

Santen Pharmaceutical Meeting on Long-term Vision

Jul 7, 2020

President and CEO

Shigeo Taniuchi

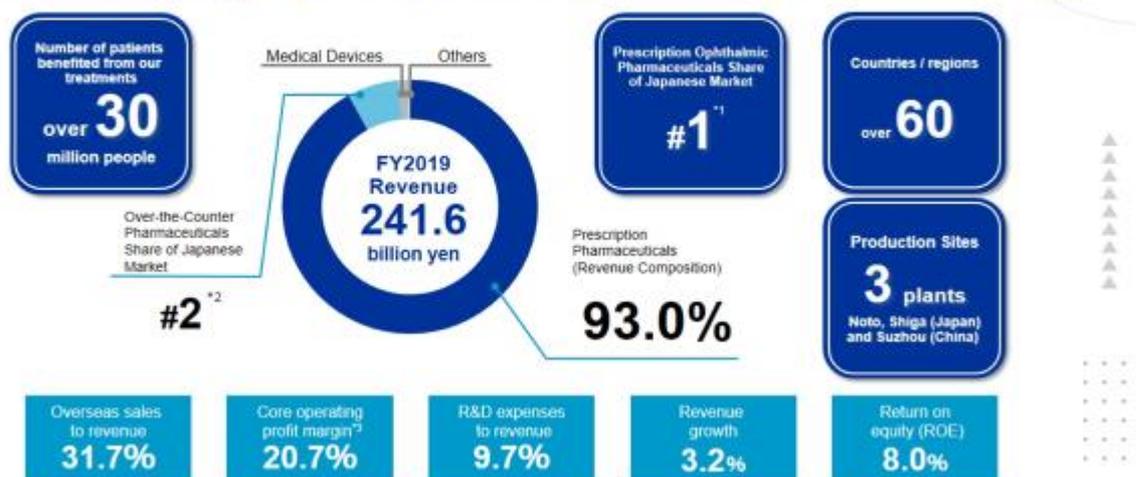


Copyright© 2020 Santen All rights reserved.

Taniuchi: Hello everyone. I am Taniuchi, Chief Executive Officer of Santen. Thank you very much for attending our new Long-Term Vision Briefing and watching our live broadcast today, despite your busy schedule. This year marks the 130th anniversary of the founding of Santen. Over the 130 years, as a specialty company specializing in ophthalmology, we have been addressing challenges and continuing to grow. Today, I would like to explain how we will face challenges related to the eyes in the world over the next decade and how we are trying to achieve growth. I hope you will take this opportunity to deepen your understanding of us and the world Santen intend to pursue in the future and continue to support us.

Business Overview

Aiming for the health of the world's vision, we are developing projects specializing in the field of ophthalmology



Copyright© 2020 Santen All rights reserved.

^{**1} Source: Copyright © 2020 IQVIA. Santen analysis based on IQVIA MIDAS 2019. Reprinted with permission.
^{**2} Market share and market position in Japanese for the fiscal year ended March 31, 2020. Source: Santen Pharmaceutical Co., Ltd.
^{**3} Santen discloses information on a core basis to better express its recurring business performance. Financial information on a core basis excludes certain gains and expenses from IFRS results on a full basis.



Taniuchi: I believe that some of you are attending our briefing for the first time, so I would like to first explain about

us just a little bit.

We are a specialty company specializing in the field of eyes. Some people will immediately imagine our products such as OTC eye drop and Sante FX. However, we sell a variety of prescription ophthalmic pharmaceuticals and medical and surgical devices in more than 60 countries around the world.

Established in 1890, the Company is one of the world's most established life science companies. Currently, there are approximately 4,000 employees worldwide, more than half of whom are located overseas.

The slide features a light blue background with decorative elements: a dotted line and a semi-circle at the top left, a plus sign and a blue arc at the top right, a vertical column of small triangles on the right side, and a dotted grid at the bottom right. A horizontal line separates the top section from the bottom section.

▶▶ Agenda

- **Vision 2020 Review**
- **New Long-term Vision**
 - ▶ World We Want to Create
 - ▶ Santen 2030

- **Brand Communication**

Taniuchi: We recently formulated a new long-term vision with the aim of further contributing to global ophthalmology. Today, I would like to take this opportunity to talk about the future we would like to aim for in this long-term vision.

Here are three topics to talk about today. First of all, I will look back on our current Long-Term Vision, Vision 2020. Next, I will explain the new Long-Term Vision, which is our main issue today. Finally, I would like to introduce our brand communication based on the new Long-Term Vision.

Vision 2020 Review

Copyright© 2020 Santen All rights reserved.

Vision 2020

To Become a Specialized Pharmaceutical Company
with a Global Presence

Maximize new global product value

Establish & reinforce overseas business platform

Strengthen Japanese business platform
and market creation

FY2010

FY2020

Copyright© 2020 Santen All rights reserved.

5 

Taniuchi: Now, let's look back first at Vision 2020.

The long-term vision, Vision 2020, covers the 10-year period from FY2011 to FY2020. In this vision, we have aimed at becoming a specialty company with a strong global presence, strengthening the business foundation and competitiveness in Japan, accelerating growth through overseas expansion, as well as maximizing the value of new products globally. Through these efforts, we have aimed at a high level of growth.

When Vision 2020 was announced in 2010, Santen was an eye drops manufacturer that did business mostly in Japan. At the time, the foundations overseas were very fragile and limited. At that time, I was also setting up a small local business in China. I often remember those days.



Taniuchi: In the next decade, however, we set out our vision, and by continuing to work together with our employees to realize our long-term vision, we were able to achieve dramatic growth.

On the sales front, as shown, we have achieved significant growth over the past 10 years. We have grown significantly and sales have more than doubled. Ten years ago, when we announced our vision, our sales were approximately JPY110 billion, and our goal of JPY200 billion over a 10-year period was extremely ambitious, challenging, and seemed to be a high goal.

In reality, however, despite challenging business conditions, including various changes in the operating environment and global efforts to curb medical costs, sales exceeded JPY200 billion in FY2017, three years ahead of schedule, and we were able to achieve growth well above our target.

One of the key objectives of Vision 2020 was global expansion. The number of countries and regions in which we operate has increased significantly, from 35 to more than 60, and the majority of our employees are non-Japanese. Overseas sales accounted for more than 30% of our total sales, and we have transformed ourselves into a global enterprise.

Major Changes in the Last 10 Years



FY2011 Acquired Novagali

FY2014 Took over ophthalmic assets from MSD

FY2015 Transferred anti-RA business

FY2016 Acquired InnFocus

Taniuchi: Looking back over the past decade, we have been conducting several inorganic activities, including business acquisitions and alliances, and achieving growth utilizing these activities. Here are some of the typical ones.

For example, we acquired glaucoma products from Merck in FY2014. This greatly contributed to the expansion of our lineup of glaucoma treatments and to sales growth, and we were also able to significantly accelerate our business development in Europe and Asia.

In FY2015, we sold our rheumatoid arthritis business, which we had for a long time. As a result, we were able to become a fully specialized ophthalmology company, and we were able to increase the effectiveness of our strategy. In FY2016, we acquired InnFocus, a company in the United States that owns glaucoma treatment devices. In addition to eye drops, we are also working to taking our new direction of providing solutions that contribute to ophthalmological medicine from the patient's perspective. In addition, we are developing such solutions as key products for achieving the goal of entering the US market, which has been our longest hope.

In addition to the above, we are also actively seeking growth opportunities through partnerships, including alliances, product introductions, and joint ventures.

▶▶ Road to Success

- 1**  **Product development**
Develop products that meet true customer needs
- 2**  **Leading market in Japan**
Transform our Japan business for further growth
- 3**  **Global expansion**
Accelerate business expansion in Asia and promote market entry in W. Europe and US
- 4**  **Product supply**
Establish competitive global products, and supply and quality assurance systems
- 5**  **Global organization structure**
Strengthen talents and organizational capabilities to promote creation and innovation

Taniuchi: Let me now explain in more detail the specific initiatives that have been undertaken in the past 10 years. In order to realize its Vision 2020, Santen has formulated five pathways: product development, leading market in Japan, global expansion, product supply, and global organization structure.

▶▶ 1 Product Development

- New products launched such as *Alesion, EYBELIS, Ikervis*
- Built a global R&D system
- Accelerated our product franchises from Japan to overseas
- Started application of new technologies such as gene therapy, cell therapy and digital technology to ophthalmology

Taniuchi: First, I will talk about product development. In the area of product development, we not only developed new products, but also launched many existing products throughout the world, which contributed to raising our presence in each region. We have also established a global R&D system and are continuing to increase the number of products developed globally. We also actively engage in a variety of activities, including joint research and development with research institutes

and companies that possess outstanding external technologies. In recent years, we have also begun developing genetic therapies and cell therapies, as well as promoting the utilization of cutting-edge technologies.

▶▶▶ 2 Leading Market in Japan

+ Vision 2020 Review
New Long-term Vision
Brand Communication

- Achieved **higher growth than the market** as a core business
- Transformation to **Solution Provider**
 - Integrating Rx, OTC and Surgical business
 - Patient-centered services such as ACT Pack (tool for supporting continuous glaucoma treatment)
- RX market share **#1***

Copyright© 2020 Santen All rights reserved.

*Source: Copyright © 2020 IQVIA. Santen analysis based on IQVIA MIDAS2019. Reprinted with permission. 10

Santen

Taniuchi: Next, leading market in Japan.

In the Japanese business, we have been making efforts to transform our business into a solution provider amid a very challenging environment, such as a drastic reform of the drug price system against the backdrop of curbing medical costs due to aging in Japan. This includes patient-centered services, and synergies from integration of ethical drugs, OTC drugs, and surgical products.

By further refining our strengths through these efforts, we have continued to grow both sales and profits. In particular, we are expanding our share of the prescription ophthalmic pharmaceutical market with approximately 50% and have established an overwhelming leadership position.

3 Global Expansion: China

- Achieved **double-digit growth** and monetization
- Realized **high CS** by strengthening sales foundation, high-qualified products and customer-oriented activities
- **RX market share #1***
- **Suzhou plant: Obtained EU GMP certificate** (only Santen has achieved this among all Chinese ophthalmic pharmaceutical companies), Decided to **construct a 2nd plant**

Taniuchi: As for global expansion, let me begin with China.

Chinese business continues to grow at a remarkable pace. We have focused on customer-oriented activities and, in the last decade, sales have grown from JPY4 billion in FY2010, by more than five times. The aging of the population in China will advance in the future and, in parallel, the medical environment will be further developed. The market is expected to continue to grow.

As an answer to the question how to respond to growing market demand, we are currently preparing to construct a second plant in Suzhou. We will realize further growth in the Chinese business as a growth driver of Santen Group.

3 Global Expansion: ASIA

- Achieved **double-digit growth** and monetization
- Focused on **medical needs** through adapting **country specific situations** and established self-sales systems
- **Expanded product portfolio**
- **Korea: RX market share #1***

Taniuchi: The following is the Asian region.

Asia has many countries and regions. In this area too, we have achieved double-digit growth by conducting activities to respond to the medical needs of local communities amid differing healthcare environments. Over the past decade, we have made significant progress in expanding our product portfolio and strengthening and upgrading our in-house sales system.

In regular customer satisfaction surveys, we are ranked Number One. We have built a foundation to support Santen's future development. Furthermore, we have already achieved the top share in South Korea. We will continue to work to increase the presence of Santen and accelerate its growth.

3 Global Expansion: EMEA (Europe, the Middle East and Africa)

- Achieved **higher growth than market** and monetization
- Launched new products to address unmet medical needs including **preserved-free** products
- Expanded geographical coverage from original business in Northern and Eastern Europe to **Pan European**, leveraging the acquisition of the glaucoma franchise from MSD
- **Established presence** in EMEA which has a big influence globally in regulatory and academic fields

Taniuchi: Next is EMEA: Europe, the Middle East, and Africa.

We have built a business foundation in EMEA since the 1990s but, in addition to this, we have mostly expanded our business in this area, due to the acquisition of glaucoma treatments from Merck, as mentioned earlier.

Over the past five years, we have broadened our business foundation into pan-EMEA by expanding our business through products from Merck, in addition to our existing business foundation centered on Eastern Europe and Northern Europe since the 1990s. Since then, we are continuing to grow by expanding our lineup of products and services that meet the needs of patients, including the provision of glaucoma treatments that do not contain antiseptics.

Europe has strong global influence in cutting-edge research, healthcare policy, and various regulations of pharmaceuticals and healthcare. The knowledge gained from doing business in Europe is, therefore, crucial to Santen's global business development, and we intend to continue developing our European business as a strategically important region.

