

MANI[®]

Integrated Report 2021

MANI[®]

THE BEST QUALITY IN THE WORLD, TO THE WORLD



MANI, INC.

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THE BEST QUALITY IN THE WORLD, TO THE WORLD

THE BEST QUALITY IN THE WORLD, TO THE WORLD

The MANI Group continues to transform, and to pursue interests of all stakeholders through the provision of medical equipment and devices.

Corporate Philosophy

Contributing to welfare worldwide through the development, production and distribution of products beneficial to patients and doctors.

Company Credo

Ardent, tenacious and persistent efforts with a scientific mind

Since it is scientific analysis that identifies the root cause of problems and leads to the right solution, our company credo combines a scientific approach and an aspirational attitude with passionate and committed efforts.

Code of Conduct (I.P.C.)

Integrity

To act with integrity in all facets of our work.
It is only with integrity that we can successfully enforce compliance and internal controls to prevent fraud and misconduct.
It is integrity that will ensure the continued business growth of the Mani group.

Passion

To engage in work with passion, doggedly pursuing our goal and refusing to give up until it is achieved.
It is passion that improves business performance.

Communication

It is necessary to establish relationships of trust and mutual understanding, regardless of gender, age, religion, nationality, race and ethnicity.
Communication facilitates smooth interactions among the various levels of a company, and allows for a more effective management system.
It is communication that energizes an organization.



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Corporate Communications

Comprehensive explanation of the MANI Group's characteristics and its creation of medium to long-term value

MANI, INC. Integrated Report

Provides information to various stakeholders

Securities Report and Financial Results

Notice of convocation of ordinary general meeting of shareholders

Company Profile

Corporate Governance Report

Provides the latest detailed information

MANI, INC. Website <http://www.mani.co.jp/>

Information for Shareholders and Investors

Company Data

Product Data






Financial Data

Non-Financial Data

MANI at a Glance





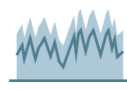

MANI Integrated Report 2021

Basic Company Data





 <p>1956 Establishment</p>	 <p>Non-consolidated 333 Consolidated 3,313 <small>(as of August 31, 2021)</small></p>
 <p>Utsunomiya, Tochigi Headquarters</p>	 <p>Global network</p> <ul style="list-style-type: none"> • Vietnam • China • India • Germany • Laos • Myanmar
 <p>Business outline</p> <p>Manufacturing and distribution of medical devices</p>	

MANI is a manufacturer of medical devices and dental instruments. Ever since we began manufacturing suture needles in 1956, we have contributed to society as a medical device manufacturer supplying medical and dental instruments. We made this possible by establishing microfabrication technologies using wire as a base material. Our products are safe, high-quality medical devices that satisfy the needs of doctors and patients, which have also passed the strict standards of various countries around the world.

Financial Performance

 <p>Consolidated net sales</p> <p>JPY 17.1 billion</p>	 <p>Sales CAGR <small>(Compound Annual Growth Rate)</small></p> <p>6.6% <small>(past 10-year average)</small></p>
 <p>Shareholder returns</p> <p>Dividend increased for 8 consecutive fiscal years</p> <p>Dividend payout ratio 52.8%</p>	 <p>Operating income margin</p> <p>31.1%</p>
	 <p>Market capitalization <small>(as of August 31, 2021)</small></p> <p>JPY 214.2 billion</p>
	 <p>R&D expenditure ratio <small>(to consolidated net sales)</small></p> <p>8.7%</p>

Global Business Domains

 <p>Business Segment</p> <ul style="list-style-type: none"> • Surgical • Eyeless needle • Dental 	 <p>Market share</p> <p>Ophthalmic knives Domestic share No.1 Global share approx. 30%</p> <p>Surgical suture needles Domestic share No.1</p>
 <p>Sales regions</p> <p>Over 120 countries worldwide</p>	 <p>Overseas sales ratio</p> <p>78.5%</p>

Distinctive Management

 <p>METI certified 2020 Global Niche Top Companies Selection 100 List</p>
 <p>2008 Received the 8th Porter Prize</p>

*Where no annotation is provided, results are for the fiscal year ended August 2021.

Profile

History of MANI

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MANI has its roots in a business started by founder Masao Matsutani in 1956, at what is now Takanezawa Factory. At the time of its founding, the company was producing steel suture needles in a rented stable with only three tatami mats' worth of space.

Later, in 1959, Matsutani established the company as MATSUTANI SEISAKUSYO CO., LTD., and in 1961 succeeded in producing 18-8 stainless steel suture needles, which were the first of their kind in the world. At that time, suture needles made with steel were widely used in the medical field, but the issue of rust caused inconvenience, and Matsutani took particular note of this. He created his invention of stainless steel needles because he thought that he could contribute to society by creating rust-proof stainless steel needles. At the same time, this developed into our philosophy of "Differentiation" and "Aiming for the best quality in the world," which are the basis for our business.

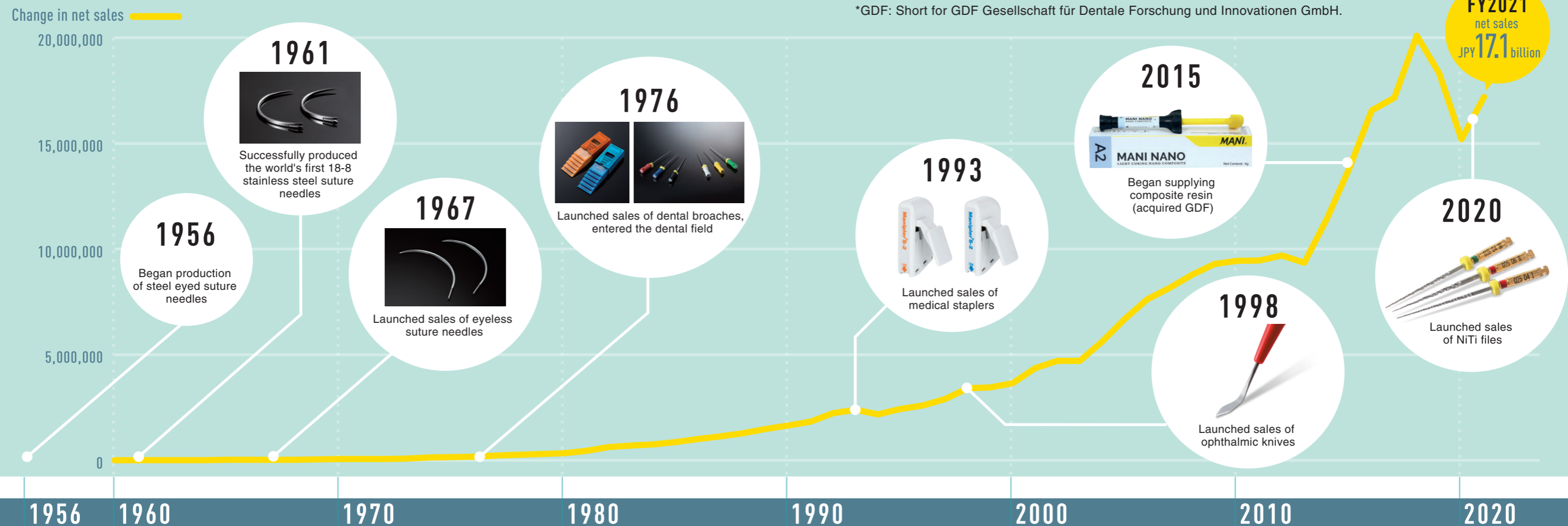
Later, the company diversified into the dental and ophthalmic business domains, and continued to gradually expand the scope of its sales, from within Japan to the wider world.

In 1996, the company name was changed to MANI, INC., with a view to overseas expansion. (The initial "MA" and final "NI" from the name MATSUTANI were taken and combined to create the name MANI.)

In 2003 we established overseas production by establishing MANI HANOI CO., LTD. in Vietnam, and in 2012 we continued to enhance our overseas sales network by establishing MANI MEDICAL BEIJING CO., LTD. in Beijing, China.

