FY2020 Financial Results

Presentation: May 12, 2021

Santen Pharmaceutical Co., Ltd.

Imagine Your Happiness

Speakers

Presentation/Q&A

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Forward-Looking Statements

- Information given in this presentation contains certain forward-looking statements concerning forecasts, projections and plans whose realization is subject to risk and uncertainty from a variety of sources. Actual results may differ significantly from forecasts.
- Business performance and financial conditions are subject to the effects of medical regulatory changes made by the governments of Japan and other nations concerning medical insurance, drug pricing and other systems, and to fluctuations in market variables such as interest rates and foreign exchange rates.
- The process of drug research and development from discovery to final approval and sales is long, complex and uncertain. Individual compounds are subject to a multitude of uncertainties, including the termination of clinical development at various stages and the non-approval of products after a regulatory filing has been submitted. Forecasts and projections concerning new products take into account assumptions concerning the development pipelines of other companies and any co-promotion agreements, existing or planned. The success or failure of such agreements could affect business performance and financial condition significantly.
- Business performance and financial conditions could be affected significantly by a substantial drop in sales of a major drug, either currently marketed or expected to be launched, due to termination of sales as a result of factors such as patent expiry and complications, product defects or unforeseen side effects. Santen also sells numerous products under sales and / or manufacturing license from other companies. Business performance could be affected significantly by changes in the terms and conditions of agreements and/or the non-renewal of agreements.
- Santen is reliant on specific companies for supplies of certain raw materials used in production. Business performance could be affected significantly by the suspension or termination of supplies of such raw materials if such an event were to adversely affect supply capabilities for related final products.

CORE PRINCIPLE and WORLD VISION

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” *

WORLD VISION

Happiness with Vision

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

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

Agenda

1. Vision 2020 Review
2. FY2020 Results
3. FY2021 Business Plan, and Key Growth Drivers
4. Direction for MTP2025
5. R&D Update

Appendix

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Appendix

Vision 2020 Highlights

Vision 2020 (2011-2020)

Revenue **Approx. 2x** (110.8B→249.6B)	Overseas sales ratio **Approx. 2x** (17%→**32%**)	Operating profit*1 **Approx. 2x**
Countries/Regional coverage **Approx. 2x**	Ratio of overseas employees **Approx. 1.5x**	Corporate value*2 **Approx. 2.5x**

We have developed into a company with a global presence

As we look to Santen 2030, we aim for further growth while continuing to contribute to ophthalmic treatment around the world

*1. Core based. Calculated by excluding milestone income from operating profit in FY2010.
*2. Corporate value: market capitalization + (interest-bearing debt - cash and cash equivalents - current investment securities) + non-controlling interest

From Vision 2020 to Santen 2030

What we have achieved

Vision 2020: Evolved into a **"Specialized Pharmaceutical Company with a Global Presence"**

Rapidly expanded presence in each region by capturing inorganic growth as well as organic growth

Establish new organizational capabilities such as regulatory affairs, production and supply while entering and expanding sales in new countries

Evolved into a global organization

Drove growth by investing in R&D and business development

Challenges

Archiving balance between strategic investment and profitability

Profit margin/ROE declined despite growth

Further clarification of financial discipline in investment decisions and value maximization of existing assets will be key

Improving the profit margin

While sales and profits increased, expenses for regional and business expansion depressed profit margins

Necessary to optimize SG&A and COGS

Establishing a global organization

Enhancing development and leadership capabilities is a work in progress

Strengthening quality and quantity of external disclosures

Provide more concrete strategies/plans with numerical targets to address investor concerns

Solidify Core Businesses for MTP2025

In FY2021, the first year of MTP2025, focus on steady growth by capitalizing on the foundation established in FY2020. Launch business in new areas by leveraging the potential of ophthalmology

FY2020

Business performance

- **Sales** **249.6B yen**
- **Core OP** **50.1B yen**
- **Operating profit** **12.9B yen**

What we have achieved

- **Strengthened global business platform**
  - Achieved market share gains and sales growth in Japan, Asia and EMEA in excess of market growth
- **Expanded product portfolio**
  - Acquired new pipeline
  - Promoted initiatives to meet LCM and various unmet needs

FY2021

Business performance (forecast)

- **Sales** **260.0B yen**
- **Core OP** **52.0B yen**
- **Operating profit** **41.5B yen**

What we aim to achieve

- **Maximize customer engagement in Japan, China, Asia and EMEA**
- **Strengthen business platform in North America**
  - Complete integration with Eyevance
- **Global launches from abundant product pipeline**
- **Promote efficiency and globalization**
  - e.g., New plants in China and Shiga (Japan), ERP system

FY2025

Business performance (target)

- **To be announced as a part of MTP2025 on May 19**

What we aim to achieve

- **Further strengthen global presence and improve profitability in Rx business**
- **Achieve growth by leveraging the potential of ophthalmology**
- **Steady implementation of growth strategies for Santen 2030**

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FY2020 Consolidated Results (YoY): Revenue - Core OP

Growth on revenue and core operating profit despite impact of COVID-19

(JPY billions)	FY2019 Actual	FY2019 vs Revenue	FY2020 Actual	FY2020 vs Revenue	YoY
Revenue	**241.6**		**249.6**		**+3.3%**
Cost of sales	94.8	39%	98.2	39%	+3.6%
Gross margin	146.7	61%	151.4	61%	+3.2%
SG&A expenses	73.4	30%	77.2	31%	+5.2%
R&D expenses	23.3	10%	24.1	10%	+3.3%
Core operating profit	**50.0**	**21%**	**50.1**	**20%**	**+0.2%**

USD (JPY)	108.81	105.95
EUR (JPY)	120.80	123.73
CNY (JPY)	15.64	15.61

Revenue

- Increased revenue from FY2019 through activities in response to the new normal despite COVID-19 impact

Revenue JPY249.6 billion (+3%)

Core OP

- Increased in profit with optimization of costs

Core OP JPY50.1 billion (+0%)

Lower than the revised consolidated forecasts announced on April 9 due to increase in overseas SG&A

FY2020 Consolidated Results (YoY): Core OP - Net Profit

Operating profit and net profit decreased due to impairment loss

(JPY billions)	FY2019 Actual	FY2019 vs Revenue	FY2020 Actual	FY2020 vs Revenue	YoY
Core operating profit	**50.0**	**21%**	**50.1**	**20%**	**+0.2%**
Non core SG&A expense	--	--	2.4	1%	--
Amortization on intangible assets associated with products	9.9	4%	9.9	4%	+0.2%
Other income	0.4	0%	16.0	6%	--
Other expenses	7.0	3%	40.9	16%	--
Operating profit (IFRS basis)	33.5	14%	12.9	5%	-61.5%
Finance income	1.0	0%	1.3	1%	+41.7%
Finance expenses	2.4	1%	1.5	1%	-37.8%
Share of loss of Investments accounted for using equity method	--	--	0.4	0%	--
Profit before tax	32.1	13%	12.4	5%	-61.3%
Income tax expenses	10.4	4%	5.8	2%	-44.4%
Actual tax ratio	*32.3%*		*46.5%*		
Net profit (IFRS basis)	**21.7**	**9%**	**6.6**	**3%**	**-69.4%**
ROE	8.0%		2.2%		--
Core net profit	35.9	15%	37.5	15%	+4.6%
USD (JPY)	108.81		105.95		
EUR (JPY)	120.80		123.73		
CNY (JPY)	15.64		15.61		

Operating Profit (IFRS basis)

- Expecting STN2000100（DE-128） approval in US to be delayed. Recorded gain on reversal of change in fair value of contingent consideration (JPY15.2 billion) and impairment loss (JPY 40.3 billion)

Operating Profit (IFRS basis) **JPY12.9 billion (-61%)**

Net Profit (IFRS basis)

- Profit before tax declined on decrease in operating profit based on IFRS

Net Profit (IFRS basis) **JPY6.6 billion (-69%)**

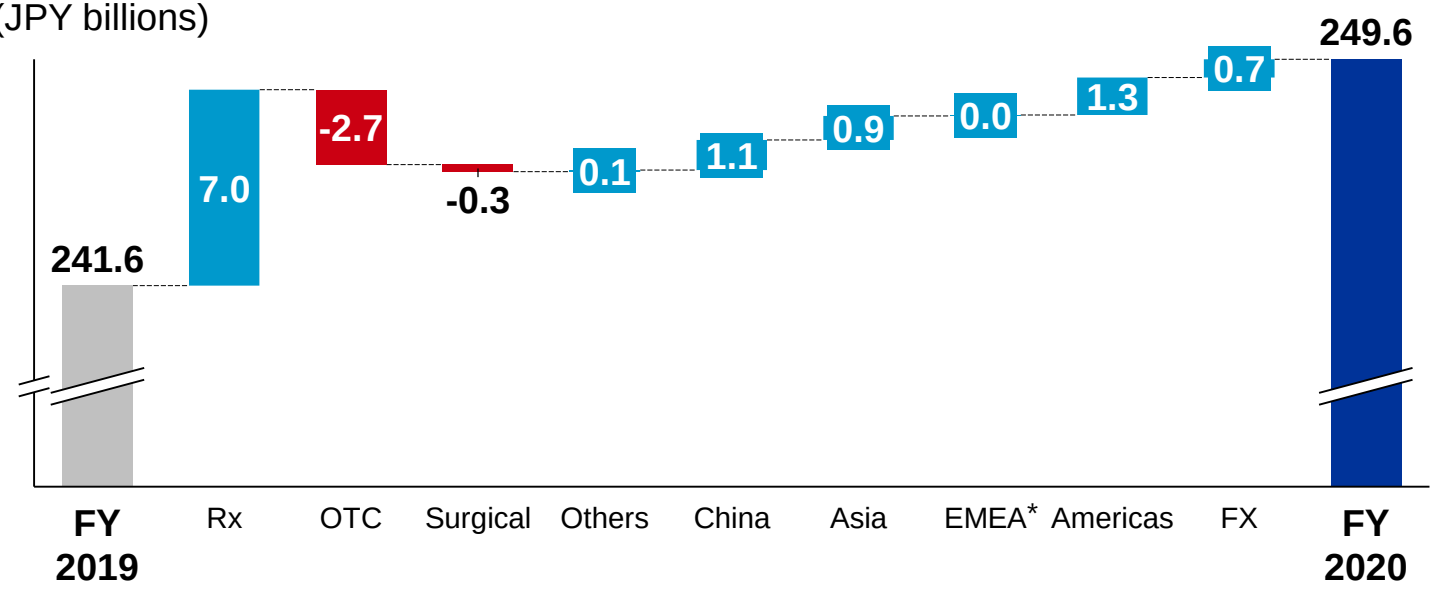
Sales in FY2020 (YoY)

Sales increased in all regions despite VBP in China and COVID-19

Increase/decrease in sales

Classify sales into countries or regions based on customers' location

(JPY billions)



FY2019	148.8	11.7	3.2	1.3	22.3	16.5	37.0	0.7
FY2020	155.8	9.1	2.9	1.3	23.3	17.2	37.9	2.0
Including FX	Japan 169.1				Overseas 80.5			

Main factors of change

- Steady growth in Rx business
  - In particular *Alesion LX* achieved aggressive switchover and growth
- Sales of OTC declined due to decrease in inbound sales related to COVID-19

- Sales expanded in channels such as private hospitals and pharmacies, despite the impact of VBP
- Steady growth with new products (*Tapros* and *Diquas*)

- Achieved solid growth by increasing market share in key countries

- Acquired a business platform that will be the foundation for future growth through the acquisition of Eyevance

