



**Fiscal Year Ended March 2019
(147th Business Year)
Financial Analyst Meeting**

May 22, 2019



Contents of Today's Presentation

- **Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2019**
- **Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2020**
- **Future Business Environment and Medium- and Long-term Business Strategies**

Noriyuki Negoro, President and CEO

A stylized world map outline is visible in the background, with several lines representing data trends overlaid on it.

**Summary of Consolidated Business Performance
for Fiscal Year Ended March 31, 2019**

**Forecast of Consolidated Business Performance
for Fiscal Year Ending March 31, 2020**

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

Sales by Business

Summary of Consolidated Business Performance for
Fiscal Year Ended March 31, 2019



Fiscal Year ended March 31, 2019

Net Sales: 24.9 billion yen

Units: billions of yen, %

	Net Sales	Composition ratio
Dental business	22.44	90.1
Nail care business	2.37	9.5
Other business	0.09	0.4

※ Manufacture and sell industrial abrasives in other business.

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Slide No. 4 shows our three businesses.

Shofu is divided into three businesses: a dental business, a nail care business, and other businesses.

The majority of our sales come from the dental business.

Summary of Business Performance (Comparison with Previous Period)

Summary of Consolidated Business Performance for
Fiscal Year Ended March 31, 2019



■ Positive factors ■ Negative factors

P/L

⇒ Net Sales totaled 24,915 million yen (an increase of 3.7%) **[Record high]**

Domestic net sales totaled 13,619 million yen (a decrease of 0.2%)

■ Domestic sales in the dental business **decreased 1.0%** because, although new products launched in the market in the previous fiscal year contributed to sales, mainstay products struggled due to intense market competition.

■ Domestic sales in the nail care business **increased by 6.6%**, driven by existing mainstay brands for gel nail products, the new brand, and the brand for general consumers.

Overseas net sales totaled 11,295 million yen (an increase of 8.8%)

■ Overseas sales in the dental business **rose 12.1%** due to an increase in sales in all regions, offsetting the negative effect of a stronger yen.

■ Overseas sales in the nail care business **fell 20.0%** due to a sharp drop in sales in Taiwan, where competitors are taking increasingly aggressive actions.

⇒ Operating income totaled 1,814 million yen

■ Although selling, general and administrative expenses, such as personnel expenses, increased due to proactive sales activities, operating income **rose 21.1%** due to the effect of lower cost of sales ratio and the effect of higher sales.

⇒ Ordinary income totaled 1,709 million yen, and current income totaled 1,201 million yen **[Record high]**

■ Ordinary income **increased 9.2%**, even though the extent of the increase was lower than that of operating income due to the negative impact of exchange rates.

■ Net income, after deducting tax expenses, **increased by 36.9%**.

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

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Business performance for the fiscal year ended March 31, 2019, saw sales and profits increase compared to the previous period, while net sales decreased and net income increased compared to the forecast. Slide No. 5 shows the contributing factors for the increases over the previous period.

Net sales totaled 24,915 million yen, an increase of 3.7%. Domestic net sales fell by 0.2%, to 13,619 million yen. Overseas net sales increased by 8.8%, to 11,295 million yen.

In our domestic dental business, sales decreased by 1.0% overall because, despite solid sales of chemical products, where new products contributed, artificial teeth and other mainstay product lines struggled due to a harsh market environment.

Domestic sales in our nail care business increased by 6.6% due to the success of initiatives to adapt to customer needs with smaller sizes and lower prices on products in a market environment characterized by increasingly harsh price competition, as well as the contributions of mainstay gel nail products to sales.

In our overseas dental business, despite the negative foreign exchange effect of 47 million yen, an aggressive sales promotion strategy yielded results and sales were strong in all regions, resulting

in a 12.1% increase in sales.

Overseas sales in the nail care business decreased by 20.0% due to a sharp drop in sales in Taiwan, where competition from other companies was harsh.

In terms of income, owing to the effect of higher sales and a lower cost of sales ratio, operating income increased by 21.1%, despite an increase in selling, general and administrative expenses due to active sales activities in Japan and overseas, the acquisition of pharmaceutical approval, and HR investments.

The increase in ordinary income due to the foreign exchange effect and other factors resulted in a 9.2% increase in ordinary income, a smaller increase than that of operating income. However, net income increased by 36.9% to a record-high 1,201 million yen because there was no longer any impact from the 231 million yen impairment loss on goodwill that was recorded in the previous fiscal year for the acquisition of shares of Merz Dental GmbH.

Summary of Business Performance for the Current Fiscal Year

Summary of Consolidated Business Performance for
Fiscal Year Ended March 31, 2019



⇒ 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 2018 (Results) (% of sales)	Fiscal March 2019 (Forecast) (% of sales)	Fiscal March 2019 (Results) (% of sales)	Change from Previous Period (% change)	Change from Forecast (% change)
Net sales	24,031 (100.0)	25,725 (100.0)	24,915 (100.0)	884 (3.7)	-809 (-3.1)
(Domestic sales)	13,652 (56.8)	14,453 (56.2)	13,619 (54.7)	-32 (-0.2)	-833 (-5.8)
(Overseas sales)	10,378 (43.2)	11,271 (43.8)	11,295 (45.3)	917 (8.8)	23 (0.2)
Operating income	1,497 (6.2)	1,737 (6.8)	1,814 (7.3)	316 (21.1)	76 (4.4)
Ordinary income	1,565 (6.5)	1,630 (6.3)	1,709 (6.9)	143 (9.2)	78 (4.8)
Net income	877 (3.7)	1,109 (4.3)	1,201 (4.8)	323 (36.9)	91 (8.3)
Net income per share	55.20yen	69.77yen	75.54yen	20.34yen	5.77yen
Return on shareholders' equity	3.8%	4.6%	5.0%	1.2P	0.4P
Foreign exchange rates					
US dollar	110.81	105.00	110.69	-0.12	5.69
Euro	129.45	130.00	128.43	-1.02	-1.57
Pound sterling	147.27	150.00	145.68	-1.59	-4.32
Renminbi	16.64	16.50	16.69	0.05	0.19

SHOFU INC. *Diluted earnings per shares for fiscal March 2019 results is 74.99 yen.

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Slide No. 6 shows the main sales and profit increases and decreases compared to the previous period and compared to the forecast.

Here I will explain the increases and decreases compared to the forecast.

Net sales decreased by 809 million yen, or 3.1%, compared to the forecast.

In the domestic dental business, all product lines struggled in a market environment marked by more intense competition with other companies, resulting in a 658 million yen decrease in sales. Although sales increased over the previous fiscal year in the nail care business, they were 154 million yen below forecast. Overall, sales totaled 833 million yen, down by 5.8%.

In the overseas nail care business, sales were down 280 million yen, but in the dental business, sales exceeded forecasts in all regions except for Europe, and the positive foreign exchange impact was 103 million yen. As a result, overseas sales overall increased by 23 million yen, or 0.2%.

In terms of profit, selling, general and administrative expenses decreased, but sales fell, and as a result operating income increased by 76 million yen, or 4.4%, ordinary income increased by 78 million yen, or 4.8% and net income increased by 91 million yen, or 8.3%.

Sales by Product Category (Comparison with Previous Period)

Summary of Consolidated Business Performance for
Fiscal Year Ended March 31, 2019



Unit: millions of yen

Figures in parentheses represent percentage changes; unit: %

	Fiscal March 2018 (Results)	Fiscal March 2019 (Results)	Change from previous period		
				Domestic	Overseas
Artificial teeth	4,077	4,418	340 (8.4)	-42	383
Abrasives	4,006	4,145	139 (3.5)	0	138
Metal products	247	237	-10 (-4.1)	-9	-0
Chemical products	4,770	5,210	440 (9.2)	5	434
Cements and others	2,044	2,181	137 (6.7)	-18	156
Equipment and others	6,300	6,251	-48 (-0.8)	-61	12
Dental business total	21,446	22,446	999 (4.7)	-126	1,126
Nail care business	2,485	2,372	-113 (-4.6)	95	-208
Other	98	96	-1 (-1.9)	-1	-
Total	24,031	24,915	884 (3.7)	-32	917

*The effect of foreign currency fluctuations (U.S. dollar (USD), Euro (EUR), British pound (GBP), Chinese yuan (CNY), Indian Rupee (INR) and New Taiwan dollar (NTD)) on overseas net sales was -56 million yen. (Dental business -47 million yen, Nail care business -8 million yen)

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Slide No. 7 shows sales by product category compared with the previous period.

Overall, sales rose 884 million yen, of which sales in the dental business increased by 999 million yen and sales in the nail care business decreased by 113 million yen.

