

Briefing Material

for 1st quarter ended Mar. 31, 2024

May 10, 2024

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 change

Presenting results of DCI, acquired in Aug. 2023, as an independent segment.

Previous reporting segments

Dental Business

Surgical Business

Industrial Business

New reporting segments * Starting from FY2024 Q1

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.

Establishment
DCI Business

Presenting results of DCI, acquired in Aug. 2023, as an independent segment. Development, production and sales of dental chairs and related equipment in the U.S.

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.

Industrial Business

Development, production and sales of spindles which can be used in high-precision processes in wide range of industrial areas such as automobile, aircraft, precision parts industries.

Dental Business



Handpiece



implant motor



Oral hygiene system



Clinical micro motor

Establishment

DCI Business



Dental chair



Dental equipment (Cart)



Dental equipment (Light)

Surgical Business



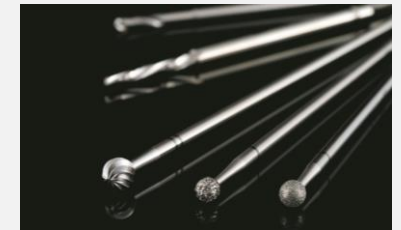
Console



Slim motor



Attachment



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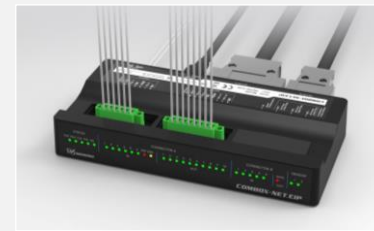
Industrial Business



Controller & Spindle



Spindle



Network interface module



Ultrasonic Cutter

Consolidated net sales increased double-digit due to the depreciation of the yen and the effects of acquisitions. Sales increased in Dental, DCI and Surgical segments, while decreased significantly in Industrial segment.

EBITDA increased by double-digit, but mainly boosted by FOREX and M&A in 2023.

The results of DCI, which was acquired in August last year, are individually presented as a new segment. Although DCI's sales and profits were increased on YOY basis (unaudited, unconsolidated), remained flat without FOREX impact.

* Made retrospective adjustment of results for the year ended December 2023 following the completion of the PPA of acquired company (JAEGER).

M of JPY

		FY2024Q1	FY2023Q1	YoY comparison	
		Actual	Actual	Amount	Ratio
Net sales		18,159	13,615	+4,544	+33.4%
Gross Profit		11,005	8,703	+2,302	+26.5%
	Ratio to net sales	60.6%	63.9%	-3.3pt	—
EBITDA *		5,320	4,592	+728	+15.9%
	Margin	29.3%	33.7%	-4.4pt	—
Operating Profit		4,035	3,940	+94	+2.4%
	Ratio to net sales	22.2%	28.9%	-6.7pt	—
Ordinary Profit		5,090	4,495	+594	+13.2%
	Ratio to net sales	28.0%	33.0%	-5.0pt	—
Profit attributable to owners of parent		3,376	3,241	+135	+4.2%
	Ratio to net sales	18.6%	23.8%	-5.2pt	—
EPS	(JPY)	39.68	38.08	—	—

* EBITDA = Operating profit + Depreciation + Amortization

Currency rate	- Against the US dollar (JPY)	147.87	133.26	+14.61	-
	- Against the EURO (JPY)	160.90	143.34	+17.56	-

▪ Forex impact: Net sales +1,419M of JPY (vs FY2023Q1 Actual), +1,120M of JPY (vs FY2024 Forecast)

M of JPY

	Reference data excluding DCI and REFINE FY2024Q1 Actual	Reference data excluding DCI and REFINE FY2023Q1 Actual	YoY comparison	
			Amount	Ratio
Net sales	13,290	13,615	-325	-2.4%
Gross profit	8,982	8,703	+279	+3.2%
Ratio to net sales	67.6%	63.9%	+3.7pt	—
EBITDA *	4,588	4,592	-4	-0.1%
Margin	34.5%	33.7%	+0.8pt	—
Operating profit	3,922	3,940	-17	-0.4%
Ratio to net sales	29.5%	28.9%	+0.6pt	—
Ordinary profit	4,970	4,495	+475	+10.6%
Ratio to net sales	37.4%	33.0%	+4.4pt	—
Profit attributable to owners of parent	3,402	3,241	+160	+5.0%
Ratio to net sales	25.6%	23.8%	+1.8pt	—
EPS (JPY)	39.97	38.08	—	—

* EBITDA = Operating profit + Depreciation + Amortization

Currency rate - Against the US dollar (JPY)

147.87

133.26

+14.61

-

- Against the EURO (JPY)