3 Global Expansion: Americas

- Started selling products in **Canada**
- Preparing for steady **US** market entry
 - **DE-128: Completed NDA filing in aiming for market entry with differentiated product, Plan to launch in FY 20**
 - **Partnered with Glaukos on Exclusive Distribution of DE-128 in US and built sales system**

Taniuchi: Finally, North America.

We launched a team in Canada in 2018, and in 2019, we launched Verkazia, a treatment for spring catarrh. We are also making steady preparations to enter the US market. We plan to launch PRESERFLO MicroShunt this year and, ahead of this, we are building a sales structure through partnerships with Glaukos. We will successfully enter the US market and close Vision 2020 in a better form while capturing growth opportunities. At the same time, we will contribute to the benefit of glaucoma patients in the US.

4 Product Supply

- Realized **cost reduction** and **response to demands** with limited capacity
- Built **global supply chain**

Taniuchi: In terms of product supply, as the number of countries and regions where we operate businesses have increased over the past decade, we have increased sales volumes and diversified the range of products we sell.

In response, we have worked to build a global production and supply system, build and optimize global supply chains, and so on. Of course, we are also working to reduce costs. In the future, we intend to respond firmly to the increasing and diversifying products.

5 Global Organization Structure

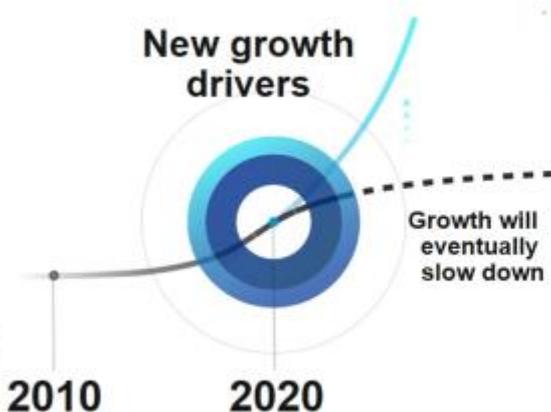
- Developed Santen Leadership Competencies (SLC) globally as the basis for our expectations for personnel based on **Core Values**
- Started **standardization of core business processes** and **business optimization** globally
- Transforming to **true global organization** based on new management frame work



Taniuchi: Global organization structure.

With the globalization of our business, the globalization of our human resources and organizational structure is also progressing greatly. Recently, the management framework has been introduced globally since FY2019. As a global organization, we have clarified the roles of each, and are working on organizational reforms to further globalize the entire company on a daily basis.

Growth



Search for new solutions that go beyond “medicine”

Unlock the market

Taniuchi: In this way, Santen has been able to grow significantly over the past decade through geographical expansion and increased product lineups. Of course, there will eventually be limits to geographic expansion and market share gains within a limited market. As technological innovation progresses on a day-to-day basis, if we continue to do the same thing, we will face limitations somewhere.

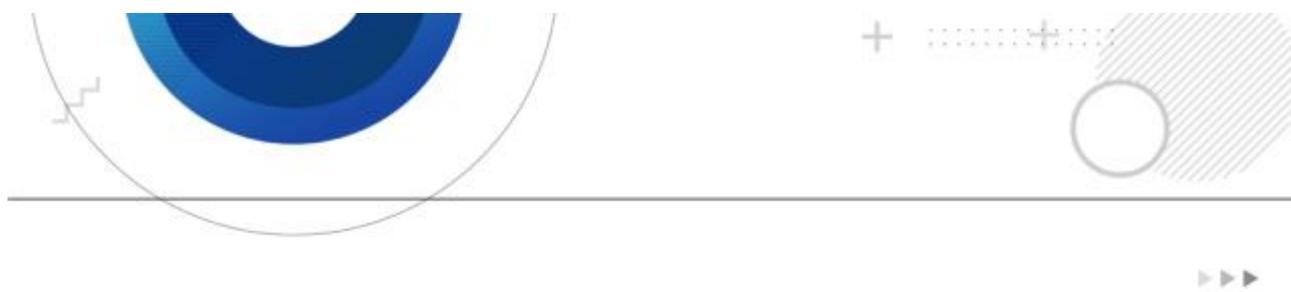
Now, what is needed to achieve sustainable and dramatic growth over the next decade? We thought as follows. The first is to actively incorporate new technologies and innovations, and to develop and provide not only pharmaceuticals but also solutions that improve the quality of life for patients and people.

Another is to invigorate market by identifying and solving the bottlenecks of global eye issues more broadly and deeply. We have considered that we can achieve sustainable growth through these efforts.

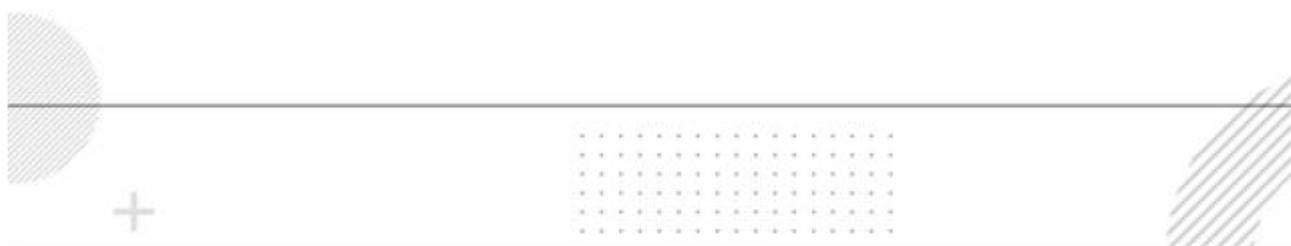
Why did we think so, and why do we think we can succeed with it? The answer is the new long-term vision that we introduce now.

First of all, what challenges are there in terms of the visibility in the current world? And what kind of world do we Santen want to create, and what kind of businesses are we trying to do?

In order to deepen your understanding of the issues surrounding the eyes of people around the world, we have created a movie, so please take a look.



New Long-term Vision





World We Want to Create

Copyright© 2020 Santen All rights reserved.

Video: Social Issue



[Please click here for video](#)

Copyright© 2020 Santen All rights reserved.

Video: Vision is of critical importance. If you are not conscious of it, you cannot truly appreciate it. In fact, our world is built on the ability to see. Signs canvas the landscape of our cities. Vision is the integral infrastructure of our livelihoods. Not to mention various sports, or countless works of art. Everything relies on our ability to see.

Everything relies on our ability to see. Our daily lives, our work, our children’s education, our ability to prosper at every stage of life depends on vision. And yet, it remains a fact that far too many people in the world today still are unable to see. Of the world’s current population, there are 2.6 billion with myopia, 1.8 billion with presbyopia, 196 million with age-related macular degeneration, 146 million with diabetic retinopathy, and 76 million with glaucoma. And of those billions of people at least 2.2 billion are disabled by their vision impairment. Further, of

those 2.2 billion who have such difficulties, over 1 billion are not being treated, or have illnesses that could have been prevented. Impediments to proper vision is a major social issue people around the world want solved. From 2030 to 2040, the number of eye diseases and disorders is expected to increase with the aging of the population, in addition to continued economic development centering on Asia. It is feared that even more people will suffer from vision problems, such as ones stemming from lifestyle diseases, as well as eye stress and myopia caused by the use of digital devices.

At the same time, significant changes are expected in the healthcare industry. More individually customized services, growing interest in health and wellness, advancements in AI, IOT and automation, and other technologies, creating innovative treatments such as cell therapies, gene therapies, electronic devices, etc.

In these times of great change in our society, precisely because of Santen's focus on eyes, by bringing together a variety of strengths, characteristics and technologies from around the world, Santen can contribute to society.

▶▶ Vision

How important is the vision?

Vision 2020 Review
New Long-term Vision
Brand Communication

Copyright© 2020 Santen All rights reserved.

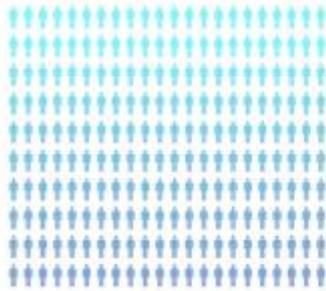
21 Santen

Taniuchi: The eyes are, again, a very important organ. As you saw, eye health has a tremendous impact on the quality of our lives. Seeing supports all kinds of human activities, such as expressive activities, sports, daily life, work, and education. As WHO stated, this world is built on the assumption that it is visible.

Global Estimates of Numbers of People Affected by Eye Conditions

Vision 2020 Review
New Long-term Vision
Brand Communication

At least **2.2bn** people are visually impaired or blind



At least **1bn** within the 2.2bn, are untreated, or could have been prevented



Taniuchi: However, there are many people in the world who are affected by eye conditions.

Statistics indicate that at least 2.2 billion people have visual impairment or have lost sight. And at least 1 billion of these 2.2 billion people may have been rescued if they were able to receive adequate and timely treatment.

How much do you think the world's economic cost of visual impairment is actually? According to statistics, it is USD3.5 trillion, or JPY380 trillion. It's a very large sum. As you saw, this number is projected to increase at an accelerating pace in the future.

In other words, Santen will be able to contribute to many people by developing treatments and promoting them so that they reach more people. That is our mission, and we believe it is also of great social significance.

Here is one thing I would like to tell you about myself. My grandfather had glaucoma. When I was a child, I was in Sapporo. My parents' home was in Tokyo, and I had a chance to meet my grandfather twice a year.

Around that time, his field of vision had begun to narrow. Glaucoma narrows the field of view and eventually makes one lose eyesight. By the time I came back to Tokyo and became a junior and senior high school student, he was completely blind. Of course, as it was 20 or 30 years ago, there were still fewer ways to recognize, test, and treat glaucoma than today.

At that time, I asked my grandfather, is it hard to be blind? He said there was no problem to live if you got used to it. But it was hard that he couldn't see his beloved grandson, me, with his own eyes, even though I grew up and got taller than him. He could only remember in his head the pictures of my childhood, touch me with his hands, and imagine. He was saying that it was hard.

Later, I joined Santen, where I had started my career as an MR in Japan. After that, I have worked on the frontline development of global business. Against this backdrop, I think the conversation with my grandfather has always been in my mind.

We will develop new treatments and deliver them to people around the world. In addition, we will work with the national government and the academic society to bring new tests, diagnostic methods and treatments to market faster and more widely throughout the world. We will also work to solve visual impairments and eye problems that

have major impacts on life. Through these social contributions, we are realizing business growth. We are renewing our desire to continue this in the future.

I am also very proud to be involved in this work.

What Changes There will Be in the Next 10-20 Years?

Explosive population growth
Global population aging

Lifestyle

Preferences

Innovations

People with eye problems will increase further

Bring together the power of stakeholders in a people-centered manner

Copyright© 2020 Santen All rights reserved. 23 Santen

Taniuchi: Now, what changes will there be in the environment surrounding people's eyes in 10 or 20 years' time? First, as the world's population grows and the population ages rapidly, the number of people suffering from eye diseases associated with aging will increase markedly, particularly in Asia. In addition, changes in lifestyles, such as the use of mobile devices, will lead to an increase in the number of people facing a variety of eye-related problems in the future.

In addition, the effects of the recent outbreak of COVID-19 have led to concerns that myopia of children will increase as outdoor activities decline worldwide.

These are not merely optimistic that the market will increase. From the perspective of healthcare infrastructure, a very serious crisis, the so-called collapse of healthcare, is approaching. Therefore, in order to achieve sustainable development and SDGs worldwide, WHO has stated that a global cross-sectional approach to eye health is an urgent matter, Santen has agreed with it and has begun to work together on this issue.

On the other hand, technological evolution will enable us to provide more detailed eye care tailored to individual needs, and to provide treatment to people who have not been able to receive treatment until now. We believe that various innovations, particularly digital technologies, will penetrate into people worldwide and their daily lives than ever before, especially due to COVID-19.

We must work to solve problems relating eyes at a faster pace than the changes in the environment surrounding our eyes and the increase in the number of people suffering from eye problems. I believe that time has come for us to lay out a path to achieving growth by bringing new innovations to the world and resolving social issues.

Santen's CORE PRINCIPLE

CORE
PRINCIPLE

天機に参与する

Tenki ni sanyo suru

"Exploring the secrets and mechanisms of nature in order to contribute to people's health" *

*Santen's original interpretation of a passage from chapter 22 of Zhongyong (The Doctrine of the Mean) by Confucius.

Copyright© 2020 Santen All rights reserved.

24 

Taniuchi: I am proud of Santen as a company that can contribute more than anyone else in the world to help people around the world who are worried about their eyes. Because Santen is one of a few companies in the world that specialize in eyes and operate globally.

