

Summary of Consolidated Financial Results for the Nine Months Ended May 31, 2024 (Based on Japanese GAAP)

July 5, 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: July 12, 2024
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes Disclosed on July 5, 2024
 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, 2024 (from September 1, 2023 to May 31, 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	%
Nine months ended May 31, 2024	21,610	16.7	6,498	19.7	7,125	23.3	5,082	20.9
Nine months ended May 31, 2023	18,521	24.9	5,427	19.5	5,778	4.7	4,205	10.9

Note: Comprehensive income:
 For the nine months ended May 31, 2024 ¥6,641 million [44.8%]
 For the nine months ended May 31, 2023 ¥4,586 million [(22.2%)]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended May 31, 2024	51.60	—
Nine months ended May 31, 2023	42.71	—

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
	Millions of yen	Millions of yen	%
As of May 31, 2024	58,083	52,839	91.0
As of August 31, 2023	54,977	49,827	90.6

Reference: Equity
 As of May 31, 2024 ¥52,839 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

Please refer to p.5 “(3) Explanation of earnings forecasts and other forward-looking statements” of the Attached Materials Index for further details.

※ Notes

(1) Changes in significant subsidiaries during the nine months ended May 31, 2024

No

(Changes in specified subsidiaries resulting in the change in scope of consolidation):

(2) Changes in accounting policies, changes in accounting estimates, and retrospective restatements of prior period financial statements

①Changes in accounting policies due to revisions to accounting standards and other regulations: No

②Changes in accounting policies due to other reasons: No

③Changes in accounting estimates: No

④Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of May 31, 2024	106,988,962 shares	As of August 31, 2023	106,981,502 shares
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②Number of treasury shares at the end of the period

As of May 31, 2024	8,484,546 shares	As of August 31, 2023	8,484,510 shares
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③Average number of shares during the period (cumulative from the beginning of the fiscal year)

As of May 31, 2024	98,498,193 shares	As of May 31, 2023	98,463,075 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, 2024 (from September 1, 2023 to May 31, 2024), the outlook remained uncertain against the backdrop of prolonged geopolitical issues in Ukraine and the Middle East. In terms of financial conditions, inflation continued to rise in the United States and Europe, while in Japan, movements to normalize financial conditions, such as lifting the negative interest rate policy, affected stock markets and foreign exchange rates. In the real economy, although there are concerns particularly about the slowdown in China, expectations remain high for economic growth in India and ASEAN countries. While the healthcare and medical device industry, which our Group is a part of, are being affected by these external conditions, expectations for high-quality medical care are rising due to factors such as the aging population and development of IT technology. In the medium to long term, we expect business opportunities to increase and the competitive environment to intensify.

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 materials¹ and promote sales in Europe, North America and Asia. In addition, construction of the Smart Factory in Japan has begun from 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”², and ophthalmic knives³. 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 from 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. Furthermore, the Board of Directors resolved to establish a new sales subsidiary in North America on June 26, 2024. We will promote regional-oriented sales in medical advanced countries and expand our business in the North American market.

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

(References)

¹ 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).

² 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.

³ 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 ¥21,610 million (up 16.7% year on year), due to increase in sales mainly in Asia and North America. The increase in overseas sales caused by yen depreciation have also contributed significantly to net sales. Cost of sales were ¥8,001 million (up 11.2% year on year) due to higher manufacturing costs at overseas subsidiaries. Selling, general and administrative expenses were ¥7,110 million (up 20.5% 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 ¥6,498 million (up 19.7% year on year) due to sales growth. Ordinary income was ¥7,125 million (up 23.3% year on year) and profit attributable to owners of parent was ¥5,082 million (up 20.9% 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	6,001	18.9%	1,992	33.7%
Eyeless Needle products	7,830	21.4%	2,982	45.7%
Dental products	7,778	10.7%	1,523	(19.4%)
Consolidated total	21,610	16.7%	6,498	19.7%

(Surgical products)

The segment sales were ¥6,001 million (up 18.9% year on year) and segment income was ¥1,992 million (up 33.7% 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, Europe and North America from the third quarter of the previous fiscal year.

(Eyeless Needle products)

The segment sales were ¥7,830 million (up 21.4% year on year) and segment income was ¥2,982 million (up 45.7% 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, and North America. 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 decreased by ¥247 million. For further details, please refer to "Supplement: Change in method of calculating segment income" stated below.

