

Translation

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**Summary of Non-Consolidated Financial Results
for the Year Ended March 31, 2020
(Based on Japanese GAAP)**

May 15, 2020

Company name: DAIKEN MEDICAL CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 7775 URL <http://www.daiken-iki.co.jp>
 Representative: President Keiichi Yamada
 Inquiries: General Manager, Business Control Division Kenji Tamamaki TEL 06-6231-9917
 Scheduled date of ordinary general meeting of shareholders: June 22, 2020
 Scheduled date to file Securities Report: June 22, 2020
 Scheduled date to commence dividend payments: June 8, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2020	8,523	1.4	1,194	(4.4)	1,210	(2.9)	859	0.9
Year ended March 31, 2019	8,406	(2.1)	1,249	(17.0)	1,245	(17.2)	851	(15.9)

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2020	29.92	–	14.5	11.0	14.0
Year ended March 31, 2019	29.05	–	13.7	11.3	14.9

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	10,997	6,081	55.3	211.69
As of March 31, 2019	10,970	5,767	52.6	200.77

(3) Non-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 period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2020	1,436	(160)	(1,128)	2,365
Year ended March 31, 2019	880	(208)	(822)	2,217

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Non-consolidated)	Ratio of dividends to net assets (Non-consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2019	–	10.00	–	10.00	20.00	580	68.8	9.4
Year ended March 31, 2020	–	9.00	–	11.00	20.00	574	66.8	9.7
Year ending March 31, 2021 (Forecast)	–	–	–	–	–	–	–	–

3. Notes

(1) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:	No
Changes in accounting policies due to other reasons:	No
Changes in accounting estimates:	No
Restatement of prior period financial statements:	No

(2) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2020	∴	31,840,000 shares	As of March 31, 2019	∴	31,840,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2020	∴	3,111,559 shares	As of March 31, 2019	∴	3,111,559 shares
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Average number of shares during the period

Year ended March 31, 2020	∴	28,728,441 shares	Year ended March 31, 2019	∴	29,313,669 shares
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Non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	2,217,605	2,365,400
Notes receivable - trade	1,168,236	406,861
Electronically recorded monetary claims - operating	–	821,808
Accounts receivable - trade	1,425,902	1,497,712
Finished goods	992,486	770,451
Work in process	101,724	67,009
Raw materials	405,653	335,991
Prepaid expenses	19,536	18,237
Other	14,987	121,038
Allowance for doubtful accounts	(86)	(92)
Total current assets	6,346,047	6,404,420
Non-current assets		
Property, plant and equipment		
Buildings, net	2,168,485	2,104,782
Structures, net	2,467	2,105
Machinery and equipment, net	95,454	79,598
Vehicles, net	293	163
Tools, furniture and fixtures, net	178,299	121,426
Land	1,703,670	1,703,670
Leased assets, net	24,987	30,983
Construction in progress	101,974	258,197
Total property, plant and equipment	4,275,633	4,300,929
Intangible assets		
Software	27,102	22,510
Software in progress	–	1,700
Telephone subscription right	5,103	5,103
Total intangible assets	32,205	29,313
Investments and other assets		
Investments in capital	10	10
Long-term prepaid expenses	4,751	4,325
Deferred tax assets	204,341	194,818
Guarantee deposits	97,583	53,532
Membership	17,500	13,100
Life insurance funds	8,797	8,797
Long-term accounts receivable - other	13,150	13,150
Allowance for doubtful accounts	(29,050)	(24,650)
Total investments and other assets	317,083	263,083
Total non-current assets	4,624,922	4,593,325
Total assets	10,970,969	10,997,746

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes payable - trade	526,359	554,793
Accounts payable - trade	310,450	411,674
Short-term borrowings	1,100,000	800,000
Current portion of long-term borrowings	803,998	898,032
Accounts payable - other	213,640	234,311
Lease obligations	6,346	8,992
Accrued expenses	446,381	445,687
Income taxes payable	146,665	180,854
Accrued consumption taxes	13,243	90,789
Deposits received	13,642	12,337
Notes payable - facilities	59,092	95,405
Asset retirement obligations	43,064	–
Other	22,684	49,796
Total current liabilities	3,705,570	3,782,673
Non-current liabilities		
Long-term borrowings	1,459,924	1,091,892
Lease obligations	20,733	24,713
Long-term guarantee deposits	14,046	14,066
Other	2,789	2,789
Total non-current liabilities	1,497,493	1,133,460
Total liabilities	5,203,063	4,916,133
Net assets		
Shareholders' equity		
Share capital	495,875	495,875
Capital surplus		
Legal capital surplus	400,875	400,875
Total capital surpluses	400,875	400,875
Retained earnings		
Legal retained earnings	23,750	23,750
Other retained earnings		
General reserve	690,000	690,000
Retained earnings brought forward	5,983,988	6,297,694
Total retained earnings	6,697,738	7,011,444
Treasury shares	(1,826,582)	(1,826,582)
Total shareholders' equity	5,767,905	6,081,612
Share acquisition rights	–	–
Total net assets	5,767,905	6,081,612
Total liabilities and net assets	10,970,969	10,997,746

Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	8,406,607	8,523,354
Cost of sales		
Beginning finished goods inventory	742,539	992,486
Cost of products manufactured	4,777,650	4,682,462
Cost of purchased goods	47,897	57,083
Cost of construction by the outside order	7,087	7,090
Total	5,575,175	5,739,123
Transfer to other account	113,993	179,000
Ending finished goods inventory	992,486	770,451
Total cost of sales	4,468,694	4,789,671
Gross profit	3,937,913	3,733,682
Selling, general and administrative expenses	2,688,324	2,539,277
Operating profit	1,249,588	1,194,405
Non-operating income		
Interest income	21	0
Compensation income	2,818	1,507
Subsidy income	400	16,459
Other	2,758	2,369
Total non-operating income	5,998	20,336
Non-operating expenses		
Interest expenses	4,764	4,551
Commission expenses	4,822	–
Other	4	82
Total non-operating expenses	9,591	4,633
Ordinary profit	1,245,995	1,210,107
Extraordinary income		
Gain on reversal of share acquisition rights	5,160	–
Total extraordinary income	5,160	–
Extraordinary losses		
Loss on retirement of non-current assets	41,325	18,997
Head Office transfer related cost	56,157	–
Total extraordinary losses	97,482	18,997
Profit before income taxes	1,153,672	1,191,110
Income taxes - current	315,301	322,040
Income taxes - deferred	(13,228)	9,523
Total income taxes	302,072	331,563
Profit	851,600	859,547

Non-consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Legal retained earnings	Retained earnings		
		Legal capital surplus	Total capital surplus		Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward	
Balance at beginning of period	495,875	400,875	400,875	23,750	690,000	5,905,903	6,619,653
Changes during period							
Dividends of surplus						(773,515)	(773,515)
Profit						851,600	851,600
Purchase of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	–	–	–	–	–	78,084	78,084
Balance at end of period	495,875	400,875	400,875	23,750	690,000	5,983,988	6,697,738

	Shareholders' equity		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity		
Balance at beginning of period	(826,588)	6,689,814	5,160	6,694,974
Changes during period				
Dividends of surplus		(773,515)		(773,515)
Profit		851,600		851,600
Purchase of treasury shares	(999,993)	(999,993)		(999,993)
Net changes in items other than shareholders' equity			(5,160)	(5,160)
Total changes during period	(999,993)	(921,908)	(5,160)	(927,068)
Balance at end of period	(1,826,582)	5,767,905	–	5,767,905

Fiscal year ended March 31, 2020

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings		
					General reserve	Retained earnings brought forward	
Balance at beginning of period	495,875	400,875	400,875	23,750	690,000	5,983,988	6,697,738
Changes during period							
Dividends of surplus						(545,840)	(545,840)
Profit						859,547	859,547
Purchase of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	–	–	–	–	–	313,706	313,706
Balance at end of period	495,875	400,875	400,875	23,750	690,000	6,297,694	7,011,444

	Shareholders' equity		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity		
Balance at beginning of period	(1,826,582)	5,767,905	–	5,767,905
Changes during period				
Dividends of surplus		(545,840)		(545,840)
Profit		859,547		859,547
Purchase of treasury shares				
Net changes in items other than shareholders' equity				
Total changes during period	–	313,706	–	313,706
Balance at end of period	(1,826,582)	6,081,612	–	6,081,612

Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	1,153,672	1,191,110
Depreciation	302,875	253,178
Increase (decrease) in allowance for doubtful accounts	(97)	6
Interest and dividend income	(21)	0
Interest expenses	4,764	4,551
Decrease (increase) in trade receivables	155,687	(132,243)
Decrease (increase) in inventories	(269,703)	326,411
Increase (decrease) in trade payables	(92,691)	129,657
Head Office transfer related cost	56,157	–
Loss on retirement of non-current assets	41,325	18,997
Gain on reversal of share acquisition rights	(5,160)	–
Subsidy income	(400)	(16,459)
Decrease (increase) in accounts receivable - other	15,134	(51,102)
Increase (decrease) in accounts payable - other	(65,291)	(62,039)
Increase (decrease) in accrued expenses	(6,262)	(692)
Decrease/increase in consumption taxes receivable/payable	(53,372)	78,733
Other, net	(22,667)	(54,075)
Subtotal	1,213,948	1,686,034
Interest and dividends received	24	0
Interest paid	(4,825)	(4,558)
Income taxes paid	(345,806)	(288,316)
Proceeds from subsidy income	17,583	43,745
Net cash provided by (used in) operating activities	880,925	1,436,905
Cash flows from investing activities		
Purchase of property, plant and equipment	(198,597)	(162,262)
Purchase of intangible assets	(8,563)	(6,900)
Proceeds from refund of guarantee deposits	7,836	44,467
Payments for asset retirement obligations	–	(35,800)
Other, net	(9,467)	(269)
Net cash provided by (used in) investing activities	(208,792)	(160,764)
Cash flows from financing activities		
Proceeds from long-term borrowings	1,000,000	600,000
Repayments of long-term borrowings	(645,668)	(873,998)
Purchase of treasury shares	(999,993)	–
Dividends paid	(773,338)	(546,127)
Net increase (decrease) in short-term borrowings	600,000	(300,000)
Repayments of lease obligations	(3,739)	(8,220)
Net cash provided by (used in) financing activities	(822,739)	(1,128,346)
Net increase (decrease) in cash and cash equivalents	(150,606)	147,795
Cash and cash equivalents at beginning of period	2,368,211	2,217,605
Cash and cash equivalents at end of period	2,217,605	2,365,400