

Briefing Material

for 3rd quarter ended Sep. 30, 2022

November 11, 2022

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.

Key changes

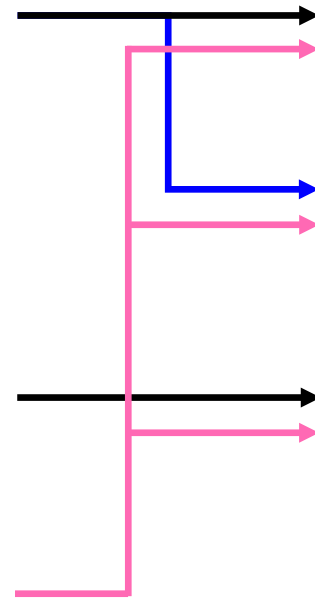
1. "Surgical Business" was separated from the previous reporting segment "Dental Products" and individually established
2. Abolition of the previous reporting segment "Others (mainly included repair services)", which will be included in each new reporting segments

Previous reporting segments

Dental Products

Industrial Products

Others



New reporting segments

* Starting from FY2022 Q1

Rename

Dental Business

Development, production and sales of wide range of dental equipment, which cover such as restorative dentistry, periodontics, mobile dental care, oral surgery etc.

Separate

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.

Rename

Industrial Business

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.

Abolition

Dental Business



Dental hand piece



Oral surgery system



Oral hygiene system



Clinical micromotor

Surgical Business



Console



Slim motor



Attachment



Bur

Industrial Business



Controller



Spindle



Micro grinder



Ultrasonic grinder

Consolidated financial result for FY2022Q3

- **The depreciation of the yen against major trading currencies boosted sales and profits. Topline has been quite flat on YOY and local currency basis.**
- **Due to the successful parts purchasing and design changes, we could minimize impact on production. Upward revision of full-year earnings forecast as production by the end of the year is in sight.**
- **New factory "A1+" started operation and production of precision parts. We have promoted enhancing production capacity by automating and rectifying production lines.**

M of JPY

	FY2022Q3 Actual	FY2021Q3 Actual	YoY Comparison	
			Amount	Ratio
Net sales	36,100	33,469	+2,631	+7.9 %
Gross profit	23,084	20,473	+2,610	+12.8 %
Ratio to net sales	63.9 %	61.2 %	+2.8 pt	—
Operating profit	11,894	11,113	+780	+7.0 %
Ratio to net sales	32.9 %	33.2 %	-0.3 pt	—
Ordinary profit	14,694	11,266	+3,428	+30.4 %
Ratio to net sales	40.7 %	33.7 %	+7.0 pt	—
Profit attributable to owners of parent	10,208	8,096	+2,112	+26.1 %
Ratio to net sales	28.3 %	24.2 %	+4.1pt	—
EPS (JPY)	118.92	93.45	—	—

