



Summary of Consolidated Financial Results for the Three Months Ended June 30, 2023 (IFRS)

Listed Company Name:	Santen Pharmaceutical Co.,Ltd
Exchanges Listed:	Tokyo (Prime Market)
Stock Code:	4536
URL:	https://www.santen.com/en
Representative:	Takeshi Ito, President and CEO
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Filing of Securities Report (Scheduled):	August 7, 2023
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, 2023

(1) Operating Results (Core basis)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Change
Revenue	65,533	72,389	+10.5%
Core operating profit	10,600	15,542	+46.6%
Core net profit for the period	7,744	12,792	+65.2%
Core net profit for the period attributable to owners of the company	7,762	12,800	+64.9%
Basic core earnings per share (yen)	19.55	34.33	
Diluted core earnings per share (yen)	19.54	34.23	

(IFRS)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Change
Revenue	65,533	72,389	+10.5%
Operating profit	8,333	12,750	+53.0%
Profit before tax	9,074	12,868	+41.8%
Net profit for the period	6,695	10,412	+55.5%
Net profit for the period attributable to owners of the company	6,663	10,414	+56.3%
Total comprehensive income for the period	19,479	19,778	+1.5%
Basic earnings per share (yen)	16.79	27.93	
Diluted earnings per share (yen)	16.77	27.85	

(2) Financial Position

	March 31, 2023	June 30, 2023
Total assets	421,179	416,528
Total equity	293,297	300,219
Total equity attributable to owners of the company	293,979	300,925
Total equity attributable to owners of the company ratio (%)	69.8	72.2
Equity per share attributable to owners of the company (yen)	783.30	813.94

2. Dividends

	Year to March 2023	Year to March 2024	(Forecasts) Year to March 2024
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, 2024

(Core basis)

	Year to March 2024	Year-on-year change
Revenue	273,000	(2.2%)
Core operating profit	46,000	+4.0%
Core net profit for the year	34,500	+3.8%
Basic core earnings per share (yen)	94.27	

(IFRS)

	Year to March 2024	Year-on-year change
Revenue	273,000	(2.2%)
Operating profit	32,000	—
Profit before tax	29,800	—
Net profit for the year	22,400	—
Basic earnings per share (yen)	61.24	

(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 5 of the attached material for details of the reconciliation from IFRS basis figures to core-based figures.
2. At a meeting of the Board of Directors on May 11, 2023, the Board resolved to undertake a share repurchase. The share repurchase has been factored into the basic core earnings per share and 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 : Yes

(3) Number of ordinary shares issued

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

June 30, 2023	375,890,854 shares
March 31, 2023	375,885,854 shares

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

June 30, 2023	5,988,591 shares
March 31, 2023	345,065 shares

(iii) Average number of outstanding shares

June 30, 2023	372,779,530 shares
June 30, 2022	396,746,025 shares

(Note):

The number of treasury shares at the end of the period includes shares (41,909 shares for the fiscal year ended March 31, 2023 and 15,435 shares at the first quarter of the fiscal year ending March 31, 2024) 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.

*This financial summary is 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)

The Santen Group plans to hold a conference call on the results for securities analysts and institutional investors on August 3, 2023. The materials used in this briefing will be posted on our website.

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1. Summary of Quarterly Consolidated Results

(1) Summary of Consolidated Results

(I) Consolidated Results

A) Core basis ^{*1}(please refer to page 5)

(JPY millions)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Year-on-year change
Revenue	65,533	72,389	10.5%
Core operating profit	10,600	15,542	46.6%
Core net profit for the period	7,744	12,792	65.2%
Core net profit for the period attributable to owners of the company	7,762	12,800	64.9%

[Revenue]

Revenue in the three months ended June 30, 2023 increased by 10.5% year-on-year to ¥72.4 billion.

In the mainstay prescription pharmaceuticals business, sales grew globally by 9.9% to ¥67.2 billion. Despite the impact of drug price revisions in Japan, sales increased mainly as a result of a focus on expanding sales of mainstay products in Japan, a recovery from the resurgence of COVID-19 in China in the previous fiscal year, and a firm performance from mainstay products in Asia/EMEA.

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	37,126	6,491	5,869	17,022	675	67,183
	(4.4%)	80.8%	7.4%	37.0%	(14.5%)	9.9%
	【-】	【80.8%】	【4.2%】	【31.5%】	【(19.0%)】	【8.5%】
OTC pharmaceuticals	2,628	64	194	-	-	2,886
	22.7%	101.8%	(5.9%)	-	-	21.3%
Medical devices	870	18	10	779	208	1,884
	(2.3%)	501.0%	-	22.1%	124.9%	16.1%
Others	393	9	33	-	-	435
	(3.7%)	56.5%	188.6%	-	-	2.4%
Total	41,016	6,583	6,106	17,802	883	72,389
	(3.0%)	81.3%	7.5%	36.3%	0.1%	10.5%
	【-】	【81.3%】	【4.3%】	【30.6%】	【(5.5%)】	【9.0%】

(Note):

Represents revenue from sales to external customers.

Classified into countries or regions based on customer location. China is not included in Asia.

EMEA means Europe, the Middle East and Africa.

