

# Always Smiling, Orthodontics !

## ASO International, Inc. Financial Results for Q2 FY6/24

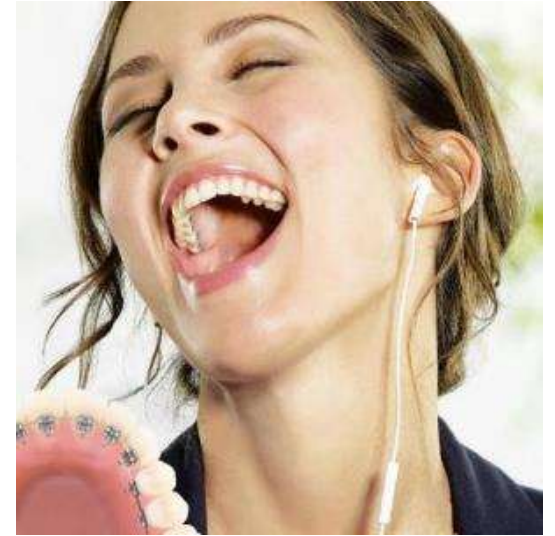
Tuesday, February 13, 2024



ASO International, Inc.

ASO International, Inc.  
Orthodontic Laboratory Services

Tokyo Stock Exchange Standard Market [Stock code; 9340]





# Summary of Financial Results For Q2 FY6/24



## Summary of Financial Results for Q2 FY6/24

**Net sales: 1,715 million yen, up 120 million yen YoY (+7.6%)**  
**Operating profit: 211 million yen, up 3 million yen YoY (+1.7%)**  
**Ordinary profit: 203 million yen, up 38 million yen YoY (+23.3%)**  
**Profit: 119 million yen, up 5 million yen YoY (+5.3%)**

**All profit items reached record highs**

### Net sales:

1. Despite the challenges posed by the pandemic-induced demand surge in the orthodontics industry, we achieved an increase in sales, supported by initial price hikes.
2. The ratio of digital and analog process products in orthodontic appliance products has changed significantly, with digital process products now accounting for 36.6% of the total.
3. While overseas sales saw only a slight increase, they have been steadily performing well.

### Gross profit, Operating profit, Ordinary profit, Profit:

1. **Gross Profit:** Despite increased material costs due to high exchange rates, we managed to maintain a gross profit margin similar to the previous year.
2. **Operating Profit:** We experienced a slight increase in operating profit, attributed to initial price hikes and efforts to secure talent, despite increased personnel costs.
3. **Ordinary Profit:** A 23% increase in profit was achieved compared to the previous year, with the disappearance of listing expenses.  
**Profit:** Remained similar to the previous year.

### Major topics

1. Continued promotion of digital process products, focusing on sales of mouthpiece products for all types of jaws.
2. Introduced the order and customer management core system "Sales Force" to drive business digitalization.
3. Participation in the Japan Orthodontic Dentistry Academic Conference to promote the digitalization of orthodontic dentistry across the industry.

# Summary of Income Statement for Q2 FY6/24

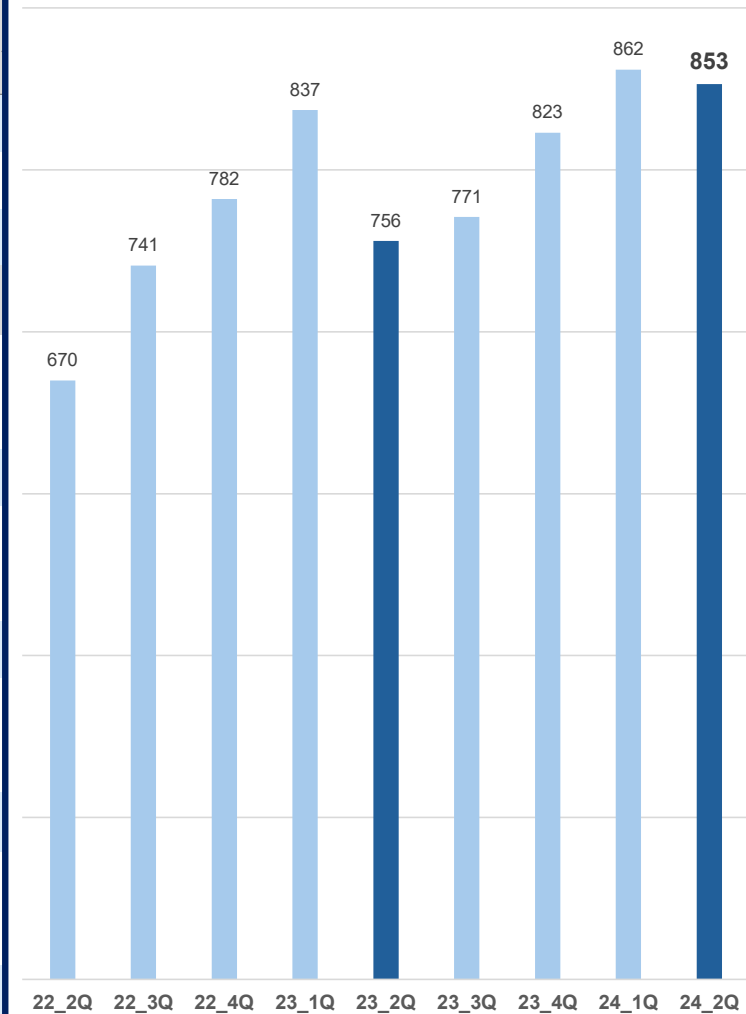
(Unit: million yen)

Items	H1 FY6/23 (Jul. - Dec. 2022)		H1 FY6/24 (Jul. - Dec. 2023)		YoY		FY6/23 (Jul. 2022-Jun. 2023)	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Change	Pct. change	Amount	Ratio to net sales
Net sales	1,594	100.0%	1,715	100.0%	+120	+7.6%	3,190	100.0%
Cost of sales	906	56.9%	974	56.8%	+68	+7.6%	1,760	55.2%
Gross profit	687	43.1%	740	43.2%	+52	+7.6%	1,429	44.8%
Selling, general and administrative expenses	479	30.1%	528	30.8%	+48	+10.2%	969	30.4%
(Personnel expenses)	250	15.7%	279	16.3%	+28	+11.4%	500	15.7%
(Depreciation)	3	0.2%	7	0.4%	+4	+138.1%	8	0.3%
Operating profit	208	13.1%	211	12.3%	+3	+1.7%	460	14.4%
Non-operating income	4	0.3%	6	0.4%	+2	+48.0%	10	0.3%
Non-operating expenses	47	3.0%	14	0.9%	-32	-68.8%	36	1.1%
Ordinary profit	164	10.3%	203	11.9%	+38	+23.3%	433	13.6%
Extraordinary income	10	0.7%	0	0.0%	-9	-95.0%	49	1.6%
Extraordinary losses	-	-	-	-	-	-	0	0.0%
Profit before income taxes	175	11.0%	203	11.9%	+28	+16.2%	482	15.1%
Income taxes	58	3.7%	85	5.0%	+26	+45.7%	154	4.8%
Income taxes - deferred	3	0.2%	0	0.0%	-4	-124.6%	-10	-0.3%
Profit after income taxes	113	7.1%	119	7.0%	+5	+5.3%	338	10.6%

# Quarterly Comparison and Trends in Quarterly Net Sales

(Unit: million yen)

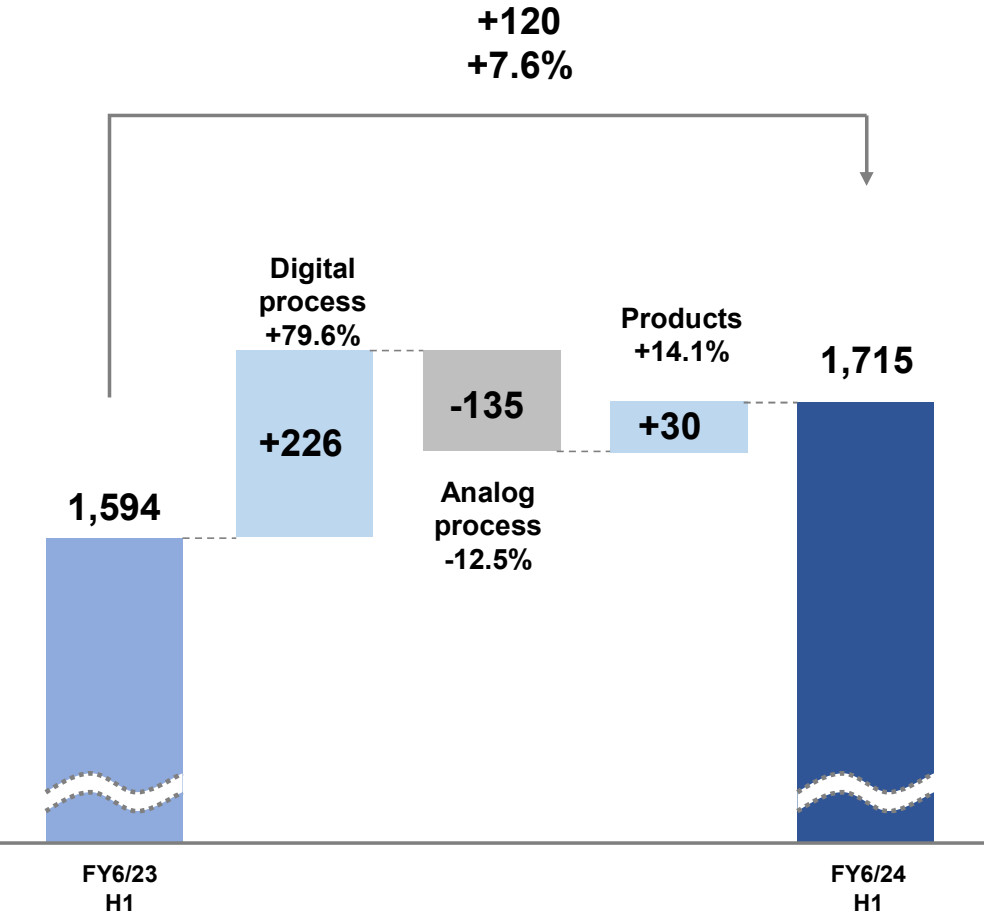
Items	Q2 FY6/23 (Oct. - Dec. 2022)		Q2 FY6/24 (Oct. - Dec. 2023)		YoY	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Change	Pct. change
Net sales	756	100.0%	853	100.0%	+96	+12.7%
Cost of sales	458	60.7%	477	56.0%	+19	+4.1%
Gross profit	297	39.3%	375	44.0%	+77	+26.0%
Selling, general and administrative expenses	237	31.4%	262	30.8%	+25	+10.6%
(Personnel expenses)	125	16.6%	134	15.8%	+28	+11.4%
(Depreciation)	1	0.2%	4	0.5%	+2	+157.0%
Operating profit	60	8.0%	112	13.2%	+52	+86.6%
Non-operating income	1	0.3%	4	0.6%	+2	+143.9%
Non-operating expenses	36	4.8%	11	1.4%	-24	-67.4%
Ordinary profit	25	3.4%	105	12.3%	+79	+310.8%
Extraordinary income	10	1.4%	0	0.0%	-10	-100.0%
Extraordinary losses	-	-	-	-	-	-
Profit before income taxes	36	4.8%	105	12.3%	+69	+191.3%
Income taxes	15	2.0%	45	5.4%	+30	+202.7%
Income taxes - deferred	1	0.2%	-16	-1.9%	-17	-1014.0%
Profit after income taxes	19	2.5%	75	8.9%	+56	+292.5%



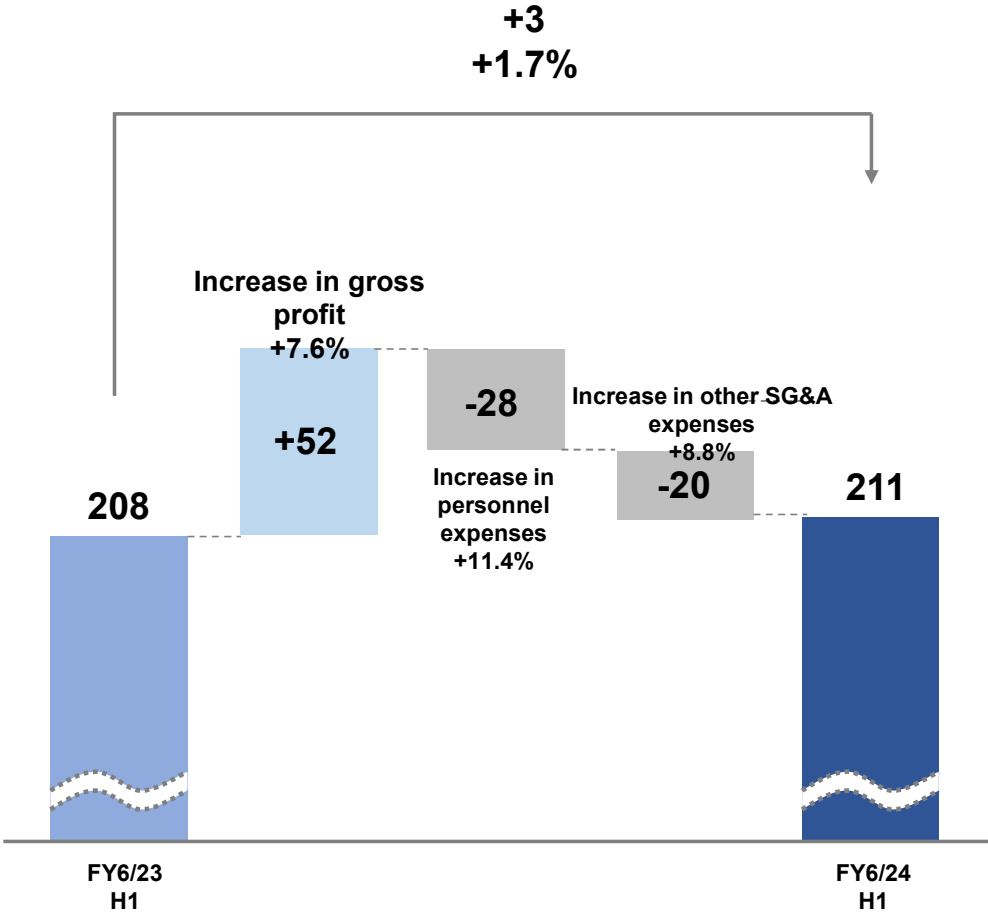
# Factors for Changes in Net Sales and Operating Profit

