



MANI

<https://www.mani.co.jp/en/>

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

MANI

Integrated Report 2023

MANI, INC. Integrated Report



Introduction

1

What MANI Values

Is our quality "the Best in the World"?

Our focus on being "the Best in the World" is the origin of MANI, and has continued since our foundation.

The pursuit of products that are beneficial to patients and doctors arises from our very DNA.

Only the "the Best in the World" can truly benefit patients.

Kanji Matsutani (Second President)



Can we deliver the best quality throughout the world?

The future MANI is working to create is a world where people can live healthily and happily. Today, we live in a world of complex issues, from the health problems associated with a super-aging society to environmental issues and economic disparity that raise obstacles to access to medical care. Our mission at MANI is to ensure that everyone in the world has access to "good treatment" with "good products."



Corporate Philosophy

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



Company Credo

Ardent, tenacious and persistent efforts with a scientific mind

Basic Management Policy

Assurance of future profits with law-abiding spirits and creative technologies.

Basic Business Policy

The Best Quality in the World, to the World

Policy for Compilation of the Integrated Report

● **Basic approach**

This report mainly covers the results of MANI, INC. and the Group companies (nine consolidated subsidiaries) in the fiscal year ended August 31, 2023 (from September 1, 2022 to August 31, 2023). It also includes some information directly before and after this period.

● **Matters for attention concerning future forecasts**

Any statements in the contents of the "MANI, INC. Integrated Report 2023" that are not historical facts are forward-looking statements based on the forecasts and plans concerning the future of MANI, INC.

These forward-looking statements include risks, uncertainties, and other factors, and the actual results and performance, etc., may vary from these forward-looking statements.

● **Date of issue:** May 2024

Contents

Introduction

- 1. What MANI Values 1
- 2. Corporate Philosophy 3
- 3. The Future MANI is Striving For 5
- 4. The Social Issues MANI Recognizes, and the Value We Provide ... 7
- 5. MANI's Value Creation Story 9
- 6. MANI Outlook 11
- 7. Business Segments and Main Products 13
- 8. History of MANI 15

Business Strategies

- Top Message (Message from Our CEO) 17
- Essence of MANI Value Creation 23
- Medium-Term Management Plan 25
- Financial Foundation Supporting Our "Future Evolution" ... 27
- Initiatives Toward Our "Future Evolution"
 - Establishing a global production system 29
 - Product development with KOLs around the world 31
 - Expanding regional-oriented global marketing 33
 - Feature 1** Strengthening Our Competitiveness in Dental Products ... 35

Foundation for "The Best Quality in the World" —ESG at MANI—

- MANI Sustainability Overview 37
- Environment 38
 - Feature 2** Initiatives to Reduce Environmental Burdens ... 40
- FROM GERMANY—Completion of the New Head Office and Factory of MMG 41
- Society (Human Capital) 42
 - Feature 3** Roundtable on Human Capital 47
- Corporate Governance 49
- Interview with an Outside Director 63

Data Section

- Financial & Non-Financial Highlights 65
- Financial & Non-Financial Changes (11 Years) 67
- Stock Information 69
- Communication with Stakeholders—MANI IR 69
- Company Information 70

The Future MANI is Striving For Contributing to the world welfare by providing healthy lifestyles.

Our Passion and Commitment: The Best Quality in the World
As a manufacturer of medical devices, MANI is aiming to contribute to the welfare of all stakeholders by balancing our business activities with the needs of a sustainable society, with awareness of the importance of all life and the environment.



Contribute to our bases' communities and to society

- Collaborate with the local industry, academia, and government
- A shelter for the locals
- Clean exhaust and drainage



Solve social issues through business activities

- The best quality in the world that considers sustainability
- Sales of products throughout the world



Business activities that reduce environmental burdens

- Product life cycle management that balances environment and quality
- Introduce renewable energy



Ensure occupational safety & health, and promoting health

- Implementation of health and productivity management
- Foster a culture that enables mutual awareness of safety



MANI SUSTAINABILITY

A working environment where a diverse group of people can succeed

- Understanding that goes beyond nationalities, races and ethnicities
- Promote a work-life balance
- Select a flexible work style



Governance

- Procurement that considers safety & health, the environment and governance
- Continue being a Company with Nominating and Other Committees
- Compliance with laws



P. 37 MANI Sustainability

4

The Social Issues MANI Recognizes, and the Value We Provide

The Future Medical Issues MANI Recognizes

Increases in disease incidence rates with the progression of an aging society

The incidence rates of various diseases are forecast to increase due to the effect of an aging society. For example, the number of surgical procedures on the eye is expected to increase worldwide, particularly for cataracts which is likely to account for the highest ratio of eye surgery.

Changing needs in medical care brought about by economic growth

Raising the quality of oral hygiene is said to be the most important key when it comes to health and sanitation in developing and emerging countries. As the economies of these countries continue to grow, the importance of oral and dental care, such as treatment for tooth decay, is expected to further increase.

Expansion of social loss, and QOL

There is a growing number of people in the world who are suffering substantial social loss because they cannot access high-quality medical care. This social issue will lead to a decline in people's quality of life (QOL), and it is expected to also negatively impact socio-economic activity.

The Strengths of MANI and the Value We Provide

01

The best quality in the world, using our proprietary microfabrication technologies

MANI's proprietary microfabrication technologies, which we have built up over many years, enjoy a high level of trust in the medical field worldwide.

- E.g.) • Development of very fine surgical suture needles
- Development of ophthalmic knives with superior sharpness

02

Development of products that are ease of use for doctors, and lessen the burden on patients

One of MANI's strengths is product development that puts the needs of doctors and patients first. The development of various micro-medical equipment that focuses on the fine sensations in the fingers of doctors is continuing to advance in the field of minimally invasive medical care, which helps lessen the burden on patients.

- E.g.) • **Lineup of various customized products**
- **Over 10,000 types** of surgical suture needles and **over 1,500 types** of dental products
- Helping to reduce treatment times and lessen the burden on patients

03

Track record of reliable supply to medical fields worldwide

Since our foundation in 1956, MANI has continued to supply high-quality products to various medical fields around the world. Our mission is to deliver MANI products throughout the world, based on the foundation of strong trust our customers and sales partners have in the quality of MANI products.

- E.g.) • Shipping MANI products to **over 120 countries**

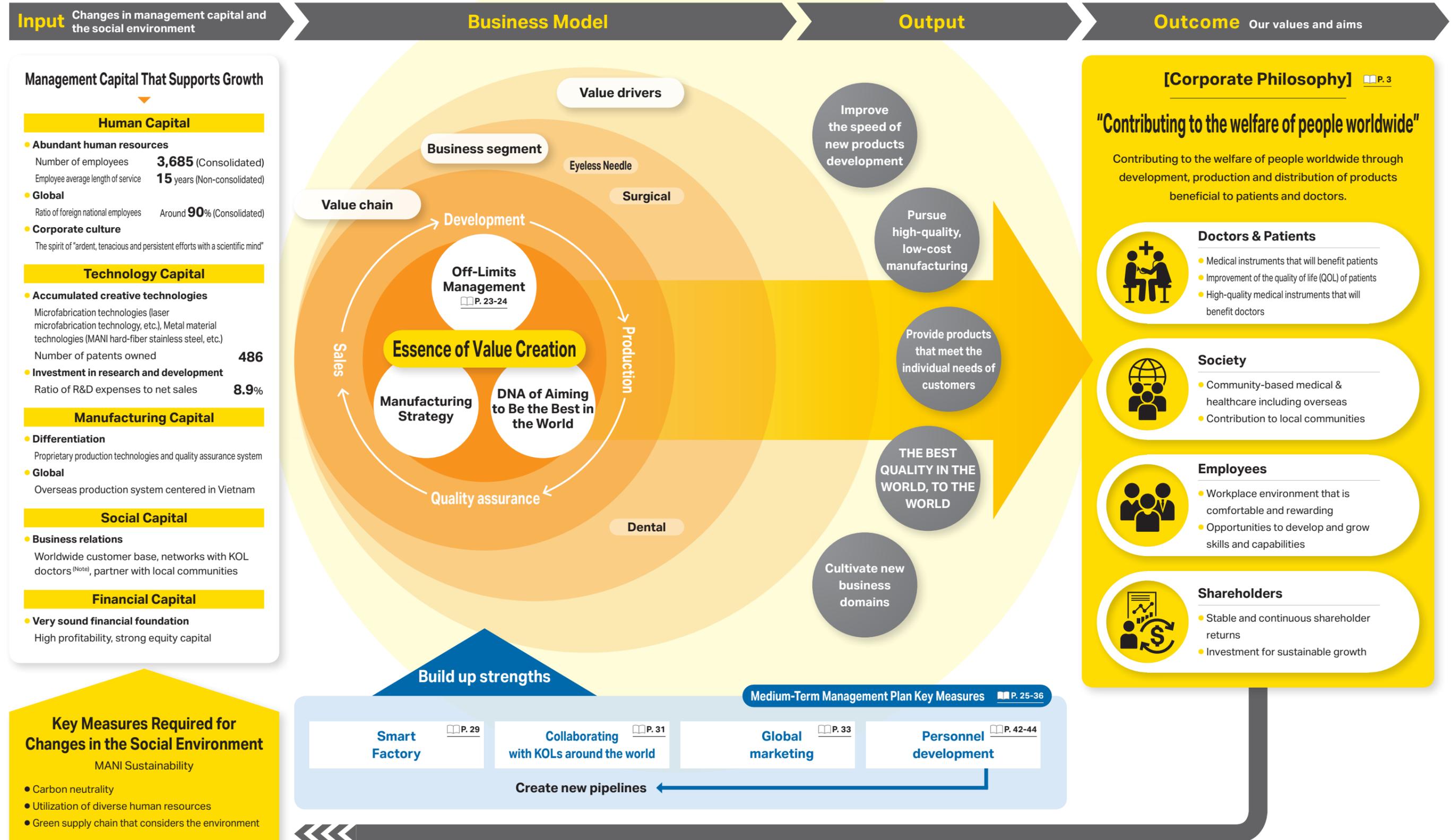
Contributing to the welfare of people worldwide

