

Fiscal Year Ended March 2021 (149th Business Year) Financial Analyst Meeting

May 27, 2021



**Tokyo Stock Exchange
(1st Section)
Code Number: 7979**

Contents of Today's Presentation

- ➔ **Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2021**
- ➔ **Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2022**
- ➔ **Future Business Environment and Medium- and Long-term Business Strategies**

Noriyuki Negoro, President and CEO

Assumptions made in briefing materials



■ Sales by product category

- ✧ Beginning in the fiscal year ending in March 2022, of the CAD/CAM-related products, the category for materials and products will be changed from “equipment and other” to “artificial teeth” and “chemical products.”
- ✧ As a result, we have retroactively changed these categories for the fiscal years ended in March 2020 and 2021.
- ✧ **Corresponding Slide No: No. 9, 20**

■ Changes to accounting standards

- ✧ The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) has been applied to the forecasts for the fiscal year ending in March 2022, which resulted in 172 million yen less in sales and 161 million yen less in operating income being posted compared to the figures when the previous standards are used. There was no impact on ordinary income and net income.
- ✧ Due to this impact, the rate of change over the previous fiscal year is omitted from the summary of financial results, but in these materials, the change and the rate of change, including the aforementioned financial impact, is noted.
- ✧ **Corresponding Slide No: No.17-28, 44-45**

■ Notations

- ✧ “Net Income” figures are figures for “Net income attributable to owners of parent” after the application of the Accounting Standard for Business Combinations
- ✧ **Corresponding Slide No: No.6-7, 18-19, 32, 44**

A faint, stylized map of Japan is visible in the background, with several line graphs overlaid on it, suggesting business performance trends.

Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2021

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2022

Future Business Environment and Medium- and Long-term Business Strategies

Summary of Business Performance (Comparison with Previous Period)

Summary of Consolidated Business Performance for
Fiscal Year Ended March 31, 2021



■ Positive factors ■ Negative factors

P/L

➡ Net Sales totaled 24,680 million yen (a decrease of 5.5%)

Domestic net sales totaled 13,733 million yen (a decrease of 6.0%)

- In the dental business, although sales of a digital oral cavity photography device, which was launched during the previous consolidated fiscal year, and sales of new CAD/CAM-related products were strong, sales in each product area generally decreased due to decline in opportunities for dental consultations and restrictions on sales activities caused by the COVID-19 pandemic. As a result, sales in this business **declined 5.4%**.
- In the nail care business, despite strong sales of a gel nail product with tie-ups with famous manicurists, and a product for home use, sales **fell 10.2%** due to the temporary closure of nail salons and the cancellation of major exhibitions.

Overseas net sales totaled 10,946 million yen (a decrease of 4.8%)

- Overseas sales in the dental business **fell 5.8%**. Although sales were strong in China and Europe, they decreased in North America and South America, and other regions due to lockdowns and curfews, as well as the impact of foreign exchange rates.
- Overseas sales in the nail business **rose 8.9%**, driven by strong online sales in the US and by sales in Taiwan of our mainstay gel nail products.

Summary of Business Performance (Comparison with Previous Period)

Summary of Consolidated Business Performance for
Fiscal Year Ended March 31, 2021



■ Positive factors ■ Negative factors

P/L

⇒ Operating income totaled 2,300 million yen **【Record high】**

- Sales were down and the cost of sales ratio rose but operating income **rose 4.1%** due to a reduction in selling, general, and administrative expense and to decline the level of domestic and overseas business activities caused by the COVID-19.

⇒ Ordinary income totaled 2,523 million yen **【Record high】**
and Net income totaled 1,674 million yen **【Record high】**

- Ordinary income **rose 26.9%** due to expansion of income growth largely as a result of having posted foreign exchange gains in non-operating income.
- Despite posting loss on remittance fraud at U.S. subsidiary as an extraordinary loss, net income **rose 137.5%**, because the impairment loss on goodwill for the Merz Dental GmbH and on intangible assets posted in the previous fiscal year no longer had an impact this year.

Summary of Business Performance for the Current Fiscal Year

Summary of Consolidated Business Performance for
Fiscal Year Ended March 31, 2021



Units: millions
of yen, %

⇒ Sales decreased and net profits increased compared to the previous period/ Sales and net income increased compared to the forecast.

	Fiscal March 2020 (Results) (% of sales)	Fiscal March 2021 (Forecast) (% of sales)	Fiscal March 2021 (Results) (% of sales)	Change from Previous Period (% change)	Change from Forecast (% change)
Net sales	26,108 (100.0)	23,287 (100.0)	24,680 (100.0)	-1,428 (-5.5)	1,393 (6.0)
(Domestic sales)	14,608 (56.0)	13,594 (58.4)	13,733 (55.6)	-874 (-6.0)	139 (1.0)
(Overseas sales)	11,499 (44.0)	9,692 (41.6)	10,946 (44.4)	-553 (-4.8)	1,253 (12.9)
Operating income	2,210 (8.5)	1,733 (7.4)	2,300 (9.3)	89 (4.1)	567 (32.7)
Ordinary income	1,988 (7.6)	1,589 (6.8)	2,523 (10.2)	534 (26.9)	933 (58.8)
Net income	704 (2.7)	1,072 (4.6)	1,674 (6.8)	969 (137.5)	601 (56.1)
Net income per share	44.24yen	61.68yen	96.29yen	52.05yen	34.61yen
Return on equity	2.9%	-	6.2%	3.3P	-
Foreign exchange rates					
US dollar	109.10	106.27	106.17	-2.93	-0.10
Euro	121.14	122.66	123.73	2.59	1.07
Pound sterling	138.51	135.52	138.68	0.17	3.16
Renminbi	15.85	15.39	15.44	-0.41	0.05

Summary of Business Performance

Summary of Consolidated Business Performance for
Fiscal Year Ended March 31, 2021



➤ Sales for Japan and overseas regions compared to same period in previous year and to forecasts

■ Net sales began to recover from 2Q.

	1 Q result	2Q result	3Q result	4Q result	1Q-2Q result	3Q-4Q result	Full year result
Domestic (Forecasts)	-9.6%	-13.7%	2.3%	-1.4%	-11.8%	0.4% (2.0%)	-6.0% (1.0%)
Overseas (Forecasts)	-42.0%	-2.0%	9.7%	16.6%	-22.4%	13.2% (24.2%)	-4.8% (12.9%)
North and Latin America (Forecasts)	-65.4%	2.0%	5.8%	14.8%	-34.3%	10.0% (42.4%)	-13.6% (21.5%)
Europe (Forecasts)	-28.5%	5.9%	14.8%	19.1%	-12.1%	17.0% (32.3%)	2.7% (16.4%)
China (Forecasts)	-57.4%	8.5%	19.4%	25.2%	-25.3%	22.4% (5.1%)	-1.0% (3.1%)
Asia and Oceania (Other) (Forecasts)	-10.9%	-30.6%	-7.5%	3.5%	-21.8%	-1.8% (16.5%)	-12.0% (8.4%)
Total sales (Forecasts)	-24.5%	-8.9%	5.7%	6.5%	-16.4%	6.1% (11.5%)	-5.5% (6.0%)

※Forecasts are the expected value released on October.28.2020 as the revised announcement.

Sales by Product Category (Comparison with Forecast)

Summary of Consolidated Business Performance for
Fiscal Year Ended March 31, 2021



Unit: millions of yen

Figures in parentheses represent percentage changes; unit: %

	Fiscal March 2020 (Results)	Fiscal March 2021 (Results)	Change from previous period		
				Domestic	Overseas
Artificial teeth	4,523	4,260	-263 (-5.8)	-6	-257
Abrasives	4,169	3,801	-368 (-8.8)	-4	-364
Metal products	240	209	-31 (-12.9)	-30	-0
Chemical products	6,064	5,904	-159 (-2.6)	13	-173
Cements and others	2,147	1,990	-157 (-7.3)	-81	-75
Equipment and others	6,520	6,169	-351 (-5.4)	-597	246
Dental business total	23,665	22,334	-1,330 (-5.6)	-705	-624
Nail care business	2,355	2,268	-86 (-3.7)	-158	71
Other	87	76	-10 (-12.3)	-10	-
Total	26,108	24,680	-1,428 (-5.5)	-874	-553

*The effect of foreign currency fluctuations (U.S. dollar (USD), Euro (EUR), British pound (GBP), Chinese yuan (CNY), Indian Rupee (INR), New Taiwan dollar (NTD) and Brazilian Real (BRL)) on overseas net sales was -58 million yen.
(Dental business -69 million yen, Nail care business +10 million yen)

Domestic Sales

Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2021



■ Positive factors ■ Negative factors

■ Dental business:

Year on year decrease of 705 million yen (-5.4%)

■ Although sales of digital cameras for dental use and CAD/CAM-related new products contributed to sales, almost all product areas except chemical products struggled.

■ Nail care business:

Year on year decrease of 158 million yen (-10.2%)

■ Despite strong sales of a gel nail product with tie-ups with famous manicurists and gel nail for general customer, sales decreased due to the temporary closure of nail salons and the cancellation of major exhibitions.

■ Other businesses:

Year on year decrease of 10 million yen(-12.3%)

■ Principal new products launched during recent fiscal year (dental business)

■ Digital oral imaging device

EyeSpecial C-IV (Equipment and others)

■ Resin material for dental cutting processing

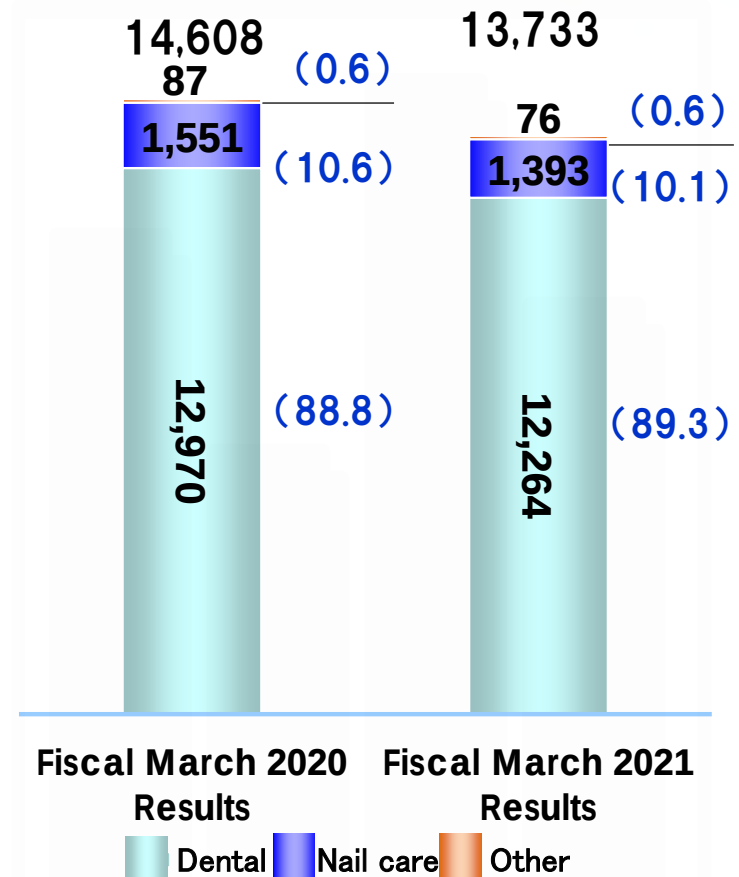
SHOFU BLOCK HC SUPER HARD

SHOFU BLOCK HC HARD II (Chemical Products)

■ Ceramics for dental cutting processing

SHOFU DISK ZR LUCENT SUPRA (Artificial teeth products)

Unit: Millions of yen; figures in parentheses represent the percentage of the total



Overseas Sales

Summary of Consolidated Business Performance for
Fiscal Year Ended March 31, 2021



Positive factors Negative factors

■ North America and Latin America:

Year-on-year decrease of 394 million yen (-13.6%)

Almost all products except artificial teeth and nail products performed poorly.

Local currency basis: Year-on-year decrease 322 million yen(-11.1%)

■ Europe: Year-on-year increase of 111 million yen(+2.7%)

In addition to the positive foreign exchange effect, sales of disposable masks and gloves were strong.

Local currency basis: Year-on-year increase 28 million yen(+0.7%)

■ Asia and Oceania:

Year-on-year decrease of 270 million yen(-6.0%)

Despite the strong sales of chemical products in China, sales were down due to the negative effect of exchange rates.

Sales were low for all products lines in other Asian countries.

Sales in the nail business were strong in Taiwan.

Local currency basis: **Year-on-year decrease 200 million yen(-4.5%)**

China: **Year-on-year decrease of 24 million yen(-1.0%)**

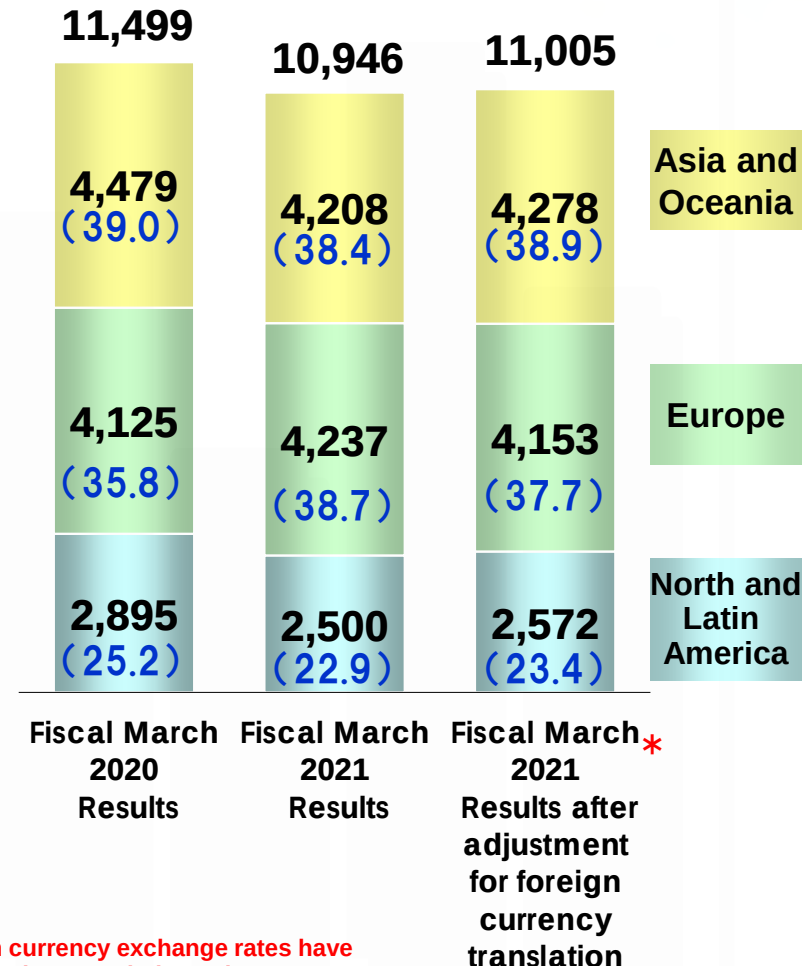
Elsewhere in Asia: **Year-on-year decrease of 246 million yen(-12.0%)**

■ Dental business: Overseas sales ratio of 45.1%

45.2% for the same quarter of the previous fiscal year.

45.2% after adjustments for fluctuations of foreign currency exchange rates.

Unit: Millions of yen; figures in parentheses represent the percentage of the total



*The results of the quarter under review after adjustment for fluctuations of foreign currency exchange rates have been calculated based on the same exchange rates used for the results of the fiscal year ended March 2020.

Performance by Segment (Sales and Operating Income)

Summary of Consolidated Business Performance for
Fiscal Year Ended March 31, 2021



Unit: millions of yen. Figures in parentheses represent
percentage of sales and percentage changes (unit: %)

		Fiscal March 2020 (Results) Amount (% of sales)	Fiscal March 2021 (Forecast) Amount (% of sales)	Fiscal March 2021 (Results) Amount (% of sales)	Change from Previous Period	Change from Forecast
Dental	Net Sales	23,665	21,021	22,334	-1,330	1,313
	Operating expense	21,581	—	20,243	-1,338	—
	Operating income	2,083	—	2,091	7	—
	(operating income margin)	(8.8)		(9.4)		
Nail care	Net Sales	2,355	2,175	2,268	-86	93
	Operating expense	2,248	—	2,067	-180	—
	Operating income	107	—	201	94	—
	(operating income margin)	(4.5)		(8.9)		
Other	Net Sales	93	89	81	-12	-8
	Operating expense	79	—	79	0	—
	Operating income	13	—	2	-11	—
	(operating income margin)	(14.7)		(2.6)		
Total before consolidation adjustment	Net Sales	26,114	23,287	24,685	-1,429	1,398
	Operating expense	23,909	—	22,390	-1,519	—
	Operating income	2,204	—	2,294	89	—
	(operating income margin)	(8.4)		(9.3)		
Consolidated	Net Sales	26,108	23,287	24,680	-1,428	1,393
	Operating expense	23,897	21,553	22,379	-1,518	825
	Operating income	2,210	1,733	2,300	89	567
	(operating income margin)	(8.5)	(7.4)	(9.3)		

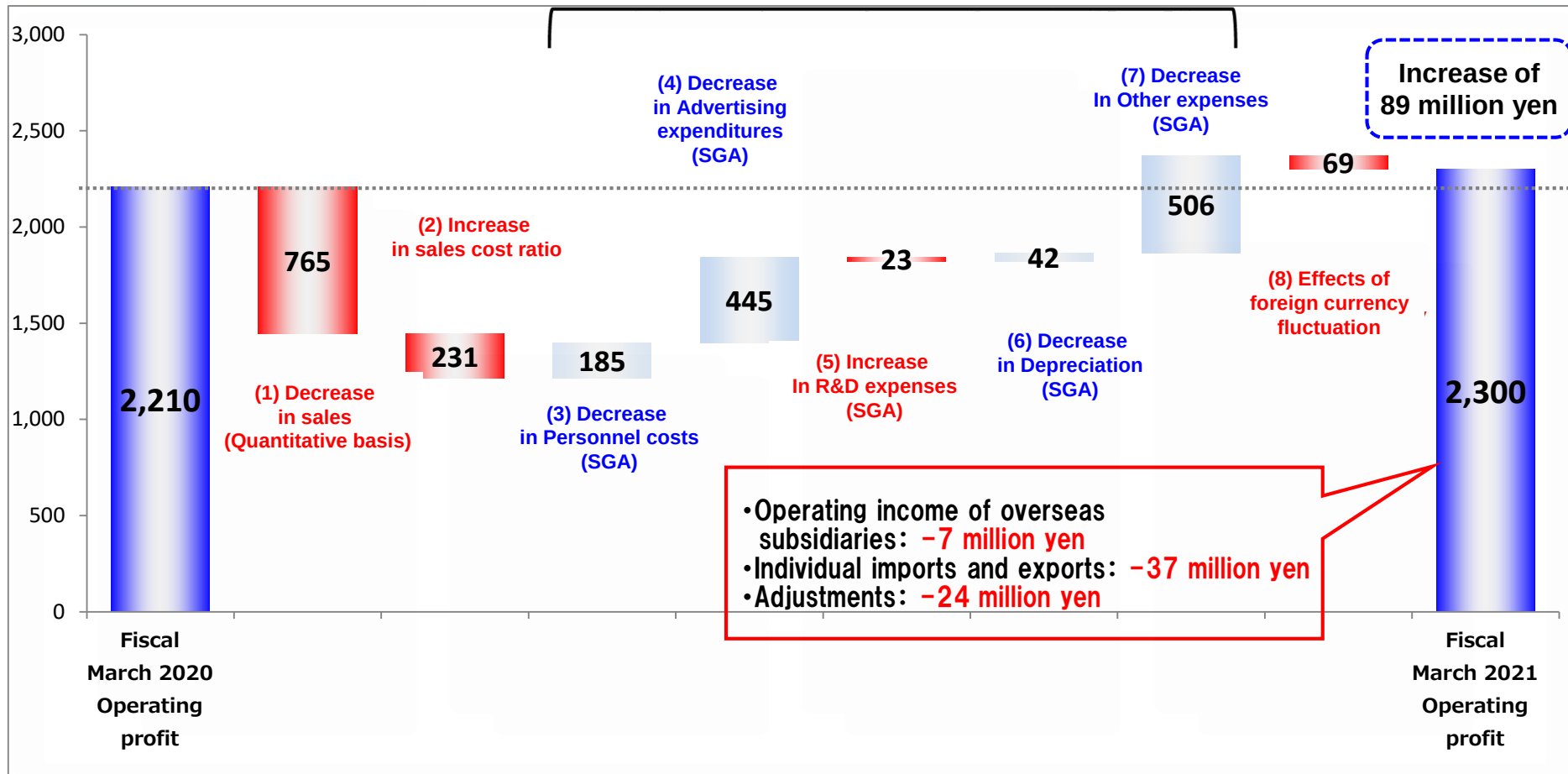
Contributors to Change in Operating Income

Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2021



Total SGA : **-1,155 million yen**

Unit: millions of yen



*The contributing factors in items (1) to (7) do not incorporate the effects of fluctuations of foreign currency exchange rates.

Financial Condition:

Major Balance Sheet Accounts

Summary of Consolidated Business Performance for
Fiscal Year Ended March 31, 2021

Unit: millions of yen



	Fiscal March 2020	Fiscal March 2021	Change	Major contributors to changes, special notes
Cash and cash in banks	4,862	6,943	2,081	Increase in merchandises and finished goods, work in progress Acquisition of Sun Medical shares and increase in valuation of investment securities Increase in net defined benefit asset and property, plant and equipment
Notes and accounts receivable	3,187	3,205	18	
Inventories	6,731	7,078	346	
Marketable securities and Investment in securities	5,434	9,746	4,311	
Others	9,618	10,839	1,221	
Total Assets	29,834	37,813	7,978	
Short-term loans payable and Long-term debt	1,236	1,874	637	Increase in long-term loans payable
Net defined benefit liability and Retirements allowance for directors and	243	252	8	
Others	4,417	5,488	1,070	
Total Liabilities	5,897	7,614	1,717	
Total net assets	23,936	30,198	6,261	Increase in capital stock, capital surplus associated with issuance of new shares by means of third-party allotment, retained earnings and valuation difference on available-for-sale securities
Total Liabilities and net assets	29,834	37,813	7,978	
Shareholders' equity ratio	79.7%	79.4%	-0.3P	
Shareholders' equity per share	1,492yen	1,690yen	199yen	

Capital Investments, Depreciation Expenses, R&D Expenses, etc.

Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2021



Unit: millions of yen

	Fiscal March 2020 (Results)	Fiscal March 2021 (Forecast)	Fiscal March 2021 (Results)	Change from Previous Period	Change from Forecast
Capital investment	1,601	1,668	1,097	-504	-571
Depreciation expenses	979	926	955	-23	29
(of which amortization of goodwill)	79	0	0	-79	0
R&D expenses	1,537	1,576	1,563	26	-13
Foreign exchange rates					
US dollar	109.10	106.27	106.17	-2.93	-0.10
Euro	121.14	122.66	123.73	2.59	1.07
Pound sterling	138.51	135.52	138.68	0.17	3.16
Renminbi	15.85	15.39	15.44	-0.41	0.05

- The foreign exchange rates given are those in effect at the average of each term; conversions of items in the financial statements of overseas subsidiaries all use average rates.

