



Presentation Materials

for the year ended Dec. 31, 2020

Feb. 26, 2021

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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FY2020 Consolidated Financial Results

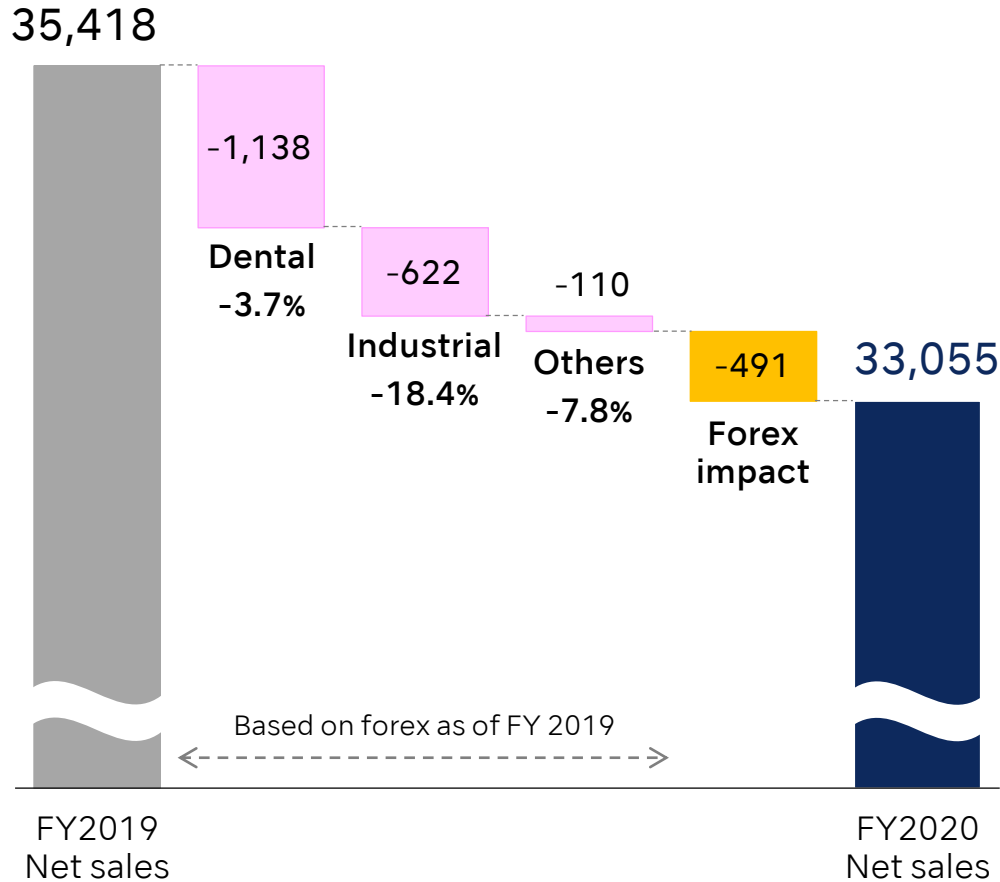
M of JPY	FY2020 Actual	FY2019 Actual	YoY Comparison	FY2020 Forecast <small>Upward revision on Nov. 6</small>	Ratio to the Forecast
Net Sales	33,055	35,418	-6.7 %	31,059	+6.4 %
Gross Profits	19,731	21,762	-9.3 %	18,370	+7.4 %
Ratio to net sales	59.7 %	61.4 %	-1.7 pt	59.1 %	+0.6 Pt
Operating Income	8,542	9,299	-8.1 %	7,208	+18.5 %
Ratio to net sales	25.8 %	26.3 %	-0.5 pt	23.2 %	+2.6 Pt
Ordinary Income	8,627	9,841	-12.3 %	7,475	+15.4 %
Ratio to net sales	26.1 %	27.8 %	-1.7 pt	24.1 %	+2.0 Pt
Profit Attributable to Owners of Parents	6,455	7,102	-9.1 %	5,879	+9.8 %
Ratio to net sales	19.5 %	20.1 %	-0.6 pt	18.9 %	+0.6 Pt
EPS (JPY)	74.49	81.97	—	67.85	—

Currency Rate

Against the US dollar	(JPY)	106.67	109.37	-2.70	105.00	+1.67
Against the EURO	(JPY)	122.01	122.53	-0.52	115.00	+7.01

- **Forex impact:** Net sales -491M of JPY (vs FY2019 Actual), +590M of JPY (vs FY2020 Forecast)
- **Forex sensibility:** Fluctuations in annual sales due to the depreciation of the yen (per one yen)
 Against USD: Increase of 58M of JPY Against EURO: Increase of 66M of JPY

