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SHOFU Group Formulates New Long-Term Vision “Vision10”

- Aiming to Become a Global Top-10 Dental Company by 2040 with ¥250 Billion in Revenue and a 20% Operating Margin -

SHOFU Group has formulated a new long-term vision, “Vision10,” which aims to position the Company among the global top 10 dental companies by 2040, targeting ¥250 billion in revenue and an operating margin of 20%. The Vision was approved at today’s meeting of the Board of Directors.

Positioned as a long-term roadmap, Vision10 outlines the strategic direction for enhancing the Group’s contribution to dental healthcare worldwide.

An overview is provided below:

1. Background and Purpose of the New Long-Term Vision

Since its founding, the SHOFU Group has operated as a comprehensive manufacturer of dental materials and equipment under its corporate philosophy of “Contribution to dentistry through innovative business activities.”

Despite the fact that the global dental market is more than 20 times larger than Japan’s, the Company recognizes that its presence in the global arena remains limited and that there is still considerable room for growth in fulfilling its aspiration to “contribute to the world.”

Against this backdrop, the Company has been pursuing its current long-term vision—the “¥50 Billion Plan”—through the Fifth Medium-Term Management Plan, which concludes in the fiscal year ending March 2028. While the Company expects to achieve this vision, At the same time, the global dental industry is undergoing accelerating structural changes, driven by factors such as technological innovation, demographic shifts, and the growing importance of preventive care.

Against this backdrop of external change, and by fully leveraging SHOFU’s strengths in technology and its academic network, the Company formulated “Vision10,” a long-term vision targeting fiscal 2040, with the aim of clearly defining its growth scenario over the next 10 to 15 years.

Vision10 is positioned as a long-term guideline for achieving, through innovative corporate activities, the objectives of further enhancing the Company’s contribution to global dental healthcare in line with its corporate philosophy, and ensuring sustained growth beyond the current medium-term management plan.

2. Overview of the New Long-Term Vision “Vision10”

(Goal)

Becoming a Global Top-10 Company in the Dental Industry

SHOFU aims to establish a solid position in the global dental industry by 2040, aiming for ¥250 billion in revenue and an operating margin of 20% as its long-term growth target.

(Vision for 2040)

Becoming a Leading Company in Digital Dentistry and Oral Care, Shaping the Future of Global Dental Solutions

Amid major shifts in the industry—driven by demographic change, the growing importance of preventive care, and advances in digital technologies—SHOFU envisions a future in which it builds on its strengths in R&D, technology, academic networks, and its robust business foundations in production and sales.

These capabilities, together with the trust accumulated over many years, constitute the intangible assets that will enable the Company to drive value creation in dental healthcare.

(Numerical Targets for 2040)

Group revenue of ¥250 billion and operating income of ¥50 billion (Operating margin of 20%)

These targets are based on the assumption that the Fifth Medium-Term Management Plan will be achieved and were set as part of the Company’s phased growth scenario toward joining the global top 10.

To realize Vision10, the SHOFU Group will focus on the following priority areas:

- Establishing a foundation for sustainable growth by expanding its categories, brands, and business base in restorative materials
- Strengthening brand power, broadening the customer base, and accelerating global expansion in key focus areas such as digital dentistry, preventive and oral care, and orthodontics
- Expanding initiatives in new, related fields such as periodontal care, regenerative medicine, and education

Through these initiatives, the SHOFU Group will steadily translate the long-term growth scenario set out in Vision10 into concrete results and further enhance its contribution to dental healthcare worldwide.

For further details, please refer to the attached document, “SHOFU Group’s New Long-Term Vision ‘Vision10.’”

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



SHOFU Group

New Long-Term Vision “Vision10”

*Our philosophy remains unchanged.
And the distance between us and the world can be brought even closer.*

Corporate Philosophy

Contribution to dentistry through innovative business activities

Corporate Message

Creating Brighter Smiles for Healthier Lives.

