



Fiscal Year Ending March 2022 (150th Business Year) 2Q Quarter Financial Analyst Meeting

November 24, 2021



Tokyo Stock Exchange
(1st Section)
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Contents of Today's Presentation

- **Summary of 2nd Quarter Consolidated Business Performance for Fiscal Year Ending March 31, 2022**
- **Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2022**
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Noriyuki Negoro, President and CEO

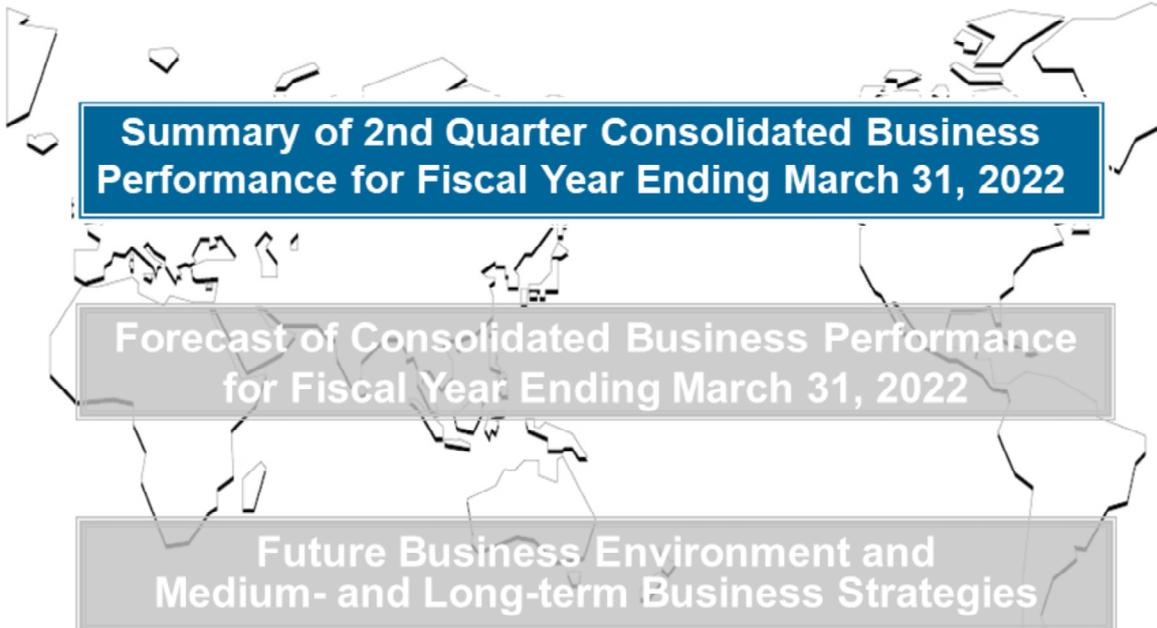
Assumptions made in briefing materials



- 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 2021.

- Changes to accounting standards
 - ◇ The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) has been applied to the fiscal year ending in March 2022, which resulted in 89 million yen less in sales and 75 million yen less in operating income being posted in the first half of the fiscal year ending in March 2022, compared to the figures when the previous standards are used. Similarly, when the new accounting standard is applied to the forecasts, sales are 178 million yen less and operating income 151 million yen less compared to the figures when the previous standards are used. The impact on ordinary income and net income was minimal.

- Notations
 - ◇ “Net Income” figures are figures for “Net income attributable to owners of parent” after the application of the Accounting Standard for Business Combinations.

A faint, stylized world map is visible in the background, showing the outlines of continents. The map is centered on the Atlantic Ocean.

Summary of 2nd Quarter Consolidated Business Performance for Fiscal Year Ending March 31, 2022

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 2nd Quarter Consolidated Business
Performance for Fiscal Year Ending March 31, 2022

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Positive factors Negative factors

P/L

Net Sales totaled 13,867 million yen (an increase of 23.6%)
【Record high】

Domestic net sales totaled 6,631 million yen (a decrease of 1.2%)

- In the dental business, although sales of new products launched in the market since the previous fiscal year contributed to sales and led to an increase, changes in the accounting standards meant that sales posted were lower than when the previous standards are used, and thus sales were down 0.2%.
- In the domestic nail business, due to the impact of restrictions on activities with the reemergence of infections and as a result of the tapering of stay-at-home demand, we saw a decrease in sales of our mainstay gel nail-related products, resulting in a decrease in sales by 10.2%.

Overseas net sales totaled 7,235 million yen (an increase of 60.5%)

- In the overseas sales in the dental business, the impact of COVID-19 have eased, enabling us to expand sales of existing products primarily in North America, Europe and China and resulting in favorable sales in various regions. Moreover, due to the positive impact of foreign exchange fluctuations, sales in the overseas dental business increased by 66.9%.
- In the overseas nail business, although online sales were favorable thanks to proactive promotional activities using social media in the US, sales in Taiwan decreased due to the rapid spread of infections, resulting in the overall sales decrease by 1.1%.

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Consolidated business performance for the second quarter of the fiscal year ending March 31, 2022 saw sales and profits increase compared to both the previous period and the forecast. Also, net sales, operating income, ordinary income and profit all reached record highs for a six months period. Slide No. 5 shows the contributing factors for the increases over the previous period.

Net sales was 13,867 million yen, an increase of 23.6%. Domestic net sales decreased by 1.2%, to 6,631 million yen and overseas net sales increased by 60.5%, to 7,235 million yen.

In our domestic dental business, a dentine bonding product for dental use launched during the period under review and a product of CAD/CAM related new material launched during previous fiscal year, among other products contributed to sales, making for increased sales over the corresponding period of the previous consolidated fiscal year. However, the impact of the Accounting Standard for Revenue Recognition, which was adopted this fiscal year, resulted in 80 million yen less in sales posted than when the previous standards are used, and thus sales were down 0.2%.

Domestic sales in our nail care business decreased by 10.2%, due to the impact of restrictions on activities with the reemergence of infections and as a result of the tapering of stay-at-home demand, we saw a decrease in sales of our mainstay gel nail-related products.

Looking overseas, in our dental business, sales significantly increased by 66.9% due to the impact of COVID-19 have eased, enabling us to expand sales of existing products primarily in North America, Europe and China and resulting in favorable sales in various regions, and the positive impact of foreign exchange fluctuations.

In the overseas nail care business, although online sales were favorable thanks to proactive promotional activities using social media in the US, sales in Taiwan decreased due to the rapid spread of infections, resulting in the overall sales decreased by 1.1%.

Summary of Business Performance (Comparison with Previous Period)

Summary of 2nd Quarter Consolidated Business
Performance for Fiscal Year Ending March 31, 2022

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Positive factors Negative factors

P/L

⇒ Operating income totaled 2,000 million yen **[Record high]**

■ Operating income rose 120.9% thanks to a growth in sales despite an increase in selling, general, and administrative expenses owing to the gradual relaxation of restrictions on sales activities.

⇒ Ordinary income totaled 2,130 million yen **[Record high]**
and Net income totaled 1,506 million yen **[Record high]**

■ Ordinary income increased by 138.9% after increased earnings growth was experienced thanks to decrease in non-operating expenses.
Net income rose 164.9%.

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Operating income increased by 120.9% from the corresponding period of the previous consolidated fiscal year thanks to a growth in sales and to a rise in gross profit due to the increase in the overseas sales ratio despite an increase in selling, general, and administrative expenses owing to the gradual relaxation of restrictions on sales activities.

The impact of the stock issuance expenses and other posted in the previous fiscal year was no longer a factor this fiscal year and non-operating expenses decreased. As a result, income increased more and ordinary income increased by 138.9%.

Profit attributable to owners of parent, after deducting tax expenses, was 1,506 million yen, an increase of 164.9%,

As a result of these factors, net sales, operating income, ordinary income and profit all reached record highs. The sales gains can be primarily attributed to success in establishing sales networks in overseas regions, which we have worked on up until now, as well as steady recovery in demand from the COVID-19 pandemic. However, other factors were delays in the supply of some products by other companies in the same industry as well as one-off demand occurring due to a stockpiling of distribution inventory and other factors, which had been low, during the pandemic. On the income side, restrictions on sales activities have gradually eased compared to the previous fiscal year, but major exhibitions have been canceled and postponed, and we are concerned about ongoing restrictions on advance investments to expand business, such as introductory sessions for Shofu products to customers and dental professionals.

Summary of 2nd Quarter Business Performance

Summary of 2nd Quarter Consolidated Business Performance for Fiscal Year Ending March 31, 2022



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

Units: millions of yen,
%

| | Fiscal March 2021 (2Q Results) (% of sales) | Fiscal March 2022 (2Q Forecast) (% of sales) | Fiscal March 2022 (2Q Results) (% of sales) | Change from Previous Period (% change) | Change from Forecast (% change) |
|-----------------------------|---|--|---|--|---------------------------------------|
| Sales | 11,217 (100.0) | 13,599 (100.0) | 13,867 (100.0) | 2,650 (23.6) | 267 (2.0) |
| (Domestic sales) | 6,710 (59.8) | 6,726 (49.5) | 6,631 (47.8) | -78 (-1.2) | -94 (-1.4) |
| (Overseas sales) | 4,507 (40.2) | 6,873 (50.5) | 7,235 (52.2) | 2,728 (60.6) | 361 (5.3) |
| Operating income | 905 (8.1) | 1,462 (10.8) | 2,000 (14.4) | 1,095 (120.9) | 538 (36.8) |
| Ordinary income | 891 (7.9) | 1,544 (11.4) | 2,130 (15.4) | 1,238 (138.9) | 585 (37.9) |
| Net income | 568 (5.1) | 1,008 (7.4) | 1,506 (10.9) | 938 (164.9) | 498 (49.4) |
| Net income per share | 33.44yen | 56.78yen | 84.79yen | 51.35yen | 28.01yen |
| Return on equity | 2.2% | — | 4.9% | 2.7P | — |
| Foreign exchange rates | | | | | |
| US dollar | 106.68 | 110.25 | 110.18 | 3.50 | -0.07 |
| Euro | 121.36 | 131.69 | 130.97 | 9.61 | -0.72 |
| Pound sterling | 135.04 | 153.20 | 152.49 | 17.45 | -0.71 |
| Renminbi | 15.37 | 16.63 | 16.63 | 1.26 | 0.00 |

* As for the 2Q forecast for the fiscal year ending March 2022, it is the forecast announced on July 28, 2021.
* Based on the results of the first half ended on September 30, 2021, diluted earnings per shares for fiscal March 2022 results is 84.52 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 revised forecasts released on July.28th, this year.

Net sales increased by 267 million yen, or 2.0%, compared to the forecast.

In the domestic business, we had expected results to be in line with the initial forecasts, released on May 14, 2021, but sales decreased by 66 million yen or 1.1% in the dental business and decreased by 24 million yen, or 3.7% in the nail business, so that overall sales were down 94 million yen, or 1.4%.

In the overseas business, demand recovered from the pandemic more than initially expected, so the Company was able to achieve earnings in all regions that exceeded the forecasts that had been revised upward on July 28. As a result, overall sales increased by 361 million yen, or 5.3%.

In terms of income, operating income was 538 million yen, or 36.8%, above the forecasts because SG&A expenses decreased, primarily because sales activities continued to be restricted during the pandemic.

Also, ordinary income was 585 million yen, or 37.9% and net income was 498 million yen, or 49.4%, above each forecast.

Sales by Product Category (Comparison with Previous Period)

Summary of 2nd Quarter Consolidated Business
Performance for Fiscal Year Ending March 31, 2022



Unit: millions of yen

Figures in parentheses represent percentage changes; unit: %

| | Fiscal March 2021 (2Q Results) | Fiscal March 2022 (2Q Results) | Change from previous period | | |
|------------------------------|--------------------------------------|--------------------------------------|-----------------------------|------------|--------------|
| | | | | Domestic | Overseas |
| Artificial teeth | 1,910 | 2,531 | 621 (32.5) | 20 | 600 |
| Abrasives | 1,653 | 2,300 | 647 (39.2) | 57 | 590 |
| Metal products | 108 | 110 | 2 (2.4) | 3 | -1 |
| Chemical products | 2,563 | 3,786 | 1,222 (47.7) | 78 | 1,144 |
| Cements and others | 886 | 1,193 | 306 (34.6) | 10 | 296 |
| Equipment and others | 2,919 | 2,841 | -78 (-2.7) | -181 | 102 |
| Dental business total | 10,042 | 12,764 | 2,722 (27.1) | -11 | 2,733 |
| Nail care business | 1,136 | 1,058 | -77 (-6.9) | -73 | -4 |
| Other | 38 | 44 | 5 (15.3) | 5 | 0 |
| Total | 11,217 | 13,867 | 2,650 (23.6) | -78 | 2,728 |

*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 +440 million yen.

(Dental business +415 million yen, Nail care business +24 million yen)

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Slide No. 8 shows net sales by product category in comparison to the previous period.

Overall, sales increased 2,650 million yen, of which sales in the dental business increased by 2,722 million yen, sales in the nail business decreased by 77 million yen, and sales of other business increased by 5 million yen.

In the domestic dental business, sales of equipment and other fell due to changes to the treatment of overseas goods purchased, but new products such as dentine bonding for dental use and CAD/CAM-related materials that were launched in the market since the previous fiscal year contributed to sales. As a result, sales essentially increased over the previous fiscal year, but due to changes in the accounting standards, sales were 80 million yen lower compared to the previous standards, which resulted in a modest 11 million yen, or 0.2%, decline in sales.

In the overseas dental business, efforts to establish a sales network and reinforce the supply system, which the Company has been working so far, bore results in overseas regions, and in addition to success in taking advantage of the recovery in demand since the pandemic, exchange rates had a positive effect. As a result, the business was able to record major growth of 2,733 million yen, or 66.9%.

Sales by Segment (Comparison with Forecast)

Summary of 2nd Quarter Consolidated Business
Performance for Fiscal Year Ending March 31, 2022



Unit: millions of yen

Figures in parentheses represent percentage changes; unit: %

| | Fiscal March 2022 (2Q Forecast) | Fiscal March 2022 (2Q Results) | Change from Forecast | | |
|-----------------------|---------------------------------------|--------------------------------------|----------------------|----------|----------|
| | | | | Domestic | Overseas |
| Dental business total | 12,412 | 12,764 | 352 (2.8) | -66 | 418 |
| Nail care business | 1,139 | 1,058 | -81 (-7.1) | -24 | -56 |
| Other | 47 | 44 | -3 (-6.8) | -3 | 0 |
| Total | 13,599 | 13,867 | 267 (2.0) | -94 | 361 |

*As for the 2Q forecast for the fiscal year ending March 2022, it is the forecast announced on July 28, 2021.

*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 +440 million yen. (Dental business +415 million yen, Nail care business +24 million yen)

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Slide No. 9 shows net sales and operating income by segment in comparison to the forecasts.

Overall, sales rose 267 million yen, of which sales in the dental business increased by 352 million yen, sales in the nail care business decreased by 81 million yen, and sales in the other business decreased by 3 million yen.

Domestic Sales



■ Positive factors ■ Negative factors

- **Dental business—year on year decrease of 11 million yen(-0.2%)**
 - New chemical products launched since the previous fiscal year contributed to sales, and although sales actually increased as a result, sales ended up falling due to the impact of changes in accounting standards.
- **Nail care business—year on year decrease of 73 million yen(-10.2%)**
 - Due to the impact of restrictions on activities with the reemergence of infections and as a result of the tapering of stay-at-home demand, we saw a decrease in sales of our mainstay gel nail-related products, resulting in a decrease in sales.
- **Other business—year on year increase of 5 million yen(+15.3%)**
- **Principal new products launched during recent fiscal year (dental business)**
 - **Dentine bonding product for dental use**
SHOFU BeautiBond Xtreme (Chemical products)
 - **Resin material for dental cutting processing**
SHOFU BLOCK HC HARD II (Chemical Products)
SHOFU BLOCK HC HARD AN (Chemical Products)
 - **Dental multi-purpose ultrasonic therapy machine**
MERSSAGE E-PICK (Equipment and others)

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



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■ Dental ■ Nail care ■ Other 10

Overseas Sales

Summary of 2nd Quarter Consolidated Business Performance for Fiscal Year Ending March 31, 2022

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

Positive factors Negative factors

North America and Latin America:

Year on year increase of 767 million yen(+75.7%)

- All products line, particularly chemical products and abrasives products contributed to sales.
- Local currency basis: Year-on-year increase 709 million yen(+70.0%)

Europe:

Year on year increase of 1,039 million yen (+58.3%)

- All products line, particularly chemical products and artificial teeth contributed to sales.
- Local currency basis: Year-on-year increase 820 million yen(+46.0%)

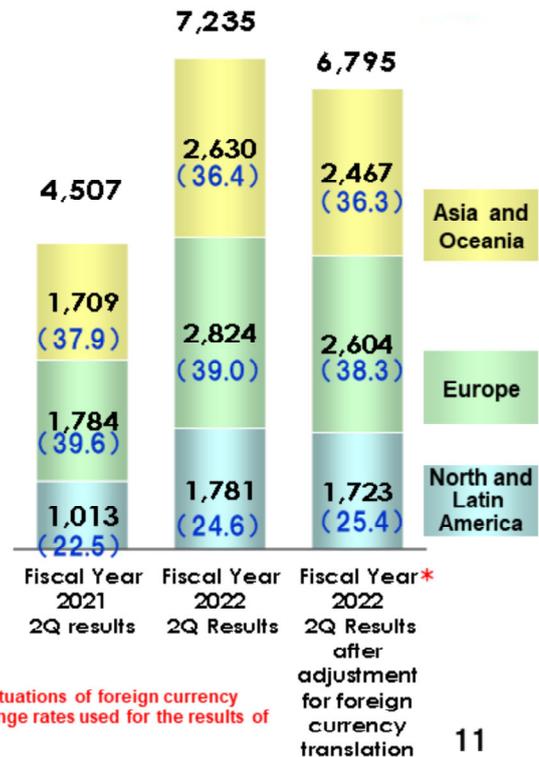
Asia and Oceania:

Year on year increase of 921 million yen (+53.9%)

- In China, sales of all product lines were strong, primarily for chemical products and artificial teeth.
- In other Asian markets, sales of all products were strong, primarily for chemical products.
- Local currency basis: Year-on-year increase 758 million yen(+44.4%)
- (China): Year on year increase 690 million yen (+77.5%)
- (Elsewhere in Asia) Year on year increase 231 million yen (+28.3%)

(Dental business) Overseas sales ratio of 53.4%:

40.7% for the same quarter of the previous fiscal year; 51.9% after adjustment for fluctuations of foreign currency exchange rates)



* The results of the quarter under review after adjustment for fluctuations of foreign currency exchange rates have been calculated based on the same exchange rates used for the results of the fiscal year ended March 2021.