Based on our basic philosophy of "Tenki ni sanyo suru" (Exploring the secrets and mechanisms of nature in order to contribute to people's health), we have thought more seriously about eyes than anyone else in the world and addressed the challenges of eyes for 130 years. I am confident that we will not lose to anyone in the world when it comes to the breadth and depth of commitment to eyes and eye expertise.

WORLD VISION: The World Santen Ultimately Aspires to Achieve

Happiness with Vision

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

Copyright© 2020 Santen All rights reserved.

25 

Taniuchi: This time, based on the basic philosophy of "Tenki ni sanyo suru," we first determined the WORLD VISION, which we would like to realize in the future. This is the ideal world that we want to ultimately aim for going

beyond the time horizon.

In addition, as a new basic mission for Santen, each and every employee will aim for this vision through a variety of activities. The WORLD VISION, “Happiness”, is what we want to aim for. Through Best Vision Experience, we want to create a world where each and every person in the world realizes their happiest lives. We will work to create such a world. The Best Vision Experience does not merely mean to improve vision in a functional sense. This means the real value of the experience in life. Therefore, we think that the Best Vision Experience varies from person to person.

For example, accessibility to new treatments will enable people who may have been unable to receive treatment before to live without losing their eyesight. I'm sure it's the Best Vision Experience. Alternately, improvement in symptoms increases the amount of time spent with family members or for hobbies. I'm sure it's also the Best Vision Experience.

For every one of us around the world, I think there is clearly an infinite number of Best Vision Experiences. We intend to envision them in our activities in the future and contribute to them.



Taniuchi: Based on the basic philosophy and WORLD VISION I have just introduced, we have established a new corporate direction for 2030 and beyond. This is our new long-term vision. It has been named Santen 2030.

Santen's VISION: Toward 2030 and Beyond

+

Vision 2020 Review
New Long-term Vision
Brand Communication

Become A Social Innovator

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

Copyright© 2020 Santen All rights reserved.

27 

Taniuchi: The most critical element in this new long-term vision Santen 2030 is Santen's ideal form for 2030, in other words, Santen's VISION.

"Become A Social Innovator" is our vision for the year 2030. This is the target for the next 10 years. We go beyond the framework of a pharmaceutical company we have developed to date and aim to grow as a Social Innovator by contributing to society.

Santen aims to realize innovation of value to the world by linking new technologies and capacities around the world, while focusing on and maximizing the strengths we have cultivated over the past 130 years as a leading global company in ophthalmic pharmaceuticals.

A company that contributes to society while continuing to focus on the field of eyes. We call it a Social Innovator, and we want to aim for it.

The innovation that I just mentioned does not necessarily mean only invention or novelty of technology. What is important is what kind of value will be brought to society through innovation.

Santen has the best understanding of the challenges and needs relating eyes for people around the world and is capable of conducting business globally. That is why we can transform new technologies into products that are of value to people and provide them worldwide.

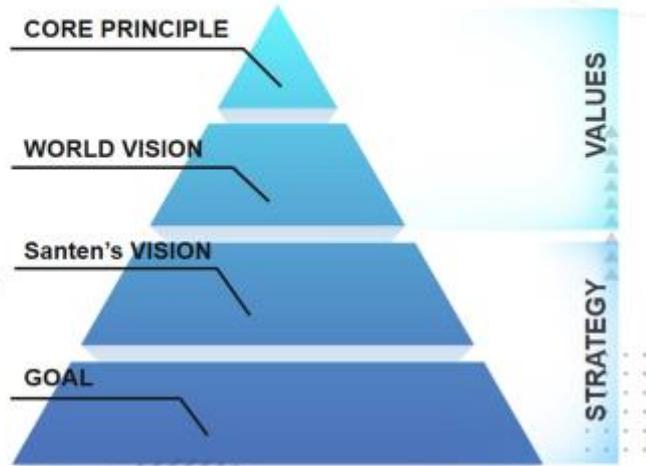
In other words, what we focus on is not what we provide, but what kind of value we provide to whom. "Become A Social Innovator" is our vision for 2030 and beyond. This is Santen's VISION.

Structure of Santen's CORE PRINCIPLE and Long-term Vision

天機に参加する
Tenki ni sanyo suru

“Happiness with Vision”

“Become A Social Innovator”



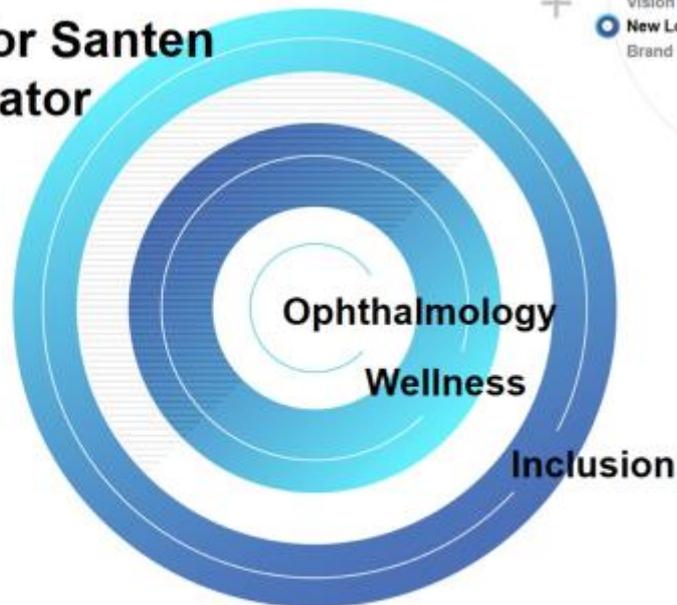
Taniuchi: Once I sort out what I've talked about so far, it looks like this.

At the top level, "Tenki ni sanyo suru," the basic philosophy. Next, "Happiness with Vision," the WORLD VISION which we aim to create beyond our time horizons and our new fundamental mission. Then, "Become A Social Innovator" is the goal of our long-term vision for 2030.

Here, how do we intend to become a Social Innovator and contribute to society and grow? The three directions for our long-term vision toward achieving Santen 2030 are as follows: (1) Ophthalmology, to contribute to ophthalmology, (2) Wellness, to pursue wellness or healthy eyes, and (3) Inclusion, to create a society where people can coexist regardless of the presence or absence of visual impairments.

Now, we've summarized the direction of this strategy in a movie, so please take a look.

Strategy Frame for Santen as a Social Innovator



▶▶ Video: Strategy



[Please click here for video](#)

Video: Looking to 2030 and beyond, Santen is committed to strategically addressing social challenges related to people's eye health. Santen's three long-term strategies are as follows:

Ophthalmology: Contribute to the development of technology and ecosystems in ophthalmology.

Wellness: encourage people to be more proactive about their eye health.

Inclusion: realize a society in which all people, regardless of vision impairment, can live together.

Our "Ophthalmology" strategy has two directions.

First is Innovation in Ophthalmology: we shall advance innovations in ophthalmology specifically with the patient's point of view in mind, thereby transcending the framework of conventional pharmaceutical companies. Specifically, we seek to: continue core business initiatives of developing therapeutic solutions for unmet medical needs and innovate therapeutic technologies, such as cell and gene therapies. Develop and provide optimal solutions not only for treatment, but for the person's entire life: prevention, diagnosis, and aftercare; and search for new solutions that go beyond "medicine" by utilizing rapidly developing smart devices and digital technologies. Our Innovation in Ophthalmology aims to free people from eye diseases and conditions, thereby improving the quality of their lives.

The other direction of our "Ophthalmology" strategy, Accelerated Development of the Eye-Care Ecosystem. First, as part of our core business, we will strive to meet medical needs through the development, marketing and stable supply of ophthalmic drugs and surgical devices. Additionally, we will implement strategies according to the degree of infrastructural development of eye care in each country or region. In countries and regions where the ophthalmology infrastructure is currently undergoing quantitative and qualitative development, the fundamental problems we recognize are: many people do not get proper diagnoses and treatments and the increasing need for ophthalmic care due to population growth and aging. Accordingly, as a long-term strategy, we will drive cooperation with medical professionals and other people and institutions involved in ophthalmic care in order to develop eye care ecosystems, including: enhancing the Quality and Quantity of eye-care professionals, facilities, and equipment. Rapidly improving ophthalmic care provision through digital technology and developing a system

that guides people to appropriate medical care. In countries and regions where eye care is already developed, societies are facing the following challenges: increasing costs of eye care due to aging populations and diversification of illnesses due to the development of lifestyle-related diseases, among other factors. In accordance with this recognition, Santen will work with various partners to achieve sustainable eye care by leveraging digital technologies, such as AI, cloud, and block chain, to improve the patient experience and social efficiency.

By innovating and developing eye-care ecosystems, we Santen will contribute to the realization of a society where more people can receive appropriate eye care.

Next, our “Wellness” strategy. “Health” refers to the “fulfillment of all physical, mental and social needs”. “Wellness” refers to “the active pursuit of health”. There is growing interest in Wellness throughout the world, especially regarding: promoting the prevention of the onset and aggravation of disease; and encouraging the healthcare industry by deregulating its surrounding industries. On the other hand, Wellness regarding eye care faces the following challenges: lack of awareness that eye health fundamentally affects quality of life. Overlooking the signs of eye disease, thereby making illness more severe. The prevalence of eye problems not recognized as disease. The limited preventive measures available for eye-related diseases. In response to this situation, as a Social Innovator, Santen believes that it is most important for society and individuals to recognize and understand that being able to see is a crucial part of daily living and of life in general. Moreover, our Wellness strategy seeks to drive “early detection” and “pursuit of better eye conditions” according to people's life stages. Specifically, we shall develop digital technology to improve early detection, innovate products and services that promote the maintenance and improvement of eye health and better predict and visualize risks to eye health.

Finally, our “Inclusion” strategy. Inclusion aims to create a society where all people—including the visually impaired—can interact and live in harmony. Regarding the state of visual impairment, we currently understand that: the percentage of people with vision impairments will increase in the future due to aging populations and changes in lifestyle.

Vision impairment affects people's quality of life, limits their social participation and independence, and undermines their mental health. Methods for regaining eye function once damaged remain limited.

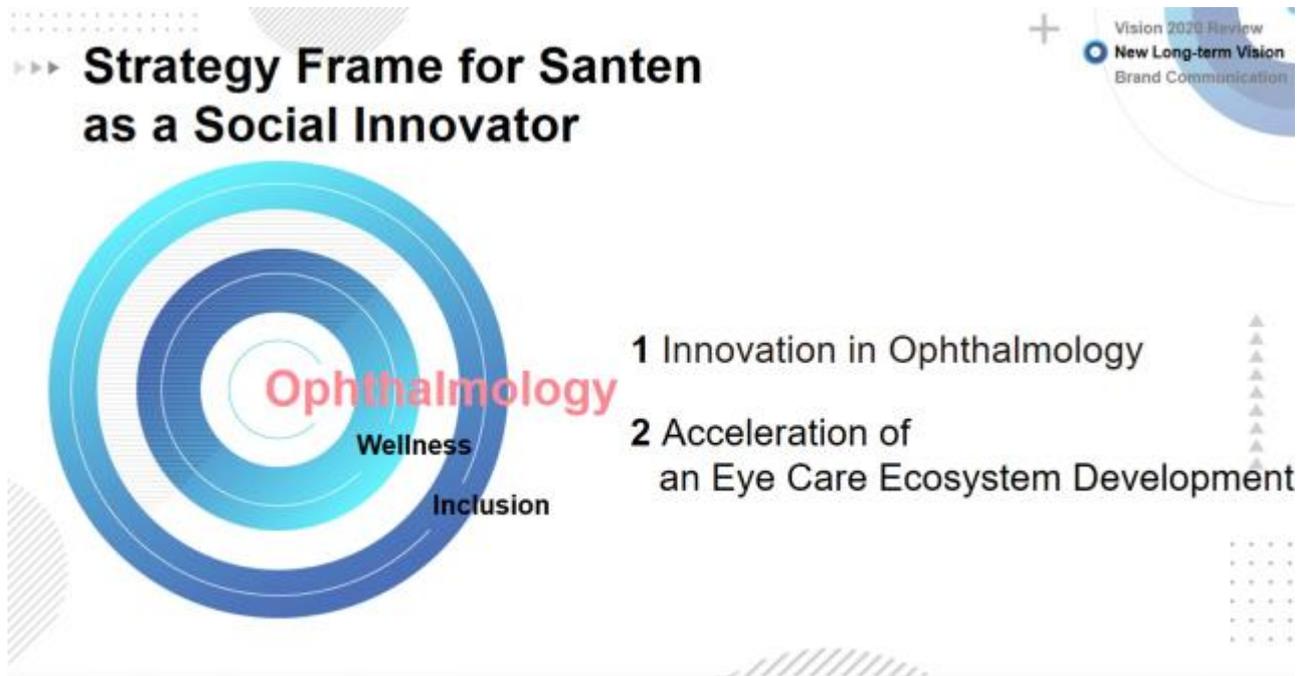
As a Social Innovator, Santen's goals for Inclusion are as follows: through the experience of “vision”, we shall strive to create a world in which every single person can achieve their happiest life. We seek to create a society where all people—visually impaired or not—can interact and live in harmony.

