## Walden Research Japan

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# SHOFU (7979)

Consolidated Fiscal Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY03/2016		22,975	1,568	1,393	789	49.4	18.0	1,340
FY03/2017		22,305	1,382	1,141	836	52.6	20.0	1,397
FY03/2018CoE		23,970	1,488	1,403	959	60.4	20.0	-
FY03/2017	YoY	(2.9%)	(11.9%)	(18.1%)	6.0%	-	-	-
FY03/2018CoE	YoY	7.5%	7.7%	23.0%	14.6%	-	-	-
Consolidated Half Year		Sales	Operating	Recurring	Profit Attributable to	EPS	DPS	BPS
(Million Yen)		Sales	Profit	Profit	<b>Owners of Parent</b>	(Yen)	(Yen)	(Yen)
Q1 to Q2 FY03/2017		11,052	800	509	301	-	-	-
Q3 to Q4 FY03/2017		11,253	582	632	535	-	-	-
Q1 to Q2 FY03/2018CoE		11,713	657	618	392	-	-	-
Q3 to Q4 FY03/2018CoE		12,257	831	785	567	-	-	-
Q1 to Q2 FY03/2018CoE	YoY	6.0%	(17.9%)	21.5%	30.3%	-	-	-
Q3 to Q4 FY03/2018CoE	YoY	8.9%	42.8%	24.2%	6.0%	-	-	-
Consolidated Quarter		0-1	Operating	Recurring	Profit Attributable to	EPS	DPS	BPS
(Million Yen)		Sales	Profit	Profit	<b>Owners of Parent</b>	(Yen)	(Yen)	(Yen)
Q1 FY03/2017		5,708	540	317	230	-	-	-
Q2 FY03/2017		5,344	260	192	71	-	-	-
Q3 FY03/2017		5,402	196	360	352	-	-	-
Q4 FY03/2017		5,851	386	272	183	-	-	-
Q1 FY03/2018		5,736	346	432	294			
Q1 FY03/2018	YoY	0.5%	(35.8%)	36.2%	27.9%	-	-	-

Source: Company Data, WRJ Calculation

## 1.0 Results Update (8 August 2017)

#### In Line with Company Forecasts

On 4 August 2017, SHOFU, developing, manufacturing and selling dental materials, released its Q1 FY03/2018 results. It has been revealed that recent trading is in line with assumptions of Company forecasts. Due to sluggish sales, operating profit adjusted, but the Company saw progress rate of 52.7% for operating profit when compared with assumptions of Q1 to Q2 Company forecasts. Full-year Company forecasts are going for operating profit increasing due mainly to increasing sales in H2, while it has been the case that operating profit in Q1 to Q2 is supposed to come down over the previous year since the beginning. In Q1, the Company launched "EyeSpecial C-" or new model for its digital oral imaging devices in Japan, which is to be followed by launch overseas in Q2, Meanwhile, the Company is to launch new strength-enhanced materials of CAD/CAM-related products in H2, which is to be another driver for sales with the Company.

For information: SHOFU (7979) Driven by Increasing Sales (23 June 2016)

IR Representative: Yusuke Hidaka, Corporate Planning Department (ir@shofu.co.jp)

## 2.0 Company Profile

Comprehensive Manufacturer of Dental Materials							
Company Name	SHOFU INC.						
	Website PROVEN PRODUCTS FOR BETTER DENTISTRY						
	IR Information						
	Share Price						
Established	15 May 1922						
Listing	25 July 1963: Tokyo Stock Exchange 1st Section (Ticker: 7979)						
Capital	¥4,474m (As of the end of June 2017)						
No. of Shares	16,114,089 shares, including 215,620 treasury shares (As of the end of June 2017)						
Main Features	• The leader of artificial teeth and abrasives in Japan						
	• Focus on operations overseas where the Company finds a huge room to cultivate						
	Also developing, manufacturing and selling materials for nail salons						
<b>Business Segments</b>	. Dental-related Business						
	. Nail-related Business						
	. Other Business						
Top Management	President: Noriyuki Negoro						
Shareholders	Mitsui Chemicals, Inc. 11.17%, The Bank of Kyoto, Ltd. 4.42% (As of the end of						
	March 2017)						
Headquarters	Higashiyama-ku, Kyoto-city, JAPAN						
No. of Employees	Consolidated:1,104, Parent: 443 (As of the end of June 2017)						

Source: Company Data

### 3.0 Recent Trading and Prospects

#### Q1 FY03/2018 Results

In Q1 FY03/2018, sales came in at \$5,736m (up 0.5% YoY), operating profit \$346m (down 35.8%), recurring profit \$432m (up 36.2%) and profit attributable to owners of parent \$294m (up 27.9%), while operating profit margin 6.0% (down 3.4% points). When compared with Q1 to Q2 Company forecasts, the results suggest progress rate of 49.0% in sales, 52.7% in operating profit, 69.9% in recurring profit and 75.0% in profit attributable to owners of parent.

Due to sluggish sales, operating profit adjusted, but recurring profit surged over the previous year in line with dramatically improving non-operating balance by ¥309m to ¥86 from negative ¥223m. Thus so did profit attributable to owners of parent. Improvement here at the non-operating level was in line with that of forex gains and losses by ¥292m to ¥68m from negative ¥224m. The Company books forex gains and losses based on gap between forex rates as of the end of every quarter and those as of the end of the most recent fiscal yearend, when it evaluates foreign-currencies-denominated assets and liabilities held by the Company. Company forecasts have assumed no forex gains and losses.

