

Disclaimer: The following is meant to be an accurate translation from the original Financial Report of Santen Pharmaceutical Co., Ltd., written in Japanese, and is prepared for the information disclosure to the Tokyo Stock Exchange. However, in the case of any discrepancy between the English translation and the Japanese original, the latter shall prevail.

August 2, 2016

SANTEN PHARMACEUTICAL CO., LTD.

Code : 4536

URL <http://www.santen.com>

First Quarter Financial Results for the Fiscal Year Ending March 31, 2017 [IFRS] (Consolidated)

Akira Kurokawa, President and Chief Executive Officer

Contact : Christopher Hohman, General Manager, Corporate Communications Group

Tel : +81-6-4802-9360

E-mail : ir@santen.co.jp

(millions of yen)

1. Consolidated performance for the three months ended June 30, 2016

(1) Operating results

	Three months ended June 30, 2015	Three months ended June 30, 2016	% change
Revenue	47,975	50,006	+4.2%
Operating profit	10,799	10,811	+0.1%
Profit before tax	11,226	10,253	(8.7%)
Net profit for the period	7,541	7,323	(2.9%)
Net profit for the period attributable to owners of the company	7,541	7,323	(2.9%)
Total comprehensive income for the period	9,435	1,613	(82.9%)
Basic earnings per share (yen)	18.24	17.68	
Diluted earnings per share (yen)	18.15	17.61	

(Core basis *1)

	Three months ended June 30, 2015	Three months ended June 30, 2016	% change
Revenue	47,975	50,006	+4.2%
Core operating profit	12,206	12,353	+1.2%
Core net profit for the period	8,208	8,762	+6.8%
Basic core earnings per share (yen)	19.85	21.15	
Diluted core earnings per share (yen)	19.76	21.07	

(2) Financial position

	March 31, 2016	June 30, 2016
Total assets	355,399	328,782
Total equity	260,009	256,254
Total equity attributable to owners of the company	260,009	256,254
Total equity attributable to owners of the company ratio	73.2%	77.9%
Equity per share attributable to owners of the company (yen)	627.78	618.67

2. Dividends

	Year to March 2016	Year to March 2017	(Forecasts) Year to March 2017
First quarter dividends per share (yen)	—	—	—
Second quarter dividends per share (yen)	12.00	—	13.00
Third quarter dividends per share (yen)	—	—	—
Year-end dividends per share (yen)	13.00	—	13.00
Annual dividends per share (yen)	25.00	—	26.00

3. Consolidated forecasts of results for the year ending March 31, 2017

	Year to March 2017	% change
Revenue	200,000	+2.4%
Operating profit	36,300	(54.7%)
Profit before tax	36,500	(54.1%)
Net profit for the year	25,300	(52.6%)
Net profit for the year attributable to owners of the company	25,300	(52.6%)
Basic earnings per share (yen)	61.09	

(Core basis *1)

	Year to March 2017	% change
Revenue	200,000	+2.4%
Core operating profit	44,100	+2.3%
Core net profit for the year	30,200	+3.5%
Core earnings per share (yen)	72.92	

*Others

- (1) Changes in significant subsidiaries during the term (changes in designated subsidiaries resulting in adjustment to the scope of consolidation): No
Note : Three companies, Santen Business Services Co., Ltd., Santen Eye Care Co., Ltd., and Santen Pharmaceutical (Hong Kong) Limited. have newly become our consolidated subsidiaries.

(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, 2016 : 414,226,515
March 31, 2016: 414,191,515
[ii] Number of treasury shares at the end of period
June 30, 2016 : 22,409
March 31, 2016: 22,369
[iii] Average number of outstanding shares (during the fiscal year ended June 30)
First quarter ended June 30, 2016: 414,192,576
First quarter ended June 30, 2015: 413,416,772

(Information regarding the implementation of audit procedures)

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

(Information regarding 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, and finance income and expenses in order to provide greater transparency on underlying business performance.

