



**Fiscal Year Ending March 2018
(146th Business Year)**

**2nd Quarter Financial
Analyst Meeting**

November 22, 2017



Proven Products for Better Dentistry
SHOFU INC.



Contents of Today's Presentation

- ⇒ **Summary of 2nd Quarter Consolidated Business Performance for Fiscal Year Ending March 31, 2018**
- ⇒ **Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2018**
- ⇒ **Future Business Environment and Medium- and Long-term Business Strategies**

Noriyuki Negoro, President and CEO

A faint, stylized outline of a world map is visible in the background, centered behind the text boxes.

Summary of 2nd Quarter Consolidated Business Performance for Fiscal Year Ending March 31, 2018

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2018

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

Summary of 2nd Quarter Business Performance

Summary of 2nd Quarter Consolidated Business Performance for Fiscal Year Ending March 31, 2018



■ Positive factors ■ Negative factors

P/L

⇒ Sales totaled 11,701 million yen (an Increase of 5.9%)

Domestic sales totaled 6,773 million yen (an Increase of 2.1%)

- Domestic sales in the dental business remained unchanged year on year despite an increase in sales of equipment and others driven by strong performance from the new dental digital camera, due to a decline in sales of other product lines (an increase of 0.0%).
- Domestic sales in the nail care business increased by 22.2% due to favorable sales performance from the new brand of gel nail products and in-house developed products for general consumers.

Overseas sales totaled 4,927 million yen (an Increase of 11.6%)

- Overseas sales in the dental business increased by 8.4% due to an increase in sales in all regions and a positive foreign exchange effect linked to the depreciation of the yen.
- Overseas sales in the nail care business increased by 50.8% due to a steady increase in sales mainly in America and Taiwan.

⇒ Operating income totaled 742 million yen.

- The effect from an increase in the cost of sales ratio and an increase in selling, general and administrative expenses associated with active investment in R&D and sales promotion activities caused a 7.2% decrease in operating income despite an increase in sales.

⇒ Ordinary income totaled 853 million yen, and net income was 635 million yen.

- The increase in non-operating income due to a positive foreign exchange effect resulted in a 67.6% increase in ordinary income.
- Net income, after deducting tax expenses, increased by 111.2%.

Summary of 2nd Quarter Business Performance

⇒ Summary of 2nd Quarter Consolidated Business Performance for Fiscal Year Ending March 31, 2018



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

Units: millions of yen, %

	Fiscal March 2017 (2Q Results) (% of sales)	Fiscal March 2018 (2Q Forecast) (% of sales)	Fiscal March 2018 (2Q Results) (% of sales)	Change from Previous Period (% change)	Change from Forecast (% change)
Sales	11,052 (100.0)	11,713 (100.0)	11,701 (100.0)	648 (5.9)	-12 (-0.1)
(Domestic sales)	6,636 (60.0)	6,842 (58.4)	6,773 (57.9)	136 (2.1)	-69 (-1.0)
(Overseas sales)	4,416 (40.0)	4,871 (41.6)	4,927 (42.1)	511 (11.6)	56 (1.2)
Operating income	800 (7.2)	657 (5.6)	742 (6.3)	-57 (-7.2)	85 (13.0)
Ordinary income	509 (4.6)	618 (5.3)	853 (7.3)	344 (67.6)	234 (37.9)
Net income	301 (2.7)	392 (3.3)	635 (5.4)	334 (111.2)	243 (62.1)
Net income per share	18.91yen	24.70yen	40.01yen	21.10yen	15.31yen
Return on equity	1.4%	—	2.8%	1.4P	—
Foreign exchange rates					
US dollar	106.43	108.00	111.42	4.99	3.42
Euro	119.12	119.00	126.63	7.51	7.63
Pound sterling	146.56	145.00	144.38	-2.18	-0.62
Renminbi	17.21	16.20	16.42	-0.79	0.22

Sales by Product Category (Comparison with Previous Period)

Summary of 2nd Quarter Consolidated Business
Performance for Fiscal Year Ending March 31, 2018



Unit: millions of yen

Figures in parentheses represent percentage changes; unit: %

	Fiscal March 2017 (2Q Results)	Fiscal March 2018 (2Q Results)	Change from previous period		
				Domestic	Overseas
Artificial teeth	1,895	1,948	53 (2.8)	-37	90
Abrasives	1,997	1,983	-13 (-0.7)	-17	3
Metal products	134	123	-10 (-8.0)	-10	0
Chemical products	2,162	2,326	164 (7.6)	-70	234
Cements and others	1,006	988	-18 (-1.9)	-36	17
Equipment and others	2,899	3,071	171 (5.9)	173	-2
Dental business total	10,095	10,441	345 (3.4)	1	344
Nail care business	913	1,210	296 (32.5)	129	167
Other	43	49	5 (13.8)	5	0
Total	11,052	11,701	648 (5.9)	136	511

*The effect of foreign currency fluctuations (U.S. dollar (USD), Euro (EUR), British pound (GBP), Chinese yuan (CNY) and New Taiwan dollar (NTD)) on overseas net sales was +169 million yen.
(Dental business +134 million yen, Nail care business +35 million yen)

Sales by Product Category (Comparison with Forecast)

Summary of 2nd Quarter Consolidated Business
Performance for Fiscal Year Ending March 31, 2018



Unit: millions of yen

Figures in parentheses represent percentage changes; unit: %

	Fiscal March 2018 (2Q Forecast)	Fiscal March 2018 (2Q Results)	Cange from Forecast		
				Domestic	Overseas
Artificial teeth	2,014	1,948	-65 (-3.3)	-52	-12
Abrasives	1,953	1,983	30 (1.6)	-17	48
Metal products	128	123	-5 (-4.2)	-5	-0
Chemical products	2,312	2,326	14 (0.6)	-52	66
Cements and others	1,056	988	-67 (-6.4)	-28	-39
Equipment and others	3,155	3,071	-84 (-2.7)	-13	-71
Dental business total	10,620	10,441	-179 (-1.7)	-170	-8
Nail care business	1,046	1,210	163 (15.7)	98	65
Other	46	49	2 (5.5)	2	—
Total	11,713	11,701	-12 (-0.1)	-69	56

- The effect of foreign currency fluctuations (U.S. dollar (USD), Euro (EUR), British pound (GBP), Chinese yuan (CNY) and New Taiwan dollar (NTD)) on overseas net sales was +180 million yen.
(Dental business +162 million yen, Nail care business +18 million yen)

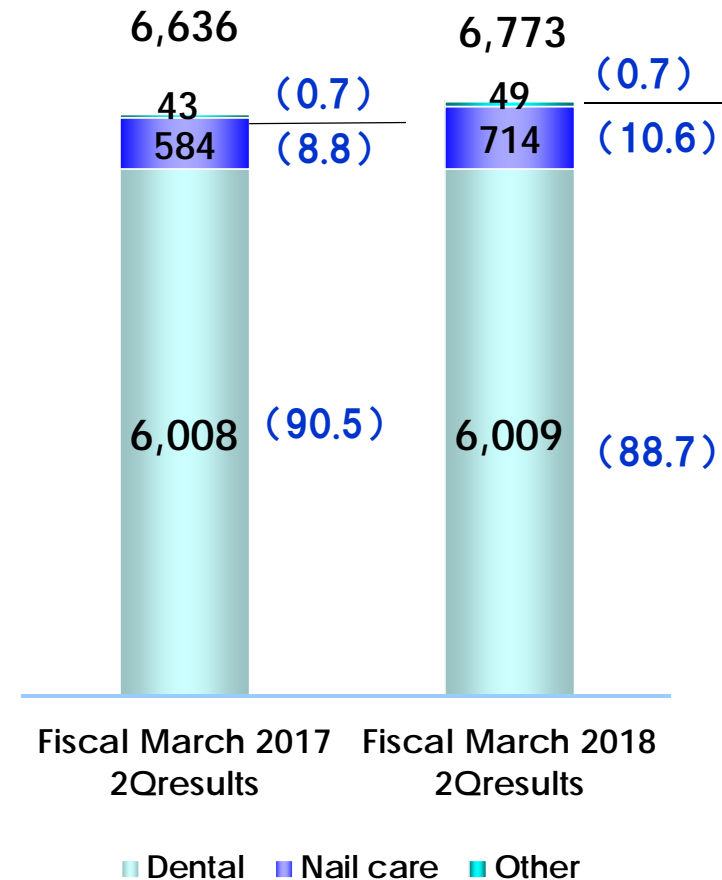
Domestic Sales



■ Positive factors ■ Negative factors

- **Dental business: Year on year increase of 1 million yen (+0.0%)**
 - Equipment and others including the new dental digital camera and CAD/CAM-related products contributed to domestic sales.
 - Sales of artificial teeth, chemical products and other existing flagship products decreased.
- **Nail care business: Year on year increase of 129 million yen (+22.2%)**
 - The new brand of gel nail products and in-house developed products for general consumers contributed to domestic sales.
- **Other businesses: Year on year increase of 6 million yen (+13.8%)**
- **Major new products launched this quarter (dental business)**
 - Dental filling composite resin
BEAUTIFIL Flow PlusX (Chemical products)
 - Digital oral imaging device
EyeSpecial C-III (Equipment and others)
 - Digital impression molding device
TRIOS3 oral scanner (Equipment and others)
 - Resin material for dental cutting processing
SHOFU BLOCK HC HARD(Equipment and others)

Unit: millions of yen



Overseas Sales



■ Positive factors ■ Negative factors

Unit: millions of yen

- North America and Latin America: Year-on-year increase of 174 million yen (+14.7%)

- Flagship chemical products, abrasives and nail care business remained strong.

Local currency basis: Year on year increase of 114 million yen (+9.7%)

- Europe: Year-on-year increase of 147 million yen (+8.3%)

- Flagship chemical products and cement products remained robust.

Local currency basis: Year on year increase of 45 million yen (+2.6%)

- Asia and Oceania: Year-on-year increase of 189 million yen (+13.1%)

- In China, flagship artificial teeth contributed to sales, and chemical products were strong.

- In other Asian markets, artificial teeth were strong. Sales in nail care business grew drastically, mainly in Taiwan.

Local currency basis: Year on year increase of 182 million yen (+12.6%)

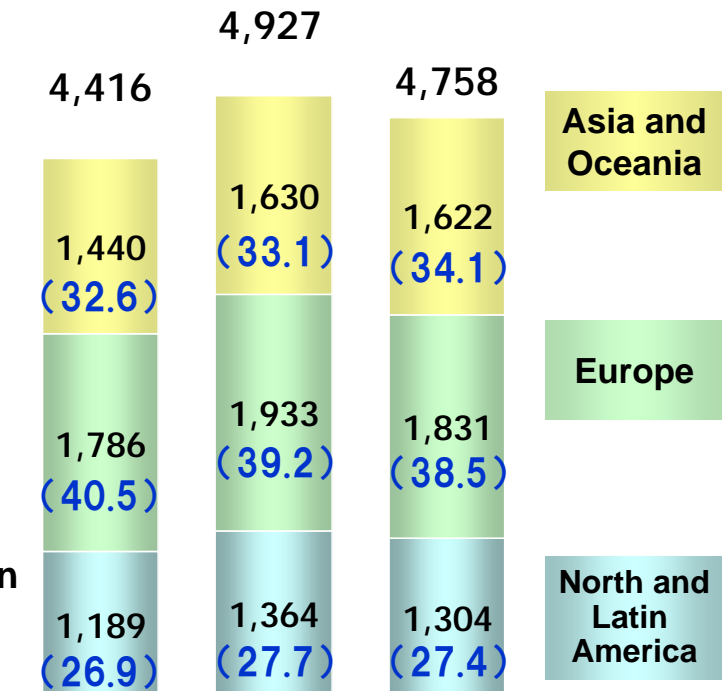
China: Year on year increase of 8 million yen (+1.1%)

Elsewhere in Asia: Year on year increase of 180 million yen (+27.7%)

- (Dental business) Overseas sales ratio of 42.4%

(40.5% for the same quarter of the previous fiscal year; 41.7% 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 2017.



Fiscal Year 2017 2Q results Fiscal Year 2018 2Q Results Fiscal Year 2018 2Q Results after adjustment for foreign currency translation

Performance by Segment (Sales and Operating Income)

Summary of 2nd Quarter Consolidated Business
Performance for Fiscal Year Ending March 31, 2018



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

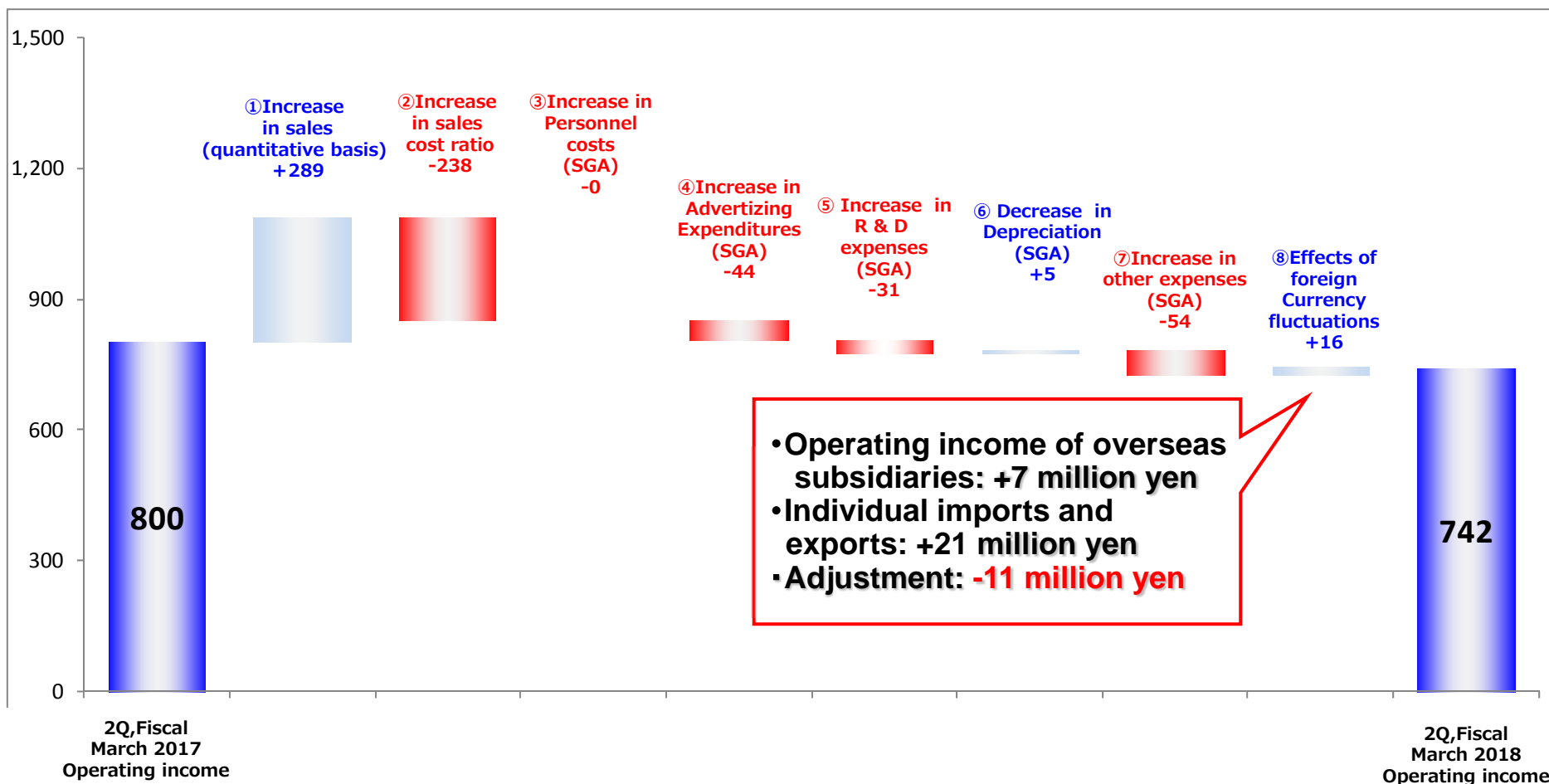
		Fiscal March 2017 (2Q Results) Amount (% of sales)	Fiscal March 2018 (2Q Forecast) Amount (% of sales)	Fiscal March 2018 (2Q Results) Amount (% of sales)	Change from Previous Period	Change from Forecast
Dental	Net Sales	10,096	10,620	10,442	345	-178
	Operating expenses	9,283	9,954	9,724	441	-229
	Operating income (operating income margin)	812 (8.0)	666 (6.3)	717 (6.9)	-95	51
Nail care	Net Sales	913	1,046	1,210	296	164
	Operating expenses	940	1,055	1,196	256	140
	Operating income (operating income margin)	-26 (-2.9)	-9 (-0.9)	13 (1.1)	39	23
Other	Net Sales	46	46	52	6	6
	Operating expenses	34	45	43	9	-1
	Operating income (operating income margin)	12 (25.8)	0 (1.8)	8 (16.8)	-3	7
Total before consolidation adjustment	Net Sales	11,056	11,713	11,705	648	-8
	Operating expenses	10,258	11,056	10,965	707	-90
	Operating income (operating income margin)	798 (7.2)	657 (5.6)	739 (6.3)	-58	82
Consolidated	Net Sales	11,052	11,713	11,701	648	-12
	Operating expenses	10,251	11,056	10,958	706	-98
	Operating income (operating income margin)	800 (7.2)	657 (5.6)	742 (6.3)	-57	85

Contributors to Change in Operating Income

Summary of 2nd Quarter Consolidated Business Performance for Fiscal Year Ending March 31, 2018



Unit: millions of yen



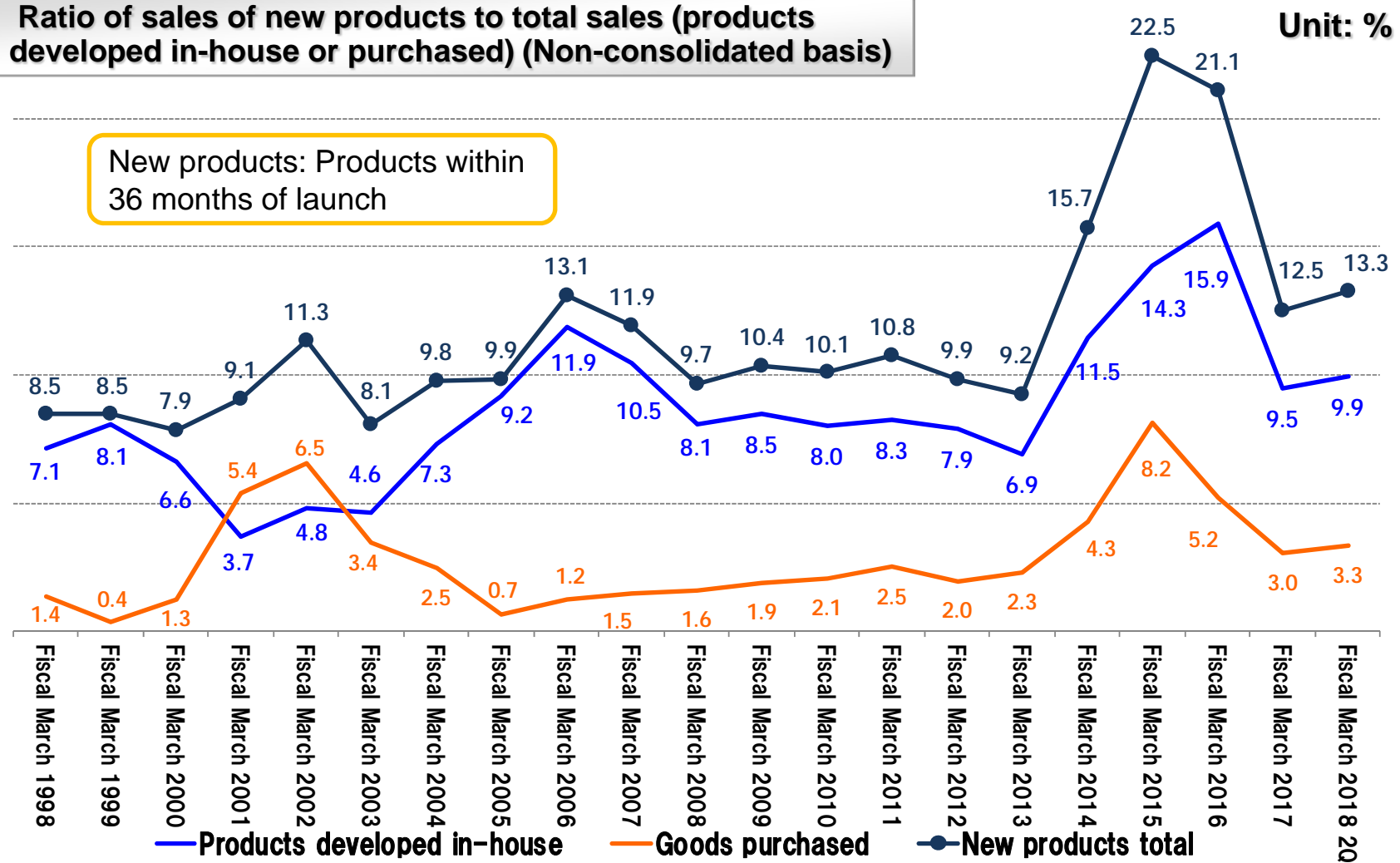
*The contributing factors in items (1) to (7) do not incorporate the effects of fluctuations of foreign currency exchange rates.

