

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Non-Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on Japanese GAAP)

October 29, 2021

Company name: DAIKEN MEDICAL CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 7775 URL <http://www.daiken-iki.co.jp>
 Representative: President Keiichi Yamada
 General Manager Finance and Accounting
 Inquiries: Division Toshikazu Itami TEL 0725-30-3574
 Scheduled date to file Quarterly Securities Report: November 1, 2021
 Scheduled date to commence dividend payments: December 1, 2021
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(1) Non-consolidated operating results (cumulative)

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	%
Six months ended September 30, 2021	4,086	8.3	565	25.0	565	15.7	400	14.2
Six months ended September 30, 2020	3,771	(11.2)	452	(20.0)	488	(15.7)	350	(15.4)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	13.93		-	
Six months ended September 30, 2020	12.20		-	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	10,796	6,266	58.0
As of March 31, 2021	10,752	6,182	57.5

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	-	9.00	-	11.00	20.00
Year ending March 31, 2022	-	9.00	-	-	-
Year ending March 31, 2022 (Forecast)	-	-	-	11.00	20.00

3. Forecast of non-consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	8,400	6.8	1,100	19.4	1,100	14.9	770	14.0	26.80

4. Notes

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: Yes

(2) 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: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of September 30, 2021	31,840,000 shares	As of March 31, 2021	31,840,000 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2021	3,111,559 shares	As of March 31, 2021	3,111,559 shares
--------------------------	------------------	----------------------	------------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2021	28,728,441 shares	Six months ended September 30, 2020	28,728,441 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	2,170,643	2,368,214
Notes and accounts receivable - trade	1,597,757	1,283,016
Electronically recorded monetary claims - operating	989,922	1,037,523
Finished goods	891,412	1,010,162
Work in process	86,665	73,325
Raw materials	443,833	489,018
Other	92,402	104,867
Allowance for doubtful accounts	(87)	(87)
Total current assets	6,272,550	6,366,040
Non-current assets		
Property, plant and equipment		
Buildings, net	2,019,367	1,982,250
Land	1,703,670	1,703,670
Other, net	502,053	505,998
Total property, plant and equipment	4,225,091	4,191,920
Intangible assets	21,723	17,878
Investments and other assets		
Deferred tax assets	166,802	166,802
Other	91,404	78,782
Allowance for doubtful accounts	(24,650)	(24,650)
Total investments and other assets	233,555	220,933
Total non-current assets	4,480,370	4,430,731
Total assets	10,752,921	10,796,771

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	849,189	477,373
Electronically recorded obligations - operating	141,925	535,898
Short-term borrowings	1,000,000	1,500,000
Current portion of long-term borrowings	704,034	622,134
Income taxes payable	111,074	187,150
Accrued expenses	179,500	67,686
Provision for Sales allowance	179,346	–
Asset retirement obligations	6,738	–
Other	175,208	219,569
Total current liabilities	3,347,018	3,609,812
Non-current liabilities		
Long-term borrowings	1,177,859	879,617
Other	45,768	40,814
Total non-current liabilities	1,223,627	920,431
Total liabilities	4,570,645	4,530,244
Net assets		
Shareholders' equity		
Share capital	495,875	495,875
Capital surplus	400,875	400,875
Retained earnings	7,112,107	7,196,359
Treasury shares	(1,826,582)	(1,826,582)
Total shareholders' equity	6,182,275	6,266,527
Total net assets	6,182,275	6,266,527
Total liabilities and net assets	10,752,921	10,796,771

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	3,771,329	4,086,178
Cost of sales	2,090,193	2,268,555
Gross profit	1,681,136	1,817,622
Selling, general and administrative expenses	1,228,702	1,252,281
Operating profit	452,433	565,340
Non-operating income		
Interest income	0	0
Compensation income	230	867
Gain on forfeiture of unclaimed dividends	814	544
Subsidy income	36,072	–
Miscellaneous income	–	506
Other	1,125	213
Total non-operating income	38,242	2,132
Non-operating expenses		
Interest expenses	1,878	1,962
Other	–	146
Total non-operating expenses	1,878	2,109
Ordinary profit	488,797	565,364
Extraordinary losses		
Loss on retirement of non-current assets	165	691
Total extraordinary losses	165	691
Profit before income taxes	488,632	564,672
Income taxes	138,006	164,408
Profit	350,626	400,264

Non-consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	488,632	564,672
Depreciation	111,169	158,755
Increase (decrease) in provision for sales allowance	–	(179,346)
Interest and dividend income	(0)	(0)
Interest expenses	1,878	1,962
Decrease (increase) in trade receivables	267,010	267,140
Decrease (increase) in inventories	(298,233)	(150,594)
Increase (decrease) in trade payables	(47,890)	3,012
Loss on retirement of non-current assets	165	691
Subsidy income	(36,072)	–
Decrease (increase) in accounts receivable - other	45,989	1,435
Increase (decrease) in accounts payable - other	(19,929)	(10,551)
Increase (decrease) in accrued expenses	(33,547)	(111,814)
Decrease/increase in consumption taxes receivable/payable	(85,094)	33,626
Other, net	(10,374)	(24,856)
Subtotal	383,701	554,132
Interest and dividends received	0	0
Interest paid	(1,898)	(2,022)
Income taxes paid	(163,364)	(78,865)
Net cash provided by (used in) operating activities	218,439	473,244
Cash flows from investing activities		
Purchase of property, plant and equipment	(228,663)	(79,375)
Purchase of intangible assets	(3,664)	(344)
Payments of guarantee deposits	(506)	(294)
Proceeds from refund of guarantee deposits	373	12,845
Payments for asset retirement obligations	–	(6,479)
Net cash provided by (used in) investing activities	(232,460)	(73,648)
Cash flows from financing activities		
Repayments of long-term borrowings	(359,134)	(380,142)
Dividends paid	(316,473)	(315,855)
Net increase (decrease) in short-term borrowings	400,000	500,000
Repayments of lease obligations	(4,253)	(6,027)
Net cash provided by (used in) financing activities	(279,860)	(202,024)
Net increase (decrease) in cash and cash equivalents	(293,882)	197,571
Cash and cash equivalents at beginning of period	2,365,400	2,170,643
Cash and cash equivalents at end of period	2,071,518	2,368,214