May 9, 2019

Consolidated Financial Results for the Year Ended March 31, 2019 [JGAAP]

Listed company name: KAKEN PHARMACEUTICAL Co., Ltd. Listing: Tokyo Stock Exchange First Section
Stock code number: 4521 (URL: http://www.kaken.co.jp)
Representative: Tetsuo Onuma, President and Representative Director
Contact: Masashi Suzudo, General Manager of General Affairs Department
Telephone: +81-3-5977-5002
Scheduled Date to Hold the Ordinary General Meeting of Shareholders: June 27, 2019
Scheduled Date to Commence Dividends Payment: June 28, 2019
Scheduled Date to Submit the Securities Report: June 27, 2019
Availability of supplementary briefing material: Available
Schedule of annual results briefing session: Scheduled (for institutional investors and analysts)

(Figures less than one million yen have been omitted)

1. Consolidated Financial Results for the Fiscal 2018 (April 1, 2018 to March 31, 2019)

(1) Consolidated Results of Operations

(Percentage figures indicate changes from the previous year)

	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 (%)
Fiscal 2018	94,165	(4.3)	24,592	(10.6)	24,972	(10.3)	17,775	(6.7)
Fiscal 2017	98,430	(3.0)	27,496	(10.5)	27,854	(10.1)	19,043	(13.5)

Note:
Comprehensive income:
Fiscal 2018: ¥ 16,782 million [(19.1)%]
Fiscal 2017: ¥ 20,753 million [(8.1)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	(Yen)	(Yen)	Change (%)	Change (%)	Change (%)
Fiscal 2018	445.78	-	15.1	16.2	26.1
Fiscal 2017	470.54	-	17.6	19.4	27.9

Reference:
Equity in earnings (losses) of affiliates:
Fiscal 2018: ¥ - million
Fiscal 2017: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
Fiscal 2018	155,985	121,131	77.7	3,049.78
Fiscal 2017	152,417	113,874	74.7	2,824.32

Reference:
Equity:
Fiscal 2018: ¥ 121,131 million
Fiscal 2017: ¥ 113,874 million

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of year
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Fiscal 2018	21,129	(5,744)	(9,524)	58,555
Fiscal 2017	21,703	(3,245)	(9,530)	52,694

2. Dividends

	Annual cash dividends					Total amount of cash dividends (Annual)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Millions of yen)	(%)	(%)
Fiscal 2017	-	75.00	-	75.00	150.00	6,047	31.9	5.6
Fiscal 2018	-	75.00	-	75.00	150.00	5,957	33.6	5.1
Fiscal 2019 (Forecast)	-	75.00	-	75.00	150.00		37.0	

3. Forecast of Consolidated Results for Fiscal 2019 (April 1, 2019 to March 31, 2020)

(Percentage figures indicate changes from the previous year)

	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)
Six-Month period	46,400	(2.4)	11,000	(11.0)	11,200	(10.7)	7,900	(10.6)	198.90
Full year	92,900	(1.3)	22,300	(9.3)	22,700	(9.1)	16,100	(9.4)	405.36

*** Notes**

(1) Significant changes of subsidiaries during the period (Changes of specified subsidiaries followed by changes in the scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates and corrections of errors

1) Changes in accounting policies related to amendments of accounting standards, etc.: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Corrections of errors: None

(3) Issued shares (Common stock)

1) Number of shares issued (including treasury stock) at the period end	Fiscal 2018	48,439,730 shares	Fiscal 2017	48,439,730 shares
2) Number of treasury stock at the period end	Fiscal 2018	8,721,768 shares	Fiscal 2017	8,120,458 shares
3) Average number of shares during the period	Fiscal 2018	39,874,831 shares	Fiscal 2017	40,470,958 shares

* These consolidated financial results are outside the scope of audit by certified public accountants or audit firms.

* 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 that was available when this material was prepared and based on certain assumptions considered to be reasonable. The actual performance, etc. may differ from these forecasts.

(Obtaining Method of the Supplementary Material for the Financial Results)

The supplementary material for the financial results will be available together with the financial results on the Company's website.

