

Presentation Material

for the year ended Dec. 31, 2023

Feb. 21, 2024

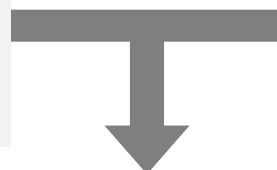
NAKANISHI INC.

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.

Financial Strategy

We are aggressively investing in capital and strategic investments, including M&A, in order to achieve sustainable growth.



Accounting Standards

We will continue to amortize goodwill in accordance with JGAAP to reduce the risk of future impairment losses.

In order to focus on the original profitability and growth potential of our business, we changed the performance indicator from OP profit to EBITDA.

$$\text{EBITDA} = \text{Operating profit} + \text{Depreciation} + \text{Amortization}$$

M of JPY	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual
Net sales	36,543	35,418	33,055	44,857	48,671	59,692
EBITDA Margin	11,269 30.8%	11,051 31.2%	10,350 31.3%	15,612 34.8%	17,493 35.9%	17,775 29.8%
OP profit	9,721	9,299	8,542	13,750	15,389	14,296
Depreciation	1,522	1,684	1,759	1,807	2,049	2,929
Amortization	24	67	49	54	55	549

Consolidated financial result for FY2023

Net sales and EBITDA achieved record-high performance due to Jaeger, DCI and Refine acquisitions and the depreciation of yen. Increase in amortization of goodwill resulted in a decrease in operating profit. The record net profit was attributed to an extraordinary income not affecting cash flows.

The resolution of parts shortage and progress in production expansion have allowed production activities to proceed as planned. Construction of "M1" is progressing smoothly, and the first section, an assembly plant, will begin operations in April 2024.

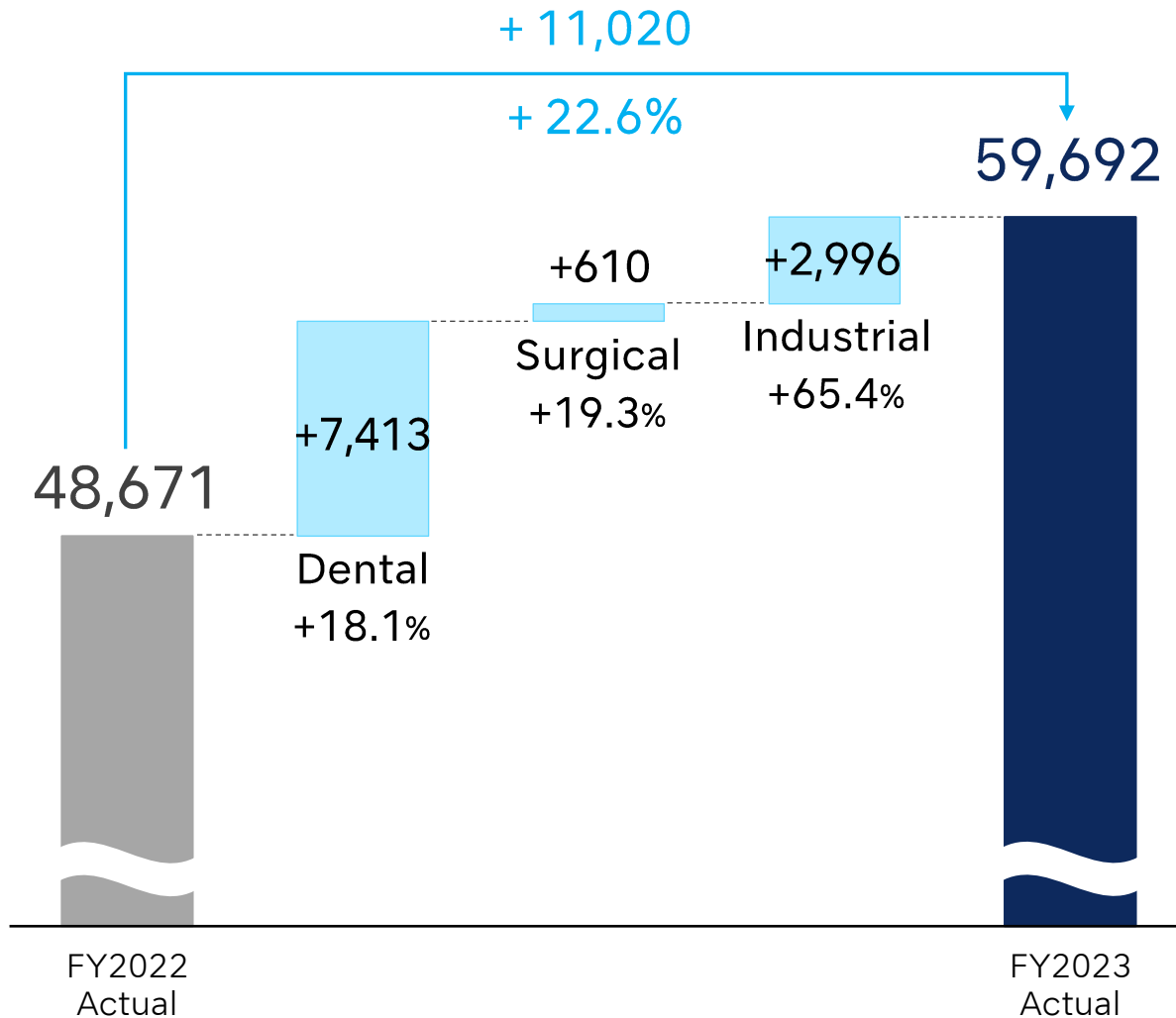
Total payout ratio is 63% when adjusted net profit is taken into account, except for the "gain on step acquisitions," which is a temporary and extraordinary profit to DCI acquisition.

M of JPY

	FY2023 Actual	FY2022 Actual	YoY Comparison		FY2023 Forecast	
			Amount	Ratio	Revision on Nov. 10	vs. Forecast
Net sales	59,692	48,671	+11,020	+22.6 %	60,569	-1.4 %
Gross profit	36,124	31,221	+4,902	+15.7 %	36,547	-1.2 %
Ratio to net sales	60.5%	64.1 %	-3.6 pt	—	60.3 %	—
EBITDA *	17,775	17,493	+281	+ 1.6%	18,294	-2.8 %
Margin	29.8%	35.9 %	-6.2 pt	—	30.2 %	—
Operating profit	14,296	15,389	-1,092	-7.1 %	14,836	-3.6 %
Ratio to net sales	24.0%	31.6 %	-7.7 pt	—	24.5 %	—
Ordinary profit	17,238	17,646	-408	-2.3 %	18,246	-5.5 %
Ratio to net sales	28.9%	36.3 %	-7.4 pt	—	30.1 %	—
Profit attributable to owners of parent	22,835	12,471	+10,364	+83.1 %	24,613	-7.2 %
Ratio to net sales	38.3%	25.6 %	+12.6 pt	—	40.6 %	—
E P S (JPY)	268.04	145.48	—	—	289.42	—
* EBITDA = OP profit + Depreciation + Amortization						
Currency rate - Against the US dollar (JPY)	140.54	130.77	+9.77	—	140.63	-0.09
- Against the EURO (JPY)	152.27	137.90	+14.37	—	151.61	+0.66

・ Forex impact : Net sales +2,527M of JPY (vs FY2022 Actual), +3,675M of JPY (vs FY2022 Forecast)

M of JPY



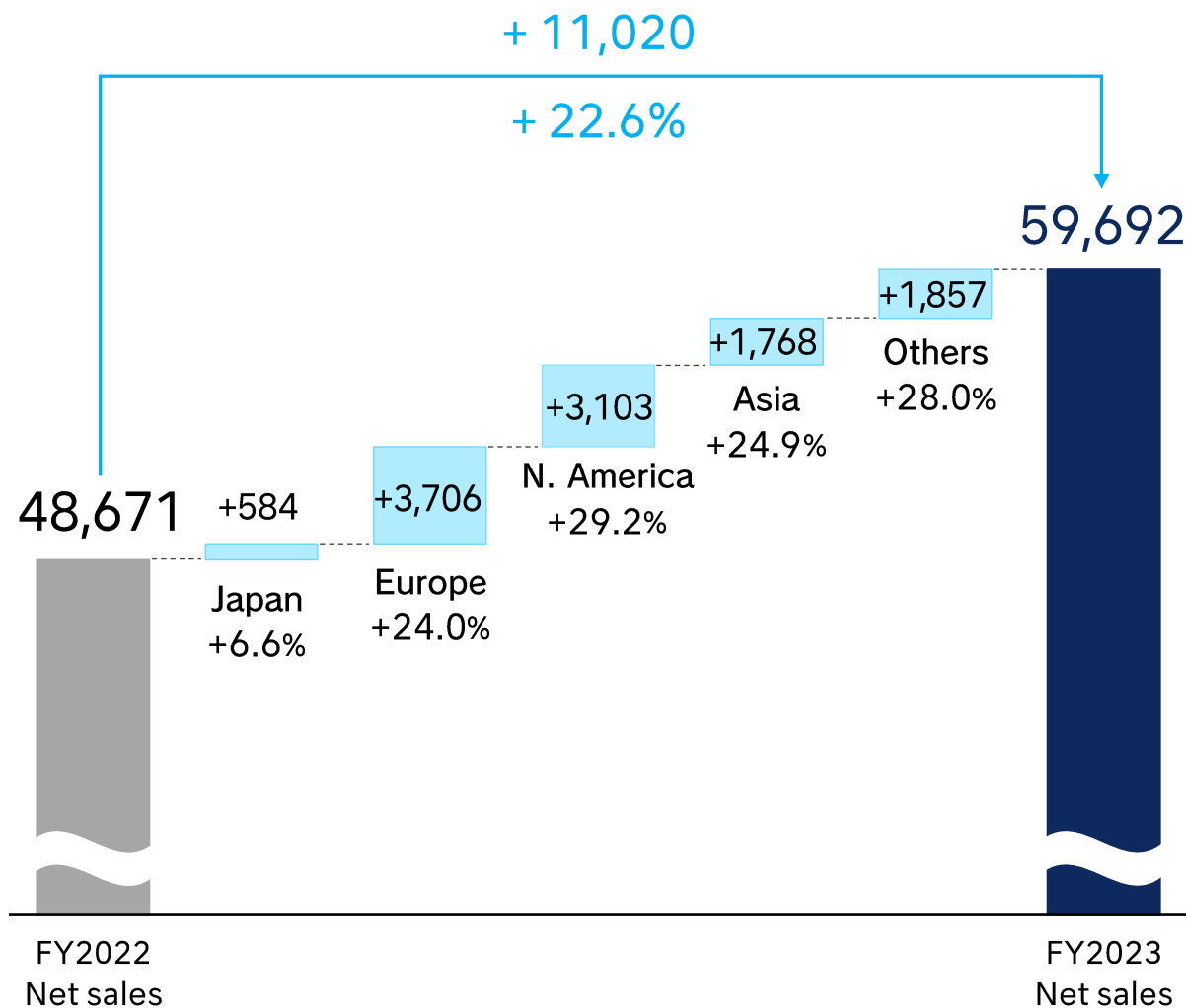
	FY2022 Actual	FY2023 Actual	Change
Dental	40,926	48,340 DCI 3,974	+ 18.1%
Surgical	3,160	3,770	+ 19.3%
Industrial	4,584	7,581	+ 65.4%
Total	48,671	59,692	+ 22.6%

