

# 1<sup>st</sup> Quarter FY2026 (April 2025 - March 2026) Earnings Presentation Materials

Prepared for Investor Meeting on August 8, 2025

## SHOFU INC.

August 6, 2025

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Corporate Planning



## Financial Summary

Consolidated Financial Results for Q1 FY2026

Financial Forecasts for FY2026



## Q1 FY2026 results

Net sales	¥9,506mn	(Overseas sales 58.3%)
Operating income	¥1,495mn	

- Performance in line with plan. Overseas, momentum in some regions is easing, but strength in Japan is supporting overall performance. Net sales increased by 0.5% YoY.
- Operating income decreased by 3.6% YoY due to an increase in SG&A expenses, despite an improvement in the gross profit margin thanks to a better product mix.
- Q1 impact of the U.S. tariffs was limited to about ¥30mn. Based on estimates of effects for the full year, we will take a flexible approach for measures as necessary while closely looking at policy trends.

## FY2026 outlook

Net sales	¥40,876mn	(Overseas sales 58.6%)
Operating income	¥5,236mn	

- We expect sales to increase by 5.6% YoY due to continued sales growth in Japan and overseas in existing products (mainly filling and restoration materials and CAD/CAM materials), as in the previous period. Assumptions are premised on a stronger yen than current forex rates (Forex assumptions: ¥140.00/\$, ¥150.00/€, ¥20.00/RMB)
- **Expect sales to reach a record high for the fifth consecutive year. We also expect profits to remain at a high level.**

## Shareholder returns

Dividend policy: Payout ratio of 40%+ and DOE of 3.0%+ on a consolidated basis

Dividend forecast for FY26 :¥53/share (H1: ¥21/share, H2: ¥32/share)

## Financial Summary

# Consolidated Financial Results for Q1 FY2026

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# Key earnings highlights for Q1 FY2026

(¥mn, %)

	Q1-FY2025 Actual		Q1-FY2026 Actual		Change YoY		H1-FY2026 Forecast		Full Year FY2026 Forecast	
	(% of sales)		(% of sales)		(% change)		(progress, %)		(progress, %)	
Net sales	9,457	( 100.0)	9,506	( 100.0)	49	( 0.5)	19,943	( 47.7)	40,876	( 23.3)
(Domestic sales)	3,738	( 39.5)	3,968	( 41.7)	229	( 6.2)	8,472	( 46.8)	16,931	( 23.4)
(Overseas sales)	5,719	( 60.5)	5,538	( 58.3)	- 180	( -3.2)	11,471	( 48.3)	23,945	( 23.1)
Gross profit	5,690	( 60.2)	5,785	( 60.9)	95	( 1.7)	11,895	( 48.6)	24,253	( 23.9)
(SG&A)	4,140	( 43.8)	4,290	( 45.1)	150	( 3.6)	9,406	( 45.6)	19,016	( 22.6)
Operating income	1,550	( 16.4)	1,495	( 15.7)	- 55	( -3.6)	2,489	( 60.1)	5,236	( 28.6)
Ordinary income	1,812	( 19.2)	1,484	( 15.6)	- 327	( -18.1)	2,580	( 57.5)	5,363	( 27.7)
Net income	1,120	( 11.8)	854	( 9.0)	- 266	( -23.7)	1,908	( 44.8)	4,701	( 18.2)
EPS	31.56		24.03		-7.53		53.69		132.28	
ROE	2.7%		2.0%		-0.7pt		4.6%		10.9%	
Forex										
\$	156.53		145.19		-11.34		140.00		140.00	
€	168.37		164.37		-4.00		150.00		150.00	
RMB	20.54		20.98		0.44		20.00		20.00	

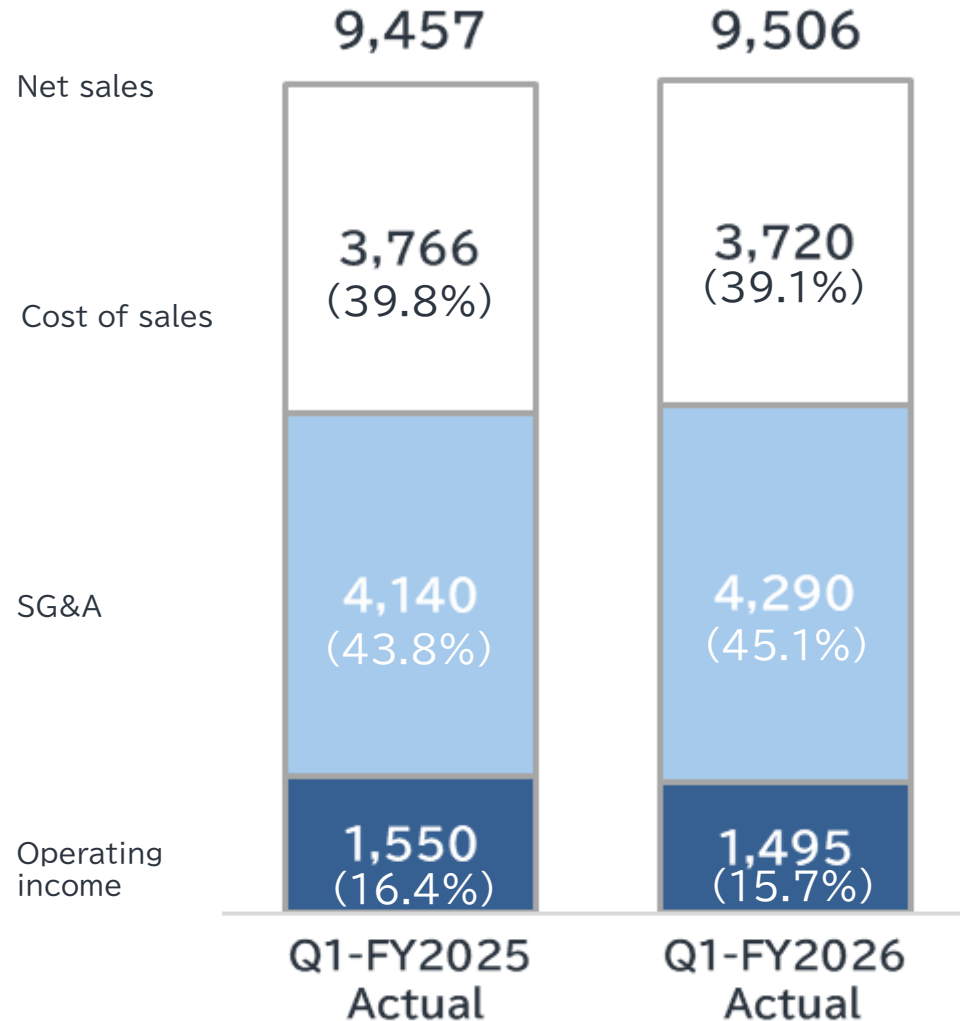
Effect of forex fluctuations: Net sales -¥158mn (vs Q1 FY2025)

