

FY2025-2029 Medium-Term Management Plan Transcript



FY2025-2029

Medium-Term Management Plan

May 21, 2025



Ito: My name is Ito, CEO of Santen Pharmaceutical. Thank you very much for taking time to participate in the presentation for our medium-term management plan. I would like to explain our medium-term management plan for the period from FY2025 to FY2029, which we have formulated, in line with this agenda.



Agenda

**Medium-Term Management Plan
Approach and Targets**

Growth Strategy

Capital Allocation

Sustainability

Why Santen? / Executive Summary

As a dedicated ophthalmology pharmaceutical company, we ensure steady global profit growth through Santen's business model that minimizes development risk and patent cliff impact



4 1. Source: IQVIA Institute for Human Data Science. Global Use of Medicines: Outlook to 2028, January 2024. Available from www.iqviainstitute.org. Santen analysis based on IQVIA data.

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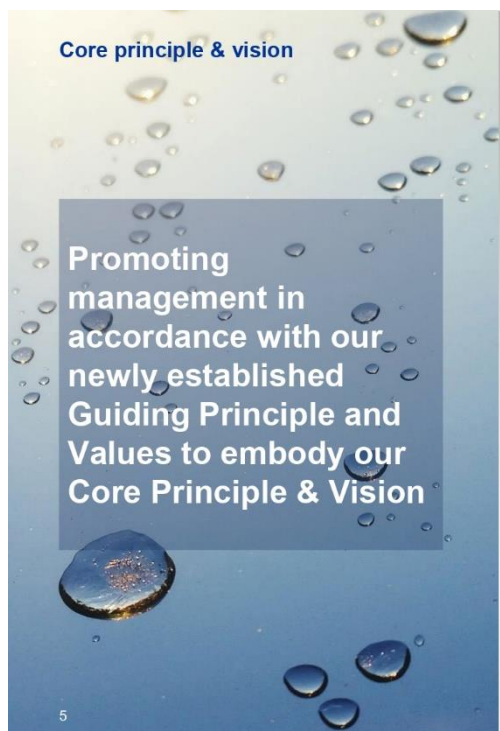
First, I would like to talk about the appeal of Santen, which I would like to share with you in this medium-term management plan. Please refer to page four.

Santen is one of the few unique global pharmaceutical companies with a focus and commitment to ophthalmology and will continue to achieve steady global profitable growth through its distinctive business model that minimizes development risk and the impact of patent cliffs.

The ophthalmology market is expected to continue to grow at a high rate globally. Under such circumstances, we are in a position to acquire products through partnerships, taking advantage of our global sales base we have built up to date.

In addition, we have a well-balanced pipeline with a high degree of development certainty for each of three growth drivers we consider important: market expansion, market creation, and market entry. We also have formulation technologies that prolong product life. In addition, we will maximize sales of each product through the organizational capabilities of Santen Commercial Excellence, which we have historically formulated and strengthened through the previous medium-term management plan.

Going forward, we will continue to use the cash generated from these activities as a source of funds to achieve a return on capital that exceeds the cost of capital, both by aggressively investing in growth and returning profits to shareholders. We will explain the details later.



Core principle

天機に参与する
Tenki ni sanyo suru

Vision

Happiness with Vision

Guiding principle

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

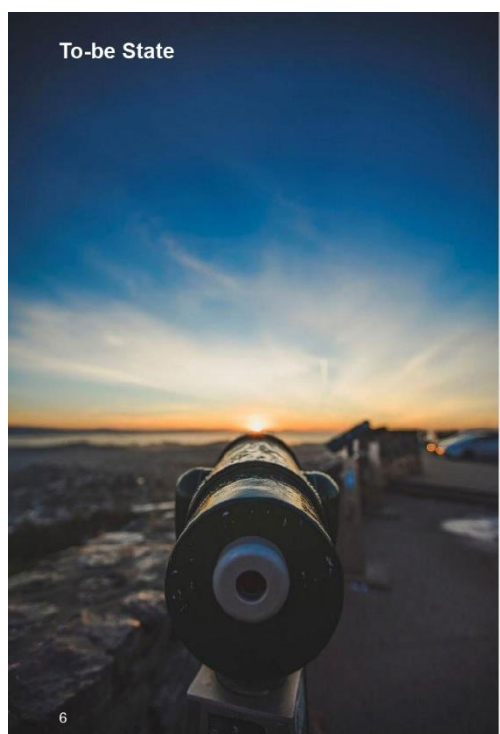
Values

Patient Centricity
Integrity and Trust
Continuous Advancement
Achieve Together

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Please turn to page five. In conjunction with the formulation of this medium-term management plan, we have revised our Core Principle. To embody our Core Principle and Our Vision, "Happiness with Vision," we will promote management based on our newly established guiding principle and four values.



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

Santen's way of achieving To-be

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

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On page six, we present our long-term to-be vision to 2035.








Our goal is to become a leading ophthalmology company that is trusted by patients and the ophthalmology community around the world, and Santen Commercial Excellence is the cornerstone of this vision.

Santen Commercial Excellence refers to Santen's strengths in product creation with a thorough understanding of ophthalmology, and its organizational capability to create synergies to maximize product value and effectively link it to results.

We will develop our business centered on Santen Commercial Excellence, 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 our long-term vision.

Review of performance targets for previous Medium-Term Management Plan

Medium-Term Management Plan (~FY2025) targets achieved ahead of schedule through steady implementation of structural reforms

	 Previous targets (~FY2025)	 Outcomes (FY2024)
Revenue	280.0B yen	300.0B yen 
Core operating profit/margin	56.0B yen / 20%	59.4B yen / 20% 
Sales growth rate per overseas employee	Over 7% ^{1,2}	19% ^{3,4} 
Core ROE	13%	15% (full ROE: 12%) 
Core EPS growth rate	Over 10% ²	23% ⁴ (full EPS: 104 yen) 
Shareholder returns	Flexible share buybacks to adjust dividend capital, minimum dividend of 32 yen/year	Increased dividends to 33 yen/year for FY2023 and 36 yen/year for FY2024. Acquired and cancelled 53.3B yen worth of treasury shares (10% of OTSD shares) in FY2023-FY2024

1. Total for China, Asia, and EMEA, excluding currency effects. Converted at the Medium-Term Management Plan rate disclosed in April 2023.

2. CAGR from the forecast for fiscal year 2022 to the target for fiscal year 2025. 3. Total for China, Asia, and EMEA, including foreign exchange impacts, excluding one-time factors. 4. CAGR from the actual results for fiscal year 2022 to the actual results for fiscal year 2024.

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Please see page seven. The medium-term management plan announced in FY2023 achieved its numerical targets for FY2025 ahead of schedule through the steady implementation of structural reforms and other measures.

Therefore, we have formulated a new medium-term management plan starting from FY2025.

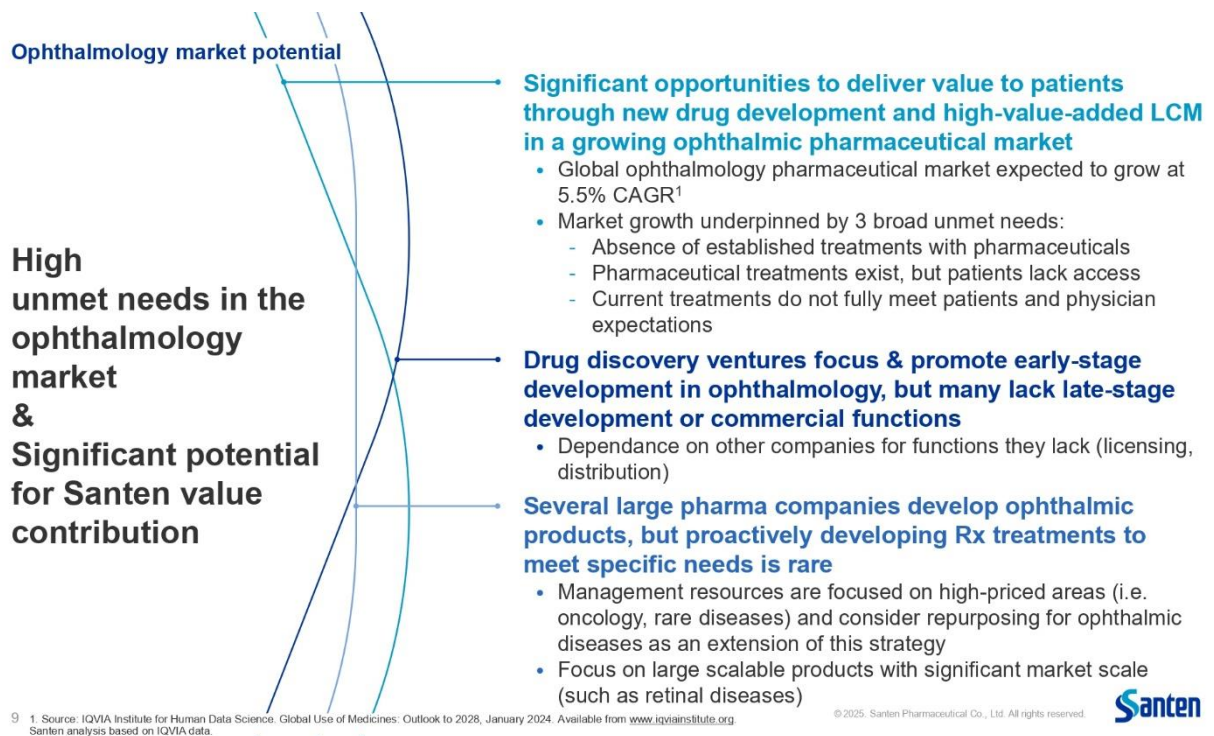
Review of key initiatives from previous Medium-Term Management Plan

In the previous Medium-Term Management Plan, we steadily executed and completed structural and other reforms to create a foundation for change



Please see page eight. We have completed three strategic pillars of our medium-term management plan started in FY2023, namely, improving profitability through structural reforms, growing regional operations, and strengthening our pipeline, and we will enter a new phase of growth from now on.

For example, with regard to structural reforms, we completed withdrawal from the commercial operations in Americas and organizational optimization ahead of schedule. In the regional operations, we have achieved higher sales per employee in its overseas business through global rollout of Santen Commercial Excellence. In the pipeline, we have completed with the breakthrough LCM for *Alesion* eyelid cream, for example, and an approval of treatment for myopia.



Next, on page nine, I will explain the environment surrounding the ophthalmology field and potential for our three value contributions that we see in this field.

First, the overall ophthalmic pharmaceutical market is expected to grow at a high rate. There are three major unmet needs behind the market growth. First, there are still many diseases for which pharmaceutical treatment has not been established. Second, although pharmaceutical treatment exists, the access to the treatment has not been well-established for people who need treatment, and there are still many potential patients left. Finally, although pharmaceutical treatments exist, they do not fully meet the needs of patients and physicians in some diseases, and there is a need for value-added drugs.

Thus, we believe that there is much room in the ophthalmic drug market to deliver values to patients through new drug development, value-added LCM development, and the development of the market itself.

The second and third will be in terms of the competitive environment. First, there are certain players that make ophthalmic medicines. However, there are many companies, such as drug discovery ventures, that only have sales functions in certain regions or have no experience in late-stage development.

These companies need to collaborate with other companies for late-stage development and marketing, and Santen, with its long history of development and marketing experience in the ophthalmology field on a global basis, can meet their needs.