(Unit: million yen)

## Net sales



## Operating profit



# Sales by Product/Domestic and Overseas Sales/Ratio Of Digital Process Manufacturing



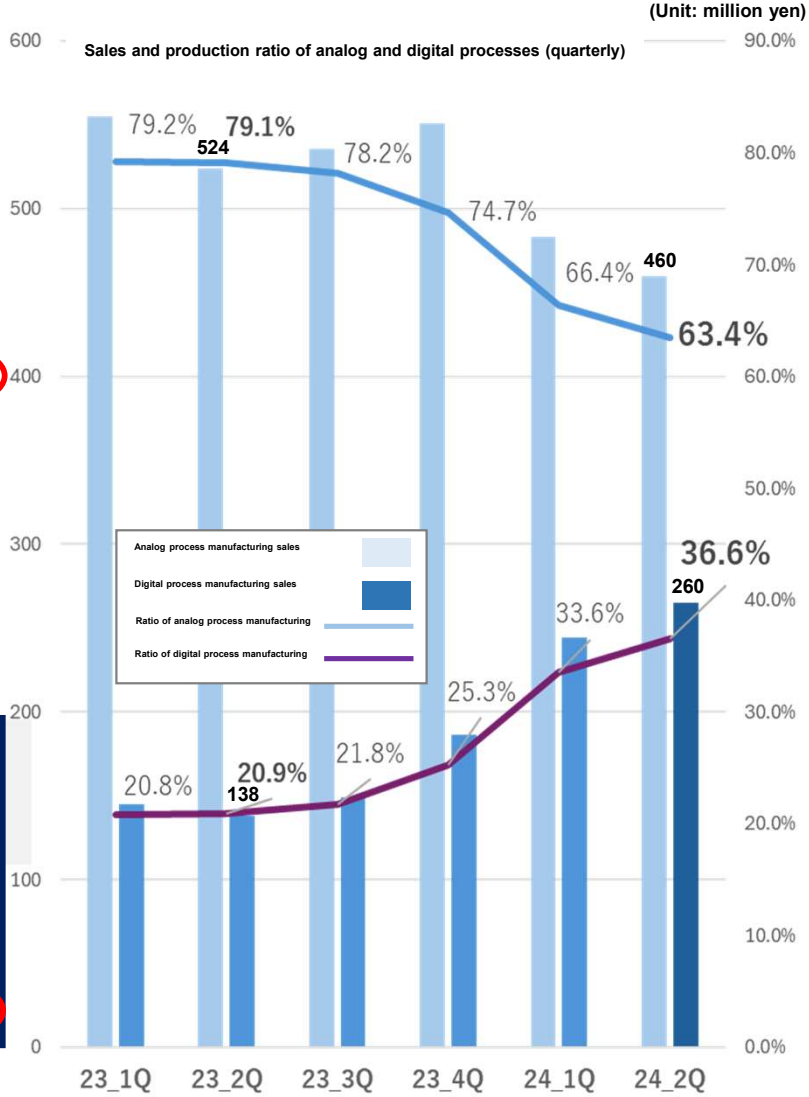
Sales by product	H1 FY6/23 (Jul. - Dec. 2022)		H1 FY6/24 (Jul. - Dec. 2023)		Change	Pct. change
	Amount	Composition ratio	Amount	Composition ratio		
<b>Consolidated net sales</b>	<b>1,594</b>	<b>100.0%</b>	<b>1,715</b>	<b>100.0%</b>	<b>+120</b>	<b>+7.6%</b>
<b>Sales of orthodontic technical materials</b>	<b>1,363</b>	<b>85.5%</b>	<b>1,454</b>	<b>84.8%</b>	<b>+90</b>	<b>+6.7%</b>
Analog process manufacturing *1	1,079	67.7%	944	55.1%	-135	-12.5%
Digital process manufacturing *2	284	17.8%	510	29.7%	+226	<b>+79.6%</b>
<b>Product sales</b>	<b>217</b>	<b>13.7%</b>	<b>248</b>	<b>14.5%</b>	<b>+30</b>	<b>+14.1%</b>
<b>Other sales</b>	<b>12</b>	<b>0.8%</b>	<b>12</b>	<b>0.7%</b>	<b>-0</b>	<b>-5.5%</b>

\*1: Analog process manufacturing: orthodontics plates, functional wire devices, retainers, study models, etc.

\*2: Digital process manufacturing: aligner (mouthpiece) type orthodontics appliances, digital setup orthodontics appliances, digital services, etc.

Domestic/overseas sales	H1 FY6/23 (Jul. - Dec. 2022)		H1 FY6/24 (Jul. - Dec. 2023)		Change	Pct. change
	Amount	Composition ratio	Amount	Composition ratio		
<b>Consolidated net sales</b>	<b>1,594</b>	<b>100.0%</b>	<b>1,715</b>	<b>100.0%</b>	<b>+120</b>	<b>+7.6%</b>
<b>Domestic sales</b>	<b>1,538</b>	<b>96.5%</b>	<b>1,639</b>	<b>95.6%</b>	<b>+100</b>	<b>+6.5%</b>
<b>Overseas sales *3</b>	<b>55</b>	<b>3.5%</b>	<b>75</b>	<b>4.4%</b>	<b>+20</b>	<b>+37.0%</b>

\*3: Overseas sales: Hawaii, the U.S. mainland, Australia, Vietnam, Europe, etc.



# Summary of Consolidated Balance Sheets

(Unit: million yen)

Items	2023_Q2 (End-Dec. 2022)		2023_Q4 (End-Jun. 2023)		2024_Q2 (End-Dec. 2023)		Items	2023_Q2 (End-Dec. 2022)		2023_Q4 (End-Jun. 2023)		2024_Q2 (End-Dec. 2023)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio		Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
<b>Current assets</b>	<b>2,187</b>	85.3%	<b>2,353</b>	83.3%	<b>2,384</b>	84.0%	<b>Current liabilities</b>	<b>300</b>	11.7%	<b>343</b>	12.2%	<b>336</b>	11.8%
<b>Quick assets</b>	<b>1,990</b>	77.6%	<b>2,138</b>	75.7%	<b>2,213</b>	78.0%	<b>Accounts payable - trade</b>	<b>114</b>	4.5%	<b>132</b>	4.7%	<b>128</b>	4.5%
<b>Cash and deposits</b>	<b>1,635</b>	63.8%	<b>1,727</b>	61.1%	<b>1,820</b>	64.1%	<b>Other current liabilities</b>	<b>185</b>	7.2%	<b>210</b>	7.5%	<b>207</b>	7.3%
<b>Accounts receivable - trade</b>	<b>354</b>	13.8%	<b>410</b>	14.5%	<b>393</b>	13.9%	<b>Non-current liabilities</b>	<b>18</b>	0.7%	<b>16</b>	0.6%	<b>17</b>	0.6%
<b>Inventories</b>	<b>158</b>	6.2%	<b>178</b>	6.3%	<b>136</b>	4.8%	<b>Asset retirement obligations</b>	<b>18</b>	0.7%	<b>16</b>	0.6%	<b>17</b>	0.6%
<b>Merchandise and finished goods</b>	<b>61</b>	2.4%	<b>70</b>	2.5%	<b>55</b>	2.0%	<b>Total liabilities</b>	<b>318</b>	12.4%	<b>360</b>	12.8%	<b>353</b>	12.4%
<b>Work in process and materials</b>	<b>97</b>	3.8%	<b>107</b>	3.8%	<b>80</b>	2.8%	<b>Shareholders' equity</b>	<b>2,254</b>	88.0%	<b>2,480</b>	87.8%	<b>2,499</b>	88.0%
<b>Other current assets</b>	<b>38</b>	1.5%	<b>37</b>	1.3%	<b>34</b>	1.2%	<b>Share capital</b>	<b>350</b>	13.7%	<b>350</b>	12.4%	<b>351</b>	12.4%
<b>Non-current assets</b>	<b>375</b>	14.7%	<b>472</b>	16.7%	<b>455</b>	16.0%	<b>Capital surplus</b>	<b>340</b>	13.3%	<b>340</b>	12.1%	<b>341</b>	12.0%
<b>Property, plant and equipment</b>	<b>104</b>	4.1%	<b>101</b>	3.6%	<b>87</b>	3.1%	<b>Retained earnings</b>	<b>1,564</b>	61.0%	<b>1,788</b>	63.3%	<b>1,806</b>	63.6%
<b>Intangible assets</b>	<b>18</b>	0.7%	<b>56</b>	2.0%	<b>48</b>	1.7%	<b>Accumulated other Comprehensive income</b>	<b>-10</b>	-0.4%	<b>-15</b>	-0.5%	<b>-13</b>	-0.5%
<b>Investments and other assets</b>	<b>252</b>	9.9%	<b>315</b>	11.2%	<b>319</b>	11.2%	<b>Total net assets</b>	<b>2,244</b>	87.6%	<b>2,465</b>	87.2%	<b>2,486</b>	87.6%
<b>Total assets</b>	<b>2,562</b>	100.0%	<b>2,826</b>	100.0%	<b>2,839</b>	100.0%	<b>Total liabilities and net assets</b>	<b>2,562</b>	100.0%	<b>2,826</b>	100.0%	<b>2,839</b>	100.0%

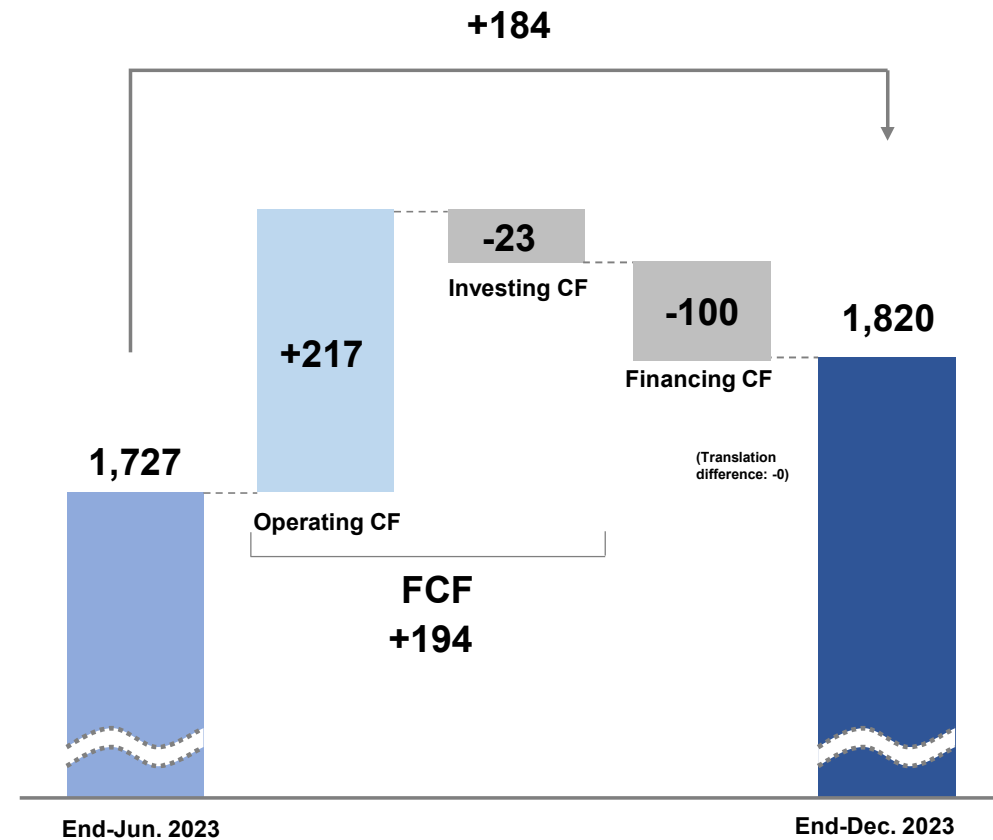


# Consolidated Statements of Cash Flows

(Unit: million yen)

	H1 FY6/23 (Jul. - Dec. 2022)	H1 FY6/24 (Jul. - Dec. 2023)	YoY	FY6/23 (Jul. 2022-Jun. 2023)
<b>Cash flows from operating activities</b>	<b>105</b>	<b>217</b>	<b>+111</b>	<b>245</b>
(Major items)				
Profit before income taxes	175	203	+28	482
Depreciation	17	20	+2	33
Listing expenses	21	-	-21	21
Decrease (increase) in trade receivables	-8	13	+21	-58
Decrease (increase) in inventories	-35	41	+77	-54
Income taxes paid	-59	-102	-42	-140
<b>Cash flows from investing activities</b>	<b>-35</b>	<b>-23</b>	<b>+12</b>	<b>-90</b>
(Major items)				
Purchase of property, plant and equipment	-28	-17	+11	-73
<b>Cash flows from financing activities</b>	<b>275</b>	<b>-100</b>	<b>-375</b>	<b>276</b>
(Major items)				
Repayments of short-term borrowings	-200	-	+200	-200
Repayments of long-term borrowings	-100	-	+100	-100
Proceeds from issuance of shares	680	-	-680	680
Dividends paid	-105	-101	+3	-105
Effect of exchange rate change on cash and cash equivalents	-2	-1	-0	4
<b>Net increase in cash and cash equivalents</b>	<b>343</b>	<b>92</b>	<b>-251</b>	<b>435</b>
Cash and cash equivalents at beginning of period	1,292	1,727	+435	1,292
<b>Cash and cash equivalents at end of period</b>	<b>1,635</b>	<b>1,820</b>	<b>+184</b>	<b>1,727</b>

Cash and cash equivalents at end of period/cash flows



- The conference brought together dentist and orthodontist and researchers, and featured lectures, panel discussions, and clinical seminars by renowned doctors. Our group exhibited a large booth.
- We exhibited the latest intraoral scanners and 3D printers, as well as a metaverse rental space where visitors could experience a virtual space, to promote our products and services.