160.90

143.34

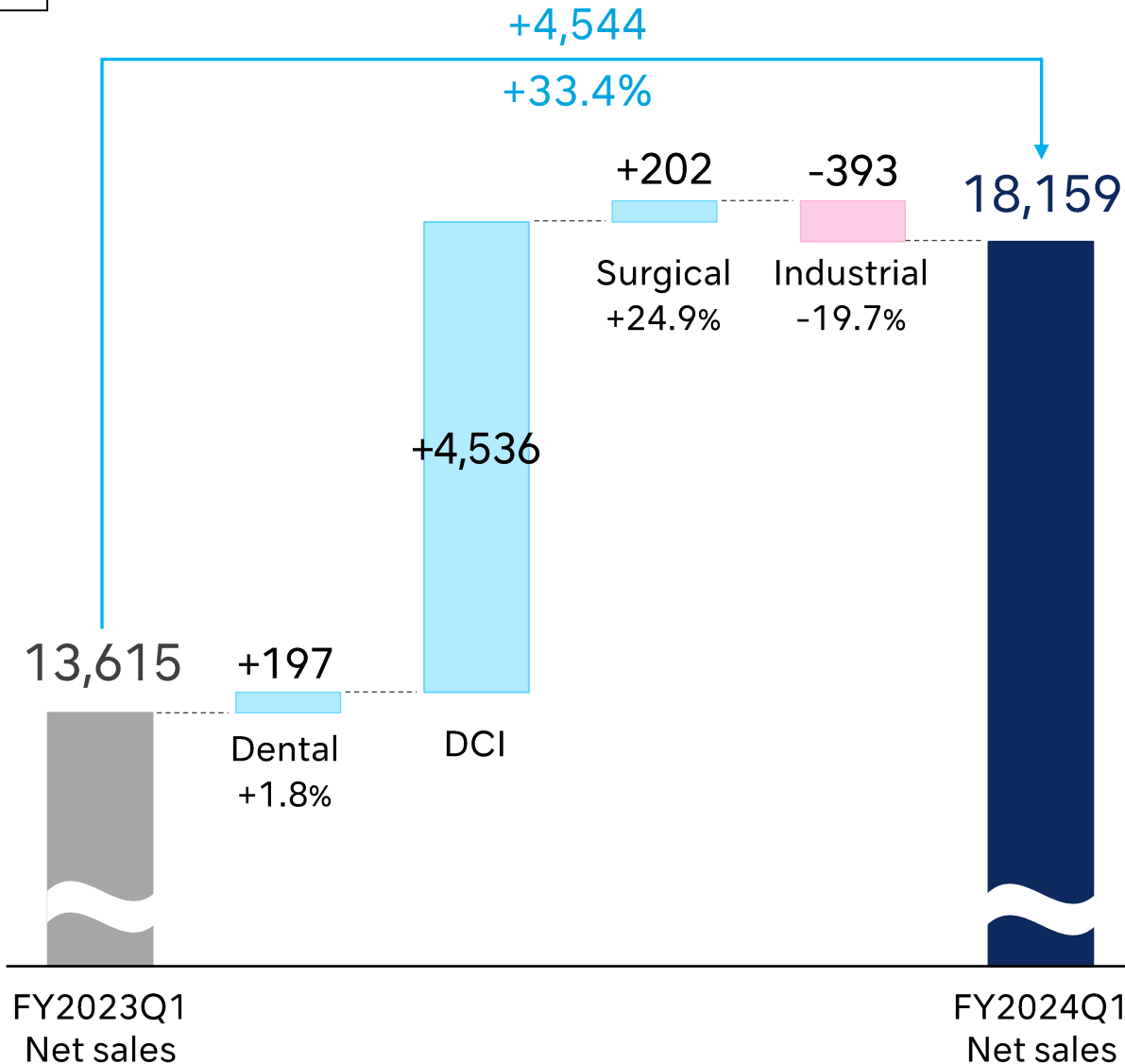
+17.56

-

▪ Forex impact: Net sales +951M of JPY (vs FY2023Q1 Actual), +700M of JPY (vs FY2024 Forecast)

Change in net sales by business segment

M of JPY



	FY2023Q1 Actual	FY2024Q1 Actual	Change
Dental	10,809	11,007	+1.8%
DCI	-	4,536	-
Surgical	813	1,015	+24.9%
Industrial	1,993	1,600	-19.7%
Total	13,615	18,159	+33.4%

