

# Briefing Material

for 2<sup>nd</sup> 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.

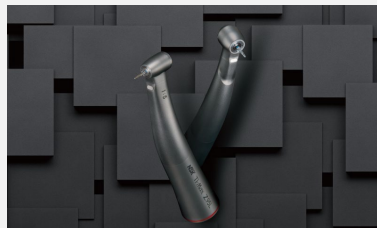
Surgical Business

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



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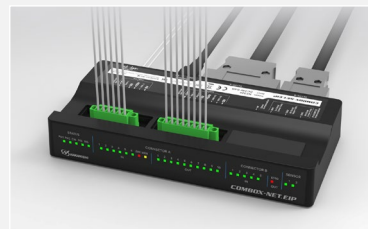
## Industrial Business



Controller & Spindle



Spindle



Network interface module



Ultrasonic Cutter

**C**onsolidated 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.

**E**BITDA was increased by double-digit, reaching over 11 billion yen, mainly boosted by FOREX and M&A.

**T**he 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	FY2023Q2	YoY comparison	
		Actual	Actual	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)

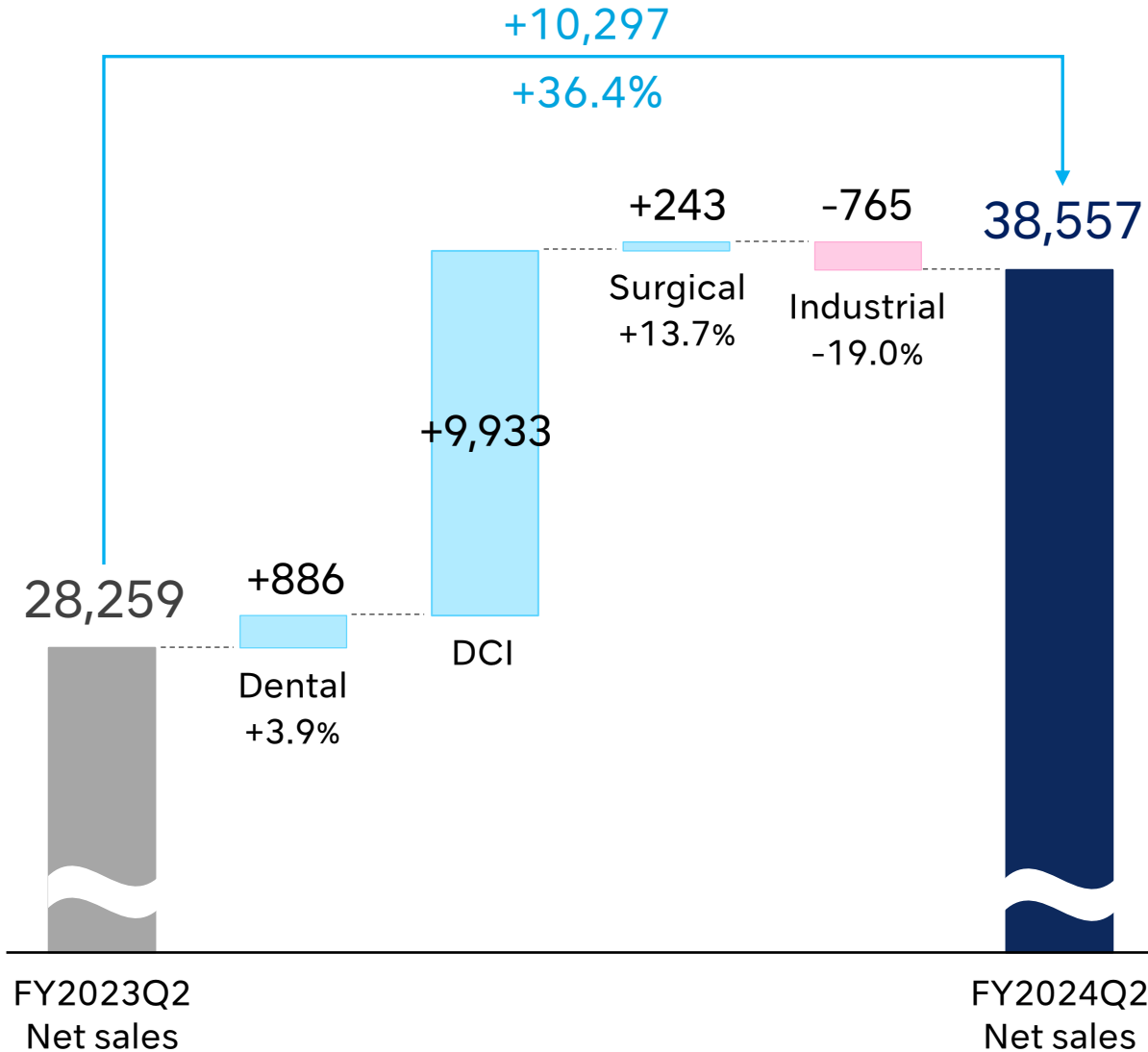
M of JPY

	Reference data excluding DCI and REFINE	Reference data excluding DCI and REFINE	YoY comparison	
	FY2024Q2 Actual	FY2023Q2 Actual	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)

# Change in net sales by business segment

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%
<b>Total</b>	<b>28,259</b>	<b>38,557</b>	<b>+36.4%</b>

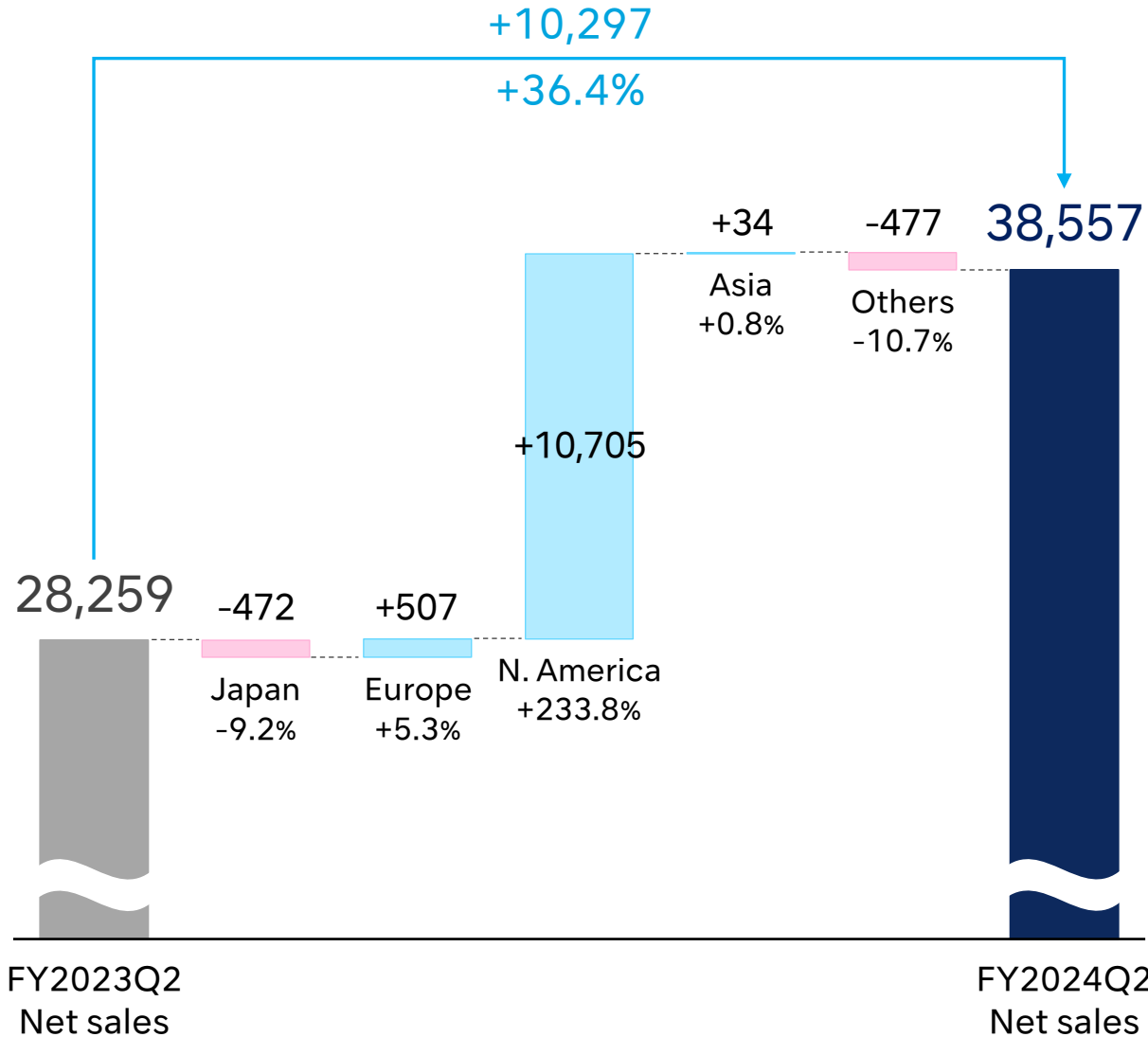
Forex impact +2,083M of JPY (+7.4%)