Quarterly consolidated statements of income and comprehensive income

IFRS basis		(Millions of yen)
	Three months ended June 30, 2015	Three months ended June 30, 2016
Revenue	47,975	50,006
Cost of sales	(17,869)	(18,395)
Gross profit	30,106	31,611
Selling, general and administrative expenses	(13,313)	(14,100)
Research and development expenses	(4,587)	(5,158)
Amortization on intangible assets associated with products	(1,431)	(1,586)
Other income	99	110
Other expenses	(75)	(66)
Operating profit	10,799	10,811
Finance income	463	427
Finance expenses	(36)	(985)
Profit before tax	11,226	10,253
Income tax expenses	(3,685)	(2,930)
Net profit for the period	7,541	7,323
Other comprehensive income		
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	153	(1,067)
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustments	1,740	(4,642)
Other comprehensive income	1,894	(5,710)
Total comprehensive income	9,435	1,613

Core basis		(Millions of yen)
	Three months ended June 30, 2015	Three months ended June 30, 2016
Revenue	47,975	50,006
Gross profit	30,106	31,611
Core operating profit	12,206	12,353
Core profit before tax	12,206	12,353
Core net profit for the period	8,208	8,762

Quarterly consolidated statement of financial position

Assets		(Millions of yen)
	March 31, 2016	June 30, 2016
Non-current assets		
Property, plant and equipment	27,991	28,165
Intangible assets	83,681	80,591
Financial assets	44,535	43,291
Deferred tax assets	2,345	1,948
Other non-current assets	2,109	1,678
Total non-current assets	160,660	155,672
Current assets		
Inventories	24,996	25,486
Trade and other receivables	65,998	69,086
Other financial assets	234	306
Other current assets	3,714	3,716
Cash and cash equivalents	99,798	74,516
Total current assets	194,739	173,110
Total assets	355,399	328,782

Equity and liabilities		(Millions of yen)
	March 31, 2016	June 30, 2016
Equity		
Share capital	7,695	7,707
Capital surplus	8,389	8,401
Treasury shares	(24)	(24)
Retained earnings	221,945	223,884
Other components of equity	22,003	16,286
Total equity attributable to owners of the company	260,009	256,254
Total equity	260,009	256,254
Liabilities		
Non-current liabilities		
Financial liabilities	12,944	13,652
Net defined benefit liabilities	2,556	2,228
Provisions	1,629	1,561
Deferred tax liabilities	3,988	4,910
Other non-current liabilities	1,043	1,148
Total non-current liabilities	22,161	23,499
Current liabilities		
Trade and other payables	24,504	24,260
Other financial liabilities	19,881	15,285
Income tax payable	20,431	1,396
Provisions	1,276	1,330
Other current liabilities	7,138	6,759
Total current liabilities	73,230	49,029
Total liabilities	95,391	72,528
Total equity and liabilities	355,399	328,782

Quarterly consolidated statement of changes in equity

Three months ended June 30, 2015

	(Millions of yen)					
	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, 2015	7,383	8,077	(18)	178,840	—	11,944
Comprehensive income						
Net profit for the period				7,541		
Other comprehensive income						153
Total comprehensive income	—	—	—	7,541	—	153
Transactions with owners						
Issuance of new shares	144	144				
Acquisition of treasury shares			(4)			
Dividends				(4,959)		
Total transactions with owners	144	144	(4)	(4,959)	—	—
Balance at June 30, 2015	7,527	8,222	(23)	181,422	—	12,098

	(Millions of yen)				
	Other components of equity			Total equity attributable to owners of the company	Total equity
	Foreign currency translation adjustments	Subscription rights to shares	Total		
Balance at April 1, 2015	5,000	553	17,497	211,779	211,779
Comprehensive income					
Net profit for the period			—	7,541	7,541
Other comprehensive income	1,740		1,894	1,894	1,894
Total comprehensive income	1,740	—	1,894	9,435	9,435
Transactions with owners					
Issuance of new shares		(41)	(41)	247	247
Acquisition of treasury shares			—	(4)	(4)
Dividends			—	(4,959)	(4,959)
Total transactions with owners	—	(41)	(41)	(4,716)	(4,716)
Balance at June 30, 2015	6,740	512	19,350	216,498	216,498

