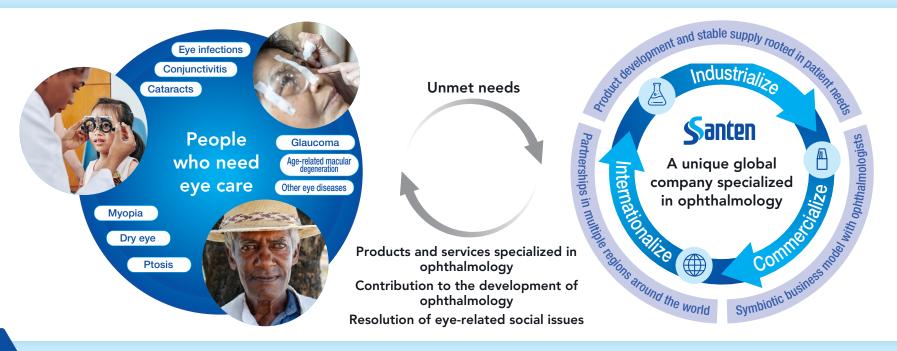
Santen Report 2021

Purpose

Strategy

## Value Creation Model

Santen specializes in ophthalmology and develops products and services from the patient's perspective. We will contribute to people's lives and achieve corporate growth, leveraging our strengths in industrialization, commercialization and internationalization, and incorporating digital technologies.



**Specific** strengths



### Industrialize

- Ability to create products using formulation technologies based on an unparalleled understanding of the characteristics of the eyes as a specialized company with a history of more
- · Commitment to patient ease of use, from pharmaceuticals to eye drop containers
- World-class manufacturing volume capability of ophthalmic products that have contributed to approximately 43 million patients1 worldwide



## **Commercialize**

- A broad lineup of more than 70 products,<sup>2</sup> extensive and in-depth expertise in ophthalmology and proposal capabilities based on the patient's perspective
- High customer satisfaction (No. 1 in Japan<sup>3</sup>), resulting in steady product uptake
- Contribution to the development of ophthalmology in each country and region we serve through measures such as support for the establishment of diagnostic criteria for eye diseases and provision of training for medical professionals



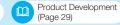
### Internationalize

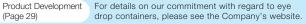
- Rollout of our broad lineup of ophthalmic products, in-depth ophthalmology expertise and thoroughgoing patient perspective to more than 60 countries/regions worldwide
- A network of more than 120,000 ophthalmologists and wide-ranging partnerships, from ophthalmology research institutes to IT companies
- Strong presence as a unique global company specialized in ophthalmology, backed by our track record

<sup>&</sup>lt;sup>2</sup> Number of Rx products sold in Japan 3 Percentage of ophthalmologists rating Santen the first among companies providing ophthalmic prescription pharmaceuticals. Santen calculations based on external data.













Social & Environment

Estimated total no. of patients to which Santen contributed (therapeutic areas: inflammation/allergies, cornea, glaucoma, cataracts) in FY2019 was approximately 43 million, calculated based on JMDC's estimated total number of patients for Santen's Rx products and Santen's shipment data

Purpose

Santen Report 2021

Strategy

Social & Environment

# **Creating Shared Value**

Santen's vision for 2030 and beyond is becoming a Social Innovator that orchestrates and mobilizes key technologies and players around the world to deliver happiness through vision. We are working to create shared value in collaboration with various stakeholders to resolve eye-related social issues and achieve sustainable company growth.

## Inputs

#### **Social Capital**

Value Creation

- Insights from patients and medical professionals
- Partnerships with medical professionals and suppliers
- Dialogue with capital markets

#### **Human Capital, Intellectual Capital**

- Experienced leadership team
- Approximately 4,200 diverse employees worldwide with expertise in ophthalmology
- Excellent technologies and knowledge from partner companies and organizations
- Data utilization

#### Manufactured Capital, Natural Capital

- A production system specialized in ophthalmology that manufactures high-quality products
- Stable supply through a global product supply network
- Expanding production capacity through construction of new plants and conversion of plants to smart factories
- Use of environmentally friendly water resources and eve drop containers

#### **Financial Capital**

- Robust balance sheet
- A disciplined capital expenditure investment approach



## **Specific Activities / Outputs**

Develop and provide products and services that utilize digital and other technologies to meet the needs of people with eye problems

Provide solutions to medical issues such as early detection of conditions and patient adherence to treatment, and provide training for medical professionals

Develop, popularize and conduct an overseas rollout of products and services that leverage the strengths of Santen and its partner companies and organizations

Provide employees with career realization opportunities, growth opportunities and a digital workplace

Use biomass plastic and other sustainable technologies, and efficiently utilize water resources

Engage in dialogue with shareholders and investors toward the realization of a sustainable society and corporate growth



