Capital Markets Day Overseas Business

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March 28, 2024

Santen Pharmaceutical Co., Ltd.

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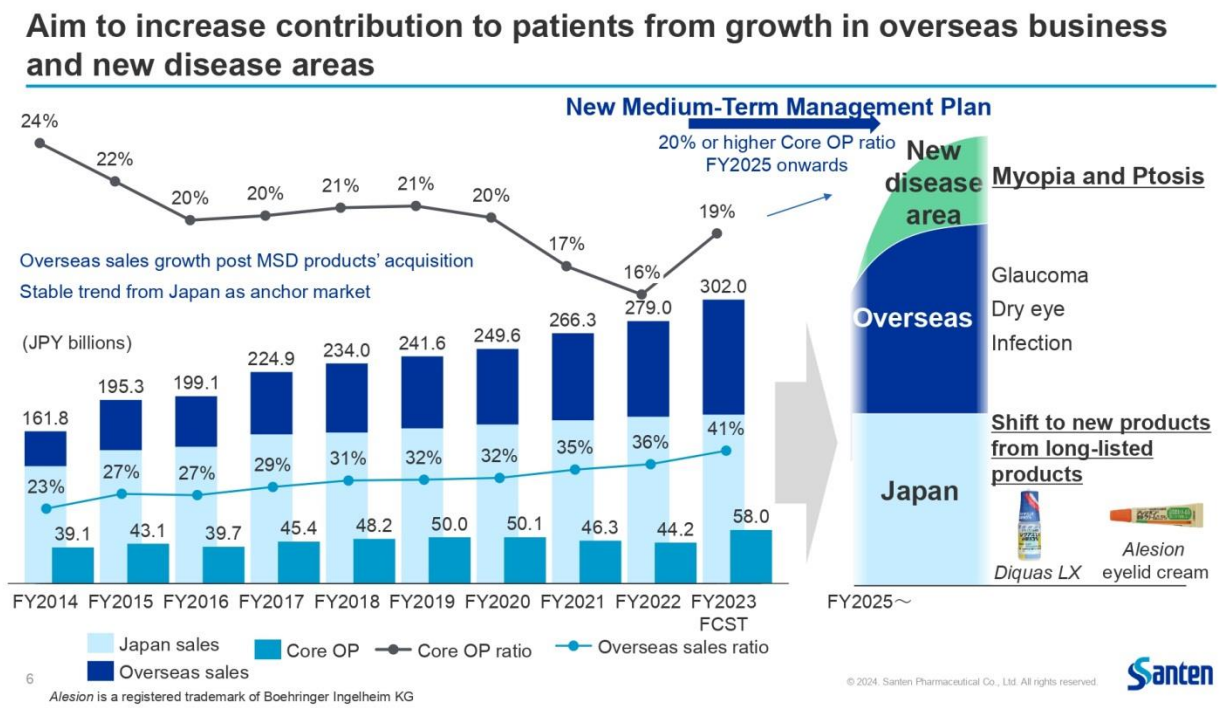
Medium-long Term Growth Trajectory

Takeshi Ito

President &
Chief Executive Officer

Ito: This is Ito, CEO of Santen Pharmaceutical Co., Ltd. Thank you very much for taking time out of your busy schedule to participate in our overseas business briefing. Today, I would like to talk about our overseas business in EMEA and Asia, which we have not been able to share with you much in the past, and what we are aiming for and how we are working on it.

Before I begin, I would like to take a look back at our past growth trajectory and briefly touch on our future direction.



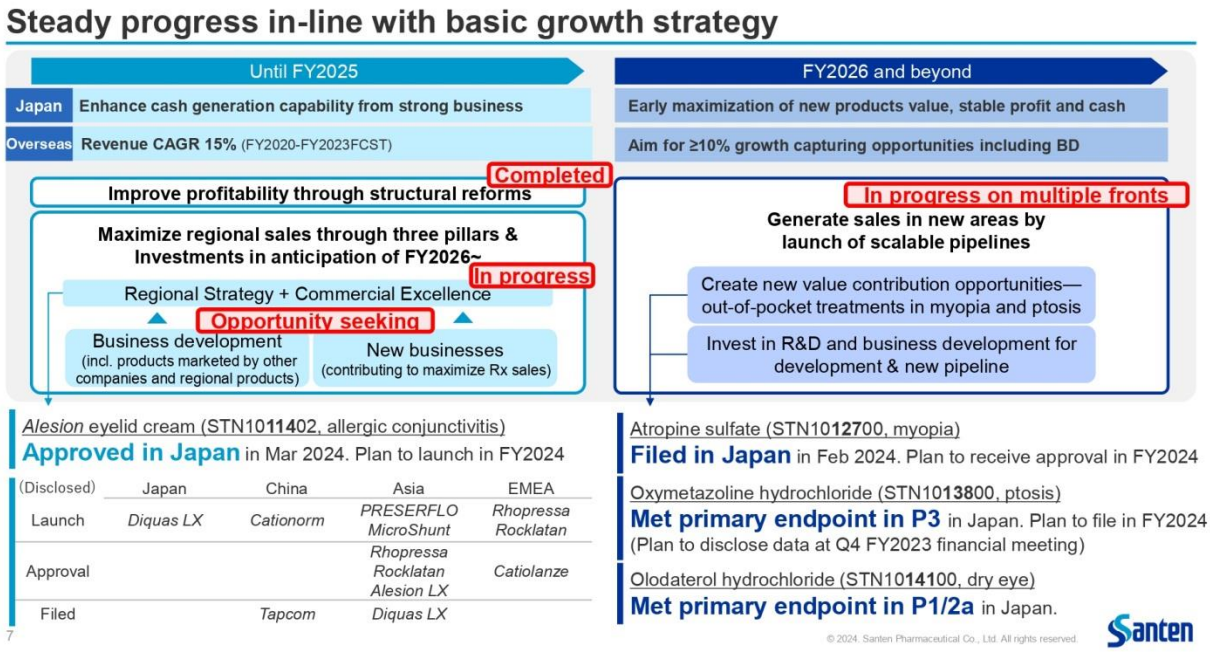
Please refer to page six.

Over the past decade, our core regional business in Japan has grown steadily, while our overseas business has expanded significantly following the succession of MSD products in 2014, resulting in group-wide sales revenue nearly doubling in size from 2014.

Although profitability has declined over the past few years due to various new initiatives and prioritizing upfront investments overseas, through structural reforms over the past year, we have completed the transformation to a lean structure that can lead to earnings growth over the medium to long term. Therefore, in February of this year, we decided to increase the dividend for the current fiscal year.

I would like to reiterate a few words about the medium- to long-term growth image. First of all, with regard to Japan, we believe that it is inevitable that Japan will be gradually affected from FY2024 onward by the increase in patient burden due to the Selective Care System for long-term listed products scheduled to begin in October of this year.

However, we intend to minimize the impact by providing new value to patients through new products such as the *Alesion* cream formulation, which was approved the day before yesterday, in addition to *Diquas LX*, which is already on the market. Overall, in addition to sustained growth in our overseas business, which I will explain today, we will aim for sustainable contribution to patients and growth with an even stronger structure, including Japan, while incorporating new challenges in the field of out of pocket, such as myopia and ptosis.



Please see page seven.

The medium-term management plan announced in April last year is making steady progress in accordance with the plan. First, the various structural reforms and profit improvement programs, including streamlining of the Americas, which we have been pursuing since FY2022, are expected to increase earnings by JPY15.0 billion in FY2025, but we expect to exceed that amount in FY2023, ahead of schedule. It was a very painful reform, but as a result of the concerted efforts of management and executive officers, we were able to accomplish the reforms more quickly and with greater results than originally planned.

The regional expansion of commercial excellence, which supports medium- to long-term growth, is also progressing smoothly and is gradually yielding results. COO Nakajima will explain the details of that later.

Clinical trials are progressing smoothly and at an accelerated pace for development projects for myopia and ptosis targeting out of pocket treatment, which is one of the key programs supporting medium- to long-term growth. As you are aware, the myopia drug filed for approval in Japan at the end of February.

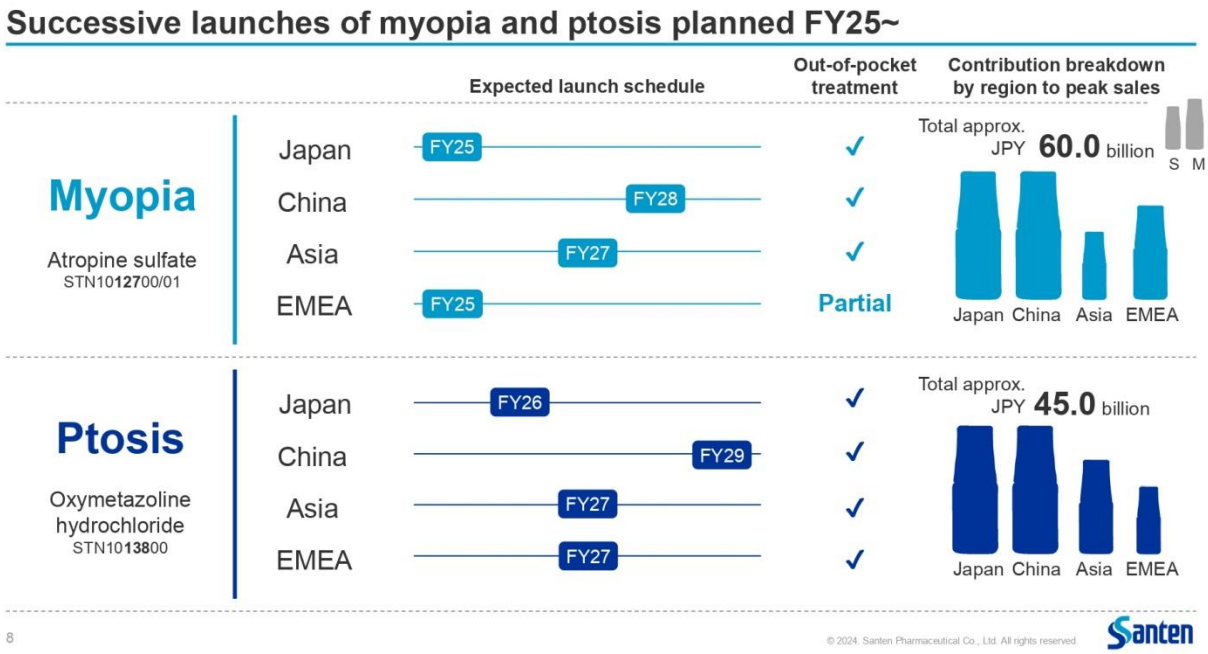
As for ptosis, just last week we achieved the top-line result of the Phase III study in Japan, which met its primary endpoint. We plan to present the data at the May earnings announcement. I would also like to report that the top-line results of the POC study on STN1014100, the next-generation dry eye treatment, were obtained last week and the primary endpoint was met.

All of our various initiatives are proceeding on-track, and we are now entering a stage where we are changing our internal awareness toward medium- to long-term growth.

For Japan, we will position the business as a stable cash generator by leveraging our strong foundation and maximizing the value of new products such as myopia at an early stage.

As for overseas, we will maintain our growth trajectory and aim for double-digit growth over the medium to long term while capturing growth opportunities, including business development. To this

end, we will continue to invest in growth, including R&D and business development, while working to improve profitability as well as strengthening our organizational base.



