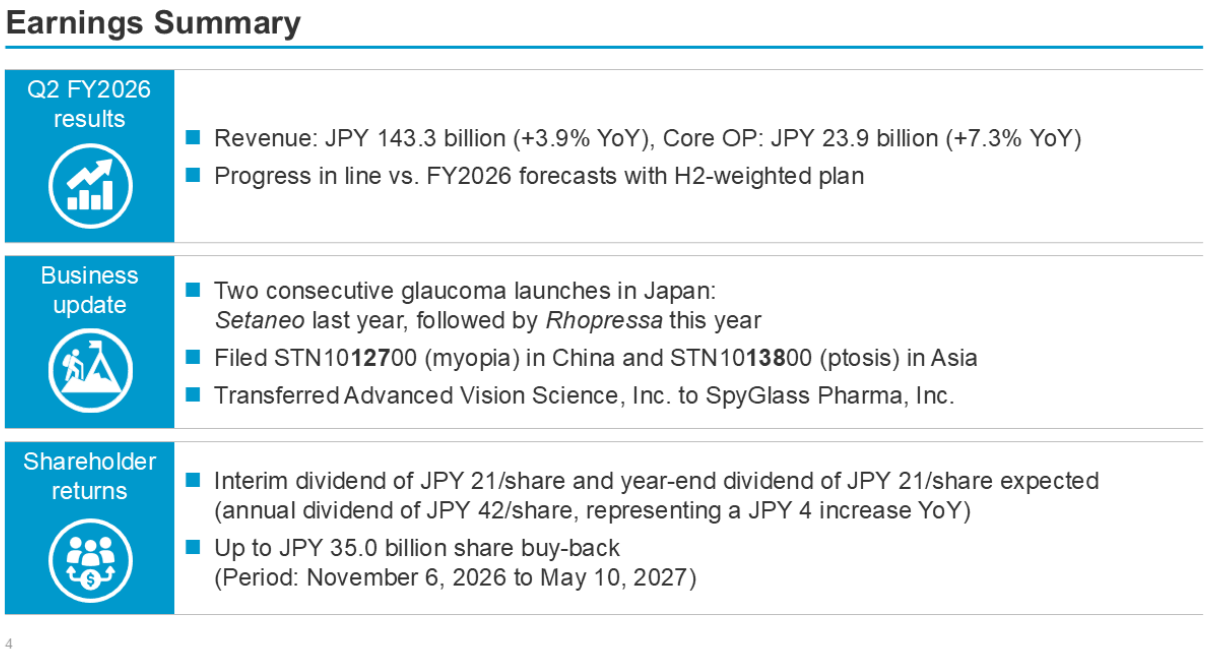
Q2 FY2026 Financial Results Transcript





Ito: I am Takeshi Ito, CEO of Santen Pharmaceutical. Thank you very much for taking time out of your busy schedule to join our Q2 FY2026 financial results presentation today. I would like to begin with a summary of our financial results. Please turn to page 4.

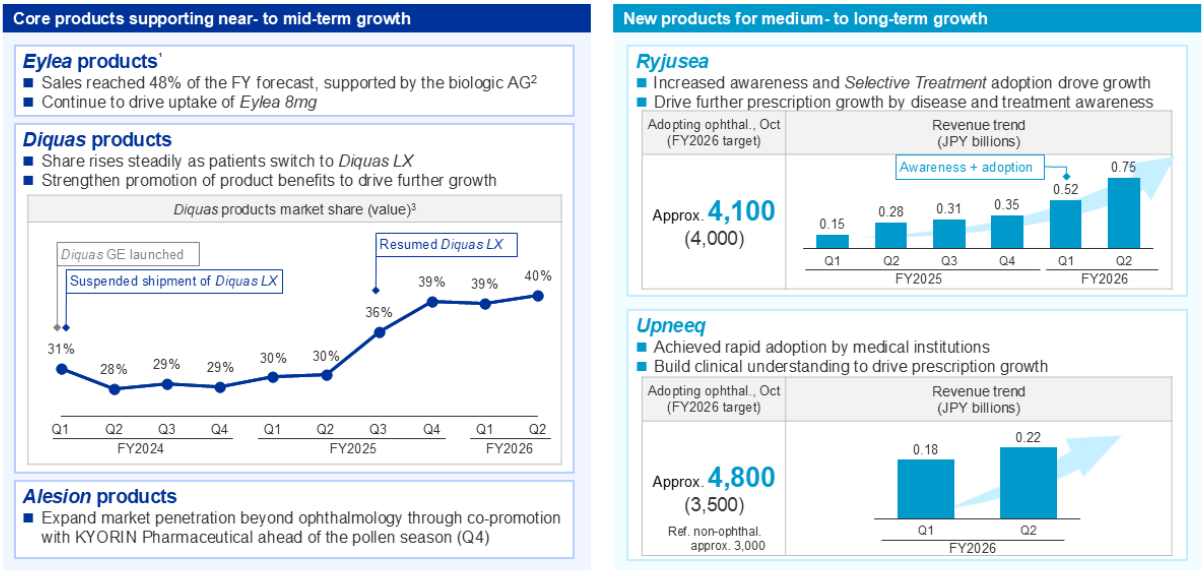
Under our Medium-Term Management Plan, we position FY2026 as the year in which we return to a growth trajectory in both revenue and profit. Following the first quarter, we again achieved year-on-year revenue and profit growth, with core operating profit exceeding our internal plan. As we move into the second half, we will continue working to maximize the value of our mainstay products and further drive the penetration of new products.

