



**MANI, INC.**

Briefing on Financial Results for the First Quarter of the Fiscal Year Ending August 2026

January 14, 2026

## Event Summary

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|-----------------------------|--|--|
| <b>[Company Name]</b>       | MANI, INC.   |  |
| <b>[Company ID]</b>         | 7730-QCODE   |  |
| <b>[Event Language]</b>     | JPN  |  |
| <b>[Event Type]</b>         | Earnings Announcement  |  |
| <b>[Event Name]</b>         | Briefing on Financial Results for the First Quarter of the Fiscal Year Ending August 2026  |  |
| <b>[Fiscal Period]</b>      | FY2026 Q1  |  |
| <b>[Date]</b>               | January 14, 2026   |  |
| <b>[Number of Pages]</b>    | 20   |  |
| <b>[Time]</b>               | 16:30 – 17:02<br>(Total: 32 minutes, Presentation: 16 minutes, Q&A: 16 minutes)  |  |
| <b>[Venue]</b>              | Onsite venue: 4th floor, Tekko Building South Tower, 1-8-2 Marunouchi, Chiyoda-ku, Tokyo, 100-0005<br>Webcast: Microsoft Teams webinar |  |
| <b>[Venue Size]</b>         | 101 m <sup>2</sup>   |  |
| <b>[Participants]</b>       | Total 101 (Onsite: 21, webinar: 80)  |  |
| <b>[Number of Speakers]</b> | 2  |  |
|                             | Masaya Watanabe  | Director, President and Representative Executive Officer |
|                             | Takayuki Yamamoto  | Managing Executive Officer, CFO                          |
| <b>[Analyst Names]*</b>     | Masao Yoshida  | Tokai Tokyo Intelligence Laboratory                      |
|                             | Tomoko Yoshihara   | UBS Securities   |

\*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A or whose questions were read by moderator/company representatives.

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## Presentation

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**Moderator:** It is now time, and we will begin the briefing on financial results for the first quarter of the fiscal year ending August 2026.

Today's event will be held in a hybrid format with online streaming in addition to the on-site event.

I would like to begin by introducing today's speakers.

Mr. Masaya Watanabe, President and Representative Executive Officer.

Mr. Managing Executive Officer, CFO, Takayuki Yamamoto.

Today, Mr. Watanabe, will give an explanation.

After the presentation, we will take questions from the audience. As previously announced, we do not accept questions online. We kindly ask for your understanding.

Now, President Watanabe, please begin.

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## FY26 1Q: Highlights

### 1. Recovery in China Business due to Resumption of “MANI DIA-BURS” Sales

- Regulatory approval received from Chinese authorities on October 29, 2025; sales resumed
- Four months after resumption (Nov–Feb): projected cumulative sales of ¥1,050 million, replenishing distribution inventory
- Sales are projected to reach over 80% of pre-recall levels in the latter half of FY26 (Mar–Aug)

### 2. Share Acquisition in German Distributor iRIS EYE GmbH (Equity-Method Affiliate)

- iRIS EYE GmbH became an equity-method affiliate to expand the European surgical business through collaboration

### 3. Establishment of New Factory in China

- Local production in China to respond to domestic preferential policy, while thoroughly managing investment risks
- Establishment of a new global three-site production system: Vietnam, Smart Factory (Hanaoka), China

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**Watanabe:** Thank you all for attending our earnings presentation today, despite your busy schedules at the start of the year. I would like to begin by explaining MANI’s financial results for the first quarter of the fiscal year 2026.

First of all, I would like to highlight three major topics from the first quarter.

The first one is the sales recovery of “MANI DIA-BURS” in China. The second is an acquisition of a minority stake in iRIS EYE, our German distributor of ophthalmology. The third is the establishment of a new factory in China.

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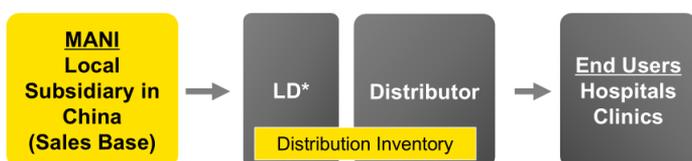
## China Business: Resumption of “MANI DIA-BURS” Sales

### Background

- In March 2025, a voluntary recall of certain MANI DIA-BURS began due to incomplete product registration information with Chinese authorities. The recall was mostly completed by August.
- Regulatory approval for the recalled products was obtained in October 2025, and sales resumed.

### Sales progress after resumption

- The initial plan; to recover sales to 90% of pre-recall levels within two years  
The progress is ahead of schedule.
- Four months after resumption (Nov–Feb), cumulative sales are expected to reach 1,050 million yen, replenishing distribution inventory.
  - About 70% of major public hospitals have repurchased
  - About 50% of clinics have repurchased, continue to be active
  - About 90% of distributors have repurchased
- Sales will reach over 80% of pre-recall levels in the latter half of FY26 (Mar–Aug)



\*LD : Logistic Dealer

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First, allow me to start with the sales resumption of “MANI DIA-BURS” in China. As announced, we obtained regulatory approval from the Chinese authorities on October 29, 2025. Since then, we have been putting a lot of effort into recovering our market share for this product.

While our initial plan targeted a recovery to 90% of pre-recall levels, which were annual sales of 2.4 billion yen, within two years, I am pleased to report that our activities in the first four months (November 2025 to February 2026) have enabled us to progress ahead of schedule. Specifically, cumulative sales from November through February, comprising actual results and our latest forecast total 1.05 billion yen.