# **Strategy for the Second Half of FY6/24 and Full-year Forecasts**



## Strategies for H2:

1. Focus on the continuous sale of digital process orthodontics appliances and retainers, with **pricing adjustments** expected.
2. Promote **digital transformation (DX)** across the entire orthodontic dentistry industry, such as introducing intraoral scanners, 3D printers, and digital services.
3. Establish a local subsidiary in the United States and expand manufacturing capacity to **increase sales in overseas markets.**

## About the orthodontic technical materials market

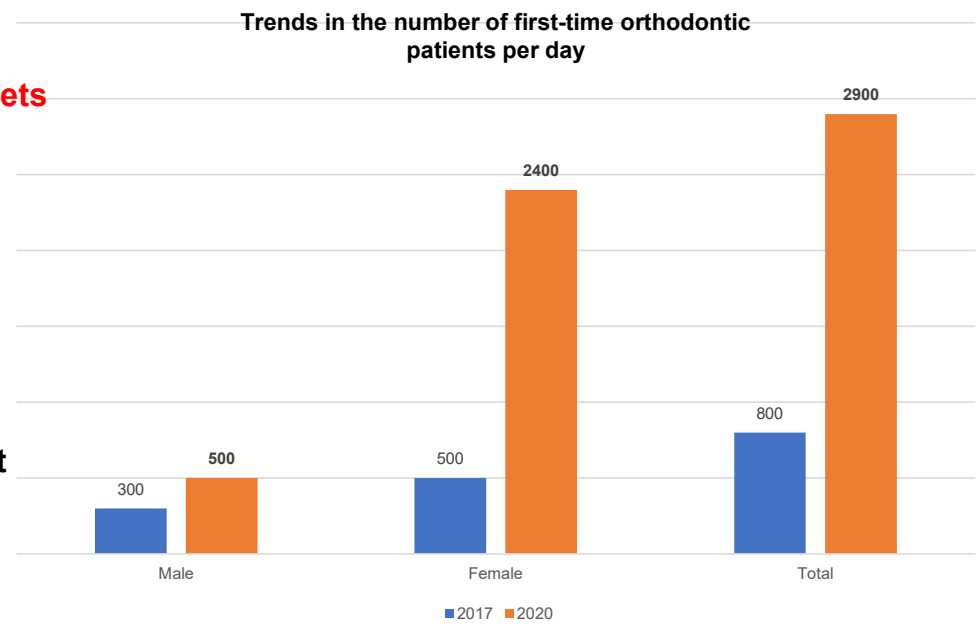
**The expansion trend of the orthodontic technical materials and related markets is expected to continue.**

- 1) Growing esthetic awareness  
Esthetic satisfaction improves mental health and gives vitality to life

➡ **Improvement of QOL (Quality Of Life)**

- 2) Prevention of disease  
Prevention of various dental-related diseases through orthodontic treatment

➡ **Mandatory dental checkups for all citizens [Ministry of Health, Labor and Welfare 2025 (?)]**



Prepared by our company based on the "2020 Patient Survey" by the Ministry of Health, Labour and Welfare.

# ①-1: Orthodontic appliances made with digital processes

With 19 years of experience in manufacturing and marketing mouthpiece-type orthodontic appliances, we boast an overwhelming number of cases and trust in the domestic mouthpiece orthodontics industry. Use of metal printers enables production of appliances with the most appropriate materials and shapes for each individual patient from existing products.

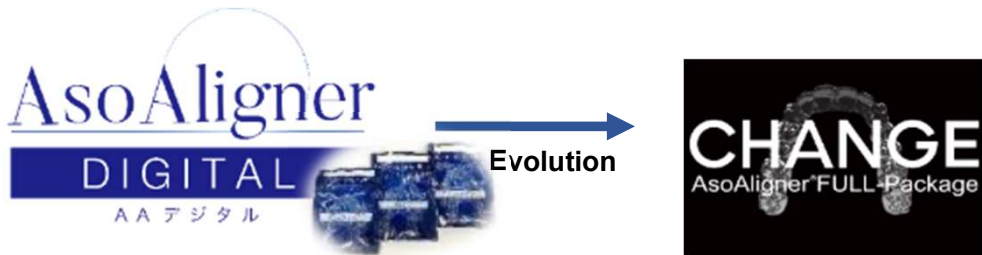
## CHANGE

AsoAligner®FULL-Package

Launched in May 2023

Aligner (mouthpiece) orthodontics appliances for Comprehensive Orthodontic Treatment (COT)  
Flat-rate full package (digital process)

- Treatment system for COT  
ASO Aligner expands new indications
- Respond to COT
  - Flat-rate package plan
  - Attachment can be granted



## SHU-lider.



### 3D metal printing next generation dynamic orthodontics appliances (digital process)

Applying digital technology to have innovative designs and functions  
3D metal printing by sliding and mechanism  
Orthodontics appliances  
Collaboration products by Dr. Shuji Yamaguchi, Doctor of Dentistry at the University of Düsseldorf, Germany, and ASO's digital technology





# ①-2 Orthodontics appliances made with digital processes

Eliminate personal issues due to the technical capabilities of dentistry physicians, and digital process products contribute to the standardization of treatment outcomes.  
This allows dentists to obtain information on the jawbone and tooth roots, etc., which enables them to perform more advanced diagnosis and examination.



Labial orthodontics IDBS (digital process)

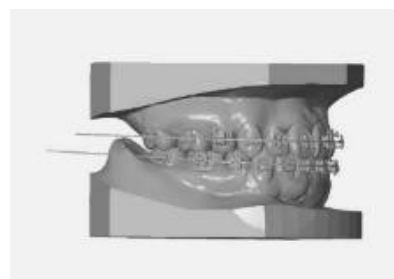
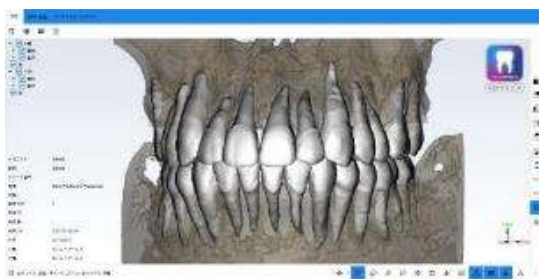


Lingual orthodontics IDBS (digital process)

Labial IDB system with root-linked setup superimposing CBCT data (DICOM file ) and STL data.

Pursuing the accuracy of bracket positioning

Provision of bent wires by wire-landing machines

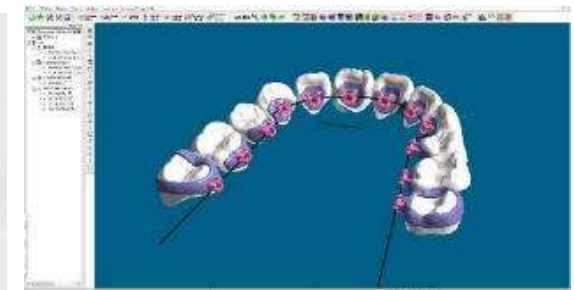


The originator of full-fledged digital orthodontic technical materials, improving the accuracy of treatment efficiency

Lingual IDB system using dedicated high-performance software

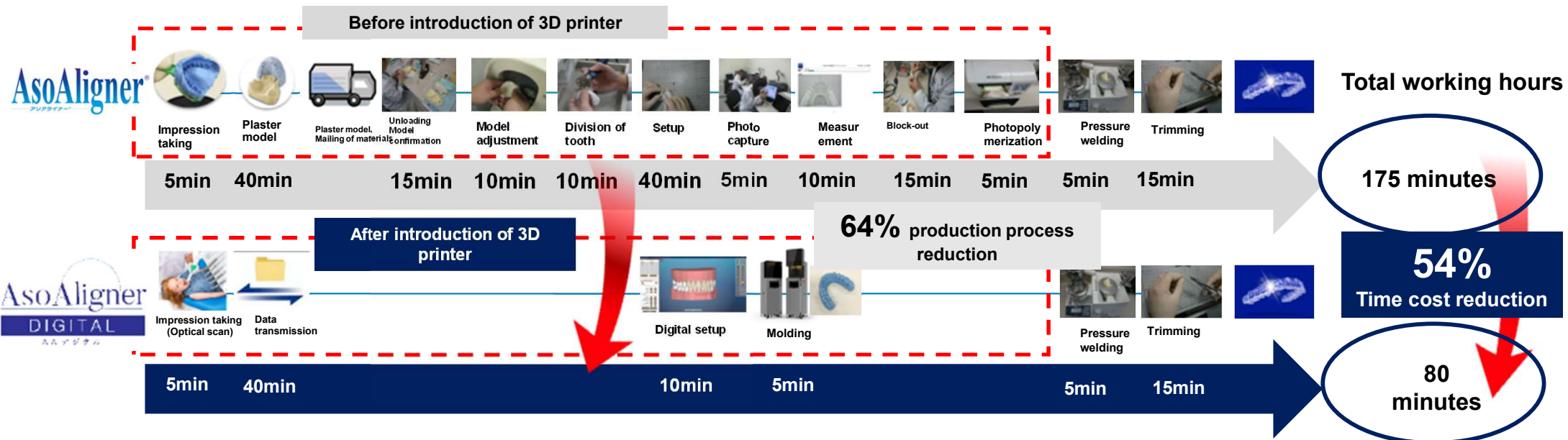
Pursuing the accuracy of bracket positioning

Provision of bent wires by wire-landing machines



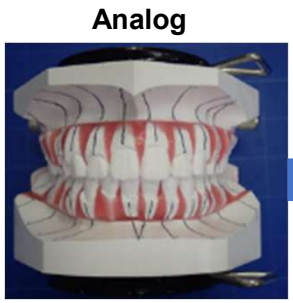
# Benefits of digitization of orthodontics machinery manufacturing

## Comparing processes before and after introduction of 3D printers



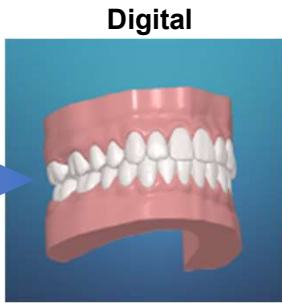
## Digitization of the setup

- Analog process**
- ✓ Equivalent time for gypsum solidification in tooth profile creation
  - ✓ Cutting and separating individual tooth profiles by hand
  - ✓ Sorting of teeth by manual work



120 minutes per case

Efficiency compared to conventional models  
**Approx. 130% improvement**



90 minutes per case

- Digital process**
- ✓ Scan data (intraoral, model) into CAD
  - ✓ Sorting teeth (dentition) on CAD
  - ✓ Extracting CAD data and modeling with a 3D printer

# ①-3retainers (retention device)

**Retainers are required after all dynamic orthodontics treatments, and orders are steady after the special demand for orthodontics.**  
**Overseas strategic products: aligner type (mouthpiece) orthodontics appliances segmented with U.S. companies**

This is a retention appliance used to prevent a returning after the dynamic orthodontics is completed. Various forms are available depending on the site where the braces were placed and the dentition.  
There are active plate retainers such as the hawley type and wraparound type, mouthpiece-type devices, and intraoral fixation devices.