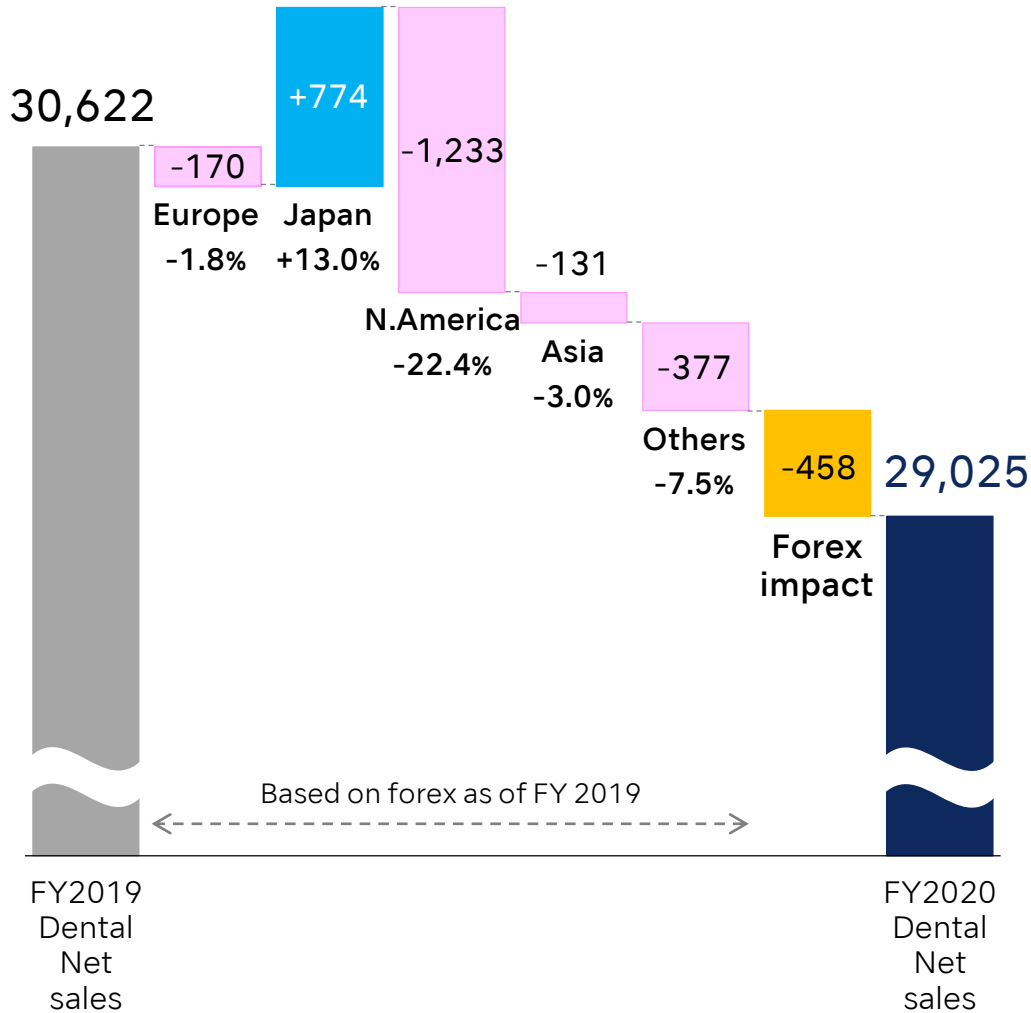
M of JPY



► Net sales by business segment

	FY2019 Actual	FY2020 Actual	Change
Dental	30,622	29,484	-1,138
Industrial	3,381	2,758	-622
Others	1,414	1,304	-110
Forex impact	—	-491	-491
Total	35,418	33,055	-2,363

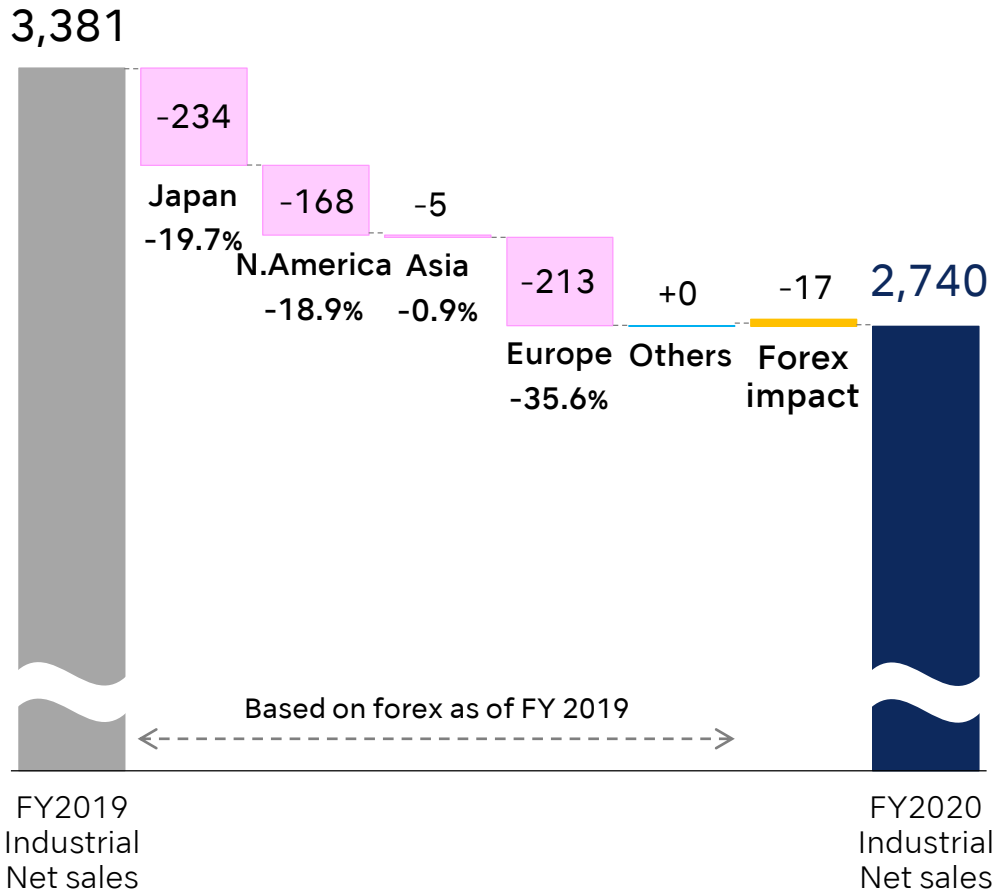
M of JPY



► Net sales of Dental segment by region

	FY2019 Actual	FY2020 Actual	Change
Europe	9,741	9,570	-170
Japan	5,960	6,735	+774
North America	5,510	4,277	-1,233
Asia	4,364	4,233	-131
Others	5,044	4,667	-377
Forex impact	—	-458	-458
Total	30,622	29,025	-1,596

