

Translation

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Summary of Non-Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 2022

Company name: DAIKEN MEDICAL CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 7775 URL <https://daiken-iki.co.jp>
 Representative: President Keiichi Yamada
 General Manager Finance and Accounting
 Inquiries: Division Toshikazu Itami TEL 0725-30-3574
 Scheduled date of ordinary general meeting of shareholders: June 21, 2022
 Scheduled date to file Securities Report: June 21, 2022
 Scheduled date to commence dividend payments: June 6, 2022
 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, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	8,540	8.6	1,150	24.9	1,152	20.4	831	23.1
Year ended March 31, 2021	7,861	(7.8)	921	(22.9)	957	(20.9)	675	(21.4)

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	28.93	–	13.2	10.6	13.5
Year ended March 31, 2021	23.50	–	11.0	8.8	11.7

(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, 2022	10,920	6,446	59.0	224.13
As of March 31, 2021	10,752	6,182	57.5	215.20

(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, 2022	1,133	(196)	(589)	2,518
Year ended March 31, 2021	609	(311)	(492)	2,170

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, 2021	–	9.00	–	11.00	20.00	574	85.1	9.4
Year ended March 31, 2022	–	9.00	–	11.00	20.00	574	69.1	9.1
Year ending March 31, 2023 (Forecast)	–	9.00	–	11.00	20.00		68.4	

3. Forecast of non-consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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
Six months ending September 30, 2022	4,170	2.1	520	(8.0)	520	(8.0)	360	(10.1)	12.53
Full year	8,750	2.5	1,200	4.3	1,200	4.1	840	1.1	29.24

4. 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: Yes

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, 2022	31,840,000 shares	As of March 31, 2021	31,840,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	3,111,559 shares	As of March 31, 2021	3,111,559 shares
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Average number of shares during the period

Year ended March 31, 2022	28,728,441 shares	Year ended March 31, 2021	28,728,441 shares
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Non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	2,170,643	2,518,589
Notes receivable - trade	207,599	130,420
Electronically recorded monetary claims - operating	989,922	1,085,208
Accounts receivable - trade	1,390,157	1,215,746
Finished goods	891,412	973,067
Work in process	86,665	72,279
Raw materials	443,833	499,189
Prepaid expenses	23,090	19,796
Other	69,312	58,227
Allowance for doubtful accounts	(87)	(91)
Total current assets	6,272,550	6,572,435
Non-current assets		
Property, plant and equipment		
Buildings, net	2,019,367	1,937,619
Structures, net	1,744	1,382
Machinery and equipment, net	183,881	151,205
Vehicles, net	32	0
Tools, furniture and fixtures, net	240,247	161,062
Land	1,703,670	1,703,670
Leased assets, net	36,804	33,557
Construction in progress	39,343	130,902
Total property, plant and equipment	4,225,091	4,119,400
Intangible assets		
Software	16,620	9,604
Software in progress	–	427
Telephone subscription right	5,103	5,103
Total intangible assets	21,723	15,135
Investments and other assets		
Investments in capital	10	10
Long-term prepaid expenses	2,954	2,128
Deferred tax assets	166,802	160,449
Guarantee deposits	53,391	40,846
Membership	13,100	13,100
Life insurance funds	8,797	8,797
Long-term accounts receivable - other	13,150	13,150
Allowance for doubtful accounts	(24,650)	(24,650)
Total investments and other assets	233,555	213,831
Total non-current assets	4,480,370	4,348,367
Total assets	10,752,921	10,920,803

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes payable - trade	405,109	13,336
Electronically recorded obligations - operating	141,364	546,724
Accounts payable - trade	411,252	443,847
Short-term borrowings	1,000,000	1,000,000
Current portion of long-term borrowings	704,034	597,826
Accounts payable - other	140,220	138,601
Lease liabilities	11,875	11,194
Accrued expenses	179,500	70,899
Income taxes payable	111,074	212,541
Accrued consumption taxes	8,089	76,182
Deposits received	12,178	11,348
Notes payable - facilities	32,826	5,967
Electronically recorded obligations-facilities	561	13,744
Provision for Sales allowance	179,346	–
Asset retirement obligations	6,738	–
Other	2,844	9,022
Total current liabilities	3,347,018	3,151,237
Non-current liabilities		
Long-term borrowings	1,177,859	1,280,033
Lease liabilities	28,894	26,142
Long-term guarantee deposits	14,085	14,604
Other	2,789	2,654
Total non-current liabilities	1,223,627	1,323,434
Total liabilities	4,570,645	4,474,671
Net assets		
Shareholders' equity		
Share capital	495,875	495,875
Capital surplus		
Legal capital surplus	400,875	400,875
Total capital surplus	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	6,398,357	6,654,845
Total retained earnings	7,112,107	7,368,595
Treasury shares	(1,826,582)	(1,826,582)
Total shareholders' equity	6,182,275	6,438,763
Share acquisition rights	–	7,368
Total net assets	6,182,275	6,446,131
Total liabilities and net assets	10,752,921	10,920,803

Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	7,861,969	8,540,443
Cost of sales		
Beginning finished goods inventory	770,451	891,412
Cost of products manufactured	4,684,874	4,941,661
Cost of purchased goods	27,796	85,882
Cost of construction by the outside order	7,736	8,399
Total	5,490,859	5,927,356
Transfer to other account	96,612	97,806
Ending finished goods inventory	891,412	973,067
Total cost of sales	4,502,833	4,856,482
Gross profit	3,359,135	3,683,960
Selling, general and administrative expenses	2,437,919	2,533,081
Operating profit	921,216	1,150,878
Non-operating income		
Interest income	0	0
Compensation income	843	1,537
Foreign exchange gains	704	1,164
Gain on forfeiture of unclaimed dividends	1,059	796
Subsidy income	36,072	–
Miscellaneous income	1,142	1,738
Total non-operating income	39,822	5,236
Non-operating expenses		
Interest expenses	3,807	3,737
Other	6	3
Total non-operating expenses	3,813	3,740
Ordinary profit	957,225	1,152,374
Extraordinary losses		
Loss on retirement of non-current assets	707	1,037
Office transfer related cost	11,767	–
Total extraordinary losses	12,474	1,037
Profit before income taxes	944,750	1,151,337
Income taxes - current	241,502	313,928
Income taxes - deferred	28,016	6,352
Total income taxes	269,518	320,280
Profit	675,231	831,056

Non-consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(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	6,297,694	7,011,444
Changes during period							
Dividends of surplus						(574,568)	(574,568)
Profit						675,231	675,231
Net changes in items other than shareholders' equity							
Total changes during period	–	–	–	–	–	100,663	100,663
Balance at end of period	495,875	400,875	400,875	23,750	690,000	6,398,357	7,112,107

	Shareholders' equity		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity		
Balance at beginning of period	(1,826,582)	6,081,612	–	6,081,612
Changes during period				
Dividends of surplus		(574,568)		(574,568)
Profit		675,231		675,231
Net changes in items other than shareholders' equity				–
Total changes during period	–	100,663	–	100,663
Balance at end of period	(1,826,582)	6,182,275	–	6,182,275

Fiscal year ended March 31, 2022

(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	6,398,357	7,112,107
Changes during period							
Dividends of surplus						(574,568)	(574,568)
Profit						831,056	831,056
Net changes in items other than shareholders' equity							
Total changes during period	–	–	–	–	–	256,487	256,487
Balance at end of period	495,875	400,875	400,875	23,750	690,000	6,654,845	7,368,595

	Shareholders' equity		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity		
Balance at beginning of period	(1,826,582)	6,182,275	–	6,182,275
Changes during period				
Dividends of surplus		(574,568)		(574,568)
Profit		831,056		831,056
Net changes in items other than shareholders' equity			7,368	7,368
Total changes during period	–	256,487	7,368	263,856
Balance at end of period	(1,826,582)	6,438,763	7,368	6,446,131

Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	944,750	1,151,337
Depreciation	256,517	314,423
Share-based payment expenses	–	7,368
Increase (decrease) in allowance for doubtful accounts	(5)	4
Increase (decrease) in provision for sales allowance	179,346	(179,346)
Interest and dividend income	(0)	(0)
Interest expenses	3,807	3,737
Decrease (increase) in trade receivables	138,703	156,304
Decrease (increase) in inventories	(248,458)	(122,625)
Increase (decrease) in trade payables	(8,740)	46,181
Office transfer related cost	11,767	–
Loss on retirement of non-current assets	707	1,037
Subsidy income	(36,072)	–
Decrease (increase) in accounts receivable - other	31,808	1,401
Increase (decrease) in accounts payable - other	7,389	(8,701)
Increase (decrease) in accrued expenses	(266,186)	(108,601)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(82,700)	68,092
Other, net	6,228	25,499
Subtotal	938,862	1,356,112
Interest and dividends received	0	0
Interest paid	(3,692)	(3,989)
Income taxes paid	(325,998)	(218,500)
Net cash provided by (used in) operating activities	609,170	1,133,623
Cash flows from investing activities		
Purchase of property, plant and equipment	(308,098)	(202,502)
Proceeds from sale of property, plant and equipment	–	912
Purchase of intangible assets	(3,949)	(714)
Payments of guarantee deposits	(733)	(480)
Proceeds from refund of guarantee deposits	874	13,026
Payments for asset retirement obligations	–	(6,479)
Net cash provided by (used in) investing activities	(311,906)	(196,237)
Cash flows from financing activities		
Proceeds from long-term borrowings	800,000	700,000
Repayments of long-term borrowings	(908,031)	(704,034)
Dividends paid	(574,884)	(574,296)
Net increase (decrease) in short-term borrowings	200,000	–
Repayments of lease liabilities	(9,105)	(11,108)
Net cash provided by (used in) financing activities	(492,021)	(589,439)
Net increase (decrease) in cash and cash equivalents	(194,757)	347,946
Cash and cash equivalents at beginning of period	2,365,400	2,170,643
Cash and cash equivalents at end of period	2,170,643	2,518,589