

Briefing Material

for 3rd quarter ended Sep. 30, 2025

Nov. 6, 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.

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I am Suzuki, Corporate Vice President & Group CFO.
Thank you for joining the conference call.
Without further ado, I would like to start with the briefing.

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, the U.S. dental chair manufacturer, acquired in 2023, as an independent segment.
Development, production and sales of dental chairs and related equipment for the North American market.



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



Bur

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 and precision parts industries.



Controller & Spindle



Controller & Spindle



Electric hand grinder



Ultrasonic cutter

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Net sales were in line with the plan. Surgical segment maintained a high growth rate, Dental and DCI segments remained solid, and Industrial segment returned to revenue growth, resulting in a consolidated net sales increase of +3.8% YoY.

The impact of U.S. tariff policies became evident in Q3. Although the profitability of DCI segment has declined, it remains within expectations. EBITDA decreased YoY, but it exceeded the plan.

Although there are some positive signs, such as reductions in U.S. tariffs on China, the outlook for U.S. demand remains uncertain. The full-year forecast announced on May 12 remains unchanged.

Let me begin with the performance highlights. There are three key points.

The first point is the top line. Although demand was relatively weak in fiscal year 2024, it has been recovering more strongly than initially expected as the current period has progressed.

Our surgical business, which is a key investment area, has also shown a high growth rate. Sales for the three-month period in Q3 increased by 37%. We are seeing an acceleration in top line growth.

In summary, the first key point is that demand trends across our business segments are improving.

The second key point is the impact of U.S. tariff policies, which has started to appear in our profit and loss statement.

Thanks to the strong performance across our business segments, this has not led to a significant overall decline. However, in the DCI business, which is particularly affected by the tariff policies, profits in Q3 saw a substantial decrease. Given that these tariff policies are expected to continue, they pose a major challenge for the DCI business going forward.

The third key point is that we have maintained our financial forecast. While our performance through Q3 has been strong and has exceeded our initial forecasts, we concluded that it is unlikely that it will significantly exceed the current forecast. This is because Q4 has a relatively high performance target, and we must also consider the continued impact of tariff policies and signs of weakening demand in the U.S. market.

Based on these three points, I will now explain our consolidated financial results.

M of JPY

	FY2025Q3 Actual	FY2024Q3 Actual	Ratio	Forecast (As of May 12)	Ratio
Net sales	58,752	56,621	+3.8%	58,311	+0.8%
Gross Profit	33,541	32,924	+1.9%	32,103	+4.5%
Ratio to net sales	57.1%	58.1%	—	55.1%	—
EBITDA *	14,786	15,597	-5.2%	12,983	+13.9%
Margin	25.2%	27.5%	—	22.3%	—
Operating Profit	10,540	11,392	-7.5%	8,646	+21.9%
Ratio to net sales	17.9%	20.1%	—	14.8%	—
Ordinary Profit	10,934	12,280	-11.0%	9,240	+18.3%
Ratio to net sales	18.6%	21.7%	—	15.8%	—
Profit attributable to owners of parent	6,181	8,079	-23.5%	5,048	+22.4%
Ratio to net sales	10.5%	14.3%	—	8.7%	—
E P S (JPY)	73.85	95.42	—	—	—
* EBITDA = Operating profit + Depreciation + Amortization					
Currency rate - Against the US dollar (JPY)	148.82	150.61	-1.79	145.00	+3.82
- Against the EURO (JPY)	165.51	163.86	+1.65	155.00	+10.51

• Forex impact: Net sales -404M of JPY (vs FY2024Q3 Actual), +1,649M of JPY (vs FY2025 Forecast)

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Let me begin with the key points from the consolidated income statement.

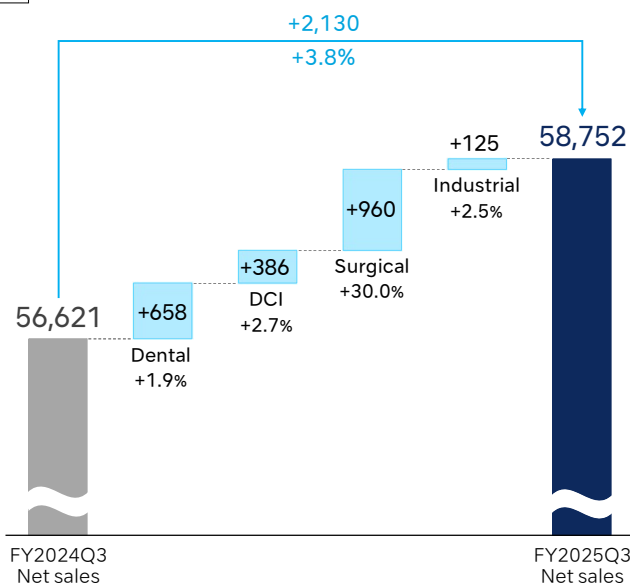
Sales is in line with our financial forecast, while EBITDA has exceeded expectations by approximately 13.9%. Selling, general and administrative expenses have progressed as planned, so this upside is attributable to gross profit.