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

In each region, sales increased significantly due to the recovery in demand from the COVID-19 pandemic.

In North America and South and Central America, sales were up 767 million yen, or 75.7% due to the strong performances of all product lines, particularly chemical products and abrasive products and to the positive impact of exchange rates.

In Europe, sales were up 1,039 million yen, or 58.3% due to the strong performances of all product lines, particularly chemical products and artificial teeth and to the positive impact of exchange rates.

In Asia and Oceania, sales overall were up 921 million yen, or 53.9%.

By region, in China, all product lines, and particularly chemical products and artificial teeth were strong performers and the foreign exchange effect was positive, resulted in a sales increase of 690 million yen, or 77.5%.

In other Asian markets, almost all product lines were strong, particularly chemical products and the foreign exchange effect was positive. Thus, sales were up 231 million yen, or 28.3%.

Performance by Segment (Sales and Operating Income)

Summary of 2nd Quarter 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 (2Q Results) Amount (% of sales) | Fiscal March 2022 (2Q Forecast) Amount (% of sales) | Fiscal March 2022 (2Q Results) Amount (% of sales) | Change from Previous Period | Change from Forecast |
|---|---|--|---|--|--------------------------------|-------------------------|
| Dental | Net Sales | 10,042 | 12,412 | 12,764 | 2,722 | 352 |
| | Operating expenses | 9,249 | — | 10,836 | 1,586 | — |
| | Operating income (operating income margin) | 793 (7.9) | — | 1,928 (15.1) | 1,135 | — |
| Nail care | Net Sales | 1,136 | 1,139 | 1,058 | -77 | -81 |
| | Operating expenses | 1,028 | — | 991 | -37 | — |
| | Operating income (operating income margin) | 108 (9.5) | — | 67 (6.4) | -40 | — |
| Other | Net Sales | 40 | 47 | 47 | 6 | 0 |
| | Operating expenses | 39 | — | 45 | 6 | — |
| | Operating income (operating income margin) | 1 (3.8) | — | 1 (4.1) | 0 | — |
| Total before consolidation adjustment | Net Sales | 11,219 | 13,599 | 13,870 | 2,651 | 270 |
| | Operating expenses | 10,316 | — | 11,872 | 1,555 | — |
| | Operating income (operating income margin) | 902 (8.0) | — | 1,997 (14.4) | 1,095 | — |
| Consolidated | Net Sales | 11,217 | 13,599 | 13,867 | 2,650 | 267 |
| | Operating expenses | 10,311 | 12,137 | 11,866 | 1,555 | -270 |
| | Operating income (operating income margin) | 905 (8.1) | 1,462 (10.8) | 2,000 (14.4) | 1,095 | 538 |

*As for the 2Q forecast for the fiscal year ending March 2022, it is the forecast value announced on July 28, 2021.

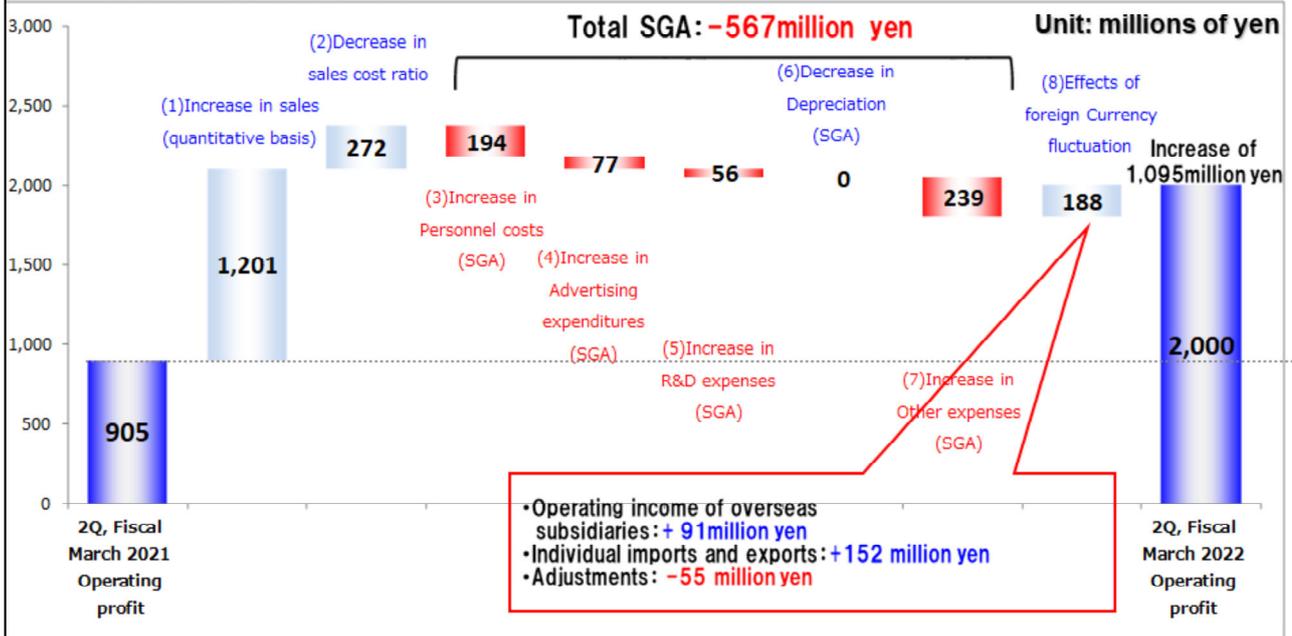
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Slide No. 12 shows that net sales and operating income by segment in comparison to the previous period and the forecasts.

Net sales are as described before. Operating income increased by 1,095 million yen year on year due to the sales increase in the dental business.

Contributors to Change in Operating Income



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

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

Operating income increased significantly by 1,095 million yen or 120.9%.

Restrictions on sales activities that were imposed during the pandemic have gradually been eased, so activity expenses (which are included in SG&A expenses) increased, but sales rose significantly, the utilization rate improved, and overseas sales, which have a higher profitability rate, accounted for a higher percentage of overall sales. As a result, the sales cost ratio fell, and was the main factor behind higher income.

Financial Condition: Major Balance Sheet Accounts

Summary of 2nd Quarter Consolidated Business
Performance for Fiscal Year Ending March 31, 2022



Unit: millions of yen

| | Fiscal March 2021 | 2Q,Fiscal March 2022 | Change | Major contributors to changes, special notes |
|--|-------------------|----------------------|-------------|--|
| Cash and deposits | 6,943 | 7,349 | 406 | |
| Notes and bills receivable, trade accounts receivable | 3,205 | 3,212 | 6 | |
| Inventory | 7,078 | 7,470 | 392 | Increase in merchandises and finished goods, raw materials |
| Securities, investment securities | 9,977 | 9,882 | -94 | |
| Others | 10,608 | 10,876 | 268 | Increase in property, plant and equipment, intangible assets. Increase advance payments and prepaid expenses |
| Assets | 37,813 | 38,792 | 978 | |
| Long-term and short-term borrowings | 1,874 | 1,613 | -261 | Decrease in long-term and short-term Loans payable |
| Reserve for retirement benefits and directors' retirement benefits | 252 | 256 | 3 | |
| Others | 5,488 | 5,373 | -115 | Decrease in accounts payable and long term deferred tax liabilities. Increase in accrued income tax. |
| Liabilities | 7,614 | 7,242 | -372 | |

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

Total assets increased by 978 million yen to 38,792 million yen. The primary factors were increases in cash and deposits, merchandises and finished goods.

Total liabilities decreased by 372 million yen to 7,242 million yen and the primary factors were decrease loans payable.

Total net assets increased by 1,351 million yen to 31,549 million yen. The primary factors were increases in retained earnings.

As a result of the above, the capital-to-assets ratio rose to 80.9%, an increase of 1.5 points from the end of the previous consolidated fiscal year.

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

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

Summary of 2nd Quarter Consolidated Business
Performance for Fiscal Year Ending March 31, 2022



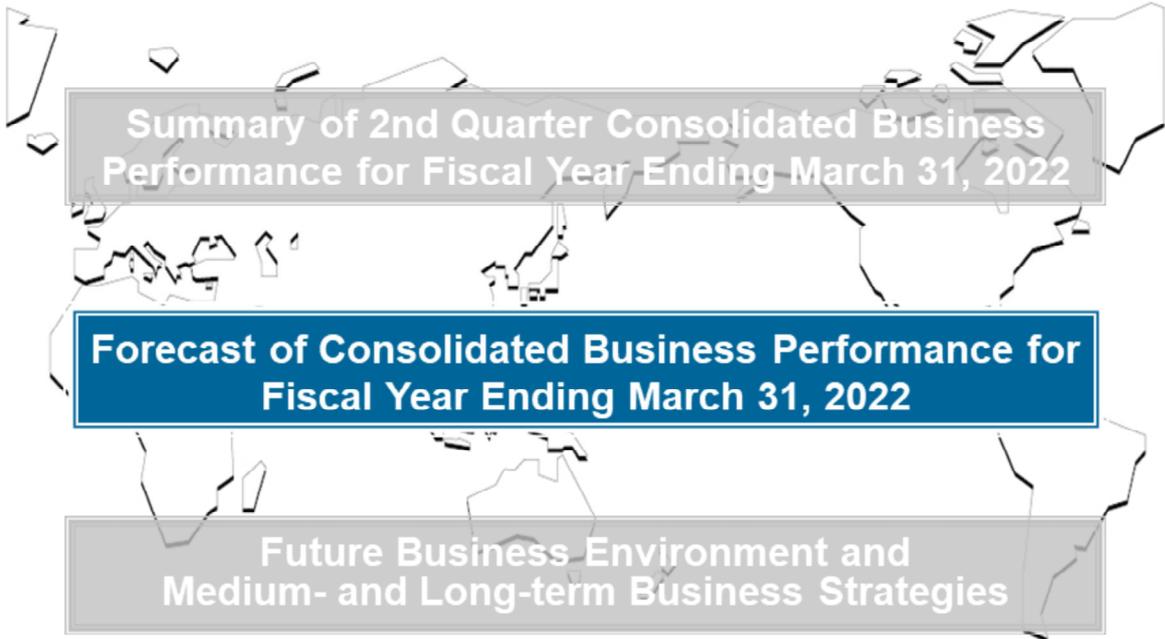
Unit: millions of yen

| | Fiscal March 2021 (2Q Results) | Fiscal March 2022 (2Q Forecast) | Fiscal March 2022 (2Q Results) | Change from Previous Period | Change from Forecast |
|---|--------------------------------------|---------------------------------------|--------------------------------------|-----------------------------------|----------------------------|
| Capital investment | 506 | 1,079 | 563 | 57 | -516 |
| Depreciation expenses (of which amortization of goodwill) | 429 0 | 457 0 | 421 0 | -8 0 | -36 0 |
| R&D expenses | 722 | 724 | 785 | 63 | 61 |
| Foreign exchange rates | | | | | |
| US dollar | 106.68 | 110.25 | 110.18 | 3.50 | -0.07 |
| Euro | 121.36 | 131.69 | 130.97 | 9.61 | -0.72 |
| Pound sterling | 135.04 | 153.20 | 152.49 | 17.45 | -0.71 |
| Renminbi | 15.37 | 16.63 | 16.63 | 1.26 | 0.00 |

• 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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A faint, stylized world map is visible in the background, showing the outlines of continents and some internal lines.

Summary of 2nd Quarter Consolidated Business Performance for Fiscal Year Ending March 31, 2022

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 Full year forecast

<Comparison to the previous period>

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



■ Positive factors ■ Negative factors

P/L

⇒ Net sales will total 27,710 million yen (an increase of 12.3%) **[Record high]**

* 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 13,519 million yen (a decrease of 1.6%)

■ In the dental business, we will pursue targeted sales activities focused on CAD/CAM products, which are expected to attract demand, and key areas. Also, we 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 1.8% (-219 million yen)**.

■ In the nail business, we expect sales to **fall 0.7% (-9 million yen)** despite the promotion of flagship product lines of gel nail.

Overseas net sales will total 14,191 million yen (an increase of 29.6%)

■ In the dental business, temporary demand attributable to an increase in distribution inventory and other factors wound down, but the level of business activity, which fell due to the impact of COVID-19, recovered together with an expansion of sales activities online, and sales increased in all regions. As a result, **sales rose 33.1% (up 3,332 million yen)**.

■ In the overseas nail care business, although sales are expected to remain solid in North America, we expect sales to decline in Taiwan due to the rapid spread of infections. As a result, we expect sales to **decrease by 4.3% (-96 million yen)**.

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Slide No. 17 and 18 shows the business forecast for the fiscal year ending March 2022, which was revised and announced on October 26th this year, compared to the previous period.

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

Initially, sales 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. Based on overseas trends, where demand is recovering more than we expected, sales are expected to increase 12.3 % year on year to 27,710 million yen.

Broken down, domestic net sales will be 13,519 million yen, a decrease of 1.6%, and overseas net sales will be 14,191 million yen, an increase of 29.6%.

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, we will expand sales activities online due to the recovery in demand from the COVID-19 pandemic 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 due to the rapid spread of infections.

Overview of the Full year forecast

<Comparison to the previous period>

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



■ Positive factors ■ Negative factors

P/L

⇒ Operating income will total 3,011 million yen. **【Record high】**

■ Operating income will **increase by 30.9%** thanks to a growth in sales despite an increase in selling, general, and administrative expenses owing to the gradual relaxation of restrictions on sales activities due to the COVID-19 infection.

⇒ Ordinary income will total 3,199 million yen and net income will total 2,227 million yen. **【Record high】**

■ Ordinary income will **increase by 26.8%** and net income after deducting tax expenses will rise **33.0%**.

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In terms of income, we expect higher sales, but we forecast an increase in selling, general and administrative expenses due to spending on proactive sales activities owing to the gradual relaxation of restrictions on 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, operating income will be 710 million yen, an increase of 30.9%

Also, we expect ordinary income to be 675 million yen, an increase 26.8% and net income to be 553 million yen, an increase 33.0%.

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 Results (% of sales) | Fiscal March 2022 Forecast | | | Year-on-year Change (% change) |
|-----------------------------|--|----------------------------|--------------------------------|---------------------------------|--------------------------------------|
| | | 2Q Results (% of sales) | 3Q-4Q Forecast (% of sales) | Yearly Forecast (% of sales) | |
| Sales | 24,680 (100.0) | 13,867 (100.0) | 13,843 (100.0) | 27,710 (100.0) | 3,030 (12.3) |
| (Domestic sales) | 13,733 (55.6) | 6,631 (47.8) | 6,887 (49.8) | 13,519 (48.8) | -213 (-1.6) |
| (Overseas sales) | 10,946 (44.4) | 7,235 (52.2) | 6,955 (50.2) | 14,191 (51.2) | 3,244 (29.6) |
| Operating profit | 2,300 (9.3) | 2,000 (14.4) | 1,010 (7.3) | 3,011 (10.9) | 710 (30.9) |
| Ordinary profit | 2,523 (10.2) | 2,130 (15.4) | 1,069 (7.7) | 3,199 (11.5) | 675 (26.8) |
| Net profit | 1,674 (6.8) | 1,506 (10.9) | 720 (5.2) | 2,227 (8.0) | 553 (33.0) |
| Net profit per share | 96.29yen | 84.79yen | 40.49yen | 125.26yen | 28.97yen |
| Return on equity | 6.2% | 4.9% | — | 7.2% | — |
| Foreign exchange rates | | | | | |
| US dollar | 106.17 | 110.18 | 111.91 | 110.99 | 4.82 |
| Euro | 123.73 | 130.97 | 129.91 | 130.46 | 6.73 |
| Pound sterling | 138.68 | 152.49 | 150.28 | 151.54 | 12.86 |
| Renminbi | 15.44 | 16.63 | 17.17 | 16.89 | 1.45 |

SHOFU INC.

