

February 3, 2022

**Consolidated Financial Results for the Third Quarter of Fiscal 2021
(Nine-Month Period Ended December 31, 2021) [JGAAP]**

Company name: KAKEN PHARMACEUTICAL Co., Ltd. Listing: Tokyo Stock Exchange First Section
 Securities code: 4521 (URL: <https://www.kaken.co.jp/>)
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 Scheduled date to file quarterly securities report: February 10, 2022
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: None

(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine-Month Period of Fiscal 2021 (April 1, 2021 to December 31, 2021)

(1) Consolidated Operating Results (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 (%)
Nine-Month period of Fiscal 2021	57,708	1.1	13,889	(7.1)	14,322	(6.7)	10,246	(6.3)
Nine-Month period of Fiscal 2020	57,082	(18.7)	14,949	(33.4)	15,347	(32.8)	10,934	(29.7)

Note:

Comprehensive income:

Nine-Month period of Fiscal 2021: ¥ 10,930 million [(10.8)%]

Nine-Month period of Fiscal 2020: ¥ 12,256 million [(21.9)%]

	Basic earnings per share	Diluted earnings per share
	(Yen)	(Yen)
Nine-Month period of Fiscal 2021	269.41	-
Nine-Month period of Fiscal 2020	282.69	-

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 third 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-to-asset ratio
	(Millions of yen)	(Millions of yen)	(%)
As of December 31, 2021	167,677	139,692	83.0
As of March 31, 2021	163,332	136,257	83.4

Reference:

Equity:

As of December 31, 2021: ¥ 139,692 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 third quarter of the fiscal year ending in March 2022 have reflected the adoption of the said Accounting Standard.

2. Cash Dividends

	Annual dividends per share				
	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: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated Financial Forecast 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: Revisions to the financial forecast most recently announced: 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) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the changes in scope of consolidation): Yes
 Newly included: 1 company Company name: ARTham Therapeutics, Inc.
 Excluded: —
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - 1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - 2) Changes in accounting policies other than 1): None
 - 3) Changes in accounting estimates: None
 - 4) Restatement: None

(4) Issued shares (Common stock)

1) Number of shares issued (including treasury stock) at the period end	As of December 31, 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 December 31, 2021	8,121,218 shares	As of March 31, 2021	7,621,338 shares
3) Average number of shares during the period	Nine-Month period of Fiscal 2021	38,031,458 shares	Nine-Month period of Fiscal 2020	38,678,904 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 December 31, 2021 and 39,400 shares as of March 31, 2021). The Company's shares held by the BBT (38,867 shares as of December 31, 2021 and 40,099 shares as of December 31, 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 Nine-Month Period of Fiscal 2021

(1) Consolidated balance sheets

(Unit: Millions of yen)

	Fiscal 2020 (As of March 31, 2021)	Nine-Month Period of Fiscal 2021 (As of December 31, 2021)
Assets		
Current assets		
Cash and deposits	63,706	53,363
Notes and accounts receivable-trade	20,549	-
Notes and accounts receivable - trade, and contract assets	-	26,737
Marketable securities	13,599	13,599
Merchandise and finished goods	5,700	6,290
Work in process	3,126	3,489
Raw materials and supplies	6,371	7,140
Other	608	898
Allowance for doubtful accounts	(0)	-
Total current assets	113,662	111,519
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,080	16,830
Other, net	8,939	8,874
Total property, plant and equipment	25,020	25,704
Intangible assets		
Goodwill	-	5,388
Other	625	632
Total intangible assets	625	6,020
Investments and other assets		
Investment securities	17,368	18,268
Other	6,656	6,163
Total investments and other assets	24,024	24,432
Total non-current assets	49,669	56,157
Total assets	163,332	167,677

(Unit: Millions of yen)

	Fiscal 2020 (As of March 31, 2021)	Nine-Month Period of Fiscal 2021 (As of December 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	8,425	7,884
Electronically recorded obligations-operating	144	94
Short-term bank loans	3,850	3,850
Income taxes payable	2,292	2,117
Provision		
Provision for bonuses	1,046	486
Other provision	386	-
Other	5,130	7,640
Total current liabilities	21,276	22,073
Non-current liabilities		
Provision for share-based remuneration	73	66
Net defined benefit liability	5,376	5,257
Other	348	586
Total non-current liabilities	5,798	5,911
Total liabilities	27,074	27,984
Net assets		
Shareholders' equity		
Common stock	23,853	23,853
Capital surplus	11,406	11,406
Retained earnings	122,462	127,044
Treasury stock	(26,304)	(28,713)
Total shareholders' equity	131,418	133,590
Accumulated other comprehensive income		
Net unrealized holding gain on securities	4,739	5,364
Remeasurements of defined benefit plans	99	158
Total accumulated other comprehensive income	4,839	5,523
Non-controlling interests	-	578
Total net assets	136,257	139,692
Total liabilities and net assets	163,332	167,677

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

(Unit: Millions of yen)

	Nine-Month period of Fiscal 2020 (April 1, 2020 – December 31, 2020)	Nine-Month period of Fiscal 2021 (April 1, 2021 – December 31, 2021)
Net sales	57,082	57,708
Cost of sales	25,280	25,689
Gross profit	31,802	32,019
Selling, general and administrative expenses		
Salaries	4,434	4,287
Bonuses and provision for bonuses	1,026	966
Retirement benefit expenses	443	281
Research and development expenses	4,862	6,035
Other	6,086	6,559
Total selling, general and administrative expenses	16,853	18,129
Operating profit	14,949	13,889
Other income		
Interest income	6	5
Dividends income	382	387
Other	49	84
Total other income	439	477
Other expenses		
Interest expenses	12	12
Foreign exchange losses	9	20
Other	18	11
Total other expenses	40	44
Ordinary profit	15,347	14,322
Extraordinary income		
Gain on sales of non-current assets	379	195
Total extraordinary income	379	195
Extraordinary losses		
Loss on retirement of non-current assets	38	60
Other	5	-
Total extraordinary losses	44	60
Profit before income taxes	15,682	14,457
Income taxes	4,748	4,211
Profit	10,934	10,246
Profit attributable to owners of parent	10,934	10,246

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

(Unit: Millions of yen)

	Nine-Month period of Fiscal 2020 (April 1, 2020 – December 31, 2020)	Nine-Month period of Fiscal 2021 (April 1, 2021 – December 31, 2021)
Profit	10,934	10,246
Other comprehensive income		
Net unrealized holding gain on securities	1,160	624
Remeasurements of defined benefit plans	162	59
Total other comprehensive income	1,322	684
Comprehensive income	12,256	10,930
Total comprehensive income attributable to Owners of parent	12,256	10,930