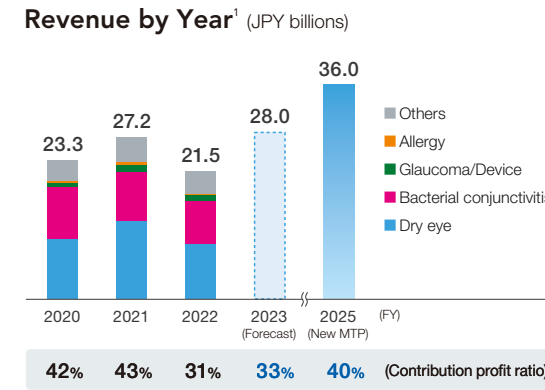
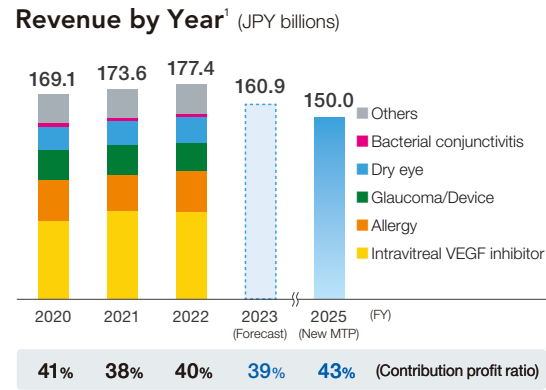
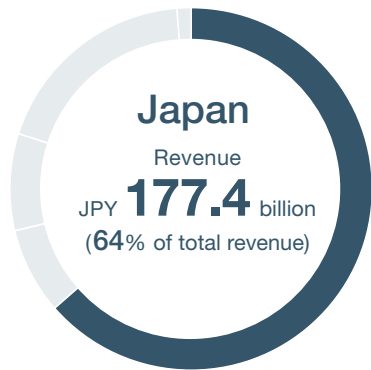


# Overview by Region



<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• Increase in eye exams in new patient segments and discovery of potential patients, following the development of drugs in areas that lack widely available treatments, such as myopia, presbyopia and ptosis</li> <li>• Discovery of potential patients and improvement in adherence rates as a result of greater disease awareness and understanding</li> <li>• Expansion of consultations as a result of the availability of online consultations and other services that offer improved convenience of medical care</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>• Patent expiration of core products and launch of generics</li> <li>• Reform of National Health Insurance (NHI) system and drug pricing system (e.g., possible reconsideration of out-of-pocket payments for long-listed products)</li> <li>• Replacement with generics to the same degree as in other therapeutic areas (80% or more) due to government policies to promote the use of generics</li> </ul>

<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• Market growth driven by increasing number of patients due to aging population and development of ophthalmic ecosystem</li> <li>• National-level initiatives targeting myopia and other eye conditions</li> <li>• Insurance reimbursement for innovative products and acceleration of new product launches due to evolution of the drug approval system</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>• Drug reimbursement price reductions among existing products and impact on sales due to changes in healthcare policy and the insurance system</li> <li>• Intensifying competition to acquire highly skilled personnel</li> </ul>

## • Facts & Data

### 65 Overview by Region

In fiscal 2022, revenue was JPY 177.4 billion, up 2% year on year. This was mainly the result of stronger-than-expected sales of mainstay products such as *Alesion* products, which helped absorb the impact of NHI price revisions and other factors. For fiscal 2023, we forecast revenue of JPY 160.9 billion, down 9% year on year, due to factors such as the impact of patent expirations on mainstay products and a return to ordinary after the strong performance of fiscal 2022.

During the period of the new medium-term management plan through fiscal 2025, we anticipate a short-term decrease in revenue along with the gradual shrinkage of the market due to erosion from generics. Nevertheless, we will maintain and enhance our strong market presence through the launch of new products and market expansion.

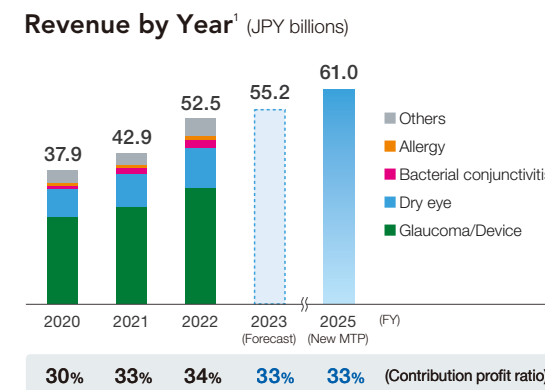
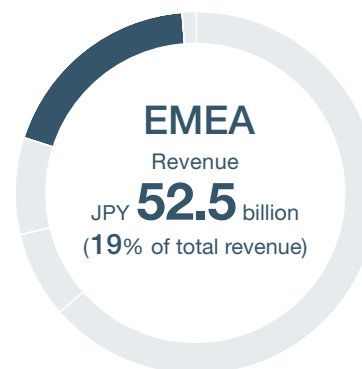
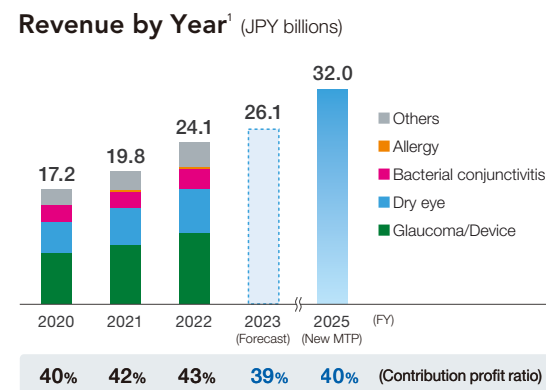
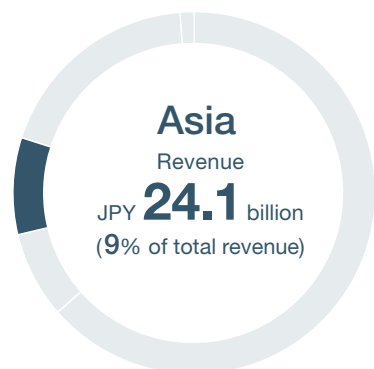
Specifically, we will work to convey the value of new products that meet patient needs, including ophthalmic solution *Diquas LX* (launched in November 2022), which reduces application frequency by half, and an ophthalmic cream formulation of *Alesion* (filed for approval), which requires application only once a day. In addition, by promoting the adoption of tools that lead to improved treatment adherence, such as the ACT Pack glaucoma treatment adherence program and the dry eye examination support system, we will develop the market while realizing better treatment for patients, thereby expanding our contribution to patients.

In fiscal 2022, revenue was JPY 21.5 billion, down 21% year on year, due to the impact of a resurgence in COVID-19. For fiscal 2023, we forecast revenue of JPY 28.0 billion, up 30% year on year, which reflects anticipated growth in line with market recovery.

During the period of the new medium-term management plan through fiscal 2025, we will focus on building business capabilities for future market expansion and on achieving short-term growth. For the time being, we expect the market growth rate in China to be in the single digits,<sup>2</sup> but we believe that it will return to a major growth trajectory once new market segments such as myopia become established. Prior to that, there is ample room and the need to strengthen our business base in China.

Specifically, we will continue to expand our sales channel and market coverage by leveraging internal and external resources. In addition, we will focus on obtaining a leading position in prescription pharmaceuticals for the dry eye area, and developing the ecosystem for glaucoma and dry eye treatments. By leveraging our strong presence in China and steadily advancing these initiatives, we will achieve growth that greatly exceeds that of the market while also strengthening the foundation for medium- to long-term market expansion.

<sup>1</sup> FY2023: Forecast as of May 11, 2023; FY2025: Target in Medium-Term Management Plan announced on April 13, 2023 <sup>2</sup> Santen estimate



<b>Opportunities</b>	<ul style="list-style-type: none"> <li>Improved diagnosis and treatment rates for eye conditions as the ophthalmic ecosystem develops</li> <li>Increasing interest in eye care in conjunction with economic development and rising household income, primarily in Southeast Asia</li> <li>Diversification of sales channels such as drugstores and pharmacies that support the end-to-end patient journey</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>Drug reimbursement price reductions and accelerated promotion of generics in government hospitals due to deteriorating national health insurance finances</li> <li>Improvement in quality of generics</li> <li>Stricter regulatory reviews that take cost-effectiveness into consideration in drug approval and insurance coverage</li> </ul>

<b>Opportunities</b>	<ul style="list-style-type: none"> <li>Opportunity for further penetration of the world's second-largest market<sup>2</sup></li> <li>Increase in glaucoma patient numbers due to aging populations, and dry eye patients due to higher disease awareness</li> <li>Opportunity to capture self-medication market for early-stage dry eye treatments</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>Changes in insurance reimbursement coverage and reductions in reimbursement prices in response to deteriorating healthcare finances in various countries</li> <li>Increase in cost of goods sold (COGS) due to outsourcing of manufacturing and other factors</li> </ul>

In fiscal 2022, revenue was JPY 24.1 billion, up 22% year on year, due to growth in major markets such as South Korea and Thailand. For fiscal 2023, we forecast revenue of JPY 26.1 billion, up 8% year on year, mainly due to anticipated further growth in major markets centered on mainstay products such as *Cosopt*, *Diquas* and *Ikervis*.

During the period of the new medium-term management plan through fiscal 2025, we will accelerate business expansion in the glaucoma and dry eye areas, particularly in Vietnam and Thailand where our market share is large and there is room for growth, in addition to South Korea which accounts for more than half of regional sales. We aim to achieve double-digit growth that exceeds market growth by identifying potential patients and improving treatment adherence rates to grow the markets, particularly in these three countries.

Specifically, in addition to the introduction of ACT Pack, a glaucoma treatment adherence program already available in Japan, we will work to expand sales of products such as *Diquas* and *Ikervis* by promoting the concept of dry eye treatments. We will also tap into the OTC market for self-medication, which has high potential in Southeast Asia, by cultivating pharmacy channels that leverage the presence we have built in prescription pharmaceuticals.

