



## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2020 (IFRS)

Listed Company Name:	Santen Pharmaceutical Co.,Ltd
Exchanges Listed:	Tokyo (First section)
Stock Code:	4536
URL:	<a href="https://www.santen.com">https://www.santen.com</a>
Representative:	Shigeo Taniuchi, President and CEO
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Start of Distribution of Dividends (Scheduled):	—
Filing of Securities Report (Scheduled):	February 8, 2021
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, 2020

#### (1) Operating Results (Core basis)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020	% change
Revenue	182,326	181,786	(0.3%)
Core operating profit	37,980	36,428	(4.1%)
Core net profit for the period	27,206	28,339	+4.2%
Core net profit for the period attributable to owners of the company	27,229	28,370	+4.2%
Basic core earnings per share (yen)	68.22	71.02	
Diluted core earnings per share (yen)	68.02	70.84	

#### (IFRS)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020	% change
Revenue	182,326	181,786	(0.3%)
Operating profit	28,942	27,268	(5.8%)
Profit before tax	28,964	26,963	(6.9%)
Net profit for the period	20,278	20,946	+3.3%
Net profit for the period attributable to owners of the company	20,301	21,117	+4.0%
Total comprehensive income for the period	21,515	23,161	+7.7%
Basic earnings per share (yen)	50.86	52.86	
Diluted earnings per share (yen)	50.71	52.74	

#### (2) Financial Position

	March 31, 2020	December 31, 2020
Total assets	408,768	413,087
Total equity	302,560	314,730
Total equity attributable to owners of the company	302,865	315,221
Total equity attributable to owners of the company ratio	74.1%	76.3%
Equity per share attributable to owners of the company (yen)	758.50	789.11

## **2. Dividends**

	Year to March 2020	Year to March 2021	(Forecasts) Year to March 2021
First quarter dividends per share (yen)	—	—	—
Second quarter dividends per share (yen)	13.00	14.00	—
Third quarter dividends per share (yen)	—	—	—
Year-end dividends per share (yen)	14.00	—	14.00
Annual dividends per share (yen)	27.00	—	28.00

(Note) Revisions to the forecasts of dividends from the latest announcement: No

## **3. Consolidated Forecasts of Results for the Year Ending March 31, 2021**

### **(Core basis)**

	Year to March 2021	% change
Revenue	235,000	(2.7%)
Core operating profit	52,000	+4.0%
Core net profit for the year	38,700	+7.8%
Basic core earnings per share (yen)	97.67	

### **(IFRS)**

	Year to March 2021	% change
Revenue	235,000	(2.7%)
Operating profit	35,000	+4.4%
Profit before tax	34,000	+5.9%
Net profit for the year	23,000	+5.9%
Basic earnings per share (yen)	58.35	

(Note) Revisions to the forecasts of consolidated results from the latest announcement: No

The earnings forecasts contained in this report are based on certain assumptions for the impact of COVID-19 by region and actual results may differ from these forecasts. The Company will promptly disclose any changes to its full-year earnings forecasts if they reach the level at which they should be revised.

Please refer to "1. Summary of Quarterly Consolidated Results (1) Summary of Consolidated Results" on page 2 of the attached material for details of the reconciliation from IFRS basis figures to core-based figures.

## **\*Notes**

### (1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries resulting in changes in scope of consolidation): No

As a result of the acquisition of Eyevance Pharmaceuticals Holdings Inc. in the second quarter of the current fiscal year, the Company has newly included Eyevance Pharmaceuticals Holdings Inc. and its subsidiary Eyevance Pharmaceuticals LLC in the scope of consolidation.

In addition, the Company has newly included Twenty Twenty Therapeutics LLC, a joint venture with Verily Life Sciences LLC, in the scope of application of the equity method.

### (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 : No

### (3) Number of ordinary shares issued

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

December 31, 2020	400,198,354 shares
March 31, 2020	400,028,254 shares

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

December 31, 2020	549,844 shares
March 31, 2020	608,065 shares

#### (iii) Average number of outstanding shares

The third quarter ended December 31, 2020	399,413,902 shares
The third quarter ended December 31, 2019	399,115,964 shares

\*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 4, 2021. The materials used in this briefing will be posted on our website.

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## 1. Summary of Quarterly Consolidated Results

### (1) Summary of Consolidated Results

#### (I) Consolidated Results

##### A) Core basis\*1(refer to Page4)

(JPY millions)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020	Year-on-year change
Revenue	182,326	181,786	(0.3%)
Core operating profit	37,980	36,428	(4.1%)
Core net profit for the period	27,206	28,339	4.2%
Core net profit for the period attributable to owners of the company	27,229	28,370	4.2%

#### [Revenue]

Revenue in the nine months ended December 31, 2020 decreased by 0.3% year-on-year to ¥181.8 billion.

In the mainstay prescription pharmaceuticals business, sales showed steady growth despite the COVID-19 outbreak and increased by 1.1 % year-on-year to ¥170.5 billion. By region, sales in Japan and Asia continued to grow.

The breakdown of revenue is as follows:

Upper: Value

Lower: Year-on-year change

(JPY millions)

	Japan	China	Asia	EMEA	Americas	Total
Prescription pharmaceuticals	110,145 2.1%	18,270 (5.4%)	13,012 5.1%	27,778 (2.8%)	1,311 119.2%	170,516 1.1%
OTC pharmaceuticals	7,130 (25.9%)	– –	256 11.8%	– –	– –	7,386 (25.0%)
Medical devices	2,120 (10.7%)	1 –	– –	667 111.8%	– (100.0%)	2,788 3.7%
Others	993 1.2%	57 14.5%	46 (10.5%)	– –	– –	1,096 1.3%
Total	120,388 (0.4%)	18,328 (5.4%)	13,314 5.1%	28,446 (1.5%)	1,311 119.0%	181,786 (0.3%)

(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, 2020 increased by 2.1% year-on-year to ¥110.1 billion. Revenue was boosted by the launch of a new product in the Alesion ophthalmic solutions family, “*Alesion LX*” in November 2019 which boasts a high-dose formulation and long-lasting effectiveness, as well as the impact of the joint sales promotion contract concluded in September, 2019 with Mitsubishi Tanabe Pharma Corporation.

In the first quarter of the fiscal year under review, the Company launched “*EYLEA*”<sup>2</sup>(refer to Page4) Intravitreal Injection KIT”, a prefilled syringe formulation of intravitreal VEGF Inhibitor *EYLEA*. Revenue of major products are as follows.

