

# Summary of Consolidated Financial Results for the Six Months Ended February 29, 2024 (Based on Japanese GAAP)

April 8, 2024

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: April 12, 2024  
 Scheduled date to commence dividend payments: May 13, 2024  
 Preparation of supplementary material on quarterly financial results: Yes Scheduled to be disclosed on April 9, 2024  
 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 29, 2024 (from September 1, 2023 to February 29, 2024)

### (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 29, 2024	13,908	15.7	4,197	21.5	4,551	29.6	3,191	24.5
Six months ended February 28, 2023	12,025	24.6	3,453	12.1	3,512	3.6	2,563	9.9

Note: Comprehensive income:  
 For the six months ended February 29, 2024 ¥3,834 million [60.1%]  
 For the six months ended February 28, 2023 ¥2,394 million [(19.8%)]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended February 29, 2024	32.41		–	
Six months ended February 28, 2023	26.04		–	

### (2) Consolidated financial position

	Total assets		Net assets		Equity capital ratio	
	Millions of yen		Millions of yen		%	
As of February 29, 2024	56,177		51,593		91.8	
As of August 31, 2023	54,977		49,827		90.6	

Reference: Equity  
 As of February 29, 2024 ¥51,593 million  
 As of August 31, 2023 ¥49,827 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, 2023	–	14.00	–	21.00	35.00
Year ending August 31, 2024	–	16.00			
Year ending August 31, 2024 (Forecast)			–	23.00	39.00

Note: Revisions to cash dividends most recently announced: None

## 3. Forecast of consolidated financial results for the fiscal year ending August 31, 2024 (from September 1, 2023 to August 31, 2024)

(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	27,500	12.3	8,250	13.9	8,250	3.2	5,900	(0.9)	59.90

Note: Revisions to earnings forecasts most recently announced: None

※ Notes

(1) Changes in significant subsidiaries during the six months ended February 29, 2024  
 (Changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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: No
- ② Changes in accounting policies due to other reasons: No
- ③ Changes in accounting estimates: No
- ④ Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of February 29, 2024	106,981,502 shares	As of August 31, 2023	106,981,502 shares
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② Number of treasury shares at the end of the period

As of February 29, 2024	8,484,536 shares	As of August 31, 2023	8,484,510 shares
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③ Average number of shares during the period (cumulative from the beginning of the fiscal year)

As of February 29, 2024	98,496,973 shares	As of February 28, 2023	98,449,957 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, 2024 (from September 1, 2023 to February 29, 2024), there was an increase in geopolitical risks, such as growing concerns about an economic slowdown in China due to the stagnant real estate market and the prolonged Russian invasion of Ukraine. In the United States and Europe, policy interest rates would be more likely to be reduced due to the slowdown inflation rates in each country, while in Japan, there were movements toward a change in monetary policy to date against the backdrop of continued price hikes. These are considered to be signs of a major change in the global financial market environment. While the healthcare and medical device industries are also being affected by these external conditions, business opportunities with intensified competitive environment are expected to expand for the medium to long-term perspectives due to factors such as the declining birthrate, the aging population, and heightened expectations for improvement of QOL (quality of life).

Under such circumstances, the 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.” To achieve further growth, we have started our medium-term management plan from the fiscal year ended August 31, 2022, and are engaged in realizing our corporate philosophy by reforming our business model through the globalization of our sales, production, and development functions.

With the aim “to establish a global production system,” our German subsidiary MANI MEDICAL GERMANY GmbH (hereinafter referred to as MMG), has relocated to the new Head Office Factory in September 2023, and production activities have begun. Going forward, MMG will increase manufacturing capacity of dental restoration materials<sup>1</sup> and promote sales in Europe, North America and Asia. In addition, construction of the Smart Factory in Japan has begun in October 2023. The Smart Factory is positioned as the first “pilot factory” for future overseas expansion of mass production technology of our new products and next-generation automated production lines for mainstay existing products such as ophthalmic knives used in cataract surgery. With this Smart Factory, we will aim to expand sales globally while saving labor in manufacturing and lowering the cost of products. In particular, we are preparing for the mass production of one of our key products, the NiTi rotary file “JIZAI”<sup>2</sup>, and ophthalmic knives<sup>3</sup>. Furthermore, we will expand our existing factory in Vietnam to increase production capacity and strengthen BCP (business continuity plan). To promote global marketing, we established the “Dental Business Division” as a new organization in September 2023 to further expand market share and sales of Dental products. We have set the enhancement of competitive advantage and marketing function of the Dental product segment as one of our important targets for the fiscal year ending August 31, 2024. In addition, MANI MEDICAL DEVICE MALAYSIA SDN. BHD., which is a sales subsidiary established in Malaysia as our new base, began sales marketing activities in November 2023. Going forward, we will aggressively develop sales and marketing activities for Dental products and Surgical products in emerging countries in the Southeast Asia region.