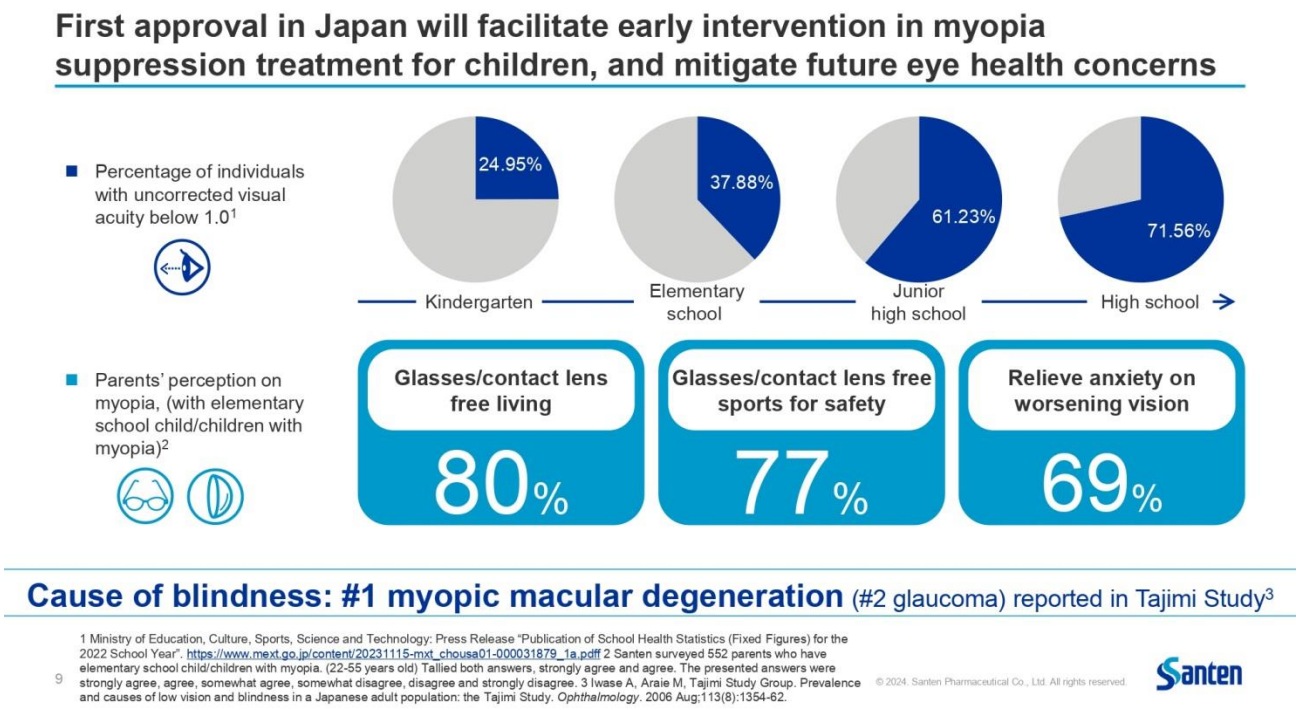
I will then briefly touch on new areas such as myopia and ptosis.

Please refer to page eight.

Starting with the launch of the myopia formulation in Japan in fiscal year 2025, we will gradually enter the market in each region in the areas of myopia and ptosis. For myopia, we are basically targeting patients in the field of out of pocket, although we also envision insurance treatment in some parts of EMEA. We are currently conducting market research and strategic planning, including global marketing and market access.

Peak sales are shown in the mid-term business plan as JPY60.0 billion for myopia and JPY45.0 billion for ptosis, and the image of the scale of sales by region at this point is represented by the eye-drop bottles. China is of course a large market, and in Japan, we believe that we can develop this into a product of considerable scale by taking advantage of our ophthalmology expertise.

We will aim to achieve significant growth on a global scale, while successfully applying the knowledge we have gained as a leading sales country to other regions.



Please refer to page nine.

Finally, I would like to touch a little more on myopia, which we plan to launch in FY2025. The prevalence of myopia is currently about 30% worldwide, and this is expected to increase to 50% by 2050. In addition, the high myopia with risk of complications such as retinopathy and glaucoma is estimated to be as high as 10% by 2050.

Especially in the Asian region, including Japan and China, there is a forecast of 20% to 30%(Santen post amendment: approximately 20%). Myopia is a new field, and since it is out of pocket clinical practice, it may be difficult for you to imagine the potential of myopia. We believe that this product is of great significance from the perspective of preventing serious eye diseases in the future and improving the quality of life of patients.

The number of children with naked eye vision of less than 1.0 is increasing every year, and the percentage increases with age. On the other hand, parents want their children to live as much as possible without the inconvenience of nearsightedness, according to the survey results.

By launching the first approved myopia drug in Japan, we hope to address unmet needs and make a contribution to patients, and the entire company is currently working together to prepare for this. We will discuss strategies from time to time.

That's all from me.

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Commercial Excellence & Overseas Regional Business Growth

Rie Nakajima
Chief Operating Officer

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Nakajima: This is Nakajima, COO. I will be speaking about commercial excellence and our overseas regional operations.

The Overseas Business has reached the appropriate scale to absorb business volatility across regions and sustain its growth momentum

Market Environment
Untapped large patient pool and unmet needs in eye care across diverse countries/age groups

Volatility
- Healthcare policy changes
  - GE erosion
  - Drug pricing, price cuts
- Country risk

Untapped market expansion potential

Overseas Strength Pillars
- Strong relationships with ophthalmologists and healthcare providers
- Solid Company and product brands
- Regional needs-tailored product portfolio (including self-medication and medical device) and new products development & launch

\+ Commercial Excellence

Sustained growth momentum & volatility absorption

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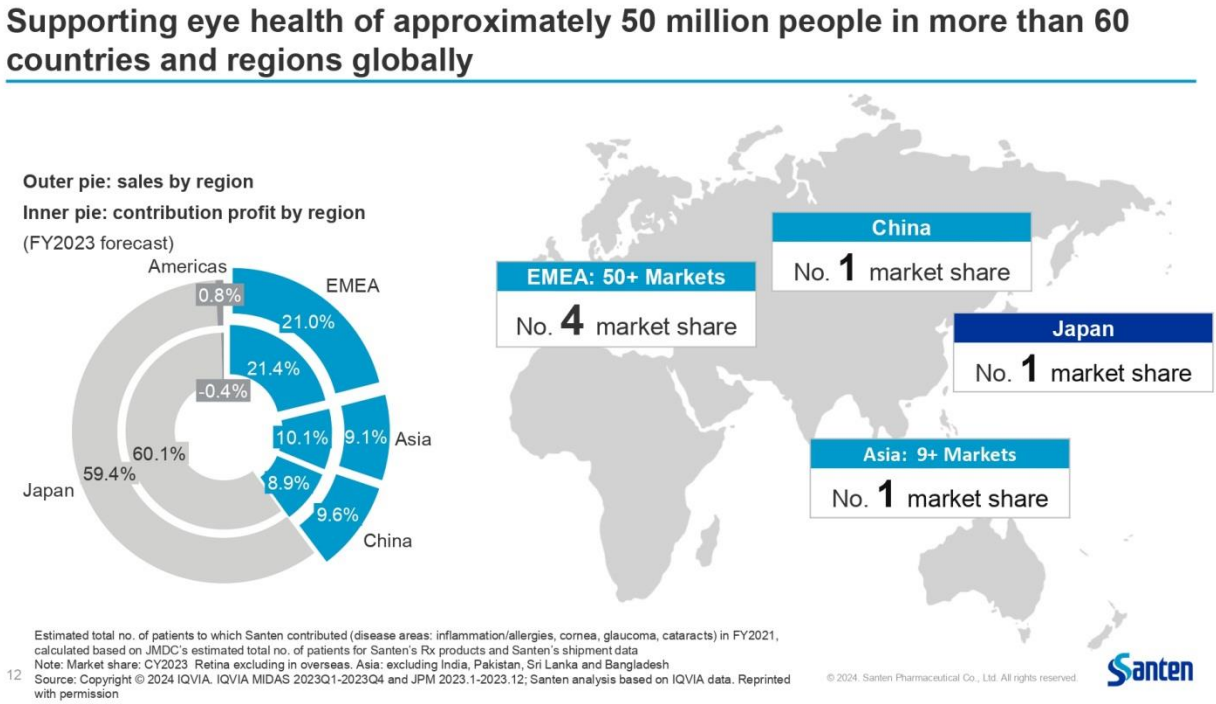
1 National Health Insurance Price

Please see page 11.

There are many undiagnosed potential patients in various ophthalmic disease areas in the world. As for the general public, we know that there is an unmet need for eye care in all regions, and we see considerable room for Santen to expand its market.

In this environment, we have been building up strong relationships with our customers, expertise, and product portfolio as a specialized ophthalmology company, even overseas.

In addition to these original strengths, we will maintain our growth momentum while absorbing volatility caused by the external environment by pursuing commercial excellence and achieving more consistent and thorough operations to support medium- to long-term growth.

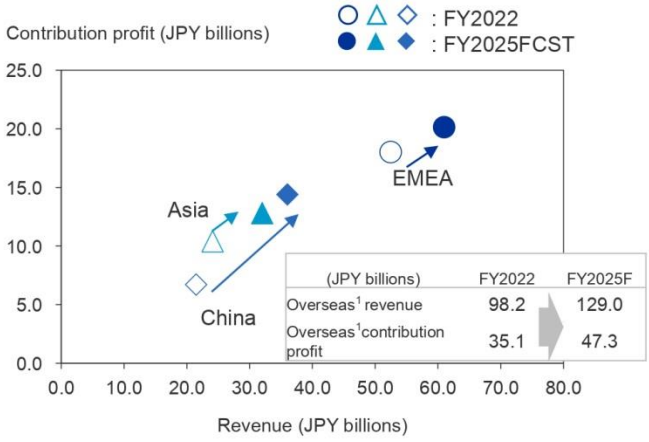


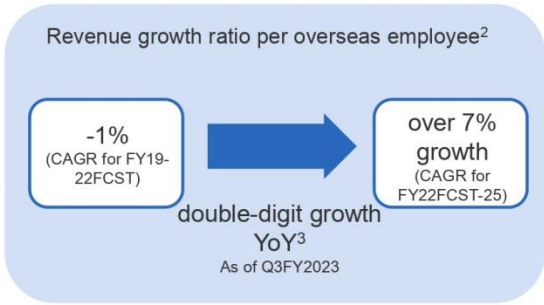
Please see page 12.

We combine the direct sales and distributor models of our business to serve 50 million patients worldwide. Overseas operations have also grown to a scale that accounts for 40% of company-wide sales and contribution profits, and we have a strong presence in each region.

“Raising the bar” in overseas business: Higher objectives with lean & effective organization

Double-digit growth of revenue per head realized FY2023.
Pursue commercial excellence in FY2024~FY2025 to exceed MTP objectives



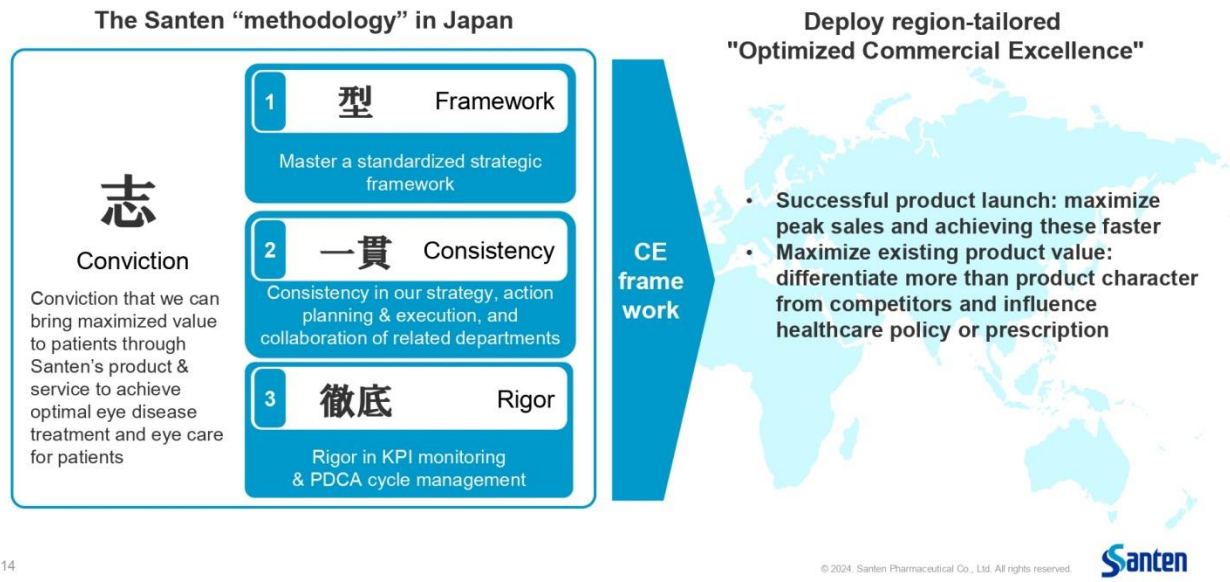


13 1 China, Asia and EMEA 2 China, Asia and EMEA excluding FX impact. Calculated based on FY2022 FX rate ~FY2022, on New MTP rate ~FY2025 3 Based on China, Asia and EMEA CFU employees. Excluding FX impact and one-time factors

Please see page 13.

