

Director, President
and Representative
Executive Officer
Masahiko Saito



Message from Our CEO

¥30 billion in net sales and ¥10 billion in operating income in the Medium-Term Management Plan are transit points

Drive a New Growth Stage by Delivering “The Best Quality in the World”

Key Messages Covered in This Integrated Report

Our corporate philosophy is “Contributing to the welfare of people worldwide through development, production and distribution of products beneficial to patients and doctors.” We have outlined the mission of delivering “the best quality in the world, to the world” in our pursuit of this philosophy and aim to distribute MANI products globally and contribute to the welfare of people worldwide.

This report details our progress on our Medium-Term Management Plan and our future growth strategy. It includes feature sections that clarify our key policies, such as our unique initiatives in the Dental segment, initiatives to reduce environmental impact, the current status and outlook of MMG, our consolidated subsidiary in Germany, and a roundtable on human capital.

Achieving the Goals of the Medium-Term Management Plan

Record-high Results in Fiscal Year Ended August 31, 2023

Consolidated financial results for the fiscal year ended August 31, 2023 reached record highs in net sales, operating income, and ordinary income. In addition to sales boosted by depreciation of the yen, demand for eyeless needles used for suturing during surgery expanded globally, mainly in the Asian region, and drove business results. We aim to achieve ¥30 billion in net sales, ¥10 billion in operating income, and ROE of

12% in the fiscal year ending August 31, 2026, and are proud of MANI's continuing steady growth.

We are pursuing globalization of our sales, production, and development functions through the Medium-Term Management Plan to ensure the “future evolution” of MANI. Such initiatives include **(1) Establishing a high-quality, low-cost global production system, (2) Conducting R&D with key opinion leaders (KOLs) around the world, (3) Expanding global market shares through regional-oriented sales, (4) Introducing a new personnel system (Human capital management), and (5) Promoting MANI Sustainability.** In this report, we explain the progress made for each theme and initiatives going forward.

Glossary

Key opinion leaders (KOLs): Influential doctors in medical and dental fields who are viewed as key opinion leaders

Minimally-invasive treatment: Treatment that minimizes pain, “fever, bleeding” and other physical stresses (invasiveness) during treatment

(1) Establishing a high-quality, low-cost global production system
Switching to New Production Methods Centered on the Smart Factory

Since MANI entered Vietnam in 1996, we have succeeded in building a high-quality production system that keeps costs low. However, identifiable future risk factors include clear limits to the current production method in which quality assurance relies on human resources, increasing difficulty in securing workers and continuing rises in personnel costs overseas, and overdependence on an overseas production base (more than 90% of main products are produced at the Vietnam Factory). Furthermore, mass production of new products is not yet sufficient and increasing the speed of sales is an issue.

To address these issues, we began construction of an innovative Smart Factory at the founding site of Hanaoka, Takanezawa Town, Tochigi Prefecture in October 2023, to put next-generation production methods into practice. The production technology team, which possesses a high degree of expertise in mass production technology, is working with the Research & Development Division to establish mass production technology for new products and new production processes in this Smart Factory. The plan is for the Smart Factory to be a pilot factory with an eye toward subsequent overseas expansion. Our goal is to strengthen production and processing technology in Japan and build a system capable of rapid response in Japan to first calls from KOL doctors. Furthermore, by automating inspection work and incorporating the latest technologies into the Smart Factory in Japan, we will create a high-quality, low-cost production system that places fewer demands on the labor force. Our plan is to roll out this Smart Factory model to our other overseas factories.

We are also working to strengthen our production system outside of Japan. We will construct a new factory building in Vietnam and increase production capacity to respond to the recent increase in demand for our products, products. We are also improving processes and strengthening inventory management to increase production efficiency. In Germany, a new Head Office Factory was completed in September 2023, and we are expanding sales in Europe, North America, and Asia based on increased production capacity of dental restoration materials.

(2) Conducting R&D with key opinion leaders (KOLs) around the world
Competitive Advantages of "Successful Minimally-invasive Treatments"

Until now, we have mainly worked with KOL doctors in Japan, who are in high demand. However, in order to innovate our core technology and increase the speed of market launch, we are strengthening our new product development system to achieve a global competitive advantage by strengthening our collaboration with KOL doctors around the world.

We are making progress on collaboration with KOL doctors around the world by using our network of overseas sales subsidiaries and strengthening cooperation on product development with KOL doctors, particularly in China, India, and elsewhere in the Asian region. However, there are still many challenges in the development system for new products, and the lagging collaboration with KOL doctors in the medically advanced regions of North America and Europe. We are collecting information from doctors and customers while coordinating with sales activities, with the aim of establishing a product development system that is capable of responding rapidly to the different medical and healthcare needs of each region.

Key products developed under the Medium-Term Management Plan include NiTi rotary files used in dental root canal treatments "JIZAI," composite resins used in dental restoration treatments "MANI EG Composite," and vitreous forceps used in retinal vitreous surgeries on the eye "MANI Micro Forceps." We launched "MANI Micro Forceps" in the fiscal year ended August 31, 2023, and completed the launch of all three key products. However, sales performance are lagging behind the targeted results. Demand for medical and healthcare equipment in medical institutions fell from 2020 onward, due to the COVID-19 pandemic. While the low level of activity is one reason for our sales results, we take the current situation seriously and are analyzing the contributing factors and taking steps to achieve our targets. [Details of treatments and product characteristics on P. 31](#)

We established the Dental Business Division in September 2023 as a new organization to strengthen the overall competitiveness of JIZAI and other MANI dental products in the fiscal year ending August 31, 2024. Development, marketing, and sales functions were integrated in the new organization and the division is pursuing integrated product development that rapidly reflects the opinions of KOL doctors and market needs obtained at exhibitions and seminars. [Details on P. 34](#) JIZAI mitigates the burden on patients during and after treatment, so it is central to our policy of product design that "avoids unnecessary incisions." This product aims to remove as much of the infected pulp as possible while preserving the root canal and restoring the tooth to its near-original condition. We have taken care in its design to reduce the need for retreatment as much as possible. Products from other companies focus on tooth cutting performance, price and other factors, and we recognize the diverse needs of dentists. However, MANI believes that further advances in minimally-

invasive treatments will lead to the proliferation of high-quality treatments. Clearly communicating the advantages of providing superior treatments that add high value gained from using MANI products is an important task.

(3) Expanding global market shares through regional-oriented sales
Continued Growth in Asia, Future Challenges in the Markets in Europe and North America

Expanding global market shares through regional-oriented sales is vital for the future development of MANI. We are strengthening customer-centered sales activities to expand the sales and market share of our recent key development products, in addition to ophthalmic knives used in cataract surgeries. MMB, a sales subsidiary in China, has pursued a region-oriented sales system in which it gathers feedback from local doctors and uses that information for product development while discerning medical and healthcare needs. This proactive approach has been one of the reasons for our improved performance in recent years. In addition to China, there are substantial opportunities for growth in markets such as India, Indonesia, and Malaysia.

To pursue these opportunities, we established MMM, a new sales subsidiary in Malaysia, in June 2023 to help uncover medical and healthcare needs and expand sales in Southeast Asia.

