



NAKANISHI INC.
Mid Term Management Plan 2025-2030

NV 2030

August 8, 2025

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 economic trends, fluctuations in foreign currency exchange rates, economic policies of various countries, and so on.





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Company Overview

● Core competence: Grinding technology

Integrate ultra high-speed rotating, ultrasonic, and micromotor technologies in-house

● Global No.1 market share in dental handpieces

Secure a high market share especially in developed markets

● High profitability as a niche leader

Maintain an EBITDA margin in the 20% range

● Vertically integrated business model

Own development capabilities that drive competitiveness, manufacturing capabilities that ensure high quality, and a global sales network

● In-house production rate of precision parts for handpieces: 90%

Consistently produce micron-level components at our own factory (in Kanuma City) with advanced production technology

● Overseas sales ratio: Over 90% of consolidated net sales

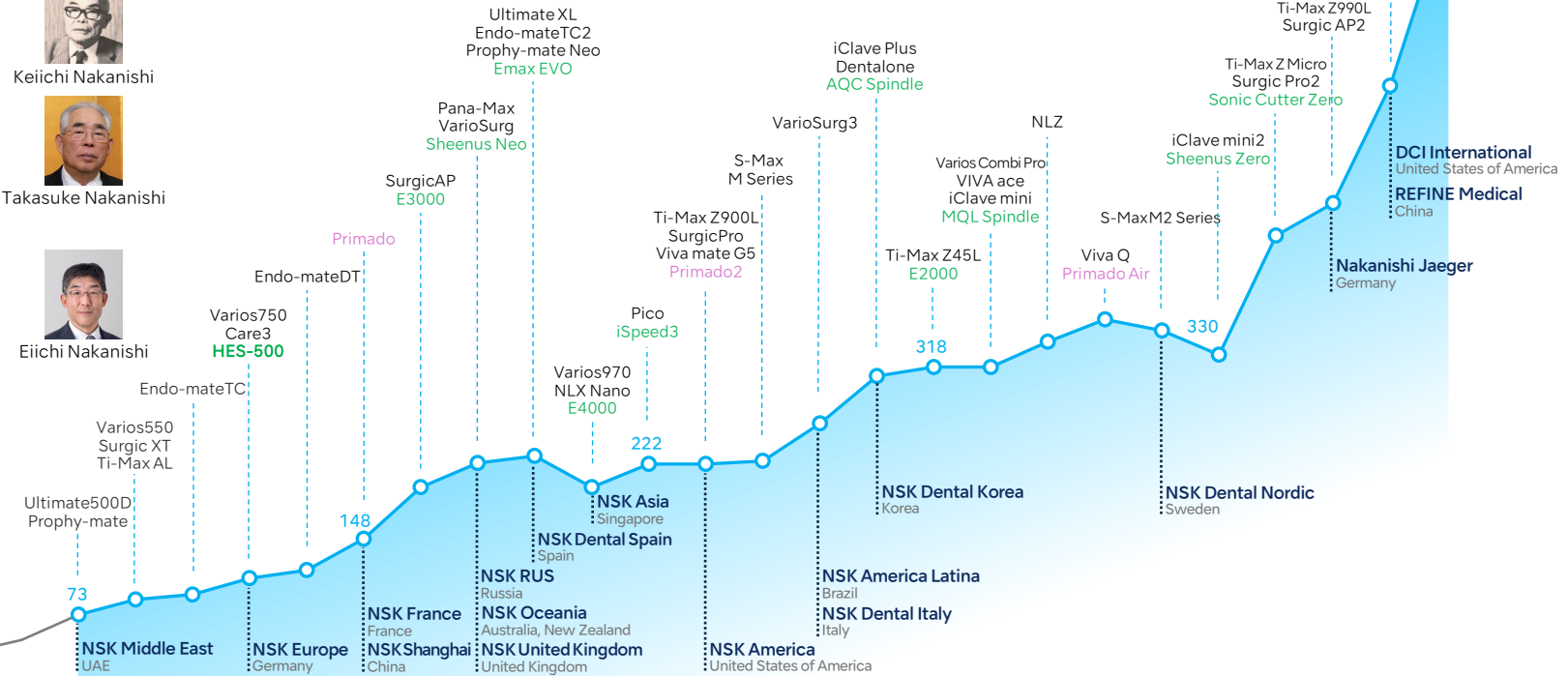
Cover 140 countries worldwide, from developed to emerging markets



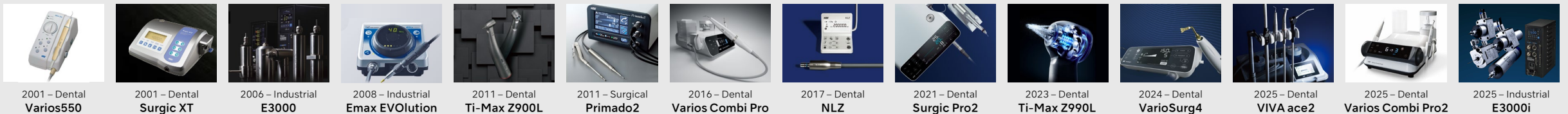
Business domains	Strengths			Main products			
	Development	Production	Sales				
<p>Dental Business</p> <p>Development, production and sales of wide range of dental equipment, which cover such as restorative dentistry, periodontics, oral surgery, etc.</p> <ul style="list-style-type: none"> ▶ Global No.1 market share in dental handpieces ▶ Expanding market share in developed countries such as Europe and North America 	<p>Own elemental technologies that determine product competitiveness</p> <p>Core technologies include ultra high-speed rotating, ultrasonic, and micromotor technologies</p> <p>Development and production processes are fully integrated in-house</p> <p>Business infrastructure is shared across Dental, Surgical, and Industrial</p> <p>Capable of high-mix, low-volume production</p>	<p>Advanced production technologies achieve micron-level precision</p> <p>High in-house production rate contributes to greater design flexibility, quality stability, and cost competitiveness</p>	<p>Built global distributor network with local subsidiaries and leading distributors worldwide</p> <p>Appointed leading distributors in key markets</p> <p>Expanding collaborations with medical device manufacturers</p> <p>Expanding collaborations with system integrators in addition to dealer networks</p>	 <p>Handpiece</p>	 <p>Implant motor</p>	 <p>Oral hygiene system</p>	 <p>Clinical micro motor</p>
<p>Surgical Business</p> <p>Development, production and sales of surgical bone grinding and cutting drills which can be used in areas of neurosurgery, spine surgery and orthopedic surgery</p> <ul style="list-style-type: none"> ▶ Highest sales growth rate in the niche drill market ▶ Recurring business model with high proportion of consumables 				 <p>Console unit</p>	 <p>Surgical motor</p>	 <p>Attachment</p>	 <p>Bur</p>
<p>Industrial Business</p> <p>Development, production and sales of spindles which can be used in precision and micro processes in wide range of manufacturing sectors such as automobile and semiconductors</p> <ul style="list-style-type: none"> ▶ Specialized in the small-diameter, high-speed spindles ▶ Expanding collaborations with machine tool and industrial robot manufacturers 				 <p>Motor spindle</p>	 <p>High-frequency spindle</p>	 <p>Electric hand grinder</p>	 <p>Ultrasonic polisher</p>
<p>DCI Business</p> <p>Development, production and sales of dental chairs and related equipment for the U.S. and Canadian markets</p> <ul style="list-style-type: none"> ▶ No.2 market share in the U.S., with DCI and the top competitor holding 70% share combined ▶ "Series 5" is a top-selling model in the U.S. 				<ul style="list-style-type: none"> ▶ Deploy an integrated business model of technology, production, and sales centered in the U.S. <ul style="list-style-type: none"> - Accumulated in-house technology and know-how in design and manufacturing - Robust customer base including dealers and DSOs. 			 <p>Dental chair</p>

Leveraging our "grinding technology," honed since our founding, create innovative new products across our Dental, Surgical, and Industrial business domains

- 1930 Keiichi Nakanishi established (founded) Nakanishi Manufacturing
- 1945 Relocated to Kanuma City to escape wartime devastation
- 1951 Reestablished Nakanishi Manufacturing after postwar recovery
- 1958 Launched sales of own-brand "NSK" products
- 1976 Takasuke Nakanishi appointed as President
- 1982 Entered the Industrial business
- 1996 Company name changed to NAKANISHI INC.
- 1997 Acquired ISO 9001 certification
- 1999 Acquired ISO 14001 certification
- 2000 **Eiichi Nakanishi appointed as President**
Registered stock with the Japan Securities Dealers Association
- 2005 Entered the Surgical business
- 2016 Established corporate values "Our Core"
- 2017 Completed construction of R&D center "RD1" in Headquarters
- 2018 Completed construction of parts factory "A1"
- 2020 Announced Mid Term Management Plan "NV2025"
- 2022 Completed construction of parts factory "A1+"
Acquired German spindle manufacturer "Jaeger"
- 2023 Acquired U.S. dental chair manufacturer "DCI"
Acquired Chinese medical device manufacturer "REFINE"
- 2025 Completed construction of assembly factory "M1"



1930 1935 1940 1945 1950 1955 1960 1965 1970 1975 1980 1985 1990 1995 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024



Vision

VISION 2030

NV2030

To be the leading excellent global medical device company



In the Global Dental and Surgical market
To create new products based on "innovative grinding technology" and to be the ONLY ONE medical device company who can contribute all people in the world to extend Health Expectancy

NAKANISHI's mission

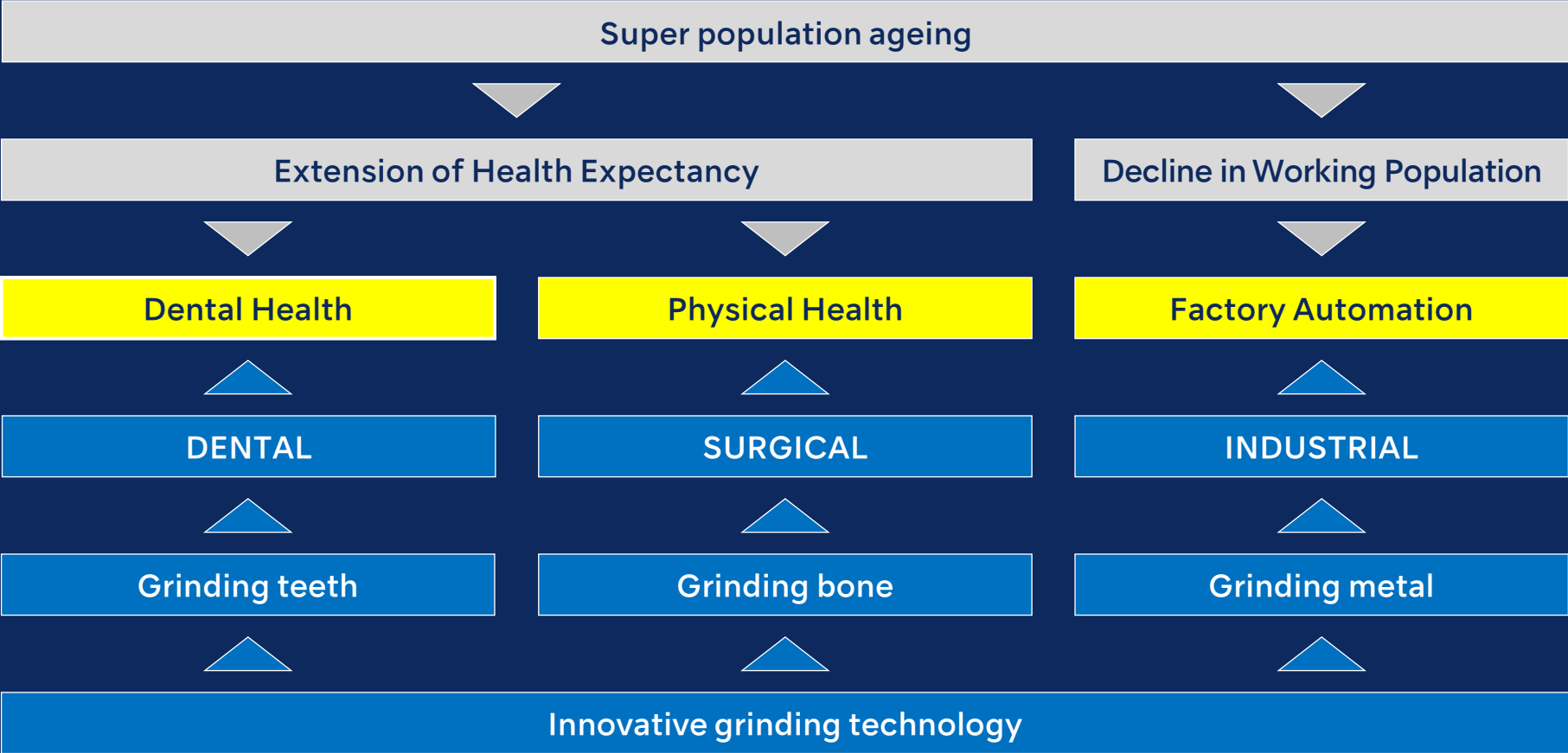
To create "brilliant progress" via innovative "grinding technology"

Keyword in business development

Super population ageing

Keyword in business development: Super population ageing

In response to social issues brought to light by super population aging around the world, NAKANISHI is working to deliver solutions through its "grinding technology"



Review of "NV2025+"

Due to inflation, medical device regulations (MDR), and design changes caused by component shortages, costs have increased, resulting in operating profit, operating margin, and ROE falling short of targets.