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

#### (References)

<sup>1</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).

<sup>2</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>3</sup>Total investment for the Smart Factory will be ¥10.5 billion (breakdown: ¥8.4 billion for building construction, ¥1.1 billion for the "JIZAI" mass production line, and ¥1.0 billion for the ophthalmic knife mass production line)

### Operating results for the second quarter of the fiscal year ending August 31, 2024

Net sales were ¥13,908 million (up 15.7% year on year), due to increase in sales mainly in Asia, North America and Europe. The increase in overseas sales caused by yen depreciation have also contributed significantly to net sales. Cost of sales were ¥5,213 million (up 7.6% year on year) due to an increase in manufacturing costs at overseas subsidiaries. Selling, general and administrative expenses were ¥4,497 million (up 20.6% year on year) due to an increase in sales promotion costs resulting from enhanced marketing activities and higher personnel costs at the Head Office in Japan. Despite there was an increase in cost of sales and selling, general and administrative expenses, our operating income was ¥4,197 million (up 21.5% year on year) due to sales growth. Ordinary income was ¥4,551 million (up 29.6% year on year) and profit attributable to owners of parent was ¥3,191 million (up 24.5% year on year) due to an increase in operating income and foreign exchange gains.

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	3,786	19.0%	1,244	35.7%
Eyeless Needle products	4,974	19.7%	1,912	49.3%
Dental products	5,147	9.8%	1,041	(17.1%)
Consolidated total	13,908	15.7%	4,197	21.5%

## (Surgical products)

The segment sales were ¥3,786 million (up 19.0% year on year) and segment income was ¥1,244 million (up 35.7% year on year). Segment sales and income 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.

## (Eyeless Needle products)

The segment sales were ¥4,974 million (up 19.7% year on year) and segment income was ¥1,912 million (up 49.3% year on year). Segment sales and income have continued to increase due to an increase in orders for eyeless needles, which was caused by growing demand in Asia, particularly in China, North America and Europe.

## (Dental products)

The segment sales were ¥5,147 million (up 9.8% year on year), and segment income was ¥1,041 million (down 17.1% year on year). Segment sales have increased due to strong sales of dental rotary and cutting instruments (dia-burs) and dental endodontic instruments (reamers and files) in Asia, particularly in China and India. In addition, sales of MMG products, which are mainly dental restoration materials, have increased. The production delays that occurred in the first quarter at the Head Office Factory of MMG have been resolved and production activities have recovered to normal levels. On the other hand, segment income has decreased due to an increase in selling, general and administrative expenses resulting from active marketing activities. Furthermore, from the fiscal year ending August 31, 2024, the Group has changed the method of calculating selling, general and administrative expenses by segment. As a result of this change, selling, general and administrative expenses increased by ¥111 million from the second quarter of the previous year. For further details, please refer to "Supplement: Change in method of calculating segment income" stated below.

※Reference: Exchange rates

	Previous consolidated accounting period (Year ended August 31, 2023)				Current consolidated accounting period (Year ending August 31, 2024)			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
USD/JPY	144.26	138.50	137.31	138.60	149.10	147.92	-	-
EUR/JPY	143.93	142.94	144.04	146.95	159.30	159.38	-	-
RMB/JPY	20.22	19.77	19.67	19.69	20.47	20.45	-	-
INR/JPY	1.78	1.70	1.68	1.69	1.79	1.78	-	-
MYR/JPY	-	-	-	-	30.63	31.35	-	-

## Supplement: Change in the method of calculating segment income

The Group has changed the method of calculating segment income since the beginning of the first quarter of the fiscal year ending August 31, 2024. The reasons for the change and the impact of the change are as follows.

