

Briefing Materials

Financial Results and Forecasts for 2Q FY March 2024

November 22, 2023



Proven Products for Better Dentistry

SHOFU INC.

Tetsuo Takami,
President & COO

Agenda



- Consolidated Financial Results for 2Q FY March 2024
- Financial Forecasts for FY March 2024
- Future Business Environment and Medium and Long-term Business Strategies
- Topics

Appendix

Consolidated Financial Results for 2Q FY March 2024



Highlights

Financial Results for 2Q FY March 2024

Net sales ¥16,447 mn (Overseas sales ratio 57.6%)

Operating income ¥2,511 mn

【YoY】

- Increased due to the launch of next generation digital cameras, sales growth of existing products overseas, and forex effects
- SG&A was expected to increase significantly from the previous year due to upfront investments in R&D and active recruitment of human resources in Japan and overseas, as well as strengthened sales and marketing activities, but progress was somewhat slower.

【 Achievement rate compared to FY March 2024 Forecasts 】

- Full-year forecasts were revised on October 24; expecting record-high sales and income for the third consecutive year
- The achievement rate (vs the initial plan) of sales and operating income for 2Q was +0.2% and +15.4% respectively.
- The achievement rate (vs the revised plan) of sales and operating income for full-year forecast is 47.1% and 50.0% respectively.
- Product supply shortage and order backlogs for chemical products, which had been an issue since the previous fiscal year, are expected to be resolved by the end of the year. While accelerating efforts to improve profitability by capturing steady overseas demand, focus on sales and expansion of new product lineups in the preventive dentistry field in Japan.



Summary of Business Performance for the Current Period

Units: ¥mn, %

	2Q FY3/23 Actual		2Q FY3/24 Actual		Change From Previous Period (% change)	Initial plan May 10,2023		Revised plan October 24, 2023		
	(% of sales)		(% of sales)			2Q FY3/24 Forecast (% of sales)		FY3/24 Forecast (% of sales)		
Net sales	15,831	(100.0)	16,447	(100.0)	615	(3.9)	16,408	(100.2)	34,888	(47.1)
(Domestic sales)	7,260	(45.9)	6,977	(42.4)	- 283	(-3.9)	7,386	(94.5)	14,851	(47.0)
(Overseas sales)	8,571	(54.1)	9,470	(57.6)	899	(10.5)	9,021	(105.0)	20,037	(47.3)
Gross profit	9,200	(58.1)	9,936	(60.4)	735	(8.0)	9,720	(102.2)	20,614	(48.2)
(SG&A expenses)	6,963	(44.0)	7,781	(47.3)	818	(11.8)	7,852	(99.1)	16,306	(47.7)
Operating income	2,237	(14.1)	2,155	(13.1)	- 82	(-3.7)	1,868	(115.4)	4,308	(50.0)
Ordinary income	2,745	(17.3)	2,387	(14.5)	- 357	(-13.0)	2,004	(119.1)	4,572	(52.2)
Net income	2,133	(13.5)	1,559	(9.5)	- 574	(-26.9)	1,312	119	3,204	(48.7)
Net income per share	119.77		87.98		-31.79		74.17		180.70	
Return on shareholders' equity	6.3%		4.2%		-2.0P		---		8.8%	
Forex										
USD	133.46		141.31		7.85		130.00		141.31	
EUR	138.79		153.51		14.72		140.00		153.51	
RMB	18.98		19.47		0.49		19.00		19.65	

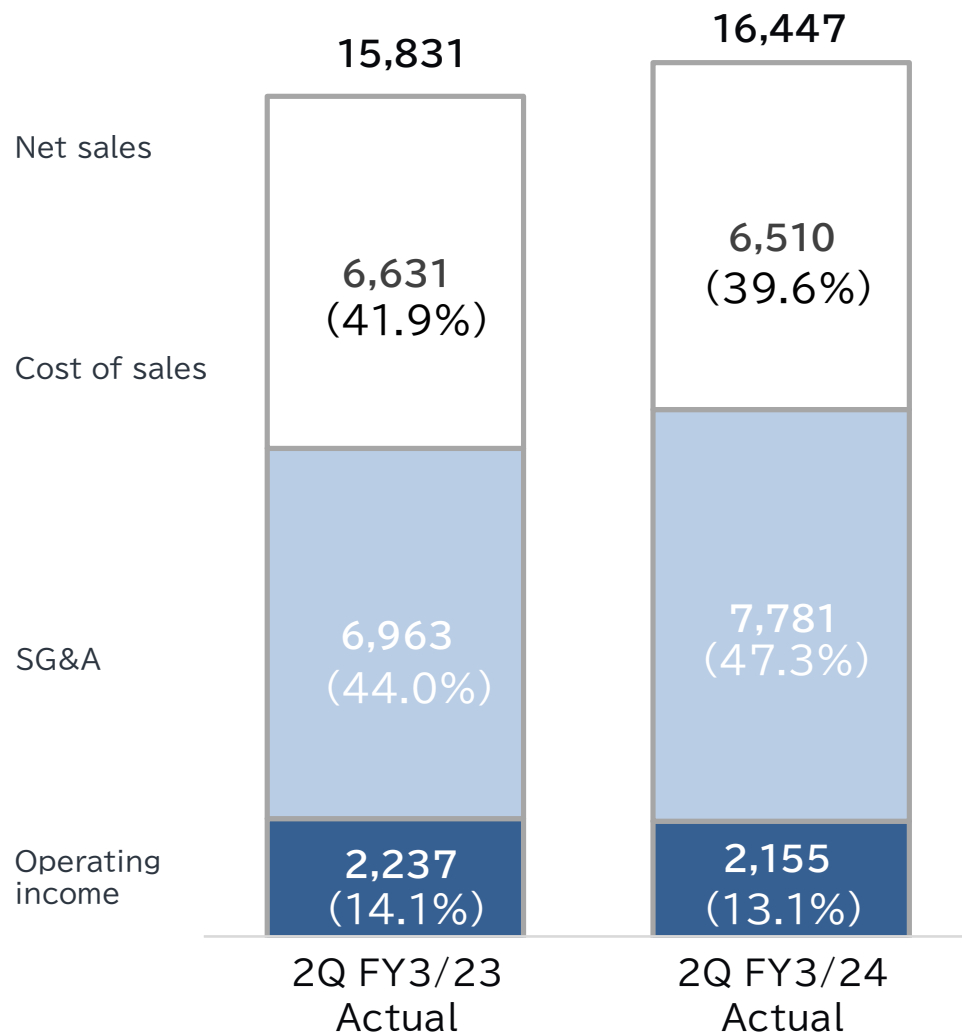
* Effect of forex fluctuations [Change from previous period]: Net sales +546
[Change from Forecast]: Net sales +641

* Net income in the table refers to "net income attributable to owners of parent".



Income Structure <YoY Change>

Units: ¥mn, Composition ratio (%)



Net sales: +¥615 mn 3.9%
Overseas sales growth and forex effects.

Operating income: -82 mn -3.7%
Lower OPM due to higher SG&A, especially personnel expenses.

Cost of sales ratio: -2.3pt
Favorable sales mix and yen depreciation.

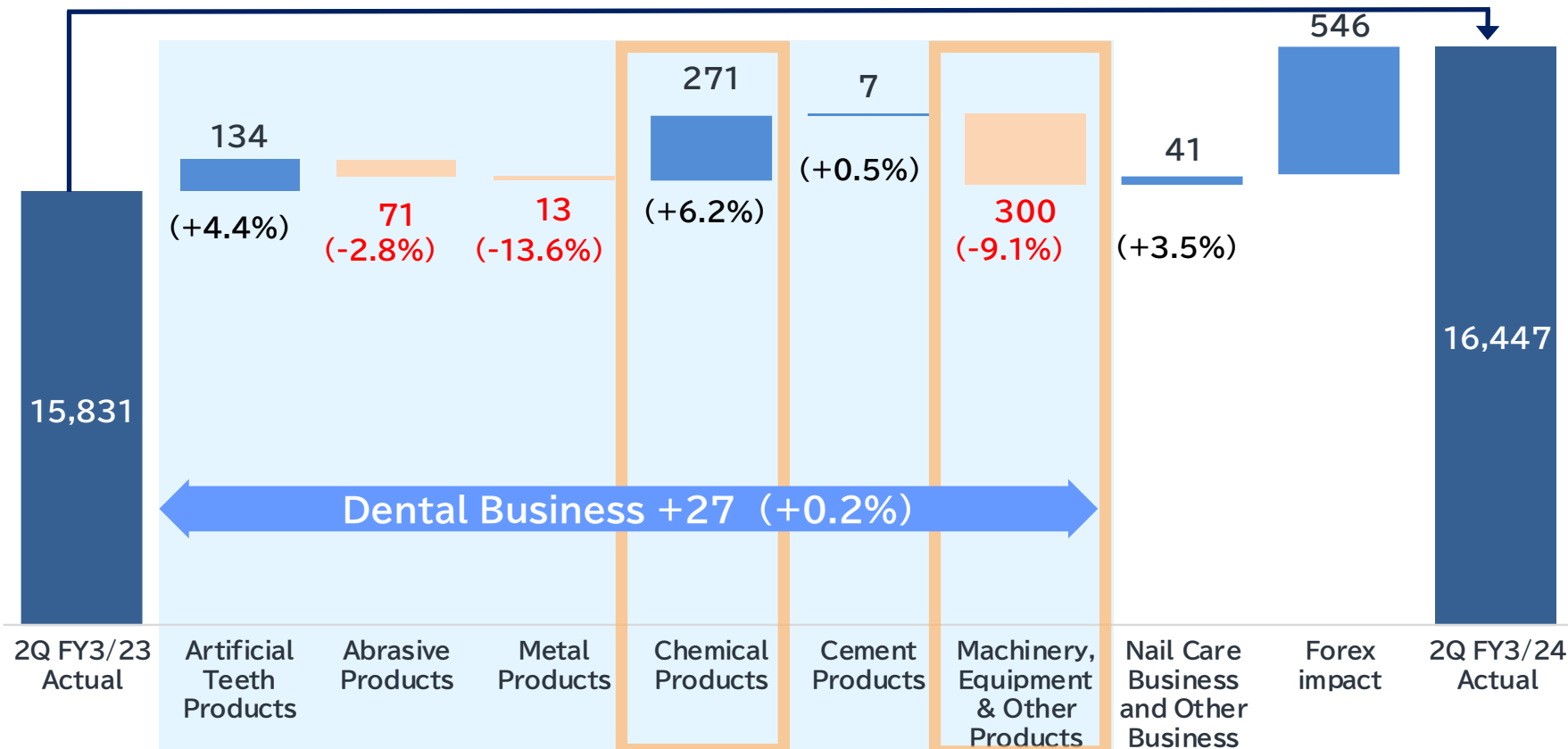
SG&A ratio: +3.3pt
Lower cost of sales due to favorable sales mix and yen depreciation.



Sales by Product Category <YoY Change>

Net sales +615 (+3.9%)

Units: ¥mn



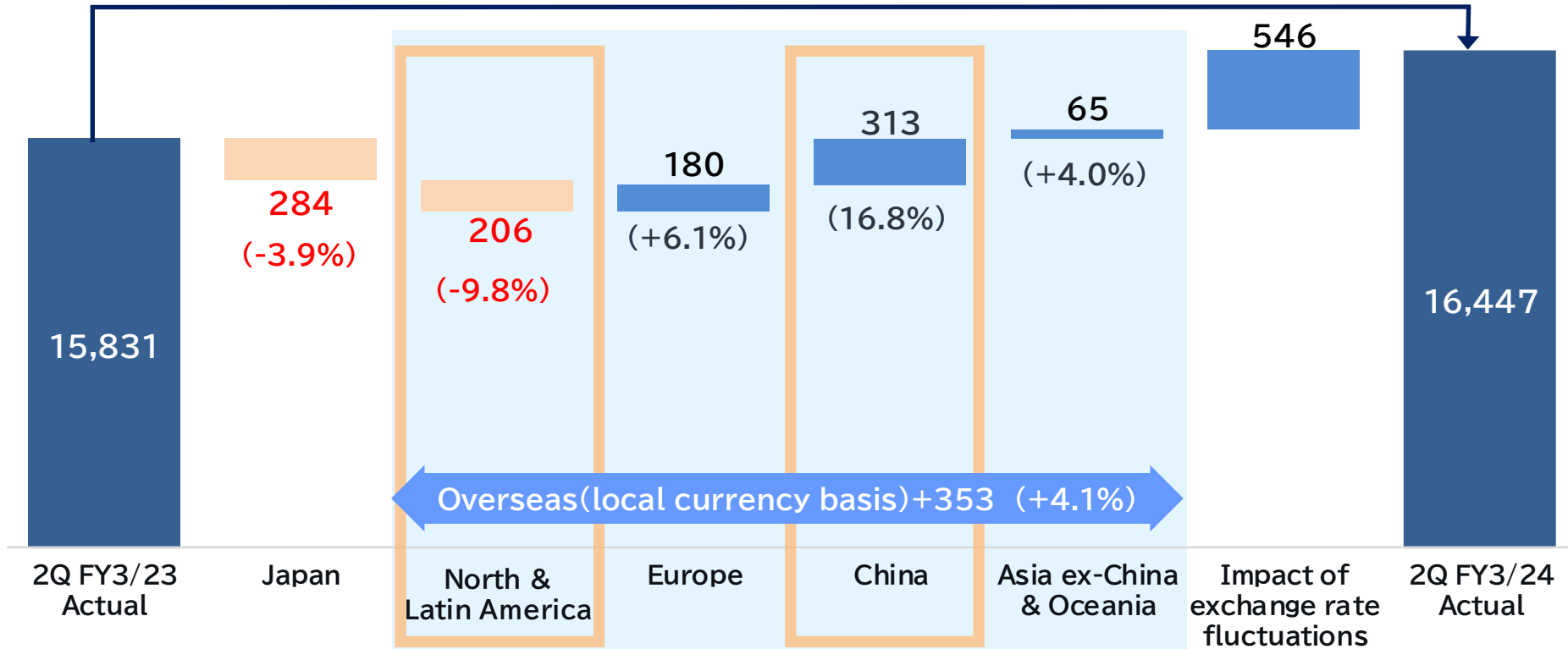
- ✓ Efforts underway to completely resolve supply constraints for chemical products.
- ✓ Special demand for new introduction of CAD/CAM equipment in Japan in the year earlier period ran its course.
- ✓ Favorable inquiries for new products such as “Eye-Special C-V” (in-house product: Machinery, Equipment & Other Products) which was released in June 2023.