In recent years, we have also worked with materials other than stainless steel. In 2015, we acquired all shares and ownership of GDF* (Germany), adding composite resins to our business portfolio, and have more recently produced dental treatment devices utilizing NiTi alloy.

*GDF: Short for GDF Gesellschaft für Dentale Forschung und Innovationen GmbH.



1956

Stable used at the time of founding in 1956

1959

MATSUTANI SEISAKUSYO CO., LTD. established

1996

Changed company name to MANI, INC.

2003

Established current main production plant, MANI HANOI CO.,LTD., in Vietnam

2006

Relocated head office from Takanezawa Factory to Kiyohara Factory.

2012

Established MANI MEDICAL BEIJING CO., LTD. in Beijing (China).

Value Creation Process

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MANI products are used by medical professionals in more than 120 countries worldwide. The main material used in production is stainless steel wire.

We aim to contribute to the welfare of people around the world by continuing to create products of "The best quality in the world." We seek to do so by mastering microfabrication techniques for stainless steel wire to the utmost extent, through our "DNA of aiming to be the best in the world."

In April 2021, we announced our first medium-term management plan, with the aim of making further leaps ahead as a company. Going forward, we will continue to create value that satisfies all stakeholders by actualizing our corporate philosophy and contributing to a sustainable society, through the two key approaches of "business model transformation" and "MANI sustainability."

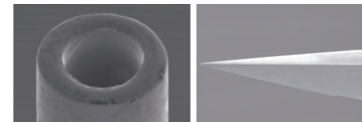
01 | Main material used in our products



Stainless steel wire

03 | Products that are the best in the world

Stainless steel wire microfabrication (pursuing micro-scale technological excellence)



Eyeless needle



Surgical



Dental



Medium-Term Management Plan Aiming for Further Advancement of the MANI Group

Future Vision for the MANI Group

Contributing to the welfare of people worldwide through the development, production and distribution of products beneficial to patients and doctors.

Achieving both sustainable growth and the creation of a sustainable society.

Delivering the best quality in the world, to the world

Medium-Term Management Plan

	FY8/2026	FY8/2031
Sales	¥30 billion	¥50 billion
Operating income	¥10 billion	¥15 billion
ROE	12%	16%

Business Model Innovation

- Transforming from "a niche company specialized in R&D" to "a true global company"
- Customer-oriented product development incorporating the needs of KOLs around the world
- High quality production, thorough cost reduction, establishment of AI testing and digital transformation in production
- Establishment of global marketing

MANI Sustainability

- Creating a sustainable society as a supplier of medical devices, with constant awareness of the importance of all life and the environment
- Carbon neutrality
- Utilization of diverse human resources
- Environmentally friendly green supply chain

02 | Essence of value creation

Management Concept: "Things We Don't Do" / Trade-Offs

- Don't deal in goods other than medical devices
- Don't aim to deliver anything but the world's best quality
- Don't offer products with short service life
- Don't enter markets other than niche markets



DNA of aiming to be the best in the world

- Corporate culture of approaching work with ardent, tenacious and persistent efforts with a scientific mind
- The more senior employees are, the harder they work and humbler they are

MANI's unique manufacturing strategy

- Creative technology backed by enthusiasm (self-designed facilities, patent strategy)
- Compete seriously with rival products through internal conferences called "The best in the world or not"

Message from the President

Delivering what is taken for granted—with no compromises—
in the niche markets of medical devices and consumables.

The MANI Group aims to be a truly global company
that is invaluable to the world.



Masahiko Saito

President & Representative
Executive Officer
MANI, INC.

Further Growth for the MANI Group

In April 2021 we announced our first Medium-term Management Plan. It is an expression of our Group's efforts for sustainable growth, and we have planned for a relatively long period of time, looking ahead five to ten years from now. Typically, a medium-term management plan is often prepared for a three-year period, but we planned for five to ten years from now because we decided that three years would be too short to achieve the provision of value that our Group should aim for.

Until now, we have grown as a collection of development-based niche companies, but we cannot hope to achieve dramatic growth in the future using the same strategies and way of thinking as in the past. In this Medium-term Management Plan, we aim to realize our corporate philosophy by rethinking functions such as sales, production, and development from a global perspective and delivering our products to every corner of the globe.

Technological needs change constantly with the times, and innovation will continue to accelerate in discontinuous forms, such as the emergence of rivals that could not have become our competitors based on a simple extension of conventional ideas. In this age of uncertainty, it is of critical importance for us to continue transforming. There is a well-known saying, "It is only the one that can change (or adapt to changes) that can survive." We will work together as a group to achieve sustainable growth without fear of change.

Management Concept: "Things We Don't Do"

While it is necessary to adapt market strategies in accordance with current changes in the markets we face, we will continue to inherit the core concept of our management. The most distinctive concept in our approach to management is based around "things that we do not do." We often use the term "trade-off." Our four strategy planning criteria are as follows.

- (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 (with annual global market scale of around ¥500 billion or less)

We aim for long-term growth by strictly following these four criteria.

In particular, the key term "best in the world" is etched deeply into the DNA of all MANI Group employees, and the attitude of aiming to be the best in the world, not only in development but in all of our operations, has taken root as our corporate culture. "The Best in the World or Not" conference, which is held twice a year, is a clear and pointed representation of this corporate culture. At this conference, we collect rival products from around the globe and thoroughly verify data for each quality characteristic to guarantee that the quality of our products really is the best in the world.

Message from the President

Our Passion and Commitment: The Best Quality in the World

We would like to create a group of engineers who can identify current changes and create and deliver a stream of new products to society. Although, our product range is blessed with a long product life, I feel that the speed of technological change is becoming almost incomparably faster than before. We ask ourselves if products that were once best in the world are really still the best, and the reasons why we can say so. While asking themselves these harsh questions, our employees have been working enthusiastically and tenaciously to develop products, always approaching the world with a healthy sense of urgency.

The founding family said time and time again, "We will contribute to society by providing the world's best quality products globally. If the products of other companies are superior to ours, it is better for people's welfare to use those other products."

In the technical field where we excel, we continue to produce the world's highest quality products; which is the one way in which we can contribute to society, and also the significance of our existence. We believe that it is the role of management to work tirelessly and relentlessly to realize this idea, which has continued since our founding.

The reason why we acquired land to establish an R&D center in Takanezawa (in the Shioya District of Tochigi Prefecture) where we were founded, is to realize this wish from the time of our initial establishment. Although at present we are still in the process of considering architectural concepts and so on, we are planning to create a place from which MANI can spread its corporate strengths, from Takanezawa to the world.

We've also changed the way we think about human resources. In September 2021, we overhauled our traditional personnel system and launched a new multi-track system that allows each employee to choose their own career path, with an eye to global work styles. In the future, we are also considering designing a system that allows employees of overseas Group companies opportunities to engage in the Group's management.

The introduction of this new personnel system is also focused on developing human resources who can create new value for society by supporting the efforts of our employees. Just doing the same job repeatedly will result in our rivals quickly catching up with us. We need the strength to transform ourselves, and we would like to build a culture that recognizes "positive failures."



Planned site of MANI Takanezawa
Head Office R&D Center
Conceptual drawing

MANI Sustainability

As a provider of medical devices, we are always mindful of the importance of all form of life and the environment, and believe that we have a responsibility to create a sustainable society.

In the Medium-term Management Plan announced in April 2021, we outlined the concept of "MANI Sustainability." Many of our products are small items fabricated from wire, and we believe that it is a business with low environmental impact from the viewpoints of materials disposal and delivery. However, with "MANI Sustainability" the Group aims to achieve the realization of a sustainable society and sustainable growth, not only within the scope of product manufacturing but across the entire supply chain, including material procurement, customers who use our products, and related communities.

