

FY2024 2Q

Financial Results and Forecasts

MANI, INC.
THE BEST QUALITY IN THE WORLD, TO THE WORLD

April 9, 2024

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Product Segments

Surgical

(Surgical instruments, such as ophthalmic knives and skin staplers)



Ophthalmic Knives



Skin staplers

Eyeless Needle

(Mainly OEM products)



Eyeless Needles



Eyed Needles

Surgical Sutures
Dental Sutures etc.

Dental

(Dental treatment instruments and MMG (*)products)



Dental Endodontic Instruments
(Reamers/Files)



Dental Rotary and Cutting Instruments
(Dia-burs)



Dental Restoration Materials

(*)MMG is the abbreviation for MANI MEDICAL GERMANY GmbH, a consolidated subsidiary in Germany that produces and sells dental restoration materials.

FY2024 2Q

Financial Results

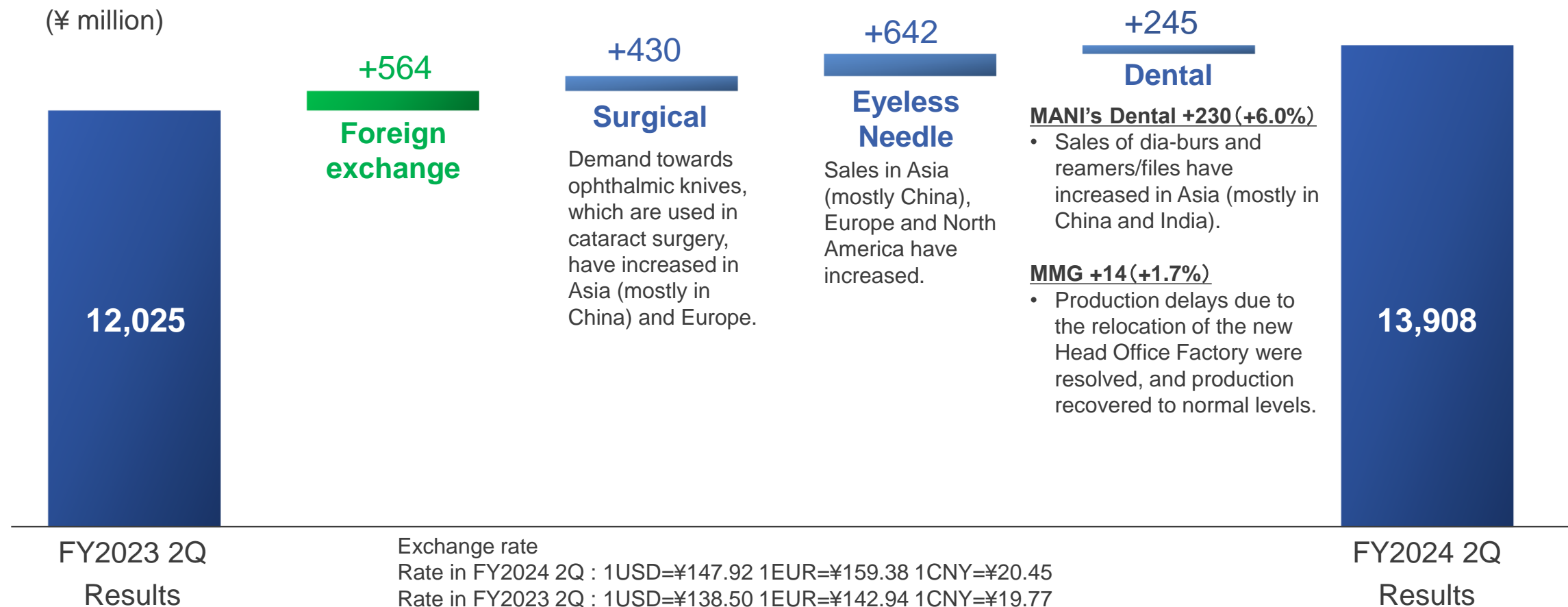
Consolidated Financial Results

- **Strong business performance recorded in FY2024 2Q . Product demand in overseas continue to expand.**
 - Sales grew mainly in Asia, North America and Europe. All segments performed well.
 - Profits increased since the previous year. Foreign exchange gains by yen depreciation contributed to the increase in ordinary income.
 - Steady progress against our full-year plan (no changes to the forecasts)

(¥ million)	FY2023 2Q Results (A)	FY2024 2Q Results (B)	Changes in Amount (C=B-A)	Changes in % (C/A)	FY2024 Forecasts (D)	Forecast Progress Rate (B/D)
Net sales	12,025	13,908	+1,882	+15.7%	27,500	50.6%
Cost of sales (%)	4,843 (40.3%)	5,213 (37.5%)	+370	+ 7.6%	9,900 (36.0%)	52.7%
SG&A expenses (%)	3,728 (31.0%)	4,497 (32.3%)	+768	+20.6%	9,350 (34.0%)	48.1%
Operating income (%)	3,453 (28.7%)	4,197 (30.2%)	+743	+21.5%	8,250 (30.0%)	50.9%
Ordinary income	3,512	4,551	+1,039	+29.6%	8,250	55.2%
Net income	2,563	3,191	+628	+24.5%	5,900	54.1%

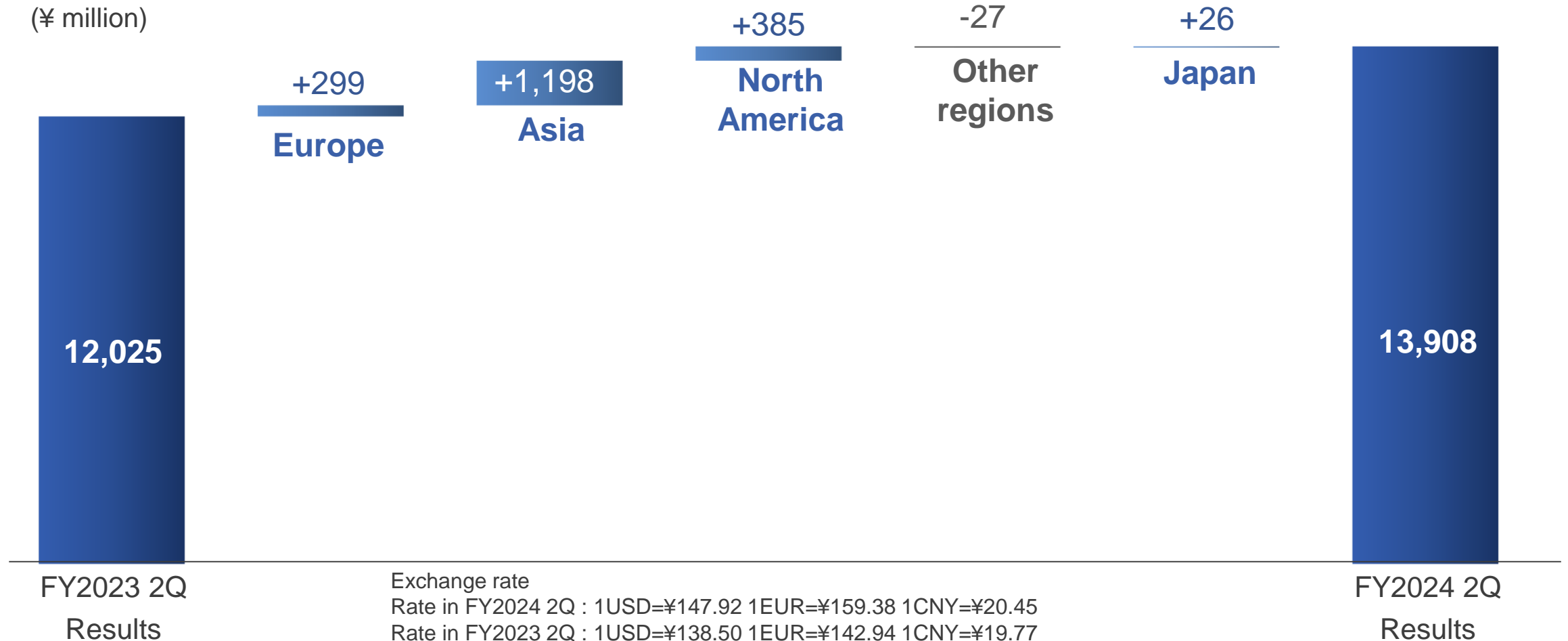
Sales Status by Segment

- **Increase in sales +¥1,882 million (+15.7%)**
 - Foreign exchange +¥564 million
 - All segments' sales have increased. Production delays at MMG have been resolved and sales of MMG products are recovering.



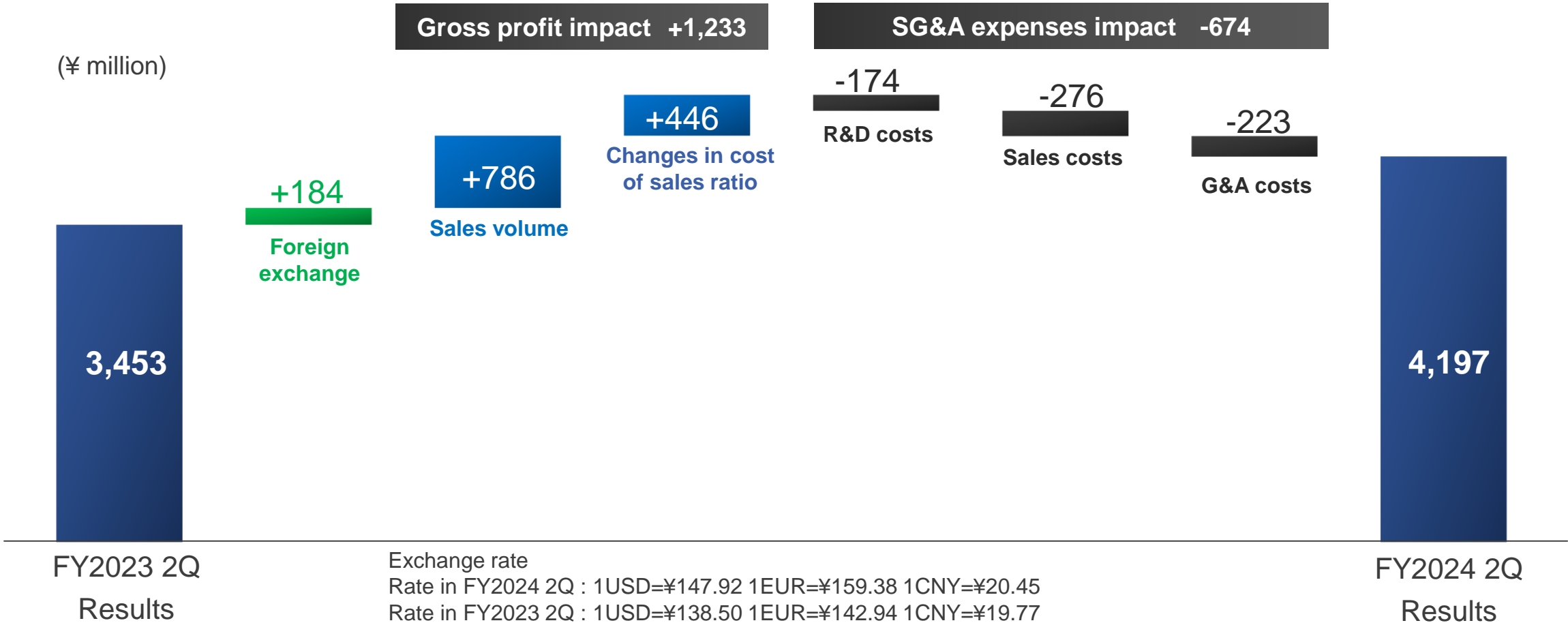
Sales Status by Region

- **Strong product demand mainly in Asia (mostly China and India), North America and Europe**
 - For further details, please refer to page 33 of the Appendix.



