

Briefing Material

for the year ended Dec. 31, 2022

Feb. 9, 2023

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. N S

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 FY2022

- **Achieved record-high performance for the past two consecutive years by capturing strong global demand. Maintained the same performance level as the previous fiscal year, even excluding the boosted effect of the depreciation of Japanese yen.**
- **Due to the successful parts purchasing and design changes, we could minimize impact on production. Promoted precision parts production and productivity improvement measures at new factory "A1 +".**
- **Parts prices remained high while quantitative shortages eased toward the end of the fiscal year. Delivery dates are prolonged due to slow digestion of backlog of orders, exposing the competitive risk.**

M of JPY

	FY2022	FY2021	YoY Comparison		FY2022 Forecast	
	Actual	Actual	Amount	Ratio	Upward revision on Nov. 11	vs. Forecast
Net sales	48,671	44,857	+3,813	+8.5 %	48,588	+0.2 %
Gross profit	31,221	27,295	+3,926	+14.4 %	30,942	+0.9 %
Ratio to net sales	64.1 %	60.8 %	+3.3 pt	—	63.7 %	—
Operating profit	15,389	13,750	+1,638	+11.9 %	14,918	+3.2 %
Ratio to net sales	31.6 %	30.7 %	+1.0 pt	—	30.7 %	—
Ordinary profit	17,646	13,951	+3,694	+26.5 %	18,024	-2.1 %
Ratio to net sales	36.3 %	31.1 %	+5.2 pt	—	37.1 %	—
Profit attributable to owners of parent	12,471	10,102	+2,368	+23.4 %	12,573	-0.8 %
Ratio to net sales	25.6 %	22.5 %	+3.1 pt	—	25.9 %	—
EPS (JPY)	145.48	116.73	—	—	146.47	—

Currency rate

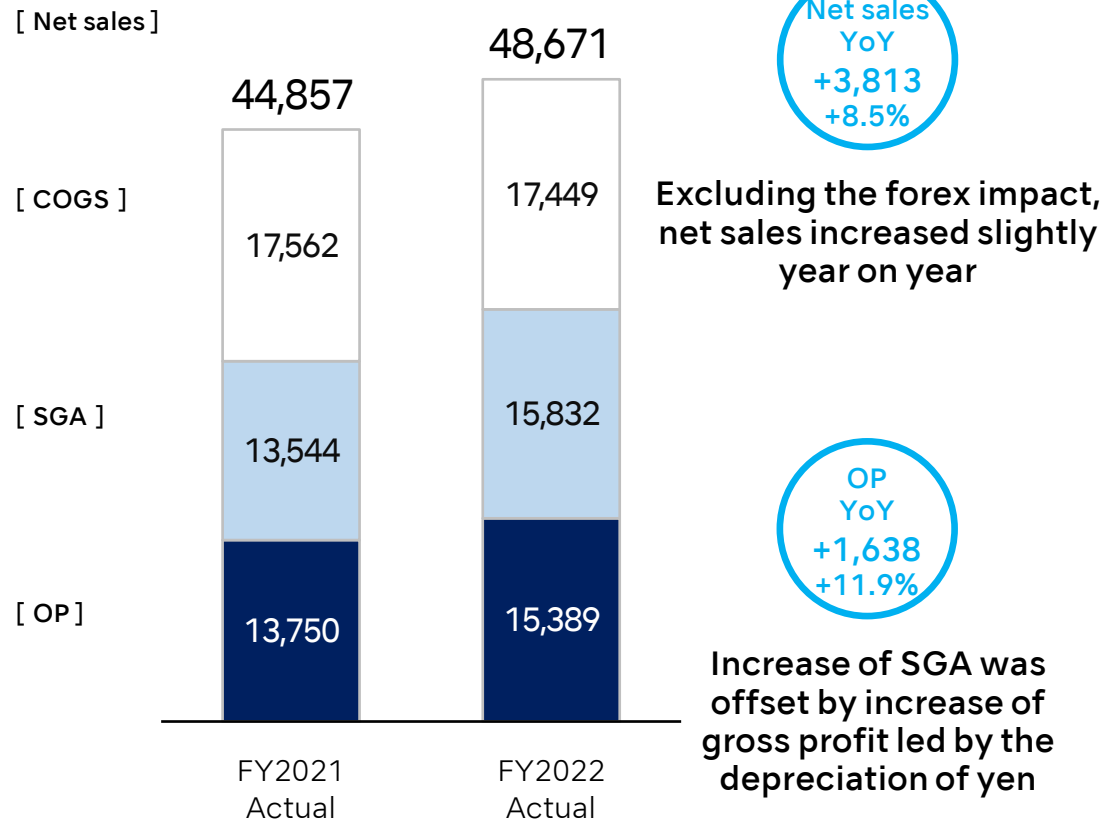
- Against the US dollar (JPY)	130.77	109.84	+20.93	—	124.00	+6.77
- Against the EURO (JPY)	137.90	130.08	+7.82	—	131.00	+6.90