#### Glaucoma and ocular hypertension

<i>Tapros</i> ophthalmic solution	¥7.0 billion (YoY -3.4%)
<i>Tapcom</i> ophthalmic solution	¥2.1 billion (YoY +2.9%)
<i>Cosopt</i> ophthalmic solution	¥5.7 billion (YoY -5.6%)
<i>Eybelis</i> ophthalmic solution	¥1.9 billion (YoY +64.5%)

#### Dry Eye

<i>Diquas</i> ophthalmic solution	¥9.6 billion (YoY -15.4%)
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\*Sales decreased in value terms compared to the same period in the previous fiscal year after *Diquas* became subject to market expansion re-pricing in the 2020 National Health Insurance (NHI) drug price revisions, but increased in volume terms.

#### Allergy

<i>Alesion</i> ophthalmic solution <sup>*3</sup> (refer to Page4)	¥12.7 billion (YoY +27.1%)
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#### Intravitreal VEGF inhibitor

<i>EYLEA</i> <sup>2</sup> (solution for intravitreal injection)	¥51.0 billion (YoY +7.4%)
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### ◇ China

On a JPY basis, revenue in the nine months ended December 31, 2020 decreased by 5.4% year-on-year (-3.7% excluding FX impact), to ¥18.3 billion. *Cravit* ophthalmic solution revenue was impacted by the start of value-based purchasing from the third quarter of the fiscal year under review. However, the company will focus further on expanding other market channels such as private hospitals and pharmacies. Revenue of major products are as follows.

#### Dry Eye

<i>Hyalein</i> ophthalmic solution	¥7.2 billion (YoY +5.5%)
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#### Bacterial conjunctivitis

<i>Cravit</i> ophthalmic solution	¥6.6 billion (YoY -21.3%)
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### ◇ Asia (excluding China)

On a JPY basis, revenue in the nine months ended December 31, 2020 increased by 5.1% year-on-year (+7.6% excluding FX impact), to ¥13.0 billion. Revenue of major products are as follows.

#### Glaucoma and ocular hypertension

<i>Tapros</i> ophthalmic solution	¥1.4 billion (YoY -1.1%)
<i>Tapcom</i> ophthalmic solution	¥0.4 billion (YoY +33.9%)
<i>Cosopt</i> ophthalmic solution	¥3.3 billion (YoY +7.4%)

## ◇ EMEA

On a JPY basis, revenue in the nine months ended December 31, 2020 decreased by 2.8% year-on-year (-3.8% excluding FX impact), to ¥27.8 billion. Revenue of major products are as follows.

Glaucoma and ocular hypertension	
<i>Tapros</i> ophthalmic solution	¥5.1 billion (YoY +1.0%)
<i>Tapcom</i> ophthalmic solution	¥2.2 billion (YoY +16.0%)
<i>Cosopt</i> ophthalmic solution	¥7.2 billion (YoY -1.3%)
<i>Trusopt</i> ophthalmic solution	¥2.2 billion (YoY +1.1%)
Dry Eye	
<i>Ikervis</i>	¥2.7 billion (YoY +17.2%)

## ◇ Americas

On a JPY basis, revenue in the nine months ended December 31, 2020 was ¥1.3 billion. Revenue coming from Eyevance Pharmaceuticals Holdings Inc (U.S.) which Santen acquired in the second quarter of this fiscal year was ¥0.5 billion.

### <OTC pharmaceuticals>

Revenue in the nine months ended December 31, 2020 decreased by 25.0% year-on-year to ¥7.4 billion due to factors such as decreased inbound demand. Santen continues to focus on high-end products such as the *Sante Beauteye* series, new *Sante Medical* series, and *Soft Santear* series. In the second quarter of the fiscal year under review, the company launched *Hyalein S* which is a switch OTC product of *Hyalein* ophthalmic solution (0.1%).

### <Medical devices>

Revenue in the nine months ended December 31, 2020 increased by 3.7% year-on-year to ¥2.8 billion. Santen is focused on promoting the *Lentis Comfort* and *Eternity* series.

### <Others>

Other revenues amounted to ¥1.1 billion. This is due to sales of supplements, and cleaning of dustless and aseptic clothing at consolidated subsidiary Clair Co., Ltd.

### [Core operating profit]

Gross profit in the nine months ended December 31, 2020 decreased by 1.9% year-on-year to ¥105.9 billion. SG&A expenses in the nine months ended December 31, 2020 decreased by 1.9% year-on-year to ¥51.8 billion. R&D expenses in the nine months ended December 31, 2020 increased by 2.9% year-on-year to ¥17.7 billion.

As a result, operating profit on core basis in the nine months ended December 31, 2020 decreased by 4.1% year-on-year to ¥36.4 billion.

\*1 With the adoption of IFRS in the fiscal year ended March 31, 2015, the Santen Group discloses financial information on 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 expense.

- Amortization of intangible assets associated with products
- Other income
- Other expenses
- Finance income
- Finance expenses
- Share of loss of investments accounted for using equity method
- One-time expenses related to acquisitions of companies included in SG&A

\*2 Co-promoted product of Bayer Yakuhin, Ltd. (MAH)

\*3 Includes *Alesion LX*

## B) IFRS basis

(JPY millions)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020	Year-on-year change
Revenue	182,326	181,786	(0.3%)
Operating profit	28,942	27,268	(5.8%)
Net profit for the period	20,278	20,946	3.3%
Net profit for the period attributable to owners of the company	20,301	21,117	4.0%

### [Revenue]

There are no adjustments from the core basis.

### [Operating profit]

There are no adjustments to gross profit from the core basis.

SG&A expenses on IFRS basis decreased slightly year-on-year to ¥52.8billion.

In addition to SG&A expenses on core basis, expenses of ¥1.0 billion were incurred including one-time expenses in connection with the acquisition of Eyevance Pharmaceuticals Holdings Inc (U.S.).

R&D expenses have not been adjusted from the core basis.

Amortization of intangible assets associated with products in the nine months ended December 31, 2020 decreased by 0.4% year-on-year to ¥7.4 billion. This was mainly due to the amortization of intangible assets associated with products acquired from Merck & Co., Inc. (U.S.) in 2014, *Ikervis* which was launched in Europe in 2015, and DE-128 (*PRESERFLO MicroShunt*) acquired in connection with the acquisition of InnFocus, Inc. (U.S.) in 2016 (amortization began in April 2019).