Productivity in our overseas operations has shown double-digit improvement for the single year of FY2023, and remains an important issue to be addressed. In our mid-term management plan, we have set an average annual growth rate of 7% or more as a KPI, and we intend to focus on further penetration of commercial excellence, continue to reliably achieve higher goals with a leaner personnel structure, and significantly exceed our initial KPI.

Santen’s Commercial Excellence (CE) : systematic dissemination and implementation of Japan’s strengths



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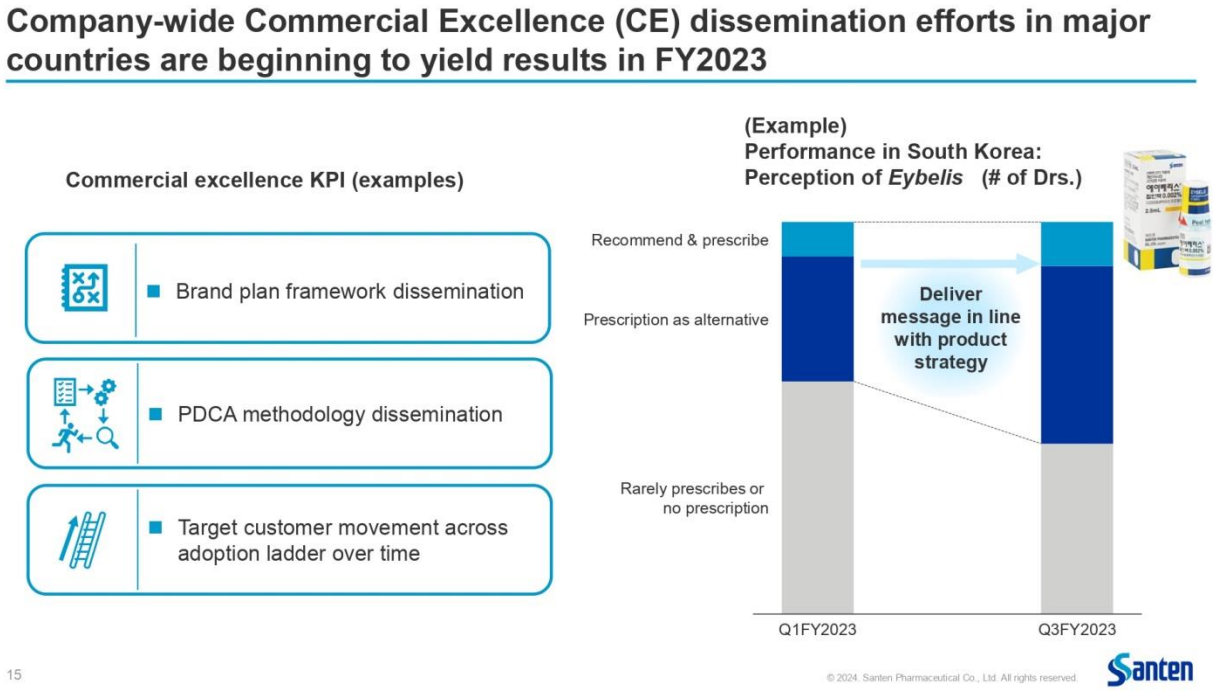
Moving on to page 14.

From the perspective of successfully launching new products and maximizing the value of existing products, we are focusing on the global systematization of commercial excellence and its penetration into each region.

First, our source of strength in Japan is that we have a standardized strategic framework and the molds to use it, and that the relevant departments are responsible for consistent strategy, activity planning, and execution, while thoroughly monitoring results and continuing to make course corrections.

Moreover, these methodologies and mechanisms are thoroughly implemented within the organization with the aspiration of maximizing the value of contribution to patients as a specialized ophthalmology manufacturer. We have systematized the essence of these strengths into a common language of commercial excellence, and are expanding it to each region, taking into account the characteristics of each market.

The effect of commercial excellence can be seen in the peak sales of new products and the speed at which they reach peak sales, but it can also be seen in existing products that have been on the market for some time, differentiating them from the competition and influencing physicians' willingness to prescribe them.



I would like to talk a little more specifically about the results of our efforts in FY2023.

Please see page 15.

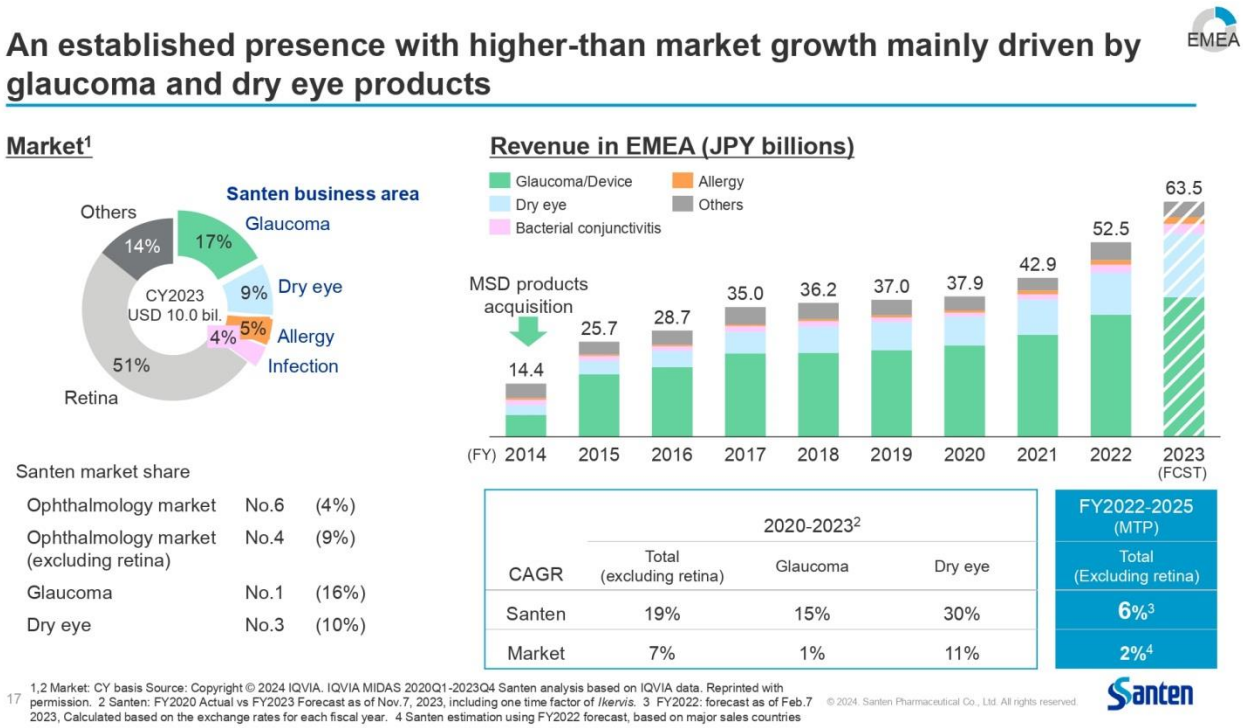
Penetration of commercial excellence is an important pillar of medium- to long-term growth, and we are monitoring the degree of penetration and results of the organization while setting KPIs.

For example, in launching new products, we have begun to utilize the brand strategy framework to thoroughly develop brand strategies with high goals and incorporate them into execution plans, but have these strategies successfully penetrated down to the national level? Is the PDCA cycle functioning well to monitor progress against the action plan and to take corrective action on points that are not working well? KPIs include whether the key messages of the products in line with the

strategy are communicated to customers and whether this leads to actual changes in customer behavior.

In FY2023, as we move forward with the development of commercial excellence, we first conducted surveys in major countries such as South Korea regarding the current situation, and have been working to identify and address issues toward the ideal situation. In Korea, we have been marketing *Eybelis* in the glaucoma area since 2021. During our research, we found that the key messages assumed in our marketing strategy were not being well communicated to customers, and Santen Korea and our global team have been working together to identify and analyze the multilayered factors and take remedial measures.

Since H2 of the year, we have seen that the *Eybelis* message is beginning to penetrate customers, and we aim to expand this learning to other products in the future to further enhance commercial excellence in Korea as a whole.



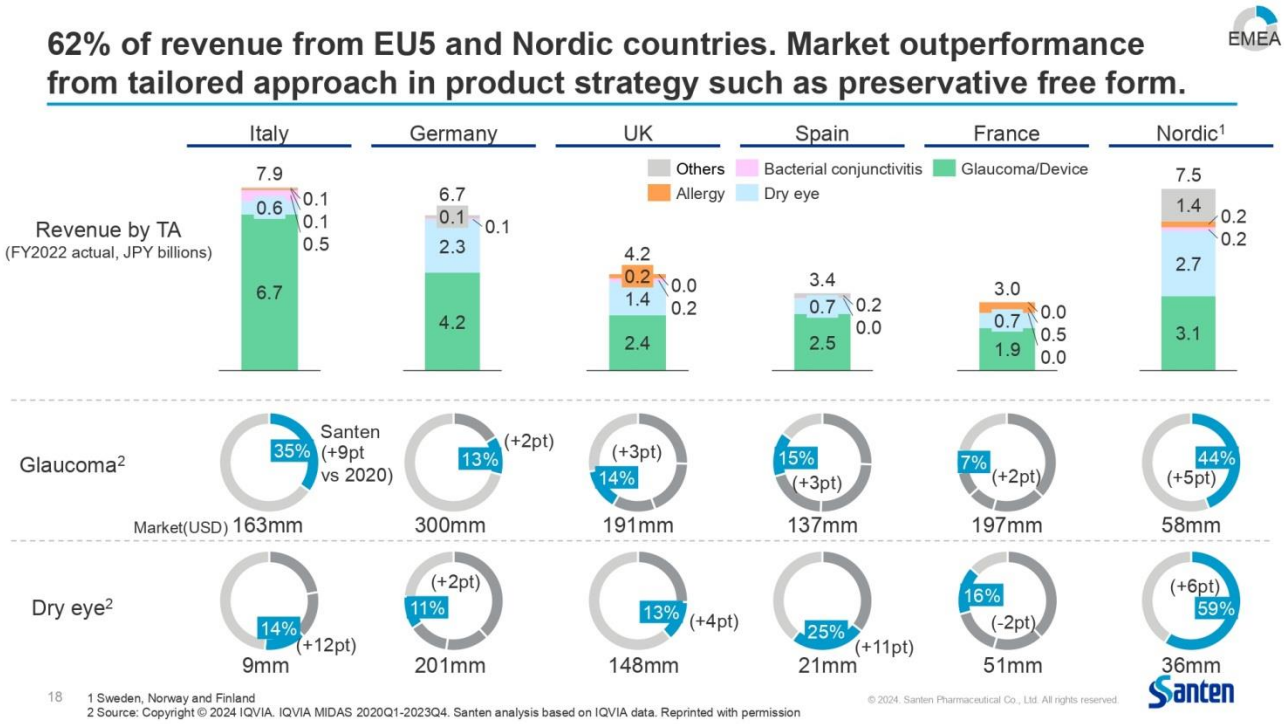
From here, I will talk about each region.