Net income = net income attributable to owners of parent



# Operating income (YoY)

Units: ¥mn, (% of total)



**Net sales: +¥49mn (+0.5%)**

Net sales were flat YoY, supported by steady sales in Japan.

**Operating income: -¥55mn(-3.6%)**

Operating income decreased due to higher SG&A expenses, despite an improved gross profit margin from a better product mix.

**Cost of sales ratio: +0.7pt**

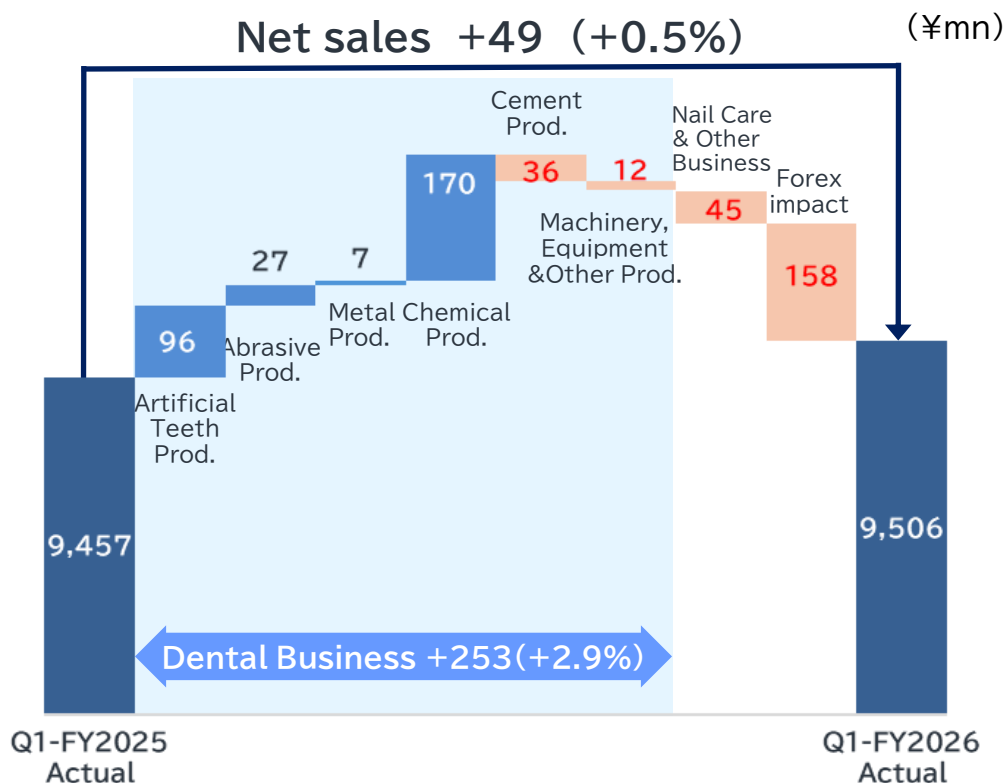
Improvement driven by a better product mix and the forex impact related to unrealized profits.

**SG&A ratio: +1.3pt**

Mainly due to increased headcount and higher salary levels.