Three months ended June 30, 2016

(Millions of yen)						
	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, 2016	7,695	8,389	(24)	221,945	—	18,676
Comprehensive income						
Net profit for the period				7,323		
Other comprehensive income						(1,067)
Total comprehensive income	—	—	—	7,323	—	(1,067)
Transactions with owners						
Issuance of new shares	12	12				
Acquisition of treasury shares			(0)			
Dividends				(5,384)		
Total transactions with owners	12	12	(0)	(5,384)	—	—
Balance at June 30, 2016	7,707	8,401	(24)	223,884	—	17,609

(Millions of yen)					
	Other components of equity			Total equity attributable to owners of the company	Total equity
	Foreign currency translation adjustments	Subscription rights to shares	Total		
Balance at April 1, 2016	2,611	716	22,003	260,009	260,009
Comprehensive income					
Net profit for the period			—	7,323	7,323
Other comprehensive income	(4,642)		(5,710)	(5,710)	(5,710)
Total comprehensive income	(4,642)	—	(5,710)	1,613	1,613
Transactions with owners					
Issuance of new shares		(8)	(8)	16	16
Acquisition of treasury shares			—	(0)	(0)
Dividends			—	(5,384)	(5,384)
Total transactions with owners	—	(8)	(8)	(5,369)	(5,369)
Balance at June 30, 2016	(2,031)	708	16,286	256,254	256,254

Quarterly consolidated statements of cash flows

	(Millions of yen)	
	Three months ended June 30, 2015	Three months ended June 30, 2016
I. Cash flows from operating activities:		
Net profit for the period	7,541	7,323
Depreciation and amortization	2,173	2,396
Impairment losses	21	12
Finance income and expenses	(260)	(271)
Income tax expenses	3,685	2,930
Decrease (increase) in trade and other receivables	(3,245)	(4,033)
Decrease (increase) in inventories	(1,645)	(1,471)
Increase (decrease) in trade and other payables	1,271	(3)
Increase (decrease) in provisions and net defined benefit liabilities	172	(93)
Other	(3,655)	(1,282)
Subtotal	6,057	5,507
Interest received	14	13
Dividends received	271	266
Interest paid	(25)	(16)
Income tax paid	(6,655)	(20,032)
Net cash flows from (used in) operating activities	(338)	(14,262)
II. Cash flows from investing activities:		
Payments for acquisition of investments	(20)	(111)
Payments for acquisition of property, plant and equipment	(2,001)	(1,601)
Proceeds from sales of property, plant and equipment	—	2
Payments for acquisition of intangible assets	(531)	(2,392)
Other	(8)	(8)
Net cash flows from (used in) investing activities	(2,559)	(4,111)
III. Cash flows from financing activities:		
Proceeds from long-term loans	—	3,000
Repayments of long-term loans	(2,949)	(2,412)
Dividends paid	(4,850)	(5,279)
Other	242	19
Net cash flows from (used in) financing activities	(7,557)	(4,672)
IV. Net increase (decrease) in cash and cash equivalents	(10,453)	(23,044)
V. Cash and cash equivalents at the beginning of period	65,923	99,798
VI. Effect of exchange rate changes on cash and cash equivalents	581	(2,237)
VII. Cash and cash equivalents at the end of period	56,051	74,516

Segment information

Three months ended June 30, 2015

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

Notes: 1."Other" comprises operating segments other than the reportable segment, including the medical device operating segments.

