

# Briefing Material

for 1<sup>st</sup> quarter ended Mar. 31, 2023

May. 12, 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

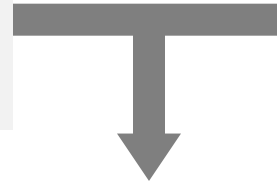
- Net sales were on par with the previous fiscal year, excluding the effects of forex impact and the acquisition of Alfred Jäger GmbH.
- Production activities were going well. This is because the supply shortage of parts is on the way to being resolved, and we have expanded production capacity, such as the launch of the A1+ factory.
- We have changed our performance indicator from OP profit to EBITDA because we will continue to focus on the profitability and growth potential of our business even as we accelerate growth investment.

## 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.**

**EBITDA = Operating profit + Depreciation + Amortization**

| M of JPY     | FY2018<br>Actual | FY2019<br>Actual | FY2020<br>Actual | FY2021<br>Actual | FY2022<br>Actual | FY2023<br>Forecast |
|--------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| Net sales    | 36,543           | 35,418           | 33,055           | 44,857           | 48,671           | 52,272             |
| EBITDA       | 11,269           | 11,051           | 10,350           | 15,612           | 17,493           | 17,603             |
| Margin       | 30.8%            | 31.2%            | 31.3%            | 34.8%            | 35.9%            | 33.7%              |
| OP profit    | 9,721            | 9,299            | 8,542            | 13,750           | 15,389           | 15,070             |
| Depreciation | 1,522            | 1,684            | 1,759            | 1,807            | 2,049            | 2,227              |
| Amortization | 24               | 67               | 49               | 54               | 55               | 305                |

