on self-improvement, cooperate across regions and functions to achieve a high level of performance, and continue to achieve growth together.



The Talent Santen Seeks

To realize a world where people everywhere enjoy fulfilling lives through “seeing,” we seek individuals who:

- Deeply understand our business model and needs
- Continuously develop and apply their expertise
- Commit to results and create a meaningful impact

Strategies and Initiatives for Sustainable Value Creation and Growth

Overview of the FY2025-2029 Medium-Term HR Plan

For the period of the FY2025-2029 Medium-Term Management Plan, Santen has set three priority measures and an overall goal related to human resources, organization, and culture, and will leverage synergies to effectively drive results through our organizational capabilities, which we refer to as Santen Commercial Excellence.

Priority Measure 1 Driving talent and organizational development to lead Santen Commercial Excellence

Priority Measure 2 Enhancing Santen's ability to attract and retain highly motivated, high-performing talent

Priority Measure 3 Creating an organization that fosters cross-functional collaboration and productivity for enhanced value

Goal

By fiscal 2029, Santen will have secured and developed talent who lead Santen Commercial Excellence, with high organizational productivity and a strong, sustained realization of our business model

While monitoring internal and external changes, we will maintain workplaces that enable all employees to appreciate the value of working at Santen, and to continue working at a high level of day-to-day performance. At the same time, we will advance personnel practices that empower our people to contribute to patients and society over the long term.

People Development Programs

We will deepen employees' understanding of our business characteristics, eye diseases, and needs in the field of ophthalmology, and provide opportunities for employees to develop their skills and bring out their best based on Santen Commercial Excellence.



Training in China

Development of the Next Generation of Leaders

The Next-Generation Leader Program and Next Wave Program

In today's rapidly changing business environment, developing the next generation of leaders has become essential for companies to achieve sustainable growth. Santen provides training to develop leaders capable of unifying teams and who can exercise their leadership and skills based on our Core Principle, Vision and Values, as well as the development of talent and the maximization of organizational performance. In the Next-Generation Leader Program and the Next Wave Program, we are aiming to produce the

next generation of business leaders who can map out their own vision amid broad-ranging changes in the business environment, and embrace innovation. We also provide ambitious employees seeking further development with opportunities to participate in projects related to formulation and execution of business plans and to talk with senior managers, which promotes their career growth through practical experience.

Learning Together

Learning Festival

Held in EMEA in fiscal 2023, the Learning Festival is a learning program in which employees take on the role of instructors in their fields of expertise. This initiative, in which employees participate on a voluntary basis, helps to foster a corporate culture where people teach and learn from each other, acquiring skills through knowledge sharing. This program received the 2024 Santen Value Award. We will expand the program from EMEA to Asia, thereby growing the circle of learning across regional boundaries.

Santen Report 2025

Strategies and Initiatives for Sustainable Value Creation and Growth

Improving Employee Engagement

Santen has taken up employee engagement as a key theme among management issues, and is implementing various measures designed to improve engagement.

We have conducted an engagement survey of all employees globally since fiscal 2022. In those three years, we have established a PDCA cycle of identifying issues and planning response measures, taking action to solve the issues, and verifying the results. In fiscal 2023, based on the results of the engagement survey, we designated “communication” and “collaboration” as shared Company-wide issues, and we continued to implement improvement measures for these two issues in fiscal 2024. Specifically, the following actions were set as non-financial KPIs for all employees, and we have been taking steps toward improvement under the Corporate Officers’ leadership.

1. Have Corporate Officers hold two-way communication sessions at least twice a year.
2. Conduct steady career conversations between supervisors and subordinates regarding the performance and development process¹ as a foundation for supporting the growth of employees.



EMEA Employee Awards Event

To steadily execute these measures, we conducted a pulse survey twice in fiscal 2024, listened to feedback from employees, and confirmed the effects and progress of initiatives. As a result, we were able to confirm that all initiatives were fully executed.

We continue to promote employee growth and engagement by fostering a company culture of recognition

and praise through initiatives such as the Leaders Connect session, which promotes open dialogue with top management, initiatives to recognize high-performing employees, and the introduction and use of tools for employees to better express mutual appreciation.

FY2024 Engagement Survey Results

As a result of these steady efforts, in the global employee engagement survey conducted in November 2024, the response rate was 93% of all employees, and the overall score was 72%, an eight-point improvement from the previous year. In addition, the scores in all fifteen survey subcategories improved by more than seven points on average, a significant improvement in employee engagement survey results. We take this to indicate that our measures focused on communication and collaboration have borne fruit.

Response rate	93%
Target	All employees globally (All permanent employees excluding employees on long-term leave including childcare leave)
Period conducted	Three weeks spanning November and December 2024
Score	72% (Improved from 64% in previous year) <ul style="list-style-type: none"> • By region, Japan improved substantially (from 50% in previous year to 59%) • Of the FY2024 priority items, the following improved substantially: Communication: 7-point improvement Collaboration: 10-point improvement
Strengths	<ul style="list-style-type: none"> • Employees’ level of understanding of the CORE PRINCIPLE and WORLD VISION • Pride in employee contribution and teams
Areas for improvement	<ul style="list-style-type: none"> • Communication • Collaboration • Equity • Impartiality

Future Issues to Address

While the overall score improved significantly, the results suggested there is still room for improvement in issues such as equity and impartiality, in addition to further improvement in communication and collaboration. We believe that by having both management and employees actively engage with these challenges and work together toward improvement, we can further enhance organizational engagement. We will continue our efforts to create fulfilling workplaces where our people appreciate the value of working at Santen.

Santen Report 2025

Strategies and Initiatives for Sustainable Value Creation and Growth

¹ A series of activities aimed at evaluating employees’ performance and enhancing their abilities

Conservation of the Global Environment

Santen strives to provide products and services friendly to the natural environment throughout the value chain, ensuring the clear vision of a beautiful world for all. Guided by Santen’s Core Principle, we will take measures to protect biodiversity and realize a carbon-free, recycling-oriented society, and to contribute to the protection of a sustainable global environment.

Environmental Conservation Policy and Targets

To support continuous enhancement of corporate value, we have established the Santen Group Environmental Conservation Policy. We also formulated Santen Vision for the Earth 2050, the environmental vision we want to achieve by 2050, and set environmental targets for 2030, including for reduction of CO₂ emissions, as interim milestones. In addition, we have specified *Measures against climate change* and *Environmental load reduction* among our materialities, based on which we are engaging in environmental conservation initiatives.

Measures against Climate Change

Global warming due to greenhouse gases threatens to cause large-scale changes in climate, which could lead to major losses in the world economy.

In June 2022, we endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Based on these recommendations, we conduct scenario analysis to identify related risks and opportunities in order to understand the degree of potential financial impact from climate change. We periodically review the contents of that analysis and take necessary countermeasures. Our goal is net-zero greenhouse gas emissions, and we are taking various measures to achieve it, including switching to alternative energy sources at our factories and facilities, and introducing energy-efficient equipment through technological innovation.



Environmental Load Reduction

We practice the “three R’s” — Reduce waste generation, Reuse packing materials from the distribution process and office supplies, and Recycle by thoroughly separating waste. Water resources are essential to the manufacture of ophthalmic solutions. To protect those resources, we will continue with measures to use water efficiently and treat wastewater appropriately, as well as to prevent environmental pollution and ensure the sustainable use of resources.

Protecting Biodiversity

As a pharmaceutical company, we work to maintain and protect biodiversity with the aim of harmonizing our business activities with the natural environment. In 2024, at the Nara Research and Development Center we conducted the Santen Little Forest Project to help restore nature around the site. Under the guidance of experts, employees and their families planted trees from potential natural vegetation¹ species.



Tree planting in the Little Forest Project

¹ Potential natural vegetation: The vegetation that would naturally exist in the absence of human activity.

Effective Use of Precious Water Resources

Santen’s ophthalmic solutions are manufactured in regions with abundant water—the Noto Plant, which draws underground water from the Hakusan water system located around Mount Haku, the Shiga Product Supply Center located near Lake Biwa, Japan’s largest lake, and the Suzhou Plant in Suzhou, China, a city that is often referred to as the “Venice of the East.” As a company that manufactures products to protect eye health, Santen pays close attention to product quality and safety in its daily production activities. Since water is the base ingredient for eye drops, we believe our commitment to water will lead to the trust and confidence of the patients and healthcare professionals who use and recommend Santen products.

Santen’s Commitment to the Water Used in Ophthalmic Solutions

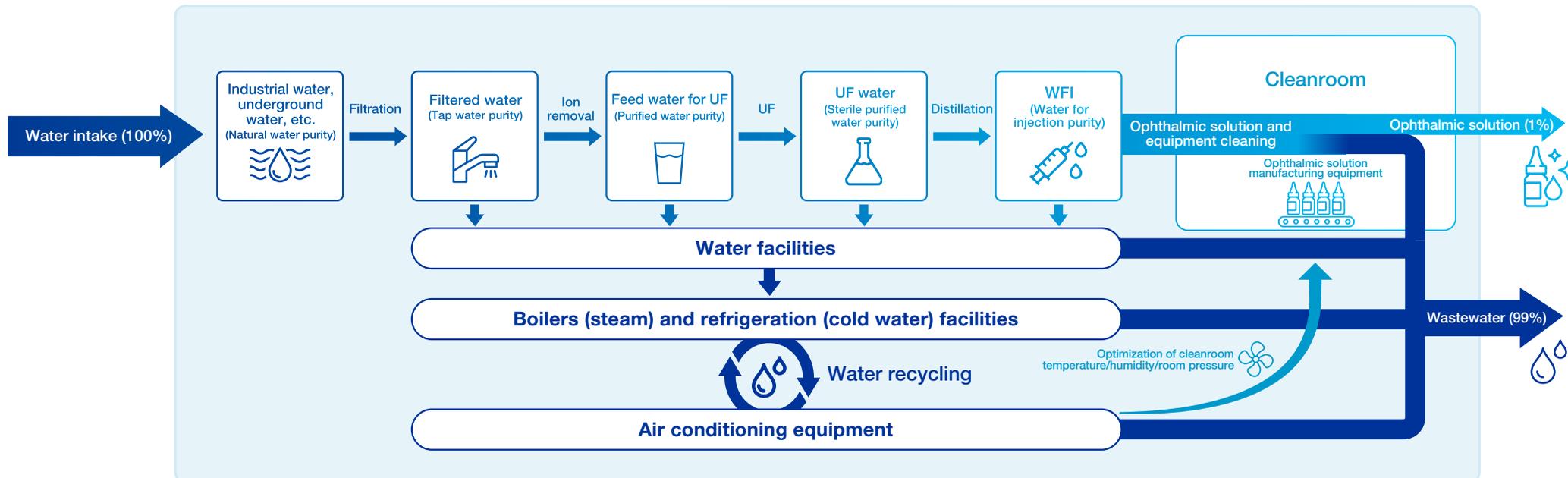
Santen’s ophthalmic solutions use water that exceeds conventional quality and safety standards required for eye drop formulations.

At Santen, water for our eye drops is purified through a

four-step process: filtration (filtered water), ion removal (feed water for UF¹), ultrafiltration (UF water), and distillation (WFI²). In Japan, aseptic UF water is sufficient to meet the quality, safety and other standards required by the Japanese Pharmacopoeia for use in ophthalmic solutions. However, we repeatedly distill the UF water up to five times,

resulting in an extremely high level of purity, equivalent to injection products (WFI). This process, which we established ourselves, may at first seem wasteful in terms of cost and productivity, but we believe that providing patients and healthcare professionals with ophthalmic solutions that use thoroughly refined water enables them to

Flow of water at the plant



¹ Ultrafiltration ² Water for injection

use Santen products with peace of mind. This in turn will contribute to the common interests of patients, healthcare professionals and Santen for many years to come.

Clean Manufacturing Processes Supported by 99% of Our Water Intake

Only about 1% of the water used in Santen’s factories ends up in ophthalmic solutions. However, the remaining 99% of water also plays a critical role for ensuring the quality and safety of ophthalmic solutions.

Ophthalmic solutions are manufactured in a cleanroom that achieves and maintains a clean level equivalent to that of an operating room to prevent contamination with dust, viruses, bacteria, or other substances. To make a cleanroom aseptic, it is necessary to maintain a certain temperature and humidity inside the room and pressure difference with the outside. Making such adjustments requires large air-conditioning systems, boilers and refrigerators, the machinery and equipment for which require water for operation. In addition, to maintain the

purity of the ophthalmic solution manufacturing equipment and prevent impurities from getting into eye drops, we clean equipment with UF water, rinse it with WFI, and finally perform sterilization treatment with steam.

Water thus plays a key role in providing clean air and cleaning the manufacturing equipment to prevent impurities that might affect quality and safety from getting mixed in. Besides the 1% of purified water used in ophthalmic solutions, having access to the 99% of water that supports the manufacturing process behind the scenes is the reason we are able to manufacture ophthalmic solutions that meet Santen’s high quality and safety standards.

Recycling Water in Consideration of the Environment

Santen uses a large amount of water to ensure the quality of its products and the safety of patients. Therefore, we take steps to prevent the waste of this precious resource, and conduct ongoing measures to reduce impact on the environment. Our various activities include water recycling,



with the goal of reducing water intake per unit of production.

As an example of water recycling, steam generated from boilers at our plants is used in air conditioning equipment. After use, it cools and condenses back into water, which is then reheated into steam in the boiler. By repeating this cycle, we minimize water intake as much as possible. As a result of these measures, water intake per unit of production was reduced by 30% in fiscal 2024 compared to fiscal 2011. In addition, we are actively promoting a variety of initiatives at our plants in each region to further reduce water intake.

Santen values every drop of water. As such, in our business of manufacturing and marketing ophthalmic solutions, we proactively reduce water consumption by ensuring water is used carefully in all processes, from intake to discharge. Santen will continue these efforts to gain the understanding of stakeholders, including patients, healthcare professionals, and local communities, while protecting both local and global environments, and contributing to the realization of a sustainable society.



Santen Report 2025

Strategies and Initiatives for Sustainable Value Creation and Growth

Corporate Governance

Corporate Governance Basic Approach and Related Initiatives

Santen believes that it is vital to upgrade and strengthen its corporate governance system in order to achieve and enhance corporate value, and thus returns to shareholders. Santen has adopted a “Company with Board of Corporate Auditors” system as defined in Japan’s Companies Act.