We had projected a gross profit margin of 55.1%, but the actual result came in at 57.1%, about two percentage points higher.

The factors contributing to this upside include: (1) unrealized gains not factored into the forecast, and (2) a weaker yen compared to our assumed exchange rate, particularly against the euro.

Additionally, as a secondary factor, the improved sales mix driven by significant sales growth in our surgical business, which has the highest profit margin, also contributed to the higher gross margin.

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Next, I will explain the sales status by business segment.

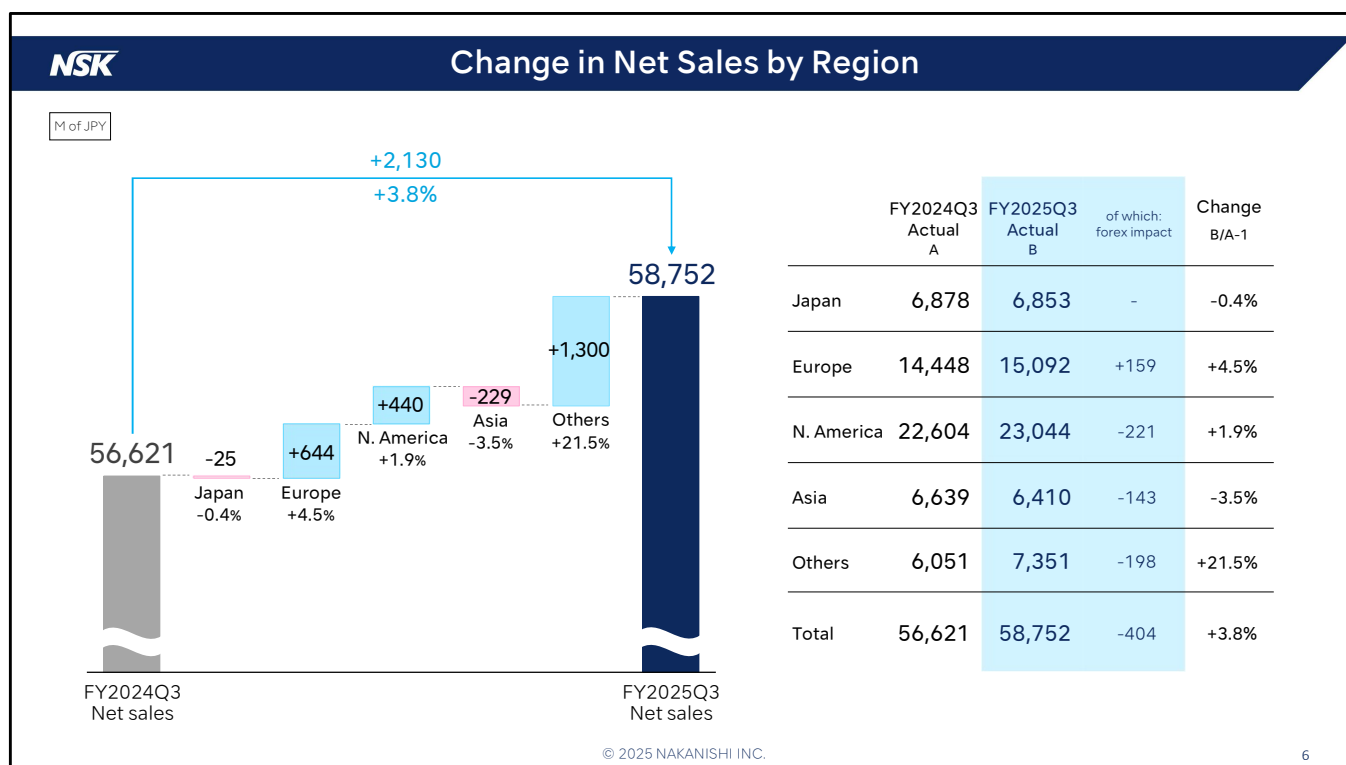
During the cumulative period of Q3, all segments (Dental, DCI, Surgical, and Industrial) achieved year-on-year sales growth.