Sales Trends for New Products

Summary of 2nd Quarter Consolidated Business Performance for Fiscal Year Ending March 31, 2018



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



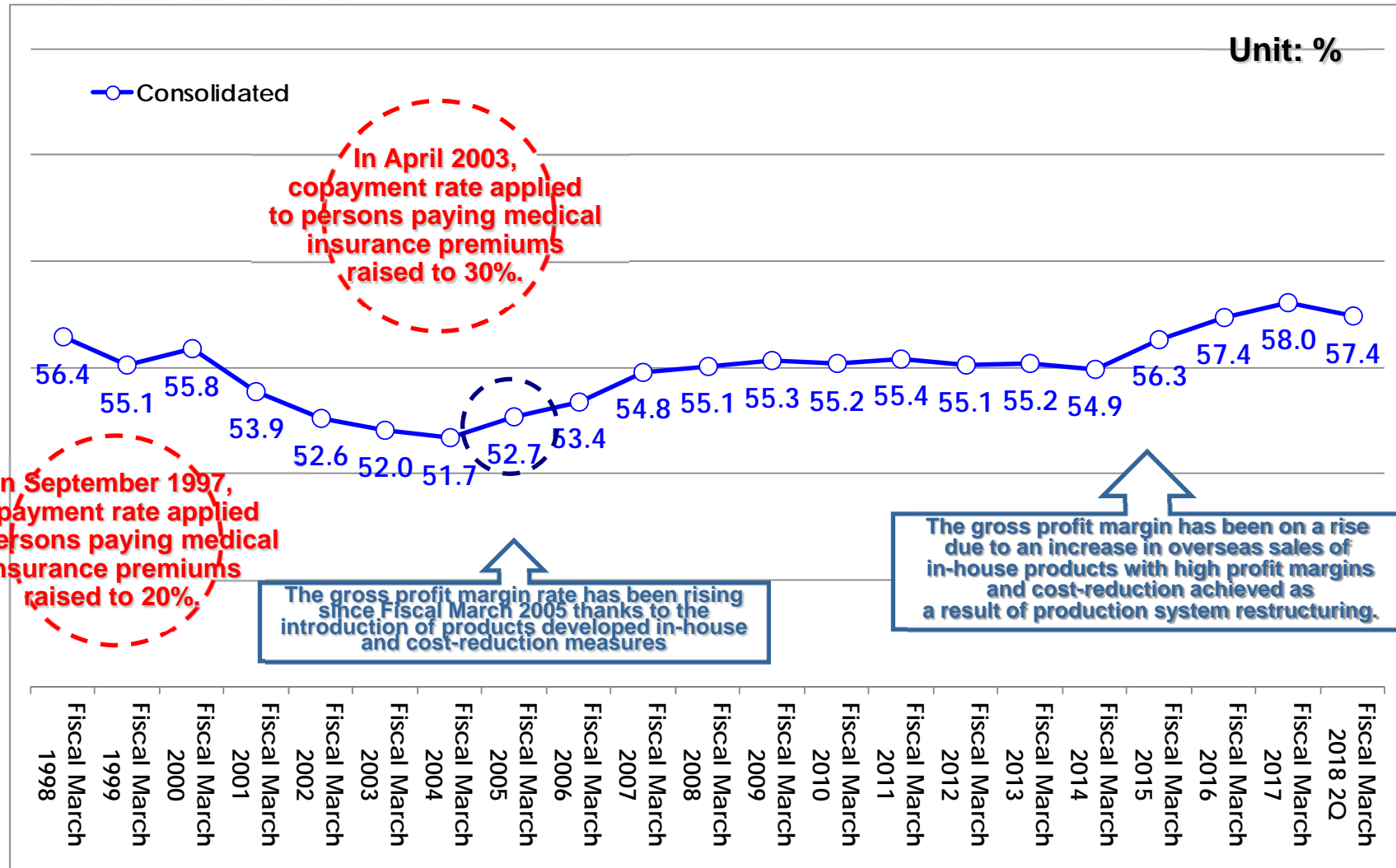
* Major goods purchased: Johnson & Johnson products, EMS ultrasonic scalers and root canal treatment equipment (reamers/files)

Gross Profit Margin Rates

Summary of 2nd Quarter Consolidated Business Performance for Fiscal Year Ending March 31, 2018

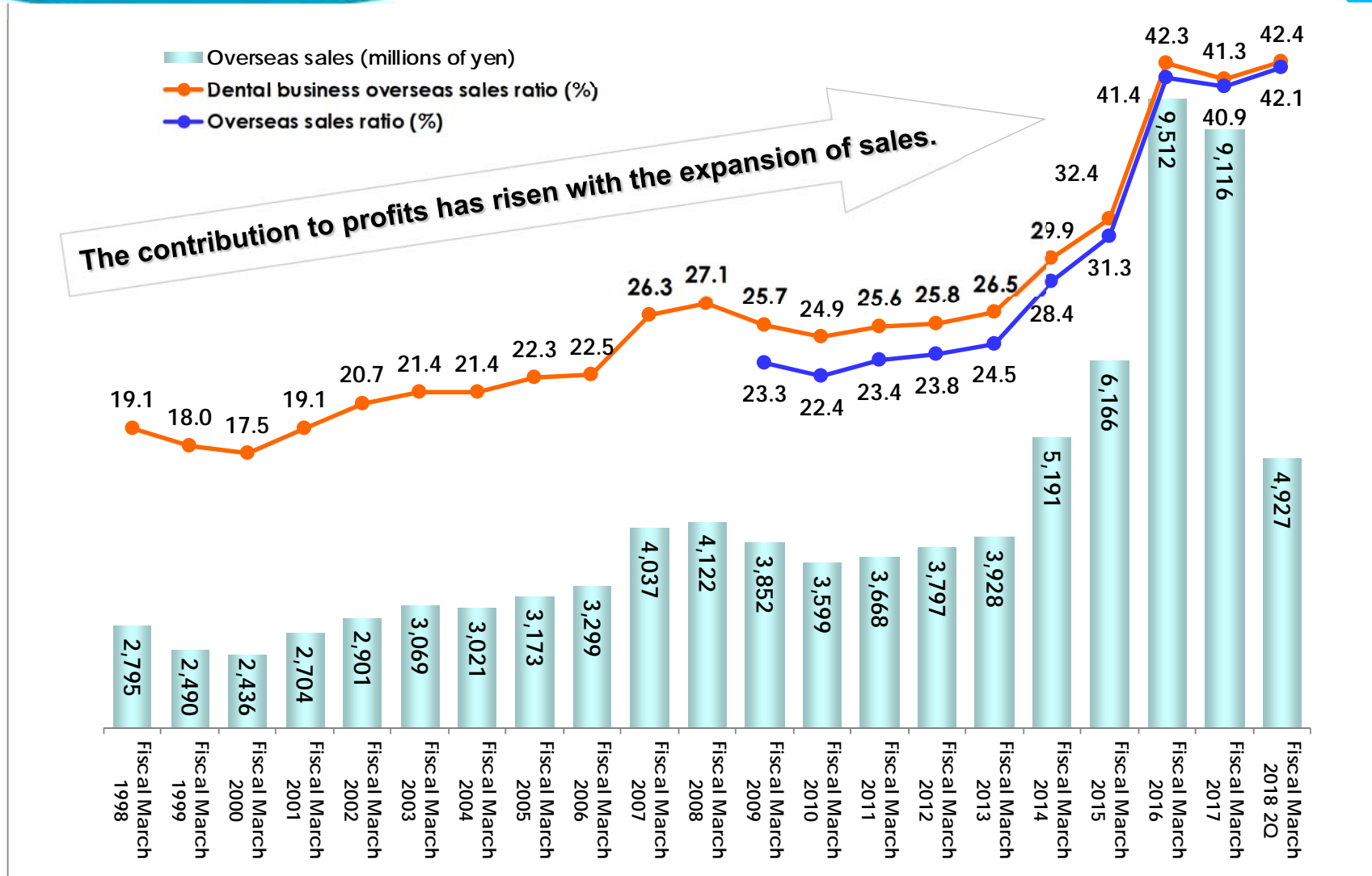


Unit: %



Overseas Sales and Overseas Sales Ratios

Summary of 2nd Quarter Consolidated Business Performance for Fiscal Year Ending March 31, 2018



Financial Condition: Major Balance Sheet Accounts

Summary of 2nd Quarter Consolidated Business
Performance for Fiscal Year Ending March 31, 2018



Unit: millions of yen

	Fiscal March 2017	2Q,Fiscal March 2018	Change	Major contributors to changes, special notes
Cash and deposits	4,997	4,881	-115	Decrease in cash and deposits
Notes and bills receivable, trade accounts receivable	3,138	3,227	89	Increase in accounts receivable - trade
Inventory	5,367	5,934	567	Increase in merchandises, increase in supplies
Securities, investment securities	5,273	6,231	957	Increase in investment securities
Others	10,076	10,199	122	
Assets	28,853	30,473	1,620	
Long-term and short-term borrowings	1,730	1,480	-249	Decrease in long-term loans payable
Reserve for retirement benefits and directors' retirement benefits	202	212	9	
Others	4,624	5,070	446	Increase in deferred tax liabilities
Liabilities	6,556	6,762	206	
Net worth	22,296	23,710	1,414	Increase in valuation difference on available- for-sale securities, foreign currency translation adjustment and retained earnings
Total liabilities and net worth	28,853	30,473	1,620	
Capital adequacy ratio	76.9%	77.4%	0.5P	
Net worth per share	1,397yen	1,484yen	88yen	

Capital Expenditures, Depreciation Costs, R&D Expenses, etc.

Summary of 2nd Quarter Consolidated Business Performance for Fiscal Year Ending March 31, 2018



Unit: millions of yen

	Fiscal March 2017 (2Q Results)	Fiscal March 2018 (2Q Forecast)	Fiscal March 2018 (2Q Results)	Change from Previous Period	Change from Forecast
Capital investment	350	322	321	-28	-1
Depreciation expenses	452	458	465	13	7
(of which amortization of goodwill)	49	49	52	3	3
R&D expenses	658	790	692	34	-98
Foreign exchange rates					
US dollar	106.43	108.00	111.42	4.99	3.42
Euro	119.12	119.00	126.63	7.51	7.63
Pound sterling	146.56	145.00	144.38	-2.18	-0.62
Renminbi	17.21	16.20	16.42	-0.79	0.22

* The foreign exchange rates given are those in effect at the average of each term.



Summary of 2nd Quarter Consolidated Business Performance for Fiscal Year Ending March 31, 2018

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2018

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

Overview of Forecast of Business Performance for the Year

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2018



■ Positive factors ■ Negative factors

P/L

⇒ Net sales will total 23,970 million yen (an increase of 7.5%)

Domestic net sales will total 13,869 million yen (an increase of 5.2%)

- In the dental business, we expect sales to **increase by 5.2% (+615 million yen)** due to the development of activities to supply information to dental care workers, as well as the promotion of sales activities focused on flagship areas.

<New product sales: 1,761 million yen, or 11.0% of non-consolidated net sales>

- In the nail care business, we expect sales to **increase by 4.5% (+54 million yen)** due to the development of new brands and the expansion of sales channels for gel nail products for general consumers.

Overseas net sales will total 10,101 million yen (an increase of 10.8%)

- In the dental business, sales are expected to **increase by 10.1% (+846 million yen)** due to the continued expansion of our sales network, strengthened partnerships with other companies, and accelerated business development overseas.
- In the nail care business, sales are expected to **increase by 18.6% (+138 million yen)** as we strengthen sales activities in the Asian markets where potential growth is expected.

⇒ Operating income will total 1,488 million yen (an increase of 7.7%).
Ordinary income will total 1,403 million yen (an increase of 23.0%).
Net income will total 959 million yen (an increase of 14.6%).

- Although selling, general and administrative expenses will increase 799 million yen in due to proactive investment in sales activities, effects of higher sales are expected to cause operating income to **increase by 7.7%**.
- Ordinary income is expected to **increase by 23.0%**.

* "Net income" figures are figures for "Net income attributable to owners of parent" after the application of the Accounting Standard for Business Combinations, etc.

Comparison of Major Statistics

⇒ Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2018



Units:
millions of
yen, %

⇒ Sales and profits increased compared to fiscal March 2017

	Fiscal March 2017 Business Performance (% of sales)	Fiscal March 2018 Forecast (% of sales)	Change From Previous Period (% change)
Net sales	22,305 (100.0)	23,970 (100.0)	1,665 (7.5)
(Domestic sales)	13,189 (59.1)	13,869 (57.9)	680 (5.2)
(Overseas sales)	9,116 (40.9)	10,101 (42.1)	985 (10.8)
Operating income	1,382 (6.2)	1,488 (6.2)	106 (7.7)
Ordinary income	1,141 (5.1)	1,403 (5.9)	262 (23.0)
Net income	836 (3.8)	959 (4.0)	122 (14.6)
Net income per share	52.61yen	60.38yen	7.77yen
Return on shareholders' equity	3.8%	4.2%	0.4P
Foreign exchange rates			
US dollar	109.03	108.00	-1.03
Euro	119.37	119.00	-0.37
Pound sterling	143.04	145.00	1.96
Renminbi	16.56	16.20	-0.36

* "Net income" figures are figures for "Net income attributable to owners of parent" after the application of the Accounting Standard for Business Combinations, etc.

Sales by Product Category

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2018



Unit: millions of yen

Figures in parentheses represent percentage changes; unit: %

	Fiscal March 2017 (Results)	Fiscal March 2018 (Forecast)	Change from previous period		
				Domestic	Overseas
Artificial teeth	3,818	4,065	246 (6.5)	63	182
Abrasives	3,900	3,991	90 (2.3)	6	84
Metal products	258	258	-0 (-0.1)	0	-0
Chemical products	4,410	4,808	398 (9.0)	85	312
Cements and others	2,055	2,157	102 (5.0)	-2	104
Equipment and others	5,823	6,448	624 (10.7)	461	162
Dental business total	20,267	21,729	1,461 (7.2)	615	846
Nail care business	1,944	2,137	193 (9.9)	54	138
Other	93	103	10 (11.3)	10	-
Total	22,305	23,970	1,665 (7.5)	680	985

- Overseas sales decreased by 62 million yen due to the effect of foreign currency fluctuations (US dollar, euro, pound sterling, renminbi, New Taiwan dollar). (Dental business -70 million yen, Nail care business +7 million yen)

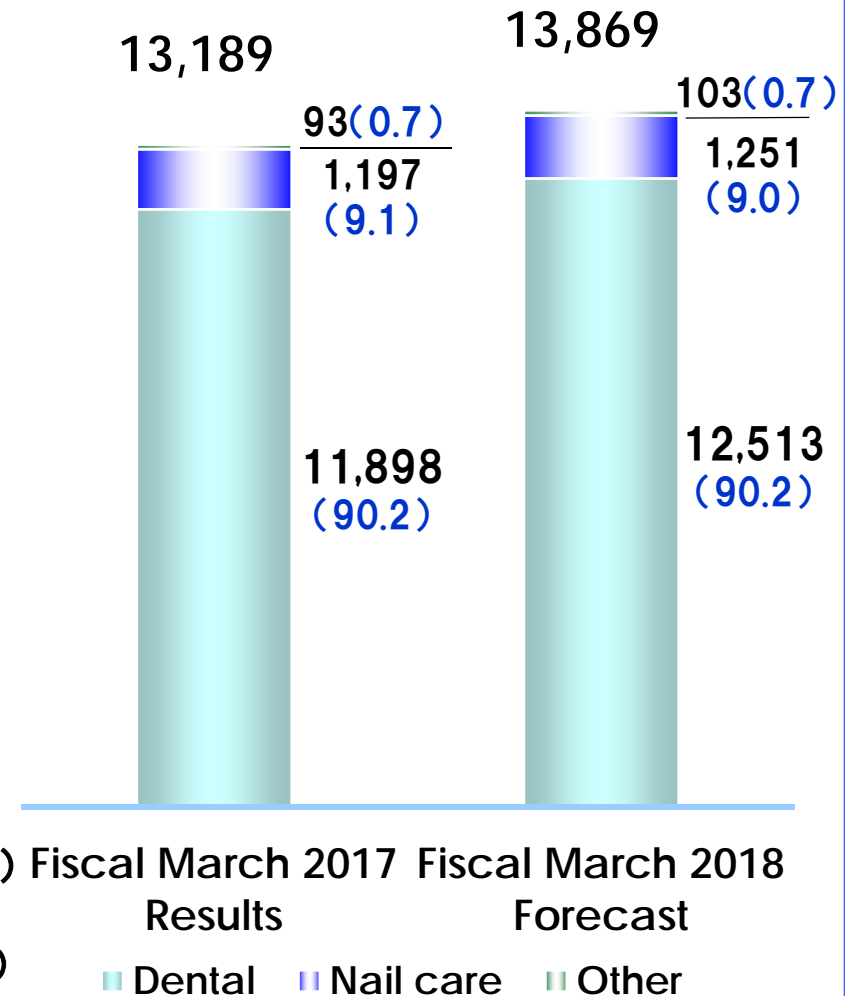
Domestic Net Sales

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2018



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

- ◇ **Dental business:**
Year-on-year increase of 615 million yen (5.2%)
 - we will enhance our sales promotion activities in our major focus areas and provide information activities towards dental professionals.
- ◇ **Nail care business:**
Year-on-year increase of 54 million yen (4.5%)
 - we will launch a new brand in Japan and expand our sales channel for gel nail products targeted for mass consumption.
- ◇ **Other businesses:**
Year-on-year increase of 10 million yen (11.3%)
- ◇ **Major products that will be introduced during the current term(fiscal March 2018)**
 - Dental filling composite resin
BEAUTIFIL Flow PlusX (Chemical products)
 - Digital oral imaging device
EyeSpecial C-III (Equipment and others)
 - Digital impression molding device
TRIOS3 oral scanner (Equipment and others)
 - Resin material for dental cutting processing
SHOFU BLOCK HC HARD(Equipment and others)



Overseas Net Sales

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2018



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

Summary

Despite the negative effects of foreign currency fluctuations (-62 million yen), net sales overall are expected to increase by 10.8% due to strong performances in all regions.

Growth rates by region *Figures in parentheses indicate the growth rate on local currency basis.

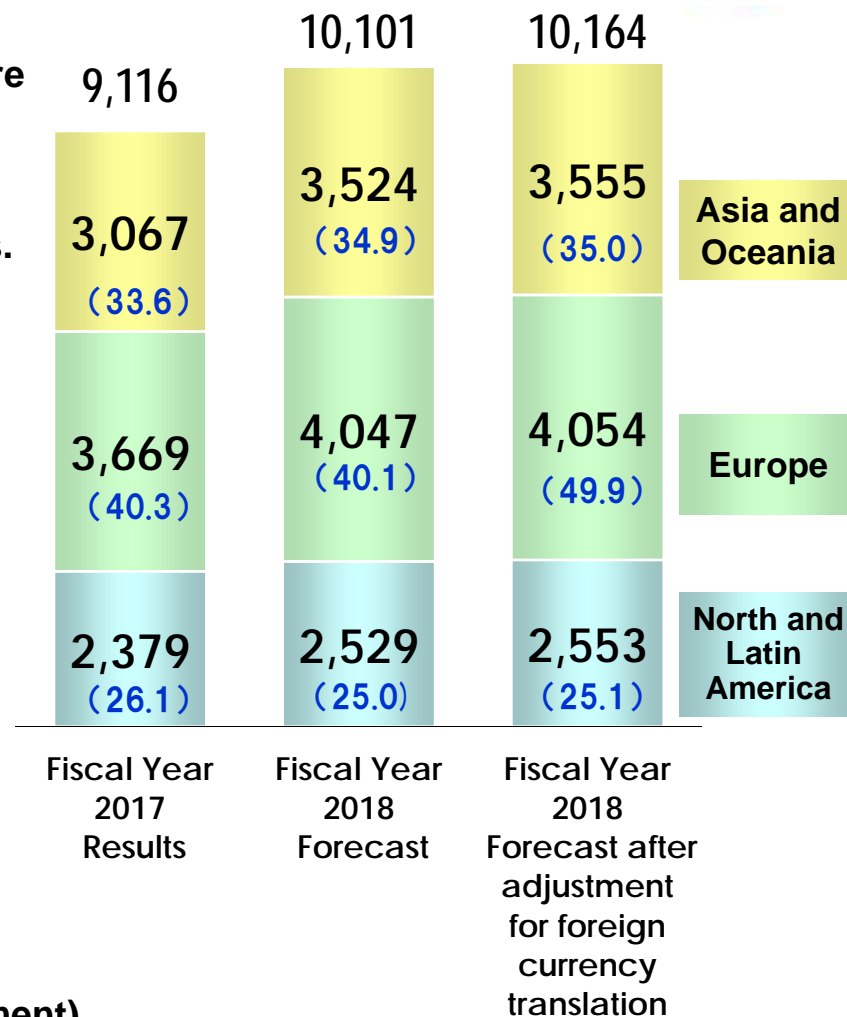
North and Latin America	+ 6.3% (+ 7.3%)
Europe	+10.3% (+10.5%)
China	+13.7% (+16.0%)
Asia (Other)	+16.1% (+15.8%)

Foreign exchange rates

- USD1=JPY108.00
(JPY109.03 in the previous fiscal year)
(Effect: -29 million yen)
- EUR1=JPY119.00
(JPY119.37 in the previous fiscal year)
(Effect: -11 million yen)
- RMB1=JPY16.2
(JPY16.56 in the previous fiscal year)
(Effect: -35 million yen)

(Dental business) Overseas sales ratio

- 42.4% (41.3% in the previous fiscal year)
(42.6% after foreign currency translation adjustment)



* The fiscal March 2018 forecast after adjustment for foreign currency translation has been calculated based on the same foreign exchange rates used for the fiscal March 2017 results.

