Flash Report for 3rd quarter Ended September 30, 2021 (on a consolidated basis) [Japan GAAP]

November 12, 2021

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Scheduled date to submit Securities Report: November 12, 2021
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, 2021)

(1) Operating Results

	Millions of yen					
	Net sales		Operating income		Ordinary income	
3rd quarter ended September 30, 2021	33,469	50.2%	11,113	117.2%	11,266	112.4%
3rd quarter ended September 30, 2020	22,281	-14.7%	5,116	-22.1%	5,303	-22.0%

	Income attributable to owners of parent		Earnings per share (yen)	Diluted EPS (yen)
3rd quarter ended September 30, 2021	8,096	107.9%	93.45	93.24
3rd quarter ended September 30, 2020	3,893	-20.4%	44.94	44.84

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, 2021 8,571 million (124.6%)

3rd quarter ended September 30, 2020 3,817 million (-23.1%)

(2) Financial Position

	Millions of yen		
	Total assets	Net assets	Equity ratio
As of September 30, 2021	89,997	81,630	90.4%
As of December 31, 2020	82,470	76,272	92.3%

Note: Owners' equity As of September 30, 2021 81,394 million
As of December 31, 2020 76,080 million

2. Dividends

	Cash dividends per share (yen)				
	3rd quarter	2nd quarter	3rd quarter	Year-end	Annual
Year ended December 31, 2020	—	15.00	—	15.00	30.00
Year ending December 31, 2021	—	17.00	—		
Year ending December 31, 2021 (forecast)				17.00	34.00

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, 2021)

	Millions of yen								
	Net sales		Operating income		Ordinary income		Income attributable to owners of parent		Earnings per share (yen)
Full year	41,661	26.0%	13,001	52.2%	12,988	50.5%	9,338	44.7%	108.52

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

2. Revisions to performance forecasts during the period: Not 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.: Not 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, 2021: 94,259,400 shares
As of December 31, 2020: 94,259,400 shares

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

As of September 30, 2021: 7,803,886 shares
As of December 31, 2020: 7,602,642 shares

Average number of shares during the period

3rd quarter ended September 30, 2021: 86,637,649 shares
3rd quarter ended September 30, 2020: 86,652,764 shares

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

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Results of Operations

In the world economy during 3rd quarter, many countries and areas have been doing proactive financial and monetary activities so economy all over the world was trend to expand. However resource prices such as crude oil increased and supply chains delayed due to the high rapid demand. So uncertainty for future was increasing.

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

Under these circumstances, in Dental product segment, which is our main segment, Domestic sales in 1st quarter were good but it's been steady gradually but other areas sales increased. Industrial product segment and Other businesses sales increased as well. Total sales increased by 50.2%.

On the other hand, freight increased because sales increased and cost increased but advertisement and travel expenses increased just a little so Selling, general and administrative expenses increased by 15.2%. Operating income increased by 117.2%.

As a result, the Group sales were ¥33,469,106 thousand (+50.2% year on year), operating income was ¥11,113,769 thousand (+117.2%), ordinary income was ¥11,266,259 thousand (+112.4%) and income attributable to owners of parent for the quarter was ¥8,096,069 thousand (+107.9%).

The following is a breakdown of business performance by segment.

(Dental Products)

In Dental Products, in 1st quarter Domestic sales increased dramatically thanks to subsidy from government etc. but it's been steady gradually. Europe, North America and Asia sales increased as well. Total dental sales increased dramatically. Segment profit increased as well.

As a result, sales were ¥ 29,693,684 thousand (+53.7%) and segment profit was ¥ 13,058,419 thousand (+79.7 %).

(Industrial Products)

In Industrial Products, Asia sales increased dramatically (+50.0%). Domestic, Europe and North America sales increased as well. Total industrial sales increased. Segment profit increased as well.

As a result, sales were ¥2,616,486 thousand (+29.2%) and segment profit was ¥989,088 thousand (+34.7%).

(Other Businesses)

In Other Businesses, which are repair services, sales were ¥1,158,935 thousand (+23.8%) and segment profit was ¥173,679 thousand (+114.8%).

(2) Explanation of Financial Position

(Assets, liabilities and net asset)

Total assets at the end of 3rd quarter were ¥89,997,659 thousand and increased by ¥7,526,918 thousand compared with the end of the previous fiscal year. The main reasons were that Cash and deposits increased by ¥3,441,314 thousand and Investment securities increased by ¥1,745,668 thousand.

Total liabilities were ¥8,367,296 thousand and increased by ¥2,168,631 thousand compared with the end of the previous fiscal year. The main reason was Other in current liabilities increased by ¥1,497,271 thousand.

Net asset was ¥ 81,630,362 thousand and increased by ¥5,358,287 compared with the end of the previous fiscal year. The main reason was that Retained earnings increased by ¥5,323,053 thousand.

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

Currently we will not change the forecast announced on August 6, 2021.