MANI Sustainability has three priorities. The first is to promote energy efficient activities to achieve carbon neutrality. The Japanese government has set a target of achieving carbon neutrality by 2050, and we too will work to visualize and reduce CO₂ emissions at each site, including the new Head Office R&D Center.

The second is to establish a green supply chain evaluation system that considers the environment. We are considering a system to assess whether all of our procurement activities are appropriate from an ESG perspective.

The third is to develop a working environment that allows diverse human resources to play an active role based on our corporate philosophy. We will revitalize the organization by striving to achieve mutual understanding and building relationships of trust, regardless of gender, age, religion, nationality, race, ethnicity, or disability. We believe that diversity is the foundation for everything. It is my role to ensure that all employees are pointing in the same direction, toward the realization of our corporate philosophy, while at the same time embracing their diversity

Pursuing the Interests of All Stakeholders

In order for a company to fulfill its role as a public institution in society, we believe it is necessary to create a positive cycle for all stakeholders.

The products that we develop and produce will reach our customers, who will be pleased by their quality, which is the best in the world. As a result, the company can generate profits and return it to shareholders in the form of dividends. In other words, our business activities must be consistent with the interests of all stakeholders.

It is our management principle to not prioritize specific stakeholders—which leads to a poor balance of interests—but rather to create a positive cycle for all stakeholders, and we intend to continue doing so in the future.

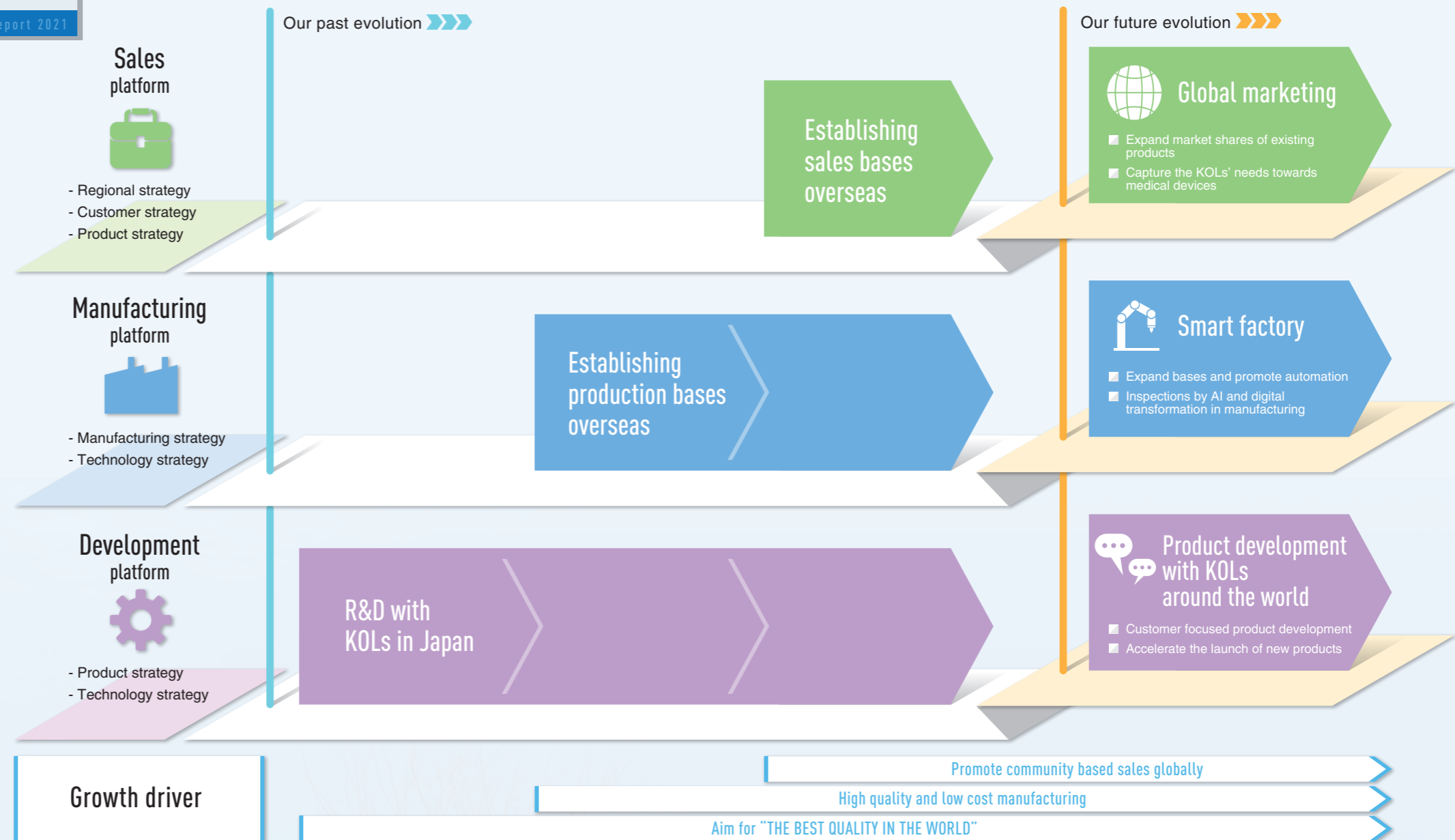
We look forward to your continued support for the growth of the MANI Group. Thank you.

December 2021

Masahiko Saito

President & Representative Executive Officer
MANI, INC.

Business Model Innovation MANI's Evolution



Founding

Our Passion and Commitment: The Best Quality in the World R&D-centric business model

Our business model has continued to evolve from the time of our founding up to the present day.

At the time of founding, it was a business model focused on research and development. Through the development of original technologies that are second to none, we formed a development platform for simply pursuing the best quality in the world.

"If our products offer the best quality in the world, they will definitely sell."

The roots of our DNA—of commitment to being the best in the world—are derived from this business model at the time of our founding. The attitude of working ardently and tenaciously in everything we do is still our corporate culture today.

Growth

Overseas expansion of production and sales functions

As the next evolution of our business model we completed our production platform by establishing overseas production bases, primarily in Vietnam. Through overseas production, we achieve both high-quality production and thorough cost reduction.

We also established overseas sales locations and a sales platform. In terms of our overseas sales locations, China has been especially successful, and we are also expanding into India, which is experiencing remarkable economic growth.

In this way, our business model has evolved through the sequential accumulation of development, production, and sales platforms.

Up to this point, we have expanded our product domains to include not only surgical suture needles but also products for the dental and ophthalmic fields, and built a product portfolio that also includes dental restoration materials (acquired through overseas M&A).

View to 10-20 years in the future

Transformation into a true global company

With the aim of achieving dramatic growth in the future, we will seek to actualize our corporate philosophy by rethinking functions such as development, sales and production from a global perspective and delivering our products to every corner of the globe.

Research and Development:

Based on our pursuit of the best quality in the world, we will promote the development of products that can be used worldwide, by developing customer-oriented products that incorporate the needs of KOLs around the world.

Production:

In addition to high-quality production and thorough cost reduction, we will establish new technologies such as AI inspection and digital transformation (DX) in production. By actualizing this smart factory concept, we aim to create factories that can produce consistently high-quality products in any country.

