Summary of Consolidated Financial Results for the Three Months Ended June 30, 2022 (IFRS)

Listed Company Name:	Santen Pharmaceutical Co.,Ltd
Exchanges Listed:	Tokyo (Prime Market)
Stock Code:	4536
URL:	https://www.santen.com/en/
Representative:	Shigeo Taniuchi, President and CEO
Contact:	Guillaume Sakuma, Global Head of IR (+81-6-7664-8621)
Filing of Securities Report (Scheduled):	August 8, 2022
Start of Distribution of Dividends (Scheduled):	-
Preparation of Supplementary Material of the Financial Results:	Yes
Holding of Presentation of Financial Results:	Yes (for securities analysts and institutional investors)

(JPY millions)

1. Consolidated Performance for the Three Months Ended June 30, 2022

(1) Operating Results

(IFRS)

	Three months ended June 30, 2021	Three months ended June 30, 2022	% change
Revenue	64,986	65,533	+0.8%
Operating profit	9,156	8,333	(9.0%)
Profit before tax	9,171	9,074	(1.1%)
Net profit for the period	7,326	6,695	(8.6%)
Net profit for the period attributable to owners of the company	7,342	6,663	(9.2%)
Total comprehensive income for the period	9,494	19,479	+105.2%
Basic earnings per share (yen)	18.36	16.79	
Diluted earnings per share (yen)	18.34	16.77	

(Core basis)

	Three months ended June 30, 2021	Three months ended June 30, 2022	% change
Revenue	64,986	65,533	+0.8%
Core operating profit	11,713	10,600	(9.5%)
Core net profit for the period	9,026	7,744	(14.2%)
Core net profit for the period attributable to owners of the company	9,036	7,762	(14.1%)
Basic core earnings per share (yen)	22.60	19.55	
Diluted core earnings per share (yen)	22.56	19.54	

(Note): As a result of the confirmation of the provisional amounts related to business combinations in the second quarter of the fiscal year ended March 31, 2022, the provisional figures of consolidated operating results used previously have been retroactively restated for the first quarter of the fiscal year ended March 31, 2022.

(2) Financial Position

	March 31, 2022	June 30, 2022
Total assets	459,976	461,284
Total equity	336,844	342,908
Total equity attributable to owners of the company	337,488	343,556
Total equity attributable to owners of the company ratio	73.4%	74.5%
Equity per share attributable to owners of the company (yen)	843.60	874.27

2. Dividends

	Year to March 2022	Year to March 2023	(Forecasts) Year to March 2023
First quarter dividends per share (yen)	—	—	—
Second quarter dividends per share (yen)	16.00	—	16.00
Third quarter dividends per share (yen)	—	—	—
Year-end dividends per share (yen)	16.00	—	16.00
Annual dividends per share (yen)	32.00	—	32.00

(Note): Revisions to the forecasts of dividends from the latest announcement: No

3. Consolidated Forecasts of Results for the Fiscal Year Ending March 31, 2023

(IFRS)

	Year to March 2023	% change
Revenue	264,000	(0.8%)
Operating profit	34,200	(4.7%)
Profit before tax	32,500	(8.7%)
Net profit for the year	24,400	(10.3%)
Basic earnings per share (yen)	61.96	

(Core basis)

	Year to March 2023	% change
Revenue	264,000	(0.8%)
Core operating profit	45,500	(1.8%)
Core net profit for the year	34,100	(3.1%)
Basic core earnings per share (yen)	86.59	

(Note): Revisions to the forecasts of consolidated results from the latest announcement: No

1. Please refer to "1. Summary of Quarterly Consolidated Results (1) Summary of Consolidated Results" on page 6 of the attached material for details of the reconciliation from IFRS-based figures to core-based figures.
2. At a meeting of the Board of Directors on May 10, 2022, the Board resolved to undertake a share repurchase. The share repurchase has been factored into the basic earnings per share and core earnings per share forecasts.

*Notes

(1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies and accounting estimates
(i) Changes in accounting policies required by IFRS : No
(ii) Changes in accounting policies other than (i) : No
(iii) Changes in accounting estimates : No

(3) Number of ordinary shares issued

(i) Number of shares outstanding at the end of period (including treasury shares)

June 30, 2022	400,708,354 shares
March 31, 2022	400,694,754 shares

(ii) Number of treasury shares at the end of period

June 30, 2022	7,529,273 shares
March 31, 2022	423,668 shares

(iii) Average number of outstanding shares

June 30, 2022	396,746,025shares
June 30, 2021	399,633,324shares

(Note)The number of treasury shares at the end of the period includes shares (16,271 shares for the fiscal year ended March 31, 2022 and 16,271 shares at the first quarter of the fiscal year ending March 31, 2023) owned in trust for the stock compensation system. Treasury shares are also included in the calculation of the average number of shares outstanding during the period.

*These quarterly financials summary are not subject to audit by a certified public accountant or auditing firm.

*Explanations and other special notes concerning the appropriate use of business performance forecasts

(Notes on forward-looking statements)
The earnings forecasts and other forward-looking statements contained in this report are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. Actual results may differ from these forecasts due to various factors.

(Method of obtaining supplementary explanatory materials for financial results and results presentation contents)
Santen Pharmaceutical plans to hold a conference call on the results for securities analysts and institutional investors on August 4, 2022. The materials used in this briefing will be posted on our website.

Accompanying Materials – Contents

1. Summary of Quarterly Consolidated Results

(1) Summary of Consolidated Results

(I) Consolidated Results

A) IFRS basis

(JPY millions)

	Three months ended June 30, 2021	Three months ended June 30, 2022	Year-on-year change
Revenue	64,986	65,533	0.8%
Operating profit	9,156	8,333	(9.0%)
Net profit for the period	7,326	6,695	(8.6%)
Net profit for the period attributable to owners of the company	7,342	6,663	(9.2%)

(Note): Related to the acquisition of Eyevance Pharmaceuticals Holdings Inc. (U.S.), as a result of the confirmation of the provisional amounts related to corporate combinations in the fiscal year ended March 31, 2022, the provisional figures of condensed interim consolidated statements of income and comprehensive income used previously have been retroactively restated for the first quarter of the previous fiscal year.