On the business front, we are making progress in expanding our portfolio to support mid- to long-term growth. In Japan, following the launch last year of *Setaneo* as a first-line treatment for glaucoma, we launched *Rhopressa* as a second-line treatment in August. Glaucoma remains one of the leading causes of acquired blindness. A broader range of treatment options is needed to address patients' differing needs for intraocular pressure management, as well as side effects and challenges in continuing treatment. Ophthalmologists have shown strong interest in these two new products, and we have high expectations for their future growth.

Outside Japan, we filed STN1012700, a treatment drug to slow myopia progression, in China. In Asia, following approval in the Philippines in May, we also obtained approval in South Korea in October. We have brought forward the planned launch in Asia from next fiscal year to the end of the current fiscal year, starting with the Philippines. We also filed STN1013800, a treatment for ptosis, in several Asian countries, including South Korea.

Regarding shareholder returns, we position stable returns to our shareholders as one of our top management priorities. In line with our progressive dividend policy, we forecast an annual dividend of JPY 42 per share, representing an increase of JPY 4 per share. This includes an interim dividend of JPY 21 per share. In addition, taking into account our cash on hand and funding capacity for investment, we have resolved to repurchase up to JPY 35.0 billion of our own shares. We will seek to enhance corporate value through both growth investment and shareholder returns, including dividends and flexible share repurchases.

Japan Rx Drug Overview



5 1 Including co-promoted product (Anti-VEGF *EYLEA*, *EYLEA 8mg*) of Bayer Yakuhin, Ltd. (MAH), and *Aflibercept "Bayer"* of Bayer Life Science, Ltd. (MAH). Based on Santen Pharmaceutical (distributor) records.
2 *Aflibercept "Bayer"* with the same active substance and manufacturing process as *EYLEA* 3 Source: Copyright © 2026 IQVIA. JPM 2024.4-2026.9; Santen analysis based on IQVIA data. Reprinted with permission

Please turn to page 5. I will now discuss our Japan business, Santen's mother market, which is also in a transition toward a phase of growth driven by new products.

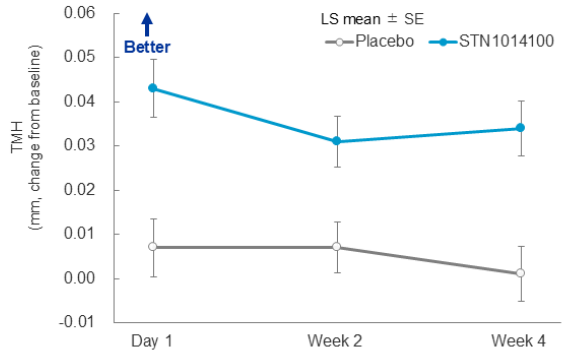
For *Diquas LX*, for which shipments resumed in December last year, switching from *Diquas* and other products that had been used as alternatives is taking longer than initially expected. Nevertheless, its market share is steadily increasing, and monthly sales are also growing. In particular, since stepping up promotional activities in the second quarter, we have seen encouraging signs that increased activity is translating into sales growth. Building on these results, we will allocate resources more effectively in the second half to drive further sales growth.

For *Alesion cream*, we began co-promotion with KYORIN Pharmaceutical in August ahead of the pollen season in the fourth quarter. KYORIN has been actively promoting the product to medical institutions beyond ophthalmology. Although prescription volumes remain small outside the pollen season, we have confirmed an upward trend in prescriptions in non-ophthalmology settings as well.

