

Flash Report for Fiscal year Ended December 31, 2024 (on a consolidated basis) [Japan GAAP]

February 12, 2025

Name: Nakanishi Inc. Stock listing: Tokyo Stock Exchange : Standard Market

Code Number: 7716 URL: <http://www.nsk-nakanishi.co.jp>

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Scheduled date to submit Securities Report: March 24, 2025

Scheduled date to begin dividend payments: March 24, 2025

Supplementary materials to financial statements: Available

Earnings results briefing: Applicable (for institutional investors and securities analysts)

(All amounts are rounded down to the nearest million yen.)

1. Consolidated financial results for Fiscal year period (January 1 to December 31, 2024)

(1) Operating Results

	Millions of yen					
	Net sales		Operating income		Ordinary income	
Fiscal year ended December 31, 2024	77,041	29.1%	14,596	2.4%	17,283	0.5%
Fiscal year ended December 31, 2023	59,692	22.6%	14,251	-7.4%	17,193	-2.6%

	Income attributable to owners of parent		Earnings per share (yen)	Diluted EPS (yen)
Fiscal year ended December 31, 2024	8,577	-62.4%	101.37	101.06
Fiscal year ended December 31, 2023	22,799	82.8%	267.62	266.87

Notes: 1. Percentage figures for net sales, operating income, ordinary income and net income represent year-on-year comparisons.

2. Comprehensive income for reporting period:

Fiscal year ended December 31, 2024 14,285 million (-44.1%)

Fiscal year ended December 31, 2023 25,543 million (80.3%)

(2) Financial Position

	Millions of yen		
	Total assets	Net assets	Equity ratio
As of December 31, 2024	158,299	121,199	76.3%
As of December 31, 2023	140,768	113,164	80.1%

Note: Owners' equity As of December 31, 2024 120,822 million

As of December 31, 2023 112,823 million

2. Dividends

	Cash dividends per share (yen)				
	1st quarter	2nd quarter	3rd quarter	Year-end	Annual
Year ended December 31, 2023	—	24.00	—	26.00	50.00
Year ending December 31, 2024	—	26.00	—	26.00	52.00
Year ending December 31, 2025 (forecast)	—	26.00	—	28.00	54.00

3. Business Performance Forecasts for the Current Term (January 1 to December 31, 2025)

	Millions of yen								
	Net sales		Operating income		Ordinary income		Income attributable to owners of parent		Earnings per share (yen)
First-half period	38,616	0.2	5,478	-33.9	5,854	-44.4	3,927	-44.1	46.51
Full year	80,655	4.7	13,150	-9.9	13,840	-19.9	9,572	11.6	113.34

Notes: 1. Percentage figures represent year-on-year comparisons.

4. Others

(1) Changes in the scope of consolidation during the period

Inclusion: None

Exclusion: None

(2) Application of special accounting methods in the preparation of consolidated financial statements: Not applicable

(3) Changes in accounting principles, accounting estimates, and restatement

1. Changes in accounting principles due to revision of accounting standards, etc.: Not applicable

2. Changes in accounting principles other than 1: Not applicable

3. Changes in accounting estimates: Not applicable

4. Restatement: Not applicable

(4) Number of ordinary shares outstanding at the end of the period (including treasury stock)

As of December 31, 2024: 93,418,200 shares

As of December 31, 2023: 94,259,400 shares

Number of shares of treasury stock at the end of the period

As of December 31, 2024: 8,961,118 shares

As of December 31, 2023: 8,964,612 shares

Average number of shares during the period

Fiscal year ended December 31, 2024: 84,619,997 shares

Fiscal year ended December 31, 2023: 85,195,980 shares

* This flash report is out of scope of audit.

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1. Qualitative Information on Financial Results

(1) Explanation of Results of Operations

In the world economy during this fiscal year, in the USA, personal consumption keeps good but it's getting clear that CPI is not going to down. In Europe, consumer mind is getting down so it leads to stop recovering consumption.

In Japanese economy, nominal wage is increasing but consumption is still weak. And there is shortage of manpower.

Under these circumstances, industrial sales decreased but all other segments sales increased. EBITDA, operating income, ordinary income increased but income attributable to owners of parent decreased due to some extraordinary losses.

As a result, the Group sales were ¥77,041,446 thousand (+29.1 % year on year), EBITDA ¥20,460,365 thousand (+15.3 %), operating income was ¥14,596,193 thousand (+2.4%), ordinary income was ¥17,283,081 thousand (+0.5%) and income attributable to owners of parent was ¥8,577,872 thousand (-62.4 %).