The background features a stylized line-art illustration of a city skyline with various buildings and structures, rendered in black outlines on a light gray background.

**Summary of Consolidated Business Performance
for Fiscal Year Ended March 31, 2021**

**Forecast of Consolidated Business Performance
for Fiscal Year Ending March 31, 2022**

**Future Business Environment and
Medium- and Long-term Business Strategies**

Overview of the Next Fiscal Year

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2022



Positive factors



Negative factors

P/L

➡ Net sales will total 26,105 million yen (an increase of 5.8%)

* The forecast for net sales is based on the premise that the impact of COVID-19 will not worsen more than current levels in either Japan or overseas and that conditions will gradually recover.

Domestic net sales will total 13,627 million yen (a decrease of 0.8%)

■ In the domestic dental business, we will pursue targeted sales activities focused on CAD/CAM products, which are expected to attract demand, and key areas. We will also put efforts into activities providing information to dental and medical professionals, and devise a new marketing style with online seminars and other events. Despite these efforts, we expect sales to **fall 1.7% (-209 million yen)**.

<New product sales: 3,482 million yen, or 20.6% of non-consolidated net sales>

■ In the nail business, we expect sales to increase **6.1%(+84 million yen)** due to the promotion of flagship product lines of gel nail.

Overseas net sales will total 12,478 million yen (an increase of 14.0%)

■ In the dental business, we will carry out marketing activities online, restore the level of business activities, which fell due to the impact of COVID-19, and expand sales in all regions to achieve a **15.7% increase** in sales **(+1,583 million yen)**.

■ In the nail care business, sales are expected to **decrease by 5.9% (-51 million yen)** because, although sales are expected to remain solid in North America, we expect sales to decline in Taiwan, where the competition from other companies is increasingly intense.

Overview of the Next Fiscal Year

Forecast of Consolidated Business Performance for
Fiscal Year Ending March 31, 2022



Positive factors



Negative factors

P/L

⇒ Operating income will total 1,799 million yen.

- While we expect higher sales and an improvement in the cost-to-sales ratio, selling, general and administrative expenses will increase due to the costs associated with proactive sales activities and investments in human resources and R&D for future growth. As a result, we expect the operating income to **decline 21.8%**.

⇒ Ordinary income will total 1,837 million yen.
Net income will total 1,234 million yen.

- The impact of foreign currency transaction gains will no longer be a factor, which will expand the decline relative to operating income, and we expect ordinary income to **fall 27.2%**.
- The impact of the loss on remittance fraud at our US subsidiary, posted in the previous fiscal year, is not a factor in the next fiscal year, and as a result the decline relative to ordinary income will lessen. We expect net income to **fall 26.3%**.

Comparison of Major Statistics

Forecast of Consolidated Business Performance for
Fiscal Year Ending March 31, 2022



➔ Net sales and Net income increased compared to fiscal March 2021

Unit: millions of yen

	Fiscal March 2021 Business Performance (% of sales)	Fiscal March 2022 Forecast (% of sales)	Change From Previous Period (% change)
Net sales	24,680 (100.0)	26,105 (100.0)	1,425 (5.8)
(Domestic sales)	13,733 (55.6)	13,627 (52.2)	-106 (-0.8)
(Overseas sales)	10,946 (44.4)	12,478 (47.8)	1,531 (14.0)
Operating income	2,300 (9.3)	1,799 (6.9)	-501 (-21.8)
Ordinary income	2,523 (10.2)	1,837 (7.0)	-685 (-27.2)
Net income	1,674 (6.8)	1,234 (4.7)	-439 (-26.3)
Net income per share	96.29yen	69.48yen	-26.81yen
Return on shareholders' equity	6.2%	4.1%	-2.2P
Foreign exchange rates			
US dollar	106.17	105.00	-1.17
Euro	123.73	125.00	1.27
Pound sterling	138.68	140.00	1.32
Renminbi	15.44	16.50	1.06

Sales by Product Category

Forecast of Consolidated Business Performance for
Fiscal Year Ending March 31, 2022



Unit: millions of yen

Figures in parentheses represent percentage changes; unit: %

	Fiscal March 2021 (Results)	Fiscal March 2022 (Forecast)	Change from previous period		
				Domestic	Overseas
Artificial teeth	4,260	4,836	576 (13.5)	-7	584
Abrasives	3,801	4,094	293 (7.7)	-61	354
Metal products	209	172	-36 (-17.6)	-32	-4
Chemical products	5,904	6,871	966 (16.4)	394	572
Cements and others	1,990	2,179	189 (9.5)	51	137
Equipment and others	6,169	5,553	-615 (-10.0)	-555	-60
Dental business total	22,334	23,708	1,373 (6.1)	-209	1,583
Nail care business	2,268	2,302	33 (1.5)	84	-51
Other	76	94	18 (24.2)	18	-
Total	24,680	26,105	1,425 (5.8)	-106	1,531

- Overseas sales increased by 221 million yen due to the effect of foreign currency fluctuations (US dollar, euro, pound sterling, renminbi, Indian Rupee, Brazilian Real and New Taiwan dollar). (Dental business +232 million yen, Nail care business -10 million yen)

Domestic Net Sales

Forecast of Consolidated Business Performance for
Fiscal Year Ending March 31, 2022



✧ Dental Business:

Year-on-year decrease of 209 million yen(-1.7%)

- We will carry out sales activities focused on CAD/CAM related product which are prospective demand and will also develop information activities aimed at dental professionals.

✧ Nail care business:

Year-on-year increase of 84 million yen (+6.1%)

- We will promote sales increase of flagship product lines of gel nail products.

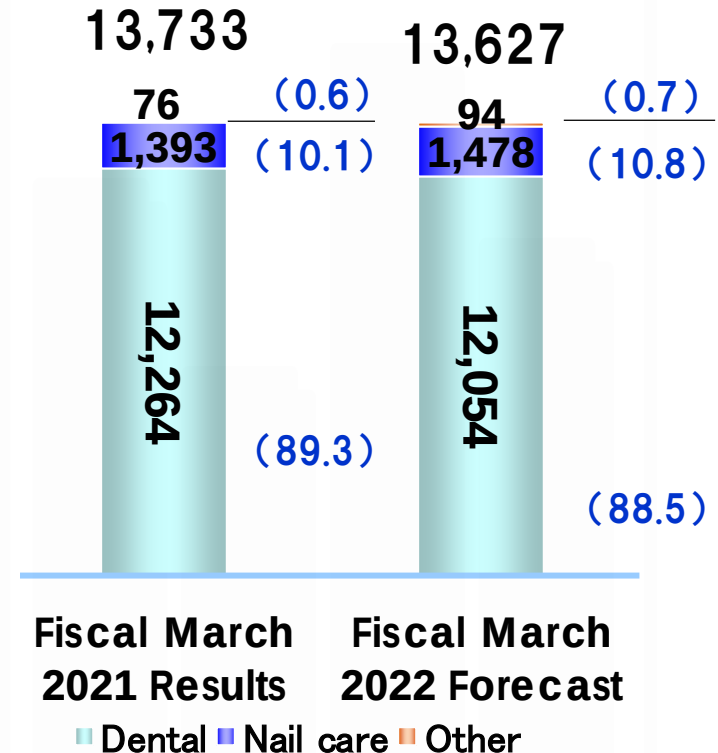
✧ Other businesses:

Year-on-year increase of 18 million yen (+24.2%)

✧ Principal new products

- **Dentine bonding material for dental**
BeautiBond Xtreme (Chemical products)
- **Resin material for dental cutting processing**
(Chemical products)
SHOFU BLOCK HC SUPER HARD
SHOFU BLOCK HC HARD II
SHOFU BLOCK HC HARD AN
- **Ceramics for dental cutting processing**
SHOFU DISK ZR LUCENT SUPRA (Artificial teeth)
- **Dental multi-purpose ultrasonic therapy machine**
MERSSAGE E-PICK 2 in 1 (Equipment and others)

Unit: Millions of yen; figures in parentheses
represent the percentage of the total



Overseas Net Sales

Summary

- We assume that the impact of COVID-19 will not worsen beyond current levels, and that conditions will recover to pre-pandemic levels in all regions, with a **14.0% increase** in sales overall.

Growth rates by region

*Figures in parentheses indicate the growth rate on local currency basis.

North and Latin America	+21.0% (+21.8%)
Europe	+ 2.6% (+ 1.5%)
China	+29.9% (+21.7%)
Asia (Other)	+ 9.9% (+ 9.9%)

Foreign exchange rates

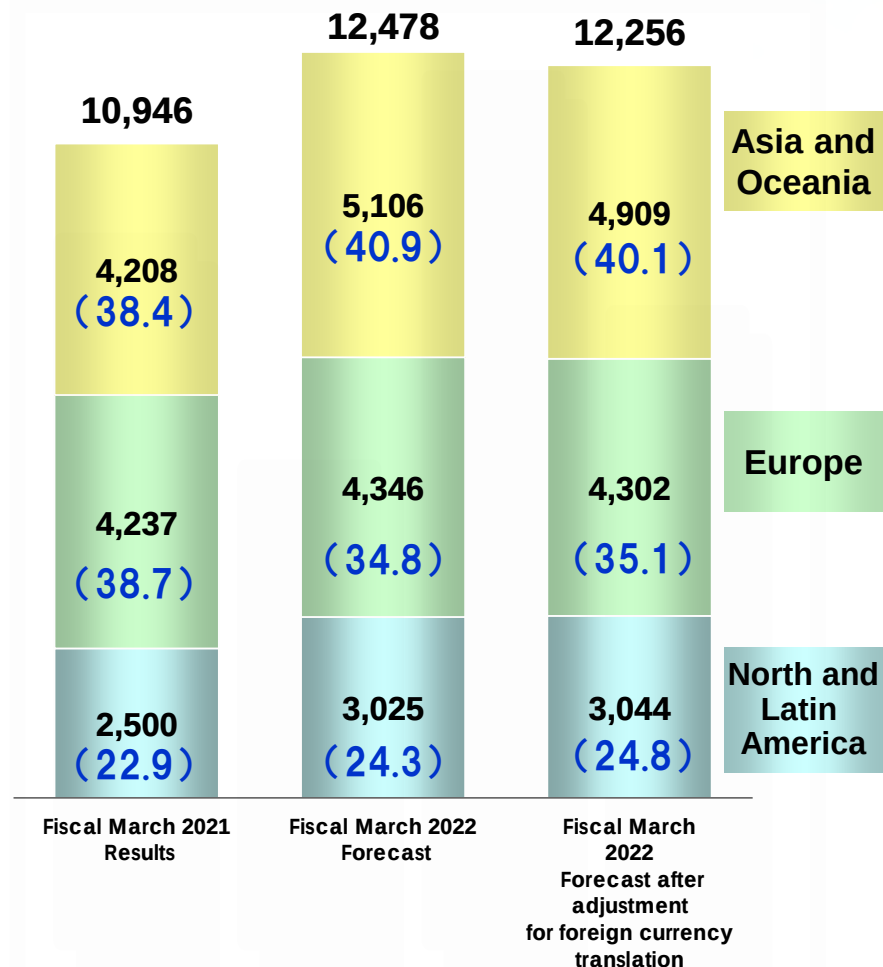
- USD1=JPY105.00
(JPY106.17 in the previous fiscal year)
(Effect: **-37 million yen**)
- EUR1=JPY125.00
(JPY123.73 in the previous fiscal year)
(Effect: +41 million yen)
- RMB1=JPY16.50
(JPY15.44 in the previous fiscal year)
(Effect: +197 million yen)

- (Dental business) Overseas sales ratio **49.2%**
45.1% in the previous fiscal year
47.4% after foreign currency translation adjustment

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2022



Unit: millions of yen; figures in parentheses represent component ratio (%)



Performance by Segment (Net Sales and Operating Income)

Forecast of Consolidated Business Performance for
Fiscal Year Ending March 31, 2022



Unit: millions of yen. Figures in parentheses represent
percentage of sales and percentage changes (unit: %)

		Fiscal March 2021 (Results)	Fiscal March 2022 (Forecast)	Change from Previous Period
		Amount (% of sales)	Amount (% of sales)	
Dental	Net Sales	22,334	23,708	1,373
	Operating expenses	20,243	22,070	1,826
	Operating income	2,091	1,637	-453
	(operating income margin)	(9.4)	(6.9)	
Nail care	Net Sales	2,268	2,302	33
	Operating expenses	2,067	2,146	78
	Operating income	201	156	-44
	(operating income margin)	(8.9)	(6.8)	
Other	Net Sales	81	94	13
	Operating expenses	79	89	10
	Operating income	2	4	2
	(operating income margin)	(2.6)	(5.2)	
Total before consolidation adjustment	Net Sales	24,685	26,105	1,420
	Operating expenses	22,390	24,306	1,916
	Operating income	2,294	1,799	-495
	(operating income margin)	(9.3)	(6.9)	
Consolidated	Net Sales	24,680	26,105	1,425
	Operating expenses	22,379	24,306	1,927
	Operating income	2,300	1,799	-501
	(operating income margin)	(9.3)	(6.9)	

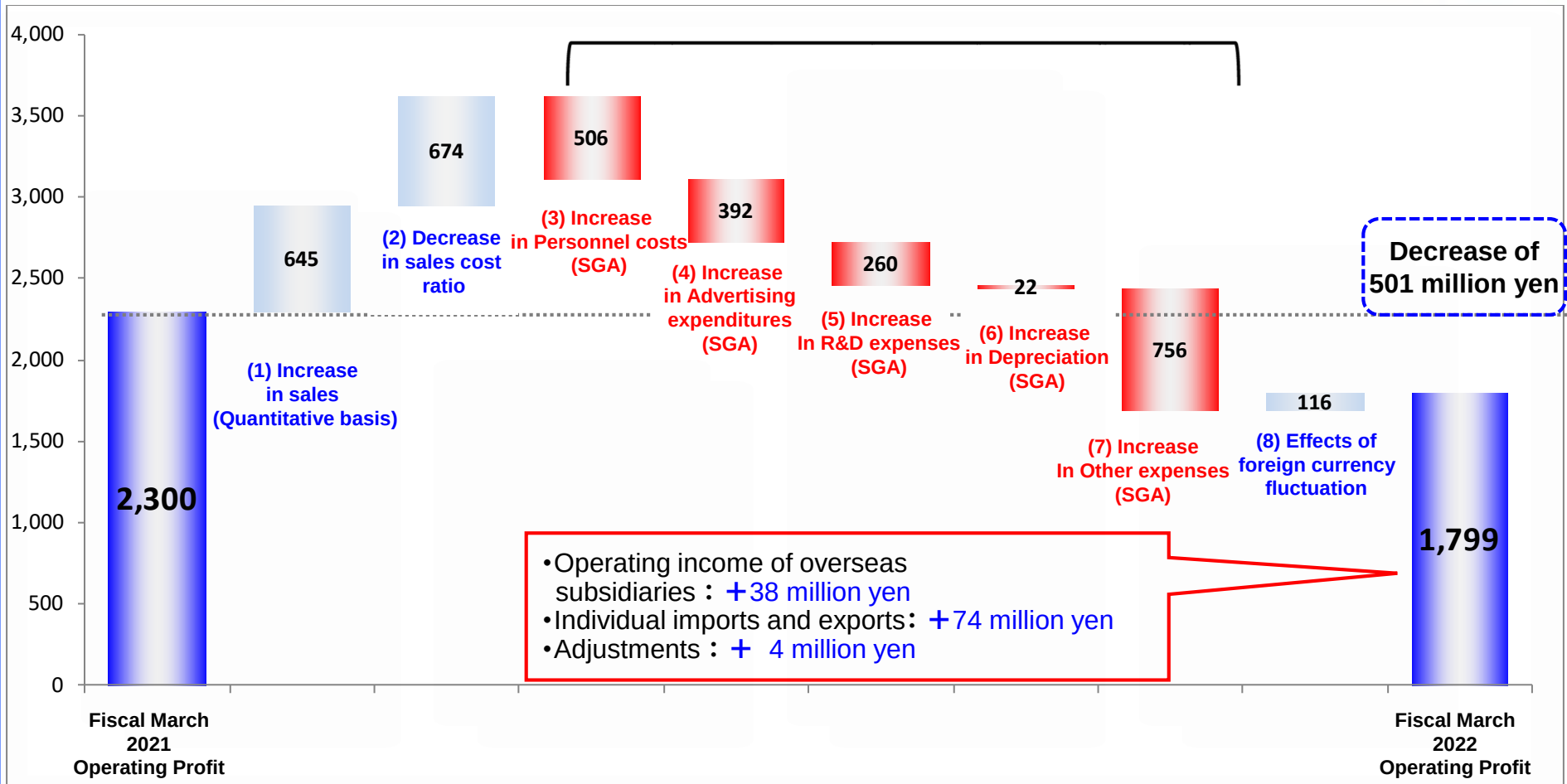
Contributors to Change in Operating Income

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2022



Total SGA: 1,937 million yen

Unit: millions of yen



*The contributing factors in items (1) to (7) do not incorporate the effects of fluctuations of foreign currency exchange rates.

Impact of Foreign Exchange Fluctuations

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2022



Unit: millions of yen

Forecast for Fiscal March 2022

(Unit: millions of yen)

	Foreign exchange rate		Impact on consolidated business performance		Per yen of yen strength	
	Fiscal March 2021 actual	Fiscal March 2022 estimate	Sales	Operating income	Sales	Operating income
US Dollar	106.17	105.00	-37	-5	-32	-12
Euro	123.73	125.00	41	3	-32	-6
GBP	138.68	140.00	3	0	-2	0
RMB	15.44	16.50	197	115	-186	-127

- The foreign exchange rates given are those in effect at the average of each term; conversions of items in the financial statements of overseas subsidiaries all use average rates.

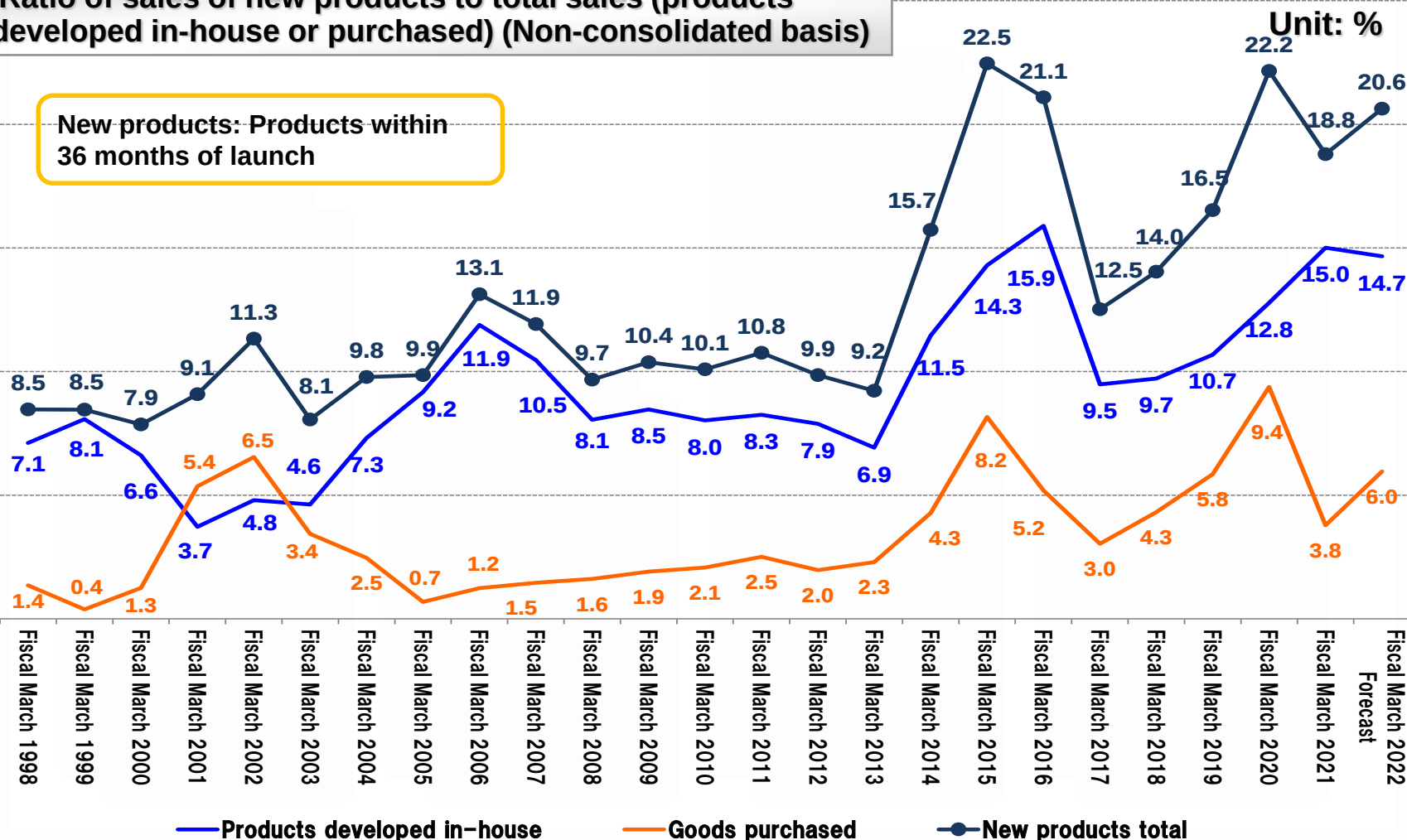
Trends for Sales Ratio of New Products

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2022

SHOFU

Ratio of sales of new products to total sales (products developed in-house or purchased) (Non-consolidated basis)

New products: Products within 36 months of launch



* Major goods purchased: Johnson & Johnson products, ultrasonic scalers and root canal treatment equipment (reamers/files)