<Prescription pharmaceuticals>

◇ Japan

Revenue in the three months ended June 30, 2023 decreased by 4.4% year-on-year to ¥37.1 billion. This is due to the mid-2% impact of drug price revisions and a high base for comparison on the back of a strong rebound in *Alesion*^{*2} (refer to Page5) at the end of previous fiscal year, in spite of the focus on growing mainstay products, including *Diquas LX* which was launched in November 2022.

Revenues of major products are as follows.

Glaucoma and ocular hypertension

<i>Tapros</i> ophthalmic solution	¥2.0 billion (YoY -13.2%)
<i>Tapcom</i> ophthalmic solution	¥0.7 billion (YoY -9.4%)
<i>Cosopt</i> ophthalmic solution	¥1.1 billion (YoY -21.8%)
<i>Eybelis</i> ophthalmic solution	¥1.1 billion (YoY +3.8%)

Dry eye

<i>Diquas</i> ophthalmic solution ^{*3} (refer to Page5)	¥5.5 billion (YoY +41.0%)
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Allergy

<i>Alesion</i> ophthalmic solution ^{*2} (refer to Page5)	¥2.8 billion (YoY -42.4%)
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Intravitreal VEGF inhibitor

<i>EYLEA</i> ^{*4} (refer to Page5) (solution for intravitreal injection)	¥18.5 billion (YoY +1.2%)
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◇ China

On a JPY and CNY basis, revenue in the three months ended June 30, 2023 increased by 80.8% year-on-year to ¥6.5 billion, boosted by the strong performance of mainstay products and a recovery from the resurgence of COVID-19 in the previous fiscal year. Revenues of major products are as follows.

Glaucoma and ocular hypertension

<i>Tapros</i> ophthalmic solution	¥0.3 billion (YoY +152.8%)
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Dry eye

<i>Diquas</i> ophthalmic solution	¥1.1 billion (YoY +64.8%)
<i>Hyalein</i> ophthalmic solution	¥2.0 billion (YoY +123.1%)

Bacterial conjunctivitis

<i>Cravit</i> ophthalmic solution	¥1.6 billion (YoY +123.4%)
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◇ Asia (excluding China)

On a JPY basis, revenue in the three months ended June 30, 2023 increased by 7.4% year-on-year (+4.2% excluding FX impact), to ¥5.9 billion, due to steady growth of mainstay products posted in major countries. Revenues of major products are as follows.

Glaucoma and ocular hypertension

<i>Tapros</i> ophthalmic solution	¥0.5 billion (YoY +3.3%)
<i>Tapcom</i> ophthalmic solution	¥0.3 billion (YoY +23.4%)
<i>Cosopt</i> ophthalmic solution	¥1.6 billion (YoY +12.6%)

Dry eye

<i>Diquas</i> ophthalmic solution	¥0.5 billion (YoY +2.2%)
<i>Ikervis</i>	¥0.4 billion (YoY +5.6%)

Bacterial conjunctivitis

<i>Cravit</i> ophthalmic solution	¥0.6 billion (YoY +25.7%)
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◇ EMEA

On a JPY basis, revenue in the three months ended June 30, 2023 increased by 37.0% year-on-year (+31.5% excluding FX impact), to ¥17.0 billion. This is due to hefty growth in sales of glaucoma products with the highest market share by disease area, as well as the impact from reevaluating the reimbursement claim settlement for *Ikervis* in the first quarter under review. Revenues of major products are as follows.

Glaucoma and ocular hypertension

<i>Tapros</i> ophthalmic solution	¥2.1 billion (YoY +4.0%)
<i>Tapcom</i> ophthalmic solution	¥1.4 billion (YoY +21.8%)
<i>Cosopt</i> ophthalmic solution	¥3.5 billion (YoY +12.5%)
<i>Trusopt</i> ophthalmic solution	¥0.9 billion (YoY +7.4%)

Dry eye

<i>Ikervis</i>	¥4.1 billion (YoY +181.3%)
<i>Cationorm</i>	¥0.8 billion (YoY +13.7%)

Allergy

<i>Verkazia</i>	¥0.3 billion (YoY +91.3%)
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◇ Americas

On a JPY basis, revenue in the three months ended June 30, 2023 decreased by 14.5% year-on-year (-19.0% excluding FX impact), to ¥0.7 billion.

<OTC pharmaceuticals>

Revenue in the three months ended June 30, 2023 increased by 21.3% year-on-year to ¥2.9 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*.

<Medical devices>

Revenue in the three months ended June 30, 2023 increased by 16.1% year-on-year to ¥1.9 billion, boosted by the strong performance in EMEA of *PRESERFLO MicroShunt*. Revenues of major products are as follows.

<i>Lentis comfort</i>	¥0.3 billion	(YoY -0.1%)
<i>PRESERFLO MicroShunt</i>	¥0.9 billion	(YoY +42.2%)

<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.

[Core operating profit]

Gross profit in the three months ended June 30, 2023 increased by 14.3 % year-on-year to ¥42.4 billion.

SG&A expenses on a core basis in the three months ended June 30, 2023 increased by 6.3% year-on-year (+3.3% excluding FX impact) to ¥20.7 billion.

R&D expenses in the three months ended June 30, 2023 decreased by 12.4% year-on-year (-14.6% excluding FX impact) to ¥6.2 billion.

As a result, operating profit on a core basis in the three months ended June 30, 2023 increased by 46.6 % year-on-year (+46.7% excluding FX impact) to ¥15.5 billion.

