

Summary of Consolidated Financial Results for the Nine Months Ended May 31, 2023 (Based on Japanese GAAP)

July 13, 2023

Company name: MANI, INC.
 Stock exchange listing: Tokyo
 Stock code: 7730 URL <https://www.mani.co.jp/>
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 Scheduled date to submit Quarterly Securities Report: July 14, 2023
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended May 31, 2023 (from September 1, 2022 to May 31, 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	%
Nine months ended May 31, 2023	18,521	24.9	5,427	19.5	5,778	4.7	4,205	10.9
Nine months ended May 31, 2022	14,830	14.6	4,543	6.4	5,521	19.5	3,790	8.9

Note: Comprehensive income:
 For the nine months ended May 31, 2023 ¥4,586 million [(22.2%)]
 For the nine months ended May 31, 2022 ¥5,895 million [46.0%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended May 31, 2023	42.71	-
Nine months ended May 31, 2022	38.51	-

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
	Millions of yen	Millions of yen	%
As of May 31, 2023	51,579	46,991	91.1
As of August 31, 2022	50,113	45,414	90.6

Reference: Equity
 As of May 31, 2023 ¥46,991 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	Yen	Yen	Yen	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 nine months ended May 31, 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
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: No
 - (iii) Changes in accounting estimates: No
 - (iv) Restatement of prior period financial statements: No
- Note: Please refer to p.8 “Changes in accounting policies” of the Attached Materials Index for further details.

(4) Number of issued shares (common shares)

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

As of May 31, 2023	106,973,352 shares	As of August 31, 2022	106,911,000 shares
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(ii) Number of treasury shares at the end of the period

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

As of May 31, 2023	98,463,075 shares	As of May 31, 2022	98,426,536 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 third quarter of the fiscal year ending August 31, 2023, the global economy showed signs of a moderate economic recovery, as a result of further progress in coexistence of COVID-19 with socioeconomic activities in many regions worldwide including Japan. However, the current outlook remains uncertain due to factors such as the never-ending Russian invasion of Ukraine, continued soaring resource and energy prices, 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”¹, 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”² in Japan and advancing sales of the new dental restoration material³ in Europe.

With the aim “to establish a global production system,” at GDF, the construction of the new Head Office Factory is in progress, and is planned to be completed around August 2023, and we have begun preparations to construct the Smart Factory within Japan. In addition, as part of global marketing promotion, we established a new sales subsidiary in Malaysia in June 2023 with the aim of expanding marketing and sales within Southeast Asian countries.

We will continue to aim to increase corporate value through growth strategies based on our medium-term management plan.

(References)

¹ 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.

² 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.

³ 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 third 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 ¥18,521 million (up 24.9% year on year), due to high product demands mainly in Asia, Europe and South America. In particular, demand towards Eyeless Needle products have greatly increased. The increase in overseas sales caused by depreciation of yen have also contributed significantly to net sales. Cost of sales were ¥7,193 million (up 24.2% year on year) due to an increase in manufacturing costs at overseas subsidiaries and sales of products. Selling, general and administrative expenses were ¥5,899 million (up 31.3% 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 ¥5,427 million (up 19.5% year on year) because the increase in net sales have exceeded these negative factors substantially and led to an increase in operating income. Ordinary income was ¥5,778 million (up 4.7% year on year) mainly due to the recording of foreign exchange gains caused by depreciation of yen. Profit attributable to owners of parent was ¥4,205 million (up 10.9% year on year) due to an increase in operating 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	5,045	15.0%	1,490	(2.7%)
Eyeless Needle products	6,451	47.9%	2,046	82.2%
Dental products	7,023	15.5%	1,890	0.1%
Consolidated	18,521	24.9%	5,427	19.5%

(Surgical products)

The segment's sales were ¥5,045 million (up 15.0% year on year) and segment income was ¥1,490 million (down 2.7% year on year). Sales have increased due to an increase in demand for ophthalmic knives, which are used in cataract surgery, mainly in Asia and Europe from the same period of the previous 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 ¥6,451 million (up 47.9% year on year) and segment income was ¥2,046 million (up 82.2% 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, North America, Europe and South America since the previous fiscal year.

(Dental products)

The segment's sales were ¥7,023 million (up 15.5% year on year), and segment income was ¥1,890 million (up 0.1% year on year). Sales have increased due to strong sales of GDF products in Europe and North America, and 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. Furthermore, depreciation of yen also boosted the increase in sales. Segment income has slightly increased from the same period of the previous fiscal year despite there was an increase in selling, general and administrative expenses.

(2) Explanation of financial position and cash flows

Financial position

(Millions of yen)

	End of previous consolidated accounting period (August 31, 2022)	End of the third quarter of the current fiscal year (May 31, 2023)	Change
Total assets	50,113	51,579	1,465
Current assets	32,503	32,528	25
Fixed assets	17,610	19,051	1,440
Liabilities	4,698	4,587	(111)
Net assets	45,414	46,991	1,577

Total assets as of the end of the third quarter (May 31, 2023) stood at ¥51,579 million, an increase of ¥1,465 million from the end of the previous consolidated accounting period. This was primarily due to an increase of ¥1,440 million in fixed assets (mainly an increase in construction in progress due to an increase in capital equipment for mainly GDF).

Total liabilities as of the end of the third quarter (May 31, 2023) stood at ¥4,587 million, a decrease of ¥111 million from the end of the previous consolidated accounting period. This was primarily due to a decrease of ¥151 million in current liabilities, which includes payments of income taxes payable and other accounts payable.