M of JPY

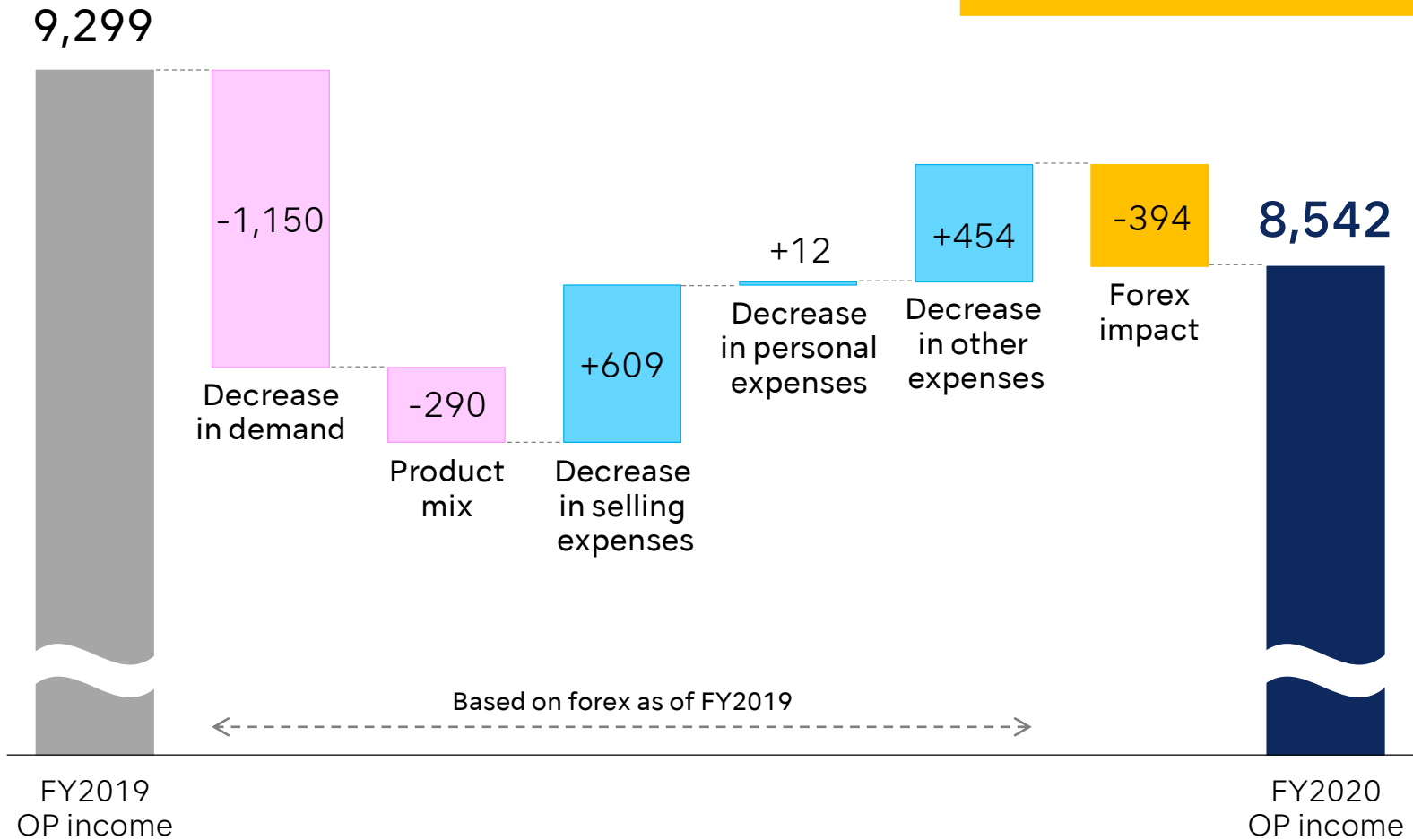


▶ Net sales of Industrial segment by region

	FY2019 Actual	FY2020 Actual	Change
Japan	1,192	958	-234
North America	891	722	-168
Asia	690	684	-5
Europe	601	387	-213
Others	5	6	+0
Forex impact	—	-17	-17
Total	3,381	2,740	-640

M of JPY

<Exchange rate>
 Average of FY2019 Average of FY2020
 USD : 109.37JPY → 106.67JPY
 EURO : 122.53JPY → 122.01JPY



M of JPY	As of Dec. 31, 2020	As of Dec. 31, 2019	Change	Note
Total Assets	82,470	77,536	+4,933	· Cash and deposits +3,806 · Shares of subsidiaries and associates +2,805 · Investment securities -2,000
- Notes and accounts receivable-trade	5,158	5,184	-26	
- Inventories	10,604	10,538	+66	
Liabilities	6,198	5,037	+1,161	· Income taxes payable +1,187
- Loans payable	100	100	—	
Net Assets	76,272	72,499	+3,772	
- Retained earnings	77,435	73,666	+3,768	
Return on Equity	8.7 %	10.2 %	-1.5 Pt	
Return on Assets	10.8 %	13.1 %	-2.3 Pt	

	FY2020 Actual	FY2019 Actual	Change	Note
Capital Investments	1,163	1,534	-371	
Depreciation Expenses	1,759	1,684	+74	

