

# Briefing Material

for 1<sup>st</sup> quarter ended Mar. 31, 2025

May 12, 2025

NAKANISHI INC.

## Disclaimer

The information presented in these materials contains forward-looking statements about future business performance. These statements by definition involve risks and uncertainties and are not intended to guarantee future performance. Actual results in the future may differ from expectations and the projections presented in these materials due to changes in the global economy and fluctuations in foreign currency exchange rates and so on.

## Dental Business

Development, production and sales of wide range of dental equipment, which cover such as restorative dentistry, periodontics, oral surgery, mobile dental care, etc.



Handpiece



Implant motor



Oral hygiene system



Clinical micro motor

## DCI Business

Presenting results of DCI, acquired in 2023, as an independent segment. Development, production and sales of dental chairs and related equipment in the U.S.



Dental chair



Dental cabinet



Dental parts

## Surgical Business

Development, production and sales of bone grinding and cutting drills which can be used in areas of neurosurgery, spine surgery and orthopedic surgery.



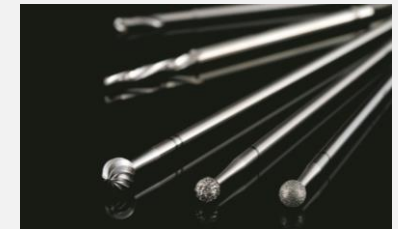
Console



Surgical motor



Attachment



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## Industrial Business

Development, production and sales of spindles which can be used in high-precision processes in wide range of industrial areas such as automobile, aircraft, precision parts industries.



Controller & Spindle



Spindle



Electric hand grinder



Ultrasonic cutter

**S**ales maintained the record-high level of the previous year. There was almost no forex impact. Sales increased double-digit in Surgical segment, remained flat in Dental and DCI segments, while decreased in Industrial segment.

**T**he increase in SGA expenses due to growth investments such as participation in International Dental Show 2025, strengthening sales in the United States, and reinforcing the surgical business structure is in line with the initial plan. Although EBITDA decreased compared to the previous year, it exceeded the plan.

**T**he appreciation of the yen led to the recording of foreign exchange losses. Additionally, Income Taxes for Prior Periods related to consolidated taxation were recorded, based on the National Tax Agency's pointed out items, resulting in a significant decrease in net profit. The financial forecast has been revised.

\* Retrospective adjustment was made for the results for FY2024Q1 following the completion of the PPA of REFINE in FY2024Q2.