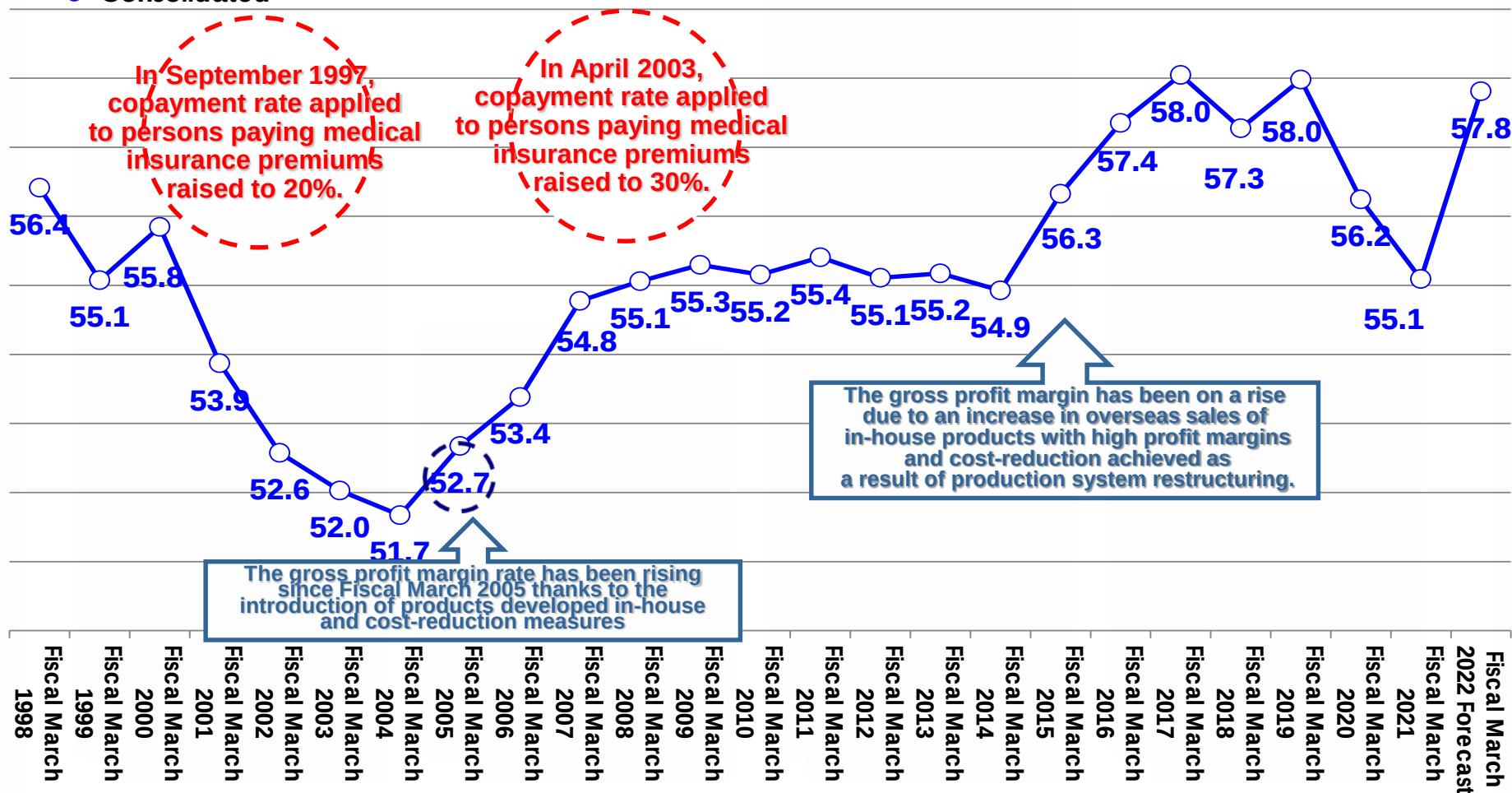
Trends for Gross Profit Margin Rates

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2022



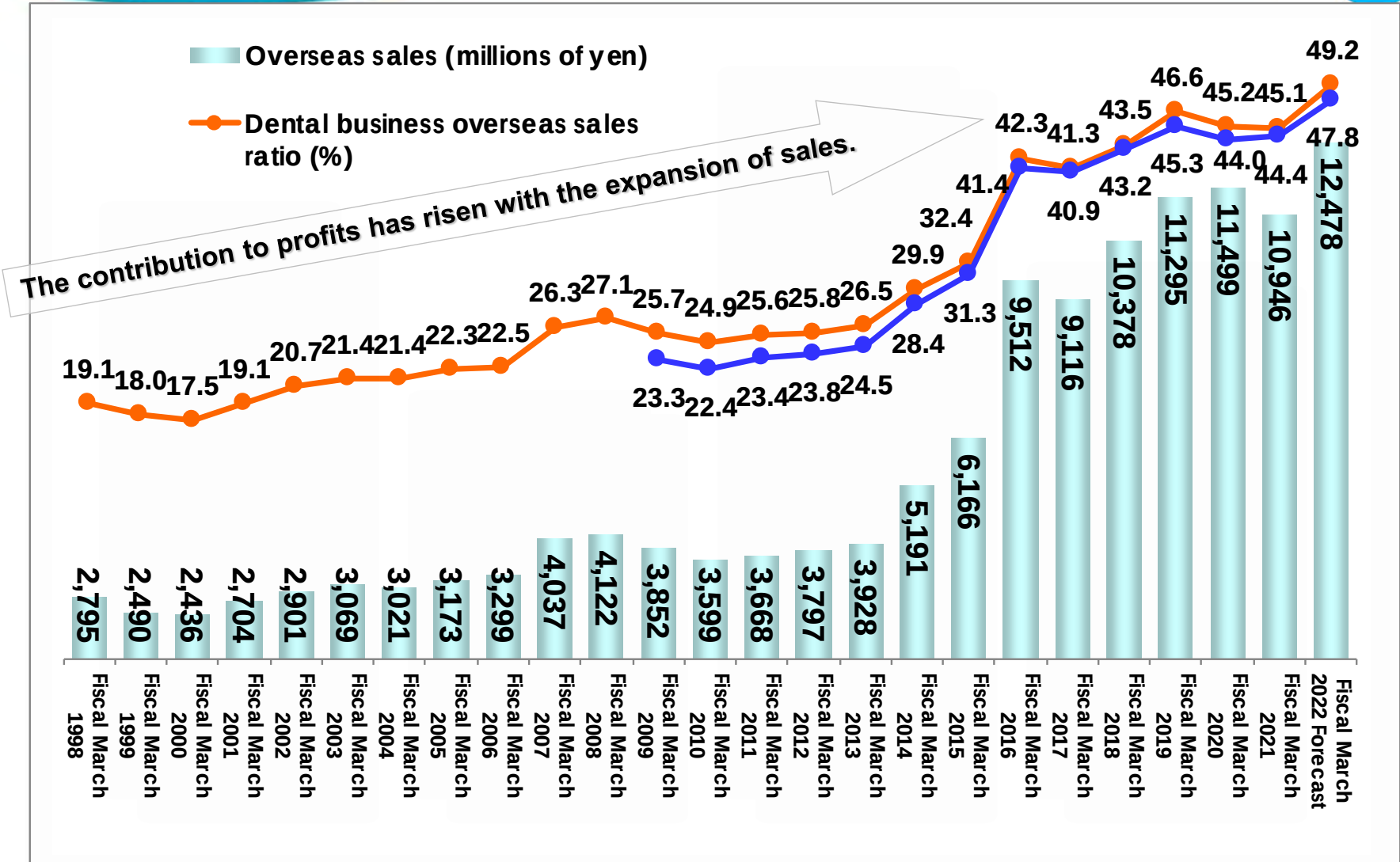
Unit: %

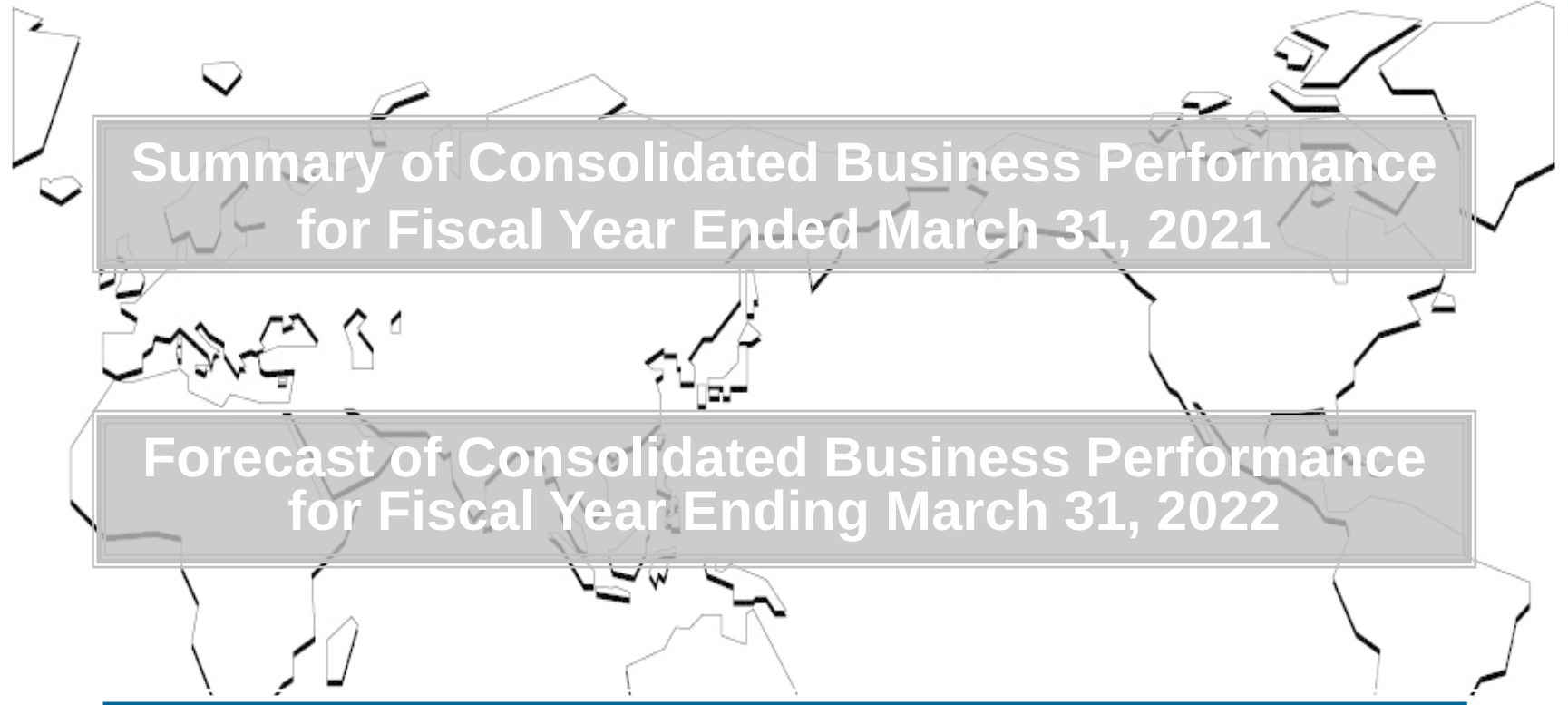
Consolidated



Trends for Overseas Sales and Overseas Sales Ratios

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2022



A stylized, light gray outline map of Japan serves as the background for the first two text boxes.

**Summary of Consolidated Business Performance
for Fiscal Year Ended March 31, 2021**

**Forecast of Consolidated Business Performance
for Fiscal Year Ending March 31, 2022**

**Future Business Environment and
Medium- and Long-term Business Strategies**

Business Environment Awareness

➤ Future Business Environment and Medium- and Long-term Business Strategies

Domestic dental market

- Rising demand in aesthetic and preventive fields
- Decrease in population and occurrence of cavities
- Maintenance of a certain market scale
- Significant growth is unlikely

Overseas dental market

- Existence of enormous market centered on developed nations
- Economic growth and rising living standards in regions worldwide, particularly developing nations
- Demand for dental care increasing dramatically

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

Company-wide targets

- **Group net sales: 50 billion yen**
<Domestic sales: 17 billion yen; overseas sales: 33 billion yen>
- **Group operating income: 7.5 billion yen**
(Operating profit margin: 15%)

Pursue globalization in every department, function (R&D, production, and sales), personnel, and by extension the company's overall management.

Fiscal 2018 to 2020

Review of Mid-term Management plan

➡ Future Business Environment and Medium- and Long-term Business Strategies



Results of fiscal 2018 to 2020 Mid-term Management

Unit: millions of yen

★:Record

	Fiscal March 2019		Fiscal March 2020		Fiscal March 2021	
	Forecast (% of sales)	Results (% of sales)	Forecast (% of sales)	Results (% of sales)	Forecast (% of sales)	Results (% of sales)
Net sales	25,725	★ 24,915	27,419	★ 26,108	29,264	24,680
(Domesic sales)	14,453	13,619	15,085	14,608	15,700	13,733
(Overseas sales)	11,271	★ 11,295	12,333	★ 11,499	13,563	10,946
Operating income	1,737 (6.8%)	1,814 (7.3%)	2,056 (7.5%)	★ 2,210 (8.5%)	2,341 (8.0%)	★ 2,300 (9.3%)
Ordinary income	1,630 (6.3%)	1,709 (6.9%)	1,946 (7.1%)	★ 1,988 (7.6%)	2,234 (7.6%)	★ 2,523 (10.2%)
Net income	1,109 (4.3%)	★ 1,201 (4.8%)	1,370 (5.0%)	704 (2.7%)	1,596 (5.5%)	★ 1,674 (6.8%)
Net income per share	69.77yen	75.54yen	86.23yen	44.24yen	100.42yen	96.29yen
Return on equity	4.6%	5.0%	5.5%	2.9%	6.1%	6.2%

Results of fiscal 2018 to 2020 Mid-term Management

	Achievement	Issue
R & D	•Development and launch of new products compatible with digital dentistry •Launched new products and expanded sales. Chemical products in Americas and chemical products and artificial teeth in China.	•Speed-up development •Establish a system for quickly responding to the laws and regulations in each country
Production	•Establishment of production site in Vietnam	
Sales	•Establishment of sales networks in countries all over the world, including setting up a structure for sales companies in India and Brazil	•Establishment of user networks (in particular, areas in which many countries are subject to jurisdictions with various market conditions)
HR	•Promote securing human recourses for various approaches to promote globalization	
Finance	•Secure of a dynamic fund-raising environment to meet capital requirements •Raise the issuer rating from R&I	
Promotion of M&As	•Build organizational structure (responsibility system), collect information from many sides, consider individual projects	•In light of the Group's core competence and growth strategy, we will actively pursue M&A in line with the areas that need to be reinforced. •Improve and reform Merz Dental GmbH's management
External cooperation	•Strengthening of relations with Mitsui Chemicals and Sun Medical	

Fiscal 2021 to 2023 Medium-term Management Plan: Company-wide targets

➡ Future Business Environment and Medium- and Long-term Business Strategies



Company-wide targets for fiscal March 2024

- **Group net sales: 30.1 billion yen**
<Domestic sales: 14.7 billion yen; Overseas sales: 15.4 billion yen>
<Overseas sales ratio: 51.1%>
- **Group operating income: 2.61 billion yen**
<Operating profit margin: 8.7%>
- **ROE 5.8%** *ROE: Return on equity

Key issues in order to achieve goals

R & D	Development and introduction of new products that match the local demands	• Business tie-up with Mitsui Chemicals and Sun Medical • Promotion of M&As • Establishment of the group governance system
Production	Relocation of production sites and expansion of offshore production	
Sales	Improvement of our sales network/Realignment of sales offices Establishment of domestic and international academic networks	
HR	Development of human resources and securing of skilled employees to actively promote overseas operation	
Finance	Capital procurement in response to increasing investment demands	

Specific Efforts – R&D

➤ Future Business Environment and Medium- and Long-term Business Strategies



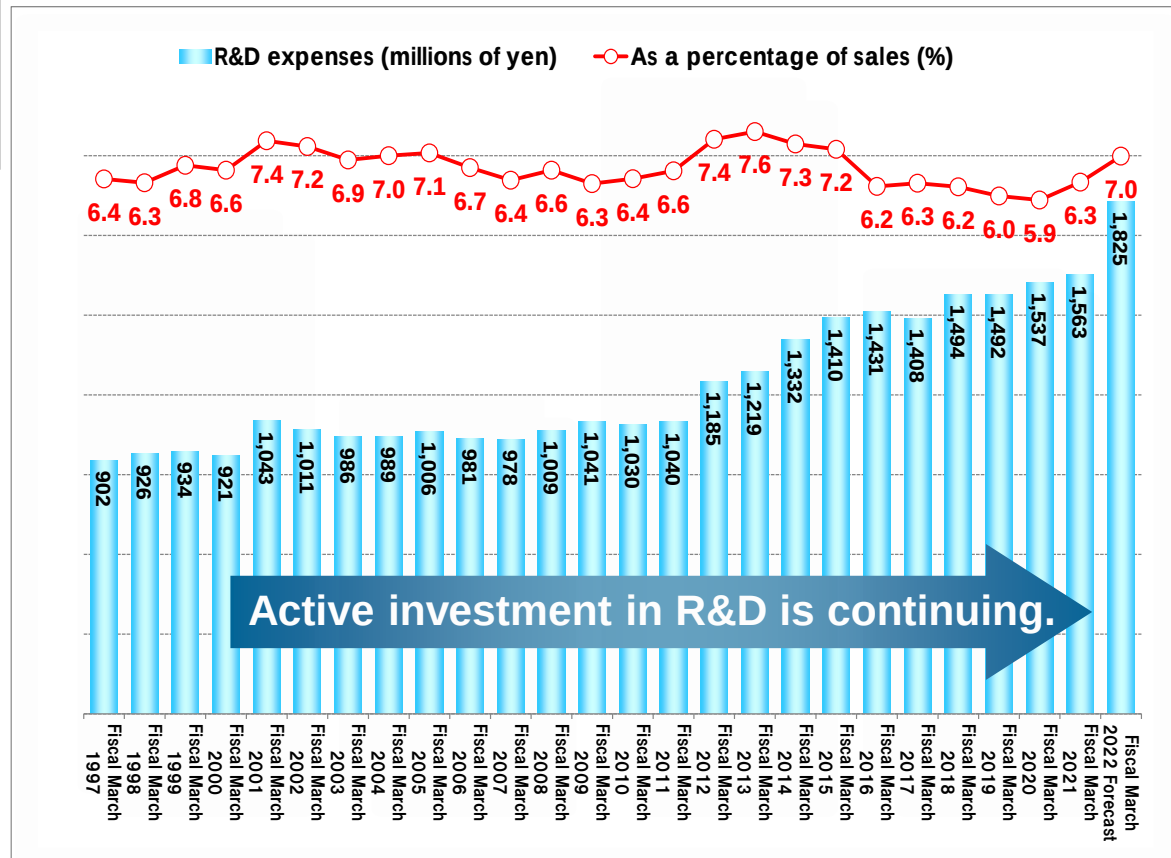
✧ Development and introduction of new products that match the local demands

➤ Developing products with a worldwide vision

➤ Developing new products for regions' middle-class and high-volume segments

➤ Developing products with the goal of creating markets in new fields

Trend in R&D investment



Specific Efforts – Production



✧ Relocation of production base and expansion of offshore production

Further expand the market share of our time-honored specialties such as artificial teeth and abrasives by enhancing price competitiveness and reducing costs.

➡ Effectively utilizing existing domestic factories

Domestic manufacturing Group companies



Shiga Shofu (Shiga)



Shofu products
kyoto (Kyoto)



Nail Labo (Saitama)

Principal issues and purpose of repositioning of production

- 1) limited productions capacity of SHOFU Headquarters
- 2) high production costs in Japan
- 3) currency fluctuations
- 4) high shipping costs for hazardous and heavy goods
- 5) better delivery service to users
- 6) high tariff

➡ Expanding overseas production

Overseas manufacturing Group companies



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



Advanced Healthcare Ltd. (UK)



Merz Dental GmbH.(Germany)



SHOFU PRODUCTS VIETNAM
CO., LTD(Vietnam)

Specific Efforts – Production



✧ Relocation of production base and expansion of offshore production

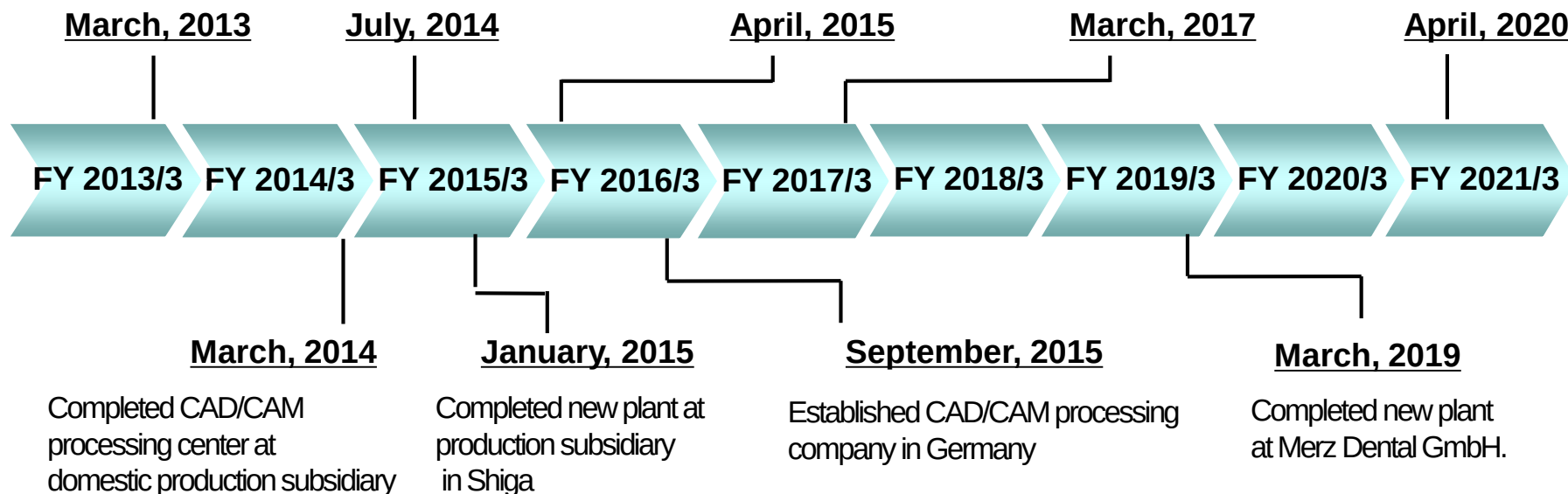
Reorganization of manufacturing functions of dental business and nail care business
Consolidation of manufacturing and sales functions in nail subsidiary

Relocation and expansion of domestic production subsidiary

Subsidiarization of Merz Dental GmbH, a German artificial teeth Manufacturer.
New production base in Europe.

Completed new plant in the SHOFU headquarters

Established production subsidiary in Vietnam (SHOFU Products Vietnam)



Specific Efforts – Sales



✧ Improvement of our sales network

- Develop a network of overseas distributors.

✧ Realignment of sales offices

- Establish new overseas sales bases.

✧ Establishment of domestic and international academic networks

- Build an organization that can advertise the company's products and services directly to users.
- Enhance and expand MDR* activities.
*Medical dental representative

➤ Improve our customer service

➤ Enhance academic activities

➤ Speed up the product registration work

[Overseas sales Group companies]



Shofu Dental Corporation
(U.S.A.)