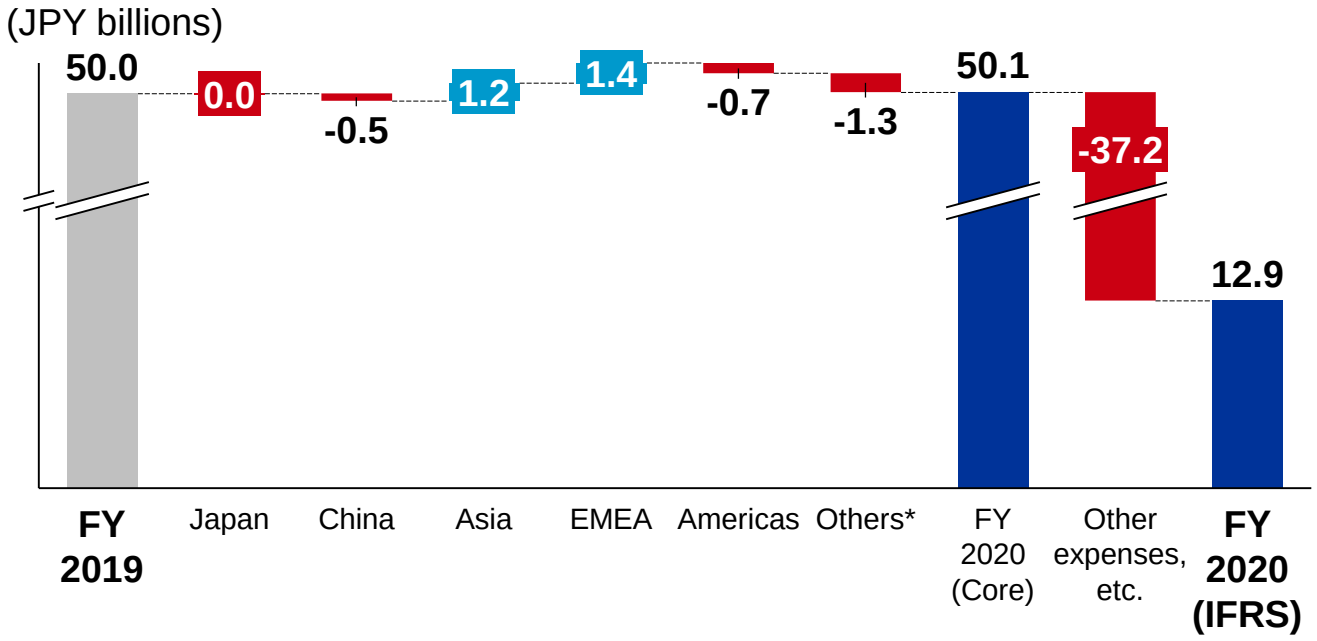
* EMEA; Europe, Middle East and Africa

Profit in FY2020 (YoY)

Maintained core operating profit due to optimization of costs such as temporary costs associated with acquisitions

Increase/decrease in operating profit

Classified sales into countries or regions based on customers' location



Main factors of change

Positive Factors

Core basis：
- Increase in sales, and SG&A optimization in EMEA and Asia

Negative Factors

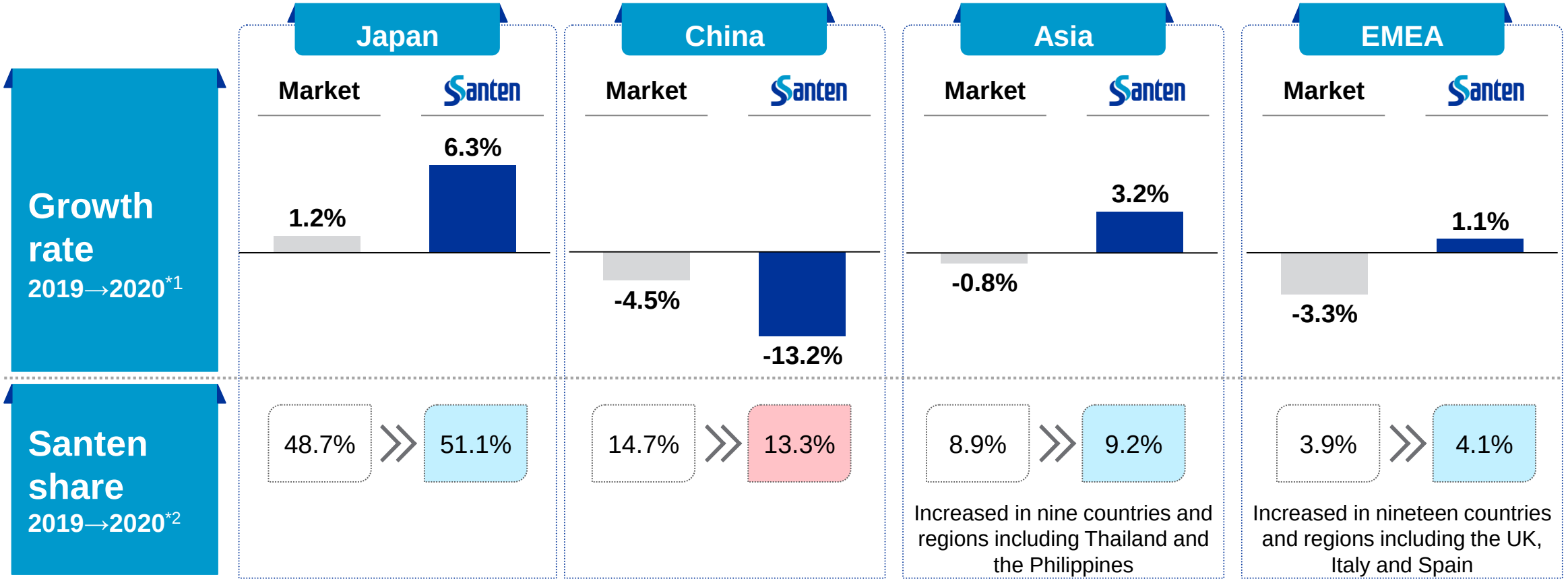
Core basis:
- Impact of VBP in China

IFRS basis:
- Reported impairment loss for STN2000100（DE-128）

*Includes R&D costs and indirect costs (HR, Corporate Planning etc.) which are associated with service provided in various regions

Share by Region

Santen achieved above-market growth in Japan, Asia, and EMEA. In China, Santen is making solid progress toward a sales recovery through the expansion of new channels



*1 Ophthalmic drug market. Santen growth rate is calculated based on IQVIA data. It differs from actual revenue. *2 FY2019 and FY2020 for Japan, and CY2019 and CY2020 for China, Asia and EMEA.
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FY2021 Forecast

Focusing on maximizing the value of core businesses, aim to increase sales and profits

(JPY billions)	FY2020 Actual	vs Revenue	FY2021 Forecast	vs Revenue	YoY
Revenue	**249.6**		**260.0**		**+4.2%**
Cost of sales	98.2	39%	101.0	39%	+2.8%
Gross margin	151.4	61%	159.0	61%	+5.0%
SG&A expenses	77.2	31%	81.0	31%	+5.0%
R&D expenses	24.1	10%	26.0	10%	+7.8%
Core operating profit	**50.1**	**20%**	**52.0**	**20%**	**+3.8%**
Non core SG&A expense	2.4	1%	0.4	0%	-83.2%
Amortization on intangible assets associated with products	9.9	4%	8.9	3%	-10.3%
Other income	16.0	6%	0.5	0%	-96.9%
Other expenses	40.9	16%	1.7	1%	-95.8%
Operating profit (IFRS)	**12.9**	**5%**	**41.5**	**16%**	**+221.3%**
Finance income	1.3	1%	0.9	0%	-33.2%
Finance expenses	1.5	1%	0.2	0%	-86.6%
Investment loss by equity method	0.4	0%	1.2	0%	+235.5%
Profit before tax	12.4	5%	41.0	16%	+230.2%
Income tax expenses	5.8	2%	10.5	4%	+81.9%
Actual tax ratio	*46.5%*		*25.6%*		
Net profit (IFRS)	**6.6**	**3%**	**30.5**	**12%**	**+359.0%**
ROE	2.2%		10.0%		--
Core net profit	37.5	15%	39.0	15%	+3.9%

	FY2020	FY2021
USD (JPY)	105.95	105.00
EUR (JPY)	123.73	125.00
CNY (JPY)	15.61	16.50

Revenue

- Expect to increase year-on-year due to sales expansion in each region

Revenue JPY260.0 billion (+4%)

Operating profit

- Expect to increase profits (core) on higher sales

Core OP JPY52.0 billion (+4%)

- Absence of impairment loss and one-off costs recorded in the previous fiscal year

OP (IFRS basis) **JPY41.5 billion (+221%)**

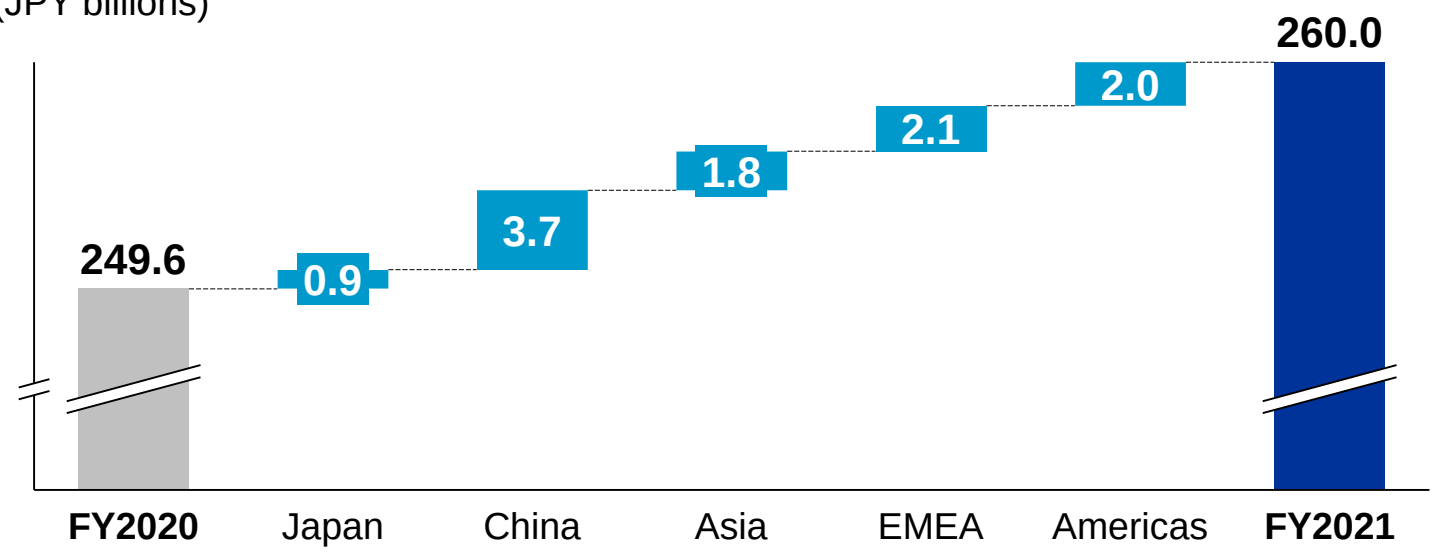
FY2021 Sales Forecast (YoY)

Forecast to increase year-on-year, led by overseas business

Change in sales

(JPY billions)

Classified into countries or regions based on customer location



	Japan	China	Asia	EMEA	Americas
FY2020	169.1	23.3	17.2	37.9	2.0
FY2021	170.0	27.0	19.0	40.0	4.0

Including FX

Overseas 90.0

Main factors of changes

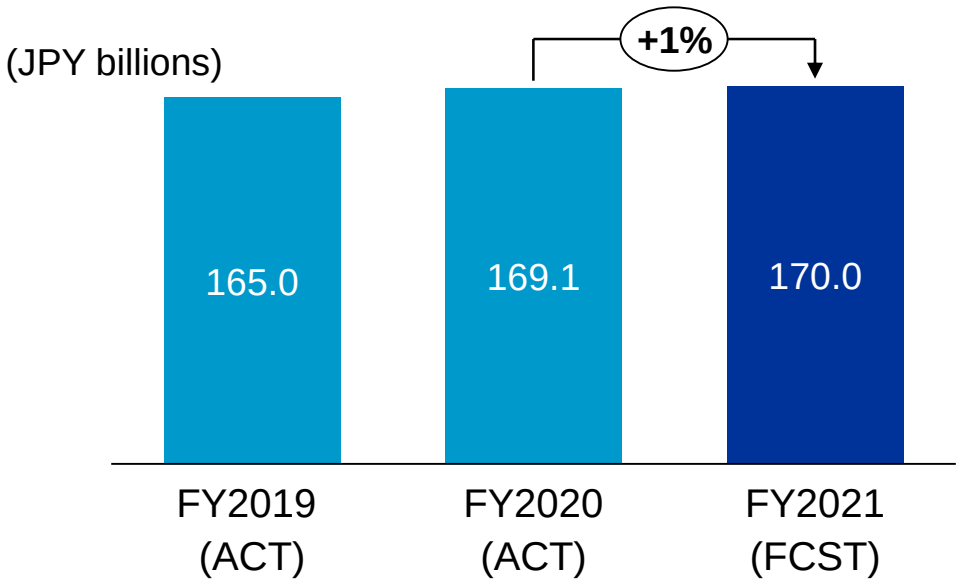
- Revenue projected to increase across Japan despite the impact of NHI drug price revision for Rx and patent expiry on mainstay products
- New products such as *Tapros* and *Diquas* to drive sales
- *Cravit* sales to match the same level as previous year despite VBP impact
- Expect revenue increase led by glaucoma and dry eye area in major countries
- Revenue expected to double year-on-year, led by full-year sales contribution from Eyevance products

