

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025
(Japanese Accounting Standards)

May 9, 2025

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 Operating Officer
 Contact: Takashi Morimoto, General Manager of Finance Department
 Scheduled date of ordinary shareholder's meeting: June 25, 2025
 Scheduled date for filing of annual securities report: June 24, 2025
 Scheduled commencement date of dividend payment: June 5, 2025
 Supplementary documents for financial results: Yes
 Financial results briefing: Yes (for analysts and institutional investors)

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

1. Consolidated financial results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 –March 31, 2025)

(1) Consolidated Operating Results

(% indicates changes from previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to Owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2025	38,698	10.3	5,392	14.5	5,523	7.9	4,317	18.1
Year ended March 31, 2024	35,080	10.7	4,709	23.1	5,118	20.8	3,655	16.6

(Note) Comprehensive income: Year ended March 31, 2025 2,471 million yen (-65.5%)
 Year ended March 31, 2024 7,157 million yen (99.7%)

	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, 2025	121.52	121.09	10.3	11.0	13.9
Year ended March 31, 2024	103.09	102.62	9.5	10.9	13.4

(Reference) Equity in earnings (losses) of affiliates: Year ended March 31, 2025 -7 million yen
 Year ended March 31, 2024 -7 million yen

(Note) The Company conducted a two-for-one stock split with a record date of 1 October 2024. Net income per share and fully diluted net income per share were calculated assuming the stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	49,994	42,736	85.2	1,198.37
As of March 31, 2024	50,093	41,609	82.7	1,168.02

(Reference) Shareholder's equity: Year ended March 31, 2025 42,596 million yen
 Year ended March 31, 2024 41,448 million yen

(Note) The Company conducted a two-for-one stock split with a record date of 1 October 2024. Net assets per share was calculated assuming the stock split was conducted at the beginning of the previous fiscal year.

(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, 2025	3,447	(914)	(1,783)	10,061
Year ended March 31, 2024	3,089	(1,295)	(2,096)	9,024

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	Millions of yen	%	%
Year ended March 31, 2024	—	20.00	—	42.00	62.00	1,100	30.1	2.9
Year ended March 31, 2025	—	36.00	—	31.00	—	1,741	40.3	4.1
Year ending March 31, 2026 (Forecasts)	—	21.00	—	32.00	53.00		40.1	

(Notes) On October 1, 2024, a 2-for-1 stock split of the common shares was effected. All year-end share prices for FY3/24 have been restated to reflect the stock split, ensuring consistency with FY3/25 figures. As a simple aggregate is not possible due to the stock split, the annual dividend per share forecast is displayed as "-". However, the annual dividend per share on a pre-stock split basis would be ¥98.00.

3. Consolidated Operating Results Forecasts for the Fiscal Year Ending March 31, 2026 (April 1, 2025 – March 31, 2026) (% indicates changes from previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to Owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2025	19,943	5.6	2,489	-18.2	2,580	-14.2	1,908	-19.3	53.69
Year ending March 31, 2026	40,876	5.6	5,236	-2.9	5,363	-2.9	4,701	8.9	132.28

*Notes

(1) Changes in significant subsidiaries during the period (change in scope of consolidation): Yes
Number of new companies 1 (company names): SHOFU PRODUCTS CHANGZHOU CO.,LTD,
Number of excluded companies: —

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

- (a) Changes in accounting policies resulting from revisions in accounting standards: None
(b) Changes in accounting policies due to other reasons: Yes
(c) Changes in accounting estimates: Yes
(d) Retrospective restatements: None

(Notes) For details, please refer to page 13 “3. Notes to Consolidated Financial Statement and Primary Notes(5) Notes to Consolidated Financial Statements (Changes in accounting policies that are difficult to distinguish from changes in accounting-based estimates)

(3) Number of shares outstanding (common stock)

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

As of March 31, 2025: 35,788,178 shares

As of March 31, 2024: 35,788,178 shares

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

As of March 31, 2025: 242,920 shares

As of March 31, 2024: 302,228 shares

(c) Average number of shares during the period

As of March 31, 2025: 35,529,519 shares

As of March 31, 2024: 35,463,368 shares

(Notes) The Company conducted a two-for-one stock split with a record date of 1 October 2024. The calculation of number of shares outstanding at end of the period, treasury stock at end of the period and average number of shares during the period that the stock split was conducted at the beginning of the previous fiscal year.