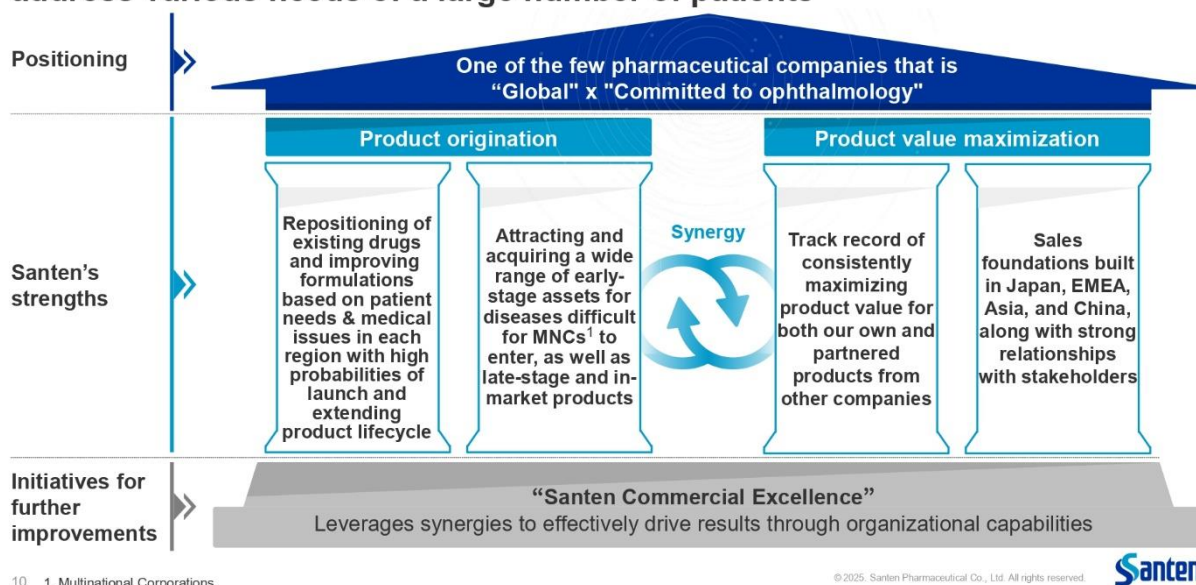
In addition, although there are an increasing number of major multinational corporations, MNCs, creating ophthalmic products, they often focus on major retinal diseases that are expected to generate hundreds of billions of dollars or more in sales, and we recognize that they are not necessarily aggressive in disease areas where huge sales are not expected.

Therefore, there are many diseases that are not focused on by large pharmaceutical companies, but for which Santen can contribute value to patients and maximize the value of its products. Such companies could be of course our competitors, but they could also be partners, such as in sales alliances, in regions where they cannot get enough results in sales by themselves.

In this market environment, I will discuss on the following pages how we can leverage our strengths to meet the needs of the market while contributing to patients and growing.

Santen's business model

Santen's distinctive strength: Delivering a wide range of products that address various needs of a large number of patients



On page 10, we present Santen's business model.

First, Santen positions itself as one of the few pharmaceutical companies committed to ophthalmology globally. On top of that, we have strengths in product origination and product value maximization.

Product origination has led to the repositioning of existing drugs and the improvement of formulations that meet the needs of patients in each region, leading to the launch of our products and the lengthening of product life cycle through the execution of clinical development with a high probability of success. Examples include *Diqvas LX*, which was launched in 2022, and the *Alesion* eyelid cream, which was launched last year.

We also have the ability to attract and acquire a wide range of products from other companies, including early-stage assets, products in late-stage development, and in-market products that have already been launched, for diseases which are difficult for MNCs. We have the ability to acquire products not only in Japan but also in other regions, as exemplified by the introduction of products developed for pterygium and uveitic macular edema, which were introduced last year.

We have experience in maximizing product value not only for our own products, but also for glaucoma drugs inherited from Merck, for example, and for products sold in partnership with other companies, such as *EYELEA*. As a platform for this, we have a strong sales base and solid relationships with clients in Japan, Europe, Asia, and China.

These strengths are not independent of each other, but are synergized through Santen's distinctive organizational strength, Santen Commercial Excellence, to achieve effective results.

Medium-Term Management Plan (~FY2029) growth strategy

Strengthen Santen's business model across all regions, build market-leader reputation and establish foundations for sustainable growth

Build strong presence in each region

Establish our presence as a trusted ophthalmology leader, ex-Japan as we have done in Japan

Market creation in new disease areas

Establish and commercialize treatment systems for myopia and ptosis tailored to each region's medical env.

Expand Rx portfolio to support mid-to-long-term growth

Expansion of pipeline to generate sales for the mid-term and beyond FY2030

Continued enhancement of stable supply & productivity

Operations in place for flexible response to changes in business env.



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Santen

Please see page 11. I would like to share with you the outline of our growth strategy for five years of our medium-term management plan through FY2029, which was created based on our long-term vision, the results of the previous medium-term management plan, the external environment, and our business model.



We have designed four items to further strengthen Santen's business model in all regions, build market-leader reputation, and establish foundations for sustainable growth.

Specifically, we should build a strong presence in each regional market, not only in Japan but also in overseas regions. Market creation in new disease areas such as myopia and ptosis. Expansion of the Rx portfolio to support mid- to long-term growth through solid development of the pipeline and acquisition of assets based on knowledge and experience in the ophthalmology field. We will also continue to enhance stable supply and productivity as the business foundation to support these efforts.

The specifics of each item will be explained in the latter half of my presentation.

FY2029 targets

Outperforming market growth: 400B yen revenue, 80B yen core operating profit, 40% dividend payout, and opportunistic share buybacks

		 FY2024 performance	 FY2029 targets
Business strategy	Revenue	300.0B yen	400.0B yen
	Core operating profit	59.4B yen (EBITDA: 68.1B yen)	80.0B yen (EBITDA: 90.0B yen) ¹
Financial strategy	ROE	12%	over 14%
	EPS Growth rate	EPS : 104 yen	Double-digit growth² (EPS : 160 yen or more)
Shareholder value	Shareholder returns	<ul style="list-style-type: none"> • Maintained progressive dividend increases • Annual dividend per share 36 yen in FY2024 • Share buybacks in FY2023-2024 	<ul style="list-style-type: none"> • Min. annual div of 38 yen with dividend hikes targeting 40% payout ratio • Opportunistic buyback(s) as a function of share price and surplus cash³ • Further ROE, EPS improvements

¹² 1. Reference range 2. 2024 results - 2029 target CAGR
3. Define necessary working capital as 45.0 billion yen and use retained surplus cash over a fixed period as the source for implementation

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Please move on to page 12. Numerical targets through the realization of the medium-term management plan are shown here.

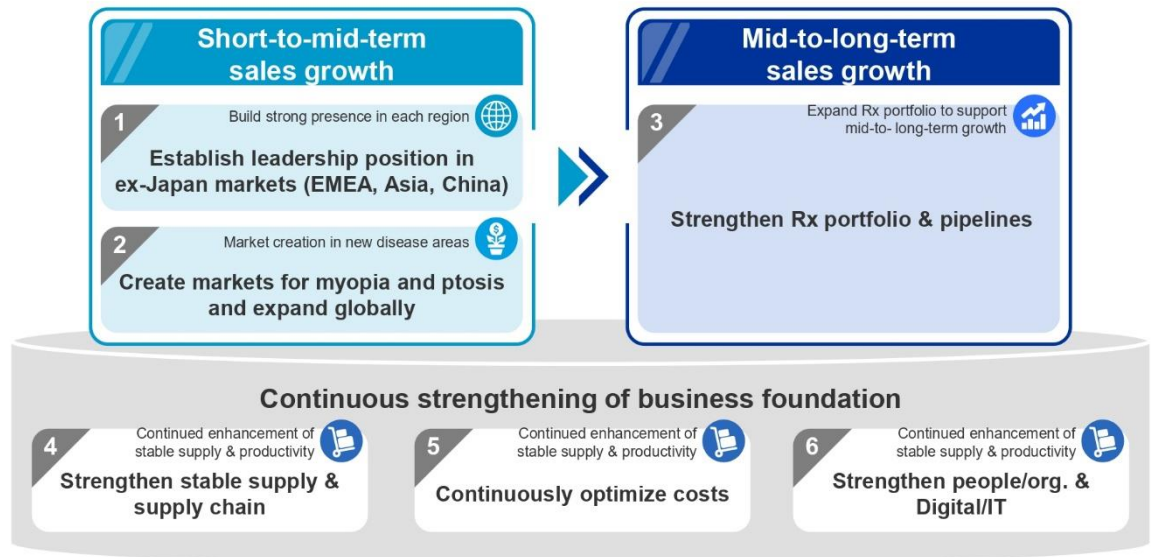
Through sales expansion that exceeds market growth, we aim to achieve sales of JPY400.0 billion, core operating profit of JPY80.0 billion, ROE of over 14%, and double-digit EPS growth in FY2029.

The Company aims to increase the dividend payout ratio to 40% level, with a minimum annual dividend of JPY38 per share. We will also implement a flexible share buyback program, taking into consideration the share price and other factors. This will enable us to further increase ROE and EPS.

In the previous medium-term management plan, ROE and EPS were targeted on a core basis, as structural reforms and other measures were assumed, but in the current plan, KPIs were set on an IFRS basis.

We will brush up our strengths and respond appropriately to the needs of patients and healthcare professionals. We can do it because it is us, and we will do it. With this strong conviction, we hope to achieve our lofty goals by implementing the strategies I will discuss on the next slide and beyond as a united company.

Establish sustainable growth foundations: 6 initiatives



Now, I would like to talk about our growth strategy specifically. Please see page 14.

We divided the growth strategy in the medium-term plan I mentioned earlier into six parts.

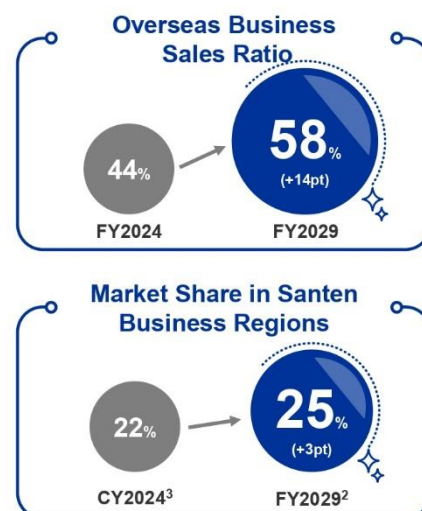
As sales growth in the short-to-mid-term, i.e., the period of the medium-term management plan through 2029, the first is to establish a leadership position in overseas regions. The second is to create markets for myopia and ptosis. And for mid-to-long-term sales growth, we will strengthen the pipeline of the Rx portfolio. To strengthen the business foundation, we will strengthen a stable supply and supply chain. Continuous cost optimization. People and organization, and digital and IT enhancement, these three are our focus.

Maximizing sales in each region

Strengthen presence and build foundations for mid-to-long term sales growth anchored in Japan & sales expansion in all regions > market growth

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

1. FY2024 revenue includes revenue other than from four regions. Revenue of Hong Kong is included Asia for FY2024 and China for FY2029. 2. Santen estimate. The figures for FY2024 are estimates. Retina excluding in EMEA, Asia and China. 3. EMEA, Asia, 16 and China exclude the retinal disease area. Refer to the following slides for 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.



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First, I would like to talk about establishing a leadership position in overseas regions.