Forex impact +2,527 M of JPY (+5.2%)

M&A effect +7,147 M of JPY (+14.7%)

Change in net sales by region

M of JPY



	FY2022 Actual	FY2023 Actual	Change
Japan	8,891	9,475	+6.6 %
Europe	15,432	19,138	+24.0 %
N. America	10,620	13,724	+29.2 %
Asia	7,091	8,860	+24.9 %
Others	6,636	8,493	+28.0 %
Total	48,671	59,692	+22.6 %

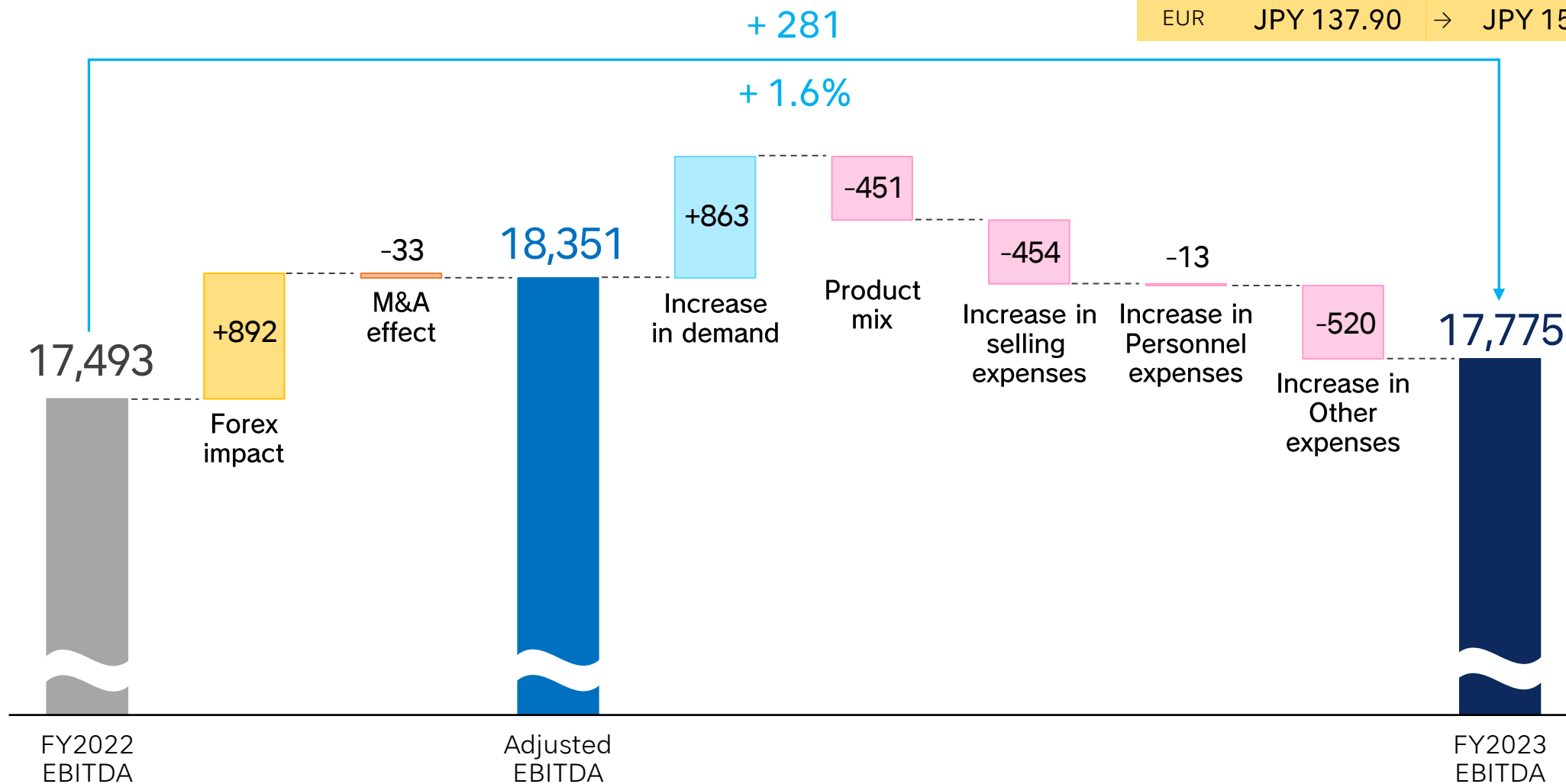
Forex impact +2,527 M of JPY (+5.2%)

M&A effect +7,147 M of JPY (+14.7%)

Change in EBITDA

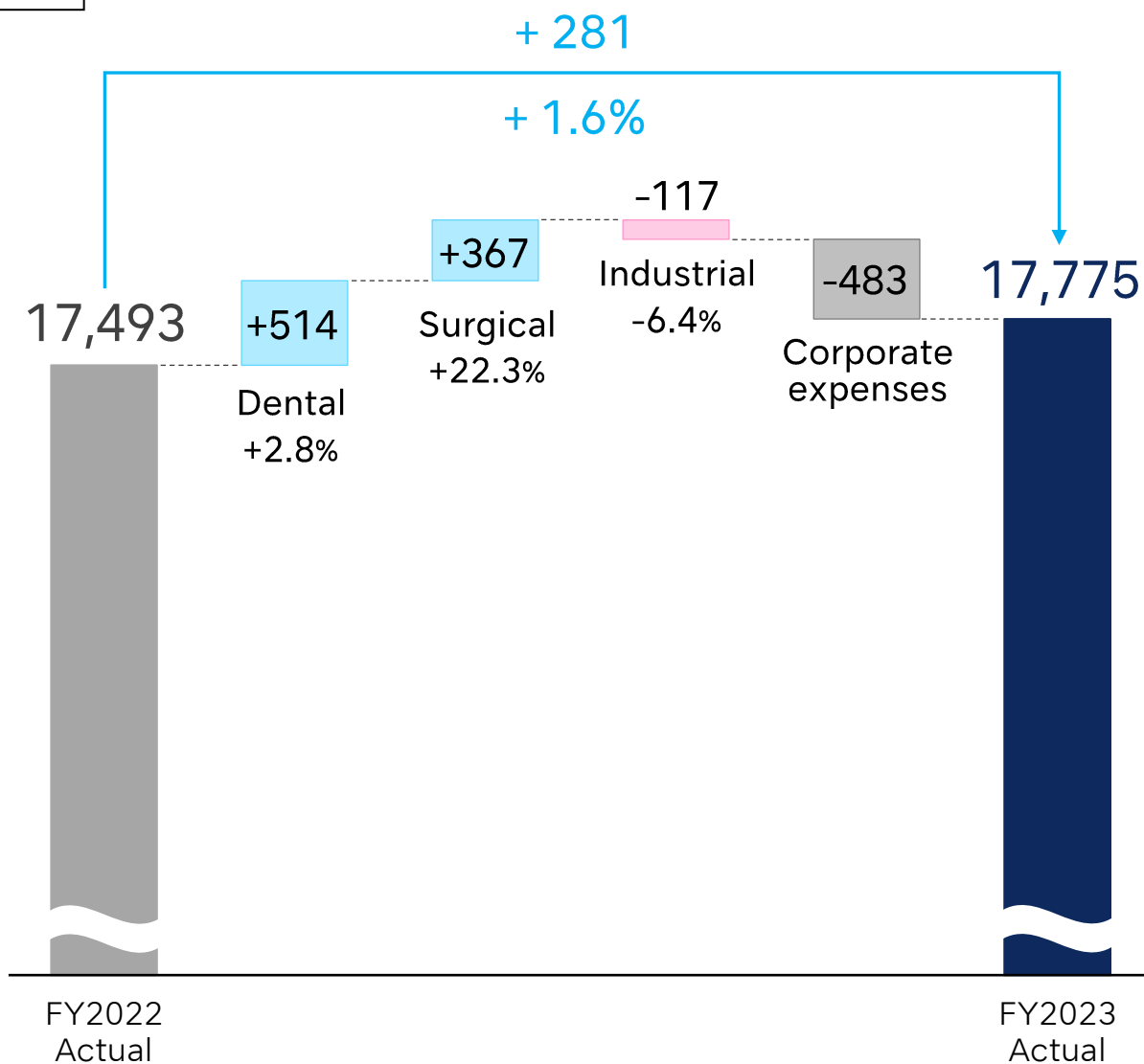
M of JPY

Currency rate (Average)		
	FY2022 Average	FY2023 Average
USD	JPY 130.77	→ JPY 140.54
EUR	JPY 137.90	→ JPY 152.27



