

Translation

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## Summary of Non-Consolidated Financial Results for the Six Months Ended September 30, 2020 (Based on Japanese GAAP)

October 30, 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 to file Quarterly Securities Report: November 2, 2020  
 Scheduled date to commence dividend payments: December 1, 2020  
 Preparation of supplementary material on quarterly financial results: No  
 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, 2020 (from April 1, 2020 to September 30, 2020)

(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, 2020 | 3,771           | (11.2) | 452              | (20.0) | 488             | (15.7) | 350             | (15.4) |
| Six months ended September 30, 2019 | 4,248           | 1.3    | 565              | (19.9) | 579             | (17.5) | 414             | (14.7) |

|                                     | Earnings per share |  | Diluted earnings per share |  |
|-------------------------------------|--------------------|--|----------------------------|--|
|                                     | Yen                |  | Yen                        |  |
| Six months ended September 30, 2020 | 12.20              |  | -                          |  |
| Six months ended September 30, 2019 | 14.42              |  | -                          |  |

(2) Non-consolidated financial position

|                          | Total assets    | Net assets      | Equity ratio |
|--------------------------|-----------------|-----------------|--------------|
|                          | Millions of yen | Millions of yen | %            |
| As of September 30, 2020 | 10,677          | 6,116           | 57.3         |
| As of March 31, 2020     | 10,997          | 6,081           | 55.3         |

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, 2020             | -                          | 9.00            | -               | 11.00           | 20.00 |
| Year ending March 31, 2021            | -                          | 9.00            | -               | -               | -     |
| Year ending March 31, 2021 (Forecast) | -                          | -               | -               | 11.00           | 20.00 |

3. Forecast of non-consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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           | (1.4) | 1,160            | (2.9) | 1,200           | (0.8) | 860             | 0.1 | 29.94              |

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: No

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, 2020 | ∣ | 31,840,000 shares | As of March 31, 2020 | ∣ | 31,840,000 shares |
|--------------------------|---|-------------------|----------------------|---|-------------------|

Number of treasury shares at the end of the period

|                          |   |                  |                      |   |                  |
|--------------------------|---|------------------|----------------------|---|------------------|
| As of September 30, 2020 | ∣ | 3,111,559 shares | As of March 31, 2020 | ∣ | 3,111,559 shares |
|--------------------------|---|------------------|----------------------|---|------------------|

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

|                                     |   |                   |                                     |   |                   |
|-------------------------------------|---|-------------------|-------------------------------------|---|-------------------|
| Six months ended September 30, 2020 | ∣ | 28,728,441 shares | Six months ended September 30, 2019 | ∣ | 28,728,441 shares |
|-------------------------------------|---|-------------------|-------------------------------------|---|-------------------|

**Quarterly non-consolidated financial statements**  
**Non-consolidated balance sheets**

(Thousands of yen)

|   | As of March 31, 2020 | As of September 30, 2020 |
|---|----------------------|--------------------------|
| <b>Assets</b>                                       |                      |                          |
| Current assets                                      |                      |                          |
| Cash and deposits                                   | 2,365,400            | 2,071,518                |
| Notes and accounts receivable - trade               | 1,904,574            | 1,699,790                |
| Electronically recorded monetary claims - operating | 821,808              | 759,583                  |
| Finished goods                                      | 770,451              | 997,045                  |
| Work in process                                     | 67,009               | 65,436                   |
| Raw materials                                       | 335,991              | 409,204                  |
| Other   | 139,276              | 107,250                  |
| Allowance for doubtful accounts                     | (92)                 | (92)                     |
| Total current assets                                | 6,404,420            | 6,109,735                |
| Non-current assets                                  |                      |                          |
| Property, plant and equipment                       |                      |                          |
| Buildings, net                                      | 2,104,782            | 2,059,609                |
| Land  | 1,703,670            | 1,703,670                |
| Other, net  | 492,475              | 514,783                  |
| Total property, plant and equipment                 | 4,300,929            | 4,278,063                |
| Intangible assets                                   | 29,313               | 26,887                   |
| Investments and other assets                        |                      |                          |
| Deferred tax assets                                 | 194,818              | 194,818                  |
| Other   | 92,916               | 92,479                   |
| Allowance for doubtful accounts                     | (24,650)             | (24,650)                 |
| Total investments and other assets                  | 263,083              | 262,646                  |
| Total non-current assets                            | 4,593,325            | 4,567,597                |
| Total assets  | 10,997,746           | 10,677,333               |

(Thousands of yen)

|   | As of March 31, 2020 | As of September 30, 2020 |
|---|----------------------|--------------------------|
| <b>Liabilities</b>                      |                      |                          |
| Current liabilities                     |                      |                          |
| Notes and accounts payable - trade      | 1,061,873            | 953,922                  |
| Short-term borrowings                   | 800,000              | 1,200,000                |
| Current portion of long-term borrowings | 898,032              | 859,046                  |
| Income taxes payable                    | 180,854              | 160,746                  |
| Accrued expenses                        | 445,687              | 412,139                  |
| Other                                   | 396,226              | 157,785                  |
| Total current liabilities               | <u>3,782,673</u>     | <u>3,743,639</u>         |
| Non-current liabilities                 |                      |                          |
| Long-term borrowings                    | 1,091,892            | 771,744                  |
| Other                                   | 41,568               | 45,723                   |
| Total non-current liabilities           | <u>1,133,460</u>     | <u>817,467</u>           |
| Total liabilities                       | <u>4,916,133</u>     | <u>4,561,107</u>         |
| <b>Net assets</b>                       |                      |                          |
| Shareholders' equity                    |                      |                          |
| Share capital                           | 495,875              | 495,875                  |
| Capital surplus                         | 400,875              | 400,875                  |
| Retained earnings                       | 7,011,444            | 7,046,058                |
| Treasury shares                         | (1,826,582)          | (1,826,582)              |
| Total shareholders' equity              | <u>6,081,612</u>     | <u>6,116,225</u>         |
| Total net assets                        | <u>6,081,612</u>     | <u>6,116,225</u>         |
| Total liabilities and net assets        | <u>10,997,746</u>    | <u>10,677,333</u>        |