Japan

Aim to increase sales through expansion of mainstay products in spite of NHI price drug revisions

Financial KPI

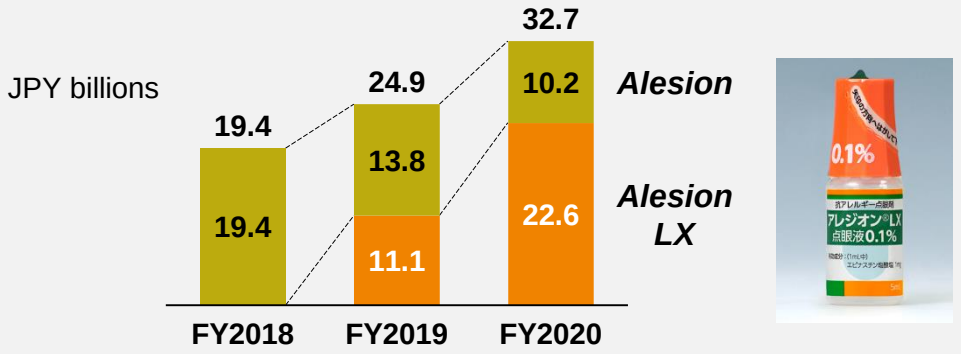
Revenue



Major Activities

Strengthen the earnings base of main products

- Further enhance main products (*Alesion LX/Eybelis/Diquas*) keeping the positive momentum since launch
- *Alesion LX*: In addition to successful shift from *Alesion*, expand market channels to other than ophthalmic



Progress on new product development

- Defense of LoE
  - *Diquas:* New formulation 3 times/day (To file in FY2021)
  - *Tapros:* Bottle with eyedrop applicator (To launch in FY2022)
  - Steady progress in the late stage pipeline (STN1012700)

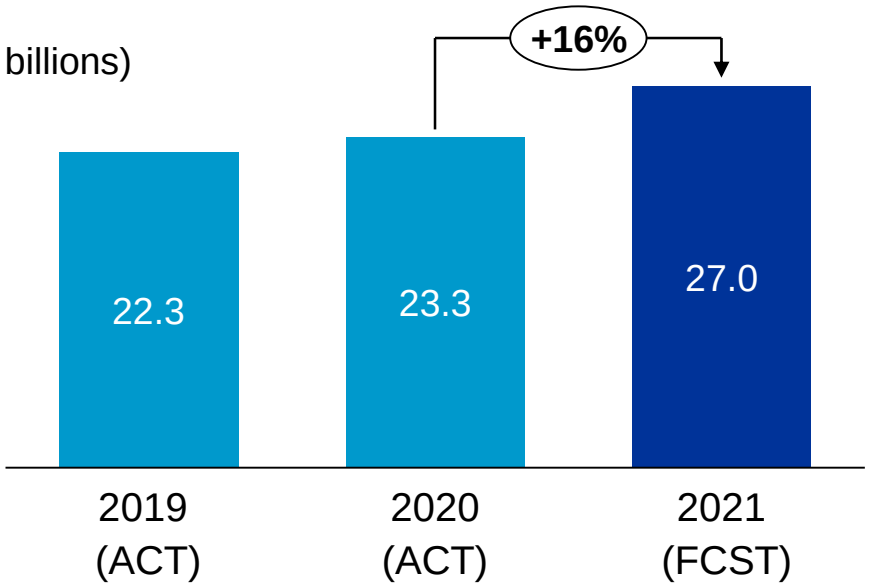
China

Achieved sales growth for FY2020 despite the impact of VBP
Elevate focus on growing new products and shift in market channels for sustainable growth

Financial KPI

Revenue

(JPY billions)



Major Activities

Current lineup: Shift to new channels

- Expand by entering and developing channels incl. private hospitals and the retail market
  - Started alliances with online pharmacies
- Reduce dependence on public channels affected by VBP
  - Short-term sales impact from VBP in FY2020

Sales promotion of new products

- Drive sales with new products such as *Tapros* and *Diquas*
  - *Tapros* sales growth: FY2020 +52%
    FY2021 FCST +363%
  - *Diquas* sales growth: FY2020 +329%
    FY2021 FCST +288%

Measures to achieve mid-to-long term growth

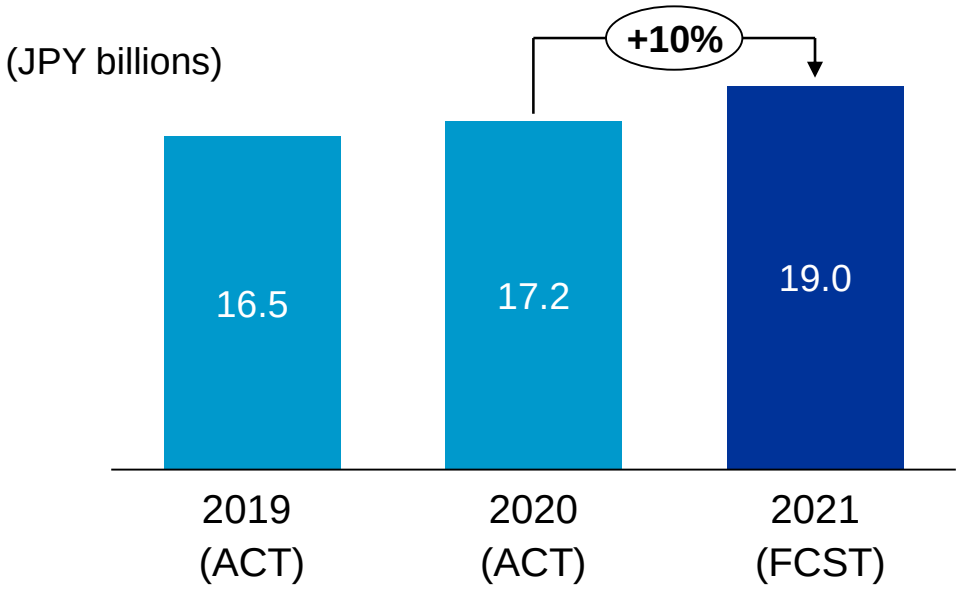
- Steady progress in new product development
  (Started STN1012700 study, *Verkazia* NDA (clinical trial waiver))
- Expansion of production capacity
  (Introduced high-speed line at Suzhou factory, Started second plant construction)
- Capture full market potential by building eco-system
  - Launched screening project in Liaoning Province

Asia

FY2020: Sales up despite the impact of COVID-19
Aim for sustainable growth by continuously promoting mainstay lineup incl. new products

Financial KPI

Revenue

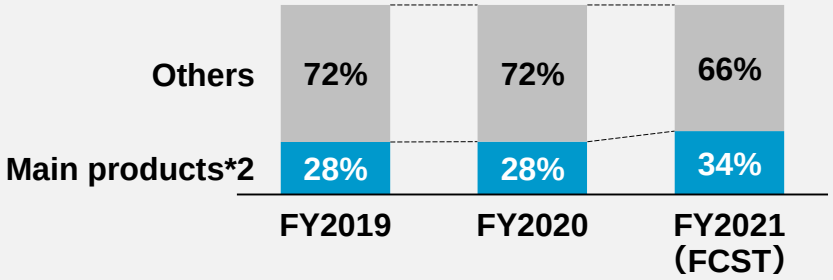


Major Activities

Accelerating growth with new products

- Continuously launch new products incl. *Eybelis* (13 in FY2020*1)
- Improve market penetration of mainstay products such as *Tapros, Diquas* and *Ikervis* through activities to meet customer needs

Ratio of revenue by products in Asia (value)



Contribute to regional development of ophthalmology

- Enhance awareness of diseases in collaboration with KOL and business partners
- Support training and education for ophthalmologists, in conjunction with academia and physicians

*1: Based on: Country/Region x no. of launched products. Incl. additional indication for verkazia
*2: Main products：Tapros, Tapcom, Eybelis, Diquas, Ikervis, Alesion

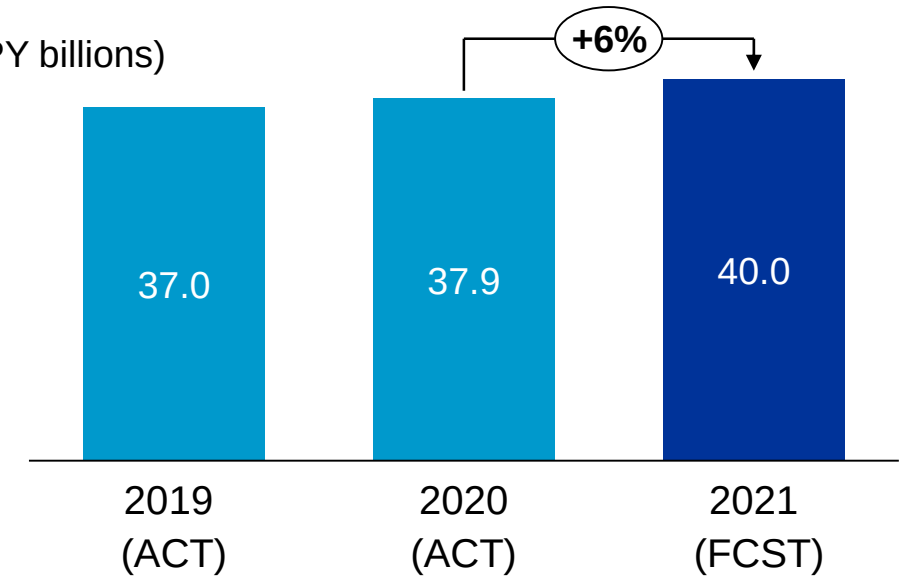
EMEA

Secure steady growth by vigorously launching new lineup and promoting current products

Financial KPI

Revenue

(JPY billions)



Major Activities

Line up aligned with local demand

- Preservative-free glaucoma line-up and *Ikervis*
  - Add new formulations for defense of LoE
- New products to meet local needs
  - Expand target countries for *Puralid*, blepharitis, and *Ducressa*, antibiotic/steroid combination treatment

Enhancement of current products

- FY2020: Achieved YoY sales increase across territory
  - Sales ：Italy +9%, Germany +12%, UK +11%
- Promote current products
  - Sales FCST ：Italy ＋6% UK +4%
- Strengthen Glaucoma domain through by *PRESERFLO MicroShunt*

  →**Aim to expand market share in FY2021**

  （cf.）Market share for 2020 (vs 2019):
  Italy 8.7% (+1.8pt), UK 2.4% (+0.2pt)

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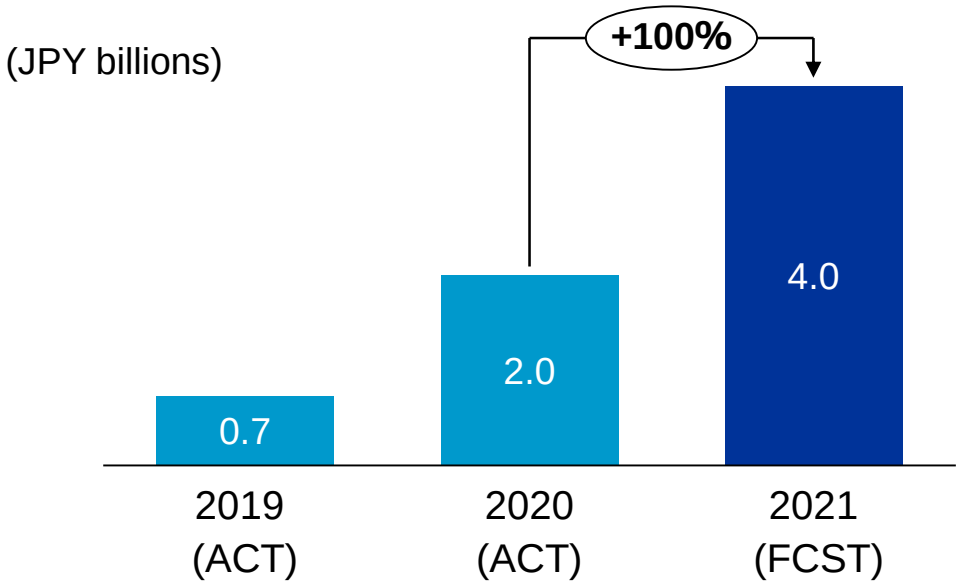
Americas

