

**Consolidated Financial Results for the Fiscal Year Ended March 31, 2023**  
**(Japanese Accounting Standards)**

May 10, 2023

Company name: SHOFU INC.  
 Listing: Tokyo Stock Exchange (Prime Market)  
 Code number: 7979  
 URL: <https://www.shofu.co.jp/>  
 Representative: Tetsuo Takami, Representative Director, President & Chief Executive Officer  
 Contact: Takashi Morimoto, General Manager of Finance Department  
 Scheduled date of ordinary shareholder's meeting: June 27, 2023  
 Scheduled date for filing of annual securities report: June 27, 2023  
 Scheduled commencement date of dividend payment: June 7, 2023  
 Supplementary documents for financial results: Yes  
 Financial results briefing: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(1) Consolidated Operating Results (% indicates changes from previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2023	31,678	12.6	3,824	18.9	4,238	15.8	3,135	23.1
Year ended March 31, 2022	28,137	14.0	3,217	39.8	3,658	45.0	2,546	52.1

(Note) Comprehensive income: Year ended March 31, 2023 3,584 million yen (6.5%)  
 Year ended March 31, 2022 3,366 million yen (-6.9%)

	Net income (loss) per share	Fully diluted net income (loss) per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	176.10	175.13	9.2	10.0	12.1
Year ended March 31, 2022	143.22	142.33	8.1	9.3	11.4

(Reference) Equity in earnings of affiliates: Year ended March 31, 2023 9 million yen  
 Year ended March 31, 2022 1 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2023	43,727	35,515	80.8	1,996.64
Year ended March 31, 2022	40,709	32,940	80.5	1,841.55

(Reference) Shareholder's equity: Year ended March 31, 2023 35,342 million yen  
 Year ended March 31, 2022 32,759 million yen

(3) 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, 2023	3,170	(1,290)	(1,457)	8,830
Year ended March 31, 2022	3,736	(1,288)	(1,074)	8,208

## 2. Dividends

	Dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net sales (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	-	13.00	-	26.00	39.00	693	27.2	2.2
Year ended March 31, 2023	-	15.00	-	42.00	57.00	1,011	32.4	3.0
Year ending March 31, 2024 (Forecasts)	-	20.00	-	27.00	47.00		30.0	

(Notes) Year-end dividends for the fiscal year ended March 31, 2022 include commemorative dividend of 2.00 yen.

(The 100th anniversary of company's founding)

Year-end dividends for the fiscal year ended March 31, 2023 include commemorative dividend of 10.00 yen.

(The 100th anniversary of company's founding)

## 3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(% indicates changes from previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parents		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	16,408	3.6	1,868	(16.5)	2,004	(27.0)	1,312	(38.5)	74.17
Year ending March 31, 2024	33,550	5.9	3,820	(0.1)	3,938	(7.1)	2,769	(11.7)	156.46

### \*Notes

(1) Changes in significant subsidiaries during the period (change in scope of consolidation): None

(2) Changes in accounting principles, procedures, or indication methods:

- (a) Changes in accounting standards: None
- (b) Changes other than (a) above: None
- (c) Changes in accounting estimates: None
- (d) Retrospective restatements: None

(3) Number of shares outstanding (common stock)

(a) Number of shares outstanding at end of period (including treasury stock).

As of March 31, 2023: 17,894,089 shares

As of March 31, 2022: 17,894,089 shares

(b) Number of shares of treasury stock at end of period

As of March 31, 2023: 192,907 shares

As of March 31, 2022: 105,013 shares

(c) Average number of shares during the period

As of March 31, 2023: 17,805,323 shares

As of March 31, 2022: 17,780,582 shares

(Reference) Summary of Non-Consolidated Financial Results

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(1) Non-Consolidated Operating Results (% indicates changes from previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2023	19,329	9.5	956	26.8	3,233	48.7	2,881	70.2
Year ended March 31, 2022	17,653	13.0	754	139.7	2,174	86.1	1,693	71.3

	Net income (loss) per share	Fully diluted net income (loss) per share
	Yen	Yen
Year ended March 31, 2023	161.85	160.96
Year ended March 31, 2022	95.23	94.64

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2023	36,012	29,197	80.8	1,643.88
Year ended March 31, 2022	33,255	27,533	82.4	1,541.23

(Reference) Shareholder's equity: Year ended March 31, 2023 29,098 million yen  
Year ended March 31, 2022 27,416 million yen

\* This consolidated financial results are not subject to review by a certified public accountant or an audit firm.