## Reasons for the change

Further expansion of market share and sales of dental products is one of our important targets for the fiscal year ending August 31, 2024. To achieve this target, we have established a new organization, the “Dental Business Division” in September 2023, and began its activities. As a result, it has become necessary to more appropriately reflect the fact that a large amount of selling, general and administrative expenses are incurred in the dental segment in the business results. Therefore, the method of calculating segment income (the method of calculating selling, general and administrative expenses by segment) has been newly changed.

## Impact on segment income

	A	B	C	C-A	(Millions of yen) B-A
	Six months ended February 28, 2023 [Before the change]	Six months ended February 28, 2023 [After the change]	Six months ended February 29, 2024 [After the change]	Changes in amount	Impact on the segment income
Segment income of surgical products [selling, general and administrative expenses]	917 [1,035]	890 [1,061]	1,244 [1,293]	326 [258]	(26) [26]
Segment income of eyeless needle products [selling, general and administrative expenses]	1,281 [1,150]	1,418 [1,012]	1,912 [1,259]	631 [108]	137 [(137)]
Segment income of dental products [selling, general and administrative expenses]	1,255 [1,542]	1,144 [1,653]	1,041 [1,944]	(214) [401]	(111) [111]
Total segment income [selling, general and administrative expenses]	3,453 [3,728]	3,453 [3,728]	4,197 [4,497]	743 [768]	- [-]

**(2) Explanation of financial position and cash flows****i). Financial position**

(Millions of yen)

	As of August 31, 2023	As of February 29, 2024	Change
Total assets	54,977	56,177	1,200
Current assets	34,994	33,122	(1,872)
Non-current assets	19,982	23,054	3,072
Liabilities	5,149	4,583	(566)
Net assets	49,827	51,593	1,766

Total assets as of the end of the second quarter (February 29, 2024) stood at ¥56,177 million, an increase of ¥1,200 million from the end of the previous consolidated accounting period. This was primarily due to an increase of ¥3,072 million in non-current assets (mainly an increase in investments related to the Smart Factory of ¥2,827 million made in the second quarter of the current fiscal year) and a decrease of ¥1,872 million in current assets (mainly a decrease in cash and deposits of ¥1,903 million due to capital expenditures and dividend payments).

Total liabilities as of the end of the second quarter (February 29, 2024) stood at ¥4,583 million, a decrease of ¥566 million from the end of the previous consolidated accounting period. This was primarily due to a decrease of ¥586 million in current liabilities such as accounts payable and provision for bonuses.

Total net assets as of the end of the second quarter (February 29, 2024) stood at ¥51,593 million, an increase of ¥1,766 million from the end of the previous consolidated accounting period. This was primarily due to an increase in retained earnings resulting from the recording of profit attributable to owners of parent and an increase in foreign currency translation adjustments resulting from yen depreciation.

**ii). Cash flows**

(Millions of yen)

	Six months ended February 28, 2023	Six months ended February 29, 2024	Change
Cash flows from operating activities	3,838	3,625	(5.5%)
Cash flows from investing activities	(2,643)	(3,088)	16.8%
Cash flows from financing activities	(1,826)	(2,097)	14.8%
Effect of exchange rate change on cash and cash equivalents	(94)	439	—
Cash and cash equivalents at beginning of the period	22,084	23,798	7.8%
Cash and cash equivalents at end of the period	21,358	22,677	6.2%

During the six months ended February 29, 2024, the cash flows and factors contributing to those amounts are as follows.

**(Cash flows from operating activities)**

Cash inflows from operating activities were ¥3,625 million (down 5.5% year on year). This was primarily due to an increase in operating cash inflow from increased profit before income taxes, despite there was an increase in cash outflow due to increased income taxes paid and accounts payable.

**(Cash flows from investing activities)**

Cash outflows from investing activities were ¥3,088 million (up 16.8% year on year). This was primarily due to a cash outflow from increased purchases of property, plant and equipment related to the Smart Factory.

