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Santen Pharmaceutical Co., Ltd.

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First Quarter Financial Results for the Fiscal Year Ending March 31, 2019 [IFRS] (Consolidated)

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(JPY millions)

## 1. Consolidated performance for the three months ended June 30, 2018

### (1) Operating results (Core basis \*1)

	Three months ended June 30, 2017	Three months ended June 30, 2018	% change
Revenue	55,949	56,483	+1.0%
Core operating profit	13,698	11,669	(14.8%)
Core net profit for the period	10,166	8,628	(15.1%)
Core net profit for the period attributable to owners of the company	10,172	8,631	(15.2%)
Basic core earnings per share (yen)	25.04	21.21	
Diluted core earnings per share (yen)	24.95	21.15	

### (IFRS)

	Three months ended June 30, 2017	Three months ended June 30, 2018	% change
Revenue	55,949	56,483	+1.0%
Operating profit	12,056	10,016	(16.9%)
Profit before tax	12,082	9,455	(21.7%)
Net profit for the period	9,012	6,852	(24.0%)
Net profit for the period attributable to owners of the company	9,018	6,854	(24.0%)
Total comprehensive income for the period	12,085	7,000	(42.1%)
Basic earnings per share (yen)	22.20	16.85	
Diluted earnings per share (yen)	22.12	16.79	

### (2) Financial position

	March 31, 2018	June 30, 2018
Total assets	388,463	378,420
Total equity	287,557	289,287
Total equity attributable to owners of the company	285,823	287,580
Total equity attributable to owners of the company ratio	73.6%	76.0%
Equity per share attributable to owners of the company (yen)	702.54	706.74

## 2. Dividends

	Year to March 2018	Year to March 2019	(Forecasts) Year to March 2019
First quarter dividends per share (yen)	—	—	—
Second quarter dividends per share (yen)	13.00	—	13.00
Third quarter dividends per share (yen)	—	—	—
Year-end dividends per share (yen)	13.00	—	13.00
Annual dividends per share (yen)	26.00	—	26.00

### **3. Consolidated forecasts of results for the year ending March 31, 2019**

#### **(Core basis \*1)**

	Year to March 2019	% change
Revenue	237,000	+5.4%
Core operating profit	48,000	+5.8%
Core net profit for the year	35,300	+5.5%
Basic Core earnings per share (yen)	87.26	

#### **(IFRS)**

	Year to March 2019	% change
Revenue	237,000	+5.4%
Operating profit	40,700	+5.2%
Profit before tax	41,300	+5.2%
Net profit for the year	30,400	(13.8%)
Basic earnings per share (yen)	75.21	

#### **\*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: Yes
- [ 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, 2018 : 406,916,515
  - March 31, 2018 : 406,847,515
- [ ii ] Number of treasury shares at the end of period
  - June 30, 2018 : 7,741
  - March 31, 2018 : 7,411
- [ iii ] Average number of outstanding shares
  - First quarter ended June 30, 2018: 406,881,532
  - First quarter ended June 30, 2017: 406,176,961

##### **(Information regarding the implementation of audit procedures)**

This financial report is exempt from audit.

##### **(Information regarding presentation currency)**

All financial information presented in Japanese yen has been rounded to the nearest million, except when otherwise indicated.

##### **(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 expenses, finance income and expenses, and temporary expenses of selling, general and administrative expenses in order to provide greater transparency on underlying business performance.