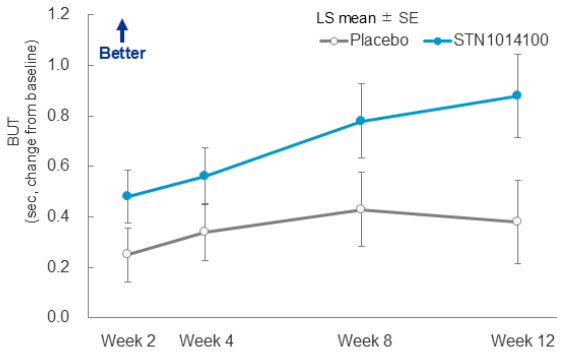
In myopia and ptosis, where we are working to create new markets, adoption by medical institutions that provide these treatments has progressed, and both products have already achieved their fiscal year-end targets for the number of adopting sites. In the second half, we will shift our focus toward activities to further raise awareness of the diseases and treatments and expand prescriptions. We will work to deepen medical institutions' understanding of the value of these products while broadening patient awareness of the diseases and treatment options, thereby driving prescription growth.

STN1014100: Results in P2b trial for dry eye

■ **Primary endpoint: Tear meniscus height (TMH)**



■ **Secondary endpoint: Tear film break-up time (BUT)**



- The once-daily STN10**14**100 group demonstrated a statistically significant improvement in TMH versus placebo at Week 4, meeting the primary endpoint.
- Favorable results were also observed for BUT, a secondary endpoint that is considered important in the Japanese guidelines.[1]
- No significant safety concerns were identified, and STN10**14**100 was generally well tolerated.

6

1 Japanese Clinical Practice Guidelines for Dry Eye (Japanese only)

I would now like to turn to key pipeline topics. Please turn to page 6. I will explain the results of the Phase 2b trial of STN1014100 in dry eye.

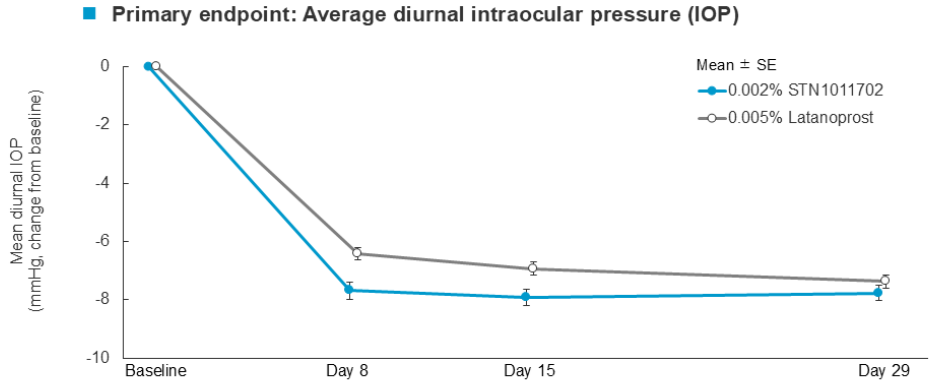
This trial evaluated once-daily and twice-daily dosing against placebo eye drops to determine the optimal dosing regimen. Here, I will present the results for once-daily dosing, the regimen selected based on the trial results.

The graph on the left shows the results for the primary endpoint, tear meniscus height, a measure of the volume of tears on the ocular surface. Once-daily administration of STN1014100 demonstrated a statistically significant improvement versus placebo at Week 4, meeting the primary endpoint.

The graph on the right shows the results for the secondary endpoint, tear film breakup time. This is a measure of tear film stability, whose importance is also highlighted in Japan's clinical practice guidelines for dry eye. Favorable results were also observed for this endpoint. In addition, although the data are not shown here, we also confirmed an improvement in the subjective symptom of dryness.

Based on these results, we will advance development with the aim of providing a new treatment option for dry eye.

STN1011702: Results in P3 trial in China for glaucoma



- 0.002% STN10**11**702 group demonstrated a non-inferiority compared to 0.005% latanoprost at Week 4 in mean diurnal IOP change from baseline, meeting the primary endpoint. The efficacy findings in the Chinese study were generally consistent with those observed in the Japanese study.
- STN10**11**702 was tolerated in Chinese population. No new safety issue was found.

7

Finally, please turn to page 7. This slide presents the results of the Phase 3 trial of STN1011702 in glaucoma in China. This product is marketed as *Eybelis* in Japan and Asia.

STN1011702 eye drops demonstrated non-inferiority to latanoprost eye drops in mean diurnal intraocular pressure at Week 4, meeting the primary endpoint.

If approved, this will be our third in-house-developed glaucoma treatment in China, following *Tapros* and *Tapcom*. In July, we also began sales of five glaucoma products for which we acquired sales rights from AbbVie, including *Alphagan*. With these eight products, we will expand our contribution to the Chinese glaucoma market, which is expected to continue growing.

