

# Briefing Material

for 3<sup>rd</sup> quarter ended Sep. 30, 2024

Nov. 14, 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.

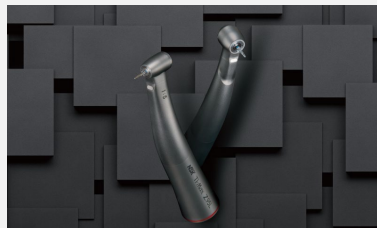
Surgical Business

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 Cabinet



Dental Parts (Syringe)

## Surgical Business



Console



Slim motor



Attachment



Bur

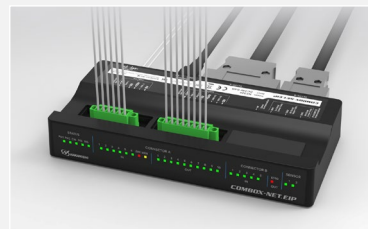
## Industrial Business



Controller & Spindle



Spindle



Network interface module



Ultrasonic Cutter

**D**emand remained favorable in Surgical segment, while remaining weak in Dental and Industrial segments. Sales increased by 37% (vs. 2023Q3) mainly boosted by FOREX and M&A.

**E**BITDA increased by double-digit, reaching over 15 billion yen, mainly boosted by the depreciation of the yen and M&A effect. It remained flat without M&A effect. FOREX offset weak demand.

**P**rofit attributable to owners of parent was decreased by 64% (vs. 2023Q3) due that a one-off extraordinary income, 11.3 billion yen on the DCI acquisition, was included in 2023Q3 result.

\* Retrospective adjustment was made for the results for FY2023 following the completion of the PPA of acquired company (JAEGER, DCI and REFINE).

M of JPY

|   |                    | FY2024Q3 | FY2023Q3 | YoY comparison |        |
|---|--------------------|----------|----------|----------------|--------|
|   |                    | Actual   | Actual   | Amount         | Ratio  |
| Net sales                               |                    | 56,621   | 41,217   | +15,404        | +37.4% |
| Gross Profit                            |                    | 32,924   | 26,173   | +6,751         | +25.8% |
|   | Ratio to net sales | 58.1%    | 63.5%    | -5.4pt         | —      |
| EBITDA *                                |                    | 15,597   | 13,663   | +1,933         | +14.2% |
|   | Margin             | 27.5%    | 33.1%    | -5.6pt         | —      |
| Operating Profit                        |                    | 11,392   | 11,578   | -185           | -1.6%  |
|   | Ratio to net sales | 20.1%    | 28.1%    | -8.0pt         | —      |
| Ordinary Profit                         |                    | 12,280   | 15,157   | -2,877         | -19.0% |
|   | Ratio to net sales | 21.7%    | 36.8%    | -15.1pt        | —      |
| Profit attributable to owners of parent |                    | 8,079    | 22,234   | -14,154        | -63.7% |
|   | Ratio to net sales | 14.3%    | 53.9%    | -39.7pt        | —      |
| EPS                                     | (JPY)              | 95.42    | 261.21   | —              | —      |

\* EBITDA = Operating profit + Depreciation + Amortization

Currency rate - Against the US dollar (JPY)

150.61

138.87

+11.74

-

- Against the EURO (JPY)

163.86

150.22

+13.64

-

▪ Forex impact: Net sales +3,534M of JPY (vs FY2023Q3 Actual), +4,287M of JPY (vs FY2024 Forecast)

M of JPY

|  | Reference data<br>excluding DCI and REFINE<br>FY2024Q3 Actual | Reference data<br>excluding DCI and REFINE<br>FY2023Q3 Actual | YoY comparison |        |
|--|---|---|----------------|--------|
|  |   |   | Amount         | Ratio  |
| <b>Net sales</b>                               | <b>41,061</b>   | <b>41,217</b>   | -155           | -0.4%  |
| <b>Gross Profit</b>                            | <b>26,954</b>   | <b>26,173</b>   | +780           | +3.0%  |
| Ratio to net sales                             | 65.6%   | 63.5%   | +2.1pt         | —      |
| <b>EBITDA *</b>                                | <b>13,615</b>   | <b>13,663</b>   | -47            | -0.3%  |
| Margin   | 33.2%   | 33.1%   | +0.0pt         | —      |
| <b>Operating Profit</b>                        | <b>11,373</b>   | <b>11,578</b>   | -204           | -1.8%  |
| Ratio to net sales                             | 27.7%   | 28.1%   | -0.4pt         | —      |
| <b>Ordinary Profit</b>                         | <b>12,049</b>   | <b>15,157</b>   | -3,108         | -20.5% |
| Ratio to net sales                             | 29.3%   | 36.8%   | -7.4pt         | —      |
| <b>Profit attributable to owners of parent</b> | <b>8,292</b>  | <b>22,234</b>   | -13,942        | -62.7% |
| Ratio to net sales                             | 20.2%   | 53.9%   | -33.8pt        | —      |
| <b>EPS (JPY)</b>                               | <b>97.93</b>  | <b>261.21</b>   | —              | —      |