**Wraparound retainers**



**Slim retainers**



**Invisible retainers**



**Fixed retainers**



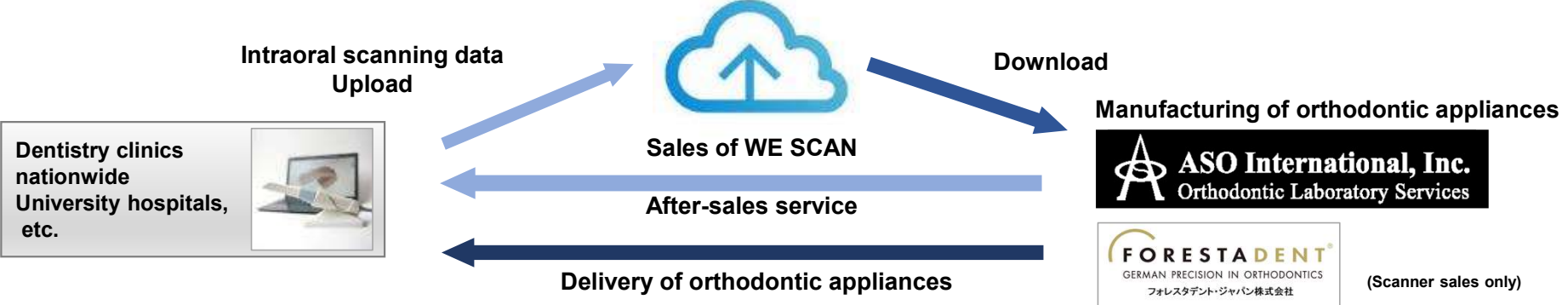
**Clear Bowretainers**



**Metal retainers**



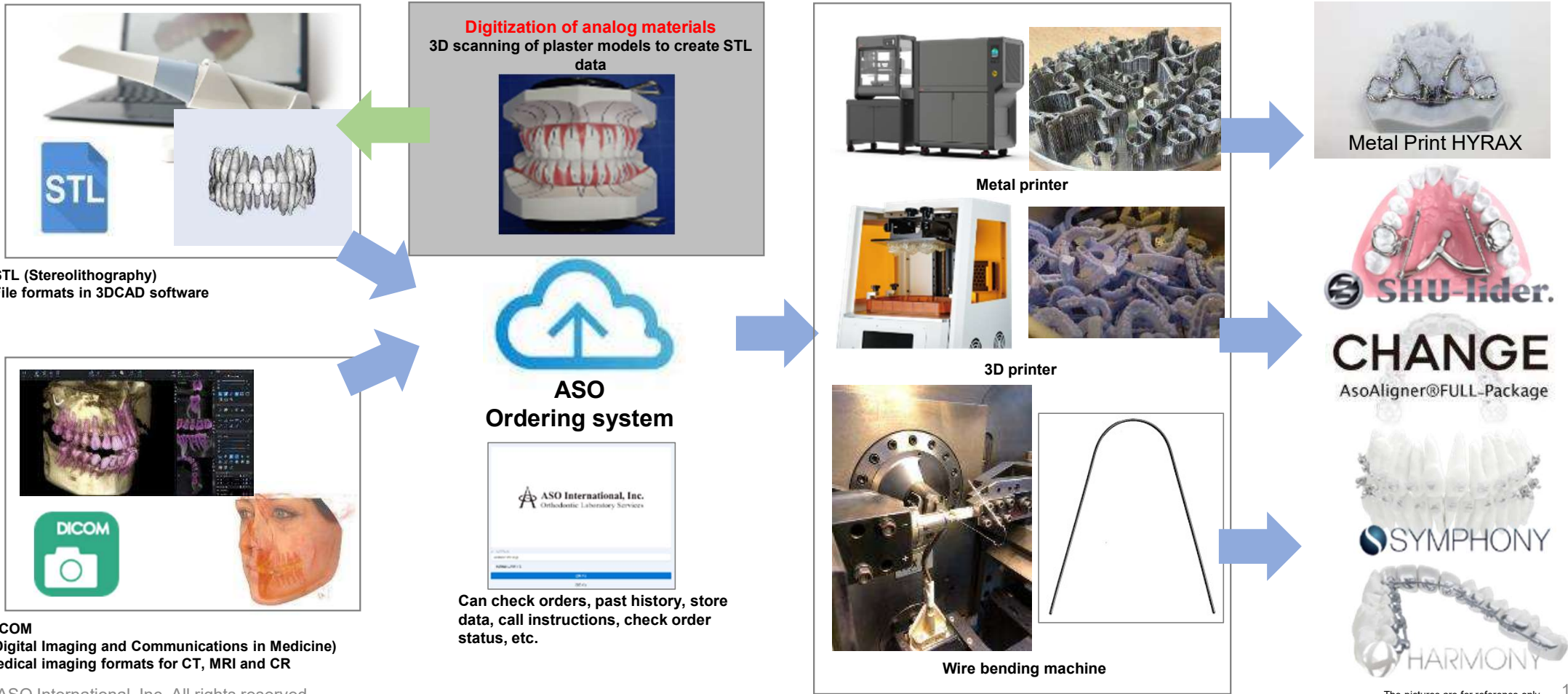
**Potential need** for intraoral scanners is strong, with penetration rates in domestic dentistry clinics estimated to be less than 10%.  
 Periodic seminars to promote **high performance and low price.**  
 Use sales channels of FORESTADENT JAPAN Co., Ltd. Group companies.



- Characteristics of "WE SCAN" (Double E Scan)**
- ① High-image processing with AI automated identification and GPU
  - ② Realization of data with approximately 7 times higher precision than the conventional method of tooth mold taking
  - ③ Fast scanning speed of up to 80 fps (images per second), scanning of the entire jaw can be completed in 3 minutes
  - ④ Light weight, easy to handle, and intuitive, simple operability
  - ⑤ Fully equipped software, data transfer, and dedicated cloud services for ordering

## ②-2 Promote DX for the entire orthodontic industry

All intraoral scanner digital data can be used to fabricate orthodontic technical materials and appliances.  
Digitization of analog materials (e.g. 3D scans of plaster models) STL data conversion with ASO Digital Service







## ②-3 Promote DX throughout orthodontic industry (3D printers)

Introduction of 3D printers is essential in the digitization of orthodontic appliances manufacturing. We manufacture models and sell them to dentistry clinics, and recommend 3D printers that use **washable resin for modeling**. Considering the introduction of **zirconia** (ceramics) 3D printers for customizing brackets.





Cultivating new customers, retaining current customers, and enhancing the state-of-the-art technologies in the digital process for orthodontics appliances.

**ASO Aligner DIGITAL**  
デジタルマウスピース型矯正導入コース

矯正による「治る」マウスピース型矯正導入コース

**GPのための 今日からできるマウスピース型矯正の導入**  
AsoAligner WEBセミナー開催

◆ 3D デジタルプログラムを用いたセットアップ  
◆ CAD/CAM によって製作される正確なブラケット

【セミナー概要】

- 3D デジタルプログラムを用いたセットアップ
- CAD/CAM によって製作される正確なブラケット

お申込みはこちらから  
アソインターナショナルHP  
[www.aso-inter.co.jp](http://www.aso-inter.co.jp)  
セミナー Information からお申込み下さい

**セミナー概要**

- ▶ 導入のポイント
- ▶ 適応症、非適応症について
- ▶ 症例解説

**受講料**  
27,000円 (税込)  
※再受講料金の設定はございません。

**講師** マウスピース型矯正のスペシャリスト

**お申込み**

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からどき ことろ矯正歯科医院

2003 東京歯科大学卒業  
2004 東京歯科大学 歯学部矯正科 入局  
2007 新潟大学大学院 歯学部矯正科 入局  
2011 新潟大学大学院 歯学部矯正科 博士号取得  
2013 日本矯正歯科学会 認定医取得  
2014 東京歯科大学 矯正 (フロンティア) 准教授  
2020 からどきことろ 矯正歯科医院 院長

株式会社A.S.O.  
<https://www.aso-inter.co.jp/news/news/003/>

Announcement of seminars

第83回日本矯正歯科学会学術大会  
The 83rd Annual Meeting of the Japanese Orthodontic Society

矯正歯科治療における形態と機能の調和を目指して  
Aiming for harmony in form and function through orthodontic treatment

2024年10月29日(火)~31日(木)

会場 パシフィコ横浜

大会長 森山 啓司  
学務局長 小川 卓也

**日本矯正歯科学会について**

本学会は、歯科矯正学・矯正歯科臨床の進歩・発展を目的とし1926年に設立された日本を代表する歯科矯正学を専門とする学術団体です。日本各地の矯正歯科医を中心に、7,000名程の会員により構成されております。

**日本矯正歯科学会の目的**

本会は歯科矯正学の進歩、発展をはかることを目的とする。

この目的を達成するために、学術大会の開催、機関誌の発行、認定医等の設定、その他必要と思われる事業を行う。

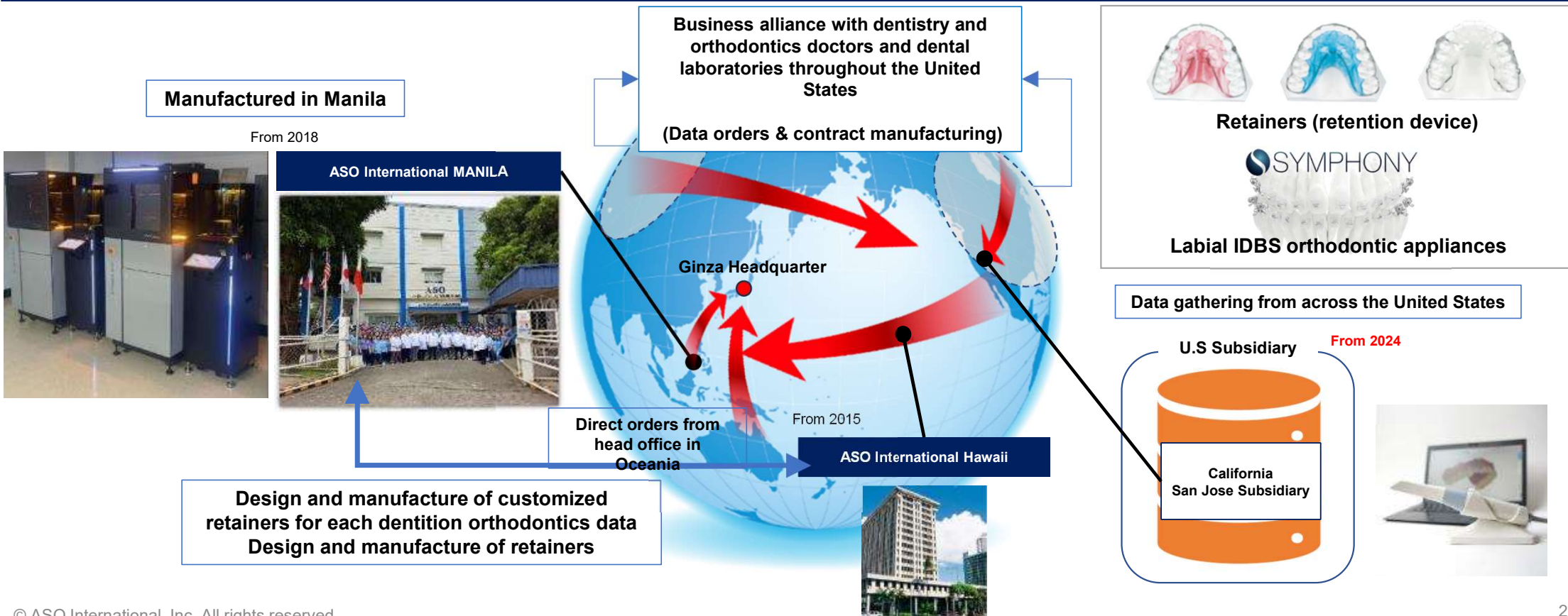
日本矯正歯科学会 ロゴマークについて

### ③ Summary of overseas market strategy

**Order intake strategy:** Acquire orders through **business alliance** with dentistry and orthodontics doctors and dental laboratories throughout the U.S. based in San Jose, California

**Product strategy:** Focus on **retainers, labial IDBS orthodontic appliances**, and market segmentation with major U.S. companies focusing on mouthpiece-type orthodontic appliances.

**Production strategy:** Plan to increase headcount at ASO INTERNATIONAL MANILA from 250 to 400, doubling manufacturing capacity.