Total net assets as of the end of the third quarter (May 31, 2023) stood at ¥46,991 million, an increase of ¥1,577 million from the end of the previous consolidated accounting period. This was primarily due to an increase in retained earnings resulting from recordings of profit attributable to owners of parent and an increase in foreign currency translation adjustments related to overseas subsidiaries caused by depreciation of yen.

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

Results for the third 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 May 31, 2023
Assets		
Current assets		
Cash and deposits	22,729	23,647
Trade notes receivable	206	271
Trade accounts receivable	1,946	2,162
Merchandise and finished goods	778	642
Work in process	3,639	3,143
Raw materials and supplies	2,062	2,168
Others	1,152	504
Allowance for doubtful accounts	(12)	(12)
Total current assets	32,503	32,528
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	4,475	4,324
Machinery, equipment and vehicles, net	4,932	4,311
Land	4,353	4,391
Others, net	1,725	3,742
Total property, plant and equipment	15,486	16,770
Intangible assets		
Software	84	79
Others	949	1,017
Total intangible assets	1,034	1,096
Investments and other assets		
Investment securities	342	330
Deferred tax assets	547	551
Insurance funds	175	176
Others	23	125
Allowance for doubtful accounts	—	(0)
Total investments and other assets	1,089	1,183
Total fixed assets	17,610	19,051
Total assets	50,113	51,579

(Millions of yen)

	As of August 31, 2022	As of May 31, 2023
Liabilities		
Current liabilities		
Trade accounts payable	111	172
Other accounts payable	934	564
Lease obligations	87	52
Income taxes payable	1,148	666
Provision for bonuses	639	652
Others	861	1,524
Total current liabilities	3,784	3,632
Non-current liabilities		
Lease obligations	30	14
Provision for retirement benefits for directors (and other officers)	59	—
Retirement benefit liability	589	638
Asset retirement obligations	201	210
Others	34	91
Total non-current liabilities	914	955
Total liabilities	4,698	4,587
Net assets		
Shareholders' equity		
Share capital	988	1,059
Capital surplus	1,036	1,106
Retained earnings	42,678	43,733
Treasury shares	(3,125)	(3,125)
Total shareholders' equity	41,578	42,774
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21	14
Foreign currency translation adjustment	3,845	4,226
Remeasurements of defined benefit plans	(30)	(23)
Total accumulated other comprehensive income	3,836	4,217
Total net assets	45,414	46,991
Total liabilities and net assets	50,113	51,579

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

Quarterly consolidated income statements

For the nine months ended May 31, 2022 and May 31, 2023

(Millions of yen)

	Nine months ended May 31, 2022	Nine months ended May 31, 2023
Net sales	14,830	18,521
Cost of sales	5,793	7,193
Gross profit	9,036	11,327
Selling, general and administrative expenses	4,493	5,899
Operating income	4,543	5,427
Non-operating income		
Interest income	82	113
Gain on investments in investment partnerships	9	1
Foreign exchange gains	886	233
Others	40	42
Total non-operating income	1,019	392
Non-operating expenses		
Interest expenses	1	2
Commission for syndicate loan	2	2
Foreign value added taxes	6	—
Unoperated land-related expenses	26	30
Others	4	5
Total non-operating expenses	41	41
Ordinary profit	5,521	5,778
Extraordinary income		
Insurance cancellation reimbursement	5	—
Gain on sales of fixed assets	4	4
Compensation received	—	60
Insurance claim income	1	—
Total extraordinary income	11	65
Extraordinary losses		
Loss on disposals of fixed assets	4	34
Impairment loss	20	—
Retirement benefits for directors (and other officers)	33	—
Loss on fire	2	—
Litigation costs	—	0
Total extraordinary losses	59	34
Profit before income taxes	5,473	5,808
Current income taxes	1,576	1,607
Deferred income taxes	105	(4)
Total income taxes	1,682	1,603
Net income	3,790	4,205
Profit attributable to owners of parent	3,790	4,205

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 Quarterly consolidated comprehensive income statements

For the nine months ended May 31, 2022 and May 31, 2023

(Millions of yen)

	Nine months ended May 31, 2022	Nine months ended May 31, 2023
Net income	3,790	4,205
Other comprehensive income		
Valuation difference on available-for-sale securities	(18)	(7)
Foreign currency translation adjustment	2,113	380
Remeasurements of defined benefit plans	9	7
Total other comprehensive income	2,104	381
Comprehensive income	5,895	4,586
(item)		
Comprehensive income attributable to owners of parent	5,895	4,586

(3) 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 nine months ended May 31, 2022 (from September 1, 2021 to May 31, 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	4,388	4,362	6,079	14,830	-	14,830
Intersegment sales or transfer	-	2	-	2	(2)	-
Total	4,388	4,365	6,079	14,832	(2)	14,830
Segment profit	1,531	1,123	1,888	4,543	-	4,543

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

II For the nine months ended May 31, 2023 (from September 1, 2022 to May 31, 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	5,045	6,451	7,023	18,521	-	18,521
Intersegment sales or transfer	-	1	-	1	(1)	-
Total	5,045	6,452	7,023	18,522	(1)	18,521
Segment profit	1,490	2,046	1,890	5,427	-	5,427

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

(Significant subsequent events of going concern)

Not applicable.