*1 With the adoption of IFRS in the fiscal year ended March 31, 2015, the Santen Group 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 from business activities. The core basis is calculated by deducting from IFRS results the following income and expense items as well as related income tax expense adjustments.

- 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 and initiatives for the resumption of growth such as productivity improvements and streamlining measures

*2 Includes *Alesion LX*

*3 Includes *Diquas LX*

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

B) IFRS basis

(JPY millions)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Year-on-year change
Revenue	65,533	72,389	10.5%
Operating profit	8,333	12,750	53.0%
Net profit for the period	6,695	10,412	55.5%
Net profit for the period attributable to owners of the company	6,663	10,414	56.3%

[Revenue]

There are no adjustments from the core basis.

[Operating profit]

Gross profit in the three months ended June 30, 2023 increased by 14.1 % year-on-year to ¥42.4 billion. SG&A expenses on an IFRS basis in the three months ended June 30, 2023 increased by 8.4% year-on-year (+5.2% excluding FX impact) to ¥21.1 billion. R&D expenses in the three months ended June 30, 2023 decreased by 11.2% year-on-year (-13.4% excluding FX impact) to ¥6.3 billion.

For the adjustments from the core basis, with regard to expenses related to the streamlining of costs in the Americas, deductions of ¥0.1 billion, ¥0.4 billion and ¥0.1 billion were made to Cost of Sales, SG&A and R&D expenses respectively.

Amortization on intangible assets associated with products in the three months ended June 30, 2023 decreased by 8.8% year-on-year (-11.1% excluding FX impact) to ¥2.3 billion. This is mainly due to the amortization on intangible assets associated with products acquired from Merck & Co., Inc. (U.S.) in 2014, *PRESERFLO MicroShunt* acquired in connection with the acquisition of InnFocus, Inc. (U.S.) in 2016, and *Ikervis* which was launched in Europe in 2015 and *Rhopressa / Rocklatan* which Santen began selling in Europe in 2023.

Other income amounted to ¥0.3 billion.

Other expenses amounted to ¥0.2 billion.

As a result, operating profit on an IFRS basis in the three months ended June 30, 2023 increased by 53.0 % year-on-year (+54.3% excluding FX impact) to ¥12.7 billion.

[Quarterly net profit]

Finance income amounted to ¥1.1 billion.

Finance expenses amounted to ¥0.2 billion.

Share of loss of investments accounted for using equity method amounted to ¥0.8 billion from Twenty Twenty Therapeutics LLC (U.S.), a joint venture with Verily Life Sciences LLC (U.S.).

Income tax expenses amounted to ¥2.5 billion, up ¥0.1 billion year-on-year.

As a result, net profit in the period ended June 30, 2023 increased by 55.5% year-on-year to ¥10.4 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, 2023 increased by 56.3% year-on-year to ¥10.4 billion. The ratio to revenue was 14.4%.

(II) Research & Development Activities

<Glaucoma and ocular hypertension area>

STN1011101 (DE-111A, generic name: tafluprost / timolol maleate) is a fixed dose combination drug of a prostaglandin F2 α derivative and a beta-adrenergic receptor blocker. The Company filed for marketing approval in December 2022 in China.

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.. Phase 3 trials has been underway since August 2022 in Japan. Phase 2 trial (exploratory study) was completed in Europe.

STN1013001 (DE-130A, generic name: latanoprost) is an ophthalmic emulsion of a prostaglandin F2 α derivative. Phase 3 trial was completed in March 2022 in Asia. The Company filed for marketing approval in September 2022 in Europe.

STN1013900 (AR-13324, generic name: netarsudil mesilate) is a ROCK inhibitor. Phase 3 trial has been under way since November 2020 in Japan. Marketing approval has been received in Europe and the Company launched in February 2023 in Sweden. The Company received marketing approval in January 2023 in Thailand with successive filings made for other Asian countries.

STN1014000 (PG-324, generic name: netarsudil mesilate / latanoprost) is a fixed dose combination drug of a ROCK inhibitor and a prostaglandin F2 α derivative. Marketing approval has been received in Europe and the Company launched in January 2023 in Germany. The Company received marketing approval in January 2023 in Thailand with successive filings made for other Asian countries.

<Keratoconjunctival disease area including dry eye >

STN1007603 (DE-076C, generic name: cyclosporin) for vernal keratoconjunctivitis has been approved and launched in Europe, Asia, and Canada. Marketing approval has been received in April 2022 in China. It was launched in the U.S. in May 2022. In July 2023, the Company granted Harrow Health, Inc. (U.S.) exclusive rights in the U.S. and Canada for product manufacturing and commercialization.

STN1008903 (DE-089C, generic name: diquafosol sodium) is for the treatment of dry eye. The Company launched the product in November 2022 in Japan. In Asia, the Company filed for marketing approval in March 2023 in South Korea.

STN1014100 (generic name: olodaterol hydrochloride) is for the treatment of dry eye. Phase 1/2a trial started in January 2023 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 trial has been under way in U.S., France and India since 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.)

STN1010905 (generic name: sirolimus) is for the treatment of meibomian gland dysfunction. Phase 2a trial completed in August 2022 in Japan and the Company is considering future development plans.

STN1011402 (generic name: epinastine hydrochloride) is for the treatment of allergic conjunctivitis. The Company filed for manufacturing and marketing approval in March 2023 in Japan.

<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 has been under way since 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. The Company started Phase 2a trial in May 2023 in Japan.