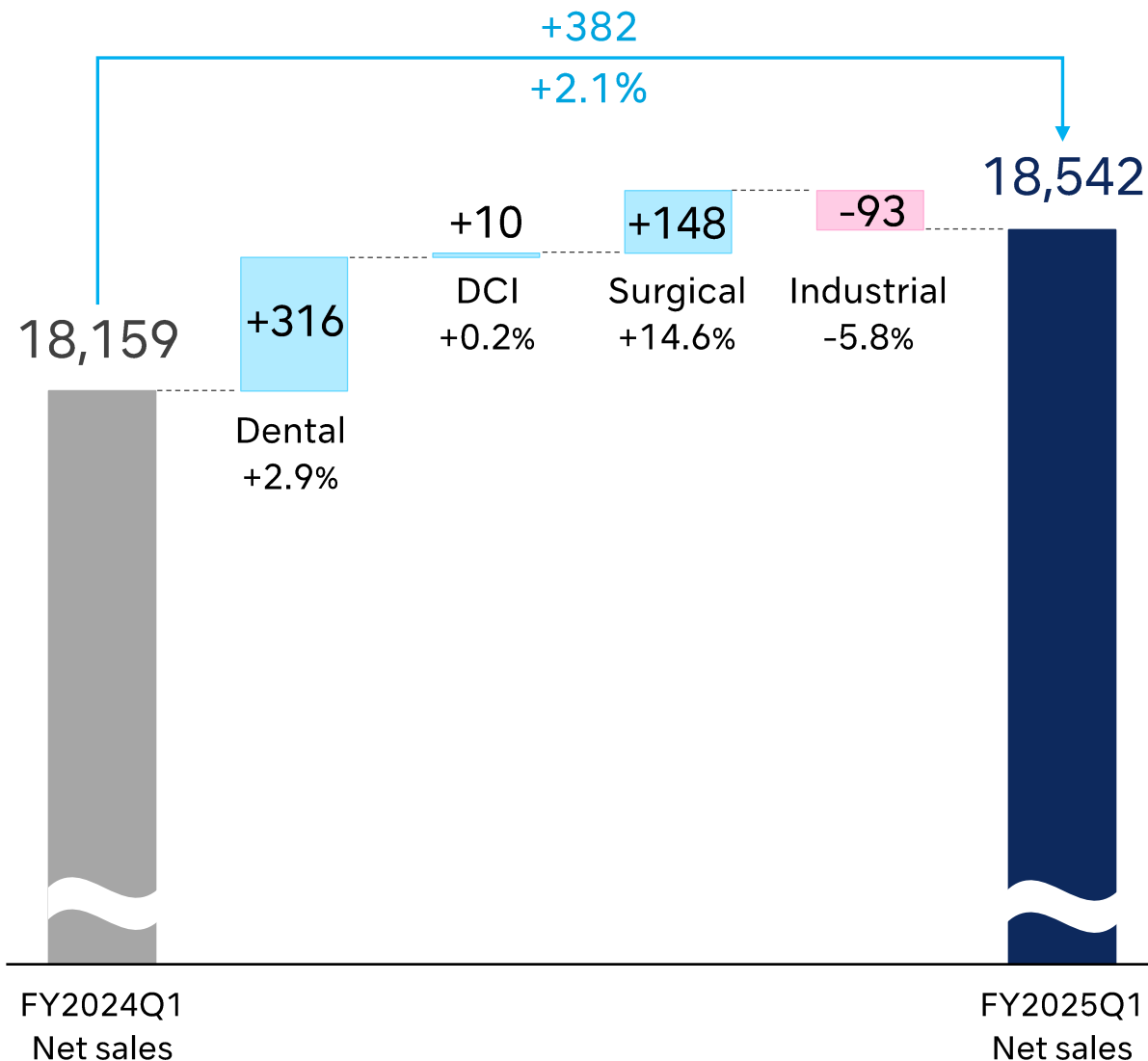
M of JPY

		FY2025Q1	FY2024Q1	YoY comparison	
		Actual	Actual	Amount	Ratio
Net sales		18,542	18,159	+382	+2.1%
Gross Profit		11,076	10,972	+104	+1.0%
Ratio to net sales		59.7%	60.4%	-0.7pt	—
EBITDA *		4,755	5,287	-531	-10.1%
Margin		25.6%	29.1%	-3.5pt	—
Operating Profit		3,361	3,988	-626	-15.7%
Ratio to net sales		18.1%	22.0%	-3.8pt	—
Ordinary Profit		2,626	5,043	-2,417	-47.9%
Ratio to net sales		14.2%	27.8%	-13.6pt	—
Profit attributable to owners of parent		440	3,339	-2,899	-86.8%
Ratio to net sales		2.4%	18.4%	-16.0pt	—
E P S	(JPY)	5.23	39.24	—	—
* EBITDA = Operating profit + Depreciation + Amortization					
Currency rate - Against the US dollar (JPY)		152.95	147.87	+5.08	-
- Against the EURO (JPY)		160.74	160.90	-0.16	-

▪ Forex impact: Net sales +178M of JPY (vs FY2024Q1 Actual), +626M of JPY (vs FY2025 Forecast)

# Change in Net Sales by Business Segment

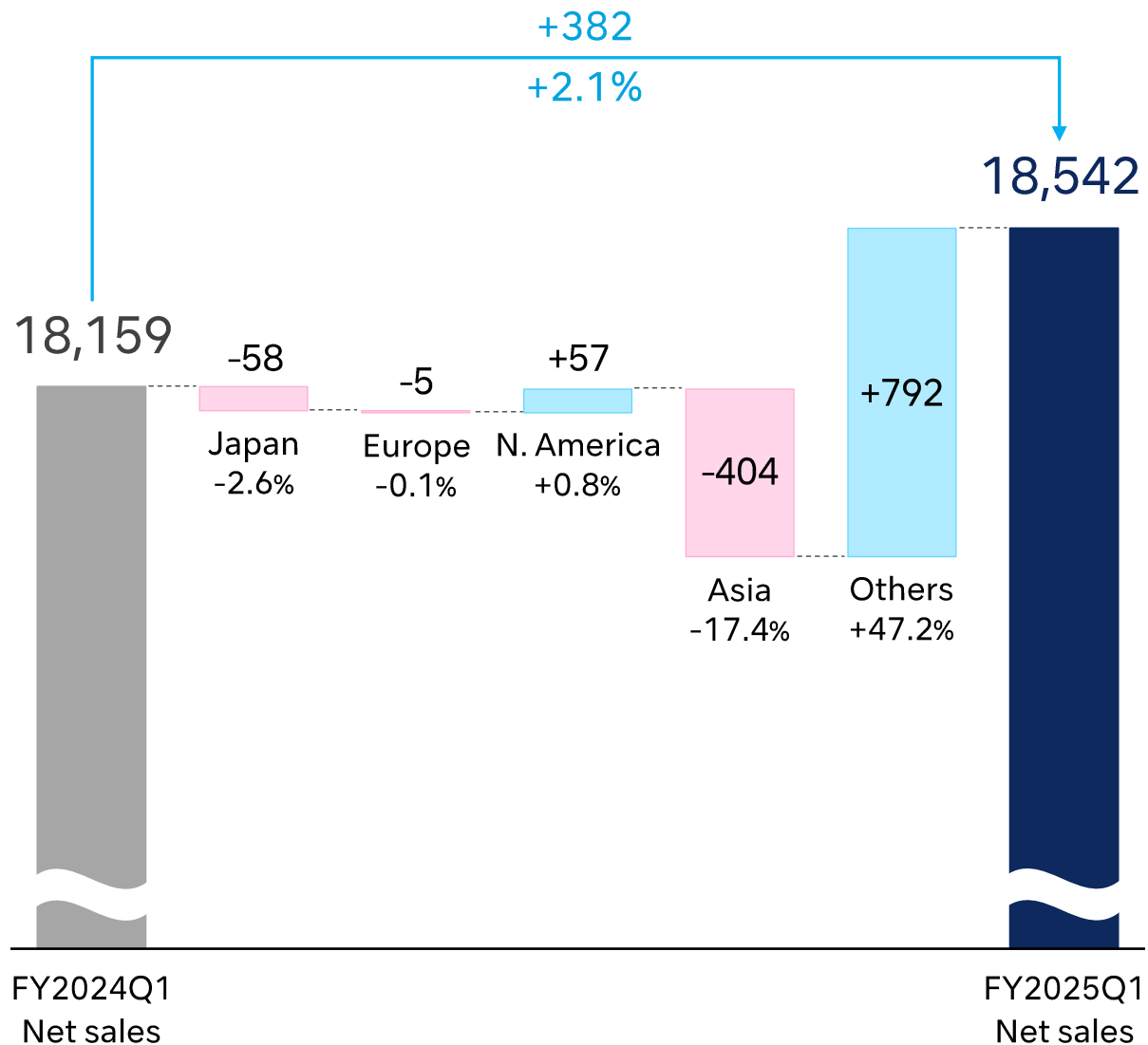
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	FY2024Q1 Actual A	FY2025Q1 Actual B	(Forex impact)	Change B/A-1
Dental	11,007	11,323	(+5)	+2.9%
DCI	4,536	4,547	(+151)	+0.2%
Surgical	1,015	1,164	(+8)	+14.6%
Industrial	1,600	1,507	(+13)	-5.8%
Total	18,159	18,542	(+178)	+2.1%

