

Briefing Material

for 2nd quarter ended Jun. 30, 2024

Aug. 9, 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.

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

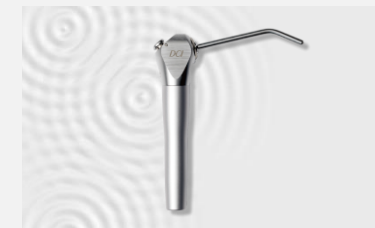
DCI Business



Dental chair



Dental Parts (H.P. Cart)



Dental Parts (Syringe)

Surgical Business



Console



Slim motor



Attachment



Bur

Industrial Business



Controller&Spindle



Spindle



Network interface module



Ultrasonic Cutter

Consolidated net sales was increased by 36% (vs. 2023Q2) 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 was increased by double-digit, reaching over 11 billion yen, mainly boosted by FOREX and M&A.

The full-year financial forecasts has been revised upward considering actual results for the first half and the current exchange rates, although the business environment is assumed to remain challenging until the end of the fiscal year.

* Retrospective adjustment was made for the results for 2023Q2 following the completion of the PPA of acquired company (JAEGER).

M of JPY

	FY2024Q2 Actual	FY2023Q2 Actual	YoY comparison	
			Amount	Ratio
Net sales	38,557	28,259	+10,297	+36.4%
Gross Profit	22,863	17,793	+5,070	+28.5%
Ratio to net sales	59.3%	63.0%	-3.7pt	—
EBITDA *	11,051	9,379	+1,672	+17.8%
Margin	28.7%	33.2%	-4.5pt	—
Operating Profit	8,287	8,038	+248	+3.1%
Ratio to net sales	21.5%	28.4%	-7.0pt	—
Ordinary Profit	10,522	11,039	-517	-4.7%
Ratio to net sales	27.3%	39.1%	-11.8pt	—
Profit attributable to owners of parent	7,026	7,972	-945	-11.9%
Ratio to net sales	18.2%	28.2%	-10.0pt	—
EPS (JPY)	82.88	93.74	—	—
* EBITDA = Operating profit + Depreciation + Amortization				
Currency rate - Against the US dollar (JPY)	152.31	135.99	+16.32	-
- Against the EURO (JPY)	164.83	147.01	+17.82	-

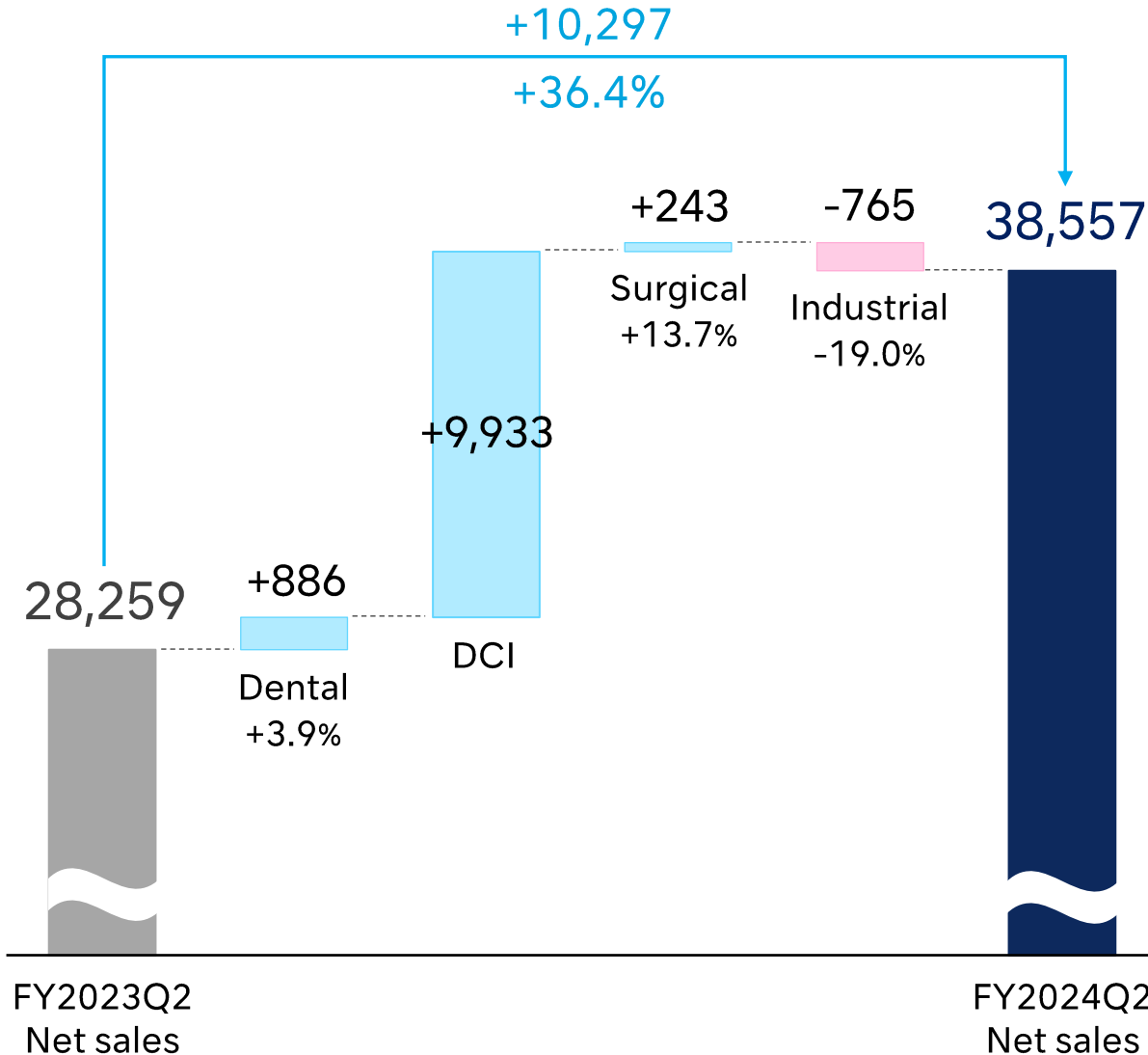
▪ Forex impact: Net sales +3,209M of JPY (vs FY2023Q2 Actual), +3,147M of JPY (vs FY2024 Forecast)