Regarding STN10143, which we in-licensed from RemeGen, we announced at our financial results presentation in August that an additional clinical trial would be required. In preparation for this trial, discussions are progressing between RemeGen, which is responsible for development, and the authorities regarding the number of additional patients. We expect to be able to provide details of the trial and the revised launch timing at our financial results announcement in February. Although the launch will be slightly later than originally planned, we do not believe this changes the product's value or competitiveness.

We will continue to make steady progress in maximizing the value of our mainstay products, driving the penetration of new products, and strengthening the pipeline that supports our mid- to long-term growth. Through these efforts, we aim to deliver on our Medium-Term Management Plan and sustainably enhance corporate value. This concludes my presentation.

Q2 FY2026 Results

	Q2 FY2025 ACT	Q2 FY2026 ACT
USD (JPY)	146.23	159.50
EUR (JPY)	167.79	184.35
CNY (JPY)	20.39	23.47

(JPY billions)	Q2 FY2025		Q2 FY2026				
	Actual	vs Revenue	Q1 QTD	Q2 QTD	Actual	vs Revenue	YoY
Revenue	137.9	-	69.0	74.3	**143.3**	**-**	**+3.9%**
Cost of sales	60.7	44.0%	29.0	31.6	60.6	42.3%	-0.2%
Gross profit	77.2	56.0%	40.0	42.7	**82.7**	**57.7%**	**+7.1%**
SG&A expenses	42.5	30.8%	23.3	23.3	46.6	32.5%	+9.7%
R&D expenses	12.4	9.0%	6.1	6.1	12.1	8.5%	-1.9%
Core operating profit	22.3	16.2%	10.6	13.3	**23.9**	**16.7%**	**+7.3%**
Non-core expenses	-	-	0.2	0.1	0.4	0.3%	-
Amortization on intangible assets associated with products	4.4	3.2%	2.3	1.8	4.1	2.9%	-7.2%
Other income	0.4	0.3%	0.1	0.0	0.1	0.1%	-72.2%
Other expenses	0.4	0.3%	0.0	0.1	0.1	0.1%	-62.5%
Operating profit	17.9	13.0%	8.1	11.3	**19.4**	**13.5%**	**+8.4%**
Finance income	0.9	0.6%	1.0	0.6	1.5	1.1%	+73.0%
Finance expenses	1.2	0.8%	0.7	0.3	1.1	0.8%	-7.1%
Profit before tax	17.6	12.8%	8.3	11.5	19.9	13.9%	+12.6%
Income tax expenses	3.8	2.7%	1.1	3.2	4.4	3.1%	+15.9%
Actual tax ratio	*21%*	-	-	-	*22%*	-	*+0.7pt*
Net profit	13.9	10.0%	7.2	8.3	**15.5**	**10.8%**	**+11.7%**
Net profit attributable to owners of the company	13.9	10.1%	7.2	8.3	15.4	10.8%	+10.8%
EPS (IFRS) JPY	42	-	-	-	48	-	+15.1%
EBITDA	27.1	-	-	-	28.4	-	+5.0%

Revenue
- Overseas growth offsets the headwinds impact of market expansion repricing and biologic AG[1] penetration of mainstay product in Japan

Cost of sales
- Lower COGS ratio from change in product mix

SG&A expenses
- +3.0% excl. FX

Core OP
- Increase driven by solid overseas growth, cost management and foreign exchange tailwind
- Increased by +7.3% (in JPY), +0.4% (excl. FX)

8

1 Biologic product with the same active substance and manufacturing process as the reference biologic

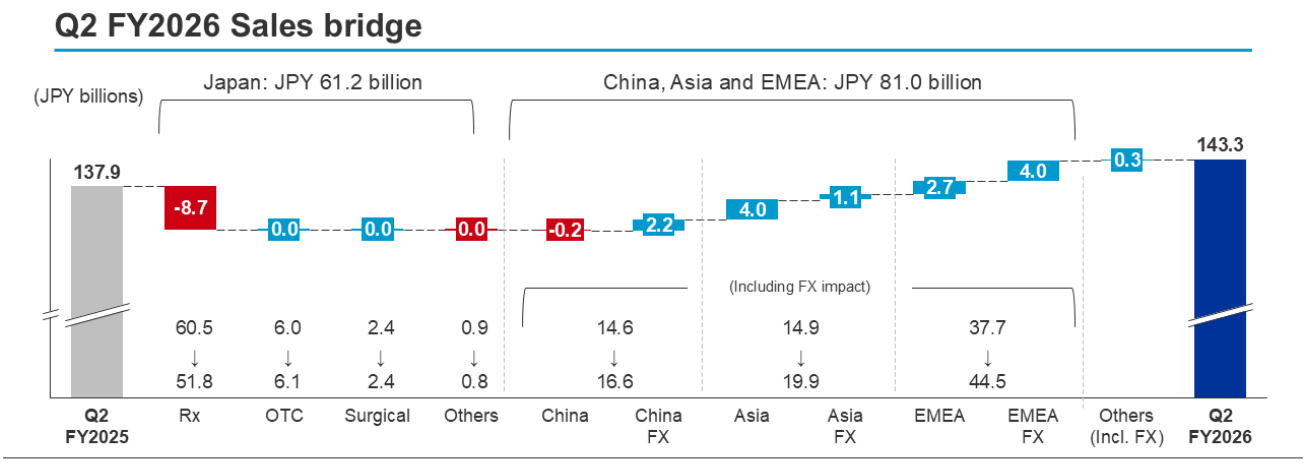
Koshiji: I am Kazuo Koshiji. Please turn to page 8.