# Change in Net Sales by Region

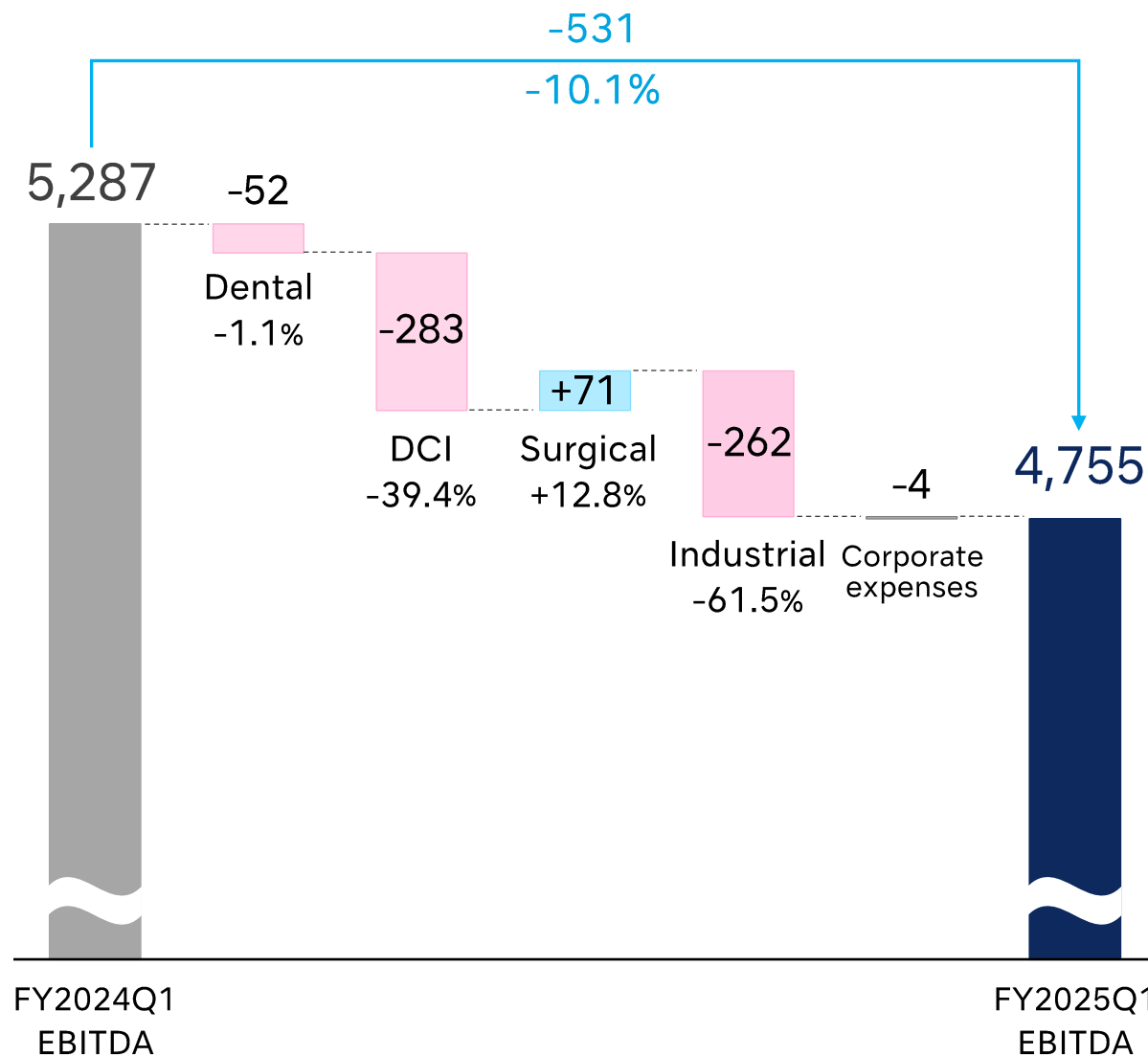
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	FY2024Q1 Actual A	FY2025Q1 Actual B	(Forex impact)	Change B/A-1
Japan	2,226	2,168	(-)	-2.6%
Europe	4,939	4,934	(+19)	-0.1%
N. America	6,994	7,052	(+236)	+0.8%
Asia	2,319	1,915	(-18)	-17.4%
Others	1,679	2,471	(-57)	+47.2%
Total	18,159	18,542	(+178)	+2.1%