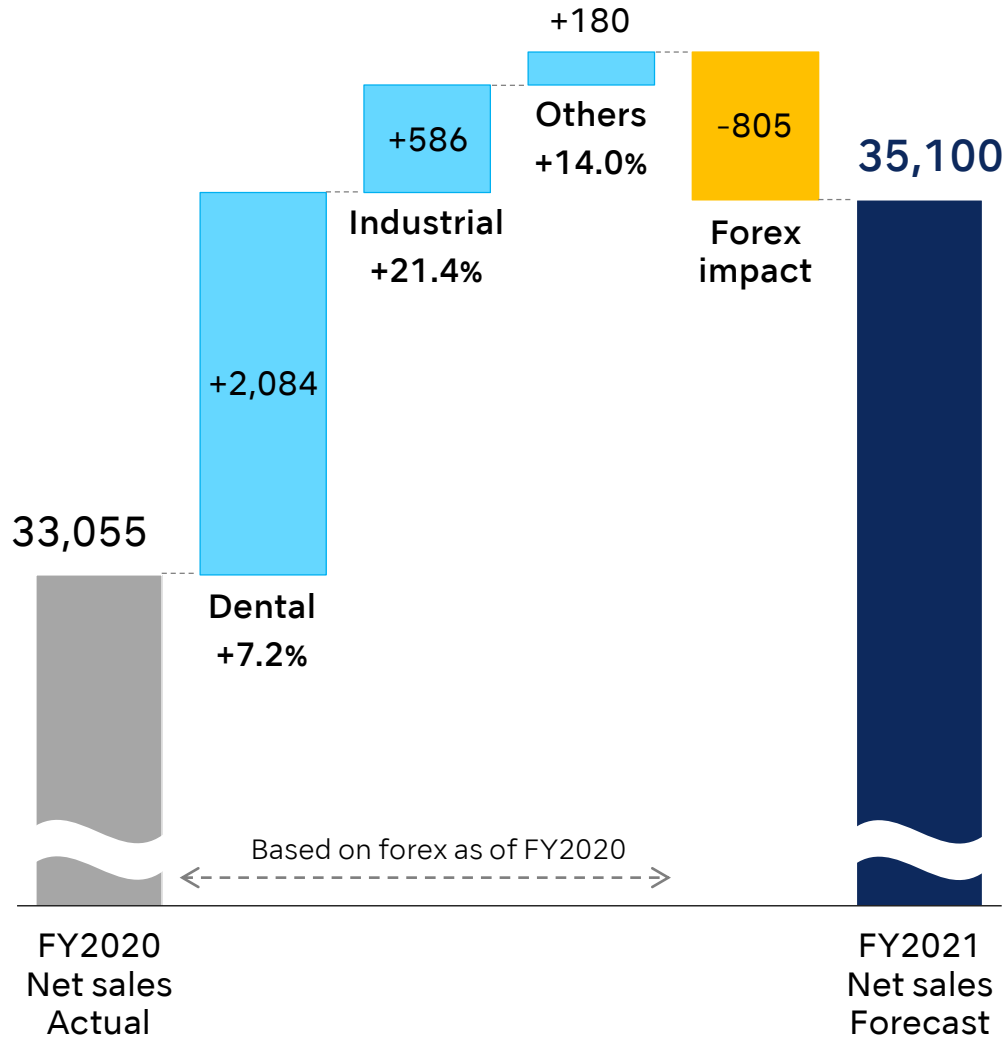
M of JPY

		Japan	Export sub total	Europe	North America	Asia	Others	Total	
Dental	FY2019 Actual	5,960	24,661	9,741	5,510	4,364	5,044	30,622	
	FY2020 Actual	6,735	22,289	9,519	4,183	4,147	4,440	29,025	
	YoY	Amount	+774	-2,371	-222	-1,327	-217	-604	-1,596
		Ratio	+13.0%	-9.6%	-2.3%	-24.1%	-5.0%	-12.0%	-5.2%
Industrial	FY2019 Actual	1,192	2,188	601	891	690	5	3,381	
	FY2020 Actual	958	1,782	387	704	684	6	2,740	
	YoY	Amount	-234	-406	-213	-186	-5	+0	-640
		Ratio	-19.7%	-18.6%	-35.6%	-20.9%	-0.9%	+2.7%	-19.0%
Others	FY2019 Actual	826	588	180	250	142	15	1,414	
	FY2020 Actual	791	497	155	202	124	16	1,289	
	YoY	Amount	-34	-90	-25	-48	-18	+0	-125
		Ratio	-4.2%	-15.4%	-14.0%	-19.3%	-12.8%	+5.4%	-8.9%
Total	FY2019 Actual	7,979	27,438	10,522	6,652	5,197	5,065	35,418	
	FY2020 Actual	8,485	24,569	10,061	5,090	4,955	4,462	33,055	
	YoY	Amount	+505	-2,868	-461	-1,561	-241	-603	-2,363
		Ratio	+6.3%	-10.5%	-4.4%	-23.5%	-4.7%	-11.9%	-6.7%

Consolidated Financial Forecast for FY2021

M of JPY		FY2021 Forecast	FY2020 Actual	Change	Note
Net Sales		35,100	33,055	+6.2 %	
Gross Profits		21,033	19,731	+6.6 %	
	Ratio to net sales	59.9 %	59.7 %	+0.2 Pt	
Operating Income		8,546	8,542	+0.1 %	
	Ratio to net sales	24.3 %	25.8 %	-1.4 Pt	
Ordinary Income		8,879	8,627	+2.9 %	
	Ratio to net sales	25.3 %	26.1 %	-0.8 Pt	
Profit Attributable to Owners of Parents		6,450	6,455	-0.1 %	
	Ratio to net sales	18.4 %	19.5 %	-1.1 Pt	
EPS	(JPY)	74.45	74.49	—	
Capital Investments		2,250	1,163	+1,087	Machinery and equipment +650 IT Related +360
Depreciation Expenses		1,781	1,759	+22	
Assumed Currency Rate					
Against the US dollar	(JPY)	100.00	106.67	-6.67	Forex sensibility: Annual net sales 73M of JPY/JPY.
Against the EURO	(JPY)	120.00	122.01	-2.01	Forex sensibility: Annual net sales 66M of JPY/JPY.