\*Explanation concerning the appropriate use of business forecasts, and other special items

Business results forecasts and other forward-looking statements included in this document are based on information currently available to the Company and certain assumptions deemed reasonable at the time of writing. Please note that actual business results may differ materially from these forecasts, due to a variety of factors. For information concerning the business results forecasts, please refer to "(4) Explanation of Future Forecast Information including Consolidated Business Results Forecasts" on page 4 of the Accompanying Materials.

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## 1. Overview of Business Results

### (1) Overview of Business Results for the Fiscal Year under Review

(General situation)

During the consolidated financial year under review, the global economy showed signs of a recovery as it adjusted to living with the novel coronavirus, but the outlook remained uncertain due to soaring resource and energy prices in response to the situation in Ukraine, as well as monetary tightening policies and sharp exchange rate fluctuations in various countries, and increasing financial instability in Europe and the USA towards the end of the financial year, meaning the situation remained uncertain. The domestic economy also showed a gradual recovery trend amid the normalization of socio-economic activities, but in addition to the same risk factors as in the global economy, there were also concerns such as a decline in consumer confidence due to soaring prices, and concerns about a downturn in the economy continued.

In the dental industry, the impact of the novel coronavirus has gradually subsided, and there were some positive factors for the dental industry, such as the announcement of consideration of the introduction of universal dental check-ups in the Framework Policy approved by the Cabinet in June last year, but the market environment continues to change, including the increasing digitalization of dental care.

Under these circumstances, the Group, which celebrated its 100th anniversary in May 2022, entered the second year of its fourth medium-term management plan and has been actively pursuing measures for future growth. Specifically, in addition to launching new products in the digital dentistry and preventive fields, where growth is expected, the Group worked to strengthen its activities to provide information to dental professionals through the enhancement of digital content. In addition, the Group focused on expanding its overseas sales network, particularly in emerging countries, and worked to develop its business foundation for future growth by, for example, completing construction at the Kyoto Head Office of the new building “Ayumi Terrace”, which includes a showroom equipped with a dental CAD/CAM product demonstration experience. Furthermore, the Group formulated a basic policy to promote sustainability management, identified priority themes and materiality issues to be addressed, and developed initiatives to achieve the targets.

As a result, sales for the year under review amounted to ¥31,678 million, an increase of ¥3,540 million (12.6%) year-on-year.

Operating profit increased by ¥607 million (18.9%) year-on-year to ¥3,824 million, despite higher selling, general and administrative expenses, due to increased sales.

Ordinary profit increased by ¥579 million (15.8%) year-on-year to ¥4,238 million, with the increase in non-operating expenses reducing the growth in profit.

As a result of extraordinary gains on settlement income and gains on the sale of investment securities, net profit attributable to shareholders of the parent company after deducting tax expenses amounted to ¥3,135 million, an increase of ¥588 million (23.1%) year-on-year, with sales, operating profit, ordinary profit, and net profit all reaching record levels.

(Dental Business)

In Japan, CAD/CAM-related products such as the dental cutting ceramics “SHOFU DISK ZR Lucent Supra” and dental cutting resin material “SHOFU BLOCK HC HARD II” contributed to sales, resulting in a year-on-year increase in revenue.

Overseas, the sales strategy for the Giomer product range of medical care materials was successful, with sales of chemical products growing in all regions, and sales were strong, particularly in Asia, including China. Furthermore, the positive impact of exchange rate fluctuations contributed to a year-on-year increase in sales.

As a result, sales in the Dental business increased by ¥3,361 million (13.0%) year-on-year to ¥29,238 million and operating profit increased by ¥654 million (21.4%) to ¥3,719 million, despite an increase in selling, general and administrative expenses.

(Nail Care Business)

In Japan, sales of "by Nail Labo" gel nails for general consumers declined due to an offensive by competitors, but there were signs of recovery in the mainstay acrylic material "Nail de Dance", which contributed to sales, resulting in a year-on-year increase.

Overseas, in the USA, the Group focused on promotional activities utilizing media, but struggled due to a drop in consumption caused by inflation. On the other hand, in Taiwan, in addition to a recovery in demand from the novel coronavirus pandemic, sales of own-brand products increased, particularly at chain shops, resulting in a year-on-year increase in overall overseas sales.

