Summary of Consolidated Financial Results for the Nine Months Ended December 31, 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
Contact:	Guillaume Sakuma, Global Head of IR (+81-6-7664-8621)
Filing of Securities Report (Scheduled):	February 13, 2024
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 Nine Months Ended December 31, 2023

(1) Operating Results

(Core basis)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Change
Revenue	199,786	222,833	+11.5%
Core operating profit	27,153	49,288	+81.5%
Core net profit for the period	21,154	39,604	+87.2%
Core net profit for the period attributable to owners of the company	21,181	39,629	+87.1%
Basic core earnings per share (yen)	54.19	107.61	
Diluted core earnings per share (yen)	54.11	107.29	

(IFRS)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Change
Revenue	199,786	222,833	+11.5%
Operating profit (loss)	(10,147)	36,157	—
Profit (loss) before tax	(11,593)	33,559	—
Net profit (loss) for the period	(16,088)	26,580	—
Net profit (loss) for the period attributable to owners of the company	(16,064)	26,613	—
Total comprehensive income for the period	(6,664)	32,948	—
Basic earnings per share (yen)	(41.13)	72.26	
Diluted earnings per share (yen)	(41.13)	72.05	

(2) Financial Position

	March 31, 2023	December 31, 2023
Total assets	421,179	427,820
Total equity	293,297	297,984
Total equity attributable to owners of the company	293,979	298,720
Total equity attributable to owners of the company ratio (%)	69.8%	69.8%
Equity per share attributable to owners of the company (yen)	783.30	823.08

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	—	17.00
Annual dividends per share (yen)	32.00	—	33.00

(Note):

Revisions to the forecasts of dividends from the latest announcement: Yes

Please refer to "Revision of Dividend Forecast" announced on Feb 8, 2024.

3. Consolidated Forecasts of Results for the Year Ending March 31, 2024

(Core basis)

	Year to March 2024	% change
Revenue	302,000	+8.2%
Core operating profit	58,000	+31.1%
Core net profit for the year	43,500	+30.9%
Basic core earnings per share (yen)	118.87	

(IFRS)

	Year to March 2024	% change
Revenue	302,000	+8.2%
Operating profit	41,000	—
Profit before tax	38,300	—
Net profit for the year	29,500	—
Basic earnings per share (yen)	80.64	

(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-based 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)

December 31, 2023	375,980,354 shares
March 31, 2023	375,885,854 shares

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

December 31, 2023	12,792,169 shares
March 31, 2023	345,065 shares

(iii) Average number of outstanding shares

The Third quarter ended December 31, 2023	368,195,265 shares
The Third quarter ended December 31, 2022	390,707,294 shares

(Note):
The number of treasury shares at the end of the period includes shares (41,909 shares at the end of the fiscal year ended March 31, 2023 and 54,700 shares at the end of the third 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 briefing on the results for securities analysts and institutional investors on February 8, 2024. 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) Core basis*1 (please refer to page 5)

(JPY millions)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Year-on-year change
Revenue	199,786	222,833	11.5%
Core operating profit	27,153	49,288	81.5%
Core net profit for the period	21,154	39,604	87.2%
Core net profit for the period attributable to owners of the company	21,181	39,629	87.1%

[Revenue]

Revenue in the nine months ended December 31, 2023 increased by 11.5% year-on-year to ¥222.8 billion.

In the prescription pharmaceuticals business, sales grew globally by 11.5% year-on-year to ¥207.0 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: Value
Lower: Year-on-year change
【】: Year-on-year change excluding FX impact

(JPY millions)

	Japan	China	Asia	EMEA	Americas	Total
Prescription pharmaceuticals	114,141	22,252	21,144	47,000	2,478	207,015
	2.6%	38.6%	23.8%	21.0%	2.1%	11.5%
	【－】	【37.2%】	【16.8%】	【12.2%】	【(1.4%)】	【8.9%】
OTC pharmaceuticals	7,927	230	668	－	－	8,825
	8.2%	18.0%	4.7%	－	－	8.2%
Medical devices	2,630	38	47	2,309	504	5,528
	7.3%	30.3%	－	33.0%	41.2%	20.8%
Others	1,326	56	83	－	－	1,465
	1.7%	10.3%	(8.9%)	－	－	1.3%
Total	126,024	22,575	21,942	49,309	2,982	222,833
	3.0%	38.3%	23.2%	21.5%	7.2%	11.5%
	【－】	【36.9%】	【16.4%】	【12.7%】	【3.6%】	【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 nine months ended December 31, 2023 increased by 2.6% year-on-year to ¥114.1 billion. This was due to the focus on growing mainstay products, including *Diquas LX* which was launched in November 2022, despite the mid-2% impact of drug price revisions and the impact of inventory adjustments for *Alesion LX*[*2] from the high pollen count season at the end of previous fiscal year. Revenues of major products are as follows.

