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SANTEN PHARMACEUTICAL CO., LTD.

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First Quarter Financial Results for the Fiscal Year Ending March 31, 2016 [IFRS] (Consolidated)

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(Figures are rounded to the nearest million yen)

1. Consolidated Performance for the three months ended June 30, 2015

(1) Operating results

(Percentage figures represent changes from same period of previous year.)

| | Three months ended June 30, 2015 | Three months ended June 30, 2014 | % change |
|--|-------------------------------------|-------------------------------------|----------|
| Revenue (millions of yen) | 47,975 | 33,687 | +42.4% |
| Operating profit (millions of yen) | 10,799 | 5,885 | +83.5% |
| Profit before tax (millions of yen) | 11,226 | 5,959 | +88.4% |
| Profit for the period (millions of yen) | 7,541 | 4,065 | +85.5% |
| Profit for the period attributable to the owners of the parent company (millions of yen) | 7,541 | 4,065 | +85.5% |
| Total comprehensive income for the period (millions of yen) | 9,435 | 3,808 | +147.7% |
| Basic earning per share (yen) | 18.24 | 9.84 | |
| Diluted earnings per share (yen) | 18.15 | 9.81 | |

Note: The Company has conducted a 5-for-1 stock split with an effective date of April 1, 2015. However, Basic earning per share and Diluted earnings per share are calculated based on the assumption that the stock split was conducted at April 1, 2014.

(2) Financial condition

| | June 30, 2015 | March 31, 2015 |
|---|---------------|----------------|
| Total assets (millions of yen) | 301,447 | 304,200 |
| Total equity (millions of yen) | 216,498 | 211,779 |
| Equity attributable to the owners of the parent company (millions of yen) | 216,498 | 211,779 |
| Equity attributable to the owners of the parent company ratio | 71.8% | 69.6% |
| Equity per share attributable to the owners of the parent company (yen) | 523.35 | 511.14 |

Note: The Company has conducted a 5-for-1 stock split with an effective date of April 1, 2015. However, Equity per share attributable to the owners of the parent company is calculated based on the assumption that the stock split was conducted at April 1, 2014.

2. Dividends

| | Year to March 2016 | (Forecasts) Year to March 2016 | Year to March 2015 |
|--|-----------------------|--------------------------------------|-----------------------|
| First quarter dividends per share (yen) | — | — | — |
| Second quarter dividends per share (yen) | — | 12.00 | 50.00 |
| Third quarter dividends per share (yen) | — | — | — |
| Year-end dividends per share (yen) | — | 12.00 | 60.00 |
| Annual dividends per share (yen) | — | 24.00 | 110.00 |

Note : The Company has conducted a 5-for-1 stock split with an effective date of April 1, 2015. However, the dividends per share of Year to March 2015 are calculated based on the number of issued shares before the stock split.

3. Consolidated Forecasts of results for the year ending March 31, 2016

(Percentage figures represent changes from same period of previous year.)

| | First half year | Full year | (Full year) % change |
|--|-----------------|-----------|-------------------------|
| Revenue (millions of yen) | 92,500 | 186,500 | +15.2% |
| Operating profit (millions of yen) | 62,000 | 78,000 | +120.5% |
| Profit before tax (millions of yen) | 62,500 | 78,500 | +118.9% |
| Profit for the year (millions of yen) | 41,500 | 52,500 | +118.5% |
| Profit for the year attributable to the owners of the parent company (millions of yen) | 41,500 | 52,500 | +118.5% |
| Basic earning per share (yen) | 100.42 | 127.04 | |

Note : The Company has conducted a 5-for-1 stock split with an effective date of April 1, 2015. However, Basic earning per share is calculated based on the number of issued shares after the stock split.

4. Consolidated Forecasts of results for the year ending March 31, 2016 (core basis*1)

(Percentage figures represent changes from same period of previous year.)

| | First half year | Full year | (Full year) % change |
|--|-----------------|-----------|-------------------------|
| Revenue (millions of yen) | 92,500 | 186,500 | +15.2% |
| Core operating profit (millions of yen) | 21,000 | 40,300 | +3.1% |
| Core profit for the year (millions of yen) | 13,700 | 26,900 | +3.7% |
| Core earning per share (yen) | 33.15 | 65.09 | |

Note : The Company has conducted a 5-for-1 stock split with an effective date of April 1, 2015. However, Core earning per share is calculated based on the number of issued shares after the stock split.