M of JPY

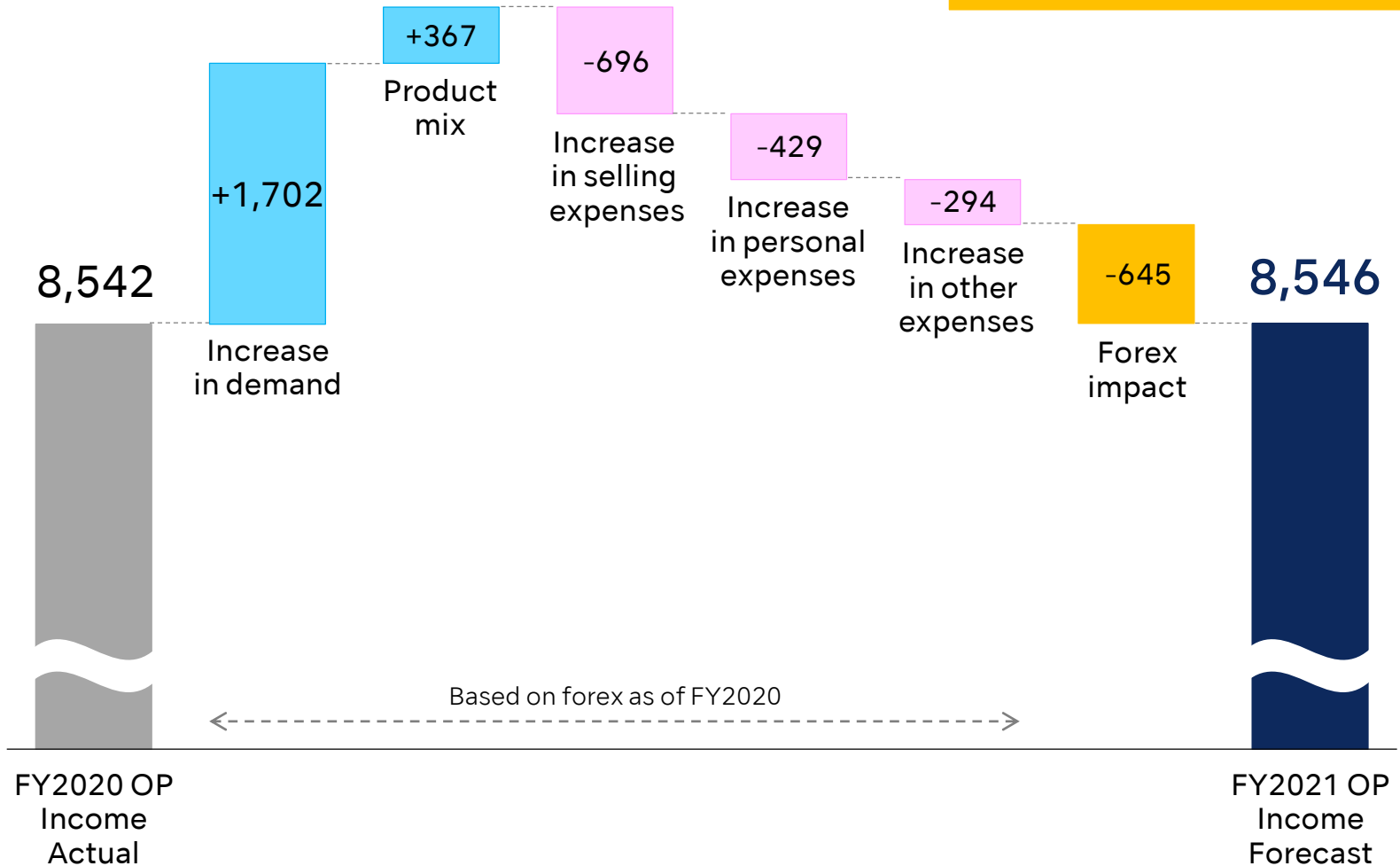


► Net sales by business segment

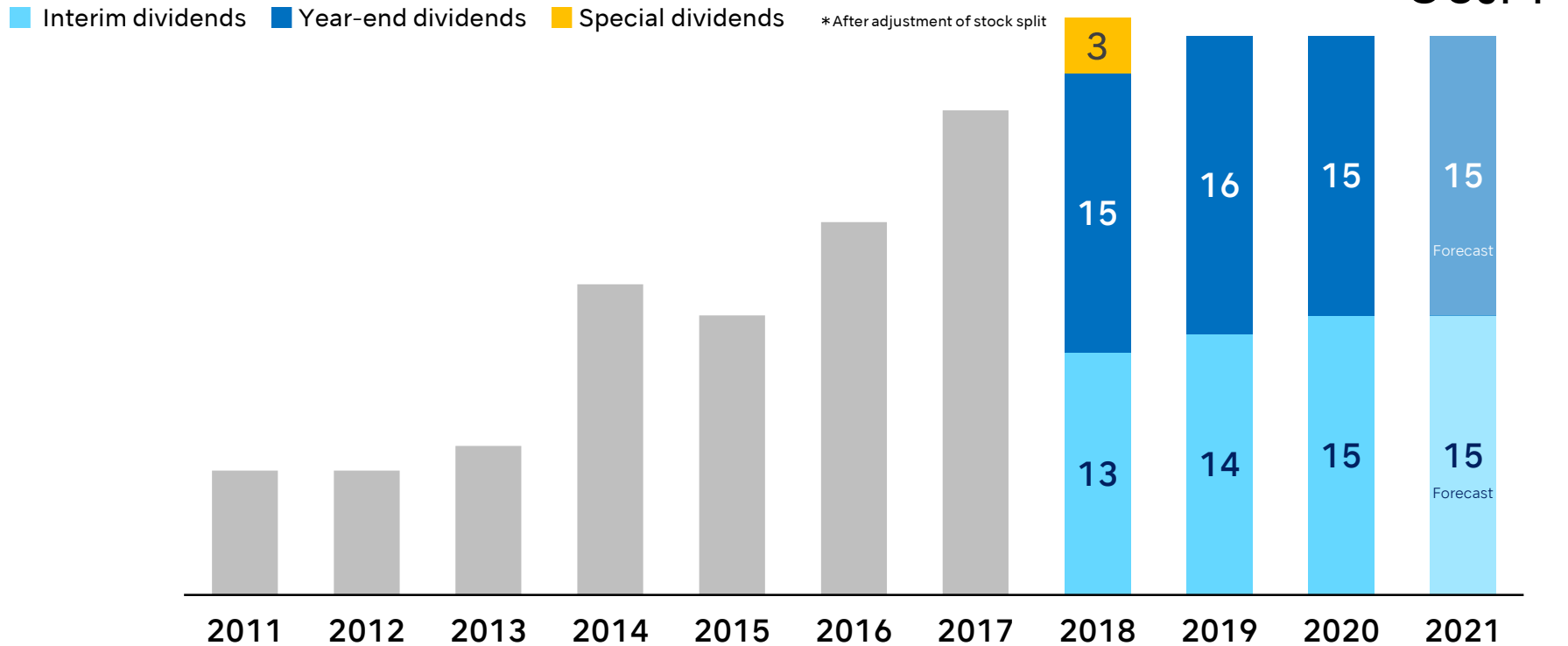
	FY2020 Actual	FY2021 Forecast	Change
Dental	29,025	31,109	+2,084
Industrial	2,740	3,327	+586
Others	1,289	1,469	+180
Forex impact	-	-805	-805
Total	33,055	35,100	+2,044