(Dental products)

The segment sales were ¥7,778 million (up 10.7% year on year), and segment income was ¥1,523 million (down 19.4% year on year). Segment sales in overseas were boosted significantly by yen depreciation. In terms of sales by products, sales of dental rotary and cutting instruments (dia-burs) and dental endodontic instruments (reamers and files) were strong in Asia, particularly in China and India. On the other hand, sales of MMG products, which are mainly dental restoration materials, were weak in the third quarter of this fiscal year. Segment income has decreased due to an increase in selling, general and administrative expenses resulting from active marketing activities in India and Southeast Asia. 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 ¥213 million. 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	149.66	-
EUR/JPY	143.93	142.94	144.04	146.95	159.30	159.38	161.40	-
CNY/JPY	20.22	19.77	19.67	19.69	20.47	20.45	20.68	-
INR/JPY	1.78	1.70	1.68	1.69	1.79	1.78	1.80	-
MYR/JPY	-	-	-	-	30.63	31.35	31.78	-

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” from 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
	Nine months ended May 31, 2023 [Before the change]	Nine months ended May 31, 2023 [After the change]	Nine months ended May 31, 2024 [After the change]	Changes in amount	Impact on the segment income
Segment income of surgical products [selling, general and administrative expenses]	1,490 [1,675]	1,456 [1,709]	1,992 [2,082]	502 [406]	(34) [34]
Segment income of eyeless needle products [selling, general and administrative expenses]	2,046 [1,849]	2,294 [1,602]	2,982 [2,015]	935 [166]	247 [(247)]
Segment income of dental products [selling, general and administrative expenses]	1,890 [2,374]	1,676 [2,587]	1,523 [3,012]	(366) [637]	(213) [213]
Total segment income [selling, general and administrative expenses]	5,427 [5,899]	5,427 [5,899]	6,498 [7,110]	1,070 [1,210]	- [-]

(2) Explanation of financial position

(Millions of yen)

	As of August 31, 2023	As of May 31, 2024	Change
Total assets	54,977	58,083	3,106
Current assets	34,994	34,377	(617)
Non-current assets	19,982	23,706	3,723
Liabilities	5,149	5,243	93
Net assets	49,827	52,839	3,012

Total assets as of the end of the third quarter (May 31, 2024) stood at ¥58,083 million, an increase of ¥3,106 million from the end of the previous consolidated accounting period. This was primarily due to an increase of ¥3,723 million in non-current assets (mainly an increase in investments related to the Smart Factory of ¥2,981 million made in the third quarter of the current fiscal year) and a decrease of ¥617 million in current assets (mainly a decrease in cash and deposits of ¥1,210 million due to capital expenditures related to the Smart Factory and dividend payments, while accounts receivable-trade increased by ¥337 million and raw materials/supplies increased by ¥233 million).

Total liabilities as of the end of the third quarter (May 31, 2024) stood at ¥5,243 million, an increase of ¥93 million from the end of the previous consolidated accounting period. This was primarily due to an increase in accrued expenses included in other current liabilities despite decreases in income taxes payable and provision for bonuses.

Total net assets as of the end of the third quarter (May 31, 2024) stood at ¥52,839 million, an increase of ¥3,012 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.

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

Results for the third quarter of the fiscal year ending August 31, 2024 are as stated in "(1) Explanation of operating results." against the backdrop of the yen depreciation, the aging population and the increase in medical needs, our Group's consolidated results for the third quarter have been favorable, with sales and profits increasing steadily from the third quarter of the previous fiscal year. Though our current results are exceeding initial forecasts, considering the impact of uncertainties on the Group such as future trends in the forex market, we have decided to maintain the earnings forecasts for this fiscal year announced in the "Summary of Consolidated Financial Results for the Fiscal Year Ended August 31, 2023" on October 12, 2023.

If it becomes necessary to revise the forecast in accordance with future trends in business performance, the Company will announce such revisions promptly.