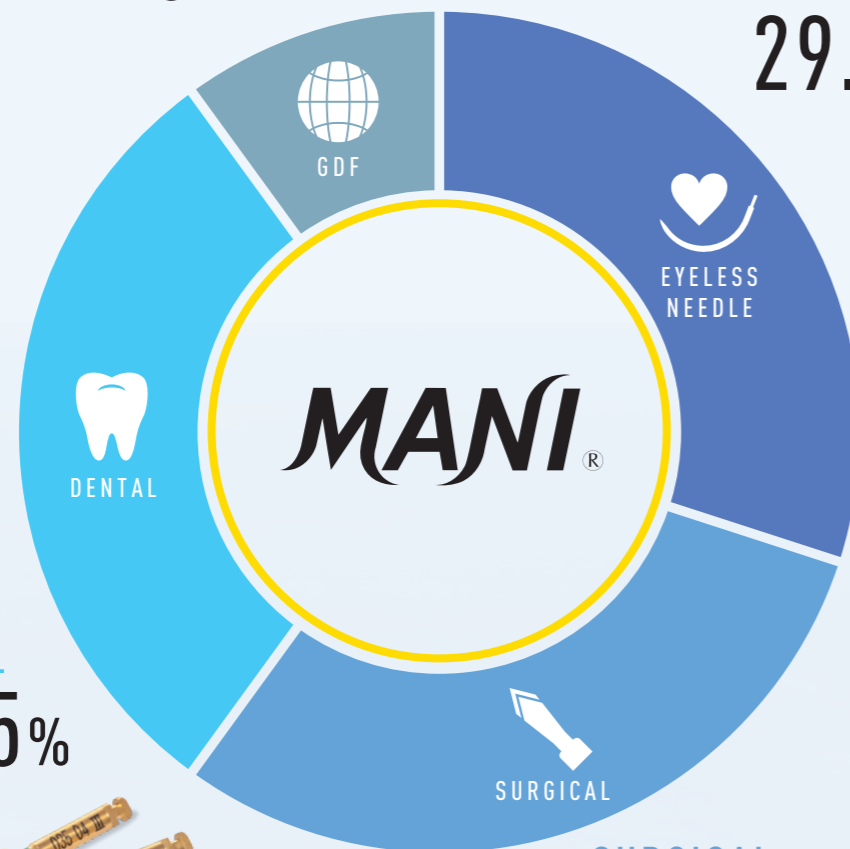
Sales:

We will expand our market share by engaging in global marketing and selling our products all around the world. At the same time, we will identify needs for medical devices and conduct R&D from a global perspective.



GDF
6.7%

EYELESS NEEDLE
29.3%



DENTAL
35.5%

SURGICAL
28.4%



EYELESS NEEDLE



This product segment deals with the needles for the threaded suture needles used in cardiovascular surgery and various other surgeries.

The main features of MANI eyeless needles are superior sharpness realized by needle shape, design, and silicone-coating technique and high ductility due to their material properties of being hard to break. In order to meet the needs of doctors around the world we offer a wide range of surgical suture needles, with more than 10,000 combinations of specifications depending on target area and surgical technique.

Competitive advantages

- Superior sharpness
- Use of MANI's proprietary hard-fiber stainless steel making them hard to break
- Laser drilling technology that enables production of needles with a diameter of 140 microns

SURGICAL



This product segment focuses on surgical treatment equipment such as ophthalmic knives used in cataract surgery and skin staplers. It also includes products such as bone saws, vessel knives, and ENT scalpels. In addition to pursuing physical characteristics such as sharpness, we also aim to develop products that meet the sensory requirements of doctors, such as ease of use.

Competitive advantages

- Ophthalmic knives that boast the sharpest cutting edges in the world
- Microfabrication technologies that cater to miniaturization and increased precision of surgical procedures
- Development system designed to fulfill the subtle sensory demands of surgeons' hands

DENTAL



This product segment consists mainly of reamer files used for root canal treatments and diamond burs used for grinding outer cavity layers (enamel). The greatest features of these products are their durability and ductility, achieved by making full use of the microfabrication technologies cultivated by MANI over many years in proprietary development of metal materials, to eliminate the concern that products may be damaged during treatment.

Competitive advantages

- Superior durability and ductility
- MANI microfabrication technology enables easy handling by dental surgeons
- Extensive product lineup with over 2,000 kinds of products

GDF

*GDF: Short for GDF Gesellschaft für Dentale Forschung und Innovationen GmbH.



GDF is a consolidated group company in Germany that produces and sells dental restoration materials used for repairing damaged teeth and other dental treatment products such as acrylic resin used in denture base. This segment also includes products such as composite resin used for orthodontic bonding, and bleaching materials. GDF develops products that meet the needs of dentists.

Competitive advantages

- No use of environmental hormones and hazardous substances
- An R&D system that can respond to customer needs and diverse inputs
- Development of products specializing in the Asian market by engaging in joint development projects with Japanese dentists

*Percentages of consolidated net sales for the fiscal year ended August 31, 2021

MANI Sustainability Overview

MANI Integrated Report 2021

The MANI Sustainability concept was disclosed in our Medium-term Management Plan in April 2021. Our corporate philosophy is to contribute to welfare worldwide through the development, production and distribution of products beneficial to patients and doctors, and we believe that doing so makes the greatest contribution that we can make to society. In addition to this, we will implement MANI Sustainability to achieve sustainable growth for our Group and the realization of a sustainable society.

Pursuit of corporate philosophy: "Contributing to welfare worldwide"

MANI Sustainability Realize a sustainable society and achieve a sustainable growth



Key Actions

1. Promote energy efficient activities to achieve carbon neutralization
2. Develop a working environment that allows a diverse of people to work to their full potential under our philosophy
3. Establish a green supply chain evaluation system that considers the environment

E Environment

MANI SUSTAINABILITY

A priority issue of MANI Sustainability is promoting energy efficient activities to achieve carbon neutrality. We have made it our basic stance to reduce environmental impact and ensure business continuity.

Since many of our products are small items made by processing stainless steel wire and many of the machines used to process them are also small, power consumption, use of cutting oil and materials waste disposal are also minimal. Additionally, from the viewpoint of delivery, our business is characterized by its small environmental impact because we transport extremely lightweight products.

At the same time, considering the general socioeconomic situation, it seems that the impact of climate change on our future society is becoming increasingly severe. The Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC) released in August 2021 shows concerning research results indicating that temperatures are likely to rise by more than 1.5 degrees between 2021 and 2040.

We hope to gain the understanding of our stakeholders with respect to some of our environmental initiatives by disclosing information on the four items recommended by the TCFD recommendations: (1) Governance, (2) Strategy, (3) Risk Management, and (4) Metrics and Targets. Going forward, we will accelerate efforts to visualize and reduce CO₂ emissions at each business location, including the new Head Office R&D Center.

Governance

With the Executive Vice President of the company as the MANI Sustainability Promotion Officer, we report on important sustainability-related matters such as climate change and hold discussions by each meeting body. The content of sustainability-related reports is reported to the Board of Directors for supervisory oversight.

Strategy

As a strategy for responding to climate change, we have formulated two future scenarios, organized the major risks and opportunities in each scenario as shown in the table below, and qualitatively expressed the scale of the financial impact in three stages by the direction of the arrow.

Scenario Overview

- (1) 1.5-2°C scenario: governments toughen environmental regulations and advance their response to climate change
- (2) 4°C scenario: Climate change response does not progress, and disasters intensify and increase

Financial Impact Assessment

- ↑ : The financial impact on the Group is expected to be major
- ↗ : The financial impact on the Group is expected to be somewhat major
- : The financial impact on the Group is expected to be minor

		(1) 1.5-2°C scenario		(2) 4°C scenario	
		Overview of risks and opportunities for the Group	Financial impact	Overview of risks and opportunities for the Group	Financial impact
Risks	Transition risks	Although our procurement product costs are expected to rise due to the introduction of policies to control greenhouse gas emissions and stricter regulations, the impact will be limited due to the low material cost ratio in the cost structure of our products.	→	Although our procurement product costs are expected to rise due to the introduction of policies to control greenhouse gas emissions and stricter regulations, the impact will be limited due to the low material cost ratio in the cost structure of our products.	→
	Physical risks	There is a risk of an increase in damage to business locations and disruption of logistics networks due to climate-related disasters (typhoons, heavy rain, etc.) Although there is also a risk of an increase in sea level, our main manufacturing location in Vietnam is located inland, and the impact of flood damage, etc., will be limited.	↗	There is a greater risk of an increase in damage to business locations and disruption of logistics networks due to climate-related disasters (typhoons, heavy rain, etc.) in comparison with the 1.5-2°C scenario. Although there is also a risk of an increase in sea level, our main manufacturing location in Vietnam is located inland, and the impact of flood damage, etc., will be limited.	↑
Opportunities	Market	The market situation is not expected to change for the time being as a result of fluctuations in the number of cataracts, cardiac surgeries or cavity treatment cases, etc., which generate demand for our products.	→	The market situation is not expected to change for the time being as a result of fluctuations in the number of cataracts, cardiac surgeries or cavity treatment cases, etc., which generate demand for our products.	→

Risk Management

In September 2021, we set the promotion of MANI Sustainability as a Group-wide activity target, and began reviewing initiatives to achieve targets on a monthly basis and monitoring the progress of MANI Sustainability at meetings of the Board of Directors.