Announced on Feb. 20, 2020

Mid Term Management Plan **NV2025**

Announced on Aug. 9, 2022

Mid Term Management Plan Rolling Plan **NV2025+**

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Forecast	NV2025+ Targets
Consolidated net sales (including M&A)	33,055 (-)	44,857 (-)	48,671 (-)	55,335 (59,692)	55,789 (77,041)	- (80,655)	55,000 -
Consolidated operating profit (including M&A)	8,542 (-)	13,750 (-)	15,389 (-)	14,948 (14,251)	14,876 (14,596)	- (13,150)	16,500 -
Consolidated operating margin (including M&A)	25.8% (-)	30.7% (-)	31.6% (-)	27.0% (23.9%)	26.7% (18.9%)	- (16.3%)	30.0% -
Consolidated EBITDA (including M&A)	10,350 (-)	15,612 (-)	17,493 (-)	17,754 17,743	18,025 (20,460)	- (18,932)	- -
ROE (including M&A)	8.7% (-)	12.7% (-)	14.4% (-)	11.4% (22.4%)	10.1% (7.3%)	-	> 11.0%
Total payout ratio (including M&A)	40.3% (-)	43.5% (-)	51.5% (-)	63.1% (31.8%)	54.7% (74.5%)	-	> 50.0%
Cash & marketable securities to monthly sales ratio	16.0 months	13.5 months	11.1 months	7.9 months	8.2 months	-	< 12.0 months
Exchange rate JPY/\$	106.67	109.84	130.77	140.54	151.44	145.00	124.00
Exchange rate JPY/€	122.01	130.08	137.90	152.27	163.80	155.00	131.00

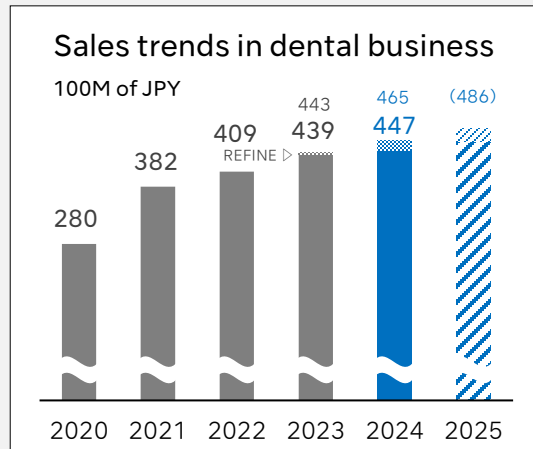
Surgical business maintained high profitability and strong growth
Dental and DCI businesses also grew steadily

Industrial business achieved record-high results in FY2023, but recent performance declined due to weakening demand

Dental business

Successfully captured post-COVID demand expansion, driving growth.

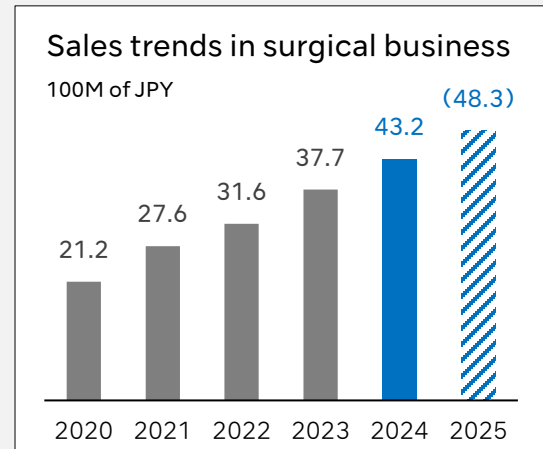
Gained competitive advantage over major competitors and expanded market share.



Surgical business

Achieved strong organic growth.

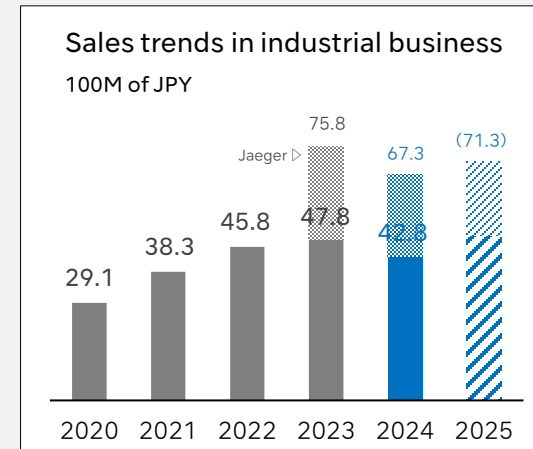
Profitability improved as sales of consumables increased.



Industrial business

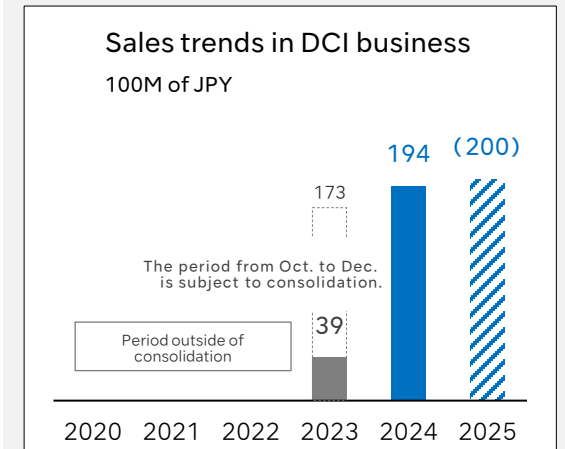
Aimed to pursue growth by leveraging acquisition as the business was cyclical and recurring in nature.

However, performance stagnated due to the deterioration of the competitive environment surrounding Jaeger.



DCI business

NV2025+ performance targets do not include the effects of M&As.



Basic policy and key initiatives of “NV2025+”

1. Strategic expansion in Dental global market

- To keep and expand market share No.1 in Dental rotating instruments through strengthening competitiveness
- To increase market share in Implant- and Preventative dentistry-related products with upgraded product line-up
- To expand branding in Sterilization and maintenance products under quick demand growing
- To expand business in the U.S. and China and boost market share in Europe.

- To prepare sufficient after-sales organization in global market
- To make growth in life-cycle business as parts and consumables

- To strengthen branding and sales organization

2. Growing new business for customer needs in super population ageing

- To expand product portfolio in Surgical business

- To utilize external management resources

3. Establish infrastructure for speedy product development and leading cost competitiveness

- To establish appropriate organization in product development and manufacturing
- To strengthen global RA function and prepare for Class 3 QMS
- To reform supply-chain management with implementing new ERP system

○ Expanded global market share of dental handpieces (25% ▶ 28%)

○ Launched new products in main areas: handpieces, implants, and oral surgery

X New sterilizer product was launched, but market share could not be expanded

○ Grew U.S. market share and reached No.2

X China sales slowed due to a weak market

○ Strengthened global after-sales operations

○ Sales of consumables increased through the growth of surgical business and Oral hygiene products

○ Strengthened sales capabilities through continued branding efforts and cross-selling with three acquired companies

△ New products for attachments and disposables were launched, but the expansion of the product portfolio was limited

○ Progressed technology development through industry-academia collaboration and tie-ups with local medical institutions

○ Completed strengthening of the business infrastructure (RD1, A1, A1+, M1)

△ Efforts to streamline RA function and establish a Class III management system are ongoing

○ A new ERP and PSI system was implemented at the headquarters

Strategic investments

- Secured strategic footholds through M&As: 1) U.S. dental market (DCI), 2) Global low-end market centered on preventive dentistry (REFINE), and 3) Broader product portfolio (Jaeger)

Capital policy

○ Introduced a total payout ratio of 50% as a shareholder return standard
Implemented stable dividend increases and flexible share buybacks

○ Initiated balance sheet reforms to evolve toward management focused on capital efficiency

New Mid Term Management Plan “NV2030” : Business Strategy

Business environment

Dental

- ▶ Demand is gradually expanding, driven by global aging and rising health consciousness
- ▶ Market is polarized: stable pricing in developed countries vs. intense price competition in emerging countries
- ▶ Expansion of private-brand products by DSOs and distributors

Surgical

- ▶ Expanding demand for devices supporting minimally invasive surgery, which reduces patient burden and improves QOL
- ▶ Growing demand for suppliers capable of providing high-quality power tools to medical device and surgical robot manufacturers

Industrial

- ▶ Main products of the Industrial business remain sensitive to economic fluctuations, with cyclical demand
- ▶ Continuous growth in demand for precision microfabrication is observed across multiple manufacturing fields

D C I

- ▶ New dental universities are being established in the U.S., leading to an increase in the number of dentists
- ▶ U.S. dental chair market is growing in line with the increasing dentist population
- ▶ Industry is becoming increasingly oligopolistic, with higher barriers to entry for both manufacturers (production) and dealers (sales)

Economic environment

Market trends

- ▶ Stable economic / regulatory environment
- ▶ Steady growth continues across individual markets
- ▶ Assumed exchange rates: USD 145 JPY/\$
EUR 155 JPY/€

Risk factors

- ▶ Sudden fluctuations in exchange rates
- ▶ Surge in raw material prices
- ▶ Sharp changes in U.S. tariff rates
- ▶ Revisions to medical device regulations in various countries
- ▶ Global economic recession, serious disasters or terrorist attacks

Execute a balanced business strategy of offense and defense

Offense: Further business expansion in Dental North America and Surgical

Defense: Addressing intensifying price competition in dental devices, particularly in emerging countries

Executing business strategy: Offence and defense

Offence

Further business expansion

- ▶ Launch competitive new products and expand the sales network in the Dental business
- ▶ Develop new products and strengthen the sales structure to achieve growth in the Surgical business
- ▶ Strengthen OEM and DSO business

Defense

Further cost reduction

- ▶ Pursue cost reductions through offshoring of development and production functions via REFINE
- ▶ Enhancing company-wide productivity by leveraging AI and promoting DX

Strengthening the business foundation to support growth

Development & production

- ▶ Optimize development functions on a global basis
- ▶ Strengthen global procurement functions
- ▶ Improve productivity at mother factories "A1" and "M1"

Financial strategy

- ▶ Balance sheet reforms: Raise equity ratio to 70%
- ▶ Strategic investment (M&A): Plan 20-60 B JPY
- ▶ Shareholder return policy: Raise total payout ratio to 70%

