



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

May 27, 2021



Tokyo Stock Exchange  
(1<sup>st</sup> 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



**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.

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In the consolidated fiscal year ended in March 2021, sales were down and income up compared to the previous year, and both sales and income were up compared to our forecasts. Slide No. 5 shows the factors behind these changes over the previous year.

Net sales decreased 5.5% for a total of 24,680 million yen. Domestic net sales decreased by 6.0%, to 13,733 million yen. Overseas net sales decreased by 4.8%, to 10,946 million yen.

In our domestic 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 except chemical products generally decreased by 5.4% due to a decline in opportunities for dental consultations and restrictions on sales activities caused by the COVID-19 pandemic.

Domestic sales in our nail care business, despite strong sales of “ageha,” a gel nail product with tie-ups with famous manicurists, and “by Nail Labo” gel nail products for general consumers, sales decreased by 10.2% due to the temporary closure of nail salons and the cancellation of major exhibitions.

Looking overseas, in our dental business, they generally decreased by 5.8% due to lockdowns and curfews, as well as the negative impact of foreign exchange rates, despite securing the previous period result in some regions such as Europe and China on a local currency basis.

In the overseas nail care business, sales increased by 8.9%, driven by strong online sales in the US due to active sales promotion activities 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

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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.

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In terms of income, there were some negative factors that net sales were down, fixed costs were more heavily as utilization rates fell and cost of sales ratio rose. However, selling, general and administrative expenses were down, particularly travel expenses and advertising expenditures due to the level of business activity declined in Japan and overseas. As a result, operating income increased by 4.1%.

Ordinary income increased by 26.9%, due to expansion of income growth largely as a result of having posted foreign exchange gains in non-operating income.

Although we posted loss of 100 million yen on remittance fraud at U.S subsidiary as an extraordinary loss, profit attributable to owners of parent was 1,674 million yen, an increase of 137.5%, because impairment loss of 800 million yen on goodwill and on intangible assets posted in the previous year no longer had an impact this year.

As an above result, operating income, ordinary income and net income were able to reach the highest-ever level.

It is still not clear, however, how the decline in marketing activities will affect earnings going forward, so we cannot be unreservedly content with these earnings.

## Summary of Business Performance for the Current Fiscal Year

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



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

Units: millions  
of yen, %

	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

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\* Diluted earnings per shares for fiscal March 2021 results is 95.68 yen.

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Slide No. 7 shows major items of profit and loss in comparison to the previous period and the forecasts. In this slide, we explain the comparison to the forecasts.

Net sales were 1,393 million yen, or 6.0%, above the forecast released last October.28.

In the domestic business, although sales in the nail business and other businesses decreased, dental business sales were 198 million yen higher than forecasts. As a result, overall, sales were 139 million yen higher than forecasts, up by 1.0%.

We had initially expected the negative impact from COVID-19 to be greater overseas than in Japan, but the recovery surpassed our forecasts in all regions. As a result, net sales were 12.9%, or 1,253 million yen, higher than we had forecasted.

In terms of income, operating income was 567 million yen, or 32.7%, above the forecasts due to increase sales and to decrease in selling, general and administrative expenses. Also, ordinary income was 933 million yen, or 58.8%, above forecasts due to expansion of income growth largely as a result of foreign exchange gain.

Net income was 601 million yen, or 56.1% above forecasts despite shrinking the income growth such as posting loss on remittance fraud at U.S. subsidiary as an extraordinary loss.

## 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.

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

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

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Slide No. 8 shows net sales trend for Japan and overseas regions compared to same period in previous year and to forecasts.

The impact of COVID-19 reached its worst point in 1Q and performance began to recover from 2Q.

## Sales by Product Category (Comparison with Forecast)

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

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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)

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Slide No. 9 shows net sales by product category in comparison to the previous period.

Overall, sales fell 1,428 million yen, of which sales in the dental business decreased by 1,330 million yen, sales in the nail business decreased by 86 million yen, and sales of other business decreased by 10 million yen.

In the domestic dental business, sales in each product, with the exception of chemical products struggled due to the constraints on business activities amid the COVID-19 pandemic. In particular, sales fell heavily for equipment and others due to changes in the handling of goods purchased overseas, such as ultrasonic tooth-surface cleaners. As a result, sales in the dental business fell by 5.4%, or 705 million yen.

The overseas dental business was affected by the COVID-19 pandemic more than that in Japan, however the level of business activity gradually recovered in all regions from Q2. As a result, sales were down, but recovered to a 5.8%, or 624 million yen, decline over the previous period.

The increase in sales for equipment and others in the overseas dental business was due to our flexible response to sales of single-use masks, gloves and other in Europe.

# 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.

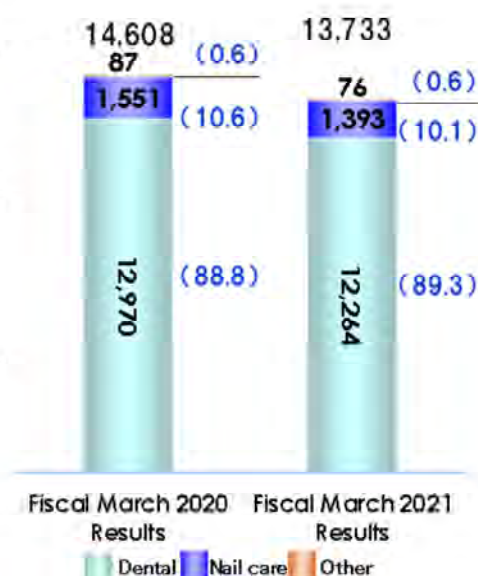
## Other businesses:

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

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

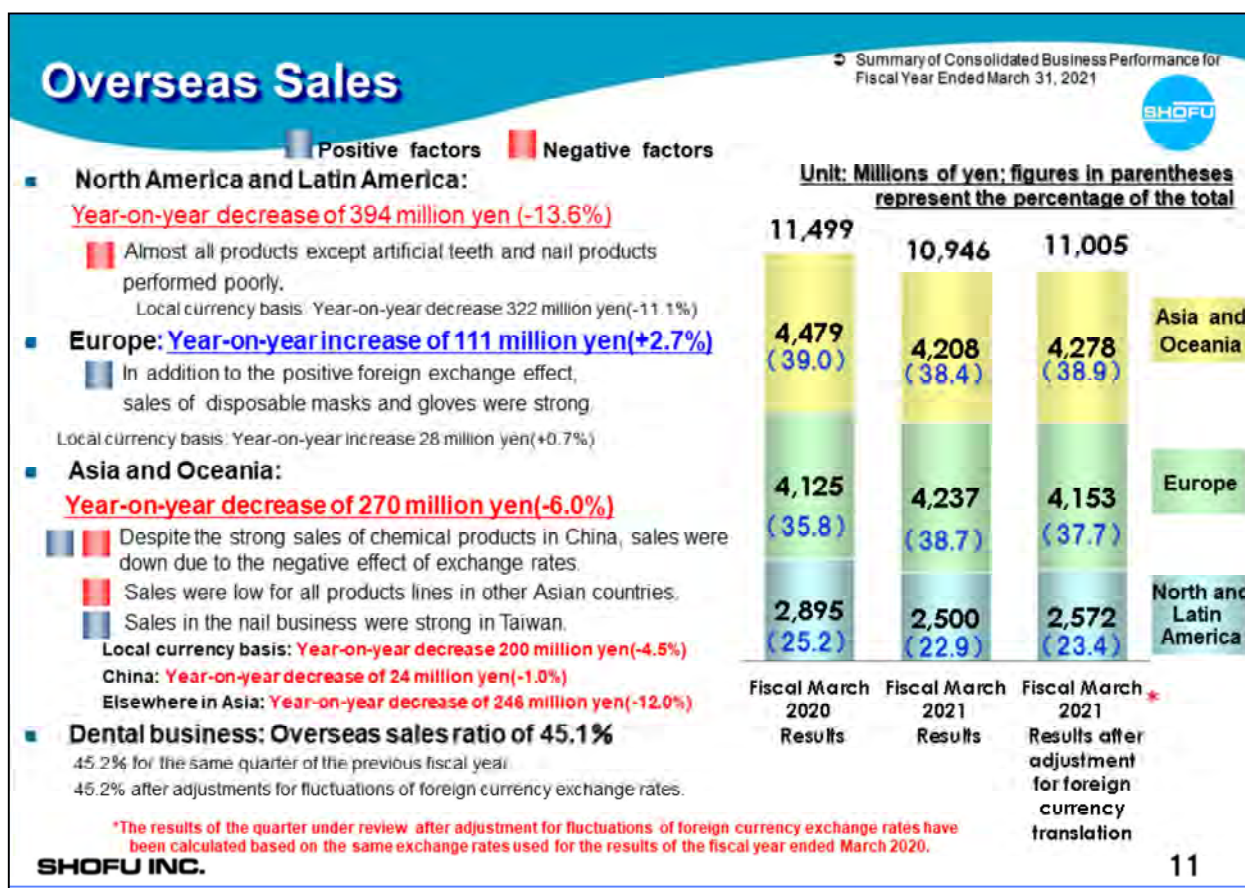
- Digital oral imaging device
  - EyeSpecial C-IV (Equipment and others)
- Resin material for dental cutting processing
  - SHOFU BLOCK HC SUPER HARD
  - SHOFU BLOCK HC HARD II (Chemical Products)
- Ceramics for dental cutting processing
  - SHOFU DISK ZR LUCENT SUPRA (Artificial teeth products)

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



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Slide No. 11 shows that the status of overseas net sales by region in comparison to the previous period.

In North America and South and Central America, sales were down 394 million yen, or 13.6% due to the poor performance of almost all products except artificial teeth and nail products and to the negative impact of exchange rates.

In Europe, sales were up 111 million yen, or 2.7% due to our flexible response to sales of disposable masks and gloves and to the positive impact of exchange rates.

In Asia and Oceania, sales overall were down 270 million yen, or 6.0%.

By region, in China, sales were up on local currency basis due to the strong sales of chemical products. But sales were down 24 million yen, or 1.0%, due to the negative impact of exchange rates.

In other Asia, Korea and Taiwan sales were strong, but ASEAN countries and emerging countries like India sales fell sharply and all products line, with the exception of nail products, performed poorly. As a result, sales were down 246 million yen, or 12.0%.

## 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 (operating income margin)	2,083 (8.8)	—	2,091 (9.4)	7	—
Nail care	Net Sales	2,355	2,175	2,268	-86	93
	Operating expense	2,248	—	2,067	-180	—
	Operating income (operating income margin)	107 (4.5)	—	201 (8.9)	94	—
Other	Net Sales	93	89	81	-12	-8
	Operating expense	79	—	79	0	—
	Operating income (operating income margin)	13 (14.7)	—	2 (2.6)	-11	—
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 (operating income margin)	2,204 (8.4)	—	2,294 (9.3)	89	—
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 (operating income margin)	2,210 (8.5)	1,733 (7.4)	2,300 (9.3)	89	567

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Slide No. 12 shows that net sales and operating income by segment in comparison to the previous period and the forecasts.

Net sales are as described before. Operating income increased by 89 million yen year on year and increased by 567 million yen compared to forecasts. Increase in profit compared to the previous period can be attributed to a decrease in selling, general and administrative expenses in mainly nail business and dental business.

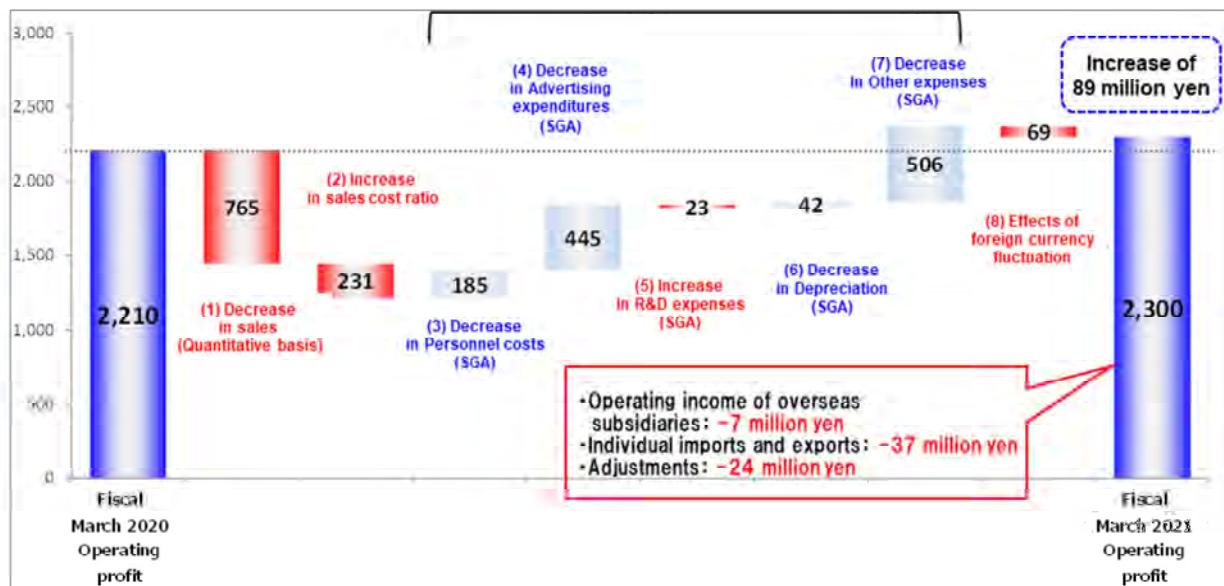
## Contributors to Change in Operating Income

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



Total SGA : -1,155million 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.

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Slide No. 13 shows that the contributors to change in operating income in comparison to the previous period.

Operating income increased in 89 million yen or 4.1%

Although net sales were down, fixed costs were more heavily as utilization rates fell and cost of sales ratio rose, selling, general and administrative expenses such as advertising expenditures, and travel expenses and sales activity costs included in other expenses, were down. As a result, those factors primarily contributed to raise the income.

## 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	
Notes and accounts receivable	3,187	3,205	18	
Inventories	6,731	7,078	346	Increase in merchandises and finished goods, work in progress
Marketable securities and investment in securities	5,434	9,746	4,311	Acquisition of Sun Medical shares and increase in valuation of investment securities
Others	9,618	10,839	1,221	Increase in net defined benefit asset and property, plant and equipment
<b>Total Assets</b>	<b>29,834</b>	<b>37,813</b>	<b>7,978</b>	
Short-term loans payable and long-term debt	1,236	1,874	637	Increase in long-term loans payable
Net defined benefit liability and Retirement allowance for directors and Others	243	252	8	
	4,417	5,488	1,070	
<b>Total Liabilities</b>	<b>5,897</b>	<b>7,614</b>	<b>1,717</b>	
<b>Total net assets</b>	<b>23,936</b>	<b>30,198</b>	<b>6,261</b>	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
<b>Total Liabilities and net assets</b>	<b>29,834</b>	<b>37,813</b>	<b>7,978</b>	
Shareholders' equity ratio	79.7%	79.4%	-0.3P	
Shareholders' equity per share	1,492yen	1,690yen	199yen	

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Slide No. 14 shows major balance sheet accounts in comparison to the end of the fiscal year.

