

Flash Report for 2nd quarter Ended June 30, 2025 (on a consolidated basis) [Japan GAAP]

Aug 8, 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: Aug 8, 2025

Scheduled date to begin dividend payments: Sep 17, 2025

Supplementary materials to quarterly financial statements: Applicable

Quarterly 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 2nd quarter period (January 1 to June 30, 2025)

(1) Operating Results

	Millions of yen					
	Net sales		EBITDA		Operating income	
2nd quarter ended June 30, 2025	39,189	1.6%	10,390	-6.0%	7,587	-8.4%
2nd quarter ended June 30, 2024	38,557	36.4%	11,051	17.8%	8,287	3.1%

	Millions of yen					
	Ordinary income		Income attributable to owners of parent		Earnings per share (yen)	Diluted EPS (yen)
2nd quarter ended June 30, 2025	6,930	-34.1%	3,510	-50.0%	41.84	41.70
2nd quarter ended June 30, 2024	10,522	-4.7%	7,026	-11.9%	82.88	82.63

- Notes:
- Percentage figures for net sales, operating income, ordinary income and net income represent year-on-year comparisons.
 - Comprehensive income for reporting period:
 2nd quarter ended June 30, 2025 304 million (-98.0%)
 2nd quarter ended June 30, 2024 15,043 million (38.9%)
 - EBITDA (Operating income + Depreciation + Goodwill amortization)

(2) Financial Position

	Millions of yen		
	Total assets	Net assets	Equity ratio
As of June 30, 2025	153,767	117,297	76.0%
As of December 31, 2024	158,299	121,199	76.3%
Note: Owners' equity As of June 30, 2025	116,901 million		
As of December 31, 2024	120,822 million		

2. Dividends

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

Notes: 1. Revisions to dividend payment forecasts during the period: Not applicable

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

	Millions of yen								Earnings per share (yen)
	Net sales		Operating income		Ordinary income		Income attributable to owners of parent		
Full year	80,655	4.7	13,150	-9.9	13,840	-19.9	8,372	△2.4	99.14

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

2. Revisions to performance forecasts during the period: Not applicable

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 quarterly 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.: 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 June 30, 2025: 93,418,200 shares

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

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

As of June 30, 2025: 10,041,218 shares

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

Average number of shares during the period

2nd quarter ended June 30, 2025: 83,908,021 shares

2nd quarter ended June 30, 2024: 84,784,694 shares

* This quarterly flash report is out of scope of quarterly review.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Results of Operations

In the world economy during 2nd quarter, the USA continues to grow moderately, but due to the impact of uncertainty of inflation and political policy, businesses and consumers are feeling uneasy. In Europe, the economy is recovering, but sluggish performance in major countries such as Germany and France, geopolitical risk, and unclear political policies lead to a bottleneck in economy growth.

In Japanese economy, investment is growing steadily, but consumption is weak. Due to a decrease in exports and inflation, the economy remains slow.

Under these circumstances, Dental, DCI and Industrial sales were almost flat, but Surgical sales increased dramatically, so whole sales increased. EBITDA, operating income, ordinary income and income attributable to owners of parent for the quarter decreased.

As a result, the Group sales were ¥39,189,728 thousand (+1.6% year on year), EBITDA ¥10,390,364 thousand (-6.0%), operating income was ¥7,587,221 thousand (-8.4%), ordinary income was ¥6,930,322 thousand (-34.1%) and income attributable to owners of parent for the quarter was ¥3,510,366 thousand (-50.0%).

The following is a breakdown of business performance by segment.

(Dental segment)

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

As a result, sales were ¥23,533,425 thousand (+0.8%), segment EBITDA was ¥9,782,044 thousand (-4.5%) and segment operating income was ¥8,652,078 thousand (-6.3%).

(DCI segment)

In DCI segment, Sales to DSOs (Dental Service Organizations) have leveled off and are now comparable to the same period last year. Segment EBITDA and segment operating income decreased.

As a result, sales were ¥9,834,925 thousand (-1.0%), segment EBITDA was ¥1,233,810 thousand (-22.2%), and segment operating income was ¥66,492 thousand (-83.4%).