In fiscal 2022, revenue was JPY 52.5 billion, up 22% year on year, due to solid sales of glaucoma and dry eye products in major markets. For fiscal 2023, we forecast revenue of JPY 55.2 billion, up 5% year on year, due to anticipated growth in sales of mainstay products including *Tapcom* and *Ikervis*, glaucoma device *PRESERFLO MicroShunt*, and contribution from newly launched products such as ROCK inhibitors for glaucoma treatment.

During the period of the new medium-term management plan through fiscal 2025, we will promote sales and market share expansion through the penetration of strategic products and new products in the glaucoma and dry eye areas, particularly in Western European countries where there are significant growth opportunities and the Nordic region where we have a strong presence.

Specifically, in the glaucoma area, in addition to our existing products, we will broadly contribute to patients by building market penetration for new products and candidates currently in our pipeline. These include ROCK inhibitors, which have been successively launched since January 2023, a pipeline candidate coded as Catioprost (STN1013001), a prostaglandin drug utilizing cationic emulsion technology, for which we have filed for approval, and *PRESERFLO MicroShunt*. In the dry eye area, we will work to expand prescription opportunities for *Ikervis* by establishing an appropriate treatment regimen for dry eye with inflammation, while utilizing digital tools to make inroads in the self-medication area.

## • Facts & Data

### 65 Overview by Region

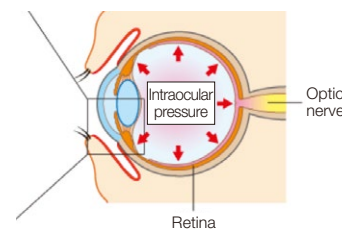
<sup>1</sup> FY2023: Forecast as of May 11, 2023; FY2025: Target in Medium-Term Management Plan announced on April 13, 2023 <sup>2</sup> Copyright © 2023 IQVIA. IQVIA MIDAS 2022, Santen analysis based on IQVIA data. Reprinted with permission.

# Overview of Eye Diseases

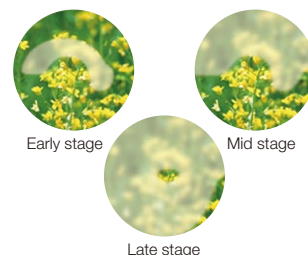
## Glaucoma

The optic nerve transmits information from the eye to the brain. Glaucoma is a **common disease of middle and older age** in which the optic nerve is damaged and the visual field narrows. One cause of such damage is an elevation in intraocular pressure (a measure of eyeball hardness) beyond an individual's pressure tolerance. The disease is classified into various types depending on the cause, but normal tension glaucoma can develop even if intraocular pressure is within the normal range (the incidence of this type is higher in Japanese people than in Western populations).

In most cases, the disease does not present easily recognizable symptoms until it has progressed substantially, and **the vision loss that it causes is not reversible, which highlights the need for early detection and early treatment. The progress of glaucoma can be slowed with eye drops and surgical treatment, but the condition requires lifelong treatment.**

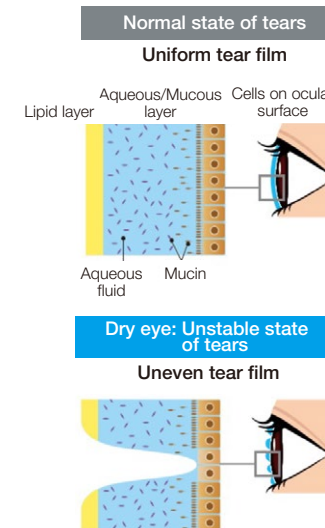


■ Change in Vision (Example shows vision in right eye)



## Dry Eye

Tears play an important role in protecting the eyes. Dry eye occurs when the eyes produce tears that are insufficient or have an unbalanced composition, and it can lead to corneal and conjunctival damage. Symptoms include eye fatigue and dryness, discomfort and blurred vision. In the early stages, it may be difficult to notice the dryness, **but as the condition progresses, it can lead to a decrease in functional visual acuity, the onset of corneal infection, physical discomfort such as shoulder stiffness and headaches, and a decline in concentration, so it is essential to receive proper diagnosis and treatment from an ophthalmologist.** Causes include aging, air dryness (use of air conditioning), and wearing contact lenses, but in recent years, **the number of patients with dry eye caused by prolonged use of computers and smartphones has been increasing.**



## Allergic Conjunctivitis (pollen allergy, etc.)

This is a disease in which pollen or another antigen (foreign matter that triggers an immune response) adheres to the surface of the eye, causing inflammation in the conjunctiva (the mucous membrane that lines the inside of the eyelids and the white part of the eyes). Symptoms include itching or redness of the eyes and a mucus discharge. **Besides seasonal allergic conjunctivitis in which symptoms only appears in certain seasons, such as the pollen season, there is also year-round allergic conjunctivitis, in which symptoms are seen throughout the year.** In addition, there is vernal keratoconjunctivitis (VKC), which mainly affects children, and giant papillary conjunctivitis, which occurs in people who use soft contact lenses. The disease is usually treated with drug therapy.

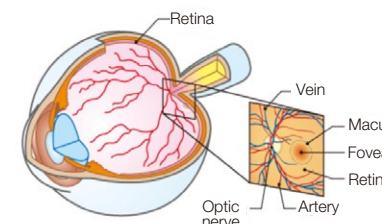
■ Common Allergens (Example: Japan)

Japanese cedar pollen	(January–May)
Hinoki cypress pollen	(March–May)
Orchard grass pollen	(May–July)
Ragweed pollen	(August–October)
House dust (dust, mites, mold, etc.)	(Year-round)
Animal hair	(Year-round)
Contact lens dirt	(Year-round)

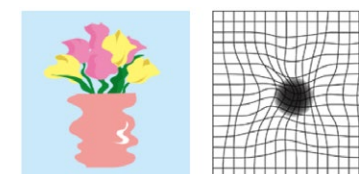
## Age-related Macular Degeneration (AMD)

A disease that occurs when the macula (the central part of the retina), is damaged and changes with aging, causing a loss of vision. Symptoms include objects appearing distorted, and the appearance of a dark or blind spot in the center of vision. **As with diabetic retinopathy and glaucoma, it is a major cause of blindness.**

There are two types of AMD: dry AMD (or “atrophic AMD”), in which the macular tissue atrophies with age, and wet AMD, in which new blood vessels form (neovascularization) under the retina and cause damage to the macula. For wet AMD, **typically an anti-vascular endothelial growth factor (anti-VEGF) treatment is used, in which drugs are injected intravitreally to inhibit the growth of new blood vessels.**



■ Examples of How AMD Affects Vision



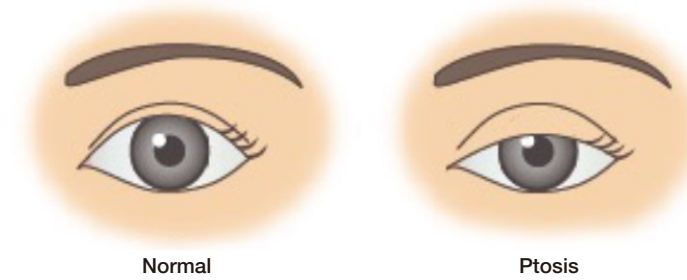
## • Facts & Data

67 Overview of Eye Diseases

## ■ Ptosis

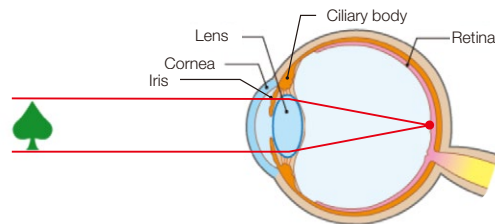
A drooping of the upper eyelid in one or both eyes due to partial or complete dysfunction of the muscles that elevate the upper eyelid. The disease may be congenital or acquired. Acquired ptosis is most often associated with aging, and reportedly affects approximately 10% of people over 50 years of age.<sup>1</sup> It may lead to reduced quality of life due to narrowing of the field of vision, pain around the eyebrows, shoulder stiffness, headaches, and physical appearance effects. A therapeutic agent for acquired ptosis has been approved and is available in the U.S., but otherwise the only treatment at present is surgery.

<sup>1</sup> Age Ageing. 1995 Jan;24(1):21-4



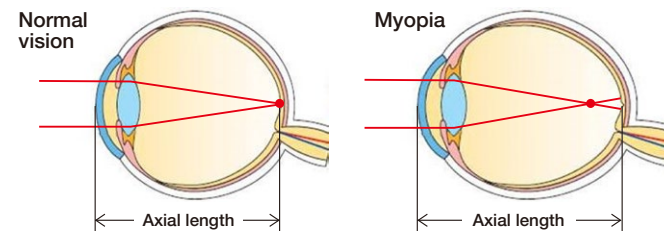
### How We See

Light that enters the eye is refracted through the cornea and lens, and projects an image onto the retina. In order for the eyes to focus, the ciliary body controls the thickness of the lens and the iris adjusts the amount of light.



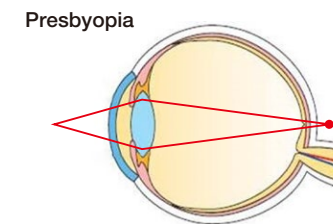
## ■ Myopia

Commonly known as “nearsightedness,” myopia is a condition in which images are focused in front of the retina, instead of directly on it, due to causes such as elongation of the axial length (front to back) of the eye. As a result, distant objects appear blurry due to being out of focus. In addition to simple myopia, which typically begins in children around primary/secondary school age due to genetics or environmental factors, there is also pathologic myopia, a progressive disease that begins in early childhood. In the case of pathologic myopia, the retina is stretched out and becomes very thin because the eyeballs grow too long. The eye is vulnerable even to gentle impacts, which make it more susceptible to atrophy due to cracks and bleeding in the center of the retina or retinal detachment in which the retina detaches from the fundus. Simple myopia can be corrected with eyeglasses or contact lenses, and eye drops and surgical treatment options are available depending on the condition of myopia.



## ■ Presbyopia

The lens of the eye refracts incoming light and adjusts the focus on the retina. In presbyopia the flexibility of the lens weakens with age, which results in worsening ability to focus on close objects. Shoulder stiffness, eye fatigue, headaches and nausea are among the symptoms that may be experienced. While eye drop treatments that create a pinhole effect have been approved in some regions of the world, the most common remedy is correction with eyeglasses, contact lenses or intraocular lenses.