This subsidiary is engaging in sales activities mainly for surgical and dental products. The number of dentists is also increasing in Southeast Asian countries where dietary habits are changing and dental care has been previously insufficient. We are focusing on strengthening our marketing activities, ascertaining local needs, and expanding our sales network in this region. We plan to base our efforts in Southeast Asia on

Medium-Term Management Plan [P. 25-26](#)

Outline of the Medium-Term Management Plan

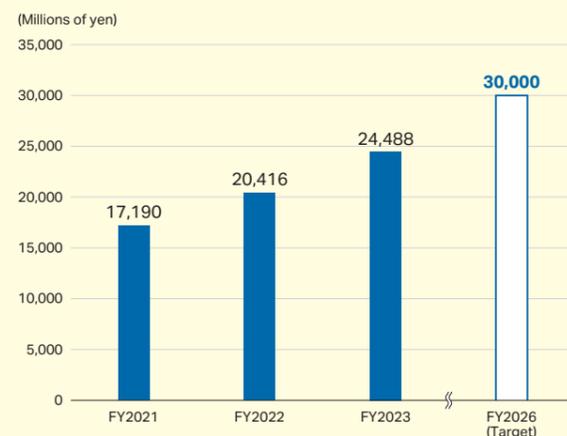
Corporate Philosophy

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

Corporate Policy

- 1 Business model innovation**
- 2 Conducting R&D with KOLs around the world**
- 3 Expanding global market shares through regional-oriented sales**
- 4 Establishing a high-quality, low-cost global production system**
- 5 Introducing a new personnel system (Human capital management)**
- 6 Promoting MANI Sustainability**

Net sales



Operating income/Operating income margin



ROE



our successful experiences in China. Our consolidated subsidiary in Germany, MMG, is strengthening its sales of dental restoration materials in Europe, North America and Asia.

Unfortunately, our market share expansion of surgical and dental products in the European and North American regions is underperforming the targets set out in the Medium-Term Management Plan. We will work to gain access to new sales channels and expand product sales going forward. Our main competitors in the European and North American regions are major global players. To compete with the established sales networks of these companies, MANI needs to redesign our business model from the ground up, in addition to showcasing our high quality.

(4) Introducing a new personnel system (Human capital management) Targeting Improvement in Job Satisfaction

All of our employees are working with unflinching passion towards the challenging targets set out in the Medium-Term Management Plan. The top management, myself included, are deeply grateful for their efforts. I will continue the "interview with five," meetings with groups of five employees, in the fiscal year ending August 31, 2024 to ensure that they have an in-depth understanding of MANI Group's goals as set out in the Medium-Term Management Plan and the roles played by each individual contributions, and helps them put that understanding into action (I met with 294 employees in total, in the fiscal year ended August 31, 2023). I am continuing this initiative because participants have found the concrete topics of conversation on how our products contribute to treatment of cataracts and other topics easy to understand.

In the fiscal year ended August 31, 2022, we launched a

new personnel system (human capital management) as one of the key measures in the Medium-Term Management Plan. We have seen positive results thus far, but there are still outstanding issues. In the fiscal year ended August 31, 2023, we successfully hired 21 recruits with experience, exceeding our target. Steady progress is being made on building a workplace that makes it easy to work by enhancing the scholarship/student loan proxy repayment system and the childcare leave system. However, improving job satisfaction is a company-wide issue. The newly introduced challenge system supports ambitious employees in taking on challenges, and we will continue carrying out various initiatives to improve job satisfaction. [Details on P. 44](#)

(5) Promoting MANI Sustainability Strengthen ESG Based on a Distinctive Business Model

MANI Sustainability specifies six key issues (materiality) as initiatives in sustainability. We are promoting carbon neutrality, active participation of diverse personnel, and supply chain evaluation as key measures in this Medium-Term Management Plan.

A unique characteristic of our business model is that MANI products are microscopic items made by processing stainless steel wire. This means we are able to minimize the energy consumption required for processing. Our products are also extremely lightweight, which minimizes the environmental impact. For future initiatives we are carrying out the plan to reduce CO₂ emissions 25% by 2030 compared to the fiscal year ended August 31, 2022. To do so, we are introducing solar power generation and other environmentally friendly systems in the Kiyohara Factory and the Smart Factory in Hanaoka, Takanezawa Town in Japan as well as in the Vietnam Factory and

MMG's new Head Office Factory in Germany.

[Details on P. 40](#)

As we strengthen our production and sales in the Asian region, we are also including measure to ensure consideration of human rights and prevention of corruption. We continue to place importance on compliance with laws and regulations and have put into place comprehensive compliance policies at all Group companies.

Business Environment and Risks

MANI foresees an increasing number of business opportunities over the medium and long term as a provider of high quality products based on microfabrication technologies, given medical industry trends such as the global increase in the number of cataract patients due to aging populations as well as diversification of demand for dental care and increasingly intricate surgeries and medical treatment accompanying economic growth in emerging countries. However, the increasingly competitive environment and materialization of global risks stand out as business risks. In regard to the increasingly competitive environment, we are keeping an eye on the trends among local manufacturers, especially in the Asian region. While some doctors may select low-cost products over quality, we recognize the importance of clearly communicating the treatment benefits and value we offer to avoid price competition. In regard to materialization of global risks, we are alert to overall economic trends and regulation in China (such as the anti-corruption movement and government policies providing preferential treatment to domestic production). MANI mainly handles basic medical equipment and consumable items at present, so the



impact on our company is not large. Nevertheless, we will continue to monitor the status of bids and changes in local clinic exam rates in the future.

To Our Stakeholders

We aim to continue delivering the best quality medical equipment in the world, to the world. Implementing sustainable manufacturing processes and further improving product safety and efficiency are a part of these efforts. We will also put emphasis on transparent and ethical business practices and meet the expectations of all our stakeholders. We will continue our efforts to make our products and services the optimal choice for both medical and healthcare workers and patients. The valuable feedback and support we receive from all our stakeholders is the key to our growth and innovation. I would like to offer my sincere gratitude and ask you for your continued support and cooperation.

Key Measures for Fiscal Year Ending August 31, 2024

- 1**
 - Building the Smart Factory
 - Investing in the Vietnam Factory and strengthening BCP
 - Operating MMG's new Head Office Factory (Germany)

Establishing a global production system
- 2**
 - Reinforcing competitiveness of NiTi rotary files "JIZAI" and other dental products

Conducting R&D with KOLs around the world
- 3**
 - Global sales activities
 - Accessing Southeast Asian market through MMM, our sales subsidiary in Malaysia

Regional-oriented global marketing
- 4**
 - Group environmental initiatives
 - Promoting human capital management

MANI Sustainability
- 5**
 - Establishing the Strategy Committee to improve corporate value over the medium and long term

Formulation of a medium- and long-term strategy

Pick UP Establishing a global production system

Building the Smart Factory in Hanaoka, Takanezawa Town, where MANI, INC. was Founded

Aiming to establish a global production system by establishing a next-generation production system in Japan

- Incorporating improvements in productivity that utilize digital technology to make it possible to develop products with a higher degree of difficulty
- Pilot factory for mass production technology in Japan to roll out to overseas factories



Key issues addressed by the Smart Factory

- Reduction of risk of overconcentration in Vietnam
- Contribution to local communities and consideration for the environment
- Manufacturing innovation (automation)

Building up the Vietnam Factory to increase production volume

Increase production capacity and strengthen BCP through renovation of the Vietnam Factory

Conceptual drawing of new factory building



Completion of MMG's new Head Office Factory (Germany)

Expand production capacity of dental restoration materials and respond to strong product demand from the markets in Europe and North America

Completion ceremony for New Head Office and Factory for MMG held in October 2023



Essence of MANI Value Creation

— Off-Limits Management, Manufacturing Strategy, DNA of Aiming to Be the Best in the World —

As our product strategy, we are clarifying and implementing the trade off, or the “Off-Limits” fields in R&D. While it is important to adapt technology strategies in accordance with technological changes in the markets we face, we will continue to inherit the core concept of our management, and aim for sustainable growth. In the technical field where we excel, we will continue to produce “the Best Quality in the World.” We believe this is the best way to contribute to society, and is also the significance of MANI’s existence.