As a result, sales in the nail-related business increased by ¥177 million (8.2%) year-on-year to ¥2,345 million, but operating profit decreased by ¥38 million (29.0%) to ¥93 million due to an increase in selling, general and administrative expenses.

(Other Businesses).

In other businesses, despite the impact of prolonged production cuts in the automobile industry overall sales of industrial abrasives remained strong throughout the year, as sales to industrial machinery remained steady due to a recovery in capital investment and growing needs for automation and labor-saving.

As a result, sales from other businesses were ¥95 million, an increase of ¥2 million (2.5%) year-on-year, but operating profit was ¥5 million, a decrease of ¥8 million (61.4%) year-on-year.

(Note: Sales in each segment do not include intersegment sales.)

## **(2) Overview of Financial Position for the Fiscal Year under Review**

Assets increased by ¥3,017 million from the end of the previous year to ¥43,727 million, mainly due to an increase in merchandise and finished goods and property, plant and equipment following the construction of a new building at the Head Office.

Liabilities increased by ¥441 million from the end of the previous year to ¥8,211 million, mainly due to an increase in income taxes payable and equipment-related payables.

Net assets increased by ¥2,575 million to ¥35,515 million, mainly due to an increase in retained earnings.

As a result, the equity ratio stood at 80.8% (80.5% at the end of the previous year).

## **(3) Overview of Cash Flows for the Fiscal Year under Review**

Cash and cash equivalents at the end of the period under review increased by ¥622 million to ¥8,830 million compared with the end of the previous year. The status of each cash flow and their factors during the year under review are as follows.

(Unit: ¥million)

	Previous period	Current period	Variance
Cash flows from operating activities	3,736	3,170	(566)
Cash flows from investing activities	(1,288)	(1,290)	(1)
Cash flows from financing activities	(1,074)	(1,457)	(382)
Effect of exchange rate changes on cash and cash equivalents	362	199	(162)
Net increase (decrease) in cash and cash equivalents	1,735	622	(1,112)
Cash and cash equivalents at beginning of year	6,305	8,208	1,902
Increase (decrease) due to change in scope of consolidation	166	-	(166)
Cash and cash equivalents at end of year	8,208	8,830	622

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥3,170 million (a decrease of ¥566 million compared to the previous year). This was mainly due to income before income taxes and minority interests of ¥4,410 million.

(Cash flows from investing activities)

Net cash used in investing activities amounted to -¥1,290 million (a decrease of ¥1 million compared to the previous year). This was mainly due to expenditure of ¥1,545 million on the acquisition of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities amounted to -¥1,457 million (a decrease of ¥382 million compared to the previous year). This was mainly due to dividend payments of ¥730 million by the parent company and repayments of long-term loans payable of ¥325 million.

#### (4) Future Outlook

Looking ahead, the global economy is expected to continue to grow, albeit gradually, but there continues to remain limited scope for optimism, with growing concerns of recession, particularly in Europe and the USA, because of monetary tightening policies in various countries.

In the dental industry, growth is expected in digital dentistry and the aesthetic and preventive fields in the domestic market, while demand for dental care is expected to grow in overseas markets due to economic growth and improved living standards in various regions.

Under these circumstances, the Group, under its management philosophy of "Contribution to dentistry through innovative business activities", is aiming to further increase its contribution to global dental care by achieving consolidated sales of ¥50 billion and consolidated operating profit of ¥7.5 billion, the way we should "aim to realize our ideal state".

FY2023, the final year of the fourth medium-term management plan, the Group will speedily and steadily implement its key tasks in the medium and long term with a view to further growth.

The outlook for the next financial year is as follows.

(Unit: ¥million, %)

	Result for the financial year ending March 31, 2023	Outlook for the financial year ending March 31, 2024	Variance	Percentage change
Net sales	31,678	33,550	1,871	5.9
Operating profit	3,824	3,820	(4)	(0.1)
Ordinary profit	4,238	3,938	(299)	(7.1)
Net profit for the year attributable to shareholders of the parent company	3,135	2,769	(365)	(11.7)

Main exchange rates US dollar ¥130.00, euro ¥140.00, British pound ¥155.00, Chinese yuan ¥19.00.