STN1013600 (generic name: ursodeoxycholic acid) is for the treatment of presbyopia. Phase 2a trial was started in December 2022 in U.S.. Phase 1 trial was completed in April 2022 in Japan.

<Others>

STN1013800 (generic name: oxymetazoline hydrochloride) is for the treatment of ptosis. Phase 3 trial was started in October 2022 in Japan.

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

※ STN1011700 (DE-117, generic name: omidenepag isopropyl) is sold as *Eybelis* in Japan and Asia. In U.S., Santen has received approval as *OMLONTI* and has granted exclusive rights for product manufacturing and commercialization to Visiox Pharmaceuticals, Inc. (U.S.) in July 2023.

(2) Summary of Financial Position

(I) Assets, equity and liabilities

Total assets at the end of the first quarter amounted to ¥416.5 billion, down ¥4.7 billion from the end of the previous fiscal year. Despite an increase of inventories, there was a decrease in cash associated with payments, including dividends and share repurchases, and trade receivables.

Equity amounted to ¥300.2 billion. There was an increase of ¥6.9 billion from the end of the previous fiscal year ended March 31, 2023. This was due to an increase in retained earnings and other components of equity despite share repurchases.

Liabilities amounted to ¥116.3 billion, falling by ¥11.6 billion from the end of the previous fiscal year ended March 31, 2023. This was due to a decrease in trade and other payables, deferred tax liabilities due to the payment of corporate taxes, and other non-current liabilities including bonus payment.

As a result, the ratio of equity attributable to owners of the company to total assets increased by 2.4 points from the end of the previous fiscal year ended March 31, 2023 to 72.2%

The Santen Group views ROE (equity attributable to owners of the company profit ratio) as its most important management metric. The Company aims to maximize shareholder value by focusing on both maximizing cash flow and lowering the cost of capital. While the inflow of cash from operating activities is considered the basic source of cash, the Company is also implementing measures to maximize cash-generating capability by improving working capital efficiency through the management of the cash conversion cycle.

(II) Cash Flows

Cash flows from operating activities amounted to ¥2.5 billion (¥2.4 billion in the three months ended June 30, 2022). This was mainly due to the quarterly profit of ¥10.4 billion, ¥4.0 billion of depreciation and amortization, a decrease of ¥4.8 billion in trade and other receivables, and a ¥6.2 billion corporate tax payment.

Cash flows from investing activities amounted to an outflow of ¥2.7 billion (¥6.2 billion in the three months ended June 30, 2022). This was mainly due to payments for the acquisition of property, plant and equipment and intangible assets amounting to ¥2.5 billion and ¥0.5 billion respectively. Reflecting the Company's accelerated review of strategic equity holdings, there was a cash inflow of ¥0.4 billion owing to the sale of 1 equity holding in the first quarter of the fiscal year under review.

Cash flows from financing activities amounted to ¥13.8 billion. (¥13.8 billion in the three months ended June 30, 2022). This was mainly due to share repurchases and cash dividends paid of ¥7.0 billion and ¥5.9 billion respectively.

As a result, cash and cash equivalents at the end of the first quarter ended June 30, 2023 decreased by ¥12.4 billion from the end of the fiscal year ended March 31, 2023 to ¥45.5 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. No changes have been made to the forecasts of consolidated financial results for the year ending March 31, 2024 announced on May 11, 2023.

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, 2022	Three months ended June 30, 2023
Revenue	65,533	72,389
Cost of sales	(28,406)	(30,024)
Gross profit	37,127	42,365
Selling, general and administrative expenses	(19,427)	(21,066)
Research and development expenses	(7,099)	(6,301)
Amortization on intangible assets associated with products	(2,554)	(2,329)
Other income	332	303
Other expenses	(45)	(222)
Operating profit	8,333	12,750
Finance income	1,385	1,050
Finance expenses	(123)	(168)
Share of loss of investments accounted for using equity method	(521)	(764)
Profit before tax	9,074	12,868
Income tax expenses	(2,379)	(2,456)
Net profit for the period	6,695	10,412
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	1,101	1,394
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustments	10,846	7,223
Share of other comprehensive income of investments accounted for using equity method	837	749
Other comprehensive income	12,784	9,366
Total comprehensive income	19,479	19,778
Profit attributable to		
Owners of the company	6,663	10,414
Non-controlling interests	32	(2)
Net profit for the period	6,695	10,412
Total comprehensive income attributable to		
Owners of the company	19,483	19,802
Non-controlling interests	(4)	(24)
Total comprehensive income	19,479	19,778
Earnings per share		
Basic earnings per share (yen)	16.79	27.93
Diluted earnings per share (yen)	16.77	27.85

Core basis (JPY millions)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Revenue	65,533	72,389
Core operating profit	10,600	15,542
Core net profit for the period	7,744	12,792
Basic core earnings per share (yen)	19.55	34.33
Diluted core earnings per share (yen)	19.54	34.23
Core profit attributable to		
Owners of the company	7,762	12,800
Non-controlling interests	(18)	(8)
Core net profit for the period	7,744	12,792