Glaucoma and ocular hypertension		
Tapros ophthalmic solution	¥4.9 billion	(YoY -19.2%)
Tapcom ophthalmic solution	¥1.8 billion	(YoY -13.3%)
Cosopt ophthalmic solution	¥3.1 billion	(YoY -15.1%)
Eybelis ophthalmic solution	¥3.4 billion	(YoY +12.7%)
Dry eye		
Diquas ophthalmic solution[*3](refer to Page 5)	¥16.4 billion	(YoY +36.1%)
Allergy		
Alesion ophthalmic solution[*2](refer to Page 5)	¥11.5 billion	(YoY -4.5%)
Intravitreal VEGF inhibitor		
EYLEA[*4](refer to Page 5) (solution for intravitreal injection)	¥56.2 billion	(YoY +2.7%)

◇ China

On a JPY basis, revenue in the nine months ended December 31, 2023 increased by 38.6% year-on-year (+37.2% excluding FX impact), to ¥22.3 billion, boosted by the strong performance of mainstay products reflecting a recovery from the resurgence of COVID-19 in the previous fiscal year. Revenues of major products are as follows.

Glaucoma and ocular hypertension		
Tapros ophthalmic solution	¥1.2 billion	(YoY +57.2%)
Dry eye		
Diquas ophthalmic solution	¥2.8 billion	(YoY +25.8%)
Hyalein ophthalmic solution	¥6.3 billion	(YoY +27.0%)
Bacterial conjunctivitis		
Cravit ophthalmic solution	¥7.0 billion	(YoY +64.0%)

◇ Asia (excluding China)

On a JPY basis, revenue in the nine months ended December 31, 2023 increased by 23.8% year-on-year (+16.8% excluding FX impact), to ¥21.1 billion, due to steady growth of mainstay products as listed below, posted in major countries including South Korea.

Glaucoma and ocular hypertension		
Tapros ophthalmic solution	¥1.8 billion	(YoY +5.2%)
Tapcom ophthalmic solution	¥1.0 billion	(YoY +24.2%)
Cosopt ophthalmic solution	¥5.1 billion	(YoY +14.9%)
Dry eye		
Diquas ophthalmic solution	¥1.9 billion	(YoY +36.2%)
Ikervis	¥1.4 billion	(YoY +18.0%)
Bacterial conjunctivitis		
Cravit ophthalmic solution	¥2.7 billion	(YoY +49.2%)

◇ EMEA

On a JPY basis, revenue in the nine months ended December 31, 2023 increased by 21.0% year-on-year (+12.2% excluding FX impact), to ¥47.0 billion. This is due to hefty growth in sales of glaucoma products, the disease area in which Santen holds top market share, as well as the impact of a reevaluation of the reimbursement claim settlement for *Ikervis* in the first quarter of the fiscal year under review. Revenues of major products are as follows.

Glaucoma and ocular hypertension		
Tapros ophthalmic solution	¥6.2 billion	(YoY +3.0%)
Tapcom ophthalmic solution	¥4.3 billion	(YoY +22.1%)
Cosopt ophthalmic solution	¥10.9 billion	(YoY +10.0%)
Trusopt ophthalmic solution	¥2.8 billion	(YoY +6.9%)
Dry eye		
Ikervis	¥8.4 billion	(YoY +95.6%)
Cationorm	¥2.2 billion	(YoY +3.7%)
Allergy		
Verkazia	¥1.0 billion	(YoY +63.6%)

◇ Americas

On a JPY basis, revenue in the nine months ended December 31, 2023 increased by 2.1% year-on-year (-1.4% excluding FX impact), to ¥2.5 billion against the backdrop of efforts to streamline sales and marketing activities.

<OTC pharmaceuticals>

Revenue in the nine months ended December 31, 2023 increased by 8.2% year-on-year to ¥8.8 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 and *Sante FX* series.

<Medical devices>

Revenue in the nine months ended December 31, 2023 increased by 20.8% year-on-year to ¥5.5 billion, boosted by intraocular lenses such as *LENTIS Comfort* in Japan as well as the strong performance in EMEA of *PRESERFLO MicroShunt*. Revenues of major products are as follows.

LENTIS Comfort	¥1.0 billion	(YoY -1.7%)
PRESERFLO MicroShunt	¥2.8 billion	(YoY +61.6%)

<Others>

Other revenues amounted to ¥1.5 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 nine months ended December 31, 2023 increased by 14.9 % year-on-year to ¥131.4 billion.
SG&A expenses on a core basis in the nine months ended December 31, 2023 decreased by 2.2% year-on-year (-5.7% excluding FX impact) to ¥64.1 billion.
R&D expenses in the nine months ended December 31, 2023 decreased by 16.7% year-on-year (-19.7% excluding FX impact) to ¥18.0 billion.

As a result, operating profit on a core basis in the nine months ended December 31, 2023 increased by 81.5 % year-on-year (+79.2% excluding FX impact) to ¥49.3 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 ordinary performance. 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 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)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Year-on-year amount change	Year-on-year change
Revenue	199,786	222,833	23,047	11.5%
Operating profit (loss)	(10,147)	36,157	46,305	－%
Net profit (loss) for the period	(16,088)	26,580	42,668	－%
Net profit (loss) for the period attributable to owners of the company	(16,064)	26,613	42,677	－%

[Revenue]

There are no adjustments from the core basis.