Sales by Region <YoY Change>

Net sales +615 (+3.9%)

Units: ¥mn

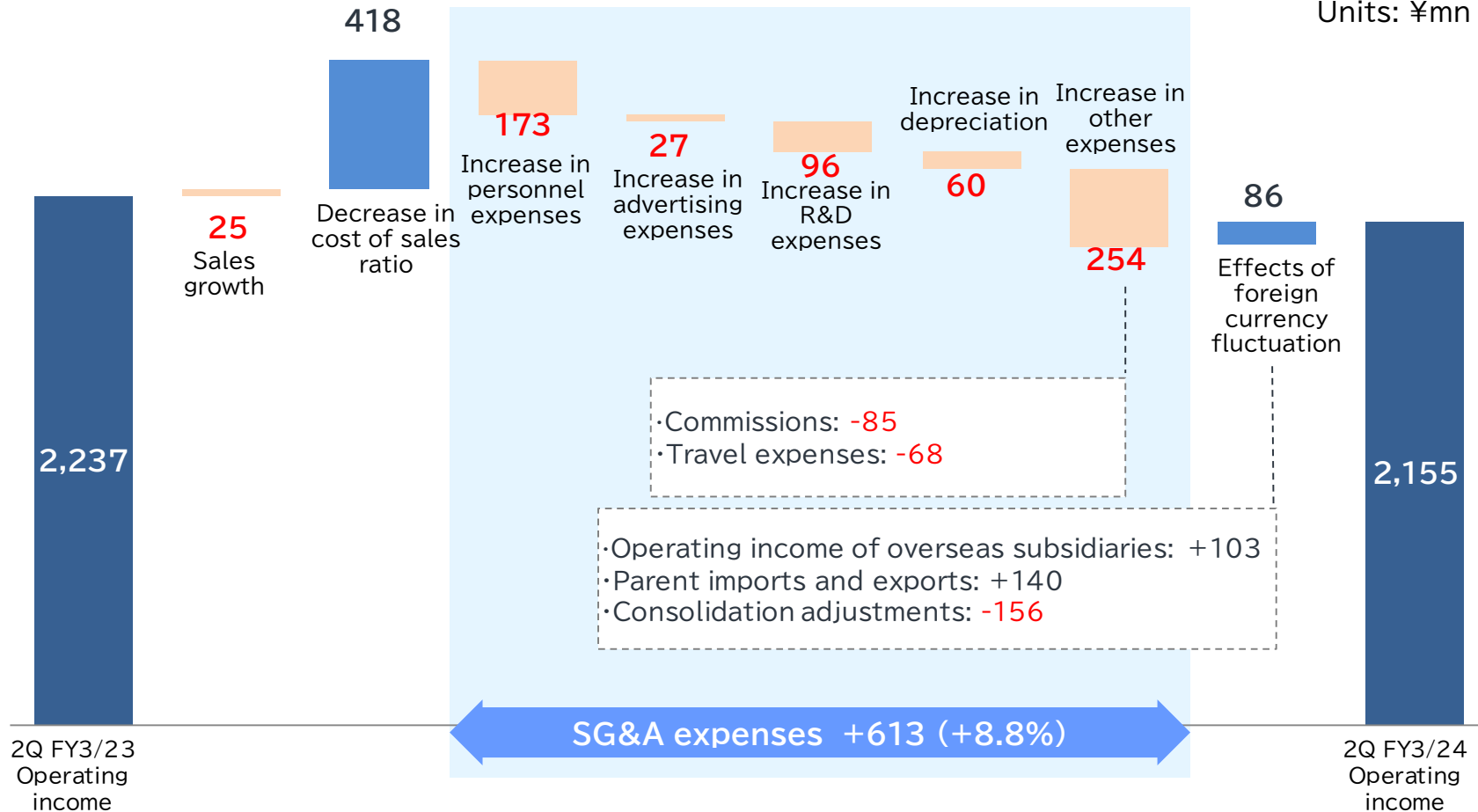


- ✓ In North America and Latin America, there was a gap before the launch of next generation digital cameras (Eye-Special series) and adjustments of distribution inventory for some consumables, but there were signs of recovery from 2Q onward.
- ✓ Sales in China grew steadily from 2Q onward following the impact of lockdowns at the beginning of the year.
- ✓ Performance in Europe and Asia ex-China & Oceania, was strong from 1Q, contributing to the increase in overseas sales.



Contributors to Change in Operating Income <YoY Change>

Units: ¥mn



- ✓ Better cost of sales ratio due to higher overseas sales ratio and favorable sales mix
- ✓ Ongoing upfront investments for growth, such as strengthening personnel and R&D activities to expand business

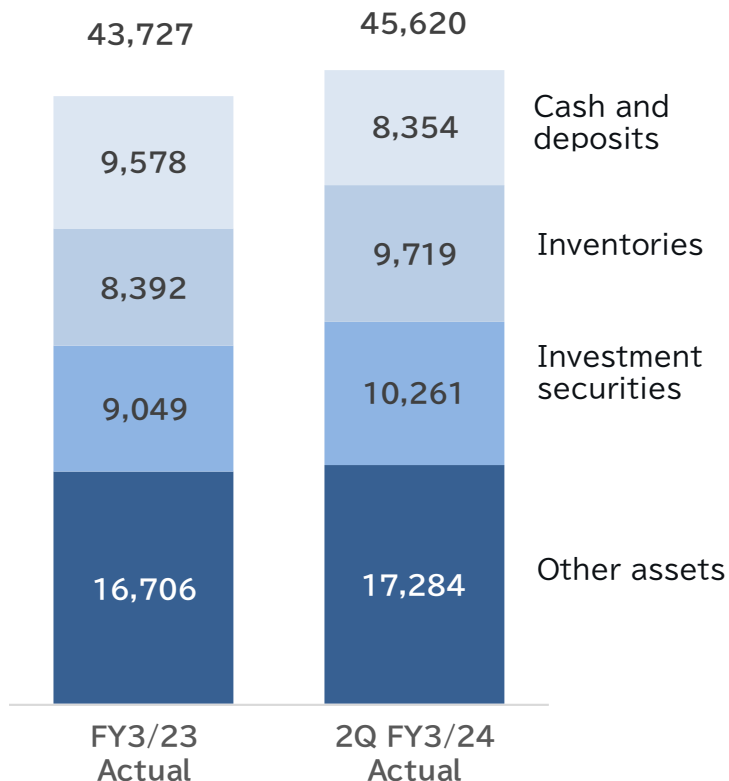
Balance Sheet

Consolidated Financial Results for 2Q FY March 2024

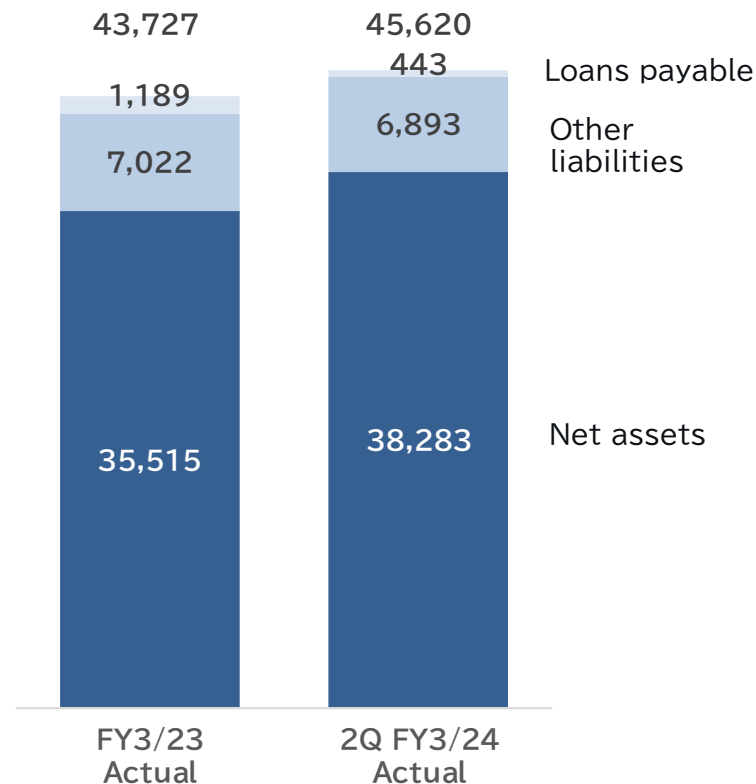


Units: ¥mn

Total assets



Total liabilities and net assets



Maintained financial strength and high equity ratio (83.6%)

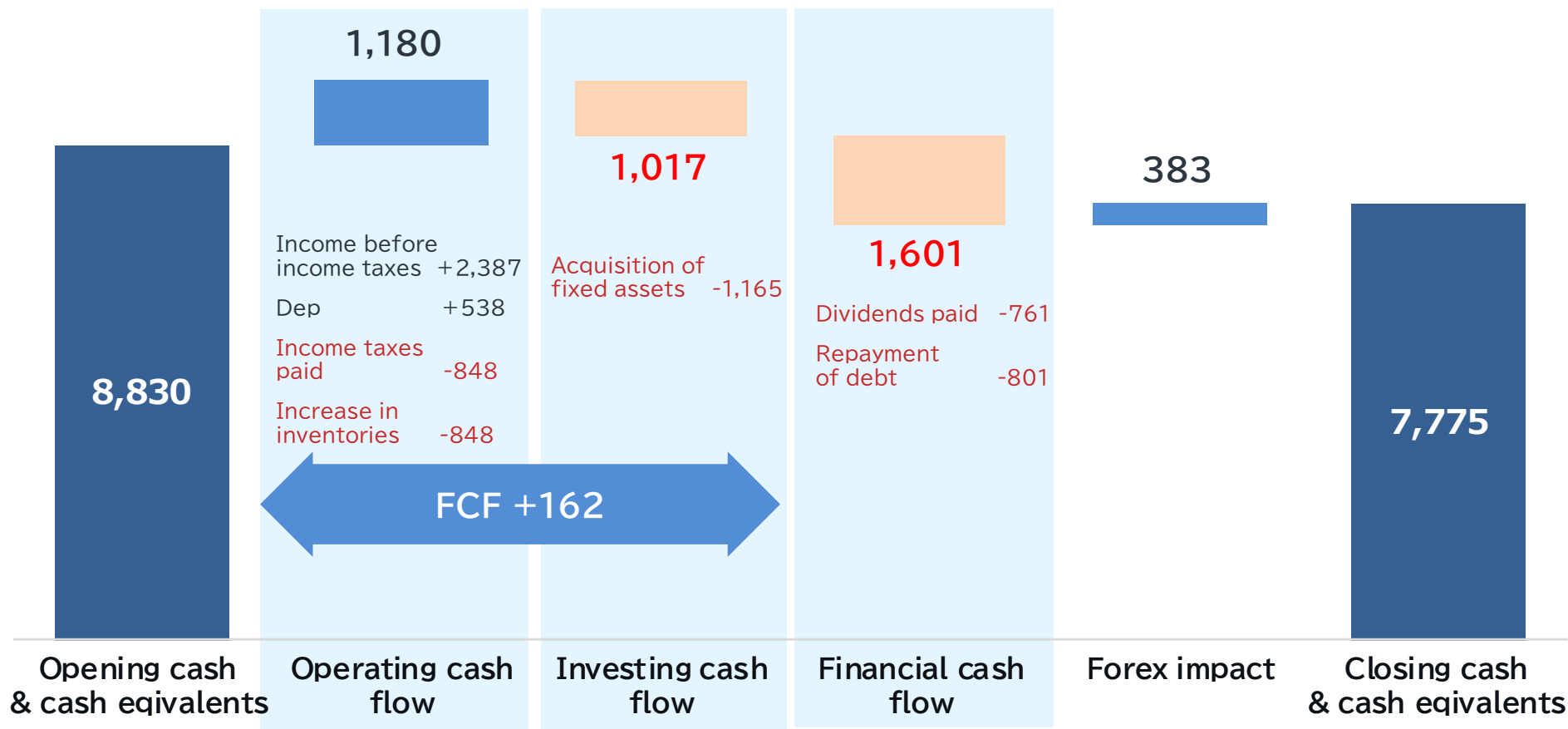
- ✓ Total assets (+1,893): Higher inventories and increase in investment securities due to rising market prices.
- ✓ Net assets (+2,767) : Higher valuation difference on securities and larger foreign currency translation adjustment.

Cash Flows

Consolidated Financial Results for 2Q FY March 2024



Units: ¥mn



- ✓ With regard to holding investment securities, confirming capital efficiency and synergy effects on business as appropriate
- ✓ Actively return profits to shareholders through dividend payments

Financial Forecasts for FY March 2024



Summary of Full-Year Forecasts

- Global dental market expansion, strong demand expected mainly in emerging countries
 - Expansion of overseas business and favorable sales mix
- Sales and income to reach a record high for the third consecutive year

- To enhance corporate value, aggressive investment in R&D, human resource development, and facilities
 - Strengthening sales activities following normalization of global economic activity
 - Higher costs due to rising raw material and energy prices
- Continue to invest for future business growth
- Measures to address high costs include improving production and sales efficiency and revising product prices.

- The backorders that arose in the previous fiscal year when production could not cope with the surge in demand are expected to be cleared in the current fiscal year.
- Establish a system to cope with future demand growth and business risks.



Comparison of Major Indicators

Units: ¥mn, %

	FY3/23 Actual (% of sales)		FY3/24 Forecast (% of sales)		Change From Previous Period (% change)	
Net sales	31,678	(100.0)	34,888	(100.0)	3,209	(10.1)
(Domestic sales)	14,282	(45.1)	14,851	(42.6)	568	(4.0)
(Overseas sales)	17,396	(54.9)	20,037	(57.4)	2,641	(15.2)
Gross profit	18,699	(59.0)	20,614	(59.1)	1,914	(10.2)
(SG&A expenses)	14,874	(47.0)	16,306	(46.7)	1,431	(9.6)
Operating income	3,824	(12.1)	4,308	(12.3)	483	(12.6)
Ordinary income	4,238	(13.4)	4,572	(13.1)	333	(7.9)
Net income	3,135	(9.9)	3,204	(9.2)	68	(2.2)
Net income per share	176.10		180.70		4.60	
Return on shareholders' equity	9.2%		8.8%		-0.4P	
Forex						
USD	134.95		141.31		6.36	
EUR	141.24		153.51		12.27	
RMB	19.38		19.65		0.27	

*Effect of forex fluctuations [Change from previous period]: Net sales 940

*Net income in the table refers to "net income attributable to owners of parent".