Mid-term Plan 2025-2030

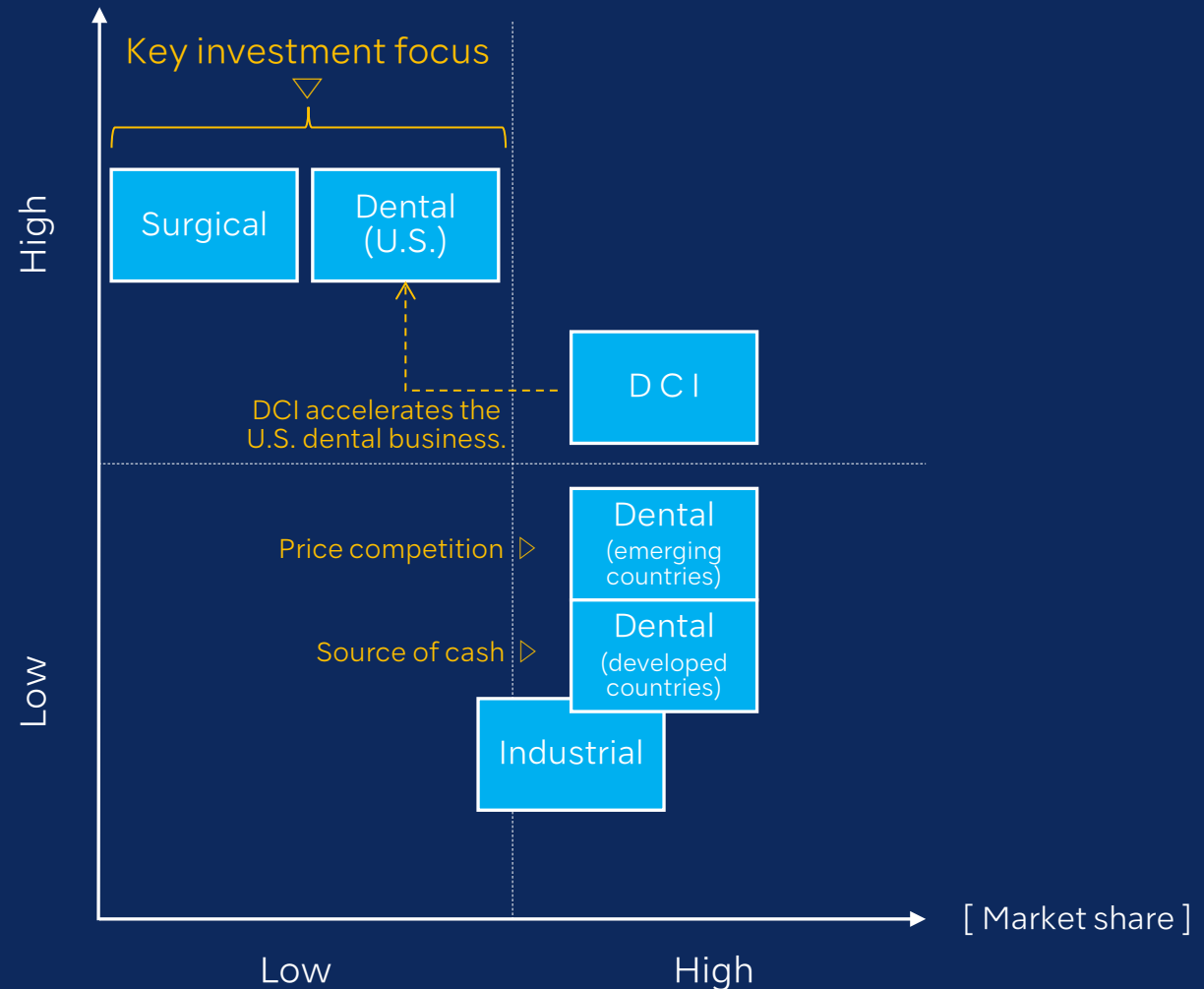
NV2030

To be the leading excellent global medical device company

The dental handpiece industry, our main business, is becoming increasingly polarized. While developed markets continue to offer high profitability, Chinese companies are gaining strength in emerging markets, triggering full-scale price competition.

Under this Mid Term Plan, we aim to: 1) Expand the dental handpiece business to benefit from economies of scale and enhance the sustainability of our high-profit business model; and in parallel, 2) Begin shifting resources to the Surgical business, with a view to making it a main business in the next 10-20 years.

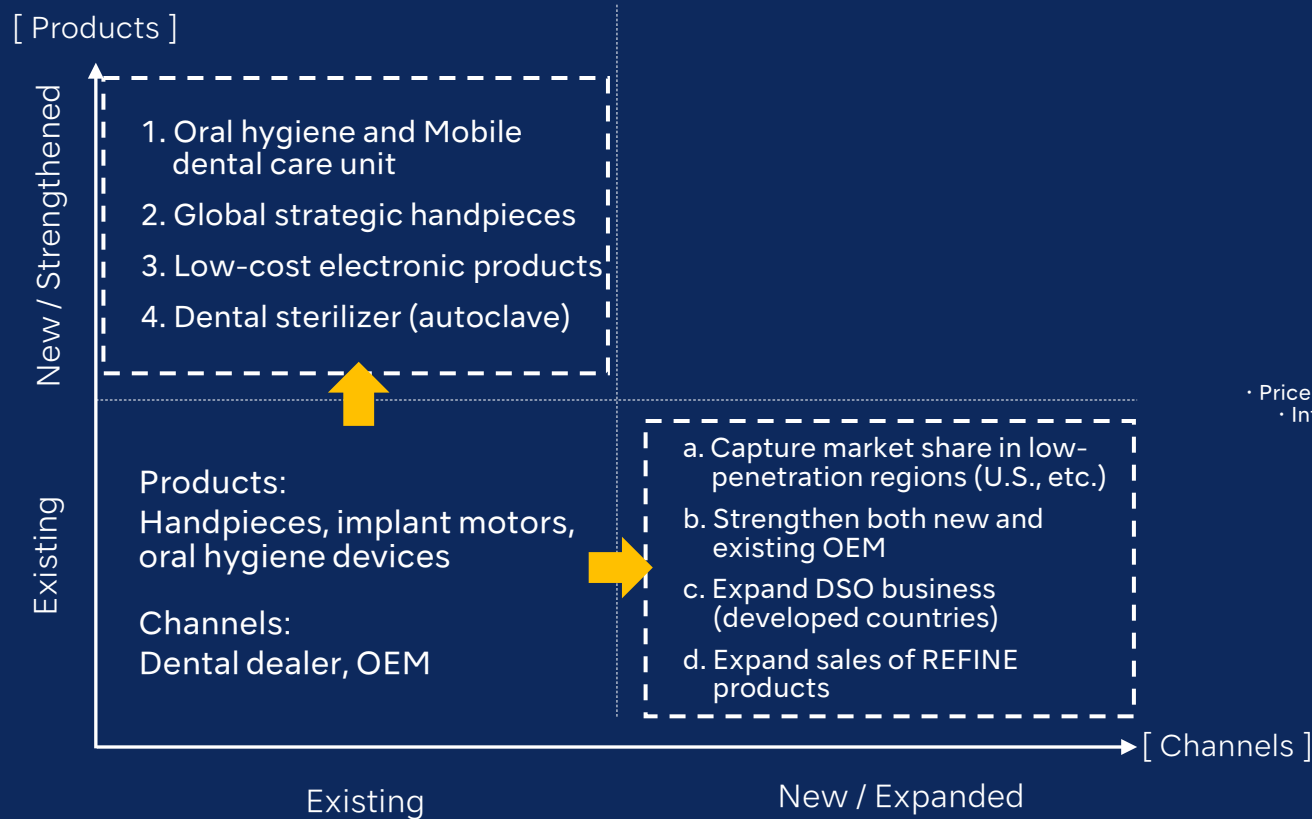
[Business growth rate]



Dental Business

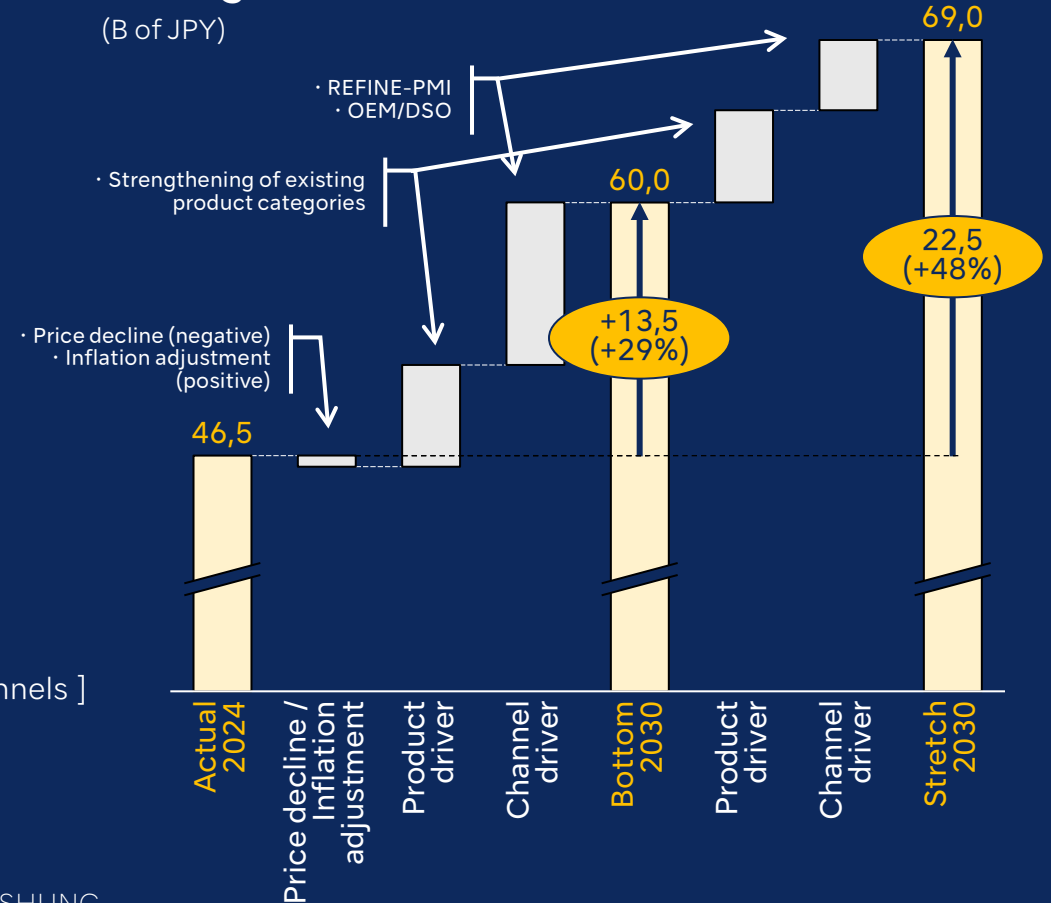
In developed markets, where prices are relatively stable, aim to expand our OEM and DSO businesses to increase market share

In emerging markets, compete with Chinese manufacturers by leveraging cost competitiveness from our China factory and REFINE