through development, production and distribution of products beneficial to patients and doctors.

5

MANI's Value Creation Story

MANI has been leveraging the management capital we have accumulated over many years to provide high-quality products based on our strengths in three areas: "Off-Limits Management," "Manufacturing Strategy," and "DNA of Aiming to Be the Best in the World." We will continue to build on these strengths and provide high added value MANI products throughout the world, as we aim to contribute to the welfare of our stakeholders including doctors and patients, society, employees, and shareholders, and of people worldwide.



History

Founded in
1956



Global expansion
Sales regions

Over
120 countries

Global expansion
Overseas sales ratio*

83.0%

Ophthalmic knives
Global market share

Approx. **30%**

Ophthalmic knives
Domestic market share

No.1

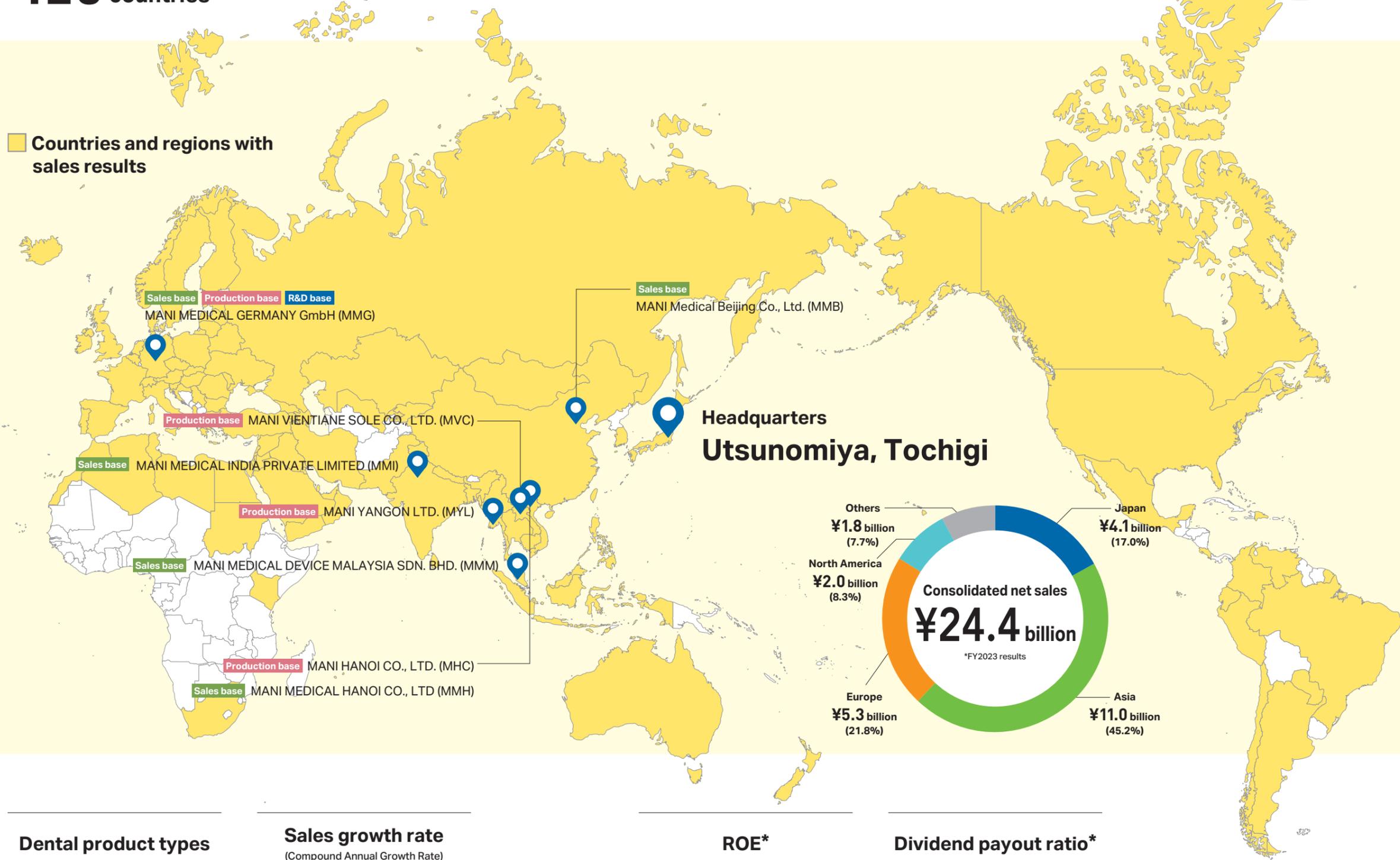


Introduction

6

MANI Outlook

MANI contributes to the welfare of people around the world by providing safe and high-quality medical equipment, which are produced using our microfabrication technologies, to the medical field in over 120 countries around the world. In particular, we have a high market share both domestically and globally for ophthalmic knives that are used in cataract surgeries.



Total number of eyeless needles
(Approx. 16 years from 2007 to 2023)

2.4 billion needles shipped
(internal estimate)

Dental product types

Over **1,500** types

Sales growth rate
(Compound Annual Growth Rate)

CAGR +10.1%
(FY2013 to FY2023)

ROE*

12.5%

Dividend payout ratio*

57.9%

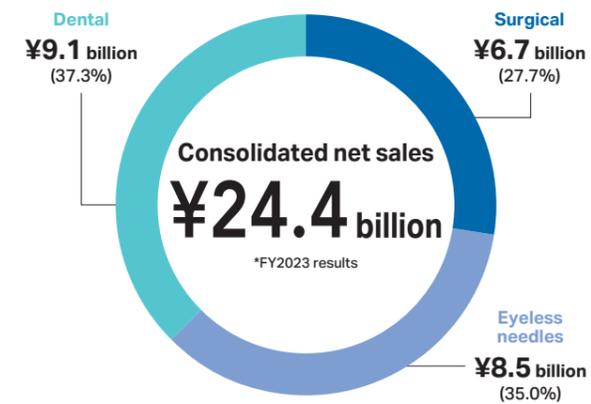
7

Business Segments and Main Products

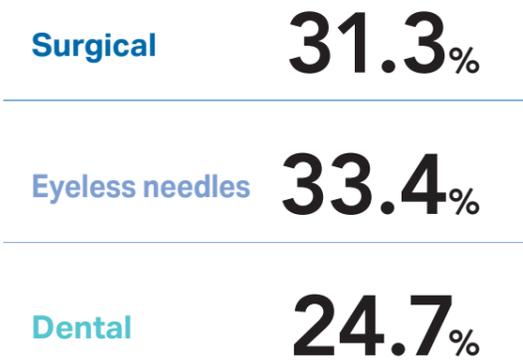
MANI is developing its business globally centering on the three business segments of Surgical, Eyeless Needle, and Dental.