Change in EBITDA by business segment

M of JPY

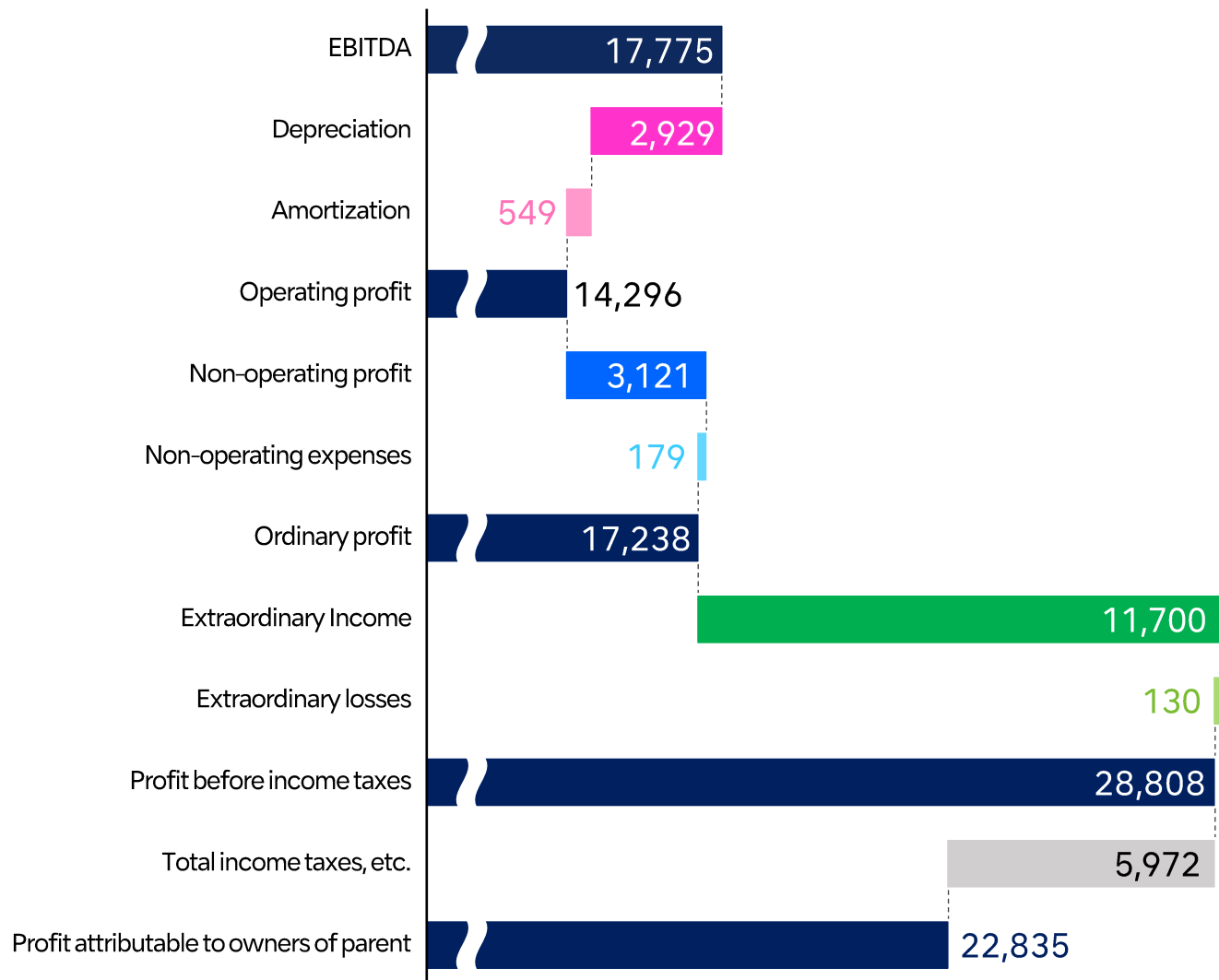


	FY2022 Actual	FY2023 Actual	Change
Dental	18,451	18,966	+2.8 %
Surgical	1,651	2,018	+22.3 %
Industrial	1,843	1,726	-6.4 %
Corporate expenses	-4,453	-4,936	—
Total	17,493	17,775	+1.6 %

Forex impact +892 M of JPY (+5.1%)

M&A effect -33 M of JPY (-0.2%)

M of JPY



Non-operating profit

· interest income	591
· Foreign exchange gain	2,088

Non-operating expenses

· Share of loss of entities accounted for using equity method	100
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Extraordinary income

· Gain on sales of investment securities	201
· Gain on step acquisitions	11,497

Extraordinary losses

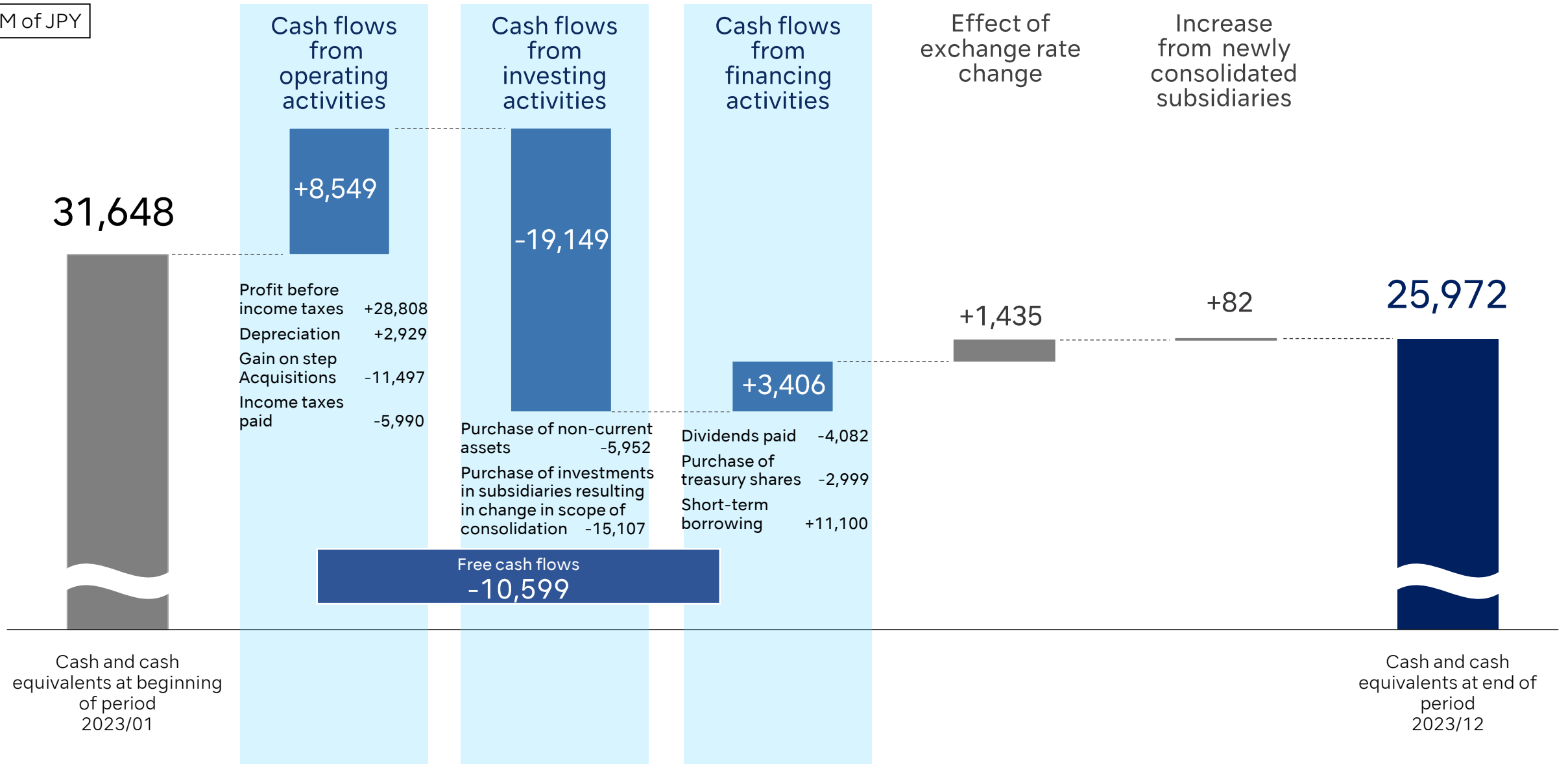
· Expense on scrapping fixed assets	100
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Consolidated balance sheet

M of JPY

	As of Dec. 31, 2023	As of Dec. 31, 2022	Change	Note
Total assets	140,713	102,636	+38,076	· Buildings and structures +2,959
- Cash and deposits	31,718	34,992	-3,274	
- Inventories	23,984	16,526	+7,457	
- Goodwill	21,934	1,482	+20,452	· Merchandise and finished goods +4,976 · Work in process +994 · Raw materials and supplies +1,486
Liabilities	27,512	11,613	+15,898	· Deferred tax liabilities +4,022
- Loans payable	11,668	480	+11,187	· Short-term borrowing +11,738
Net assets	113,200	91,022	+22,178	· Foreign currency translation reserve +2,536
- Retained earnings	112,346	93,628	+18,718	
Return on equity (ROE)	22.4 %	14.4 %	+8.0 pt	
Return on assets (ROA)	14.2 %	17.9 %	-3.7 pt	
	FY2023 Actual	FY2022 Actual	Change	Note
Capital investments	5,984	4,058	+1,926	· New factory "M1" 2,934
Depreciation expenses	2,929	2,049	+880	

M of JPY



Environment

Nov.2023 Acquisition of third-party certification of Scope 1 and 2 carbon neutrality at headquarters, A1 Factory, and A1+ Factory.