1 Off-Limits Management We do not deal in products other than medical equipment

In 1961, we successfully produced the world’s first stainless-steel surgical needles. Since we achieved “rust-proof suture needles,” which was an issue in the medical equipment industry at that time, we have adopted a consistent strategy. This means that medical equipment, which is small and consumable and has a long product life, is made “the best quality in the world” with its original technology centered on microfabrication technologies for wires and sold in global niche markets. We have arrived at this strategy by learning from our past failures. In the 1970s we developed surgical scalpels; however, as they were inferior in quality to the scalpels made by our competitors, we failed to enter the market. This was not one of our specialty fields like wire, and the scalpels used plates that involved materials and processing technologies that were completely different to those used for wire. That was what caused our failure. This experience taught us the importance of competing on the technologies that MANI excels at; therefore, we have been specializing in the development of instruments with delicate structures and that are made from wire.



Products created based on “Off-Limits Management”

From the development failure of scalpels to success in the dental instrument’s domain

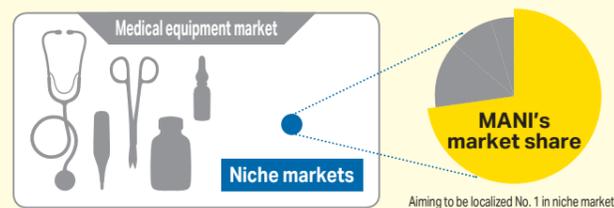
From the development failure of surgical scalpels, we started to specialize in the development of instruments with delicate structures and that are made from our specialty field of wire; this resulted in the emergence of a new business in dental instruments. In 1976, we launched barbed and smooth broaches. Since then, we have deepened our technologies, and also developed reamers, files, and diamond burs that are currently some of the main products of MANI.

2 Manufacturing Strategy We do not enter markets other than niche markets (annual global market scale of around ¥500 billion or less)

MANI does not have special resources compared to the major medical equipment manufacturers overseas who are our competitors. We maximize the limited resources we have in our company, and so rather than directly competing with these large companies, we are aiming to be number one in the world in the niche markets where we can leverage our unique core technologies. By specializing in products where added value is required so as to avoid unnecessary price competition, and by patenting the creative technologies we have developed from our accumulated technologies, we are striving to secure both immediate and future profits.

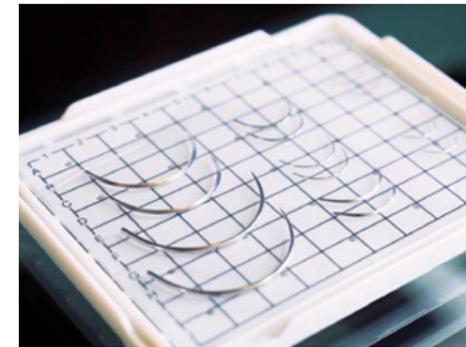
“Niche Markets” Approach

We do not enter markets with an annual global market scale of more than around ¥500 billion. We also do not develop large-sized products and instruments that have no connection with MANI products or our proprietary technologies.



3 Manufacturing Strategy We do not deal in products with a short market trend

We develop and produce only basic medical equipment with a long product lifecycle. This allows us to achieve cumulative quality improvements and cost reductions over a long term. It also generates the unique technologies to achieve the particular level of quality required in medical equipment, and allows us to establish even more efficient production technologies. This is how we are maintaining an organizational structure that achieves high quality and high income margins. We also develop our own production machinery and machines for evaluating the quality of our products, and through this in-house development system we are refining our specific technologies.



Original structure from the “Off-Limits Management”

In-house development of production machinery and machinery for evaluating the quality of products

Our engineers, who are very knowledgeable about the wire developed at MANI and the machinery to process and evaluate that wire, work daily on making improvements so that we can provide even better quality. Currently we are training many engineers both in Japan and at our overseas production bases, and it is the MANI employees at overseas bases that are playing a central role at present.

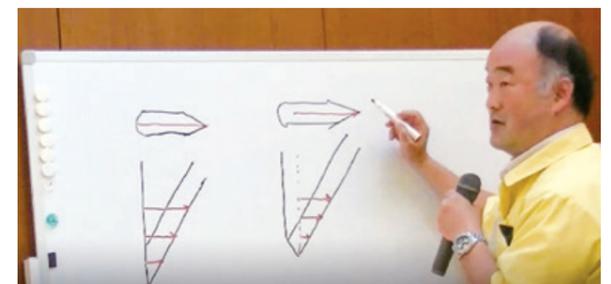
4 DNA of Aiming to Be the Best in the World We do not aim for quality other than the best in the world

With “THE BEST QUALITY IN THE WORLD, TO THE WORLD” as our basic business policy, all Group employees act under this policy as they do their daily work. As part of our efforts to realize this policy, we hold a “The Best in the World or Not” conference once every six months, and run programs aimed at being the best in the world for each required characteristic of quality. We segmentize each product and scrutinize each characteristic to determine if we are the best in the world or not, and then we make improvements. If a competitor’s product is superior to a MANI product, the sale of the superior product is for the benefit of patients and the world. We make every effort to pursue high-quality products that are well received by as many users as possible, and we strive to bring profits to all relevant parties by delivering these products to the world.

Proprietary verification system to support MANI quality

“The Best in the World or Not conference”

To evaluate if a product is the best in the world or not, we look at more than just the product’s performance; we also score aspects such as market price and availability, and then compile objective data that is used to do comparisons and data verification with competitors’ products. We formulate action programs for the characteristics that need improvement and use it as we strive to provide high-quality products to realize even better treatments. We ask ourselves even for products that were once the best in the world, “Are these products really still the best in the world?” and “Why can we say so?” While asking ourselves these harsh questions, we have been working enthusiastically and persistently to develop products, with a healthy sense of urgency.



“The Best in the World or Not” conference

Medium-Term Management Plan — Business Model Innovation —

In April 2021, we announced MANI Group's Medium-Term Management Plan ending August 31, 2026. This plan is for the Group's sustainable growth and strengthening the business base to support that. The outline of this plan is achieving our corporate philosophy of "Contributing to the welfare of people worldwide through development, production and distribution of products beneficial to patients and doctors." We will move forward with the six corporate policies of (1) Business model innovation, (2) Conducting R&D with key opinion leaders (KOLs) around the world, (3) Expanding global market shares through regional-oriented sales, (4) Establishing high-quality and low-cost global production system, (5) Introducing a new personnel system (Human capital management), and (6) Promoting MANI Sustainability.