#### Outcomes



"Happiness with Vision" for patients and people



**Development and improvement** of ophthalmology



Increased corporate value for Santen and its partners



Improvement in employee skills and fulfillment in work



Realization of a carbon-free and recycling-oriented society



Stable shareholder returns





























Increasing population

















Santen Report 2021

Purpose

Social & Environment

# Initiatives for Medium-to-Long-Term Value Creation

## **Enhance corporate value**

## MTP2025

	Profit ratio improvement in core businesses		
Japan	China	Asia	EMEA
JPY <b>150.0</b> billion	JPY 40.0 billion	JPY <b>35.0</b> billion	JPY <b>50.0</b> billion
+2pt (41%)	+1pt (42%)	+3pt (40%)	+3pt (30%)
	JPY <b>150.0</b> billion +2pt	JPY 150.0 billion       JPY 40.0 billion         +2pt       +1pt	JPY 150.0 billion         JPY 40.0 billion         JPY 35.0 billion           +2pt         +1pt         +3pt

#### **Expansion of new areas**

#### **Americas**

FY2025 revenue JPY **24.0** billion Contribution profit ratio **54**%

#### **New Disease**

Start of contribution to profit from new areas including ptosis (STN1013800)

### Strengthening of foundation as a global company

Strengthening of product development capabilities

Strengthening of product supply infrastructure

Reflect strategies in company-wide financial KPIs and business KPIs

Establishing global platform

# ESG

#### Development and Stable Supply of Socially Significant Products and Services

Aiming to reach over 60 million patients<sup>1</sup>

#### Strengthening Governance, Contributing to the Realization of Fair and Equal Society

 Management effectiveness, diversity, compliance and respect for human rights

#### Encouragement of an Organizational Culture that Promotes Value Creation

 Promote diversity with a focus on gender, nationality, and the visually impaired

## Conservation of the Global Environment

- Reduction of Scope 1 and 2 CO<sub>2</sub> emissions
- Shift to biomass plastic eye drop containers

Implement strategic investments and shareholder returns of one-third or more of operating cash flow<sup>2</sup>

# Financial KPIs (FY2025)

Revenue  $\geq$  JPY **315.0** 

Operating profit ratio ≥ 21% (IFRS basis)

Operating profit ratio ≥ 24% (core basis)

**ROE** ≥ **13**%

Overseas ≥ 50%

## Estimated total number of patients to whom Santen has contributed (therapeutic areas: inflammation/allergies, cornea disorders, glaucoma, cataracts) as of FY2019 was approx. 43 million, calculated based on JMDC's estimated total number of patients for Santen's Rx products and Santen's shipment data

<sup>&</sup>lt;sup>2</sup> Secure a dividend payout ratio of at least 40%, and flexibly return surplus funds through share buybacks

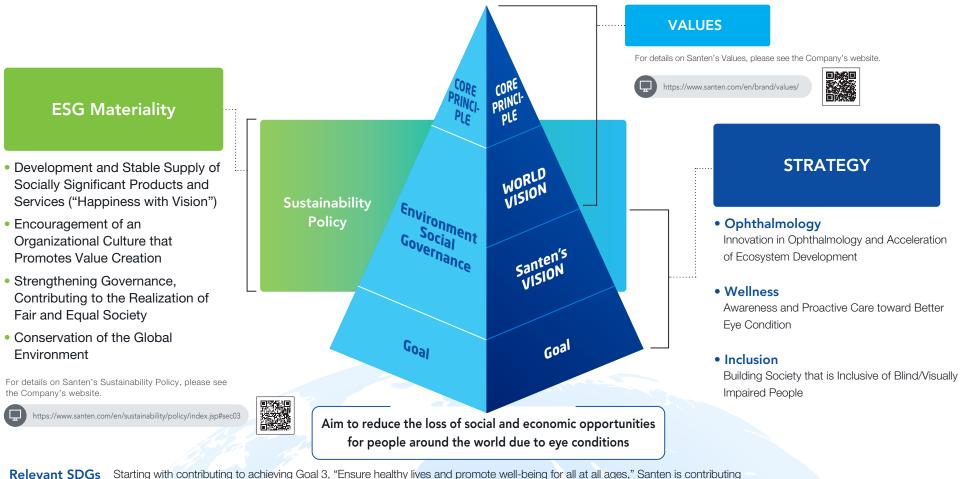








Santen is pursuing the three strategies set forth in its STRATEGY to resolve social issues. Additionally, the four ESG materialities aim at improving medium-to-long-term corporate value. These seven areas constitute the key issues and materialities to be addressed by Santen's management.



to the achievement of the following United Nations' Sustainable Development Goals (SDGs) through its materiality-related initiatives.





