# Change in EBITDA by Business Segment

M of JPY



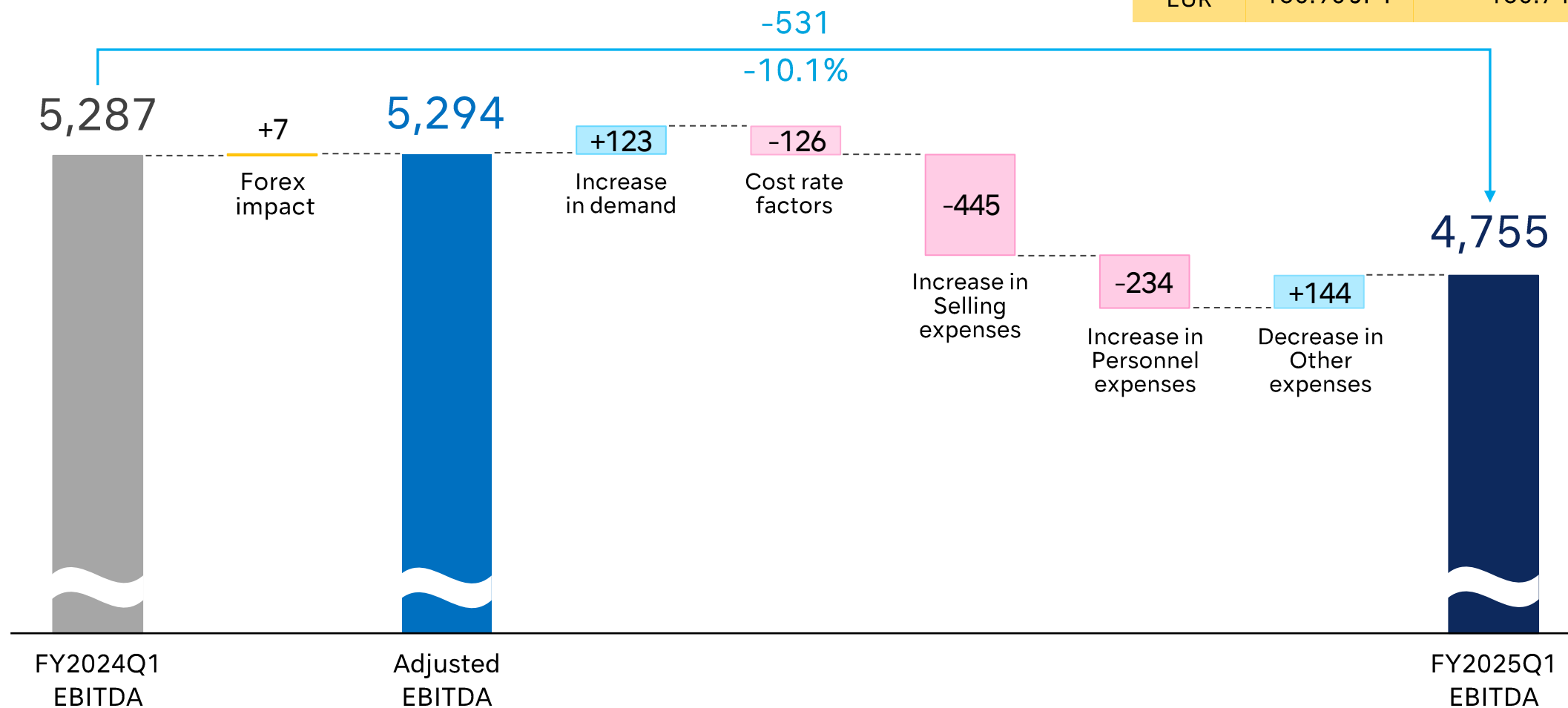
	FY2024Q1 Actual A	FY2025Q1 Actual B	Change B/A-1
Dental	4,784	4,731	-1.1%
DCI	720	436	-39.4%
Surgical	559	631	+12.8%
Industrial	426	164	-61.5%
Corporate expenses	-1,203	-1,208	-
Total	5,287	4,755	-10.1%

Forex impact +7 M of JPY (+0.1%)

# Change in EBITDA

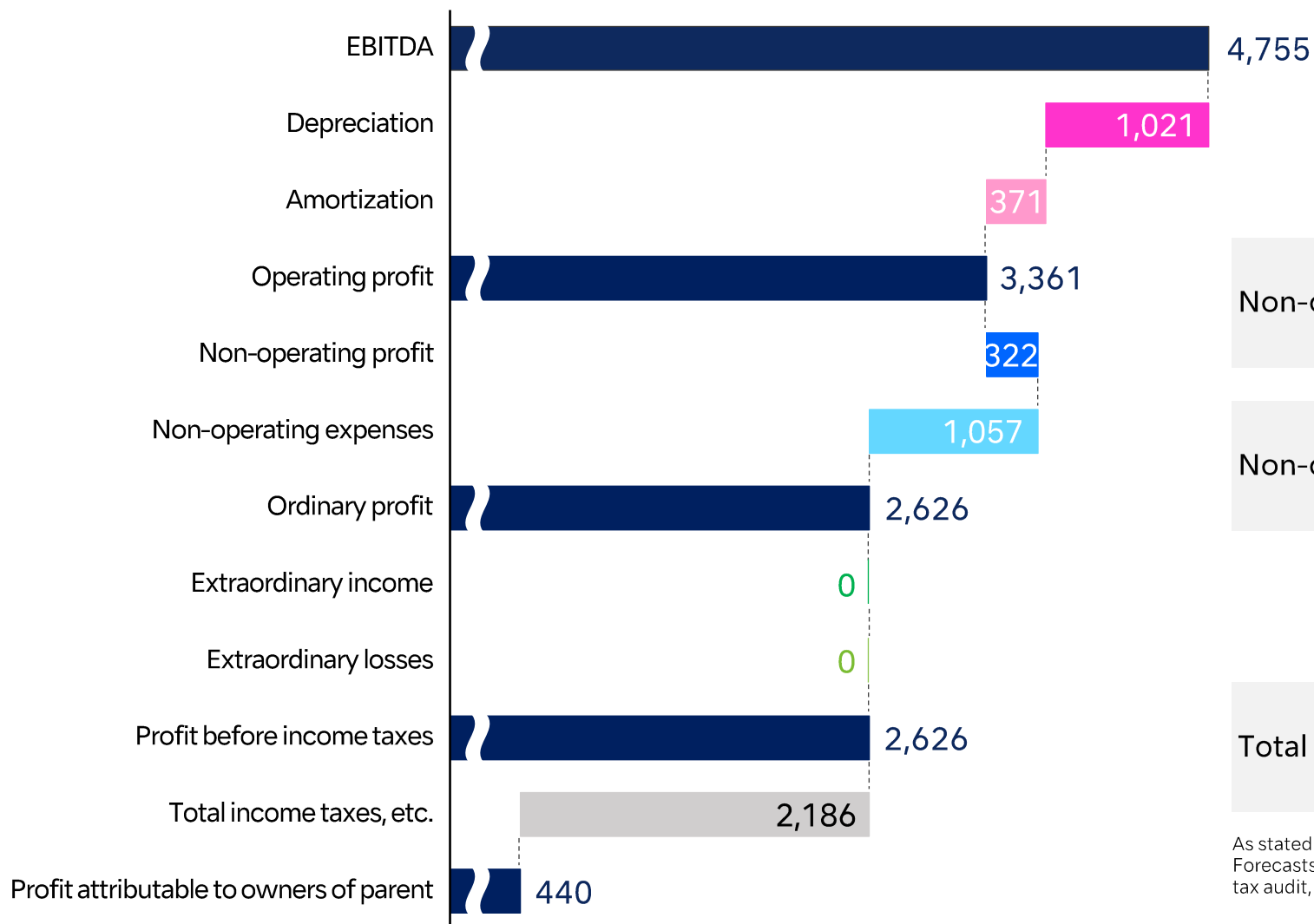
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Exchange rate		
	FY2024Q1 Average	FY2025Q1 Average
USD	147.87 JPY	→ 152.95 JPY
EUR	160.90 JPY	→ 160.74 JPY





