

August 3, 2020

Consolidated Financial Results for the First Quarter of Fiscal 2020 (Three-Month Period Ended June 30, 2020) [JGAAP]

Listed company name: KAKEN PHARMACEUTICAL Co., Ltd. Listing: Tokyo Stock Exchange First Section
 Stock code number: 4521 (URL: <http://www.kaken.co.jp>)
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 Scheduled Date to Submit the Quarterly Securities Report: August 12, 2020
 Scheduled Date to Commence Dividends Payment: -
 Availability of supplementary briefing material on quarterly results: Available
 Schedule of quarterly results briefing session: Not scheduled

(Figures less than one million yen have been omitted)

1. Consolidated Financial Results for the Three-Month Period of Fiscal 2020 (April 1, 2020 to June 30, 2020)

(1) Consolidated Results of Operations (cumulative)

(Percentage figures indicate changes from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	(Millions of yen)	Change (%)	(Millions of yen)	Change (%)	(Millions of yen)	Change (%)	(Millions of yen)	Change (%)
Three-Month period of Fiscal 2020	18,070	(19.1)	5,031	(25.0)	5,249	(23.9)	3,820	(20.8)
Three-Month period of Fiscal 2019	22,335	(7.5)	6,705	18.7	6,898	18.6	4,826	19.6

Note:

Comprehensive income:

Three-Month period of Fiscal 2020: ¥ 4,569 million [0.8%]

Three-Month period of Fiscal 2019: ¥ 4,532 million [7.1%]

	Basic earnings per share	Diluted earnings per share
	(Yen)	(Yen)
Three-Month period of Fiscal 2020	98.18	-
Three-Month period of Fiscal 2019	121.65	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	(Millions of yen)	(Millions of yen)	(%)
As of June 30, 2020	158,346	129,828	82.0
As of March 31, 2020	157,875	128,468	81.4

Reference:

Equity:

As of June 30, 2020: ¥ 129,828 million

As of March 31, 2020: ¥ 128,468 million

2. Dividends

	Annual cash dividends				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal 2019	-	75.00	-	75.00	150.00
Fiscal 2020	-				
Fiscal 2020 (Forecast)		75.00	-	75.00	150.00

Note: Revision to the dividend forecast from recently announced figures: None

3. Forecast of Consolidated Results for Fiscal 2020 (April 1, 2020 to March 31, 2021)

(Percentage figures indicate changes from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Six-Month period	41,000	(9.2)	10,900	(20.7)	11,100	(20.3)	7,900	(17.3)	203.26
Full year	82,900	(7.1)	20,800	(21.5)	21,200	(21.3)	15,000	(22.6)	385.94

Note: Revision to the business forecast from recently announced figures: None

The business performance of the KAKEN Group has been impacted by factors including restraint on receiving medical consultation at medical institutions due to the spread of COVID-19. Since there are many uncertain factors including the timing of a return to normalcy and prospects for the recovery of performance at this moment, there has been no change to the business forecast announced on May 22, 2020. In case any revision to the business forecast is required in the future, it will be disclosed immediately.

* Notes

- (1) Significant changes of subsidiaries during the period (Changes of specified subsidiaries followed by changes in the scope of consolidation): None
- (2) Adoption of special accounting treatment for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and corrections of errors
 - 1) Changes in accounting policies related to amendments of accounting standards, etc.: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Corrections of errors: None

(4) Issued shares (Common stock)

1) Number of shares issued (including treasury stock) at the period end	As of June 30, 2020	45,939,730 shares	As of March 31, 2020	45,939,730 shares
2) Number of treasury stock at the period end	As of June 30, 2020	7,073,729 shares	As of March 31, 2020	7,022,576 shares
3) Average number of shares during the period	Three-Month period of Fiscal 2020	38,917,118 shares	Three-Month period of Fiscal 2019	39,676,480 shares

Note: Number of treasury stock at the period end includes the Company's shares held by the "Board Benefit Trust (BBT)" (41,100 shares as of June 30, 2020 and 41,100 shares as of March 31, 2020). The Company's shares held by the BBT (41,100 shares as of June 30, 2020 and 0 shares as of June 30, 2019) are included in the number of treasury stock to be deducted in calculating the average number of shares during the period.

* These quarterly financial results are outside the scope of quarterly review by certified public accountants or audit firms.

* Explanation for the appropriate use of performance forecasts and other special notes:

(Caution regarding forward-looking statements)

The performance forecasts and other descriptions on future events presented in this material are based on information that was available when this material was prepared and based on certain assumptions considered to be reasonable. The actual performance, etc. may differ from these forecasts.

