

# BUSINESS REPORT

73<sup>rd</sup> Fiscal Year January 1, 2024 to December 31, 2024

NAKANISHI INC.



**NSK**  
Create it

# Top Message [ To Our Shareholders ]

I would like to take this opportunity to express my gratitude to our shareholders for your continued support.

In FY2024, the business environment remained challenging due to the waning of the COVID-19-driven demand, the prolonged high policy interest rates, and a decline in capital investment appetite. Amid these conditions, while the Industrial segment softened, the Dental segment remained strong, and both the Surgical and DCI segments performed well. As a result, consolidated net sales reached JPY 77.0 billion, and consolidated EBITDA hit JPY 20.4 billion, both achieving record highs. However, due to the impairment loss of Jaeger, whose performance deteriorated amid worsening market conditions and intensifying competition, profit attributable to owners of parents was JPY 8.5 billion.

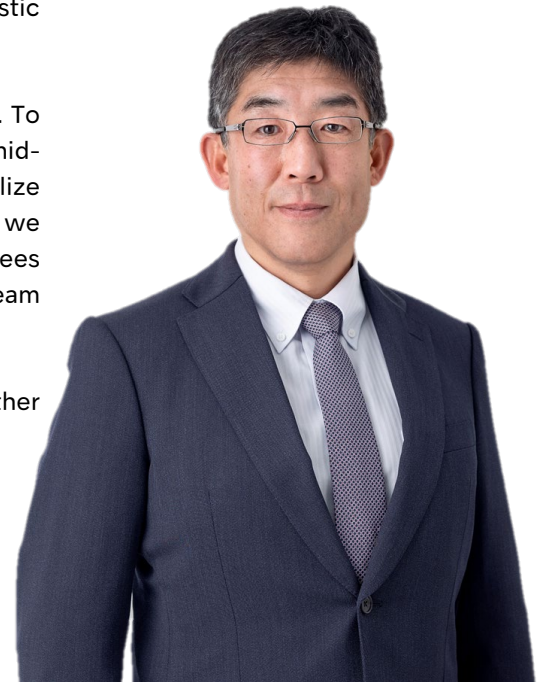
The North American market, a key focus market for our Group to achieve further growth, saw steady sales growth in both the Dental and DCI segments. In FY2025, we will further accelerate our penetration in the North American market by implementing proactive marketing activities at both NSK America and DCI, aiming to expand our market share even further. Additionally, we will strengthen sales expansion efforts in the gradually recovering European and domestic markets to solidify our position as a top-share manufacturer.

In the upcoming year 2030, NAKANISHI will celebrate its 100th anniversary. To make a further leap forward in this milestone year, we are formulating a new mid-term management plan. Through developing a management strategy to realize our mission, which is to create “brilliant progress” via “grinding technology” we have cultivated since our founding, and embark on new frontiers, all employees of the NAKANISHI Group spread across the globe will work together as one team to achieve this plan.

We hope that we can continue to count on your support as we achieve further growth.

President & Group CEO

**Eiichi Nakanishi**



# Financial Summary

## Financial results in FY2024

In FY2024, while the Industrial segment softened, the Dental segment remained strong despite the continued post-pandemic demand decline. Additionally, both the DCI and Surgical segments performed well. Buoyed by the weaker JPY, both consolidated net sales and EBITDA achieved record highs. However, due to the impairment loss of Jaeger, whose performance deteriorated amid intensifying market competition, profit attributable to owners of parents decreased.