[Revenue]

Revenue in the three months ended June 30, 2022 increased by 0.8% year-on-year to ¥65.5 billion.
In the mainstay prescription pharmaceuticals business, sales grew globally by 0.2% to ¥61.1 billion. This is mainly due to steady growth in mainstay products in Japan, as a result of efforts to minimize the impact of drug price revisions, and Asia/EMEA, despite a significant impact from strict COVID-19 measures in China.
The breakdown of revenue is as follows:

Upper: Amount
Lower: Year-on-year change
【】: Year-on-year change excluding FX impact

(JPY millions)

	Japan	China	Asia	EMEA	Americas	Total
Prescription pharmaceuticals	38,839	3,590	5,462	12,424	790	61,105
	(0.3%)	(44.3%)	22.7%	20.0%	(1.7%)	0.2%
	【－】	【(51.6%)】	【14.3%】	【15.0%】	【(13.2%)】	【(2.2%)】
OTC pharmaceuticals	2,141	31	207	－	－	2,379
	(7.1%)	－	48.5%	－	－	(2.7%)
Medical devices	890	3	－	638	92	1,624
	28.2%	－	－	80.7%	(4.8%)	41.8%
Others	408	6	12	－	－	425
	10.6%	(48.0%)	29.9%	－	－	9.3%
Total	42,279	3,630	5,680	13,062	882	65,533
	(0.1%)	(43.8%)	23.5%	22.0%	(2.1%)	0.8%

(Note)
Represents revenue from sales to external customers.
Classified into countries or regions based on customer location. China is not included in Asia.
EMEA: Europe, the Middle East and Africa.

<Prescription pharmaceuticals>

◇ Japan

Revenue in the three months ended June 30, 2022 decreased by 0.3% year-on-year to ¥38.8 billion, as a result of efforts to minimize the impact of drug price revisions including market expansion re-pricing for mainstay product, *Alesion*. Revenue of major products is as follows.

Glaucoma and ocular hypertension		
	Tapros	¥2.3 billion (YoY -0.3%)
	Tapcom	¥0.8 billion (YoY +5.0%)
	Cosopt	¥1.4 billion (YoY -9.0%)
	Eybelis	¥1.1 billion (YoY +33.5%)
Dry eye		
	Diquas	¥3.9 billion (YoY +13.9%)
Allergy		
	Alesion *1(refer to Page5)	¥4.8 billion (YoY -4.8%)
Intravitreal VEGF inhibitor		
	EYLEA *2(refer to Page5) (solution for intravitreal injection)	¥18.2 billion (YoY -2.7%)

◇ China

On a JPY basis, revenue in the three months ended June 30, 2022 decreased by 44.3% year-on-year (-51.6% excluding FX impact), to ¥3.6 billion having a significant impact from strict COVID-19 measures in China. Revenue of major products is as follows.

Glaucoma and ocular hypertension		
	Tapros	¥0.1 billion (YoY -52.4%)
Dry eye		
	Diquas	¥0.7 billion (YoY -4.5%)
	Hyalein	¥0.9 billion (YoY -59.2%)
Bacterial conjunctivitis		
	Cravit	¥0.7 billion (YoY -58.5%)

◇ Asia (excluding China)

On a JPY basis, revenue in the three months ended June 30, 2022 increased by 22.7% year-on-year (+14.3% excluding FX impact), to ¥5.5 billion. This was due to further market penetration, despite the impact of COVID-19. Revenue of major products is as follows.

Glaucoma and ocular hypertension		
	Tapros	¥0.5 billion (YoY +5.2%)
	Tapcom	¥0.2 billion (YoY +38.9%)
	Cosopt	¥1.5 billion (YoY +17.7%)
Dry eye		
	Diquas	¥0.5 billion (YoY +20.5%)
	Ikervis	¥0.4 billion (YoY +45.3%)
Bacterial conjunctivitis		
	Cravit	¥0.5 billion (YoY -5.7%)

◇ EMEA

On a JPY basis, revenue in the three months ended June 30, 2022 increased by 20.0% year-on-year (+15.0% excluding FX impact), to ¥12.4 billion, despite the impact from COVID-19 and Russia-Ukraine conflict. Revenue of major products is as follows.

Glaucoma and ocular hypertension		
Tapros	¥2.0 billion	(YoY +20.2%)
Tapcom	¥1.1 billion	(YoY +32.7%)
Cosopt	¥3.1 billion	(YoY +19.7%)
Trusopt	¥0.9 billion	(YoY +11.8%)
Dry eye		
Ikervis	¥1.5 billion	(YoY +3.6%)
Cationorm	¥0.7 billion	(YoY +32.9%)
Allergy		
Verkazia	¥0.2 billion	(YoY +1.7%)

◇ Americas

On a JPY basis, revenue in the three months ended June 30, 2022 decreased by 1.7% year-on-year (-13.2% excluding FX impact), to ¥0.8billion.

<OTC pharmaceuticals>

Revenue in the three months ended June 30, 2022 decreased by 2.7% year-on-year to ¥2.4 billion.

Santen continues to focus on high-end products such as the *Sante Medical series*, *Sante Beauteye series*, and *Soft Santear series* as well as *Hyalein S*, which is a switch OTC product, *Sante FX series* and eye drop-type eye wash, *Well-Wash EYE*, which Santen launched in the previous fiscal year.

<Medical devices>

Revenue in the three months ended June 30, 2022 increased by 41.8% year-on-year to ¥1.6 billion, boosted by the full-fredged rollout of *PRESERFLO MicroShunt*. Revenue of major products is as follows.

Lentis comfort	¥0.3 billion	(YoY -2.9%)
PRESERFLO MicroShunt	¥0.6 billion	(YoY +80.6%)

<Others>

Other revenues amounted to ¥0.4 billion. This is due to sales of supplements, and cleaning of dustless and aseptic clothing at consolidated subsidiary Claire Co., Ltd.

[Operating profit]

Gross profit in the three months ended June 30, 2022 decreased by 2.5 % year-on-year to ¥37.1 billion.

SG&A expenses on an IFRS basis in the three months ended June 30, 2022 decreased by 5.0% year-on-year (-9.9% excluding FX impact) to ¥19.4 billion.

R&D expenses in the three months ended June 30, 2022 increased by 16.0% year-on-year (+8.0% excluding FX impact) to ¥7.1 billion.