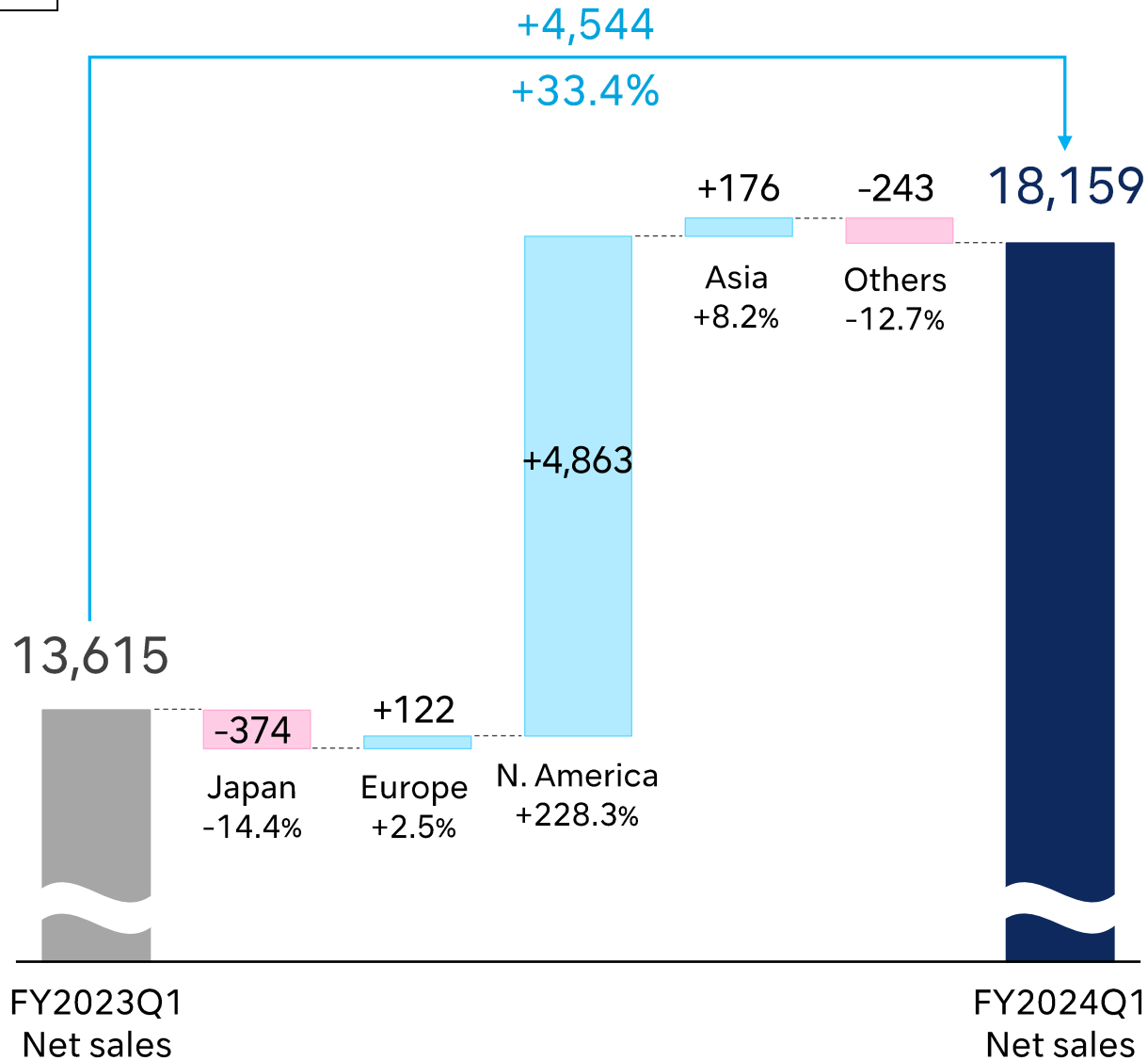
Forex impact +1,419M of JPY (+10.4%)

M&A effect (DCI and Refine) +4,401M of JPY (+32.3%)

Reference :
 DCI's net sales in FY2023Q1 4,149M of JPY (unaudited) (1USD=133.26 JPY)

Change in net sales by region

M of JPY



	FY2023Q1 Actual	FY2024Q1 Actual	Change
Japan	2,601	2,226	-14.4%
Europe	4,817	4,939	+2.5%
N. America	2,130	6,994	+228.3%
Asia	2,143	2,319	+8.2%
Others	1,922	1,679	-12.7%
Total	13,615	18,159	+33.4%