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

Three months ended June 30, 2016

(Millions of yen)					
	<Reportable segment> Pharmaceuticals	Other (Note : 1)	Total	Adjustments	Consolidated total
Revenue:					
External customers	49,258	748	50,006	—	50,006
Intersegment	—	141	141	(141)	—
Total	49,258	890	50,147	(141)	50,006
Segment income(loss)					
(Note : 2)	10,843	(32)	10,811	—	10,811
				Finance income	427
				Finance expenses	(985)
				Profit before tax	10,253

Notes: 1."Other" comprises operating segments other than the reportable segment, including the medical device operating segments.

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

Breakdown of revenues

Three months ended June 30, 2015

						(Millions of yen)
Pharmaceuticals business				Other businesses		Total
Prescription pharmaceuticals			OTC pharma- ceuticals	Medical devices	Others	
Ophthalmics	Anti- rheumatics	Other pharma- ceuticals				
40,827	2,612	1,531	2,386	544	75	47,975

Three months ended June 30, 2016

(Millions of yen)						
Pharmaceuticals business				Other businesses		Total
Prescription pharmaceuticals			OTC pharma- ceuticals	Medical devices	Others	
Ophthalmics	Anti- rheumatics	Other pharma- ceuticals				
45,722	—	568	2,967	620	129	50,006

Revenue of major prescription pharmaceuticals

(Millions of yen)