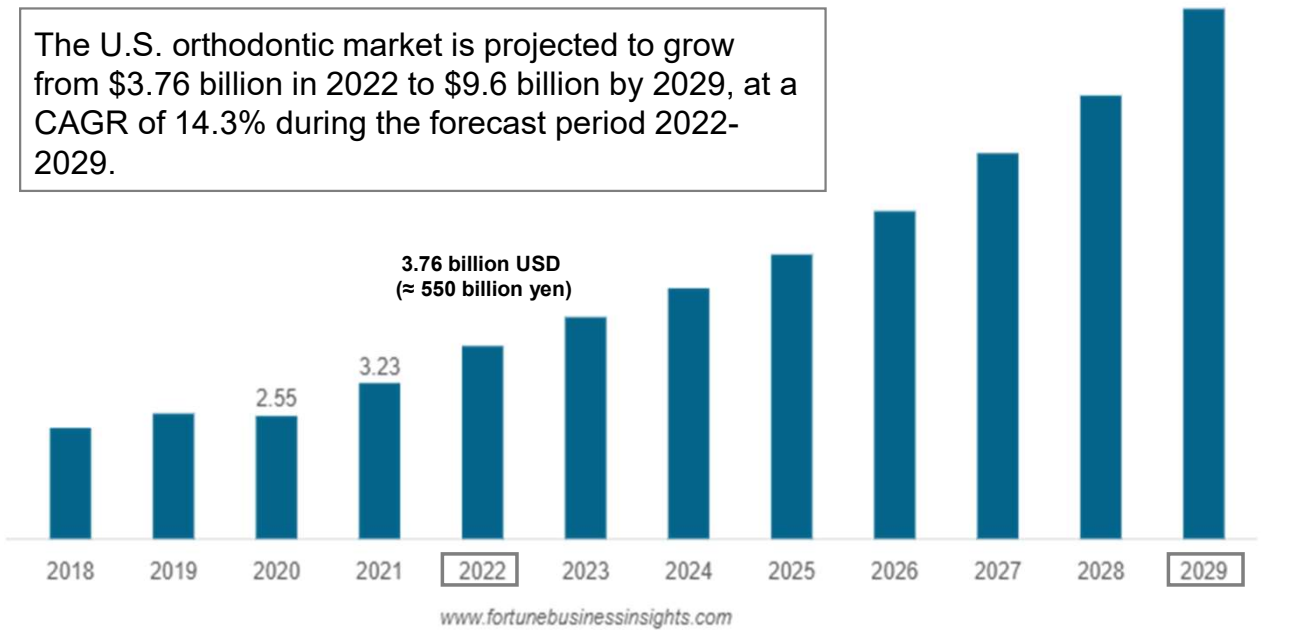
### ③-1: Establishment of U.S. Subsidiary (Disclosed on February 13, 2024)

**Subsidiary established in San Jose, California.  
Promote information-gathering and collaboration with orthodontic physicians, and aim to win orders from all over the United States.**

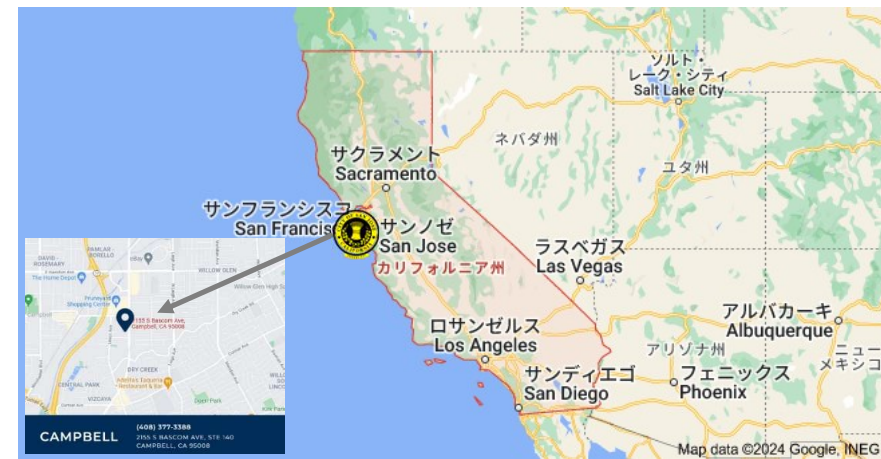
**San Jose, California**  
California Bay Area with a population of about 1 million  
Central cities of Silicon Valley, a high-tech industrial cluster

**U.S. Orthodontics Market Size, 2018-2029 (USD Billion)**  
Size and projected growth of the U.S. orthodontic market

The U.S. orthodontic market is projected to grow from \$3.76 billion in 2022 to \$9.6 billion by 2029, at a CAGR of 14.3% during the forecast period 2022-2029.



Quoted from <https://www.fortunebusinessinsights.com/jp/>. Estimated at 1\$=145 yen



(Quoted from Google Map) 23



### ③-2 Foothold to increase U.S. orders

Sponsored the Japanese Annual Meeting of the Southern California Chapter of the Angle Dentistryorthodontics Medical Association (March 2024) as a Gold Sponsor.

The Association is a worldwide academic society centered in the United States and is one of the most prestigious orthodontic societies in the world.

Scheduled **keynote speech by Toshimasa Aso, Representative Director**



*The Edward H. Angle Society of Orthodontists*

**Angle Southern California**  
A COMPONENT OF THE EDWARD H. ANGLE SOCIETY

#### The Edward H. Angle Society of Orthodontists (Angle Orthodontists Association)

Founded in 1930, the worldwide society of orthodontic specialists, mainly in the United States.

It has 7 branches throughout the United States.

The main objective is to foster, support, encourage and advance the dental profession and orthodontic expertise, etc.

#### Edward, H, Angle (1855-1930)

Born in Pennsylvania, USA, he was one of the most influential orthodontists of the 20th century and is known for his major contributions to the development of the orthodontic field.

He graduated from the Pennsylvania Dental College in 1876 and traveled to Europe to study orthodontic techniques and theory. After returning to their home countries, the term "malocclusion," which refers to the state in which teeth and jaw positions are not normal, is widely known throughout the world. He is also called the "orthodontics father."



#### 13:00~ 1st Scientific meeting in Nihonbashi

- |   |   |
|---|---|
| 13:00~13:20   | Welcome Speech  |
|    | 13:20~14:00<br>Takayuki Kuroda<br>Honorary prof of Tokyo medical dental Univ.                                 |
|    | 14:05~15:05<br>Junichiro Iida<br>Honorary professor of Hokkaido Univ.   |
|   | 15:05~15:20 Coffee Break  |
|  | 15:20~16:20<br>Takashi Ono<br>Professor of Tokyo medical dental Univ.   |
|  | 16:25~16:45<br>Toshimasa Aso<br>President of the ASO International<br>Gold Sponsor of the Angle Japan Meeting |



③-3 Expansion of manufacturing capacity at ASO INTERNATIONAL MANILA, a global production site

Plan to **increase the number of employees** at ASO INTERNATIONAL MANILA, a local subsidiary in Manila, Philippines, from 250 to **400**, aiming to double the manufacturing capacity and establish a system to increase global orders.



ASO INTERNATIONAL MANILA



ASO INTERNATIONAL MANILA Digital Center

Summary of Strategies for H2

- ① Focus on continued sales of orthodontics appliances made with digital processes, retention devices, and assume price revisions.
- ② Promote DX in the entire orthodontic industry (intraoral scanners, 3D printers, digital services, etc.)
- ③ Establish U.S. subsidiary and expand manufacturing capacity to increase sales in overseas markets

(Unit: million yen)

Items	FY6/23 (Jul. 2022-Jun. 2023)		FY6/24 (Jul. 2023-Jun. 2024)		YoY	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Change	Pct. change
Net Sales	3,190	100.0%	3,463	100.0%	+272	+8.6%
Operating Profit	460	14.4%	506	14.6%	+45	+10.2%
Ordinary Profit	433	13.6%	496	14.3%	+62	+14.4%
Profit after income taxes	338	10.6%	341	9.8%	+2	+1.0%

**Continue to invest aggressively in improving DX of orthodontics machinery manufacturing process, expanding overseas sales, and investing in and nurturing human resources**

Awareness of the current situation

- **Cost of equity capital: Recognized as around 9%**
- **Reasons for decrease in Return on Equity (ROE)**
  - Accumulation of temporary equity capital through an IPO
  - Decline in profit margin due to investment in human resources, etc.
  - Increase in part of manufacturing costs due to the impact of exchange rates

Policy for Initiatives

- **Continue to invest aggressively in growth based on growth strategy**

DX

- **Expand digital process manufacturing products**
- **Improve manufacturing efficiency**
- **Improve operational efficiency of indirect departments**

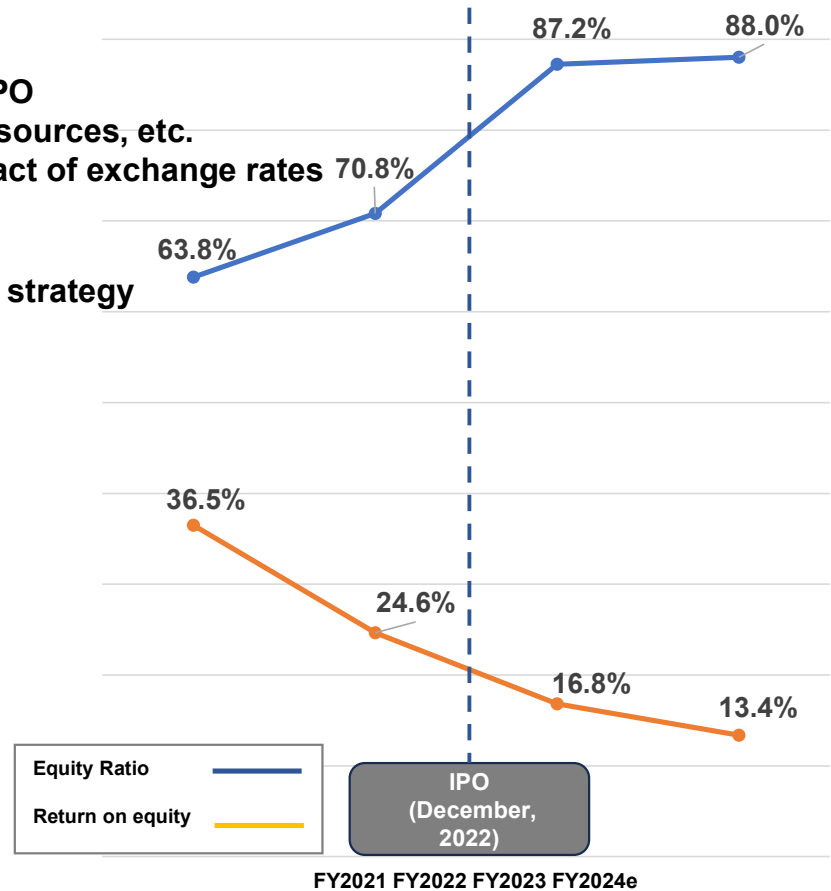
Overseas expansion

- **Increase recognition of high-quality orthodontics machinery made in Japan**
- **Establish and expand sales offices**
- **Expand global manufacturing capacity**

Investment in human resources

- **Acquire and develop human resources**
- **Improve compensation and labor environment**
- **Investments for organizational restructuring and business revitalization**

Trends in Equity Ratio and Return on Equity



FY2021 FY2022 FY2023 FY2024e

(Our estimates)



# Appendix



<b>Company name</b>	<b>ASO INTERNATIONAL, INC.</b>					
<b>Representative</b>	<b>Toshimasa Aso, Representative Director</b>					
<b>Established</b>	<b>April 1982 (Incorporation: May 1988)</b>					
<b>Head office location</b>	<b>2-11-8 Ginza, Chuo-ku, Tokyo, 104-0061</b>					
<b>Domestic offices</b>	<b>Niigata Office, Osaka Office, Nagoya Office</b>					
<b>Subsidiaries</b>	<b>Trading dental institutions</b> ASO INTERNATIONAL HAWAII (Subsidiary in the U.S.) ASO INTERNATIONAL MANILA (Local Subsidiary in the Philippines)					
<b>Listing market</b>	<b>Tokyo Stock Exchange Standard Market (stock code : 9340)</b>					
<b>Capital</b>	<b>351 million yen</b>					
<b>Business</b>	<b>Management of dental laboratory, import and sales of dentistry materials, etc.</b>					
<b>Executives</b>	Toshimasa Aso	Representative Director	Yusuke Takahashi	External Director	Kentaro Shizuka	External Auditor
	Jun Uchiyama	Director	Kazuhiko Matsuo	External Director	Yoshiki Okumura	External Auditor
	Tsutomu Kuwabara	Director	Iwao Nagase	External Auditor (full-time)		
<b>Number of employees (consolidated)</b>	<b>370 (including full-time and part-time employees, excluding directors)</b>					
<b>Total assets/net assets (consolidated)</b>	<b>Consolidated total assets: 2,839 million yen Consolidated net assets: 2,486 million yen</b>					



# Distribution of Shares (As of December 31, 2023)

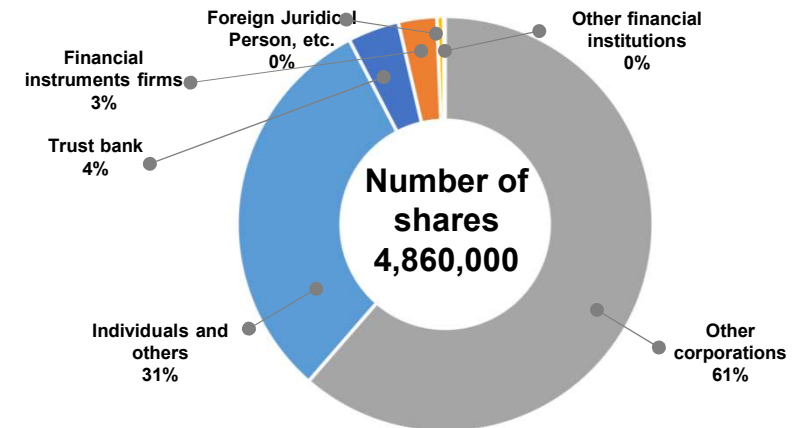
## Composition of shareholders

Category	Number of shares		Number of Shareholders		
	Co., Ltd.	%	(Name)	%	
Government and local government	-	0.0%	-	0.0%	
Financial institutions	Bank	0.0%	-	0.0%	
	Trust bank	194,100	4.0%	1	0.1%
	Life insurance	-	0.0%	-	0.0%
	Non-life insurance	-	0.0%	-	0.0%
	Other financial institutions	5,300	0.1%	1	0.1%
	Financial instruments firms	145,369	3.0%	20	1.0%
Other corporations	2,983,500	61.4%	34	1.8%	
Foreign corporations, etc.	25,900	0.5%	14	0.7%	
Individuals and others	1,506,131	31.0%	1,850	96.4%	
<b>Sum</b>	<b>Total</b>	<b>4,860,300</b>	<b>100.0%</b>	<b>1,920</b>	<b>100.0%</b>

