

DAIKEN MEDICAL (7775)

Fiscal Year (Parent) (Million Yen)		Sales	Operating Profit	Recurring Profit	Net Profit	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY03/2022		8,540	1,150	1,152	831	28.93	20.00	224.13
FY03/2023		9,137	1,054	1,053	712	24.79	20.00	228.91
FY03/2024CoE		9,600	1,300	1,300	900	31.33	20.00	-
FY03/2023	YoY	7.0%	(8.4%)	(8.6%)	(14.3%)	-	-	-
FY03/2024CoE	YoY	5.1%	23.3%	23.4%	26.4%	-	-	-
Half Year (Parent) (Million Yen)		Sales	Operating Profit	Recurring Profit	Net Profit	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q2 FY03/2023		4,454	605	605	429	-	-	-
Q3 to Q4 FY03/2023		4,682	449	448	282	-	-	-
Q1 to Q2 FY03/2024		4,824	745	750	537	-	-	-
Q3 to Q4 FY03/2024CoE		4,775	554	549	362	-	-	-
Q1 to Q2 FY03/2024	YoY	8.3%	23.2%	24.0%	25.2%	-	-	-
Q3 to Q4 FY03/2024CoE	YoY	2.0%	23.4%	22.6%	28.1%	-	-	-

Source: Company Data, WRJ Calculation

1.0 Results Update (6 December 2023)

Midterm Management Plan

On 1 December 2023, DAIKEN MEDICAL, running operations to develop, manufacture and sell medical devices (some 85% being exposed to disposable products in terms of sales) mainly used for prevention of hospital-acquired infections and postoperative pain control, held its financial results briefing for the actual results of Q1 to Q2 FY03/2024. It has been revealed that the recovery of performance is in full swing. The Company has been suffering from price competition due to the expiration of patents on its mainstay products, soaring material costs, the impact of the Corona disaster and higher procurement costs from overseas contract manufacturers due to yen' weakness, which resulted in performance stagnated over the past five years or even longer. More importantly, however, the impact of the Company's Growth Strategies appears to be starting to emerge. The Company is shifting from its existing products to newly patented products such as AMY and Modified BYRON and focusing on in-house manufacturing, while announcing a policy to increase its gross profit margin up to some 50% in the future versus 41.3% for the actual results of Q1 to Q2. The Company has also begun formulating midterm management plan based on the said policy.


The Company's business model, etc.: [DAIKEN MEDICAL \(7775\) Growth Strategies \(27 September 2023\)](#)

IR Representative: Masahiro Nakazawa, General Manager, Finance and Accounting Division

(81-(0)6-6231-9917 / m-nakazawa@daiken-iki.co.jp)

2.0 Company Profile

Innovation for the Future of Medical

Company Name	DAIKEN MEDICAL CO., LTD. Company Website IR Information (Japanese) Share Price (Japanese)	
Established	5 November 1968	
Listing	20 October 2023: Tokyo Stock Exchange Standard Market (ticker: 7775) 4 April 2022: Tokyo Stock Exchange Prime Market 13 October 2010: Tokyo Stock Exchange 1st section 12 March 2009: Tokyo Stock Exchange 2nd section	
Capital	¥495m (as of the end of September 2023)	
No. of Shares	31,840,000 shares, including 3,111,561 treasury shares (as of the end of Sep. 2023)	
Main Features	<ul style="list-style-type: none"> ● R&D-oriented manufacturer of medical devices, basically of disposable ones ● Keen on developing new products in front lines mainly associated with prevention of hospital-acquired infections and postoperative pain control ● Suction Devices and Infusion Pumps, the two mainstay pillars 	
Segment	Manufacture and Sale of Medical Devices	
Representative	President and CEO: Keiichi Yamada	
Shareholders	Keiichi Yamada 20.75%, Mitsuru Yamada 13.92%, Masayuki Yamada 10.89%, Master Trust Bank of Japan, T. 3.70% (as of the end of September 2023, but for treasury shares)	
Head Office	Izumi-city, Osaka-prefecture, JAPAN	
No. of Personnel	Parent: 178 (as of the end of September 2023)	