For more than 100 years since its founding, the SHOFU Group has operated as a comprehensive manufacturer of dental materials and equipment, contributing to the advancement of dental healthcare. Globally, the dental market is more than twenty times larger than that of Japan. Guided by our philosophy of contributing to the world, we are now in a phase of envisioning the next stage of growth, with a view toward becoming one of the global top ten companies in the dental industry.

Long-Term Vision Toward 2040: “Vision 10”



Vision 10 ▶▶▶ Aspiring to Become a Global Top-10 Company in the Dental Industry
A Leading company in Digital Dentistry and Oral Care. Pioneering the Future of Global Dental Solutions

Background	Purpose
<ul style="list-style-type: none">■ The link between oral health and systemic diseases is widely recognized and dental care is becoming increasingly important from a societal perspective in preventive medicine and maintaining systemic health.■ The global dental market is undergoing a major transition due to technological innovation and demographic shifts.■ With our long-term vision set in 2012 expected to be achieved by 2028, it has become necessary to clearly define the next long-term growth scenario that extends beyond 2028.	<ul style="list-style-type: none">■ Based on our corporate philosophy, we aim to clarify the Group’s long-term growth axis focused on enhancing the social value of dental care, and to define a clear strategic direction for the future.■ To realize our corporate philosophy into the future■ To redefine our business portfolio, group management, and global structure with a view toward the future■ To establish group-wide medium- to long-term strategic direction that can be shared across both management and frontline operations

Targets in the 5th Medium-Term Plan

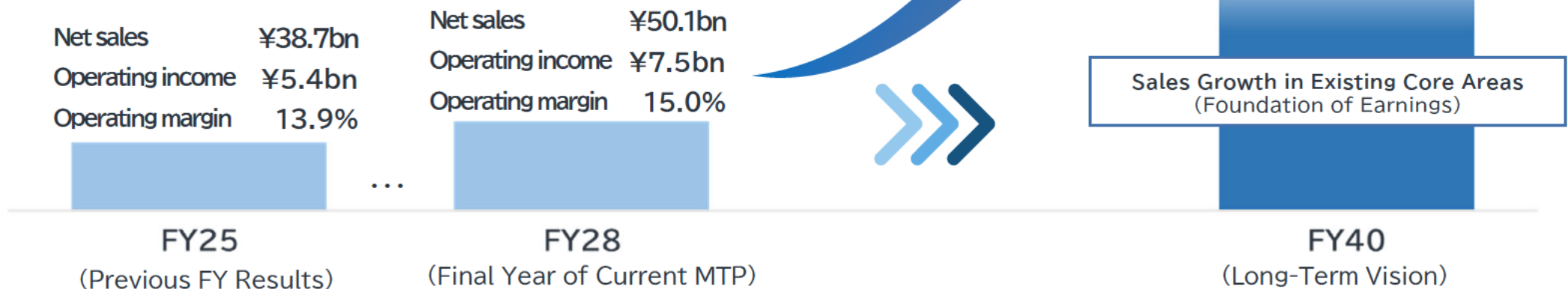


Growth Targets Toward 2040 under “Vision 10”



~5x net sales and ~6.6x operating income growth,
based on our scenario toward FY2040 (vs. FY2028)

*Existing businesses: targeting sustained growth of 7-8% CAGR,
higher than market-average growth*



By 2040, we are aiming to become
a Global Top-10 company in the dental industry,

targeting a net sales level of approximately ¥250bn and an operating margin of around 20%.