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Slide No. 19 shows the primary items of profit and loss 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 178 million yen lower for sales and 151 million yen lower for operating income, compared to the figures when calculating with our previous standards.

Sales by Segment

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 | | Year-on-Year Change | |
|-----------------------|------------------------------|----------------------------|-----------------|------------------------|---------------------|
| | | 2Q Results | Yearly-Forecast | | |
| Dental business total | 22,334 | 12,764 | 12,683 | 25,447 | 3,112 (13.9) |
| Nail care business | 2,268 | 1,058 | 1,113 | 2,171 | -96 (-4.3) |
| Other | 76 | 44 | 47 | 91 | 15 (19.9) |
| Total | 24,680 | 13,867 | 13,843 | 27,710 | 3,030 (12.3) |

- Overseas sales increased by 815 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 +768 million yen, Nail care business +47 million yen)

Domestic Net Sales

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



- ◇ Dental business
 - **Year on year decrease of 219 million yen(-1.8%)**
 - We will carry out sales activities focused on CAD/CAM related products which are prospective demand and will also develop information activities aimed at dental professionals to use online.
- ◇ Nail care business
 - **Year on year decrease of 9 million yen(-0.7%)**
 - We will promote sales increase of flagship products line of gel nail products.
- ◇ Other business
 - **Year-on-year increase of 15 million yen(+19.9%)**
- ◇ Principal new products (dental business)
 - **Dentine bonding material for dental BeautiBond Xtreme** (Chemical products)
 - **Resin material for dental cutting processing** (Chemical products)
SHOFU BLOCK HC HARD II
SHOFU BLOCK HC HARD AN
 - **Dental multi-purpose ultrasonic therapy machine**
MERSSAGE E-PICK(Equipment and others)

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



SHOFU INC.

■ Dental ■ Nail care ■ Other 21

Overseas Net Sales

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



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 **29.6% increase** in sales overall.

- Growth rates by region

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

| | |
|-------------------------|-----------------|
| North and Latin America | +34.6% (+28.7%) |
| Europe | +27.8% (+20.7%) |
| China | +39.4% (+27.5%) |
| Asia (Other) | +14.3% (+ 9.4%) |

Foreign exchange rates

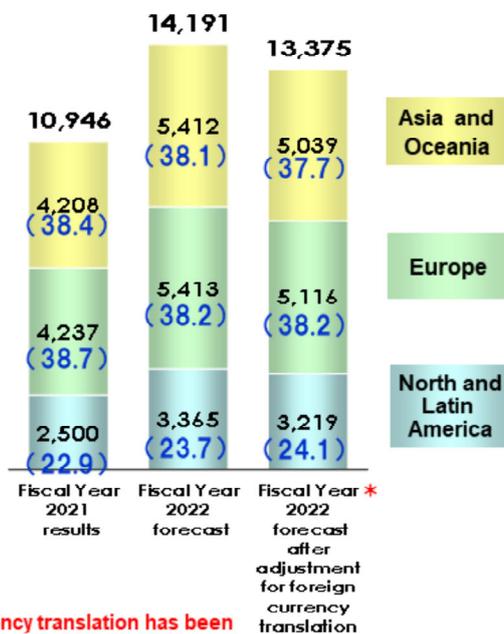
- USD1=JPY110.99
 - (JPY106.17 in the previous year)
 - (Effect:+168 million yen)
- Euro1=JPY130.46
 - (JPY123.73 in the previous year)
 - (Effect:+252 million yen)
- RMB1=JPY16.89
 - (JPY15.44 in the previous year)
 - (Effect:+284 million yen)

(Dental business)Overseas sales ratio:52.7%

45.1% in the previous fiscal year

51.2% after foreign currency translation adjustment

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



Summary of Full year forecast

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



⇒ Net sales trend for Japan and overseas regions compared to same period in previous year and to forecasts.

| | 1Q result | 2Q result | 3Q forecast | 4Q forecast | 1Q-2Q result | 3Q-4Q forecast | Full year forecast |
|---|--------------|--------------|----------------|----------------|------------------|-------------------|-----------------------|
| Domestic and Overseas Total | 42.9% | 8.8% | 6.8% | ▲0.9% | 23.6% (2.0%) | 2.8% (2.5%) | 12.3% (2.2%) |
| Domestic <small>(comparison with the previous estimation)</small> | 4.3% | ▲6.0% | 0.7% | ▲4.4% | ▲1.2% (▲1.4%) | ▲1.9% (▲0.1%) | ▲1.6% (▲0.8%) |
| Overseas <small>(comparison with the previous estimation)</small> | 113.8% | 27.6% | 13.6% | 2.8% | 60.5% (5.3%) | 8.0% (5.3%) | 29.6% (5.3%) |
| North and Latin America <small>(comparison with the previous estimation)</small> | 210.0% | 22.5% | 7.1% | 5.9% | 75.7% (5.3%) | 6.5% (2.0%) | 34.6% (3.7%) |
| Europe <small>(comparison with the previous estimation)</small> | 99.3% | 28.0% | 11.6% | ▲0.0% | 58.3% (8.1%) | 5.6% (5.7%) | 27.8% (7.0%) |
| China <small>(comparison with the previous estimation)</small> | 189.0% | 31.5% | 22.2% | 12.3% | 77.5% (1.7%) | 16.9% (12.1%) | 39.4% (6.9%) |
| Asia and Oceania (Other) <small>(comparison with the previous estimation)</small> | 26.5% | 30.1% | 16.6% | ▲8.6% | 28.3% (3.4%) | 2.7% (▲1.0%) | 14.3% (1.2%) |

*Forecasts are expected values announced on July 28, 2021 as revised announcement.

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Slide No.23 shows the net sales trend for Japan and overseas regions compared to same period in previous year and to forecasts.

In a comparison of overseas regions to the same period in the previous fiscal year, the growth rate in the second half is expected to decline compared to the first half, but this is because the impact of a resurgence of COVID-19 cases remains uncertain, distribution inventory in the first half of this fiscal year was restored to appropriate levels after low levels in the previous fiscal year due to the impact of the pandemic, and inventory increased due to one-off demand.

Performance by Segment (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 | 25,447 | 3,112 |
| | Operating expenses | 20,243 | — | — |
| | Operating income (operating income margin) | 2,091 (9.4) | — | — |
| Nail care | Net Sales | 2,268 | 2,171 | -96 |
| | Operating expenses | 2,067 | — | — |
| | Operating income (operating income margin) | 201 (8.9) | — | — |
| Other | Net Sales | 81 | 91 | 10 |
| | Operating expenses | 79 | — | — |
| | Operating income (operating income margin) | 2 (2.6) | — | — |
| Total before consolidation adjustment | Net Sales | 24,685 | 27,710 | 3,025 |
| | Operating expenses | 22,390 | — | — |
| | Operating income (operating income margin) | 2,294 (9.3) | — | — |
| Consolidated | Net Sales | 24,680 | 27,710 | 3,030 |
| | Operating expenses | 22,379 | 24,699 | 2,320 |
| | Operating income (operating income margin) | 2,300 (9.3) | 3,011 (10.9) | 710 |

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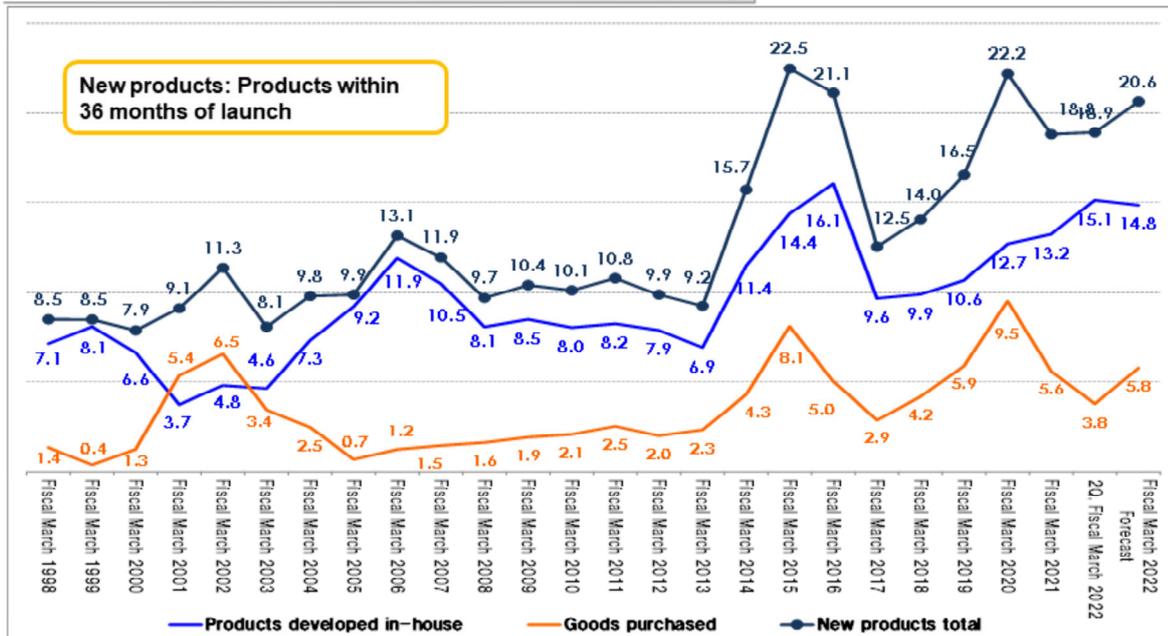
Trends for Sales Ratio of New Products

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



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

Unit: %



* As for the fiscal March 2022 forecast, this is the forecast value released on May 14, 2021.
 * Major goods purchased: Johnson & Johnson products, ultrasonic scalers and root canal treatment equipment (reamers/files)

SHOFU INC.

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Slide No. 25 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 20% 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.

During the second quarter of the fiscal year under review, "BeautiBond Xtreme," a dentine bonding product for dental use launched during the period under review and "SHOFU BLOCK HC HARD II," a resin material for dental cutting processing launched during previous fiscal year among other products, contributed to sales. The sales ratio for new products was 18.9%.

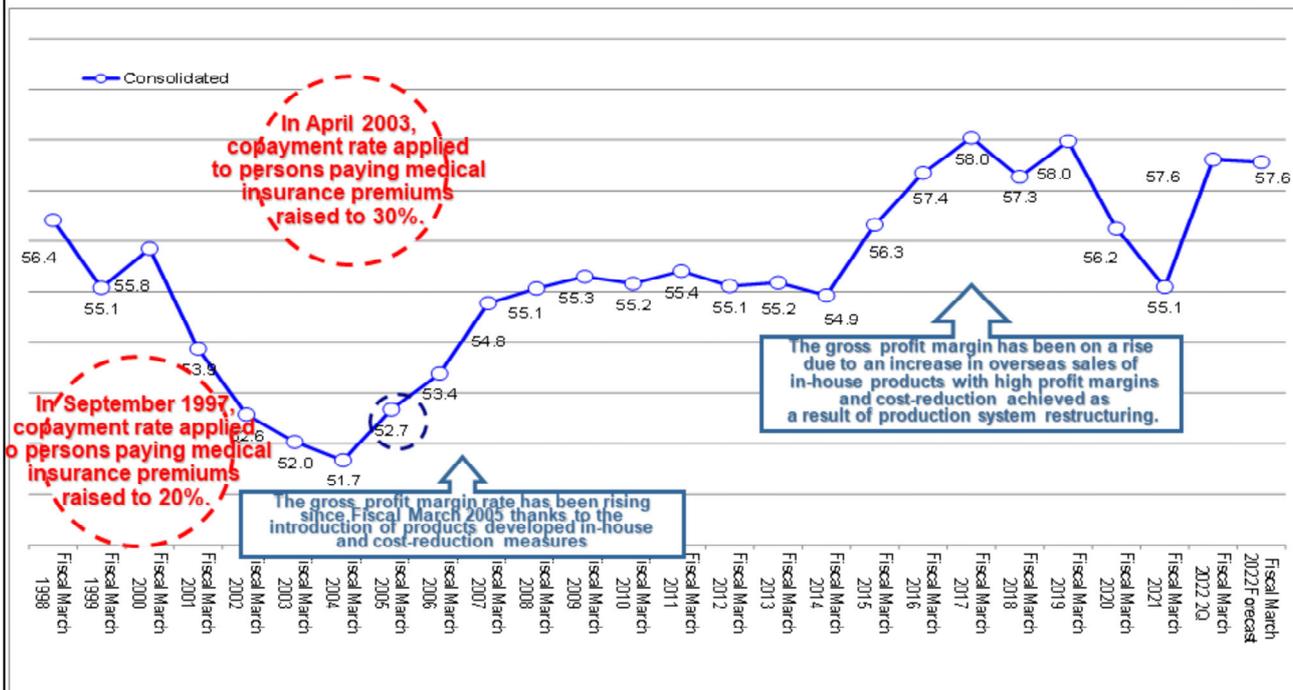
At present, the impact of the pandemic makes face-to-face sales activities for new products difficult, but we will proactively engage in online sales activities, and going forward, we will strive to increase the sales ratio of new products developed in-house.

Trends for Gross Profit Margin Rates

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



Unit: %



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Slide No. 26 shows trends for gross profit margin rates.

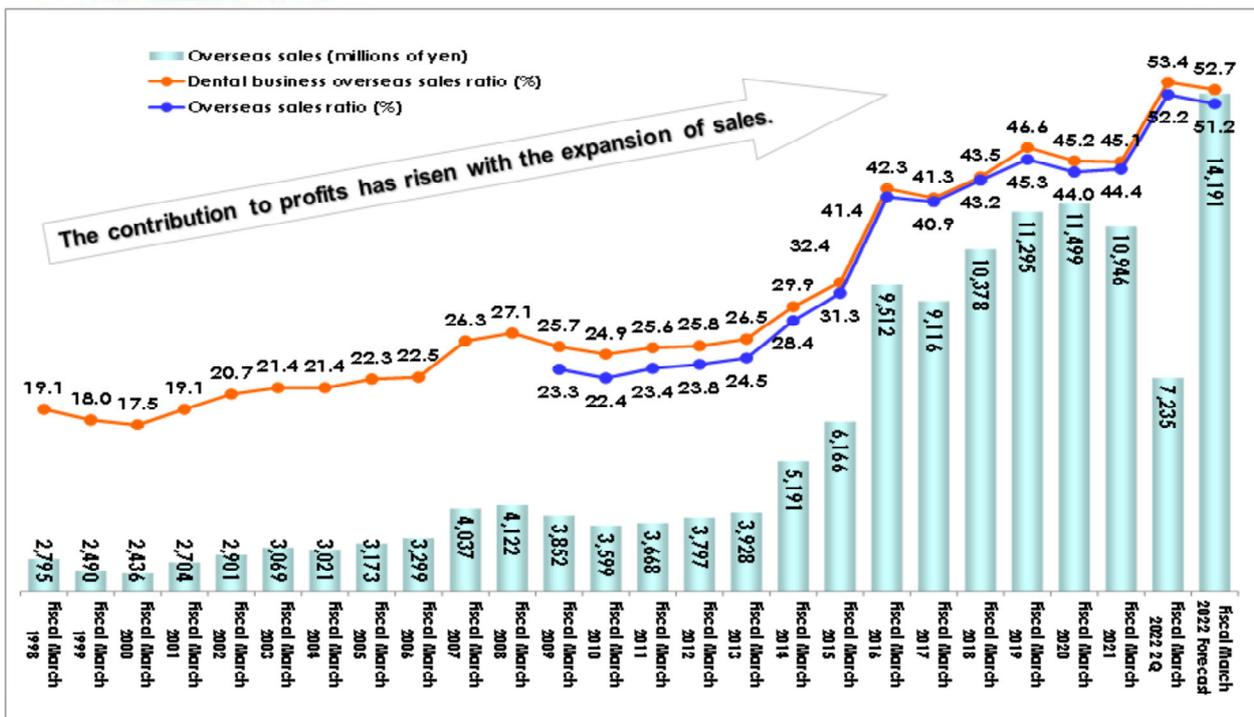
In the fiscal year ended in March 2021, the gross profit margin fell 1.1 points compared to the fiscal year ended in March 2020, due to a drop in the utilization rate caused by lower sales volume and a decline in the percentage of foreign sales, which has a higher gross profit margin rate, making up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

In comparison, in the first half of the fiscal year, primarily overseas, the recovery in demand from the pandemic was captured and sales grew significantly. In addition, the utilization rate improved due to a higher sales volume, and the percentage of foreign sales increased. As a result, the gross profit margin rate was 57.6%, 2.5% points higher than in the previous fiscal year.