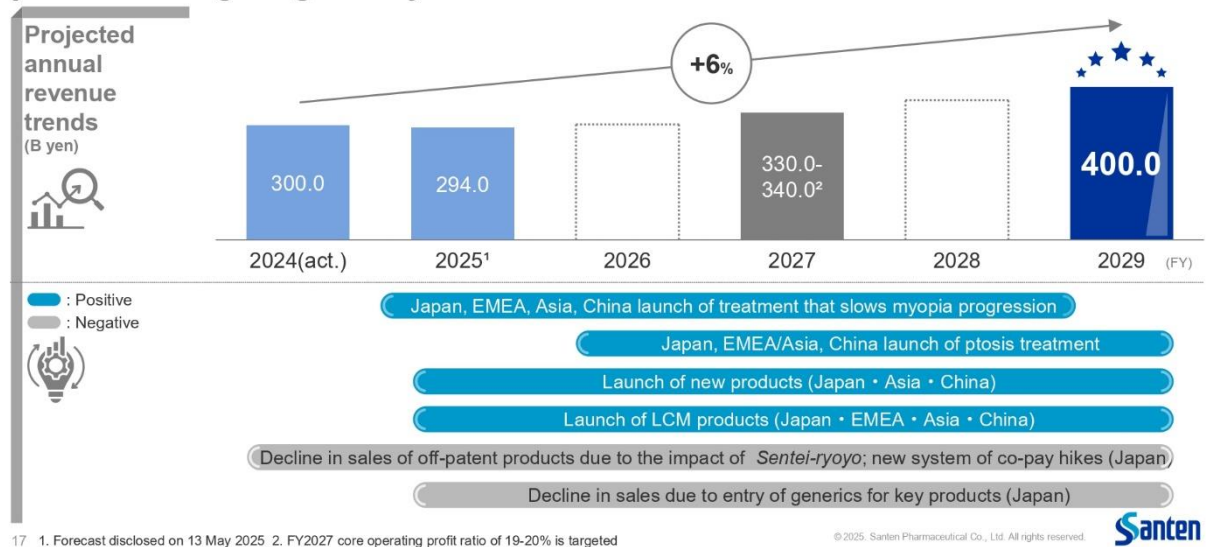
The bottom of page 16 shows the markets and Santen's growth by region. Although the market growth rate is lower in Japan due to NHI price reductions and other factors, we will expand earnings at a higher growth rate than the market growth rate in all regions, including Japan. As a result, we will strengthen our presence by increasing our global market share.

Due to the growth of overseas business, we expect overseas sales to account for 58% of total sales. However, Japan remains our home market, and we will maintain our leadership position by achieving growth that exceeds the market.

We believe that the growth rates for each of the regions listed on this page are goals that must be realized, and that can be achieved through our collective efforts.

Projected annual sales trends up to FY2029

FY2024 revenue levels expected in FY2025 due to Japan sales decline. Growth expected FY2026 & beyond on sales contribution from new & LCM products. Targeting 400B yen in FY2029



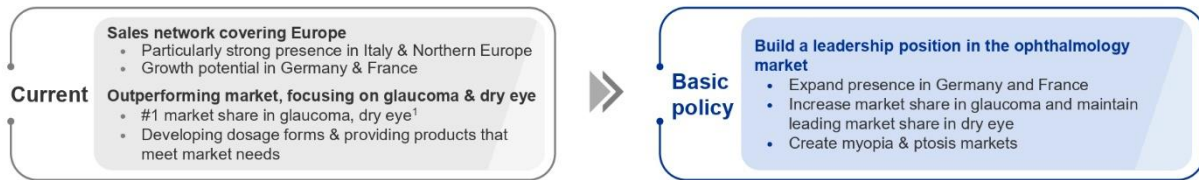
Moving on to page 17. It shows the path for growth through FY2029.

As already disclosed at the financial results meeting on May 13, we expect a slight decrease in sales in FY2025 due to the impact of generic products and *Sentei-ryoyo*, co-pay hike scheme in Japan.

However, for FY2026 and beyond, we will return to a growth trajectory with significant growth in sales of new products, including myopia and ptosis, as well as LCM products, and then accelerate growth toward FY2029.

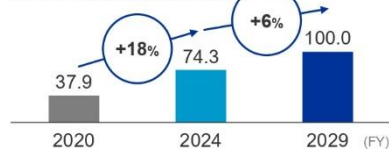
Regional strategy_EMEA

Focus on glaucoma, dry eye & myopia, grow EU5 market share mainly in Germany & France. Targeting FY2029 sales of 100B yen



Revenue (B yen)

2024 includes transient factors



Santen market share (excl. retina market)



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. Santen estimates

Growth opp.



Measures

- Expand market & increase presence by promoting standardized glaucoma treatment in collaboration with stakeholders
- Launch & regional development of key products (*Catiolanz*, *Roclanda*, *Preserflo MicroShunt*) and early market penetration
- Strengthen *Ikervis* 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
- Create the Rx market and establish a leadership position through the launch of *RyJunea* and STN1013800, and strengthen collaboration with stakeholders to improve the treatment environment for myopia/ptosis



From here, I would like to discuss regional strategies. First is page 18, EMEA.

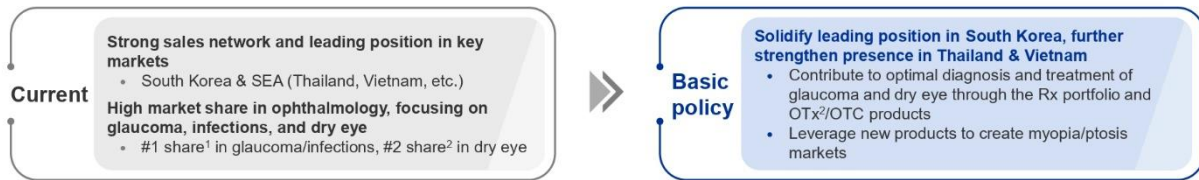
With a sales network covering Europe, we currently have a strong presence in Italy and Northern Europe in particular, and have grown faster than the market, especially in the glaucoma and dry eye markets.

In EMEA, over the next five years, we will invest resources in the key markets of Germany and France to strengthen our sales organization, expand sales in the key areas of glaucoma and dry eye, and create a market in the new area of slowing myopia progression inhibitor, in order to strengthen our presence in key countries and the region as a whole, and to achieve growth that exceeds the market.

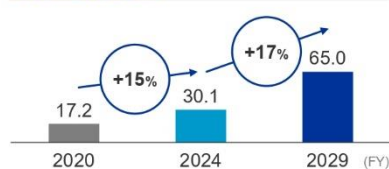
Although Europe is a mature market, we have achieved very high growth to date by switching to preservative-free products in the glaucoma area and creating a dry eye market, and we believe that we can fully achieve our sales targets.

Regional strategy_Asia

Strengthen portfolio in glaucoma & dry eye. Focus on OTx/OTC demand. Targeting 65B yen FY2029 sales mainly in S. Korea, Thailand, & Vietnam



Revenue (B yen)³



Santen market share (excl. retina market)



Growth opp.



Measures

- Launch and early regional expansion of *Rhopressa*, *Rocklatan*, and *Catolanz*
- Expand market by promoting of correct treatment concept & care using strategies that address patient journey pain points
- Establish and disseminate new framework for diagnosis & treatment of dry eye by working with KOLs and societies in each market
- Strengthen marketing strategy to capture growing self-medication demand mainly in Thailand, Vietnam, Philippines and other SEA markets
- Enter myopia & ptosis markets via launch of STN1012700 & STN1013800, using sales base to lead market creation
- Establish optimal sales models in the Indonesia & Australia markets

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1. Markets analyzed: HK, ID, KR, MY, PH, SG, TW, TH, VN. Source: Copyright © 2025 IQVIA. IQVIA MIDAS 2020.1Q-2020.4Q, 2024.1Q-2024.4Q. Santen analysis based on IQVIA data. Reprinted with permission. 2. OTC purchased based on a doctor's prescription or a pharmacist's advice 3. FY2029 excludes Hong Kong 4. Santen estimates

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Santen

Page 19, 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 the market itself is expected to grow in Asia, we will leverage our current business base to achieve high growth in the future.

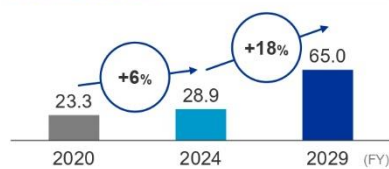
In the glaucoma area, we will expand sales by ensuring the launch of new drugs and early regional expansion within Asia. In the dry eye area, we will promote the spread of appropriate treatment by introducing a framework for dry eye treatment. In addition, through the expansion of the pharmacy channel with OTx/OTC products, we will actively capture the demand for self-medication, especially in Southeast Asia.

Regional strategy_China

Maximize sales with new products & BD-acquired assets & strengthen multichannel sales for sustainable growth. Targeting 65B yen FY2029 sales



Revenue (B yen)⁴



Santen market share (excl. retina market)



Growth opp.



Measures

- Promote expansion of product portfolio through launch of new products such as *Tapcom*, *Eybelis* and provide comprehensive treatment options to patients
- Expand sales channels with particular focus on retail channels
- Promote of early branding activities
- Expand sales channels with particular focus on retail channels
- Explore further business development opportunities in addition to ARVN001

²⁰ 1. Source: Copyright © 2025 IQVIA. IQVIA MIDAS 2020.1Q-2020.4, Q2024.1Q-2024.4Q. Santen analysis based on IQVIA data. Reprinted with permission. 2. Online/offline (out of pocket markets) 3. Volume-Based Purchasing FY2029 includes Hong Kong 5. Santen estimate

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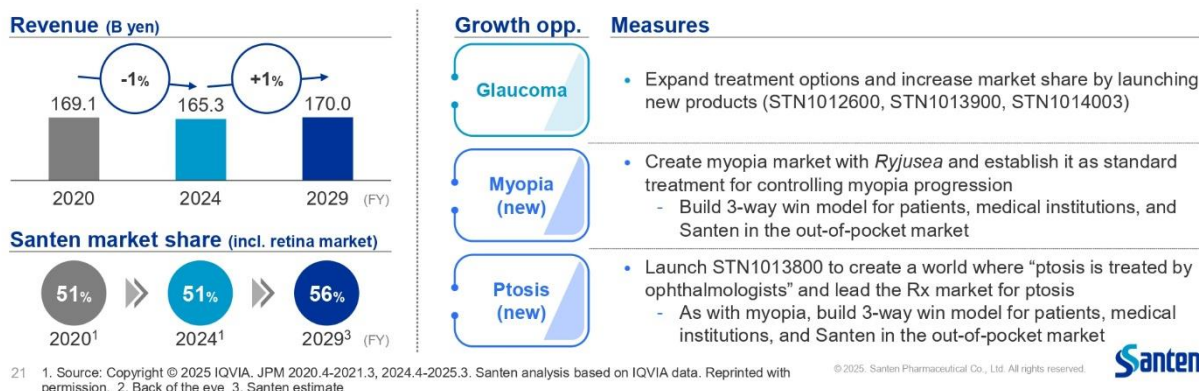


Page 20, China.

Although we have the number one market share presence in China, there is more volatility in the short term than in other regions due to VBP and other policies. However, we will expand our portfolio and achieve sustainable growth by diversifying the impact of VBP through our multi-channel strategy, growing sales of new products in glaucoma, myopia and ptosis, which we plan to launch in the second half of the medium-term management plan period and aggressively acquiring external assets through the search for business development opportunities.

Regional strategy_Japan

Launch new products & enhance access, seeking wins across patients, facilities & Santen. Targeting FY2029 sales of 170B yen



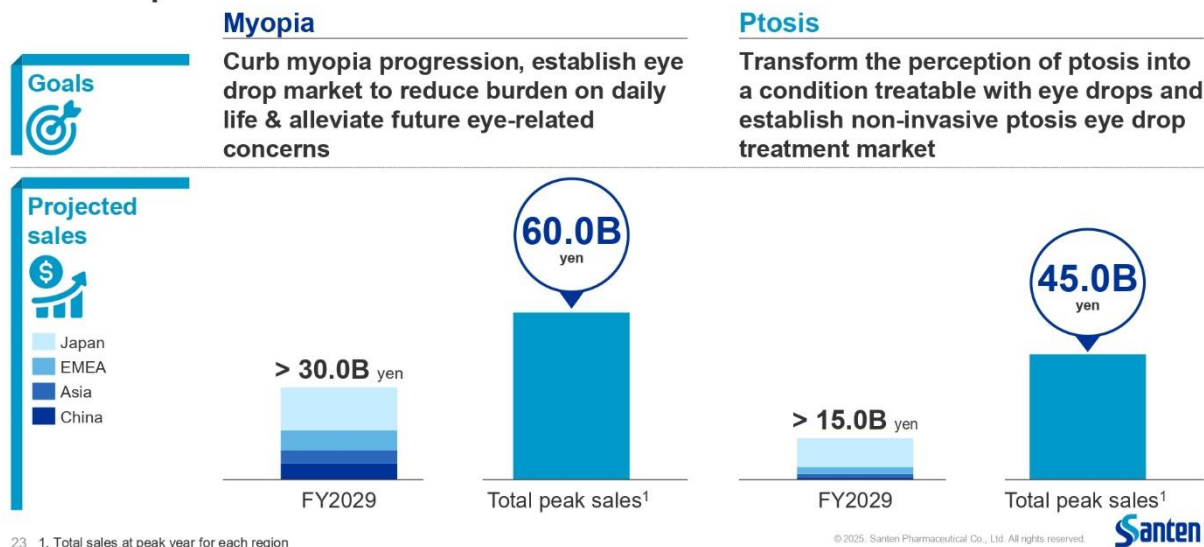
Please see page 21. As I have explained about establishing a leadership position in overseas markets as a measure for short- to medium-term sales growth, I would like to mention Japan as well.