Maximizing product value by enhancing core business through Eyevance

Financial KPI

Revenue



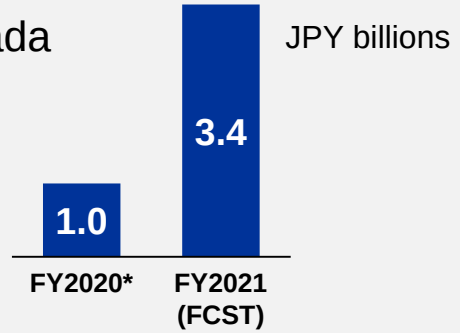
Major Activities

Solidify commercial platform

- Enhance core business through PMI of Eyevance
- Plan for Eyevance to achieve profitability on standalone basis from Q3 FY2021
- Expand sales of *Verkazia* in Canada

[Eyevance sales forecast]

*Chart for FY2020 shows sales for 6-month period



U.S. development plan

Preparing for launch of products expected to achieve high growth over mid-to-long term

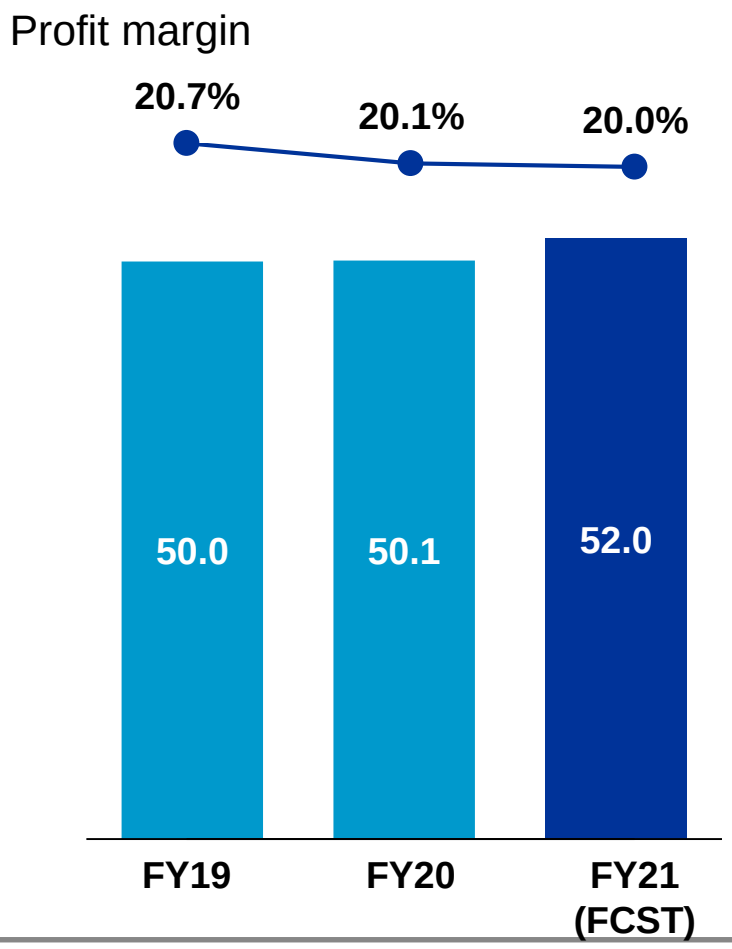
- *Verkazia* (U.S.): To be approved in FY2021 (PDFUA June 26, 2021)
- STN1011700 (DE-117): To be approved in FY2021 (PDUFA Nov 19, 2021)

Profits (FY2019 - FY2021)

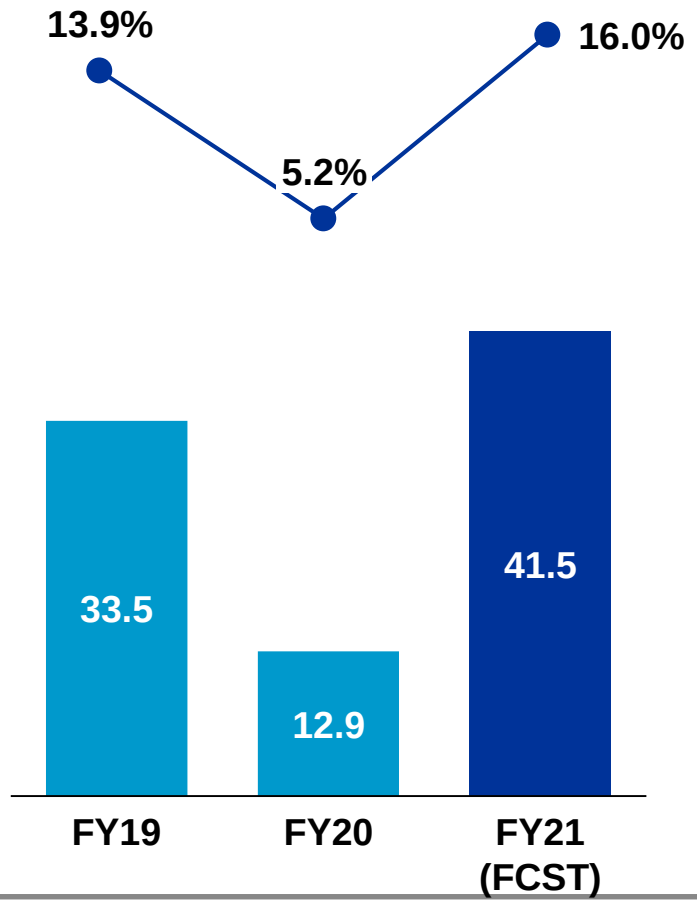
Overall profit increase boosted by increased sales in across regions

(JPY billions)

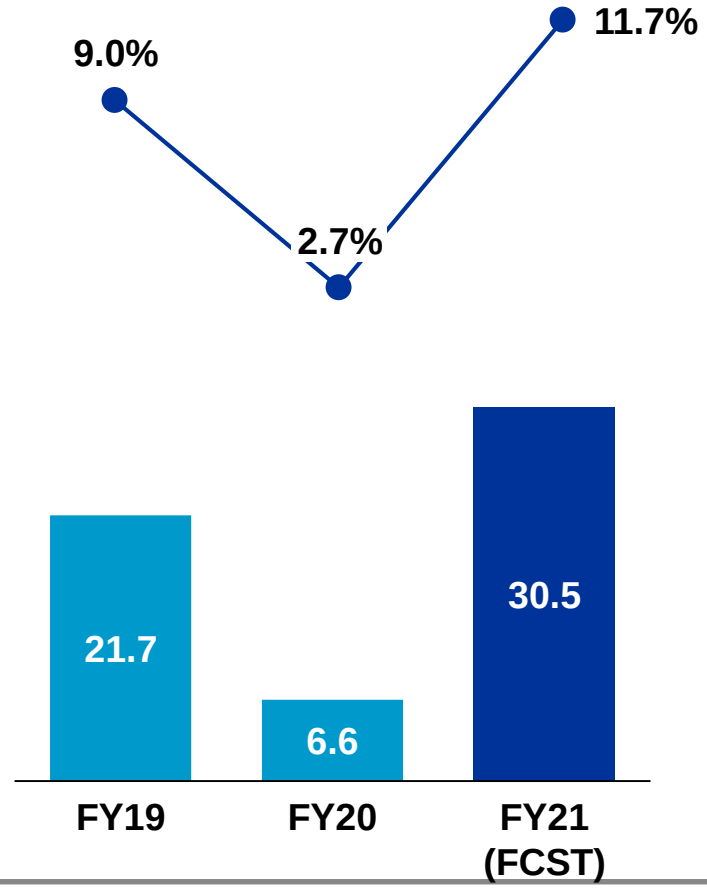
Core operating profit



Operating profit (IFRS)



Net profit (IFRS)



Investing to Grow

Strengthen global core businesses and promote efficiency by increasing capital expenditures

Capital Expenditures

FY2020 actual: JPY 11.3 billion

FY2021 forecast: JPY 30.0 billion

Factors behind the increase from the previous year

- Increase in production investment
  (up approx. JPY20.0 billion)
  - Shiga new plant and second China plant, etc
- IT-related investment (up approx. JPY1.0 billion)

Rendered image: Second China plant

Location: Industrial Park, Suzhou, Jiangsu province
Total floor area: 126,000m²
Production capacity: With 20 production lines, around 840 million doses/annually (5mL)
Operation schedule: Operation scheduled to begin in 2025

Pipeline: Main progress in FY2020 and outlook for FY2021

Pipeline for core business	Glaucoma	STN2000100 (**DE-128**)	**Approved in Canada. Under negotiation for PMA approval in US.** Filing in Japan, approved in Asia are being planned.
		STN10**117**00	**Filed in US** (PDUFA Nov. 2021). **Launched in Korea**, Plan to be filed in Asian countries
		STN10**126**00	Additional Phase2 started
		STN10**139**00 (Rhopressa)	In-licensed. Phase3 in Japan started. **Development in Asian countries under planning.**
	Allergy	STN10**076**03 (Verkazia)	**Filed in US** (PDUFA Jun. 2021) **and China.** In Asia, launched in 5 countries, approved in two countries, filed in two countries.
	Dry Eye	STN10**089**03	**Achieved the primary endpoint in Phase3** on *Diquas* new formulation. **Filing is being planned.**
New growth potential	Myopia	STN10**127**00	Japan: completed the enrollment in Phase3 **China: filed the application of Phase 1**, which is planned to be started in 2021
		STN10**134**00	**Aim to start Phase1 in Japan in FY 2021**
	Retina	STN6000100 (**jCell**)	Under the final preparation for Phase3 initiation
		STN10**109**00 (DE-109)	Improved the enrollment of Phase3, by expanding the development territory
	Ptosis	STN10**138**00 (RVL-1201)	Asia: **Plan the filing**, by using the data for US approval Japan: aim to start clinical trial in 2021

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Appendix

Evolution from Vision 2020 to Santen 2030

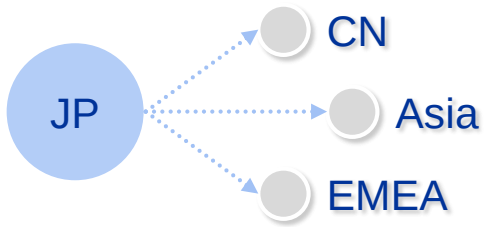
Vision 2020 (2011-2020)
Expanded global market presence

MTP2025 (2021-2025)
Transformation into a truly global ophthalmology Rx company

Santen 2030 (2021-2030)
Become a Social Innovator

Step 1
Expand overseas by leveraging Japan's strengths

Santen as of 2011

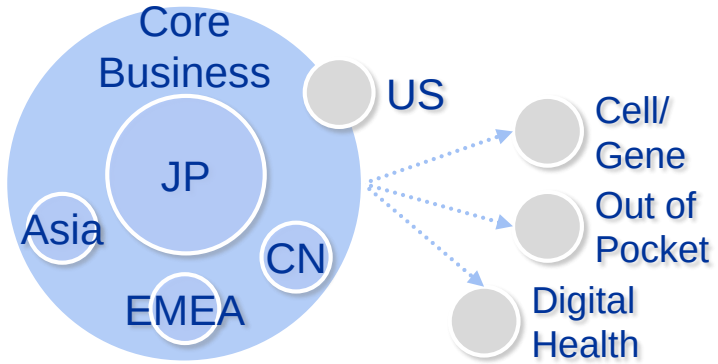


Expand globally as a top player in Ophthalmology prescription market from Japan. Established global presence (excl. US)