This slide shows our financial results for the first half. As Mr. Ito explained earlier, both revenue and profit increased year on year. As in the first quarter, revenue in Japan was affected by two factors related to a mainstay product: its market expansion repricing in August last year and the penetration of its biologic authorized generic (AG), launched in February this year. However, overseas growth offset these impacts, resulting in an increase in consolidated revenue.

For cost of sales, the COGS ratio declined by 1.7 percentage points year on year due to a change in product mix.

SG&A expenses increased partly due to foreign exchange effects. However, disciplined cost management limited the increase to 3% excluding foreign exchange effects. R&D expenses decreased due to the timing of payments, while development activities themselves are progressing as planned.

As a result, core operating profit increased by approximately 7% year on year to JPY 23.9 billion. As we have previously explained, our plan for this fiscal year is again weighted toward the second half for both revenue and profit. First-half revenue was broadly in line with our internal plan, with core operating profit slightly ahead of expectations.



Japan	-12.4% YoY: Mainly due to impact of NHI price revisions including market expansion re-pricing in August 2025, despite increased penetration of new products
China	+13.6% YoY (excl. FX impact -1.2%): Priority products including *Cravit* remained solid, while favorable FX effects also supported performance
Asia	+33.6% YoY (excl. FX impact +26.6%): Driven by growth in VEGF inhibitor products through partnerships in Korea, as well as glaucoma and dry eye products
EMEA	+17.8% YoY (excl. FX impact +7.1%): Continued growth contribution from *Cosopt* and *Ikervis*

*Sales classified into countries or regions based on customer's location. EMEA: Europe, Middle East and Africa. Hong Kong is included in China.

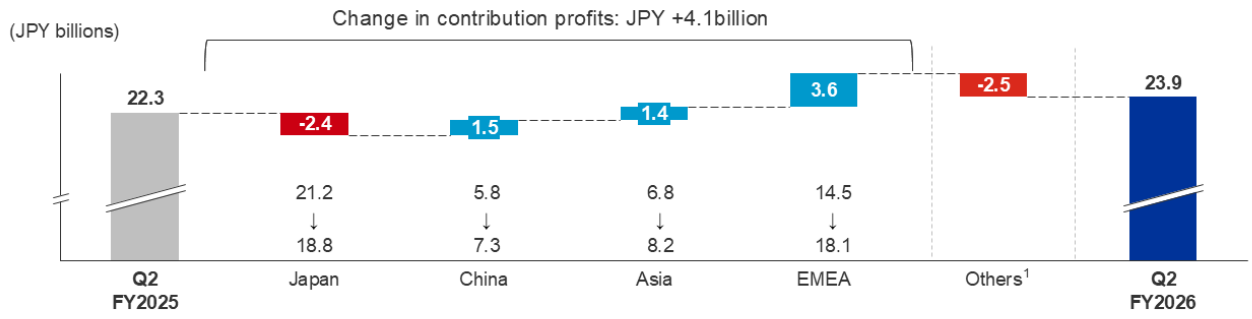
Page 9 shows the factors behind the change in revenue.

Of total revenue of JPY 143.3 billion, Japan accounted for JPY 61.2 billion, down 12% year on year, while combined revenue in China, Asia and EMEA was JPY 81.0 billion, representing growth of 20%. These three regions accounted for 57% of consolidated revenue, up from 49% in the same period last fiscal year.

In Japan, as mentioned earlier, revenue declined due to NHI price revisions, including the market expansion repricing of a mainstay product in August last year, and the penetration of the biologic AG launched in February this year. On the other hand, as Mr. Ito explained, we are making steady progress in maximizing the value of our mainstay products and driving the penetration of new products that underpin mid- to long-term growth.

Overseas, revenue increased across all regions, driven by growth in Asia and EMEA, with an additional contribution from favorable foreign exchange effects.