## **(5) Basic policy on Profit distribution and Dividends for the Fiscal Year under Review and Upcoming Fiscal year**

The Company's basic policy is to maintain and continue stable dividends while aiming to increase corporate value over the long term and return profits to shareholders, while at the same time strengthening the management base and improving the financial position of the Company. The company also intends to increase internal reserves to prepare for active business development in the future, such as investment in research and development to expand overseas business and develop new products, while strengthening the management base and improving the financial position.

As an indicator for the return of profits, the company aims for a consolidated dividend payout ratio of at least 30% and a dividend on equity (DOE) ratio of 1.7% and provides a stable return through interim and year-end dividends twice a year.

The year-end dividend for the year under review is ¥42 per share, consisting of an ordinary dividend of ¥32 per share and a commemorative dividend of ¥10 per share to celebrate the 100th anniversary of the company's founding, which together with the interim dividend of ¥15 per share already paid out, will bring the annual dividend to ¥57 per share.

The annual dividend per share for the next financial year is expected to be an ordinary dividend of ¥47 per share.

## **2. Basic approach to the Selection of Accounting Standards**

The Group's policy is to prepare its consolidated financial statements in accordance with Japanese GAAP for the time being, considering the comparability of the consolidated financial statements between periods and between companies.

It is the Company's policy to respond appropriately to the application of IFRS (International Financial Reporting Standards), considering various domestic and international circumstances.



### 3. Consolidated Financial Statements and Primary Notes

#### (1) Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (as of March 31, 2022)	Fiscal year under review (as of March 31, 2023)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	9,064	9,578
Notes receivable-trade	204	220
Accounts receivable-trade	3,089	3,273
Merchandises and finished goods	5,303	5,854
Work in process	1,126	1,413
Raw materials and supplies	1,125	1,124
Other	555	775
Allowance for doubtful accounts	(6)	(19)
<b>Total current assets</b>	<b>20,462</b>	<b>22,220</b>
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings and structures	9,837	11,501
Accumulated depreciation	(5,930)	(6,249)
Buildings and structures, net	3,907	5,252
Machinery, equipment and vehicles	4,758	5,077
Accumulated depreciation	(3,690)	(3,947)
Machinery, equipment and vehicles, net	1,067	1,130
Land	2,408	2,442
Construction in progress	352	259
Other	4,223	4,683
Accumulated depreciation	(3,529)	(3,772)
Other, net	693	910
Total property, plant and equipment	8,429	9,995
Intangible assets	427	462
Investments and other assets		
Investment securities	9,626	9,049
Deferred tax assets	107	148
Net defined benefit asset	1,220	1,316
Other	443	538
Allowance for doubtful accounts	(7)	(5)
Total investments and other assets	11,390	11,047
<b>Total non-current assets</b>	<b>20,247</b>	<b>21,506</b>
<b>Total assets</b>	<b>40,709</b>	<b>43,727</b>

(Millions of yen)

	Previous fiscal year (as of March 31, 2022)	Fiscal year under review (as of March 31, 2023)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	928	1,011
Current portion of long-term loans payable	325	907
Income taxes payable	656	780
Contract liabilities	6	6
Provision for directors' bonuses	50	64
Other	2,469	3,178
<b>Total current liabilities</b>	<b>4,437</b>	<b>5,949</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	1,153	281
Deffered tax liabilities	1,310	1,150
Net defined benefit liability	235	207
Other	633	622
<b>Total noncurrent liabilities</b>	<b>3,332</b>	<b>2,262</b>
<b>Total liabilities</b>	<b>7,769</b>	<b>8,211</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	5,968	5,968
Capital surplus	6,123	6,142
Retained earnings	16,001	18,406
Treasury shares	(115)	(379)
<b>Total shareholders' equity</b>	<b>27,978</b>	<b>30,138</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	3,426	3,201
Foreign currency translation adjustment	713	1,348
Remeasurements of defined benefit plans	641	655
<b>Total accumulated other comprehensive income</b>	<b>4,781</b>	<b>5,204</b>
<b>Subscription rights to shares</b>	<b>116</b>	<b>99</b>
<b>Non-controlling interests</b>	<b>64</b>	<b>73</b>
<b>Total net assets</b>	<b>32,940</b>	<b>35,515</b>
<b>Total liabilities and net assets</b>	<b>40,709</b>	<b>43,727</b>

**(2) Consolidated Statements of Income and Comprehensive Income**  
**Consolidated Statements of Income**

(Millions of yen)