M of JPY

< Exchange rate >
 FY2020 Actual FY2021 Forecast
 USD : 106.67JPY → 100.00JPY
 EURO : 122.01JPY → 120.00JPY

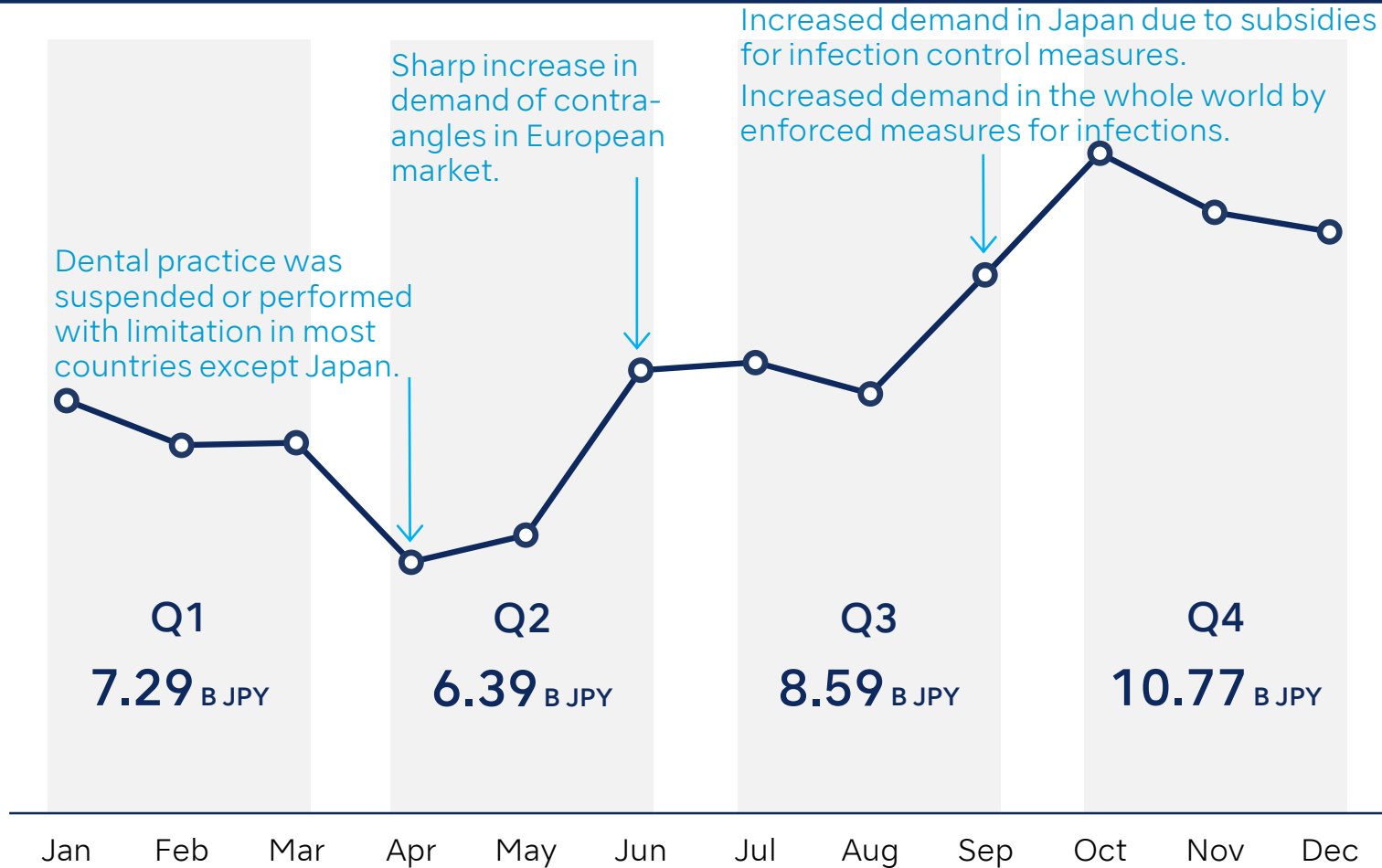


FY2021 Annual Dividends Forecast: 30JPY per share



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
EPS (JPY)	51.96	48.42	53.61	79.33	71.22	61.15	84.75	87.59	81.97	74.49	74.45
Payout ratio (%)	12.8	13.8	14.9	21.0	21.1	32.7	30.7	35.4	36.6	40.3	40.3

Overviews of Each Segment and Future Initiative



*The market shrank drastically and hit the bottom during Q2 due to lockdown measures in various cities all over the world.

