

May 11, 2022

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [JGAAP]

Company name: KAKEN PHARMACEUTICAL CO., LTD.
 Stock exchange listing: Tokyo Stock Exchange
 Securities code number: 4521
 URL: <https://www.kaken.co.jp/>
 Representative: Hiroyuki Horiuchi, President and Representative Director
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 Scheduled date of annual general meeting of shareholders: June 29, 2022
 Scheduled date of dividend payment commencement: June 30, 2022
 Scheduled date of securities report submission: June 29, 2022
 Supplementary materials for financial results: Yes
 Financial results briefing: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(1) Consolidated Operating Results

(Percentage figures indicate changes from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the Company	
	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)
Year ended March 31, 2021	76,034	1.4	17,064	(4.1)	17,542	(3.7)	9,549	(28.8)
Year ended March 31, 2022	74,979	(16.0)	17,788	(32.9)	18,222	(32.4)	13,405	(30.8)

Note:

Comprehensive income:

Fiscal 2021: ¥ 9,563 million [(42.1)%]

Fiscal 2020: ¥ 16,532 million [(5.5)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	(Yen)	(Yen)	(%)	(%)	(%)
Year ended March 31, 2021	251.43	-	7.0	10.7	22.4
Year ended March 31, 2022	347.37	-	10.1	11.3	23.7

Reference:

Share of profit (loss) of entities accounted for using equity method:

Fiscal 2021: ¥ - million

Fiscal 2020: ¥ - 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 fiscal year under review. The figures for the fiscal year ended in March 2022 have reflected the adoption of the said Accounting Standard.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	(Million yen)	(Million yen)	(%)	(Yen)
As of March 31, 2021	165,181	138,325	83.4	3,642.34
As of March 31, 2022	163,332	136,257	83.4	3,555.93

Reference:

Equity:

As of March 31, 2022: ¥ 137,747 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 fiscal year under review. The figures for the fiscal year ended in March 2022 have reflected the adoption of the said Accounting Standard.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	(Million yen)	(Million yen)	(Million yen)	(Million yen)
Year ended March 31, 2021	13,336	(7,888)	(8,129)	74,625
Year ended March 31, 2022	14,380	(1,644)	(8,752)	77,305

2. Cash Dividends

	Annual dividends per share					Total cash dividends (Annual) (Million yen)	Payout ratio (Consolidated) (%)	Ratio of dividends to net assets (Consolidated) (%)
	1st quarter	2nd quarter	3rd quarter	Year-end	Total			
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)			
Year ended March 31, 2021	-	75.00	-	75.00	150.00	5,767	43.2	4.4
Year ended March 31, 2022	-	75.00	-	75.00	150.00	5,678	59.7	4.2
Year ending March 31, 2023 (Forecast)	-	75.00	-	75.00	150.00		47.3	

3. Consolidated Financial Forecast for Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(Percentage indicates year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the Company		Basic earnings per share
	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)	(Yen)
Year ending March 31, 2023	76,400	0.5	15,000	(12.1)	15,500	(11.6)	12,000	25.7	317.31

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the changes in scope of consolidation): None

(2) 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

(3) Number of issued shares (common stock)

1) Number of issued shares at the end of the period (including treasury stock)	As of March 31, 2022	45,939,730 shares	As of March 31, 2021	45,939,730 shares
2) Number of treasury shares at the end of the period	As of March 31, 2022	8,121,361 shares	As of March 31, 2021	7,621,338 shares
3) Average number of shares during the period	Fiscal year ended 2021	37,978,940 shares	Fiscal year ended 2020	38,590,066 shares

Note: The number of treasury shares at the end of the period includes Company's shares held by the "Board Benefit Trust (BBT)" (38,500 shares as of March 31, 2022 and 39,400 shares as of March 31, 2021). The Company's shares held by the BBT are included in the number of treasury stock to be deducted in the calculation of the average number of shares during the period (38,776 shares as of March 31, 2022 and 39,926 shares as of March 31, 2021).

