

**Consolidated Financial Results for the First Nine Months of Fiscal Year Ending March 31, 2025**  
(Japanese Accounting Standards)

February 5, 2025

Company name: SHOFU INC.  
 Listing: Tokyo Stock Exchange (Prime Market)  
 Code number: 7979  
 URL: <https://www.shofu.co.jp/>  
 Representative: Tetsuo Takami, Representative Director, President & Chief Operating Officer  
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 Scheduled commencement date of dividend payment: —  
 Supplementary documents for quarterly financial results: Yes  
 Quarterly financial results briefing: No

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

1. Consolidated financial results for the first nine months of Fiscal Year Ending March 31, 2025

(1) Consolidated Operating Results

(% indicates changes from previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to Owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2024	28,845	13.5	4,295	26.0	4,490	21.6	3,484	26.8
Nine months ended December 31, 2023	25,403	7.0	3,409	3.6	3,692	0.8	2,747	(1.7)

(Note) Comprehensive income: Nine Months ended December 31, 2024 2,036 million yen (-52.2%)  
 Nine Months ended December 31, 2023 4,259 million yen (32.9%)

	Net income (loss) per share	Fully diluted net income (loss) per share
	Yen	Yen
Nine months ended December 31, 2024	98.08	97.73
Nine months ended December 31, 2023	77.48	77.13

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

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2024	49,556	42,301	85.1	1,186.31
As of March 31, 2024	50,093	41,609	82.7	1,168.02

(Reference) Shareholder's equity: Nine months ended December 31, 2024 42,167 million yen  
 Year ended March 31, 2024 41,448 million yen

(Note) The Company has conducted a two-for-one stock split with a record date of 1 October 2024. Net asset per share was calculated under the assumption that the stock split had been conducted at the beginning of the previous fiscal year.

2. Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	—	20.00		42.00	62.00
Year ended March 31, 2025	—	36.00			
Year ending March 31, 2025 (Forecasts)			-	26.00	—

(Notes) 1. Revision to the dividend forecast during the current quarter: None

2. The Company has conducted a two-for-one stock split with a record date of 1 October 2024. Annual dividend per share forecast for the fiscal year ending March 31, 2025 is based on a number of shares taking into account the stock split, and the amount of the year-ended dividend for dividend for Year ending March

31,2025 (forecast) takes this stock split into consideration and the amount of the annual dividend is displayed as "-". Without taking the stock split into account, the annual dividend per share forecast for the fiscal year ending March 31, 2025 would be 88.00 yen.

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(% indicates changes from previous fiscal year)

Year ending March 31, 2025	Net sales		Operating income		Ordinary income		Net income attributable to Owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	38,395	9.4	5,293	12.4	5,604	9.5	4,434	21.3	124.87

(Notes) 1. Revision during the current quarter to the earnings forecasts: None

2. The Company has conducted a two-for-one stock split with a record date of 1 October 2024. Net income per share was calculated under the assumption that the stock split had been conducted at the beginning of the previous fiscal year. Without taking the stock split into account, the annual net income per share forecast for the fiscal year ending March 31, 2025 would be 249.74 yen.

\*Notes

(1) Changes in significant subsidiaries during the period (change in scope of consolidation): Yes

Number of new companies 1 (their names): SHOFU PRODUCTS CHANGZHOU CO.,LTD,

Number of excluded companies —

(2) Adoption of accounting methods specific to the preparation of quarterly financial statements: Yes

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

(a) Changes in accounting standards: None

(b) Changes other than (a) above: Yes

(c) Changes in accounting estimates: Yes

(d) Retrospective restatements: None

(Notes) For details, please refer to page 8 “2. Quarterly Consolidated Financial Statement and Primary Notes (3) Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies that are difficult to distinguish from changes in accounting-based estimates)

(4) Number of shares outstanding (common stock)

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

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

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

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

As of December 31, 2024: 242,920 shares

As of March 31, 2024: 302,228 shares

(c) Average number of shares during the period

As of December 31, 2024: 35,524,797 shares

As of December 31, 2023: 35,456,554 shares (cumulative from the beginning of the year)

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

\* Review by a certified public accountant or audit firm of the attached quarterly consolidated financial forecasts: None

\*Explanation concerning the appropriate use of business forecasts, and other special items

The forecasts and other statements regarding the future included in this report are based on currently available information and certain assumptions. Actual results may differ from forecasts for a variety of reasons. With respect to the preconditions for the forecasts, please refer to the “Explanation of Future Forecast Information including Consolidated Business Results Forecasts” section on page 3.