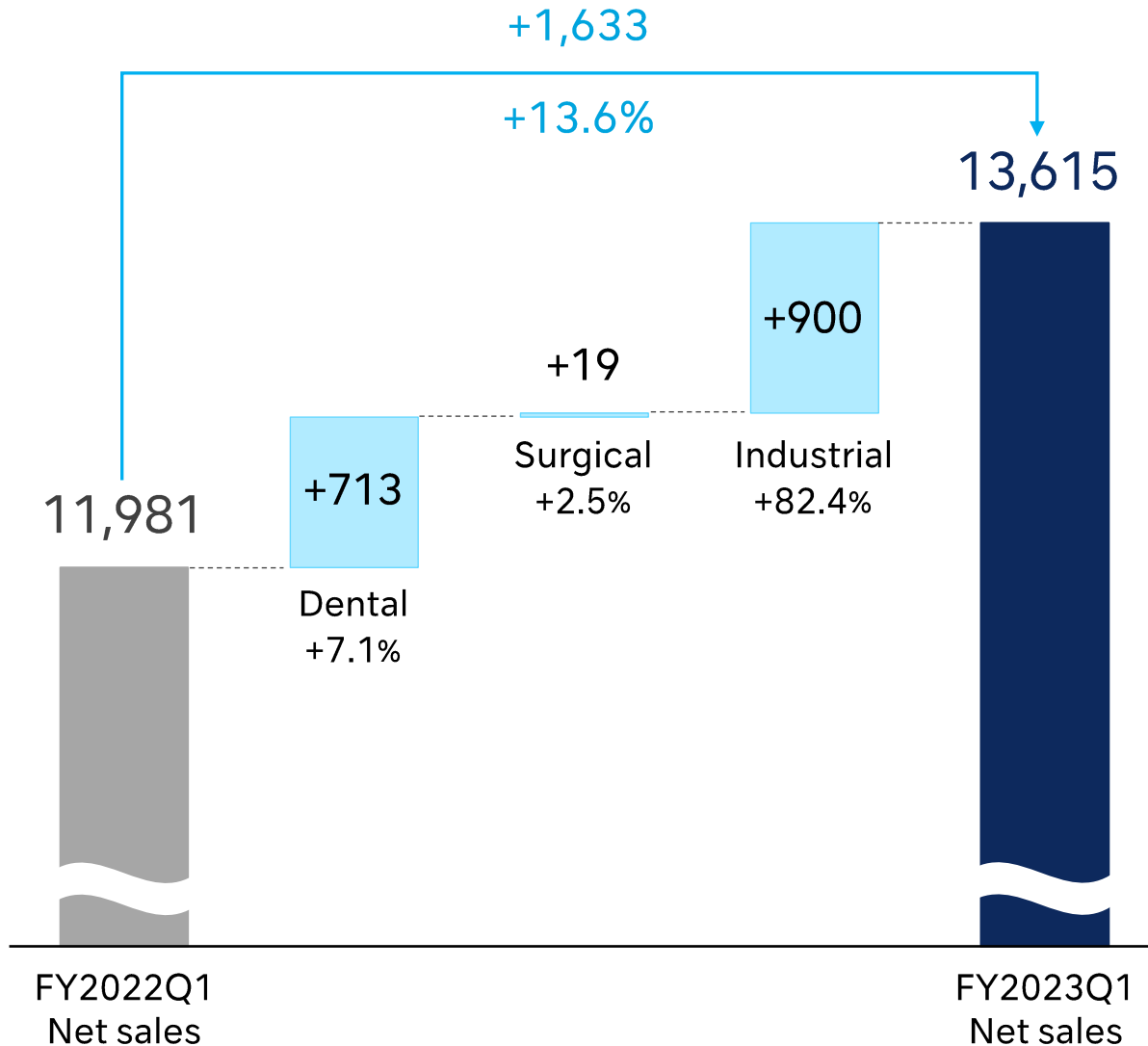
M of JPY

|   | FY2023Q1<br>Actual | FY2022Q1<br>Actual | YoY comparison |        |
|---|--------------------|--------------------|----------------|--------|
|   |                    |                    | Amount         | Ratio  |
| Net sales   | 13,615             | 11,981             | +1,633         | +13.6% |
| Gross Profit  | 8,808              | 7,347              | +1,460         | +19.9% |
| Ratio to net sales  | 64.7%              | 61.3%              | +3.4pt         | —      |
| EBITDA *  | 4,698              | 4,329              | +368           | +8.5%  |
| Margin  | 34.5%              | 36.1%              | -1.6pt         | —      |
| Operating Profit  | 4,041              | 3,886              | +155           | +4.0%  |
| Ratio to net sales  | 29.7%              | 32.4%              | -2.7pt         | —      |
| Ordinary Profit   | 4,597              | 4,374              | +222           | +5.1%  |
| Ratio to net sales  | 33.8%              | 36.5%              | -2.7pt         | —      |
| Profit attributable to owners of parent                   | 3,305              | 3,142              | +162           | +5.2%  |
| Ratio to net sales  | 24.3%              | 26.2%              | -2.0pt         | —      |
| EPS (JPY)   | 38.83              | 36.50              | —              | —      |
| * EBITDA = Operating profit + Depreciation + Amortization |                    |                    |                |        |
| Currency rate - Against the US dollar (JPY)               | 133.26             | 117.10             | +16.16         | —      |
| - Against the EURO (JPY)                                  | 143.34             | 131.30             | +12.04         | —      |

▪ Forex impact: Net sales +776M of JPY万円 (vs FY2022Q1 Actual), +492M of JPY (vs FY2023 Forecast)