Q2 FY2026 Core operating profit bridge



Regional contribution profits	Japan Gross profit decline (approx. -JPY 1.4 billion) associated with aforementioned revenue decrease, combined with increased promotional expenses including disease awareness activities, among other factors. Overseas (incl. FX) Profit growth across all regions driven by sales expansion through value maximization initiatives and continued cost optimization (YoY (excl. FX impact): China +26.7% (+9.9%), Asia +20.5% (+14.4%), EMEA +24.5% (+12.8%))
Others	Impact from inventory write-down reversal recorded in the previous fiscal year and FX effects on corporate and indirect function expenses, while indirect function expenses remained within plan

10

1 R&D and indirect expenses in region and global functions, and contribution profit not related to the regions above * Hong Kong is included in China.

Page 10 shows the factors behind the change in core operating profit.

Contribution profit from regional businesses increased by JPY 4.1 billion. As mentioned earlier, profit in Japan declined due to lower gross profit associated with the revenue decrease, higher expenses and other factors. Overseas, profit increased, driven by sales growth and appropriate cost control. As a result, the overseas share of regional contribution profit increased from 56% in the first half of last fiscal year to 64%.

FY2026 Outlook (maintain May 12 guidance)

	FY2025 ACT	FY2026 FCST
USD (JPY)	150.79	155.00
EUR (JPY)	174.71	180.00
CNY (JPY)	21.29	23.00

(JPY billions)	FY2025		FY2026			
	Actual	vs Revenue	Forecast	vs Revenue	YoY	Q2 Progress
Revenue	291.6	-	**311.0**	**-**	**+6.6%**	**46.1%**
Cost of sales	121.9	41.8%	125.0	40.2%	+2.6%	48.5%
Gross profit	169.7	58.2%	**186.0**	**59.8%**	**+9.6%**	**44.5%**
SG&A expenses	89.0	30.5%	99.5	32.0%	+11.8%	46.9%
R&D expenses	25.6	8.8%	27.5	8.8%	+7.6%	44.2%
Core operating profit	55.1	18.9%	**59.0**	**19.0%**	**+7.0%**	**40.6%**
Non-core expenses	1.2	0.4%	1.0	0.3%	-13.5%	
Amortization on intangible assets associated with products	8.8	3.0%	7.7	2.5%	-12.2%	
Other income	7.0	2.4%	0.2	0.1%	-97.1%	
Other expenses	4.4	1.5%	1.0	0.3%	-77.2%	
Operating profit	47.8	16.4%	**49.5**	**15.9%**	**+3.6%**	**39.2%**
Finance income	1.6	0.6%	1.8	0.6%	+9.8%	
Finance expenses	2.0	0.7%	1.5	0.5%	-24.8%	
Profit before tax	47.4	16.3%	49.8	16.0%	+5.0%	39.9%
Income tax expenses	9.9	3.4%	10.3	3.3%	+4.2%	
Actual tax ratio	*21%*	-	*21%*	-	-	
Net profit	37.6	12.9%	**39.5**	**12.7%**	**+5.2%**	**39.2%**
Net profit attributable to owners of the company	37.4	12.8%	40.0	12.9%	+7.0%	38.6%
ROE [1]	13%	-	15%	-		
EPS (JPY) [1]	114	-	128	-	+11.9%	37.7%

■ **Factors affecting revenue**

Japan

- Continued penetration of key products, including recent launches
- Pollen dispersion levels in Q4

Overseas

- Continued recovery in China
- Stable product supply

■ **Factors affecting core OP**

- Maximized profitability through optimization of SG&A expenses in line with changes in sales and gross profit
- Cost inflationary pressures arising from Middle-Eastern geopolitical developments absorbed across P/L

11

1 The impact of the share buy-back has been factored into FY2026 forecast

Please turn to page 11 for the full-year outlook.

There is no change to the earnings forecast announced on May 12.

First-half revenue and core operating profit represented 46% and 41% of their respective full-year forecasts. As mentioned earlier, performance is progressing in line with expectations under our plan, which is weighted toward the second half.

