

May 14, 2024

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [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 27, 2024
 Scheduled date of dividend payment commencement: June 28, 2024
 Scheduled date of annual securities report submission: June 27, 2024
 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, 2024 (April 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results

(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)	(%)
Year ended March 31, 2024	72,044	(1.3)	9,513	18.9	9,951	14.0	8,025	47.5
Year ended March 31, 2023	72,984	(4.0)	7,998	(53.1)	8,727	(50.3)	5,440	(43.0)

Note:

Comprehensive income:

Fiscal 2023: ¥ 11,684 million [113.4%]

Fiscal 2022: ¥ 5,475 million [(42.7)%]

	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, 2024	212.67	—	5.7	5.9	13.2
Year ended March 31, 2023	144.80	—	4.0	5.3	11.0

Reference:

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

Fiscal 2023: ¥ – million

Fiscal 2022: ¥ – million

(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, 2024	171,623	143,755	83.8	3,796.05
As of March 31, 2023	166,328	136,836	81.9	3,636.17

Reference:

Equity:

As of March 31, 2024: ¥ 143,755 million

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

(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 year
	(Million yen)	(Million yen)	(Million yen)	(Million yen)
Year ended March 31, 2024	2,577	(5,854)	(5,658)	65,325
Year ended March 31, 2023	9,253	(2,627)	(6,990)	74,260

2. Cash Dividends

	Annual dividends per share					Total cash dividends (Annual) (Million yen)	Payout ratio (Consolidated) (%)	Dividends to net assets ratio (Consolidated) (%)
	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	5,625	103.6	4.1
Year ended March 31, 2024	–	75.00	–	75.00	150.00	5,684	70.5	4.0
Year ending March 31, 2025 (Forecast)	–	75.00	–	75.00	150.00		101.4	

3. Consolidated Financial Forecast for Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(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, 2025	75,100	4.2	7,400	(22.2)	7,800	(21.6)	5,600	(30.2)	147.88

*** 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: None

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, 2024	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 March 31, 2024	8,070,003 shares	As of March 31, 2023	8,466,780 shares
3) Average number of shares during the period	Fiscal 2023	37,737,574 shares	Fiscal 2022	37,571,209 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 March 31, 2024 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 (29,898 shares as of March 31, 2024 and 35,021 shares as of March 31, 2023).

* 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 2023

(1) Consolidated balance sheets

(Millions of yen)

	Fiscal 2022 (As of March 31, 2023)	Fiscal 2023 (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	59,561	50,625
Notes and accounts receivable - trade, and contract assets	19,268	23,744
Marketable securities	14,699	14,699
Merchandise and finished goods	6,734	8,062
Work in process	2,481	2,786
Raw materials and supplies	6,348	6,319
Other	809	736
Allowance for doubtful accounts	(0)	(0)
Total current assets	109,903	106,974
Non-current assets		
Property, plant and equipment		
Buildings and structures	43,066	43,180
Accumulated depreciation	(26,633)	(27,445)
Buildings and structures, net	16,433	15,734
Machinery, equipment and vehicles	16,612	17,075
Accumulated depreciation	(13,880)	(14,302)
Machinery, equipment and vehicles, net	2,732	2,772
Tools, furniture and fixtures	8,463	8,483
Accumulated depreciation	(6,676)	(6,836)
Tools, furniture and fixtures, net	1,787	1,647
Land	3,867	3,867
Construction in progress	677	1,332
Total property, plant and equipment	25,498	25,355
Intangible assets		
In-process research and development	5,800	5,800
Other	941	1,662
Total intangible assets	6,741	7,462
Investments and other assets		
Investment securities	17,511	20,532
Long-term prepaid expenses	1,012	4,991
Deferred tax assets	3,873	2,590
Net defined benefit asset	1,190	3,102
Other	598	614
Total investments and other assets	24,185	31,831
Total non-current assets	56,425	64,648
Total assets	166,328	171,623

(Millions of yen)

	Fiscal 2022 (As of March 31, 2023)	Fiscal 2023 (As of March 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,130	6,976
Electronically recorded obligations - operating	89	123
Short-term bank loans	3,850	3,850
Accounts payable-other	5,824	4,146
Accrued expenses	596	662
Income taxes payable	2,004	76
Provision for bonuses	942	946
Provision for directors' bonuses	23	31
Other	1,377	2,209
Total current liabilities	20,838	19,024
Non-current liabilities		
Provision for share-based remuneration	117	137
Net defined benefit liability	6,349	6,393
Deferred tax liabilities	1,771	1,947
Other	414	365
Total non-current liabilities	8,653	8,843
Total liabilities	29,491	27,868
Net assets		
Shareholders' equity		
Common stock	23,853	23,853
Capital surplus	11,406	11,462
Retained earnings	126,135	128,506
Treasury stock	(30,026)	(28,613)
Total shareholders' equity	131,368	135,207
Accumulated other comprehensive income		
Net unrealized holding gain on securities	4,724	7,184
Remeasurements of defined benefit plans	165	1,363
Total accumulated other comprehensive income	4,889	8,547
Non-controlling interests	578	-
Total net assets	136,836	143,755
Total liabilities and net assets	166,328	171,623

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

(Millions of yen)