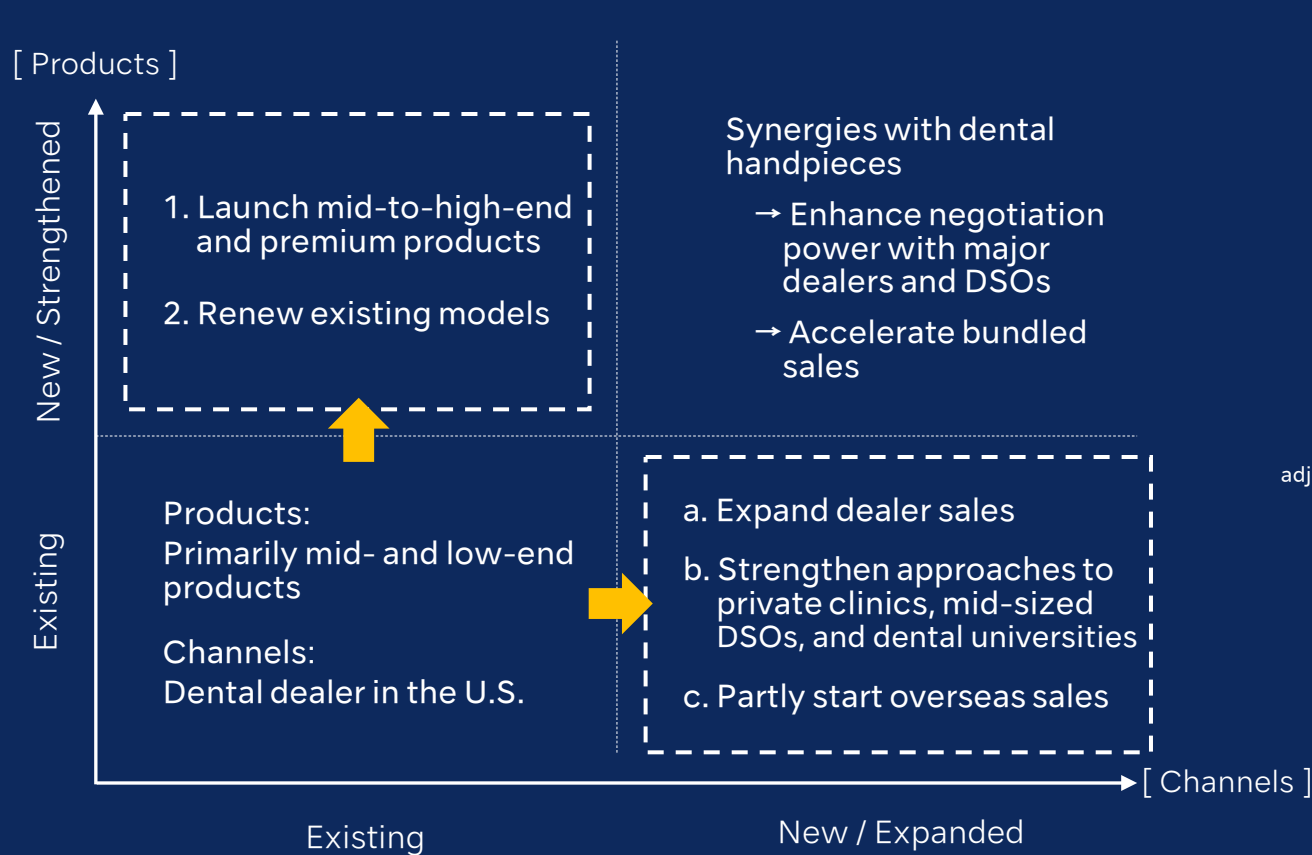
Sales growth

(B of JPY)



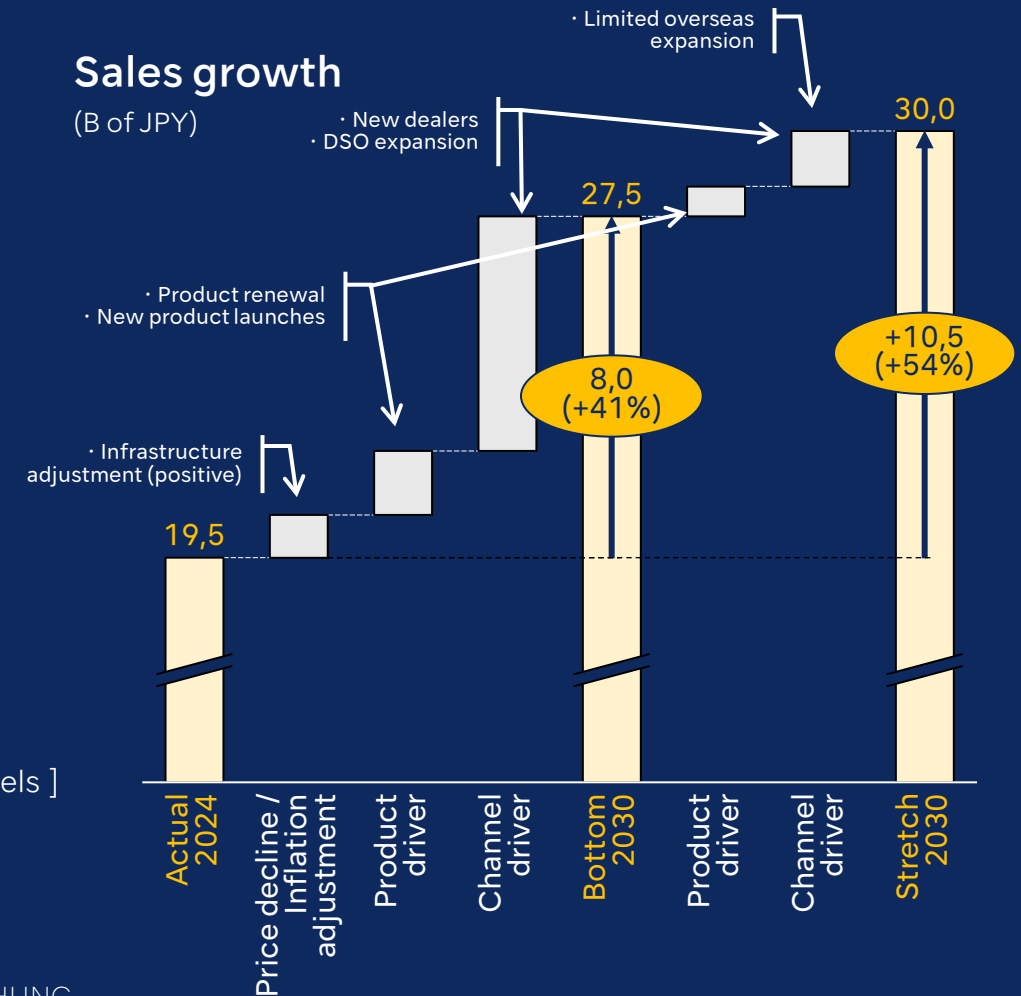
DCI Business

Aim to increase market share by launching competitive new products as expanding distribution channels
 Accelerate the bundling of NSK products with DCI products to maximize sales synergy



Sales growth

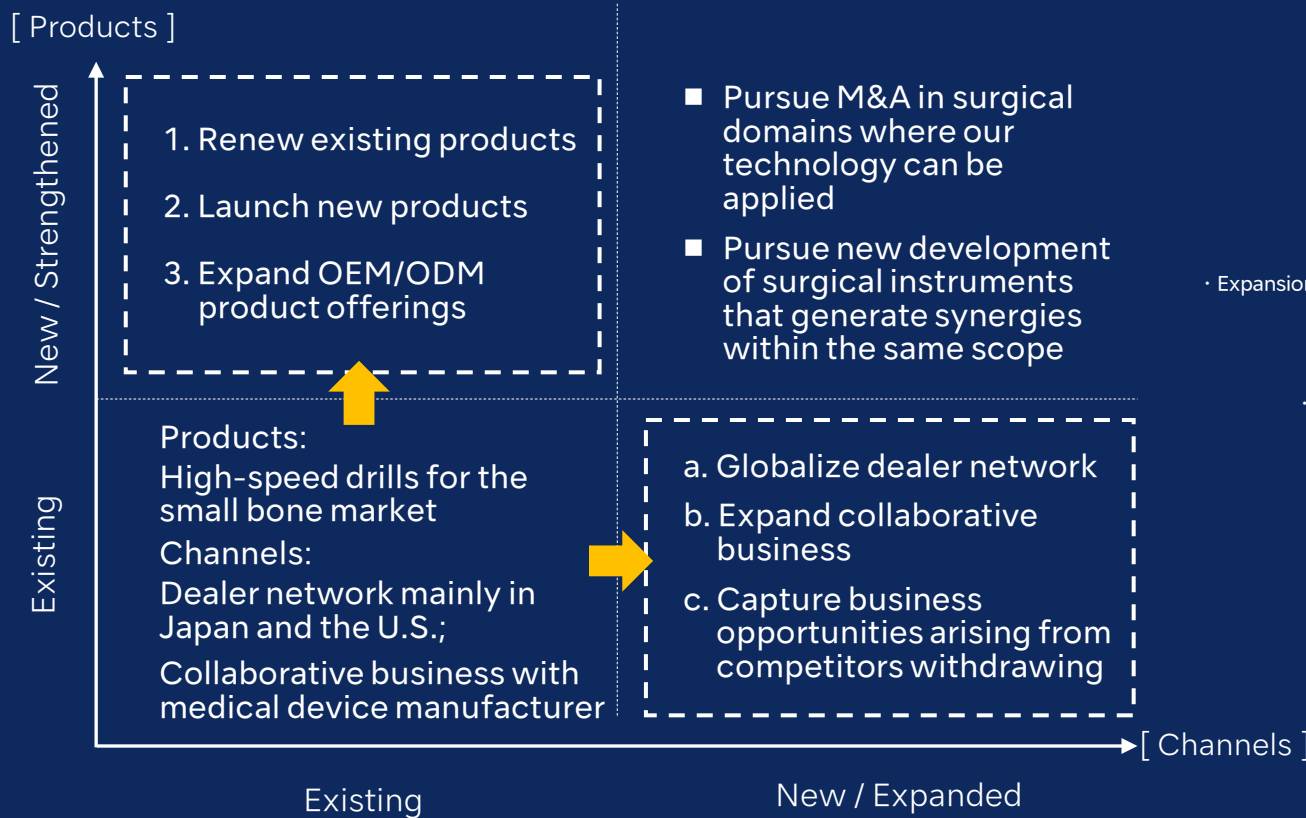
(B of JPY)



Surgical Business

To accelerate organic growth, allocate development and production resources intensively to the high-profit Surgical business

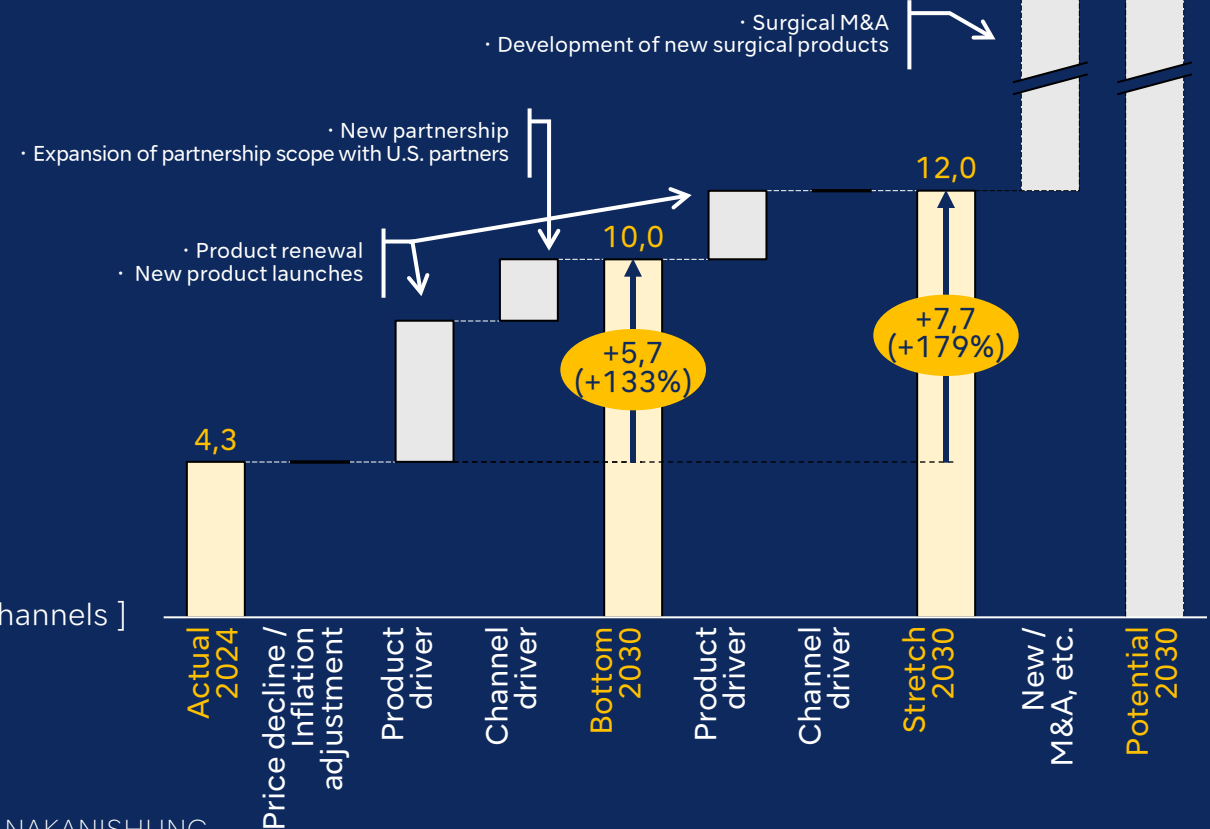
M&A remains a viable option in executing our growth strategy