[Operating Profit]

For the adjustments from the core basis, with regard to expenses related to the streamlining of costs in the Americas, deductions of ¥0.2 billion, ¥0.7 billion and ¥0.2 billion were made to Cost of Sales, SG&A and R&D expenses respectively.

Amortization on intangible assets associated with products in the nine months ended December 31, 2023 decreased by 2.0% year-on-year (-4.8% excluding FX impact) to ¥7.1 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, *Ikervis* which was launched in Europe in 2015, and *Rhopressa* / *Rocklatan* which Santen began selling in Europe in 2023.

Other income amounted to ¥1.4 billion. This is mainly due to the asset transfer of some products related to the prescription pharmaceutical business in the Americas.
Other expenses amounted to ¥6.4 billion. This is mainly due to the expenses related to a special additional allowance associated with an early retirement program in Japan, as well as business structural reforms associated with maximizing the streamlining of the pharmaceutical commercial business in the Americas.

As a result, operating profit on an IFRS basis in the nine months ended December 31, 2023 was ¥36.2 billion (operating loss of ¥10.1 billion for the same period of previous fiscal year).

[Quarterly net profit]

Finance income amounted to ¥1.3 billion.

Finance expenses amounted to ¥1.0 billion.

Share of loss of investments accounted for using equity method amounted to ¥2.9 billion from Twenty Twenty Therapeutics LLC (U.S.), a joint venture with Verily Life Sciences LLC (U.S.).
Income tax expenses amounted to ¥7.0 billion, up ¥2.5 billion year-on-year. This is due to the increase in quarterly profit before tax associated with the aforementioned increase in operating profit on an IFRS basis and the decrease in tax deduction related to R&D expenses in Japan.

As a result, net profit in the period ended December 31, 2023 was ¥26.6 billion (net loss of ¥16.1 billion for the same period of the previous fiscal year).

[Quarterly net profit attributable to owners of the company]

Quarterly net profit attributable to owners of the company in the nine months ended December 31, 2023 was ¥26.6 billion (net loss attributable to owners of the company of ¥16.1 billion for the same period of the previous fiscal year).
The ratio to revenue was 11.9%.

(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 F_{2a} 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 trial was completed in June 2023 in Japan. Phase 2 trial (exploratory study) was completed in Europe.

STN1013001 (DE-130A, generic name: latanoprost) is an ophthalmic emulsion of a prostaglandin $F_{2\alpha}$ derivative. Phase 3 trial was completed in March 2022 in Asia. The Company received marketing approval in November 2023 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 has launched the product in Sweden and other countries from February 2023. The Company has successively filed for marketing approval in Asian countries and received approval in Thailand and other countries from January 2023 onward.

STN1014000 (PG-324, generic name: netarsudil mesilate / latanoprost) is a fixed dose combination drug of a ROCK inhibitor and a prostaglandin $F_{2\alpha}$ derivative. Marketing approval has been received in Europe and the Company has launched the product in Germany and other countries from January 2023. The Company has successively filed for marketing approval in Asian countries and received marketing approval in Thailand and other countries from January 2023 onward.

<Keratoconjunctival disease area including dry eye >

STN1007603 (DE-076C, generic name: ciclosporin) 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 has been under way since 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 was completed in August 2022 in Japan and the Company is planning an additional Phase 2a trial.

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. Phase 2/3 trial was completed in October 2023 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 and Phase 1 trial in August 2023 in China.

STN1013600 (generic name: ursodeoxycholic acid) is for the treatment of presbyopia. The Company discontinued development following the review of P2a trial data.

<Others>

STN1013800 (generic name: oxymetazoline hydrochloride) is for the treatment of ptosis. Phase 3 trial has been under way since October 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 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 the 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 third quarter amounted to ¥427.8 billion, up ¥6.6 billion from the end of the previous fiscal year. Despite a decrease of trade and other receivables associated with the liquidation of trade receivables, there were increases in cash, inventories and property, plant and equipment associated with a new plant building in Suzhou, China.

Equity amounted to ¥298.0 billion, an increase of ¥4.7 billion from the end of the previous fiscal year. This was due to an increase in retained earnings and other components of equity despite the impact of capital reduction owing to share repurchases.

Liabilities amounted to ¥129.8 billion, up by ¥2.0 billion from the end of the previous fiscal year. This was due to an increase in other current liabilities despite a decrease in income tax payable due to the payment of corporate taxes and others.

As a result, the ratio of equity attributable to owners of the company to total assets amounted to 69.8%, the same level as the end of the previous fiscal year.

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. As part of this effort, the Company initiated the liquidation of trade receivables from the third quarter of the fiscal year under review.

(II) Cash Flows

Cash flows from operating activities amounted to ¥59.4 billion (¥28.5 billion in the nine months ended December 31, 2022). This was mainly due to the quarterly profit of ¥26.6 billion, ¥13.6 billion of depreciation and amortization, a decrease of ¥23.4 billion in trade and other receivables associated with the liquidation of trade receivables, and a ¥11.5 billion corporate tax payment.