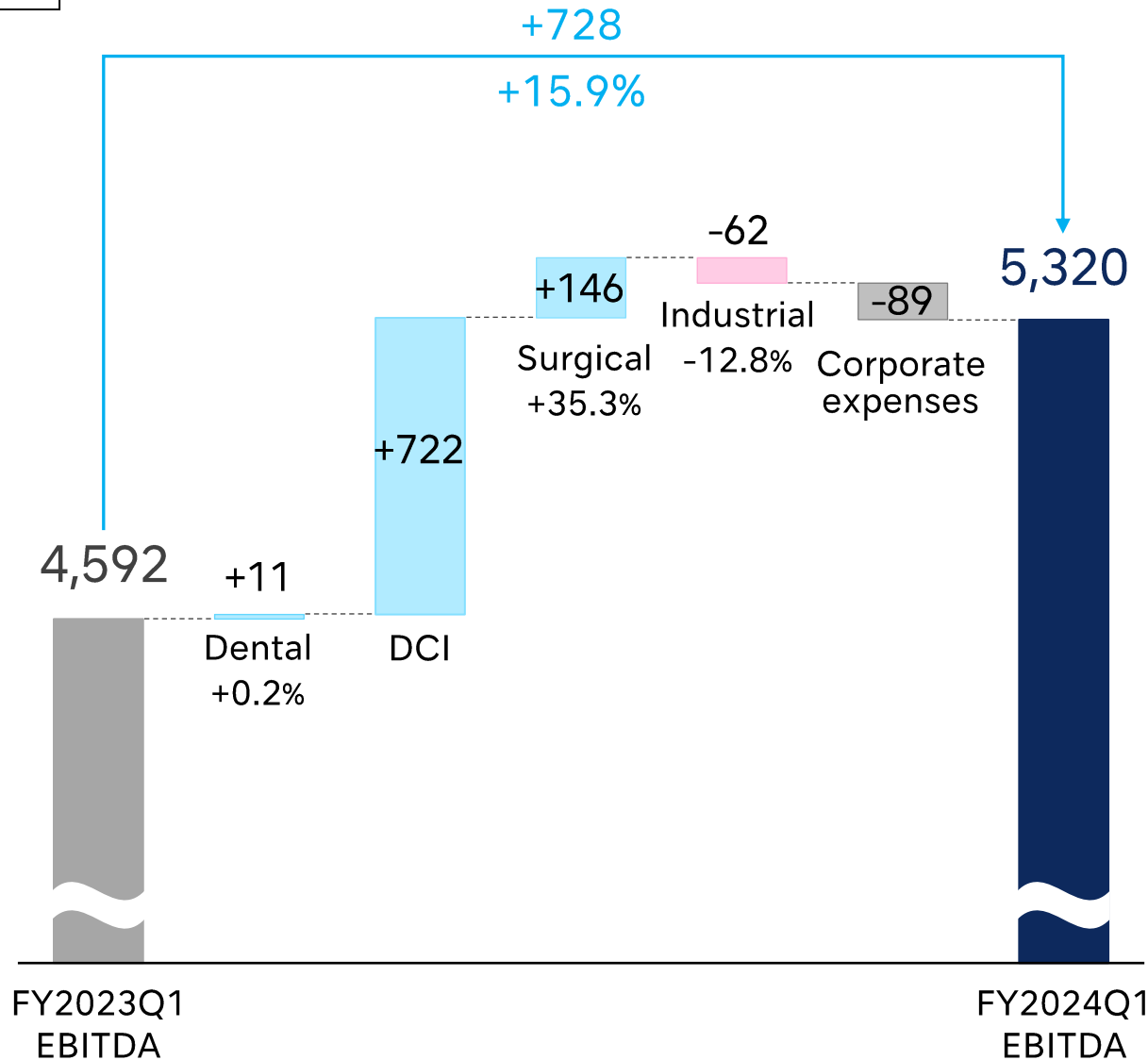
Forex impact +1,419M of JPY (+10.4%)

M&A effect (DCI and Refine) +4,401M of JPY (+32.3%)

Reference :
 DCI's net sales in FY2023Q1 4,149M of JPY (unaudited) (1USD=133.26 JPY)

Change in EBITDA by business segment

M of JPY



	FY2023Q1 Actual	FY2024Q1 Actual	Change
Dental	4,806	4,817	+0.2%
DCI *	-1	720	-
Surgical	413	559	+35.3%
Industrial	488	426	-12.8%
Corporate expenses	-1,113	-1,203	-
Total	4,592	5,320	+15.9%

Forex impact +622M of JPY (+13.6%)

M&A effect (DCI and Refine) +732M of JPY (+15.9%)