- Expanded presence in Asia and EMEA after acquiring Merck products in 2014

Step 2
Enhancing globalization and entering new fields

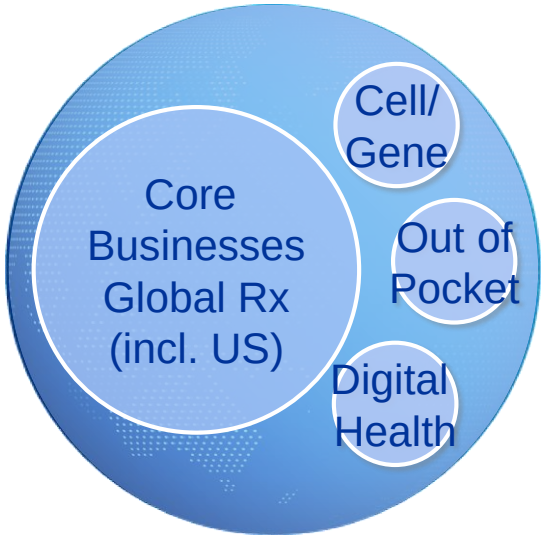
Santen as of 2021



Maximize the value of core businesses. Leverage to enter new businesses and new areas

- Enter the US ophthalmic Rx market through the platform of Eyevance
- Invest in future growth areas such as cell and gene therapy, out of pocket market and digital health

Step 3
Leader in ophthalmology



Archive business consolidation in ophthalmic products, incl. US.
Further evolve business model while expanding into new technology / out-of-pocket
To become a Social Innovator that contributes to society through the eyes

Management Themes to be Addressed in Next MTP

A **Strengthen global presence and profitability of core pharma business**

- **Determined shift in focus from "quantity" to "quality"**
  - Steadily monetize existing assets
- **Enhancement of new pipeline + disciplined execution of LCM**
  - Regional expansion, indication expansion and LOE countermeasures
- **Transformation into a "truly" global company**
  - Global organization and process optimization
  - Investment in production facilities to establish global framework

B **Capture the potential of ophthalmic domain**

- **Launch business in new areas**
  - Establish US pharma business
  - Expand into areas such as cell/gene therapy, out-of-pocket and digital health
- **Establish ophthalmology ecosystem**
  - Promote cooperation and collaboration with other players mainly in China and Asia

Concepts Behind Mid-/Long-term Targets

Contribute to sustainable development of society by addressing social issues. Aim to increase corporate value over the medium- to long-term

Contribution to society based on our corporate philosophy

- *Tenki ni sanyo suru*
- Happiness with Vision

Contribute to all stakeholders, including people suffering from eye diseases and disorders, healthcare professionals and shareholders

Management stance and mid-/long-term targets

Contribute to people with eye diseases and disorders and healthcare professionals by providing products to meet needs

Commitment to improve TSR* as a comprehensive metric for enchasing shareholder value. In addition, commitment to balance ESG strength

- Emphasize an appropriate balance between growth and profitability
- Strengthen ESG: Set clear KPIs and enhance initiatives

*Raise TSR above the industry's midpoint by 2025

Further details to be announced as a part of MTP2025 on May 19th

Capital Policy and Direction on Shareholder Return

We enforce the sustainable shareholder returns and BD investment to increase shareholder value.

Optimize balance between future growth and shareholder return

Shareholder return: 1/3 or more of operating cash flow
Dividend payout ratio of 40% or more
+ flexible share buybacks

BD investment: tens of billion JPY~
Strategic investment for mid-/long-term growth
- Enhance Rx pipeline where strengths can be leveraged
- New business areas

Utilize operating CF to enhance shareholder value
- Secure a dividend payout ratio of at least 40%
- Apply financial discipline to carefully select and implement strategic investments that will drive mid-to-long term growth and increase corporate value
- Flexibly return surplus funds through share buybacks

Enhancement of core business

Capital investment: 100.0B JPY
Investment to maximize existing business
- Capex for new facilities in Japan/China
- Improvement of productivity through the implementation of next-generation ERP etc.

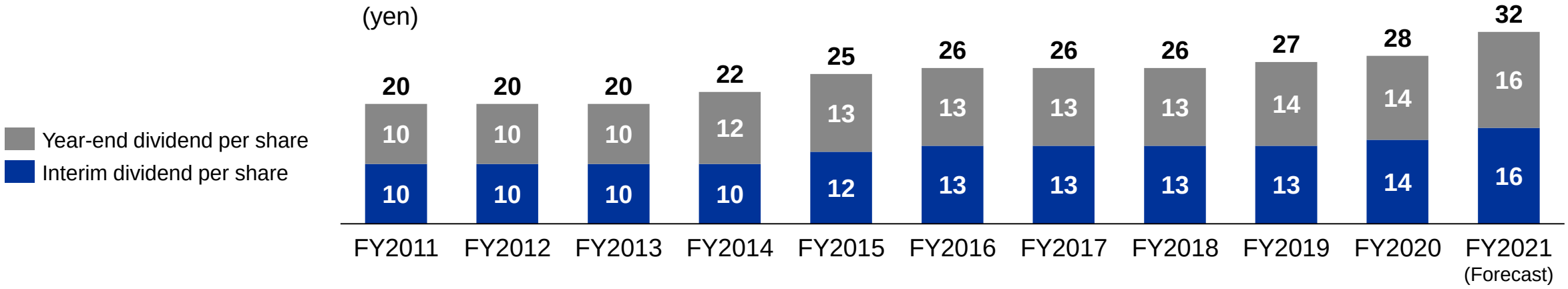
Utilize debt given solid prospects for recovery of investment

Maintain necessary cash for business continuity
(Secure working capital)

Maintain current level

Dividend Forecast for FY2021

Guiding for an increase in the dividend to 32 yen in FY2021; interim dividend of 16 yen and year-end dividend of 16 yen. (Increase of 4 yen from FY2020)



	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021 (Forecast)
Dividend payout ratio (IFRS basis)	51%	51%	42%	38%	19%	49%	30%	33%	46%	164%	42%
Share buy-back (bil JPY)	-	13.7	-	-	-	12.3	-	13.9	-	-	-
Total return ratio (IFRS basis)	51%	134%	42%	38%	19%	106%	30%	76%	46%	-	-

FY2021 forecast total return ratio does not reflect the possibility of additional share buy-backs.
Calculations are based on J-GAAP until FY2013 and IFRS from FY2014 onwards.

Transition to a Holding Company and Accounting Period

Postpone both initiatives (transition to a holding company structure and the change in accounting period) to maximize focus on the steady implementation of MTP2025 measures

Initial objectives of both initiatives

- Reinforce corporate headquarter functions
- Facilitate swift decision-making and foster organic collaboration among regions and units
- Further reinforce the global governance system
- Further facilitate global business expansion

Upcoming plans

Postpone both initiatives
(New timing of implementation TBD)

- Focus on the steady implementation of MTP2025 by concentrating all management resources here

Globalization of business and organization within the current framework
Continue to promote strengthening of group governance

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R&D Highlights

Strengthen the core business, and tackle areas with high growth potential

Diquas LoE measures

- Achieved the primary endpoint in Phase 3 on *Diquas* new formulation, STN100**089**03.

New pipeline

- Aim to start Phase 1 study on the next-generation product for myopia, STN10**134**00, in Japan in FY2021

Territory expansion

- STN10**117**00（*Eyberis*） : Launched in Korea
- STN2000100（DE-**128**） : Approved in Canada
  Plan to file in Japan in FY2021
  Under discussion for PMA approval in US
- STN10**076**03（*Verkazia*） : NDA filed in China

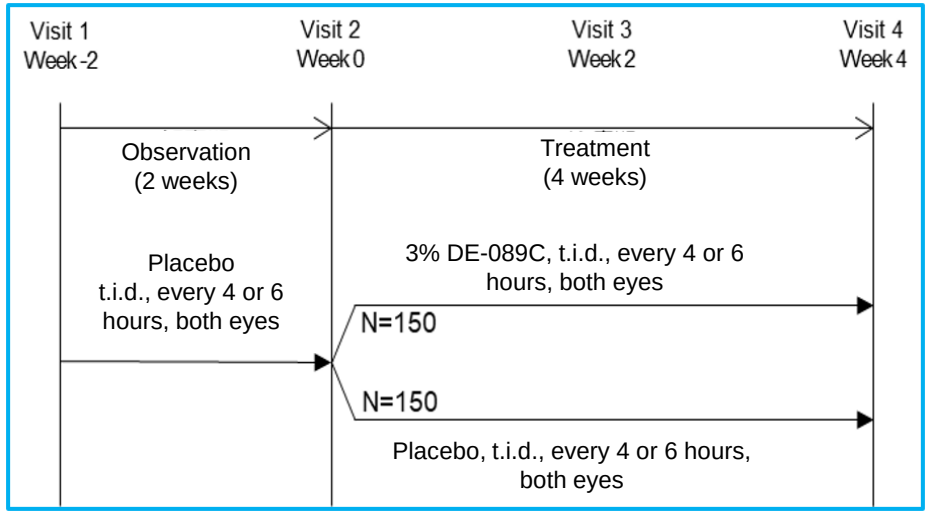
Steady progress on other main pipelines compounds

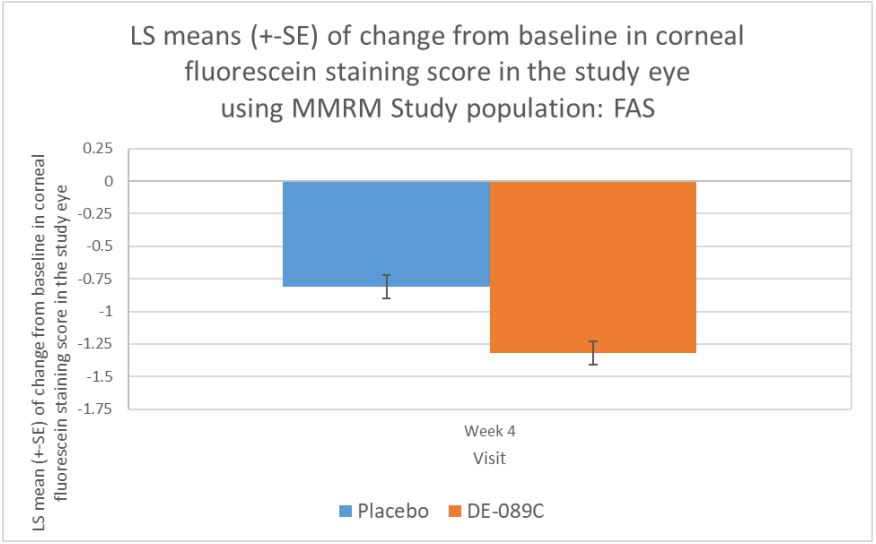
Q4 FY2020 Topic – Strengthening the core business to address by LoE

STN1008903 (DE-089C): favorable results obtained in Phase 3 pivotal placebo controlled study

■ **Objective:**

A Phase 3, multicenter, double-masked randomized placebo controlled study assessing the efficacy of 3% DE-089C ophthalmic solution (t.i.d, 4 weeks) using corneal epithelial staining score by fluorescein in dry eye patients





Differences of least squares means					
Visit	Difference	Estimate	SE	P value	95% CI
Week 4	DE-089C - Placebo	-0.51	0.123	<.0001	-0.754, -0.269

■ **Results: Primary endpoint achieved (corneal epithelial staining score by fluorescein)**

■ **Filing: FY2021**

Q4 FY2020 Topic - new growth potential

Start clinical trial of STN1013400, next-generation drug for suppression of myopia progression in children, ahead of peers

Reflecting the anticipated continued increase in the myopia patient population, governments, particularly China, are adopting intensive measures for myopia. This is expected to develop into a global trend, given the strong interest of stakeholders, including physicians.