By region, sales in Japan came in at \$3,311m (down 0.8%) and sales overseas \$2,425m (up 2.3%). As mentioned above, the Company saw major changes on forex gains and losses to have been driven by changes of forex rates as of the end of the periods, but sales were almost immune to changes of forex rates over the previous year. The Company saw \$111.61 (depreciated by 2.3% over the same period in the previous year) per US dollar, \$123.14 (depreciated by 0.5%) per euro, \$142.92 (appreciated by 8.2%) per sterling pound and \$16.51 (appreciated by 7.5%) per Chinese yuan, implying a mixed situation by yen's appreciation and yen's depreciation. Sales overseas were up 2.5% over the same period in the previous year on a local currencies basis (roughly in line with above-mentioned increases by 2.3% in Japanese yen), up 0.8% in North America and Latin America, up 0.1% in Europe and up 7.5% in Asia, Oceania and Other. In regards to China, being estimated to account for more than half of sales in Asia, Oceania and Other, sales were up 5.7% in the same way.

Above-mentioned business performance as a whole for the Company is basically accounted for by that of Dental-related Business to develop, manufacture and sell dental materials. Sales came in at \$5,174m (down 1.6%), operating profit \$354m (down 36.1%) and operating profit margin 6.8% (down 3.7% points), having accounted for 90.2% of sales out the Company as a whole and 102.6% (before elimination) of operating profit.

In Japan, sales benefited from launch of new model for its digital oral imaging devices, i.e., "EyeSpecial C-" as well as from restorative materials and CAD/CAM-related products on both of which the Company focuses, but they were not substantial enough to fully offset negative impacts stemming from intensifying competition in the market as a whole. Still, the Company is to launch new strength-enhanced materials of CAD/CAM-related products in H2, to which is the Company looking as the key driver for sales. On the overseas side, the Company is to launch above-mentioned new model for its digital oral imaging devices, i.e., "EyeSpecial C-" in Q2. Prior to this, sales overseas in Q1 were in an off-crop season, according to the Company.

Meanwhile, sales came in at ¥538m (up 25.7%) and operating loss ¥14m (versus operating loss of ¥21m during the same period in the previous year) in Nail-related Business to develop, manufacture and sell materials for nail salons. Given firm sales in Japan and overseas, the Company saw operating loss reduced over the previous year. In Japan, the Company successfully launched new decorative fake nail products of "ageha" brand to have been co-developed with Ms. ageha or a famous manicurist, while sales were also favorable for "by Nail Labo", i.e., decorative fake nail kits for general consumers. Meanwhile, on the overseas side, the Company saw sales favorably increasing in the United States and Taiwan for "Presto" or LED gel nails. Still, SG&A expenses also increased due to aggressive sales promotions.

#### FY03/2018 Company Forecasts

FY03/2018 Company forecasts have remained unchanged, going for prospective sales of \$23,970m (up 7.5% YoY), operating profit of \$1,488m (up 7.7%), recurring profit of \$1,403m (up 23.0%) and profit attributable to owners of parent of \$959m (up 14.6%), while operating profit margin of 6.2% (up 0.01% point). Meanwhile, prospective annual dividend of \$20.0 per share, implying payout ratio of 33.1%, have also remained unchanged.

