

FYE March 2025
(153rd Business Year)

Earnings Presentation Materials

Prepared for Investor Meeting on May 20, 2025

SHOFU INC.

May 12, 2025

Tetsuo Takami

President and CEO

Fumitaka Yamazaki

Director, Senior Managing Executive Officer,
Corporate Planning



Consolidated Financial Result for FYE March 2025 and Financial Forecasts for FYE March 2026

Fumitaka Yamazaki

Director, Senior Managing Executive Officer,
Corporate Planning

Financial Summary

Consolidated Financial Results for FYE March 2025

Financial Forecasts for FYE March 2026



FYE3/25 results

Net sales	¥38,698mn	(Overseas sales 58.6%)
Operating income	¥5,392mn	

- Earnings were largely in line with the plan. Sales **increased 10.3% YoY** due to sales growth overseas in existing products, increased demand for *SHOFU Block PEEK* due to inclusion in health insurance coverage, and foreign exchange effects (weaker yen)
- Operating income **increased 14.5% YoY**, mainly driven by higher sales, which offset a sharp rise in SG&A expenses due to upfront investments and a bolstering of sales activities. Favorable foreign exchange rates (weaker yen) also contributed to the profit growth

FYE3/26 outlook

Net sales	¥40,876mn	(Overseas sales 58.6%)
Operating income	¥4,800mn	

- 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 FYE. 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 for FYE3/25: ¥36 (interim) / ¥31 (year-end) per share (¥98 annual total on a pre-stock split basis)
- Dividend forecast for FYE3/26 : ¥53/share (Up ¥8 from the previous year on a pre-stock split basis)

* A 2-for-1 stock split of the common shares was effected on October 1, 2024.

Financial Summary

Consolidated Financial Results for FYE March 2025

Financial Forecasts for FYE March 2026



Key earnings highlights for FYE3/25

(¥mn, %)

	FYE 3/24 Actual		FYE 3/25 Actual		Change YoY		FYE 3/25 Forecast	
	(% of sales)		(% of sales)		(% change)		(% change)	
Net sales	35,080	(100.0)	38,698	(100.0)	3,617	(10.3)	38,395	(100.8)
(Domestic sales)	14,892	(42.5)	16,012	(41.4)	1,120	(7.5)	15,912	(100.6)
(Overseas sales)	20,188	(57.5)	22,685	(58.6)	2,497	(12.4)	22,483	(100.9)
Gross profit	20,995	(59.8)	22,991	(59.4)	1,996	(9.5)	23,081	(102.6)
(SG&A)	16,286	(46.4)	17,599	(45.5)	1,312	(8.1)	17,787	(98.9)
Operating income	4,709	(13.4)	5,392	(13.9)	683	(14.5)	5,293	(101.9)
Ordinary income	5,118	(14.6)	5,523	(14.3)	404	(7.9)	5,604	(98.5)
Net income	3,655	(10.4)	4,317	(11.2)	661	(18.1)	4,434	(97.4)
EPS	103.09		121.52		18.43		124.87	
ROE	9.5%		10.3%		0.8ppt		10.4%	
Forex								
\$	144.40		152.48		8.08		145.09	
€	156.80		163.62		6.82		155.65	
RMB	19.80		21.03		1.23		20.11	

Effect of forex fluctuations: Net sales +¥1,074mn (vs previous FYE)

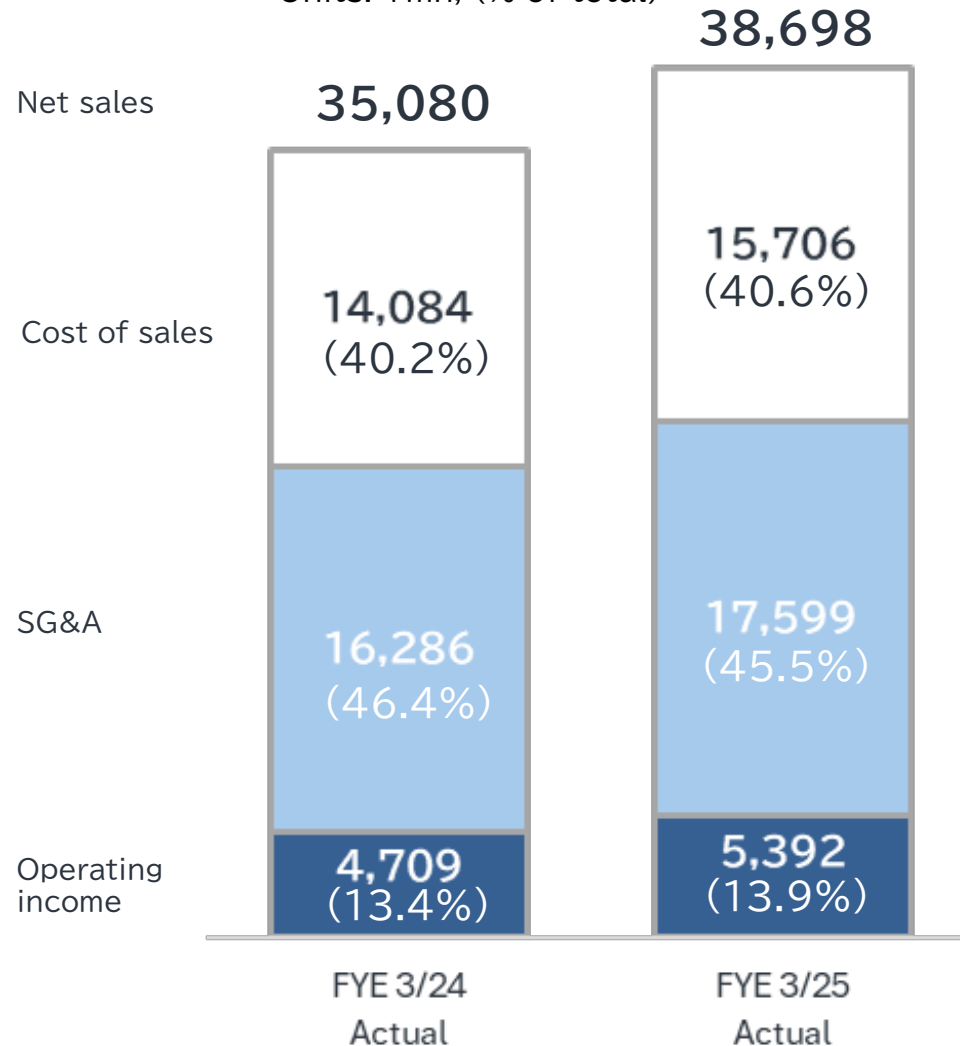
Net income = net income attributable to owners of parent

FYE3/25 Forecast = revised plan announced on August 2, 2024.



Operating income (YoY)

Units: ¥mn, (% of total)



Net sales: +¥3, 617mn (+10.3%)

Sales growth in Japan and overseas and forex effects (weaker yen).

Operating income: +¥683mn(+14.5%)

Profit growth from higher sales and forex effects (weaker yen)

Margin improved, absorbing an increase in SG&A expenses

Cost of sales ratio: +0.4ppt

Cost of sales ratio increased for some products, reflecting sales growth in emerging markets

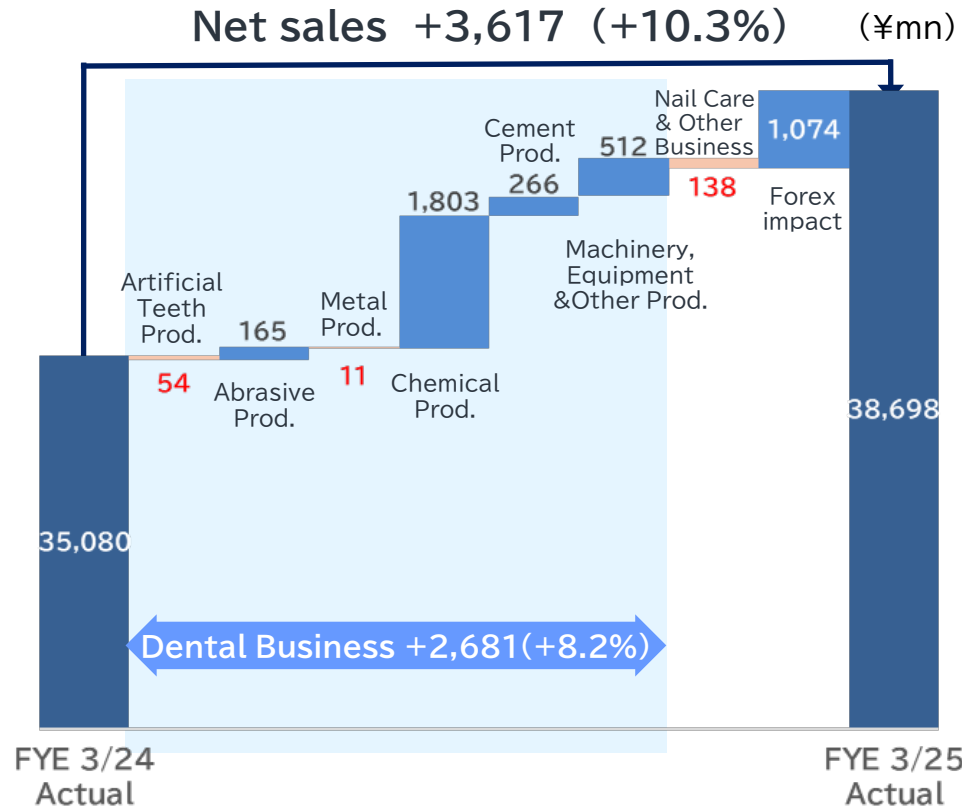
SG&A ratio: -0.9ppt

SG&A largely in line with forecast

SG&A ratio improved due to sales growth



Net sales by product category (YoY)



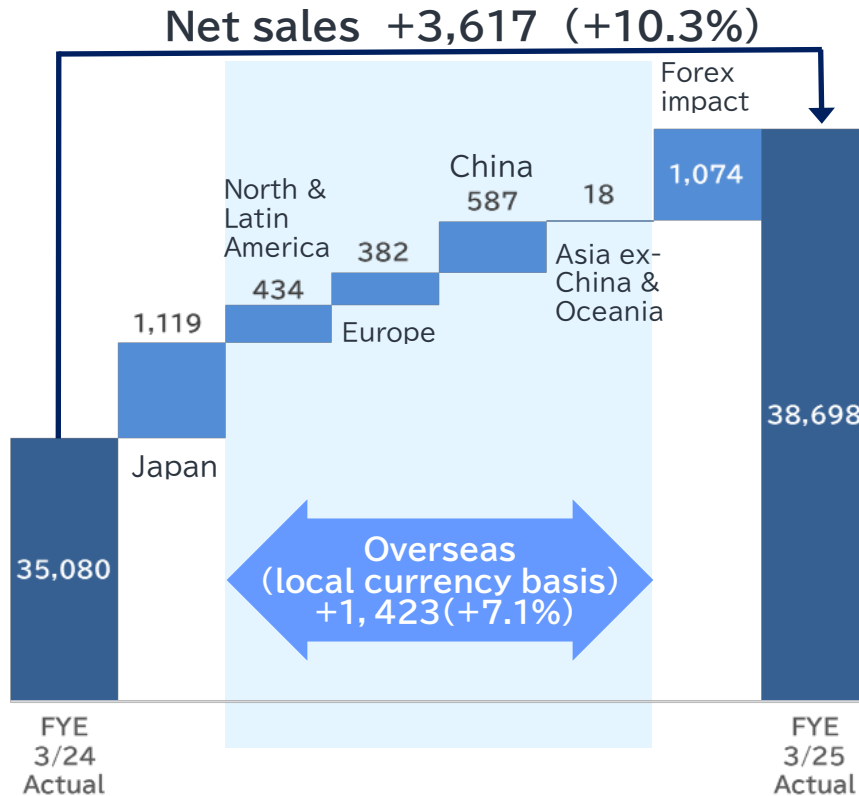
	FYE 3/25		Change YoY(%)	
	Actual	Composition	¥ basis	LCY basis
Artificial Teeth	7,043	18.2%	2.9%	-0.8%
Abrasive Products	5,592	14.5%	6.3%	3.1%
Metal Products	148	0.4%	-7.4%	-7.4%
Chemical Products	12,835	33.2%	21.2%	17.0%
Cement Products	3,487	9.0%	12.7%	8.6%
Machinery, Equipment & Other Products	7,248	18.7%	8.7%	7.7%
Dental Business total	36,356	93.9%	11.4%	8.2%
Other Business	2,341	6.1%	-4.6%	-5.6%
Total	38,698	100.0%	10.3%	7.2%

- ▶ **Artificial Teeth Products**
CAD/CAM zirconia disks and ceramic materials remained strong overseas, while sales of some resin teeth slowed due to rising competition
- ▶ **Chemical Products (Filling/restorative materials, CAD/CAM resin blocks, crown materials)**
Supply constraints resolved through enhanced procurement channels and expanded production; sharp YoY growth driven by resumption of aggressive overseas promotions
- ▶ **Machinery, Equipment & Other Products**
Domestic CAD/CAM machines and EyeSpecial C-V (digital dental camera) sold well both in Japan and overseas



Net sales by region (YoY)

(¥mn)