Forecast by Segment (Net sales and Operating income)

Units: ¥mn

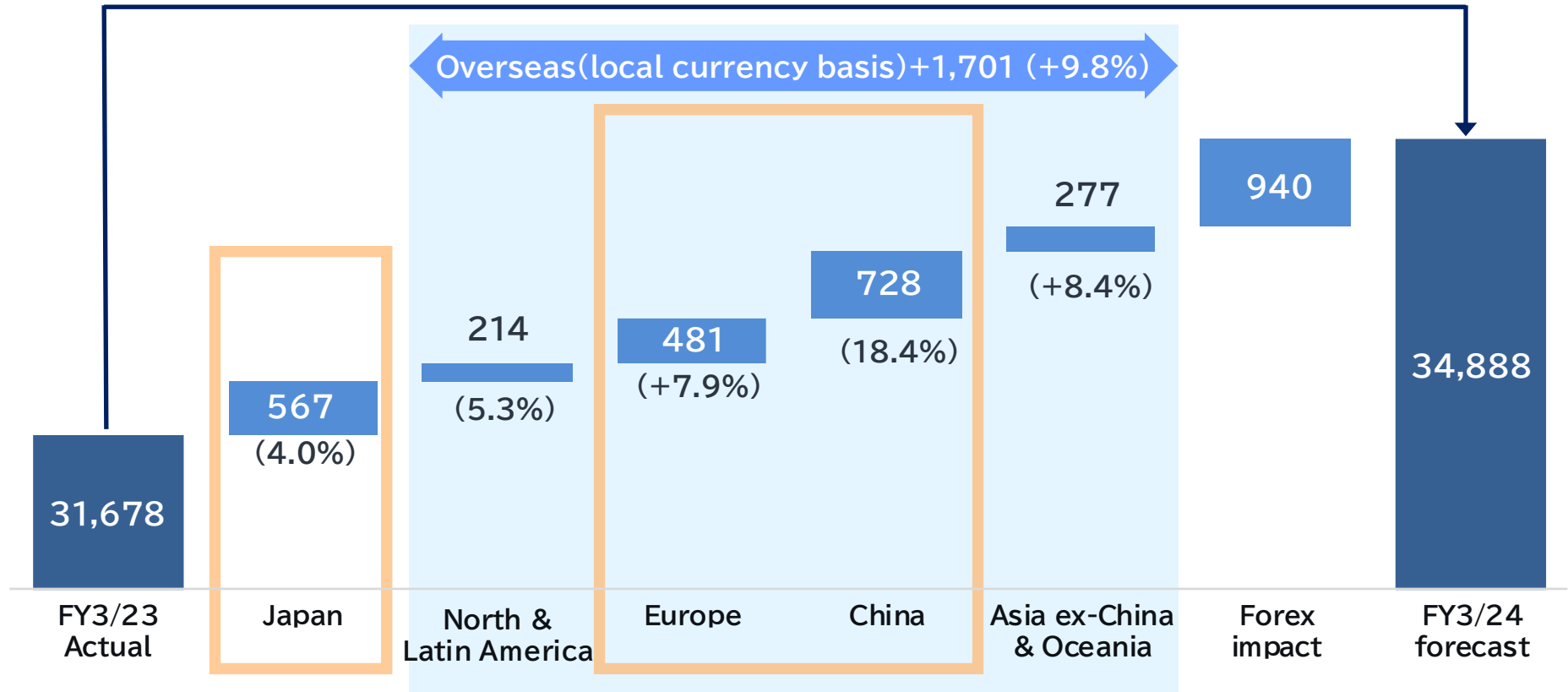
		FY3/23 Actual	FY3/24 Forecast	Change from Previous Period
		Amount (% of sales)	Amount (% of sales)	
Dental Business	Net sales	29,238	32,325	3,087
	Operating income (Operating income margin)	3,719 (12.7)	—	—
Nail Care Business	Net sales	2,345	2,460	115
	Operating income (Operating income margin)	93 (4.0)	—	—
Other Businesses	Net sales	100	102	2
	Operating income (Operating income margin)	5 (5.4)	—	—
Total before consolidation adjustment	Net sales	31,684	34,888	3,204
	Operating income (Operating income margin)	3,818 (12.1)	—	—
Consolidated	Net sales	31,678	34,888	3,209
	Operating income (Operating income margin)	3,824 (12.1)	4,308 (12.3)	483 (0.3)



Sales by Region <YoY change>

Net sales +3,209 (+10.1%)

Units: ¥mn



- ✓ Domestic sales to remain solid under stable demand
- ✓ Overseas sales to grow organically (i.e., ex-forex) by ¥1,701 million (9.8%) YoY
- ✓ Demand recovery in China and growth in Europe (including Middle East) contributing to overseas sales



Impact of Forex Fluctuations

FY3/24 Forecast

(Units: ¥mn)

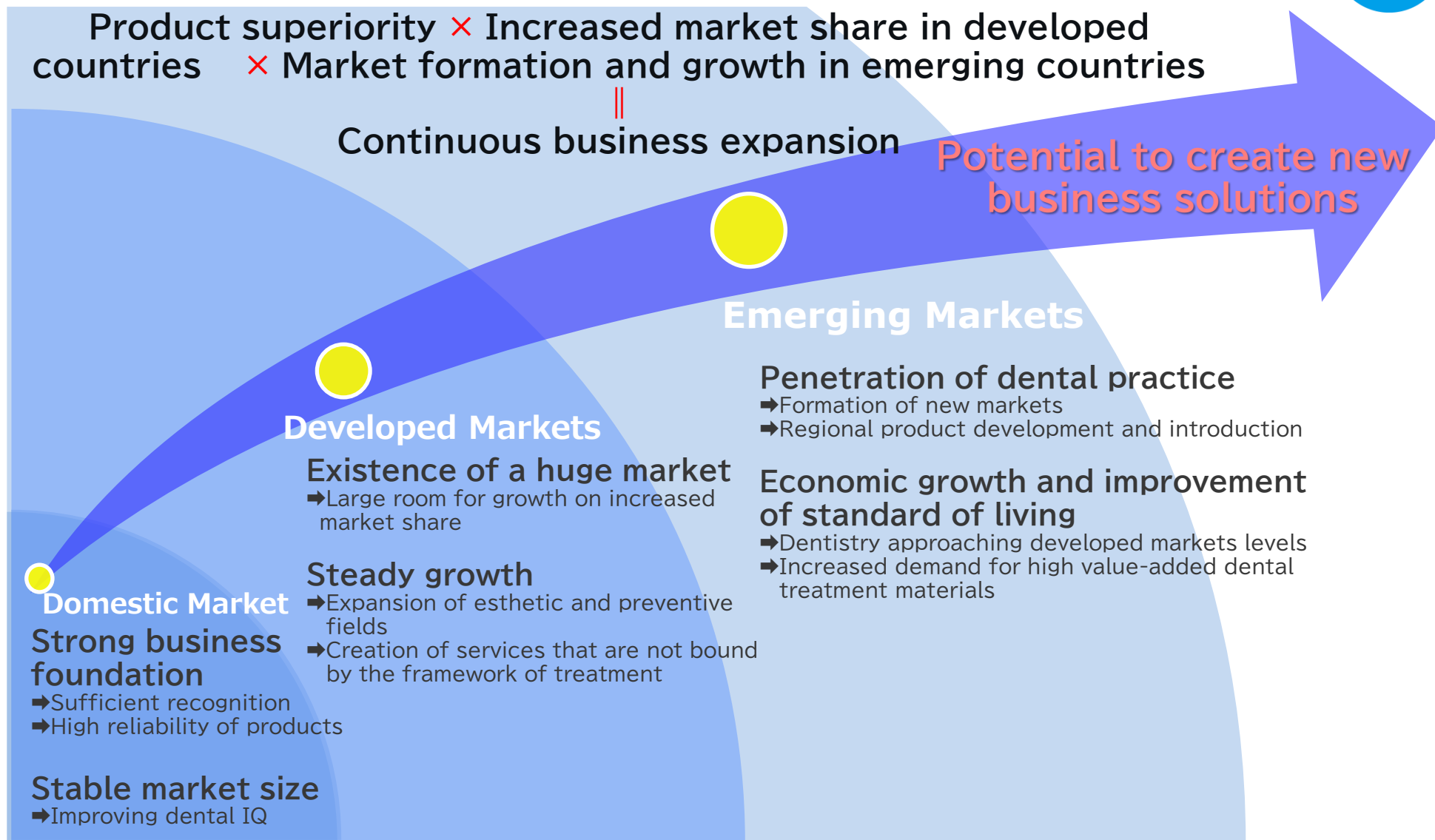
	Forex rate		Consolidated earnings impact		Per yen of yen strength	
	FY3/23 Actual	FY3/24 Forecast	Sales	Operating income	Sales	Operating income
USD	134.95	141.31	255	132	-40	-17
EUR	141.24	153.51	517	221	-42	-17
RMB	19.38	19.65	64	10	-240	-150

- ✓ FY3/24 assumption is the 2Q FY3/23 actual rate (USD: ¥6.36 depreciation YoY)
- ✓ Overseas sales ratio is increasing, yen depreciation has a positive impact on earnings

Future Business Environment and Medium and Long-term Business Strategies



Business Environment and Future Prospects





Sources of Competitiveness and Corporate Value

Proprietary technologies and R&D structure

Ratio of R&D expenses to net sales: **5.8%**

Ratio of R&D personnel: **18.7%**

Number of patents held: **423**

Ratio of sales of new products to net sales: **15.7%**

Highly-trusted SHOFU brand and worldwide sales network

Competitive product lineup

Artificial Teeth Products: **37.0%**

Abrasive Products: **46.3%**

Number of countries where our products are sold/number of distributors:

**Approx. 100 countries/
approx. 1,000 companies**

of Shofu Dental Club members:
16,467

Corporate Philosophy

Contribution to dentistry through innovative business activities

~ Proven products for better dentistry ~

Production technology and quality assurance system

Number of items handled:
Approx. 20,000 items

Number of countries where pharmaceutical approval has been obtained: **85 countries**

Global production network:
**4 bases in Japan
5 bases in overseas**

Human resources supporting SHOFU

Number of group employees:

663 persons in Japan

636 persons overseas

Total number of specialists with expert knowledge (employees qualified as dentists, dental hygienists, dental technicians, pharmacists and others): **66 persons**

Average years of service(parent basis)

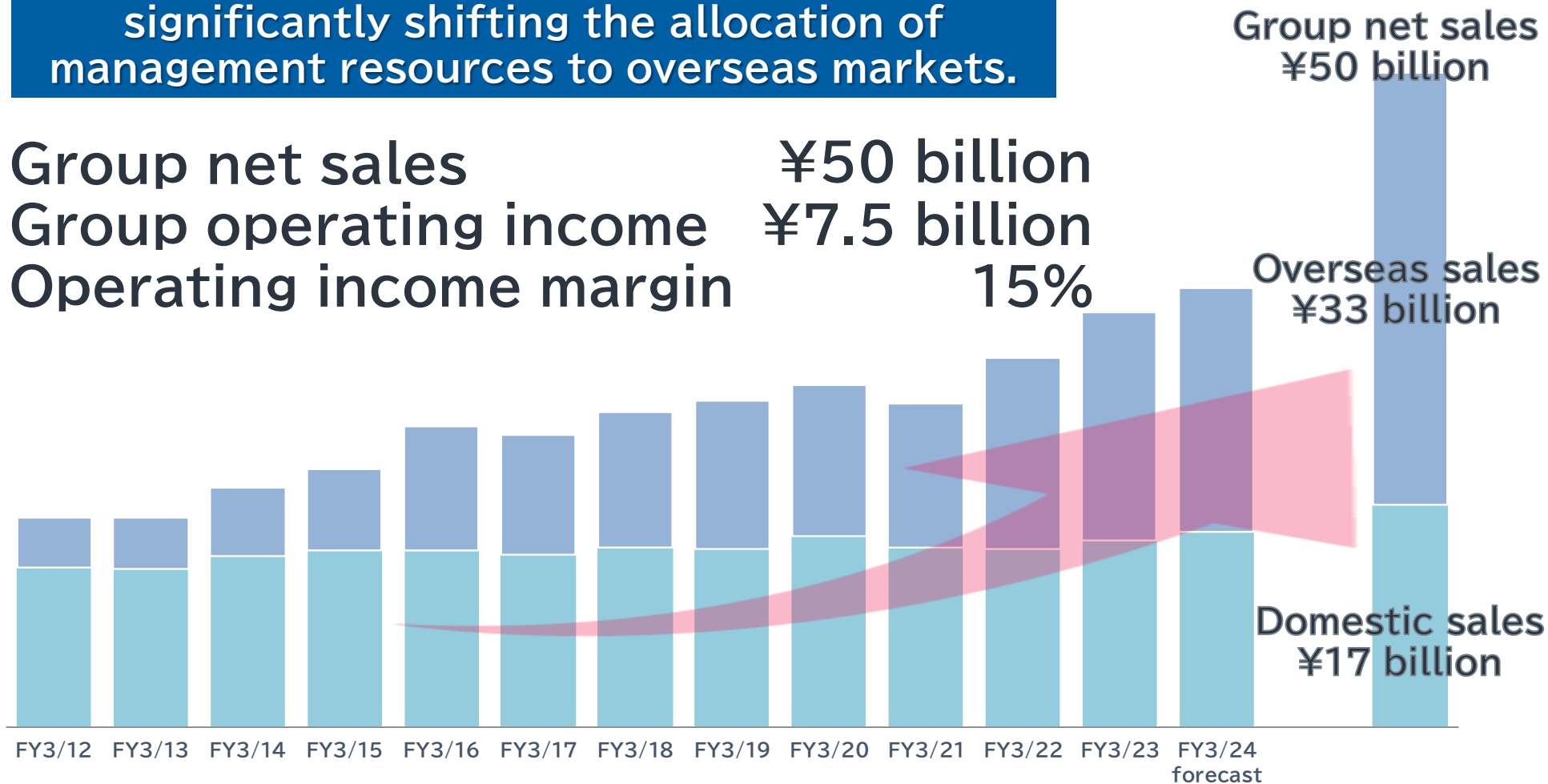
17.41 years (men) 15.39 years (women)

Vision for Our Company: Medium-to Long-term Basic Policy



Strive to expand the overseas business by significantly shifting the allocation of management resources to overseas markets.

Group net sales **¥50 billion**
 Group operating income **¥7.5 billion**
 Operating income margin **15%**





Fiscal 2021 to 2023 Medium-term Management Plan

Company-wide targets in the fiscal year ending March 2024

Group net sales	¥34.8 billion	+¥3.3 billion *
Overseas dental sales ratio	58.6%	+4.2pt *
Group operating income	¥4.30 billion	+¥30 million *
Operating profit margin	12.3%	+0.3pt *
ROE	8.8%	+0.8pt *

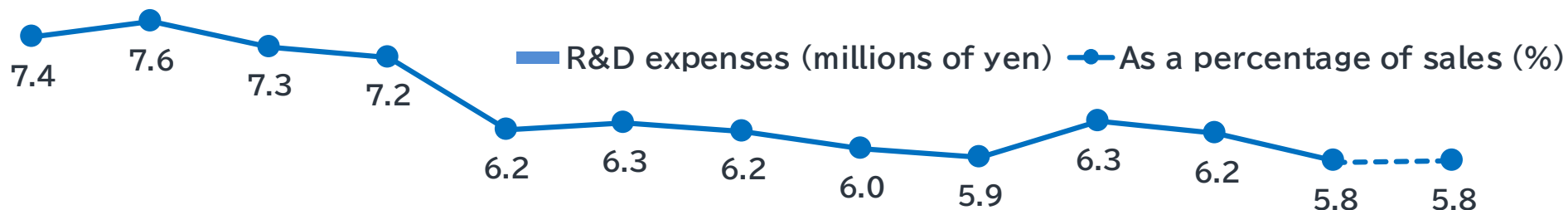
*compared with the target of the Medium-term Management Plan

Key issues to achieve goals

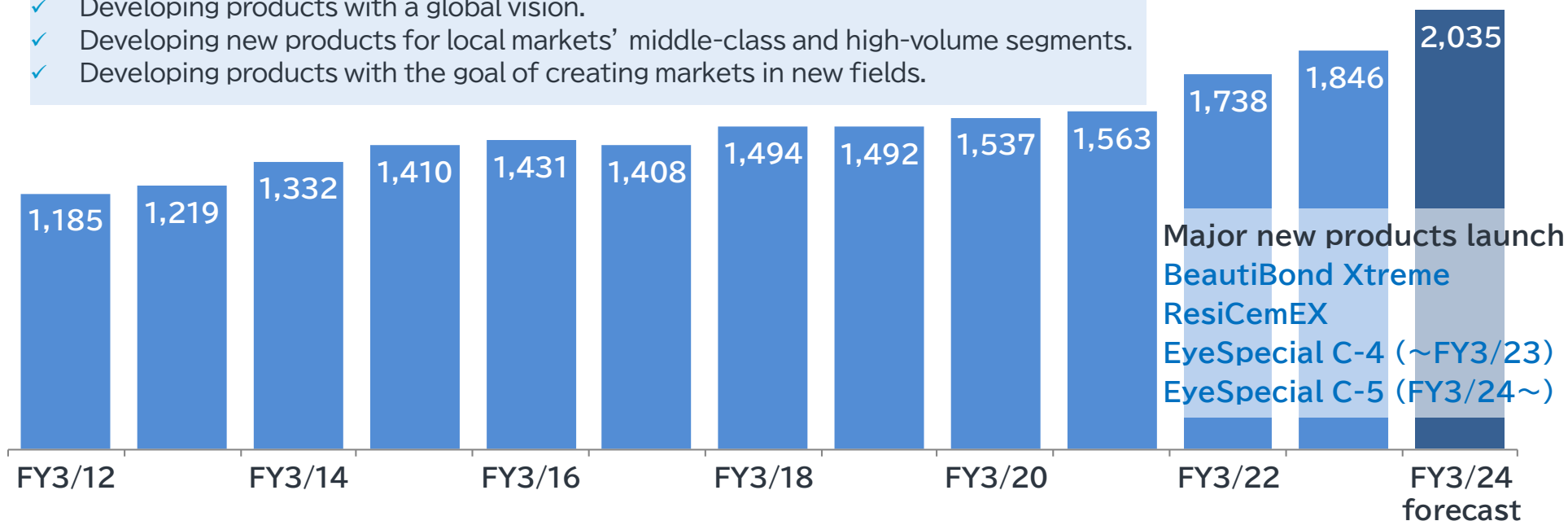
R&D	Development and introduction of new products that match local demand	<ul style="list-style-type: none"> • Synergies from business tie-up with Mitsui Chemicals and Sun Medical • Promotion of M&A • Establishment of group governance system
Production	Reallocation of production sites and expansion of overseas production	
Sales	Improvement of our sales network/ realignment of sales offices Establishment of domestic and international academic networks	
HR	Development of and securing of global talent	
Finance	Capital procurement in response to increasing investment demands	



Specific Initiatives – R&D



- ✓ Developing products with a global vision.
- ✓ Developing new products for local markets' middle-class and high-volume segments.
- ✓ Developing products with the goal of creating markets in new fields.