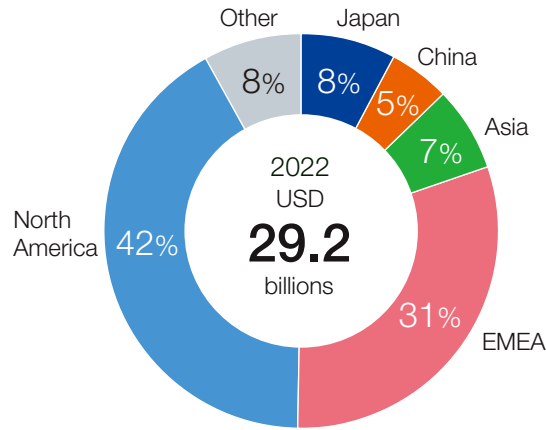
## • Facts & Data

67 Overview of Eye Diseases

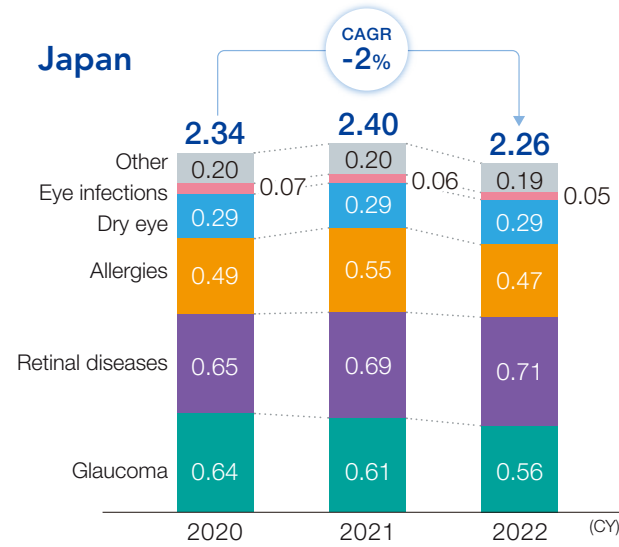
# Ophthalmology Market Data

(USD billions)

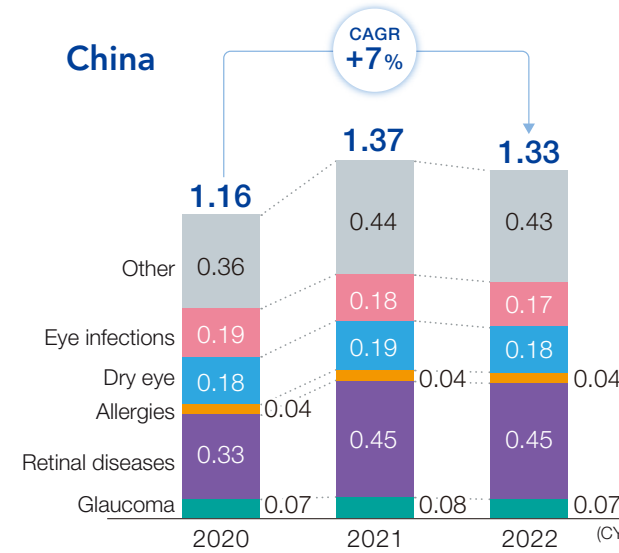
## Global



## Japan



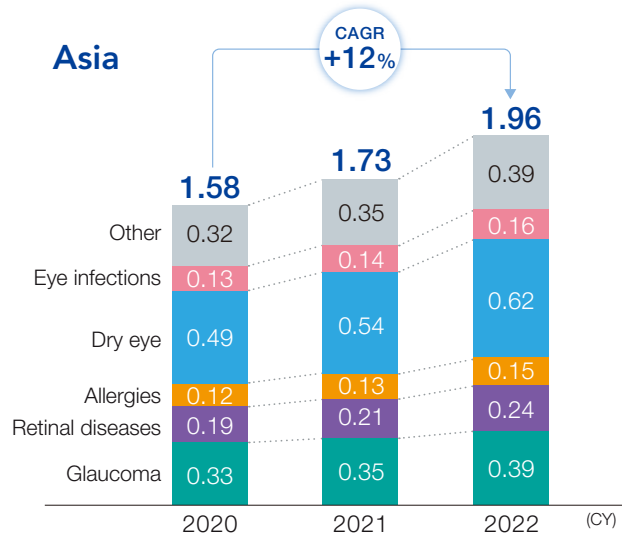
## China



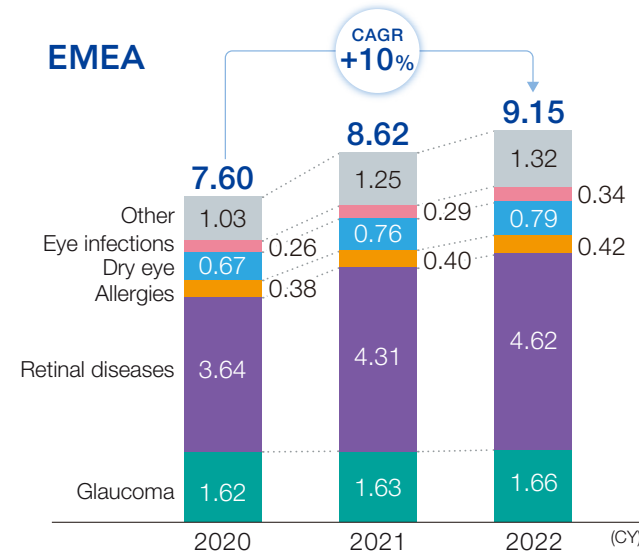
## • Facts & Data

### 69 Ophthalmology Market Data

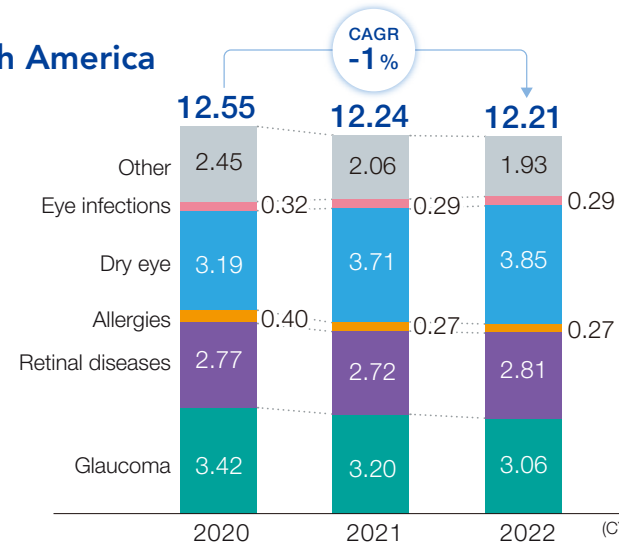
## Asia



## EMEA

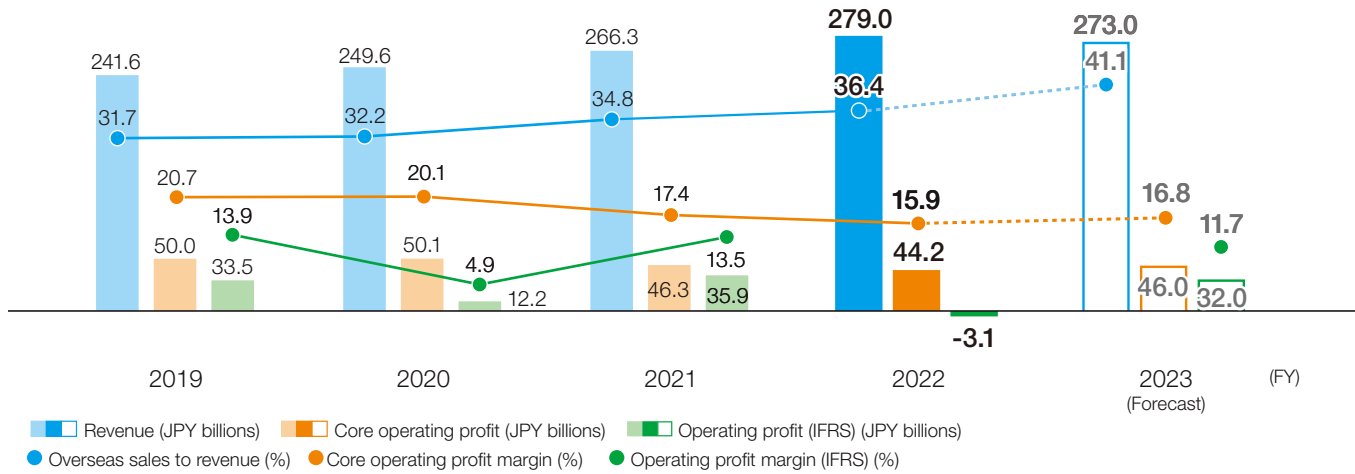


## North America

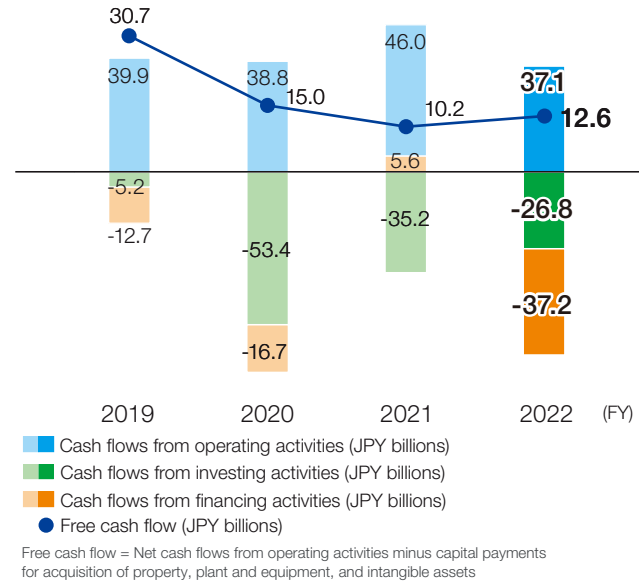


# Financial and Non-Financial Highlights (Financial)

Revenue and Overseas Sales to Revenue; Core/IFRS Operating Profit and Operating Profit Margin