First, please go to page 17 to learn more about EMEA.

The EMEA market, with the exception of retinal diseases where we do not have a product portfolio, consists mainly of glaucoma and dry eye. Our product mix is also primarily in these two areas.

For the current fiscal year, we expect sales to exceed JPY60.0 billion, despite the one-time factor of *Ikervis*, and the business has grown to be second only to Japan. In EMEA, we have grown faster than the market with the launch of our glaucoma products and *Ikervis*, and we now have the number one market share in the glaucoma area.

We expect growth to continue to outpace the market during the medium-term management plan period, and we will continue to enhance our presence while increasing productivity.

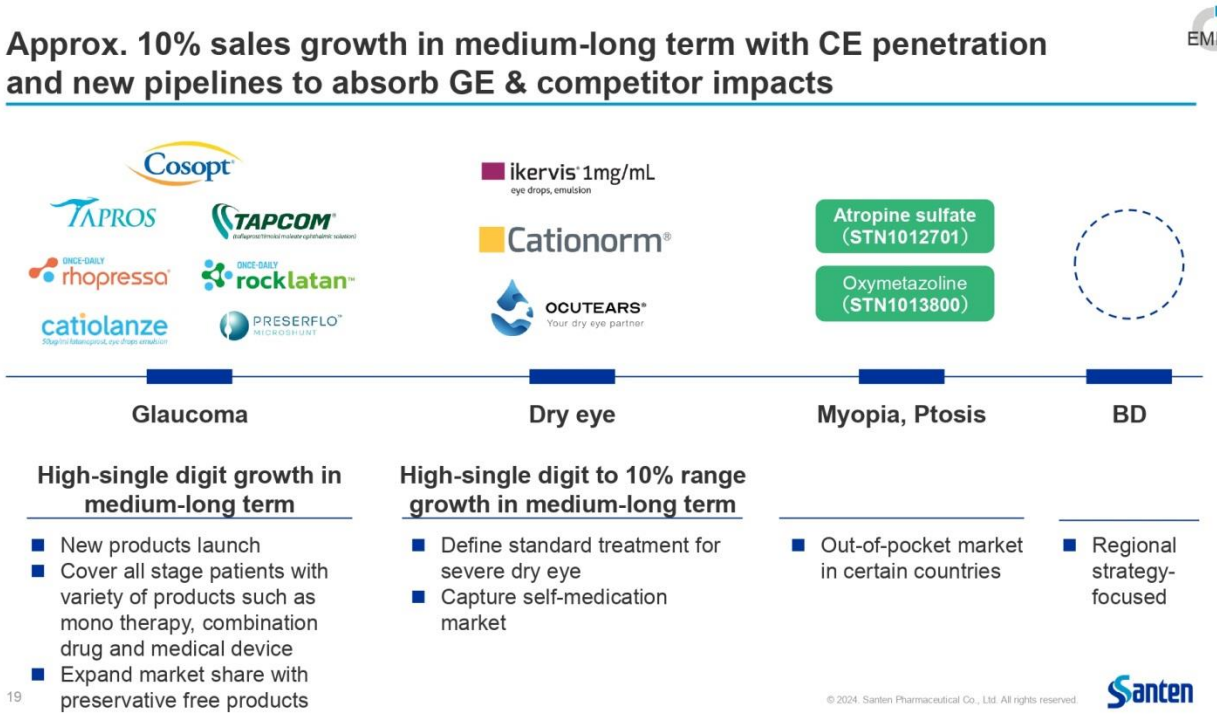


Please see page 18.

In EMEA, five EU countries and the Nordic countries account for more than 60% of our sales, and we plan to grow mainly in these countries.

As for the Nordic countries, due to their early entry into the market and high presence, in addition to the size of their sales revenue, they also have a market share comparable to that of Japan in key areas. For the five EU countries, we have been working on full-scale expansion after the succession of MSD products in 2014.

We are growing faster than the market in each country, and considering our size and our own position, we see this as a region where we can expect strong growth in the future through the penetration of commercial excellence and the expansion of our portfolio.



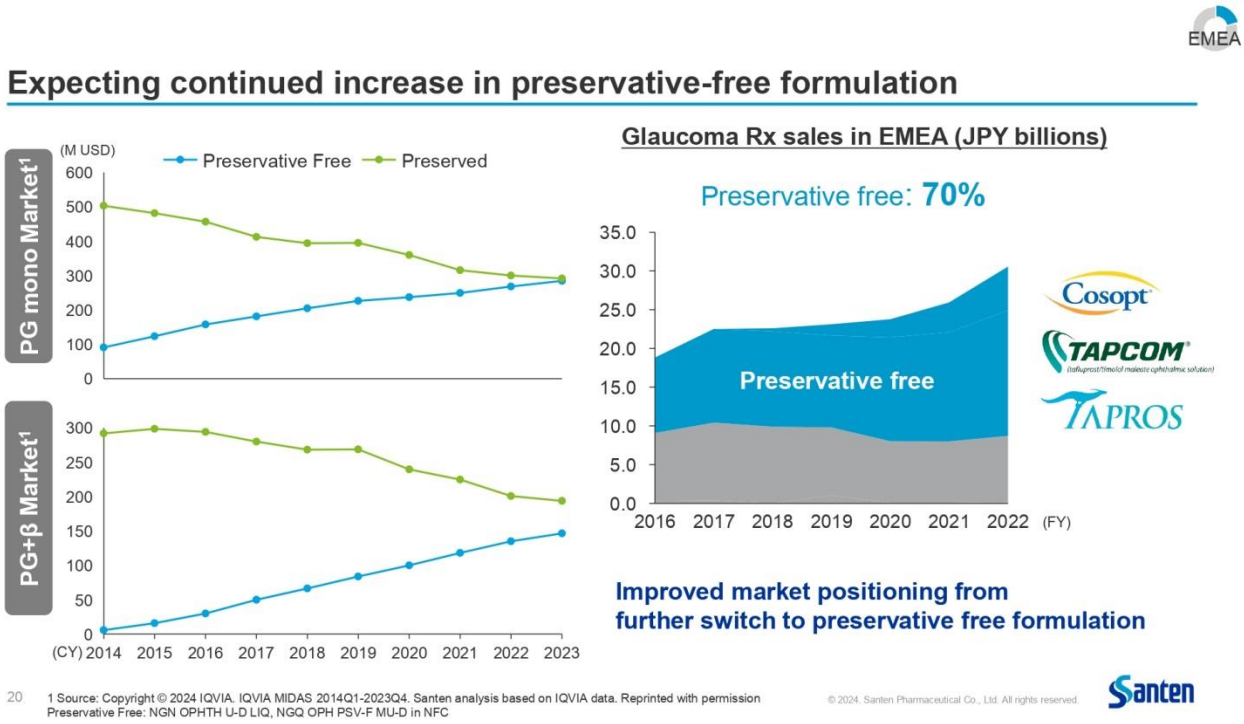
Next, on page 19, I would like to talk about the medium- to long-term growth image.

In the EMEA region, we currently see no major risks other than generic penetration and drug price reductions, which are common risks for pharmaceutical companies, and we believe that these effects can be absorbed by maximizing the value of new products.

By disease area, the glaucoma area, which accounts for the first large percentage, has been growing by capturing local needs for preservative-free products. In addition to *Cosopt, Tapros,* and *Tapcom,* in which it has already established a position, the new ROCK inhibitors, and *Catiolanze*, which is scheduled for launch in FY2024, can also provide value to glaucoma patients with ocular surface disease. And with the *PRESERFLO MicroShunt*, a device for glaucoma surgery, we have a broad product portfolio that can meet the needs of all stages of patients.

In the dry eye area, we will capture more patients with severe dry eye with *Ikervis* and strengthen the self-medication area with artificial tear solution products such as *Cationorm* and *Ocutears* to cover more patients' needs.

Other growth opportunities in myopia and ptosis, as well as business development opportunities that fit with our regional strategy and the penetration of commercial excellence, will allow us to target a sales growth rate of around 10% over the medium to long term for the EMEA region as a whole.

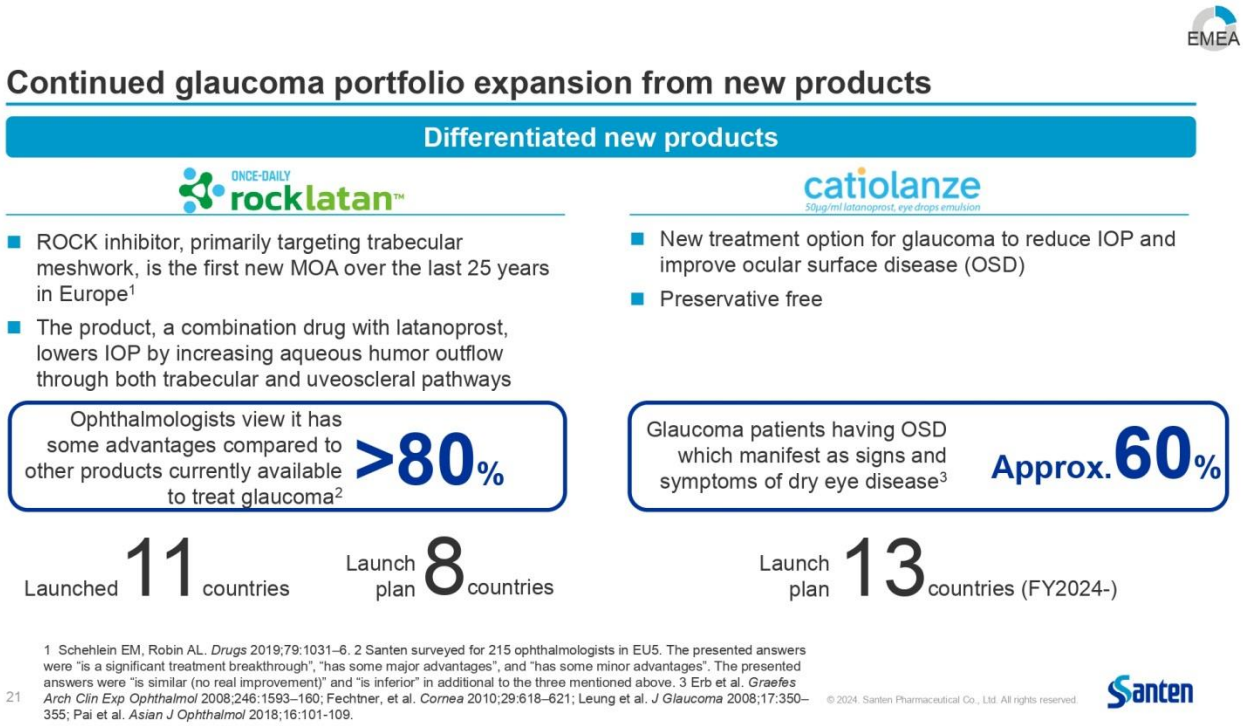


Please refer to page 20.

As I mentioned, one of the reasons we have built a strong presence in glaucoma is that we have developed preservative-free products that meet local needs.

Over the past decade, single-use formulations and preservative-free multidose ophthalmic solutions in special bottles, have been on the rise. Our flagship product, *Cosopt*, has expanded its presence with the launch of preservative-free multidose in 2018.

We will continue to promote further switching to preservative-free products in our mainstay products such as *Tapcom* and *Tapros*, and we believe that we can further demonstrate our superiority in the glaucoma field by introducing preservative-free products to the market as appropriate for new products as well.



Continuing onto page 21.