Ongoing R&D, target 20% new product (within 36 months of launch) sales ratio



Specific Initiatives – Production

Aiming to strengthen international competitiveness by improving production and sales efficiency

Domestic production facilities



Shiga Shofu (Shiga)



Shofu Products Kyoto (Kyoto)



Shofu Headquarters (Kyoto)

- Better delivery service to users
- Relieving Shofu Headquarters plant production constraints
- Reducing production costs

- Reduce high shipping costs for hazardous goods
- Avoid impact of currency fluctuations
- Avoid high tariff.

✓ Continued proactive capital investment
 ✓ Improve production and sales efficiency

Status of consideration or implementation

- Expansion of production at the Headquarters plant
- Transfer of production between domestic bases
- Transfer of some products/processes overseas
- Expansion of overseas production



Advanced Healthcare LTD.(UK)



SHOFU Products Vietnam(Vietnam)



Merz Dental GmbH (Germany)



Shanghai Shofu Dental Materials Co., Ltd. (China)

Overseas production facilities



Specific Initiatives – Sales

Raise awareness of our products in the dental industry in Japan and overseas.

- Expansion sales network & Development of sales base
- Building domestic and overseas academic networks
- Holding seminars and participating in various exhibitions

**Shofu Digital Denture Conferences 2023
(Feb. 2023 Tokyo)**



**IDS 2023
(March 2023 Germany)**



Enhancement of Business and Capital Tie-up with Mitsui Chemicals and Sun Medical



Mitsui Chemicals



- Capital tie-up
 - Shofu issued 1,780,000 new shares in a third-party allocation Mitsui Chemicals (MCI) received these charges (total value of ¥2,988 million)
 - MCI's shareholdings increased from 11.17% to 20.01% (Shofu became an equity-method affiliate)
 - Shofu acquired 20% of MCI's 70% shareholding in Sun Medical
 - MCI's shareholding: 70.0% ⇒ 50.0%
 - Shofu's shareholding: 0.0% ⇒ 20.0%
 - (Sun Medical became Shofu's equity-method affiliate)

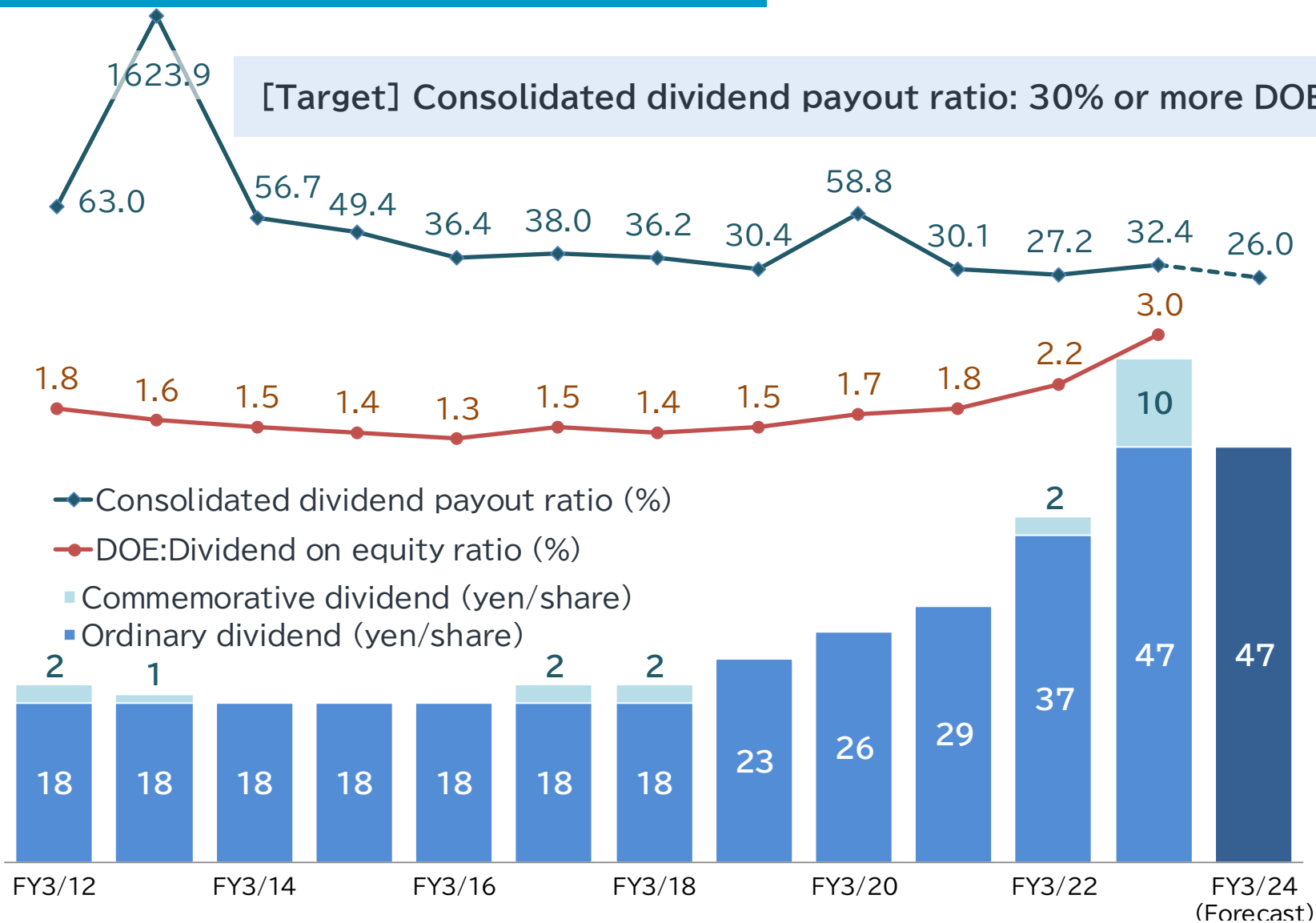
- Business tie-up
 - New product development
 - Expansion of product lineup
 - Use of sales networks in Japan and overseas
 - Augmentation and sharing of manufacturing functions

- Exchange of personnel
 - MCI dispatched one non-executive director to Shofu's board
 - Shofu dispatched one non-executive director to Sun Medical's board



Dividend Policy

[Target] Consolidated dividend payout ratio: 30% or more DOE: 1.7%





Shofu's Sustainability

Based on its corporate philosophy of “Contribution to dentistry through innovative business activities,” the Shofu Group, in collaboration with its stakeholders, will work to solve social issues through its corporate activities and aim to achieve both the medium- to long-term enhancement of its corporate value and the realization of sustainable society.

Key theme	Material issues	Related SDGs
1. Contribution to people's higher QOL	<ul style="list-style-type: none"> ■ Quality assurance and stable supply of products ■ Ensuring proper use of products ■ Providing products and services that solve issues in dentistry ■ Providing information for higher dental IQ 	
2. Promotion of corporate activities friendly to global environment	<ul style="list-style-type: none"> ■ Contribution to a recycling-based society ■ Addressing climate change and contributing to a decarbonized society ■ Preventing environmental pollution 	
3. Strengthening of the management base to support corporate value enhancement	<ul style="list-style-type: none"> ■ Respecting human rights ■ Enforcing thorough compliance ■ Promotion of risk management ■ Strengthening corporate governance ■ Disclosing information appropriately and having dialogue with stakeholders 	
4. Cultivation of a rewarding organizational culture and development of human resources	<ul style="list-style-type: none"> ■ Enhancing employees' health and ensuring safety in work environment ■ Promotion of human resource development ■ Promoting diversity and inclusion ■ Realizing work-life balance 	

TOPICS



New Product Information

Toothpaste exclusively sold by dentists “Meressage Self-care”

The series has expanded to seven products with the addition of three new products.

These products focus on self-care to maintain the benefits of professional dental office care

Three new products (Released on October 23, 2023)



For Total Care Meressage Premium Care
 Contains 8 medicated ingredients to provide a total solution for problems such as tooth decay, periodontal disease, bad breath, sensitivity symptoms, and stains.

For Esthetic Meressage Whitening Care
 Lifts stains from the tooth surface, dissolving and removing stains. Gently removes stains with high cleaning silica by brushing.

For Periodontal Prevention Meressage Perio Care
 Medicated ingredients reduce gum inflammation, the risk of periodontal, and inhibit the growth of causative bacteria that lead to periodontal. Low abrasiveness for gentle plaque control on tooth surfaces.





Exhibition/Event Information

The 9th WORLD DENTAL SHOW 2023 in YOKOHAMA (September 29 - October 1, 2023)



Launch of “HA-I-KU” a dental education website for parents and children -For future generations and their families-



※ Japanese site only

Various information on dental treatment and oral health care, including a “Dental Web Picture Book” for parents and children to learn together, a “Parents’ Guide” that introduces key points for reading and understanding picture books, and “Dental Education” on topics such as tooth decay prevention. In addition, a photo contest on teeth is held once a year.



Once a year, we invite “HAIKU” and “SENRYU” about dentistry.

Winning entries will be announced on the “Haiku” website and featured in ads on train straps in Kyoto City.



※ Japanese site only



The pages below are provided only for your reference. The information on these pages will not be covered in the Financial Analyst Meeting.

Appendix

(Summary of the Company Profile and its Businesses)

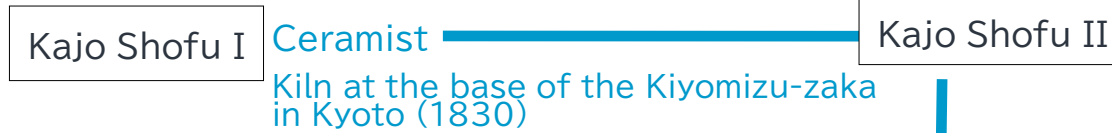


Company Profile

■ Company name	SHOFU Inc.	(As of March 31, 2023)	
■ Representative	Tetsuo Takami, President and CEO		
■ Address	11 Kamitakamatsu-cho, Fukuine, Higashiyama-ku, Kyoto 605-0983, Japan		
■ Date of establishment	May 15, 1922		
■ Capital	5,968,956,614 yen		
■ Listed exchanges	Prime Market of Tokyo Stock Exchange		
■ Number of employees	476 (entire group: 1299, including 636 in overseas subsidiaries)		
■ Business	Manufacture and sale of dental materials and equipment		
■ Main customers	Dental institutions (via sales agencies)		
■ Number of group companies	Subsidiaries 19 (four in Japan, fifteen overseas) Affiliates 1 (one in Japan) Dental Business companies: 17 (four in Japan, thirteen overseas) Nail Care Business companies: 3 (one in Japan, two overseas)		

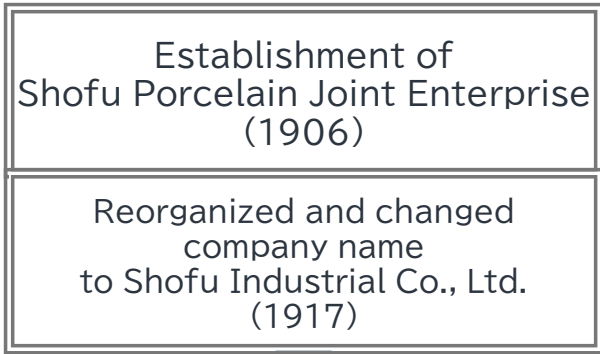


The Origin of Our Company - A Venture Business in the Beginning



- Worked at Kyoto Toki Co., Ltd. (Establishment in 1887)
- Dedicated to the industrialization of pottery for export

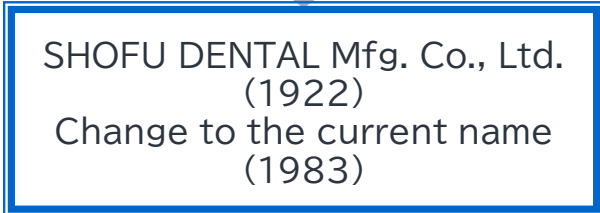
<The founder>
Kajo Shofu III



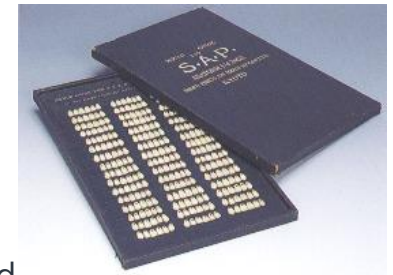
- Succeeded in manufacturing Japan's first high-voltage insulators (1905)
- Manufacture of ceramics for export
- Manufacture of high voltage insulators
- Conversion to a military company by national policy during the World War Two
- Dissolved in 1965.



Established as a sister company



- Developed and released "SHOFU Anatom form porcelain tooth", the first high-quality artificial teeth made in Japan.
- Subsequently, the company expanded its business domain to related materials, leading to its current business format.



- Born in Seto City, Aichi Prefecture (1870)
- Worked at Kyoto Toki Co., Ltd.