(Surgical segment)

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

As a result, sales were ¥2,548,870 thousand (+26.0%), segment EBITDA was ¥1,408,644 thousand (+27.3%) and segment operating income was ¥1,328,486 thousand (+26.3%).

(Industrial segment)

In Industrial segment, Domestic and Europe sales decreased, but North America and Asia sales increased. Total Industrial segment sales were almost flat. Segment EBITDA and segment operating income decreased.

As a result, sales were ¥3,272,506 thousand (+0.2%), segment EBITDA was ¥531,658 thousand (-24.4%) and segment operating income was ¥363,241 thousand (-12.5%).

(2) Explanation of Financial Position

(Assets, liabilities and net asset)

Total assets at the end of 2nd quarter were ¥153,767,488 thousand and decreased by ¥4,532,054 thousand compared with the end of the previous fiscal year. The main reasons were that Goodwill decreased by ¥2,483,049 thousand and Investment securities decreased by ¥1,111,415 thousand.

Total liabilities were ¥36,469,941 thousand and decreased by ¥630,239 thousand compared with the end of the previous fiscal year. The main reason was that Deferred tax liabilities decreased by ¥517,706 thousand.

Net asset was ¥117,297,546 thousand and decreased by ¥3,901,815 thousand compared with the end of the previous fiscal year. The main reasons were that Foreign currency translation adjustment decreased by ¥2,799,505 thousand and Treasury shares increased by ¥2,247,378 thousand.

(3) Explanation of Cash flows

The balance of cash and cash equivalents on a consolidated basis as of the end of 2nd quarter was ¥32,650,870 thousand, down ¥2,573,185 thousand from the previous term-end.

Net cash provided by operating activities was ¥7,578,364 thousand, compared with ¥7,287,851 thousand a year earlier. The main factor here was an increase of cash due to the recording of income before income taxes and minority interests of ¥7,048,013 thousand, which outweighed income taxes paid of ¥3,238,781 thousand.

Net cash provided by investing activities was ¥-6,439,803 thousand, compared with ¥-3,931,282 thousand a year earlier. The main expenditure was Purchase of tangible fixed assets ¥2,729,195 thousand.

Net cash provided used in financing activities was ¥-2,559,014 thousand, compared with ¥-1,447,882 thousand a year earlier. The main expenditure were Purchase of treasury shares 2,253,016 thousand and Cash dividends paid ¥ 2,195,778 thousand.

(4) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information

We will not change the forecast announced on May 12, 2025.

Full year

	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	¥8,372 million	-2.4

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

2. Consolidated Quarterly Financial Statements and Principal Notes

(1) Consolidated Quarterly Balance Sheets

(Thousands of yen)

	As of December 31, 2024	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	46,051,104	46,603,347
Notes receivable - trade	138,162	128,189
Accounts receivable - trade	9,358,851	9,381,903
Securities	1,060,866	1,204,309
Merchandise and finished goods	12,978,197	12,844,478
Work in process	5,859,091	5,823,034
Raw materials and supplies	6,187,535	6,105,692
Other	3,376,300	2,394,531
Allowance for doubtful accounts	-124,051	-118,397
Total current assets	84,886,057	84,367,090
Non-current assets		
Property, plant and equipment		
Buildings and structures	24,446,911	26,262,311
Machinery, equipment and vehicles	11,489,556	11,755,409
Tools, furniture and fixtures	7,989,321	8,163,260
Land	2,670,345	2,622,031
Construction in progress	641,114	401,120
Accumulated depreciation	-22,107,151	-22,991,148
Total property, plant and equipment	25,130,098	26,212,984
Intangible assets		
Software	781,807	656,000
Software in progress	341,149	533,959
Goodwill	21,389,783	18,906,733
Customer-related intangible assets	8,484,253	7,477,325
Other	7,198,893	6,581,965
Total intangible assets	38,195,887	34,155,985
Investments and other assets		
Investment securities	5,847,139	4,735,723
Shares of subsidiaries and associates	592,916	549,541
Insurance funds	626,547	674,964
Retirement benefit asset	13,653	24,281
Deferred tax assets	856,931	761,366
Other	2,204,662	2,341,453
Allowance for doubtful accounts	-54,351	-55,903
Total investments and other assets	10,087,499	9,031,427
Total non-current assets	73,413,485	69,400,397
Total assets	158,299,542	153,767,488