Total assets increased by 7,978 million yen to 37,813 million yen. As a result of our stronger business and capital ties with Mitsui Chemicals Inc. and Sun Medical Co., Ltd., we acquired shares in Sun Medical in last June. The resulting increase in investment securities was the primary factor behind the increase in total assets.

Total net assets increased by 6,261 million yen to 30,198 million yen. The primary factors were increase in capital stock and capital surplus associated with issuance of new shares by means of third-party allotment to Mitsui Chemical Inc.

As a result, the capital adequacy ratio decreased by 0.3 points from the end of the previous fiscal year to 79.4%.

As for other major factors of change, we described in the slide.

## 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.



**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.

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Slide No. 17 and 18 shows the business forecast for the fiscal year ending March 2022, compared to the previous period.

As a basic approach, the forecasts for the fiscal year ending in March 2022 aim for a return to the levels in the fiscal year ended in March 2020, prior to the pandemic. As such, we forecast a 5.8% increase in net sales over the previous year to 26,105 million yen.

Broken down, domestic net sales will be 13,627 million yen, a decrease of 0.8%, and overseas net sales will be 12,478 million yen, an increase of 14.0%.

These forecasts assume that the impact of COVID-19 will not worsen beyond current levels in either Japan or overseas, and that conditions will gradually recover.

In the domestic dental business, we plan to pursue targeted sales activities for CAD/CAM-related products, which are expected to attract stronger demand, and in key areas, while also using the knowledge we have acquired over the past year of the pandemic to advance marketing activities online.

In the domestic nail care business, we will continue to expand sales of gel nail products such as “ageha” and “L·E·D Gel Presto”, gel nail brand and “by Nail Labo”, gel nail brand for general consumers.

In the overseas dental business, as in the domestic business, we will expand sales activities online, and also implement more proactive activities in all regions to expand sales.

In the overseas nail care business, 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%**.

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In terms of income, we expect higher sales and an improvement in the cost-to-sales ratio, but we forecast an increase in selling, general and administrative expenses due to spending on proactive sales activities and initial costs involved in beginning operation of the manufacturing base in Vietnam, as well as investments in future growth such as personnel and R&D expenses.

As a result, we expect operating income to fall 21.8%, ordinary income to drop 27.2% and net income to decline by 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)
<b>Net sales</b>	<b>24,680 (100.0)</b>	<b>26,105 (100.0)</b>	<b>1,425 (5.8)</b>
(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)
<b>Operating income</b>	<b>2,300 (9.3)</b>	<b>1,799 (6.9)</b>	<b>-501 (-21.8)</b>
<b>Ordinary income</b>	<b>2,523 (10.2)</b>	<b>1,837 (7.0)</b>	<b>-685 (-27.2)</b>
<b>Net income</b>	<b>1,674 (6.8)</b>	<b>1,234 (4.7)</b>	<b>-439 (-26.3)</b>
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

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Slide No. 19 shows the primary items of profit and loss compared to the fiscal ending March 2021.

In the fiscal year ending March 2022, we forecast sales to increase and profit to decrease compared to the previous period.

Due to changes in accounting standards from April 1, 2021, we introduced new standards for recognizing revenue, resulting in our forecasts for the fiscal year ending in March 2022 being 172 million yen lower for sales and 161 million yen lower for operating income, compared to the figures when calculating with our previous standards.

## 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)

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Slide No. 20 shows sales by product category compared to the fiscal year ended March 2021.

Overall, we forecast sales to increase by 1,425 million yen. Of this, we expect 1,373 million yen to be in the dental business, 33 million yen to be in the nail care business and 18 million yen to be in other businesses.

In the dental business, we will ramp up sales activities in Japan with a focus on chemical products such as CAD/CAM-related materials and SHOFU BLOCK HC, and overseas in all regions in line with the recovery in the level of business activities and intend to further expand the sales in material products developed in-house.

In the nail care business, we expect domestic sales to cover the decreased sales in the overseas business, with an overall increase in sales.

# 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**  
**MERSAGE 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%**

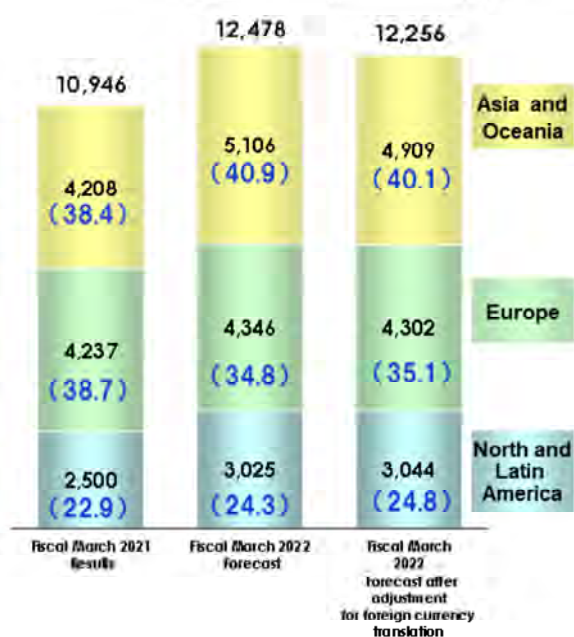
45.1% in the previous fiscal year

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 (%)



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\* The fiscal March 2022 forecast after adjustment for foreign currency translation has been calculated based on the same foreign exchange rates used for the fiscal March 2021 results.

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# 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)	

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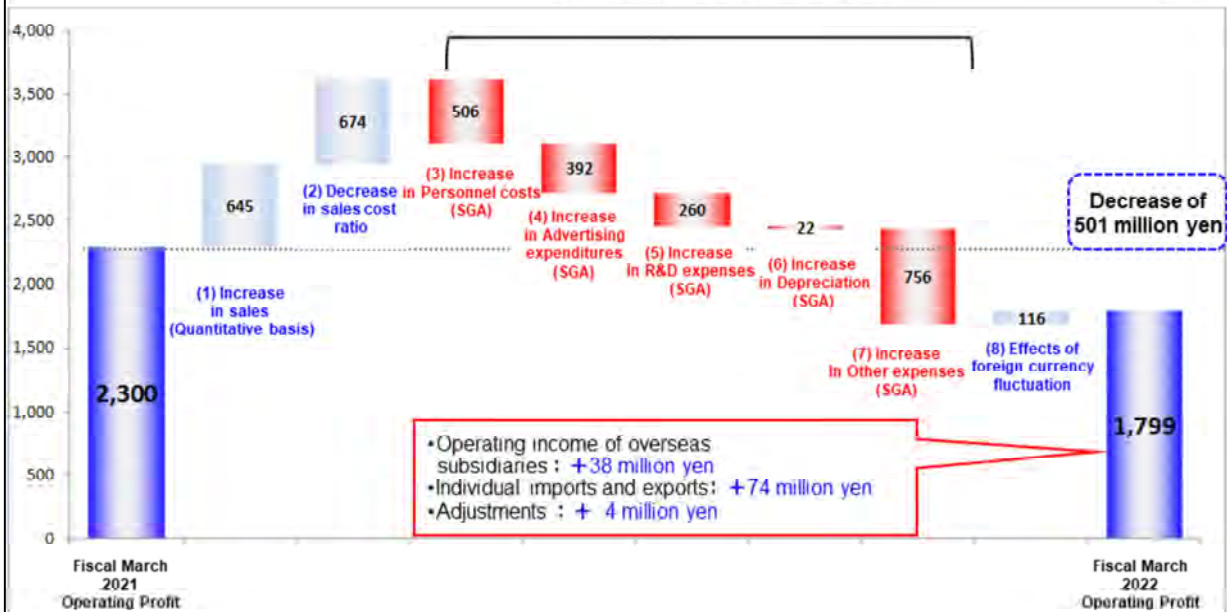
## Contributors to Change in Operating Income

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.

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Slide No. 24 shows contributors to the change in operating income compared to the fiscal year ended March 2021.

We expect SGA expenses to increase significantly due to an increase in such growth investments as advertising expenditures, which decreased significantly in the previous fiscal year due to the drop in business activities from COVID-19, as well as the higher cost of sales activities such as travel and transportation (included in other expenses), an increase in personnel costs, including the start of operations at a manufacturing subsidiary in Vietnam, and R&D costs.

As a result, we expect the operating income to decrease by 501 million yen, despite positive factors that sales will increase and cost of sales ratio will improve.

# 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.

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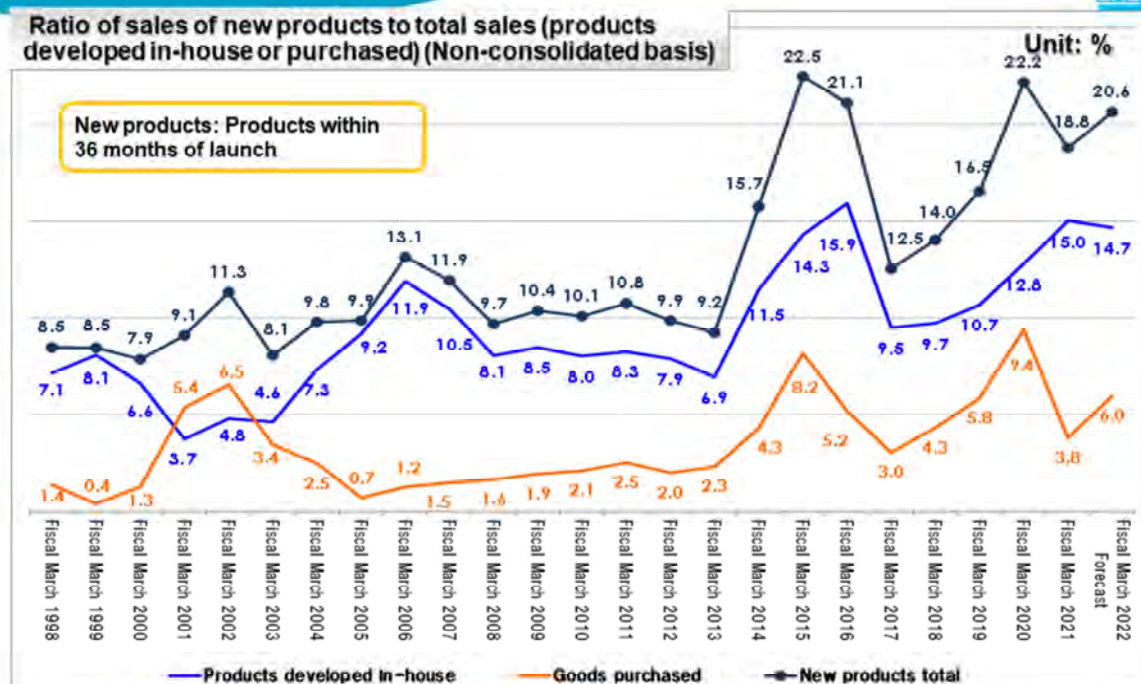
## Trends for Sales Ratio of New Products

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

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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)

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Slide No. 26 shows trends for the sales ratio of new products.

Shofu defines new products as products launched within the past three years. Our aim is for the sales ratio of new products to be 15% of total sales.

We attach importance to the expansion of new product sales as an indicator of the company's collective strength, including R&D capabilities and sales ability.

In the previous fiscal year ended in March 2021, the digital dental camera "EyeSpecial C-IV", a hybrid ceramic restorative material "SHOFU Block HC Hard" and "SHOFU Block HC Hard II", and the SHOFU Disk ZR Lucent Supra, a dental milling and processing ceramic, all contributed to sales. The sales ratio for new products was 18.8%, far exceeding the 15% target.

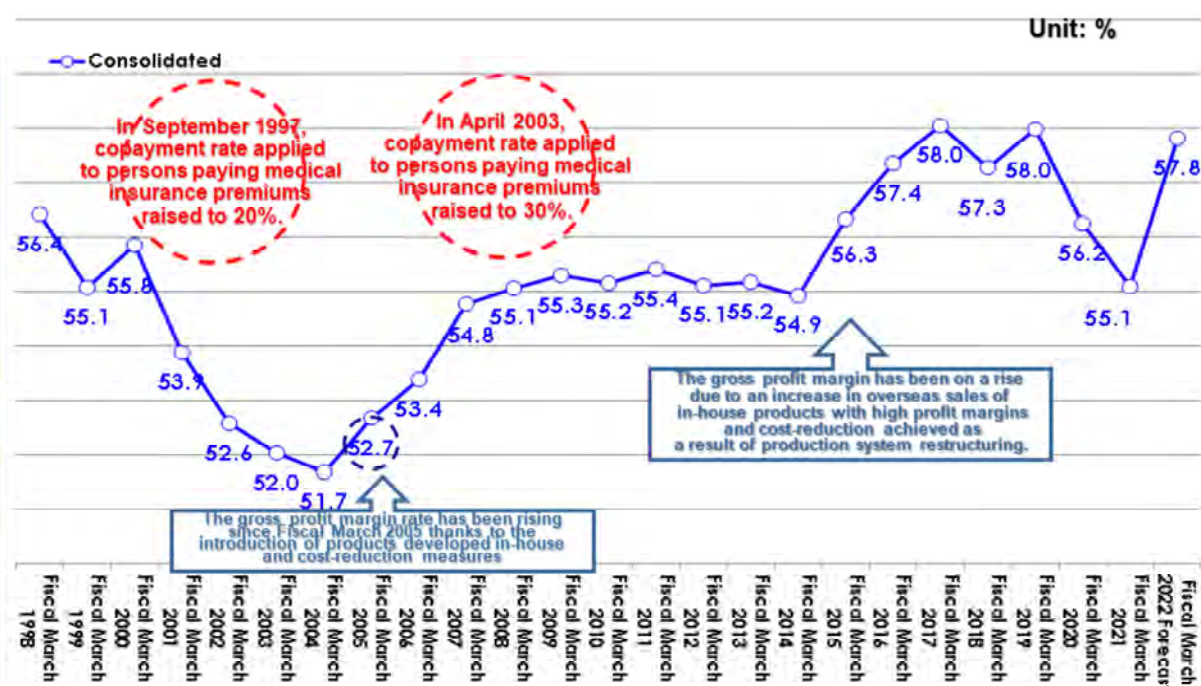
While we aimed for a sales ratio for new products of 15% or higher, we have now raised this to 20% or higher from this fiscal period.