Corporate History (1)

1922	Shofu Dental Manufacturing Co., Ltd. founded and commenced the manufacture and sale of Japan's first artificial teeth.
1963	Shofu shares listed on the over-the-counter market.
1971~ 1978	Established sales subsidiaries in the U.S. and West Germany. Started overseas production (in Taiwan). Established Shiga Shofu Inc. as a manufacturing facility for resin teeth.
1983	Changed the company name to SHOFU Inc. Commenced management reforms.
1989	Shofu's shares listed on the Second Section of the Osaka Securities Exchange (in November).
1990~ 1997	Purchased a British research & development and manufacturing company. Founded a sales subsidiary in the U.K. Obtained the UK GMP (Good Manufacturing Practice) Certificate. Obtained a CE marking certificate.
1996	Founded Promech Inc. Established Liaison Office in Shanghai, China.
1997	Established the industry's largest research facility as a part of a project to commemorate Shofu's 75th anniversary.
2002~ 2003	Celebrated the 80th anniversary of its founding. Established Liaison Office in Beijing, China. Established Shanghai Shofu Dental Materials Co., Ltd., a production facility in China.
2005	Acquired Shoken Inc. as a wholly owned subsidiary through a share exchange. Established Shofu Dental Supplies (Shanghai) Co., Ltd., a sales facility in China.
2006	Training Center designed to promote customers service completed (in August).
2007	Celebrated the 85th anniversary of its founding. Shofu's shares listed on the Second Section of the Tokyo Stock Exchange (in February).
2008	Acquired and turned Nail Labo Co., Ltd. into a subsidiary. Acquired 1.6 million of the company's own shares in accordance with the purchase of the company's own shares scheme in the J-NET market of the Osaka Securities Exchange.
2009	Reached basic agreement concerning business and capital partnership with Mitsui Chemicals, Inc., and Sunmedical Co., Ltd. Transferred 1.8 million shares of treasury stock to Mitsui Chemicals, Inc., through a third-party allocation.



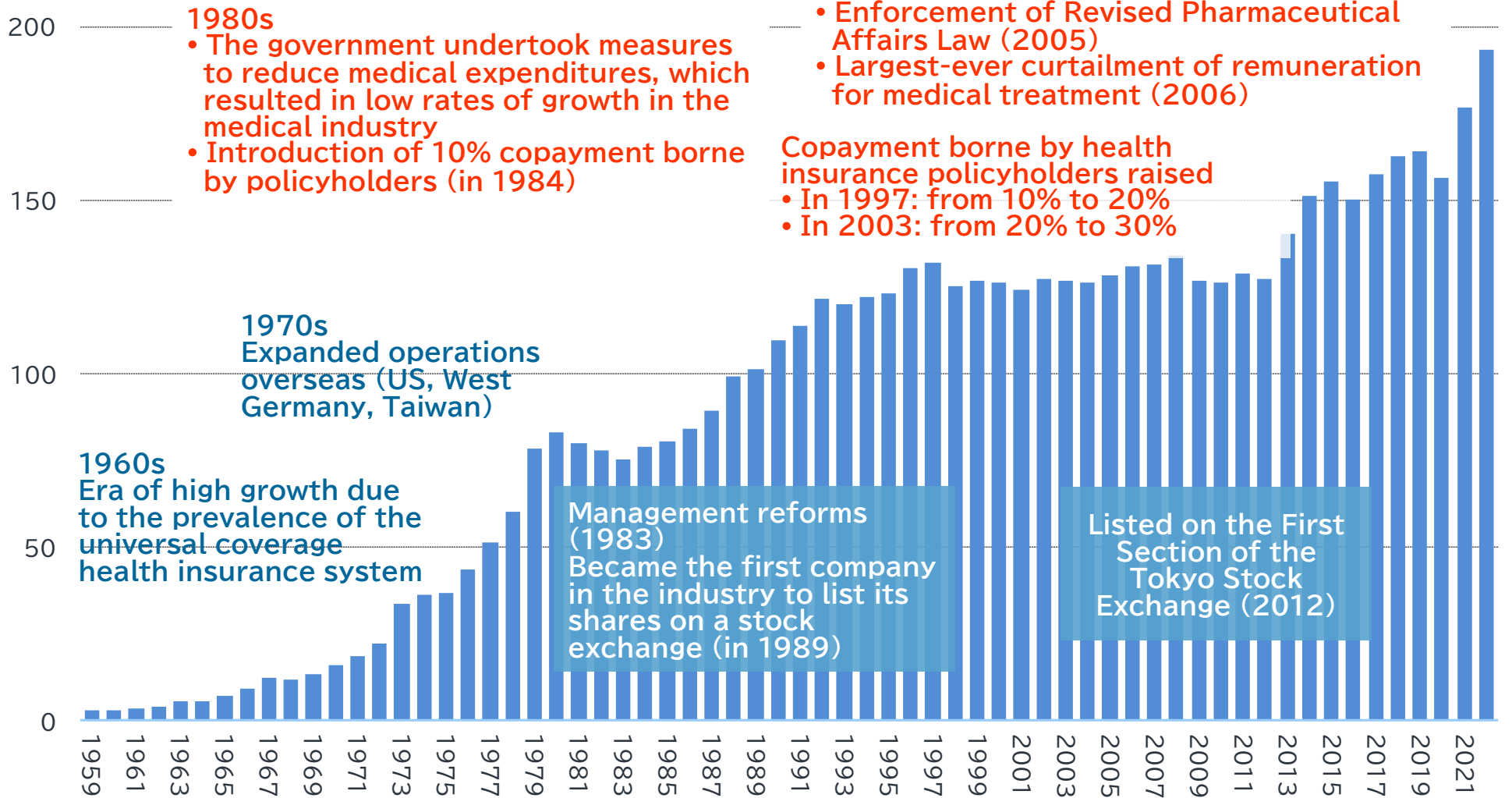
Corporate History (2)

2010	Shofu Dental Trading (Shanghai) Co., Ltd., is established in China.
2012	Celebrated the 90th anniversary of its founding. Listed on the First Section of the Tokyo Stock Exchange.
2013	Promech Inc. is split up, with Shoken Inc. taking over its dental businesses and Nail Labo Co., Ltd., absorbing the company and its remaining operations.
	The Singapore Sales Office is incorporated as the local corporation SHOFU Dental ASIA-Pacific Pte.Ltd.
2014	Established joint venture in Taiwan between Nail Labo Co., Ltd. and a local sales distributor.
2015	Acquired shares and made Merz Dental GmbH. a subsidiary.
	Established SHOFU BIOFIX INC.
2017	Established a subsidiary in Brazil
	Established a subsidiary in India
2019	New plant for Merz Dental GmbH. Completed
	Established a subsidiary in U.S.
2020	Established a subsidiary in Vietnam
	Enhancement of business and capital tie-up with Mitsui Chemicals, Inc.,(MCI) and Sun Medical Co., Ltd.(SMC)
	Shofu issued 1,780,000 new shares in a third-party allocation and MCI received these charges.
	Shofu acquired 20% of MCI' s 70% shareholding in SMC. (Shofu became MCI' s equity-method affiliate. / SMC became Shofu' s equity-method affiliate.)
2022	Celebrated the 100th anniversary of its founding.
2023	Completion of new company building [Ayumi Terrace



Corporate History (3)- Sales

Unit: ¥mn, %



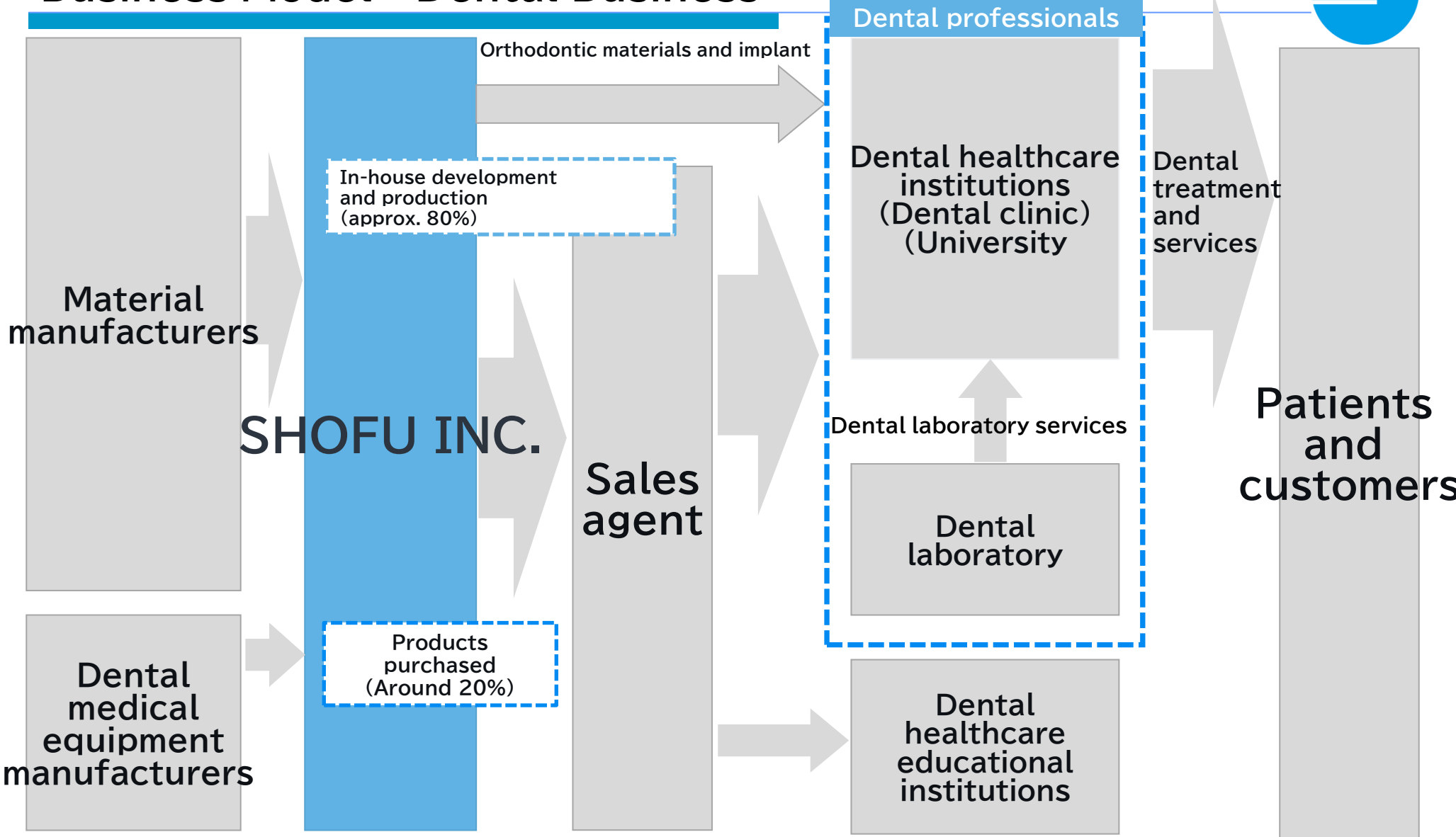
(Note) Amounts are non-consolidated (parent) sales.



Group Overview[Domestic & Overseas Bases]

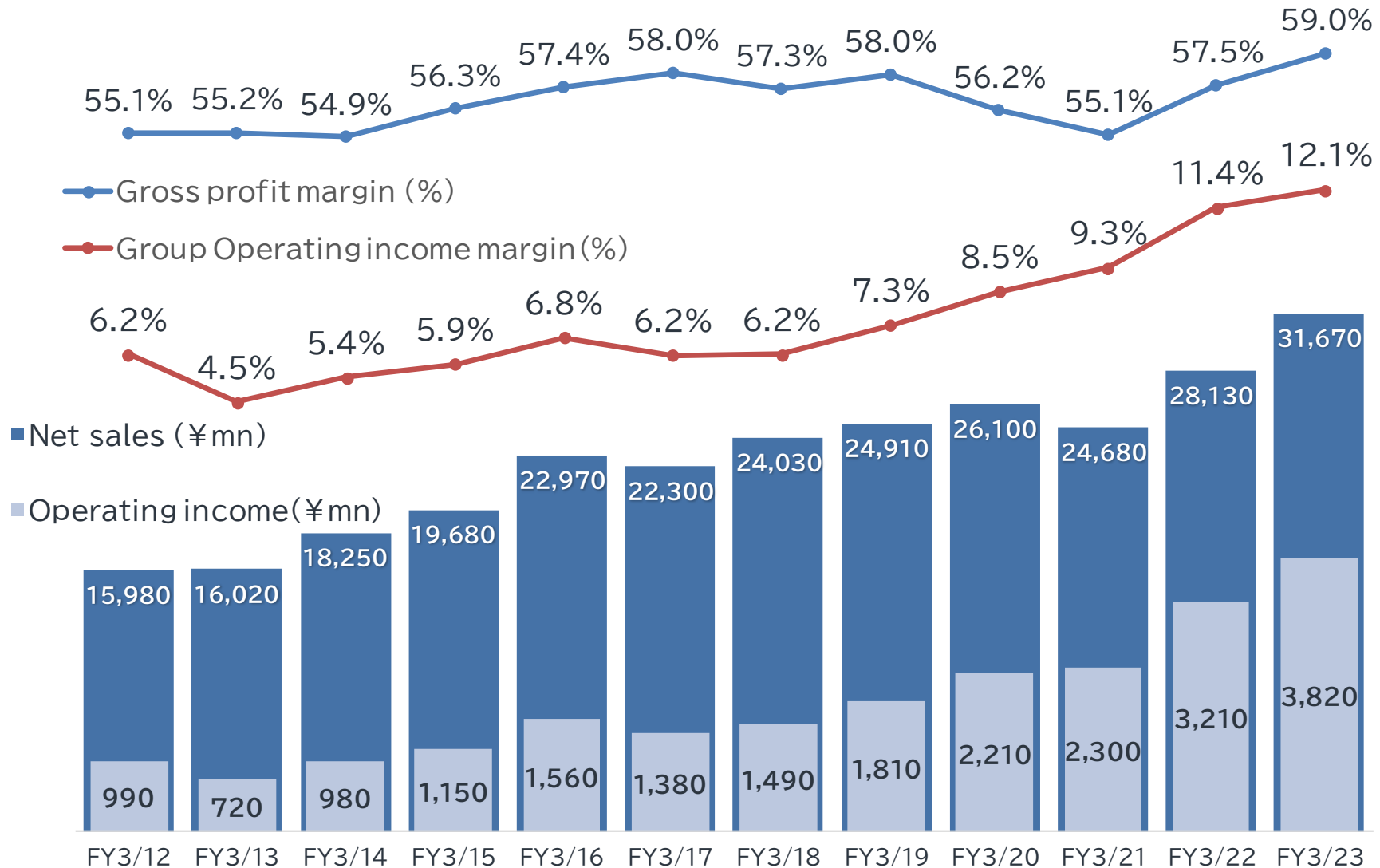
	Consolidated subsidiaries			Sales outlets
	Dental Business production subsidiaries	Dental Business sales subsidiaries	Nail Care Business subsidiaries	Dental Business
Japan	Shiga SHOFU Inc. SHOFU Products Kyoto Inc. 【Equity-method affiliate】 Sun Medical Co.,	SHOFU BIOFIX INC.	Nail Labo Corporation [Production・Sales]	Tokyo Branch Sapporo Sendai Nagoya Kyoto Osaka Fukuoka
U.S.A.		SHOFU Dental Corporation Smart Dentistry Solutions Inc. SHOFU Mexico SHOFU Dental Brasil Comercio De Produtos Odontologicos Ltda	Nail Labo Inc. [Sales]	
Europe	Merz Dental GmbH Digital Dental Service GmbH Advanced Healthcare Ltd.	SHOFU Dental GmbH		SHOFU UK SHOFU Italy
Asia	SHANGHAI SHOFU DENTAL MATERIAL CO.,LTD. SHOFU Products Vietnam Co., Ltd.	SHOFU DENTAL TRADING (SHANGHAI) CO.,LTD. SHOFU Dental Asia-Pacific Pte. Ltd. SHOFU Dental India Pvt. Ltd.	Nail Labo Taiwan [Sales]	SHOFU Taiwan
Total	7 subsidiaries +1 affiliate [Domestic 3, overseas 5]	9 subsidiaries [Domestic 1, overseas 8]	3 subsidiairies [Domestic 1, overseas 2]	