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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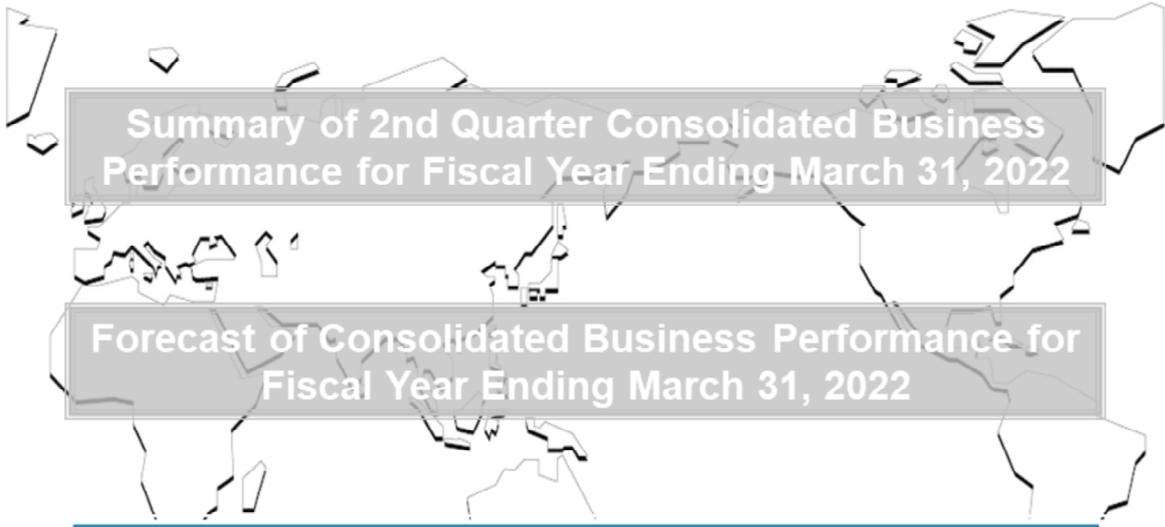
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Slide No. 27 shows trends for overseas sales and overseas sales ratios.

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 we expect to set a record high for the fiscal year ended in March 2022.

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.

A faint, stylized world map is visible in the background, showing the outlines of continents in a light gray color.

Summary of 2nd Quarter Consolidated Business Performance for Fiscal Year Ending March 31, 2022

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

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**

Slide No. 29 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.

On the other hand, overseas, 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



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

Company-wide targets

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

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

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Slide No. 30 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 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. 31 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.

I will now explain the specific efforts that we will make with respect to each issue.

Specific Efforts – Research and Development



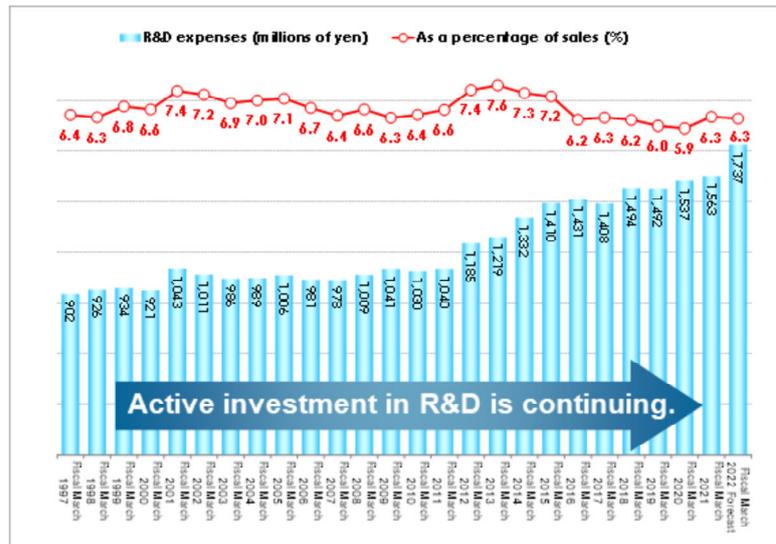
Development and introduction of new products that match the local demands

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



Slide No. 32 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.



◆ 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)

Slide No. 33 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.

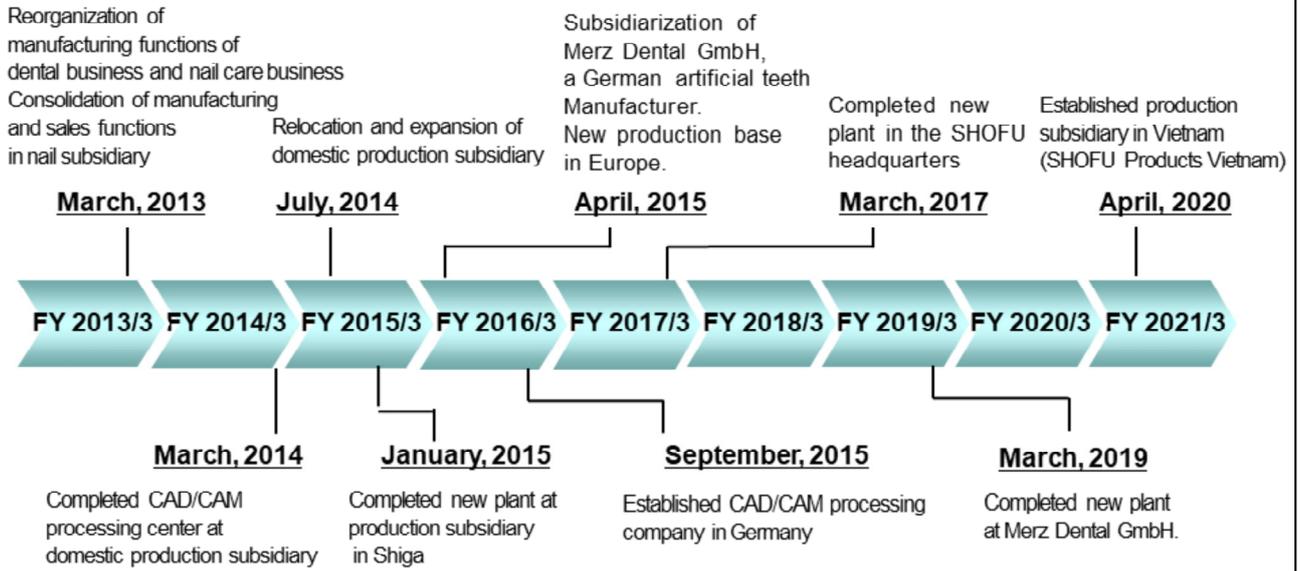
In addition, we will realign our production facilities by utilizing existing domestic subsidiaries more effectively and establishing new factories overseas with a view to (1) eliminating production capacity constraints at the head office factory, (2) selecting production items based on required production 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



✧ Relocation of production base and expansion of offshore production



Specific Efforts – Sales



◆ Improvement of our sales network

- Develop a network of overseas distributors.

◆ Realignment of sales offices

- Establish new overseas sales bases.

◆ Establishment of domestic and international academic networks

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

[Overseas sales Group companies]



Shofu Dental Corporation (U.S.A.)



Shofu Dental GMBH (Germany)



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



Shofu Dental Asia-Pacific PTE (Singapore)



Merz Dental GmbH.(Germany)

[Other overseas bases]

Sales company : Mexico, Brazil, India
Sales base : England, Taiwan, Italy

➢ Improve our customer service

➢ Enhance academic activities

➢ Speed up the product registration work

SHOFU INC.

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Slide No. 35 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.

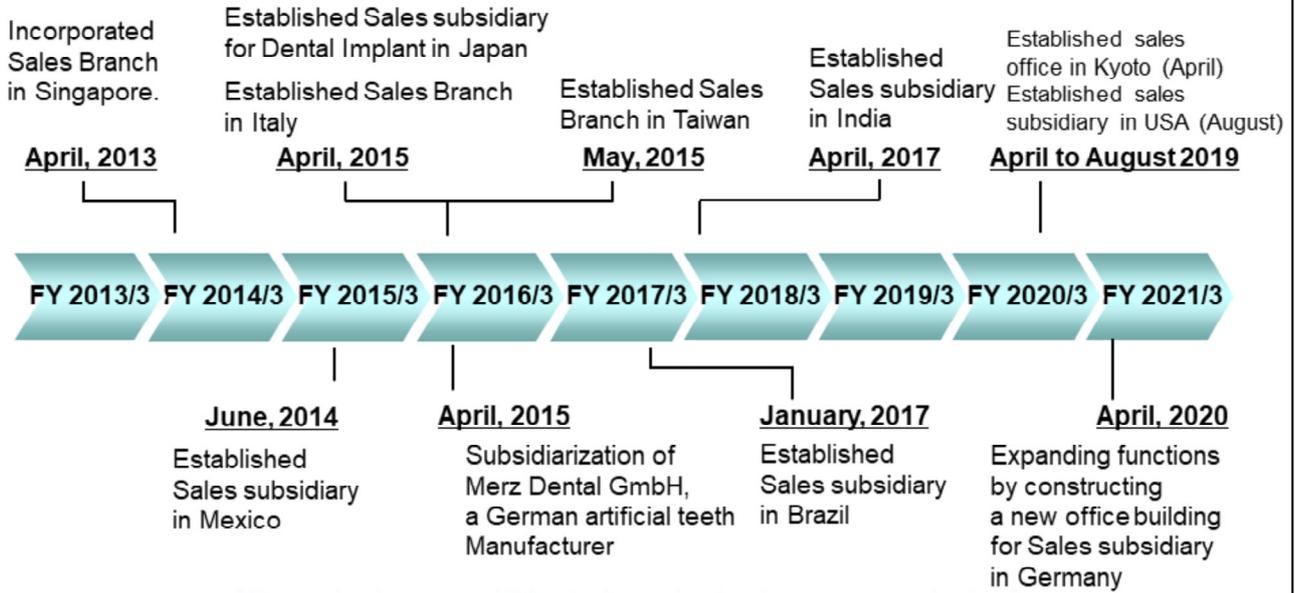
In the latest April 2021, we established a representative office in Dubai, UAE, with the aim of developing the Middle East and African markets.

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

Specific Efforts – Sales



◆ Realignment of sales offices



SHOFU INC.

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

Specific Efforts – Nail Care Business



■ 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)



SHOFU INC.

Slide No. 37 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



- 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. 38 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

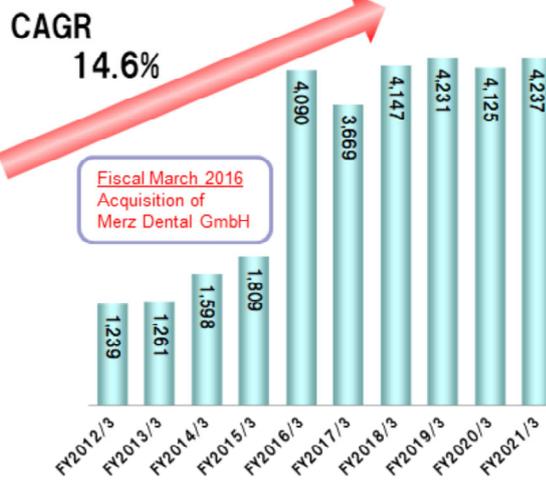
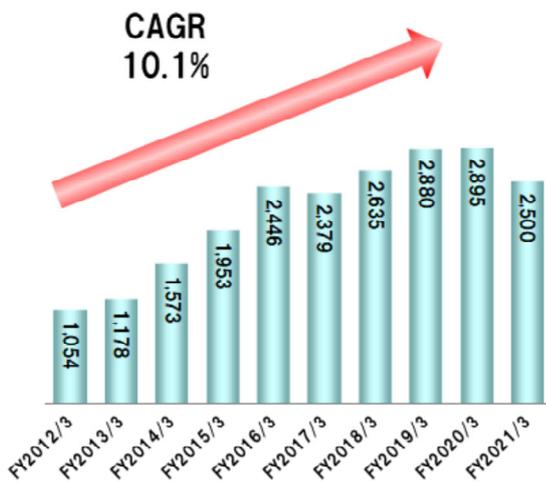
Future Business Environment and Medium- and Long-term Business Strategies



Unit: millions of yen

North & Latin America Sales

Europe Sales



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

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Slides No. 39 to No. 40 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



Unit: millions of yen

China Sales

CAGR
18.4%



Elsewhere in Asia Sales

CAGR
7.0%



SHOFU INC.

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

Medium-term Management Plan – Principle Targets

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



★...Record Unit: millions of yen

| | Fiscal March 2021 (Results) | Mid-term Management Plan | | | Fiscal March 2021 (Forecast) |
|---|-----------------------------|--------------------------|-------------------|-------------------|------------------------------|
| | | Fiscal March 2022 | Fiscal March 2023 | Fiscal March 2024 | |
| Net sales | 24,680 | 26,105 ★ | 28,097 ★ | 30,182 ★ | 27,710 |
| (Change from Previous Period) | (-5.5%) | (5.8%) | (7.6%) | (7.4%) | (12.3%) |
| (Domestic sales) | 13,733 | 13,627 ★ | 14,319 ★ | 14,745 | 13,519 |
| (Change from Previous Period) | (-6.0%) | (-0.8%) | (5.1%) | (3.0%) | (-1.6%) |
| (Overseas sales) | 10,946 ★ | 12,478 ★ | 13,777 ★ | 15,437 ★ | 14,191 |
| (Change from Previous Period) | (-4.8%) | (14.0%) | (10.4%) | (12.0%) | (29.6%) |
| Operating income | 2,300 | 1,799 | 2,017 ★ | 2,618 ★ | 3,011 |
| (Percentage of sales) | (9.3%) | (6.9%) | (7.2%) | (8.7%) | (10.9%) |
| Ordinary income | 2,523 | 1,837 | 2,064 ★ | 2,668 ★ | 3,199 |
| (Percentage of sales) | (10.2%) | (7.0%) | (7.3%) | (8.8%) | (11.5%) |
| Net income | 1,674 | 1,234 | 1,379 ★ | 1,874 ★ | 2,227 |
| (Percentage of sales) | (6.8%) | (4.7%) | (4.9%) | (6.2%) | (8.0%) |
| Dental business Overseas sales ratio | 45.1% | ★ 49.2% ★ | 50.5% ★ | 52.7% ★ | 52.7% |

SHOFU INC.

41

Slides No. 41 shows the principal targets “Fiscal 2021 to 2023, Forth Medium-term management Plan”.

On October 26, 2021, we announced our revised forecasts for the year, with sales expected to reach levels near the target for the fiscal year ending in March 2023, the second year of the Mid-term Management Plan. The income forecasts were higher than the targets for the final fiscal year.

As mentioned earlier, in the forecasts for this fiscal year, the sales forecast is due to success in establishing a sales network in all foreign regions, which has been addressed thus far, and to steadily attracting demand that has recovered from the pandemic. However, other factors were delays in the supply of some products by other companies in the same industry as well as one-off demand occurring due to a stockpiling of distribution inventory and other factors, which had been low, during the pandemic.

On the income side, restrictions on sales activities have gradually eased compared to the previous fiscal year, but major exhibitions have been canceled and postponed, and we are concerned about ongoing restrictions on advance investments to expand business, such as sales activities for Shofu products for customers and dental professionals.

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 (Forecast) | |
|-------------------------|-----------------------------|--------------|--------------------------|--------------|-------------------|--------------|-------------------|--------------|------------------------------|--------------|
| | | | Fiscal March 2022 | | Fiscal March 2023 | | Fiscal March 2024 | | | |
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| Dental business | 22,334 | 90.5 | 23,708 | 90.8 | 25,592 | 91.1 | 27,550 | 91.3 | 25,447 | 91.8 |
| Nail care business | 2,268 | 9.2 | 2,302 | 8.8 | 2,395 | 8.5 | 2,508 | 8.3 | 2,171 | 7.8 |
| Other businesses | 81 | 0.3 | 94 | 0.4 | 109 | 0.4 | 124 | 0.4 | 91 | 0.3 |
| Net sales | 24,685 | 100.0 | 26,105 | 100.0 | 28,097 | 100.0 | 30,182 | 100.0 | 27,710 | 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; conversions of items in the financial statements of overseas subsidiaries all use average rates.

SHOFU INC.

42

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 (Forecast) |
|-----------------------|-----------------------------|--------------------------|-------------------|-------------------|------------------------------|
| | | Fiscal March 2022 | Fiscal March 2023 | Fiscal March 2024 | |
| Capital investment | 1,097 | 1,730 | 2,417 | 990 | 1,588 |
| Depreciation expenses | 955 | 966 | 966 | 1,046 | 930 |
| R&D expenses | 1,563 | 1,825 | 1,852 | 1,878 | 1,737 |

- 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.

SHOFU INC.

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Slides No. 43 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.