In particular, the surgical business recorded strong growth, with an increase of 960 million yen, +30%, compared to the same period last year. For the three-month period of Q3 alone, sales grew by +36.7% year-on-year, indicating an acceleration in growth.

This growth does not include any gains from competitors exiting the market; it is purely the result of expansion in our existing business.

The sales channel expansion efforts we have pursued since the beginning of the fiscal year are bearing fruit, especially in the U.S. and European markets.

We expect the business to continue growing in the coming fiscal year as we further establish and strengthen our sales channels.



Next, I will explain the sales trends by region.

The largest increase in sales was seen in “Others” market, which includes South America, the Middle East, Oceania, and Russia. Among these, South America and Russia showed particularly strong growth. We expect this positive trend to continue toward the end of the fiscal year.

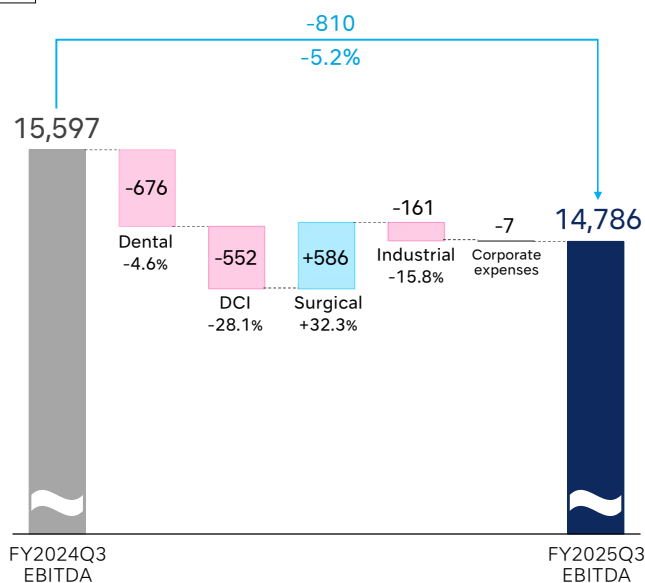
Let me also touch on the strong performance in Europe. While overall market conditions in Europe are not particularly favorable, we have seen steady sales growth across various European countries during the current period. A key driver of this growth is our new preventive dentistry product, Varios Combi Pro2, which was unveiled at IDS 2025 in March. Since its launch in multiple European countries, it has been performing well and contributing to sales growth.

In the U.S. market, performance was mixed. While the surgical business performed well, the dental segment struggled to gain momentum. For our own brand sales in the U.S., sell-out had remained solid and market share had continued to grow. Based on this, we had expected a recovery in sell-in during Q3. However, the actual rebound in sales was limited compared to our expectations.

The domestic market, where we are reorganizing our distribution network, also showed sluggish performance. Sales were slow due to ongoing inventory adjustments in preparation for the transition starting in October. From October 1, we began sales under the new distribution framework. So far, we have not yet seen a sharp rebound in demand that had previously been suppressed. However, we are focusing our sales efforts to ensure the new distribution system operates smoothly.

In China, our key market in Asia, structural challenges and stagnant demand continue, and unfortunately, we have yet to see any signs of improvement. Meanwhile, in South Korea, we are currently in a transition period as a major OEM customer switches to a new product. This has led to temporary purchasing restraint. However, we expect demand to recover once the new product is fully adopted.

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	FY2024Q3 Actual A	FY2025Q3 Actual B	Change B/A-1
Dental	14,569	13,892	-4.6%
DCI	1,968	1,416	-28.1%
Surgical	1,816	2,403	+32.3%
Industrial	1,020	859	-15.8%
Corporate expenses	-3,778	-3,785	-
Total	15,597	14,786	-5.2%

Forex impact -63 M of JPY (-0.4%)

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Now, let me explain the EBITDA performance by business segment.