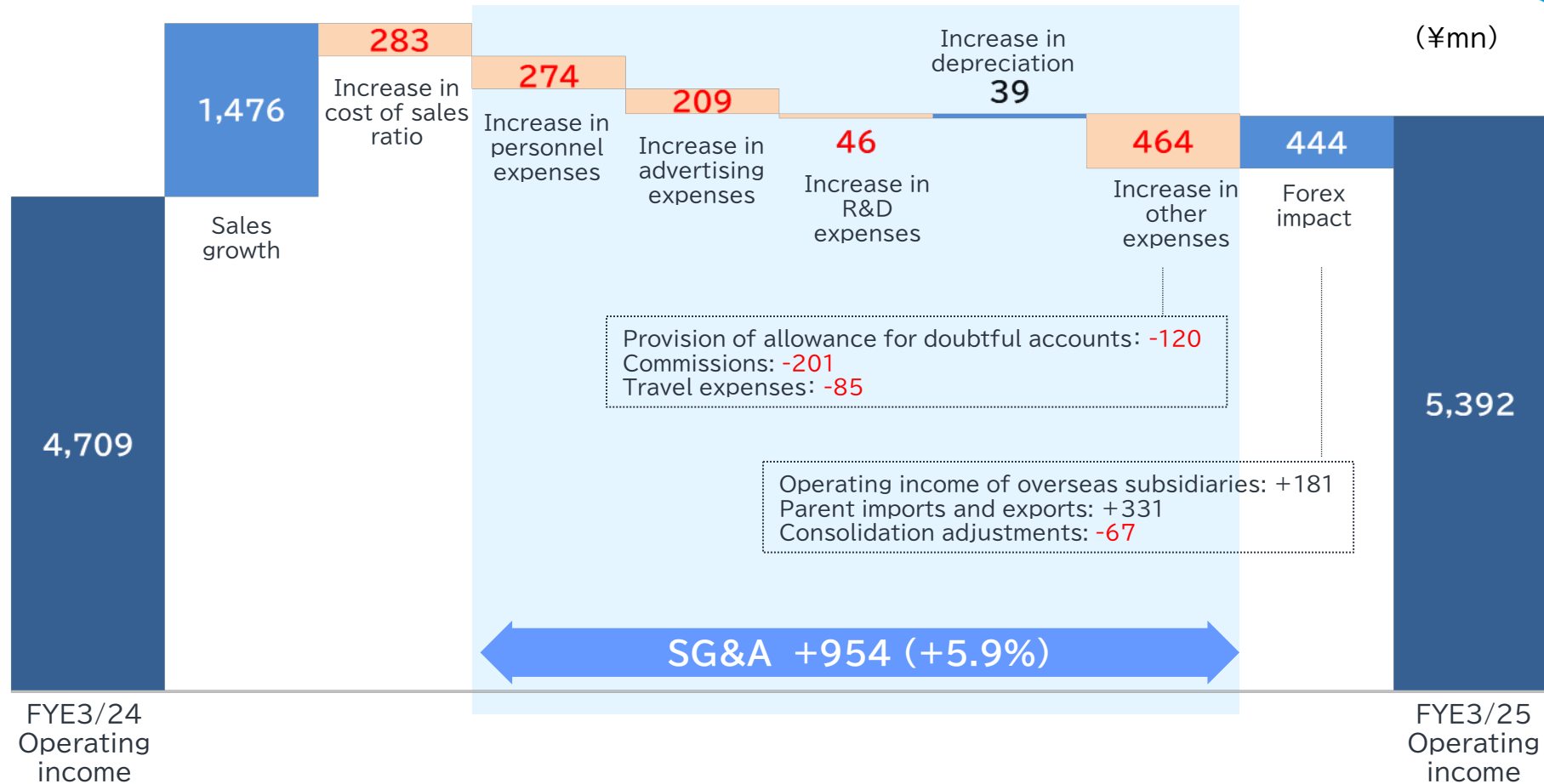
	FYE 3/25		Change YoY(%)	
	Actual	Composition	¥ basis	LCY basis
Japan	16,012	41.4%	7.5%	7.5%
Overseas	22,685	58.6%	12.4%	7.1%
North & Latin America	5,002	12.9%	15.9%	10.1%
Europe	7,969	20.6%	10.2%	5.3%
China	5,689	14.7%	19.3%	12.3%
Asia ex-China & Oceania	4,025	10.4%	4.0%	0.5%
Total	38,698	100.0%	10.3%	7.2%

*Europe : Includes Middle East and Africa

- ▶ **Japan** : Strong sales of CAD/CAM-related materials, especially SHOFU Block PEEK, and peripheral equipment
- ▶ **Overseas** : Restorative materials, mainly Giomer products, remained solid
- +
- North & Latin America** : Sales of abrasive materials showing recovery
- Europe** : Strong performance in CAD/CAM materials; business expansion progressing in the Middle East
- China** : Some artificial teeth product sales slowed due to higher competition, but crown materials performed well
- Asia ex-China & Oceania** : Surge in demand for materials in India has settled down



Operating income swing factors (YoY)



- ✓ Cost of sales ratio increased for some products due to sales growth in emerging markets.
- ✓ Booked provisions for doubtful accounts and costs for the excavation of buried cultural properties related to the reconstruction of the headquarters plant.
- ✓ Advertising expenses rose amid increased sales activities, at the same time as improvements to the production system, mainly for chemical products.

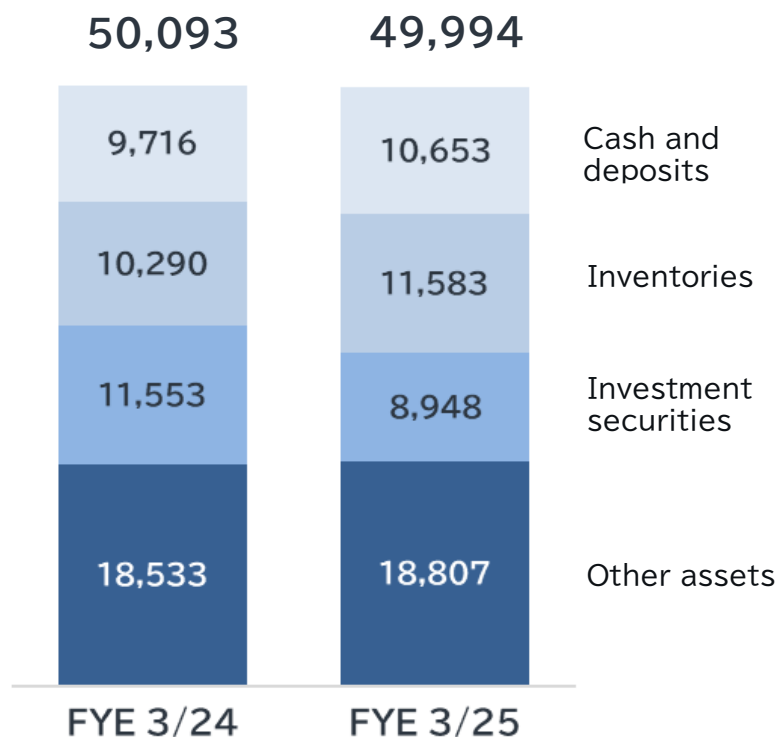
Balance sheet

Consolidated Financial Results for FYE3/25

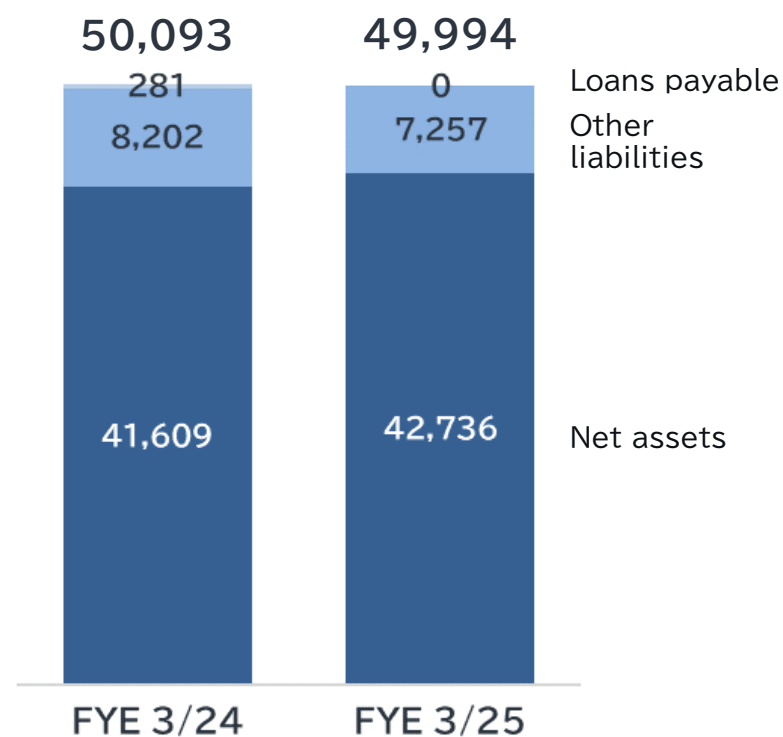


(¥mn)

Assets



Liabilities and net assets



High equity ratio (82.7%):

Pursuing capital efficiency while maintaining a sound and resilient financial base

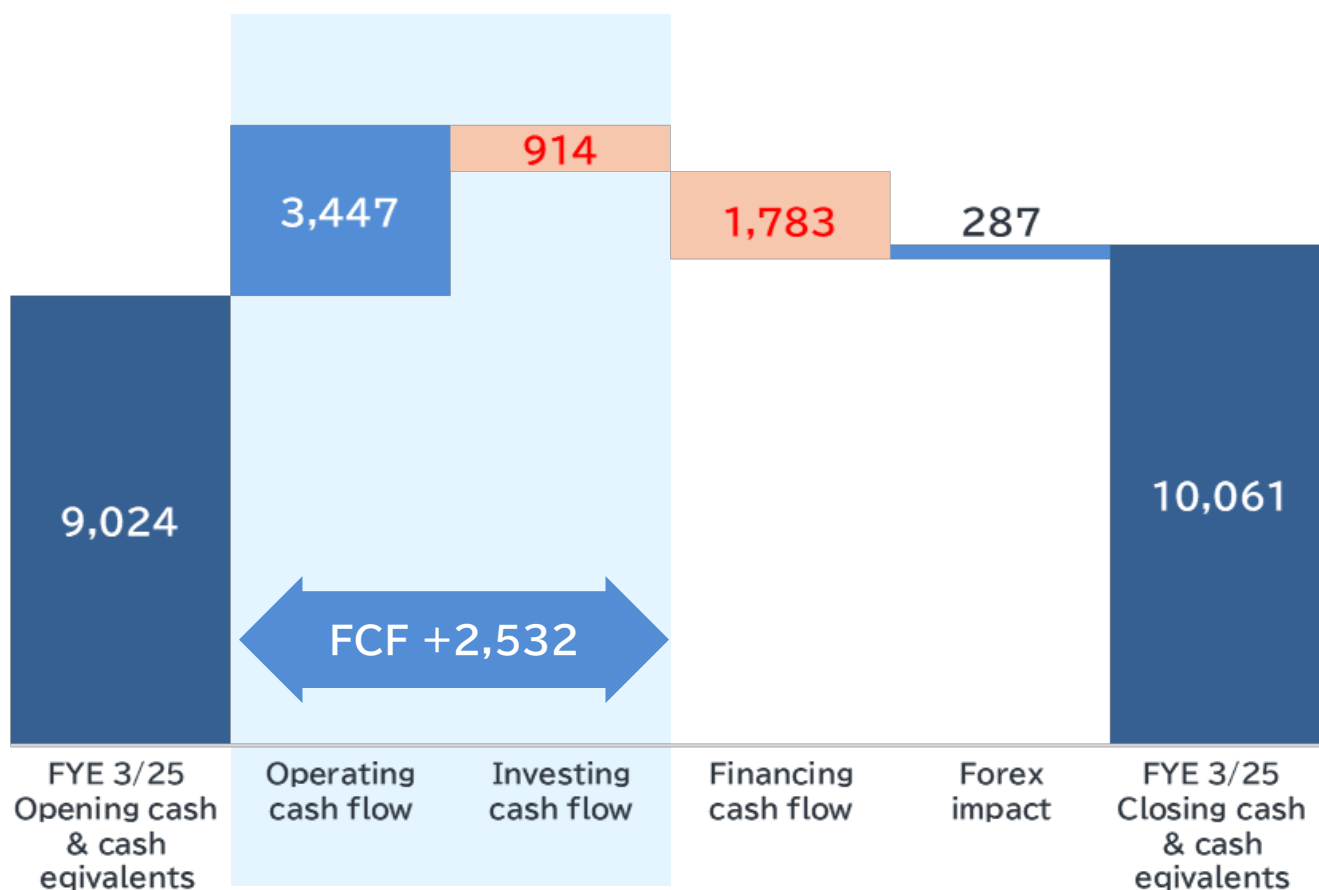
- ✓ Total assets (-¥99mn): Investment securities decreased due to decline in market value
- ✓ Net assets (+¥1,126mn): Retained earnings increased reflecting profit accumulation

Cash flows

Consolidated Financial Results for FY3/25



(¥mn)



Operating cash flow

Income before income taxes	+6,159
Depreciation and amortization	+1,059
Income taxes paid	-1,739
Increase in inventories	-1,203

Investing cash flow

Sales of investment securities	+869
Acquisition of fixed assets	-1,229

Financing cash flow

Dividends paid	-1,385
Repayment of debt	-281

- ✓ Cash generation (+¥2,532mn) from operating CF and sales of investment securities
- ✓ Review of investment securities is carried out in line with the strategy of the medium-term plan, with the focus on capital efficiency
- ✓ Actively return profits to shareholders through dividend payments

Financial Summary

Consolidated Financial Results for FYE March 2025

Financial Forecasts for FYE March 2026



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

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, %)

	FYE 3/25 Actual		FYE 3/26 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%		0.6ppt	
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

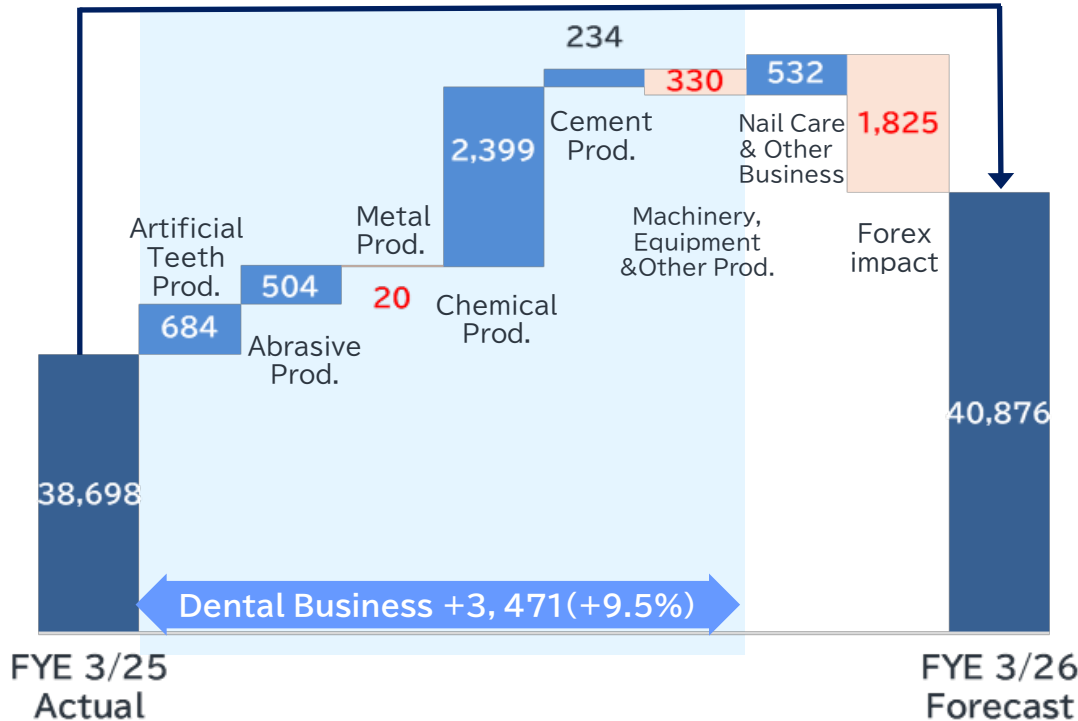
*Net income = net income attributable to owners of parent