Amortization on intangible assets associated with products in the three months ended June 30, 2022 increased by 5.5% year-on-year (+0.1% excluding FX impact) to ¥2.6 billion. This was mainly due to the amortization on intangible assets associated with products acquired from Merck & Co., Inc. (U.S.) in 2014, Ikervis which was launched in Europe in 2015, and *PRESERFLO MicroShunt* acquired in connection with the acquisition of InnFocus, Inc. (U.S.) in 2016 (amortization began in April 2019) and ophthalmic products from Eyevance Pharmaceuticals Holdings Inc. (U.S.) which Santen acquired in 2020.

Other income amounted to ¥0.3 billion.

Other expenses amounted to ¥0.05 billion.

As a result, operating profit on an IFRS basis in the three months ended June 30, 2022 decreased by 9.0 % year-on-year to ¥8.3 billion.

[Quarterly net profit]

Finance income amounted to ¥1.4 billion.
Finance expenses amounted to ¥0.1 billion.
Share of loss of investments accounted for using equity method amounted to ¥0.5 billion from Twenty Twenty Therapeutics LLC (U.S.), a joint venture with Verily Life Sciences LLC (U.S.)
Income tax expenses amounted to ¥2.4 billion, ¥0.5 billion up year-on-year.
As a result, net profit in the period ended June 30, 2022 decreased by 8.6% year-on-year to ¥6.7 billion.

[Quarterly net profit attributable to owners of the company]

Quarterly net profit attributable to owners of the company in the three months ended June 30, 2022 decreased by 9.2% year-on-year to ¥6.7 billion. The ratio to revenue was 10.2%.

*1 Includes Alesion LX
*2 Co-promoted product of Bayer Yakuhin, Ltd. (MAH)

B) Core basis[*3]

(JPY millions)

	Three months ended June 30, 2021	Three months ended June 30, 2022	Year-on-year change
Revenue	64,986	65,533	0.8%
Core operating profit	11,713	10,600	(9.5%)
Core net profit for the period	9,026	7,744	(14.2%)
Core net profit for the period attributable to owners of the company	9,036	7,762	(14.1%)

[Revenue]

There are no adjustments from the IFRS basis.

[Core operating profit]

There are no adjustments to gross profit from the IFRS basis.
SG&A expenses in the three months ended June 30, 2022 decreased by 4.0% year-on-year to ¥19.4 billion. For the first quarter of the previous fiscal year, the expenses related to new consolidations associated with business combinations were deducted from IFRS results. However, this adjustment is not applicable to the first quarter under review. There are no adjustments to R&D expenses from the IFRS basis.

As a result, operating profit on a core basis in the three months ended June 30, 2022 decreased by 9.5% year-on-year to ¥10.6 billion.

*3 With the adoption of IFRS in the fiscal year ended March 31, 2015, Santen Pharmaceutical discloses financial information on a core basis, which is calculated by excluding certain income and expense items from the IFRS basis, as an indicator of profitability of business activities. The core basis is calculated by adjusting the following income and expense items, which are deducted from IFRS results, and the related income tax expenses.

- Amortization on intangible assets associated with products
- Other income
- Other expenses
- Finance income
- Finance expenses
- Share of profit (loss) of investments accounted for using equity method
- Expenses related to acquisitions of companies included in SG&A

(II) Research & Development Activities

<Glaucoma and the ocular hypertension area>

STN1011101 (DE-111A, generic name: tafluprost / timolol maleate) is a fixed dose combination drug of a prostaglandin F2α derivative and a beta-adrenergic receptor blocker. Conducting Phase 3 trial since January 2019 in China.

STN1011700 (DE-117, generic name: omidenepag isopropyl) is an EP2 receptor agonist. The Company re-submitted for marketing approval in May 2022 in the U.S. The product was launched in November 2018 in Japan. The Company has successively launched in Asian countries since launch in Korea in February 2021.

STN1012600 (DE-126, generic name: sepetaprost) is a dual agonist that activates both FP and EP3 receptors. An additional Phase 2 trial was completed in December 2021 in the U.S. A late Phase 2 trial was completed in Japan. A Phase 2 trial (exploratory study) was started in September 2021 in Europe.

STN2000100 (DE-128) is a device for glaucoma. The Company launched (soft launch) in July 2022 in Japan. The device was launched in April 2019 in Europe. The Company has successively filed for marketing approval in Asian countries since March 2020 and received approval in Singapore and other countries from September 2021.

STN1013001 (DE-130A, generic name: latanoprost) is an ophthalmic emulsion of a prostaglandin F2α derivative. Phase 3 trial was completed in March 2022 in Europe and Asia.

STN1013900 (AR-13324, generic name: netarsudil mesylate) is a ROCK inhibitor. Phase 3 trial has been under way since November 2020 in Japan. Marketing approval has been received in Europe. The Company filed for marketing approval in March 2022 in Asia.

STN1014000 (PG-324, generic name: netarsudil mesylate / latanoprost) is a fixed dose combination drug of a ROCK inhibitor and a prostaglandin F2α derivative. Marketing approval has been received in Europe. The Company filed for marketing approval in May 2022 in Asia.

<Keratoconjunctival disease area including dry eye >

STN1007603 (DE-076C, generic name: cyclosporin) for vernal keratoconjunctivitis was approved and launched in Europe, Asia, and Canada. Marketing approval has been received in April 2022 in China. Launched in the U.S. in May 2022.

STN1008903 (DE-089C, generic name: diquafosol sodium) is for the treatment of dry eye. The Company received manufacturing and marketing approval in June 2022 in Japan.

STN1010905 (generic name: sirolimus) is for the treatment of meibomian gland dysfunction. Phase 2a trial started in October 2021 in Japan.

STN1011402 (generic name: epinastine hydrochloride) is for the treatment of allergic conjunctivitis. Phase 3 trial started in February 2022 in Japan.

STN1010904* (generic name: sirolimus) is for the treatment of Fuchs endothelial corneal dystrophy. The Company has executed a joint development agreement with ActualEyes Inc. Phase 2a trials started in U.S., France and India in May 2022. (*The development code (STN1010904) is due to be assigned to the product when Santen obtains an exclusive license upon completion of Phase 2 clinical trial.)

<Refractive error>

STN1012700 (DE-127, generic name: atropine sulfate) is for the treatment of myopia in children. Conducting Phase 2/3 trial since August 2019 in Japan. Phase 2/3 trial was started in June 2022 in China. Phase 2 trial was completed in April 2020 in Asia.

