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Santen Pharmaceutical Co., Ltd.

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Third Quarter Financial Results for the Fiscal Year Ending March 31, 2020 [IFRS] (Consolidated)

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(JPY millions)

1. Consolidated performance for the nine months ended December 31, 2019

(1) Operating results

(Core basis *1)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	% change
Revenue	173,210	182,326	+5.3%
Core operating profit	35,082	37,980	+8.3%
Core net profit for the period	25,655	27,206	+6.0%
Core net profit for the period attributable to owners of the company	25,663	27,229	+6.1%
Basic core earnings per share (yen)	63.06	68.22	
Diluted core earnings per share (yen)	62.87	68.02	

(IFRS)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	% change
Revenue	173,210	182,326	+5.3%
Operating profit	33,657	28,942	(14.0%)
Profit before tax	32,405	28,964	(10.6%)
Net profit for the period	23,367	20,278	(13.2%)
Net profit for the period attributable to owners of the company	23,376	20,301	(13.2%)
Total comprehensive income for the period	21,732	21,515	(1.0%)
Basic earnings per share (yen)	57.44	50.86	
Diluted earnings per share (yen)	57.26	50.71	

(2) Financial position

	March 31, 2019	December 31, 2019
Total assets	391,186	407,712
Total equity	292,572	303,813
Total equity attributable to owners of the company	290,900	302,248
Total equity attributable to owners of the company ratio	74.4%	74.1%
Equity per share attributable to owners of the company (yen)	728.97	757.27

2. Dividends

	Year to March 2019	Year to March 2020	(Forecasts) Year to March 2020
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	—	14.00
Annual dividends per share (yen)	26.00	—	27.00

3. Consolidated forecasts of results for the year ending March 31, 2020

(Core basis *1)

	Year to March 2020	% change
Revenue	248,000	+6.0%
Core operating profit	51,000	+5.7%
Core net profit for the year	37,700	+4.5%
Core earnings per share (yen)	95.29	

(IFRS)

	Year to March 2020	% change
Revenue	248,000	+6.0%
Operating profit	34,500	(23.5%)
Profit before tax	34,300	(20.4%)
Net profit for the year	23,200	(27.4%)
Basic earnings per share (yen)	58.98	

***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)
 - December 31, 2019 : 399,864,354
 - March 31, 2019 : 399,782,354
- [ii] Number of treasury shares at the end of period
 - December 31, 2019 : 608,035
 - March 31, 2019 : 663,412
- [iii] Average number of outstanding shares (during the fiscal year ended December 31)
 - Third quarter ended December 31, 2019: 399,115,964
 - Third quarter ended December 31, 2018: 406,966,797

(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	(JPY millions)	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Revenue	173,210	182,326
Cost of sales	(69,814)	(74,357)
Gross profit	103,397	107,968
Selling, general and administrative expenses	(51,224)	(52,835)
Research and development expenses	(17,091)	(17,153)
Amortization on intangible assets associated with products	(5,233)	(7,412)
Other income	3,929	289
Other expenses	(121)	(1,915)
Operating profit	33,657	28,942
Finance income	863	874
Finance expenses	(2,115)	(853)
Profit before tax	32,405	28,964
Income tax expenses	(9,037)	(8,686)
Net profit for the period	23,367	20,278
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	(2,733)	3,303
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustments	1,098	(2,066)
Other comprehensive income	(1,635)	1,237
Total comprehensive income	21,732	21,515
Profit attributable to		
Owners of the company	23,376	20,301
Non-controlling interests	(8)	(23)
Net profit for the period	23,367	20,278
Total comprehensive income attributable to		
Owners of the company	21,819	21,622
Non-controlling interests	(87)	(107)
Total comprehensive income	21,732	21,515
Earnings per share		
Basic earnings per share (yen)	57.44	50.86
Diluted earnings per share (yen)	57.26	50.71

Core basis	(JPY millions)	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Revenue	173,210	182,326
Core operating profit	35,082	37,980
Core net profit for the period	25,655	27,206
Basic core earnings per share (yen)	63.06	68.22
Diluted core earnings per share (yen)	62.87	68.02
Core profit attributable to		
Owners of the company	25,663	27,229
Non-controlling interests	(8)	(23)
Core net profit for the period	25,655	27,206