Net sales by product category (YoY)

Net sales +2,178 (+5.6%)

Units: ¥mn



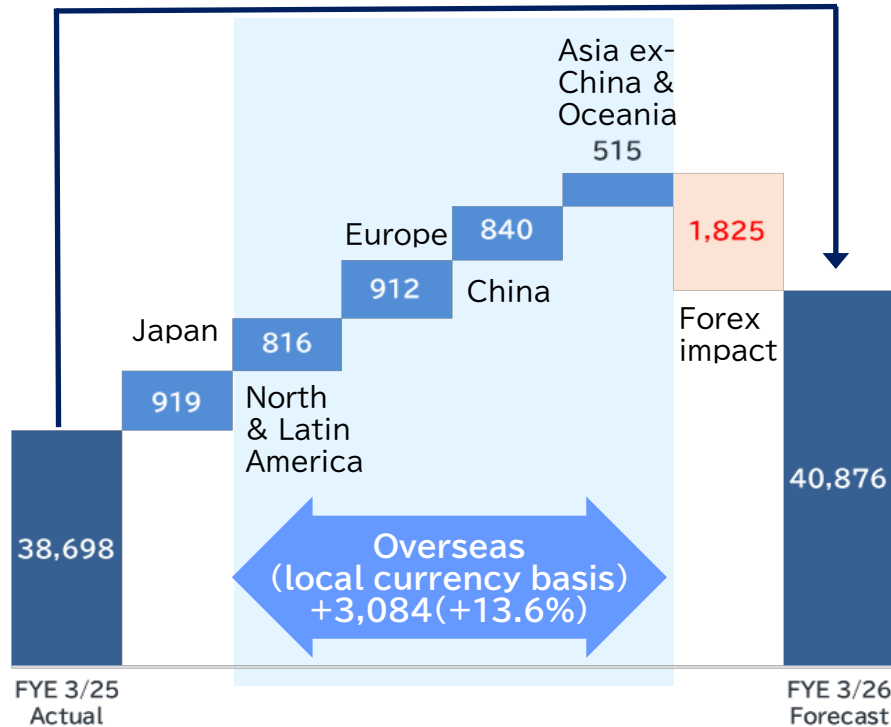
	FYE 3/26		Change YoY(%)	
	Forecast	Composition	¥ basis	LCY basis
Artificial Teeth	7,304	17.9%	3.7%	9.7%
Abrasive Products	5,811	14.2%	3.9%	9.0%
Metal Products	128	0.3%	-13.8%	-13.8%
Chemical Products	14,538	35.6%	13.3%	18.7%
Cement Products	3,580	8.8%	2.7%	6.7%
Machinery, Equipment	6,783	16.6%	-6.4%	-4.6%
Dental Business total	38,146	93.3%	4.9%	9.5%
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

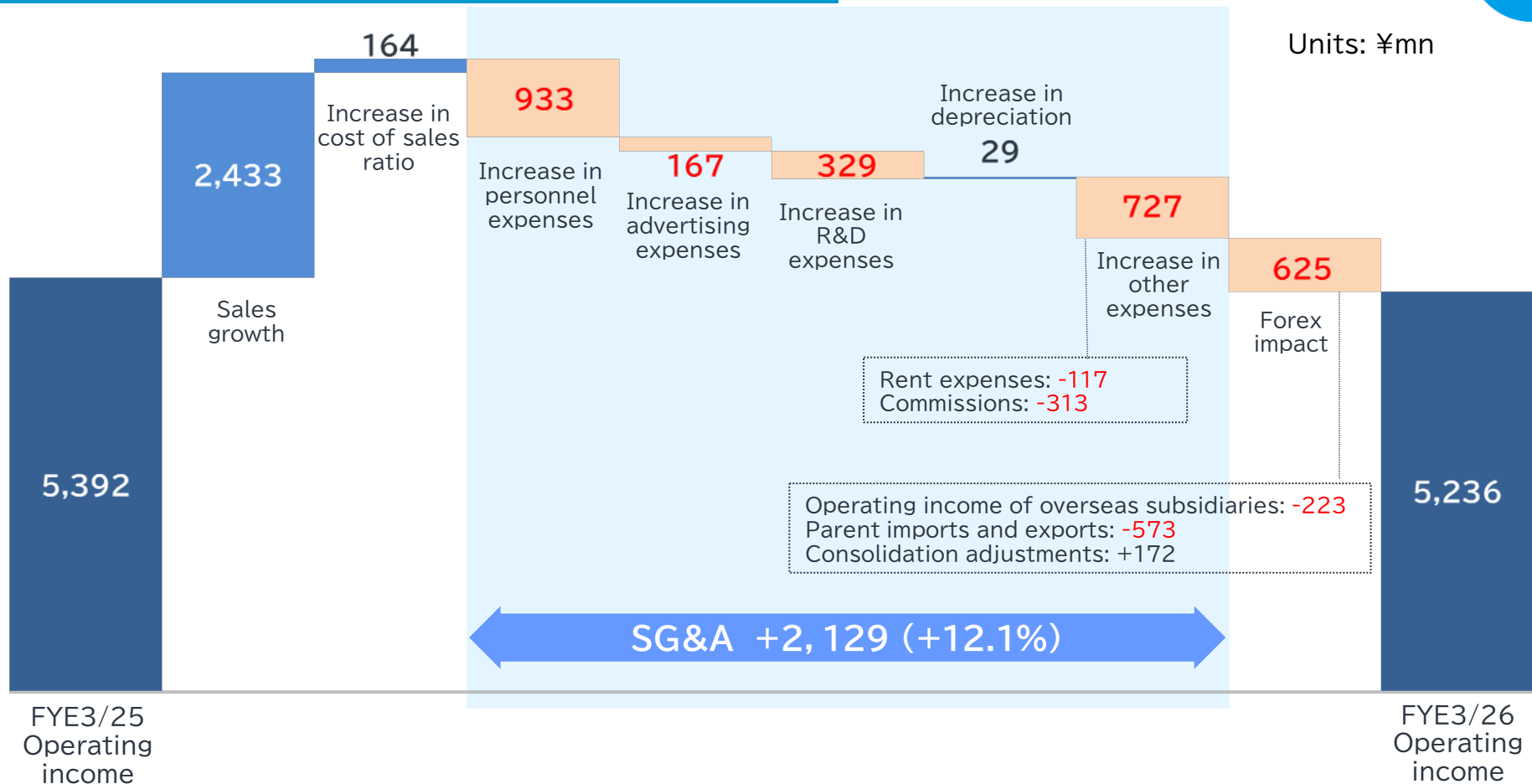
	FYE 3/26		Change YoY(%)	
	Forecast	Composition	¥ basis	LCY basis
Japan	16,931	41.4%	5.7%	5.7%
Overseas	23,945	58.6%	5.6%	13.6%
North & Latin America	5,345	13.1%	6.9%	16.3%
Europe	8,175	20.0%	2.6%	11.4%
China	6,210	15.2%	9.2%	14.8%
Asia ex-China & Oceania	4,214	10.3%	4.7%	12.8%
Total	40,876	100.0%	5.6%	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

FYE 3/26 Forecast

Units: ¥mn

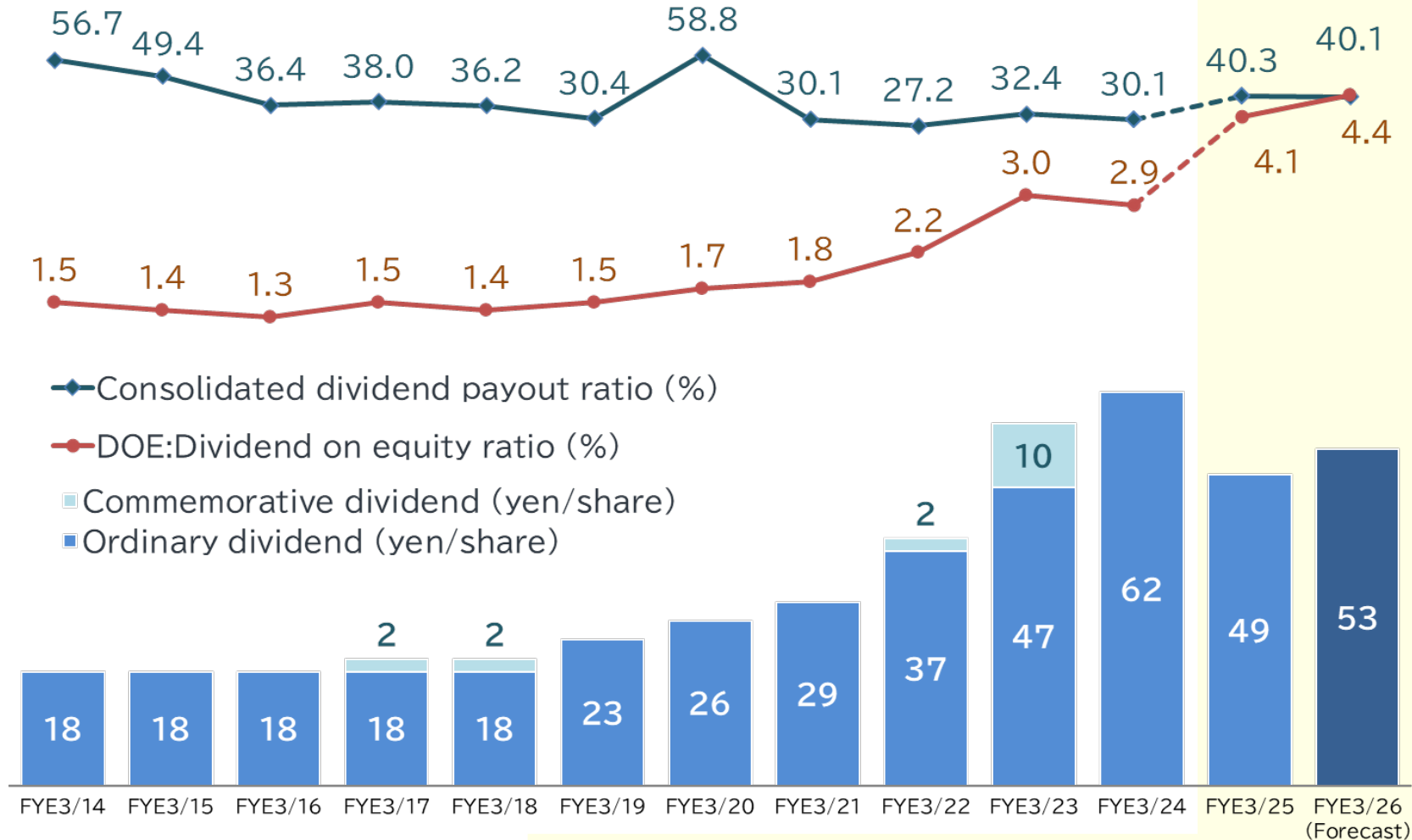
	Forex rate		Consolidated earnings impact		Per yen of ¥1 strength	
	FYE 3/25	FYE 3/26 Forecast	Sales	Operating income	Sales	Operating income
USD	152.48	140.00	-593	-278	-47	-22
EUR	163.62	150.00	-656	-254	-48	-18
RMB	21.03	20.00	-319	-220	-310	-195

- ✓ 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)



Dividend policy

[Target] Consolidated dividend payout ratio: 40% or more DOE: 3.0%



*A two-for-one stock split was implemented on October 1, 2024

*For FYE3/25, dividends per share are calculated assuming the stock split was effective at the beginning of the fiscal year

Update on Fifth Medium-Term Management Plan (FYE 3/2025–FYE 3/2028)

Tetsuo Takami

Representative Director, President & COO



Making the leap to a global top 10 company

“Creating Brighter Smiles for Healthier Lives”
The SHOFU Group aims to be a trusted and globally chosen company by creating social value.



Progress in FYE3/2025

- ▶ Key numerical targets
- ▶ Key issues to address
- ▶ Cost of capital and share price conscious management



Fifth Medium-Term Management Plan (FYE3/25-28)

- ▶ Realization of our long-term vision formulated in 2012
- ▶ Creating a new vision to take us through the next 100 years



Making the leap to a global top 10 company

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Progress in FYE3/2025

- ▶ Key numerical targets
- ▶ Key issues to address
- ▶ Cost of capital and share price conscious management



Fifth Medium-Term Management Plan (FYE3/25-28)

- ▶ Realization of our long-term vision formulated in 2012
- ▶ Creating a new vision to take us through the next 100 years

Achieving our long-term vision of sales of ¥50bn

- Our new medium-term management plan targets sales of ¥50bn*, a target we first formulated in 2012
- Capex and investment of ¥15.3bn over 4 years. Proactively make upfront and growth investments to strengthen the production system, with an eye on the next-stage of our business expansion
- Investments will be funded from operating CF, sales of strategic shareholdings, and debt financing. We will flexibly review the cash position
- Enhance shareholder returns. Raise dividend payout ratio to 40% and DOE to 3.0% or more

*In addition to group sales of ¥50bn, we also targeted operating income of ¥7.5bn (operating margin: 15%)



Making the leap to a global top 10 company

“Creating Brighter Smiles for Healthier Lives”

The SHOFU Group aims to be a trusted and globally chosen company by creating social value.