As for partial review of dividend policy

- Dividend payout ratio : 30% or more

«New setting»

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

| Item | Business year | Fiscal March 2022 | Fiscal March 2023 | Fiscal March 2024 |
|--|-----------------------|---------------------------------|----------------------|-------------------|
| | Dividend payout ratio | | More than 30% | |
| Ratio of dividends to net assets | (DOE) | Tentative target of 1.7% | | |
| 【Reference: Key numerical targets related to dividends in the Fourth Mid-term Management Plan】 | | | | |
| Return on equity | (ROE) | 4.1% | 4.4% | 5.8% |
| Net income per share | | 69.48yen | 77.70yen | 105.53yen |
| SHOFU INC. | | | | 44 |

Slides No. 44 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



■ 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 | 125.26yen |
| 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% | 25.5% |
| Return on equity | 2.8% | 0.1% | 2.6% | 2.8% | 3.7% | 3.8% | 3.8% | 5.0% | 2.9% | 6.2% | 7.2% |
| Net assets per share | 1.146yen | 1.169yen | 1.235yen | 1.360yen | 1.340yen | 1.396yen | 1.511yen | 1.524yen | 1.491yen | 1.690yen | — |
| Ratio of dividends to net assets | 1.8% | 1.6% | 1.5% | 1.4% | 1.3% | 1.5% | 1.4% | 1.5% | 1.7% | 1.8% | — |

Slide No. 45 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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Higashiyama-ku, Kyoto 605-0983, Japan

Phone: +81-75-561-1112

Fax: +81-75-561-1227

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

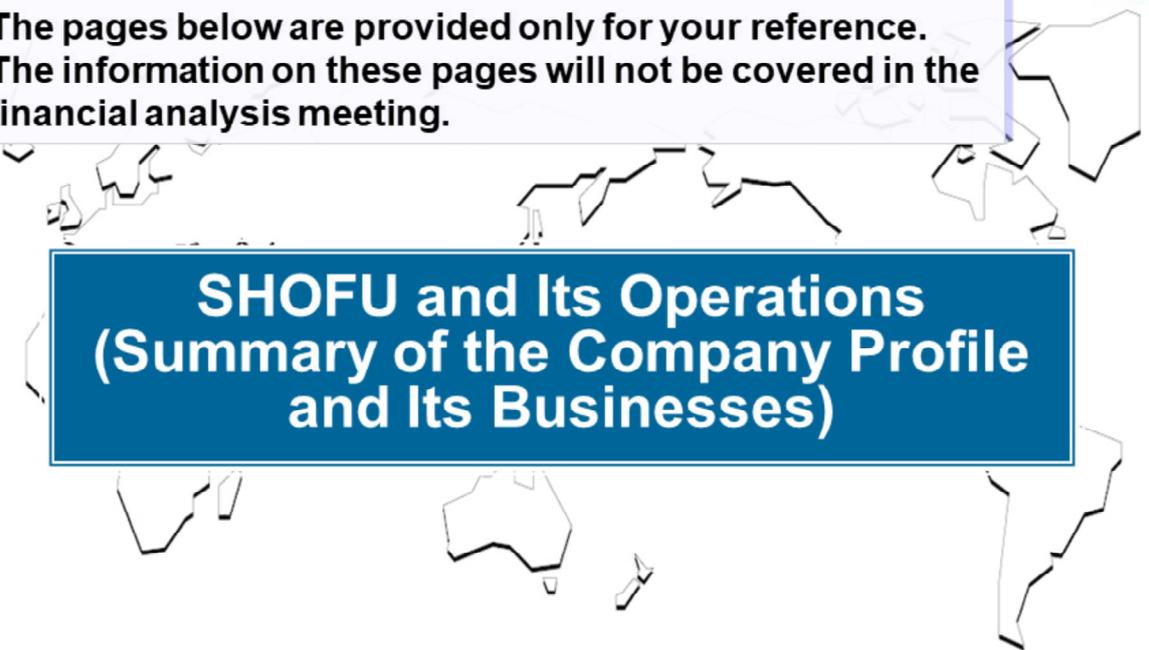
E-mail: ir@shofu.co.jp

Contact: Corporate Planning Department



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.**

A faint outline of a world map is visible in the background, showing the continents of North America, South America, Europe, Africa, and Australia.

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



| | | |
|-----------------------------|---|----------------------------|
| ■ Company name | SHOFU Inc. | (As of September 30, 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 | 478 (entire group: 1239, including 579 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) | |

SHOFU INC.

Main Products



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

Artificial teeth products



Artificial tooth and implant materials

- Porcelain teeth, porcelain powder, resin teeth

Abrasives products



Materials for removing diseased areas and polishing crowns

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

Metal products



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

- Alloys for casting, silver alloys
- Other metals

Chemical products



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

- Synthetic resins
- Impression materials
- Waxes

Cement products ,other



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

- Dental cements
- Dental stones and investments

Machinery ,equipment & other products



Equipment and appliances for dental treatment and procedures

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

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

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

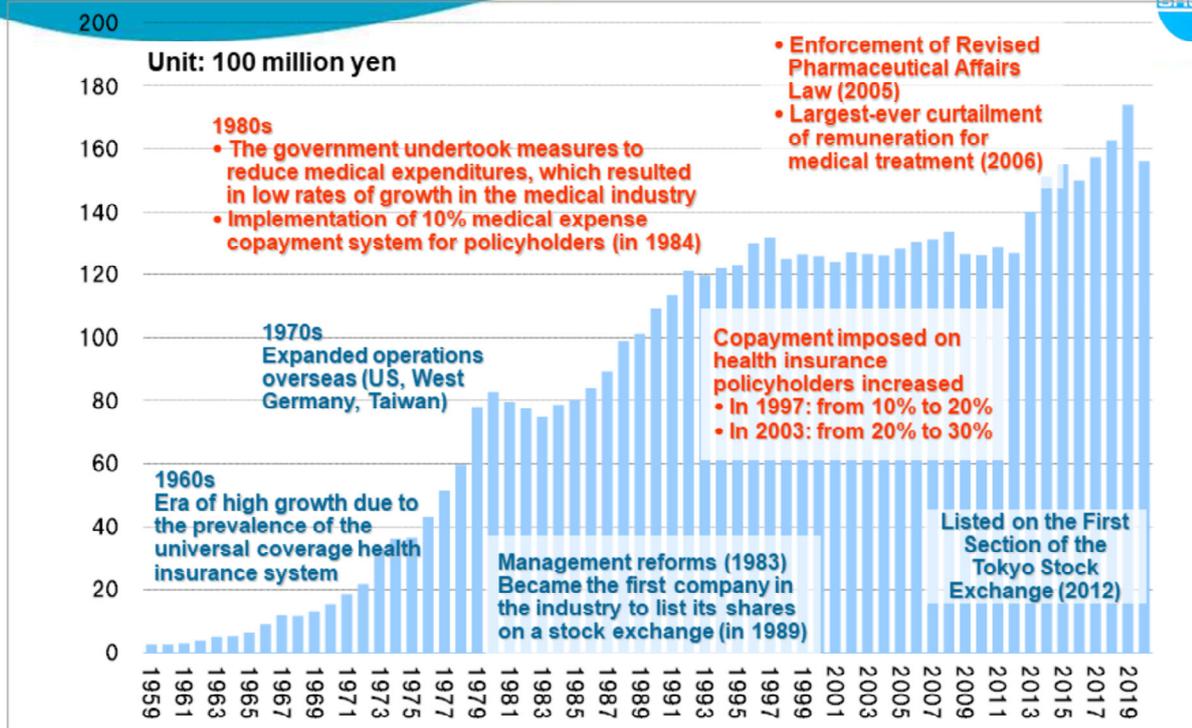


- 1922 Shofu Dental Manufacturing Co., Ltd. founded and commenced the manufacture and sale of Japan's first artificial teeth.
- 1963 Shofu shares listed on the over-the-counter market.
- 1971~
1978 Established sales subsidiaries in the U.S. and West Germany. Started overseas production (in Taiwan). Established 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.



| | |
|--------|--|
| - 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



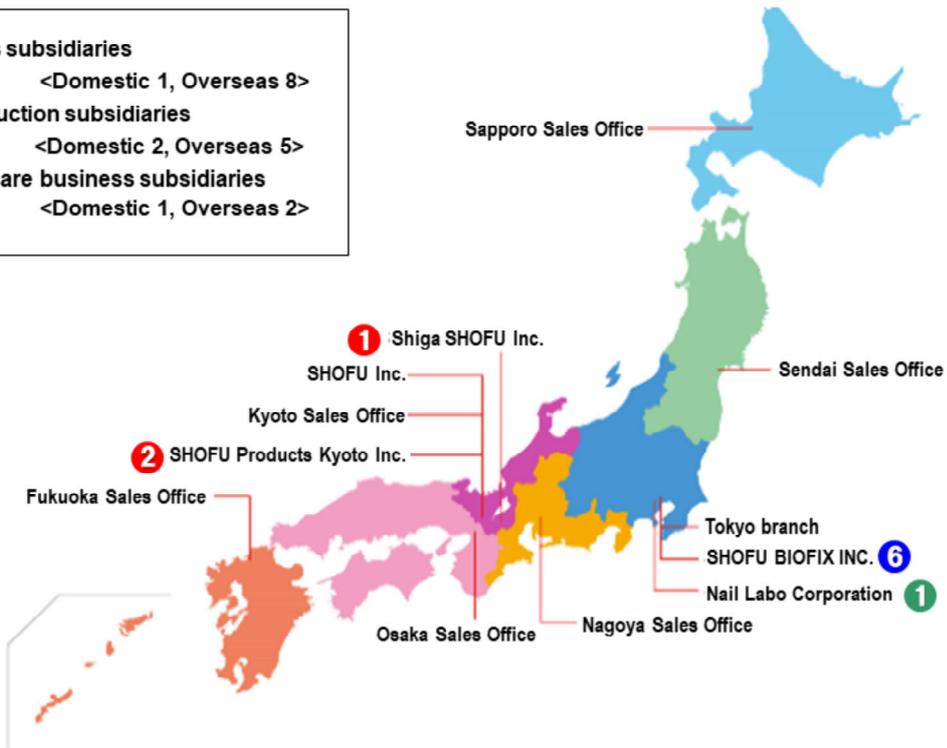
SHOFU INC.

(Note) Figures shown in the graph are non-consolidated sales. 53

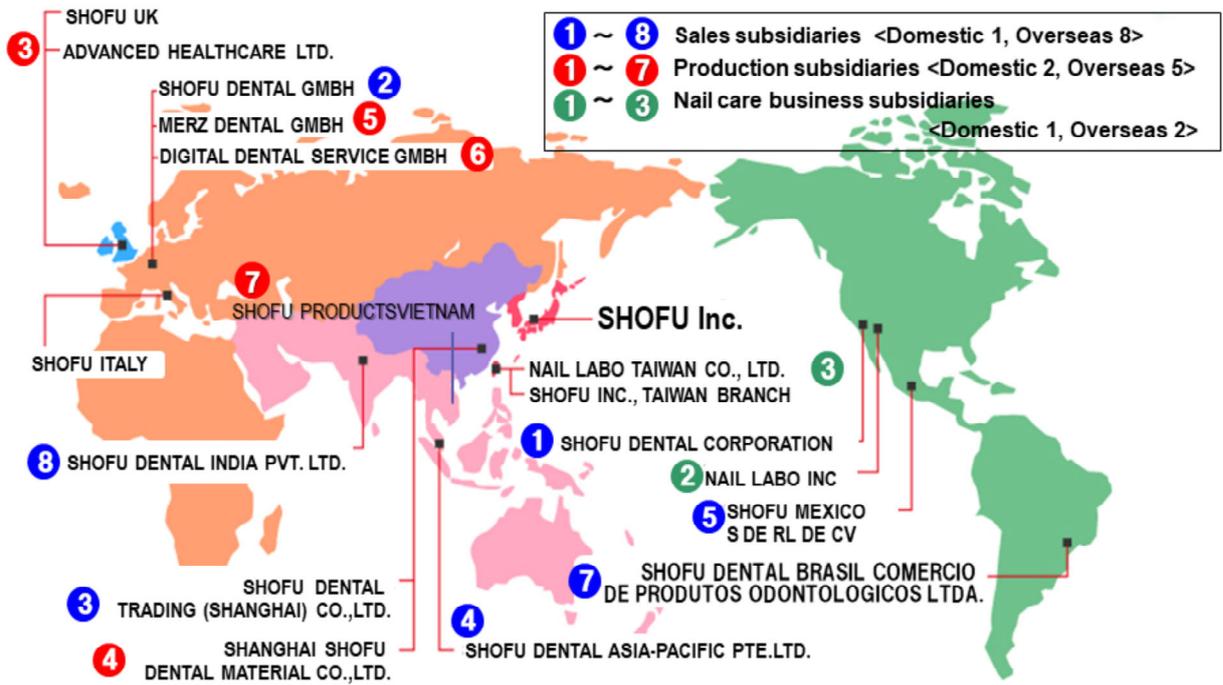
Group Overview [Domestic base]

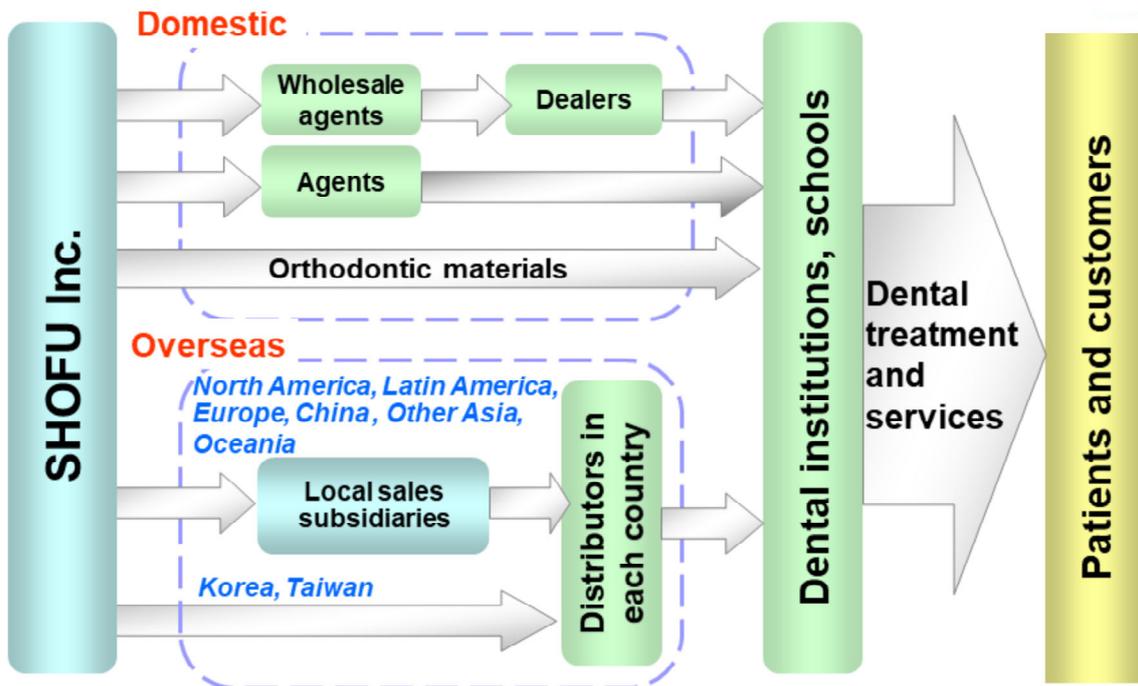


- 1 ~ 9** Sales subsidiaries
<Domestic 1, Overseas 8>
- 1 ~ 7** Production subsidiaries
<Domestic 2, Overseas 5>
- 1 ~ 3** Nail care business subsidiaries
<Domestic 1, Overseas 2>



Group Overview [Overseas base]



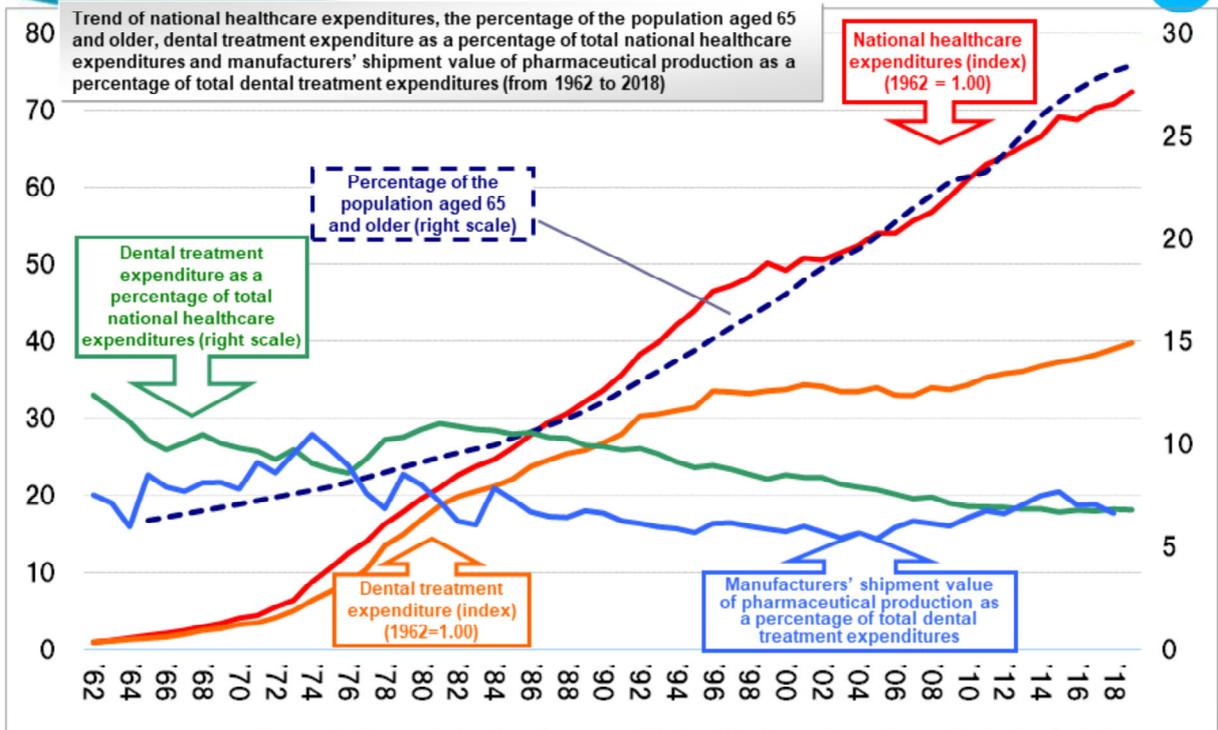




Reference <Dentistry Data>

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)