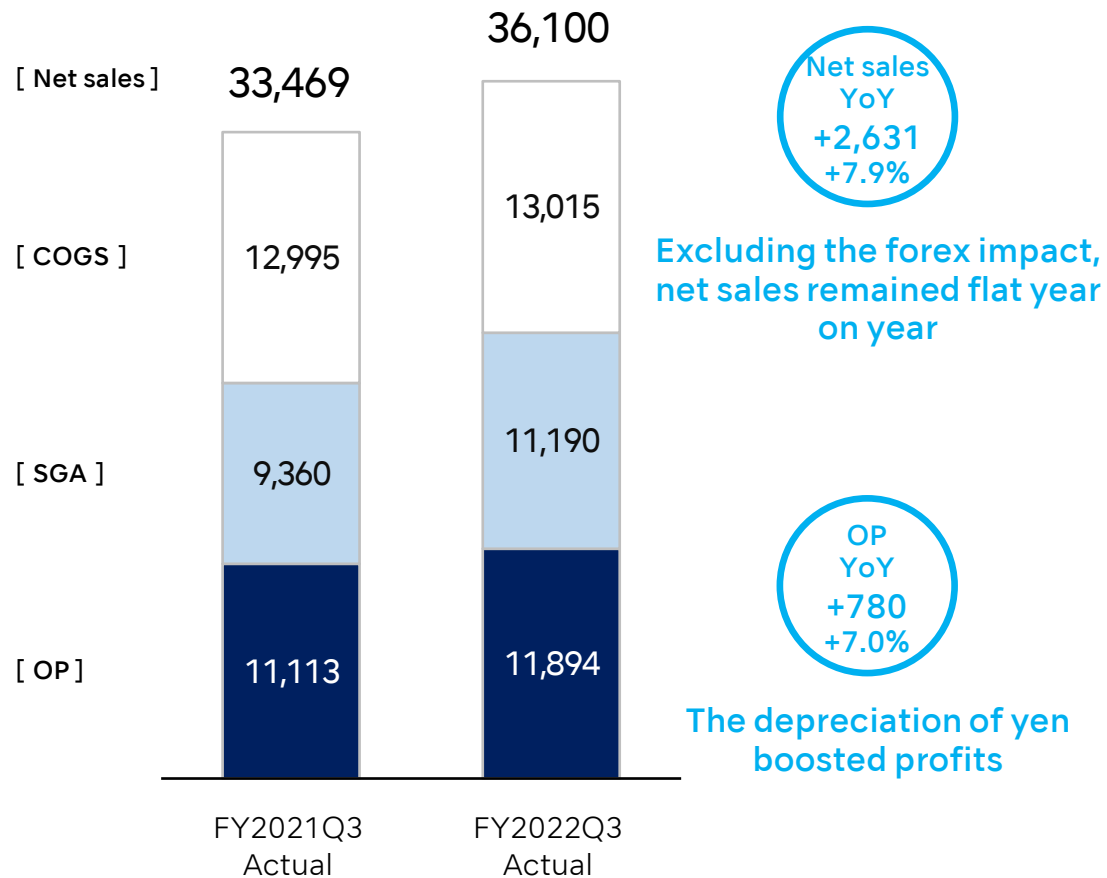
Currency rate	FY2022Q3 Actual	FY2021Q3 Actual	YoY Comparison	FY2022 Forecast	Comparison vs Forecast
- Against the US dollar (JPY)	128.02	108.55	+19.47	124.00	+4.02
- Against the EURO (JPY)	136.01	129.94	+6.07	131.00	+5.01

· **Forex impact:** Net sales +2,286M of JPY (vs FY2021Q3 Actual), +833M of JPY (vs Forecast)

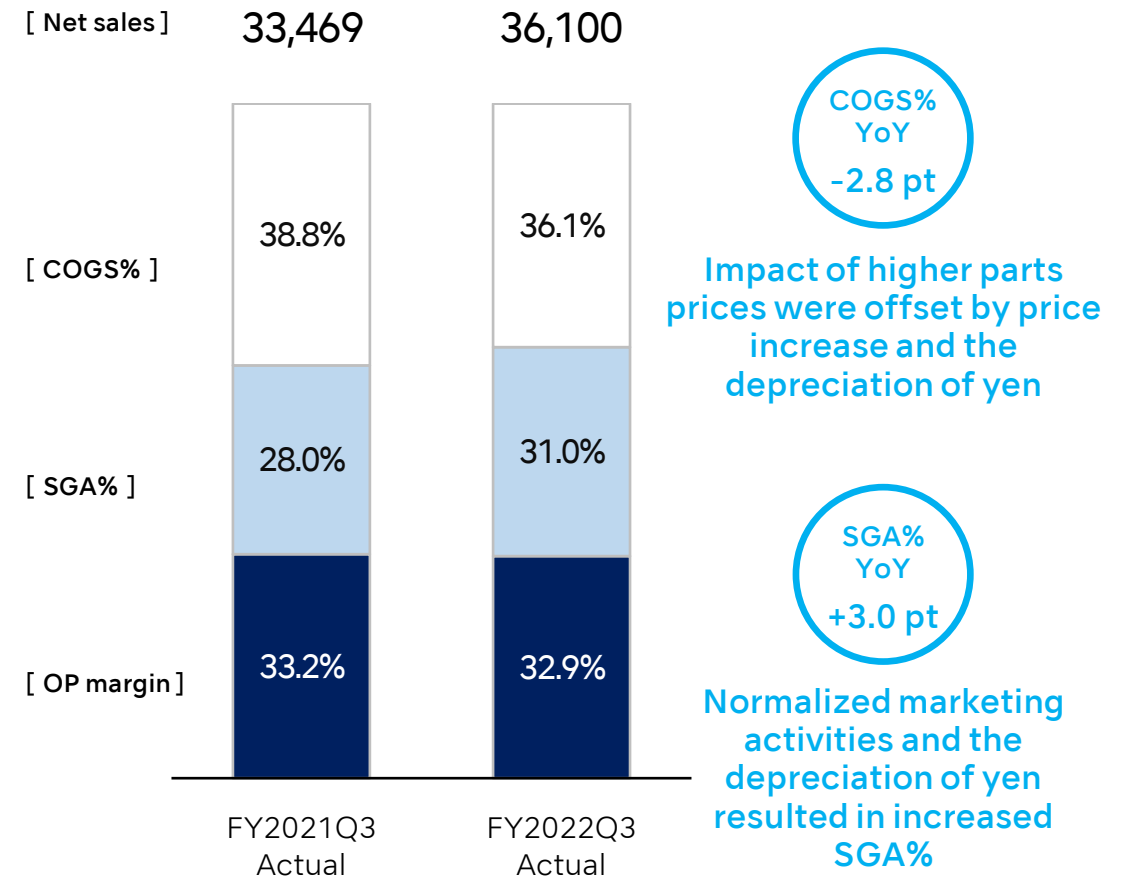
· **Forex sensitivity:** Fluctuation in annual net sales due to the depreciation of the yen (per one yen)
 Against USD: Increase of 86M of JPY Against EURO: Increase of 78M of JPY