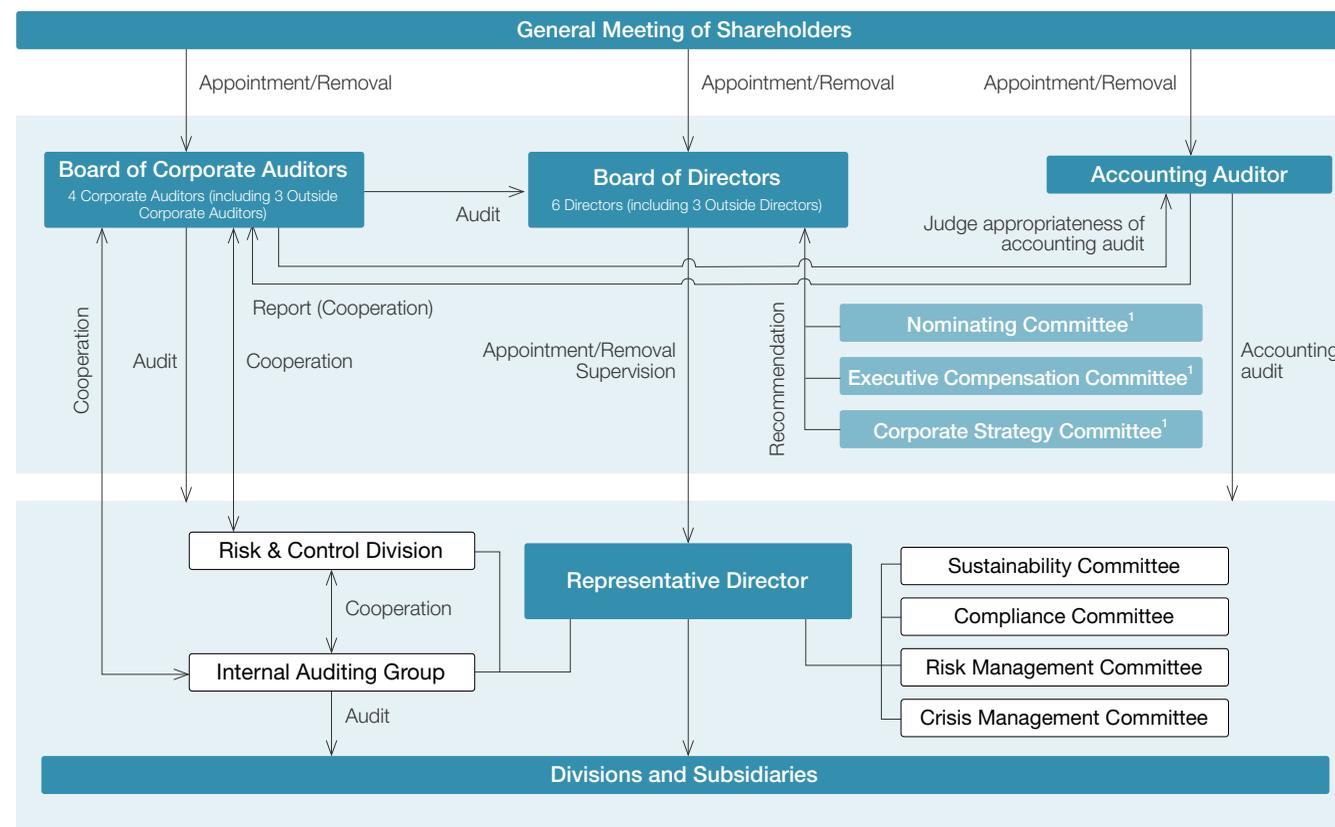
Santen will continue to utilize the current system to upgrade and strengthen corporate governance. First, the functions of the Board of Directors are to make decisions regarding important business operations as well as to monitor the execution of business by the management

and Directors. Santen will operate in a manner to maximize both functions.

Santen expects its Outside Directors to be actively involved in the Board of Directors in decision-making on individual managerial issues, utilizing their wide range of experience and knowledge. The Company will also ask for their opinions and recommendations from the viewpoint of strengthening the monitoring of Santen’s management. Furthermore, Santen has established the Nominating Committee, the Executive Compensation Committee and the Corporate Strategy Committee (all voluntary committees made up of Inside and Outside Directors), with the aim of improving management transparency and objectivity. Also, Santen will realize strong management and speedy business execution under the corporate officer system.

The Board of Corporate Auditors, as an independent organ that has fiduciary responsibility to shareholders, audits the Directors’ execution of their duties, not only from the viewpoint of legality, but also with a focus on the validity of decision-making processes and the effectiveness of corporate governance. It provides recommendations aimed at strengthening the functions of both the Board of Directors and the executive divisions.

Management System (As of June 30, 2025)



¹ These committees are voluntary and not part of the statutory “Company with a Nominating Committee, etc., System” under Japan’s Companies Act.

Santen Report 2025

The Foundations Supporting Value Creation

43 Corporate Governance

Board of Directors and Subordinate Committees

Board of Directors

Makes decisions regarding important matters relating to the execution of business and supervises the management team and the Directors in the execution of their duties.

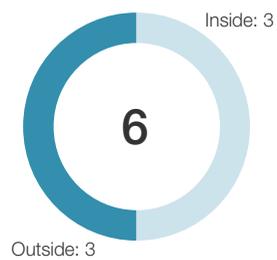
Meetings **13**

Average attendance Outside Directors: **100%**,
 Outside Corporate Auditors: **100%**
 (Inside Directors: **93.5%**, Inside Corporate Auditor: **100%**)

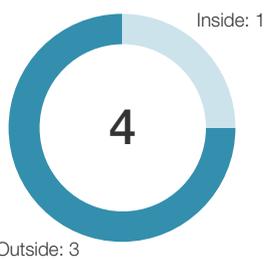
Major topics of deliberation

- Management policies and strategies: FY2025-2029 Medium-Term Management Plan; business plan and budget for next fiscal year; quarterly report on execution of business; important strategic projects; progress in important projects
- Capital policy and shareholder returns: Share buybacks and cancellation of treasury shares; dividends
- Governance and sustainability: Director, Corporate Auditor and Corporate Officer appointments; agenda concerning remuneration including policies for determining executive compensation; report on voluntary committee activities; evaluation of Board of Directors' effectiveness; reduction of strategic shareholdings; medium- to long-term personnel strategy
- Internal control and risk management: Report on improvement and operation of internal control system; report on improvement and operation of global compliance system

Board Composition (Directors)



Board Composition (Corporate Auditors)



Nominating Committee

Deliberates and makes recommendations on the selection of candidates for the positions of Director and Corporate Auditor, and provides advice in response to requests concerning the selection of candidates for the position of Corporate Officer.

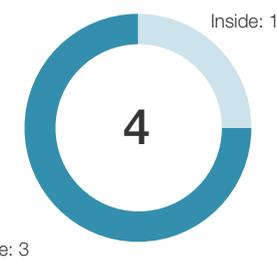
Meetings **4**

Average attendance **95%**

Major topics of deliberation

- Selection of candidates for new Outside Directors
- Nurturing of succession candidates for the position of CEO
- Managerial system for fiscal 2025
- Hiring of prospective Corporate Officers
- Revision of the retirement age for Directors and other officers

Composition of Nominating Committee



Corporate Strategy Committee

Deliberates on matters with a focus on key strategic issues such as business strategies.

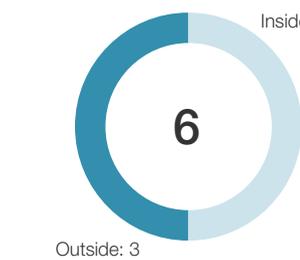
Meetings **4**

Average attendance **100%**

Major topics of deliberation

- Formulation of the long-term growth plan and FY2025-2029 Medium-Term Management Plan
- Global product supply strategy
- Rx portfolios and business development strategy
- Sustainability strategy

Composition of Corporate Strategy Committee



Santen Report 2025

The Foundations Supporting Value Creation

43 Corporate Governance

Analysis and Evaluation of the Board of Directors' Effectiveness

The Company's Board of Directors conducts an evaluation of its effectiveness every year, with the aim of enhancing the role and functioning of the Board of Directors. Moreover, to enhance the evaluation in qualitative terms, the support of a third-party organization was employed in the implementation and analysis of the evaluation of effectiveness.

Evaluation Method



Summary of Results

The Board of Directors has assessed that its effectiveness was confirmed for fiscal 2024. The reasons behind this assessment are that the overall most common evaluation response was “mostly effective,” and responses for each questionnaire item indicated “effective” and “mostly effective” at a high rate (approximately 80%). Also, in the evaluation, it was confirmed that efforts were steadily undertaken to address the results of the examination on appropriateness of strategic shareholdings, and the evaluation on items in relation to corporate ethics and risk management improved significantly. We recognize that this evaluation reflects our progress on points raised in last year's evaluation, particularly in identifying risks, clarifying areas of responsibility and improving the system. On the other hand, we have returned to the key questions of what the role of the Board of Directors should be and what form discussions at meetings of the Board of Directors should take, and there have been suggestions on how discussions should be enhanced from the viewpoint of content and frequency.

Items that received high evaluations	<ul style="list-style-type: none"> • The ratio of Independent Outside Directors is sufficient, and they are able to express their opinions as needed and in a constructive manner with regard to executives—including through dissenting views. This serves to increase reliability in the execution of duties by executives from the viewpoint of the Santen Group's sustained growth and enhancement of medium- to long-term corporate value. • The Board of Directors appropriately delegates authority to executives regarding proposals related to decision-making on the specific execution of operations, which enables it to focus on deliberations regarding material proposals such as medium- to long-term managerial strategies.
Areas for further improvement of effectiveness	<ul style="list-style-type: none"> • Further enhance the Board's discussions on nominations and executive compensation, which are core functions of the Board from the perspective of corporate governance. • In the first year of the medium-term management plan, conduct timely and appropriate monitoring of the progress of key measures for fulfilling the plan, including with regard to R&D and product portfolios, implementation of digital transformation, and talent development.

Initiatives Going Forward

Based on the results of the effectiveness evaluation, we will improve the effectiveness of the Board of Directors by focusing on two key initiatives for this fiscal year: 1) Sharing the status of discussions by the Nominating Committee and the Executive Compensation Committee with the Board of Directors, and 2) Revising monitoring methods for various measures and policies to achieve the medium-term management plan and realize sustained growth.

Sharing status of discussions by Nominating Committee and Executive Compensation Committee with Board of Directors	<ul style="list-style-type: none"> • With regard to proposals made by each of the committees and submitted to the Board of Directors for deliberation, fuller background information will be provided, such as the process of considerations at each of the committees and the key points of their discussions, to enhance the effectiveness of discussions at the meetings of the Board of Directors. • In addition to the current practice of reporting and sharing annual activity plans of the respective committees with the Board of Directors, we have decided to establish appropriate opportunities, depending on the proposal, to report review plans and interim progress of each committee in advance of the submission of proposals for resolution.
Revision of monitoring methods for various measures and policies to achieve the medium-term management plan and realize sustained growth	<ul style="list-style-type: none"> • In this first year of the medium-term management plan, we will endeavor to qualitatively enhance the monitoring methods for various measures and policies with a view to supporting the achievement of the plan. Among these, measures to enhance discussion of product portfolio strategies and subjects of importance to achieve the medium-term management plan will be undertaken by the Board of Directors and the Corporate Strategy Committee.

Santen Report 2025

The Foundations Supporting Value Creation

43 Corporate Governance

Skill Matrix of Directors and Corporate Auditors

The Company believes that the following two functions are important in establishing an effective governance system with a view toward the sustainable enhancement of corporate value: (i) In meetings of the Board of Directors, Directors and Corporate Auditors engage in multifaceted deliberations on the appropriateness of business strategies, risks upon realization thereof and other aspects, and appropriately supervise the status of execution; and (ii) Corporate Auditors audit execution of duties by Directors from the perspective of not only legality but also appropriateness of decision-making processes and effectiveness of governance, and make recommendations to strengthen the function of the Board of Directors and executive divisions.

Also, based on the newly formulated medium-term management plan, the Company endeavors to, as a global company specialized in ophthalmology, pursue further

steady global growth through product development with a high likelihood of success and by ensuring profitability, thereby providing optimum ophthalmic care through the maximization of product value, and realize innovations in ophthalmology treatment.

The Company seeks to employ human resources who empathize with the Core Principle and support the aforementioned business orientation, and considers it particularly important that such personnel have the knowledge, experience and abilities detailed in the table below. In addition to knowledge of the life science business, a global viewpoint and appropriate business management experience, the Company will, moving forward, increase emphasis on fields such as sustainability, and ensure balance and diversity by appointing personnel from a variety of backgrounds, including in terms of expert knowledge and experience. In doing so, it will establish a team capable

of providing advice regarding management from multifaceted points of view and its supervision. Moreover, the Company values individuals without bias regarding characteristics such as gender, age, nationality, race or ethnic group. In addition, in order to increase the objectivity of discussions at meetings of the Board of Directors and the independence and neutrality of the audit by the Corporate Auditors, half or more of the members are outside officers.

With regard to positions concurrently held by outside/ external officers at entities other than the Company, Santen limits the number of such entities at which Outside Directors and Outside Corporate Auditors can hold posts to four in principle, considering the amount of time to be dedicated to Company-related duties. Furthermore, in order to ensure their ability to fulfill their roles and responsibilities, Directors and Corporate Auditors are each required to attend no less than 75% of Board of Directors meetings, in principle.

Composition of Corporate Governance Organizations (◎ : Chairpersons of voluntary committees) (As of June 24, 2025)							Skill Matrix ¹						
Position	Name	Board of Directors	Board of Corporate Auditors	Nominating Committee	Executive Compensation Committee	Corporate Strategy Committee	Corporate management	Life science business	Understanding medical field and patients	Global leadership	Finance and accounting	Legal affairs and risk control	Sustainability
Directors	Takeshi Ito (Representative Director)	○ (Chair)		○	○	◎	●	●	●				
	Rie Nakajima (Director)	○				○		●	●				●
	Ippei Kurihara (Director)	○				○		●	●				
	Masahiko Ikaga (Outside Director)	○		◎	○	○	●			●	●		
	Minoru Kikuoka (Outside Director)	○		○	◎	○	●			●	●		
	Yukiko Kuroda (Outside Director)	○		○	○	○	●			●			●
Corporate Auditors	Hiroshi Isaka (Standing Corporate Auditor)	○	○ (Chair)					●	●				
	Junichi Asatani (Outside Corporate Auditor)	○	○					●		●	●		
	Yaeko Hodaka (Outside Corporate Auditor)	○	○						●		●	●	
	Yuichiro Munakata (Outside Corporate Auditor)	○	○							●	●	●	

¹ Among the skills of each person, only two or three skills that are particular strengths or have strong relevance to Santen's businesses are listed.