Performance by Segment (Net Sales and Operating Income)

Forecast of Consolidated Business Performance for
Fiscal Year Ending March 31, 2018



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

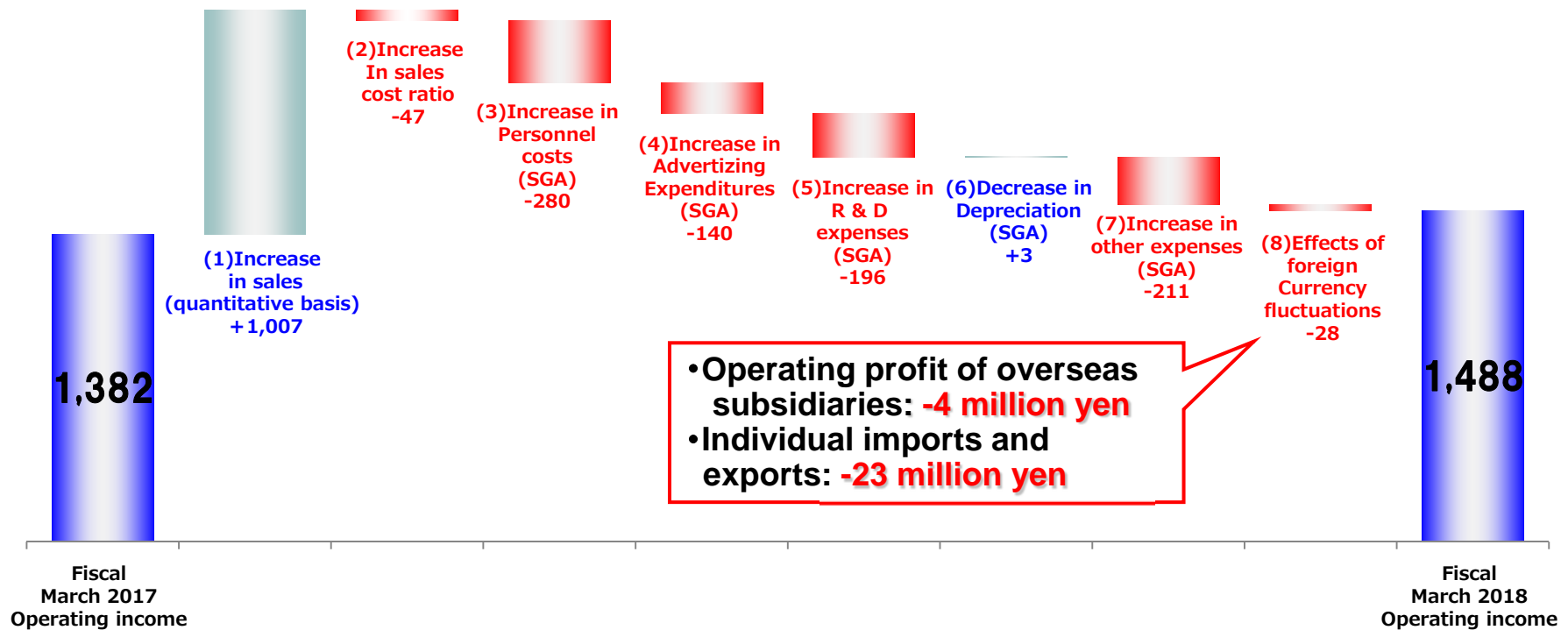
		Fiscal March 2017 (Results) Amount (% of sales)	Fiscal March 2018 (Forecast) Amount (% of sales)	Change from Previous Period
Dental	Net Sales	20,267	21,729	1,461
	Operating expenses	18,887	20,283	1,395
	Operating income (operating income margin)	1,380 (6.8)	1,445 (6.7)	65
Nail care	Net Sales	1,944	2,137	192
	Operating expenses	1,970	2,105	135
	Operating income (operating income margin)	-25 (-1.3)	31 (1.5)	57
Other	Net Sales	100	103	3
	Operating expenses	77	92	14
	Operating income (operating income margin)	22 (22.3)	11 (11.2)	-10
Total before consolidation adjustment	Net Sales	22,312	23,970	1,657
	Operating expenses	20,935	22,481	1,545
	Operating income (operating income margin)	1,376 (6.2)	1,488 (6.2)	112
Consolidated	Net Sales	22,305	23,970	1,665
	Operating expenses	20,922	22,481	1,558
	Operating income (operating income margin)	1,382 (6.2)	1,488 (6.2)	106

Contributors to Change in Operating Income

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2018



Unit: millions of yen



* The figures in items (1) to (7) do not incorporate the effects of foreign currency fluctuations.

Impact of Foreign Exchange Fluctuations

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2018



Forecast for Fiscal March 2018

(Unit: millions of yen)

	Foreign exchange rate		Impact on consolidated business performance		Per yen of yen strength	
	Fiscal March 2017 actual	Fiscal March 2018 estimate	Sales	Operating income	Sales	Operating income
US Dollar	109.03	108.00	-29	-6	-28	-10
Euro	119.37	119.00	-11	-1	-31	-5
GBP	143.04	145.00	4	0	-2	0
RMB	16.56	16.20	-35	-8	-100	-54

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

SHOFU INC. conversions of items in the financial statements of overseas subsidiaries all use average rates. 25



Summary of 2nd Quarter Consolidated Business Performance for Fiscal Year Ending March 31, 2017

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2017

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

10 years vision: Fundamental Principles

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 for fiscal March 2022

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

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

Fiscal 2015 to 2017 Medium-term Management Plan : Company-wide targets

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



Company-wide targets for fiscal March 2018

- **Group net sales: 28.5 billion yen**
<Domestic sales:14.1 billion yen; overseas sales:11.7 billion yen; Nail care business sales:2.5 billion yen>
<Overseas sales ratio in the dental business : 50%>
- **Group operating income: 2.98 billion yen**
(Operating profit margin: 10.5%)
- **ROE* 8.5%**

*ROE : Return on equity

Key issues in order to achieve goals

【 Research and Development 】

- ◇ Development and introduction of new products that match the local demands

【 Production 】

- ◇ Relocation of production base and expansion of offshore production

【 Sales 】

- ◇ Improvement of our sales network / Realignment of sales offices
- ◇ Establishment of domestic and international academic networks

【 Human resources 】

- ◇ Development of human resources and securing the skilled employees

Specific Efforts – Research and Development

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



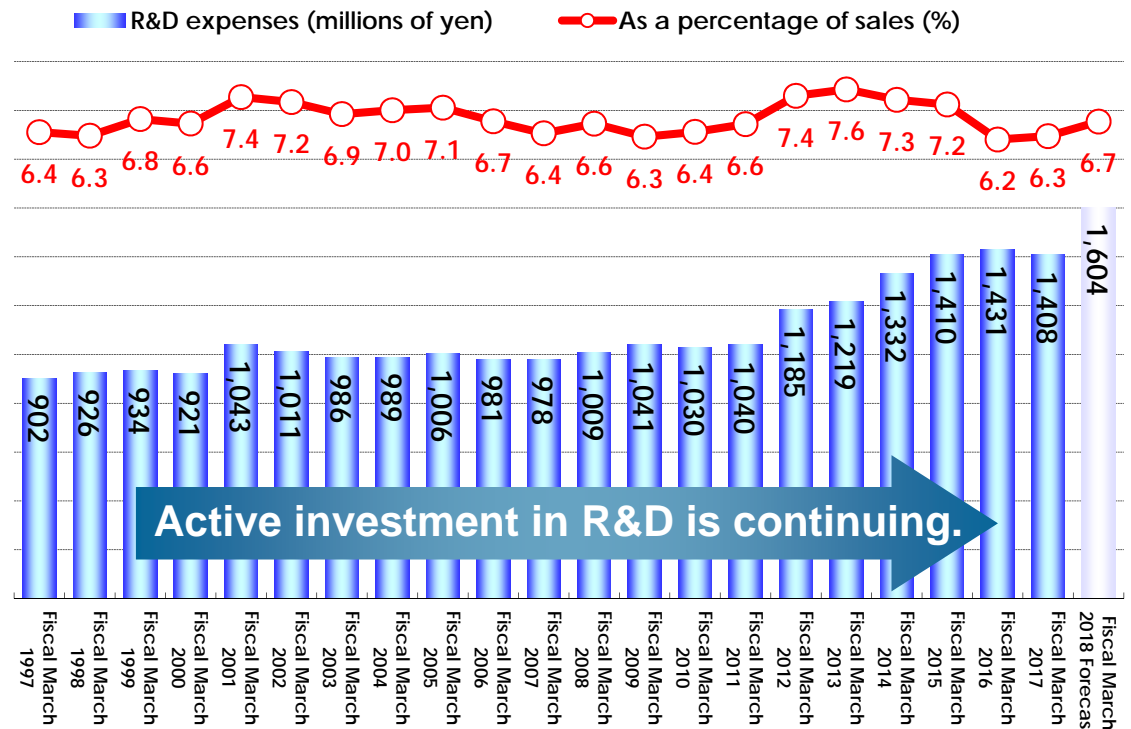
✧ Development and introduction of new products that match the local demands

➤ Developing products with a worldwide vision

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

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

Trend in R&D investment



Specific Efforts – Production

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



✧ Relocation of production base and expansion of offshore production

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

➔ Effectively utilizing existing domestic factories

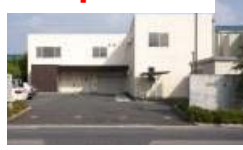
Domestic manufacturing Group companies



Shiga Shofu (Shiga)



Shofu products kyoto (Kyoto)



Nail Labo (Saitama)

Principal issues and purpose of repositioning of production

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

➔ Expanding overseas production

Overseas manufacturing Group companies



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



Advanced Healthcare Ltd. (UK)



Merz Dental GmbH.(Germany)

Specific Efforts – Sales

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



◆ Improvement of our sales network

- Develop a network of overseas distributors.

◆ Realignment of sales offices

- Enhance the functions of the Singapore subsidiary.
- 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.

Overseas sales Group companies (bases)



Shofu Dental Corporation (U.S.A.)



Shofu Dental GMBH (Germany)



Shofu UK (Sales Office) (UK)



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



Shofu Dental Asia-Pacific PTE (Singapore)



Merz Dental GmbH (Germany)

Enhance and expand MDR* activities. *Medical dental representative

➤ Improve our customer service

➤ Enhance academic activities

➤ Speed up the product registration work

Specific Efforts – MiCD Project

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



Official partner



Minimally Invasive
Cosmetic Dentistry

MiCD Project

(Minimally Invasive Cosmetic Dentistry)

Supporting the development of cosmetic dental treatment that delivers cosmetic results while minimizing surgical intervention of cavity lesion

Increasing sales
of filling and
restorative dental
materials

Improved
cost
effectiveness

Enhance image
as a company
that promotes
state-of-the-art
medicine

● Providing training programs

● Holding study groups

● Developing and supplying
MiCD products

● Promoting products and
services to patients

Specific Efforts – Acquisition of Merz Dental GmbH

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



✧ Acquired leading German artificial teeth manufacturer

*Consolidated from April 1, 2015

Creating synergies in many areas, including R&D capabilities, production, and sales

➔ R&D

- Development of high-quality artificial teeth that can be expanded worldwide

➔ Production

- Expansion of production capabilities and volume in Europe
- Rapid response to customer needs across the European region

➔ Sales

- Utilize Merz Dental's sales channel to enhance academic activities
- Expand sales of Merz Dental products outside of Germany

SHOFU INC.



Basic Information

(As of March 31, 2017)

Name	: Merz Dental GmbH.
Location	: Lütjenburg (Germany)
Net sales	: 15 million euro
Employees	: 187
Business	: Manufacture and sales of artificial teeth and dental equipment

Specific Efforts – Nail Care Business

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



- ✧ Capturing share in the LED gel market with improved Presto
- ✧ Improving competitiveness and profitability by integrating operations from product planning and manufacture to sales



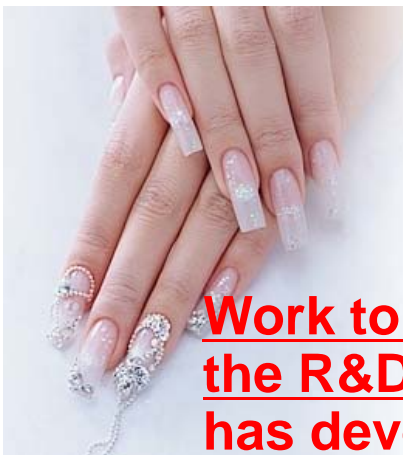
■ Presto

- ⇒ June 2013: Establishment of Nail Care Division at the Head Office
- August 2014: Released “by Nail Labo”, the gel nail system for general consumers
- December: Established joint venture in Taiwan, began operations in January 2015

- ✧ Expanding sales channels in overseas markets
 - U.S., Europe, Taiwan, South Korea, China



■ by Nail Labo



Key Goal Indicator

Fiscal March 2017 results: Net sales of 1.94 billion yen
 <Domestic 1.20 billion yen; Overseas 0.75 billion yen>
 ⇒Fiscal March 2018 forecast: Net sales of 2.5 billion yen
 <Domestic 1.79 billion yen; Overseas 0.71 billion yen>
 <Ratio of sales of products developed in-house (consolidated) 64.7%>

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.

Progress of Specific Efforts (Summary 1)

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



Key issues	Progress of specific efforts
<p>【Research and Development】 Development and introduction of new products that match the local demands</p>	<ul style="list-style-type: none"> ① Developing products with a worldwide vision <ul style="list-style-type: none"> ✓ Expand product range of LITE-FIL(chemical products) (Sequential expansion) ✓ Further expand market share of dental digital cameras (Domestic: July 2013, Overseas: December 2013) ② Developing new products for regions' high-volume segments <ul style="list-style-type: none"> ✓ Introduce acrylic artificial teeth to Asian markets (June 2015) ③ Developing products with the goal of creating markets in new fields <ul style="list-style-type: none"> ✓ Proactively expand the latest CAD/CAM equipment and systems (Developing from May 2013) ✓ Entering into the implant business (April 2015)
<p>【Production】 Relocation of production base and expansion of offshore production</p>	<ul style="list-style-type: none"> ① Effectively utilizing existing domestic factories <ul style="list-style-type: none"> ✓ Transfer manufacturing to domestic subsidiaries (Shofu products kyoto established: July 2014) (New plant of Shiga Shofu: January 2015) ✓ Outsource domestic logistics functions (Eastern japan: July 2012, West Japan: March 2015) ✓ Restructure Head Office production system (Construction of a new factory in the head office: March 2017) ② Expanding offshore production <ul style="list-style-type: none"> ✓ Expand production capabilities in Europe through the acquisition of Merz Dental GmbH (April 2015)

Progress of Specific Efforts (Summary 2)



Key issues	Progress of specific efforts
<p>【Sales】 Improvement of sales network and sales offices, establishment of academic networks</p>	<p>① Improve sales network and sales offices</p> <ul style="list-style-type: none"> ✓ Increase sales staff (Sequential enhancement) ✓ Switch to a multiple agency structure (Europe / Asia Sequential development) ✓ Develop new agencies (Latin America / China Sequential development) ✓ Establish local corporations (Mexico: September 2014, Brazil: January 2017, India: April 2017) ✓ Establish branches (Italy: April 2015, Taiwan: May 2015) <p>② Establish academic networks</p> <ul style="list-style-type: none"> ✓ Increase KOL (Sequential enhancement) ✓ proactively expand workshops and seminars (Sequential development)
<p>【Acquisition of Merz Dental GmbH】 Creating synergies in many areas, including R&D capabilities, production and sales</p>	<p>① Product development taking advantage of the quality and technological capabilities of SHOFU and the brand strengths of Merz Dental</p> <ul style="list-style-type: none"> ✓ Photopolymerized hard resins for crowns (March 2017) ✓ Resin teeth (June 2017)
<p>【Nail care business】 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.</p>	<p>① Broaden lineup by releasing new in-house products (Sequential expansion)</p> <p>② Expand sales routes by developing and releasing “by Nail Labo”, the gel nail system for general consumers (August 2014)</p> <p>③ Expand overseas business (America, Asia) (Taiwan: December 2014)</p>

Medium-term Management Plan – Principle Targets

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



★...Record Unit: Millions of yen, %

	Fiscal March 2015 (Results)	Mid-term Management Plan			Fiscal March 2016 (Results)	Fiscal March 2017 (Results)	Fiscal March 2018 (Forecast)
		Fiscal March 2016	Fiscal March 2017	Fiscal March 2018			
Net sales	★ 19,688	★ 23,526	★ 25,756	★ 28,471	★ 22,975	22,305	★ 23,970
(Change from Previous Period)	(7.8%)	(19.5%)	(9.5%)	(10.5%)	(16.7%)	(13.3%)	(7.5%)
(Domestic sales)	★ 13,521	★ 14,158	★ 15,061	★ 16,024	★ 13,463	13,189	★ 13,869
(Change from Previous Period)	(3.5%)	(4.7%)	(6.4%)	(6.4%)	(-0.4%)	(-2.5%)	(5.2%)
(Overseas sales)	★ 6,166	★ 9,367	★ 10,695	★ 12,446	★ 9,512	9,116	★ 10,101
(Change from Previous Period)	(18.8%)	(51.9%)	(14.2%)	(16.4%)	(54.3%)	(47.8%)	(10.8%)
Operating income	1,159	1,418	★ 1,999	★ 2,978	1,568	1,382	1,488
(Percentage of sales)	(5.9%)	(6.0%)	(7.8%)	(10.5%)	(6.8%)	(6.2%)	(6.2%)
Ordinary income	1,114	1,246	★ 1,854	★ 2,805	1,393	1,141	1,403
(Percentage of sales)	(5.7%)	(5.3%)	(7.2%)	(9.9%)	(6.1%)	(5.1%)	(5.9%)
Net income	581	608	★ 1,284	★ 1,984	789	836	★ 959
(Percentage of sales)	(3.0%)	(2.6%)	(5.0%)	(7.0%)	(3.4%)	(3.7%)	(4.0%)
Dental business Overseas sales ratio	★ 32.4%	★ 41.7%	★ 43.4%	★ 45.4%	★ 42.3%	41.3%	★ 42.4%

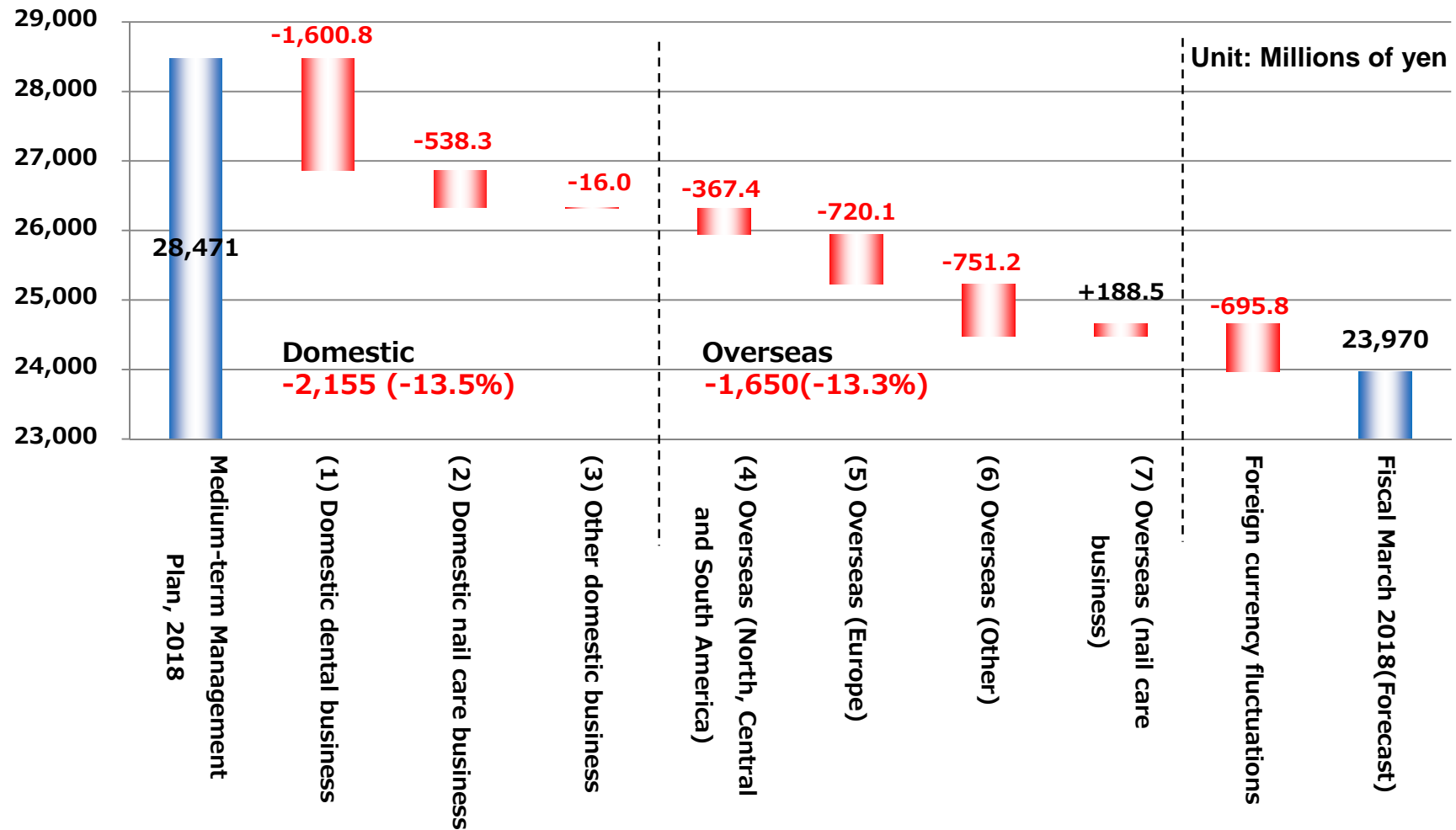
* “Net income” figures are figures for “Net income attributable to owners of parent” after the application of the Accounting Standard for Business Combinations, etc.