Sales growth

(B of JPY)

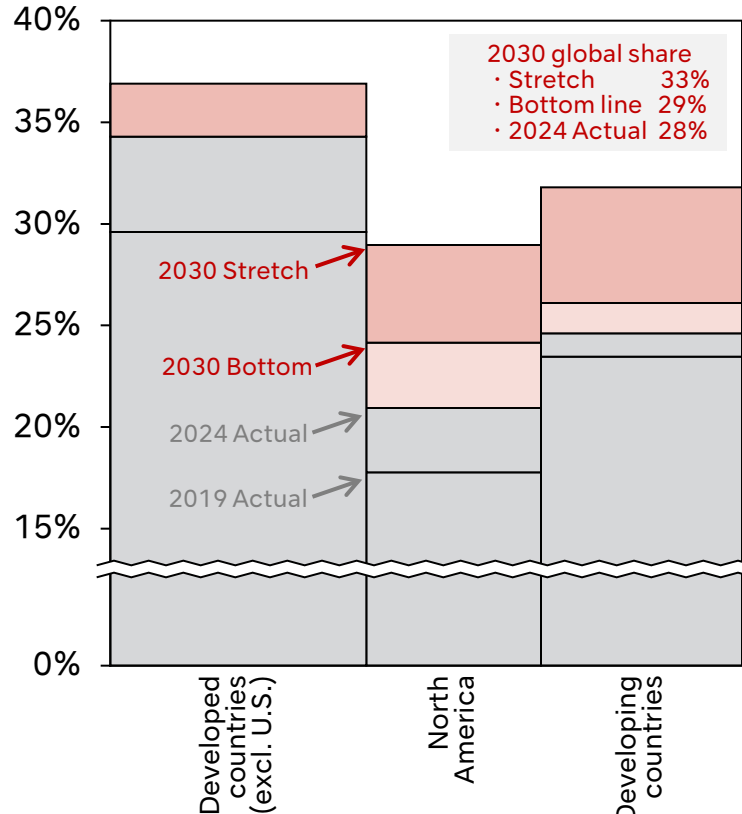
Note: Not included in NV2030



Aim to expand our market share by 2030 to: 29–33% in Dental, 8–10% in Surgical, and 30–36% in DCI
In addition, in Surgical, expand our addressable market through product development and M&A, laying the foundation for further growth

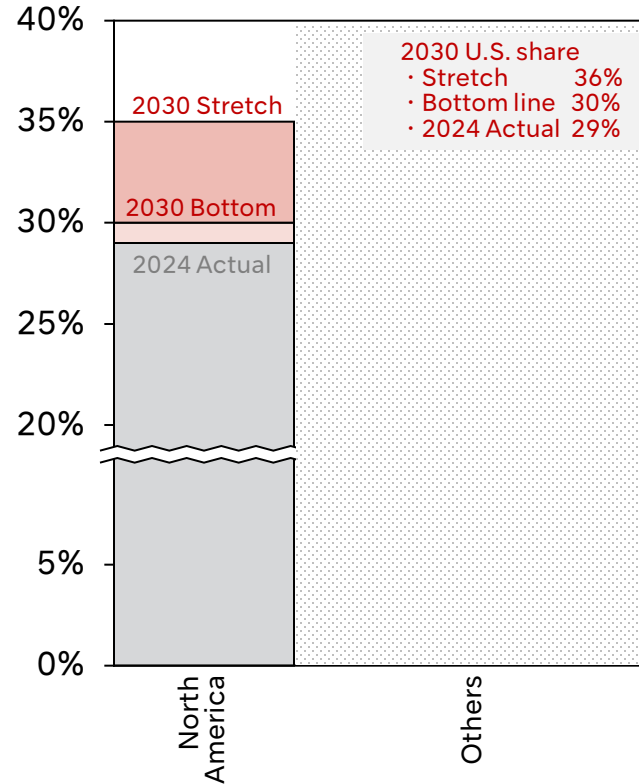
[Dental handpieces]

- ▶ Global market size: 170 B JPY/year (2024, value basis)
- ▶ Market CAGR: 2-3% (2024-2030)



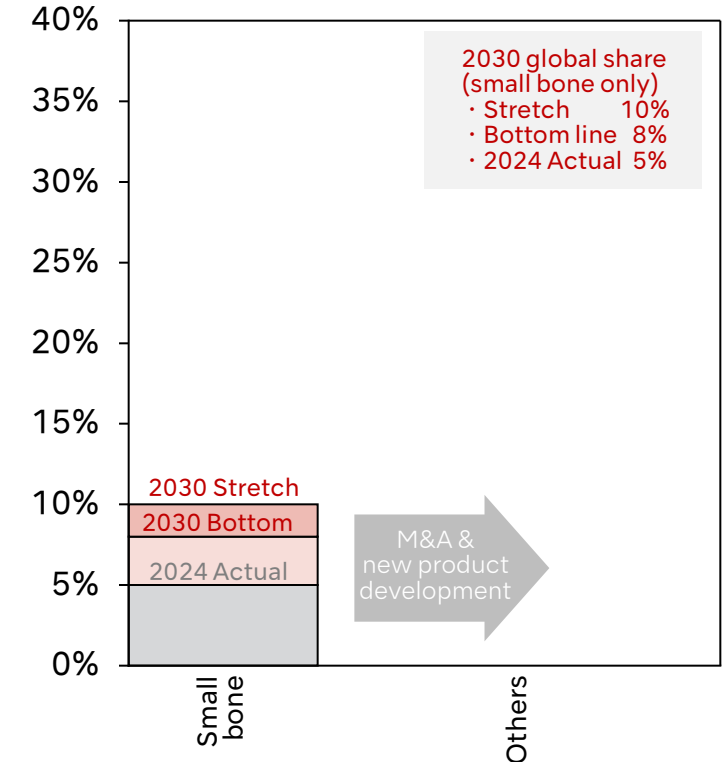
[Dental chairs]

- ▶ U.S. market size: 30,000 units/year (2024, unit basis)
- ▶ Market CAGR: Approx. 4-5% (2024-2030)



[Surgical power tools]

- ▶ Global market size: 260 B JPY/year (2023, value basis)
- ▶ Market CAGR: 3-4% (2023-2030)

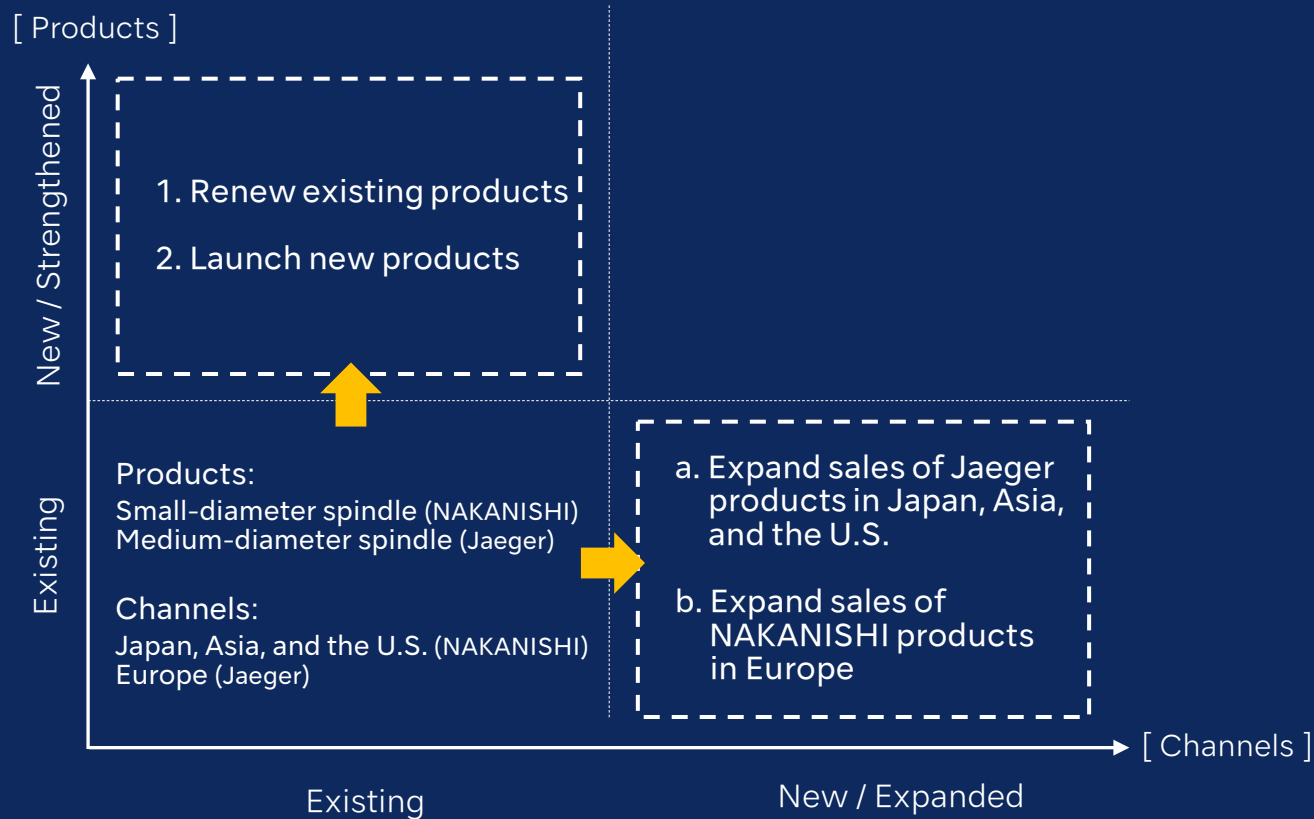


* Market size, share, and CAGR figures are based on our estimates. Market size (value) is calculated based on dealer-level pricing.