*Rebound demand and demands relating infection prevention were seen during Q3, and special demand for sterilizers and handpieces was generated in Japan due to the governmental subsidies for infection control measures.

► Rise of needs for infection prevention

It became natural for dental clinics to consider taking infection prevention measures is a "MUST" thing, and perform sterilization for each treatment. This has led to special demand for sterilizers and additional handpieces all over the world.

► Trend in market share

Achieved obtaining more our customers' trust by not stopping our business operation including Q2, when lockdown measures were taken in various cities all over the world. We have kept providing information and taking prompt measures. Market share of our products was increased by capturing majority of rebound demand which was generated after lockdowns as well as acquiring big business negotiation which had been occupied by other companies.

Mid term management plan "NV2025" (6YearsPlan;FY2020~2025) is being carried out in order to realize our Long-term vision
"To be The Leading Excellent Global Medical Device Company"

Mid term management plan "NV 2025"

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

Profit objectives for FY2025

Net Sales **50billion JPY**
Operating Profit Ratio **28%**

Progress of FY2020

1. Decreased sales and profits affected by the COVID-19 pandemic
2. Profits have increased considerably in Chinese market
3. Increased market share of our own brand in the U.S. market
4. Launched new products in Dental, Medical, and Industrial areas
5. Responded to sharp increase in demand by increasing production in the second half of the year

Due to the rapid recovery in 4Q, range of decrease of sales and profits was considerably suppressed than it had been expected.

Achieved a significant increase in market share in Japan, Europe, and the U.S. etc.

Forecast of market trend in 2021

①

Demands for infection prevention measures continue worldwide

②

Demands relating to implant and preventive dentistry will recover rapidly

Basic strategy of FY2021

Expand sales of main product handpieces and sterilizers

New Product: M micro turbine
iClave mini2

Expand sales of preventive dentistry products and implant treatment devices

New Product: Surgic Pro2

Overview of FY2020

Measures for FY2021

Europe

Net sales
9.51B JPY
 YoY
-2.3%

- Captured rebound demand which was generated after the lockdowns from April to May. Sales of local subsidiaries exceeded the previous year's.
- Sales halved due to sharp decrease in OEM business.

Market outlook



- Promote sales of handpieces and products for re-process (disinfection and sterilization), focusing on infection prevention measures.
- Launch and promote a new implant related product "Surgic Pro2".

Japan

Net sales
6.73B JPY
 YoY
+13.0%

- Demands for sterilizers and additional handpieces were generated rapidly due to the governmental subsidies for infection control measures.
- Launched new sterilizer "iClave mini2" on October 1st. Sales increased significantly capturing demand for infection control.

Market outlook



- A reactional decline in demand is assumed after ending the governmental subsidies.
- Promote sales of "iClave mini2", which has been highly evaluated in the market, and "S-Max M micro".

Overview of FY2020

Measures for FY2021

North America

Net sales
4.18B JPY
 YoY
-24.1%

- Sales decreased comparing to the previous year although the sales of local subsidiary recovered from the second half of the year.
- There was rapid increase in our market share while others' share decreased.
- Sales decreased more than 30% of the previous year due to slow recovery in OEM business.

Market outlook



- Capture demand of shifting from air turbines to the electric motors at most.
- Aim for further expansion in market share of our brand by enhancing collaboration with DCI International (located in Oregon in the U.S.).

Asia

Net sales
4.14B JPY
 YoY
-5.0%

- Sales increased more than 30% of the previous year due to smooth transition for direct sales system by Chinese subsidiary.
- Sales to Asian markets where the effects of the COVID-19 pandemic remain moved slow.

Market outlook



- Further enhancements of the sales system of Chinese subsidiary, and promote developing and expanding the distributor networks.
- Promote sales expansion of handpieces and implant related products looking ahead to a post-COVID-19 pandemic future.

		Overview of FY2020	Measures for FY2021	
Middle East	Net sales 4.44B JPY YoY -12.0%	<ul style="list-style-type: none"> Sales remained low due to spread of the COVID-19 pandemic. 	Market outlook 	<ul style="list-style-type: none"> Promote sales of main product handpieces and implant related products.
South America		<ul style="list-style-type: none"> Sales decreased significantly due to unstoppable spread of the COVID-19 pandemic. 	Market outlook 	<ul style="list-style-type: none"> Promote sales of main product handpieces and implant related products.
Russia		<ul style="list-style-type: none"> Sales increased by capturing rebound demand after lockdown. 	Market outlook 	<ul style="list-style-type: none"> Solidify the No. 1 share in the region by localizing Moscow office and enhancing after-sales service.
Australia		<ul style="list-style-type: none"> Sales decreased in the first half of the year due to lockdown, but recovered greatly in Q4. 	Market outlook 	<ul style="list-style-type: none"> Capture increased demand of sterilizers and additional handpieces for infection control measures.

Autoclave sterilizer

iClave mini2

There was a rapid demand increase for autoclave sterilizer due to the subsidies for infection prevention measures by the government.

More than 1,000 units have been sold so far.

Receiving favorable feedbacks for its small body size specialized in handpieces and short time required for sterilization.