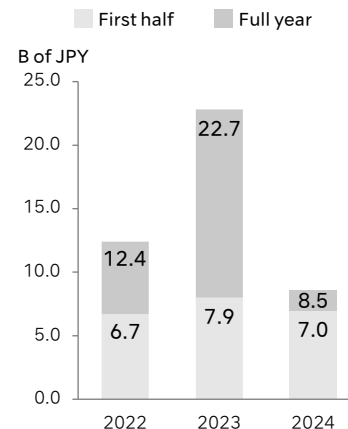
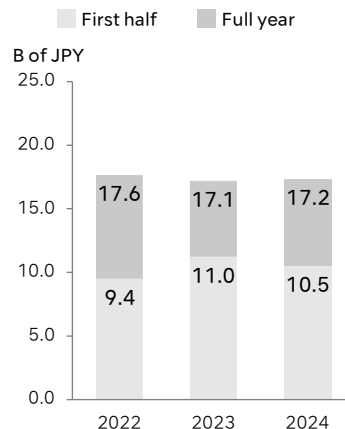
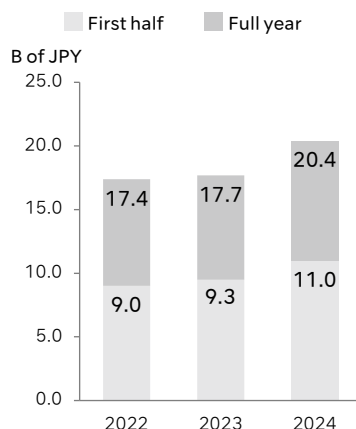
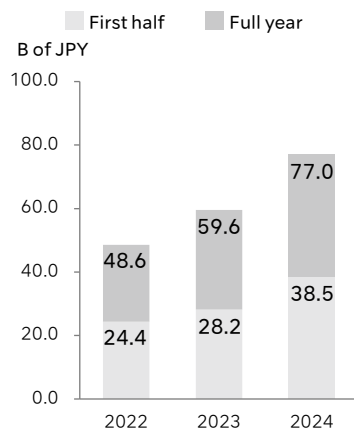
| Net sales     |            |
|---------------|------------|
| 77.0 B of JPY | YoY +29.1% |

| EBITDA*       |            |
|---------------|------------|
| 20.4 B of JPY | YoY +15.3% |

| Ordinary profit |           |
|-----------------|-----------|
| 17.2 B of JPY   | YoY +0.5% |

| Profit attributable to owners of parents |            |
|--|------------|
| 8.5 B of JPY                             | YoY -62.4% |

\*EBITDA = Operating profit + Depreciation + Amortization



## Financial forecast for FY2025

For FY2025, we plan to maximize the capture of gradually recovering global demand and aim for sales increase across all the Dental, DCI, Surgical, and Industrial segments. While we expect profit increase from increased sales, we also plan to allocate additional selling, general and administrative expenses to strengthen sales capabilities, ensuring the growth of the North American market (NSK and DCI) and the Surgical segment. As a result, EBITDA, ordinary profit, and profit attributable to owners of parents are expected to decrease. The exchange rates assumed for this financial forecast are 1 USD = 145 JPY and 1 EUR = 155 JPY.

|  |                    |            |
|--|--------------------|------------|
| Net sales                                | 80.6 B of JPY      | YoY +4.7%  |
| EBITDA                                   | 18.9 B of JPY      | YoY -7.5%  |
| Ordinary profit                          | 13.8 B of JPY      | YoY -19.9% |
| Profit attributable to owners of parents | 9.5 B of JPY       | YoY +11.6% |
| Assumed exchange rates                   | 1 USD = 145.00 JPY |            |
|  | 1 EUR = 155.00 JPY |            |

# Business Domain

## Dental Business

Engages in the development, manufacture, and sale of dental equipment for a range of dental treatment, including restorative dentistry, periodontics, oral surgery, and mobile dental care.

Its operating results include those of Refine, which was acquired in 2023.



Dental hand piece  
Ti-Max Z Series



Oral surgery system  
Surgic Pro2



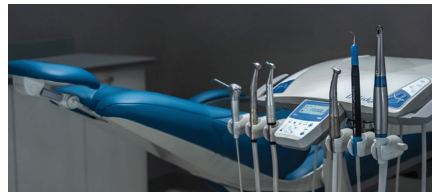
Clinical micro motor  
NLZ



Refine  
Oral hygiene system

## DCI Business Establishment

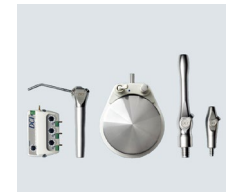
Established as a new segment to present performance of DCI, the U.S. dental chair manufacturer acquired in 2023. Engages in the development, manufacture, and sale of dental chairs and related equipment in the North American market.



Dental chair  
DCI Edge Series 5



Dental cabinet



Dental parts

## Surgical Business

Engages in the development, manufacture, and sale of drills for bone cutting for surgery that are used in medical fields such as neurosurgery, spine surgery, and orthopedics surgery.



Total surgical system  
Primado2 Control Unit



Slim motor  
P200-SMH Series



Attachment  
P300 Attachment



Surgical burs  
Attachment burs

## Industrial Business

Engages in the development, manufacture, and sale of motor spindles used in micromachining and precision processing in a wide range of manufacturing fields such as the automobile and precision equipment industries.

Its operating results include those of Jaeger, which was acquired in 2022.