# Quarterly consolidated statements of income and comprehensive income

IFRS basis	(JPY millions)	
	Three months ended June 30, 2017	Three months ended June 30, 2018
<b>Revenue</b>	<b>55,949</b>	<b>56,483</b>
Cost of sales	(21,581)	(23,022)
<b>Gross profit</b>	<b>34,367</b>	<b>33,461</b>
Selling, general and administrative expenses	(15,056)	(16,173)
Research and development expenses	(5,613)	(5,619)
Amortization on intangible assets associated with products	(1,656)	(1,739)
Other income	83	118
Other expenses	(69)	(33)
<b>Operating profit</b>	<b>12,056</b>	<b>10,016</b>
Finance income	451	500
Finance expenses	(425)	(1,060)
<b>Profit before tax</b>	<b>12,082</b>	<b>9,455</b>
Income tax expenses	(3,070)	(2,604)
<b>Net profit for the period</b>	<b>9,012</b>	<b>6,852</b>
<b>Other comprehensive income</b>		
Items that will not be reclassified subsequently to profit of loss		
Remeasurements of defined benefit plans	—	—
Net gain on financial assets measured at fair value through other comprehensive income	1,478	(1,327)
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustments	1,595	1,476
<b>Other comprehensive income</b>	<b>3,073</b>	<b>149</b>
<b>Total comprehensive income</b>	<b>12,085</b>	<b>7,000</b>
Profit attributable to		
Owners of the company	9,018	6,854
Non-controlling interests	(5)	(3)
<b>Net profit for the period</b>	<b>9,012</b>	<b>6,852</b>
Total comprehensive income attributable to		
Owners of the company	12,073	7,028
Non-controlling interests	12	(27)
<b>Total comprehensive income</b>	<b>12,085</b>	<b>7,000</b>
<b>Earnings per share</b>		
Basic earnings per share (yen)	22.20	16.85
Diluted earnings per share (yen)	22.12	16.79

Core basis	(JPY millions)	
	Three months ended June 30, 2017	Three months ended June 30, 2018
Revenue	55,949	56,483
Core operating profit	13,698	11,669
Core net profit for the period	10,166	8,628
Basic core earnings per share (yen)	25.04	21.21
Diluted core earnings per share (yen)	24.95	21.15
Core profit attributable to		
Owners of the company	10,172	8,631
Non-controlling interests	(5)	(3)
<b>Core net profit for the period</b>	<b>10,166</b>	<b>8,628</b>

## Quarterly consolidated statement of financial position

Assets	(JPY millions)	
	March 31, 2018	June 30, 2018
<b>Non-current assets</b>		
Property, plant and equipment	29,706	30,614
Intangible assets	134,495	134,840
Financial assets	35,775	34,118
Deferred tax assets	2,264	2,443
Other non-current assets	2,855	1,965
<b>Total non-current assets</b>	<b>205,095</b>	<b>203,981</b>
<b>Current assets</b>		
Inventories	30,636	31,815
Trade and other receivables	78,654	80,570
Other financial assets	472	355
Other current assets	4,322	4,216
Cash and cash equivalents	69,283	57,483
<b>Total current assets</b>	<b>183,367</b>	<b>174,440</b>
<b>Total assets</b>	<b>388,463</b>	<b>378,420</b>

## Equity and liabilities

(JPY millions)

	March 31, 2018	June 30, 2018
<b>Equity</b>		
Share capital	8,032	8,061
Capital surplus	8,657	8,687
Treasury shares	(11)	(12)
Retained earnings	249,225	250,790
Other components of equity	19,921	20,054
<b>Total equity attributable to owners of the company</b>	<b>285,823</b>	<b>287,580</b>
<b>Non-controlling interests</b>	<b>1,734</b>	<b>1,707</b>
<b>Total equity</b>	<b>287,557</b>	<b>289,287</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Financial liabilities	21,244	22,060
Net defined benefit liabilities	1,804	2,039
Provisions	1,367	1,390
Deferred tax liabilities	12,909	13,577
Other non-current liabilities	1,380	1,418
<b>Total non-current liabilities</b>	<b>38,704</b>	<b>40,483</b>
<b>Current liabilities</b>		
Trade and other payables	29,743	27,118
Other financial liabilities	14,404	11,491
Income tax payable	7,656	2,280
Provisions	1,508	883
Other current liabilities	8,890	6,877
<b>Total current liabilities</b>	<b>62,201</b>	<b>48,650</b>
<b>Total liabilities</b>	<b>100,905</b>	<b>89,133</b>
<b>Total equity and liabilities</b>	<b>388,463</b>	<b>378,420</b>