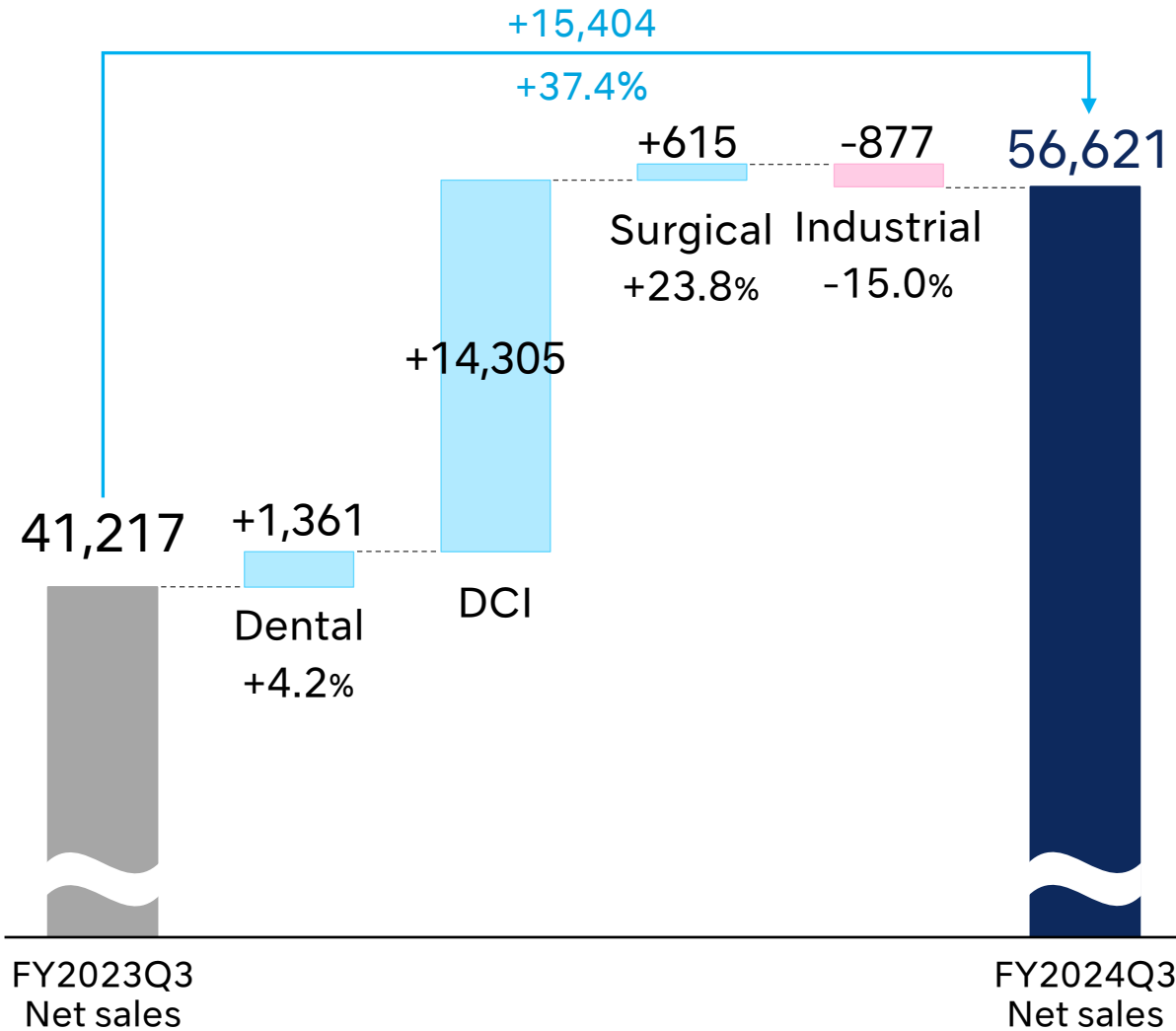
\* EBITDA = Operating profit + Depreciation + Amortization

|   |        |        |        |   |
|---|--------|--------|--------|---|
| Currency rate - Against the US dollar (JPY) | 150.61 | 138.87 | +11.74 | — |
| - Against the EURO (JPY)                    | 163.86 | 150.22 | +13.64 | — |

▪ Forex impact: Net sales +2,341M of JPY (vs FY2023Q3 Actual), +2,688M of JPY (vs FY2024 Forecast)

# Change in net sales by business segment

M of JPY



|              | FY2023Q3 Actual | FY2024Q3 Actual | Change        |
|--------------|-----------------|-----------------|---------------|
| Dental       | 32,765          | 34,126          | +4.2%         |
| DCI          | -               | 14,305          | -             |
| Surgical     | 2,591           | 3,207           | +23.8%        |
| Industrial   | 5,859           | 4,982           | -15.0%        |
| <b>Total</b> | <b>41,217</b>   | <b>56,621</b>   | <b>+37.4%</b> |