Q10

Santen Report 2025

The Foundations Supporting Value Creation

43 Corporate Governance



Reason for Appointment of New Director

Yukiko Kuroda
(Outside Director)

Ms. Kuroda has abundant experience in corporate management as well as extensive experience and expertise in developing globally competent human resources. She can be expected to express appropriate opinions at meetings of the Board of Directors based on her experience in corporate management and her extensive insights into the development of globally competent human resources and in the area of sustainability.



Message from a Newly Appointed Outside Director

Outside Director Yukiko Kuroda

Santen has established its competitiveness and track record by focusing on the field of ophthalmology under the Vision of “Happiness with Vision.” Moving forward, given the increasing awareness of health and the growing need for improved medical access worldwide, I see significant potential for Santen to contribute to society and for its business to thrive.

To ensure sustainable growth, I believe it is essential not only to have a sound business strategy but also to build and maintain healthy relationships with all stakeholders. Drawing on my experience as an entrepreneur managing my own company and my nearly 30 years of consulting experience in organizational development for domestic and international companies, I am committed to enhancing the corporate value of Santen. Additionally, from my experience serving as an outside director for various listed companies over the past decade, I have keenly felt the rising expectations from the market and society for outside directors and the importance of the effectiveness of the Board of Directors. I am determined to aim high without compromise at Santen.

Santen Report 2025

The Foundations Supporting
Value Creation

43 Corporate Governance

Strategic Shareholdings

The Company has set a maximum threshold for its total holdings of investment securities, and within that scope, holds only the shares of business partners that are important to its business development. Also, at least once a year, the Board of Directors verifies whether or not such shareholdings are within the threshold based on these criteria, and for each individual security, evaluates the priority placed on the benefit of holding the shares to strengthen business relationships with the Company, taking into account the investment amount and investment risks involved. The Company liquidates securities held as strategic shareholdings if the rationale of continuing to hold them is deemed insufficient. In fiscal 2024, the Company sold all holdings in one stock. Following the sale, the ratio of strategic shareholdings to total equity was 2.8%.

Number of Stocks Held

FY	2020	2021	2022	2023	2024
Unlisted Stocks	8	8	8	8	8
Other than Unlisted Stocks	14	11	11	10	9

Balance Sheet Amounts

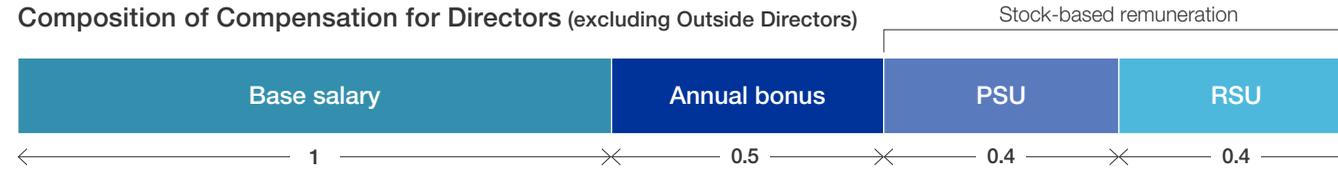
FY	2020	2021	2022	2023	2024
Unlisted Stocks	128	122	122	122	122
Other than Unlisted Stocks	26,098	20,866	19,425	13,598	7,844

(JPY millions)

Executive Compensation

With the formulation of the FY2025-2029 Medium-Term Management Plan (the new medium-term management plan from fiscal 2025), the Company also reviewed its remuneration system for Directors (excluding Outside Directors). Specifically, we increased the ratio of performance-linked remuneration to total remuneration and reviewed the performance evaluation indices and evaluation weight of the annual bonus (short-term incentive) and stock-based remuneration (long-term incentive), in order to encourage Directors (excluding Outside Directors) to proactively engage in achieving the strategic objectives presented in the medium-term management plan and to contribute to the Company's continued growth and enhancement of its medium- to long-term corporate value.

Also, in order to secure top talent, including global personnel, across countries and regions, the Company has decided to review the companies used as benchmarks. Subsequently, it has decided to introduce the Restricted Stock Unit (RSU) System, which is a



commonly utilized stock-based global remuneration system, to replace the previous restricted stock-based remuneration system.

Remuneration for the Company's Directors (excluding Outside Directors) is comprised of, in principle, base salary, annual bonus and stock-based remuneration. The component ratio in the base aggregate amount shall be 1:0.5:0.8 (base salary:annual bonus:stock-based remuneration), and the level of the aggregate remuneration is decided in reference to benchmarks and the like of healthcare companies that conduct business globally.

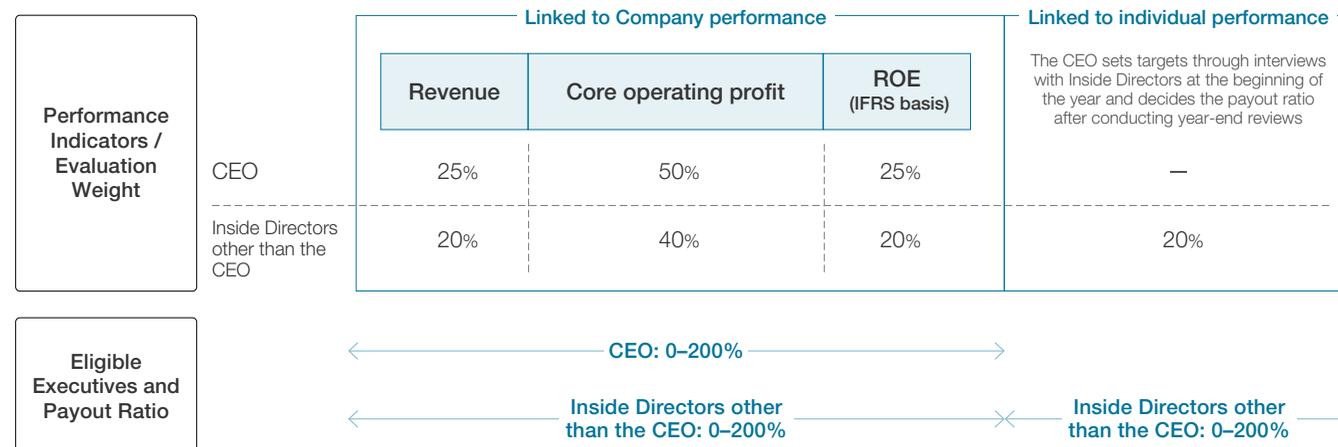
With the aim of preventing incentive remuneration from encouraging excessive risk taking and to ensure the soundness of the executive compensation system, the

Company has introduced a clause (i.e., a malus and clawback clause) that requires an officer to return all or part of incentive remuneration pursuant to a decision of the Board of Directors after deliberations of the Executive Compensation Committee, regardless of whether it is applied before or after the payment or release of such remuneration, upon the occurrence of certain events, such as misconduct or a retroactive adjustment of the financial statements due to accounting fraud.

Remuneration for Outside Directors, who are independent from business execution, consists only of fixed monthly compensation, and is decided in reference to benchmarks and the like of healthcare companies that conduct business globally.

Annual Bonus (Annual Incentive)

The annual bonus is comprised of a portion linked to the Company's performance (single-year performance), and a portion linked to individual achievements. For each portion, the payment amount will be decided within the range of 0% to 200% of the base amount. However, for the CEO, it consists of only the portion linked to the Company's performance. The portion linked to the Company's performance is tied to the achievement levels of key management indicators—revenue, core operating profit, and ROE (IFRS basis)—and the payout ratio is determined accordingly. The payment amount is determined based on the payout ratio, and is paid after the end of each fiscal year.



Santen Report 2025

The Foundations Supporting Value Creation

43 Corporate Governance

Stock-Based Remuneration (Medium- to Long-Term Incentive)

In order to encourage eligible Directors to proactively engage in achieving the Company’s vision and strategy, and further sharing value with the shareholders, stock-based remuneration is comprised of two systems—the Performance Share Unit (PSU) System and the Restricted Stock Unit (RSU) System.

Performance Share Unit System

- A performance-linked stock remuneration system wherein evaluation indices such as business performance and individual evaluation for each evaluation index are set for a certain period (“Performance Evaluation Period”) to be determined from time to time, such as the period of the medium-term management plan, and in which the number of shares to be issued/ amount of money to be paid fluctuates in accordance with the level of achievement of such evaluation indices.
- The coefficient for the grant of shares shall be determined in the range of 0% to 200% in accordance with the level of achievement of the relative TSR (70% weighting), which is set with global life-science companies as a reference group, and strategic objectives (30% weighting).
- The shares are issued/money is paid after the end of the Performance Evaluation Period, subject to conditions including that the grantee remains an eligible Director at the time of the expiry of the Performance Evaluation Period.

Restricted Stock Unit System

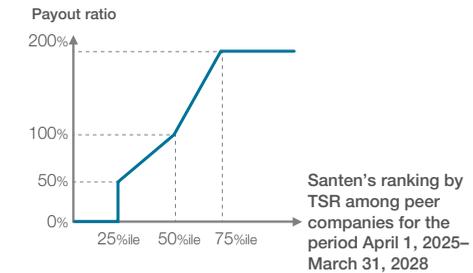
- A stock unit equivalent to the base amount shall be granted every fiscal year, and the Company’s shares in a number equivalent thereto and money shall be issued and paid subject to fulfillment of conditions such as the grantee’s continued service for three years.

Performance Indicators, Evaluation Weight, and Individual Evaluation Period for Performance Share Units

Relative Total Shareholder Return (TSR)

Evaluation Weight: 70%
Individual Evaluation Period: 3 years

Relative TSR for units to be granted under the Performance Share Unit System for fiscal 2025 is based on a reference group of 13 companies: nine headquartered in Japan, and four headquartered in the U.S. and Europe. Payments are made based on the coefficient shown in the figure to the right, calculated using rank among the reference group.



Strategic Objectives (including ESG-related metrics)

Evaluation Weight: 30%
Individual Evaluation Period: 1 year

The outline of the strategic objectives pertaining to Performance Share Units to be granted for fiscal 2025 is as described below. The evaluation items are expected to be reviewed every fiscal year. The strategic objectives are evaluated annually, with each evaluation period set to one year (the first year of the performance evaluation period), in order to assess initiatives aimed at enhancing the Company’s medium- to long-term corporate value. Therefore, although the evaluation is conducted on a single-year basis, shares are granted after the end of the Performance Evaluation Period.

Strategic Objectives Pertaining to the Performance Share Unit System (FY2025)

- Realization of a market-creation-type growth model in the areas of myopia and ptosis
- Establishment of a position of leadership in overseas markets
- Innovation toward a high-added-value Rx portfolio
- Stable supply and sustained optimization of costs
- Enhancement of the value of working at Santen and strengthening its personnel and organizational capabilities

Executive Compensation Program and Evaluation Results of Annual Bonus and Stock-based Remuneration (FY2024)

Fiscal 2024 executive compensation is comprised of three components—base salary, an annual bonus (annual incentive), and stock-based remuneration (medium- to long-term incentive), in a ratio of 1:0.25:0.5.

Annual Bonus (Annual Incentive) Targets and Results (FY2024)

The annual bonus is paid based on three evaluation factors: single-year consolidated financial performance metrics, non-financial performance metrics, and individual metrics based on divisional performance and individual targets. Performance metrics for the CEO consist of only two evaluation factors: financial and non-financial.

The results of the fiscal 2024 evaluation were as follows.

Financial Metrics

Targets	Results	Payout Ratio
<ul style="list-style-type: none"> Revenue: JPY 297,000 mil. Operating profit ratio (IFRS): 15.0% ROE (IFRS): 10.5% 	<ul style="list-style-type: none"> Revenue: JPY 300,004 mil. Operating profit ratio (IFRS): 16.1% ROE (IFRS): 12.6% <small>Figures adjusted to take into account one-off impacts associated with disputes involving subsidiaries, etc.</small>	<ul style="list-style-type: none"> CEO: 142.9% Inside Directors: 114.3%

Non-Financial Metrics

ESG-related Metrics	Payout Ratio
<ul style="list-style-type: none"> Conducting initiatives for enhancing engagement Improving understanding of cybersecurity Promoting understanding of compliance Others 	104.8%



Stock-based Remuneration (Medium- to Long-Term Incentive) Targets and Results (FY2024)

The actual results for Performance Share Units (PSU) granted in fiscal 2022 were as follows. The companies used as benchmarks when calculating the relative TSR for the purposes of the PSU system were 21 global healthcare peer companies (three sets of seven companies headquartered in each of Japan, Europe, and the U.S.). The ESG-related metrics used for reference in determining the payout ratio are: whether Santen was selected to a component in the Dow Jones Sustainability Indices (DJSI), or the relative position of the Company's score among participating pharmaceutical companies. However, given that in fiscal 2024 the Company was not selected to any DJSI index, the payout ratio was calculated using the Asia Pacific Index based on the lowest score among selected companies (76 points) and the score equivalent to 65% of the highest score among participating pharmaceutical companies overall (53 points).

Relative TSR	ESG-related Metrics	Payout Ratio
60.6%ile	75 points	142.6%

Note: For details of evaluation criteria for fiscal 2024, see *Santen Report 2024* on our website.

¹ Executive Compensation Committee meetings and attendance in fiscal 2024; composition of Directors and Corporate Auditors as of June 24, 2025

Executive Compensation Committee¹

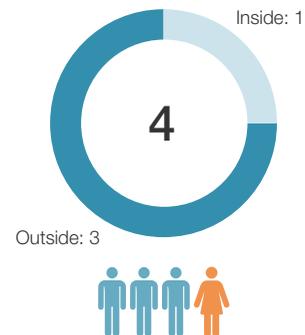
Deliberates on compensation for Directors and Corporate Officers and submits recommendations to the Board of Directors, and also provides advice to the Board of Corporate Auditors regarding the compensation of Corporate Auditors, based on market benchmarks.

Meetings **8** Average attendance **95%**

Major topics of deliberation

- Basic policy on the determination of compensation for Directors
- Establishment of targets for non-financial metrics (i.e., ESG-related targets) for the annual bonus in fiscal 2024, and other details
- For fiscal 2025, direction of amendments to the remuneration system for executive personnel, amendments to the remuneration composition and level for Directors, and amendments to the maximum remuneration for Directors
- Transition from the Restricted Stock-Based Remuneration System to the Restricted Stock Unit System (a post-delivery stock-based remuneration system), for internal executive personnel located in Japan

Composition of Executive Compensation Committee



Risk Management

Risk Management System

In accordance with its internal rules for risk management, the Santen Group identifies, evaluates, and monitors risks in each region and division. The aim is to deal with assumed major risks of loss related to the execution of our business activities and to avoid or minimize the risk of loss during times of normal business operations.