Progress in the Fiscal Year Ended August 31, 2023

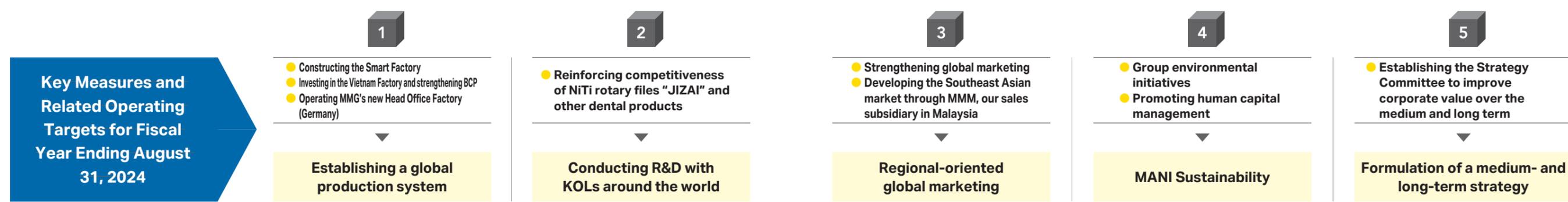
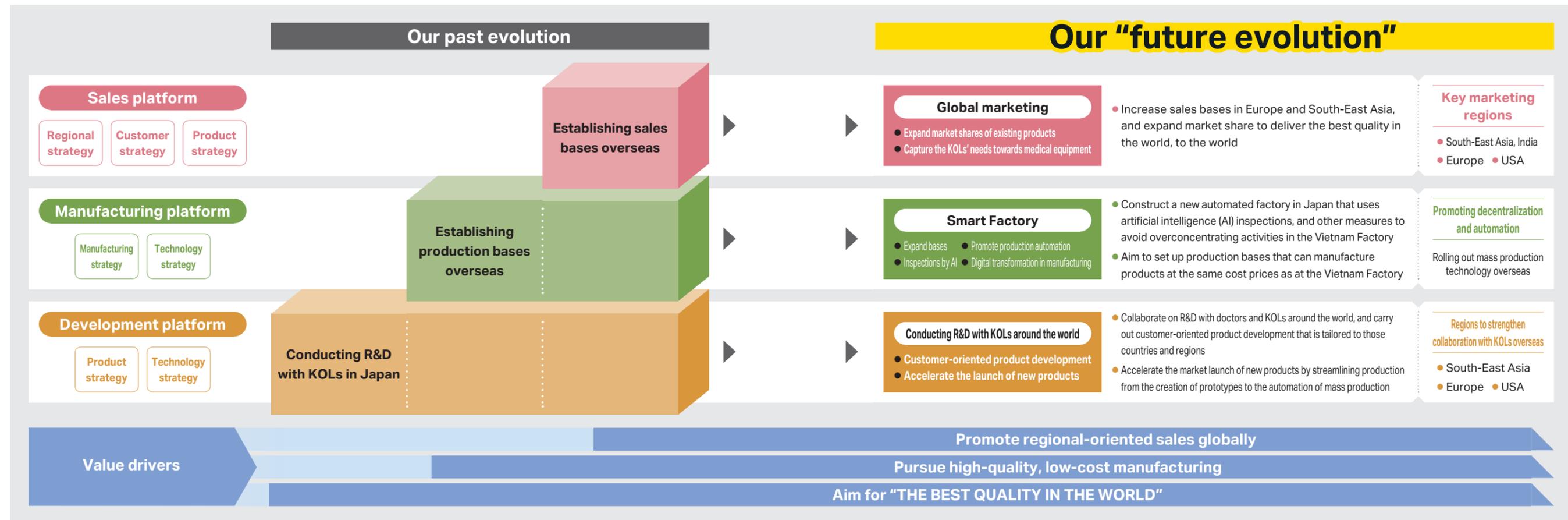
Against the backdrop of robust product demand, MANI achieved steady growth in line with the Medium-Term Management Plan, with net sales, operating income, and ordinary income all reaching record highs.

< Progress on Key Measures >

- Began construction of the Smart Factory in Hanaoka, Takanezawa Town, Tochigi Prefecture. Improved the mass production proof-of-concept (PoC) trial.
- Began selling all three key development products. Made progress on activities with global KOL doctors to expand sales of the NiTi rotary files "JIZAI" in India and elsewhere.
- Established MMM, a sales subsidiary in Malaysia, and strengthened marketing in Southeast Asia.
- Began operating the new personnel system.

Doing what we say of delivering "the best quality in the world, to the world"
→ **Achieving the MANI corporate philosophy**

Transforming MANI from an "aggregate of development-based niche companies" into a "true global company" that meets the demands of customers worldwide of development-based niche companies into a true global company that meets the demands of customers worldwide



Financial Foundation Supporting Our "Future Evolution"

MANI has built an extremely robust, healthy financial foundation thus far by practicing "Off-Limits Management" (trade-off) while strengthening our development, production, and sales functions (pursuing best practices).

Effects of "Trade-Off"

Effect 1

Achievement of Both Growth and Profitability

Achieve growth in net sales and high income margins based on a high-quality, low-cost production system in Vietnam

<p>Sales CAGR (Compound Annual Growth Rate) (FY2013 to FY2023)</p> <h1 style="font-size: 2em;">+10.1%</h1>	<p>Operating income margin (FY2023)</p> <h1 style="font-size: 2em;">29.6%</h1>	<p>Operating income margin results for companies listed on the Tokyo Stock Exchange* (For fiscal years ended April 2022 to March 2023)</p> <h1 style="font-size: 2em;">About 6.3%</h1>
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Effect 2

Achievement of Sound Financial Position

Generate strong equity capital and free cash flow^{*2} (FCF)

<p>Equity capital ratio (%) (FY2023)</p> <h1 style="font-size: 2em;">90.6%</h1>	<p>Cumulative free cash flow generated (FY2013 to FY2023)</p> <h1 style="font-size: 2em;">¥30.7 billion</h1>
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Effect 3

High Level of Investment in R&D

Concentrate investment of limited resources in specific areas and make it possible to aim for "the best quality in the world"

Ratio of R&D expenses to net sales
(FY2023)

8.9%

We aim to achieve the financial targets of the Medium-Term Management Plan through active returns to shareholders, employees, local communities and other stakeholders while investing in growth, beginning with Smart Factory-related investment and new product marketing, to achieve our "future evolution."