Fiscal March 2018 (Forecast) compared with Medium-term Management Plan ①

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



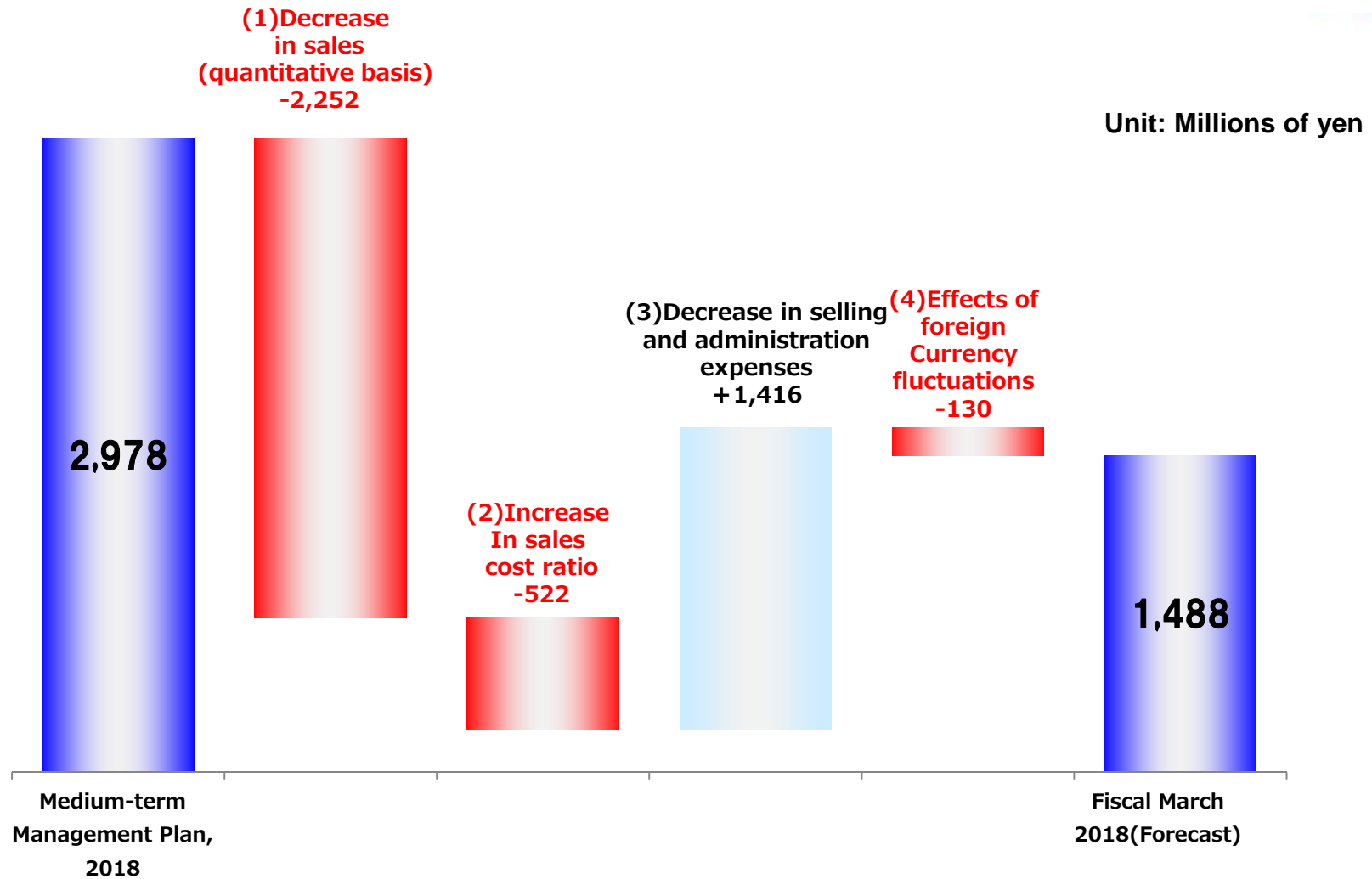
**【Fiscal March 2018(Forecast)】 ¥23.97 billion/
【compared with Medium-term Management Plan】 ¥-4.50 billion (-15.8%)**



SHOFU INC.* The figures in items (1) to (7) do not incorporate the effects of foreign currency fluctuations. **39**

Fiscal March 2018 (Forecast) compared with Medium-term Management Plan ②

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



SHOFU INC. * The figures in items (1) to (3) do not incorporate the effects of foreign currency fluctuations. 40

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 2015 (Results)		Mid-Term Management Plan						Fiscal March 2016 (Results)		Fiscal March 2017 (Results)		Fiscal March 2018 (Forecast)	
			Fiscal March 2016		Fiscal March 2017		Fiscal March 2018							
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Dental business	17,850	90.7	21,473	91.3	23,465	91.1	25,861	90.8	20,999	91.4	20,267	90.8	21,729	90.6
Nail care business	1,750	8.9	1,957	8.3	2,180	8.5	2,490	8.7	1,894	8.2	1,944	8.7	2,137	8.9
Other businesses	87	0.4	94	0.4	110	0.4	120	0.4	88	0.4	100	0.4	103	0.4
Net sales	19,688	100.0	23,526	100.0	25,756	100.0	28,471	100.0	22,981	100.0	22,312	100.0	23,970	100.0
Dental business	1,153	6.5	1,322	6.2	1,862	7.9	2,785	10.8	1,515	7.2	1,380	6.8	1,445	6.7
Nail care business	-24	-1.4	88	4.5	128	5.9	183	7.4	22	1.2	-25	-1.3	31	1.5
Other businesses	22	25.8	7	7.9	8	7.9	9	7.9	22	25.6	22	22.3	11	11.2
Operating income	1,150	5.8	1,418	6.0	1,999	7.8	2,978	10.5	1,559	6.8	1,376	6.2	1,488	6.2

* 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.

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

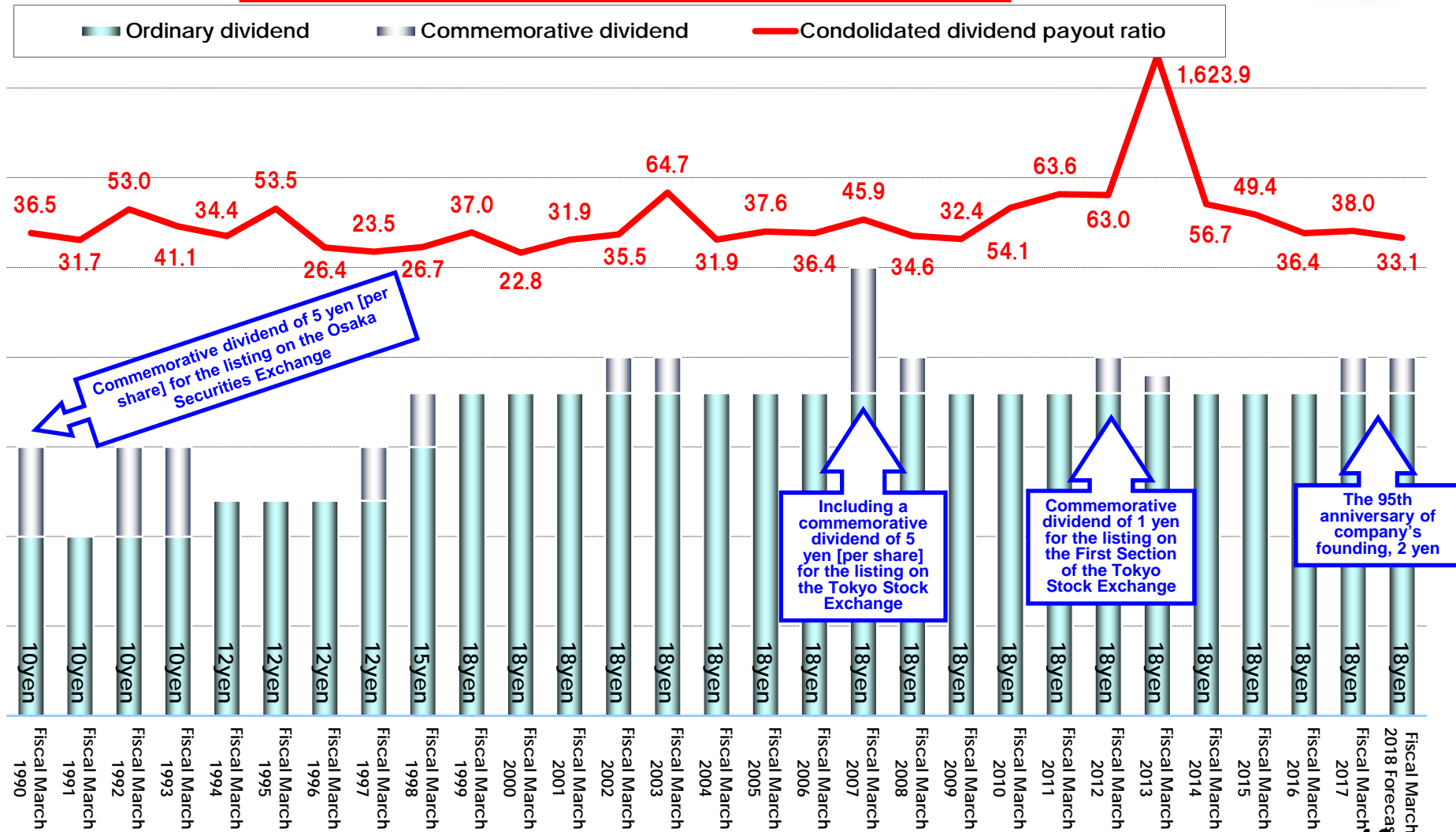
	Fiscal March 2015 (Results)	Mid-Term Management Plan			Fiscal March 2016 (Results)	Fiscal March 2017 (Results)	Fiscal March 2018 (Forecast)
		Fiscal March 2016	Fiscal March 2017	Fiscal March 2018			
Capital investment	1,650	865	837	869	713	875	780
Depreciation expenses	783	1,092	1,093	1,097	1,063	939	1,010
(of which goodwill amortization)	0	147	147	147	110	99	99
R&D expenses	1,410	1,616	1,618	1,690	1,431	1,408	1,604

* 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.

Dividend Policy

- Target dividend payout ratio: More than 30%
- Average consolidated dividend payout ratio since listing: 40.5%
(Weighted average from Fiscal March 1990 to March 2017)

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





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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E-mail: ir@shofu.co.jp

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

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

Company Profile

Company and Business Profiles



(As of September 30, 2017)

■ Company name	SHOFU Inc.
■ Representative	Noriyuki Negoro, President and CEO
■ Address	11 Kamitakamatsu-cho, Fukuine, Higashiyama-ku, Kyoto 605-0983, Japan
■ Date of establishment	May 15, 1922
■ Capital	4,474,646,614 yen
■ Listed exchanges	First Section of Tokyo Stock Exchange (date listed: March 29, 2012)
■ Number of employees	440 (entire group: 1,111 , including 507 in overseas subsidiaries)
■ Business	Manufacture and sale of dental materials and equipment
■ Main customers	Dental institutions (via sales agencies)
■ Number of group companies	17 (four in Japan, Thirteen overseas) Dental companies: 14 (three in Japan, eleven overseas) Nail care companies: 3 (one in Japan, two overseas)

Main Products



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

Artificial teeth

Artificial tooth and implant materials

- Porcelain teeth, porcelain powder, resin teeth



Abrasives

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



Cements

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

- Dental cements
- Dental stones and investments



Equipment and appliances

Equipment and appliances for dental treatment and procedures

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



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

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

Corporate History (1)



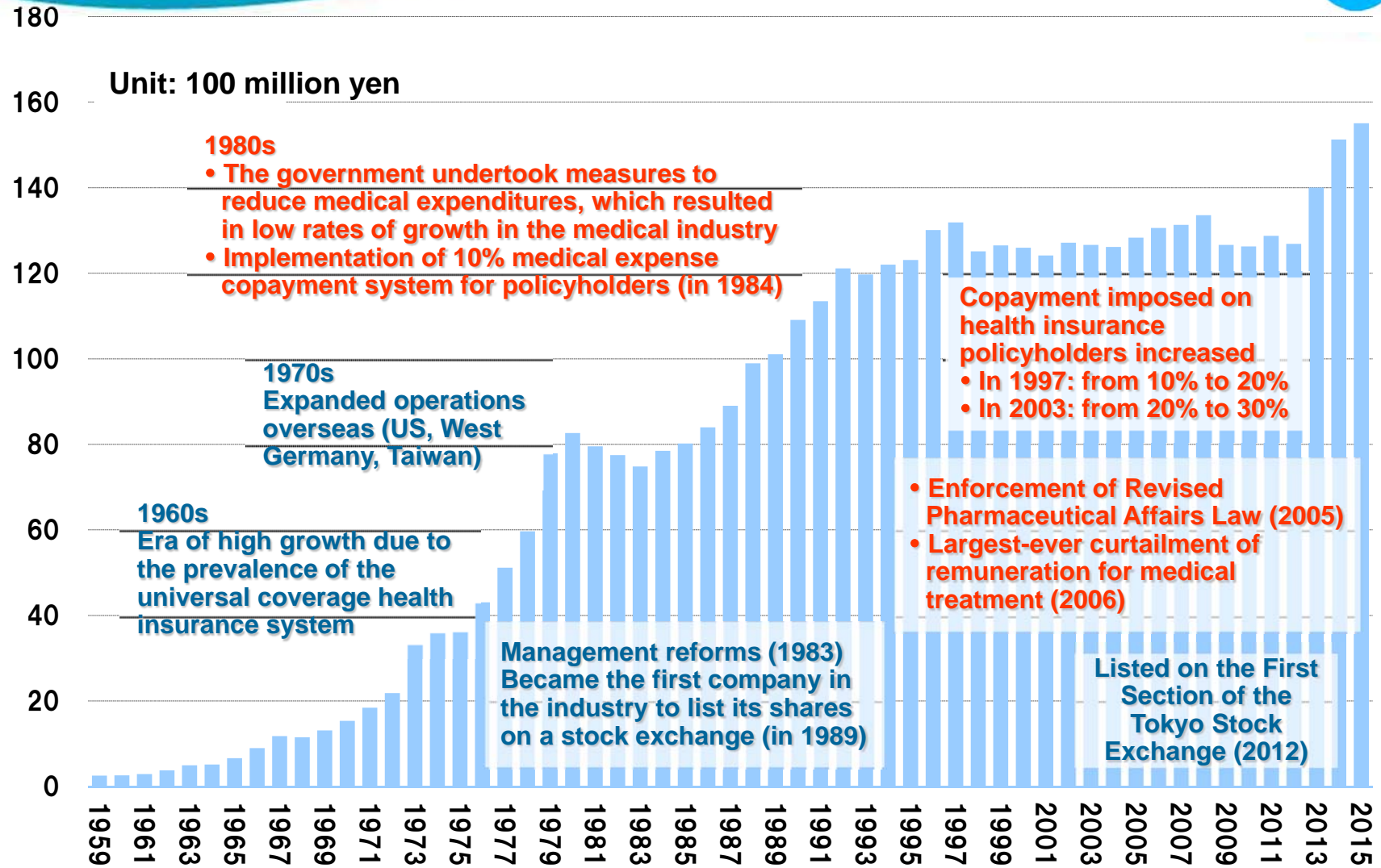
- **1922** Shofu Dental Manufacturing Co., Ltd. founded and commenced the manufacture and sale of Japan's first artificial teeth.
- **1963** Shofu shares listed on the over-the-counter market.
- **1971~1978** Established sales subsidiaries in the U.S. and West Germany. Started overseas production (in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

Corporate History (2)



- 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.
- 2017** Established a subsidiary in Brazil
Established a subsidiary in India

Corporate History - Sales

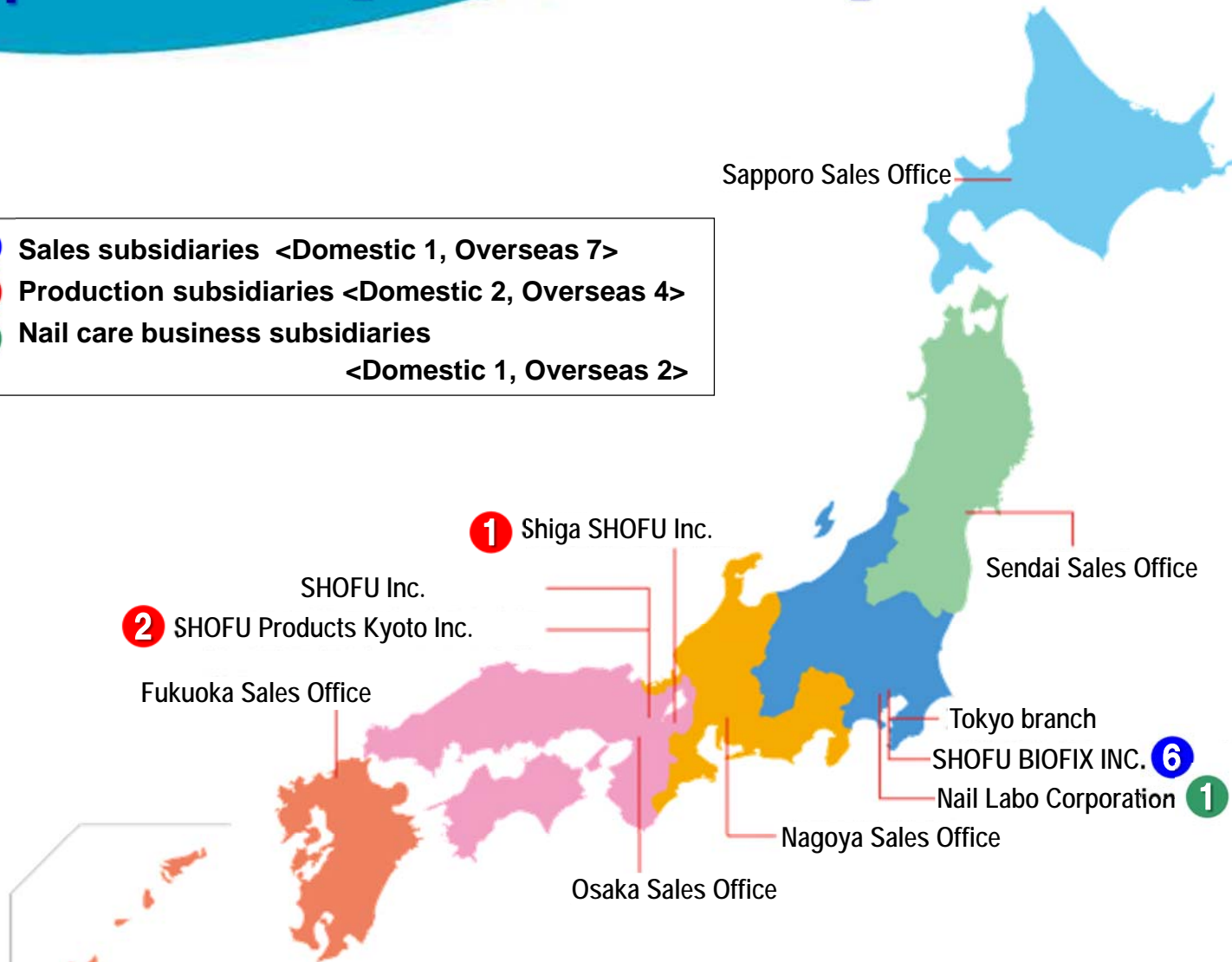


Group Overview [Domestic base]