• **Forex impact:** Net sales +3,342M of JPY (vs FY2021 Actual), +1,629M of JPY (vs FY2022 Forecast)

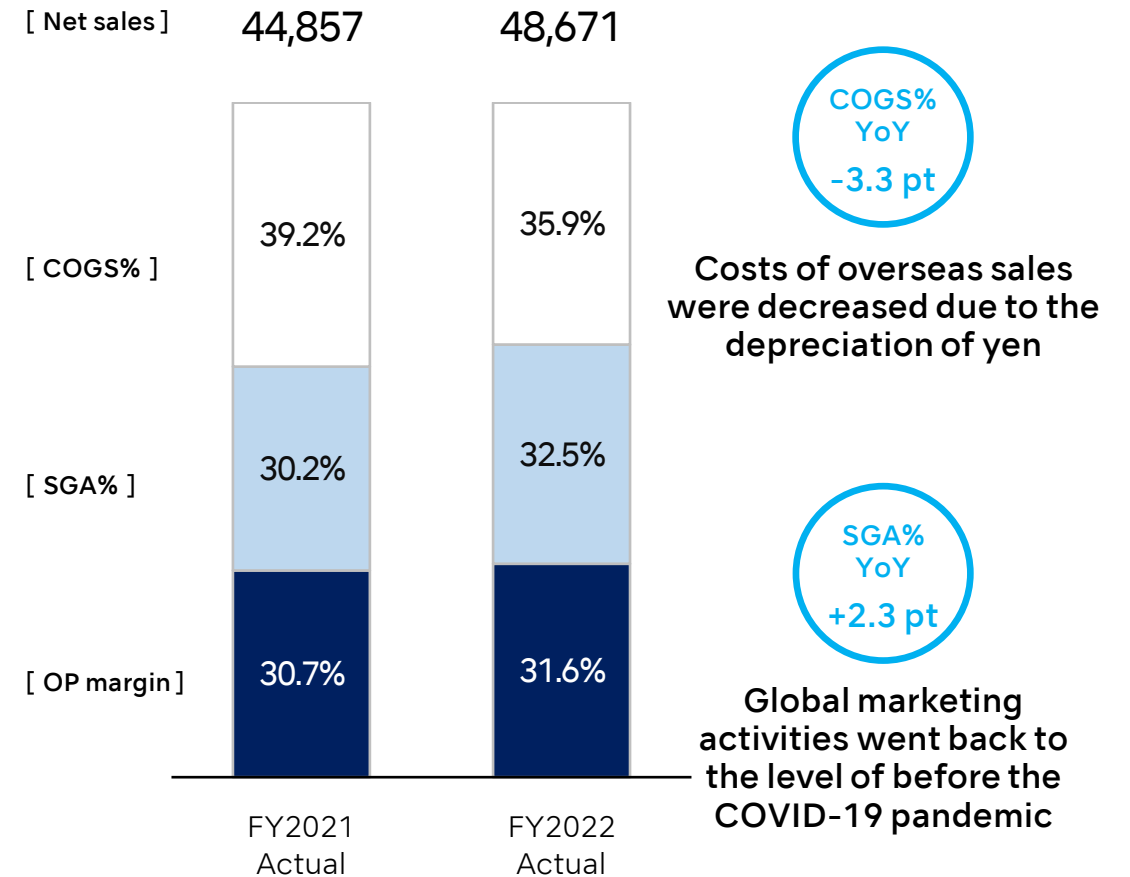
• **Forex sensitivity:** Fluctuation in annual net sales due to the depreciation of the yen (per one yen)
 Against USD: Increase of 90M of JPY Against EURO: Increase of 78M of JPY