Operating Income Status

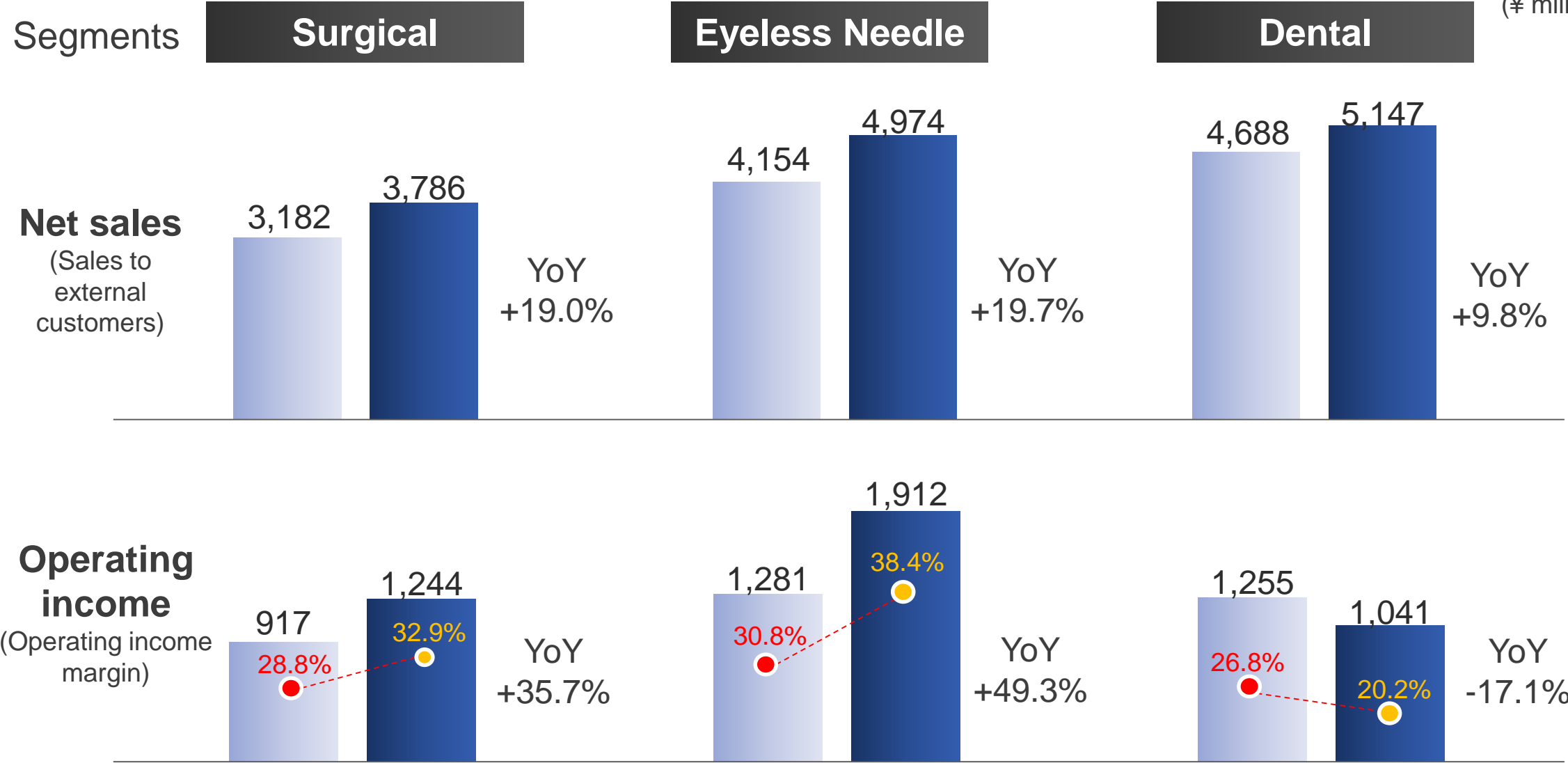
- **Increase in operating income by +¥743 million (+21.5%)**
 - Foreign exchange +¥184 million
 - Gross profit impact +¥1,233 million: Increase in sales due to higher demands contributed to increase in gross profit.
 - SG&A expenses impact -¥674 million: Increase in promotion expenses due to marketing activities and administrative expenses such as personnel expenses at the Head Office.



Financial Results by Segment

■ FY2024 2Q Results
■ FY2023 2Q Results

(¥ million)

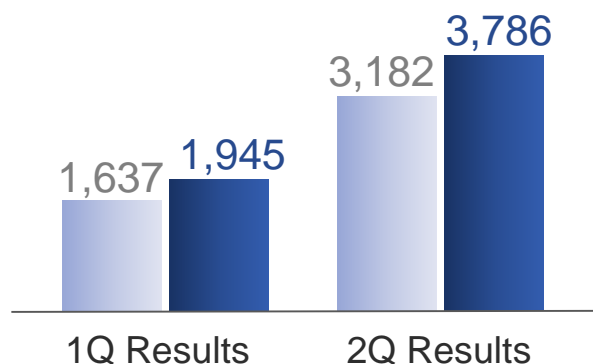


(Note) FY2023 2Q Results are calculated using the method prior to changes in SG&A expenses. Please refer to p.31 for the figures calculated using the new calculation method.

Surgical Segment – Results Analysis

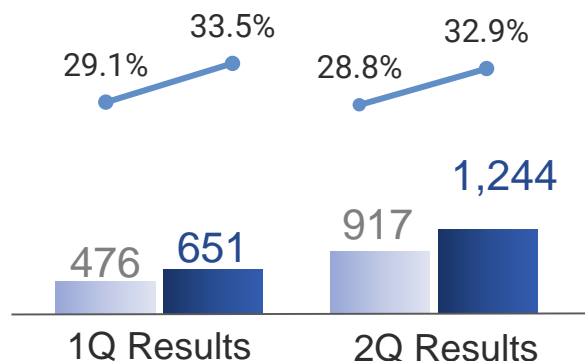
Sales

FY2024
FY2023



Operating income / %

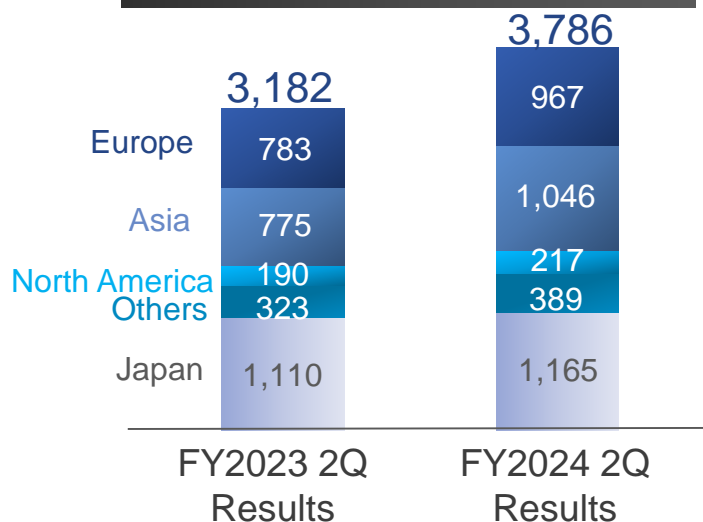
FY2024
FY2023
Operating income margin



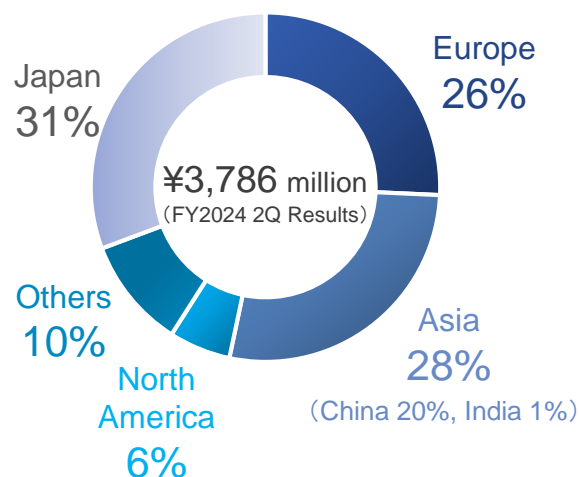
Environment recognition

- Demand for ophthalmic knives (our mainstay product) is expanding mainly in Europe and Asia.
- In the future, the number of cataract patients will increase worldwide.
- Next targets: Expand market share in Europe and North America
Consider how to deal with low-priced products
Expand ophthalmic surgical field (vitreous surgery)

Sales by region



Sales ratio by region



Competitive advantages

- Superior sharpness and microfabrication technology that adapts to surgical miniaturization and precision
- Contribution to shortening operation time, reducing burden on the human body, and preventing postoperative complications
- Global market share of ophthalmic knives is approximately 30% (No.1 in the Japanese market) *