M of JPY

	Reference data excluding DCI and REFINE FY2024Q2 Actual	Reference data excluding DCI and REFINE FY2023Q2 Actual	YoY comparison	
			Amount	Ratio
Net sales	27,796	28,259	-462	-1.6%
Gross profit	18,543	17,793	+750	+4.2%
Ratio to net sales	66.7%	63.0%	+3.7pt	—
EBITDA *	9,444	9,379	+64	+0.7%
Margin	34.0%	33.2%	+0.8pt	—
Operating profit	8,001	8,038	-37	-0.5%
Ratio to net sales	28.8%	28.4%	+0.3pt	—
Ordinary profit	10,212	11,039	-826	-7.5%
Ratio to net sales	36.7%	39.1%	-2.3pt	—
Profit attributable to owners of parent	7,069	7,972	-902	-11.3%
Ratio to net sales	25.4%	28.2%	-2.8pt	—
EPS (JPY)	83.38	93.74	—	—
* EBITDA = Operating profit + Depreciation + Amortization				
Currency rate - Against the US dollar (JPY)	152.31	135.99	+16.32	—
- Against the EURO (JPY)	164.83	147.01	+17.82	—

▪ Forex impact: Net sales +2,083M of JPY (vs FY2023Q2 Actual), +1,938M of JPY (vs FY2024 Forecast)

M of JPY



	FY2023Q2 Actual	FY2024Q2 Actual	Change
Dental	22,448	23,335	+3.9%
DCI	-	9,933	-
Surgical	1,779	2,022	+13.7%
Industrial	4,031	3,266	-19.0%
Total	28,259	38,557	+36.4%

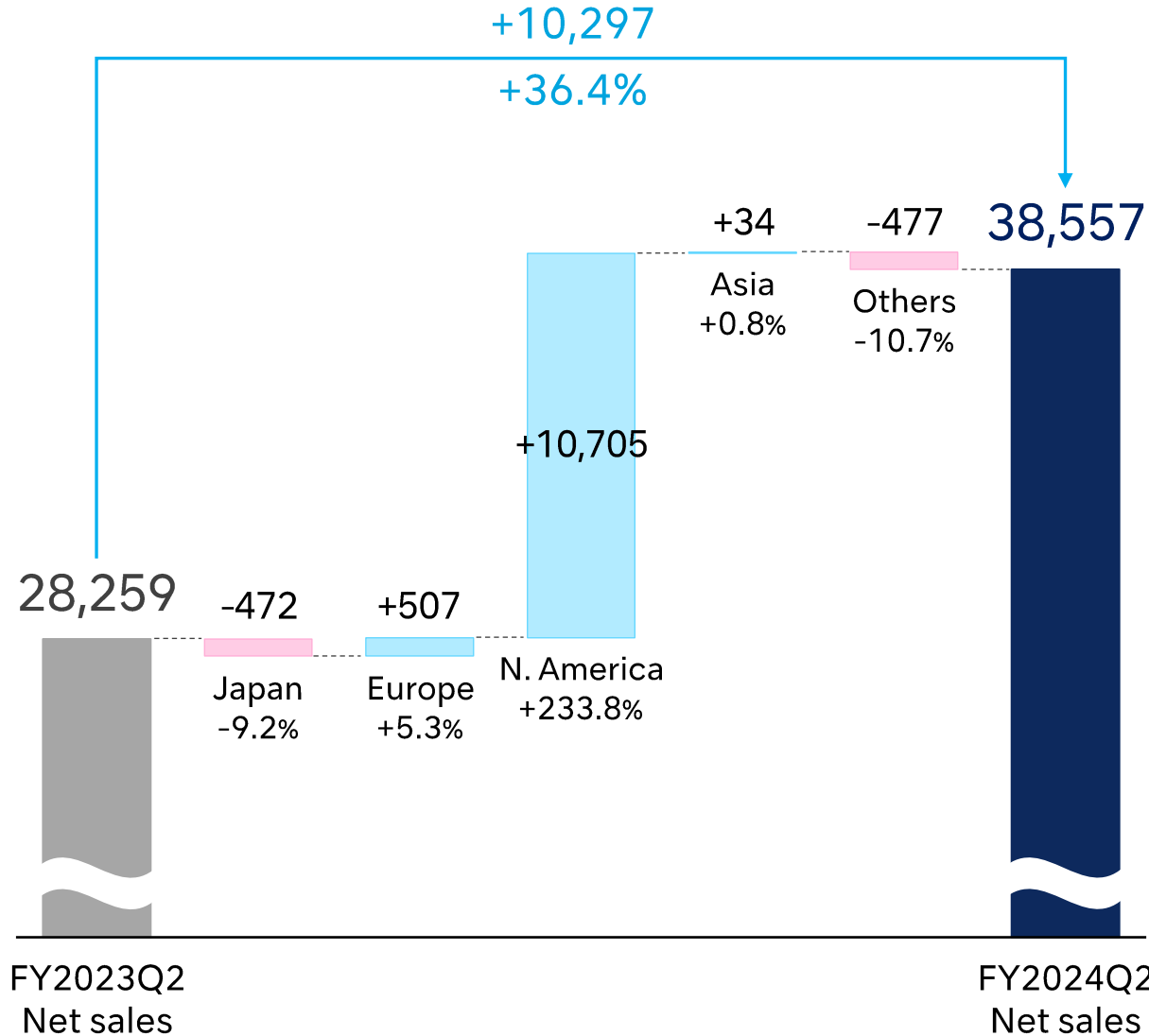
Forex impact +2,083M of JPY (+7.4%)