One of our strengths is our ability to maintain high profitability in all segments, as we build a lineup of distinctive products while specializing in niche markets.

Net sales by segment



Operating income margin by segment (FY2023 results)



Surgical

- Ophthalmic knives, staplers for suturing the skin's surface, etc.
- Competitive advantage: superior sharpness, microfabrication technologies that cater to miniaturization and increased precision of surgical procedures



Ophthalmic knives



Skin stapler

Eyeless Needle

- Surgical suture needles, needles for surgical sutures (OEM production)
- Competitive advantage: superior sharpness, in-house developed materials that are rust-resistant and difficult to break, fine laser processing technologies and drill processing technologies



Eyed needles

Eyeless needles

Dental

- Dental instruments, dental restoration materials
- Competitive advantage: superior durability, lineup of various products, people-friendly by avoiding use of hazardous substances and materials



Dental root canal treatment instruments (reamers and files)

Dental rotary cutting instruments (dia-burs)

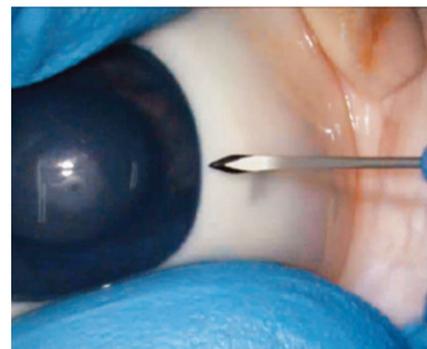
Dental restoration materials

Examples of use in the medical field

Case

Cataract surgeries × Ophthalmic knives

Our ophthalmic knives with superior sharpness are used in cataract surgery worldwide, helping to shorten surgical times and lessen the burden on patients.

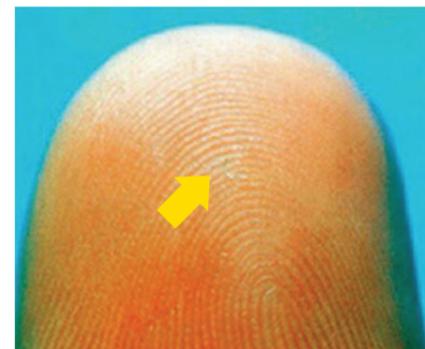


Testing the sharpness of an ophthalmic knife using a pig's eye

Case

Cardiovascular surgery × Eyeless needles

Our eyeless needles that have high resistance to breakage and precision are used in cardiovascular surgery and other procedures that require a doctor's delicate senses and fine touch (MANI is the only manufacturer in the world that is able to mass produce an eyeless needle with a diameter of 140 microns or less).



Suture needle that is about as thin as a strand of human hair

Case

P. 35 Feature 1

Dental treatment × Various dental products

A wide variety of dental products are used to meet the various needs of dental treatment, from treatment for tooth decay (cutting teeth and treating nerves) to restoration for improving the functionality and esthetic properties of teeth.



Dia-bur used for grinding teeth

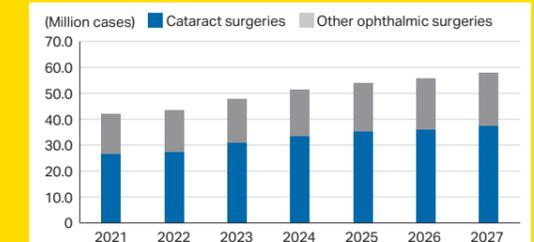
TOPIC

Trends in the health care field where MANI's products are sold

Aging society and cataracts

Cataracts are a disease in which the clouding of the crystalline lens (the eye's lens) causes gradual vision loss. Cataracts mostly occur as people age, and as the aging of society progresses in advanced nations such as Japan, Europe and North America, the number of cataract patients is increasing worldwide.

Actual and forecast of number of ophthalmic surgeries worldwide

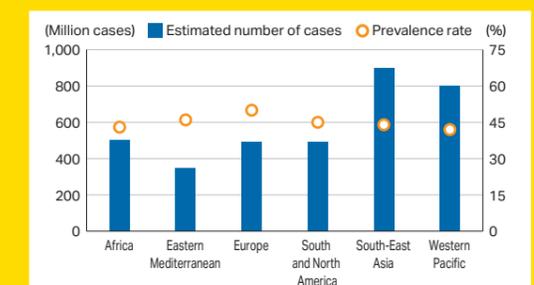


Compiled by MANI, INC. based on the Market Scope "2022 Ophthalmic Surgical Instruments Market Report"

Economic growth and oral hygiene

According to a WHO report, the estimated number of cases and prevalence rate of oral diseases in Asia (South East Asia and other regions) is high on a global basis. The importance of oral and dental care is presumed to be on the rise in emerging countries with continual economic growth.

Estimated number of cases and prevalence rate of major oral diseases by region (excluding lip and oral cancer)

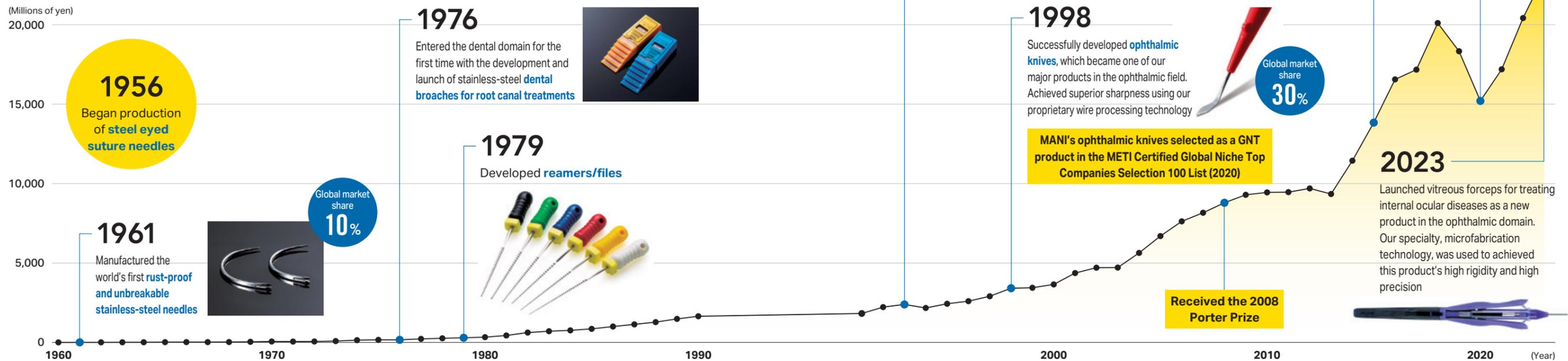


Compiled by MANI, INC. based on the WHO "Global oral health status report: Towards universal health coverage for oral health by 2030"

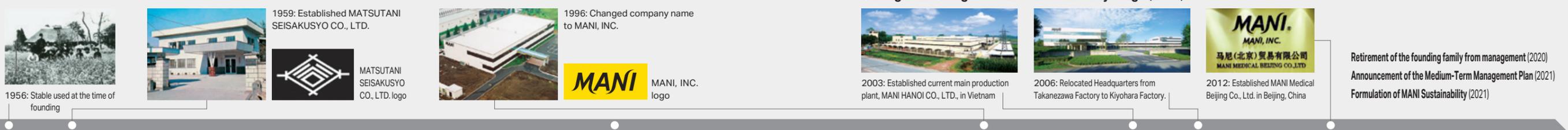
Introduction 8 History of MANI

Since our foundation, MANI has pursued the creation of products that are beneficial to patients and doctors. We have grown by evolving our business models and expanding globally in the domains of medical and dental instruments that require microfabrication technologies. We will continue to strive for sustainable growth through business expansion that is fine-tuned to meet the needs of society and changes in the business environment.