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

(Millions of yen)

	As of August 31, 2023	As of May 31, 2024
Assets		
Current assets		
Cash and deposits	25,427	24,216
Notes receivable - trade	262	209
Accounts receivable - trade	2,073	2,411
Securities	—	16
Merchandise and finished goods	796	829
Work in process	3,430	3,523
Raw materials and supplies	2,193	2,427
Other	823	756
Allowance for doubtful accounts	(13)	(14)
Total current assets	34,994	34,377
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,393	7,643
Machinery, equipment and vehicles, net	4,370	4,644
Land	4,424	4,458
Other, net	4,264	4,510
Total property, plant and equipment	17,453	21,256
Intangible assets		
Software	707	670
Other	535	652
Total intangible assets	1,243	1,322
Investments and other assets		
Investment securities	332	305
Deferred tax assets	631	484
Insurance funds	194	195
Other	127	142
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	1,285	1,127
Total non-current assets	19,982	23,706
Total assets	54,977	58,083

(Millions of yen)

	As of August 31, 2023	As of May 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	159	185
Accounts payable - other	1,047	925
Lease liabilities	41	27
Income taxes payable	1,186	841
Provision for bonuses	798	601
Others	986	1,691
Total current liabilities	4,218	4,272
Non-current liabilities		
Lease liabilities	17	29
Retirement benefit liability	598	599
Asset retirement obligations	223	249
Others	91	92
Total non-current liabilities	931	971
Total liabilities	5,149	5,243
Net assets		
Shareholders' equity		
Share capital	1,066	1,073
Capital surplus	1,113	1,121
Retained earnings	45,482	46,920
Treasury shares	(3,125)	(3,125)
Total shareholders' equity	44,536	45,989
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17	11
Foreign currency translation adjustment	5,251	6,811
Remeasurements of defined benefit plans	21	26
Total accumulated other comprehensive income	5,290	6,849
Total net assets	49,827	52,839
Total liabilities and net assets	54,977	58,083

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

(Quarterly consolidated income statements)

(For the nine months ended May 31, 2023 and May 31, 2024)

(Millions of yen)

	Nine months ended May 31, 2023	Nine months ended May 31, 2024
Net sales	18,521	21,610
Cost of sales	7,193	8,001
Gross profit	11,327	13,608
Selling, general and administrative expenses	5,899	7,110
Operating income	5,427	6,498
Non-operating income		
Interest income	113	140
Gain on investments in investment partnerships	1	1
Foreign exchange gains	233	447
Others	42	68
Total non-operating income	392	658
Non-operating expenses		
Interest expenses	2	6
Commission for syndicated loans	2	—
Unoperated land-related costs	30	18
Others	5	5
Total non-operating expenses	41	31
Ordinary income	5,778	7,125
Extraordinary income		
Gain on sale of non-current assets	4	3
Compensation for damage income	60	—
Total extraordinary income	65	3
Extraordinary losses		
Loss on retirement of non-current assets	34	4
Litigation expenses	0	—
Total extraordinary losses	34	4
Profit before income taxes	5,808	7,124
Current income taxes	1,607	1,891
Deferred income taxes	(4)	150
Total income taxes	1,603	2,042
Net income	4,205	5,082
Profit attributable to owners of parent	4,205	5,082

(Quarterly consolidated comprehensive income statements)

(For the nine months ended May 31, 2023 and May 31, 2024)

(Millions of yen)

	Nine months ended May 31, 2023	Nine months ended May 31, 2024
Net income	4,205	5,082
Other comprehensive income		
Valuation difference on available-for-sale securities	(7)	(6)
Foreign currency translation adjustment	380	1,560
Remeasurements of defined benefit plans	7	5
Total other comprehensive income	381	1,559
Comprehensive income	4,586	6,641
(item)		
Comprehensive income attributable to owners of parent	4,586	6,641

(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)

Not applicable.

(Segment information, etc.)

[Segment Information]

I For the nine months ended May 31, 2023 (from September 1, 2022 to May 31, 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	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 income	1,490	2,046	1,890	5,427	—	5,427

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

II For the nine months ended May 31, 2024 (from September 1, 2023 to May 31, 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	6,001	7,830	7,778	21,610	—	21,610
Intersegment sales or transfer	—	0	—	0	(0)	—
Total	6,001	7,830	7,778	21,610	(0)	21,610
Segment income	1,992	2,982	1,523	6,498	—	6,498

Note: Segment income is adjusted to the operating income 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.