(Reference) Summary of Non-Consolidated Financial Results

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 – March 31, 2025)

(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, 2025	22,973	8.0	2,023	20.3	4,328	2.4	3,993	13.9
Year ended March 31, 2024	21,273	10.1	1,681	75.9	4,226	30.7	3,506	21.7

	Net income (loss) per share	Fully diluted net income (loss) per share
	Yen	Yen
Year ended March 31, 2025	112.40	112.00
Year ended March 31, 2024	98.87	98.42

(Note) The Company conducted a two-for-one stock split with a record date of 1 October 2024. Net income per share and fully diluted net income per share were calculated assuming the stock split was conducted at the beginning of the previous fiscal year.

(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, 2025	39,750	34,165	85.8	959.44
Year ended March 31, 2024	40,667	33,552	82.3	943.29

(Reference) Shareholder's equity: Year ended March 31, 2025 34,103 million yen
Year ended March 31, 2024 33,473 million yen

(Note) The Company conducted a two-for-one stock split with a record date of 1 October 2024. Net assets per share was calculated assuming the stock split was conducted at the beginning of the previous fiscal year.

* These 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) Future Outlook" 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 fiscal year ended March 31, 2025, the global economy picked up as inflation eased, but the outlook remained uncertain due partly to political instability in Europe and concerns about the impact of U.S. tariff policies in the second half of the fiscal year. The domestic economy also showed a moderate recovery trend against the backdrop of improving employment and income levels, but the outlook remained uncertain in light of downside risks in the global economy and a decline in consumer confidence due to continuing price increases.

In the dental industry, the global market for related equipment and materials continues to grow in line with greater uptake of digitization in dental care. However, tougher competition throughout in the industry resulted in continued adverse business conditions. Against this backdrop, the Company launched its Fifth Medium-term Management Plan and has aggressively pursued future growth initiatives.

Specifically, in Japan, the Company proactively worked to aggressively launch CAD/CAM-related products in the domestic market and strengthen its sales strategies, mainly in the preventive medicine and digital dentistry fields, while overseas, the Company worked to develop products that meet local requirements and expand sales offices and the sales network.

In addition, the Company also implemented measures that anticipate longer-term growth, including the start of construction on a new head office plant with the aim of increasing production capacity.

As a result, net sales for the fiscal year ended March 31, 2025, increased by ¥3,617 million (10.3%) year on year to ¥38,698 million.

Operating income increased by ¥683 million (14.5%) to ¥5,392 million year-on-year due to higher sales, despite an increase in selling, general and administrative expenses.

Ordinary income increased by ¥404 million (7.9%) year-on-year to ¥5,523 million, despite the recording of foreign exchange losses as non-operating expenses.

As a result of recording ¥681 million in gains on sales of investment securities as extraordinary income and ¥50 million in losses on retirement of non-current assets as extraordinary loss, profit attributable to shareholders of the parent company increased by ¥661 million (18.1%) year on year to ¥4,317 million, and net sales, operating income, ordinary income, and the net income all reached record highs.

(Dental Business)

In Japan, sales grew year-on-year thanks to contributions from products including EyeSpecial C-V (an intraoral digital camera that first went on sale the previous fiscal year) and CAD/CAM-related products such as SHOFU Disc ZR Lucent Supra (ceramic material for dental cutting/machining) and SHOFU BLOCK PEEK (resin material for dental cutting/machining).

Overseas, sales of chemical products such as filling and restorative materials increased in all areas, driven mainly by the US and Asia and sales also rose due to the positive impact of forex movements.

As a result, net sales in the dental business increased by ¥3,732 million (11.4%) year-on-year to ¥36,356 million and operating income increased by ¥753 million (16.1%) year on year to ¥5,438 million despite higher selling, general and administrative expenses.

(Nail Care Business)

In Japan, sales rose for ARTiS di Voce (hand care product), which is posting upbeat sales in Taiwan but competition increased in a saturated market due to greater commoditization and sluggish sales of the mainstay professional gel nail product Presto and the acrylic material Nail De Dance. As a result, segment sales declined year-on-year.