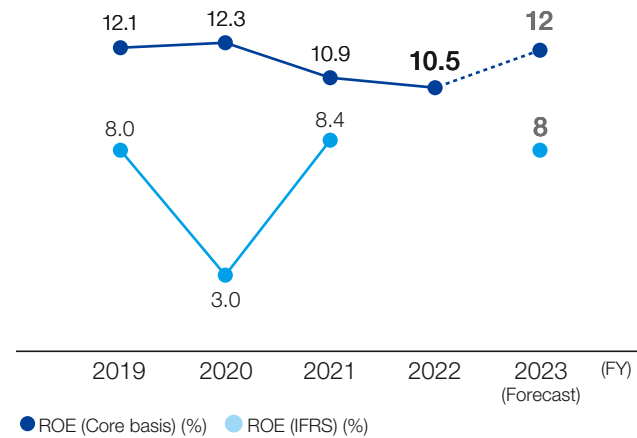
Cash Flows



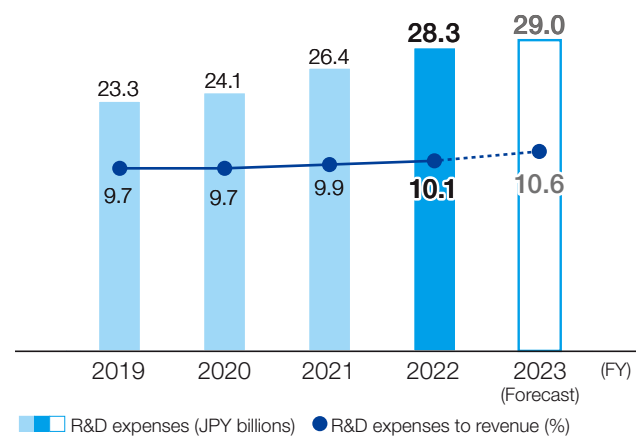
## • Facts & Data

### 70 Financial and Non-Financial Highlights

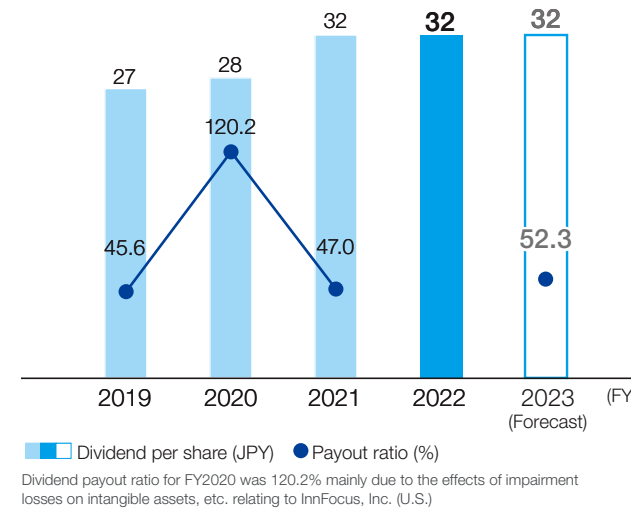
ROE



R&D Expenses and R&D Expenses to Revenue



Dividend per Share and Payout Ratio

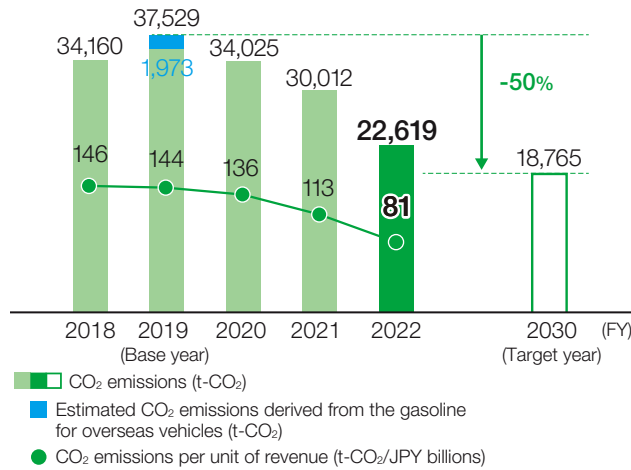


Note: As a result of the completion of the purchase price allocation of Eyevance Pharmaceuticals Holdings Inc. (U.S.) in the second quarter of FY2021, figures for FY2020 have been retroactively restated.

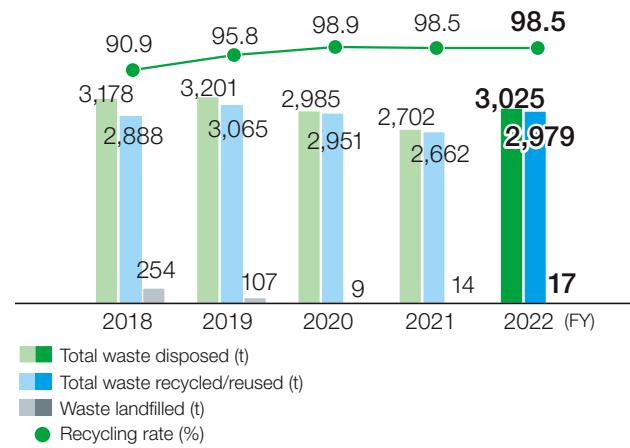
# Financial and Non-Financial Highlights (Non-Financial)

## Environment

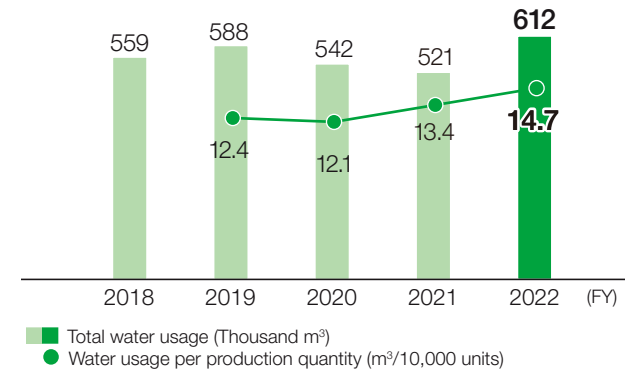
### CO<sub>2</sub> Emissions



### Waste and Related Data



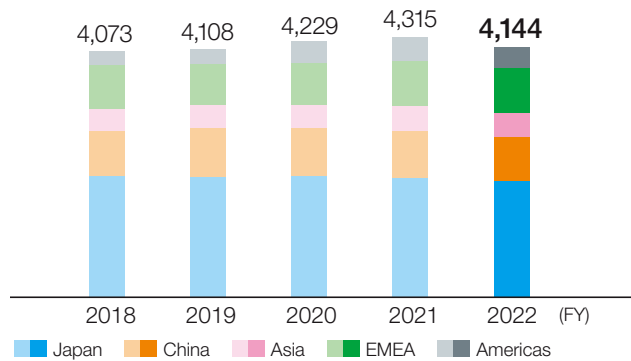
### Total Water Usage



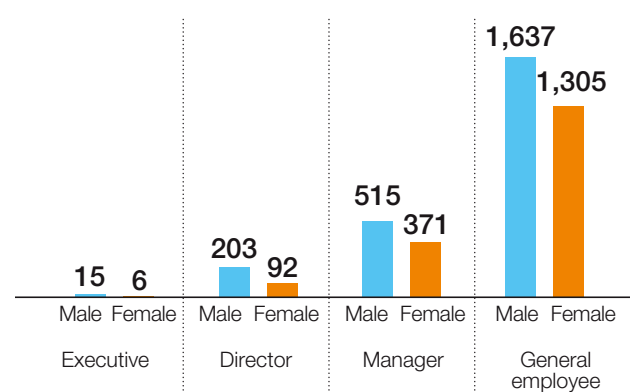
Note: With the setting of targets for FY2030, the boundary and CO<sub>2</sub> conversion factors have been revised to the SBT standard and retroactively revised from FY2019 onward.  
 CO<sub>2</sub> emissions before revision of the standard include the emissions of the Tampere Plant (Finland).  
 CO<sub>2</sub> emissions in FY2019 include emissions derived from gasoline in overseas sales vehicles.

## Human Resources

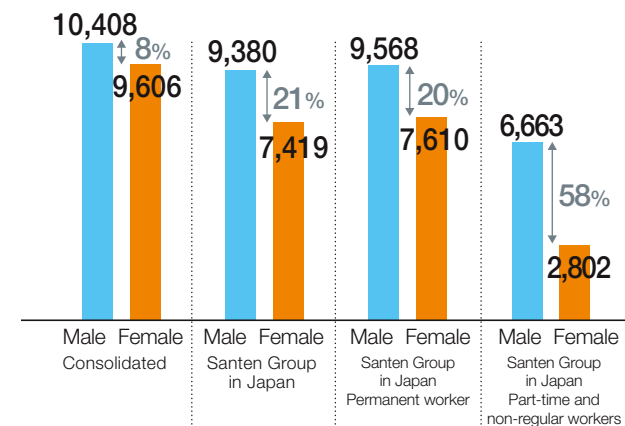
### Number of Employees



### Number of Employees by Gender and Rank (FY2022)



### Average Annual Salary by Gender (FY2022; JPY thousands)



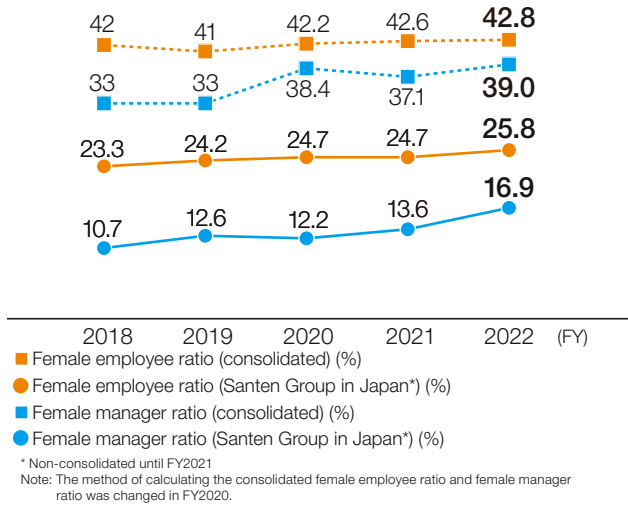
Note: This gender differences in wages are not based on the wage system or structure. The differences are primarily due to differences in the ratio of male to female managers and employment status.

