

February 6, 2024

**Consolidated Financial Results for the Third Quarter of Fiscal 2023
(Nine-Month Period Ended December 31, 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: February 13, 2024
 Scheduled date of dividend payment commencement: -
 Supplementary materials for quarterly financial results: Yes
 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 2023 (April 1, 2023 to December 31, 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)	(%)
Nine-Month period of Fiscal 2023	54,685	(1.6)	8,873	(28.4)	9,304	(28.3)	6,675	(27.0)
Nine-Month period of Fiscal 2022	55,573	(3.7)	12,394	(10.8)	12,976	(9.4)	9,149	(10.7)

Note:

Comprehensive income:

Nine-Month period of Fiscal 2023: ¥ 8,065 million [(13.7)%]

Nine-Month period of Fiscal 2022: ¥ 9,343 million [(14.5)%]

	Basic earnings per share	Diluted earnings per share
	(Yen)	(Yen)
Nine-Month period of Fiscal 2023	177.10	-
Nine-Month period of Fiscal 2022	243.31	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
	(Million yen)	(Million yen)	(%)
As of December 31, 2023	168,337	140,137	83.2
As of March 31, 2023	166,328	136,836	81.9

Reference:

Equity:

As of December 31, 2023: ¥ 140,137 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 December 31, 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 December 31, 2023	8,069,842 shares	As of March 31, 2023	8,466,780 shares
3) Average number of shares during the period	Nine-Month period of Fiscal 2023	37,693,792 shares	Nine-Month period of Fiscal 2022	37,603,351 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 December 31, 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 (30,459 shares as of December 31, 2023 and 35,551 shares as of December 31, 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 Nine-Month Period of Fiscal 2023

(1) Consolidated balance sheets

(Millions of yen)

	Fiscal 2022 (As of March 31, 2023)	Nine-Month period of Fiscal 2023 (As of December 31, 2023)
Assets		
Current assets		
Cash and deposits	59,561	51,453
Notes and accounts receivable - trade, and contract assets	19,268	24,554
Marketable securities	14,699	14,699
Merchandise and finished goods	6,734	8,579
Work in process	2,481	2,950
Raw materials and supplies	6,348	7,347
Other	809	751
Allowance for doubtful accounts	(0)	(0)
Total current assets	109,903	110,335
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,433	15,832
Other, net	9,064	8,714
Total property, plant and equipment	25,498	24,547
Intangible assets		
In-process research and development	5,800	5,800
Other	941	1,683
Total intangible assets	6,741	7,483
Investments and other assets		
Investment securities	17,511	19,501
Other	6,674	6,469
Total investments and other assets	24,185	25,970
Total non-current assets	56,425	58,001
Total assets	166,328	168,337

(Millions of yen)

	Fiscal 2022 (As of March 31, 2023)	Nine-Month period of Fiscal 2023 (As of December 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,130	8,147
Electronically recorded obligations - operating	89	136
Short-term bank loans	3,850	3,850
Income taxes payable	2,004	825
Provision for bonuses	942	461
Other	7,822	6,129
Total current liabilities	20,838	19,550
Non-current liabilities		
Provision for share-based remuneration	117	85
Net defined benefit liability	6,349	6,347
Deferred tax liabilities	1,771	1,771
Other	414	445
Total non-current liabilities	8,653	8,650
Total liabilities	29,491	28,200
Net assets		
Shareholders' equity		
Common stock	23,853	23,853
Capital surplus	11,406	11,462
Retained earnings	126,135	127,155
Treasury stock	(30,026)	(28,613)
Total shareholders' equity	131,368	133,858
Accumulated other comprehensive income		
Net unrealized holding gain on securities	4,724	6,117
Remeasurements of defined benefit plans	165	161
Total accumulated other comprehensive income	4,889	6,278
Non-controlling interests	578	-
Total net assets	136,836	140,137
Total liabilities and net assets	166,328	168,337

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

(Millions of yen)

	Nine-Month period of Fiscal 2022 (April 1, 2022 – December 31, 2022)	Nine-Month period of Fiscal 2023 (April 1, 2023 – December 31, 2023)
Net sales	55,573	54,685
Cost of sales	25,010	24,825
Gross profit	30,562	29,860
Selling, general and administrative expenses		
Salaries	4,211	4,224
Bonuses and provision for bonuses	909	843
Retirement benefit expenses	256	204
Research and development expenses	6,310	8,502
Other	6,480	7,211
Total selling, general and administrative expenses	18,168	20,986
Operating profit	12,394	8,873
Other income		
Interest income	5	6
Dividends income	428	466
Subsidy income	114	-
Other	52	49
Total other income	600	522
Other expenses		
Interest expenses	12	13
Foreign exchange losses	1	61
Other	4	17
Total other expenses	18	92
Ordinary profit	12,976	9,304
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	34	88
Loss on impairment of non-current assets	304	-
Other	-	0
Total extraordinary losses	338	89
Profit before income taxes	12,641	9,220
Income taxes	3,492	2,545
Profit	9,149	6,675
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of the Company	9,149	6,675

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

(Millions of yen)

	Nine-Month period of Fiscal 2022 (April 1, 2022 – December 31, 2022)	Nine-Month period of Fiscal 2023 (April 1, 2023 – December 31, 2023)
Profit	9,149	6,675
Other comprehensive income		
Net unrealized holding gain on securities	146	1,392
Remeasurements of defined benefit plans	47	(3)
Total other comprehensive income	193	1,389
Comprehensive income	9,343	8,065
Total comprehensive income attributable to		
Owners of the Company	9,343	8,065
Non-controlling interests	-	-