Company and Business Profiles

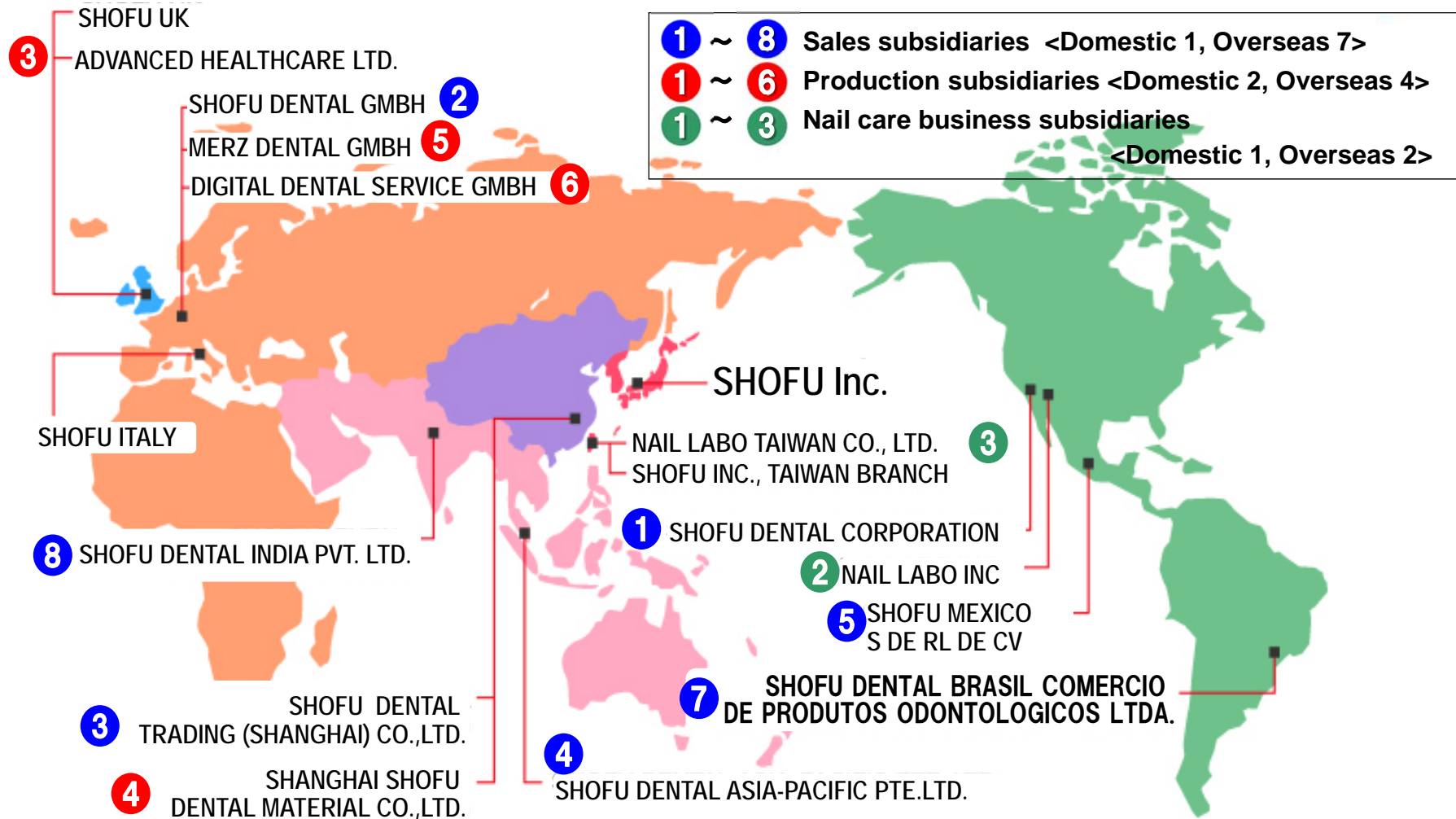


- ① ~ ⑧ Sales subsidiaries <Domestic 1, Overseas 7>
- ① ~ ⑥ Production subsidiaries <Domestic 2, Overseas 4>
- ① ~ ③ Nail care business subsidiaries
<Domestic 1, Overseas 2>

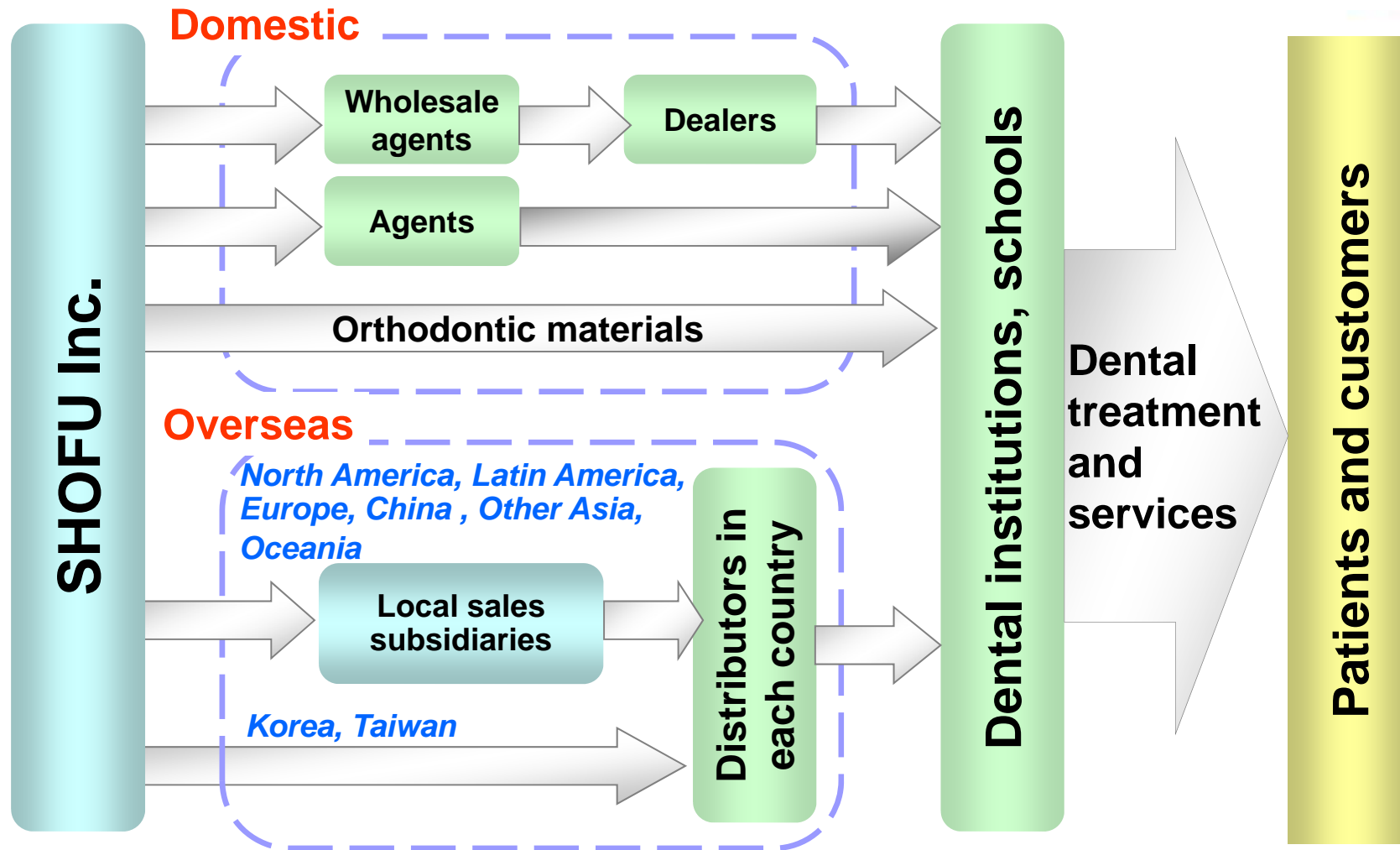


Group Overview [Overseas base]

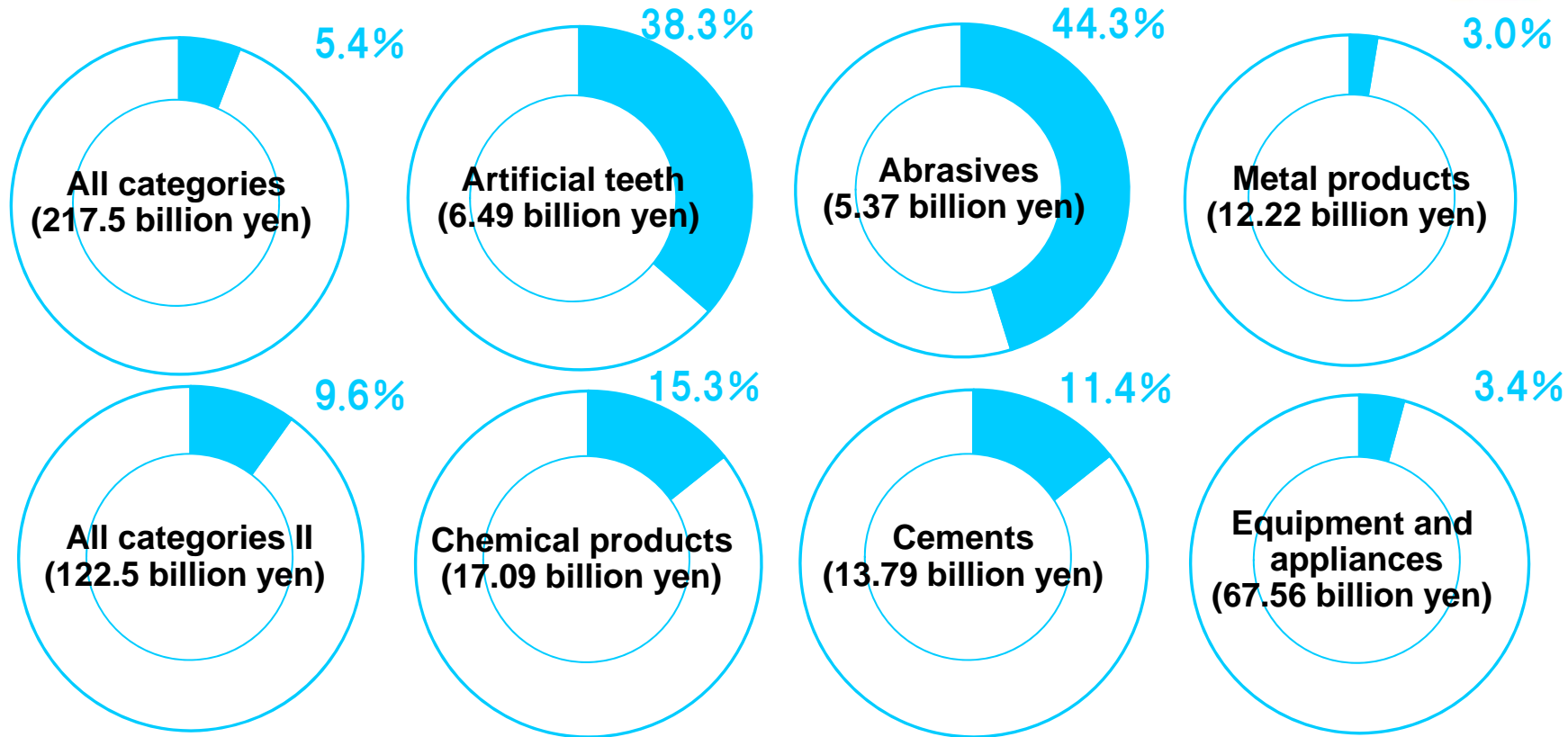
Company and Business Profiles



Sales Channels



Market share by product category



“All categories” includes “gold-silver-palladium alloy” and “machines and equipment for dental clinics.” “All categories II” and other categories do not include “gold-silver-palladium alloy” and “machines and equipment for dental clinics.”

Source: Production Statistics issued by the Pharmaceutical Industry (Manufacturers’ shipment values), Ministry of Health, Labour and Welfare (Domestic data, Calendar Year 2015)

Figures in parentheses represent market size. (Figures rounded down to the nearest ten million yen)



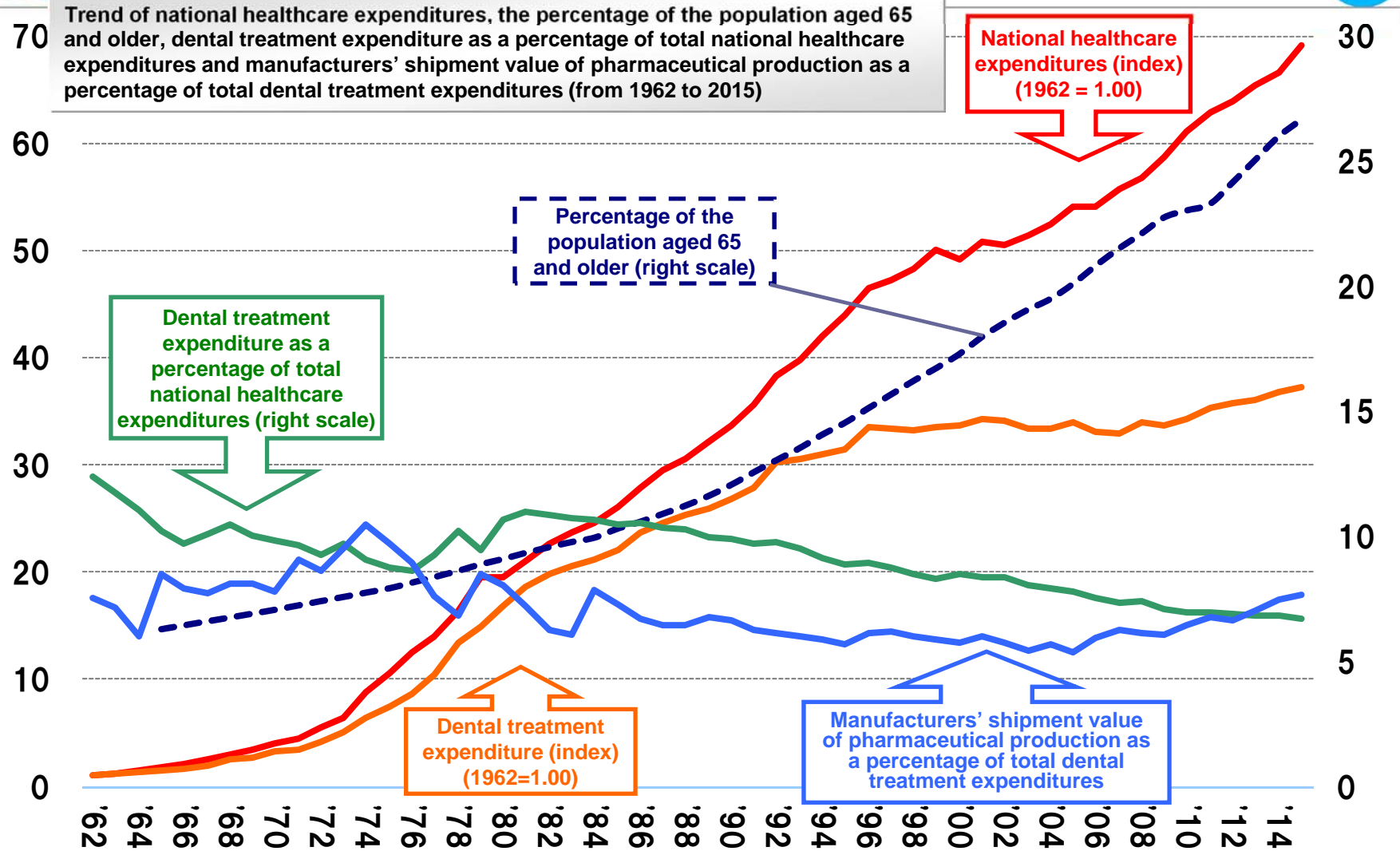
Reference <Dentistry Data>

Long-term Trend of Dentistry-Related Statistics

Reference <Dentistry Data>



Trend of national healthcare expenditures, the percentage of the population aged 65 and older, dental treatment expenditure as a percentage of total national healthcare expenditures and manufacturers' shipment value of pharmaceutical production as a percentage of total dental treatment expenditures (from 1962 to 2015)

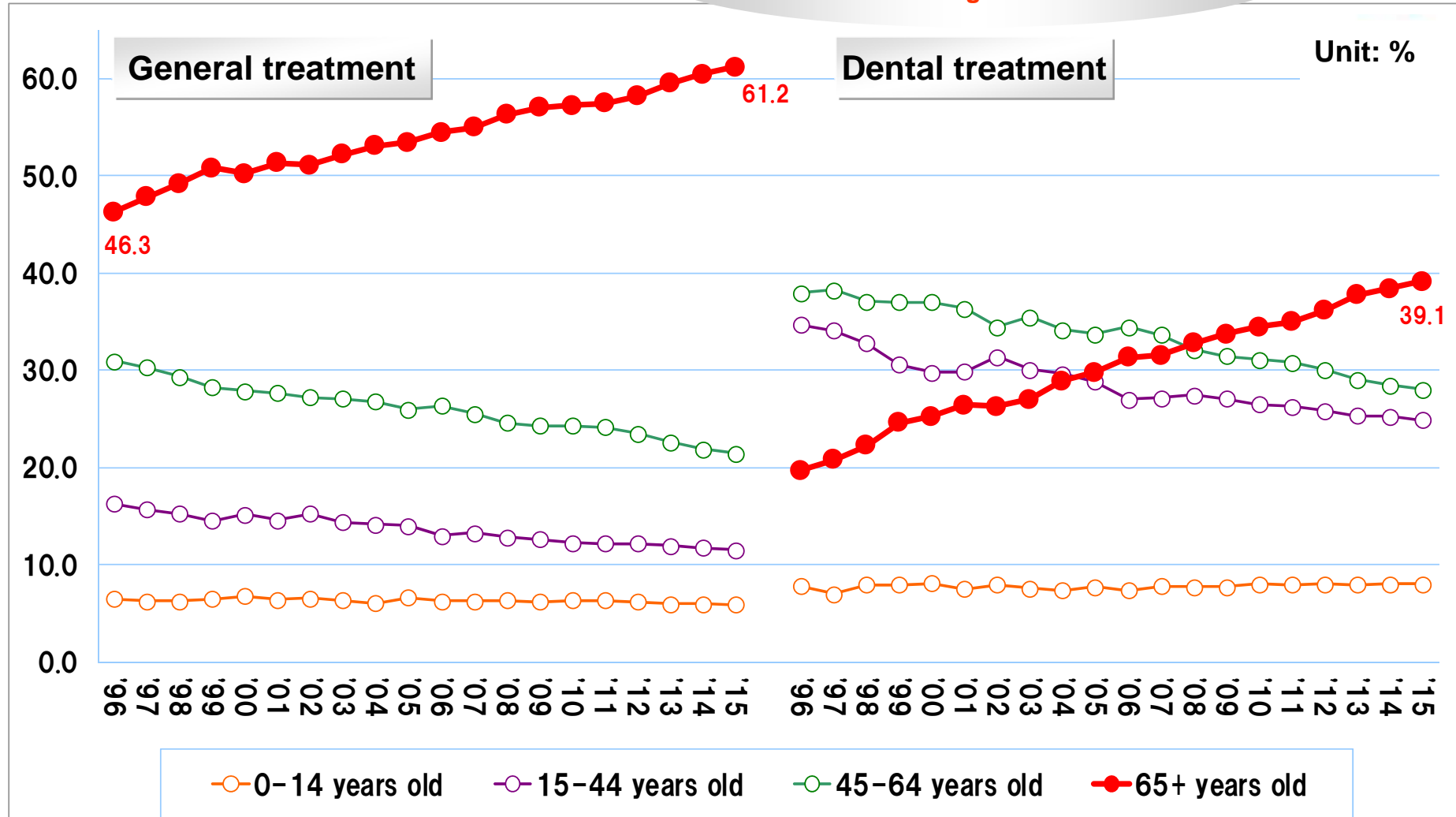


Healthcare Expenditures by Age Group (Component Ratio)