Japan will continue to be the home market and maintain it as a revenue base by minimizing the impact of the entry of generic products following the patent expiration of major products and NHI price revisions, through the launch of new products and other measures.

Although we expect negative growth in the overall market, we believe that we can maintain our current sales scale by launching several products during the period of the medium-term management plan and by establishing the market, especially for myopia and ptosis, while making the most of the business foundation we have developed.

Myopia/ptosis market creation goals

Create myopia & ptosis Rx markets, enhance environment for proactive treatment by medical institutions. Targeting sales of 60B+ yen for myopia & 45B+ for ptosis sales



I will now turn to the creation of markets for myopia and ptosis and their overseas development. Please see page 23.

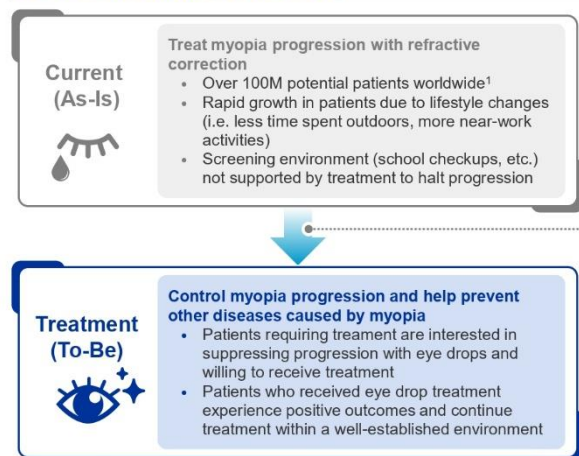
Although this is an entry into a new market, we aim to generate total peak sales of JPY60.0 billion for myopia and JPY45.0 billion for ptosis by creating an environment in line with local conditions in which medical professionals can actively provide treatment.

For myopia, the market for slowing myopia progression inhibition by eye drops should be established to control the progression itself and reduce the burden on daily life and anxiety about future eyes due to myopia. For ptosis, we will create a market by establishing a non-invasive ptosis eye drop treatment.

Vision and key initiatives for slowing myopia progression treatment

Provide eye drop treatment that slows myopia progression to 100 million+ potential patients

Our vision for myopia treatment



Leverage points

Point 1 Increased awareness of myopia control

Measures

Promoting awareness of slowing pediatric myopia and its urgency

- Seek to improve clinic visit and consultation rates through DTC-driven screening and parent education initiatives region-tailored

Point 2 Establish treatment policy

Boost Rx rates by promoting HCP understanding of treatment

- Advocacy to increase understanding of clinical significance of treatment
- Work with HCPs to establish standard diagnostic procedures

Point 3 Mechanisms for realizing effects

Improve treatment adherence by visualizing treatment outcomes

- Prepare systems & tools that allow patients & guardians to fully realize significance of treatment

1. Santen estimate (total estimated number of potential pediatric myopia patients in four regions: Japan, EMEA, Asia and China. Asia: South Korea, Taiwan, Singapore, Thailand, Philippines, Hong Kong, Indonesia, Vietnam, Malaysia/ EMEA: UK, France, Germany, Spain, Italy, Switzerland, Austria, Netherlands, Denmark, Norway, Sweden, Finland, Ireland, Portugal.)

2. Morgan IG et al: *Invest Ophthalmol Vis Sci*. 62, 3 (2021).

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Page 24, myopia.

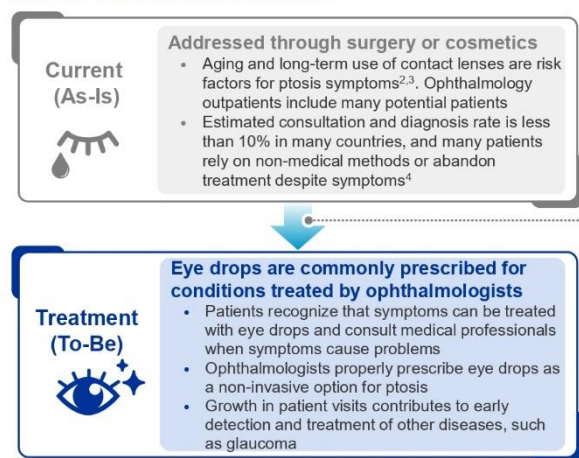
This is a disease area where there are more than 100 million potential pediatric patients in Santen's geographic footprint who are eligible for low-dose atropine, but currently there is a general perception that myopia is addressed with refractive correction, such as using glasses, once the condition has progressed.

With this understanding, we are working with medical professionals to create a worldview in which eye drop treatment can control the progression of myopia itself, then patients will recognize the effectiveness of eye drops in inhibiting the progression of myopia, voluntarily undergo treatment with eye drops, and continue treatment as they experience its effects. We are committed to creating such a new myopia treatment. We believe that this is an area where we can make the most of our experience and strengths.

Vision and key initiatives for ptosis

Transform perception into condition treatable with eye drops for 400M potential patients¹, facilitate early detection via regular ophthalmology visits

Our vision for ptosis treatment



1 Santen estimate (the total number of potential patients with acquired ptosis in four regions: Japan, EMEA, Asia, and China, based on epidemiological data. Asia: South Korea, Taiwan, Singapore, Thailand, the Philippines, Hong Kong, Indonesia, Vietnam, Malaysia / EMEA: United Kingdom, France, Germany, Spain, Italy, Switzerland, Austria, Netherlands, Denmark, Norway, Sweden, Finland, Ireland, Portugal)

25 2. Orbit. 2013 May; 10(32(4):231-234. 3. J Craniofac Surg 2015 Jul;26(5):e373-4. 4. Our assessment based on a 10-country survey (2022) of suspected ptosis patients. 5. Treatment

Leverage points

Point 1 Increased awareness of ptosis treatment

Point 2 Env't. for medical care tailored to region

Point 3 Maintaining motivation to continue treatment

Measures

Education about disease/pathology and treatment

- DTC: Awareness that ophthalmologists can treat ptosis
- Disease awareness through medical institutions for outpatients

Create env't. where doctors & pts. can begin treatment with peace of mind

- Collaborate with medical community to promote evidence-based treatments
- Work with HCPs to establish standard diagnostic procedures

Create an environment that maintains motivation for continued treatment

- Promote understanding of safety and cost-effectiveness
- Reduce barriers to continued treatment through online medical care

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Page 25, ptosis.

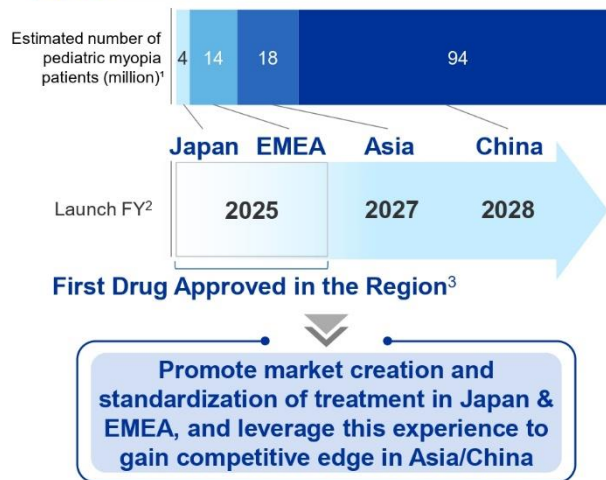
Currently, ptosis is a symptom of aging, and many patients are not aware that it is a disease to be treated. To help these patients understand that it can be treated with eye drops, we will promote the expansion of awareness, and eye drops will be provided as a standard treatment in ophthalmology. We will create such a world.

In addition, we believe that middle-aged and older patients visiting the ophthalmology department for treatment of ptosis will lead to the detection and treatment of other diseases, such as glaucoma and dry eye, for example, and we can therefore make a further contribution to patients.

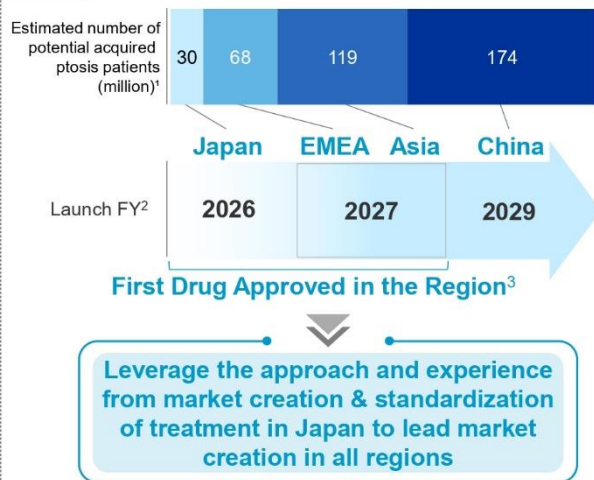
Myopia/ptosis overview by region

Myopia & ptosis: create markets in Japan & transplant best practices to other regions with large numbers of potential patients

Myopia



Ptosis



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1. Santen estimate. Refer to pages 24-25 for the target countries in Asia and EMEA.
2. The schedule is based on the best-case scenario assumed as of the end of March 2025 and does not guarantee launch.
3. The description is based on the information recognized as of the end of March 2025.

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Santen

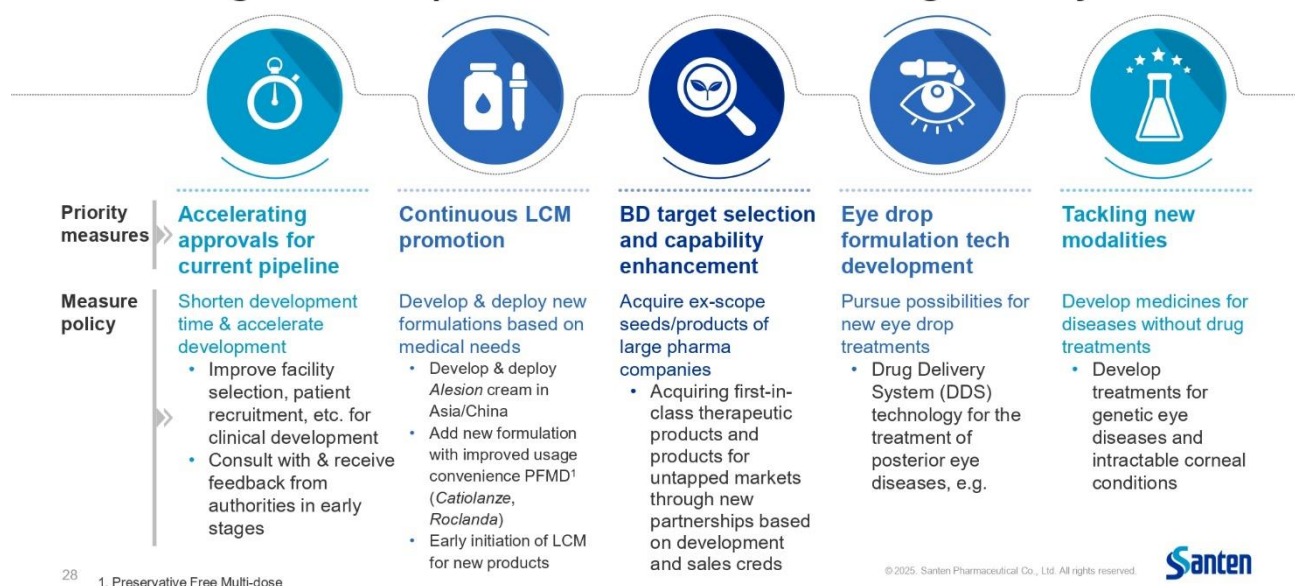
Next, please see page 26. On this slide, we have shown you how many patients there are in each region for myopia (STN1012700/01) and ptosis (STN1013800), and when these products will be on the market.