(Thousands of yen)

	As of December 31, 2024	As of June 30, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	2,648,193	2,765,341
Short-term borrowings	13,922,565	13,893,705
Current portion of long-term borrowings	1,830,167	2,844,645
Income taxes payable	2,022,230	2,087,099
Provision for bonuses	595,320	548,530
Other provisions	214,777	53,821
Other	6,691,981	4,863,486
Total current liabilities	27,925,235	27,056,630
Non-current liabilities		
Long-term borrowings	2,975,779	3,834,672
Retirement benefit liability	173,035	184,121
Deferred tax liabilities	5,415,024	4,897,318
Other	611,105	497,199
Total non-current liabilities	9,174,945	9,413,311
Total liabilities	37,100,181	36,469,941
Net assets		
Shareholders' equity		
Share capital	867,948	867,948
Capital surplus	2,583,551	2,586,421
Retained earnings	116,593,183	118,122,547
Treasury shares	-12,025,058	-14,272,437
Total shareholders' equity	108,019,625	107,304,480
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,931,165	1,524,692
Foreign currency translation adjustment	10,871,895	8,072,389
Total accumulated other comprehensive income	12,803,060	9,597,082
Share acquisition rights	366,852	395,983
Non-controlling interests	9,823	—
Total net assets	121,199,361	117,297,546
Total liabilities and net assets	158,299,542	153,767,488

(2) Consolidated Quarterly Statements of Income and Comprehensive Income
(Consolidated Quarterly Statements of Income)

(Thousands of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025
Net sales	38,557,243	39,189,728
Cost of sales	15,693,454	16,085,555
Gross profit	22,863,789	23,104,173
Selling, general and administrative expenses	14,576,609	15,516,951
Operating profit	8,287,179	7,587,221
Non-operating income		
Interest income	281,492	410,079
Dividend income	41,206	45,985
Surrender value of insurance policies	134,495	–
Subsidy income	53,218	10,000
Foreign exchange gains	1,563,847	–
Miscellaneous income	204,053	137,437
Total non-operating income	2,278,312	603,502
Non-operating expenses		
Interest expenses	23,201	75,828
Loss on investments in money held in trust	490	–
Commission expenses	2,345	2,097
Foreign exchange losses	–	1,168,669
Miscellaneous losses	17,103	13,805
Total non-operating expenses	43,140	1,260,400
Ordinary profit	10,522,351	6,930,322
Extraordinary income		
Gain on sale of non-current assets	–	1,061
Reversal of provision for loss on litigation	–	164,920
Total extraordinary income	–	165,981
Extraordinary losses		
Loss on sale of non-current assets	2,277	–
Loss on retirement of non-current assets	19,954	22,785
Impairment losses	–	8,053
Expense on scrapping fixed assets	23,271	17,452
Total extraordinary losses	45,504	48,291
Profit before income taxes	10,476,847	7,048,013
Income taxes - current	3,536,187	2,217,119
Income taxes for prior periods	–	1,163,054
Income taxes - deferred	-86,455	157,472
Total income taxes	3,449,732	3,537,647
Profit	7,027,115	3,510,366
Profit attributable to non-controlling interests	519	–
Profit attributable to owners of parent	7,026,596	3,510,366

(Consolidated Quarterly Statements of Comprehensive Income)

(Thousands of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025
Profit	7,027,115	3,510,366
Other comprehensive income		
Valuation difference on available-for-sale securities	442,613	-406,472
Foreign currency translation adjustment	7,574,130	-2,799,505
Total other comprehensive income	8,016,743	-3,205,978
Comprehensive income	15,043,858	304,387
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,043,467	304,387
Comprehensive income attributable to non-controlling interests	391	—