M of JPY

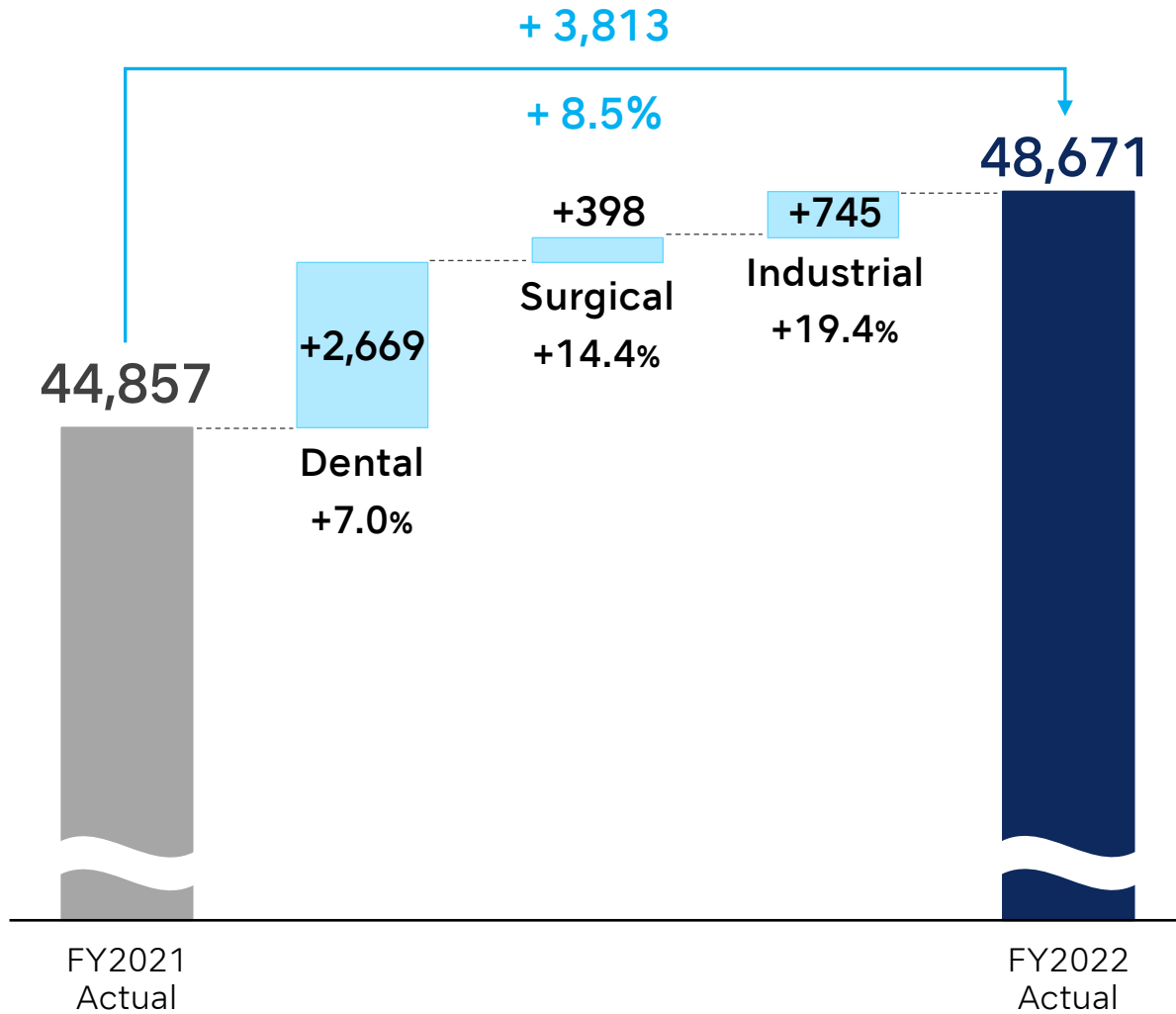
Amount



Composition ratio



M of JPY

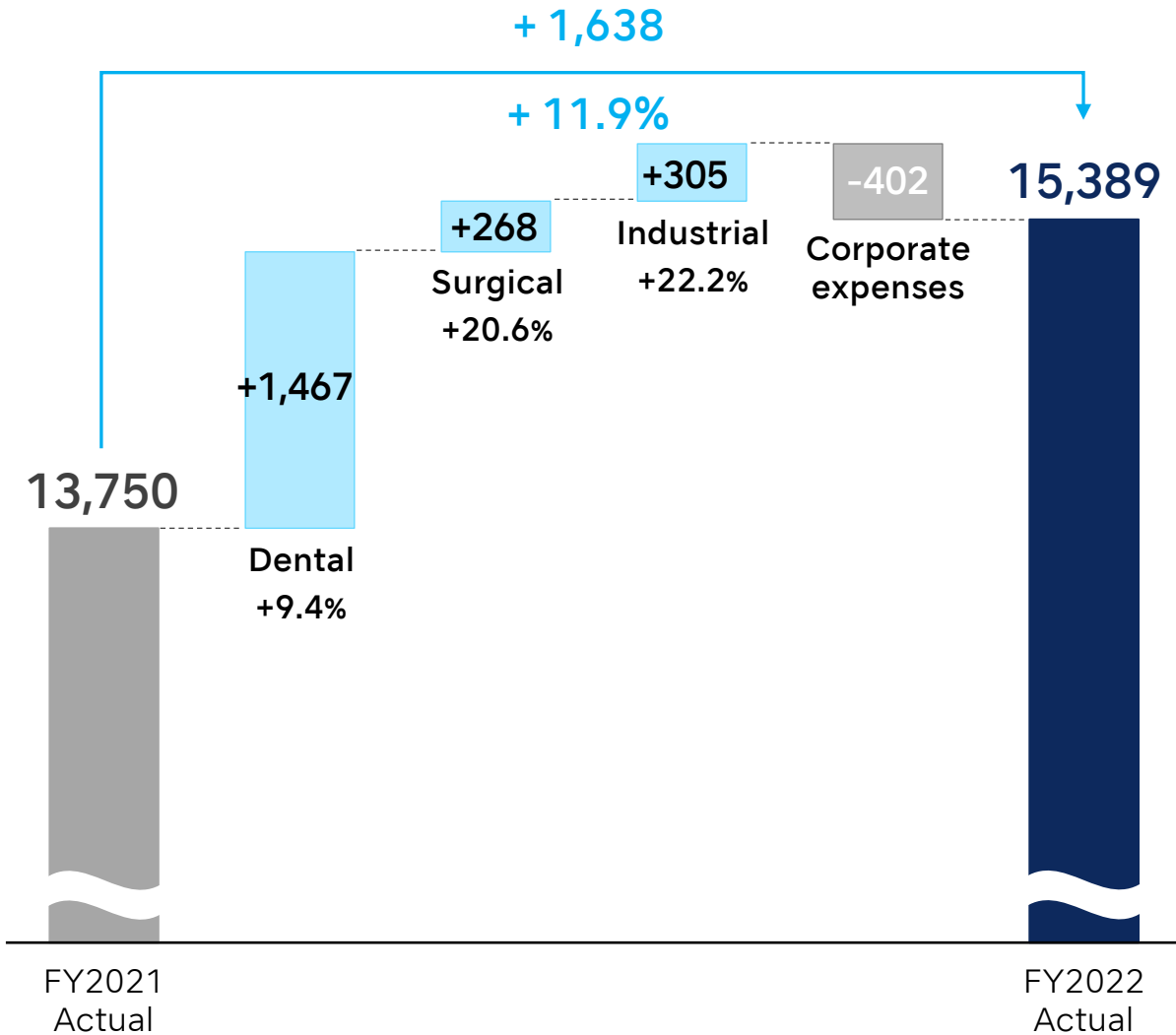


	FY2021 Actual	FY2022 Actual	Change
Dental	38,257	40,926	+7.0 %
Surgical	2,761	3,160	+14.4 %
Industrial	3,839	4,584	+19.4 %
Total	44,857	48,671	+8.5 %

Forex impact + 3,342 M of JPY (+7.5%)