Business Model - Dental Business





Trends in sales and various income margin





Overseas Sales and Overseas Sales Ratios Trends

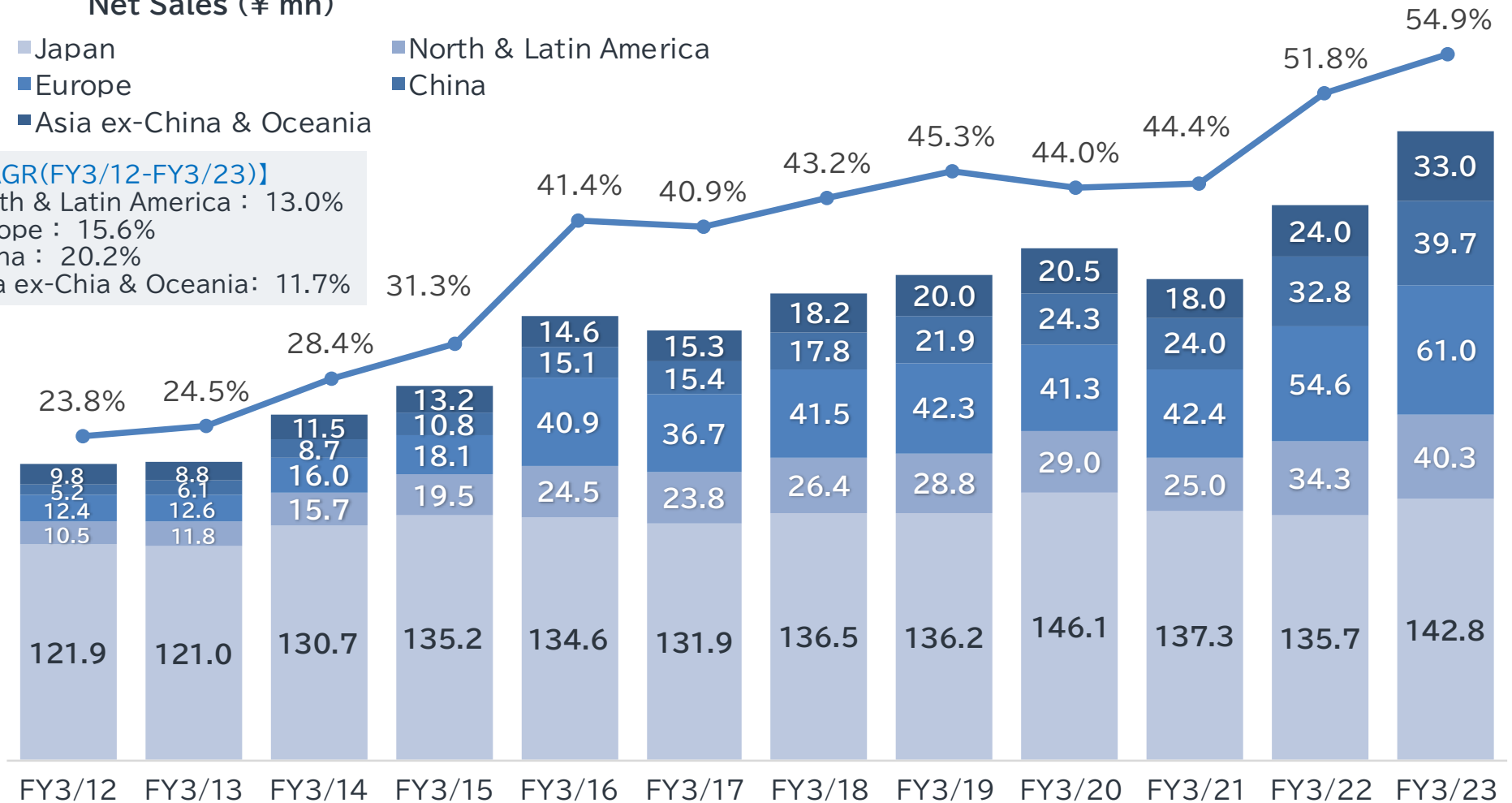
—●— Overseas sales ratio

Net Sales (¥ mn)

- Japan
- Europe
- Asia ex-China & Oceania
- North & Latin America
- China

[GAGR(FY3/12-FY3/23)]

North & Latin America : 13.0%
 Europe : 15.6%
 China : 20.2%
 Asia ex-Chia & Oceania: 11.7%





Medium-term Management Plan: Main Targets

Unit: ¥mn, %

	Fiscal March 2021 (Results)	Mid-term Management Plan			Fiscal March 2023 (Results)	Fiscal March 2024 (Forecasts)
		Fiscal March 2022 (Results)	Fiscal March 2023 (Forecasts)	Fiscal March 2024 (Forecasts)		
Net sales	24,680	★ 28,137	★ 29,314	★ 31,509	★ 31,678	★ 34,888
(Change from Previous Period)	(Δ5.5%)	(14.0%)	(4.2%)	(7.5%)	(12.6%)	(10.1%)
(Domestic sales)	13,733	13,573	14,182	★ 14,840	14,282	★ 14,851
(Change from Previous Period)	(Δ6.0%)	(Δ1.2%)	(4.5%)	(4.6%)	(5.2%)	(4.0%)
(Overseas sales)	10,946	★ 14,564	★ 15,132	★ 16,669	★ 17,396	★ 20,037
(Change from Previous Period)	(Δ4.8%)	(33.1%)	(3.9%)	(10.2%)	(19.4%)	(15.2%)
Operating income	2,300	★ 3,217	2,732	★ 3,791	★ 3,824	★ 4,308
(Percentage of sales)	(9.3%)	(11.4%)	(9.3%)	(12.0%)	(12.1%)	(12.3%)
Ordinary income	2,523	★ 3,658	2,850	★ 3,927	★ 4,238	★ 4,572
(Percentage of sales)	(10.2%)	(13.0%)	(9.7%)	(12.5%)	(13.4%)	(13.1%)
Net income	1,674	★ 2,546	1,975	★ 2,764	★ 3,135	★ 3,204
(Percentage of sales)	(6.8%)	(9.1%)	(6.7%)	(8.8%)	(9.9%)	(9.2%)
Dental business Overseas sales ratio	45.1%	★ 52.8%	★ 53.1%	★ 54.4%	★ 55.9%	★ 58.6%

* "Mid-term-Management Plan" is the revised budget announced on May 11th, 2022.



Medium-term Management Plan by Segment

Unit: ¥mn, %

	Fiscal March 2021 (Results)		Mid-Term Management Plan						Fiscal March 2023 (Results)		Fiscal March 2024 (Forecasts)	
			Fiscal March 2022 (Results)		Fiscal March 2023 (Forecasts)		Fiscal March 2024 (Forecasts)					
	Amout	%	Amout	%	Amout	%	Amout	%	Amout	%	Amout	%
Dental business	22,334	90.5	25,876	92.0	26,730	91.2	28,782	91.3	29,238	92.3	32,325	92.7
Nail care business	2,268	9.2	2,168	7.7	2,479	8.5	2,606	8.3	2,345	7.4	2,460	7.1
Other businesses	81	0.3	92	0.3	104	0.4	120	0.4	95	0.3	102	0.3
Net sales	24,685	100.0	28,137	100.0	29,314	100.0	31,509	100.0	31,678	100.0	34,888	100.0
Dental business	2,091	9.4	3,065	11.8	2,598	9.7	3,612	12.6	3,715	12.7	-	-
Nail care business	201	8.9	131	6.1	125	5.1	166	6.4	97	4.2	-	-
Other businesses	2	2.6	14	15.1	7	7.5	12	10.5	5	5.7	-	-
Operating income	2,294	9.3	3,211	11.4	2,732	9.3	3,791	12.0	3,824	12.1	4,308	12.3

* "Mid-term-Management Plan" is the revised budget announced on May 11th, 2022.



Medium-term Management Plan: Capex, Depreciation, R&D

Unit: ¥mn, %

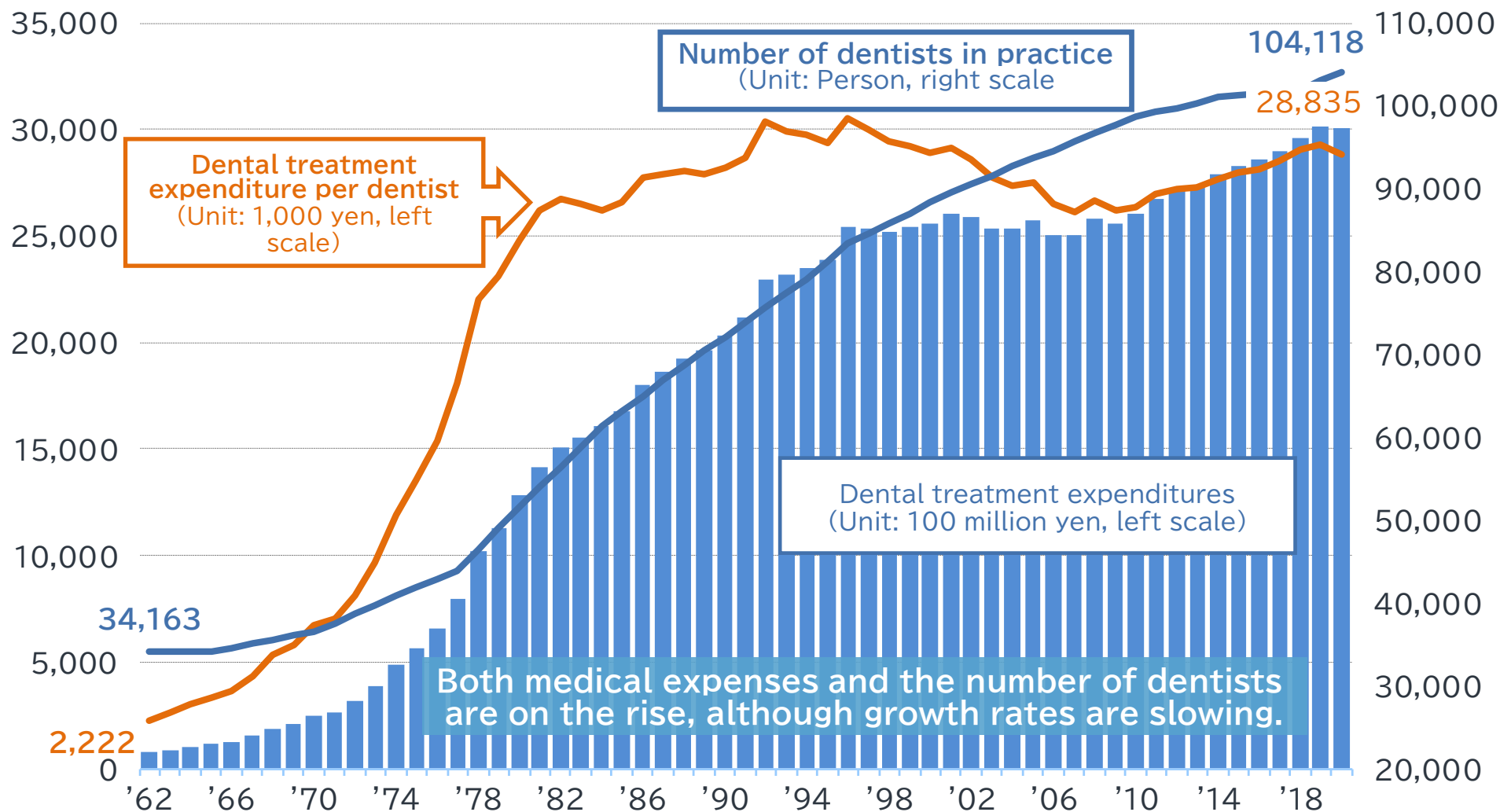
	Fiscal March 2021 (Results)	Mid-Term Management Plan			Fiscal March 2023 (Results)	Fiscal March 2024 (Forecast)
		Fiscal March 2022 (Results)	Fiscal March 2023 (Forecasts)	Fiscal March 2024 (Forecasts)		
Capital investment	1,097	1,100	2,483	1,227	2,319	1,834
Depreciation expenses	955	901	1,014	1,022	971	1,176
R&D expenses	1,563	1,738	1,853	1,834	1,846	2,035
Forex						
USD	106.17	112.86	115.00	115.00	134.95	141.31
EUR	123.73	131.01	130.00	130.00	141.24	153.51
RMB	15.44	17.03	18.00	18.00	19.38	19.65

* "Mid-term-Management Plan" is the revised budget announced on May 11th, 2022.

Appendix

(Dentistry Data)

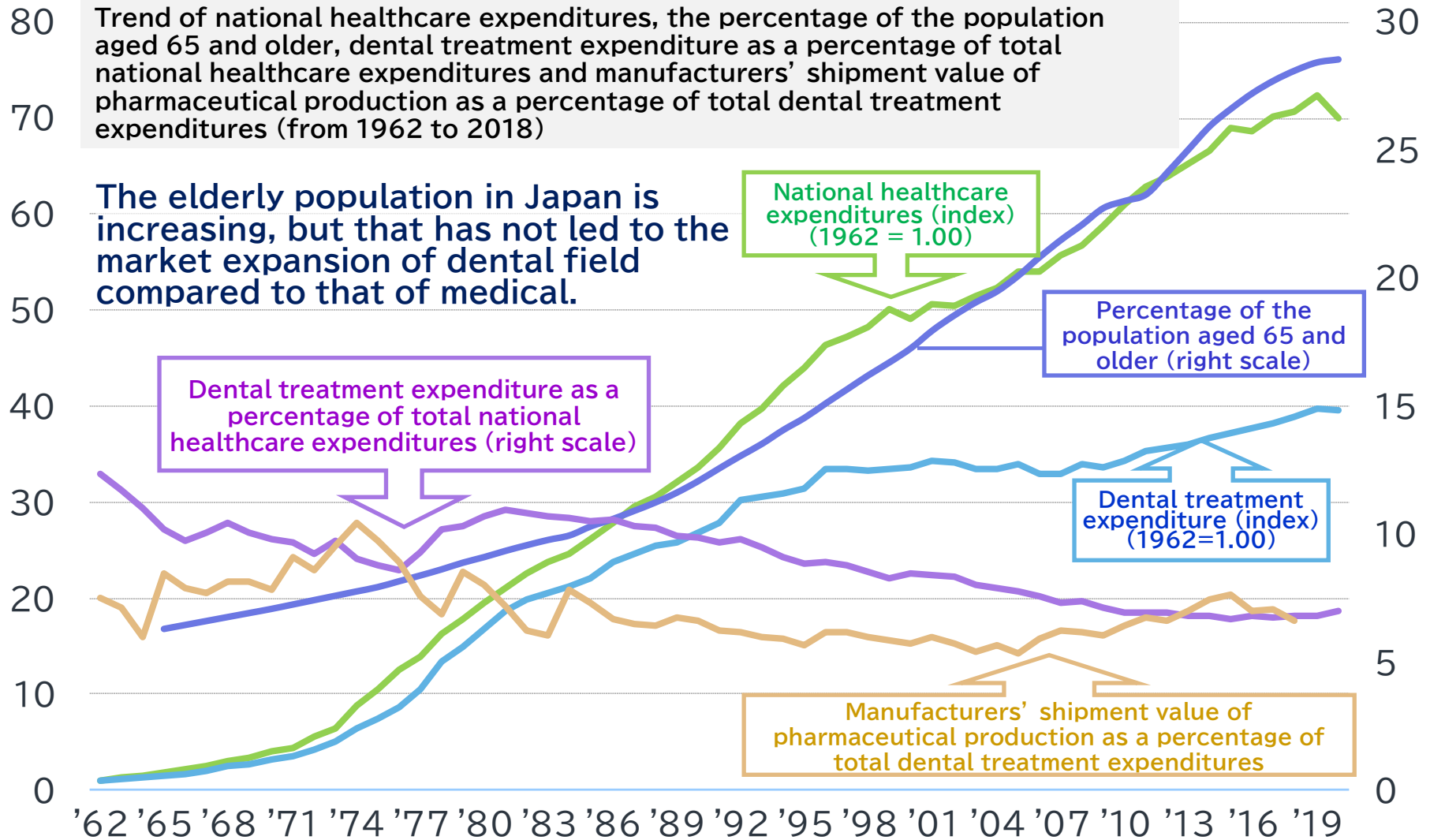
Trend of the Number of Dentists and Dental Treatment Expenditure