Measures to Ensure Our "Future Evolution"

Measure 1

Allocation of Funds to Growth Investment

- Capital investment and investment in new product development using strong cash flow
- Full-fledged marketing of new products

Total investment of the Smart Factory
Approx. **¥10.5 billion**
(Plan as of January 2024)

Measure 2

Shareholder Returns

- Increase in dividends for 11 straight fiscal years
(Total shareholder returns for the past five fiscal years has trended around 110% to 160%)

Measure 3

Strengthening ESG

- Promoting MANI Sustainability (harmonious co-existence with local communities and manufacturing with a low environmental impact)
- Promoting human capital management
- Strengthening of corporate governance from both offensive and defensive perspectives

Aiming Achievement of Financial Targets in the Medium-Term Management Plan

Achieve targets for net sales, operating income, and ROE

		FY2023 (Results)	FY2026	FY2031	
Numerical targets	Profitability	Operating income / ROE	¥7.2 billion / 12.5%	¥10.0 billion / 12%	¥15.0 billion / 16%
	Growth	Net sales	¥24.4 billion	¥30.0 billion	¥50.0 billion
	Shareholder returns	DPS Dividend per share	¥35.0	Stable increase in dividends	Stable increase in dividends

* Source: Summary of Earnings Digests by Listed Companies prepared by Tokyo Stock Exchange
 *2 Free cash flow: Sum of cash flows from operating activities and cash flows from investing activities

Initiatives toward Our "Future Evolution"

Establishing a Global Production System

▶ Setting up Next-generation Production Systems through Smart Factory — Evolution of High-quality, Low-cost Production System

MANI launched full-fledged overseas production from the latter half of the 1990s and chose Vietnam as the production base for achieving the best quality in the world. As a result of our focus on quality-first manufacturing in Vietnam, we have achieved a high-quality, low-cost production system up to the present. We recognize the need for further evolution of our existing high-quality, low-cost production system in order to maintain MANI's growth over the medium and long term. MANI aims to solve the following business issues by building a new Smart Factory.

■ Overview of the Smart Factory

Name	MANI Hanaoka Factory
Location	Oaza Hanaoka, Takanezawa Town, Shiota District, Tochigi Prefecture (Site area: Approx. 287,000 m ²)
Building area	Approx. 16,300 m ² (Premises: approx. 15,600 m ²) (Production/Common areas: 11,150 m ²) (Machinery room on premises: 590 m ² Logistics center: 3,860 m ²)
Investment*	¥10.5 billion in total (total of (A) through (C), below) (A) Factory construction: ¥8.4 billion (B) JIZAI production line (part): ¥1.1 billion (C) Ophthalmic knife production line: ¥1.0 billion
Timeline	JIZAI production line: to begin mass production in September 2025 Start of construction: October 2023 Factory completion: January 2025 (planned)



Conceptual drawing of new factory

*We are considering additional capital investment to increase production line capacity in the future. Further details will be reported promptly, once decided.

1. Establishment of Mass Production Technology and Automation Technology

Issues	Initiatives toward evolution
<ul style="list-style-type: none"> ● Difficulty in handling future growth in product demand by extending current production methods with quality assurance based on human evaluation ● Securing personnel at overseas production bases and continual increases in labor costs ● Improving the speed of mass production of new products 	<ul style="list-style-type: none"> ● Accumulate mass production technology for new products and new production processes at the Smart Factory, and respond quickly to global trends in product demand ● Utilize cutting-edge production technology and digital technology to promote higher product quality and lower costs through automation ● Confirmed plans to introduce automated production lines for mass production of NiTi rotary files "JIZAI" and ophthalmic knives. In the future, we also anticipate mass-producing vitreous forceps, dia-burs, and other dental/surgical products

2. Reduction of Risk of Overconcentration in Vietnam and Rollout to Overseas Bases

Issues	Initiatives toward evolution
<ul style="list-style-type: none"> ● Recognition of the various business risks associated with overconcentration at the Vietnam Factory, since most production processes have been moved to overseas bases (Vietnam) 	<ul style="list-style-type: none"> ● Build a new factory in Japan (at the company's founding location of Hanaoka, Takanezawa Town, Tochigi Prefecture) to further decentralize production bases ● While positioning the Smart Factory in Japan as a "pilot factory", deploy mass production technology established in Japan to overseas bases as well

3. Expansion of Environmental Measures, Community Involvement, and Human Capital

Issues	Initiatives toward evolution
<ul style="list-style-type: none"> ● Necessity of business activities that are respectful of local communities and the environment ● Necessity of providing employees with a safe and attractive work environment 	<ul style="list-style-type: none"> ● Actively utilize natural energy by installing solar photovoltaic panels at the Smart Factory. Achieve more environmentally friendly manufacturing through energy conservation, increased productivity, and reduced waste ● Pursue closer community ties by signing power purchase agreements with local companies ● Consider measures that make use of the rich natural environment in Takanezawa Town, Tochigi Prefecture (e.g. exterior that harmonizes with the natural environment and conservation of environmental resources) ● Improve employee productivity and workplace safety, as well as develop new engineers in Japan

▶ Operation of MMG's Head Office Factory (Germany)

Construction of the new Head Office Factory for MANI MEDICAL GERMANY GmbH (MMG), our consolidated subsidiary in Germany, was completed and production and sales activities at the new base began in September 2023 (for an investment of approx. ¥3.0 billion).



New Head Office Factory for MMG

Purpose
<ul style="list-style-type: none"> ● Increase production capacity for dental restoration materials and expand sales in Europe, North America and Asia ● Comply with the many environmental regulations in Germany and establish environmentally friendly manufacturing ● Improve employee motivation and provide an appealing workplace environment

For more information on MMG, refer to "Current Status and Outlook for MMG, Which Is Active in High-brand Markets" on P. 41.

Introductory video of MMG <https://www.mani-germany.com/en/company/>

Overview of the New Head Office Factory of MMG
Location: Hessen, Germany
Site area: 20,968 m²
Total floor area: 9,338 m²
Items produced: Dental restoration materials

▶ Vietnam Factory Expansion, BCP Enhancement, and Worksite Productivity Improvements

Making improvements at our consolidated subsidiary in Vietnam, MANI HANOI CO., LTD. (MHC), to bolster productivity and enhance its BCP.

Purpose
<ul style="list-style-type: none"> ● Expand the Vietnam Factory and increase the production capacity of surgical and dental products in order to handle strong product demand ● Enhance BCP measures against fire risk, etc.
<p>STEP1 Investment amount: ¥2.1 billion</p> <p>Expand plant to increase production capacity</p>
<p>STEP2 Investment amount: ¥0.3 billion</p> <p>Dismantle aging plant facilities and improve existing plant to comply with regulations and reduce fire risks</p>



Conceptual drawing of new factory

Pick UP

<p style="text-align: center;">Reducing Production Lead Time</p> <p>MHC factory in Vietnam is actively working to achieve low-cost manufacturing through production process reforms (MPS) originating on the front lines at worksites.</p>		<p>Implemented the Value Stream Mapping method* at MHC (Nov. 2022)</p> <p>*Method of making improvements in which flows of goods and information are diagrammed with sticky notes to look for points to improve from current status and targets</p>
<p>At MHC, each segment creates a Value Stream Map and discusses ways to improve productivity by taking an overall view of the entire process. Strong teamwork has been fostered between Japan and Vietnam, and on-site capabilities improve on a daily basis. These diligent efforts have also helped reduce production lead time.</p>	<p>● MANI Production System (MPS) launched in 2021. Departmental general managers and other leaders at MHC have taken the lead in efforts to improve productivity.</p>	

Initiatives toward Our "Future Evolution"

Conducting R&D with KOLs Around the World

Brought All of the Medium-Term Management Plan's Key Development Products to Market. Finished Preparations for Future Growth

Newly developed three products as key development products that will support our "future evolution": NiTi rotary files "JIZAI," vitreous forceps "MANI Micro Forceps", and composite resins "MANI EG Composite." These products were brought to market by the fiscal year ended August 31, 2023. One distinguishing feature of these products is that they were developed in cooperation with KOL doctors around the world with an eye towards global deployment in the future.