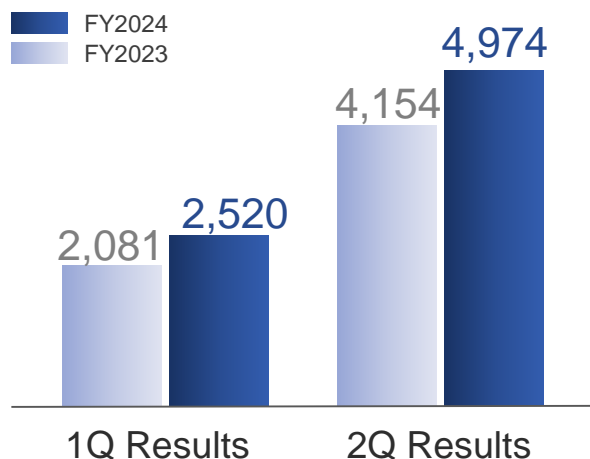
Results analysis

- Sales and operating income have increased due to an increase in demand for ophthalmic knives in Asia (mostly in China) and Europe

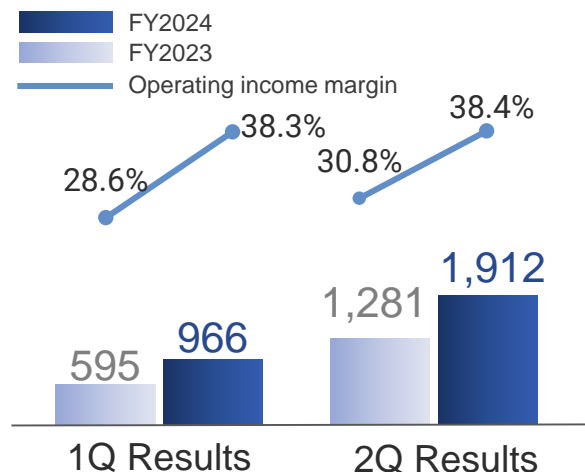
*Global market share is our estimate (in value terms)

Eyeless Needle Segment – Results Analysis

Sales



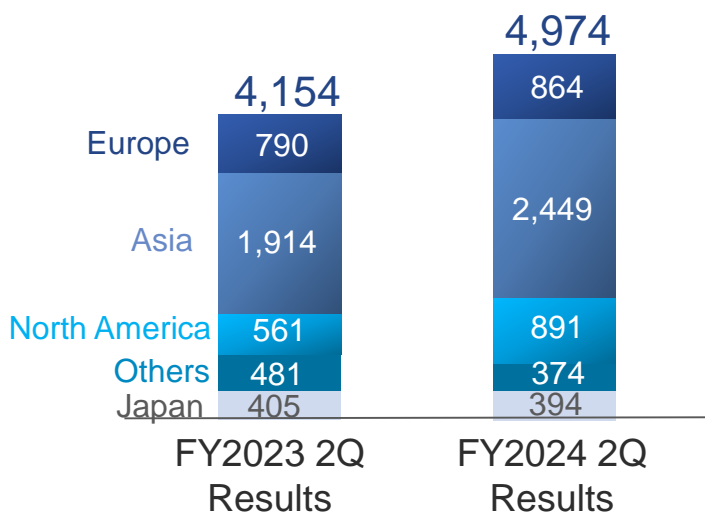
Operating income / %



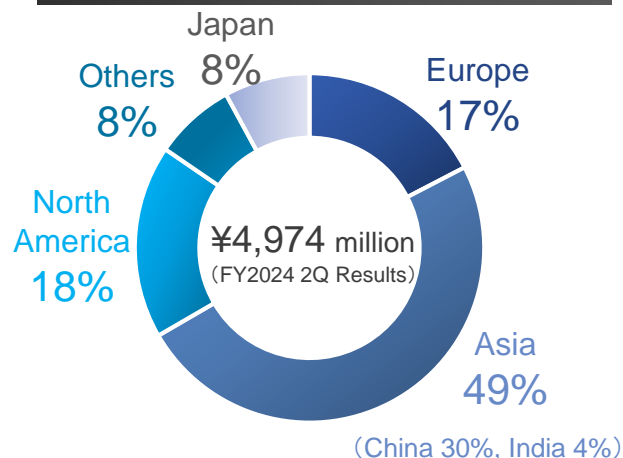
Environment recognition

- Since the end of COVID-19, the number of surgeries are recovering and gradually increasing.
- Market share of North American and Chinese customers have increased, and other OEM customers are spreading (in China, we benefit from preferential policies for domestic products).
- Possibilities of applying our needle processing technology to new fields, such as robotic surgery.
- Next targets : Improve accuracy in forecasting future demands

Sales by region



Sales ratio by region



Competitive advantages

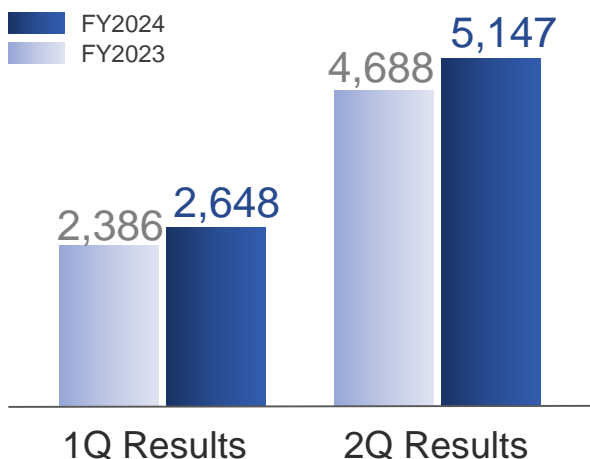
- The accumulation of our microfabrication technology and our original material development
- High penetrability and resistance to breakage
- Wide variety of needles to meet customer needs (Diverse lineup of 10,000 types of needles)

Results analysis

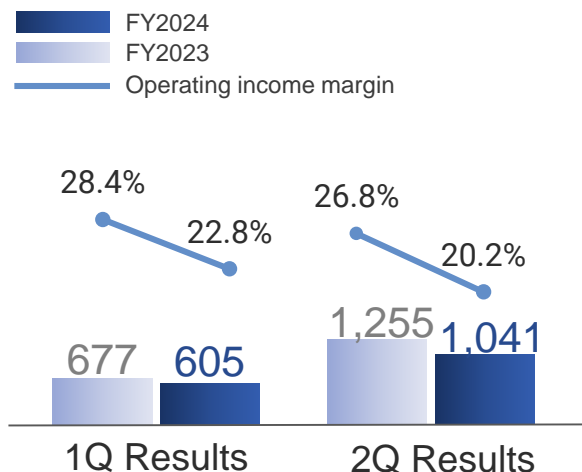
- Sales and operating income have continued to increase due to an increase in orders for eyeless needles, which was caused by growing demand in Asia (particularly in China), North America and Europe.
- The most profitable segment among all segments

Dental Segment – Results Analysis

Sales



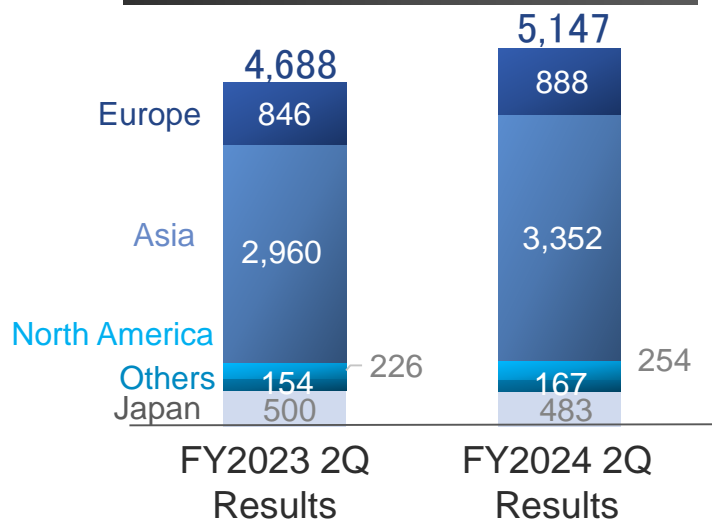
Operating income / %



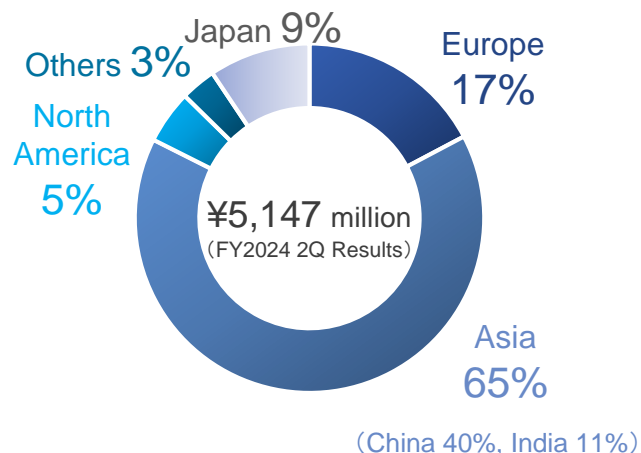
Environment recognition

- Increase in demand for dental treatment in Asia and demand for dental restorations that improve the functionality and esthetics of teeth in Europe and North America
- Next targets : Strengthen competitiveness in the root canal treatment field (including our key product JIZAI)
Expand market share and marketing in Europe and North America
Expand market share in Asia (India and Southeast Asian countries)