History of MANI and Change in Consolidated Net Sales



Business Expansion and Evolution of Governance



The Founder Masao Matsutani proposed the Quality First Policy

Set up the corporate philosophy system (1986)

Registration of stock with the Japan Securities Dealers Association (JSDA) (June 2001)

Listing on the Second Section of the Tokyo Stock Exchange (September 2011)
Listing on the First Section of the Tokyo Stock Exchange (September 2012)
Transfer to Prime Market of the Tokyo Stock Exchange (April 2022)

Awards and External Evaluation

<p>Received the 2008 Porter Prize</p> <p>https://www.porterprize.org/pastwinner/2008/12/02111040.html</p>	<p>Selected for the METI Certified Global Niche Top Companies Selection 100 List</p> <p>https://www.meti.go.jp/policy/mono_info_service/mono/gnt100/index.html</p>	<p>Corporate Governance of the Year</p> <p>Received the METI Minister's Award for Corporate Governance of the Year 2023 by the Japan Association of Corporate Directors</p> <p>https://www.jacd.jp/news/cgoy/240111_2024-1.html</p>	<p>Tochigi SDGs Promotion Company</p> <p>https://www.pref.tochigi.lg.jp/f01/work/shoukouyou/sesaku/tochigisdgs2023.html</p>	<p>Eruboshi Certification (Level 3 certification)</p> <p>https://jsite.mhlw.go.jp/tochigi-roudoukyoku/newpage_00881.html</p>
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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

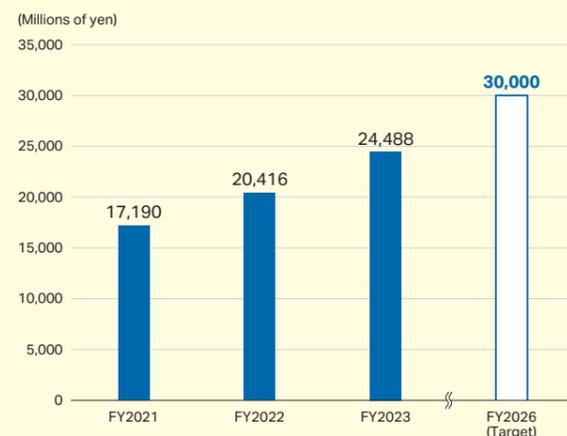
Corporate Philosophy

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

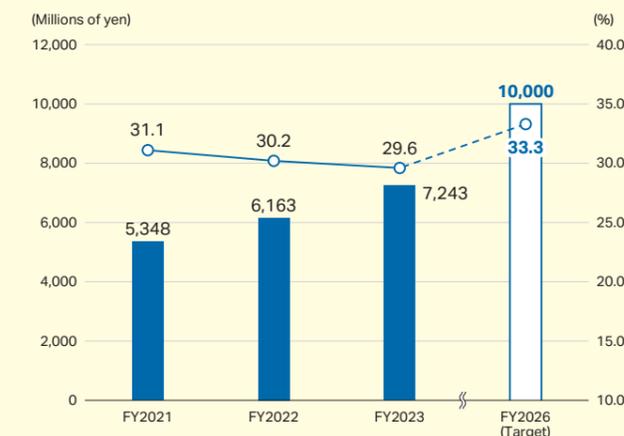
Corporate Policy

- 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

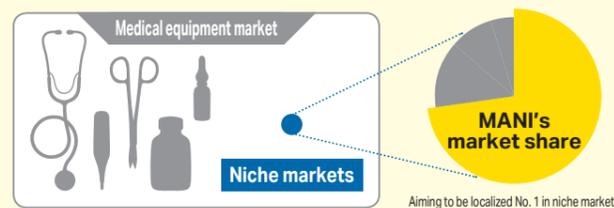
From the development failure of surgical scalpels, we started to specialize in the development of instruments with delicate structures and that are made from our specialty field of wire; this resulted in the emergence of a new business in dental instruments. In 1976, we launched barbed and smooth broaches. 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.

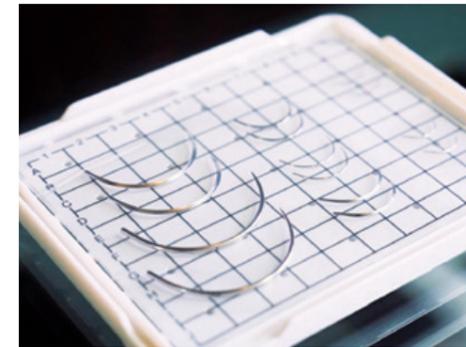
“Niche Markets” Approach

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.

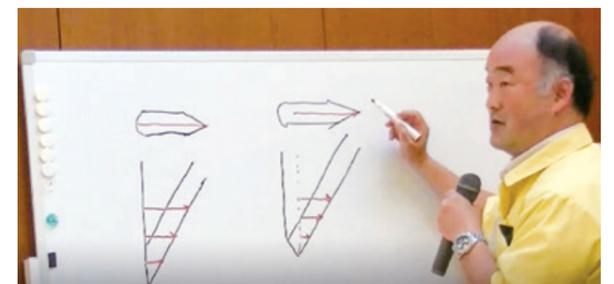
4 DNA of Aiming to Be the Best in the World We do not aim for quality other than the best in the world

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

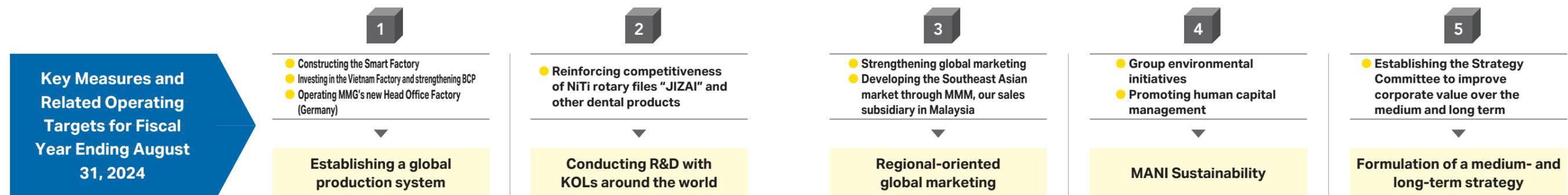
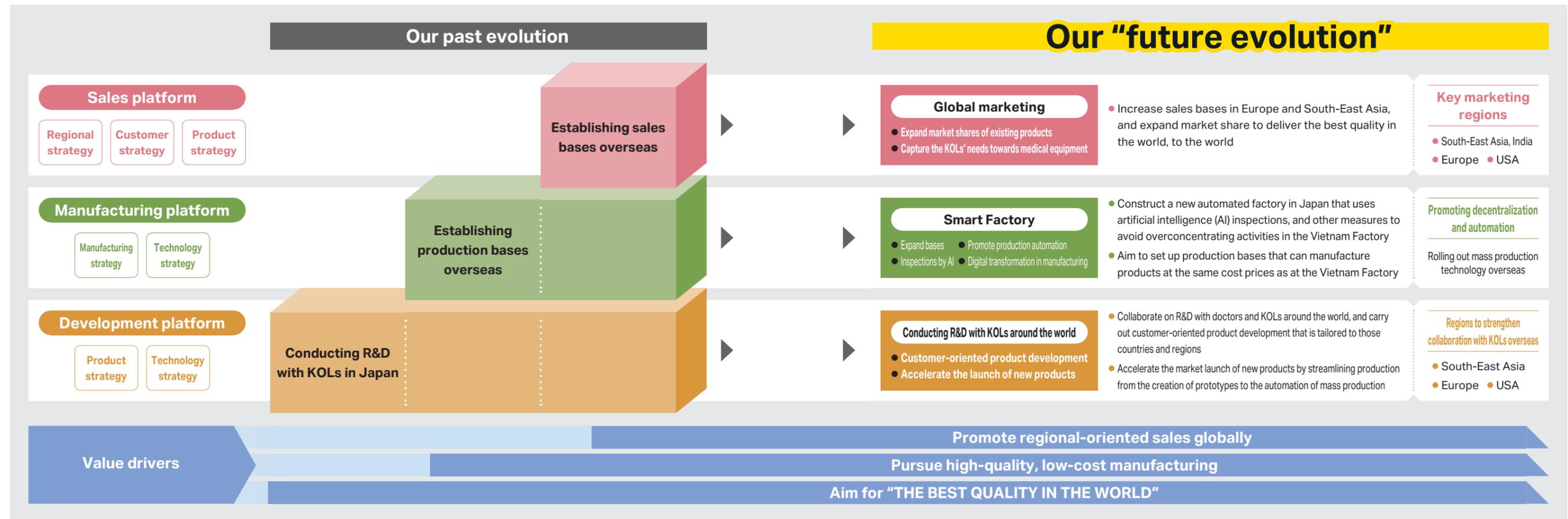
Against the backdrop of robust product demand, MANI achieved steady growth in line with the Medium-Term Management Plan, with net sales, operating income, and ordinary income all reaching record highs.