M&A effect (DCI and Refine) +10,760M of JPY (+38.1%)

Reference :
DCI's net sales in FY2023Q2 7,751M of JPY (unaudited) (1USD=133.26JPY)

Change in net sales by region

M of JPY



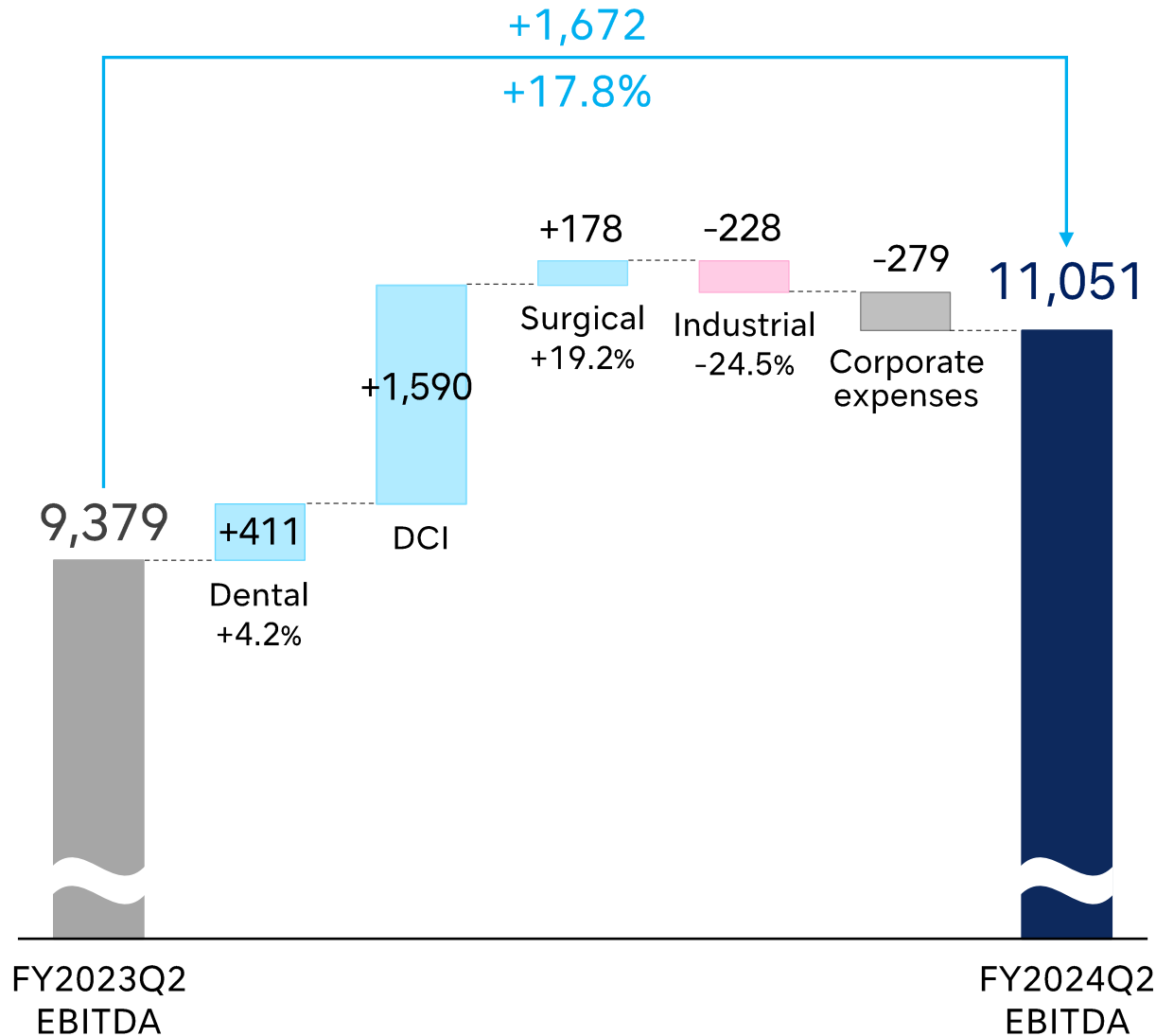
	FY2023Q2 Actual	FY2024Q2 Actual	Change
Japan	5,120	4,648	-9.2%
Europe	9,596	10,103	+5.3%
N. America	4,578	15,284	+233.8%
Asia	4,483	4,517	+0.8%
Others	4,480	4,002	-10.7%
Total	28,259	38,557	+36.4%