Santen has developed its strategy for realizing such a world, including: improving people's awareness and understanding of vision impairment, promote initiatives that enable people to enjoy and share values with each other regardless of vision impairment; and search for new solutions to improve the quality of life for the visually impaired, mainly through digital technology. With the above priorities, we shall help realize a more Inclusive world. In this video, we have looked at our Ophthalmology, Wellness, and Inclusion strategies.

What kind of world is Santen aiming for in 2030?

A world in which, patients who previously had no treatment options are experiencing the recovery of their vision through new technology. People are receiving eye care at the right time and with peace of mind. Eye care is

integrated into our daily lives. All people, regardless of vision impairment, are intermingling and living together in a lively way. For the world of 2030, we seek to reduce the social and economic opportunity losses caused by eye problems around the world and to solve social issues. We at Santen will realize our WORLD VISION as a Social Innovator.



Taniuchi: How did you like it? I believe you have understood the outline with this video, but I would like to discuss the first, Ophthalmology, in more detail here.

As you have seen, Ophthalmology includes our current core businesses of prescription pharmaceuticals and surgical devices. Going forward, we will use these as a foundation to accelerate innovation in ophthalmology. Furthermore, in order to realize social reforms and realize human Happiness through such innovations, we believe that it is essential to build, strengthen, and optimize the ophthalmology ecosystem.

▶▶ Ophthalmology 1 Innovation in Ophthalmology

- ◆ Evolution of ophthalmic medicine using **digital and electronic devices**
- ◆ Addressing **therapeutic innovation** including cell and gene therapies

Taniuchi: The eye is a very unique organ. It is the only human organ that is exposed to the outside and can be seen from outside. They are closed. It has these unique features. Hence, as you know, new surgical devices or methods besides drug therapy, as well as regenerative medicine, cell therapy and genetic therapy, have recently begun to be applied from the eye. In addition, the use of digital technologies and AI technologies are also being actively promoted in the ophthalmology field.

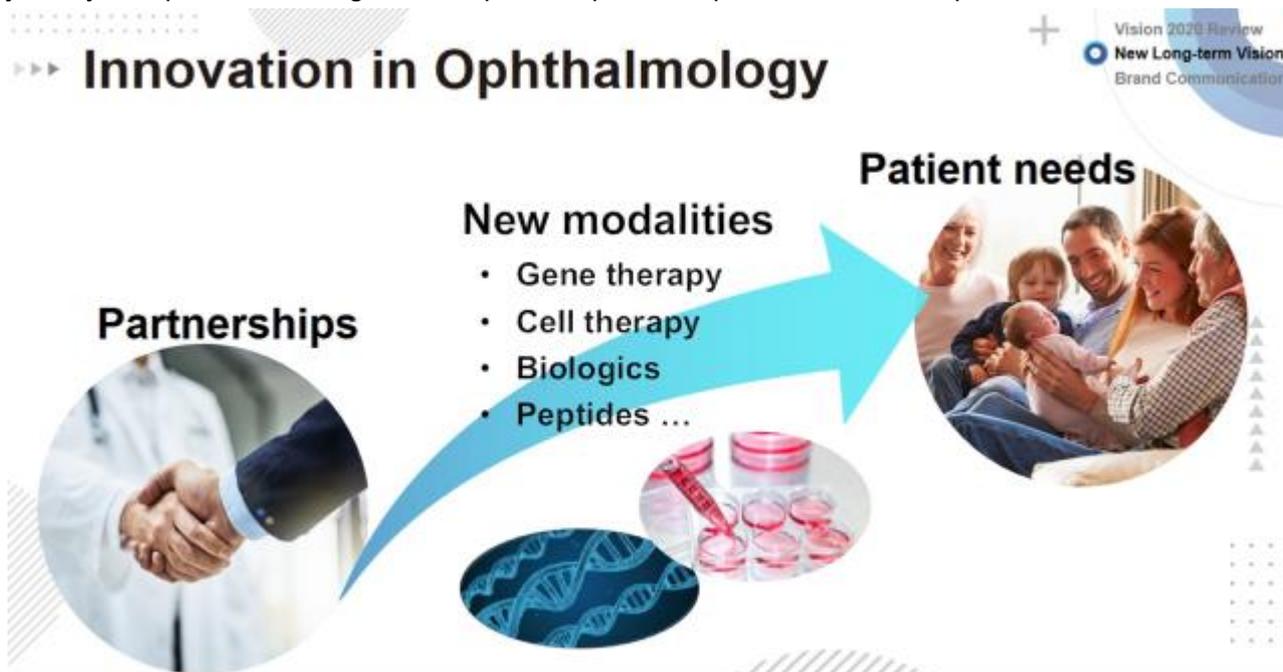
▶▶ Innovation in Ophthalmology



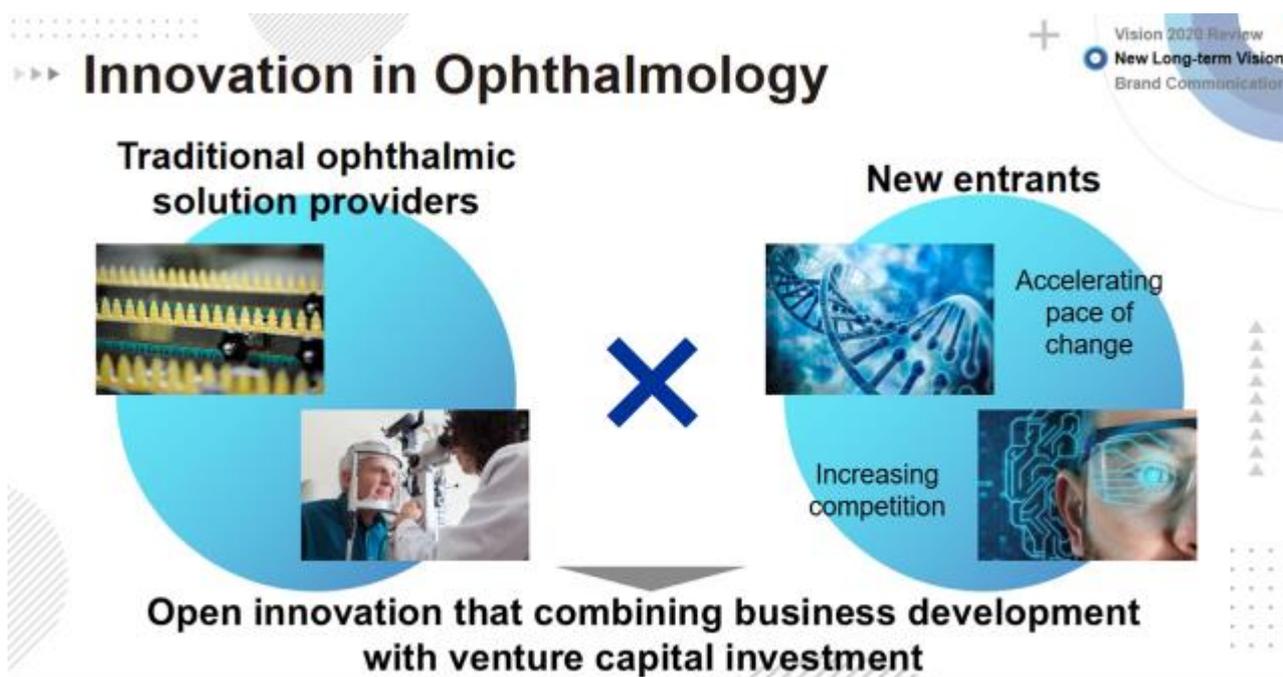
People centric clinical development leveraging digital technology

Taniuchi: First, what about looking at the next 10 years?
One thing that can be said is that the utilization of digital technologies is advancing in various aspects of medical care. I think the COVID-19 is accelerating this trend, and it is not exceptional in ophthalmology, because it is highly

compatible with digital technologies such as diagnostic imaging, as an important pillar of medical treatment. In the future, the use of digital technologies in diagnostic, therapeutic, follow-up, and other aspects of the patient journey is expected to change in all aspects of patient experience value, "Experience."



Taniuchi: On the other hand, treatment methods themselves are changing. In addition to conventional drug therapies centered on small molecules, new modalities such as gene therapy and cell therapy will evolve into therapies that meet the needs of each and every patient.



Taniuchi: Such technological innovation as I just mentioned will eventually eliminate various barriers of industries. Just as Santen itself is trying to change by shifting from a pharmaceutical to a Social Innovator, giants such as

Google and Alibaba are entering the life sciences. I believe that this is the most important evidence, for example. This is evidence of a change in the rules of competition, but it is also an opportunity for growth. Combining the strengths of other companies with our own strengths will lead to growth. The industry and markets themselves will be redefined. I believe that this will increase in the future.

Please see the video message from our R&D and business development managers regarding the topics discussed here. First, it begins with Peter from the Product Development Division.



Peter: One of the key focus areas of Santen is transforming ourselves to be the leading entity of people and patient centricity. I believe that at the end of the day our task is to be able to guide our patients by providing all needed information and insights related to eye diseases and treatments.

In order to achieve that as a first step we think we need to build a method for patients to feel value and ownership not only after delivering the final product to them, but already during clinical trials. We think it is important that we build a system that allows easier entry and participation in clinical trials without eg. having to go and see the investigator to complete an Informed consent or needing to go to the hospital for a simple blood draw.

By utilizing digital technology at all levels we believe we can create a system that allows greater ownership and participation from start. Improving the environment in which patients can easily participate will improve the success rate of our clinical trials.

As we have already seen with the recent impact of COVID-19, the shift towards remote clinical trials has begun. The digitalization of clinical trials is therefore just expected to accelerate in the future. As in real life, having everything at your fingertips we believe will become standard for clinical trials.

The other point we wish to mention briefly is new end point settings. By searching for new biomarkers and incorporating the technology of eg. imaging functional and structural changes in the eye as part of end points evaluations, we aim to accelerate and develop products to meet the needs of patients as soon as possible. We are on a quest to re-envision ophthalmology development, all in order to help our patients have a happy life through

improved vision.”

Reza: I am Reza Haque, Head of Ophthalmology Innovation Center at Santen. I will talk today on “Innovation” in ophthalmological technology. For the innovation in ophthalmology we are facing many challenges. However, I am confident that Santen can get over these, because: Santen is the global leader in ophthalmology addressing the needs across the entire broad spectrum. Our wealth of experience, our visionary leadership, our unparalleled skill set and our extraordinary vision make Santen uniquely qualified shepherd new technologies through to approval across the globe. And we are confident that we will archive that as a specialty company in ophthalmology that has been polishing for 130 years. Santen in partnership seeks to enable that change in patient management and we will do so across the entire spectrum of patient needs, Patient deserve better, and we should be at the forefront of that conversation in delivering relevant and meaningful benefits to our community. In addition, Santen has built strong relations with academia around the world as the results of its global expansion promoted in Vision 2020. Based on the strong partnership, we are conducting aggressive discussions everyday with RIKEN in Japan, Singapore Eye Research Institute, University College London, and many other universities and specialists, and start-up companies about cutting-edge treatment technologies such as gene therapy and cell therapy, and new therapeutic modalities around the globe. Under the COVID-19 pandemic we are accelerating these discussions without borders by remote working. We are also focusing on the technologies which exceed current conventional pharmacotherapy. We will achieve innovation in ophthalmology in open innovation in which we combine the strengths of Santen with those of other companies. Thus, we will contribute to Happiness with Vision of patients worldwide through the Best Vision Experience. Then next, I would like to pass the baton to Global Business Development who plays a key role with R&D in creation of “Innovation”

Araki: Araki of Global Business Development Department. Following Peter and Reza, I would like to comment from the perspective of the development of open innovation.

Santen has developed businesses in the field of traditional ophthalmic treatments, including eye drops and intraocular lenses. In recent years, however, biotech companies with therapeutic antibodies, companies with glaucoma devices called MIGS, and digital companies are entering this field, creating ophthalmic therapeutic innovation with new approaches.

With the entry of new players and the acceleration of innovation, competition is intensifying and the pace of change in the market environment is accelerating.

Against this backdrop, Santen hopes to lead the ophthalmic medical innovation through alliances with academia and external companies that possess innovative science, technology, and services, and by combining wisdom and know-how from around the world.

In Santen business development, we will continue to invest in the field of digital and devices, in addition to traditional drug therapy, while also investing in corporate venture capital.