Change in operating profit by segment

M of JPY

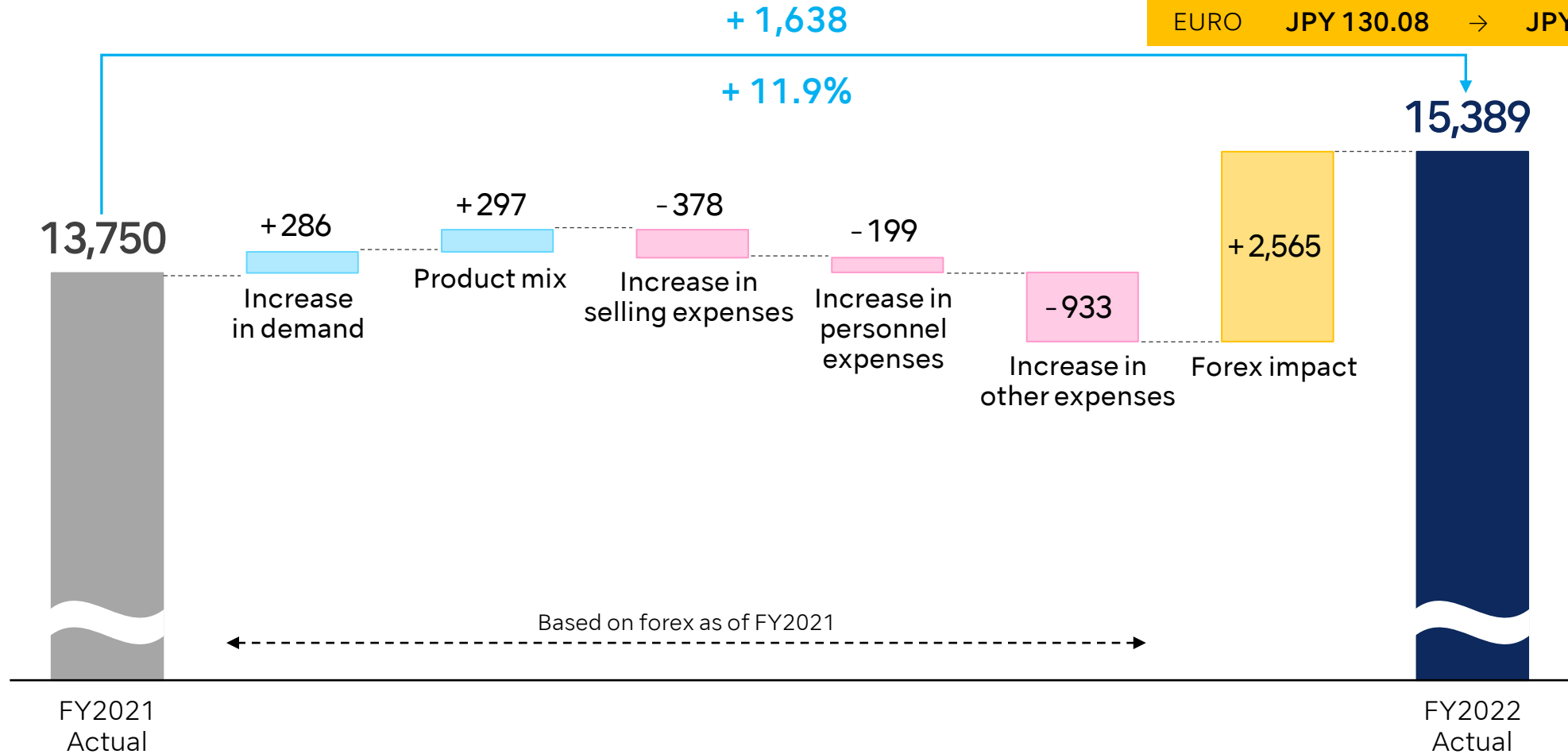


	FY2021 Actual	FY2022 Actual	Change
Dental	15,556	17,024	+9.4 %
Surgical	1,303	1,571	+20.6 %
Industrial	1,377	1,683	+22.2 %
Corporate expenses	-4,487	-4,890	-
Total	13,750	15,389	+11.9 %

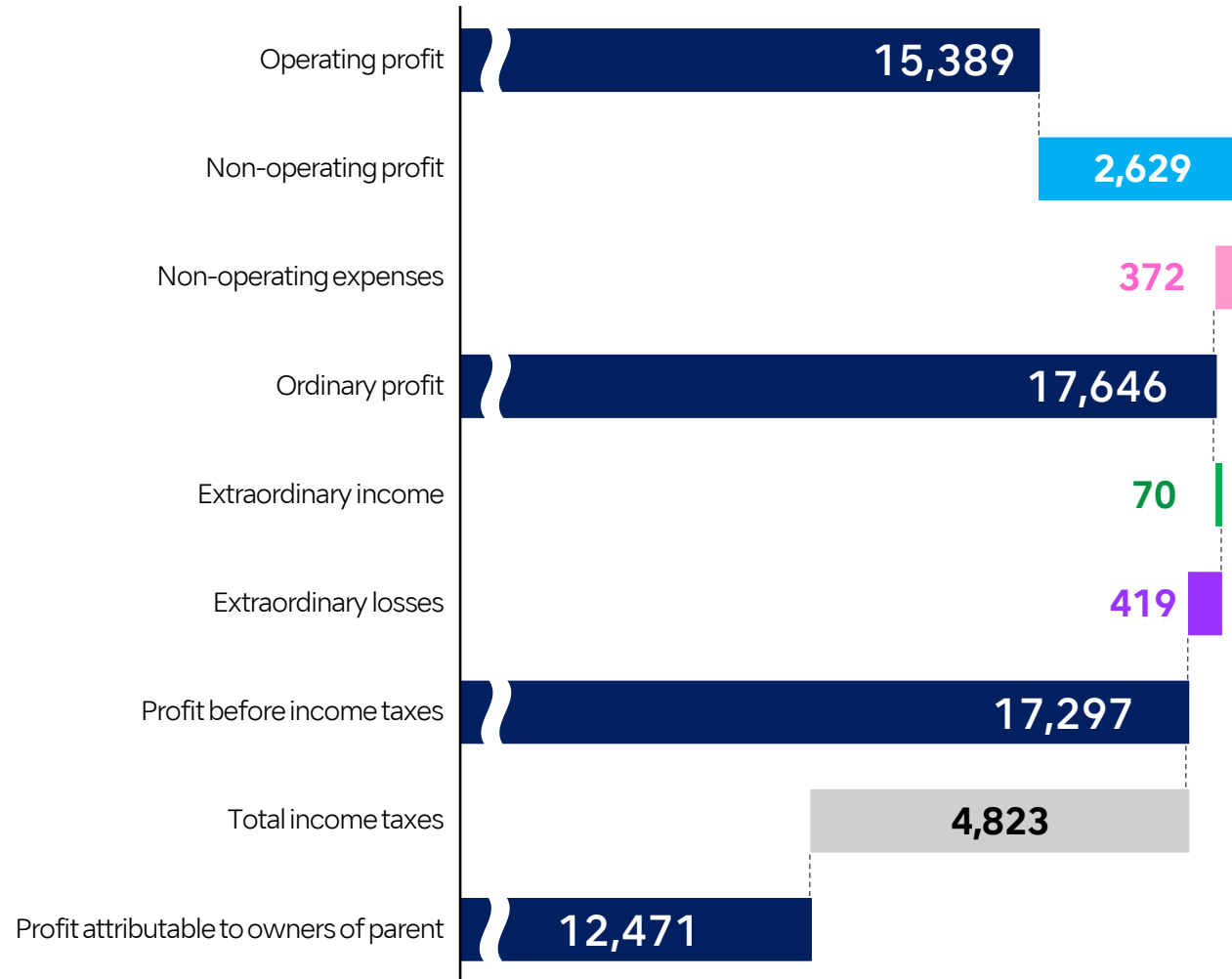
Forex impact +2,565 M of JPY (+18.7%)

M of JPY

Exchange rate	
	FY2021 Average → FY2022 Average
USD	JPY 109.84 → JPY 130.77
EURO	JPY 130.08 → JPY 137.90



M of JPY



Non-operating profit	
· Dividends income	638
· Equity in earnings of affiliates	812
· Foreign exchange gain	610