Reference <Dentistry Data>

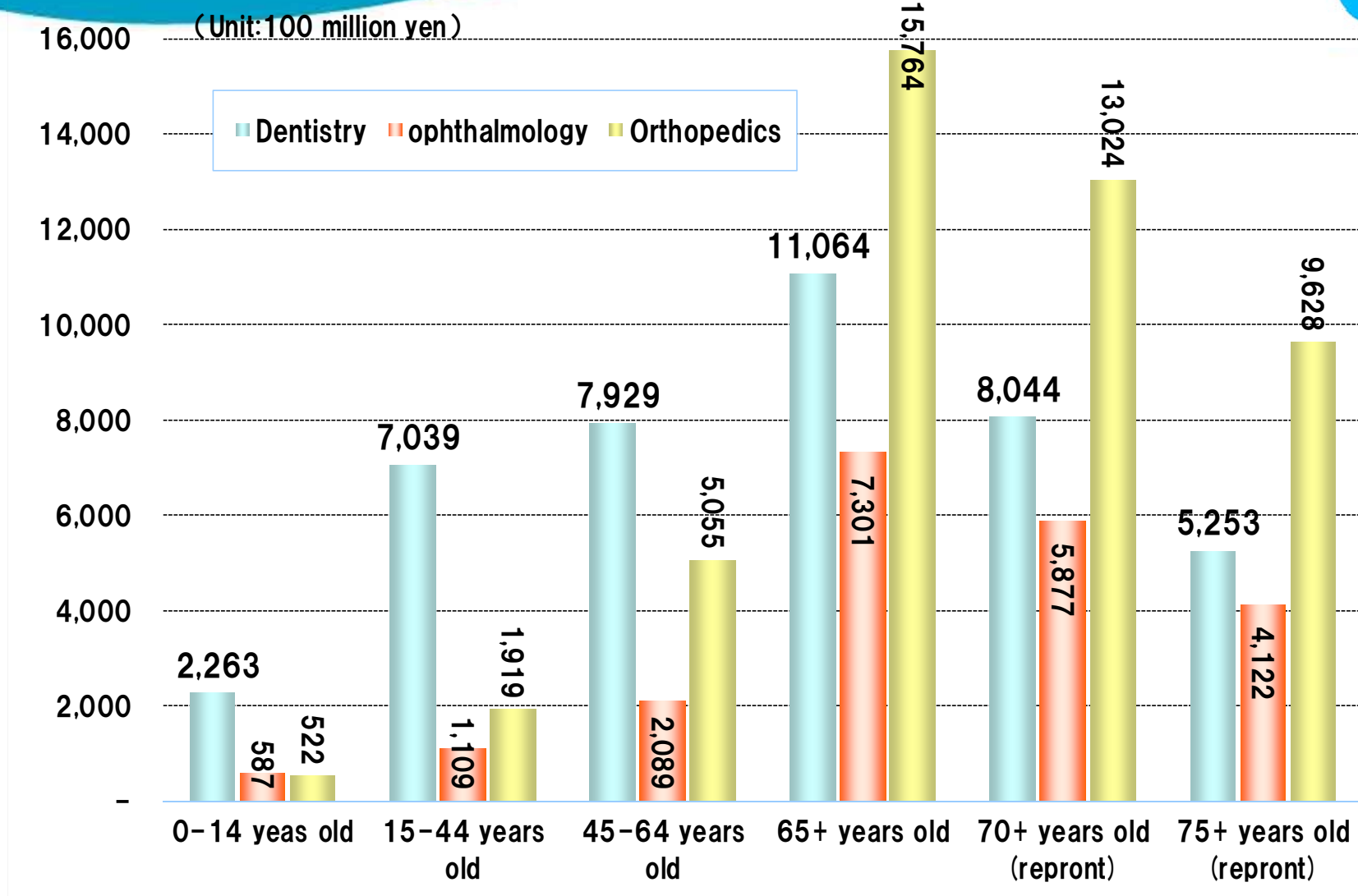


People aged 65 years and older tend to place less importance on dental treatment than general medical treatment.



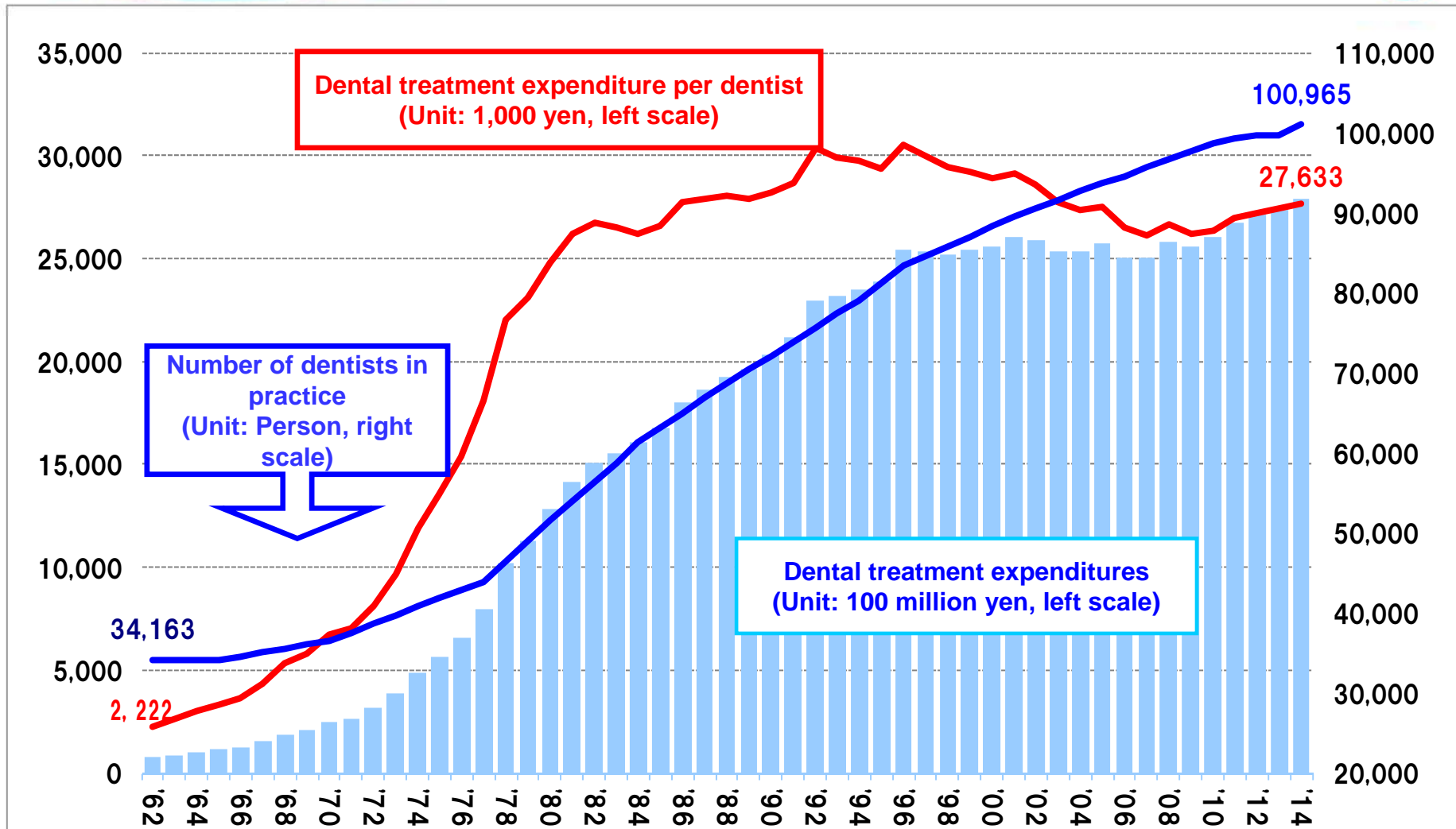
Comparison of Healthcare Expenditures by Age Group - Dentistry, Ophthalmology and Orthopedics

Reference <Dentistry Data>



Trend of the Number of Dentists and Dental Treatment Expenditure

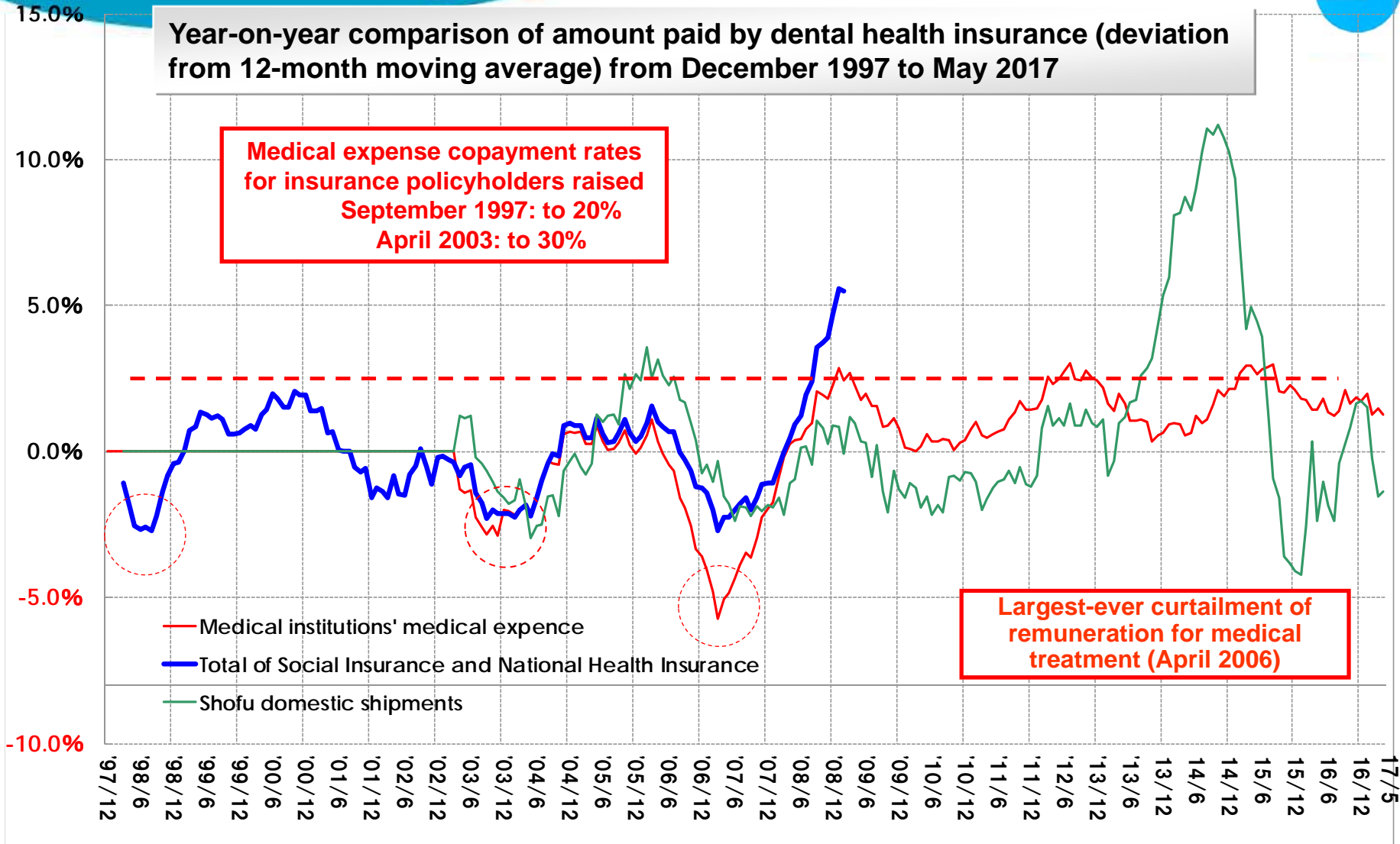
Reference <Dentistry Data>



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

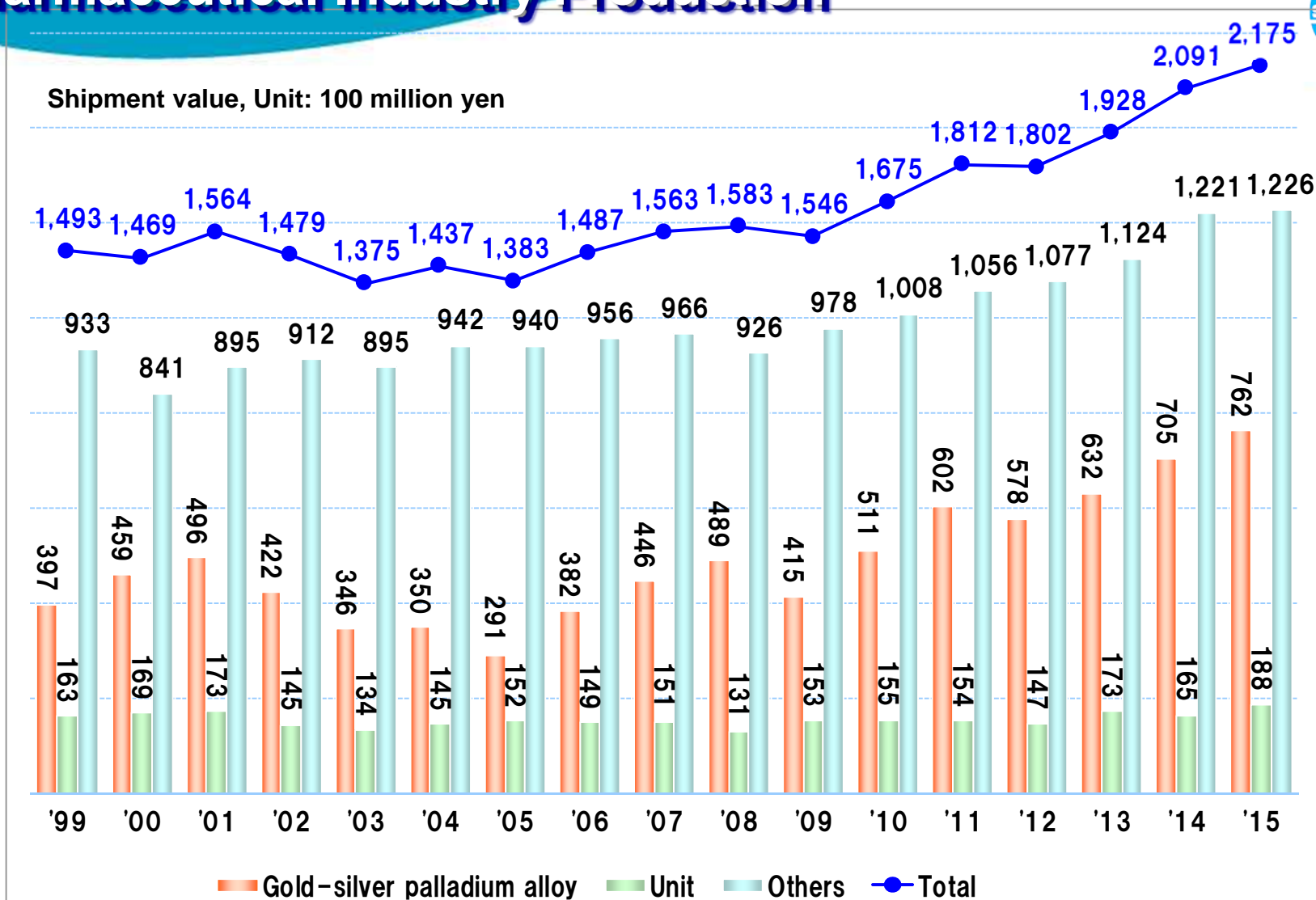
Dental Treatment Expenditures

Reference <Dentistry Data>



Trend of Shipment Value of Pharmaceutical Industry Production

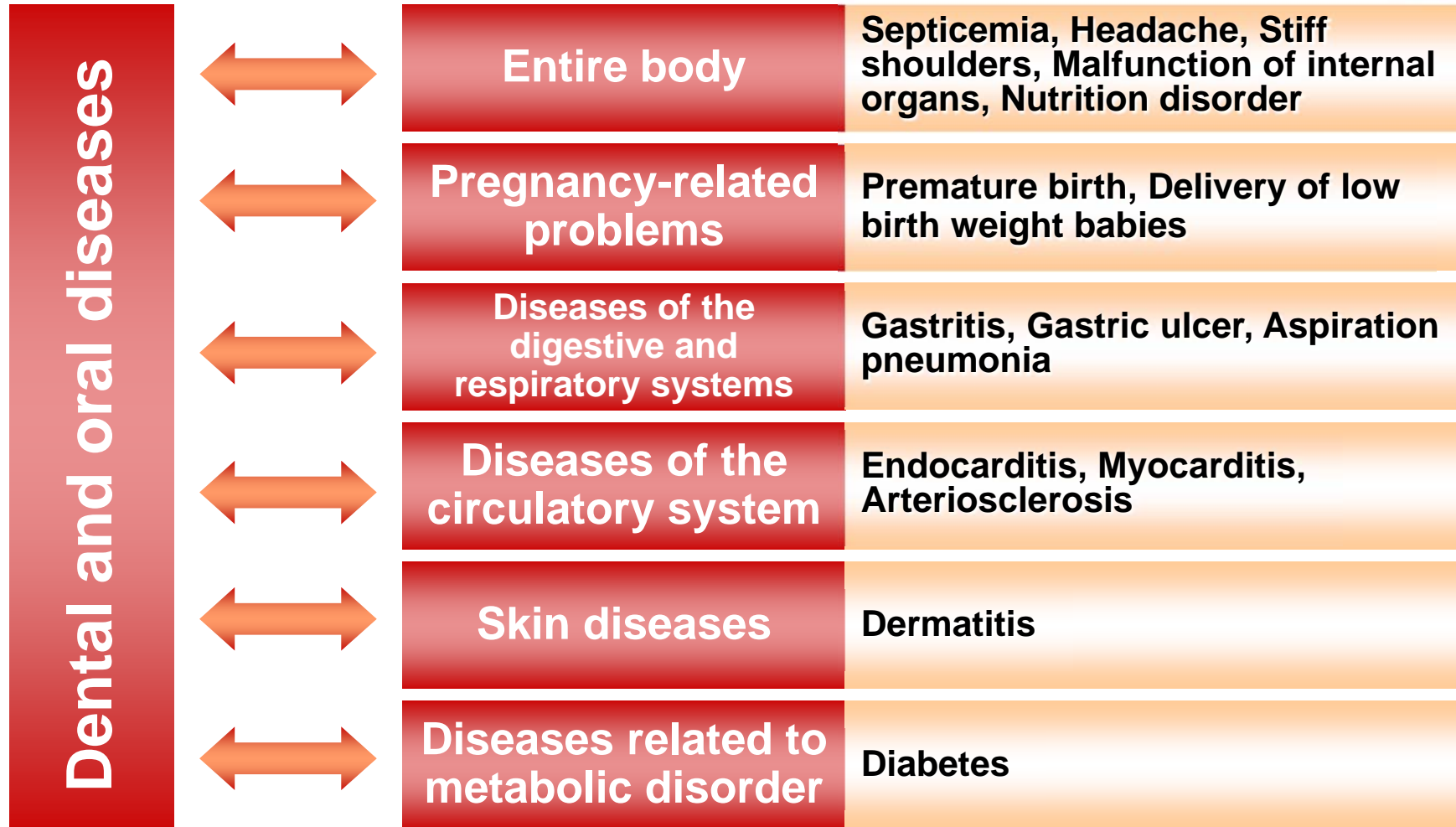
Reference <Dentistry Data>



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

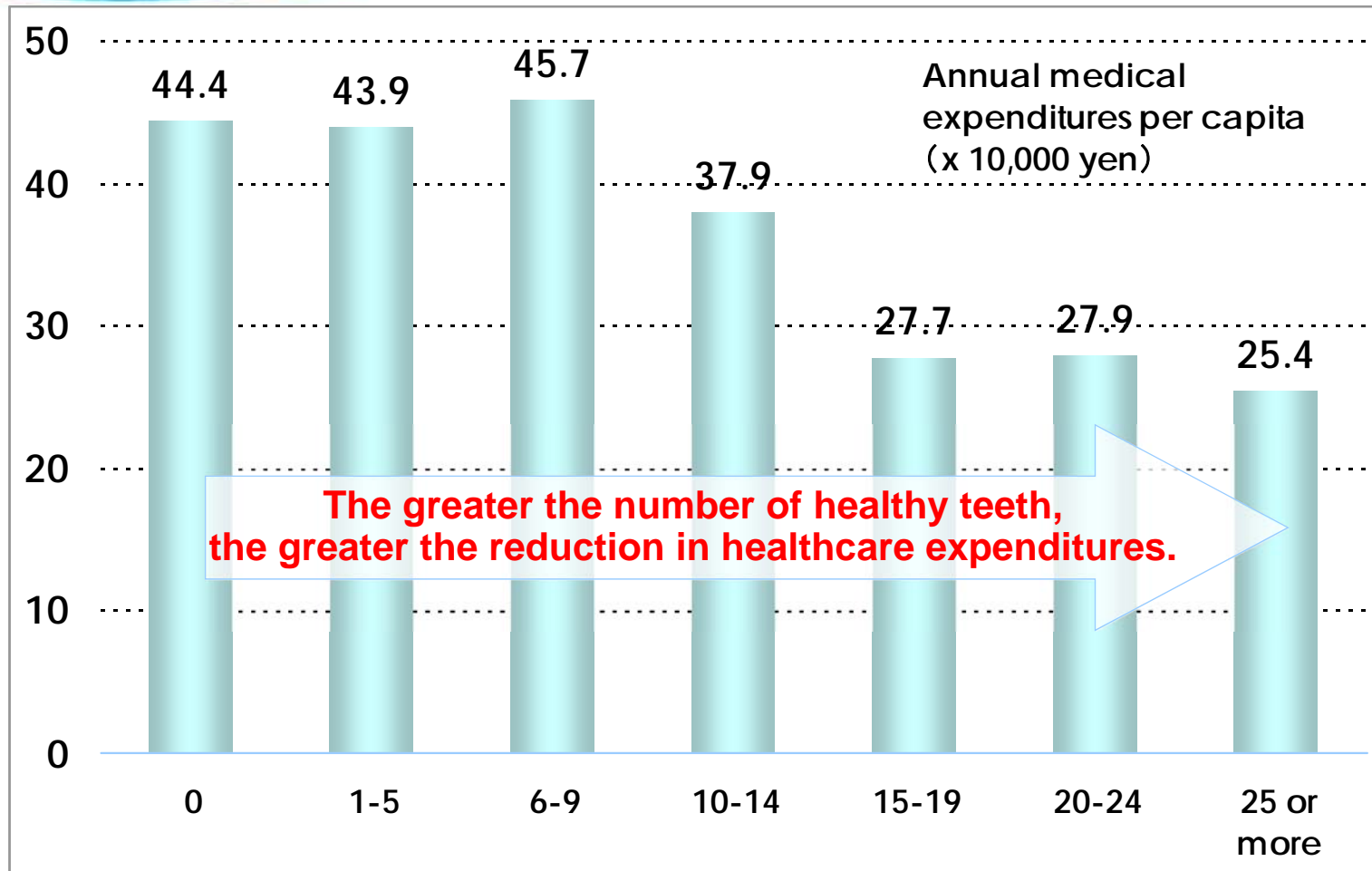
Systemic Diseases Caused by Caries and Periodontal Disease