For example, we concluded an alliance with jCyte in the field of cell therapy and collaborate with Verily in the field of digital devices. In this way, we will work closely with R&D to accelerate the sustainable development of Santen. By pursuing open innovation in a wider range of fields, regardless of the pharmaceutical industry framework, we aim to provide comprehensive solutions for the realization of the health of people's eyes.

▶▶ Ophthalmology 2 Accelerating Development of an Eye Care Ecosystem

Aging / Urbanization → **Increasing ophthalmic health care needs**

- ◆ **Contributing to qualitative and quantitative improvements for healthcare professionals**
- ◆ **Improving of diagnostic and therapeutic rates**

The Eye Care Ecosystem is a collection of different actors that contribute to the provision of ophthalmic health care and their organically functioning collaborative relationships.

Taniuchi: I believe you saw that we are taking on a variety of challenges to develop new solutions that go beyond the traditional framework of drugs and eye drops.

Next, I will talk about the development of the ophthalmology ecosystem, which is another strategic aspect of Ophthalmology.

I think that even in recent COVID-19, you frequently hear the keywords of healthcare infrastructures and healthcare collapse. The same is true in ophthalmology.

Ophthalmic only exists when a variety of players, including ophthalmologists, laboratory technicians, nurses, hospitals, clinics, pharmacies, eyeglasses stores, wholesalers, and suppliers, have formed an ecosystem. We believe it is necessary to adopt an approach that takes a bird's-eye view of both the quality and quantity of medical care, as to how more patients can receive appropriate medical care.

Development of an Eye Care Ecosystem

Increase of potential patient numbers
due to improved of disease recognition and treatment rate

Development of an Eye Care Ecosystem

Emphasis on
quality of vision



Taniuchi: Let me explain here in an easy-to-understand way, taking Japan as an example.

In Japan, ophthalmologists have drawn attention about 100 years ago, at the beginning of the 20th century, due to trachoma, an infectious disease that causes loss of sight. Trachoma has become prevalent nationwide, and measures have begun to be questioned. African countries are now said to be in such a situation.

In Japan, the introduction of the post-war universal health insurance system, economic development, and an increase in the population of the elderly led to the explosive spread of cataract operations, and the infrastructure for ophthalmological medicine has developed significantly since the 1990s.

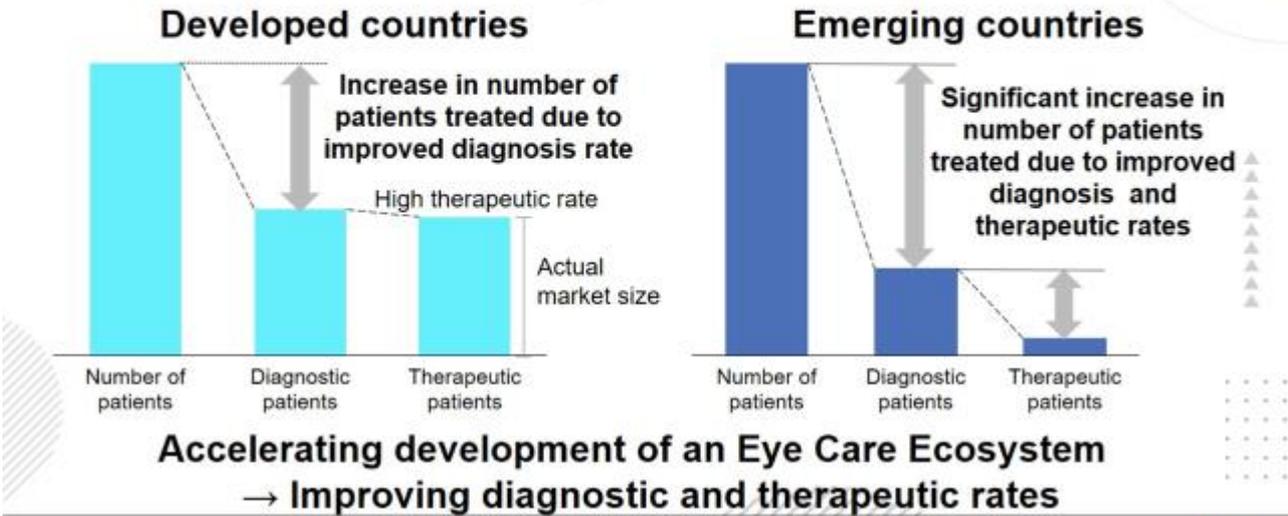
Thereafter, as lifestyle-related diseases or chronic diseases increase, we have improved the quality of the products for glaucoma and retinal diseases. As a result, we have now established a network of hospitals and other medical practitioners that covers all over Japan. The number of ophthalmologists is about 10 per 0.1 million people, and the ratio is extremely high among developed countries.

So, what about most countries in Asia, including China? The medical infrastructure is still in the development stage, while the economy is achieving remarkable growth. For example, they have not yet been able to respond qualitatively or quantitatively to cataracts. Cataract surgery can be received anywhere in Japan and does not cause loss of sight anymore. This is recognized in a sense as one of the phenomena of aging.

However, in Asian countries, including China, cataract is the leading or top cause of loss of sight. Not surprisingly, there are still few specialists in glaucoma and retinal diseases, and patients rarely receive a treatment. The number of ophthalmologists as a whole is about two to three per 0.1 million people in Asian countries, compared with ten in Japan. In other words, there are ophthalmologists only one-fifth to one-tenth of the industrialized countries. This is completely insufficient.

In addition, while examinations and diagnostics are essential in ophthalmology, there is a shortage in the number of technicians who perform them.

▶▶▶ Growth Opportunities through Developments in an Eye Care Ecosystem



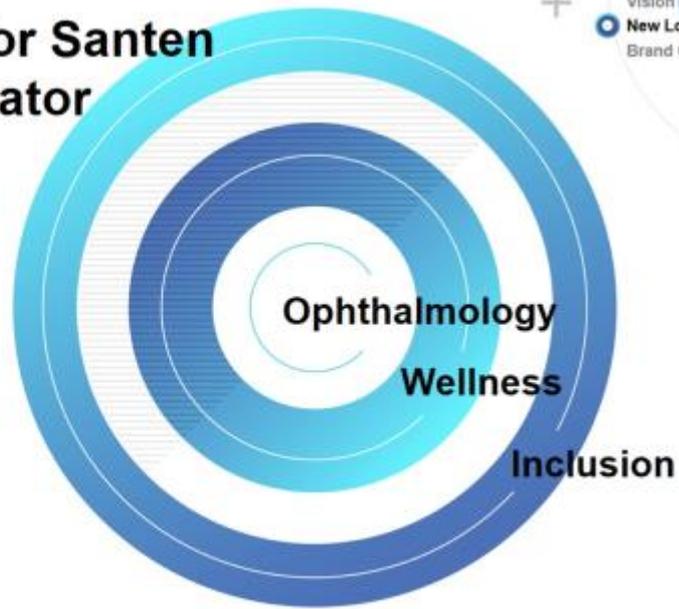
Taniuchi: On the other hand, the development of the ecosystem will also lead to the development of the market. Developed countries have a mature healthcare infrastructure, and the insurance system is well established, so they boast a high rate of treatment. Challenges in diagnosis still exist for chronic diseases, such as glaucoma and retinal diseases, or for diseases leading to loss of sight.

How will this be enhanced in the future? The main challenge for developed countries is how to increase disease awareness and increase the diagnostics rate.

On the other hand, see the development of ecosystems in emerging countries. In emerging countries, both the diagnostic and treatment rates are still very low. In other words, the market we are currently seeing is just a corner of the iceberg. How can we resolve this issue before a medical collapse occurs? We have already begun discussions with the national government, academic societies, teachers, and various partners. We intend to accelerate these efforts in the future.

In particular, we believe that the key is China and the Asian region, where economic growth and the aging of society are expected to accelerate dramatically in the future. Over the last 10 years, Santen has built a presence and foundation as a leading company in the prescription ophthalmic pharmaceuticals business in these countries and regions. We would like to make good use of those and work on them.

Strategy Frame for Santen as a Social Innovator



Copyright© 2020 Santen All rights reserved.

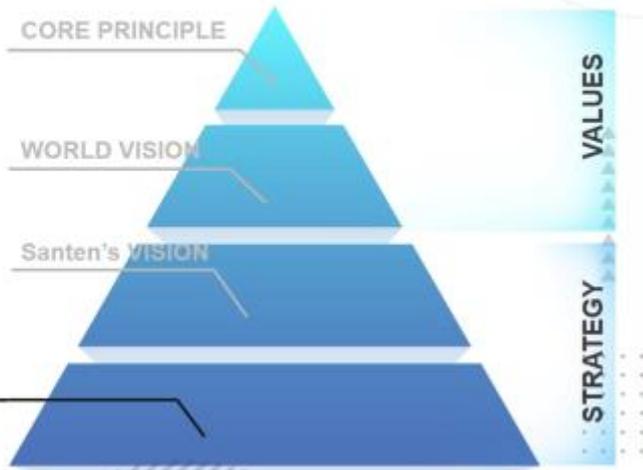
GOAL

If nothing is done,
global economic costs (US\$ 3.5 tn*)
due to visual impairment
will increase



GOAL

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



Copyright© 2020 Santen All rights reserved.

* Santen estimation

41

Taniuchi: So far, I have introduced Santen's three strategies: Ophthalmology, Wellness, and Inclusion.

As a concrete goal of our long-term vision, we aim to reduce the loss of social and economic opportunities due to eye conditions.

As I mentioned earlier, the socioeconomic loss related to eyes is in units of JPY100 trillion, which is an extremely large amount. This is increasing in this moment, too. Santen intends to contribute to reducing this loss of opportunities.

We believe that this is precisely what we can do and can play an important role because we are specialized in the eyes. We are confident that we can achieve sustainable growth by continuing to provide solutions that will lead to solutions to global issues.

As a Social Innovator specializing in the field of eye, we are committed to contributing to the general public and society, and to achieving sustainable, long-term growth by 2030.



Brand Communication



Copyright© 2020 Santen All rights reserved.

42

Vision 2030 Review
New Long-term Vision
Brand Communication

Santen Pharmaceutical



Santen



Copyright© 2020 Santen All rights reserved.

43

Taniuchi: Finally, I would like to talk about new brand communication based on our new long-term vision, Santen 2030 and WORLD VISION.

As I mentioned earlier, Santen will move beyond the pharmaceutical framework, create a new vision as an ophthalmology specialty company, and move on to the next stage with the aim of becoming a Social Innovator. Based on our determination to go beyond this pharmaceutical framework, provide a full range of eye-related solutions to people around the world, and become a global company, we will change our corporate brand from

"Santen Seiyaku", or Santen Pharmaceutical in English, that we previously used to Santen that uses only alphabets from now on.

We are not currently planning to change the registered company name, but we will use this alphabetic Santen for corporate brand communication in the future.



Taniuchi: Along with this, we will renew our corporate slogan. The slogan we are currently using is "A Clear Vision for Life," but it has been used for more than 20 years. However, as I've talked about today, our goal is not just to improve functional vision, but to increase the value of experience, contribute to society, and contribute to Happiness of each individual through it.

Here's a new slogan with such a conviction: "Imagine Your Happiness". Under this new corporate slogan, 4000 employees worldwide will work as one to achieve WORLD VISION, and we aim to be a Social Innovator by 2030. Aiming to achieve this goal, Santen will contribute to the resolution of issues related to the health of people. We will also contribute to the happiness of people through seeing.

We look forward to your continued support in the future.



Copyright© 2020 Santen All rights reserved.



Santen's Inclusion Activity



Corporate Development Division
Corporate Social Responsibility Group
Shigeo Yoshihara



Copyright© 2020 Santen All rights reserved.



Shigeo Yoshihara

<Profile>

Corporate Social Responsibility Group
Corporate Development Division (since July, 2019)
Born in 1962



- 1972 Diagnosed as Retinitis Pigmentosa
- 1984 Entered a Trading company but quit due to worsening of disease
- 1987 Got a Massage license (studied for 3 yrs at National rehabilitation center)
- 1988- 2016 Worked at Tokyo Metropolitan Government Office (for 28 yrs)
- 1992 Barcelona Paralympic: Running high jump 4th place
- 1994 Japan National Paralympic Running high jump 181cm (Japan national record ~ Present)
- 1996 Atlanta Paralympic: Running high jump Bronze medal
- 2000 Sydney Paralympic Tandem Cycling
 - 1km Time Trial 1min.4.950sec. (World Record at the time) Gold medal
 - Cycle Sprint: Silver medal
- 2004 Athens Paralympic Cycle sprint Silver Medal
- 2002 Started to play blind football
- 2007 Became Member of blind football Japan National Team(~2011)
 - (3 goals(Hat trick) in 3 min. in 2009 Asia Blind soccer tournament vs Malaysia and won by 5-0)
- 2018 Adaptive surfing AS-VI(Visual Impaired Division)
- 2019 Joined Santen

Copyright © 2020 Santen All rights reserved.