1 NiTi rotary files for dental and root canal treatment/root canal shaping and expansion

This dental treatment instrument is used in root canal shaping and expansion for removing caries-damaged dental pulp and cleaning the infected root canal area. "JIZAI" makes it possible to remove infected dental pulp and dentine, even in root canals that are curved and have complex formations. With the design of this product that uses NiTi material, we have achieved better flexibility to follow the curvature of the root canal, while minimizing cutting of the dentine.



Product name: JIZAI

Domains so far

We have mostly dealt in manual root canal treatment instruments so far, and now we have produced new motorized root canal treatment products.

Policies going forward

Root canal treatment cases and needs vary from region to region. We are developing products and systems for more treatments in collaboration with KOL doctors around the world.

2 Surgical and retinal vitreous surgeries/vitreous forceps

This surgical instrument is used in internal ocular procedures such as treatments for retinal detachment and diabetic retinopathy. Internal ocular diseases can substantially affect visual acuity, so such treatments are extremely important in improving patients' quality of vision (QOV). These surgeries require extremely delicate techniques, as the procedures are performed on the internal ocular tissues using small diameter surgical instruments. In this instrument, we have achieved a combination of high rigidity and high precision using microfabrication technologies and a product design for precise operation.



Product name: MANI Micro Forceps

Domains so far

So far, we have mostly dealt in products in the domain of cataract surgeries, and now we are expanding into the domain of surgical instruments for vitreous and glaucoma surgeries.

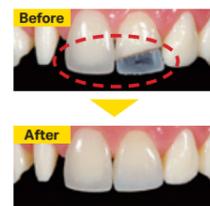
Policies going forward

We have brought 27G products to market as planned. Moving forward, we plan to do the same with 23G and 25G product lineups. We will also work on pharmaceutical registrations to ensure that these products are launched in developed country markets outside Japan.

(Note) "G" stands for gauge and refers to the size of the needle or hole created in the eye during surgery. The larger the G number represents, the thinner the tip.

3 Dental restoration treatments/composite resins

The most commonly used dental restoration materials are restoration and filling materials made from composite resins. We have developed products that are made using materials free of environmental hormones. These products can easily create shapes and color tones, and have even higher esthetic properties. These products shorten treatment time, and add a sense of reassurance to materials that remain in the oral cavity for a long period.



Product name: MANI EG Composite

Domains so far

We have mostly sold composite resins in MMF (Germany) to original equipment manufacturers (OEM).

Policies going forward

By developing sales under the MANI brand, it has become easier to ascertain market needs. With the launch of MMG's new factory in Germany, we will enhance our development and production functions, and systematically apply for regulatory approval in order to expand the range of countries to sell MMG products.

Future Direction of Product Development

MANI draws on the network built up by overseas sales bases to strengthen its product development framework to satisfy the diverse needs of doctors across the world. Moving forward, we will build mechanisms to reflect information from the Chinese, Southeast Asian, and Indian markets as well as the medically advanced markets of Europe and North America into our product development processes.

Pick UP /

Development and Technical Strengths

Strength

1 Development of Proprietary Materials

MANI developed the world's first Austenite stainless steel medical-use suture needles. We developed a new material to realize creating rust-proof and unbreakable suture needles. We have also created original and optimal processing methods, even for materials that are unsuitable for processing, which we use to make these materials into products. Within the company, we refer to that material as "MANI hard-fiber stainless steel." Now we have products that are made not only of stainless steel, but also of tungsten carbide (super steel), nickel titanium, and multiple types of metal materials, as well as products made of composite resins. We use multiple types of materials and processing methods to develop a diverse range of products.



Materials with high strength and superior flexibility

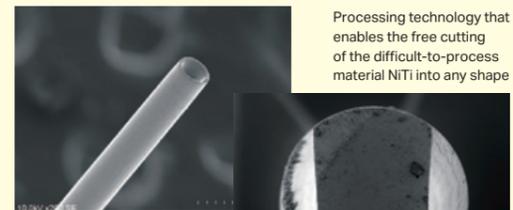


Materials that do not break easily, even when they are twisted

Strength

2 Microfabrication Technologies for Metals

An increase in the use of minimally-invasive treatments is also facilitating an expansion of the areas where MANI's specialty of microfabrication technologies are used. The core of MANI's manufacturing and processing equipment is our proprietary development and design. Due to this, we were able to make materials into products, carry out high-mix production, achieve a stable level of high quality, and realize cost competitiveness and mass production. MANI products are also distinctive for their long product life, and our continual product-quality improvement are also our major competitive strength. We will continue the challenge of incorporating advanced technologies that are one step ahead, and continually evolving our microfabrication technologies.



Processing technology that enables the free cutting of the difficult-to-process material NiTi into any shape

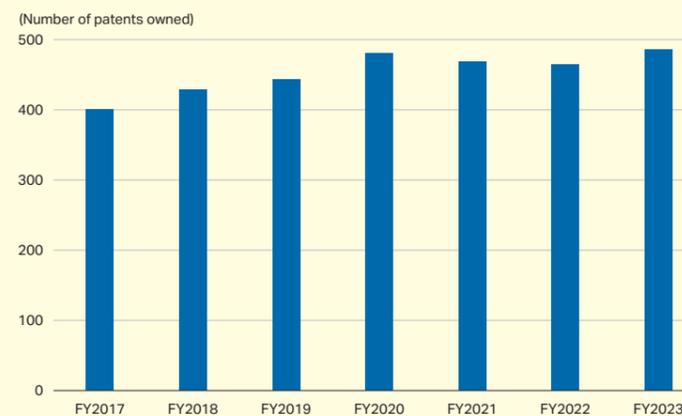


Ultra-microfabrication technologies that enables a 30-micron hole to be made in a 70-micron wire

Intellectual Capital (Patent strategy)

In line with our basic management policy to "secure future profits with a law-abiding spirit and creative technologies," MANI is working to acquire patents and other rights to the products and processing and production technology that we have developed. We place particular emphasis on quality over quantity with respect to patents, and we are actively and strategically pursuing patents in Asia and elsewhere.

Number of patents owned



Number of patents owned in Japan and overseas
(As of August 31, 2023)
486
(Of which, number of foreign patents: 403)

Number of patents pending in Japan and overseas
(As of August 31, 2023)
95
(Of which, number of foreign patents: 75)

Initiatives toward Our "Future Evolution"