## Quarterly consolidated statement of changes in equity

Three months ended June 30, 2017

(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
<b>Balance at April 1, 2017</b>	7,792	8,417	(10)	223,283	—	9,470
<b>Comprehensive income</b>						
Net profit for the period				9,018		
Other comprehensive income						1,478
Total comprehensive income	—	—	—	9,018	—	1,478
<b>Transactions with owners</b>						
Issuance of new shares	6	6				
Acquisition of treasury shares			(0)			
Dividends				(5,280)		
Other				1		(1)
Total transactions with owners	6	6	(0)	(5,279)	—	(1)
<b>Balance at June 30, 2017</b>	7,798	8,423	(10)	227,021	—	10,947

(JPY millions)

	Other components of equity			Total equity attributable to owners of the company	Non-controlling interests	Total equity
	Foreign currency translation adjustments	Subscription rights to shares	Total			
<b>Balance at April 1, 2017</b>	5,332	825	15,628	255,110	819	255,929
<b>Comprehensive income</b>						
Net profit for the period			—	9,018	(5)	9,012
Other comprehensive income	1,578		3,056	3,056	17	3,073
Total comprehensive income	1,578	—	3,056	12,073	12	12,085
<b>Transactions with owners</b>						
Issuance of new shares		(3)	(3)	10		10
Acquisition of treasury shares			—	(0)		(0)
Dividends			—	(5,280)		(5,280)
Other			(1)	—		—
Total transactions with owners	—	(3)	(4)	(5,271)	—	(5,271)
<b>Balance at June 30, 2017</b>	6,910	823	18,680	261,912	831	262,743

Three months ended June 30, 2018

(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
<b>Balance at April 1, 2018</b>	8,032	8,657	(11)	249,225	—	14,364
<b>Comprehensive income</b>						
Net profit for the period				6,854		
Other comprehensive income						(1,327)
<b>Total comprehensive income</b>	—	—	—	6,854	—	(1,327)
<b>Transactions with owners</b>						
Issuance of new shares	29	29				
Acquisition of treasury shares			(1)			
Dividends				(5,289)		
<b>Total transactions with owners</b>	29	29	(1)	(5,289)	—	—
<b>Balance at June 30, 2018</b>	8,061	8,687	(12)	250,790	—	13,037

(JPY millions)

	Other components of equity			Total equity attributable to owners of the company	Non-controlling interests	Total equity
	Foreign currency translation adjustments	Subscription rights to shares	Total			
<b>Balance at April 1, 2018</b>	4,583	975	19,921	285,823	1,734	287,557
<b>Comprehensive income</b>						
Net profit for the period			—	6,854	(3)	6,852
Other comprehensive income	1,500		173	173	(25)	149
<b>Total comprehensive income</b>	1,500	—	173	7,028	(27)	7,000
<b>Transactions with owners</b>						
Issuance of new shares		(40)	(40)	18		18
Acquisition of treasury shares			—	(1)		(1)
Dividends			—	(5,289)		(5,289)
<b>Total transactions with owners</b>	—	(40)	(40)	(5,271)	—	(5,271)
<b>Balance at June 30, 2018</b>	6,083	935	20,054	287,580	1,707	289,287

## Quarterly consolidated statements of cash flows

(JPY millions)