Allow me to provide some context for these figures: prior to the voluntary recall, annual sales of MANI DIA-BURS were approximately 2.4 billion yen, which translates to roughly 200 million yen on a monthly basis. Therefore, our sales forecast of 1.05 billion includes monthly sales of 200 million yen over four months, plus an additional 250 million yen. This surplus is primarily due to inventory restocking by our distribution partners and LDs (Logistic Dealers), and we anticipate that inventory levels will normalize by February or March.

In terms of end-user retention, our monitoring shows that approximately 70% of public hospitals have started using MANI DIA-BURS again, with the rate for clinics at around 50%. We recognize that some of our clients remain price-sensitive and we are committed to intensive sales efforts to win them back. About 90% of our sales distributors have returned, providing us with significant momentum.

As it stands, we expect sales to recover to more than 80% of pre-recall levels in the latter half of fiscal year 2026, that is, during the period between March and August.

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## Share Acquisition in German Distributor iRIS EYE GmbH

### Positioning of Europe in the Surgical Business:

- Europe accounts for about 30% of segment sales
- One of the key investment areas in the mid-term plan

### Strengths of iRIS EYE:

- Over 20 years of collaborative relationship with MANI
- Unique sales network and marketing capabilities within Germany

### Investment Overview:

- Acquired 36.67% of issued shares from major shareholder
- iRIS EYE became an equity-method affiliate

### Growth Initiatives Centered on iRIS EYE:

- Support for European ophthalmology hospital chains
- Expand sales into Eastern Europe
- Supply chain restructuring
- Expansion of customer contact points, including European KOL doctors



For reference, please refer to the disclosure released on December 22, 2025  
[“Notice Regarding Share Acquisition of German Distributor iRIS EYE GmbH \(Conversion to Equity-Method Affiliate\)”](#)

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**Watanabe:** The second key topic is our share acquisition in iRIS EYE, our German ophthalmic distributor. In the Surgical segment, Japan, China, and Europe represent three very large markets, especially for ophthalmic knives, with Europe accounting for 30% of segment sales.

Given that Germany is a dominant market within Europe, we are acquiring shares in iRIS EYE, a partner distributor with whom we have had a collaborative relationship going back over 20 years. Following the retirement of one of the founders, we are acquiring their interest, marking the transition of iRIS EYE into a MANI equity-method affiliate.

As you can see from the chart on the right, we aim to deepen our partnership with iRIS EYE to unlock significant synergies and drive sales growth. Specifically, you can see the blue synergy layer added on top of the grey baseline.

Operationally, this involves adapting to the ongoing multinational consolidation of ophthalmic chains across Europe by positioning this partnership as a central hub with MANI as the facilitator. On the supply chain front, by having either iRIS EYE or MANI operate supply-chain warehouses, it will allow us to ensure a swifter response to market demands. Ultimately, we also intend to expand our contact points and engagement with KOL doctors to further amplify these synergies.

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## Establishment of New Factory in China (1): Response to Domestic Preferential Policy and Strengthening Competitiveness

### Aims and Basic Policy

- Respond to China’s domestic preferential policy and strengthen competitiveness
- Introduce automated production technology from the Smart Factory for rapid startup
- Rent factory building  
→ control investment and thoroughly manage risk

|                        |   |
|------------------------|---|
| <b>Name</b>            | MANI China (Foshan) Co., Ltd.                       |
| <b>Establishment</b>   | April 2024  |
| <b>Location</b>        | Foshan, Guangdong Province                          |
| <b>Investment</b>      | ¥1.2 billion  |
| <b>Products</b>        | Start with ophthalmic knives, expand product lineup |
| <b>Mass production</b> | 2028  |



For reference, please refer to the disclosure released on January 14, 2026 “Notice Regarding Establishment of Chinese Manufacturing Subsidiary”

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Third, I would like to address the establishment of a new factory in China, as detailed in a press release that was just announced today, January 14, 2026, at 15:30.

This initiative is a strategic response to China’s domestic preferential policy and GPO (Group Purchasing Organization) pricing pressures that have intensified following the State Council of the People’s Republic of China’s comprehensive push starting in January. Localizing production allows us to significantly enhance our regional competitiveness.

We intend to bring the automation production line developed at our Smart Factory, also known as the Hanaoka Factory, to the new factory in China. This strategy will allow us to compress the launch timeline into less than two years while enabling us to effectively manage labor costs in China, which are already quite high, through highly streamlined efficiency.

As you can see here, we are building a factory in Foshan, Guangdong Province, and the investment amount is 1.2 billion yen.