# Net sales by product category (YoY)



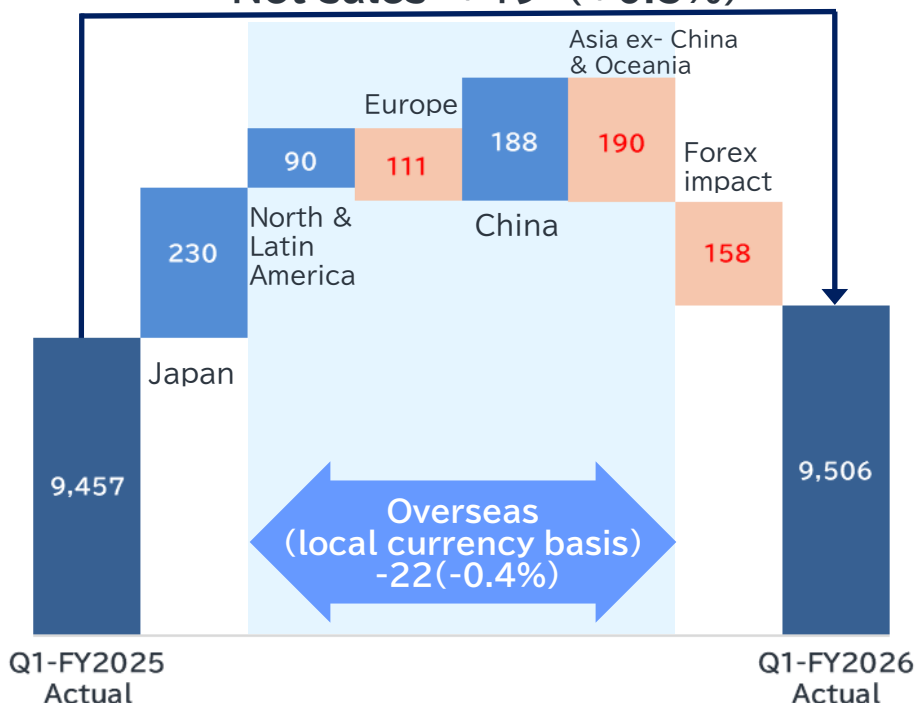
	Q1-FY2026		Change YoY(%)	
	Actual	Composition	¥ basis	LCY basis
Artificial Teeth	1,844	19.4%	4.1%	5.5%
Abrasive Products	1,375	14.5%	-1.4%	2.0%
Metal Products	45	0.5%	18.6%	18.6%
Chemical Products	3,193	33.6%	3.7%	5.5%
Cement Products	840	8.8%	-5.0%	-4.1%
Machinery, Equipment	1,666	17.5%	-1.6%	-0.7%
Dental Business total	8,965	94.3%	1.2%	2.9%
Nail Care & Other Business	540	5.7%	-9.1%	-7.7%
Total	9,506	100.0%	0.5%	2.2%

- ▶ **Sales of artificial teeth** rose sharply in Q1 due to intensified sales promotion efforts in China. Zirconia-related products also continued to perform steadily in Europe
- ▶ **Sales of abrasive and chemical** products remained strong and continued to drive product-level growth.
- ▶ Sales of **cement products** decreased YoY due to a pullback from temporary demand driven by regulatory approval in India.



# Net sales by region (YoY)

Net sales +49 (+0.5%)



	Q1-FY2026		Change YoY(%)	
	Actual	Composition	¥ basis	LCY basis
Japan	3,968	41.7%	6.2%	6.2%
Overseas	5,538	58.3%	-3.2%	-0.4%
North & Latin America	1,249	13.1%	-0.6%	7.2%
Europe	1,889	19.9%	-7.6%	-5.5%
China	1,566	16.5%	16.5%	14.0%
Asia ex-China & Oceania	832	8.8%	-22.2%	-17.8%
Total	9,506	100.0%	0.5%	2.2%

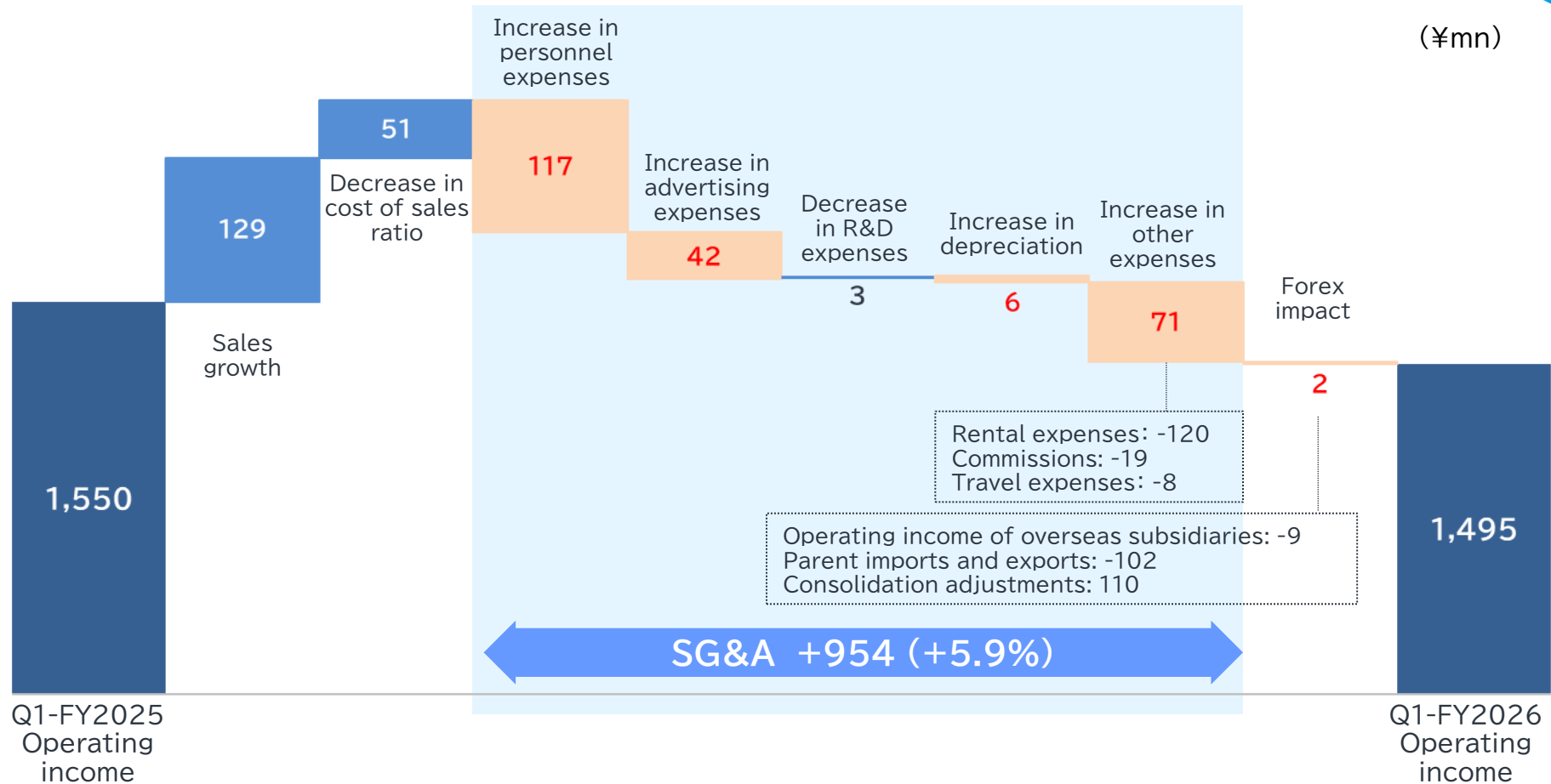
\*Europe : Includes Middle East and Africa