Shofu Dental GMBH
(Germany)



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



Shofu Dental Asia-Pacific PTE (Singapore)



Merz Dental GmbH.(Germany)

[Other overseas bases]

Sales company: Mexico, Brazil, India

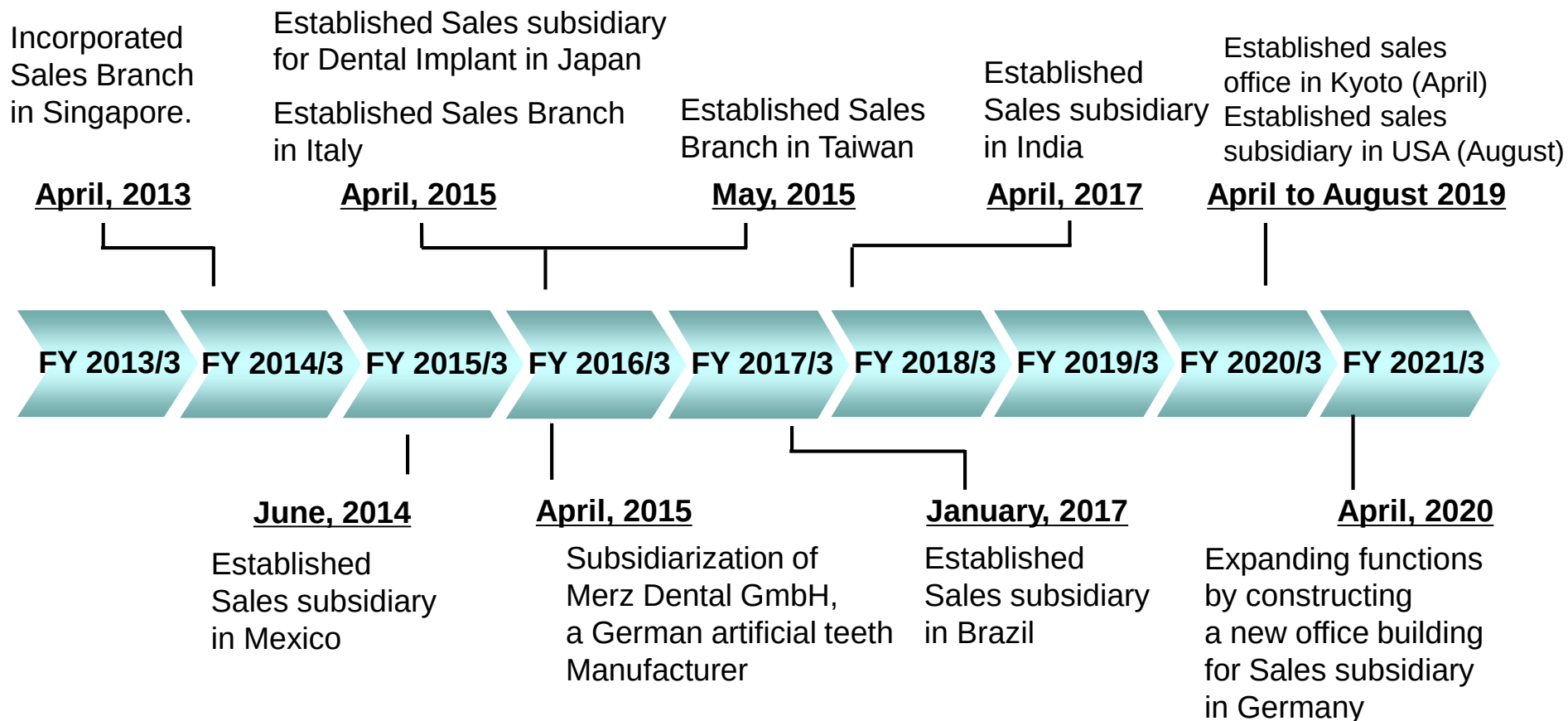
Sales base : England, Taiwan, Italy

Specific Efforts – Sales

➡ Future Business Environment and Medium- and Long-term Business Strategies



✧ Realignment of sales offices



* We are planning to establish sales bases in other important countries / regions.

Specific Efforts – Nail Care Business

➤ Future Business Environment and Medium- and Long-term Business Strategies



■ Basic Policy

- ✧ Work to expand the nail care business by taking advantage of the R&D and production engineering capabilities the company has developed in the dental materials business.
- ✧ Ensuring profitability by improvement of in-house products ratio
- ✧ Expanding sales channels in overseas markets
 - U.S., Europe, Taiwan, South Korea, China

■ Specific Efforts

- ✧ Capturing share in the LED gel market with improved Presto
- ✧ Improving competitiveness and profitability by integrating operations from product planning to sales
- ✧ Released self nail gel nail “by Nail Labo” (August 2014)
- ✧ Established joint venture in Taiwan (December 2014), began operation in January 2015
- ✧ Launched new “ageha Gel” brand of gel nail products for nail salons (June 2017)



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



Mitsui Chemicals



- Shofu issued 1,780,000 new shares in a third-party allocation
MCI received these shares (total value of 2,988 million yen)
- MCI's shareholdings increased from 11.17% to 20.01%
(Shofu became an equity-method affiliate)

■ Capital tie-up

- 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 sent one part-time director to Shofu's board
- Shofu sent one part-time director to Sun Medical's board

Trends for Sales by Region

—North and Latin America, Europe

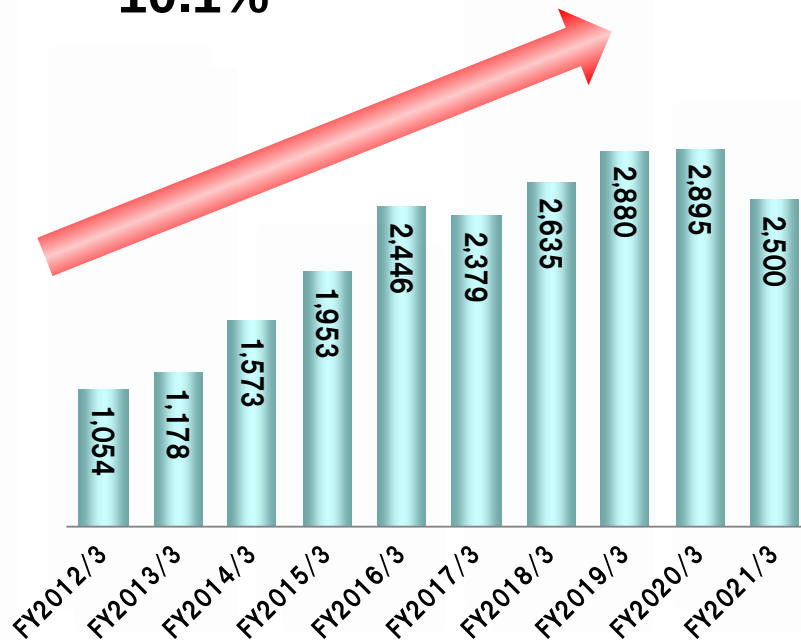
→ Future Business Environment and Medium- and Long-term Business Strategies



Unit: millions of yen

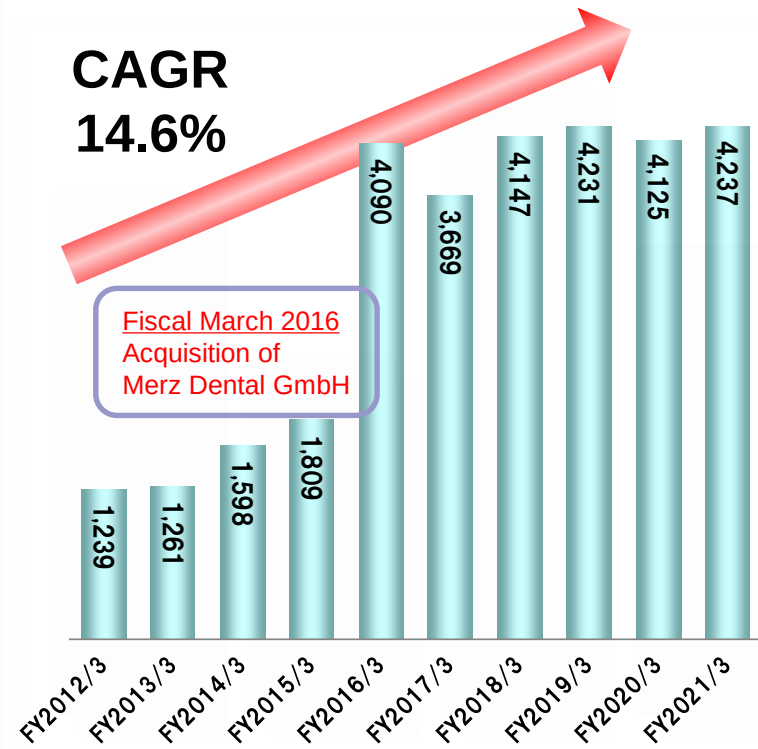
North & Latin America Sales

CAGR
10.1%



Europe Sales

CAGR
14.6%



※CAGR is the annual average from Fiscal March 2012 to Fiscal March 2021.

Trends for Sales by Region

—China, Elsewhere in Asia

➤ Future Business Environment and Medium- and Long-term Business Strategies



Unit: millions of yen

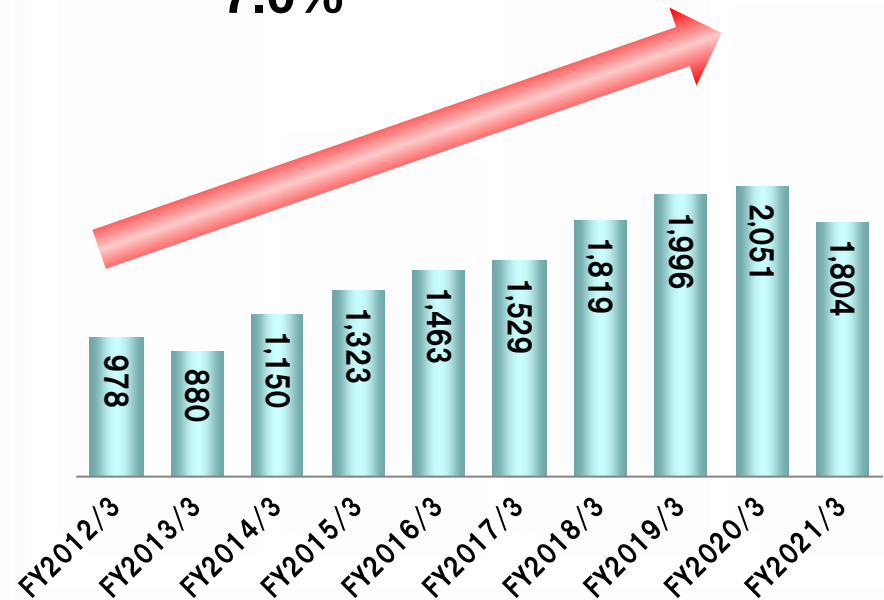
China Sales

CAGR
18.4%



Elsewhere in Asia Sales

CAGR
7.0%



Medium-term Management Plan – Principle Targets

➡ Future Business Environment and Medium- and Long-term Business Strategies



★...Record Unit: millions of yen

	Fiscal March 2021 (Results)	Mid-term Management Plan		
		Fiscal March 2022	Fiscal March 2023	Fiscal March 2024
Net sales	24,680	26,105	★ 28,097	★ 30,182
(Change from Previous Period)	(-5.5%)	(5.8%)	(7.6%)	(7.4%)
(Domestic sales)	13,733	13,627	★ 14,319	★ 14,745
(Change from Previous Period)	(-6.0%)	(-0.8%)	(5.1%)	(3.0%)
(Overseas sales)	10,946	★ 12,478	★ 13,777	★ 15,437
(Change from Previous Period)	(-4.8%)	(14.0%)	(10.4%)	(12.0%)
Operating income	2,300	1,799	2,017	★ 2,618
(Percentage of sales)	(9.3%)	(6.9%)	(7.2%)	(8.7%)
Ordinary income	2,523	1,837	2,064	★ 2,668
(Percentage of sales)	(10.2%)	(7.0%)	(7.3%)	(8.8%)
Net income	1,674	1,234	1,379	★ 1,874
(Percentage of sales)	(6.8%)	(4.7%)	(4.9%)	(6.2%)
Dental business Overseas sales ratio	45.1%	★ 49.2%	★ 50.5%	★ 52.7%

Medium-term Management Plan by Segment (Sales and Operating Income)

➡ Future Business Environment and Medium- and Long-term Business Strategies



Unit: millions of yen

	Fiscal March 2021 (Results)		Mid-Term Management Plan					
			Fiscal March 2022		Fiscal March 2023		Fiscal March 2024	
	Amout	%	Amout	%	Amout	%	Amout	%
Dental business	22,334	90.5	23,708	90.8	25,592	91.1	27,550	91.3
Nail care business	2,268	9.2	2,302	8.8	2,395	8.5	2,508	8.3
Other businesses	81	0.3	94	0.4	109	0.4	124	0.4
Net sales	24,685	100.0	26,105	100.0	28,097	100.0	30,182	100.0

Dental business	2,091	9.4	1,637	6.9	1,845	7.2	2,416	8.8
Nail care business	201	8.9	156	6.8	156	6.5	174	6.9
Other businesses	2	2.6	4	5.2	16	14.7	27	22.3
Operating income	2,294	9.3	1,799	6.9	2,017	7.2	2,618	8.7

• The foreign exchange rates given are those in effect at the average of each term;

SHOFU INC. conversions of items in the financial statements of overseas subsidiaries all use average rates. 45

Medium-term Management Plan

Capital Investments, Depreciation Expenses, R&D Expenses

➡ Future Business Environment and Medium- and Long-term Business Strategies



Unit: millions of yen

	Fiscal March 2021 (Results)	Mid-Term Management Plan		
		Fiscal March 2022	Fiscal March 2023	Fiscal March 2024
Capital investment	1,097	1,730	2,423	997
Depreciation expenses	955	966	1,004	1,110
R&D expenses	1,563	1,825	1,852	1,878

- The foreign exchange rates given are those in effect at the average of each term; conversions of items in the financial statements of overseas subsidiaries all use average rates.
- Capital investment, depreciation expenses and R&D expenses above are recorded only for those realized at this moment. Profit plan includes certain strategy investment expenses.

Dividend policy



As for partial review of dividend policy

- Dividend payout ratio : 30% or more

《New setting》

- Ratio of dividends to net assets : Tentative target of 1.7%

Item	Business year	Fiscal March 2022	Fiscal March 2023	Fiscal March 2024
Dividend payout ratio		More than 30%		
Ratio of dividends to net assets	(DOE)	Tentative target of 1.7%		

【Reference: Key numerical targets related to dividends in the Fourth Mid-term Management Plan】

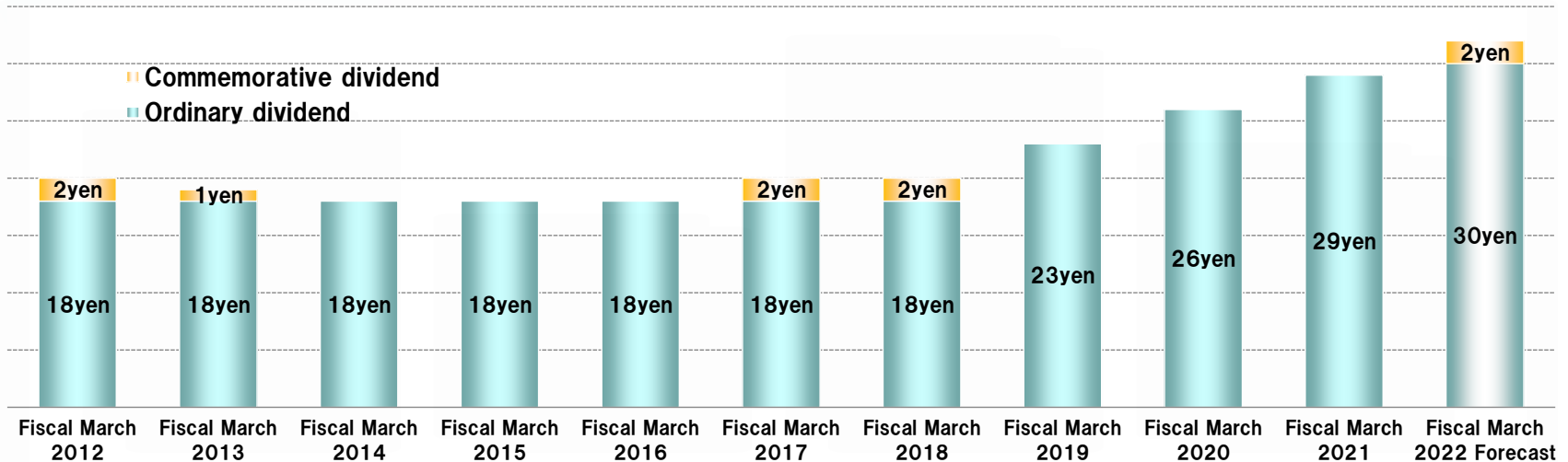
Return on equity	(ROE)	4.1%	4.4%	5.8%
Net income per share		69.48yen	77.70yen	105.53yen

Trend of annual dividend per share and index related dividend

➡ Future Business Environment and Medium- and Long-term Business Strategies



■ Trend of annual dividend per share



■ Trend of index related dividend

Business year	FY2012/3	FY2013/3	FY2014/3	FY2015/3	FY2016/3	FY2017/3	FY2018/3	FY2019/3	FY2020/3	FY2021/3	FY2022/3 Forecast
Net income per share	31.77yen	1.17yen	31.77yen	36.45yen	49.43yen	52.61yen	55.20yen	75.54yen	44.24yen	96.29yen	69.48yen
Dividend per share	20yen	19yen	18yen	18yen	18yen	20yen	20yen	23yen	26yen	29yen	32yen
Dividend payout ratio	63.0%	1625.8%	56.7%	49.4%	36.4%	38.0%	36.2%	30.4%	58.8%	30.1%	46.1%
Return on equity	2.8%	0.1%	2.6%	2.8%	3.7%	3.8%	3.8%	5.0%	2.9%	6.2%	4.1%
Net assets per share	1,146yen	1,169yen	1,235yen	1,360yen	1,340yen	1,396yen	1,511yen	1,524yen	1,491yen	1,690yen	—
Ratio of dividends to net assets	1.8%	1.6%	1.5%	1.4%	1.3%	1.5%	1.4%	1.5%	1.7%	1.8%	—

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.

SHOFU INC.

**11 Kamitakamatsu-cho, Fukuine,
Higashiyama-ku, Kyoto 605-0983, Japan**

Phone: +81-75-561-1112

Fax: +81-75-561-1227

URL: <http://www.shofu.co.jp>

E-mail: ir@shofu.co.jp

Contact: Corporate Planning Department



**The pages below are provided only for your reference.
The information on these pages will not be covered in the
financial analysis meeting.**

SHOFU and Its Operations (Summary of the Company Profile and Its Businesses)



■ Company name	SHOFU Inc.	(As of March 31, 2021)
■ Representative	Noriyuki Negoro, 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	First Section of Tokyo Stock Exchange	
■ Number of employees	468 (entire group: 1206, including 564 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 companies: 16 (three in Japan, thirteen overseas) Nail care companies: 3 (one in Japan, two overseas)	

Main Products



The company manufactures and markets a wide range of dental materials and equipment.

Artificial teeth products

Artificial tooth and implant materials

- Porcelain teeth, porcelain powder, resin teeth



Abrasives products

Materials for removing diseased areas and polishing crowns

- Diamond abrasive
- Carborundum abrasive
- Silicon polisher
- Other carving and polishing materials
- Industrial grinding and polishing materials



Metal products

Materials for use as dental crowns and as the base for implants

- Alloys for casting, silver alloys
- Other metals



Chemical products

Materials for use in a variety of applications, including implants, diseased area fillings, gums for artificial teeth, etc.

- Synthetic resins
- Impression materials
- Waxes



Cement products ,other

Materials for use in the adhesion of implants, fillings, etc.

- Dental cements
- Dental stones and investments



Machinery ,equipment & other products

Equipment and appliances for dental treatment and procedures

- Dental equipment
- Products for oral care and infection prevention
- Orthodontic materials
- Health and beauty equipment
- Other equipment and appliances



The company's products are designed for use in dental care and treatment.

Please refer to "Product Profiles" attached to this document.

Corporate History (1)



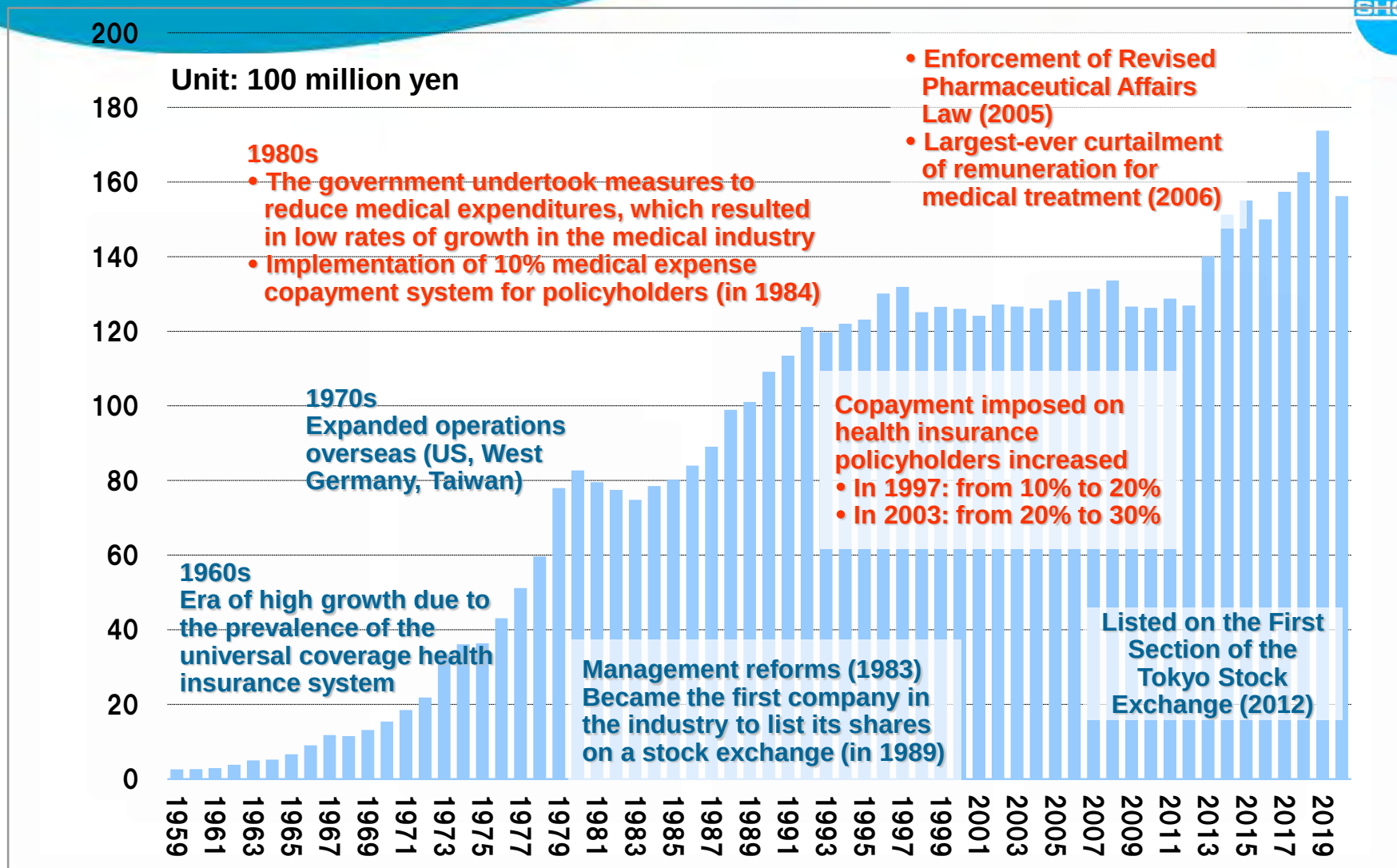
• 1922	Shofu Dental Manufacturing Co., Ltd. founded and commenced the manufacture and sale of Japan's first artificial teeth.
• 1963	Shofu shares listed on the over-the-counter market.
• 1971~ 1978	Established sales subsidiaries in the U.S. and West Germany. Started overseas production (in Taiwan). Established 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. Obtained ISO 14001 (Environmental Management System) certification (both for the headquarters and all group companies). 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.