Number of shareholders with voting rights	1789 employees
Number of voting rights	48,590 units

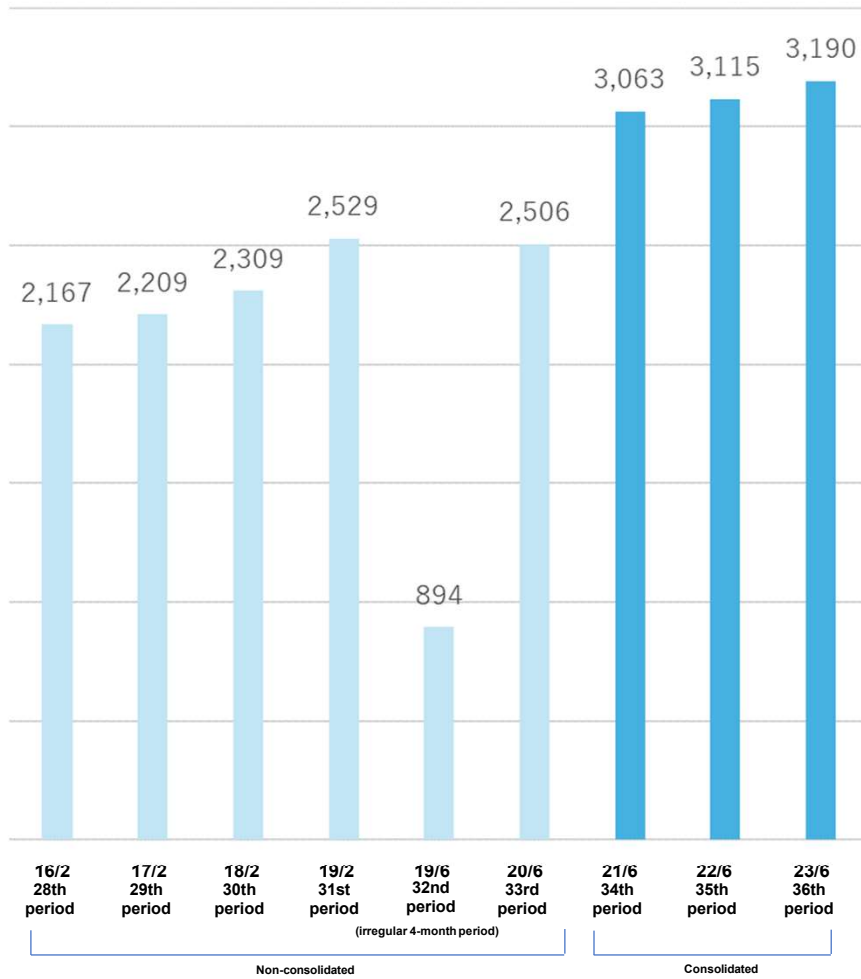
## Top 10 Major shareholders

	Name of Shareholder	Number of shares	%
1	ASO INTERNATIONAL, INC.	2,800,000	57.6%
2	Toshimasa Aso	399,700	8.2%
3	Custody Bank of Japan, Ltd. (Trust account)	194,100	4.0%
4	HIKARI TSUSHIN, INC.	119,800	2.5%
5	Yoshitame Iwami	54,000	1.1%
6	Eiji Kato	50,000	1.0%
7	Rakuten Securities Holdings, Inc.	48,400	1.0%
8	SBI SECURITIES Co., Ltd.	45,200	0.9%
9	Hioshi Tanaka	35,500	0.7%
10	Etsuo Enomoto	20,000	0.4%



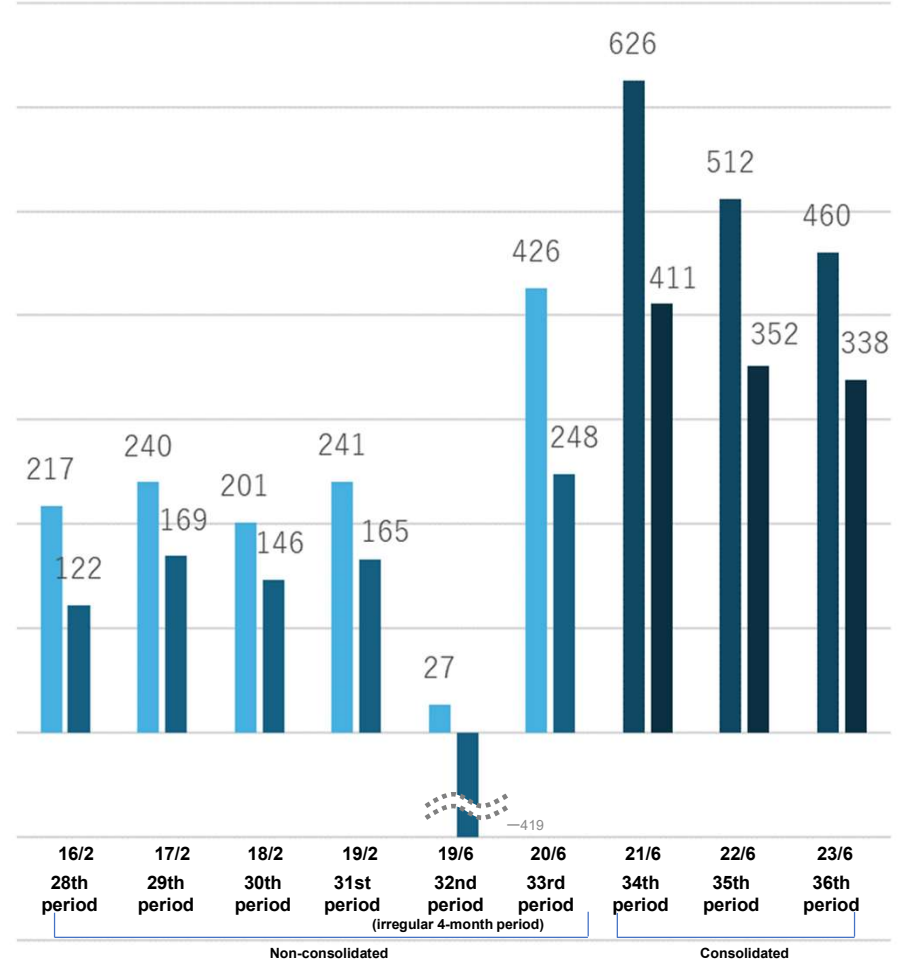
# Trends in Net sales, Operating profit, Profit (FY2016-FY2023)

## Net sales



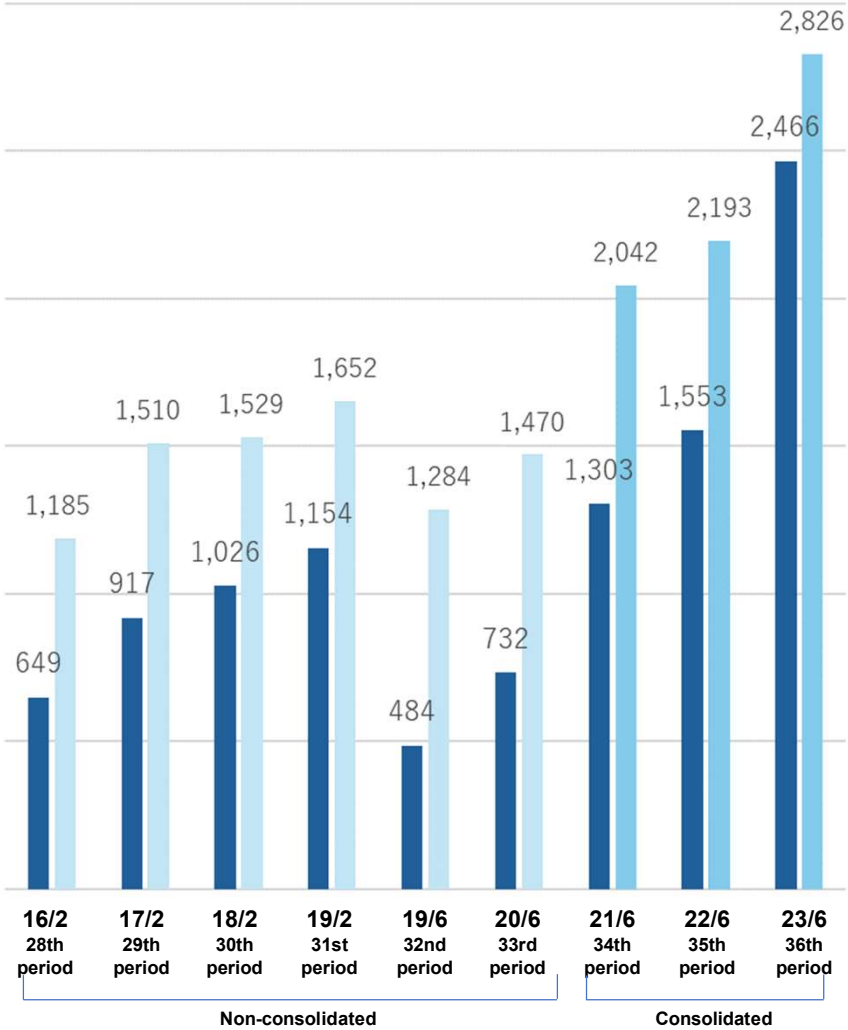
## Operating profit/Profit

(Unit: million yen)



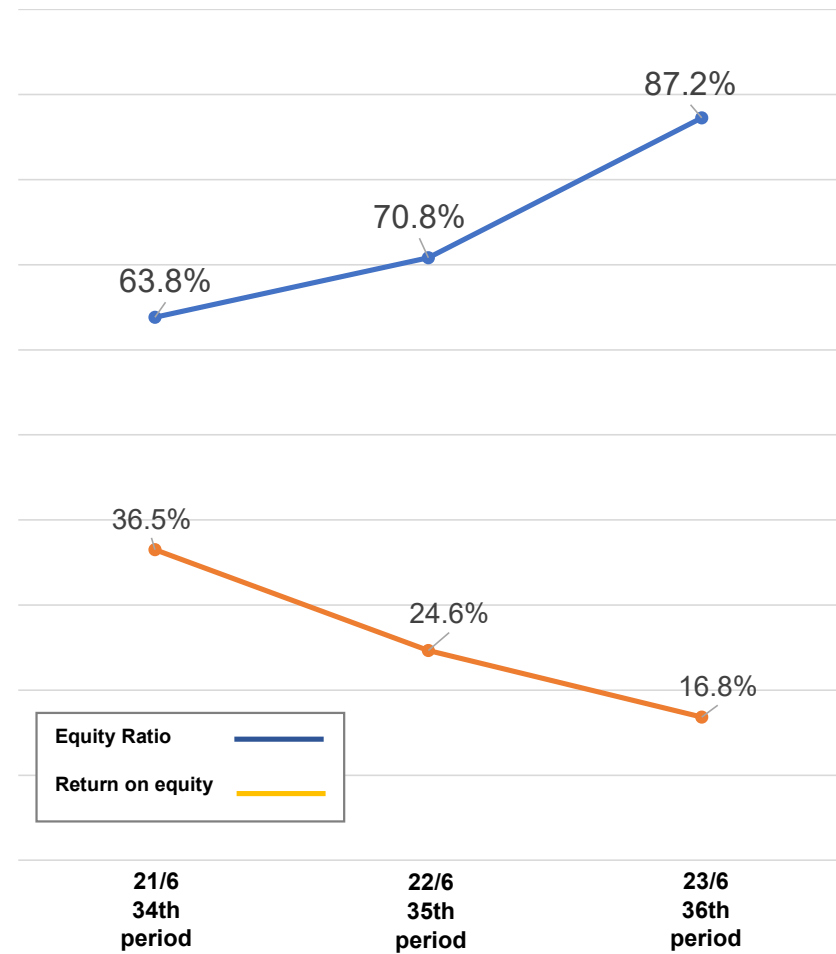
# Trends in Total Assets, Net Assets, Return on Equity (FY2016-FY2023)