- ▶ In Japan, CAD/CAM-related products continued to drive growth.
- ▶ In the U.S., abrasives and restorative materials remained stable.
- ▶ In China, promotional efforts proved effective, with artificial teeth seeing a significant YoY increase. Restorative materials also maintained steady growth.
- ▶ In Europe, sales decreased YoY due to the impact of economic conditions in Germany and temporary demand slowdown in the Middle East as a result of Euro depreciation.
- ▶ In Asia, overall demand remained steady despite a softening of demand in India following a temporary spike and stagnation in some regions due to geopolitical factors.





# Operating income swing factors (YoY)



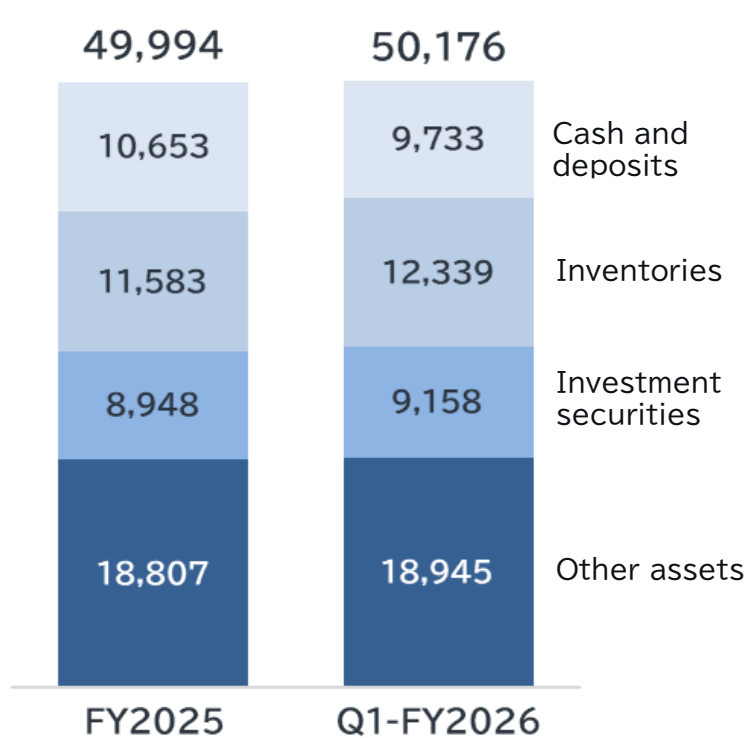
- ▶ The SG&A ratio increased, primarily reflecting increased headcount and higher salaries.
- ▶ R&D expenses decreased YoY due to the timing of some expenditure items, but are expected to exceed the previous year's level on a full-year basis.
- ▶ Other SG&A expenses also rose, including higher advertising costs and increased rental fees following the expansion of the India site.



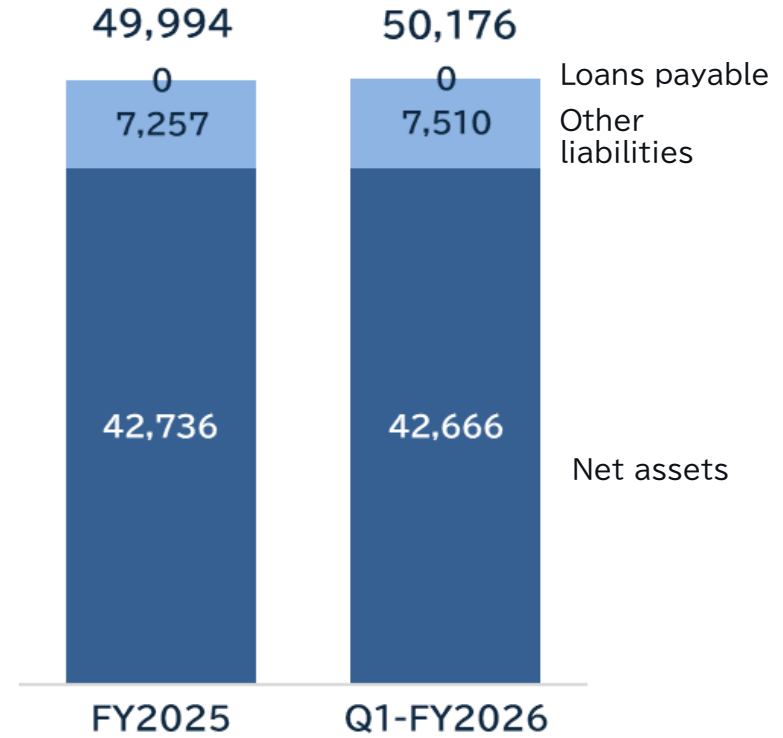
# Balance sheet

(¥mn)

