

November 5, 2020

Consolidated Financial Results for the Second Quarter of Fiscal 2020 (Six-Month Period Ended September 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)
Representative: Hiroyuki Horiuchi, President and Representative Director	
Contact: Kazuhiro Kondo, General Manager of General Affairs Department	
Telephone: +81-3-5977-5002	
Scheduled Date to Submit the Quarterly Securities Report:	November 12, 2020
Scheduled Date to Commence Dividends Payment:	November 30, 2020
Availability of supplementary briefing material on quarterly results:	Available
Schedule of quarterly results briefing session:	Scheduled (for institutional investors and analysts)

(Figures less than one million yen have been omitted)

1. Consolidated Financial Results for the Six-Month Period of Fiscal 2020 (April 1, 2020 to September 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 (%)
Six-Month period of Fiscal 2020	36,789	(18.6)	9,782	(28.8)	10,010	(28.1)	7,226	(24.3)
Six-Month period of Fiscal 2019	45,170	(4.9)	13,744	11.2	13,929	11.1	9,547	8.0

Note:

Comprehensive income:

Six-Month period of Fiscal 2020: ¥ 8,135 million [(12.3)%]

Six-Month period of Fiscal 2019: ¥ 9,279 million [(5.8)%]

	Basic earnings per share	Diluted earnings per share
	(Yen)	(Yen)
Six-Month period of Fiscal 2020	186.15	-
Six-Month period of Fiscal 2019	242.56	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	(Millions of yen)	(Millions of yen)	(%)
As of September 30, 2020	161,039	131,552	81.7
As of March 31, 2020	157,875	128,468	81.4

Reference:

Equity:

As of September 30, 2020: ¥ 131,552 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	-	75.00			
Fiscal 2020 (Forecast)			-	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)
Full year	77,200	(13.5)	18,100	(31.7)	18,500	(31.3)	13,400	(30.8)	348.06

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

* 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 September 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 September 30, 2020	7,441,022 shares	As of March 31, 2020	7,022,576 shares
3) Average number of shares during the period	Six-Month period of Fiscal 2020	38,821,804 shares	Six-Month period of Fiscal 2019	39,362,820 shares

Note: Number of treasury stock at the period end includes the Company's shares held by the "Board Benefit Trust (BBT)" (39,400 shares as of September 30, 2020 and 41,100 shares as of March 31, 2020). The Company's shares held by the BBT (40,450 shares as of September 30, 2020 and 0 shares as of September 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 Six-Month Period of Fiscal 2020

(1) Consolidated balance sheets

(Unit: Millions of yen)

	Fiscal 2019 (As of March 31, 2020)	Six-Month Period of Fiscal 2020 (As of September 30, 2020)
Assets		
Current assets		
Cash and deposits	59,722	61,067
Notes and accounts receivable-trade	21,800	20,018
Marketable securities	13,599	13,599
Merchandise and finished goods	4,762	6,269
Work in process	2,829	3,379
Raw materials and supplies	4,683	5,957
Other	938	648
Allowance for doubtful accounts	(0)	(0)
Total current assets	108,336	110,939
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,764	16,211
Other, net	8,753	9,158
Total property, plant and equipment	25,518	25,370
Intangible assets	414	467
Investments and other assets		
Investment securities	15,036	16,190
Other	8,569	8,070
Total investments and other assets	23,605	24,261
Total non-current assets	49,538	50,099
Total assets	157,875	161,039

	(Unit: Millions of yen)	
	Fiscal 2019 (As of March 31, 2020)	Six-Month Period of Fiscal 2020 (As of September 30, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	7,720	8,029
Electronically recorded obligations-operating	962	114
Short-term bank loans	3,850	3,850
Income taxes payable	2,904	3,477
Provision		
Provision for bonuses	1,082	1,007
Other provision	410	294
Other	4,724	5,064
Total current liabilities	21,655	21,837
Non-current liabilities		
Provision for share-based remuneration	47	35
Net defined benefit liability	7,303	7,229
Other	400	384
Total non-current liabilities	7,750	7,649
Total liabilities	29,406	29,486
Net assets		
Shareholders' equity		
Common stock	23,853	23,853
Capital surplus	11,406	11,406
Retained earnings	114,869	119,174
Treasury stock	(23,373)	(25,503)
Total shareholders' equity	126,756	128,931
Accumulated other comprehensive income		
Net unrealized holding gain on securities	3,116	3,917
Remeasurements of defined benefit plans	(1,404)	(1,295)
Total accumulated other comprehensive income	1,712	2,621
Total net assets	128,468	131,552
Total liabilities and net assets	157,875	161,039

