

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		9,700	1,400	1,400	980	34.11	21.00	-
FY03/2023		YoY	7.0%	(8.4%)	(8.6%)	-	-	-
FY03/2024CoE		YoY	6.2%	32.8%	33.0%	-	-	-
Q1 to Q3 (Parent) (Million Yen)		Sales	Operating Profit	Recurring Profit	Net Profit	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q3 FY03/2023		6,896	969	968	688	-	-	-
Q1 to Q3 FY03/2024		7,406	1,237	1,242	888	-	-	-
Q1 to Q3 FY03/2024		YoY	7.4%	27.6%	28.3%	-	-	-

Source: Company Data, WRJ Calculation

1.0 Results Update (6 February 2024)

Spreading New Product, AMY

On 31 January 2024, DAIKEN MEDICAL, running operations to develop, manufacture and sell medical devices (some 85% being exposed to disposable ones in terms of sales) mainly used for prevention of hospital-acquired infections and postoperative pain control, released its Q1 to Q3 FY03/2024 results. It has been revealed that the Company is seeing higher sales volume due to an increase in the number of surgeries performed at the hospitals to purchase products from the Company, as well as benefiting from a steady progress made for spreading market penetration of new product, AMY, at the same time. The actual results for Q1 to Q3 were rather better than assumptions of initial Company forecasts and full-year Company forecasts have been revised up. Meanwhile, the Company, which advocates a payout ratio of 60% or more for shareholder returns, has decided to increase dividend in response to this upward revision. According to the Company, the spread of AMY's market penetration has just begun in the market of Japan, while there is a greater potential for markets overseas. In fact, the Company is preparing for the launch of AMY in Europe and other markets overseas, fulfilling the European Medical Device Regulation (MDR), while formulating long-term management plan that assumes the impact of the future spread of AMY in markets overseas, to be disclosed in time as far as we could see.


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

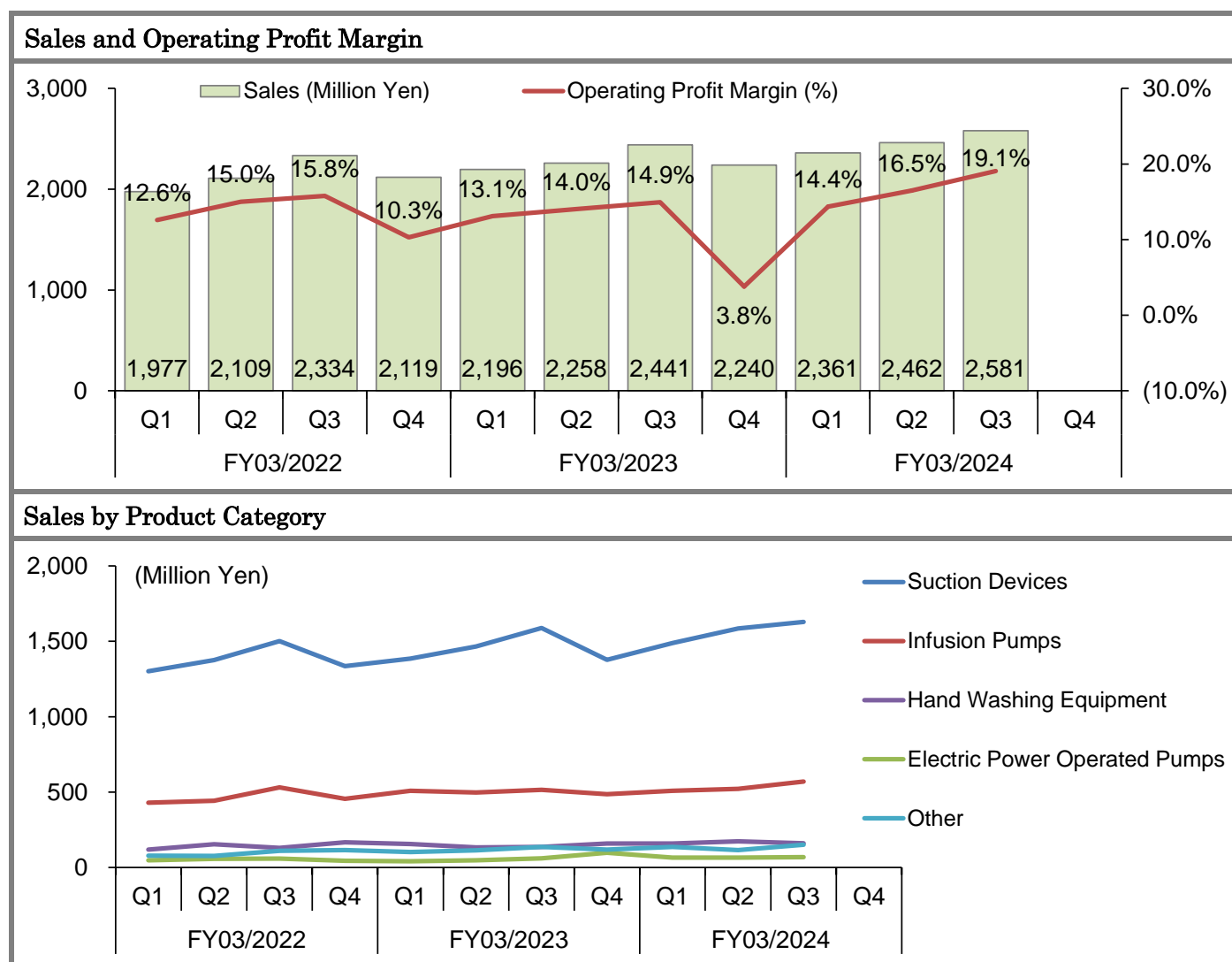
Company Name	DAIKEN MEDICAL CO., LTD. Company Website IR Information (Japanese) Share Price (Japanese)	 Pioneering the future of medical technology DAIKEN MEDICAL CO., LTD.
Established	5 November 1968	
Listing	20 October 2023: Tokyo Stock Exchange Standard Market (ticker: 7775) 4 April 2022: Tokyo Stock 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 December 2023)	
No. of Shares	31,840,000 shares, including 3,111,562 treasury shares (as of the end of Dec. 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: 176 (as of the end of December 2023)	