Quarterly consolidated statement of financial position

Assets	(JPY millions)	
	March 31, 2019	December 31, 2019
Non-current assets		
Property, plant and equipment	31,699	39,211
Intangible assets	131,110	124,493
Financial assets	30,044	32,567
Deferred tax assets	1,771	2,218
Other non-current assets	1,819	1,811
Total non-current assets	196,444	200,302
Current assets		
Inventories	35,235	33,037
Trade and other receivables	84,618	87,222
Other financial assets	267	462
Other current assets	3,826	4,094
Cash and cash equivalents	70,796	82,595
Total current assets	194,742	207,411
Total assets	391,186	407,712

Equity and liabilities

(JPY millions)

	March 31, 2019	December 31, 2019
Equity		
Equity attributable to owners of the company		
Share capital	8,252	8,296
Capital surplus	8,661	8,683
Treasury shares	(1,131)	(1,033)
Retained earnings	258,659	269,907
Other components of equity	16,461	16,394
Total equity attributable to owners of the company	290,900	302,248
Non-controlling interests	1,672	1,565
Total equity	292,572	303,813
Liabilities		
Non-current liabilities		
Financial liabilities	23,520	30,945
Net defined benefit liabilities	1,992	2,348
Provisions	1,255	612
Deferred tax liabilities	9,389	9,564
Other non-current liabilities	1,795	1,477
Total non-current liabilities	37,951	44,946
Current liabilities		
Trade and other payables	32,079	30,628
Other financial liabilities	12,116	15,944
Income tax payable	7,185	3,856
Provisions	717	558
Other current liabilities	8,566	7,968
Total current liabilities	60,663	58,954
Total liabilities	98,614	103,900
Total equity and liabilities	391,186	407,712

Quarterly consolidated statement of changes in equity

Nine months ended December 31, 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
Balance at April 1, 2018	8,032	8,657	(11)	249,225	—	14,364
Comprehensive income						
Net profit for the period				23,376		
Other comprehensive income						(2,733)
Total comprehensive income	—	—	—	23,376	—	(2,733)
Transactions with owners						
Issuance of new shares	87	87				
Acquisition of treasury shares			(1)			
Dividends				(10,581)		
Share-based payments	67	(29)				
Other				385		(385)
Total transactions with owners	154	57	(1)	(10,196)	—	(385)
Balance at December 31, 2018	8,186	8,714	(12)	262,404	—	11,245

	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			
Balance at April 1, 2018	4,583	975	19,921	285,823	1,734	287,557
Comprehensive income						
Net profit for the period			—	23,376	(8)	23,367
Other comprehensive income	1,177		(1,557)	(1,557)	(79)	(1,635)
Total comprehensive income	1,177	—	(1,557)	21,819	(87)	21,732
Transactions with owners						
Issuance of new shares		(150)	(150)	23		23
Acquisition of treasury shares			—	(1)		(1)
Dividends			—	(10,581)		(10,581)
Share-based payments			—	38		38
Other			(385)	—		—
Total transactions with owners	—	(150)	(535)	(10,521)	—	(10,521)
Balance at December 31, 2018	5,759	825	17,830	297,122	1,647	298,769

Nine months ended December 31, 2019

(JPY millions)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Remeasurements of defined benefit plans	Net gain or loss on financial assets measured at fair value through other comprehensive income
Balance at April 1, 2019	8,252	8,661	(1,131)	258,659	—	10,230
Comprehensive income						
Net profit for the period				20,301		
Other comprehensive income						3,303
Total comprehensive income	—	—	—	20,301	—	3,303
Transactions with owners						
Issuance of new shares	45	45				
Acquisition of treasury shares			(22)			
Disposals of treasury shares		(99)	121			
Dividends				(10,379)		
Share-based payments		76				
Other				1,326		(1,326)
Total transactions with owners	45	22	99	(9,053)	—	(1,326)
Balance at December 31, 2019	8,296	8,683	(1,033)	269,907	—	12,207

	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			
Balance at April 1, 2019	5,428	802	16,461	290,900	1,672	292,572
Comprehensive income						
Net profit for the period			—	20,301	(23)	20,278
Other comprehensive income	(1,981)		1,322	1,322	(84)	1,237
Total comprehensive income	(1,981)	—	1,322	21,622	(107)	21,515
Transactions with owners						
Issuance of new shares		(62)	(62)	28		28
Acquisition of treasury shares			—	(22)		(22)
Disposals of treasury shares			—	22		22
Dividends			—	(10,379)		(10,379)
Share-based payments			—	76		76
Other			(1,326)	—		—
Total transactions with owners	—	(62)	(1,388)	(10,275)	—	(10,275)
Balance at December 31, 2019	3,447	740	16,394	302,248	1,565	303,813