Progress in FYE3/2025

- ▶ Key numerical targets
- ▶ Key issues to address
- ▶ Cost of capital and share price conscious management



Fifth Medium-Term Management Plan (FYE3/25-28)

- ▶ Realization of our long-term vision formulated in 2012
- ▶ Creating a new vision to take us through the next 100 years

Key numerical targets



(¥mn)

	FYE3/25 Actual	vs. Initial Plan	FYE3/26 Forecasts	vs. Initial Plan	Medium-Term Management Plan	
					FYE3/27	FYE3/28
Net sales	★ 38,698	976 ↑	★ 40,876	-163 ↓	★ 45,151	★ 50,185
(YoY)	(10.3%)		(5.6%)		(10.5%)	(11.1%)
(Domestic sales)	★ 16,012	-158 ↓	★ 16,931	139 ↑	★ 17,739	★ 18,733
(YoY)	(7.5%)		(5.7%)		(4.8%)	(5.6%)
(Overseas sales)	★ 22,685	1,134 ↑	★ 23,945	-302 ↓	★ 27,411	★ 31,452
(YoY)	(12.4%)		(5.6%)		(14.5%)	(14.7%)
Operating income	★ 5,392	592 ↑	5,236	105 ↑	★ 6,325	★ 7,531
(% of sales)	(13.9%)		(12.8%)		(14.0%)	(15.0%)
Ordinary income	★ 5,523	629 ↑	5,363	108 ↑	★ 6,450	★ 7,663
(% of sales)	(14.3%)		(13.1%)		(14.3%)	(15.3%)
Net income	★ 4,317	478 ↑	★ 4,701	196 ↑	★ 5,488	★ 6,734
(% of sales)	(11.2%)		(11.5%)		(12.2%)	(13.4%)
Dental business overseas sales ratio	★ 59.8%		★ 60.1%		★ 62.1%	★ 64.0%

★ Record highs

Key issues to address



Further progress with initiatives from the previous plan

- 01 Develop and launch new products aligned with local demand and needs
- 02 Development of sales network and sales offices
- 03 Develop domestic and international academic networks (create a structure through which we can directly promote products to users)
- 04 Cost reductions, reallocation of production sites to allow increased production volumes, expansion of overseas production
- 05 Attracting and training talent for the proactive development of our overseas business

Key issues to address



Adding promotion of sustainability management as a key management issue

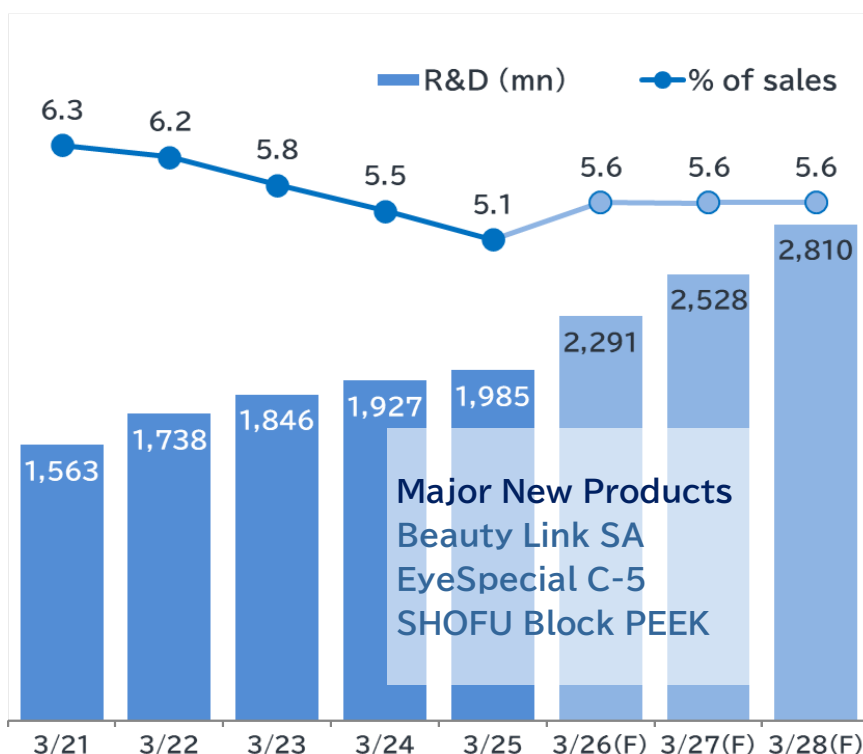
06	Financing to meet growing demand for capital
07	M&A (business and technology alliances, business acquisitions)
08	Strengthening the group governance structure
09	Business alliance with Mitsui Chemicals, Inc. and Sun Medical, Inc.
10	Promotion of sustainability management

Key issues to address



01

Develop and launch new products aligned with local demand and needs



New product sales ratio (%)	18.8	19.4	15.7	16.9	14.6
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Proactive and ongoing investment as a R&D-oriented company

- Promote product development from a global perspective
- Product development targeting the middle class and volume zone
- Product development aimed at creating markets in new fields
- Aim to achieve and maintain a new product sales ratio of 20%

Key issues to address



02

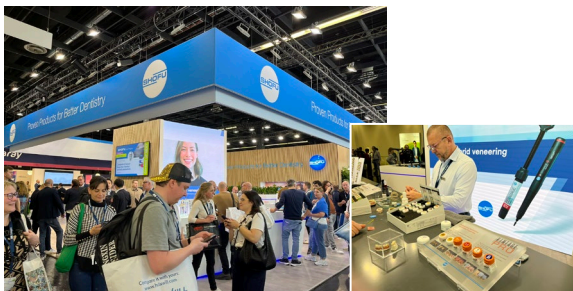
Development of sales network and sales offices

03

Develop domestic and international academic networks (create a structure through which we can directly promote products to users)



In-House Dental Technician Seminar
(Nov. 2024)



Exhibited at IDS 2025 in Germany

The SHOFU Group brand recognition remains low, particularly overseas
Large growth potential through business expansion in high quality services and products

Japan

- Aim to expand market share in filling and restoration materials, CAD/CAM materials, and preventive and care products

Overseas

- Set up new offices and secure staff in major countries and regions
- Expansion of distributor network in Europe, Middle East and Africa

Key issues to address



04

Cost reductions, reallocation of production sites to allow increased production volumes, expansion of overseas production

Record investment in production facilities in Japan and overseas will increase production volume and production efficiency



New construction
Reconstruction



Shiga Shofu
(Shiga)



Shofu Products Kyoto,
(Kyoto)

Introduction of new equipment
Expansion of existing facilities



SHOFU Products Vietnam
(Vietnam)

Head office plant (outline)
Start of operation Phase 1: 2026
(scheduled) Phase 2: 2027

(Second production site in China)
SHOFU PRODUCTS CHANGZHOU CO., LTD
Scheduled start of operation: 2026

(¥bn)

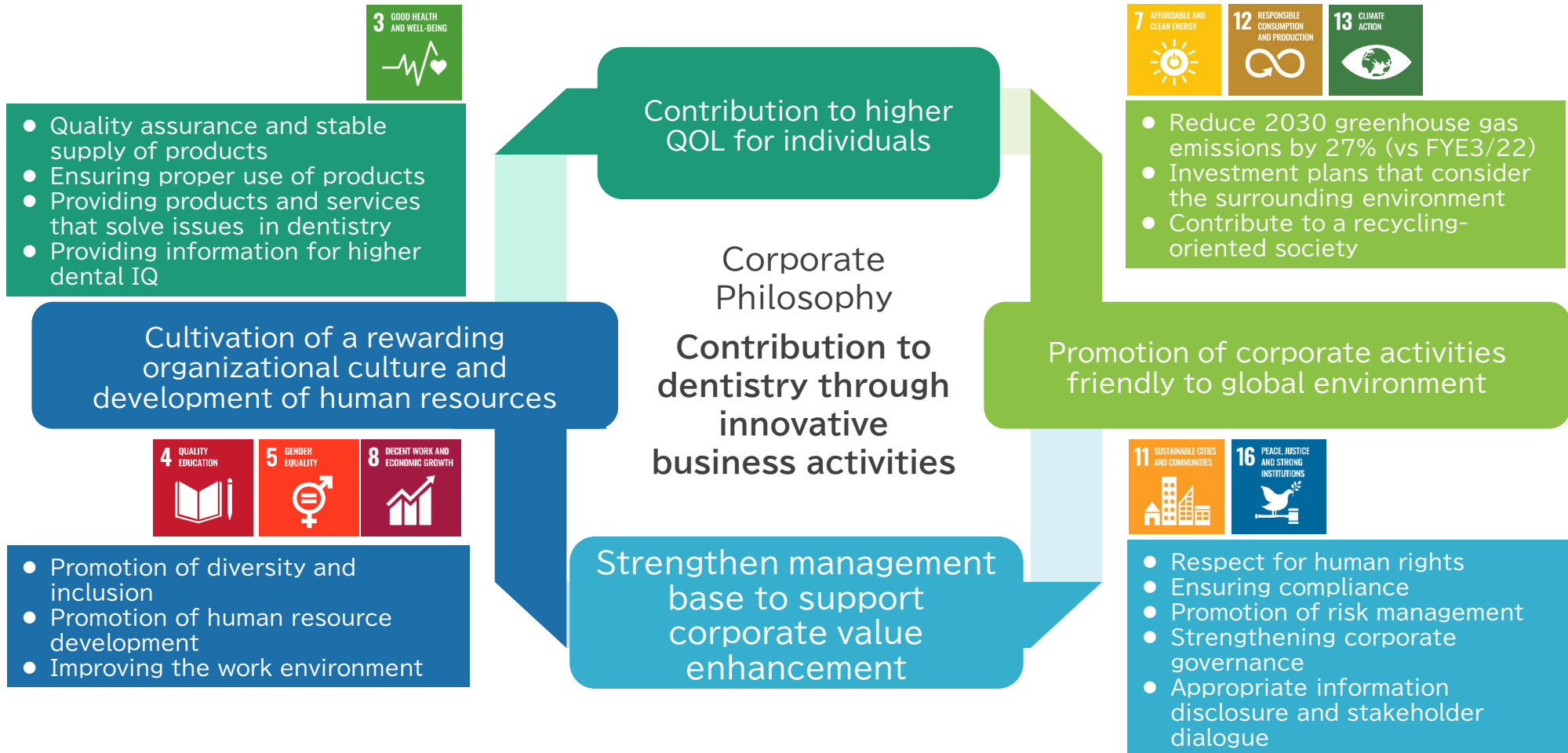
	FYE3/25	FYE3/26	FYE3/27- FYE3/28	Total amount
Normal equipment renewal	1.1	1.9	2.4	5.6
Reconstruction of the Kyoto head office plant	0.2	2.1	1.2	3.6
Domestic production sites	0.0	0.0	3.1	3.1
Overseas production/logistics sites	0.0	0.5	2.5	3.1
Total	1.4	4.6	9.4	15.5

Key issues to address



10

Promotion of sustainability management



Cost of capital and share price conscious management①



Current status

- ROE exceeds cost of equity (equity spread is positive)
- PBR and PER are below the medical equipment sector average

Issues to address

- Fill gap for investors on perception of our Group's growth story
- Reduce liquidity risk

01

Improve return on capital

02

Improve stock liquidity

03

Improve IR activities

04

Clarify capital policies and enhance shareholder returns

Cost of capital and share price conscious management②



01

Improve return on capital

- Increase return on capital by improving return on sales *↑/↓ indicate comparison to the initial plan

ROE	FYE3/24 Actual	FYE3/25 Actual	FYE3/26 forecast	FYE3/27 Plan	FYE3/28 Plan
	9.5%	10.3% ↑	10.9% ↑	11.8%	13.5%

02

Improve stock liquidity

- ▶ Recognition of Issues at the Time of Medium-Term Plan Formulation
 - In FYE3/24, the average daily trading value was ¥65 million, with an annual turnover ratio of 0.37x. Among Prime Market-listed companies, we ranked 1,428th (bottom 15%).
 - Recognizing that our relatively low liquidity has led to a liquidity risk premium being added to our capital cost, we identified improving market liquidity as a priority issue.
- ▶ Initiatives in FYE3/25
 - Implemented a 2-for-1 stock split of common shares (effective October 1, 2024)
 - Conducted overseas IR roadshows (Europe: UK, France, Switzerland, Germany, Sweden)
 - Enhanced IR practices, including simultaneous Japanese-English disclosures
- ▶ Improvement Status as of End of FYE/25
 - In FYE3/25, the average daily trading value increased to ¥215 million, with an annual turnover ratio of 0.77x. We ranked 963rd among Prime Market-listed companies (top 59%).
 - The number of shareholders at end FYE3/25 was 18,718, an increase of 4,945 compared to end FYE3/24.

Progress in improving liquidity
—an essential step toward reducing capital costs. Efforts will continue.

