Flash Report for 3rd quarter Ended September 30, 2022 (on a consolidated basis) [Japan GAAP]

November 11, 2022

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Scheduled date to submit Securities Report: November 14, 2022
Scheduled date to begin dividend payments: -
Supplementary materials to quarterly financial statements: Not applicable
Quarterly earnings results briefing: Not applicable

(All amounts are rounded down to the nearest million yen.)

1. Consolidated financial results for 3rd quarter period (January 1 to September 30, 2022)

(1) Operating Results

	Millions of yen					
	Net sales		Operating income		Ordinary income	
3rd quarter ended September 30, 2022	36,100	7.9%	11,894	7.0%	14,694	30.4%
3rd quarter ended September 30, 2021	33,469	50.2%	11,113	117.2%	11,266	112.4%

	Income attributable to owners of parent		Earnings per share (yen)	Diluted EPS (yen)
3rd quarter ended September 30, 2022	10,208	26.1%	118.92	118.63
3rd quarter ended September 30, 2021	8,096	107.9%	93.45	93.24

Notes: 1. Percentage figures for net sales, operating income, ordinary income and net income represent year-on-year comparisons.

2. Comprehensive income for reporting period:

3rd quarter ended September 30, 2022 12,869 million (50.1%)

3rd quarter ended September 30, 2021 8,571 million (124.6%)

(2) Financial Position

	Millions of yen		
	Total assets	Net assets	Equity ratio
As of September 30, 2022	100,926	90,726	89.6%
As of December 31, 2021	94,460	82,919	87.5%

Note: Owners' equity As of September 30, 2022 90,440 million
As of December 31, 2021 82,683 million

2. Dividends

	Cash dividends per share (yen)				
	1st quarter	2nd quarter	3rd quarter	Year-end	Annual
Year ended December 31, 2021	—	17.00	—	20.00	37.00
Year ending December 31, 2022	—	22.00	—		
Year ending December 31, 2022 (forecast)				22.00	44.00

Notes: 1. Revisions to dividend payment forecasts during the period: Not applicable

3. Business Performance Forecasts for the Current Term (January 1 to December 31, 2022)

	Millions of yen								
	Net sales		Operating income		Ordinary income		Income attributable to owners of parent		Earnings per share (yen)
Full year	48,588	8.3 %	14,918	8.5 %	18,024	29.2 %	12,573	24.5 %	146.47

Notes: 1. Percentage figures represent year-on-year comparisons.

2. Revisions to performance forecasts during the period: Applicable

4. Others

(1) Changes in the scope of consolidation during the period

Inclusion: None

Exclusion: None

(2) Application of special accounting methods in the preparation of quarterly consolidated financial statements: Not applicable

(3) Changes in accounting principles, accounting estimates, and restatement

1. Changes in accounting principles due to revision of accounting standards, etc.: Applicable
2. Changes in accounting principles other than 1: Not applicable
3. Changes in accounting estimates: Not applicable
4. Restatement: Not applicable

(4) Number of ordinary shares outstanding at the end of the period (including treasury stock)

As of September 30, 2022: 94,259,400 shares

As of December 31, 2021: 94,259,400 shares

Number of shares of treasury stock at the end of the period

As of September 30, 2022: 8,743,829 shares

As of December 31, 2021: 8,094,386 shares

Average number of shares during the period

3rd quarter ended September 30, 2022: 85,843,377 shares

3rd quarter ended September 30, 2021: 86,637,649 shares

* This quarterly flash report is out of scope of quarterly review.

Table of Contents

1. Qualitative Information on Quarterly Financial Results 4
(1) Explanation of Results of Operations 4
(2) Explanation of Financial Position 4
(3) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information 5
2. Consolidated Quarterly Financial Statements and Principal Notes 6
(1) Consolidated Quarterly Balance Sheets 6
(2) Consolidated Quarterly Statements of Income and Comprehensive Income 8
(Consolidated Quarterly Statements of Income) 8
(Consolidated Quarterly Statements of Comprehensive Income) 9
(3) Notes to Consolidated Quarterly Financial Statements 10
(Notes to Going Concern Assumption) 10
(Notes to Significant Changes in the Amount of Shareholders' Equity) 10
(Changes in the scope of consolidation during the period) 10
(Segment Information) 11

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Results of Operations

In the world economy during 3rd quarter, CPI has increased thanks to demand increases by prompt economic recover after pandemic. Unease of energy supply has increased due to the Russian invasion of Ukraine. So uncertainty for future was increasing.

In Japanese economy, economic activities were very low because raw material prices increased and to procure components was difficult.

Under these circumstances, all 3 segments sales increased. Operating income increased as well.

As a result, the Group sales were ¥36,100,208 thousand (+7.9% year on year), operating income was ¥11,894,028 thousand (+7.0%), ordinary income was ¥14,694,739 thousand (+30.4%) and income attributable to owners of parent for the quarter was ¥10,208,569 thousand (+26.1%).