	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Fiscal year under review (from April 1, 2022 to March 31, 2023)
<b>Net sales</b>	28,137	31,678
<b>Cost of sales</b>	11,970	12,979
<b>Gross profit</b>	16,167	18,699
<b>Selling, general, and administrative expenses</b>	12,950	14,874
<b>Operating profit</b>	3,217	3,824
<b>Non-operating income</b>		
Interest income	25	43
Dividend income	111	155
Foreign exchange gains	206	178
Share of profit of entities accounted for using equity method	1	9
Membership fee income	94	114
Other	229	153
<b>Total non-operating income</b>	668	654
<b>Non-operating expenses</b>		
Interest expenses	12	18
Membership fee	157	181
Other	56	41
<b>Total non-operating expenses</b>	226	240
<b>Ordinary profit</b>	3,658	4,238
<b>Extraordinary income</b>		
Gain on sales of investment securities	-	59
Settlement income	-	112
Total extraordinary income	-	171
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	47	-
Total extraordinary losses	47	-
<b>Profit before income taxes</b>	3,611	4,410
Income taxes-current	1,093	1,344
Income taxes-deferred	(50)	(94)
<b>Income taxes</b>	1,043	1,250
<b>Profit</b>	2,567	3,160
<b>Profit attributable to non-controlling interests</b>	20	24
<b>Profit attributable to owners of parent</b>	2,546	3,135

**Consolidated Statements of Comprehensive Income**

(Millions of yen)

	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Fiscal year under review (from April 1, 2022 to March 31, 2023)
<b>Profit</b>	2,567	3,160
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(31)	(225)
Foreign currency translation adjustment	833	636
Remeasurements of defined benefit plans, net of tax	(2)	13
<b>Total other comprehensive income</b>	799	424
<b>Comprehensive income</b>	3,366	3,584
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	3,340	3,558
Comprehensive income attributable to non-controlling interests	26	26

**(3) Consolidated Statements of Changes in Net Assets**  
**Previous fiscal year (from April 1, 2021 to March 31, 2022)**

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,968	6,097	14,116	(145)	26,037
Cumulative effects of changes in accounting policies			(0)		(0)
Restated balance	5,968	6,097	14,116	(145)	26,036
Changes of items during period					
Dividends of surplus			(604)		(604)
Profit attributable to owners of parent			2,546		2,546
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		25		30	56
Change in scope of consolidation			(57)		(57)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	25	1,885	30	1,941
Balance at end of current period	5,968	6,123	16,001	(115)	27,978

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	3,457	(114)	644	3,987	116	57	30,198
Cumulative effects of changes in accounting policies							(0)
Restated balance	3,457	(114)	644	3,987	116	57	30,197
Changes of items during period							
Dividends of surplus							(604)
Profit attributable to owners of parent							2,546
Purchase of treasury shares							(0)
Disposal of treasury shares							56
Change in scope of consolidation							(57)
Net changes of items other than shareholders' equity	(31)	827	(2)	793		7	801
Total changes of items during period	(31)	827	(2)	793	-	7	2,742
Balance at end of current period	3,426	713	641	4,781	116	64	32,940

**Fiscal year under review (from April 1, 2022 to March 31, 2023)**

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,968	6,123	16,001	(115)	27,978
Cumulative effects of changes in accounting policies			-		
Restated balance	5,968	6,123	16,001	(115)	27,978
Changes of items during period					
Dividends of surplus			(730)		(730)
Profit attributable to owners of parent			3,135		3,135
Purchase of treasury shares				(322)	(322)
Disposal of treasury shares		19		58	78
Change in scope of consolidation			-		-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	19	2,405	(264)	2,160
Balance at end of current period	5,968	6,142	18,406	(379)	30,138

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	3,426	713	641	4,781	116	64	32,940
Cumulative effects of changes in accounting policies							-
Restated balance	3,426	713	641	4,781	116	64	32,940
Changes of items during period							
Dividends of surplus							(730)
Profit attributable to owners of parent							3,135
Purchase of treasury shares							(322)
Disposal of treasury shares							78
Change in scope of consolidation							-
Net changes of items other than shareholders' equity	(225)	634	13	422	(16)	8	414
Total changes of items during period	(225)	634	13	422	(16)	8	2,575
Balance at end of current period	3,201	1,348	655	5,204	99	73	35,515