The following is a breakdown of business performance by segment.

By the way, our company has changed segment. About year-on-year, it is analyzed by the figures at the changed segment.

(Dental segment)

In Dental segment, Domestic and Asia sales decreased but North America and Europe sales increased. Total sales increased. Segment EBITDA increased but segment operating income decreased.

As a result, sales were ¥46,527,008 thousand (+4.9%), segment EBITDA was ¥19,337,617 thousand (+2.0%) and segment operating income was ¥ 17,081,396 thousand (-0.6%).

(DCI segment)

In DCI segment, because the problem on cyber attack to a big dealer had been almost solved, sales increased.

As a result, sales were ¥19,454,753 thousand, segment EBITDA was ¥2,444,976 thousand and segment operating income was ¥90,106 thousand.

(Surgical segment)

In Surgical segment, Domestic, North America, Europe and Asia sales increased. Total sales increased. Segment EBITDA and segment operating income increased as well.

As a result, sales were ¥4,321,679 thousand (+14.6%), segment EBITDA was ¥ 2,379,154 thousand (+17.9%) and segment operating income was ¥ 2,250,531 thousand (+17.0%).

(Industrial segment)

In Industrial segment, North America sales increased thanks to JPY depreciation but Domestic, Europe and Asia sales decreased. Total sales decreased. Segment EBITDA and segment operating income decreased.

As a result, sales were ¥6,738,004 thousand (-11.1 %), segment EBITDA was ¥1,434,329 thousand (-16.9%) and segment operating income was ¥825,250 thousand (-29.8%).

(2) Explanation of Financial Position

(Assets, liabilities and net asset)

Total assets at the end of Fiscal year were ¥158,299,542 thousand and increased by ¥17,530,900 thousand compared with the end of the previous fiscal year. The main reasons were that Cash and deposits by ¥14,333,062 thousand and Buildings and structures increased by ¥5,392,951 thousand.

Total liabilities were ¥ 37,100,181 thousand and increased by ¥9,496,361 thousand compared with the end of the previous fiscal year. The main reasons were that Long-term borrowings (including Current portion of long-term borrowings) by ¥4,616,611 thousand and Short-term borrowings increase by ¥ 2,443,895 thousand.

Net asset was ¥121,199,361 thousand and increased by ¥8,034,539 thousand compared with the end of the previous fiscal year. The main reasons were that Foreign currency translation adjustment increased by ¥5,384,936 thousand and Retained earnings increased by ¥4,282,208 thousand..

(3) Explanation of Cash flows

The balance of cash and cash equivalents on a consolidated basis as of the end of the fiscal year was ¥35,224,056 thousand, up ¥9,088,977 thousand from the previous term-end.

Cash flows from operating activities was ¥15,302,565 thousand, compared with ¥ 8,557,326 thousand a year earlier. The main factor here was an increase of cash due to the recording of Profit before income taxes of ¥13,660,057 thousand, which outweighed Income taxes paid of ¥-5,475,308 thousand.

Cash flows from investing activities was ¥-7,941,650 thousand, compared with ¥-19,149,217 thousand a year earlier. The main expenditure was that Purchase of property, plant and equipment ¥-4,826,223 thousand.

Cash flows from financing activities was ¥ 598,510 thousand, compared with ¥3,406,227 thousand a year earlier. The main reason cash income was that Proceeds from short-term borrowings ¥13,510,515 thousand. The main expenditure was that Repayments of short-term borrowings paid ¥-11,100,000 thousand.

(4) Future Outlook

Regarding the future outlook, it is expected that unclear business circumstances will continue because CPI is still rising and the trade war between US and China may happen.

Under such severe business environment, our group will promote comprehensive efforts to enhance the organizational structure which enables us to survive fierce global competition, keeping a close look on the conditions of the global economy and markets.

For fiscal year 2025, we have assumed an exchange rate of ¥145 to U.S. dollar and ¥155 to Euro.

The following table shows our forecasts of business performance for the fiscal year 2025.

	The amount	%
Sales	¥80,655 million	4.7
EBITDA	¥18,932 million	-7.5
Operating income	¥13,150 million	-9.9
Ordinary profit	¥13,840 million	-19.9
Net income attributable to owners of parent	¥9,572 million	11.6

(Note) Percentage figures represent year-on-year comparisons.

2. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of December 31, 2023	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	31,718,041	46,051,104
Notes receivable - trade	136,882	138,162
Accounts receivable - trade	8,321,641	9,358,851
Securities	927,272	1,060,866
Merchandise and finished goods	12,300,232	12,978,197
Work in process	5,916,190	5,859,091
Raw materials and supplies	5,800,362	6,187,535
Other	3,135,290	3,376,300
Allowance for doubtful accounts	-82,478	-124,051
Total current assets	68,173,435	84,886,057
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,053,960	24,446,911
Machinery, equipment and vehicles	11,090,021	11,489,556
Tools, furniture and fixtures	7,449,848	7,989,321
Land	2,594,819	2,670,345
Construction in progress	3,679,576	641,114
Accumulated depreciation	-20,767,549	-22,107,151
Total property, plant and equipment	23,100,677	25,130,098
Intangible assets		
Software	684,030	781,807
Software in progress	299,212	341,149
Goodwill	21,378,868	21,389,783
Customer-related intangible assets	8,189,652	8,484,253
Other	7,839,135	7,198,893
Total intangible assets	38,390,899	38,195,887
Investments and other assets		
Investment securities	6,520,238	5,847,139
Shares of subsidiaries and associates	449,419	592,916
Insurance funds	1,750,896	626,547
Retirement benefit asset	2,780	13,653
Deferred tax assets	948,549	856,931
Other	1,433,243	2,204,662
Allowance for doubtful accounts	-1,497	-54,351
Total investments and other assets	11,103,629	10,087,499
Total non-current assets	72,595,206	73,413,485
Total assets	140,768,641	158,299,542

(Thousands of yen)

	As of December 31, 2023	As of December 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	2,153,937	2,648,193
Short-term borrowings	11,478,670	13,922,565
Current portion of long-term borrowings	9,965	1,830,167
Income taxes payable	2,123,634	2,022,230
Provision for bonuses	568,633	595,320
Other provisions	–	214,777
Other	5,165,980	6,691,981
Total current liabilities	21,500,820	27,925,235
Non-current liabilities		
Long-term borrowings	179,370	2,975,779
Retirement benefit liability	195,172	173,035
Deferred tax liabilities	5,175,573	5,415,024
Other	552,882	611,105
Total non-current liabilities	6,102,999	9,174,945
Total liabilities	27,603,819	37,100,181
Net assets		
Shareholders' equity		
Share capital	867,948	867,948
Capital surplus	3,708,703	2,583,551
Retained earnings	112,310,974	116,593,183
Treasury shares	-11,158,651	-12,025,058
Total shareholders' equity	105,728,975	108,019,625
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,607,616	1,931,165
Foreign currency translation adjustment	5,486,959	10,871,895
Total accumulated other comprehensive income	7,094,575	12,803,060
Share acquisition rights	330,967	366,852
Non-controlling interests	10,303	9,823
Total net assets	113,164,822	121,199,361
Total liabilities and net assets	140,768,641	158,299,542

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Thousands of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Net sales	59,692,369	77,041,446
Cost of sales	23,600,216	32,623,124
Gross profit	36,092,152	44,418,322
Selling, general and administrative expenses	21,840,386	29,822,129
Operating profit	14,251,766	14,596,193
Non-operating income		
Interest income	591,000	989,447
Dividend income	65,498	78,138
Surrender value of insurance policies	11,285	134,495
Subsidy income	60,225	53,218
Foreign exchange gains	2,088,030	1,020,363
Miscellaneous income	305,122	529,368
Total non-operating income	3,121,162	2,805,031
Non-operating expenses		
Interest expenses	13,268	67,269
Loss on investments in money held in trust	2,611	487
Commission expenses	6,250	2,345
Provision of allowance for doubtful accounts	31,538	–
Share of loss of entities accounted for using equity method	100,684	–
Miscellaneous losses	25,022	48,040
Total non-operating expenses	179,377	118,143
Ordinary profit	17,193,551	17,283,081
Extraordinary income		
Gain on sale of non-current assets	1,174	86
Gain on sale of investment securities	201,947	–
Gain on step acquisitions	11,497,835	–
Total extraordinary income	11,700,958	86
Extraordinary losses		
Loss on sale of non-current assets	2,453	2,263
Loss on retirement of non-current assets	28,440	21,883
Impairment losses	–	2,924,002
Expense on scrapping fixed assets	100,100	70,567
Loss on valuation of shares of subsidiaries and associates	–	389,615
Provision for loss on litigation	–	214,777
Total extraordinary losses	130,993	3,623,110
Profit before income taxes	28,763,516	13,660,057
Income taxes - current	5,130,589	5,368,159
Income taxes - deferred	830,334	-286,896
Total income taxes	5,960,923	5,081,263
Profit	22,802,592	8,578,794
Profit attributable to non-controlling interests	2,785	921
Profit attributable to owners of parent	22,799,807	8,577,872