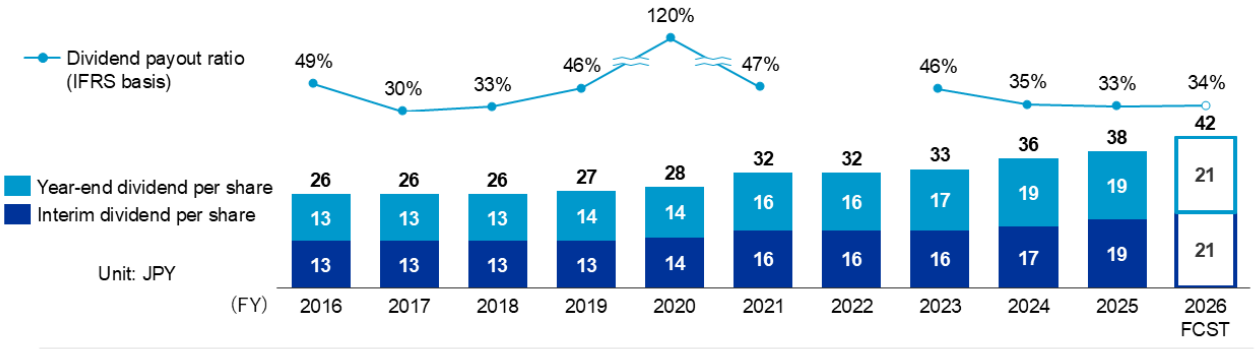
On the revenue side, key factors in Japan include the early penetration of new products and pollen levels in the fourth quarter. Overseas, these include the continued recovery of the China business and stable product supply from contract manufacturing organizations (CMOs) and other suppliers. If these factors change, we will seek to maintain profitability through measures such as optimizing SG&A expenses.

Although we continue to face upward pressure on costs from Middle Eastern geopolitical developments, inflation and other factors, we believe these pressures can be absorbed through company-wide cost optimization.

Shareholder returns

Annual dividend : +JPY 4/share to JPY 42/share (JPY 21/share interim and JPY 21/share year-end), no change from initial forecast announced on May 12

Share buy-back : Repurchase up to JPY 35.0 billion of treasury stock taking into surplus cash and financial capacity for future business development investments



(FY)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 FCST
Total return ratio (IFRS basis)	106%	30%	76%	46%	120%	47%	-	106%	137%	118%	123%[3]
Share buy-back[1] (% of total issued shares[2])	JPY12.3 bil (2%)	-	JPY13.9 bil (2%)	-	-	-	JPY25.7 bil (6%)	JPY16.2 bil (3%)	JPY37.1 bil (6%)	JPY31.9 bil (6%)	Up to JPY35.0bil (5%)

12

1 Treasury shares through open-market repurchase 2 Percentage of issued shares (excluding treasury shares) as of the previous fiscal year-end for each fiscal year
3 Calculated assuming a treasury stock repurchase of JPY 35.0 billion

Finally, please turn to page 12 for shareholder returns.

Regarding dividends and the share repurchases scheduled to begin tomorrow, the details are as Mr. Ito explained at the outset. Although the total return ratio is expected to exceed 100%, we will seek to balance shareholder returns with growth investment, including business development and R&D.

This concludes my presentation.

Question & Answer (Summary Version)

J.P. Morgan Securities (Mr. Wakao)

Q1: How does management assess *Upneeq*'s first-half performance, and what will drive the approximately JPY 1.0 billion in second-half sales discussed in the question?

A1: First-half performance was broadly in line with expectations. Adoption exceeded 4,800 ophthalmology sites, surpassing the corrected fiscal year-end target of 3,500. The focus is shifting from site adoption to increasing physicians' recommendations and prescriptions. Pilot initiatives, including in-clinic awareness posters and trial instillations, have been encouraging; approximately 70% of patients who tried the product decided to use it. We intend to expand these initiatives and work toward achieving the sales plan. Second-half pilots targeting people not currently visiting ophthalmologists will inform broader awareness activities next year.

Q2: Why was the share repurchase announced now? Does it reflect a delay in growth investment or greater clarity on the amount of investment required for business development?

A2: The decision reflects sufficient funding capacity after considering potential growth investment outflows, the current cash position and expected cash flows over the next six to twelve months, together with management's view that the shares are undervalued. Share repurchases are not a predetermined commitment. The company continues to evaluate a substantial number of opportunities at different stages; the number of potential projects has not declined. Limited business development cash outflows in the first half reflected negotiations with counterparties and assessments of economic rationality, rather than a withdrawal from growth investment.

Citigroup Global Markets Japan (Mr. Yamaguchi)

Q1: Can *Ryjusea*'s growth in Japan accelerate further toward the JPY 4.0 billion full-year sales plan, and how should investors view seasonality?

A1: Adoption has exceeded 4,000 ophthalmology sites. Although the *Selective Treatment* framework became available in June, as medical institutions required some time to familiarize themselves with the administrative and operational aspects of the framework, most began using it in July.
. Approximately 2,000 sites recommend the product to at least 60% of visiting myopic patients, while the remaining approximately 2,000 sites recommend it only selectively or on request. Second-half activities will focus on increasing active recommendations and preparing to capture the influx of patients following next spring's school screenings.

Q2: What pollen assumptions underpin the forecast, and what is currently known about the

coming season?

A2: The plan assumes normal pollen levels, rather than an unusually heavy or light season. Current forecasts indicate slightly above-normal levels in western Japan and slightly below-normal levels in eastern Japan. However, actual conditions often differ from early forecasts, so we don’t regard the eventual pollen levels as predictable at this stage.