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## 1. Summary of Operating Results

### (1) Summary of Consolidated Operating Results for the nine months under review

During the nine months under review, the global economy showed signs of recovery, but the outlook remained uncertain due to factors such as continuation of high interest rate levels in the U.S. and European countries, and concerns about a downturn in the economy caused by rising geopolitical risks. The domestic economy also showed a moderate recovery trend against the backdrop of improved employment and income levels, but the outlook remained uncertain in light of downside risks in the global economy and inflation.

Our management philosophy outlines our intention to make a “Contribution to dentistry through innovative business activities,” and our group aims to achieve consolidated net sales of ¥50 billion and consolidated operating income of ¥7.5 billion in order to further increase our contribution to global dental care. Our fifth medium-term management plan started in April 2024 and marks the final four-year plan to achieve these goals, and we are working to address key issues for the medium- to long-term.

We posted net sales of ¥28,845 million for the nine months under review, an increase of ¥3,442 million (13.5%) from the corresponding period of the previous consolidated fiscal year. Overseas sales, which are included in net sales, increased by ¥2,315 million (15.9%) to ¥16,906 million (58.6% of net sales).

Operating income increased ¥885 million (26.0%) year-on-year to ¥4,295 million, despite an increase in selling, general and administrative expenses associated with the higher sales.

Ordinary income increased by ¥798 million (21.6%) year-on-year to ¥4,490 million, despite a decrease in non-operating income due to a decrease in foreign exchange profit.

As a result of ¥378 million gain on sales of investment securities recorded as extraordinary income, net income attributable to owners of the parent after subtracting tax expenses was ¥3,484 million, an increase of ¥737 million (26.8%) year-on-year.

As a result, net sales, operating income, ordinary income, and net income all reached record highs for the nine months of the consolidated fiscal year.

#### (Dental Business)

In Japan, sales grew year-on-year thanks to contributions from products including EyeSpecial C-V (Intraoral digital camera launched in the previous fiscal year), and CAD/CAM-related products such as SHOFU Disk ZR Lucent Supra (ceramic material for dental cutting/machining) and SHOFU BLOCK PEEK (resin material for dental cutting/machining). Overseas sales increased year-on-year due to solid sales growth in existing products, especially in the U.S. and Asian regions including China, as well as the effect of forex fluctuations.

As a result, net sales for the nine months under review increased by ¥3,554 million (15.1%) year-on-year to ¥27,104 million and operating income increased by ¥979 million (29.0%) to ¥4,363 million due to higher sales, despite an increase in selling, general and administrative expenses.

#### (Nail Care Business)

Nail care products which have been selling well in Taiwan were launched in Japan, contributing to sales in Japan, but sales decline in mainstay gel nail products, resulting in a year-on-year sales decrease. Overseas, sales declined in the U.S., where consumption continued to decline due to inflation, and in Taiwan, where sales of gel nails did not grow as planned. Resulting in a year-on-year decline in overall overseas sales.

As a result, net sales for the nine months under review totaled ¥1,668 million, down ¥127 million (7.1%) year-on-year. Profits were down ¥96 million year-on-year to an operating loss of ¥84 million, due to an increase in selling, general and administrative expenses.

#### (Other Businesses)

SHOFU PRODUCTS KYOTO INC., a Group company, uses its dental abrasives manufacturing technology to manufacture and sell industrial abrasives. Net sales in the Other Businesses segment for the nine months under review increased by ¥14 million (25.1%) year-on-year to ¥72 million and operating income was ¥12 million, a year-on-year increase of ¥2 million (31.8%).

(2) Summary of Consolidated Financial Position for the nine months under review

Total assets at the end of the nine months under review decreased by ¥536 million year-on-year to ¥49,556 million. Decrease in total assets was primarily due to decline in market value of investment securities held.

Liabilities decreased by ¥1,228 million to ¥7,255 million. This was primarily due to decrease in non-current liabilities such as accrued deferred tax assets.