M of JPY

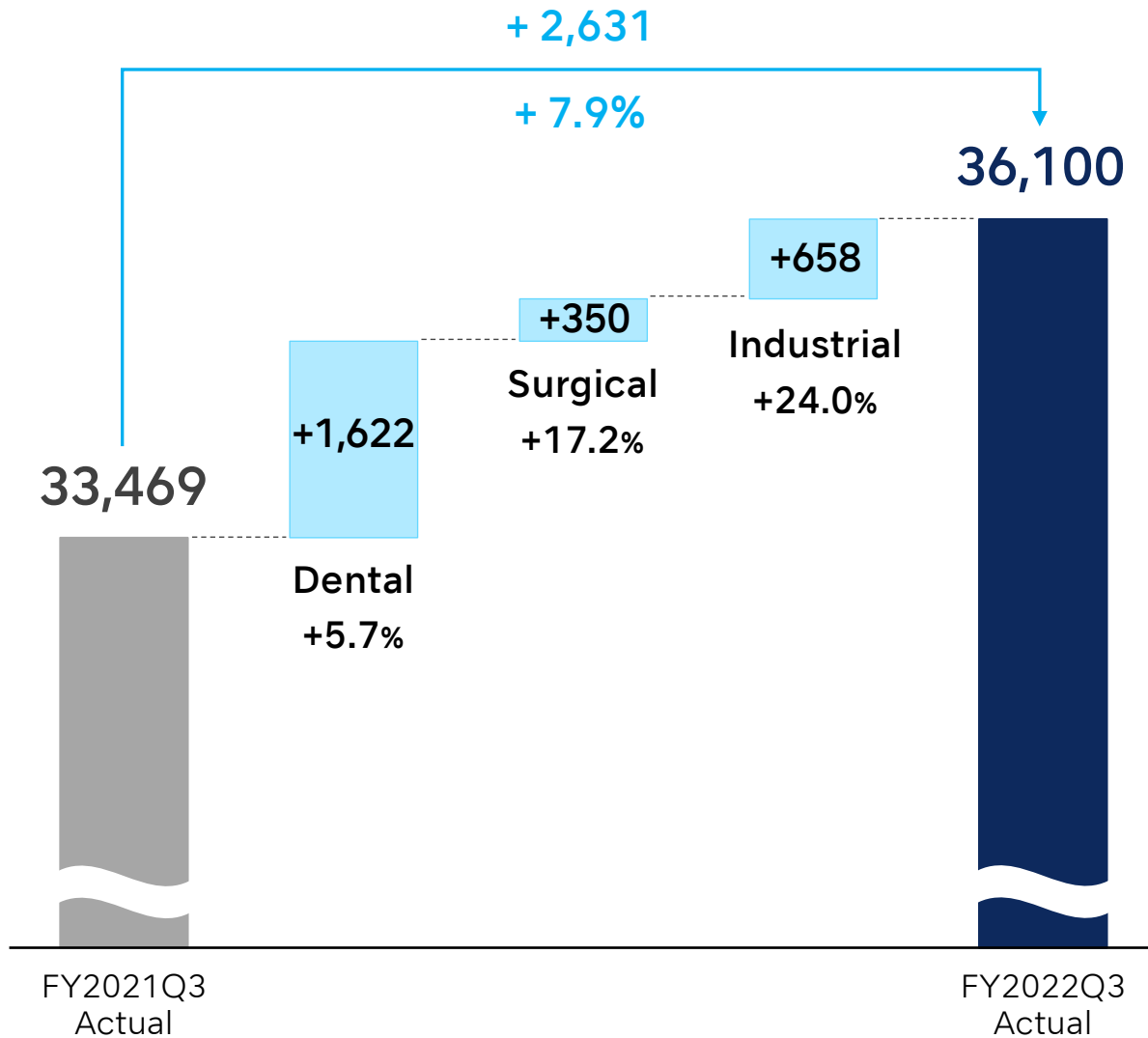
Amount



Composition ratio



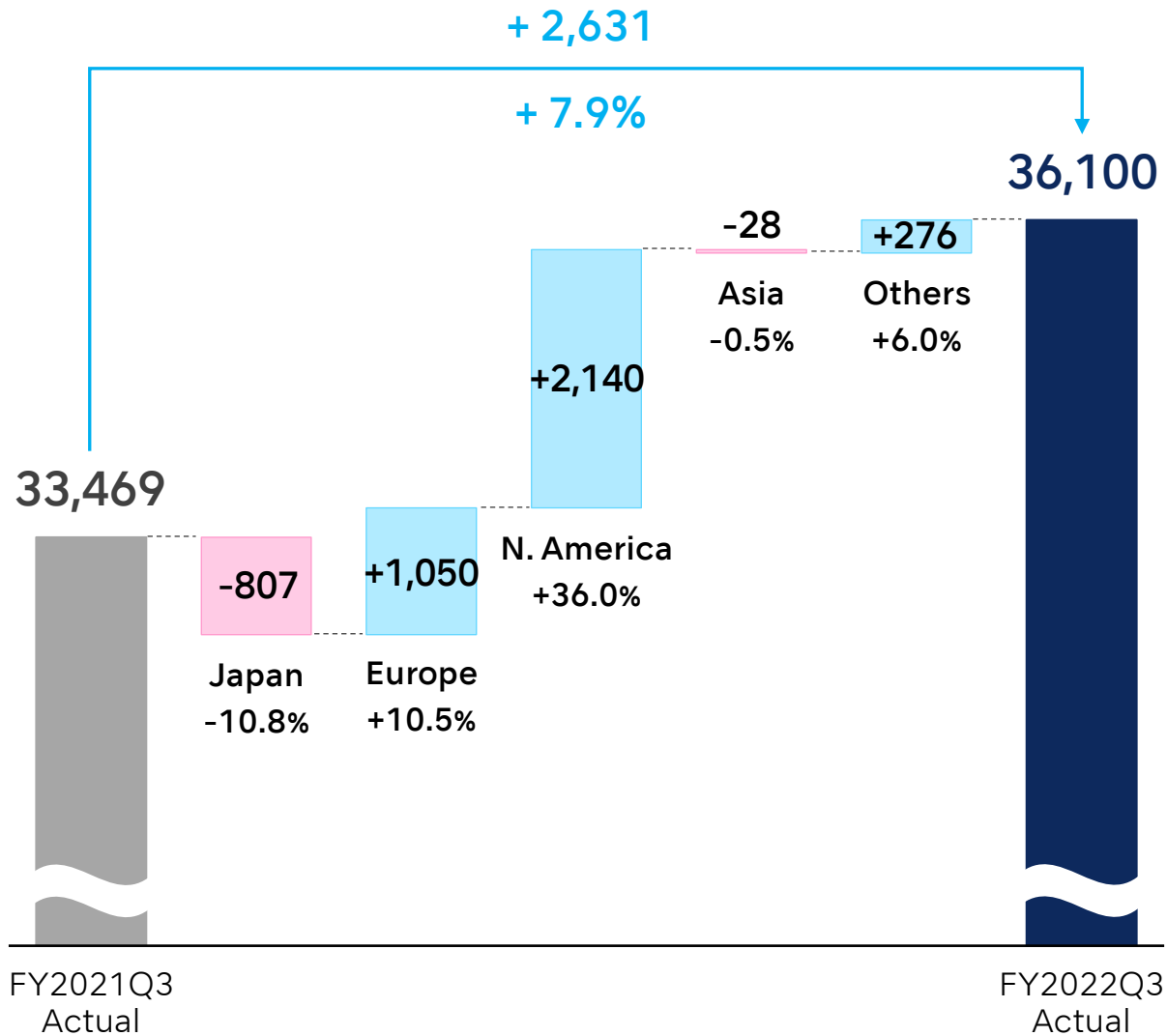
M of JPY



	FY2021Q3 Actual	FY2022Q3 Actual	Change
Dental	28,679	30,301	+5.7%
Surgical	2,042	2,393	+17.2%
Industrial	2,747	3,405	+24.0%
Total	33,469	36,100	+7.9%