< 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

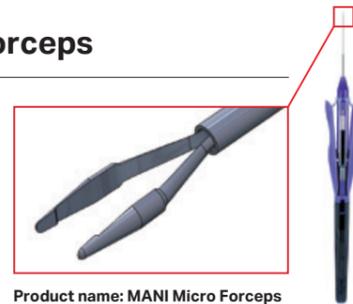
We have mostly dealt in manual root canal treatment instruments so far, and now we have produced new motorized root canal treatment products.

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.

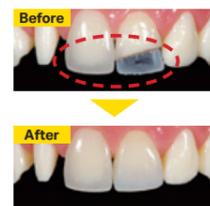
Policies going forward

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.

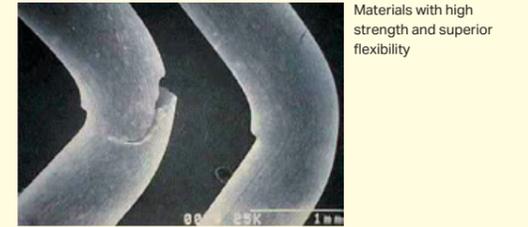
Pick UP /

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

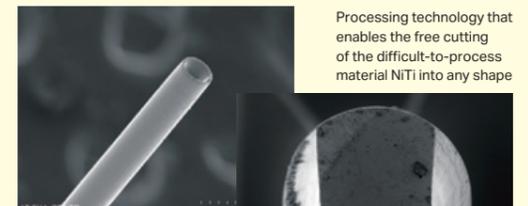


Materials that do not break easily, even when they are twisted

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

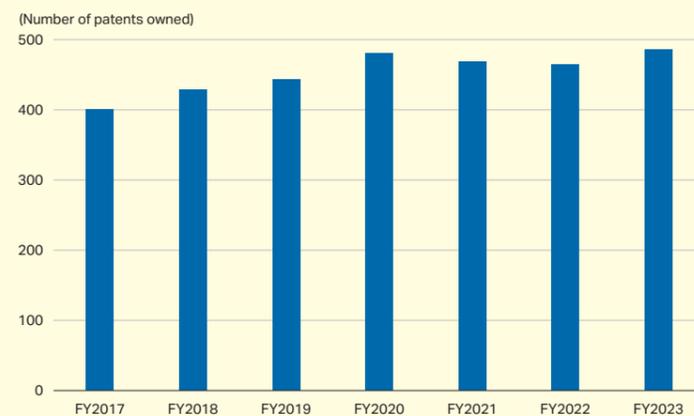


Ultra-microfabrication technologies that enables a 30-micron hole to be made in a 70-micron wire

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"

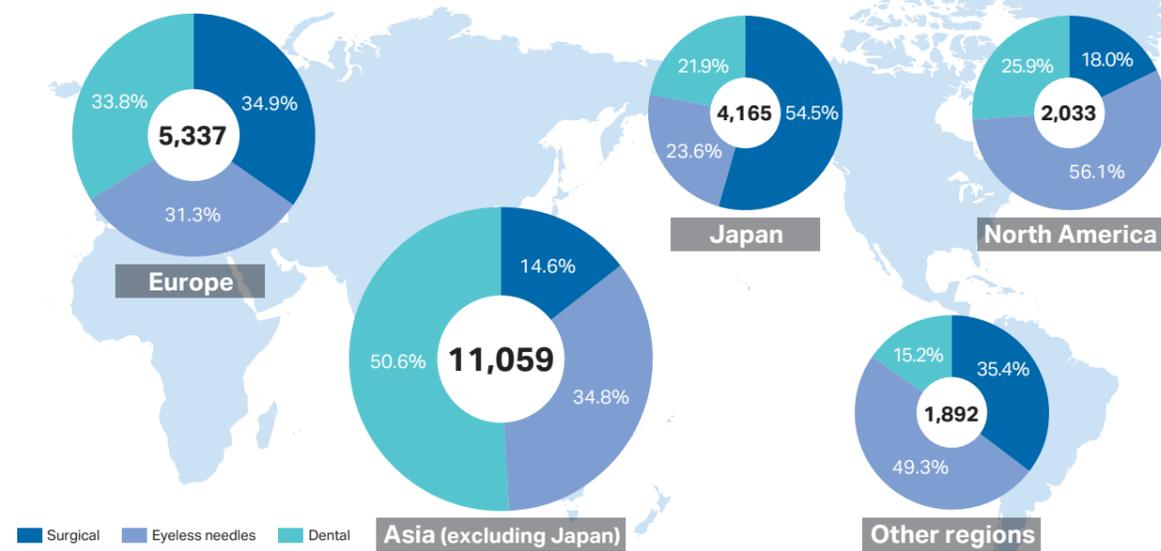
Expanding regional-oriented global marketing

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



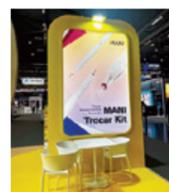
MANI's booth at the World Dental Show 2023

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

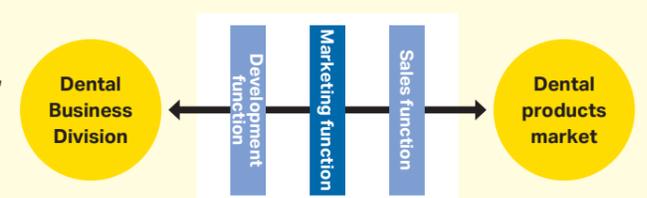
Establishment of the Dental Business Division

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

Dental restoration materials

Used to repair tooth crown when tooth is damaged

Dia-burs

Used to grind and form tooth structure (enamel, dentin)

Reamers and files

Used to cut through the walls of small root canals containing dental pulp, such as nerves, lymphatic vessels, etc. (manual use)

Peeso reamers and Gates drills

Used to enlarge and shape a tooth's root canal

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



Collaborative activities with MANI assist in international volunteer activities



Dentist **Naomichi Sanuki**
Sanuki Dental Clinic

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

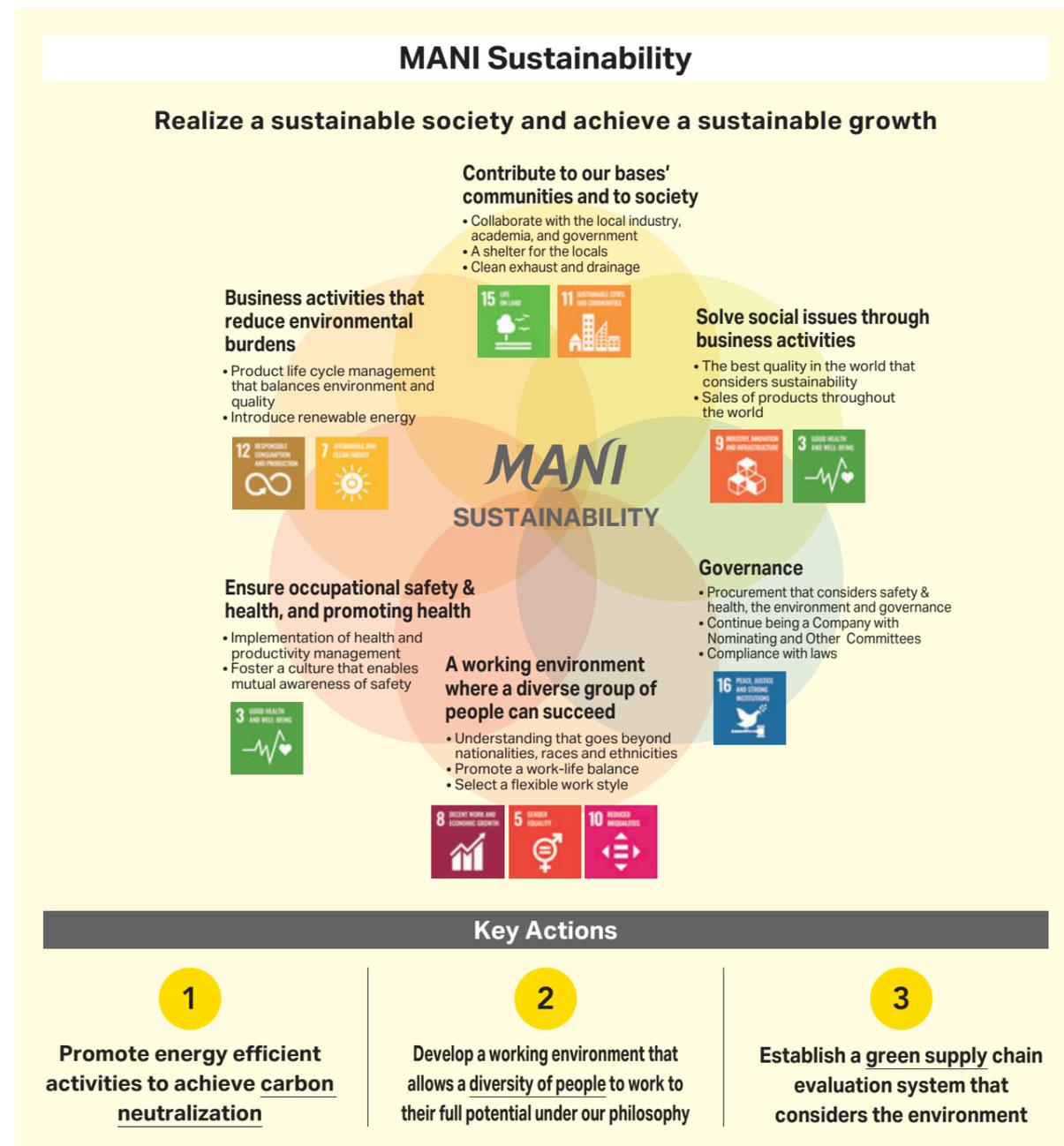
At MANI, we help achieve better minimally invasive treatments and contribute to affordable healthcare by developing and producing products for dental preservative restoration and endodontic procedures using primarily stainless steel, NiTi (nickel titanium), and resin materials. Our strengths lie in minimally 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.