*Others

(1) Changes in significant subsidiaries during the term (changes in designated subsidiaries resulting in adjustment to the scope of consolidation) : No

(2) Changes in accounting policies and accounting estimates

[i] Changes in the accounting policies required by IFRS : No

[ii] Other changes : No

[iii] Changes in accounting estimates : No

(3) Number of shares outstanding (common stock) :

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

June 30, 2015 : 413,702,515

March 31, 2015 : 413,265,515

[ii] Number of treasury stock at the end of period

June 30, 2015 : 21,807

March 31, 2015 : 19,225

[iii] Average number of outstanding shares (during the fiscal year ended June 30)

First quarter ended June 30, 2015 : 413,416,772

First quarter ended June 30, 2014 : 412,919,154

Note : The Company has conducted a 5-for-1 stock split with an effective date of April 1, 2015. However, Number of shares outstanding (common stock) is calculated based on the assumption that the stock split was conducted at April 1, 2014.

(Information regarding the implementation of quarterly review procedures)

These quarterly financial results are not subject to quarterly review procedures. Thus, at the time of disclosure of these financial results, the quarterly consolidated financial statement review procedures based on the Financial Instruments and Exchange Law, are in progress.

(Information regarding adoption of International Financial Reporting Standards)

The company has adopted International Financial Reporting Standards (IFRS) effective from the fiscal year ended March 31, 2015. According to this adoption, the previous year's information is also based on IFRS.

(Caution)

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, delays in new products launch, currency exchange rate, legislative and regulatory developments.

***1 (core basis)**

Core results are non-IFRS measures that remove non-core items including amortization on intangible assets associated with products, other income and expense, and financial income and expense in order to provide greater transparency on underlying business performance.

Information regarding the Consolidated Performance of results for the three months ended June 30, 2015(core basis)

(Percentage figures represent changes from same period of previous year.)

| | Three months ended June 30, 2015 | Three months ended June 30, 2014 | % change |
|--|-------------------------------------|-------------------------------------|----------|
| Revenue (millions of yen) | 47,975 | 33,687 | +42.4% |
| Core operating profit (millions of yen) | 12,206 | 5,850 | +108.6% |
| Core profit for the period (millions of yen) | 8,208 | 3,902 | +110.3% |

Quarterly consolidated statements of income and comprehensive income

(Millions of yen)

| | Three months ended June 30, 2014 | Three months ended June 30, 2015 |
|--|-------------------------------------|-------------------------------------|
| Revenue | 33,687 | 47,975 |
| Cost of sales | △13,588 | △17,869 |
| Gross profit | 20,098 | 30,106 |
| Selling, general and administrative expenses | △10,177 | △13,313 |
| Research and development expenses | △4,071 | △4,587 |
| Amortization on intangible assets associated with products | △61 | △1,431 |
| Other income | 124 | 99 |
| Other expense | △28 | △75 |
| Operating profit | 5,885 | 10,799 |
| Finance income | 431 | 463 |
| Finance expense | △358 | △36 |
| Profit before tax | 5,959 | 11,226 |
| Income tax expenses | △1,894 | △3,685 |
| Profit for the period | 4,065 | 7,541 |
| Other comprehensive income | | |
| Items that will not be reclassified subsequently to profit or loss | | |
| Remeasurements of defined benefit plans | — | — |
| Net gain on financial assets measured at fair value through other comprehensive income | 479 | 153 |
| Items that may be reclassified subsequently to profit or loss | | |
| Foreign currency translation adjustments | △736 | 1,740 |
| Other comprehensive income | △256 | 1,894 |
| Total comprehensive income | 3,808 | 9,435 |
| Profit attributable to | | |
| Owners of the parent | 4,065 | 7,541 |
| Non-controlling interests | — | — |
| Profit for the period | 4,065 | 7,541 |
| Total comprehensive income attributable to | | |
| Owners of the parent | 3,808 | 9,435 |
| Non-controlling interests | — | — |
| Total comprehensive income | 3,808 | 9,435 |
| Earnings per share | | |
| Basic earnings per share (Yen) | 9.84 | 18.24 |
| Diluted earnings per share (Yen) | 9.81 | 18.15 |

Quarterly consolidated statement of financial position

(Millions of yen)

| | March 31, 2015 | June 30, 2015 |
|---------------------------------|----------------|----------------|
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment | 29,104 | 29,281 |
| Intangible assets | 84,433 | 84,705 |
| Financial assets | 34,725 | 34,968 |
| Deferred tax assets | 2,978 | 2,816 |
| Other non-current assets | 2,288 | 2,071 |
| Total non-current assets | 153,528 | 153,841 |
| Current assets | | |
| Inventories | 20,133 | 21,988 |
| Trade and other receivables | 61,701 | 65,224 |
| Other financial assets | 187 | 335 |
| Other current assets | 2,728 | 3,897 |
| Cash and cash equivalents | 65,923 | 56,161 |
| Total current assets | 150,672 | 147,606 |
| Total assets | 304,200 | 301,447 |