Other income amounted to ¥0.5 billion.

Other expenses amounted to ¥1.3 billion. This was mainly due to the revaluation of value other than the time value associated with the fair value of the InnFocus contingent consideration.

As a result, operating profit on IFRS basis in the nine months ended December 30, 2020 decreased by 5.8% year-on-year to ¥27.3 billion.

### [Net profit for the period]

Financial income amounted to ¥1.0 billion. This was mainly due to dividends received from investment securities held.

Financial expenses amounted to ¥1.1 billion. This was mainly due to foreign exchange losses and change in the time value associated with the fair value of the InnFocus contingent consideration.

Share of loss of entities accounted for using equity method amounted to ¥0.2 billion.

Income tax expenses amounted to ¥6.0 billion. The tax burden ratio decreased from the same period of the previous fiscal year mainly due to changes in the profit composition ratio of group companies.

As a result, net profit in the nine months ended December 31, 2020 increased by 3.3% year-on-year to ¥20.9 billion.

### [Net profit for the period attributable to owners of the company]

Net profit attributable to owners of the company in the nine months ended December 31, 2020 increased by 4.0% year-on-year to ¥21.1 billion. The ratio to revenue was 11.6%.



## **(II) Research & Development Activities**

### **<Glaucoma and the ocular hypertension area>**

STN1011101 (DE-111A, generic name: tafluprost / timolol maleate) is a fixed dose combination drug of a prostaglandin F<sub>2α</sub> derivative and a beta-adrenergic receptor blocker. Phase 3 trial was started in January 2019 in China.

STN1011700 (DE-117, generic name: omidenepag isopropyl) is an EP2 receptor agonist. The company filed for marketing approval in November 2020 in the U.S. The product was launched in November 2018 in Japan and received successively marketing approval since December 2019 in Korea with successive filings planned for Asian countries. In Korea, it was launched in February 2021.

STN1012600 (DE-126, generic name: sepetaprost) is a dual agonist that activates both FP and EP3 receptors. An additional phase 2 trial was started in December 2020 in the U.S. Phase 2b trial was completed in Japan.

STN2000100 (DE-128) is a device for glaucoma. The company has completed Premarket Approval rolling submission to the FDA in June 2020 in the U.S. The device was launched in April 2019 in Europe. The company filed successively for marketing approval in Asian countries following Korean filing in March 2020, and also filed in Canada in October 2020.

STN1013001 (DE-130A, generic name: latanoprost) is an ophthalmic emulsion of a prostaglandin F<sub>2α</sub> derivative. Phase 3 trial was started in April 2019 in Europe and Asia.

STN1013900 (AR-13324, generic name: netarsudil dimesylate) is a ROCK inhibitor. Phase 3 trial was started in November 2020 in Japan.

### **<Keratoconjunctival disease area including dry eye >**

STN1008903 (DE-089C, generic name: diquafosol sodium) is for the treatment of dry eye. Phase 3 trial was started in March 2020 in Japan.

### **<Retina and uveal disease area>**

STN1010900 (DE-109, generic name: sirolimus) is being developed for the treatment of uveitis. An additional phase 3 trial was started in December 2018 in the U.S.

### **<Other disease area>**

STN1012700 (DE-127, generic name: atropine sulfate) is for the treatment of myopia. Phase 2 trial was completed in April 2020 in Asia and Phase 2/3 trial was started in August 2019 in Japan.

MD-16 is a toric intraocular lens for correcting astigmatism, which is implanted to treat aphakia after cataract surgery. The company launched in November 2020 in Japan.

\* The numbering method for development codes has changed. We show both existing development codes (DE-XXX) and new development codes (STNXXXXXXXX).

## **(2) Summary of Financial Position**

### **(I) Assets, equity and liabilities**

Total assets at the end of the third quarter amounted to ¥413.1 billion.

Despite a decline in cash and cash equivalents, there was an increase of ¥4.3 billion from the end of the previous fiscal year ended March 31, 2020. This was due to an increase in intangible assets resulting from the acquisition of Eyevance Pharmaceuticals Holdings Inc (U.S.).

Equity amounted to ¥314.7 billion. There was an increase of ¥12.2 billion from the end of the previous fiscal year ended March 31, 2020. This was due to an increase in retained earnings and other factors.

Liabilities amounted to ¥98.4 billion which decreased by ¥7.9 billion from the end of the previous fiscal year ended March 31, 2020. This was due to the decrease of financial liabilities resulting from changes in the fair value of contingent consideration and payment associated with the InnFocus, Inc. (U.S.) acquisition and income tax payable and other factors.

As a result, the ratio of equity attributable to owners of the company to total assets increased by 2.2 points from the end of the previous fiscal year ended March 31, 2020 to 76.3%

### **(II) Cash Flows**

Cash flows from operating activities amounted to ¥23.8 billion. (¥27.4 billion in the nine months ended December 31, 2019). This was mainly due to the net profit of ¥20.9 billion, depreciation and amortization of ¥12.4 billion, income taxes paid of ¥12.4 billion and income tax expenses of ¥6.0 billion.

Cash flows from investing activities amounted to ¥50.3 billion. (¥3.5 billion in the nine months ended December 31, 2019). This was mainly due to the purchase of shares of subsidiaries associated with the acquisition of Eyevance Pharmaceuticals Holdings Inc. (U.S.) amounting to ¥23.9 billion and the purchase of intangible assets amounting to ¥18.3 billion, associated with licensing contracts with jCyte, Inc. (U.S.) of ¥5.5 billion, Aerie Pharmaceuticals, Inc (U.S.) of ¥5.2 billion and others.

Cash flows from financing activities amounted to ¥13.0 billion. (¥11.5 billion in the nine months ended December 31, 2019). This was mainly due to cash dividends paid of ¥11.1 billion.

As a result, cash and cash equivalents at the end of the third quarter ended December 31, 2020 decreased by ¥38.5 billion from the end of the fiscal year ended March 31, 2020 to ¥52.9 billion.

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

The results for the nine months of the fiscal year under review were generally in line with forecasts. No changes have been made to the forecasts of consolidated financial results for the year ending March 31, 2021 announced on May 8, 2020.