STN1012701 (SYD-101, generic name: atropine sulfate) is for the treatment of progressive myopia in children. Sydnexis Inc., (U.S.) the licensor, is conducting Phase 3 trials in Europe and the U.S. Santen has obtained the exclusive license for Europe, Middle East and Africa.

STN1013400 (compound name: AFDX0250BS) is for the treatment of myopia. Phase 1 trial was completed in September 2021 in Japan.

STN1013600 (generic name: ursodeoxycholic acid) is for the treatment of presbyopia. Phase 1 trial was completed in April 2022 in Japan.

※ The numbering method for development codes has changed. Both existing development codes (DE-XXX) and new development codes (STNXXXXXXX) are shown. AR-13324/PG-324 and SYD-101 are the development codes of Aerie Pharmaceuticals, Inc. (U.S.) and Sydnexis Inc. (U.S.) respectively.

(2) Summary of Financial Position

(I) Assets, equity and liabilities

Total assets at the end of the first quarter amounted to ¥461.3 billion, up ¥1.3 billion from the end of the previous fiscal year. Despite a decrease in cash and cash equivalents associated with payments including dividends and income tax and share repurchases, there was an increase in property, plant and equipment related to the construction of the No. 3 plant for the manufacturing of prescription pharmaceutical eye-drops at the Shiga Product Supply Center and intangible assets related to the FX impact of weak yen.

Equity amounted to ¥342.9 billion. This was an increase of ¥6.1 billion from the end of the previous fiscal year ended March 31, 2022 which was due to an increase in other components of equity despite share repurchases.

Liabilities amounted to ¥118.4 billion, falling by ¥4.8 billion from the end of the previous fiscal year. This was due to a decrease in other current liabilities related to a decline in income taxes payable as a result of the payment of corporate taxes, and the payment of bonuses, despite an increase in deferred tax liabilities.

As a result, the ratio of equity attributable to owners of the company to total assets increased by 1.1 points from the end of the previous fiscal year ended March 31, 2022 to 74.5%

(II) Cash Flows

Cash flows from operating activities amounted to ¥2.4 billion. (¥2.5 billion in the three months ended June 30, 2021). This was mainly due to the quarterly profit of ¥6.7 billion, a decrease of ¥5.1 billion in accounts payable (bonuses) , a ¥3.2 billion corporate tax payment and ¥4.5 billion in depreciation and amortization.

Cash flows from investing activities amounted to an outflow of ¥6.2 billion. (¥4.9 billion in the three months ended June 30, 2021). This was mainly due to payments for the acquisition of property, plant and equipment and intangible assets amounting to ¥3.2 billion and ¥3.0 billion respectively. There was a cash inflow of ¥0.5 billion owing to the sale of 1 equity holding in the first quarter of the fiscal year as part of accelerating the ongoing review of cross-shareholdings.

Cash flows from financing activities amounted to an outflow of ¥13.8 billion. (¥6.2 billion in the three months ended June 30, 2021). This was mainly due to share repurchases and cash dividends paid of ¥7.2 billion and ¥6.3 billion respectively.

As a result, cash and cash equivalents at the end of the first quarter ended June 30, 2022 decreased by ¥14.4 billion from the end of the fiscal year ended March 31, 2022 to ¥68.6 billion.

(3) Information about Forecasts of Consolidated Financial Results and Other Forward-Looking Statements

The results for the first quarter of the fiscal year under review have generally remained in line with plan. Forecasts of consolidated financial results for the fiscal year ending March 31, 2023 announced on May 10, 2022 remain unchanged.

2. Condensed Interim Consolidated Financial Statements and Major Notes

(1)Condensed Interim Consolidated Statements of Income and Comprehensive Income

IFRS (JPY millions)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Revenue	**64,986**	**65,533**
Cost of sales	(26,924)	(28,406)
Gross profit	**38,062**	**37,127**
Selling, general and administrative expenses	(20,447)	(19,427)
Research and development expenses	(6,121)	(7,099)
Amortization on intangible assets associated with products	(2,421)	(2,554)
Other income	120	332
Other expenses	(39)	(45)
Operating profit	**9,156**	**8,333**
Finance income	590	1,385
Finance expenses	(277)	(123)
Share of loss of investments accounted for using equity method	(297)	(521)
Profit before tax	**9,171**	**9,074**
Income tax expenses	(1,845)	(2,379)
Net profit for the period	**7,326**	**6,695**
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net gain on financial assets measured at fair value through other comprehensive income	1,290	1,101
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustments	886	10,846
Share of other comprehensive income of investments accounted for using equity method	(8)	837
Other comprehensive income	**2,167**	**12,784**
Total comprehensive income	**9,494**	**19,479**
Profit attributable to		
Owners of the company	7,342	6,663
Non-controlling interests	(15)	32
Net profit for the period	**7,326**	**6,695**
Total comprehensive income attributable to		
Owners of the company	9,520	19,483
Non-controlling interests	(26)	(4)
Total comprehensive income	**9,494**	**19,479**
Earnings per share		
Basic earnings per share (yen)	18.36	16.79
Diluted earnings per share (yen)	18.34	16.77

Core basis (JPY millions)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Revenue	64,986	65,533
Core operating profit	11,713	10,600
Core net profit for the period	9,026	7,744
Basic core earnings per share (yen)	22.60	19.55
Diluted core earnings per share (yen)	22.56	19.54
Core profit attributable to		
Owners of the company	9,036	7,762
Non-controlling interests	(10)	(18)
Core net profit for the period	**9,026**	**7,744**

(Note): As a result of the confirmation of the provisional amounts related to corporate combinations in the fiscal year ended March 31, 2022, the provisional figures of condensed Interim consolidated statements of income and comprehensive income used previously have been retroactively restated for the first quarter of the fiscal year ended March 31, 2022.