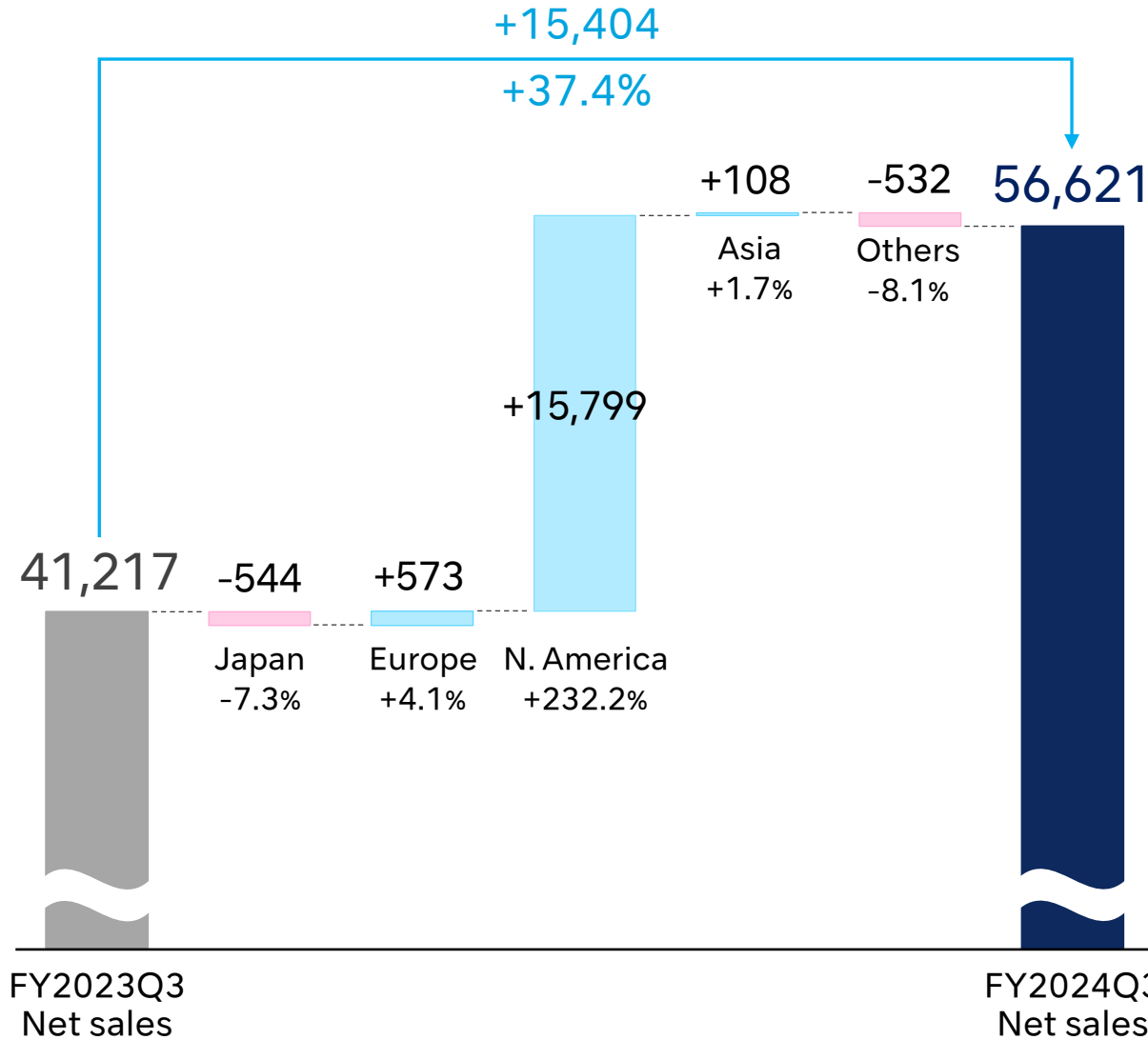
Forex impact +2,341M of JPY (+5.7%)

M&A effect (DCI and Refine) +15,560M of JPY (+37.8%)

Reference :  
 DCI's net sales in FY2023Q3 12,950M of JPY (unaudited) (1USD=150.61JPY)

# Change in net sales by region

M of JPY



|              | FY2023Q3 Actual | FY2024Q3 Actual | Change        |
|--------------|-----------------|-----------------|---------------|
| Japan        | 7,423           | 6,878           | -7.3%         |
| Europe       | 13,874          | 14,448          | +4.1%         |
| N. America   | 6,804           | 22,604          | +232.2%       |
| Asia         | 6,530           | 6,639           | +1.7%         |
| Others       | 6,583           | 6,051           | -8.1%         |
| <b>Total</b> | <b>41,217</b>   | <b>56,621</b>   | <b>+37.4%</b> |