## Assets



## Liabilities and net assets



### High equity ratio (84.8%):

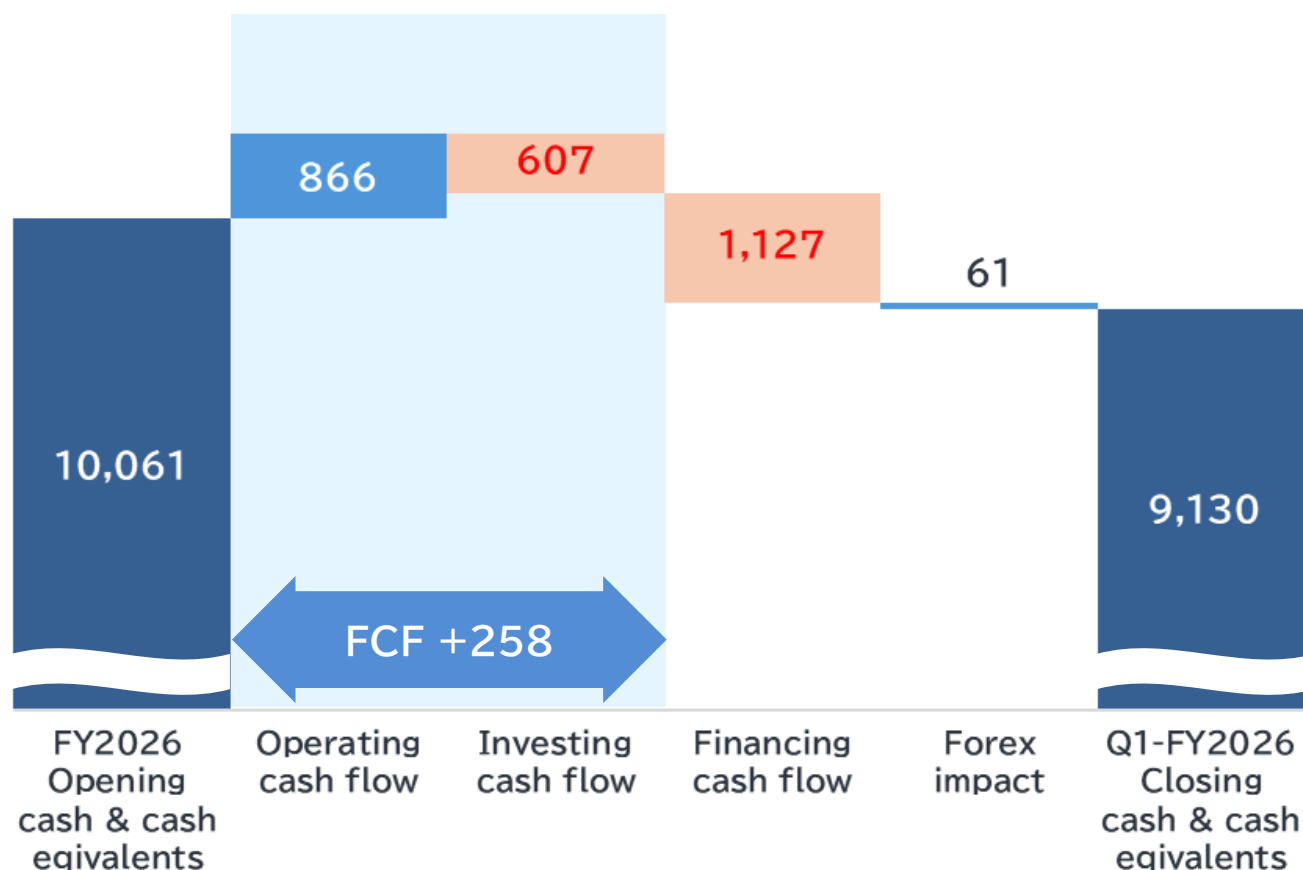
Pursuing capital efficiency while maintaining a sound and resilient financial base

- ▶ **Investment securities** increased due to a rise in market value (¥217mn)
- ▶ **Inventory** increased as a result of enhancements to the sales platform (¥755mn)



# Cash flows

(¥mn)



## Operating cash flow

Income before income taxes	+1,484
Depreciation and amortization	+270
Income taxes paid	-709
Increase in inventories	-756

## Investing cash flow

Receipt of a subsidy	+53
Acquisition of fixed assets	-615

## Financing cash flow

Dividends paid	-1,101
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► There were no significant changes in any cash flow categories, with fluctuations remaining within the normal range due to tax payments and an increase in inventory.

## Financial Summary

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# Summary of full-year forecasts

- **Seeking balanced growth across all regions**, with a focus on chemical products and overseas markets
- Unlike the previous FYE, which benefited from forex tailwinds, the current plan is based on a stronger yen. Operating and ordinary income are projected to decline, **but we expect growth in the topline and in net income, due to business growth**
- The impact of U.S. tariffs on profit is estimated to be up to ¥260mn for the full year. We are implementing structural countermeasures in anticipation of a prolonged impact while taking other short-term actions, including pricing strategy.