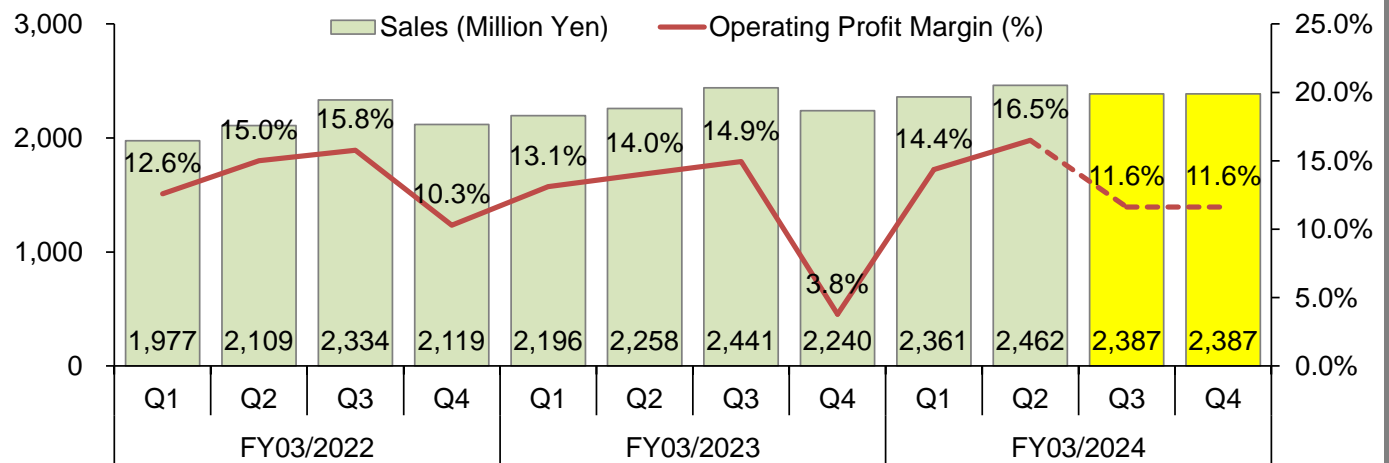
Source: Company Data

3.0 Recent Trading and Prospects

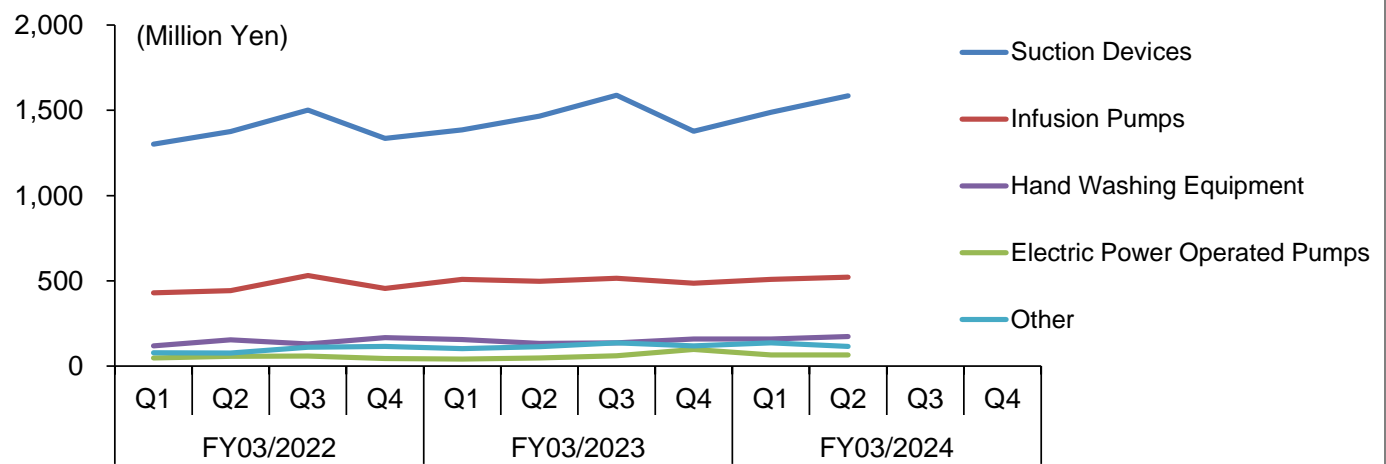
Q1 to Q2 FY03/2024

For Q1 to Q2 FY03/2024, sales came in at ¥4,824m (up 8.3% YoY), operating profit ¥745m (up 23.2%), recurring profit ¥750m (up 24.0%) and net profit ¥537m (up 25.2%). Meanwhile, gross profit came in at ¥1,993m (up 8.2%) and SG&A expenses ¥1,247m (up 0.9%), implying gross profit margin of 41.3% (down 0.0% point) and SG&A ratio of 25.9% (down 1.9 % points), having resulted in operating profit margin of 15.4% (up 1.9% points).