	Three months ended June 30, 2017	Three months ended June 30, 2018
<b>Cash flows from operating activities:</b>		
Net profit for the period	9,012	6,852
Depreciation and amortization	2,666	2,749
Impairment losses	37	—
Finance expenses (income)	(130)	(155)
Income tax expenses	3,070	2,604
Decrease (increase) in trade and other receivables	(5,659)	(1,991)
Decrease (increase) in inventories	1,905	(1,329)
Increase (decrease) in trade and other payables	(272)	(2,581)
Increase (decrease) in provisions and net defined benefit liabilities	237	(332)
Other	(3,298)	(2,296)
Subtotal	7,567	3,521
Interest received	20	58
Dividends received	274	257
Interest paid	(9)	(3)
Income tax paid	(2,777)	(7,040)
<b>Net cash flows from (used in) operating activities</b>	<b>5,075</b>	<b>(3,207)</b>
<b>Cash flows from investing activities:</b>		
Payments for acquisition of investments	(2)	(211)
Proceeds from sales of investments	2	—
Payments for acquisition of property, plant and equipment	(667)	(1,122)
Payments for acquisition of intangible assets	(516)	(446)
Other	(7)	(24)
<b>Net cash flows from (used in) investing activities</b>	<b>(1,190)</b>	<b>(1,802)</b>
<b>Cash flows from financing activities:</b>		
Repayments of long-term loans	(2,287)	(1,454)
Dividends paid	(5,181)	(5,205)
Other	9	17
<b>Net cash flows from (used in) financing activities</b>	<b>(7,460)</b>	<b>(6,642)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(3,576)</b>	<b>(11,652)</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>52,282</b>	<b>69,283</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>245</b>	<b>(207)</b>
<b>Cash and cash equivalents at the end of period</b>	<b>48,952</b>	<b>57,425</b>

# Revenue of major pharmaceuticals

(JPY millions)