Going forward, we will strive to increase sales of product ratio of new products developed in-house.

## Trends for Gross Profit Margin Rates

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

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Slide No. 27 shows trends for gross profit margin rates.

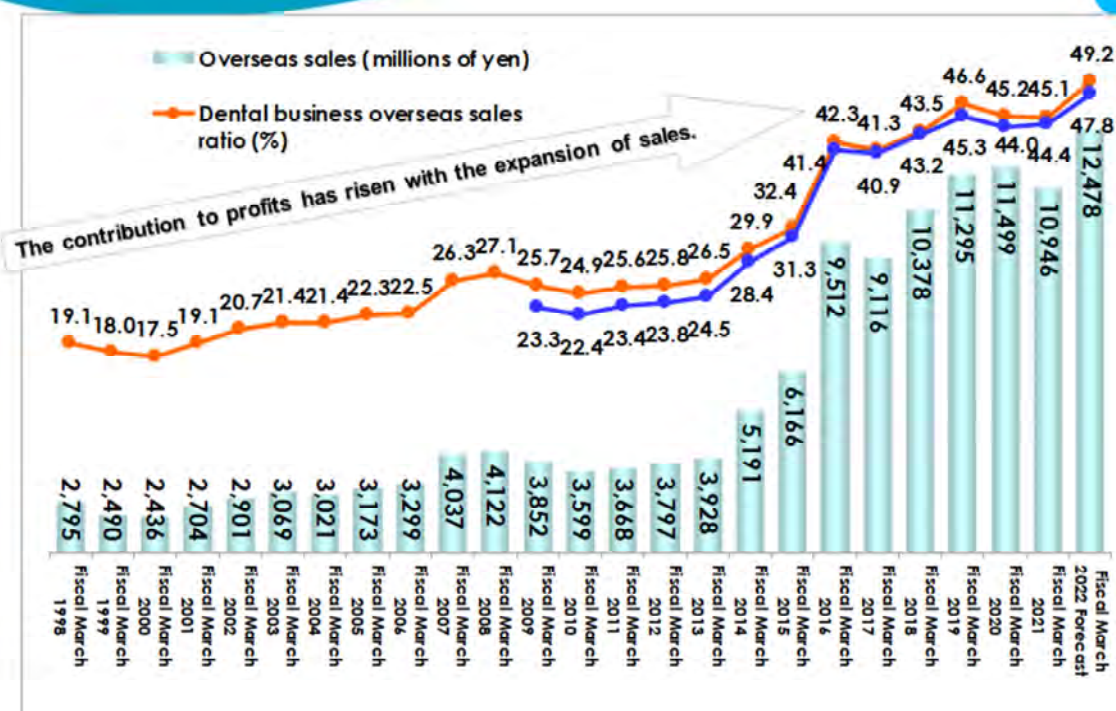
In the fiscal year ended in March 2021, the gross profit margin fell 1.1 points compared to the fiscal year ended in March 2020, due to a drop in the utilization rate caused by lower sales volume resulting from the impact of COVID-19, and a decline in the percentage of foreign sales, which has a higher gross profit margin rate, making up overall sales.

The previous fiscal year had one-off conditions such as these, but overall gross profit margin rate is rising, and we will work to continuing its elevation with an expansion in the scale of foreign business, with a focus on Shofu products with a high profit rate, the resulting volume effect, and lower costs due to progress with manufacturing reallocation.

## Trends for Overseas Sales and Overseas Sales Ratios

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

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Slide No. 28 shows trends for overseas sales and overseas sales ratios.

Overseas sales have been increasing every fiscal year since the fiscal year ended March 31, 2010 and we have continued to exceed 10 billion yen since the fiscal year ended March, 2018.

Sales were down due to the effect of COVID-19 pandemic in the previous period. But given our future growth, it is essential that we expand our overseas business, and going forward we intend to shift allocations of management resources heavily overseas with the aim to boost overseas sales.



**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

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Slide No. 30 shows business environment awareness in the domestic and overseas markets.

Considering the domestic market first, the present situation for dentistry is that even though the elderly population is increasing, this does not necessarily translate into increases in medical charges.

Looking ahead, rising awareness of oral health is expected to foster the spread of the aesthetic, preventive, and oral health fields and to increase demand related to periodontal disease. With the decrease in population and the occurrence of cavities, however, even if the domestic dental market were to maintain a certain market scale, significant growth is unlikely.

Overseas, however, there is a market that is currently around 14 times the size of the domestic market. In addition to this, when considering the economic growth and rising living standards in regions worldwide, including developing nations, demand for dental care is anticipated to increase dramatically.

Even accounting for the differences in price level, Shofu believes that in 10 years, the global dental market could grow to 20 times or more the size of the Japanese dental market.

## Vision for our company: Medium-to Long-term Basic Policy

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

SHOFU

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



- **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.**

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Slide No. 31 shows the vision for our company to pursue over the medium- to long-term.

Since its establishment, Shofu has pursued its business as a comprehensive manufacturer of dental materials and equipment in line with its Corporate Philosophy of “Contribution to dentistry through innovative business activities.” However, with an overseas market at least 14 times the size of the domestic Japanese market, Shofu’s contribution and presence to date has been insufficient.

Shofu takes net sales as the barometer of “contribution” and considers “presence” as being among the top 10 in the world.

Going forward, the world’s top companies will grow even larger with growth of the overall industry, and the scale of sales required to remain in the top 10 may increase. First of all, we will achieve “Group net sales: 50 billion yen & Group operating income: 7.5 billion yen” and increase our contribution and presence to dentistry around the world.

# 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	1,814	2,056	★ 2,210	2,341	★ 2,300
	(6.8%)	(7.3%)	(7.5%)	(8.5%)	(8.0%)	(9.3%)
Ordinary income	1,630	1,709	1,946	★ 1,988	2,234	★ 2,523
	(6.3%)	(6.9%)	(7.1%)	(7.6%)	(7.6%)	(10.2%)
Net income	1,109	★ 1,201	1,370	704	1,596	★ 1,674
	(4.3%)	(4.8%)	(5.0%)	(2.7%)	(5.5%)	(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%

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Slide 32 compares the results in fiscal 2019 to those of fiscal 2021, relative to fiscal 2018 of the fiscal 2020 Third Mid-term Management Plan, which ended in the previous fiscal year.

On the income side, results were generally in line with or above forecasts, with the exception of net income in the fiscal year ended in March 2020, when an impairment loss was posted on goodwill and intangible fixed assets.

At the same time, although overseas sales met the forecast in the first fiscal year, it has come in below the target in other years.

In the final year of the Third Mid-term Management Plan, the impact of COVID-19 began being felt from early 2020, however when excluding this, the main reason the sales targets were not met was that the company itself lacked speed in addressing issues.

Fiscal 2018 to 2020 Review of Mid-term Management plan		
Results of fiscal 2018 to 2020 Mid-term Management		
	Achievement	Issue
R&D	<ul style="list-style-type: none"> <li>•Development and launch of new products compatible with digital dentistry</li> <li>•Launched new products and expanded sales. Chemical products in Americas and chemical products and artificial teeth in China.</li> </ul>	<ul style="list-style-type: none"> <li>•Speed-up development</li> <li>•Establish a system for quickly responding to the laws and regulations in each country</li> </ul>
Production	<ul style="list-style-type: none"> <li>•Establishment of production site in Vietnam</li> </ul>	
Sales	<ul style="list-style-type: none"> <li>•Establishment of sales networks in countries all over the world, including setting up a structure for sales companies in India and Brazil</li> </ul>	<ul style="list-style-type: none"> <li>•Establishment of user networks (in particular, areas in which many countries are subject to jurisdictions with various market conditions)</li> </ul>
HR	<ul style="list-style-type: none"> <li>•Promote securing human resources for various approaches to promote globalization</li> </ul>	
Finance	<ul style="list-style-type: none"> <li>•Secure of a dynamic fund-raising environment to meet capital requirements</li> <li>•Raise the issuer rating from R&amp;I</li> </ul>	
Promotion of M&As	<ul style="list-style-type: none"> <li>•Build organizational structure (responsibility system), collect information from many sides, consider individual projects</li> </ul>	<ul style="list-style-type: none"> <li>•In light of the Group's core competence and growth strategy, we will actively pursue M&amp;A in line with the areas that need to be reinforced.</li> <li>•Improve and reform Merz Dental GmbH's management</li> </ul>
External cooperation	<ul style="list-style-type: none"> <li>•Strengthening of relations with Mitsui Chemicals and Sun Medical</li> </ul>	
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Slide No. 33 shows achievements and issues of “Fiscal 2018 to 2020, Third Mid-term Management plan”.

At the Third Mid-term management plan, we expanded a number of issues based on reflections of the Second Mid-term management plan.

In R & D side, we actively developed and launched the CAD/CAM related products and product areas compatible with digital dentistry at the same time that we launched chemical products such as filling and repair materials in Americas, and new products including chemical products and porcelain in China.

In sales side, we continued to develop our structure for full-scale growth of sales subsidiary in India and Brazil and worked on improving our sales dealer network in each country, moving from exclusive dealer to multiple dealers.

In production side, we established a new production site in Vietnam to expand overseas production.

Through these initiatives, we are beginning to see steady results that will lead to future growth, and are confident that we have not erred in our direction, however at our current pace we decisively lack the speed needed to achieve Group sales of 50 billion yen. We must address issues faster and take measures that exceed the current framework to further accelerate growth.

## 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	

Slide No. 34 shows overviews “Fiscal 2021 to 2023, Fourth Mid-term Management Plan” started in this April.

In the final year of the fiscal year ending March 2024, the main target is to achieve the “Group net sales: 30.1 billion yen”, “Group operating profit margin: 8.7%” and “ROE: 5.8%”.

While we are implementing priority issues for the next three years at a faster pace to achieve these targets, in order to accelerate growth we will aggressively develop external affiliations, including business collaborations with Mitsui Chemicals and Sun Medical, pursue M&As, and strengthen our Group governance system.

## Specific Efforts – R&D

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



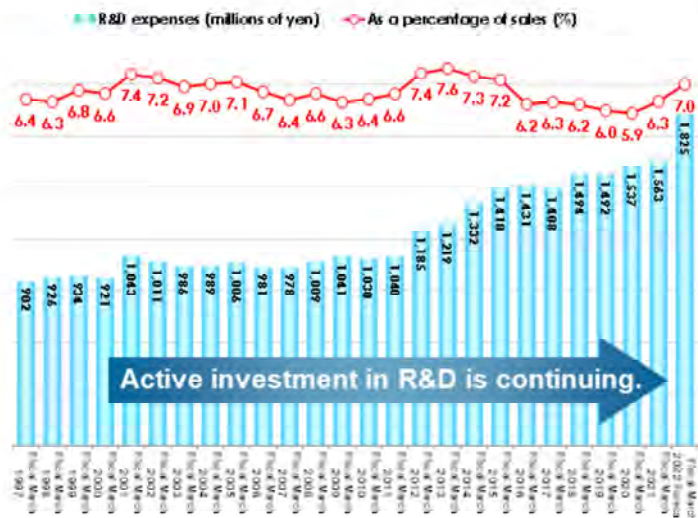
### Development and introduction of new products that match the local demands

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



Active investment in R&D is continuing.

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Slide No. 35 shows priority efforts related to research and development.

Shofu aims to pursue global growth as an R&D-driven company. Going forward, we will continue to develop products with a worldwide vision.

In addition to that, from here on we will also develop new products that match local demands, targeting the middle-class and high-volume segments.

Also, as the dental industry increasingly adopts digital technology, we will open up new business fields in CAD/CAM-related products and 3D printing-related products.

## Specific Efforts – Production

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



### ✧ 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)

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Slide No. 36 shows priority efforts related to production.

We will further work to enhance price competitiveness by further reducing costs in fields in which we are competitive, such as artificial teeth and abrasives.

In addition, we will realign our production facilities by utilizing existing domestic subsidiaries more effectively and establishing new factories overseas with a view to (1) eliminating production capacity constraints at the head office factory, (2) selecting production items based on required production technology and profitability, (3) avoiding the effects of currency fluctuations, (4) reducing shipping costs for hazardous and heavy goods, (5) providing better delivery service to customers, and (6) avoiding high tariffs.

Last year, we established a new production site in Vietnam and prepare for its full-scale operation. Initially, we plan to start this Vietnamese production site as a production factory for abrasives mainly for overseas markets, and in the future, we intend to further expand its product line and grow it as one of the Group's main production sites.

## Specific Efforts – Production

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



### ✧ Relocation of production base and expansion of offshore production

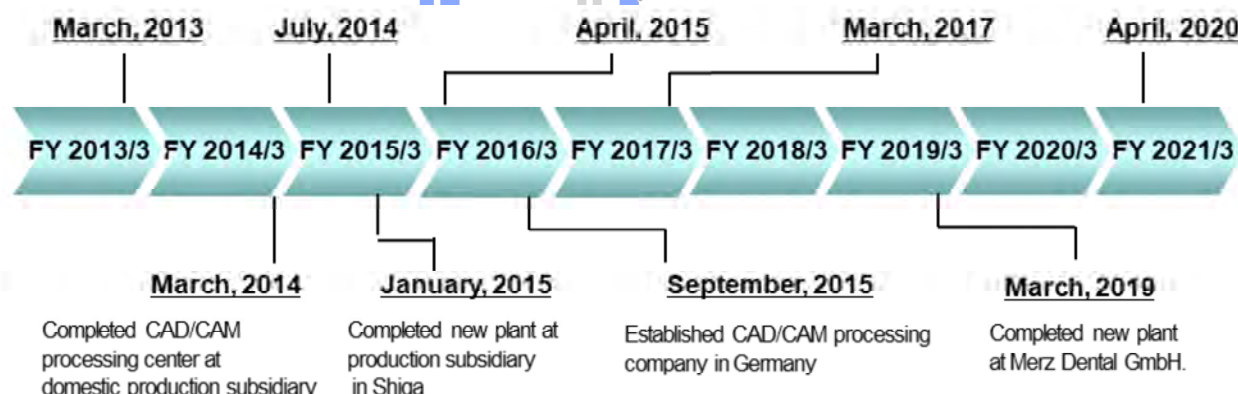
Reorganization of manufacturing functions of dental business and nail care business  
Consolidation of manufacturing and sales functions in nail subsidiary

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)



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※ We are gradually developing production bases in other important countries and regions.