Strategic Growth Priorities Toward 2040 under “Vision 10”



Create and enter new business domains

Scale digital, preventive, and orthodontic businesses globally

Strengthen core franchises and category foundations in restorative materials

Future expansion

(Future Growth Options)

Starting from dentistry, explore adjacent fields such as healthcare, education, and life sciences

Accelerate Global × Digital

(Accelerating Growth)

Leverage CAD/CAM and digital dentistry to expand into high-growth areas such as preventive, aesthetic, and orthodontic care

Deepen technology, brand, and network capabilities

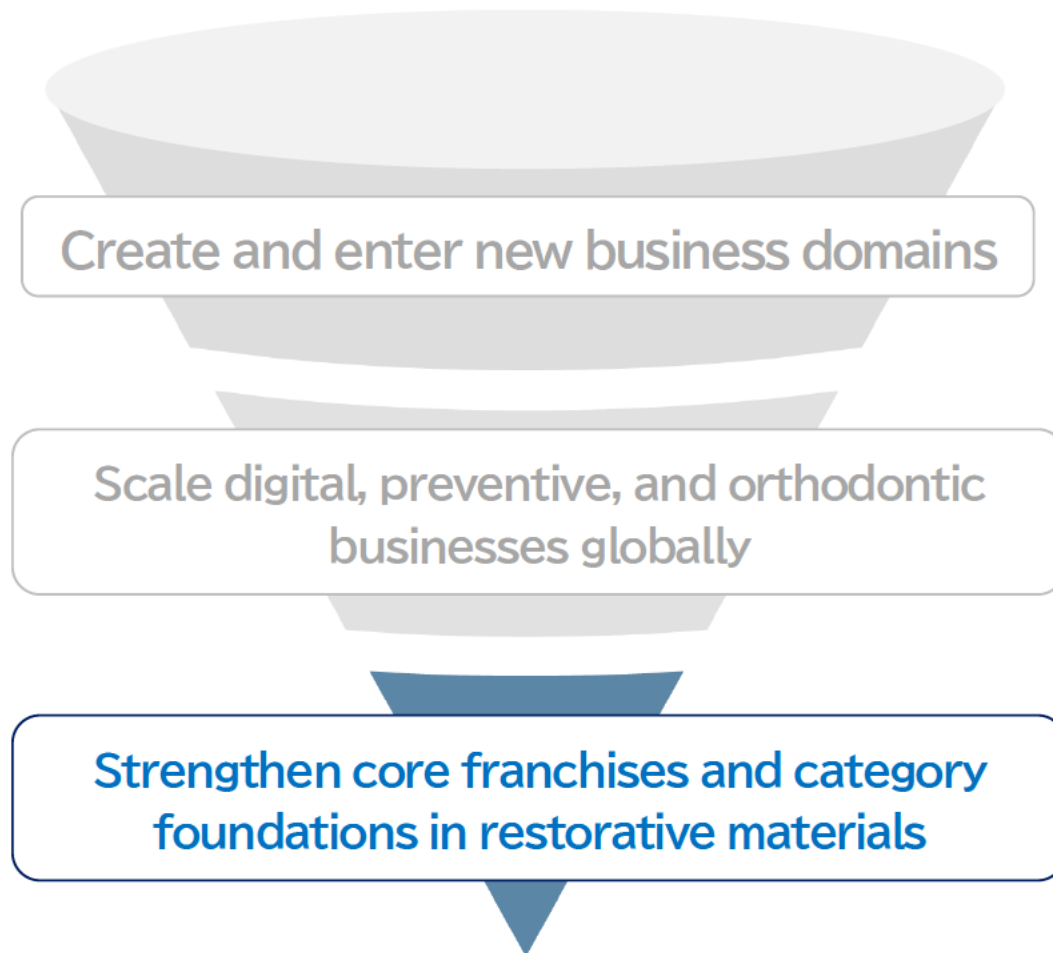
(Foundation for Growth)

Strengthen R&D, academic networks, and brand platforms to solidify foundations for sustainable growth

Expand into growth domains —
digital, preventive, orthodontic, and new business fields

“Vision10”: Our Approach to Growth

-Building a Structure Not Dependent on a Single Growth Driver-



■ The Restorative Materials Category Forms the Foundation for the Establishment and Growth of Vision10