# Change in net sales by business segment

M of JPY

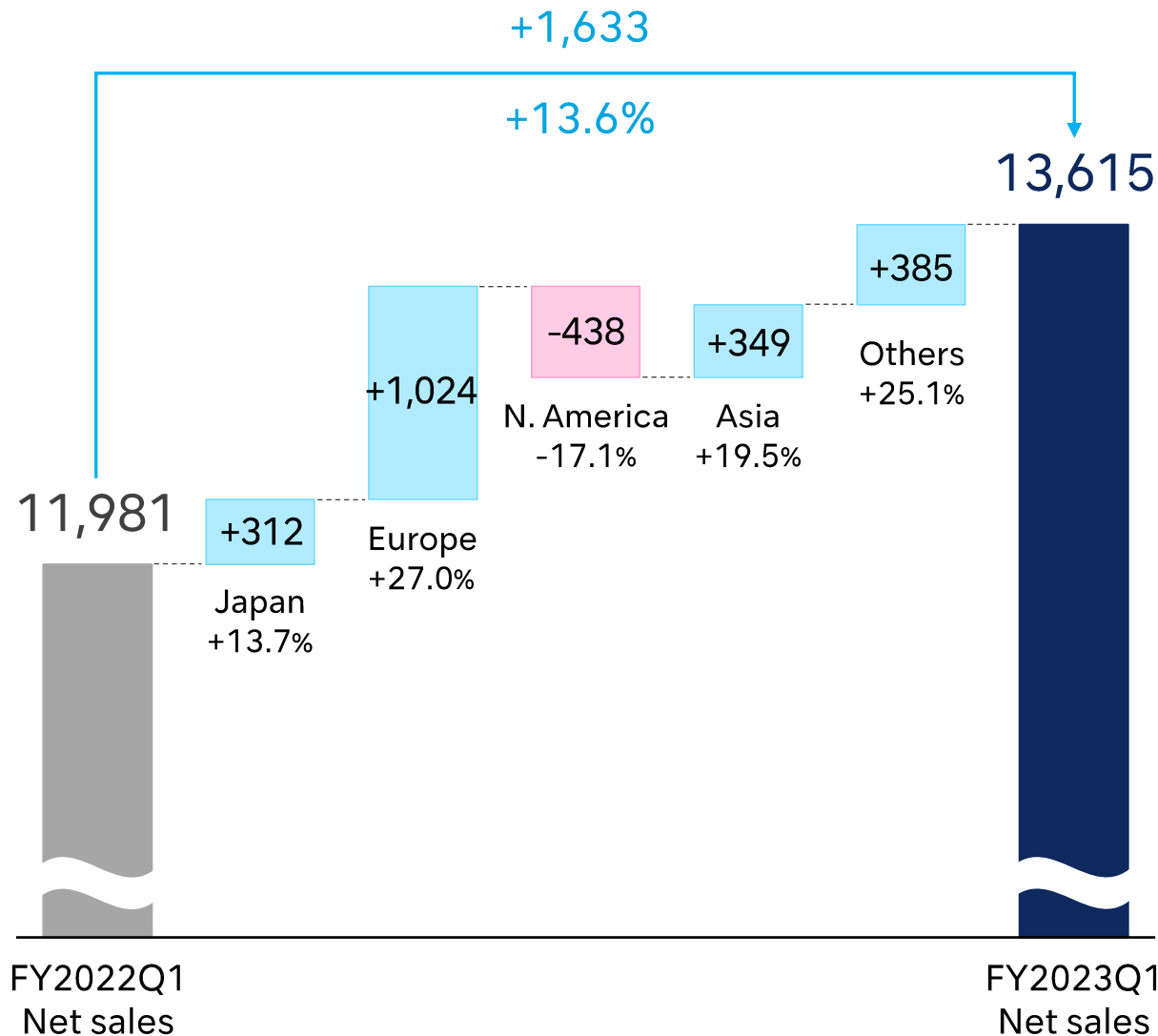


|            | FY2022Q1<br>Actual | FY2023Q1<br>Actual | Change |
|------------|--------------------|--------------------|--------|
| Dental     | 10,095             | 10,809             | +7.1%  |
| Surgical   | 793                | 813                | +2.5%  |
| Industrial | 1,092              | 1,993              | +82.4% |
| Total      | 11,981             | 13,615             | +13.6% |

Forex impact +776M of JPY (+6.5%)