Sales by region



Sales ratio by region



Competitive advantages

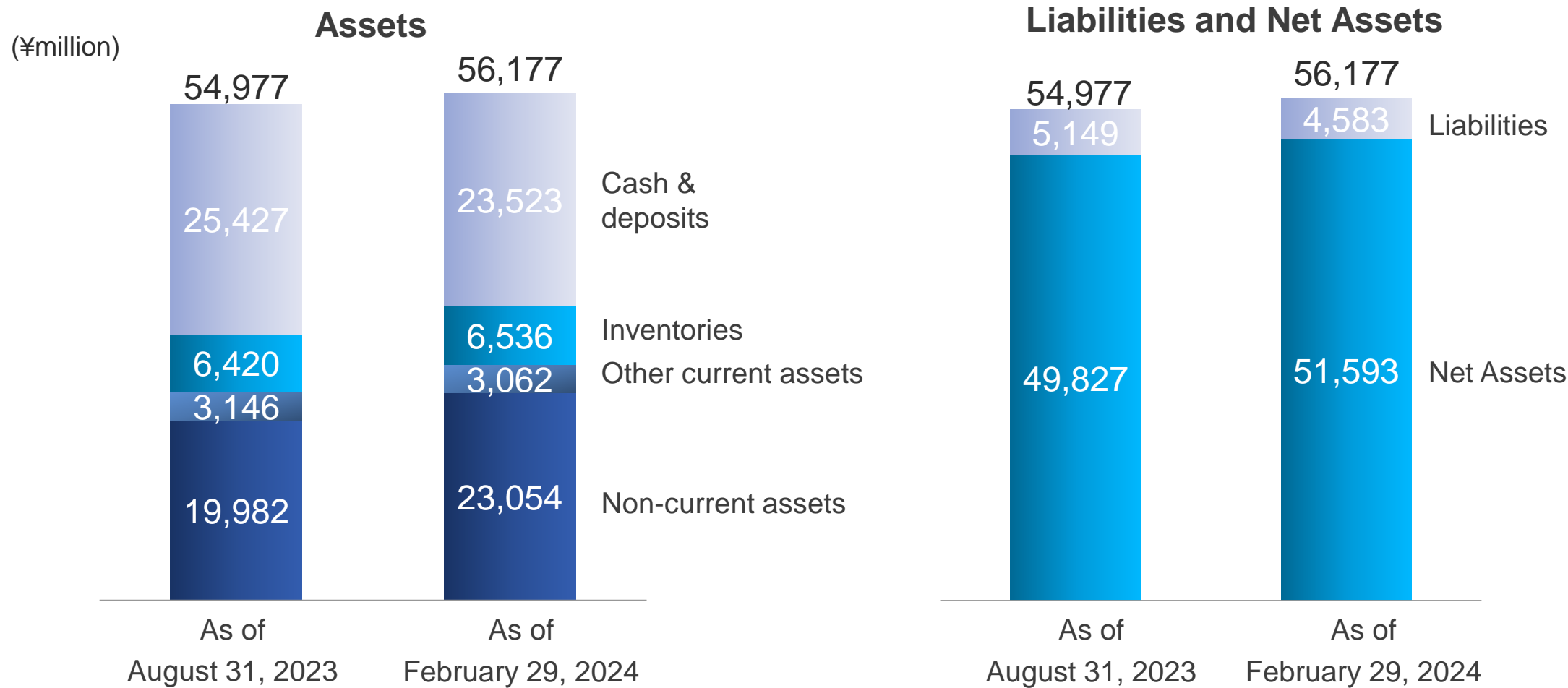
- Dental endodontic instruments' excellent durability and centering ability towards root canal
- Dental restorative materials that do not contain environmental hormones and are easy for dentists to use
- Dia-burs and reamers/files have high market share. (Top market share in Asia)

Results analysis

- Strong sales of MANI dental products (mostly dia-burs and reamers/files) mainly in Asia, and sales of MMG products (mainly dental restorative materials) are recovering from FY2024 2Q.
- Operating income decreased due to an increase in SG&A expenses resulting from marketing activities in India and Southeast Asia

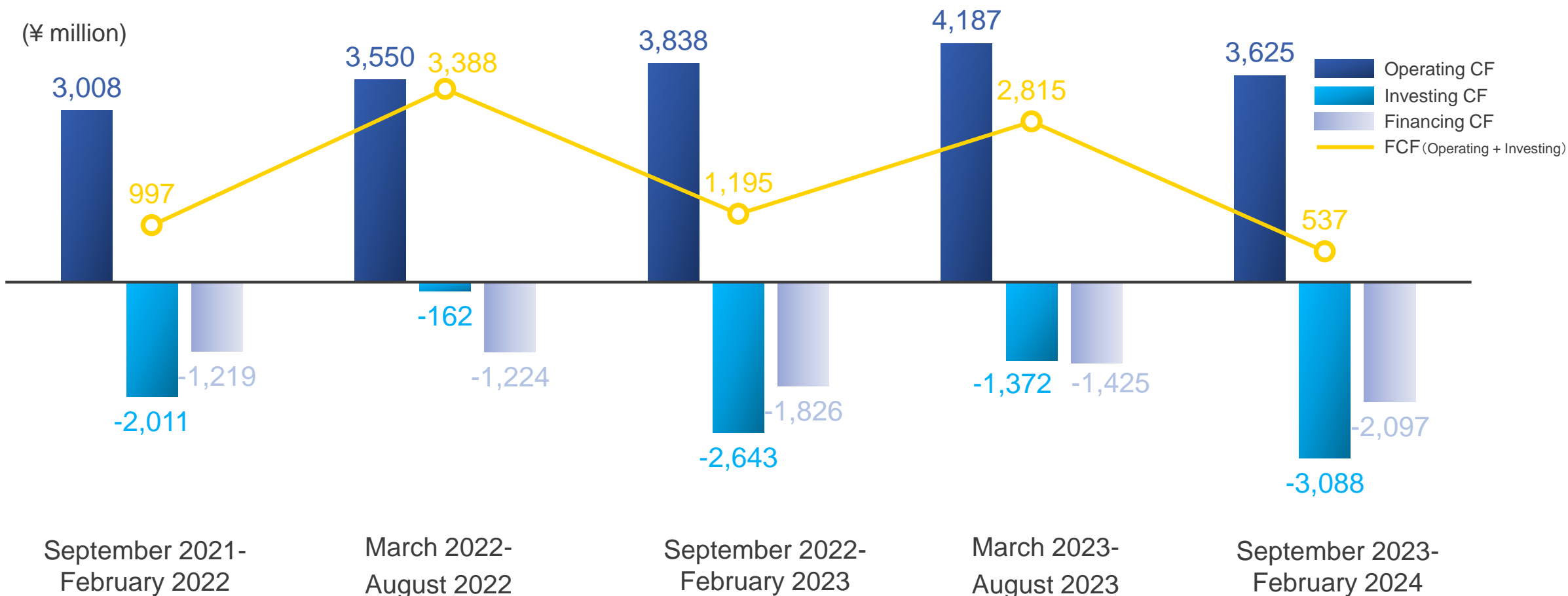
Balance Sheet Status

- **Maintained strong equity capital and non-current assets have increased due to CAPEX.**
 - Assets +¥1,200 million: Increase in non-current assets due to the construction of the Smart Factory
 - Liabilities -¥566 million: Decrease in current liabilities, such as accounts payable and provision for bonuses
 - Net assets +¥1,766 million: Increase in retained earnings and foreign currency translation adjustments



Cash Flow Status

- **Continuously generating free cash flow. CAPEX for the Smart Factory began from FY2024.**
 - Operating cash flows +¥3,625 million: Maintained strong operating cash in flows (expenditures for income tax payments increased due to higher income)
 - Investing cash flows -¥3,088 million: Increase in expenditures related to capital investments for the Smart Factory
 - Financing cash flows -¥2,097 million: Increase in cash dividends paid



FY2024 Financial Forecasts

Progress in Plan

- FY2024 2Q actual results progressed better than the half year forecasts.
- Currently, the full year forecasts (disclosed on October 12, 2023) for FY2024 remain unchanged.

(¥ million)	FY2024 2Q Forecasts	FY2024 2Q Results	Forecast progress rate (half year)	FY2024 Forecasts	Forecast progress rate (full year)
Sales	13,350	13,908	104.2%	27,500	50.6%
Cost of sales (%)	4,700 (35.2%)	5,213 (37.5%)	110.9%	9,900 (36.0%)	52.7%
SG&A expenses (%)	4,600 (34.5%)	4,497 (32.3%)	97.8%	9,350 (34.0%)	48.1%
Operating income (%)	4,050 (30.3%)	4,197 (30.2%)	103.6%	8,250 (30.0%)	50.9%
Ordinary income	4,050	4,551	112.4%	8,250	55.2%
Net income	2,900	3,191	110.1%	5,900	54.1%

Exchange rate

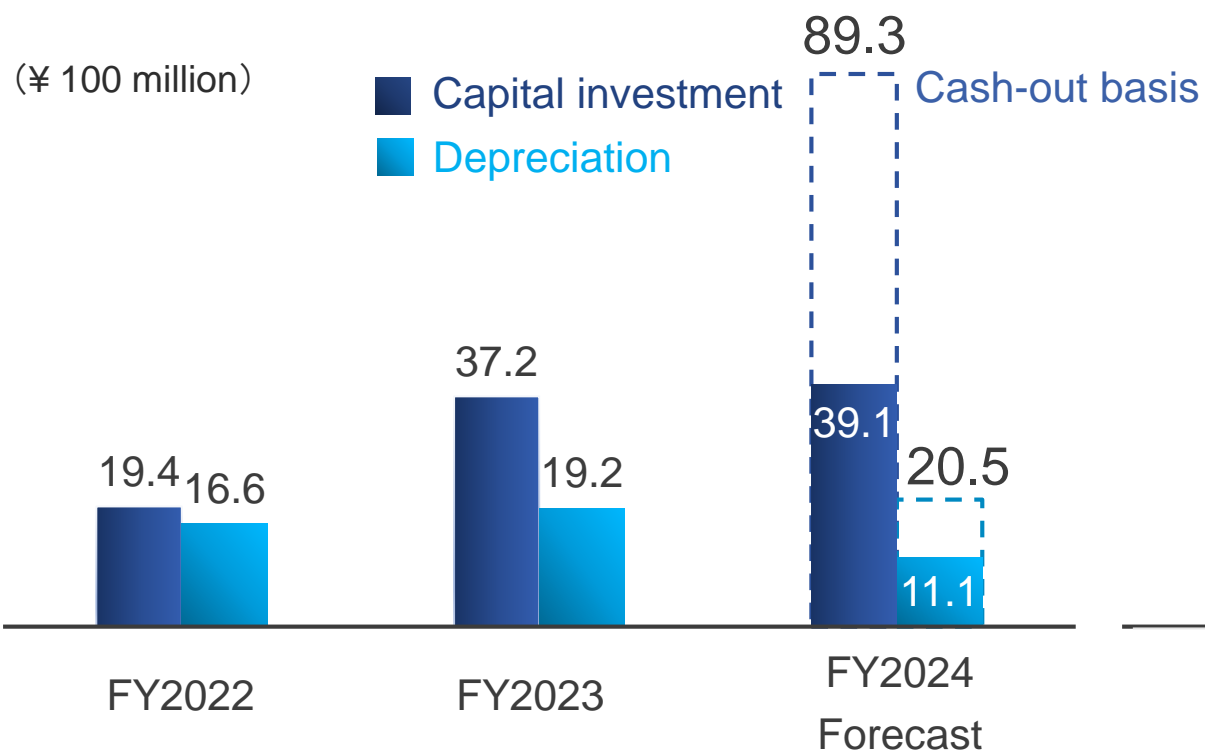
Rate in FY2024 2Q Forecasts rates : 1USD=¥135.00 1EUR=¥145.00 1CNY=¥19.00