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Slide No. 38 shows priority efforts related to sales.

The most important challenge both in the domestic and overseas markets, is the need to establish a system for Shofu's products to earn firm recognition among the dental care workers who are our end customers.

Since 2012, we established sales subsidiaries in Singapore, Mexico, Brazil and India, established sales bases in Italy and Taiwan, and made Merz Dental GmbH, which has its own sales network, a subsidiary. The network has been improved.

In the latest April 2021, we established a representative office in Dubai, UAE, with the aim of developing the Middle East and African markets.

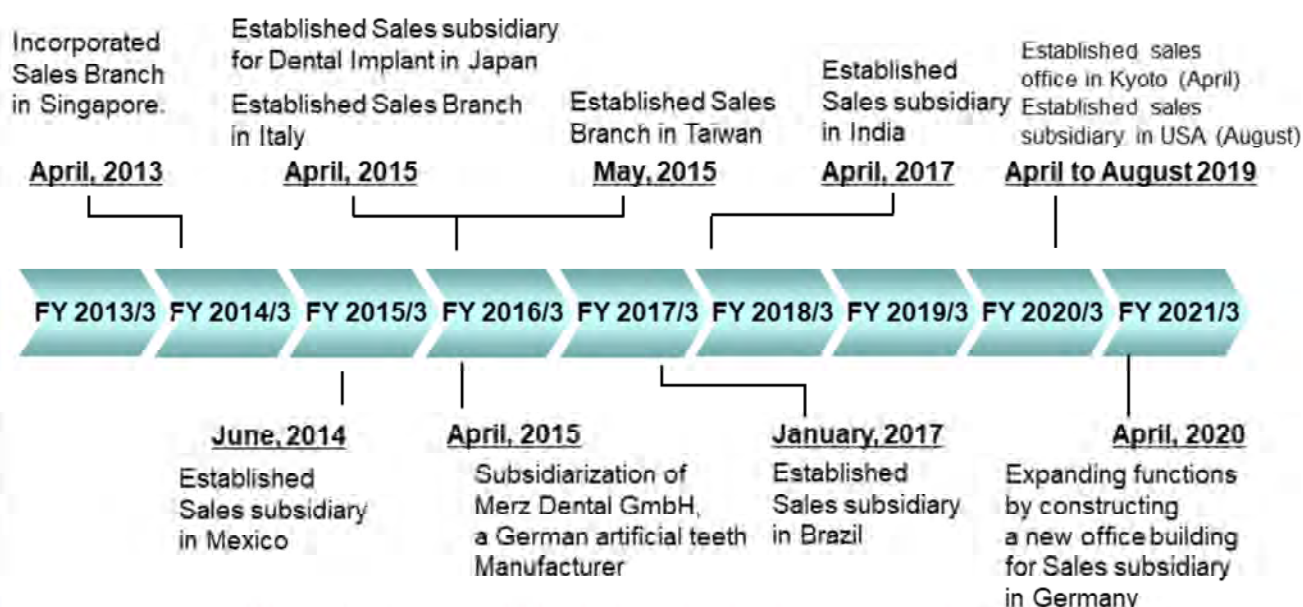
Going forward, we will gradually develop and enhance our sales network in key countries and regions.

## Specific Efforts – Sales

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



### ✧ Realignment of sales offices



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\* 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)



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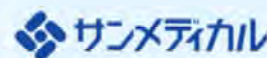
Slide No. 40 shows our basic policy and priority efforts related to the nail care business.

Price competition is becoming increasingly intense in today's business environment compared to when we entered the nail care business in earnest in 2008. While the business has not reached the scale we had initially imagined, we have built an integrated system for working on everything from product development to manufacturing and sales, and we are striving to stabilize our management base and streamline operations.

Moreover, in addition to offering products to professional manicurists, we are developing products for general consumers, and have established a joint venture in Taiwan, launched a collaboration with a noted manicurist, and are making other efforts to develop the market from both the product development and sales angles.

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

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



- **Capital tie-up**
  - Shofu issued 1,780,000 new shares in a third-party allocation. MCI received these charges (total value of 2,988 million yen)
  - MCI's shareholdings increased from 11.17% to 20.01% (Shofu became an equity-method affiliate)
  - Shofu acquired 20% of MCI's 70% shareholding in Sun Medical
  - MCI's shareholding: 70.0%⇒50.0%
  - Shofu's shareholding: 0.0%⇒20.0% (Sun Medical became Shofu's equity-method affiliate)
- **Business tie-up**
  - New product development
  - Expansion of product lineup
  - Use of sales networks in Japan and overseas
  - Augmentation and sharing of manufacturing functions
- **Exchange of personnel**
  - MCI sent one part-time director to Shofu's board
  - Shofu sent one part-time director to Sun Medical's board

SHOFU INC.

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Slide No. 41 shows strengthening of capital and business tie-up with Mitsui Chemicals and Sun medical.

In May 2020, we concluded a capital and business tie-up agreement with Mitsui Chemicals, Inc. and Sun Medical Co., Ltd, which is a subsidiary of Mitsui Chemicals and a manufacture of dental material.

Shofu became an equity-method affiliate of Mitsui Chemicals, Inc. and Sun Medical Co., Ltd became an equity-method affiliate of Shofu and we established stronger relationships then ever before.

By strengthening these business and capital tie-ups, we will make use of the strengths of each company to promote the development of new products, complement and share manufacturing functions, utilize sales networks both in Japan and overseas and expand our product lineup, among other measures.

Specifically, project teams will be formed between the three companies and their management resources will be utilized, further strengthening business in the dental materials field and reinforcing international competitiveness.

# Trends for Sales by Region — North and Latin America, Europe

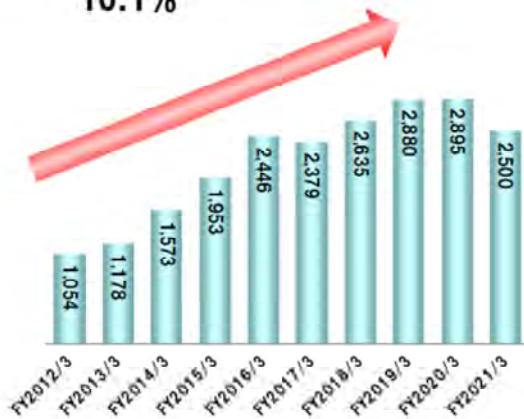
Future Business Environment and Medium- and Long-term Business Strategies



Unit: millions of yen

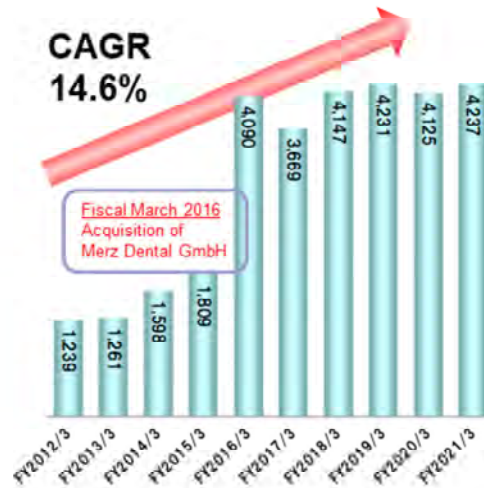
## North & Latin America Sales

CAGR  
10.1%



## Europe Sales

CAGR  
14.6%



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

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Slides No. 42 to No. 43 shows fluctuations in sales by overseas region. Sales remain strong due to efforts to reinforce sales activities in each region.

# Trends for Sales by Region — China, Elsewhere in Asia

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

SHOFU

Unit: millions of yen

## China Sales

CAGR  
18.4%



## Elsewhere in Asia Sales

CAGR  
7.0%



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

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# Medium-term Management Plan – Principle Targets

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

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★---Record Unit: millions of yen

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

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Slides No. 44 shows the principal targets “Fiscal 2021 to 2023, Forth Mid-term management Plan”.

In the first fiscal year, we expect sales to recover to levels posted in the fiscal year ended in March 2020, before the impact of the pandemic, and from the second year we expect record-high earnings to be reached both in Japan and overseas.

On the income side, business activity was significantly limited in the fiscal year ended in March 2021 (the previous fiscal year), and as a result, investment for future growth was partially curbed. This will be ramped up going forward, so that results will fall short of the previous year's in the fiscal years ending in March 2022 and 2023, but in the final year of the plan we expect record-high results to be reached.

# 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	
	Amount	%	Amount	%	Amount	%	Amount	%
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.

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Slides No. 46 shows the mid-term management plan of capital investments, depreciation expenses and R&D expenses.

In the fiscal year ending in March 2023, we expect capital investment to increase significantly due to the reconstruction of the headquarters office building, marking the one-hundredth anniversary of Shofu's founding. This will cost a total of 1.6 billion yen and is due to be completed at the end of March 2023.

# Dividend policy

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



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%

Business year		Fiscal March 2022	Fiscal March 2023	Fiscal March 2024
Item				
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

SHOFU INC.

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Slides No. 47 shows the dividend policy.

As for our dividend policy, in the past we targeted a dividend of 18 yen per share as a lower limit and a payout ratio of 30% or more on a consolidated basis, but in addition to this, we will add dividends on equity (DOE) as a numerical standard with the aim of implementing returns that take into account capital efficiency. During the period of the Fourth Mid-term Management Plan, dividends on equity (DOE) of 1.7% will be our tentative target.

Dividends on equity (DOE) is the product of return on equity (ROE) and payout ratio. Accordingly, we will aim to improve our DOE by enhancing both profitability and capital efficiency, and in the long term, we will aim for ROE of 8% or more and DOE of 2.5% or higher.

# 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%	2.6%	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	1,386yen	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%	—

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Slide No. 48 shows trend of annual dividend per share and trend index related dividend.

At the previous fiscal year, ending March 2021, the total annual dividend was 29 yen per share, consisting of midterm dividend of 8 yen per share and an ordinary dividend of 21 yen per share.

For the fiscal year ending March 2022, as described at the dividend policy, the per share annual dividend will consist of an ordinary dividend of 30 yen per share plus 2 yen in commemoration of 100 years anniversary, resulting in a total annual dividend of 32 yen per share.

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.**

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**SHOFU INC.**

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 Profile

Company and Business Profiles



■ 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)	
<b>SHOFU INC.</b>		<b>52</b>

# Main Products

Company and Business Profiles



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

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

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

# Corporate History (1)

Company and Business Profiles



- 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.

SHOFU INC.

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## Corporate History (2)

Company and Business Profiles

SHOFU

- ・ 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)

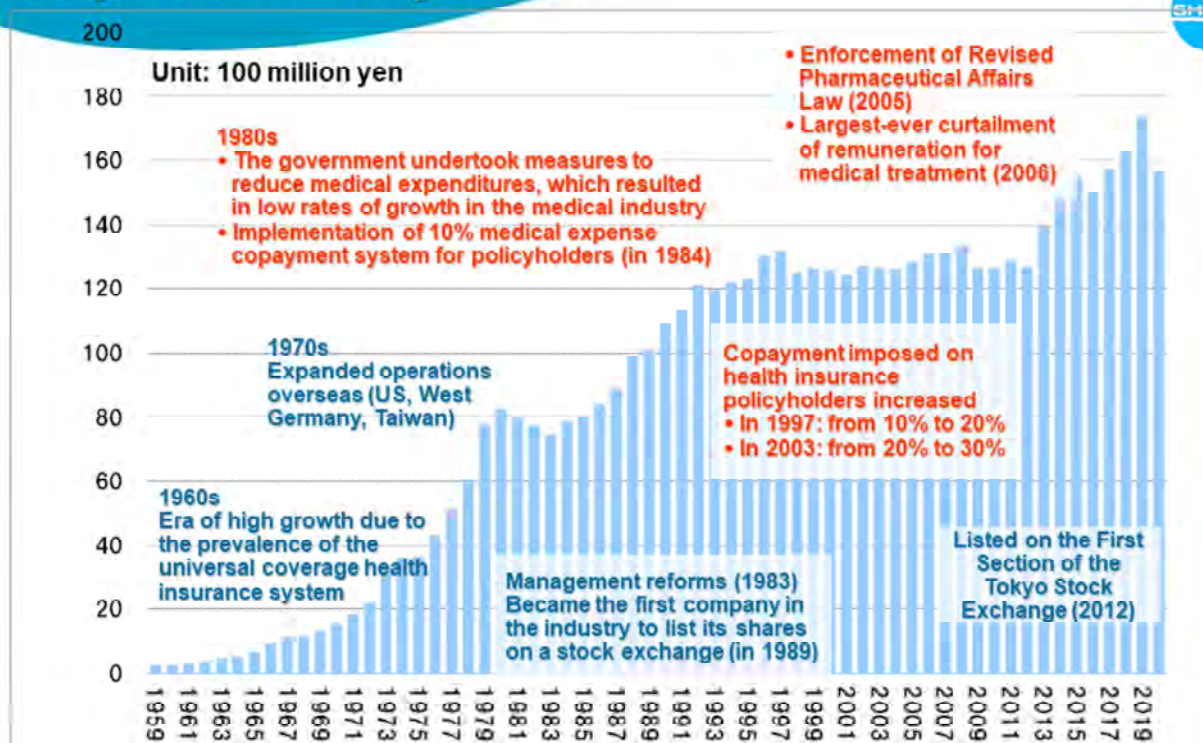
Shofu issued 1,780,000 new shares in a third-party allocation and MCI received these charges. Shofu acquired 20% of MCI's 70% shareholding in SMC.

(Shofu became MCI's equity-method affiliate. / SNC became Shofu's equity-method affiliate.)

# Corporate History - Sales

Company and Business Profiles

SHOFU



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(Note) Figures shown in the graph are non-consolidated sales.