(2) Condensed Interim Consolidated Statements of Financial Position

Assets	(JPY millions)	
	As of March 31, 2023	As of June 30, 2023
Non-current assets		
Property, plant and equipment	66,173	68,425
Intangible assets	96,309	97,083
Financial assets	28,038	30,163
Retirement benefit assets	3,438	3,268
Investments to which equity method has been applied	9,321	9,450
Deferred tax assets	2,810	2,947
Other non-current assets	1,763	1,926
Total non-current assets	207,853	213,262
Current assets		
Inventories	39,352	42,228
Trade and other receivables	107,165	103,773
Other financial assets	774	1,584
Income tax receivable	60	58
Other current assets	8,072	10,113
Cash and cash equivalents	57,903	45,510
Total current assets	213,326	203,266
Total assets	421,179	416,528

Equity and liabilities

(JPY millions)

	As of March 31, 2023	As of June 30, 2023
Equity		
Equity attributable to owners of the company		
Share capital	8,702	8,707
Capital surplus	9,789	9,955
Treasury shares	(364)	(7,372)
Retained earnings	238,071	242,661
Other components of equity	37,781	46,975
Total equity attributable to owners of the company	293,979	300,925
Non-controlling interests	(683)	(706)
Total equity	293,297	300,219
Liabilities		
Non-current liabilities		
Financial liabilities	33,513	34,691
Net defined benefit liabilities	1,271	1,349
Provisions	691	696
Deferred tax liabilities	1,592	1,929
Other non-current liabilities	1,312	1,452
Total non-current liabilities	38,378	40,118
Current liabilities		
Trade and other payables	44,945	41,330
Other financial liabilities	25,858	24,423
Income tax payable	6,745	3,132
Provisions	4,212	2,632
Other current liabilities	7,744	4,675
Total current liabilities	89,504	76,192
Total liabilities	127,883	116,309
Total equity and liabilities	421,179	416,528

(3) Condensed Interim Consolidated Statements of Changes in Equity

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

Three months ended June 30, 2023

(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, 2023	8,702	9,789	(364)	238,071	—	7,917
Comprehensive income						
Net profit for the period				10,414		
Other comprehensive income						1,394
Total comprehensive income	—	—	—	10,414	—	1,394
Transactions with owners						
Issuance of new shares	4	4				
Repurchase of treasury stock		(9)	(7,037)			
Disposal of treasury stock			29			
Dividends				(6,009)		
Share-based payments		170				
Other				185		(185)
Total transactions with owners	4	165	(7,008)	(5,825)	—	(185)
Balance at June 30, 2023	8,707	9,955	(7,372)	242,661	—	9,126

(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, 2023	27,971	1,562	331	37,781	293,979	(683)	293,297
Comprehensive income							
Net profit for the period				—	10,414	(2)	10,412
Other comprehensive income	7,245	749		9,388	9,388	(22)	9,366
Total comprehensive income	7,245	749	—	9,388	19,802	(24)	19,778
Transactions with owners							
Issuance of new shares			(9)	(9)	0		0
Repurchase of treasury stock				—	(7,045)		(7,045)
Disposal of treasury stock				—	29		29
Dividends				—	(6,009)		(6,009)
Share-based payments				—	170		170
Other				(185)	—		—
Total transactions with owners	—	—	(9)	(193)	(12,856)	—	(12,856)
Balance at June 30, 2023	35,216	2,311	322	46,975	300,925	(706)	300,219

(4) Condensed Interim Consolidated Statements of Cash Flows

(JPY millions)

	Three months ended June 30, 2022	Three months ended June 30, 2023
I. Cash flows from operating activities:		
Net profit for the period	6,695	10,412
Depreciation and amortization	4,469	4,031
Shares of loss (profit) of entities accounted for using equity method	521	764
Finance expenses (income)	(201)	(218)
Income tax expenses	2,379	2,456
Decrease (increase) in trade and other receivables	1,925	4,766
Decrease (increase) in inventories	(744)	(1,708)
Increase (decrease) in trade and other payables	(1,486)	(3,905)
Increase (decrease) in provisions and net defined benefit liabilities	314	(953)
Increase (decrease) in other current assets	(1,408)	(1,900)
Increase (decrease) in accounts payable - bonuses	(5,102)	(3,877)
Increase (decrease) in accounts payable-other	(532)	(3,022)
Other	(1,388)	1,713
Subtotal	5,442	8,560
Interest received	59	93
Dividends received	226	242
Interest paid	(93)	(144)
Income tax paid	(3,214)	(6,208)
Net cash flows from (used in) operating activities	2,419	2,544
II. Cash flows from investing activities:		
Payments for acquisition of investments	(304)	—
Proceeds from sales of investments	467	388
Payments for acquisition of property, plant and equipment	(3,202)	(2,481)
Payments for acquisition of intangible assets	(3,047)	(456)
Payments for acquisition of investments accounted for using equity method	(47)	(135)
Other	(94)	(15)
Net cash flows from (used in) investing activities	(6,226)	(2,700)
III. Cash flows from financing activities:		
Purchase of treasury shares	(7,197)	(7,037)
Dividends paid	(6,320)	(5,920)
Repayments of lease obligation	(801)	(827)
Other	547	23
Net cash flows from (used in) financing activities	(13,772)	(13,761)
IV. Net increase (decrease) in cash and cash equivalents	(17,579)	(13,917)
V. Cash and cash equivalents at the beginning of period	83,014	57,903
VI. Effect of exchange rate changes on cash and cash equivalents	3,141	1,524
VII. Cash and cash equivalents at the end of period	68,575	45,510

(5) Notes for Condensed Interim Consolidated Financial Statements (Going Concern Assumption)

Not applicable.