Forex impact +2,286 M of JPY (+6.8%)

M of JPY

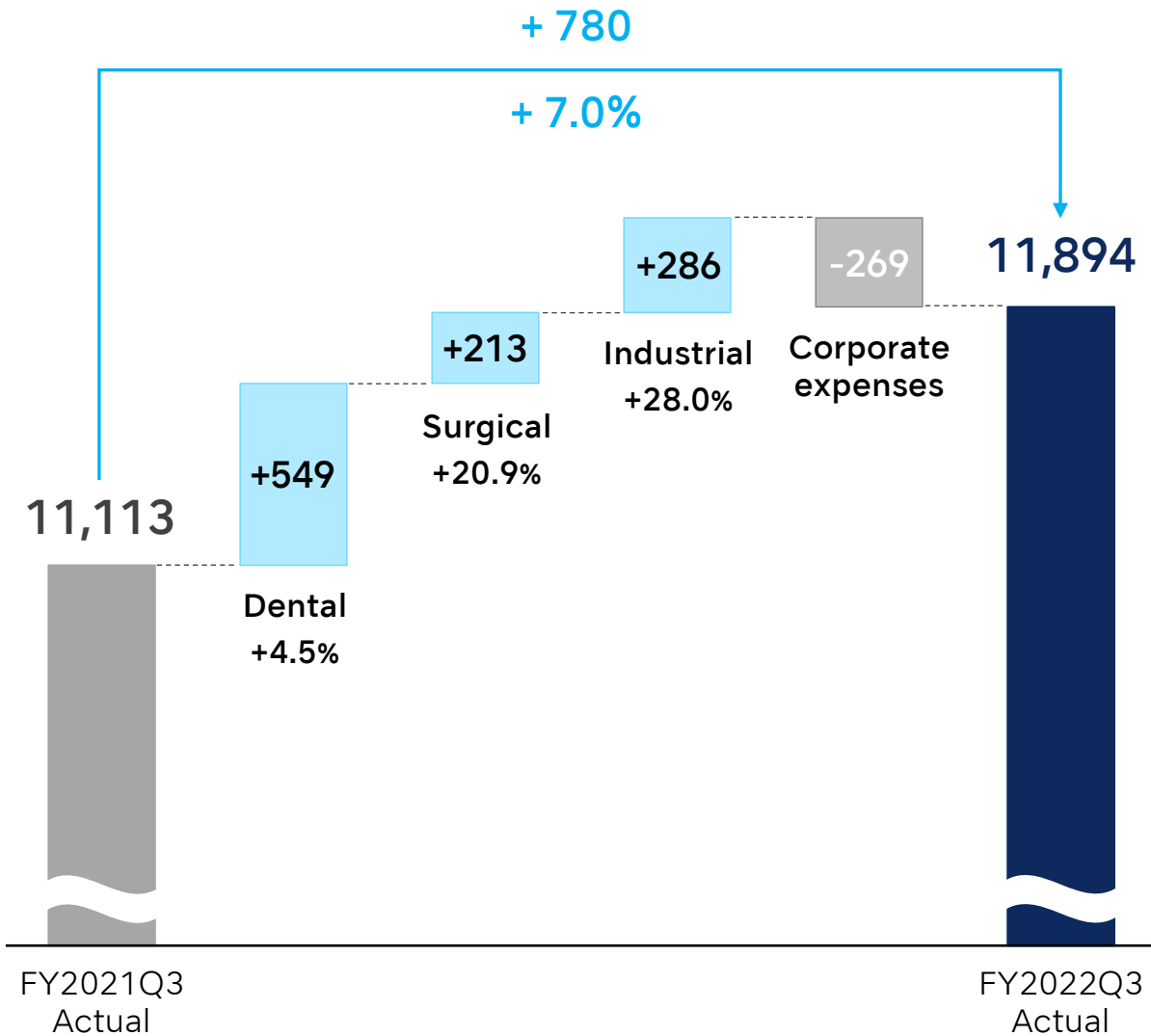


	FY2021Q3 Actual	FY2022Q3 Actual	Change
Japan	7,445	6,637	-10.8%
Europe	9,973	11,024	+10.5%
N. America	5,944	8,084	+36.0%
Asia	5,479	5,450	-0.5%
Others	4,626	4,902	+6.0%
Total	33,469	36,100	+7.9%

Forex impact +2,286 M of JPY (+6.8%)