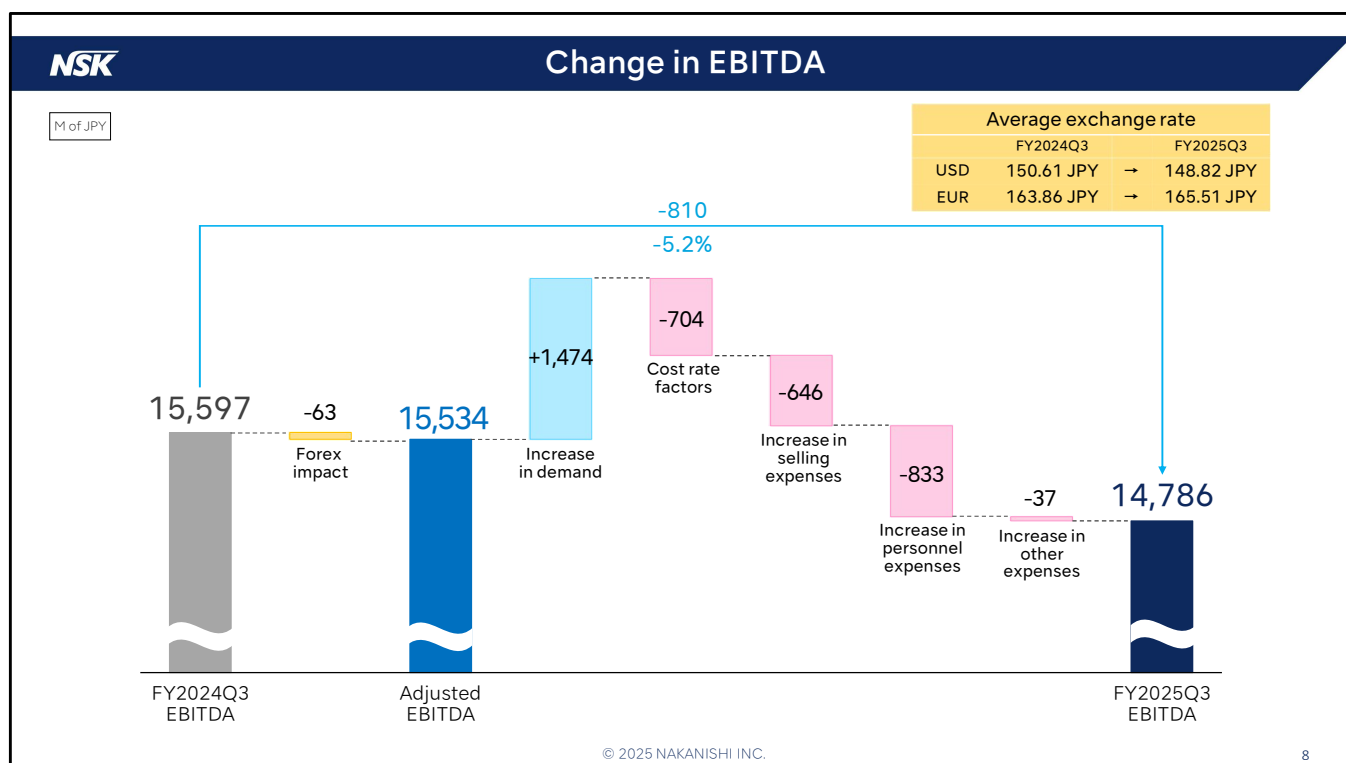
In the dental business, although sales increased, EBITDA declined. This was primarily due to a deterioration in the sales mix: sales in high-margin markets such as Japan and the U.S. were weak, while sales in emerging markets like South America and Russia, where margins are lower, grew.

Changes in the product mix also contributed to the decline in profitability. In Europe, sales increased, driven by the new product Varios Combi Pro2. However, since this product is an electronic unit, its cost of sales is higher compared to items like dental handpieces, resulting in a lower profit margin. That said, once it's installed, there is a characteristic that high-margin consumables such as powders are sold subsequently.

In the DCI business, the impact of U.S. government tariff policies has become evident. Tariffs have eroded gross profit. While our strategic initiatives are progressing well and the overall business remains sound, the profit decline caused by tariffs has become apparent.

The surgical business has shown solid profit growth in line with its strong top line performance.

In the industrial business, recovery has progressed since Q3, but profits remain lower compared to the same period last year. While Nakanishi's industrial business is steadily recovering, the restructuring of Jäger is still underway and continues to weigh on profitability.



Next, I will explain the changes in EBITDA.

A key point in Q3 is that the supply-demand balance has improved, and we have entered a phase where factory operating rates are being increased and inventory is being built up in line with business growth.