He has played blind football at "Nogizaka Knights."

Lectures and workshops for all employees



Copyright © 2020 Santen All rights reserved.



Yoshihara: Hello everyone. I am Yoshihara, who is promoting Inclusion activities in Santen CSR Group. Thank you very much.

What kind of impression do you have when you hear the words "visually impaired?" Some of you might feel sorry because we cannot see and others might feel admirable because we live well with visual impairment. I often hear such voices. Some of you may have acquaintances with visual impairments nearby, but maybe you don't care them because you are busy. Am I a poor fellow? I hope you listen to me while thinking a little about this.

Visual impairment is said to be information impairment. More than 80% of the information is said to be from the

eye. There is also a culture called Braille in the world of visual impairment. However, it is said that only about 15% of people with visual impairment can read Braille. I can't read Braille either. If that happens, we have to rely on sound, but recently we have seen advances in smartphones, AI speakers, and such technologies, and I think that their inconveniences are improving steadily.

By the way, my smartphone is here, but I don't need the screen, so it's completely dark to save energy. When you touch it, it reads out in this way, and it is possible to operate it with the voice. This enables regular use of e-mail and the Internet, and enables us to gather information anytime, anywhere. In addition, it has become possible to go to wherever you have never gone alone by using the smartphone. I feel that the world of visual impairment is changing more and more as a result of technological advances like this.

I would like to tell you about my background about the eyes, what activities I am currently doing in Santen, and what I am trying to do.

Let me talk about my eyes first. For people with visual impairments, there are various ways they see. There are people who can't see at all, and there are people who have a lack of vision. I am suffering from retinitis pigmentosa. This is one of the most common diseases that cause vision impairment. This is a genetic disease that has symptoms such as night blindness and narrow field of vision. The disease progresses gradually over 30 years.

Currently, I see only light. I see the dim lights on the ceiling. I can't see your figures. I have such a vision. When moving, I use this white cane. We often receive the service to help moving with a person, called "guide helper,"

I noticed this eye disease in a color blindness test when I went to elementary school. I couldn't read the figures. Parents thought I didn't know the numbers yet, but they doubted that I had trouble with eyes, and I began to go to an ophthalmology in my town. At that time, the disease was not found, and the diagnosis was myopia, hyperopia, or astigmatism.

I went to a university hospital when I was 10 years old, and the disease was discovered for the first time. I remember that time still well. The examination room was dark and the desk light was slightly on. The doctor's face reflected the light blankly, and I could see his face vaguely. That was the situation. The doctor made the diagnosis that I was suffering from retinitis pigmentosa. I was 10 years old, but I thought I seemed to have suffered some serious illness. I remember thinking such a thing.

I went back home and examined the medical dictionary for home use by myself. It was written that the disease has symptoms of night blindness and narrow field of vision. I thought I was seeing in the same way as my friends around me, but that was the first time I knew that I was seeing differently.

It was also written that I would lose sight in the future. I didn't know the word blind as a 10-year-old child. I remember having anxiety what would happen to me in the future.

When I went to normal elementary school, I loved sports, so I often played baseball. However I often lost fly balls. I think it was hard to find a ball because of the narrow field of vision. When I get into junior high school, the baseball was a little too small, so I wanted to use a bigger one. I have joined the basketball club. Now the gymnasium's light was too dark and I couldn't catch the ball. Then I went outside and played football.

When I was in junior high school, I had my glasses made with light-shielding lenses because the ultraviolet rays were not good for my disease. In junior high school, my friends needed me if I was doing something different. This is why I normally didn't wear light-shielding lens eyeglasses.

And when I was a high school student, I belonged to the soccer club. But, after all, I think it was difficult for me to

do club activities when it was winter and it was getting dark earlier.

As for the university entrance exam, I wanted to go on to a science course, but I gave up because I was told by people around me that it was impossible to do science because I have trouble with eyes. I think there are various options for people with visual impairments at present, but, at that time, there was no room for thinking about such a thing. That was the situation.

I got a disability certificate when I was 22 years old. It still could fairly see at the time. I could read newspapers and books without problems, and could ride a bicycle. It's a bit hard to see if it is dark. That was the degree level. I was persuaded by my mother and realized that I was already ill, so I got a disability certificate with a feeling that there is no choice.

Retinitis pigmentosa is a genetic disease. I was the eldest son of three brothers, and the second son had also the same disease. He went to the school for the visually impaired from junior high school. By looking my brother, I felt sorry because I had the image that the visually impaired who always needs a help of someone.

Now, I became the handicapped. I wondered if it would be hard to live without someone helping me from now on. But I didn't want to be such a poor man, and I'd been doing a lot of fun things so far. If I make efforts, I might be able to live as before. Or I wanted to destroy the poor physically challenged image I was thinking of. I will create a new image of people with disabilities that everyone admires. That's how I jumped into the world of people with disabilities.

In Japan, the work for visually impaired is typically associated with massage. As I was told by people around me, I went to the National Rehabilitation Center for Persons with Disabilities in Saitama Prefecture to get a massage qualification. Then, I was told by my teacher: You are visually impaired, so you should act more like someone who is visually impaired. I thought, "What in the world is this teacher saying?"

But, looking back on it now, I was living a life that was dependent on my eyes, On the other hand, my classmates around me lost their eyesight, so they were living by sharpening their other senses. Therefore, I needed to stop relying on my eyes as early as possible, and live by sharpening my other senses. I think that's what my teacher was trying to tell me. I finally understand this now.

Also, even while going to school and learning about massage, I felt I didn't want to follow a path that I was told to follow. So, I started looking into other types of work. I did a lot of research on my own. Then, I came to know that, every year, public offices hire people with disabilities every year. Although I attended school for three years and got a qualification, I got a job as a general affairs officer at the Tokyo Metropolitan Government Office. At first, I was in charge of public relations, and I handled press and parliamentary matters. In my thirties and forties, I spent a very busy life while balancing work and athletic competition.

The symptom of my eyes also gradually progressed. When I entered the Tokyo Metropolitan Government, I could work normally if I wore glasses. As my blindness progressed, I started using a magnifying glass and, also, used a magnifying reading device. In the latter part, I worked using a computer with a software that read aloud the letters on the computer screen. I think I was still a little over 40 years old. My work location changed due to personnel changes. I became a little worried about the commuting route, and I started using a white cane for the first time. By at the time, I had never used a white cane.

I used to go the ophthalmic clinic a little more than 10 years ago. However, I stopped going because of the words of my doctor. The doctor told me, "You have retinitis pigmentosa, so there are no chances of recovery in the future."

The doctor said there were chances of a cure through advancements in cutting-edge medical treatment such as iPS cells. It would be better to save up money rather than taking medicine now. I was very shocked and felt that the doctor who I had seen me on for a long time had abandoned me. I think the doctor probably told me this with kindness, but for me, I felt lost and thought what I should do. That's how I felt.

I feel like there are actually a lot of people around me with visual disabilities who have had similar experiences. When it becomes medically incurable, we don't know what to do from there. It would be nice to get welfare information about welfare immediately, but that's hard to get. You can't get that information unless you look it up yourself. That is the reality.

And four years ago, I retired from the Tokyo Metropolitan Government, thinking that there might be something that only I can do. I wanted to give lectures as a Paralympian and tried to solve social problems for people with visual impairment around me. That was what I was thinking while I carried out my activities. I also helped with the hands-on learning through blind football conducted by the Japan Blind Football Association, and that was when I was approached by Santen.

Although I was approached by Santen, at that time, when I heard of Santen, I thought it was a company for eye drops. What would I be able to do by joining a company for eye drops? I'm not using any medicine; I'm not using eye drops right now. That's what I thought for a while. The conclusion I reached from that was that being unable to see is also one of the symptoms. Perhaps there is something I can do for that symptom of being unable to see. Also, there might be something I can do or notice precisely because I cannot see.

I also have many friends with visual impairments. Many of my friends have suffered from their illness, struggled, and kept aloof due to anxiety of getting out. I want to bring them back into society again. In order to do so, of course, medicine can help, but more important is the heart-to-heart. I think that it is necessary not only for a connection to be formed between the patient and the ophthalmologist, but also between the patient and other patients. In addition, creating a network of the patient's family and other patient's family is also important.

I am visually impaired. But I don't really think of myself as someone with a disability. When thinking about why I think like this, I am able to forget that I cannot see when playing sports. As an athlete, I challenge myself to the limit in pursuit of clearing the next hurdle, which might even be just a centimeter higher, or a second faster. In this athletic realm, whether you can see or cannot see doesn't matter. You're just an athlete. Then the disability was no longer a disability. I think this environment can be created not just in the realm of sports, but also within everyday life. I thought of it in this way. And the place where I can do this is Santen. With that in mind, I decided that I would join Santen.

And now I belong to the CSR group. CSR means Corporate Social Responsibility. I think there was a strong awareness of volunteering until a few years ago, but currently that thought is starting to change. How can companies leverage their strengths and funds to solve social issues, while coexisting with society and the environment? We're starting to actively tackle such problems.

In that context, based on my experience as an athlete, and drawing on my past experiences, I conduct lectures on the theme of inclusion. I also do things such as helping with product development and planning future training activities in a behind-the-scenes role.

In in-house training, from a backstage role, I give lectures to employees on what it is like to be visually impaired, and how people should deal with people who are visually impaired. We give employees a chance to experience

what it's like to be blind by having them wear an eye mask, and then we have a discussion based on that experience. We provide such opportunities. This activity has been suspended due to the recent COVID-19 outbreak and its effects, but we are in the process of encouraging all employees around the world to attend. Through this experience, I intend to ask myself what we can do for society as a company specializing in vision and provide an opportunity for others to think this as well.

Outside the Company, I am conducting awareness-raising activities by visiting schools and companies to discuss how to realize inclusion. In some cases, I hear managers of companies where I conducted the training say that they not only gained understanding about disabilities, but it also helped them notice the importance of communicating from the other person's standpoint, and that it is helpful for business management. At schools, too, I have encountered scenes where kids who were initially hesitant about how to deal with a visually-impaired person—which they saw for the first time at the beginning of the class—gather around me when the class is over, talk to me casually, and take my hand to guide me. I feel that each person is noticing all kinds of things in their respective positions.

There are currently three visually impaired people working at Santen. Generally, in terms of working in a company, the work of someone visually impaired is to draw on their experience at the company where they currently work to continue working there, or to obtain a massage qualification to work as a health keeper. Although that is the most common case, on the other hand, we do not have anyone working as a health keeper at Santen.

Another person and I belong to the CSR group, and one more person works in HR. We are playing active roles leveraging our individual strengths. In this way, Santen is currently challenging itself, so that people don't go into the massage business just because they can't see or they have difficulty seeing. Santen challenges in order to bring forth their individual strengths and talents.

Towards 2030, Santen will make closer relations with ophthalmology and make use of it in society. I think that is Santen's strength. In developed countries, I think the aging of society will continue to progress. The body will deteriorate with age and, of course, the number of people with visual impairment is expected to increase. At that time, we would like to build a relationship with the welfare organizations that take care of us and connect the areas where cooperation with medical care was insufficient until now. In addition, by collaborating with information technology and devices that are being developed at the cutting edge, we aim to build a system that can help the areas that cannot be covered by medical care.

Also, for people with eye problems, one way is to rely on ophthalmic clinics and medicine. If that were to stop, then they might feel anxious. We hope to build a broad network where patients can connect with ophthalmologists and other patients and consult about their anxieties and worries with people who have the same illness.

By building many networks related to eye health, it will lead to solving eye health issues. I think it will be able to give a sense of relief, that it will be fine even if I can't see, and there will be a way forward.

Also, we hope to provide "Happiness with Vision" to all people through the experience of seeing and being able to see, and we look to pursue this possibility even further. When thinking about working to realize such a world, I feel a great sense of excitement as a visually impaired person. I would like to ask all of you for your support and cooperation in building such a society.

Finally, I have often had the opportunity to speak to people in this way. So, sometimes I get a question like this: If you were able to see, what would you like to see? Certainly, if I could see again, I would like to see many things,

and my life might be completely different from what it is like now. The thing I would like to see most would be my own family. I was able to see them clearly until 10 or so years ago. I still remember my family clearly. I also have a grandchild who is two years old. I have never seen my grandchild's face. I think Santen is the one that will make it possible for me to see my grandchild's face.

Thank you for your attention.