Cash flows from investing activities amounted to an outflow of ¥5.7 billion (¥23.6 billion in the nine months ended December 31, 2022). This was mainly due to payments for the acquisition of property, plant and equipment amounting to ¥6.0 billion. Reflecting the Company’s accelerated review of strategic equity holdings, the Company sold 1 equity holding in the third quarter of the fiscal year under review.

Cash flows from financing activities amounted to ¥31.3 billion. (¥28.0 billion in the nine months ended December 31, 2022). This was mainly due to share repurchases and cash dividends paid of ¥17.0 billion and ¥11.8 billion respectively.

As a result, cash and cash equivalents at the end of the third quarter ended December 31, 2023 increased by ¥24.1 billion from the end of the fiscal year ended March 31, 2023 to ¥82.0 billion.

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

The results for the third 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, 2024 announced on November 7, 2023 remain unchanged.

2. Condensed Interim Consolidated Financial Statements

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

IFRS (JPY millions)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Revenue	**199,786**	**222,833**
Cost of sales	(85,449)	(91,600)
Gross profit	**114,337**	**131,233**
Selling, general and administrative expenses	(65,502)	(64,749)
Research and development expenses	(21,682)	(18,208)
Amortization on intangible assets associated with products	(7,225)	(7,083)
Other income	523	1,366
Other expenses	(30,598)	(6,401)
Operating profit (loss)	**(10,147)**	**36,157**
Finance income	994	1,313
Finance expenses	(709)	(981)
Share of loss of investments accounted for using equity method	(1,731)	(2,930)
Profit (loss) before tax	**(11,593)**	**33,559**
Income tax expenses	(4,495)	(6,979)
Net profit (loss) for the period	**(16,088)**	**26,580**
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	2,245	(577)
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustments	6,598	6,341
Cash Flow Hedge	—	(29)
Share of other comprehensive income of investments accounted for using equity method	581	635
Other comprehensive income	**9,424**	**6,369**
Total comprehensive income	**(6,664)**	**32,948**
Profit (loss) attributable to		
Owners of the company	(16,064)	26,613
Non-controlling interests	(24)	(33)
Net profit (loss) for the period	**(16,088)**	**26,580**
Total comprehensive income attributable to		
Owners of the company	(6,646)	33,002
Non-controlling interests	(18)	(53)
Total comprehensive income	**(6,664)**	**32,948**
Earnings per share		
Basic earnings (loss) per share (yen)	(41.13)	72.26
Diluted earnings (loss) per share (yen)	(41.13)	72.05

Core basis (JPY millions)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Revenue	199,786	222,833
Core operating profit	27,153	49,288
Core net profit for the period	21,154	39,604
Basic core earnings per share (yen)	54.19	107.61
Diluted core earnings per share (yen)	54.11	107.29
Core net profit attributable to		
Owners of the company	21,181	39,629
Non-controlling interests	(27)	(25)
Core net profit for the period	**21,154**	**39,604**

(2) Condensed Interim Consolidated Statements of Financial Position

Assets (JPY millions)

	As of March 31, 2023	As of December 31,2023
Non-current assets		
Property, plant and equipment	66,173	68,451
Intangible assets	96,309	91,460
Financial assets	28,038	26,973
Retirement benefit assets	3,438	4,401
Investments from application of equity method	9,321	6,951
Deferred tax assets	2,810	3,356
Other non-current assets	1,763	1,622
Total non-current assets	**207,853**	**203,214**
Current assets		
Inventories	39,352	46,923
Trade and other receivables	107,165	84,935
Other financial assets	774	1,328
Income tax receivable	60	5
Other current assets	8,072	9,386
Cash and cash equivalents	57,903	82,030
Total current assets	**213,326**	**224,606**
Total assets	**421,179**	**427,820**

Equity and liabilities (JPY millions)

	As of March 31,2023	As of December 31, 2023
Equity		
Share capital	8,702	8,769
Capital surplus	9,789	9,509
Treasury shares	(364)	(16,398)
Retained earnings	238,071	253,167
Other components of equity	37,781	43,673
Total equity attributable to owners of the company	**293,979**	**298,720**
Non-controlling interests	**(683)**	**(736)**
Total equity	**293,297**	**297,984**
Liabilities		
Non-current liabilities		
Financial liabilities	33,513	33,623
Net defined benefit liabilities	1,271	1,381
Provisions	691	715
Deferred tax liabilities	1,592	1,185
Other non-current liabilities	1,312	1,494
Total non-current liabilities	**38,378**	**38,398**
Current liabilities		
Trade and other payables	44,945	45,121
Other financial liabilities	25,858	28,226
Income tax payable	6,745	2,426
Provisions	4,212	1,988
Other current liabilities	7,744	13,676
Total current liabilities	**89,504**	**91,438**
Total liabilities	**127,883**	**129,836**
Total equity and liabilities	**421,179**	**427,820**