Metrics and Targets

- Ratio of electric power used derived from renewable energy
Targets: 2030: 25%
2050: 100%
- CO₂ emissions
Targets: 2030: 25% reduction (in comparison with 2022)
2050: 85% reduction (as above)

S Human Resources Initiatives and Contribution to Local Communities

The MANI Group recognizes that human resources are the source of a company's competitiveness, and strives to promote diversity and expand various systems tailored to various working styles. In September 2021, we renewed our existing personnel system and launched a new multi-track system in which each employee can choose their career path independently with an eye to global working styles, and we continue in our aim to increase corporate value by strengthening our human resources capabilities.

In addition to the above, in recent years we have expanded our activities contributing to local communities, and will continue to conduct our business activities to satisfy all stakeholders involved with the Group.

Human Resources Initiatives

Diversity and Inclusion

We fully understand and recognize that diversity and inclusion are the true sources of sustainable innovation, such as in application to diverse market needs, and we regard promoting diversity and inclusion as an important management strategy.

If a candidate empathizes with our corporate philosophy and values, such as rising to the challenge of being the best in the world, we hire irrespective of gender, age, religion, nationality, race, ethnicity, disabilities or sexual orientation and regardless of recruitment category (graduate or mid-career).

We support the creation of an environment in which each and every employee can demonstrate their own abilities, and aim to achieve both personal job satisfaction and business outcomes by appointing employees who demonstrate performance to management positions regardless of attributes.



Promoting Diverse Working Styles

We have introduced a telecommuting (work from home) system, flextime, and staggered working hours. We are also expanding various leave systems, including support for balancing childcare and caregiving with work. Understanding for balancing childcare commitments with work has become ingrained as part of corporate culture, and the percentage of female employees returning to work after childcare leave has been 100% for the past 10 years (since 2011) on a non-consolidated basis.

Women's Empowerment

Appointment of female managers stands at 6.1% on a non-consolidated basis (as of August 31, 2021), and future improvement is necessary. We will continue to further promote diversity by becoming a company where female employees with motivation to grow can play an active role, by expanding career training according to their life stages.

Scholarship / Student Loan Repayment Scheme

With the launch of the Corporate Scholarship Repayment Support (Proxy Repayment) System by the Japan Student Services Organization (JASSO), we have also established rules for repayment of scholarships on behalf of employees.

Conditions: There is an outstanding balance that the employee is paying him or herself (Limits on number of years worked and amount of repayment apply)

Contributing to Local Communities

Donating to Scholarship Foundations

We strongly support the activities of the MANI Matsutani Medical Scholarship Foundation—established by our founding family—and donate funds for its activities. (A total of ¥10 million was donated during the fiscal year ended August 31, 2021).

- Name: MANI Matsutani Medical Scholarship Foundation (public interest certification date: August 11, 2020)
- Activities: Provision of benefit-type scholarships to students with ties to Tochigi Prefecture who aspire to enter the medical profession

Local Community Contribution Activities at Overseas Group Companies

MANI MEDICAL HANOI CO., LTD. in Vietnam provided scholarship-based education support to four students with financial difficulties in the surgical and dental fields attending Thai Nguyen Medical University. By hosting a seminar, the company also collected donations of \$10 USD per participant to support doctors fighting infectious diseases at national hospitals by providing them with personal protective equipment.

MANI MEDICAL BEIJING CO., LTD. is engaged in efforts to support medical institutions by donating 500,000 RMB (approximately ¥7.73 million JPY) as a donation to the Chinese Red Cross (Red Cross Society of China) in response to the spread of damage caused by the COVID-19 pandemic.

Sponsorship of Utsunomiya Brex

Since the 2019-20 season, MANI has signed an official sponsorship agreement for the Japanese B League basketball team Utsunomiya Brex. Going forward, we will actively participate in the revitalization of local communities and the promotion of sports.



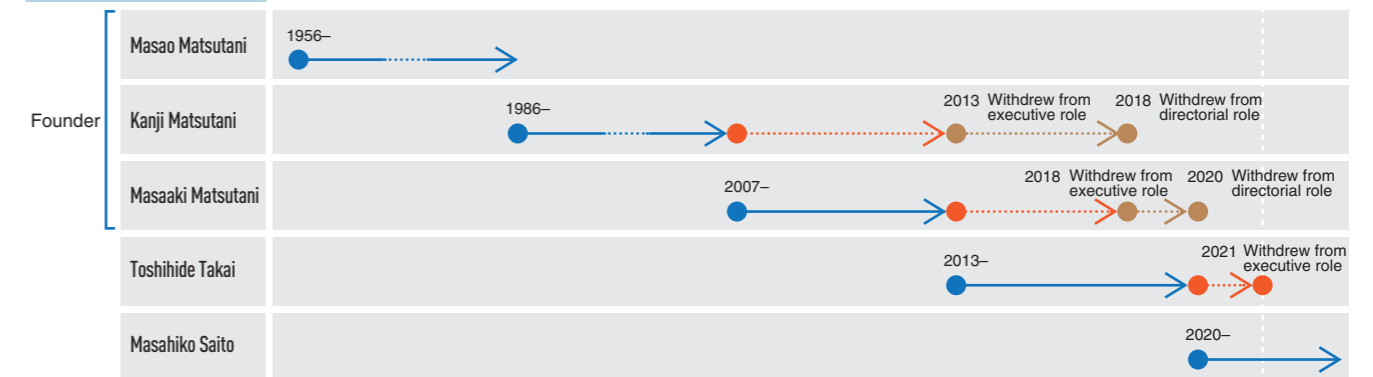
©TOCHIGI BREX INC.

G Governance

A highly transparent corporate governance system is essential to enable the continuous development of a company. Although the Group started under the ownership of the founding family, from an early stage we began to build a corporate governance system with a strong emphasis on restricting arbitrary decision making (based on favoritism, etc.)

In 2020, all members of the founding family withdrew from management roles, passing the baton on to the next generation of management.

Past Presidents of MANI



Basic Policy

Our basic corporate governance policy is to pursue interests of all stakeholders. We aim to increase sales and income by pursuing the improvement of customer satisfaction by providing good products to customers at reasonable prices. We aim to provide employees with an excellent environment and system that provides sufficient compensation and enable them to produce results, and aims to achieve efficient corporate activities by improving employee satisfaction.

