

# Summary of Consolidated Financial Results for the Six Months Ended February 28, 2023 (Based on Japanese GAAP)

April 7, 2023

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 Stock exchange listing: Tokyo  
 Stock code: 7730 URL <http://www.mani.co.jp>  
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 Scheduled date to submit Quarterly Securities Report: April 14, 2023  
 Scheduled date to commence dividend payments: May 8, 2023  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (For analysts)

(Amounts less than one million yen are rounded down)

## 1. Consolidated financial results for the six months ended February 28, 2023 (from September 1, 2022 to February 28, 2023)

### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended February 28, 2023	12,025	24.6	3,453	12.1	3,512	3.6	2,563	9.9
Six months ended February 28, 2022	9,651	16.2	3,079	15.6	3,390	23.7	2,333	15.8

Note: Comprehensive income:  
 For the six months ended February 28, 2023 ¥2,394 million [(19.8%)]  
 For the six months ended February 28, 2022 ¥2,985 million [40.3%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended February 28, 2023	26.04		-	
Six months ended February 28, 2022	23.71		-	

### (2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
	Millions of yen	Millions of yen	%
As of February 28, 2023	50,745	46,179	91.0
As of August 31, 2022	50,113	45,414	90.6

Reference: Equity  
 As of February 28, 2023 ¥46,179 million  
 As of August 31, 2022 ¥45,414 million

## 2. Cash dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen				
Year ended August 31, 2022	-	12.00	-	18.00	30.00
Year ending August 31, 2023	-	14.00	-	-	-
Year ending August 31, 2023 (Forecast)	-	-	-	19.00	33.00

Note: Revisions to the forecasts of dividends most recently announced: None

## 3. Forecast of consolidated financial results for the year ending August 31, 2023 (from September 1, 2022 to August 31, 2023)

(Percentages indicate year-on-year changes)

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	23,400	14.6	7,100	15.2	7,100	(5.9)	5,000	(5.5)	50.80

Note: Revisions to earnings forecasts most recently announced: None

※ Notes

- (1) Changes in significant subsidiaries during the six months ended February 28, 2023  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements of prior period financial statements
- ① Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
  - ② Changes in accounting policies due to other reasons: No
  - ③ Changes in accounting estimates: No
  - ④ Restatement of prior period financial statements: No
- Note: Please refer to p.11 “Changes in accounting policies” of the Attached Materials Index for further details.

(4) Number of issued shares (common shares)

① Total number of issued shares at the end of the period (including treasury shares)

As of February 28, 2023	106,973,352 shares	As of August 31, 2022	106,911,000 shares
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② Number of treasury shares at the end of the period

As of February 28, 2023	8,484,468 shares	As of August 31, 2022	8,484,468 shares
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③ Average number of shares during the period (cumulative from the beginning of the fiscal year)

As of February 28, 2023	98,449,957 shares	As of February 28, 2022	98,426,538 shares
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\* Quarterly financial reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors.

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## 1. Overview of business results

### (1) Explanation of operating results

During the second quarter of the fiscal year ending August 31, 2023, many regions worldwide were able to significantly ease restrictions on economic activities, which was caused by COVID-19. As a result, the global economy as a whole is heading towards normalization. However, the current outlook remains uncertain due to factors such as continued soaring resource and energy prices caused by the Russia-Ukraine conflict, drastic rise in policy interest rates in Europe and the United States in response to inflationary risks, and rapid exchange rate fluctuations.

