

# **FY2024**

# **Financial Results & Forecasts**

**MANI, INC.**

***THE BEST QUALITY IN THE WORLD, TO THE WORLD***

October 8, 2024

# 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

# FY2024 Financial Results

# Consolidated Financial Results

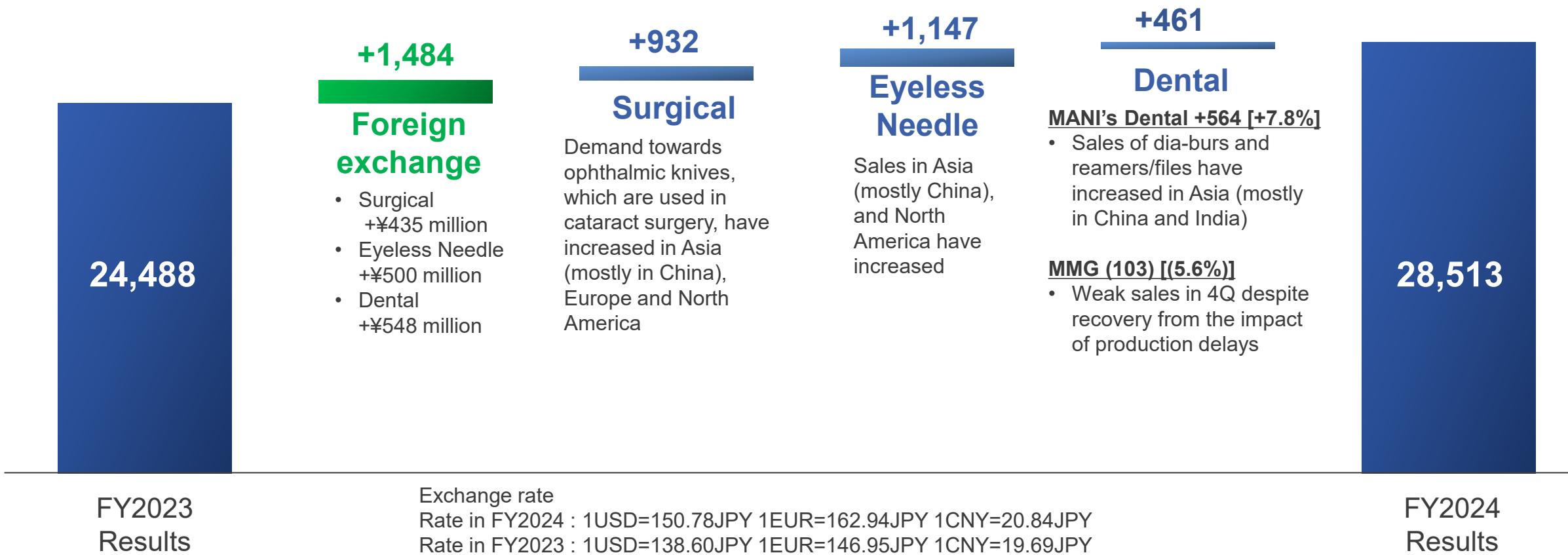
- Consolidated results were strong in FY2024; product demand continues to expand overseas**
  - Recorded new highs for three consecutive years (net sales, operating income, ordinary income and net income all reached new highs)
  - Foreign exchange gains by yen depreciation contributed to the increase in ordinary income
  - FY2024 forecasts were also exceeded. (FY2025 forecasts will be described afterwards)

(¥ million)	FY2023 Results (A)	FY2024 Results (B)	Changes in Amount (C=B-A)	Changes in % (C/A)	FY2024 Forecasts (D)	Forecast Progress Rate (B/D)
<b>Net sales</b>	24,488	<b>28,513</b>	+4,025	+16.4%	<b>27,500</b>	103.7%
<b>Cost of sales</b> (%)	9,066 (37.0%)	<b>10,616</b> (37.2%)	+1,550	+17.1%	<b>9,900</b> (36.0%)	107.2%
<b>SG&amp;A expenses</b> (%)	8,177 (33.4%)	<b>9,505</b> (33.3%)	+1,327	+16.2%	<b>9,350</b> (34.0%)	101.7%
<b>Operating income</b> (%)	7,243 (29.6%)	<b>8,392</b> (29.4%)	+1,148	+15.8%	<b>8,250</b> (30.0%)	101.7%
<b>Ordinary income</b>	7,995	<b>8,464</b>	+468	+5.9%	<b>8,250</b>	102.6%
<b>Net income</b>	5,953	<b>6,286</b>	+332	+5.6%	<b>5,900</b>	106.6%

# Sales Status by Segment

- Increase in sales **+¥4,025 million (+16.4%)**
  - Foreign exchange **+¥1,484 million**
  - All segments' sales have increased. Decrease in MMG's sales when excluding foreign exchange impact

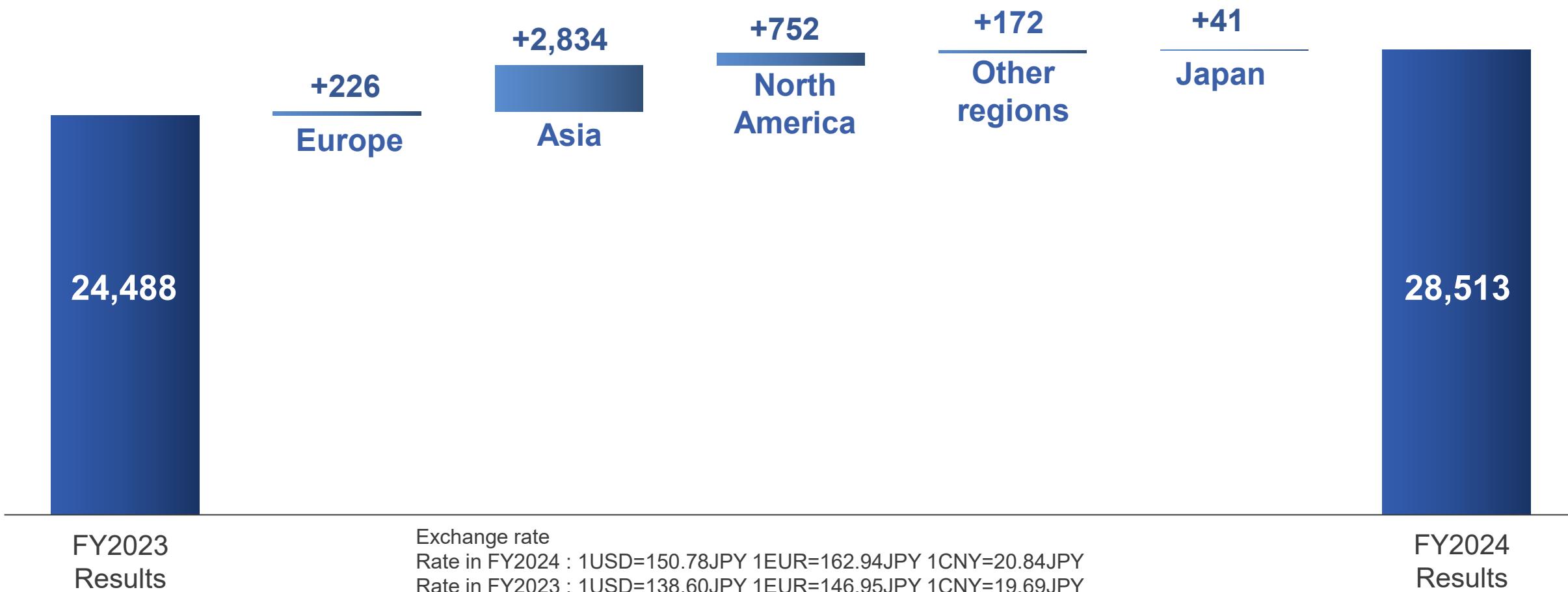
(¥ million)



# Sales Status by Region

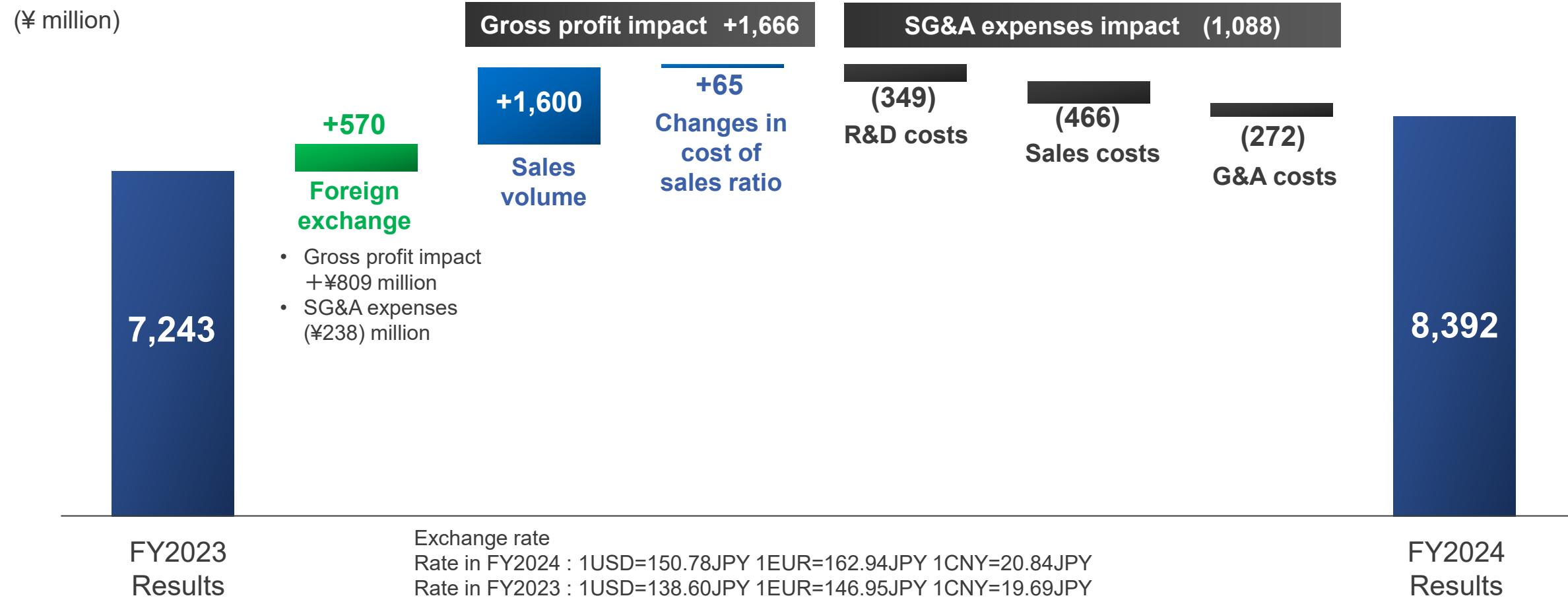
- Strong product demand mainly in Asia (mostly China and India) and North America

(¥ million)