(3) Condensed Interim Consolidated Statements of Changes in Equity

Nine months ended December 31, 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	Foreign currency translation adjustments
Balance at April 1, 2022	8,672	9,370	(718)	290,477	—	8,438	19,950
Comprehensive income							
Net profit (loss) for the period				(16,064)			
Other comprehensive income						2,245	6,593
Total comprehensive income	—	—	—	(16,064)	—	2,245	6,593
Transactions with owners							
Issuance of new shares	12	12					
Repurchase of treasury shares		(30)	(17,907)				
Disposal of treasury shares		(2)	364				
Cancellation of treasury shares		(12,998)	12,998				
Transfer to Retained earnings from Capital surplus		12,993		(12,993)			
Dividends				(12,611)			
Share-based payments		263					
Other				780		(780)	
Total transactions with owners	12	239	(4,546)	(24,824)	—	(780)	—
Balance at December 31, 2022	8,684	9,609	(5,264)	249,589	—	9,903	26,543

(JPY millions)

	Other components of equity				Total equity attributable to owners of the company	Non-controlling interests	Total equity
	Cash flow hedge	Share of other comprehensive income of investments accounted for using equity method	Subscription rights to shares	Total			
Balance at April 1, 2022	—	914	384	29,688	337,488	(645)	336,844
Comprehensive income							
Net profit (loss) for the period				—	(16,064)	(24)	(16,088)
Other comprehensive income		581		9,418	9,418	6	9,424
Total comprehensive income	—	581	—	9,418	(6,646)	(18)	(6,664)
Transactions with owners							
Issuance of new shares			(16)	(16)	7		7
Repurchase of treasury shares				—	(17,937)		(17,937)
Disposal of treasury shares				—	362		362
Cancellation of treasury shares				—	—		—
Transfer to Retained earnings from Capital surplus				—	—		—
Dividends				—	(12,611)		(12,611)
Share-based payments				—	263		263
Other				(780)	—		—
Total transactions with owners	—	—	(16)	(797)	(29,916)	—	(29,916)
Balance at December 31, 2022	—	1,495	368	38,310	300,927	(663)	300,264

Nine months ended December 31, 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	Foreign currency translation adjustments
Balance at April 1, 2023	8,702	9,789	(364)	238,071	—	7,917	27,971
Comprehensive income							
Net profit (loss) for the period				26,613			
Other comprehensive income						(577)	6,361
Total comprehensive income	—	—	—	26,613	—	(577)	6,361
Transactions with owners							
Issuance of new shares	66	66					
Repurchase of treasury shares		(20)	(16,933)				
Disposal of treasury shares		1	900				
Dividends				(11,881)			
Share-based payments		(327)					
Other				364		(364)	
Total transactions with owners	66	(280)	(16,033)	(11,517)	—	(364)	—
Balance at December 31, 2023	8,769	9,509	(16,398)	253,167	—	6,976	34,332

(JPY millions)

	Other components of equity				Total equity attributable to owners of the company	Non-controlling interests	Total equity
	Cash flow hedge	Share of other comprehensive income of investments accounted for using equity method	Subscription rights to shares	Total			
Balance at April 1, 2023	—	1,562	331	37,781	293,979	(683)	293,297
Comprehensive income							
Net profit (loss) for the period				—	26,613	(33)	26,580
Other comprehensive income	(29)	635		6,389	6,389	(20)	6,369
Total comprehensive income	(29)	635	—	6,389	33,002	(53)	32,948
Transactions with owners							
Issuance of new shares			(133)	(133)	0		0
Repurchase of treasury shares				—	(16,953)		(16,953)
Disposal of treasury shares				—	901		901
Dividends				—	(11,881)		(11,881)
Share-based payments				—	(327)		(327)
Other				(364)	—		—
Total transactions with owners	—	—	(133)	(496)	(28,261)	—	(28,261)
Balance at December 31, 2023	(29)	2,197	198	43,673	298,720	(736)	297,984

(4) Condensed Interim Consolidated Statements of Cash Flows

(JPY millions)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
I. Cash flows from operating activities:		
Net profit (loss) for the period	(16,088)	26,580
Depreciation and amortization	13,145	13,618
Impairment losses	30,512	2
Business structure improvement expenses	—	5,806
Shares of loss (profit) of entities accounted for using equity method	1,731	2,930
Finance expenses (income)	(436)	(347)
Income tax expenses	4,495	6,979
Decrease (increase) in trade and other receivables	6,124	23,352
Decrease (increase) in inventories	611	(6,358)
Increase (decrease) in trade and other payables	261	(255)
Increase (decrease) in provisions and net defined benefit liabilities	348	(2,338)
Decrease (increase) in other current assets	(981)	(1,238)
Increase (decrease) in accounts payable - bonuses	(3,147)	(1,703)
Increase (decrease) in accounts payable-other	(2,290)	(3,886)
Increase (decrease) in deposits received	43	6,977
Other	990	682
Subtotal	35,317	70,802
Interest received	199	264
Dividends received	461	486
Interest paid	(305)	(562)
Income tax paid	(7,193)	(11,550)
Net cash flows from (used in) operating activities	**28,480**	**59,440**
II. Cash flows from investing activities:		
Payments for acquisition of investments	(586)	(293)
Proceeds from sales of investments	1,489	768
Payments for acquisition of property, plant and equipment	(14,452)	(6,008)
Payments for acquisition of intangible assets	(6,208)	(811)
Payments for sales of intangible assets	—	790
Payments for acquisition of investments accounted for using equity method	(3,470)	(207)
Other	(372)	32
Net cash flows from (used in) investing activities	**(23,600)**	**(5,729)**
III. Cash flows from financing activities:		
Repayments of short-term loans	(11,234)	—
Proceeds from long-term loans	15,617	—
Repayments of long-term loans	(5)	(318)
Purchase of treasury shares	(17,907)	(16,962)
Dividends paid	(12,506)	(11,792)
Repayments of lease obligation	(2,602)	(2,466)
Other	644	217
Net cash flows from (used in) financing activities	**(27,994)**	**(31,320)**
IV. Net increase (decrease) in cash and cash equivalents	**(23,114)**	**22,390**
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	**1,320**	**1,737**
VII. Cash and cash equivalents at the end of period	**61,220**	**82,030**

