

November 6, 2019

Consolidated Financial Results for the Second Quarter of Fiscal 2019 (Six-Month Period Ended September 30, 2019) [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: Tetsuo Onuma, President and Representative Director	
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Scheduled Date to Submit the Quarterly Securities Report:	November 13, 2019
Scheduled Date to Commence Dividends Payment:	November 29, 2019
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 2019 (April 1, 2019 to September 30, 2019)

(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 2019	45,170	(4.9)	13,744	11.2	13,929	11.1	9,547	8.0
Six-Month period of Fiscal 2018	47,521	(4.7)	12,356	(19.4)	12,536	(19.2)	8,840	(18.7)

Note:

Comprehensive income:

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

Six-Month period of Fiscal 2018: ¥ 9,848 million [(19.6)%]

	Basic earnings per share	Diluted earnings per share
	(Yen)	(Yen)
Six-Month period of Fiscal 2019	242.56	-
Six-Month period of Fiscal 2018	220.84	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	(Millions of yen)	(Millions of yen)	(%)
As of September 30, 2019	154,490	123,183	79.7
As of March 31, 2019	155,985	121,131	77.7

Reference:

Equity:

As of September 30, 2019: ¥ 123,183 million

As of March 31, 2019: ¥ 121,131 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 2018	-	75.00	-	75.00	150.00
Fiscal 2019	-	75.00			
Fiscal 2019 (Forecast)			-	75.00	150.00

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

3. Forecast of Consolidated Results for Fiscal 2019 (April 1, 2019 to March 31, 2020)

(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	92,900	(1.3)	22,300	(9.3)	22,700	(9.1)	16,100	(9.4)	413.69

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, 2019	45,939,730 shares	As of March 31, 2019	48,439,730 shares
2) Number of treasury stock at the period end	As of September 30, 2019	7,022,004 shares	As of March 31, 2019	8,721,768 shares
3) Average number of shares during the period	Six-Month period of Fiscal 2019	39,362,820 shares	Six-Month period of Fiscal 2018	40,030,338 shares

* 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 2019

(1) Consolidated balance sheets

(Unit: Millions of yen)

	Fiscal 2018 (As of March 31, 2019)	Six-Month Period of Fiscal 2019 (As of September 30, 2019)
Assets		
Current assets		
Cash and deposits	46,956	51,869
Notes and accounts receivable-trade	30,340	23,460
Marketable securities	11,599	13,599
Merchandise and finished goods	6,113	5,512
Work in process	2,647	2,887
Raw materials and supplies	4,959	4,479
Other	1,114	1,216
Allowance for doubtful accounts	(0)	(0)
Total current assets	103,731	103,025
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,443	17,064
Other, net	8,959	9,069
Total property, plant and equipment	26,402	26,133
Intangible assets	551	464
Investments and other assets		
Investment securities	17,068	16,586
Other	8,231	8,280
Total investments and other assets	25,299	24,867
Total non-current assets	52,254	51,465
Total assets	155,985	154,490

	(Unit: Millions of yen)	
	Fiscal 2018 (As of March 31, 2019)	Six-Month Period of Fiscal 2019 (As of September 30, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	10,729	7,744
Electronically recorded obligations-operating	1,529	1,123
Short-term bank loans	3,875	3,875
Income taxes payable	4,042	4,483
Provision		
Provision for bonuses	1,149	1,057
Other provision	408	343
Other	5,844	5,548
Total current liabilities	27,580	24,176
Non-current liabilities		
Net defined benefit liability	6,642	6,545
Other	631	586
Total non-current liabilities	7,274	7,131
Total liabilities	34,854	31,307
Net assets		
Shareholders' equity		
Common stock	23,853	23,853
Capital surplus	11,408	11,406
Retained earnings	109,057	107,877
Treasury stock	(26,782)	(23,281)
Total shareholders' equity	117,536	119,856
Accumulated other comprehensive income		
Net unrealized holding gain on securities	4,524	4,190
Remeasurements of defined benefit plans	(930)	(864)
Total accumulated other comprehensive income	3,594	3,326
Total net assets	121,131	123,183
Total liabilities and net assets	155,985	154,490

