

November 8, 2023

Consolidated Financial Results for the Second Quarter of Fiscal 2023
(Six-Month Period Ended September 30, 2023) [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 quarterly securities report submission: November 13, 2023
 Scheduled date of dividend payment commencement: November 30, 2023
 Supplementary materials for quarterly financial results: Yes
 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 2023 (April 1, 2023 to September 30, 2023)

(1) Consolidated Operating Results (cumulative)

(Percentage indicates year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the Company	
	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)
Six-Month period of Fiscal 2023	36,171	(1.8)	5,512	(32.8)	5,722	(33.1)	4,068	(31.8)
Six-Month period of Fiscal 2022	36,819	(2.0)	8,209	(9.2)	8,555	(7.9)	5,964	(11.3)

Note:

Comprehensive income:

Six-Month period of Fiscal 2023: ¥ 5,814 million [(6.4)%]

Six-Month period of Fiscal 2022: ¥ 6,209 million [(15.0)%]

	Basic earnings per share	Diluted earnings per share
	(Yen)	(Yen)
Six-Month period of Fiscal 2023	108.18	-
Six-Month period of Fiscal 2022	158.34	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
	(Million yen)	(Million yen)	(%)
As of September 30, 2023	171,651	140,728	82.0
As of March 31, 2023	166,328	136,836	81.9

Reference:

Equity:

As of September 30, 2023: ¥ 140,728 million

As of March 31, 2023: ¥ 136,258 million

2. Cash Dividends

	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Year ended March 31, 2023	-	75.00	-	75.00	150.00
Year ending March 31, 2024	-	75.00			
Year ending March 31, 2024 (Forecast)			-	75.00	150.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated Financial Forecast for Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(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, 2024	73,100	0.2	7,600	(5.0)	8,000	(8.3)	6,700	23.2	176.92

Note: Revisions to the financial forecast most recently announced: None

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the changes in scope of consolidation): None
- (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: None
 - 2) Changes in accounting policies other than 1): None
 - 3) Changes in accounting estimates: None
 - 4) Restatement: None

(4) Number of issued shares (common stock)

1) Number of issued shares at the end of the period (including treasury stock)	As of September 30, 2023	45,939,730 shares	As of March 31, 2023	45,939,730 shares
2) Number of treasury shares at the end of the period	As of September 30, 2023	8,069,687 shares	As of March 31, 2023	8,466,780 shares
3) Average number of shares during the period	Six-Month period of Fiscal 2023	37,605,220 shares	Six-Month period of Fiscal 2022	37,668,779 shares

Note: The number of treasury shares at the end of the period includes the Company's shares held by the "Board Benefit Trust (BBT)" (28,200 shares as of September 30, 2023 and 33,400 shares as of March 31, 2023). 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 (31,594 shares as of September 30, 2023 and 36,633 shares as of September 30, 2022).

* Quarterly financial results reports are exempt from quarterly review 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 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 2023

(1) Consolidated balance sheets

(Millions of yen)

	Fiscal 2022 (As of March 31, 2023)	Six-Month period of Fiscal 2023 (As of September 30, 2023)
Assets		
Current assets		
Cash and deposits	59,561	55,361
Notes and accounts receivable - trade, and contract assets	19,268	23,998
Marketable securities	14,699	14,699
Merchandise and finished goods	6,734	7,719
Work in process	2,481	2,973
Raw materials and supplies	6,348	7,165
Other	809	827
Allowance for doubtful accounts	(0)	(0)
Total current assets	109,903	112,745
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,433	16,067
Other, net	9,064	8,912
Total property, plant and equipment	25,498	24,979
Intangible assets		
In-process research and development	5,800	5,800
Other	941	1,738
Total intangible assets	6,741	7,538
Investments and other assets		
Investment securities	17,511	20,025
Other	6,674	6,362
Total investments and other assets	24,185	26,387
Total non-current assets	56,425	58,906
Total assets	166,328	171,651

(Millions of yen)

	Fiscal 2022 (As of March 31, 2023)	Six-Month period of Fiscal 2023 (As of September 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,130	8,113
Electronically recorded obligations - operating	89	140
Short-term bank loans	3,850	3,850
Income taxes payable	2,004	1,929
Provision for bonuses	942	877
Other	7,822	7,247
Total current liabilities	20,838	22,160
Non-current liabilities		
Provision for share-based remuneration	117	85
Net defined benefit liability	6,349	6,349
Deferred tax liabilities	1,771	1,771
Other	414	556
Total non-current liabilities	8,653	8,762
Total liabilities	29,491	30,922
Net assets		
Shareholders' equity		
Common stock	23,853	23,853
Capital surplus	11,406	11,462
Retained earnings	126,135	127,390
Treasury stock	(30,026)	(28,612)
Total shareholders' equity	131,368	134,093
Accumulated other comprehensive income		
Net unrealized holding gain on securities	4,724	6,472
Remeasurements of defined benefit plans	165	162
Total accumulated other comprehensive income	4,889	6,635
Non-controlling interests	578	-
Total net assets	136,836	140,728
Total liabilities and net assets	166,328	171,651