Net assets increased by ¥691 million to ¥42,301 million. This was primarily due to increases in retained earnings and foreign currency translation adjustments.

As a result of the above, the capital-to-assets ratio rose to 85.1%, an increase of 2.4 points from the end of the previous consolidated fiscal year.

(3) Explanation of Future Forecast Information including Consolidated Earnings Forecasts

We have not revised the performance forecast as announced on August 2, 2024 for the fiscal year ending March 31, 2025.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	9,716	9,730
Notes and accounts receivable-trade	4,539	4,199
Merchandises and finished goods	7,312	8,368
Work in process	1,741	1,976
Raw materials and supplies	1,237	1,388
Other	648	1,237
Allowance for doubtful accounts	-15	-66
<b>Total current assets</b>	<b>25,179</b>	<b>26,835</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures	11,958	12,093
Accumulated depreciation	-6,705	-6,900
Buildings and structures, net	5,252	5,193
Other	13,258	13,629
Accumulated depreciation	-8,276	-8,472
Other, net	4,981	5,157
Total property, plant and equipment	10,234	10,351
Intangible assets	524	565
Investments and other assets		
Investment securities	11,553	9,204
Net defined benefit asset	1,875	1,872
Other	733	830
Allowance for doubtful accounts	-6	-102
Total investments and other assets	14,155	11,803
<b>Total non-current assets</b>	<b>24,914</b>	<b>22,720</b>
<b>Total assets</b>	<b>50,093</b>	<b>49,556</b>

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	1,378	1,021
Current portion of long-term loans payable	281	200
Income taxes payable	880	968
Contract liabilities	75	109
Provision for directors' bonuses	63	57
Other	2,914	2,925
<b>Total current liabilities</b>	<b>5,593</b>	<b>5,282</b>
<b>Non-current liabilities</b>		
Net defined benefit liability	228	214
Other	2,661	1,758
<b>Total non-current liabilities</b>	<b>2,890</b>	<b>1,973</b>
<b>Total liabilities</b>	<b>8,484</b>	<b>7,255</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	5,968	5,968
Capital surplus	6,134	6,151
Retained earnings	20,964	23,063
Treasury shares	-297	-239
<b>Total shareholders' equity</b>	<b>32,770</b>	<b>34,944</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	5,094	3,369
Foreign currency translation adjustment	2,620	2,974
Remeasurements of defined benefit plans	963	879
Total accumulated other comprehensive income	8,678	7,223
<b>Subscription rights to shares</b>	<b>79</b>	<b>61</b>
<b>Non-controlling interests</b>	<b>82</b>	<b>71</b>
<b>Total net assets</b>	<b>41,609</b>	<b>42,301</b>
<b>Total liabilities and net assets</b>	<b>50,093</b>	<b>49,556</b>

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

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
<b>Net sales</b>	25,403	28,845
<b>Cost of sales</b>	10,184	11,668
<b>Gross profit</b>	15,219	17,177
<b>Selling, general, and administrative expenses</b>	11,809	12,881
<b>Operating income</b>	3,409	4,295
<b>Non-operating income</b>		
Interest income	43	65
Dividend income	167	169
Membership fee income	108	109
Foreign exchange gains	128	44
Share of profit of entities accounted for using equity method	-	1
Other	157	185
<b>Total non-operating income</b>	606	575
<b>Non-operating expenses</b>		
Interest expenses	16	6
Membership fee	242	280
Share of loss of entities accounted for using equity method	11	-
Other	53	92
<b>Total non-operating expenses</b>	323	380
<b>Ordinary income</b>	3,692	4,490
<b>Extraordinary income</b>		
Gain on sales of investment securities	285	378
Total extraordinary income	285	378
<b>Net income before income taxes</b>	3,977	4,869
<b>Income taxes</b>	1,212	1,379
<b>Net income</b>	2,765	3,489
<b>Net income attributable to non-controlling interests</b>	18	5
<b>Net income attributable to owners of parent</b>	2,747	3,484



## Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
<b>Net income</b>	2,765	3,489
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	674	-1,725
Foreign currency translation adjustment	883	355
Remeasurements of defined benefit plans, net of tax	-63	-83
<b>Total other comprehensive income</b>	1,496	-1,453
<b>Comprehensive income</b>	4,259	2,036
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	4,238	2,029
Comprehensive income attributable to non-controlling interests	21	7

### (3) Notes to Quarterly Consolidated Financial Statements

#### (Notes to Changes in Accounting Policies)

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

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

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

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

As a result of this change, depreciation for the nine months ended December 31, 2024 decreased by ¥112 million. As a result, operating income increased by ¥98 million, and ordinary income and net income before income taxes for the nine months ended December 31, 2024 each increased by ¥99 million.