58

Healthcare Expenditures by Age Group (Component Ratio)

Reference <Dentistry Data>

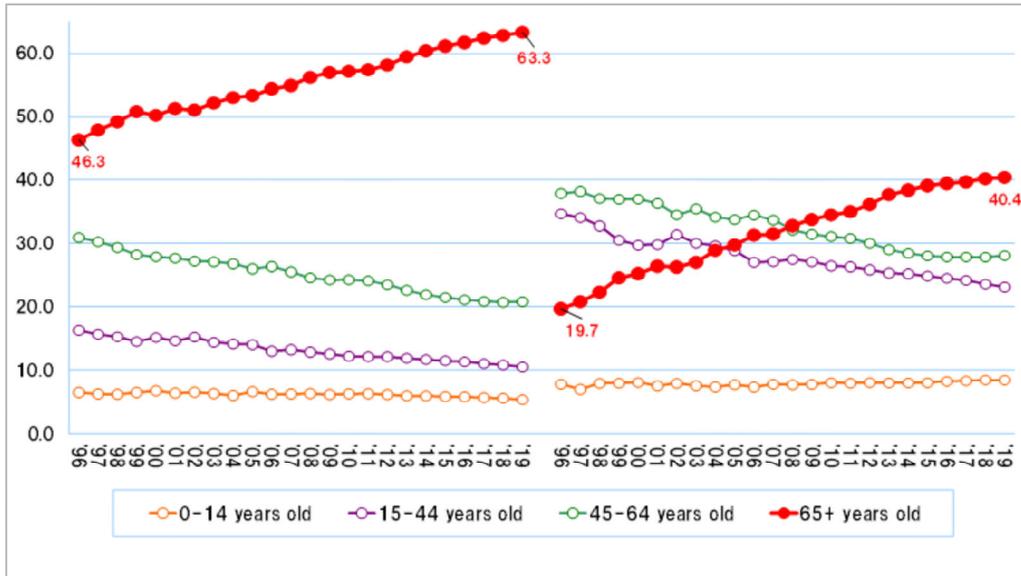


People aged 65 years and older tend to place less importance on dental treatment than general medical treatment.

General treatment

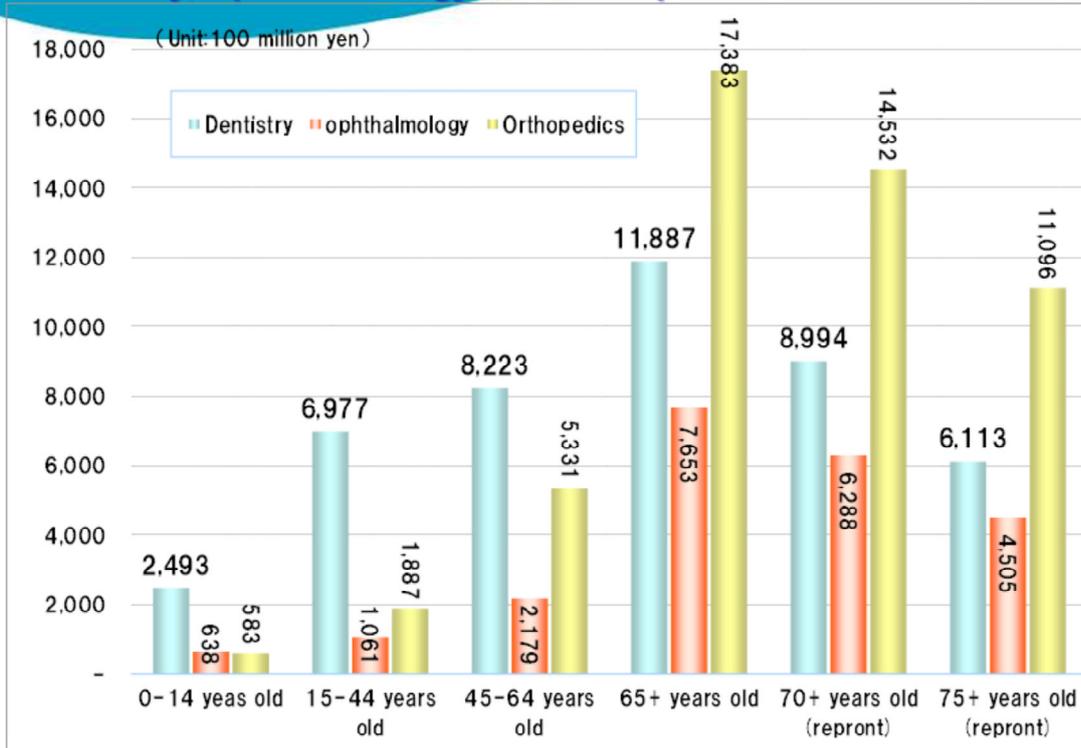
Dental treatment

Unit: %



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

Reference <Dentistry Data>

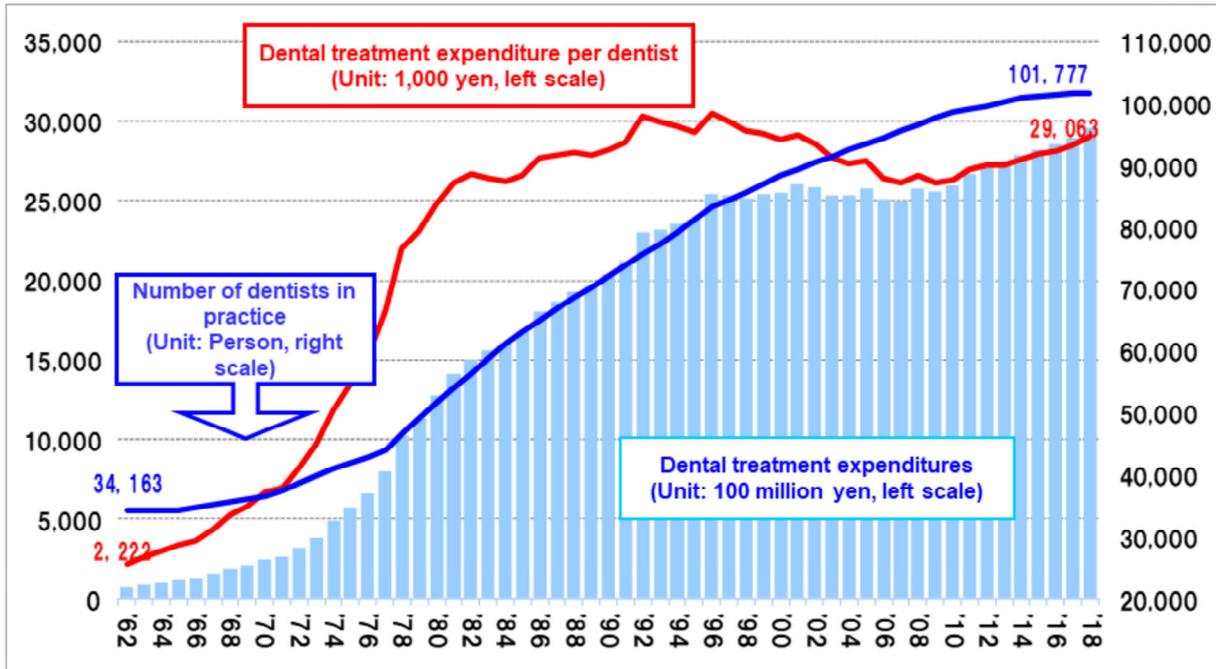


SHOFU INC.

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

Trend of the Number of Dentists and Dental Treatment Expenditure

Reference <Dentistry Data>



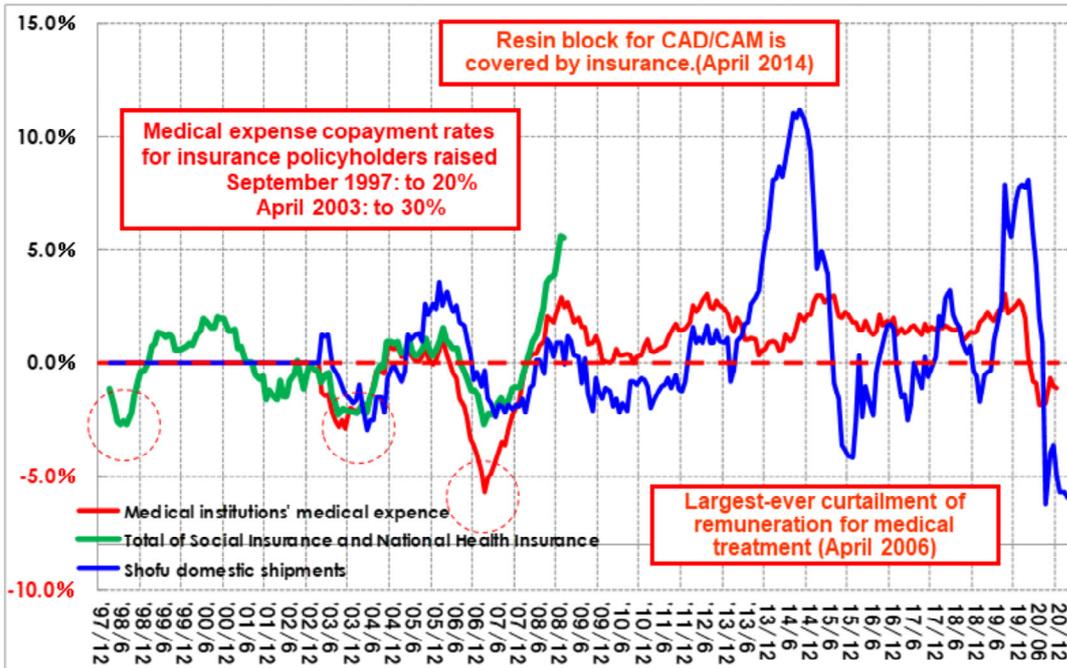
SHOFU INC.

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



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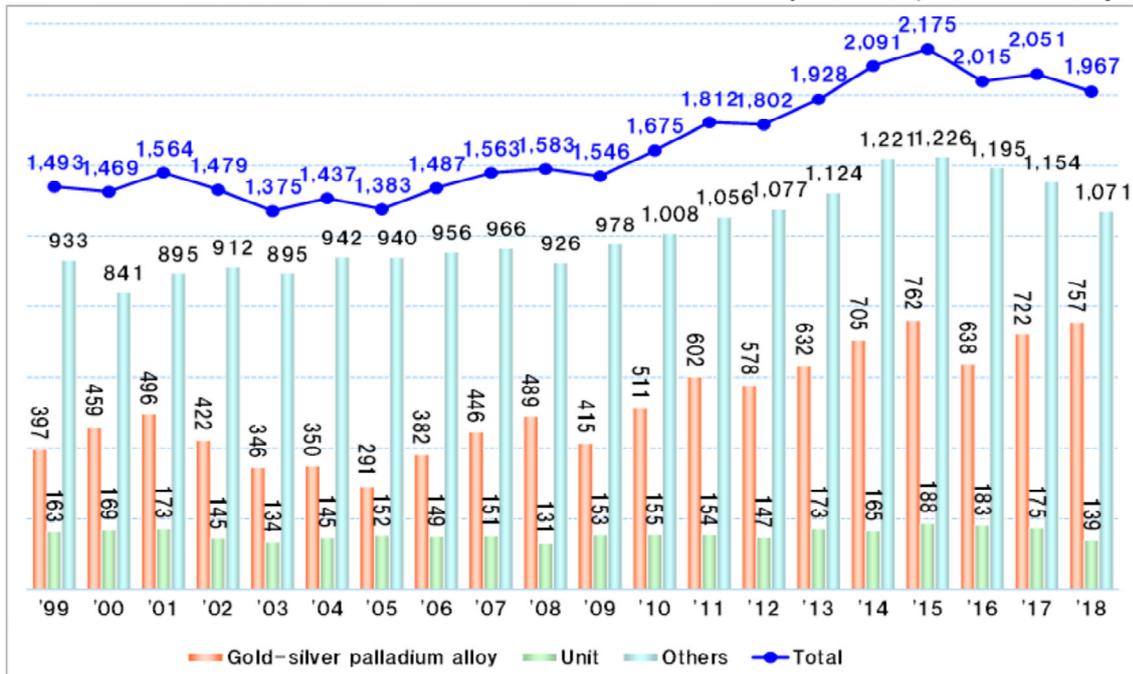
Prepared using data from the Social Insurance Medical Fee Payment Fund and from the "Trend of National Health Insurance Expenditures" issued by the All-Japan Federation of National Health Insurance Organizations

Trend of Shipment Value of Pharmaceutical Industry Production

Reference <Dentistry Data>



Shipment value, Unit: 100 million yen

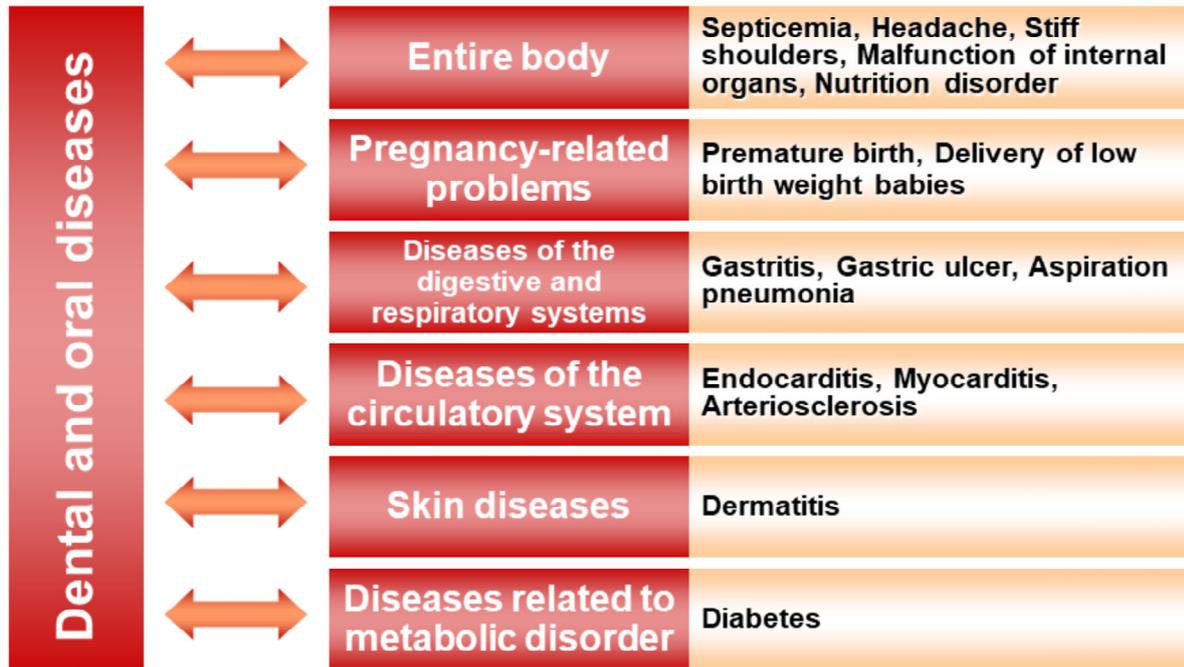


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Prepared using data from Production Statistics issued by the Pharmaceutical Industry (Manufacturers' shipment values), (Year Book for each year), released by the Ministry of Health, Labour and Welfare

Systemic Diseases Caused by Caries and Periodontal Disease

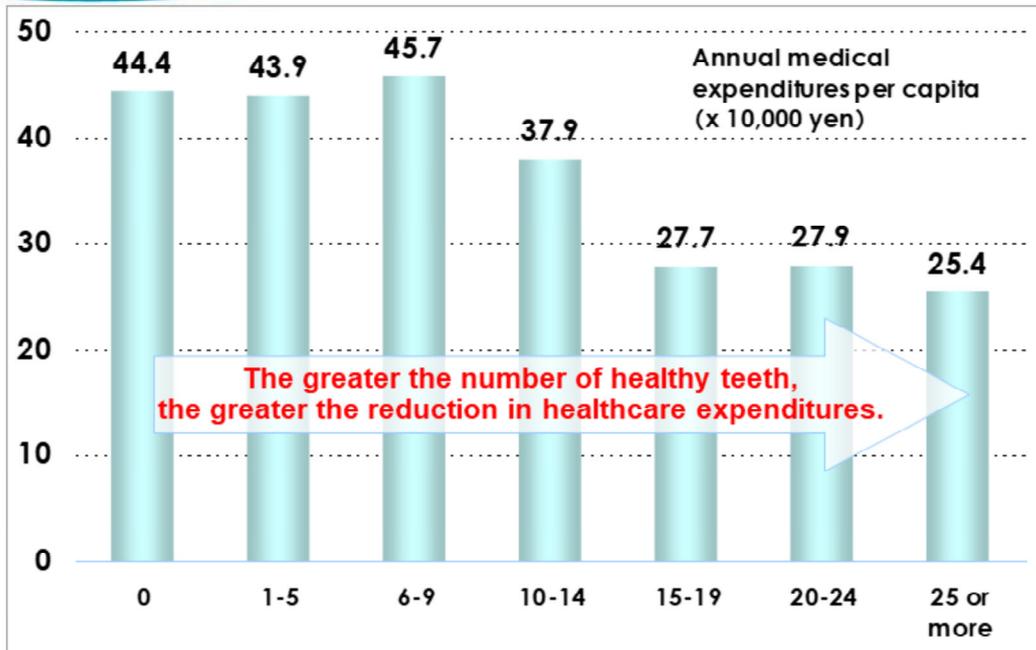
Reference <Dentistry Data>



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

Correlation between Number of Healthy Teeth and Healthcare Expenditures

Reference <Dentistry Data>



The greater the number of healthy teeth, the greater the reduction in healthcare expenditures.