In the domestic dental business, despite contributions from new products, sales of artificial teeth and equipment, including CAD/CAM-related products, were negative due to heightened market competition. This resulted in an overall sales decrease of 126 million yen, down by 1.0%.

In our overseas dental business, favorable sales of our mainstay product lines in all regions, including chemical products and artificial teeth, led to an overall sales increase of 1,126 million yen, or 12.1%.

In the domestic nail care business, efforts to respond to customer needs were a success and sales of mainstay gel nail products, such as L•E•D Gel Presto, were strong, resulting in a sales increase of 95 million yen, or 6.6%.

In our overseas nail care business, sales fell heavily in Taiwan, where competition from other companies had worsened, resulting in a 208 million yen, or 20.0%, decrease in sales.

Sales by Product Category (Comparison with Forecast)

Summary of Consolidated Business Performance for
Fiscal Year Ended March 31, 2019



Unit: millions of yen

Figures in parentheses represent percentage changes; unit: %

	Fiscal March 2019 (Forecast)	Fiscal March 2019 (Results)	Cange from Forecast		
				Domestic	Overseas
Artificial teeth	4,352	4,418	66 (1.5)	-93	159
Abrasives	4,114	4,145	31 (0.8)	-42	73
Metal products	271	237	-34 (-12.6)	-33	-0
Chemical products	5,163	5,210	47 (0.9)	-99	147
Cements and others	2,170	2,181	11 (0.5)	-90	102
Equipment and others	6,728	6,251	-476 (-7.1)	-298	-178
Dental business total	22,800	22,446	-354 (-1.6)	-658	304
Nail care business	2,806	2,372	-434 (-15.5)	-154	-280
Other	117	96	-20 (-17.7)	-20	—
Total	25,725	24,915	-809 (-3.1)	-833	23

*The effect of foreign currency fluctuations (U.S. dollar (USD), Euro (EUR), British pound (GBP), Chinese yuan (CNY), Indian Rupee (INR) and New Taiwan dollar (NTD)) on overseas net sales was +105 million yen. (Dental business +103 million yen, Nail care business +1 million yen)

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Slide No. 8 shows sales by product category compared with the forecast.

Overall, sales fell by 809 million yen, of which sales in the dental business decreased by 354 million yen and sales in the nail care business decreased by 434 million yen.

The main factors behind the negative sales growth in the dental business were domestic factors, while the main factors for the nail care business were overseas (Taiwan) and domestic.

Domestic Sales

Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2019



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

■ Positive factors ■ Negative factors

■ **Dental business: Year on year decrease of 126 million yen (-1.0%)**

- Dental filling for composite resin and new CAD/CAM-related products contributed to sales.
- Sales of artificial teeth and other mainstay products fell overall.

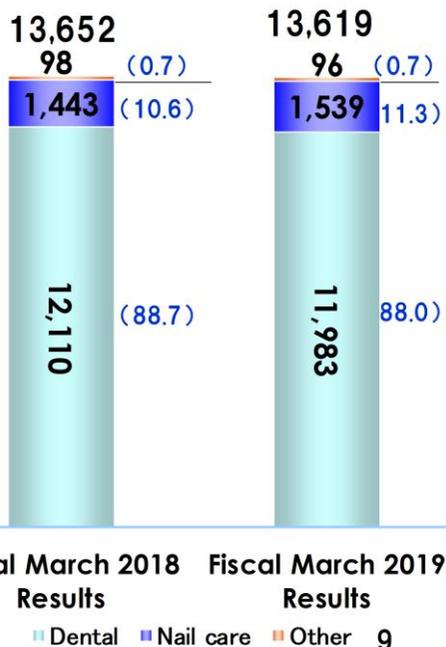
■ **Nail care business: Year on year increase of 95 million yen (+6.6%)**

- Sales were driven by existing and new brands of gel nail products and the brand for general consumers.

■ **Other businesses: Year on year decrease of 1 million yen (-1.9%)**

■ **Principal new products launched this FY (dental business)**

- **Dental dentin adhesive**
SHOFU BeautiBond Universal (Chemical products)
- **Dental multi-purpose ultrasonic therapy machine**
AIRFLOW PROPHYLAXIS MASTER (Equipment and others)



Overseas Sales

Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2019



Positive factors Negative factors

North America and Latin America: **Year-on-year increase of 208 million yen (+7.9%)**

Sales were strong for mainstay chemical products, abrasives and artificial teeth.
Local currency basis: Year on year increase of 212 million yen (+8.1%)

Europe: **Year-on-year increase of 174 million yen (+4.2%)**

In addition to mainstay chemical products, cement products were strong performers.
Local currency basis: Year on year increase of 210 million yen (+5.1%)

Asia and Oceania: **Year-on-year increase of 533 million yen (+14.8%)**

In China, sales of almost all product lines were strong, primarily for mainstay artificial teeth.

In other Asian markets, sales of all product lines, and artificial teeth in particular, were strong. Sales fell sharply in the nail care business in Taiwan.

Local currency basis: Year on year increase of 550 million yen (+15.3%)

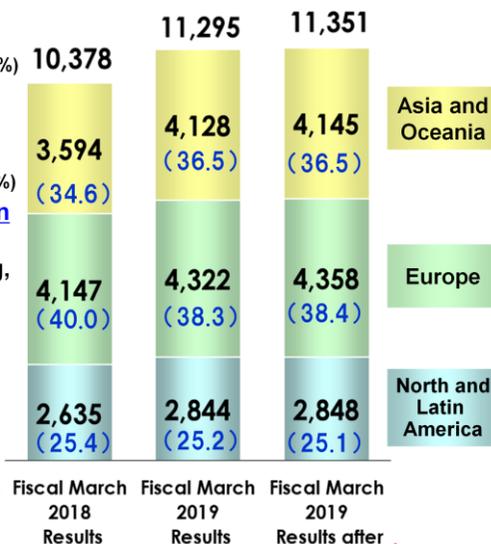
China: Year on year increase of 411 million yen (+23.2%)

Elsewhere in Asia: Year on year increase of 121 million yen (+6.7%)

(Dental business) Overseas sales ratio of 46.6%
(43.5% for the same quarter of the previous fiscal year; 46.7% 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 2018.

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



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Slide No. 10 shows overseas sales by region compared with the previous period.

In North and Latin America, our mainstay chemical products and abrasives remained strong and sales of artificial teeth increased, offsetting the negative foreign exchange effect. This drove sales up by 208 million yen, or 7.9%.

In Europe, in addition to our mainstay chemical products, cement products were robust, offsetting a negative foreign exchange effect. As a result, sales increased by 174 million yen, or 4.2%.

In Asia and Oceania, overall sales increased by 533 million yen, or 14.8%.

Looking by area within this region, in China almost all product lines, and particularly our mainstay artificial teeth, contributed to sales, and the foreign exchange effect was positive. This resulted in a sales increase of 411 million yen, or 23.2%.

In other Asian markets, all product lines were strong, particularly our mainstay artificial teeth, so despite negative sales growth in the nail care business and the negative foreign exchange effect, sales increased by 121 million yen, or 6.7%.

Performance by Segment (Sales and Operating Income)

Summary of Consolidated Business Performance for
Fiscal Year Ended March 31, 2019



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

	Fiscal March 2018 (Results)	Fiscal March 2019 (Forecast)	Fiscal March 2019 (Results)	Change from Previous Period	Change from Forecast	
	Amount (% of sales)	Amount (% of sales)	Amount (% of sales)			
Dental	Net Sales	21,447	22,800	22,446	999	-354
	Operating expenses	20,037	21,224	20,648	611	-576
	Operating income (operating income margin)	1,410 (6.6)	1,575 (6.9)	1,797 (8.0)	387	221
Nail care	Net Sales	2,486	2,806	2,372	-113	-434
	Operating expenses	2,422	2,661	2,378	-44	-282
	Operating income (operating income margin)	63 (2.5)	145 (5.2)	-5 (-0.2)	-69	-151
Other	Net Sales	105	117	104	0	-13
	Operating expenses	87	101	87	0	-13
	Operating income (operating income margin)	17 (16.8)	16 (13.7)	16 (15.6)	-1	0
Total before consolidation adjustment	Net Sales	24,038	25,725	24,923	884	-801
	Operating expenses	22,547	23,987	23,115	567	-872
	Operating income (operating income margin)	1,491 (6.2)	1,737 (6.8)	1,807 (7.3)	316	70
Consolidated	Net Sales	24,031	25,725	24,915	884	-809
	Operating expenses	22,533	23,987	23,101	567	-886
	Operating income (operating income margin)	1,497 (6.2)	1,737 (6.8)	1,814 (7.3)	316	76