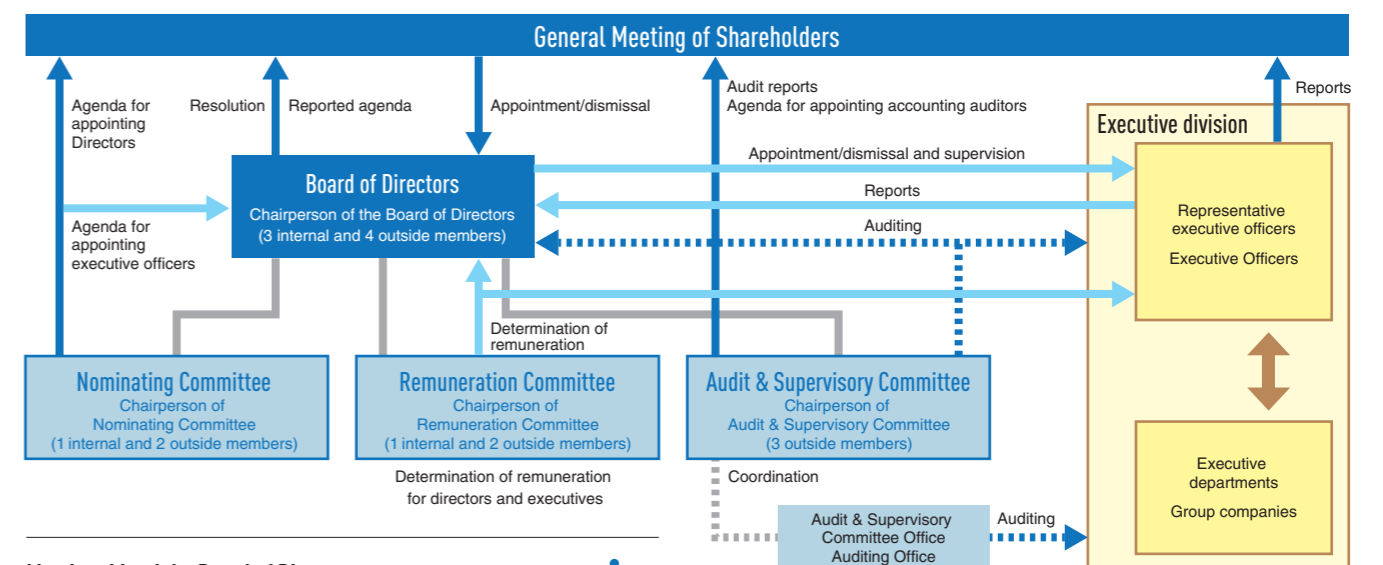
The Board of Directors supervises the direction of executive action and evaluates executive officers. Through this governance system, we aim to increase shareholder interests and secure shareholder satisfaction.

"Pursuing interests of all stakeholders" means that the interests of our customers are the interests of our employees and shareholders, the interests of our employees are the interests of our customers and shareholders, and the interests of our shareholders are also the interests of our customers and employees. We believe that the basis of corporate governance is to prevent executive officers from running things on their own, and to prevent the interests of one stakeholder causing the loss of interests of other stakeholders.

System Design

Since 2004 we have been transitioning to a company with committees, etc. (currently company with nominating committees, etc.), and engage in management with effective governance, with a majority of independent outside directors. An independent outside director currently also serves as chairperson of the Board of Directors, and chairperson of each committee to enhance management transparency.

As a company with nominating committees, etc., the Board of Directors has established a Nominating Committee, Audit & Supervisory Committee, and Remuneration Committee, with the majority of members as outside directors to enhance the decision-making process and build transparency.



Membership of the Board of Directors

- Internal**
 - Executive directors (2)
 - Non-executive directors (1)
- Outside**
 - Non-executive, independent (4)

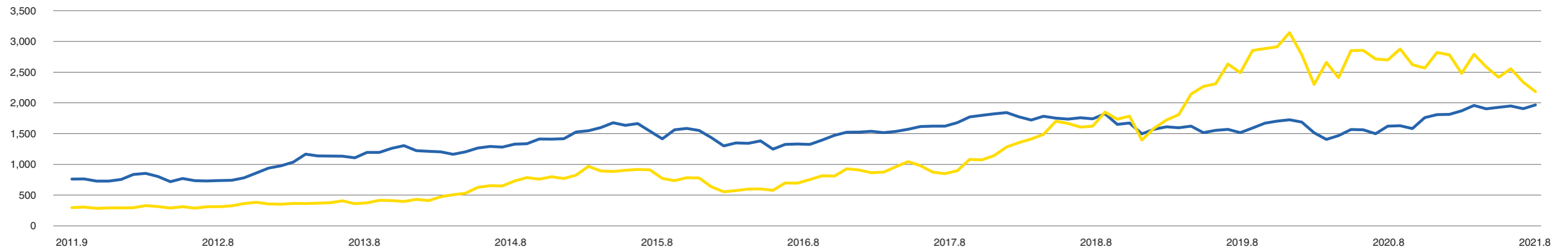


10 Years Financial / Non-Financial Highlights

10 Years' Data	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
(Millions of yen)										
Net sales	9,693	9,342	11,440	13,833	16,555	17,167	20,102	18,327	15,200	17,190
Operating income	3,480	3,017	3,900	4,178	4,245	4,261	5,080	5,865	4,340	5,348
Operating income rate	35.9%	32.3%	34.1%	30.2%	25.6%	24.8%	25.3%	32.0%	28.6%	31.1%
Ordinary income	3,518	3,271	4,040	4,346	4,055	4,624	5,221	5,688	4,424	5,679
Net income	2,179	2,180	2,606	2,932	3,005	3,315	3,770	6,101	3,329	4,291
ROE	11.7%	10.9%	11.8%	11.6%	11.1%	11.6%	11.8%	17.7%	9.3%	11.3%
(Millions of yen)										
Cash flows from operating activities	2895	2,077	3,417	2,923	3,567	4,793	5,569	5,305	1,941	6,384
Cash flow from investing activities	-288	-614	-1,677	-3,974	-2,605	-2,230	144	810	-38	-3,438
Cash flow from financing activities	-1,150	-1,666	-707	-860	-1,488	-1,052	-1,146	-1,773	-2,133	-2,232
(yen)										
EPS Earnings per share	21.3	21.7	26.2	29.5	30.4	33.7	38.3	62.0	33.8	43.6
DPS Dividend per share	6.9	6.9	8.0	8.9	10.0	11.3	14.0	20.0	22.0	23.0
Dividend payout ratio	32.4%	31.8%	30.5%	30.1%	32.9%	33.6%	36.5%	32.3%	65.0%	52.8%
(Millions of yen)										
Total assets	21,242	23,019	26,285	30,940	29,922	34,542	37,683	39,813	39,289	42,693
Total liabilities	2,094	2,156	2,915	3,605	3,140	4,063	4,136	4,486	2,723	3,490
Total equity	19,148	20,862	23,370	27,334	26,781	30,478	33,546	35,327	36,566	39,202
Equity capital ratio (%)	90.1%	90.6%	88.9	88.3%	89.5%	89.0%	89.0%	88.7%	93.1%	91.8%
(Millions of yen)										
Number of employees (consolidated)	2,581	2,622	2,852	3,356	3,379	3,339	3,653	3,810	3,812	3,313
Number of employees (non-consolidated)	324	326	326	334	325	315	302	315	320	333
Ratio of female employee (non-consolidated)	56.7%	55.2%	53.1%	52.4%	50.5%	48.9%	45.7%	44.8%	43.1%	42.0%
Ratio of female managerial employee (non-consolidated)	0.0%	0.0%	0.0%	4.0%	4.0%	4.0%	3.7%	7.4%	6.5%	6.1%
Ratio of R&D staff (non-consolidated)	16.0%	18.9%	24.2%	23.1%	23.6%	24.6%	27.7%	34.0%	32.9%	33.1%
(Millions of yen)										
Ratio of R&D expenses to Net sales	9.1%	8.6%	9.3%	8.8%	7.7%	7.1%	8.0%	9.3%	10.7%	8.7%
Total number of patents owned	239	291	310	333	359	400	429	443	480	468
Number of patents owned in Japan	67	82	89	87	89	90	90	90	84	78
Number of patents owned overseas	172	209	221	246	270	310	339	353	396	390

Share price movement

MANI TOPIX



1. The Company implemented a 1:3 share split on common shares on September 1, 2015, and also on September 1, 2019. Earnings per share, Dividend per share and Share price movement shown in this page are calculated under the assumption that this share split was conducted at the beginning of FY2012 (September 2011).