#### (4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Fiscal year under review (from April 1, 2022 to March 31, 2023)
<b>Net cash provided by (used in) operating activities</b>		
Profit before income taxes	3,611	4,410
Depreciation	901	971
Increase (decrease) in allowance for doubtful accounts	(1)	9
Increase (decrease) in net defined benefit liability	(126)	(128)
Interest and dividend income	(136)	(198)
Interest expenses	12	18
Foreign exchange losses (gains)	(47)	(3)
Loss (gain) on sales of investment securities	-	(59)
Share of loss (profit) of entities accounted for using equity method	(1)	(9)
Settlement income	-	(112)
Decrease (increase) in notes and accounts receivable - trade	23	(114)
Decrease (increase) in inventories	(102)	(572)
Increase (decrease) in notes and accounts payable - trade	(153)	(3)
Other, net	392	(188)
Subtotal	4,371	4,019
Interest and dividend income received	224	287
Interest expenses paid	(10)	(15)
Income taxes paid	(848)	(1,141)
Settlement received	-	21
Net cash provided by (used in) operating activities	3,736	3,170
<b>Cash flows from investing activities</b>		
Payments into time deposits	(769)	(883)
Proceeds from withdrawal of time deposits	554	994
Purchase of property, plant and equipment	(964)	(1,545)
Proceeds from sales of property, plant and equipment	-	5
Purchase of intangible assets	(101)	(87)
Proceeds from sales of investment securities	-	233
Payments of loans receivable	(6)	(16)
Collection of loans receivable	10	15
Other, net	(12)	(7)
Net cash provided by (used in) investing activities	(1,288)	(1,290)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(91)	-
Repayments of lease obligations	(61)	(62)
Proceeds from long-term loans payable	517	-
Repayments of long-term loans payable	(814)	(325)
Decrease (increase) in treasury shares	(0)	(322)
Cash dividends paid	(604)	(730)
Dividends paid to non-controlling interests	(19)	(17)
Proceeds from exercise of share options	-	0
Net cash provided by (used in) financing activities	(1,074)	(1,457)
<b>Effect of exchange rate change on cash and cash equivalents</b>	362	199
<b>Net increase (decrease) in cash and cash equivalents</b>	1,735	622
<b>Cash and cash equivalents at beginning of period</b>	6,305	8,208
<b>Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation</b>	166	-
<b>Cash and cash equivalents at end of period</b>	8,208	8,830

(5) Notes to Consolidated Financial Statements  
(Notes Relating to Assumptions for the Going Concern)  
Not applicable.

(Segment Information, etc)

1. Overview of Reportable Segments

The Company's reportable segments are components of the Company for which separate financial statements are available and which are regularly reviewed by the Board of Directors to determine the allocation of management resources and assess their performance.

The Group's operations comprise dental, nail care and other businesses (manufacturing and sales of industrial materials and equipment), with each business unit formulating comprehensive domestic and international strategies and developing business activities.

Accordingly, the Company has three reportable segments: "Dental Business", "Nail Care Business" and "Other Businesses". The "Dental Business" is engaged in the manufacture, sale and repair services of materials and equipment related to dentistry, the "Nail Care Business" is engaged in the manufacture, sale and service of beauty and health equipment and cosmetics related to nails, and the "Other Businesses" is engaged in the manufacture and sale of industrial materials and equipment.

2. Methods used to calculate of sales, profit or loss, assets and other items by reportable segment

The accounting methods of the reported business segments are generally the same as those described in "Important considerations in the preparation of consolidated financial statements".

3. Information regarding sales, profit or loss, assets and other items by reportable segment and decomposition of income

Previous financial year (April 1, 2021 - March 31, 2022)

(Unit: ¥million)

	Reportable segment				Adjustments (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Dental Business	Nail Care Business	Other Businesses	Sub-total		
Net sales						
Sales to external customers	25,876	2,168	92	28,137	-	28,137
Inter-segment Internal sales or transfers	-	-	6	6	(6)	-
Total	25,876	2,168	99	28,144	(6)	28,137
Segment profit	3,065	131	14	3,211	5	3,217
Segment assets	32,046	1,745	110	33,901	6,807	40,709
Other items						
Depreciation expense	867	29	3	901	-	901
Share of profit of entities accounted for using equity method	1	-	-	1	-	1
Investments in entities accounted for using the equity method	2,814	-	-	2,814	-	2,814
Increase in property, plant and equipment and Intangible fixed assets	1,070	29	0	1,100	-	1,100

(Note 1) (1) The segment profit adjustment of ¥5 million is due to the elimination of inter-segment transactions.