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%
<b>Total</b>	<b>28,259</b>	<b>38,557</b>	<b>+36.4%</b>

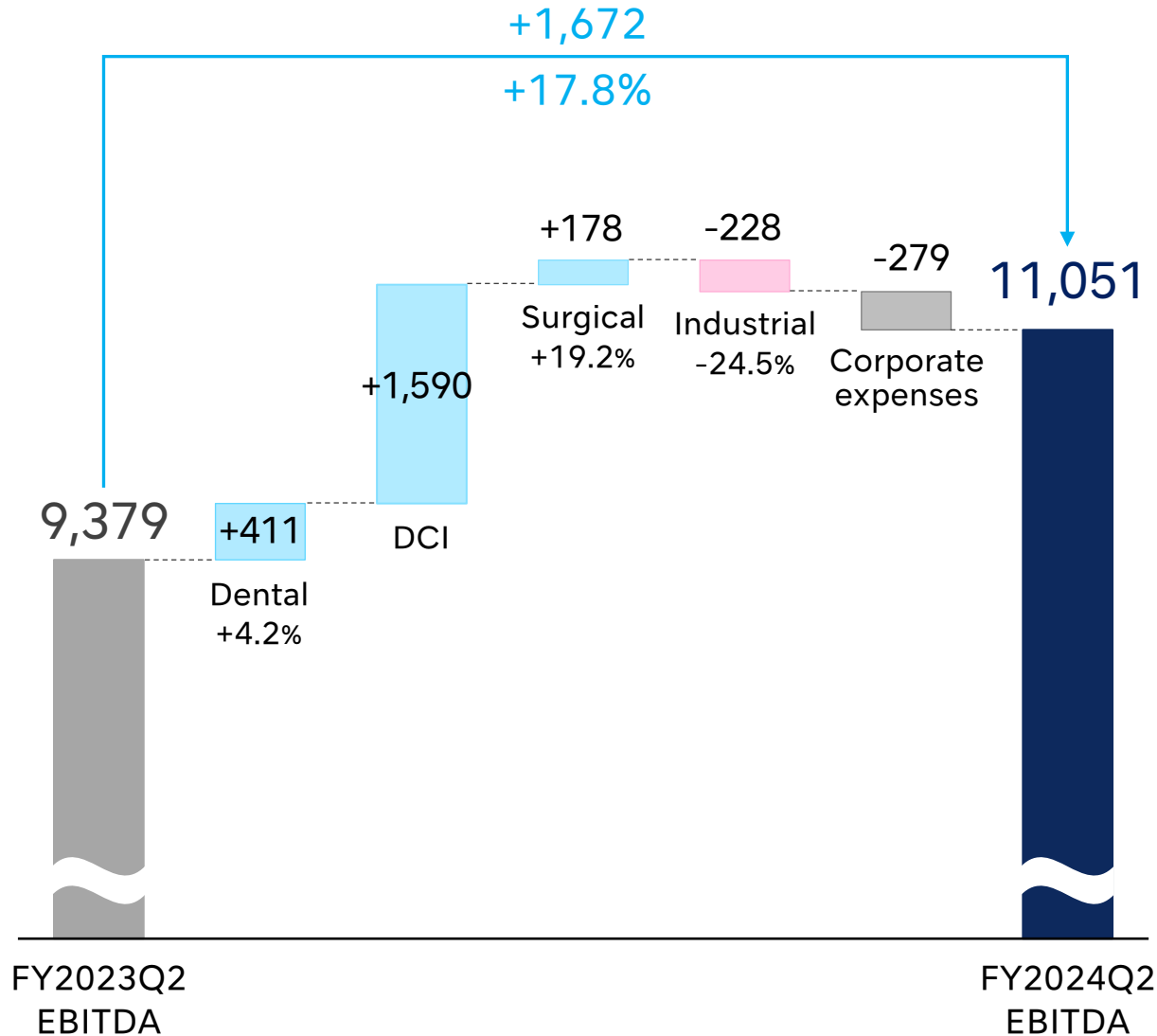
Forex impact +2,083M of JPY (+7.4%)