Cost of capital and share price conscious management③



03

Improve IR activities

<ul style="list-style-type: none">▶ Efforts to date for promote dialogue with investors▶ Future policy	<p>【Efforts to date】</p> <ul style="list-style-type: none">• Hold results briefings for analysts and institutional investors (twice a year: Q2 and full-year results)• 1-on-1 meetings are mainly with the executives in charge of Corporate Planning (98 meetings in FYE3/24, including 34 with foreign investors) <p>【Future policy】</p> <ul style="list-style-type: none">• President & COO to attend more 1-on-1 meetings• Exploring participation of outside directors in investor engagement• Strengthen the functions of the department in charge of IR• Strengthen approach to foreign investors by holding overseas roadshows, etc.• Timely disclosure to foreign investors enhanced through simultaneous release of Japanese and English materials.
<ul style="list-style-type: none">▶ Initiatives During FYE3/2025	<ul style="list-style-type: none">• Conducted overseas roadshows (Europe, twice; total 8 days; 23 institutions)• Held technical briefings for institutional investors (small-group meetings)• President actively participated in 1-on-1 meetings• Disclosed supplementary presentation materials for 1Q and 3Q, for which no earnings briefings are held
<ul style="list-style-type: none">▶ Key Changes in FYE3/2025	<ul style="list-style-type: none">• Held 262 1-on-1 meetings (incl. 112 with foreign investors), approx. 3x vs the previous FYE• Foreign ownership ratio increased to 13.4% (up 0.76 percentage points year on year)• Increased analyst coverage, with coverage started at two new firms: Mizuho Securities and Nomura Securities
<ul style="list-style-type: none">▶ Initiative Plans Beyond FYE3/2026	<ul style="list-style-type: none">• Quarterly earnings briefings held for analysts and institutional investors• English disclosures of the Annual Securities Report and Corporate Governance Report• English mirror version of the Japanese IR website planned• Regular overseas roadshows planned (including the US, Europe, and Asia)• Dialogue planned between investors and outside directors

Cost of capital and share price conscious management④



04

Clarify capital policies and enhance shareholder returns

- We will make record growth investments, mainly related to production. Funds will be allocated from operating CF generated during the medium-term management plan, sales of strategic shareholdings, and debt financing
- Enhance shareholder returns

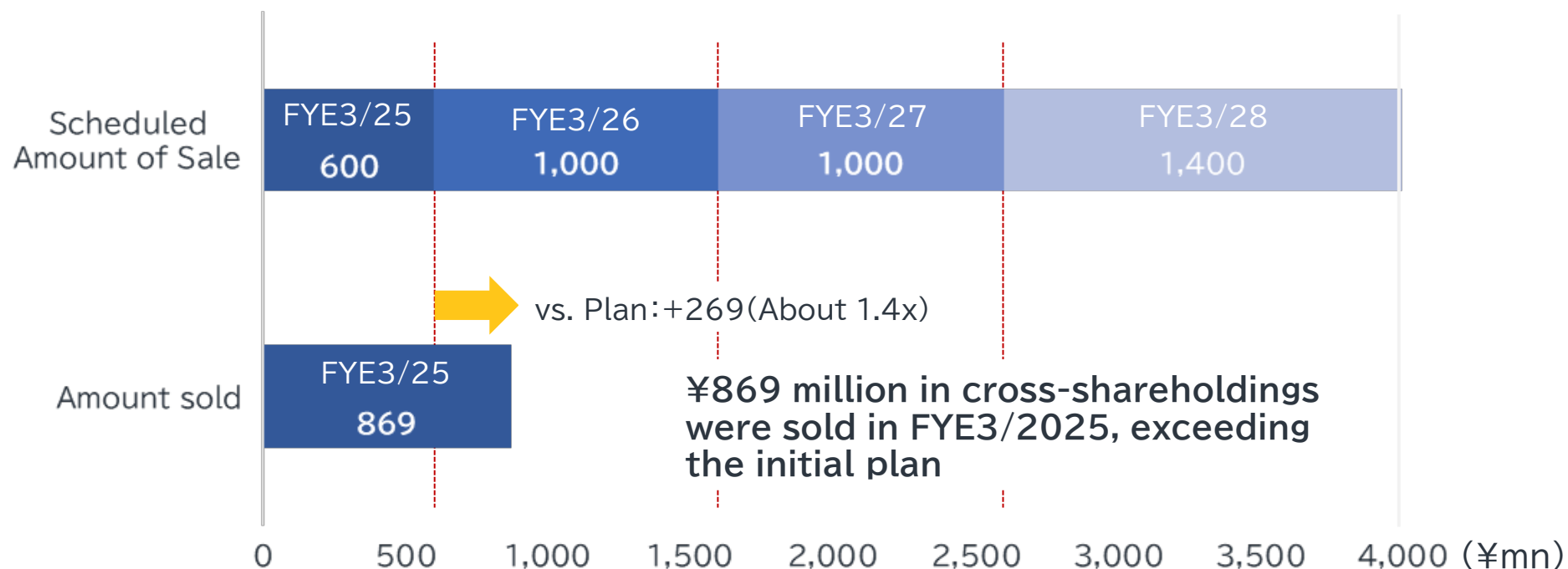
Aggressive investment in growth	Sale of strategic shareholdings	Enhanced shareholder returns
Increase production capacity <ul style="list-style-type: none"> ● Kyoto head office plant (filling and restorative materials) ● 2 domestic production sites Expansion of facilities, reallocation of production between parent and subs ● Establish 2nd production site in China ● Vietnam plant expansion <p>Total ¥9bn over 4 years (Excludes investment in logistics for overseas sales bases)</p>	Holdings as of end-FYE3/24 <p>Number of companies: 14 Market value: ¥8,899 mn*. Ratio of holdings to net assets: approx. 20%.</p> <p>To be sold: ¥4,000mn</p> <p>Holdings as of end-FYE3/28 (plan)</p> <p>Market value: approx. ¥4,899mn* Ratio of holdings to net assets: approx. 10%.</p> <p><small>*Market value as of end-FYE3/24.</small></p>	Previous benchmark <p>Consolidated dividend payout ratio: 30% or more DOE: 1.7% or more</p> <p>Dividend payout ratio +10ppt DOE +1.3ppt</p> <p>New benchmark</p> <p>Consolidated dividend payout ratio: 40% or more DOE: 3.0% or more</p>

Further details on investments: p30

Cost of capital and share price conscious management⑤



Focus: Sales of cross shareholding

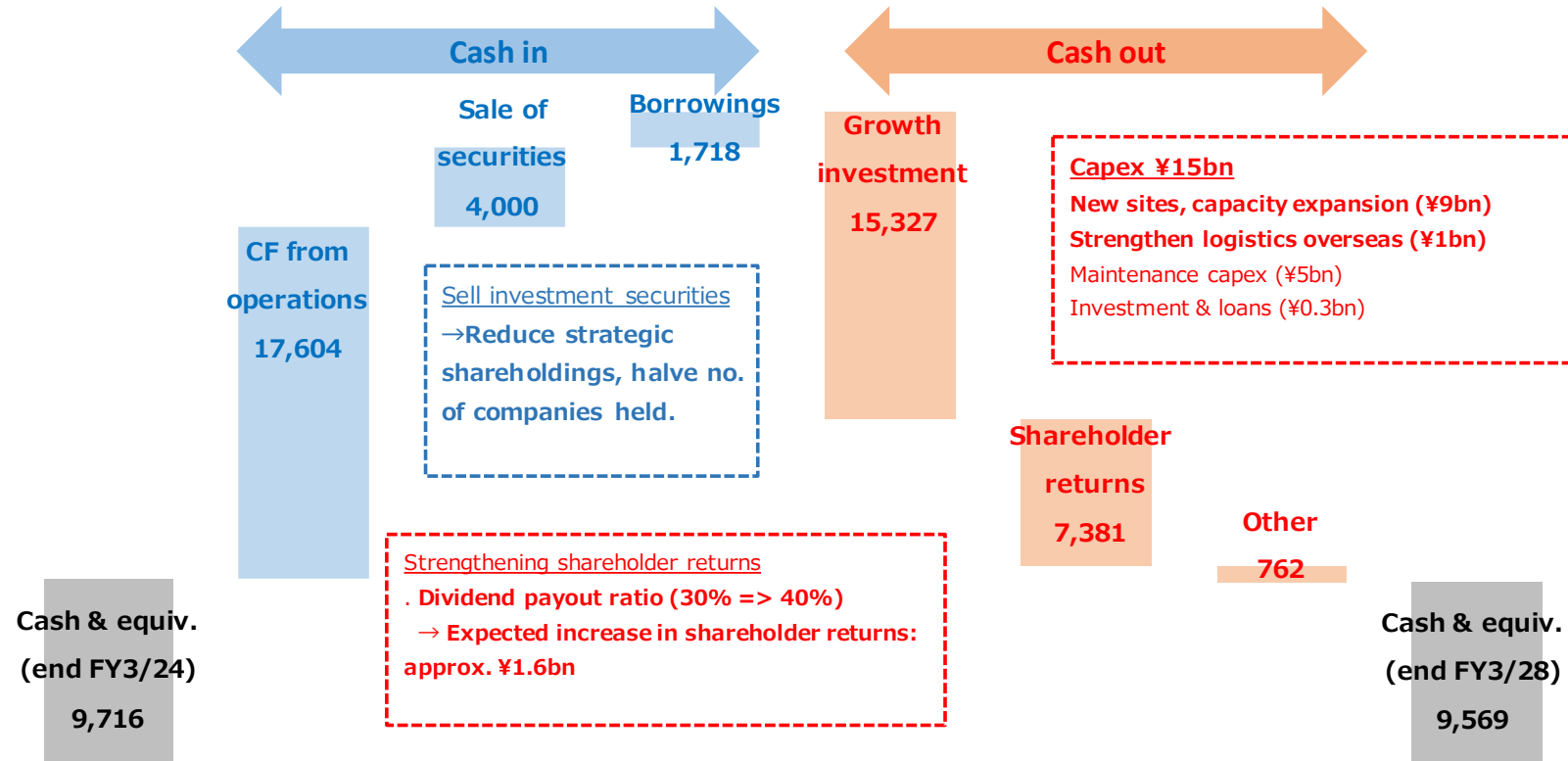


- Improve capital efficiency by using the sale proceeds to fund growth investments
- As of end FYE3/2025, ratio of cross-shareholdings to net assets was 11.4%
- As of end FYE3/25, divestment of four stocks and partial divestment of one stock was completed of the stocks held at the beginning of the period
- The number of shares of the Company held as strategic shareholdings by other institutions decreased by 1.732 million shares (4.8% of the total number of issued shares).

Cost of capital and share price conscious management



Capital allocation



- Against FY3/25-28 operating CF of ¥17.6bn, plan to invest ¥15.3bn in capex, including growth investments, and return ¥7.4bn to shareholders including a higher dividend payout ratio
- Investments in excess of operating CF are to be met by a reduction in strategic shareholdings and interest-bearing debt. Net cash (cash and deposits + investment securities - interest-bearing debt) is expected to decrease by ¥5.8bn



Making the leap to a global top 10 company

“Creating Brighter Smiles for Healthier Lives”

The SHOFU Group aims to be a trusted and globally chosen company by creating social value.



Progress in FYE3/2025

- ▶ Key numerical targets
- ▶ Key issues to address
- ▶ Cost of capital and share price conscious management



Fifth Medium-Term Management Plan (FYE3/25-28)

- ▶ Realization of our long-term vision formulated in 2012
- ▶ Creating a new vision to take us through the next 100 years

Setting out a new vision

- As we celebrate our 100th anniversary, we need a new vision for the next 100 years in order to continue to grow and evolve
- Proactively invest overseas, where growth will be focused, through a strong domestic business base. Aim for continuous business expansion by increasing market share in developed countries and capturing new markets in emerging countries
- Our previous long-term vision of group sales of ¥50bn* is but a milestone, we **will become a top 10 global dental equipment & materials company**
- Current management and next generation leaders will play a central role in setting KPIs and shaping how we intend to take on the next 100 years

*In addition to group sales of ¥50bn, we also targeted operating income of ¥7.5bn (operating margin: 15%)

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

Appendix

(Company profile and our businesses)



Company profile

Company name	SHOFU INC.
Date of establishment	May 15, 1922
Address	11 Kamitakamatsu-cho, Fukuine, Higashiyama-ku, Kyoto 605-0983, Japan
Number of employees	1,413 (including 708 in overseas subsidiaries) (As of March 31, 2025)
Number of group companies	22 (As of March 31, 2025) *Including SHOFU INC.
Capital	¥5,968,956,614 (As of March 31, 2025)
Listed exchanges	Prime Market of TSE (Code Number: 7979)
Business	Manufacture and sale of dental materials and equipment
Rating	BBB+ *R&I



Tetsuo Takami, President and CEO



The origin of our company - A venture business in the beginning

Kajo Shofu I

Ceramist

Kiln at the base of the Kiyomizu-zaka in Kyoto (1830)

Kajo Shofu II

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

<The founder>

Kajo Shofu III



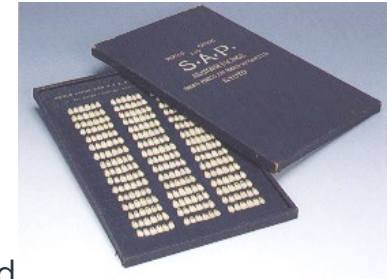
Establishment of
Shofu Porcelain Joint Enterprise
(1906)

Reorganized and changed
company name
to Shofu Industrial Co., Ltd.
(1917)

Established as a sister company

SHOFU DENTAL Mfg. Co., Ltd.
(1922)
(Changed to our current
name in 1983)

- 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.



- 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.

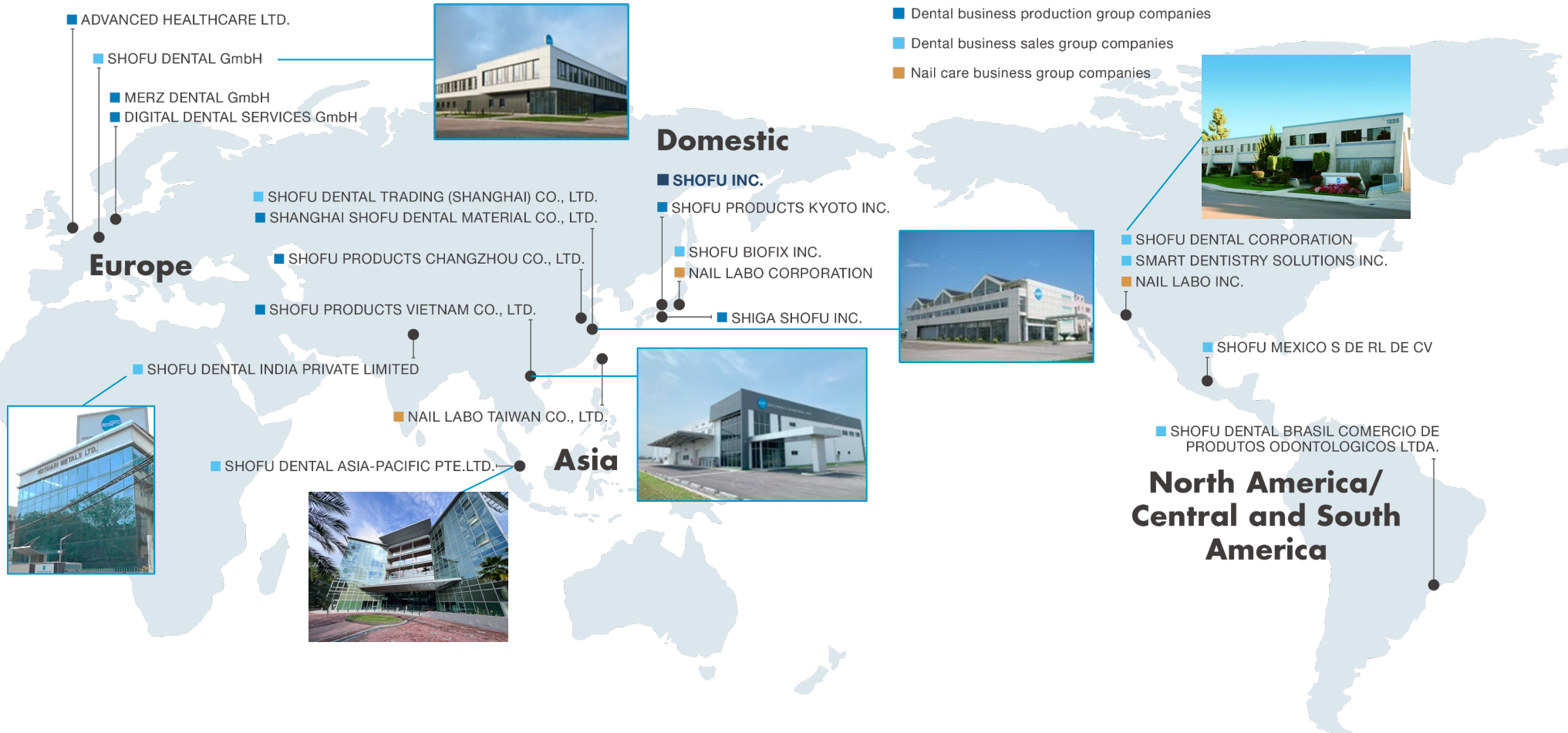


Corporate history (2)