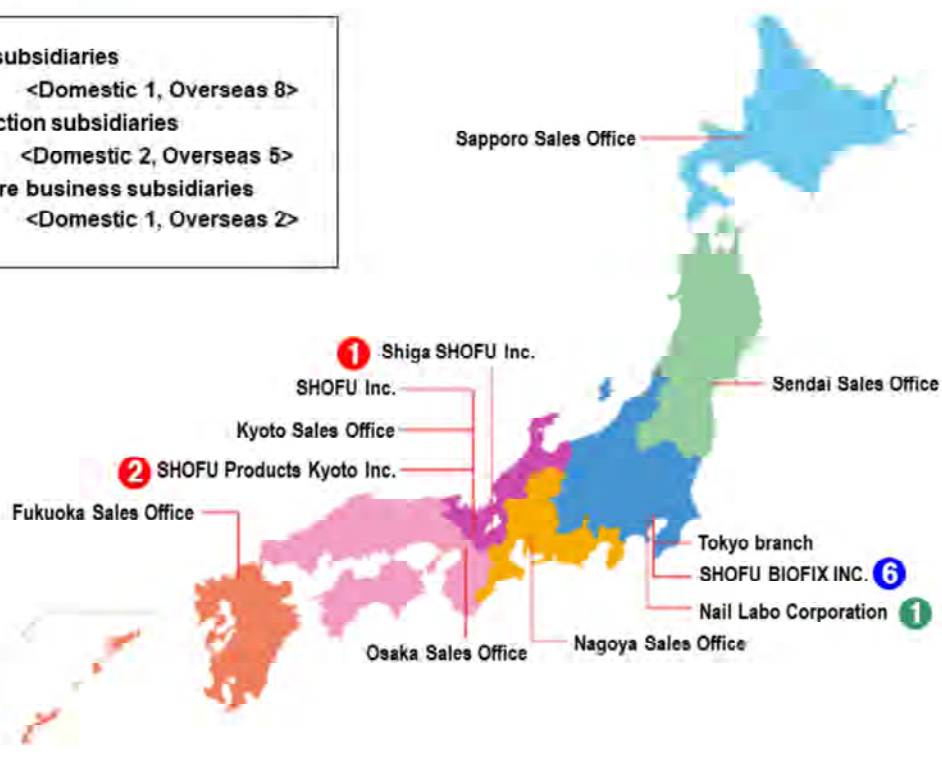
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# Group Overview[Domestic base]

Company and Business Profiles



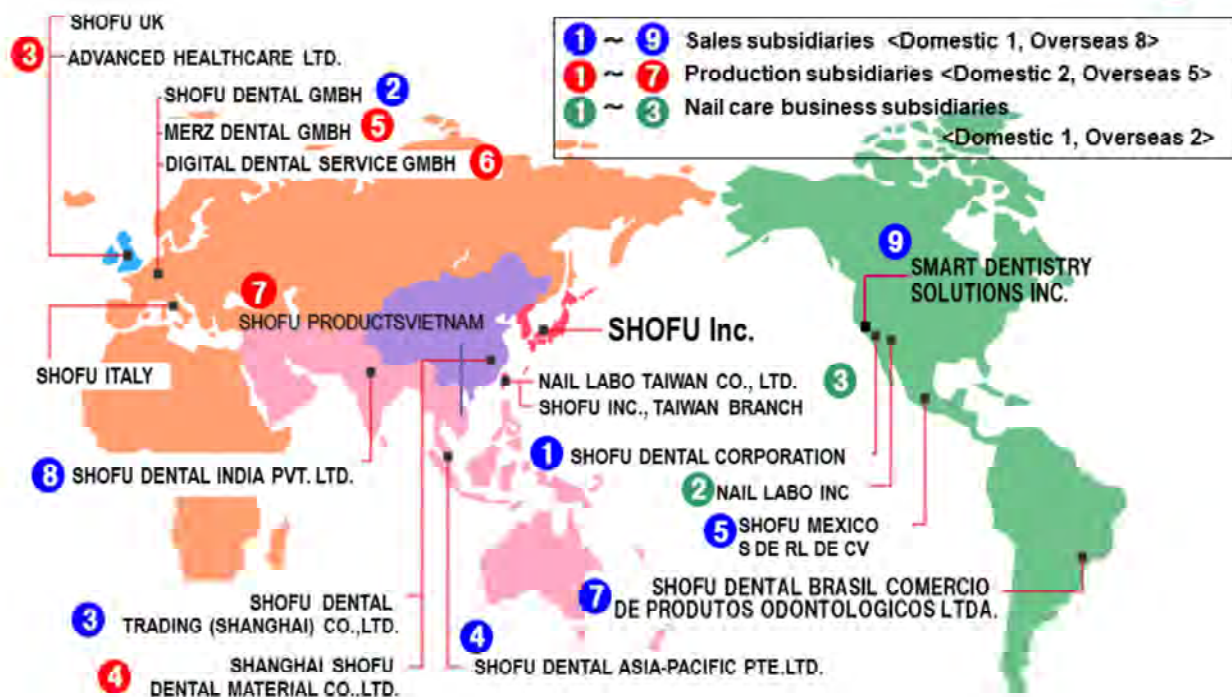
- ① ~ ⑨ Sales subsidiaries**  
<Domestic 1, Overseas 8>
- ① ~ ⑦ Production subsidiaries**  
<Domestic 2, Overseas 5>
- ① ~ ③ Nail care business subsidiaries**  
<Domestic 1, Overseas 2>



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# Group Overview[Overseas base]

Company and Business Profiles

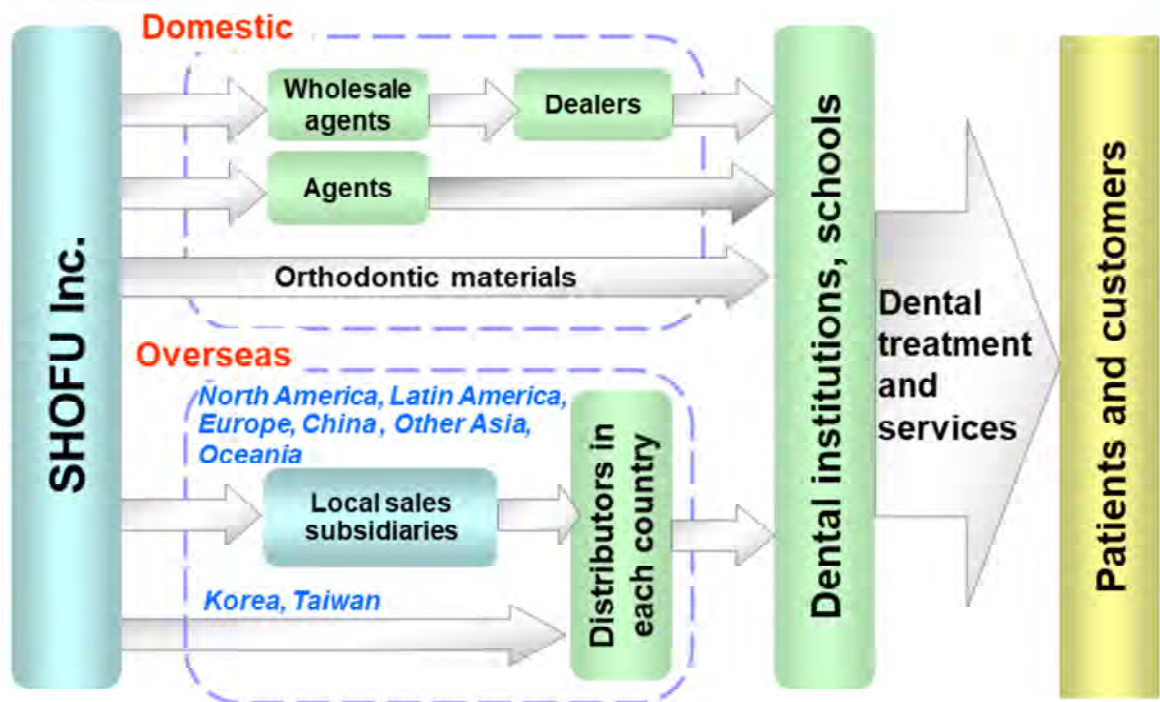


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# Sales Channels

Company and Business Profiles



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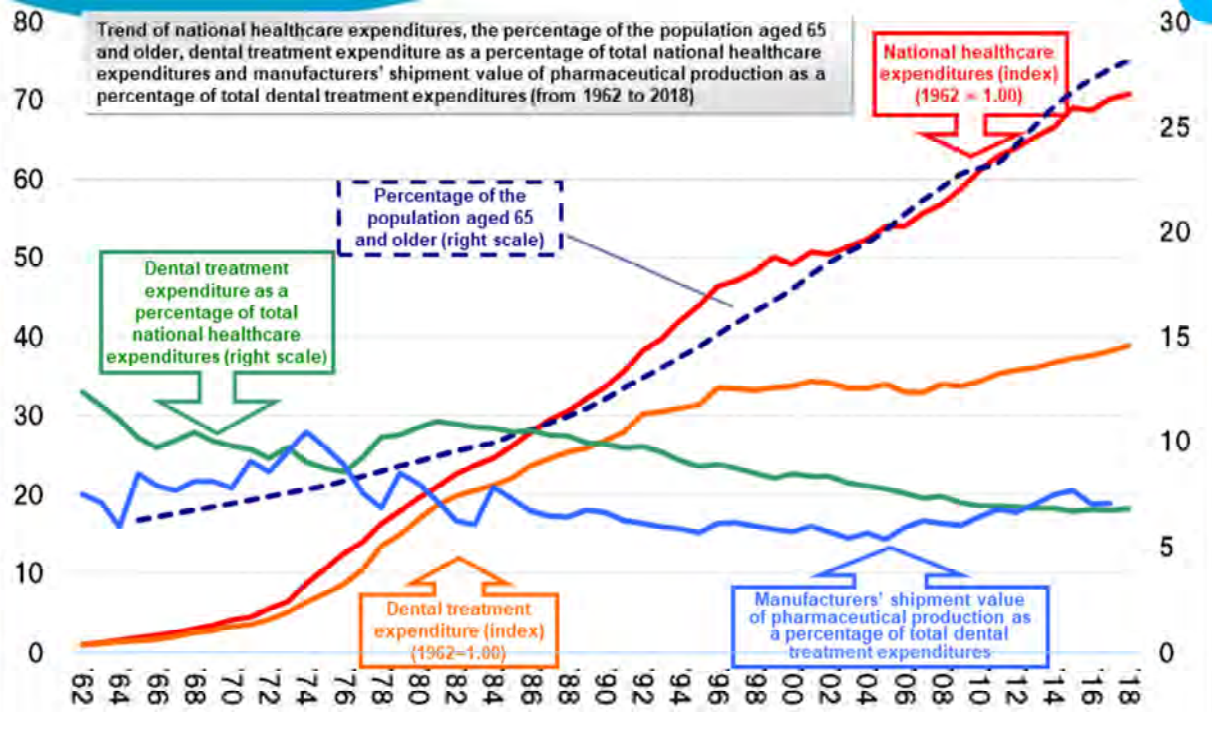
59



# Healthcare Expenditures by Age Group (Component Ratio)

Reference <Dentistry Data>

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

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# Healthcare Expenditures by Age Group (Component Ratio)

Reference <Dentistry Data>

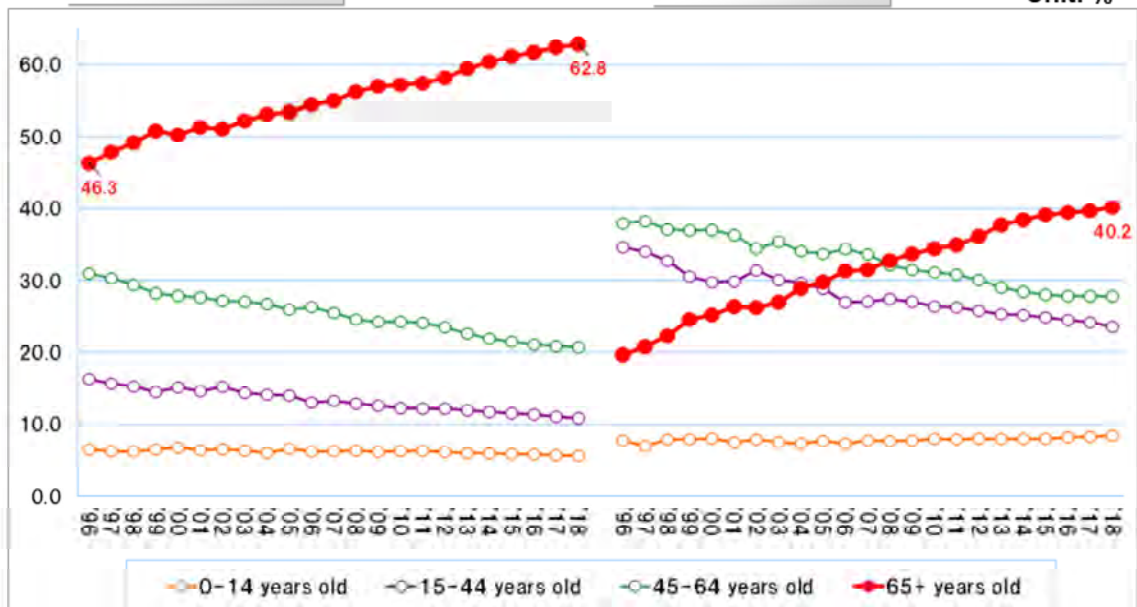


People aged 65 years and older tend to place less importance on dental treatment than general medical treatment.