Brand name Generic name/formulation	Therapeutic category	Region	Year ended March 31, 2018				Year ending March 31, 2019			
			Three months ended June 30, 2017 Actual	Changes from same period of previous year	Year ended March 31, 2018 Actual	Changes from same period of previous year	Three months ended June 30, 2018 Actual	Changes from same period of previous year	Year ending March 31, 2019 Forecasts	Changes from same period of previous year
Cravit levofloxacin/ophthalmic solution	Bacterial conjunctivitis	Total	3,746	8.3%	14,944	16.0%	3,766	0.5%	15,443	3.3%
		Japan	1,175	(12.0%)	4,105	(11.9%)	898	(23.6%)	3,415	(16.8%)
		Asia	2,159	17.4%	9,225	32.2%	2,448	13.4%	10,154	10.1%
		EMEA	412	44.4%	1,614	29.7%	420	2.0%	1,874	16.1%
Tarivid ofloxacin/ophthalmic solution	Bacterial conjunctivitis	Total	473	11.8%	1,581	2.6%	358	(24.4%)	1,467	(7.2%)
		Japan	144	(8.0%)	508	(9.2%)	136	(6.0%)	418	(17.6%)
		Asia	329	23.4%	1,073	9.3%	222	(32.5%)	1,049	(2.2%)
		EMEA	252	278.4%	1,255	148.8%	66	76.4%	2,208	75.9%
Tapcom tafluprost-timolol maleate/ combination ophthalmic solution	Glaucoma	Total	925	46.4%	3,892	39.1%	1,155	24.9%	4,880	25.4%
		Japan	646	15.4%	2,479	9.9%	644	(0.3%)	2,454	(1.0%)
		Asia	26	417.8%	158	317.6%	66	148.8%	219	38.4%
		EMEA	252	278.4%	1,255	148.8%	445	76.4%	2,208	75.9%
Tapros tafluprost/ophthalmic solution	Glaucoma	Total	4,521	8.9%	17,844	8.8%	4,615	2.1%	18,883	5.8%
		Japan	2,524	0.0%	9,610	0.2%	2,414	(4.4%)	9,686	0.8%
		Asia	411	31.4%	1,807	47.3%	522	27.1%	2,026	12.1%
		EMEA	1,586	20.6%	6,427	15.0%	1,679	5.9%	7,171	11.6%
Cosopt dorzolamide hydrochloride-timolol maleate/combination ophthalmic solution	Glaucoma	Total	6,152	3.5%	24,200	9.2%	6,129	(0.4%)	21,202	(12.4%)
		Japan	3,004	(1.6%)	11,403	0.3%	2,759	(8.2%)	8,957	(21.4%)
		Asia	796	13.1%	3,197	19.8%	937	17.7%	3,317	3.8%
		EMEA	2,352	7.7%	9,600	18.1%	2,432	3.4%	8,928	(7.0%)
Timoptol timolol maleate/ ophthalmic solution	Glaucoma	Total	402	(11.3%)	1,451	(3.8%)	275	(31.6%)	990	(31.8%)
		Japan	231	(17.5%)	787	(18.7%)	139	(40.1%)	470	(40.3%)
		Asia	28	(7.4%)	116	(2.7%)	30	5.6%	112	(3.3%)
		EMEA	142	0.1%	548	30.1%	106	(25.2%)	408	(25.6%)
Timoptol XE timolol maleate/ long-acting ophthalmic solution	Glaucoma	Total	602	(2.6%)	2,221	(6.8%)	513	(14.8%)	1,976	(11.0%)
		Japan	392	(14.7%)	1,407	(12.9%)	323	(17.7%)	1,203	(14.5%)
		Asia	26	14.0%	105	19.1%	28	6.7%	109	3.6%
		EMEA	184	35.4%	709	4.4%	162	(11.9%)	664	(6.3%)
Trusopt dorzolamide hydrochloride/ ophthalmic solution	Glaucoma	Total	1,189	4.8%	4,677	7.7%	1,154	(2.9%)	4,547	(2.8%)
		Japan	448	(6.1%)	1,641	(5.2%)	398	(11.1%)	1,446	(11.9%)
		Asia	78	12.9%	327	20.9%	100	28.9%	462	41.3%
		EMEA	663	12.7%	2,709	15.7%	656	(1.1%)	2,639	(2.6%)
Rescula isopropyl unoprostone/ ophthalmic solution	Glaucoma	Total	403	(12.0%)	1,467	(10.1%)	328	(18.6%)	1,256	(14.4%)
		Japan	403	(12.0%)	1,467	(10.1%)	328	(18.6%)	1,256	(14.4%)
Alesion epinastine hydrochloride/ ophthalmic solution	Allergy	Total	2,666	31.1%	16,851	37.7%	2,345	(12.0%)	17,727	5.2%
		Japan	2,666	31.1%	16,851	37.7%	2,345	(12.0%)	17,727	5.2%
Flumetholon fluorometholone/ ophthalmic solution	Inflammation	Total	901	4.8%	3,497	4.5%	841	(6.7%)	3,141	(10.2%)
		Japan	544	(3.1%)	2,113	(5.0%)	405	(25.5%)	1,652	(21.8%)
		Asia	358	19.5%	1,385	23.2%	436	22.1%	1,490	7.6%
Kary Uni pirenoxine/ ophthalmic solution	Senile cataract	Total	1,222	15.7%	4,413	7.0%	1,015	(17.0%)	4,398	(0.3%)
		Japan	734	(4.2%)	2,741	(3.2%)	671	(8.5%)	2,644	(3.6%)
		Asia	489	68.2%	1,672	29.6%	344	(29.7%)	1,755	4.9%
Oftan Catachrom cytochrome C, adenosine, nicotinamide/ ophthalmic solution	Senile cataract	Total	772	141.4%	2,695	21.2%	627	(18.8%)	2,800	3.9%
		EMEA	772	141.4%	2,695	21.2%	627	(18.8%)	2,800	3.9%
Opegan Hi sodium hyaluronate/ adjuvant for ophthalmic operations	Adjuvant for ophthalmic operations	Total	621	(1.5%)	2,304	0.8%	542	(12.8%)	2,109	(8.5%)
		Japan	621	(1.5%)	2,304	0.8%	542	(12.8%)	2,109	(8.5%)
Eylea afibercept/ solution for intravitreal injection	Intravitreal VEGF inhibitor	Total	13,107	10.2%	51,517	14.1%	13,976	6.6%	54,473	5.7%
		Japan	13,107	10.2%	51,517	14.1%	13,976	6.6%	54,473	5.7%
Hyalein sodium hyaluronate/ophthalmic solution	Dry eye	Total	4,709	(1.1%)	18,170	3.3%	4,864	3.3%	17,708	(2.5%)
		Japan	2,993	(8.4%)	10,772	(9.1%)	2,287	(23.6%)	8,541	(20.7%)
		Asia	1,717	14.7%	7,397	28.8%	2,576	50.1%	9,167	23.9%
Diquas diquafosol sodium/ophthalmic solution	Dry eye	Total	3,511	20.3%	14,286	19.6%	3,678	4.8%	16,087	12.6%
		Japan	3,189	18.8%	12,822	16.4%	3,355	5.2%	14,463	12.8%
		Asia	322	37.7%	1,463	58.3%	322	0.1%	1,625	11.0%
Ikervis ciclosporin/ophthalmic solution	Dry eye	Total	479	191.8%	2,049	57.2%	723	50.8%	2,880	40.6%
		Asia	2	-	68	-	82	-	327	377.0%
		EMEA	478	190.9%	1,981	52.2%	641	34.1%	2,553	28.9%
Cationorm	Dry eye	Total	503	56.6%	2,092	14.0%	604	20.1%	3,116	49.0%
		Asia	48	68.0%	199	72.3%	37	(22.9%)	173	(13.2%)
		EMEA	405	38.2%	1,670	16.1%	515	27.2%	2,713	62.5%
OTC pharmaceuticals		Total	3,980	34.1%	14,594	16.3%	3,514	(11.7%)	16,498	13.0%
		Japan	3,918	33.1%	14,301	15.1%	3,454	(11.8%)	16,144	12.9%
		Asia	62	154.1%	293	121.8%	60	(2.2%)	355	20.8%