Industrial Business

Promoting the enhancement of product capabilities for ultra-high-speed, precision spindles focused on the micro-precision machining field

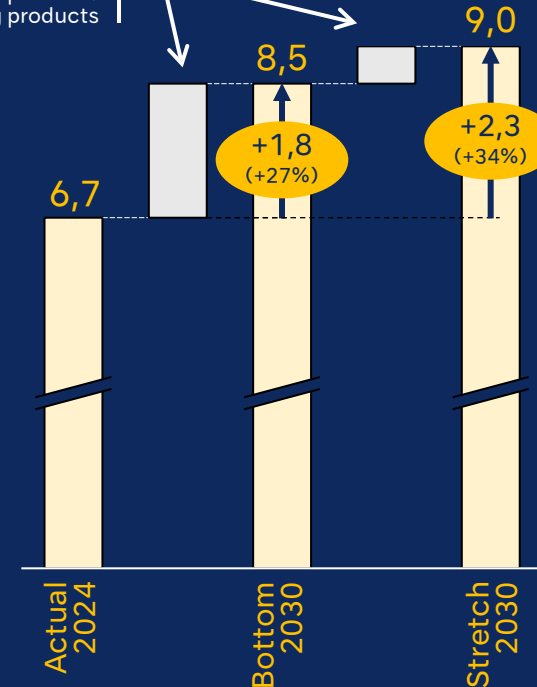
In addition, focus is placed on Jaeger's PMI and cross-selling to drive business expansion



Sales growth

(B of JPY)

- Cross-selling with Jaeger
- Launch new products
- Renewal of existing products



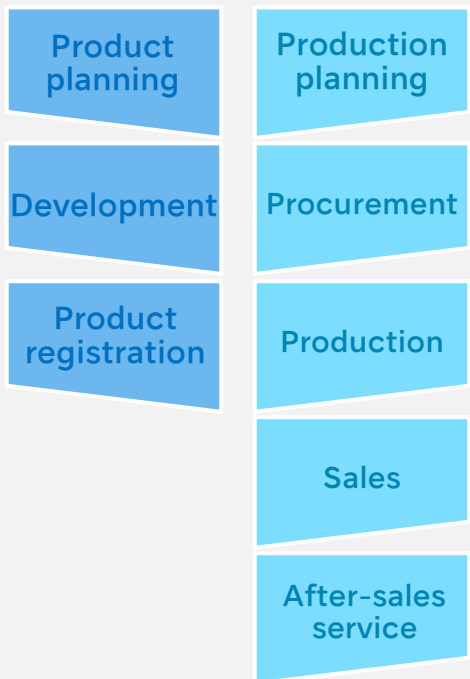
Strengthen the global value chain, including DCI, REFINE, and Jaeger

Engineering chain

Aim to accelerate development by establishing a group-wide product planning function and promoting horizontal division of labor in development and product registration.

Pursue cost reduction from a development perspective, such as by reducing the number of components while maintaining high functionality and quality.

NAKANISHI's value chain



Supply chain

Work to optimize as group the independently developed supply chains of Nakanishi, DCI, REFINE, and Jaeger, while promoting DX and implementing AI to improve productivity.

To achieve business growth, particularly in North America and the surgical segment, we aim to further expand our global sales network.



R&D Center RD1 in Headquarters



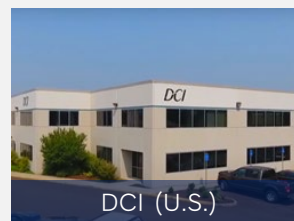
Parts plant A1



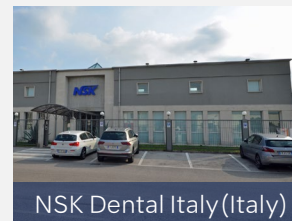
Assembly plant M1



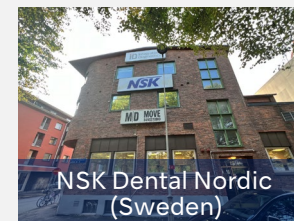
REFINE (China)



DCI (U.S.)



NSK Dental Italy (Italy)



NSK Dental Nordic (Sweden)



Nakanishi Jaeger (Germany)

▶ Development, manufacture, and sales of rotary cutting instruments in the Dental, Surgical, and Industrial businesses

▶ Development, production, and sales of ultrasonic scalers and endodontic treatment devices

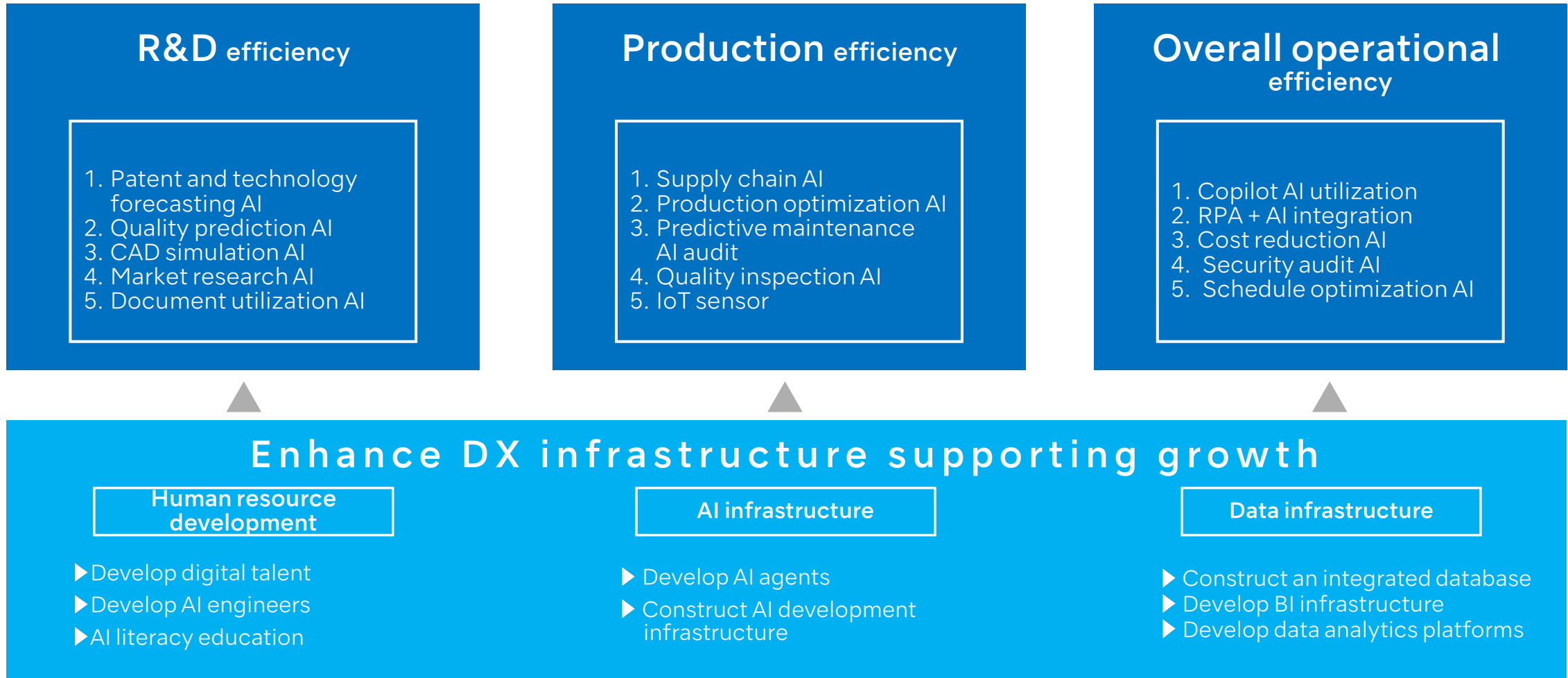
▶ Development, manufacture, and sales of dental chairs and related parts

▶ Development, manufacture, and sales of dental autoclaves etc.

▶ Development of implant stability measuring devices

▶ Development, manufacture, and sales of high-frequency spindles for industrial use

Our DX and AI strategy is the key to controlling both direct and indirect costs, aiming at large scale productivity improvement in medium-term



New Mid Term Management Plan “NV2030” : M&A Strategy

DCI

Acquisition completed in Aug. 2023

REFINE

Acquisition completed in Nov. 2023

Jaeger

Acquisition completed in Dec. 2022

Acquisition price & payment method

① Acquired 33% ownership:
Oct. 2020

Cash 25.0 M\$ (2.5 B JPY)

② Acquired 16% ownership:
Dec. 2021

Cash 12.1 M\$ (1.4 B JPY)

③ Acquired 51% ownership:
Aug. 2023

Cash 98.9 M\$ (14.4 B JPY)

Treasury shares 24.9 M\$
(3.6 B JPY)

Cash 152 M CNY
(3.1 B JPY)

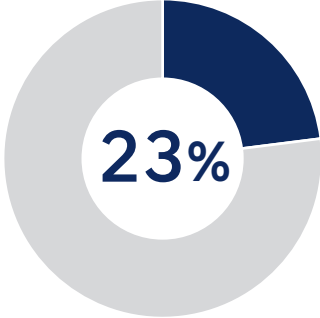
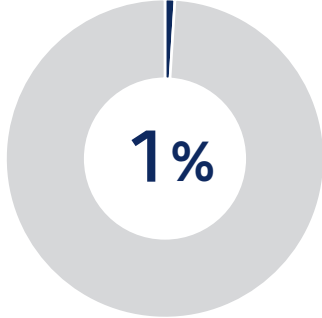
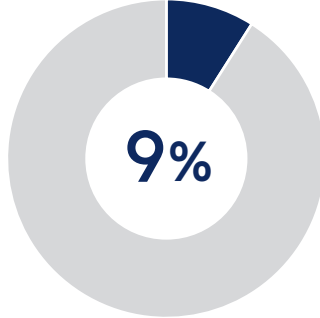
Cash 27.4 M€
(3.9 B JPY)

EBITDA multiple

① + ② + ③ = 8 - 9 x

15 - 16 x

9 - 10 x

	DCI Acquisition completed in Aug. 2023	REFINE Acquisition completed in Nov. 2023	Jaeger Acquisition completed in Dec. 2022
Total investment amount	Approx. 22.2 B JPY	Approx. 3.1 B JPY	Approx. 3.9 B JPY
EBITDA contribution	Approx. 2.6 B JPY/year (FY2024)	Approx. 0.0 B JPY/year (FY2024)	Approx. 0.1 B JPY/year (FY2024)
Recovery progress	 <p style="text-align: center;">23%</p> <p style="text-align: center;">✓ Over one year since full acquisition (as of end-2024)</p>	 <p style="text-align: center;">1%</p> <p style="text-align: center;">✓ Over one year since full acquisition (as of end-2024)</p>	 <p style="text-align: center;">9%</p> <p style="text-align: center;">✓ Two years since full acquisition (as of end-2024)</p>
Business trends	<p>Demand for dental chairs in the U.S. shows weakening trend</p> <p>Market share remains within a stable range</p>	<p>Severe demand decline in the Chinese market</p> <p>Strengthening sales outside of China</p>	<p>The competitive environment surrounding core products has deteriorated</p> <p>Reinforcing the functions of R&D, manufacturing, and sales</p>

No intention of becoming a conglomerate

Focusing points are "expansion of surgical business" and "strengthen of core technologies"

1. Acquisitions of core technologies and peripheral fields for the growth of existing businesses
2. Acquisitions aimed at complementing resources and competing against competitors
3. Acquisitions of new fields that can capitalize on Nakanishi's advanced production technology

Strengthen
core technologies ?

Grinding technology

1. Ultra high-speed rotating technology
2. Micromotor technology
3. Ultrasonic technology

Expand
business ?

Product lineup

1. Dental equipment
2. Surgical equipment
3. Industrial spindle

Enhance
distribution capabilities ?