General treatment

Dental treatment

Unit: %



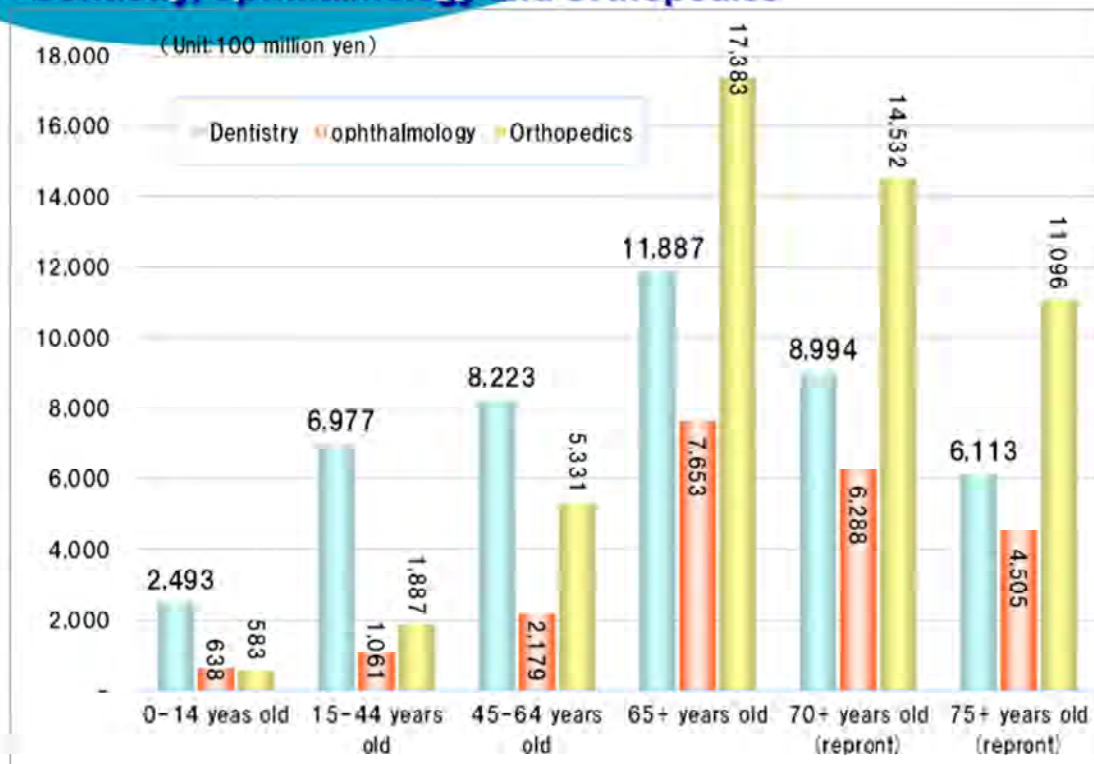
Prepared using yearly data from Summary of National Healthcare Expenditures  
(Ministry of Health, Labour and Welfare)

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## Comparison of Healthcare Expenditures by Age Group - Dentistry, Ophthalmology and Orthopedics

Reference <Dentistry Data>



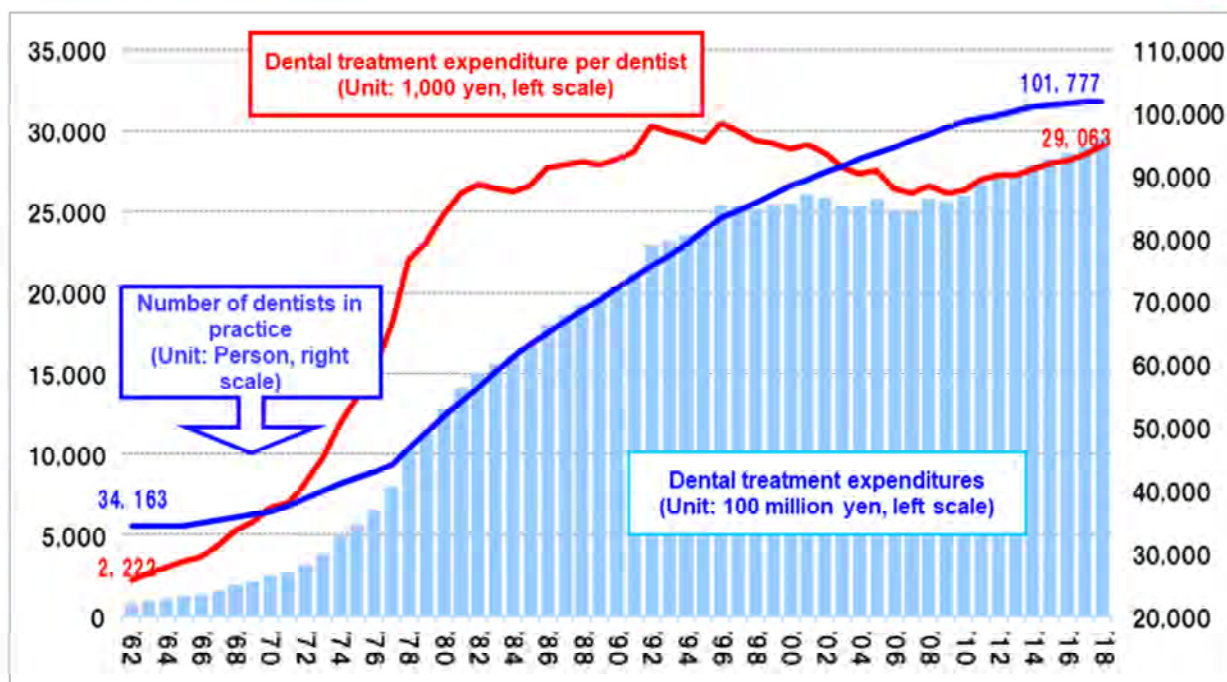
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Prepared using Summary of National Healthcare Expenditures in Fiscal Year 2018  
(Ministry of Health, Labour and Welfare)

63

# Trend of the Number of Dentists and Dental Treatment Expenditure

Reference <Dentistry Data>



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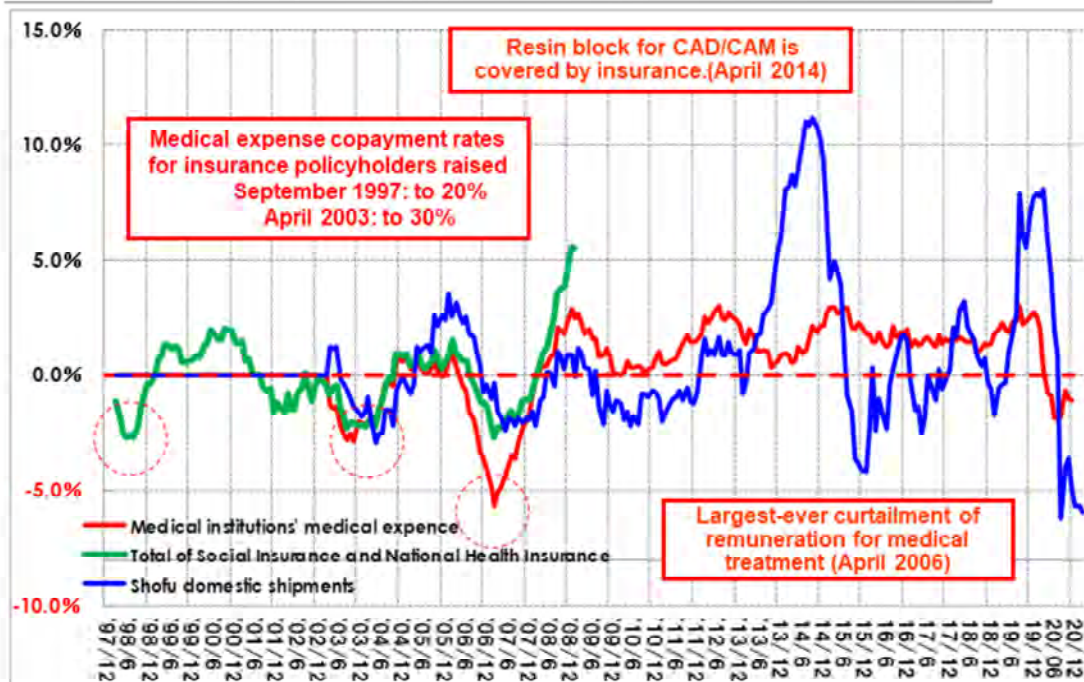
Prepared using yearly data from Summary of National Healthcare Expenditures, Survey on Doctors, Dentists and Pharmacists (Ministry of Health, Labour and Welfare)

# 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



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Prepared using data from the Social Insurance Medical Fee Payment Fund and from the "Trend of National Health Insurance Expenditures" issued by the All-Japan Federation of National Health Insurance Organizations.

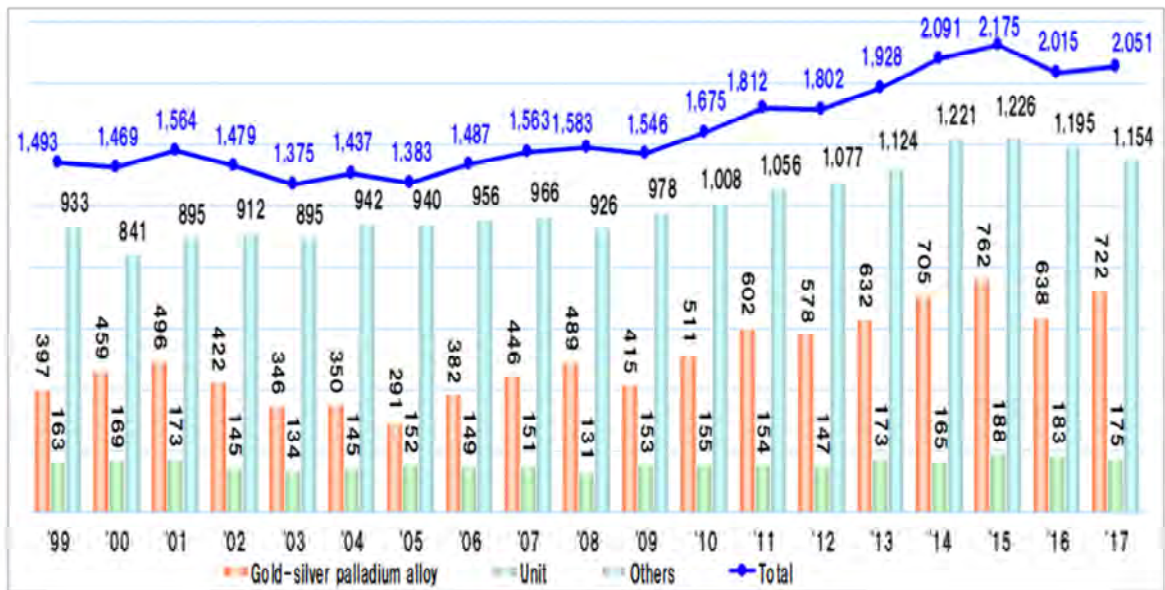
65

# Trend of Shipment Value of Pharmaceutical Industry Production

Reference <Dentistry Data>



Shipment value, Unit: 100 million yen



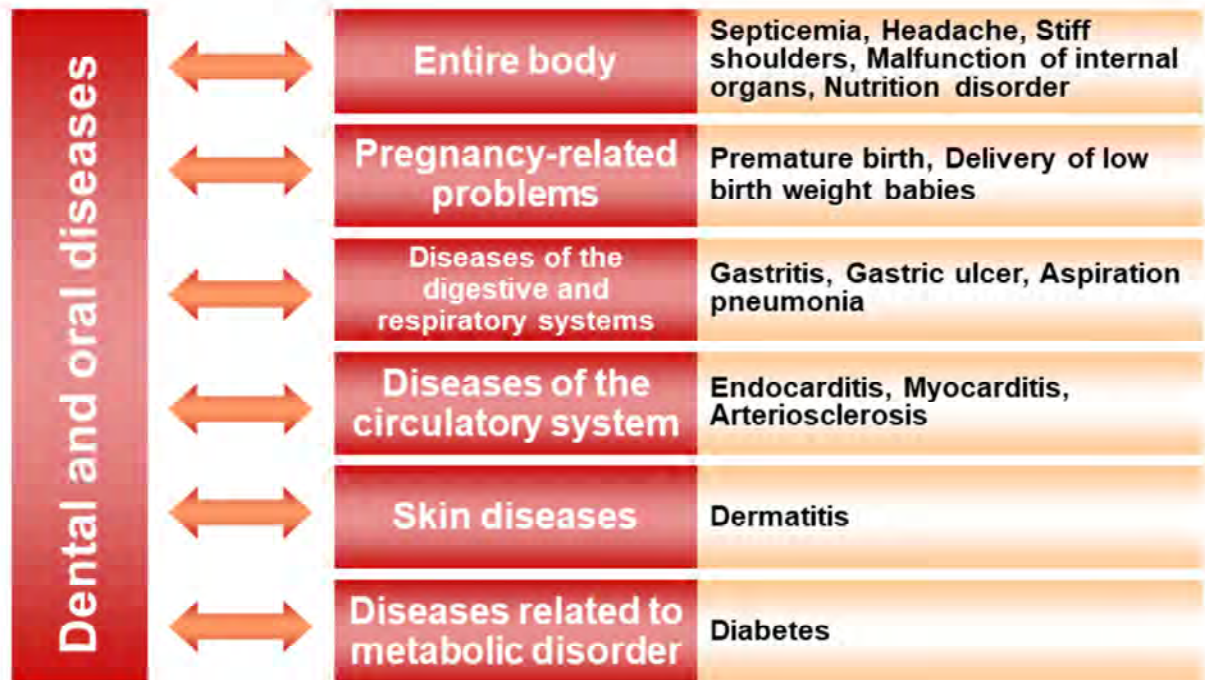
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Prepared using data from Production Statistics issued by the Pharmaceutical Industry (Manufacturers' shipment values), (Year Book for each year), released by the Ministry of Health, Labour and Welfare

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# Systemic Diseases Caused by Caries and Periodontal Disease

Reference <Dentistry Data>

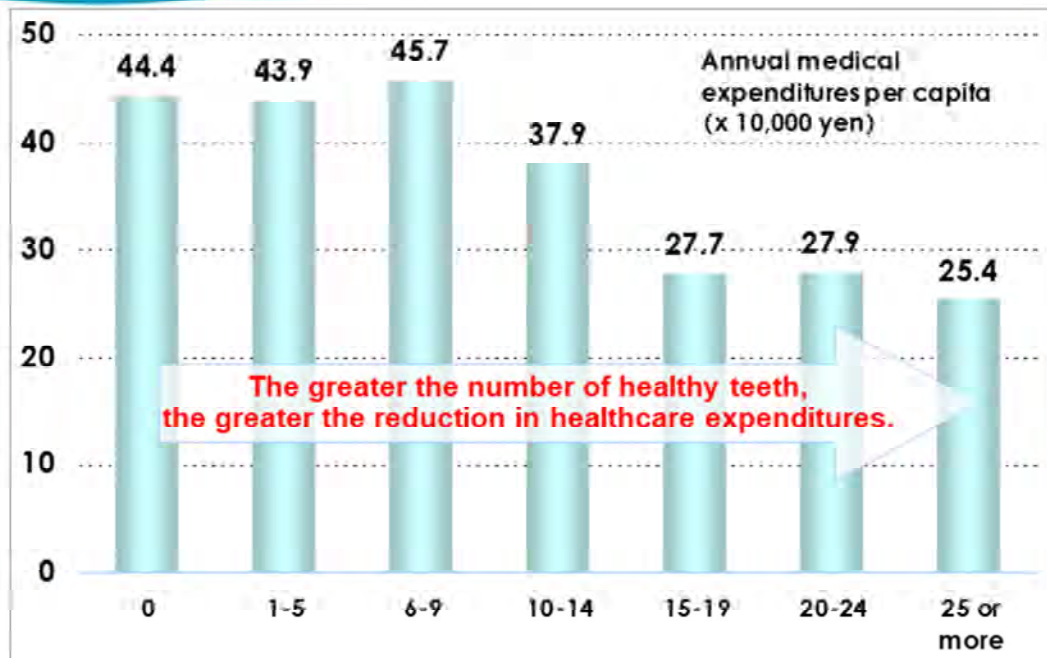


(Reprinted from the "Archive of the 8020 and Enjoy Healthy Life" issued by Social Insurance Research Institute)