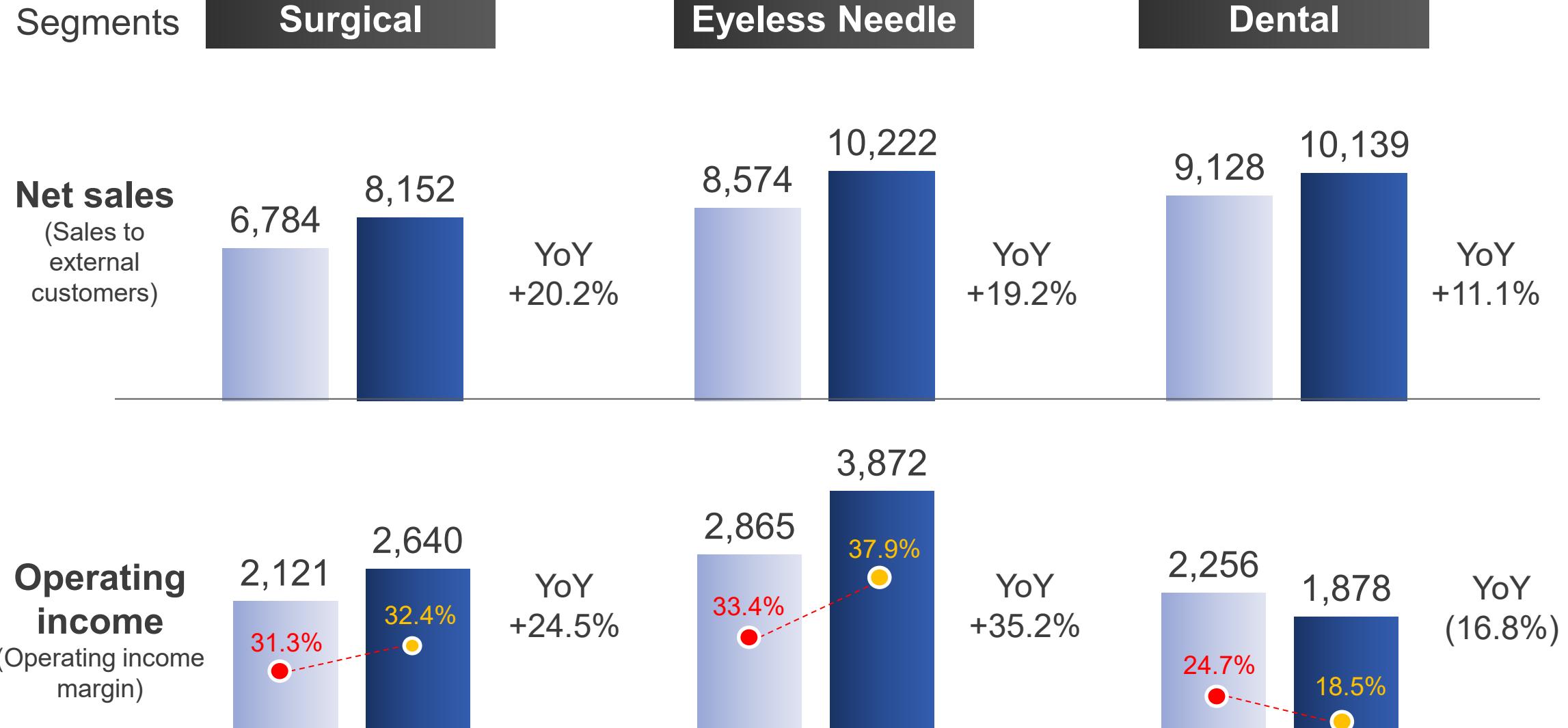
# Operating Income Status

- Increase in operating income by +¥1,148 million (+15.8%)
  - Foreign exchange +¥570 million
  - Gross profit impact +¥1,666 million: Increase in sales due to higher demands contributed to increase in gross profit
  - SG&A expenses impact (¥1,088) million: Increase in promotion expenses due to marketing activities and administrative expenses such as personnel expenses at the Head Office



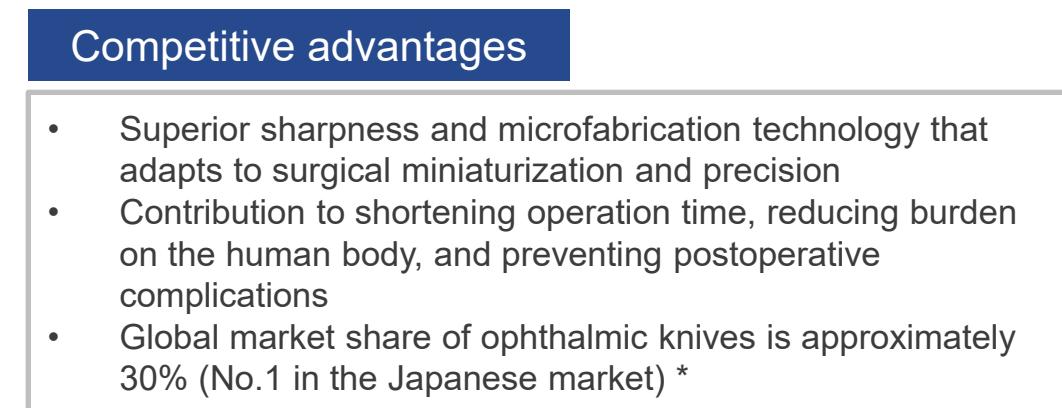
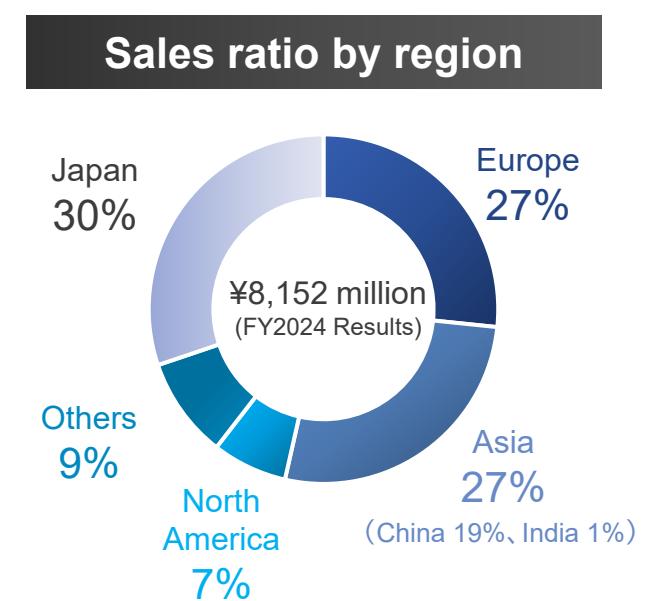
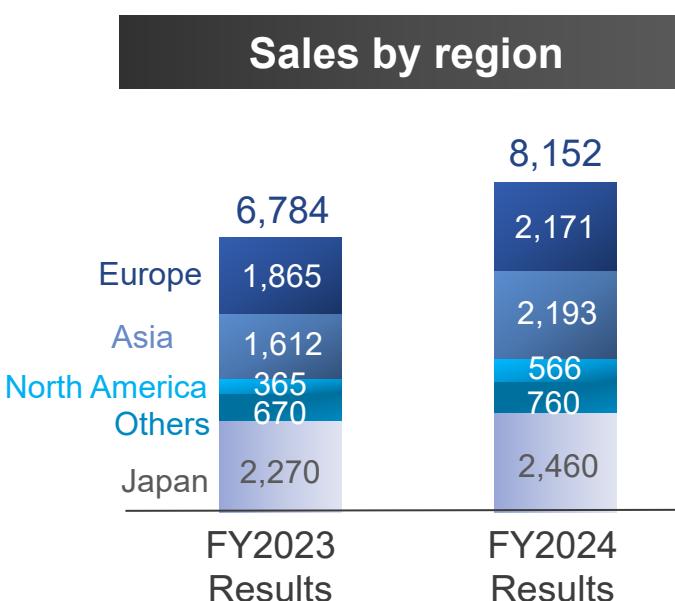
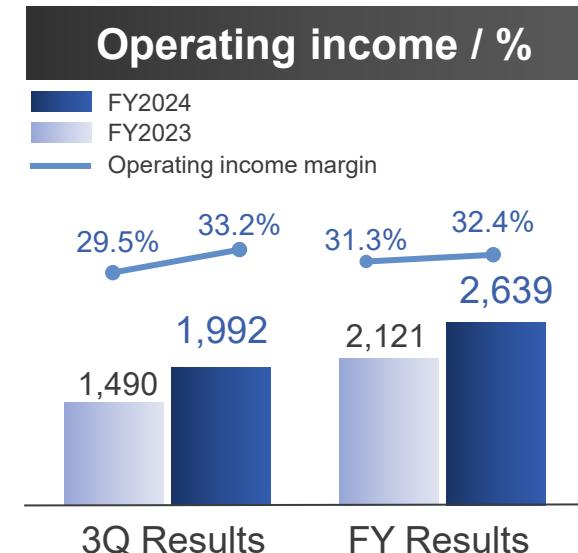
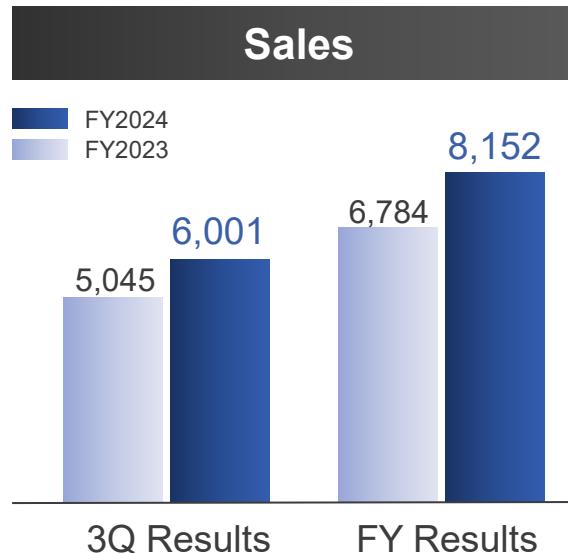
# Financial Results by Segment

FY2024 Results  
 FY2023 Results  
(¥ million)



