

Consolidated Financial Results for Fiscal 2017

(Reference Data of Financial Statements for the 2Q of Fiscal 2017)

November 6, 2017

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1. Summary of Consolidated Financial Statements for the Second Quarter of Fiscal 2017

(Figures less than one million yen have been omitted)

| | FY2016 2nd Q | FY2016 | FY2017 2nd Q | Y o Y increase (decrease) | | FY2017 Forecasts | Y o Y increase (decrease) | |
|------------------------|-----------------|---------|-----------------|---------------------------|-------|---------------------|---------------------------|--------|
| | | | | Yen | % | | Yen | % |
| Net sales | 52,179 | 101,479 | 49,860 | (2,319) | 95.6% | 101,700 | 221 | 100.2% |
| Operating income | 16,123 | 30,707 | 15,335 | (788) | 95.1% | 26,800 | (3,907) | 87.3% |
| Ratio of net sales | 30.9% | 30.3% | 30.8% | | | 26.4% | | |
| Ordinary income | 16,238 | 30,981 | 15,517 | (720) | 95.6% | 27,000 | (3,981) | 87.1% |
| Ratio of net sales | 31.1% | 30.5% | 31.1% | | | 26.5% | | |
| Net income | 11,446 | 22,017 | 10,868 | (578) | 94.9% | 19,100 | (2,917) | 86.8% |
| Ratio of net sales | 21.9% | 21.7% | 21.8% | | | 18.8% | | |
| Per share profit (Yen) | 278.02 | 536.70 | 267.56 | | | 473.70 | | |

| | | | | | |
|----------------------|--------|--------|--------|-----|--------|
| Comprehensive income | 11,597 | 22,587 | 12,254 | 656 | 105.7% |
|----------------------|--------|--------|--------|-----|--------|

| | | | | | | | | |
|--------------------|-----|-------|-------|-----|--------|-------|-----|--------|
| Capital investment | 861 | 1,415 | 1,139 | 278 | 132.4% | 1,700 | 285 | 120.1% |
|--------------------|-----|-------|-------|-----|--------|-------|-----|--------|

| | | | | | | | | |
|--------------|-------|-------|-------|----|--------|--------|-------|--------|
| R&D expenses | 3,627 | 6,450 | 3,644 | 17 | 100.5% | 10,900 | 4,450 | 169.0% |
|--------------|-------|-------|-------|----|--------|--------|-------|--------|

| | | | | | | | | |
|-------------------------------|-----|-------|-------|-----|--------|-------|-----|--------|
| Depreciation and amortization | 903 | 1,937 | 1,043 | 139 | 115.5% | 2,100 | 163 | 108.4% |
|-------------------------------|-----|-------|-------|-----|--------|-------|-----|--------|

| | | | | | |
|-----------------|-------|-------|-------|------|--|
| Employee number | 1,443 | 1,405 | 1,425 | (18) | |
|-----------------|-------|-------|-------|------|--|

2. Breakdown of Consolidated Net Sales by Segment

(Figures less than one million yen have been omitted)

| | FY2016 2nd Q | FY2016 | FY2017 2nd Q | Y o Y increase (decrease) | |
|--|-----------------|---------|-----------------|---------------------------|--------|
| | | | | Yen | % |
| Pharmaceuticals, medical devices & agrochemicals | 50,988 | 99,093 | 48,659 | (2,329) | 95.4% |
| Real estate | 1,190 | 2,386 | 1,201 | 10 | 100.8% |
| Total | 52,179 | 101,479 | 49,860 | (2,319) | 95.6% |

3. Summary of Consolidated Balance Sheets

(Figures less than one million yen have been omitted)

| | As of September 30, 2016 | Ratio | As of March 31, 2017 | Ratio | As of September 30, 2017 | Ratio | Y o Y increase (decrease) |
|--|--------------------------------|---------|----------------------------|---------|--------------------------------|---------|---------------------------------|
| Assets | 131,648 | 100.0% | 135,060 | 100.0% | 148,590 | 100.0% | 13,530 |
| Current assets | 87,134 | 66.2% | 90,494 | 67.0% | 102,780 | 69.2% | 12,285 |
| Noncurrent assets | 44,513 | 33.8% | 44,565 | 33.0% | 45,810 | 30.8% | 1,244 |
| Liabilities | 36,911 | 28.0% | 32,405 | 24.0% | 40,184 | 27.0% | 7,778 |
| Current liabilities | 28,224 | 21.4% | 24,020 | 17.8% | 32,125 | 21.6% | 8,104 |
| Noncurrent liabilities | 8,686 | 6.6% | 8,384 | 6.2% | 8,058 | 5.4% | (325) |
| Net assets | 94,736 | 72.0% | 102,655 | 76.0% | 108,406 | 73.0% | 5,751 |
| Capital stock | 23,853 | 18.1% | 23,853 | 17.7% | 23,853 | 16.1% | — |
| Capital surplus | 11,407 | 8.7% | 11,407 | 8.4% | 11,407 | 7.7% | 0 |
| Retained earnings | 76,826 | 58.4% | 84,331 | 62.4% | 92,134 | 62.0% | 7,803 |
| Treasury stock | (19,807) | (15.0%) | (19,813) | (14.7%) | (23,251) | (15.6%) | (3,437) |
| Valuation difference on available-for-sale securities | 4,355 | 3.3% | 4,611 | 3.4% | 5,775 | 3.9% | 1,163 |
| Remeasurements of defined benefit plans | (1,897) | (1.4%) | (1,734) | (1.3%) | (1,512) | (1.0%) | 222 |