(Millions of yen)

| | March 31, 2015 | June 30, 2015 |
|---|----------------|---------------|
| <u>Equity</u> | | |
| Share capital | 7,383 | 7,527 |
| Capital surplus | 8,077 | 8,222 |
| Treasury shares | △18 | △23 |
| Retained earnings | 178,840 | 181,422 |
| Other components of equity | 17,497 | 19,350 |
| Total equity attributable to the owners of the parent company | 211,779 | 216,498 |
| Total equity | 211,779 | 216,498 |
| <u>Liabilities</u> | | |
| Non-current liabilities | | |
| Financial liabilities | 25,351 | 22,401 |
| Retirement benefit liabilities | 5,459 | 5,643 |
| Provisions | 1,444 | 1,500 |
| Deferred tax liabilities | 2,874 | 3,579 |
| Other non-current liabilities | 953 | 1,333 |
| Total non-current liabilities | 36,081 | 34,456 |
| Current liabilities | | |
| Trade and other payables | 20,250 | 21,593 |
| Other financial liabilities | 19,298 | 18,197 |
| Income tax payable | 6,729 | 3,088 |
| Provisions | 1,197 | 1,232 |
| Other current liabilities | 8,866 | 6,383 |
| Total current liabilities | 56,340 | 50,493 |
| Total liabilities | 92,421 | 84,949 |
| Total equity and liabilities | 304,200 | 301,447 |

Quarterly consolidated statement of changes in equity

(Millions of yen)

| | Share capital | Capital surplus | Treasury shares | Retained earnings | Other component of equity | |
|---|---------------|-----------------|-----------------|-------------------|---|--|
| | | | | | Remeasurements of defined benefit plans | Net gain on financial assets measured at fair value through other comprehensive income |
| As of April 1, 2014 | 7,264 | 7,959 | △9 | 162,727 | — | 4,118 |
| Comprehensive income | | | | | | |
| Profit for the period | | | | 4,065 | | |
| Other comprehensive income | | | | | | 479 |
| Total comprehensive income | — | — | — | 4,065 | — | 479 |
| Contributions by and distributions to owners | | | | | | |
| Issuance of new shares | 8 | 8 | | | | |
| Acquisition of treasury shares | | | △1 | | | |
| Dividends | | | | △4,129 | | |
| Total contributions by and distributions to owners | 8 | 8 | △1 | △4,129 | — | — |
| As of June 30, 2014 | 7,272 | 7,967 | △10 | 162,663 | — | 4,597 |

| | Other component of equity | | | Total equity attributable to the owners of the parent company | Total Equity |
|---|--|-------------------------------|----------------------------------|---|--------------|
| | Foreign currency translation adjustments | Subscription rights to shares | Total other components of equity | | |
| As of April 1, 2014 | 4,752 | 399 | 9,269 | 187,210 | 187,210 |
| Comprehensive income | | | | | |
| Profit for the period | | | — | 4,065 | 4,065 |
| Other comprehensive income | △736 | | △256 | △256 | △256 |
| Total comprehensive income | △736 | — | △256 | 3,808 | 3,808 |
| Contributions by and distributions to owners | | | | | |
| Issuance of new shares | | △2 | △2 | 14 | 14 |
| Acquisition of treasury shares | | | — | △1 | △1 |
| Dividends | | | — | △4,129 | △4,129 |
| Total contributions by and distributions to owners | — | △2 | △2 | △4,116 | △4,116 |
| As of June 30, 2014 | 4,017 | 397 | 9,011 | 186,902 | 186,902 |

(Millions of yen)

| | Share capital | Capital surplus | Treasury shares | Retained earnings | Other component of equity | |
|---|---------------|-----------------|-----------------|-------------------|---|--|
| | | | | | Remeasurements of defined benefit plans | Net gain on financial assets measured at fair value through other comprehensive income |
| As of April 1, 2015 | 7,383 | 8,077 | Δ18 | 178,840 | — | 11,944 |
| Comprehensive income | | | | | | |
| Profit for the period | | | | 7,541 | | |
| Other comprehensive income | | | | | | 153 |
| Total comprehensive income | — | — | — | 7,541 | — | 153 |
| Contributions by and distributions to owners | | | | | | |
| Issuance of new shares | 144 | 144 | | | | |
| Acquisition of treasury shares | | | Δ4 | | | |
| Dividends | | | | Δ4,959 | | |
| Total contributions by and distributions to owners | 144 | 144 | Δ4 | Δ4,959 | — | — |
| As of June 30, 2015 | 7,527 | 8,222 | Δ23 | 181,422 | — | 12,098 |

| | Other component of equity | | | Total equity attributable to the owners of the parent company | Total Equity |
|---|--|-------------------------------|----------------------------------|---|--------------|
| | Foreign currency translation adjustments | Subscription rights to shares | Total other components of equity | | |
| As of April 1, 2015 | 5,000 | 553 | 17,497 | 211,779 | 211,779 |
| Comprehensive income | | | | | |
| Profit for the period | | | — | 7,541 | 7,541 |
| Other comprehensive income | 1,740 | | 1,894 | 1,894 | 1,894 |
| Total comprehensive income | 1,740 | — | 1,894 | 9,435 | 9,435 |
| Contributions by and distributions to owners | | | | | |
| Issuance of new shares | | Δ41 | Δ41 | 247 | 247 |
| Acquisition of treasury shares | | | — | Δ4 | Δ4 |
| Dividends | | | — | Δ4,959 | Δ4,959 |
| Total contributions by and distributions to owners | — | Δ41 | Δ41 | Δ4,716 | Δ4,716 |
| As of June 30, 2015 | 6,740 | 512 | 19,350 | 216,498 | 216,498 |