As our business expands globally, and we are required to comply with various regulations at higher levels, we must take appropriate measures to ensure the stable supply of products, quality control, IT security, and compliance, as well as to ensure management of risks such as pandemics, natural disasters, and conflicts. Based on our awareness of these and other responsibilities, from fiscal 2024 we started confirming risk scenarios and assessing inherent risks through interviews with risk owners based on the Three Lines Model, and calculate residual risk by

assessing internal controls. Areas of high residual risk are defined as Company-wide material risks, and the Risk Management Committee discusses related mitigation measures and monitors the progress of those measures. The PDCA cycle is effective for Group-wide risk management.

For example, anti-bribery and anti-corruption are areas that pose a significant compliance risk for pharmaceutical companies, so we have established organizational systems and rules, and conduct education and training to meet both global and local needs, as well as implement audits and other controls. However, as measures for further improvement, we are building a compliance organization that is more closely integrated with frontline operations, and have made enhancement of auditing and monitoring a priority initiative for fiscal 2025, with progress

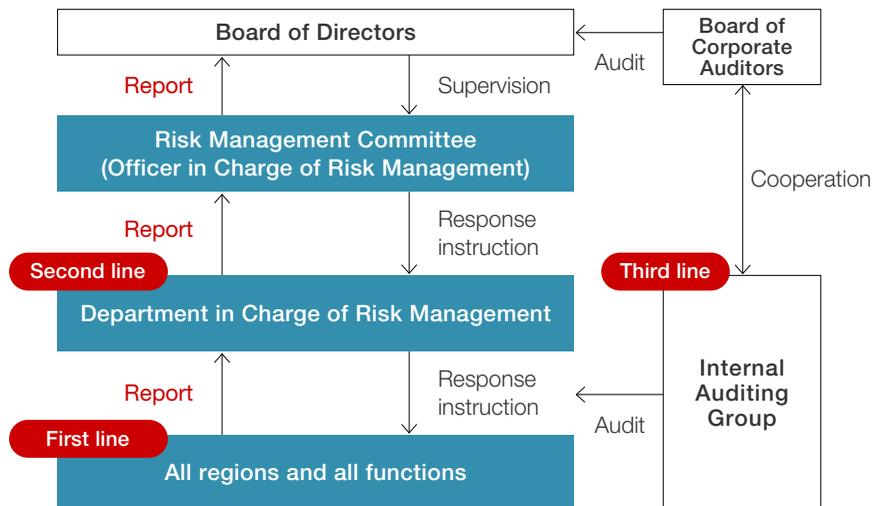
being tracked by the Risk Management Committee.

To address the variety of risks that may affect our business in particular, we continue to strengthen risk management activities with preventive controls and activities that uncover potential risks under the leadership of the Officer in Charge of Crisis Management.

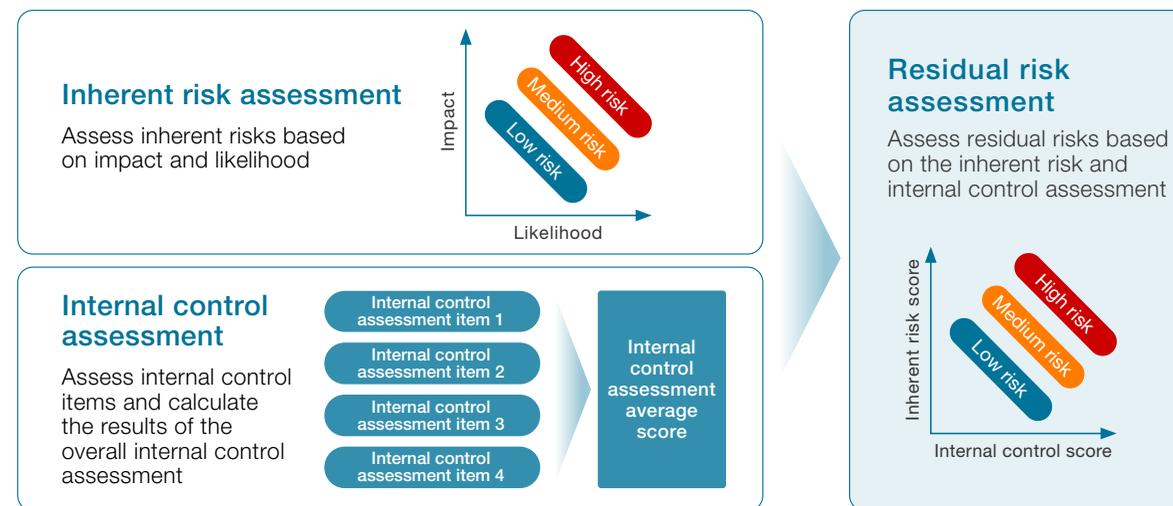
In the event or report of an event that has the potential to develop into a serious crisis, we form a Crisis Management Committee, chaired by the President and CEO. This committee responds to and works to contain the situation in question as we implement measures to prevent recurrence.

In its independent capacity, the Internal Auditing Group verifies the status of risk management through audits of business operations.

Risk Management System



Risk Assessment Process



Santen Report 2025

The Foundations Supporting Value Creation

51 Risk Management

Corporate Executives

(As of June 24, 2025)



Yukiko Kuroda
Outside Director
Independent Officer

Minoru Kikuoka
Outside Director
Independent Officer

Masahiko Ikaga
Outside Director
Independent Officer

Hiroshi Isaka
Standing Corporate
Auditor

Yuichiro Munakata
Outside Corporate Auditor
Independent Officer

Yaeko Hodaka
Outside Corporate Auditor
Independent Officer

Ippei Kurihara
Director, Corporate Officer,
Head of Japan Business,
Global Commercial Strategy

Takeshi Ito
Representative Director,
President & CEO

Rie Nakajima
Director, Corporate Officer,
COO

Junichi Asatani
Outside Corporate Auditor
Independent Officer



Directors



Takeshi Ito
Representative
Director,
President & CEO

- 1982 Joined the Company
- 2012 Corporate Officer, Head of Prescription Pharmaceuticals Sales Department, Sales & Marketing Division, Prescription Pharmaceuticals
- 2014 Senior Corporate Officer, Head of Japan Sales & Marketing Division, Prescription Pharmaceuticals
- 2016 Executive Corporate Officer, Japan Business, Head of Japan Sales & Marketing Division, Prescription Pharmaceuticals
- 2017 Director, Executive Corporate Officer, Japan Business, Head of Japan Sales & Marketing Division, Prescription Pharmaceuticals
- 2019 Director, Executive Corporate Officer, Head of Japan Business, Head of Japan Sales & Marketing Division
- 2022 Representative Director, Executive Vice President, Head of Japan Business, Head of Japan Sales & Marketing Division
Representative Director, President & CEO (incumbent)



Rie Nakajima
Director,
Corporate Officer,
COO

- 2000 Joined Toyota Motor Corporation
- 2008 Joined Boston Consulting Group
- 2011 Joined MSD K.K.
- 2016 Corporate Officer, Head of Corporate Strategy Department and in Charge of Long-Term Listed Product Business of MSD K.K.
- 2017 Corporate Officer, Head of Corporate Strategy & Commercial Excellence Department and in Charge of Long-Term Listed Product Business of MSD K.K.
- 2019 President of MSD Taiwan
- 2020 Vice President, Strategy Innovation Lead of Organon of Merck & Co., Inc.
- 2021 Vice President, Strategy Innovation Lead of Organon & Co.
- 2023 Joined the Company
Corporate Officer, COO
- 2024 Director, Corporate Officer, COO (incumbent)



Ippei Kurihara
Director,
Corporate Officer,
Head of Japan
Business, Global
Commercial Strategy

- 2005 Joined CYBIRD Co., Ltd.
- 2008 Joined A.T. Kearney, Inc.
- 2013 Joined K.K. Hay Consulting Group (currently, Korn Ferry (Japan) Ltd.)
- 2015 Joined the Company
- 2018 Head of Surgical Development and Strategy Integration Department, Surgical Division
- 2019 Head of Strategic Planning Department, Japan Business
- 2021 Corporate Officer, Head of Marketing Department, Japan Sales & Marketing Division
- 2022 Corporate Officer, Head of Japan Business, Head of Japan Sales & Marketing Division and Head of Marketing Department
- 2024 Director, Corporate Officer, Head of Japan Business, Global Commercial Strategy (incumbent)



Masahiko Ikaga
Outside Director
Independent Officer

- 2000 Representative Director and President of Tohmatsu Consulting Co., Ltd. (currently, Deloitte Tohmatsu Consulting LLC)
- 2010 Director and Chairman of Tohmatsu Consulting Co., Ltd.
- 2016 Representative Accountant, Masahiko Ikaga Certified Public Accountant Office (incumbent)
Representative Director of PrajnaLink Co., Ltd. (incumbent)
External Audit & Supervisory Board Member of MORINAGA MILK INDUSTRY CO., LTD.
- 2017 Outside Audit & Supervisory Board Member of Yamaha Motor Co., Ltd.
Outside Director of RYOBI LIMITED (incumbent)
- 2022 Outside Corporate Auditor of the Company
- 2024 Outside Director of the Company (incumbent)



Minoru Kikuoka
Outside Director
Independent Officer

- 2004 General Manager, Business Planning Department of Nitto Denko Corporation and Vice President of Nitto Americas
- 2006 General Manager, Membrane Business Department of Nitto Denko Corporation and CEO of Hydranautics (U.S.)
- 2011 Administration Officer, Business Integration Department of Nitto Denko Corporation
- 2014 Corporate Officer of Nippon Densan Co., Ltd. (currently, NIDEC CORPORATION)
- 2019 President, Representative Director and CEO of Japan Display, Inc.
- 2020 President, Representative Executive Officer and CEO of Japan Display, Inc.
- 2021 Senior Advisor of Ichigo Asset Management, Ltd.
- 2022 Senior Corporate Executive, CFO of Astellas Pharma Inc.
- 2023 Senior Advisor of Ichigo Asset Management, Ltd.
- 2024 Outside Director of the Company (incumbent)



Yukiko Kuroda
Outside Director
Independent Officer

- 1991 Representative Director of People Focus Consulting Co., Ltd.
- 2010 Outside Corporate Auditor of Astellas Pharma Inc.
- 2011 Outside Director of CAC Co., Ltd. (currently, CAC Holdings Corporation)
- 2012 Director and Founder of People Focus Consulting Co., Ltd.
- 2013 Outside Director of Marubeni Corporation
- 2015 Outside Director of Mitsui Chemicals, Inc.
- 2018 Outside Director of Seven Bank, Ltd.
Outside Director of Terumo Corporation
- 2022 Independent Director of Obayashi Corporation (incumbent)
Outside Director of ORACLE CORPORATION JAPAN (incumbent)
- 2024 Advisor and Founder of People Focus Consulting Co., Ltd. (incumbent)
- 2025 Outside Director of Sekisui House, Ltd. (incumbent)
Outside Director of the Company (incumbent)

Corporate Auditors



Hiroshi Isaka
Standing Corporate
Auditor

- 2010 Joined the Company
- 2012 Head of Corporate Development Division
- 2013 Deputy Head of Human Resources Development and CSR Division
- 2015 Head of Surgical Division
- 2019 General Manager, IOL Business Planning Group
- 2020 Standing Corporate Auditor (incumbent)



Junichi Asatani
Outside Corporate
Auditor
Independent Officer

- 2010 Vice President & CFO of Eisai Inc.
- 2012 Executive Director, Corporate Internal Audit Department of Eisai Co., Ltd.
- 2014 Chief Compliance Officer and Vice President, Internal Control of Eisai Co., Ltd.
- 2020 Vice President, Internal Audit of Eisai Co., Ltd.
- 2021 Corporate Advisor to Eisai Co., Ltd.
- 2023 Outside Corporate Auditor of the Company (incumbent)



Yaeko Hodaka
Outside Corporate
Auditor
Independent Officer

- 1992 Registered as an attorney-at-law and joined ISHII LAW OFFICE
- 2005 Joined Morrison & Foerster, Partner
- 2011 Joined Baker & McKenzie, Partner
- 2020 Fellow of Centre for the Fourth Industrial Revolution Japan, World Economic Forum
- 2021 External Corporate Auditor of Sumitomo Heavy Industries, Ltd.
- 2023 Joined ISSHIKI & PARTNERS, Partner (incumbent)
Outside Director, Member of the Audit and Supervisory Committee of YASKAWA Electric Corporation (incumbent)
- Outside Corporate Auditor of the Company (incumbent)
- 2024 Outside Director of Sumitomo Heavy Industries, Ltd. (incumbent)



Yuichiro Munakata
Outside Corporate
Auditor
Independent Officer

- 1993 Registered as a Certified Public Accountant
Joined Ota Showa Audit Corporation (currently Ernst & Young ShinNihon LLC)
- 1998 Stationed at Ernst & Young LLP New York Office
- 2000 Joined Century Ota Showa & Co. as Partner (currently Ernst & Young ShinNihon LLC)
- 2001 Obtained US Certified Public Accountant license
- 2014 Leader of EY Japan Area Accountants and member of the Steering Committee, ShinNihon Audit Corporation (currently Ernst & Young ShinNihon LLC)
- 2016 EY Japan Area Assurance Deputy Leader, Ernst & Young ShinNihon LLC
- 2018 General Manager of FAAS Division of Ernst & Young ShinNihon LLC
Representative Director of Ernst & Young Solutions Co., Ltd.
- 2022 Outside Director and Audit & Supervisory Board Member of Kasumigaseki Capital Co., Ltd. (incumbent)
- 2023 Outside Director and Audit/Supervisory Committee Member of SINANEN HOLDINGS CO., LTD.
- 2024 Outside Director and Audit/Supervisory Committee Member (Full-time) of SINANEN HOLDINGS CO., LTD. (incumbent)
Outside Corporate Auditor of the Company (incumbent)