Under such circumstances, our Group aims to contribute to the well-being of people around the world by providing our products worldwide, based on our commitment “The Best Quality In The World, To The World”. We are engaged in realizing our corporate philosophy by beginning our medium-term management plan in fiscal year ended August 31, 2022, and reforming the business model through globalization of sales, production and development functions with the aim of further growth. During this fiscal year, we are strengthening the construction of the mass production system and marketing activities aimed at expanding sales for the NiTi rotary file “JIZAI”<sup>1</sup>, which is one of our key products in our medium-term management plan. We are also promoting sales of the vitreous forceps “Mani Micro Forceps”<sup>2</sup> in Japan and advancing sales of the new dental restoration material<sup>3</sup> in Europe. The new dental restoration material was jointly developed with GDF, our consolidated subsidiary in Germany. At GDF, the construction of the new Head Office Factory is in progress, and is planned to be completed around August, 2023. Furthermore, we have begun preparations to construct the Smart Factory with the aim of establishing a global production system within Japan. We will continue to aim to increase corporate value through growth strategies based on our medium-term management plan.

(References)

<sup>1</sup> A flexible nickel titanium dental endodontic instrument used to treat an infected dental root canal in an endodontic treatment, which is one of the treatments for the dental nervous system known as pulp.

<sup>2</sup> An ophthalmic therapeutic instrument used to treat the fundus in a vitreous surgery, which is one of the surgeries that treats ophthalmic diseases such as retinal detachment and diabetic retinopathy.

<sup>3</sup> An artificial resin material that is used for treatments to restore the shape of a tooth by filling the deficit portion (dental restoration treatment) and treatments to enhance dental aesthetics (aesthetic dental treatment).

### Operating results for the second quarter of the fiscal year ending August 31, 2023

Compared to the same period of the previous fiscal year, which was affected by COVID-19, net sales were ¥12,025 million (up 24.6% year on year), due to high product demands, especially towards Eyeless Needle products, mainly in Japan, Europe and Asia. Cost of sales were ¥4,843 million (up 31.4% year on year) due to an increase in manufacturing costs at overseas subsidiaries and sales of products. Selling, general and administrative expenses were ¥3,728 million (up 29.3% year on year) due to an increase in expenses for enhancing our personnel structure at the Head Office. Despite there was an increase in cost of sales and selling, general and administrative expenses, our operating income was ¥3,453 million (up 12.1% year on year) because the increase in net sales have exceeded these negative factors and led to an increase in operating income. Ordinary income was ¥3,512 million (up 3.6% year on year) due to the recording of interest income. Profit attributable to owners of parent was ¥2,563 million (up 9.9% year on year) due to an increase in ordinary income.

The following is an overview of financial results by segment. Segment sales figures are those from external customers.

	Net sales		Segment income (Operating income)	
	Millions of yen	Year on year (%)	Millions of yen	Year on year (%)
Surgical products	3,182	14.5%	917	(5.8%)
Eyeless Needle products	4,154	45.4%	1,281	63.8%
Dental products	4,688	16.8%	1,255	(5.2%)
Consolidated	12,025	24.6%	3,453	12.1%

(Surgical products)

The segment's sales were ¥3,182 million (up 14.5% year on year) and segment income was ¥917 million (down 5.8% year on year). Sales have increased due to an increase in demand for ophthalmic knives, which are used in cataract surgery, mainly in Asia from the same period of the fiscal year. However, despite there was an increase in net sales, segment income has decreased due to a deterioration in cost of sales, which was caused by an increase in manufacturing costs.

(Eyeless Needle products)

The segment's sales were ¥4,154 million (up 45.4% year on year) and segment income was ¥1,281 million (up 63.8% year on year). Sales and segment income have increased greatly due to an increase in orders for eyeless needles, which was caused by growing demand in Asia, particularly in China, North America and Europe since the previous fiscal year.

(Dental products)

The segment's sales were ¥4,688 million (up 16.8% year on year), and segment income was ¥1,255 million (down 5.2% year on year). Sales have increased due to steady sales of dental endodontic instruments (reamers and files) and dental rotary and cutting instruments (dia-burs) in Asian countries, such as China and India. Depreciation of the yen also boosted the increase in sales. Segment income has decreased mainly due to an increase in selling, general and administrative expenses from the same period of the fiscal

year.