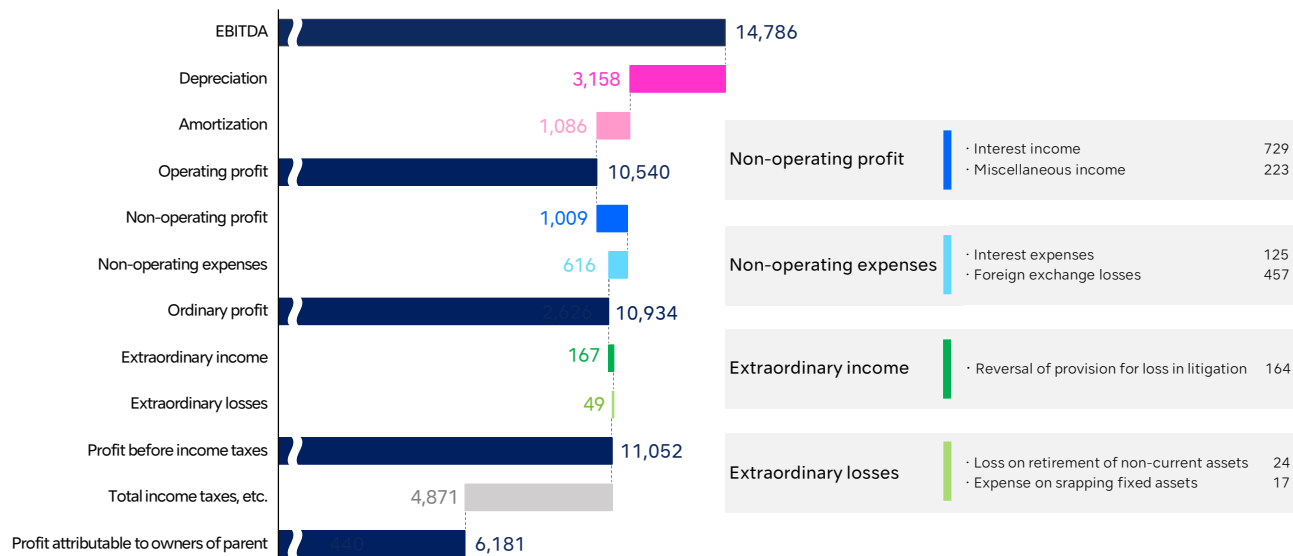
Looking at the cumulative results for Q3 compared to the same period last year, in the previous year, a negative adjustment for work-in-process inventory had reduced the cost of sales, improving the gross margin. However, that cost-reducing effect has disappeared this year, resulting in a deterioration of the cost ratio. The impact from the work-in-process adjustment amounted to approximately 1 billion yen.

On the other hand, unrealized gains contributed positively, boosting profits by around 400 million yen.

The increase in selling expenses occurred mainly in Q1 and Q2, while Q3 expenses were roughly in line with the same period last year.

Personnel expenses increased by approximately 300 million yen in Q3, primarily due to new hires at Nakanishi Japan and in the surgical business at NSK America.

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	As of Sep. 30, 2025	As of Dec. 31, 2024	Change	Notes	
Total assets	162,466	158,299	+4,166	· Buildings and structures	+1,945
- Cash and deposits	53,460	46,051	+7,408	· Tools, furniture and fixtures	+327
- Inventories	25,317	25,024	+293	· Merchandise and finished goods	+293
- Goodwill	19,085	21,389	-2,304	· Work in process	-161
				· Raw materials and supplies	+161
Liabilities	42,902	37,100	+5,801	· Accounts payable – trade	+769
- Loans payable	26,507	18,728	+7,778	· Short –term borrowings	-8,250
				· Current portion of long-term borrowings	+5,991
				· Long-term borrowings	+10,037
Net assets	119,564	121,199	-1,635	· Foreign currency translation adjustment	-836
- Retained earnings	118,625	116,593	+2,032		
	FY2025Q3 Actual	FY2024Q3 Actual	Change	Notes	
Capital investments	3,930	3,296	+633	· M1 factory	2,004
Depreciation expenses	3,158	3,032	+126	· Subsidiary office renovation	183

Consolidated Financial Forecast for FY2025

No changes from the revised forecast as of May 12, 2025

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 in FY2024 actual.