Overseas, sales fell year-on-year. In Taiwan, efforts were made to expand sales of own brand products, but aggressive moves by overseas companies impacted sales. In Other regions, sales were also weak due to a slump in

consumption spending due to inflation in the US and tighter import restrictions in China.

As a result, sales in the Nail business fell ¥130 million (down 5.5%) year-on-year to ¥2,243 million and the Company posted an operating loss of ¥66 million (a deterioration of ¥71 million compared to the same period in the previous year).

(Other Businesses).

In other businesses, the market for industrial abrasives grew due to an increase in capex by manufacturing firms, but overall earnings were sluggish due to the impact of plant stoppages in the mainstay automotive-related field, and concerns about forex trends such as the weaker yen. As a result, net sales in other businesses increased by ¥15 million (19.6%) year-on-year to ¥97 million, and operating income increased by ¥1 million (12.5%) year on year to ¥14 million due to a recovery in orders from customers who adjusted inventories in the previous fiscal year and efforts to acquire new customers.

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

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

Assets decreased by ¥99 million versus the end of the previous fiscal year to ¥49,994 million due to a lower market prices for investment securities .

Total liabilities decreased by ¥1,226 million versus the end of the previous fiscal year to ¥7,257 million, mainly due to a decline in long-term debt (including debt payable within one year) and a decrease in deferred tax liabilities.

Net assets increased by ¥1,126 million versus the end of the previous fiscal year to ¥42,736 million, due mainly to an increase in retained earnings.

As a result, the equity ratio was 85.2% (82.7% 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 current period increased by ¥1,037 million from the end of the previous fiscal year to ¥10,061 million. The status of each cash flow and their factors during the year are as follows.

(Unit: ¥ million)

	Previous period	Current period	Variance
Cash flows from operating activities	3,089	3,447	358
Cash flows from investing activities	(1,295)	(914)	381
Cash flows from financing activities	(2,096)	(1,783)	312
Effect of exchange rate changes on cash and cash equivalents	496	287	(208)
Net increase (decrease) in cash and cash equivalents	193	1,037	844
Cash and cash equivalents at beginning of year	8,830	9,024	193
Cash and cash equivalents at end of year	9,024	10,061	1,037

(Cash flows from operating activities)

Cash flows from operating activities amounted to ¥3,447 million, an increase of ¥358 million versus the previous fiscal year. This was mainly due to the net income prior to tax and other adjustments of ¥6,154 million.

(Cash flows from investing activities)

Cash flows from investing activities was -¥914 million, an increase of ¥381 million compared with the previous fiscal year. This was mainly due to the purchase of property, plant and equipment and property, plant & equipment of ¥1,229 million.

(Cash flows from financing activities)

Cash flows from financing activities amounted to -¥1,783 million, an increase of ¥312 million from the previous fiscal year. This was mainly due to dividend payments by the parent company of ¥1,385 million.

(4) Future Outlook

Looking ahead, the gradual recovery in the global economy is expected to continue, but conditions are expected to remain unpredictable due to growing concerns about the future, including the escalating trade dispute caused by a shift to protectionism in the US, concerns about a slowdown in the Chinese economy, and escalating geopolitical risks.

In the dental industry, the Company expects the global market to grow substantially due to an increase in dental treatment demand in emerging markets, progress in digital dental technology, mainly in developed countries, and a shift from treatment to beauty and prevention.

Against this backdrop, the Company, based on a management philosophy to make a "Contribution to dentistry through innovative business activities," aims to achieve consolidated net sales of ¥50 billion and consolidated operating income of ¥7.5 billion in the fiscal year ending March 31, 2028, and will work on key issues for the longer term to further increase its contribution to global dental care.

The outlook for the next financial year is as follows.

(Unit: ¥ million, %)

	Result for the financial year ending March 31, 2025	Outlook for the financial year ending March 31, 2026	Variance	Percentage change
Net sales	38,698	40,876	2,178	5.6
Operating income	5,392	5,236	-156	-2.9
Ordinary income	5,523	5,363	-159	-2.9
Net income attributable to owners of parent	4,317	4,701	384	8.9

Main forex assumptions: ¥140/\$, ¥150/€, ¥185/£ and ¥20/RMB.