Sales and Operating Profit Margin



Sales by Product Category



Source: Company Data, WRJ Calculation (Q3 and Q4 FY03/2024: H2 Company forecasts, pro rata)

The increase in gross profit is attributed to higher sales volume and progress in the Company's measure to raise unit selling prices. However, gross profit margin has remained roughly unchanged over the same period of the previous year, due mainly to soaring material costs and higher procurement costs from overseas contract manufacturers as a result of yen's depreciation. Meanwhile, the increase in SG&A expenses has been well controlled and operating profit margin has improved correspondingly.

Suction Devices, which are used for prevention of hospital-acquired infections, saw sales of ¥3,074m (up 7.8%). With respect to “QinPot” for hospital wards, sales came in at ¥1,212m (up 9.2%), driven by the Company’s successful measure to steadily develop demand associated with treatment in chronic phase and/or recuperation of health. With respect to “Fit-Fix & BYRON” for operation rooms, sales came in at ¥1,861m (up 6.9%), while the Company suggests that it will see an accelerating rate of growth in sales once the new product (Modified Byron, successor to FitFix) is launched in the market.

Infusion Pumps, which are used for postoperative pain control, saw sales of ¥1,030m (up 2.3%), comprising sales of ¥899m (up 3.4%) for "PCA Set & AMY" and sales of ¥130m (down 4.6%) for “Without PCA”. Meanwhile, as far as sales related to AMY, to which micropumps proprietarily developed and manufactured are applied, the Company saw a rate of increase as much as 24.2% over the same period of the previous year, implying that sales of AMY, which was introduced to the market two years ago, are now beginning to pick up in earnest.

According to the Company, the size of the domestic market AMY is facing is estimated to equate some ¥6,000m, which implies a fairly large potential to beef up sales from a long-term perspective. Furthermore, the size of the market overseas (Europe and the United States) is estimated to equate as much as some ¥30,000m, while the Company is currently in the process of obtaining MDR for the sake of launching in Europe as well as constructing framework to promptly implement local clinical appraisals after the obtaining. The timing of obtaining has been delayed from the original plan due to the busy schedule of the certification body, but the Company now expects to obtain the MDR as of the beginning of FY03/2025 (April 2024 or later). By the way, the Company also plans to start up involvement with diabetes treatment in the future, although this will realize in a further extension of the timeline.

FY03/2024 Company Forecasts

FY03/2024 Company forecasts, announced on 15 May 2023, have remained unchanged, going for prospective sales of ¥9,600m (up 5.1% YoY), operating profit of ¥1,300m (up 23.3%), recurring profit of ¥1,300m (up 23.4%) and net profit of ¥900m (up 26.4%), while operating profit margin of 13.5% (up 2.0% points). With respect to planned annual dividend, Company forecasts have also remained unchanged, going for ¥20.00 per share, implying payout ratio of 63.8%.

For the actual results of Q1 to Q2, the Company saw progress rate of 57.3% for full-year prospective operating profit and thus suggests a probability for Company forecasts to be exceeded. After confirming the Q3 results, the Company states that it is to announce a revision, if necessary.

4.0 Financial Statements

Income Statement (Cumulative / Quarterly)