**We expect new all-time highs for sales and net income despite the stronger yen**

- **Actively investing in production facilities**
- **Steady progress in line with the medium-term plan**, supported by rising overseas sales ratio and business expansion across regions, enhancing confidence in achieving MTP targets

**Initiatives in place are showing tangible results toward the realization of the current medium-term management plan**

- **Strengthening the foundation for long-term corporate value** through restructuring of production and supply systems, and the recruitment and development of talent
- **Building an organization that can flexibly respond to regulatory changes and policy shifts across regions, preventing any gaps in business operations**

**Full-scale preparations underway to create a solid management base for the future**



# Comparison of key metrics

(¥mn, %)

	FY2025 Actual		FY2026 Forecast		Change YoY	
	(% of sales)		(% of sales)		(% change)	
Net sales	38,698	( 100.0)	40,876	( 100.0)	2,178	( 5.6)
(Domestic sales)	16,012	( 41.4)	16,931	( 41.4)	919	( 5.7)
(Overseas sales)	22,685	( 58.6)	23,945	( 58.6)	1,259	( 5.6)
Gross profit	22,991	( 59.4)	24,253	( 59.3)	1,261	( 5.5)
(SG&A)	17,599	( 45.5)	19,016	( 46.5)	1,417	( 8.1)
Operating income	5,392	( 13.9)	5,236	( 12.8)	- 156	( -2.9)
Ordinary income	5,523	( 14.3)	5,363	( 13.1)	- 159	( -2.9)
Net income	4,317	( 11.2)	4,701	( 11.5)	384	( 8.9)
EPS	121.52		132.28		10.76	
ROE	10.3%		10.9%		0.6pt	
Forex						
\$	152.48		140.00		-12.48	
€	163.62		150.00		-13.62	
RMB	21.03		20.00		-1.03	

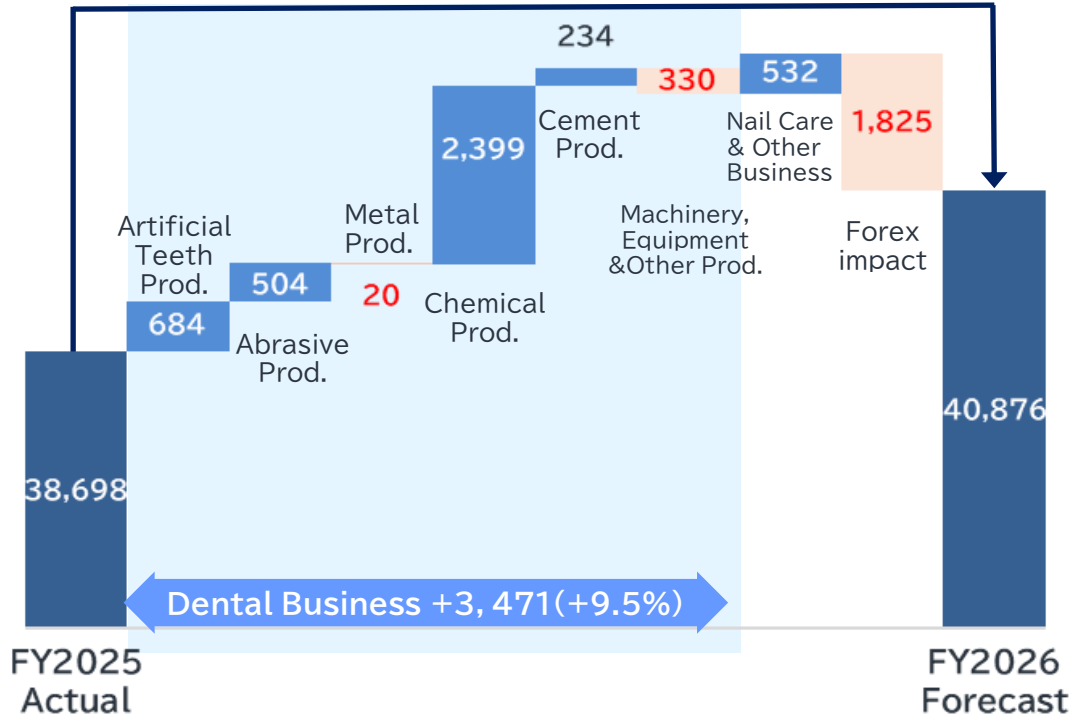
\*Effect of forex fluctuations (YoY): Net sales -¥1,825mn

\*Net income = net income attributable to owners of parent



# Net sales by product category (YoY)

Net sales +2,178 (+5.6%)



Units: ¥mn

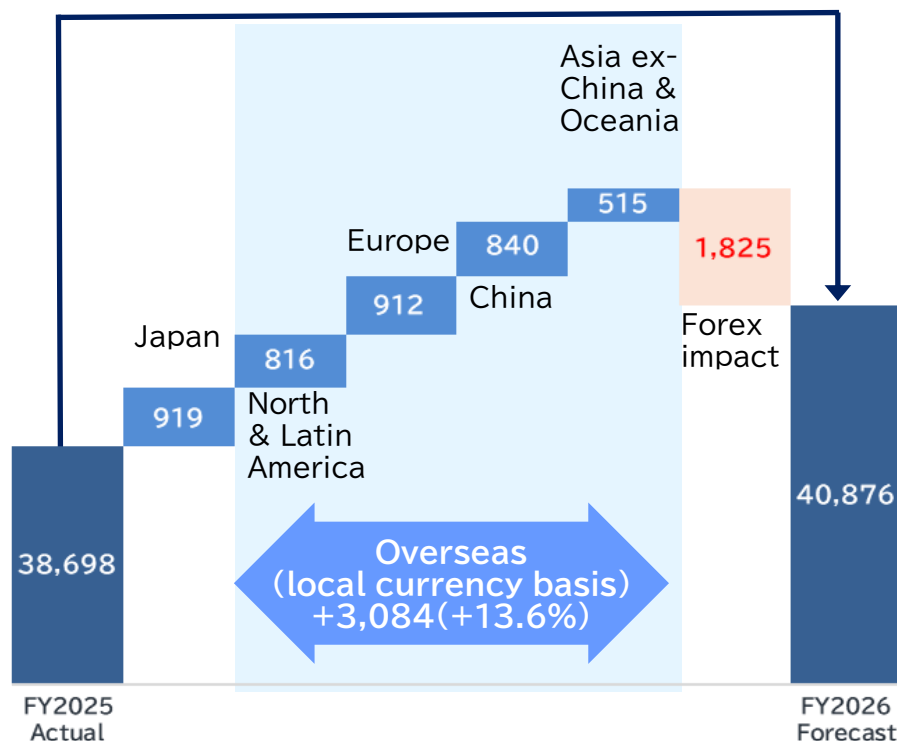
	FY2026		Change YoY(%)	
	Forecast	Composition	¥ basis	LCY basis
Artificial Teeth	7,304	17.9%	3.7%	9.7%
Abrasive Products	5,811	14.2%	3.9%	9.0%
Metal Products	128	0.3%	-13.8%	-13.8%
Chemical Products	14,538	35.6%	13.3%	18.7%
Cement Products	3,580	8.8%	2.7%	6.7%
Machinery, Equipment	6,783	16.6%	-6.4%	-4.6%
Dental Business total	38,146	93.3%	4.9%	9.5%
Nail Care & Other Business	2,730	6.7%	16.6%	22.7%
Total	40,876	100.0%	5.6%	10.3%