There are numerous uncertainties regarding the impact of US tariff policy at this time, and we are still evaluating its impact on our business and earnings. We therefore do not factor it into our financial forecast for the next fiscal year. The Company will again calculate the impact on its earnings estimates when the impact becomes clear and will disclose them as necessary.

(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 considering to increase retained earnings to brace for active business development in the future, including expansion of overseas business and investing in R&D to develop new products, while strengthening the management base and improving the balance sheet.

On the profit returns front, the Company targets a consolidated payout ratio of at least 40% and a dividend on equity (DOE) of at least 3.0% resulting in stable shareholder returns via dividends twice a year, in 1H and at the end of the fiscal year.

The dividend for the current fiscal year will consist of the already paid interim dividend of ¥36 per share and a fiscal year-end dividend of ¥31 per share. However, due to the two-for-one stock split of common shares conducted on October 1, 2024, a simple summation of the annual dividend per share is not applicable. Excluding the stock split, the fiscal year-end dividend would be ¥62 per share, and the annual dividend ¥98.

For the next fiscal year, the Company plans to pay an interim dividend of ¥21 per share, a year-end dividend of ¥32 per share, for an annual dividend of ¥53 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, 2024)	Fiscal year under review (as of March 31, 2025)
Assets		
Current assets		
Cash and deposits	9,716	10,653
Notes receivable	222	166
Accounts receivable	4,316	3,993
Securities	-	239
Merchandises and finished goods	7,312	8,195
Work in process	1,741	1,980
Raw materials and supplies	1,237	1,408
Other	648	949
Allowance for doubtful accounts	-15	-64
Total current assets	25,179	27,521
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,958	12,234
Accumulated depreciation	-6,705	-6,974
Buildings and structures, net	5,252	5,260
Machinery, equipment and vehicles	5,462	5,580
Accumulated depreciation	-4,132	-4,219
Machinery, equipment and vehicles, net	1,330	1,361
Land	2,546	2,388
Construction in progress (buildings)	115	422
Other	5,133	5,473
Accumulated depreciation	-4,143	-4,302
Other, net	989	1,171
Total property, plant and equipment	10,234	10,603
Intangible assets	524	556
Investments and other assets		
Investment securities	11,553	8,709
Deferred tax assets	158	159
Net defined benefit asset	1,875	1,910
Other	574	631
Allowance for doubtful accounts	-6	-97
Total investments and other assets	14,155	11,313
Total non-current assets	24,914	22,472
Total assets	50,093	49,994

(Millions of yen)

	Previous fiscal year (as of March 31, 2024)	Fiscal year under review (as of March 31, 2025)
Liabilities		
Current liabilities		
Accounts payable-trade	1,378	1,231
Current portion of long-term loans payable	281	-
Income taxes payable	880	906
Contract liabilities	75	63
Provision for directors' bonuses	63	66
Other	2,914	2,950
Total current liabilities	5,593	5,218
Non-current liabilities		
Deferred tax liabilities	2,023	1,163
Net defined benefit liability	228	216
Other	638	659
Total non-current liabilities	2,890	2,038
Total liabilities	8,484	7,257
Net assets		
Shareholders' equity		
Capital stock	5,968	5,968
Capital surplus	6,134	6,151
Retained earnings	20,964	23,896
Treasury shares	-297	-239
Total shareholders' equity	32,770	35,777
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,094	3,040
Foreign currency translation adjustment	2,620	2,893
Remeasurements of defined benefit plans	963	884
Total accumulated other comprehensive income	8,678	6,818
Subscription rights to shares	79	61
Non-controlling interests	82	78
Total net assets	41,609	42,736
Total liabilities and net assets	50,093	49,994

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

(Millions of yen)