Change in operating profit by segment

M of JPY

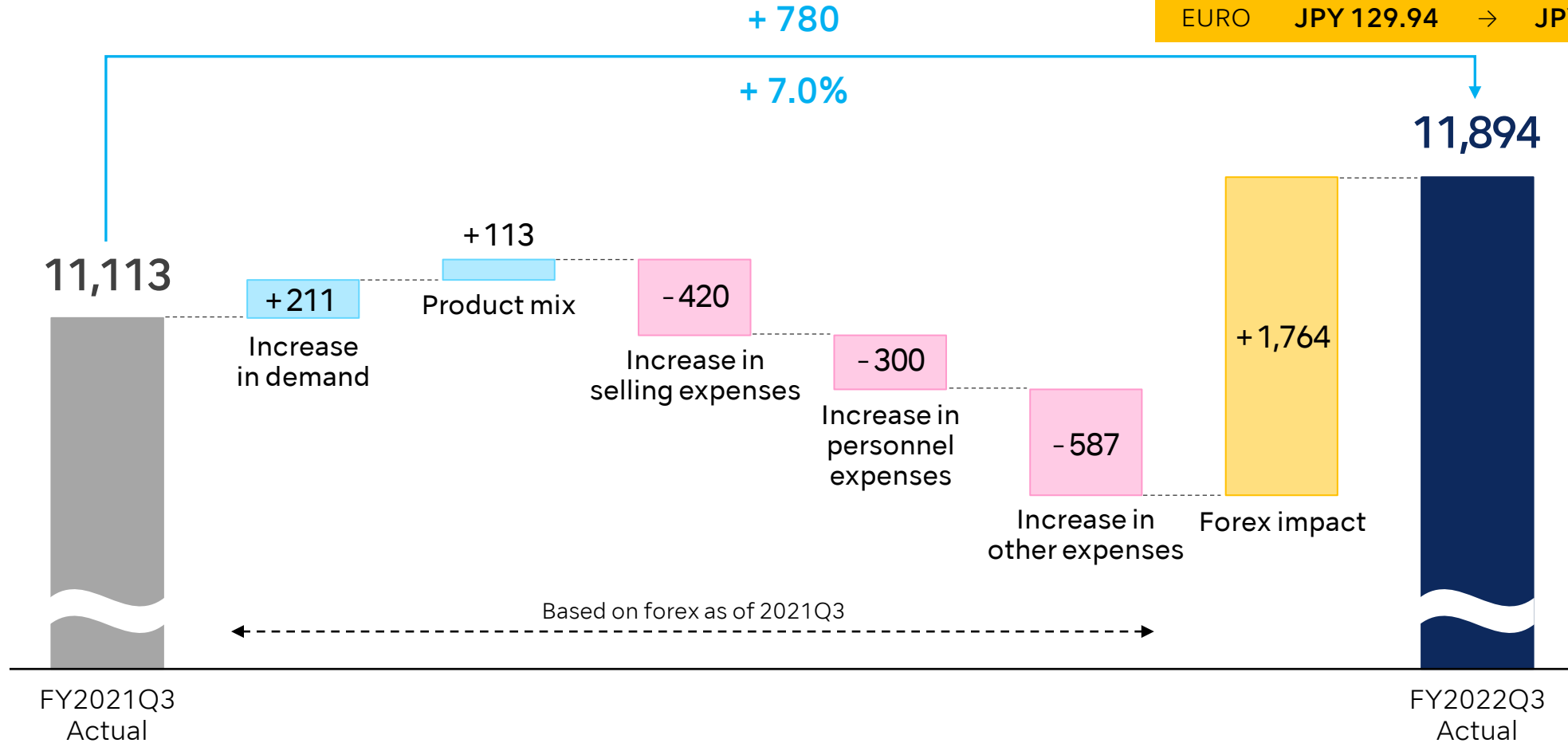


	FY2021Q3 Actual	FY2022Q3 Actual	Change
Dental	12,177	12,727	+4.5%
Surgical	1,020	1,233	+20.9%
Industrial	1,023	1,310	+28.0%
Corporate expenses	-3,107	-3,377	-
Total	11,113	11,894	+7.0%