## 4.0 Financial Statements

#### Income Statement (Cumulative, Quarterly)

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	YoY
(Million Yen)	03/2017	03/2017	03/2017	03/2017	03/2018	03/2018	03/2018	03/2018	Net Chg.
Sales	5,708	11,052	16,454	22,305	5,736	-	-	-	+28
CoGS	2,282	4,504	6,841	9,357	2,420	-	-	-	+138
Gross Profit	3,425	6,547	9,612	12,947	3,315	-	-	-	(110)
SG&A	2,885	5,747	8,616	11,564	2,968	-	-		+83
Operating Profit	540	800	996	1,382	346	-	-	-	(194)
Non Operating Balance	(223)	(291)	(127)	(241)	86	-	-	-	+309
Recurring Profit	317	509	869	1,141	432	-	-		+115
Extraordinary Balance	0	0	0	0	9	-	-		+9
Profit before Income Taxes	317	509	869	1,141	441	-	-		+124
Total Income Taxes	87	206	211	299	146	-	-		+59
NP Belonging to Non-Controlling SHs	-	1	4	5	0	-	-		-
Profit Attributable to Owners of Parent	230	301	653	836	294	-	-		+64
Sales YoY	(2.9%)	(4.7%)	(3.5%)	(2.9%)	+0.5%		-		-
Operating Profit YoY	+2.9%	(5.0%)	(17.1%)	(11.9%)	(35.8%)	-	-		-
Recurring Profit YoY	(45.7%)	(38.3%)	(22.7%)	(18.1%)	+36.2%	-	-		-
Profit Attributable to Owners of Parent YoY	(36.7%)	(39.3%)	(9.4%)	+6.0%	+37.9%				
Gross Profit Margin	60.0%	59.2%	58.4%	58.0%	57.8%				(2.2%)
(SG&A / Sales)	50.5%	52.0%	52.4%	51.8%	51.7%	_			+1.2%
Operating Profit Margin	9.5%	7.2%	6.1%	6.2%	6.0%				(3.4%)
	9.5 <i>%</i> 5.6%	4.6%	5.3%	5.1%	7.5%	-	-		(3.4%)
Recurring Profit Margin Profit Attributable to Owners of Parent Margin	5.6% 4.0%	4.0% 2.7%	5.3% 4.0%	3.7%	7.5% 5.1%	-	-	-	
Total Income Taxes / Profit before Income Taxes		40.5%		26.2%	33.1%	-	-	-	+1.1%
	27.4%		24.3%						+5.7%
Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
	Q1	Q2 03/2017	Q3 03/2017	Q4	Q1 03/2018	Q2	Q3	Q4	YoY
(Million Yen)	03/2017								
Calaa				03/2017		03/2018	03/2018	03/2018	Net Chg.
Sales	5,708	5,344	5,402	5,851	5,736	-	- 03/2018	•	+28
CoGS	<b>5,708</b> 2,282	<b>5,344</b> 2,222	<b>5,402</b> 2,337	<b>5,851</b> 2,516	<b>5,736</b> 2,420	-	-	_	<b>+28</b> +138
CoGS Gross Profit	<b>5,708</b> 2,282 3,425	<b>5,344</b> 2,222 3,122	<b>5,402</b> 2,337 3,065	<b>5,851</b> 2,516 3,335	<b>5,736</b> 2,420 3,315		-	-	+28 +138 (110)
CoGS Gross Profit SG&A	<b>5,708</b> 2,282 3,425 2,885	<b>5,344</b> 2,222 3,122 2,862	<b>5,402</b> 2,337 3,065 2,869	<b>5,851</b> 2,516 3,335 2,948	<b>5,736</b> 2,420 3,315 2,968	- - - - -	<u>-</u> - - - -	•	+28 +138 (110) +83
CoGS Gross Profit SG&A Operating Profit	<b>5,708</b> 2,282 3,425 2,885 <b>540</b>	<b>5,344</b> 2,222 3,122 2,862 <b>260</b>	<b>5,402</b> 2,337 3,065 2,869 <b>196</b>	<b>5,851</b> 2,516 3,335 2,948 <b>386</b>	<b>5,736</b> 2,420 3,315 2,968 <b>346</b>		<u>-</u> - - - - - -	-	+28 +138 (110) +83 (194)
CoGS Gross Profit SG&A <b>Operating Profit</b> Non Operating Balance	<b>5,708</b> 2,282 3,425 2,885 <b>540</b> (223)	<b>5,344</b> 2,222 3,122 2,862 <b>260</b> (68)	<b>5,402</b> 2,337 3,065 2,869 <b>196</b> 164	<b>5,851</b> 2,516 3,335 2,948 <b>386</b> (114)	<b>5,736</b> 2,420 3,315 2,968 <b>346</b> 86		<u>-</u> - - - - - - -	-	+28 +138 (110) +83 (194) +309
CoGS Gross Profit SG&A Operating Profit Non Operating Balance Recurring Profit	5,708 2,282 3,425 2,885 540 (223) 317	<b>5,344</b> 2,222 3,122 2,862 <b>260</b> (68) <b>192</b>	5,402 2,337 3,065 2,869 196 164 360	<b>5,851</b> 2,516 3,335 2,948 <b>386</b> (114) <b>272</b>	5,736 2,420 3,315 2,968 346 86 432		03/2018		+28 +138 (110) +83 (194) +309 +115
CoGS Gross Profit SG&A <b>Operating Profit</b> Non Operating Balance <b>Recurring Profit</b> Extraordinary Balance	5,708 2,282 3,425 2,885 540 (223) 317 0	5,344 2,222 3,122 2,862 260 (68) 192 0	<b>5,402</b> 2,337 3,065 2,869 <b>196</b> 164 <b>360</b> 0	5,851 2,516 3,335 2,948 <b>386</b> (114) <b>272</b> 0	5,736 2,420 3,315 2,968 346 86 432 9		<u>U3/2018</u> - - - - - - - - -	- - - - -	+28 +138 (110) +83 (194) +309 +115 +9
CoGS Gross Profit SG&A <b>Operating Profit</b> Non Operating Balance <b>Recurring Profit</b> Extraordinary Balance Profit before Income Taxes	5,708 2,282 3,425 2,885 540 (223) 317 0 317	<b>5,344</b> 2,222 3,122 2,862 <b>260</b> (68) <b>192</b> 0 192	<b>5,402</b> 2,337 3,065 2,869 <b>196</b> 164 <b>360</b> 0 360	<b>5,851</b> 2,516 3,335 2,948 <b>386</b> (114) <b>272</b> 0 272	<b>5,736</b> 2,420 3,315 2,968 <b>346</b> 86 <b>432</b> 9 441		<u>U3/2018</u> - - - - - - - - - - - - - - - - - - -		+28 +138 (110) +83 (194) +309 +115 +9 +124