M of JPY



## Non-operating profit

· Interest income

226

## Non-operating expenses

· Interest expenses

35

· Foreign exchange losses

1,011

## Total income taxes, etc.

· Income taxes -current

838

· Income taxes for prior periods

1,200

As stated in the "Notice Regarding Recording of Income Taxes for Prior Periods and Revisions to Financial Forecasts" announced on May 12, 2025, we plan to file an amended tax return based on the findings of a tax audit, and have recorded an estimated amount of 1.2 billion yen as Income Taxes for Prior Periods.

## Consolidated Balance Sheet

M of JPY

	As of Mar. 31, 2025	As of Dec. 31, 2024	Change	Notes
<b>Total assets</b>	<b>151,834</b>	<b>158,299</b>	<b>-6,465</b>	<ul style="list-style-type: none"> <li>· Machinery, equipment and vehicles +147</li> <li>· Tools, furniture and fixtures +97</li> </ul>
- Cash and deposits	43,830	46,051	-2,220	
- Inventories	24,976	25,024	-47	<ul style="list-style-type: none"> <li>· Merchandise and finished goods +16</li> <li>· Work in process -41</li> <li>· Raw materials and supplies -22</li> </ul>
- Goodwill	19,864	21,389	-1,525	
<b>Liabilities</b>	<b>36,802</b>	<b>37,100</b>	<b>-297</b>	<ul style="list-style-type: none"> <li>· Accounts payable - trade -39</li> <li>· Current liabilities - other -1,652</li> </ul>
- Loans payable	20,273	18,728	+1,545	<ul style="list-style-type: none"> <li>· Current portion of long-term borrowings +700</li> <li>· Long-term borrowings +865</li> </ul>
<b>Net assets</b>	<b>115,031</b>	<b>121,199</b>	<b>-6,167</b>	<ul style="list-style-type: none"> <li>· Treasury shares -1,303</li> <li>· Foreign currency translation adjustment -2,795</li> </ul>
- Retained earnings	114,837	116,593	-1,755	
<b>Return on equity</b>	<b>1.5%</b>	<b>7.3%</b>	<b>-5.8pt</b>	
<b>Return on assets</b>	<b>6.8%</b>	<b>11.6%</b>	<b>-4.8pt</b>	

	FY2025Q1 Actual	FY2024Q1 Actual	Change	Notes
<b>Capital investments</b>	<b>1,031</b>	<b>1,704</b>	<b>-673</b>	
<b>Depreciation expenses</b>	<b>1,021</b>	<b>915</b>	<b>+106</b>	

# Consolidated Financial Forecast for FY2025

**Initial Financial Forecast Announced on February 12, 2025**

- Sales increase by 5% (YoY). The actual growth rate of 9%, after deducting the forex impact (annual decrease of 3.2 billion yen due to yen appreciation). Plan to aim for sales growth in all (Dental, DCI, Surgical and Industrial ) business segments.
- Although profit should increase due to sales growth, SGA expenses has been increased intentionally, in order to timely promote growth investments in our U.S. business (NSK, DCI) and surgical business, which are our growth drivers. As a result, EBITDA and other profits are planned to decrease.
- Set the forex rate assuming that the trend of yen depreciation will reverse and gradually shift to yen appreciation. Incorporated the overall decline in profitability and the loss of foreign exchange gains that had been recorded until the previous year.

**Revision to Financial Forecast on May 12, 2025**

- In addition to the initial financial forecast above, the net profit was decreased due to the recording of 1.2 billion yen in Income Taxes for Prior Periods in Q1.

**Factors Not Yet Reflected to the Current Financial Forecast**

- Although the U.S. tariff policy poses a risk factor for our business, it has not been reflected at this time due to the uncertain outlook.