(5) Notes to 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 regard 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 in the nine months ended December 31, 2023 increased 2,315 million yen.

(Other Expenses)

Nine months ended December 31, 2022

The Company recorded an impairment loss of ¥30,512 million included in other expenses of the Condensed Interim Consolidated Statements of Income and Comprehensive Income.

This is mainly due to the recognition of impairment loss of ¥30,008 million under the second quarter of the previous fiscal year, related to intangible assets associated with products, goodwill and property, plant and equipment of Eyevance Pharmaceuticals Holdings Inc.(U.S.) and its business unit Eyevance Pharmaceuticals LLC (U.S.), calculating downward from book value to recoverable amount.

(¥22,296 million of intangible assets associated with products, ¥7,418 million of goodwill, ¥294 million of property, plant and equipment)

Nine months ended December 31, 2023

The Company recorded business restructuring reform expenses of ¥5,806 million related to the special additional allowance associated with the early retirement program in Japan, as well as the maximization of the streamlining of the pharmaceutical commercial business in the Americas, included in other expenses of the Condensed Interim Consolidated Statements of Income and Comprehensive Income.

(Statement of Significant Changes in Shareholders' Equity)

Nine months ended December 31, 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 12,500,000 of its own shares for a total value of 12,733 million yen during the period between May 11, 2022 to September 30, 2022. Santen completed the share buyback based on the resolution above on September 8, 2022 (execution date basis).

Subsequently, at a meeting of the Board of Directors on November 8, 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.

Accordingly, the Company repurchased a total of 4,427,600 of its own shares for a total value of 4,900 million yen during the period between November 9, 2022 to December 31, 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 repurchased	Common shares
(2) Total number of shares to be repurchased	13,000,000 shares (maximum) *Representing 3.4% of the total number of shares outstanding (excluding treasury shares)
(3) Total amount of repurchase	13.0 billion yen (maximum)
(4) Period of repurchase	November 9, 2022 to March 24, 2023
(5) Method of repurchase	Open-market repurchase by the discretionary trading method

(Cancellation of treasury shares)

The Company resolved at the Board of Directors meeting held on October 4, 2022 to cancel treasury shares as stated below, in accordance with Article 178 of the Companies Act (Japan). The treasury shares were cancelled on October 31, 2022.

The treasury shares cancelled as stated below were treasury shares that were acquired in accordance with the Board resolution of May 10, 2022 to repurchase shares.

(1) Class of shares to be canceled	Common shares
(2) Total number of shares to be canceled	12,500,000 shares (The ratio against total number of the outstanding shares before the Cancellation: 3.1%)
(3) Date of cancellation	October 31, 2022

Nine months ended December 31, 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 12,571,400 of its own shares for a total value of 16,178 million yen during the period between May 12, 2023 to December 31, 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 repurchased	Common shares
(2) Total number of shares to be repurchased	18,750,000 shares (maximum *Representing 5.0% of the total number of shares outstanding (excluding treasury shares)
(3) Total amount of repurchase	24.5 billion yen (maximum)