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## 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)

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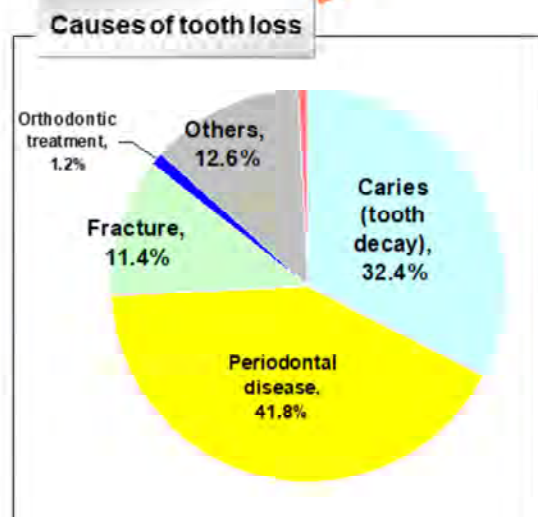
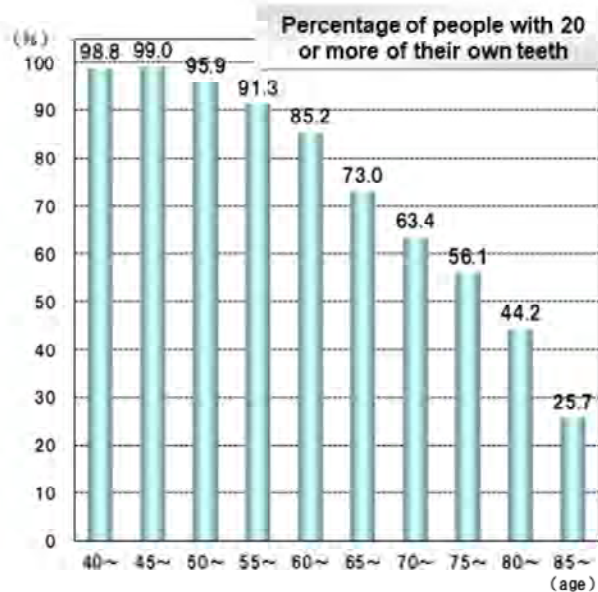
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# The 8020 Movement and Changes in Dental Diseases

Reference <Dentistry Data>



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



(Survey by the 8020 Promotion Foundation in 2005)

# Perception of Dental and Oral Health

Reference <Dentistry Data>

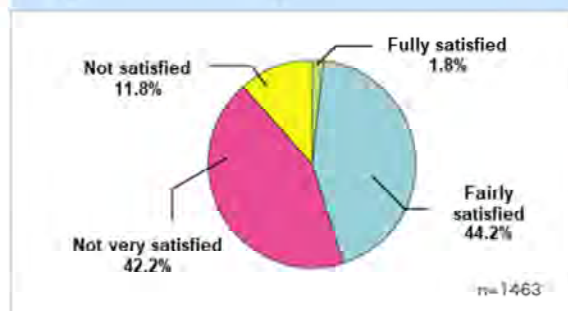


Source: Fiscal 2007's Dental Equipment Industry Vision (References)

Are you satisfied with your physical health?



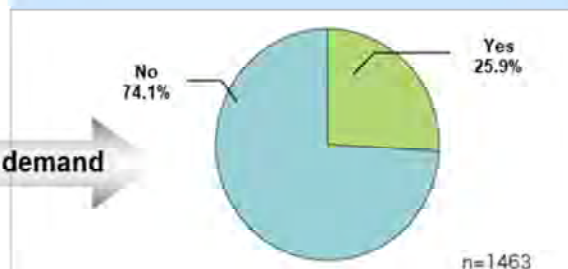
Are you satisfied with your oral health?



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



Do you actually receive regular dental care?



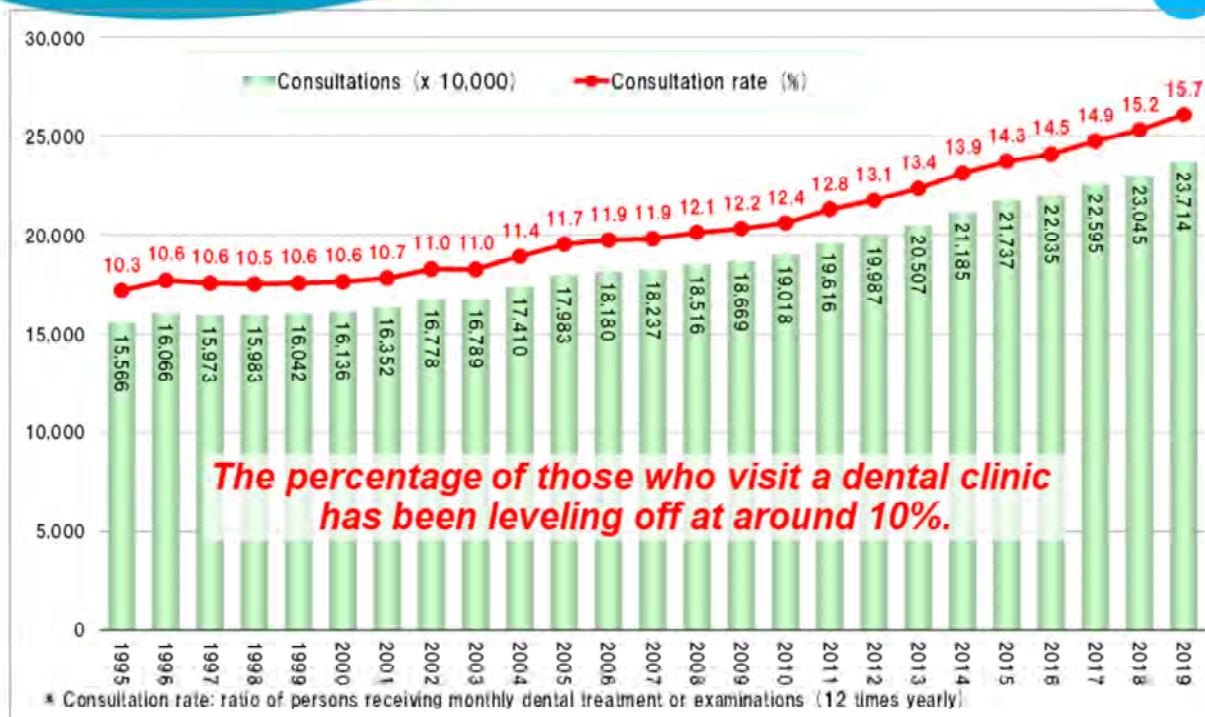
Potential demand

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# Dental Clinic Consultation Rates

Reference <Dentistry Data>

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Prepared using annual data from "Recent Trends in Healthcare Expenditures (MEDIAS)" issued by the Ministry of Health, Labour and Welfare

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# 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:

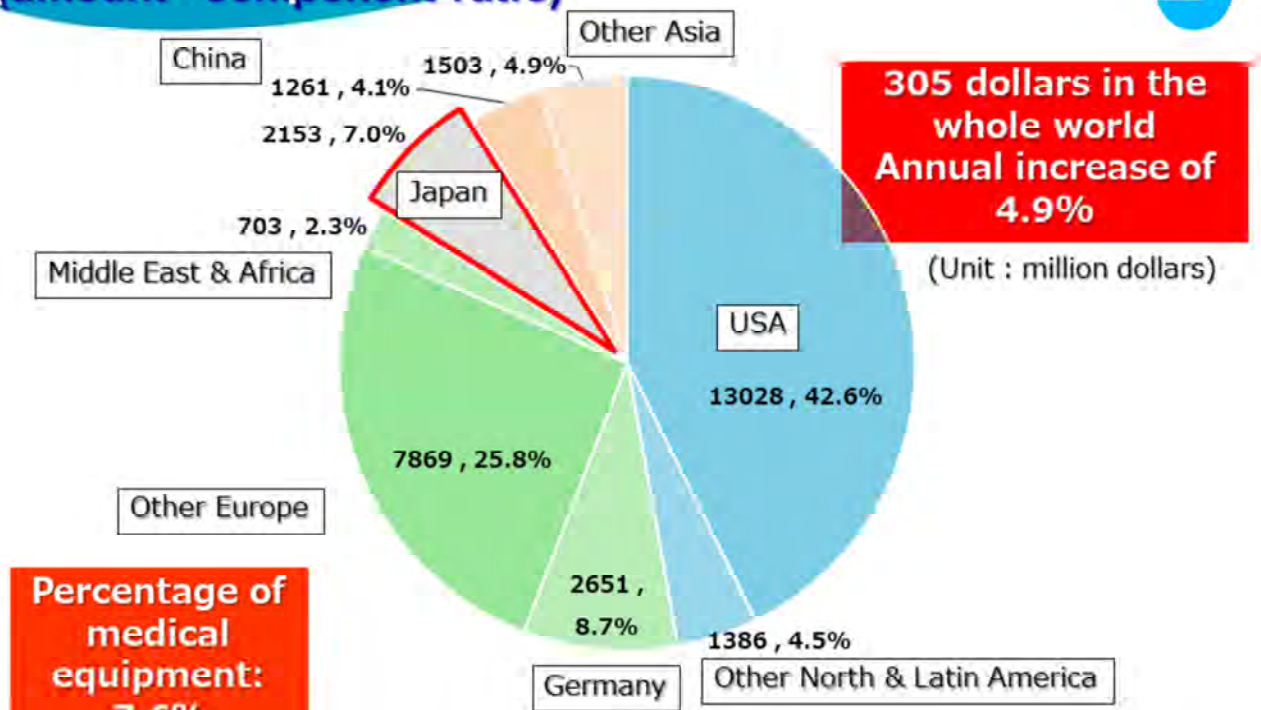
\* Health and Welfare Survey in 1999 conducted by the Ministry of Health, Labour and Welfare and a survey conducted by Colgate-Palmolive Company

\* 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 University School of Life Dentistry

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# Global dental equipment market size (amount・component ratio)

Reference <Dentistry Data>



Source : BMI Research

「The World Medical Markets Fact Book 2019」73

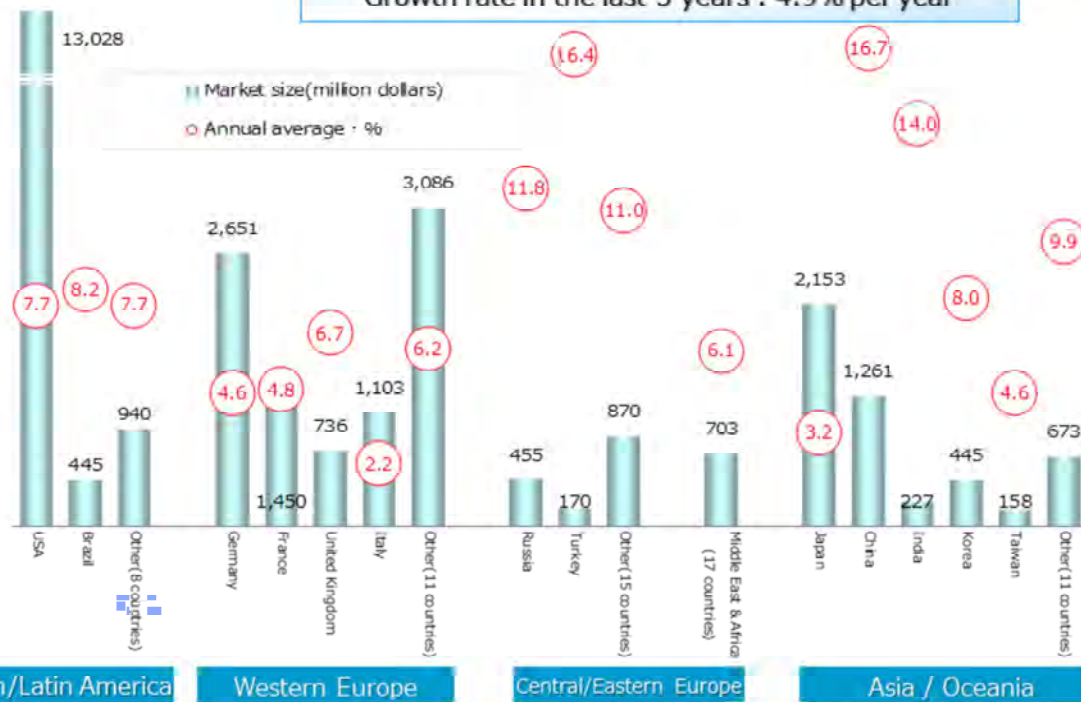
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# Global dental market— Market size and growth potential

Reference <Dentistry Data>



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



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

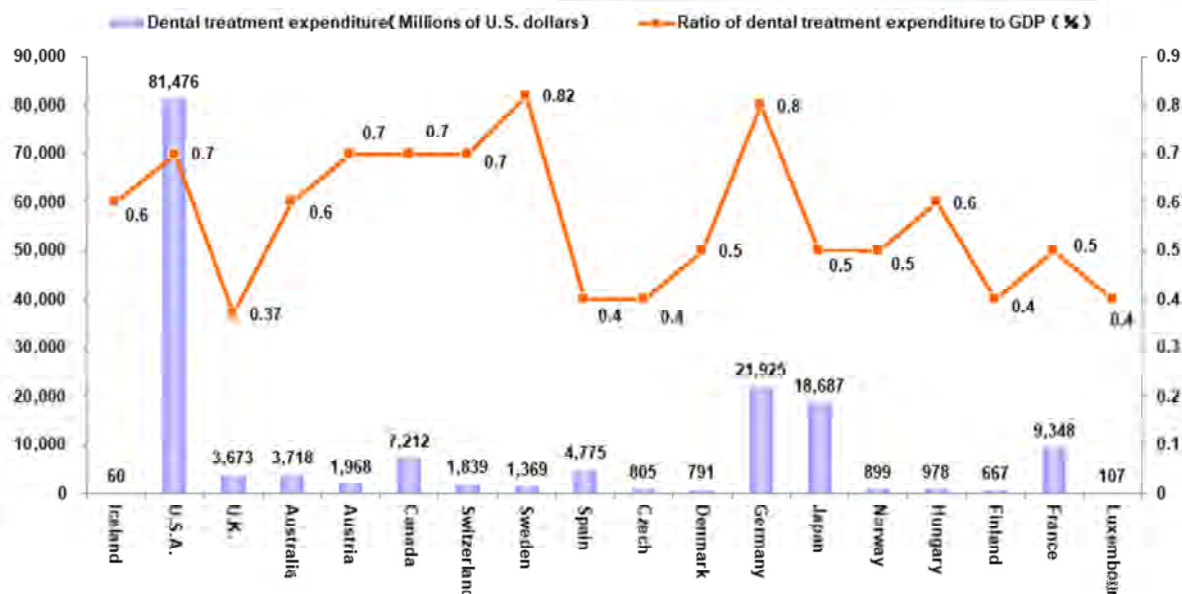
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# Relation between Dental Treatment Expenditure and GDP

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 shikairyō—kokusai hikaku-karamita nihon-no shikairyō 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.