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	-
<b>Total</b>	<b>9,379</b>	<b>11,051</b>	<b>+17.8%</b>

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

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

Reference :

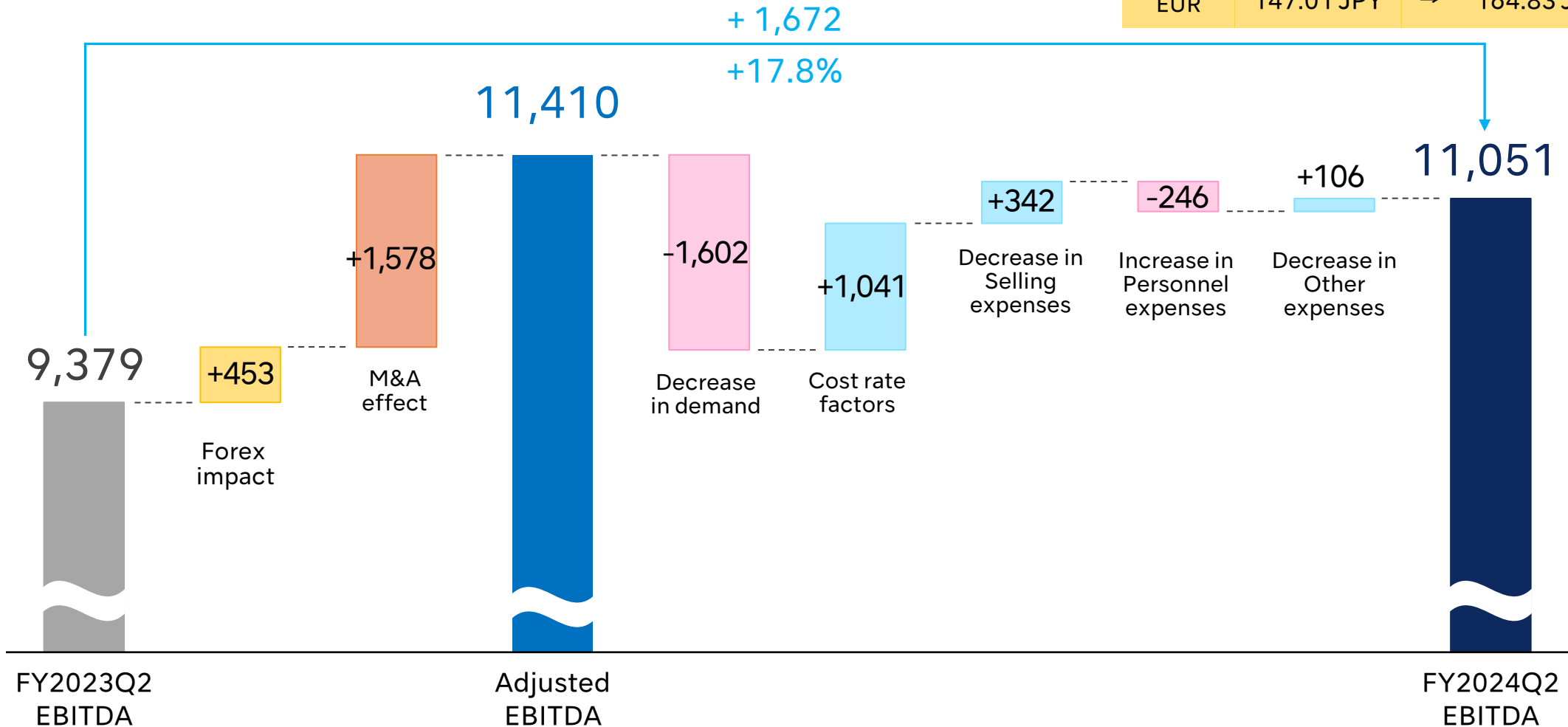
\* DCI's EBITDA in FY2023Q2 1,190M of JPY (unaudited) (1USD=133.26PY)