## 2. Condensed Interim Consolidated Financial Statements

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

IFRS	(JPY millions)	
	Nine months ended December 31, 2019	Nine months ended December 31, 2020
<b>Revenue</b>	<b>182,326</b>	<b>181,786</b>
Cost of sales	(74,357)	(75,897)
<b>Gross profit</b>	<b>107,968</b>	<b>105,889</b>
Selling, general and administrative expenses	(52,835)	(52,821)
Research and development expenses	(17,153)	(17,653)
Amortization on intangible assets associated with products	(7,412)	(7,381)
Other income	289	524
Other expenses	(1,915)	(1,290)
<b>Operating profit</b>	<b>28,942</b>	<b>27,268</b>
Finance income	874	1,017
Finance expenses	(853)	(1,147)
Share of loss of investments accounted for using equity method	—	(175)
<b>Profit before tax</b>	<b>28,964</b>	<b>26,963</b>
Income tax expenses	(8,686)	(6,017)
<b>Net profit for the period</b>	<b>20,278</b>	<b>20,946</b>
<b>Other comprehensive income</b>		
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	3,303	1,619
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustments	(2,066)	597
<b>Other comprehensive income</b>	<b>1,237</b>	<b>2,215</b>
<b>Total comprehensive income</b>	<b>21,515</b>	<b>23,161</b>
Profit attributable to		
Owners of the company	20,301	21,117
Non-controlling interests	(23)	(171)
<b>Net profit for the period</b>	<b>20,278</b>	<b>20,946</b>
Total comprehensive income attributable to		
Owners of the company	21,622	23,348
Non-controlling interests	(107)	(186)
<b>Total comprehensive income</b>	<b>21,515</b>	<b>23,161</b>
<b>Earnings per share</b>		
Basic earnings per share (yen)	50.86	52.86
Diluted earnings per share (yen)	50.71	52.74

Core basis (JPY millions)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Revenue	182,326	181,786
Core operating profit	37,980	36,428
Core net profit for the period	27,206	28,339
Basic core earnings per share (yen)	68.22	71.02
Diluted core earnings per share (yen)	68.02	70.84
Core profit attributable to		
Owners of the company	27,229	28,370

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Non-controlling interests	(23)	(30)
<b>Core net profit for the period</b>	<b>27,206</b>	<b>28,339</b>

## (2) Condensed Interim Consolidated Statements of Financial Position

Assets	(JPY millions)	
	As of March 31 2020	As of December 31 2020
<b>Non-current assets</b>		
Property, plant and equipment	35,601	35,648
Intangible assets	119,850	150,786
Financial assets	30,848	33,170
Investments from application of equity method	—	5,004
Deferred tax assets	2,100	2,802
Other non-current assets	1,813	1,786
<b>Total non-current assets</b>	<b>190,212</b>	<b>229,195</b>
<b>Current assets</b>		
Inventories	35,282	37,913
Trade and other receivables	86,999	86,334
Other financial assets	452	579
Other current assets	4,392	6,154
Cash and cash equivalents	91,430	52,913
<b>Total current assets</b>	<b>218,556</b>	<b>183,892</b>
<b>Total assets</b>	<b>408,768</b>	<b>413,087</b>

## Equity and liabilities

(JPY millions)

	As of March 31 2020	As of December 31 2020
<b>Equity</b>		
Share capital	8,366	8,446
Capital surplus	8,746	8,842
Treasury shares	(1,033)	(934)
Retained earnings	273,422	284,558
Other components of equity	13,364	14,310
<b>Total equity attributable to owners of the company</b>	<b>302,865</b>	<b>315,221</b>
<b>Non-controlling interests</b>	<b>(305)</b>	<b>(491)</b>
<b>Total equity</b>	<b>302,560</b>	<b>314,730</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Financial liabilities	27,592	25,281
Net defined benefit liabilities	1,738	2,014
Provisions	570	597
Deferred tax liabilities	7,228	7,244
Other non-current liabilities	1,483	1,202
<b>Total non-current liabilities</b>	<b>38,611</b>	<b>36,338</b>
<b>Current liabilities</b>		
Trade and other payables	32,578	30,192
Other financial liabilities	18,777	20,166
Income tax payable	6,848	2,444
Provisions	633	681
Other current liabilities	8,761	8,537
<b>Total current liabilities</b>	<b>67,597</b>	<b>62,020</b>
<b>Total liabilities</b>	<b>106,208</b>	<b>98,357</b>
<b>Total equity and liabilities</b>	<b>408,768</b>	<b>413,087</b>

### (3) Condensed Interim Consolidated Statements of Changes in Equity

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
<b>Balance at April 1, 2019</b>	8,252	8,661	(1,131)	258,659	—	10,230
<b>Comprehensive income</b>						
Net profit for the period				20,301		
Other comprehensive income						3,303
<b>Total comprehensive income</b>	—	—	—	20,301	—	3,303
<b>Transactions with owners</b>						
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)
<b>Total transactions with owners</b>	45	22	99	(9,053)	—	(1,326)
<b>Balance at December 31, 2019</b>	8,296	8,683	(1,033)	269,907	—	12,207

(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, 2019</b>	5,428	802	16,461	290,900	1,672	292,572
<b>Comprehensive income</b>						
Net profit for the period			—	20,301	(23)	20,278
Other comprehensive income	(1,981)		1,322	1,322	(84)	1,237
<b>Total comprehensive income</b>	(1,981)	—	1,322	21,622	(107)	21,515
<b>Transactions with owners</b>						
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)	—		—
<b>Total transactions with owners</b>	—	(62)	(1,388)	(10,275)	—	(10,275)
<b>Balance at December 31, 2019</b>	3,447	740	16,394	302,248	1,565	303,813

Nine months ended December 31, 2020

(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, 2020</b>	8,366	8,746	(1,033)	273,422	—	11,150
<b>Comprehensive income</b>						
Net profit for the period				21,117		
Other comprehensive income						1,619
<b>Total comprehensive income</b>	—	—	—	21,117	—	1,619
<b>Transactions with owners</b>						
Issuance of new shares	80	80				
Acquisition of treasury shares			(3)			
Retirement of treasury shares		(43)	102			
Dividends				(11,187)		
Share-based payments		59				
Other				1,206		(1,206)
<b>Total transactions with owners</b>	80	96	98	(9,981)	—	(1,206)
<b>Balance at December 31, 2020</b>	8,446	8,842	(934)	284,558	—	11,563