	Previous fiscal year (from April 1, 2023 to March 31, 2024)	Fiscal year under review (from April 1, 2024 to March 31, 2025)
Net sales	35,080	38,698
Cost of sales	14,084	15,706
Gross profit	20,995	22,991
Selling, general, and administrative expenses	16,286	17,599
Operating income	4,709	5,392
Non-operating income		
Interest income	66	96
Dividend income	185	187
Foreign exchange gains	225	-
Membership fee income	136	145
Other	221	247
Total non-operating income	834	677
Non-operating expenses		
Interest expenses	22	17
Membership fee	291	295
Foreign exchange losses	-	110
Share of loss of entities accounted for using equity method	7	7
Other	104	116
Total non-operating expenses	425	546
Ordinary income	5,118	5,523
Extraordinary income		
Gain on sales of investment securities	285	681
Gain on recovery of remittance fraud at overseas subsidiary	52	-
Total extraordinary income	337	681
Extraordinary losses		
Impairment loss	173	-
Loss on retirement of non-current assets	-	50
Total extraordinary losses	173	50
Net income before income taxes	5,282	6,154
Income taxes-current	1,698	1,764
Income taxes-deferred	-93	54
Income taxes	1,604	1,819
Net income	3,677	4,335
Net income attributable to non-controlling interests	21	17
Net income attributable to owners of parent	3,655	4,317

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous fiscal year (from April 1, 2023 to March 31, 2024)	Fiscal year under review (from April 1, 2024 to March 31, 2025)
Net income	3,677	4,335
Other comprehensive income		
Valuation difference on available-for-sale securities	1,893	-2,053
Foreign currency translation adjustment	1,277	269
Remeasurements of defined benefit plans, net of tax	308	-78
Total other comprehensive income	<u>3,479</u>	<u>-1,863</u>
Comprehensive income	<u>7,157</u>	<u>2,471</u>
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	7,130	2,457
Comprehensive income attributable to non-controlling interests	27	13

(3) Consolidated Statements of Changes in Net Assets
Previous fiscal year (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,968	6,142	18,406	-379	30,138
Changes of items during period					
Dividends of surplus			-1,098		-1,098
Profit attributable to owners of parent			3,655		3,655
Purchase of treasury shares				-1	-1
Disposal of treasury shares		-8		83	74
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-8	2,557	82	2,631
Balance at end of current period	5,968	6,134	20,964	-297	32,770

	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	3,201	1,348	655	5,204	99	73	35,515
Changes of items during period							
Dividends of surplus							-1,098
Profit attributable to owners of parent							3,655
Purchase of treasury shares							-1
Disposal of treasury shares							74
Net changes of items other than shareholders' equity	1,893	1,272	308	3,474	-19	8	3,462
Total changes of items during period	1,893	1,272	308	3,474	-19	8	6,094
Balance at end of current period	5,094	2,620	963	8,678	79	82	41,609

Fiscal year under review (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,968	6,134	20,964	-297	32,770
Changes of items during period					
Dividends of surplus			-1,385		-1,385
Profit attributable to owners of parent			4,317		4,317
Purchase of treasury shares				-1	-1
Disposal of treasury shares		17		59	76
Net changes of items other than shareholders' equity					
Total changes of items during period	-	17	2,932	57	3,007
Balance at end of current period	5,968	6,151	23,896	-239	35,777

	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	5,094	2,620	963	8,678	79	82	41,609
Changes of items during period							
Dividends of surplus							-1,385
Profit attributable to owners of parent							4,317
Purchase of treasury shares							-1
Disposal of treasury shares							76
Net changes of items other than shareholders' equity	-2,053	272	-78	-1,859	-17	-3	-1,880
Total changes of items during period	-2,053	272	-78	-1,859	-17	-3	1,126
Balance at end of current period	3,040	2,893	884	6,818	61	78	42,736