Quarterly consolidated statement of cash flows

(Millions of yen)

| | Three months ended June 30, 2014 | Three months ended June 30, 2015 |
|--|-------------------------------------|-------------------------------------|
| <u>Cash flows from operating activities</u> | | |
| Profit for the period | 4,065 | 7,541 |
| Depreciation and amortisation | 776 | 2,173 |
| Impairment losses | 2 | 21 |
| Finance income and expense | △269 | △260 |
| Income tax expenses | 1,894 | 3,685 |
| Decrease (increase) in trade and other receivables | 1,627 | △3,245 |
| Decrease (increase) in inventories | △4,227 | △1,645 |
| Decrease (increase) in trade and other payables | 357 | 1,271 |
| Decrease (increase) in provisions and retirement benefit liabilities | 182 | 172 |
| Other | △1,793 | △3,655 |
| Sub total | 2,614 | 6,057 |
| Interest received | 23 | 14 |
| Dividends received | 269 | 271 |
| Interest paid | △0 | △25 |
| Income tax paid | △7,885 | △6,655 |
| Net cash flows from (used in) operating activities | △4,979 | △338 |
| <u>Cash flows from investing activities</u> | | |
| Payments into fixed deposits | △27 | — |
| Proceeds from withdrawal of fixed deposits | 27 | — |
| Purchase of investments | △2 | △20 |
| Proceeds from sale and redemption of investments | 902 | 0 |
| Purchase of property, plant and equipment | △311 | △2,001 |
| Purchase of intangible assets | △376 | △531 |
| Other | △54 | △8 |
| Net cash flows from (used in) investing activities | 159 | △2,559 |
| <u>Cash flows from financing activities</u> | | |
| Proceeds from short-term loans payable | 35,000 | — |
| Repayments of long-term loans payable | △7 | △2,949 |
| Dividends paid | △4,040 | △4,850 |
| Other | 12 | 242 |
| Net cash flows from (used in) financing activities | 30,966 | △7,557 |
| Net increase (decrease) in cash and cash equivalents | 26,146 | △10,453 |
| Cash and cash equivalents at the beginning of the period | 72,397 | 65,923 |
| Effect of exchange rate changes on cash and cash equivalents | △539 | 581 |
| Cash and cash equivalents at the end of the period | 98,003 | 56,051 |

Segment information

1.Three months ended June 30, 2014

(Millions of yen)

| | <Reportable segment> Pharmaceuticals | Other (Note : 1) | Total | Adjustments | Consolidated total |
|-------------------------------|---|---------------------|---------------|--------------------------|-----------------------|
| Revenue: | | | | | |
| External customers | 33,069 | 618 | 33,687 | — | 33,687 |
| Intersegment | — | 159 | 159 | (159) | — |
| Total | 33,069 | 777 | 33,846 | (159) | 33,687 |
| Segment income(Note:2) | 5,874 | 11 | 5,885 | — | 5,885 |
| | | | | Finance income | 431 |
| | | | | Finance expense | (358) |
| | | | | Profit before tax | 5,959 |

Notes: 1."Other" segment mainly includes medical equipment.

2.Segment income is based on operating profit.

2.Three months ended June 30, 2015

(Millions of yen)

| | <Reportable segment> Pharmaceuticals | Other (Note : 1) | Total | Adjustments | Consolidated total |
|--|---|---------------------|---------------|--------------------------|-----------------------|
| Revenue: | | | | | |
| External customers | 47,356 | 619 | 47,975 | — | 47,975 |
| Intersegment | — | 168 | 168 | (168) | — |
| Total | 47,356 | 787 | 48,143 | (168) | 47,975 |
| Segment income(loss) (Note:2) | 11,274 | (475) | 10,799 | — | 10,799 |
| | | | | Finance income | 463 |
| | | | | Finance expense | (36) |
| | | | | Profit before tax | 11,226 |

Notes: 1."Other" segment mainly includes medical equipment.

2.Segment income(loss) is based on operating profit.