This facility serves several strategic purposes. First, it allows for domestic product registration within China. Specifically, since our ophthalmic knives are categorized as Class II medical devices, we can apply for approval directly through the Guangdong provincial authorities, effectively halving regulatory waiting times, from 18 months to approximately nine months. Furthermore, we are shifting toward local procurement, sourcing materials—such as packaging—from local suppliers, thus optimizing the supply chain we use in our Chinese operations

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## Consolidated Financial Results Summary

(¥ million)

**1Q sales reached the highest for a quarter, and operating income was the highest ever for 1Q**

- Dental (resumption of sales of dia-burs in China) and Eyeless Needle (Asia) drove sales growth
- SG&A expenses were as planned. The recovery in dental profitability contributed to an overall operating income margin of 28.8%
- Ordinary income and net income increased due to higher operating income and forex gains

|                            | FY25 1Q<br>Results<br>(A) | FY26 1Q<br>Results<br>(B) | Changes<br>in Amount<br>(C=B-A) | Changes<br>in %<br>(C/A) | FY26<br>Forecasts<br>(D) | Forecast<br>Progress Rate<br>(B/D) |
|----------------------------|---------------------------|---------------------------|---------------------------------|--------------------------|--------------------------|------------------------------------|
| Net sales                  | 7,655                     | 7,828                     | +173                            | +2.3%                    | 32,800                   | 23.9%                              |
| Cost of sales<br>[%]       | 2,653<br>[34.7%]          | 2,669<br>[34.1%]          | +15                             | +0.6%<br>[(0.6%)]        | 11,400<br>[34.8%]        | 23.4%                              |
| SG&A<br>expenses<br>[%]    | 2,893<br>[37.8%]          | 2,904<br>[37.1%]          | +10                             | +0.3%<br>[(0.7%)]        | 12,200<br>[37.2%]        | 23.8%                              |
| Operating<br>income<br>[%] | 2,107<br>[27.5%]          | 2,255<br>[28.8%]          | +148                            | +7.0%<br>[+1.3%]         | 9,200<br>[28.0%]         | 24.5%                              |
| Ordinary<br>income         | 2,298                     | 2,686                     | +388                            | +16.9%                   | 8,950                    | 30.0%                              |
| Net income                 | 1,598                     | 1,896                     | +297                            | +18.6%                   | 6,450                    | 29.4%                              |

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I would now like to explain the financial results for the first quarter of fiscal year 2026.

In the first quarter, we registered 7.828 billion yen in net sales and 2.255 billion yen in operating income, together with an operating income margin of 28.8%.

We achieved growth in both sales and profit, with our highest quarterly sales performance ever in the first quarter. Unfortunately, this is the second-highest operating income, but the highest operating income for the first quarter.

Looking at the numbers, net sales increased by 2.3% on a year-on-year basis. Performance across segments was somewhat varied, with growth being primarily driven by the Dental segment, specifically resulting from the resumption of sales of dia-burs, and strong sales of the Eyeless Needle segment. On the expense side, SG&A expenses were as planned, while both ordinary and net income outperformed our initial targets.

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## Operating Income to Profit Before Income Taxes (Details)

(¥ million)

|                                      | FY25 1Q Results | FY26 1Q Results | YoY         | Notes  |
|--------------------------------------|-----------------|-----------------|-------------|--|
| <b>Operating income</b>              | <b>2,107</b>    | <b>2,255</b>    | <b>+148</b> |  |
| Non-operating income                 | 209             | 566             | +357        |  |
| <i>Foreign exchange gains</i>        | 144             | 492             | +348        | Increase due to yen depreciation                                     |
| <i>Interest income</i>               | 33              | 31              | (2)         |  |
| Non-operating expenses               | 18              | 136             | +118        |  |
| <i>Unoperated land-related costs</i> | 14              | 120             | +106        | Increase in depreciation related to Hanaoka Factory before operation |
| <b>Ordinary income</b>               | <b>2,298</b>    | <b>2,686</b>    | <b>+388</b> |  |
| Extraordinary income                 | 12              | 17              | +5          |  |
| Extraordinary losses                 | 4               | 0               | (4)         |  |
| <b>Profit before income taxes</b>    | <b>2,306</b>    | <b>2,703</b>    | <b>+397</b> |  |

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Let's now look at the numbers below the operating income line. We are currently recording approximately 120 million yen in annual depreciation expenses related to the Hanaoka Factory. Since this factory is not yet operational, these costs are currently categorized as non-operating expenses, but once mass production commences, these will later be reclassified as operating expenses.

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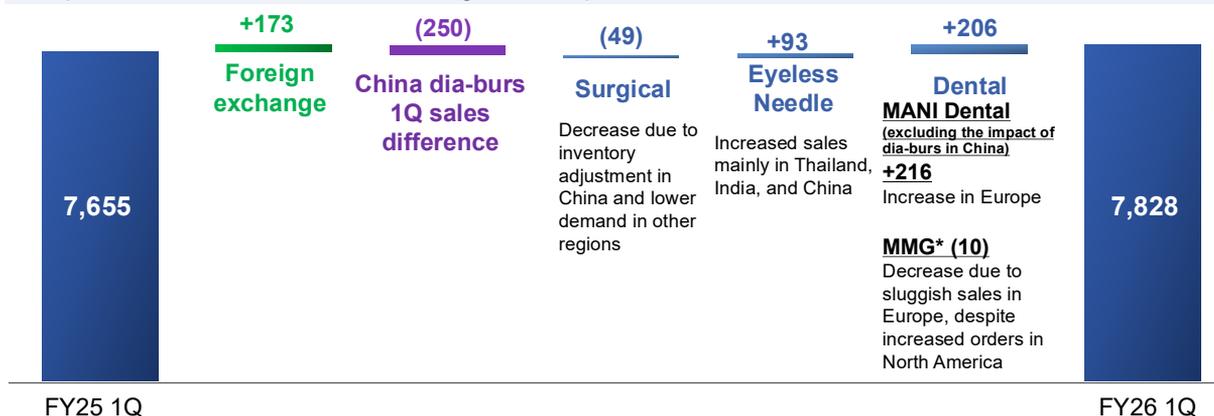
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## Net Sales Status by Segment

(¥ million)

Increase in sales YoY +173 million [+2.3%]

- Increase in the Dental and Eyeless Needle segments, while Surgical decreased due to inventory adjustments
- The impact of the dia-burs in China caused a ¥250 million decrease in 1Q; there were negative effects from September to October, but there was significant improvement from November onward



\*Note: MMG = German subsidiary MANI MEDICAL GERMANY GmbH

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The waterfall chart on page 10 details a year-on-year net sales comparison between the first quarter of fiscal years 2025 and 2026.