UBS Securities (Mr. Seki)

Q1: How effective have *Ryjusea*'s disease-awareness activities been, and how will the lessons be applied to *Upneeq*?

A1: We believe the spring television campaign materially increased ophthalmology visits following school screenings. Parents' stated intention to continue treatment was close to 90%; this was not a longitudinally observed treatment continuation rate. Web-based awareness activities will continue in the second half, while any further large-scale television campaign would be considered for next spring. For *Upneeq*, the priority is first to establish use among patients already visiting ophthalmologists, with broader awareness activities for people not currently seeking ophthalmic care envisaged for next year.

Q2: Is RemeGen's reported expectation of more than one year of additional safety-data collection aligned with Santen's understanding of STN10143 development?

A2: The duration of the additional trial remains under discussion between RemeGen and China's Center for Drug Evaluation (CDE), and we did not confirm the reported duration. Further details depend on confirmation of the trial requirements, including patient numbers and how quickly RemeGen can conduct the study. More detailed information could be provided as early as the February results announcement, subject to those confirmations.

Goldman Sachs Japan (Mr. Ueda)

Q1: Does the lower spending progress reflect sustainable cost optimization or delayed expenditure, and will the full-year SG&A and R&D budgets be fully used?

A1: First-half SG&A was slightly below the internal plan, with 46.9% of the full-year budget used. This reflected ongoing procurement and other cost-control efforts rather than a notable one-off factor. Management regards the JPY 99.5 billion full-year SG&A forecast as an upper limit and will seek further savings. R&D spending progress was approximately 44%, partly reflecting personnel rationalization. The JPY 27.5 billion full-year R&D forecast remains the reference point, but some underspending is possible. Development activities themselves remain on plan.

Q2: What explains *Alesion cream*'s apparently slow sales growth, and how are co-promotion

and other measures addressing barriers ahead of the pollen season?

A2: Reported company sales and wholesaler sales to medical institutions differ by approximately JPY 1.0 billion, with underlying sales to institutions higher. Much of the first quarter involved drawing down inventory held at the end of March. Underlying ophthalmology sales are growing year on year, while non-ophthalmology sales are expanding markedly with KYORIN Pharmaceutical's co-promotion, albeit from a small off-season base. Key barriers include misconceptions about the cream's onset of action and insufficient application amounts. KYORIN is also expanding pharmacy education on appropriate use, drawing on its experience in medication counseling.

Daiwa Securities (Mr. Hashiguchi)

Q1: What did the STN1014100 Phase 2 trial show regarding corneal epithelial damage and tolerability, and what are the timing, geography and indication of the next trial?

A1: Management views the trial results positively. Hyperemia and irritation were observed, but the adverse-event profile was not considered substantially different from placebo. The company plans to consult with the PMDA in the next quarter or the following quarter and aims to begin Phase 3 as soon as possible thereafter.

Q2: Can *Ryjusea* maintain sequential growth toward the JPY 4.0 billion full-year sales plan, or should investors expect a decline before the next spring season?

A2: Santen expects an overall upward sales trend, supported by what it believes is a high level of treatment continuation. However, the usual three-month treatment cycle can create month-to-month fluctuations following the large spring influx of patients. The company will continue working toward achieving the full-year plan.

Morgan Stanley (Mr. Li)

Q1: What is the revised outlook for *Diquas LX* in Japan, and are sufficient promotional resources now in place to support the recovery?

A1: The full-year sales forecast has been reduced from JPY 10.4 billion to JPY 6.9 billion because switching back from *Diquas* and other alternatives after shipments resumed has been slower than expected. First-half resources were heavily directed toward adopting sites for *Ryjusea* and *Upneeq*, limiting promotion of *Diquas LX*. Resources allocated to *Diquas LX* increased from the second quarter, and average daily sales rose approximately 7-8% month on month from July through the October data available to management, which were still partial. The first-half shortfall is unlikely to be fully recovered this year. We aim to establish a stronger March sales run rate to support next fiscal year.

Q2: What are the risks to China's full-year sales outlook, particularly from volume-based

procurement (VBP), and should investors expect further pressure next year?

A2: First-half China sales reached approximately 45% of full-year guidance, while contribution profit reached approximately 50%. Santen cannot rule out sales falling somewhat below the JPY 37.1 billion full-year forecast. A key risk is a greater-than-expected VBP impact on products such as *Diquas*, whose JPY 2.3 billion China sales forecast could be slightly missed. We intend to protect profit through cost control and see no change in the medium- to long-term momentum for double-digit growth.

We do not currently expect any additional VBP-driven downside beyond the impact already being experienced.

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End