(2)Condensed Interim Consolidated Statements of Financial Position

Assets (JPY millions)

	As of March 31, 2022	As of June 30, 2022
Non-current assets		
Property, plant and equipment	56,287	61,185
Intangible assets	130,217	134,914
Financial assets	28,673	30,623
Retirement benefit asset	3,011	2,836
Investments accounted for using equity method	7,565	7,930
Deferred tax assets	3,103	3,327
Other non-current assets	1,695	1,790
Total non-current assets	**230,551**	**242,605**
Current assets		
Inventories	37,141	39,548
Trade and other receivables	99,591	99,690
Other financial assets	1,293	956
Other current assets	8,387	9,909
Cash and cash equivalents	83,014	68,575
Total current assets	**229,426**	**218,679**
Total assets	**459,976**	**461,284**

Equity and liabilities (JPY millions)

	As of March 31, 2022	As of June 30, 2022
Equity		
Share capital	8,672	8,678
Capital surplus	9,370	9,556
Treasury shares	(718)	(7,916)
Retained earnings	290,477	290,975
Other components of equity	29,688	42,264
Total equity attributable to owners of the company	**337,488**	**343,556**
Non-controlling interests	**(645)**	**(648)**
Total equity	**336,844**	**342,908**
Liabilities		
Non-current liabilities		
Financial liabilities	22,023	22,303
Net defined benefit liabilities	1,077	1,149
Provisions	738	747
Deferred tax liabilities	2,526	5,107
Other non-current liabilities	948	985
Total non-current liabilities	**27,312**	**30,291**
Current liabilities		
Trade and other payables	41,185	40,128
Other financial liabilities	38,533	38,784
Income tax payable	4,198	1,702
Provisions	939	1,126
Other current liabilities	10,965	6,345
Total current liabilities	**95,821**	**88,085**
Total liabilities	**123,133**	**118,376**
Total equity and liabilities	**459,976**	**461,284**

(3)Condensed Interim Consolidated Statements of Changes in Equity

Three months ended June 30, 2021 (JPY millions)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Remeasurements of defined benefit plans	Net gain or loss on financial assets measured at fair value through other comprehensive income
Balance at April 1, 2021	8,525	8,954	(934)	273,238	—	11,075
Comprehensive income						
Net profit for the period				7,342		
Other comprehensive income						1,290
Total comprehensive income	—	—	—	7,342	—	1,290
Transactions with owners						
Repurchase of treasury stock			(0)			
Dividends				(5,598)		
Share-based payments		38				
Other				182		(182)
Total transactions with owners	—	38	(0)	(5,416)	—	(182)
Balance at June 30, 2021	8,525	8,992	(934)	275,164	—	12,183

(JPY millions)

	Other components of equity				Total equity attributable to owners of the company	Non-controlling interests	Total equity
	Foreign currency translation adjustments	Share of other comprehensive income of investments accounted for using equity method	Subscription rights to shares	Total			
Balance at April 1, 2021	8,634	170	518	20,398	310,181	(535)	309,646
Comprehensive income							
Net profit for the period				—	7,342	(15)	7,326
Other comprehensive income	897	(8)		2,178	2,178	(11)	2,167
Total comprehensive income	897	(8)	—	2,178	9,520	(26)	9,494
Transactions with owners							
Repurchase of treasury stock				—	(0)		(0)
Dividends				—	(5,598)		(5,598)
Share-based payments				—	38		38
Other				(182)	—		—
Total transactions with owners	—	—	—	(182)	(5,560)	—	(5,560)
Balance at June 30, 2021	9,531	162	518	22,394	314,141	(561)	313,580

(Note): Related to the acquisition of Eyevance Pharmaceuticals Holdings Inc. (U.S.), as a result of the confirmation of the provisional amounts related to business combinations in the fiscal year ended March 31, 2022, the provisional figures of condensed interim consolidated statements of changes in equity used previously have been retroactively restated for the first quarter of the fiscal year ended March 31, 2022.

Three months ended June 30, 2022 (JPY millions)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Remeasurements of defined benefit plans	Net gain or loss on financial assets measured at fair value through other comprehensive income
Balance at April 1, 2022	8,672	9,370	(718)	290,477	—	8,438
Comprehensive income						
Net profit for the period				6,663		
Other comprehensive income						1,101
Total comprehensive income	—	—	—	6,663	—	1,101
Transactions with owners						
Issuance of new shares	6	6				
Repurchase of treasury stock		(8)	(7,197)			
Dividends				(6,405)		
Share-based payments		187				
Other				240		(240)
Total transactions with owners	6	186	(7,197)	(6,165)	—	(240)
Balance at June 30, 2022	8,678	9,556	(7,916)	290,975	—	9,300

(JPY millions)

	Other components of equity				Total equity attributable to owners of the company	Non-controlling interests	Total equity
	Foreign currency translation adjustments	Share of other comprehensive income of investments accounted for using equity method	Subscription rights to shares	Total			
Balance at April 1, 2022	19,950	914	384	29,688	337,488	(645)	336,844
Comprehensive income							
Net profit for the period				—	6,663	32	6,695
Other comprehensive income	10,882	837		12,820	12,820	(36)	12,784
Total comprehensive income	10,882	837	—	12,820	19,483	(4)	19,479
Transactions with owners							
Issuance of new shares			(5)	(5)	7		7
Repurchase of treasury stock				—	(7,205)		(7,205)
Dividends				—	(6,405)		(6,405)
Share-based payments				—	187		187
Other				(240)	—		—
Total transactions with owners	—	—	(5)	(244)	(13,415)	—	(13,415)
Balance at June 30, 2022	30,833	1,751	380	42,264	343,556	(648)	342,908

(4)Condensed Interim Consolidated Statements of Cash Flows

(JPY millions)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Ⅰ. Cash flows from operating activities:		
Net profit for the period	7,326	6,695
Depreciation and amortization	4,195	4,469
Shares of loss (profit) of entities accounted for using equity method	297	521
Finance expenses (income)	(273)	(201)
Income tax expenses	1,845	2,379
Decrease (increase) in trade and other receivables	2,133	1,925
Decrease (increase) in inventories	1,242	(744)
Increase (decrease) in trade and other payables	(4,662)	(1,486)
Increase (decrease) in provisions and net defined benefit liabilities	368	314
Increase (decrease) in other current assets	(1,764)	(1,408)
Increase (decrease) in accounts payable - bonuses	(3,746)	(5,102)
Other	(570)	(1,921)
Subtotal	6,391	5,442
Interest received	48	59
Dividends received	248	226
Interest paid	(52)	(93)
Income tax paid	(4,094)	(3,214)
Net cash flows from (used in) operating activities	**2,540**	**2,419**
Ⅱ. Cash flows from investing activities:		
Payments for acquisition of investments	(523)	(304)
Proceeds from sales of investments	383	467
Payments for acquisition of property, plant and equipment	(2,126)	(3,202)
Payments for acquisition of intangible assets	(2,614)	(3,047)
Payments for acquisition of investments accounted for using equity method	—	(47)
Other	(2)	(94)
Net cash flows from (used in) investing activities	**(4,882)**	**(6,226)**
Ⅲ. Cash flows from financing activities:		
Purchase of treasury shares	(0)	(7,197)
Dividends paid	(5,512)	(6,320)
Repayments of lease obligation	(661)	(801)
Other	(0)	547
Net cash flows from (used in) financing activities	**(6,173)**	**(13,772)**
Ⅳ. Net increase (decrease) in cash and cash equivalents	**(8,515)**	**(17,579)**
Ⅴ. Cash and cash equivalents at the beginning of period	**62,888**	**83,014**
Ⅵ. Effect of exchange rate changes on cash and cash equivalents	**326**	**3,141**
Ⅶ. Cash and cash equivalents at the end of period	**54,699**	**68,575**