The following is a breakdown of business performance by segment.

By the way, our company has changed segment. About year-on-year, it is analyzed by the figures at the changed segment.

(Dental segment)

In Dental segment, Domestic sales decreased because the reaction that clinics received subsidy from government last year and Asia sales decreased as well.

However North America sales increased dramatically and Europe sales increased as well. Total dental sales increased. Segment profit was almost the same.

As a result, sales were ¥30,301,499 thousand (+5.7%) and segment profit was ¥12,727,332 thousand (+4.5%).

(Surgical segment)

In Surgical segment, Asia sales decreased but Domestic, North America and Europe sales increased. Total sales increased. Segment profit increased as well.

As a result, sales were ¥2,393,080 thousand (+17.2%) and segment profit was ¥1,233,333 thousand (+20.9%).

(Industrial segment)

In Industrial segment, Asia sales decreased but Domestic, North America and Europe sales increased. Total sales increased. Segment profit increased as well.

As a result, sales were ¥3,405,627 thousand (+24.0%) and segment profit was ¥1,310,459 thousand (+28.0%).

(2) Explanation of Financial Position

(Assets, liabilities and net asset)

Total assets at the end of 3rd quarter were ¥100,926,970 thousand and increased by ¥6,466,050 thousand compared with the end of the previous fiscal year. The main reasons were that Buildings and structures by ¥1,851,924 thousand, Shares of subsidiaries and associates by ¥1,555,285 thousand and Raw materials and supplies by ¥1,361,299 thousand.

Total liabilities were ¥10,200,790 thousand and decreased by ¥1,340,655 thousand compared with the end of the previous fiscal year. The main reason was Other in current liabilities decreased by ¥1,470,458 thousand.

Net asset was ¥90,726,180 thousand and increased by ¥7,806,706 compared with the end of the previous fiscal year. The main reasons were that Retained earnings increased by ¥6,600,186 thousand and Foreign currency translation adjustment by ¥2,857,689 thousand.

(3) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information

Our company will revise our business performance forecasts it released on May 12, 2022.

The following table shows our forecasts of business performance for the fiscal year 2022.

Full year

	The amount	%
Sales	¥48,588 million	8.3
Operating income	¥14,918 million	8.5
Ordinary profit	¥18,024 million	29.2
Net income attributable to owners of parent	¥12,573 million	24.5

(Note) Percentage figures represent year-on-year comparisons.

2. Consolidated Quarterly Financial Statements and Principal Notes

(1) Consolidated Quarterly Balance Sheets

(Thousands of yen)

	As of December 31, 2021	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	35,984,340	35,338,584
Notes and accounts receivable - trade	5,348,771	5,780,304
Securities	1,422,099	1,325,357
Money held in trust	4,341,163	4,212,205
Merchandise and finished goods	5,822,666	6,472,996
Work in process	3,286,853	3,893,871
Raw materials and supplies	2,623,642	3,984,941
Other	1,382,650	1,999,963
Allowance for doubtful accounts	-60,452	-83,201
Total current assets	60,151,734	62,925,024
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,431,241	17,283,165
Machinery, equipment and vehicles	7,486,174	8,142,199
Tools, furniture and fixtures	5,205,578	5,589,807
Land	2,033,155	2,152,553
Construction in progress	962,539	708,784
Accumulated depreciation	-15,825,871	-17,112,526
Total property, plant and equipment	15,292,817	16,763,984
Intangible assets		
Software	377,341	719,843
Software in progress	320,598	191,793
Goodwill	108,442	69,159
Other	538,570	465,294
Total intangible assets	1,344,953	1,446,091
Investments and other assets		
Investment securities	8,692,157	8,642,135
Shares of subsidiaries and associates	4,866,102	6,421,388
Insurance funds	2,122,292	2,134,278
Retirement benefit asset	–	428
Deferred tax assets	940,349	1,361,018
Other	1,051,965	1,234,158
Allowance for doubtful accounts	-1,452	-1,538
Total investments and other assets	17,671,414	19,791,869
Total non-current assets	34,309,185	38,001,945
Total assets	94,460,919	100,926,970

(Thousands of yen)

	As of December 31, 2021	As of September 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	1,009,312	1,538,472
Short-term borrowings	100,000	100,000
Income taxes payable	2,529,830	2,190,474
Provision for bonuses	909,596	656,472
Other	6,045,854	4,575,395
Total current liabilities	10,594,594	9,060,815
Non-current liabilities		
Retirement benefit liability	342,260	356,534
Deferred tax liabilities	412,271	586,206
Other	192,319	197,234
Total non-current liabilities	946,851	1,139,975
Total liabilities	11,541,446	10,200,790
Net assets		
Shareholders' equity		
Share capital	867,948	867,948
Capital surplus	1,180,482	1,180,482
Retained earnings	84,765,333	91,365,519
Treasury shares	-6,793,803	-8,293,951
Total shareholders' equity	80,019,961	85,119,999
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,843,974	1,643,736
Foreign currency translation adjustment	819,197	3,676,887
Total accumulated other comprehensive income	2,663,172	5,320,623
Share acquisition rights	232,552	278,685
Non-controlling interests	3,786	6,871
Total net assets	82,919,473	90,726,180
Total liabilities and net assets	94,460,919	100,926,970