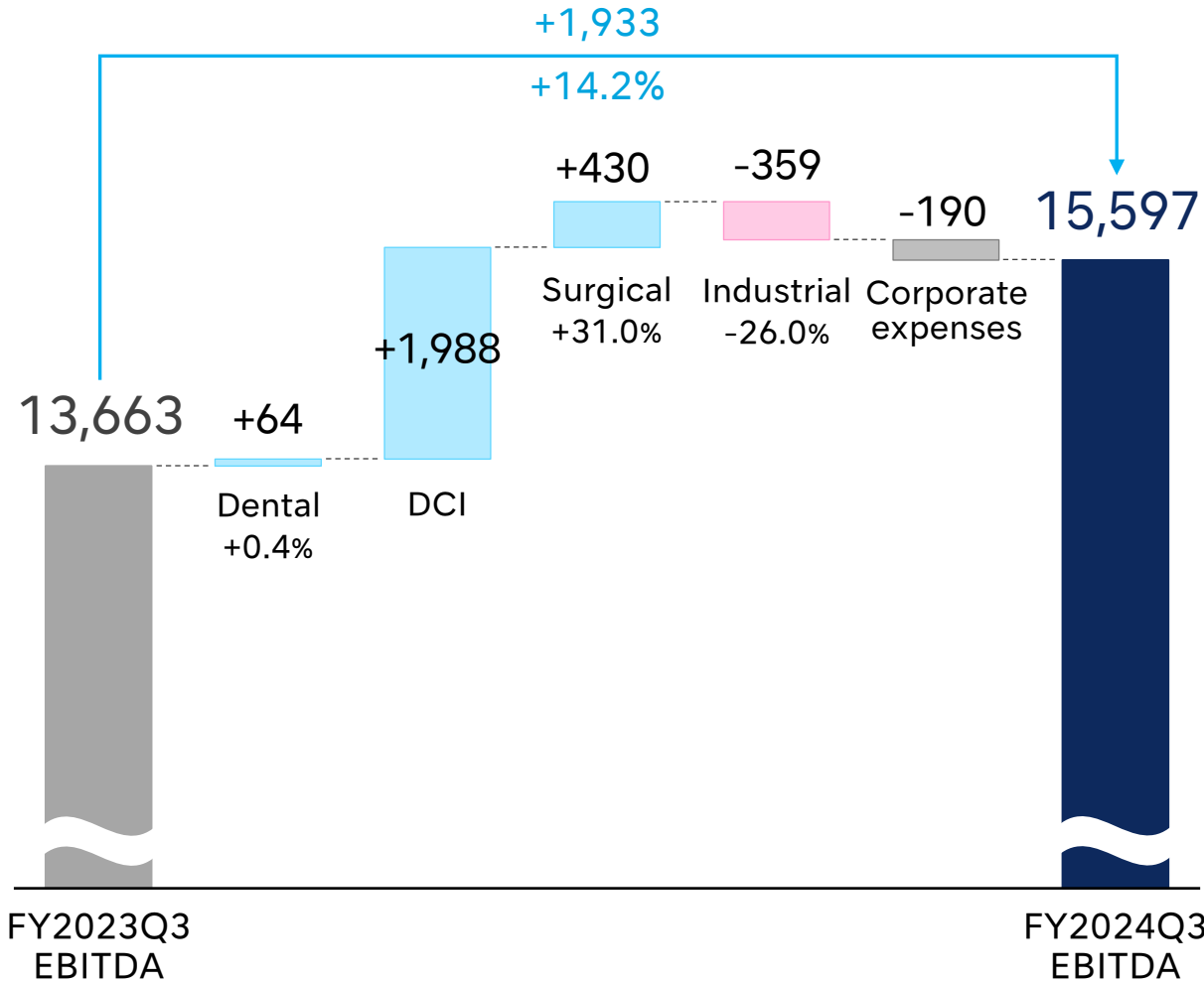
Forex impact +2,341M of JPY (+5.7%)

M&A effect (DCI and Refine) +15,560M of JPY (+37.8%)



# Change in EBITDA by business segment

M of JPY



|                    | FY2023Q3 Actual | FY2024Q3 Actual | Change        |
|--------------------|-----------------|-----------------|---------------|
| Dental             | 14,504          | 14,569          | +0.4%         |
| DCI *              | -20             | 1,968           | -             |
| Surgical           | 1,386           | 1,816           | +31.0%        |
| Industrial         | 1,379           | 1,020           | -26.0%        |
| Corporate expenses | -3,587          | -3,778          | -             |
| <b>Total</b>       | <b>13,663</b>   | <b>15,597</b>   | <b>+14.2%</b> |

Forex impact +747M of JPY (+5.5%)

M&A effect (DCI and Refine) +1,937M of JPY (+14.2%)

Reference :

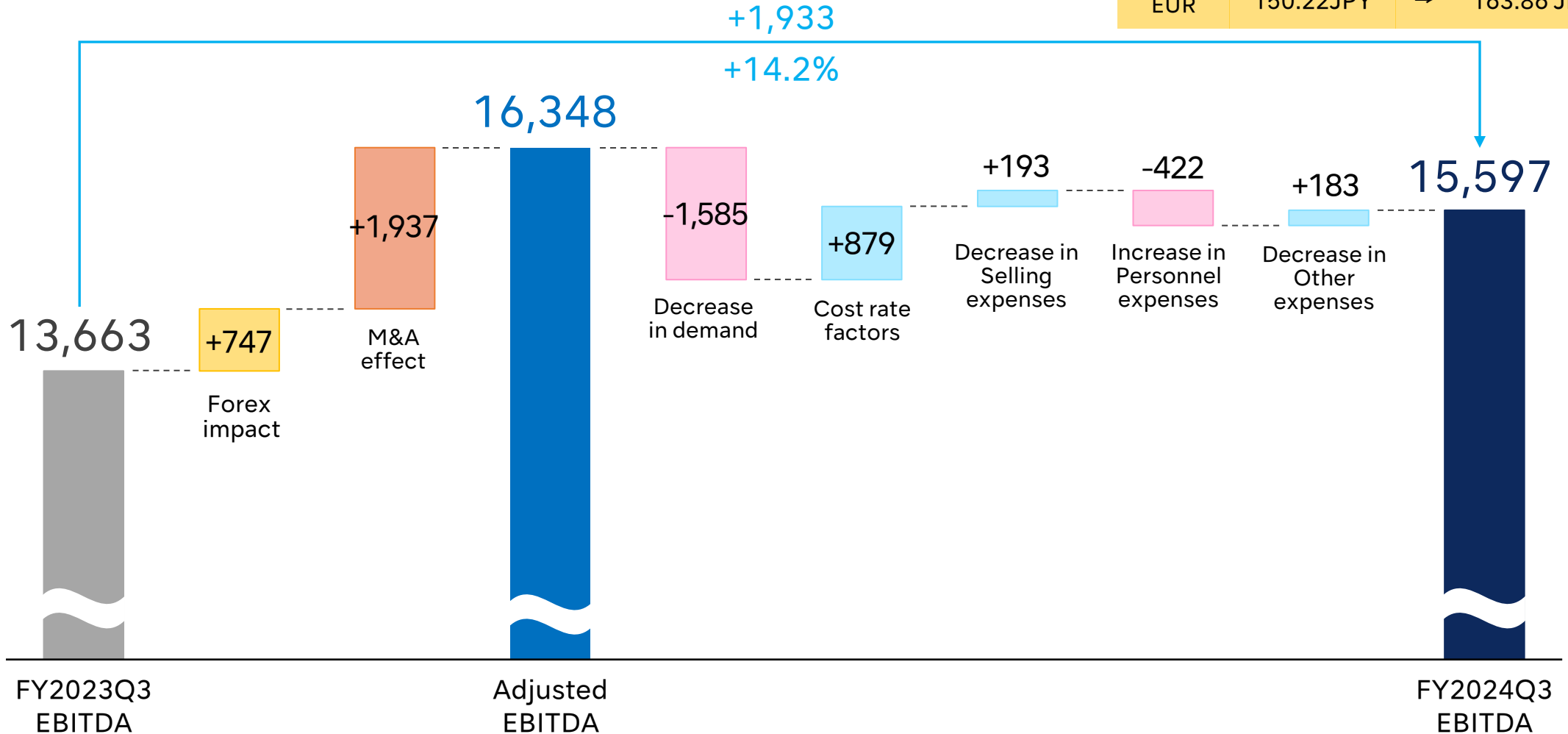
\* DCI's EBITDA in FY2023Q3 1,047M of JPY (unaudited) (1USD=150.61JPY)