Foreign exchange had a positive impact of 173 million yen, particularly due to the weakness of the yen against the euro.

The year-over-year comparison shows a decline for the sales of dia-burs in China due to a high baseline recorded in September and October 2024, which were normal trading months prior to the recall issues.

This made for challenging comparables.

The Surgical segment saw a slight decline due to inventory adjustments in China, while the Eyeless Needle and Dental segments both posted gains; I will provide more detail on these shortly.

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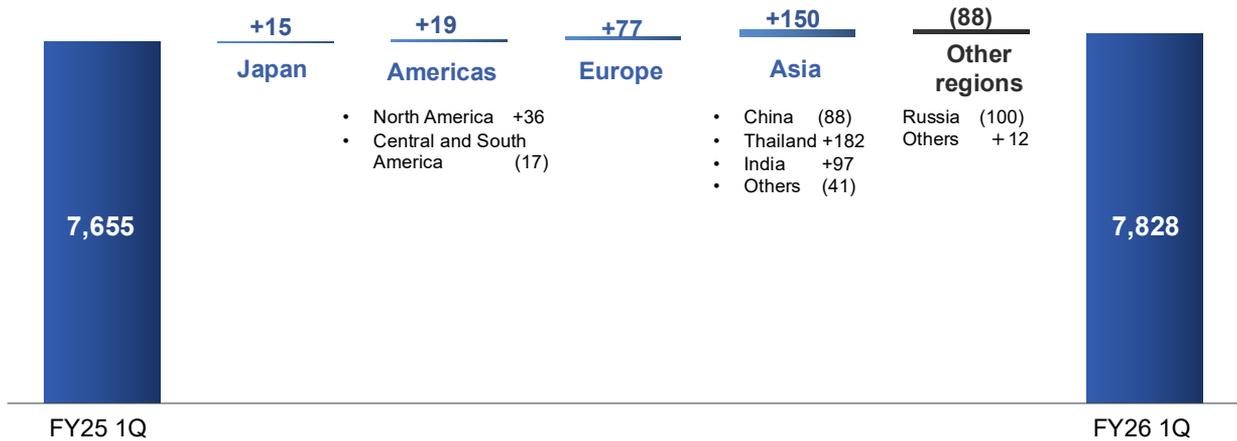
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## Net Sales Status by Region

(¥ million)

### Achieved steady global sales growth

- Growth in Asia: Increase in sales of eyeless needles, mainly in Thailand and India
- Decrease in sales of the Surgical segment in other regions (due to temporary factors)



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Looking at the net sales status by region, we saw incremental year-on-year growth across all major regions, including Japan, the Americas, Europe, and Asia, as shown in the waterfall chart here.

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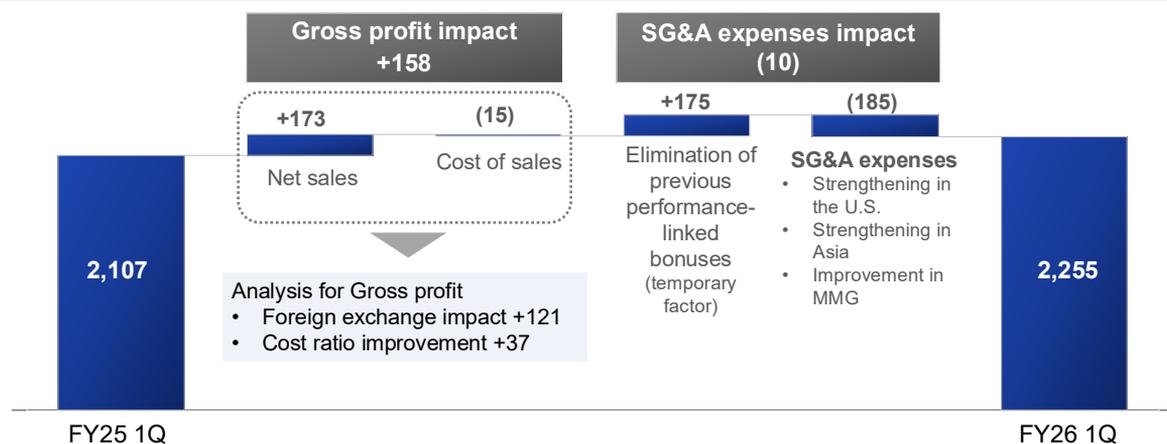
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## Operating Income Status

(¥ million)

**Increase in operating income YoY +¥148 million [7.0%]**

- Foreign exchange impact +¥121 million, and improved cost ratio +¥37 million contributed to gross profit improvement
- SG&A expenses were almost as planned



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On the operating income front, we saw a 158 million yen improvement in gross profit. As shown in the net sales and cost of sales breakdown, foreign exchange provided a significant tailwind. Specifically, while cost-of-sales improvements contributed 37 million yen, the remainder of the gross profit gain was driven by foreign exchange impact.