2. Consolidated Quarterly Financial Statements and Principal Notes

(1) Consolidated Quarterly Balance Sheets

(Thousands of yen)

	As of December 31, 2020	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	32,238,337	35,679,652
Notes and accounts receivable - trade	5,158,047	5,143,766
Securities	1,433,277	1,743,644
Money held in trust	4,129,321	4,342,071
Merchandise and finished goods	4,487,638	5,144,289
Work in process	3,506,289	3,369,854
Raw materials and supplies	2,610,225	2,481,480
Other	870,939	1,664,359
Allowance for doubtful accounts	-90,537	-64,894
Total current assets	54,343,539	59,504,225
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,302,136	15,391,750
Machinery, equipment and vehicles	6,681,859	7,118,617
Tools, furniture and fixtures	4,970,635	5,177,079
Land	1,989,815	2,022,358
Construction in progress	219,356	401,521
Accumulated depreciation	-14,273,115	-15,426,373
Total property, plant and equipment	14,890,687	14,684,954
Intangible assets		
Software	346,531	378,271
Software in progress	373,414	335,010
Goodwill	161,259	121,710
Other	224,275	330,061
Total intangible assets	1,105,481	1,165,054
Investments and other assets		
Investment securities	6,292,232	8,037,901
Shares of subsidiaries and associates	2,870,068	3,206,239
Insurance funds	2,179,870	2,189,435
Retirement benefit asset	0	–
Deferred tax assets	145,102	563,281
Other	645,150	648,015
Allowance for doubtful accounts	-1,393	-1,447
Total investments and other assets	12,131,032	14,643,425
Total non-current assets	28,127,201	30,493,433
Total assets	82,470,741	89,997,659

(Thousands of yen)

	As of December 31, 2020	As of September 30, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	806,981	1,088,222
Short-term borrowings	100,000	100,000
Income taxes payable	1,663,099	1,807,753
Provision for bonuses	385,000	619,500
Other	2,458,292	3,955,564
Total current liabilities	5,413,373	7,571,039
Non-current liabilities		
Retirement benefit liability	313,704	308,520
Deferred tax liabilities	273,079	286,490
Other	198,508	201,245
Total non-current liabilities	785,292	796,257
Total liabilities	6,198,665	8,367,296
Net assets		
Shareholders' equity		
Share capital	867,948	867,948
Capital surplus	1,180,482	1,180,482
Retained earnings	77,435,739	82,758,793
Treasury shares	-5,593,711	-6,076,880
Total shareholders' equity	73,890,460	78,730,344
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,284,166	2,138,035
Foreign currency translation adjustment	-94,595	525,871
Total accumulated other comprehensive income	2,189,571	2,663,907
Share acquisition rights	189,688	232,552
Non-controlling interests	2,355	3,558
Total net assets	76,272,075	81,630,362
Total liabilities and net assets	82,470,741	89,997,659

(2) Consolidated Quarterly Statements of Income and Comprehensive Income

(Consolidated Quarterly Statements of Income)

(Thousands of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Net sales	22,281,397	33,469,106
Cost of sales	9,039,425	12,995,253
Gross profit	13,241,971	20,473,852
Selling, general and administrative expenses	8,125,252	9,360,083
Operating profit	5,116,719	11,113,769
Non-operating income		
Interest income	75,469	59,485
Dividend income	27,960	26,945
Gain on investments in money held in trust	–	161,570
Subsidy income	83,503	32,133
Share of profit of entities accounted for using equity method	–	226,361
Miscellaneous income	121,535	90,730
Total non-operating income	308,469	597,227
Non-operating expenses		
Interest expenses	2,763	2,589
Loss on investments in money held in trust	17,157	–
Commission expenses	–	2,489
Foreign exchange losses	73,279	422,043
Miscellaneous loss	28,407	17,614
Total non-operating expenses	121,608	444,737
Ordinary profit	5,303,579	11,266,259
Extraordinary income		
Gain on sales of non-current assets	1,862	–
Gain on sales of investment securities	–	17,087
Total extraordinary income	1,862	17,087
Extraordinary losses		
Loss on sales of non-current assets	315	–
Loss on retirement of non-current assets	3,396	312
Total extraordinary losses	3,712	312
Profit before income taxes	5,301,730	11,283,034
Income taxes - current	1,481,498	3,542,981
Income taxes - deferred	-73,996	-357,132
Total income taxes	1,407,501	3,185,848
Profit	3,894,228	8,097,185
Profit attributable to non-controlling interests	351	1,116
Profit attributable to owners of parent	3,893,876	8,096,069

(Consolidated Quarterly Statements of Comprehensive Income)

(Thousands of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Profit	3,894,228	8,097,185
Other comprehensive income		
Valuation difference on available-for-sale securities	-48,310	-146,131
Foreign currency translation adjustment	-28,748	620,553
Total other comprehensive income	-77,058	474,422
Comprehensive income	3,817,169	8,571,607
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,817,619	8,570,405
Comprehensive income attributable to non-controlling interests	-449	1,202

(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, 2020 (From January 1, 2020 to September 30, 2020)

(Thousands of yen)

	Reportable segments				Reconciling items	Per quarterly consolidated financial statements
	Dental products	Industrial products	Others	Reportable segments		
Sales						
Revenues from external customers	19,320,410	2,024,554	936,432	22,281,397	–	22,281,397
Transactions with other segments	–	–	–	–	–	–
Net sales	19,320,410	2,024,554	936,432	22,281,397	–	22,281,397
Operating profit (loss)	7,265,120	734,500	80,858	8,080,479	-2,963,759	5,116,719

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, 2021 (From January 1, 2021 to September 30, 2021)

(Thousands of yen)

	Reportable segments				Reconciling items	Per quarterly consolidated financial statements
	Dental products	Industrial products	Others	Reportable segments		
Sales						
Revenues from external customers	29,693,684	2,616,486	1,158,935	33,469,106	–	33,469,106
Transactions with other segments	–	–	–	–	–	–
Net sales	29,693,684	2,616,486	1,158,935	33,469,106	–	33,469,106
Operating profit (loss)	13,058,419	989,088	173,679	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.