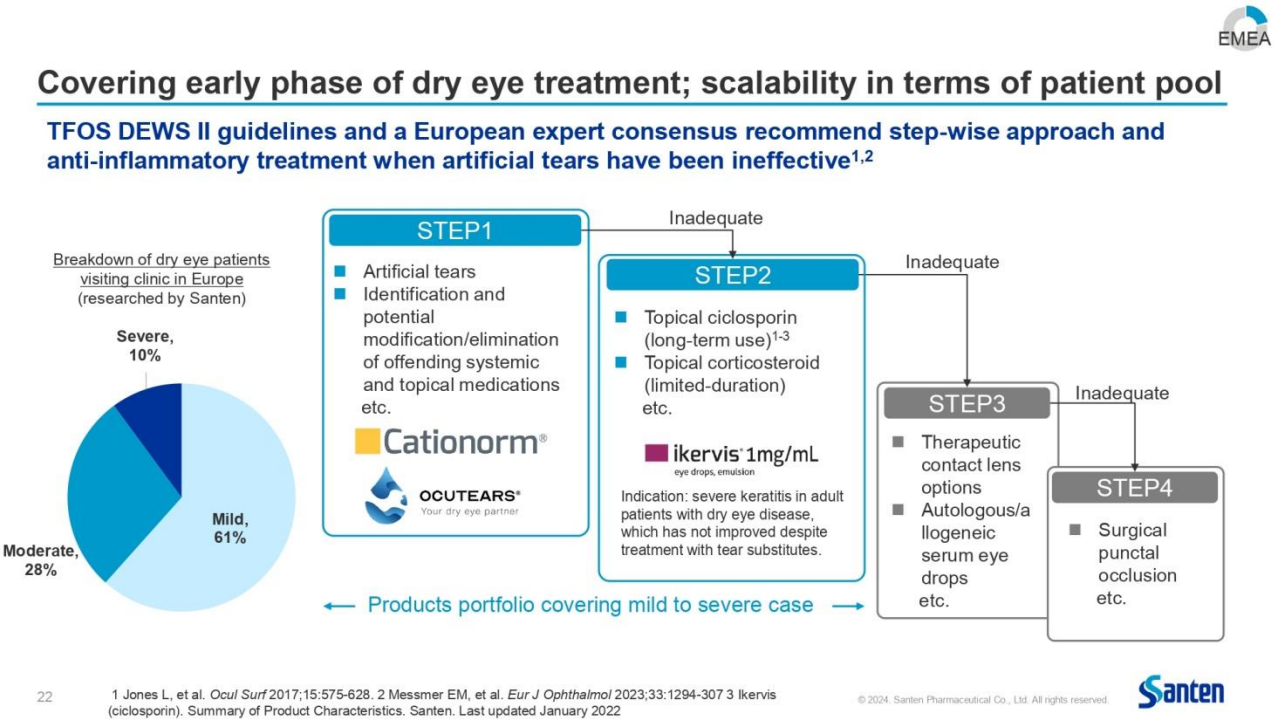
Two new products that will further solidify the glaucoma area in EMEA are *Rocklatan*, a fixed-dose combination of a ROCK inhibitor and PG, which was launched in 2023, and *Catiolanze*, which was approved last year and is scheduled to be launched in FY2024 and will meet the needs of glaucoma patients who have ocular surface disease.

ROCK inhibitor is the first new mechanism of action in Europe in the past 25 years and exert their IOP-lowering effect by stimulating aqueous humor outflow from two outflow pathways. It is a combination drug with PG, which has become the golden standard for glaucoma treatment, and will be nurtured to provide value to a wide range of patients.

On the other hand, *Catiolanze* is a new value-added formulation that improves ocular surface diseases by using latanoprost as the main ingredient and our proprietary cationic technology, which is used in *Ikervis* and other products.

It is estimated that about 60% of glaucoma patients tend to have dry eyes. *Catiolanze* is a glaucoma treatment that has also been shown to improve ocular surface disease, and we believe it will be a leading product in EMEA's glaucoma portfolio.

The switch to preservative-free in existing products and maximizing these new products through commercial excellence will solidify our glaucoma position in the EMEA region.



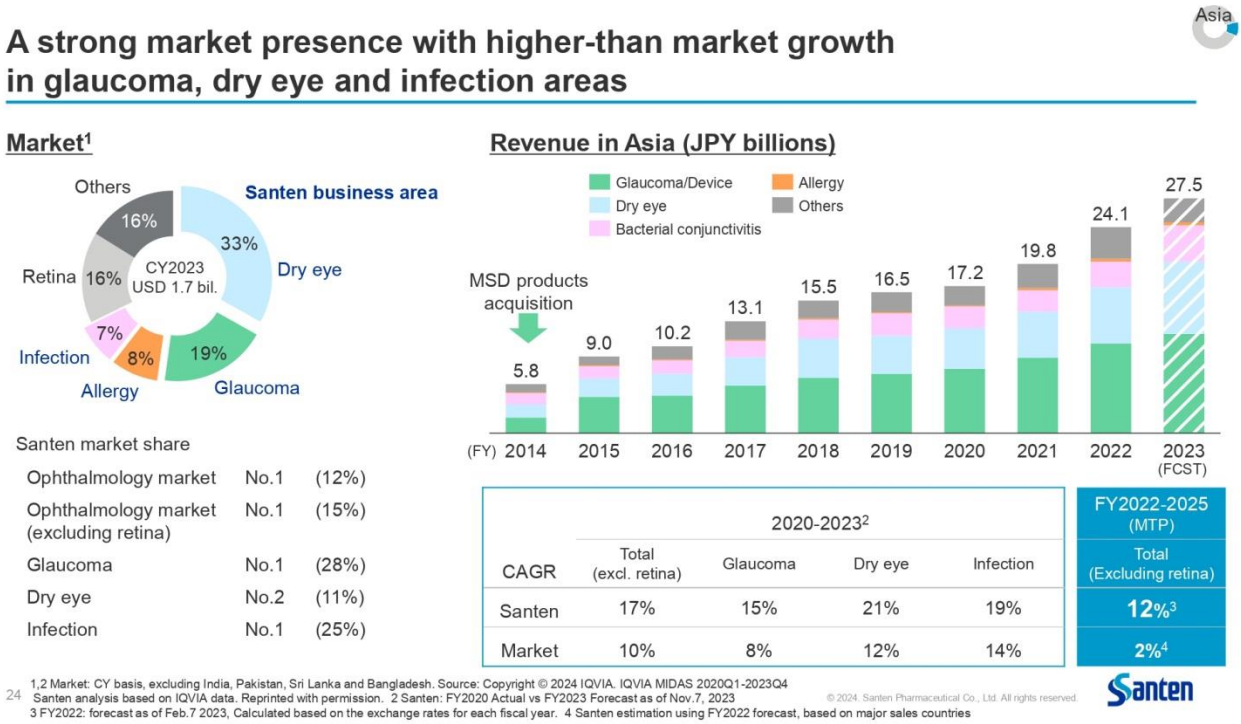
I would like to continue with another mainstay area of EMEA, the dry eye area.

Please refer to page 22.

As you can see, the TFOS report, which aims to build an international consensus on the latest definitions, classifications, and treatments for dry eye, recommends a step-by-step approach. In the early stages, artificial tear drops should be applied and the medication causing the dry eye should be changed. If those measures do not provide sufficient improvement, long-term cyclosporine or short-term steroid eye drops are recommended, and if that is not sufficient, treatment may include therapeutic contact lenses.

With our *Cationorm* and *Ocutears* products of artificial tears and *Ikervis*, a cyclosporine product for severe dry eye, we cover the early stages of dry eye treatment, from self-medication to severe patients.

In addition to the penetration of *Ikervis* in medical institutions, which is one of our existing strengths, we will strive to further expand the number of patients we contribute to in the dry eye field by strengthening our response to patients' demand for self-medication.

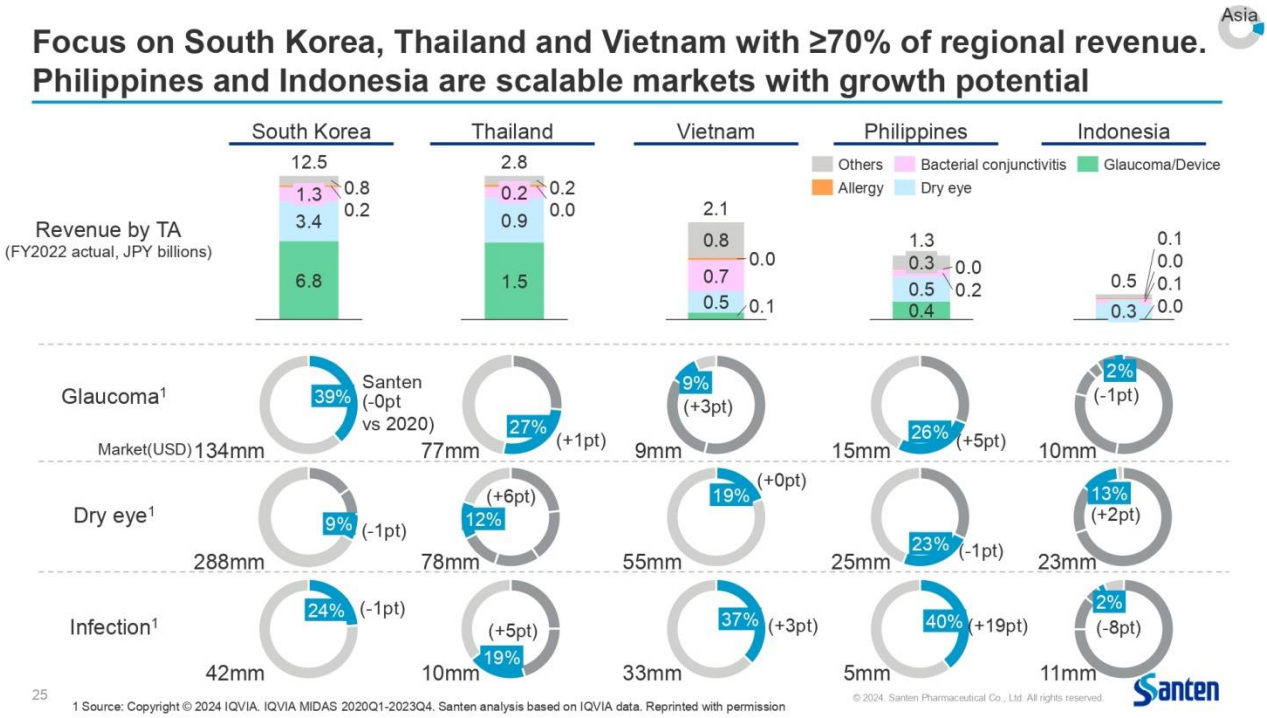


From here, I would like to talk about Asia.

Please turn to page 24.

In the Asian region, dry eye and glaucoma account for more than half of the overall market composition, although there are some differences in color from country to country. Our product mix is also centered on infection in addition to glaucoma and dry eye. The Asian region is characterized by a broad product mix similar to Japan's, including steroids, cataract treatments, and mydriatic agents, which we have sold for a long time.

As in EMEA, the Company has been expanding its business in various countries since the succession of MSD's glaucoma products in 2014, and has a high presence in Asia with a leading market share in the region due to growth exceeding the market. During the medium-term management plan period, we expect double-digit growth, outperforming the market, and here, as in EMEA, we will strive to maximize product value while increasing productivity.

