

Looking Back at Medium-Term Plan MTP2020 (FY2018–FY2020)

Throughout the three fiscal years preceding and including fiscal 2020, we built up core strengths leading to our new medium-term plan, commenced in fiscal 2021. Our next steps consist of seizing new opportunities that will drive growth in global ophthalmology markets whilst maintaining the appropriate equilibrium between strategic investments and profitability.

MTP2020

Fundamental Policy

By contributing to the QOL of patients worldwide, Santen will realize its long-term strategic vision through 2020 to become a “Specialized Pharmaceutical Company with a Global Presence” while constructing a path for sustainable growth beyond fiscal 2020.

Key Strategies

- Grow faster than the market through progress in global business strategy
- Enhance the product pipeline and develop new treatment options
- Enhance and streamline business framework; boost human resource and organizational capabilities

Achievements and Issues

- While global presence has been driven thus far by expanding sales channels, quality needs more focus in the future
- Seeds sown for growth drivers (proactive business development). Promoted management efficiency. Continue to focus on smart execution.
- Leveraged experience in Japan and EMEA to achieve above-market growth in China and Asia. Built foundation for new business in the United States through acquisition of Eyevance Pharmaceuticals LLC.
- Achieved a certain level of success in maximizing value of existing products and enriching our pipeline. Promoted initiatives to meet unmet needs, including development of eye drop bottles, eye drop applicators, and cell therapy. On the other hand, our development system had issues including delays in global development.
- Launched initiatives to improve efficiency as a global organization, such as constructing new production facilities, introducing next-generation enterprise resource planning (ERP), and introducing management framework.

Financial Targets

Revenue growth rate (CAGR) ≥ **6%**

Core operating profit ratio (MTP average) ≥ **21%**

ROE (MTP average) ≥ **11%**

3.5% (Actual)

Market growth rate (reference data):
Santen business areas^{1,2} **2.3%**
Global ophthalmology market¹ **6.6%**

20.5% (Actual)

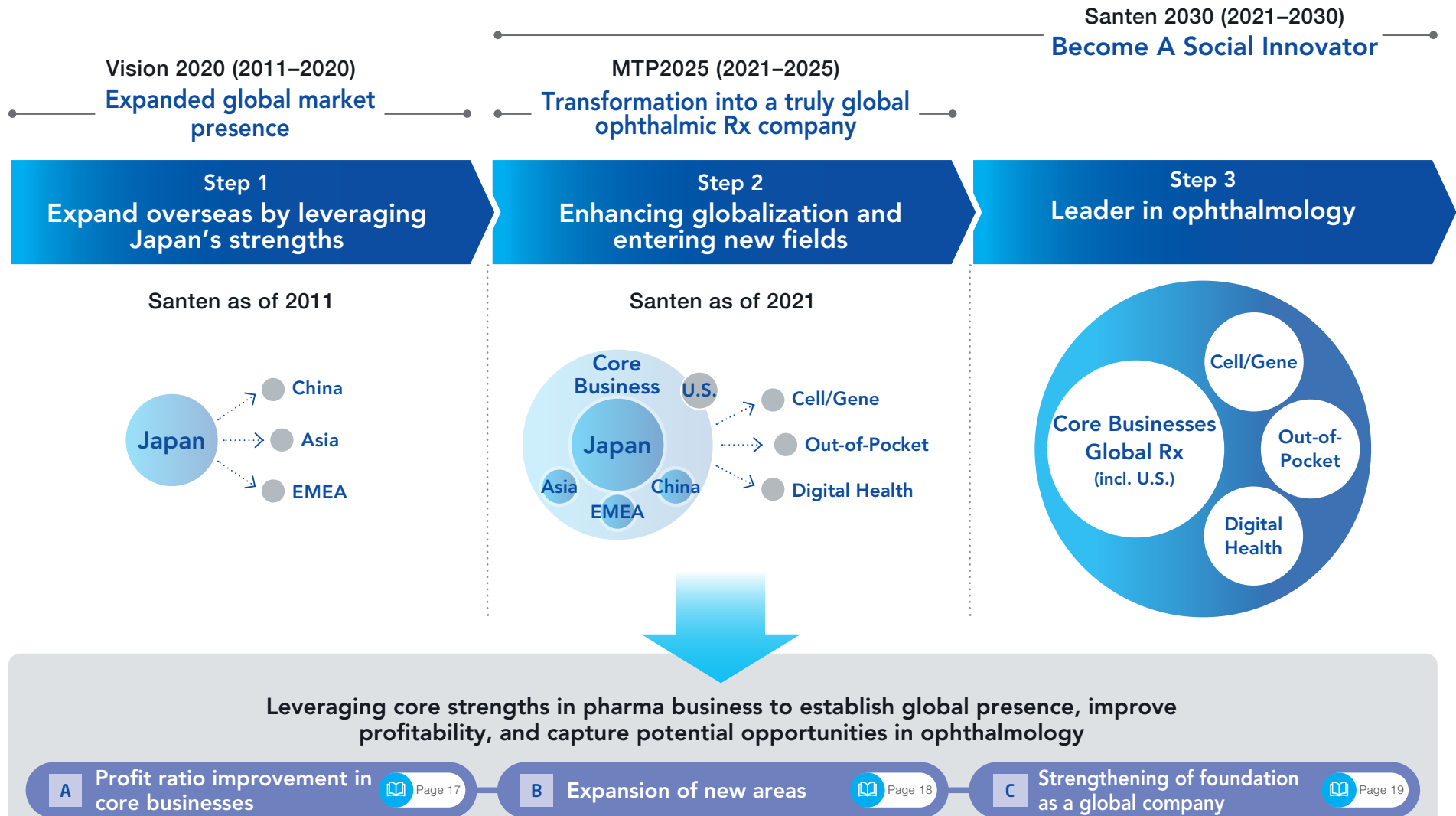
7.1% (Actual)