(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, 2020</b>	1,529	686	13,364	302,865	(305)	302,560
<b>Comprehensive income</b>						
Net profit for the period			—	21,117	(171)	20,946
Other comprehensive income	612		2,231	2,231	(16)	2,215
<b>Total comprehensive income</b>	612	—	2,231	23,348	(186)	23,161
<b>Transactions with owners</b>						
Issuance of new shares		(79)	(79)	80		80
Acquisition of treasury shares			—	(3)		(3)
Retirement of treasury shares			—	59		59
Dividends			—	(11,187)		(11,187)
Share-based payments			—	59		59
Other			(1,206)	—		—
<b>Total transactions with owners</b>	—	(79)	(1,285)	(10,992)	—	(10,992)
<b>Balance at December 31, 2020</b>	2,141	606	14,310	315,221	(491)	314,730

#### (4) Condensed Interim Consolidated Statements of Cash Flows

(JPY millions)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
<b>I. Cash flows from operating activities:</b>		
Net profit for the period	20,278	20,946
Depreciation and amortization	12,344	12,393
Impairment losses	—	287
Shares of loss (profit) of entities accounted for using equity method	—	175
Finance expenses (income)	(578)	(538)
Income tax expenses	8,686	6,017
Decrease (increase) in trade and other receivables	(2,856)	1,597
Decrease (increase) in inventories	1,560	(1,560)
Increase (decrease) in trade and other payables	(1,337)	(2,796)
Increase (decrease) in provisions and net defined benefit liabilities	(405)	237
Other	2,607	(984)
Subtotal	40,299	35,773
Interest received	128	101
Dividends received	578	487
Interest paid	(129)	(119)
Income tax paid	(13,513)	(12,418)
<b>Net cash flows from (used in) operating activities</b>	<b>27,362</b>	<b>23,824</b>
<b>II. Cash flows from investing activities:</b>		
Payments for acquisition of investments	(149)	(2,728)
Proceeds from sales of investments	2,616	2,595
Payments for acquisition of shares of subsidiaries	—	(23,893)
Payments for acquisition of investments accounted for using equity method	—	(5,349)
Payments for acquisition of property, plant and equipment	(4,653)	(2,645)
Payments for acquisition of intangible assets	(2,300)	(18,275)
Other	959	(16)
<b>Net cash flows from (used in) investing activities</b>	<b>(3,528)</b>	<b>(50,311)</b>
<b>III. Cash flows from financing activities:</b>		
Proceeds from long-term loans	917	254
Dividends paid	(10,309)	(11,124)
Repayments of lease obligation	(2,129)	(2,164)
Other	6	77
<b>Net cash flows from (used in) financing activities</b>	<b>(11,514)</b>	<b>(12,956)</b>
<b>IV. Net increase (decrease) in cash and cash equivalents</b>	<b>12,320</b>	<b>(39,443)</b>
<b>V. Cash and cash equivalents at the beginning of period</b>	<b>70,796</b>	<b>91,430</b>
<b>VI. Effect of exchange rate changes on cash and cash equivalents</b>	<b>(521)</b>	<b>926</b>
<b>VII. Cash and cash equivalents at the end of period</b>	<b>82,595</b>	<b>52,913</b>



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

Not applicable.

**(Business Combinations)**

For the Nine Months Ended December 31, 2020

**(1) Business Combination**

(Acquisition of Eyevance Pharmaceuticals Holdings Inc. and Eyevance Pharmaceuticals LLC)

**(I) Outline of Business Combinations**

**A) The name and description of the acquiree**

Company name : Eyevance Pharmaceuticals Holdings Inc.  
Eyevance Pharmaceuticals LLC

Main business : Advancing ocular health through the development and commercialization of innovative and impactful topical ophthalmic products that enable optimal vision and better quality of life

**B) Primary reasons for the business combination**

Eyevance develops and commercializes topical ophthalmic products targeting the ocular surface and anterior segment. Within this area of focus, Eyevance currently offers, anti-inflammatory, anti-allergic, anti-fungal, anti-infective/anti-inflammatory fixed combination, and tear lubricant products. Eyevance's current commercialization strategy is supported by a national sales team exclusively targeting ophthalmologists, optometrists, and allergists throughout the U.S.

Through this purchase, Santen Group will quickly establish a business base in the U.S. and both sincerely take on and further contribute to addressing the needs of a greater number of patients by offering more value. At the same time, Santen will accelerate its global business rollout by gaining access to the U.S. and raising its presence in the market, aiming for even further corporate growth and to contribute to ophthalmic treatments for people around the world.

**C) Acquisition date**

September 16, 2020 (U.S. time)

**D) Acquisition method**

The Company acquired all of the shares issued by Eyevance Pharmaceuticals Holdings Inc. for a cash consideration.

**E) Percentage of voting equity interests acquired**

100%

(II) The Fair Values of Assets Acquired, Liabilities Assumed and Purchase Consideration Transferred as at the Date of the Acquisition

(JPY millions)

	Provisional fair value
Non-current assets	4,433
Current assets	838
Cash and cash equivalents	1,099
Non-current liabilities	(203)
Current liabilities	(564)
Goodwill	19,390
Total	24,992
Cash	24,992
Total consideration transferred	24,992

The Company reported the provisional amounts because the measurement process had not been completed. Acquisition-related costs are included in the ¥853 million in "Selling, general and administrative expenses."

(III) Cash flow

(JPY millions)

	Amount
Sum of the fair values of the consideration paid	24,992
Cash and cash equivalents held by the acquired company	(1,099)
Purchase of investment securities of consolidated subsidiaries	23,893

(IV) Impact on the Company's Business Results

Income (loss) from Eyevance Pharmaceuticals Holdings Inc. and Eyevance Pharmaceuticals LLC subsequent to the date of acquisition included in the condensed interim consolidated statements of income and comprehensive income is as below:

Revenue :¥499 million  
 Net profit for the period : (¥489 million)

The impact on the Company's business results for the nine months ended December 31, 2020, assuming the acquisition date had been as of the beginning of the annual reporting period was as follows (excluded from scope of audit).

Revenue :¥1,251 million  
 Net profit for the period : (¥2,170 million)

## **(Significant Subsequent Events)**

### **(1) Commencement of Preparation for Transition to a Holding Company Structure through Sole-Share Transfer**

Santen announced its board of directors approved a resolution at the meeting held on 4 Feb, 2021 to commence the preparation for the transition to a holding company structure through sole-share transfer, with effect from April 1, 2022 (tentative) as follows. This transition will require approval from shareholders at an extraordinary annual general meeting of shareholders to be held on December 21, 2021.