(Note): Related to the acquisition of Eyevance Pharmaceuticals Holdings Inc. (U.S.), as a result of the confirmation of the provisional amounts related to corporate combinations in the fiscal year ended March 31, 2022, the provisional figures of condensed interim consolidated statements of cash flows used previously have been retroactively restated for the first quarter of the fiscal year ended March 31, 2022.

(5) Notes for Condensed Interim Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Statement of Significant Changes in Shareholders' Equity)

Three months ended June 30, 2022

(Repurchase of own shares)

At a meeting of the Board of Directors on May 10, 2022, the Board resolved to repurchase its own shares in accordance with Article 156 of the Companies Act (Japan), as applied pursuant to Article 165, paragraph 3.

Total Company's own shares repurchased from May 11, 2022 through June 30, 2022 amounted to 7,105,500 shares of 7,197 million yen.

(I) Reasons for repurchase of own shares

To enhance capital efficiency and improve return of profits.

(II) Details of repurchase

(1)	Class of shares to be acquired	Common shares of Santen
(2)	Total number of shares to be acquired	12,500,000 shares (maximum) *Representing 3.1% of the total number of shares outstanding (excluding treasury shares)
(3)	Total amount of acquisition	15.0 billion yen (maximum)
(4)	Period of acquisition	May 11, 2022 to September 30, 2022
(5)	Method of acquisition	Open-market repurchase through discretionary investment contract
(6)	Other	After repurchase, Santen plans to cancel the repurchased shares within the fiscal year ending March 2023 by the resolution of its Board of Directors in accordance with Article 178 of the Companies Act (Japan).

(Significant Subsequent Events)

Not applicable.

3. Consolidated Reference
(1) Revenue of Major Products

(JPY millions)

Brand Name	Region	Year ended March 31, 2022				Year ending March 31, 2023			
		Three months ended June 30, 2021 Actual	Changes from the same period of previous year	Year ended March 31, 2022 Actual	Changes from the same period of previous year	Three months ended June 30, 2022 Actual	Changes from the same period of previous year	Forecast for the fiscal year ending March 31, 2023	Changes from the same period of the previous year
Glaucoma and ocular hypertension									
Cosopt	Total	5,437	-3.1%	21,752	4.2%	6,030	10.9%	21,523	-1.1%
	Japan	1,576	-22.8%	5,650	-18.6%	1,434	-9.0%	4,898	-13.3%
	Asia	1,240	18.2%	5,157	15.6%	1,460	17.7%	5,630	9.2%
	EMEA	2,621	4.1%	10,945	15.5%	3,137	19.7%	10,995	0.5%
Tapros	Total	4,683	0.2%	18,423	2.8%	4,895	4.5%	19,705	7.0%
	Japan	2,281	-3.9%	8,409	-3.4%	2,275	-0.3%	7,847	-6.7%
	China	266	134.2%	1,170	94.3%	126	-52.4%	2,740	134.1%
	Asia	490	6.2%	2,077	8.9%	516	5.2%	2,051	-1.2%
	EMEA	1,646	-4.6%	6,767	1.1%	1,978	20.2%	7,067	4.4%
Tapcom	Total	1,747	14.3%	6,971	15.5%	2,129	21.8%	7,577	8.7%
	Japan	724	5.7%	2,738	5.1%	760	5.0%	2,628	-4.0%
	Asia	173	42.4%	815	49.3%	240	38.9%	964	18.3%
	EMEA	850	17.8%	3,417	18.4%	1,129	32.7%	3,985	16.6%
Trusopt	Total	1,169	8.1%	4,374	0.2%	1,251	7.0%	4,224	-3.4%
	Japan	310	-11.7%	1,108	-9.7%	294	-4.9%	965	-13.0%
	Asia	92	37.5%	382	10.9%	98	7.0%	413	8.0%
	EMEA	768	15.6%	2,883	3.2%	859	11.8%	2,847	-1.3%
Eybelis	Total	823	39.6%	3,420	34.8%	1,123	36.5%	4,030	17.9%
	Japan	806	36.8%	3,304	31.3%	1,076	33.5%	3,648	10.4%
	Asia	17	—	116	475.4%	47	178.0%	332	187.4%
Dry eye									
Diquas	Total	4,537	27.8%	18,835	30.8%	5,069	11.7%	24,422	29.7%
	Japan	3,402	13.0%	13,342	8.6%	3,876	13.9%	15,157	13.6%
	China	697	886.0%	4,074	468.5%	666	-4.5%	6,964	70.9%
	Asia	438	-6.5%	1,419	1.1%	527	20.5%	2,301	62.1%
Hyalein	Total	4,251	-6.0%	17,779	-3.5%	3,303	-22.3%	17,235	-3.1%
	Japan	1,721	-5.2%	6,466	-7.2%	1,636	-4.9%	5,115	-20.9%
	China	2,145	-8.7%	8,943	-3.4%	875	-59.2%	9,344	4.5%
	Asia	386	7.6%	2,370	8.0%	793	105.5%	2,776	17.1%
Ikervis	Total	1,656	76.3%	5,856	29.3%	1,817	9.8%	6,667	13.9%
	Asia	246	28.5%	1,106	24.2%	357	45.3%	1,506	36.2%
	EMEA	1,410	88.5%	4,750	30.6%	1,460	3.6%	5,161	8.7%
Cationorm	Total	829	23.4%	3,230	5.5%	1,099	32.6%	3,785	17.2%
	Asia	103	45.7%	467	82.5%	121	17.2%	406	-13.0%
	EMEA	532	21.3%	2,078	5.6%	707	32.9%	2,458	18.3%
	Americas	194	19.2%	685	-18.3%	271	39.8%	920	34.4%
Allergy									
Alesion (Including Alesion LX)	Total	5,065	66.2%	29,392	-10.3%	4,846	-4.3%	24,074	-18.1%
	Japan	5,038	65.3%	29,286	-10.5%	4,798	-4.8%	23,821	-18.7%
	Asia	28	—	106	465.8%	48	75.5%	253	138.1%
Verkazia	Total	164	744.5%	633	255.2%	213	29.7%	1,588	150.7%
	EMEA	155	830.9%	585	260.6%	157	1.7%	743	27.1%
	Americas	10	237.0%	49	201.0%	56	483.8%	792	—
Intravitreal VEGF inhibitor									
EYLEA	Total	18,727	11.5%	72,484	12.5%	18,230	-2.7%	61,896	-14.6%
	Japan	18,727	11.5%	72,484	12.5%	18,230	-2.7%	61,896	-14.6%
Bacterial conjunctivitis									
Cravit	Total	3,063	-6.9%	11,712	-7.4%	1,926	-37.1%	11,852	1.2%
	Japan	488	-6.4%	1,754	-11.0%	378	-22.6%	1,489	-15.1%
	China	1,754	-19.7%	6,966	-12.1%	727	-58.5%	7,195	3.3%
	Asia	505	30.6%	1,866	8.3%	476	-5.7%	2,056	10.2%
	EMEA	316	60.3%	1,126	9.4%	345	9.3%	1,112	-1.2%
Medical devices									
Lentis comfort	Total	341	58.8%	1,422	18.9%	331	-2.9%	1,742	22.5%
	Japan	341	58.8%	1,422	18.9%	331	-2.9%	1,742	22.5%
PRESERFLO MicroShunt	Total	347	99.5%	1,612	80.9%	627	80.6%	2,398	48.7%
	EMEA	347	99.5%	1,612	80.9%	627	80.6%	2,364	46.6%
OTC Pharmaceuticals	Total	2,444	19.7%	9,780	3.9%	2,379	-2.7%	10,650	8.9%
	Japan	2,305	16.7%	9,185	1.4%	2,141	-7.1%	9,400	2.3%
	China	—	—	7	—	31	—	650	—
	Asia	139	106.3%	588	67.1%	207	48.5%	600	2.1%