Distribution network

1. Distribution area
2. Distribution channel
3. Market presence

New Mid Term Management Plan “NV2030” : Enhancement of Corporate Value

NV2030 Performance Targets

Assuming a 15% U.S. tariff on imports from Japan and China, if the tariff on Chinese imports rises to around 50%, the margin of the DCI business is expected to decline by 5–10%

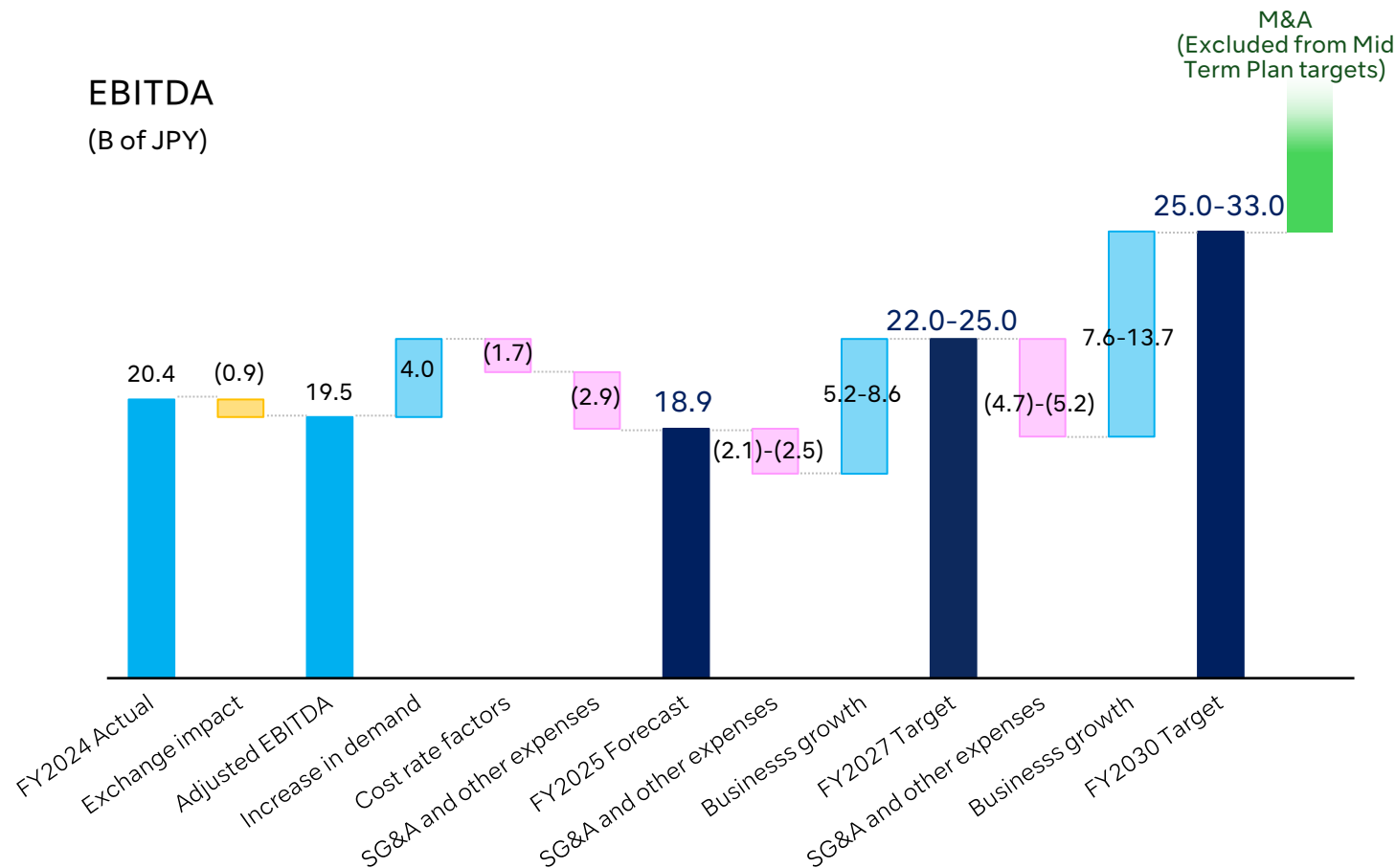
		FY2024 Actual	FY2025 Forecast	vs 2024	FY2027 Target	vs 2024	FY2030 Target	vs 2027
Dental business	Net sales	46.5 B JPY	48.6 B JPY	+4.6%	53.0-56.0 B JPY	Net sales CAGR 2024-2027 Around 5%	60.0-69.0 B JPY	Net sales CAGR 2027-2030 5-6%
	EBITDA	19.3 B JPY	18.9 B JPY		20.0-22.5 B JPY		21.0-28.0 B JPY	
	Margin	41.6%	38.8%		38-41%		34-40%	
Surgical business	Net sales	4.3 B JPY	4.8 B JPY	+12.0%	6.3-6.8 B JPY	Net sales CAGR 2024-2027 Around 15%	10.0-12.0 B JPY	Net sales CAGR 2027-2030 15-20%
	EBITDA	2.3 B JPY	2.3 B JPY		3.5-3.8 B JPY		5.0-6.5 B JPY	
	Margin	55.1%	49.3%		Over 50%		Over 50%	
Industrial business	Net sales	6.7 B JPY	7.1 B JPY	+5.8%	7.5-8.0 B JPY	Net sales CAGR 2024-2027 Around 4%	8.5-9.0 B JPY	Net sales CAGR 2027-2030 Around 4%
	EBITDA	1.4 B JPY	1.3 B JPY		1.3-1.5 B JPY		1.7-2.0 B JPY	
	Margin	21.3%	18.3%		18-20%		20-22%	
DCI business	Net sales	19.4 B JPY	20.0 B JPY	+3.0%	22.5-23.5 B JPY	Net sales CAGR 2024-2027 5-6%	27.5-30.0 B JPY	Net sales CAGR 2027-2030 6-8%
	EBITDA	2.4 B JPY	1.7 B JPY		2.8-3.0 B JPY		4.0-4.5 B JPY	
	Margin	12.6%	8.8%		12-13%		Over 15%	
Company- wide total	Net sales	77.0 B JPY	80.6 B JPY	+4.7%	88.0-95.0 B JPY	Net sales CAGR 2024-2027 5-7%	100.0-120.0 B JPY	Net sales CAGR 2027-2030 6-9%
	EBITDA	20.4 B JPY	18.9 B JPY		22.0-25.0 B JPY		25.0-33.0 B JPY	
	(Of which, corporate shared costs)	(-5.1 B JPY)	(-5.4 B JPY)		(-6.3- -6.5 B JPY)		(-7.0- -7.5 B JPY)	
	Margin	26.6%	23.5%		24-27%		23-28%	

In the first half of the plan period, investments and expenses for future growth will precede earnings. Profitability is expected to peak between 2028 and 2030

NV2025+

NV2030

EBITDA
(B of JPY)



FY2024 Actual

EBITDA reached the 20.0 B JPY level, driven by solid performance in the Dental, Surgical, and DCI businesses, along with the positive impact of acquisitions and a weaker JPY.

FY2025 Forecast

Selling, general and administrative (SG&A) expenses, including personnel and sales costs, are planned to increase in line with enhanced sales efforts for further growth in the Surgical and DCI businesses. A shift toward a stronger JPY in the assumed exchange rate also contributed to the issuance of downward earnings guidance.

FY2027 Target

EBITDA will return to a moderate growth trajectory, overcoming temporary cost increases from growth investments in growth drivers such as the Surgical and North American businesses. SG&A expenses are expected to converge to a CAGR of approx. 4-5%.

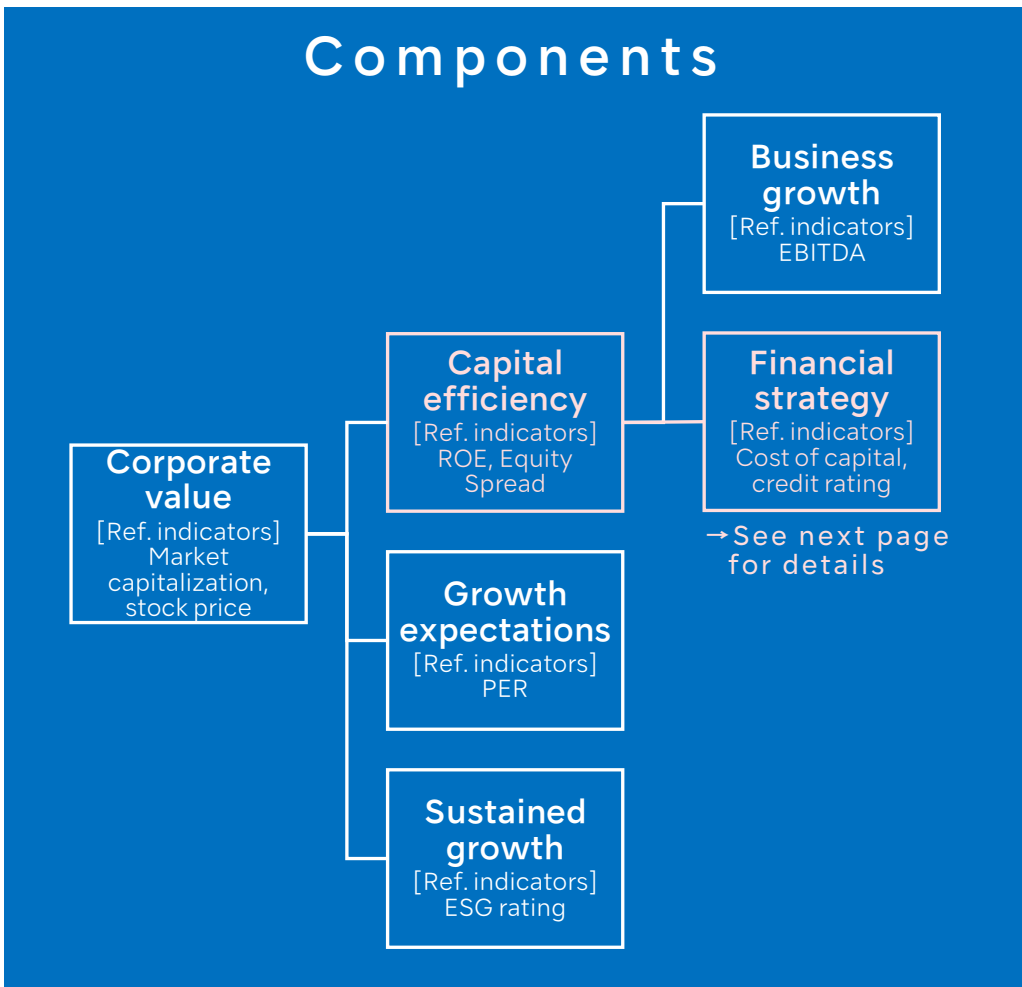
This phase will mark the beginning of visible scale advantages and improved cost control driven by expansion of the high-profit Surgical and North American businesses.

FY2030 Plan

The harvest phase of growth investments begins, with EBITDA entering a phase of sustained growth. Steady growth in the highly profitable Surgical business will not only drive overall performance but also contribute to the formation of a more robust business portfolio.