(Changes in Accounting Estimates)

The Company measures revenues on a net basis, excluding returns, rebates and discounts. With regards to revenue amounts which include a variable consideration, when the uncertainty related to the variable consideration is eliminated, only in instances where there is an extremely high possibility that there will not be a significant reversal of the recognized cumulative amount does the Company reflect this in the transaction price. As the variable consideration is based on an estimate, the Company may make changes upon new, meaningful information becoming available. During the first quarter under review, as a part of discussions related to the *Ikervis* reimbursement claim settlement, the Company changed its estimate of the claim settlement amount. As a result, revenue increased 2,315 million yen.

(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. Santen repurchased a total of 7,105,500 of its own shares for a total value of 7,197 million yen during the period between May 11, 2022 to June 30, 2022.

(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
(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).

Three months ended June 30, 2023

(Repurchase of own shares)

At a meeting of the Board of Directors on May 11, 2023, 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. Santen repurchased a total of 5,669,900 of its own shares for a total value of 7,036 million yen during the period between May 12, 2023 to June 30, 2023.

(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
(2) Total number of shares to be acquired	18,750,000 shares (maximum) *Representing 5.0% of the total number of shares outstanding (excluding treasury shares)
(3) Total amount of acquisition	24.5 billion yen (maximum)
(4) Period of acquisition	May 12, 2023 to March 22, 2024
(5) Method of acquisition	Open-market repurchase by the discretionary trading method
(6) Other	Santen plans to cancel the repurchased shares by the resolution of its Board of Directors in accordance with Article 178 of the Companies Act (Japan). There is a possibility that some of the purchases may not be made depending on investment opportunities or market conditions.

(Significant Subsequent Events)

Not applicable.

3. Consolidated Reference (1) Revenue of Major Products

(JPY millions)

Brand Name	Region	Year ended March 31, 2023				Year ending March 31, 2024			
		Three months ended June 30, 2022 Actual	Changes from the same period of previous year	Year ended March 31, 2023 Actual	Changes from the same period of previous year	Three months ended June 30, 2023 Actual	Changes from the same period of previous year	Forecast for the fiscal year ending March 31, 2024	Changes from the same period of previous year
Glaucoma and ocular hypertension									
Cosopt	Total	6,030	10.9%	23,702	9.0%	6,294	4.4%	22,798	(3.8%)
	Japan	1,434	(9.0%)	4,675	(17.3%)	1,121	(21.8%)	4,076	(12.8%)
	Asia	1,460	17.7%	6,110	18.5%	1,643	12.6%	6,385	4.5%
	EMEA	3,137	19.7%	12,917	18.0%	3,530	12.5%	12,336	(4.5%)
Tapros	Total	4,895	4.5%	18,744	1.7%	4,884	(0.2%)	16,096	(14.1%)
	Japan	2,275	(0.3%)	7,761	(7.7%)	1,973	(13.2%)	6,030	(22.3%)
	China	126	(52.4%)	1,045	(10.7%)	320	152.8%	877	(16.1%)
	Asia	516	5.2%	2,277	9.6%	532	3.3%	2,289	0.5%
	EMEA	1,978	20.2%	7,660	13.2%	2,058	4.0%	6,900	(9.9%)
Tapcom	Total	2,129	21.8%	8,202	17.7%	2,360	10.8%	7,992	(2.6%)
	Japan	760	5.0%	2,649	(3.2%)	689	(9.4%)	1,922	(27.5%)
	Asia	240	38.9%	1,051	28.9%	296	23.4%	1,252	19.1%
	EMEA	1,129	32.7%	4,502	31.7%	1,374	21.8%	4,819	7.0%
Trusopt	Total	1,251	7.0%	4,882	11.6%	1,272	1.7%	4,453	(8.8%)
	Japan	294	(4.9%)	980	(11.6%)	245	(16.9%)	894	(8.8%)
	Asia	98	7.0%	454	18.8%	105	6.9%	467	2.9%
	EMEA	859	11.8%	3,448	19.6%	922	7.4%	3,092	(10.3%)
Eybelis	Total	1,123	36.5%	4,156	21.5%	1,208	7.6%	4,750	14.3%
	Japan	1,076	33.5%	3,905	18.2%	1,117	3.8%	4,336	11.0%
	Asia	47	178.0%	251	116.9%	91	94.5%	413	64.8%
Dry eye									
Diquas (Including Diquas LX)	Total	5,069	11.7%	20,988	11.4%	7,101	40.1%	27,940	33.1%
	Japan	3,876	13.9%	16,259	21.9%	5,465	41.0%	21,859	34.4%
	China	666	(4.5%)	2,772	(32.0%)	1,098	64.8%	3,522	27.0%
	Asia	527	20.5%	1,957	37.9%	539	2.2%	2,560	30.8%
Hyalein	Total	3,303	(22.3%)	14,781	(16.9%)	3,938	19.2%	16,162	9.3%
	Japan	1,636	(4.9%)	5,718	(11.6%)	1,414	(13.6%)	4,781	(16.4%)
	China	875	(59.2%)	6,433	(28.1%)	1,951	123.1%	8,468	31.6%
	Asia	793	105.5%	2,630	11.0%	574	(27.6%)	2,913	10.8%
Ikervis	Total	1,817	9.8%	6,839	16.8%	4,486	146.8%	8,759	28.1%
	Asia	357	45.3%	1,549	40.0%	377	5.6%	2,143	38.3%
	EMEA	1,460	3.6%	5,290	11.4%	4,109	181.3%	6,617	25.1%
Cationorm	Total	1,099	32.6%	4,010	24.2%	1,215	10.5%	4,693	17.0%
	China	—	—	—	—	—	—	464	—
	Asia	121	17.2%	441	(5.4%)	92	(23.9%)	485	9.8%
	EMEA	707	32.9%	2,626	26.3%	803	13.7%	2,650	0.9%
Americas	271	39.8%	943	37.7%	320	17.8%	1,094	16.0%	
Allergy									
Alesion (Including Alesion LX)	Total	4,846	(4.3%)	33,550	14.1%	2,816	(41.9%)	22,669	(32.4%)
	Japan	4,798	(4.8%)	33,400	14.1%	2,766	(42.4%)	22,505	(32.6%)
	Asia	48	75.5%	149	40.2%	51	5.1%	163	9.6%
Verkazia	Total	213	29.7%	914	44.4%	416	95.3%	1,416	54.8%
	EMEA	157	1.7%	748	28.0%	301	91.3%	967	29.3%
	Americas	56	483.8%	166	241.2%	115	106.6%	401	141.2%
Intravitreal VEGF inhibitor									
EYLEA	Total	18,230	(2.7%)	71,257	(1.7%)	18,455	1.2%	64,262	(9.8%)
	Japan	18,230	(2.7%)	71,257	(1.7%)	18,455	1.2%	64,262	(9.8%)
Bacterial conjunctivitis									
Cravit	Total	1,926	(37.1%)	11,381	(2.8%)	2,935	52.4%	12,303	8.1%
	Japan	378	(22.6%)	1,285	(26.7%)	325	(14.1%)	1,119	(12.9%)
	China	727	(58.5%)	6,309	(9.4%)	1,625	123.4%	7,475	18.5%
	Asia	476	(5.7%)	2,380	27.5%	598	25.7%	2,439	2.5%
	EMEA	345	9.3%	1,408	25.0%	387	12.1%	1,270	(9.8%)
Medical devices									
Lentis comfort	Total	331	(2.9%)	1,331	(6.4%)	330	(0.1%)	1,601	20.3%
	Japan	331	(2.9%)	1,331	(6.4%)	330	(0.1%)	1,601	20.3%
PRESERFLO MicroShunt	Total	627	80.6%	2,429	50.6%	892	42.2%	3,203	31.9%
	Japan	—	—	94	—	110	—	214	128.5%
	EMEA	627	80.6%	2,326	44.3%	772	23.1%	2,961	27.3%
OTC Pharmaceuticals	Total	2,379	(2.7%)	10,628	8.7%	2,886	21.3%	11,054	4.0%
	Japan	2,141	(7.1%)	9,595	4.5%	2,628	22.7%	9,922	3.4%
	China	31	—	262	—	64	101.8%	382	46.1%
	Asia	207	48.5%	771	31.2%	194	(5.9%)	750	(2.7%)