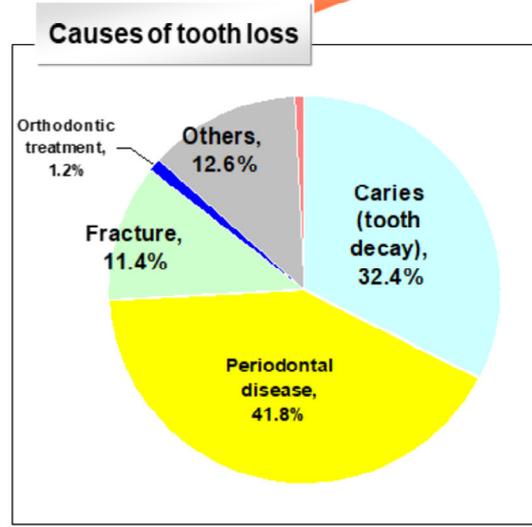
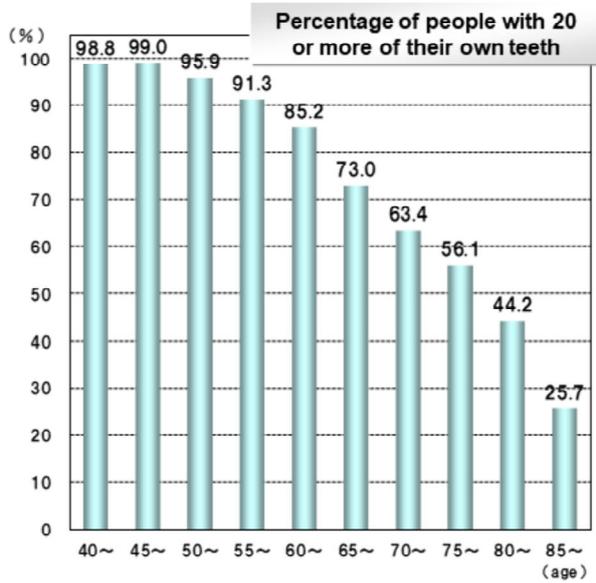
Prepared on the basis of "Correlation between Oral Hygiene Status of Elderly Persons and Healthcare Expenditures," a paper published in 2003 by Kazumune Arikawa, a full-time instructor at the Nihon University School of Dentistry at Matsudo
Subjects surveyed: 954 persons aged 80 living independently (392 men, 562 women)

The 8020 Movement and Changes in Dental Diseases

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)

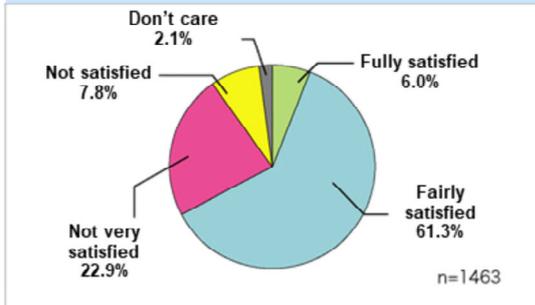
Perception of Dental and Oral Health

Reference <Dentistry Data>

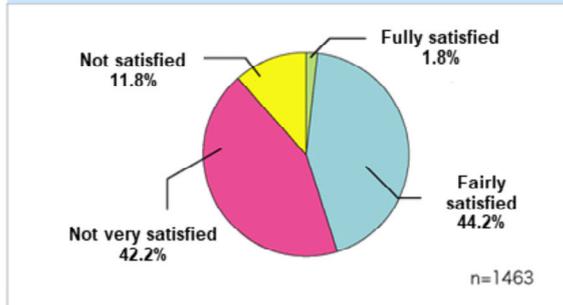


Source: Fiscal 2007's Dental Equipment Industry Vision (References)

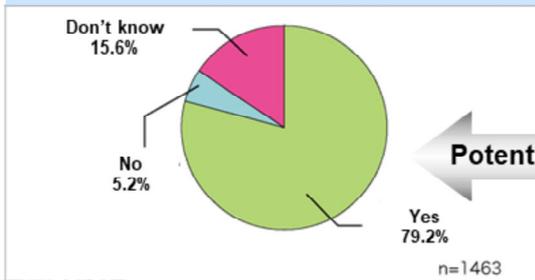
Are you satisfied with your physical health?



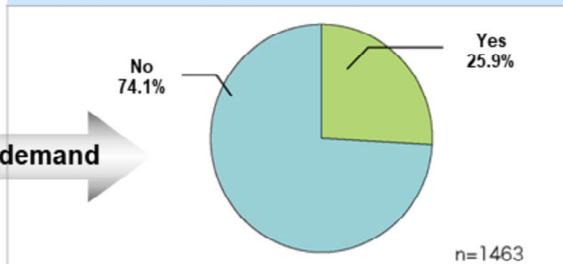
Are you satisfied with your oral health?



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



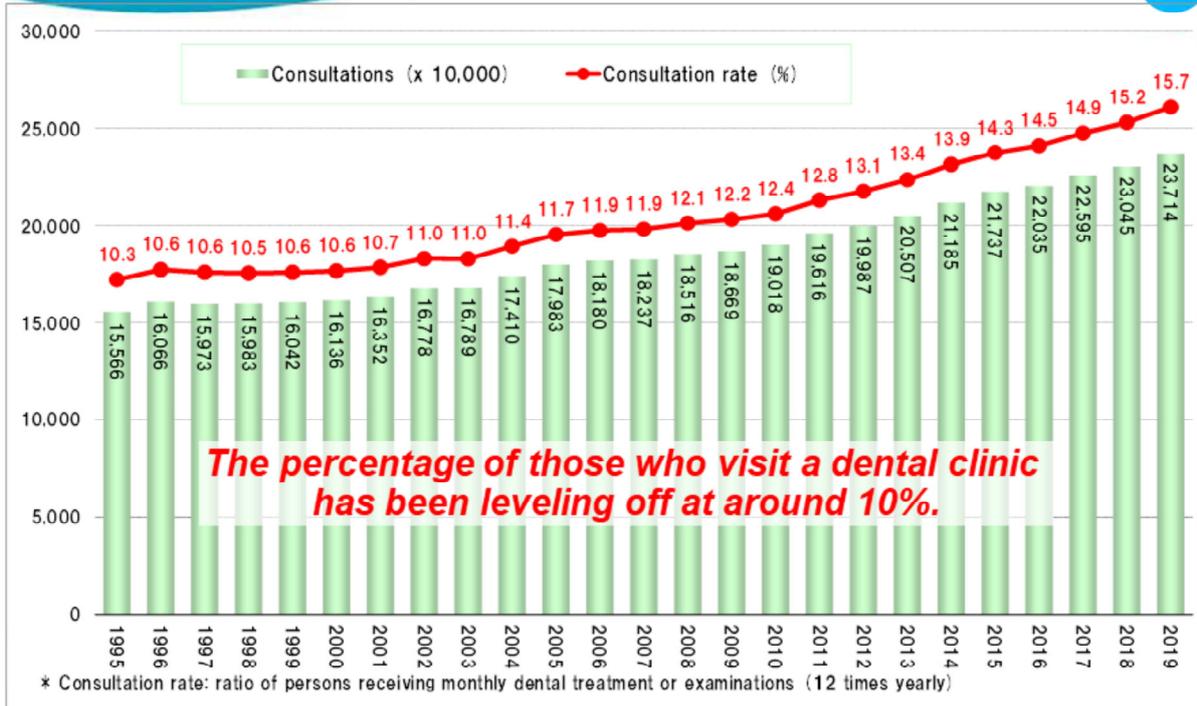
Do you actually receive regular dental care?



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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

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:

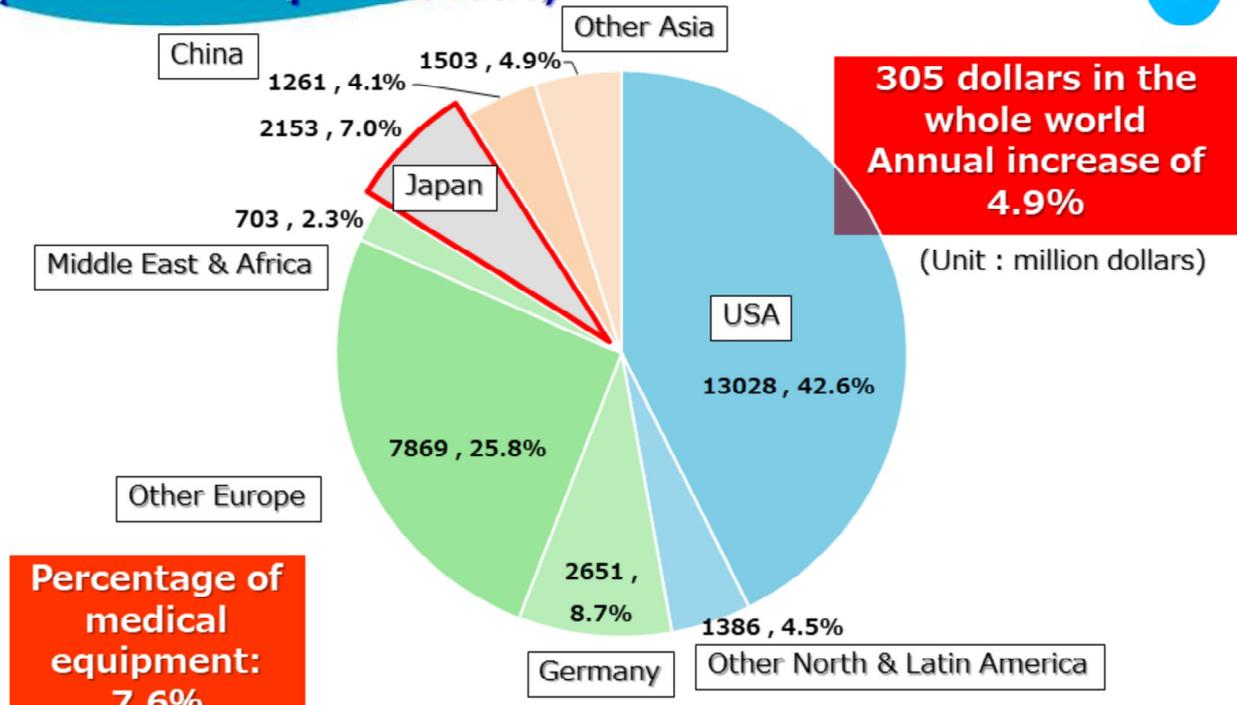
* Health and Welfare Survey in 1999 conducted by the Ministry of Health, Labour and Welfare and a survey conducted by Colgate-Palmolive Company

* 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>



Percentage of medical equipment: 7.6%

305 dollars in the whole world Annual increase of 4.9%

(Unit : million dollars)

Source : BMI Research

「The World Medical Markets Fact Book 2019」70

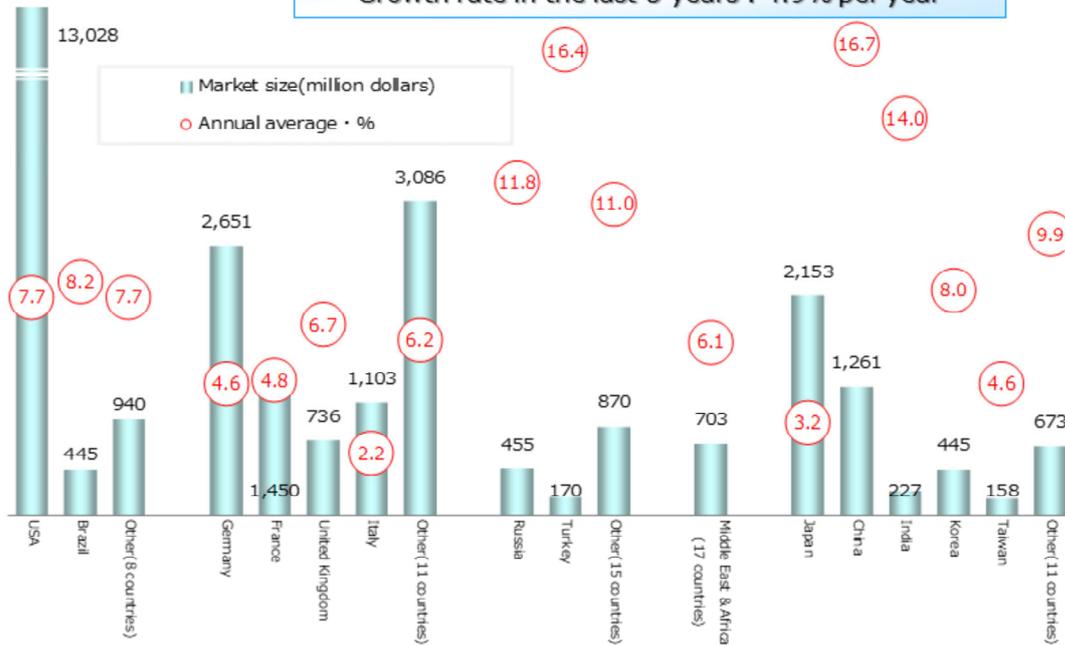
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Global dental market— Market size and growth potential

Reference <Dentistry Data>



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



North/Latin America

Western Europe

Central/Eastern Europe

Asia / Oceania

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

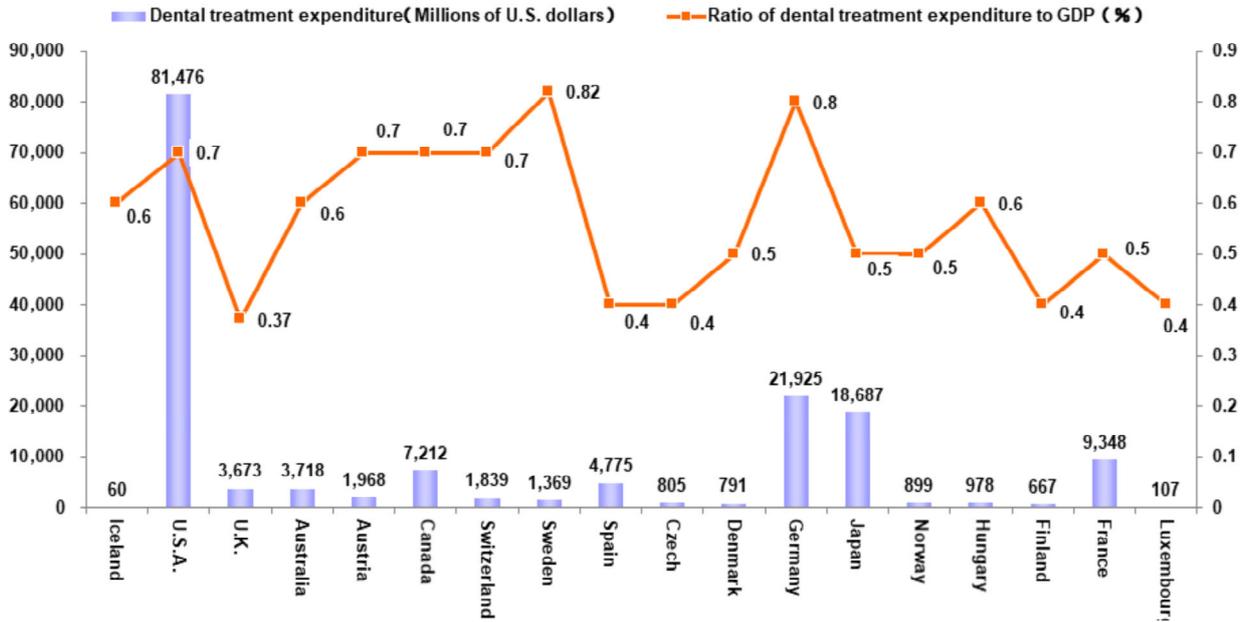
71

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 shikai-ryo—kokusai-hikaku-karamita nihon-no shikai-ryo-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.