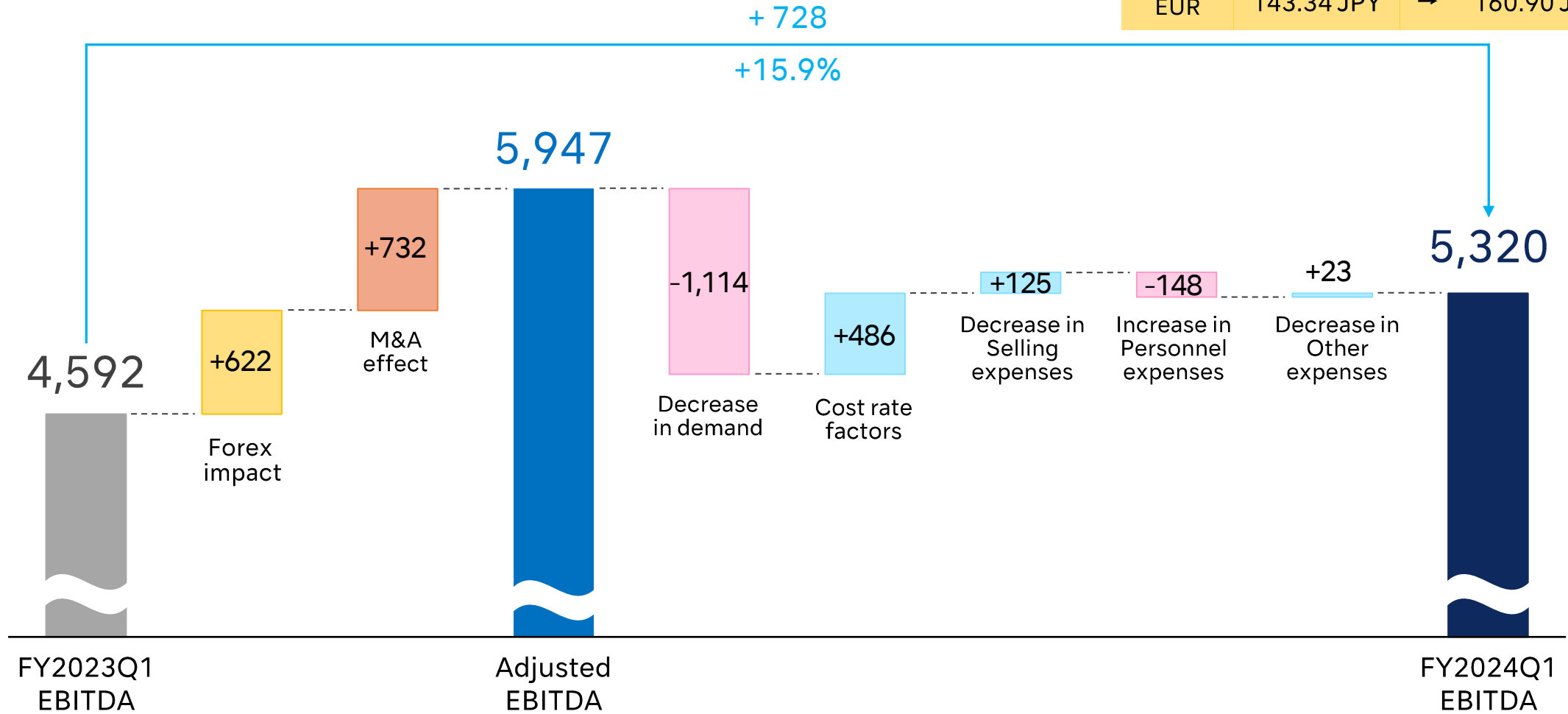
Reference :

DCI's EBITDA in FY2023Q1 662M of JPY (unaudited) (1USD=133.26 JPY)