Quarterly consolidated statements of cash flows

(JPY millions)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
I . Cash flows from operating activities:		
Net profit for the period	23,367	20,278
Depreciation and amortization	8,223	12,344
Gain on disposal of non-current assets	(3,592)	(0)
Finance expenses (income)	(151)	(578)
Income tax expenses	9,037	8,686
Decrease (increase) in trade and other receivables	(370)	(2,856)
Decrease (increase) in inventories	(735)	1,560
Increase (decrease) in trade and other payables	(1,696)	(1,337)
Increase (decrease) in provisions and net defined benefit liabilities	(380)	(405)
Other	594	2,607
Subtotal	34,297	40,299
Interest received	154	128
Dividends received	518	578
Interest paid	(7)	(129)
Income tax paid	(12,268)	(13,513)
Net cash flows from (used in) operating activities	22,694	27,362
II . Cash flows from investing activities:		
Payments for acquisition of investments	(767)	(149)
Proceeds from sales of investments	1,025	2,616
Payments for acquisition of property, plant and equipment	(4,468)	(4,653)
Proceeds from sale of property, plant and equipment	4,338	0
Payments for acquisition of intangible assets	(2,165)	(2,300)
Other	(156)	958
Net cash flows from (used in) investing activities	(2,193)	(3,528)
III . Cash flows from financing activities:		
Proceeds from long-term loans	578	917
Repayments of long-term loans	(4,098)	—
Dividends paid	(10,493)	(10,309)
Repayments of lease obligations	(3)	(2,129)
Other	22	6
Net cash flows from (used in) financing activities	(13,993)	(11,514)
IV . Net increase (decrease) in cash and cash equivalents	6,507	12,320
V . Cash and cash equivalents at the beginning of period	69,283	70,796
VI . Effect of exchange rate changes on cash and cash equivalents	(397)	(521)
VII . Cash and cash equivalents at the end of period	75,394	82,595

Revenue of major products

(JPY millions)