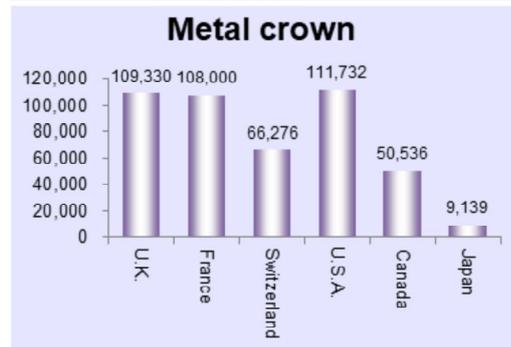
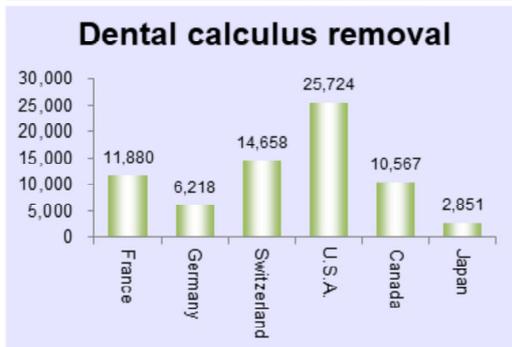
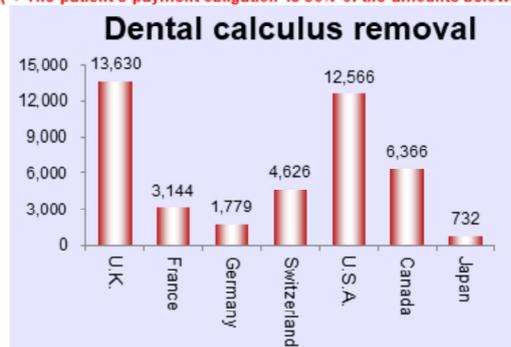
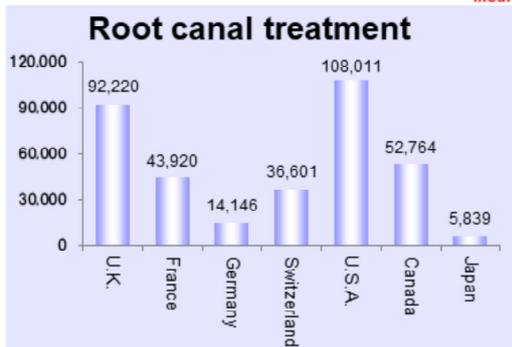
2. The above data for each country is as of 2004 except for Sweden's data, which is as of 1992.

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

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

Reference <Dentistry Data>

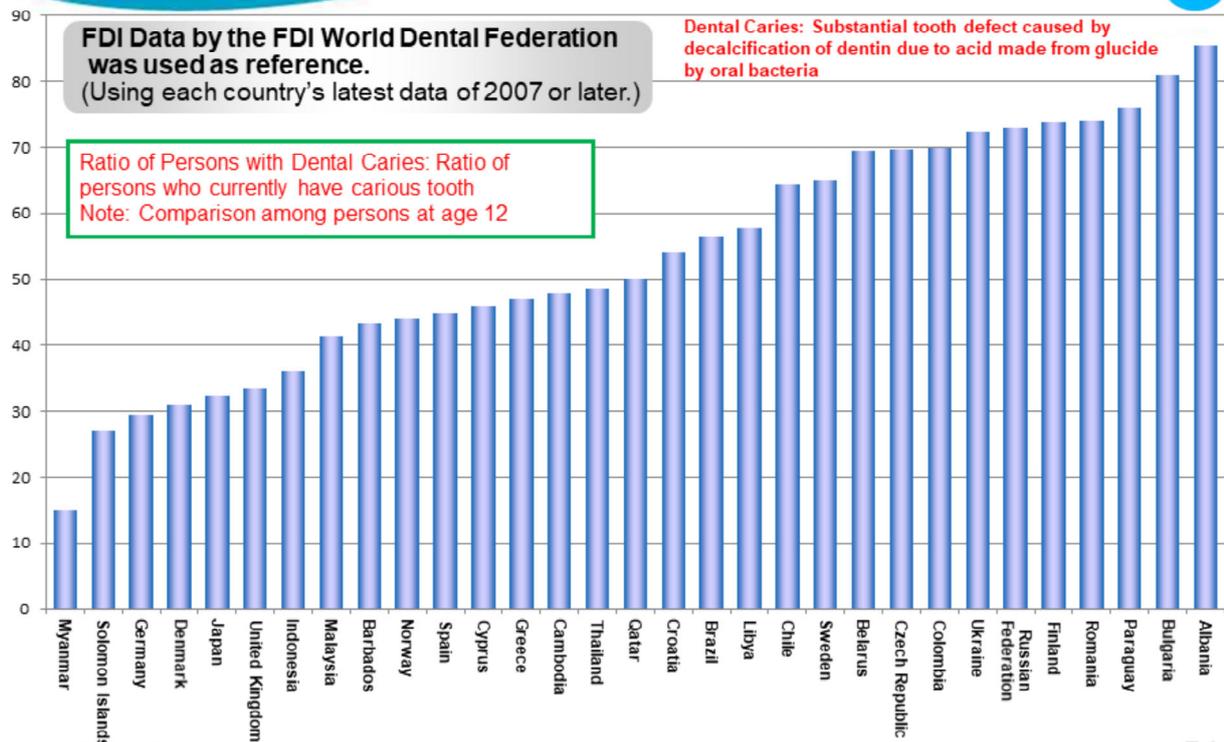
Unit: %



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

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

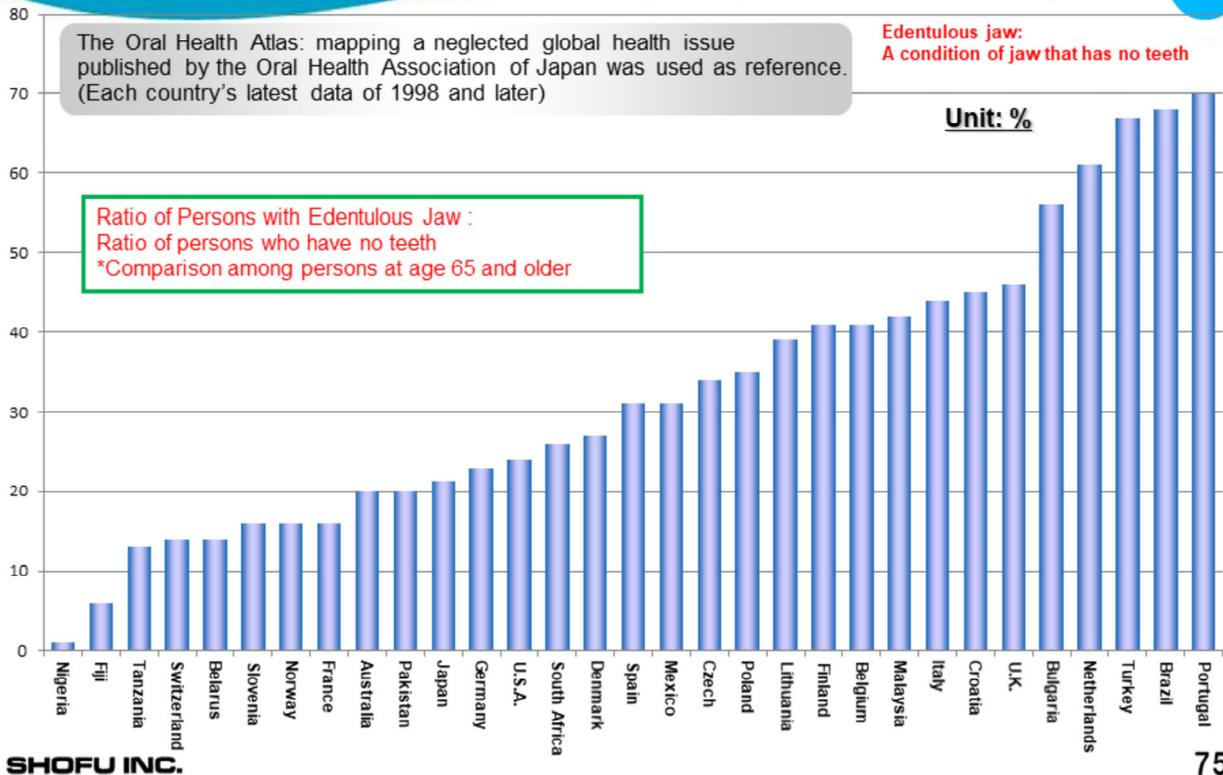
Ratio of Persons with Dental Caries: Ratio of persons who currently have carious tooth
Note: Comparison among persons at age 12



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

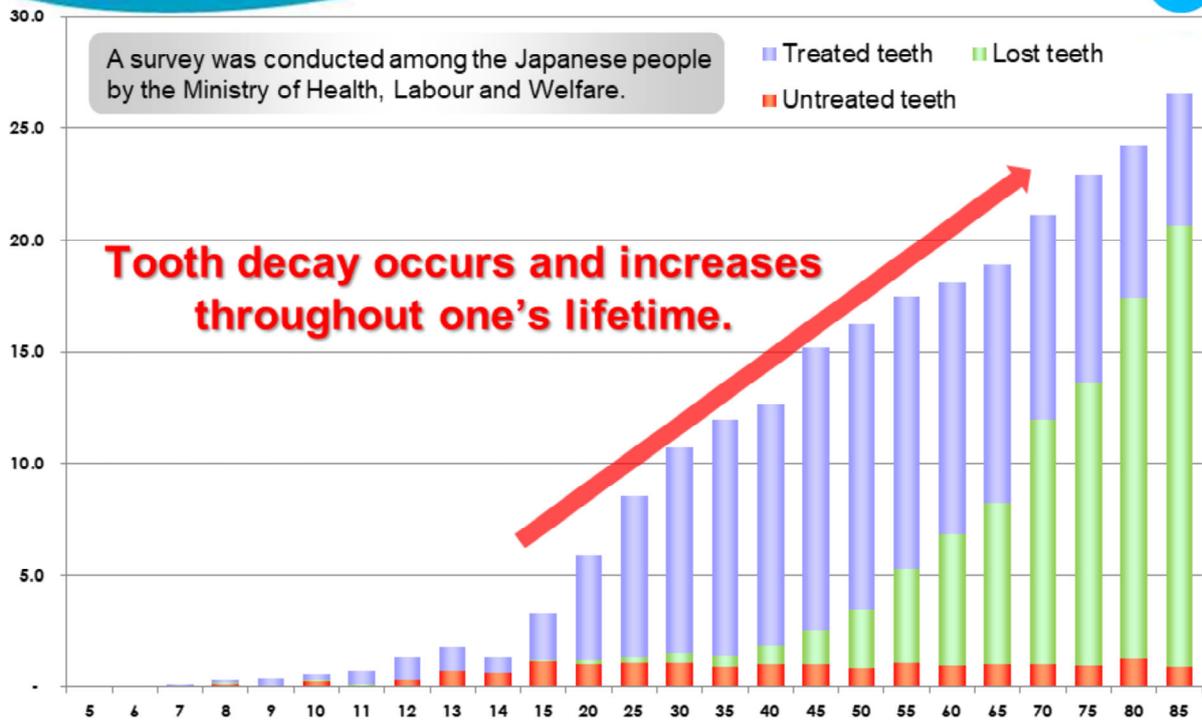
Reference <Dentistry Data>



SHOFU INC.

Factual Survey of Dental Diseases

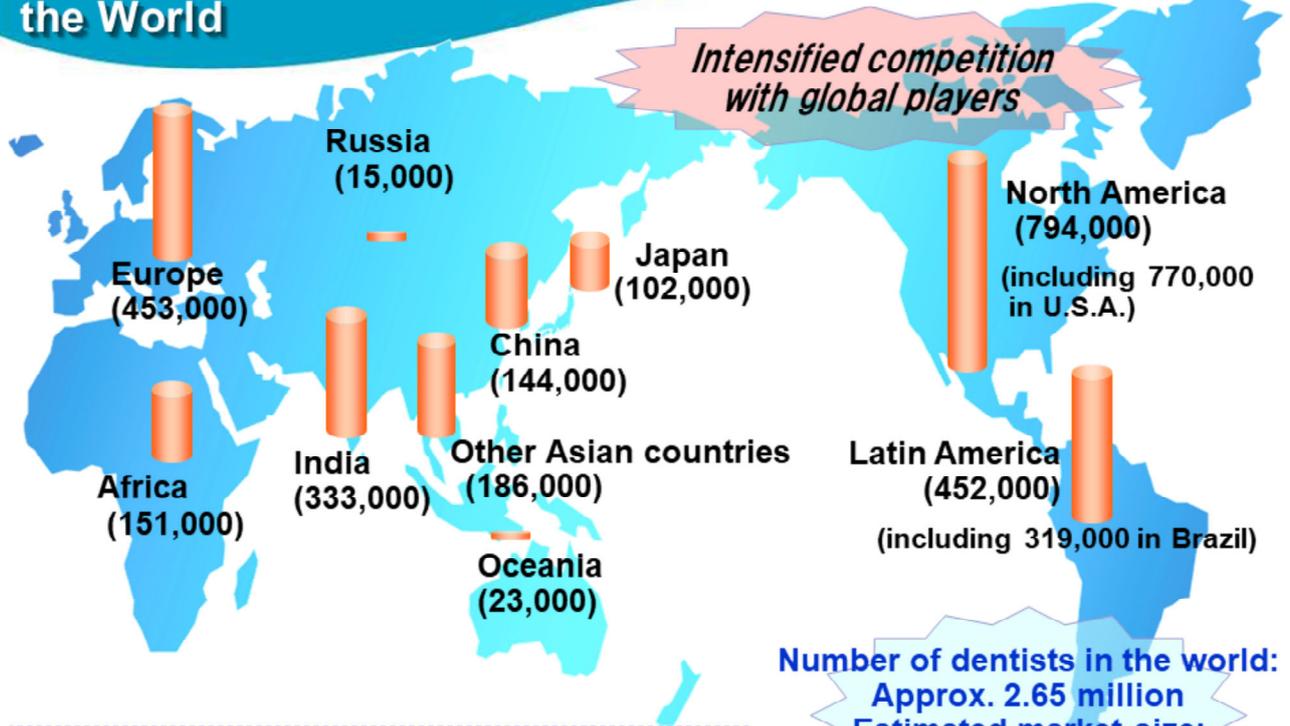
Reference <Dentistry Data>



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

Number of Dentists in the World

Reference <Dentistry Data>



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

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



| Term | Meaning |
|---------------------|--|
| Impression | An imprint of teeth and other intraoral areas, created with impression material. Based on the impression mould, plaster model can be produced, onto which prosthesis is fabricated. → Dental prosthetic (page 79) |
| Implant (treatment) | A treatment method to replace missing tooth. An artificial root is implanted into the bone, upon which a variety of dental prostheses can be placed. In addition to conventional prosthetic treatment, implant is a new option to restore mastication and esthetics. |
| Caries | Tooth decay. |
| Occlusion | The position of the teeth when the jaws are closed. |
| Composite resin | Synthetic resin to fill cavity and lesion, available in a variety of shades to make the restored area harmonious with surrounding teeth of each patient. It is often used to treat decay. → Resin (page 79) |
| Filling | To fill resin or cement after removing a decay to restore the affected area. |
| Aesthetic dentistry | A variety of treatment to enhance patient's esthetic appearance, including orthodontics and whitening. |
| Scaler | An instrument used to remove plaque and tartar accumulated on the tooth surface. |
| Dental floss | A thread used to remove plaque from the spaces between teeth. |
| Handpiece | A handheld device to which small instruments for removing tooth decay, plaque, and tartar are attached. → Plaque (page 79) |



| Term | Meaning |
|--------------------|--|
| Nail care | Care for fingernails and the surrounding area, including attachment of artificial nails. Nail care is widely considered an important part of personal grooming in many parts of the world, and it is also growingly popular among young women in Japan, which leads to a rapid growth of the market. |
| PMTc | PMTc stands for Professional Mechanical Tooth Cleaning. In PMTc, a dentist or hygienist uses machines and instruments to remove plaque, tartar (calcified plaque), and other dental deposits (caused by smoking, etc). |
| Fluoride | A substance that accelerates re-calcification of the tooth surface and strengthens tooth structure (especially for enamel). |
| Plaque | Calculus deposits. Bacteria living in plaque create acids and toxins, which cause decay and periodontal disease. Thus, removing plaque helps prevent dental disease and enhance oral health. |
| Dental prosthetic | An artificial replacement of defective area. It includes fillings and crowns that restore patient's oral function and esthetic appearance. |
| Bonding (material) | A material to bond composites to natural tooth (enamel and dentin). → Composite resin (page 78) |
| Resin | Synthetic high polymer. Resins are popularly used for dental restoratives. |