<Reference>

Sales of major pharmaceuticals

(Millions of yen)

| Brand name Generic name/formulation | Therapeutic category | Region | Year ended March 31,2015 | | | | Year ending March 31,2016 | | | | | |
|--|------------------------------------|--------|---------------------------|-------------------------|----------------------------|---|---------------------------|---|----------------------------|---|--------------------------------|---|
| | | | First three months Actual | First six months Actual | Year ended March 31 Actual | Changes from same period of previous year | First three months Actual | Changes from same period of previous year | First six months Forecasts | Changes from same period of previous year | Year ending March 31 Forecasts | Changes from same period of previous year |
| Cravit levofloxacin/ophthalmic solution | Bacterial conjunctivitis | Total | 3,310 | 6,893 | 13,399 | Δ1.4% | 4,087 | 23.5% | 7,726 | 12.1% | 14,331 | 7.0% |
| | | Japan | 1,684 | 3,511 | 6,498 | Δ20.5% | 1,612 | Δ4.3% | 3,417 | Δ2.7% | 6,461 | Δ0.6% |
| | | Asia | 1,316 | 2,707 | 5,423 | 31.0% | 2,092 | 59.0% | 3,571 | 31.9% | 6,443 | 18.8% |
| | | Europe | 310 | 674 | 1,478 | 16.4% | 383 | 23.5% | 737 | 9.3% | 1,428 | Δ3.4% |
| Tarivid ofloxacin/ophthalmic solution | Bacterial conjunctivitis | Total | 473 | 961 | 1,910 | Δ0.7% | 619 | 30.9% | 1,077 | 12.0% | 1,866 | Δ2.3% |
| | | Japan | 204 | 418 | 762 | Δ20.2% | 186 | Δ8.9% | 353 | Δ15.5% | 673 | Δ11.7% |
| | | Asia | 269 | 543 | 1,147 | 18.5% | 434 | 61.0% | 724 | 33.1% | 1,193 | 4.0% |
| Tapcom tafluprost-timolol maleate/ combination ophthalmic solution | Glaucoma | Total | - | - | 381 | - | 307 | - | 736 | - | 1,924 | 404.5% |
| | | Japan | - | - | 342 | - | 258 | - | 527 | - | 1,367 | 299.3% |
| | | Europe | - | - | 39 | - | 49 | - | 209 | - | 557 | - |
| Tapros tafluprost/ophthalmic solution | Glaucoma | Total | 2,680 | 5,836 | 12,330 | Δ1.5% | 3,695 | 37.9% | 7,848 | 34.5% | 16,413 | 33.1% |
| | | Japan | 1,719 | 3,902 | 8,329 | Δ7.0% | 2,290 | 33.2% | 4,503 | 15.4% | 9,186 | 10.3% |
| | | Asia | 189 | 397 | 817 | 57.1% | 266 | 41.1% | 558 | 40.4% | 1,152 | 41.1% |
| | | Europe | 772 | 1,536 | 3,185 | 4.8% | 1,139 | 47.5% | 2,787 | 81.4% | 6,075 | 90.8% |
| Cosopt dorzolamide hydrochloride-timolol maleate/comboination ophthalmic solution | Glaucoma | Total | 2,488 | 5,255 | 12,478 | 5.3% | 4,666 | 87.5% | 9,154 | 74.2% | 19,703 | 57.9% |
| | | Japan | 2,488 | 5,240 | 10,689 | Δ9.8% | 2,835 | 14.0% | 5,466 | 4.3% | 10,955 | 2.5% |
| | | Asia | - | 15 | 892 | - | 666 | - | 1,284 | - | 2,596 | 191.1% |
| | | Europe | - | - | 897 | - | 1,165 | - | 2,404 | - | 6,152 | 585.7% |
| Timoptol timolol maleate/ophthalmic solution | Glaucoma | Total | 247 | 548 | 1,267 | 7.0% | 482 | 95.0% | 1,144 | 108.8% | 2,299 | 81.4% |
| | | Japan | 247 | 547 | 1,216 | 2.7% | 331 | 33.9% | 631 | 15.2% | 1,213 | Δ0.3% |
| | | Asia | - | 0 | 29 | - | 36 | - | 76 | - | 154 | 427.6% |
| | | Europe | - | - | 22 | - | 115 | - | 437 | - | 932 | - |