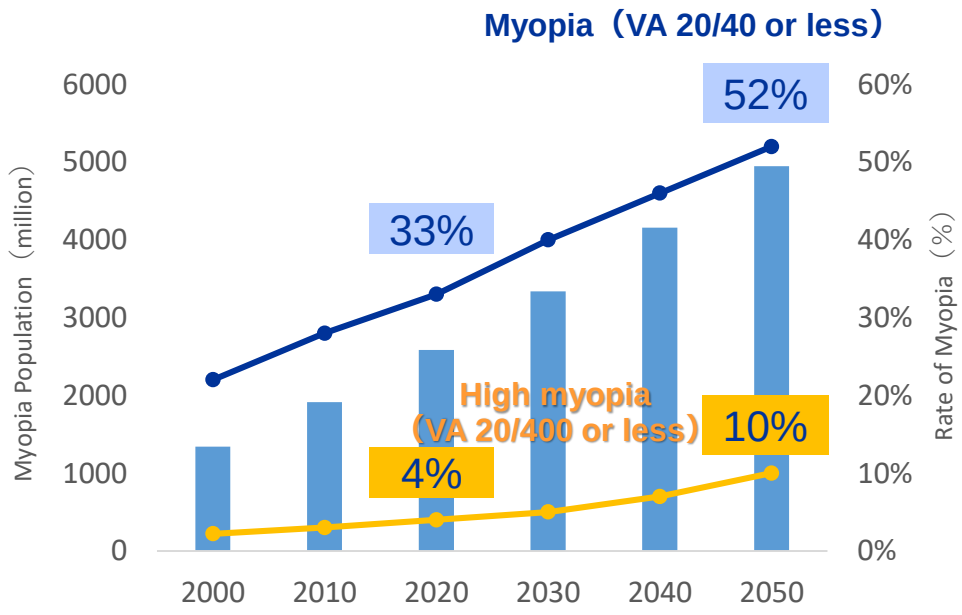
Target Product Profile

Suppress the elongation of the eyeball axis with muscarinic antagonist

- This product, which suppresses myopia progression, is more effective than the atropine formulation in development and is not expected to show side effects typically expected with atropine formulations, including mydriasis
- Territory
  - Japan: P1 initiation in FY2021
  - Others: Development in other territories including China is under consideration / planning

Market potential

Ratios of myopia and intense myopia patients versus world population[*1]



*1 Holden, et al, 2016 Ophthalmology

Current Status of Research and Development

Main pipeline / product development (1)

As of April 2021
Updated information is underlined

	Dev. code	Indication	Region	Status
Omidenepag isopropyl *EYBELIS*	**STN1011700** DE-117	Glaucoma / ocular hypertension	US	Filed *Plan: FY2021 approval*
			Japan	Launched
			Asia	Launched in February 2021 in Korea
Sepetaprost	**STN1012600** DE-126	Glaucoma / ocular hypertension	US	P2 *Plan: FY2022 additional P2 completion*
			Japan	P2b (dose finding study completed)
Glaucoma implant device *PRESERFLO MicroShunt*	**STN2000100** DE-128	Glaucoma	US	Completed PMA rolling submission Discussion with FDA on-going *Plan: under consideration*
			Japan	*Plan: FY2021 filing*
			Europe	Launched
			Asia	Filed *Plan: FY2021 approval*
			Others	Approved in March 2021 in Canada *Plan: FY2021 Launch*

Current Status of Research and Development

Main pipeline / product development (2)

As of April 2021
Updated information is underlined

	Dev. code	Indication	Region	Status
Netarsudil dimesylate *Rhopressa*	**STN1013900** AR-13324	Glaucoma / ocular hypertension	Japan	Started P3 in November 2020 *Plan: FY2023 P3 completion*
Atropine sulfate	**STN1012700** DE-127	Myopia	Japan	P2/3 *Plan: FY2023 P2/3 completion*
			China	*Plan: FY2021 P1 start*
			Asia	P2 (met primary endpoint)
AFDX0250BS	**STN1013400**	Myopia	Japan	*Plan：FY2021 P1 start*
Diquafosol sodium (long-lasting) *Diquas*	**STN1008903** DE-089C	Dry eye	Japan	P3 (met primary endpoint) *Plan: FY2021 filing*
Sirolimus (intravitreous injection)	**STN1010900** DE-109	Uveitis	US	P3 *Plan: FY2022 P3 completion*
			Japan	P3
			Europe	P3
			Asia	Filed

Current Status of Research and Development

Main pipeline / product development (3)

As of April 2021
Updated information is underlined

	Dev. code	Indication	Region	Status
Tafluprost / timolol maleate (combination) *TAPCOM / TAPTIQOM*	**STN1011101** DE-111A	Glaucoma / ocular hypertension	China	P3 *Plan: FY2023 P3 completion*
Latanoprost	**STN1013001** DE-130A Catioprost	Glaucoma / ocular hypertension	Europe	P3 *Plan: FY2021 P3 completion*
			Asia	
Intraocular lens *Lentis Comfort*	**MD-16**	Cataract	Japan	Launched in November 2020

- China FDA accepted the NDA for STN10076 (Verkazia / generic name: ciclosporin) for the treatment of vernal keratoconjuctivitis in April 2021.

- STN1013800 (RVL-1201); The company is planning to start clinical trials for blepharoptosis in FY2021 in Japan and also considering the filing in Asia with data used for US approval.
  Licensing region / Japan, China, Asia and Europe

- STN6000100 (jCell); Our partner company (jCyte) has started a phase 2 safety study (NCT04604899) for retinitis pigmentosa with an estimated completion in FY2022. jCyte and Santen have begun preparations to move the program to the phase 3 stage.
  Licensing region / Japan, China, Asia and Europe

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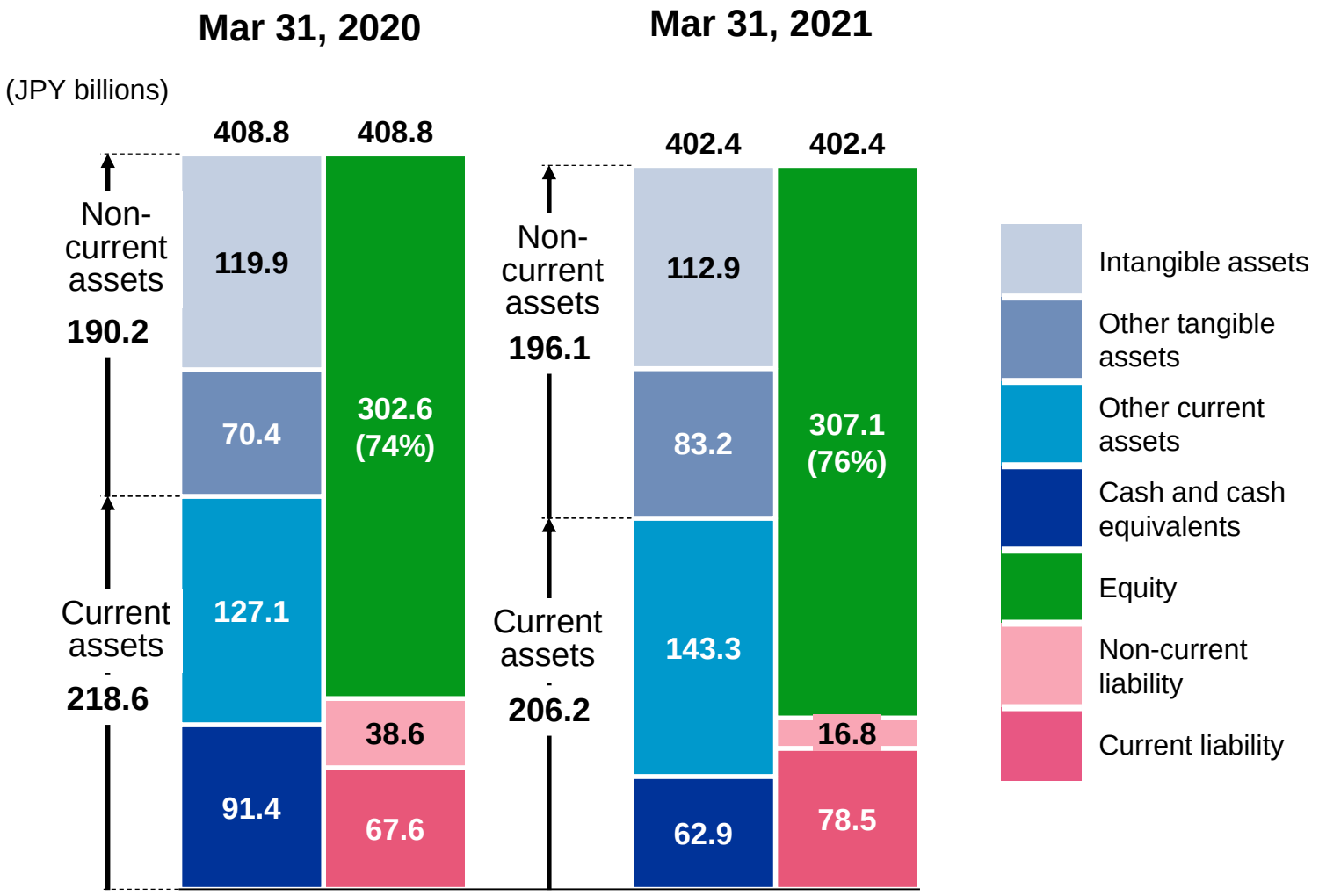
FY2020 Consolidated Results (vs Forecasts as of May 8th, 2020)

(JPY billions)	FY2020 Original forecast (as of May 8th, 2020)	vs Revenue	Actual	vs Revenue	vs First forecast
Revenue	**235.0**		**249.6**		**106%**
Cost of sales	90.0	38%	98.2	39%	109%
Gross margin	145.0	62%	151.4	61%	104%
SG&A expenses	70.0	30%	77.2	31%	110%
R&D expenses	23.0	10%	24.1	10%	105%
Core operating	**52.0**	**22%**	**50.1**	**20%**	**96%**
Non core SG&A expense	--	--	2.4	1%	--
Amortization on intangible assets associated with products	9.7	4%	9.9	4%	102%
Other income	0.9	0%	16.0	6%	--
Other expenses	8.2	3%	40.9	16%	499%
Operating profit (IFRS)	35.0	15%	12.9	5%	37%
Finance income	0.8	0%	1.3	1%	168%
Finance expenses	1.0	0%	1.5	1%	149%
Share of loss of Investments accounted for using equity method	--	--	0.4	0%	--
Profit before tax	34.8	15%	12.4	5%	36%
Income tax expenses	11.0	5%	5.8	2%	52%
Actual tax ratio	*31.6%*		*46.5%*		
Net profit (IFRS)	**23.8**	**10%**	**6.6**	**3%**	**28%**

Revenue growth exceeded initial forecast owing to activities in response to the new normal, despite the COVID-19 impact

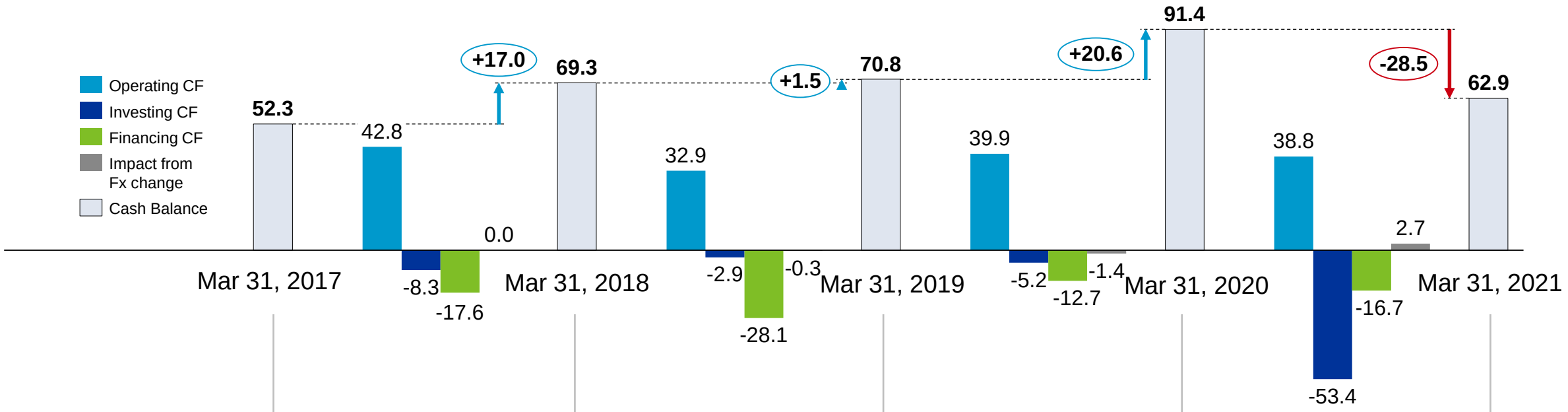
Fell short of initial forecast due to the posting of gains on reversal of change in fair value of contingent consideration and impairment loss related to the expected delay to US approval of STN2000100 (DE-128)

FY2020 Financial Position Changes



Cash Flow Changes

(JPY billions)



- ✓ Operating CF: Increased on higher net profit after tax
- ✓ All CFs increased in absence of large expenditure in FY2016 (tax expenditure associated with transfer of business profit, acquisition, share buy-back)

- ✓ Financing CF: Increased due to expenditure related to buy-back and long-term loan payment

- ✓ Operating CF: Increased on higher net profit after tax
- ✓ Financing CF: Decreased from FY2018 in absence of expenditures related to share buy-backs

- ✓ Operating CF: Solid CF generation on contribution from steady performance of core businesses despite incurring impairment loss
- ✓ Investing CF: Increased due to acquisition of Eyevance (U.S.)