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (from April 1, 2023 to March 31, 2024)	Fiscal year under review (from April 1, 2024 to March 31, 2025)
Net cash provided by (used in) operating activities		
Profit before income taxes	5,282	6,154
Depreciation	1,168	1,059
Impairment loss	173	-
Increase (decrease) in allowance for doubtful accounts	-4	140
Increase (decrease) in net defined benefit liability	-101	-168
Interest and dividend income	-251	-284
Interest expenses	22	17
Foreign exchange losses (gains)	-41	-118
Loss (gain) on sales of investment securities	-285	-681
Share of loss (profit) of entities accounted for using equity method	7	7
Gain on recovery of remittance fraud at overseas subsidiary	-52	-
Decrease (increase) in notes and accounts receivable - trade	-834	369
Decrease (increase) in inventories	-1,302	-1,203
Increase (decrease) in notes and accounts payable - trade	78	-147
Other, net	396	-352
Subtotal	4,255	4,792
Interest and dividend income received	346	368
Interest expenses paid	-22	-16
Income taxes paid	-1,584	-1,739
Settlement received	42	42
Recovery of remittance fraud at overseas subsidiary received	52	-
Net cash provided by (used in) operating activities	3,089	3,447
Cash flows from investing activities		
Payments into time deposits	-701	-791
Proceeds from withdrawal of time deposits	759	891
Purchase of securities	-	-243
Purchase of property, plant and equipment	-1,616	-1,229
Proceeds from sales of property, plant and equipment	3	20
Purchase of intangible assets	-95	-88
Proceeds from sales of investment securities	405	869
Purchase of investment securities	-	-320
Payments of loans receivable	-6	-1
Collection of loans receivable	10	7
Other, net	-54	-30
Net cash provided by (used in) investing activities	-1,295	-914
Cash flows from financing activities		
Repayments of lease obligations	-13	-98
Repayments of long-term loans payable	-964	-281
Decrease (increase) in treasury shares	-1	-0
Cash dividends paid	-1,098	-1,385
Dividends paid to non-controlling interests	-18	-17
Proceeds from exercise of share options	0	0
Net cash provided by (used in) financing activities	-2,096	-1,783
Effect of exchange rate change on cash and cash equivalents	496	287
Net increase (decrease) in cash and cash equivalents	193	1,037
Cash and cash equivalents at beginning of period	8,830	9,024
Cash and cash equivalents at end of period	9,024	10,061

(5) Notes to Consolidated Financial Statements

(Notes to Relating to Assumptions for the Going Concern)

Not applicable.

(Notes to Changes in Accounting Policies)

(Changes in accounting policies that are difficult to distinguish from changes in accounting-based estimates)

(Changes to depreciation methodology for property, plant and equipment)

In the past, the Company and its domestic consolidated subsidiaries mainly used the declining balance method for depreciation of property, plant and equipment (excluding leased assets, although the straight-line method was used for depreciation of building fixtures and structures acquired from April 1 2016) but from the first quarter of the fiscal year ending March 31, 2025, the method of depreciation was changed to the straight-line method.

While maintaining and enhancing the foundation of the domestic business, the Group is shifting the allocation of management resources to overseas, expanding the size of the overseas business and promoting a more global management. As part of this strategy, in the new Fifth Medium-Term Management Plan (covering the period from the fiscal year ending March 2025 through fiscal year ending March 2028), the Company plans to reallocate its production bases, including those overseas. When considering the depreciation method for property, plant and equipment at this time, we decided that adopting the straight-line method for depreciation of property, plant and equipment is appropriate from a perspective of cost allocation and better reflects the economic situation. This is because the production and operations of property, plant and equipment are likely to be stable over the long-term and the effects of any investment will be seen on an average basis by optimizing the entire production system of the entire Group.

As a result of this change, depreciation for the fiscal year ended March 31, 2025, decreased by ¥173 million. As a result, operating income increased by ¥150 million, and ordinary income and net income before income taxes for the fiscal year ended March 31, 2025, both increased by ¥151 million.

(Notes to 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”.

(Change to depreciation method for property, plant and equipment)

As stated in the section on changes in accounting policies that are difficult to distinguish from changes in accounting-based estimates, the declining balance method was mainly used by the Company and its domestic consolidated subsidiaries for depreciation of property, plant and equipment (excluding lease assets) in the past, but the depreciation method was changed to the straight-line method from the first quarter of the Fiscal Year Ending March 31, 2025.

As a result, compared to the previous method, segment income for the fiscal year ended March 31, 2025 increased by ¥146 million in the Dental Business and by ¥1 million in Other Businesses.

In addition, segment loss in the Nail Care Business decreased by ¥2 million for the same fiscal year.

3. Information regarding sales, gains (losses) by reportable segment and revenue decomposition information

Previous financial year (April 1, 2023 - March 31, 2024)

(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	32,624	2,373	81	35,080	-	35,080
Inter-segment Internal sales or transfers	-	-	6	6	(6)	-
Total	32,624	2,373	87	35,086	(6)	35,080
Segment profits	4,685	5	12	4,703	6	4,709
Segment assets	39,250	1,812	98	41,161	8,932	50,093
Other items						
Depreciation expense	1,131	34	3	1,168	-	1,168
Share of profit (loss) of entities accounted for using equity method	(7)	-	-	(7)	-	(7)
Impairment loss	173	-	-	173	-	173
Investments in entities accounted for using the equity method	2,633	-	-	2,633	-	2,633
Increase in property, plant and equipment and Intangible fixed assets	1,266	13	2	1,282	-	1,282

(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 ¥ 8,932 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.