* SOCOTEC Certification Japan

Rating



Consolidated financial forecast for FY2024

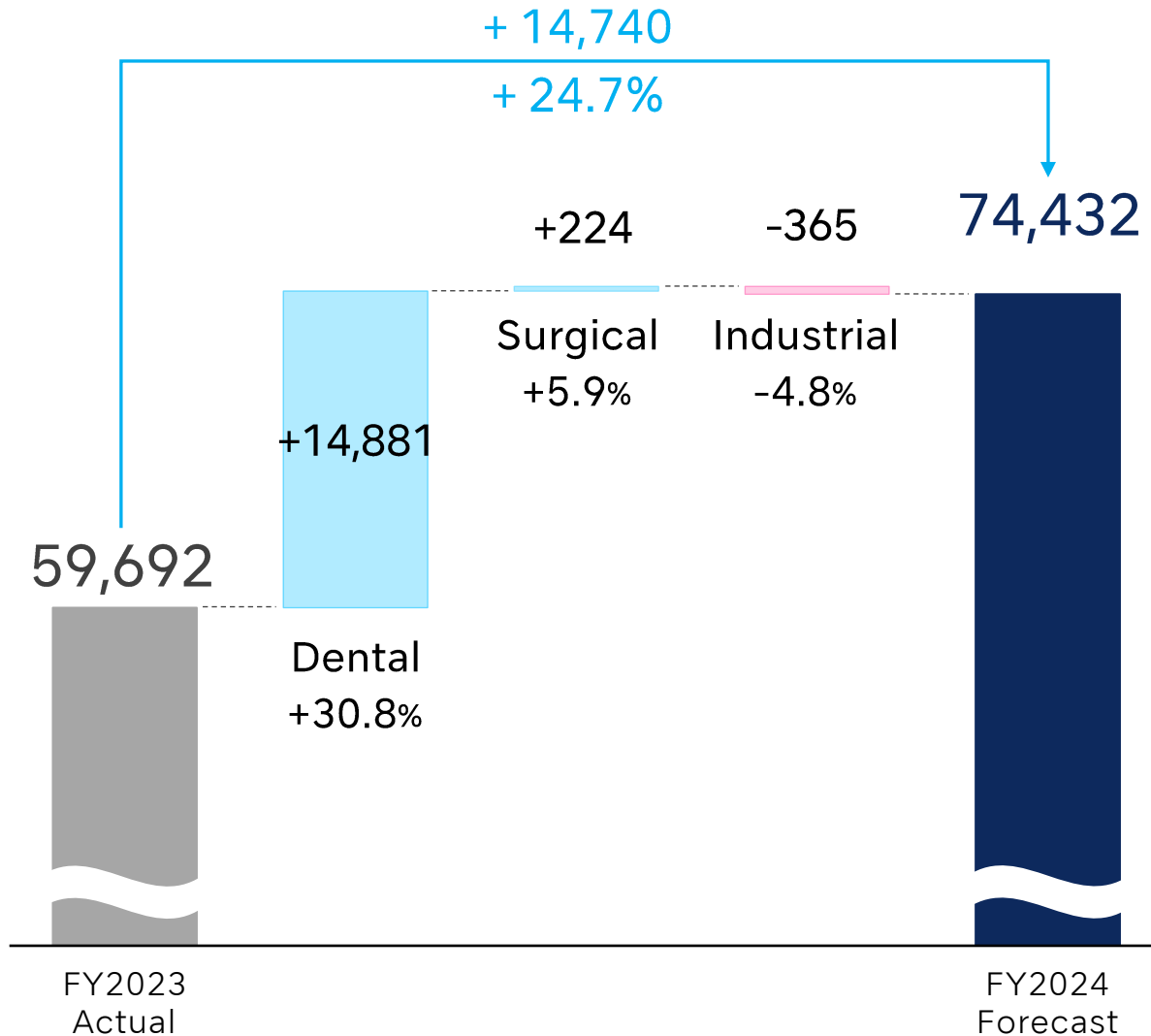
M of JPY

	FY2024 Forecast	FY2023 Actual	Change		Note
			Amount	Ratio	
Net sales	74,432	59,692	+14,740	+24.7%	
Gross profit	41,324	36,124	+5,200	+14.4%	
Ratio to net sales	55.5%	60.5%	-5.0 pt	—	
E B I T D A *	17,770	17,775	-4	-0.0%	
Margin	23.9%	29.8%	-5.9 pt	—	
Operating profit	12,652	14,296	-1,643	-11.5%	
Ratio to net sales	17.0%	24.0%	-7.0 pt	—	
Ordinary profit	13,088	17,238	-4,149	-24.1%	
Ratio to net sales	17.6%	28.9%	-11.3 pt	—	
Profit attributable to owners of parent	8,894	22,835	-13,941	-61.1%	
Ratio to net sales	11.9%	38.3%	-26.3 pt	—	
E P S (JPY)	104.28	268.04	—	—	
Capital investments	8,617	5,984	+2,632	—	New factory "M1", etc.
Depreciation expenses	3,615	2,929	+685	—	
Currency rate					Forex sensitivity
- Against the US dollar (JPY)	135.00	140.54	-5.54	—	214 M of JPY (Annual net sales)
- Against the EURO (JPY)	150.00	152.27	-2.27	—	98 M of JPY (Annual net sales)

M of JPY

		FY2024 Forecast (reference data) excluding DCI and Refine	FY2023 Actual (reference data) excluding DCI and Refine	Change		Note
				Amount	Ratio	
Net sales		55,648	55,335	+312	+0.6%	
Gross profit		34,405	34,979	-574	-1.6%	
	Ratio to net sales	61.8%	63.2%	-1.4 pt	—	
E B I T D A *		16,428	17,593	-1,164	-6.6%	
	Margin	29.5%	31.8%	-2.3 pt	—	
Operating profit		13,523	14,892	-1,368	-9.2%	
	Ratio to net sales	24.3%	26.9%	-2.6 pt	—	
Ordinary profit		13,971	18,026	-4,054	-22.5%	
	Ratio to net sales	25.1%	32.6%	-7.5 pt	—	
Profit attributable to owners of parent		9,893	12,023	-2,130	-17.7%	
	Ratio to net sales	17.8%	21.7%	-4.0 pt	—	
Currency rate						
- Against the US dollar	(JPY)	135.00	140.54	-5.54	—	
- Against the EURO	(JPY)	150.00	152.27	-2.27	—	

M of JPY



	FY2023 Actual	FY2024 Forecast	Change
Dental	48,340 DCI 3,974	63,222 DCI 16,412	+30.8%
Surgical	3,770	3,994	+5.9%
Industrial	7,581	7,215	-4.8%
Total	59,692	74,432	+24.7%

Forex impact -1,096 M of JPY (-1.8%)

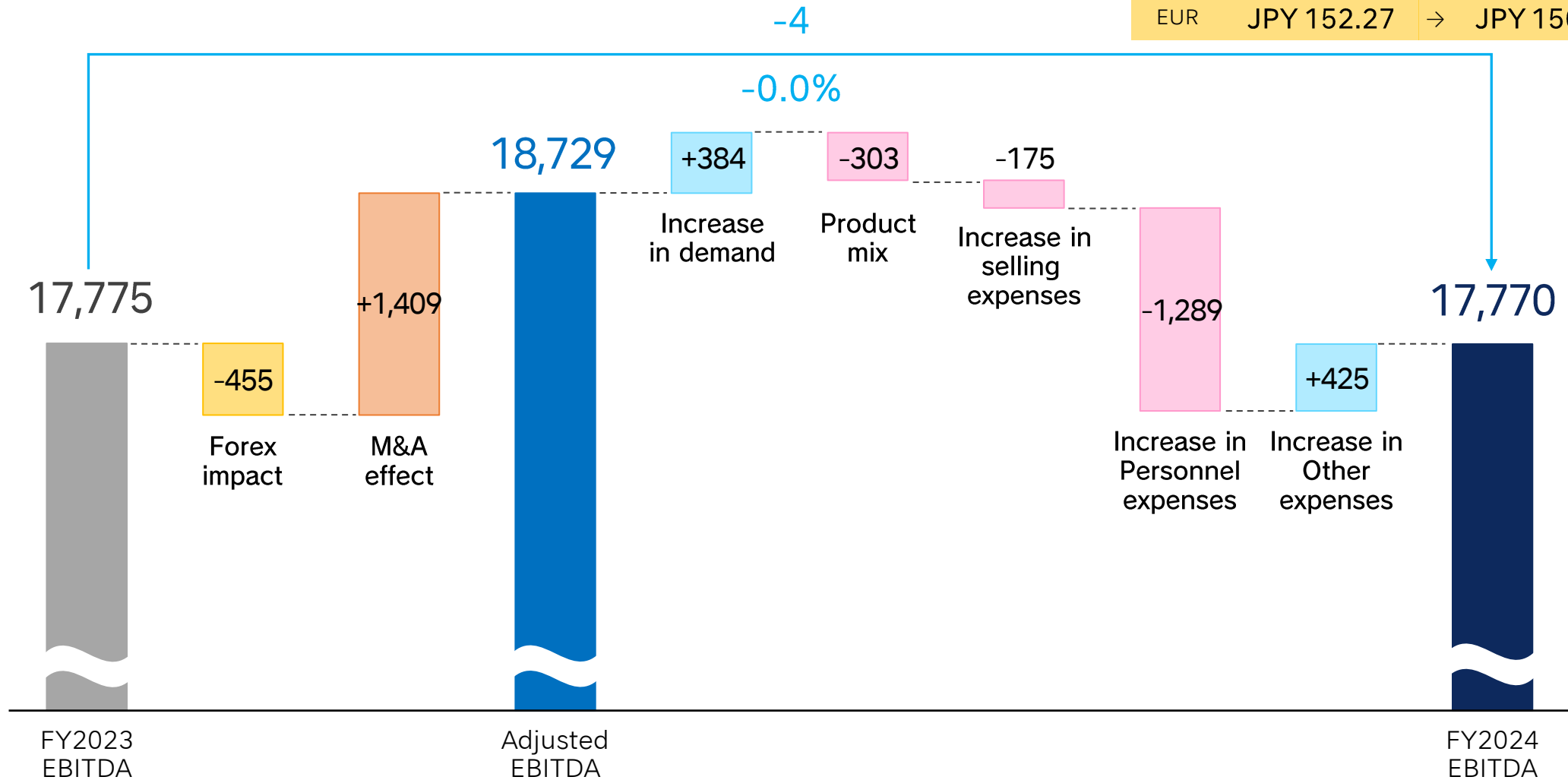
M&A effect +14,427 M of JPY (+24.2%)