Ensuring Scalability Through Technology, Brand, and Network Strengths

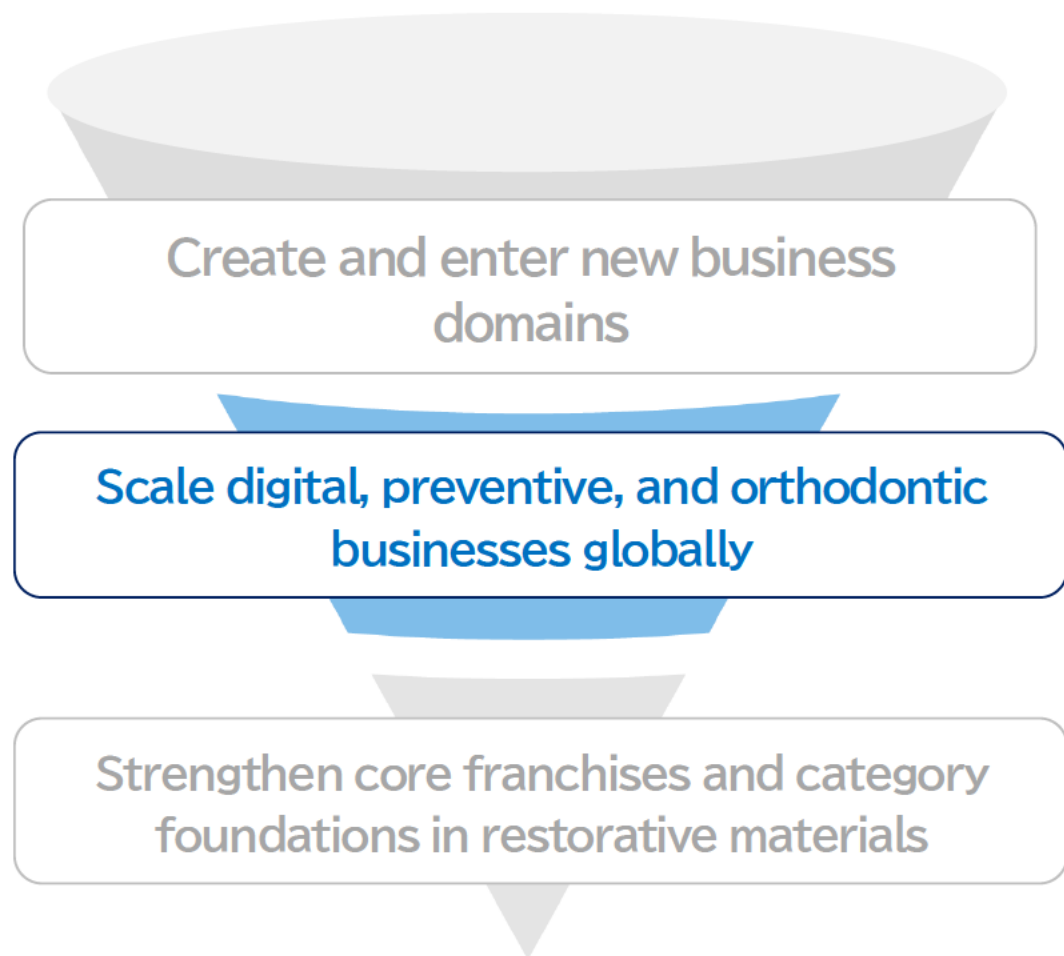
(A Growth Axis Expandable Across Regions and Product Categories)

- ▶ Backed by our technological capabilities and academic network, restorative materials represent a business foundation that can be deployed stably and consistently on a global scale.
- ▶ Through the expansion of our sales network and optimization of production systems, we have built a structure that enables the rollout of similar growth models across multiple regions, while adapting to local market characteristics and regulatory environments.
- ▶ In addition to strengthening existing brands, we will steadily build business scale by expanding related categories and broadening customer touchpoints in a phased manner.