Income Statement	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		Net Chg.
	03/2023	03/2023	03/2023	03/2023	03/2024	03/2024	03/2024	03/2024		
Sales	2,196	4,454	6,896	9,137	2,361	4,824	-	-	-	+369
Cost of Sales	1,282	2,613	4,055	5,606	1,403	2,831	-	-	-	+218
Gross Profit	914	1,841	2,840	3,530	958	1,993	-	-	-	+151
SG&A Expenses	626	1,236	1,870	2,475	618	1,247	-	-	-	+11
Operating Profit	288	605	969	1,054	339	745	-	-	-	+140
Non Operating Balance	0	0	(0)	(0)	2	4	-	-	-	+4
Recurring Profit	288	605	968	1,053	341	750	-	-	-	+145
Extraordinary Balance	0	(0)	(0)	(28)	(0)	(0)	-	-	-	(0)
Profit before Income Taxes	288	604	968	1,025	341	750	-	-	-	+145
Total Income Taxes	85	175	280	312	97	212	-	-	-	+36
Net Profit	202	429	688	712	244	537	-	-	-	+108
Sales YoY	+11.1%	+9.0%	+7.4%	+7.0%	+7.5%	+8.3%	-	-	-	-
Operating Profit YoY	+15.7%	+7.0%	+3.9%	(8.4%)	+17.8%	+23.2%	-	-	-	-
Recurring Profit YoY	+15.5%	+7.0%	+3.8%	(8.6%)	+18.7%	+24.0%	-	-	-	-
Net Profit YoY	+14.8%	+7.3%	+3.9%	(14.3%)	+21.0%	+25.2%	-	-	-	-
Gross Profit Margin	41.6%	41.3%	41.2%	38.6%	40.6%	41.3%	-	-	-	(0.0%)
SG&A Ratio	28.5%	27.8%	27.1%	27.1%	26.2%	25.9%	-	-	-	(1.9%)
Operating Profit Margin	13.1%	13.6%	14.1%	11.5%	14.4%	15.4%	-	-	-	+1.9%
Recurring Profit Margin	13.1%	13.6%	14.0%	11.5%	14.5%	15.5%	-	-	-	+2.0%
Net Profit Margin	9.2%	9.6%	10.0%	7.8%	10.4%	11.1%	-	-	-	+1.5%
Total Income Taxes / Profit before Income Taxes	29.8%	29.0%	29.0%	30.5%	28.4%	28.3%	-	-	-	(0.7%)
Income Statement	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Net Chg.
	03/2023	03/2023	03/2023	03/2023	03/2024	03/2024	03/2024	03/2024		
Sales	2,196	2,258	2,441	2,240	2,361	2,462	-	-	-	+204
Cost of Sales	1,282	1,330	1,442	1,551	1,403	1,427	-	-	-	+96
Gross Profit	914	927	998	689	958	1,035	-	-	-	+107
SG&A Expenses	626	610	634	604	618	629	-	-	-	+18
Operating Profit	288	317	364	84	339	406	-	-	-	+89
Non Operating Balance	0	(0)	(0)	0	2	2	-	-	-	+2
Recurring Profit	288	316	363	84	341	408	-	-	-	+91
Extraordinary Balance	0	(0)	0	(28)	(0)	(0)	-	-	-	+0
Profit before Income Taxes	288	316	363	56	341	408	-	-	-	+91
Total Income Taxes	85	89	105	32	97	115	-	-	-	+25
Net Profit	202	226	258	23	244	292	-	-	-	+65
Sales YoY	+11.1%	+7.1%	+4.6%	+5.7%	+7.5%	+9.1%	-	-	-	-
Operating Profit YoY	+15.7%	+0.2%	(1.0%)	(61.0%)	+17.8%	+28.1%	-	-	-	-
Recurring Profit YoY	+15.5%	+0.3%	(1.2%)	(61.3%)	+18.7%	+28.8%	-	-	-	-
Net Profit YoY	+14.8%	+1.3%	(1.2%)	(85.8%)	+21.0%	+29.1%	-	-	-	-
Gross Profit Margin	41.6%	41.1%	40.9%	30.8%	40.6%	42.0%	-	-	-	+1.0%
SG&A Ratio	28.5%	27.0%	26.0%	27.0%	26.2%	25.5%	-	-	-	(1.5%)
Operating Profit Margin	13.1%	14.0%	14.9%	3.8%	14.4%	16.5%	-	-	-	+2.5%
Recurring Profit Margin	13.1%	14.0%	14.9%	3.8%	14.5%	16.6%	-	-	-	+2.5%
Net Profit Margin	9.2%	10.0%	10.6%	1.1%	10.4%	11.9%	-	-	-	+1.8%
Total Income Taxes / Profit before Income Taxes	29.8%	28.4%	28.9%	57.4%	28.4%	28.3%	-	-	-	(0.1%)

Source: Company Data, WRJ Calculation

Sales by Product Category (Cumulative / Quarterly)