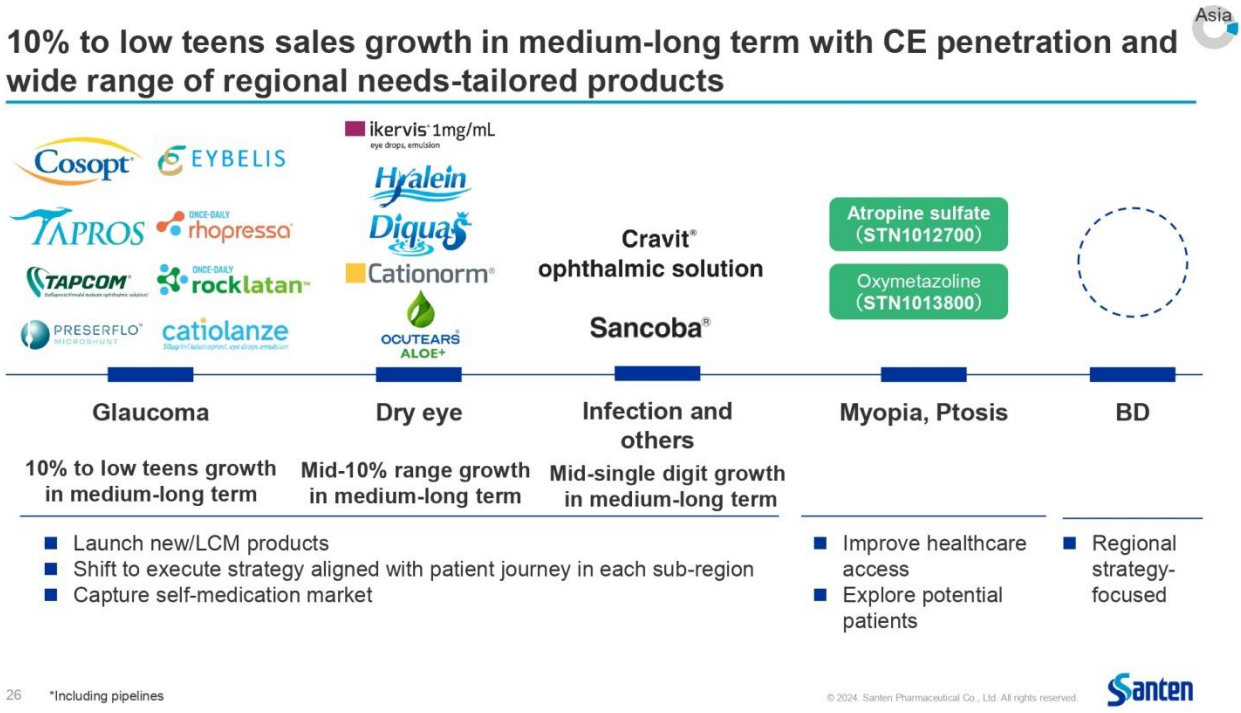


Let me briefly discuss the situation in major countries.

Please see page 25.

In Asia, as stated in the mid-term management plan, we will invest resources and accelerate growth in the glaucoma and dry eye areas, focusing on three countries: South Korea, which accounts for about half of regional sales, and Thailand and Vietnam, which have high market shares and room for growth.

In these countries, we have achieved high market shares and positions in key areas, with slight differences by country. From a medium- to long-term perspective, we would also like to identify growth opportunities in OTX in the Philippines, where our market share is high and out of pocket treatment is widespread, and in Indonesia, which has a large population and room for expansion in the market itself, despite the oligopoly of local manufacturers.



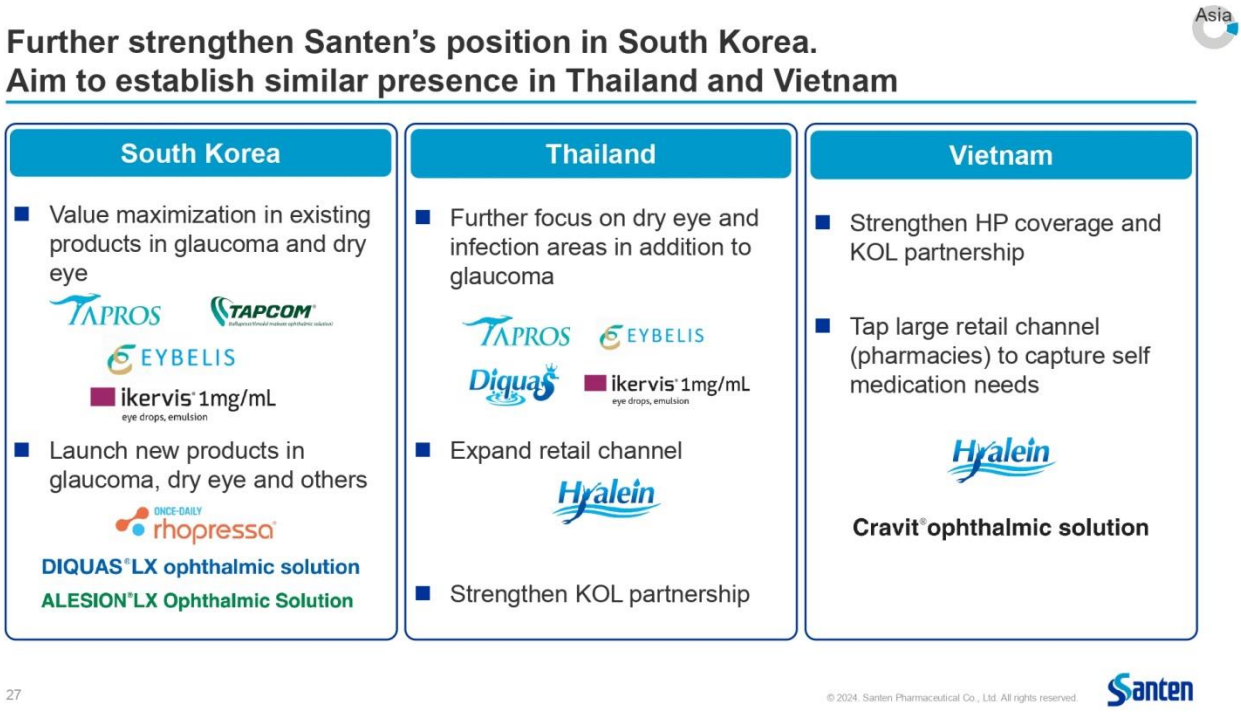
Next, on page 26, I will discuss our medium- to long-term growth image.

First, in the glaucoma area, we have grown with key products such as *Tapros, Tapcom,* and *Cosopt*. In addition to these products, we will cover a wide range of needs according to the characteristics of each country's market with new products such as *Eybelis* and *PRESERFLO MicroShunt*, as well as a wide range of products such as ROCK inhibitors and *Catiolanze*, which we plan to launch in the future.

For dry eyes, Asia has launched *Hyalein*, a hyaluronic acid preparation; *Diquas*, which stimulates tear fluid secretion; *Ikervis*, for severe dry eyes; and Cationorm, an artificial tear solution. The product range covers a wide range of patients, from mild to severe, including self-medication.

We will further expand the number of contributing patients by being aware of the patient journey in each country while also strengthening the inclusion of self-medication.

In addition to these two areas, we aim to achieve growth in the low 10% range in the mid- to long-term through channel expansion of *Cravit*, especially in Southeast Asia, and by capturing eye care demand through *Sancoba*, growth in myopia and ptosis, seeking BD opportunities that fit our regional strategy, and penetration of commercial excellence that supports these areas.



Here I would like to discuss the main strategies of three major countries.

Please see page 27.

As for Asia, although it is necessary to always assume the rule of NHI price revision and sudden changes in medical policy as risks, it is important to build a stable business foundation by increasing the number of main markets that follow South Korea, while taking advantage of our strength as a multi-country company.

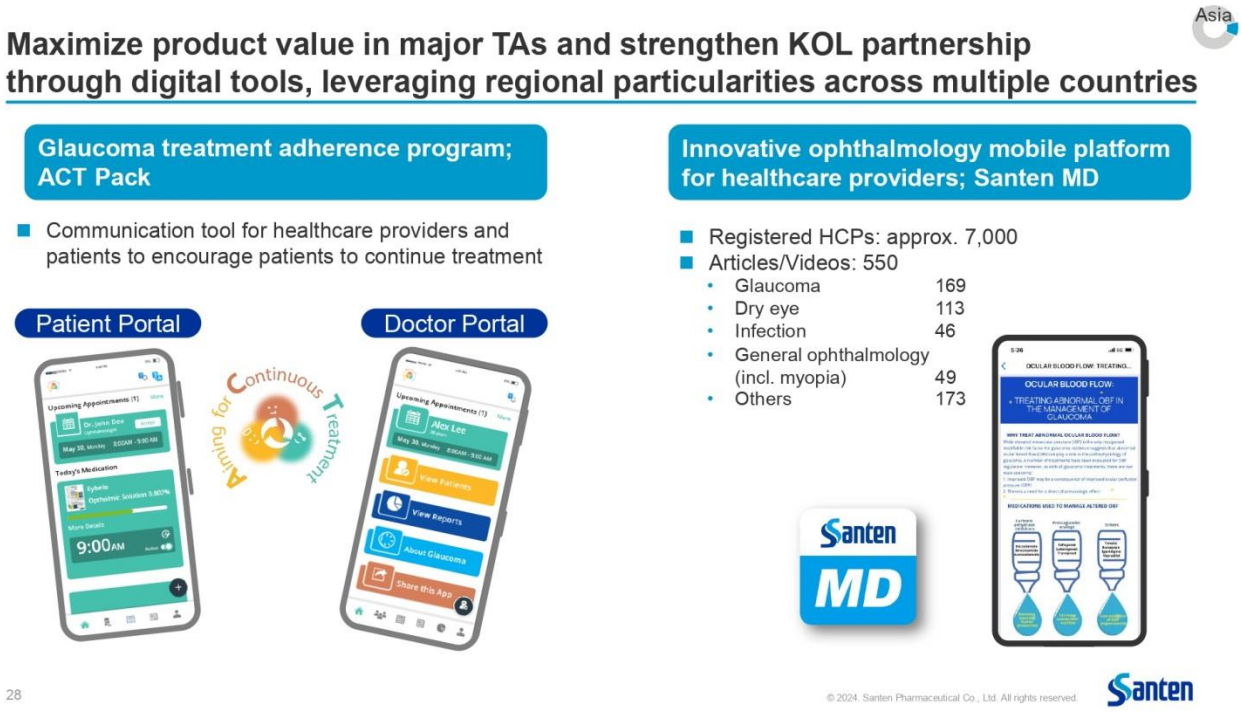
First, in Korea, our largest market, we have built a solid presence for more than 20 years since the establishment of our local subsidiary, focusing on infectious diseases, dry eye, and glaucoma, while persistently building relationships with medical professionals through our passion and scientific approach to ophthalmic disease treatment.

Especially in the glaucoma field, we have also been training young doctors for more than 10 years, and since then, we have introduced many product lines such as *Cosopt, Tapcom,* and *Eybelis*, which have led to our current presence as a result of our expanded contribution to patients in Korea.

We will continue to focus on growth in the glaucoma area, where we have a dominant position, and in the dry eye area, where the market is large.

Regarding Thailand, in addition to the glaucoma market where we have strength, we will focus on the dry eye and infection markets while strengthening our KOL partnership. In addition, we will actively market *Hyalein* and other products in the pharmacy channel to strengthen our business in Thailand as a whole.

Finally, with regard to Vietnam, we will expand and grow by strengthening our access to hospital facilities outside of the large public hospitals in major cities that have been the focus of our activities, by collaborating with KOL in this regard, and by tapping into demand for self-medication for dry eyes and infectious diseases in the pharmacy channel, which has a large market size.