Achieving Vision10 requires, first and foremost, a solid and resilient foundation in our existing business areas.

“Vision10”: Our Approach to Growth

-Building a Structure Not Dependent on a Single Growth Driver-



■ Driving Global Expansion and Digitalization (Accelerating Growth)

In digital dentistry, prevention, and orthodontics, we will accelerate growth by globalizing our existing businesses.

- ▶ Positioning digitally compatible restorative materials as a core growth pillar, we will expand our category presence, brand strength, and customer base globally through enhanced R&D and optimized manufacturing systems.
- ▶ In the CAD/CAM field, with materials development at the core, we will strengthen collaboration with software and hardware partners and promote the global adoption of the S-WAVE system by establishing robust overseas support structures.
- ▶ In the prevention and oral care segment, we will expand the global rollout of the Merssage system while also broadening touchpoints with general consumers.
- ▶ For orthodontic materials as well, we will leverage expertise developed in Japan to pursue a phased expansion into overseas markets.

Leveraging the technologies, brands, and customer touchpoints cultivated through our existing businesses, we will accelerate value creation by expanding our presence in high-growth markets.

“Vision10”: Our Approach to Growth

-Building a Structure Not Dependent on a Single Growth Driver-



Create and enter new business domains

The diagram is a funnel shape divided into three horizontal sections. The top section is blue and contains the text "Create and enter new business domains". The middle section is light gray and contains the text "Scale digital, preventive, and orthodontic businesses globally". The bottom section is also light gray and contains the text "Strengthen core franchises and category foundations in restorative materials". Arrows point downwards from the top section to the middle, and from the middle to the bottom.

Scale digital, preventive, and orthodontic businesses globally

Strengthen core franchises and category foundations in restorative materials

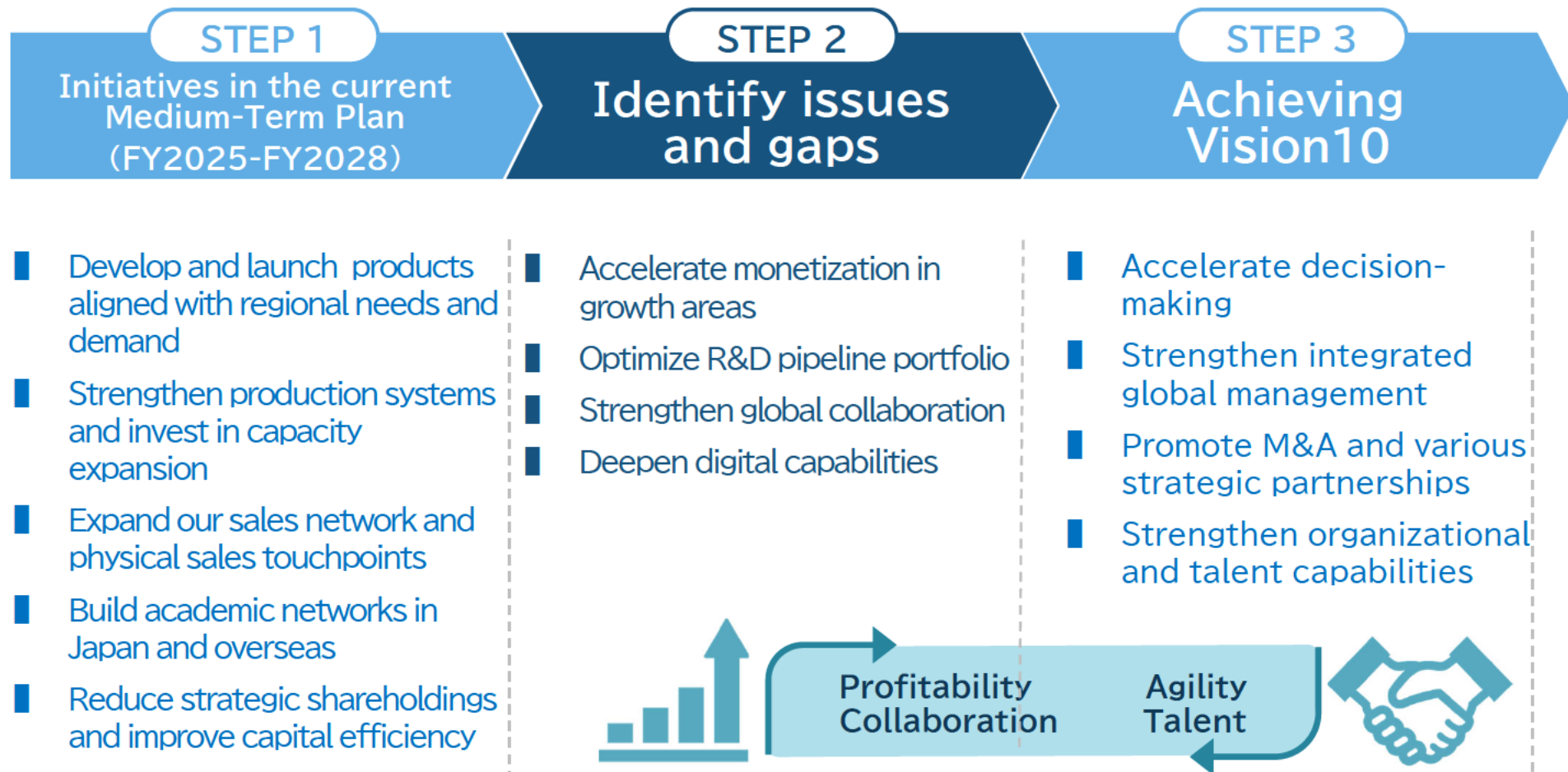
■ Future Expansion (Future Growth Options)