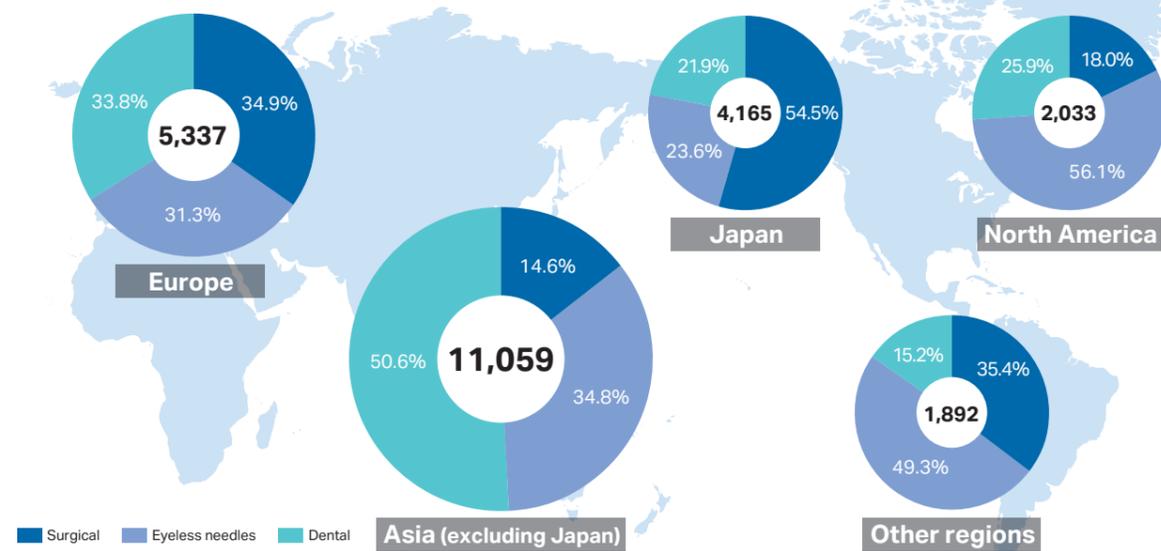
Expanding regional-oriented global marketing

Review of Sales Activities

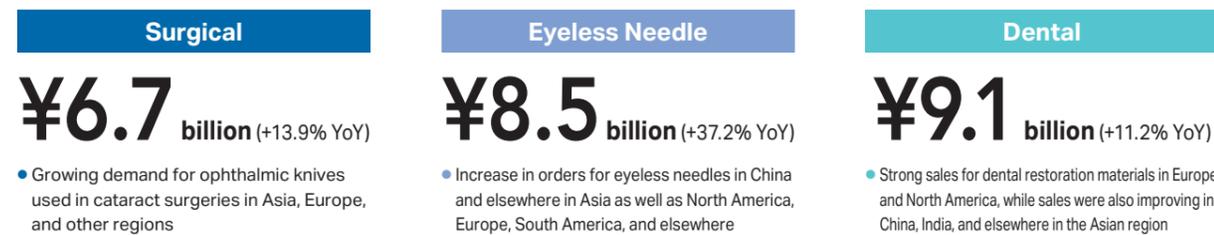
As the entire world shifts into the post-COVID era, marketing activity is ramping up at in-person seminars, academic meetings, exhibitions, and other venues. As it has become possible to conduct more active sales activities in Japan and at our sales bases in overseas, we have more opportunities for more people to learn about MANI. One major factor for the rise in product demand for treatment equipment has been the recovery of the number of surgeries performed at medical institutions. Against the backdrop of this market environment, performance for the fiscal year ended August 31, 2023 was boosted primarily by growth in sales in Asia and Europe to bring consolidated net sales to ¥24.4 billion (+19.9% YoY), a new record high.

Global sales results (Fiscal year ended August 31, 2023)

Net sales by region (Millions of yen)



Sales by segment



Major exhibitions and seminars in which MANI participated

Japan

- Japanese Ophthalmological Society
- Annual Congress of Japan Clinical Ophthalmology
- World Dental Show 2023



MANI's booth at the World Dental Show 2023

Overseas

- AAO 2023 (American Academy of Ophthalmology)
- ESCRS 2023 (European Society of Cataract and Refractive Surgeons)
- EURETINA (23rd Euretina (European Society of Retina Specialists) Congress)
- Saudi Ophthalmology 2023 Meeting (Saudi Arabia)
- IDS 2023 (International Dental Show)
- AAE (American Association of Endodontists)



MANI's booth at IDS 2023 in Germany



MANI's booth at ESCRS 2023 in Austria

German medical devices website ZWP Online reported on MANI at IDS 2023. (Video interviews with KOL doctors are also available)

<https://www.zwp-online.info/mediacenter/video/mani-prasentiert-feilensystem-jizai-auf-der-ids-2023>

Key Measures Moving Forward

Strengthening Competitiveness in Dental Products

- Established the Dental Business Division as a new organization in September 2023 to pursue a larger market share and larger sales for dental products
- Global enhancement of sales and marketing for NiTi rotary files "JIZAI", a key development product

Cultivating the Southeast Asian Market

- Established sales subsidiary MANI MEDICAL DEVICE MALAYSIA SDN. BHD. (MMM) as a new base in Malaysia and completed preparations for full-scale operations in November 2023
- Moving forward, we will actively pursue sales and marketing activities for dental and surgical products with a focus on the emerging countries of Southeast Asia

Regional measures

Europe	<ul style="list-style-type: none"> Expanding sales of dental restorative materials in Europe, North America, and Asia with the start of operation of MMG's new factory in Germany Cultivating European markets for ophthalmic knives and dental products
North America	<ul style="list-style-type: none"> Beginning full-scale entry to the North American market Enhancing logistics channels
Asia Pacific	<ul style="list-style-type: none"> Beginning full-scale activity by MMM in four Southeast Asian countries (Indonesia, Malaysia, Philippines, and Singapore) Cultivating the Indian market by MANI MEDICAL INDIA PRIVATE LIMITED (MMI) Enhancing marketing for the NiTi files (Dental)
Japan	<ul style="list-style-type: none"> Cultivating the market through the launch of vitreous forceps (surgical) Enhancing marketing for the NiTi files (Dental)

Pick UP

Key Issues: Dental

Marketing of NiTi Rotary File "JIZAI"

Designated as a key development product in the Medium-Term Management Plan, sales of NiTi rotary file "JIZAI" are several years behind target due to the COVID-19 pandemic and other factors. Moving forward, we recognize the following issues and are taking measures to address them.

Issue analysis

Some KOL dentists who actually use "JIZAI" heavily praise the superior quality of the product, including its high centering ability to root canals. However, it is highly likely that its strength has not fully penetrated the product market.

Future responses

Enhancement of marketing and branding of dental products

We hope that more dentists will actually use "JIZAI" and experience its high quality.

- Hands-on seminars in collaboration with KOL dentists
- Enhancing promotions through collaborations with distributors and partner companies
- Expansion of product lineup by increasing the range of NiTi files



Hands-on seminar held by our KOL dentist at the European Society of Endodontology

Key Issues: Dental

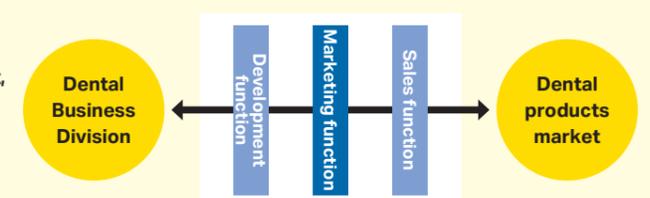
Establishment of the Dental Business Division

P. 35-36 Specific initiatives of the Dental Business Division

By establishing and maintaining the Dental Business Division, we will aim to further expand our market share and grow sales through global marketing, while engaging in integrated product development to rapidly capture market needs and boost our competitive edge in the dental field.