Myopia will be launched first in Japan and EMEA, and ptosis will be launched first in Japan. Since the potential market is larger in the regions that will come later, we will aim to create successful examples in these markets first and roll out to all regions.

Of course, the approach will vary depending on the situation of the medical field in each region, so it is not possible to take exactly the same approach. However, by understanding the key points through the knowledge gained in the preceding markets and developing them, we will use them to build a competitive advantage in the regions where we will launch our products later.

Policy for strengthening Rx portfolio & pipeline

Expand the Rx portfolio and pipeline for sales contribution during the Medium-Term Management Plan period and achieve sustainable growth beyond FY2030



Please move on to page 28. I would like to talk about R&D for the next three pages.

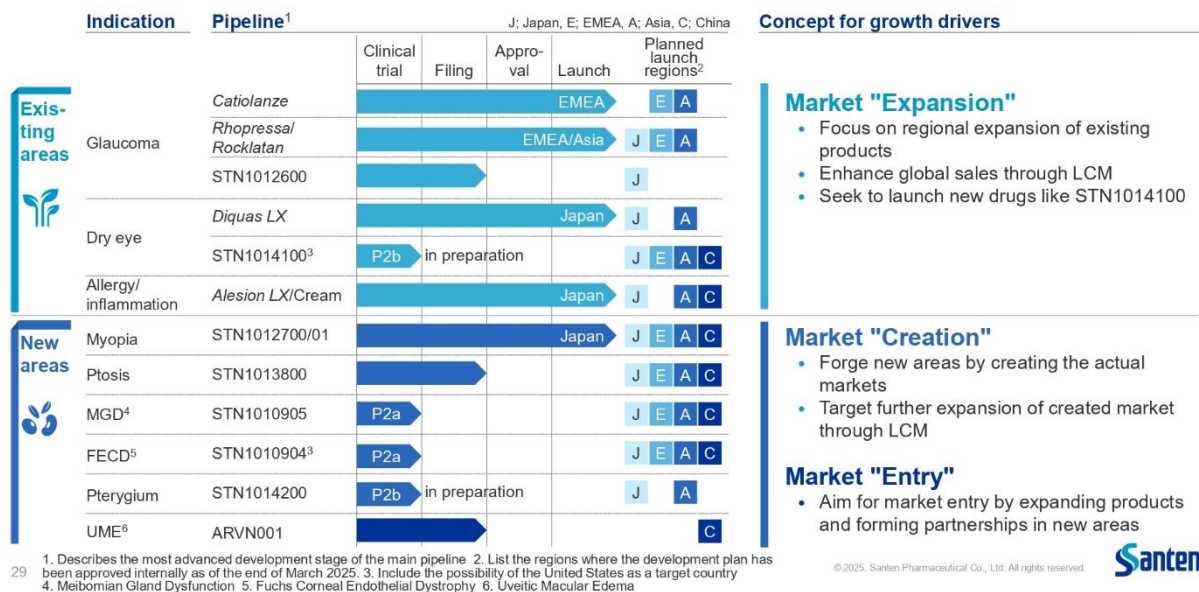
The slide shows five key policies to strengthen the Rx portfolio and pipeline. The first step is to get the current pipeline approved as soon as possible. We will also continue to promote LCM, which has a high success rate and rapid development speed.

From a business development perspective, the Company will acquire new assets, mainly seeds and products that MNCs do not focus on, through new partnership opportunities based on product development and sales performance in the ophthalmology field. In addition, we will pursue the possibilities of eye drop treatment by developing new eye drop formulation technology, and challenge new modalities in the development of therapeutic drugs for diseases for which there are no existing treatments.

Through the implementation of the five priority measures, we will strengthen our Rx portfolio and pipeline with a view to contributing to sales during the period of the medium-term management plan and to sustainable growth in FY2030 and beyond.

Current Rx pipeline

High approval rate for regional expansion in existing areas. Secured development products in new areas, with further strengthening through LCM



On page 29, we show you the current Rx pipelines.

As I mentioned in the introduction to the appeal of Santen, we have well-balanced pipelines in both existing and new areas, and we see these as three growth drivers for Santen going forward.

First is the market expansion of existing areas. Existing disease areas, such as glaucoma, dry eye, and allergies, are our current main battlegrounds, where we have a deep understanding of diseases and market needs and a high level of experience in product development. We will seek to expand in pipelines with relatively high development certainty, such as the introduction of new products, regional expansion of products that have already been approved, and LCM.

Next is the market creation. In new disease areas, such as myopia and ptosis, which are expected to create new markets in the future, we will not limit ourselves to simply introducing single products to the market. Instead, we will leverage our expertise in maximizing product value through LCM, which has been our strength, to further expand the market and maintain the competitiveness of our products.

Myopia has already received a positive opinion from the CHMP in EMEA, in addition to the approval in Japan. Although we do not anticipate launching any new products during the current medium-term management plan period, we expect that therapeutic drugs for Fuchs endothelial corneal dystrophy and pterygium will contribute to long-term growth by creating new markets.

Finally, I would like to talk about a market entry. As a new area that Santen has yet to enter, we will enter new markets by acquiring products through partnerships and sales alliances. ARVN001, a treatment for uveitic macular edema, introduced last fiscal year, is one such example, and we will continue to aggressively expand our product portfolio.

As I have just explained, we will achieve steady growth in the short term and global growth in the medium to long term by maintaining well-balanced pipelines that meet each of our objectives: market expansion, market creation, and market entry.

Current Rx pipeline's projected launches by region¹

Three growth drivers will ensure successful market launches in each region and support sustained growth in the medium term

Current Rx pipeline

Market "Expansion" Market "Creation" Market "Entry"

	FY2025	FY2026	FY2027	FY2028	FY2029
Japan	RyJusea Myopia STN1012600 Glaucoma	STN1013800 Ptosis Rhopressa Glaucoma		Rocklatan Glaucoma	
EMEA	RyJusea Myopia		STN1013800 Ptosis Catfolanze, PFMD Glaucoma		Roclatan, PFMD Glaucoma
Asia			RyJusea Myopia STN1013800 Ptosis Catfolanze Glaucoma	Alesion Cream Allergy	
China	Tapcom, UD ³ Glaucoma Verkazia VKC ⁴		ARVN001 Uveitis Alesion LX Allergy	RyJusea Myopia Eybelis, UD Glaucoma	STN1013800 Ptosis Alesion Cream Allergy

30 1. The pipelines listed here are only those for which disclosure has been agreed upon with each partner company. Not all planned pipelines or development regions are specified. The schedule is based on the best-case scenario assumed as of the end of March 2025, and does not guarantee launch. 2. Preservative free multi-dose 3. Unit-dose 4. Vernal keratoconjunctivitis

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Page 30. The current pipeline is shown by region and year of market launch.

We will achieve medium-term sales growth by launching products that will serve as three growth drivers in each region and in each fiscal year over the five years through FY2029 in a well-balanced manner, as discussed on the previous page.

Strengthen stable supply & supply chain

Ancitipating higher demand in new products (i.e. myopia, ptosis), we will strengthen our stable & flexible product supply system by expanding our production capacity and reviewing our production network



32 1. CMO = Contract Manufacturing Organization, CDMO = Contract Development and Manufacturing Organization

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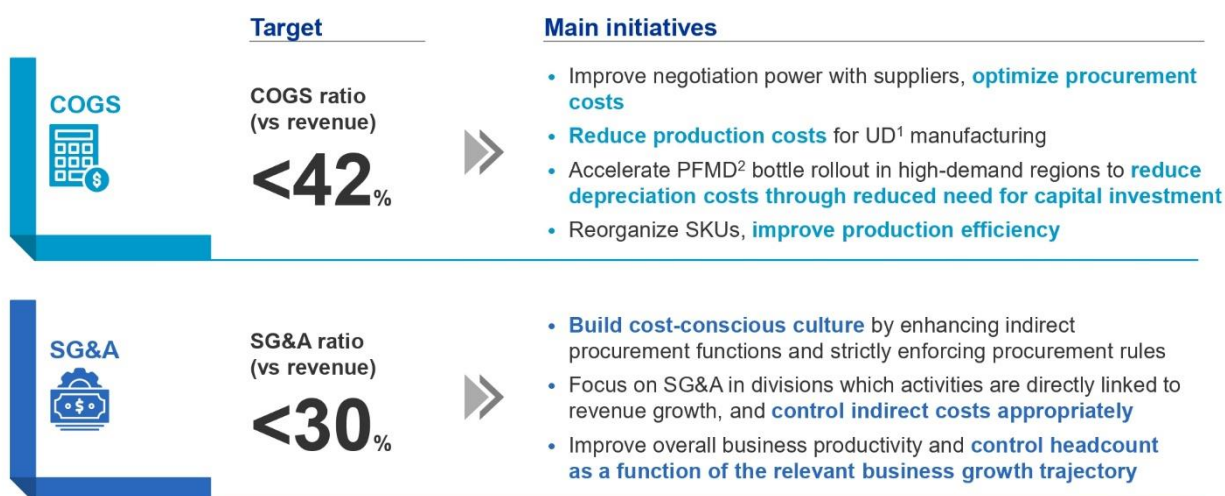
From here, I would like to talk about strengthening our business foundation. Please turn to page 32. First, from the perspective of ensuring a stable supply of products and strengthening the supply chain.

In FY2024, we faced challenges in terms of stable supply, including temporarily product supply issue affected by the Noto earthquake. In the future, it will also become increasingly important to respond flexibly to product demand, including an increase in production and supply due to the launch of drugs for myopia and ptosis. To address these issues, we will continue to review our production and supply network.

In addition, during the period up to FY2029, we will expand our in-house production capacity by starting up our new factory in Suzhou and new production lines at our product supply center in Shiga, while strengthening our supply system to ensure stable supply without incurring opportunity losses by diversifying risks through partnerships with CMOs/CDMOs.

Continuously optimize costs

Promote multifaceted COGS-related initiatives and optimize SG&A through business process streamlining



Next, on page 33, sustainable cost optimization.

While we expect higher cost of sales due to increase in depreciation expenses from production-related investments as I mentioned in the previous slide, and sustained inflation, we will keep them at the same level as in FY2024 in relation to sales through appropriate control of cost of sales and SG&A expenses.

With regard to cost of sales, we will control the increase by optimizing procurement costs and improving production efficiency and also control SG&A expenses by continuing to optimize costs, especially expenses that are not directly related to sales expansion, while increasing productivity.