Moving to SG&A expenses, in the first quarter, we benefited from the absence of a one-time issue last year, resulting from a posting issue related to performance-linked bonuses.

That said, we also actively increased our sales investments in the U.S. and Asia, alongside improvements at our German subsidiary, MMG.

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## Surgical Segment – Results Analysis

(¥ million)

| Item                    | FY24  |       |       |       | FY25  |       |       |       | FY26  |      |      |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|------|
|                         | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    | YoY  | QoQ  |
| Net sales               | 1,945 | 1,841 | 2,214 | 2,151 | 2,442 | 2,276 | 2,257 | 2,298 | 2,446 | 100% | 106% |
| Operating income        | 651   | 592   | 748   | 647   | 838   | 804   | 718   | 718   | 827   | 99%  | 115% |
| Operating income margin | 34%   | 32%   | 34%   | 30%   | 34%   | 35%   | 32%   | 31%   | 34%   | 0pt  | 3pt  |

### Overview

- Recorded the highest quarterly net sales. Strong sales of ophthalmic knives in Japan and Europe
- The growth rate from FY25 to FY26 is expected to be 109% as planned (FY25/1Q had special temporary factors)
- In China, the number of cataract surgeries was suppressed due to medical expense policies, resulting in high distribution inventory  
Expect improvement in the latter half of FY26

### Future Key Measures

- Strengthening in Europe through a capital alliance with iRIS EYE
- Promote alliance with MST in the U.S.
- Focus on marketing in Southeast Asia (Indonesia, Malaysia)

### Sales by region

|               | 1Q           | YoY         | QoQ         |
|---------------|--------------|-------------|-------------|
| Japan         | 707          | 110%        | 105%        |
| Asia          | 624          | 95%         | 138%        |
| China         | 394          | 78%         | 142%        |
| India         | 28           | 99%         | 100%        |
| Europe        | 732          | 107%        | 112%        |
| North America | 176          | 117%        | 61%         |
| Others        | 204          | 67%         | 90%         |
| <b>Total</b>  | <b>2,446</b> | <b>100%</b> | <b>106%</b> |

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I would now like to explain the financial results by segment. Starting with the Surgical segment.

First, you will notice that we have updated our reporting format starting this quarter. At the top of the chart, we now include historical data for the most recent nine quarters to provide a clearer view of current performance trends. Since each quarter is somewhat bumpy, we reviewed it this way to make it easier for you to understand.

In the first quarter, we achieved the highest quarterly sales, reaching 2.446 billion yen in net sales. Like I just said, quarterly results can fluctuate, but broadly speaking, we are guiding for an annual growth target of 9%, and we are currently tracking in line with that target. Performance was particularly strong in Japan and Europe in the first quarter.

The first quarter of fiscal year 2025 was an outlier at 2.442 billion yen, driven by extraordinary factors, specifically timing differences in revenue recognition that had carried over from fiscal year 2024.

We faced headwinds in the Chinese market, resulting from the number of cataract surgeries being suppressed due to the Chinese government’s medical expenses policies, resulting in high distribution inventory. That said, we have made significant progress in normalizing inventory levels, which have dropped from eight months toward the end of fiscal year 2025 to approximately five months today. We anticipate that this destocking process will be fully resolved within the second quarter.

Looking ahead, our future key measures include strengthening our capital and business alliance with iRIS EYE, as mentioned earlier, promoting our alliance with MST, and expanding our footprint in Southeast Asia through marketing, with a particular focus on Indonesia, Malaysia, and Thailand.

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## Eyeless Needle Segment – Results Analysis

(¥ million)

| Item                    | FY24  |       |       |       | FY25  |       |       |       | FY26  |      |      |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|------|
|                         | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    | YoY  | QoQ  |
| Net sales               | 2,520 | 2,454 | 2,855 | 2,392 | 2,844 | 2,711 | 2,776 | 2,850 | 3,006 | 106% | 105% |
| Operating income        | 966   | 945   | 1,069 | 890   | 1,046 | 1,022 | 976   | 957   | 1,106 | 106% | 115% |
| Operating income margin | 38%   | 39%   | 38%   | 37%   | 37%   | 38%   | 35%   | 34%   | 37%   | 0pt  | 3pt  |

### Overview

- Recorded the highest quarterly net sales – YoY: 106%
- GPO contract in China and major orders from a customer in Thailand have contributed to the YoY growth
- Inventory adjustments in North America and Europe have occurred

### Future Key Measures

- Expand sales by taking advantage of our special needles' product superiority (e.g. micro-surgery needles, black needles)
- Countermeasures against emerging market competitors
  - Sales expansion through the acquisition of new customers
  - Achieve fundamental reduction of manufacturing costs
- Customer support by launch of resin tray business

### Sales by region

|               | 1Q           | YoY         | QoQ         |
|---------------|--------------|-------------|-------------|
| Japan         | 232          | 105%        | 92%         |
| Asia          | 1,568        | 116%        | 96%         |
| China         | 928          | 106%        | 97%         |
| India         | 183          | 158%        | 106%        |
| Europe        | 431          | 97%         | 117%        |
| North America | 360          | 83%         | 107%        |
| Others        | 413          | 106%        | 155%        |
| <b>Total</b>  | <b>3,006</b> | <b>106%</b> | <b>105%</b> |

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In the Eyeless Needle segment, we achieved record-breaking results with 3 billion yen in net sales and an operating income margin of 37%.