# Change in net sales by region

M of JPY

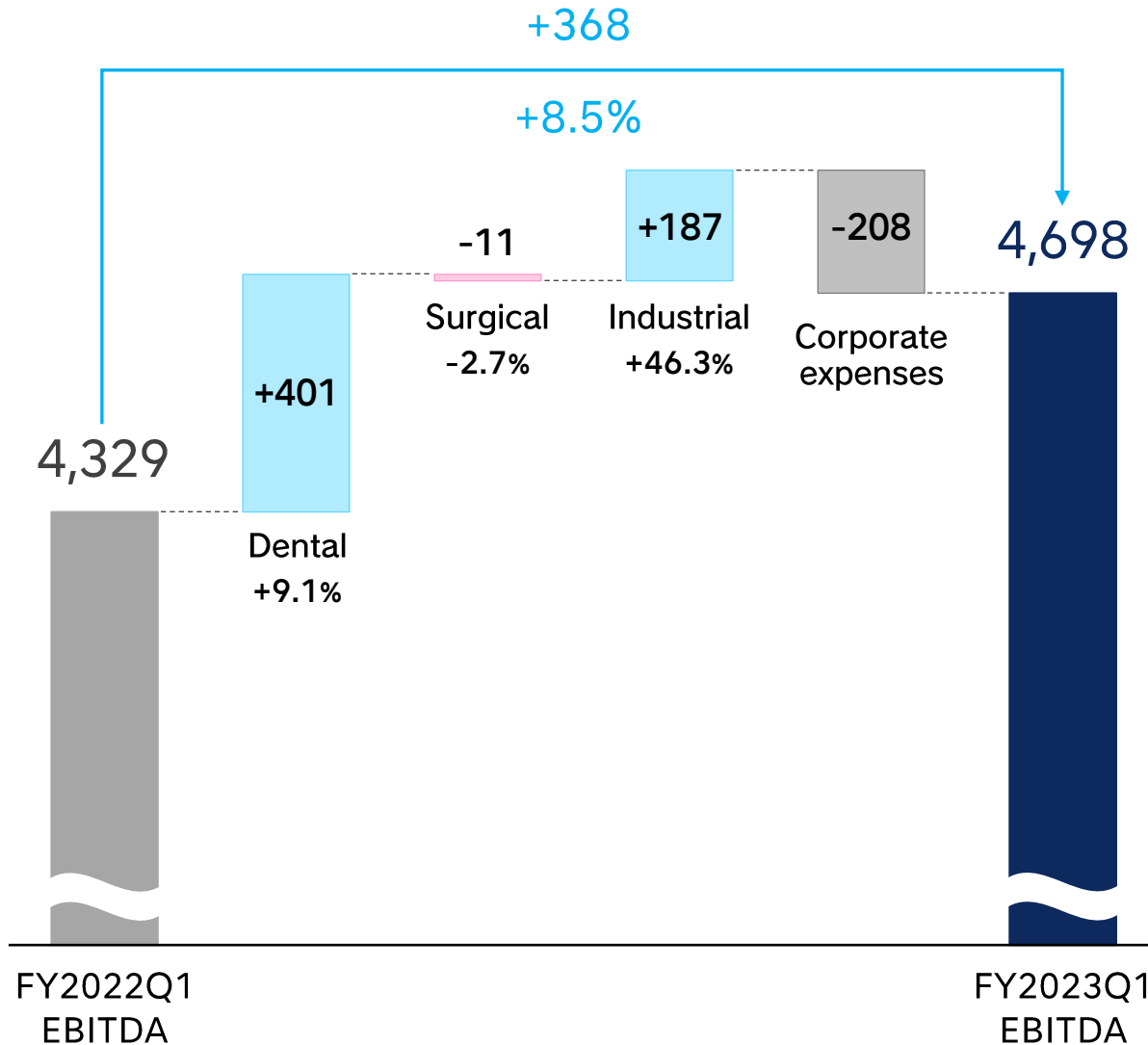


|            | FY2022Q1<br>Actual | FY2023Q1<br>Actual | Change |
|------------|--------------------|--------------------|--------|
| Japan      | 2,289              | 2,601              | +13.7% |
| Europe     | 3,792              | 4,817              | +27.0% |
| N. America | 2,569              | 2,130              | -17.1% |
| Asia       | 1,794              | 2,143              | +19.5% |
| Others     | 1,536              | 1,922              | +25.1% |
| Total      | 11,981             | 13,615             | +13.6% |

Forex impact +776M of JPY (+6.5%)