Exchange rate (yen)	Major currency	1st quarter ended June 30, 2017	Fiscal year ended March 31, 2018	1st quarter ended June 30, 2018	Fiscal year to March 31, 2019(Forecasts)
	US dollar	111.33	110.94	108.87	110.00
Euro	122.95	129.92	129.57	130.00	
CNY	16.22	16.84	17.01	17.00	

\*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.

# Research & development

As of August 1, 2018

## ■ Pipeline of prescription pharmaceuticals (Clinical Stage)

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.)	China					Oct-2017	
<p>A dry eye treatment which stimulates secretion of mucin and aqueous components from the corneal and conjunctival epithelium. Its mechanism of action is different from existing treatments. Launched in December 2010 in Japan. Acquired import drug license in October 2017 and planning to launch in FY2018 in China. Launched in October 2013 in Korea. Launched in February 2016 in Vietnam. Launched in April 2016 in Thailand. Currently seeking sequential approvals for marketing in Asia.</p>										
Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
sirolimus	DE-109	Uveitis	Original	U.S.						
				Japan						
				Europe						
				Asia				Apr-2015		
<p>An intravitreal injection with immunosuppressive effect, anti-angiogenic effect, etc. Planning to start an additional clinical trial in the 2nd half of FY2018 in the U.S. NDA filed in April 2015 in Asia.</p>										
Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
epinastine hydrochloride	DE-114A	Allergic conjunctivitis	Nippon Boehringer Ingelheim	Japan						
<p>An H<sub>1</sub> receptor antagonist with membrane-stabilizing function, as treatment for allergic conjunctivitis. High dose drug. Completed Phase 3 in July 2018 and planning to file in the 2nd half of FY2018 in Japan.</p>										
Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
omidenepeg isopropyl	DE-117	Glaucoma/ Ocular hypertension	Co-development with Ube Industries	U.S.						
				Japan				Nov-2017		
				Asia						
<p>An EP2 receptor agonist with a new mechanism of action. Completed Phase 2b in February 2015 and planning to start Phase 3 in the 2nd half of FY2018 in the U.S. Filed for manufacturing and marketing approval in November 2017 and planning to receive approval in the 2nd half of FY2018 in Japan. Started Phase 3 in December 2016 and planning to complete in the 2nd half of FY2018 in Asia.</p>										
Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
carotuximab	DE-122	Wet Age-related macular degeneration	TRACON Pharmaceuticals	U.S.		(Phase 2a)				
<p>An intravitreal injection of anti-endothelin antibody. Started Phase 2a in July 2017 and planning to complete in January ~ June 2019 for development in the U.S.</p>										
Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
sepetaprost	DE-126	Glaucoma/ Ocular hypertension	ONO PHARMACEUTICAL	U.S.		(Phase 2b)				
				Japan		(Phase 2b)				
<p>A prostaglandin analogue eye drop drug product with a novel mode of action that is both FP and EP3 receptors dual agonist for the treatment of glaucoma and ocular hypertension. Started Phase 2b in July 2017 in the U.S. and Japan.</p>										
Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
atropine sulfate	DE-127	Myopia	Singapore Health Services, Nanyang Technological University	Asia						
<p>Muscarinic antagonist which reduces juvenile myopia progression. Started Phase 2 in November 2017 and planning to complete in the 2nd half of FY2019 in Asia.</p>										
—	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
—	DE-128 (InnFocus MicroShunt)	Glaucoma	Original	U.S.			(Phase 2/3)			
				Europe						
<p>In August 2016, acquired InnFocus, developer of InnFocus MicroShunt. MicroShunt is a drainage implant device designed to lower and sustain intraocular pressure (IOP) for the treatment of primary open-angle glaucoma through the drainage of aqueous humor. Conducting Phase 2/3 in the U.S. and Europe in advance of application to FDA and planning to complete 2018~2019. Planning to launch in 2020 ~ 2021. Received CE Mark in Europe.</p>										
Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
ciclosporin	DE-076B (Cyclokat)	Severe keratitis in patients with dry eye	Original	U.S.						
				Asia					Dec-2017	
<p>An ophthalmic emulsion to treat severe keratitis in adult patients with dry eye through an immunosuppressive effect. Cationic emulsion technology has enhanced ocular tissue absorption. Launched in July 2015 in Germany and England with successive launches following in European countries. Currently seeking sequential approvals for marketing in Asia and launched in December 2017 in Thailand.</p>										