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Profit	22,802,592	8,578,794
Other comprehensive income		
Valuation difference on available-for-sale securities	203,633	323,548
Foreign currency translation adjustment	2,537,467	5,383,298
Total other comprehensive income	2,741,100	5,706,847
Comprehensive income	25,543,693	14,285,641
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	25,539,816	14,286,121
Comprehensive income attributable to non-controlling interests	3,876	-480

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended December 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	867,948	1,180,482	93,628,490	-9,293,944	86,382,977
Changes during period					
Dividends of surplus			-4,083,155		-4,083,155
Profit attributable to owners of parent			22,799,807		22,799,807
Purchase of treasury shares				-2,999,804	-2,999,804
Disposal of treasury shares		2,528,220		1,135,096	3,663,317
Change in scope of consolidation			-34,167		-34,167
Net changes in items other than shareholders' equity					
Total changes during period	—	2,528,220	18,682,484	-1,864,707	19,345,997
Balance at end of period	867,948	3,708,703	112,310,974	-11,158,651	105,728,975

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	1,403,982	2,950,583	4,354,565	278,685	6,427	91,022,656
Changes during period						
Dividends of surplus						-4,083,155
Profit attributable to owners of parent						22,799,807
Purchase of treasury shares						-2,999,804
Disposal of treasury shares						3,663,317
Change in scope of consolidation						-34,167
Net changes in items other than shareholders' equity	203,633	2,536,376	2,740,009	52,282	3,876	2,796,168
Total changes during period	203,633	2,536,376	2,740,009	52,282	3,876	22,142,166
Balance at end of period	1,607,616	5,486,959	7,094,575	330,967	10,303	113,164,822

Fiscal year ended December 31, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	867,948	3,708,703	112,310,974	-11,158,651	105,728,975
Changes during period					
Dividends of surplus			-4,413,550		-4,413,550
Profit attributable to owners of parent			8,577,872		8,577,872
Purchase of treasury shares				-2,000,044	-2,000,044
Disposal of treasury shares		3,654		4,830	8,485
Cancellation of treasury shares		-1,128,806		1,128,806	—
Change in scope of consolidation			117,886		117,886
Net changes in items other than shareholders' equity					
Total changes during period	—	-1,125,151	4,282,208	-866,407	2,290,649
Balance at end of period	867,948	2,583,551	116,593,183	-12,025,058	108,019,625

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	1,607,616	5,486,959	7,094,575	330,967	10,303	113,164,822
Changes during period						
Dividends of surplus						-4,413,550
Profit attributable to owners of parent						8,577,872
Purchase of treasury shares						-2,000,044
Disposal of treasury shares						8,485
Cancellation of treasury shares						—
Change in scope of consolidation						117,886
Net changes in items other than shareholders' equity	323,548	5,384,936	5,708,484	35,884	-480	5,743,889
Total changes during period	323,548	5,384,936	5,708,484	35,884	-480	8,034,539
Balance at end of period	1,931,165	10,871,895	12,803,060	366,852	9,823	121,199,361

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	28,763,516	13,660,057
Depreciation	2,956,402	4,208,765
Impairment losses	–	2,924,002
Amortization of goodwill	534,883	1,655,407
Increase (decrease) in allowance for doubtful accounts	-11,797	87,621
Increase (decrease) in provision for bonuses	-414,761	26,687
Increase (decrease) in retirement benefit liability	22,460	-40,807
Expense on scrapping fixed assets	100,100	70,567
Loss on retirement of property, plant and equipment	28,440	21,876
Loss (gain) on sale of property, plant and equipment	1,278	2,176
Loss on retirement of intangible assets	–	6
Loss on valuation of shares of subsidiaries and associates	–	389,615
Loss (gain) on sale of investment securities	-201,947	–
Loss (gain) on step acquisitions	-11,497,835	–
Share of loss (profit) of entities accounted for using equity method	100,684	–
Loss (gain) on investments in money held in trust	2,611	487
Subsidy income	-60,225	-53,218
Surrender value of insurance policies	-11,285	-134,495
Interest and dividend income	-656,499	-1,067,585
Interest expenses	13,268	67,269
Foreign exchange losses (gains)	-1,370,381	-796,887
Decrease (increase) in trade receivables	-484,616	-426,505
Decrease (increase) in inventories	-3,494,848	-163,202
Increase (decrease) in trade payables	-569,466	31,223
Other, net	-306,784	-710,216
Subtotal	13,443,197	19,752,847
Interest and dividends received	1,059,052	1,040,068
Interest paid	-14,235	-68,259
Income taxes paid	-5,990,914	-5,475,308
Subsidies received	60,225	53,218
Net cash provided by (used in) operating activities	8,557,326	15,302,565