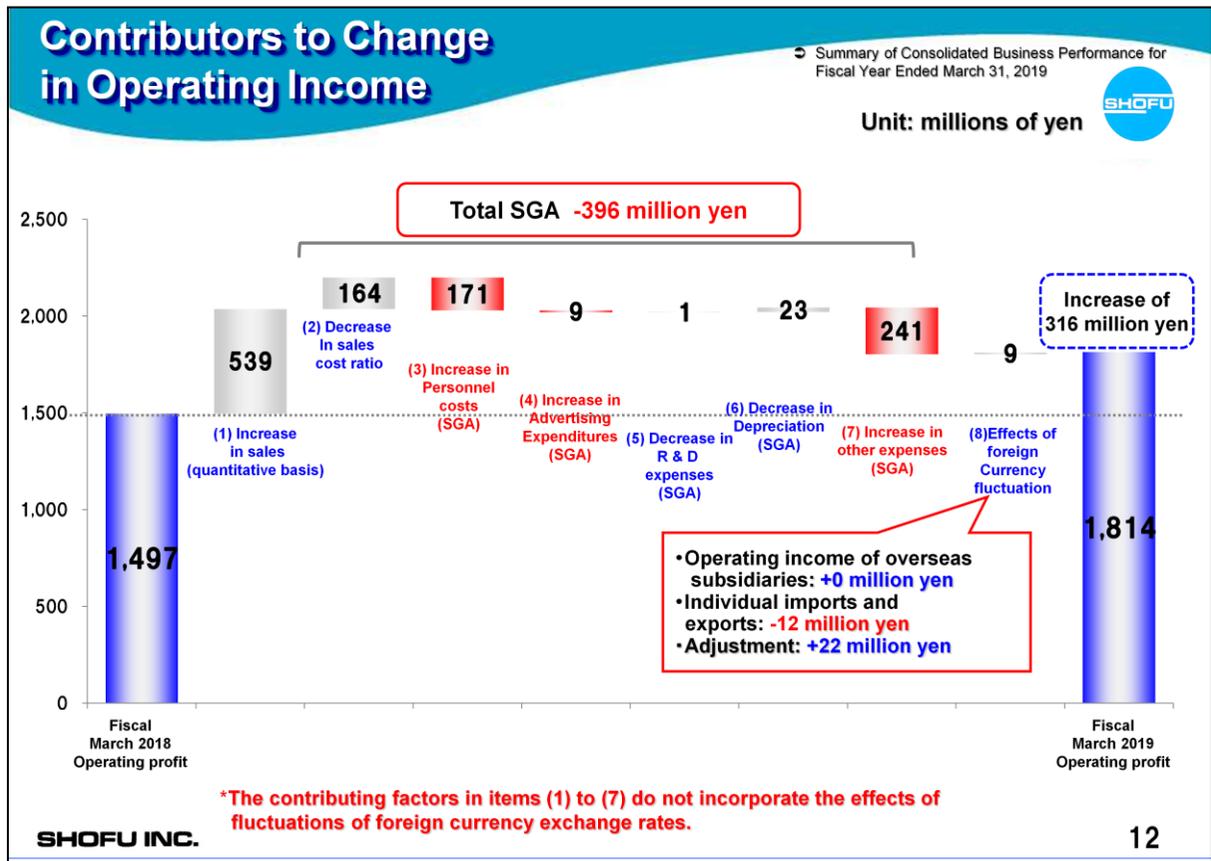
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Slide No. 11 shows sales and operating income by segment compared to the previous period and the forecast.

Net sales were as described before. Operating income increased by 316 million yen year on year and by 76 million yen against the forecast.

The increase in income from the previous period is mainly attributable to the increase in sales in the dental business and the improvement in the cost of sales ratio. The increase in income against the forecast mainly resulted from the decrease in sales, general and administrative expenses.



Slide No. 12 shows contributors to the change in operating income compared to the previous period.

Operating income increased by 316 million yen, or 21.1%, year on year.

This increase was primarily because, although sales, general and administrative expenses increased due to proactive sales activities in Japan and overseas aimed at expanding business, these activities yielded results and led to higher sales and an improved cost of sales ratio.

Financial Condition: Major Balance Sheet Accounts

Summary of Consolidated Business Performance for
Fiscal Year Ended March 31, 2019



Unit: millions of yen

	Fiscal March 2018	Fiscal March 2019	Change	Major contributors to changes, special notes
Cash and cash in banks	5,733	4,890	-842	Decrease in time deposits
Notes and accounts receivable	3,285	3,354	68	Increase in accounts receivable-trade
Inventories	5,871	6,208	336	Increase in merchandises and finished goods
Marketable securities and investment in securities	6,632	5,934	-697	Decrease in valuation of investment securities
Others	9,367	9,774	407	Increase in property, plant and equipment
Total Assets	30,890	30,161	-729	
Short-term loans payable and Long-term debt	1,486	974	-511	Decrease in long-term loans payable
Net defined benefit liability and Retirements allowance for directors and Others	221	228	6	
	5,026	4,575	-450	Decrease in net defined benefit liability, Decrease in income tax payable
Total Liabilities	6,733	5,778	-955	
Total net assets	24,157	24,383	226	Increase in adjustment and retained earnings, decrease in valuation difference
Total Liabilities and net assets	30,890	30,161	-729	
Shareholders' equity ratio	77.8%	80.4%	2.6P	
Shareholders' equity per share	1,512yen	1,525yen	13yen	

Beginning of the fiscal year ending March 2019, we applied ASBJ Statement No. 28, "Partial Amendments to Accounting Standard for Tax Effect Accounting", and changed into the method of disclosure that Deferred Tax Asset is disclosed in Investments and other assets and Deferred tax liability is disclosed in Fixed liabilities.

As a result, in the Consolidated Balance Sheets for the previous fiscal year, deferred tax assets of 523 million classified as current assets and 466 million from deferred tax liabilities classified as non-current liabilities have been included in deferred tax assets of 83 million within investments and other assets. The balance of deferred tax liabilities classified as non-current liabilities is shown as 1,229 million yen.

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Slide No. 13 shows the change from the end of the previous period in major balance sheet accounts.

Total assets decreased by 729 million yen, to 30,161 million yen.

Total net assets increased by 226 million yen, to 24,383 million yen.

As a result, the shareholders' equity ratio rose 2.6 points, to 80.4%, from the end of the previous period.

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

Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2019

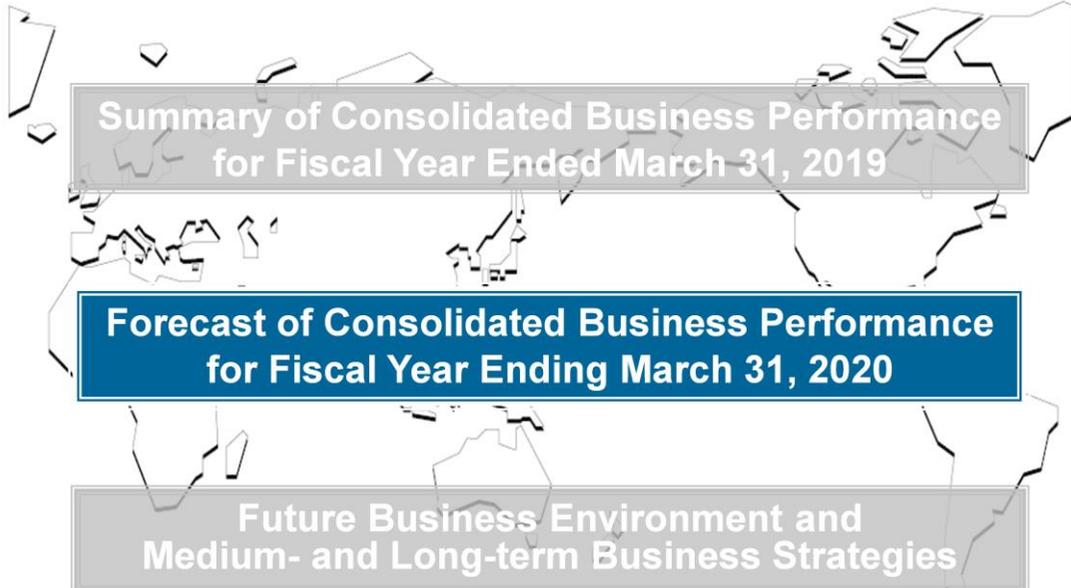


Unit: millions of yen

	Fiscal March 2018 (Results)	Fiscal March 2019 (Forecast)	Fiscal March 2019 (Results)	Change from Previous Period	Change from Forecast
Capital investment	710	1,080	1,403	692	323
Depreciation expenses	975	1,003	893	-82	-110
(of which amortization of goodwill)	108	108	84	-24	-24
R&D expenses	1,494	1,572	1,492	-2	-80
Foreign exchange rates					
US dollar	110.81	105.00	110.69	-0.12	5.69
Euro	129.45	130.00	128.43	-1.02	-1.57
Pound sterling	147.27	150.00	145.68	-1.59	-4.32
Renminbi	16.64	16.50	16.69	0.05	0.19

• 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. 14

The background features a stylized world map composed of white line art on a light gray background. Three horizontal text boxes are overlaid on the map.