# Surgical Segment – Results Analysis

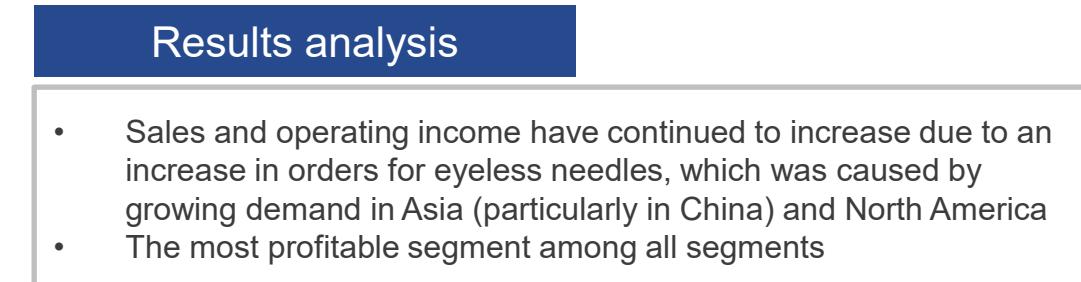
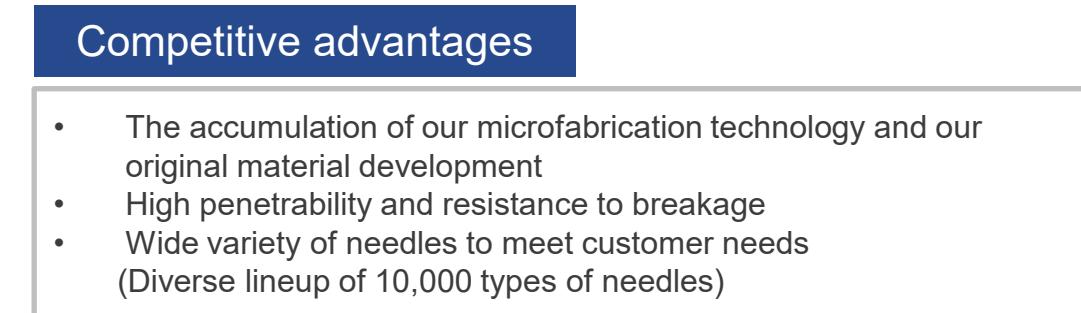
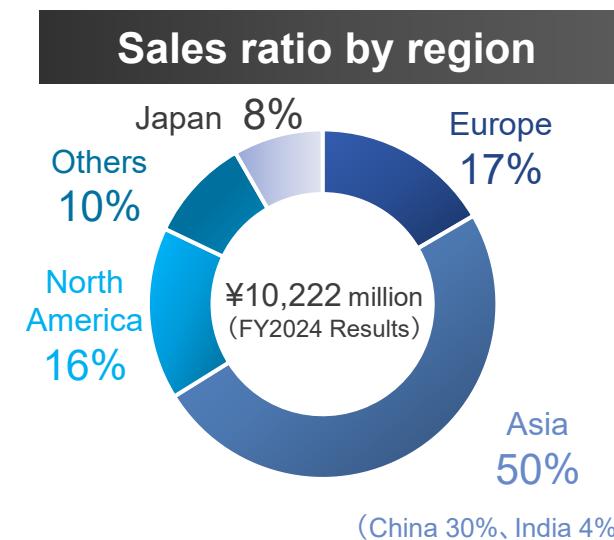
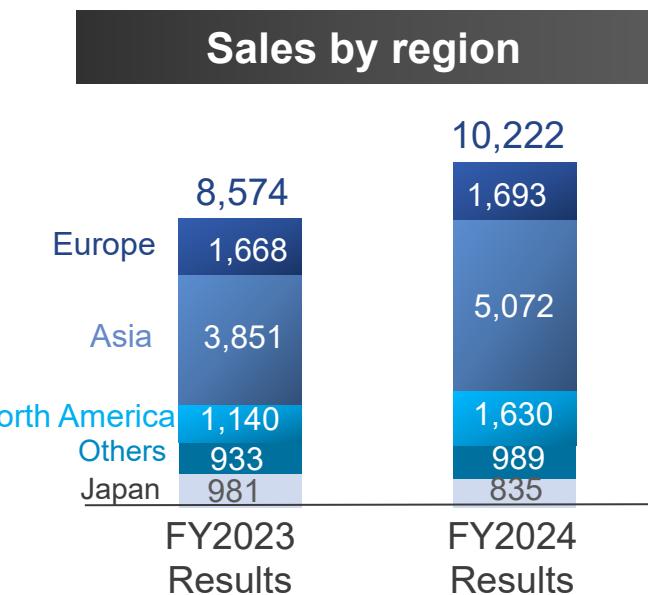
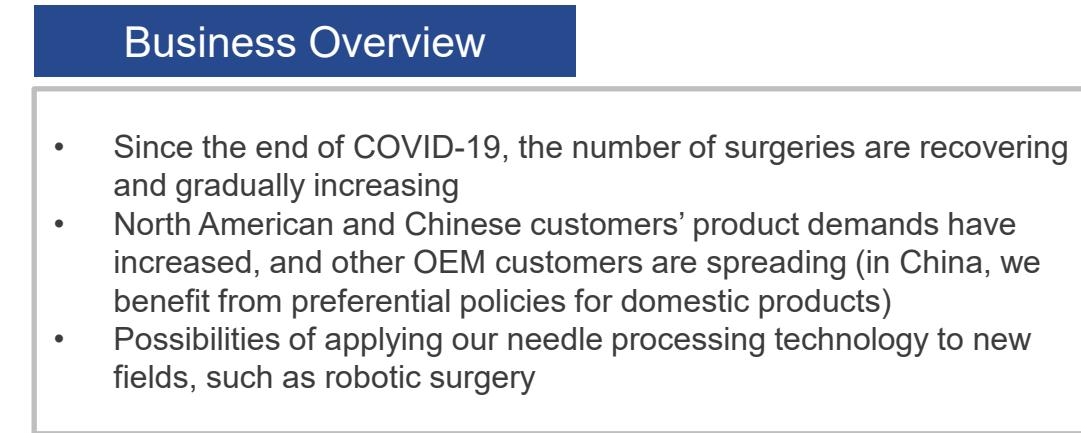
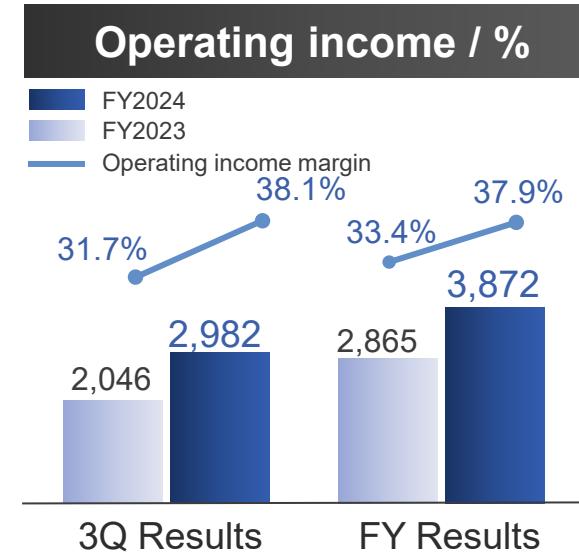
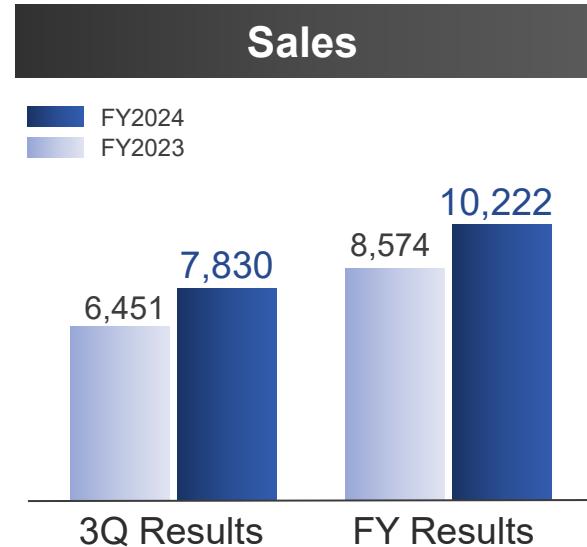
(¥ million)



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

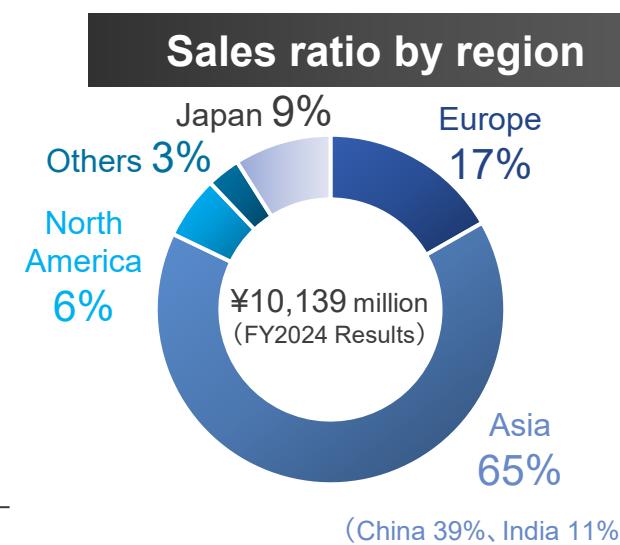
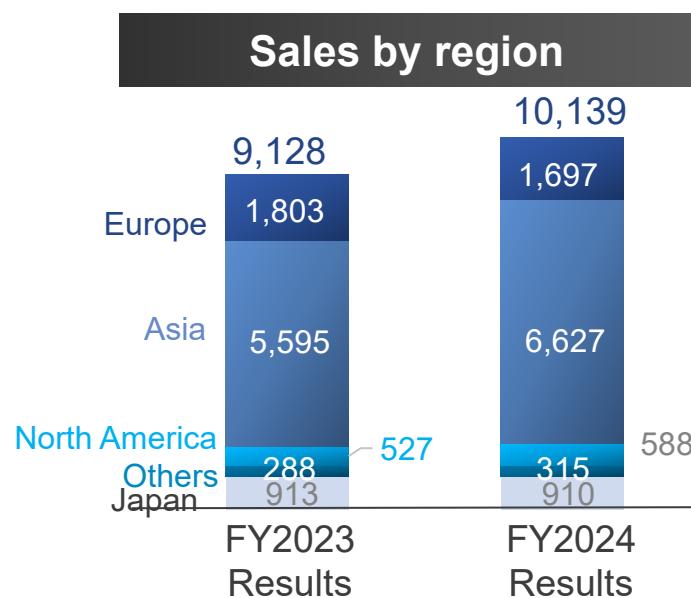
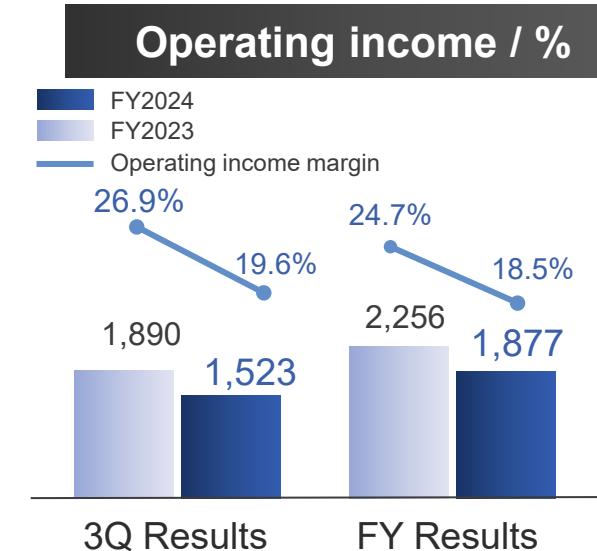
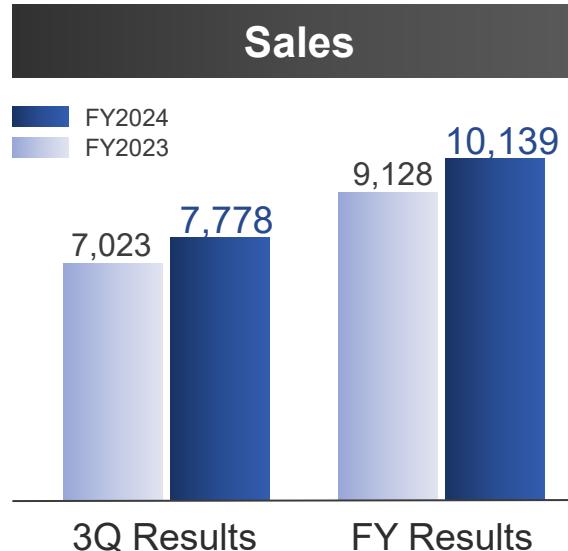
# Eyeless Needle Segment – Results Analysis

(¥ million)



# Dental Segment – Results Analysis

(¥ million)



### Business Overview

- Basic dental treatment needs, such as cavity treatment, are growing steadily, especially in emerging countries
- Focus on JIZAI's growth
- Expand market share and marketing in Asian countries, Europe and North America

### Competitive advantages

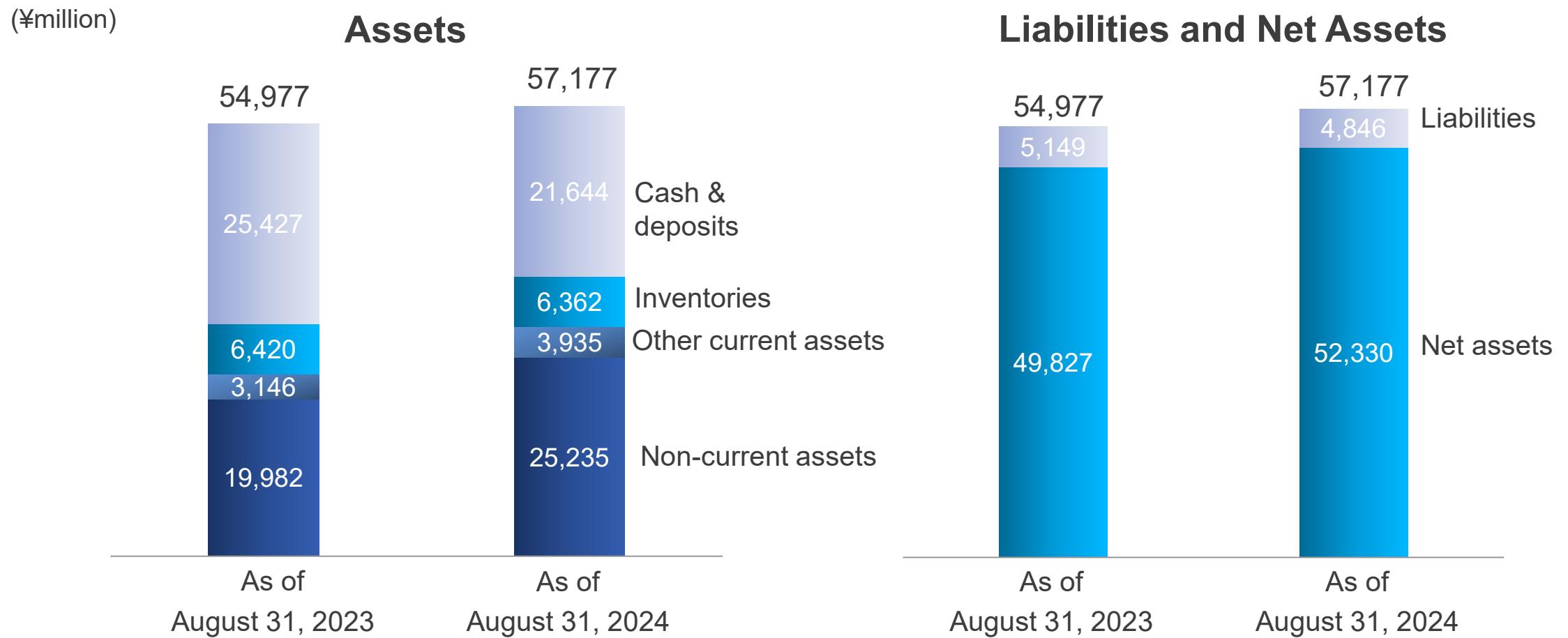
- Dental endodontic instruments' excellent durability and centering ability towards root canal
- Dental restorative materials that do not contain environmental hormones and are easy for dentists to use
- Dia-burs and reamers/files have high market share (Top market share in Asia)