CoGS Gross Profit SG&A Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes	5,708 2,282 3,425 2,885 540 (223) 317 0	5,344 2,222 3,122 2,862 260 (68) 192 0	<b>5,402</b> 2,337 3,065 2,869 <b>196</b> 164 <b>360</b> 0 360 5	5,851 2,516 3,335 2,948 <b>386</b> (114) <b>272</b> 0	<b>5,736</b> 2,420 3,315 2,968 <b>346</b> 86 <b>432</b> 9 441 146		<u>U3/2018</u> - - - - - - - - - - - - - - - - -		+28 +138 (110) +83 (194) +309 +115 +9
CoGS Gross Profit SG&A <b>Operating Profit</b> Non Operating Balance <b>Recurring Profit</b> Extraordinary Balance Profit before Income Taxes	5,708 2,282 3,425 2,885 540 (223) 317 0 317	<b>5,344</b> 2,222 3,122 2,862 <b>260</b> (68) <b>192</b> 0 192	<b>5,402</b> 2,337 3,065 2,869 <b>196</b> 164 <b>360</b> 0 360	<b>5,851</b> 2,516 3,335 2,948 <b>386</b> (114) <b>272</b> 0 272	<b>5,736</b> 2,420 3,315 2,968 <b>346</b> 86 <b>432</b> 9 441		<u>U3/2018</u> - - - - - - - - - - - - - - - - -		+28 +138 (110) +83 (194) +309 +115 +9 +124
CoGS Gross Profit SG&A Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes	5,708 2,282 3,425 2,885 540 (223) 317 0 317	<b>5,344</b> 2,222 3,122 2,862 <b>260</b> (68) <b>192</b> 0 192 119	<b>5,402</b> 2,337 3,065 2,869 <b>196</b> 164 <b>360</b> 0 360 5	<b>5,851</b> 2,516 3,335 2,948 <b>386</b> (114) <b>272</b> 0 272 88	<b>5,736</b> 2,420 3,315 2,968 <b>346</b> 86 <b>432</b> 9 441 146		<u>U3/2018</u> - - - - - - - - - - - - - - - - - - -		+28 +138 (110) +83 (194) +309 +115 +9 +124
CoGS Gross Profit SG&A Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs	5,708 2,282 3,425 2,885 540 (223) 317 0 317 87	<b>5,344</b> 2,222 3,122 2,862 <b>260</b> (68) <b>192</b> 0 192 119 1	<b>5,402</b> 2,337 3,065 2,869 <b>196</b> 164 <b>360</b> 0 360 5 3	<b>5,851</b> 2,516 3,335 2,948 <b>386</b> (114) <b>272</b> 0 272 88 88 1	<b>5,736</b> 2,420 3,315 2,968 <b>346</b> 86 <b>432</b> 9 441 146 0		<u>U3/2018</u> - - - - - - - - - - - - - - - - - - -		+28 +138 (110) +83 (194) +309 +115 +9 +124 +59
CoGS Gross Profit SG&A Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent	5,708 2,282 3,425 2,885 540 (223) 317 0 317 87 - 230	<b>5,344</b> 2,222 3,122 2,862 <b>260</b> (68) <b>192</b> 0 192 119 1 1 <b>71</b>	<b>5,402</b> 2,337 3,065 2,869 <b>196</b> 164 <b>360</b> 0 360 5 3 3 3 <b>52</b>	<b>5,851</b> 2,516 3,335 2,948 <b>386</b> (114) <b>272</b> 0 272 88 1 <b>183</b>	<b>5,736</b> 2,420 3,315 2,968 <b>346</b> 86 <b>432</b> 9 441 146 0 <b>294</b>		<u>U3/2018</u> - - - - - - - - - - - - - - - - - - -		+28 +138 (110) +83 (194) +309 +115 +9 +124 +59
CoGS Gross Profit SG&A Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent Sales YoY	5,708 2,282 3,425 2,885 540 (223) 317 0 317 87 - 230 (2.9%)	5,344 2,222 3,122 2,862 260 (68) 192 0 192 119 1 192 119 1 (6.7%)	<b>5,402</b> 2,337 3,065 2,869 <b>196</b> 164 <b>360</b> 0 360 5 3 3 <b>352</b> (0.9%)	<b>5,851</b> 2,516 3,335 2,948 <b>386</b> (114) <b>272</b> 0 272 88 1 <b>183</b> (1.2%)	<b>5,736</b> 2,420 3,315 2,968 <b>346</b> 86 <b>432</b> 9 441 146 0 <b>294</b> +0.5%		<u>U3/2018</u>		+28 +138 (110) +83 (194) +309 +115 +9 +124 +59
CoGS Gross Profit SG&A Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent Sales YoY Operating Profit YoY	<b>5,708</b> 2,282 3,425 <b>540</b> (223) <b>317</b> 0 317 87 - <b>230</b> (2.9%) +2.9%	<b>5,344</b> 2,222 3,122 2,862 <b>260</b> (68) <b>192</b> 0 192 119 1 19 (6.7%) (18.0%)	<b>5,402</b> 2,337 3,065 2,869 <b>196</b> 164 <b>360</b> 0 360 5 3 3 <b>352</b> (0.9%) (45.6%)	<b>5,851</b> 2,516 3,335 2,948 <b>386</b> (114) <b>272</b> 0 272 88 1 <b>183</b> (1.2%) +5.5%	<b>5,736</b> 2,420 3,315 2,968 <b>346</b> 86 <b>432</b> 9 441 146 0 <b>294</b> +0.5% (35.8%)		<u>U3/2018</u>		+28 +138 (110) +83 (194) +309 +115 +9 +124 +59
CoGS Gross Profit SG&A Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent Sales YoY Operating Profit YoY Recurring Profit YoY	<b>5,708</b> 2,282 3,425 <b>540</b> (223) <b>317</b> 0 317 87 - <b>230</b> (2.9%) +2.9% (45.7%)	<b>5,344</b> 2,222 3,122 2,862 <b>260</b> (68) <b>192</b> 0 192 119 1 19 (6.7%) (18.0%) (20.3%)	<b>5,402</b> 2,337 3,065 2,869 <b>196</b> 164 <b>360</b> 0 360 5 3 3 <b>352</b> (0.9%) (45.6%) +20.4%	<b>5,851</b> 2,516 3,335 2,948 <b>386</b> (114) <b>272</b> 0 272 88 1 <b>183</b> (1.2%) +5.5% +1.1%	<b>5,736</b> 2,420 3,315 2,968 <b>346</b> 86 <b>432</b> 9 441 146 0 <b>294</b> +0.5% (35.8%) +36.2%		<u>U3/2018</u>		+28 +138 (110) +83 (194) +309 +115 +9 +124 +59