NAKANISHI spindles  
E-4000 Series



Ultrasonic polisher  
Sheenus ZERO



Micro grinder  
Emax EVolution

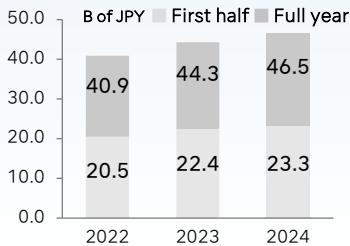


Jäger spindles  
High-frequency  
spindles, etc.

# Performance Trends

## Dental Business

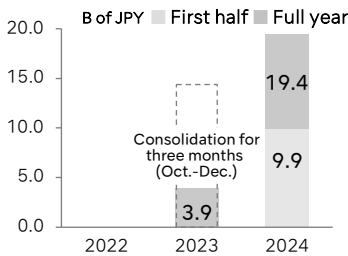
Trends in net sales



|               |                     |   |
|---------------|---------------------|---|
| Japan         | Sales results YoY → | Own product sales recovered in 2H after continued demand decline. OEM sales decreased as special demand faded.  |
| Europe        | Sales results YoY ↗ | Despite a tough market, strong sales efforts by overseas subsidiaries led to sales growth.  |
| North America | Sales results YoY ↗ | Strengthened sales efforts at local subsidiaries expanded transactions with dental universities and DSOs. OEM sales also grew.                                    |
| Asia          | Sales results YoY → | Sales to South Korea remained strong, but demand in China and Southeast Asia continued to decline.  |
| Others        | Sales results YoY ↘ | Australia remained strong. The Middle East and Russia remained stagnant due to ongoing conflicts. South America saw decreased sales due to inventory adjustments. |

## DCI Business

Trends in net sales

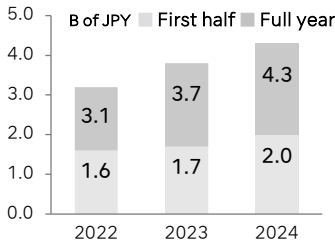


|               |                     |  |
|---------------|---------------------|--|
| North America | Sales results YoY — | <ul style="list-style-type: none"> <li>Sales of dental chairs and dental parts in the North American market remained strong.</li> <li>DCI's non-consolidated performance saw increased sales and income in local currency, excluding exchange rate effects.</li> </ul> <p>Market: While recovery began in 4Q, cumulative sales volume remained sluggish, down 6% YoY.<br/>DCI: 2Q sales were on par with the previous FY, and recovery continued from 3Q onward, resulting in a 2% increase YoY in annual cumulative sales volume.</p> |
|---------------|---------------------|--|

\*In the previous FY, only DCI's performance for the three months from October to December was consolidated.

## Surgical Business

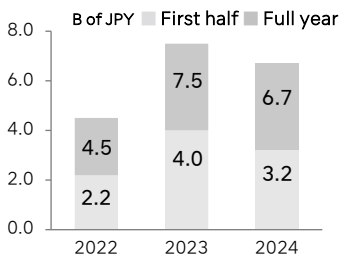
Trends in net sales



|               |                     |   |
|---------------|---------------------|---|
| Japan         | Sales results YoY ↗ | Sales of both consoles and consumables grew, driven by successful sales efforts focused on spine surgery.                                   |
| Europe        | Sales results YoY ↗ | Despite weak demand, sales grew. Business opportunities were actively captured from competitors withdrawing from the market.                |
| North America | Sales results YoY ↗ | Business expansion progressed smoothly, supported by business strategies such as strengthening collaborative business and KOL partnerships. |
| Asia          | Sales results YoY ↗ | While demand continued to decline in key markets like China and South Korea, sales expanded by leveraging competitive products.             |

## Industrial Business

Trends in net sales



|               |                     |   |
|---------------|---------------------|---|
| Japan         | Sales results YoY → | Prolonged demand downturn led to a significant sales decrease. Signs of demand recovery emerged in 2H.  |
| Europe        | Sales results YoY ↘ | NAKANISHI saw decreased sales due to weak demand. Jaeger also suffered a sharp decline amid worsening market conditions and intensifying price competition. |
| North America | Sales results YoY ↗ | Despite a continued challenging market environment, proactive proposal-based sales efforts drove sales growth.  |
| Asia          | Sales results YoY ↘ | While the key Chinese market rebounded at the end of the period, prolonged sluggish sales resulted in a significant sales decrease.                         |

