

Consolidated Financial Results for Fiscal 2017

(Reference Data of Financial Statements Fiscal 2017)

May 9, 2018

KAKEN PHARMACEUTICAL CO., LTD.

Corporate Communications

Tel: +81-(0)3-5977-5002

Fax: +81-(0)3-5977-5131

Email: koho@kaken.co.jp

1. Summary of Consolidated Financial Statements for Fiscal 2017

(Figures less than one million yen have been omitted)

	FY 2015	FY 2016	FY 2017	Y o Y increase(decrease)		Plan FY2018	Y o Y increase(decrease)	
				Yen	%		Yen	%
Net sales	109,730	101,479	98,430	(3,049)	97.0%	94,800	(3,630)	96.3%
Operating income	35,146	30,707	27,496	(3,211)	89.5%	22,500	(4,996)	81.8%
Ratio of net sales	32.0%	30.3%	27.9%			23.7%		
Ordinary income	35,365	30,981	27,854	(3,126)	89.9%	22,800	(5,054)	81.9%
Ratio of net sales	32.2%	30.5%	28.3%			24.1%		
Net income	21,143	22,017	19,043	(2,974)	86.5%	16,400	(2,643)	86.1%
Ratio of net sales	19.3%	21.7%	19.3%			17.3%		
Per share profit(Yen)	510.54	536.70	470.54			406.75		
ROE	25.3%	22.9%	17.6%					

Note: Kaken has conducted a consolidation of common share at rate of one share for every two shares with effective date of October 1, 2015.
Per share profit has been calculated as if this consolidation of shares was conducted at the beginning of fiscal year 2015.

Comprehensive income	18,444	22,587	20,753	(1,833)	91.9%
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Capital investment	2,923	1,415	1,907	492	134.8%	1,200	(707)	62.9%
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R&D expenses	5,883	6,450	8,152	1,702	126.4%	11,700	3,548	143.5%
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Depreciation and amortization	2,242	1,937	2,124	186	109.6%	2,200	76	103.6%
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Employee number	1,451	1,405	1,389	(16)	
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2. Breakdown of Consolidated Net Sales by Segment

(Figures less than one million yen have been omitted)

	FY 2015	FY 2016	FY 2017	Y o Y increase(decrease)	
				Yen	%
Pharmaceuticals, medical devices & agrochemicals	107,391	99,093	96,022	(3,070)	96.9%
Real estate	2,338	2,386	2,407	21	100.9%
Total	109,730	101,479	98,430	(3,049)	97.0%

3. Summary of Consolidated Balance Sheets

(Figures less than one million yen have been omitted)

	As of March 31, 2016	Ratio	As of March 31, 2017	Ratio	As of March 31, 2018	Ratio	Y o Y increase (decrease)
Assets	132,991	100.0%	135,060	100.0%	152,417	100.0%	17,357
Current assets	88,991	66.9%	90,494	67.0%	105,055	68.9%	14,560
Noncurrent assets	43,999	33.1%	44,565	33.0%	47,362	31.1%	2,796
Liabilities	43,116	32.4%	32,405	24.0%	38,543	25.3%	6,137
Current liabilities	33,861	25.5%	24,020	17.8%	31,401	20.6%	7,380
Noncurrent liabilities	9,255	7.0%	8,384	6.2%	7,141	4.7%	(1,242)
Net assets	89,875	67.6%	102,655	76.0%	113,874	74.7%	11,219
Capital stock	23,853	17.9%	23,853	17.7%	23,853	15.7%	—
Capital surplus	11,407	8.6%	11,407	8.4%	11,408	7.5%	0
Retained earnings	68,609	51.6%	84,331	62.4%	97,284	63.8%	12,953
Treasury stock	(16,301)	(12.3%)	(19,813)	(14.7%)	(23,259)	(15.3%)	(3,445)
Valuation difference on available-for-sale securities	4,423	3.3%	4,611	3.4%	5,510	3.6%	898
Remeasurements of defined benefit plans	(2,117)	(1.6%)	(1,734)	(1.3%)	(923)	(0.6%)	811