M of JPY

	Revised FY2025Q2 Forecast	Previous FY2025Q2 Forecast	Change		FY2024Q2 Actual
			Amount	Ratio	
Net sales	38,616	38,616	+ -0	—	38,557
Gross profit	21,452	21,452	+ -0	—	22,863
Ratio to net sales	55.6%	55.6%	—	—	59.3%
E B I T D A *	8,368	8,368	+ -0	—	11,051
Margin	21.7%	21.7%	—	—	28.7%
Operating profit	5,478	5,478	+ -0	—	8,287
Ratio to net sales	14.2%	14.2%	—	—	21.5%
Ordinary profit	5,854	5,854	+ -0	—	10,522
Ratio to net sales	15.2%	15.2%	—	—	27.3%
Profit attributable to owners of parent	2,727	3,927	-1,200	-30.6%	7,026
Ratio to net sales	7.1%	10.2%	-3.1pt	—	18.2%
E P S (JPY)	32.30	46.51	—	—	82.88

## Currency rate

## Forex sensitivity

- Against the US dollar	(JPY)	145.00	145.00	242 M of JPY (Annual net sales)
- Against the EURO	(JPY)	155.00	155.00	98 M of JPY (Annual net sales)

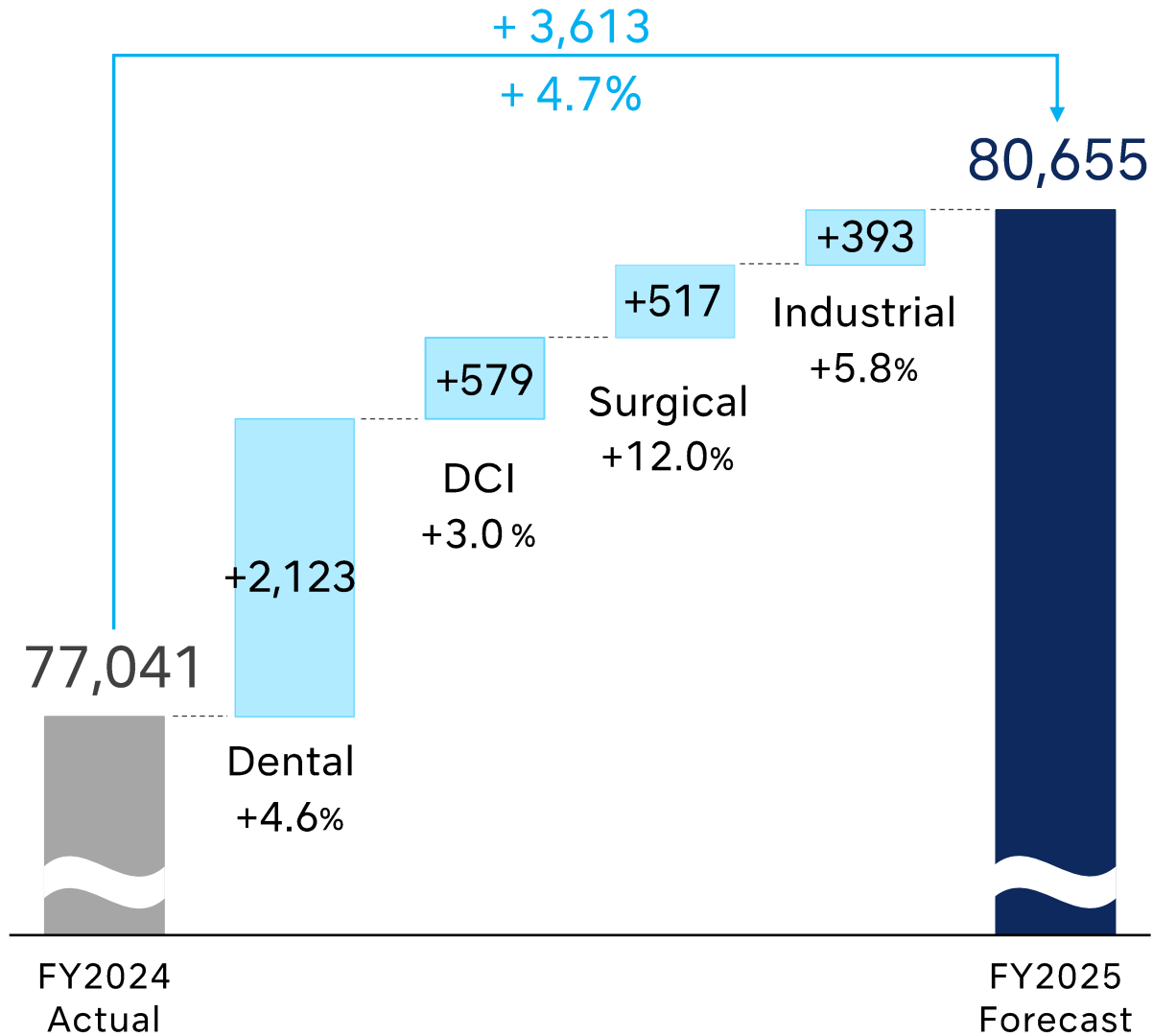
M of JPY

		Revised FY2025 Forecast	Previous FY2025 Forecast	Change		FY2024 Actual
				Amount	Ratio	
Net sales		80,655	80,655	+ -0	—	77,041
Gross profit		44,784	44,784	+ -0	—	44,418
	Ratio to net sales	55.5%	55.5%	—	—	57.7%
E B I T D A *		18,932	18,932	+ -0	—	20,460
	Margin	23.5%	23.5%	—	—	26.6%
Operating profit		13,150	13,150	+ -0	—	14,596
	Ratio to net sales	16.3%	16.3%	—	—	18.9%
Ordinary profit		13,840	13,840	+ -0	—	17,283
	Ratio to net sales	17.2%	17.2%	—	—	22.4%
Profit attributable to owners of parent		8,372	9,572	-1,200	-12.5%	8,577
	Ratio to net sales	10.4%	11.9%	-1.5pt	—	11.1%
E P S	(JPY)	99.14	113.34	—	—	101.37
Capital investments		5,768	5,768	+ -0	—	5,335
Depreciation expenses		4,365	4,365	+ -0	—	4,208
Currency rate				Forex sensitivity		
- Against the US dollar	(JPY)	145.00	145.00	242 M of JPY (Annual net sales)		
- Against the EURO	(JPY)	155.00	155.00	98 M of JPY (Annual net sales)		