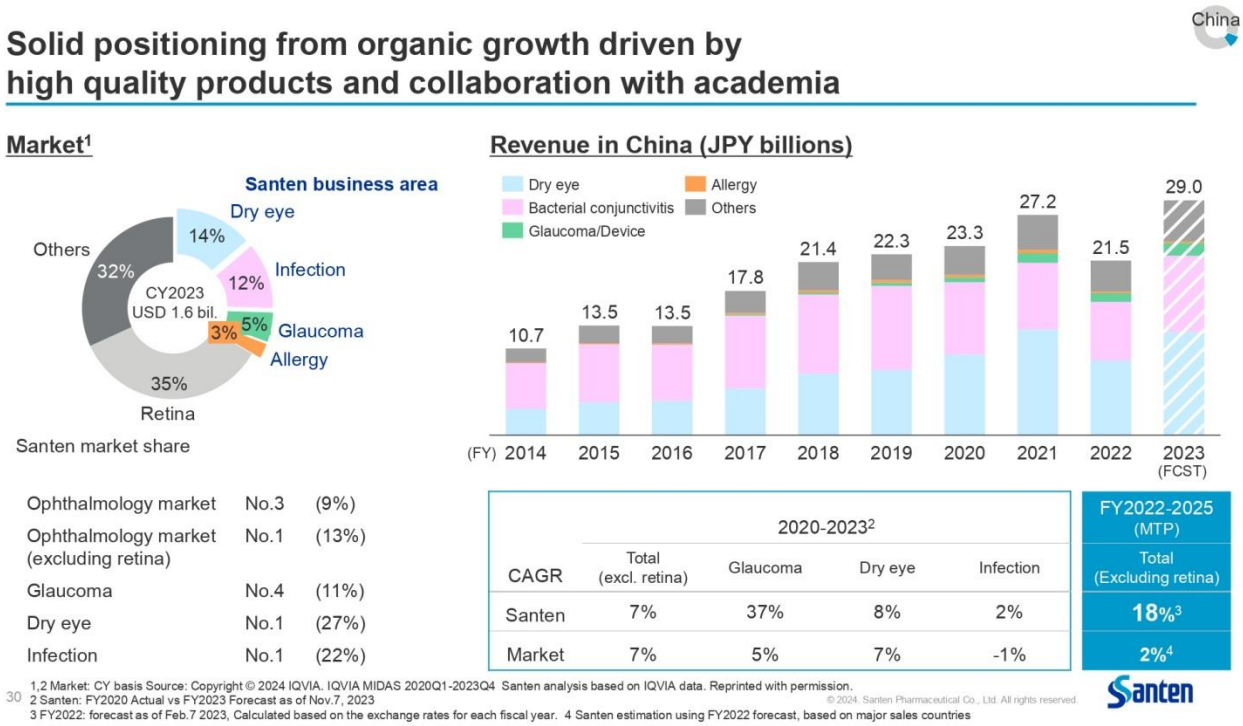
Next, please turn to page 28.

In Asia, we are also taking advantage of regional characteristics and using digital tools to enhance glaucoma disease awareness and medical professional communication. ACT Pack started in Japan and is contributing to the continuation of treatment for glaucoma patients, but in Asia, a digital version of the product is being rolled out in major countries.

In Asia, as in Japan, continuing glaucoma treatment is a challenge. However, given the high utilization of digital devices in the region, we provide patients with information on glaucoma disease, as well as eye drop alerts and other information, to help healthcare professionals improve the convenience of patient management and communication.

On the right is Santen MD, an application for medical professionals that we have introduced in the past, which has about 7,000 registered medical professionals throughout the region. It has been well received as a tool for easy access to a wide range of ophthalmology-related information, including disease-related articles and videos, educational webinars, and conference information.

By utilizing these digital tools as well, we will continue to strengthen the KOL partnership and expand Santen's presence in the Asian region.



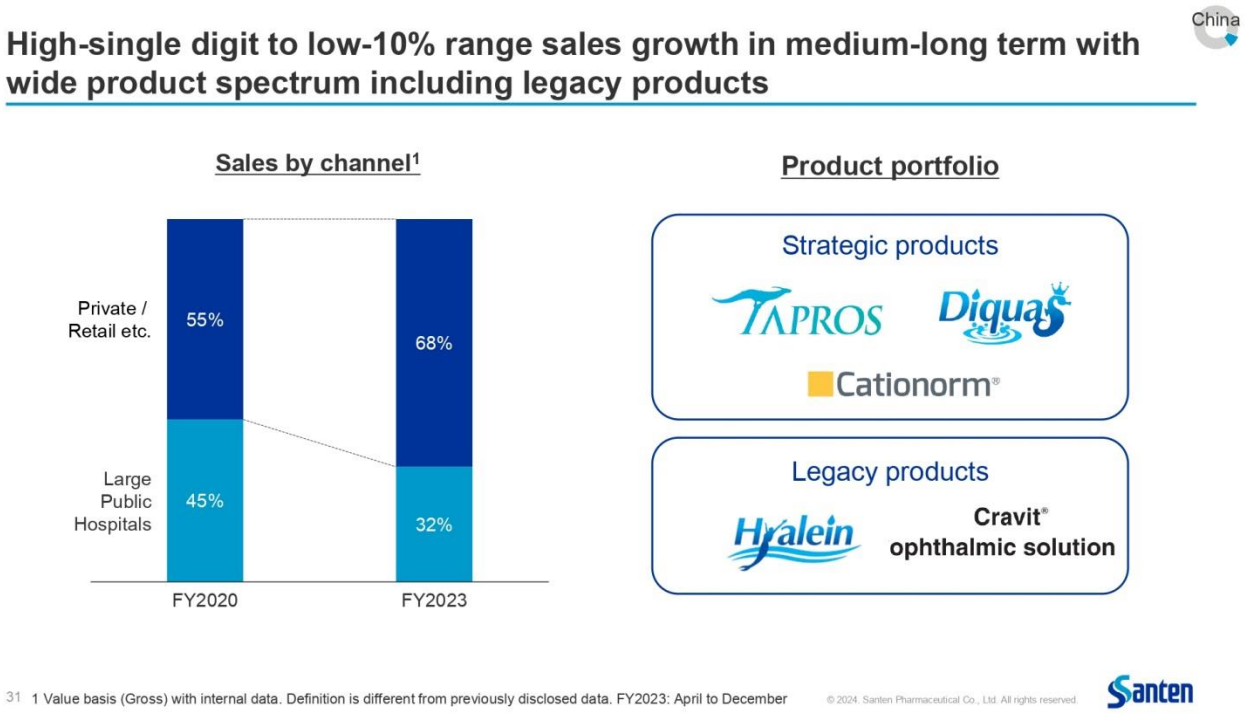
Finally, I would like to talk about China.

Please see page 30.

In China, dry eye and infectious diseases account for about a quarter of the total market structure, and although glaucoma is still in its infancy, we believe it is a growth area for the future. Despite the impact of *Cravit*'s VBP in 2020 and subsequent COVID-19 infections, the overall market and our company are on a growth trend.

Due to our long-standing market entry, we have a solid presence in the top market share, having developed the market with a wide range of high-quality products, including cataract drugs and laboratory tests, in addition to *Hyalein* and *Cravit*, while also working with academic societies and KOLs.

During the medium-term management plan period, we expect double-digit growth, outperforming the market, and here, as in other regions, we will strive to maximize product value while improving productivity.



Moving on to page 31.

With *Cravit*'s VBP in 2020, we are aggressively switching from our traditional focus on large national hospitals to the municipal hospital and pharmacy channels, while diversifying risk through multiple channels.

In terms of our product portfolio, in addition to our existing mainstay products *Cravit* and *Hyalein*, we have also developed the market with *Diquas* and *Tapros*, and this year we launched *Cationorm*, and are working to penetrate the market while also leveraging partnerships in the local market.

As for China, although it has potential for growth in the medium to long term, it is a highly volatile market. In addition to its main product lines, the Company aims for mid- to long-term growth in the high single-digit to low 10% range, while seeking business development opportunities where Santen's strengths can be leveraged and risks can be managed.

Finally, I would like to briefly summarize what we have discussed today.

Please turn to page 33.

First, for EMEA, we will expand our presence by leveraging the launch of new products in glaucoma and dry eye, where we have strengths, mainly in the EU5 and Northern Europe, where growth opportunities are significant.

In Asia, we will accelerate business growth by capturing demand for self-medication, which we have not approached to a great extent, especially in the major countries of South Korea, Thailand, and Vietnam.

In China, we aim to achieve growth while managing risk through a multi-channel strategy, while leveraging the presence we have cultivated to date.

In all regions, we will continue to refine our organizational capabilities by strengthening commercial excellence, and aim to maximize product value for myopia and ptosis in FY2025 and beyond. We will also accelerate our growth by actively seeking inorganic growth opportunities through business development. We hope you can look forward to strong growth in our overseas business over the medium to long term.

That’s all from me for the presentation.

Question & Answer

Q1-1-1
Let me confirm briefly about the sales by region. I understand that the CAGR target for sales is based on the assumption that both atropine, ptosis, will be successfully released, and that is why the target is so strong, around 10% or so.

To begin with, in this market centered on out of pocket area, I would like to know the basis for Santen's ability to succeed in this new challenge as it expands globally, including Japan. I don't think it's a matter of saying that there is commercial excellence in each region.

I would be very happy if you could touch on Japan, as well as the various regions overseas, since you also mentioned about the market in Japan today.

A1-1-1
Ito: This is Ito. Nakajima will talk about what we can comment on in each of the regions later. First of all, Japan is the country that is most ahead of our market and the creation of its strategy is now progressing at a very accelerated pace.

As I have mentioned before, I believe that we explained to you at the time of the mid-term management plan announcement what the current situation is and where the leverage points are. We are now in the process of discussing the framework of our strategy in terms of how we can move these leverage points.

As for Japan, pertaining to what efforts will be made to move almost any leverage point the order in which to proceed is almost completely worked out. Finally, since this is out of pocket medical care, we are in the process of finalizing the appropriate range of prices.

I cannot explain the details of what I have just said here today, but from my standpoint as someone who was in charge of the Japanese business until just before I became president, I feel that we can achieve satisfactory results.

As for overseas, we are still in the process of developing a detailed study based on the Japanese strategy. I will end my answer here.

Nakajima: Now, I would like to add more about overseas business. Regardless of the region, myopia in children is still a serious problem.

Although there is not necessarily a consensus on the treatment of myopia, there is a growing consensus among patient groups and doctors in EMEA, China, and Asia that it is better to control myopia in children as early as possible.

As for China, first of all, this is the largest market, and it has already become a national policy to control children's myopia. The country is a leader in myopia control, not only with atropine products, but also with orthokeratology and myopia-control glasses. I think that one way to win is to take advantage of the national policy by using atropine, for which we have clean and good data.

In fact, the pharmaceutical compounding of atropine in EMEA, in which pharmacists or medical institutions prepare atropine preparations, has spread to a certain extent, and atropine dispensed without following proper protocols has caused some problems, such as side effects. I think that our properly approved and medically appropriate atropine will be one of the key angles for EMEA.

As for Asia, slightly similar to China, Singapore and Taiwan have made it a national policy to control myopia in children, and I think other countries will probably follow suit. In addition to what Ito mentioned, I believe that our chance to win lies in how we can take advantage of the good data and national policies.

Q1-1-2
I see. Thank you. I understand now how important it is that in each country Santen's atropine will be competitively positioned and approved.

A1-1-2
Nakajima: Yes.

Q1-2
Ms. Nakajima, I think it has been a year since you joined Santen. I thought that much of what you said today was probably true for the most part. Could tell me what you think could be improved or better in an area after working with this company for the past year.

A1-2
Nakajima: Well, two major things I would like to mention are that, although there is considerable room for growth in our overseas business, I feel that our overseas business has been somewhat weak this past year in the area of discussing and pursuing issues within the organization to the very end.

Also, as a second point, when making a business plan, the number of employees had been increasing in proportion to the growth of sales. The concepts of leverage and P&L had not been well understood in the organization.

In order to solve both of these problems, we have been working hard over the past year to promote the concept of commercial excellence, to increase the productivity of each and every employee, and to change the mindset that basically, it is good for the organization that the bottom line or profits increase at a higher pace than the top line or sales

Q2-1
The first is on the 13th slide, which says that the growth rate of sales per capita will increase, but I would like to know specifically, and I don't mind if it's qualitative, what you are doing to achieve this kind of thing.