Prepared using yearly data from Summary of National Healthcare Expenditures, Survey on Doctors, Dentists and Pharmacists (Ministry of Health, Labour and Welfare)



Long-term Trend of Dentistry-Related Statistics

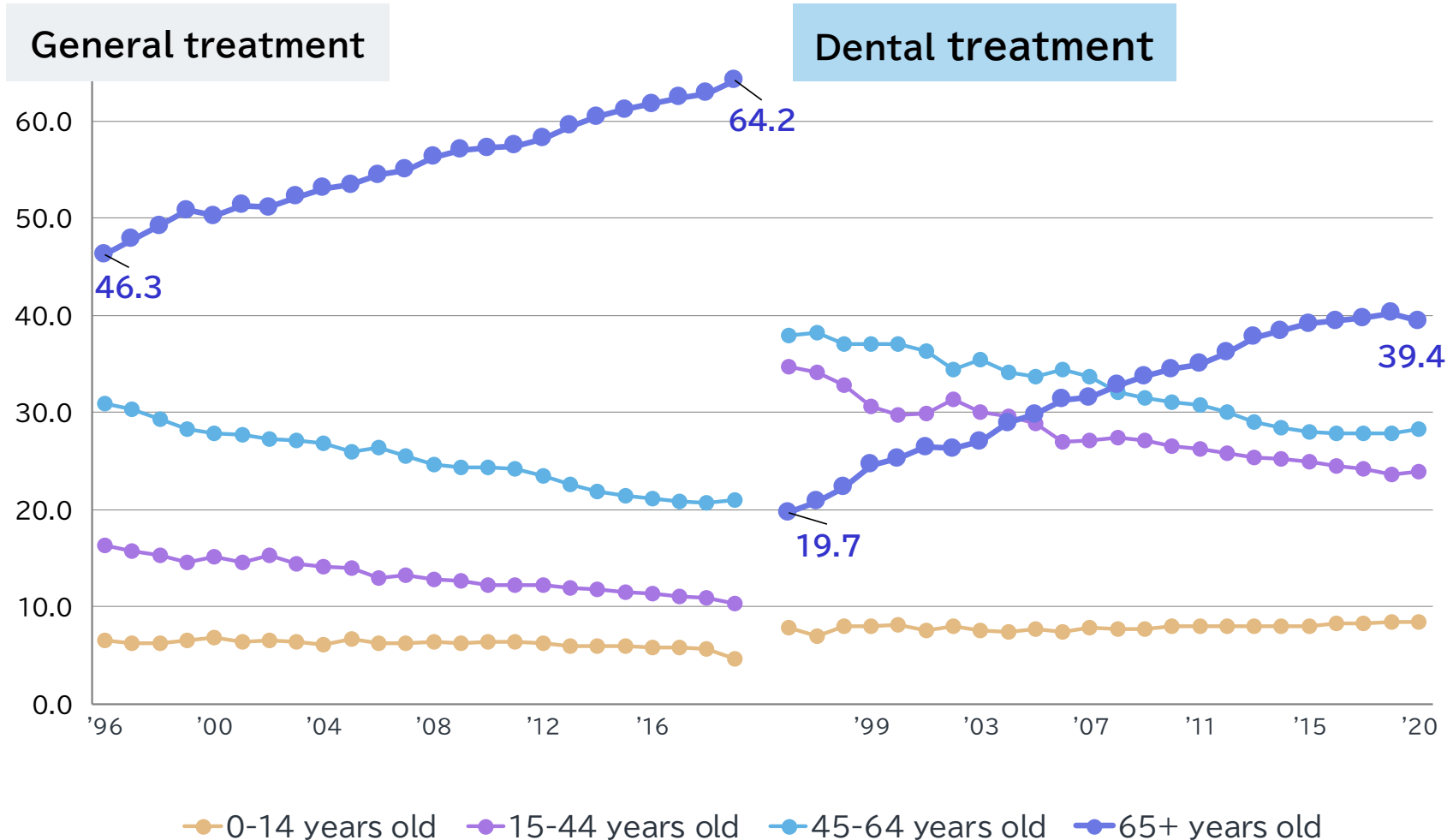


Prepared using yearly data from Summary of National Healthcare Expenditures, Production Statistics issued by the Pharmaceutical Industry (Ministry of Health, Labour and Welfare)



Healthcare Expenditures by Age Group (weight)

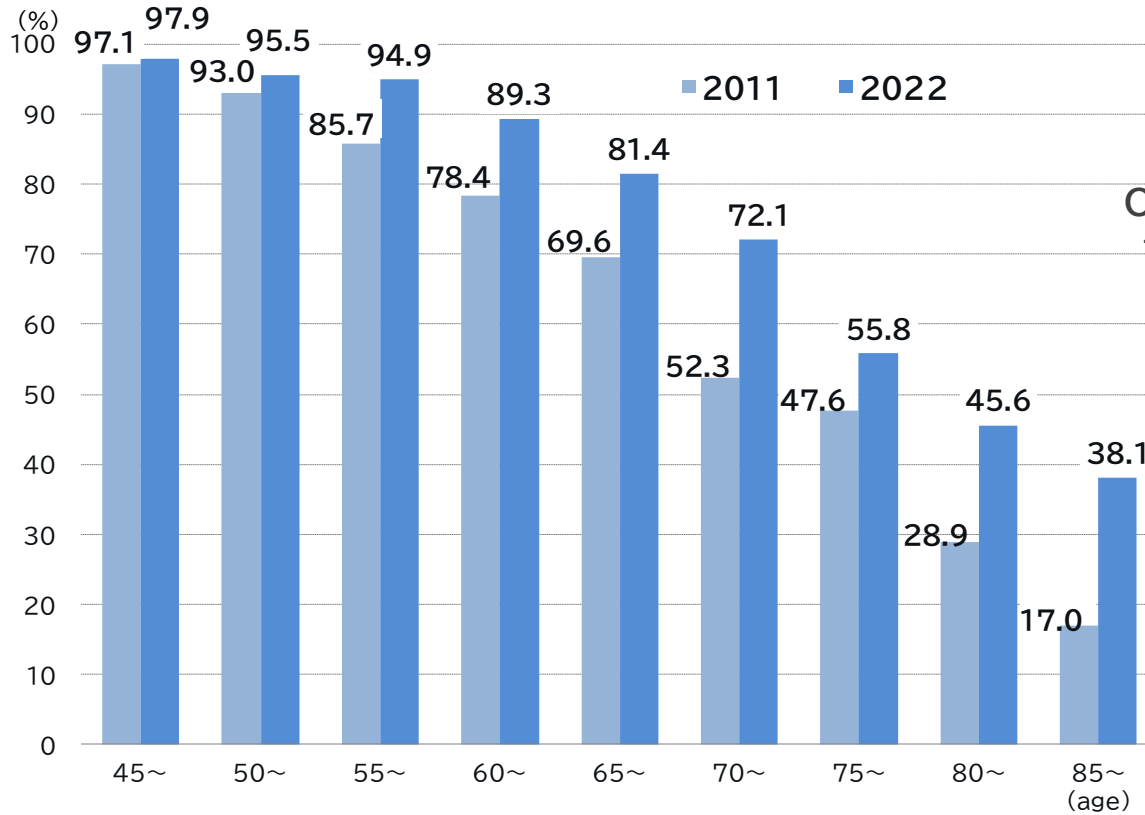
People aged 65 years and older tend to place less importance on dental treatment than general medical treatment.





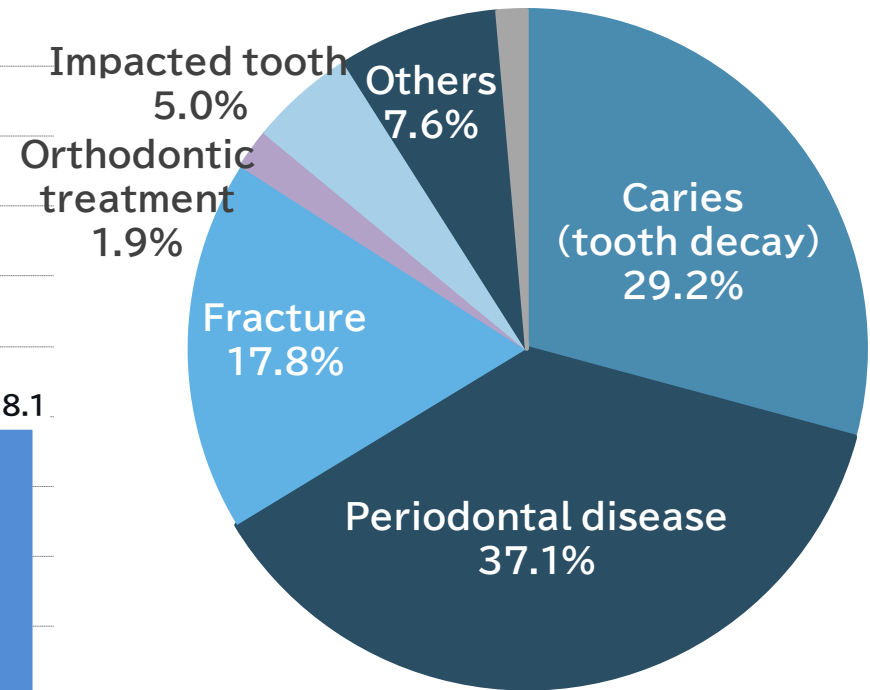
The 8020 Movement and Changes in Dental Diseases

Percentage of people with 20 or more of their own teeth



Survey of Dental Diseases 2011,2022
(Ministry of Health, Labour and Welfare)

Causes of tooth loss

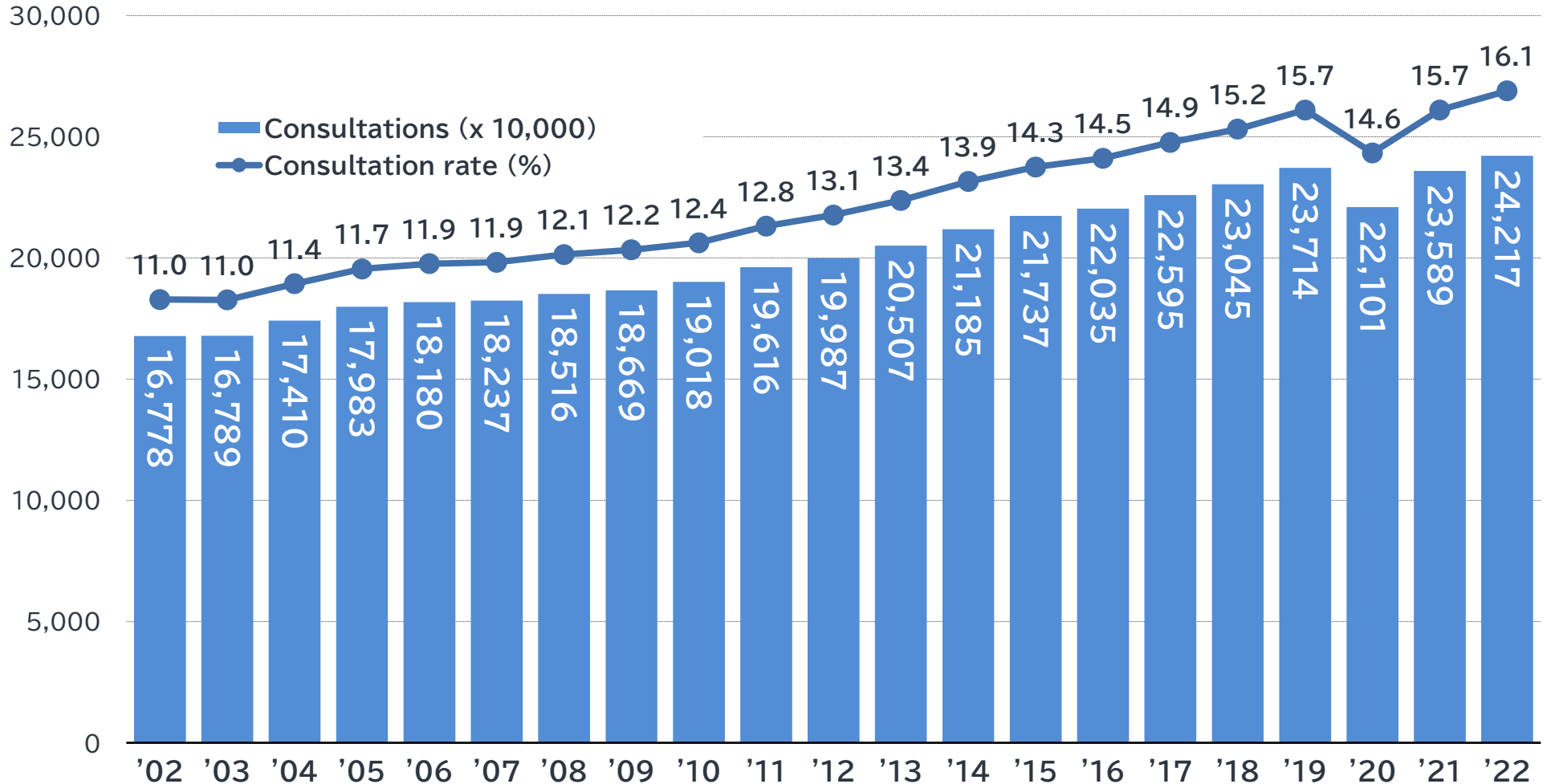


(Survey by the 8020 Promotion Foundation in 2018)