CoGS Gross Profit SG&A Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent Sales YoY Operating Profit YoY Recurring Profit YoY Profit Attributable to Owners of Parent YoY	<b>5,708</b> 2,282 3,425 <b>2,885</b> <b>540</b> (223) <b>317</b> 0 317 87 - <b>230</b> (2.9%) +2.9% (45.7%) (36.7%)	<b>5,344</b> 2,222 3,122 2,862 <b>260</b> (68) <b>192</b> 0 192 119 1 <b>1</b> <b>71</b> (6.7%) (18.0%) (20.3%) (46.2%)	<b>5,402</b> 2,337 3,065 2,869 <b>196</b> 164 <b>360</b> 0 360 5 3 3 <b>352</b> (0.9%) (45.6%) +20.4% +56.4%	<b>5,851</b> 2,516 3,335 2,948 <b>386</b> (114) <b>272</b> 0 272 88 1 <b>272</b> 88 1 <b>183</b> (1.2%) +5.5% +1.1% +165.2%	<b>5,736</b> 2,420 3,315 2,968 <b>346</b> 86 <b>432</b> 9 441 146 0 <b>294</b> +0.5% (35.8%) +36.2% +37.9%		- - - - - - - - - - - - - - - - - - -	- - - - - - - - - - - - - - - - - - -	+28 +138 (110) +83 (194) +309 +115 +9 +124 +59 - +64
CoGS Gross Profit SG&A Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent Sales YoY Operating Profit YoY Recurring Profit YoY Profit Attributable to Owners of Parent YoY Gross Profit Margin	5,708 2,282 3,425 2,885 540 (223) 317 0 317 87 - 230 (2.9%) +2.9% (45.7%) (36.7%)	<b>5,344</b> 2,222 3,122 2,862 <b>260</b> (68) <b>192</b> 0 192 119 1 1 <b>71</b> (6.7%) (18.0%) (20.3%) (46.2%) 58.4%	<b>5,402</b> 2,337 3,065 2,869 <b>196</b> 164 <b>360</b> 0 360 5 3 <b>352</b> (0.9%) (45.6%) +20.4% +56.4%	<b>5,851</b> 2,516 3,335 2,948 <b>386</b> (114) <b>272</b> 0 272 88 1 <b>272</b> 88 1 <b>183</b> (1.2%) +5.5% +1.1% +165.2% 57.0%	<b>5,736</b> 2,420 3,315 2,968 <b>346</b> 86 <b>432</b> 9 441 146 0 <b>294</b> +0.5% (35.8%) +36.2% +37.9% 57.8%		- - - - - - - - - - - - - - - - - - -	- - - - - - - - - - - - - - - - - - -	+28 +138 (110) +83 (194) +309 +115 +9 +124 +59 - +64 - - - - - - - - - - - - - - - - - - -
CoGS Gross Profit SG&A Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent Sales YoY Operating Profit YoY Recurring Profit YoY Recurring Profit YoY Profit Attributable to Owners of Parent YoY Gross Profit Margin (SG&A / Sales)	5,708 2,282 3,425 2,885 540 (223) 317 0 317 87 - 230 (2.9%) +2.9% (45.7%) (36.7%) (36.7%)	<b>5,344</b> 2,222 3,122 2,862 <b>260</b> (68) <b>192</b> 0 192 119 1 1 <b>71</b> (6.7%) (18.0%) (20.3%) (46.2%) 58.4% 53.6%	5,402 2,337 3,065 2,869 196 164 <b>360</b> 0 360 5 3 3 55 3 <b>352</b> (0.9%) (45.6%) +20.4% +56.4% 56.7% 53.1%	<b>5,851</b> 2,516 3,335 2,948 <b>386</b> (114) <b>272</b> 0 272 88 1 <b>272</b> 88 1 <b>183</b> (1.2%) +5.5% +1.1% +165.2% 57.0% 50.4%	5,736 2,420 3,315 2,968 346 86 432 9 441 146 0 294 +0.5% (35.8%) +36.2% +37.9% 57.8% 51.7%		- - - - - - - - - - - - - - - - - - -	- - - - - - - - - - - - - - - - - - -	+28 +138 (110) +83 (194) +309 +115 +9 +124 +59 - +64 - - - (2.2%) +1.2%
CoGS Gross Profit SG&A Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent Sales YoY Operating Profit YoY Recurring Profit YoY Recurring Profit YoY Profit Attributable to Owners of Parent YoY Gross Profit Margin (SG&A / Sales) Operating Profit Margin	<b>5,708</b> 2,282 3,425 2,885 <b>540</b> (223) <b>317</b> 0 317 87 - <b>230</b> (2.9%) +2.9% (45.7%) (36.7%) (36.7%) 60.0% 50.5% 9.5%	<b>5,344</b> 2,222 3,122 2,862 <b>260</b> (68) <b>192</b> 0 192 119 1 1 <b>71</b> (6.7%) (18.0%) (20.3%) (46.2%) 58.4% 53.6% 4.9%	5,402 2,337 3,065 2,869 196 164 <b>360</b> 0 360 5 3 3 55 3 <b>352</b> (0.9%) (45.6%) +20.4% +56.4% 56.7% 53.1% 3,6%	<b>5,851</b> 2,516 3,335 2,948 <b>386</b> (114) <b>272</b> 0 272 88 1 <b>272</b> 88 1 <b>183</b> (1.2%) +5.5% +1.1% +165.2% 57.0% 50.4% 6.6%	5,736 2,420 3,315 2,968 346 86 432 9 441 146 0 294 +0.5% (35.8%) +36.2% +37.9% 57.8% 51.7% 6.0%	US/2018 - - - - - - - - - - - - - - - - - - -	- - - - - - - - - - - - - - - - - - -	- - - - - - - - - - - - - - - - - - -	+28 +138 (110) +83 (194) +309 +115 +9 +124 +59 - +64 - - - - - - - - - - - - - - - - - - -