## • Facts & Data

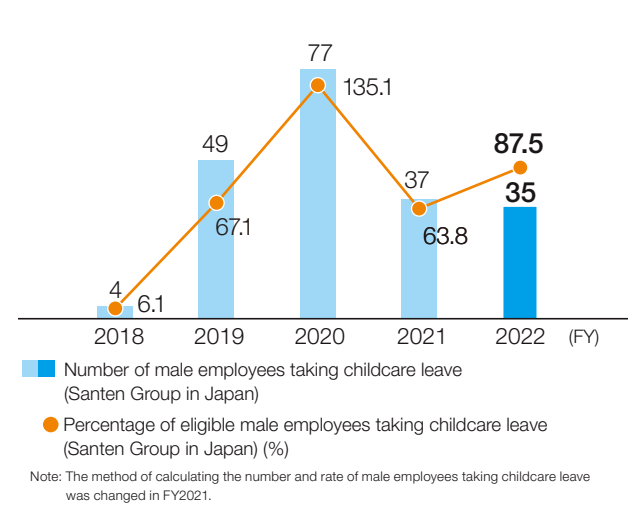
### 70 Financial and Non-Financial Highlights

Human Resources

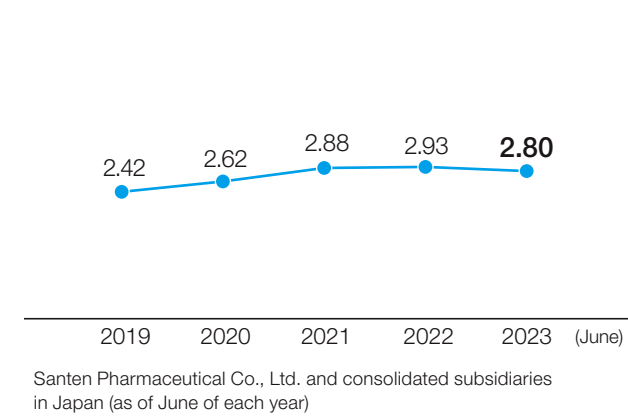
Female Employee and Female Manager Ratios



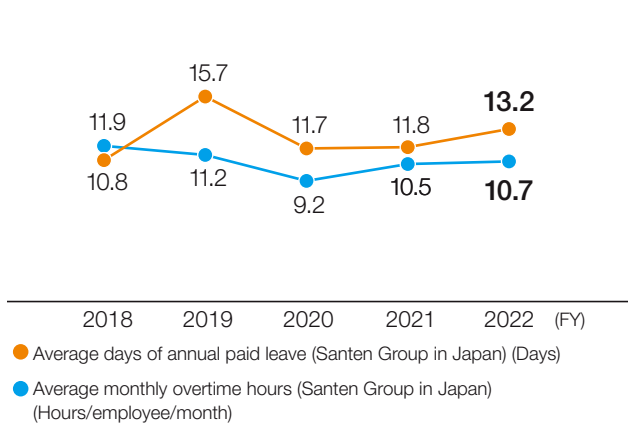
Male Employees Taking Childcare Leave



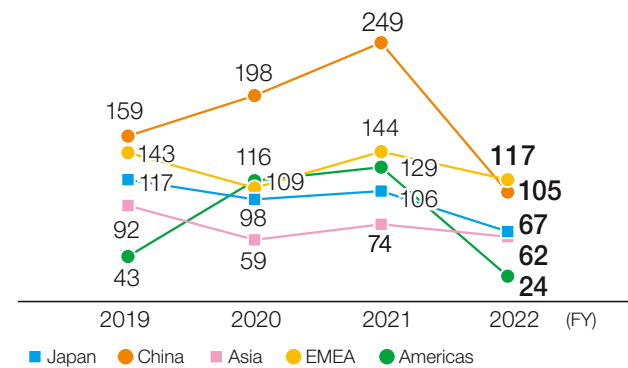
Ratio of Employees with Disabilities (%)



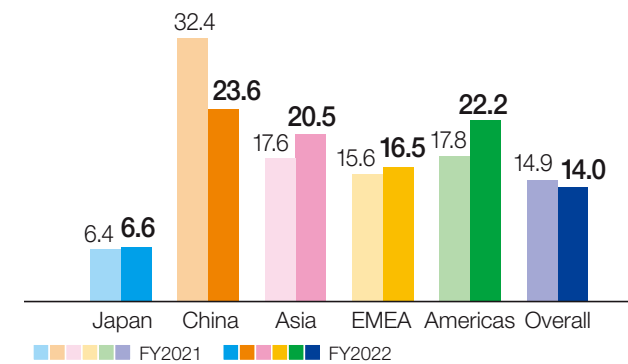
Average Days of Annual Paid Leave and Average Monthly Overtime



Number of Newly Hired Employees



Employee Turnover (%)



• Facts & Data

70 Financial and Non-Financial Highlights



# MD&A

For financial-related materials, please see the Company's website.

## Summary of Consolidated Results in FY2022

Revenue in the fiscal year ended March 31, 2023 (FY2022) increased to JPY 279.0 billion (+4.8% year on year). Main factors included the strong impact of strict measures in China to prevent the spread of COVID-19 and the subsequent wave of infections after the measures were lifted, offset by efforts in Japan to minimize the impact of drug price revisions by focusing on expanding sales of mainstay products such as *Alesion* products, stable growth in mainstay products in Asia and EMEA, and the FX impact.

Gross profit increased to JPY 166.1 billion (+6.1% year on year).

SG&A expenses on a core basis increased to JPY 93.5 billion (+11.6% year on year) mainly due to FX impact and increases in personnel costs. R&D expenses increased to JPY 28.3 billion (+7.3% year on year), and given that 60% of these expenses were foreign-currency denominated, the total was impacted by the weak yen. As a result, core operating profit came to JPY 44.2 billion (-4.5% year on year).

SG&A expenses on an IFRS basis totaled JPY 96.3 billion (+13.9% year on year) after factoring in JPY 2.7 billion in non-core SG&A expenses, comprising costs mainly related to initiatives for re-growth such as productivity improvements and streamlining measures.

Amortization of intangible assets associated with products decreased to JPY 9.5 billion (-2.2% year on year) and other income was JPY 3.5 billion, mainly due to the change in fair value of the contingent consideration associated with the acquisition of InnFocus, Inc. (U.S.) in 2016. Other expenses totaled JPY 38.6 billion due to the recording of impairment losses for the total book value of fixed and intangible assets of businesses in the Americas (goodwill and development and sales rights associated with Eyevance Pharmaceuticals Holdings Inc. and its business unit Eyevance Pharmaceuticals LLC), on intangible assets related to R&D pipeline projects (STN1010904 and STN1010905), and also due to structural reform expenses associated with efforts to maximize the streamlining of the pharmaceutical commercial business in the Americas. As a result, operating loss on an IFRS basis was JPY 3.1 billion (operating profit of JPY 35.9 billion in the previous fiscal year).

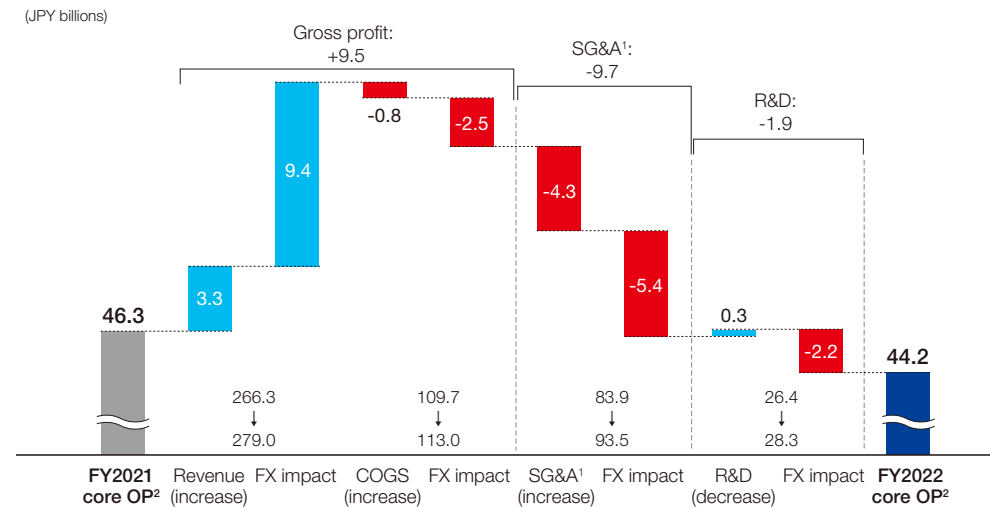
Finance income was JPY 1.2 billion. Finance expenses were JPY 1.5 billion. Share of loss of investments accounted for using equity method was JPY 2.4 billion, mainly from Twenty Twenty Therapeutics LLC (U.S.), a joint venture with Verily Life Sciences LLC (U.S.).

Income tax expenses increased JPY 0.8 billion to JPY 9.2 billion. This is mainly due to a decrease in profit before tax for FY2022, associated with the aforementioned posting of an operating loss (operating profit in the previous fiscal year) on an IFRS basis despite a recognition of liabilities based on the estimated amount of corporate tax to be revised, during the process of negotiations with the Japanese tax authorities regarding tax audit for the period FY2017 to FY2020.

As a result, net loss in FY2022 was JPY 15.0 billion (net profit of JPY 27.2 billion in the previous fiscal year), with net loss attributable to owners of the company of JPY 14.9 billion (net profit attributable to owners of the company of JPY 27.2 billion in the previous fiscal year).