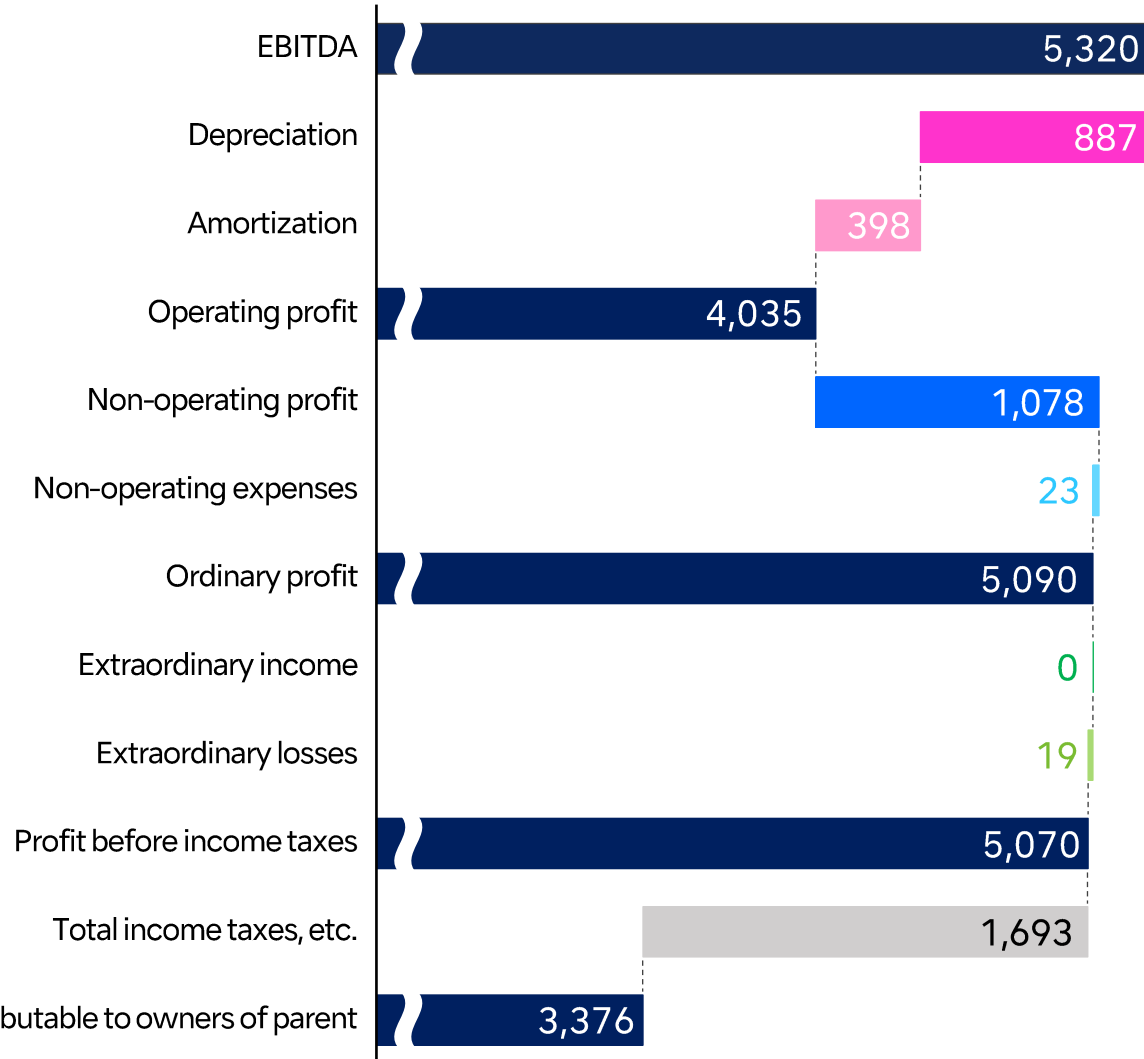
*DCI's EBITDA in FY2023Q1 includes the profit and loss of NAH, an intermediate holding company.

M of JPY

Exchange rate			
	FY2023Q1 Average		FY2024Q1 Average
USD	133.26 JPY	→	147.87 JPY
EUR	143.34 JPY	→	160.90 JPY



M of JPY



Non-operating profit	· Interest income	172
	· Foreign exchange gain	729
	· Miscellaneous income	102
Non-operating expenses	· Interest expenses	9
	· Miscellaneous losses	10
Extraordinary losses	· Loss on retirement of non-current assets	17

M of JPY

	As of Mar. 31, 2024	As of Dec. 31, 2023	Change	Notes
Total assets	148,069	140,713	+7,356	· Buildings and structures +572 · Construction in progress +928
- Cash and deposits	33,793	31,718	+2,075	
- Inventories	25,313	23,984	+1,329	· Merchandise and finished goods +733 · Work in process +173 · Raw materials and supplies +422
- Goodwill	22,927	21,934	+992	
Liabilities	32,164	27,512	+4,652	· Accounts payable - trade +375 · Current liabilities - other +1,029
- Loans payable	14,714	11,668	+3,046	· Current portion of long-term borrowings +1,000 · Long-term borrowings +2,008
Net assets	115,904	113,200	+2,703	· Treasury shares -1,999 · Foreign currency translation adjustment +3,447
- Retained earnings	113,506	112,346	+1,159	
Return on equity	11.8%	22.4%	-10.6pt	
Return on assets	14.1%	14.2%	-0.1pt	

	FY2024Q1 Actual	FY2023Q1 Actual	Change	Notes
Capital investments	1,704	396	+1,308	· M1 factory 988
Depreciation expenses	887	603	+284	

Consolidated financial forecast for FY2024

M of JPY

	FY2024 Forecast	FY2023 Actual	YoY comparison		Notes
			Amount	Ratio	
Net sales	74,432	59,692	+14,740	+24.7%	
Gross Profit	41,324	36,124	+5,200	+14.4%	
Ratio to net sales	55.5%	60.5%	-5.0 pt	-	
EBITDA *	17,770	17,775	-4	-0.0%	
Margin	23.9%	29.8%	-5.9 pt	-	
Operating Profit	12,652	14,296	-1,643	-11.5%	
Ratio to net sales	17.0%	24.0%	-7.0 pt	-	
Ordinary Profit	13,088	17,238	-4,149	-24.1%	
Ratio to net sales	17.6%	28.9%	-11.3 pt	-	
Profit attributable to owners of parent	8,894	22,835	-13,941	-61.1%	
Ratio to net sales	11.9%	38.3%	-26.3 pt	-	
EPS (JPY)	104.28	268.04	-	-	
Capital investments	8,617	5,984	+2,632	-	M1 Factory, etc.
Depreciation expenses	3,615	2,929	+685	-	