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

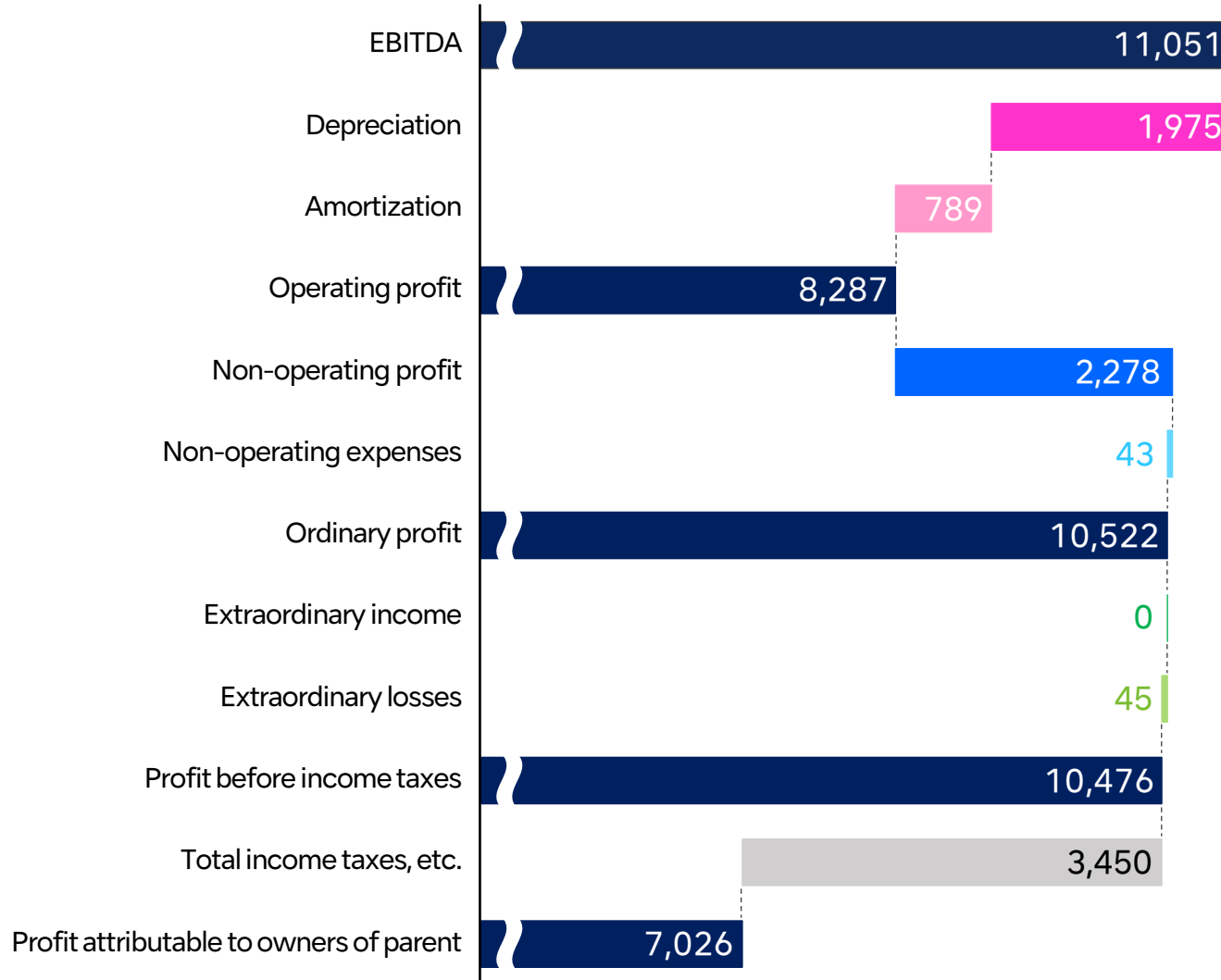
# Change in EBITDA

M of JPY

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



M of JPY



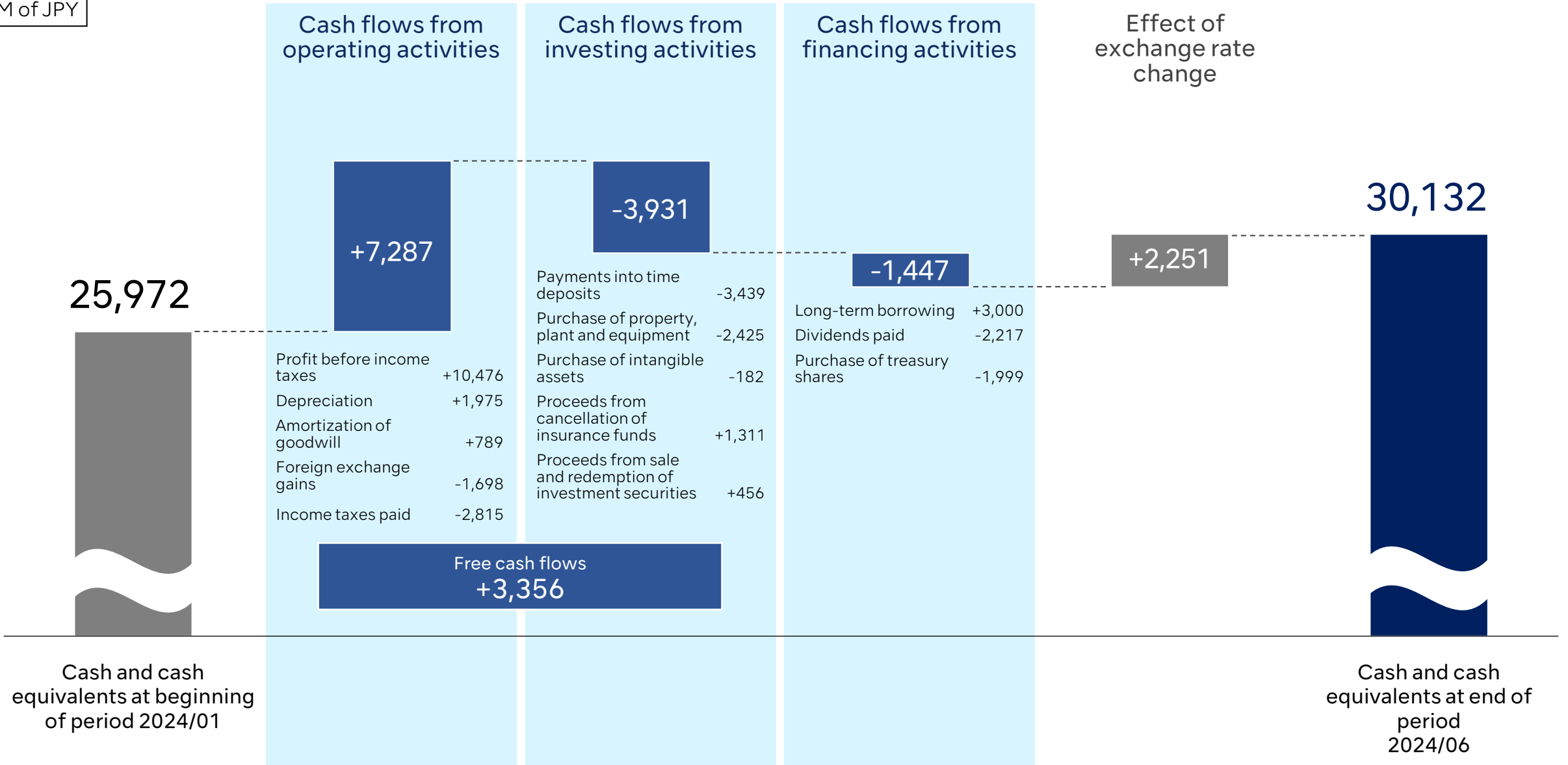
Non-operating profit	· Interest income	281
	· Foreign exchange gain	1,563
	· Miscellaneous income	204
Non-operating expenses	· Interest expenses	23
	· Miscellaneous losses	17
Extraordinary losses	· Loss on retirement of non-current assets	19
	· Expense on scrapping fixed assets	23

M of JPY

	As of Jun. 30, 2024	As of Dec. 31, 2023	Change	Notes
<b>Total assets</b>	<b>156,758</b>	<b>140,768</b>	<b>+15,989</b>	· 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	
<b>Liabilities</b>	<b>32,722</b>	<b>27,603</b>	<b>+5,118</b>	· 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
<b>Net assets</b>	<b>124,035</b>	<b>113,164</b>	<b>+10,870</b>	· Treasury shares -866 · Foreign currency translation adjustment +7,574
- Retained earnings	117,119	112,310	+4,808	
<b>Return on equity</b>	<b>11.9%</b>	<b>22.4%</b>	<b>-10.5pt</b>	
<b>Return on assets</b>	<b>14.1%</b>	<b>14.2%</b>	<b>-0.1pt</b>	