### Results analysis

- Sales of MANI dental products (mostly dia-burs and reamers/files) were strong mainly in Asia. Sales of MMG products (mainly dental restorative materials) were weak mainly due to inventory adjustments by major customers in Europe.
- Operating income decreased due to higher SG&A expenses resulting from marketing activities in India and Southeast Asia, and higher expenses related to MMG's Head Office Factory

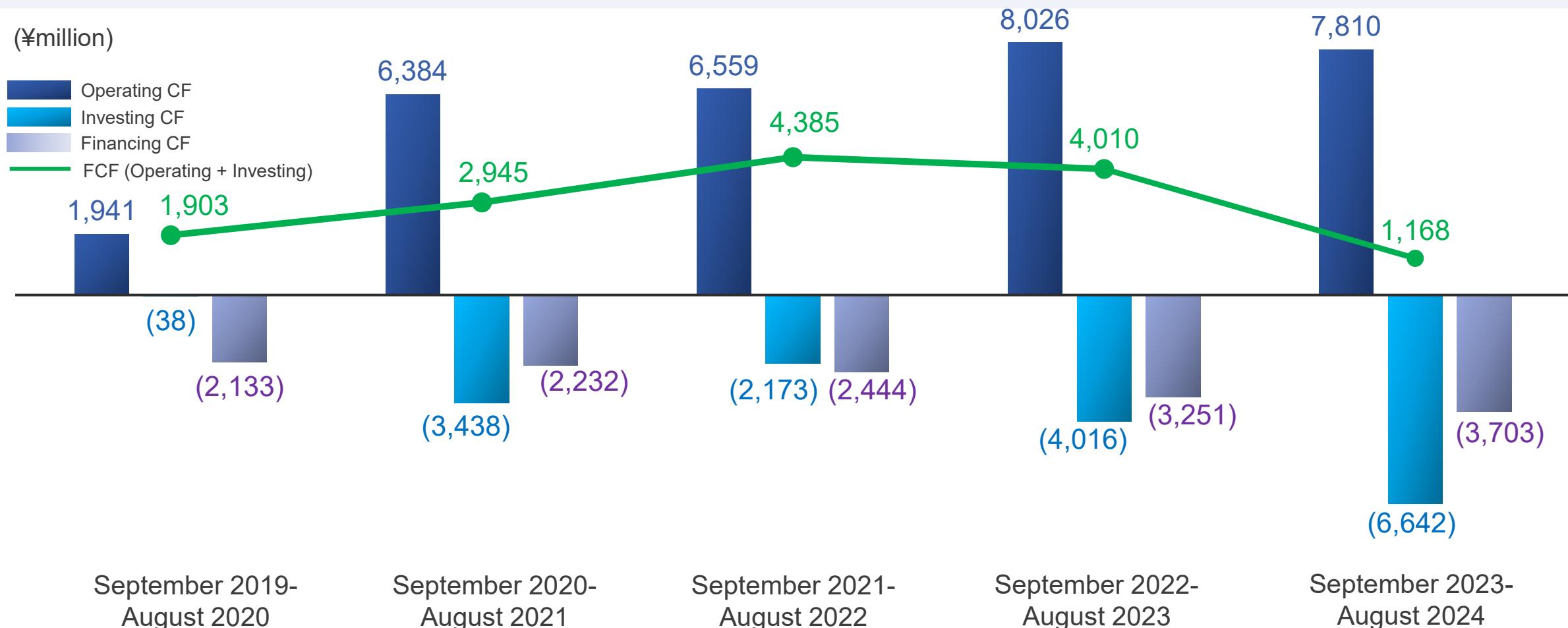
# Balance Sheet Status

- Maintained strong equity capital. Non-current assets have increased due to CAPEX
  - Assets +¥2,200 million: Increase in non-current assets due to the construction of the Smart Factory
  - Liabilities (¥302 million): Decreases in income taxes payable and provision for bonuses
  - Net assets +¥2,503 million: Increase in retained earnings



# Cash Flow Status

- Continuously generating free cash flow. Investments related to the Smart Factory began from FY2024
  - Operating cash flow +¥7,810 million: Steady operating cash inflow and payment of income taxes.
  - Investing cash flow (¥6,642 million): Increase in CAPEX for the Smart Factory
  - Financing cash flow (¥3,703 million): Increase in dividend payments



# FY2025 Financial Forecasts

# External Environment Analysis (FY2025)

## ■ Foreign exchange and Prices

- Assumed exchange rate for FY2025 is ¥136 to the dollar (set at a strong yen level in consideration of the narrowing interest rate gap between Japan and the U.S.)
- Expect wages to increase in Vietnam and others

## ■ Business environment

- Surgical segment: Ophthalmic knives will mainly continue to grow in European and Asian markets
- Eyeless needle segment: After a temporary adjustment phase, product demand will gradually increase
- Dental segment: Demand for dia-burs and other products will remain strong, however, we need to be cautious against the economic downturn in the Chinese market.
- Regions: Develop product strategies suited to the market structure in the Southeast Asian and North American markets as an upfront investment

## ■ Others

- Conduct thorough analysis of the effectiveness and risks of activities at MANI Headquarters and sales subsidiaries (especially MMA in the United States)

# Consolidated Financial Forecasts (FY2025)

- Continue to record new highs in earnings. Aim for steady growth even in a strong yen environment
- Increase expenses for marketing activities in Southeast Asia and North America as upfront investment for the future

(¥ million)	FY2024 Results	FY2025 Forecasts	Changes in Amount	Changes in %
<b>Net sales</b>	28,513	<b>30,200</b>	+1,686	+5.9%
<b>Cost of sales</b> [%]	10,616 [37.2%]	<b>10,500</b> [34.7%]	(116)	(1.1%) [(2.5%)]
<b>SG&amp;A expenses</b> [%]	9,505 [33.3%]	<b>10,800</b> [35.8%]	+1,294	+13.6% [+2.4%]
<b>Operating income</b> [%]	8,392 [29.4%]	<b>8,900</b> [29.5%]	+507	+6.1% [+0.1%]
<b>Ordinary income</b>	8,464	<b>8,850</b>	+385	+4.6%
<b>Net income</b>	6,286	<b>6,350</b>	+63	+1.0%

Exchange rate

Rate in FY2025 : 1USD=136.00JPY 1EUR=147.00JPY 1CNY=19.00JPY

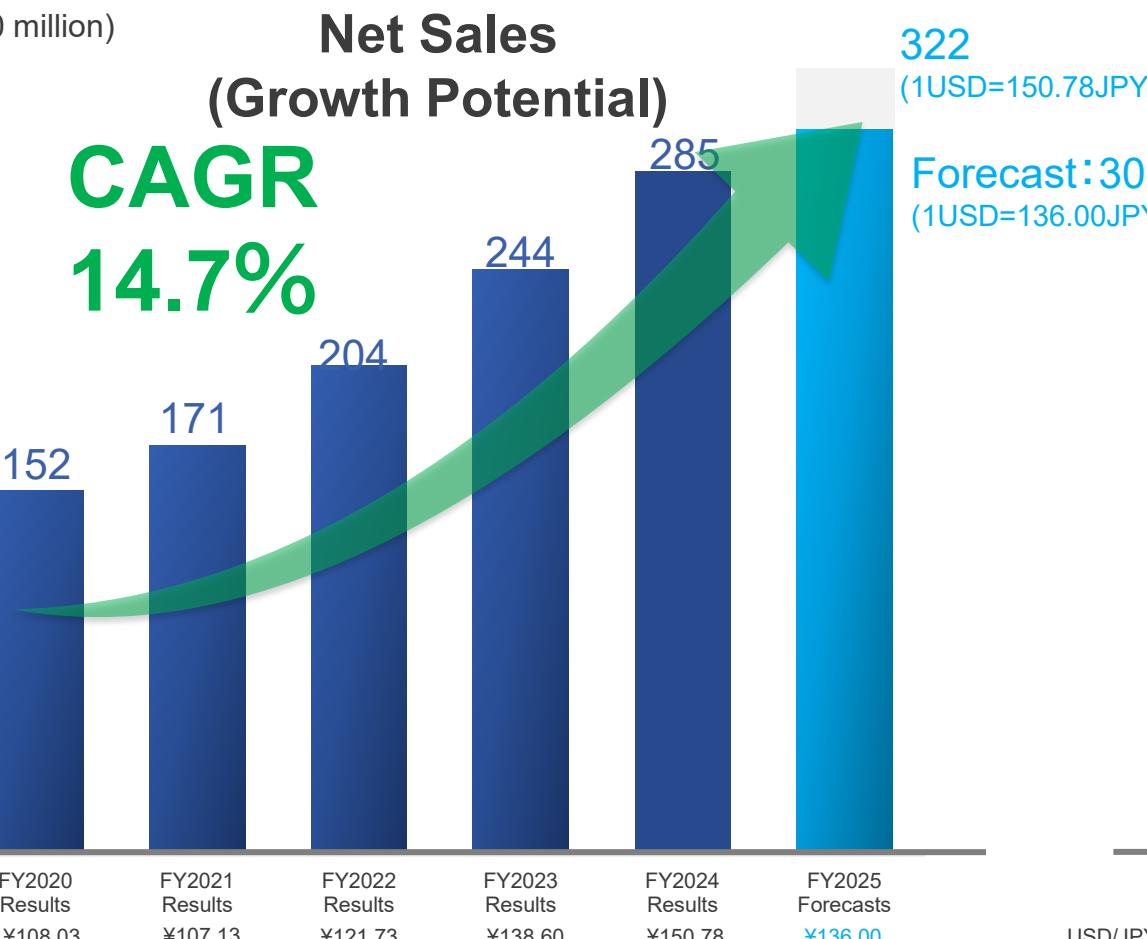
Rate in FY2024 : 1USD=150.78JPY 1EUR=162.94JPY 1CNY=20.83JPY