2. Items with no notes are Consolidated data.

Consolidated balance sheets

(Millions of yen)

	As of August 31, 2020	As of August 31, 2021
Assets		
Current assets		
Cash and deposits	17,175	18,287
Notes and accounts receivable - trade	1,577	1,901
Securities	—	608
Merchandise and finished goods	951	772
Work in process	3,891	3,885
Raw materials and supplies	1,801	1,808
Others	790	369
Allowance for doubtful accounts	(2)	(2)
Total current assets	26,186	27,631
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,894	8,400
Accumulated depreciation	(4,074)	(4,366)
Buildings and structures, net	3,820	4,033
Machinery, equipment and vehicles	10,724	11,385
Accumulated depreciation	(6,109)	(7,178)
Machinery, equipment and vehicles, net	4,615	4,206
Tools, furniture and fixtures	1,481	1,616
Accumulated depreciation	(1,143)	(1,294)
Tools, furniture, and fixtures, net	337	321
Land	1,132	3,873
Construction in progress	447	672
Others	122	216
Accumulated depreciation	(60)	(88)
Other, net	61	127
Total property, plant and equipment	10,415	13,235
Intangible assets		
Goodwill	166	73
Software	20	24
Others	733	796
Total intangible assets	920	895
Investments and other assets		
Investment securities	1,311	387
Deferred tax assets	255	350
Insurance funds	183	177
Others	16	15
Total investments and other assets	1,767	931
Total non-current assets	13,103	15,062
Total assets	39,289	42,693

(Amounts less than one million yen are rounded down)

(Millions of yen)

	As of August 31, 2020	As of August 31, 2021
Liabilities		
Current liabilities		
Accounts payable-trade	149	156
Accounts payable-other	430	373
Lease obligations	44	69
Income taxes payable	309	1,004
Provision for bonuses	441	462
Provision for fire losses	98	—
Others	453	493
Total current liabilities	1,928	2,559
Non-current liabilities		
Lease obligations	17	59
Provision for retirement benefits for directors (and other officers)	92	102
Retirement benefit liability	536	582
Asset retirement obligations	114	151
Others	33	35
Total non-current liabilities	794	931
Total liabilities	2,723	3,490
Net assets		
Shareholders' equity		
Share capital	988	988
Capital surplus	1,036	1,036
Retained earnings	37,624	39,750
Treasury shares	(3,125)	(3,125)
Total shareholders' equity	36,524	38,650
Other accumulated comprehensive income		
Valuation difference on available-for-sale Securities	112	41
Foreign currency translation adjustments	(7)	571
Remeasurements of defined benefit plans	(61)	(60)
Total other accumulated comprehensive income	42	552
Total net assets	36,566	39,202
Total liabilities and net assets	39,289	42,693

(Amounts less than one million yen are rounded down)

(Millions of yen)

Consolidated income statement

	Fiscal year ended August 31, 2020	Fiscal year ended August 31, 2021
Net sales	15,200	17,190
Cost of sales	5,323	6,185
Gross profit	9,876	11,004
Selling, general and administrative expenses	5,535	5,656
Operating income	4,340	5,348
Non-operating income		
Interest income	83	74
Dividends income	17	1
Business consignment expenses	34	—
Gain on investments in investment partnerships	30	25
Foreign exchange gains	92	305
Gain on sale of scraps	10	15
Others	7	13
Total non-operating income	274	437
Non-operating expenses		
Interest expenses	2	1
Syndicated loan expenses	15	3
Business consignment expenses	36	—
Equity in losses of affiliates	21	13
Compensation for leave for standby at home, etc.	113	59
Foreign exchange loss	—	22
Others	2	5
Total non-operating expenses	191	106
Ordinary income	4,424	5,679
Extraordinary income		
Insurance cancellation refund	42	40
Gain on sales of non-current assets	2	0
Gain on sales of investment securities	657	107
Gain on sale of shares of subsidiaries and affiliates	—	48
Insurance claim income	29	171
Total extraordinary income	732	369
Extraordinary losses		
Loss on sales of non-current assets	0	9
Loss on retirement of non-current assets	100	10
Impairment losses	22	—
Removal cost of non-current assets	—	13
Retirement benefits for directors (and other officers)	0	0
Loss on fire of non-current assets	201	12
Total extraordinary losses	325	46
Income before income taxes	4,831	6,001
Income taxes—current	1,372	1,772
Income taxes—deferred	129	(62)
Total income taxes	1,502	1,710
Net income	3,329	4,291
Profit attributable to owners of parent	3,329	4,291

(Amounts less than one million yen are rounded down)

(Millions of yen)

Consolidated statements of comprehensive income

	Fiscal year ended August 31, 2020	Fiscal year ended August 31, 2021
Net income	3,329	4,291
Other comprehensive income		
Valuation difference on available-for-sale securities	(303)	(70)
Foreign currency translation adjustments	(12)	575
Remeasurements of defined benefit plans	124	1
Share of other comprehensive income of entities accounted for using equity method	5	4
Total other comprehensive income	(185)	510
Comprehensive income	3,144	4,801
(item)		
Comprehensive profit attributable to owners of the parent	3,144	4,801

(Amounts less than one million yen are rounded down)

(Millions of yen)

Cash flows from operating activities (Summary)

	Fiscal year ended August 31, 2020	Fiscal year ended August 31, 2021
Cash flows from operating activities		
Profit before income taxes	4,831	6,001
Depreciation and Amortization of goodwill	1,411	1,541
Impairment loss	22	—
Income from insurance claim	(29)	(171)
Loss on fire	201	12
Increase (decrease) in provision	29	23
Interest and dividend income	(100)	(76)
Interest expenses	18	5
Foreign exchange losses (gains)	(77)	(250)
Share of loss (gain) of entities accounted for using equity method	21	13
Loss (gain) on sales of non-current assets	98	19
Loss (gain) on sales of investment securities	(688)	(181)
Decrease (increase) in notes and accounts receivable-trade	723	(307)
Decrease (increase) in inventories	(1,091)	327
Increase (decrease) in accounts payable-other	(561)	(21)
Others	(382)	429
Subtotal	4,426	7,365
Interest and dividend received	108	64
Interest expenses paid	(2)	(1)
Amount of insurance received	55	145
Loss on fire payment	(32)	(87)
Income taxes paid	(2,614)	(1,103)
Net cash provided by (used in) operating activities	1,941	6,384
Cash flow from investing activities		
Payments (proceeds) of time deposits	371	(42)
Purchase of property, plant and equipment	(1,692)	(3,865)
Proceeds from sales of property, plant and equipment	2	2
Proceeds from sales and redemption of investment securities	1,226	419
Others	52	47
Net-cash provided by (used in) investing activities	(38)	(3,438)
Cash flow from financing activities		
Repayments of lease obligations	(51)	(63)
Cash dividends paid	(2,065)	(2,165)
Others	(16)	(3)
Net-cash provided (used-in) financing activities	(2,133)	(2,232)
Effect of exchange rate change on cash and cash equivalents	147	369
Net increase (decrease) in cash and cash equivalents	(82)	1,083
Cash and cash equivalents at beginning of period	16,119	16,973
Increase (decrease) in cash and cash equivalents due to changes in the financial results of consolidated subsidiaries	937	—
Cash and cash equivalents at end of period	16,973	18,057

(Amounts less than one million yen are rounded down)

Nominating Committee
Compensation Committee



Toshihide Takai

Director
Vice-Chairman of the Board of Directors

- 1977 Joined the Nippon Fudosan Bank, Ltd. (formerly The Nippon Credit Bank, Ltd.; currently Aozora Bank, Ltd.)
- 2006 Advisor of MANI, INC.
- 2006 Senior Vice President & Executive Officer & General Manager of the Corporate Planning Department of the Company
- 2008 Senior Managing Executive Officer
- 2011 Executive Vice President & Executive Officer
- 2013 Director, President & Representative Executive Officer
- 2020 Director, Chairman and Executive Officer
- 2021 Vice-Chairman of the Board of Directors (present)