* Forecasts in this report are based on currently available information. Actual results may differ materially depending on a number of factors including changes to the business environment and others. Our full-year forecasts are based on our foreign exchange assumptions. Revenue by region shows that of major countries or regions.

(2) Research & Development

As of July 2022

Pipeline Development Status (Clinical Stage)

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	Filed	Approved	Launched
cyclosporin	STN1007603 / DE-076C	Vernal keratoconjunctivitis	Original	U.S.					May-2022	
				China					Apr-2022	

An ophthalmic emulsion which improves vernal keratoconjunctivitis by immunosuppressive effect. Cationic emulsion technology has enhanced ocular tissue penetration. Launched successively in European countries since October 2018. Launched successively in Asian countries after receiving approval for an indication extension for Ikervis in August 2019. Launched in November 2019 in Canada. Launched in May 2022 in the U.S. and received marketing approval in April 2022 in China.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	Filed	Approved	Launched
diquafosol sodium	STN1008903 / DE-089C	Dry eye	Merck Sharp & Dohme Corp. (U.S.)	Japan					Jun-2022	

A dry eye treatment which stimulates secretion of mucin and aqueous components from the corneal and conjunctival epithelium. Long-lasting drug. Received manufacturing and marketing approval in June 2022 in Japan.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	Filed	Approved	Launched
sirolimus	STN1010904	Fuchs endothelial corneal dystrophy	Joint development with ActualEyes	Japan France India	(Phase 2a)					

An ophthalmic suspension which treats Fuchs endothelial corneal dystrophy via mTOR inhibition. Started Phase 2a in US, France and India in May 2022. (*The development code (STN1010904) is due to be assigned to the product when Santen obtains an exclusive license upon completion of Phase 2 clinical trial.)

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	Filed	Approved	Launched
sirolimus	STN1010905	Meibomian gland dysfunction	Original	Japan	(Phase 2a)					

An ophthalmic suspension which improves meibomian gland function via mTOR inhibition. Started Phase 2a in October 2021 in Japan.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	Filed	Approved	Launched
tafluprost/ timolol maleate	STN1011101 /DE-111A	Glaucoma/ Ocular hypertension	Co-development with AGC	China						

A fixed dose combination drug of a prostaglandin $F_{2\alpha}$ derivative and a beta-adrenergic receptor blocker. Launched in Japan in November 2014. Launched successively in European countries since January 2015. Launched successively in Asian countries since April 2016. Started Phase 3 in January 2019 in China.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	Filed	Approved	Launched
epinastine hydrochloride	STN1011402	Allergic conjunctivitis	Nippon Boehringer Ingelheim	Japan						

An H_1 receptor antagonist with membrane-stabilizing function, as treatment for allergic conjunctivitis. Ophthalmic cream. Started Phase 3 in February 2022 in Japan.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	Filed	Approved	Launched
omidenepag isopropyl	STN1011700 /DE-117	Glaucoma/ Ocular hypertension	Co-development with Ube Industries	U.S.				May-2022		
				Japan					Nov-2018	
				Asia					Feb-2021	

An EP2 receptor agonist with a new mechanism of action. Re-submitted for marketing approval in May 2022 in the U.S. Launched in November 2018 in Japan. Launched successively in Asian countries since launch in February 2021 in Korea.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	Filed	Approved	Launched
sepetaprost	STN1012600 / DE-126	Glaucoma/ Ocular hypertension	ONO PHARMACEUTICAL	U.S.						
				Japan		(Phase 2b)				
				Europe		(Exploratory study)				

A prostaglandin analogue eye drop drug product with a novel mode of action that is a dual agonist for both FP and EP3 receptors for the treatment of glaucoma and ocular hypertension. Completed an additional Phase 2 in December 2021 in the U.S. Completed Phase 2b in Japan. Started Phase 2 (exploratory study) in September 2021 in Europe.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	Filed	Approved	Launched
atropine sulfate	STN1012700 / DE-127	Myopia	Singapore Health Services, Nanyang Technological University	Japan			(Phase 2/3)			
				China			(Phase 2/3)			
				Asia						

Non-selective muscarinic antagonist which reduces progression of juvenile myopia. Conducting Phase 2/3 from August 2019 in Japan. Started Phase 2/3 in June 2022 in China. Completed P2 in April 2020 in Asia.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	Filed	Approved	Launched
atropine sulfate	STN1012701 / SYD-101	Myopia	Sydnexis Inc.	Europe						
Non-selective muscarinic antagonist which reduces progression of juvenile myopia. Sydnexis Inc., the licensor, is conducting Phase 3 trial in Europe and the U.S. Santen has obtained the exclusive license for Europe, Middle East and Africa.										