STN2000100 (DE-128) Impairment Loss

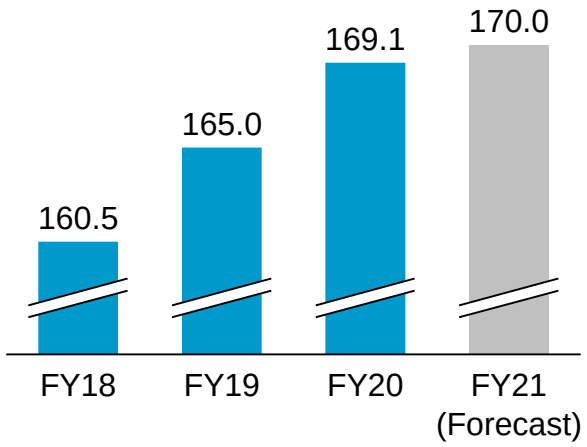
Difference between the final recorded results and the figures announced on April 9, 2021

(JPY billions)	Forecast As of April 9, 2021	Finalized number
Impairment loss	**-40.5**	**-40.3**
Development, manufacturing and sales rights	-24.8	-24.6
Goodwill	-15.7	-15.7
Gain on reversal of change in fair value of contingent consideration	**14.9**	**14.9**
Other income	15.4	15.2
Financial expenses	-0.5	-0.3

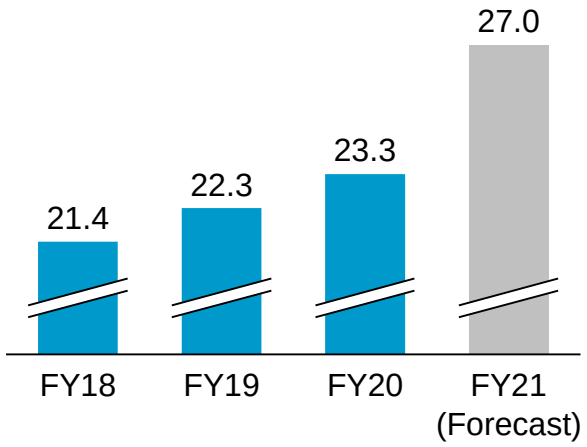
Revenue / Contribution Profit by Region1

(JPY billions)

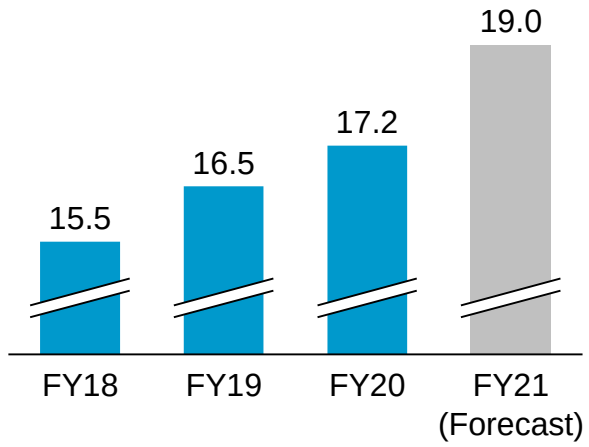
Japan



China



Asia



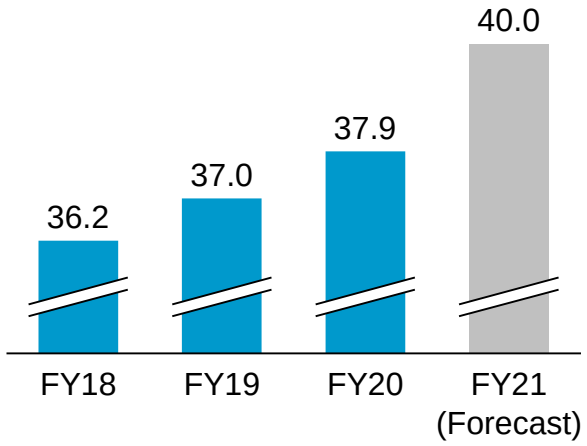
Classified into countries or regions based on customer location.

Revenue / Contribution Profit by Region 2

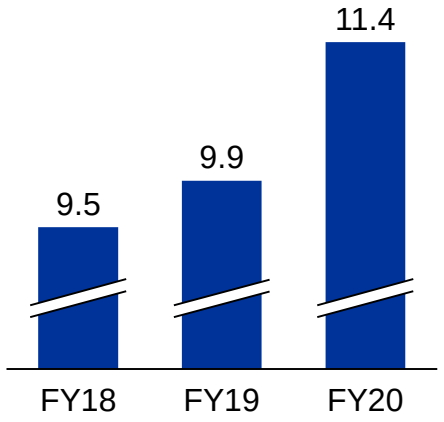
(JPY billions)

EMEA

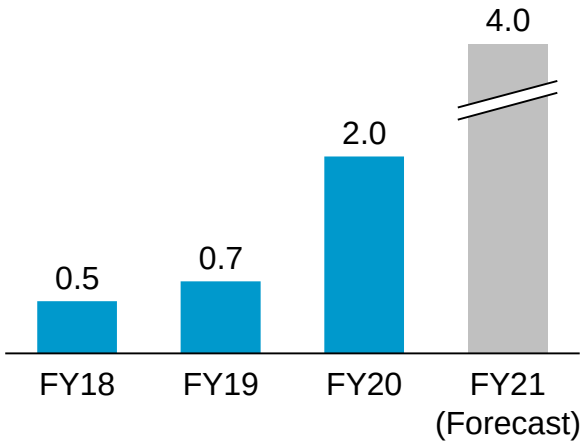
Revenue

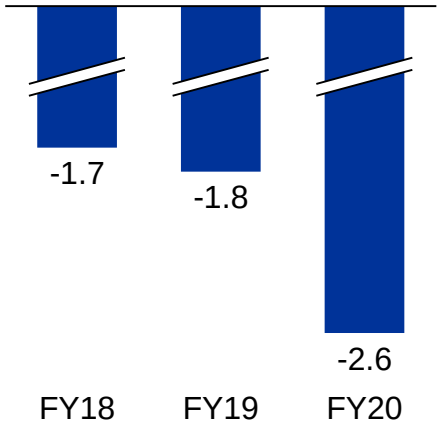


Contribution profit



Americas

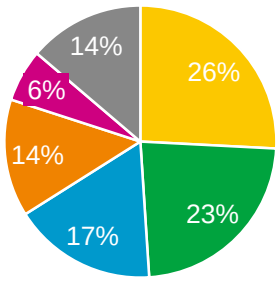




Classified into countries or regions based on customer location.

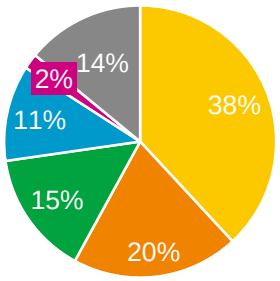
FY2020 Revenue by Region

Consolidated



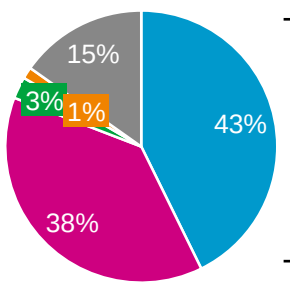
(JPY billions)	FY2020	FY2019 (Ref.)
EYLEA*	64.5	60.1
Alesion (Incl. Alesion LX)	32.8	24.9
Cosopt	20.9	21.0
Others	131.5	135.5
Total	249.6	241.6

Japan



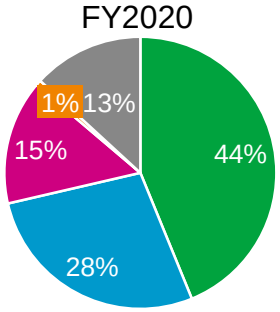
(JPY billions)	FY2020	FY2019 (Ref.)
EYLEA*	64.5	60.1
Alesion (Incl. Alesion LX)	32.7	24.9
Diquas	12.3	14.3
Others	59.7	65.7
Total	169.1	165.0

China



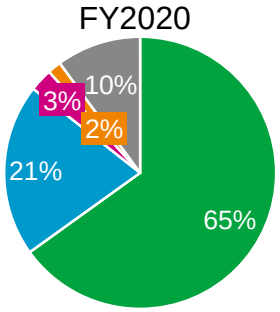
(JPY billions)	FY2020	FY2019 (Ref.)
Hyalein	9.3	7.9
Cravit	7.9	9.5
Flumetholon	1.4	1.2
Others	4.8	3.7
Total	23.3	22.3

Asia



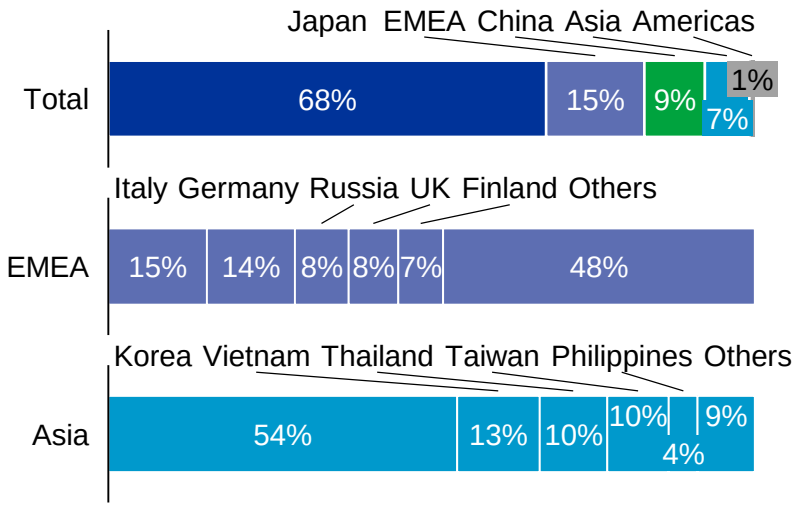
(JPY billions)	FY2020	FY2019 (Ref.)
Cosopt	4.5	4.1
Hyalein	2.2	1.9
Tapros	1.9	1.9
Others	8.7	8.6
Total	17.2	16.5

EMEA



(JPY billions)	FY2020	FY2019 (Ref.)
Cosopt	9.5	9.3
Tapros	6.7	6.5
Ikervis	3.6	3.1
Others	18.1	18.1
Total	37.9	37.0

Revenue in each region (FY2020)



Intravitreal VEGF inhibitor | Glaucoma/Device | Dry eye | Allergy | Bacterial conjunctivitis | Others

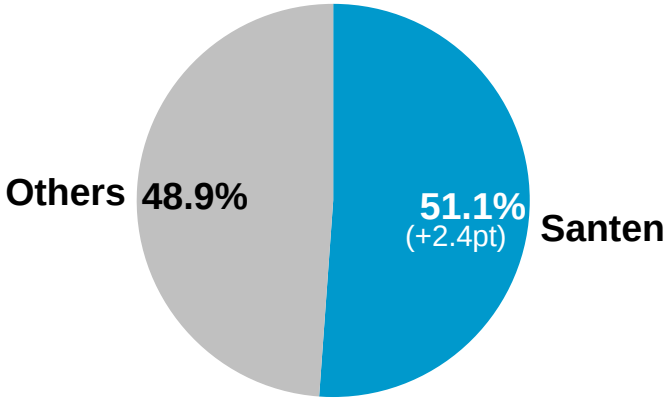
*EYLEA: Co-promoted product of Bayer Yakuhin, Ltd. (MAH)