Brand name Generic name/formulation	Therapeutic category	Region	Year ended March 31, 2016				Year ending March 31, 2017			
			Three months ended June 30, 2015 Actual	Changes from same period of previous year	Year ended March 31 Actual	Changes from same period of previous year	Three months ended June 30, 2016 Actual	Changes from same period of previous year	Year ending March 31 Forecasts	Changes from same period of previous year
Cravit levofloxacin/ophthalmic solution	Bacterial conjunctivitis	Total	4,087	23.5%	14,250	6.4%	3,459	(15.4%)	11,437	(19.7%)
		Japan	1,612	(4.3%)	5,918	(8.9%)	1,334	(17.2%)	4,439	(25.0%)
		Asia	2,092	59.0%	7,001	29.1%	1,840	(12.1%)	5,689	(18.7%)
		Europe	383	23.5%	1,331	(10.0%)	285	(25.6%)	1,309	(1.6%)
Tarivid ofloxacin/ophthalmic solution	Bacterial conjunctivitis	Total	619	30.9%	1,761	(7.8%)	424	(31.6%)	1,348	(23.5%)
		Japan	186	(8.9%)	673	(11.7%)	157	(15.5%)	422	(37.3%)
		Asia	434	61.0%	1,088	(5.2%)	267	(38.5%)	926	(14.9%)
		Europe	-	-	-	-	-	-	-	-
Tapcom tafluprost-timolol maleate/ combination ophthalmic solution	Glaucoma	Total	307	-	1,534	302.3%	632	106.0%	2,283	48.8%
		Japan	258	-	1,381	303.3%	560	117.2%	1,734	25.6%
		Asia	-	-	-	-	5	-	7	-
		Europe	49	-	153	292.8%	67	36.5%	541	253.4%
Tapros tafluprost/ophthalmic solution	Glaucoma	Total	3,695	37.9%	15,633	26.8%	4,151	12.3%	17,030	8.9%
		Japan	2,290	33.2%	9,168	10.1%	2,524	10.2%	10,285	12.2%
		Asia	266	41.1%	1,097	34.3%	313	17.3%	1,251	14.0%
		Europe	1,139	47.5%	5,368	68.6%	1,314	15.4%	5,487	2.2%
Cosopt dorzolamide hydrochloride-timolol maleate/combination ophthalmic solution	Glaucoma	Total	4,666	87.5%	20,583	65.0%	5,943	27.4%	21,610	5.0%
		Japan	2,835	14.0%	11,214	4.9%	3,054	7.7%	11,719	4.5%
		Asia	666	-	2,493	179.6%	704	5.7%	2,381	(4.5%)
		Europe	1,165	-	6,876	666.4%	2,185	87.6%	7,451	8.4%
Timoptol timolol maleate/ ophthalmic solution	Glaucoma	Total	482	95.0%	1,930	52.3%	453	(6.1%)	1,414	(26.7%)
		Japan	331	33.9%	1,182	(2.8%)	281	(15.2%)	902	(23.7%)
		Asia	36	-	140	380.8%	31	(15.8%)	118	(15.6%)
		Europe	115	-	608	-	142	23.3%	393	(35.3%)
Timoptol XE timolol maleate/ long-acting ophthalmic solution	Glaucoma	Total	649	65.3%	2,463	24.1%	618	(4.8%)	2,411	(2.1%)
		Japan	510	29.9%	1,886	(1.6%)	459	(10.0%)	1,558	(17.4%)
		Asia	23	-	87	221.9%	23	1.3%	81	(6.9%)
		Europe	116	-	489	-	136	16.7%	772	57.7%
Trusopt dorzolamide hydrochloride/ ophthalmic solution	Glaucoma	Total	1,040	-	4,561	146.2%	1,135	9.1%	3,647	(20.0%)
		Japan	577	-	2,125	37.6%	477	(17.3%)	1,533	(27.9%)
		Asia	144	-	446	706.0%	69	(52.1%)	240	(46.1%)
		Europe	319	-	1,990	688.7%	588	84.5%	1,863	(6.4%)
Detantol bunazosin hydrochloride/ ophthalmic solution	Glaucoma	Total	-	-	-	-	-	-	11	-
		Japan	300	9.0%	1,117	(9.1%)	295	(1.9%)	1,060	(5.1%)
		Asia	-	-	-	-	-	-	-	-
		Europe	-	-	-	-	-	-	-	-
Rescula isopropyl unoprostone/ ophthalmic solution	Glaucoma	Total	486	2.5%	1,845	(4.7%)	458	(5.7%)	1,666	(9.7%)
		Japan	486	2.5%	1,845	(4.7%)	458	(5.7%)	1,666	(9.7%)
		Asia	-	-	-	-	-	-	-	-
		Europe	-	-	-	-	-	-	-	-
Alesion epinastine hydrochloride/ ophthalmic solution	Allergy	Total	1,182	64.2%	9,483	41.6%	2,034	72.0%	11,741	23.8%
		Japan	1,182	64.2%	9,483	41.6%	2,034	72.0%	11,741	23.8%
		Asia	-	-	-	-	-	-	-	-
		Europe	-	-	-	-	-	-	-	-
Flumetholon fluorometholone/ ophthalmic solution	Inflammation	Total	927	1.0%	3,775	(0.9%)	860	(7.1%)	3,277	(13.2%)
		Japan	617	(3.5%)	2,655	(6.6%)	561	(9.1%)	2,219	(16.4%)
		Asia	309	11.5%	1,120	15.8%	299	(3.2%)	1,057	(5.6%)
		Europe	-	-	-	-	-	-	-	-
Kary Uni pirenoxine/ ophthalmic solution	Senile cataract	Total	1,099	15.8%	4,187	7.1%	1,057	(3.9%)	4,051	(3.2%)
		Japan	739	3.9%	2,900	(0.3%)	766	3.7%	2,835	(2.2%)
		Asia	361	51.1%	1,287	28.6%	291	(19.4%)	1,216	(5.5%)
		Europe	-	-	-	-	-	-	-	-
Opegan Hi sodium hyaluronate/ adjuvant for ophthalmic operations	Adjuvant for ophthalmic operations	Total	667	4.1%	2,568	(0.2%)	630	(5.6%)	2,318	(9.7%)
		Japan	667	4.1%	2,568	(0.2%)	630	(5.6%)	2,318	(9.7%)
		Asia	-	-	-	-	-	-	-	-
		Europe	-	-	-	-	-	-	-	-
Eylea aflibercept/ solution for intravitreal injection	Intravitreal VEGF inhibitor	Total	9,001	92.1%	39,988	60.7%	11,894	32.1%	45,688	14.3%
		Japan	9,001	92.1%	39,988	60.7%	11,894	32.1%	45,688	14.3%
		Asia	-	-	-	-	-	-	-	-
		Europe	-	-	-	-	-	-	-	-
Hyalein sodium hyaluronate/ophthalmic solution	Corneal disease	Total	5,156	6.3%	19,864	1.3%	4,763	(7.6%)	15,680	(21.1%)
		Japan	3,797	0.1%	14,491	(5.4%)	3,267	(14.0%)	10,457	(27.8%)
		Asia	1,359	29.0%	5,372	25.1%	1,496	10.1%	5,223	(2.8%)
		Europe	-	-	-	-	-	-	-	-
Diquas diqafosol sodium/ophthalmic solution	Corneal disease	Total	2,260	47.8%	9,631	22.0%	2,918	29.1%	13,357	38.7%
		Japan	2,087	44.5%	8,880	19.7%	2,684	28.7%	12,313	38.7%
		Asia	174	104.1%	751	57.7%	234	34.5%	1,043	38.9%
		Europe	-	-	-	-	-	-	-	-
Ikervis Ciclosporin/ophthalmic solution	Corneal disease	Total	-	-	751	-	164	-	1,922	155.8%
		Japan	-	-	-	-	-	-	-	-
		Asia	-	-	-	-	-	-	-	-
		Europe	-	-	-	-	-	-	-	-
Cationorm	Corneal disease	Total	239	96.2%	1,453	77.3%	321	34.2%	2,267	56.1%
		Japan	24	123.8%	167	89.6%	28	19.3%	258	54.6%
		Europe	216	126.2%	1,029	75.7%	291	34.8%	1,712	66.4%
		U.S.	-	(100.0%)	242	68.9%	-	-	243	0.5%
OTC pharmaceuticals		Total	2,386	81.3%	11,004	64.1%	2,967	24.4%	13,849	25.9%
		Japan	2,386	81.3%	11,004	64.1%	2,967	24.4%	13,849	25.9%
		Asia	-	-	-	-	-	-	-	-
		Europe	-	-	-	-	-	-	-	-