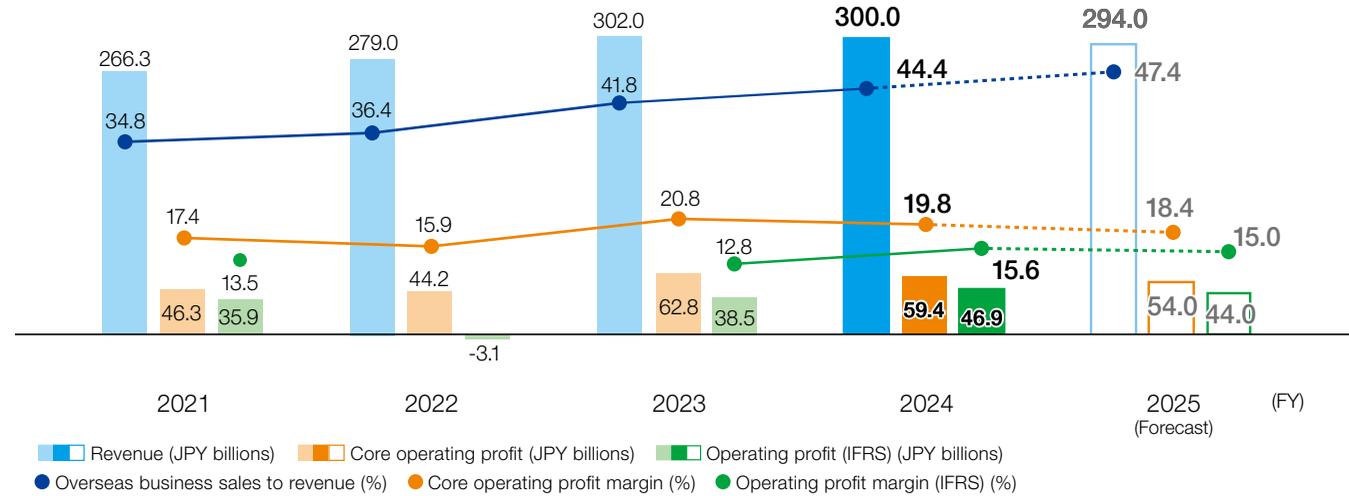
Santen Report 2025

The Foundations Supporting Value Creation

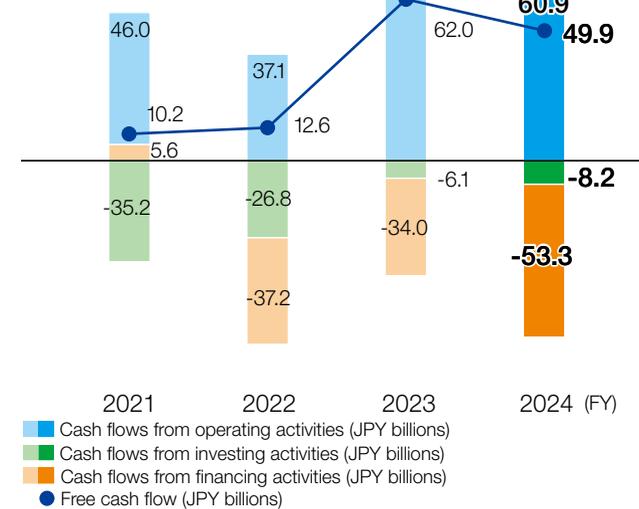
52 Corporate Executives

Financial Highlights

Revenue and Overseas Business Sales to Revenue; Core/IFRS Operating Profit and Operating Profit Margin

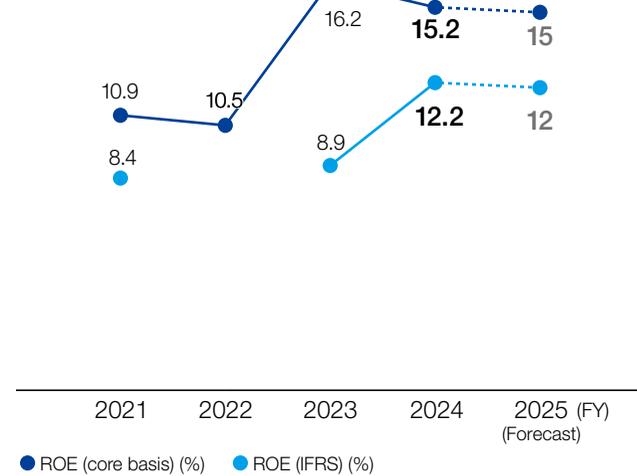


Cash Flows

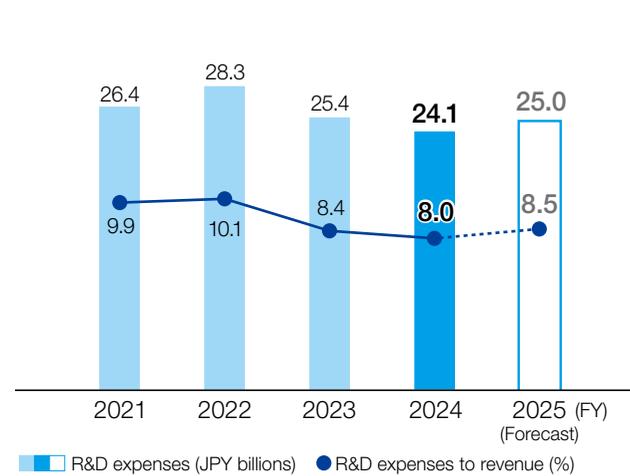


Free cash flow = Net cash flows from operating activities minus capital payments for acquisition of property, plant and equipment, and intangible assets

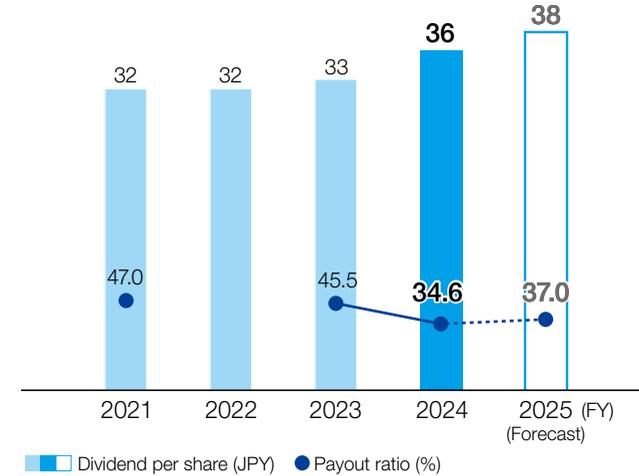
ROE



R&D Expenses and R&D Expenses to Revenue



Dividend per Share and Payout Ratio



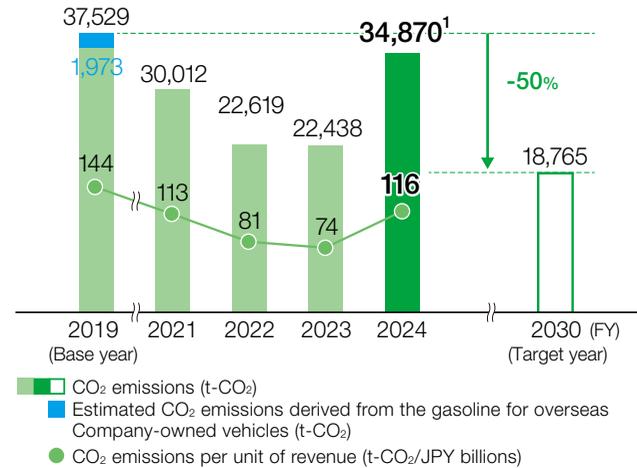
Santen Report 2025

- Performance and Key Metrics
- 54 Financial Highlights

Non-Financial Highlights

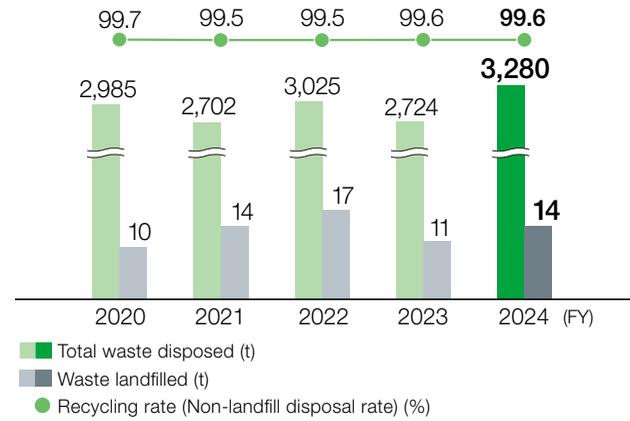
Environment

CO₂ Emissions

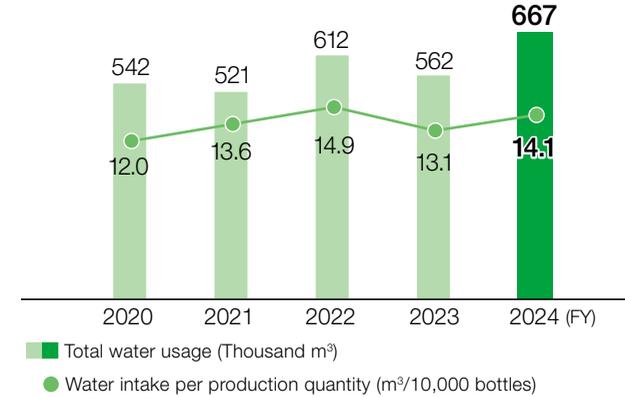


FY2019 is the base year for targets under the Science Based Targets initiative; figures for FY2019 include CO₂ emissions derived from gasoline for overseas Company-owned vehicles and use different conversion factors for calculation in certain cases.
¹ From FY2024, CO₂ emissions increased due to the contribution from test operation at the Suzhou Plant

Waste and Related Data

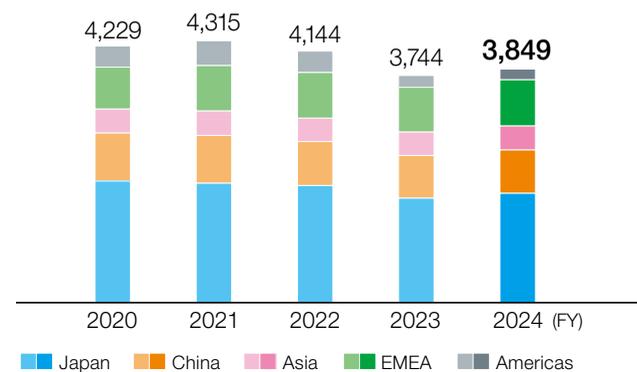


Total Water Usage

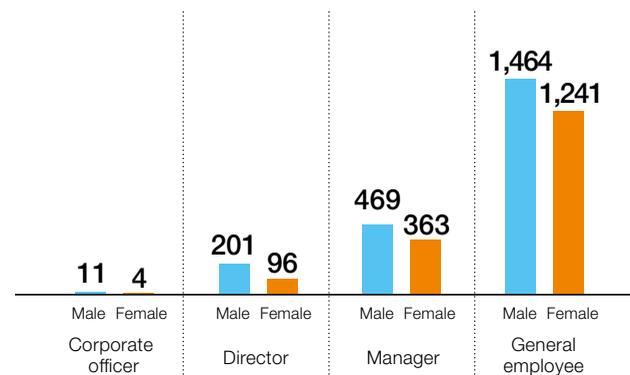


Human Resources

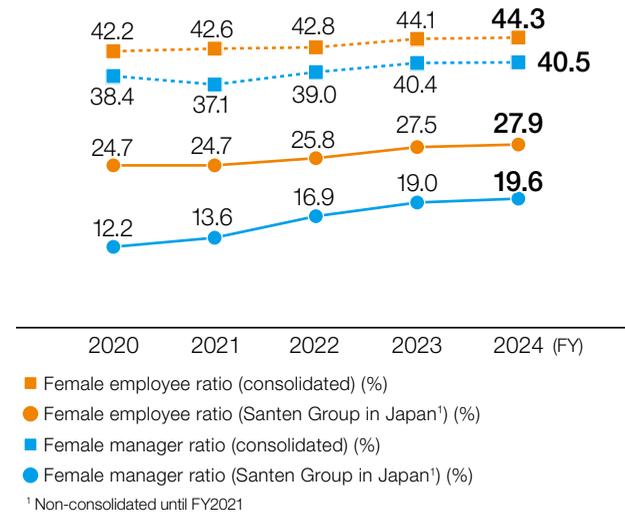
Number of Employees



Number of Employees by Gender and Rank (FY2024)

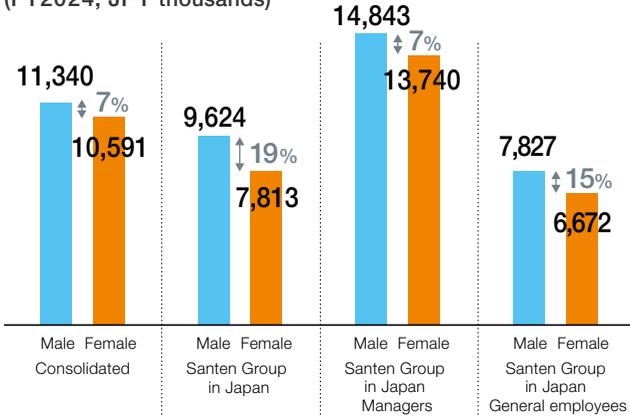


Female Employee and Female Manager Ratios



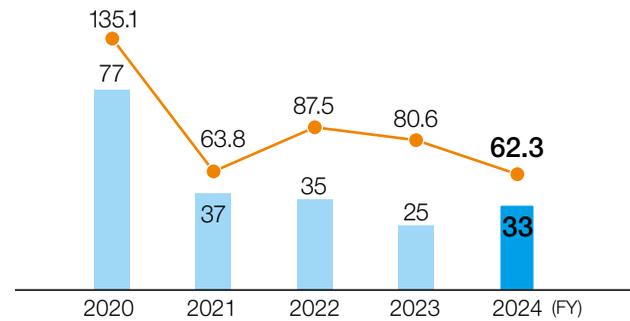
Human Resources

Average Annual Salary by Gender
(FY2024; JPY thousands)



Note: The above gender differences in wages are not based on the wage system or structure. The differences are primarily due to differences in the ratio of male to female managers and employment status. Figures exclude executive compensation and stock options.