(2) Consolidated Quarterly Statements of Income and Comprehensive Income

(Consolidated Quarterly Statements of Income)

(Thousands of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Net sales	33,469,106	36,100,208
Cost of sales	12,995,253	13,015,788
Gross profit	20,473,852	23,084,419
Selling, general and administrative expenses	9,360,083	11,190,391
Operating profit	11,113,769	11,894,028
Non-operating income		
Interest income	59,485	63,175
Dividend income	26,945	32,600
Gain on investments in money held in trust	161,570	–
Subsidy income	32,133	35,927
Share of profit of entities accounted for using equity method	226,361	294,604
Foreign exchange gains	–	2,593,827
Miscellaneous income	90,730	146,071
Total non-operating income	597,227	3,166,206
Non-operating expenses		
Interest expenses	2,589	2,537
Loss on investments in money held in trust	–	312,483
Commission expenses	2,489	7,547
Foreign exchange losses	422,043	–
Miscellaneous losses	17,614	42,926
Total non-operating expenses	444,737	365,495
Ordinary profit	11,266,259	14,694,739
Extraordinary income		
Gain on sale of non-current assets	–	66,628
Gain on sale of investment securities	17,087	–
Total extraordinary income	17,087	66,628
Extraordinary losses		
Loss on sale of non-current assets	–	32,219
Loss on retirement of non-current assets	312	9,006
Impairment losses	–	326,348
Total extraordinary losses	312	367,573
Profit before income taxes	11,283,034	14,393,794
Income taxes - current	3,542,981	4,432,428
Income taxes - deferred	-357,132	-249,019
Total income taxes	3,185,848	4,183,408
Profit	8,097,185	10,210,385
Profit attributable to non-controlling interests	1,116	1,816
Profit attributable to owners of parent	8,096,069	10,208,569

(Consolidated Quarterly Statements of Comprehensive Income)

(Thousands of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Profit	8,097,185	10,210,385
Other comprehensive income		
Valuation difference on available-for-sale securities	-146,131	-200,237
Foreign currency translation adjustment	620,553	2,858,957
Total other comprehensive income	474,422	2,658,719
Comprehensive income	8,571,607	12,869,105
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,570,405	12,866,020
Comprehensive income attributable to non-controlling interests	1,202	3,084

(3) Notes to Consolidated Quarterly Financial Statements

(Notes to Going Concern Assumption)

Not applicable.

(Notes to Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Changes in the scope of consolidation during the period)

Not applicable.

(Segment Information)

【Segment Information】

3rd quarter ended September 30, 2021 (From January 1, 2021 to September 30, 2021)

(Thousands of yen)

	Reportable segments				Reconciling items	Per quarterly consolidated financial statements
	Dental segment	Surgical segment	Industrial segment	Reportable segments		
Sales						
Revenues from external customers	28,679,079	2,042,629	2,747,397	33,469,106	–	33,469,106
Transactions with other segments	–	–	–	–	–	–
Net sales	28,679,079	2,042,629	2,747,397	33,469,106	–	33,469,106
Operating profit (loss)	12,177,407	1,020,082	1,023,696	14,221,187	-3,107,418	11,113,769

Notes: 1. Adjustments to segment profit chiefly comprise general administrative and testing/research expenses not attributable to reportable segments.

2. Segment profit is reconciled with operating income as recorded in the consolidated statements of income.

3rd quarter ended September 30, 2022 (From January 1, 2022 to September 30, 2022)

(Thousands of yen)

	Reportable segments				Reconciling items	Per quarterly consolidated financial statements
	Dental segment	Surgical segment	Industrial segment	Reportable segments		
Sales						
Revenues from external customers	30,301,499	2,393,080	3,405,627	36,100,208	–	36,100,208
Transactions with other segments	–	–	–	–	–	–
Net sales	30,301,499	2,393,080	3,405,627	36,100,208	–	36,100,208
Operating profit (loss)	12,727,332	1,233,333	1,310,459	15,271,125	△3,377,096	11,894,028

Notes: 1. Adjustments to segment profit chiefly comprise general administrative and testing/research expenses not attributable to reportable segments.

2. Segment profit is reconciled with operating income as recorded in the consolidated statements of income.

Change of segment

From 1st quarter of this year, surgical segment is showing because the figures are big. Surgical segment was included in dental segment in the past.

And other segment was divided into dental segment and industrial segment and surgical segment. The divided figures were added to the three segments.

Furthermore, about year-on-year, it is analyzed by the figures at the changed segment.