(Thousands of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Cash flows from investing activities		
Purchase of property, plant and equipment	-5,626,303	-4,826,223
Proceeds from sale of property, plant and equipment	–	14,917
Purchase of intangible assets	-326,437	-428,770
Proceeds from sale of intangible assets	–	507
Proceeds from sale and redemption of investment securities	1,398,437	904,842
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-15,107,810	–
Payments into time deposits	-2,866,722	-5,451,395
Proceeds from withdrawal of time deposits	1,224,715	589,890
Purchase of insurance funds	-9,920	-54,907
Proceeds from cancellation of insurance funds	116,037	1,311,126
Proceeds from cancellation of money held in trust	2,165,388	–
Other, net	-116,601	-1,637
Net cash provided by (used in) investing activities	-19,149,217	-7,941,650
Cash flows from financing activities		
Proceeds from short-term borrowings	11,100,000	13,510,515
Repayments of short-term borrowings	-100,000	-11,100,000
Net increase (decrease) in short-term borrowings	-101,421	–
Proceeds from long-term borrowings	–	5,500,000
Repayments of long-term borrowings	-409,872	-899,566
Purchase of treasury shares	-2,999,804	-2,000,044
Dividends paid	-4,082,674	-4,412,394
Net cash provided by (used in) financing activities	3,406,227	598,510
Effect of exchange rate change on cash and cash equivalents	1,427,134	1,129,552
Net increase (decrease) in cash and cash equivalents	-5,758,529	9,088,977
Cash and cash equivalents at beginning of period	31,648,571	25,972,808
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	82,767	162,270
Cash and cash equivalents at end of period	25,972,808	35,224,056

- (5) Notes to Consolidated Financial Statements
(Notes to Going Concern Assumption)
Not applicable.

(Segment Information)

【Segment Information】

Fiscal year ended December 31, 2023 (From January 1, 2023 to December 31, 2023)

(Thousands of yen)

	Reportable segments					Reconciling items	Per quarterly consolidated financial statements
	Dental segment	DCI segment	Surgical segment	Industrial segment	Reportable segments		
Sales Revenues from external customers	44,366,504	3,974,204	3,770,645	7,581,013	59,692,369	—	59,692,369
Transactions with other segments	—	—	—	—	—	—	—
Net sales	44,366,504	3,974,204	3,770,645	7,581,013	59,692,369	—	59,692,369
Operating profit (loss)	17,183,337	-534,124	1,922,720	1,175,158	19,747,092	-5,495,326	14,251,766

- Notes:
1. Adjustments to segment profit chiefly comprise general administrative and testing/research expenses not attributable to reportable segments.
 2. Segment profit is reconciled with operating income as recorded in the consolidated statements of income.

Fiscal year ended December 31, 2024 (From January 1, 2024 to December 31, 2024)

(Thousands of yen)

	Reportable segments					Reconciling items	Per quarterly consolidated financial statements
	Dental segment	DCI segment	Surgical segment	Industrial segment	Reportable segments		
Sales							
Revenues from external customers	46,527,008	19,454,753	4,321,679	6,738,004	77,041,446	–	77,041,446
Transactions with other segments	214,311	–	–	–	214,311	-214,311	–
Net sales	46,741,320	19,454,753	4,321,679	6,738,004	77,255,758	-214,311	77,041,446
Operating profit (loss)	17,081,396	90,106	2,250,531	825,250	20,247,285	-5,651,092	14,596,193

- Notes:
1. Adjustments to segment profit chiefly comprise general administrative and testing/research expenses not attributable to reportable segments.
 2. Segment profit is reconciled with operating income as recorded in the consolidated statements of income.

Change of segment

From 1st quarter of this year, DCI product segment is showing because the figures are big. DCI product segment was included in dental products segment in the past.

Furthermore, about year-on-year, it is analyzed by the figures at the changed segment.