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

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

\* EBITDA = Operating profit + Depreciation + Amortization

Assumed Currency rate (Annual average)	Revised forecast	Previous forecast	change	
- Against the US dollar (JPY)	<b>146.00</b>	<b>135.00</b>	<b>+11.00</b>	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)	<b>159.00</b>	<b>150.00</b>	<b>+9.00</b>	

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

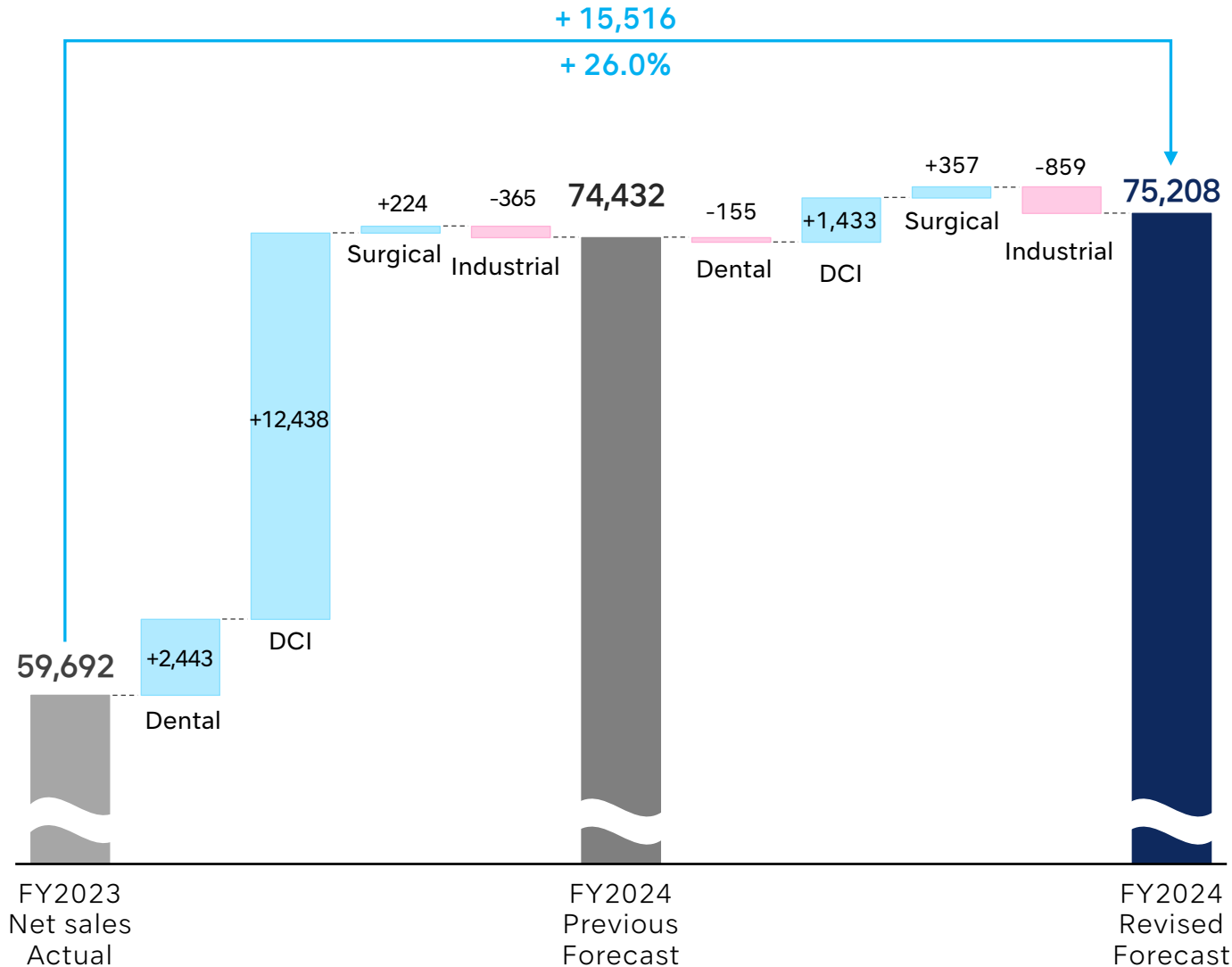
\* EBITDA = Operating profit + Depreciation + Amortization