Corporate History (2)



• 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.
• 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. Established a subsidiary in Mexico
• 2017	Established a subsidiary in Brazil Established a subsidiary in India
• 2019	New plant for Merz Dental GmbH. completed
• 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. / SNC became Shofu's equity-method affiliate.)

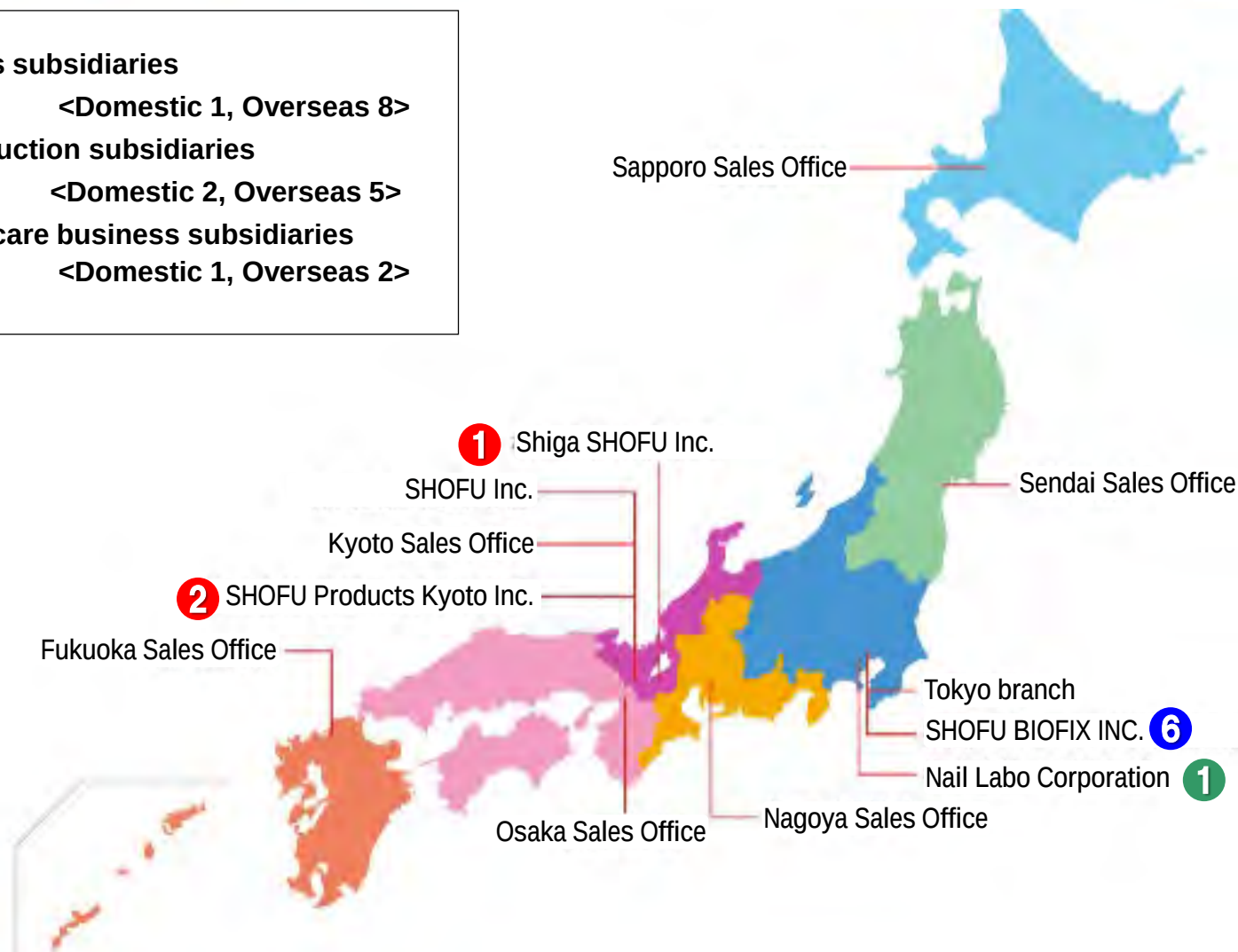
Corporate History - Sales



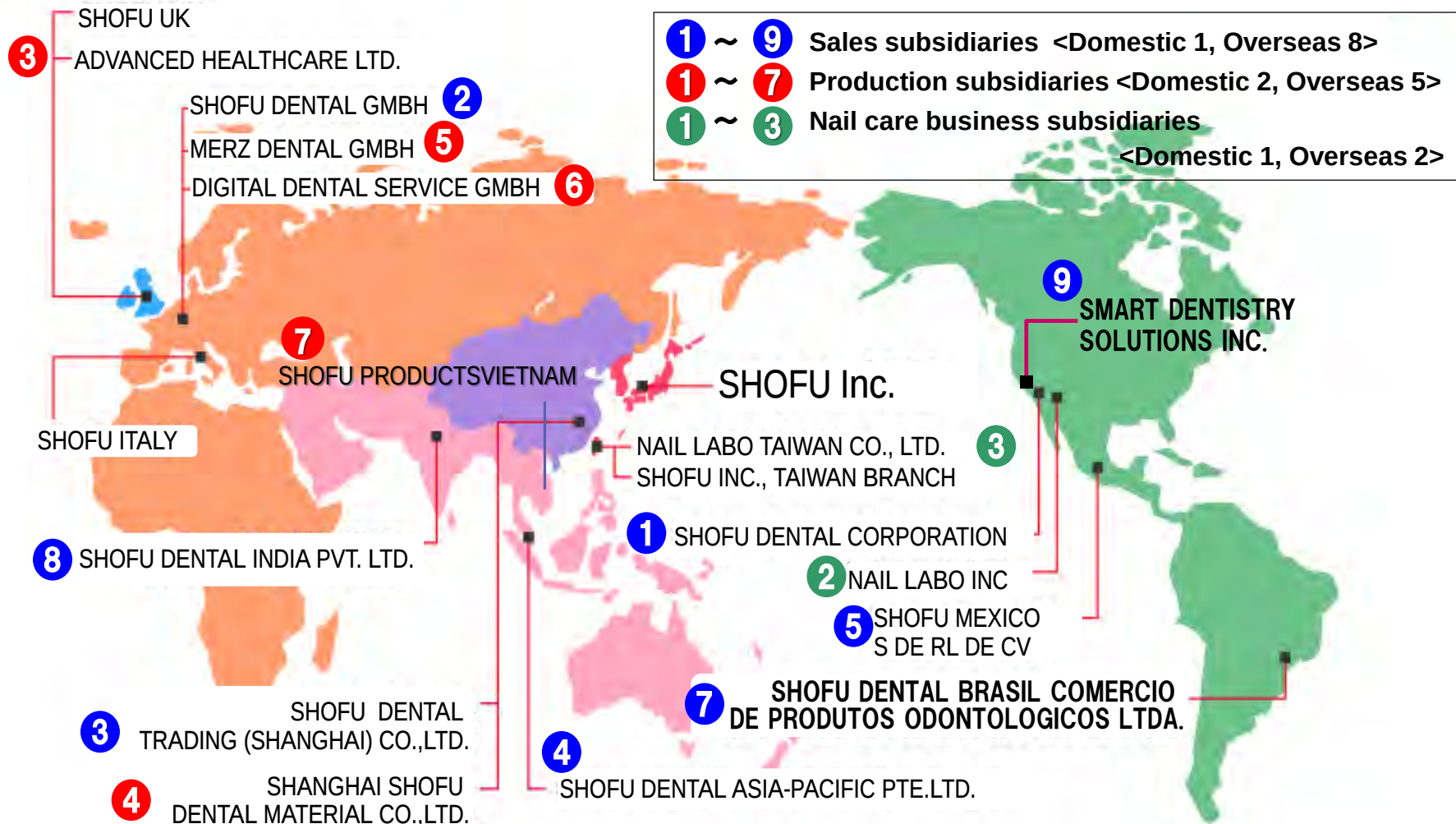
Group Overview[Domestic base]



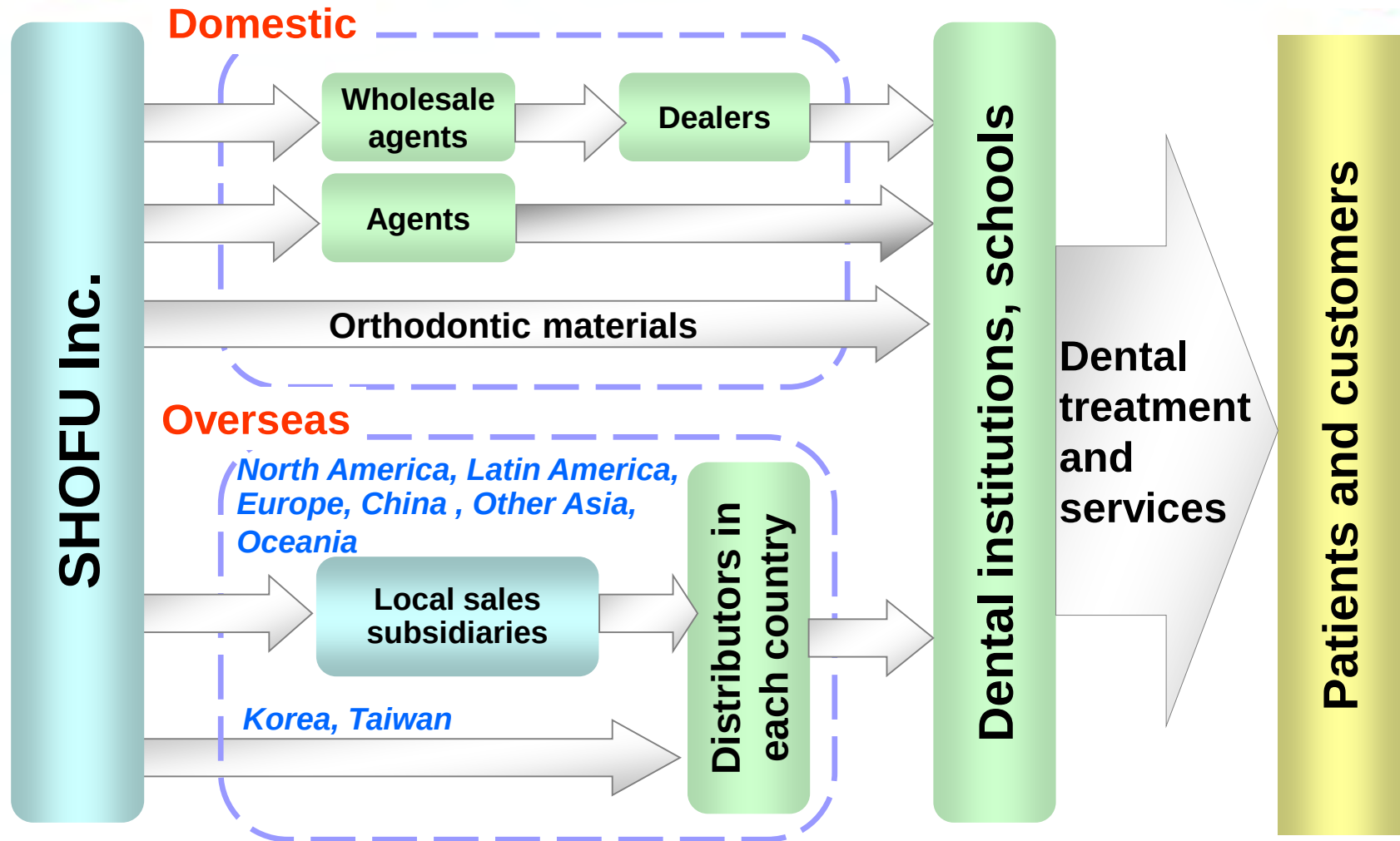
- 1 ~ 9 Sales subsidiaries**
 <Domestic 1, Overseas 8>
- 1 ~ 7 Production subsidiaries**
 <Domestic 2, Overseas 5>
- 1 ~ 3 Nail care business subsidiaries**
 <Domestic 1, Overseas 2>



Group Overview[Overseas base]



Sales Channels

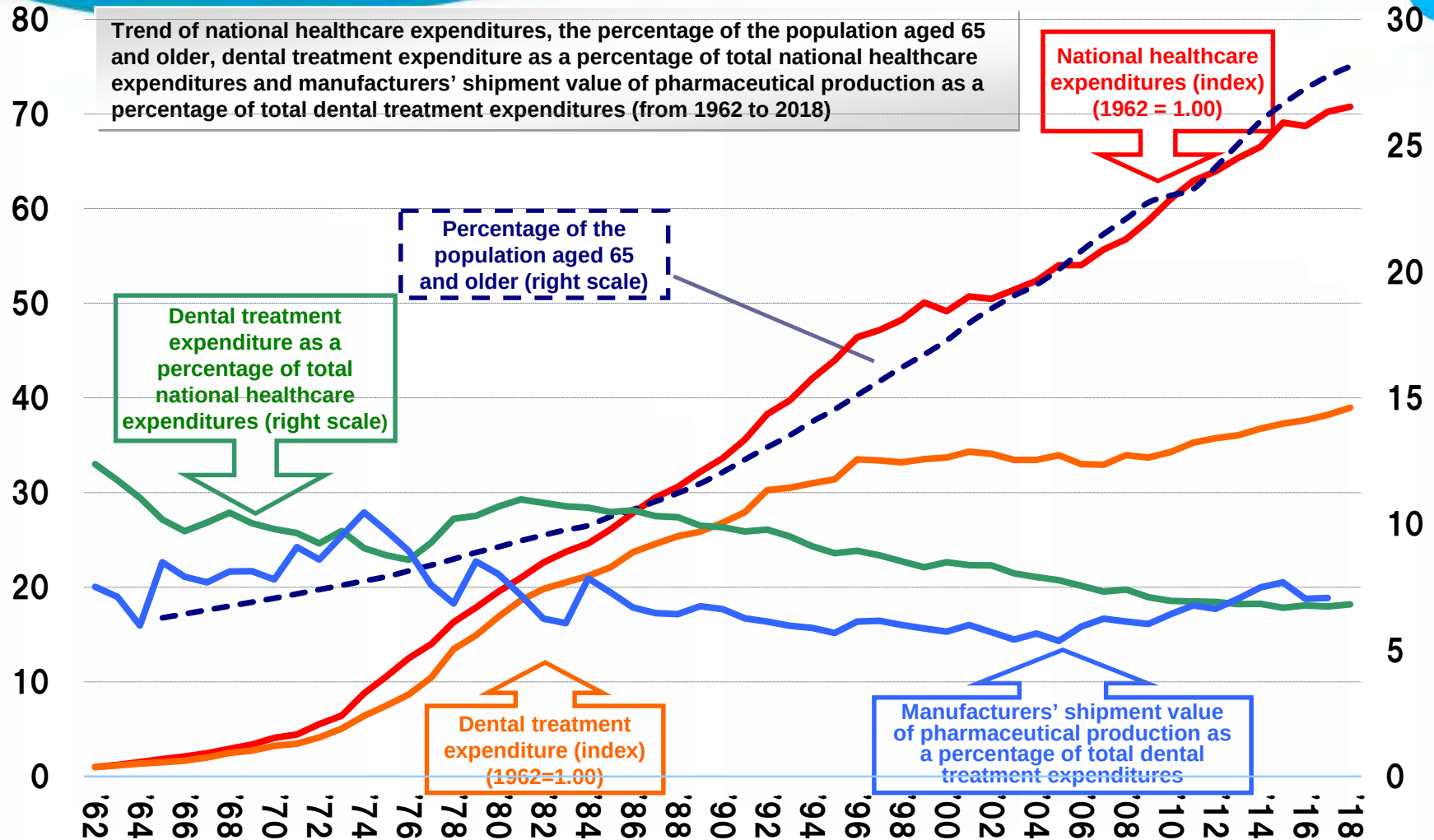




Reference <Dentistry Data>

Healthcare Expenditures by Age Group (Component Ratio)

Reference <Dentistry Data>



Healthcare Expenditures by Age Group (Component Ratio)

Reference <Dentistry Data>

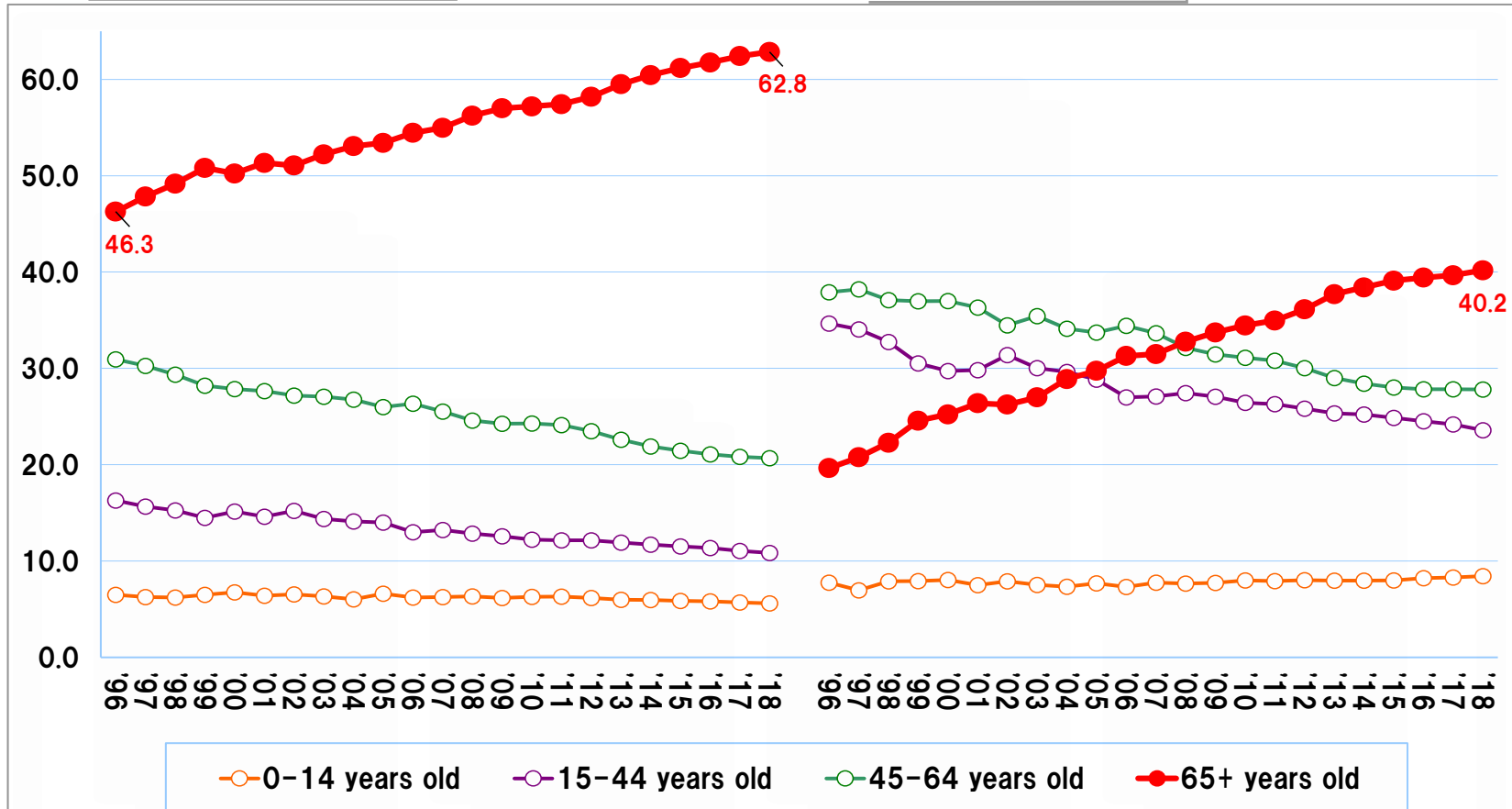


People aged 65 years and older tend to place less importance on dental treatment than general medical treatment.

