

**Consolidated Financial Results for the Second Quarter of Fiscal 2021  
(Six-Month Period Ended September 30, 2021) [JGAAP]**

Company name: KAKEN PHARMACEUTICAL Co., Ltd. Listing: Tokyo Stock Exchange First Section  
 Security code: 4521 (URL: <https://www.kaken.co.jp/>)  
 Representative: Hiroyuki Horiuchi, President and Representative Director  
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 Scheduled date to file quarterly securities report: November 11, 2021  
 Scheduled date to commence dividend payments: November 30, 2021  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

**1. Consolidated Financial Results for the Six-Month Period of Fiscal 2021 (April 1, 2021 to September 30, 2021)**

**(1) Consolidated Results of Operations (cumulative)**

(Percentage indicates year-on-year change)

	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 2021	37,588	2.2	9,036	(7.6)	9,290	(7.2)	6,721	(7.0)
Six-Month period of Fiscal 2020	36,789	(18.6)	9,782	(28.8)	10,010	(28.1)	7,226	(24.3)

Note:

Comprehensive income:

Six-Month period of Fiscal 2021: ¥ 7,306 million [(10.2)%]

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

	Basic earnings per share	Diluted earnings per share
	(Yen)	(Yen)
Six-Month period of Fiscal 2021	176.24	-
Six-Month period of Fiscal 2020	186.15	-

Note: The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, issued on March 31, 2020) since the start of the first quarter. The figures for the second quarter of the fiscal year ending in March 2022 have reflected the adoption of the said Accounting Standard.

**(2) Consolidated Financial Position**

	Total assets	Net assets	Equity ratio
	(Millions of yen)	(Millions of yen)	(%)
As of September 30, 2021	165,591	138,330	83.5
As of March 31, 2021	163,332	136,257	83.4

Reference:

Equity:

As of September 30, 2021: ¥ 138,330 million

As of March 31, 2021: ¥ 136,257 million

Note: The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, issued on March 31, 2020) since the start of the first quarter. The figures for the second quarter of the fiscal year ending in March 2022 have reflected the adoption of the said Accounting Standard.

## 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 2020	-	75.00	-	75.00	150.00
Fiscal 2021	-	75.00			
Fiscal 2021 (Forecast)			-	75.00	150.00

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

## 3. Forecast of Consolidated Results for Fiscal 2021 (April 1, 2021 to March 31, 2022)

(Percentage indicates year-on-year change)

	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	79,200	5.6	18,800	5.7	19,200	5.4	14,000	4.4	370.19

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

Note: The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, issued on March 31, 2020) since the start of the first quarter. The figures for the forecast of consolidated results stated above have reflected the adoption of the said Accounting Standard.

### \* 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.: Yes
  - 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, 2021	45,939,730 shares	As of March 31, 2021	45,939,730 shares
2) Number of treasury stock at the period end	As of September 30, 2021	8,120,946 shares	As of March 31, 2021	7,621,338 shares
3) Average number of shares during the period	Six-Month period of Fiscal 2021	38,138,439 shares	Six-Month period of Fiscal 2020	38,821,804 shares

Note: Number of treasury stock at the period end includes the Company's shares held by the "Board Benefit Trust (BBT)" (38,500 shares as of September 30, 2021 and 39,400 shares as of March 31, 2021). The Company's shares held by the BBT (39,051 shares as of September 30, 2021 and 40,450 shares as of September 30, 2020) are included in the number of treasury stock to be deducted in calculating the average number of shares during the period.

\*Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* 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 currently available and certain assumptions considered to be reasonable. The actual performance may differ from these forecasts.

How to review the supplementary material to the quarterly financial results reports:

It has been posted on the Company's web site, along with the quarterly financial results reports.

## 2. Consolidated Financial Results for Six-Month Period of Fiscal 2021

### (1) Consolidated balance sheets

(Unit: Millions of yen)

	Fiscal 2020 (As of March 31, 2021)	Six-Month Period of Fiscal 2021 (As of September 30, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	63,706	62,670
Notes and accounts receivable-trade	20,549	-
Notes and accounts receivable - trade, and contract assets	-	20,728
Marketable securities	13,599	13,599
Merchandise and finished goods	5,700	6,070
Work in process	3,126	3,783
Raw materials and supplies	6,371	7,324
Other	608	691
Allowance for doubtful accounts	(0)	-
Total current assets	113,662	114,868
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,080	16,967
Other, net	8,939	8,580
Total property, plant and equipment	25,020	25,548
Intangible assets	625	674
Investments and other assets		
Investment securities	17,368	18,154
Other	6,656	6,345
Total investments and other assets	24,024	24,499
Total non-current assets	49,669	50,723
Total assets	163,332	165,591

(Unit: Millions of yen)