\* DCI's EBITDA in FY2023Q3 includes the profit and loss of NAH, an intermediate holding company.

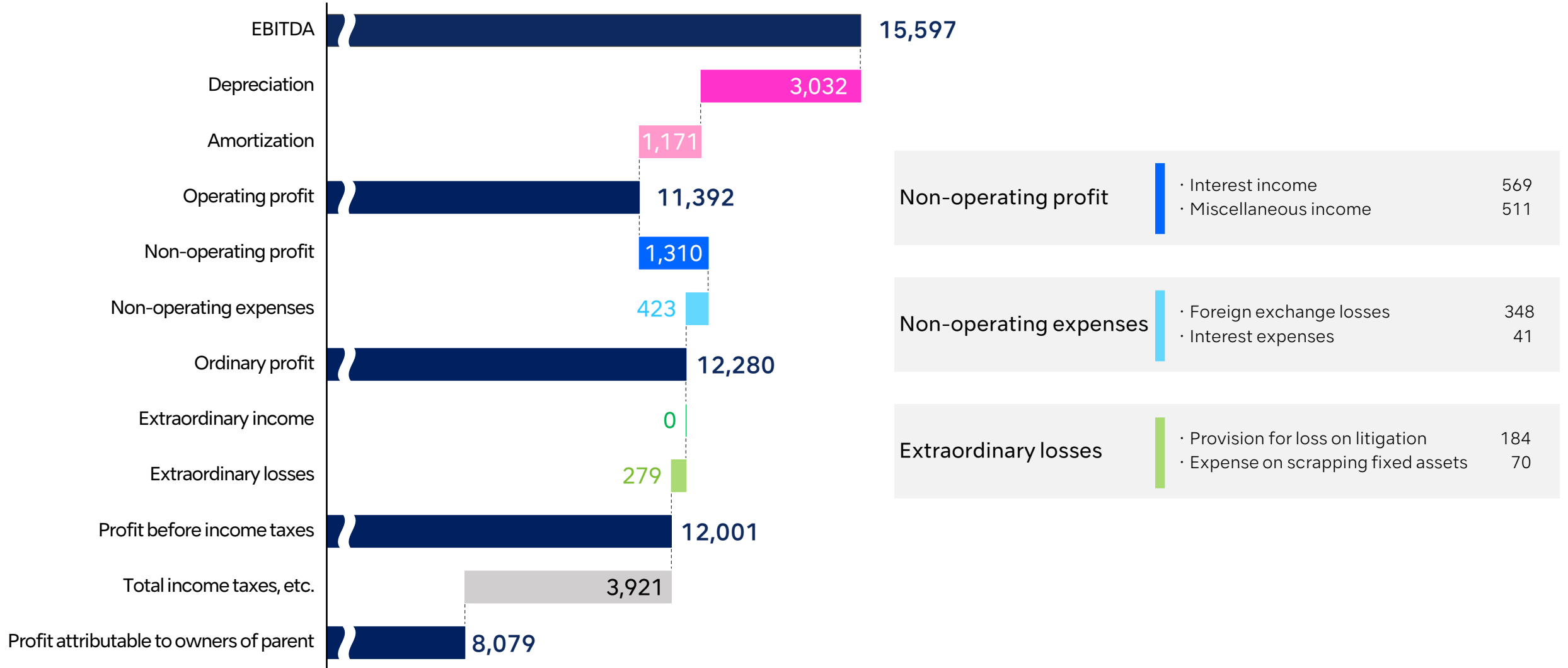
# Change in EBITDA

M of JPY

| Exchange rate |                  |   |                  |
|---------------|------------------|---|------------------|
|               | FY2023Q3 Average |   | FY2024Q3 Average |
| USD           | 138.87JPY        | → | 150.61 JPY       |
| EUR           | 150.22JPY        | → | 163.86 JPY       |