| Timoptol XE timolol maleate/ long-acting ophthalmic solution | Glaucoma | Total | 393 | 864 | 1,984 | 2.7% | 649 | 65.3% | 1,004 | 16.1% | 2,009 | 1.2% |
| | | Japan | 393 | 864 | 1,918 | Δ0.7% | 510 | 29.9% | 917 | 6.2% | 1,784 | Δ7.0% |
| | | Asia | - | 0 | 27 | - | 23 | - | 46 | - | 92 | 237.4% |
| | | Europe | - | - | 39 | - | 116 | - | 41 | - | 133 | 238.2% |
| Trusopt dorzolamide hydrochloride/ ophthalmic solution | Glaucoma | Total | - | 385 | 1,853 | - | 1,040 | - | 2,052 | 432.4% | 4,237 | 128.7% |
| | | Japan | - | 385 | 1,545 | - | 577 | - | 997 | 159.1% | 1,891 | 22.4% |
| | | Asia | - | 1 | 55 | - | 144 | - | 303 | - | 625 | - |
| | | Europe | - | - | 252 | - | 319 | - | 752 | - | 1,721 | 582.2% |
| Detantol bunazosin hydrochloride | Glaucoma | Japan | 276 | 612 | 1,228 | Δ20.7% | 300 | 9.0% | 611 | Δ0.1% | 1,197 | Δ2.6% |
| Rescula isopropyl unoprostone | Glaucoma | Japan | 474 | 972 | 1,935 | Δ9.9% | 486 | 2.5% | 955 | Δ1.8% | 1,871 | Δ3.3% |
| Alesion epinastine HCl/ophthalmic solution | Allergy | Japan | 720 | 1,563 | 6,698 | 218.5% | 1,182 | 64.2% | 2,409 | 54.2% | 6,407 | Δ4.3% |
| Livostin levocabastine hydrochloride/ ophthalmic solution | Allergy | Japan | 394 | 832 | 2,263 | Δ10.7% | 244 | Δ38.1% | 1,010 | 21.3% | 2,146 | Δ5.2% |
| Hyalain sodium hyaluronate/ophthalmic solution | Corneal disease | Total | 4,849 | 9,870 | 19,611 | Δ8.4% | 5,156 | 6.3% | 10,082 | 2.1% | 20,724 | 5.7% |
| | | Japan | 3,795 | 7,716 | 15,316 | Δ15.7% | 3,797 | 0.1% | 7,327 | Δ5.0% | 15,033 | Δ1.9% |
| | | Asia | 1,054 | 2,154 | 4,295 | 32.7% | 1,359 | 29.0% | 2,755 | 27.9% | 5,691 | 32.5% |
| Diquas diqafosol sodium/ophthalmic solution | Corneal disease | Total | 1,529 | 3,595 | 7,895 | Δ0.5% | 2,260 | 47.8% | 5,058 | 40.7% | 11,178 | 41.6% |
| | | Japan | 1,444 | 3,391 | 7,419 | Δ5.3% | 2,087 | 44.5% | 4,458 | 31.5% | 9,785 | 31.9% |
| | | Asia | 85 | 204 | 476 | 344.8% | 174 | 104.1% | 600 | 194.1% | 1,393 | 192.6% |
| Flumetholon fluorometholone/ophthalmic solution | Inflammation | Total | 917 | 1,946 | 3,811 | Δ2.3% | 927 | 1.0% | 2,098 | 7.8% | 3,970 | 4.2% |
| | | Japan | 640 | 1,330 | 2,844 | Δ7.5% | 617 | Δ3.5% | 1,395 | 4.9% | 2,796 | Δ1.7% |
| | | Asia | 277 | 616 | 967 | 17.5% | 309 | 11.5% | 703 | 14.1% | 1,175 | 21.5% |
| Kary Uni pirenoxine/ophthalmic solution | Senile cataract | Total | 950 | 1,993 | 3,909 | Δ1.7% | 1,099 | 15.8% | 2,217 | 11.3% | 4,388 | 12.2% |
| | | Japan | 711 | 1,473 | 2,908 | Δ8.0% | 739 | 3.9% | 1,487 | 0.9% | 3,041 | 4.6% |
| | | Asia | 239 | 519 | 1,001 | 22.6% | 361 | 51.1% | 730 | 40.6% | 1,346 | 34.5% |
| Opegan Hi sodium hyaluronate/ adjuvant for ophthalmic operations | Adjuvant for ophthalmic operations | Japan | 641 | 1,291 | 2,574 | Δ10.2% | 667 | 4.1% | 1,337 | 3.6% | 2,658 | 3.3% |
| Eylea afibercept/intravitreal injection | Intravitreal VEGF inhibitor | Japan | 4,687 | 10,629 | 24,886 | 32.7% | 9,001 | 92.1% | 15,737 | 48.1% | 33,859 | 36.1% |
| OTC pharmaceuticals | | | 1,316 | 3,248 | 6,705 | 4.1% | 2,386 | 81.3% | 3,329 | 2.5% | 6,491 | Δ3.2% |

