May 7, 2021

Consolidated Financial Results for the Year Ended March 31, 2021 [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: Hiroyuki Horiuchi, President and Representative Director
Contact: Kazuhiro Kondo, General Manager of General Affairs Department
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Scheduled Date to Hold the Ordinary General Meeting of Shareholders: June 29, 2021
Scheduled Date to Commence Dividends Payment: June 30, 2021
Scheduled Date to Submit the Securities Report: June 29, 2021
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 2020 (April 1, 2020 to March 31, 2021)

(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 2020	74,979	(16.0)	17,788	(32.9)	18,222	(32.4)	13,405	(30.8)
Fiscal 2019	89,232	(5.2)	26,512	7.8	26,946	7.9	19,370	9.0

Note:
Comprehensive income:
Fiscal 2020: ¥ 16,532 million [(5.5)%]
Fiscal 2019: ¥ 17,487 million [4.2%]

	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 2020	347.37	-	10.1	11.3	23.7
Fiscal 2019	494.89	-	15.5	17.2	29.7

Reference:
Equity in earnings (losses) of affiliates:
Fiscal 2020: ¥ - million
Fiscal 2019: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
Fiscal 2020	163,332	136,257	83.4	3,555.93
Fiscal 2019	157,875	128,468	81.4	3,301.09

Reference:
Equity:
Fiscal 2020: ¥ 136,257 million
Fiscal 2019: ¥ 128,468 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 2020	14,380	(1,644)	(8,752)	77,305
Fiscal 2019	27,468	(2,528)	(10,173)	73,322

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 2019	-	75.00	-	75.00	150.00	5,840	30.3	4.7
Fiscal 2020	-	75.00	-	75.00	150.00	5,767	43.2	4.4
Fiscal 2021 (Forecast)	-	75.00	-	75.00	150.00		41.1	

3. Forecast of Consolidated Results for Fiscal 2021 (April 1, 2021 to March 31, 2022)

(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)
Full year	79,200	5.6	18,800	5.7	19,200	5.4	14,000	4.4	365.36

*** 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 2020	45,939,730 shares	Fiscal 2019	45,939,730 shares
2) Number of treasury stock at the period end	Fiscal 2020	7,621,338 shares	Fiscal 2019	7,022,576 shares
3) Average number of shares during the period	Fiscal 2020	38,590,066 shares	Fiscal 2019	39,140,165 shares

Note: Number of treasury stock at the period end includes the Company's shares held by the "Board Benefit Trust (BBT)" (39,400 shares as of March 31, 2021 and 41,100 shares as of March 31, 2020). The Company's shares held by the BBT (39,926 shares as of March 31, 2021 and 14,598 shares as of March 31, 2020) are included in the number of treasury stock to be deducted in calculating the average number of shares during the period.

* 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 2020

(1) Consolidated balance sheets

(Unit: Millions of yen)

	Fiscal 2019 (As of March 31, 2020)	Fiscal 2020 (As of March 31, 2021)
Assets		
Current assets		
Cash and deposits	59,722	63,706
Notes and accounts receivable-trade	21,800	20,549
Marketable securities	13,599	13,599
Merchandise and finished goods	4,762	5,700
Work in process	2,829	3,126
Raw materials and supplies	4,683	6,371
Other	938	608
Allowance for doubtful accounts	(0)	(0)
Total current assets	108,336	113,662
Non-current assets		
Property, plant and equipment		
Buildings and structures	41,821	41,078
Accumulated depreciation	(25,057)	(24,998)
Buildings and structures, net	16,764	16,080
Machinery, equipment and vehicles	15,542	15,804
Accumulated depreciation	(12,763)	(13,223)
Machinery, equipment and vehicles, net	2,778	2,581
Tools, furniture and fixtures	7,393	7,613
Accumulated depreciation	(6,061)	(6,109)
Tools, furniture and fixtures, net	1,331	1,503
Land	4,324	4,140
Construction in progress	317	713
Total property, plant and equipment	25,518	25,020
Intangible assets	414	625
Investments and other assets		
Investment securities	15,036	17,368
Long-term prepaid expenses	4,450	4,196
Deferred tax assets	3,229	1,577
Other	888	882
Total investments and other assets	23,605	24,024
Total non-current assets	49,538	49,669
Total assets	157,875	163,332

(Unit: Millions of yen)

	Fiscal 2019 (As of March 31, 2020)	Fiscal 2020 (As of March 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	7,720	8,425
Electronically recorded obligations-operating	962	144
Short-term bank loans	3,850	3,850
Accounts payable-other	2,803	3,002
Accrued expenses	535	324
Income taxes payable	2,904	2,292
Provision for bonuses	1,082	1,046
Provision for directors' bonuses	93	80
Provision for sales returns	4	3
Provision for sales rebates	312	302
Other	1,386	1,803
Total current liabilities	21,655	21,276
Non-current liabilities		
Provision for share-based remuneration	47	73
Net defined benefit liability	7,303	5,376
Other	400	348
Total non-current liabilities	7,750	5,798
Total liabilities	29,406	27,074
Net assets		
Shareholders' equity		
Common stock	23,853	23,853
Capital surplus	11,406	11,406
Retained earnings	114,869	122,462
Treasury stock	(23,373)	(26,304)
Total shareholders' equity	126,756	131,418
Accumulated other comprehensive income		
Net unrealized holding gain on securities	3,116	4,739
Remeasurements of defined benefit plans	(1,404)	99
Total accumulated other comprehensive income	1,712	4,839
Total net assets	128,468	136,257
Total liabilities and net assets	157,875	163,332