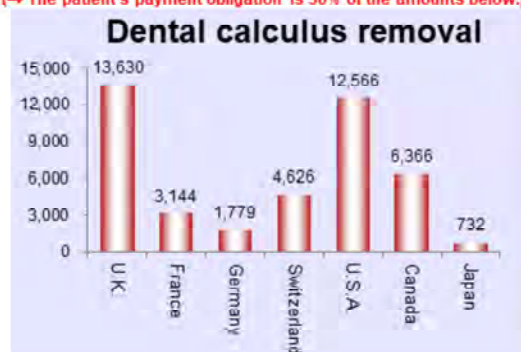
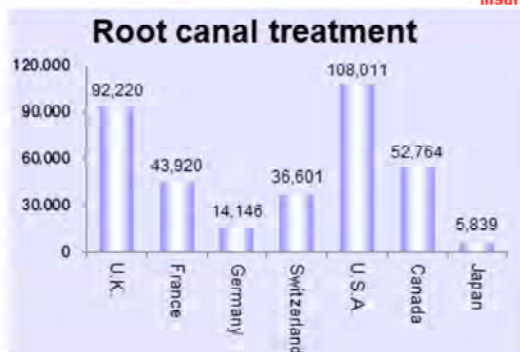
2. The above data for each country is as of 2004 except for Sweden's data, which is as of 1992.

# 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.)

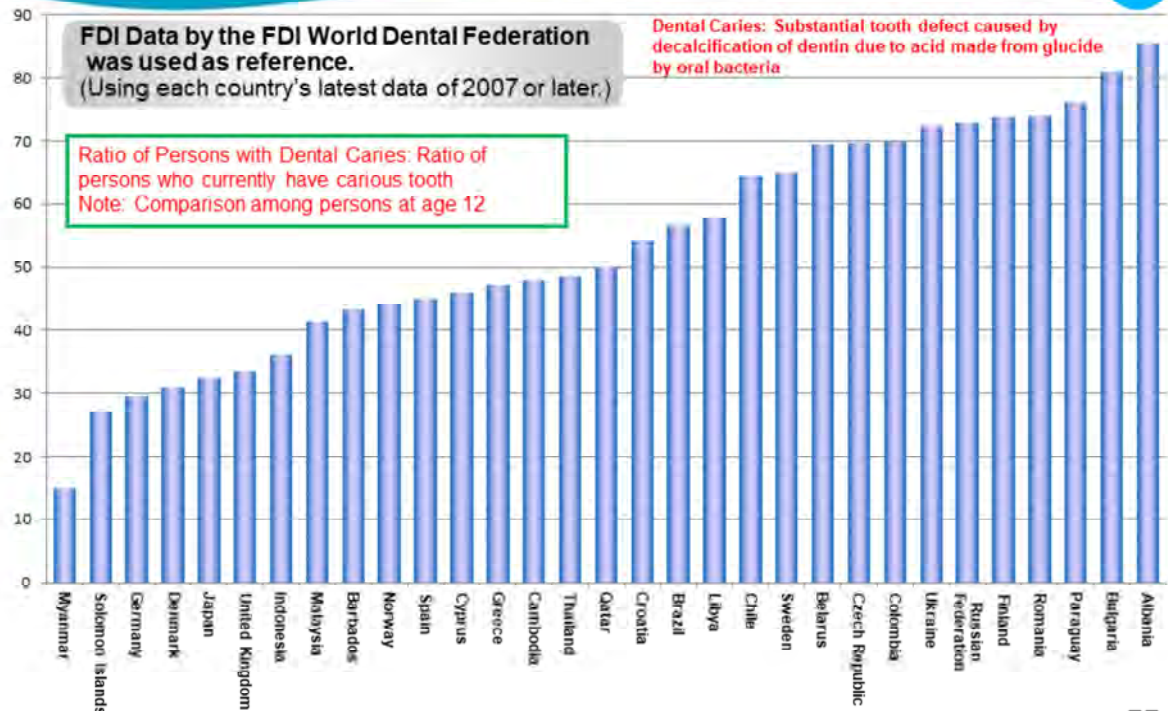


\* The above chart was prepared using material from "Iryo, kaigokuyufuhi suikei-ni-tsuite (On the Estimate of Medical and Nursing Care Benefit Expenses)" by Professor Kawabuchi of the Graduate School of Tokyo Medical and Dental University (submitted to the 6th meeting of the Social Security Council of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

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

Reference <Dentistry Data>

Unit: %



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

Reference <Dentistry Data>

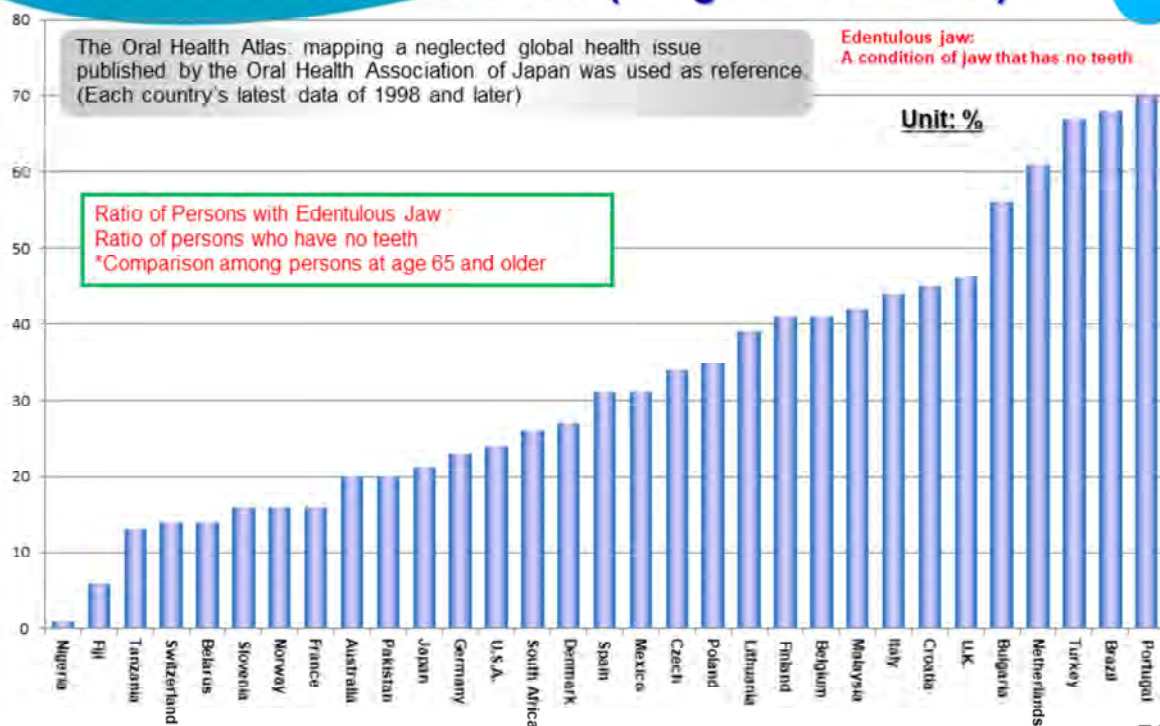


The Oral Health Atlas: mapping a neglected global health issue published by the Oral Health Association of Japan was used as reference. (Each country's latest data of 1998 and later)

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

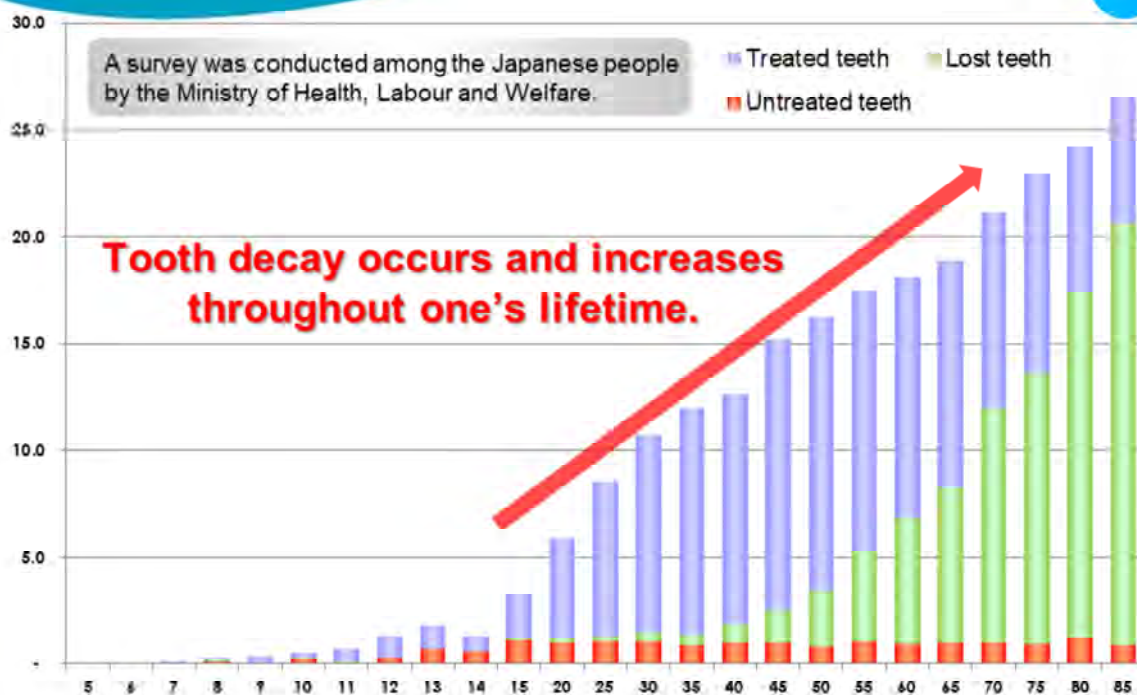


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# Factual Survey of Dental Diseases

Reference <Dentistry Data>

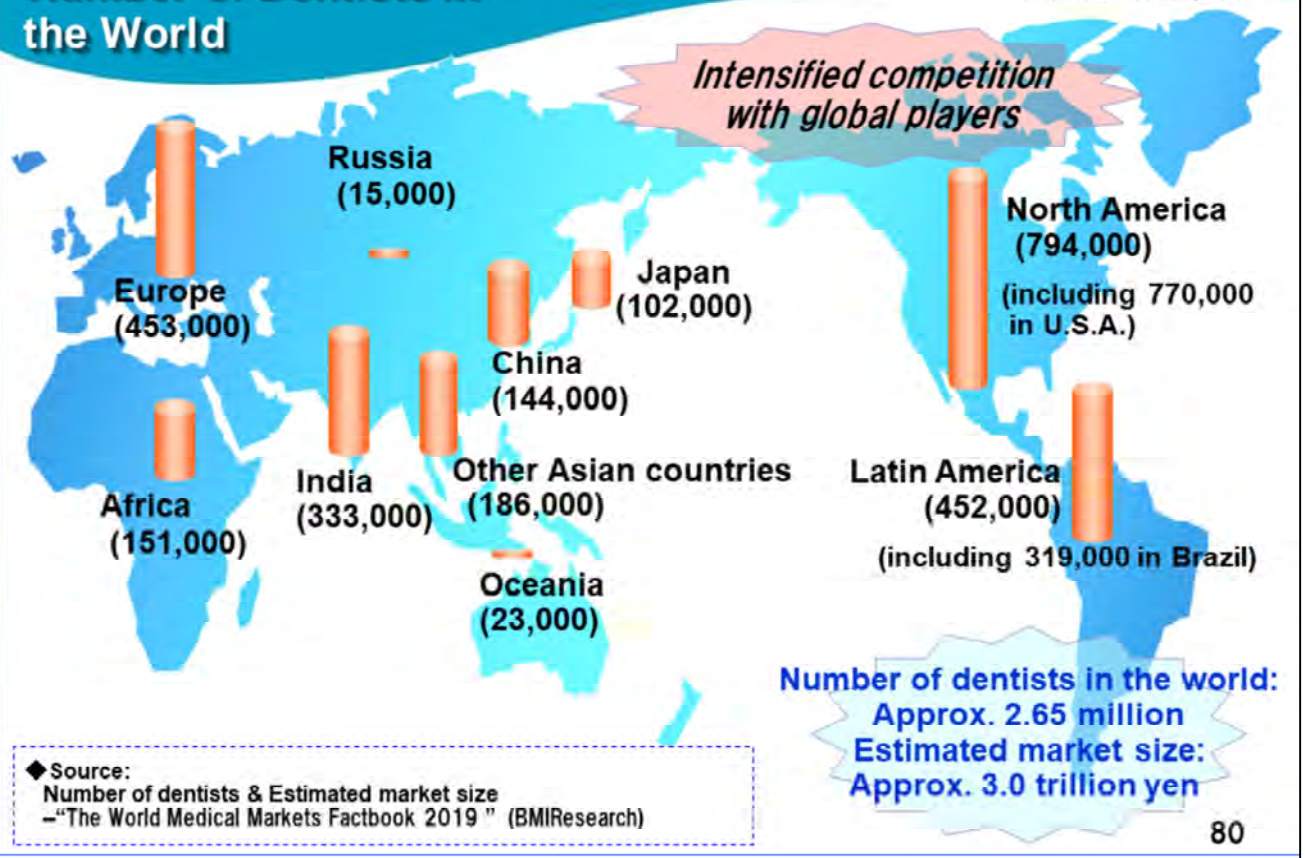


\* 1. The official web site of the Hokkaido kodomo-no ha-o mamoru kai (Save the Children's Tooth Hokkaido) was used as reference  
 \* 2. Source: Results of the Survey of Dental Diseases in 2011 released by the Ministry of Health, Labour and Welfare

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# Number of Dentists in the World

Reference <Dentistry Data>



# Glossary (1)

Reference <Dentistry Data>



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. → <a href="#">Dental prosthetic (page 82)</a>
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. → <a href="#">Resin (page 82)</a>
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. → <a href="#">Plaque (page 82)</a>
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## Glossary (2)

Reference <Dentistry Data>



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). → <b>Composite resin (page 81)</b>
Resin	Synthetic high polymer. Resins are popularly used for dental restoratives.

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