# Change in EBITDA by business segment

M of JPY

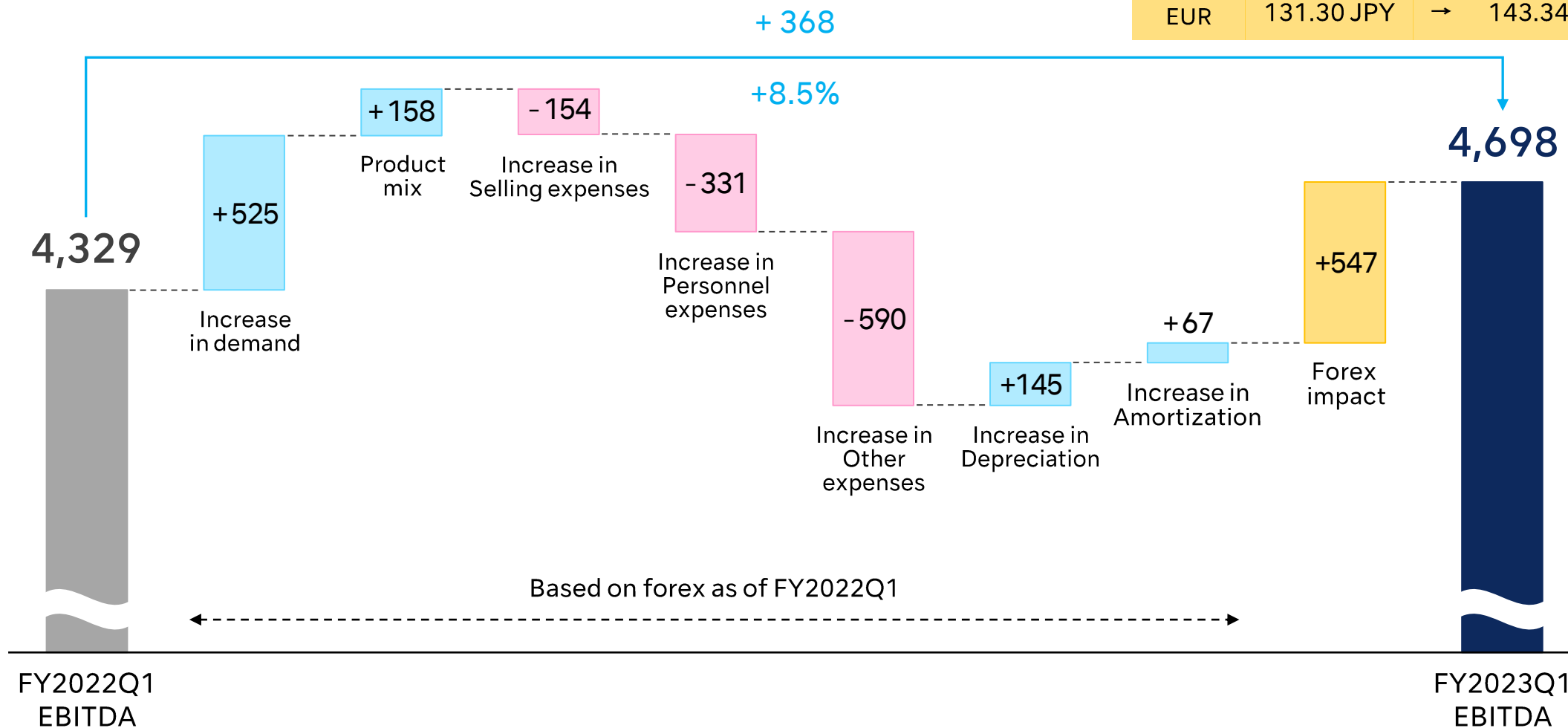


|                    | FY2022Q1<br>Actual | FY2023Q1<br>Actual | Change |
|--------------------|--------------------|--------------------|--------|
| Dental             | 4,403              | 4,804              | +9.1%  |
| Surgical           | 424                | 413                | -2.7%  |
| Industrial         | 405                | 593                | +46.3% |
| Corporate expenses | -904               | -1,113             | -      |
| Total              | 4,329              | 4,698              | +8.5%  |

Forex impact +547M of JPY (+12.7%)

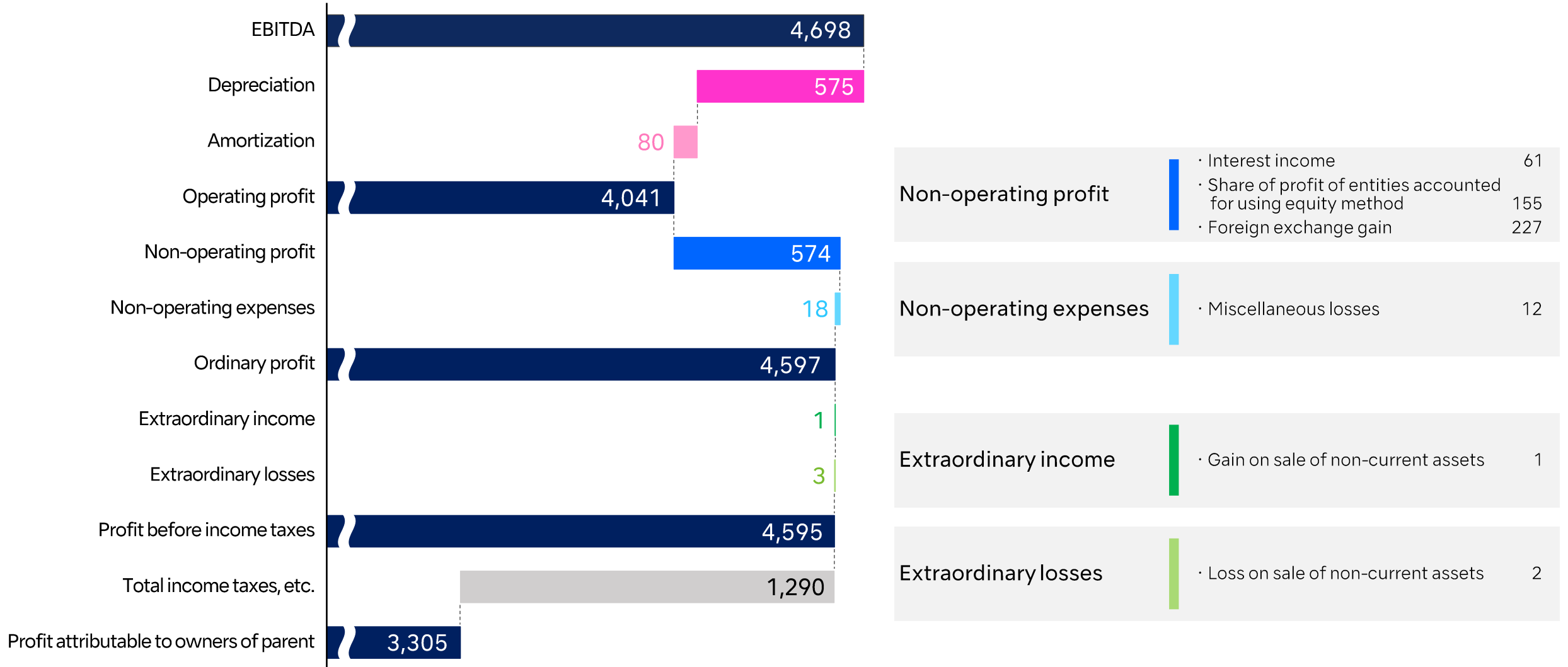
M of JPY

| Exchange rate |                  |   |                  |
|---------------|------------------|---|------------------|
|               | FY2022Q1 Average |   | FY2023Q1 Average |
| USD           | 117.10 JPY       | → | 133.26 JPY       |
| EUR           | 131.30 JPY       | → | 143.34 JPY       |