**Total assets/Net assets**



**Equity Ratio and Return on Equity (Consolidated)**

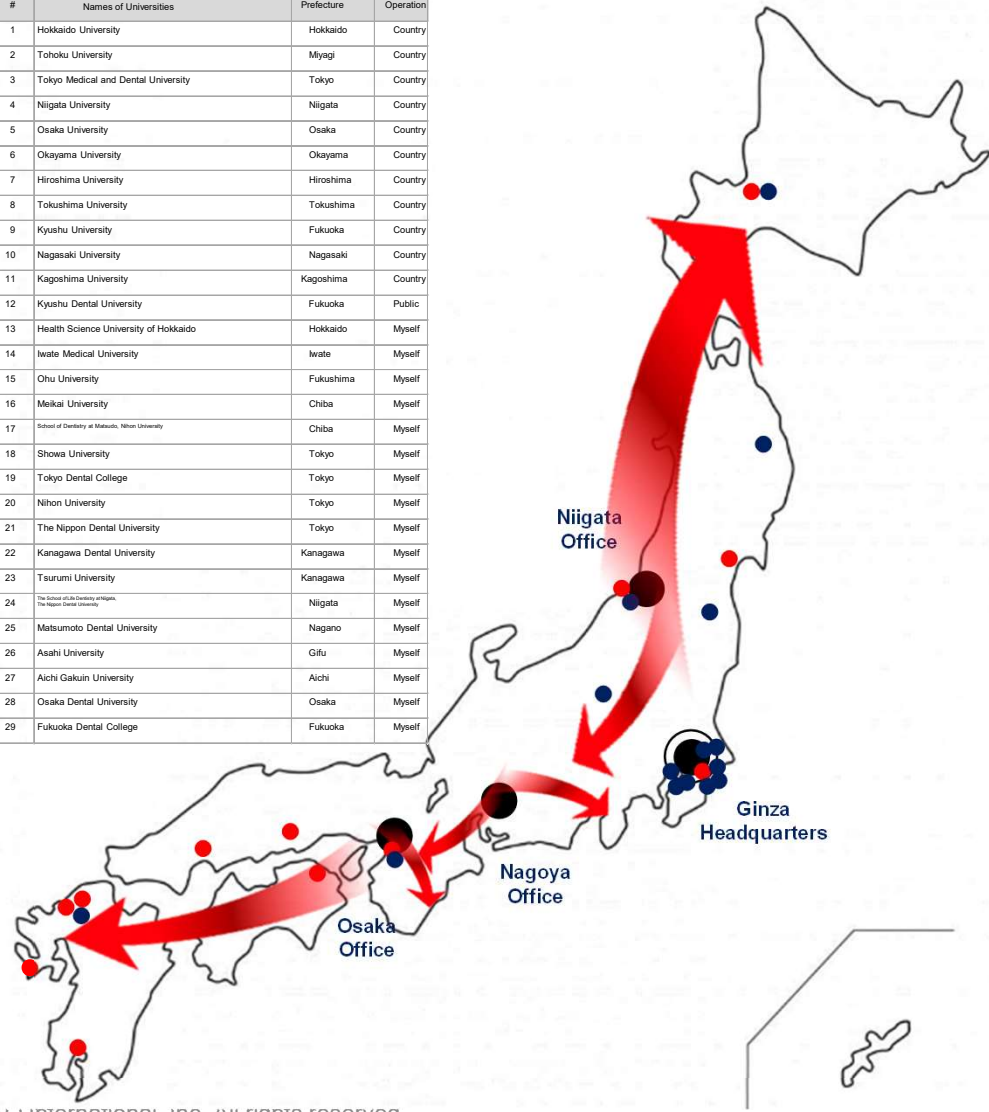
(Unit: million yen)





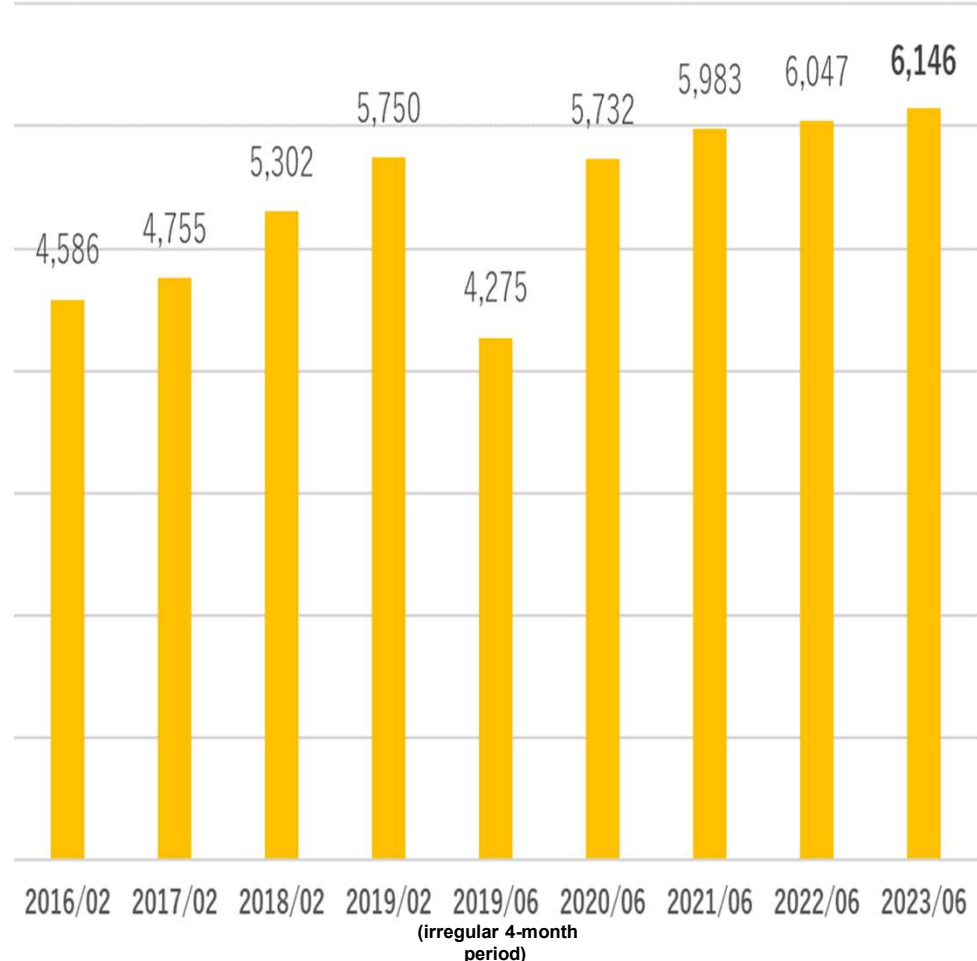
All 29 national public and private universities and more than 6,000 dentistry clinics as customers

#	Names of Universities	Prefecture	Operation
1	Hokkaido University	Hokkaido	Country
2	Tohoku University	Miyagi	Country
3	Tokyo Medical and Dental University	Tokyo	Country
4	Niigata University	Niigata	Country
5	Osaka University	Osaka	Country
6	Okayama University	Okayama	Country
7	Hiroshima University	Hiroshima	Country
8	Tokushima University	Tokushima	Country
9	Kyushu University	Fukuoka	Country
10	Nagasaki University	Nagasaki	Country
11	Kagoshima University	Kagoshima	Country
12	Kyushu Dental University	Fukuoka	Public
13	Health Science University of Hokkaido	Hokkaido	Myself
14	Iwate Medical University	Iwate	Myself
15	Ohu University	Fukushima	Myself
16	Meikai University	Chiba	Myself
17	School of Dentistry at Matsuda, Nihon University	Chiba	Myself
18	Showa University	Tokyo	Myself
19	Tokyo Dental College	Tokyo	Myself
20	Nihon University	Tokyo	Myself
21	The Nippon Dental University	Tokyo	Myself
22	Kanagawa Dental University	Kanagawa	Myself
23	Tsurumi University	Kanagawa	Myself
24	The School of Dentistry at Niigata, The Nippon Dental University	Niigata	Myself
25	Matsumoto Dental University	Nagano	Myself
26	Asahi University	Gifu	Myself
27	Aichi Gakuin University	Aichi	Myself
28	Osaka Dental University	Osaka	Myself
29	Fukuoka Dental College	Fukuoka	Myself



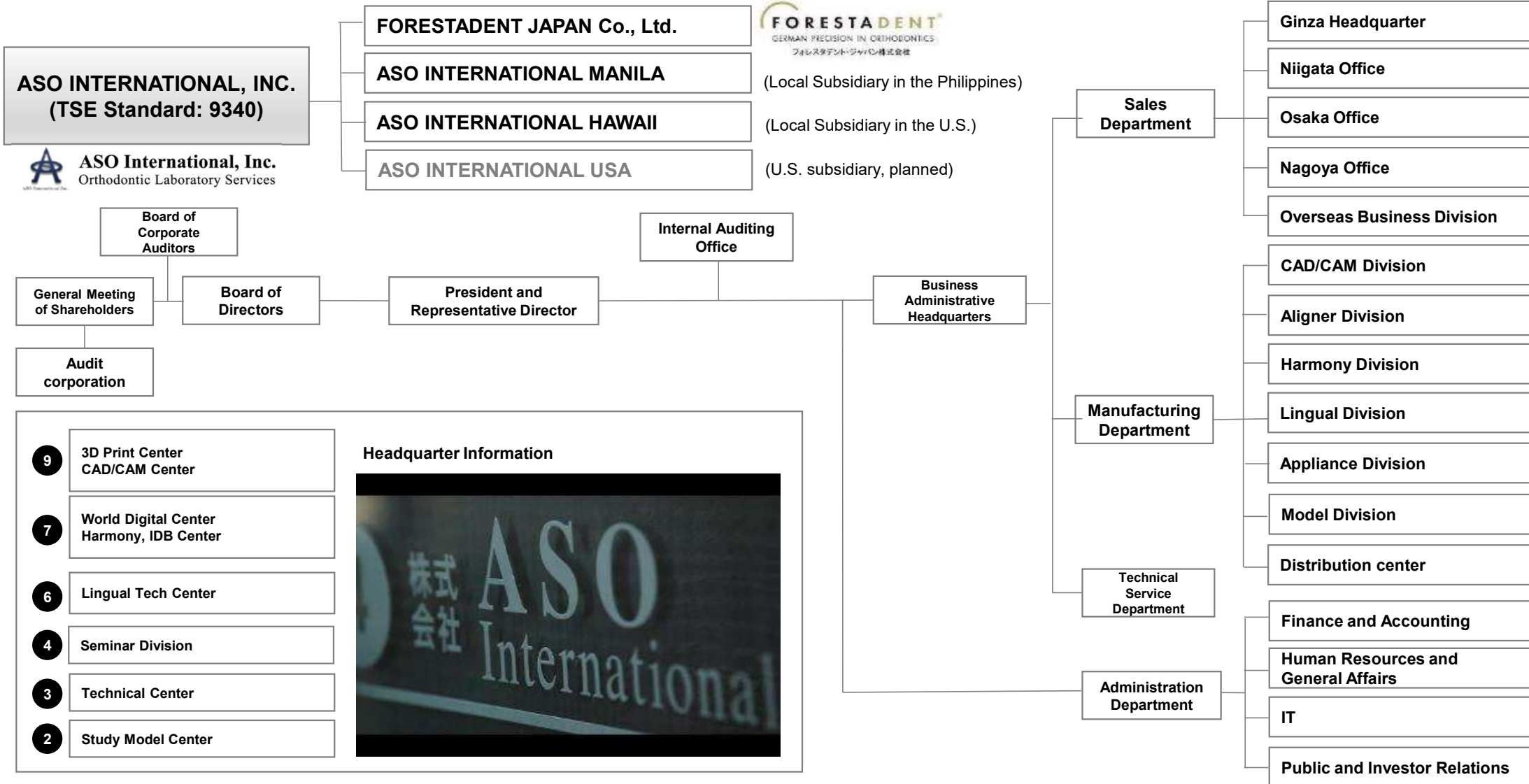
Trends in number of trading dental institutions

(dental institution)

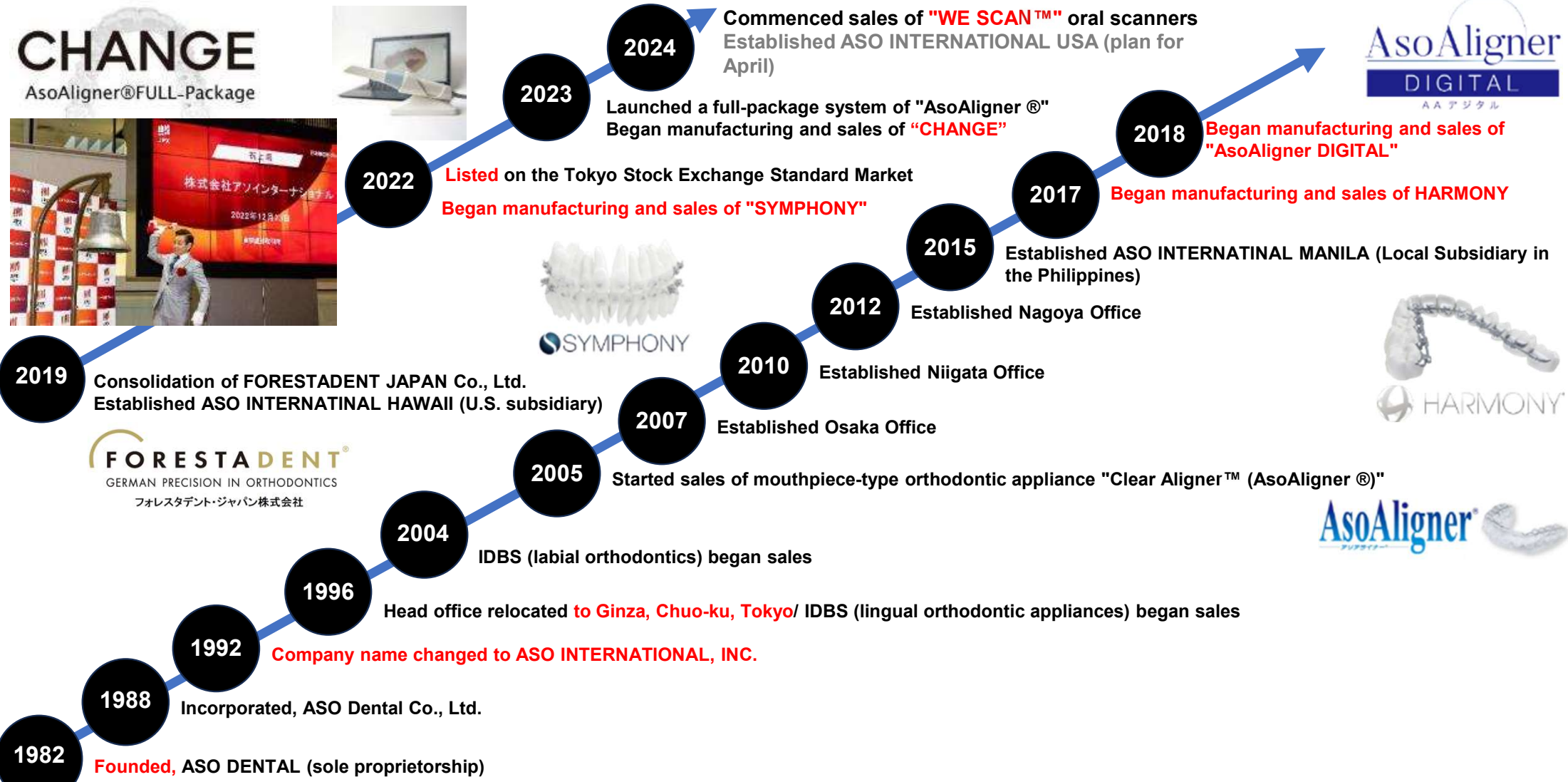


(Number of dentists with 1 or more transactions in each period)

# Organization Chart (As of January 1, 2024)



# History of ASO INTERNATIONAL, INC. since its foundation (1982-2024)



# Need for Orthodontics

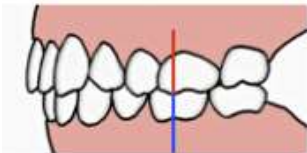
## Why do we need "orthodontics"?