# Sustain Double-Digit Growth

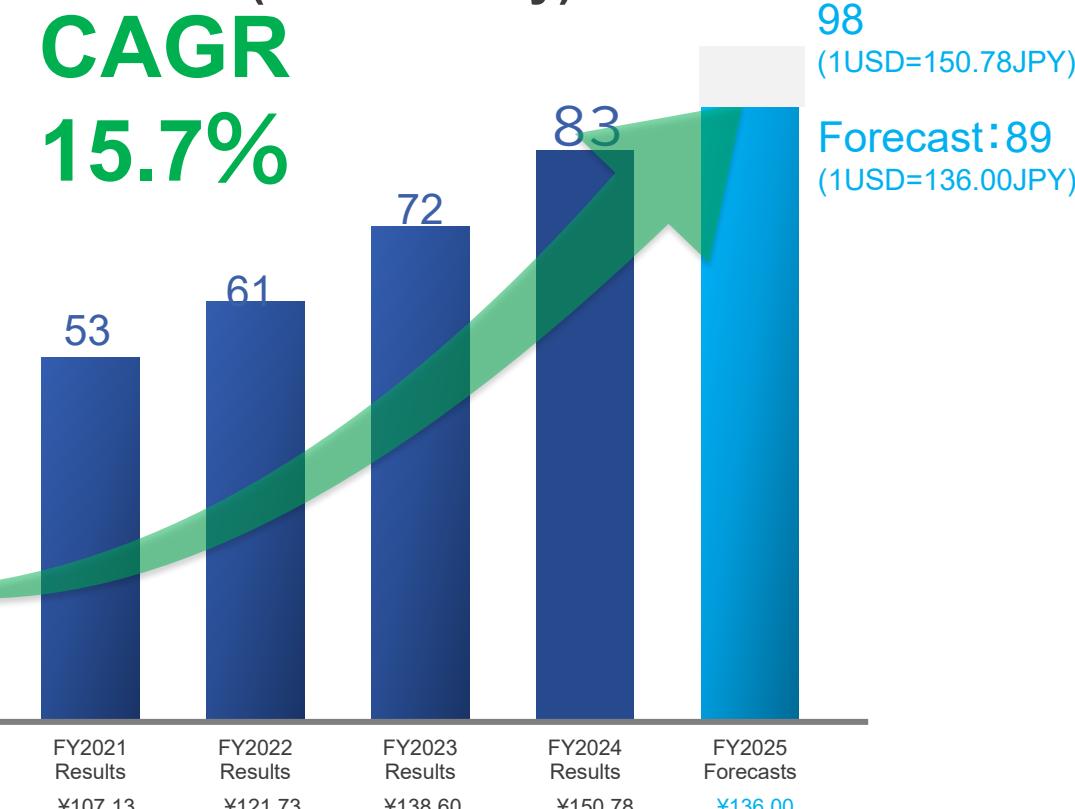
## Combining Growth and Profitability

- Compound annual growth rate (CAGR) of approximately 14%~15% for sales and operating income over the past 5 years
- **Strong medium- to long-term sustainable growth potential**, despite the short-term impact of market conditions such as exchange rates and product supply and demand

(¥ 100 million)



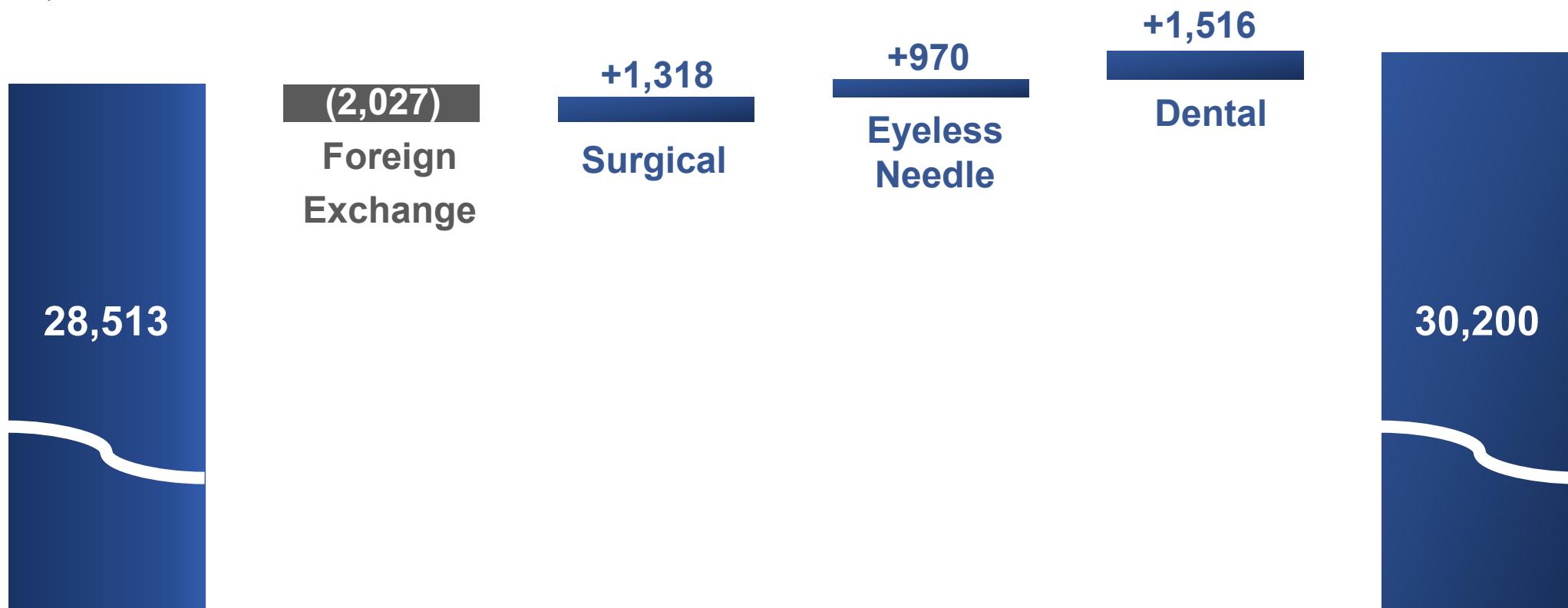
### Operating Income (Profitability)



# Sales Forecasts by Segments (FY2025)

- Increase in sales **+¥1,686 million (+5.9%)**
- Dental products and surgical products are the drivers (eyeless needle products will grow steadily)

(¥ million)



FY2024  
Results

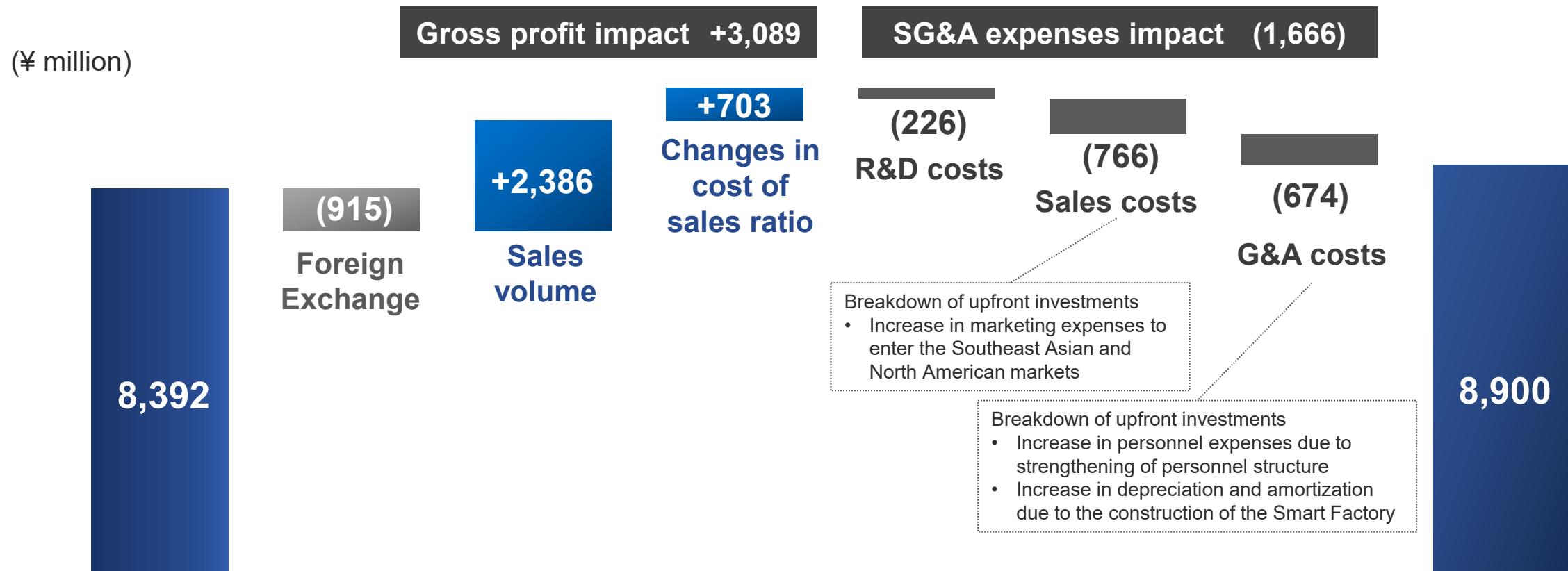
Exchange rate

Rate in FY2025 : 1USD=136.00JPY 1EUR=147.00JPY 1CNY=19.00JPY  
Rate in FY2024 : 1USD=150.78JPY 1EUR=162.94JPY 1CNY=20.84JPY

FY2025  
Forecasts

# Operating Income Forecasts (FY2025)

- Increase in operating income +¥507 million (+6.1%)
- Increase in gross profit will absorb the upfront investments made in Sales and G&A costs. Profit growth will be ensured even in a strong yen environment.



FY2024  
Results

Exchange rate

Rate in FY2025 : 1USD=136.00JPY 1EUR=147.00JPY 1CNY=19.00JPY  
Rate in FY2024 : 1USD=150.78JPY 1EUR=162.94JPY 1CNY=20.84JPY

FY2025  
Forecasts

# Financial Forecasts by Segments (FY2025)

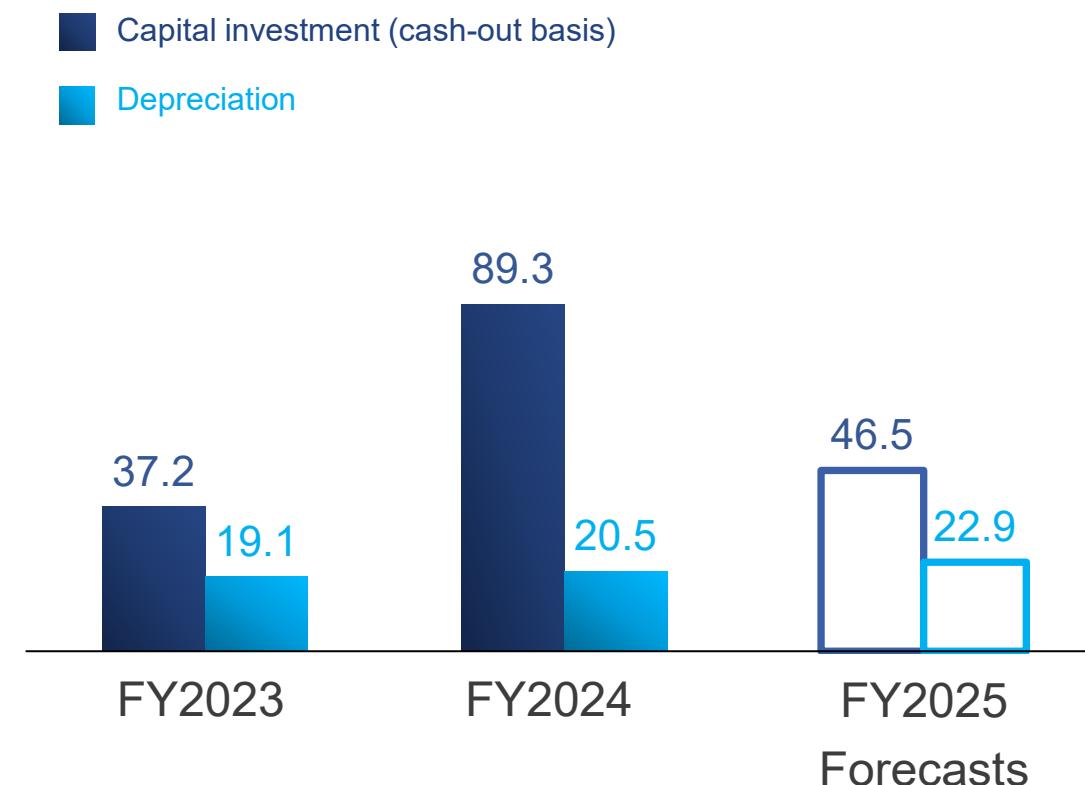
	科目	FY2024 Results	FY2025 Forecasts	Changes in Amount	Changes in %	Note
Surgical Products	Net sales	8,152	9,000	+847	+10.4%	
	Operating income	2,640	2,750	+109	+4.1%	
	Operating income margin	32.4%	30.6%	—	(1.8%)	
	[SG&A expenses]	2,789	3,350	+560	+20.1%	
Eyeless Needle Products	Net sales	10,222	10,500	+277	+2.7%	
	Operating income	3,872	3,900	+27	+0.7%	
	Operating income margin	37.9%	37.1%	—	(0.7%)	
	[SG&A expenses]	2,622	3,050	+427	+16.3%	
Dental Products	Net sales	10,139	10,700	+560	+5.5%	
	Operating income	1,878	2,250	+371	+19.8%	
	Operating income margin	18.5%	21.0%	—	+2.5%	
	[SG&A expenses]	4,093	4,400	+306	+7.5%	