- ✓ **Realizing sterilization power by the gravity displacement autoclave**
- ✓ **Maximum capacity of 12 pieces**
- ✓ **Adopted LCD panel for the better visibility and operability.**
- ✓ **Improved in safety and useful function**



Dental handpiece (Air Turbine)

S-Max M micro

New product from our middle-range "S-Max M Series".

Realized high power of 20W (the highest in this class) in mini-head of $\phi 9\text{mm}$.

Sought maximum usability based on opinions from dentists.

Re-analyzed inner structure and reduced the number of components used, which enabled higher cost competitiveness.

- ✓ **Mini head and high power**
- ✓ **Quick stop function**
- ✓ **Cartridges can easily be changed by dentists**
- ✓ **Equipped with NSK original clean head system**



Oral Surgery micromotor system

Surgic Pro2

This is the second generation of our flagship product "Surgic Pro", which dominates the top share in the world.

Implant market has been recovering sharply, and it is planned to be marketed in the world market followed by European market.

Advanced design and higher operability

Lighter and smaller micro-motor

Wireless extensibility (Bluetooth)

- Foot control that helps user focusing on the treatment
- Osseointegration Monitoring Device (Osseo 100 +)
- Ultrasonic bone surgery system (Vario Surg3)
- iPads (Traceability data management of procedural details)

Overview of FY2020

Sales remained low except Asia (China) due to the COVID-19 pandemic

- Sales decreased significantly in Japanese market. Although some recovery were seen towards the end of the FY, most were shifted to the next year.
- Sales decreased in Europe due to lockdown measures. Although some recovery were seen during the second half of the FY, that was not enough to offset.
- Chinese market remained firm due to 5G related investments, and supported sales decreases of the other Asian countries.

Measures for FY2021

Capture demand from manufacturing industry like car industry, since it has been recovering sharply.

- In response to the "automation / labor saving" needs of production lines, we team up with system integrators to promote application cases (customer development and horizontal deployment).
- New products:
 - "Sheenus ZERO" Starting up well. Promote marketing to the U.S. and European markets.
 - "NR33-6000ATC-ESD" Accelerate promotion activities of spindle to 5G related projects.

NR33-6000ATC-ESD

[Antistatic] Automatic Tool Change Spindle

ESD (Electro-Static Discharge) spindle is an antistatic spindle.

Prevents damage to delicate electronic components on the PCB while machining.



- *Conducting material is used for the tip of the spindle**
- *High-speed spindle that realizes antistatic of static electricity**

This product can prevent PCB from getting damaged by static electricity and can help improve yield in production when it is used in production of PCB (split process), most of which are equipped to electronics. Demand increase in 5G related area is expected.

Sheenus ZERO

Ultrasonic Polisher



- *Realized lighter and energy saving compared to conventional product**
- *Improved visibility and usability with advanced design**

Wide range of processes such as grinding, polishing, and mirror finishing etc. in production of molds (from aluminum molds to carbide molds) can be achieved by this unit.

Overview of FY2020

Sales struggled due to the influence of the COVID-19 pandemic, with which the number of surgeries around the world has decreased

- **Japan** : Sales remained still by promoting digital marketing under the circumstances of activity restrictions.
- **Europe** : Sales increased by great increase in sales of new product "P300 Attachment Series".
- **N. America** : Sales decreased due to the large impact of the decrease in the number of surgeries although sales to general surgery hospitals increased.
- **Asia** : Sales decreased struggling in India and Asian countries although some recovery were seen in Chinese market.

Measures for FY2021

Aim for business recovery mainly with marketing of new products although the influence of the COVID-19 pandemic remains

- **Japan** : Strengthen relationship with current customers, cultivate new field of medical care, and promote digital marketing.
- **Europe** : Focus on acquiring new large project through enhancement of communication with local distributors.
- **N. America** : Launch of new product "P300 Attachment Series" and follow up of main customers.
- **Asia** : Enhance distributor network in Chinese market, promote collaboration with KOL, and develop Indian market.

Primado 2

Electric bone cutting device that can be used in neuro, orthopedic surgeries etc.



P300 Attachment Series

Slim Attachment 300

Kept rotational stability, which is highly evaluated, of bone cutting drill. Added functions that contribute improving visibility, operability and safety.

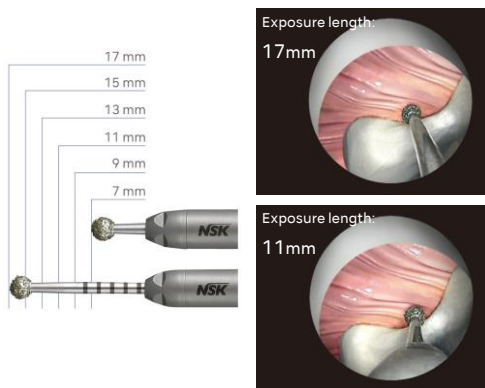
Added attachment lineup that is useful for "Minimal Invasive Surgery" like endoscopic surgery etc.

Business opportunity was expanded especially due to improved compatibility to the spinal endoscopy field.



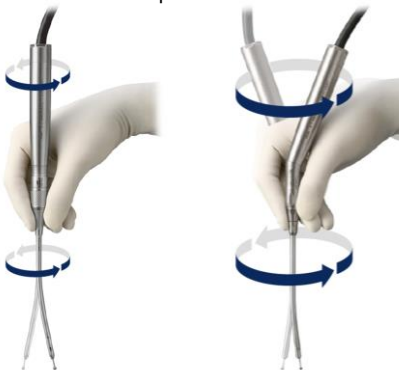
Improved visibility

Visibility is improved with the tapered tip and variable exposure lengths.



Improved operability

Straight attachment, which enables surgeons to access a narrow space by single rotation, was added to the product lineup.



Improved safety

Two types of Guards can slide onto the attachment to prevent dragging surrounding tissue during operation.



NSK