Source: Company Data

3.0 Recent Trading and Prospects

Q1 to Q3 FY03/2024

For Q1 to Q3 FY03/2024, sales came in at ¥7,406m (up 7.4% YoY), operating profit ¥1,237m (up 27.6%), recurring profit ¥1,242m (up 28.3%) and net profit ¥888m (up 29.1%). Meanwhile, gross profit came in at ¥3,077m (up 8.3%) and SG&A expenses ¥1,840m (down 1.6%), implying gross profit margin of 41.6% (up 0.4% points) and SG&A ratio of 24.8% (down 2.3% points), which has resulted in operating profit margin of 16.7% (up 2.6% points).



Source: Company Data, WRJ Calculation

The increase in gross profit was attributed to higher sales volume for the Company as a whole. Although there were some factors that worsened cost rate, such as higher procurement costs, the Company saw gross profit margin edging up, because the impact of higher sales volume was more than compensating. Meanwhile, the Company saw SG&A expenses rather lower than the same period of the previous year, which was due mainly to a delayed timing to contribute some part of R&D expenses.

Suction Devices (63.5% of sales)

Suction Devices, which are used for prevention of hospital-acquired infections, saw sales of ¥4,704m (up 5.9%). With respect to “QinPot” for hospital wards, sales came in at ¥1,882m (up 6.9%), driven by the Company’s successful measures 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 ¥2,821m (up 5.2%), due to an increase in the number of surgeries performed at the hospitals to purchase products from the Company.

Infusion Pumps (21.6% of sales)

Infusion Pumps, which are used for postoperative pain control, saw sales of ¥1,601m (up 5.2%). “PCA Set + AMY”, accounting for the bulk of sales in this product category, saw sales of ¥1,393m (up 5.8%), which was the key driver. With respect to AMY, to which the Company's proprietary developed and manufactured micropumps are applied, sales amount has still remained rather insignificant, but the rate of growth in sales is now accelerating. It appears that sales for Q1 to Q3 have increased by no less than 30% to 40% over the same period of the previous year. According to the Company, the size of the market in Japan, which AMY is currently facing, equates some ¥6,000m, implying an enormous potential for prospective sales from a long-term perspective. Meanwhile, more importantly, the Company suggests the size of the markets overseas is even far larger, estimating some ¥30,000m with respect to the collective size for Europe and the United States, the mainstay markets overseas.