Rate in FY2024 2Q Actual rates : 1USD=¥147.92 1EUR=¥159.38 1CNY=¥20.45

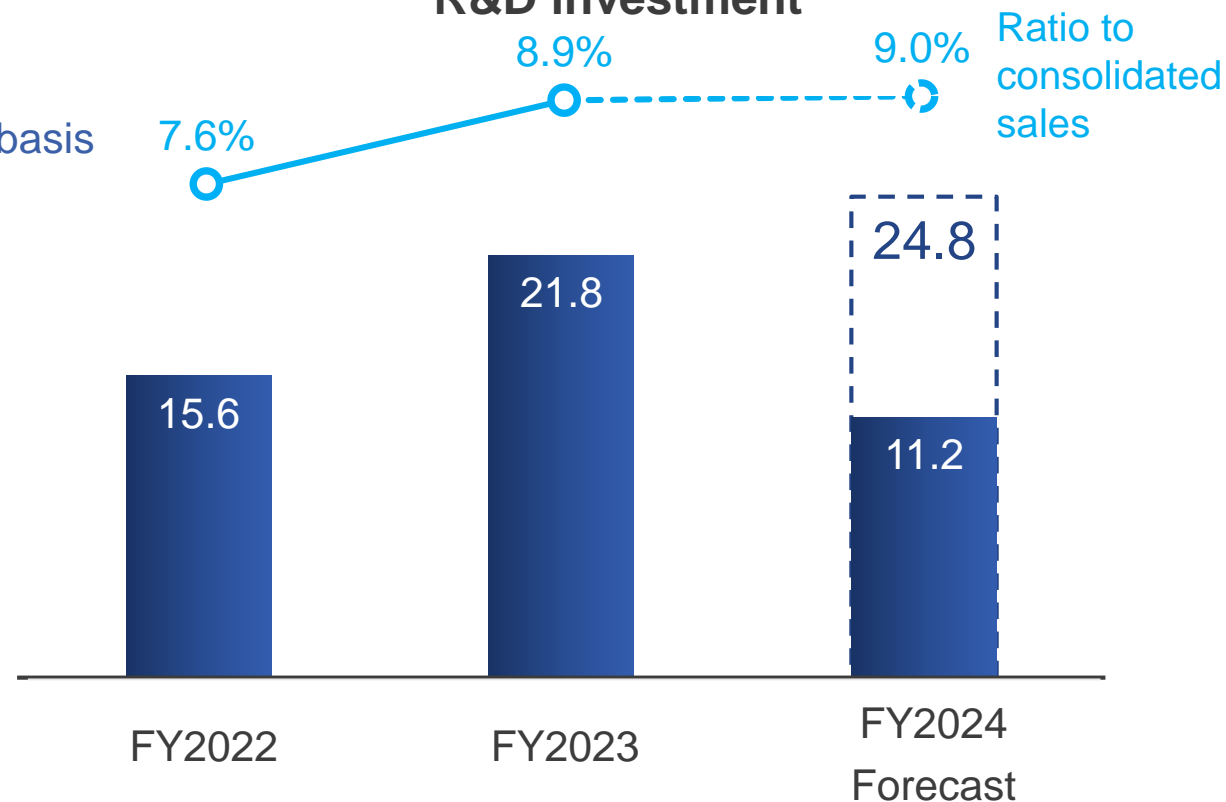
Capital investment and R&D investment

- **Capital investment**
Progressing according to plan,
Investments for the Smart Factory ¥2.8 billion (Total estimated investments: ¥10.5 billion)
- **R&D investment**
Progressing according to plan

Capital investment and depreciation

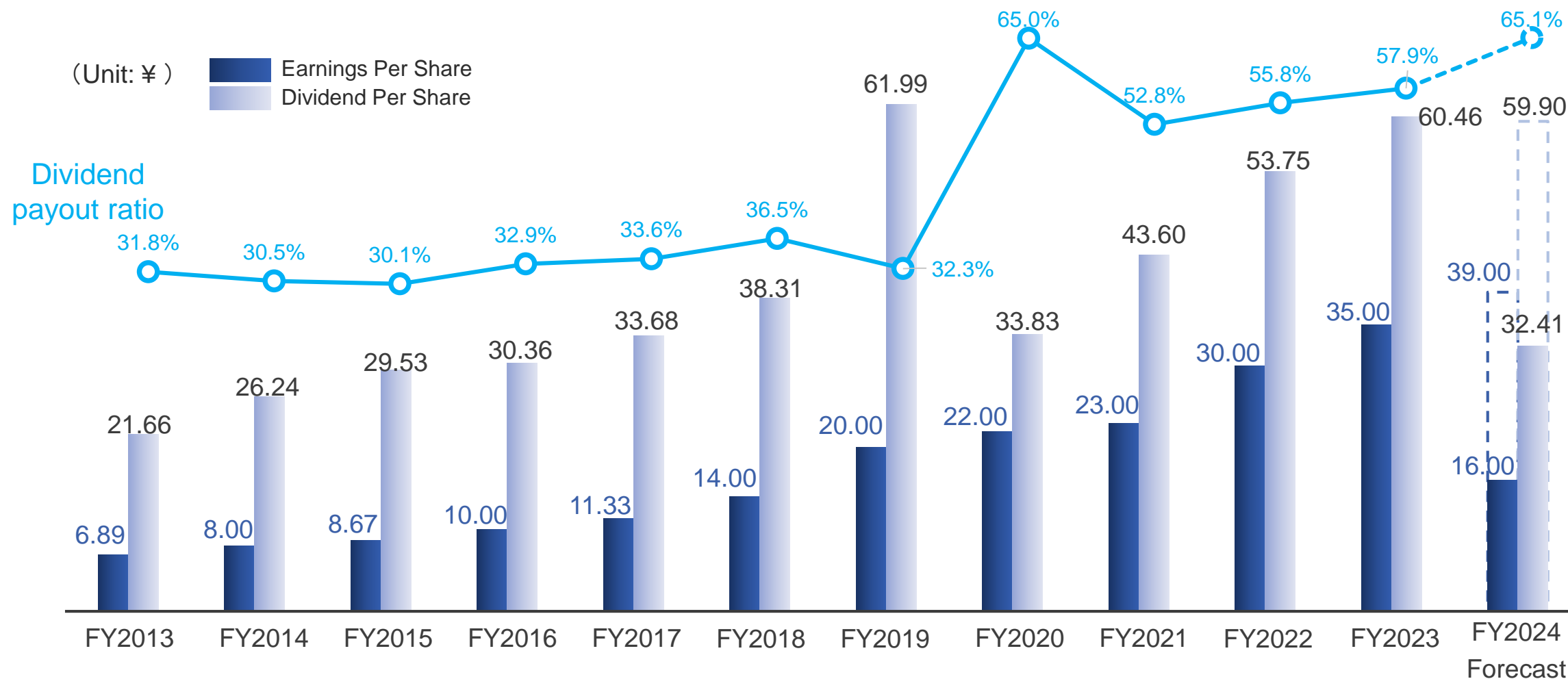


R&D investment



Dividends

- FY2024 Interim dividend: decided to pay ¥16 per share (as originally planned)
Year-end dividend: planning to pay ¥23 (as originally planned), Annual dividend: ¥39 per share
- Continued to increase dividends since FY2013



Initiatives to Enhance Corporate Value

Initiatives to Enhance Corporate Value: Direction of the Board of Directors

The following three themes have been decided as the Board of Directors' major roles

**Improve our
corporate value
on a medium- to
long-term**

**Strategy committee will
mainly discuss this theme**

**Strengthen
corporate
governance**

**Board of directors and each committee
will mainly discuss these themes**

**Strengthen the
management**

Initiatives to Enhance Corporate Value: Current Status of the Strategy Committee

Started specific discussions on enhancing corporate value over the medium to long term

- Key issues to be considered by the Board of Directors and the Strategic Committee in FY2024.

- **Enhancement of organizational capabilities and corporate culture reform**
- **Implementation of the current medium-term management plan**
- **Direction of the next medium-term management plan**

**Particularly important
themes under
discussion by the
Strategy Committee**

- **Capital management and capital allocation**
- **Strengthen the decision-making process and the governance structure**
- **Management of business risks**
- **DX, business process reform**
- **Develop the next generation of leaders**

Initiatives to Enhance Corporate Value: Strengthen the Executive Structure

**Appointed three new executive officers.
Expanded the executive team in R&D, sales, and corporate functions**

Appointed on March 1st, 2024



Senior Managing Executive Officer
Hideshi Fukumoto

Responsible for Research and Development/Quality Vigilance and Safety functions

- Experience in various R&D activities at a major electronics manufacturer
- Experience participating in management as an executive officer

The following two officers will be appointed on May 1st, 2024



Senior Managing Executive Officer
Shuichi Kurita

Responsible for Business/
Sales functions

- Experience in overseas sales at a medical electronics manufacturer
- Experience in overseas business management as an executive officer



Managing Executive Officer
Naohisa Hashimoto

Responsible for Corporate Planning/
Administration functions

- Experience in corporate functions (accounting, finance internal controls and risk management) at a major chemical manufacturer and as CFO of an overseas group company
- Experience in strategic business investment and sustainability engagement activities at financial institutions

Topics

Topics #1: Construction progress of the Smart Factory

Construction begun in October 2023, and is progressing smoothly.

- The Smart Factory's purpose
 - Establish mass production and automation technologies
 - Expand overseas productions (including our factory in Vietnam)
 - Environmental considerations, strengthen local cooperation, expansion of human capital
- Recent situation
 - Mass production testing of NiTi rotary file "JIZAI" and ophthalmic knives, improving accuracy of digital inspection technology, preparing for establishment of mass production system
 - Planning to introduce PPA scheme (Power Purchase Agreement) for solar power generation in cooperation with local companies (refer to the Note stated below)

(Note) Our partner, Tochigi Bank, Ltd. has been selected for a special award (Selection Committee Chairman's Award) in fiscal year 2023 for its efforts (including PPA scheme) for the local environment from the "Principles for Financial Action for the 21st Century (PFA21)."