Masahiko Saito

Director, President and Representative Executive Officer
CEO, COO, CTO, CQO



- 1990 Joined MANI, INC.
- 2013 President of MANI HANOI CO., LTD.
- 2014 Executive Officer
- 2016 Executive Officer and Division Head of Production Division
- 2019 Senior Managing Executive Officer and Division Head of Corporate Planning Division
- 2020 Director, President and Representative Executive Officer and Division Head of Research and Development Division
- 2021 Director, President and Representative Executive Officer, Division Head of Research and Development Division & Quality Vigilance and Safety Division (present)

Independent



Michio Morikawa

Independent Director
Chairman of the Board of Directors

- 1972 Joined RHEON AUTOMATIC MACHINERY CO., LTD.
- 1996 Director of RHEON AUTOMATIC MACHINERY CO., LTD.
- 1999 Senior Vice President & Director of RHEON AUTOMATIC MACHINERY CO., LTD.
- 2007 Senior Vice President & Director & Senior Executive Officer of RHEON AUTOMATIC MACHINERY CO., LTD., Director of RHEON USA.
- 2011 Chairman & Representative Director of ORANGE BAKERY, INC., Director of RHEON AUTOMATIC MACHINERY ASIA PACIFIC CO., LTD.
- 2014 Senior Managing Director & Senior Executive Officer of RHEON AUTOMATIC MACHINERY CO., LTD.
- 2016 Independent Director of MANI, INC.
- 2021 Chairman of the Board of Director of MANI, INC. (present)

Independent

Nominating Committee
Compensation Committee
Audit Committee



Michiharu Matsuda

Independent Director

- 1983 Joined Japan Finance Corporation For Small and Medium Enterprise (currently Japan Finance Corporation)
- 1998 Joined Tohatsu Audit Corporation (currently Deloitte Touche Tohmatsu LLC)
- 2006 Became a partner of Deloitte Touche Tohmatsu
- 2017 Established Matsuda certified public accountants office (present)
- 2017 Independent Director of MANI, INC. (present)
- 2018 Independent Director & member of audit & supervisory committee at Saizeriya Co., Ltd. (present)
- 2019 Independent Auditor at Open Door Inc. (present)

Kazuo Takahashi

Director, Executive Vice President and Representative Executive Officer
CFO



- 1978 Joined Hogy Co., Ltd. (currently Hogy Medical Co., Ltd.)
- 2009 Director & General Manager of Corporate Planning Division & Product Management Division of HOGY CO., LTD
- 2013 Advisor of MANI, INC.
- 2014 Executive Officer
- 2016 Senior Vice President & Executive Officer, Division Head of Administration Division
- 2018 Director, Executive Vice President and Division Head of Administration Division
- 2021 Director, Executive Vice President Executive Officer, Division Head of Corporate Planning Division (present)

Independent

Nominating Committee
Audit Committee



Tatsushi Yano

Independent Director

- 1974 Joined TOMEN Corporation
- 2003 Executive Officer of TOMEN Corporation
- 2006 Director & Executive Officer of Sanyo Chemical Industries, Ltd. (Transferred)
- 2006 Director & Executive Office of Sanyo Chemical Industries, Ltd.
- 2010 Director, Senior Vice President & Executive Officer of Sanyo Chemical Industries, Ltd.
- 2012 Director, Senior Managing Executive Officer of Sanyo Chemical Industries, Ltd.
- 2016 Advisor of Sanyo Chemical Industries, Ltd.
- 2019 Independent Director of Kokusai Pulp & Paper CO., LTD. (present)
- 2019 Independent Director of MANI, INC. (present)

Independent

Compensation Committee
Audit Committee



Yukiko Moriyama

Independent Director

- 2008 Registered as an attorney. Belonged to a law firm in Tokyo
- 2010 Assistant Counselor of Cabinet Office (Preparatory Office for the Revise Information Disclosure Law)
- 2015 Participated in Waseda Legal Commons Law Office Partner Lawyer (present)
- 2020 Member of the Personal Information Protection Examination Committee in Wakou City (present)
- 2020 Independent Director of MANI, INC. (present)

Executive Officer

Hideo Matsumoto

Executive Officer
CMO
Division Head of Manufacturing Division



Hideyuki Murai

Executive Officer
CHRO
Division Head of Administration Division



Kentaro Maehara

Executive Officer
CNBO
Executive Director of MANI MEDICAL BEIJING CO., LTD.



Kentaro Inatomi

Executive Officer
CSO
Division Head of Sales Division



Abbreviations

CEO : Chief Executive Officer
COO : Chief Operating Officer

CFO : Chief Financial Officer
CTO : Chief Technology Officer

CQO : Chief Quality Officer
CMO : Chief Manufacturing Officer

CSO : Chief Sales Officer
CHRO : Chief Human Resources Officer

CNBO : Chief New Business Officer

Company information

Company name	MANI, INC.
Founded	December 24, 1959
Representative	CEO, COO, CTO, CQO Masahiko Saito
Capital	JPY 988 million (as of August 2021)
Employees	333 (as of August 2021)
URL	http://www.mani.co.jp
Listing	The First Section of the Tokyo Stock Exchange Securities code: 7730
Fiscal year	From September 1 to August 31 of the following year
Business outline	<ul style="list-style-type: none"> •Manufacturing and distribution of medical devices •Import and sale of medical devices •Subsidiary businesses



Stock overview

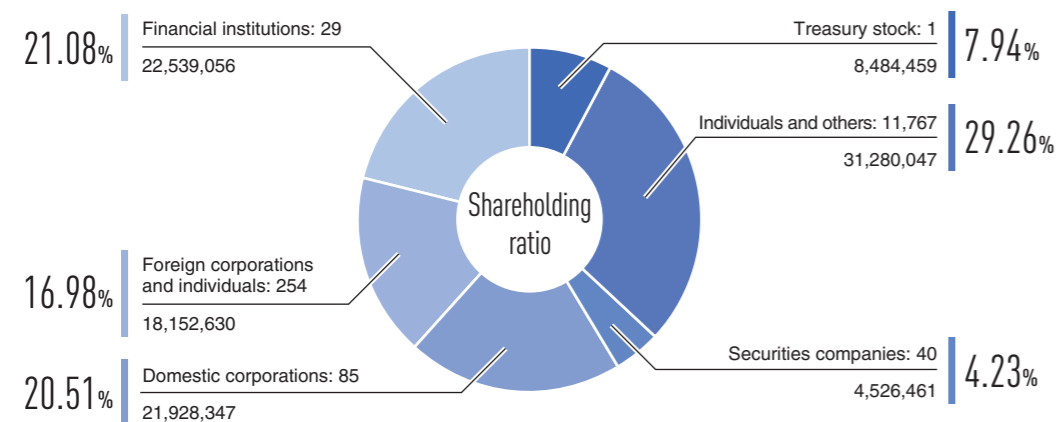
As of August 31, 2021

Total number of authorized shares	356,400,000
Total number of shares outstanding	106,911,000
Number of shareholders	12,176

Major shareholders as of August 31, 2021

Excluding MANI	Name of shareholder	Number of shares held	Shareholding / ownership ratio
1	Manix Co., Ltd.	11,100,000	11.28%
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	6,838,000	6.95%
3	SSBTC CLIENT OMNIBUS ACCOUNT	6,189,616	6.29%
4	Matsutanigiken Co., Ltd.	5,084,000	5.17%
5	Custody Bank of Japan, Ltd. (Trust Account)	4,287,856	4.36%
6	SMBC Nikko Securities Inc.	3,289,900	3.34%
7	Mani Matsutani Medical Scholarship Foundation	2,700,000	2.74%
8	Matsutani Kanji	2,297,800	2.33%
9	Matsutani Masamitsu	2,292,400	2.33%
10	Masamitsu Co., Ltd.	2,048,000	2.08%

Distribution of shares by shareholder type



THE BEST QUALITY IN THE WORLD, TO THE WORLD

Call For Attention Regarding Forecasts

The forward-looking statements—including results forecasts—contained in this integrated report are based on information currently available to MANI and certain assumptions deemed to be reasonable at the time of publication. The statements herein do not constitute assurances by MANI regarding actual results. Please note that actual results may vary due to various factors.