Source: Company Data, WRJ Calculation

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#### Segmented Information (Cumulative, Quarterly)

Segmented Information	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	YoY
(Million Yen)	03/2017	03/2017	03/2017	03/2017	03/2018	03/2018	03/2018	03/2018	Net Chg.
Dental-related Business	5,258	10,095	14,999	20,267	5,174	-	-	-	(84)
Nail-related Business	428	913	1,385	1,944	538	-	-		+110
Other Business	21	43	69	93	23	-	-		+2
Sales	5,708	11,052	16,454	22,305	5,736	-	-	-	+28
Dental-related Business	554	812	1,009	1,380	354	-	-	-	(200)
Nail-related Business	(21)	(26)	(36)	(25)	(14)	-	-		+7
Other Business	6	12	19	22	5	-	-		(1)
Segment profit	539	798	992	1,376	345	-	-	-	(194)
Elimination	1	2	4	5	1	-	-		0
Operating Profit	540	800	996	1,382	346	-	-	-	(194)
Dental-related Business	10.5%	8.0%	6.7%	6.8%	6.8%	-	-	-	(3.7%)
Nail-related Business	(4.9%)	(2.8%)	(2.6%)	(1.3%)	(2.6%)	-	-	-	+2.3%
Other Business	28.6%	27.9%	27.5%	23.7%	21.7%	-	-		(6.8%)
Elimination	0.0%	0.0%	0.0%	0.0%	0.0%	-	-		(0.0%)
Operating Profit Margin	9.5%	7.2%	6.1%	6.2%	6.0%	-	-		(3.4%)
									. ,
Segmented Information	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
	Cons.Act Q1	Cons.Act Q2	Cons.Act Q3	Cons.Act Q4	Cons.Act Q1	Cons.Act Q2	Cons.Act Q3	Cons.Act Q4	YoY
Segmented Information	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	ΥοΥ
Segmented Information (Million Yen)	Q1 03/2017	Q2 03/2017	Q3 03/2017	Q4 03/2017	Q1 03/2018	Q2	Q3	Q4	YoY Net Chg.
Segmented Information (Million Yen) Dental-related Business	Q1 03/2017 5,258	Q2 03/2017 4,837	Q3 03/2017 4,904	Q4 03/2017 5,268	Q1 03/2018 5,174	Q2	Q3	Q4 03/2018 -	YoY Net Chg. (84)
Segmented Information (Million Yen) Dental-related Business Nail-related Business	Q1 03/2017 5,258 428	Q2 03/2017 4,837 485	Q3 03/2017 4,904 472	Q4 03/2017 5,268 559	Q1 03/2018 5,174 538	Q2	Q3	Q4 03/2018 -	YoY Net Chg. (84) +110
Segmented Information (Million Yen) Dental-related Business Nail-related Business Other Business	Q1 03/2017 5,258 428 21	Q2 03/2017 4,837 485 22	Q3 03/2017 4,904 472 26	Q4 03/2017 5,268 559 24	Q1 03/2018 5,174 538 23	Q2	Q3	Q4 03/2018 - - -	YoY Net Chg. (84) +110 +2
Segmented Information (Million Yen) Dental-related Business Nail-related Business Other Business Sales	Q1 03/2017 5,258 428 21 5,708	Q2 03/2017 4,837 485 22 5,344	Q3 03/2017 4,904 472 26 5,402	Q4 03/2017 5,268 559 24 5,851	Q1 03/2018 5,174 538 23 5,736	Q2	Q3	Q4 03/2018 - - - -	YoY Net Chg. (84) +110 +2 +28
Segmented Information (Million Yen) Dental-related Business Nail-related Business Other Business Sales Dental-related Business	Q1 03/2017 5,258 428 21 <b>5,708</b> 554	Q2 03/2017 4,837 485 22 5,344 258	Q3 03/2017 4,904 472 26 5,402 197	Q4 03/2017 5,268 559 24 5,851 371	Q1 03/2018 5,174 538 23 5,736 354	Q2	Q3	Q4 03/2018 - - - -	YoY Net Chg. (84) +110 +2 +28 (200)
Segmented Information (Million Yen) Dental-related Business Nail-related Business Other Business Sales Dental-related Business Nail-related Business	Q1 03/2017 5,258 428 21 <b>5,708</b> 554 (21)	Q2 03/2017 4,837 485 22 5,344 258 (5)	Q3 03/2017 4,904 472 26 <b>5,402</b> 197 (10)	Q4 03/2017 5,268 559 24 <b>5,851</b> 371 11	Q1 03/2018 5,174 538 23 5,736 354 (14)	Q2	Q3	Q4 03/2018 - - - -	YoY Net Chg. (84) +110 +2 +28 (200) +7