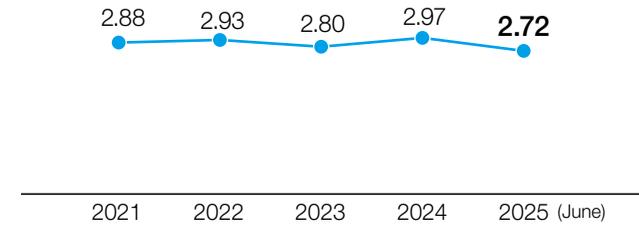
Male Employees Taking Childcare Leave



■ Number of male employees taking childcare leave (Santen Group in Japan)
● Ratio of eligible male employees taking childcare leave (Santen Group in Japan) (%)

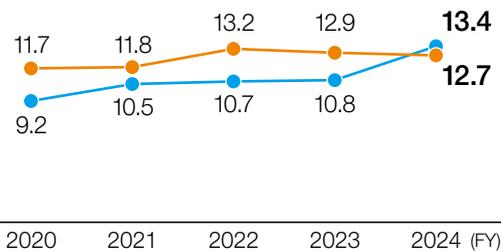
Note: The method of calculating the number and ratio of male employees taking childcare leave was changed in FY2021.

Ratio of Employees with Disabilities (%)



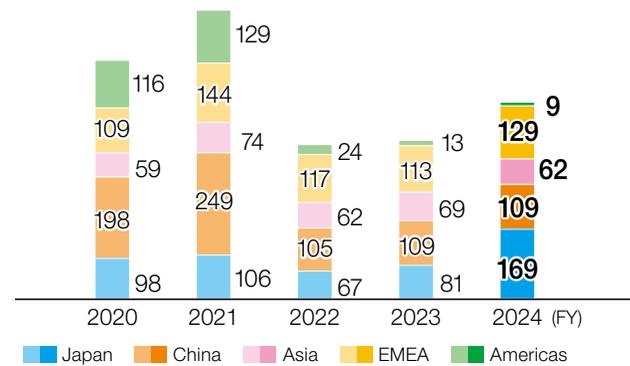
Note: Santen Group in Japan

Average Days of Annual Paid Leave and Average Monthly Overtime



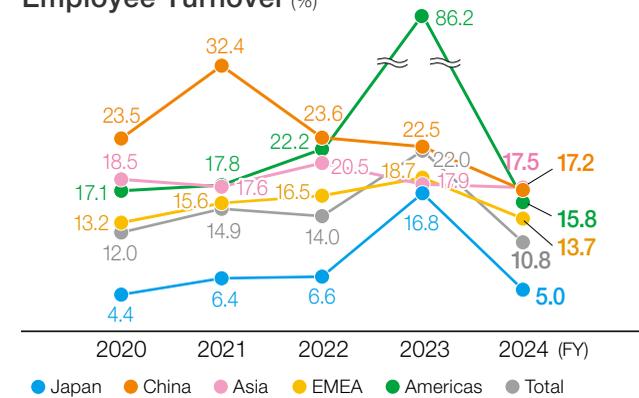
● Average days of annual paid leave (Santen Group in Japan) (Days)
● Average monthly overtime (Santen Group in Japan) (Hours/employee/month)

Number of Newly Hired Employees



■ Japan ■ China ■ Asia ■ EMEA ■ Americas

Employee Turnover (%)



Note: Implemented structural reforms in FY2023 (early retirement special support program in Japan and streamlining of the pharmaceutical sales business in the Americas).

MD&A

Summary of Consolidated Results in Fiscal 2024

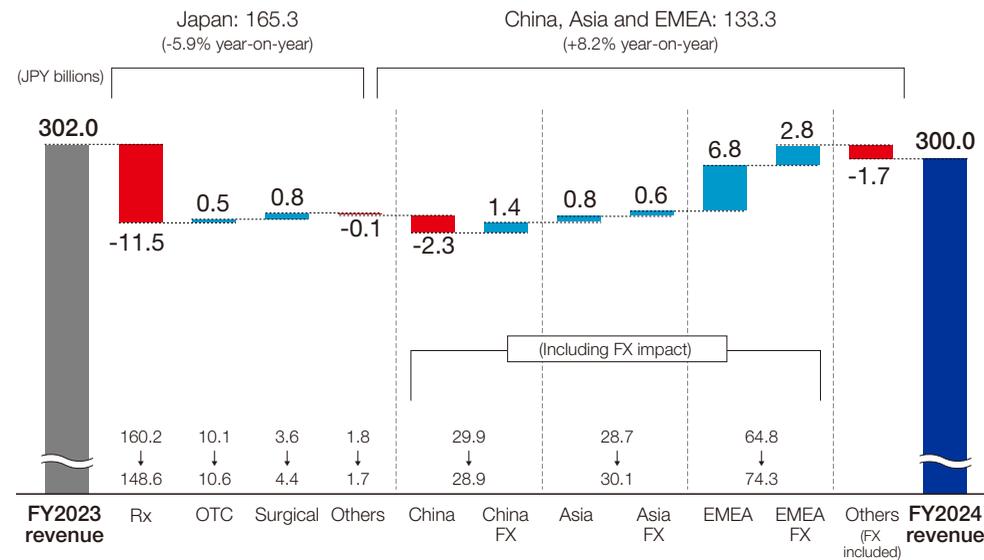
Revenue in the fiscal year ended March 31, 2025 (fiscal 2024) was JPY 300.0 billion. The main contributing factors were expanded sales of new and mainstay products (despite the impact of NHI price revisions and a voluntary recall of *Diquas LX* for dry eye treatment) in Japan, and solid performance from mainstay products overseas, as well as FX impact. As a result, revenue remained largely unchanged from the previous fiscal year. Gross profit decreased by 4.4% year-on-year to JPY 171.0 billion due to the decrease in revenue and an increase in the COGS ratio as a result of changes in the product and region mix. SG&A expenses on a core basis decreased by 3.6% year-on-year to JPY 87.5 billion, and R&D expenses on a core basis decreased by 4.6% year-on-year to JPY 24.1 billion. As a result, operating profit on a core basis decreased by 5.4% year-on-year to JPY 59.4 billion.

SG&A expenses on an IFRS basis totaled JPY 88.0 billion, due to streamlining costs amounting to JPY 0.4 billion. Amortization on intangible assets associated with products decreased by 7.0% year-on-year to JPY 8.8 billion, and other income totaled JPY 0.6

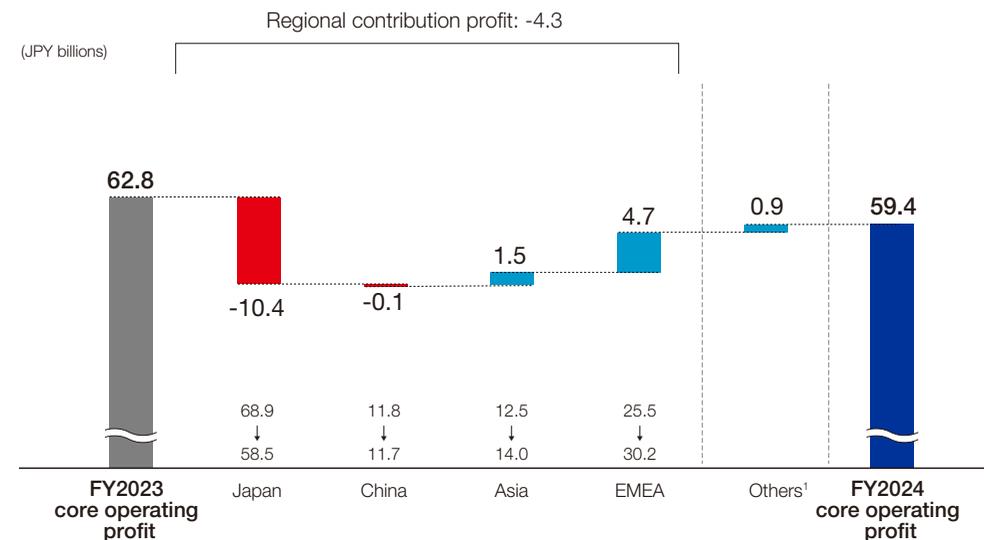
billion. Other expenses totaled JPY 3.9 billion. As a result, operating profit on an IFRS basis in fiscal 2024 increased by 21.6% year-on-year to JPY 46.9 billion. This was mainly due to the absence of the significant other expenses booked in the previous fiscal year.

Finance income totaled JPY 4.0 billion. Finance expenses totaled JPY 2.7 billion. Share of loss of investments accounted for using equity method totaled JPY 0.7 billion due to the impairment loss related to liquidation of the Company's investment in Twenty Twenty Therapeutics LLC (U.S.). Income tax expenses increased by JPY 8.5 billion year-on-year to JPY 11.6 billion. This was mainly due to the increase of profit before tax as a result of the increase in operating profit on a IFRS basis, and the absence of deferred tax assets at overseas subsidiaries recognized in fiscal 2023. As a result, net profit increased by 34.3% year-on-year to JPY 35.9 billion, and net profit attributable to owners of the company in fiscal 2024 increased by 36.1% year-on-year to JPY 36.3 billion. The ratio to revenue was 12.1%.

FY2024 Revenue Bridge



FY2024 Core Operating Profit Bridge



Note: Sales classified into countries or regions based on customer location. Hong Kong is included in Asia for both revenue and core operating profit.

¹ R&D and back-office expenses in region and global functions, and contribution profit not related to the regions above.

Santen Report 2025

Performance and Key Metrics

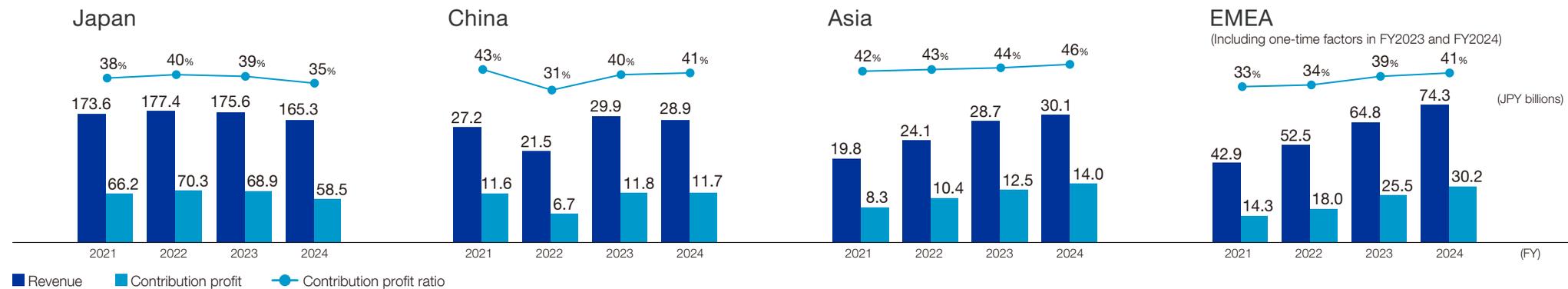
Revenue and Contribution Profit by Region

In the Japan business, revenue in fiscal 2024 decreased by 5.9% year-on-year to JPY 165.3 billion. The impacts from NHI price revisions at the high end of the 6% level and a voluntary recall of *Diquas LX* were partially mitigated by the focus on growing mainstay products as well as new products. Contribution profit decreased by 15.1% year-on-year to JPY 58.5 billion and the contribution profit ratio decreased by 3.8 points to 35.4%.

Revenue in China decreased by 3.1% year-on-year (-7.9% excluding FX impact) to JPY 28.9 billion. This was due to the impact of VBP of *Diquas* and product supply factors, which more than offset sales channel expansion and growth in *Tapros*. Contribution profit decreased by 0.9% year-on-year to JPY 11.7 billion and the contribution profit ratio increased by 0.9 points to 40.5%.

Revenue in Asia increased by 5.0% year-on-year (+2.7% excluding FX impact) to JPY 30.1 billion. This was due to the steady growth of mainstay products in the key glaucoma and dry eye markets despite the impact of healthcare professional strikes in South Korea. Contribution profit increased by 12.0% year-on-year to JPY 14.0 billion and the contribution profit ratio increased by 2.9 points to 46.5%.

Revenue in EMEA increased by 14.8% year-on-year (+10.5% excluding FX impact) to JPY 74.3 billion. This was mainly due to growth in sales of glaucoma products, a disease area in which Santen holds the No.1 market share.¹ Contribution profit increased by 18.3% year-on-year to JPY 30.2 billion and the contribution profit ratio increased by 1.2 points to 40.6%. The figures for both revenue and contribution profit include the impacts from one-time revenue.



Note: Contribution profit is calculated by deducting cost of sales and expenses related to revenue generation from regional revenue. In the above chart, the figure used for regional revenue when calculating contribution profit corresponds to revenue directly contributed by each regional business, which may differ from revenue calculated on a customer location basis. Hong Kong is included in Asia.

Financial Position

Total assets amounted to JPY 409.3 billion, a decrease of JPY 26.4 billion from the end of the previous fiscal year. Despite an increase in inventories, there were decreases in working capital associated with the liquidation of trade receivables and in intangible assets. Equity amounted to JPY 285.2 billion, a decrease of JPY 20.2 billion from the end of the previous fiscal year. This was due to a reduction in capital associated with share repurchases and a decrease in other components of equity. The Company cancelled treasury shares to the

value of JPY 28.4 billion (16,985 thousand shares) on November 29, 2024 and JPY 8.4 billion (5,000 thousand shares) on February 28, 2025. Liabilities amounted to JPY 124.1 billion, a decrease of JPY 6.2 billion from the end of the previous fiscal year. This was mainly due to a decrease in trade and other payables, as well as the payment of corporate taxes. As a result, the ratio of equity attributable to owners of the company to total assets decreased by 0.3 points from the end of the previous fiscal year to 69.9%.

Santen Report 2025

Performance and Key Metrics

¹ Source: Copyright © 2025 IQVIA. IQVIA MIDAS 2024Q1-2024Q4. Santen analysis based on IQVIA data. Reprinted with permission.

Cash Flows

Cash flows from operating activities for fiscal 2024 amounted to an inflow of JPY 60.9 billion (inflow of JPY 72.6 billion in the previous fiscal year). Main contributing factors included net profit of JPY 35.9 billion, depreciation and amortization of JPY 17.9 billion and a decrease of JPY 18.5 billion in trade and other receivables (associated with the liquidation of trade receivables), and the payment of JPY 12.2 billion in corporate taxes.

Cash flows from investing activities amounted to an outflow of JPY 8.2 billion (outflow of JPY 6.1 billion in the previous fiscal year). Main contributing factors included payments for acquisition of property, plant and equipment of JPY 6.7 billion and payments for acquisition of intangible assets of JPY 4.4 billion. There was an inflow of JPY 2.1 billion associated with the sale of one equity holding in fiscal 2024 as part of the ongoing review of strategic shareholdings.