Q&A

Q1-1

First, I think you explained various things this time at the beginning about the scheme for creating innovation. Historically, the Company was in large part applying oral agents to ophthalmic medicine. Even when listening to the presentation today, I felt that there is a strong stance of incorporating innovation from the outside.

When moving on to a new model of novel medicine for the next five to 10 years, is it correct to think that this will be the basic stance? In other words, will the Company mainly bring in innovation from the outside, rather than specialize in a certain area and create a platform on its own? I would like to first confirm this point.

A1-1

Taniuchi: First, regarding this question, what we are basically placing importance on in terms of where we build Santen's strength, is the power of industrialization, commercialization, and internationalization. We believe these three areas are our competencies.

Currently, we already possess part of this, while we will build the other parts going forward, but I think this is our competency. Invention or innovation can belong to anyone. As explained earlier, we believe innovation is the whole process.

For example, we use the invention of a researcher or startup company, and then we industrialize that in the realm of ophthalmology, and then we internationalize it and sell it globally by obtaining NHI reimbursement or conducting B2C marketing. That's how we deliver the innovation to patients around the world. So, we think that the whole process is innovation.

That's why we also refer to this as "open innovation." In the past, treatment by compounds with low molecular weight was standard. Thus, as you said, we dissolved the original oral drug, put it into a bottle, and sold it. We're now doing the same thing but changing the format further. Although it doesn't change significantly, we have an overall aim of doing it at a different scale, and on a different technological platform.

Q1-2

Also, in connection to that, as for the Company's future R&D expenses, advancements in this type of innovation will step into the realm of devices and gene therapy, so I think it will require a lot of R&D expenses. I have high expectations regarding the Company's initiatives in these fields, but I have a strong feeling that the current R&D structure will be insufficient.

When doing this for 10 years, will you be headed in the direction of significantly increasing R&D expenses, or will you be limiting the pressure on the income statement by keeping a lid on R&D expenses through enhanced efficiency stemming from digital technology? Is there a direction in terms of this matter?

A1-2

Taniuchi: Yes. First, it is still not the timing at which we can discuss how much we will specifically invest in various technological fields.

One thing we can say, from the perspective of how we will manage R&D expenses in the overall income statement within this overall exposure—as well as how we will invest within the Company's cash flows—is that we will carefully look at both income and cash flows as we carry out investments.

For example, there are many forms of transactions, such as activities conducted through various corporate venture capitals, and more recently, a joint venture with Verily.

We will execute the overall investment in view of our cash flows. As for how much investments will be within the income statement every year, we will leave it at a general answer at this point, that we will be executing investment while watching the latest conditions.

Q1-3

Lastly, although drug treatment is still the central focus, you are also entering into the market through InnFocus and testing. Also, I think there are many manufacturers of medical treatment equipment and testing equipment.

If you think of doing all of that, I think there is a need to broaden the scope a little more. In the last 10 years, the Company conducted a lot of inorganic activity to increase the region. In the next 10 years, do you have the intention to conduct a significant amount of inorganic activities to expand the business and focus?

A1-3

Taniuchi: Yes. I think that is basically the right understanding. I think that we will probably need to broaden the scope, for instance, through partnerships with Verily, as well as the company dealing with myopia in Singapore, which we announced recently.

Of course, in terms of the regional platform, we will continue to expand in the US, which still has room to grow. In addition to these keywords related to internationalization, I would like to state that we will likely continue to form partnerships and drive inorganic growth in terms of solution, along with utilizing solutions themselves, the technological platforms that provide solutions, and our own efforts.

Q2-1

Regarding the 10-year vision announced this time, I think you are not pursuing numerical targets, because as you said, it is a vision, but did you have any thoughts regarding not providing any numerical figures? I think you will also be issuing mid-terms plans at several stages, but was your message to us that we should wait until then? Please tell us your thoughts on this.

A2-1

Taniuchi: Thank you. I have numbers in my mind, and I talk about our targets in a social backdrop. But, let's say that we were to give numbers at the stage where we cannot give specific information on what kind of investments we will make, how we will make them, as well as what kind of returns will be generated, and at which stage. Then,

we would be a little concerned about those numbers taking on meaning on their own and having an effect both internally and externally.

Partly because of that, we thought it would be appropriate to discuss our targets as a set when we can also discuss about these numbers. I hope you will understand that, this time, rather than those numbers, our talk has mainly been on the future vision of the Company, the value we provide, and the matters that we wish that everyone would understand.

We also hope that we can include the matters you mentioned when issuing the mid-term plan and annual disclosures.

Q2-2

Okay. In extension, when creating a 10-year vision, I think you have, of course, given consideration to the global competitive landscape. Especially, recently, we are entering an age of extremely large transformations, though not to the extent of the consolidation of players.

How do you think the competitive situation in the overall industry will change in the next five or 10 years? Another point related to that is that I think there was a lot of conceptual or abstract discussions today because it was a 10-year vision. If there are one or two points that you would like to underscore as Santen's true strengths, what would they be?

A2-2

Taniuchi: Thank you. Regarding the competitive landscape, that is about other companies, so it is not a matter that we should explain.

For example, if you look back at when we issued Vision 2020, I think no one would have thought back in 2010 that Alcon and Allergan would have been how they are now. Back then, we were discussing how we would want to be third in the world, but we didn't think that would disappear or change.

I think that's the part that can't be known, and I think there could, of course, suddenly be a different M&A, creating new players. That is something that holds true regardless of the industry. Ten years ago, nobody would have thought what it is today. That's what I think, so changes will definitely occur. Conversely, because the future is unpredictable, rather than thinking too much about what will happen, we want to focus on the value that we provide. What we can say for sure is that the number of patients will definitely continue to increase, and they are having problems. This is something that is unchanged. Regardless of how competitors are doing, or what will become of our Company, the 2.2 billion people that we mentioned earlier will be unchanged, and these people will increasingly face problems. We will keep this point in mind, and we are currently returning to the point where we think of a way to leverage this ever-growing number of patients and number of people with problems, in order to drive the Company's growth.

As for the strength I would like to underscore, the area that has become our strength, especially over the last ten years, is the three areas we mentioned earlier: industrialization, commercialization, and internationalization. A key point over the next ten years will be how we polish this strength.

The reason is because, for instance, just around 10 years ago, we were still a Japanese eye drop company. We were weak in industrialization and commercialization, and we were virtually unrelated to internationalization.

As such, we have formed partnerships in Japan, such as with EYLEA. Although we were in a situation where we could only form partnerships in Japan, we now have an ex-US global partnership with jCyte.

The reason is because we have steadily increased our strengths in industrialization, commercialization, and internationalization, and I think this is proof that we have been recognized by patients. Once we can do this, we also want to expand globally beyond the US. I'd like you to understand that this is a great result over the past 10 years, in which we have built our strength. And there are virtually no other companies with this strength globally, so I hope you will continue to focus on this one-and-only strength of ours.

Q3-1

First, you mentioned earlier, in the part on the reflection of Vision 2020, about the 40% to 50% target for the overseas sales ratio in terms of the quantitative target for global expansion, as well as the goal of becoming one of the top three firms in the world.

How do you reflect on these points, though I'm well aware that the environment has changed in many ways? Can you first tell us your views on which parts were achieved, and which parts were not achieved?

A3-1

Taniuchi: This is also a discussion on the part about our goals touched on earlier, but our original goal under Vision 2020 was to become a specialist company with a global presence. When we mentioned establishing a global presence, many people wanted to know what that would entail, so that's why we gave quantitative targets like becoming one of the top three, and also the target overseas sales ratio.

Regarding how the results went, if you ask us whether we have become a company with a global presence, our answer would be "yes." In terms of the change over the past 10 years, especially the last five years, I believe that we have certainly gained recognition from both doctors and patient groups, that Santen is an irreplaceable partner for the global ophthalmic community as a global player, both from our own perspective, and also from the perspective of the market.

We weren't able to reach the quantitative targets or KPI of 40% to 50%, or become one of the top three, but there are various reasons for that. For example, in terms of the goal of 40% to 50%, we actually sold more products overseas in sales than we initially envisioned. But even though we thought sales would decrease more in the Japan business, sales actually grew, albeit it might be strange to say it performed "unexpectedly well." As a result, the overseas sales ratio remained at a little above 30%, and I think this is a good thing.

We thought that the Japan business would shrink, but it held up and instead expanded. Even though overseas sales did well, it only went up to 30%. I think this is a wonderful thing.

Also, in terms of becoming one of the top three, we said that we want to become the top three, envisioning ourselves in the position following Alcon and Allergan. But, when we noticed, the companies had changed for Alcon and Allergan. Meanwhile, different players grew significantly in the posterior eye segment market, and went above Santen. I think it would be wrong to say that we succeeded or failed in our targets, just because we were sixth or seventh based on those results.

In terms of presence, though there are still countries where Santen has not yet established a top-three position, I think we have delivered steady results by establishing such a position in many countries. Of course, we are looking

at the KPI, and we reflect with regret on some parts of it, but I'd like you to understand that we more than sufficiently achieved the targets under Vision 2020 that we envisioned back then in real terms.

Q3-2

Thank you very much. The second point I'd like to ask is about Santen's ophthalmology platform, and the statement you made earlier about the Company's strengths in commercialization and industrialization. Could you tell us about your evaluation of your initiatives conducted so far in Japan, as well as your thoughts on which parts have been realized, and which parts are yet to be realized?

Specifically, I think it has already been several years since rolling out the treatment continuation program in Japan that you introduced in the previous mid-term plan. What have been their results, what value does it actually provide to customers, and has it translated into higher sales for the Company?

Also, regarding medical equipment, especially intraocular lenses, I think the Company's strength in prescription drugs is not fully utilized yet. In the future, while leveraging these strengths in digital, gene therapy, and cell domains, how do you plan on self-evaluating your initiatives, and how do you intend to make improvements?

A3-2

Taniuchi: Thank you. Regarding communication and continuation treatment of patients, including ACT Pack, it is similar to the discussion on ecosystems earlier. This can't be compared in terms of whether it existed or not, so it's hard to say specifically whether it contributes to sales.

But, in terms of proliferation, I think we can say that it has spread a lot. Going forward, I think the learning from this domain, will be a must-have in the remote treatment and communications that will take place down the road amidst the COVID-19 outbreak.

We feel we were able to learn about these matters ahead of others through ACT Pack, and we hope to leverage what we learned. I can't say specifically what we will actually do, but we will start preparing our next solutions in Japan that draw on what we learned, and we also hope to do so overseas.

After all, medical results cannot be achieved unless the overall process is established, including the testing, diagnosis, treatment, continuous treatment, and follow-up of patients. We understand very well that there is no point if patients are just using the medicine before visiting the hospital or using it only when visiting the hospital. We now understand the gravity of this problem, and this is also a problem in Japan. We hope to leverage this learning.

Also, in terms of IOL, we fell slightly behind the plan that we initially envisioned. But, as a business, it is growing, and it is growing robustly compared to the past. Meanwhile, the competitive environment is different, because obviously a business where we have a 50% market share, and a field where we newly enter as a challenger, would entail a different strategy. While there is a lot to learn, we intend to conduct our activities by earnestly incorporating what we learn.

Also, in the future, when entering the domain of cell therapy, there will of course be a need for elements that are technically different. We intend to prepare thoroughly in advance for such matters, and to sincerely reflect the areas where resources could be used as expected, and areas where they couldn't be used as expected. We hope to deliver overall growth by incorporating such matters.

Q3-3

Thank you. My third point is about the new technologies that you indicated in today's long-term vision. Regarding the areas such as digital, genes, and cells, at what kind of timing do you plan to carry out initiatives, and what kind of initiatives will they be? Could you tell us a little more specifically about what kind of timing these initiatives will appear over the course of the next 10 years?

Also, in your explanation earlier, you talked about industrialization, commercialization, and internationalization. While you tackle these new technologies, what kind of needs have you heard from your partners, and what kind of value will the company be able to provide?

A3-3-1

Taniuchi: Thank you. As for gene therapy, cell therapy, and digital, I cannot give a timeframe, but each area requires a different length of time for development.

Of course, when talking for instance about gene therapy or cell therapy, these still need to be applied to humans, so it will naturally take some time. To a certain extent, we intend to carry out various activities ahead of time. As for digital technology, it may take some time until the POC, but once that's done, it could develop rapidly from there.

As for the timeframe at which these initiatives will start appearing, we will not be able to discuss the timing of these projects until there is more information about their specifics. We intend to work to roll out even a small part of these initiatives into the world during the current mid-term timeframe as much as possible.

Also, in terms of expectations toward Santen, while the expectation varies depending on the partner, the typical pattern of startups and research firms is that they pin hopes on our global network, as well as our strengths in industrialization and commercialization, as explained earlier.