Consolidated financial forecast for FY2024

Change in EBITDA

M of JPY

Currency rate (Average)		
	FY2023 Average	FY2024 Average
USD	JPY 140.54	→ JPY 135.00
EUR	JPY 152.27	→ JPY 150.00



DCI Business is newly established following announcement of financial result for FY2024 Q1

Current reporting segments		New reporting segments	* Starting from FY2024 Q1
Dental Business	▶▶▶	<div> Dental Business <div>No change</div> </div>	Development, production and sales of wide range of dental equipment, which cover such as restorative dentistry, periodontics, mobile dental care, oral surgery, etc. <ul style="list-style-type: none"> • NAKANISHI (Dental Business) • REFINE
		<div> DCI Business <div>Establishment</div> </div>	Dental chair business operated by DCI International, LLC in the U.S. Development, production and sales of dental chairs and related equipment. <ul style="list-style-type: none"> • DCI
Surgical Business	▶▶▶	<div> Surgical Business <div>No change</div> </div>	Development, production and sales of bone grinding and cutting drills which can be used in areas of neurosurgery, spine surgery and orthopedic surgery. <ul style="list-style-type: none"> • NAKANISHI (Surgical Business)
Industrial Business	▶▶▶	<div> Industrial Business <div>No change</div> </div>	Development, production and sales of motors and spindles which can be used in high-precision processes in wide range of industrial areas such as automobile, aircraft, precision parts industries. <ul style="list-style-type: none"> • NAKANISHI (Industrial Business) • JAEGER

Dental Business



Handpiece



implant motor



Oral hygiene system



Clinical micro motor

DCI Business



Dental chair



Surgical Business



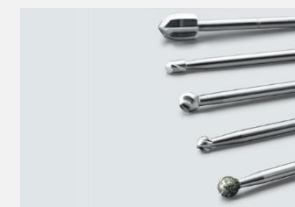
Console



Slim motor



Attachment

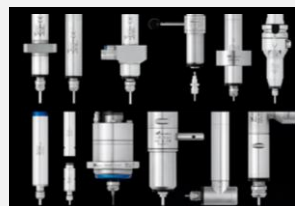


Bur

Industrial Business



Controller



Spindle



Micro grinder



Ultrasonic grinder

Shareholder return

Variable factors without cashflow arose to net profit,
a standard of dividend, due to extraordinary income of
DCI acquisition.



[temporary profit increase factor]

**Gain on step acquisitions
(Extraordinary income)**

11,497M of JPY



[continuous profit decrease factor]

**Amortization of goodwill
increasing by
gain on step acquisitions**

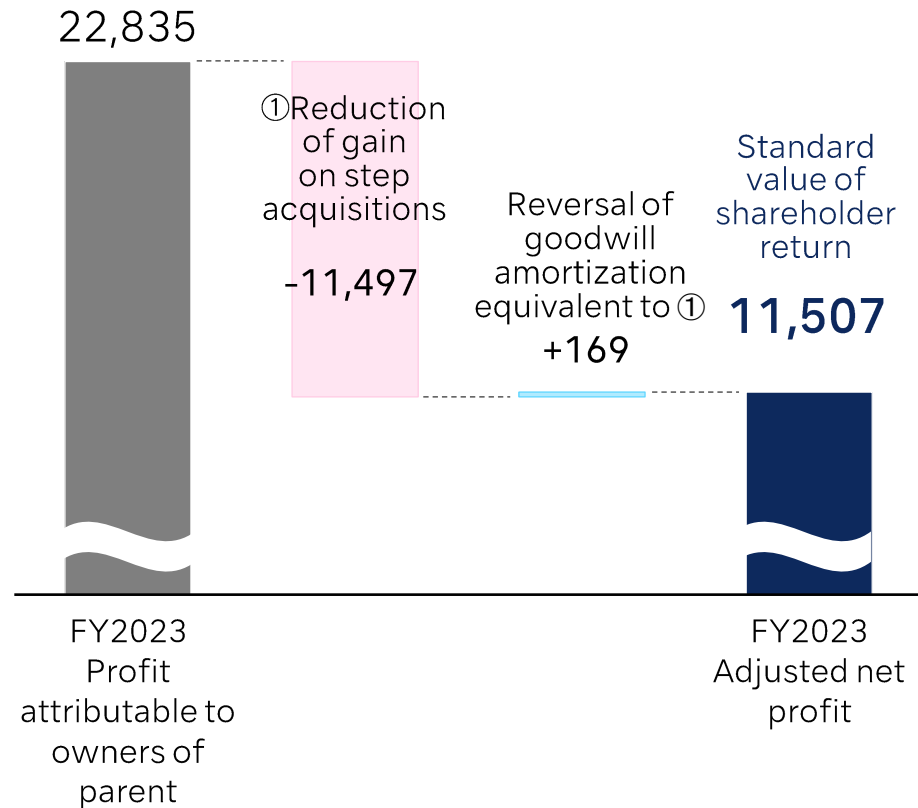
676M of JPY/ year (^{amortization}
period
16 years)

**The above factors will be excluded from the calculation of
the dividend forecast for the current and subsequent fiscal years.**

* Amortization amount may change after completion of PPA.

M of JPY

■ Adjustment of shareholder return standard



■ Shareholder return in FY2023

Repurchase of own shares

March, 2023	Number of shares 180,600	Amount of repurchase costs 499 M of JPY
October, 2023	Number of shares 755,100	Amount of repurchase costs 2,499 M of JPY
total		2,999 M of JPY

Dividend

Interim (actual)	Per share 24 JPY	Total amount of dividend 2,039 M of JPY
Year-end (forecast)	Per share 26 JPY	Total amount of dividend 2,217 M of JPY
total		4,257 M of JPY

Shareholder return in FY2023 (forecast)




Adjusted net profit base	Dividend payout ratio	37.0%
Adjusted net profit base	Total payout ratio	63.1%

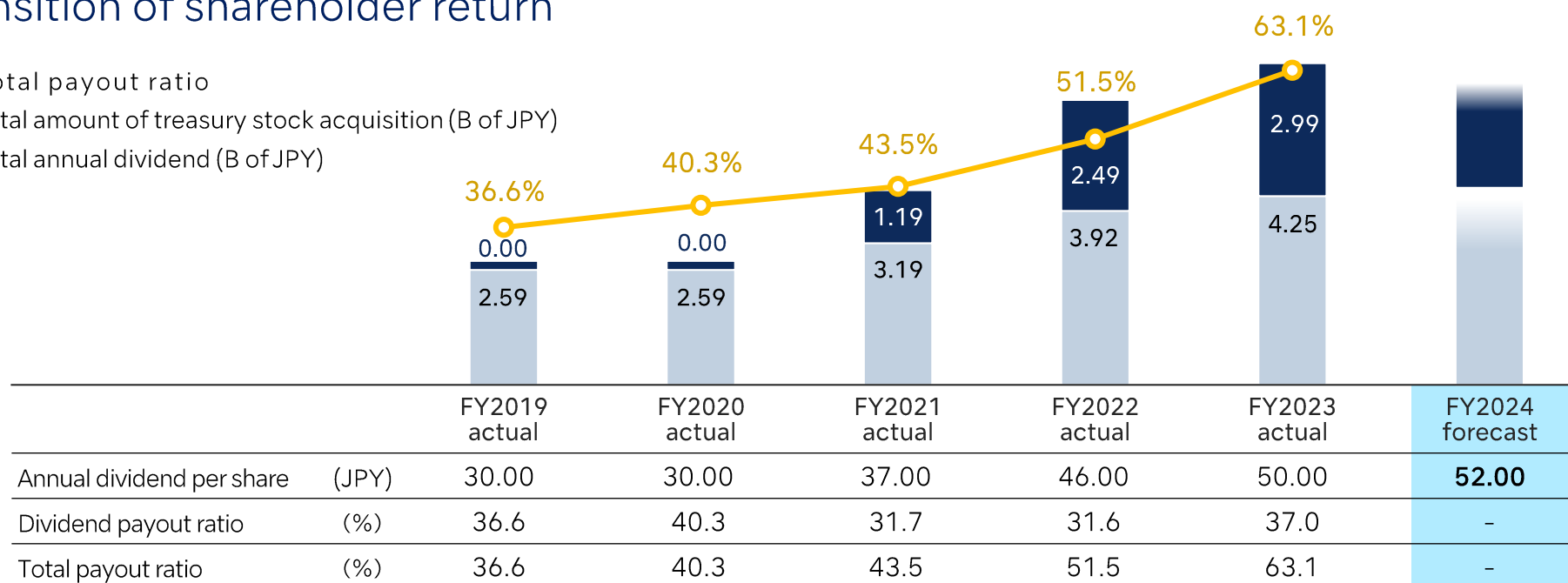
Shareholder return policy

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 stable and continuous dividend increase** with considering retained earnings required for future growth investment, and setting **the standard for medium-term profit return as a total return ratio of 50%.**

Transition of shareholder return

-  Total payout ratio
-  Total amount of treasury stock acquisition (B of JPY)
-  Total annual dividend (B of JPY)



Basic M&A Policy and Overview of Recent Acquisitions

Pursue M&A based on the below policy while maintaining the “Dental, Surgical and Industrial” business domains

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

Our Target	Companies	NSK’s business domains (Dental, Surgical and Industrial) and peripheral fields
	Regions	No specific regions
	Companies	<ul style="list-style-type: none"> • Companies with leading or similar positions in a particular market • Companies with strengths in either development, manufacturing, or distribution • Companies with strong, differentiated brands or products
Our Strength	Financial soundness	Financing capabilities based on financial soundness and abilities to generate stable cash flows
	Currencies held	Holding cash and cash equivalents in not only the Japanese yen, a stable currency, but also foreign currencies such as the euro and US dollar
	Top niche player	As a market leader, pursuing timely and appropriate M&A with a bird’s-eye view of global market trends

No intention of becoming a conglomerate.
The most important criterion is whether we can strengthen our existing businesses.