Segmented Information (Million Yen) Dental-related Business Nail-related Business Other Business Sales Dental-related Business Nail-related Business Other Business Other Business	Q1 03/2017 5,258 428 21 5,708 554 (21) 6	Q2 03/2017 4,837 485 22 5,344 258 (5) 6	Q3 03/2017 4,904 472 26 5,402 197 (10) 7	Q4 03/2017 5,268 559 24 5,851 371 11 11 3	Q1 03/2018 5,174 538 23 5,736 354 (14) 5	Q2	Q3	Q4 03/2018 - - - -	YoY Net Chg. (84) +110 +2 +28 (200) +7 (1)
Segmented Information (Million Yen) Dental-related Business Nail-related Business Other Business Sales Dental-related Business Nail-related Business Other Business Segment profit	Q1 03/2017 5,258 428 21 5,708 554 (21) 6 539	Q2 03/2017 4,837 485 22 5,344 258 (5) 6 6 259	Q3 03/2017 4,904 472 26 5,402 197 (10) 7 194	Q4 03/2017 5,268 559 24 5,851 371 11 11 3 3 884	Q1 03/2018 5,174 538 23 5,736 354 (14) 5 345	Q2	Q3	Q4 03/2018 - - - -	YoY Net Chg. (84) +110 +2 +28 (200) +7 (1) (194)
Segmented Information (Million Yen) Dental-related Business Nail-related Business Other Business Sales Dental-related Business Nail-related Business Other Business Segment profit Elimination	Q1 03/2017 5,258 428 21 5,708 554 (21) 6 539 1	Q2 03/2017 4,837 485 22 5,344 258 (5) 6 259 1	Q3 03/2017 4,904 472 26 5,402 197 (10) 7 194 2	Q4 03/2017 5,268 559 24 5,851 371 11 3 3 384 1	Q1 03/2018 5,174 538 23 5,736 354 (14) 5 345 345 1	Q2	Q3	Q4 03/2018 - - - -	YoY Net Chg. (84) +110 +2 +28 (200) +7 (1) (194) 0
Segmented Information (Million Yen) Dental-related Business Nail-related Business Other Business Sales Dental-related Business Nail-related Business Other Business Segment profit Elimination Operating Profit	Q1 03/2017 5,258 428 21 5,708 554 (21) 6 539 1 1 540	Q2 03/2017 4,837 485 22 5,344 258 (5) 6 259 1 259 1 260	Q3 03/2017 4,904 472 26 5,402 197 (10) 7 194 2 196	Q4 03/2017 5,268 559 24 5,851 371 11 3 3 384 1 386	Q1 03/2018 5,174 538 23 5,736 354 (14) 5 345 1 345 1 346	Q2	Q3	Q4 03/2018 - - - - - - - - - - - - - - - - - - -	YoY Net Chg. (84) +110 +2 +28 (200) +7 (1) (194) 0 (194)
Segmented Information (Million Yen) Dental-related Business Nail-related Business Other Business Sales Dental-related Business Nail-related Business Other Business Segment profit Elimination Operating Profit Dental-related Business	Q1 03/2017 5,258 428 21 5,708 554 (21) 6 539 1 539 1 540	Q2 03/2017 4,837 485 22 5,344 258 (5) 6 259 1 259 1 260 5.3%	Q3 03/2017 4,904 472 26 5,402 197 (10) 7 194 2 196 4.0%	Q4 03/2017 5,268 559 24 5,851 371 11 371 11 3 384 1 386 7.0%	Q1 03/2018 5,174 538 23 5,736 354 (14) 5 345 1 345 1 346 6.8%	Q2	Q3	Q4 03/2018 - - - - - - - - - - - - - - - - -	YoY Net Chg. (84) +110 +2 +28 (200) +7 (1) (194) 0 (194) 0 (194) (3.7%)
Segmented Information (Million Yen) Dental-related Business Nail-related Business Other Business Sales Dental-related Business Nail-related Business Other Business Segment profit Elimination Operating Profit Dental-related Business Nail-related Business Nail-related Business	Q1 03/2017 5,258 428 21 5,708 554 (21) 6 539 1 1 540 10.5% (4.9%)	Q2 03/2017 4,837 485 22 5,344 258 (5) 6 259 1 260 5.3% (1.0%)	Q3 03/2017 4,904 472 26 5,402 197 (10) 7 194 2 196 4.0% (2.1%)	Q4 03/2017 5,268 559 24 5,851 371 11 3 3 84 1 386 7.0% 2.0%	Q1 03/2018 5,174 538 23 5,736 354 (14) 5 345 1 346 6.8% (2.6%)	Q2	Q3	Q4 03/2018 - - - - - - - - - - - - - - - - - - -	YoY Net Chg. (84) +110 +2 +28 (200) +77 (1) (194) 0 (194) 0 (3.7%) +2.3%