3 Due to the decision of Mertz Dental GmbH to discontinue the development of some of its manufacturing facilities, the book value of these assets was reduced to the recoverable amount, and the amount of the reduction was recorded as impairment loss of 173 million yen under extraordinary losses.

(Unit: ¥million)

	Reportable segment			Total
	Dental Business	Nail Care Business	Other Businesses	
Japan	14,138	1,367	81	15,588
North America and Latin America	4,023	218	-	4,241
Europe	7,492	-	-	7,492
Asia	6,970	787	-	7,758
Revenue from contracts with customers	32,624	2,373	81	35,080
Other revenue	-	-	-	-
Sales to external customers (Note)	32,624	2,373	81	35,080

(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, 2024 - March 31, 2025)

(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	36,356	2,243	97	38,698	-	38,698
Inter-segment Internal sales or transfers	-	-	4	4	(4)	-
Total	36,356	2,243	102	38,702	(4)	38,698
Segment profits(losses)	5,438	(66)	14	5,386	5	5,392
Segment assets	41,765	1,699	121	43,587	6,407	49,994
Other items						
Depreciation expense	1,012	41	5	1,059	-	1,059
Share of profit (loss) of entities accounted for using equity method	(7)	-	-	(7)	-	(7)
Impairment loss	-	-	-	-	-	-
Investments in entities accounted for using the equity method	2,541	-	-	2,541	-	2,541
Increase in property, plant and equipment and intangible fixed assets	1,415	30	-	1,445	-	1,445

(Note 1) (1) Adjustment of segment profit of ¥4 million is due to the elimination of inter-segment transactions.

(2) Adjustments to segment assets of ¥ 6,407 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	15,366	1,316	97	16,780
North America and Latin America	4,699	188	-	4,888
Europe	8,310	-	-	8,310
Asian	7,980	738	-	8,718
Revenue from contracts with customers	36,356	2,243	97	38,698
Other revenue	-	-	-	-
Sales to external customers	36,356	2,243	97	38,698

(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, 2023 - March 31, 2024)	Financial year under review (April 1, 2024 - March 31, 2025)
Net assets per share	¥1,168.02	¥1,198.37
Net income per share for the year	¥103.09	¥121.52
Fully diluted net income per share	¥102.62	¥121.09

(Note) 1. The basis for calculating net income per share and fully diluted net income per share is as follows.

	Previous financial year (April 1, 2023 - March 31, 2024)	Financial year under review (April 1, 2024 - March 31, 2025)
Net income per share for the year		
Net income for the year attributable to owners of parent (¥million)	3,655	4,317
Amounts not attributable to ordinary shareholders (¥million)	-	-
Net income attributable to owners of parent common stock (¥million)	3,655	4,317
Average number of common shares during the year (thousand shares)	35,463	35,529

Fully diluted net income per share		
Adjustment to net income attributable to owners of parent (¥million)	-	-
Increase in the number of common shares (thousand shares)	161	127
Summary of potential shares not included in the calculation of fully diluted net income per share as they have no dilutive effect.	-	-

2. The Company conducted a two-for-one stock split with a record date of 1 October 2024. Net income per share and fully diluted net income per share were calculated assuming the stock split was conducted at the beginning of the previous fiscal year.

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

	Previous financial year (As of March 31, 2024)	Financial year under review (As of March 31, 2025)
Total net assets (¥million)	41,609	42,736
Amounts deducted from total net assets (¥million)	161	140
Net assets at the end of the year relating to common shares (¥million)	41,448	42,596
Number of common shares at the end of the year used in the calculation of net assets per share (thousands of shares)	35,485	35,545

4. The Company conducted a two-for-one stock split with a record date of 1 October 2024. Net assets per share was calculated assuming the stock split was conducted at the beginning of the previous fiscal year.

(Significant Subsequent Events)

None

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In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.