Brand name Generic name/formulation	Therapeutic category	Region	Year ended March 31, 2019				Year ending March 31, 2020			
			Nine months ended December 31, 2018 Actual	Changes from same period of previous year	Year ended March 31 2019 Actual	Changes from same period of previous year	Nine months ended December 31, 2019 Actual	Changes from same period of previous year	Year ending March 31 2020 Forecasts**	Changes from same period of previous year
Cravit levofloxacin/ophthalmic solution	Bacterial conjunctivitis	Total	11,513	0.7%	15,028	0.6%	12,844	11.6%	15,733	4.7%
		Japan	2,569	(23.7%)	3,175	(22.7%)	2,101	(18.2%)	2,528	(20.4%)
		China	6,697	14.2%	8,860	10.9%	8,390	25.3%	9,924	12.0%
		Asia	1,097	14.6%	1,524	23.5%	1,262	15.0%	1,873	22.9%
		EMEA	1,150	(7.7%)	1,468	(9.0%)	1,092	(5.0%)	1,407	(4.2%)
Tarivid ofloxacin/ophthalmic solution	Bacterial conjunctivitis	Total	1,129	(9.4%)	1,445	(8.6%)	1,158	2.5%	1,472	1.9%
		Japan	390	(6.0%)	482	(5.2%)	339	(13.1%)	364	(24.5%)
		China	470	(14.0%)	599	(13.8%)	502	6.9%	581	(3.0%)
		Asia	270	(5.5%)	364	(3.7%)	317	17.3%	527	44.9%
Tapcom tafluprost-timolol maleate/ combination ophthalmic solution	Glaucoma	Total	3,612	21.8%	4,788	23.0%	4,185	15.8%	5,708	19.2%
		Japan	2,002	2.5%	2,549	2.8%	2,008	0.3%	2,724	6.9%
		Asia	221	102.3%	308	94.9%	292	32.0%	400	29.7%
		EMEA	1,389	53.7%	1,930	53.9%	1,885	35.7%	2,583	33.8%
Tapros tafluprost/ophthalmic solution	Glaucoma	Total	13,942	1.1%	18,014	1.0%	14,057	0.8%	18,645	3.5%
		Japan	7,526	(0.8%)	9,554	(0.6%)	7,268	(3.4%)	9,135	(4.4%)
		China	156	66.5%	228	54.8%	311	99.2%	370	62.3%
		Asia	1,415	13.2%	1,857	11.9%	1,439	1.7%	1,992	7.2%
		EMEA	4,846	(0.2%)	6,375	(0.8%)	5,040	4.0%	7,149	12.1%
Cosopt dorzolamide hydrochloride-timolol maleate/combination ophthalmic solution	Glaucoma	Total	16,956	(8.9%)	21,985	(9.2%)	16,361	(3.5%)	20,341	(7.5%)
		Japan	7,247	(20.0%)	8,919	(21.8%)	6,006	(17.1%)	7,608	(14.7%)
		Asia	2,769	13.5%	3,675	14.9%	3,032	9.5%	3,745	1.9%
		EMEA	6,939	(2.6%)	9,392	(2.2%)	7,323	5.5%	8,988	(4.3%)
Timoptol timolol maleate/ ophthalmic solution (* Including Timoptol XE)	Glaucoma	Total	2,265	(23.2%)	2,874	(21.7%)	1,967	(13.2%)	2,756	(4.1%)
		Japan	1,320	(26.9%)	1,645	(25.0%)	1,097	(16.9%)	1,561	(5.1%)
		Asia	169	3.1%	221	(0.2%)	169	(0.5%)	231	4.7%
		EMEA	776	(20.8%)	1,008	(19.8%)	701	(9.6%)	963	(4.4%)
Trusopt dorzolamide hydrochloride/ ophthalmic solution	Glaucoma	Total	3,436	(4.2%)	4,586	(1.9%)	3,551	3.3%	4,530	(1.2%)
		Japan	1,175	(11.3%)	1,474	(10.2%)	1,075	(8.5%)	1,359	(7.8%)
		Asia	300	29.7%	415	26.9%	330	9.7%	526	26.6%
		EMEA	1,961	(3.5%)	2,697	(0.4%)	2,146	9.5%	2,645	(1.9%)
EYBELIS Omidenedepag Isopropyl/ ophthalmic solution	Glaucoma	Total	270	—	431	—	1,181	337.8%	2,366	449.0%
		Japan	270	—	431	—	1,181	337.8%	2,366	449.0%
Alesion (Total) epinastine hydrochloride/ ophthalmic solution	Allergy	Total	7,703	2.5%	19,445	15.4%	9,968	29.4%	21,865	12.4%
		Japan	7,703	2.5%	19,445	15.4%	9,968	29.4%	21,865	12.4%
		Alesion Alesion LX	—	—	—	—	2,363	—	5,450	—
Flumetholon fluorometholone/ ophthalmic solution	Inflammation	Total	2,399	(7.9%)	3,302	(5.6%)	2,381	(0.8%)	3,293	(0.3%)
		Japan	1,132	(27.7%)	1,640	(22.4%)	942	(16.8%)	1,432	(12.7%)
		China	935	15.6%	1,231	16.2%	1,030	10.1%	1,309	6.3%
		Asia	332	44.6%	430	32.6%	409	23.5%	552	28.3%
Kary Uni pirenoxine/ ophthalmic solution	Senile cataract	Total	3,199	(9.1%)	4,076	(7.6%)	3,218	0.6%	4,122	1.1%
		Japan	2,069	(5.4%)	2,604	(5.0%)	2,003	(3.2%)	2,597	(0.2%)
		China	594	(15.9%)	760	(14.1%)	593	(0.1%)	756	(0.5%)
Oftan Catachrom cytochrome C, adenosine, nicotinamide/ ophthalmic solution	Senile cataract	Total	1,946	(11.0%)	2,397	(11.1%)	1,946	(0.0%)	2,445	2.0%
		EMEA	1,946	(11.0%)	2,397	(11.1%)	1,946	(0.0%)	2,445	2.0%
Opegan Hi sodium hyaluronate/ adjuvant for ophthalmic operations	Adjuvant for ophthalmic operations	Total	1,683	(8.1%)	2,154	(6.5%)	2,093	24.3%	2,418	12.2%
		Japan	1,683	(8.1%)	2,154	(6.5%)	2,093	24.3%	2,418	12.2%
Eylea * aflibercept/ solution for intravitreal injection	Intravitreal VEGF inhibitor	Total	43,790	9.4%	56,157	9.0%	47,425	8.3%	58,363	3.9%
		Japan	43,790	9.4%	56,157	9.0%	47,425	8.3%	58,363	3.9%
Hyalein sodium hyaluronate/ophthalmic solution	Dry eye	Total	14,943	5.8%	18,902	4.0%	14,607	(2.3%)	19,207	1.6%
		Japan	6,939	(20.2%)	8,763	(18.7%)	6,300	(9.2%)	7,152	(18.4%)
		China	5,779	35.1%	7,567	31.3%	6,827	18.1%	9,792	29.4%
		Asia	2,225	92.6%	2,572	57.3%	1,481	(33.4%)	2,263	(12.0%)
Diquas diquafosol sodium/ophthalmic solution	Dry eye	Total	11,762	6.7%	15,367	7.6%	12,896	9.6%	16,866	9.8%
		Japan	10,784	8.5%	13,932	8.7%	11,378	5.5%	15,082	8.3%
		China	13	—	25	—	139	964.1%	235	829.7%
		Asia	965	(11.6%)	1,409	(3.7%)	1,378	42.8%	1,549	10.0%
Ikervis ciclosporin/ophthalmic solution	Dry eye	Total	2,415	45.4%	3,391	65.5%	2,855	18.2%	4,091	20.7%
		Asia	324	—	459	570.3%	561	72.9%	917	99.7%
		EMEA	2,091	26.2%	2,932	48.0%	2,294	9.7%	3,174	8.3%
Cationorm	Dry eye	Total	1,873	14.3%	2,512	20.1%	2,225	18.8%	3,486	38.7%
		Asia	118	(32.8%)	168	(15.8%)	220	85.4%	322	91.8%
		EMEA	1,503	18.7%	1,989	19.1%	1,547	2.9%	2,634	32.4%
		North America	251	28.8%	355	59.1%	459	82.8%	530	49.1%
LENTIS Comfort	Intraocular lens for cataract treatment	Total	11	—	129	—	773	—	2,910	—
		Japan	11	—	129	—	773	—	2,910	—
OTC pharmaceuticals		Total	11,230	(3.3%)	14,223	(2.5%)	9,845	(12.3%)	15,128	6.4%
		Japan	11,014	(3.5%)	13,930	(2.6%)	9,616	(12.7%)	14,707	5.6%
		Asia	216	4.7%	293	(0.1%)	229	5.9%	421	43.5%