# Topics [ Dental Business: New Product ]

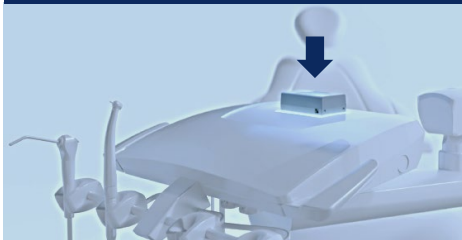
## Release of the dental dual motor system "NLZ Pro"

Started shipping to the North American market in November 2024



To achieve further growth in the North American market, where our market share has been steadily increasing, we have launched the new dental micromotor system "NLZ Pro." In the North American market, the demand for electric motor-driven dental instruments has been gradually rising. Our electric motor-driven handpieces (contra-angle) and micromotors have received high market recognition, serving as drivers of market share expansion. To effectively capture the shift toward electric motors in the North American market, we will expand sales of the new product "NLZ Pro."

### Built-in compatibility



The NLZ Pro unit can be integrated into the dental chair unit, eliminating exposed wiring and preventing treatment space from being occupied. This built-in compatibility ensures a smart and efficient treatment environment.

### Dual motor control



The NLZ Pro system controls two motors, allowing switching between contra-angles with different applications and rotation speeds. This reduces the frequency of attachment changes, contributing to more efficient dental treatment.

### Color LCD Panel



The LCD touchscreen features large numbers and buttons, significantly enhancing visibility and ease of operation. The user-friendly interface enables intuitive operation, providing a stress-free treatment environment.

# Topics [ Dental Business: New Product ]



## Mobile dentistry system **VIVAace 2**

Launched in the domestic market in March 2025

The mobile dentistry system "VIVAace," which was launched domestically in July 2016, has become a long-selling product, continuing to be used in mobile dental care across Japan. In March 2025, we introduced the next-generation model, "VIVAace 2," which retains the original product concept while incorporating upgrades based on customer feedback. The small and light body ensures easy portability, while incorporating a high-performance micromotor, ultrasonic scaler, syringe, and vacuum system, creating a treatment environment comparable to a dental clinic. With quick setup and dismantling, VIVAace 2 strongly supports comfortable and efficient mobile dental care. Following its domestic launch, we plan to gradually expand sales to global markets with demand for mobile dental care.



### High-performance micromotor

Equipped with a lightweight and compact high-performance motor, designed for easy handling. Delivers high torque and smooth rotation across all speed ranges, from high-speed to low-speed operations.



### Multi-purpose ultrasonic scaler

Incorporates an ultrasonic scaler with a titanium body. The slim tip design allows for easy access to hard-to-reach areas, such as the terminal molars (back teeth), improving treatment comfort.



### Highly visible control panel

Features a large LCD screen, ensuring excellent visibility from both the front and sides. The bright display with large buttons enables intuitive touch operation in various home visit environments.



### High-performance vacuum system

Significantly enhanced suction power and volume based on customer needs. The powerful yet quiet suction system ensures smooth treatment in home visit settings.

# Topics [ Shareholder returns ]

## Shareholder returns policy

We regard returning profits to our shareholders as one of our most important management issues, and set our basic policy as enhancing the business foundation and promoting investment in growth areas properly and proactively as well as returning profits to shareholders in a well-balanced manner.

We endeavor to perform the flexible acquisition of treasury stock and make stable and continuous dividend increases, considering retained earnings required for investment in future growth, and setting the standard for medium-term profit return as a total payout ratio of 50%.

## Shareholder returns

### ■ Purchase & cancellation of treasury shares in FY2024

Toward the implementation of our shareholder returns with a total payout ratio of 50%, we purchased treasury shares in the first half of FY2024 as outlined below.

· Purchase results announced on February 20, 2024: Total of 841,200 shares/JPY 1,999 million

\*The 841,200 shares purchased were canceled as of April 5, 2024.