Strengthen people/org. and Digital/IT capabilities for sustainable growth



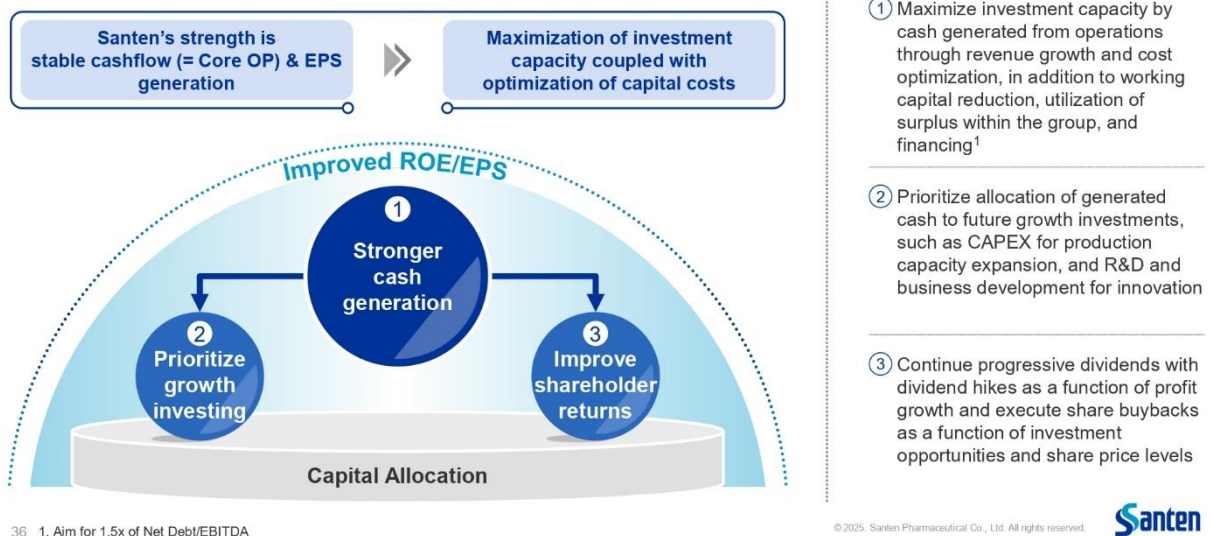
Next, on page 34, I will explain about strengthening people/organization and digital/IT.

We will position human resources who embody our Core Principle and Vision and contribute to our growth as our most important assets and promote the improvement of human resources' abilities and the creation of an organization that can make the most of them. We are particularly focused on ensuring that our employees feel the value of working at Santen and will continue to invest in initiatives to achieve this goal.

With regard to digital and IT, we will continue to promote initiatives to improve productivity through the use of digital technology and to strengthen security resilience for business continuity and growth.

Capital allocation/shareholder returns

Prioritize cash allocation to growth investments and distribute profits via dividend increase & opportunistic share buyback(s)



I will now explain capital allocation. On page 36.

First, we are a company that can generate stable and steady cash flow from our regional businesses, and we will continue to do so by launching new products, including LCM, on an ongoing basis.

In addition to the cash generated from this business, we will maximize our investment capacity by reducing working capital, utilizing funds within the Group, and leveraging procurement to meet our funding needs, and then prioritize the allocation to investments that will lead to future growth.

In addition, by continuing to pay progressive dividends, we will strengthen direct returns to shareholders by increasing dividends in line with profit growth, as well as by flexibly conducting share buybacks, taking into account funding needs and stock price conditions.

Capital allocation

Maximize PER and shareholder value via proactive growth investments and shareholder returns with core financial strategy: Operating CF & EPS growth

Stock + Inflow

Increase inflow as a function of cash needs through financing

Operating CF (excl. R&D) 420.0B yen	
FY24E cash 93.0B yen	Surplus cash 48.0B yen
	Working capital 45.0B yen

Outflow

Use	Amount (change from past 5 years)	Approach
CAPEX	55.0B yen (-17.0B yen)	<ul style="list-style-type: none"> Large-scale CAPEX completed in previous Medium-Term Management Plan; hereafter selective investment based on essential needs <ul style="list-style-type: none"> e.g., plant/facility investment to increase production capacity
Growth investing	160.0B yen (+23.0B yen) Incl. development milestones ¹	<ul style="list-style-type: none"> Higher prioritization than previously Strengthen investment in seeds, pipeline/LCM product development
Business development investing	With only liquidity on hand > 150.0B yen (BD: +86.0B yen) Share buyback (from 22 May) 35.0B yen	<ul style="list-style-type: none"> Asset acquisitions that strengthen our leading position in overseas markets <ul style="list-style-type: none"> Maintain short to mid-term growth momentum, strengthen regional products Secure sources of future growth for FY2030 & beyond <ul style="list-style-type: none"> Acquire distinct pipelines with strong differentiation potential Early pipeline/development theme creation
Shareholder return	Additional returns (Share buy-back) ²	<ul style="list-style-type: none"> Share buy-backs in absence of investment opportunities <ul style="list-style-type: none"> Secure necessary operating capital (45.0 - 50.0B yen) Evaluate surplus amount to be allocated for share buybacks as a function of investment opportunities and future cash flow projections Execution decision is a function of share price levels
Dividends	> 80.0B yen (+20.0B yen)	<ul style="list-style-type: none"> Minimum dividend of 38 yen/year with continued progressive dividends as a function of profit growth <ul style="list-style-type: none"> Target 40% dividend payout ratio

37 1. Future development milestones resulting from investments made before FY25 2. 79.0B yen of share buy-back in the past 5 years

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Continuing onto page 37. Here are the assumptions for inflows and outflows based on the policy we have just explained.

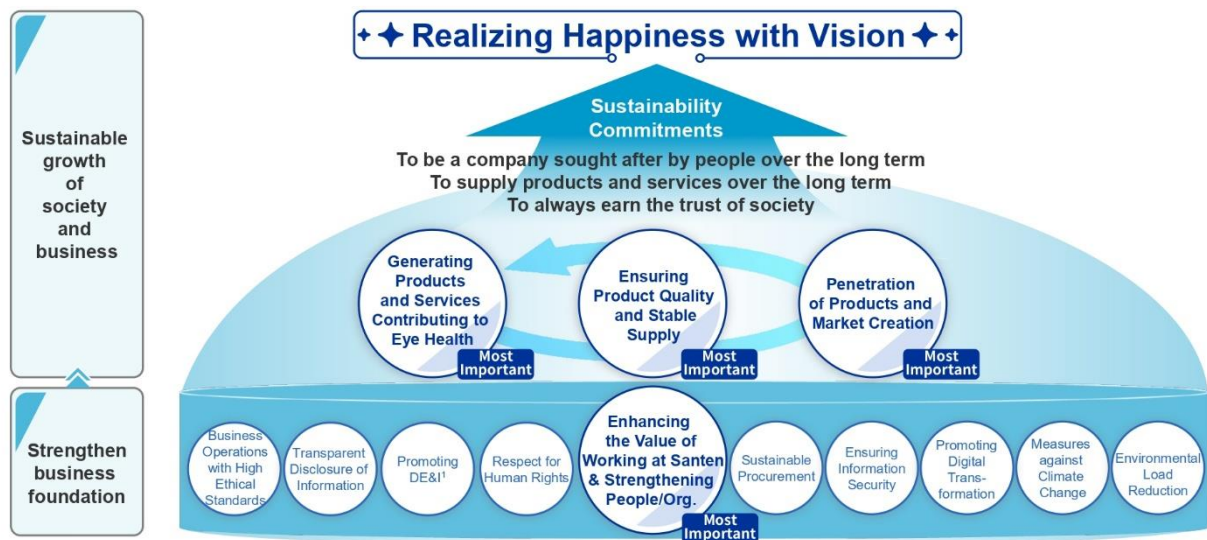
The main inflow is operating cash flow. As for outflow, we expect JPY55.0 billion for capital investment in plants and other facilities for stable supply, as I mentioned earlier. In addition, we will allocate JPY160.0 billion, more than ever before, for research and development to invest in the growth of our product portfolio.

With regard to business development investment, we will actively invest in acquiring products that will contribute to top-line growth during this medium-term plan period, such as products already on the market or in late stages of development, which will help strengthen our leading position in overseas markets, as well as in acquiring products under development that will contribute to growth after FY2030. If there are no promising investment opportunities, we will use the proceeds to buy back our own shares, taking into account the stock price level and other factors, and we expect the total to be in the JPY150.0 billion range.

Lastly, with regard to dividends, the Company will pay a dividend with a payout ratio of 40% level, with the current annual dividend of JPY38 as the floor. By implementing these measures, we will maximize shareholder value.

Sustainability

Strong promotion of materialities that contribute to society and lead to sustainable growth



39 1. Diversity Equity & Inclusion

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Finally, I would like to talk about our sustainability policy.

Please refer to page 39. We have recently reorganized our materiality into 13 materialities, including four most important materialities, and will continue to promote them vigorously.

The most important materialities are indicated by large circles: generating products and services that contributing to eye health, ensuring product quality and stable supply, penetration of products and market creation, and from the perspective of the human resources that support these, we have identified the enhancing the value of working at Santen and the strengthening people/organization.

Specific KPIs will be disclosed in the future through the security report and website.

That concludes my presentation. I would like to conclude this presentation with the appeal of Santen, which I explained at the beginning of this presentation, and which I would like to share with you in this medium-term management plan.

We believe that our distinctive business model, which combines the characteristics and competitive environment of the ophthalmic drug market with Santen's strengths, will enable the Company to achieve steady growth in the short, medium and long term and meet the expectations of our shareholders and investors.

On behalf of Santen Pharmaceutical, I would like to ask for your continued support. Thank you very much.

Question & Answer

Sakuma [M]: Mr. Yamaguchi of Citigroup Global Markets, could you please go ahead?

Yamaguchi [Q]: Thank you very much. I'm Yamaguchi from Citigroup Global Markets.

First, I would like to ask you a few questions about your FY2029 targets for sales and core operating profit. The margin is just 20%. It seems to me that R&D costs are supposed to go up quite a bit, and lowering of COGS. I am wondering if it is difficult to increase R&D while reducing other costs given the market environment, but what are the details of this situation?

Sakuma [M]: Koshiji will answer your question.

Koshiji [A]: Question, considering the market environment, costs are on the rise due to inflation and other factors, while the burden of depreciation related to production equipment, etc. will also increase. In such a situation, however, we believe that there is still room for control in the variable costs.

Factors contributing to changes in Core operating profit in FY2024 - 2029

Currency: B yen

Based on exchange rate for the respective year



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I think page 48 of the appendix will explain it.

Roughly JPY60.0 billion increase in gross profit. As was mentioned earlier, the COGS ratio is 42% or less, so the gross profit margin is 58%. On the other hand, the cost increase factor is about JPY40.0 billion. This belongs to SG&A expenses, which were JPY87.5 billion in FY2024, and we will curb them to within 30% or less to revenue of that amount. Research and development expenses were JPY24.1 billion in FY2024, and we plan to set the R&D expenses at approximately 8% to revenue in FY2029. Still, the increase is approximately JPY8.0 billion, so SG&A JPY32.0 billion, R&D JPY8.0 billion, and core operating profit of JPY80.0 billion, which is the result of the above. We believe so.

That is my answer.

Ito [A]: I would like to add just a few words to Koshiji's current explanation. In terms of COGS, we have a product called "unit dose," which is a container that is used one-unit per application, and I believe that we can still improve the production efficiency of this type of product through our efforts.

There is also a preservative-free multi-dose form, but we are currently working on products in Europe that contain 5 milliliters or 10 milliliters of the product without preservatives for once-daily use. By switching to this type of product, we can significantly reduce costs.

We would like to make various efforts in this regard as well.

Yamaguchi [Q]: Thank you very much. One last thing, secondly, is about China. You have shown us the market growth rate and sales growth rate in each region. I think it is probably China that has changed my impression of the market over the past few years.

It's not that much growth, 5%, so the assumption is that there will be a lot of growth against that, and you are talking about a variety of products. In the recent past up until now, China has seemed to experience low growth. Can you elaborate on this point?

I asked because I thought there might be some risk in that area relatively, but what do you think?

Sakuma [M]: Nakajima will answer this question as well.