*EBITDA = Operating profit + Depreciation + Amortization

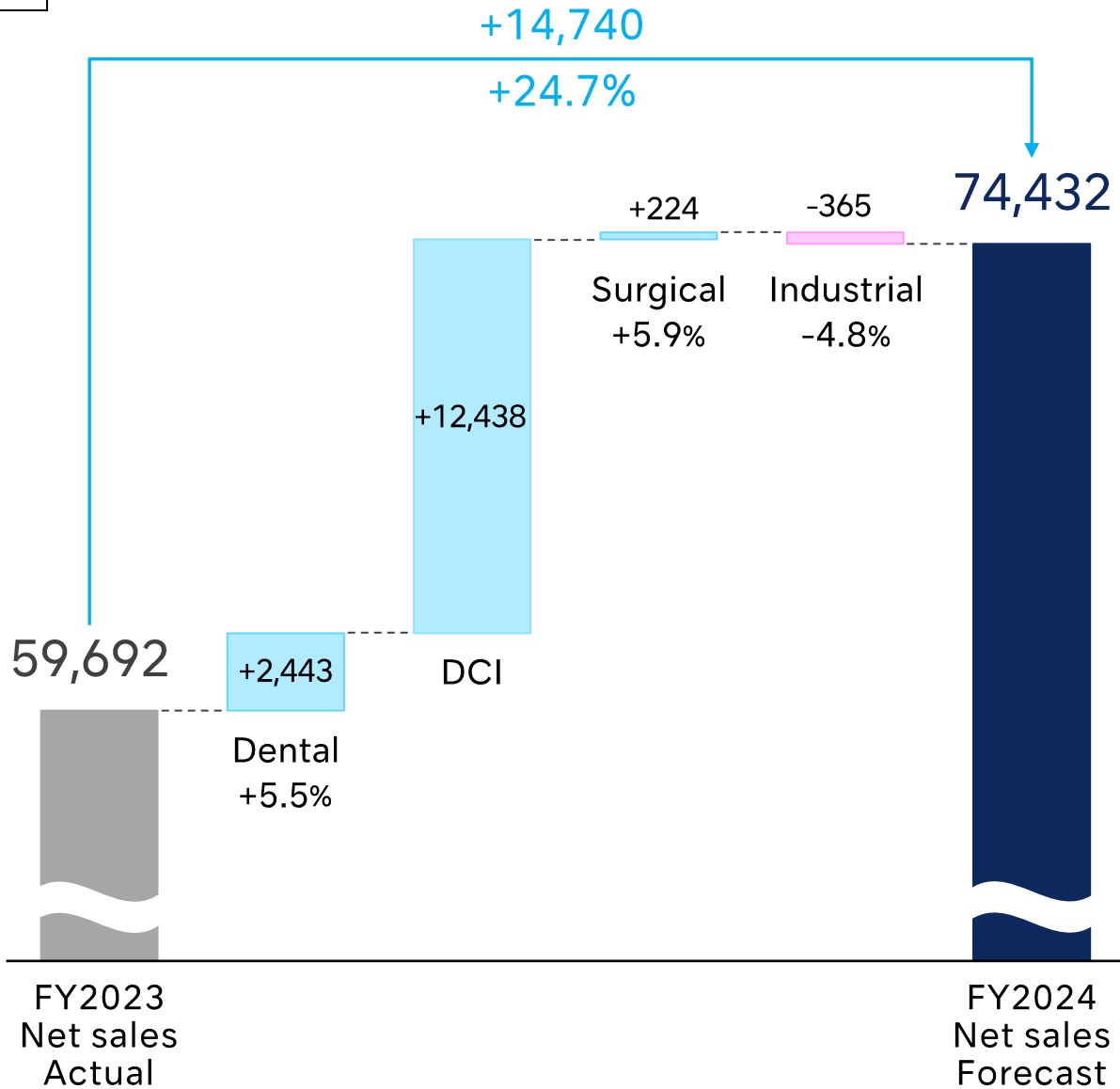
Currency rate

- Against the US dollar	(JPY)	135.00	140.54	-5.54	-	Forex sensibilities: 214M
- Against the EURO	(JPY)	150.00	152.27	-2.27	-	Forex sensibilities: 98M