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

JAEGER (High-frequency spindles)
REFINE (Preventive dentistry equipment)

JAEGER (Distribution area)
DCI (Distribution channel/market presence)

JAEGER

Acquisition completed in Dec. 2022

**DCI**

Acquisition completed in Aug. 2023

**REFINE**

Acquisition completed in Nov. 2023



Company name	Nakanishi Jaeger GmbH	DCI International, LLC	Guilin Refine Medical Instrument Co., Ltd.
Founded	1967	1983	2017
Location	Ober-Moerlen, Hessen, Germany	Newberg, Oregon, US	Guilin, Guangxi Zhuang Autonomous Region, China
Representative	Björn Werner, Managing Director	John Spencer, CEO	Akihiko Yamauchi, Chairperson
# of employees	About 120	About 400	About 140
Business outline	Development, manufacture, and sales of high-performance HF spindles	Development, manufacture, and sales of dental chairs and dental equipment parts	Development, manufacture, and sales of dental equipment such as ultrasonic scalers
Production base	Germany	U.S.	China
FY2022 Net sales	2,565M JPY (1EUR = 137.90JPY)	19,567M JPY (1USD = 130.77JPY)	2,138M JPY (1RMB = 19.38JPY)

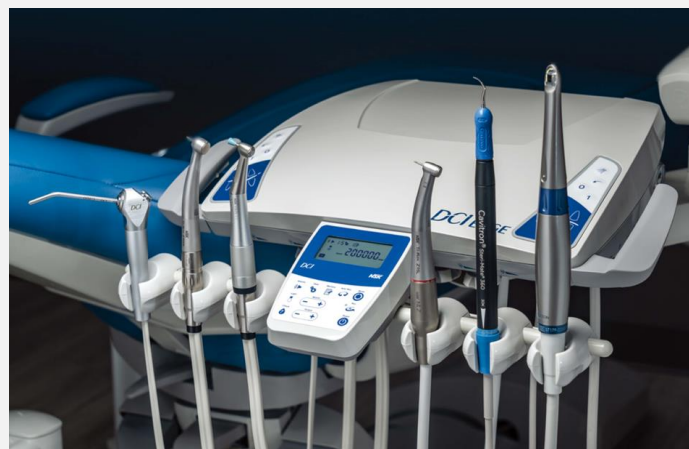
JAEGER

High-frequency spindles, etc.



DCI

Dental chairs, etc.



REFINE

Ultrasonic scalers, etc.



JAEGER

Acquisition completed in Dec. 2022

DCI

Acquisition completed in Aug. 2023

REFINE

Acquisition completed in Nov. 2023

Acquisition cost
payment method

€27.4M
(3,881M JPY)
in cash

(i) 33% stake acquired in Oct. 2020

\$25.0M (2,587M JPY) in cash

(ii) 16% stake acquired in Dec. 2021

\$12.1M (1,483M JPY) in cash

(iii) 51% stake acquired in Aug. 2023

\$98.9M (14,469M JPY) in cash

\$24.9M (3,654M JPY) in treasury shares

(iv) *Earn-out based on FY2023-24 performance*

Max \$20M in cash

152M RMB
(3,100M JPY)
in cash

EBITDA multiple

9 – 10 x

(i) + (ii) + (iii) 8 – 9 x

15 – 16 x

JAEGER

Acquisition completed in Dec. 2022

Before PPA completionGoodwill: 2,706 M of JPY
(1 EUR = 137.90 JPY)

Amortization period: 10 years

**After PPA completion**

(1 EUR = 150.00 JPY)

	Amortization period (Years)	Balance at beginning of FY2024 (M of JPY)	Amortization expense (annual) (M of JPY)
Property, plant and equipment	5-27	653	60
Intangible assets	12-15	740	56
Goodwill	10	1,342	149
Total			266

*Assets recognized as COGS under PPA were
amortized in FY2023.**DCI**

Acquisition completed in Aug. 2023

Before PPA completionGoodwill: 31,009 M of JPY
(1 USD = 149.58 JPY)

Amortization period: 10-20 years

**After PPA completion**

(1 USD = 135.00 JPY)

	Amortization period (Years)	Balance at beginning of FY2024 (M of JPY)	Amortization expense (annual) (M of JPY)
Intangible assets	15-20	13,656	859
Goodwill	16	17,769	1,128
Total			1,988

*Assets recognized as COGS under PPA were
amortized in FY2023.**REFINE**

Acquisition completed in Nov. 2023

Before PPA completionGoodwill: 2,425 M of JPY
(1 RMB = 20.46 JPY)

Amortization period: 10 years

PPA is not completedScheduled to be completed by
the end of FY2024 Q1

Overviews of each segment and future initiatives

B of JPY

Sales increased in all regions thanks to weaker JPY and M&A

Excluding effects of exchange rates and acquisitions, net sales remained the same level as the previous FY

*Industrial Business includes JAEGER.

Europe	19.1	YoY +24.0 %	Dental	Surgical	Industrial
H1	9.5	YoY +24.0 %	Dental	Surgical	Industrial
H2	9.5	YoY +24.1 %	Dental	Surgical	Industrial

Japan	9.4	YoY +6.6 %	Dental	Surgical	Industrial
H1	5.1	YoY +15.9 %	Dental	Surgical	Industrial
H2	4.3	YoY -2.7 %	Dental	Surgical	Industrial

*Dental Business includes DCI.

N. America	13.7	YoY +29.2 %	Dental	Surgical	Industrial
H1	4.5	YoY -16.3 %	Dental	Surgical	Industrial
H2	9.1	YoY +77.7 %	Dental	Surgical	Industrial

*Dental Business includes REFINE.

Asia	8.8	YoY +24.9 %	Dental	Surgical	Industrial
H1	4.4	YoY +29.0 %	Dental	Surgical	Industrial
H2	4.3	YoY +21.0 %	Dental	Surgical	Industrial

S. America, Middle East, Russia, Australia, etc.

Others	8.4	YoY +28.0 %	Dental	Surgical	Industrial
H1	4.4	YoY +33.5 %	Dental	Surgical	Industrial
H2	4.0	YoY +22.3 %	Dental	Surgical	Industrial

NAKANISHI’s Dental, Surgical and Industrial Businesses steadily grew in the global market. Acquisition of JAEGER, DCI and REFINE enhanced the Group’s overall capabilities.

Mid Term Management Plan Rolling Plan

NV2025+

Basic Policy and Priority Measures

1. Strategic expansion in Dental global market
2. Growing new business for customer needs in super population ageing
3. Establish infrastructure for speedy product development and leading cost competitiveness

