

# Summary of Consolidated Financial Results for the Three Months Ended November 30, 2023 (Based on Japanese GAAP)

January 12, 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: January 12, 2024  
 Scheduled date to commence dividend payments: -  
 Preparation of supplementary material on quarterly financial results: Yes Released on January 12, 2024  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

## 1. Consolidated financial results for the three months ended November 30, 2023 (from September 1, 2023 to November 30, 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	%
Three months ended November 30, 2023	7,114	16.5	2,223	27.1	2,349	35.4	1,573	21.1
Three months ended November 30, 2022	6,105	29.1	1,748	2.1	1,736	(9.2)	1,299	(1.8)

Note: Comprehensive income:  
 For the three months ended November 30, 2023 ¥1,735 million [28.7%]  
 For the three months ended November 30, 2022 ¥1,348 million [(23.1%)]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended November 30, 2023	15.98		-	
Three months ended November 30, 2022	13.20		-	

### (2) Consolidated financial position

	Total assets		Net assets		Equity capital ratio	
	Millions of yen		Millions of yen		%	
As of November 30, 2023	54,749		49,494		90.4	
As of August 31, 2023	54,977		49,827		90.6	

Reference: Equity  
 As of November 30, 2023 ¥49,494 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				
Year ended August 31, 2023	-	14.00	-	21.00	35.00
Year ended August 31, 2024	-				
Year ending August 31, 2024 (Forecast)		16.00	-	23.00	39.00

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

## 3. Forecast of consolidated financial results for the 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
Second quarter	13,350	11.0	4,050	17.3	4,050	15.3	2,900	13.1	29.44
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 three months ended November 30, 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: 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

(4) Number of issued shares (common shares)

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

As of November 30, 2023	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 November 30, 2023	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 November 30, 2023	98,496,979 shares	As of November 30, 2022	98,426,532 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 first quarter of the fiscal year ending August 31, 2024 (from September 1, 2023 to November 30, 2023), the whole global economy remains highly uncertain due to rising geographical risks, such as growing concerns about an economic slowdown due to the stagnant real estate market in China, the prolonged Russian invasion of Ukraine, and destabilization of the international situation due to the Israel-Hamas war. Signs that show policy interest rates in Europe and the United States remain high and the yen appreciation in the foreign exchange market are other factors that make the economy uncertain.

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 new production processes. With this Smart Factory, we will aim to expand sales globally while reducing 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 used in cataract surgery<sup>3</sup>. Furthermore, we will expand our existing factory in Vietnam to increase production capacity and strengthen BCP. 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, has completed preparations for full-scale operation 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 first quarter of the fiscal year ending August 31, 2024

Net sales were ¥7,114 million (up 16.5% year on year), due to increase in sales mainly in Asia, North America, Japan and Europe. The increase in overseas sales caused by yen depreciation have also contributed significantly to net sales. Cost of sales were ¥2,667 million (up 8.6% year on year) due to an increase in manufacturing costs at overseas subsidiaries. Selling, general and administrative expenses were ¥2,224 million (up 17.0% 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 ¥2,223 million (up 27.1% year on year) due to sales growth and an improved cost of sales ratio. Ordinary income was ¥2,349 million (up 35.4% year on year) and profit attributable to owners of parent was ¥1,573 million (up 21.1% year on year) due to a significant 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	1,945	18.8	651	36.7
Eyeless Needle products	2,520	21.1	966	62.5
Dental products	2,648	11.0	605	(10.6)
Consolidated	7,114	16.5	2,223	27.1

## (Surgical products)

The segment's sales were ¥1,945 million (up 18.8% year on year) and segment income was ¥651 million (up 36.7% year on year). Sales have increased due to an increase in demand for ophthalmic knives, which are used in cataract surgery, mainly in Asia, particularly in China, Japan, Europe and North America from the same period of the previous fiscal year. Segment income has increased mainly due to an increase in net sales.

## (Eyeless Needle products)

The segment's sales were ¥2,520 million (up 21.1% year on year) and segment income was ¥966 million (up 62.5% year on year). Sales and segment income have continued to increase substantially 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's sales were ¥2,648 million (up 11.0% year on year), and segment income was ¥605 million (down 10.6% year on year). Sales have increased due to strong sales of dental endodontic instruments (reamers and files) and dental rotary and cutting instruments (dia-burs) in Asian countries, particularly in China, Thailand and India. Meanwhile, sales of MMG products, mainly dental restoration materials, were weak due to delays in full-scale production operations caused by the relocation of the new Head Office Factory of MMG, our German subsidiary. On the other hand, segment income has decreased due to an increase in cost of sales and an increase in selling, general and administrative expenses resulting from aggressive marketing activities.

## 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
	Three months ended November 30, 2022 (Before the change)	Three months ended November 30, 2022 (After the change)	Three months ended November 30, 2023 (After the change)	Changes in amount	Impact amount
Segment income of surgical products [of which, selling, general and administrative expenses]	476 [515]	453 [538]	651 [644]	174 [129]	(23) [23]
Segment income of eyeless needle products [of which, selling, general and administrative expenses]	595 [599]	665 [529]	966 [594]	371 [(4)]	70 [(70)]
Segment income of dental products [of which, selling, general and administrative expenses]	677 [785]	630 [833]	605 [984]	(72) [198]	(47) [47]
Total segment income [of which, selling, general and administrative expenses]	1,748 [1,901]	1,748 [1,901]	2,223 [2,224]	474 [323]	- [-]

**(2) Explanation of financial position**

(Millions of yen)

	End of the previous consolidated accounting period (August 31, 2022)	End of the first quarter of the current fiscal year (November 30, 2023)	Change
Total assets	54,977	54,749	(227)
Current assets	34,994	31,942	(3,051)
Fixed assets	19,982	22,806	2,823
Liabilities	5,149	5,254	105
Net assets	49,827	49,494	(332)

Total assets as of the end of the first quarter (November 30, 2023) stood at ¥54,749 million, a decrease of ¥227 million from the end of the previous consolidated accounting period. This was primarily due to a decrease of ¥3,051 million in current assets (mainly a decrease in cash and deposits resulting from capital expenditures and dividend payments) and an increase of ¥2,823 million in fixed assets (mainly the investments related to the Smart Factory made in the first quarter of the current fiscal year, which are ¥2,668 million).