## • Facts & Data

### Breakdown of Factors Contributing to Core Operating Profit



<sup>1</sup> Core basis <sup>2</sup> Core operating profit

## Revenue and Contribution Profit by Region

In the Japan business, revenue from prescription pharmaceuticals increased 1.9% year on year to JPY 162.8 billion. The relatively high (mid 4%–5%) NHI drug price revisions compared with recent years, and the impact from *Alesion* products becoming subject to market expansion re-pricing, were offset by a focus on expanding revenue from mainstay products such as *Alesion* products and the launch of *Diquas LX*, an improved formulation of existing product *Diquas*, in November 2022. Revenue from OTC products in Japan increased 4.5% year on year to JPY 9.6 billion. Factors included focusing on high-end products as well as Rx-to-OTC switch products such as *Hyalein S* and the *Sante FX* series, and *Well-Wash EYE*, an eye-drop-type eye wash launched in FY2021. Revenue from medical devices in Japan increased 4.0% year on year to JPY 3.3 billion. As a result, in Japan, revenue increased 2.2% year on year to JPY 177.4 billion. Contribution profit increased 6.3% year on year to JPY 70.3 billion and the contribution profit ratio improved 1.5 points to 39.6%.

In China, revenue decreased 20.8% year on year (–29.4% excluding FX impact) to JPY 21.5 billion. Factors included the impact of strict COVID-19 measures and the subsequent significant wave of infections after the lifting of these measures. Contribution profit decreased

42.4% year on year to JPY 6.7 billion and the contribution profit ratio declined by 11.6 points to 30.9%.

In Asia, revenue increased 21.7% year on year (+10.8% excluding FX impact) to JPY 24.1 billion. Factors included the successful promotion of mainstay products. Contribution profit increased 25.4% year on year to JPY 10.4 billion and the contribution profit ratio improved 1.3 points to 42.9%.

In EMEA, revenue increased 22.4% year on year (+12.1% excluding FX impact) to JPY 52.5 billion. Factors included growth in mainstay products in each market. Contribution profit increased 25.8% to JPY 18.0 billion and the contribution profit ratio improved 0.9 points to 34.4%.

In the Americas, revenue increased 28.5% year on year (+9.5% excluding FX impact) to JPY 3.5 billion. Contribution loss increased JPY 0.1 billion year on year to JPY 4.5 billion. The Company has maximized streamlining of the pharmaceutical commercial business from the fourth quarter of FY2022.

## Financial Position

Total assets were JPY 421.2 billion, down JPY 38.8 billion from the end of fiscal 2021. Despite an increase from JPY 56.3 billion to JPY 66.2 billion in property, plant and equipment related to the construction of the No. 3 Plant for the manufacture of prescription pharmaceutical eye drops at the Shiga Product Supply Center, as well as an increase in trade and other receivables from JPY 99.6 billion to JPY 107.2 billion, there was a decrease in intangible assets from JPY 130.2 billion in the previous fiscal year to JPY 96.3 billion associated with the impairment of intangible assets (goodwill and development and sales rights) associated with Eyevance Pharmaceuticals Holdings Inc. (U.S.) and Eyevance Pharmaceuticals LLC (U.S.), and a decrease in cash and cash equivalents from JPY 83.0 billion in the previous fiscal year to JPY 57.9 billion associated with payments of dividends and share repurchases.

Equity was JPY 293.3 billion, down JPY 43.5 billion from the end of FY2021. Factors included the cancellation of treasury shares and a decline in retained earnings resulting from the net loss for the period, despite an increase in other components of equity. The Company

completed the cancellation of treasury shares of JPY 13.0 billion (12.5 million shares) on October 31, 2022 and JPY 13.0 billion (12.37 million shares) on March 31, 2023.

Liabilities were JPY 127.9 billion, up JPY 4.7 billion from the end of FY2021. Among other factors, the decrease in other financial liabilities related to the repayment of short-term loans from JPY 38.5 billion to JPY 25.9 billion was more than offset by an increase in financial liabilities from JPY 22.0 billion to JPY 33.5 billion associated with a long-term loan to finance capital expenditures for the construction of the No.3 Plant at the Shiga Product Supply Center and trade and other payables increased from JPY 41.2 billion to JPY 44.9 billion. Short-term loans decreased from JPY 10.9 billion in the previous fiscal year to JPY 250 million, and long-term loans increased from JPY 12.7 billion in the previous fiscal year to JPY 28.2 billion.

As a result, the ratio of equity attributable to owners of the company to total assets decreased 3.6 points from the end of the previous fiscal year to 69.8%.

## • Facts & Data

## Cash Flows

Cash flows from operating activities amounted to an inflow of JPY 37.1 billion (inflow of JPY 46.0 billion in the previous fiscal year). Main factors included the net loss of JPY 15.0 billion, the recording of an impairment loss of JPY 34.6 billion mainly from impairment on intangible assets associated with Eyevance Pharmaceuticals Holdings Inc. (U.S.) and Eyevance Pharmaceuticals LLC (U.S.), JPY 17.2 billion in depreciation and amortization, JPY 9.2 billion in corporate tax expenses, an increase of JPY 6.4 billion in trade and other receivables and the payment of JPY 7.8 billion in corporate tax.

Cash flows from investing activities amounted to an outflow of JPY 26.8 billion (outflow of JPY 35.2 billion in the previous fiscal year). Main factors included payments for the acquisition of property, plant and equipment of JPY 17.3 billion and payments for the acquisition of intangible assets of JPY 7.3 billion. There was a cash inflow of JPY 2.1 billion from the sale of three equity holdings in FY2022 as part of the accelerated review of strategic shareholdings.

## Outlook for FY2023

Revenue is forecast to be JPY 273.0 billion, down 2.2% year on year, while core operating profit, an indicator of profitability from business activities, is expected to increase 4.0% year on year to JPY 46.0 billion. The Company projects continued stable growth in the overseas businesses; however, revenue in the Japan business is expected to decrease with the impact from the launch of generic drugs. SG&A expenses on a core basis are forecast to be JPY 87.0 billion, down 7.0% from the previous fiscal year, based on ongoing measures to reassess investments, optimize costs, and improve productivity; R&D expenses are projected to be JPY 29.0 billion, up 2.5% from the previous fiscal year, to fund future growth. Core operating profit is expected to increase 4.0% year on year to JPY 46.0 billion, based on expected profitability improvement through structural reforms centered on maximizing streamlining of the Americas business and cost optimization, and taking into account the effects of rising procurement costs on COGS, and SG&A and R&D expenses.

On an IFRS basis, operating profit is forecast to be JPY 32.0 billion and net profit is forecast to be JPY 22.4 billion.

These forecasts are based on assumed foreign exchange rates of USD 1 = JPY 130, EUR 1 = JPY 140 and CNY 1 = JPY 19.0.

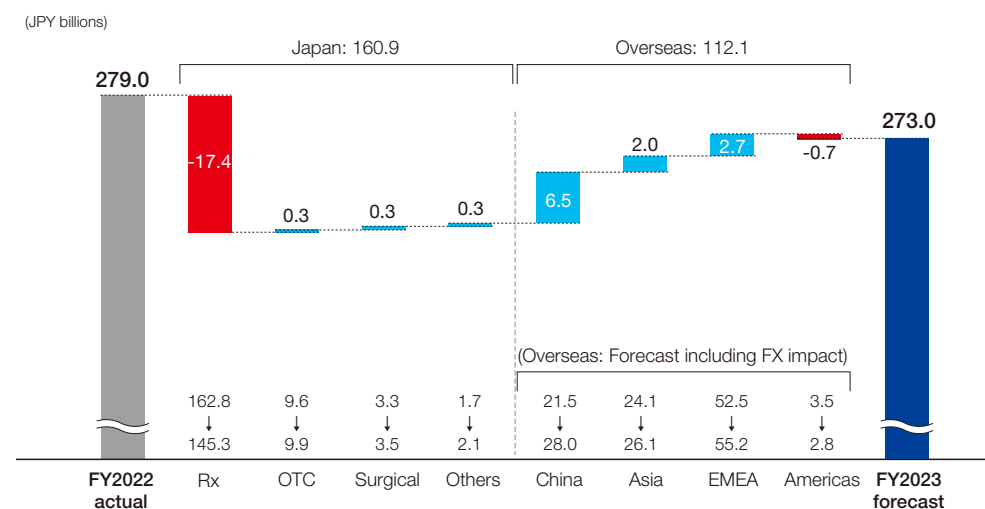
Capital expenditures were JPY 21.1 billion (JPY 22.2 billion in the previous fiscal year). With the aim of addressing expanding demand and reinforcing its production and supply structure, Santen has added a prescription ophthalmic solution manufacturing building on the site of its Shiga Product Supply Center. The Company also commenced investment in a new factory for Santen Pharmaceutical (China) Co., Ltd. and has invested in a next-generation enterprise resource planning (ERP) system.

Cash flows from financing activities amounted to an outflow of JPY 37.2 billion (inflow of JPY 5.6 billion in the previous fiscal year). Despite the cash inflow of JPY 15.6 billion from long-term loans, the main factors behind the outflow were cash outflows of JPY 11.3 billion for short-term loan payments, JPY 26.0 billion for share repurchases and JPY 12.6 billion for dividends.

As a result, cash and cash equivalents at the end of the fiscal year decreased JPY 25.1 billion from the end of the previous fiscal year to JPY 57.9 billion.