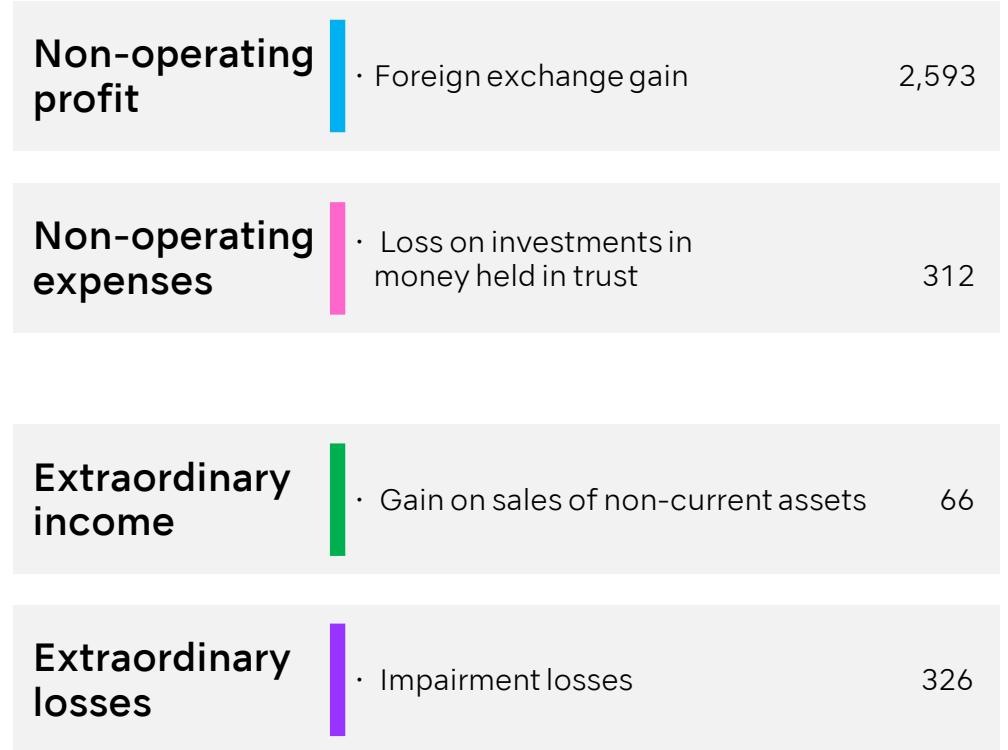
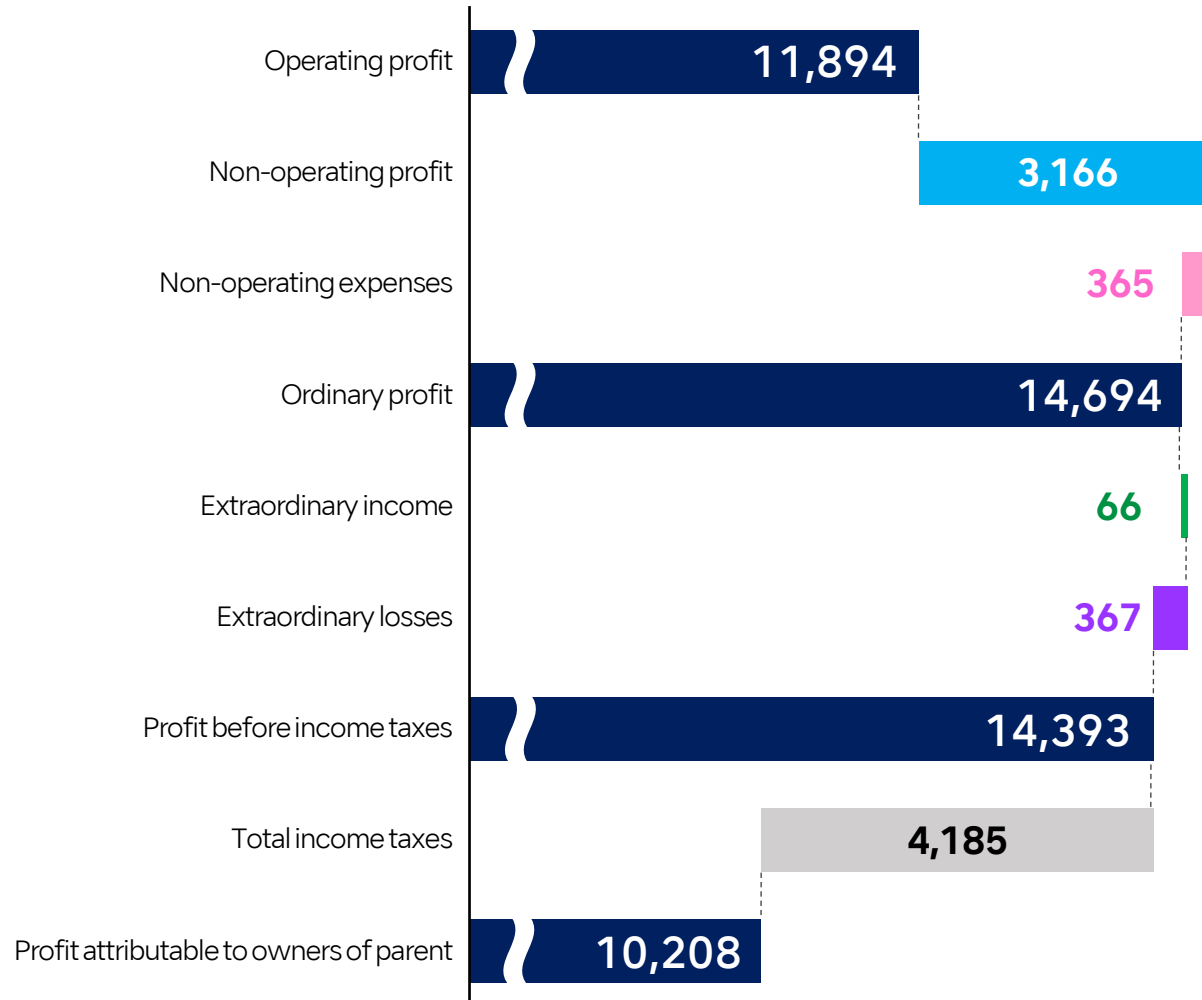
Forex impact +1,764 M of JPY (+15.9%)