# CAPEX and R&D Investment Forecasts (FY2025)

## CAPEX and Depreciation

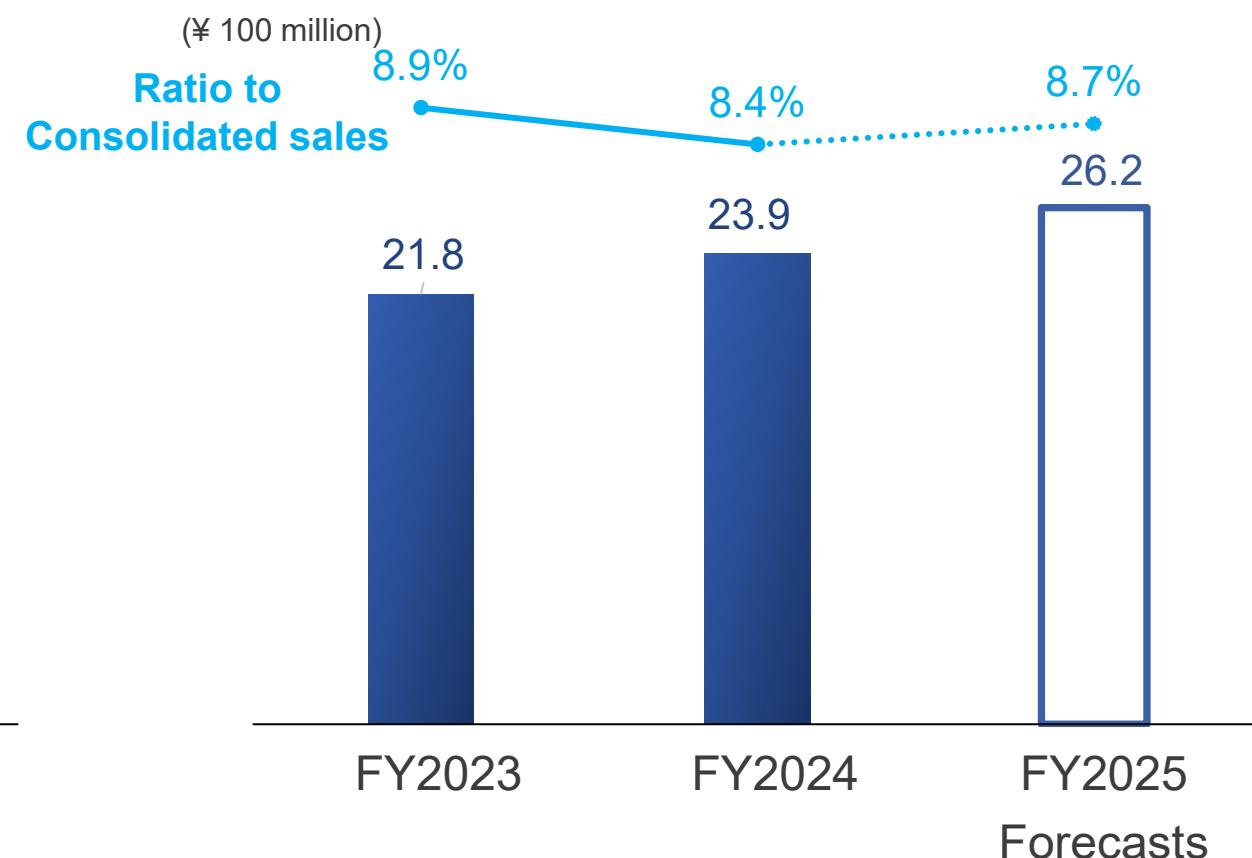
**Strengthen the global production system**  
(Investments for the Smart Factory and for the new factory in Vietnam)

(¥ 100 million)



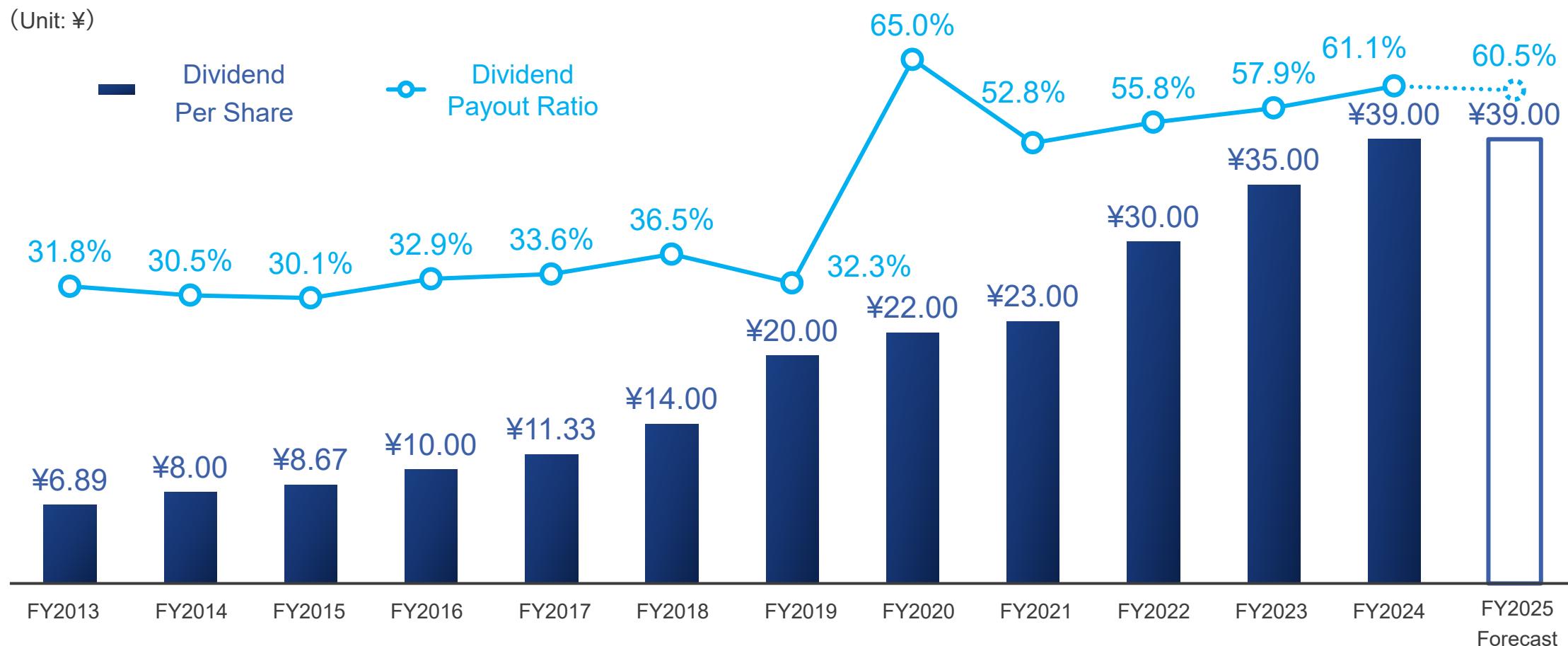
## R&D Expense

**Expect the same ratio of R&D expenses to net sales as the current fiscal year**  
(Started research on factory automation)



# Dividends Forecasts (FY2025)

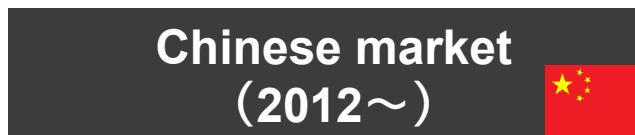
- **Maintain policy of stable dividend increases**
  - FY2024 Year-end dividend: decided to pay ¥23 (Annual dividend: ¥39 per share)
  - FY2025 Annual dividend forecast is ¥39 per share (interim dividend: ¥16, year-end dividend: ¥23)
- **Earnings per share growing over medium to long term**



# Medium-term Management Plan

## FY2024 Progress

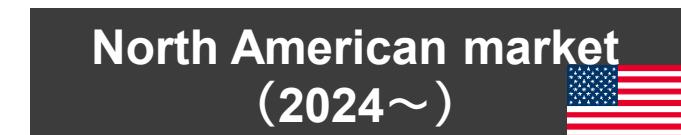
# Global Business Expansion History and Prospects



- Promoted regional-oriented marketing through sales subsidiary. Achieved overwhelming market share in dental products
- Sales in China have grown to be a driver of MANI's performance



- Established a sales subsidiary as the next growth pillar after China
- Capturing increasing medical demands in Asian countries with economic growth, we aim for growth in the dental and surgical fields



- Not only in emerging countries, but we also established a new sales subsidiary in the United States, a medically advanced country
- Aiming for full-scale market entry by strengthening marketing and R&D activities

**Strengthen sales strategies by leveraging sales subsidiaries  
in both emerging/developed countries**

# Product Development to Compete Globally

Ongoing  
strengthening of  
existing products



Expand product types ophthalmic knives, eyeless needles and dia-burs  
Continue quality improvement activities (with emphasis on creating  
quality over the long term)



Ophthalmic knives

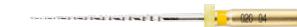


Eyeless needles



Dia-burs

Strengthening new  
product  
development



NiTi rotary file



Vitreous forceps



Dental restoration material



Suture needle for robotic  
surgery

# Construction Progress of the Hanaoka Smart Factory

Construction progress as of September 2024



- ① Establish mass production and automation technologies
- ② Expand overseas productions (including our factory in Vietnam)
- ③ Local environment consideration is the concept