The purpose of orthodontic treatment is to improve teeth alignment, bite, and maintain optimal occlusion to enhance the patient's Quality Of Life (QOL).

- ✓ Cannot chew food properly
- ✓ Have stiff shoulders or headaches
- ✓ Cause caries and alveolar pyorrhoea
- ✓ Cannot pronounce correctly
- ✓ Cause non-sociality
- ✓ Pursuing sensuousness
- ✓ Misaligned teeth
- ✓ Protruding lips, etc.

### Angle classification of malocclusion

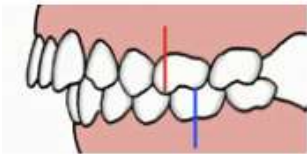
**Class I**



Normal

**Double teeth, Crooked teeth**

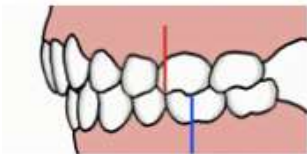
**Class II Div. 1**



The mandibular first molar is centrifugal to the maxillary first molar  
Class I: Prognathism of maxillary anterior teeth

**Buck teeth**

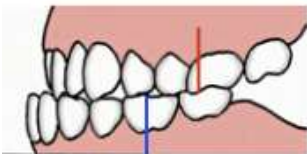
**Class II Div. 2**



The mandibular first molar is centrifugal to the maxillary first molar  
Class II: Receding maxillary anterior teeth

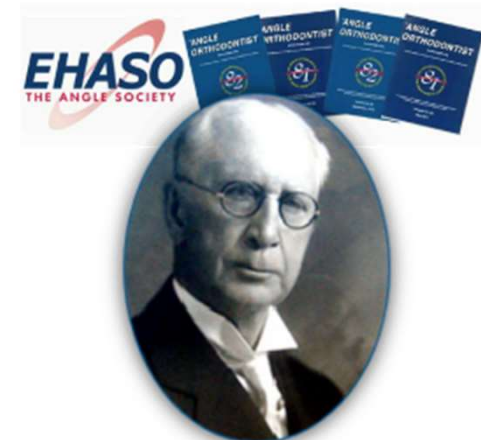
**Overbite**

**Class III**



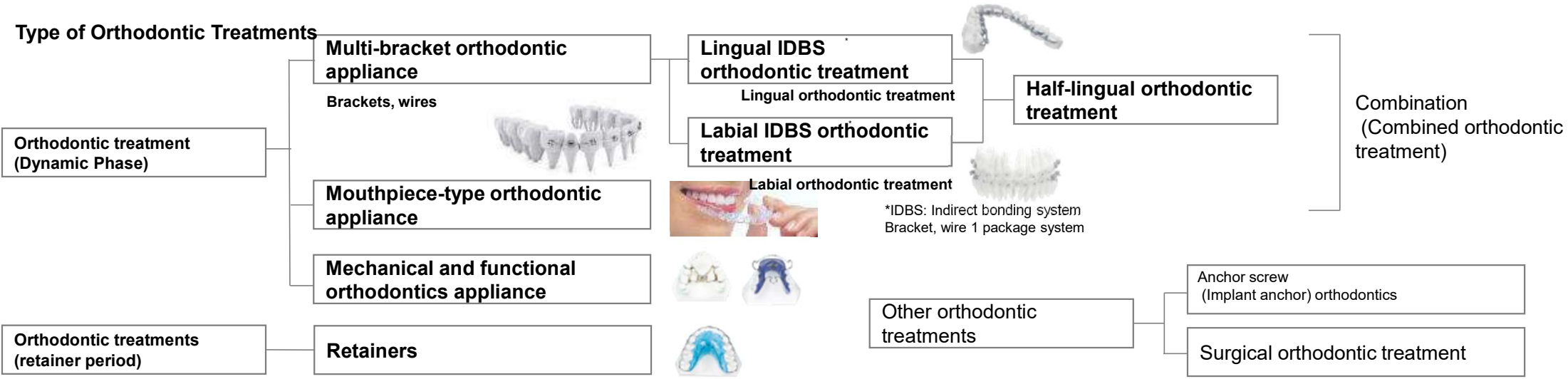
Mandibular first molars are proximal to maxillary first molars

**Underbite**

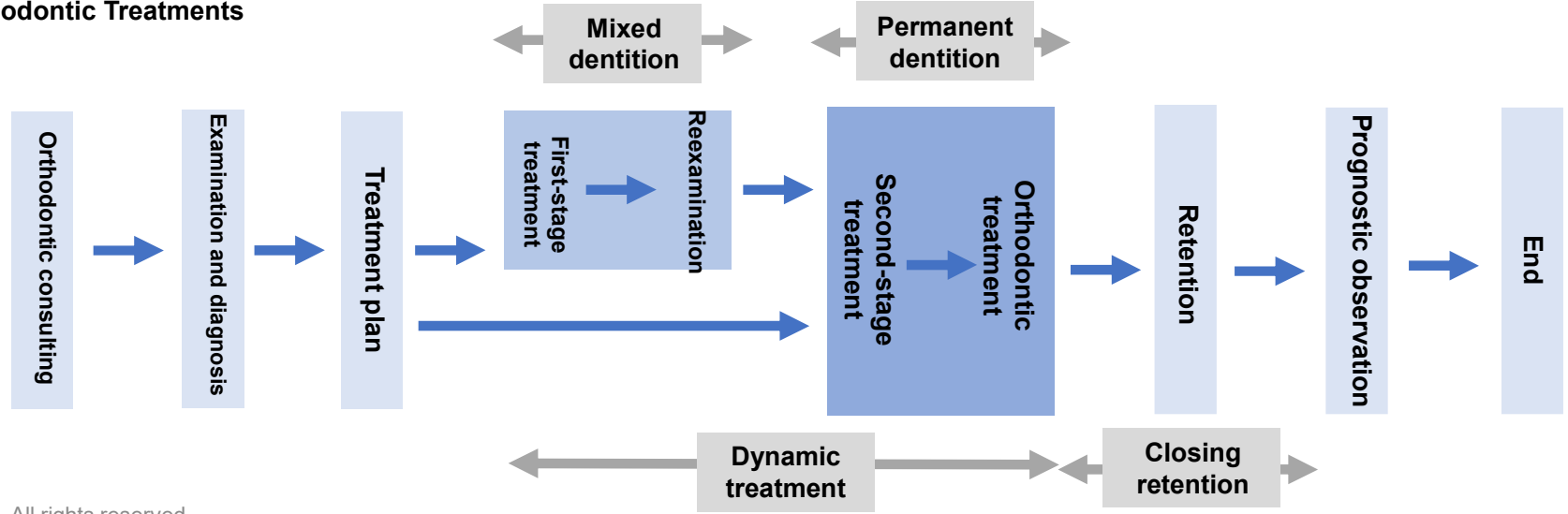


#### Edward, H. Angle (1855-1930)

Born in the United States and Pennsylvania, it is the most influential dentistry/orthodontics physician in the 20th century. It is known for contributing greatly to the development of orthodontic field. He graduated from dentistry University in Pennsylvania in 1876 and moved to Europe to learn about orthodontic techniques and theories. After returning to their home countries, the term "malocclusion," which refers to the state in which teeth and jaw positions are not normal, is widely known throughout the world. It is also called the "orthodontics father."



**Processes of Orthodontic Treatments**





## ① Total market in FY2022 is 11.42 billion yen (=orthodontic appliance materials)

The period from 2020 to 2021 is the beginning of people's "mask life," which is an opportunity for people to start wearing orthodontic braces, and this has encouraged the expansion of the market. This trend remained in 2022, but it is more likely that the supply shortage and signs of rising prices caused by social conditions led to a preoccupation with demand as hoarding, which in turn led to an increase in demand in 2022. The number of orthodontic patients has been increasing since before the COVID-19 crisis, and there has been no change in the situation where aligner treatment is mainly explored need. It is believed that there are cases where patients who wish to be treated with aligners start bracket treatment based on the dentist's diagnosis, and it can be inferred that aligners are not only eroding the bracket market, but the overall orthodontic market is growing due to the synergistic effect of the two. The trend for patients to place more emphasis on aesthetics has not changed, and the price per customer appears to be rising. In FY2023, the end of the "mask society" is finally coming into sight, and demand for masks is expected to decline, due in part to the anticipation of the previous year's demand.

表 2-23-1 矯正装置マーケットサイズの内訳

単位：百万円、%

	20年度		伸び率	21年度		伸び率	22年度		伸び率	23年度予測		伸び率
ブラケット	4,071	4,350	6.9	4,636	40.6	6.6	4,526	40.9	-2.4			
チューブ/バンド類	1,408	1,775	26.1	1,883	16.5	6.1	1,825	16.5	-3.1			
ワイヤー	1,488	1,666	12.0	1,860	16.3	11.6	1,794	16.2	-3.5			
その他（接着材ほか）	1,514	1,592	5.2	1,573	13.8	-1.2	1,519	13.7	-3.4			
材料・消耗品 小計	8,481	9,383	10.6	9,952	87.2	6.1	9,664	87.4	-2.9			
器械・器具	815	840	3.1	842	7.4	0.2	783	7.1	-7.0			
歯科矯正用アンカースクリュー	437	531	21.5	623	5.5	17.3	615	5.6	-1.3			
合計	9,733	10,754	10.5	11,417	100.0	6.2	11,062	100.0	-3.1			

(※当社推定)

Excluding plaster and other related products, aligner (mouthpiece) orthodontics, custom-made bracket orthodontics appliances, etc.

## ② "Custom-made orthodontics appliances" (= our flagship product)

This refers to orthodontic treatment appliances that use a custom-made aligner or lingual bracket, etc. for each patient. (omitted) In the case of products processed overseas, they are classified as "miscellaneous goods" rather than medical supplies or technical work, and the reality is that these products have become widespread while the lines and rules are unclear for medical and dental treatment.

As for major orthodontic products, Invisalign by Invisalign Japan and ASO aligner by ASO INTERNATIONAL, INC., a laboratory specializing in orthodontics, have a high market share, and the number of patients is expected to increase further.

The Company has a high affinity for digital solutions, and there is still room for further development, and future trends are attracting attention.

### Summary of the domestic orthodontic appliance market

① The market for orthodontics machinery materials such as brackets and wire is 11.4 billion yen.

(Not a market for ASO INTERNATIONAL, INC.)

Mouthpiece aligner treatment is generating demand, bracket orthodontic treatment is increasing, and unit prices are rising, but there are concerns about a rebound after the special demand.

② Custom-made orthodontic appliance (our flagship product)

There is room for growth in the future due to the affinity with digital technology in aligner and bracket type orthodontics devices tailor-made for each patient.

## Disclaimer

- ☞ We take extreme care regarding the contents but the Company is not responsible for any damage, etc. caused in connection with mistaken information, etc. in this document.
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- ☞ Information regarding future forecasts, and assessment figures and future outlook including business forecasts in this document is based on judgments and assumptions made in accordance with information available and reasonable at the time this document was prepared.
- ☞ Please note that the content of this document may differ materially from actual business conditions and results, and there may be changes in information without prior notice due to changes in risks and uncertainties, as well as changes in economic conditions, etc.



**X (formerly Twitter ) ASO official account  
opened**  
We will deliver information on our stock and stock prices.

**@ASO\_9340**



**ASO International, Inc.**  
Orthodontic Laboratory Services

**Inquiries:**

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[Tokyo Stock Exchange Standard Market: 9340]