*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

■ Pipeline of prescription pharmaceuticals (Clinical Stage)

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
Tafluprost	DE-085	Glaucoma/ Ocular hypertension	Co-development with Asahi Glass	China	Mar-16					
A prostaglandin F _{2α} derivative for the treatment of glaucoma and ocular hypertension. Since December, 2008, launched in Japan, Europe, and the U.S. In Asia, launched in Hong Kong, Korea, Indonesia, and Singapore, etc. Launched in China in March 2016.										

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	Jan-12					
				Asia	Feb-16					

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 and in October 2013 in Korea. NDA filed in China in January 2012. Launched in Vietnam in February 2016. Launched in Thailand in April 2016. Currently seeking sequential approvals for marketing in Asia.

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

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

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

An intravitreal injection with immunosuppressive effect, anti-angiogenic effect, etc. Phase 3 study is ongoing in multiple countries including the U.S. NDA filed in Asia in April 2015. Withdrew NDA file in May 2016 and plan to resubmit an application in Europe.

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
Tafluprost/ Timolol maleate	DE-111	Glaucoma/ Ocular hypertension	Co-development with Asahi Glass	Korea	Apr-16					
				Asia	Mar-16					

A fixed dose combination drug of a prostaglandin $F_{2\alpha}$ derivative and a beta-adrenergic receptor blocker. Launched in Japan in November 2014. Approved successively in EU countries since October 2014 and launched since January 2015. Launched in Korea in April 2016. NDA being filed in Asian countries successively, and approved in Thailand in March 2016.

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
(Undetermined)	DE-117	Glaucoma/ Ocular hypertension	Co-development with Ube Industries	U.S.						
				Japan	(Phase 2b/3)					

An EP2 receptor agonist with a new mechanism of action. Completed Phase 2b in the U.S in February 2015. Started Phase 2b/3 in Japan in December 2015.