**Construction is progressing steadily  
(Complete construction in January 2025)**

**Begin mass production for ophthalmic knives from 2026**

**Develop mass production technology for new products  
(JIZAI, vitreous forceps)**

# For Future Growth



**Masaya Watanabe**  
(Next President and  
Representative Executive Officer)



**Masahiko Saito**  
(Next Chairman of the Board of  
Executive Officers)

**MANI's Goal is to  
“Increase Corporate Value over  
the Medium- to Long-Term”**

# **THE BEST QUALITY IN THE WORLD, TO THE WORLD**

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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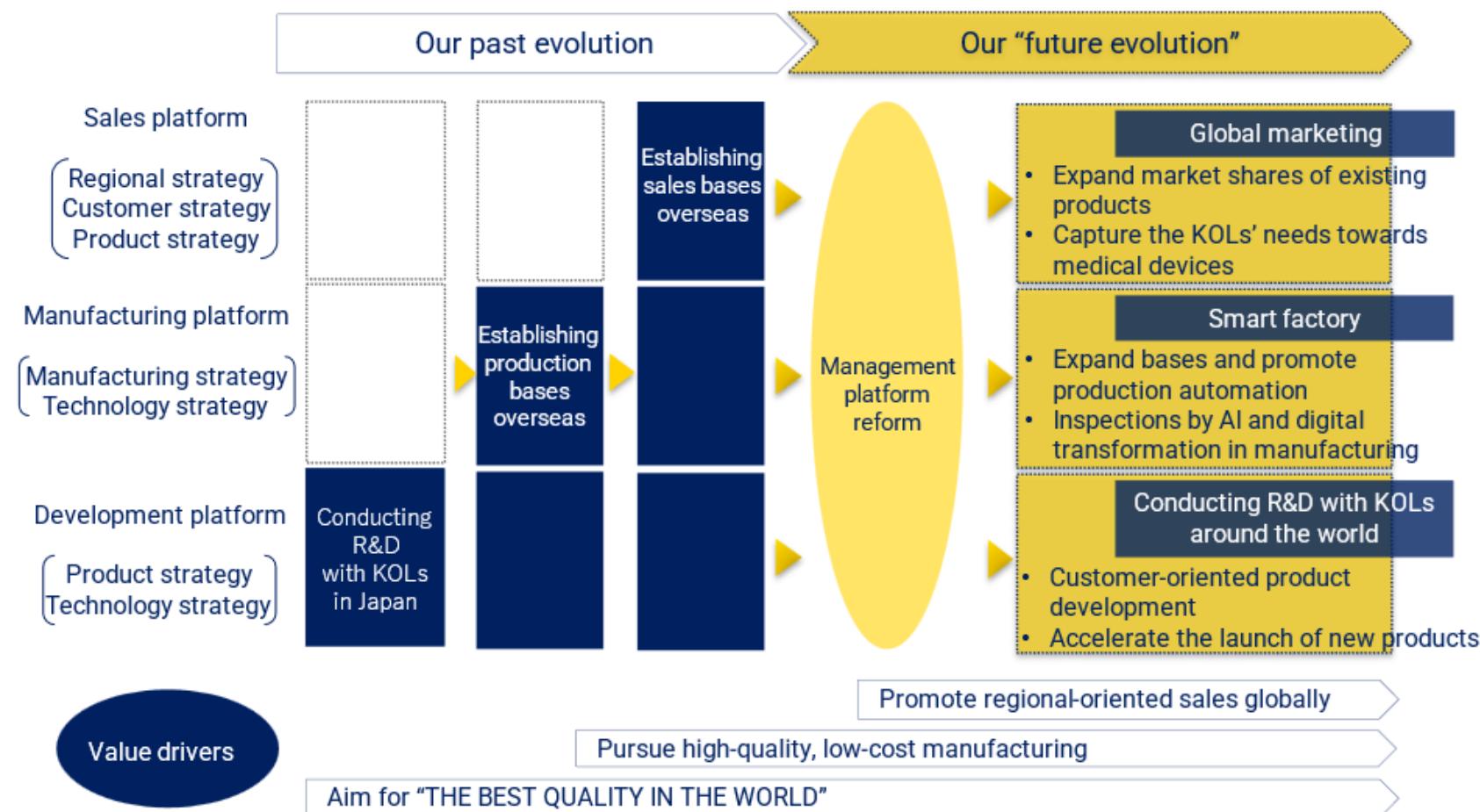


# Appendix

# Medium-term Management Plan

## Aiming for New Growth through Organizational Reform

- Deliver the world's best quality throughout the world → Realization of our philosophy
- From "an aggregate of development-based niche companies" to "a true global company"



# Comparisons with the New Segment Calculation Method

	Item	FY2023 Results (Previous Method)	FY2023 Results※ (New Method)	FY2024 Results (New Method)	Changes in Amount (New Method)
<b>Surgical Products</b>	Net sales	6,784	6,784	8,152	+1,367
	Operating income	2,121	2,093	2,640	+546
	Operating income margin	31.3%	30.8%	32.4%	+1.5%
	(SG&A expenses)	2,322	2,350	2,789	+439
<b>Eyeless Needle Products</b>	Net sales	8,574	8,574	10,222	+1,647
	Operating income	2,865	3,191	3,872	+681
	Operating income margin	33.4%	37.2%	37.9%	+0.7%
	(SG&A expenses)	2,484	2,158	2,622	+464
<b>Dental Products</b>	Net sales	9,128	9,128	10,139	+1,010
	Operating income	2,256	1,959	1,878	(81)
	Operating income margin	24.7%	21.5%	18.5%	(2.9%)
	(SG&A expenses)	3,371	3,668	4,093	+426

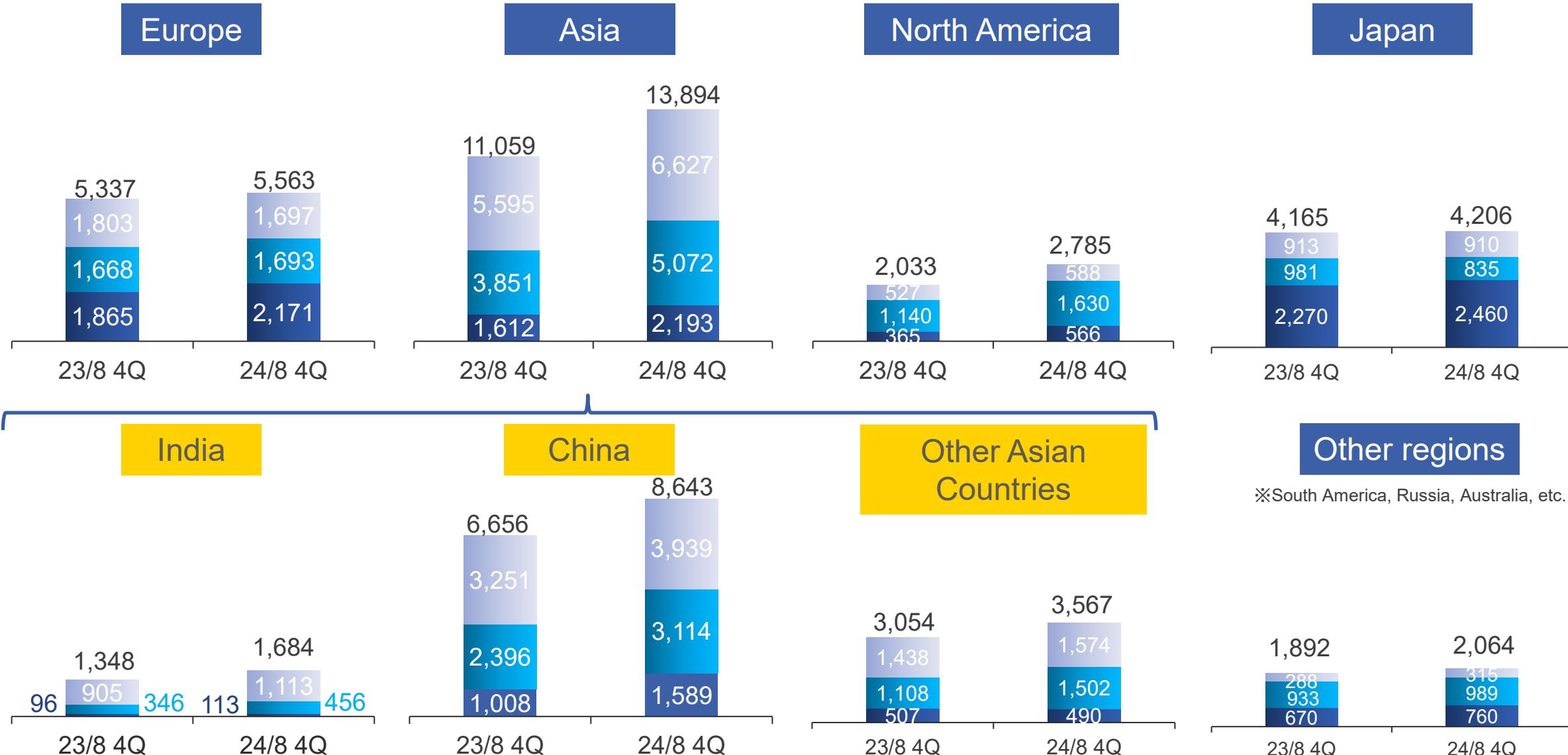
※We have established a new organization, the “Dental Business Division” from September 2023, and began its activities. As a result, it has become necessary to more appropriately reflect the fact that a large amount of selling, general and administrative expenses are incurred in the dental segment in 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.

# 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	149.66	150.78
EUR/JPY	143.93	142.94	144.04	146.95	159.30	159.38	161.40	162.94
CNY/JPY	20.22	19.77	19.67	19.69	20.47	20.45	20.68	20.84
INR/JPY	1.78	1.70	1.68	1.69	1.79	1.78	1.80	1.81
MYR/JPY	-	-	-	-	31.95	31.35	31.78	32.28

# Sales Status by Regions (Details)

Dental  
 Eyeless Needle  
 Surgical



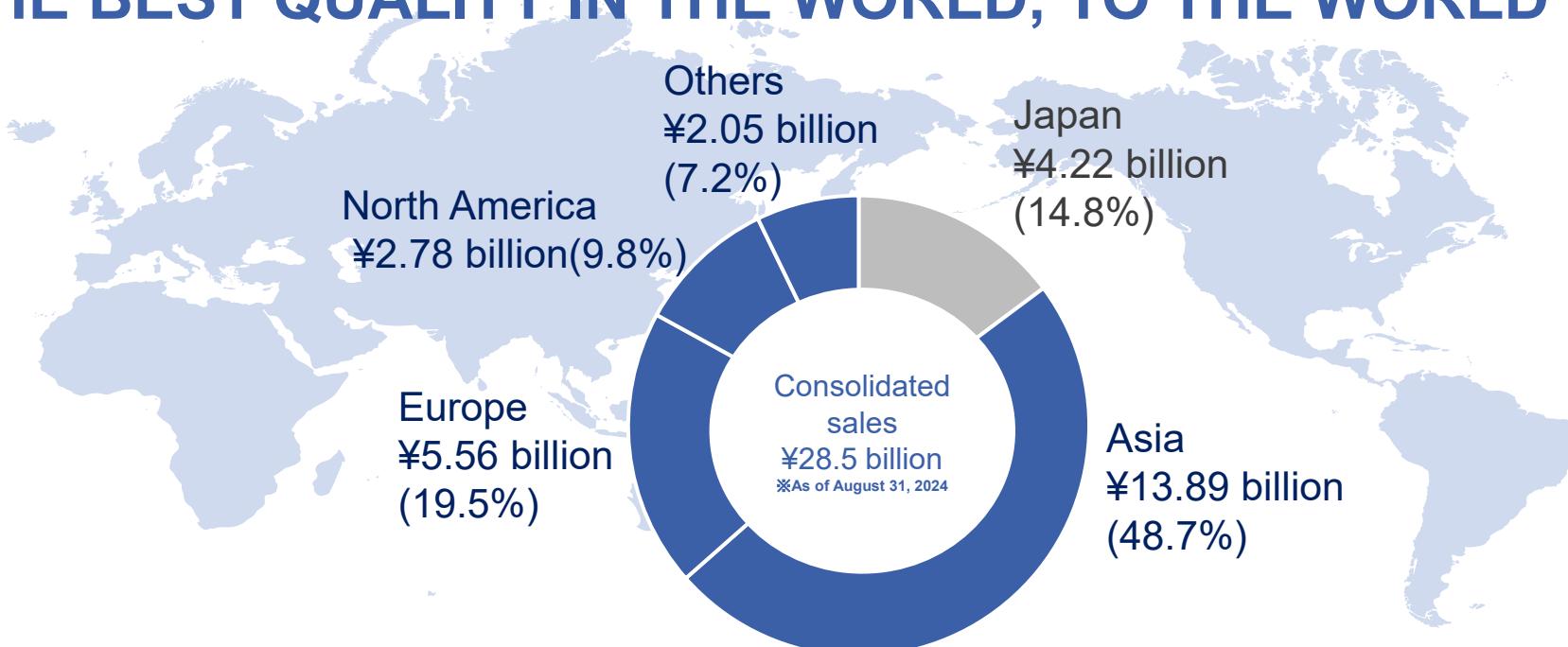
# Consolidated Financial Highlights

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Net sales (¥ million)	17,167	20,102	18,327	15,200	17,190	20,416	24,488	28,513
Operating income (¥ million)	4,261	5,080	5,865	4,340	5,348	6,163	7,243	8,392
Operating income margin (%)	24.8%	25.3%	32.0%	28.6%	31.1%	30.2%	29.6%	29.4%
Ordinary income (¥ million)	4,624	5,221	5,688	4,424	5,679	7,544	7,995	8,464
Net income (¥ million)	3,315	3,770	6,101	3,329	4,291	5,290	5,953	6,286
EBITDA (¥ million)	5,565	6,559	7,229	5,752	6,889	7,908	9,160	10,062
Total assets (¥ million)	34,244	37,683	39,813	39,289	42,693	50,113	54,977	57,177
Net assets (¥ million)	30,478	33,546	35,327	36,566	39,202	45,414	49,827	52,330
Equity capital ratio (%)	89.0%	89.0%	88.7%	93.1%	91.8%	90.6%	90.6%	91.5%
ROE(%)	11.6%	11.8%	17.7%	9.3%	11.3%	12.5%	12.5%	12.3%
PBR(倍) (※As of August 31)	2.74	4.75	6.92	7.24	5.47	3.81	4.12	3.7
Capital investment (¥ million) (※Cash-out basis)	2,331	1,262	1,326	1,692	3,862	1,945	3,720	7,682
Shares outstanding at year-end (K)	35,637	35,637	35,637	98,426	98,426	98,426	98,496	107,003
Net income per share (¥)	33.7	38.3	62.0	33.8	43.6	53.8	60.46	63.82
Dividend per share (¥)	11.0	14.0	20.0	22.0	23.0	30.0	35.0	39.0