URL : <https://pfa21.jp/activity/bestaward/bestaward2023/sentei> (Japanese only)



Construction progress as of February 2204
(Hanaoka, Takanezawa, Shioya District,
Tochigi prefecture)

	Schedule	Investment
Building	Complete construction in January 2025	¥8.4 billion
Mass production line for JIZAI	Installation from January 2025 Mass production from September 2025	¥1.1 billion
Mass production line for ophthalmic knives	Installation from February 2025 Mass production from September 2025	¥1.0 billion

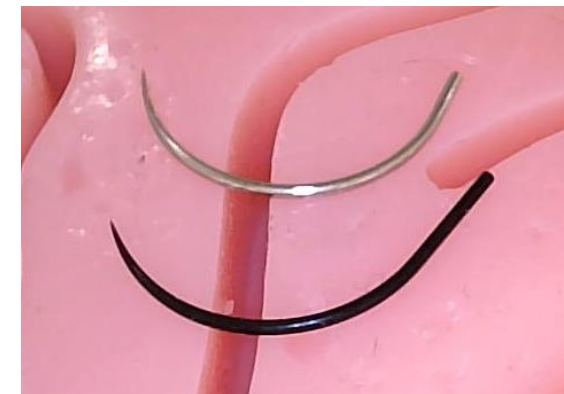
Topics #2: Progress of the Key Development Products

	Products	Features	Sales progress	Future measurements
Dental	 <p>NiTi rotary file Product name: JIZAI</p>	<ul style="list-style-type: none"> With the design of this product that uses NiTi material, we have achieved better flexibility to follow the curvature of the root canal, while minimizing cutting of the dentine 	<ul style="list-style-type: none"> Sales to Japan, India and Vietnam from FY2022 Active marketing activities together with KOL dentists 	<ul style="list-style-type: none"> Promote cost reduction through mass production within the Smart Factory Narrow down the countries to prioritize and build a distribution network
	 <p>Dental restoration material Product name: MANI EG Composite</p>	<ul style="list-style-type: none"> This product is made using materials free of environmental hormones. It can easily create shapes and color tones and have even higher esthetic properties. This product shorten treatment time and add a sense of reassurance to materials that remain in the oral cavity for a long period. 	<ul style="list-style-type: none"> Sales in Europe as OEM products began from FY2023 	<ul style="list-style-type: none"> To sell as our own branded products in India, Vietnam, China and Japan, we will strengthen the organizational structure for regulatory affairs and QMS and develop a sales network.
Surgical	 <p>Vitreous forceps Product name: MANI Micro Forceps</p>	<ul style="list-style-type: none"> This surgical instrument is used in internal ocular procedures such as treatments for retinal detachment and diabetic retinopathy. In this instrument, we have achieved a combination of high rigidity and high precision using microfabrication technologies and a product design for precise operation. 	<ul style="list-style-type: none"> Began sales in Japan from FY2023 	<ul style="list-style-type: none"> Strengthen the product development process in response to customer requests We will launch 25G vitreous forceps and receive evaluation. Pursue the demands of physicians more deeply and making improvements

Topics #3: New Field for the Eyeless Needle Segment

**Developed suture needle for robotic surgery.
Responding to the medical trend of robotics and minimally invasive treatment**

- Developed a suture needle suitable for surgical robots with KOL doctors and our OEM customer
- Our OEM customer plans to market the suture needle as a suture product throughout Japan in the future.
- Features of suture needle for robotic surgery
 - **Our original material “MANI hard -fiber stainless steel” guarantees strength and safety**
 - **MANI’s unique coating technology allows the needle to maintain sharpness even during continuous puncture**
 - **Two types of needle colors are available: silver and black, which has high-visibility**
 - **Needle design facilitates intra-abdominal surgical manipulation**



Silver needle, black needle



A surgical robot using a suture needle

Topics #4: Regional-Oriented Sales Marketing

Continue to run booths at exhibitions and hold seminars with KOL doctors

Main activities in 2Q (from December 2023 to February 2024)

Dental

- **South Korea:** Conducted sales and marketing activities when "JIZAI" has been released
- **Sharjah:** Through MMI (our sales subsidiary in India), an Indian KOL dentist has held a seminar about "JIZAI" at a local university in Sharjah (1,200 people participated)
- **Dubai:** Attended the dental exhibition "AEEDC Dubai 2024"
- **North America:** Attended the dental exhibition "GNYDM 2023"



The seminar held by our Indian KOL dentist at a university in Sharjah

Surgical

- **Japan:** Attended the Japanese Ophthalmological Society
- **Indonesia:** Attended the 39th Asia-Pacific Academy of Ophthalmology (APAO 2024) Congress



Our booth at the 39th APAO 2024 Congress

Next targets

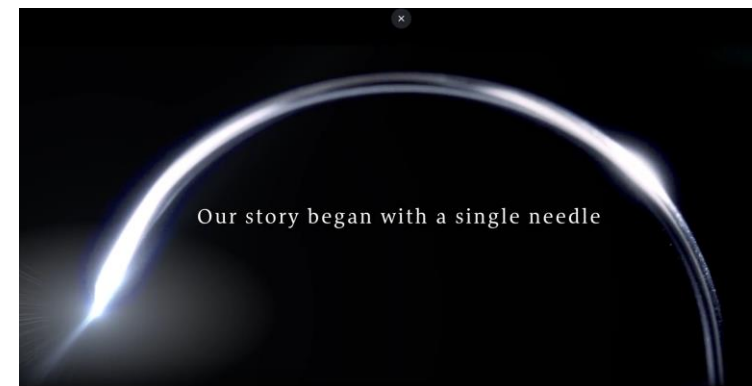
- Strengthen branding activities, and promote therapeutic effects and product value
- Develop and strengthen partnership with KOL physicians in Asia, Europe and North America, etc.
- Strengthen and restructure distribution networks, and expand overseas sales bases

Topics #5: IR and PR Activities

Released the Integrated Report 2023 and corporate videos in our web site.



- ◆ URL for the entire report (Japanese version)
※English version will be released in the future
<https://www.mani.co.jp/pdf/MANI-IR2023.pdf>



- ◆ Corporate video of MANI, INC.
※Japanese and English version available online
<https://www.mani.co.jp/company/movie.html>



- ◆ Corporate video of MMG (Germany)
※Only English version is available online
<https://www.mani-germany.com/en/company/>

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This presentation contains forward-looking statements that were prepared based on available information and rational judgements by MANI, Inc. Readers are asked not to rely completely on the performance forecasts and understand that results may differ from such forecasts due to a variety of risks and uncertainties.

《Inquiry》

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Appendix

Comparisons with the new segment calculation method

	Item	FY2023 2Q Results (Previous Method)	FY2023 2Q Results※ (New Method)	FY2024 2Q Results (New Method)	Changes in Amount (New Method)
Surgical Products	Net sales	3,182	3,182	3,786	+603
	Operating income	917	890	1,244	+353
	Operating income margin	28.8%	28.0%	32.9%	+4.9%
	(SG&A expenses)	1,035	1,061	1,293	+231
Eyeless Needle Products	Net sales	4,154	4,154	4,974	+819
	Operating income	1,281	1,418	1,912	+493
	Operating income margin	30.8%	34.1%	38.4%	+4.3%
	(SG&A expenses)	1,150	1,012	1,259	+246
Dental Products	Net sales	4,688	4,688	5,147	+458
	Operating income	1,255	1,144	1,041	-103
	Operating income margin	26.8%	24.4%	20.2%	-4.2%
	(SG&A expenses)	1,542	1,653	1,944	+290

※FY2023 2Q results: Recalculated SG&A expenses for each segment using the new segment calculation method

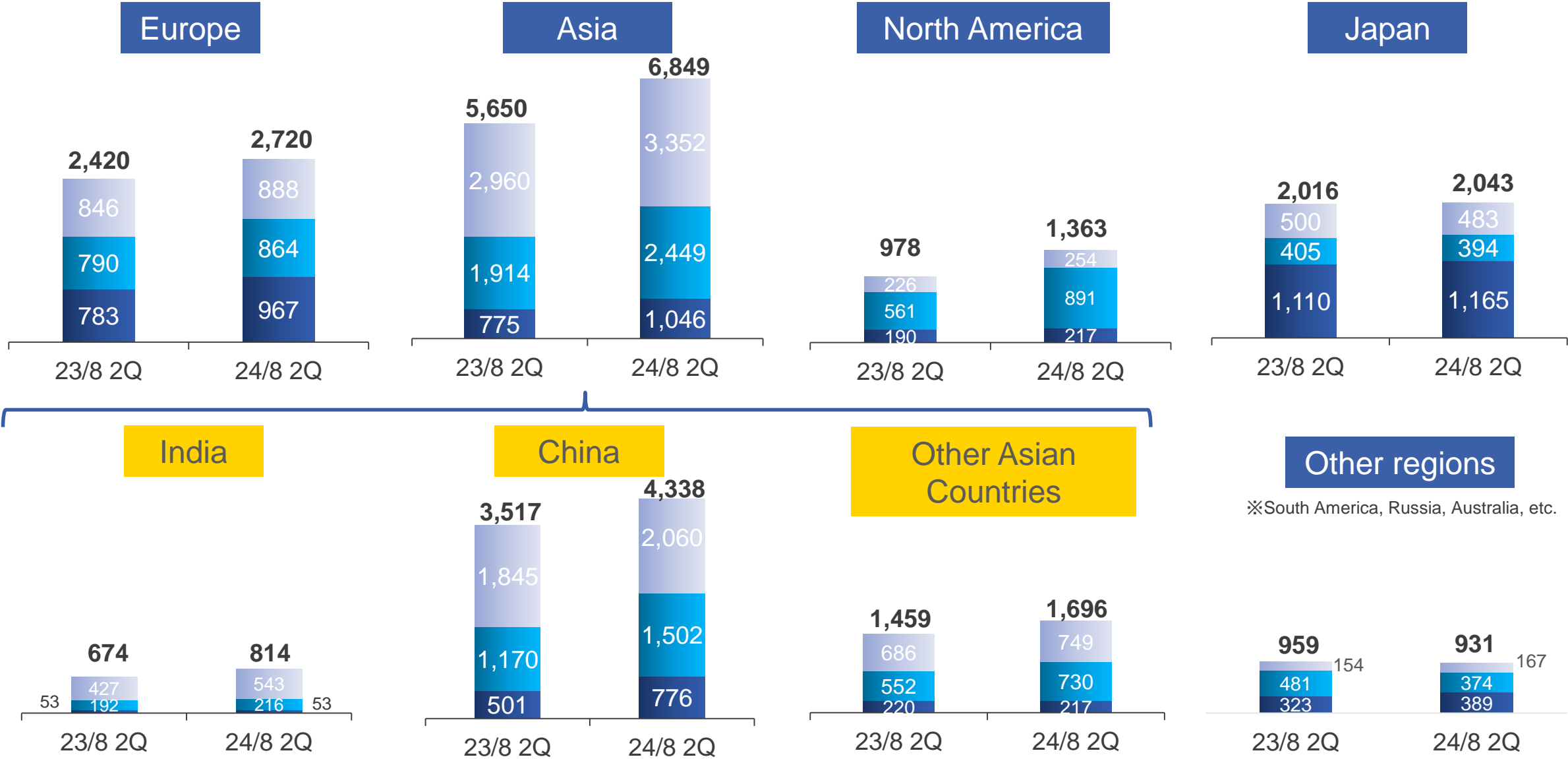
Exchange rate (average rate for the period)