Sales by Product Category (Million Yen)	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	YoY Net Chg.
	Q1 03/2023	Q1 to Q2 03/2023	Q1 to Q3 03/2023	Q1 to Q4 03/2023	Q1 03/2024	Q1 to Q2 03/2024	Q1 to Q3 03/2024	Q1 to Q4 03/2024		
Suction Devices	1,385	2,852	4,441	5,820	1,488	3,074	-	-	+222	
Infusion Pumps	509	1,007	1,522	2,008	508	1,030	-	-	+23	
Electric Power Operated Pumps	42	90	151	248	66	132	-	-	+42	
Hand Washing Equipment	155	289	425	585	159	333	-	-	+44	
Other	102	216	354	473	137	253	-	-	+36	
Sales	2,196	4,454	6,896	9,137	2,361	4,824	-	-	+369	
Suction Devices	+6.4%	+6.5%	+6.3%	+5.5%	+7.4%	+7.8%	-	-	-	
Infusion Pumps	+18.8%	+15.3%	+8.4%	+8.0%	(0.2%)	+2.3%	-	-	-	
Electric Power Operated Pumps	(10.1%)	(15.0%)	(8.2%)	+18.4%	+56.5%	+47.2%	-	-	-	
Hand Washing Equipment	+31.0%	+5.8%	+5.4%	+2.4%	+2.8%	+15.5%	-	-	-	
Other	+29.5%	+38.6%	+32.7%	+23.8%	+34.1%	+17.1%	-	-	-	
Sales (YoY)	+11.1%	+9.0%	+7.4%	+7.0%	+7.5%	+8.3%	-	-	-	
Suction Devices	63.1%	64.0%	64.4%	63.7%	63.0%	63.7%	-	-	-	
Infusion Pumps	23.2%	22.6%	22.1%	22.0%	21.5%	21.4%	-	-	-	
Electric Power Operated Pumps	1.9%	2.0%	2.2%	2.7%	2.8%	2.7%	-	-	-	
Hand Washing Equipment	7.1%	6.5%	6.2%	6.4%	6.8%	6.9%	-	-	-	
Other	4.7%	4.9%	5.1%	5.2%	5.8%	5.3%	-	-	-	
Sales (Composition)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-	