That applies not only in terms of our in-house capabilities, but also in terms of the touch points we actually possess in many countries and at many hospitals. We are able to deliver the products to these places and receive feedback from them. From their perspective, that is an area where they overwhelmingly fall short. They pin great hopes on Santen in terms of having discussions with various doctors, and that is where they want us to lend our strengths. I think there are also venture companies that can establish win-win relations with us by asking Santen for help in these areas. We intend to polish these strengths, of course, including our own discernment.

Mr. Araki, if you have anything to add, based on the discussions you usually have, please go ahead.

A3-3-2

Araki: Thank you. This is Araki from the Business Development Department.

From the perspective particularly of our partners, as Taniuchi just mentioned, we know our patients very well. In addition to the expectation toward Santen for having a good understanding of the on-the-ground conditions in the field of ophthalmology, we also often hear about the high level of our commitment.

Although this is also related to a different question asked earlier, I think among our competitors there are companies that became large and just became "one of them" in the therapeutics area of ophthalmology, but Santen has continued to operate only in eye care for the past 130 years.

Because we are focused only on eye care to the extent that we cannot even raise or lower business priorities, partners feel that Santen would see their ideas, technology, science, and know-how to the end with responsibility. Fortunately, we also often hear that we are the first ones that they approach.

A3-3-3

Taniuchi: We will never withdraw from ophthalmology, and we share this commitment in discussions with many people. When I took over Mr. Kurokawa's position, I was told that there are two things that must not be changed, and these were the Company's philosophy and ophthalmology. Everything else can be changed, and that is the kind of commitment we would like to have in doing our business. Thank you.

Q4-1

My first question is about Mr. Taniuchi's presentation, where he explained many times that the Company's focus is ophthalmology. When hearing his explanation, it makes sense to me, but looking at the past 10 years, in terms of whether innovation has actually appeared particularly in many ophthalmology companies, this was not necessarily the case.

I feel that there were also many cases in which companies that were actually strong in life science, and, more broadly, have knowledge in neurology to an extent, possessed technological platforms, and were good at clinical trials that ultimately created innovation.

Thinking about the next 10 years, could you explain a little further the reasons why you think that there are more opportunities for a company focusing on ophthalmology to create innovation even more than before?

A4-1

Taniuchi: I would like to refrain from talking about individual companies or products, because it could lead to misunderstanding.

In terms of the past 10 years, I think a major area was in illnesses related to the posterior segment of the eye. As an anomaly, in this area, antibodies used in anti-cancer drugs were applied to ophthalmology, and this case alone led to significant changes in the market. With that in mind, I think whether or not the Company is an ophthalmology company is a completely different matter.

While that is the case, I think in the meantime we have created various innovation. Of course, because the other companies are far larger in scale, it might appear that we haven't created much innovation, but that is actually not the case. We have in fact steadfastly contributed to various innovation and treatment as an ophthalmology company.

Examples include dry eye, allergies, and glaucoma. Due to the difference in scale, this might look small, but we believe that have grown sufficiently in the past.

Based on these continual efforts, we might even see huge opportunities that appear in the future. As seen in our partnership with EYLEA in Japan, we will be incorporating all kinds of things in tandem with the major changes in the external environment. Simultaneously, we intend to carry out initiatives that are down to earth.

Sorry if this didn't directly answer your question.

Q4-2

Thank you. My second point is regarding the image you have of what kind of revenue structure would be established once you realize the Social Innovator vision 10 years later. You introduced three axes, and the first one was relatively easy to picture in terms of how it would be monetized. Regarding the second and third points, while these are initiatives for society that are unique to Santen, could you explain your thoughts on how they would be monetized?

A4-2

Taniuchi: First, we are not at the stage yet to be able to share how much Wellness or Inclusion would translate into sales or profits. I believe there are huge possibilities in these domains, considering the size of the target needs, and the extent of the target population, as well as the overwhelming scarcity of currently available solutions. The rest is up to how we monetize that and integrate that into our business model.

To give one example, I think the dental care market in Japan is already established to a great extent. Also, I think skincare is a domain that is already established, but eye care is not established at all. Even though about the same number of people experience problems related to the eye, there are not many solutions in eye care compared to dental care and skin care.

Because Japan has a relatively large OTC market, it has more solutions compared to others, but the eye care market is still overwhelmingly smaller than other domains. Or, if you go to Asian countries, these solutions themselves don't even exist. So, there are opportunities depending on how you conduct business in these countries. Even though there are needs for this large population of several hundred million people, this demand hasn't taken shape yet, and solutions are not available. If we take the necessary steps, a business model will be created, resulting in some form of revenue.

I'm sorry for the very vague answer, but we hope to take action with that kind of aspiration. Thus, unlike Rx, where the market is more or less determined, I think the business will be conducted in a different way. However, the target number is overwhelmingly large, leading to a large social loss and economic loss, as explained earlier. While unraveling that area, we hope to create business opportunities in the future.

That said, inclusion may not be an area that deals with profitability. But by continuing to conduct inclusion activities, the axis of the Company in terms of Social Innovation will be established from the perspective of SDGs. We hope that, through these activities, the Company will become more essential to society.

Q4-3

I got the impression in today's long-term vision that the importance of regional strategies, where you would employ strategies depending on the region, would decline compared to the past. That said, I would still like to hear your views on how you plan to operate the US business going forward.

It is fine if you answer that you don't have a strategy particularly for the US over the next 10 years, but if you do, could you introduce it to us?

A4-3

Taniuchi: First, in terms of the short term, or the next few years, over a span of three to five years, we must think

how to launch the self-sales phase that we are about to enter into. How much will we be able to achieve in the US after launching self-sales in extension of the existing business? While this involves both organic and inorganic growth, given that we still do not have a footprint in the US, I think the key in the US will be how much we will be able to expand this footprint.

That will probably lead to our next operations, too. Once this is established, and we are able to create a good business, I think the next innovation will start appearing better in the US. So, in that sense, one of the keys will be how much presence we will be able to establish in the US in the medium term, starting with the partnership with Glaukos, over the next few years in the US.

Beyond that, we are thinking in terms of the global approach that we discussed today. Of course, I think that, in the part related to innovation, markets close to advanced countries will be important, and Wellness is something that is more related to advanced countries.

Meanwhile, the discussion about Ecosystem and Wellness will be important in Asia, too. We will probably employ a global approach, while adjusting the degree of our emphasis depending on each region.

Q5-1

I would also like to ask some questions.

There was an explanation earlier about the Company currently conducting business in medical drugs and medical devices beyond the framework of pharmaceuticals, but I would like to know more about the business other than those fields that deal with total solutions.

In considering the monetization of this business, would it be better to think that these solutions will start contributing firmly to revenues over a long-term span, such as 10 or 15 years, rather than the next five years? Could you tell us about the timeframe?

A5-1

Taniuchi: Although it is difficult to say in how many years, I hope you will understand that we will be taking these long-term initiatives. Conversely, rather than going to capture superficial demand in a rush over the short term, we will be facing these topics squarely, given that the target is vast. While orchestrating well with other players, we hope to capture this need steadily by spending time on it.

Q5-2

Thank you. My second point is that I felt the main initiative, based on your earlier explanation, regarding the part about gene therapy or cellular medicine, will basically be through partnerships and collaborations.

Is it correct to understand that Santen does not have an intention to carry out these initiatives in gene therapy or cellular medicine on its own?

A5-2

Taniuchi: Basically, you can understand that we will be keeping such innovation and inventions open. Put another way, we think we should use common sense in terms of whether we can possess know-how that surpasses Riken by launching such businesses at this stage. Alternatively, there are research institutes and startups in those fields

around the world. I think it suffices for us to simply partner with these places.

Of course, I don't know if there might be something that comes out of our own research lab unexpectedly. But there is no need for us to be fixated on coming up with those things on our own. Rather, there are inventions around the world, so it boils down to how we form partnerships with these entities. We believe our mission, after all, is to deliver that invention to the world, and to create added value on that vector.

Instead of competing in terms of invention, I think it's crucial that we form good partnerships with people who are working in those fields.

Q5-3

Thank you. Lastly, I think it is probably an issue right now that the diagnostic rate in emerging countries is low. I think there are various solutions, but what do you think is the issue that needs to be tackled first? Do you think it is awareness-raising activities, or is it first necessary to increase the number of doctors? Could you tell us a little more about this, including your views on the timeframe?

A5-3

Taniuchi: This will change depending on the country and target disease. Rather than thinking about which one has a higher degree of urgency, we intend to tackle the ones that take up a lot of time as early as possible.

Of course, if for instance there aren't enough doctors, then we wouldn't even be able to do anything about it. But, in that case, when thinking about how to increase the number of doctors or medical technologist, there is probably various approaches depending on each country, and these approaches need to be carried out. Of course, it takes four to six years to train doctors, so I think this is an area that requires urgent action.

Meanwhile, directly connecting patients with digital and remote medical treatment will definitely appear again in the future. I think these things will be implemented in society, so we hope to work on them steadily in step with the timing at which they are introduced. I think their rollout has been accelerated by COVID, so we intend to work on them while considering how the technology starts appearing and its lead time.

Q6-1

Thank you for today.

Hearing your explanation today, I had difficulty understanding the KPIs in terms of the vision compared to the previous vision you announced for 2020. I also thought it was difficult to understand how you intend to orient the business model.

Should I understand that, if I look at the mid-term plan that will be announced sometime in the future, I will be able to know what you are thinking about in terms of the long-term vision for 2030, and how you intend to achieve that vision? On what basis should we conduct discussions in the future regarding whether your 2030 vision is going well or not?

A6-1

Taniuchi: Compared to the previous vision, due to the reason explained earlier about such KPIs, we are still in the stage of internal discussions and have not been able to issue KPIs. Thus, in the first place, we still haven't

been able to formulate KPIs.

One reason for this is because this is a “vision” we are aiming for, and it is still not a “plan.” Thus, we hope to be able to discuss this with you once this vision enters the stage of becoming a plan. After all, what we are sharing with you today is our vision of how we should be, or how we want to become. When this enters the planning stage, we can probably talk about KPIs, goals, and timelines.

Another factor is that, in our previous vision, we were talking about our plans in a specific market—prescription drugs—where the rules are already determined, so it was easier for us to communicate the vision. However, this isn’t the case this time, because we only see a vague picture of the issue, which is the 2.2 billion people, or JPY380 trillion, as explained earlier. We are discussing our vision in a situation where we still don’t understand the rules, timelines, and solutions in order to execute our vision.

Moreover, we are in the midst of major changes taking place around the world because of COVID, so we decided that we would explain the direction in which we are headed, rather than producing uncertain numbers. The rest boils down to facing these uncertainties and striving with agility. While doing so, we will probably understand what is going well, and what is not going well. We will probably also see which areas are proceeding as expected, and which are not. I think we will be deciding on these matters as occasion calls.

Q6-2

I think my question would be paradoxical, but should I understand that you are envisioning the company, keeping in mind that the corporate value of Santen Pharmaceutical will naturally go up once you achieve this long-term vision?

A6-2

Taniuchi: Yes, of course.

Q6-3

Essentially, based on what I saw in the slides today, the presentation is probably premised on consideration toward various stakeholders in terms of inclusion from the perspective of sustainability.

I would lastly like to confirm whether the positioning of minority shareholders has changed against this backdrop. Could you tell us if the importance of minority shareholders has changed?

In a nutshell, while you carry out various initiatives, there will be initiatives that will create value, but also those that do not directly create value. It’s hard for us to determine how to view the vision, because at this point, we do not know how these initiatives will define the business model. My question is, therefore, whether the Company will do fine in those areas.

A6-3-1

Taniuchi: First, we do, of course, keep in mind to increase our corporate value, both for our shareholders and for society. In particular, amidst the current trends prompted by COVID-19, we think that the times are shifting further toward focusing on matters that are essential to society and on sustainability.

In this context, we believe the area of eye care is a favorable domain where sustainable growth can be expected,

and I think that is where we wield strength. The question is how we ultimately carry out initiatives in accordance with the firm position we establish in that area. Although I don't know where monetization will come from, and how it will appear, we will be leveraging our strengths in the areas where they are most effective in the world, in response to the issues that are sure to increase. By doing so, although I am not sure how the world will change in the next 10 years, I think we will be able to realize an even better growth.

We hope to increase our corporate value accordingly, and to provide and return that value steadily to shareholders. Mr. Suzuki will also comment on this.

A6-3-2

Suzuki: When we expand our business domain, as explained today, there will of course be ordinary people and patients beyond those domains. Even when I hold briefing meetings for individual investors, these meetings are not just for the minority shareholders in front of us, but also the patients and customers that lie beyond them. I think that, conversely, the importance we place on patients and customers will never be diluted.

We think the key will be to carefully explain what we intend to realize in the future through such discussions, in order to gain understanding.