Foundation for "The Best Quality in the World" –ESG at MANI–

MANI Sustainability Overview

In the Medium-Term Management Plan formulated in April 2021, we set the key issues (materiality) in sustainability as MANI Sustainability. The Corporate Philosophy of MANI is Contributing to the world welfare through development, production and distribution of its products beneficial to patients and doctors. We believe the development and distribution of high added value products with the best quality in the world will contribute to solving a range of issues in society, including medical issues that affect patients, medical & healthcare workers, and other consumers. To achieve sustainable growth of the company's businesses and through that create sustainable value in society, we have set individual targets to work on and are moving forward with initiatives to achieve sustainability. In particular, we are promoting matters related to carbon neutrality, the active participation of diverse personnel, and supply chain evaluation as key measures in the Medium-Term Management Plan.



Environment

Basic Approach

The MANI Group has made it its basic stance to balance reducing environmental impact with business growth. Since our founding when we located our factory in the countryside, MANI has been striving to coexist with local communities by investing from an early stage to reduce the environmental impact of our activities. During the period of rapid economic growth, we put in place equipment to clean up wastewater from our factory. In 1979, MANI received the Excellent Company Award for Pollution Prevention from the governor of Tochigi Prefecture. A large part of MANI Group's products are small products made by processing stainless steel wire, with minimum energy required in processing, and they are extremely lightweight as well, so there is minimal environmental impact in the transportation of our products. In addition, the Group is working as one to disseminate "good treatment" with "good products" in medical fields around the world. For example, MMG in Germany promotes measures to reduce CO₂ emissions and the development of dental restoration materials that do not contain environmental hormones that take the impact on the human body into account. Furthermore, we are working to reduce greenhouse gas emissions by promoting MANI Sustainability while considering international frameworks related to climate change, such as the Paris Agreement adopted at the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21).

- Point 1** Coexistence with local communities by investing in environmental impact reduction measures since the founding of our Company
- Point 2** Small products, which minimizes the materials waste disposal and energy required in processing
- Point 3** Dealing in small and lightweight products, which also minimizes the environmental impact of transportation

Climate Change Response (Approach to Information Disclosure in Line with the TCFD Recommendations)

We are continually disclosing information on the four items recommended by the TCFD recommendations: (1) Governance (organizational governance regarding climate-related risks and opportunities), (2) Strategy (impact on business brought about by climate-related risks and opportunities), (3) Risk Management (methods for identifying, evaluating, and managing climate-related risks), and (4) Metrics and Targets (indicators and targets for assessing and managing climate-related risks and opportunities).

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, based on the two future scenarios we have formulated, we have organized the major risks, opportunities, and financial impact in each scenario as shown in the table below.

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

Scenario	(1) 1.5–2°C scenario	(2) 4°C scenario
Overview	Governments toughen environmental regulations and advance their response to climate change	Climate change response does not progress, and disasters intensify and increase
Risks	Transition risks	Although our procurement product costs are expected to rise due to the introduction of policies to control greenhouse gas emissions, the financial impact will be limited due to the low material cost ratio in the cost structure of our products.
	Physical risks	<ul style="list-style-type: none"> Although our procurement product costs are expected to rise due to the introduction of policies to control greenhouse gas emissions, the financial impact will be limited due to the low material cost ratio in the cost structure of our products. There is a risk of a further increase in damage to business locations and disruption of logistics networks due to typhoons and heavy rain. This also causes an extremely significant impact on finances. Although there is a risk of an increase in sea level and flooding, our main manufacturing location in Vietnam is located inland, and therefore the impact will be limited.
Opportunities	Market	There are no changes expected for the time being in the medical & healthcare market in MANI Group's product areas.

Risk Management

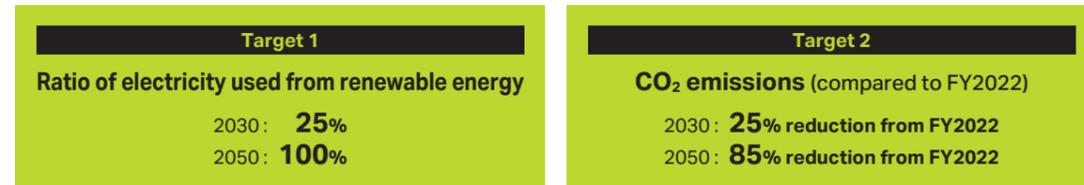
In September 2021, we have set the promotion of MANI Sustainability as a company-wide activity target, and began reviewing initiatives to achieve targets on a monthly basis and monitoring the progress of MANI Sustainability at the Board of Directors meetings.

Metrics and Targets

We have set the following metrics and targets and are working as one to achieve them.

The total greenhouse gas emissions (Scope 1 & 2) within the Group are shown below. [P. 66 Relevant data](#)

Since 2022, we switched all of the electricity used in Japan to electricity derived from renewable energy, and we have been making even further reductions in CO₂ emissions. We are currently focusing on environmental initiatives in Japan, but will gradually consider environmental measures at overseas bases, considering the status of business activities throughout the Group.



(Note) The CO₂ emission data are the aggregate values as of January 31, 2024.

CO₂ Emission Reduction Factors in FY2023

- Regarding domestic Scope 2, we have changed the electricity to 100% of purchased renewable energy, achieving zero emissions from our domestic bases
- Regarding domestic Scope 1, we have achieved net zero emissions at our domestic bases via carbon offsets through the J-Credit Scheme
- We have utilized carbon credits through the new installation of a wood biomass boiler at Ninomiyamokuzai Co., Ltd. (headquarters: Nasushiobara City, Tochigi Prefecture) to achieve the local production of energy for local consumption

Initiatives for Resource Saving

Please refer to "Initiatives to Reduce Environmental Burdens" on the next page.

Water Security

The Group has manufacturing bases in Vietnam, Laos, and Myanmar. Also, our sales subsidiary in India is expanding its local sales activities. We recognize that evaluating the risk of operating in these areas that are under water stress will be an issue in the future. Based on the global water-related information resources in the CDP Water Security Reporting Guidance and WRI's Aqueduct Water Risk Atlas, we will add medium- to long-term temperature rise scenarios and work on evaluating the water risks (water stress) by region on our assets and operations.