Forex impact +2,083M of JPY (+7.4%)

M&A effect (DCI and Refine) +10,760M of JPY (+38.1%)

Change in EBITDA by business segment

M of JPY



	FY2023Q2 Actual	FY2024Q2 Actual	Change
Dental	9,825	10,237	+4.2%
DCI *	-5	1,585	-
Surgical	928	1,106	+19.2%
Industrial	931	703	-24.5%
Corporate expenses	-2,301	-2,581	-
Total	9,379	11,051	+17.8%

Forex impact +453M of JPY (+4.8%)

M&A effect (DCI and Refine) +1,578M of JPY (+16.8%)

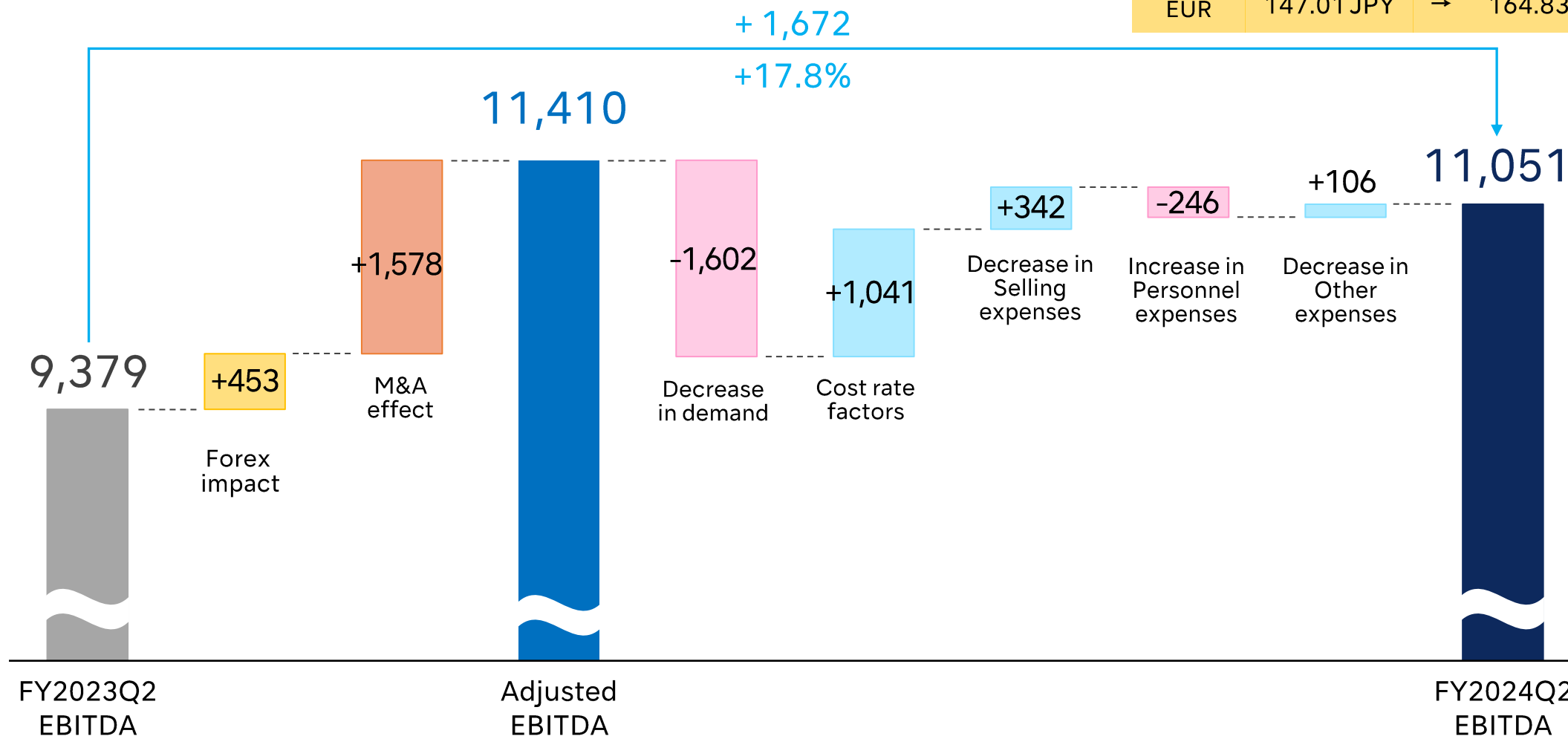
Reference :

*DCI's EBITDA in FY2023Q2 1,190M of JPY (unaudited) (1USD=133.26JPY)