*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, etc.

<Reference>

Research & development

■ Pipeline of prescription pharmaceuticals (Clinical Stage)

| Generic name | Dev. code | Indication | Original/Licensors | Region | P1 | P2 | P3 | NDA Filed | Approved | Launched |
|--------------|-----------|----------------------------------|------------------------------------|--------|----|----|----|-----------|----------|----------|
| Tafluprost | DE-085 | Glaucoma/ Ocular hypertension | Co-development with Asahi Glass | Asia | | | | | | Mar-10 |
| | | | | China | | | | Jan-11 | | |

A prostaglandin $F_{2\alpha}$ derivative for the treatment of glaucoma and ocular hypertension. Since December 2008, launched in Japan, Europe, and the U.S. In Asia, launched in Hong Kong, Korea, Indonesia, and Singapore, etc. NDA filed in China in January 2011.

| Generic name | Dev. code | Indication | Original/Licensors | Region | P1 | P2 | P3 | NDA Filed | Approved | Launched |
|-------------------|-----------|------------|-------------------------------------|--------|----|----|----|-----------|----------|----------|
| Diquafosol sodium | DE-089 | Dry eye | Merck Sharp & Dohme Corp. (U.S.) | Korea | | | | | | Oct-13 |
| | | | | China | | | | Jan-12 | | |
| | | | | Asia | | | | | Jul-15 | |

A dry eye treatment which stimulates secretion of mucin and aqueous components from the corneal epithelium. Its mechanism of action is different from existing treatments. Launched in December 2010 in Japan and in October 2013 in Korea. NDA filed in China in January 2012. Acquired manufacturing and marketing approval in Thailand in July 2015. Currently seeking sequential approvals for manufacturing and marketing in Asia.

| Generic name | Dev. code | Indication | Original/Licensors | Region | P1 | P2 | P3 | NDA Filed | Approved | Launched |
|----------------|-----------|------------|--------------------|--------|----|----|----|-----------|----------|----------|
| Lomerizine HCl | DE-090 | Glaucoma | MSD K.K. | Japan | | | | | | |

A new type of glaucoma treatment which inhibits the progression of visual field defects. It is the only calcium antagonist being development as an oral glaucoma treatment. Compared to NMDA receptor antagonists, it has excellent safety profile with mild systemic adverse drug reactions.

| Generic name | Dev. code | Indication | Original/Licensors | Region | P1 | P2 | P3 | NDA Filed | Approved | Launched |
|--------------|-----------|------------|--------------------|--------|----|----|----|-----------|----------|----------|
| Sirolimus | DE-109 | Uveitis | Original | U.S. | | | | | | |
| | | | | Japan | | | | | | |
| | | | | Europe | | | | Feb-15 | | |
| | | | | Asia | | | | Apr-15 | | |

An intravitreal injection with immunosuppressive effect, anti-angiogenic effect, etc. Phase 3 study is ongoing in multiple countries including the U.S. NDA filed in Europe in February 2015 and in Asia in April 2015.

| Generic name | Dev. code | Indication | Original/Licensors | Region | P1 | P2 | P3 | NDA Filed | Approved | Launched |
|--------------------------------|-----------|----------------------------------|------------------------------------|--------|----|----|----|-----------|----------|----------|
| Tafluprost/ Timolol maleate | DE-111 | Glaucoma/ Ocular hypertension | Co-development with Asahi Glass | Japan | | | | | | Nov-14 |
| | | | | Europe | | | | | | Jan-15 |
| | | | | Korea | | | | Jun-15 | | |
| | | | | Asia | | | | Mar-15 | | |

A fixed dose combination drug of a prostaglandin $F_{2\alpha}$ derivative and a beta-adrenergic receptor blocker. Launched in Japan in November 2014. Approved successively in EU countries since October 2014 and Launched since January 2015. Acquired manufacturing and marketing approval in Korea in June 2015. NDA being filed in Asian countries successively.

| Generic name | Dev. code | Indication | Original/Licensors | Region | P1 | P2 | P3 | NDA Filed | Approved | Launched |
|----------------|-----------|----------------------------------|---------------------------------------|--------|----|----|----|-----------|----------|----------|
| (Undetermined) | DE-117 | Glaucoma/ Ocular hypertension | Co-development with Ube Industries | U.S. | | | | | | |

An EP2 receptor agonist with a new mechanism of action. Completed Phase 2b in the U.S. in February 2015.

| Generic name | Dev. code | Indication | Original/Licensors | Region | P1 | P2 | P3 | NDA Filed | Approved | Launched |
|--------------|-----------|----------------------------------|------------------------------------|--------|----|----|----|-----------|----------|----------|
| Tafluprost | DE-118 | Glaucoma/ Ocular hypertension | Co-development with Asahi Glass | Japan | | | | | | Oct-13 |
| | | | | Asia | | | | Jun-15 | | |

A prostaglandin $F_{2\alpha}$ derivative for the treatment of glaucoma and ocular hypertension. Preservative-free, single dose type product. Launched in October 2013 in Japan. Acquired manufacturing and marketing approval in Hong Kong in June 2015. Seeking sequential approvals for manufacturing and marketing in Asian countries.

| Generic name | Dev. code | Indication | Original/Licensors | Region | P1 | P2 | P3 | NDA Filed | Approved | Launched |
|----------------|-----------|---|--------------------|--------|----|----|----|-----------|----------|----------|
| (Undetermined) | DE-120 | Wet Age-related macular degeneration | Original | U.S. | | | | | | |

An intravitreal injection with dual inhibitor of VEGF and PDGF. Started on Phase 2a in the U.S. since April 2015.