- ▶ Chemical products are expected to drive overall performance, with the **Dental Business** projected to grow 9.5% year on year on a local currency basis
- ▶ **Artificial teeth:** Strong CAD/CAM zirconia disc demand in Europe/US. In China, despite lower sales in some low-margin products from rising competition, we aim to expand share through strategic pricing while securing sufficient profitability.
- ▶ **Machinery, Equipment & Other Products:** Sales decline expected in a pullback from last year's demand surge for CAD/CAM crowns and intraoral scanners following inclusion in insurance coverage the previous FY but CAD/CAM market penetration is progressing. Demand remains firm, with sales fluctuations seen as typical for this product category.

# Net sales by region (YoY)



Net sales +2,178 (+5.6%)



Units: ¥mn

	FY2026		Change YoY(%)	
	Forecast	Composition	¥ basis	LCY basis
Japan	16,931	41.4%	5.7%	5.7%
Overseas	23,945	58.6%	5.6%	13.6%
North & Latin America	5,345	13.1%	6.9%	16.3%
Europe	8,175	20.0%	2.6%	11.4%
China	6,210	15.2%	9.2%	14.8%
Asia ex-China & Oceania	4,214	10.3%	4.7%	12.8%
Total	40,876	100.0%	5.6%	10.3%

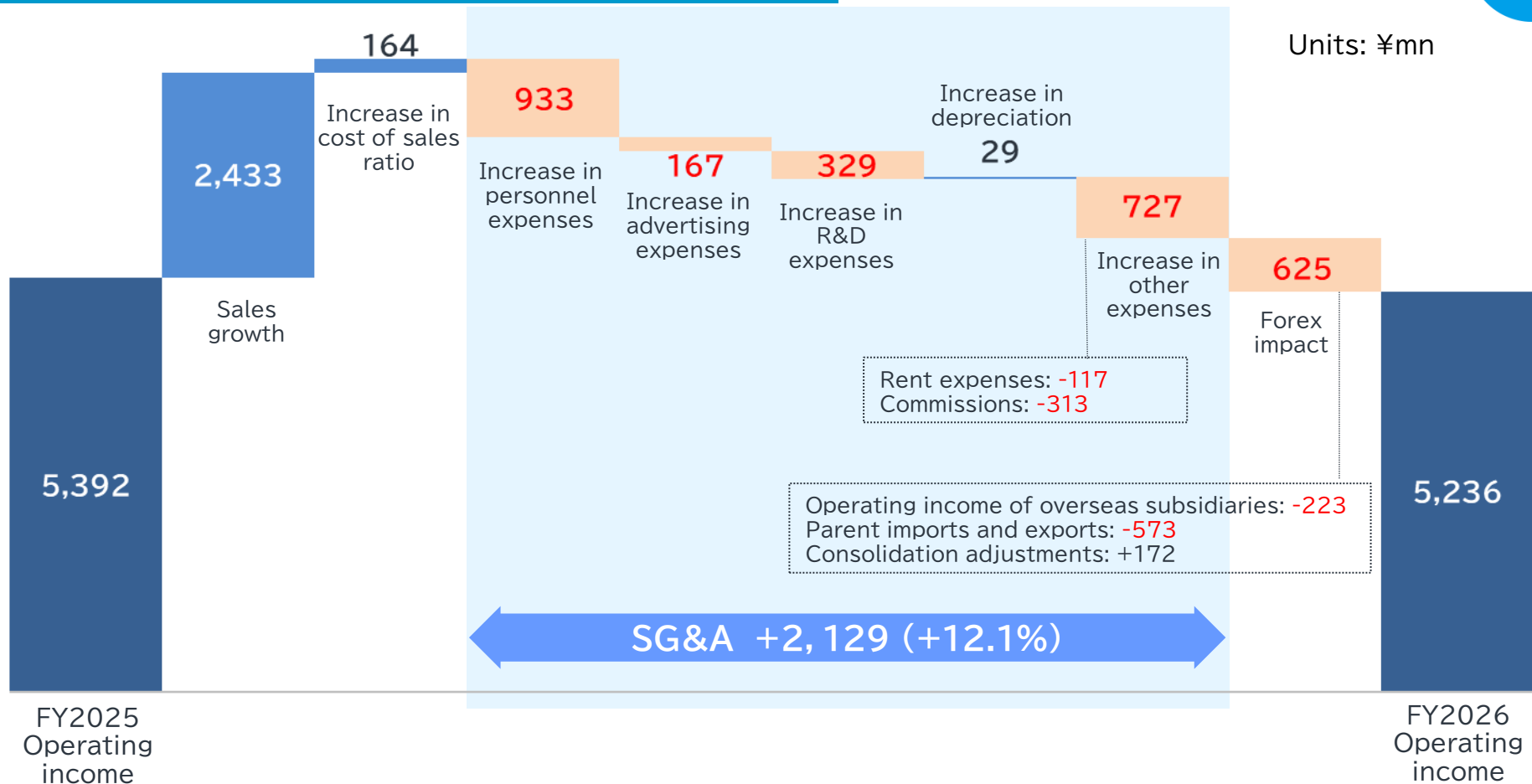
\*Europe : Includes Middle East and Africa