## • Facts & Data

### Outlook for Factors Contributing to Revenue



# Eleven-Year Summary of Selected Financial Data

	JPY millions										
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020 <sup>3</sup>	FY2021	<b>FY2022</b>
	JGAAP	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	<b>IFRS</b>
<b>For the year:</b>											
Net sales/Revenue	119,066	146,260	161,831	195,291	199,096	224,942	234,026	241,555	249,605	266,257	<b>279,037</b>
Cost of sales	41,501	57,353	56,373	72,829	74,966	86,378	90,764	94,831	98,221	109,671	<b>112,950</b>
Selling, general and administrative expenses <sup>1</sup>	36,164	41,642	48,893	59,406	62,193	68,788	71,273	73,360	79,554	84,499	<b>96,257</b>
Research and development expenses	16,719	16,862	17,477	19,990	22,786	24,398	23,759	23,341	24,112	26,377	<b>28,297</b>
Operating profit/loss	24,681	29,878	35,374	80,180	32,479	38,691	45,098	33,535	12,187	35,886	<b>-3,090</b>
Core operating profit	—	30,403	39,088	43,067	39,687	45,378	48,230	50,023	50,101	46,348	<b>44,242</b>
Income taxes/Income tax expenses	9,070	10,643	11,831	26,097	8,331	4,000	11,174	10,377	2,562	8,427	<b>9,184</b>
Net income/Net profit/loss for the year	16,520	19,718	24,032	53,373	21,724	35,261	31,943	21,714	9,126	27,189	<b>-14,983</b>
Core net profit for the year	—	19,813	25,948	29,163	29,125	33,458	36,092	35,894	37,549	35,195	<b>33,235</b>
<b>At year-end:</b>											
Total assets	199,640	237,640	304,200	355,399	358,906	388,463	391,186	408,768	405,285	459,976	<b>421,179</b>
Net assets/Total equity	165,132	187,210	211,779	260,009	255,929	287,557	292,572	302,560	309,646	336,844	<b>293,297</b>
Total liabilities	34,507	50,430	92,421	95,391	102,977	100,905	98,614	106,208	95,639	123,133	<b>127,883</b>
<b>Cash flows:</b>											
Net cash flows from (used in) operating activities	9,942	26,686	25,386	22,525	10,843	42,843	32,894	39,947	38,808	46,043	<b>37,147</b>
Net cash flows from (used in) investing activities	-4,595	-7,847	-61,709	37,052	-28,201	-8,259	-2,935	-5,175	-53,355	-35,169	<b>-26,777</b>
Net cash flows from (used in) financing activities	-21,557	-7,954	28,960	-24,066	-28,657	-17,631	-28,107	-12,729	-16,685	5,557	<b>-37,220</b>
Capital expenditures/Payments for acquisition of property, plant and equipment, and intangible assets	3,609	5,879	66,440	9,092	9,500	9,937	8,332	9,228	23,804	35,841	<b>24,589</b>
Depreciation and amortization	3,291	2,841	6,958	9,338	9,882	10,896	10,969	16,573	17,498	17,055	<b>17,249</b>
Free cash flow <sup>2</sup>	6,334	20,807	-41,054	13,433	1,342	32,906	24,562	30,719	15,004	10,203	<b>12,558</b>
Interest coverage ratio (times)	3,037.8	2,855.4	309.8	230.9	206.6	1,573.6	4,330.0	210.1	244.6	191.6	<b>79.9</b>

## • Facts & Data

### 76 Eleven-Year Summary of Selected Financial Data

<sup>1</sup> Research and development expenses are excluded under JGAAP.

<sup>2</sup> Free cash flow = Net cash flows from operating activities minus capital payments for acquisition of property, plant and equipment, and intangible assets

<sup>3</sup> As a result of the completion of the purchase price allocation of Eyeavance Pharmaceuticals Holdings Inc. (U.S.) in the second quarter of FY2021, figures for FY2020 have been retroactively restated.

JPY millions

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020 <sup>4</sup>	FY2021	<b>FY2022</b>
	JGAAP	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	<b>IFRS</b>
<b>Per share data<sup>1</sup> (JPY):</b>											
EPS (Net income/Basic earnings)	195.81	47.78	58.18	128.99	52.96	86.73	78.67	59.16	23.30	68.07	<b>-38.60</b>
Core EPS	—	48.01	62.82	70.48	70.99	82.29	88.89	90.00	94.09	88.16	<b>85.86</b>
Equity/Equity attributable to owners of the company <sup>2</sup>	1,998.44	452.43	511.14	627.78	628.09	702.54	728.97	758.50	776.16	843.60	<b>783.30</b>
Cash dividends, applicable to the period	20.00	20.00	22.00	25.00	26.00	26.00	26.00	27.00	28.00	32.00	<b>32.00</b>
<b>Financial KPIs and other data:</b>											
ROE (Return [Net income] on equity/Return [Net profit for the year] on equity attributable to owners of the company) (%) <sup>2</sup>	10.0	11.1	12.0	22.6	8.4	13.0	11.1	8.0	3.0	8.4	<b>-4.7</b>
Core ROE (%)	—	11.2	13.0	12.4	11.3	12.4	12.5	12.1	12.3	10.9	<b>10.5</b>
ROA (Return [Net income/Net profit for the year] on total assets) (%)	8.3	8.9	8.9	16.2	6.1	9.4	8.2	5.4	2.2	6.3	<b>-3.4</b>
Equity ratio/Equity attributable to owners of the company ratio (%) <sup>2</sup>	82.6	78.8	69.6	73.2	71.1	73.6	74.4	74.1	76.5	73.4	<b>69.8</b>
Debt equity ratio (Interest-bearing debt <sup>3</sup> to equity ratio/Interest-bearing debt to equity attributable to owners of the company ratio) (times) <sup>2</sup>	0.0	0.0	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.1	<b>0.1</b>
PER (Price earnings ratio) (times)	22.7	19.2	30.1	13.1	30.4	19.8	21.0	31.4	65.4	18.0	<b>-29.3</b>
Dividend payout ratio (%)	51.1	41.9	37.8	19.4	49.1	30.0	33.0	45.6	120.2	47.0	<b>—</b>
Issued shares at fiscal year-end (thousands, including treasury shares)	82,469	82,583	82,653	414,192	406,173	406,848	399,782	400,028	400,369	400,695	<b>375,886</b>
Number of employees	3,050	3,072	3,230	3,463	3,667	3,805	4,073	4,108	4,229	4,315	<b>4,144</b>

• Facts & Data

76 Eleven-Year Summary of Selected Financial Data

<sup>1</sup> The Company conducted a five-for-one share split of ordinary shares on the effective date of April 1, 2015. Per share data other than cash dividends applicable to the period for fiscal 2013 and the subsequent fiscal years are calculated under the assumption that the share split took effect at the beginning of fiscal 2013. Cash dividends applicable to the period have been retrospectively adjusted to reflect the impact of the share split.

<sup>2</sup> Equity is calculated by deducting stock subscription rights from net assets under JGAAP.

<sup>3</sup> Excludes lease obligations

<sup>4</sup> As a result of the completion of the purchase price allocation of Eyevance Pharmaceuticals Holdings Inc. (U.S.) in the second quarter of FY2021, figures for FY2020 have been retroactively restated.

# Santen's History



Since its founding in 1890, Santen has contributed to patients and their loved ones. The spirit of our CORE PRINCIPLE, reflected in our company name, has more than 130 years of heritage. We have turned the challenges we have overcome into our strengths, and this continues to pave the way for our next growth trajectory.

**Establishment**  
— Laying the Foundation  
1890–1989

**Growth**  
1990–2009

1890

**Santen kicks off by taking the challenge of contributing to people's health**

Santen's origins date back to 1890, when Kenkichi Taguchi opened Taguchi Santendo. *Heburin-gan*, a cold medication, was its main product at the time. In the late 19th century, many people in Japan suffered from eye disorders, and demand for eye drops was high. The Company launched *Daigaku Eye Drops* in 1899 and the product's popularity spread nationwide. From that point, Santen began taking on the challenge of contributing to eye health.

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1950s

**Pursuing a strategy centered on eye drops, and expanding into prescription pharmaceuticals**

Due to difficulties encountered from aerial bombings during World War II, Santen shifted its business strategy focusing on eye drops. In 1958, Santen entered the prescription pharmaceutical business and in 1962 launched *Mydrin-P*, which promotes mydriasis, or dilation of the pupil. This groundbreaking eye drop used in ophthalmic surgery and diagnosis contributed significantly to the development of ophthalmology in Japan. Thereafter, product launches included an innovative antibiotic ophthalmic and a glaucoma treatment, laying the foundation to support ophthalmic treatment in Japan.

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1990s

**Strengthening the global production system toward internationalization and entering the European market**

Upon its centennial in 1990, Santen embarked on a new growth stage with the announcement of a long-term vision to contribute to society with the best products and services focusing on the eye and health. In addition to business growth in Japan on the back of an expanding product lineup, and the completion of the Shiga Plant, Santen entered the European market and emphasized aggressive business development to contribute to patients around the world.

### A Brief History of Santen's Product Innovation

Note: Major products based on year of launch

<p>1890 <b>Heburin-gan</b> (cold medication)</p> 	<p>1899 <b>Daigaku Eye Drops</b></p> 	
<p>1962 <b>Mydrin-P</b> (mydriatic)</p> 	<p>1962 <b>Super Sante</b></p> 	<p>1987 <b>Tarivid</b> (anti-infective ophthalmic)</p> 
<p>1991 <b>Sante FX</b></p> 	<p>1992 <b>Kary Uni</b> (treatment for early-stage senile cataracts)</p> 	<p>1995 <b>Hyalein</b> (treatment for corneal disorders)</p> 

## • Facts & Data

Growth

1990-2009

Transformation

2010 and beyond

2000s

**Expanding solutions and building a business foundation in Asia**

Santen focused on meeting the needs of more people by providing a wide range of treatment options including intraocular lenses and supplements in addition to ophthalmic solutions for eye diseases. At the same time, the Company worked to build a business foundation in Asia, which included building a direct sales network in China as well as completing the Suzhou Plant, and establishing Group company in South Korea.

2010s

**Rapidly accelerating globalization to contribute to eye health worldwide**

Aiming to become a specialized pharmaceutical company with a global presence as its long-term vision up to 2020, Santen rapidly accelerated its globalization, centered on China, Asia and EMEA. In 2015, Santen sold its anti-rheumatic pharmaceuticals business to AYUMI Pharmaceutical Corporation to specialize in ophthalmology and concentrate its management resources in the field.