Revision to Financial Forecast on May 12, 2025 (Tariff Impact Not Incorporated)

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

No Revision to Financial Forecast on August 8, 2025 (Tariff Impact Incorporated)

The estimated impact of tariffs for the current fiscal year was approximately 1-1.5 billion yen. The impact was offset by outperformance in the first half, price pass-through, and cost reductions etc. As a result, the full-year financial forecast announced on May 12 remained unchanged.

While current business performance remains strong and is at a level sufficient to offset the impact of U.S. tariffs, we recognize increasing uncertainty in the external environment. Therefore, we have decided to maintain our full-year financial forecast.

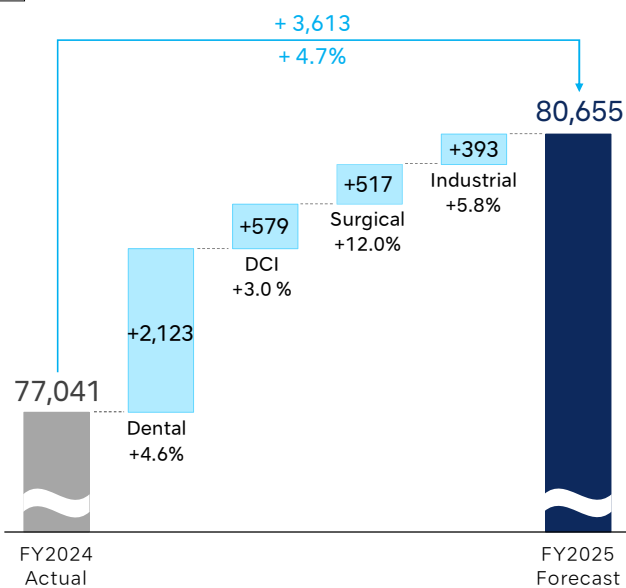
We expect the impact of U.S. tariffs to land roughly in line with our initial assumptions, with an estimated profit decline of approximately 1 to 1.5 billion yen across NSK America (Dental, Surgical, and Industrial) and DCI.

This is all for my briefing. Thank you very much for your attention.

M of JPY

		FY2025 Forecast (As of May 12)	FY2024 Actual	Change Amount Ratio	
Net sales		80,655	77,041	+3,613	+4.7%
Gross profit		44,784	44,418	+366	+0.8%
	Ratio to net sales	55.5%	57.7%	-2.1pt	-
E B I T D A *		18,932	20,460	-1,527	-7.5%
	Margin	23.5%	26.6%	-3.1pt	-
Operating profit		13,150	14,596	-1,445	-9.9%
	Ratio to net sales	16.3%	18.9%	-2.6pt	-
Ordinary profit		13,840	17,283	-3,442	-19.9%
	Ratio to net sales	17.2%	22.4%	-5.3pt	-
Profit attributable to owners of parent		8,372	8,577	-205	-2.4%
	Ratio to net sales	10.4%	11.1%	-0.8pt	-
E P S	(JPY)	99.14	101.37	-	-
Capital investments		5,768	5,335	+433	-
Depreciation expenses		4,365	4,208	+157	-
Currency rate				Forex sensitivity	
- Against the US dollar	(JPY)	145.00	151.44	242 M of JPY (Annual net sales)	
- Against the EURO	(JPY)	155.00	163.80	98 M of JPY (Annual net sales)	

M of JPY



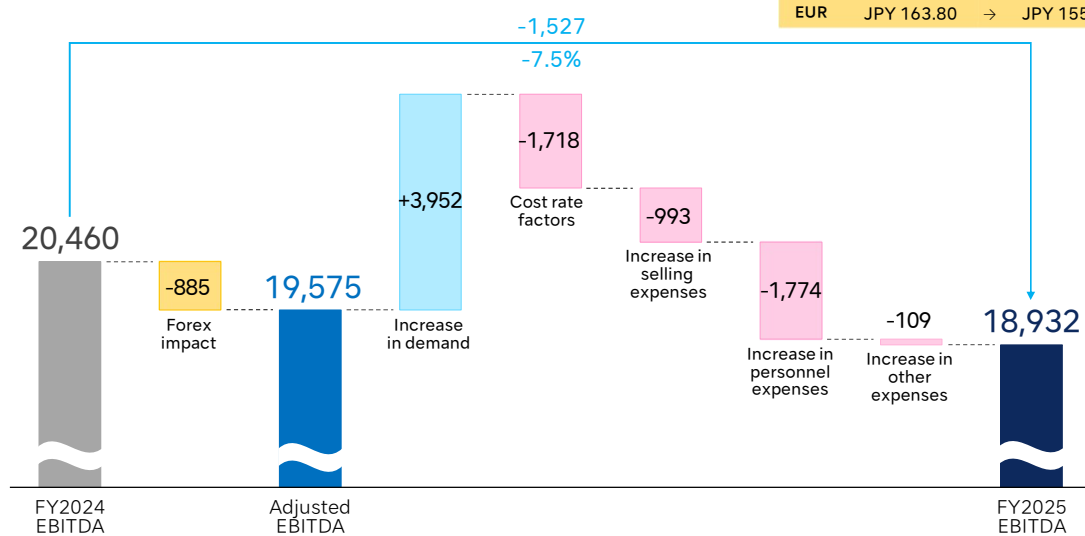
	FY2024 Actual	FY2025 Forecast	Change
Dental	46,527	48,650	+4.6%
DCI	19,454	20,034	+3.0%
Surgical	4,321	4,839	+12.0%
Industrial	6,738	7,131	+5.8%
Total	77,041	80,655	+4.7%