# Consolidated Financial Forecast for FY2025

## Change in Net Sales by Business Segment

M of JPY



	FY2024 Actual	FY2025 Forecast	Change
Dental	46,527	48,650	+4.6%
DCI	19,454	20,034	+3.0%
Surgical	4,321	4,839	+12.0%
Industrial	6,738	7,131	+5.8%
Total	77,041	80,655	+4.7%

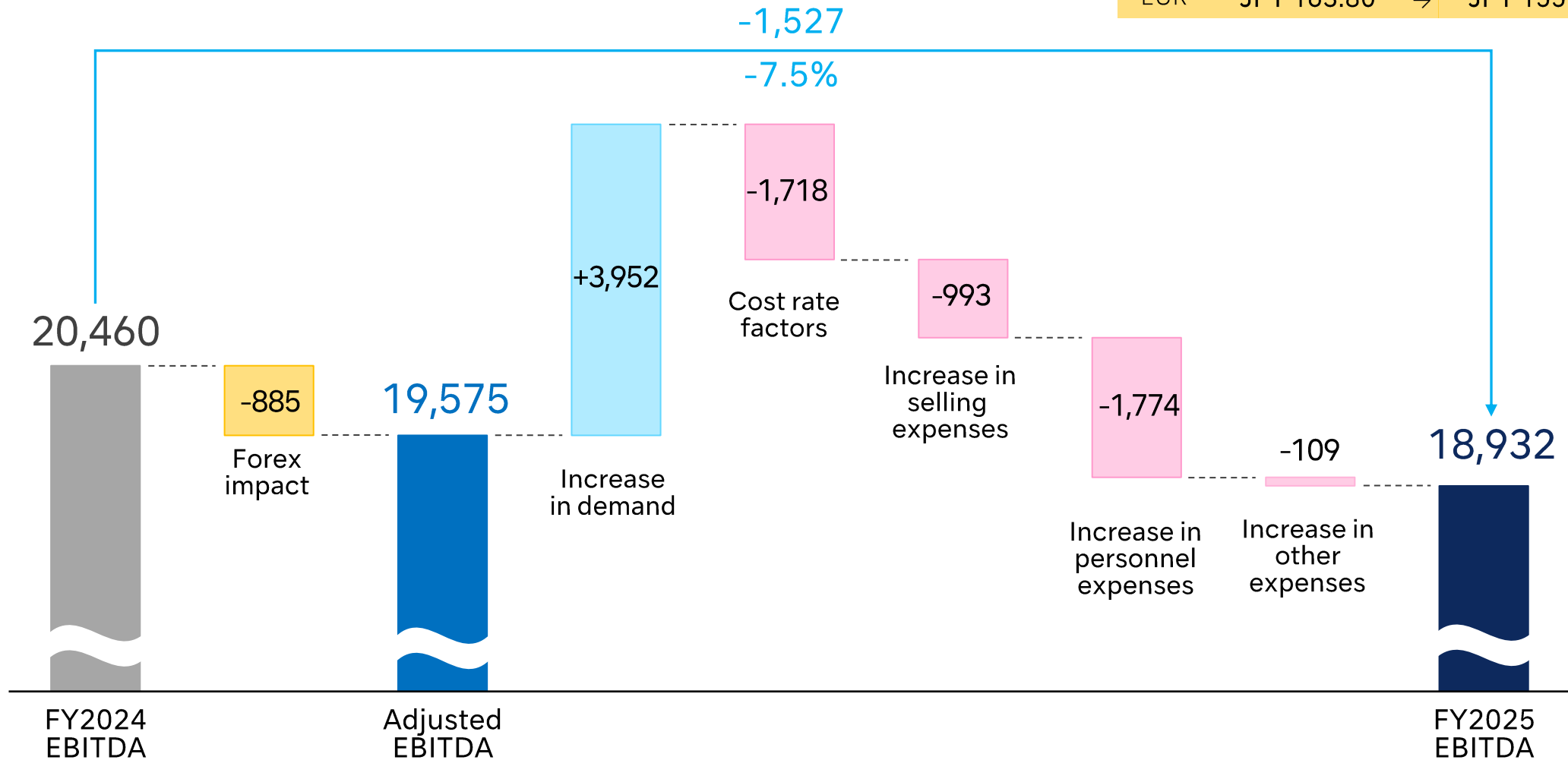
Forex impact -3,241 M of JPY (-4.2%)

# Consolidated Financial Forecast for FY2025

## Change in EBITDA

M of JPY

Exchange rate		
	FY2024 Actual	FY2025 Forecast
USD	JPY 151.44 →	JPY 145.00
EUR	JPY 163.80 →	JPY 155.00