Source: Company Data, WRJ Calculation

#### **Balance Sheet (Quarterly)**

Balance Sheet	Cons.Act								
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY
(Million Yen)	03/2017	03/2017	03/2017	03/2017	03/2018	03/2018	03/2018	03/2018	Net Chg.
Cash & Deposit	4,581	4,449	4,651	4,997	4,844	-	-	-	+263
Accounts Receivables	2,933	2,907	2,869	3,138	3,199	-	-	-	+266
Inventory	5,510	5,480	5,653	5,365	5,712	-	-	-	+202
Other	1,063	799	886	786	965	-	-	-	(98)
Current Assets	14,087	13,635	14,059	14,286	14,720	-	-	-	+633
Tangible Assets	6,574	6,553	6,629	6,682	6,677	-	-	-	+103
Intangible Assets	1,561	1,510	1,586	1,538	1,595	-	-	-	+34
Investments & Other Assets	5,624	5,787	6,290	6,345	6,840	-	-	-	+1,216
Fixed Assets	13,760	13,851	14,506	14,566	15,113	-	-	-	+1,353
Total Assets	27,848	27,486	28,566	28,853	29,834	-	-	-	+1,986
Accounts Payables	520	492	618	612	706	-	-	-	+186
Short Term Debt	504	504	505	505	505	-	-	-	+1
Other	2,224	1,969	1,922	2,098	2,315	-	-	-	+91
Current Liabilities	3,248	2,965	3,045	3,215	3,526	-	-	-	+278
Long Term Debt	1,604	1,479	1,355	1,225	1,100	-	-	-	(504)
Other	1,979	1,990	2,129	2,116	2,286	-	-	-	+307
Fixed Liabilities	3,583	3,469	3,484	3,341	3,386	-	-	-	(197)
Total Liabilities	6,832	6,435	6,530	6,556	6,912	-	-	-	+80
Shareholders' Equity	19,470	19,541	19,766	19,949	20,066	-	-	-	+596
Other	1,545	1,510	2,269	2,347	2,855	-	-	-	+1,310
Net Assets	21,015	21,051	22,035	22,296	22,921	-	-	-	+1,906
Total Liabilities & Net Assets	27,848	27,486	28,566	28,853	29,834	-	-	-	+1,986
Equity Capital	20,929	20,957	21,930	22,185	22,818	-	-	-	+1,889
Interest Bearing Debt	2,108	1,983	1,860	1,730	1,605	-	-	-	(503)
Net Debt	(2,473)	(2,466)	(2,791)	(3,267)	(3,239)	-	-	-	(766)
Equity Ratio	75.2%	76.2%	76.8%	76.9%	76.5%	-	-	-	+1.3%
Net Debt Equity Ratio	(11.8%)	(11.8%)	(12.7%)	(14.7%)	(14.2%)	-	-	-	(2.4%)
ROE (12 months)	3.0%	2.8%	3.3%	3.8%	4.1%	-	-	-	+1.1%
ROA (12 months)	3.9%	3.8%	3.9%	4.0%	4.4%	-	-	-	+0.4%
Days for Inventory Turnover	220	225	221	195	215	-	-	-	-
Quick Ratio	231%	248%	247%	253%	228%	-	-	-	-
Current Ratio	434%	460%	462%	444%	417%	-	-	-	-

Source: Company Data, WRJ Calculation

#### **Cash Flow Statement (Cumulative)**

Cash Flow Statement	Cons.Act								
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	YoY
(Million Yen)	03/2017	03/2017	03/2017	03/2017	03/2018	03/2018	03/2018	03/2018	Net Chg.
Operating Cash Flow	-	1,012	-	2,308	-	-	-	•	-
Investing Cash Flow	-	(396)	-	(1,052)	-	-	-	· · ·	-
Operating CF & Investing CF	-	616	-	1,256	-	-	-		-
Financing Cash Flow	-	(434)	-	(835)	-	-	-	· ·	-

Source: Company Data, WRJ Calculation

#### Disclaimer

Information here is a summary of "IR Information" of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. "IR Information" of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage etc.

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