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

(Unit: Millions of yen)

	Six-Month period of Fiscal 2019 (April 1, 2019 – September 30, 2019)	Six-Month period of Fiscal 2020 (April 1, 2020 – September 30, 2020)
Net sales	45,170	36,789
Cost of sales	19,279	15,899
Gross profit	25,891	20,889
Selling, general and administrative expenses		
Salaries	3,174	2,971
Bonuses and provision for bonuses	718	681
Retirement benefit expenses	235	295
Research and development expenses	3,334	3,267
Other	4,684	3,891
Total selling, general and administrative expenses	12,147	11,107
Operating profit	13,744	9,782
Other income		
Interest income	3	4
Dividends income	211	218
Other	44	26
Total other income	259	249
Other expenses		
Interest expenses	8	8
Foreign exchange losses	30	6
Other	34	7
Total other expenses	74	22
Ordinary profit	13,929	10,010
Extraordinary income		
Gain on sales of non-current assets	1	378
Total extraordinary income	1	378
Extraordinary losses		
Loss on retirement of non-current assets	34	18
Loss on impairment of non-current assets	266	-
Other	6	5
Total extraordinary losses	307	23
Profit before income taxes	13,623	10,365
Income taxes	4,075	3,138
Profit	9,547	7,226
Profit attributable to owners of parent	9,547	7,226

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

(Unit: Millions of yen)

	Six-Month period of Fiscal 2019 (April 1, 2019 – September 30, 2019)	Six-Month period of Fiscal 2020 (April 1, 2020 – September 30, 2020)
Profit	9,547	7,226
Other comprehensive income		
Net unrealized holding gain on securities	(334)	800
Remeasurements of defined benefit plans	66	108
Total other comprehensive income	(268)	909
Comprehensive income	9,279	8,135
Total comprehensive income attributable to Owners of parent	9,279	8,135

(3) Consolidated statements of cash flows

(Unit: Millions of yen)

	Six-Month period of Fiscal 2019 (April 1, 2019 – September 30, 2019)	Six-Month period of Fiscal 2020 (April 1, 2020 – September 30, 2020)
Cash flows from operating activities		
Profit before income taxes	13,623	10,365
Depreciation	1,132	1,130
Loss on impairment of non-current assets	266	-
Increase (decrease) in net defined benefit liability	(1)	81
Interest and dividends income	(215)	(223)
Interest expenses	8	8
Loss on retirement of non-current assets	32	15
Loss (gain) on sales of property, plant and equipment	(1)	(378)
Decrease (increase) in notes and accounts receivable-trade	6,879	1,782
Decrease (increase) in inventories	841	(3,331)
Increase (decrease) in trade payables	(3,391)	(538)
Other, net	42	156
Subtotal	19,218	9,068
Interest and dividends income received	215	223
Interest expenses paid	(8)	(8)
Income taxes (paid) refund	(3,768)	(2,591)
Net cash provided by (used in) operating activities	15,657	6,691
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,309)	(895)
Proceeds from sales of property, plant and equipment	3	874
Purchase of intangible assets	(11)	(67)
Other, net	(198)	(199)
Net cash provided by (used in) investing activities	(1,517)	(288)
Cash flows from financing activities		
Net decrease (increase) in treasury stock	(4,249)	(2,139)
Cash dividends paid	(2,977)	(2,919)
Net cash provided by (used in) financing activities	(7,226)	(5,059)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	6,913	1,344
Cash and cash equivalents at beginning of period	58,555	73,322
Cash and cash equivalents at end of period	65,469	74,666