## (2) Explanation of financial position and cash flows

### i). Financial position

(Millions of yen)

	End of previous consolidated accounting period (August 31, 2022)	End of the second quarter of the current fiscal year (February 28, 2023)	Change
Total assets	50,113	50,745	631
Current assets	32,503	32,190	(313)
Fixed assets	17,610	18,554	944
Liabilities	4,698	4,566	(132)
Net assets	45,414	46,179	764

Total assets as of the end of the second quarter (February 28, 2023) stood at ¥50,745 million, an increase of ¥631 million from the end of the previous fiscal year. This was primarily due to a decrease of ¥313 million in current assets (mainly a decrease of ¥568 million in inventories, a decrease of ¥578 million in other current assets, and an increase of ¥624 million in cash and deposits) and an increase of ¥944 million in fixed assets (mainly an increase of ¥1,579 million in construction in progress due to an increase in capital equipment for GDF and others).

Total liabilities as of the end of the second quarter (February 28, 2023) stood at ¥4,566 million, a decrease of ¥132 million from the end of the previous fiscal year. This was primarily due to a decrease of ¥156 million in current liabilities, which includes payments of income taxes payable.

Total net assets as of the end of the second quarter (February 28, 2023) stood at ¥46,179 million, an increase of ¥764 million from the end of the previous fiscal year. This was primarily due to an increase in retained earnings resulting from recordings of profit attributable to owners of parent, despite the payment of dividends.

### ii). Cash flows

(Millions of yen)

	Six months ended February 28, 2022	Six months ended February 28, 2023	Year on year (%)
Cash flows from operating activities	3,008	3,838	27.6%
Cash flows from investing activities	(2,011)	(2,643)	31.5%
Cash flows from financing activities	(1,219)	(1,826)	49.8%
Effect of exchange rate change on cash and cash equivalents	370	(94)	—
Cash and cash equivalents at beginning of period	18,057	22,084	22.3%
Cash and cash equivalents at end of period	18,205	21,358	17.3%

The cash flows for the second quarter of the fiscal year ending August 31, 2023, and factors contributing to those amounts are as follows.

#### (Cash flows from operating activities)

Cash flows from operating activities were ¥3,838 million (up 27.6% year on year). This was primarily due to a cash inflow from recording of income before income taxes, despite there was an increase in cash outflow due to income taxes paid.

#### (Cash flows from investing activities)

Cash flows from investing activities were ¥2,643 million (up 31.5% year on year). This was primarily due to a cash outflow from increased payments for time deposits and purchases of property, plant and equipment.

#### (Cash flows from financing activities)

Cash flows from financing activities were ¥1,826 million (up 49.8% year on year). This was primarily due to a cash outflow from increased dividend payments.

**(3) Explanation of consolidated earnings forecasts and other forward-looking statements**

Results for the second quarter of the fiscal year ending August 31, 2023 are as stated in "(1) Explanation of operating result." The consolidated earnings forecast for the full fiscal year remains unchanged from the figures announced in the "Summary of Consolidated Financial Results for the Fiscal Year Ended August 31, 2022" on October 11, 2022.

## 2. Quarterly consolidated financial statements

## (1) Quarterly consolidated balance sheet

(Millions of yen)

	As of August 31, 2022	As of February 28, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	22,729	23,353
Trade notes receivable	206	241
Trade accounts receivable	1,946	2,121
Merchandise and finished goods	778	649
Work in process	3,639	3,206
Raw materials and supplies	2,062	2,056
Others	1,152	573
Allowance for doubtful accounts	(12)	(12)
Total current assets	32,503	32,190
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	4,475	4,299
Machinery, equipment and vehicles, net	4,932	4,362
Land	4,353	4,372
Others, net	1,725	3,263
Total property, plant and equipment	15,486	16,297
Intangible assets		
Software	84	80
Others	949	973
Total intangible assets	1,034	1,054
Investments and other assets		
Investment securities	342	330
Deferred tax assets	547	562
Insurance funds	175	176
Others	23	136
Allowance for doubtful accounts	—	(2)
Total investments and other assets	1,089	1,203
Total fixed assets	17,610	18,554
Total assets	50,113	50,745