Non-operating expenses	
· Loss on investments in money held in trust	282

Extraordinary income	
· Gain on sales of non-current assets	70

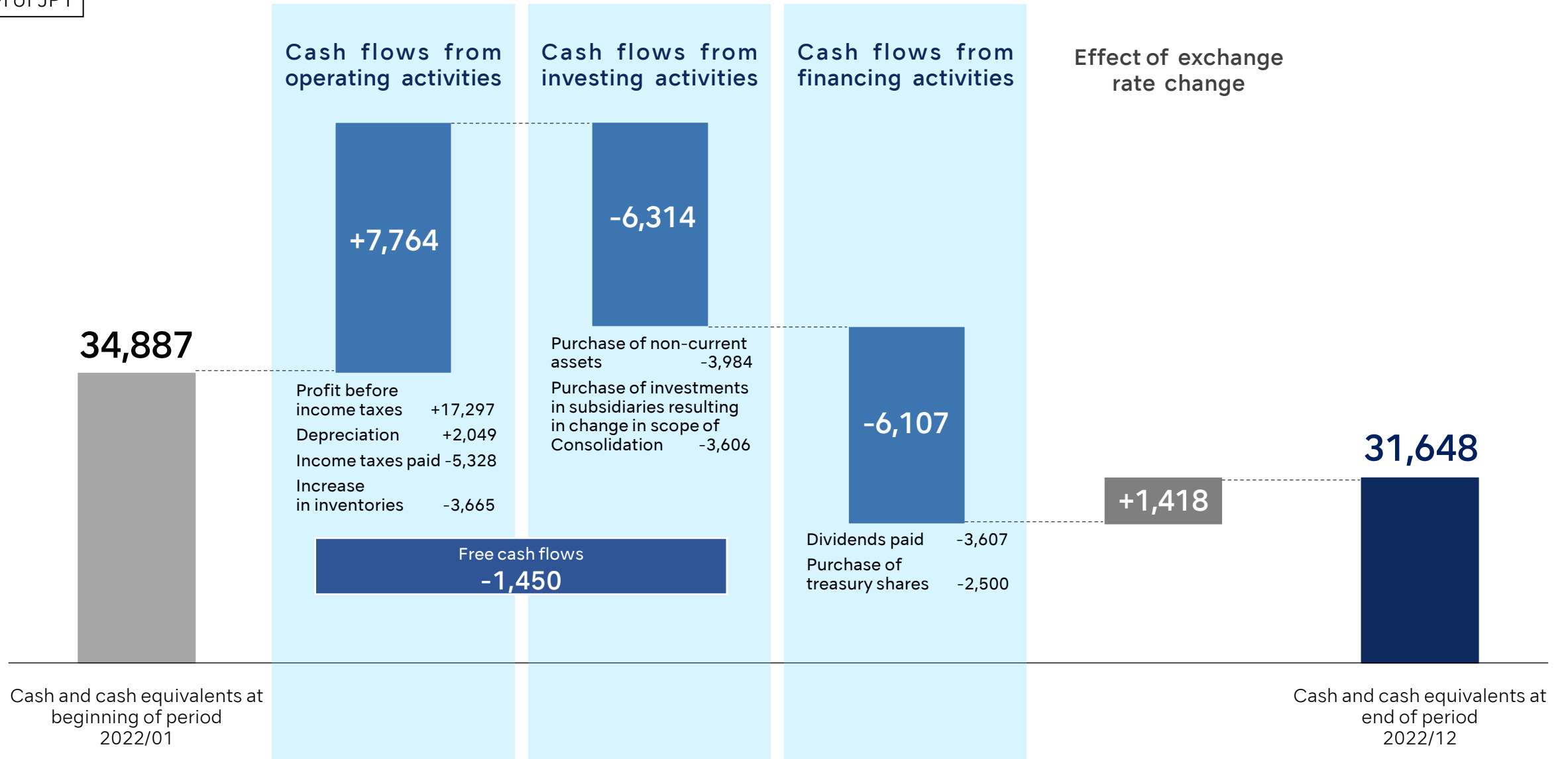
Extraordinary losses	
· Impairment losses	374

M of JPY

	As of Dec. 31, 2022	As of Dec. 31, 2021	Change	Note
Total assets	102,154	94,460	+7,693	· Buildings and structures +2,680
- Cash and deposits	34,992	35,984	-991	
- Notes and accounts receivable - trade	6,106	5,348	+757	
- Inventories	16,284	11,733	+4,551	· Merchandise and finished goods +1,344 · Work in process +1,512 · Raw materials and supplies +1,694
Liabilities	11,131	11,541	-409	· Account payable - trade +526 · Income taxes payable +234 · Other current liabilities -1,604
- Loans payable	480	100	+380	· Long-term borrowings +358
Net assets	91,022	82,919	+8,103	· Treasury shares -2,500 · Foreign currency translation reserve +2,131
- Retained earnings	93,628	84,765	+8,863	
Return on equity (ROE)	14.4 %	12.7 %	+1.7 pt	
Return on assets (ROA)	18.0 %	15.8 %	+2.2 pt	