(2) FOREX

(JPY)

Exchange rate (yen)	Major currency	1st quarter ended June 30, 2022	Fiscal year ended March 31, 2023	1st quarter ended June 30, 2023	Fiscal year ending March 31, 2024 (Forecasts)
	USD	129.16	135.40	138.01	130.00
	EUR	137.80	140.97	149.80	140.00
	CNY	19.58	19.72	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. Our full-year forecasts are based on our foreign exchange assumptions. Revenue by region shows that of major countries or regions.

(3) Research & Development

As of July 2023

Pipeline Development Status (Clinical Stage)

<Glaucoma and ocular hypertension area>

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				Dec-2022		
A fixed dose combination drug of a prostaglandin F _{2α} 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. Filed marketing approval in December 2022 in China.										

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						
				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.. Started Phase 3 in August 2022 in Japan. Completed Phase 2 (exploratory study) in Europe.										

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	Filed	Approved	Launched
latanoprost	STN1013001 / DE-130A (Catioprost)	Glaucoma / Ocular hypertension	Original	Europe				Sep-2022		
				Asia						
An ophthalmic emulsion of a prostaglandin F _{2α} derivative, for the treatment of glaucoma and ocular hypertension. Completed Phase 3 in March 2022 in Asia. Filed for marketing approval in September 2022 in Europe.										

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	Filed	Approved	Launched
netarsudil mesilate	STN1013900 / AR-13324	Glaucoma / Ocular hypertension	Alcon	Japan						
				Europe					Feb-2023	
				Asia					Jan-2023	
A ROCK (Rho-associated kinase) inhibitor. Developed and sold by Alcon in the U.S.. Conducting Phase 3 from November 2020 in Japan. Received marketing approval in Europe and launched in February 2023 in Sweden. Received marketing approval in January 2023 in Thailand with successive filings made in Asian countries.										

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	Filed	Approved	Launched
netarsudil mesilate / latanoprost	STN1014000 / PG-324	Glaucoma / Ocular hypertension	Alcon	Europe						Jan-2023
				Asia					Jan-2023	
A fixed dose combination drug of a ROCK (Rho-associated kinase) inhibitor and a prostaglandin F _{2α} derivative. Developed and sold by Alcon in the U.S.. Received marketing approval in Europe and launched in January 2023 in Germany. Received marketing approval in January 2023 in Thailand with successive made in Asian countries.										