(Obtaining Method of the Supplementary Material for the Quarterly Financial Results)

The supplementary material for the financial results will be available together with the financial results on the Company's website.

2. Consolidated Financial Results for Three-Month Period of Fiscal 2020

(1) Consolidated balance sheets

(Unit: Millions of yen)

	Fiscal 2019 (As of March 31, 2020)	Three-Month Period of Fiscal 2020 (As of June 30, 2020)
Assets		
Current assets		
Cash and deposits	59,722	60,496
Notes and accounts receivable-trade	21,800	19,795
Marketable securities	13,599	13,598
Merchandise and finished goods	4,762	6,295
Work in process	2,829	3,037
Raw materials and supplies	4,683	4,641
Other	938	767
Allowance for doubtful accounts	(0)	(0)
Total current assets	108,336	108,632
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,764	16,449
Other, net	8,753	8,602
Total property, plant and equipment	25,518	25,051
Intangible assets	414	398
Investments and other assets		
Investment securities	15,036	16,037
Other	8,569	8,226
Total investments and other assets	23,605	24,263
Total non-current assets	49,538	49,714
Total assets	157,875	158,346

(Unit: Millions of yen)

	Fiscal 2019 (As of March 31, 2020)	Three-Month Period of Fiscal 2020 (As of June 30, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	7,720	7,610
Electronically recorded obligations-operating	962	532
Short-term bank loans	3,850	3,850
Income taxes payable	2,904	1,893
Provision		
Provision for bonuses	1,082	502
Other provision	410	302
Other	4,724	6,030
Total current liabilities	21,655	20,722
Non-current liabilities		
Provision for share-based remuneration	47	35
Net defined benefit liability	7,303	7,356
Other	400	404
Total non-current liabilities	7,750	7,796
Total liabilities	29,406	28,518
Net assets		
Shareholders' equity		
Common stock	23,853	23,853
Capital surplus	11,406	11,406
Retained earnings	114,869	115,768
Treasury stock	(23,373)	(23,661)
Total shareholders' equity	126,756	127,367
Accumulated other comprehensive income		
Net unrealized holding gain on securities	3,116	3,810
Remeasurements of defined benefit plans	(1,404)	(1,349)
Total accumulated other comprehensive income	1,712	2,460
Total net assets	128,468	129,828
Total liabilities and net assets	157,875	158,346

(2) Consolidated statements of income and comprehensive income
(Consolidated statements of income)
(Three-month period of fiscal 2019 and 2020)

(Unit: Millions of yen)

	Three-Month period of Fiscal 2019 (April 1, 2019 – June 30, 2019)	Three-Month period of Fiscal 2020 (April 1, 2020 – June 30, 2020)
Net sales	22,335	18,070
Cost of sales	9,507	7,682
Gross profit	12,828	10,387
Selling, general and administrative expenses		
Salaries	1,629	1,484
Bonuses and provision for bonuses	402	341
Retirement benefit expenses	117	148
Research and development expenses	1,609	1,573
Other	2,362	1,809
Total selling, general and administrative expenses	6,122	5,356
Operating profit	6,705	5,031
Other income		
Interest income	1	2
Dividends income	209	215
Other	5	9
Total other income	216	228
Other expenses		
Interest expenses	4	4
Foreign exchange losses	12	3
Other	6	2
Total other expenses	23	9
Ordinary profit	6,898	5,249
Extraordinary income		
Gain on sales of non-current assets	0	243
Total extraordinary income	0	243
Extraordinary losses		
Loss on retirement of non-current assets	7	2
Other	6	5
Total extraordinary losses	13	7
Profit before income taxes	6,885	5,485
Income taxes	2,058	1,664
Profit	4,826	3,820
Profit attributable to owners of parent	4,826	3,820

(Consolidated statements of comprehensive income)
(Three-month period of fiscal 2019 and 2020)

(Unit: Millions of yen)

	Three-Month period of Fiscal 2019 (April 1, 2019 – June 30, 2019)	Three-Month period of Fiscal 2020 (April 1, 2020 – June 30, 2020)
Profit	4,826	3,820
Other comprehensive income		
Net unrealized holding gain on securities	(327)	694
Remeasurements of defined benefit plans	33	54
Total other comprehensive income	(294)	748
Comprehensive income	4,532	4,569
Total comprehensive income attributable to Owners of parent	4,532	4,569