	FY2022 Actual	FY2021 Actual	Change	Note
Capital investments	4,058	2,415	+1,642	· New factory "A1+" 1,469 · Information system 276
Depreciation expenses	2,049	1,807	+241	

M of JPY

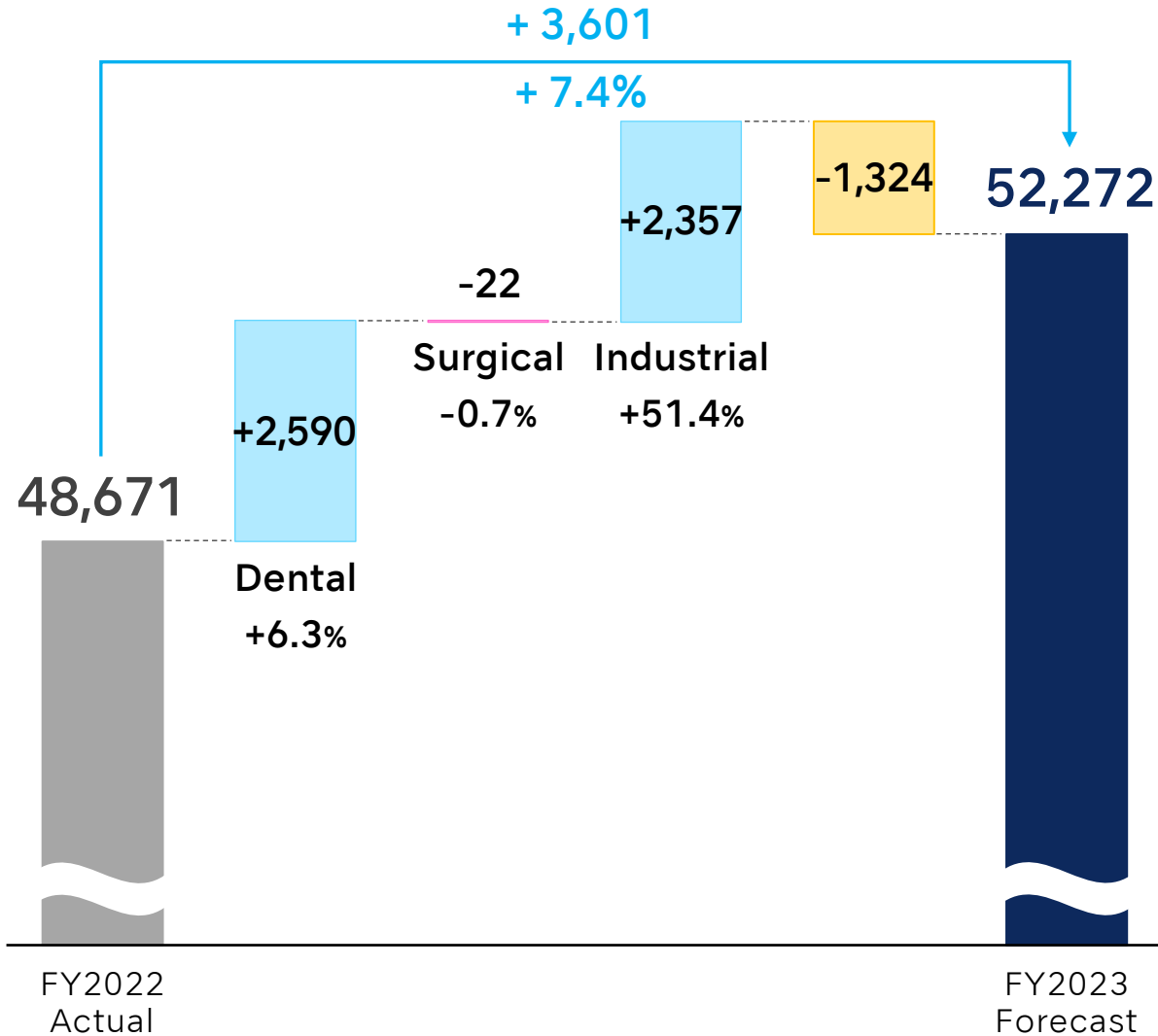


Consolidated financial forecast for FY2023

M of JPY

	FY2023 Forecast	FY2022 Actual	Change		Note
			Amount	Ratio	
Net sales	52,272	48,671	+3,601	+7.4 %	
Gross profit	33,965	31,221	+2,743	+8.8 %	
Ratio to net sales	65.0 %	64.1 %	+0.8 pt	—	
Operating profit	15,070	15,389	-318	-2.1 %	
Ratio to net sales	28.8 %	31.6 %	-2.8 pt	—	
Ordinary profit	15,836	17,646	-1,810	-10.3 %	
Ratio to net sales	30.3 %	36.3 %	-6.0 pt	—	
Profit attributable to owners of parent	10,976	12,471	-1,494	-12.0 %	
Ratio to net sales	21.0 %	25.6 %	-4.6 pt	—	
EPS (JPY)	128.91	145.48	—	—	
Capital investments	5,750	4,058	+1,692	—	New factory "M1", etc.
Depreciation expenses	2,221	2,049	+172	—	
Currency rate					
- Against the US dollar (JPY)	125.00	130.77	-5.77	—	Forex sensitivity: 94Mof JPY
- Against the EURO (JPY)	135.00	137.90	-2.90	—	Forex sensitivity: 98Mof JPY