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

**Original exchange rates as of May 9th, 2019 are applied to Forecasts.

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 January 2020

■ Pipeline development status (clinical stage)

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
sirolimus	DE-109	Uveitis	Original	U.S.						
				Japan						
				Europe						
				Asia				Apr-2015		
An intravitreal injection with immunosuppressive effect, anti-angiogenic effect, etc. Started an additional Phase 3 in December 2018 in the U.S. NDA filed in April 2015 in Asia.										
tafluprost/ timolol maleate	DE-111	Glaucoma/ Ocular hypertension	Co-development with AGC	China						
A fixed dose combination drug of a prostaglandin F _{2α} derivative and a beta-adrenergic receptor blocker. Launched in Japan in November 2014. Launched successively in European countries since January 2015. Launched successively in Asian countries since April 2016. Started Phase 3 in January 2019 in China.										
epinastine hydrochloride	DE-114A	Allergic conjunctivitis	Nippon Boehringer Ingelheim	Japan						Nov-2019
An H ₁ receptor antagonist with membrane-stabilizing function, as treatment for allergic conjunctivitis. High dose drug. Received manufacturing and marketing approval in September 2019 and launched in November 2019 in Japan.										
omidenepeg isopropyl	DE-117	Glaucoma/ Ocular hypertension	Co-development with Ube Industries	U.S.						
				Japan						Nov-2018
				Asia					Dec-2019	
An EP2 receptor agonist with a new mechanism of action. Started Phase 3 in September 2018 in the U.S. Launched in November 2018 in Japan. Received marketing approval in December 2019 in Korea with successive filings in Asian countries.										
carotuximab	DE-122	Wet Age-related macular degeneration	TRACON Pharmaceuticals	U.S.		(Phase 2a)				
An intravitreal injection of anti-endothelin antibody. Started Phase 2a in July 2017 in the U.S.										
sepetaprost	DE-126	Glaucoma/ Ocular hypertension	ONO PHARMACEUTICAL	U.S.		(Phase 2b)				
				Japan		(Phase 2b)				
A prostaglandin analogue eye drop drug product with a novel mode of action that acts on both FP and EP3 receptors (a dual agonist) for the treatment of glaucoma and ocular hypertension. Completed Phase 2b in the U.S. and Japan.										
atropine sulfate	DE-127	Myopia	Singapore Health Services, Nanyang Technological University	Japan		(Phase 2/3)				
				Asia						
Muscarinic antagonist which reduces juvenile myopia progression. Started Phase 2/3 in August 2019 in Japan. Started Phase 2 in November 2017 in Asia.										
—										
glaucoma implant device	DE-128	Glaucoma	Original	U.S.		(Phase 2/3)				
				Europe						
A drainage implant device designed to lower and stabilize intraocular pressure (IOP) for the treatment of primary open-angle glaucoma through the drainage of aqueous humor. Conducting Phase 2/3 in preparation for filing with the FDA in the U.S. Received CE mark in Europe.										