4. Summary of Consolidated Statements of Cash Flows

(Figures less than one million yen have been omitted)

| | FY2016 2nd Q | FY2016 | FY2017 2nd Q | Y o Y increase (decrease) |
|---|-----------------|---------|-----------------|---------------------------------|
| Net cash provided by (used in) operating activities | 5,699 | 15,327 | 11,086 | 5,386 |
| Net cash provided by (used in) investing activities | (2,151) | (3,503) | (822) | 1,329 |
| Net cash provided by (used in) financing activities | (6,729) | (9,800) | (6,500) | 228 |
| Cash and cash equivalents at end of period | 38,562 | 43,767 | 47,530 | 8,968 |

5. Summary of Non-consolidated Financial Statements for the Second Quarter of Fiscal 2017

(Figures less than one million yen have been omitted)

| | FY2016 2nd Q | FY2016 | FY2017 2nd Q | Y o Y increase(decrease) | | FY2017 Forecasts | Y o Y increase(decrease) | |
|-------------------------------|-----------------|--------|-----------------|--------------------------|--------|---------------------|--------------------------|--------|
| | | | | Yen | % | | Yen | % |
| Net sales | 51,406 | 99,949 | 49,083 | (2,323) | 95.5% | 100,000 | 51 | 100.1% |
| Operating income | 16,069 | 30,588 | 15,287 | (781) | 95.1% | 26,700 | (3,888) | 87.3% |
| Ratio of net sales | 31.3% | 30.6% | 31.1% | | | 26.7% | | |
| Ordinary income | 16,183 | 30,863 | 15,469 | (713) | 95.6% | 26,900 | (3,963) | 87.2% |
| Ratio of net sales | 31.5% | 30.9% | 31.5% | | | 26.9% | | |
| Net income | 11,411 | 21,940 | 10,837 | (574) | 95.0% | 19,000 | (2,940) | 86.6% |
| Ratio of net sales | 22.2% | 22.0% | 22.1% | | | 19.0% | | |
| Capital investment | 861 | 1,415 | 1,139 | 278 | 132.4% | 1,700 | 285 | 120.1% |
| R&D expenses | 3,627 | 6,450 | 3,644 | 17 | 100.5% | 10,900 | 4,450 | 169.0% |
| Depreciation and amortization | 903 | 1,937 | 1,042 | 139 | 115.5% | 2,100 | 163 | 108.4% |
| Export volume | 3,438 | 7,223 | 2,819 | (619) | 82.0% | | | |
| Pharmaceuticals | 2,616 | 5,186 | 2,145 | (471) | 82.0% | | | |
| Agrochemicals | 822 | 2,036 | 674 | (148) | 82.0% | | | |
| Employee number | 1,436 | 1,398 | 1,418 | (18) | | | | |

6. Breakdown of Non-consolidated Net Sales by Segment

(Figures less than one million yen have been omitted)

| | FY2016 2nd Q | FY2016 | FY2017 2nd Q | Y o Y increase(decrease) | | FY2017 Forecasts | Y o Y increase(decrease) | |
|-----------------------------------|-----------------|--------|-----------------|--------------------------|--------|---------------------|--------------------------|--------|
| | | | | Yen | % | | Yen | % |
| Pharmaceuticals & medical devices | 47,831 | 91,934 | 46,014 | (1,816) | 96.2% | 92,200 | 266 | 100.3% |
| Agrochemicals | 2,384 | 5,629 | 1,867 | (516) | 78.3% | 5,410 | (219) | 96.1% |
| Renting real estate | 1,190 | 2,386 | 1,201 | 10 | 100.8% | 2,390 | 4 | 100.2% |
| Total | 51,406 | 99,949 | 49,083 | (2,323) | 95.5% | 100,000 | 51 | 100.1% |

7. Breakdown of Sales by Main Pharmaceuticals and Medical Devices

(Figures less than one million yen have been omitted)

| | FY2016 2nd Q | FY2016 | FY2017 2nd Q | % | FY2017 Forecasts | % |
|---|-----------------|--------|-----------------|--------|---------------------|--------|
| Anti-osteoarthritis Artz | 14,955 | 28,978 | 14,820 | 99.1% | 29,700 | 102.5% |
| Anti-nail fungus Clenafin | 11,639 | 21,624 | 11,849 | 101.8% | 23,100 | 106.8% |
| Post-operative anti-adhesive Seprafilm | 5,536 | 11,036 | 5,231 | 94.5% | 10,800 | 97.9% |
| Anti-hyperlipidemia Lipidil | 2,227 | 4,430 | 2,239 | 100.6% | 4,600 | 103.8% |
| Wound healing agent Fiblast Spray | 1,846 | 3,700 | 1,809 | 98.0% | 3,900 | 105.4% |
| Generic products | 5,984 | 11,903 | 5,953 | 99.5% | 12,200 | 102.5% |

8. Development Status

| Code | Indication | Stage | Remarks |
|----------|---|------------------|--|
| KAG-308 | Ulcerative colitis | PII | Developed jointly with Asahi Glass Co., Ltd.; Oral-use prostaglandin analog |
| BBI-4000 | Primary focal hyperhidrosis | PII | Licensed from Brickell Biotech, Inc.; Topical anticholinergic |
| KMW-1 | Removal of eschar with thermal burns | Preparing for PI | Licensed from MediWound Ltd.; Topically-applied enzymatic product Overseas product name : NexoBrid |
| KP-607 | Onychomycosis | Preparing for PI | In-house drug discovery Post Clenafin / Jublia |