—	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	Filed	Approved	Launched
glaucoma implant device	STN2000100 / DE-128	Glaucoma	Original	Japan						Jul-2022
				Europe						Apr-2019
				Asia					Sep-2021	
A drainage implant device designed to lower and sustain intraocular pressure (IOP) for the treatment of primary open-angle glaucoma through the drainage of aqueous humor. Launched (soft launch) in July 2022 in Japan. Launched in Europe in April 2019. Filed successively for marketing approval in Asian countries since March 2020 and received approval in Singapore and other countries since September 2021.										

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	Filed	Approved	Launched
latanoprost	STN1013001 /DE-130A (Catioprost)	Glaucoma/ Ocular hypertension	Original	Europe						
				Asia						
An ophthalmic emulsion of a prostaglandin F2α derivative, for the treatment of glaucoma and ocular hypertension. Completed Phase 3 in March 2022 in Europe and Asia										

Compound name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	Filed	Approved	Launched
AFDX0250BS	STN1013400	Myopia	Boehringer Ingelheim	Japan						
Selective muscarinic M2 antagonist which reduces progression of juvenile myopia. Reduce mydriasis by selectively inhibiting a subtype of receptors. Completed Phase1 in September 2021 in Japan.										

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	Filed	Approved	Launched
Ursodeoxycholic acid	STN1013600	Presbyopia	Original	Japan						
Improvement of presbyopia by improving lens elasticity. Completed Phase 1 in April 2022 in Japan.										

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	Filed	Approved	Launched
netarsudil mesylate	STN1013900 / AR-13324	Glaucoma / Ocular hypertension	Aerie	Japan						
				Europe						
				Asia					Mar-2022	
A ROCK (Rho-associated kinase) inhibitor. Developed and sold by Aerie in the U.S. Conducting Phase 3 from November 2020 in Japan. Received marketing approval in Europe. Filed for marketing approval in March 2022 in Asia.										

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	Filed	Approved	Launched
netarsudil mesylate / latanoprost	STN1014000 / PG-324	Glaucoma / Ocular hypertension	Aerie	Europe						
				Asia					May-2022	
A fixed dose combination drug of a ROCK (Rho-associated kinase) inhibitor and a prostaglandin F_2α derivative. Developed and sold by Aerie in the U.S. Received marketing approval in Europe. Filed for marketing approval in May 2022 in Asia.										

Changes from Q4 FY2021 (May 10, 2022)

Dev. Code	Changes
STN1008903 / DE-089C	Received manufacturing and marketing approval in June 2022 in Japan.
STN1010904	Started Phase 2a in U.S., France and India in May 2022.
STN1011700 / DE-117	Re-submitted for marketing approval in May 2022 in the U.S.
STN1012700 / DE-127	Started Phase 2/3 in June 2022 in China.
STN2000100 / DE-128	Launched (soft launch) in July 2022 in Japan.
STN1014000 / PG-324	Filed for marketing approval in May 2022 in Asia.

(3) Capital Expenditures, Depreciation and Amortization, Amortization of Intangible Assets Related to Products, and Research and Development Expenses

Capital expenditures (JPY millions)

	Three months ended June 30, 2021	Year ended March 31, 2022	Three months ended June 30, 2022	Year ending March 31, 2023
	Actual			Forecast
Consolidated	4,438	22,244	5,977	25,000

(Note): Excluding the increase in right-of-use assets.

Depreciation and amortization (JPY millions)

	Three months ended June 30, 2021	Year ended March 31, 2022	Three months ended June 30, 2022	Year ending March 31, 2023
	Actual			Forecast
Manufacturing cost	587	2,309	583	2,400
Selling, general and administrative expenses	394	1,654	482	2,300
R&D expenses	144	577	142	780
Consolidated total	1,125	4,540	1,207	5,480

(Note): Excluding amortization on intangible assets associated with products, long-term advance expense and right-of-use assets.

Amortization on intangible assets associated with products (JPY millions)

	Three months ended June 30, 2021*	Year ended March 31, 2022	Three months ended June 30, 2022	Year ending March 31, 2023
	Actual			Forecast
Intangible assets (Merck products)	1,452	5,740	1,452	5,740
Intangible assets (Eyevance)	463	1,899	545	2,110
Intangible assets (PRESERFLO MicroShunt)	233	955	274	1,060
Intangible assets (Ikervis)	187	741	195	760
Other	86	398	88	630
Consolidated total	2,421	9,734	2,554	10,300

* In conjunction with the completion of purchase price allocation related to business combinations in the second quarter of the fiscal year ended March 31, 2022, the previously used provisional amounts have been retroactively restated for the first quarter of the fiscal year ended March 2022.

Research and development expenses (JPY millions)

	Three months ended June 30, 2021	Year ended March 31, 2022	Three months ended June 30, 2022	Year ending March 31, 2023
	Actual			Forecast
Consolidated	6,121	26,377	7,099	27,000
Percent of revenue	9.4%	9.9%	10.8%	10.2%

(4) FOREX

(JPY)

Exchange rate (yen)	Major currency	The 1st quarter ended June 30, 2021	Fiscal year ended March 31, 2022	The 1st quarter ended June 30, 2022	Fiscal year ending March 31, 2023 (Forecasts)
	USD	109.81	112.57	129.16	125.00
	EUR	132.05	130.75	137.80	135.00
	CNY	17.03	17.55	19.58	19.00

Forecasts in this report are based on the currently available information. Actual results may differ materially depending on a number of factors including changes to the business environment and others.