**Summary of Consolidated Business Performance
for Fiscal Year Ended March 31, 2019**

**Forecast of Consolidated Business Performance
for Fiscal Year Ending March 31, 2020**

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

Overview of the Next Fiscal Year

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2020



■ Positive factors ■ Negative factors

P/L

⇒ Net sales will total 26,190 million yen (an increase of 5.1%)

Domestic net sales will total 14,408 million yen (an increase of 5.8%)

■ In the dental business, we expect sales to **increase by 5.3% (+632 million yen)** due to the pursuit of sales activities focused on CAD/CAM-related products, for which demand is expected, and mainstay areas, in addition to the development of activities to supply information to dental care workers.

<New product sales: 3,356 million yen, or 19.4% of non-consolidated net sales>

■ In the nail care business, we expect sales to **increase by 9.1% (+140 million yen)** due to higher sales, primarily for new brands and mainstay gel nail products.

Overseas net sales will total 11,781 million yen (an increase of 4.3%)

■ In the dental business, sales are expected to **increase by 5.6% (+590 million yen)** as we continue to expand the sales network, strengthen affiliations with other companies, and raise the speed of business expansion overseas.

■ In the nail care business, sales are expected to **decrease by 12.5% (-104 million yen)** because, although sales are expected to remain solid in North America, we expect sales to decline in Taiwan, where the competition from other companies is increasingly intense.

⇒ Operating income will total 2,056 million yen (an increase of 13.4%).

Ordinary income will total 1,941 million yen (an increase of 13.6%).

Net income will total 1,377 million yen (an increase of 14.7%).

■ Although sales, general and administrative expenses are expected to increase due to proactive investment in sales activities, we expect operating income to **increase 13.4%** due to the effect of higher sales.

■ With the absence of effect of foreign exchange profit and impairment loss of goodwill which occurred in the previous fiscal year, ordinary income **increased by 13.6%** and net income **increased by 14.7%**.

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

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Slide No. 16 shows the business forecast for the fiscal year ending March 2020, compared to the previous period.

We expect net sales to increase 5.1% year on year, to 26,190 million yen.

Broken down, domestic net sales will be 14,408 million yen, an increase of 5.8%, and overseas net sales will be 11,781 million yen, an increase of 4.3%.

In our domestic dental business, we will focus sales activities on CAD/CAM-related products, where demand is expected, and mainstay areas, and will also develop activities to provide information to dental professionals.

In our domestic nail care business, we will strive to further promote sales of ageha, a new brand, and gel nail products such as L•E•D Gel Presto.

In the overseas dental business, we will continue to expand our sales network, strengthen partnerships with other companies, and accelerate business development overseas.

In our overseas nail care business, we will continue to strengthen

sales activities, especially in the American and Taiwanese markets. In terms of income, although we will step up investment for future growth, including personnel costs, and selling, general and administrative expenses will increase due to proactive investment in sales activities, the effect of higher sales plus improvement in the cost of sales ratio is expected to cause operating income to increase by 13.4%.

Also, we expect ordinary income to increase by 13.6% and net income to increase by 14.7%.

Comparison of Major Statistics

Forecast of Consolidated Business Performance for
Fiscal Year Ending March 31, 2020



⇒ Net sales and Net income increased compared to fiscal March 2019

Unit: millions of yen

	Fiscal March 2019 Business Performance (% of sales)	Fiscal March 2020 Forecast (% of sales)	Change From Previous Period (% change)
Net sales	24,915 (100.0)	26,190 (100.0)	1,274 (5.1)
(Domestic sales)	13,619 (54.7)	14,408 (55.0)	789 (5.8)
(Overseas sales)	11,295 (45.3)	11,781 (45.0)	485 (4.3)
Operating income	1,814 (7.3)	2,056 (7.9)	242 (13.4)
Ordinary income	1,709 (6.9)	1,941 (7.4)	231 (13.6)
Net income	1,201 (4.8)	1,377 (5.3)	176 (14.7)
Net income per share	75.54yen	86.61yen	11.07yen
Return on shareholders' equity	5.0%	5.6%	0.6P
Foreign exchange rates			
US dollar	110.69	105.00	-5.69
Euro	128.43	125.00	-3.43
Pound sterling	145.68	145.00	-0.68
Renminbi	16.69	16.50	-0.19

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

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Sales by Product Category

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2020



Unit: millions of yen

Figures in parentheses represent percentage changes; unit: %

	Fiscal March 2019 (Results)	Fiscal March 2020 (Forecast)	Change from previous period		
				Domestic	Overseas
Artificial teeth	4,418	4,663	244 (5.5)	45	199
Abrasives	4,145	4,140	-5 (-0.1)	17	-23
Metal products	237	248	11 (4.7)	12	-0
Chemical products	5,210	5,546	335 (6.4)	137	197
Cements and others	2,181	2,211	29 (1.4)	14	14
Equipment and others	6,251	6,859	607 (9.7)	405	202
Dental business total	22,446	23,669	1,222 (5.4)	632	590
Nail care business	2,372	2,408	35 (1.5)	140	-104
Other	96	112	15 (16.5)	15	—
Total	24,915	26,190	1,274 (5.1)	789	485

• Overseas sales decreased by 303 million yen due to the effect of foreign currency fluctuations (US dollar, euro, pound sterling, renminbi, Indian Rupee and New Taiwan dollar).
(Dental business -299 million yen, Nail care business -4 million yen)

SHOFU INC.

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Slide No. 18 shows sales by product category compared to the fiscal year ended March 2019.

Overall, we forecast sales to increase by 1,274 million yen. Of this, we expect 1,222 million yen to be in the dental business and 35 million yen to be in the nail care business.

In both the domestic and overseas dental business, we will aim to expand sales, focusing on equipment, including digital cameras for dentistry and CAD/CAM-related products, as well as our mainstay chemical products and artificial teeth.

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

Domestic Net Sales

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2020



- ◇ **Dental business:**
Year-on-year increase of 632 million yen (5.3%)
 - We will carry out sales activities focused on CAD/CAM-related products, where demand is expected, and on mainstay areas, and will also develop information activities aimed at dental professionals.
- ◇ **Nail care business:**
Year-on-year increase of 140 million yen (9.1%)
 - we will promote sales increase of new brand and flagship product lines of gel nail products.
- ◇ **Other businesses:**
Year-on-year increase of 15 million yen (16.5%)
- ◇ **Principal new products launched during the fiscal year ending March 2020.**
 - **Digital oral imaging device**
EyeSpecial C-IV (Equipment and others)
 - **Resin material for dental cutting processing**
(Equipment and others)
 - **New polymerization device for a technical work**
(Equipment and others)
 - **New multilayer zirconia disc**
(Equipment and others)

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



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Overseas Net Sales

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2020



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

Summary

- Despite the negative effects of foreign currency fluctuations (-303 million yen), net sales overall are expected to increase by 4.3% 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	+3.1%	(+ 8.5%)
Europe	+1.2%	(+ 3.8%)
China	+15.1%	(+16.4%)
Asia (Other)	+0.9%	(+ 1.5%)

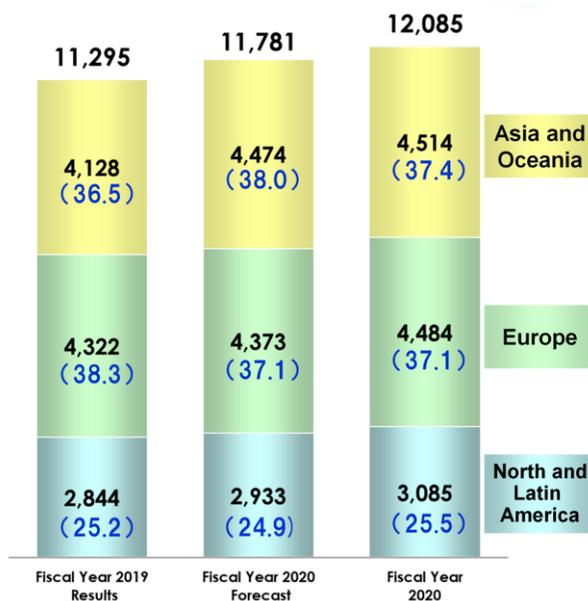
Foreign exchange rates

- USD1=JPY105.00
(JPY110.69 in the previous fiscal year)
(Effect: -152 million yen)
- EUR1=JPY125.00
(JPY128.43 in the previous fiscal year)
(Effect: -111 million yen)
- RMB1=JPY16.50
(JPY16.69 in the previous fiscal year)
(Effect: -28 million yen)

(Dental business) Overseas sales ratio

46.7% (46.6% in the previous fiscal year)
(47.4% after foreign currency translation adjustment)

* The fiscal March 2019 forecast after adjustment for foreign currency translation has been calculated based on the same foreign exchange rates used for the fiscal March 2019 results.