M of JPY



## Consolidated balance sheet

M of JPY

|   | As of Mar. 31,<br>2023 | As of Dec. 31,<br>2022 | Change        | Notes   |
|---|------------------------|------------------------|---------------|---|
| <b>Total assets</b>                     | <b>103,008</b>         | <b>102,154</b>         | <b>+854</b>   |   |
| - Cash and deposits                     | 36,276                 | 34,992                 | +1,283        |   |
| - Notes and accounts receivable – trade | 6,927                  | 6,106                  | +821          |   |
| - Inventories                           | 17,230                 | 16,284                 | +946          | <ul style="list-style-type: none"> <li>· Merchandise and finished goods +542</li> <li>· Work in process +37</li> <li>· Raw materials and supplies +366</li> </ul> |
| <b>Liabilities</b>                      | <b>10,652</b>          | <b>11,131</b>          | <b>-479</b>   | <ul style="list-style-type: none"> <li>· Accounts payable-trade +300</li> <li>· Income taxes payable -1,391</li> <li>· Others -1,281</li> </ul>                   |
| - Loans payable                         | 2,486                  | 480                    | +2,005        | <ul style="list-style-type: none"> <li>· Short-term loans payable +2,000</li> </ul>   |
| <b>Net assets</b>                       | <b>92,356</b>          | <b>91,022</b>          | <b>+1,333</b> | <ul style="list-style-type: none"> <li>· Treasury stock -499</li> <li>· Foreign currency translation adjustment +733</li> </ul>                                   |
| - Retained earnings                     | 94,855                 | 93,628                 | +1,227        |   |
| <b>Return on equity</b>                 | <b>15.4%</b>           | <b>14.4%</b>           | <b>+1.0pt</b> |   |
| <b>Return on assets</b>                 | <b>17.9%</b>           | <b>18.0%</b>           | <b>-0.1pt</b> |   |

|                              | FY2023Q1<br>Actual | FY2022Q1<br>Actual | Change      | Notes |
|------------------------------|--------------------|--------------------|-------------|-------|
| <b>Capital investments</b>   | <b>396</b>         | <b>1,250</b>       | <b>-854</b> |       |
| <b>Depreciation expenses</b> | <b>575</b>         | <b>429</b>         | <b>+145</b> |       |

# Consolidated financial forecast for FY2023Q2, FY2023

There is no change in the forecast announced on Feb. 9, 2023. Add EBITDA.

M of JPY

|   | FY2023Q2<br>Forecast | FY2022Q2<br>Actual | YoY comparison |        | Notes |
|---|----------------------|--------------------|----------------|--------|-------|
|   |                      |                    | Amount         | Ratio  |       |
| Net sales                               | 25,556               | 24,462             | +1,093         | +4.5%  |       |
| Gross Profit                            | 17,070               | 15,483             | +1,587         | +10.3% |       |
| Ratio to net sales                      | 66.8%                | 63.3%              | +3.5pt         | —      |       |
| EBITDA *                                | 8,882                | 9,060              | -178           | -2.0%  |       |
| Margin                                  | 34.8%                | 37.0%              | -2.3pt         | —      |       |
| Operating Profit                        | 7,616                | 8,129              | -512           | -6.3%  |       |
| Ratio to net sales                      | 29.8%                | 33.2%              | -3.4pt         | —      |       |
| Ordinary Profit                         | 7,892                | 9,490              | -1,597         | -16.8% |       |
| Ratio to net sales                      | 30.9%                | 38.8%              | -7.9pt         | —      |       |
| Profit attributable to owners of parent | 5,461                | 6,750              | -1,288         | -19.1% |       |
| Ratio to net sales                      | 21.4%                | 27.6%              | -6.2pt         | —      |       |
| EPS (JPY)                               | 64.14                | 78.52              | —              | —      |       |