FY03/2024 Company Forecasts

FY03/2024 Company forecasts, announced on 31 January 2024, are going for prospective sales of ¥9,700m (up 6.2% YoY), operating profit of ¥1,400m (up 32.8%), recurring profit of ¥1,400m (up 33.0%) and net profit of ¥980m (up 37.6%), while operating profit margin of 14.4% (up 2.9% points). Compared with initial Company forecasts, announced on 15 May 2023, sales have been revised up by ¥100m (1.0%), operating profit by ¥100m (7.7%), recurring profit by ¥100m (7.7%) and net profit by ¥80m (8.9%), while planned annual dividend per share from ¥20 (¥9 as of the end of Q2 and ¥11 as of the end of fiscal year) to ¥21 (¥9 as of the end of Q2 and ¥12 as of the end of fiscal year), implying payout ratio of 61.6%, accordingly.

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	Q1 to Q4	Net Chg.
	03/2023	03/2023	03/2023	03/2023	03/2024	03/2024	03/2024	03/2024	03/2024	
Sales	2,196	4,454	6,896	9,137	2,361	4,824	7,406	-	-	+509
Cost of Sales	1,282	2,613	4,055	5,606	1,403	2,831	4,328	-	-	+273
Gross Profit	914	1,841	2,840	3,530	958	1,993	3,077	-	-	+236
SG&A Expenses	626	1,236	1,870	2,475	618	1,247	1,840	-	-	(30)
Operating Profit	288	605	969	1,054	339	745	1,237	-	-	+267
Non Operating Balance	0	0	(0)	(0)	2	4	5	-	-	+6
Recurring Profit	288	605	968	1,053	341	750	1,242	-	-	+274
Extraordinary Balance	0	(0)	(0)	(28)	(0)	(0)	(5)	-	-	(5)
Profit before Income Taxes	288	604	968	1,025	341	750	1,237	-	-	+268
Total Income Taxes	85	175	280	312	97	212	349	-	-	+68
Net Profit	202	429	688	712	244	537	888	-	-	+200
Sales YoY	+11.1%	+9.0%	+7.4%	+7.0%	+7.5%	+8.3%	+7.4%	-	-	-
Operating Profit YoY	+15.7%	+7.0%	+3.9%	(8.4%)	+17.8%	+23.2%	+27.6%	-	-	-
Recurring Profit YoY	+15.5%	+7.0%	+3.8%	(8.6%)	+18.7%	+24.0%	+28.3%	-	-	-
Net Profit YoY	+14.8%	+7.3%	+3.9%	(14.3%)	+21.0%	+25.2%	+29.1%	-	-	-
Gross Profit Margin	41.6%	41.3%	41.2%	38.6%	40.6%	41.3%	41.6%	-	-	+0.4%
SG&A Ratio	28.5%	27.8%	27.1%	27.1%	26.2%	25.9%	24.8%	-	-	(2.3%)
Operating Profit Margin	13.1%	13.6%	14.1%	11.5%	14.4%	15.4%	16.7%	-	-	+2.6%
Recurring Profit Margin	13.1%	13.6%	14.0%	11.5%	14.5%	15.5%	16.8%	-	-	+2.7%
Net Profit Margin	9.2%	9.6%	10.0%	7.8%	10.4%	11.1%	12.0%	-	-	+2.0%
Total Income Taxes / Profit before Income Taxes	29.8%	29.0%	29.0%	30.5%	28.4%	28.3%	28.2%	-	-	(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	Q4	Net Chg.
	03/2023	03/2023	03/2023	03/2023	03/2024	03/2024	03/2024	03/2024	03/2024	
Sales	2,196	2,258	2,441	2,240	2,361	2,462	2,581	-	-	+140
Cost of Sales	1,282	1,330	1,442	1,551	1,403	1,427	1,497	-	-	+54
Gross Profit	914	927	998	689	958	1,035	1,084	-	-	+85
SG&A Expenses	626	610	634	604	618	629	592	-	-	(42)
Operating Profit	288	317	364	84	339	406	492	-	-	+127
Non Operating Balance	0	(0)	(0)	0	2	2	0	-	-	+1
Recurring Profit	288	316	363	84	341	408	492	-	-	+128
Extraordinary Balance	0	(0)	0	(28)	(0)	(0)	(5)	-	-	(5)
Profit before Income Taxes	288	316	363	56	341	408	487	-	-	+123
Total Income Taxes	85	89	105	32	97	115	137	-	-	+32
Net Profit	202	226	258	23	244	292	350	-	-	+91
Sales YoY	+11.1%	+7.1%	+4.6%	+5.7%	+7.5%	+9.1%	+5.7%	-	-	-
Operating Profit YoY	+15.7%	+0.2%	(1.0%)	(61.0%)	+17.8%	+28.1%	+34.9%	-	-	-
Recurring Profit YoY	+15.5%	+0.3%	(1.2%)	(61.3%)	+18.7%	+28.8%	+35.4%	-	-	-
Net Profit YoY	+14.8%	+1.3%	(1.2%)	(85.8%)	+21.0%	+29.1%	+35.4%	-	-	-
Gross Profit Margin	41.6%	41.1%	40.9%	30.8%	40.6%	42.0%	42.0%	-	-	+1.1%
SG&A Ratio	28.5%	27.0%	26.0%	27.0%	26.2%	25.5%	22.9%	-	-	(3.0%)
Operating Profit Margin	13.1%	14.0%	14.9%	3.8%	14.4%	16.5%	19.1%	-	-	+4.1%
Recurring Profit Margin	13.1%	14.0%	14.9%	3.8%	14.5%	16.6%	19.1%	-	-	+4.2%
Net Profit Margin	9.2%	10.0%	10.6%	1.1%	10.4%	11.9%	13.6%	-	-	+3.0%
Total Income Taxes / Profit before Income Taxes	29.8%	28.4%	28.9%	57.4%	28.4%	28.3%	28.1%	-	-	(0.7%)