Capital expenditures in fiscal 2024 amounted to JPY 7.5 billion. In addition to upgrades

to manufacturing facilities and equipment for R&D, the Company continued investments in a new factory for Santen Pharmaceutical (China) Co., Ltd, with the aim of addressing expanding demand and strengthening the production and supply structure. The new factory adds production capacity to proactively cater to anticipated market growth, thereby establishing Santen’s competitive edge globally and supporting further business growth. These capital expenditures were made using internal funds.

Cash flows from financing activities amounted to an outflow of JPY 53.3 billion (outflow of JPY 34.0 billion in the previous fiscal year). Main contributing factors included purchase of treasury shares of JPY 37.9 billion and dividends paid of JPY 12.1 billion.

As a result, cash and cash equivalents at the end of fiscal 2024 totaled JPY 93.0 billion, a decrease of JPY 1.6 billion from the end of the previous fiscal year.

Outlook for Fiscal 2025

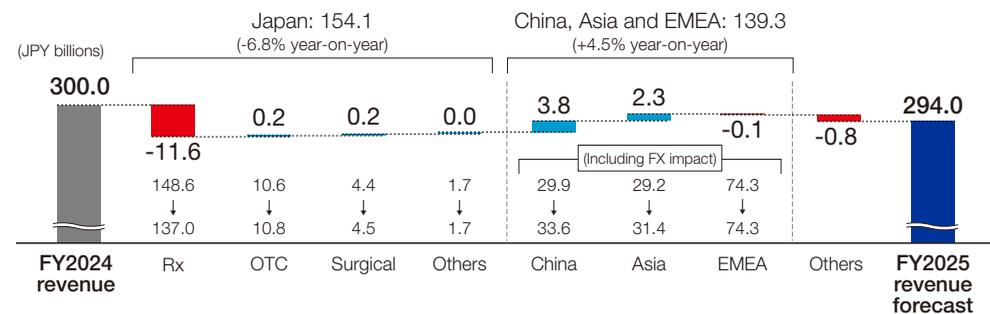
The fiscal year ending March 31, 2026 (fiscal 2025) is the first year of the FY2025-2029 Medium-Term Management Plan. Revenue for fiscal 2025 is forecast to decrease by 2.0% year-on-year to JPY 294.0 billion and core operating profit is expected to decrease by 9.1% year-on-year to JPY 54.0 billion. These figures are based on the assumption that this will be the year in which the Japan business is most affected by the market entry of generics competing against mainstay products, and on projections of stable growth in overseas businesses. Though changes in the product mix and high price levels will exert upward pressure on cost of sales, the COGS ratio is expected to decrease by 1.0 points year-on-year to 42%, based on productivity improvements and strict cost control. As investments for future growth, SG&A expenses are forecast at JPY 92.0 billion, an increase of 5.1% year-on-

year, and R&D expenses are forecast at JPY 25.0 billion, an increase of 3.7% year-on-year.

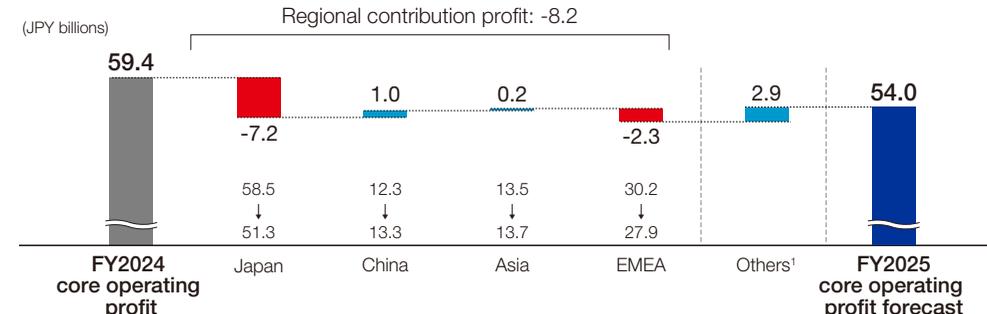
On an IFRS basis, due to an expected decrease in other expenses and other factors, operating profit is forecast at JPY 44.0 billion, a decrease of 6.1% year-on-year, net profit is forecast at JPY 33.5 billion, a decrease of 6.6% year-on-year, and basic earnings per share is forecast at JPY 103, almost the same level as fiscal 2024, after factoring in the share repurchase announced on May 13, 2025.

These forecasts are based on foreign exchange rates of USD 1 = JPY 145, EUR 1 = JPY 160 and CNY 1 = JPY 20.5. The forecasts are based on currently available information. Actual results may differ materially depending on a number of factors, including changes in the business environment.

FY2025 Revenue Outlook Bridge



FY2025 Core Operating Profit Outlook Bridge



Note: Sales classified into countries or regions based on customer location. Hong Kong is included in China for both revenue and core operating profit.

¹ R&D and back-office expenses in region and global functions, and contribution profit not related to the regions above.

Santen Report 2025

Performance and Key Metrics



Eleven-Year Summary of Selected Financial Data

IFRS	(JPY millions)										
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
For the year:											
Revenue	161,831	195,291	199,096	224,942	234,026	241,555	249,605	266,257	279,037	301,965	300,004
Cost of sales	56,373	72,829	74,966	86,378	90,764	94,831	98,221	109,671	112,950	123,256	128,977
Selling, general and administrative expenses	48,893	59,406	62,193	68,788	71,273	73,360	79,554	84,499	96,257	91,529	87,967
Research and development expenses	17,477	19,990	22,786	24,398	23,759	23,341	24,112	26,377	28,297	25,416	24,103
Operating profit/loss	35,374	80,180	32,479	38,691	45,098	33,535	12,187	35,886	-3,090	38,541	46,880
Core operating profit	39,088	43,067	39,687	45,378	48,230	50,023	50,101	46,348	44,242	62,778	59,380
Income tax expenses	11,831	26,097	8,331	4,000	11,174	10,377	2,562	8,427	9,184	3,171	11,628
Net profit/loss for the year	24,032	53,373	21,724	35,261	31,943	21,714	9,126	27,189	-14,983	26,703	35,853
Core net profit for the year	25,948	29,163	29,125	33,458	36,092	35,894	37,549	35,195	33,235	48,513	45,068
At year-end:											
Total assets	304,200	355,399	358,906	388,463	391,186	408,768	405,285	459,976	421,179	435,699	409,277
Total equity	211,779	260,009	255,929	287,557	292,572	302,560	309,646	336,844	293,297	305,369	285,181
Total liabilities	92,421	95,391	102,977	100,905	98,614	106,208	95,639	123,133	127,883	130,329	124,096
Cash flows:											
Net cash flows from (used in) operating activities	25,386	22,525	10,843	42,843	32,894	39,947	38,808	46,043	37,147	72,649	60,928
Net cash flows from (used in) investing activities	-61,709	37,052	-28,201	-8,259	-2,935	-5,175	-53,355	-35,169	-26,777	-6,145	-8,223
Net cash flows from (used in) financing activities	28,960	-24,066	-28,657	-17,631	-28,107	-12,729	-16,685	5,557	-37,220	-34,031	-53,307
Payments for acquisition of property, plant and equipment, and intangible assets	66,440	9,092	9,500	9,937	8,332	9,228	23,804	35,841	24,589	10,686	11,018
Depreciation and amortization	6,958	9,338	9,882	10,896	10,969	16,573	17,498	17,055	17,249	18,178	17,948
Free cash flow ¹	-41,054	13,433	1,342	32,906	24,562	30,719	15,004	10,203	12,558	61,963	49,909
Interest coverage ratio (times)	309.8	230.9	206.6	1,573.6	4,330.0	210.1	244.6	191.6	79.9	87.5	55.8

¹ Free cash flow = Net cash flows from operating activities minus capital payments for acquisition of property, plant and equipment, and intangible assets

Santen Report 2025

Performance and Key Metrics

60 Eleven-Year Summary of Selected Financial Data



	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Per share data¹ (JPY):											
EPS (Basic earnings)	58.18	128.99	52.96	86.73	78.67	59.16	23.30	68.07	-38.60	72.59	103.98
Core EPS	62.82	70.48	70.99	82.29	88.89	90.00	94.09	88.16	85.86	132.13	129.36
Equity attributable to owners of the company	511.14	627.78	628.09	702.54	728.97	758.50	776.16	843.60	783.30	843.24	839.20
Cash dividends, applicable to the period	22.00	25.00	26.00	26.00	26.00	27.00	28.00	32.00	32.00	33.00	36.00
Financial KPIs and other data:											
ROE (Return [Net profit for the year] on equity attributable to owners of the company) (%)	12.0	22.6	8.4	13.0	11.1	8.0	3.0	8.4	-4.7	8.9	12.2
Core ROE (%)	13.0	12.4	11.3	12.4	12.5	12.1	12.3	10.9	10.5	16.2	15.2
ROA (Return [Net profit for the year] on total assets) (%)	8.9	16.2	6.1	9.4	8.2	5.4	2.2	6.3	-3.4	6.2	8.5
Equity attributable to owners of the company ratio (%)	69.6	73.2	71.1	73.6	74.4	74.1	76.5	73.4	69.8	70.2	69.9
Debt equity ratio (Interest-bearing debt ² to equity attributable to owners of the company ratio) (times)	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1
PER (Price earnings ratio) (times)	30.1	13.1	30.4	19.8	21.0	31.4	65.4	18.0	-29.3	21.2	13.6
Dividend payout ratio (%)	37.8	19.4	49.1	30.0	33.0	45.6	120.2	47.0	—	45.5	34.6
Issued shares at fiscal year-end (thousands, including treasury shares)	82,653	414,192	406,173	406,848	399,782	400,028	400,369	400,695	375,886	363,996	342,056
Number of employees	3,230	3,463	3,667	3,805	4,073	4,108	4,229	4,315	4,144	3,744	3,849

¹ The Company conducted a five-for-one share split of ordinary shares on the effective date of April 1, 2015. Per share data other than cash dividends applicable to the period for FY2014 are calculated under the assumption that the share split took effect at the beginning of FY2014. Cash dividends applicable to the period have been retrospectively adjusted to reflect the impact of the share split.

² Excludes lease obligations

Note: With the adoption of IFRS in the fiscal year ended March 31, 2015, the Santen Group discloses financial information on a "core basis," which is calculated by excluding certain income and expense items from the IFRS basis, as an indicator of profitability from business activities.

Santen Report 2025

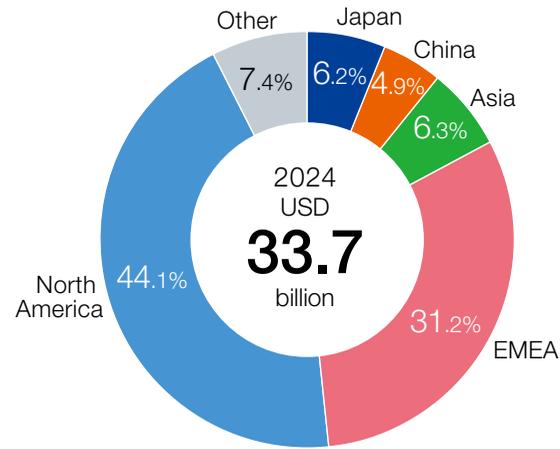
Performance and Key Metrics

60 Eleven-Year Summary of Selected Financial Data

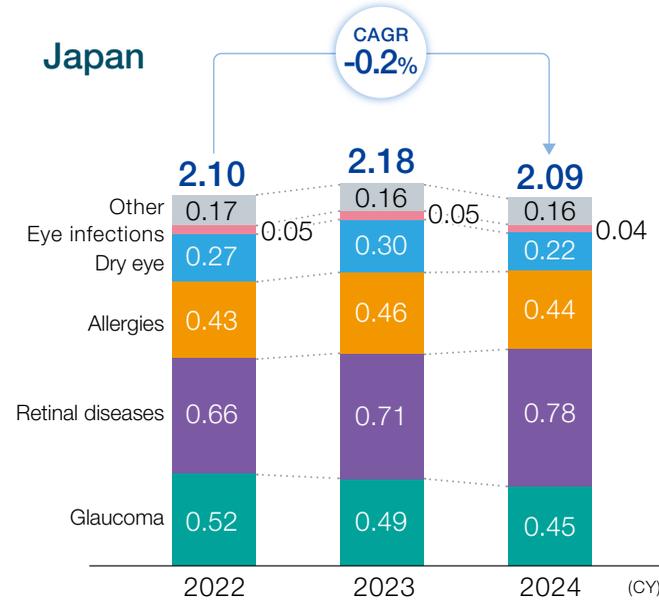
Ophthalmology Market Data

(USD billions)