Are there new products coming out that are contributing to this and increasing sales per capita? If you have any other policies could you please let us know? That is my first question.

A2-1
Nakajima: Of course, we are making efforts to increase sales by introducing new products, but we have also been reviewing our personnel structure, which is the denominator, quite strictly, and have

reduced the number of employees by more than 10%. And for our overseas business, we have reduced the number of employees in our overseas business, which is the denominator, by more than 10%. This is the driver for double-digit growth in 2023.

Q2-2
From the point of view of margin, the figure on the left here, I think the margin will be roughly 36.6% in FY2025, and then the improvement in margin from here is that the top line will be increased firmly and SG&A expenses will be controlled, is that correct?

Also, if we take out the projection for this fiscal year, only the margin for EMEA is much higher at 38.6%, can this be maintained? It is also high in Asia, but if we compare it to this, it seems to be decreasing a little. How is it?

A2-2
Nakajima: So, I will answer, and then I will ask Koshiji to supplement my answer.

Basically, we do not plan to increase the number of employees during the medium-term management plan period for our overseas business. As far as the lineup of new products coming out in the future is concerned, we are competing in the glaucoma and dry eye markets, where we have always been strong, and we do not expect to need to increase our workforce significantly. I believe this is one of the key points to maintain a highly profitable structure.

Koshiji : I am Koshiji, CFO. I will elaborate.

38.5% in EMEA is not a realistic figure, since transient factors were included in the current fiscal year.

In that respect, the number subtracted from that by about 2.5% is about 36%, which is the actual value. In this respect, we are looking toward the next fiscal year in both EMEA and Asia, and we are thinking in the direction of improving the contribution margin here, based on Nakajima's explanation earlier.

Q2-3-1
Thirdly, I would like to know a little more about the growth of sales in EMEA; I think you have already achieved the medium term plan objectives this fiscal year, partly due to the impact of foreign exchange rates.

I am not quite sure how the exchange rate is factored into the 6% CAGR, but should I think volumes will keep on growing in the next fiscal year and beyond. If you are expecting growth, which products, in the short term, will be the focus of what you have introduced today, please elaborate.

A2-3-1
Nakajima : Yes, I think the biggest driver of EMEA going forward will be *Ikervis* in dry eye. This means in volume, of course.

In glaucoma products, existing products such as *Cosopt* continue to grow strongly, and I believe that we can gain volume by switching to *Tapros* and *Tapcom*'s preservative-free in addition to *Cosopt*.

In addition to that, the new *Rhopressa* and *Rocklatan* products will also contribute to drive volumes.

Q2-3-2
The CAGR of 6% can be perceived differently due to the current exchange rate.

A2-3-2
Koshiji: In this regard, the current or average rate for the current fiscal year is 145 for the US dollar and 155 for the euro. We have kept these assumptions, and not factored in the effect of the yen's depreciation in the CAGR.

Q2-4
I apologize my questions are too long, but I just have one last thing.

I'm glad to hear that the top line for ptosis came out and that it worked, but I think the contents of this data will be disclosed at the upcoming FY23Q4 results. How is it in terms of data quality? Were you able to achieve the level that your company was aiming for? Please let us know about it only. That's all from me.

A2-4
Ito: May I comment to the extent possible? I can't explain the specific figures today, but as you understand, we will be analyzing various clinical results, and new elements for patent submission will also emerge. I cannot go into too many details today, but I think the result was very satisfactory.

In my personal opinion, and I don't know if Mongoloids is the correct term, Asians have thick eyelids, and ptosis is in particularly high demand in some ways. On the other hand, although these drugs have been effective in Caucasians, there was some concern as to whether they would work properly for us Asians, but the results were spectacular. I simply believe we obtained a “perfect score”.

Another point, not relevant necessary to your question, is that in the Japanese clinical trial for ptosis, for example, the period from First Patient In to Last Patient In was expected to be about 18 months, based on our past experience, since the number of cases was quite large. In reality, however, it was only 10 months, and the period was over in a blink of an eye.

That’s my take on how I feel on the level of high demand there was for this. Thank you.

Q3-1
The first question is, on page 18, where you explained the market and competitive situation in major countries in an easy-to-understand manner. I understand this situation well, though, because of Oy in Northern Europe. I think there may be a trend from MSD, but I wonder what is going on in the situation where only Italy has a high share of the glaucoma market.

Also, the market share for dry eye is roughly the same, but the apparent market is quite bumpy, and the UK and Germany are quite large, but Italy has almost no market, how do you see this from a marketing perspective? First, what are your thoughts on these two points?

A3-1
Nakajima: The reason why glaucoma in Italy is strong for us is that doctors in Italy originally had a very high degree of willingness to treat glaucoma. We have heard that it was already the case when we entered the market. Our knowledge and commitment to glaucoma treatment matched well with KOLs, and as a result led to us contributing further to the Italian glaucoma market growth. That is the historical background and that is what the numbers show.

On the other hand, in the area of dry eye, a consensus on dry eye treatment was formed in Europe around 2017, and guidelines for treatment in each country's publication has followed suit.

I have heard that Italy is a market that has been somewhat slow in forming a dry eye consensus there. That is why I think there is still plenty of potential, and we would like to break into the dry eye market in Italy while talking with doctors who are also treating dry eyes well, and you can count on us on that front as well.

Q3-2
I see. Also, as for the market as a whole, of course the retina is the main battleground, and your company is not in this area, so I'll leave it, and I understand that your company is probably opening up the dry eye market.

Glaucoma, first of all, you succeeded MSD products, but the existing players, is the competition quite tough? I understand from your explanation of your company's commercial excellence how well you are competing with existing players with the share of 10%, but I was wondering if you could tell us how well you are competing with existing players, by country and by region, or if any.

A3-2
Nakajima: Well, I'm not confident enough that I can step in and explain by country. If I may speak by the regional level, multinational players are still strong in glaucoma in Asia(Santen post amendment: EMEA) . It is AbbVie, Thea, Novartis, and so on, they are in this battlefield with a pretty decent glaucoma portfolio.

For our part, we envision a way to compete by, in addition to taking a scientific approach and providing proper care to doctors, maximizing the value delivered to patients through the preservative-free and UD products as I explained earlier, as well as through innovations in formulations and SKUs.

Q3-3
I see. Lastly, I think that *Rocklatan* and *Catiolanze*, which you introduced, look quite interesting when I see the materials, but from your point of view, Ms. Nakajima, I think that the one on the left (*Rocklatan*) has already been well received by KOLs, but the one on the right (*Catiolanze*), also, I think has a wider range of possibilities.

For which of these two drugs do you have a larger view in terms of future peak annual sales, and for which do you have a higher expectation?

A3-3
Nakajima: I am bullish on this, and I believe that each of these has the potential of reaching approximately JPY15.0 billion. *Rocklatan* has already been launched in Germany and other major

countries, so we are getting a good response. The doctors are responding to this mechanism of action, a new mechanism that is scientifically interesting in that it approaches the trabecula meshwork. My answer for *Rocklatan* now is based on the market response I am getting.

I am also bullish on *Catiolanze*, and I think it is a very easy-to-understand value-added product that can be used for patients with signs of dry eye. I believe that our field members can develop this into a drug that our sales take pleasure in promoting, and I believe that it also has enough potential to generate about JPY15.0 billion.

Q4-1
First of all, I would like to ask you to tell us about the drivers of your profitability improvement forecast. Now that the structural reforms have been completed, is it correct to say that the overall profitability will improve in the next fiscal year and beyond due to the growth of overseas operations, including the commercial excellence that you explained today?

In addition, as the various regions grow in the future, please let us know if there is any differences in marginal profit margins, etc. between regions.

A4-1
Nakajima: You are correct in your understanding. I would like to improve the profitability of our overseas business by properly controlling our personnel structure and, although I did not mention it earlier, by devising an appropriate product mix and other measures, and by focusing sales on highly profitable products as much as possible.

Koshiji: I, Koshiji, would like to elaborate by region.

First of all, including Japan, Japan is affected by NHI price revisions and other factors. For the other regions, as I mentioned earlier, we will improve in terms of contribution margin from the current fiscal year. In addition, the US business remained slightly in the red this fiscal year a small amount. We are aware that the profit by region for the next fiscal year and beyond will be reduced in the US. That is all.

Q4-2
I would also like to make one more point: I would like to know the progress of this KPI for commercial excellence activities. You have indicated several KPIs, but what points are relatively easy to make progress on and what points are difficult? Also, could you comment on the current progress and future prospects in terms of whether there are differences in the degree of penetration by region, etc.?

We would also appreciate it if you could tell us what we should keep in mind when we are looking at you from the outside so that we can know whether it is progressing well or not. Thank you.

A4-2
Nakajima: The KPIs I just indicated are just three examples. Pertaining to these three KPIs, there is actually not much difference between the regions, and progress in 2023 was fairly steady.

For example, we are tracking the number of products and countries that are properly using the methodology and framework in an easy-to-understand manner, and all regions are making progress without delay.

What I think may become a little more difficult in the future is to motivate the organization with stronger and higher goals for existing products that have already been on the market for seven or eight years. Promotion of new products is more exciting and given the high level of motivation at the frontline, we will at one point in time have a slight difficulty in yielding results with determination for existing products.

If you are looking at our results from the outside, the easiest thing to understand is the sales and productivity per employee. Although double-digit growth will not continue forever, we are constantly improving, even if only gradually, and I believe this is what Santen is doing in pursuit of commercial excellence. I hope you will watch for that.

Q5-1-1
There are two points, and a quick and easy answer is fine.

The first point is how to consider China risk and country risk. I don't think this is the case in the pharmaceutical industry, but looking at other industries, I think there may be a certain number of companies that will be reducing their exposure and risk in China. Regarding China's growth, I think the environment, including business confidence, may have changed a little since the mid-term plan was formulated. The first question is, how you think about it?

Secondly, thank you for disclosing the market share in both Asia and Europe, except for retina. In what way do you plan to promote BD, etc. for the retina area in the future? I also feel that the lack of retinas area may be affecting your company's presence. So, I would appreciate your response here as well, if possible. That's all from me.

A5-1-1
Nakajima: We are looking at country risk in China more severely than when we created the medium-term management plan. Especially recently, the activities of MRs are restricted to some extent by anti-corruption campaign activities and other factors. Also, due to the sluggish economy, consumer behavior has not fully recovered. This has affected some of our out-of-pocket drug products, so we are taking a more serious look at this point than we did when the mid-term management plan was formulated.

However, we believe that this is something that we need to live with for China, so our current approach is to create a business structure that can absorb as much volatility as possible through the multi-channel strategy I mentioned earlier, and not to give up on double-digit growth.

Ito: Ito will answer your second question about the retina.

Right now, we are only selling retina products in Japan, but first of all, in the short term, we already have a good presence and resources in the areas we have our hands in, whether it is in Asia, other regions, or overseas regions. If there is an opportunity for a commercial tie-up, we would like to be proactive in responding to it. This is my first point.

On the other hand, this may be a bit of a long-term story, but in the area of R&D, there are several promising projects that are in the early stages of development. Other than that, the retina is now

getting a lot of attention because there are no drugs there, and now that drugs like VEGF have been available there for a number of years now, it's getting a lot of attention now.

The ophthalmologist has no other medications available at this time either. There is a disease that is expected to become a large market once a product is released. The BD team is currently actively discussing and pursuing such areas in particular. Unfortunately, we are not yet ready to explain the results of our efforts today, but we will do our best to inform you as soon as possible about product partnerships in these new market creating opportunities.

That's all from me.

Q5-1-2
Thank you very much. As for China, we would very much like to ask you to promote the market including profit control. Your company is often seen as a company with China exposure, and I assume that this is still the reason for the higher cost of capital. Thank you in advance. [END]