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



# Change in net sales by business segment

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%
<b>Total</b>	<b>59,692</b>	<b>74,432</b>	<b>75,208</b>	<b>+26.0%</b>

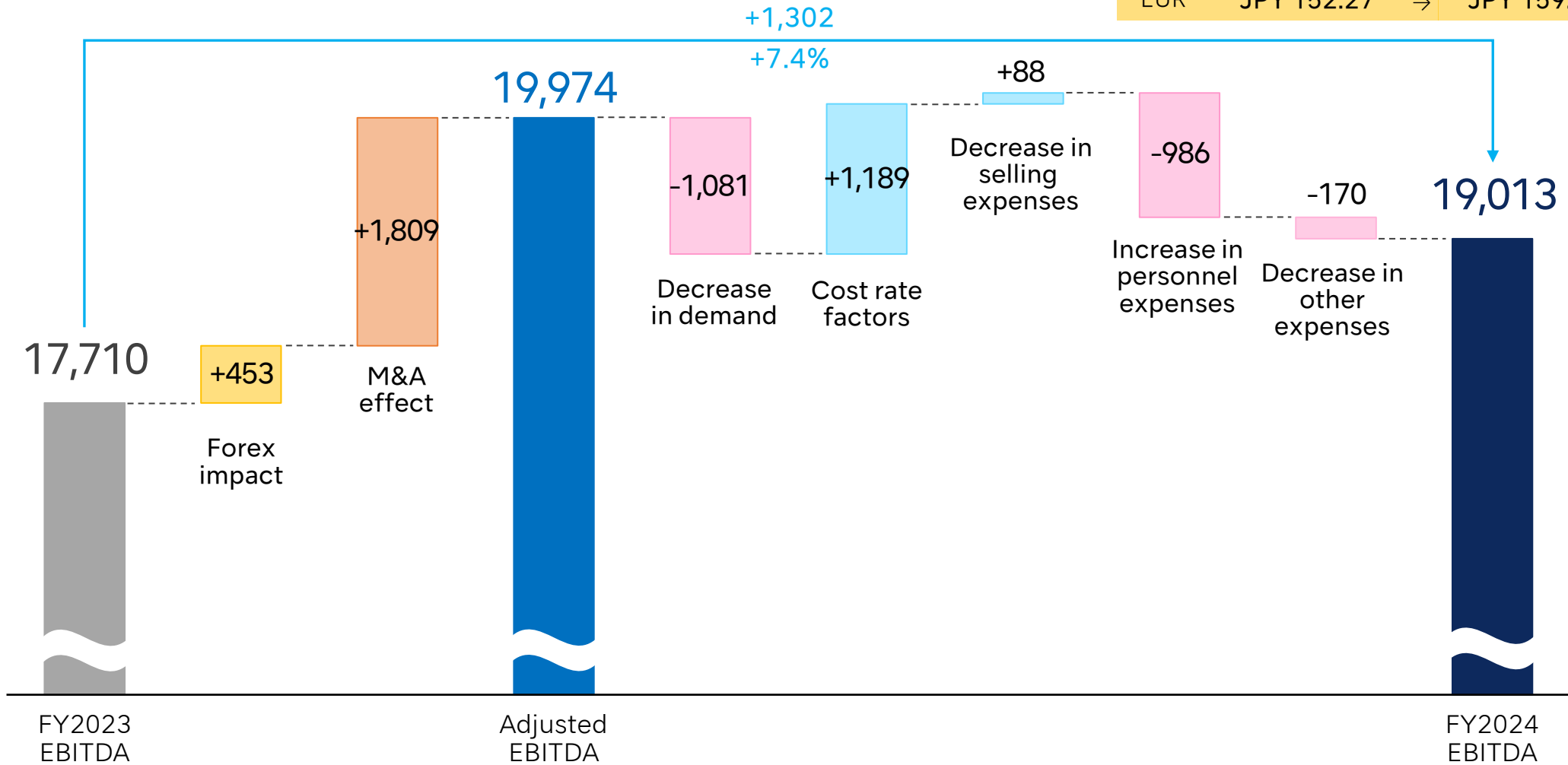
Forex impact (YoY comparison) +2,137 M of JPY (+3.6%)

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***