4. Consolidated Financial Results for Fiscal 2018

(1) Consolidated balance sheets

(Unit: Millions of yen)

	Fiscal 2017 (As of March 31, 2018)	Fiscal 2018 (As of March 31, 2019)
Assets		
Current assets		
Cash and deposits	45,095	46,956
Notes and accounts receivable-trade	33,315	30,340
Marketable securities	7,599	11,599
Merchandise and finished goods	7,178	6,113
Work in process	3,986	2,647
Raw materials and supplies	5,487	4,959
Other	1,197	1,114
Allowance for doubtful accounts	-	(0)
Total current assets	103,859	103,731
Non-current assets		
Property, plant and equipment		
Buildings and structures	40,658	41,668
Accumulated depreciation	(23,383)	(24,224)
Buildings and structures, net	17,274	17,443
Machinery, equipment and vehicles	15,677	15,345
Accumulated depreciation	(12,487)	(12,199)
Machinery, equipment and vehicles, net	3,190	3,146
Tools, furniture and fixtures	6,974	7,380
Accumulated depreciation	(6,035)	(6,059)
Tools, furniture and fixtures, net	938	1,320
Land	4,324	4,324
Construction in progress	412	166
Total property, plant and equipment	26,141	26,402
Intangible assets	552	551
Investments and other assets		
Investment securities	18,488	17,068
Long-term prepaid expenses	1,072	4,610
Deferred tax assets	1,621	2,934
Other	681	685
Total investments and other assets	21,863	25,299
Total non-current assets	48,557	52,254
Total assets	152,417	155,985

(Unit: Millions of yen)

	Fiscal 2017 (As of March 31, 2018)	Fiscal 2018 (As of March 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	12,204	10,729
Electronically recorded obligations-operating	1,248	1,529
Short-term bank loans	3,875	3,875
Accounts payable-other	4,565	3,639
Accrued expenses	667	427
Income taxes payable	5,097	4,042
Provision for bonuses	1,242	1,149
Provision for directors' bonuses	108	86
Provision for sales returns	10	7
Provision for sales rebates	325	314
Other	2,057	1,777
Total current liabilities	31,401	27,580
Non-current liabilities		
Net defined benefit liability	6,787	6,642
Other	354	631
Total non-current liabilities	7,141	7,274
Total liabilities	38,543	34,854
Net assets		
Shareholders' equity		
Common stock	23,853	23,853
Capital surplus	11,408	11,408
Retained earnings	97,284	109,057
Treasury stock	(23,259)	(26,782)
Total shareholders' equity	109,287	117,536
Accumulated other comprehensive income		
Net unrealized holding gain on securities	5,510	4,524
Remeasurements of defined benefit plans	(923)	(930)
Total accumulated other comprehensive income	4,587	3,594
Total net assets	113,874	121,131
Total liabilities and net assets	152,417	155,985

(2) Consolidated statements of income and comprehensive income

(Consolidated statements of income)

(Unit: Millions of yen)

	Fiscal 2017 (April 1, 2017 – March 31, 2018)	Fiscal 2018 (April 1, 2018 –March 31, 2019)
Net sales	98,430	94,165
Cost of sales	42,405	40,366
Gross profit	56,024	53,799
Reversal of provision for sales returns	2	2
Gross profit-net	56,026	53,802
Selling, general and administrative expenses		
Salaries	7,152	6,826
Bonuses and provision for bonuses	1,820	1,649
Provision for directors' bonuses	108	86
Retirement benefit expenses	844	634
Research and development expenses	8,152	10,261
Depreciation	204	224
Other	10,247	9,525
Total selling, general and administrative expenses	28,530	29,209
Operating profit	27,496	24,592
Other income		
Interest income	5	6
Dividends income	304	345
Other	103	112
Total other income	412	464
Other expenses		
Interest expenses	16	17
Foreign exchange losses	25	39
Loss on cancellation of leases	4	10
Other	6	17
Total other expenses	53	84
Ordinary profit	27,854	24,972
Extraordinary income		
Gain on sales of investment securities	-	0
Total extraordinary income	-	0
Extraordinary losses		
Loss on retirement of non-current assets	165	44
Loss on sales of investment securities	3	-
Loss on sale of golf club membership	-	4
Other	0	-
Total extraordinary losses	168	49
Profit before income taxes	27,686	24,922
Income taxes-current	9,206	8,022
Income taxes-deferred	(563)	(874)
Total income taxes	8,643	7,147
Profit	19,043	17,775
Profit attributable to owners of parent	19,043	17,775