Reference <Dentistry Data>



Correlation between Number of Healthy Teeth and Healthcare Expenditures

Reference <Dentistry Data>



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

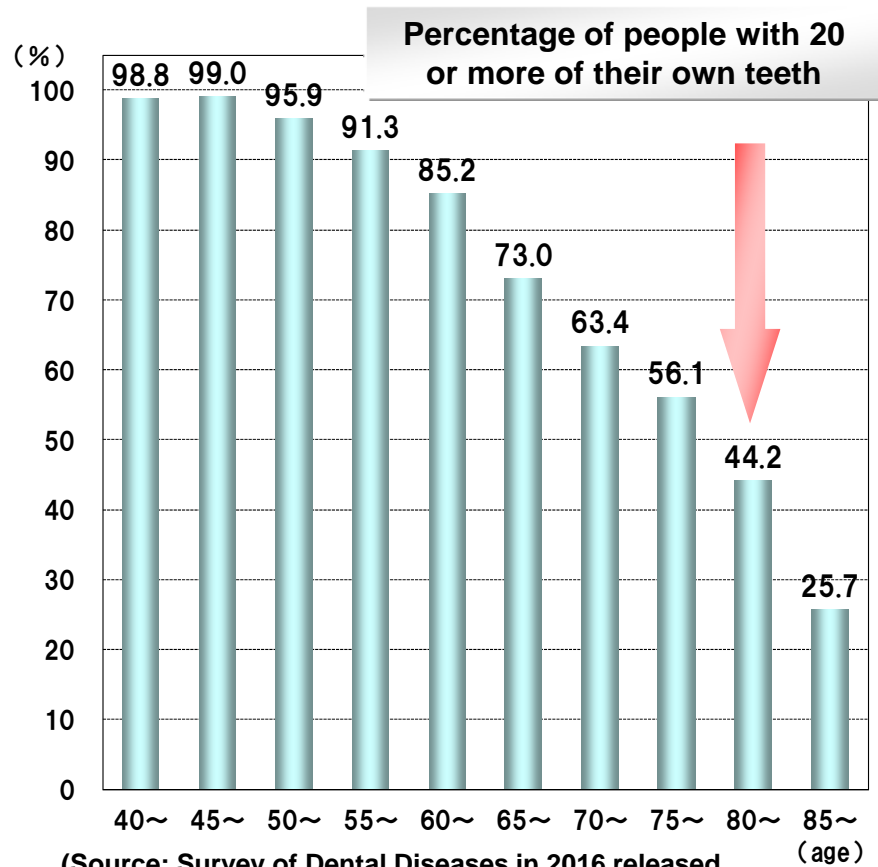
Subjects surveyed: 954 persons aged 80 living independently (392 men, 562 women)

The 8020 Movement and Changes in Dental Diseases

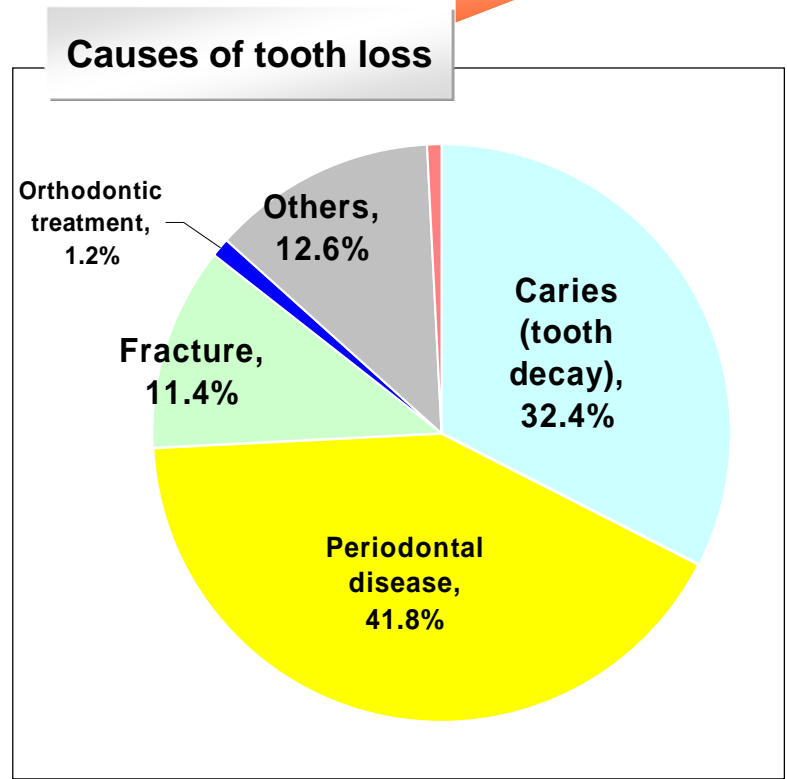
Reference <Dentistry Data>



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



(Source: Survey of Dental Diseases in 2016 released by the Ministry of Health, Labour and Welfare)



(Survey by the 8020 Promotion Foundation in 2005)

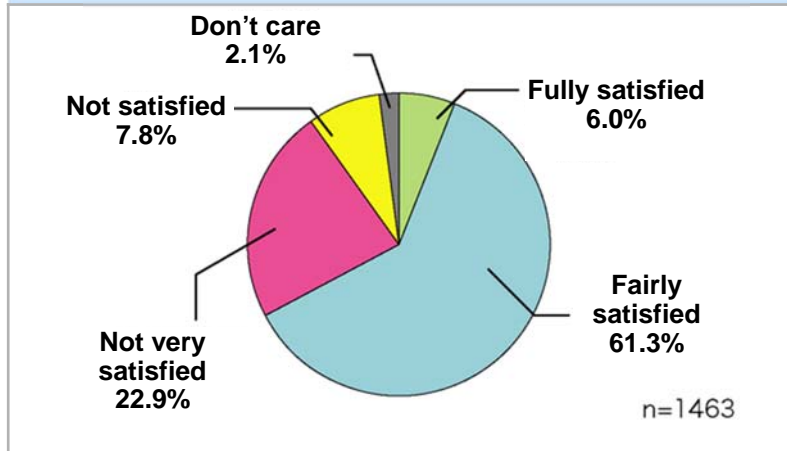
Perception of Dental and Oral Health

Reference <Dentistry Data>

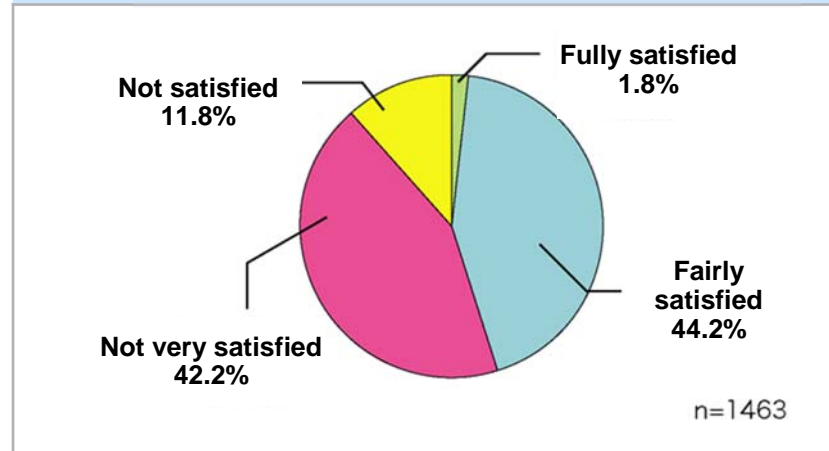


Source: Fiscal 2007's Dental Equipment Industry Vision (References)

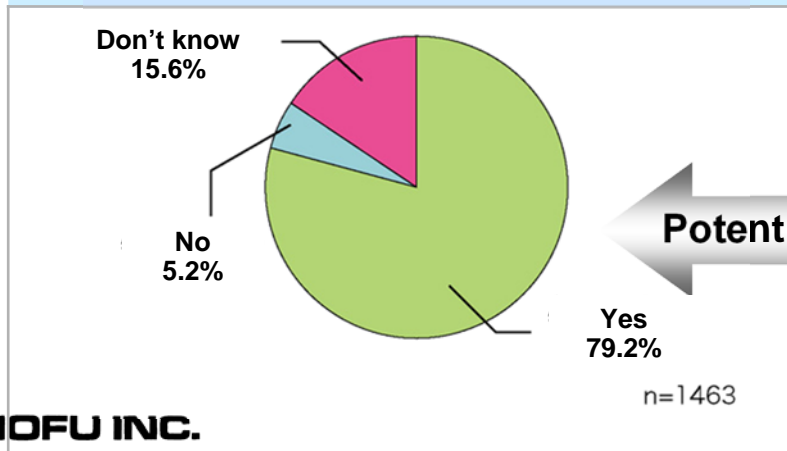
Are you satisfied with your physical health?



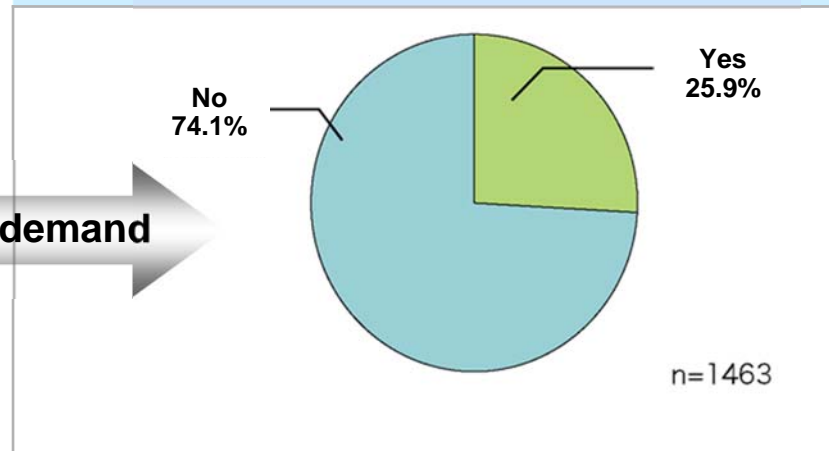
Are you satisfied with your oral health?



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

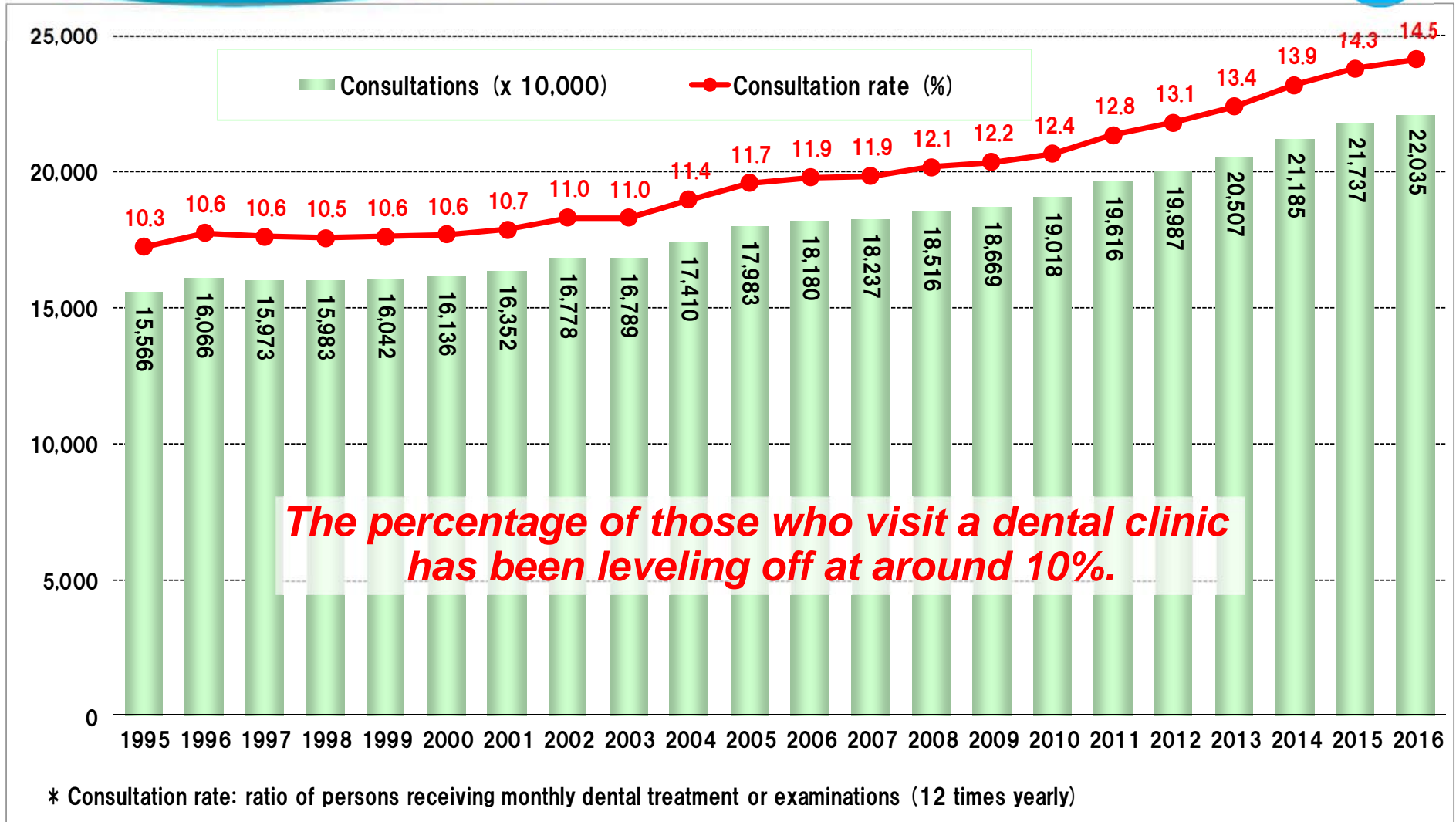


Do you actually receive regular dental care?



Dental Clinic Consultation Rates

Reference <Dentistry Data>



The percentage of those who visit a dental clinic has been leveling off at around 10%.

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

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

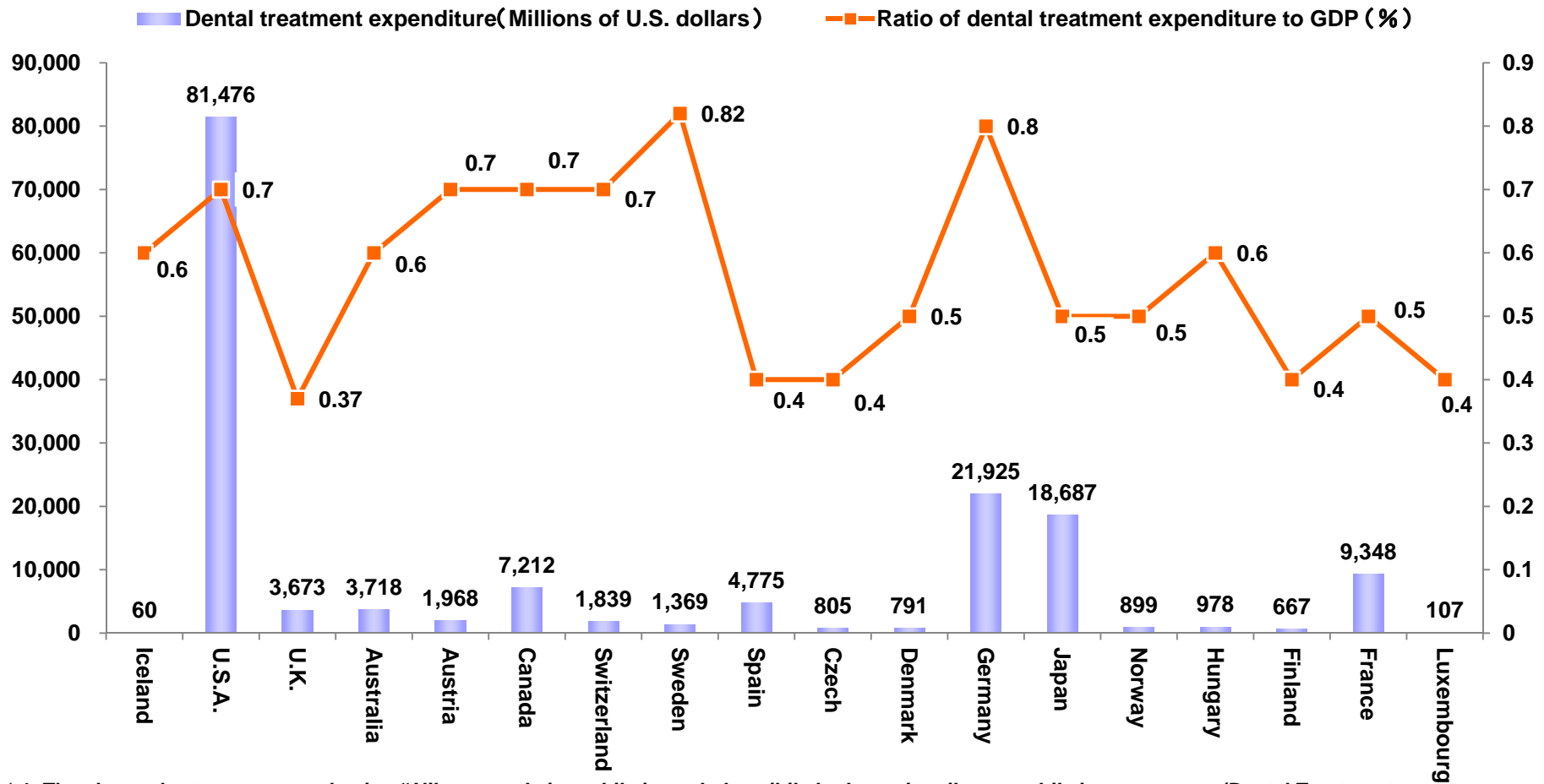
* Consulted an article titled "Reasons for the Success of the Canadian Dental Community" (DH Style, September 2007) by Ken Yaegaki DDS Ph.D., Professor and head of the Department of Oral Health, Nippon Dental