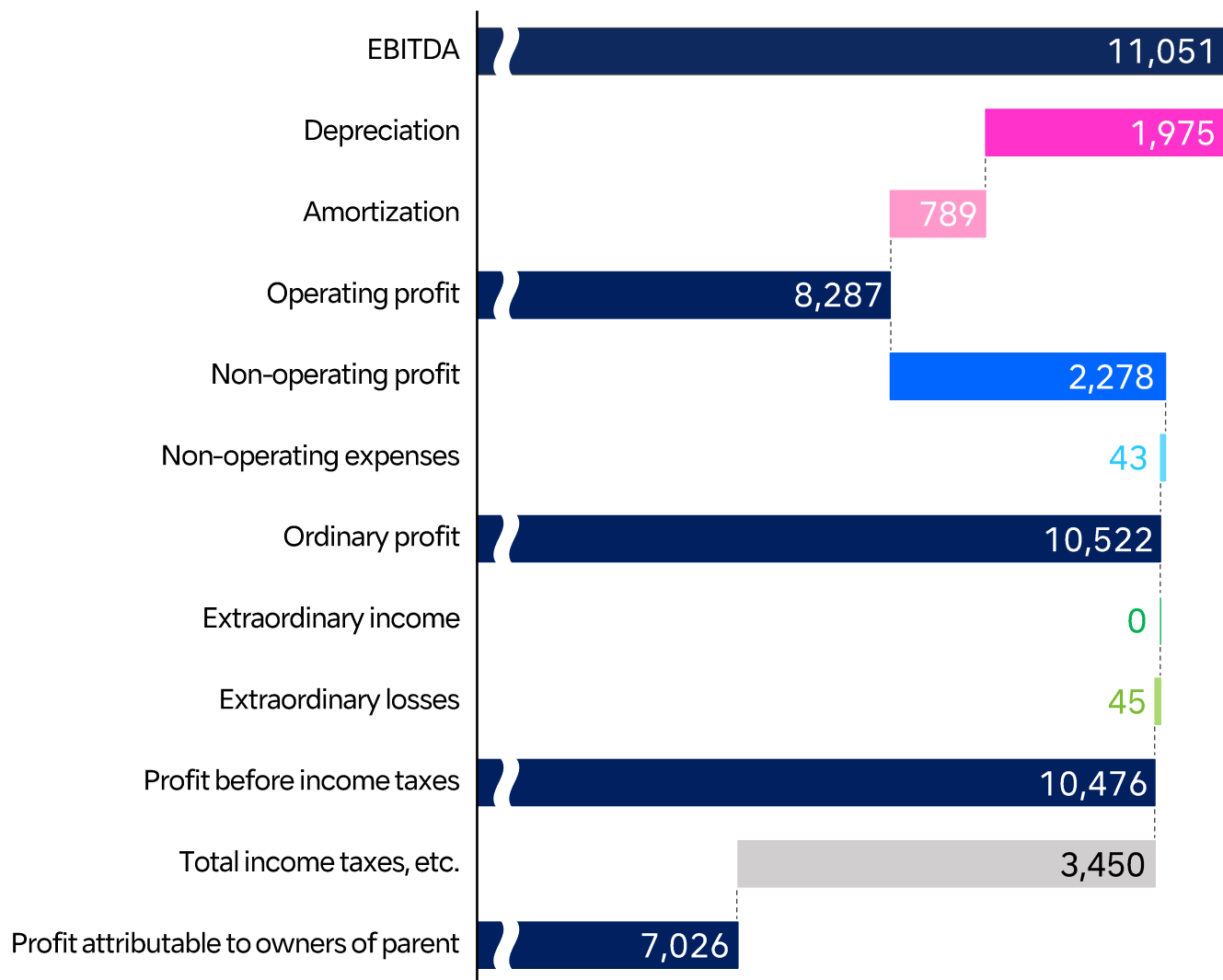
*DCI's EBITDA in FY2023Q2 includes the profit and loss of NAH, an intermediate holding company.

M of JPY

Exchange rate		
	FY2023Q2 Average	FY2024Q2 Average
USD	135.99 JPY	→ 152.31JPY
EUR	147.01 JPY	→ 164.83 JPY



M of JPY



Non-operating profit

· Interest income	281
· Foreign exchange gain	1,563
· Miscellaneous income	204

Non-operating expenses

· Interest expenses	23
· Miscellaneous losses	17

Extraordinary losses

· Loss on retirement of non-current assets	19
· Expense on scrapping fixed assets	23