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Performance by Segment (Net Sales and Operating Income)

Forecast of Consolidated Business Performance for
Fiscal Year Ending March 31, 2020

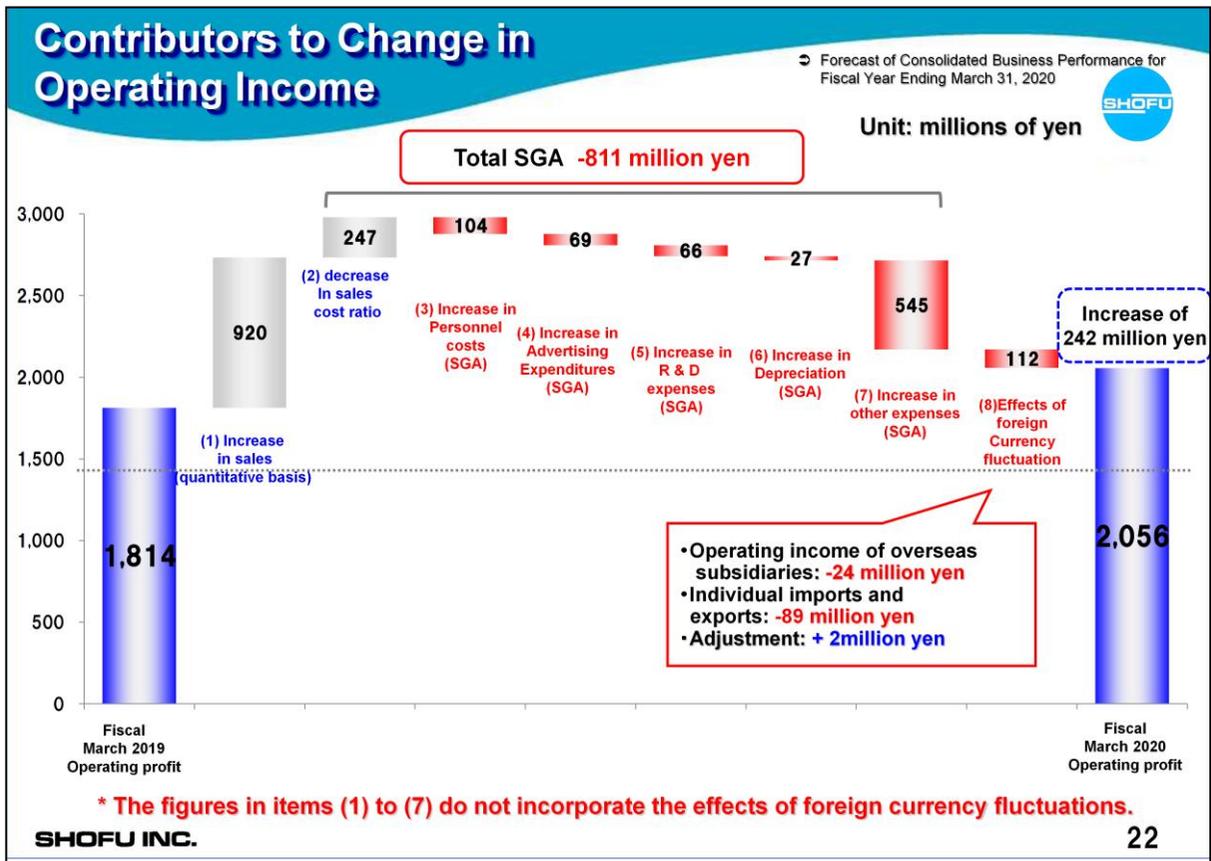


Unit: millions of yen. Figures in parentheses represent
percentage of sales and percentage changes (unit: %)

		Fiscal March 2019 (Results)	Fiscal March 2020 (Forecast)	Change from Previous Period
		Amount (% of sales)	Amount (% of sales)	
Dental	Net Sales	22,446	23,669	1,222
	Operating expenses	20,648	21,695	1,046
	Operating income	1,797	1,973	176
	(operating income margin)	(8.0)	(8.3)	
Nail care	Net Sales	2,372	2,408	35
	Operating expenses	2,378	2,344	-33
	Operating income	-5	63	69
	(operating income margin)	(-0.2)	(2.6)	
Other	Net Sales	104	112	8
	Operating expenses	87	93	5
	Operating income	16	19	3
	(operating income margin)	(15.6)	(17.1)	
Total before consolidation adjustment	Net Sales	24,923	26,190	1,266
	Operating expenses	23,115	24,133	1,018
	Operating income	1,807	2,056	248
	(operating income margin)	(7.3)	(7.9)	
Consolidated	Net Sales	24,915	26,190	1,274
	Operating expenses	23,101	24,133	1,032
	Operating income	1,814	2,056	242
	(operating income margin)	(7.3)	(7.9)	

SHOFU INC.

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Slide No. 22 shows contributors to the change in operating income compared to the fiscal year ended March 2019.

Although selling, general and administrative expenses will increase significantly due to higher personnel costs, advertising expenditures, R&D expenses, and others, we expect that the positive factors of an increase in sales and improvements to the cost of sales ratio will increase operating income by 242 million yen.

Impact of Foreign Exchange Fluctuations



Forecast for Fiscal March 2020

(Unit: millions of yen)

	Foreign exchange rate		Impact on consolidated business performance		Per yen of yen strength	
	Fiscal March 2019 actual	Fiscal March 2020 estimate	Sales	Operating income	Sales	Operating income
US Dollar	110.69	105.00	-186	-88	-32	-14
Euro	128.43	125.00	-110	-31	-32	-6
GBP	145.68	145.00	-2	0	-3	0
RMB	16.69	16.50	-28	-10	-148	-84

• 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. 23

Slide No. 23 shows the anticipated impact of foreign exchange fluctuations of major currencies such as the US dollar and euro in the fiscal year ending March 2020.

Trends for Sales Ratio of New Products

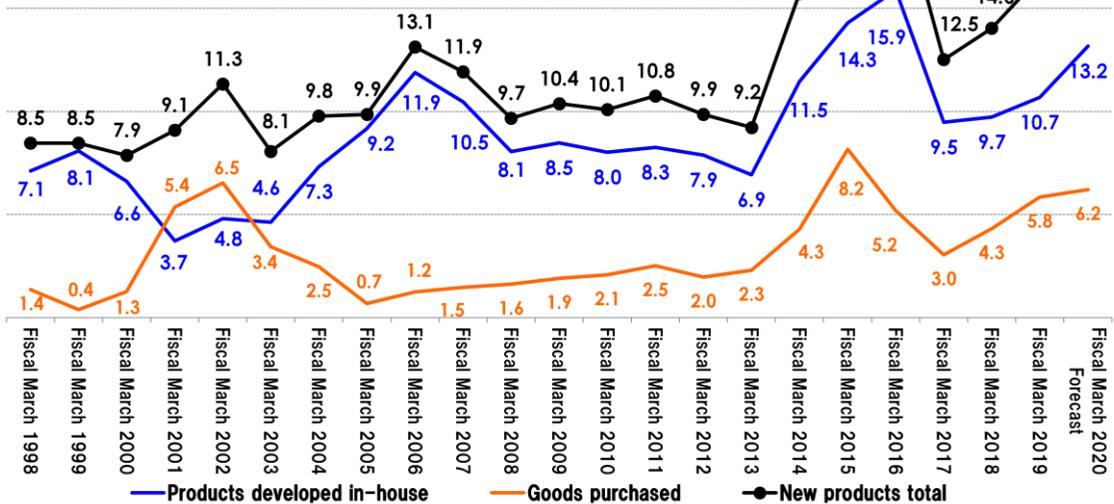
Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2020



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

New products: Products within 36 months of launch

Unit: %



SHOFU INC.

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

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Slide No. 24 shows trends for the sales ratio of new products.