Growth has been especially strong in China following our success in GPO contracts. Following Fujian, a customer in Liaoning secured a GPO contract, which increased product supply. Also, we have recently secured a new client in Thailand, resulting in major orders.

As for future key measures, we will continue to develop products where we have an advantage and compete with players in emerging markets. We have also developed a new device, a resin tray, used to automate the handling and winding of sutures when attaching them to our eyeless needles for shipment.

We have also developed a new device, a resin tray, used to attach threads to the last eyeless needle and to process the threads before shipping to customers. We have already secured our first customer for this system, and the initial unit is now entering active operation, providing critical technical support to our client's manufacturing process.

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## Dental Segment – Results Analysis

(¥ million)

| Item                    | FY24  |       |       |       | FY25  |       |       |       | FY26  |      |       |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|-------|
|                         | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    | YoY  | QoQ   |
| Net sales               | 2,648 | 2,498 | 2,631 | 2,360 | 2,368 | 2,167 | 2,435 | 2,538 | 2,375 | 100% | 94%   |
| Operating income        | 605   | 435   | 482   | 355   | 222   | 237   | 267   | 382   | 322   | 145% | 84%   |
| Operating income margin | 23%   | 17%   | 18%   | 15%   | 9%    | 11%   | 11%   | 15%   | 14%   | 5pt  | (1pt) |

### Overview

- Sales recovered after the resumption of China diamond bur sales and increased sales in Europe and North America, showing a recovery trend from 2Q onward.
- The German subsidiary MMG is promoting reforms toward profitability.
  - 1Q: Sales are ¥510 million, operating income is (¥70 million)
  - Increased orders from major customers in the US led to higher sales.
  - Started sales of own-brand products from FY26.

### Future Key Measures

- Strengthen the recovery of the China Business
- Ongoing turnaround at German subsidiary MMG
- Continue expansion of JIZAI-1 and development of JIZAI-2

### Sales by region

|               | 1Q           | YoY         | QoQ        |
|---------------|--------------|-------------|------------|
| Japan         | 227          | 79%         | 44%        |
| Asia          | 1,398        | 98%         | 102%       |
| China         | 740          | 97%         | 133%       |
| India         | 331          | 110%        | 116%       |
| Europe        | 412          | 111%        | 124%       |
| North America | 259          | 148%        | 142%       |
| Others        | 78           | 76%         | 56%        |
| <b>Total</b>  | <b>2,375</b> | <b>100%</b> | <b>94%</b> |

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In the Dental segment, we recorded 2.375 billion yen in net sales, with an operating income margin of 14%.

As for sales for dia-burs, they are recovering faster than planned, and we expect the positive financial impact to fully materialize in our second-quarter results.

Looking at our German subsidiary, MMG, we are actively implementing a turnaround plan toward profitability. MMG, a subsidiary in Germany, is in the process of a turnaround to become profitable. In the first quarter, MMG recorded 510 million yen in sales, though the unit continues to operate at a loss, as we work through this transition.

Among these, MMG has received larger orders from a major customer, particularly in the US. We aim to improve MMG’s profitability by increasing the number of standardized products, launching our own brand products, and improving on-site production efficiency.

While we didn’t include JIZAI in today’s discussion of our key measures, we sold approximately 90,000 units in the first quarter. Given that we moved approximately 400,000 units in fiscal year 2025, we are looking to accelerate this pace. Our sales efforts remain centered in Japan, India, and Vietnam, and we are committed to driving further growth in these markets. Our new JIZAI-2 product lineup remains on track for a market launch in September 2026, and we intend to further enhance our efforts in this area.

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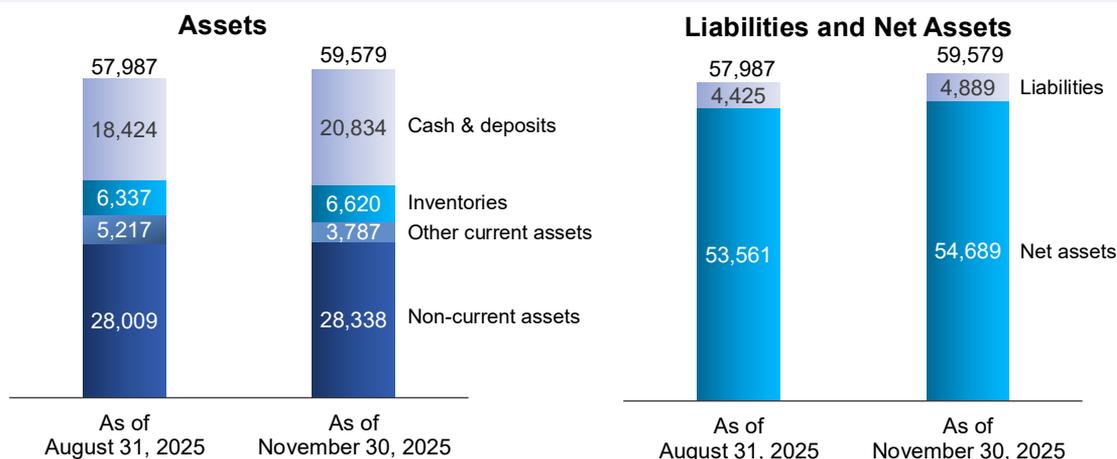
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## Balance Sheet Status

(¥ million)

### Maintained strong equity capital

- Assets +¥1,591 million: Increase in cash and deposits due to increased free cash flow
- Net assets +¥1,127 million: Increase in net profit and foreign currency translation adjustments



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Within our balance sheet, cash and deposits have increased primarily driven by 4.4 billion yen in operating cash flow.