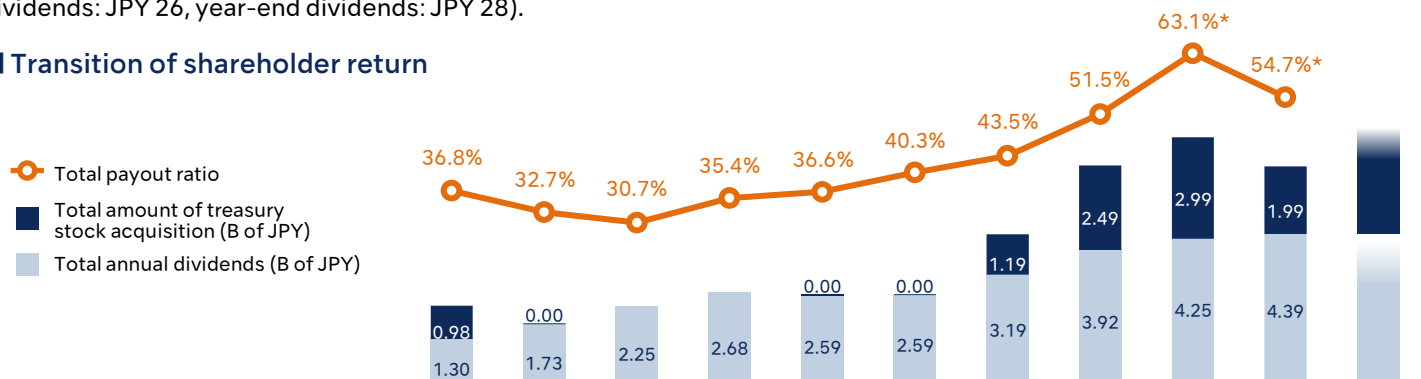
### ■ Dividends for FY2024

We will pay year-end dividends of JPY 26 per share for FY2024. We have paid interim dividends of JPY 26 per share, and total annual dividends for FY2024 will be JPY 52 per share.

### ■ FY2025 dividends forecast

We forecast to pay annual dividends of JPY 54 per share (increase by JPY 2 compared to the previous FY) for FY2025 (interim dividends: JPY 26, year-end dividends: JPY 28).

### ■ Transition of shareholder return



|                                      |       | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   | 2024   | 2025     |
|--------------------------------------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----------|
|                                      |       | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Forecast |
| Annual dividends per share           | (JPY) | 15.00  | 20.00  | 26.00  | 31.00  | 30.00  | 30.00  | 37.00  | 46.00  | 50.00  | 52.00  | 54.00    |
| Dividend payout ratio (consolidated) | (%)   | 21.0   | 32.7   | 30.7   | 35.4   | 36.6   | 40.3   | 31.7   | 31.6   | 37.0*  | 37.6*  | -        |
| Total payout ratio (consolidated)    | (%)   | 36.8   | 32.7   | 30.7   | 35.4   | 36.6   | 40.3   | 43.5   | 51.5   | 63.1*  | 54.7*  | -        |

\*In calculating the total payout ratio and dividend payout ratio for FY2023, the gain on step acquisitions from the full acquisition of DCI has been excluded.

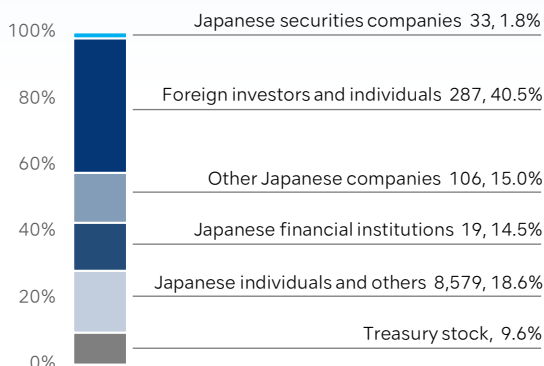
\*In calculating the total payout ratio and dividend payout ratio for FY2024, the profit decrease brought by the impairment loss of Jaeger has been excluded.



# Stock Information

## Stock information (as of December 31, 2024)

- Total number of authorized shares 375,000,000 shares
- Number of shares issued 93,418,200 shares
- Number of shareholders 9,025
- Shareholder distribution



## Principal shareholders (top 10)

| Name  | Number of shares held (thousand) | Shareholding ratio (%) |
|---|----------------------------------|------------------------|
| STATE STREET BANK AND TRUST COMPANY 505001            | 5,066                            | 6.0                    |
| Custody Bank of Japan, Ltd. (Trust accounts)          | 4,983                            | 5.9                    |
| Nakanishi E&N Inc.                                    | 4,530                            | 5.4                    |
| Chiyo Nakanishi                                       | 4,362                            | 5.2                    |
| The NSK Nakanishi Foundation                          | 3,721                            | 4.4                    |
| The Master Trust Bank of Japan, Ltd. (Trust accounts) | 3,369                            | 4.0                    |
| Office Nakanishi Inc.                                 | 3,120                            | 3.7                    |
| Eiichi Nakanishi                                      | 2,802                            | 3.3                    |
| Kensuke Nakanishi                                     | 2,798                            | 3.3                    |
| Ashikaga Bank, Ltd.                                   | 2,265                            | 2.7                    |
| JP MORGAN CHASE BANK 385632                           | 2,265                            | 2.7                    |

\*NAKANISHI Inc. holds 8,961 thousand shares of treasury stock, but we do not include it in the list of principle shareholders.