Prescription Ophthalmic Market in Japan (Apr. 2020-Mar. 2021)

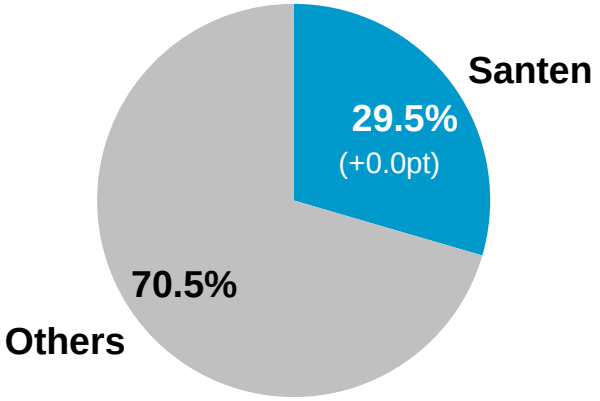
Remain No.1 for overall market and all segments

Segment: Market size
Graph: Market share (change from last year)

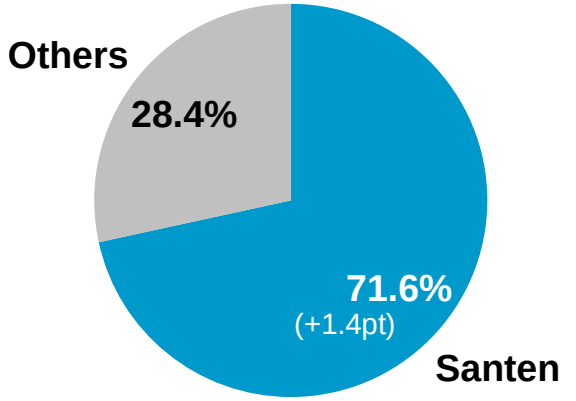
Total: JPY378.7bil



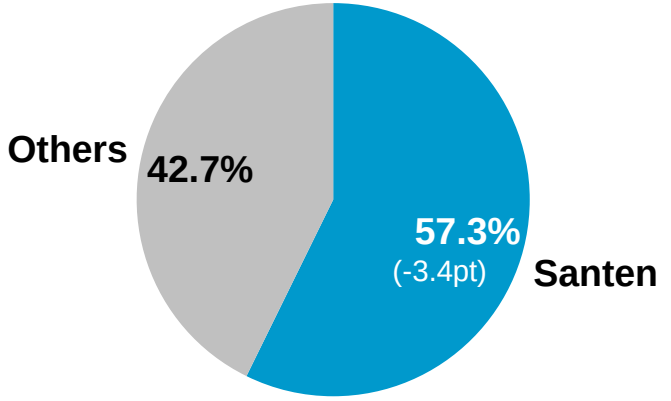
Glaucoma: JPY105.1bil



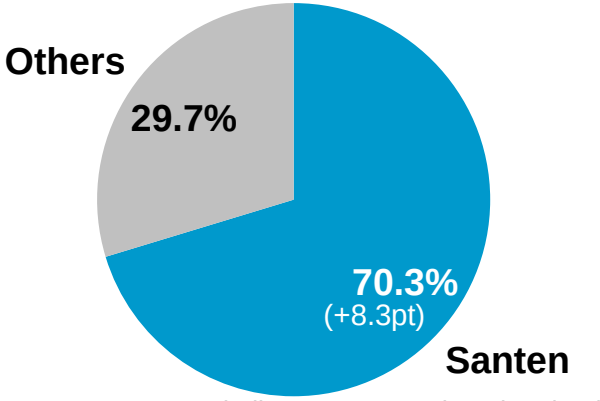
Retinal disorders*: JPY110.4bil



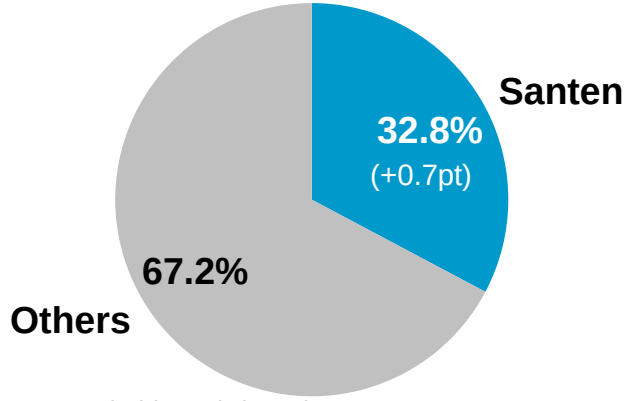
Corneal / dry eye: JPY42.4bil



Allergy: JPY60.5bil



Anti-infection: JPY8.6bil



*Including co-promoted product (Anti-VEGF *EYLEA*) of Bayer Yakuhin, Ltd. (MAH)
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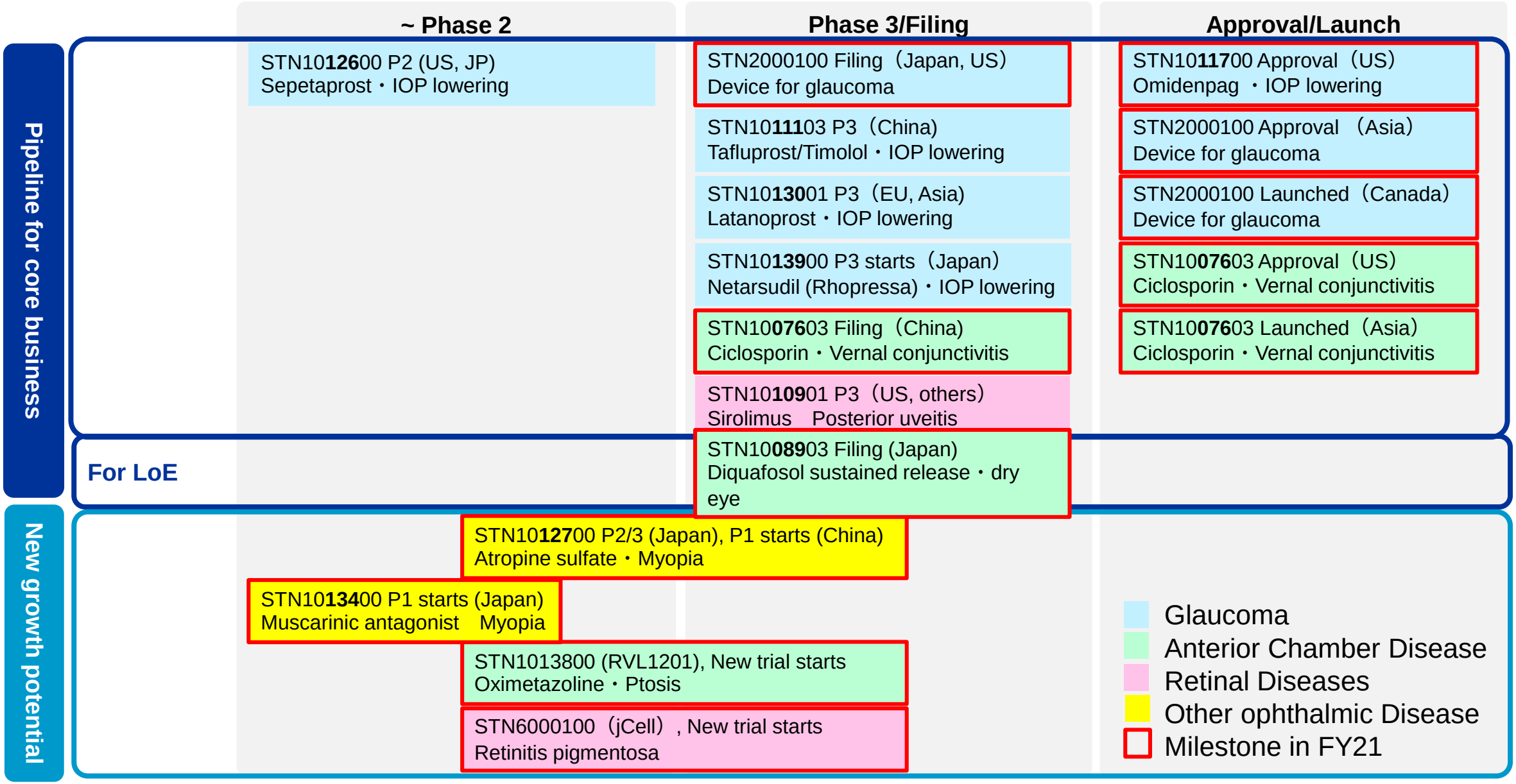
FY2020 Results: Progress of Main Pipeline Items

		~ Phase 2	Phase 3/Filing	Approval/Launch
Pipeline for core business	New pipeline	STN10**126**00 Additional P2 start (US) Sepetaprost・IOP lowering	STN10**117**00 NDA（US） Omidenpag・IOP lowering	STN2000100 Approval（Canada） Device for glaucoma
			STN2000100 NDA（US） Device for glaucoma	STN10**117**00 Launched（Korea） Omidenpag ・IOP lowering
			STN10**139**00 P3 start（Japan） Netarsudil (Rhopressa)・IOP lowering	STN10**076**03 Launched（Taiwan） Ciclosporin・Vernal conjunctivitis
			STN10**076**03 on the list（China） Ciclosporin・Vernal conjunctivitis	MD-16 Launched（Japan） IOL
			STN10**076**03 NDA (US) Ciclosporin・Vernal conjunctivitis	Total 13 products launched in Asia
				Total 55 products launched in EMEA
	For LoE		STN10**089**03 PE achieved (Japan) Diquafosol sustained release・dry eye	
New growth potential		STN10**127**00 PE achieved (Asia) Atropine sulfate・Myopia		
		STN1013800 (inlicensed RVL1201) Oximetazoline・Ptosis		
		STN6000100（inlicensed jCell） Cell therapy・Retinitis pigmentosa		
		STN10**134**00 Non-clinical Muscarinic antagonist・Myopia		

Glaucoma
Anterior Chamber Disease
Retinal Diseases
Other ophthalmic Disease
Progressed in Q4 FY20

FY2021 Plan: Progress in Main Pipeline Items

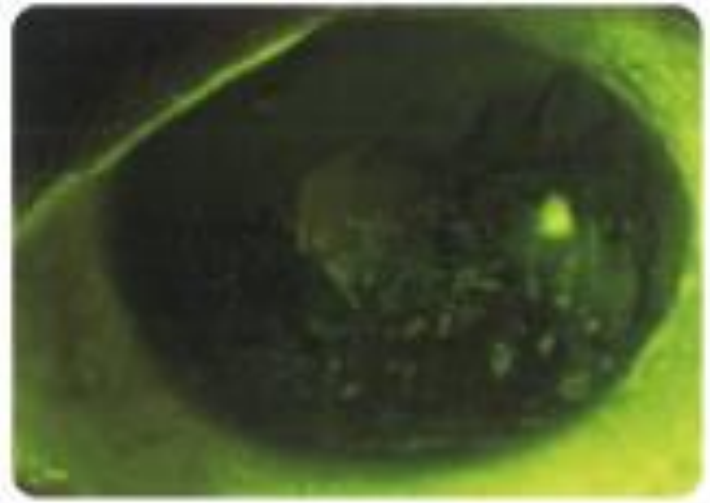


Examination for Dry Eye Corneal Epithelial Disorder

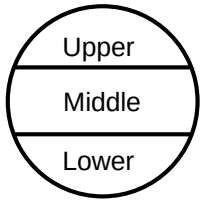
- Show the distribution and status of corneal epithelial damage, by staining defects and intercellular space of corneal / conjunctival epithelial cells
- Examine the items below by visualizing tears
  - Tear fluid retention volume（Tear meniscus）
  - Stability of tear film（BUT）
  - Tear distribution
- Fluorescein staining：
  Instill fluorescein staining solution in upper, middle and lower cornea area, and score the level of staining with fluorescein in each area

Evaluation criteria

Score	Criteria
0	No defect
1	Partial defect
2	Defect in more than half of the area
3	Whole area defective



＊Image through blue free filter



Corneal epithelial defects evaluation area Division criteria