General treatment

Dental treatment

Unit: %

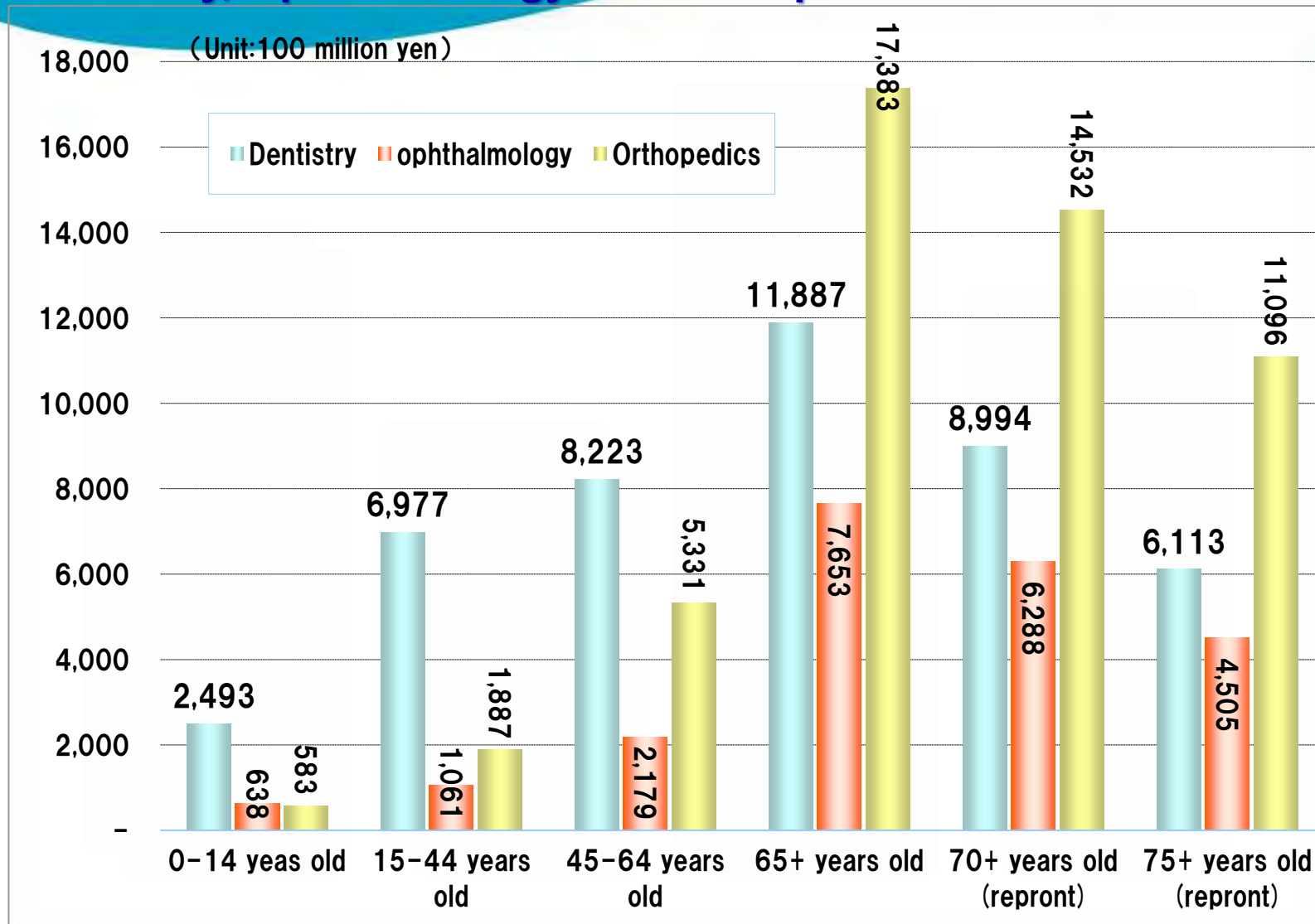


Prepared using yearly data from Summary of National Healthcare Expenditures
(Ministry of Health, Labour and Welfare)

Comparison of Healthcare Expenditures by Age Group

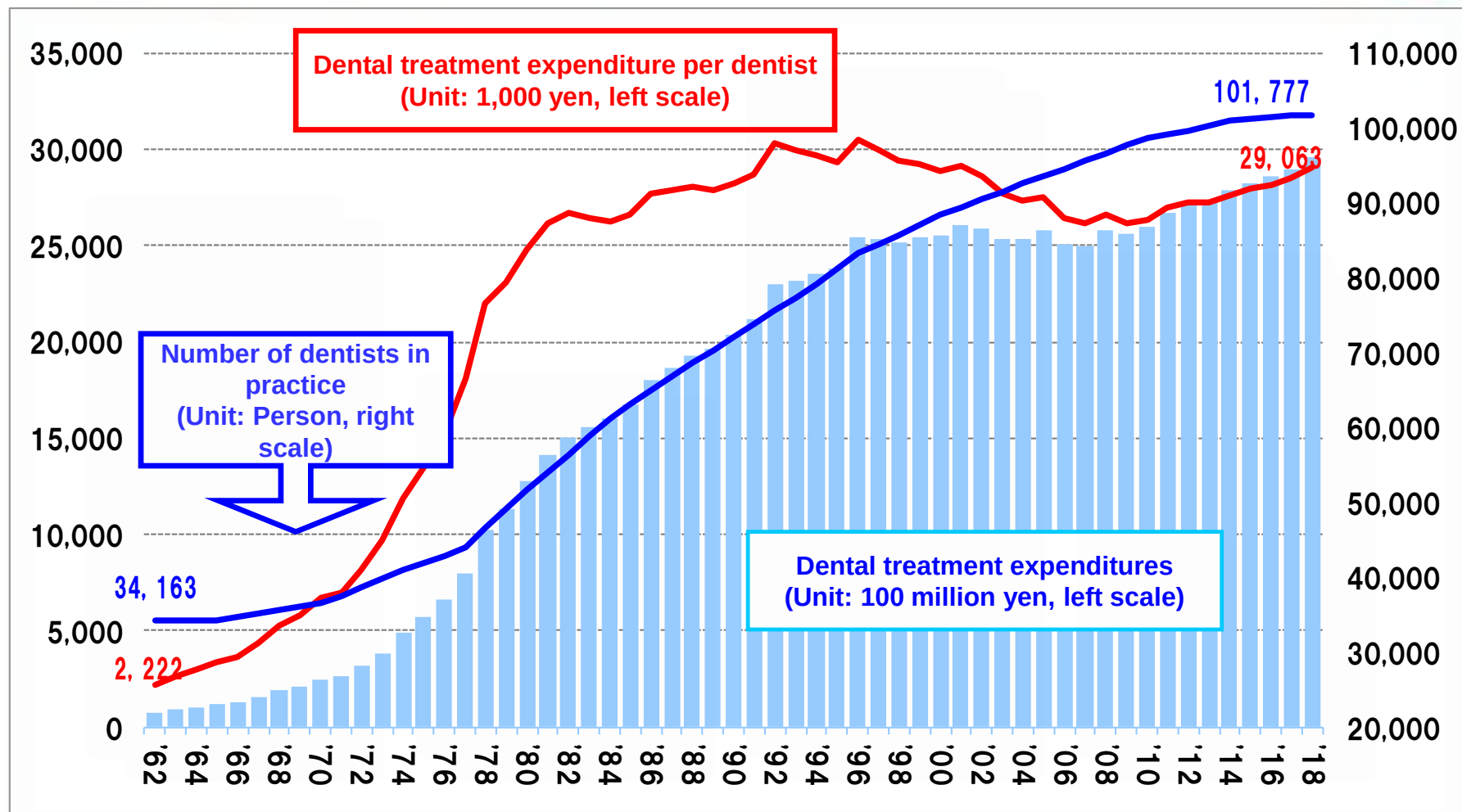
- Dentistry, Ophthalmology and Orthopedics

Reference <Dentistry Data>



Trend of the Number of Dentists and Dental Treatment Expenditure

Reference <Dentistry Data>



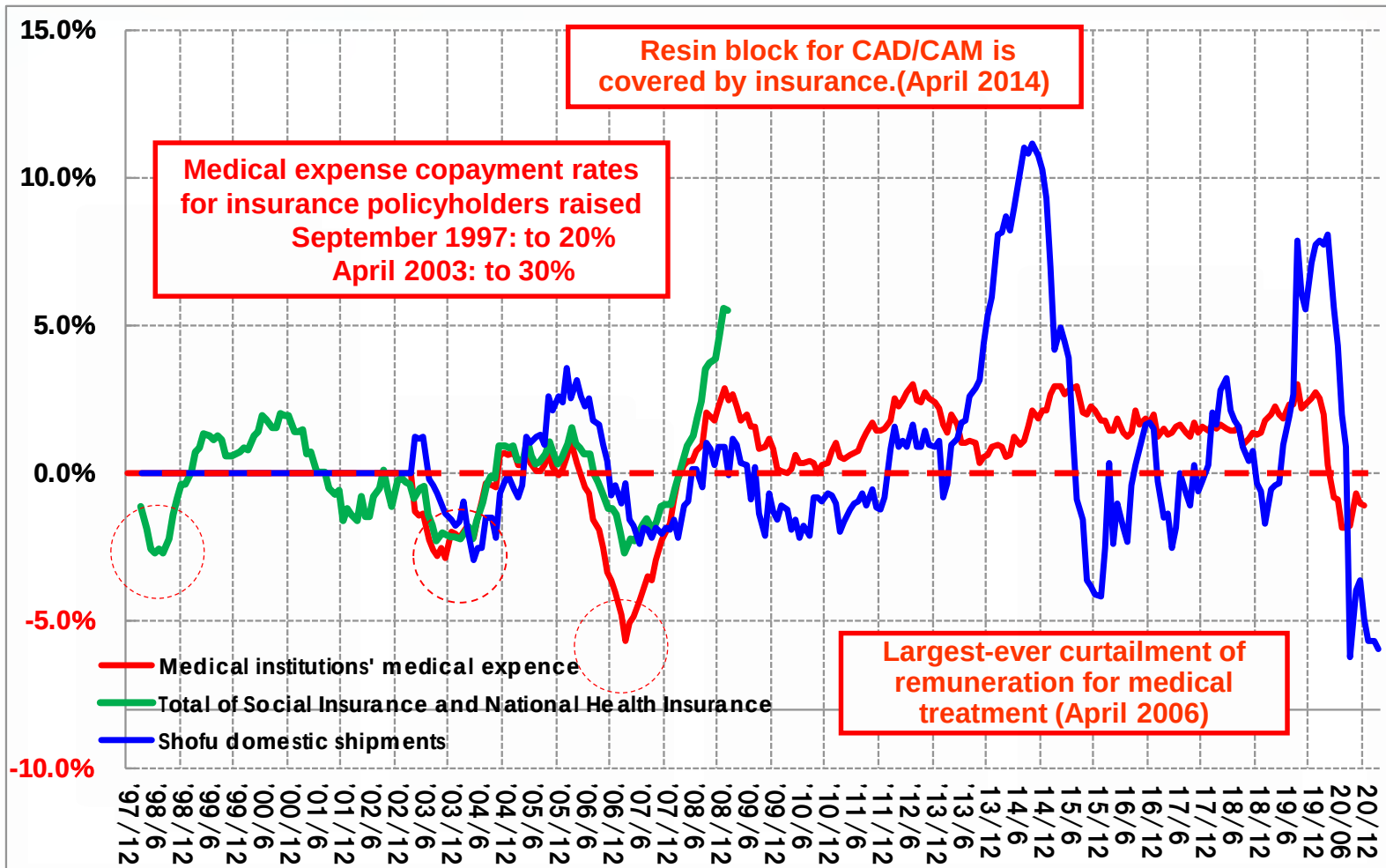
Prepared using yearly data from Summary of National Healthcare Expenditures, Survey on Doctors, Dentists and Pharmacists (Ministry of Health, Labour and Welfare)

Dental Treatment Expenditures

Reference <Dentistry Data>



Year-on-year comparison of amount paid by dental health insurance (deviation from 12-month moving average) from December 1997 to December 2020

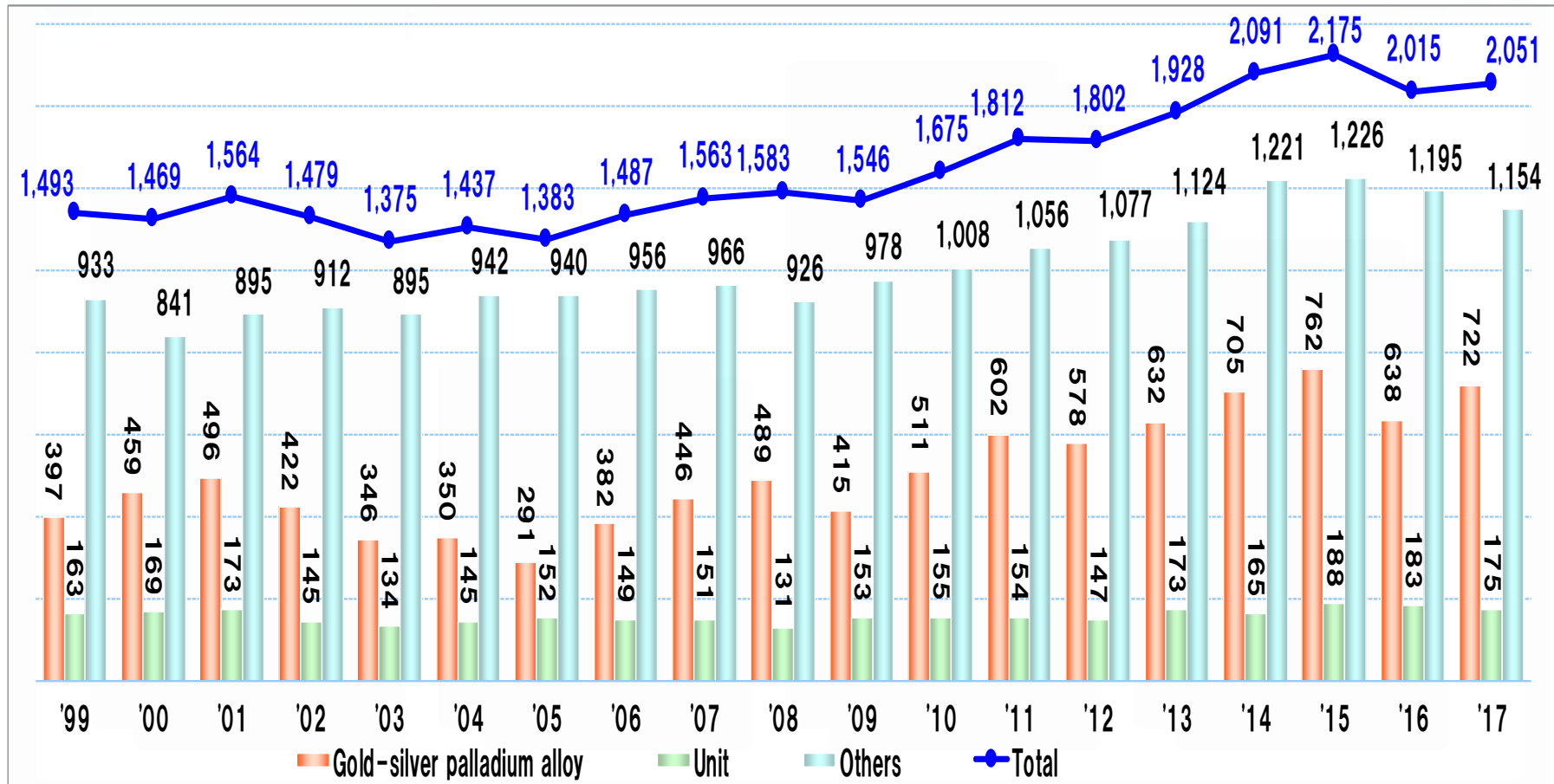


Trend of Shipment Value of Pharmaceutical Industry Production

Reference <Dentistry Data>

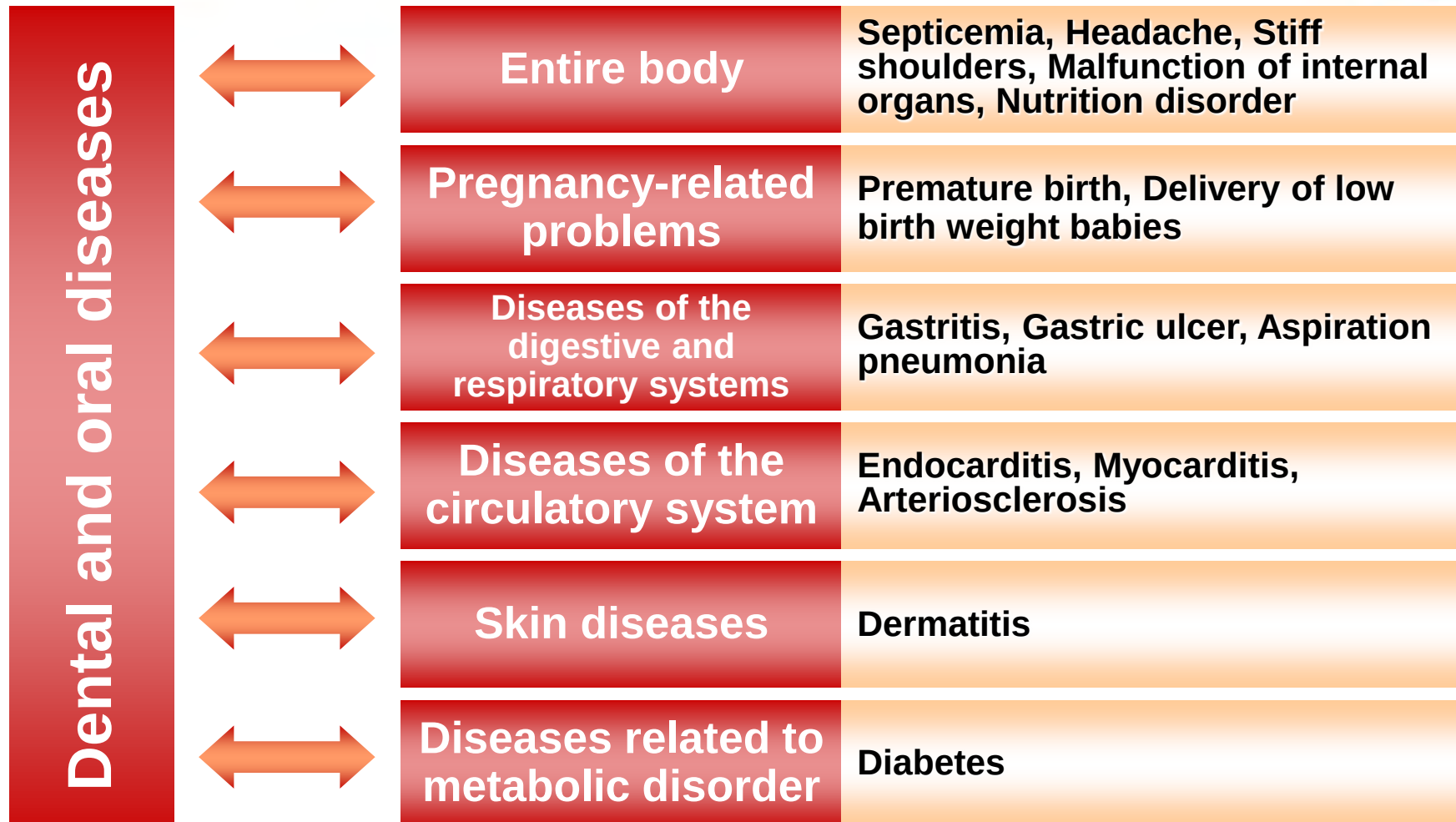


Shipment value, Unit: 100 million yen



Systemic Diseases Caused by Caries and Periodontal Disease

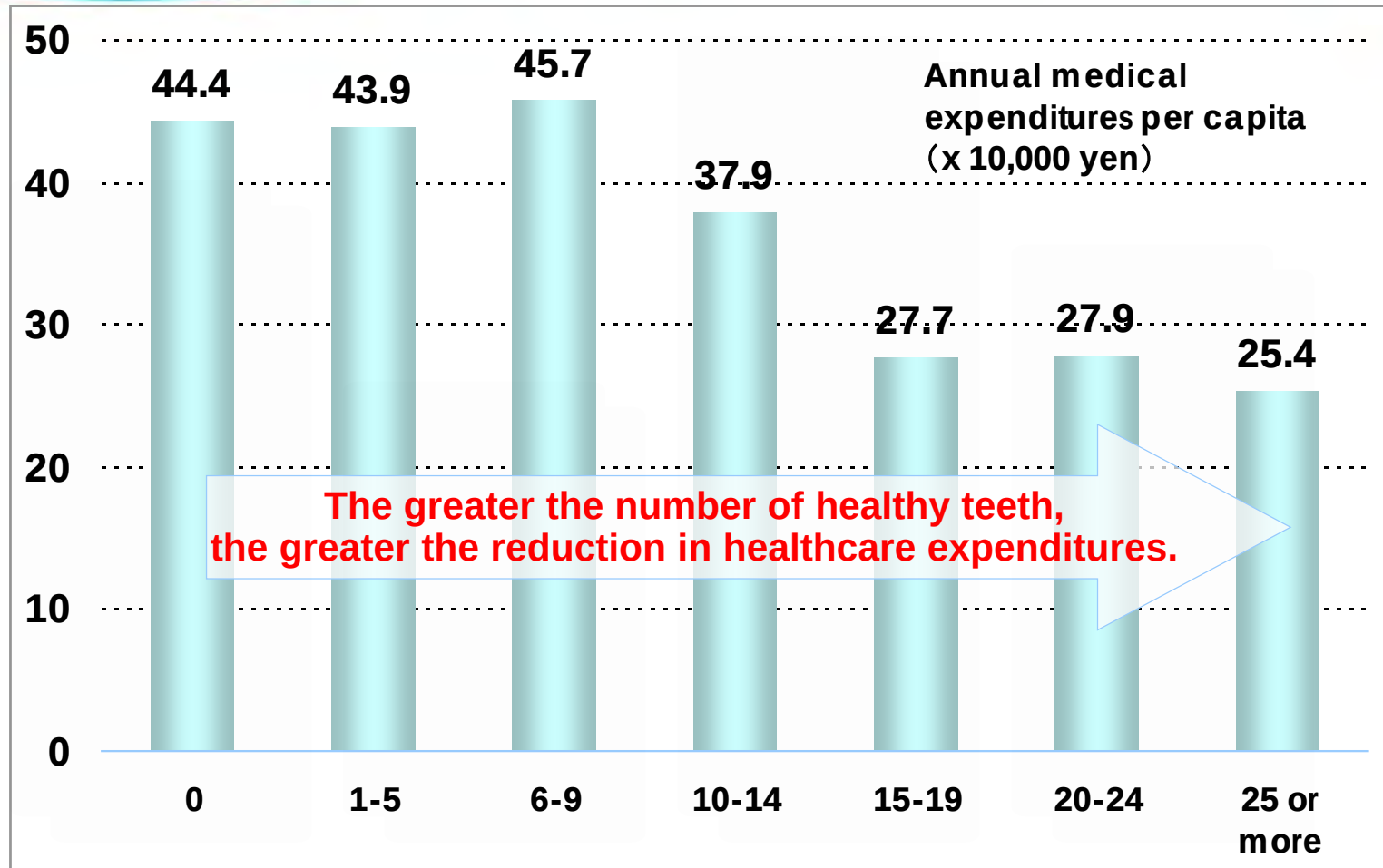
➡ Reference <Dentistry Data>



(Reprinted from the "Archive of the 8020 and Enjoy Healthy Life" issued by Social Insurance Research Institute)

Correlation between Number of Healthy Teeth and Healthcare Expenditures

Reference <Dentistry Data>



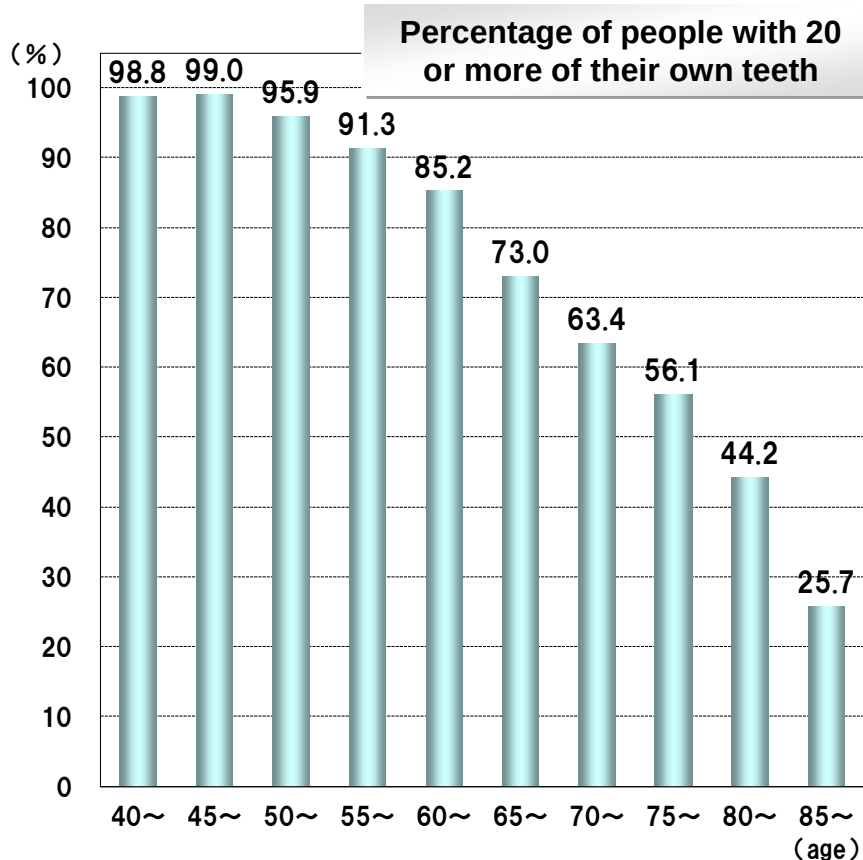
Prepared on the basis of "Correlation between Oral Hygiene Status of Elderly Persons and Healthcare Expenditures," a paper published in 2003 by Kazumune Arikawa, a full-time instructor at the Nihon University School of Dentistry at Matsudo

Subjects surveyed: 954 persons aged 80 living independently (392 men, 562 women)

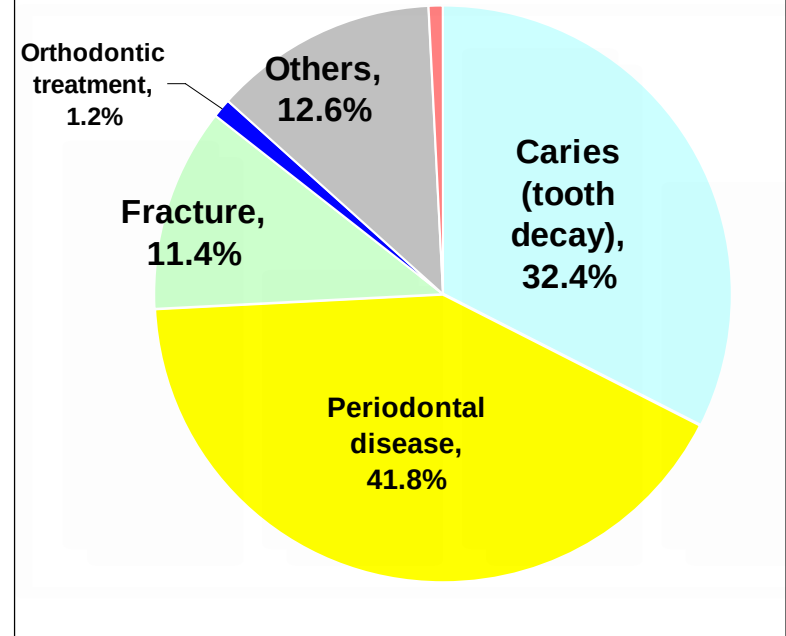
The 8020 Movement and Changes in Dental Diseases



The primary target of “20% of the population achieving 8020” was reached in 2006.