\*Treasury stock is excluded in the calculation of shareholding ratios.

## Corporate profile (as of December 31, 2024)

|                     |  |
|---------------------|--|
| Company name        | NAKANISHI INC.   |
| Established         | February 1930  |
| Representative      | Eiichi Nakanishi, President & Group CEO  |
| Capital stock       | JPY 867 million  |
| Number of employees | 2,180 (Consolidated)<br>1,100 (Non-consolidated)   |
| Headquarters        | 700 Shimohinata, Kanuma, Tochigi   |
| Domestic offices    | Headquarters: RD1, Factory: A1, A1+, M1<br>Office: Tokyo, Osaka, Nagoya  |
| Group companies     | NSK America (USA)<br>DCI International (USA)<br>NSK Europe (Germany)<br>Nakanishi Jaeger (Germany)<br>NSK France (France)<br>NSK United Kingdom (U.K.)<br>NSK Dental Spain (Spain)<br>NSK Dental Italy (Italy)<br>NSK Dental Nordic (Sweden)<br>NSK RUS (Russia)<br>NSK Middle East (UAE)<br>NSK Shanghai (China)<br>Refine Medical Instrument (China)<br>NSK Dental Korea (South Korea)<br>NSK Nakanishi Asia (Singapore)<br>NSK Oceania (Australia)<br>NSK America Latina (Brazil) |

## (as of March 21, 2025)

### Board Members

|                                |                   |
|--------------------------------|-------------------|
| President & Group CEO          | Eiichi Nakanishi  |
| Executive Vice President & COO | Kensuke Nakanishi |
| Executive Vice President       | Masataka Suzuki   |
| Outside Director               | Yuji Nonagase     |
| Outside Director               | Yukiko Araki      |
| Outside Director               | Chika Shiomi      |
| Corporate Auditor (Full-time)  | Jin Harita        |
| Outside Corporate Auditor      | Yuji Sawada       |
| Outside Corporate Auditor      | Yoshihiro Maki    |

### Corporate Vice Presidents

|                                      |                   |
|--------------------------------------|-------------------|
| President & Group CEO                | Eiichi Nakanishi  |
| Executive Vice President & COO       | Kensuke Nakanishi |
| Executive Vice President             | Masataka Suzuki   |
| Corporate Vice President & Group CFO | Daisuke Suzuki    |
| Corporate Vice President             | Koichi Ariga      |
| Corporate Vice President             | Akio Tanaka       |
| Corporate Vice President             | Tsukasa Naganuma  |
| Corporate Vice President             | Koji Miyamoto     |
| Corporate Vice President             | Masaaki Kikuchi   |

## Notes for shareholders

|   |  |
|---|--|
| Securities code   | 7716   |
| Fiscal year   | From January 1 to December 31  |
| Annual general meeting of shareholders  | March  |
| Shareholder registration date   | Record date for the exercise of voting rights at the annual general meeting of shareholders: December 31<br>Record date for year-end dividends: December 31<br>Record date for interim dividends: June 30  |
| Shareholder registry administrator and special account management institution | Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo  |
| Contact details   | Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank<br>2-8-4 Izumi, Suginami-ku, Tokyo<br>0120-782-031 (toll-free)   |
| Method of public notice   | Public notice are posted on the Company's website. If the Company cannot publish electronic public notice due to unavoidable circumstances, it will publish public notices in the Nihon Keizai Shimbun.  |
| Share unit  | 100 shares   |
| Stock exchange listing  | Tokyo Stock Exchange - Standard  |
| Notice  | <ul style="list-style-type: none"><li>● Change of address, request for purchase of fractional shares</li></ul> <p>Inquire with a securities company where you have your account. If you do not have an account at any securities company and have opened a special account, please inquire with Sumitomo Mitsui Trust Bank, which manages special accounts.</p> <ul style="list-style-type: none"><li>● Payment of accrued dividends</li></ul> <p>Please inquire with Sumitomo Mitsui Trust Bank, the administrator of the shareholder register.</p> |

### Notice regarding the termination of the mailing of printed booklets for business reports

As part of our resource-saving initiatives in consideration of the global environment, we have discontinued the mailing of printed booklets for business reports. Instead, we have made them available on our website (<https://www.nakanishi-inc.jp/ir/dataroom/#br>). We appreciate your understanding in this matter.