Toward enhancing corporate value

Emphasize balancing our growth strategy with financial strategy
 Strengthen the framework supporting our growth scenarios and enhance communication

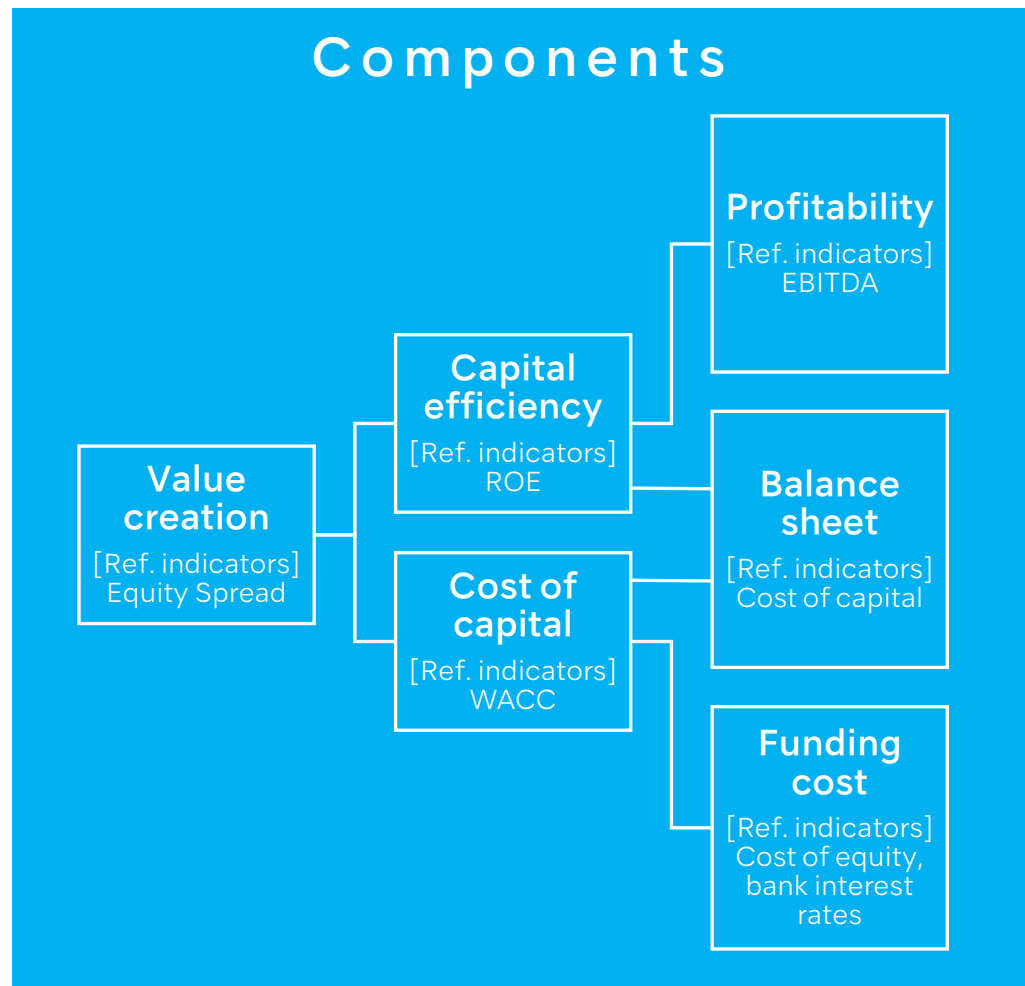


Dual Growth Engines	<ul style="list-style-type: none"> ▶ Further expansion of main dental business and a shift to surgical business ▶ Operating leverage aligned with growth potential ▶ Strategic investments in the Surgical business (M&A, partnership, etc.)
Balance sheet	<ul style="list-style-type: none"> ▶ Balance between leverage and financial soundness with awareness of cost of capital ▶ Progressive dividend policy and increase in total payout ratio to 70% (from previous 50%) ▶ Optimization of inventory levels to improve CCC and strengthen global cash management
Engagement	<ul style="list-style-type: none"> ▶ Strengthening of communication on business outlook and growth scenarios ▶ Clarification of synergies with acquired companies and effective PMI execution ▶ Ongoing dialogue with stakeholders and incorporation of their feedback
Foundation for growth	<ul style="list-style-type: none"> ▶ Enhancement of contribution to value creation through human capital via DX strategy ▶ Strengthening of group governance, including acquired companies ▶ Evaluation of company performance based on MSCI ESG ratings

Outline of financial strategy

Target ROE is set at 12%, which serve as a key indicator

Aim to enhance equity spread by controlling cost of capital and improving ROE



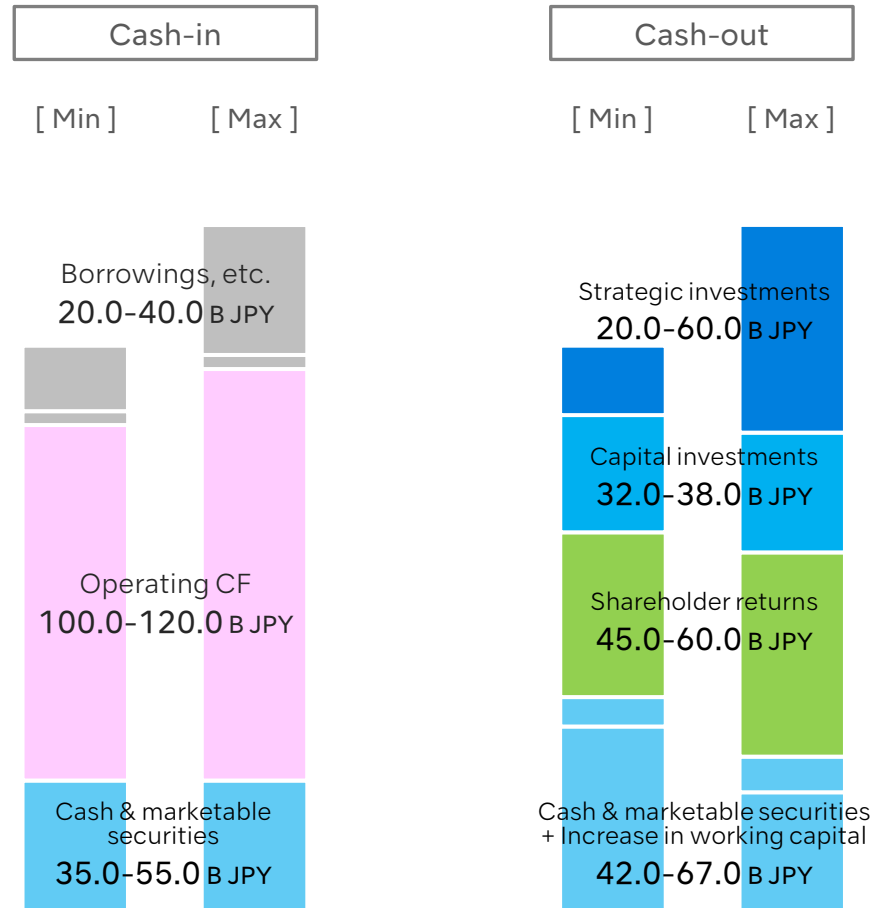
- ▷ EBITDA margin of 25% or higher
- ▷ Expansion of high-profit Surgical to lift overall group margin
- ▷ For Dental, where price declines are expected, pursuit of economies of scale and operating leverage
- ▷ Setting of a financial discipline target: Consolidated SG&A ratio below 35%

- ▷ Achievement of an equity ratio of 70% and financial leverage of 1.4x over the medium term
 - ▶ Progressive dividend policy and increase in total payout ratio to 70% (from previous 50%)
 - ▶ Optimization of inventory levels to improve CCC and strengthen global cash management

- ▷ Regular review of cost of capital (risk-free rate, stock market trends, etc.)
- ▷ Maintenance of bank credit rating through a balance of financial leverage and soundness
- ▷ Improvement of liquidity by joining TOPIX (liquidity premium reduction)

By maintaining our ability to generate operating cash flows, expect cash inflows to grow in proportion to business scale

Control the liquidity ratio by shortening CCC. Allocate cash outflows in a balanced manner between business investments and shareholder returns



Investments in businesses to achieve sustained growth	Strategic investments	Explore and implement strategic investments for strengthening our core businesses (M&As) to ensure sustained growth
	Capital investments	Implement capital investments for establishing and maintaining a robust business foundation to continue winning in global competition
Enhancement of shareholder returns	Dividends	Seek to ensure a steady and continuous increase of dividends as an essential shareholder return measure
	Total payout	Increase a total payout ratio to 70% as a shareholder return indicator by flexibly implementing treasury stock acquisitions and other measures
Achievement of resilience to both risk and capital efficiency	Capital efficiency	Seek to achieve ROE of 12% through appropriate balance sheet management
	Cash & marketable securities	While maintaining our resilience to changes in the business environment, shorten the benchmark cash & marketable securities to monthly sales ratio to 8 months

Expansion of shareholder returns

Continue to adopt the total payout ratio (treasury stock acquisition + dividends) as the standard for shareholder returns
While applying the "progressive dividend policy," raise our target to a total payout ratio of 70%

Transition of shareholder return



		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2027	2030
		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Target	Target
Annual dividends per share	(JPY)	8.00	16.67	15.00	20.00	26.00	31.00	30.00	30.00	37.00	46.00	50.00	52.00	54.00	58-70	65-80
Dividend payout ratio	(%)	14.9	21.0	21.0	32.7	30.7	35.4	36.6	40.3	31.7	31.6	37.0	37.6	-	-	-
Total payout ratio	(%)	22.4	35.1	36.8	32.7	30.7	35.4	36.6	40.3	43.5	51.5	63.1	54.7	-	70%	70%+

*1 Calculated based on adjusted profit, excluding the special gain associated with the acquisition of DCI
*2 Calculated based on adjusted profit, after deducting the profit decrease, etc. due to the impairment of Jaeger

Through the continuous creation of innovative products and services that leverage our “grinding technology” in the Dental, Surgical, and Industrial business fields, aim to maximize business value while providing solutions to social issues

Materiality

① Resolve social issues through providing innovative products

Release innovative products and enhance market penetration

② Provide peace of mind and safety to medical workers

Thorough pursuit of quality, provide lectures for medical workers and ensure information provision/disclosure

③ Create workplaces where diverse human resources can grow

Diversity and inclusion, educational investment in employees, provide motivation to work

④ Promote a responsible supply chain

Respect of human rights, observation of compliance and corporate ethics

⑤ Response to climate change and contribution to a recycling-oriented society

Reduce environmental impact throughout the entire product lifecycle

Key initiatives

Provide solutions to social issues such as the extension of health expectancy and factory automation through the delivery of high-quality, appropriately priced products and services

- Enhance both the quality and quantity of seminar activities in the Dental business
- Strengthen participation in academic conferences and hands-on exhibits in the Surgical business
- Launch “ASK,” an institute for developing skilled workers who support production sites, aiming to accelerate and standardize skill acquisition through off-the-job training
- Establish the Business Partner CSR Guidelines and request ESG compliance from business partners. Ensure effectiveness through audits of major business partners
- Achieve carbon neutrality for Scope 1 and Scope 2 emissions under the GHG Protocol at Headquarters RD1, A1, A1+, and M1

Third-party evaluation

MSCI
ESG RATINGS



CCC B BB BBB **A** AA AAA

2020	2021	2022	2023	2024
B	BB	BBB	A	A

2024 CONSTITUENT MSCI日本株
女性活躍指数 (WIN)



2025
健康経営優良法人
KENKO Investment for Health
大規模法人部門

Pursue clarification of management responsibilities and acceleration of business execution by delegating authority to Corporate Vice Presidents with expertise and experience

		Corporate management	Global experience	Production / Manufacturing /	Research and Development	Sales / Marketing	Finance / Accounting	Legal / Compliance	ESG / Sustainability
Directors	Eiichi Nakanishi	Representative Director, President & Group CEO	●	●	●	●	●		●
	Kensuke Nakanishi	Representative Director, Executive Vice President & COO	●	●	●	●	●		
	Masataka Suzuki	Director, Executive Vice President	●	●		●	●	●	●
	Yuji Nonagase	Outside Director	●		●	●	●		●
	Yukiko Araki	Outside Director	●	●		●		●	●
	Chika Shiomi	Outside Director	●	●	●		●		
Corporate Auditors	Jin Harita	Corporate Auditor (Full-time)		●			●	●	
	Yuji Sawada	Outside Corporate Auditor	●				●	●	
	Yoshihiro Maki	Outside Corporate Auditor	●		●	●		●	●
Corporate Vice Presidents	Daisuke Suzuki	Group CFO, Finance, Accounting, Corporate Communication, Information system	●	●		●	●	●	●
	Koichi Ariga	General Affair, Human Resource, Legal		●		●		●	●
	Akio Tanaka	Overseas Dental Business Management, SCM		●		●			
	Tsukasa Naganuma	Research and Development		●	●	●			
	Koji Miyamoto	Domestic Dental Business Management				●			
	Masaaki Kikuchi	Quality and Regulatory Affairs			●			●	

Board of Directors

Ratio of Independent Outside Directors:
50.0%

Ratio of female Directors:
33.3%

Skills matrix

Define the required expertise and experience of members based on the Company's corporate philosophy and management strategy

Appoint individuals who not only meet the skill requirements but also possess excellent character and high ethical standards

Well-balanced board composition in terms of knowledge, experience, and capabilities, while also ensuring diversity in gender etc.

NSK