\* EBITDA = Operating profit + Depreciation + Amortization

## Currency rate

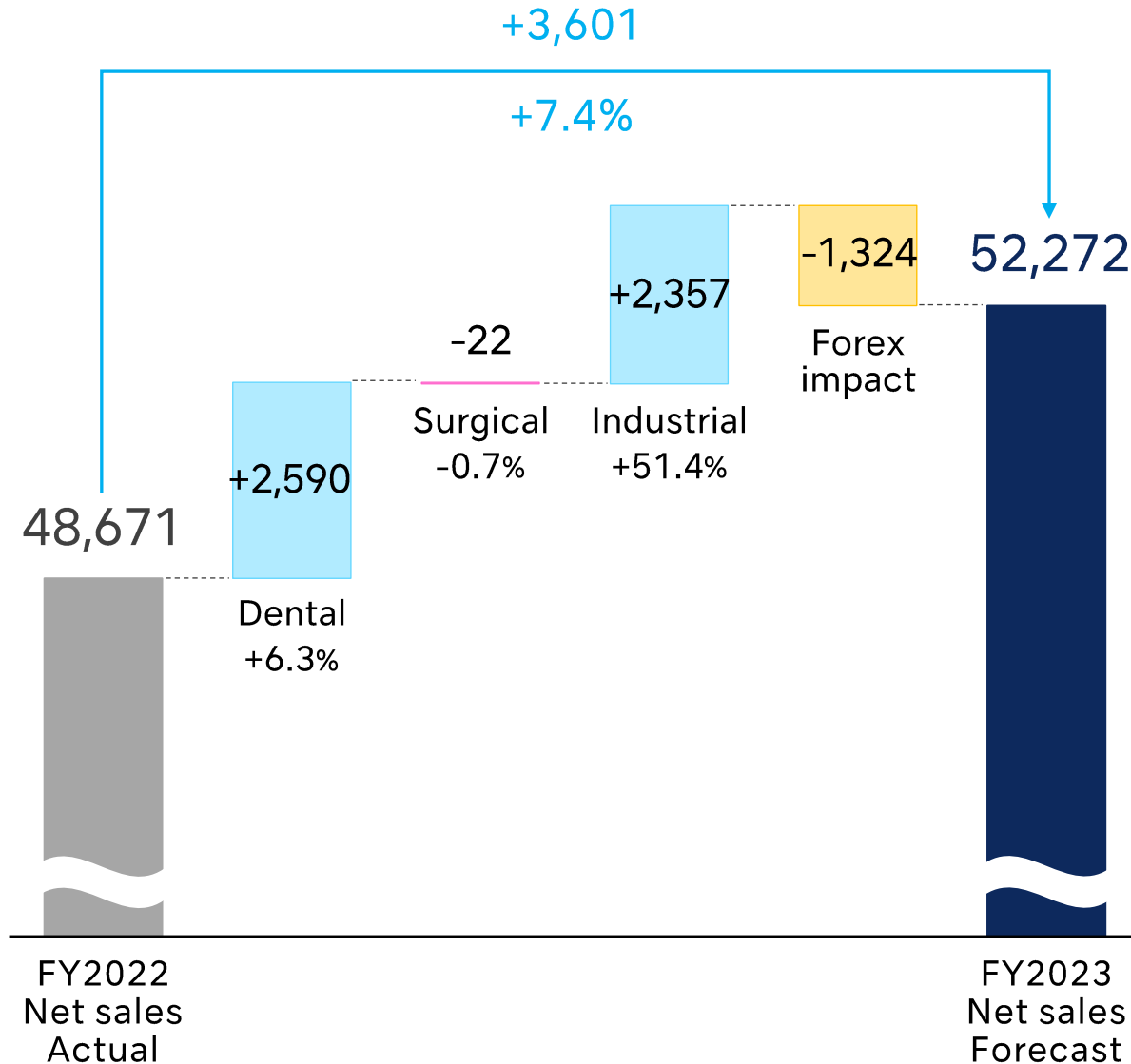
|                         |       |        |        |       |   |
|-------------------------|-------|--------|--------|-------|---|
| - Against the US dollar | (JPY) | 125.00 | 123.16 | +1.84 | — |
| - Against the EURO      | (JPY) | 135.00 | 134.50 | +0.50 | — |

M of JPY

|  | FY2023<br>Forecast | FY2022<br>Actual | YoY comparison |        | Notes                    |
|--|--------------------|------------------|----------------|--------|--------------------------|
|  |                    |                  | 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%            | +0.8pt         | —      |                          |
| EBITDA *   | 17,603             | 17,493           | +109           | +0.6%  |                          |
| Margin   | 33.7%              | 35.9%            | -2.2pt         | —      |                          |
| Operating Profit   | 15,070             | 15,389           | -318           | -2.1%  |                          |
| Ratio to net sales                                       | 28.8%              | 31.6%            | -2.8pt         | —      |                          |
| Ordinary Profit  | 15,836             | 17,646           | -1,810         | -10.3% |                          |
| Ratio to net sales                                       | 30.3%              | 36.3%            | -6.0pt         | —      |                          |
| Profit attributable to owners of parent                  | 10,976             | 12,471           | -1,494         | -12.0% |                          |
| Ratio to net sales                                       | 21.0%              | 25.6%            | -4.6pt         | —      |                          |
| EPS (JPY)  | 128.91             | 145.48           | —              | —      |                          |
| Capital investments                                      | 5,750              | 4,058            | +1,692         | +41.7% | M1 Factory, etc.         |
| Depreciation expenses                                    | 2,221              | 2,049            | +172           | +8.4%  |                          |
| *EBITDA = Operating profit + Depreciation + Amortization |                    |                  |                |        |                          |
| Currency rate  |                    |                  |                |        |                          |
| - Against the US dollar (JPY)                            | 125.00             | 130.77           | -5.77          | —      | Forex sensibilities: 94M |
| - Against the EURO (JPY)                                 | 135.00             | 137.90           | -2.90          | —      | Forex sensibilities: 98M |