M of JPY



M of JPY

|                         | As of Sep. 30,<br>2024 | As of Dec. 31,<br>2023 | Change         | Notes   |
|-------------------------|------------------------|------------------------|----------------|---|
| <b>Total assets</b>     | <b>147,853</b>         | <b>140,768</b>         | <b>+7,085</b>  | · Buildings and structures +4,085<br>· Construction in progress -2,864  |
| - Cash and deposits     | 39,194                 | 31,718                 | +7,476         |   |
| - Inventories           | 25,800                 | 24,016                 | +1,784         | · Merchandise and finished goods +800<br>· Work in process +200<br>· Raw materials and supplies +783                |
| - Goodwill              | 20,436                 | 21,378                 | -942           |   |
| <b>Liabilities</b>      | <b>31,849</b>          | <b>27,603</b>          | <b>+4,245</b>  | · Income taxes payable -1,040   |
| - Loans payable         | 17,183                 | 11,668                 | +5,515         | · Short-term borrowings +3,010<br>· Current portion of long-term borrowings +1,000<br>· Long-term borrowings +1,504 |
| <b>Net assets</b>       | <b>116,004</b>         | <b>113,164</b>         | <b>+2,839</b>  | · Treasury shares -866  |
| - Retained earnings     | 116,098                | 112,310                | +3,787         |   |
| <b>Return on equity</b> | <b>9.4%</b>            | <b>21.4%</b>           | <b>-12.0pt</b> |   |
| <b>Return on assets</b> | <b>11.3%</b>           | <b>12.7%</b>           | <b>-1.4pt</b>  |   |

|                              | FY2024Q3<br>Actual | FY2023Q3<br>Actual | Change        | Notes   |
|------------------------------|--------------------|--------------------|---------------|---|
| <b>Capital investments</b>   | <b>3,296</b>       | <b>4,875</b>       | <b>-1,579</b> | · M1 factory 1,433<br>· Machinery and equipment 622 |
| <b>Depreciation expenses</b> | <b>3,032</b>       | <b>1,930</b>       | <b>+1,101</b> |   |

# Consolidated financial forecast for FY2024

M of JPY

|  | Revised forecast<br>for FY2024<br>announced on Aug. 9 | Previous forecast<br>for FY2024<br>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>17,743</b> | <b>+1,270</b>  | <b>+7.2%</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<br>1EUR = 155.00JPY<br><br>Forex sensitivity USD 216 M of JPY(Annual net sales)<br>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

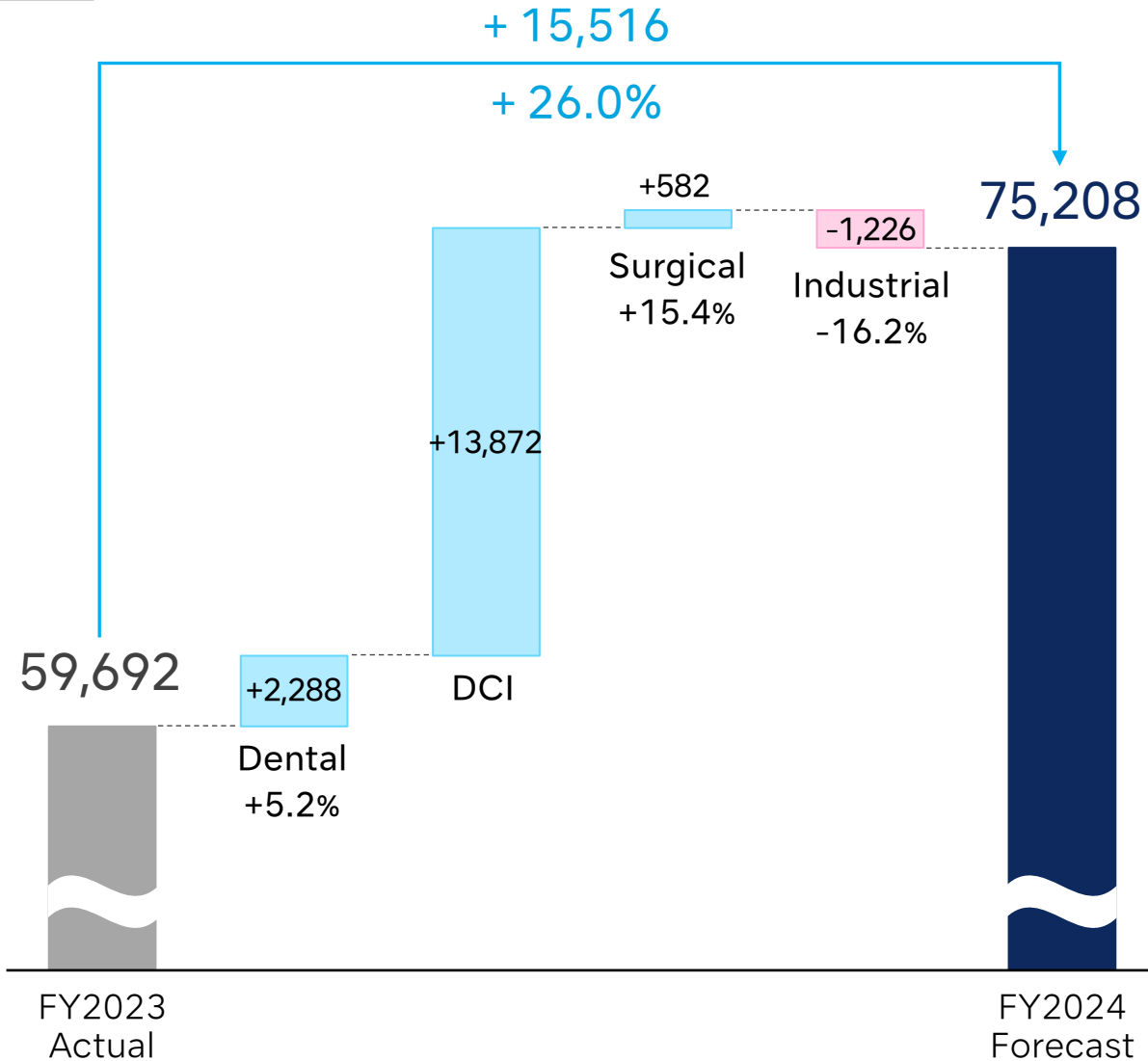
|  | Revised forecast<br>excluding DCI and<br>REFINE<br>announced on Aug. 9 | Previous forecast<br>excluding DCI and<br>REFINE<br>announced on Feb. 13 | vs. Previous Fcst |        | FY2023 Actual<br>excluding DCI and<br>REFINE | YoY comparison |        |
|--|--|--|-------------------|--------|--|----------------|--------|
|  |  |  | 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<br>1EUR = 155.00JPY<br><br>Forex sensitivity USD 216 M of JPY(Annual net sales)<br>EUR 93 M of JPY(Annual net sales) |
| - Against the EURO (JPY)               | <b>159.00</b>    | <b>150.00</b>     | <b>+9.00</b>  |  |