Aims of structural changes

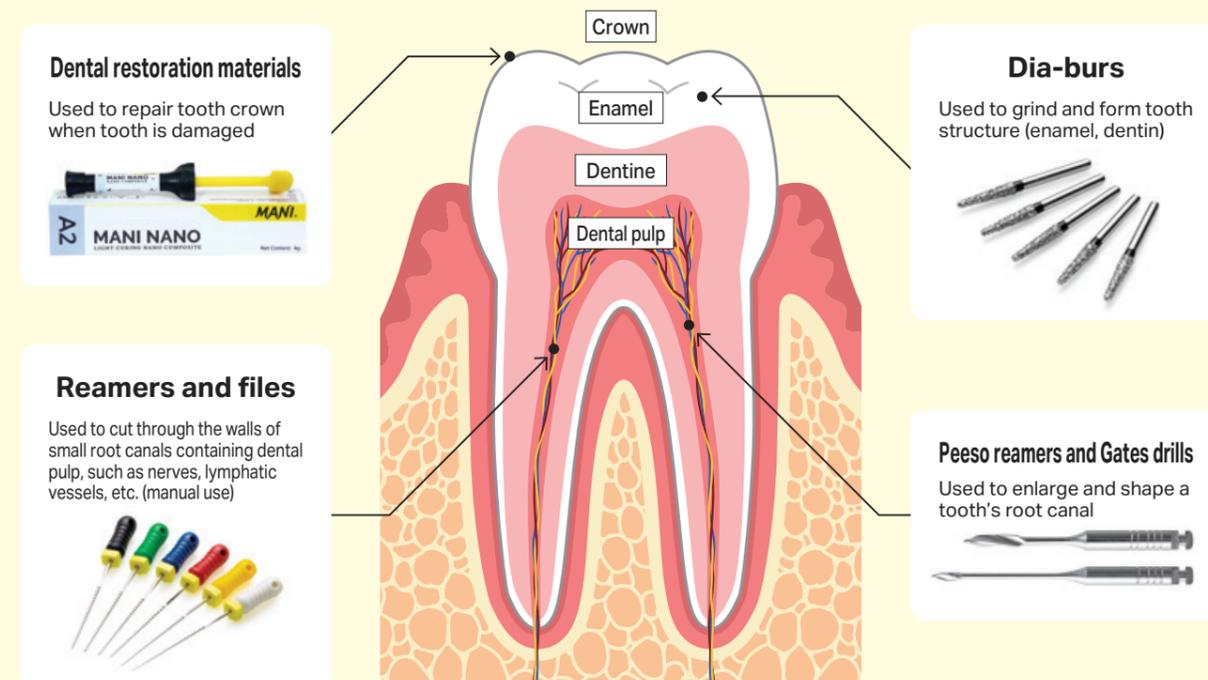
- Aiming to maximize value by integrating product development, marketing, and sales functions into a single business division
- Enhancing marketing functions (surgical field also bolstering the same functions)



We Work with KOLs around the World to Strengthen the Growing Market of Dental Field and Contribute to Society through Our High-quality Products

In Japan's super-aging society, the focus of medicine has fully shifted from simple longevity to good health in old age. In the field of dentistry, the "8020 Campaign," which aims for patients to have at least 20 teeth at age 80, is being promoted. The two major diseases of dentistry, cavities and gum disease, need to be treated through minimally invasive treatments by being discovered and treated early. Meanwhile, looking at global dentistry as a whole, there is an urgent need for dental care as economies grow in India and other emerging countries. To ensure that more patients can access care, these societies need to be educated on treatment methods and the use of medical devices.

Dental Treatments and Products



Global Deployment of "JIZAI" through Educational Support and Dissemination Activities with KOLs



NiTi rotary file "JIZAI"

- Dramatic reduction in sudden pull-ins
- Flexible blade construction that rarely deviates from the natural root canal
- Easy to operate and use

Early treatment is essential to preserve a tooth treated for a cavity for an individual's whole life. In Japan and many other countries, it is sometimes believed that there is no choice but to remove a tooth entirely if a cavity can't be treated. To address this issue, MANI developed NiTi rotary files "JIZAI" to increase the success rate of treatment and promote a method of treatment that preserves the tooth as much as possible. Launched by MANI in 2021, JIZAI's unique cross-sectional shape design minimizes damage to the teeth as much as possible and helps to prevent tooth strength from dropping after treatment. MANI actively works with KOL dentists around the world to conduct educational workshops and disseminate knowledge on how to best use these tools.

Voice of Customer

JIZAI can be used to provide precise and minimally-invasive treatment

The usage procedures for MANI products include methods of streamlining treatment to reduce treatment time, reducing burden on patients and making them happy as well. When performing delicate tasks like root canal treatments, we can confidently rely on MANI products due to their consistent quality.



Dentist **Masato Izawa**
Hatogaya Izawa Dental Clinic
(Saitama Prefecture)

Our Chinese sales subsidiary MMB (MANI MEDICAL BEIJING CO., LTD.) provides long-term educational programs for medical interns that use MANI products to achieve broader penetration in the medical education world.

I learned a lot about abutment formation and the amount of effort MANI puts into the dia-bur's design.

Dentist **Jin Moran**

Peking University School and Hospital of Stomatology



Dentist **Naomichi Sanuki**
Sanuki Dental Clinic

Collaborative activities with MANI assist in international volunteer activities

I work as a volunteer to boost Vietnam's dental IQ by visiting local primary schools to conduct dental exams and teach toothbrushing techniques so that students can independently engage in oral hygiene. Although overseas activities involve preparation and language problems, I am grateful to have MANI's help because it made everything much smoother. I am very happy that we are able to work together to contribute to local healthcare.

Through MANI's training program, I developed a deep understanding of diamond burs and am now able to handle clinical work with ease. I'm very grateful to MANI for this.

Dentist **Wang Chenxu**

Kong Lang Zhen Aesthetic Dental Clinic



MMI (MANI MEDICAL INDIA PRIVATE LIMITED) Initiatives

MANI products have been on the Indian market for 30 years. Our reamers, files, and diamond burs are especially beloved for their high quality. Sales activities for "JIZAI" include exhibitions, academic meetings, hands-on seminars, workshops, and follow-up explanatory sessions based on customers' needs, provided in collaboration with local KOL doctors. In the consolidated results for the fiscal year ended August 31, 2023, net sales of Indian dental segment showed strong growth at roughly 17% YoY, which we attribute to the effectiveness of MMI's local marketing activities. MMI will continue to contribute to Indian dental care going forward.



MESSAGE

Message from the Division Head of Dental Business Division



Executive Officer, Division Head of Dental Business Division
Kentaro Maehara

At MANI, we help achieve better minimally invasive treatments and contribute to affordable healthcare by developing and producing products for dental preservative restoration and endodontic procedures using primarily stainless steel, NiTi (nickel titanium), and resin materials. Our strengths lie in minimally invasive treatment and metal microfabrication technologies, high-mix low-volume production and competitive costs, and supply and education chains. Through these strengths, we work to resolve social issues by expanding our businesses as we pursue further technological and market development. Our aim in establishing Dental Business Division was to consolidate development, marketing, and sales functions into a single organization so that we can concentrate our resources on growth sectors and boost their competitiveness, with the aim of further expanding these businesses and pushing them forward. Our basic business policy is "the best quality in the world, to the world." Working from that basis, we develop and produce products that truly have the top performance and quality suitable for dental treatment, then set out to raise global awareness and disseminate our products through education. It is our hope that these efforts will help to resolve social and healthcare issues.