Nakajima [A]: As you pointed out, we view China as a highly volatile market, especially when looking back at the past few years since the onset of COVID-19. We remain prepared for such country risks, the possibility that growth rates may fluctuate significantly from year to year due to various domestic policies and the implementation of the VBP, among other factors.

However, fundamentally, the number of potential patients and the glaucoma and dry eye markets over the next five years, for example, are still growing strongly, and will continue to do have this growth in the future.

In particular, the dry eye and glaucoma markets are our main areas of business, and the growth rate for glaucoma market is expected to be 7% to 8% through 2029. Furthermore, we believe that dry eye has even stronger market growth potential, and we believe that it is entirely possible to capture this market by combining our broad portfolio with channel strategies.

Yamaguchi [M]: Thank you. That's all.

Sakuma [M]: Thank you very much. Then I would like to move on to the next question. Mr. Hashiguchi of Daiwa Securities, please go ahead.

Hashiguchi [Q]: I'm Hashiguchi. Thank you very much. The first question is about the vision you are aiming for by 2035. When you say "from patients and the ophthalmology community around the world," what do you mean by around the world in terms of the US and US market?

I had the impression there was little direct mention in the current medium-term plan of efforts to expand the Company's presence in the US market in the future. Could you please tell us how you intend to position the US market in the context of your vision?

Sakuma [M]: Thank you very much. Ito will answer your question.

Ito [A]: Thank you. First of all, in our medium-term plan through FY2029, we have not factored in sales in the US. We are looking at about a 5.5% growth rate for the global ophthalmology market, and we believe that we can achieve growth above that without the US market until 2029.

On the other hand, we have a number of products in our development pipelines, such as STN1010904, a treatment for a disease called Fuchs, a treatment for a disease called MGD, and a few others, which hopefully will be very promising in the US. As we continue to develop these products, we will naturally consider how to make these useful for patients in the US market, of course.

However, as we have said before, when it comes to entering the US market, we will not take the stance of doing everything by ourselves. Rather than that, we would like to consider how we can best ensure that our products are useful to patients in the United States. This is our vision.

Hashiguchi [Q]: In other words, if there is an opportunity, you would like to take a shot at it. Even if the presence in the US does not change significantly from what it is today, the picture for 2035 is not different from what your company has envisioned or imagined, or rather, you have an image that this picture can be achieved without a dramatic change in the US presence.

I was a little unclear as to what this image was supposed to look like. Is my understanding correct?

Ito [A]: I guess it depends on how you look at it, but we definitely want Europe, Japan, China, and Asia, where we are doing business, to grow up to that vision and pertaining to the US, we want to be able to contribute to the US market by firmly developing the products in the current development pipeline and building the trust by delivering them to patients in the US market.

Hashiguchi [Q]: Thank you. The second point is the treatment you are aiming for in myopia, which you introduced on page 24, bottom left of the slide. When do you aim to achieve this, and do you aim to achieve this in FY2029? What methods are envisioned for patients to be conscious of the treatment effects? I'm not quite sure what you mean in terms of the methodologies you envision. Could you explain in more detail?

Sakuma [M]: Nakajima will answer this question.

Nakajima [A]: We would like to achieve the treatment we are aiming for as soon as possible, starting with Japan, so we would like to achieve this in each region to a certain extent by the end of FY2029, during the medium-term plan period.

Since we have already launched it in Japan in April, I would like to ask Kurihara to make a few comments on how far we have moved toward that point and whether we are getting closer to the kind of treatment we are aiming for.

In Japan, the method for patients to feel the effect is to have the length of the ocular axis measured carefully in some cases. By having it measured thoroughly at an eye clinic every three months or six months, if it is clear that the increase of axial length of the eye is being controlled, this can serve as an indicator that the medication is working effectively, allowing patients or their parents to feel confident that the medication is indeed effective. This is a very specific example.

Another reason is, of course, that children notice their vision deteriorating when they enter elementary school, when they find it difficult to see the blackboard, or when it is pointed out during school health checkups. In such cases, it is possible for both the children and their parents to notice that the progression of myopia is gradually slowing down, that the progression of myopia is being controlled, and that the difficulty in seeing the blackboard is not progressing so severely.

Kurihara [A]: Just to add a quick note, we launched the product in Japan about a month ago, and it has been doing well.

As shown in the lower left-hand corner of this page, the interest of doctors is very strong, at least at the present time, and we have no doubt that the development of such a treatment environment will progress at a very fast pace.

So, we believe that what is written here will be realized by 2029 with respect to Japan.

Hashiguchi [M]: Thank you. That is all.

Sakuma [M]: Thank you very much. Mr. Wakao of JPMorgan Securities, please go ahead.

Wakao [Q]: I'm Wakao from JPMorgan. Thank you very much. The first question is regarding FY2029 target of JPY400.0 billion in sales profit and JPY80.0 billion in core operating profit in the materials given this time. What I would like to ask is, how do you think about the certainty that you can achieve this goal?

In the previous medium-term plan, business structure reforms, which I suppose were very difficult, were more in the direction of cost reduction rather than top-line growth, and I thought that to a certain extent they were feasible through corporate efforts. In this plan, you will need to focus on growing the top line, so I think the hurdle will be set higher than in the previous medium-term plan. I would like to know the likelihood of achieving these figures.

I believe that by the time you reach JPY400.0 billion, you will be able to expand in some areas that you can already see, such as Asia and Europe, if you continue to look at these areas as extensions of the past. On the other hand, I think that areas such as myopia, which need to be improved, are challenging.

Could you please comment on the certainty of this achievement, what you are seeing in each of the parts, and the rest of the challenging parts.

Sakuma [M]: Thank you very much. Now, Ito will answer your question.

Ito [A]: It is difficult to say in percentage. However, I would like to answer this question by saying that these figures are not the result of the planning department at the head office that were then cascaded top-down.

We have carefully coordinated with our staff in each region to determine what results can be achieved with our current products and future pipeline, and we believe that these figures are achievable.

Of course, based on my personal impressions, I think that while some area may be a bit of challenge, it may less be the case for other areas which have more potential or upside for growth. However, I believe that all of these factors can be overcome and that we can achieve our goals.

In case there is any concern there, as I mentioned earlier, we have not incorporated inorganic components here, so there are various ways to recover, such as recovering in an inorganic way or bringing in products that are already in the in-market. I believe we can accomplish this well enough.

Given the current situation that I mentioned right now, our assessment of the disease areas we are currently working on is not too far off the mark. I think it really matches the actual situation.

As you pointed out, after all, myopia and ptosis are the areas that we haven't started yet, so there may be some fluctuations, but I would naturally look at it as something that can be done to that extent. I believe that the Japanese business is taking the lead in this market, fully understanding the need to be careful in creating a market for myopia, and I am confident that we will be able to do so.

Sorry, I hope this could answer your question.

Wakao [Q]: Thank you very much. The second point is also about the figures here. When you add the change in gross profit shown in the appendix, the cost ratio is 42%, which is understandable, but sales are expected to increase by about JPY100.0 billion from here, and looking at the details, I think that the growth will be mainly in high-margin items.

On the other hand, looking at the domestic market, I don't know how you are placing *EYELEA*, but I thought the gross margin itself should be a little higher, because if *EYELEA* is going to decrease, the product mix should improve. How should we interpret the fact that sales will increase by JPY100.0 billion under the current plan, but the cost ratio will remain at 42%?

Sakuma [M]: Thank you very much. Koshiji will answer your question.

Koshiji [A]: As you pointed out, *EYELEA*'s sales ratio is currently about 25% of consolidated sales in FY2024. I think it will decrease. This contributes positively to the COGS and product mix. The COGS will go down, but as I mentioned earlier, there will be an increase of approximately JPY4.0 billion in depreciation expenses associated with the new factory line.

In addition, we are taking a somewhat conservative view of increases in manufacturing-related costs due to inflation and other factors. Taking into account these factors, we expect improvements and deterioration to offset each other, resulting in an overall increase of approximately 42%. Being conservative. As Ito explained earlier, there is room for further reduction by switching from unit-dose to multi-dose, but at this stage we believe it is 42%.

Incidentally, the rate was 43% in FY2024, and we are assuming that the rate will be reduced by approximately 1% point from that level.

Wakao [Q]: I understand. I understand that you are being rather conservative in your approach, including a variety of factors, and that, in a manner of speaking, those that will grow will be those with high profitability, right?

Koshiji [A]: Yes. As you are aware. So, in that respect, sales will increase by JPY100.0 billion, but myopia and ptosis I mentioned earlier will increase by approximately JPY50.0 billion (JPY 45.0 billion). This is a highly profitable product, and other new products are also increasing, so overall, the cost ratio is trending downward. That is all.

Wakao [M]: I understand very well. Thank you, that's all.

Sakuma [M]: Thank you very much. If so, I would like to ask a next person.

Mr. Muraoka of Morgan Stanley Securities, please go ahead.

Muraoka [Q]: Hello, this is Muraoka from Morgan Stanley. Thank you very much. Now that Mr. Koshiji mentioned that myopia and ptosis would grow by JPY50.0 billion, I had part of my question answered. I also thought that if myopia and ptosis does not reach JPY50.0 billion, this target would certainly be tough, and it would be very difficult to achieve this goal.

I would like to ask about the point that President Ito mentioned earlier, that if it is difficult to achieve, you would consider inorganic alternatives. If you were to add something inorganic, where would the financial resources come from in terms of funding. It seems that your company does not have much cash reserves and does not have enough to cover the shortfall. How do you plan to achieve this?

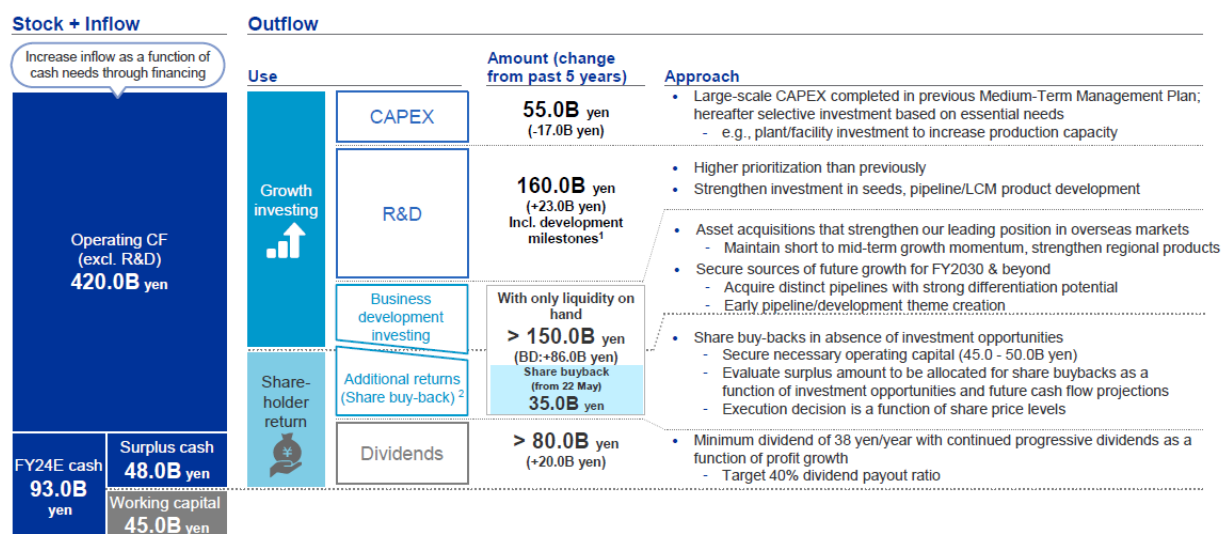
On the flip side, JPY80.0 billion in core operating profit is a must-achieve target. Am I correct in understanding that you plan to achieve the JPY 80.0 whatever the means may be?