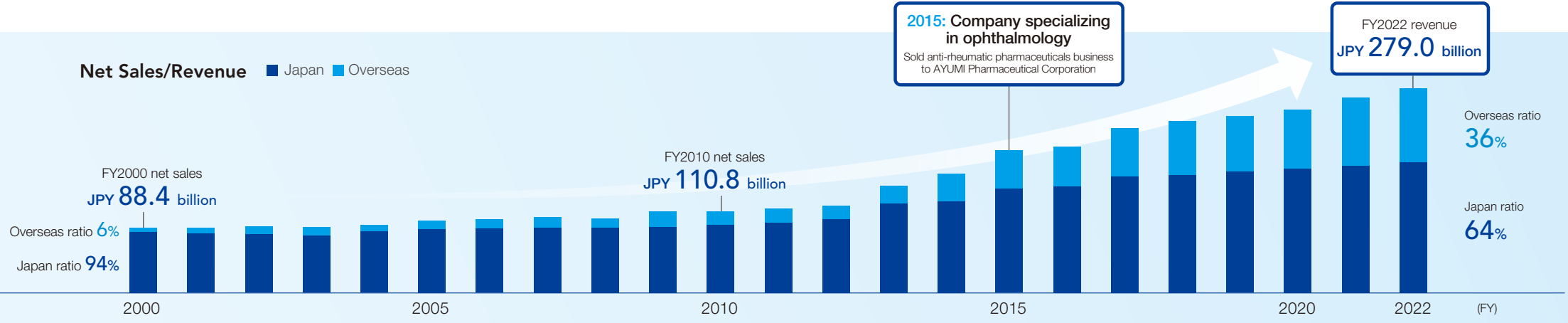
2020s

**Aspiring to Become A Social Innovator to deliver happiness through vision**

Aiming to resolve eye-related social issues, the Company announced Santen 2030, a long-term vision toward 2030 and beyond. To realize “The Happiest Life for every individual through the Best Vision Experience,” Santen continues to take on challenges worldwide to provide products and services with true value by bringing together knowhow and expertise through partnerships with external organizations, M&A and other approaches.

• Facts & Data

78 Santen's History



# Stock Information (As of March 31, 2023)

## Major Shareholders (Top 10)

Name / Company Name	Number of Shares Owned (1,000 shares)	Holding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	73,458	19.5
Custody Bank of Japan, Ltd. (Trust account)	31,135	8.3
BNYM AS AGT/CLTS NON TREATY JASDEC	17,410	4.6
STATE STREET BANK AND TRUST COMPANY 505223	13,033	3.5
Nippon Life Insurance Company	10,662	2.8
MUFG Bank, Ltd.	9,318	2.5
GOVERNMENT OF NORWAY	7,421	2.0
Custody Bank of Japan, Ltd. as trustee for Eisai Co., Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd.	6,863	1.8
Ono Pharmaceutical Co., Ltd.	6,722	1.8
STATE STREET BANK AND TRUST COMPANY 505103	5,202	1.4

## Yearly High and Low Prices (JPY)

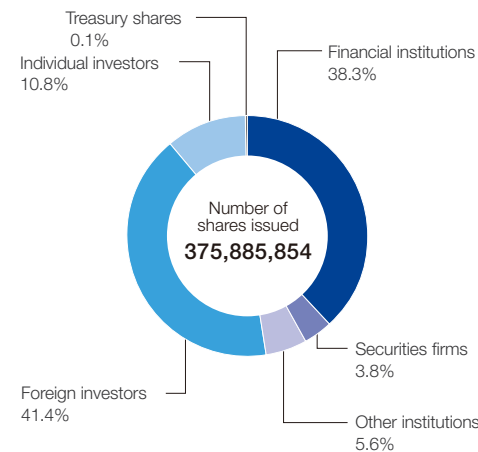
FY	2018	2019	2020	2021	2022
High	2,061	2,234	2,216	1,718	1,251
Low	1,450	1,408	1,370	1,210	956

## Total Shareholder Return

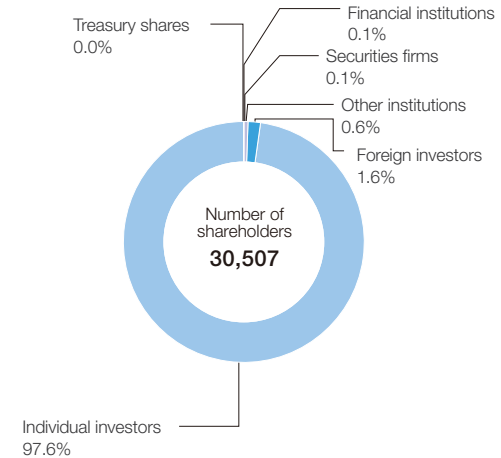
FY	2018	2019	2020	2021	2022
Total shareholder return (%)	97.7	111.4	93.5	78.1	74.3
Comparative index: TOPIX including dividends (%)	95.0	85.9	122.1	124.6	131.8

## Composition of Shareholders

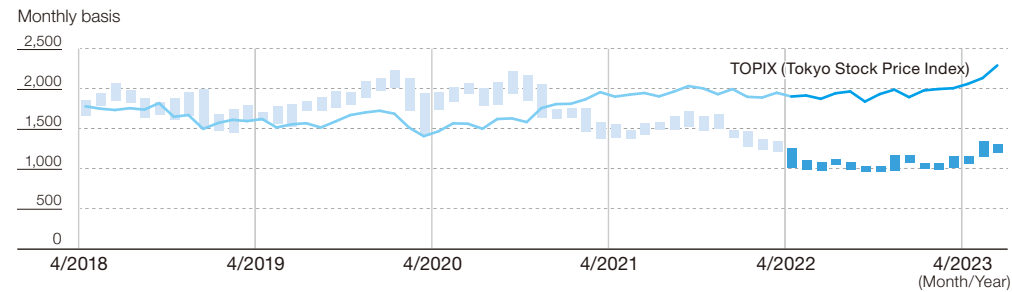
### By number of shares



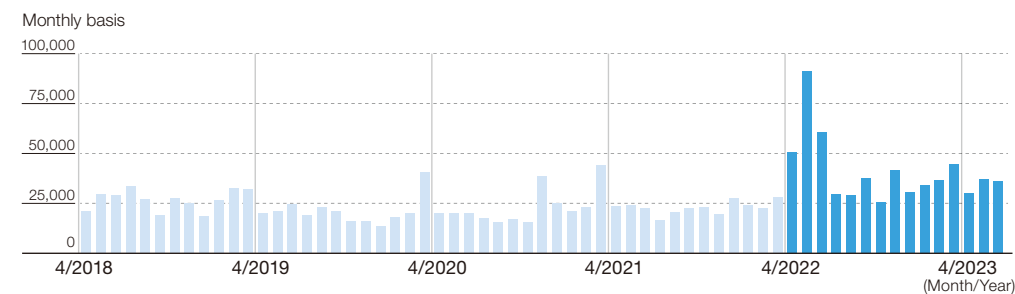
### By number of shareholders



## Stock Price Range (JPY)



## Trading Volume (Thousands of shares)



## • Facts & Data



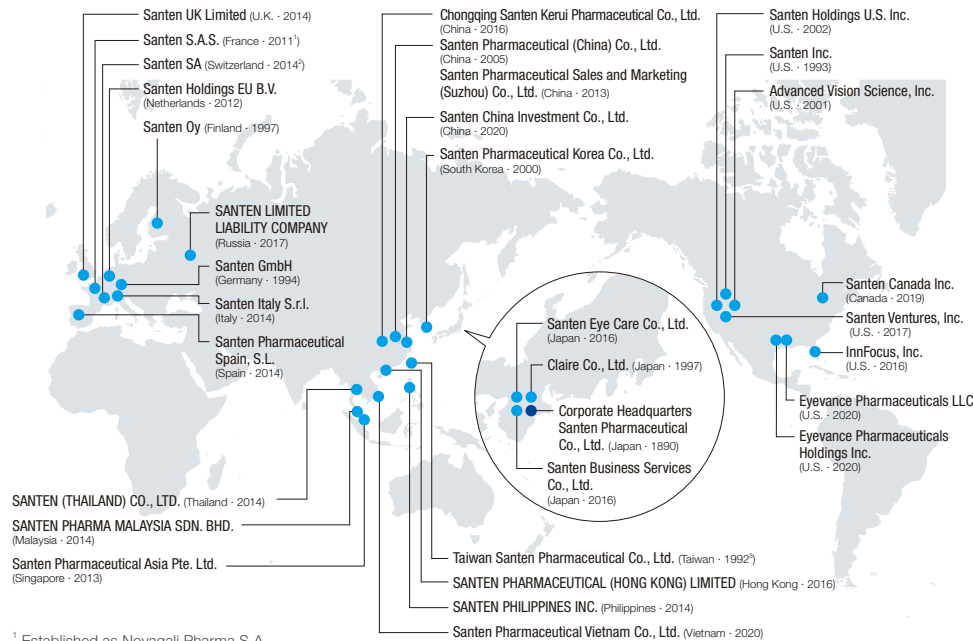
# Corporate Information (As of March 31, 2023)

<b>Corporate Headquarters</b>	Santen Pharmaceutical Co., Ltd. Grand Front Osaka Tower A, 4-20 Ofuka-cho, Kita-ku, Osaka 530-8552, Japan TEL: +81-6-7664-8621
<b>Website</b>	<a href="https://www.santen.com/en">https://www.santen.com/en</a>
<b>Established</b>	1890
<b>Paid-in Capital</b>	JPY 8,702 million

<b>Number of Employees</b>	4,144 (consolidated)
<b>Number of Shares Issued</b>	375,885,854
<b>Number of Shareholders</b>	30,507
<b>Stock Exchange Listing</b>	Tokyo Stock Exchange
<b>Ticker Code</b>	4536
<b>Shareholder Registry Administrator</b>	Mitsubishi UFJ Trust and Banking Corporation
<b>Transfer Agent</b>	Osaka Stock Transfer Agent Division, Mitsubishi UFJ Trust and Banking Corporation 6-3, Fushimi-cho 3-chome, Chuo-ku, Osaka 541-8502, Japan

## • Facts & Data

### Group Companies (Country/Region and year of establishment indicated in parentheses)



### Inclusion in ESG Indexes

- FTSE4Good Index Series
- FTSE Blossom Japan Index
- FTSE Blossom Japan Sector Relative Index
- MSCI Japan Empowering Women Index (WIN)
- 2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)
- SOMPO Sustainability Index
- S&P/JPX Carbon Efficient Index

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Santen Pharmaceutical has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series, FTSE Blossom Japan Index, and FTSE Blossom Japan Sector Relative Index. Created by the global index provider FTSE Russell, these indices are designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices, and are used by a wide variety of market participants to create and assess responsible investment funds and other products. The inclusion of Santen Pharmaceutical in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Santen Pharmaceutical by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service of MSCI or its affiliates.

<sup>1</sup> Established as Novagalil Pharma S.A.  
<sup>2</sup> Established as Santen Switzerland SA  
<sup>3</sup> Established as TAHMIN SANTEN CO., LTD.