- Santen achieved above-market growth in each region it serves in its chosen therapeutic areas.
- Santen’s growth lagged behind global ophthalmology market growth due to its lack of operational presence in the United States, the world’s largest ophthalmology market, and its absence in the retinal therapeutic market, for which unit prices are higher outside Japan.
- Santen achieved its core operating profit target.
- ROE on an IFRS basis averaged 7.1% during MTP2020 because Santen began amortizing intangible assets and recognized impairment losses related to STN2000100 (DE-128).

¹ Copyright © 2021 IQVIA. Santen analysis based on IQVIA MIDAS 2017-2020. Reprinted with permission.
² Japan, China, Asia, and EMEA. China, Asia and EMEA exclude S1P (retinal area).

Medium-Term Plan MTP2025 (FY2021–FY2025)

To realize Santen 2030, we aim to become a global leader in the field of ophthalmology, which will include working on new technologies such as cell and gene therapy, and entering and enhancing our presence in the U.S. market. During the five-year period of MTP2025 we intend to evolve into a truly global ophthalmic pharmaceutical company, enhance globalization, and take on the challenge of new areas.



A Profit ratio improvement in core businesses

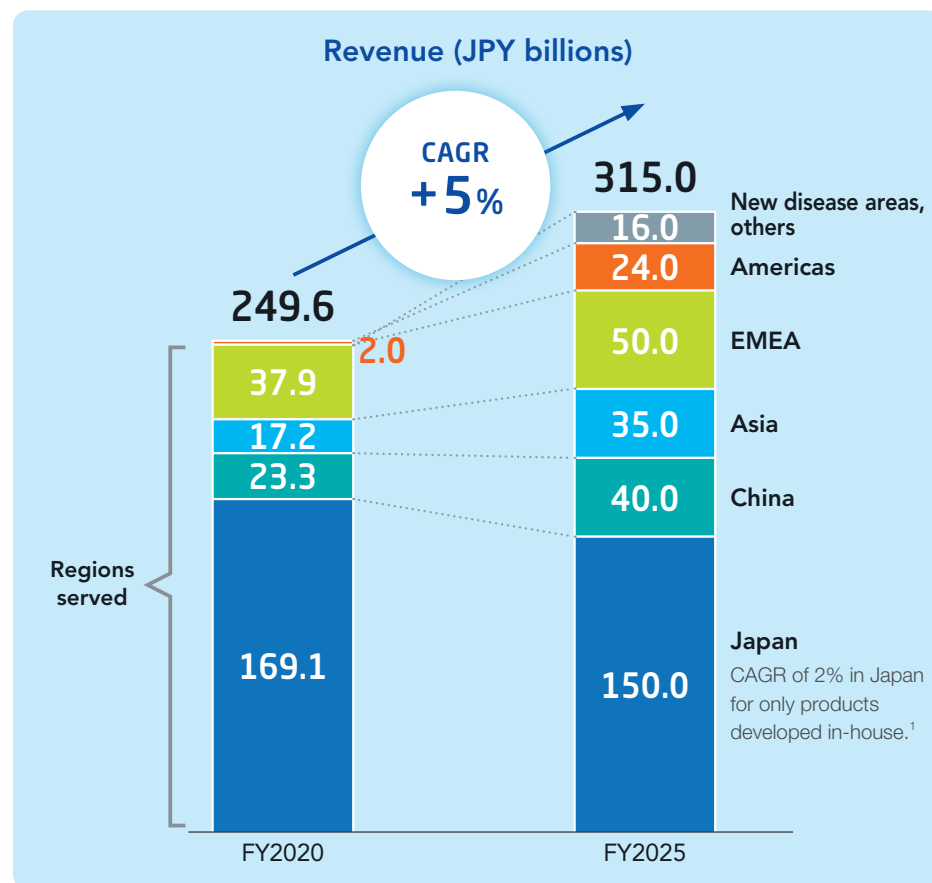
B Expansion of new areas

C Strengthening of foundation as a global company

Our core business, ophthalmic prescription pharmaceuticals in Japan, China, Asia, and EMEA, will drive revenue growth through fiscal 2025 by providing products and solutions based on the needs of patients in each region. We will also maximize profits through business strategies that emphasize profitability.

Initiatives for Medium-to-Long-Term Value Creation (Page 7)

Strategies by Region (Page 24)



Region	FY2020	FY2025
Japan	41%	+2pt
China	42%	+1pt
Asia	40%	+3pt
EMEA	30%	+3pt
Americas	—	54%

Regions served

¹ Products for which Santen holds drug production and sales rights. Includes other revenue.



We will also take on the challenge of expanding into new areas that will support growth from fiscal 2026 onward. We will develop our presence in the United States, the world’s largest ophthalmology market, by leveraging the strengths we have built up in our core businesses. We will step up initiatives contributing to innovation in areas such as digital health and cell therapy whilst also starting the development of the out-of-pocket medical care market for myopia and ptosis therapies.

Strategies by Region (Page 24)

Santen Strengths Built Up in Core Businesses

Organizational excellence

Track record of commercialization, monetization, and multi-region operations in ophthalmic area