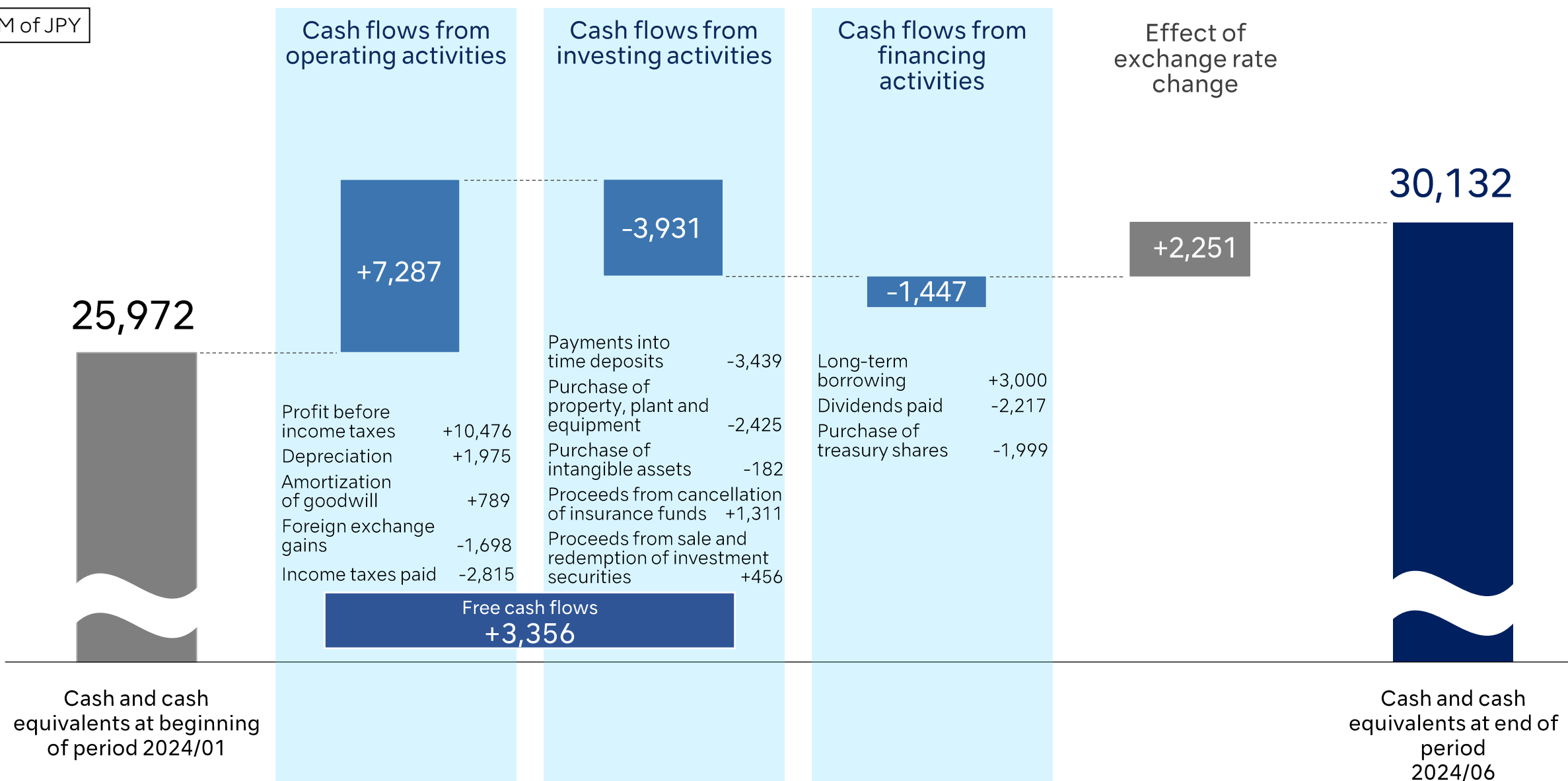
M of JPY

	As of Jun. 30, 2024	As of Dec. 31, 2023	Change	Notes
Total assets	156,758	140,768	+15,989	· Buildings and structures +4,836 · Construction in progress -3,136
- Cash and deposits	39,324	31,718	+7,606	
- Inventories	26,265	24,016	+2,249	· Merchandise and finished goods +1,050 · Work in process +645 · Raw materials and supplies +553
- Goodwill	23,352	21,378	+1,973	
Liabilities	32,722	27,603	+5,118	· Accounts payable - trade +536 · Current liabilities - other +503
- Loans payable	14,489	11,668	+2,821	· Current portion of long-term borrowings +1,001 · Long-term borrowings +1,768
Net assets	124,035	113,164	+10,870	· Treasury shares -866 · Foreign currency translation adjustment +7,574
- Retained earnings	117,119	112,310	+4,808	
Return on equity	11.9%	22.4%	-10.5pt	
Return on assets	14.1%	14.2%	-0.1pt	

	FY2024Q2 Actual	FY2023Q2 Actual	Change	Notes
Capital investments	2,458	3,113	-654	· M1 factory 1,085 · Machinery and equipment 536
Depreciation expenses	1,975	1,239	+735	

Consolidated statements of cash flows

M of JPY



Revision of consolidated financial forecast for FY2024

M of JPY

	Revised forecast for FY2024 announced on Aug. 9	Previous forecast for FY2024 announced on Feb. 13	vs. Previous Fcst		FY2023 Actual	YoY comparison	
			Amount	Ratio		Amount	Ratio
Net sales	75,208	74,432	+776	+1.0%	59,692	+15,516	+26.0%
Gross Profit	43,669	41,324	+2,345	+5.7%	36,092	+7,577	+21.0%
Ratio to net sales	58.1%	55.5%	+2.5pt	—	60.5%	-2.4pt	—
EBITDA *	19,013	17,770	+1,242	+7.0%	17,710	+1,302	+7.4%
Margin	25.3%	23.9%	+1.4pt	—	29.7%	-4.4pt	—
Operating Profit	13,427	12,652	+775	+6.1%	14,251	-824	-5.8%
Ratio to net sales	17.9%	17.0%	+0.9pt	—	23.9%	-6.0pt	—
Ordinary Profit	14,635	13,088	+1,547	+11.8%	17,193	-2,557	-14.9%
Ratio to net sales	19.5%	17.6%	+1.9pt	—	28.8%	-9.3pt	—
Profit attributable to owners of parent	9,652	8,894	+758	+8.5%	22,799	-13,147	-57.7%
Ratio to net sales	12.8%	11.9%	+0.9pt	—	38.2%	-25.4pt	—
EPS (JPY)	113.85	104.28	—	—	267.62	—	—

* EBITDA = Operating profit + Depreciation + Amortization

Assumed Currency rate (Annual average)		Revised forecast	Previous forecast	change		
- Against the US dollar	(JPY)	146.00	135.00	+11.00	Assumed exchange rate for 2nd-half 1USD = 140.00JPY 1EUR = 155.00JPY Forex sensitivity USD 216 M of JPY(Annual net sales) EUR 93 M of JPY(Annual net sales)	
- Against the EURO	(JPY)	159.00	150.00	+9.00		