This increase was partially offset by 2.1 billion yen in dividend payments, and we recorded 600 million yen in investment cash flow.

Lastly, the decrease in other current assets is due to the negative impact of consumption tax refunds.

This concludes today's financial results presentation.

Note: Cash flow figures for the Q1 are provisional.

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## Question & Answer

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**Moderator [M]:** I would now like to take questions from the audience, as announced at the beginning of this presentation.

Please note that the entire briefing session, including the Q&A, will be transcribed in full and published later. If you wish to remain anonymous, please refrain from giving your name when asking your question.

Now, if anyone has any questions, please raise your hand.

**Yoshida [Q]:** My name is Yoshida from Tokai Tokyo Intelligence Laboratory. First, let me ask you a few questions about planning contrast. Regarding the company-wide operating profit of 2.25 billion yen — including the timing differences — could you tell us how the progress was?

**Watanabe [A]:** The operating profit of 2.25 billion yen exceeded the plan when viewed in Japanese yen terms. However, due to the weaker yen, especially against the euro and the U.S. dollar, when adjusted for foreign exchange effects, the figure fell slightly short of the plan.

**Yoshida [Q]:** Regarding the shortfall due to foreign exchange adjustments, in which areas did this mainly occur? If possible, could you explain by region or by product?

**Watanabe [A]:** One of the areas where we have not been able to reach the plan on a local currency basis is the Surgical segment's sales in China. The buildup of inventory there was not factored into the plan, and that gap is the largest factor.

**Yoshida [Q]:** Thank you. Concerning China, you mentioned cataract surgical procedures being suppressed due to measures to curb medical expenses. Inventory adjustments may appear temporary, but in terms of underlying demand, is it correct to assume that demand itself has been affected by China's restraint on medical expenses compared with before?

**Watanabe [A]:** Yes. Considering China's population and age distribution, it is hard to imagine that the number of cataract patients is decreasing significantly. Rather, we understand that procedures are simply being postponed due to the effect of medical cost containment. However, China's calendar year has rolled over from December to January, so we are watching trends carefully going forward.

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## Quarterly Sales by Regions (Surgical Segment)

(¥ million)

|                      |              | FY24            |                 |                 |                 | FY25            |                 |                 |                 | FY26            |
|----------------------|--------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                      |              | 1Q              | 2Q              | 3Q              | 4Q              | 1Q              | 2Q              | 3Q              | 4Q              | 1Q              |
| <b>Japan</b>         |              | 636<br>(33%)    | 529<br>(29%)    | 642<br>(29%)    | 653<br>(30%)    | 643<br>(26%)    | 648<br>(28%)    | 669<br>(30%)    | 673<br>(29%)    | 707<br>(29%)    |
| <b>Asia</b>          |              | 547<br>(28%)    | 499<br>(27%)    | 606<br>(27%)    | 540<br>(25%)    | 660<br>(27%)    | 642<br>(28%)    | 678<br>(30%)    | 453<br>(20%)    | 624<br>(26%)    |
|                      | <b>China</b> | 424<br>(22%)    | 351<br>(19%)    | 436<br>(20%)    | 377<br>(18%)    | 508<br>(21%)    | 439<br>(19%)    | 484<br>(21%)    | 278<br>(12%)    | 394<br>(16%)    |
|                      | <b>India</b> | 29<br>(2%)      | 24<br>(1%)      | 30<br>(1%)      | 30<br>(1%)      | 28<br>(1%)      | 27<br>(1%)      | 32<br>(1%)      | 28<br>(1%)      | 28<br>(1%)      |
| <b>Europe</b>        |              | 450<br>(23%)    | 517<br>(28%)    | 609<br>(27%)    | 595<br>(28%)    | 682<br>(28%)    | 596<br>(26%)    | 655<br>(29%)    | 652<br>(28%)    | 732<br>(30%)    |
| <b>North America</b> |              | 83<br>(4%)      | 133<br>(7%)     | 172<br>(8%)     | 177<br>(8%)     | 151<br>(6%)     | 205<br>(9%)     | 42<br>(2%)      | 292<br>(13%)    | 176<br>(7%)     |
| <b>Others</b>        |              | 228<br>(12%)    | 161<br>(9%)     | 186<br>(8%)     | 184<br>(9%)     | 305<br>(12%)    | 182<br>(8%)     | 211<br>(9%)     | 227<br>(10%)    | 204<br>(8%)     |
| <b>Total</b>         |              | 1,945<br>(100%) | 1,841<br>(100%) | 2,215<br>(100%) | 2,151<br>(100%) | 2,442<br>(100%) | 2,276<br>(100%) | 2,257<br>(100%) | 2,298<br>(100%) | 2,446<br>(100%) |

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Regarding inventory adjustments for ophthalmic knives in China, there is also an issue on the outbound side. On page 21 of the materials, we show nine quarters of surgical sales in yen. There was a shipment uptick to 508 million yen in the first quarter of fiscal year 2025, and combined with a tightening outbound bottleneck, this resulted in elevated inventory levels. As explained earlier, we expect this situation to resolve around the second quarter of fiscal year 2026, with distribution inventory returning to an appropriate level, around four months, and normalizing thereafter.