M of JPY



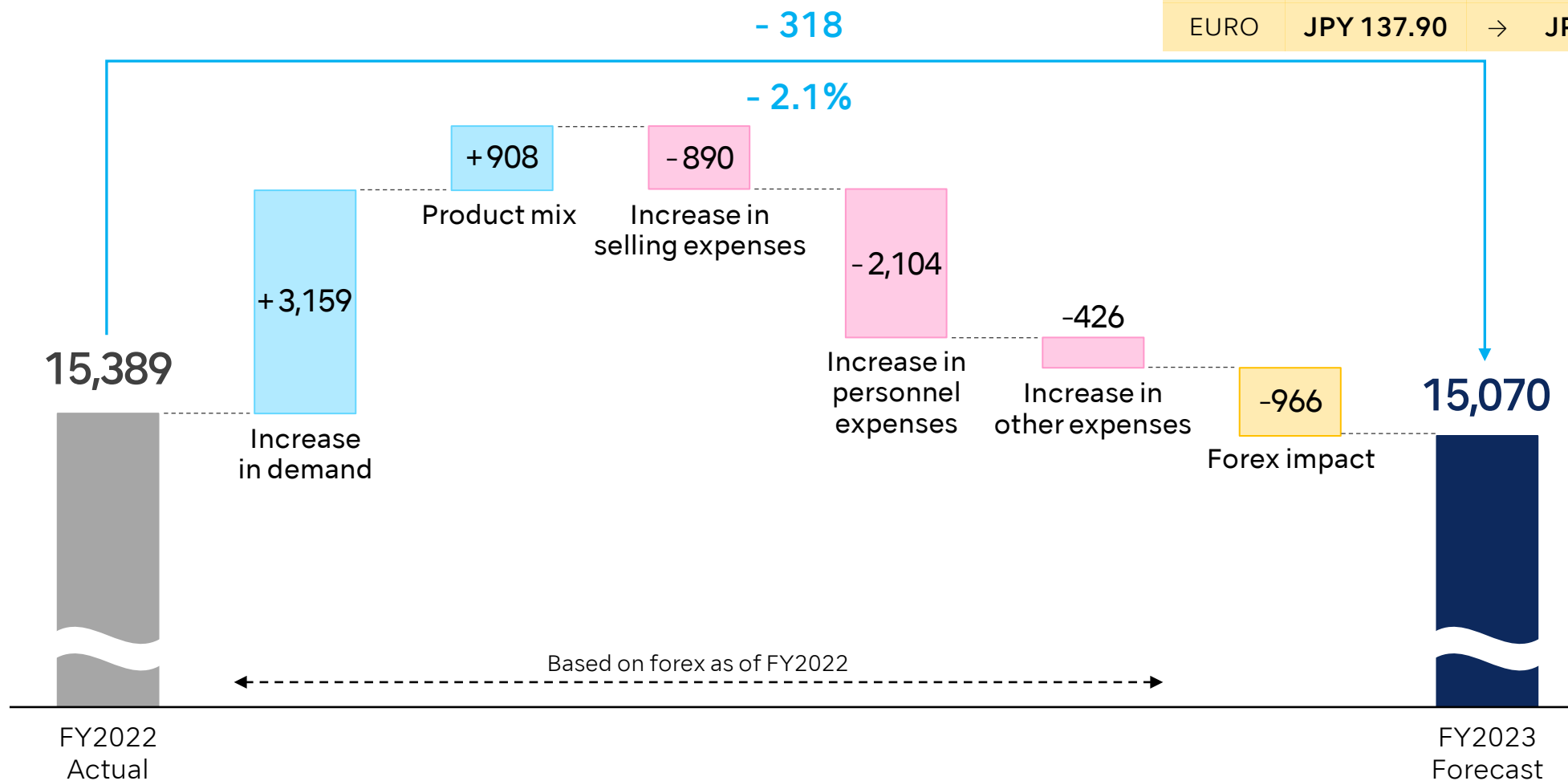
	FY2022 Actual	FY2023 Forecast	Change
Dental	40,926	43,516	+6.3 %
Surgical	3,160	3,137	-0.7 %
Industrial	4,584	6,942	+51.4 %
Forex impact	-	-1,324	-2.7 %
Total	48,671	52,272	+7.4 %

Consolidated financial forecast for FY2023

Change in operating profit

M of JPY

Exchange rate		
	FY2022 Actual	FY2023 Forecast
USD	JPY 130.77	→ JPY 125.00
EURO	JPY 137.90	→ JPY 135.00



NSK