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

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

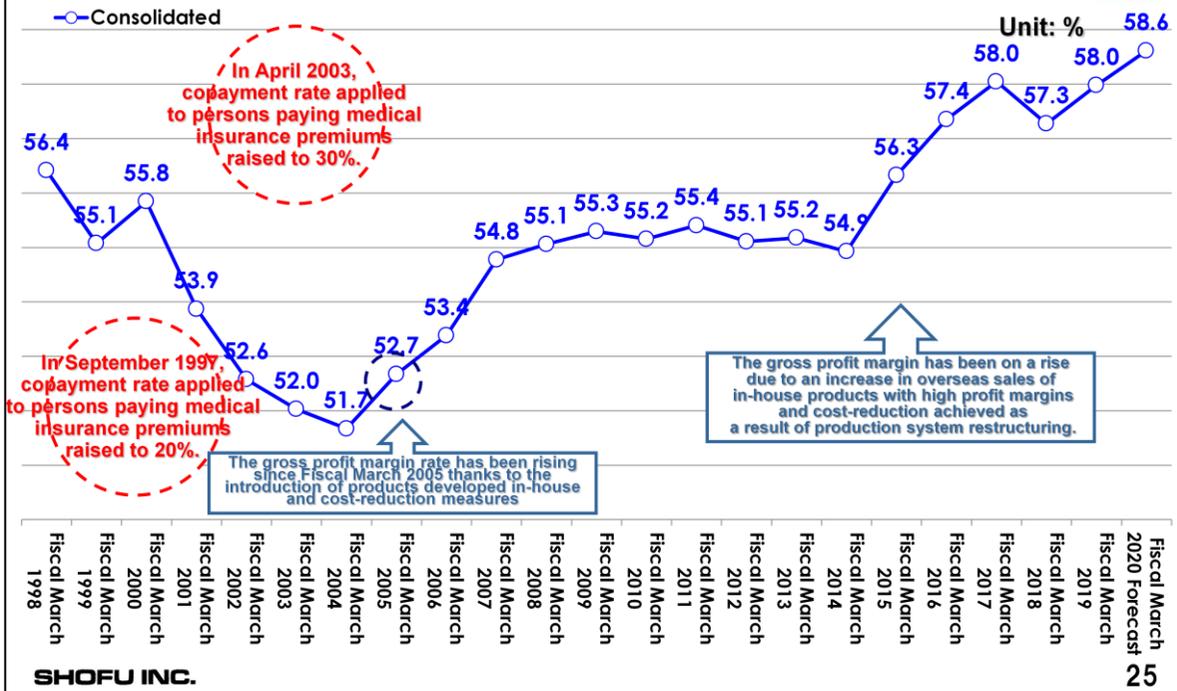
After achieving our target during the three years from the fiscal year ended March 2014, we fell short of the 15% mark from the fiscal year ended March 2017 to the fiscal year ended March 2018, but achieved the target in the previous fiscal year ended March 2019.

In the fiscal year ending March 2020, we expect to reach 19.4% thanks to the contribution to sales throughout the year of new products launched in the previous period, plus the effect of new products launched in the current fiscal year.

Going forward, we will strive to maintain a ratio of 15% or higher by increasing sales of new products, especially new products developed in-house.

Trends for Gross Profit Margin Rates

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2020



Slide No. 25 shows trends for gross profit margin rates.

We will pursue a higher profit margin from volume effects and by reducing costs through production relocation.

Trends for Overseas Sales and Overseas Sales Ratios

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2020

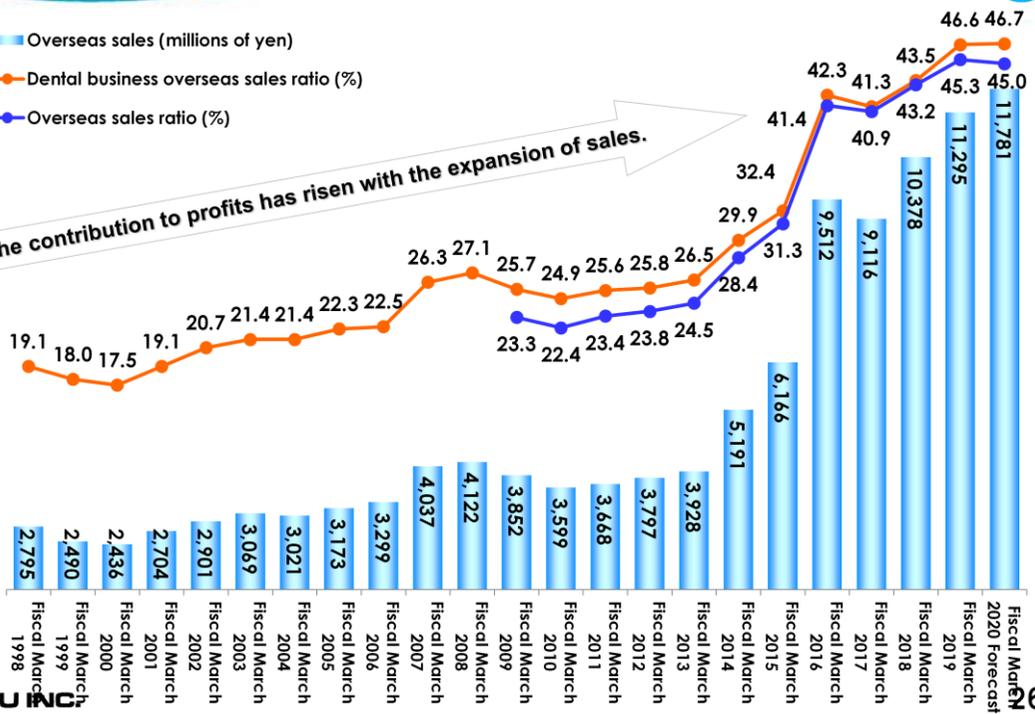


Overseas sales (millions of yen)

Dental business overseas sales ratio (%)

Overseas sales ratio (%)

The contribution to profits has risen with the expansion of sales.



SHOFU INC

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Slide No. 26 shows trends for overseas sales and overseas sales ratios.

Overseas sales have increased every year since the fiscal year ended March 2010. Going forward, we will continue to shift the allocation of management resources to overseas markets to a large extent with the aim of further expanding overseas sales.

This graph emphasizes the dental business overseas sales ratio, shown in orange.

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

**Summary of Consolidated Business Performance
for Fiscal Year Ended March 31, 2019**

**Forecast of Consolidated Business Performance
for Fiscal Year Ending March 31, 2020**

**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. 28 shows business environment awareness in the domestic and overseas markets.

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

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

Overseas, however, there is a market that is currently around 13 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.

SHOFU INC.

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Slide No. 29 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 13 times the size of the domestic Japanese market, Shofu’s contribution and presence to date has been insufficient.

There are a variety of opinions on how to define “contribution” and “presence.” Shofu takes net sales as the barometer of “contribution” and considers “presence” as being among the top 10 in the world.

Accordingly, while maintaining and expanding our business base in Japan, we will strive to expand our overseas business by dramatically shifting the allocation of management resources to overseas markets. By so doing, we aim to achieve group net sales of 50 billion yen and operating income of 7.5 billion yen and to raise our contribution to and presence in dentistry worldwide.

Fiscal 2018 to 2020 Medium-term Management Plan : Company-wide targets

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



Company-wide targets for fiscal March 2021

- **Group net sales: 29.2 billion yen**
 <Domestic sales:13.5billion yen; overseas sales:12.2 billion yen; Nail care business sales:3.3 billion yen>
 <Overseas sales ratio in the dental business : 50%>
- **Group operating income: 2.34 billion yen**
 (Operating profit margin: 8.0%)
- **ROE* 6.0%**

Key issues in order to achieve goals

R&D	✓ Development and introduction of new products that match the local demands	Promotion of M&As (business tie-ups, technology partnerships, business acquisitions)
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	
HR	✓ Development of human resources and securing the skilled employees	

SHOFU INC.

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Based on that view, we formulated the Third Medium-term Management Plan, which covers the period up through the fiscal year ending March 2021. Slide No. 30 shows an overview of the plan.

In the fiscal year ending March 2021, the last year of the plan, our main goals are to achieve Group net sales of 29.2 billion yen, an operating profit margin of 8.0%, and an ROE of 6%.

Toward the achievement of these goals, we will principally focus on carrying out our key issues with greater speed over the next three years. As I just mentioned, we intend to actively make use of M&As and cooperation with outside organizations to increase speed.