Relation between Dental Treatment Expenditure and GDP

▷ Reference <Dentistry Data>



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



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

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

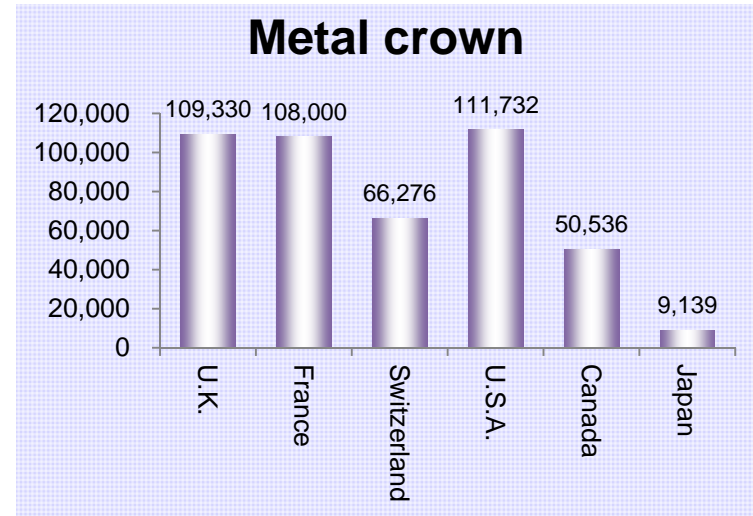
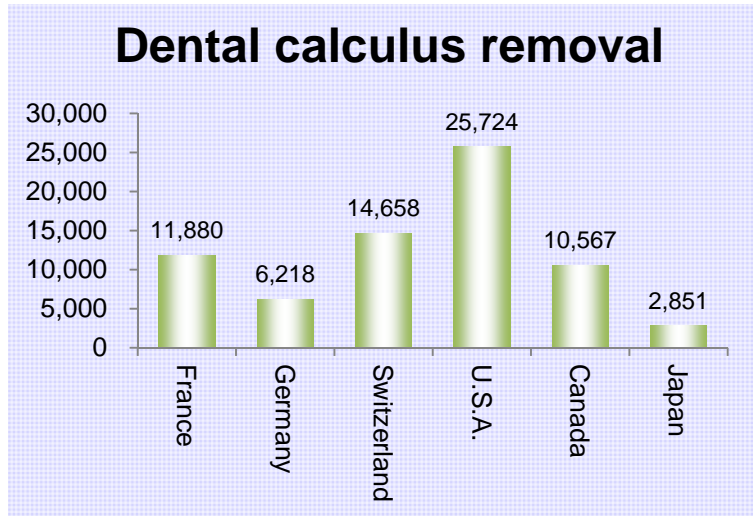
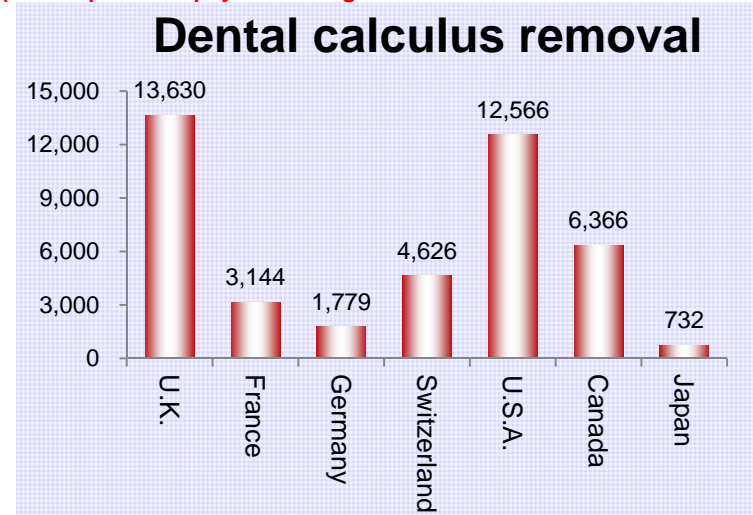
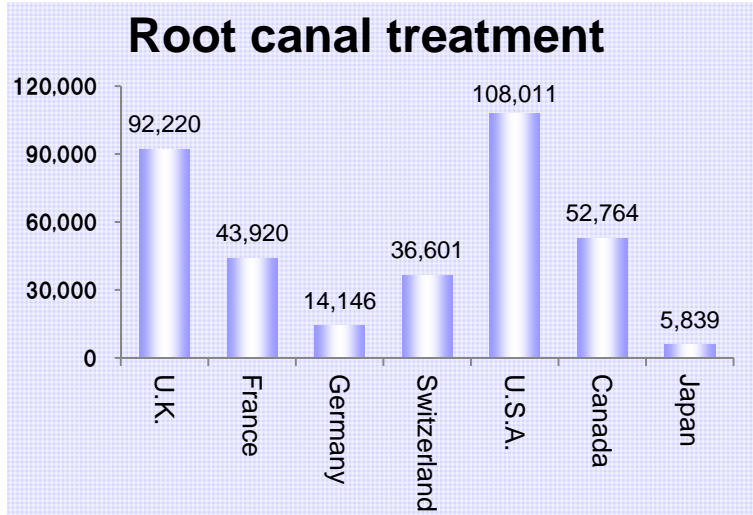
International Comparison of Dental Treatment Expenditure (Unit Price of a Treatment Session)

▷ Reference <Dentistry Data>

Unit: yen



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



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

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

☞ Reference <Dentistry Data>

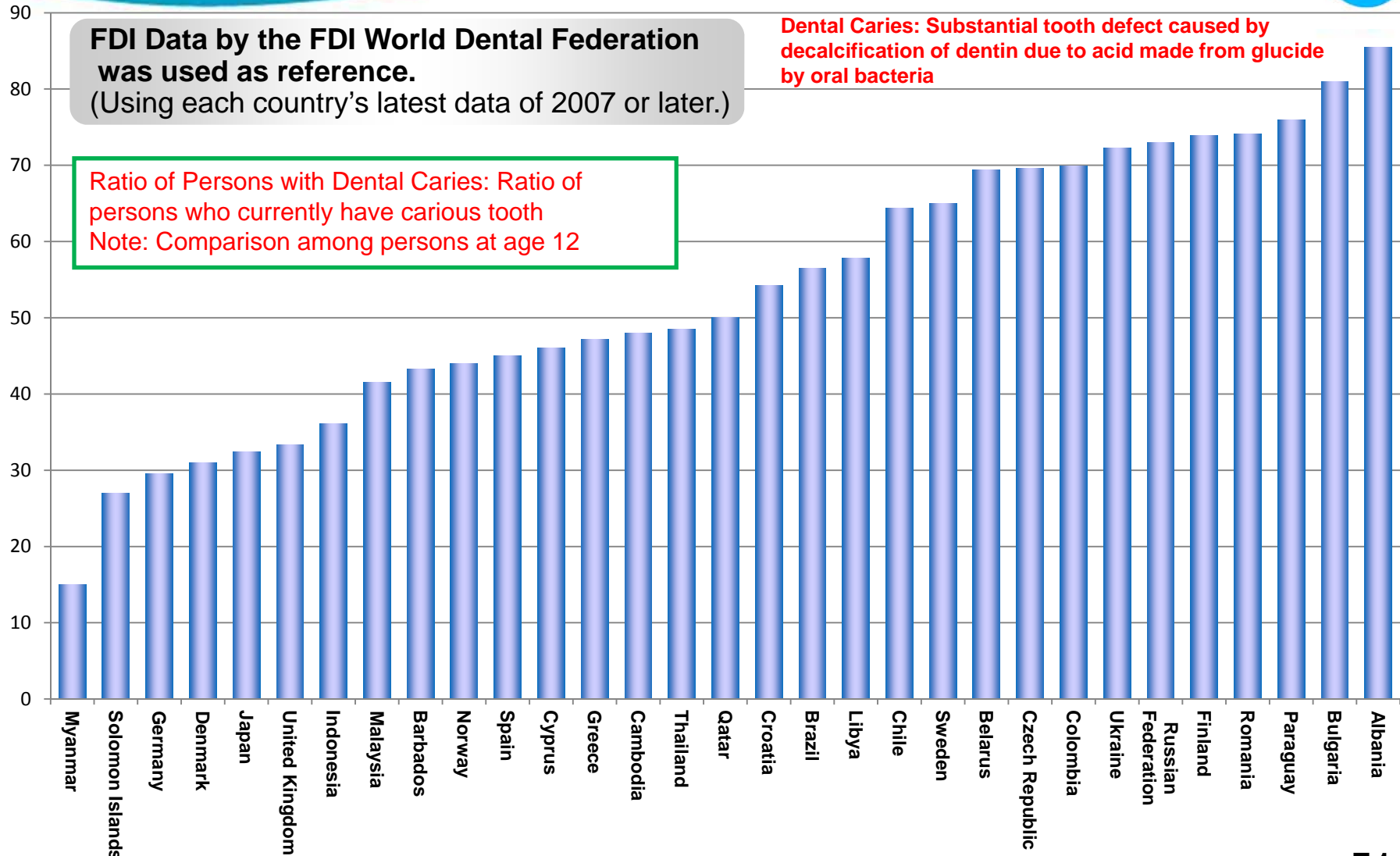
Unit: %



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

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

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



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

Reference <Dentistry Data>

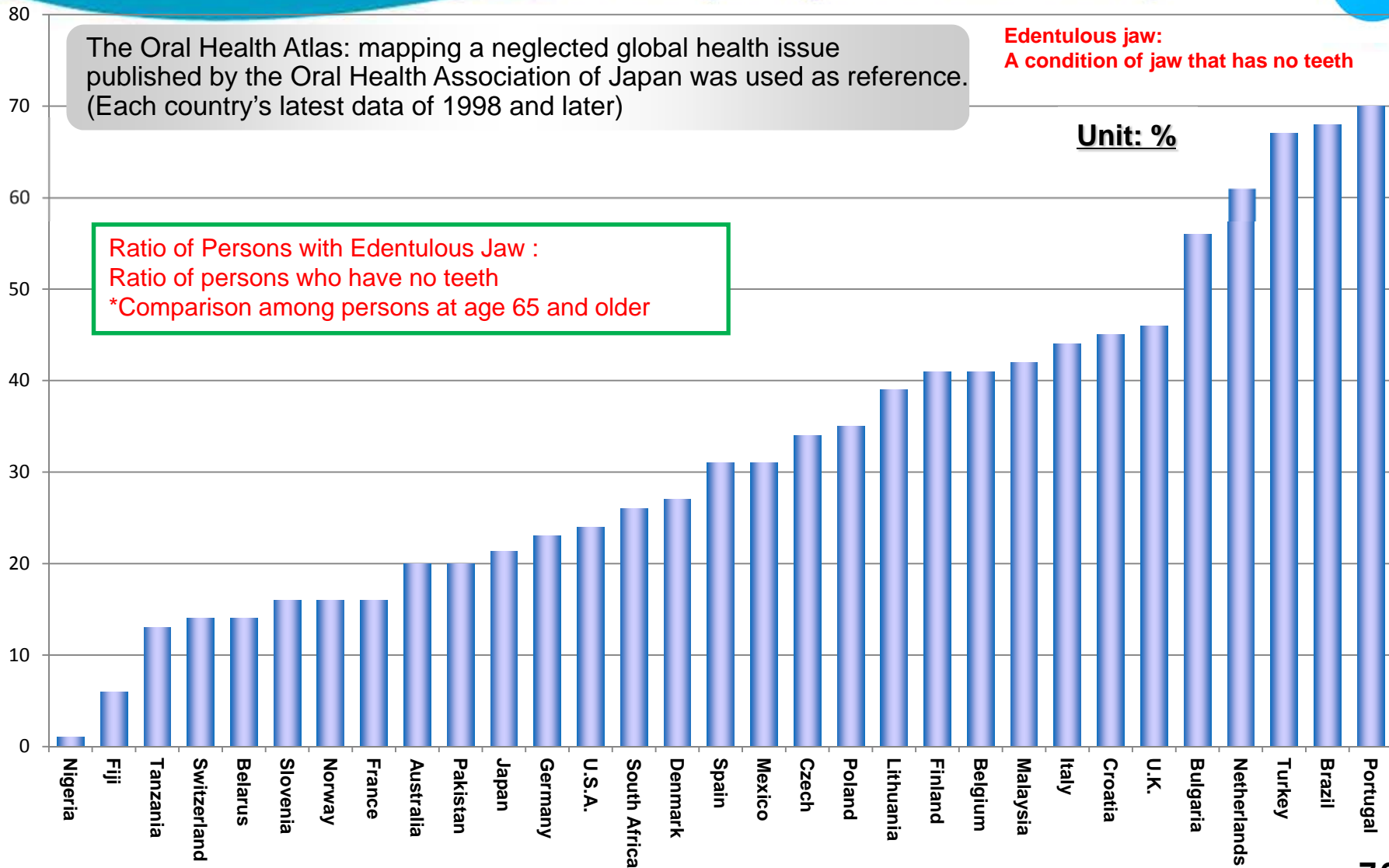


The Oral Health Atlas: mapping a neglected global health issue published by the Oral Health Association of Japan was used as reference. (Each country's latest data of 1998 and later)

Edentulous jaw:
A condition of jaw that has no teeth

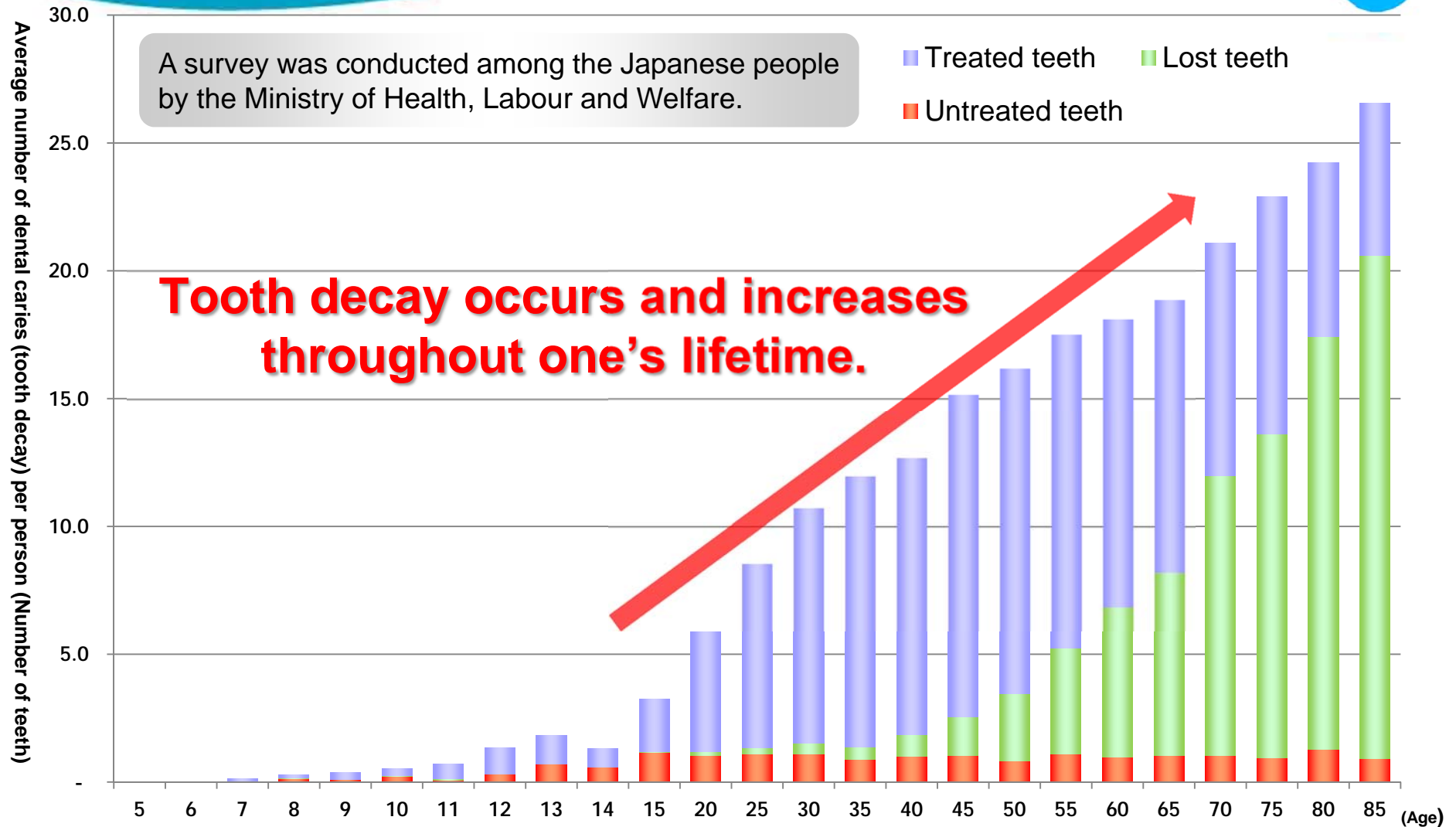
Unit: %

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



Factual Survey of Dental Diseases

Reference <Dentistry Data>

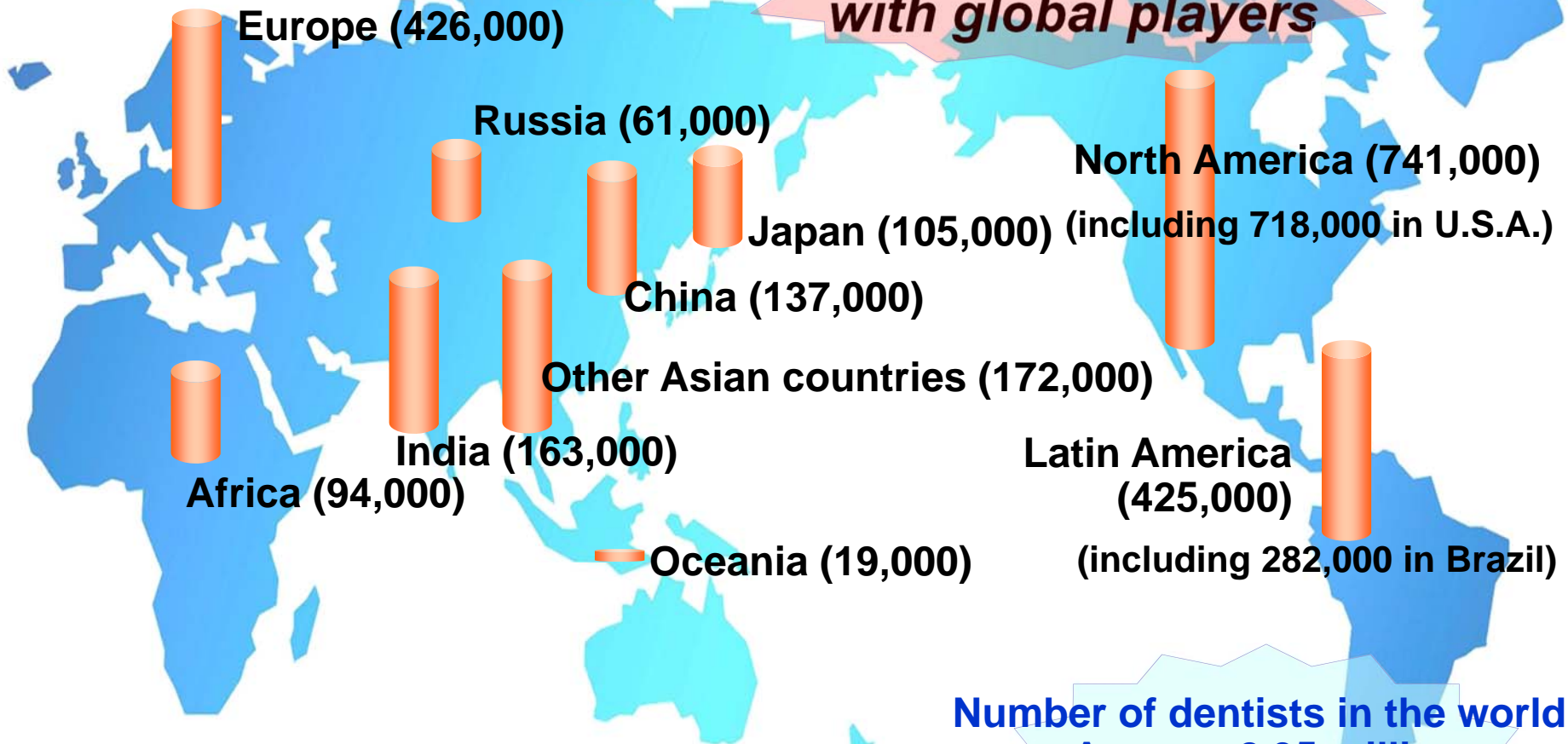


* 1. The official web site of the Hokkaido kodomo-no ha-o mamoru kai (Save the Children's Tooth Hokkaido) was used as reference
 * 2. Source: Results of the Survey of Dental Diseases in 2011 released by the Ministry of Health, Labour and Welfare

Number of Dentists in the World

Reference <Dentistry Data>

Intensified competition with global players



**Number of dentists in the world:
Approx. 2.35 million
Estimated market size:
Approx. 2.6 trillion yen**

◆ Source:
Number of dentists & Estimated market size
-“The World Medical Markets Factbook 2015 ” (BMIResearch)

Glossary (1)

☞ Reference <Dentistry Data>



Term	Meaning
Impression	An imprint of teeth and other intraoral areas, created with impression material. Based on the impression mould, plaster model can be produced, onto which prosthesis is fabricated. → Dental prosthetic (page 76)
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 76)
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 SHOFU INC.	A handheld device to which small instruments for removing tooth decay, plaque, and tartar are attached. → Plaque (page 76)

Glossary (2)

☞ Reference <Dentistry Data>



Term	Meaning
Nail care	Care for fingernails and the surrounding area, including attachment of artificial nails. Nail care is widely considered an important part of personal grooming in many parts of the world, and it is also growingly popular among young women in Japan, which leads to a rapid growth of the market.
PMTc	PMTc stands for P rofessional M echanical T ooth C leaning. 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 75)
Resin	Synthetic high polymer. Resins are popularly used for dental restoratives.