(4) Period of repurchase	May 12, 2023 to March 22, 2024
(5) Method of repurchase	Open-market repurchase by the discretionary trading method
(6) Other	After repurchase, Santen plans to cancel the repurchased shares by its Board of Directors resolution 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			
		Nine months ended December 31, 2022 Actual	Changes from the same period of previous year	Year ended March 31, 2023 Actual	Changes from the same period of previous year	Nine months ended December 31, 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	18,093	10.3%	23,702	9.0%	19,182	6.0%	24,902	5.1%
	Japan	3,709	(18.3%)	4,675	(17.3%)	3,148	(15.1%)	3,949	(15.5%)
	Asia	4,452	16.9%	6,110	18.5%	5,114	14.9%	6,481	6.1%
	EMEA	9,931	23.4%	12,917	18.0%	10,920	10.0%	14,472	12.0%
Tapros	Total	14,519	3.4%	18,744	1.7%	14,069	(3.1%)	18,421	(1.7%)
	Japan	6,075	(8.7%)	7,761	(7.7%)	4,910	(19.2%)	6,334	(18.4%)
	China	785	8.6%	1,045	(10.7%)	1,234	57.2%	1,561	49.4%
	Asia	1,663	10.8%	2,277	9.6%	1,750	5.2%	2,425	6.5%
	EMEA	5,996	16.0%	7,660	13.2%	6,175	3.0%	8,100	5.7%
Tapcom	Total	6,337	18.6%	8,202	17.7%	7,019	10.8%	9,202	12.2%
	Japan	2,071	(3.9%)	2,649	(3.2%)	1,795	(13.3%)	2,177	(17.8%)
	Asia	777	32.9%	1,051	28.9%	965	24.2%	1,352	28.7%
	EMEA	3,489	34.0%	4,502	31.7%	4,259	22.1%	5,672	26.0%
Trusopt	Total	3,685	7.7%	4,882	11.6%	3,791	2.9%	4,930	1.0%
	Japan	778	(12.3%)	980	(11.6%)	692	(11.1%)	885	(9.7%)
	Asia	320	14.9%	454	18.8%	332	4.0%	426	(6.1%)
	EMEA	2,587	14.6%	3,448	19.6%	2,767	6.9%	3,619	4.9%
Eybelis	Total	3,171	21.2%	4,156	21.5%	3,679	16.0%	4,820	16.0%
	Japan	2,994	17.8%	3,905	18.2%	3,374	12.7%	4,372	12.0%
	Asia	177	134.4%	251	116.9%	305	72.3%	448	78.6%
Dry eye									
Diquas (Including Diquas LX)	Total	15,701	10.2%	20,988	11.4%	21,142	34.7%	27,369	30.4%
	Japan	12,070	17.0%	16,259	21.9%	16,426	36.1%	20,882	28.4%
	China	2,209	(16.3%)	2,772	(32.0%)	2,778	25.8%	3,886	40.2%
	Asia	1,422	9.6%	1,957	37.9%	1,938	36.2%	2,601	32.9%
Hyalein	Total	11,633	(12.2%)	14,781	(16.9%)	12,878	10.7%	16,910	14.4%
	Japan	4,485	(12.4%)	5,718	(11.6%)	4,087	(8.9%)	5,008	(12.4%)
	China	4,956	(28.7%)	6,433	(28.1%)	6,297	27.0%	8,793	36.7%
	Asia	2,192	86.1%	2,630	11.0%	2,494	13.8%	3,110	18.2%
Ikervis	Total	5,469	17.6%	6,839	16.8%	9,777	78.8%	12,338	80.4%
	Asia	1,186	46.0%	1,549	40.0%	1,399	18.0%	2,194	41.6%
	EMEA	4,283	11.5%	5,290	11.4%	8,378	95.6%	10,144	91.8%
Cationorm	Total	3,288	29.6%	4,010	24.2%	3,281	(0.2%)	4,535	13.1%
	Asia	341	(4.8%)	441	(5.4%)	429	25.9%	553	25.2%
	EMEA	2,141	31.3%	2,626	26.3%	2,219	3.7%	2,931	11.6%
	Americas	806	47.2%	943	37.7%	632	(21.6%)	1,052	11.6%
Allergy									
Alesion (Including Alesion LX)	Total	12,155	(16.0%)	33,550	14.1%	11,635	(4.3%)	30,350	(9.5%)
	Japan	12,040	(16.3%)	33,400	14.1%	11,495	(4.5%)	30,173	(9.7%)
	Asia	115	41.3%	149	40.2%	140	21.8%	177	18.4%
Verkazia	Total	771	66.0%	914	44.4%	1,283	66.5%	1,534	67.8%
	EMEA	600	41.2%	748	28.0%	982	63.6%	1,234	64.9%
	Americas	170	335.4%	166	241.2%	301	76.5%	301	81.0%
Intravitreal VEGF inhibitor									
EYLEA	Total	54,722	(2.2%)	71,257	(1.7%)	56,199	2.7%	73,812	3.6%
	Japan	54,722	(2.2%)	71,257	(1.7%)	56,199	2.7%	73,812	3.6%
Bacterial conjunctivitis									
Cravit	Total	8,214	(10.1%)	11,381	(2.8%)	11,750	43.1%	14,073	23.7%
	Japan	1,022	(29.1%)	1,285	(26.7%)	911	(10.8%)	1,221	(5.0%)
	China	4,289	(22.9%)	6,309	(9.4%)	7,035	64.0%	8,279	31.2%
	Asia	1,782	45.0%	2,380	27.5%	2,658	49.2%	3,148	32.3%
	EMEA	1,122	22.8%	1,408	25.0%	1,145	2.1%	1,425	1.2%
Medical devices									
LENTIS Comfort	Total	999	(5.6%)	1,331	(6.4%)	982	(1.7%)	1,347	1.2%
	Japan	999	(5.6%)	1,331	(6.4%)	982	(1.7%)	1,347	1.2%
PRESERFLO MicroShunt	Total	1,734	44.9%	2,429	50.6%	2,801	61.6%	4,118	69.6%
	Japan	24	–	94	–	462	–	689	635.9%
	EMEA	1,707	46.2%	2,326	44.3%	2,292	34.2%	3,359	44.4%
OTC Pharmaceuticals	Total	8,159	5.4%	10,628	8.7%	8,825	8.2%	11,266	6.0%
	Japan	7,326	0.6%	9,595	4.5%	7,927	8.2%	10,147	5.8%
	China	195	–	262	–	230	18.0%	303	15.7%
	Asia	637	38.3%	771	31.2%	668	4.7%	817	5.9%