Sales by Product Category (Million Yen)	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	YoY Net Chg.
	Q1 03/2023	Q2 03/2023	Q3 03/2023	Q4 03/2023	Q1 03/2024	Q2 03/2024	Q3 03/2024	Q4 03/2024	
Suction Devices	1,385	1,466	1,589	1,378	1,488	1,585	-	-	+119
Infusion Pumps	509	497	515	486	508	521	-	-	+24
Electric Power Operated Pumps	42	47	61	97	66	65	-	-	+18
Hand Washing Equipment	155	133	136	159	159	174	-	-	+40
Other	102	113	137	119	137	115	-	-	+1
Sales	2,196	2,258	2,441	2,240	2,361	2,462	-	-	+204
Suction Devices	+6.4%	+6.6%	+5.9%	+3.2%	+7.4%	+8.1%	-	-	-
Infusion Pumps	+18.8%	+12.0%	(3.1%)	+6.7%	(0.2%)	+4.9%	-	-	-
Electric Power Operated Pumps	(10.1%)	(18.9%)	+3.7%	+116.4%	+56.5%	+38.8%	-	-	-
Hand Washing Equipment	+31.0%	(13.5%)	+4.7%	(4.8%)	+2.8%	+30.2%	-	-	-
Other	+29.5%	+48.0%	+24.3%	+3.4%	+34.1%	+1.6%	-	-	-
Sales (YoY)	+11.1%	+7.1%	+4.6%	+5.7%	+7.5%	+9.1%	-	-	-
Suction Devices	63.1%	64.9%	65.1%	61.5%	63.0%	64.4%	-	-	-
Infusion Pumps	23.2%	22.0%	21.1%	21.7%	21.5%	21.2%	-	-	-
Electric Power Operated Pumps	1.9%	2.1%	2.5%	4.3%	2.8%	2.7%	-	-	-
Hand Washing Equipment	7.1%	5.9%	5.6%	7.1%	6.8%	7.1%	-	-	-
Other	4.7%	5.0%	5.7%	5.3%	5.8%	4.7%	-	-	-
Sales (Composition)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	YoY Net Chg.
	Q1 03/2023	Q2 03/2023	Q3 03/2023	Q4 03/2023	Q1 03/2024	Q2 03/2024	Q3 03/2024	Q4 03/2024		
Cash and Deposit	2,331	2,282	2,072	2,516	2,488	2,657	-	-	+374	
Accounts Receivables	2,442	2,505	2,675	2,530	2,504	2,583	-	-	+78	
Inventory	1,568	1,654	1,673	1,514	1,567	1,577	-	-	(76)	
Other	114	86	153	77	101	83	-	-	(3)	
Current Assets	6,457	6,529	6,574	6,638	6,662	6,903	-	-	+373	
Tangible Assets	4,074	4,085	4,078	4,070	4,056	4,036	-	-	(49)	
Intangible Assets	13	11	11	9	8	8	-	-	(3)	
Investments and Other Assets	213	212	225	295	294	301	-	-	+88	
Fixed Assets	4,301	4,310	4,314	4,374	4,359	4,345	-	-	+35	
Total Assets	10,758	10,840	10,889	11,013	11,022	11,248	-	-	+408	
Accounts Payables	999	1,045	1,203	1,175	1,173	1,164	-	-	+119	
Short Term Debt	1,200	1,200	1,200	1,000	1,200	1,200	-	-	0	
Current Portion of Long-term Debt	495	419	588	659	659	649	-	-	+230	
Other	501	480	496	533	536	592	-	-	+112	
Current Liabilities	3,196	3,145	3,488	3,369	3,569	3,607	-	-	+461	
Long Term Debt	1,185	1,090	795	1,013	898	793	-	-	(296)	
Other	40	38	35	33	25	23	-	-	(14)	
Fixed Liabilities	1,225	1,128	830	1,046	924	817	-	-	(311)	
Total Liabilities	4,422	4,273	4,319	4,416	4,493	4,424	-	-	+150	
Shareholders' Equity	6,325	6,552	6,552	6,576	6,505	6,797	-	-	+245	
Other	10	14	17	20	23	26	-	-	+12	
Net Assets	6,336	6,566	6,569	6,597	6,528	6,824	-	-	+257	
Total Liabilities & Net Assets	10,758	10,840	10,889	11,013	11,022	11,248	-	-	+408	
Equity Capital	6,325	6,552	6,552	6,576	6,505	6,797	-	-	+245	
Interest Bearing Debt	2,880	2,709	2,583	2,673	2,758	2,643	-	-	(66)	
Net Debt	549	427	510	157	269	(14)	-	-	(441)	
Equity Ratio	58.8%	60.4%	60.2%	59.7%	59.0%	60.4%	-	-	-	
Net Debt Equity Ratio	8.7%	6.5%	7.8%	2.4%	4.1%	(0.2%)	-	-	-	
ROE (12 months)	13.9%	13.4%	13.4%	10.9%	11.8%	12.3%	-	-	-	
ROA (12 months)	11.1%	11.0%	11.0%	9.6%	10.2%	10.9%	-	-	-	
Days for Inventory Turnover	111	113	105	89	101	100	-	-	-	
Quick Ratio	149%	152%	136%	150%	140%	145%	-	-	-	
Current Ratio	202%	208%	188%	197%	187%	191%	-	-	-	

Source: Company Data, WRJ Calculation

Cash Flow Statement (Cumulative)

Cash Flow Statement (Million Yen)	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	YoY Net Chg.
	Q1 03/2023	Q1 to Q2 03/2023	Q1 to Q3 03/2023	Q1 to Q4 03/2023	Q1 03/2024	Q1 to Q2 03/2024	Q1 to Q3 03/2024	Q1 to Q4 03/2024	
Operating Cash Flow	-	348	-	989	-	602	-	-	+254
Investing Cash Flow	-	(104)	-	(210)	-	(110)	-	-	(6)
Operating Cash Flow and Investing Cash Flow	-	244	-	778	-	491	-	-	+247
Financing Cash Flow	-	(480)	-	(781)	-	(350)	-	-	+130

Source: Company Data, WRJ Calculation

Disclaimer

Information here is a summary of "IR Information" of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. "IR Information" of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage, etc.

Company name: Walden Research Japan Incorporated

Head office: Level 4 Ginza Ishii Building, 6-14-8 Ginza Chuo-ku Tokyo 104-0061, JAPAN

URL: <https://walden.co.jp/>

E-mail: info@walden.co.jp

Tel: 81-(0)3-3553-3769