Causes of tooth loss



(Survey by the 8020 Promotion Foundation in 2005)

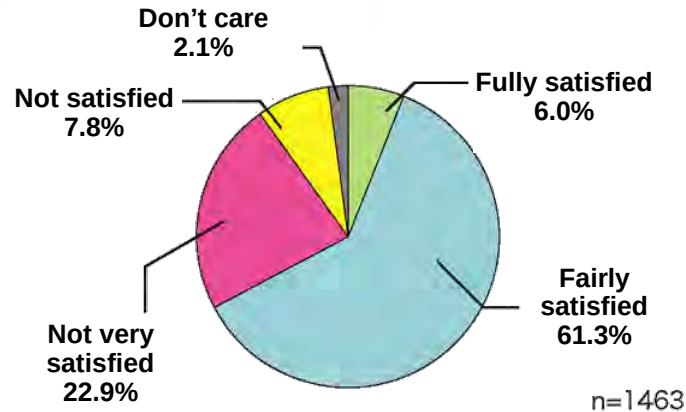
Perception of Dental and Oral Health

Reference <Dentistry Data>

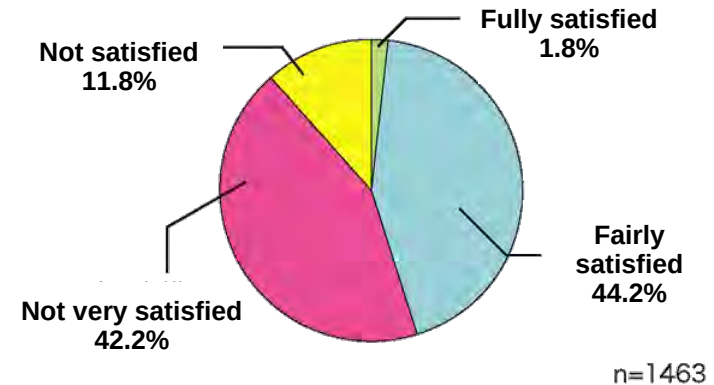


Source: Fiscal 2007's Dental Equipment Industry Vision (References)

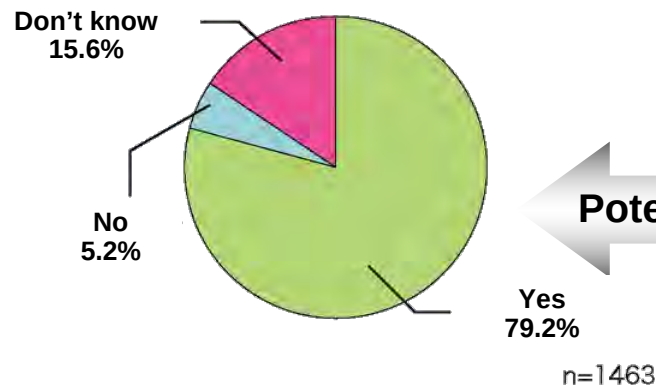
Are you satisfied with your physical health?



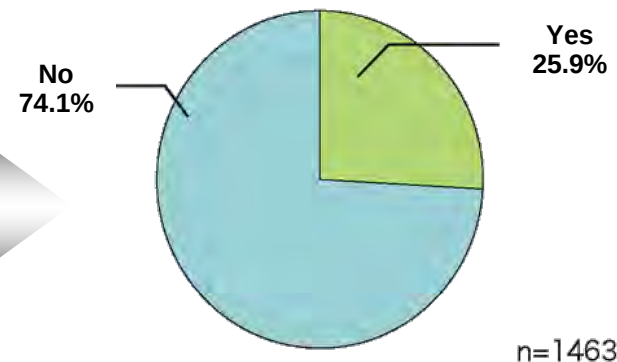
Are you satisfied with your oral health?



Do you think it necessary to receive regular dental care (checkup and cleaning) at a dental clinic?



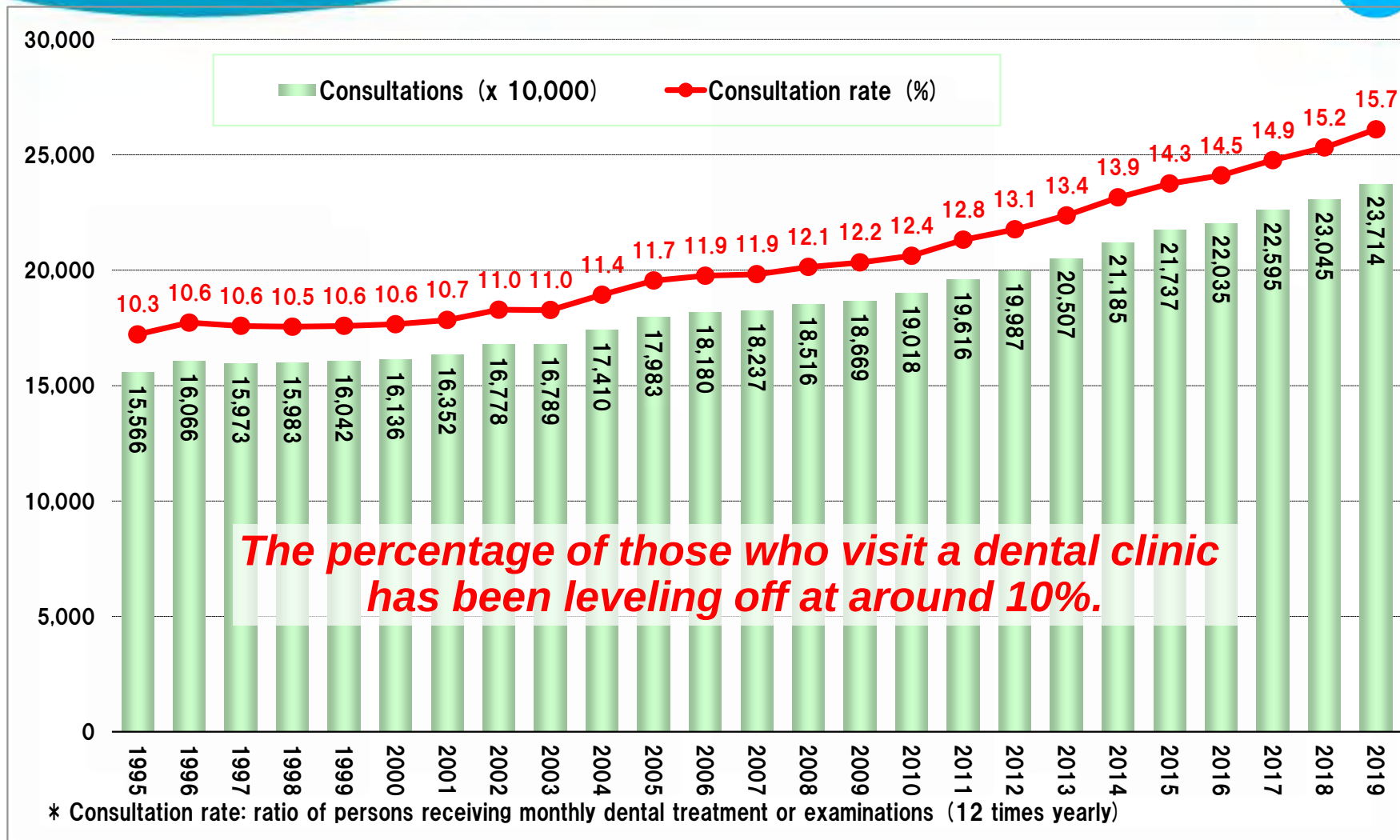
Do you actually receive regular dental care?



Potential demand

Dental Clinic Consultation Rates

Reference <Dentistry Data>



Trend in the North American Market

Reference <Dentistry Data>



The public developed the habit of paying regular visits to dental clinics. → Shortage of dentists

Increase in regular visits to dental clinics
→ Solution to the problem of oversupply of dentists

	North America	Japan
Percentage of those who make regular visits to dental clinics	54%	16%
Number of dentists (per 1,000 persons)	0.6 person	0.7 person
Population (per dentist)	1,670 person	1,430 person

WHO says that one dentist per 2,000 persons is the appropriate ratio.

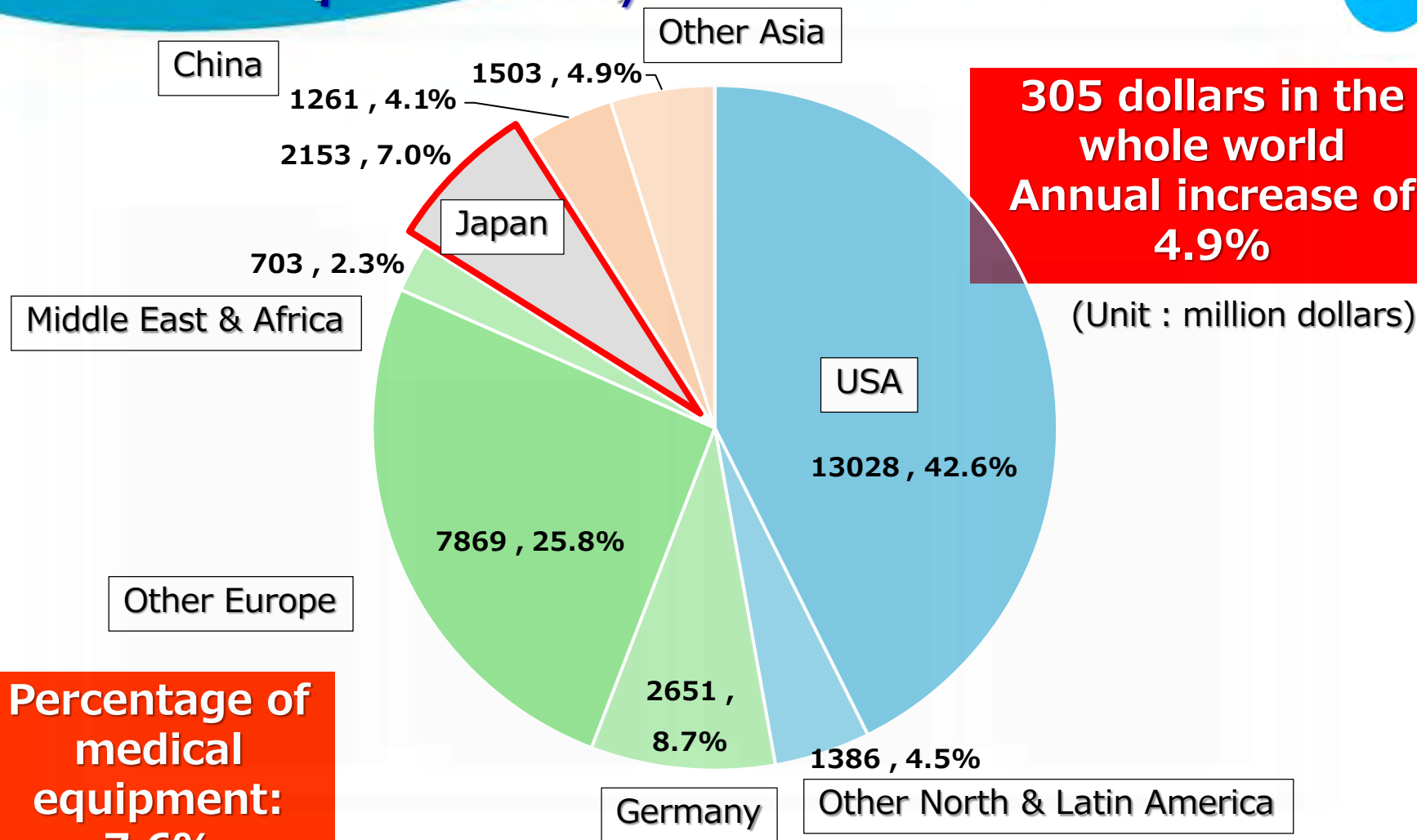
Source:

* Health and Welfare Survey in 1999 conducted by the Ministry of Health, Labour and Welfare and a survey conducted by Colgate-Palmolive Company

* Consulted an article titled "Reasons for the Success of the Canadian Dental Community" (DH Style, September 2007) by Ken Yaegaki DDS Ph.D., Professor and head of the Department of Oral Health, Nippon Dental

Global dental equipment market size (amount・component ratio)

Reference <Dentistry Data>



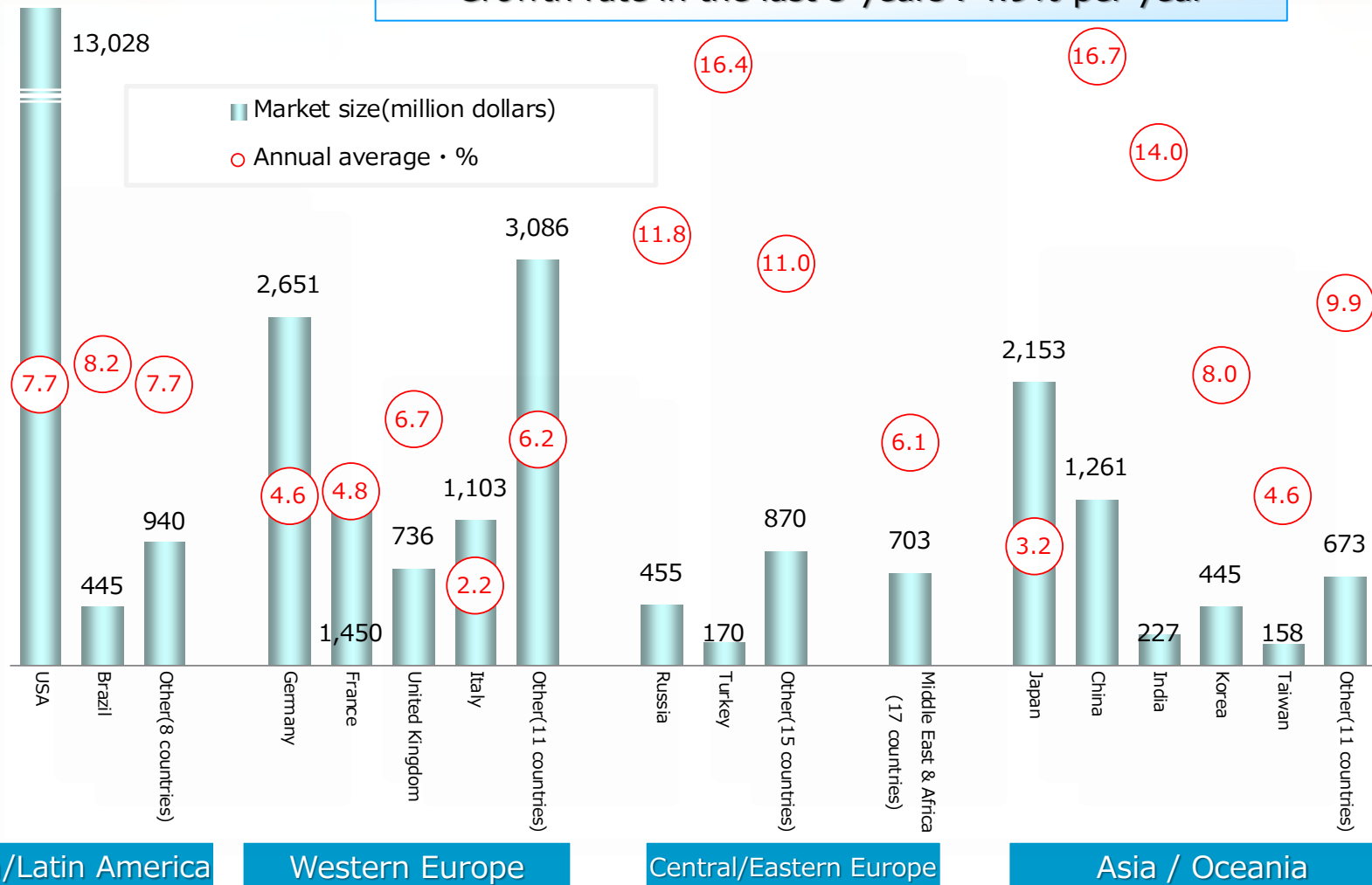
◆ Source : BMI Research
「The World Medical Markets Fact Book 2019」

Global dental market— Market size and growth potential

Reference <Dentistry Data>



Global Dental Equipment Market :30.5 billion dollars
Growth rate in the last 5 years : 4.9% per year



North/Latin America

Western Europe

Central/Eastern Europe

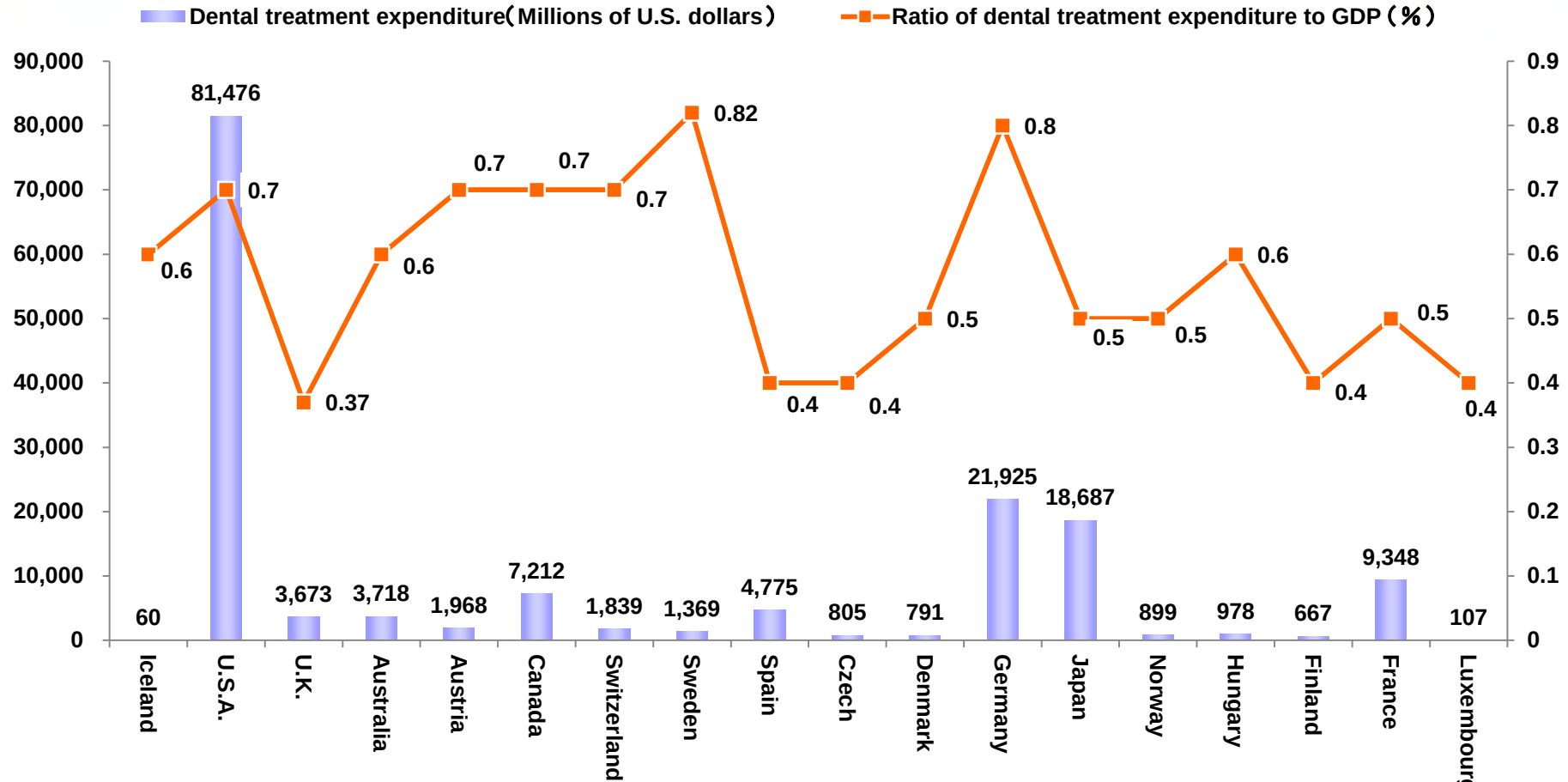
Asia / Oceania

Relation between Dental Treatment Expenditure and GDP

Reference <Dentistry Data>



Although Japan's dental treatment expenditure is at a high level in international comparison, the ratio of Japan's dental treatment expenditure to GDP is in the middle range in international comparison.



* 1. The above chart was prepared using "Nihon-to sekai-no shikairyo—kokusaihihaku-karamita nihon-no shikairyo-no sugata (Dental Treatment in Japan and in the Rest of the World—Dental Treatment in Japan from the Perspective of International Comparison)," by Kento Taira (medical corporation Seiryokai) as reference.