<Reference>

Research & development

■ Santen S.A.S. pipeline of prescription pharmaceuticals (Clinical Stage)

| Generic name | Dev. name | Indication | Original/Licensor | Region | P1 | P2 | P3 | NDA Filed | Approved | Launched |
|----------------------------|------------|--|-------------------|--------|-------------|----|----|-----------|----------|----------|
| Ciclosporin | Cyclokot | Severe keratitis in patients with dry eye | Original | Europe | Jul-15 | | | | | |
| | | | | U.S. | | | | | | |
| | | An ophthalmic emulsion which improves severe keratitis in adult patients with dry eye by immunosuppressive effect. Cationic emulsion technology has enhanced ocular tissue absorption. Lunched in Germany in July 2015 and planning successive launches in EU countries. | | | | | | | | |
| Ciclosporin | Vekacia | Vernal Keratoconjunctivitis | Original | Europe | | | | | | |
| | | | | | | | | | | |
| | | An ophthalmic emulsion which improves symptoms of vernal keratoconjunctivitis by immunosuppressive effect. Cationic emulsion technology has enhanced ocular tissue absorption. | | | | | | | | |
| Latanoprost | Catioprost | Glaucoma/ Ocular hypertension | Original | Europe | | | | | | |
| | | | | | | | | | | |
| | | An ophthalmic emulsion of a prostaglandin F _{2α} derivative, for the treatment of glaucoma and ocular hypertension. | | | | | | | | |
| Dexamethasone Palmitate | Cortiject | Diabetic macular edema | Original | U.S. | (Phase 1/2) | | | | | |
| | | | | | | | | | | |
| | | An intravitreal injection with anti-inflammatory effect. | | | | | | | | |

*Catioprost and Cortiject are under project evaluation.

■ Changes from 4Q FY14 (May 12, 2015)

| Dev. Code / name | Changes |
|------------------|---|
| DE-089 | Approved in July 2015 (Thailand) |
| DE-109 | Seeking approvals in Asian countries since April 2015 |
| DE-111 | Approved in June 2015 (Korea) |
| DE-118 | Approved in June 2015 (Hong Kong) |
| Cyclokot | Launched in July 2015 (Germany) |

<Reference>

Capital expenditures, Depreciation and amortization, and R&D expenses

■ Capital expenditures

(Millions of yen)

| | Three months ended June 30, 2014 | Six months ended September 30, 2014 | Year ended March 31, 2015 | Three months ended June 30, 2015 | Six months ending September 30, 2015 | Year ending March 31, 2016 |
|----------------------|-------------------------------------|--|------------------------------|-------------------------------------|---|-------------------------------|
| | Actual | Actual | Actual | Actual | Forecasts | Forecasts |
| Capital expenditures | 381 | 1,354 | 5,383 | 834 | 3,870 | 7,650 |

■ Depreciation and amortization

(Millions of yen)

| | Three months ended June 30, 2014 | Six months ended September 30, 2014 | Year ended March 31, 2015 | Three months ended June 30, 2015 | Six months ending September 30, 2015 | Year ending March 31, 2016 |
|--|-------------------------------------|--|------------------------------|-------------------------------------|---|-------------------------------|
| | Actual | Actual | Actual | Actual | Forecasts | Forecasts |
| Consolidated total | 776 | 2,738 | 6,958 | 2,173 | 4,420 | 9,320 |
| Manufacturing cost | 354 | 700 | 1,446 | 335 | 670 | 1,440 |
| Selling, general and administrative expenses | 261 | 1,704 | 4,843 | 1,678 | 3,320 | 7,080 |
| R&D expenses | 161 | 333 | 669 | 160 | 430 | 800 |

Note: Depreciation and amortization of above are excluded amortization of long-term prepaid expenses.

■ R&D expenses

(Millions of yen)

| | Three months ended June 30, 2014 | Six months ended September 30, 2014 | Year ended March 31, 2015 | Three months ended June 30, 2015 | Six months ending September 30, 2015 | Year ending March 31, 2016 |
|---------------|-------------------------------------|--|------------------------------|-------------------------------------|---|-------------------------------|
| | Actual | Actual | Actual | Actual | Forecasts | Forecasts |
| R&D expenses | 4,071 | 8,170 | 17,477 | 4,587 | 11,000 | 22,900 |
| Revenue ratio | 12.1% | 11.4% | 10.8% | 9.6% | 11.9% | 12.3% |

*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, etc.