# Change in net sales by business segment

M of JPY



|              | FY2023<br>Actual     | FY2024<br>Forecast (Aug. 9) | Change        |
|--------------|----------------------|-----------------------------|---------------|
| Dental       | 44,366               | 46,654                      | +5.2%         |
| DCI          | 3,974<br>(Oct.-Dec.) | 17,846<br>(Jan.-Dec.)       | -             |
| Surgical     | 3,770                | 4,352                       | +15.4%        |
| Industrial   | 7,581                | 6,355                       | -16.2%        |
| <b>Total</b> | <b>59,692</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%)

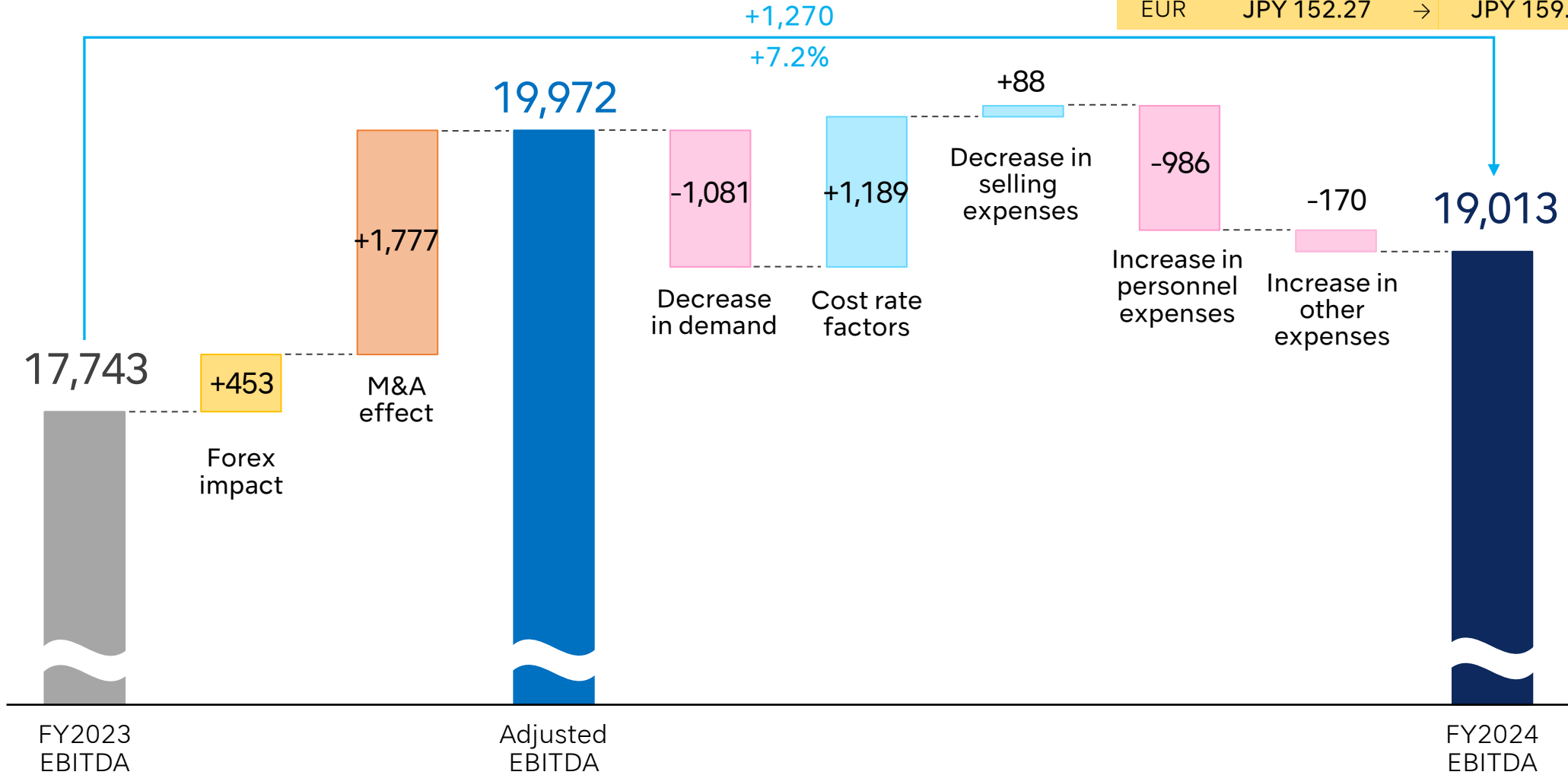
\* DCI's results were included and presented under Dental business segment in FY2023, but in this slide, it is separated and presented individually based on business segment as of FY2024.