- ▶ Underlying growth expected in all regions; overseas sales projected to grow over 10% ex. forex
- ▶ Balanced growth expected in all regions, led by Japan, Europe, and China; steady expansion in Asia
- ▶ Closely monitoring US tariff policies and US-China trade tensions; swift response planned if any impact materializes





# Operating income swing factors (YoY)



- ▶ Improved gross margin through a better sales mix, driven by rising proportion of chemical products
- ▶ Strategic upfront investments to support global expansion, including sales network enhancement, talent acquisition, and R&D
- ▶ Plan based on a stronger yen, and incorporates temporary expenses related to redevelopment of HQ plant and expansion of overseas sites into earnings projections.



# Forex impact

## FY2026 Forecast

Units: ¥mn

	Forex rate		Consolidated earnings impact		Per yen of ¥1 strength	
	FY2025	FY2026 Forecast	Sales	Operating income	Sales	Operating income
USD	152.48	140.00	-593	-278	-47	-22
EUR	163.62	150.00	-656	-254	-48	-18
RMB	21.03	20.00	-319	-220	-310	-195

- ▶ FY3/26 guidance assumes YoY appreciation (\$:¥12.48 appreciation YoY)
- ▶ Overseas sales ratio is on an upward trend; yen appreciation will have a negative impact on performance (\$: Every ¥1 of yen appreciation against the yen drags down sales by ¥47 million and operating income by ¥22 million)

The following pages are provided for reference only.  
They will not be covered at the Financial Analyst Briefing.

# Appendix



# Segment forecasts (net sales & operating income)

Units: ¥mn,%

		Q1-FY2025 Actual Amount (% of sales)	Q1-FY2026 Actual Amount (% of sales)	Change YoY (% change)
Dental Business	Net sales	8,862	8,965	103
	Operating income (Operating income margin)	1,579 ( 17.8)	1,535 ( 17.1)	-44 ( -0.7)
Nail Care Business	Net sales	572	518	-53
	Operating income (Operating income margin)	-33 ( -5.9)	-42 ( -8.3)	-9 ( -2.3)
Other Business	Net sales	24	23	-1
	Operating income (Operating income margin)	3 ( 14.3)	0 ( 4.2)	-2 ( -10.1)
Total before consolidation adjustment	Net sales	9,458	9,508	49
	Operating income (Operating income margin)	1,549 ( 16.4)	1,493 ( 15.7)	-55 ( -0.7)
Consolidated	Net sales	9,457	9,506	49
	Operating income (Operating income margin)	1,550 ( 16.4)	1,495 ( 15.7)	-55 ( -0.7)



# Medium-Term Management Plan by segment

Unit: ¥mn, %

	FY2025 (Actual)		FY2026 (Forecasts)		Medium-Term Management Plan			
					FY2027		FY2028	
	Amount	%	Amount	%	Amount	%	Amount	%
Dental business	36,356	93.9	38,146	93.3	42,175	93.4	47,008	93.7
Nail care business	2,243	5.8	2,598	6.4	2,819	6.2	3,005	6.0
Other businesses	97	0.3	131	0.3	156	0.3	171	0.3
<b>Net sales</b>	<b>38,698</b>	<b>100.0</b>	<b>40,876</b>	<b>100.0</b>	<b>45,151</b>	<b>100.0</b>	<b>50,185</b>	<b>100.0</b>
Dental business	5,438	15.0	5,108	13.4	6,059	14.4	7,217	15.4
Nail care business	-66	-	116	4.5	236	8.4	273	9.1
Other businesses	14	14.6	11	8.5	29	18.6	41	24.4
<b>Operating income</b>	<b>5,386</b>	<b>13.9</b>	<b>5,236</b>	<b>12.8</b>	<b>6,325</b>	<b>14.0</b>	<b>7,531</b>	<b>15.0</b>

\*Net sales % is composition, Operating income % is margin.



# Medium-term Management Plan: Capex, depreciation, R&D

Unit: ¥mn

	FY2025 Actual	FY2026 Forecasts	medium-term management plan	
			FY2027	FY2028
CAPEX	1,445	4,697	5,060	2,508
Depreciation	1,059	1,200	1,549	1,603
R&D	1,985	2,291	2,528	2,810
Forex      Unit: ¥				
\$	152.48	140.00	140.00	140.00
€	163.62	150.00	150.00	150.00
RMB	21.03	20.00	19.00	19.00

\* Figures for FY2027 –FY2028 are the time of formulation of the Fifth Medium-Term Management Plan (May 2024)

Forecasts in this document are based on information and data available at the time of release as well as on assumptions concerning uncertain factors that might affect the company's future business performance.

Depending on various factors, actual business performance could differ substantially from the forecasts contained in this document.

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