	FY2023				FY2024			
	1Q (3M)	2Q (6M)	3Q (9M)	4Q (12M)	1Q (3M)	2Q (6M)	3Q (9M)	4Q (12M)
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		

Sales Status by Regions (Details)

- Dental
- Eyeless Needle
- Surgical

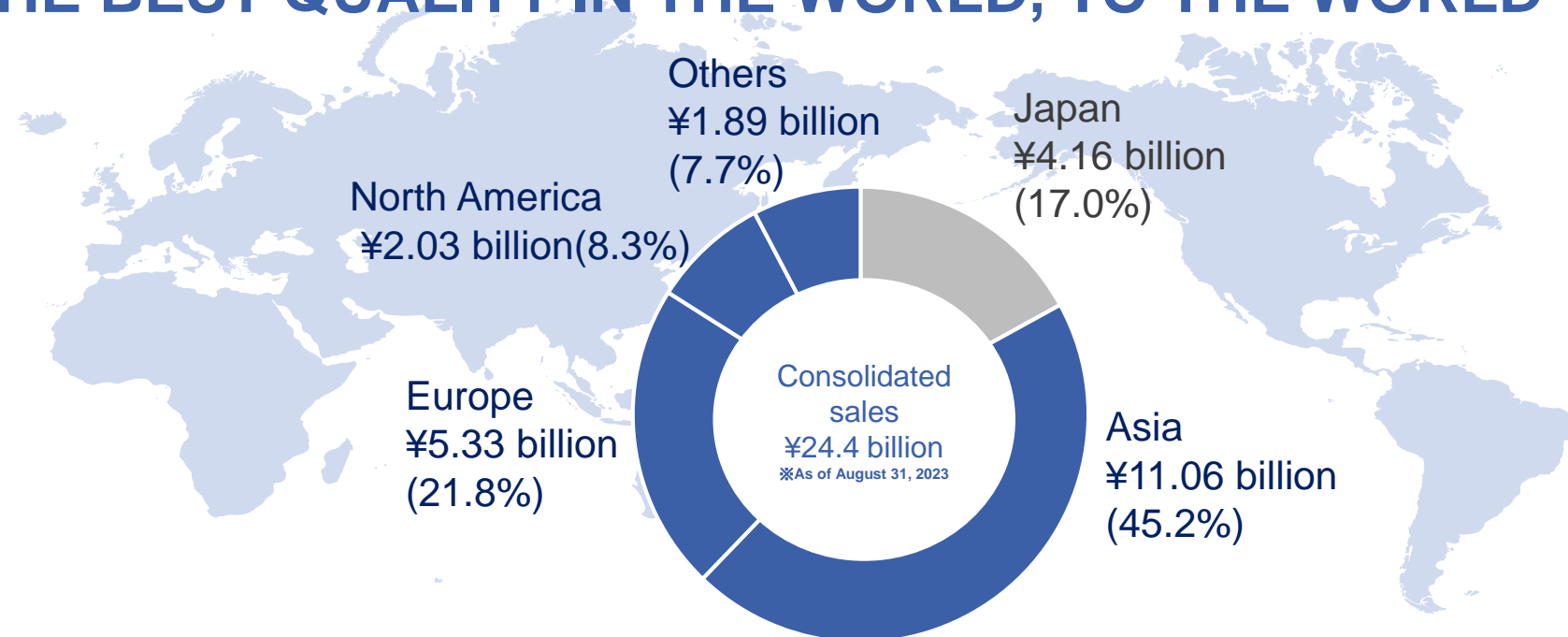
(¥ million)



Company Overview (as of August 31, 2023)

Company Name	MANI, INC.	Representative	CEO, COO Masahiko Saito
Stock code	7730	Employees	366 (consolidated: 3,685)
Established	1956	Capital	¥1,066 million
Head Office	8-3 Kiyohara Industrial Park, Utsunomiya, Tochigi		

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Sales region

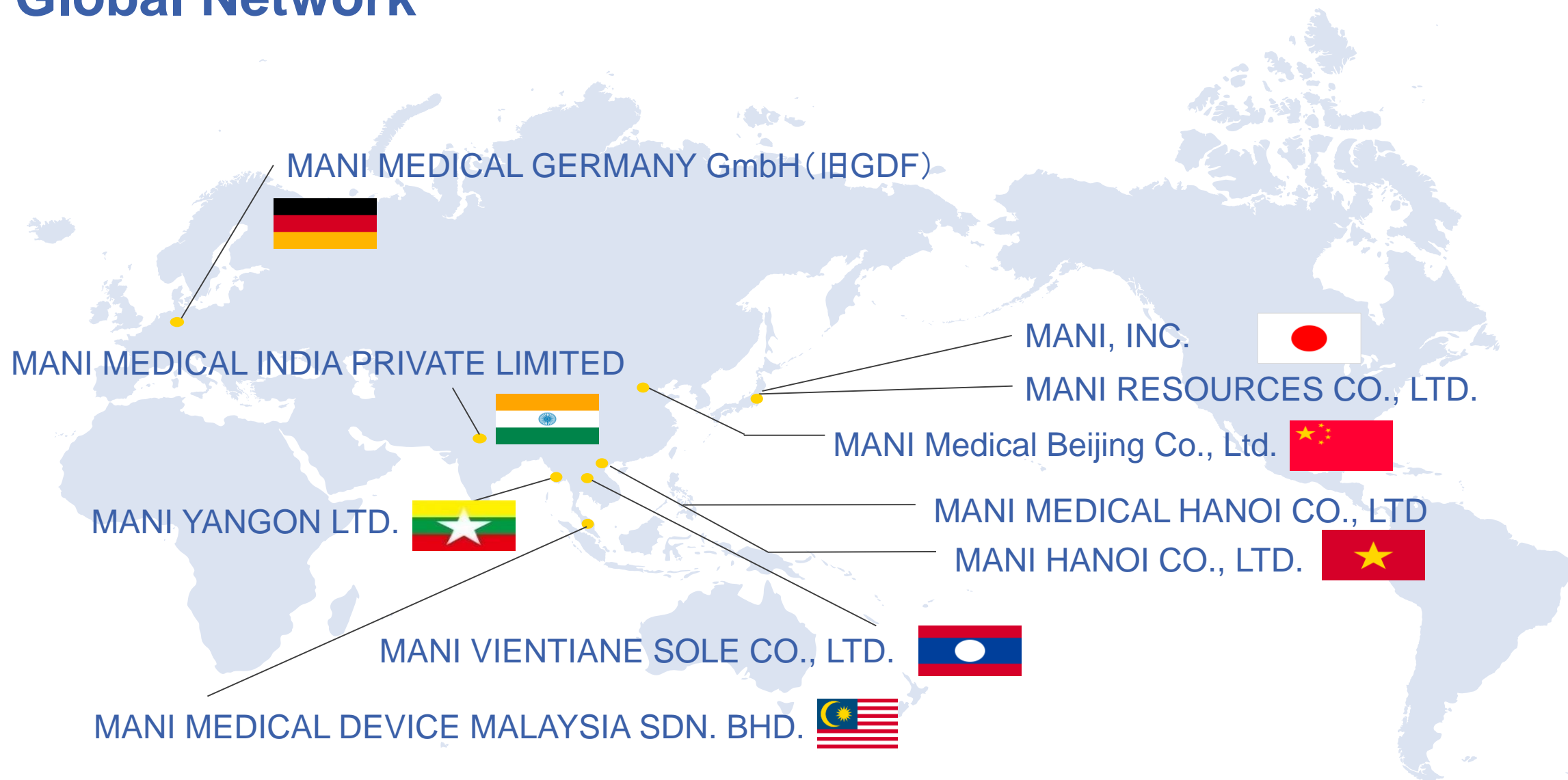
Over **120** countries

Overseas sales ratio

83.0%

Ophthalmic knives
global share
approx. **30%**

Global Network



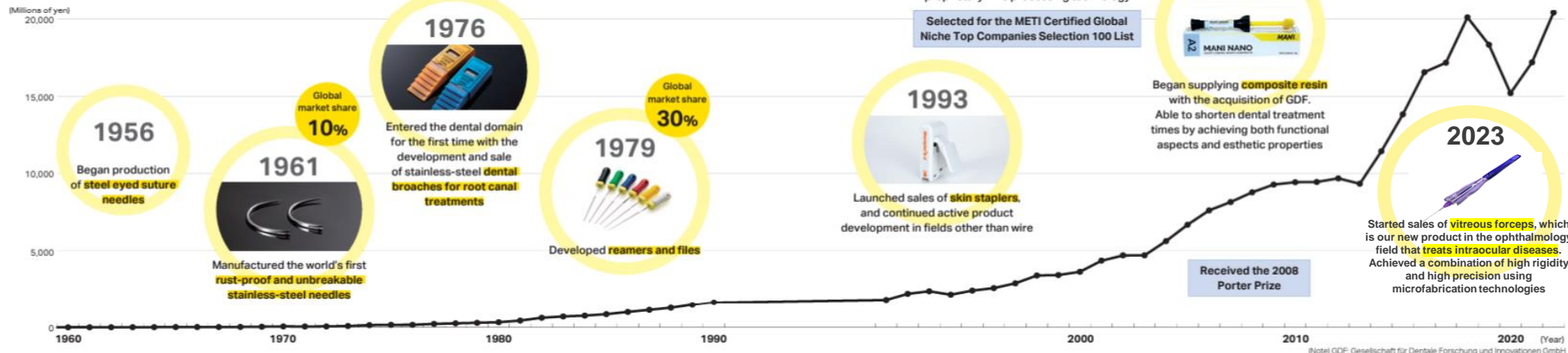
History

- Since our foundation, MANI has consistently worked on the development, production, and sales of small-scale consumer healthcare products
- **We acquired a high global market share with a business model that specializes in niche products** (Differentiate from world-class companies such as Johnson & Johnson, Alcon and Dentsply Sirona)
- **In addition to establishing a high-quality, low-cost manufacturing system in Vietnam, in recent years we acquired a German company (MMG) in the dental field and pursued business synergies**

History of MANI

Since our foundation, MANI has pursued the creation of products that are beneficial to patients and doctors. We have grown by evolving our business models and expanding globally in the domains of medical and dental instruments that require microfabrication technologies. We will continue to strive for sustainable growth through business expansion that is fine-tuned to meet the needs of society and changes in the business environment.