**Non-consolidated statements of income (cumulative)**

(Thousands of yen)

|  | Six months ended<br>September 30, 2019 | Six months ended<br>September 30, 2020 |
|--|--|--|
| Net sales                                    | 4,248,918                              | 3,771,329                              |
| Cost of sales                                | 2,388,028                              | 2,090,193                              |
| Gross profit                                 | 1,860,889                              | 1,681,136                              |
| Selling, general and administrative expenses | 1,295,604                              | 1,228,702                              |
| Operating profit                             | 565,285                                | 452,433                                |
| Non-operating income                         |  |  |
| Interest income                              | 0                                      | 0                                      |
| Compensation income                          | 609                                    | 230                                    |
| Gain on forfeiture of unclaimed dividends    | 435                                    | 814                                    |
| Subsidy income                               | 15,781                                 | 36,072                                 |
| Other  | 524                                    | 1,125                                  |
| Total non-operating income                   | 17,350                                 | 38,242                                 |
| Non-operating expenses                       |  |  |
| Interest expenses                            | 2,425                                  | 1,878                                  |
| Other  | 267                                    | –                                      |
| Total non-operating expenses                 | 2,692                                  | 1,878                                  |
| Ordinary profit                              | 579,942                                | 488,797                                |
| Extraordinary losses                         |  |  |
| Loss on retirement of non-current assets     | 0                                      | 165                                    |
| Total extraordinary losses                   | 0                                      | 165                                    |
| Profit before income taxes                   | 579,942                                | 488,632                                |
| Income taxes                                 | 165,672                                | 138,006                                |
| Profit                                       | 414,270                                | 350,626                                |

## Non-consolidated statements of cash flows

(Thousands of yen)

|   | Six months ended<br>September 30, 2019 | Six months ended<br>September 30, 2020 |
|---|--|--|
| Cash flows from operating activities                      |  |  |
| Profit before income taxes                                | 579,942                                | 488,632                                |
| Depreciation  | 130,591                                | 111,169                                |
| Interest and dividend income                              | (0)                                    | (0)                                    |
| Interest expenses   | 2,425                                  | 1,878                                  |
| Decrease (increase) in trade receivables                  | (192,125)                              | 267,010                                |
| Decrease (increase) in inventories                        | 117,474                                | (298,233)                              |
| Increase (decrease) in trade payables                     | 47,563                                 | (47,890)                               |
| Loss (gain) on sales of non-current assets                | (60)                                   | –                                      |
| Loss on retirement of non-current assets                  | 0                                      | 165                                    |
| Subsidy income  | (15,781)                               | (36,072)                               |
| Decrease (increase) in accounts receivable - other        | (821)                                  | 45,989                                 |
| Increase (decrease) in accounts payable - other           | (80,166)                               | (19,929)                               |
| Increase (decrease) in accrued expenses                   | 55,009                                 | (33,547)                               |
| Decrease/increase in consumption taxes receivable/payable | 38,650                                 | (85,094)                               |
| Other, net  | (42,135)                               | (10,374)                               |
| Subtotal  | 640,567                                | 383,701                                |
| Interest and dividends received                           | 0                                      | 0                                      |
| Interest paid   | (2,492)                                | (1,898)                                |
| Income taxes paid   | (129,880)                              | (163,364)                              |
| Proceeds from subsidy income                              | 9,715                                  | –                                      |
| Net cash provided by (used in) operating activities       | 517,909                                | 218,439                                |
| Cash flows from investing activities                      |  |  |
| Purchase of property, plant and equipment                 | (111,196)                              | (228,663)                              |
| Proceeds from sales of property, plant and equipment      | 60                                     | –                                      |
| Purchase of intangible assets                             | (2,048)                                | (3,664)                                |
| Payments of guarantee deposits                            | (291)                                  | (506)                                  |
| Proceeds from refund of guarantee deposits                | 877                                    | 373                                    |
| Payments for asset retirement obligations                 | (35,800)                               | –                                      |
| Net cash provided by (used in) investing activities       | (148,399)                              | (232,460)                              |
| Cash flows from financing activities                      |  |  |
| Proceeds from long-term borrowings                        | 600,000                                | –                                      |
| Repayments of long-term borrowings                        | (415,124)                              | (359,134)                              |
| Dividends paid  | (287,320)                              | (316,473)                              |
| Net increase (decrease) in short-term borrowings          | (300,000)                              | 400,000                                |
| Repayments of lease obligations                           | (3,263)                                | (4,253)                                |
| Net cash provided by (used in) financing activities       | (405,707)                              | (279,860)                              |
| Net increase (decrease) in cash and cash equivalents      | (36,198)                               | (293,882)                              |
| Cash and cash equivalents at beginning of period          | 2,217,605                              | 2,365,400                              |
| Cash and cash equivalents at end of period                | 2,181,407                              | 2,071,518                              |