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.
	Formulated and announced a long-term vision "10-Year Vision (currently ¥ 50 billion Vision)" for the 100th anniversary of the foundation.
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.
	Transitioned to the Prime Market following a change in market classification by the Tokyo Stock Exchange
2023	Completion of new company building, Ayumi Terrace
2024	Established a second production subsidiary in China, SHOFU PRODUCTS CHANGZHOU CO., LTD



Group overview [Overseas network]



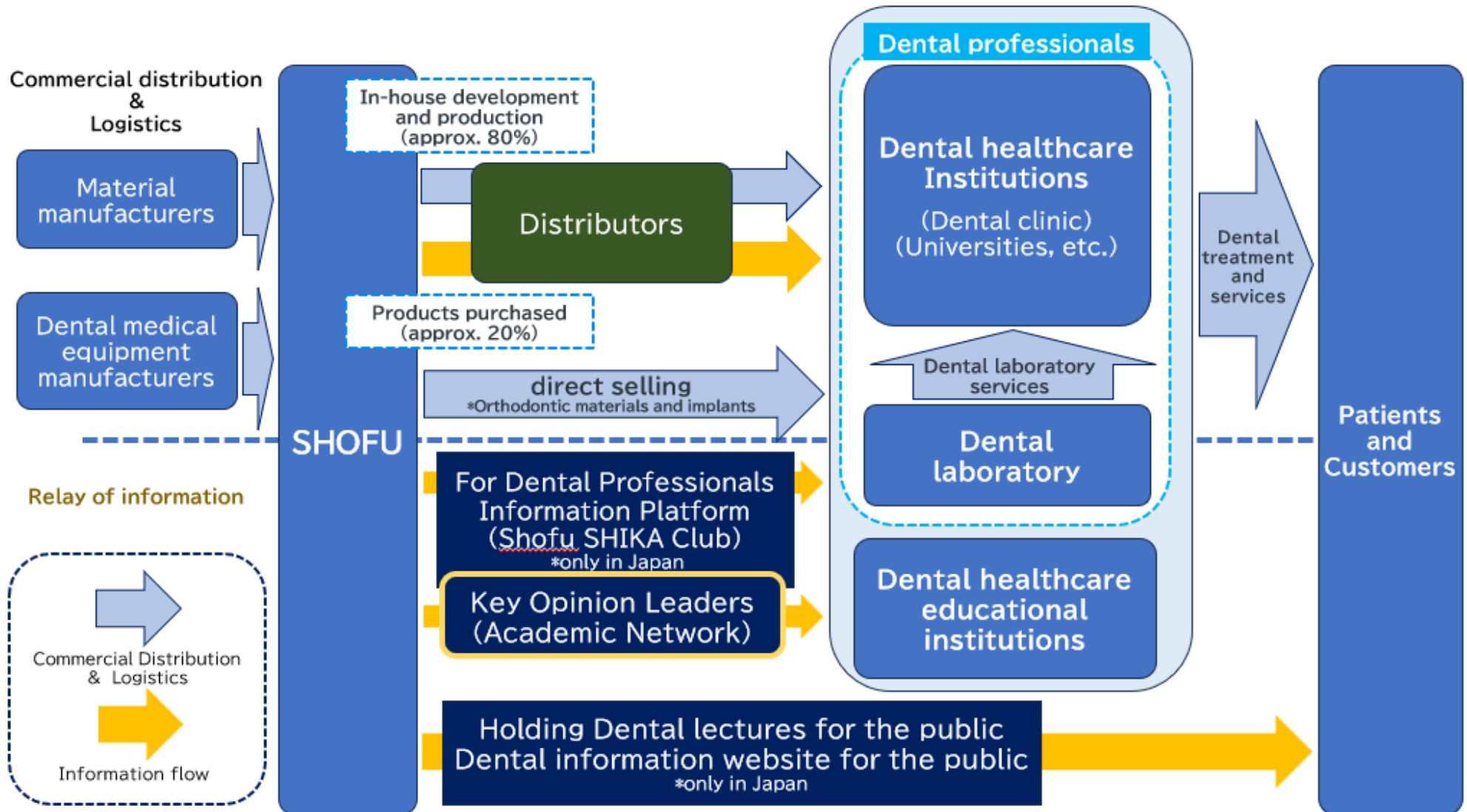


Group overview[Domestic & overseas sites]

	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 SHOFU Dental Middle East &Africa
Asia	SHANGHAI SHOFU DENTAL MATERIAL CO.,LTD. SHOFU PRODUCTS CHANGZHOU 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	8 subsidiaries +1 affiliate [Domestic 3, overseas 6]	9 subsidiaries [Domestic 1, overseas 8]	3 subsidiaries [Domestic 1, overseas 2]	

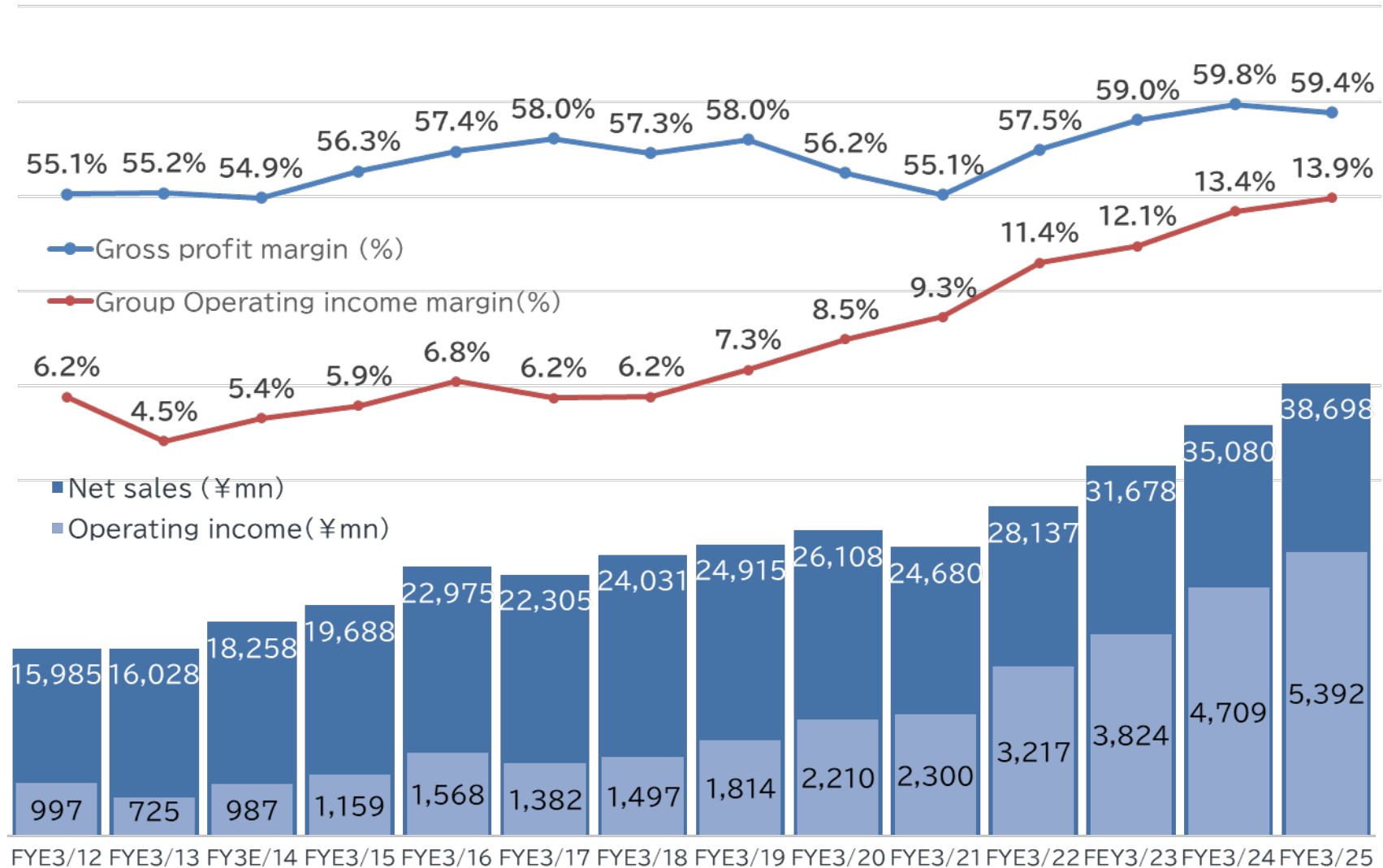


Business model - Dental business



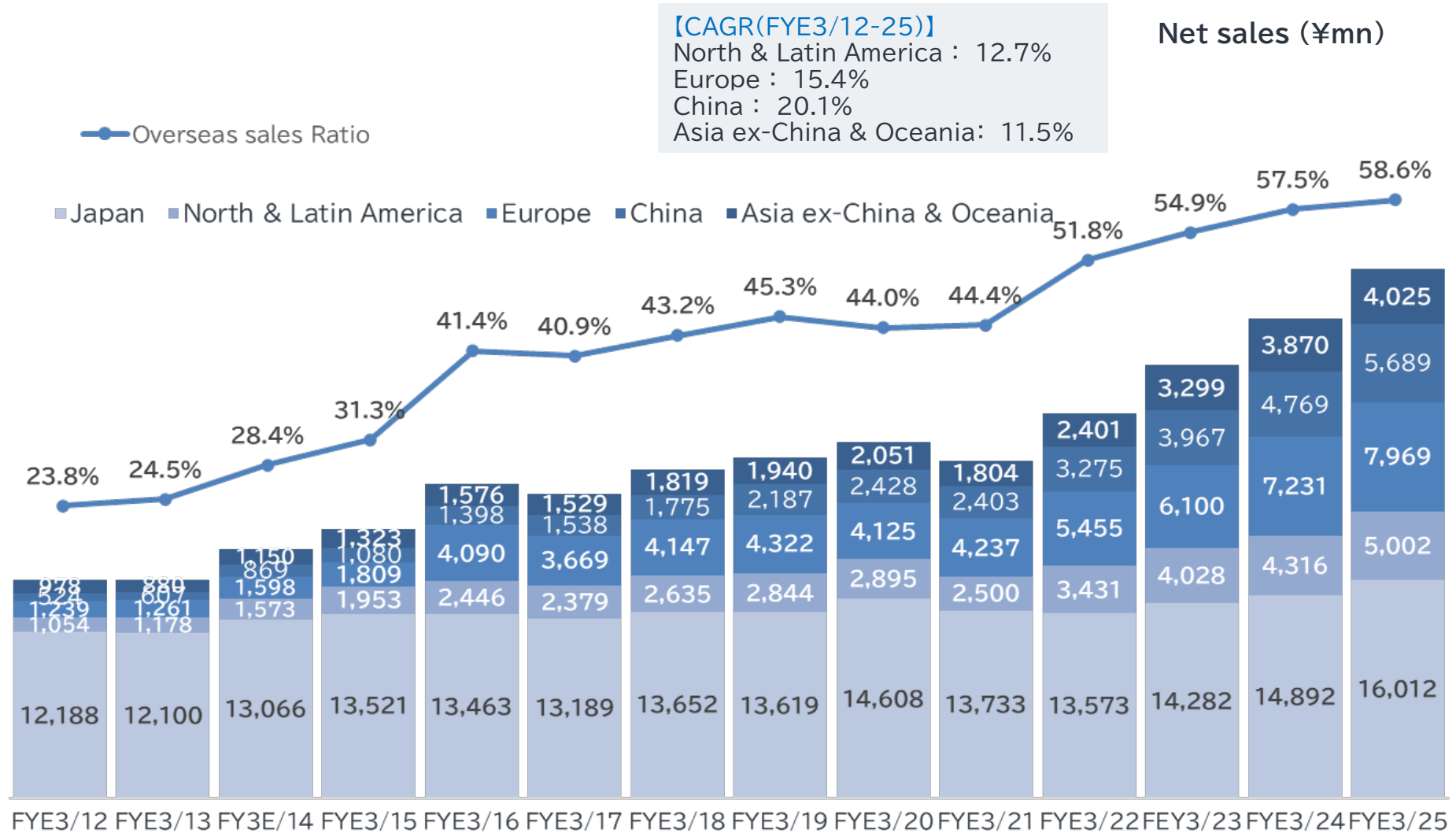


Net sales, operating income and margin trends





Overseas sales and overseas sales ratios trends





Segment forecasts (net sales & operating income)

Units: ¥mn,%

		FYE 3/25 Actual Amount (% of sales)	FYE 3/26 Forecast Amount (% of sales)	Change YoY (% change)
Dental Business	Net sales	36,356	38,146	1,789
	Operating income (Operating income margin)	5,438 (15.0)	5,108 (13.4)	-330 (-1.6)
Nail Care Business	Net sales	2,243	2,598	355
	Operating income (Operating income margin)	-66 (-3.0)	116 (4.5)	183 (7.5)
Other Business	Net sales	102	131	29
	Operating income (Operating income margin)	14 (14.0)	11 (8.5)	-3 (-5.5)
Total before consolidation adjustment	Net sales	38,702	40,876	2,174
	Operating income (Operating income margin)	5,386 (13.9)	5,236 (12.8)	-150 (-1.1)
Consolidated	Net sales	38,698	40,876	2,178
	Operating income (Operating income margin)	5,392 (13.9)	5,236 (12.8)	-156 (-1.1)