Progress in FY2023

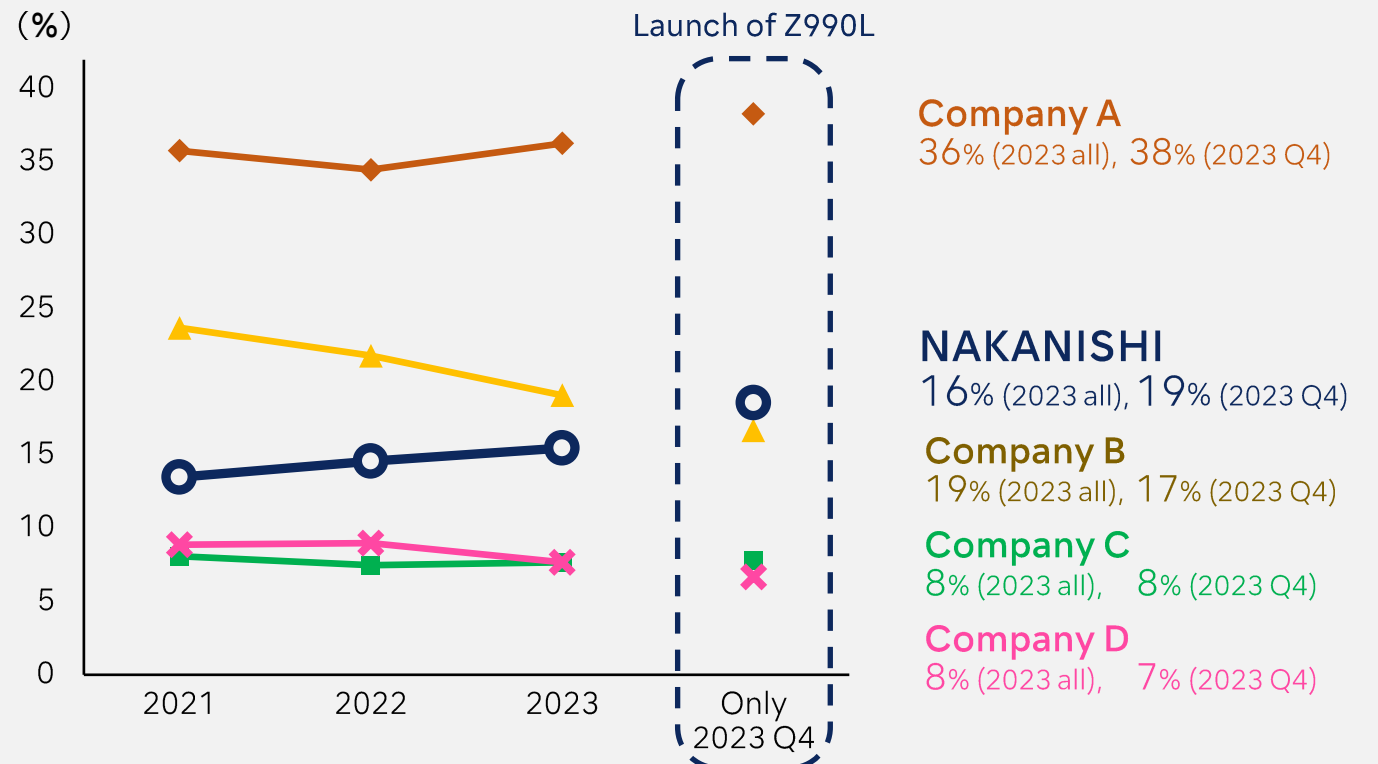
- Made a strategic move for market share expansion through the launch of competitive new products
- Full-scale production ramp-up at the Chinese factory, expanding the product lineup
- Accelerated business growth through the acquisition of DCI and REFINE
- Introduced new product line of budget-friendly implant motors
- The construction project for the new factory “M1” progressed smoothly



Handpiece (Air Turbine)

Ti-Max Z990L / Z890L

■ The U.S.: Trends in market shares of air turbines with lights



* Created by NAKANISHI based on data from SDM Northcoast



Equipment for oral surgery

Surgic AP2

Launched in Dec. 2023

**New product tailored for emerging markets:
Enhanced cost competitiveness through simplified
functionality while maintaining reliability**

- ▶ Equipped with a micro motor that is smaller and lighter than conventional models
- ▶ Features a color LCD panel for excellent visibility and ease of operation
- ▶ Improved convenience with a wirelessly connected foot controller

Scheduled for sequential release in Southeast Asia, the Middle East, South America, etc.

M1

New assembly factory, parts and finished goods warehouse, and after-sales service center



The first section (assembly factory) is scheduled to start operations in May of this year.

M1 factory

Total floor area: Approx. 20,000m²

▶ First section (assembly factory): Approx. 12,000m²

▶ Second section (warehouse & service): Approx. 8,000m²

Forecast of market trends in 2024

- Dental Business: **Global increase in demand that has persisted since the onset of the COVID-19 pandemic is expected to plateau.**
- Surgical Business: **Demand is expected to remain robust against the backdrop of continued recovery in surgical case volumes.**
- Industry Business: **Decrease in demand is expected due to a trend of stagnation in major market capital investment projects.**

Basic Strategy for 2024

- ▶ Expand sales of our main products, such as handpieces, implant motors and oral hygiene system, in global markets
- ▶ Ensure steady growth of the Surgical Business in global markets
- ▶ Create synergies with JAEGER, DCI and REFINE
- ▶ Early establishment of "M1" and enhance cost competitiveness

Japan



Overview of FY2023

Sales trend
YoY

- Own brands saw an increase in sales thanks to the release of "Ti-Max Z990L."
- OEM business also achieved a double digit increase in sales.

Measures for FY2024

Sales trend
YoY

- Own brand sales will continue to be strong, maintaining an increase in sales trends from FY2023.
- OEM sales will decline due to a decrease in special demand from FY2023.

Europe



Overview of FY2023

Sales trend
YoY

- Amidst a continuing trend of declining demand, sales grew in Germany, Italy and the Nordic countries, while they decreased in the U.K. and France following the end of special demand. Overall in Europe, sales remained the same level as FY2022 when measured in local currency.
- OEM business in Europe saw a decline.

Measures for FY2024

Sales trend
YoY

- Although demand plateaus, sales expansion of handpieces and preventive dentistry products is expected to result in an increase in sales when measured in local currency.
- OEM business in Europe will continue to decline.

North America



Overview of FY2023

Sales trend
YoY



- Sellout was robust, but sales declined significantly due to distribution inventory adjustments and the impact of a cyberattack on the largest dealer.
- OEM business saw a significant decrease in sales.

Measures for FY2024

Sales trend
YoY



- Sales are expected to increase significantly after the completion of inventory adjustments, driven by sales expansion of handpieces and collaboration with DCI.
- OEM sales will also head towards recovery, resulting in an increase in sales.

DCI



Overview of FY2023 (Oct.-Dec.)

- The U.S. dental chair market remained robust from Jan. to Sep., but saw a sudden decrease in demand starting from Oct. DCI's sales also declined.

Measures for FY2024

Sales trend
YoY



- Despite ongoing weak demand, sales are expected to rise through proactive promotion efforts for handpiece bundles, etc.

Asia

Overview of
FY2023Sales
trend

YoY

- China: Despite sluggish conditions, bidding projects were secured with products made in China, leading to sales growth.
- Korea: Manufacturer-specific OEM sales were sluggish.
- Southeast Asia: Demand recovered, resulting in double-digit growth.

Measures for
FY2024Sales
trend

YoY

- China: Despite poor economic sentiment, sales will be supported by expanded product offerings from the local factory, and will increase significantly due to the consolidation with REFINE.
- Korea: Sales are expected to fall due to tough market conditions.
- Southeast Asia: Sales are expected to remain flat.



Others

Overview of FY2023

Sales trend YoY

Middle East

- With clear recovery in demand, resumed bidding projects were steadily acquired, leading to sales growth.

South America

- Against a backdrop of favorable market conditions, promotional activities paid off, resulting in a double-digit increase in sales.

Russia

- Sales in Russia were robust, and sales to CIS countries saw significant growth.

Australia

- Sales of mobile dental care units and handpieces grew, resulting in a double-digit increase in sales.

Measures for FY2024

Sales trend YoY

- Due to the outbreak of regional conflicts, the future is uncertain. Aim for flat sales by expanding new product sales.





- With favorable market conditions, sales are expected to increase through sales expansion of implant motors, etc.

- Sales in Russia are expected to fall significantly. However, our sales will be supported through sales expansion to CIS countries.

- Sales are expected to increase through sales expansion of new handpiece products and preventive dentistry products.





Overview of FY2023

Achieved a double-digit increase in sales due to successful promotional activities both in Japan and overseas. In particular, sales of burs grew significantly.

YoY 	Japan	Sales of consoles grew due to replacement and addition, and sales of burs, whose production is increasing, grew significantly.
YoY 	Europe	Although transactions with major dealers expanded, decline in sales was not compensated for due to the loss of OEM contracts.
YoY 	N. America	In addition to expanding transactions with existing dealers, a collaborative business started with new frameworks.
YoY 	Asia	Against a backdrop of sustained demand, sales of burs grew significantly in China, Taiwan, Korea, and other regions.

Measures for FY2024

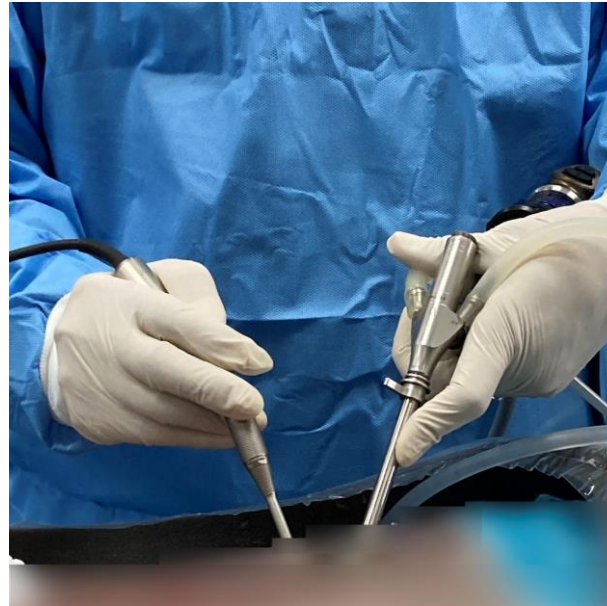
Aim to strengthen and newly establish strategic partnerships while continuing to enhance the business promotion structure.

YoY 	Japan	Continue promotional activities, while exploring customer needs and collaboration models through exhibitions and other events.
YoY 	Europe	While demand remains weak, sales will be supported by sales expansion of burs and promotional campaigns.
YoY 	N. America	Focus on the new collaborative business launched last year, aiming to secure a strong revenue foundation.
YoY 	Asia	Expand sales in China through our Shanghai subsidiary and strengthen approach to Korea, where demand recovery continues.

Strengthen customer engagement through hands-on seminars and similar initiatives



▲ Training course in progress



▲ "Primado2" held in the right hand

November 4 to 5, 2023
Bangkok, Thailand

**Training course
at
Chulalongkorn
University**

Overview of FY2023

Production was normalized due to the resolution of parts shortages. Sales grew through the execution of orders and increased even when effects of acquisition of JAEGER were excluded.

YoY ↘	Japan	Despite a declining trend in demand, the normalization of production enabled us to fulfill existing orders, providing support for sales.
YoY ↗	Europe	While market conditions were tough, sales of NAKANISHI products remained robust. Sales increased significantly due to new consolidation with JAEGER.
YoY →	N. America	Sales fell in the challenging market environment, but sales were boosted by weaker JPY, resulting in reaching a level similar to the previous FY.
YoY ↗	Asia	While the cooling of demand was evident, sales increased through fulfillment of orders carried over from the previous FY.