Consolidated financial forecast for FY2024

Change in net sales by business segment

M of JPY



	FY2023 Actual	FY2024 Forecast	Change
Dental	44,366	46,809	+5.5%
DCI	3,974 (Oct.-Dec.)	16,412 (Jan.-Dec.)	-
Surgical	3,770	3,994	+5.9%
Industrial	7,581	7,215	-4.8%
Total	59,692	74,432	+24.7%

Forex impact -1,096 M of JPY (-1.8%)

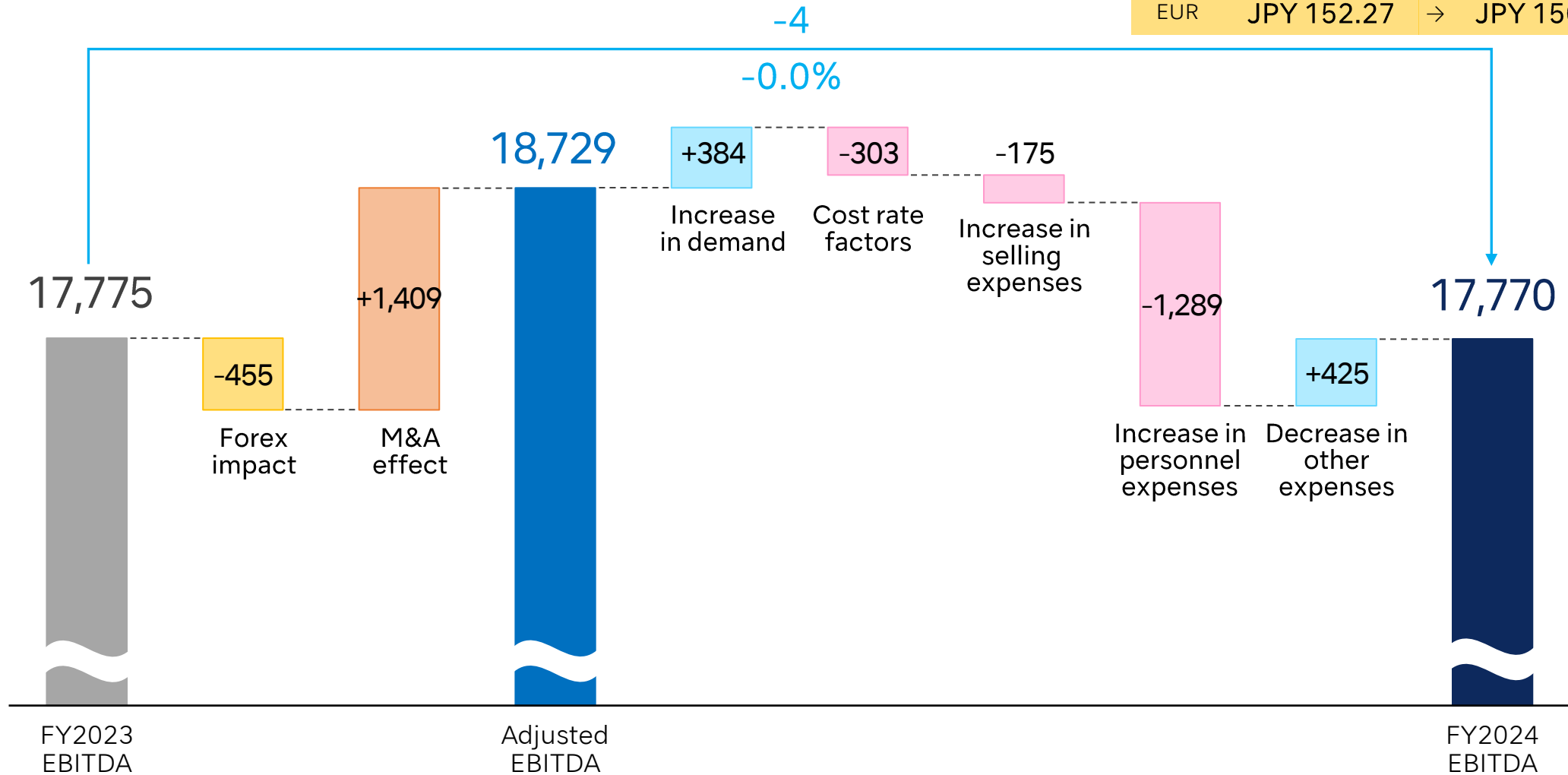
M&A effect +14,427 M of JPY (+24.2%)

Consolidated financial forecast for FY2024

Change in EBITDA

M of JPY

Exchange rate		
	FY2023 Actual	FY2024 Forecast
USD	JPY 140.54	→ JPY 135.00
EUR	JPY 152.27	→ JPY 150.00



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