Medium-Term Management Plan by segment

Unit: ¥mn, %

	FYE3/25 (Actual)		FYE3/25 (Forecasts)		Medium-Term Management Plan			
					FYE3/27		FYE3/28	
	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
Net sales	38,698	100.0	40,876	100.0	45,151	100.0	50,185	100.0
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
Operating income	5,386	13.9	5,236	12.8	6,325	14.0	7,531	15.0

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



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

Unit: ¥mn

	FYE3/25 Actual	FYE3/26 Forecasts	medium-term management plan	
			FYE 3/27	FYE 3/28
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

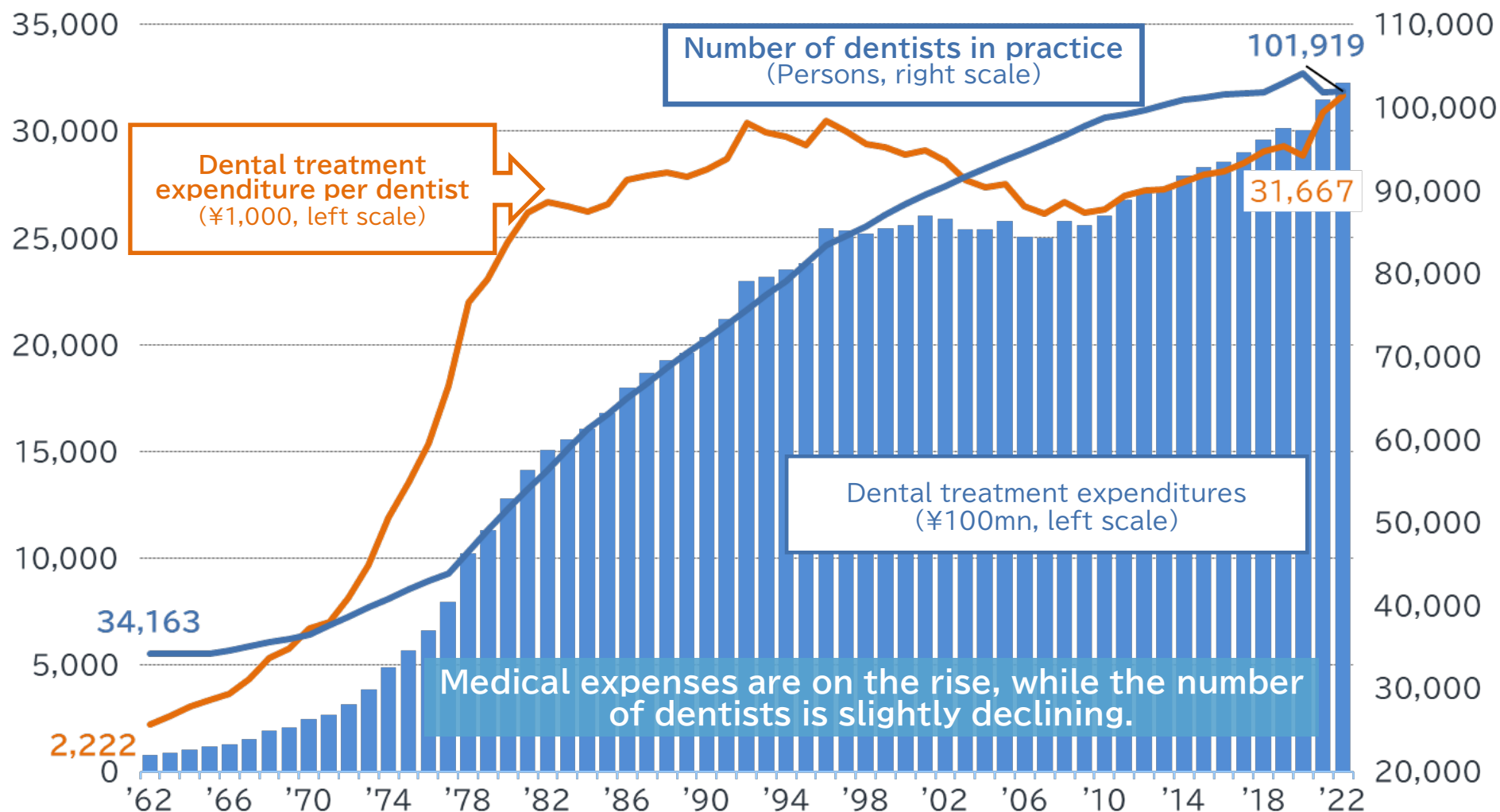
* Figures for FYE3/27 -FYE3/28 are the time of formulation of the Fifth Medium-Term Management Plan (May 2024)

Appendix

(Dentistry data)

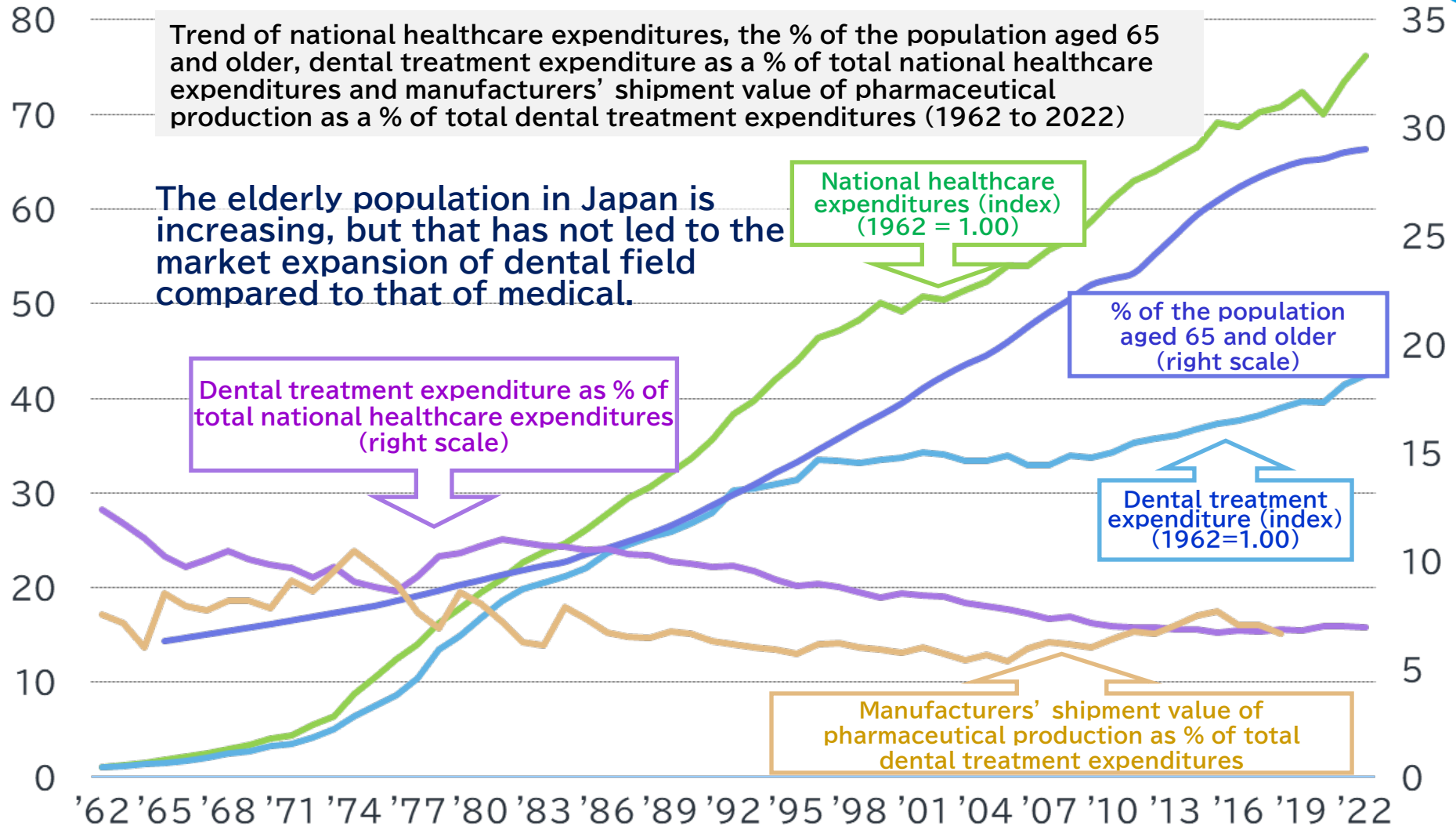
Trends in number of dentists and dental treatment expenditure

■ Appendix(Dentistry data)



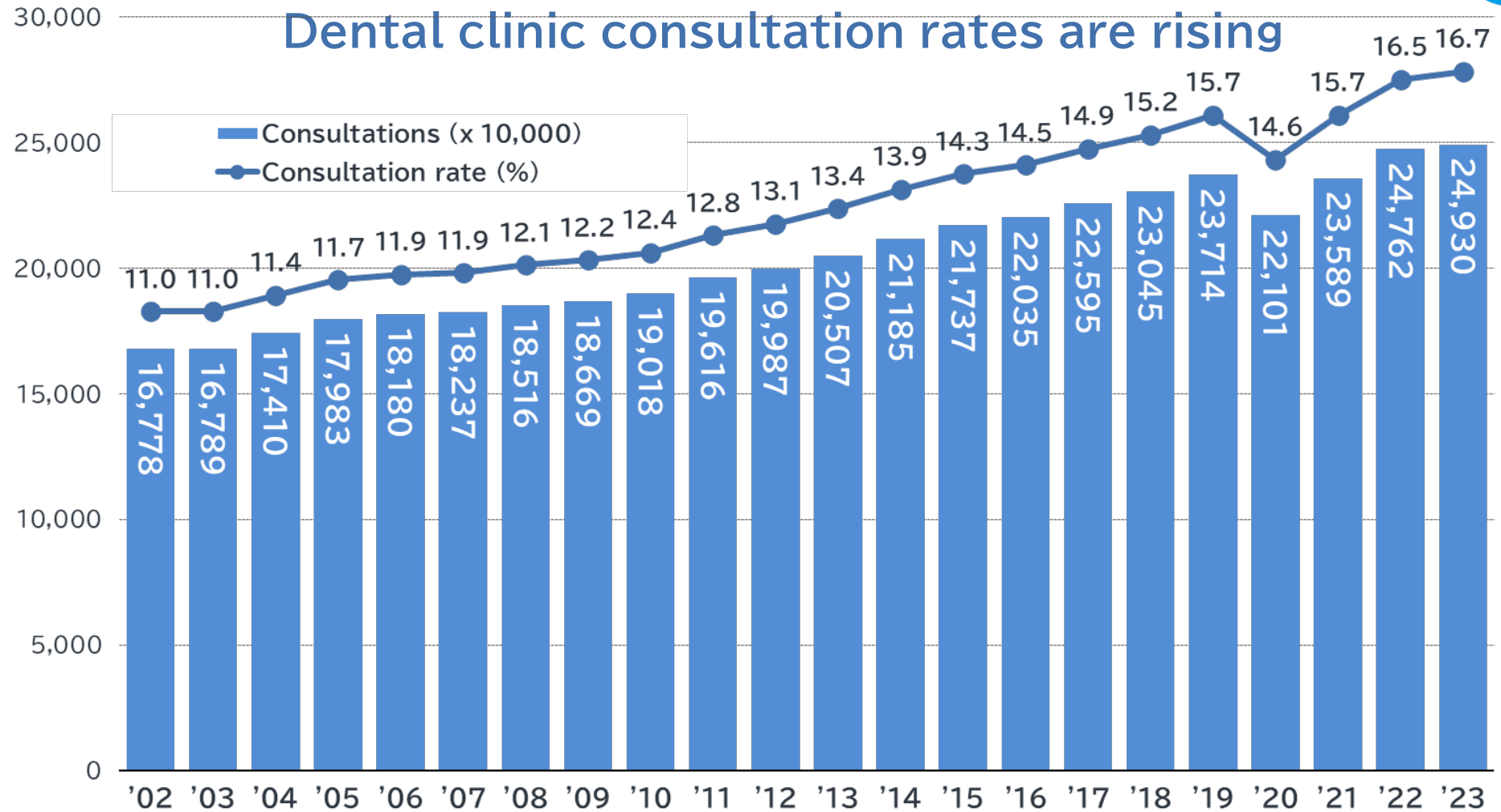
Prepared using annual data from Summary of National Healthcare Expenditures, Survey on Doctors, Dentists and Pharmacists (Ministry of Health, Labour and Welfare)