**(Cash flows from financing activities)**

Cash outflows from financing activities were ¥2,097 million (up 14.8% year on year). This was primarily due to a cash outflow from increased dividend payments.

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

Results for the second quarter of the fiscal year ending August 31, 2024 are as stated in "(1) Explanation of operating results." The earnings forecast for the fiscal year remains unchanged from the figures announced in the "Summary of Consolidated Financial Results for the Fiscal Year Ended August 31, 2023" on October 12, 2023.

**2. Quarterly consolidated financial statements****(1) Quarterly consolidated balance sheet**

(Millions of yen)

	As of August 31, 2023	As of February 29, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	25,427	23,523
Notes receivable - trade	262	173
Accounts receivable - trade	2,073	2,301
Securities	-	18
Merchandise and finished goods	796	816
Work in process	3,430	3,422
Raw materials and supplies	2,193	2,297
Other	823	582
Allowance for doubtful accounts	(13)	(13)
Total current assets	34,994	33,122
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,393	7,458
Machinery, equipment and vehicles, net	4,370	4,333
Land	4,424	4,436
Other, net	4,264	4,437
Total property, plant and equipment	17,453	20,667
Intangible assets		
Software	707	669
Other	535	598
Total intangible assets	1,243	1,267
Investments and other assets		
Investment securities	332	306
Deferred tax assets	631	483
Insurance funds	194	195
Other	127	134
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	1,285	1,120
Total non-current assets	19,982	23,054
Total assets	54,977	56,177



(Millions of yen)

	As of August 31, 2023	As of February 29, 2024
<b>Liabilities</b>		
Current liabilities		
Trade accounts payable	159	175
Other accounts payable	1,047	671
Lease liabilities	41	29
Income taxes payable	1,186	1,243
Provision for bonuses	798	622
Others	986	888
Total current liabilities	4,218	3,631
Non-current liabilities		
Lease liabilities	17	21
Retirement benefit liability	598	600
Asset retirement obligations	223	236
Others	91	92
Total non-current liabilities	931	951
Total liabilities	5,149	4,583
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,066	1,066
Capital surplus	1,113	1,113
Retained earnings	45,482	46,605
Treasury shares	(3,125)	(3,125)
Total shareholders' equity	44,536	45,660
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17	12
Foreign currency translation adjustment	5,251	5,895
Remeasurements of defined benefit plans	21	24
Total accumulated other comprehensive income	5,290	5,933
Total net assets	49,827	51,593
Total liabilities and net assets	54,977	56,177

(2) Quarterly consolidated income statements and quarterly consolidated comprehensive income statements  
 (Quarterly consolidated income statements)  
 (For the six months ended February 28, 2023 and February 29, 2024)

(Millions of yen)

	Six months ended February 28, 2023	Six months ended February 29, 2024
Net sales	12,025	13,908
Cost of sales	4,843	5,213
Gross profit	7,182	8,694
Selling, general and administrative expenses	3,728	4,497
Operating profit	3,453	4,197
Non-operating income		
Interest income	64	115
Gain on investments in investment partnerships	1	1
Foreign exchange gains	—	210
Others	28	44
Total non-operating income	95	371
Non-operating expenses		
Interest expenses	1	0
Commission for syndicated loans	1	—
Unoperated land-related costs	20	12
Foreign exchange losses	12	—
Others	1	4
Total non-operating expenses	36	18
Ordinary profit	3,512	4,551
Extraordinary income		
Gain on sale of non-current assets	4	2
Compensation for damage income	60	—
Total extraordinary income	64	2
Extraordinary losses		
Loss on retirement of non-current assets	8	3
Litigation expenses	0	—
Total extraordinary losses	9	3
Profit before income taxes	3,568	4,550
Current income taxes	1,019	1,209
Deferred income taxes	(14)	149
Total income taxes	1,004	1,358
Net income	2,563	3,191
Profit attributable to owners of parent	2,563	3,191

## (Quarterly consolidated comprehensive income statements)

(For the six months ended February 28, 2023 and February 29, 2024)

(Millions of yen)