# Change in EBITDA

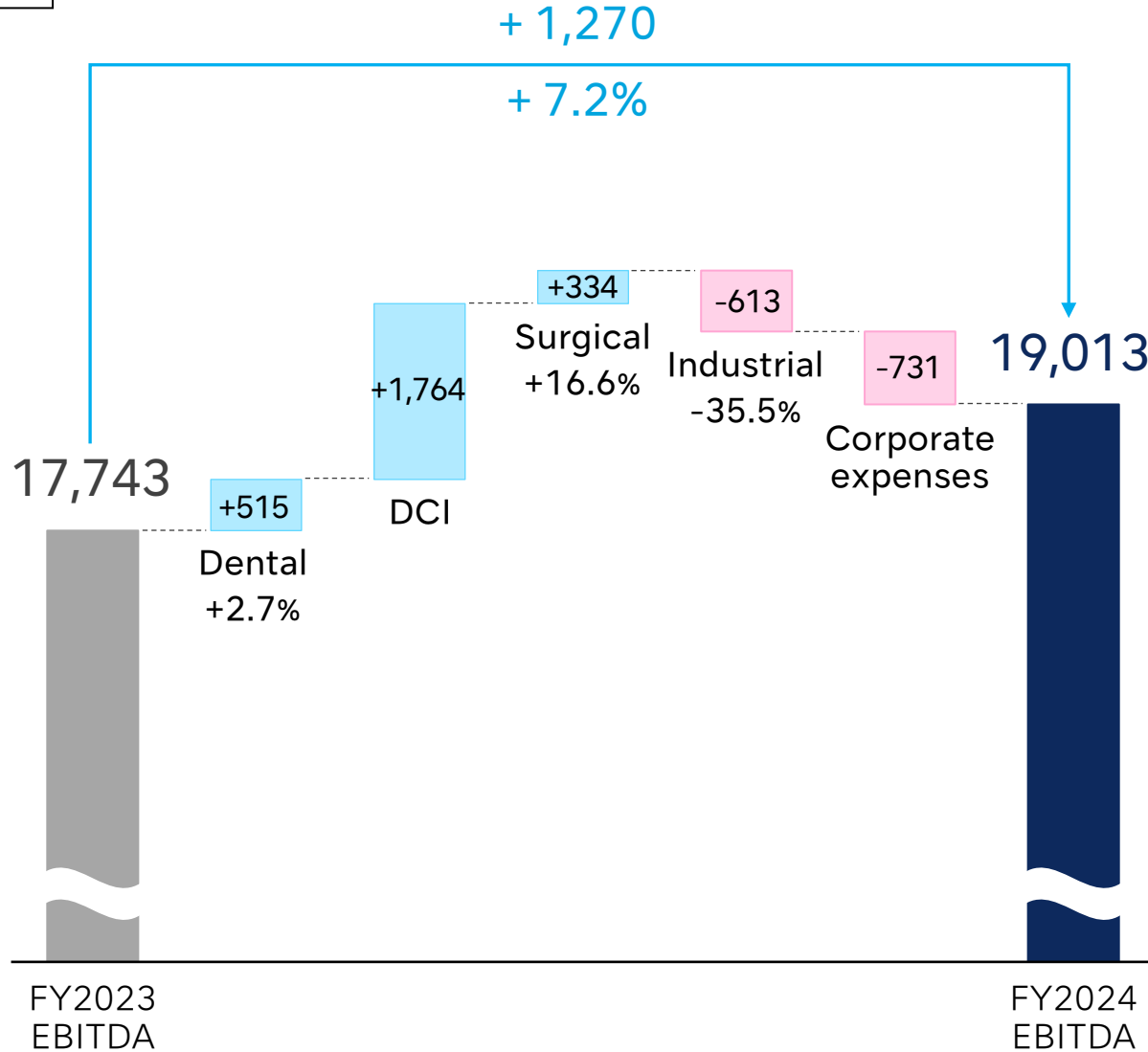
M of JPY

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



# Change in EBITDA by business segment

M of JPY



|                    | FY2023<br>Actual   | FY2024<br>Forecast (Aug.9) | Change       |
|--------------------|--------------------|----------------------------|--------------|
| Dental             | 18,950             | 19,466                     | +2.7%        |
| DCI                | -16<br>(Oct.-Dec.) | 1,747<br>(Jan.-Dec.)       | -            |
| Surgical           | 2,018              | 2,353                      | +16.6%       |
| Industrial         | 1,726              | 1,113                      | -35.5%       |
| Corporate expenses | -4,936             | -5,667                     | -            |
| <b>Total</b>       | <b>17,743</b>      | <b>19,013</b>              | <b>+7.2%</b> |

Forex impact (YoY comparison) +453 M of JPY (+2.6%)

M&A effect (YoY comparison) +1,777 M of JPY (+10.0%)

\* 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.

***NSK***