Long-term trend of dentistry-related statistics



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

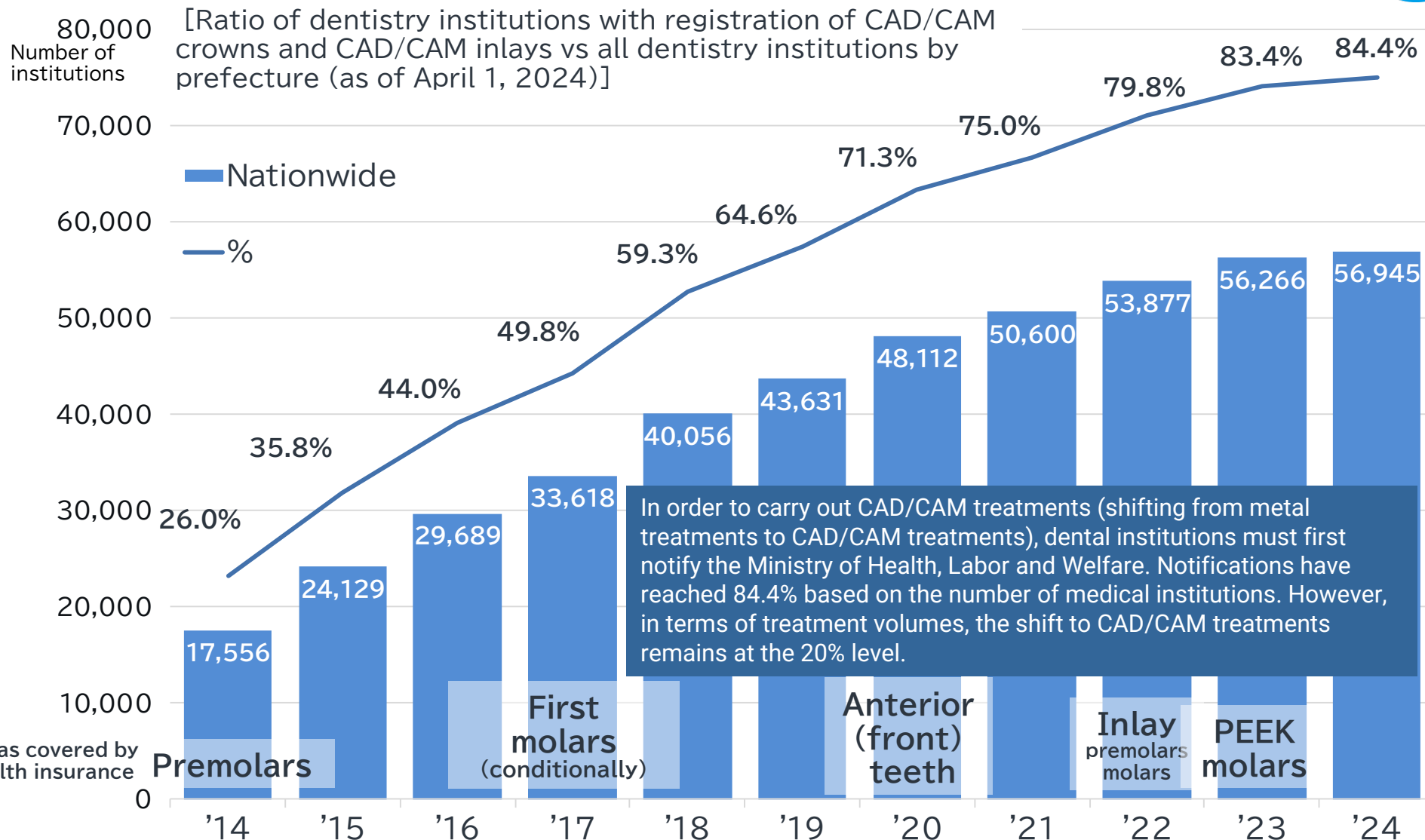
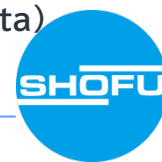
Dental clinic consultation rates



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

Medical institutions with facilities that meet CAD/CAM requirements

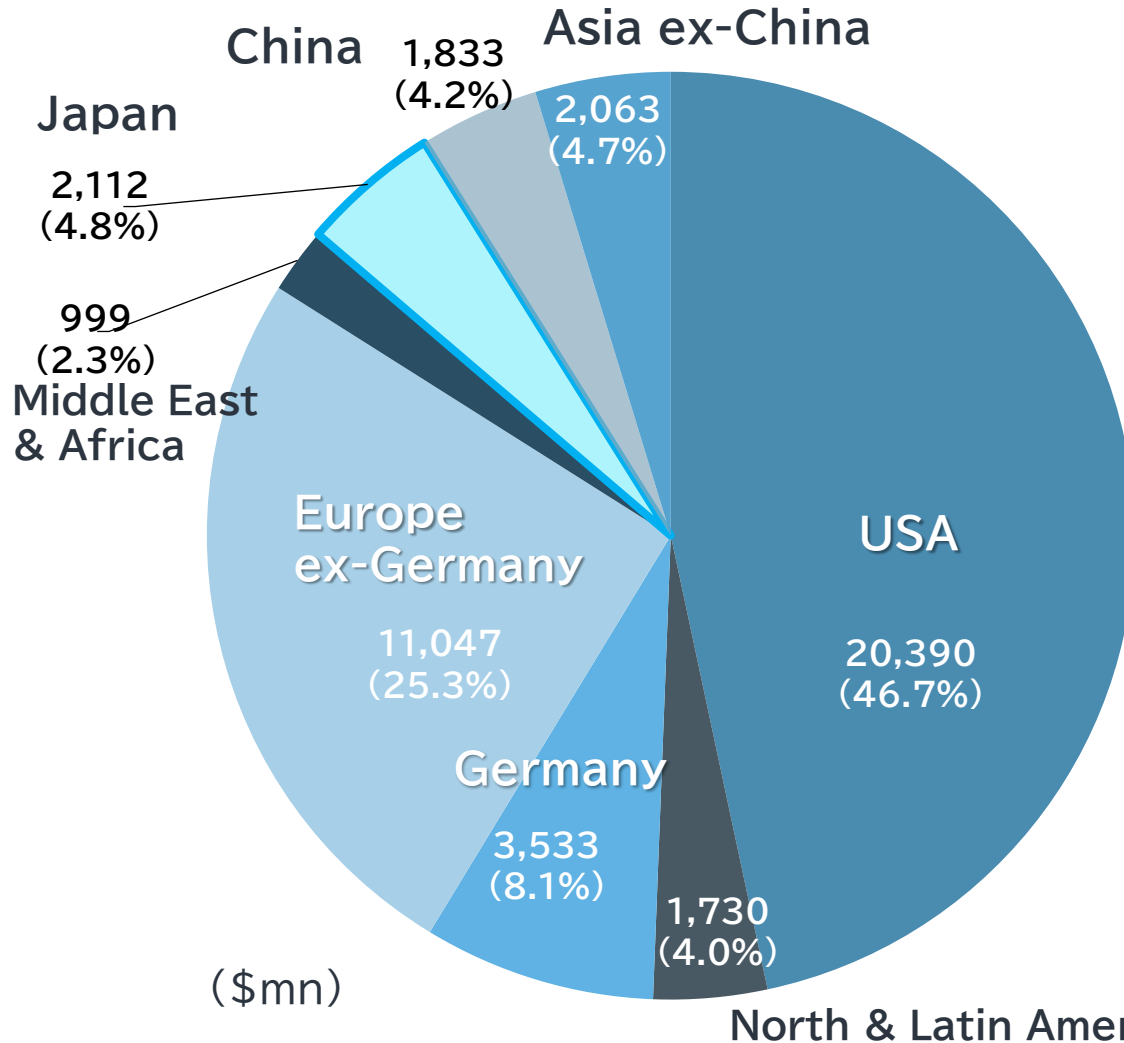
■ Appendix (Dentistry data)



(Prepared from 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 (value, % of total)



Global dental equipment market
CAGR(2019-2024): 6.7%

Converted at \$1 = ¥140

Global dental equipment market
\$42.7bn
= approx. ¥6.1tn (※)

Dental materials are **about 30%** of the total

Global dental **materials** market
\$12.8bn
= approx. ¥1.8tn (※)

Our dental business sales
(FYE3/24)

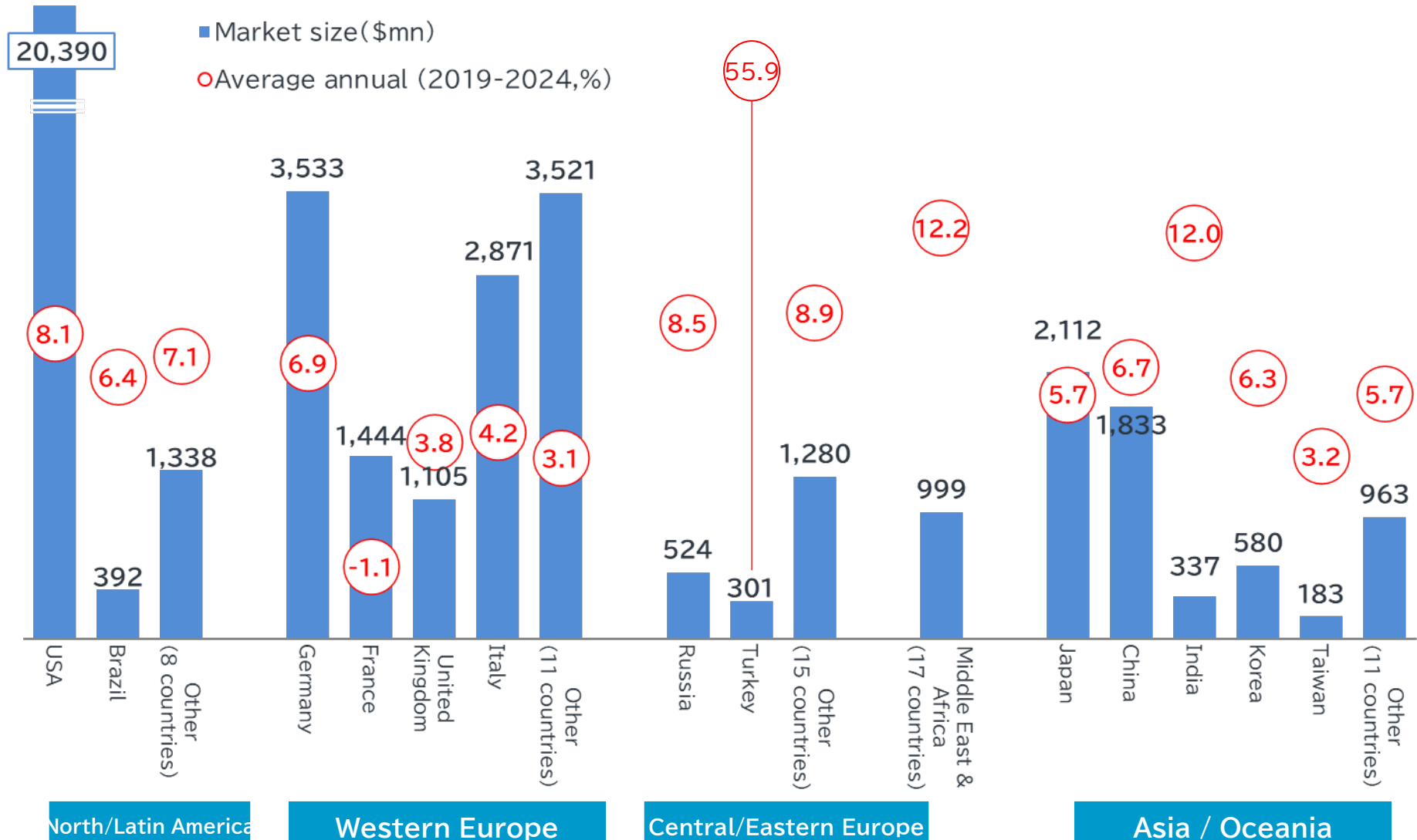
¥36.35 billion

Our current global market share is about 2%.

(Only dental materials market)



Global dental market: Market size and growth potential



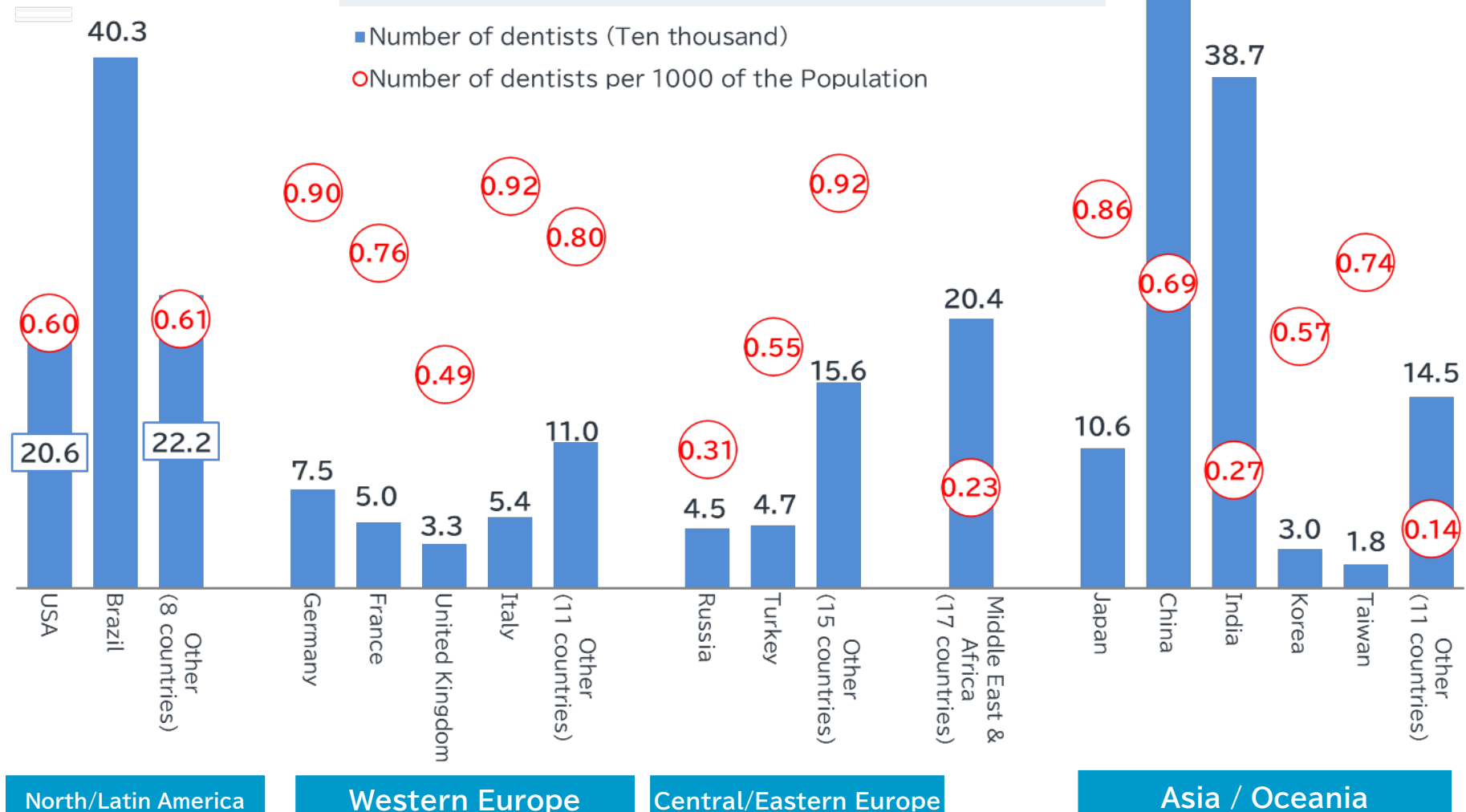
Global dental market: Number of dentists

Number of dentists in the world: approx. 3.27 million

Number of dentists in Japan: approx. 100,000

■ 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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