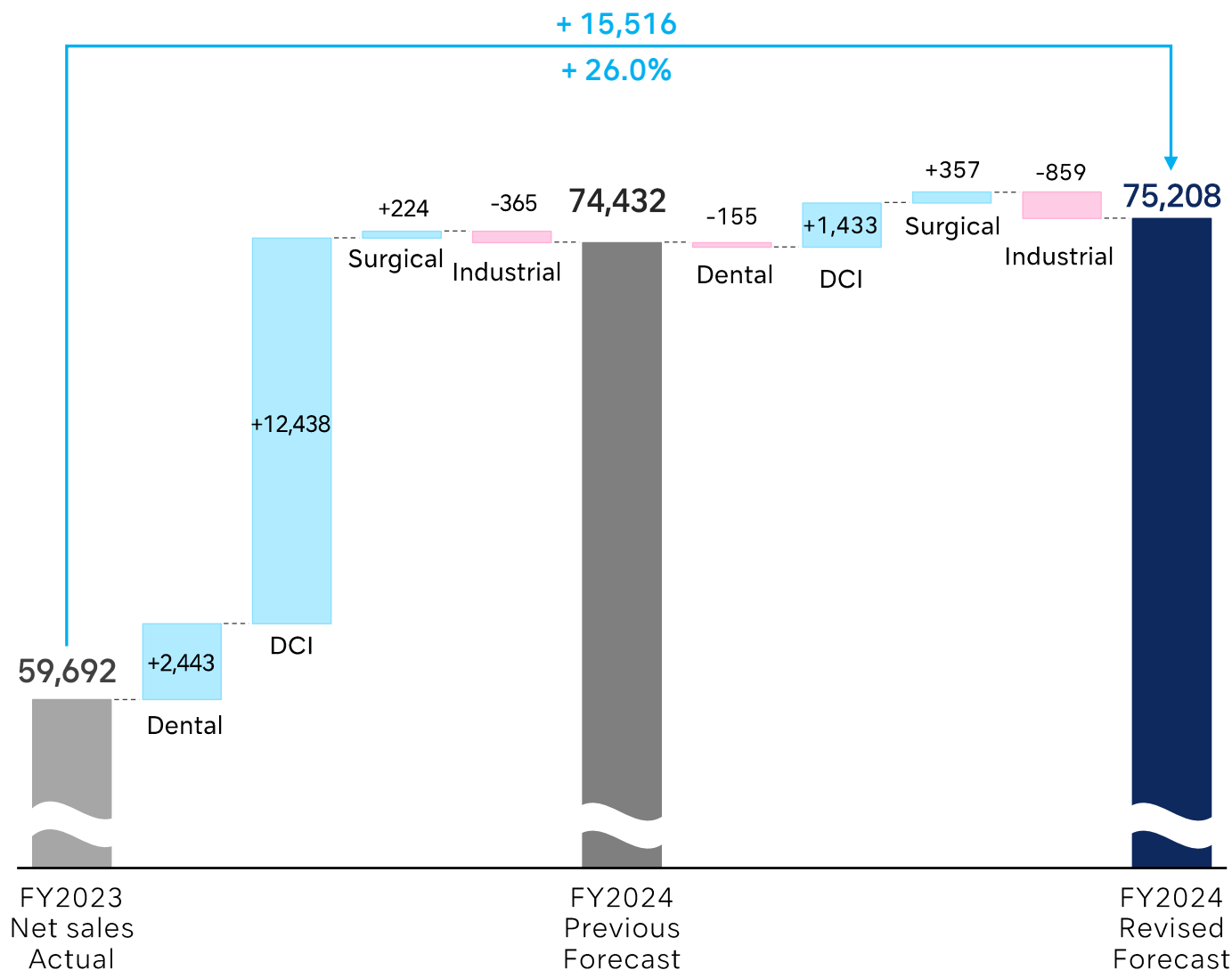
M of JPY

	Revised forecast excluding DCI and REFINE announced on Aug. 9	Previous forecast excluding DCI and REFINE announced on Feb. 13	vs. Previous Fcst		FY2023 Actual excluding DCI and REFINE	YoY comparison	
			Amount	Ratio		Amount	Ratio
Net sales	55,225	55,648	-422	-0.8%	55,335	-110	-0.2%
Gross Profit	35,944	34,405	+1,539	+4.5%	34,979	+964	+2.8%
Ratio to net sales	65.1%	61.8%	+3.3pt	—	63.2%	+1.9pt	—
EBITDA *	17,105	16,428	+676	+4.1%	17,754	-649	-3.7%
Margin	31.0%	29.5%	+1.5pt	—	32.1%	-1.1pt	—
Operating Profit	14,180	13,523	+657	+4.9%	14,948	-768	-5.1%
Ratio to net sales	25.7%	24.3%	+1.4pt	—	27.0%	-1.3pt	—
Ordinary Profit	15,370	13,971	+1,398	+10.0%	18,082	-2,712	-15.0%
Ratio to net sales	27.8%	25.1%	+2.7pt	—	32.7%	-4.8pt	—
Profit attributable to owners of parent	10,633	9,893	+739	+7.5%	12,180	-1,547	-12.7%
Ratio to net sales	19.3%	17.8%	+1.5pt	—	22.0%	-2.8pt	—
EPS (JPY)	125.42	115.99	—	—	142.97	—	—