M of JPY

Exchange rate			
	2021/09 Average		2022/09 Average
USD	JPY 108.55	→	JPY 128.02
EURO	JPY 129.94	→	JPY 136.01



M of JPY



M of JPY

	As of Sep. 30, 2022	As of Dec. 31, 2021	Change	Note
Total assets	100,926	94,460	+6,466	· Buildings and structures +1,851
- Cash and deposits	35,338	35,984	-645	
- Notes and accounts receivable - trade	5,780	5,348	+431	
- Inventories	14,351	11,733	+2,618	· Merchandise and finished goods +650 · Work in process +607 · Raw materials and supplies +1,361
Liabilities	10,200	11,541	-1,340	· Account payable - trade +529 · Income taxes payable -339 · Other current liabilities -1,470
- Loans payable	100	100	—	
Net assets	90,726	82,919	+7,806	
- Retained earnings	91,365	84,765	+6,600	
Return on equity (ROE)	14.5 %	12.7 %	+1.8 pt	
Return on assets (ROA)	18.4 %	15.8 %	+2.6 pt	

*ROE and ROA are calculated based on the FY2022 forecast.

	FY2022Q3 Actual	FY2021Q3 Actual	Change	Note
Capital investments	3,064	1,108	+1,956	· New factory "A1+" 1,469 · Information system 276
Depreciation expenses	1,441	1,303	+137	

Revision of consolidated financial forecast for FY2022

M of JPY

	FY2022 Revised forecast	FY2022 Previous forecast	vs. Previous forecast		FY2021 Actual	vs. FY2021 Actual	
			Amount	Ratio		Amount	Ratio
Net sales	48,588	45,788	+2,799	+6.1 %	44,857	+3,730	+8.3 %
Gross profit	30,942	27,723	+3,218	+11.6 %	27,295	+3,647	+13.4 %
Ratio to net sales	63.7 %	60.5 %	+3.1 pt	—	60.8 %	+2.8 pt	—
Operating profit	14,918	12,606	+2,311	+18.3 %	13,750	+1,167	+8.5 %
Ratio to net sales	30.7 %	27.5 %	+3.2 pt	—	30.7 %	+0.1 pt	—
Ordinary profit	18,024	13,587	+4,437	+32.7 %	13,951	+4,072	+29.2 %
Ratio to net sales	37.1 %	29.7 %	+7.4 pt	—	31.1 %	+6.0 pt	—
Profit attributable to owners of parent	12,573	9,621	+2,952	+30.7 %	10,102	+2,470	+24.5 %
Ratio to net sales	25.9 %	21.0 %	+4.9 pt	—	22.5 %	+3.4 pt	—
EPS (JPY)	146.47	111.66	—	—	116.73	—	—
Currency rate							
- Against the US dollar (JPY)	132.69	124.00	+8.69	—	109.84	+22.85	—
- Against the EURO (JPY)	138.68	131.00	+7.68	—	130.08	+8.60	—

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