(Millions of yen)

	As of August 31, 2022	As of February 28, 2023
<b>Liabilities</b>		
Current liabilities		
Trade accounts payable	111	155
Other accounts payable	934	916
Lease obligations	87	62
Income taxes payable	1,148	1,049
Provision for bonuses	639	714
Others	861	728
Total current liabilities	3,784	3,627
Non-current liabilities		
Lease obligations	30	18
Provision for retirement benefits for directors (and other officers)	59	—
Retirement benefit liability	589	624
Asset retirement obligations	201	203
Others	34	91
Total non-current liabilities	914	938
<b>Total liabilities</b>	<b>4,698</b>	<b>4,566</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	988	1,059
Capital surplus	1,036	1,106
Retained earnings	42,678	43,470
Treasury shares	(3,125)	(3,125)
Total shareholders' equity	41,578	42,511
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21	14
Foreign currency translation adjustment	3,845	3,678
Remeasurements of defined benefit plans	(30)	(25)
Total accumulated other comprehensive income	3,836	3,667
<b>Total net assets</b>	<b>45,414</b>	<b>46,179</b>
<b>Total liabilities and net assets</b>	<b>50,113</b>	<b>50,745</b>

## (2) Quarterly consolidated income statements and quarterly consolidated comprehensive income statements

## Quarterly consolidated income statements

For the six months ended February 28, 2022 and February 28, 2023

(Millions of yen)

	Six months ended February 28, 2022	Six months ended February 28, 2023
Net sales	9,651	12,025
Cost of sales	3,686	4,843
Gross profit	5,964	7,182
Selling, general and administrative expenses	2,884	3,728
Operating income	3,079	3,453
Non-operating income		
Interest income	51	64
Gain on investments in investment partnerships	4	1
Foreign exchange gains	262	—
Others	22	28
Total non-operating income	340	95
Non-operating expenses		
Interest expenses	0	1
Commission for syndicate loan	1	1
Foreign value added taxes	6	—
Unoperated land-related expenses	19	20
Foreign exchange loss	—	12
Others	1	1
Total non-operating expenses	29	36
Ordinary profit	3,390	3,512
Extraordinary income		
Insurance cancellation reimbursement	5	—
Gain on sales of fixed assets	1	4
Compensation received	—	60
Total extraordinary income	6	64
Extraordinary losses		
Loss on disposals of fixed assets	3	8
Retirement benefits for directors (and other officers)	33	—
Litigation costs	—	0
Total extraordinary losses	36	9
Profit before income taxes	3,360	3,568
Current income taxes	961	1,019
Deferred income taxes	65	(14)
Total income taxes	1,027	1,004
Net income	2,333	2,563
Profit attributable to owners of parent	2,333	2,563

## Quarterly consolidated comprehensive income statements

For the six months ended February 28, 2022 and February 28, 2023

(Millions of yen)

	Six months ended February 28, 2022	Six months ended February 28, 2023
Net income	2,333	2,563
Other comprehensive income		
Valuation difference on available-for-sale securities	(15)	(6)
Foreign currency translation adjustment	661	(166)
Remeasurements of defined benefit plans	6	5
Total other comprehensive income	652	(168)
Comprehensive income	2,985	2,394
(item)		
Comprehensive income attributable to owners of parent	2,985	2,394

## (3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended February 28, 2022	Six months ended February 28, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,360	3,568
Depreciation	781	950
Amortization of goodwill	49	—
Insurance income	—	(60)
Increase (decrease) in allowance for doubtful accounts	0	2
Increase (decrease) in provision for bonuses	0	78
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(52)	—
Increase (decrease) in retirement benefit liabilities	7	44
Interest and dividend income	(51)	(64)
Loss (gain) on investments in partnerships	(4)	(1)
Interest expenses	0	1
Foreign exchange loss (gain)	(241)	59
Syndicated loan expenses	1	1
Loss (gain) on sales of fixed assets	(1)	(4)
Loss on disposal of fixed assets	3	8
Loss (gain) on cancellation of insurance contract	(5)	—
Decrease (increase) in trade accounts receivable	(278)	(204)
Decrease (increase) in inventories	447	515
Decrease (increase) in other current assets	6	9
Increase (decrease) in trade accounts payable	(16)	42
Increase (decrease) in other accounts payable	(42)	(19)
Increase (decrease) in other current liabilities	85	(132)
Others	(35)	38
Subtotal	4,013	4,832
Interest and dividends received	59	63
Interest paid	(0)	(1)
Amount of insurance received	—	60
Income taxes paid	(1,063)	(1,115)
Cash flows from operating activities	3,008	3,838