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
ciclosporin	DE-076C (Vekacia)	Vernal keratoconjunctivitis	Original	Europe					July-2018	
An ophthalmic emulsion which improves vernal keratoconjunctivitis by immunosuppressive effect. Cationic emulsion technology has enhanced ocular tissue absorption. Received marketing authorization from the European Commission in July 2018.										

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
latanoprost	DE-130A (Catioprost)	Glaucoma/ Ocular hypertension	Original	Europe						
An ophthalmic emulsion of a prostaglandin F <sub>2α</sub> derivative, for the treatment of glaucoma and ocular hypertension.										

■ Change from Q4 FY17 (May 9, 2018)

Dev. code	Change
DE-076C (Vekacia)	Received marketing authorization from the European Commission in July 2018.

## Other consolidated information

### Capital expenditures

(JPY millions)

	Three months ended June 30, 2017	Year ended March 31, 2018	Three months ended June 30, 2018	Year ending March 31, 2019
	Actual			Forecast
Consolidated	974	5,445	1,280	7,480

### Depreciation and amortization

(JPY millions)

	Three months ended June 30, 2017	Year ended March 31, 2018	Three months ended June 30, 2018	Year ending March 31, 2019
	Actual			Forecast
Manufacturing cost	470	1,950	473	2,040
Selling, general and administrative expenses	357	1,453	375	1,520
R&D expenses	184	752	161	700
Consolidated total	1,011	4,155	1,009	4,260

Note: Excluding amortization on intangible assets associated with products and long-term advance expense.

### Amortization on intangible assets associated with products

(JPY millions)

	Three months ended June 30, 2017	Year ended March 31, 2018	Three months ended June 30, 2018	Year ending March 31, 2019
	Actual			Forecast
Intangible assets (Merck products)	1,380	5,592	1,452	5,810
Intangible assets (Ikervis)	174	736	183	740
Other	102	412	103	380
Consolidated total	1,656	6,740	1,739	6,930

### Research and Development expenses

(JPY millions)

	Three months ended June 30, 2017	Year ended March 31, 2018	Three months ended June 30, 2018	Year ending March 31, 2019
	Actual			Forecast
Consolidated	5,613	24,398	5,619	25,000
Percent of revenue	10.0%	10.8%	9.9%	10.5%

\*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.