(2) Consolidated statements of income and comprehensive income
(Consolidated statements of income)
(Six-month period of fiscal 2022 and 2023)

(Millions of yen)

	Six-Month period of Fiscal 2022 (April 1, 2022 – September 30, 2022)	Six-Month period of Fiscal 2023 (April 1, 2023 – September 30, 2023)
Net sales	36,819	36,171
Cost of sales	16,432	16,450
Gross profit	20,387	19,720
Selling, general and administrative expenses		
Salaries	2,815	2,821
Bonuses and provision for bonuses	606	553
Retirement benefit expenses	170	136
Research and development expenses	4,330	5,738
Other	4,255	4,957
Total selling, general and administrative expenses	12,178	14,207
Operating profit	8,209	5,512
Other income		
Interest income	3	4
Dividends income	233	251
Subsidy income	76	-
Other	45	22
Total other income	358	277
Other expenses		
Interest expenses	8	8
Foreign exchange losses	-	54
Other	3	5
Total other expenses	12	67
Ordinary profit	8,555	5,722
Extraordinary income		
Gain on sales of non-current assets	2	0
Gain on sales of investment securities	1	4
Total extraordinary income	4	5
Extraordinary losses		
Loss on retirement of non-current assets	25	69
Loss on impairment of non-current assets	304	-
Other	-	0
Total extraordinary losses	330	69
Profit before income taxes	8,229	5,658
Income taxes	2,265	1,590
Profit	5,964	4,068
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of the Company	5,964	4,068

(Consolidated statements of comprehensive income)
(Six-month period of fiscal 2022 and 2023)

(Millions of yen)

	Six-Month period of Fiscal 2022 (April 1, 2022 – September 30, 2022)	Six-Month period of Fiscal 2023 (April 1, 2023 – September 30, 2023)
Profit	5,964	4,068
Other comprehensive income		
Net unrealized holding gain on securities	213	1,748
Remeasurements of defined benefit plans	31	(2)
Total other comprehensive income	245	1,745
Comprehensive income	6,209	5,814
Total comprehensive income attributable to		
Owners of the Company	6,209	5,814
Non-controlling interests	-	-

(3) Consolidated statements of cash flows

(Millions of yen)

	Six-Month period of Fiscal 2022 (April 1, 2022 – September 30, 2022)	Six-Month period of Fiscal 2023 (April 1, 2023 – September 30, 2023)
Cash flows from operating activities		
Profit before income taxes	8,229	5,658
Depreciation	1,233	1,291
Loss on impairment of non-current assets	304	-
Amortization of goodwill	11	117
Increase (decrease) in net defined benefit asset and liability	(48)	(87)
Interest and dividends income	(236)	(255)
Interest expenses	8	8
Loss (gain) on investments in investment partnerships	-	2
Loss (gain) on sales of investment securities	(1)	(4)
Loss on retirement of non-current assets	25	69
Loss (gain) on sales of property, plant and equipment	(2)	(0)
Decrease (increase) in notes and accounts receivable-trade	(382)	(4,870)
Decrease (increase) in inventories	(1,175)	(2,293)
Increase (decrease) in trade payables	821	2,034
Other, net	(455)	(392)
Subtotal	8,332	1,278
Interest and dividends income received	236	255
Interest expenses paid	(8)	(8)
Income taxes (paid) refund	(2,133)	(1,769)
Net cash provided by (used in) operating activities	6,427	(245)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,114)	(734)
Proceeds from sales of property, plant and equipment	2	0
Purchase of intangible assets	(145)	(186)
Proceeds from sales of investment securities	5	8
Other, net	(158)	(229)
Net cash provided by (used in) investing activities	(1,410)	(1,141)
Cash flows from financing activities		
Net decrease (increase) in treasury stock	(1,339)	0
Cash dividends paid	(2,835)	(2,813)
Net cash provided by (used in) financing activities	(4,174)	(2,813)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	842	(4,199)
Cash and cash equivalents at beginning of period	74,625	74,260
Cash and cash equivalents at end of period	75,467	70,060