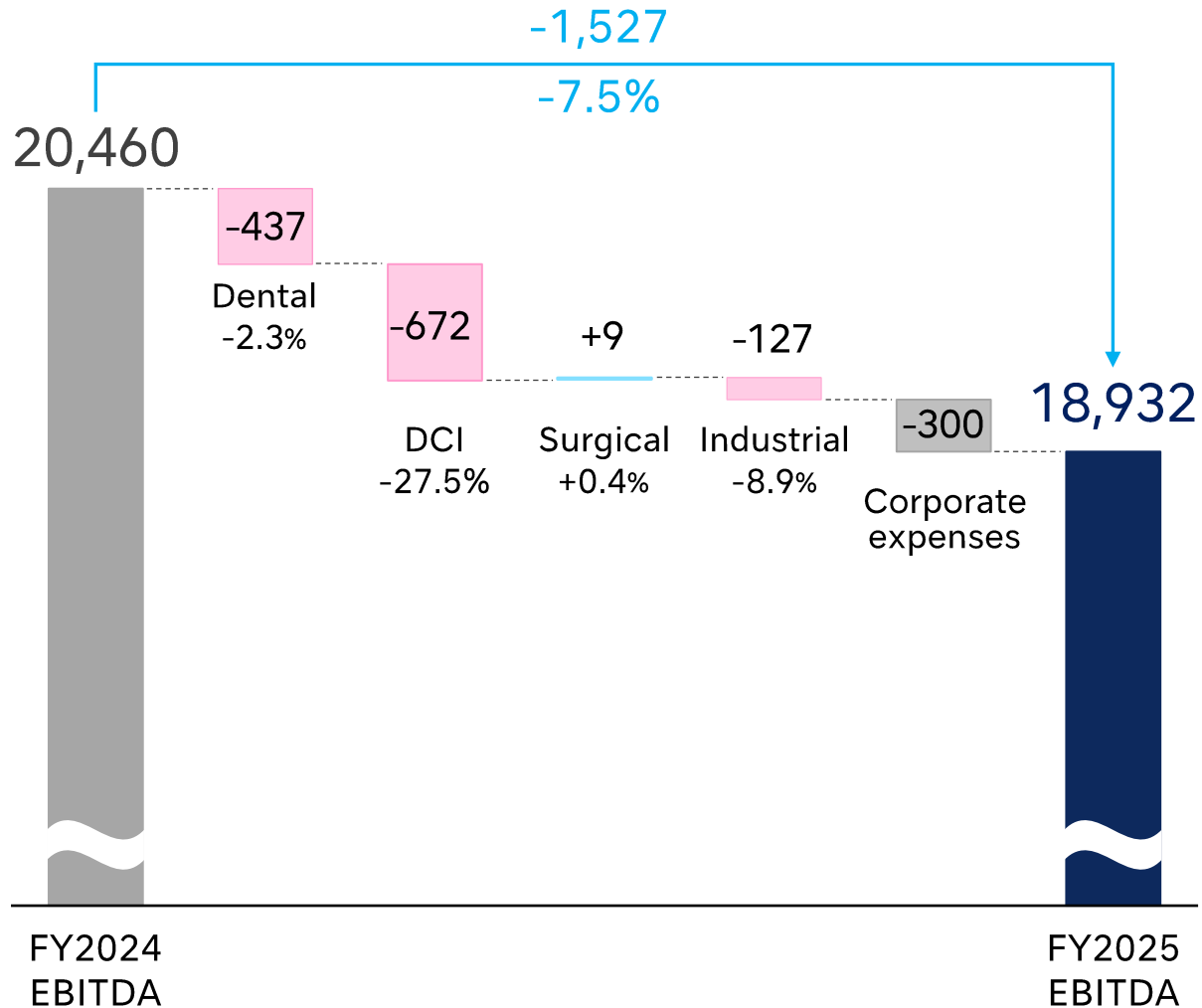




# Consolidated Financial Forecast for FY2025

## Change in EBITDA by Business Segment

M of JPY



	FY2024 Actual	FY2025 Actual	Change
Dental	19,337	18,900	-2.3%
DCI	2,444	1,772	-27.5%
Surgical	2,379	2,388	+0.4%
Industrial	1,434	1,306	-8.9%
Corporate expenses	-5,135	-5,436	-
Total	20,460	18,932	-7.5%

Forex impact -885M of JPY (-4.3%)

# Impact of U.S. tariff policy

The increase in U.S. tariffs is expected to have a certain impact on our business. However, at this point, the direct and indirect effects on this fiscal year's performance have not been foreseen, therefore, they have not been incorporated into the consolidated financial forecast for the fiscal year ending December 2025 (revised on May 12<sup>th</sup>).

	Dental Business	DCI Business	Surgical Business	Industrial Business
Expected direct effects	<p>Since almost all dental products sold in the U.S. are manufactured at our headquarters and exported to the U.S., they are expected to be subject to tariffs.</p> <p>A 10% tariff is currently applied to products imported from Japan.</p> <p>Although a reciprocal tariff of 24% with Japan is expected to be applied, it is currently suspended.</p>	<p>Some components of dental chairs are imported from China, and they are expected to be subject to particularly high tariffs.</p> <p>A 145% tariff is currently applied to products imported from China.</p> <p>A 10% tariff is currently applied to certain products imported from other countries.</p>	<p>Since almost all surgical products sold in the U.S. are manufactured at our headquarters and exported to the U.S., they are expected to be subject to tariffs.</p> <p>A 10% tariff is currently applied to products imported from Japan.</p> <p>Although a reciprocal tariff of 24% with Japan is expected to be applied, it is currently suspended.</p>	<p>Since industrial products sold in the U.S. are manufactured in Japan and Germany and exported to the U.S., they are expected to be subject to tariffs.</p> <p>A 10% tariff is currently applied to products imported from Japan and Germany.</p> <p>Although reciprocal tariffs of 24% with Japan and 20% with Europe are expected to be applied, they are currently suspended.</p>
Expected indirect effects	<p>The main competitors also manufacture their products overseas, so there is no change in competitive conditions.</p>	<p>There is a risk of rising costs, so measures including changing suppliers are necessary.</p>	<p>Although our competitors are U.S. companies, we could raise prices and maintain our competitiveness.</p>	<p>Many of our products are specialized to meet individual needs, so there is no change in competitive conditions.</p>
	The extent to which the cost increase due to tariffs can be passed on to prices will be examined and adjusted, considering the trends of competitors.			
	There are concerns that the acceleration of inflation in the U.S. and the resulting deterioration in economic sentiment may lead to a decline in product demand.			

***NSK***