**Yoshida [Q]:** Understood, thank you. My second question concerns the Smart Factory rollout. I believe the rollout sequence is China first, then Vietnam. Including personnel plans, how are you considering the rollout? Also, historically, the Vietnam factory accounted for 100% of production, which was easy to understand, but going forward, how will that balance shift?

**Watanabe [A]:** Currently, the Vietnam factory has about 3,300 employees, reflecting a very labor-intensive production structure. The Smart Factory in Hanaoka will ramp up production going forward, increasing its workforce, but we believe the number of production staff will remain below 50 by fiscal year 2029, which is the end of the medium-term management plan. For the factory in China, once ophthalmic knife production starts, staffing will be around 20 people. Our concept is to reduce human labor to at least one-tenth through the Smart Factory's technology, and our plans follow that concept.

Regarding global production allocation, we currently ship 30 billion yen in sales from Vietnam (28 billion yen excluding our German subsidiary MMG). In the medium-term management plan period, we target 45 billion yen in sales (41 billion yen excluding MMG). The Smart Factory will function more as a driver of production technology rather than mass-production capacity, so output during the medium-term management plan period will not be very large, likely around 2 to 3 billion yen. As for the factory in China, the goal is ultimately to supply ophthalmic knives for the Chinese market locally. With nearly 4 million units of demand, this would translate to annual sales of about 3 to 4 billion yen.

**Yoshida [M]:** Okay. Thank you.

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**Moderator [M]:** Thank you.

Do you have any other questions? The person in the front row, please.

**Yoshihara [Q]:** This is Yoshihara from UBS Securities. I thought the materials were easier to read than before. Thank you. This may be extravagant, but, if possible, it would be nice to have sales by region on a local-currency basis as well, which may increase the burden on the IR staff. But I would appreciate your consideration.

My first question concerns the resale of dia-burs in China. I'm pleased to see that progress has been very smooth. On the other hand, the recovery in clinics is slower than in public hospitals. What concrete measures are you planning to take to address that? Also, what actions contributed to the better-than-expected progress? If I recall correctly, there was also talk about using JIZAI to regain share in China. Could you please summarize the recovery strategy for dia-burs in China, including that?

**Watanabe [A]:** Public hospitals are limited in number, and we have strong relationships with them, so they returned fairly quickly. For some hospitals, procedural steps take time, and we will continue supporting and working closely with those.

Clinics, however, are extremely numerous, and it is difficult for our sales team alone to cover them. Therefore, our next action is to work together with distributors. Fortunately, about 90%, accurately speaking, about 98%, of distributors have returned, so we plan to jointly engage clinics through persistent, hands-on sales efforts.

As for why the recovery has been so quick, even competitors have said they were surprised by how fast MANI came back. Internally, we greatly prioritized this issue and worked together as one team. From the customer's perspective, we believe the quality difference played a significant role in their return to MANI. Over the last six months, during our trial-and-error phase, we identified ideas for further improving quality, and we are now working to translate those into products.

Regarding JIZAI, we expect to obtain regulatory approval in China around September 2026. We are currently responding to various inquiries from the authorities. Our goal is to launch JIZAI in China in September.

**Yoshihara [Q]:** Thank you. As a clarification, since there was an inventory appropriation for dia-burs in the first quarter, should we assume that numbers in the second quarter will dip slightly, and then increase through the third and fourth quarters?

**Watanabe [A]:** Sorry, this is a bit misleading, but from the first quarter to the second quarter (from November to February), the figure is 1.05 billion yen.

**Yoshihara [M]:** This is the second quarter. My apologies.

**Watanabe [A]:** We expect inventory appropriation in the second quarter, and in the third and fourth quarters, the business will return to a normal run rate.

**Yoshihara [Q]:** Should we expect the third and fourth quarters to come in slightly below 400 million yen each?

**Watanabe [A]:** We expect about 80% of the annual pre-recall sales level (2.4 billion yen)

**Yoshihara [Q]:** Understood. Thank you. My second question is again about China. Japan-China relations appear to be becoming somewhat more difficult. To the extent possible, could you comment on any short-term impact on your business, and your medium- to long-term outlook for operations in China, especially given today's announcement about local production?

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**Watanabe [A]:** The country risk in China is undeniably high, and careful management is essential. That said, there are no perfect solutions. When discussing whether we should now enter China with a factory, the Board of Directors debated the matter very seriously. Ultimately, we concluded that building a factory in China and responding to localization pressures would be positive overall. However, we also discussed risk-management measures extensively, such as how to manage country risk, how to exit under a worst-case scenario, and how to keep the investment light, and we will proceed with these in mind.

**Yoshihara [Q]:** Just to confirm, are you sure that you are not currently expecting or experiencing a situation where, for example, people are advised not to buy many Japanese products? Is my understanding correct that you are not in a situation where people are giving preference to buying products from local companies instead of MANI's products, or something like that, because of the difficult relations between Japan and China?

**Watanabe [A]:** Yes, that is correct, as you indicated. However, pressure to contain medical costs has also led hospitals and clinics to purchase local products based on price. I understand there is little movement to shift from MANI to local businesses due to Japan-China relations.

**Yoshihara [M]:** I understand. Thank you.

**Moderator [M]:** Thank you.

Any other questions?

Now that we have covered all the questions, we will conclude the briefing.

Thank you very much for taking the time out of your busy schedule to join us today.

[END]

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