Sakuma [M]: Here, Koshiji will answer your question.

Koshiji [A]: In that regard, as you can see in the slide you are currently viewing, there is operating cash flow in the inflow section, which, as you pointed out, is based on core operating profit of JPY80.0 billion.

Capital allocation

Maximize PER and shareholder value via proactive growth investments and shareholder returns with core financial strategy: Operating CF & EPS growth



37 1. Future development milestones resulting from investments made before FY25 2. 79.0B yen of share buy-back in the past 5 years © 2025, Santen Pharmaceutical Co., Ltd. All rights reserved.



Therefore, if it declines a little further, inflows will weaken, but that does not mean that there will be financial constraints on new strategic investments or business development investments. As you can see on this page, we have theoretically secured approximately JPY150.0 billion for business development.

In addition, by utilizing the balance sheet to raise finance debt, depending on the opportunity, it will be possible to secure even greater investment capacity. This is how we see it. That is all.

Ito [A]: I would like to add a little bit from my side. The inorganic components we mention do not imply corporate acquisitions. It means an inorganic approach at the product level.

We have explained our vision of the kind of company we would like to be in 2035, and we have already received a variety of inquiries in regions where we have already demonstrated our presence, although I won't go into specifics now.

We do not and will not invest in things that are not worth the investment, but we do receive requests consisting of Santen taking on products, and we will consider these requests if we find them attractive.

Muraoka [Q]: Thank you. President Ito, just another question. I heard that this core OP JPY80.0 billion was to be achieved by various means, but is my understanding correct?

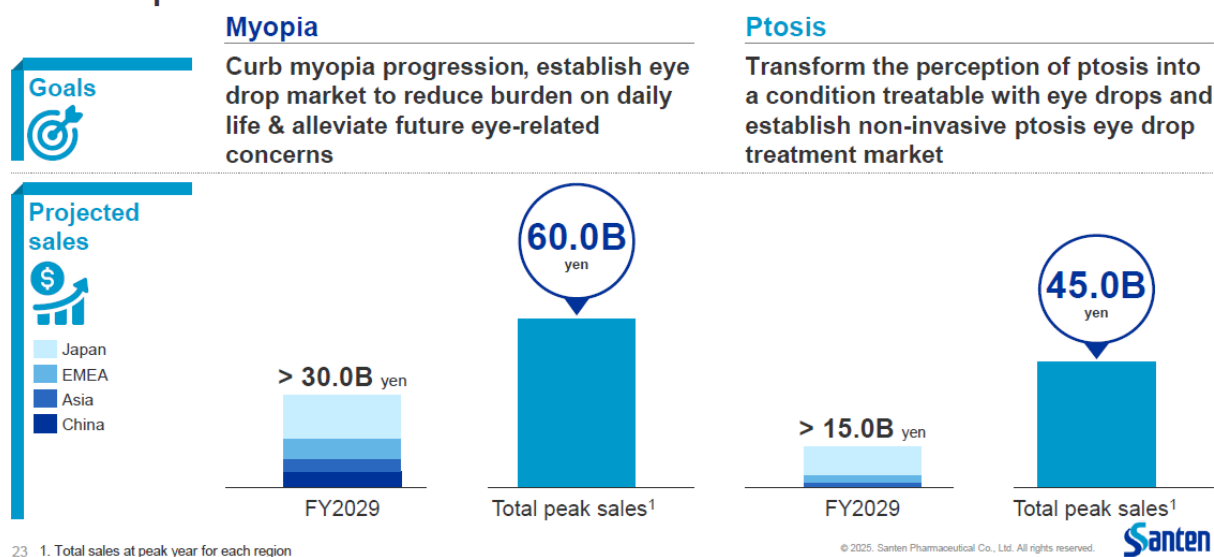
Ito [A]: Of course, as has been the case since the previous medium-term plan, we will achieve the goals we set. We will do our utmost to address this.

Muraoka [Q]: Thank you. Just one more question, JPY50.0 billion for myopia and ptosis, you mentioned earlier. Can you give us a rough idea of how you see this by region? As it appears in FY2029.

Koshiji [A]: Earlier, I said JPY50.0 billion, but in the material, I was a little too strong in my thoughts, but it is actually JPY45.0 billion. As for breakdowns.

Myopia/ptosis market creation goals

Create myopia & ptosis Rx markets, enhance environment for proactive treatment by medical institutions. Targeting sales of 60B+ yen for myopia & 45B+ for ptosis sales



Muraoka [Q]: So, we can look at these colors.

Koshiji [A]: Yes.

Muraoka [M]: I understand. Thank you, that's all.

Sakuma [M]: Thank you very much. Next, Mr. Ueda from Goldman Sachs. Please go ahead.

Ueda [Q]: This is Ueda from Goldman Sachs. The first question is that I would like to know about the progress in the deployment of Japanese commercial excellence across the region, which was mentioned in the previous medium-term plan.

I think that overseas growth is the key to the new medium-term plan, and I believe that this is probably the background for the steady progress in these areas. Could you please explain how these efforts are progressing and how they have led to this strong growth?

Sakuma [M]: Thank you very much. Then, Nakajima will answer your question.

Nakajima [A]: In the previous medium-term plan, we were going to properly standardize Santen's commercial excellence, especially in areas where our Japanese business excels, and deploy it to three overseas regions. We have set this as one of the pillars of our medium-term management plan, with the aim of improving organizational capabilities across the entire global organization.

In practice, we standardize marketing strategy frameworks in that area globally and implement them across all regions, including smaller markets. Then the sales team implements the marketing strategy. We firmly implement the PDCA cycle, sharpen the marketing strategy again, and incorporate it into the sales strategy.

We have been working hard on 2023 and 2024 to thoroughly implement training that will enable us to consistently execute the PDCA cycle across all regions, including smaller markets. Although this is a rather tedious task, we have been working on it.

In particular, we have further strengthened our focus on markets such as Germany, the UK, and South Korea, which are particularly important in our medium-term plan, and are leveraging our global capabilities to achieve results as quickly as possible. In addition to all regions, we have also worked to reap the benefits of global commercial excellence in these focus markets as part of our medium-term plan.

We saw strong specific results, and in addition to the overall strengthening of overseas markets, in places such as South Korea, which I mentioned earlier, there is the evolution index for products such as *Eybelis*, which is already on the market, and *Rhopressa*. Products that had been lagging behind the market have started to grow at a pace that slightly exceeds the market, like a hockey stick.

The launch of a new product called *Rhopressa* clearly showed a strong launch curve that was different from previous products, and I believe that such results were evident during the period covered by the previous medium-term management plan.

In addition, as Ito mentioned earlier, from a company-wide perspective, I believe that the results of commercial excellence are also reflected in CFU, sales per employee, so-called productivity. The fact that sales per capita in overseas operations achieved an average annual growth rate of 19% during the previous medium-term management plan period was due to the use of Santen's commercial excellence, which enabled us to achieve sales growth without increasing resources or personnel. I believe this is one proof of that.

This is naturally a key part of our new medium-term plan for overseas growth. With a stronger foundation, we will continue to sell global products such as myopia and ptosis. We will introduce new products or LCM products in each region, so the key point will be whether the initial growth curve or peak sales reach levels that are higher than the targets. I believe that the core of this Santen Commercial Excellence initiative is to ensure that we achieve solid results on a global scale during the new medium-term management plan period.

Ueda [Q]: Thank you very much. Secondly, I would like to ask you about business development. During the period of the new medium-term management plan, I think that the framework for business development is considerably larger than in the previous plan.

In the previous medium-term plan, there were a lot of efforts to improve profitability, while patents were expiring on major products, but in the new medium-term plan, with the business phase of your company changing a little, are you going to be more aggressive in this area?

Or is it positioned as an option that can be considered when cash flow starts to improve? Can you tell us about your thoughts on this?

Sakuma [M]: Ito will answer the question.

Ito [A]: Basically, we are thinking very positively. We would like to be very positive about acquiring such a product pipeline, from a business development perspective, not only for the results through 2029, but also for growth in 2030 and beyond.

In fact, our business development division is actually in discussions with about 60 companies a year in the ophthalmology field alone that have various new seeds or are in the early stages of development. It would be strange to say that we have no end of opportunity, but we have a lot of opportunities, and since we are aiming for growth in the future, we would like to actively promote this area.

Ueda [M]: I understand. Thank you very much. That's all from me.

Sakuma [M]: Thank you very much. Then, the last person to ask a question. Mr. Sakai of UBS Securities, please go ahead.

Sakai [Q]: This is Sakai from UBS Securities. Thank you for taking my question. I have two questions.

After listening to various points in your presentation, I get the impression that a lot of efforts went into creating your medium term plan. Of the four regions of Japan, EMEA, Asia, and China, I think the most difficult region is probably Japan, the home market or mother market that president mentioned.

In terms of so-called predictability, it is becoming more difficult than in China. The market expansion re-pricing of *EYELEA* might have been expected, but again, we only know on a press basis, and only on an announcement basis. With all R&D costs being borne entirely domestically, isn't structural reform in Japan still needed?

I believe that structural reforms overseas have been achieved by cutting unprofitable businesses or reducing costs, but I think that this is not always possible in Japan. If you are to truly enhance corporate value and profitability, I believe it is necessary to shift your focus in the domestic business and change its structure. Could you please share your outlook for the next five years in this regard?

Sakuma [M]: Ito will answer your question.

Ito [A]: I don't think so much about structural reform in Japan. Of course, it depends on what kind of environmental changes will occur. Let me give you a more specific example of a product. For example, we have *Alesion* products, and generic versions of these have launched on the market.

I think everyone can imagine that this will have a significant impact. Certainly, the total amount for FY2025 will fall slightly from around JPY30.0 billion to JPY20.0 billion level, but in FY2026, it will exceed the figures for FY2025 and return to a level close to JPY30.0 billion. We are also expanding the market on a volume basis.

This may be more of a symbol of Santen's commercial excellence, but we have been considering the LCM of various products, strategies, and how we will respond when generic drugs are launched after a while and have been working to develop and implement these strategies from the early stage.

The same thing is happening with *Diquas*. While *Diquas LX* is unfortunately being recalled, the older formulation of *Diquas*, of which generic was released about one year ago, still has 85% of the volume base, and can fill the gap caused by *LX*. I believe that this is not just a coincidence, but rather the result of our efforts, always anticipating various changes in circumstances.

So, I am not that pessimistic about the Japanese business at all. We can do well enough. I answered a different question earlier, saying that I think some countries could achieve better results, and I believe that Japan can do better. That is how I perceive it.

Sakai [Q]: I understand. You mean you might be able to get a few more results.

Ito [A]: Yes.

Sakai [Q]: One more thing, about the US, the market is just as you mentioned, but is there an opportunity or a thought that would allow you to consider the US as a research base for drug discovery in the future?

So, in a sense, I think that being completely cut off from the US could put you at a disadvantage in terms of research and development and drug discovery. As for opportunities for drug discovery, I suppose it depends on how you look at it, Peter, but if you have any thoughts on the matter, I'd love to hear them.

Sakuma [M]: Ito will answer the question first.

Ito [A]: If I may answer based on my own thought, I am not thinking of such a thing at this time. In various presentations, including this one, I have mentioned the Santen's business model. We create products that are primarily in the form of eye drops for the sensitive sensory organ that is the eye. I don't think the affinity between a world revolving around providing value to patients and the US is necessarily that high.

Of course, there are many different aspects to drug discovery, but our strengths lie in the areas I just mentioned, such as sensory organs, unique product development methods, and improvement methods. We must always maintain these areas as our core competencies. I think those areas would rather be done in Japan.

On the other hand, when it comes to completely new and revolutionary drugs, there may be some aspects as you pointed out, but fortunately, we have secured opportunities to discuss various early-stage materials with various venture companies in the US, so we would like to continue with this approach for the time being. That's all from me.

Sakuma [M]: Thank you very much. That is all.

[END]