(2) Consolidated statements of income and comprehensive income
(Consolidated statements of income)
(Six-month period of fiscal 2018 and 2019)

(Unit: Millions of yen)

	Six-Month period of Fiscal 2018 (April 1, 2018 – September 30, 2018)	Six-Month period of Fiscal 2019 (April 1, 2019 – September 30, 2019)
Net sales	47,521	45,170
Cost of sales	19,977	19,279
Gross profit	27,543	25,891
Selling, general and administrative expenses		
Salaries	3,456	3,174
Bonuses and provision for bonuses	821	718
Retirement benefit expenses	317	235
Research and development expenses	5,708	3,334
Other	4,883	4,684
Total selling, general and administrative expenses	15,187	12,147
Operating profit	12,356	13,744
Other income		
Interest income	3	3
Dividends income	182	211
Other	31	44
Total other income	216	259
Other expenses		
Interest expenses	8	8
Foreign exchange losses	14	30
Loss on cancellation of insurance policies	-	25
Other	13	9
Total other expenses	36	74
Ordinary profit	12,536	13,929
Extraordinary income		
Gain on sales of non-current assets	-	1
Other	0	-
Total extraordinary income	0	1
Extraordinary losses		
Loss on retirement of non-current assets	40	34
Loss on impairment of non-current assets	-	266
Loss on sale of golf club membership	4	6
Total extraordinary losses	45	307
Profit before income taxes	12,491	13,623
Income taxes	3,651	4,075
Profit	8,840	9,547
Profit attributable to owners of parent	8,840	9,547

(Consolidated statements of comprehensive income)
(Six-month period of fiscal 2018 and 2019)

(Unit: Millions of yen)

	Six-Month period of Fiscal 2018 (April 1, 2018 – September 30, 2018)	Six-Month period of Fiscal 2019 (April 1, 2019 – September 30, 2019)
Profit	8,840	9,547
Other comprehensive income		
Net unrealized holding gain on securities	876	(334)
Remeasurements of defined benefit plans	131	66
Total other comprehensive income	1,008	(268)
Comprehensive income	9,848	9,279
Total comprehensive income attributable to Owners of parent	9,848	9,279

(3) Consolidated statements of cash flows

(Unit: Millions of yen)

	Six-Month period of Fiscal 2018 (April 1, 2018 – September 30, 2018)	Six-Month period of Fiscal 2019 (April 1, 2019 – September 30, 2019)
Cash flows from operating activities		
Profit before income taxes	12,491	13,623
Depreciation	1,036	1,132
Loss on impairment of non-current assets	-	266
Increase (decrease) in net defined benefit liability	(142)	(1)
Interest and dividends income	(185)	(215)
Interest expenses	8	8
Loss on retirement of non-current assets	40	32
Decrease (increase) in notes and accounts receivable-trade	566	6,879
Decrease (increase) in inventories	400	841
Increase (decrease) in notes and accounts payable-trade	(1,641)	(3,391)
Other, net	(1,055)	40
Subtotal	11,518	19,218
Interest and dividends income received	185	215
Interest expenses paid	(8)	(8)
Income taxes (paid) refund	(4,655)	(3,768)
Net cash provided by (used in) operating activities	7,040	15,657
Cash flows from investing activities		
Purchase of property, plant and equipment	(613)	(1,309)
Purchase of intangible assets	(154)	(11)
Other, net	(450)	(195)
Net cash provided by (used in) investing activities	(1,217)	(1,517)
Cash flows from financing activities		
Net change in treasury stock	(3,519)	(4,249)
Cash dividends paid	(3,021)	(2,977)
Net cash provided by (used in) financing activities	(6,541)	(7,226)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	(718)	6,913
Cash and cash equivalents at beginning of period	52,694	58,555
Cash and cash equivalents at end of period	51,976	65,469