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

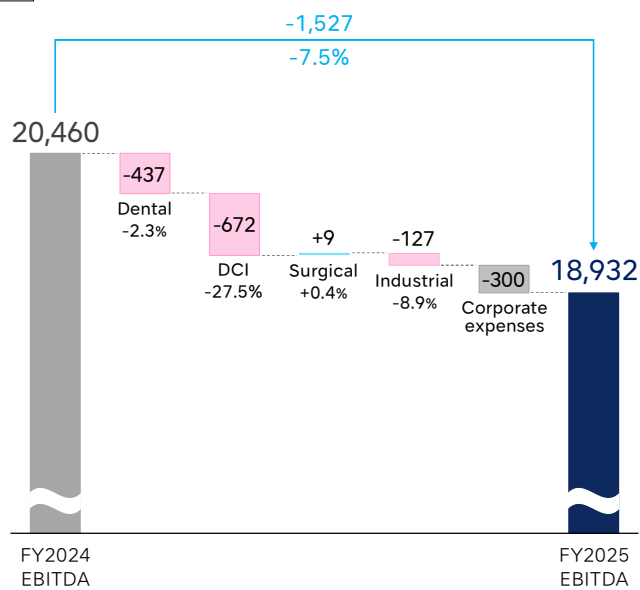
M of JPY

Average exchange rate

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



M of JPY



	FY2024 Actual	FY2025 Forecast	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%

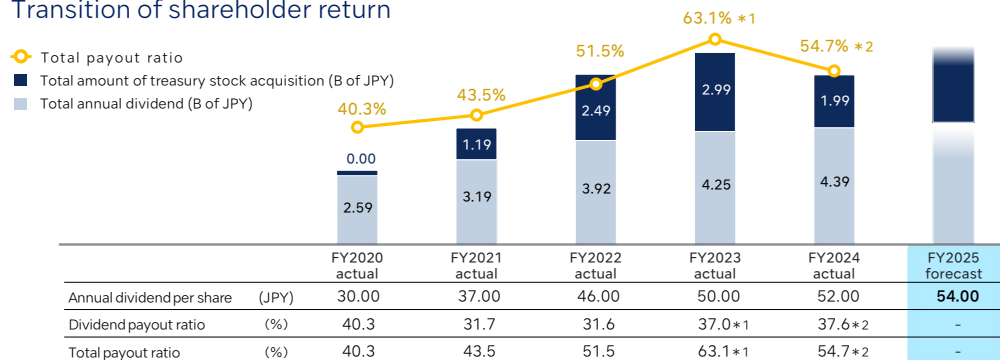
Forex impact -885M of JPY (-4.3%)

Shareholder return policy

We position the return of profits to our shareholders as one of the important management issues; therefore, we plan to enhance business foundation and promote investment in growth areas properly and proactively, as well as to return profits to shareholders in a well-balanced manner.

We endeavor to perform **flexible acquisition of treasury stock** and **continuous dividend increases based on a progressive dividend policy** to achieve **the standard for medium-term profit return as a total payout ratio of 70%** set in the Mid Term Management Plan“NV2030”.

Transition of shareholder return



*1 Calculated using adjusted net profit which excludes extraordinary income brought by DCI acquisition.

*2 Calculated using adjusted net profit which excludes profit decrease brought by impairment loss of Jaeger.

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