	Fiscal 2022 (April 1, 2022 – March 31, 2023)	Fiscal 2023 (April 1, 2023 – March 31, 2024)
Net sales	72,984	72,044
Cost of sales	33,428	33,505
Gross profit	39,555	38,539
Selling, general and administrative expenses		
Salaries	5,605	5,657
Bonuses and provision for bonuses	1,222	1,160
Provision for directors' bonuses	23	31
Retirement benefit expenses	341	272
Research and development expenses	15,789	12,543
Depreciation	291	317
Other	8,282	9,042
Total selling, general and administrative expenses	31,556	29,025
Operating profit	7,998	9,513
Other income		
Interest income	7	8
Dividends income	431	471
Subsidy income	149	–
Other	191	64
Total other income	780	543
Other expenses		
Interest expenses	17	17
Foreign exchange losses	–	59
Loss on investments in investment partnerships	27	21
Other	6	7
Total other expenses	51	106
Ordinary profit	8,727	9,951
Extraordinary income		
Gain on sales of non-current assets	2	0
Gain on sales of investment securities	1	13
Total extraordinary income	4	14
Extraordinary losses		
Loss on sales of non-current assets	1	0
Loss on retirement of non-current assets	48	148
Loss on impairment of non-current assets	1,863	19
Other	–	0
Total extraordinary losses	1,914	168
Profit before income taxes	6,817	9,796
Income taxes-current	3,998	1,926
Income taxes-deferred	(2,621)	(155)
Total income taxes	1,377	1,770
Profit	5,440	8,025
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of the Company	5,440	8,025

(Consolidated statements of comprehensive income)

(Millions of yen)

	Fiscal 2022 (April 1, 2022 – March 31, 2023)	Fiscal 2023 (April 1, 2023 – March 31, 2024)
Profit	5,440	8,025
Other comprehensive income		
Net unrealized holding gain on securities	172	2,460
Remeasurements of defined benefit plans	(136)	1,198
Total other comprehensive income	35	3,658
Comprehensive income	5,475	11,684
Total comprehensive income attributable to		
Owners of the Company	5,475	11,684
Non-controlling interests	–	–

(3) Consolidated statements of changes in net assets
Fiscal 2022 (April 1, 2022 – March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	23,853	11,406	126,347	(28,714)	132,893
Changes during the year					
Cash dividends			(5,652)		(5,652)
Profit attributable to owners of the Company			5,440		5,440
Purchase of treasury stock				(1,340)	(1,340)
Disposal of treasury stock				27	27
Other, net					
Total changes during the year	–	–	(211)	(1,312)	(1,524)
Balance at the end of current period	23,853	11,406	126,135	(30,026)	131,368

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Net unrealized holding gain on securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	4,551	301	4,853	578	138,325
Changes during the year					
Cash dividends					(5,652)
Profit attributable to owners of the Company					5,440
Purchase of treasury stock					(1,340)
Disposal of treasury stock					27
Other, net	172	(136)	35	–	35
Total changes during the year	172	(136)	35	–	(1,489)
Balance at the end of current period	4,724	165	4,889	578	136,836

Fiscal 2023 (April 1, 2023 – March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	23,853	11,406	126,135	(30,026)	131,368
Changes during the year					
Cash dividends			(5,655)		(5,655)
Profit attributable to owners of the Company			8,025		8,025
Purchase of treasury stock				(2)	(2)
Disposal of treasury stock		55		1,415	1,470
Other, net					
Total changes during the year	–	55	2,370	1,413	3,838
Balance at the end of current period	23,853	11,462	128,506	(28,613)	135,207

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Net unrealized holding gain on securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	4,724	165	4,889	578	136,836
Changes during the year					
Cash dividends					(5,655)
Profit attributable to owners of the Company					8,025
Purchase of treasury stock					(2)
Disposal of treasury stock					1,470
Other, net	2,460	1,198	3,658	(578)	3,080
Total changes during the year	2,460	1,198	3,658	(578)	6,918
Balance at the end of current period	7,184	1,363	8,547	–	143,755

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal 2022 (April 1, 2022 – March 31, 2023)	Fiscal 2023 (April 1, 2023 – March 31, 2024)
Cash flows from operating activities		
Profit before income taxes	6,817	9,796
Depreciation	2,546	2,596
Loss on impairment of non-current assets	1,863	19
Amortization of goodwill	22	157
Increase (decrease) in net defined benefit asset and liability	(77)	(141)
Interest and dividends income	(439)	(479)
Interest expenses	17	17
Loss (gain) on investments in investment partnerships	27	21
Loss (gain) on sale of investment securities	(1)	(13)
Loss on retirement of non-current assets	48	148
Loss (gain) on sales of property, plant and equipment	(0)	(0)
Decrease (increase) in notes and accounts receivable-trade	972	(4,559)
Decrease (increase) in inventories	(583)	(1,603)
Increase (decrease) in trade payables	280	880
Other, net	1,746	(936)
Subtotal	13,240	5,903
Interest and dividends income received	439	479
Interest expenses paid	(17)	(17)
Income taxes (paid) refund	(4,409)	(3,788)
Net cash provided by (used in) operating activities	9,253	2,577
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,987)	(1,861)
Proceeds from sales of property, plant and equipment	12	1
Purchase of intangible assets	(219)	(306)
Purchase of investment securities	(200)	–
Proceeds from sales of investment securities	5	516
Purchase of long-term prepaid expenses	(218)	(4,182)
Other, net	(18)	(22)
Net cash provided by (used in) investing activities	(2,627)	(5,854)
Cash flows from financing activities		
Net decrease (increase) in treasury stock	(1,340)	(0)
Cash dividends paid	(5,649)	(5,657)
Net cash provided by (used in) financing activities	(6,990)	(5,658)
Effect of exchange rate change on cash and cash equivalents	–	–
Net increase (decrease) in cash and cash equivalents	(364)	(8,935)
Cash and cash equivalents at beginning of period	74,625	74,260
Cash and cash equivalents at end of year	74,260	65,325