Feature

2

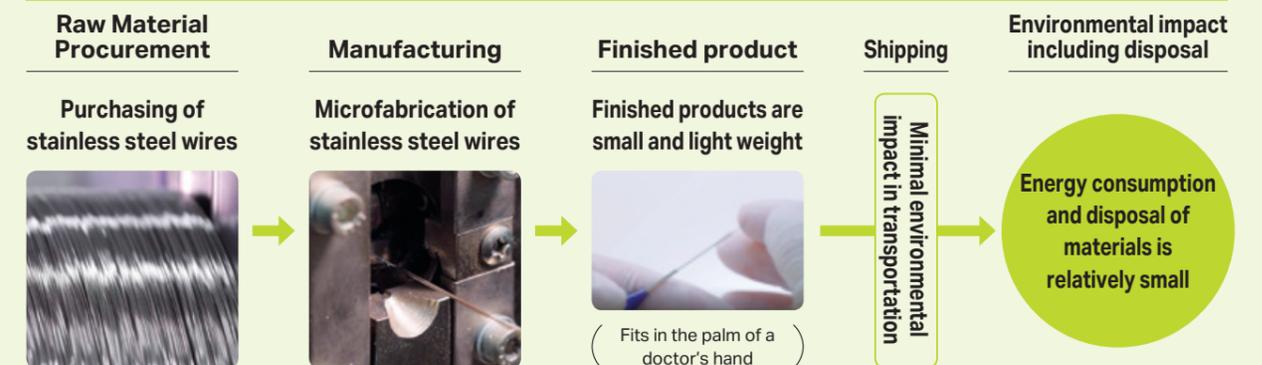
Initiatives to Reduce Environmental Burdens

MANI's Unique Business Model of Resource Saving and Low Environmental Impact

—To Achieve Good Treatment over the Long Term through Good Products—

In terms of the environment, a major characteristic of MANI is our business model of resource saving and low environmental impact. Our supply chain consists of purchasing materials in bulk in Japan, manufacturing at overseas factories mainly in Vietnam, and shipping products after final product inspection has been conducted both in Japan and overseas. We are building a sustainable business model that allows us to achieve high-quality manufacturing over the long term while keeping resource consumption throughout the supply chain relatively low, due to the extremely small size and light weight of our products.

Characteristics of the Business Model of Our Supply Chain



Initiatives Going Forward

Proactive Utilization of Solar Electricity Generation

We are introducing solar power generation and other systems at our bases in Japan, Vietnam, and Germany to promote environmentally friendly business activities.

Japan	At MANI, INC., we considered entering into a Power Purchase Agreement with a local company and signed the agreement in September 2023. We are working not just alone but together with the local region to reduce CO ₂ emissions. We also plan to introduce solar power generation to the Smart Factory that we have commenced building.
Vietnam	The Vietnam Factory emits the most amount of CO ₂ within the Group. We are aiming to drastically reduce the Group's overall CO ₂ emissions through the installation of solar panels at the Vietnam Factory.
Germany	Solar panels have been installed on the roof of the newly-completed factory. An EV charging station has also been installed on the factory's grounds, and we plan to progress the conversion of company vehicles to EVs. P. 41 "Completion of MMG's New Head Office Factory"



From Germany

Completion of MMG's New Head Office and Factory



Current Status and Outlook for MMG, Which Is Active in High-brand Markets

In 2015, we acquired a German dental treatment equipment manufacturer with the purpose of strengthening development and expanding our sales channels in Europe. Since then, initiatives such as collaborative product development with MANI in Japan and strengthening the company's in-house sales to dentists in Germany have been implemented. A new factory was completed in August 2023, following investment of approximately ¥3.0 billion, and moving forward the expansion of sales of dental restoration materials to the European, North American and Asian markets will go into full swing. We will take this opportunity to once again introduce what kind of company MANI MEDICAL GERMANY GmbH (MMG) is, and explain the business outlook in Europe and North America.

Main products are dental restoration materials targeted at niche markets

MMG's main products are dental restoration materials used in the process of restoring teeth, and they also handle bleaching materials used for tooth whitening and other materials related to dental restoration. MMG's products are private label brands that reflect various requests in their design and development, such as the requirement of medical institutions, doctors, patients, and treatments. MMG is focused on the high-priced, high-segment market, with a lot of production in small lots, and has the advantage of being able to respond flexibly to customer needs. The expanded production capacity due to the completion of the new factory has enabled the company to further strengthen its sales expansion system structure for the European, North American and Asian markets.



Installation of solar panels on the roof

New factory that considers safety and the environment

The significance of building a new factory is not only that it addresses the lack of production capacity. By relocating to a new factory, we have been able to achieve the quality required of a medical device manufacturer, including ensuring safety in handling chemicals, workplace safety, and disaster risk reduction. In terms of the environment too, we are working to be as environmentally friendly as possible, including solar power generation and reusing rainwater, and the factory's energy efficiency is greatly improved compared to before the relocation. We believe that we are contributing to the environment by having become more resource efficient than ever before.

DE&I and human rights awareness are instilled throughout society. Towards an MMG that contributes to employee motivation and to local communities

While diversity is becoming more important in Japan, it is a self-evident concept in Europe, especially in German society, where there are many immigrants. The company's 115 employees have backgrounds from dozens of countries and the ratio of men and women is almost equal. Furthermore, Germany is said to have the strictest work environment and human rights laws in Europe, and new regulations are introduced every year. Recently, there are demands to build supply chains that take human rights into consideration, and MMG will properly respond to this. The satisfaction level of employees working at the new factory has increased, which is also working positively in terms of personnel recruitment. The factory is a well-designed building that blends in with the local community, and will further contribute to revitalizing local employment as our business expands.

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

Society (Human Capital)

Basic Approach

The MANI Group has the corporate philosophy of "Contributing to the welfare of people worldwide through development, production and distribution of products beneficial to patients and doctors." This corporate philosophy has been the basis for decisions made in all of our Group's business activities since its founding in Takanezawa Town, Tochigi Prefecture, and has been instilled as values shared by all of our employees.

In order to achieve further growth for the Group, we will steadily implement measures based on the personnel strategy necessary to achieve the key issues set out in the Medium-Term Management Plan. We also recognize the importance of increasing the diversity in our organizations and working style and contributing to local communities.

We will also comply with human rights compliance issues as a global corporation. Our Group has manufacturing bases in Vietnam, Laos, and Myanmar, and we have continued our business activities with a deep awareness of the need to pay close attention to human rights and preventing corruption. We are currently formulating a human rights policy for the Group, which is scheduled to be completed in 2024. Moving forward, we will continue to earnestly conduct our business activities in order to provide "the best quality in the world, to the world."

Personnel Strategy

In the Medium-Term Management Plan, we have listed "establishing a high-quality, low-cost global production system," "conducting R&D with KOLs around the world," and "expanding global market shares through regional-oriented sales" as key issues [P. 25-26 Medium-Term Management Plan](#). In order to achieve the key issues listed in the Medium-Term Management Plan and ensure our "future evolution", we have set the following three themes as our personnel strategy.

Secure personnel to ensure our "future evolution"

We will focus on recruiting and training the personnel who will transform the business model and realize the evolution into a truly global company.

Secure diversity in personnel

We aim to create a structure that can grasp customer needs through the perspectives and experiences of diverse personnel and create speedy innovation.

Improve work engagement

It is essential that employees and management work together as one in order to implement the management strategies. We aim for a work environment where each employee can demonstrate their abilities.

We believe that it is important to foster an awareness of aiming for value creation and growth using individual initiative, and cooperation that leverages each individual's differences, which is directed towards our "future evolution". Against this background, we have set "value creation, autonomy, growth, and respect for diversity" as the elements we look for in all personnel. In the future, we will progress with the creation of an environment in which these four elements will be instilled throughout the company, such as creating opportunities for communication, so that each employee can embody them.

Personnel and Training Initiatives to Ensure Our "Future Evolution"

1 Policy to secure and train the personnel necessary to establish a high-quality, low-cost global production system

Construction of the Smart Factory was commenced in October 2023. In order to improve production processes using digital technology, we are hiring and training personnel with digital skills and experience in matters such as equipment maintenance and yield improvement.

In addition, we are training production technology and manufacturing technology experts to strengthen the mass production phase after product development and the rapid transfer of development technology to production subsidiaries.

2 Policy to secure and train the personnel necessary for "conducting R&D with KOLs around the world"

We recognize that specialized personnel are required for each product area and development process in order to accelerate the development of new products with "pursuing the best quality in the world" as the keyword. In order to develop such personnel, we are cultivating specialized medical and dental knowledge and the techniques and skills necessary for product development, and assigning roles with an eye to each individual's career. We are also promoting recruitment based on individual expertise and strengthening collaboration with KOL doctors.