* EBITDA = Operating profit + Depreciation + Amortization

Assumed Currency rate (Annual average)		Revised forecast	Previous forecast	change	
- Against the US dollar	(JPY)	146.00	135.00	+11.00	Assumed exchange rate for 2nd-half 1USD = 140.00JPY 1EUR = 155.00JPY Forex sensitivity USD 216 M of JPY(Annual net sales) EUR 93 M of JPY(Annual net sales)
- Against the EURO	(JPY)	159.00	150.00	+9.00	

M of JPY



	FY2023 Actual	Previous forecast Feb. 13	Revised forecast Aug. 9	Change
Dental	44,366	46,809	46,654	+5.2%
DCI	3,974	16,412	17,846	-
Surgical	(Oct.-Dec.) 3,770	(Jan.-Dec.) 3,994	(Jan.-Dec.) 4,352	+15.4%
Industrial	7,581	7,215	6,355	-16.2%
Total	59,692	74,432	75,208	+26.0%

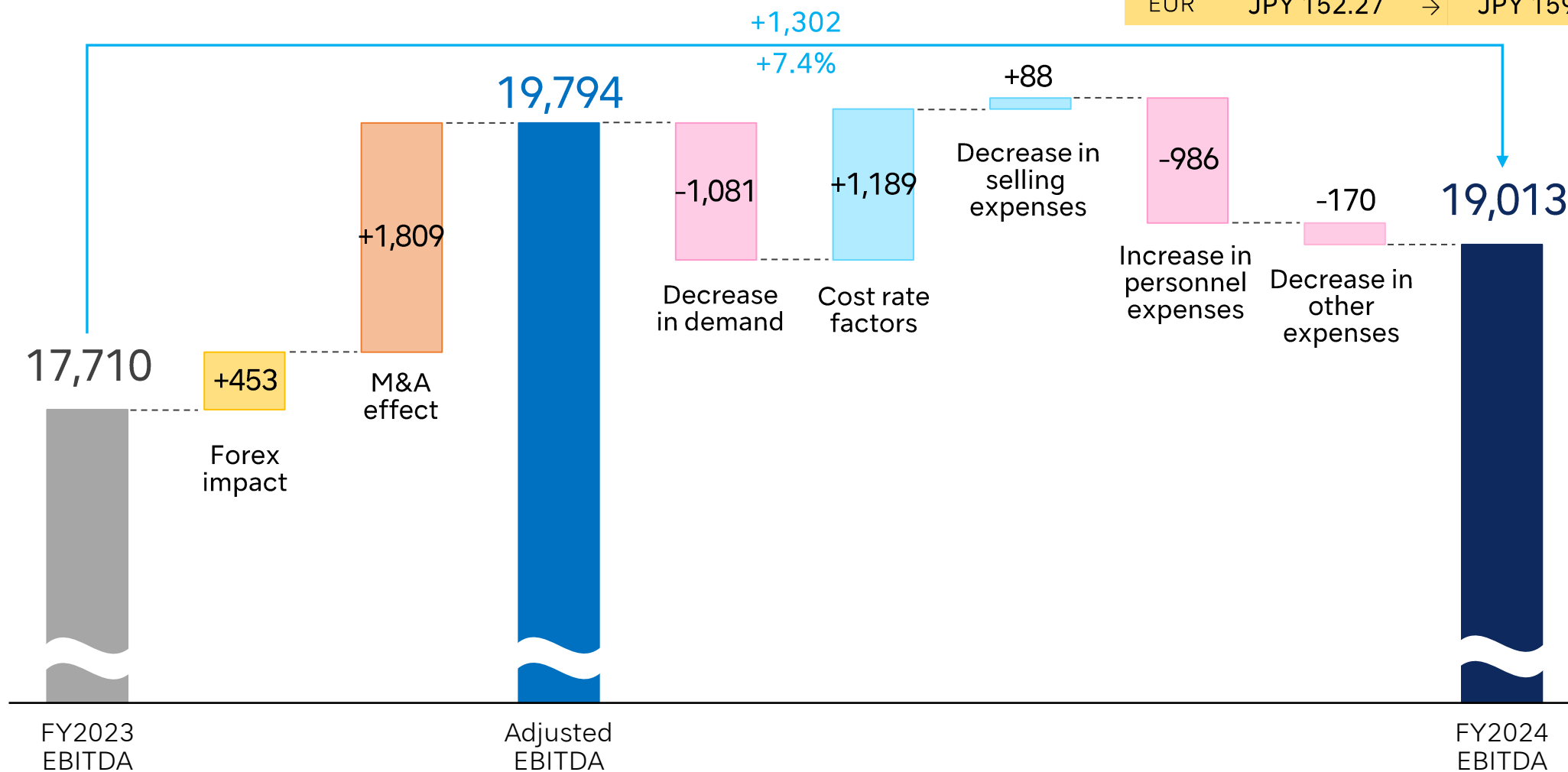
Forex impact (YoY comparison) +2,137 M of JPY (+3.6%)

M&A effect (YoY comparison) +14,937 M of JPY (+25.0%)

*DCI's results were included and presented under Dental business segment in FY2023, but in this slide, it is separated and presented individually based on business segment as of FY2024.

M of JPY

Exchange rate		
	FY2023 Actual	FY2024 Forecast
USD	JPY 140.54 →	JPY 146.00
EUR	JPY 152.27 →	JPY 159.00



NSK