	(Millions of yen)	
	Six months ended February 28, 2022	Six months ended February 28, 2023
<b>Cash flows from investing activities</b>		
Payments into time deposits	(729)	(1,393)
Proceeds from sales and redemption of securities	—	600
Payments for purchase of property, plant and equipment	(1,264)	(1,814)
Proceeds from sales of property, plant and equipment	4	7
Payments for purchase of intangible assets	(78)	(47)
Proceeds from sales and redemption of investment securities	24	—
Proceeds from distribution of investments in business partnership	7	5
Purchase of insurance funds	(1)	(1)
Proceeds from cancellation of insurance funds	25	—
Others	0	0
<b>Cash flows from investing activities</b>	<b>(2,011)</b>	<b>(2,643)</b>
<b>Cash flows from financing activities</b>		
Repayments of lease obligations	(35)	(53)
Purchase of treasury shares	(0)	—
Cash dividends paid	(1,181)	(1,771)
Payments for syndicated loan expenses	(2)	(2)
<b>Cash flows from financing activities</b>	<b>(1,219)</b>	<b>(1,826)</b>
Effect of exchange rate change on cash and cash equivalents	370	(94)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>148</b>	<b>(725)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>18,057</b>	<b>22,084</b>
<b>Cash and cash equivalents at end of period</b>	<b>18,205</b>	<b>21,358</b>

(4) Notes to quarterly consolidated financial statements

(Notes on premise of going concern)

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

Not applicable.

(Changes in accounting policies)

[Application of Accounting Standard for Revenue Recognition]

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 31, June 17, 2021. Hereinafter referred to as the "Fair Value Measurement Accounting Standard") from the first quarter of the current consolidated fiscal year. In accordance with the transitional treatment stipulated in Paragraph 27-2 of the Fair Value Measurement Accounting Standard, the Company has decided to henceforward apply the new accounting standards stipulated by the Fair Value Measurement Accounting Standard. There were no influences to the quarterly consolidated financial statements.

(Segment information, etc.)

[Segment information]

## I For the six months ended February 28, 2022 (from September 1, 2021 to February 28, 2022)

## 1. Information on sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segment				Adjustments	Amount on the quarterly consolidated income statements (Note)
	Surgical Products	Eyeless needle Products	Dental Products	Total		
Sales						
Sales to external customers	2,780	2,857	4,013	9,651	-	9,651
Intersegment sales or transfer	-	2	-	2	(2)	-
Total	2,780	2,859	4,013	9,653	(2)	9,651
Segment profit	973	782	1,324	3,079	-	3,079

Note: Segment profit is adjusted for operating profit on the quarterly consolidated statements of income

## II For the six months ended February 28, 2023 (from September 1, 2022 to February 28, 2023)

## 1. Information on sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segment				Adjustments	Amount on the quarterly consolidated income statements (Note)
	Surgical Products	Eyeless needle Products	Dental Products	Total		
Sales						
Sales to external customers	3,182	4,154	4,688	12,025	-	12,025
Intersegment sales or transfer	-	1	-	1	(1)	-
Total	3,182	4,155	4,688	12,026	(1)	12,025
Segment profit	917	1,281	1,255	3,453	-	3,453

Note: Segment profit is adjusted for operating profit on the quarterly consolidated statements of income

(Significant subsequent events of going concern)

Not applicable.