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
Tafluprost	DE-118	Glaucoma/ Ocular hypertension	Co-development with Asahi Glass	Asia	Apr-16					

A prostaglandin $F_{2\alpha}$ derivative for the treatment of glaucoma and ocular hypertension. Preservative-free, single dose type product. Launched in October 2013 in Japan. Acquired marketing approval in Hong Kong since June 2015. Seeking sequential approvals for marketing in Asian countries. Launched in Singapore and another county since April, 2016.

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

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

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
(Undetermined)	DE-122	Wet Age-related macular degeneration	TRACON Pharmaceuticals	U.S.	(Phase 1/2)					

An intravitreal injection of anti-endoglin antibody. Started Phase1/2 in the U.S. in September 2015.

■ Pipeline of prescription pharmaceuticals (Clinical Stage)

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.						
A prostaglandin 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.										

Generic name	Dev. name	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
Ciclosporin	Cyclokat	Severe keratitis in patients with dry eye	Original	Europe						Jul-15
				U.S.						
				Korea				Dec-2015		
				Asia				Nov-2015		
An ophthalmic emulsion which improves severe keratitis in adult patients with dry eye by immunosuppressive effect. Cationic emulsion technology has enhanced ocular tissue absorption. Launched in Germany and UK in July 2015 and planning successive launches in EU countries. NDA filed in Asian countries successively since November 2015 and in Korea in December 2015.										

Generic name	Dev. name	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
Ciclosporin	Vekacia	Vernal Keratoconjunctivitis	Original	Europe						
An ophthalmic emulsion which improves vernal keratoconjunctivitis by immunosuppressive effect. Cationic emulsion technology has enhanced ocular tissue absorption. Completed Phase3 in Europe in March 2016.										

Generic name	Dev. name	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
Latanoprost	Catioprost	Glaucoma/ Ocular hypertension	Original	Europe						
An ophthalmic emulsion of a prostaglandin $F_{2\alpha}$ derivative, for the treatment of glaucoma and ocular hypertension.										

Generic name	Dev. name	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
Dexamethasone Palmitate	Cortiject	Diabetic macular edema	Original	Europe	(Phase 1/2)					
An intravitreal injection with anti-inflammatory effect.										

■ Changes since 4Q FY15, May 11, 2016

Dev. Code	Changes
DE-109	Withdrew NDA file on May 2016 and plan to resubmit an application in Europe.

Other consolidated information

Capital expenditures

(Millions of yen)

	Three months ended June 30, 2016	Year ended March 31, 2016	Three months ended June 30, 2016	Year ending March 31, 2017
	Actual			Forecasts
Consolidated	834	4,474	1,555	7,070

Depreciation and amortization

(Millions of yen)

	Three months ended June 30, 2016	Year ended March 31, 2016	Three months ended June 30, 2016	Year ending March 31, 2017
	Actual			Forecasts
Manufacturing cost	335	1,445	368	1,590
Selling, general and administrative expenses	247	1,035	281	1,250
R&D expenses	160	653	161	660
Consolidated total	742	3,133	810	3,500

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

Amortization on intangible assets associated with products

(Millions of yen)

	Three months ended June 30, 2016	Year ended March 31, 2016	Three months ended June 30, 2016	Year ending March 31, 2017
	Actual			Forecasts
Intangible assets (Merck products)	1,291	5,186	1,318	5,310
Intangible assets (Ikervis)	63	625	174	660
Other	78	394	94	1,080
Consolidated total	1,431	6,205	1,586	7,050

R&D expenditures

(Millions of yen)

	Three months ended June 30, 2016	Year ended March 31, 2016	Three months ended June 30, 2016	Year ending March 31, 2017
	Actual			Forecasts
Consolidated	4,587	19,990	5,158	20,400
Percent of revenue	9.6%	10.2%	10.3%	10.2%

*Forecasts in this report are based on the currently available information. Actual results may differ materially depending on a number of factors including adverse economic conditions, etc.