# Change in net sales by business segment

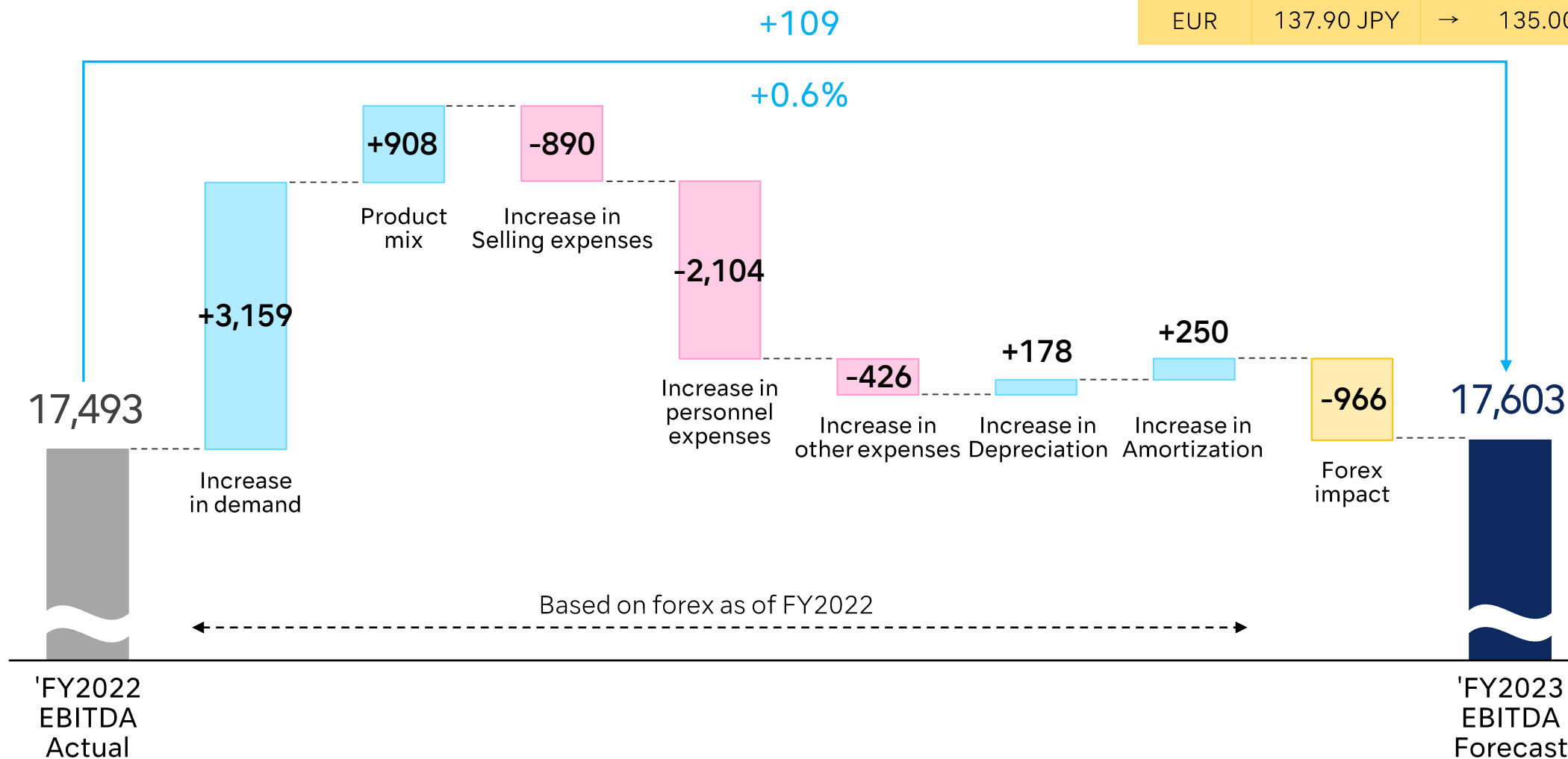
M of JPY



|              | 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%  |

M of JPY

| Exchange rate |               |   |                 |
|---------------|---------------|---|-----------------|
|               | FY2022 Actual |   | FY2023 Forecast |
| USD           | 130.77 JPY    | → | 125.00 JPY      |
| EUR           | 137.90 JPY    | → | 135.00 JPY      |



***NSK***