(2) Adjustments to segment assets of ¥6,807 million include corporate assets that are not allocated to each segment and mainly comprise surplus operating funds (cash and deposits) and long-term investment assets (investment securities, etc.) of the Company.

2 Operating profit in the consolidated statement of income is adjusted to calculate segment profit.

(Unit: ¥million)

	Reportable segment			Total
	Dental Business	Nail Care Business	Other Businesses	
Japan	12,790	1,350	92	14,233
North America and Latin America	3,054	271	-	3,325
Europe	5,659	-	-	5,659
Asia	4,372	546	-	4,919
Revenue from contracts with customers	25,876	2,168	92	28,137
Other revenue	-	-	-	-
Sales to external customers (Note)	25,876	2,168	92	28,137

(Note: Sales to external customers are based on the location of the Company and its consolidated subsidiaries and are classified by country or region.



Financial year under review (April 1, 2022 - March 31, 2023)

(Unit: ¥million)

	Reportable segment				Adjustments (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Dental Business	Nail Care Business	Other Businesses	Sub-total		
Net sales						
Sales to external customers	29,238	2,345	95	31,678	-	31,678
Inter-segment Internal sales or transfers	-	-	5	5	(5)	-
plan	29,238	2,345	100	31,684	(5)	31,678
Segment profit	3,719	93	5	3,818	6	3,824
Segment assets	35,454	1,841	101	37,397	6,329	43,727
Other items						
Depreciation expense	931	37	3	971	-	971
Share of profit of entities accounted for using equity method	9	-	-	9	-	9
Investments in entities accounted for using the equity method	2,734	-	-	2,734	-	2,734
Increase in property, plant and equipment and intangible fixed assets	2,258	59	2	2,319	-	2,319

(Note 1) (1) Adjustment of segment profit of ¥6 million is due to the elimination of inter-segment transactions.

(2) Adjustments to segment assets of ¥ 6,329 million include corporate assets that are not allocated to each segment and mainly comprise surplus operating funds (cash and deposits) and long-term investment assets (investment securities, etc.) of the Company.

2 Segment profit is adjusted for operating profit in the consolidated statement of income.

(Unit: ¥million)

	Reportable segment			Total
	Dental Businesses	Nail Care Business	Other Businesses	
Japan	13,594	1,335	95	15,025
North America and Latin America	3,635	273	-	3,908
Europe	6,355	-	-	6,355
Asian	5,653	736	-	6,389
Revenue from contracts with customers	29,238	2,345	95	31,678
Other revenue	-	-	-	-
Sales to external customers	29,238	2,345	95	31,678

(Note: Sales to external customers are based on the location of the Company and its consolidated subsidiaries and are classified by country or region.

(Per share information)

	Previous financial year (April 1, 2021 - March 31, 2022)	Financial year under review (April 1, 2022 - March 31, 2023)
Net assets per share	¥1,841.55	¥1,996.64
Net profit per share for the year	¥143.22	¥176.10
Diluted net profit per share	¥142.33	¥175.13

(The basis for calculating net profit per share and diluted net profit per share is as follows.)

	Previous financial year (April 1, 2021 - March 31, 2022)	Financial year under review (April 1, 2021 - March 31, 2022)
Net profit per share for the year		
Net profit for the year attributable to shareholders of the parent company (¥million)	2,546	3,135
Amounts not attributable to ordinary shareholders (¥million)	-	-
Net profit attributable to shareholders of the parent company on ordinary shares (¥million)	2,546	3,135
Average number of ordinary shares during the year (thousand shares)	17,780	17,805
Diluted net profit per share		
Adjustment to net profit attributable to equity holders of the parent company (¥million)	-	-
Increase in the number of ordinary shares (thousand shares)	110	98
Summary of potential shares not included in the calculation of diluted earnings per share as they have no dilutive effect.	-	-

2.The basis for the calculation of net assets per share is as follows.

	Previous financial year (As of March 31, 2022)	Financial year under review (As of March 31, 2023)
Total net assets (¥million)	32,940	35,515
Amounts deducted from total net assets (¥million)	180	172
Net assets at the end of the year relating to ordinary shares (¥million)	32,759	35,342
Number of ordinary shares at the end of the year used in the calculation of net assets per share (thousands of shares)	17,789	17,701

(Significant subsequent events).

Not applicable.