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



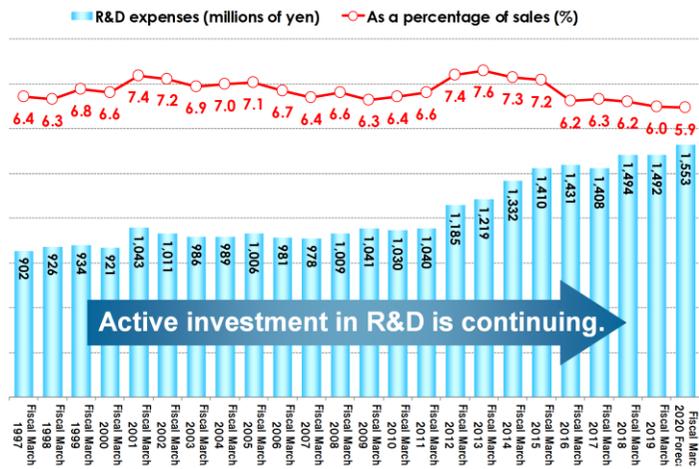
Development and introduction of new products that match the local demands

Developing products with a worldwide vision

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

Developing products with the goal of creating markets in new fields

Trend in R&D investment



Active investment in R&D is continuing.

Slide No. 31 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.

Furthermore, as well as opening up new business fields related to CAD/CAM, we have also begun selling implants developed in-house and produced in Japan.



✧ 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)

S

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Slide No. 32 shows priority efforts related to production.

With respect to production, we will relocate production bases by effectively utilizing existing domestic factories and expanding overseas production in an effort to enhance price competitiveness through increased production volume and cost reductions.

Specifically, at our domestic manufacturing subsidiaries, we will transition away from production at the Shofu headquarters through technology transfers and facilities enlargement as well as construction of new factories.

Overseas, meanwhile, since the acquisition of the German artificial teeth manufacturer Merz Dental and the expansion construction of the factory was completed in March this year, we will increase its utilization as a production base in Europe while also considering the establishment of production bases in other regions.

Specific Efforts – Production



✧ Relocation of production base and expansion of offshore production

Split up Promech's dental business to Shoken

Nail Labo absorbed Promech

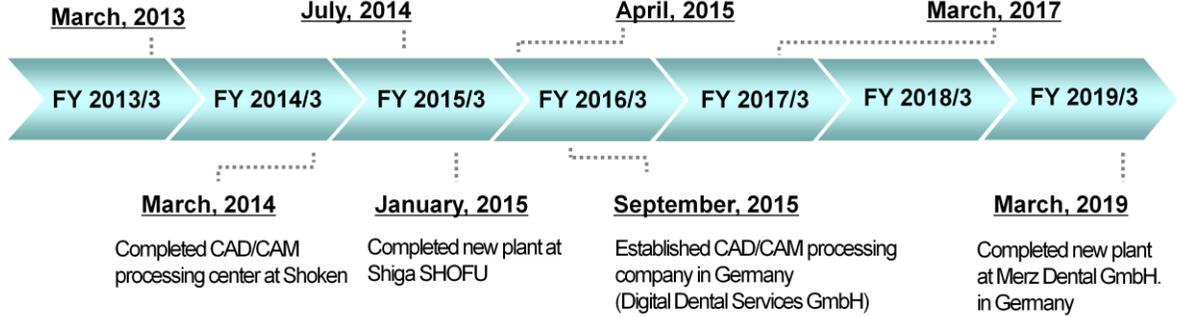
Aimed for stabilization of management base and business efficiency

Relocation and expansion of Shoken
Changed the company name to SHOFU PRODUCTS KYOTO INC.

Subsidiarization of Merz Dental GmbH, a German artificial teeth Manufacturer

New production base in Europe

Completed new plant in the SHOFU headquarters



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. 34 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 professionals who are our end customers.

Specific efforts overseas include the establishment of a local subsidiary in Singapore and the establishment of bases in Mexico, Italy, and Taiwan in order to strengthen sales

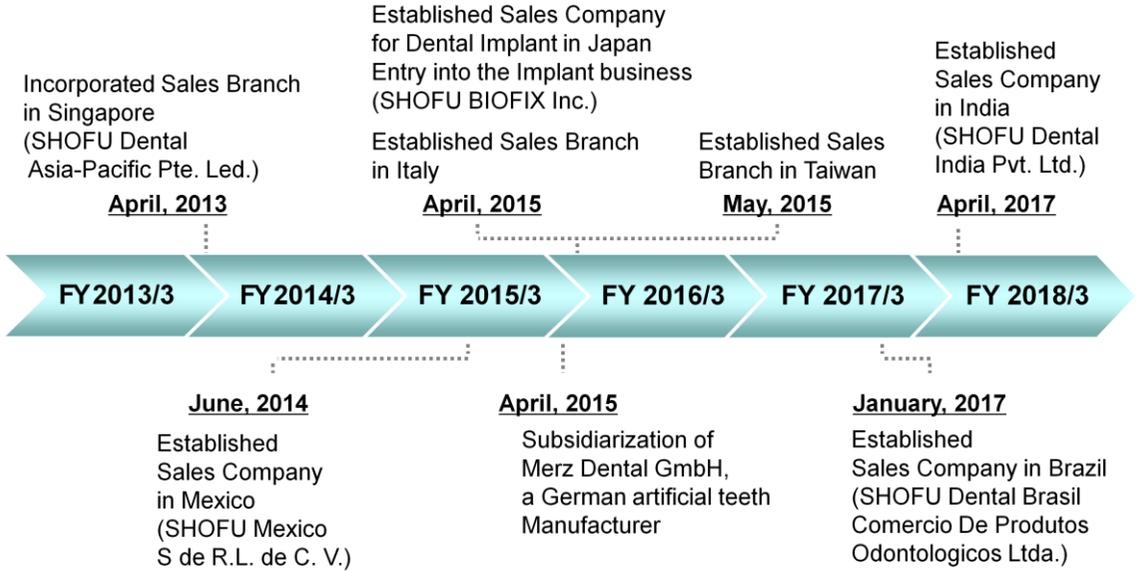
activities in each of those regions. We will also increase utilization of Merz Dental's sales network.

Furthermore, we established sales companies in Brazil and India. Going forward, we will gradually develop and enhance our sales network in key countries and regions.

Specific Efforts – Sales



✧ Realignment of sales offices



Specific Efforts – Nail Care Business

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



■ Basic Policy

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



■ Specific Efforts

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



SHOFU INC.

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Slide No. 36 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.

Trends for Sales by Region – North and Latin America, Europe

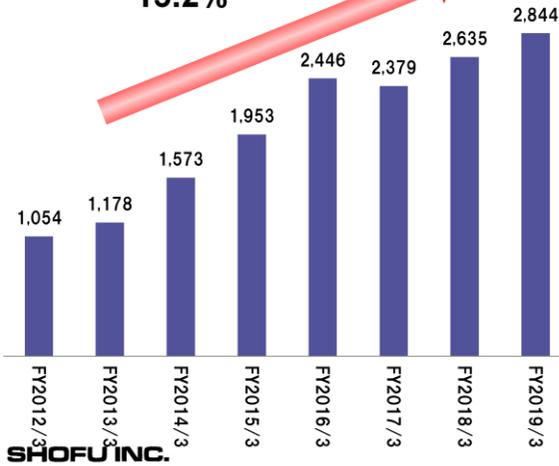
Future Business Environment and Medium- and Long-term Business Strategies



Unit: millions of yen

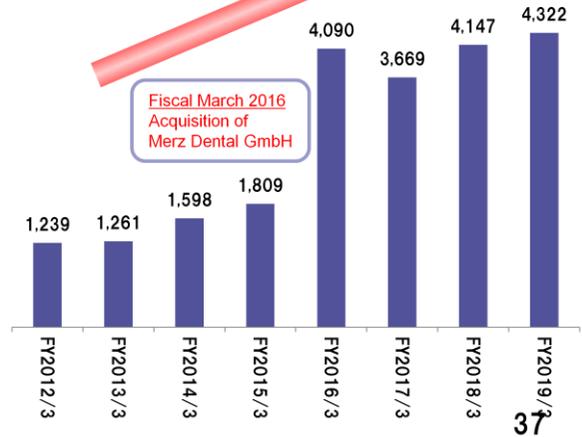
North & Latin America Sales

CAGR
15.2%



Europe Sales

CAGR
19.5%



Slides No. 37 to No. 38 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

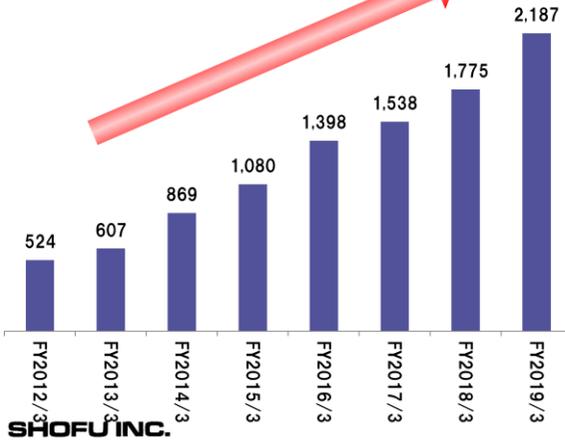
Future Business Environment and Medium- and Long-term Business Strategies



Unit: millions of yen

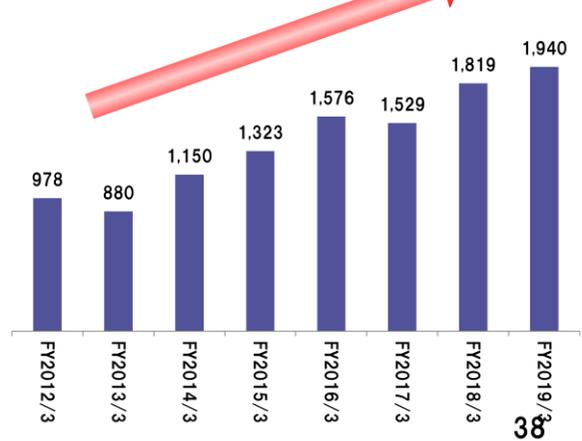
China Sales

CAGR
22.6%



Elsewhere in Asia Sales

CAGR
10.3%



SHOFU INC.