Leveraging our existing technologies, expertise, and networks, we will broaden future growth options over the medium to long term.

- ▶ With an eye on future growth potential, we will identify new priority areas and consider strategic alliances with external partners to expand our business portfolio over the medium to long term.
- ▶ With a focus on the importance of collaboration across dental healthcare, we will explore future commercialization opportunities in related fields such as periodontal disease, diabetes, dementia, and regenerative medicine, where strong synergies with dentistry can be expected.
- ▶ By contributing to dental education to improve access to dental care in emerging markets, enhancing operational efficiency at dental laboratories and clinics through DX, and supporting the transfer of knowledge and technology, we aim to expand our business domains with a strong focus on oral healthcare and an awareness of the evolving environment surrounding dental care.

Through these initiatives, we will further expand our growth fields with a strong focus on overseas markets, while continuously securing growth options that enable flexible responses to future changes in the business environment and market opportunities.

Steps from Current Medium-Term Plan towards “Vision10”



Build on “structural reform and trust building” achieved in the current Medium-Term Plan to enhance “speed and collaboration,” and strengthen ***“execution and co-creation capabilities”*** toward Vision10.

Connecting current achievements to the next MTP and long-term vision

- **Solidify our foundation through the steady execution of the 5th Medium-Term Plan**
 - ▶ Rebuild production, R&D, and sales functions
 - ▶ Build mechanisms to consistently generate growth
- **Shift to a business expansion phase in the next Medium-Term Plan (from FY2029)**
 - ▶ Enhance both organic growth and transformational growth through partnerships and M&A
 - ▶ Establish a “co-creation” structure integrating R&D, production, and sales
- **Accelerate progress toward the 2040 long-term Vision**
 - ▶ Leverage business domains × global network × technology × collaboration
 - ▶ Expand presence in dental and broader healthcare markets, advancing toward becoming a global top-10 company
- **Evolve into an organization that flexibly adapts to change, grounded in our philosophy**
 - ▶ Put our corporate philosophy — “Contribution to dentistry through innovative business activities” — into practice