History of MANI and Change in Consolidated Net Sales



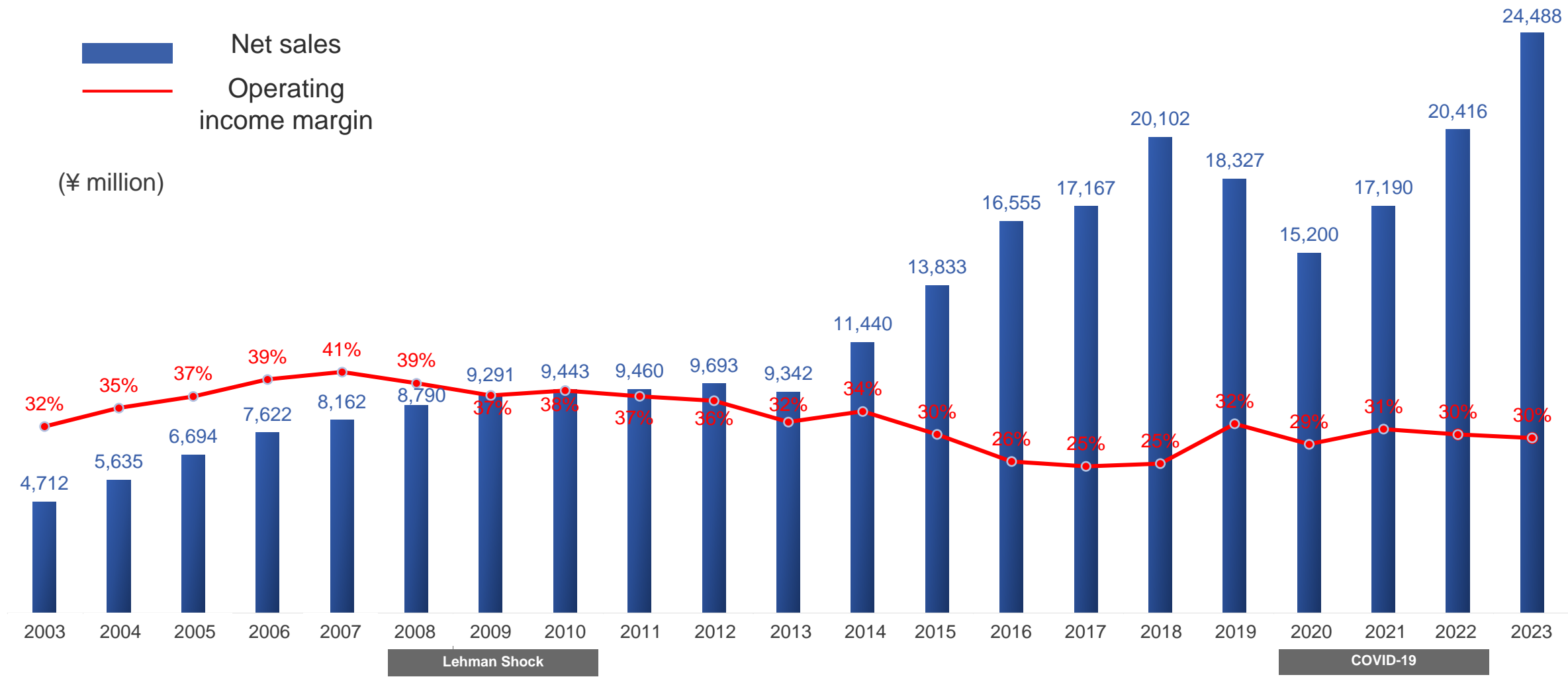
Strategy Planning Criteria “Off-Limits” Management

Clarify the trade-off (Off-Limits) and carry it out

1. We do not deal in products other than medical devices.
2. We do not aim for quality other than the best in the world.
3. We do not deal in products with a short market trend.
4. We do not enter markets other than niche markets (annual global market of around ¥500 billion or less)

Achieving Long-Term Growth (1)

- Achieve both sales growth and high profit margins
- Business model that has resilience in the recession period (high income margin even in the event of the Lehman shock and COVID-19 shock)



Achieving Long-Term Growth (2)

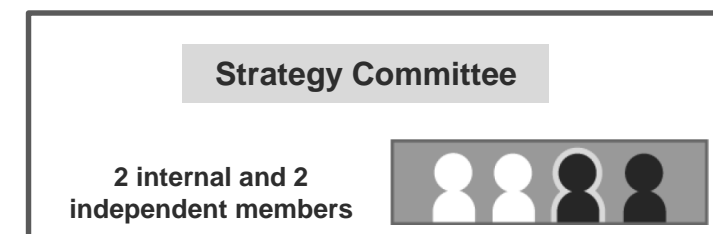
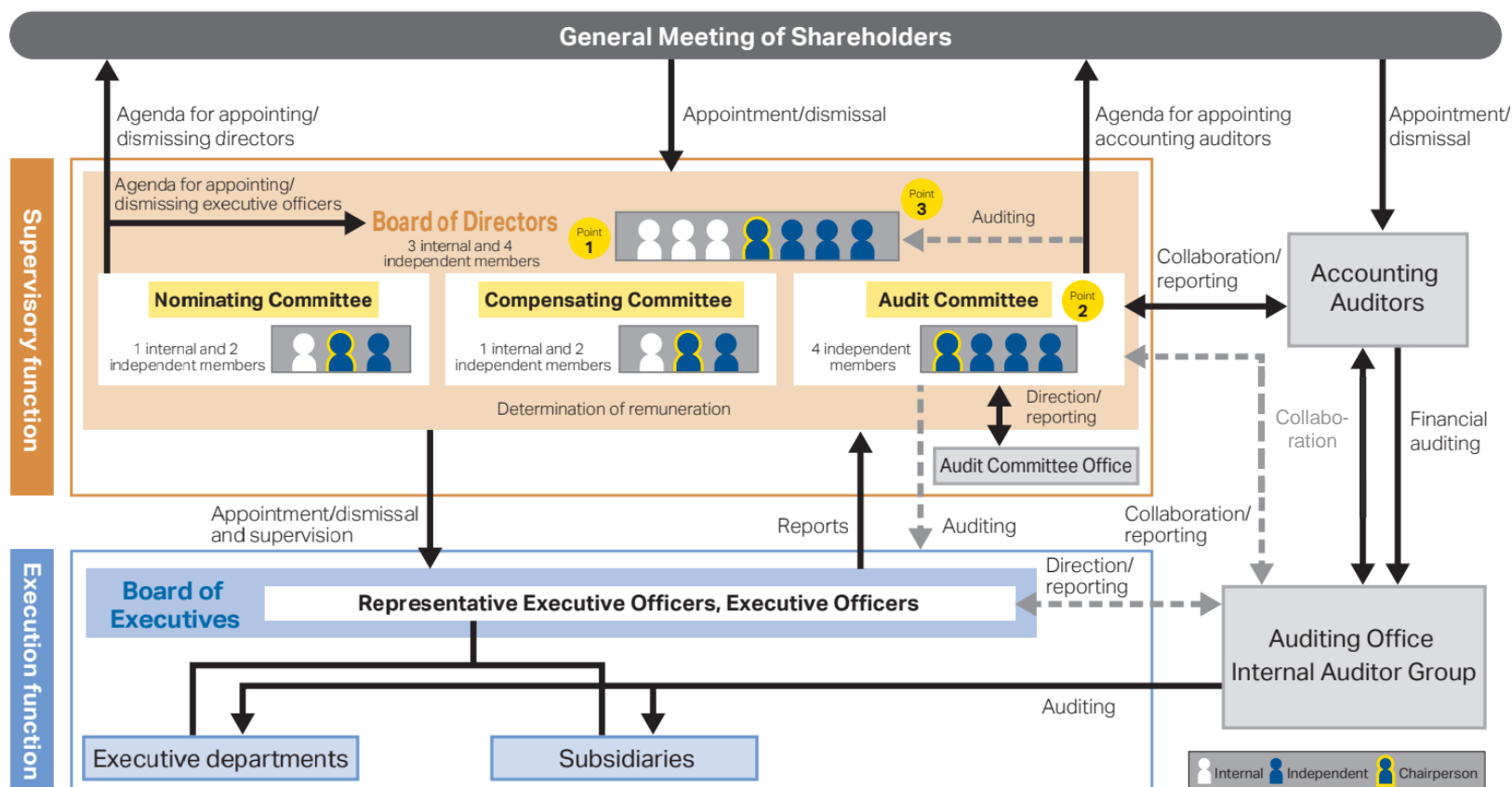
MANI's share price outperformed than TOPIX (Tokyo Stock Price Index)



(Note) This graph was on data from "Speeda"

Initiatives for Governance

- Transferred to a Company with Committees (currently Company with a Nominating Committee etc.) in 2004
- Majority of the members are independent outside directors
- Chairman of the Board of Directors is an outside director
- The chairman of each committee (Nominating Committee, Audit Committee, Compensation Committee, Strategy Committee) are also independent outside directors



Strategy Committee has been established within the Board of Directors (from November 2023)



THE BEST QUALITY IN THE WORLD, TO THE WORLD