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Medium-term Management Plan – Principle Targets

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



★...Record Unit: millions of yen

	Fiscal March 2018 (Results)	Mid-term Management Plan			Fiscal March 2019 (Results)	Fiscal March 2020 (Forecast)
		Fiscal March 2019	Fiscal March 2020	Fiscal March 2021		
Net sales	★ 24,031	★ 25,725	★ 27,419	★ 29,264	★ 24,915	★ 26,190
(Change from Previous Period)	(7.7%)	(7.1%)	(6.6%)	(6.7%)	(3.7%)	(5.1%)
(Domestic sales)	★ 13,652	★ 14,453	★ 15,085	★ 15,700	★ 13,619	★ 14,408
(Change from Previous Period)	(3.5%)	(5.9%)	(4.4%)	(4.1%)	(-0.2%)	(5.8%)
(Overseas sales)	★ 10,378	★ 11,271	★ 12,333	★ 13,563	★ 11,295	★ 11,781
(Change from Previous Period)	(13.8%)	(8.6%)	(9.4%)	(10.0%)	(8.8%)	(4.3%)
Operating income	1,497	1,737	★ 2,056	★ 2,341	1,814	★ 2,056
(Percentage of sales)	(6.2%)	(6.8%)	(7.5%)	(8.0%)	(7.3%)	(7.9%)
Ordinary income	1,565	1,630	★ 1,946	★ 2,234	1,709	★ 1,941
(Percentage of sales)	(6.5%)	(6.3%)	(7.1%)	(7.6%)	(6.9%)	(7.4%)
Net income	877	★ 1,109	★ 1,370	★ 1,596	★ 1,201	★ 1,377
(Percentage of sales)	(3.7%)	(4.3%)	(5.0%)	(5.5%)	(4.8%)	(5.3%)
Dental business Overseas sales ratio	★ 43.5%	★ 44.6%	★ 46.0%	★ 47.6%	★ 46.6%	★ 46.7%

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

SHOFU INC.

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Slide No. 39 shows principle targets under the Medium-term Management Plan for fiscal year 2018 – 2020.

We expect sales to decrease by 1,229 million yen, or 4.7% in the fiscal year ending March 2020 due to delays in progress in the dental business in Japan and in Europe and the nail care business in other Asian countries relative to targets for that fiscal year in the medium-term management plan. However, the Company and Group companies expect to achieve the medium-term management plan targets on an income basis due to efforts to use operating expenses for the optimal cost vs. benefit effect.

We expect net sales and income in all categories to reach record highs in the fiscal year ending March 2020.

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 2018 (Results)		Mid-Term Management Plan						Fiscal March 2019 (Results)		Fiscal March 2020 (Forecast)	
			Fiscal March 2019		Fiscal March 2020		Fiscal March 2021					
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Dental business	21,447	89.2	22,800	88.6	24,227	88.4	25,787	88.1	22,446	90.1	23,669	90.4
Nail care business	2,486	10.3	2,806	10.9	3,068	11.2	3,343	11.4	2,372	9.5	2,408	9.2
Other businesses	105	0.4	117	0.5	123	0.5	133	0.5	104	0.4	112	0.4
Net sales	24,038	100.0	25,725	100.0	27,419	100.0	29,264	100.0	24,923	100.0	26,190	100.0
Dental business	1,410	6.6	1,575	6.9	1,867	7.7	2,070	8.0	1,797	8.0	1,973	8.3
Nail care business	63	2.5	145	5.2	169	5.5	243	7.3	-5	-0.2	63	2.6
Other businesses	17	16.8	16	13.7	18	15.3	27	20.5	16	15.6	19	17.1
Operating income	1,491	6.2	1,737	6.8	2,056	7.5	2,341	8.0	1,807	7.3	2,056	7.9

• 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 2018 (Results)	Mid-Term Management Plan			Fiscal March 2019 (Results)	Fiscal March 2020 (Forecast)
		Fiscal March 2019	Fiscal March 2020	Fiscal March 2021		
Capital investment	710	1,080	967	967	1,403	1,598
Depreciation expenses	975	1,003	1,003	1,003	893	1,026
(of which goodwill amortization)	108	108	108	108	84	82
R&D expenses	1,494	1,572	1,596	1,604	1,492	1,553

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

*Capital investment, depreciation expenses and R&D expenses above are recorded only for those realized
at this moment. Profit plan includes certain strategy investment expenses.

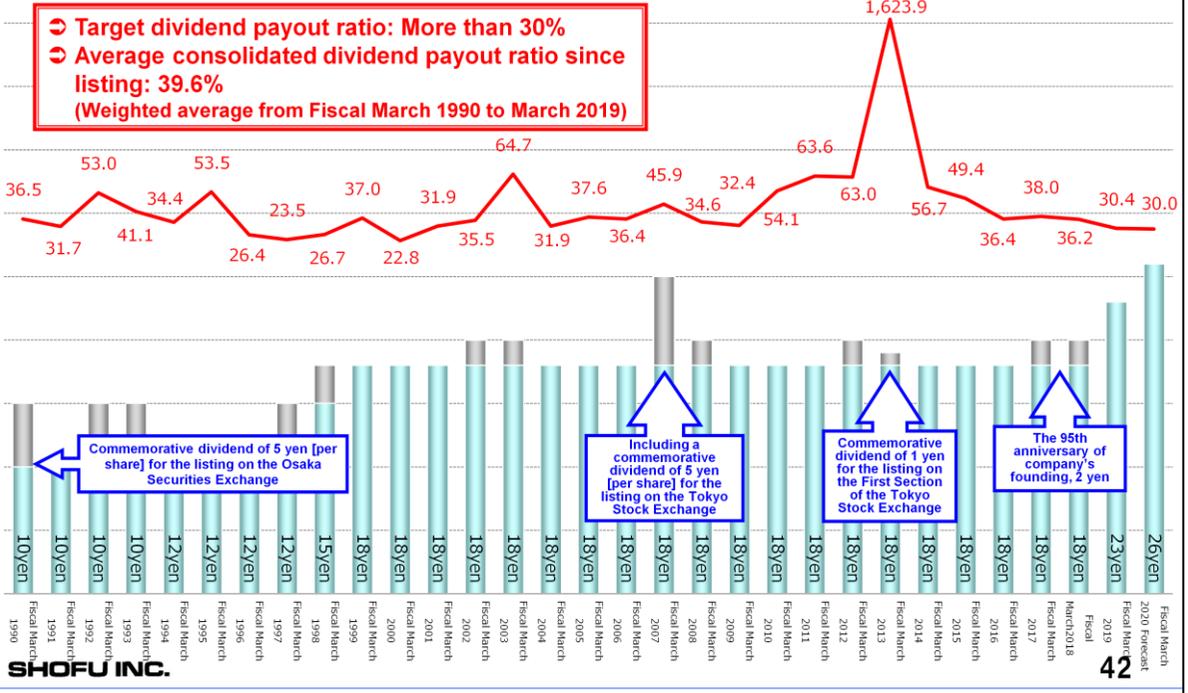
Dividend Policy

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



Ordinary dividend Commemorative dividend Consolidated dividend payout ratio

➤ Target dividend payout ratio: More than 30%
 ➤ Average consolidated dividend payout ratio since listing: 39.6%
 (Weighted average from Fiscal March 1990 to March 2019)



Slide No. 42 shows our dividend policy.

Our basic dividend policy is to maintain a dividend payout ratio of at least 30% on a consolidated basis with a lower limit of 18 yen per share.

In the current fiscal year ending March 2020, with an increase in profitability, we are planning to issue an ordinary dividend of 26 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.

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