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025
Cash flows from operating activities		
Profit before income taxes	10,476,847	7,048,013
Depreciation	1,975,594	2,078,110
Amortization of goodwill	789,069	725,031
Impairment losses	–	8,053
Expense on scrapping fixed assets	23,271	17,452
Increase (decrease) in allowance for doubtful accounts	57,697	-4,295
Increase (decrease) in provision for bonuses	-40,728	-46,789
Increase (decrease) in retirement benefit liability	1,910	-4,758
Interest and dividend income	-322,698	-456,064
Interest expenses	23,201	75,828
Loss on retirement of non-current assets	19,948	22,785
Loss (gain) on sale of non-current assets	2,277	-1,061
Loss on retirement of intangible assets	6	–
Surrender value of insurance policies	-134,495	–
Subsidy income	-53,218	-10,000
Decrease (increase) in trade receivables	-133,737	-230,578
Decrease (increase) in inventories	-939,939	-198,064
Increase (decrease) in trade payables	-202,851	269,650
Foreign exchange losses (gains)	-1,698,304	1,036,101
Other, net	-82,790	128,144
Subtotal	9,761,061	10,457,558
Interest and dividends received	312,078	429,977
Interest paid	-22,763	-80,389
Income taxes paid	-2,815,742	-3,238,781
Subsidies received	53,218	10,000
Net cash provided by (used in) operating activities	7,287,851	7,578,364

(Thousands of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Cash flows from investing activities		
Purchase of property, plant and equipment	-2,425,079	-2,729,195
Proceeds from sale of property, plant and equipment	15,368	1,061
Purchase of intangible assets	-182,405	-456,577
Proceeds from sale of intangible assets	—	5,605
Proceeds from sale and redemption of investment securities	456,832	444,715
Purchase of shares of subsidiaries and associates	—	-669,800
Payments into time deposits	-3,439,673	-3,303,962
Proceeds from withdrawal of time deposits	407,228	354,960
Purchase of insurance funds	-51,008	-48,217
Proceeds from cancellation of insurance funds	1,311,126	—
Other, net	-23,669	-38,393
Net cash provided by (used in) investing activities	-3,931,282	-6,439,803
Cash flows from financing activities		
Proceeds from short-term borrowings	10,530	2,002,800
Repayments of short-term borrowings	—	-2,000,000
Proceeds from long-term borrowings	3,000,000	3,032,980
Repayments of long-term borrowings	-250,000	-1,145,998
Dividends paid	-2,217,037	-2,195,778
Purchase of treasury shares	-1,999,859	-2,253,016
Proceeds from sale of treasury shares	8,485	—
Net cash provided by (used in) financing activities	-1,447,882	-2,559,014
Effect of exchange rate change on cash and cash equivalents	2,251,247	-1,152,732
Net increase (decrease) in cash and cash equivalents	4,159,934	-2,573,185
Cash and cash equivalents at beginning of period	25,972,808	35,224,056
Cash and cash equivalents at end of period	30,132,742	32,650,870

(4) Notes to Consolidated Quarterly Financial Statements

(Notes to Going Concern Assumption)

Not applicable.

(Notes to Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Changes in the scope of consolidation during the period)

Not applicable.

(Segment Information)

【Segment Information】

2nd quarter ended June 30, 2024 (From January 1, 2024 to June 30, 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	23,335,326	9,933,219	2,022,635	3,266,062	38,557,243	—	38,557,243
Transactions with other segments	126,286	—	—	—	126,286	-126,286	—
Net sales	23,461,613	9,933,219	2,022,635	3,266,062	38,683,530	-126,286	38,557,243
Operating profit (loss)	9,235,018	400,517	1,051,914	415,122	11,102,573	-2,815,394	8,287,179

- 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.

2nd quarter ended June 30, 2025 (From January 1, 2025 to June 30, 2025)

(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	23,533,425	9,834,925	2,548,870	3,272,506	39,189,728	–	39,189,728
Transactions with other segments	176,033	–	–	–	176,033	-176,033	–
Net sales	23,709,459	9,834,925	2,548,870	3,272,506	39,365,762	-176,033	39,189,728
Operating profit (loss)	8,652,078	66,492	1,328,486	363,241	10,410,298	-2,823,076	7,587,221

- 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.