Total liabilities as of the end of the first quarter (November 30, 2023) stood at ¥5,254 million, an increase of ¥105 million from the end of the previous consolidated accounting period. This was primarily due to an increase in current liabilities such as deposits received (mainly deposits related to withholding tax on dividends).

Total net assets as of the end of the first quarter (November 30, 2023) stood at ¥49,494 million, a decrease of ¥332 million from the end of the previous consolidated accounting period. This was primarily due to a decrease in retained earnings resulting from the payment of 2,068 million yen in dividends, while profit attributable to owners of parent of 1,573 million yen was recorded.

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

Results for the first quarter of the fiscal year ending August 31, 2024 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, 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 November 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	25,427	22,492
Trade notes receivable	262	206
Trade accounts receivable	2,073	2,174
Merchandise and finished goods	796	705
Work in process	3,430	3,350
Raw materials and supplies	2,193	2,327
Others	823	698
Allowance for doubtful accounts	(13)	(13)
Total current assets	34,994	31,942
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	4,393	7,173
Machinery, equipment and vehicles, net	4,370	4,294
Land	4,424	4,430
Others	4,264	4,572
Total property, plant and equipment	17,453	20,470
Intangible assets		
Software	707	685
Others	535	564
Total intangible assets	1,243	1,249
Investments and other assets		
Investment securities	332	330
Deferred tax assets	631	419
Insurance funds	194	194
Others	127	141
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	1,285	1,086
Total fixed assets	19,982	22,806
<b>Total assets</b>	<b>54,977</b>	<b>54,749</b>

(Millions of yen)

	As of August 31, 2023	As of November 30, 2023
<b>Liabilities</b>		
Current liabilities		
Trade accounts payable	159	174
Other accounts payable	1,047	1,461
Lease obligations	41	27
Income taxes payable	1,186	624
Provision for bonuses	798	513
Others	986	1,518
Total current liabilities	4,218	4,319
Fixed liabilities		
Lease obligations	17	15
Retirement benefit liability	598	598
Asset retirement obligations	223	227
Others	91	92
Total fixed liabilities	931	934
Total liabilities	5,149	5,254
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,066	1,066
Capital surplus	1,113	1,113
Retained earnings	45,482	44,987
Treasury shares	(3,125)	(3,125)
Total shareholders' equity	44,536	44,042
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17	17
Foreign currency translation adjustment	5,251	5,412
Remeasurements of defined benefit plans	21	23
Total accumulated other comprehensive income	5,290	5,452
Total net assets	49,827	49,494
Total liabilities and net assets	54,977	54,749



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

(Quarterly consolidated income statements)

(For the three months ended November 30, 2022 and November 30, 2023)

(Millions of yen)

	Three months ended November 30, 2022	Three months ended November 30, 2023
Net sales	6,105	7,114
Cost of sales	2,455	2,667
Gross profit	3,649	4,447
Selling, general and administrative expenses	1,901	2,224
Operating income	1,748	2,223
Non-operating income		
Dividend income	21	32
Foreign exchange gains	—	88
Gain on sales of scraps	10	9
Others	5	5
Total non-operating income	36	135
Non-operating expenses		
Interest expenses	0	0
Commission for syndicate loan	0	—
Unoperated land-related expenses	8	8
Foreign exchange losses	38	—
Others	0	0
Total non-operating expenses	49	9
Ordinary profit	1,736	2,349
Extraordinary income		
Gain on sales of fixed assets	4	0
Compensation received	60	—
Total extraordinary income	64	0
Extraordinary losses		
Loss on retirement of fixed assets	0	3
Litigation losses	0	—
Total extraordinary losses	1	3
Profit before income taxes	1,799	2,347
Current income taxes	454	561
Deferred income taxes	45	211
Total income taxes	500	773
Net income	1,299	1,573
Profit attributable to owners of parent	1,299	1,573

## (Quarterly consolidated comprehensive income statements)

(For the three months ended November 30, 2022 and November 30, 2023)

(Millions of yen)

	Three months ended November 30, 2022	Three months ended November 30, 2023
Net income	1,299	1,573
Other comprehensive income		
Valuation difference on available-for-sale securities	(3)	(0)
Foreign currency translation adjustment	50	161
Remeasurements of defined benefit plans	2	1
Total other comprehensive income	49	162
Comprehensive income	1,348	1,735
(item)		
Comprehensive income attributable to owners of parent	1,348	1,735

(3) Notes to 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 three months ended November 30, 2022 (from September 1, 2022 to November 30, 2022)

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	1,637	2,081	2,386	6,105	-	6,105
Intersegment sales or transfer	-	0	-	0	(0)	-
Total	1,637	2,081	2,386	6,105	(0)	6,105
Segment income	476	595	677	1,748	-	1,748

II For the three months ended November 30, 2023 (from September 1, 2023 to November 30, 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	1,945	2,520	2,648	7,114	-	7,114
Intersegment sales or transfer	-	-	-	-	-	-
Total	1,945	2,520	2,648	7,114	-	7,114
Segment income	651	966	605	2,223	-	2,223

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.