	Six months ended February 28, 2023	Six months ended February 29, 2024
Net income	2,563	3,191
Other comprehensive income		
Valuation difference on available-for-sale securities	(6)	(4)
Foreign currency translation adjustment	(166)	644
Remeasurements of defined benefit plans	5	3
Total other comprehensive income	(168)	642
Comprehensive income	2,394	3,834
(item)		
Comprehensive income attributable to owners of parent	2,394	3,834

## (3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended February 28, 2023	Six months ended February 29, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,568	4,550
Depreciation	950	1,113
Compensation received	(60)	—
Increase (decrease) in allowance for doubtful accounts	2	(0)
Increase (decrease) in provision for bonuses	78	(183)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	—	(59)
Increase (decrease) in retirement benefit liability	44	4
Interest and dividend income	(64)	(115)
Loss (gain) on investments in investment partnerships	(1)	(1)
Interest expenses	1	0
Foreign exchange losses (gains)	59	(270)
Commission for syndicated loans	1	—
Loss (gain) on sale of non-current assets	(4)	(2)
Loss on retirement of non-current assets	8	3
Decrease (increase) in trade receivables	(204)	(122)
Decrease (increase) in inventories	515	8
Decrease (increase) in other current assets	9	208
Increase (decrease) in trade accounts payable	42	15
Increase (decrease) in other accounts payable	(19)	(426)
Increase (decrease) in other current liabilities	(132)	(109)
Others	38	39
Subtotal	4,832	4,655
Interest and dividends received	63	127
Interest paid	(1)	(0)
Proceeds from compensation received	60	—
Income taxes paid	(1,115)	(1,156)
Cash flows from operating activities	3,838	3,625
<b>Cash flows from investing activities</b>		
Payments into time deposits	(1,393)	(438)
Proceeds from withdrawal of time deposits	—	1,251
Proceeds from sale and redemption of securities	600	—
Payments for purchase of property, plant and equipment	(1,814)	(3,803)
Proceeds from sale of property, plant and equipment	7	7
Payments for purchase of intangible assets	(47)	(108)
Proceeds from distribution of investments in business partnership	5	2
Payments for purchase of insurance funds	(1)	(1)
Others	0	1
Cash flows from investing activities	(2,643)	(3,088)
<b>Cash flows from financing activities</b>		
Repayments of lease liabilities	(53)	(29)
Payments for purchase of treasury shares	—	(0)
Dividends paid	(1,771)	(2,068)
Amount payment of commission for syndicated loans	(2)	—
Cash flows from financing activities	(1,826)	(2,097)
Effect of exchange rate change on cash and cash equivalents	(94)	439
Net increase (decrease) in cash and cash equivalents	(725)	(1,120)
Cash and cash equivalents at beginning of the period	22,084	23,798
Cash and cash equivalents at end of the period	21,358	22,677

(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)

Not applicable.

(Segment information, etc.)

[Segment Information]

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

1. Information on sales and income or loss by reportable segment

(Millions of yen)

	Reportable segments			Total	Adjustments	Amount on the consolidated financial statements (Note)
	Surgical products	Eyeless Needle products	Dental products			
Net 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 income	917	1,281	1,255	3,453	-	3,453

Note: Segment income is adjusted to the operating profit stated in the quarterly consolidated income statements.

II For the six months ended February 29, 2024 (from September 1, 2023 to February 29, 2024)

1. Information on sales and income or loss by reportable segment

(Millions of yen)

	Reportable segments			Total	Adjustments	Amount on the consolidated financial statements (Note)
	Surgical products	Eyeless Needle products	Dental products			
Net sales						
Sales to external customers	3,786	4,974	5,147	13,908	-	13,908
Intersegment sales or transfer	-	0	-	0	(0)	-
Total	3,786	4,974	5,147	13,908	(0)	13,908
Segment income	1,244	1,912	1,041	4,197	-	4,197

Note: Segment income is adjusted to the operating profit stated in the quarterly consolidated income statements.

2. Matters related to changes in reportable segments, etc.

(Change in the method of calculating reportable segment income)

The Group has changed the method of calculating reportable segment income since the beginning of the first quarter of the fiscal year ending August 31, 2024. For the reasons of the change and the impact of the change, please refer to "1.

Overview of business results (1) Explanation of operating results (Change in the method of calculating segment income)."

(Significant subsequent events)

Not applicable.