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	4,704	-	+262	
Infusion Pumps	509	1,007	1,522	2,008	508	1,030	1,601	-	+78	
Electric Power Operated Pumps	42	90	151	248	66	132	202	-	+50	
Hand Washing Equipment	155	289	425	585	159	333	494	-	+68	
Other	102	216	354	473	137	253	403	-	+49	
Sales	2,196	4,454	6,896	9,137	2,361	4,824	7,406	-	+509	
Suction Devices	+6.4%	+6.5%	+6.3%	+5.5%	+7.4%	+7.8%	+5.9%	-	-	
Infusion Pumps	+18.8%	+15.3%	+8.4%	+8.0%	(0.2%)	+2.3%	+5.2%	-	-	
Electric Power Operated Pumps	(10.1%)	(15.0%)	(8.2%)	+18.4%	+56.5%	+47.2%	+33.3%	-	-	
Hand Washing Equipment	+31.0%	+5.8%	+5.4%	+2.4%	+2.8%	+15.5%	+16.1%	-	-	
Other	+29.5%	+38.6%	+32.7%	+23.8%	+34.1%	+17.1%	+13.9%	-	-	
Sales (YoY)	+11.1%	+9.0%	+7.4%	+7.0%	+7.5%	+8.3%	+7.4%	-	-	
Suction Devices	63.1%	64.0%	64.4%	63.7%	63.0%	63.7%	63.5%	-	-	
Infusion Pumps	23.2%	22.6%	22.1%	22.0%	21.5%	21.4%	21.6%	-	-	
Electric Power Operated Pumps	1.9%	2.0%	2.2%	2.7%	2.8%	2.7%	2.7%	-	-	
Hand Washing Equipment	7.1%	6.5%	6.2%	6.4%	6.8%	6.9%	6.7%	-	-	
Other	4.7%	4.9%	5.1%	5.2%	5.8%	5.3%	5.5%	-	-	
Sales (Composition)	100.0%	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	1,629	-	+40
Infusion Pumps	509	497	515	486	508	521	570	-	+55
Electric Power Operated Pumps	42	47	61	97	66	65	69	-	+8
Hand Washing Equipment	155	133	136	159	159	174	160	-	+23
Other	102	113	137	119	137	115	150	-	+12
Sales	2,196	2,258	2,441	2,240	2,361	2,462	2,581	-	+140
Suction Devices	+6.4%	+6.6%	+5.9%	+3.2%	+7.4%	+8.1%	+2.5%	-	-
Infusion Pumps	+18.8%	+12.0%	(3.1%)	+6.7%	(0.2%)	+4.9%	+10.8%	-	-
Electric Power Operated Pumps	(10.1%)	(18.9%)	+3.7%	+116.4%	+56.5%	+38.8%	+13.0%	-	-
Hand Washing Equipment	+31.0%	(13.5%)	+4.7%	(4.8%)	+2.8%	+30.2%	+17.5%	-	-
Other	+29.5%	+48.0%	+24.3%	+3.4%	+34.1%	+1.6%	+9.0%	-	-
Sales (YoY)	+11.1%	+7.1%	+4.6%	+5.7%	+7.5%	+9.1%	+5.7%	-	-
Suction Devices	63.1%	64.9%	65.1%	61.5%	63.0%	64.4%	63.1%	-	-
Infusion Pumps	23.2%	22.0%	21.1%	21.7%	21.5%	21.2%	22.1%	-	-
Electric Power Operated Pumps	1.9%	2.1%	2.5%	4.3%	2.8%	2.7%	2.7%	-	-
Hand Washing Equipment	7.1%	5.9%	5.6%	7.1%	6.8%	7.1%	6.2%	-	-
Other	4.7%	5.0%	5.7%	5.3%	5.8%	4.7%	5.8%	-	-
Sales (Composition)	100.0%	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	2,516	-	+443	
