



November 8, 2022

Notice of Recording of Impairment Loss and Revision of Full-Year Earnings Forecasts

Santen Pharmaceutical Co., Ltd. (Head Office: Osaka; President and CEO: Takeshi Ito; hereinafter “Santen”) announced that it recorded an impairment loss on fixed assets related to the Company’s U.S. business in the second quarter (July 1, 2022 to September 30, 2022) of the fiscal year ending March 31, 2023. Santen also announced the revision to its forecasts of consolidated financial results for the year ending March 31, 2023, previously announced on May 10, 2022.

1. Recording of impairment loss

(1) Reasons for impairment loss

Santen acquired 100% of outstanding shares of Eyevance Pharmaceuticals Holdings Inc. (U.S.) (hereinafter “Eyevance”) in September 2020 to strengthen the business platform in the United States and made Eyevance and its affiliated operating company Eyevance Pharmaceuticals LLC (U.S.) Santen’s complete subsidiary companies. While Santen has been aiming at an early establishment of its business base in the U.S., the realized sales being lower than projected sales at the time of acquisition, led to the assessment that it would be difficult for Eyevance to realize initially estimated profits. Based on this re-evaluation, Santen has decided to record an impairment loss related to Eyevance.

(2) Description of impairment loss

Based on the revised business forecast, Santen has recorded an impairment loss of 7.4 billion yen in goodwill, 22.3 billion yen in development, manufacturing and sales rights as well as 0.3 billion yen in fixed asset related to Eyevance and Eyevance Pharmaceuticals LLC. As a result, the impairment loss amounted to 30.0 billion yen (225 million USD).

2. Revision of forecasts of consolidated financial results

(1) Revision of the forecasts of consolidated financial results for the year ending March 31, 2023 (April 1, 2022 to March 31, 2023)

IFRS basis

	Revenue	Operating profit	Profit before tax	Net profit for the year	Basic earnings per share
Forecast announced on May 10, 2022 (A)	JPY millions 264,000	JPY millions 34,200	JPY millions 32,500	JPY millions 24,400	Yen 61.96
Revised forecast (B)	280,000	4,000	3,000	-5,500	-14.20
Increase/decrease (B-A)	16,000	-30,200	-29,500	-29,900	
Increase/decrease (%)	+6.1	-88.3	-90.8	—	
(Ref.) Consolidated results for the year ended March 31, 2022	266,257	35,886	35,616	27,189	68.07

Core basis

	Revenue	Core operating profit	Core net profit for the year	Basic core earnings per share
Forecast announced on May 10, 2022 (A)	JPY millions 264,000	JPY millions 45,500	JPY millions 34,100	Yen 86.59
Revised forecast (B)	280,000	45,500	34,100	88.04
Increase/decrease (B-A)	16,000	0	0	
Increase/decrease (%)	+6.1	0.0	0.0	
(Ref.) Consolidated results for the year ended March 31, 2022	266,257	46,348	35,195	88.16

(2) Reason for revision

Revenue is expected to increase by 6.1% to 280.0 billion yen, exceeding the previously announced forecast of 264.0 billion yen. This is because the steady sales progress exceeding expectations in Japan and other regions including FX impacts, despite the strong impact of strict measures in China to prevent the spread of COVID-19. However, operating profit, profit before tax and net profit for the year on an IFRS basis are expected to decrease from the previous announcement dated on May 10 due to the impairment loss related to Eyevance and Eyevance Pharmaceuticals LLC.

*The earnings forecasts contained in this disclosure are based on information currently available to Santen as of the date of this release. Actual results may differ from these forecasts due to various factors.

*The core basis is calculated by adjusting the following income and expense items, which are deducted from IFRS results, and the related income tax expense.

- Amortization of 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

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About Santen

As a specialized company dedicated to eye health, Santen carries out research, development, marketing, and sales of pharmaceuticals, over-the-counter products, and medical devices, and its products now reach patients in over 60 countries.

Toward realizing “WORLD VISION” (Happiness with Vision), the world Santen ultimately aspires to achieve, as a “Social Innovator”, Santen aims to reduce the social and economic opportunity loss of people around the world caused by eye diseases and defects by orchestrating and mobilizing key technologies and players around the world.

With scientific knowledge and organizational capabilities nurtured over a 130-year history, Santen provides products and services to contribute to the well-being of patients, their loved ones and consequently to society.

For more information, please visit Santen’s website (<https://www.santen.com/en/>).