Dental Clinic Consultation Rates

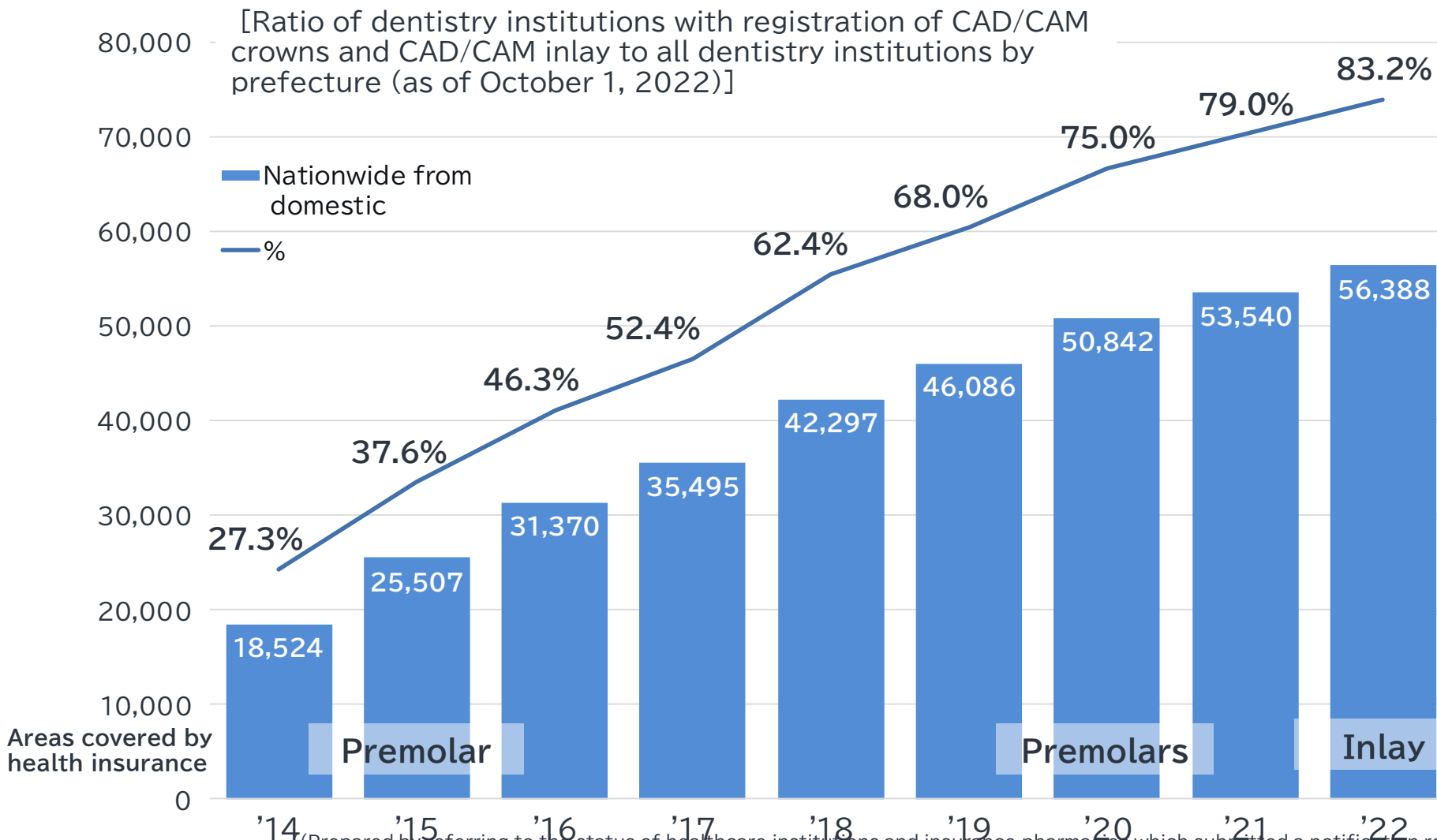
Dental clinic consultation rates are rising trend.



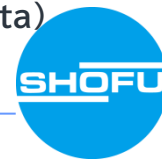
* Consultation rate: ratio of persons receiving monthly dental treatment or examinations (12 times yearly)

Medical Institutions with Facilities that meet CAD/CAM Requirements

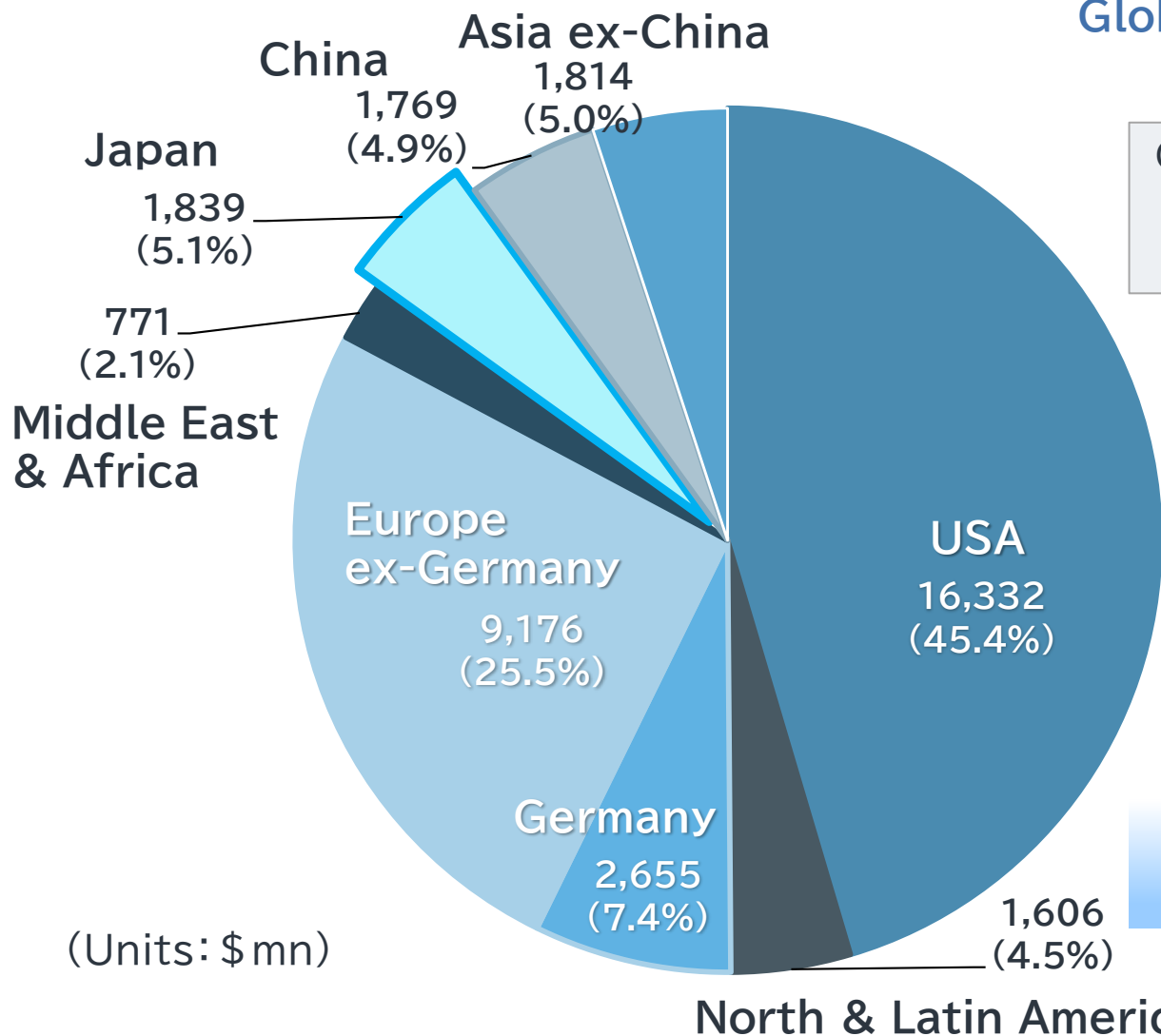
Appendix(Dentistry Data)



(Prepared by referring to the status of healthcare institutions and insurance pharmacies which submitted a notification regarding facility standards that was accepted by regional public welfare bureaus (List of healthcare institutions regarding submission and acceptance of notification), compiled by the Ministry of Health, Labour and Welfare)



Global Dental Equipment Market Size (amount, weight)



Global Dental Equipment Market's CAGR(2017-2022) :7.0%

Converted to \$1 = 145 yen

Global Dental Equipment Market Size
\$35.9 billion
= Approx. 5.2 trillion yen (※)

Dental materials are expected to account for about 30% of the total

Global dental materials market
\$10.7 billion
= Approx. 1.6 trillion yen(※)

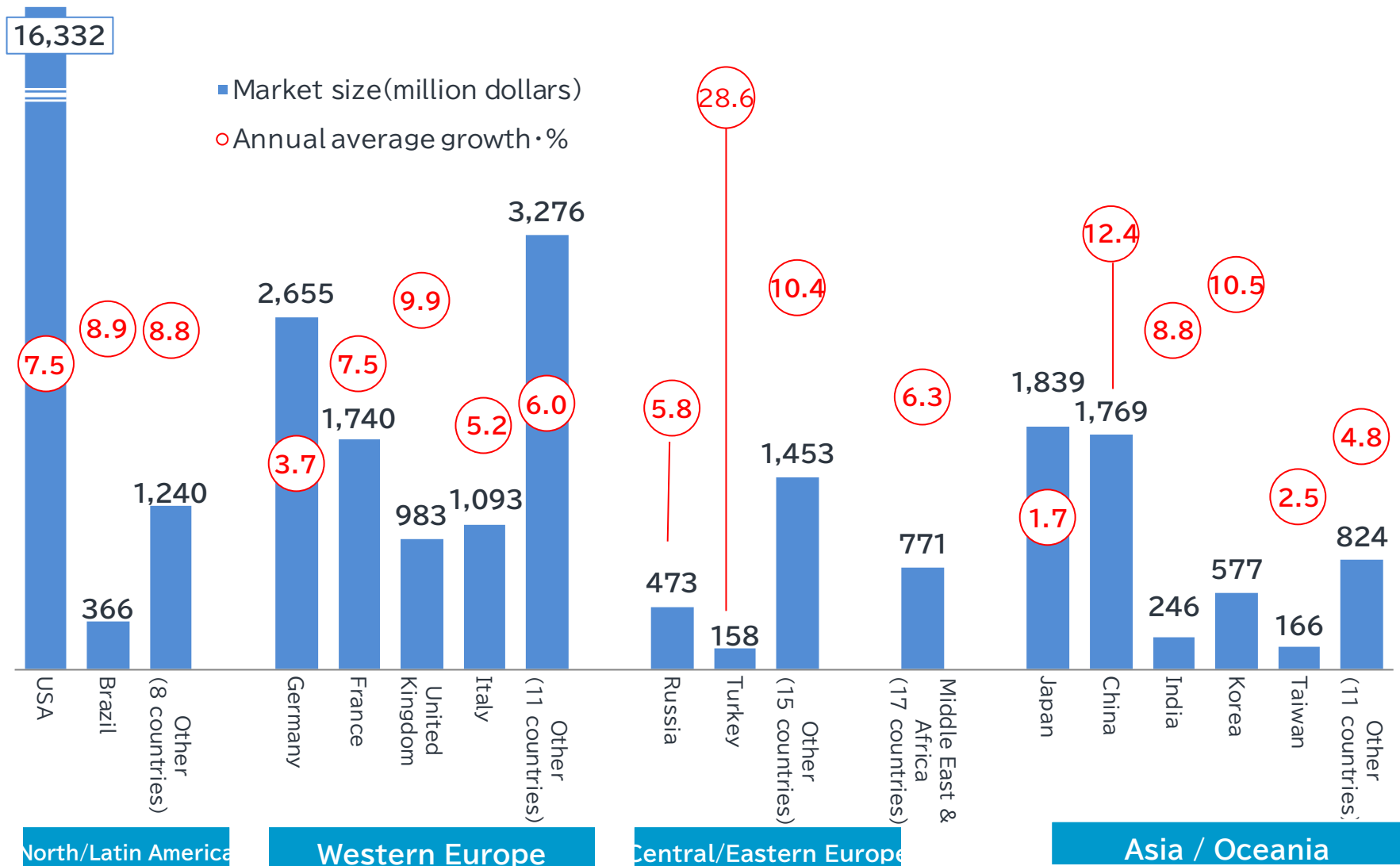
Dental Business sales(FY3/23)
29.24 billion

Our current global market share is about 2%.

(Only dental materials market)



Global Dental Market — Market Size and Growth Potential

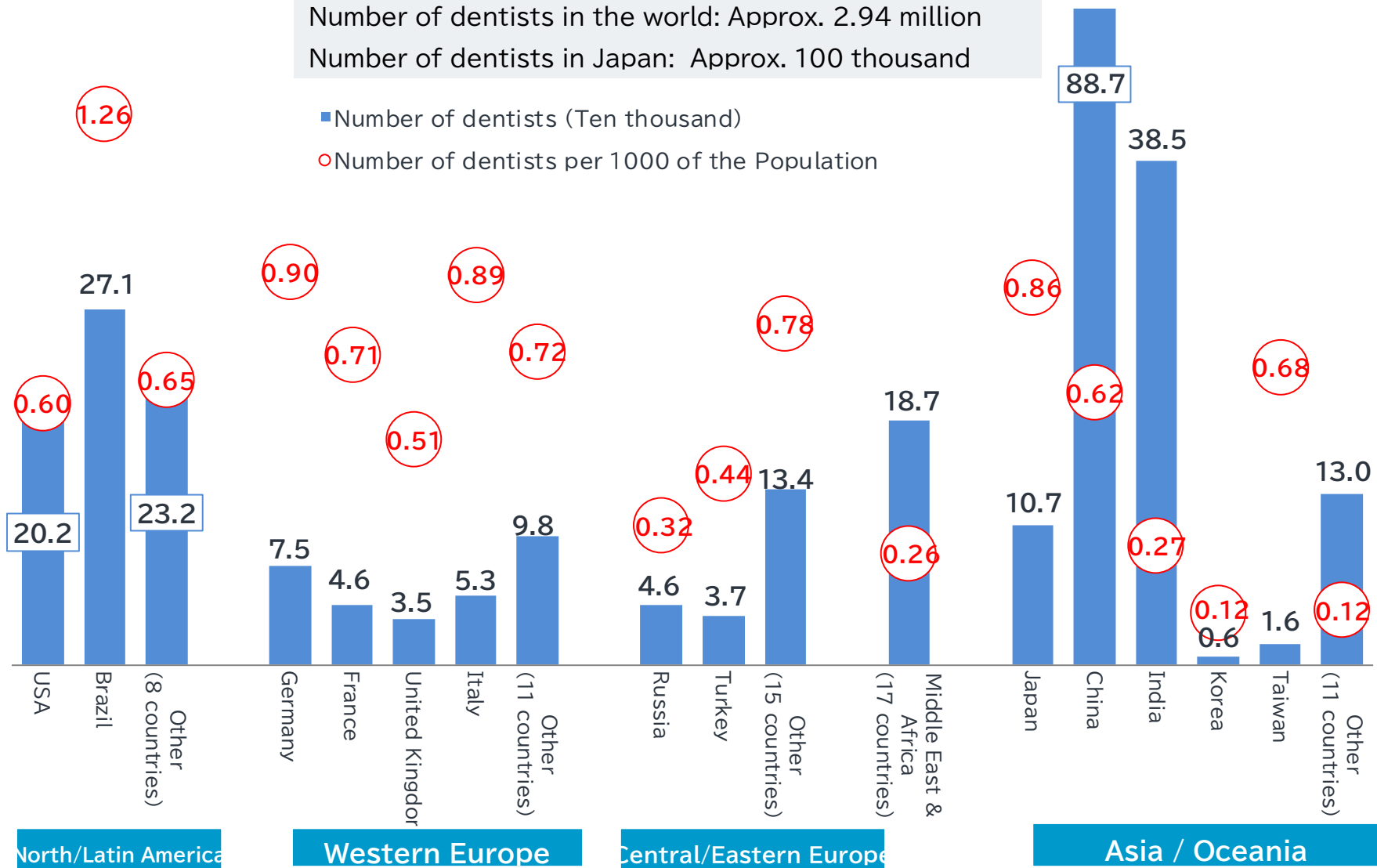




Global Dental Market — Number of Dentists

Number of dentists in the world: Approx. 2.94 million
 Number of dentists in Japan: Approx. 100 thousand

- Number of dentists (Ten thousand)
- Number of dentists per 1000 of the Population



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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