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Explanation of proper use of earnings forecasts, and other special matters:

(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 financial results reports:

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

3. Consolidated Financial Results for Fiscal 2021

(1) Consolidated balance sheets

(Millions of yen)

	Fiscal 2020 (As of March 31, 2021)	Fiscal 2021 (As of March 31, 2022)
Assets		
Current assets		
Cash and deposits	63,706	61,025
Notes and accounts receivable-trade	20,549	-
Notes and accounts receivable - trade, and contract assets	-	20,260
Marketable securities	13,599	13,599
Merchandise and finished goods	5,700	5,807
Work in process	3,126	2,964
Raw materials and supplies	6,371	6,209
Other	608	746
Allowance for doubtful accounts	(0)	-
Total current assets	113,662	110,613
Non-current assets		
Property, plant and equipment		
Buildings and structures	41,078	42,829
Accumulated depreciation	(24,998)	(25,687)
Buildings and structures, net	16,080	17,142
Machinery, equipment and vehicles	15,804	15,708
Accumulated depreciation	(13,223)	(13,452)
Machinery, equipment and vehicles, net	2,581	2,256
Tools, furniture and fixtures	7,613	7,819
Accumulated depreciation	(6,109)	(6,425)
Tools, furniture and fixtures, net	1,503	1,393
Land	4,140	3,867
Construction in progress	713	1,074
Total property, plant and equipment	25,020	25,734
Intangible assets		
In-process research and development	-	7,300
Other	625	936
Total intangible assets	625	8,236
Investments and other assets		
Investment securities	17,368	17,093
Long-term prepaid expenses	4,196	1,190
Deferred tax assets	1,577	1,725
Other	882	587
Total investments and other assets	24,024	20,596
Total non-current assets	49,669	54,567
Total assets	163,332	165,181

(Millions of yen)

	Fiscal 2020 (As of March 31, 2021)	Fiscal 2021 (As of March 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	8,425	5,861
Electronically recorded obligations-operating	144	78
Short-term bank loans	3,850	3,850
Accounts payable-other	3,002	3,543
Accrued expenses	324	345
Income taxes payable	2,292	2,436
Provision for bonuses	1,046	984
Provision for directors' bonuses	80	65
Provision for sales returns	3	-
Provision for sales rebates	302	-
Other	1,803	1,884
Total current liabilities	21,276	19,049
Non-current liabilities		
Provision for share-based remuneration	73	106
Net defined benefit liability	5,376	5,039
Deferred tax liabilities	-	2,229
Other	348	431
Total non-current liabilities	5,798	7,806
Total liabilities	27,074	26,855
Net assets		
Shareholders' equity		
Common stock	23,853	23,853
Capital surplus	11,406	11,406
Retained earnings	122,462	126,347
Treasury stock	(26,304)	(28,714)
Total shareholders' equity	131,418	132,893
Accumulated other comprehensive income		
Net unrealized holding gain on securities	4,739	4,551
Remeasurements of defined benefit plans	99	301
Total accumulated other comprehensive income	4,839	4,853
Non-controlling interests	-	578
Total net assets	136,257	138,325
Total liabilities and net assets	163,332	165,181

(2) Consolidated statements of income and comprehensive income
(Consolidated statements of income)

(Millions of yen)

	Fiscal 2020 (April 1, 2020 – March 31, 2021)	Fiscal 2021 (April 1, 2021 – March 31, 2022)
Net sales	74,979	76,034
Cost of sales	34,073	34,458
Gross profit	40,906	41,575
Reversal of provision for sales returns	0	-
Gross profit-net	40,907	41,575
Selling, general and administrative expenses		
Salaries	5,884	5,662
Bonuses and provision for bonuses	1,405	1,302
Provision for directors' bonuses	80	65
Retirement benefit expenses	591	375
Research and development expenses	6,736	8,420
Depreciation	227	258
Other	8,192	8,426
Total selling, general and administrative expenses	23,118	24,511
Operating profit	17,788	17,064
Other income		
Interest income	8	6
Dividends income	385	390
Other	90	146
Total other income	484	543
Other expenses		
Interest expenses	17	17
Foreign exchange losses	12	31
Loss on cancellation of leases	2	7
Other	18	9
Total other expenses	50	66
Ordinary profit	18,222	17,542
Extraordinary income		
Gain on sales of non-current assets	379	195
Gain on sales of investment securities	115	1
Total extraordinary income	495	197
Extraordinary losses		
Loss on retirement of non-current assets	54	97
Loss on impairment of non-current assets	-	2,994
Contract loss	-	762
Other	5	-
Total extraordinary losses	59	3,854
Profit before income taxes	18,657	13,885
Income taxes-current	4,979	4,513
Income taxes-deferred	272	(177)
Total income taxes	5,252	4,336
Profit	13,405	9,549
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of the Company	13,405	9,549

(Consolidated statements of comprehensive income)

(Millions of yen)