Measures for FY2024

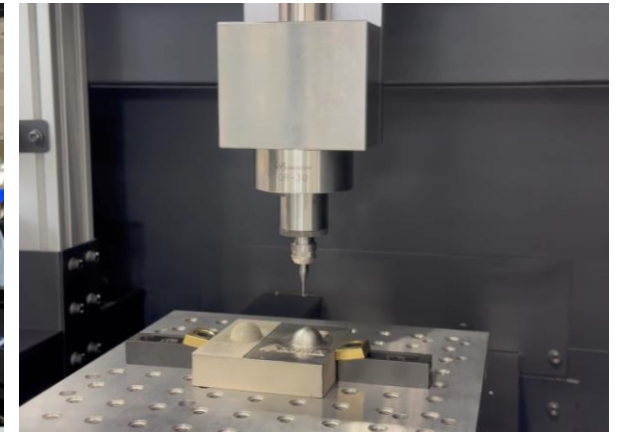
Capital investment willingness is in a declining trend worldwide, and Industrial Business is expected to face a challenging year.

YoY →	Japan	Promote collaboration with machinery and tool manufacturers, and focus on creating new demand.
YoY →	Europe	Aim to achieve sales of NAKANISHI products comparable to the previous FY, and continue to focus on JAEGER's PMI.
YoY ↗	N. America	Aim to increase sales through customer engagement focused on improving productivity and creating demand.
YoY ↘	Asia	Capital investments in our main market, China, are significantly declining, and sales are expected to substantially decline.

MECT 2023

October 18 to 21, 2023 at Port Messe Nagoya

Promote collaboration with system integrators
Create demand with application appeals



Growth Strategy of Nakanishi Including the Three Acquired Companies

Growth strategy for Dental Business toward 2030

1. Expansion of global share for handpiece (28% ▶▶▶ 35%)
2. Expansion of share for implant motors (40% ▶▶▶ 50%)
3. Expansion of share for Oral hygiene system
4. Enhanced product lineup of Mobile dentistry equipment

Growth Strategy for Dental Business

Expansion of global share for handpiece

28% ►►► 35%



Capturing the **U.S.** and **Chinese** markets is essential

Largest size &
High growth
prospects

1.4 billion people
market with high
growth potential

U.S. market

Dental school (U.S.) **68**

(Canada) **11**

Dentists per (U.S.) **54**

100,000 people (Canada) **62**

*Dentists: 200,000 (U.S.) 25,000 (CAN)
Population: 370 million (U.S.) 40 million (CAN)

Dental schools **11**

to be opened in five years

Dental market approx. **7%**
growth rate forecast

Chinese market

Dental school **258**

Dentists per **16**

100,000 people

*Dentists: 230,000 / Population: 1,420 million

Dental schools **4**

to be opened recently

Dental market approx. **10-15%**
Growth rate forecast

Japanese market: Dental school: 29 / Dentists per 100,000 people: **85** / Dentists: 107,000

* Estimated in-house by referring to Ministry of Health, Labour and Welfare, ADA and Dental Solution China

Capturing the U.S. Market

Expansion of product lineup



+



▲ Ti-Max Z Turbine
(air-driven)

▲ Ti-Max Z Contra
(electric motor-driven)

▲ NLZ
(electric micromotor)

Deepen NSK & DCI collaboration



▲ Bundling of DCI chairs and NSK drills

Dealers

Dental university

D S O s

Dental Service Organizations

NSK x DCI Synergy

▶ Added value provided by NSK to DCI

- NSK's high-performance "dental micromotors" are built into DCI's dental chairs.
- NSK's dental drills, which boast the world's top market share, are bundled with DCI's dental chairs.

▶ Added value provided by DCI to NSK

- Genuine items for dental chairs included in initial purchases by dental clinics: positioning of dental drills
- Track record of transactions with some of the largest DSOs in the U.S. (customer base)

▶ Added value created by DCI acquisition

- Improve the balance of power with 2 mega dealers covering 70% of the U.S.
- Enhance presence to dealers by collaboration with NSK and DCI

Capturing the Chinese Market

Knockdown production of handpieces began at the Sichuan Factory ▶▶ Adaptation to the “Buy China” policy

Acquisition of Refine, an up-and-coming dental equipment manufacturer ▶▶ Competing with rising Chinese manufacturers



Sichuan Factory



REFINE

Business environment

Preferential policy for products made in China

Large-scale bidding projects, etc. require products to be manufactured in China

Business environment

Concentrated purchasing of implants

Declining implant (artificial teeth) prices are tailwind for the Company

Business environment

Rise of Chinese manufacturers

Growing out of copy products and creating unique brands

Began product shipments from Sichuan Factory

Began production of low-end dental drills for the Chinese market

Expand production categories for handpiece

Expand sales of implant motors

Expand sales of Surgic Pro, which has a high global market share

Promote the operability and safety of NSK products

Carry out counteroffensive with REFINE

Aim to expand share for preventive dentistry products in China

Complement product lineup with NSK+REFINE

NSK x REFINE Synergy

▶ Capture the low-end market in China

- Capturing ultrasonic scalers and endodontics motors market, which is almost exclusively dominated by Chinese manufacturers

▶ Roll out low-end products to developing countries (Asia, South America, Middle East)

- Deterring Chinese manufactures that are rapidly gaining market share in developing countries
- No.1 in low-end market

▶ Speed up development and reduce cost of electric products

- Increased competitiveness by collaboration with Refine, which excels in the development and production of electrical products

Growth Strategy for Industrial Business

1. Expand global market share with ultra-precision and ultra-high-speed spindles
2. Collaborate with robot manufacturers
3. Strengthen product lineup and expand customer base



JAEGER's spindles



**JAEGER's
customer base
in Europe**

Nakanishi x JAEGER Synergy

Promote cross-selling. Capitalize on each other's mutual strengths.

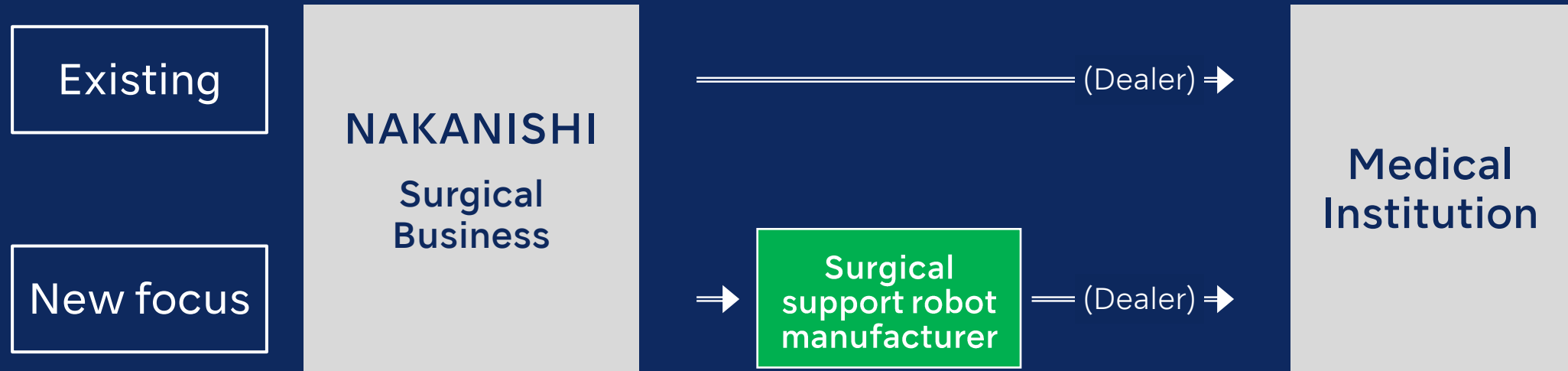
Nakanishi		JAEGER
Automobile, Smart Phone, Medical Equipment, PCB, Robot, etc.	Application by industry	Dental CAD/CAM, PCB, Robot, etc.
Φ 20 – Φ 50 mm	Diameter of main product	Φ 30 – Φ 150 mm
1,200 watts	Maximum power	20,000 watts
150,000 rpm (Pneumatic) 80,000 rpm (DC)	Maximum speed	120,000 rpm (DC/AC)
Pneumatic motor DC brushless motor	Motor technology	DC/AC high-frequency motor
Modular type spindle	Spindle – Motor construction	Integrated spindle
Japan, Asia, USA	Main market	Europe

Growth Strategy for Surgical Business

1. Expand global market share with brain surgeon drills
2. Collaborate with surgical robot manufacturer
3. Expand business of surgical device in new categories

Optional
possibility
of M&A

Collaboration with surgical support robot manufacturers



Development and start of shipping for surgical support robot compatible devices



Attachment for surgical robots



Slim motor for surgical robots

Growth Strategies of Three Acquired Companies

JAEGER	Acquisition aimed at strengthening the foundation for the Industrial Business (product lineup and key markets)
D C I	Acquisition aimed at accelerating the expansion of share for dental drills in the U.S. market
REFINE	Acquisition aimed at competing all out with Chinese manufacturers in China and other emerging markets

Nakanishi

Φ 20 - 50
S p i n d l e

Customer base
in JP, US and CN



JAEGER

Φ 30 - 150
S p i n d l e

Customer base
in Europe

NSK

Dental drills (air/motor)
Dental micromotors



DCI

No. 2 dental chair in the U.S. market
Track record of transactions with DSOs
and dental universities

NSK

Dental drills (high-end - low-end)
Ultrasonic scalers (high-end)



REFINE

Ultrasonic scalers (low - middle)
Development and production capacity
of electric products