	Fiscal 2020 (As of March 31, 2021)	Six-Month Period of Fiscal 2021 (As of September 30, 2021)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	8,425	7,079
Electronically recorded obligations-operating	144	83
Short-term bank loans	3,850	3,850
Income taxes payable	2,292	3,124
<b>Provision</b>		
Provision for bonuses	1,046	964
Other provision	386	-
Other	5,130	6,171
<b>Total current liabilities</b>	<b>21,276</b>	<b>21,272</b>
<b>Non-current liabilities</b>		
Provision for share-based remuneration	73	66
Net defined benefit liability	5,376	5,262
Other	348	658
<b>Total non-current liabilities</b>	<b>5,798</b>	<b>5,988</b>
<b>Total liabilities</b>	<b>27,074</b>	<b>27,260</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	23,853	23,853
Capital surplus	11,406	11,406
Retained earnings	122,462	126,359
Treasury stock	(26,304)	(28,712)
<b>Total shareholders' equity</b>	<b>131,418</b>	<b>132,906</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized holding gain on securities	4,739	5,285
Remeasurements of defined benefit plans	99	138
<b>Total accumulated other comprehensive income</b>	<b>4,839</b>	<b>5,424</b>
<b>Total net assets</b>	<b>136,257</b>	<b>138,330</b>
<b>Total liabilities and net assets</b>	<b>163,332</b>	<b>165,591</b>

**(2) Consolidated statements of income and comprehensive income**  
**(Consolidated statements of income)**  
**(Six-month period of fiscal 2020 and 2021)**

(Unit: Millions of yen)

	Six-Month period of Fiscal 2020 (April 1, 2020 – September 30, 2020)	Six-Month period of Fiscal 2021 (April 1, 2021 – September 30, 2021)
Net sales	36,789	37,588
Cost of sales	15,899	16,588
Gross profit	20,889	20,999
Selling, general and administrative expenses		
Salaries	2,971	2,877
Bonuses and provision for bonuses	681	640
Retirement benefit expenses	295	187
Research and development expenses	3,267	4,008
Other	3,891	4,248
Total selling, general and administrative expenses	11,107	11,963
Operating profit	9,782	9,036
Other income		
Interest income	4	3
Dividends income	218	214
Other	26	60
Total other income	249	278
Other expenses		
Interest expenses	8	8
Foreign exchange losses	6	6
Other	7	9
Total other expenses	22	23
Ordinary profit	10,010	9,290
Extraordinary income		
Gain on sales of non-current assets	378	195
Total extraordinary income	378	195
Extraordinary losses		
Loss on retirement of non-current assets	18	49
Other	5	-
Total extraordinary losses	23	49
Profit before income taxes	10,365	9,436
Income taxes	3,138	2,714
Profit	7,226	6,721
Profit attributable to owners of parent	7,226	6,721

**(Consolidated statements of comprehensive income)**  
**(Six-month period of fiscal 2020 and 2021)**

(Unit: Millions of yen)

	Six-Month period of Fiscal 2020 (April 1, 2020 – September 30, 2020)	Six-Month period of Fiscal 2021 (April 1, 2021 – September 30, 2021)
Profit	7,226	6,721
Other comprehensive income		
Net unrealized holding gain on securities	800	545
Remeasurements of defined benefit plans	108	39
Total other comprehensive income	909	585
Comprehensive income	8,135	7,306
Total comprehensive income attributable to Owners of parent	8,135	7,306

**(3) Consolidated statements of cash flows**

(Unit: Millions of yen)

	Six-Month period of Fiscal 2020 (April 1, 2020 – September 30, 2020)	Six-Month period of Fiscal 2021 (April 1, 2021 – September 30, 2021)
<b>Cash flows from operating activities</b>		
Profit before income taxes	10,365	9,436
Depreciation	1,130	1,230
Increase (decrease) in net defined benefit liability	81	(56)
Interest and dividends income	(223)	(217)
Interest expenses	8	8
Loss on retirement of non-current assets	15	49
Loss (gain) on sales of property, plant and equipment	(378)	(195)
Decrease (increase) in notes and accounts receivable-trade	1,782	(67)
Decrease (increase) in inventories	(3,331)	(2,021)
Increase (decrease) in trade payables	(538)	(1,407)
Other, net	156	455
<b>Subtotal</b>	<b>9,068</b>	<b>7,214</b>
Interest and dividends income received	223	217
Interest expenses paid	(8)	(8)
Income taxes (paid) refund	(2,591)	(1,989)
<b>Net cash provided by (used in) operating activities</b>	<b>6,691</b>	<b>5,434</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(895)	(1,481)
Proceeds from sales of property, plant and equipment	874	704
Purchase of intangible assets	(67)	(184)
Other, net	(199)	(220)
<b>Net cash provided by (used in) investing activities</b>	<b>(288)</b>	<b>(1,182)</b>
<b>Cash flows from financing activities</b>		
Net decrease (increase) in treasury stock	(2,139)	(2,412)
Cash dividends paid	(2,919)	(2,874)
<b>Net cash provided by (used in) financing activities</b>	<b>(5,059)</b>	<b>(5,287)</b>
Effect of exchange rate change on cash and cash equivalents	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,344</b>	<b>(1,035)</b>
Cash and cash equivalents at beginning of period	73,322	77,305
<b>Cash and cash equivalents at end of period</b>	<b>74,666</b>	<b>76,270</b>