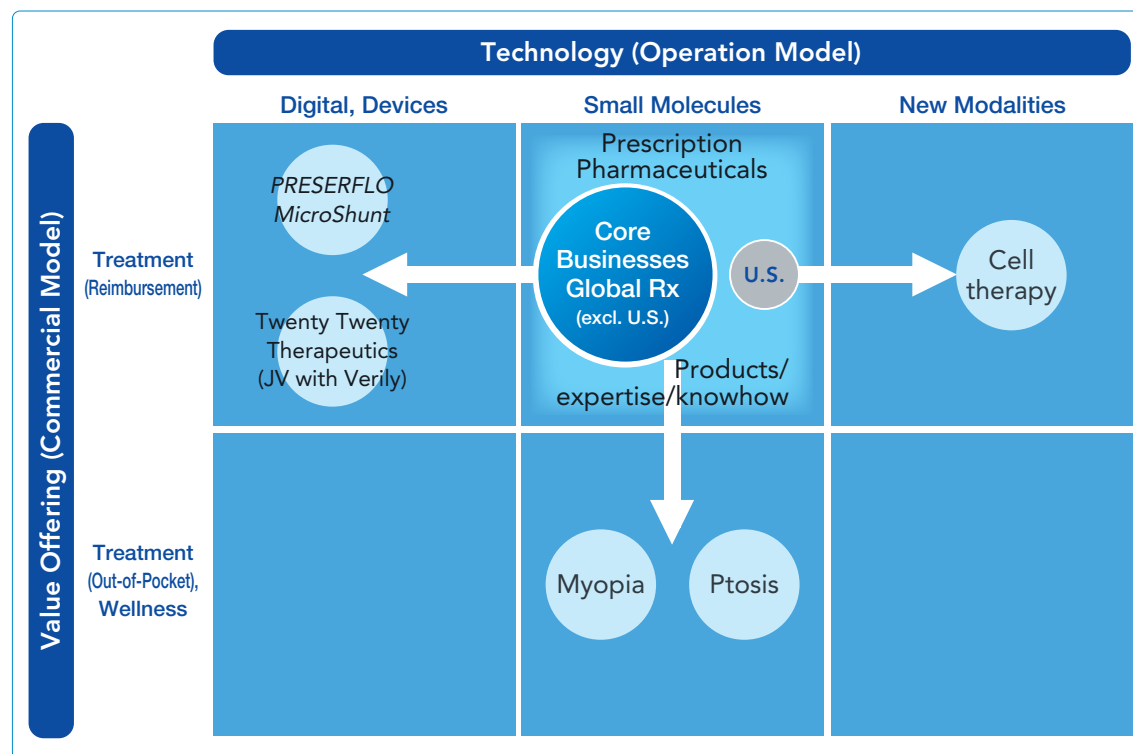
Differentiation of product development through patient needs-driven innovation × repurposing¹

Customer equity

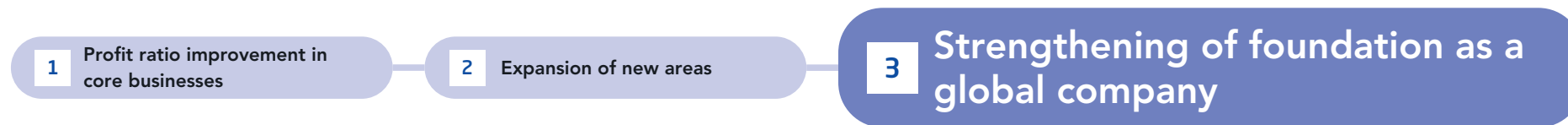
Symbiotic business model specialized in ophthalmology that aims to continuously improve value of the patient experience together with ophthalmologists

Unparalleled customer equity in Japan, China and Asia

Global network as a leading company in ophthalmic area (Pharmaceutical companies and startups, universities and research institutions, IT and other industries)



¹ Repurposing existing therapies and technologies for different applications



Santen Group transcendentally addresses issues respective to each region. We are enhancing R&D and product supply while upgrading frameworks to achieve our goals. In addition, we intend to dramatically improve the efficiency of core operations and profitability through the global implementation of next-generation enterprise resource planning.



Strengthen product development capabilities

Structure to promote thorough lifecycle management

- Strengthen development structure in the United States and China
- Enhance rigor of investment decisions and project management processes

Please refer to page 56 of the MTP2025 briefing materials for product launch targets for fiscal 2021 onward.

<https://www.santen.com/en/ir/document/pdf/202203/mtg2021to2025.pdf>




Strengthen product supply infrastructure

Plant investment for business growth and cost reduction

(Suzhou, China: Commence operation in 2025; Shiga, Japan: Complete plant in 2022)

- Promote growth in China through new plant in Suzhou, which will be one of the world's largest plants of its kind
- Reduce environmental impact (reduce CO₂ emissions, improve water and electricity consumption efficiency)

Global Product Supply Strategy (Page 23)

Assurance of Quality and Safety, and Establishment of an Appropriate Supply System (Page 37)

Conservation of the Global Environment (Page 44)



Reflection in Company-wide financial and business KPIs

Design KPIs and operational processes suitable for global management

- Management indicators, strategy/monitoring processes, etc.
- Linkage between Company-wide financial KPIs and business/functional behavioral KPIs

Initiatives for Medium-to-Long-Term Value Creation (Page 7)



Establish global platform

Introduction of next-generation ERP and global implementation, dramatic efficiency improvements for mission-critical tasks