# Company Overview(as of August 31, 2024)

Company Name	MANI, INC.	Representative	CEO Masahiko Saito
Stock code	7730	Employees	403 (consolidated: 4,154)
Established	1956	Capital	¥1,087 million
Head Office	8-3 Kiyohara Industrial Park, Utsunomiya, Tochigi		

## THE BEST QUALITY IN THE WORLD, TO THE WORLD



Sales region  
Over 120 countries/regions

Overseas sales ratio  
85.2%

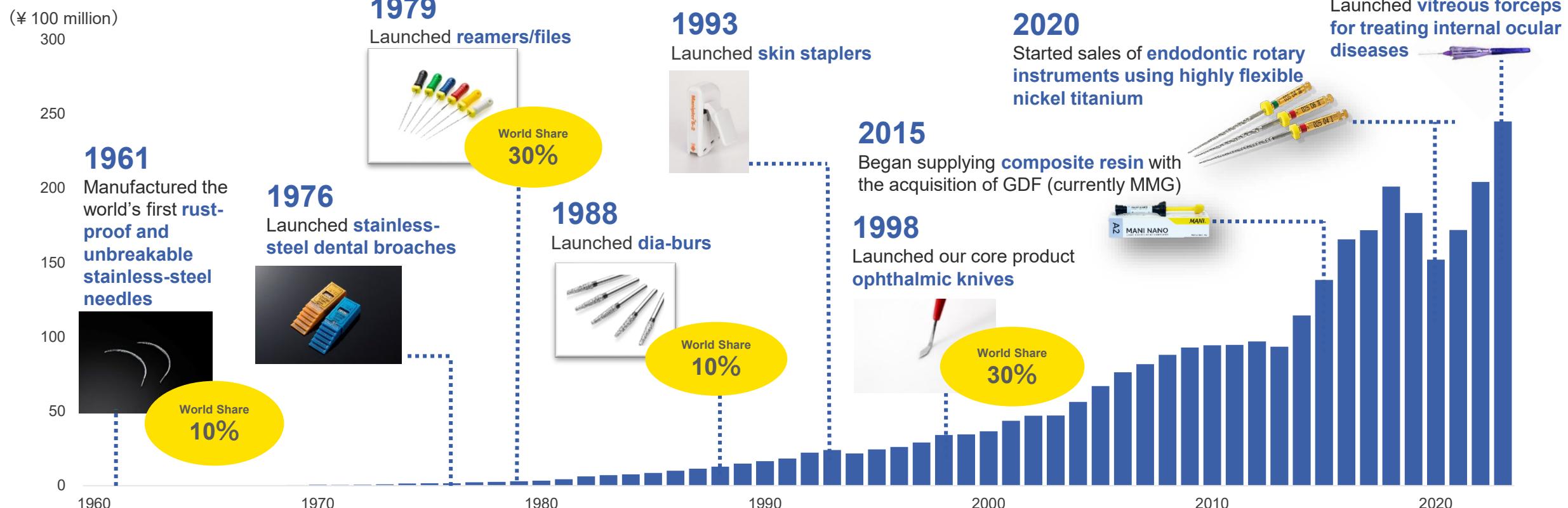
Ophthalmic knives  
global share  
approx. 30%

# 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



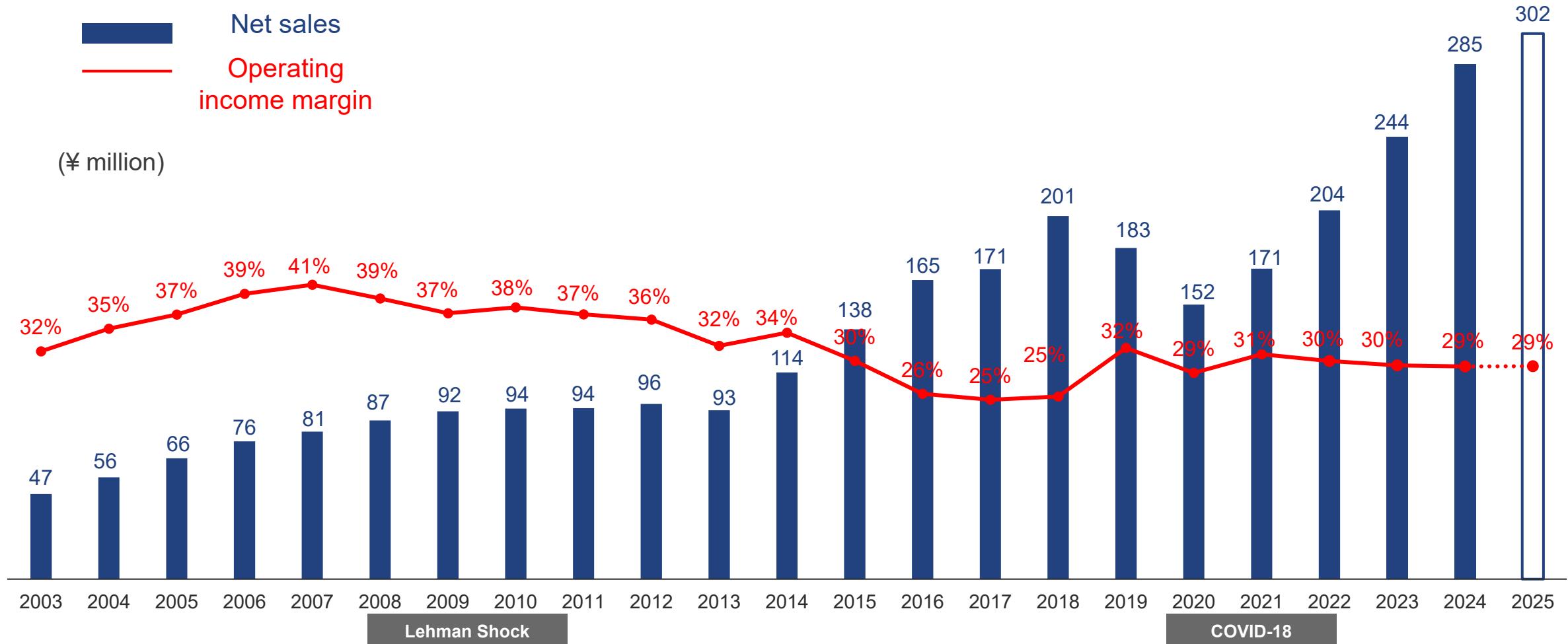
## Strategy Planning Criteria “Off-Limits” Management

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)



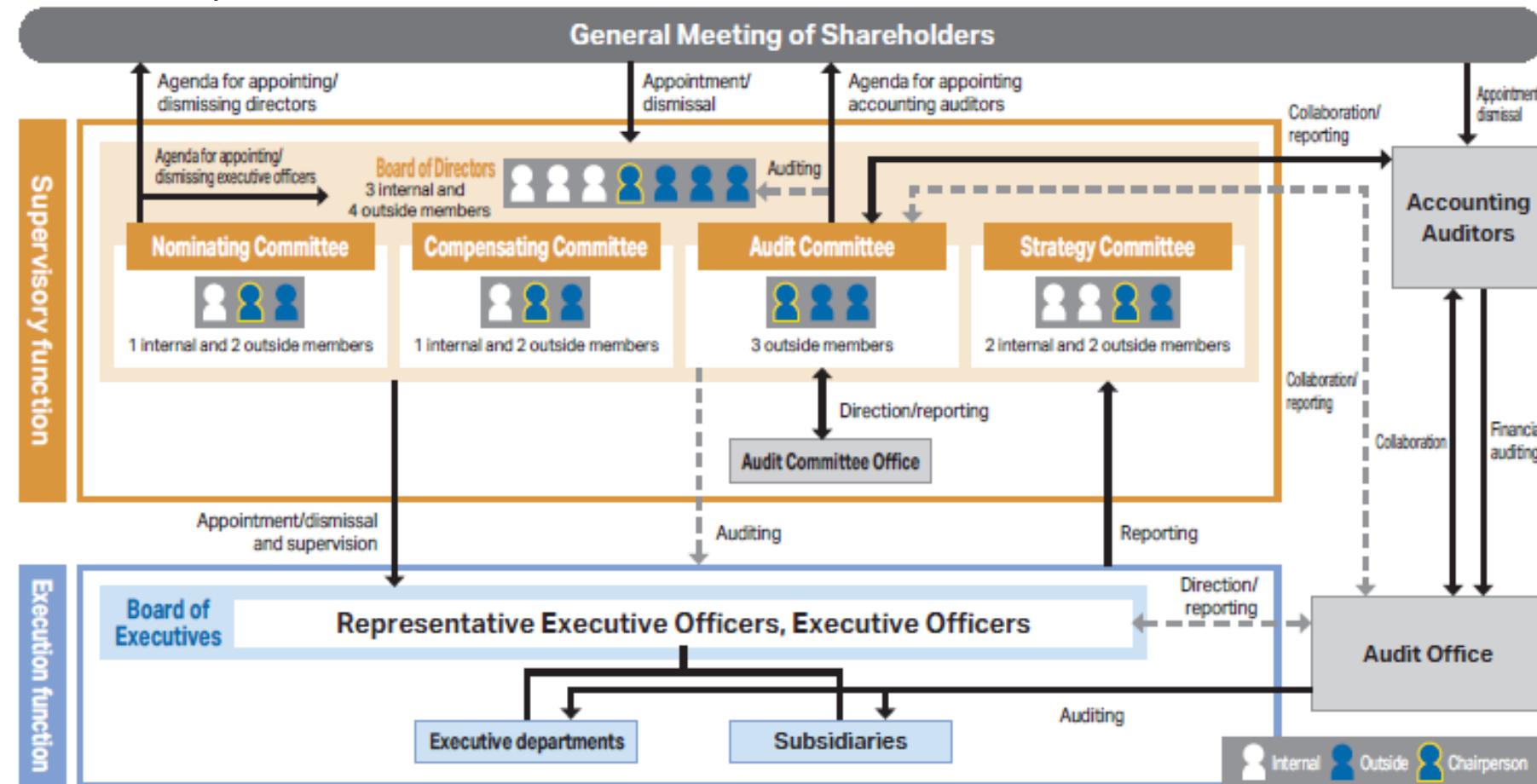
## Achieving Long-Term Growth (2)

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



# 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





THE BEST QUALITY IN THE WORLD, TO THE WORLD