4. Summary of Consolidated Statements of Cash Flows

(Figures less than one million yen have been omitted)

	FY 2015	FY 2016	FY 2017	Y o Y increase (decrease)
Net cash provided by (used in) operating activities	27,067	15,327	21,703	6,375
Net cash provided by (used in) investing activities	(4,105)	(3,503)	(3,245)	258
Net cash provided by (used in) financing activities	(5,984)	(9,800)	(9,530)	270
Cash and cash equivalents at end of period	41,744	43,767	52,694	8,927

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

(Figures less than one million yen have been omitted)

	FY 2015	FY 2016	FY 2017	Y o Y increase(decrease)		Plan FY2018	Y o Y increase(decrease)	
				Yen	%		Yen	%
Net sales	107,627	99,949	96,891	(3,058)	96.9%	93,300	(3,591)	96.3%
Operating income	34,468	30,588	27,388	(3,200)	89.5%	22,400	(4,988)	81.8%
Ratio of net sales	32.0%	30.6%	28.3%			24.0%		
Ordinary income	34,743	30,863	27,747	(3,116)	89.9%	22,700	(5,047)	81.8%
Ratio of net sales	32.3%	30.9%	28.6%			24.3%		
Net income	18,757	21,940	18,974	(2,966)	86.5%	16,300	(2,674)	85.9%
Ratio of net sales	17.4%	22.0%	19.6%			17.5%		
Per share profit(Yen)	452.92	534.84	468.84			404.27		

Note: Kaken has conducted a consolidation of common share at rate of one share for every two shares with effective date of October 1, 2015.
Per share profit has been calculated as if this consolidation of shares was conducted at the beginning of fiscal year 2015.

Capital investment	2,897	1,415	1,907	492	134.8%	1,200	(707)	62.9%
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R&D expenses	5,883	6,450	8,152	1,702	126.4%	11,700	3,548	143.5%
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Depreciation and amortization	2,160	1,937	2,123	186	109.6%	2,200	77	103.6%
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Export volume	10,137	7,223	7,047	(176)	97.6%
Pharmaceuticals	7,859	5,186	4,827	(359)	93.1%
Agrochemicals	2,277	2,036	2,219	183	109.0%

Employee number	1,444	1,398	1,382	(16)	
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6. Breakdown of Non-consolidated Net Sales by Segment

(Figures less than one million yen have been omitted)

	FY 2015	FY 2016	FY 2017	Y o Y increase(decrease)		Plan FY2018	Y o Y increase(decrease)	
				Yen	%		Yen	%
Pharmaceuticals & medical devices	100,062	91,934	88,844	(3,089)	96.6%	85,320	(3,524)	96.0%
Agrochemicals	5,620	5,629	5,639	10	100.2%	5,620	(19)	99.7%
Renting real estate	1,944	2,386	2,407	21	100.9%	2,360	(47)	98.0%
Total	107,627	99,949	96,891	(3,058)	96.9%	93,300	(3,591)	96.3%

Note: The Company absorbed and merged with KAKEN REALTY & SERVICE CO., LTD. as of March 31, 2016. Non-consolidated financial results for fiscal 2016 include a portion of sales previously recorded at KAKEN REALTY & SERVICE CO., LTD., such as net sales to external customers.

7. Breakdown of Sales by Main Pharmaceuticals and Medical Devices

(Figures less than one hundred million yen have been omitted)

	FY 2016	FY 2017	%	Plan FY2018	%
Anti-osteoarthritis Artz	28,978	28,351	97.8%	24,800	87.5%
Anti-nail fungus Clenafin	21,624	22,185	102.6%	22,900	103.2%
Post-operative anti-adhesive Seprafilm	11,036	10,162	92.1%	10,200	100.4%
Anti-hyperlipidemia Lipidil	4,430	4,208	95.0%	2,900	68.9%
Wound healing agent Fiblast Spray	3,700	3,616	97.7%	3,100	85.7%
Generic products	11,903	11,793	99.1%	11,200	95.0%

8. Development Status

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