(2) FOREX

(JPY)

Exchange rate (yen)	Major currency	3rd quarter ended December 31, 2022	Fiscal year ended March 31, 2023	3rd quarter ended December 31, 2023	Fiscal year ending March 31, 2024 (Forecasts)
	USD	136.22	135.40	143.61	145.00
	EUR	140.43	140.97	155.60	155.00
	CNY	19.86	19.72	20.07	20.00

Forecasts in this reports 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 January 2024

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 $F_{2\alpha}$ 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. 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.. Completed Phase 3 in June 2023 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				Nov-2023		
				Asia						

An ophthalmic emulsion of a prostaglandin $F_{2\alpha}$ derivative, for the treatment of glaucoma and ocular hypertension. Completed Phase 3 in March 2022 in Asia. Received marketing approval in November 2023 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 has been launched in Sweden and other countries from February 2023. Filed successively for marketing approval in Asian countries and received marketing approval in Thailand and other countries from January 2023 onward.

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 $F_{2\alpha}$ derivative. Developed and sold by Alcon in the U.S.. Received marketing approval in Europe and has been launched in Germany and other countries from January 2023. Filed successively for marketing approval in Asian countries and received marketing approval in Thailand and other countries from January 2023 onward.

<Keratoconjunctival disease area including dry eye >

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	Filed	Approved	Launched
ciclosporin	STN1007603 / DE-076C	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. Conducting Phase 1/2a from January 2023 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	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/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. Completed Phase 2a in August 2022 in Japan. Planning an additional Phase 2a.										

Generic name	Dev. code	Indication	Original/Licensor	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/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. Completed Phase 2/3 in October 2023 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/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.										

Compound name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	Filed	Approved	Launched
AFDX0250BS	STN1013400	Myopia	Boehringer Ingelheim	Japan		(Phase 2a)				
				China						
Selective muscarinic M2 antagonist which reduces progression of juvenile myopia. Reduces mydriasis by selectively inhibiting a subtype of receptors. Started Phase 2a in May 2023 in Japan. Started Phase1 in August 2023 in China.										

<Others>

Generic name	Dev. code	Indication	Original/Licensor	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.. Conducting Phase 3 from October 2022 in Japan.										

Changes from Q2 FY2023 (November 7, 2023)

Dev. Code	Changes
STN1013001 / DE-130A	Received marketing approval in November 2023 in Europe.
STN1013600	Discontinued development following the review of Phase 2a trial data.

※ STN1011700 (DE-117, generic name: omidenepag isopropyl) is sold as *Eybelis* in Japan and Asia. In the U.S., Santen has 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 on Intangible Assets Related to Products, and Research and Development Expenses

Capital expenditures (JPY millions)

	Nine months ended December 31, 2022	Year ended March 31, 2023	Nine months ended December 31, 2023	Year ending March 31, 2024
	Actual			Forecast
Consolidated	17,295	21,144	6,576	13,000

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

Depreciation and amortization (JPY millions)

	Nine months ended December 31, 2022	Year ended March 31, 2023	Nine months ended December 31, 2023	Year ending March 31, 2024
	Actual			Forecast
Manufacturing cost	1,743	2,342	2,460	3,550
Selling, general and administrative expenses	1,603	1,986	1,684	2,720
R&D expenses	456	615	449	690
Consolidated total	3,802	4,943	4,593	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)

	Nine months ended December 31, 2022	Year ended March 31, 2023	Nine months ended December 31, 2023	Year ending March 31, 2024
	Actual			Forecast
Intangible assets (Merck products)	4,356	5,808	4,356	5,810
Intangible assets (Rhopressa/Rocklatan)	—	281	930	1,120
Intangible assets (PRESERFLO MicroShunt)	867	1,149	914	1,100
Intangible assets (Ikervis)	597	798	661	790
Intangible assets (Eyevance)	1,149	1,142	—	—
Other	257	340	222	580
Consolidated total	7,225	9,518	7,083	9,400

Research and development expenses (JPY millions)

	Nine months ended December 31, 2022	Year ended March 31, 2023	Nine months ended December 31, 2023*	Year ending March 31, 2024
	Actual			Forecast
Consolidated	21,682	28,297	18,208	29,000
Percent of revenue	10.9%	10.1%	8.2%	9.6%

* IFRS basis. R&D expenses on a core basis amounted to 18,050 million yen, excluding 0.2 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.