<Keratoconjunctival disease area including dry eye >

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	Filed	Approved	Launched
cyclosporin	STN1007603 / DE-706C	Vernal keratoconjunctivitis	Original	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 expansion 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. In July 2023, the Company granted Harrow Health, Inc. (U.S.) exclusive rights in the U.S. and Canada for product manufacturing and commercialization.										

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						Nov-2022
				Asia				Mar-2023		
A dry eye treatment which stimulates secretion of mucin and aqueous components from the corneal and conjunctival epithelium. Long-acting drug. Launched in November 2022 in Japan. In Asia, filed for marketing approval in March 2023 in South Korea.										

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	Filed	Approved	Launched
olodaterol hydrochloride	STN1014100	Dry eye	Boehringer Ingelheim	Japan		(Phase 1/2a)				
β2 receptor agonist. Started Phase 1/2a in January 2023 in Japan.										

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	Filed	Approved	Launched
sirolimus	STN1010904	Fuchs endothelial corneal dystrophy	Joint development with ActualEyes	U.S. France India		(Phase 2a)				
An ophthalmic suspension which treats Fuchs endothelial corneal dystrophy via mTOR inhibition. Conducting Phase 2a in U.S., France and India from 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/Licensors	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. Completed Phase 2a in August 2022 in Japan. Considering future development plans.										

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	Filed	Approved	Launched
epinastine hydrochloride	STN1011402	Allergic conjunctivitis	Nippon Boehringer Ingelheim	Japan				Mar-2023		
A histamine H ₁ receptor antagonist with mediator release inhibitor function, as treatment for allergic conjunctivitis. Ophthalmic cream. Filed for manufacturing and marketing approval in March 2023 in Japan.										

<Refractive error>

Generic name	Dev. code	Indication	Original/Licensors	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. Conducting Phase 2/3 from June 2022 in China. Completed Phase 2 in April 2020 in Asia.										

Generic name	Dev. code	Indication	Original/Licensors	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.										

Compound name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	Filed	Approved	Launched
AFDX0250BS	STN1013400	Myopia	Boehringer Ingelheim	Japan		(Phase 2a)				
Selective muscarinic M2 antagonist which reduces progression of juvenile myopia. Reduce mydriasis by selectively inhibiting a subtype of receptors. Started Phase2a in May 2023 in Japan.										

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	Filed	Approved	Launched
ursodeoxycholic acid	STN1013600	Presbyopia	Original	U.S.		(Phase 2a)				
				Japan						
Improvement of presbyopia by improving lens elasticity. Started P2a in December 2022 in U.S. Completed Phase 1 in April 2022 in Japan.										

<Others>

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	Filed	Approved	Launched
oxymetazoline hydrochloride	STN1013800	Ptosis	RVL Pharmaceuticals	Japan						
A direct-acting alpha adrenergic receptor agonist. Developed and sold by RVL Pharmaceuticals in the U.S. Started Phase 3 in October 2022 in Japan.										

Changes from Q4 FY2022 (May 11, 2023)

Dev. Code	Changes
STN1013400	Started Phase2a in May 2023 in Japan.

※ STN1011700 (DE-117, generic name: omidenepag isopropyl) is sold as *Eybelis* in Japan and Asia. In U.S., Santen have received approval as *OMLONTI* and granted exclusive rights for product manufacturing and commercialization to Visiox Pharmaceuticals, Inc. (U.S.) in July 2023.

(4) 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, 2022	Year ended March 31, 2023	Three months ended June 30, 2023	Year ending March 31, 2024
	Actual			Forecast
Consolidated	5,977	21,144	2,588	13,000

(Note):

Excluding the increase in right-of-use assets.

Depreciation and amortization				(JPY millions)
	Three months ended June 30, 2022	Year ended March 31, 2023	Three months ended June 30, 2023	Year ending March 31, 2024
	Actual			Forecast
Manufacturing cost	583	2,342	634	3,550
Selling, general and administrative expenses	482	1,986	597	2,720
R&D expenses	142	615	156	690
Consolidated total	1,207	4,943	1,387	6,960

(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, 2022	Year ended March 31, 2023	Three months ended June 30, 2023	Year ending March 31, 2024
	Actual			Forecast
Intangible assets (Merck products)	1,452	5,808	1,452	5,810
Intangible assets (Eyevance)	545	1,142	—	—
Intangible assets (PRESERFLO MicroShunt)	274	1,149	293	1,100
Intangible assets (Rhopressa/Rocklatan)	—	281	298	1,120
Intangible assets (Ikervis)	195	798	212	790
Other	88	340	74	580
Consolidated total	2,554	9,518	2,329	9,400

Research and development expenses				(JPY millions)
	Three months ended June 30, 2022	Year ended March 31, 2023	Three months ended June 30, 2023*	Year ending March 31, 2024
	Actual			Forecast
Consolidated	7,099	28,297	6,301	29,000
Percent of revenue	10.8%	10.1%	8.7%	10.6%

* On an IFRS basis. R&D expenses on a core basis amounted to 6,221 million yen, excluding 0.1 billion yen of expenses related to streamlining the Americas.

Forecasts in this report are based on the currently available information. Actual results may differ materially depending on a number of factors including adverse economic conditions and others.