#### **(I) Background**

Santen has been promoting the global expansion of its business with the aim of becoming a “Specialized Pharmaceutical Company with a Global Presence” in “Vision 2020”, the long-term vision formulated in 2010. Santen has exceeded its initial expectations for growth, currently boasting 31 consolidated subsidiaries across the globe; its products are sold in more than 60 countries and regions. Annual sales now stand at 241.6 billion yen, a two-fold increase in scale over the last 10 years. \*1 The overseas business in particular now represents 32% of total sales. \*1 Regional business expansion has become a key driver of Santen’s growth. Furthermore, Santen has been diversifying its business portfolio, expanding beyond prescription pharmaceuticals, the core business to date. The company has entered a number of new business domains, including the establishment of a joint venture for the development and commercialization of ophthalmological devices, and initiatives to capitalize on leading-edge technologies in the area of gene therapy and cell therapy.

In the long-term vision formulated in 2020, “Santen 2030”, which looks toward 2030 and beyond, Santen aspires to deliver innovative value to the world as a “Social Innovator” that goes beyond the conventional framework of a pharmaceutical business, to offer a variety of products and services to address the needs of patients with ophthalmic diseases and problems. To realize this vision, Santen has made the decision to transition to a holding company structure. The aim is to establish and enhance a management and organizational system to enable swift and efficient execution, while also dynamically managing businesses in transition as a result of ongoing geographic and business domain expansion.

#### **(II) Purpose**

- Reinforce corporate headquarter functions with a global perspective
- Facilitate swift decision-making and foster organic collaboration among regions and units
- Further reinforce the governance system and facilitate full understanding of the overall corporate strategy throughout the Group

#### **(III) Method and Schedule for transitioning to a holding company structure and schedule**

Santen plans to transition to a holding company structure by establishing a holding company through a sole-share transfer scheme, whereby Santen will be a wholly owned subsidiary company. While Santen’s ordinary shares will be delisted as a result, with respect to the ordinary shares of the holding company which will be issued to Santen’s shareholders, Santen is planning to apply for a technical listing of such shares to the first section of the Tokyo Stock Exchange, Inc., thereby having the shares continue to be listed on the first section.\*2

#### **<Schedule>**

September 1, 2021 (tentative)	Board of Directors’ meeting concerning the Transition
September 30, 2021 (tentative)	Record date for the extraordinary general meeting of shareholders concerning the Transition
December 21, 2021 (tentative)	Extraordinary general meeting of shareholders concerning the Transition
April 1, 2022 (tentative)	Transition to Holding Company structure

#### **(IV) Future prospects**

Details regarding the transition have yet to be determined as of this date; Santen will consider and review the specifics going forward. Santen plans to announce its consolidated forecasts for the 110th fiscal year in the summary of financial results for the fiscal year ended March 31, 2021, which will be disclosed in May 2021.

\*1 Actual FY19 results

\*2 Based on the current market classifications

#### **(2) Commencement of Preparation for Change in Fiscal Year**

The board of directors resolved to change Santen's fiscal year period from current fiscal year end of March 31 to December 31, at the meeting held on February 4, 2021. This change will require approval of partial amendments to the articles of incorporation at the 109th annual general meeting of shareholders to be held on June 25, 2021.

##### **(I) Objective of the change**

The change to a fiscal year ending December will further facilitate global business expansion.

##### **(II) Fiscal year change**

Current fiscal year end: March 31

New fiscal year end : December 31

With the change in the fiscal year end, the 110th fiscal year will be a transitional nine-month fiscal period from April 1, 2021 to December 31, 2021. The same changes will apply to consolidated subsidiaries whose fiscal year ends on a date other than December 31.

##### **(III) Partial amendments to the articles of incorporation**

Santen plans to make partial amendments to the articles of incorporation in conjunction with the change in fiscal year. An announcement will be made immediately after a resolution is approved by the board of directors at a meeting scheduled for May 2021. The amendments are subject to approval at the 109th annual general meeting of shareholders to be held on June 25, 2021.

### 3. Consolidated Reference

#### (1) Revenue of Major Products

(JPY millions)