Accounts Receivables	2,442	2,505	2,675	2,530	2,504	2,583	2,693	-	+17	
Inventory	1,568	1,654	1,673	1,514	1,567	1,577	1,487	-	(186)	
Other	114	86	153	77	101	83	141	-	(11)	
Current Assets	6,457	6,529	6,574	6,638	6,662	6,903	6,838	-	+263	
Tangible Assets	4,074	4,085	4,078	4,070	4,056	4,036	4,021	-	(57)	
Intangible Assets	13	11	11	9	8	8	14	-	+3	
Investments and Other Assets	213	212	225	295	294	301	300	-	+75	
Fixed Assets	4,301	4,310	4,314	4,374	4,359	4,345	4,336	-	+21	
Total Assets	10,758	10,840	10,889	11,013	11,022	11,248	11,175	-	+285	
Accounts Payables	999	1,045	1,203	1,175	1,173	1,164	1,113	-	(90)	
Short Term Debt	1,200	1,200	1,200	1,000	1,200	1,200	1,400	-	+200	
Current Portion of Long-term Debt	495	419	588	659	659	649	419	-	(168)	
Other	501	480	496	533	536	592	591	-	+95	
Current Liabilities	3,196	3,145	3,488	3,369	3,569	3,607	3,525	-	+36	
Long Term Debt	1,185	1,090	795	1,013	898	793	708	-	(86)	
Other	40	38	35	33	25	23	22	-	(13)	
Fixed Liabilities	1,225	1,128	830	1,046	924	817	730	-	(100)	
Total Liabilities	4,422	4,273	4,319	4,416	4,493	4,424	4,255	-	(63)	
Shareholders' Equity	6,325	6,552	6,552	6,576	6,505	6,797	6,889	-	+337	
Other	10	14	17	20	23	26	29	-	+11	
Net Assets	6,336	6,566	6,569	6,597	6,528	6,824	6,919	-	+349	
Total Liabilities & Net Assets	10,758	10,840	10,889	11,013	11,022	11,248	11,175	-	+285	
Equity Capital	6,325	6,552	6,552	6,576	6,505	6,797	6,889	-	+337	
Interest Bearing Debt	2,880	2,709	2,583	2,673	2,758	2,643	2,528	-	(54)	
Net Debt	549	427	510	157	269	(14)	11	-	(498)	
Equity Ratio	58.8%	60.4%	60.2%	59.7%	59.0%	60.4%	61.7%	-	-	
Net Debt Equity Ratio	8.7%	6.5%	7.8%	2.4%	4.1%	(0.2%)	0.2%	-	-	
ROE (12 months)	13.9%	13.4%	13.4%	10.9%	11.8%	12.3%	13.6%	-	-	
ROA (12 months)	11.1%	11.0%	11.0%	9.6%	10.2%	10.9%	12.0%	-	-	
Days for Inventory Turnover	111	113	105	89	101	100	90	-	-	
Quick Ratio	149%	152%	136%	150%	140%	145%	148%	-	-	
Current Ratio	202%	208%	188%	197%	187%	191%	194%	-	-	

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	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	-	-	-	
Investing Cash Flow	-	(104)	-	(210)	-	(110)	-	-	-	
Operating Cash Flow and Investing Cash Flow	-	244	-	778	-	491	-	-	-	
Financing Cash Flow	-	(480)	-	(781)	-	(350)	-	-	-	

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