2. The above data for each country is as of 2004 except for Sweden's data, which is as of 1992.

International Comparison of Dental Treatment Expenditure (Unit Price of a Treatment Session)

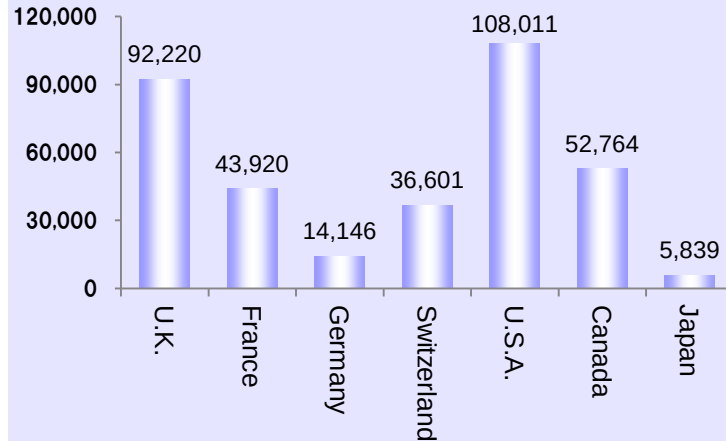
Reference <Dentistry Data>

Unit: yen

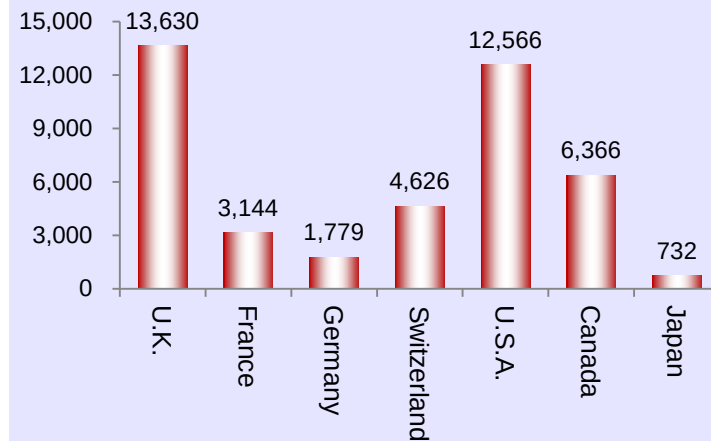


*Japan: Unit price for a treatment session according to public healthcare insurance (⇒ The patient's payment obligation is 30% of the amounts below.)

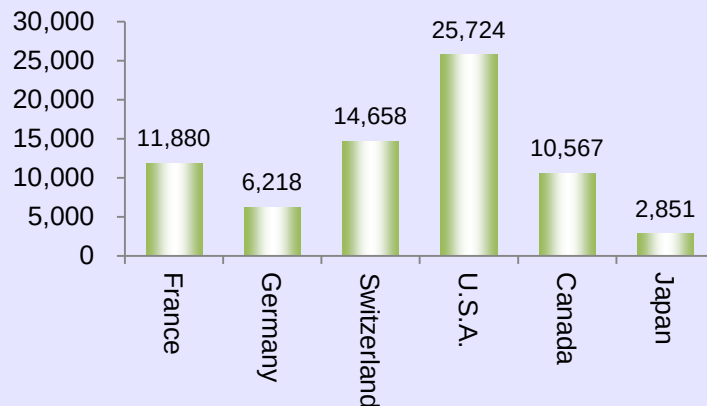
Root canal treatment



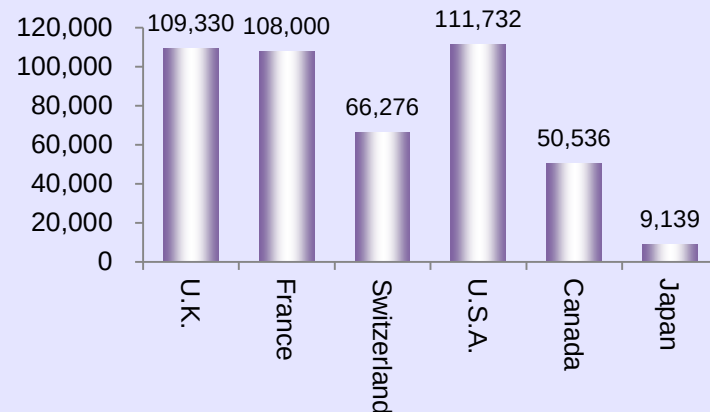
Dental calculus removal



Dental calculus removal



Metal crown



* The above chart was prepared using material from "Iryo, kaigokyufuhi suikei-ni-tsuite (On the Estimate of Medical and Nursing Care Benefit Expenses)" by Professor Kawabuchi of the Graduate School of Tokyo Medical and Dental University (submitted to the 6th meeting of the Social Security Council of Japan on July 31, 2008).

International Comparison in the Ratio of Persons with Dental Caries (at age 12)

Reference <Dentistry Data>

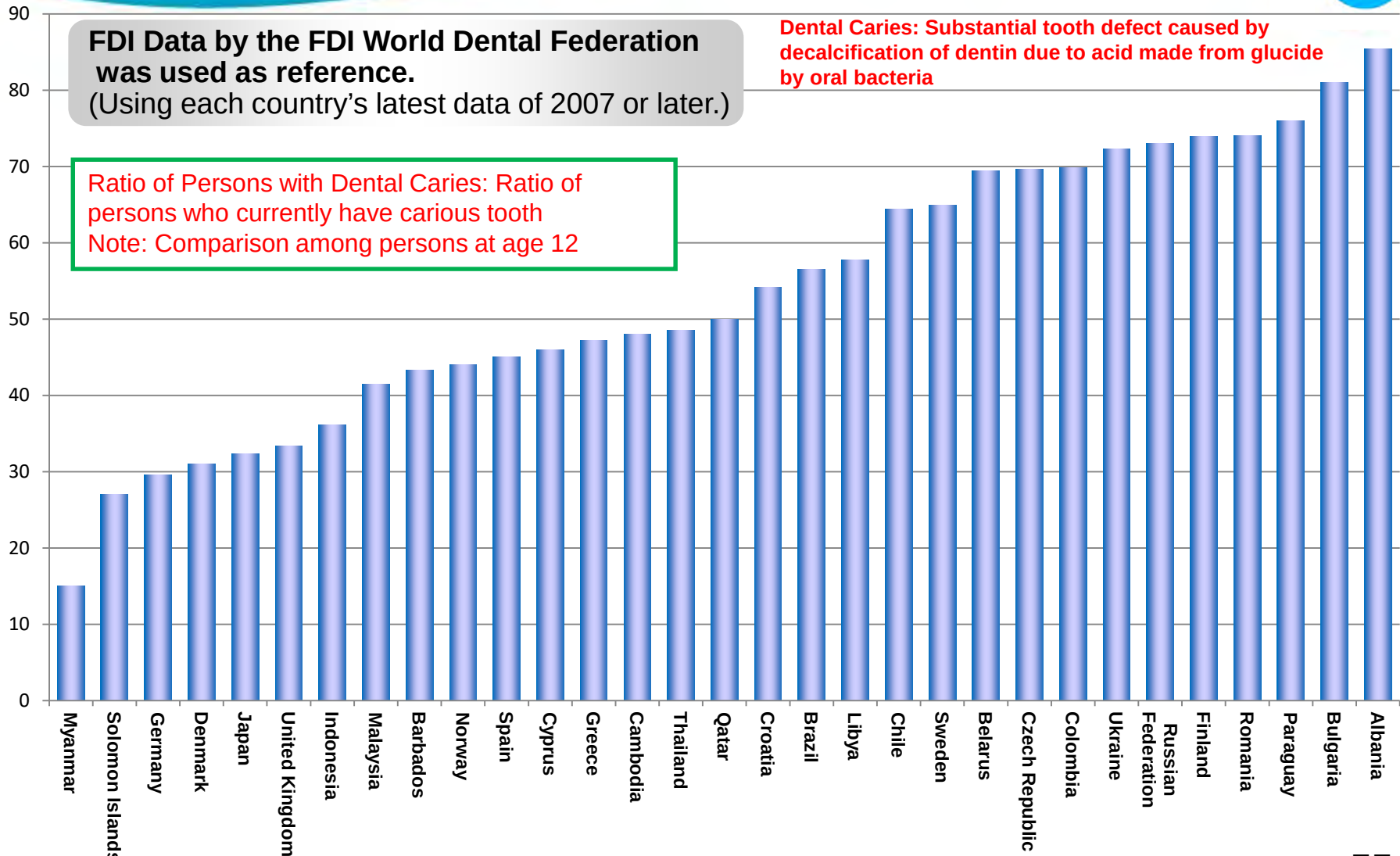
Unit: %



FDI Data by the FDI World Dental Federation was used as reference.
(Using each country's latest data of 2007 or later.)

Dental Caries: Substantial tooth defect caused by decalcification of dentin due to acid made from glucide by oral bacteria

Ratio of Persons with Dental Caries: Ratio of persons who currently have carious tooth
Note: Comparison among persons at age 12



International Comparison in the Ratio of Persons with Edentulous Jaw (at age 65 and older)

Reference <Dentistry Data>

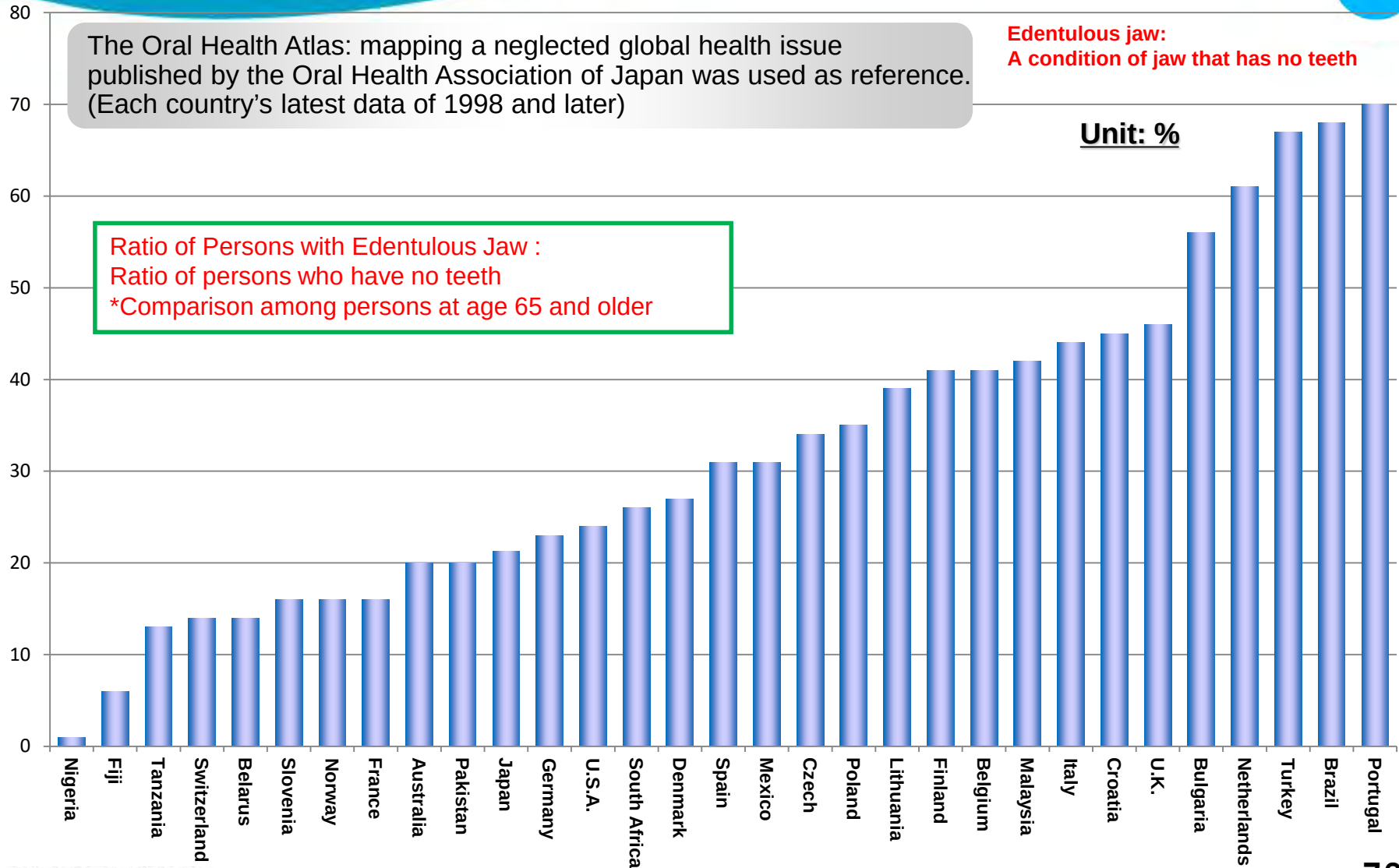


The Oral Health Atlas: mapping a neglected global health issue published by the Oral Health Association of Japan was used as reference. (Each country's latest data of 1998 and later)

Edentulous jaw:
A condition of jaw that has no teeth

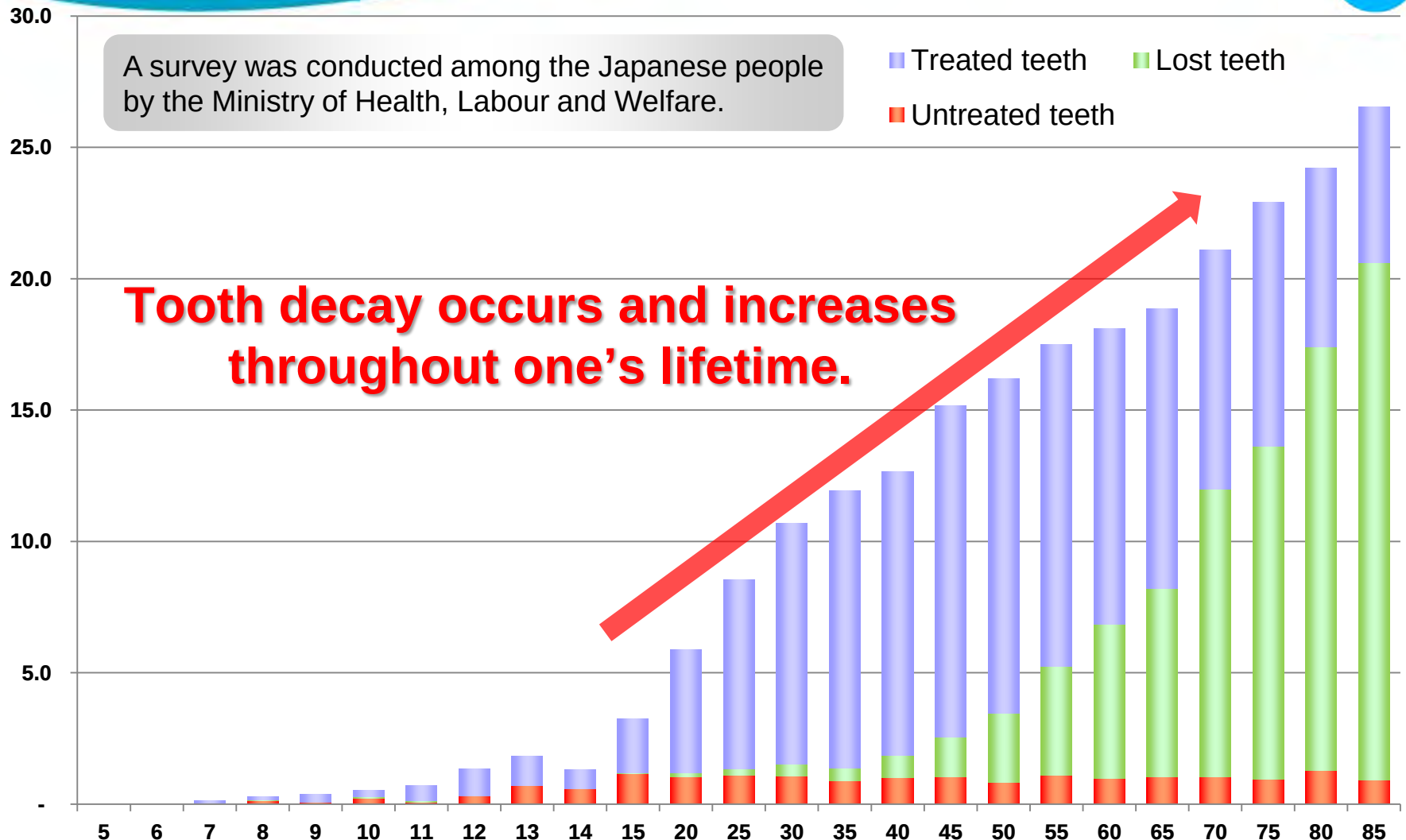
Unit: %

Ratio of Persons with Edentulous Jaw :
Ratio of persons who have no teeth
*Comparison among persons at age 65 and older



Factual Survey of Dental Diseases

Reference <Dentistry Data>

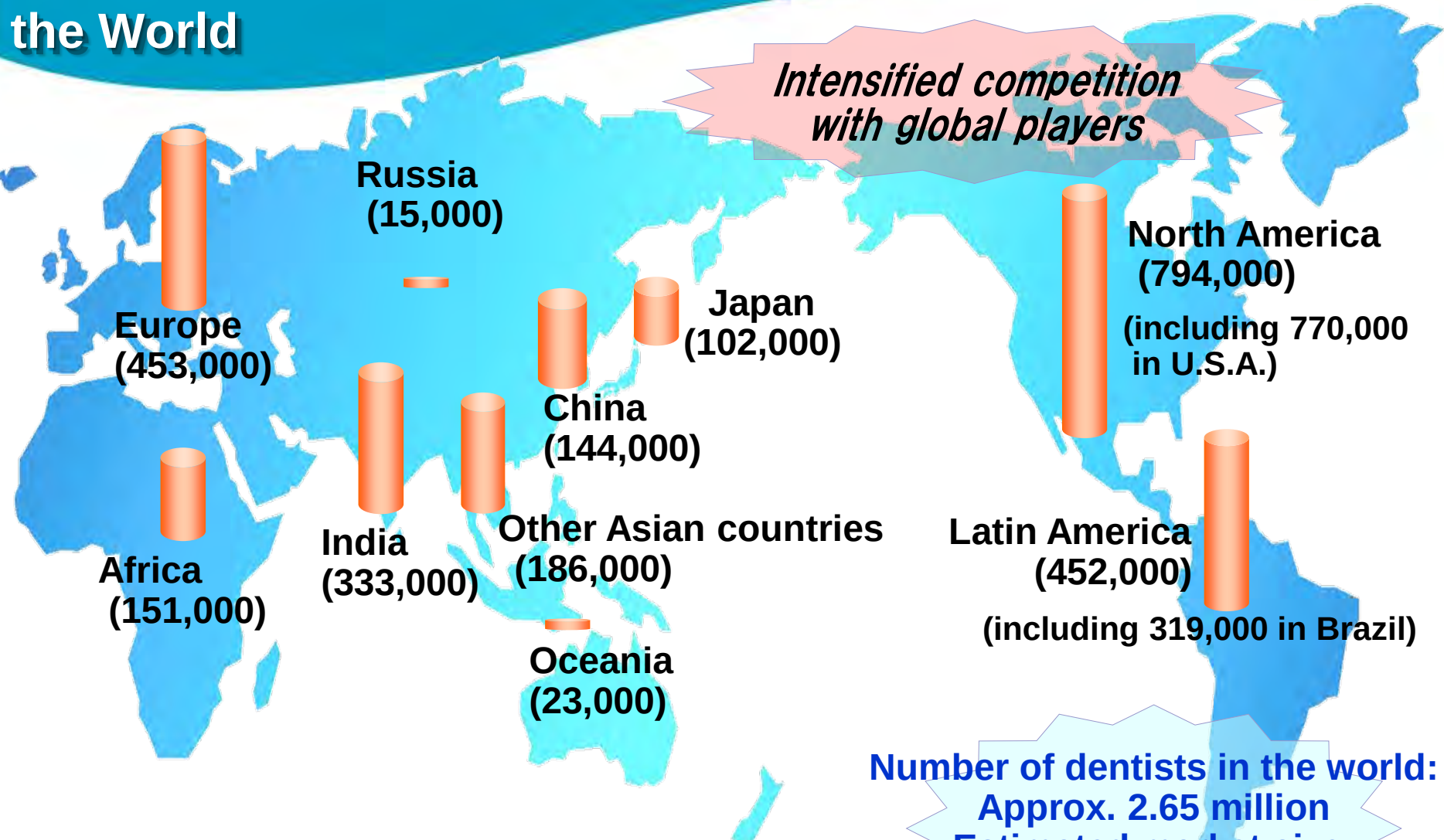


* 1. The official web site of the Hokkaido kodomo-no ha-o mamoru kai (Save the Children's Tooth Hokkaido) was used as reference

* 2. Source: Results of the Survey of Dental Diseases in 2011 released by the Ministry of Health, Labour and Welfare

Number of Dentists in the World

Reference <Dentistry Data>



**Number of dentists in the world:
Approx. 2.65 million
Estimated market size:
Approx. 3.0 trillion yen**

◆Source:
Number of dentists & Estimated market size
–“The World Medical Markets Factbook 2019 ” (BMIResearch)



Term

Meaning

Impression	An imprint of teeth and other intraoral areas, created with impression material. Based on the impression mould, plaster model can be produced, onto which prosthesis is fabricated. → Dental prosthetic (page 82)
Implant (treatment)	A treatment method to replace missing tooth. An artificial root is implanted into the bone, upon which a variety of dental prostheses can be placed. In addition to conventional prosthetic treatment, implant is a new option to restore mastication and esthetics.
Caries	Tooth decay.
Occlusion	The position of the teeth when the jaws are closed.
Composite resin	Synthetic resin to fill cavity and lesion, available in a variety of shades to make the restored area harmonious with surrounding teeth of each patient. It is often used to treat decay. → Resin (page 82)
Filling	To fill resin or cement after removing a decay to restore the affected area.
Aesthetic dentistry	A variety of treatment to enhance patient's esthetic appearance, including orthodontics and whitening.
Scaler	An instrument used to remove plaque and tartar accumulated on the tooth surface.
Dental floss	A thread used to remove plaque from the spaces between teeth.
Handpiece	A handheld device to which small instruments for removing tooth decay, plaque, and tartar are attached. → Plaque (page 82)



Term	Meaning
Nail care	Care for fingernails and the surrounding area, including attachment of artificial nails. Nail care is widely considered an important part of personal grooming in many parts of the world, and it is also growingly popular among young women in Japan, which leads to a rapid growth of the market.
PMTc	PMTc stands for Professional Mechanical Tooth Cleaning. In PMTC, a dentist or hygienist uses machines and instruments to remove plaque, tartar (calcified plaque), and other dental deposits (caused by smoking, etc).
Fluoride	A substance that accelerates re-calcification of the tooth surface and strengthens tooth structure (especially for enamel).
Plaque	Calculus deposits. Bacteria living in plaque create acids and toxins, which cause decay and periodontal disease. Thus, removing plaque helps prevent dental disease and enhance oral health.
Dental prosthetic	An artificial replacement of defective area. It includes fillings and crowns that restore patient's oral function and esthetic appearance.
Bonding (material)	A material to bond composites to natural tooth (enamel and dentin). → Composite resin (page 81)
Resin	Synthetic high polymer. Resins are popularly used for dental restoratives.