Brand name Generic name/formulation	Therapeutic category	Region	Year ended March 31, 2020				Year ending March 31, 2021			
			Nine months ended December 31, 2019 Actual	Changes from the same period of previous year	Year ended March 31, 2020 Actual	Changes from the same period of previous year	Nine months ended December 31, 2020 Actual	Changes from the same period of previous year	Year ending March 31, 2021 Forecasts	Changes from the same period of previous year
Cravit levofloxacin/ophthalmic solution	Bacterial conjunctivitis	Total	12,844	11.6%	15,181	1.0%	10,450	(18.6%)	12,093	(20.3%)
		Japan	2,101	(18.2%)	2,571	(19.0%)	1,607	(23.5%)	1,872	(27.2%)
		China	8,390	25.3%	9,509	7.3%	6,607	(21.3%)	7,273	(23.5%)
		Asia	1,262	15.0%	1,726	13.3%	1,411	11.8%	1,946	12.7%
		EMEA	1,092	(5.0%)	1,375	(6.3%)	826	(24.3%)	1,001	(27.2%)
Tarivid ofloxacin/ophthalmic solution	Bacterial conjunctivitis	Total	1,158	2.5%	1,472	1.9%	1,205	4.1%	1,367	(7.1%)
		Japan	339	(13.1%)	414	(14.0%)	276	(18.5%)	290	(29.9%)
		China	502	6.9%	585	(2.4%)	507	1.0%	554	(5.3%)
		Asia	317	17.3%	473	30.0%	421	33.1%	523	10.5%
Tapcom tafluprost-timolol maleate/ combination ophthalmic solution	Glaucoma	Total	4,185	15.8%	5,405	12.9%	4,642	10.9%	5,665	4.8%
		Japan	2,008	0.3%	2,521	(1.1%)	2,065	2.9%	2,294	(9.0%)
		Asia	292	32.0%	383	24.2%	391	33.9%	515	34.4%
		EMEA	1,885	35.7%	2,501	29.6%	2,186	16.0%	2,856	14.2%
Tapros tafluprost/ophthalmic solution	Glaucoma	Total	14,057	0.8%	17,901	(0.6%)	13,922	(1.0%)	17,306	(3.3%)
		Japan	7,268	(3.4%)	9,123	(4.5%)	7,022	(3.4%)	8,476	(7.1%)
		China	311	99.2%	395	73.5%	387	24.3%	704	78.1%
		Asia	1,439	1.7%	1,892	1.9%	1,422	(1.1%)	1,940	2.5%
		EMEA	5,040	4.0%	6,491	1.8%	5,090	1.0%	6,187	(4.7%)
Cosopt dorzolamide hydrochloride-timolol maleate/combination ophthalmic solution	Glaucoma	Total	16,361	(3.5%)	21,045	(4.3%)	16,152	(1.3%)	20,636	(1.9%)
		Japan	6,006	(17.1%)	7,723	(13.4%)	5,669	(5.6%)	7,002	(9.3%)
		Asia	3,032	9.5%	4,052	10.3%	3,257	7.4%	3,975	(1.9%)
		EMEA	7,323	5.5%	9,270	(1.3%)	7,227	(1.3%)	9,659	4.2%
Timoptol timolol maleate/ ophthalmic solution (* Including Timoptol XE)	Glaucoma	Total	1,967	(13.2%)	2,504	(12.9%)	1,723	(12.4%)	2,039	(18.6%)
		Japan	1,097	(16.9%)	1,349	(18.0%)	927	(15.5%)	948	(29.7%)
		Asia	169	(0.5%)	226	2.2%	192	13.6%	260	15.3%
		EMEA	701	(9.6%)	929	(7.8%)	604	(13.8%)	831	(10.5%)
Trusopt dorzolamide hydrochloride/ ophthalmic solution	Glaucoma	Total	3,551	3.3%	4,424	(3.5%)	3,429	(3.4%)	3,889	(12.1%)
		Japan	1,075	(8.5%)	1,350	(8.4%)	1,001	(6.9%)	1,054	(21.9%)
		Asia	330	9.7%	411	(1.0%)	258	(21.7%)	301	(26.8%)
		EMEA	2,146	9.5%	2,663	(1.3%)	2,170	1.1%	2,534	(4.9%)
Eybelis omidenedepag isopropyl/ ophthalmic solution	Glaucoma	Total	1,181	337.8%	1,629	278.1%	1,943	64.5%	2,716	66.7%
		Japan	1,181	337.8%	1,629	278.1%	1,943	64.5%	2,716	66.7%
Alesion epinastine hydrochloride/ ophthalmic solution (* Including Alesion LX)	Allergy	Total	9,968	29.4%	24,916	28.1%	12,672	27.1%	28,761	15.4%
		Japan	9,968	29.4%	24,916	28.1%	12,672	27.1%	28,741	15.4%
		Asia	—	—	—	—	—	—	20	—
Flumetholon fluorometholone/ ophthalmic solution	Inflammation	Total	2,381	(0.8%)	2,996	(9.3%)	2,121	(10.9%)	2,713	(9.5%)
		Japan	942	(16.8%)	1,272	(22.5%)	744	(21.0%)	1,003	(21.1%)
		China	1,030	10.1%	1,243	0.9%	1,073	4.2%	1,357	9.2%
		Asia	409	23.5%	482	11.9%	304	(25.7%)	353	(26.6%)
Pirenixine Ophthalmic Suspension (Former sales name :Kary Uni) pirenoxine/ ophthalmic solution	Senile cataract	Total	3,218	0.6%	4,056	(0.5%)	3,097	(3.8%)	3,543	(12.7%)
		Japan	2,003	(3.2%)	2,501	(4.0%)	1,910	(4.6%)	2,200	(12.0%)
		China	593	(0.1%)	704	(7.4%)	581	(2.1%)	531	(24.6%)
Oftan Catachrom cytochrome C, adenosine, nicotinamide/ ophthalmic solution	Senile cataract	Total	1,946	(0.0%)	2,241	(6.5%)	1,385	(28.8%)	1,903	(15.1%)
		EMEA	1,946	(0.0%)	2,241	(6.5%)	1,385	(28.8%)	1,903	(15.1%)
		Asia	—	—	—	—	—	—	—	—
Sodium Hyaluronate Ophthalmic Viscoelastic Preparation (Former sales name :Opegan Hi) sodium hyaluronate/ adjuvant for ophthalmic operations	Adjuvant for ophthalmic operations	Total	2,093	24.3%	2,672	24.0%	1,750	(16.4%)	2,096	(21.5%)
		Japan	2,093	24.3%	2,672	24.0%	1,750	(16.4%)	2,096	(21.5%)
EYLEA afibercept/ solution for intravitreal injection	Intravitreal VEGF inhibitor	Total	47,425	8.3%	60,138	7.1%	50,955	7.4%	60,815	1.1%
		Japan	47,425	8.3%	60,138	7.1%	50,955	7.4%	60,815	1.1%
Hyalain sodium hyaluronate/ophthalmic solution	Dry eye	Total	14,607	(2.3%)	17,609	(6.8%)	14,731	0.9%	17,601	(0.0%)
		Japan	6,300	(9.2%)	7,849	(10.4%)	5,576	(11.5%)	6,227	(20.7%)
		China	6,827	18.1%	7,856	3.8%	7,205	5.5%	9,201	17.1%
		Asia	1,481	(33.4%)	1,904	(26.0%)	1,951	31.7%	2,174	14.2%
Diquas diqafosol sodium/ophthalmic solution	Dry eye	Total	12,896	9.6%	15,970	3.9%	11,112	(13.8%)	14,288	(10.5%)
		Japan	11,378	5.5%	14,257	2.3%	9,620	(15.4%)	12,209	(14.4%)
		China	139	964.1%	167	561.1%	410	194.6%	558	233.9%
		Asia	1,378	42.8%	1,546	9.7%	1,082	(21.5%)	1,521	(1.6%)
Ikervis ciclosporin/ophthalmic solution	Dry eye	Total	2,855	18.2%	3,851	13.6%	3,336	16.9%	4,617	19.9%
		Asia	561	72.9%	738	60.9%	647	15.5%	965	30.8%
		EMEA	2,294	9.7%	3,113	6.2%	2,689	17.2%	3,652	17.3%
Cationorm	Dry eye	Total	2,225	18.8%	2,912	15.9%	2,366	6.3%	3,419	17.4%
		Asia	220	85.4%	265	57.7%	199	(9.4%)	293	10.7%
		EMEA	1,547	2.9%	2,092	5.2%	1,494	(3.4%)	2,324	11.1%
Lentis Comfort	Intraocular Lens for Cataract Treatment	Total	773	—	1,065	728.6%	829	7.1%	1,138	6.8%
		Japan	773	—	1,065	728.6%	829	7.1%	1,138	6.8%
		Asia	—	—	—	—	—	—	—	—
OTC pharmaceuticals		Total	9,845	(12.3%)	12,034	(15.4%)	7,386	(25.0%)	9,300	(22.7%)
		Japan	9,616	(12.7%)	11,722	(15.8%)	7,130	(25.9%)	9,000	(23.2%)
		Asia	229	5.9%	312	6.5%	256	11.8%	300	(3.9%)

Forecasts in this reports are based on the currently available information. Actual results may differ materially depending on a number of factors including adverse economic conditions, etc. Our full-year forecasts are converted to JPY based on our initial foreign exchange assumptions.