(Consolidated statements of comprehensive income)

(Unit: Millions of yen)

	Fiscal 2017 (April 1, 2017 – March 31, 2018)	Fiscal 2018 (April 1, 2018 –March 31, 2019)
Profit	19,043	17,775
Other comprehensive income		
Net unrealized holding gain on securities	898	(985)
Remeasurements of defined benefit plans	811	(6)
Total other comprehensive income	1,710	(992)
Comprehensive income	20,753	16,782
Total comprehensive income attributable to		
Owners of parent	20,753	16,782

(3) Consolidated statements of changes in net assets
Fiscal 2017 (April 1, 2017 – March 31, 2018)

(Unit: Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of current period	23,853	11,407	84,331	(19,813)	99,778
Changes during the year					
Cash dividends			(6,089)		(6,089)
Profit attributable to owners of parent			19,043		19,043
Purchase of treasury stock				(3,445)	(3,445)
Disposal of treasury stock		0		0	0
Other, net					
Total changes during the year	-	0	12,953	(3,445)	9,508
Balance at the end of current period	23,853	11,408	97,284	(23,259)	109,287

	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	4,611	(1,734)	2,876	102,655
Changes during the year				
Cash dividends				(6,089)
Profit attributable to owners of parent				19,043
Purchase of treasury stock				(3,445)
Disposal of treasury stock				0
Other, net	898	811	1,710	1,710
Total changes during the year	898	811	1,710	11,219
Balance at the end of current period	5,510	(923)	4,587	113,874

Fiscal 2018 (April 1, 2018 – March 31, 2019)

(Unit: Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of current period	23,853	11,408	97,284	(23,259)	109,287
Changes during the year					
Cash dividends			(6,002)		(6,002)
Profit attributable to owners of parent			17,775		17,775
Purchase of treasury stock				(3,523)	(3,523)
Other, net					
Total changes during the year	-	-	11,772	(3,523)	8,249
Balance at the end of current period	23,853	11,408	109,057	(26,782)	117,536

	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	5,510	(923)	4,587	113,874
Changes during the year				
Cash dividends				(6,002)
Profit attributable to owners of parent				17,775
Purchase of treasury stock				(3,523)
Other, net	(985)	(6)	(992)	(992)
Total changes during the year	(985)	(6)	(992)	7,256
Balance at the end of current period	4,524	(930)	3,594	121,131

(4) Consolidated statements of cash flows

(Unit: Millions of yen)

	Fiscal 2017 (April 1, 2017– March 31, 2018)	Fiscal 2018 (April 1, 2018 – March 31, 2019)
Cash flows from operating activities		
Profit before income taxes	27,686	24,922
Depreciation	2,124	2,153
Amortization of long-term prepaid expenses	76	446
Increase (decrease) in net defined benefit liability	(69)	(154)
Interest and dividends income	(309)	(351)
Interest expenses	16	17
Loss on retirement of non-current assets	160	43
Decrease (increase) in notes and accounts receivable-trade	(5,084)	2,975
Decrease (increase) in inventories	(155)	2,930
Increase (decrease) in notes and accounts payable-trade	2,290	(1,193)
Other, net	1,754	(1,928)
Subtotal	28,489	29,861
Interest and dividends income received	309	351
Interest paid	(16)	(17)
Income taxes paid, net	(7,078)	(9,065)
Net cash provided by (used in) operating activities	21,703	21,129
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,689)	(1,908)
Purchase of intangible assets	(199)	(220)
Purchase of investment securities	(1,253)	(1)
Payment of long-term prepaid expenses	(110)	(3,661)
Other, net	6	47
Net cash provided by (used in) investing activities	(3,245)	(5,744)
Cash flows from financing activities		
Net change in treasury stock	(3,445)	(3,523)
Cash dividends paid	(6,085)	(6,001)
Net cash provided by (used in) financing activities	(9,530)	(9,524)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	8,927	5,860
Cash and cash equivalents at beginning of period	43,767	52,694
Cash and cash equivalents at end of year	52,694	58,555