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
ciclosporin	DE-076C (Vekacia)	Vernal keratoconjunctivitis	Original	Europe						Oct-2018
				Asia						Aug-2019
				Others						Nov-2019

An ophthalmic emulsion which improves vernal keratoconjunctivitis symptoms through immunosuppressive effect. Ocular tissue penetration enhanced by cationic emulsion technology. Received Marketing Authorization Application approval from the European Commission Agency in July 2018 and launched in October 2018 in U.K. Received approval of expanded indication for Ikervis in August 2019 in Taiwan. Received marketing approval in December 2018 and launched in November 2019 in Canada.

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
latanoprost	DE-130A (Catioprost)	Glaucoma/ Ocular hypertension	Original	Europe						
				Asia						

An ophthalmic emulsion of a prostaglandin F_{2α} derivative, for the treatment of glaucoma and ocular hypertension. Started Phase 3 in April 2019 in Europe and Asia.

—	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
intraocular lens	MD-16	Cataract	Oculentis	Japan						Nov-2019

A toric intraocular lens for correcting astigmatism, which be implanted into an aphakia eye after cataract surgery. Received manufacturing and marketing approval in November 2019 in Japan.

■ Changes from Q2 FY19 (November 6, 2019)

Dev. code	Changes
DE-114A	Launched in November 2019 in Japan.
DE-117	Received marketing approval in December 2019 in Korea.
DE-076C	Launched in November 2019 in Canada.
MD-16	Received manufacturing and marketing approval in November 2019 in Japan.

Other consolidated information

Capital expenditures

(JPY millions)

	Nine months ended December 31, 2018	Year ended March 31, 2019	Nine months ended December 31, 2019	Year ending March 31, 2020
	Actual			Forecast
Consolidated	5,072	7,220	6,650	10,000

Note: Excluding the increase for the right-of-use asset.

Depreciation and amortization

(JPY millions)

	Nine months ended December 31, 2018	Year ended March 31, 2019	Nine months ended December 31, 2019	Year ending March 31, 2020
	Actual			Forecast
Manufacturing cost	1,397	1,872	1,585	2,140
Selling, general and administrative expenses	1,105	1,478	1,100	1,860
R&D expenses	489	631	485	760
Consolidated total	2,991	3,981	3,170	4,760

Note: Excluding amortization on intangible assets associated with products, long-term advance expense and the right-of-use asset.

Amortization on intangible assets associated with products

(JPY millions)

	Nine months ended December 31, 2018	Year ended March 31, 2019	Nine months ended December 31, 2019	Year ending March 31, 2020
	Actual			Forecast
Intangible assets (Merck products)	4,356	5,808	4,356	5,810
Intangible assets (DE-128*)	--	--	2,091	2,830
Intangible assets (Ikervis)	550	727	514	740
Other	327	453	452	520
Consolidated total	5,233	6,988	7,412	9,900

* DE-128 (PRESERFLO MicroShunt)

Research and Development expenses

(JPY millions)

	Nine months ended December 31, 2018	Year ended March 31, 2019	Nine months ended December 31, 2019	Year ending March 31, 2020
	Actual			Forecast
Consolidated	17,091	23,759	17,153	28,000
Percent of revenue	9.9%	10.2%	9.4%	11.3%

Exchange rate

(yen)

Major currency	3rd quarter ended December 31, 2018	Fiscal year ended March 31, 2019	3rd quarter ended December 31, 2019	Fiscal year to March 31, 2020(Forecasts)
USD	111.15	110.82	108.87	110.00
EUR	129.51	128.38	121.06	120.00
CNY	16.57	16.52	15.66	15.50

*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.