## (2) Research & Development

As of January 2021

### Pipeline Development Status (Clinical Stage)

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	Filed	Approved	Launched
diquafosol sodium	STN1008903 /DE-089C	Dry eye	Merck Sharp & Dohme Corp. (U.S.)	Japan						
A dry eye treatment which stimulates secretion of mucin and aqueous components from the corneal and conjunctival epithelium. Long-lasting drug. Started Phase 3 in March 2020 in Japan..										
sirolimus	STN1010900 /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. Filed for marketing approval in April 2015 in Asia.										
tafluprost/ timolol maleate	STN1011101 /DE-111A	Glaucoma/ Ocular hypertension	Co-development with AGC	China						
A fixed dose combination drug of a prostaglandin F <sub>2α</sub> 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.										
omidenepeg isopropyl	STN1011700 /DE-117	Glaucoma/ Ocular hypertension	Co-development with Ube Industries	U.S.				Nov-2020		
				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 successively marketing approval since December 2019 in Korea with successive filings planned for Asian countries.										
sepetaprost	STN1012600 /DE-126	Glaucoma/ Ocular hypertension	ONO PHARMACEUTICAL	U.S.						
				Japan			(Phase 2b)			
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. Started an additional Phase 2 in December 2020 in the U.S. Phase 2b completed in Japan.										
atropine sulfate	STN1012700 /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. Completed P2 in April 2020 in Asia.										
glaucoma implant device	STN2000100 /DE-128	Glaucoma	Original	U.S.				Jun-2020		
				Europe					Apr-2019	
				Asia				Mar-2020		
				Others				Oct-2020		
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. Completed Premarket Approval rolling submission to the FDA in June 2020 in the U.S. Launched in Europe in April 2019. Filed successively for marketing approval in Asian countries following Korean filing in March 2020. Filed for marketing approval in October 2020 in Canada.										
latanoprost	STN1013001 /DE-130A (Catioprost)	Glaucoma/ Ocular hypertension	Original	Europe						
				Asia						
An ophthalmic emulsion of a prostaglandin F <sub>2α</sub> derivative, for the treatment of glaucoma and ocular hypertension. Started P3 trials in April 2019 in Europe and Asia.										
netarsudil dimesylate	STN1013900 /AR-13324	Glaucoma Ocular hypertension	Aerie	Japan						
A ROCK (Rho-associated kinase) inhibitor. Aerie has developed and sales in the U.S. Started Phase 3 in November 2020 in Japan.										

	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	Filed	Approved	Launched
intraocular lens	MD-16	Cataract	Oculentis	Japan						Nov-2020
A toric intraocular lens to treat aphakia after cataract surgery. Launched in November 2020 in Japan.										

### Changes from Q2 FY20 (November 6, 2020)

Dev. code	Changes
STN1011700 / DE-117	Filed for marketing approval in November 2020 in the U.S.
STN1012600 / DE-126	Started an additional Phase 2 in December 2020 in the U.S.
STN2000100 / DE-128	Filed for marketing approval in October 2020 in Canada.
STN1013900 / AR-13324	Started Phase 3 in November 2020 in Japan.
MD-16	Launched in November 2020 in Japan.

The numbering method for development codes has changed. We show both existing development codes (DE-XXX) and new development codes (STNXXXXXXX).

### (3) Capital Expenditures, Depreciation and Amortization, Amortization of Intangible Assets Related to Products, and Research and Development Expenses

Capital expenditures (JPY millions)

	Nine months ended December 31, 2019	Year ended March 31, 2020	Nine months ended December 31, 2020	Year ending March 31, 2021
	Actual			Forecast
Consolidated	6,650	8,971	5,747	10,000

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

Depreciation and amortization (JPY millions)

	Nine months ended December 31, 2019	Year ended March 31, 2020	Nine months ended December 31, 2020	Year ending March 31, 2021
	Actual			Forecast
Manufacturing cost	1,585	2,144	1,643	2,310
Selling, general and administrative expenses	1,100	1,462	1,107	1,720
R&D expenses	485	661	456	680
Consolidated total	3,170	4,267	3,206	4,710

(Note) Excluding amortization of intangible assets associated with products, long-term advance expense and right-of-use assets.

Amortization of intangible assets associated with products (JPY millions)

	Nine months ended December 31, 2019	Year ended March 31, 2020	Nine months ended December 31, 2020	Year ending March 31, 2021
	Actual			Forecast
Intangible assets (Merck products)	4,356	5,808	4,356	5,740
Intangible assets (DE-128*)	2,091	2,798	2,044	2,830
Intangible assets (Ikervis)	514	684	520	710
Other	452	608	462	420
Consolidated total	7,412	9,898	7,381	9,700

\* DE-128 (PRESERFLO MicroShunt)

Research and development expenses (JPY millions)

	Nine months ended December 31, 2019	Year ended March 31, 2020	Nine months ended December 31, 2020	Year ending March 31, 2021
	Actual			Forecast
Consolidated	17,153	23,341	17,653	23,000
Percent of revenue	9.4%	9.7%	9.7%	9.8%

### (4) FOREX

(JPY)

Exchange rate (yen)	Major currency	The 3rd quarter ended December 31 2019	Fiscal year ended March 31 2020	The 3rd quarter ended December 31 2020	Fiscal year ending March 31 2021 (Forecasts)
		US dollar	108.87	108.81	105.96
	Euro	121.06	120.80	122.34	120.00
	CNY	15.66	15.64	15.38	15.00

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 and others.