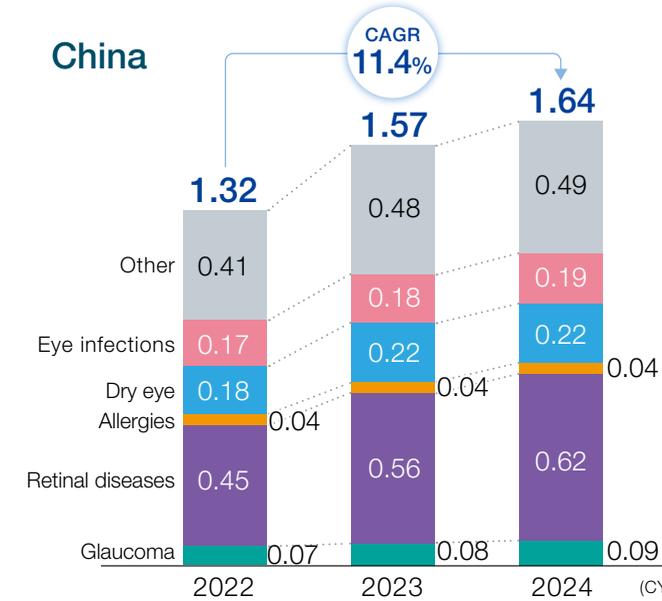
Global



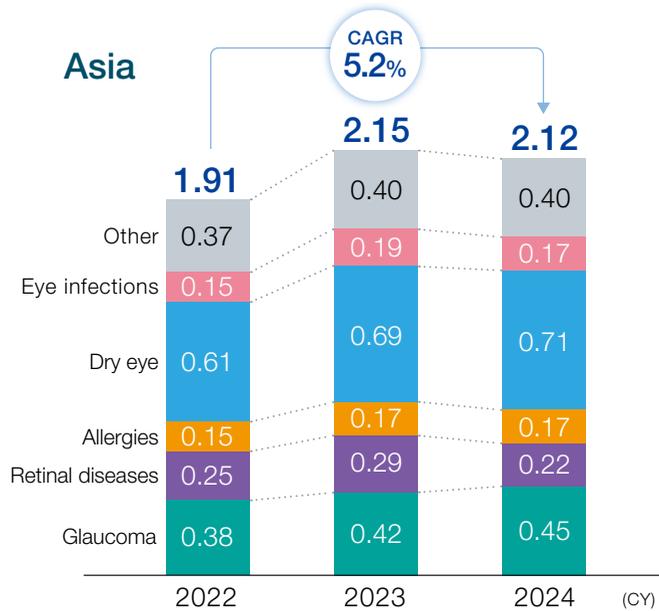
Japan



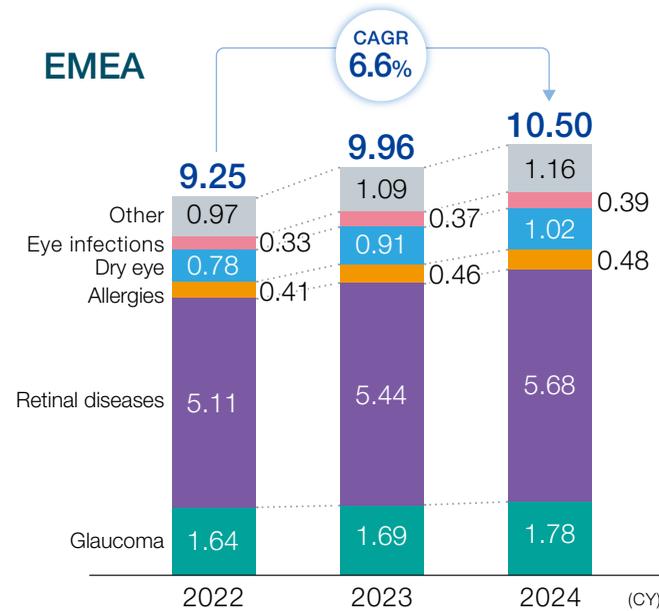
China



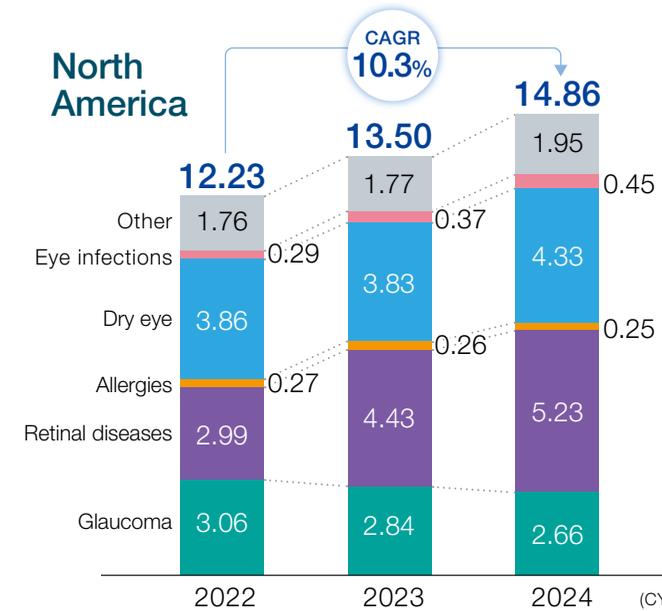
Asia



EMEA



North America



Santen Report 2025

Performance and Key Metrics

Source: Copyright © 2025 IQVIA. IQVIA MIDAS 2022.1Q-2024.4Q. Santen analysis based on IQVIA data. Reprinted with permission.



Corporate Information

Name	Santen Pharmaceutical Co., Ltd.
Corporate Headquarters	Grand Front Osaka Tower A, 4-20 Ofuka-cho, Kita-ku, Osaka 530-8552, Japan
Website	https://www.santen.com/en

Established	1890
Incorporated	1925
Paid-in Capital	JPY 8,806 million (As of March 31, 2025)
Number of Employees	3,849 (Consolidated) (As of March 31, 2025)

Group Companies (As of March 31, 2025)

Claire Co., Ltd.

Santen Eye Care Co., Ltd.

Santen China Investment Co., Ltd.

Santen Pharmaceutical (China) Co., Ltd.

Santen Pharmaceutical Sales and Marketing (Suzhou) Co., Ltd.

Santen Pharmaceutical Korea Co., Ltd.

Taiwan Santen Pharmaceutical Co., Ltd.

Santen Pharmaceutical (Hong Kong) Limited

Santen Pharmaceutical Asia Pte. Ltd.

SANTEN (THAILAND) CO., LTD.

SANTEN PHILIPPINES INC.

SANTEN PHARMA MALAYSIA SDN. BHD.

Santen Pharmaceutical Vietnam Co., Ltd.

Santen Holdings EU B.V.

Santen Oy

Santen S.A.S.

Santen GmbH

Santen SA

Santen Italy S.r.l.

Santen UK Limited

Santen Pharmaceutical Spain, S.L.

SANTEN LIMITED LIABILITY COMPANY

Santen Holdings U.S. Inc.

Santen Inc.

Advanced Vision Science, Inc.

InnFocus, Inc.

Santen Ventures, Inc.

Santen Canada Inc.

Santen Report 2025

Performance and Key Metrics

63 Corporate Information / Stock Information

Stock Information (As of March 31, 2025)

Stock Exchange Listing	Tokyo Stock Exchange
Ticker Code	4536

Shareholder Registry Administrator	Mitsubishi UFJ Trust and Banking Corporation
Transfer Agent	Osaka Stock Transfer Agent Division, Mitsubishi UFJ Trust and Banking Corporation 6-3, Fushimi-cho 3-chome, Chuo-ku, Osaka 541-8502, Japan

Major Shareholders (Top 10)

Name/Company Name	Number of Shares Owned (1,000 shares)	Holding Ratio (%) ¹
The Master Trust Bank of Japan, Ltd. (Trust account)	58,076	16.97
Custody Bank of Japan, Ltd. (Trust account)	18,594	5.43
BNYM AS AGT/CLTS NON TREATY JASDEC	10,857	3.17
Nippon Life Insurance Company	10,662	3.11
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	10,567	3.08
GOVERNMENT OF NORWAY	8,084	2.36
JPMorgan Securities Japan Co., Ltd.	7,310	2.13
MUFG Bank, Ltd.	6,989	2.04
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	6,975	2.03
STATE STREET BANK AND TRUST COMPANY 505001	6,944	2.03

Yearly High and Low Prices (JPY)

FY	2020	2021	2022	2023	2024
High	2,216	1,718	1,251	1,590	1,879
Low	1,370	1,210	956	1,060	1,349

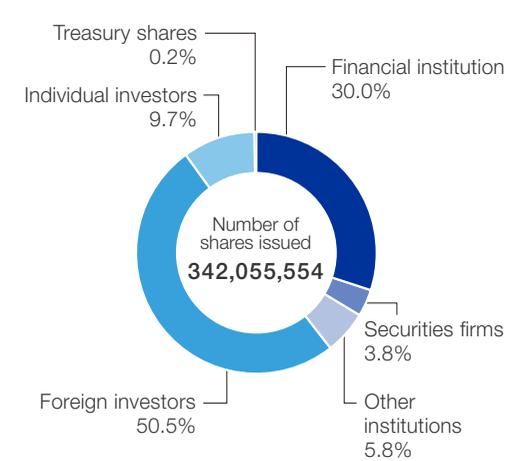
Total Shareholder Return (%)

FY	2020	2021	2022	2023	2024
Total shareholder return	83.5	69.3	65.8	89.5	85.0
Comparative index: TOPIX including dividends	142.1	145.0	153.4	216.8	213.4

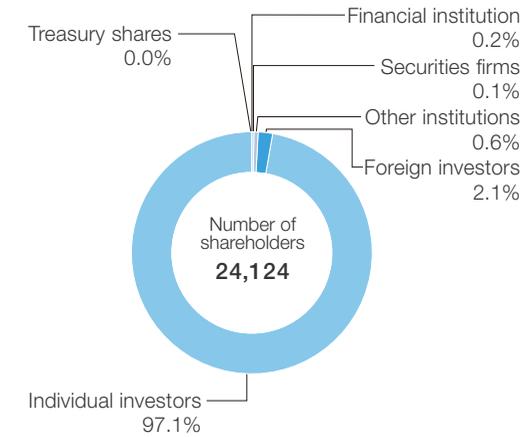
¹ Holding ratio of shares issued includes treasury shares.

Composition of Shareholders

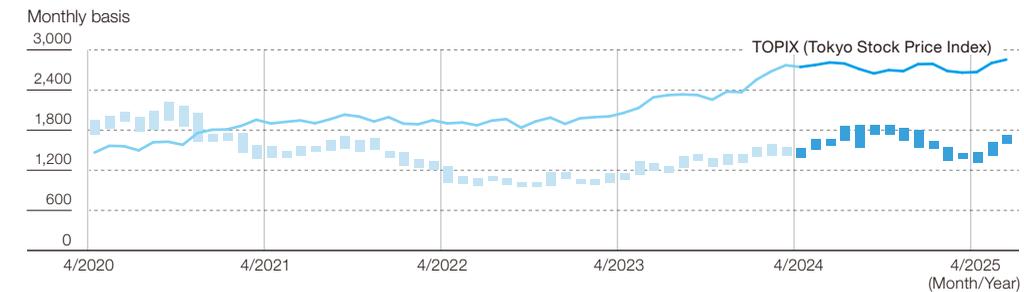
By number of shares



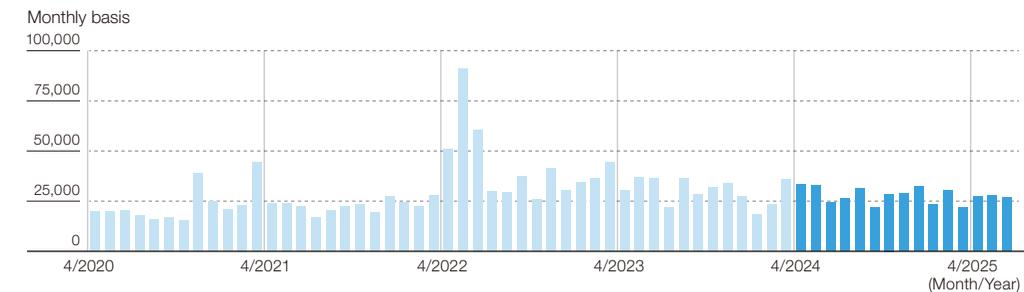
By number of shareholders



Stock Price Range (JPY)



Trading Volume (Thousands of Shares)



Santen Report 2025

Performance and Key Metrics

Editorial Note

Editorial Note for Santen Report 2025

Thank you for taking the time to read *Santen Report 2025*.

Santen has reached a turning point, having completed the foundation for transformation that it has been building over the past few years, and is now entering a new growth phase. This year's report was compiled with FY2025-2029 Medium-Term Management Plan as its focus.

The report features messages from the management team, spotlighting how Santen will contribute to patients and achieve business growth, and detailing the aspirations and vision behind our new management plan. It presents comments from relevant personnel and details of specific activities to provide a deeper understanding of the evolution of our businesses in each region and market creation in new disease areas, which will be growth drivers.

The report also provides a review of our Corporate Philosophy Framework, which is the basis for employee actions and decisions. We cover background and details of the deliberation process, sharing insights into the passionate discussions that took place over what to change and what to retain. Our values have developed over a long period of time, and are the source of our competitiveness. On this unshakeable foundation, we nurture personnel who understand

and embody our Core Principle. As such, we have highlighted areas that we are strengthening under the banner of Santen Commercial Excellence as an organizational capability in our human capital strategy.

Each department worked with the CEO and the management team to create content for this report. This content takes into account the opinions received in our dialogue with investors and stakeholders, as well as various guidelines. I assure you that this report was appropriately prepared and that its contents are accurate. I hope that the report conveys the passion we put into our business and into taking on challenges as we seek to be a leading company in ophthalmology that is trusted by patients and the ophthalmology community around the world.

Takahiro Morita

Corporate Officer,
Global Head of Core Principle & Sustainability

September 2025

- The color palettes used in this report comply with accessibility guidelines for readers with color vision impairments.
- We are creating Daisy audiobook versions on Sapie, a comprehensive network of information for the visually impaired.

Production and editing: Corporate Communications, Corporate Strategy, Investor Relations, and Sustainability

Santen Report 2025

[Last Page \(Editorial Note\) ↓](#)

Editorial Policy

Santen's integrated report provides a view of overall business activities based on its Core Principle. The report is edited with the intention of informing stakeholders about the value Santen provides to customers and society and includes comprehensive coverage of financial information as well as non-financial information such as management strategies, review of operations, and sustainability activities. Santen has streamlined content and simplified descriptions to allow for easier understanding by a wide range of stakeholders, starting with shareholders and investors. Detailed information is available on the global corporate website.

Applicable Scope

Santen Pharmaceutical Co., Ltd. and consolidated subsidiaries
Country/Regional classifications are based on Santen's business operations.

Reporting Period

Fiscal 2024 (April 1, 2024 to March 31, 2025)
Certain information is updated after April 1, 2025.

Concerning Forward-Looking Statements

This report contains forward-looking statements regarding the Company's plans, strategies, and results for the future. All forward-looking statements are based on judgments derived from the information available to the Company at the time of publication. Certain risks and uncertainties could cause the Company's actual results to differ materially from any projections presented in this report. These risks and uncertainties include, but are not limited to, adverse economic conditions, delays in new product launches, currency exchange rates, legislative and regulatory developments.

This report contains information about pharmaceutical products (including products under development), but such information is not for the purpose of advertising or medical advice.

The following are registered trademarks of Santen's partner companies.

- Alesion (Boehringer Ingelheim KG)
- EYLEA (Bayer AG)
- Rocklatan, Roclanda, Rhopressa (Alcon Inc.)

Reference Guidelines

The International Integrated Reporting Framework (International Integrated Reporting Council/IFRS Foundation), The GRI Sustainability Reporting Standards (Global Reporting Initiative), Environmental Reporting Guidelines (Japan's Ministry of the Environment) and Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2.0 (Japan's Ministry of Economy, Trade and Industry)



The Santen Report and Santen's Information Disclosure Framework

In the *Santen Report* (this document), we publish information each fiscal year on topics that we consider particularly useful to investors. For more detailed or other relevant information, please see the global corporate website.

Detailed Information