#### (Notes to Application of Accounting Procedures Specific to the Compilation of Quarterly Consolidated Financial Statements)

(Calculation of tax expenses)

To calculate tax expenses, we made a reasonable estimate of the effective tax rate after the application of tax effect accounting to net income before income taxes for the current consolidated fiscal year and then multiplied the net income before income taxes for the nine months ended December 31, 2024 by the estimated effective tax rate. However, where use of the estimated effective tax rate to calculate tax expenses would result in an unreasonable figure, we have used the legal effective tax rate instead.

#### (Notes to Segment Information, etc)

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

For the nine months ended December 31, 2023(From April 1, 2023 to December 31, 2023)

(Millions of yen)

	Reportable segments				Adjustment *1	Consolidated financial statements *2
	Dental Business	Nail Care Business	Other Businesses	Total		
Net sales						
Sales to external customers	23,550	1,795	57	25,403	-	25,403
Internal sales or transfers	-	-	4	4	(4)	-
Total	23,550	1,795	62	25,408	(4)	25,403
Segment income	3,384	11	9	3,405	4	3,409

- \*1. The ¥4 million adjustment to segment income serves to cancel out transactions between segments.  
\*2. Segment income equals the operating income on quarterly consolidated financial statements.

(Millions of yen)

	Reportable segments			Total
	Dental Business	Nail Care Business	Other Businesses	
Japan	10,255	1,042	57	11,355
North and Latin America	2,946	171	-	3,117
Europe	5,473	-	-	5,473
Asia	4,874	581	-	5,456
Revenue from contracts with customers	23,550	1,795	57	25,403
Other revenue	-	-	-	-
Sales to external customers	23,550	1,795	57	25,403

(Note) Sales to external customers are divided into countries and regions according to the location of the Company and its consolidated subsidiaries.

For the nine months ended December 31, 2024 (From April 1, 2024 to December 31, 2024)

(Millions of yen)

	Reportable segments				Adjustment *1	Consolidated financial statements *2
	Dental Business	Nail Care Business	Other Businesses	Total		
Net sales						
Sales to external customers	27,104	1,668	72	28,845	-	28,845
Internal sales or transfers	-	-	3	3	(3)	-
Total	27,104	1,668	75	28,849	(3)	28,845
Segment income (loss)	4,363	(84)	12	4,291	4	4,295

- \*1. The ¥4 million adjustment to segment profit serves to cancel out transactions between segments.  
\*2. Segment income (loss) equals the operating income on quarterly consolidated financial statements.

(Millions of yen)

	Reportable segments			Total
	Dental Business	Nail Care Business	Other Businesses	
Japan	11,478	988	72	12,538
North and Latin America	3,569	136	-	3,705
Europe	6,195	-	-	6,195
Asia	5,861	543	-	6,405
Revenue from contracts with customers	27,104	1,668	72	28,845
Other revenue	-	-	-	-
Sales to external customers	27,104	1,668	72	28,845

(Note) Sales to external customers are divided into countries and regions according to the location of the Company and its consolidated subsidiaries.

2. Changes to reportable segments

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

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

As a result, compared to the previous method, segment income for the nine months ended December 31, 2024 increased by ¥96 million in the Dental Business, ¥1 million in the Nail Care Business and ¥1 million in the Other Businesses.

(Notes to Significant Changes in the Amounts of Shareholders' Equity)

Not applicable.

(Notes to Assumptions for the Going Concern)

Not applicable.

(Notes on Consolidated Statements of Cash Flows)

No quarterly consolidated statement of cash flows has been prepared for the first quarter of this fiscal year. Depreciation and amortization (including depreciation and amortization of intangible assets) for the first quarter is as follows

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Depreciation and amortization	829 million yen	769 million yen

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