	Fiscal 2020 (April 1, 2020 – March 31, 2021)	Fiscal 2021 (April 1, 2021 – March 31, 2022)
Profit	13,405	9,549
Other comprehensive income		
Net unrealized holding gain on securities	1,623	(187)
Remeasurements of defined benefit plans	1,503	202
Total other comprehensive income	3,126	14
Comprehensive income	16,532	9,563
Total comprehensive income attributable to		
Owners of the Company	16,532	9,563
Non-controlling interests	-	-

(3) Consolidated statements of changes in net assets
Fiscal 2020 (April 1, 2020 – March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of current period	23,853	11,406	114,869	(23,373)	126,756
Changes during the year					
Cash dividends			(5,812)		(5,812)
Profit attributable to owners of the Company			13,405		13,405
Purchase of treasury stock				(2,941)	(2,941)
Disposal of treasury stock		0		9	9
Other, net					
Total changes during the year	-	0	7,592	(2,931)	4,661
Balance at the end of current period	23,853	11,406	122,462	(26,304)	131,418

	Accumulated other comprehensive income			Total net assets
	Net unrealized holding gain on securities	Remeasurements of defined benefit plans	Total	
Balance at the beginning of current period	3,116	(1,404)	1,712	128,468
Changes during the year				
Cash dividends				(5,812)
Profit attributable to owners of the Company				13,405
Purchase of treasury stock				(2,941)
Disposal of treasury stock				9
Other, net	1,623	1,503	3,126	3,126
Total changes during the year	1,623	1,503	3,126	7,788
Balance at the end of current period	4,739	99	4,839	136,257

Fiscal 2021 (April 1, 2021 – March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of current period	23,853	11,406	122,462	(26,304)	131,418
Cumulative effects of changes in accounting policies			51		51
Restated balance	23,853	11,406	122,514	(26,304)	131,470
Changes during the year					
Cash dividends			(5,716)		(5,716)
Profit attributable to owners of the Company			9,549		9,549
Purchase of treasury stock				(2,414)	(2,414)
Disposal of treasury stock		0		5	5
Other, net					
Total changes during the year	-	0	3,833	(2,409)	1,423
Balance at the end of current period	23,853	11,406	126,347	(28,714)	132,893

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Net unrealized holding gain on securities	Remeasurements of defined benefit plans	Total		
Balance at the beginning of current period	4,739	99	4,839	-	136,257
Cumulative effects of changes in accounting policies					51
Restated balance	4,739	99	4,839	-	136,309
Changes during the year					
Cash dividends					(5,716)
Profit attributable to owners of the Company					9,549
Purchase of treasury stock					(2,414)
Disposal of treasury stock					5
Other, net	(187)	202	14	578	593
Total changes during the year	(187)	202	14	578	2,016
Balance at the end of current period	4,551	301	4,853	578	138,325

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal 2020 (April 1, 2020 – March 31, 2021)	Fiscal 2021 (April 1, 2021 – March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	18,657	13,885
Depreciation	2,318	2,481
Loss on impairment of non-current assets	-	2,994
Amortization of goodwill	-	5
Increase (decrease) in net defined benefit liability	239	(44)
Interest and dividends income	(393)	(397)
Interest expenses	17	17
Loss (gain) on sale of investment securities	(115)	(1)
Loss on retirement of non-current assets	46	97
Loss (gain) on sales of property, plant and equipment	(379)	(195)
Decrease (increase) in notes and accounts receivable-trade	1,251	392
Decrease (increase) in inventories	(2,923)	241
Increase (decrease) in notes and accounts payable-trade	(112)	(2,630)
Other, net	915	542
Subtotal	19,521	17,387
Interest and dividends income received	393	397
Interest paid	(17)	(17)
Income taxes (paid) refund	(5,516)	(4,431)
Net cash provided by (used in) operating activities	14,380	13,336
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,973)	(2,986)
Proceeds from sales of property, plant and equipment	874	704
Purchase of intangible assets	(313)	(271)
Purchase of investment securities	(20)	-
Proceeds from sales of investment securities	144	5
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(4,975)
Other, net	(357)	(365)
Net cash provided by (used in) investing activities	(1,644)	(7,888)
Cash flows from financing activities		
Net change in treasury stock	(2,940)	(2,414)
Cash dividends paid	(5,811)	(5,714)
Net cash provided by (used in) financing activities	(8,752)	(8,129)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	3,983	(2,680)
Cash and cash equivalents at beginning of period	73,322	77,305
Cash and cash equivalents at end of year	77,305	74,625