(2) Consolidated statements of income and comprehensive income

(Consolidated statements of income)

(Unit: Millions of yen)

	Fiscal 2019 (April 1, 2019 – March 31, 2020)	Fiscal 2020 (April 1, 2020 – March 31, 2021)
Net sales	89,232	74,979
Cost of sales	38,753	34,073
Gross profit	50,478	40,906
Reversal of provision for sales returns	2	0
Gross profit-net	50,481	40,907
Selling, general and administrative expenses		
Salaries	6,314	5,884
Bonuses and provision for bonuses	1,481	1,405
Provision for directors' bonuses	93	80
Retirement benefit expenses	476	591
Research and development expenses	6,418	6,736
Depreciation	231	227
Other	8,953	8,192
Total selling, general and administrative expenses	23,969	23,118
Operating profit	26,512	17,788
Other income		
Interest income	7	8
Dividends income	385	385
Other	155	90
Total other income	549	484
Other expenses		
Interest expenses	17	17
Foreign exchange losses	50	12
Other	46	21
Total other expenses	114	50
Ordinary profit	26,946	18,222
Extraordinary income		
Gain on sales of non-current assets	4	379
Gain on sales of investment securities	3	115
Total extraordinary income	7	495
Extraordinary losses		
Loss on retirement of non-current assets	68	54
Loss on impairment of non-current assets	287	-
Other	6	5
Total extraordinary losses	362	59
Profit before income taxes	26,592	18,657
Income taxes-current	6,686	4,979
Income taxes-deferred	535	272
Total income taxes	7,222	5,252
Profit	19,370	13,405
Profit attributable to owners of parent	19,370	13,405

(Consolidated statements of comprehensive income)

(Unit: Millions of yen)

	Fiscal 2019 (April 1, 2019 – March 31, 2020)	Fiscal 2020 (April 1, 2020 – March 31, 2021)
Profit	19,370	13,405
Other comprehensive income		
Net unrealized holding gain on securities	(1,408)	1,623
Remeasurements of defined benefit plans	(473)	1,503
Total other comprehensive income	(1,882)	3,126
Comprehensive income	17,487	16,532
Total comprehensive income attributable to		
Owners of parent	17,487	16,532

(3) Consolidated statements of changes in net assets
Fiscal 2019 (April 1, 2019 – March 31, 2020)

(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	109,057	(26,782)	117,536
Changes during the year					
Cash dividends			(5,897)		(5,897)
Profit attributable to owners of parent			19,370		19,370
Purchase of treasury stock			88	(4,341)	(4,252)
Cancellation of treasury stock		(1)	(7,748)	7,750	-
Other, net					
Total changes during the year	-	(1)	5,812	3,408	9,219
Balance at the end of current period	23,853	11,406	114,869	(23,373)	126,756

	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	4,524	(930)	3,594	121,131
Changes during the year				
Cash dividends				(5,897)
Profit attributable to owners of parent				19,370
Purchase of treasury stock				(4,252)
Cancellation of treasury stock				-
Other, net	(1,408)	(473)	(1,882)	(1,882)
Total changes during the year	(1,408)	(473)	(1,882)	7,337
Balance at the end of current period	3,116	(1,404)	1,712	128,468

Fiscal 2020 (April 1, 2020 – March 31, 2021)

(Unit: Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of current period	23,853	11,406	114,869	(23,373)	126,756
Changes during the year					
Cash dividends			(5,812)		(5,812)
Profit attributable to owners of parent			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 parent				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

(4) Consolidated statements of cash flows

(Unit: Millions of yen)

	Fiscal 2019 (April 1, 2019 – March 31, 2020)	Fiscal 2020 (April 1, 2020 – March 31, 2021)
Cash flows from operating activities		
Profit before income taxes	26,592	18,657
Depreciation	2,312	2,318
Loss on impairment of non-current assets	287	-
Increase (decrease) in net defined benefit liability	(22)	239
Interest and dividends income	(393)	(393)
Interest expenses	17	17
Loss (gain) on sale of investment securities	(3)	(115)
Loss on retirement of non-current assets	61	46
Loss (gain) on sales of property, plant and equipment	(4)	(379)
Decrease (increase) in notes and accounts receivable-trade	8,539	1,251
Decrease (increase) in inventories	1,446	(2,923)
Increase (decrease) in notes and accounts payable-trade	(3,576)	(112)
Other, net	(356)	915
Subtotal	34,900	19,521
Interest and dividends income received	393	393
Interest paid	(17)	(17)
Income taxes (paid) refund	(7,807)	(5,516)
Net cash provided by (used in) operating activities	27,468	14,380
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,159)	(1,973)
Proceeds from sales of property, plant and equipment	7	874
Purchase of intangible assets	(43)	(313)
Purchase of investment securities	-	(20)
Proceeds from sales of investment securities	5	144
Other, net	(338)	(357)
Net cash provided by (used in) investing activities	(2,528)	(1,644)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(25)	-
Net change in treasury stock	(4,252)	(2,940)
Cash dividends paid	(5,896)	(5,811)
Net cash provided by (used in) financing activities	(10,173)	(8,752)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	14,766	3,983
Cash and cash equivalents at beginning of period	58,555	73,322
Cash and cash equivalents at end of year	73,322	77,305