3 Policy to secure and train the personnel necessary to expand global market shares through regional-oriented sales

We believe it is necessary to promote marketing that is tailored to the different market characteristics and needs in each country and region. We recognize the need for more strategic marketing activities, transformation to a more proactive sales style, and experts in each region and product segment, in order to quickly identify the needs of customers around the world and develop and provide products that will solve their problems and issues. In addition to recruiting such specialized personnel, we are working to strengthen in-house specialist training and OJT.

Initiatives to Secure Personnel and Diversity to Ensure Our "Future Evolution"

The following are examples of our specific initiatives taken in line with our personnel and training policy to realize our "future evolution". In terms of diversity of our personnel, we are incorporating diverse perspectives that were not previously present in our company by proactively recruiting experienced personnel. We will work to increase the ratio of female management positions, with the aim of creating an environment where both men and women can thrive. In addition, we will provide opportunities for information dissemination and training to foster a culture of accepting diversity.

Examples of initiatives	Establishing a global production system	Product development with KOLs around the world	Promoting global marketing
<ul style="list-style-type: none"> Core skills/techniques workshops Workshops in each division 	●	●	●
On-site training in overseas factories	●	●	
Recruits with experience from a variety of backgrounds	●	●	●

Internal environment development policy aimed at realizing our personnel strategy

In line with the revision of our personnel system, we have developed a company-wide education system with the aim of strengthening each employee's awareness of their role throughout the organization, and as part of this, we have begun level-based training for employees. In addition, we are developing an education system to enhance the expertise needed to advance our business operations, such as improving operational efficiency and productivity. As a specific company-wide initiative, we will advance the digitalization of our operations and implement various measures to improve the IT literacy of our employees.

Metrics and targets

Our personnel strategy and metrics, targets and results in line with each key measure are shown in the table on the right. The results are monitored periodically to achieve the targets.

(Note) The company considers the ratio of female management positions metric to be important as an initiative to promote personnel diversity, and we have set a target for the ratio of female management positions only (fiscal year ending August 31, 2026), and will monitor the other initiatives as metrics.

Non-consolidated metrics

Initiatives to achieve key measures	Metrics (Note)	FY2023 results
Mid-career recruitment that supports growth	Recruitment adequacy ratio	Target exceeded
Recruits with experience (managers)	Employment rate of managers with experience	27%
Women leaders' training	Ratio of female management positions: 15% or more	9%
Investment in personnel development	Amount invested in personnel development	¥170,000 per person annually
Operation of personnel system to promote challenge	Execution of operation advancement measures	Progressing according to plan
Improvement of work engagement	Execution of measures to improve communication	Progressing according to plan

Reference: Consolidated metrics (fiscal year ended August 31, 2023)
Ratio of female employees: 72.3% Ratio of female management positions: 28.6%

New employee training

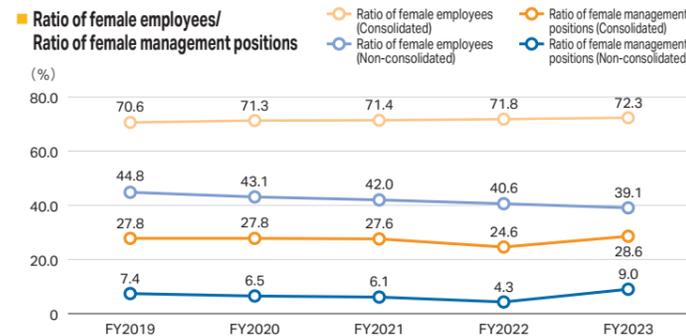
New recruits do one year of on-the-job training in manufacturing, including one month of training in Vietnam. After this basic training, each employee is assigned a theme that they follow from development to manufacturing; this lets them experience the full flow in all of processes. Currently, our production bases are centered in overseas factories. However, we believe that incorporating new ideas from fresh perspectives creates innovation in the development of new products, and leads to "the best quality in the world." Through the on-site training in manufacturing, employees can understand the background of each operating by knowing the overall image of manufacturing. Therefore, even if they are assigned to departments outside of development, they will be able to work more proactively.

Remuneration

We have introduced a year-end bonus in addition to the ordinary bonus. We believe it will increase the awareness of employee participation in management. By linking this bonus to the company's results and determining the amount, it will encourage employees to also be aware of the overall management of MANI.

KPIs that Are the Foundation for Vitalization of Human Capital

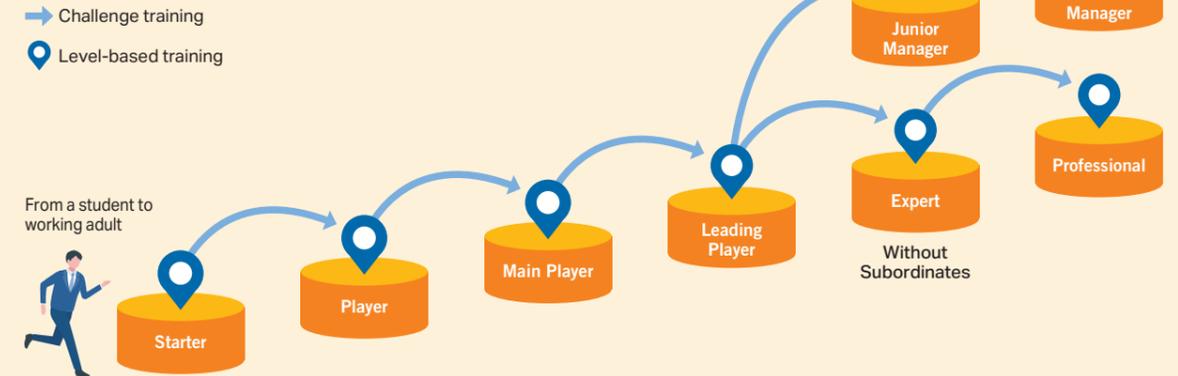
We are continuously and proactively implementing multifaceted measures, such as setting up systems and education support, so that our employees, each with their own career vision and background, can work with peace of mind and motivation to keep challenging themselves.



Pick UP Introduction of Level-based Education

The new personnel system aims to create a system that allows each employee to take on challenges and achieve personal growth, thereby contributing to future development. The results of interviews conducted with all of our employees showed that many expressed a desire for education as a measure to improve job satisfaction, so we have introduced a new education system to support individual growth and increase the number of personnel who think and act autonomously, which will lead to the growth of the company.

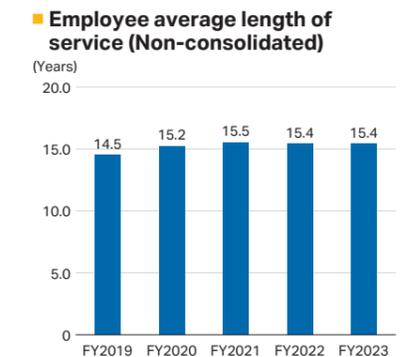
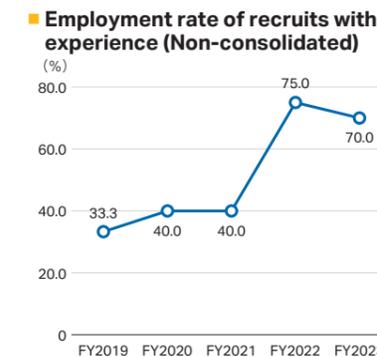
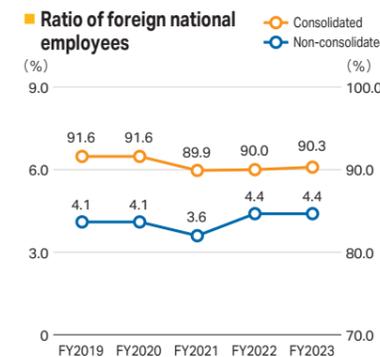
Diagram of level-based education (Challenge training, level-based training)



Category	Challenge training	Level-based training
Theme	Mindset and role awareness	Knowledge and skills acquisition
Purpose	Developing a mindset aimed towards the next stage	A reminder of the role expected at the current stage and development of the necessary skills
Post-training status	<ul style="list-style-type: none"> Changing the mindset to one aimed towards the next stage Ascertaining the employee's own issues 	<ul style="list-style-type: none"> Recognizing the role of the current stage Ascertaining the employee's own current status Creating an action plan for skill acquisition, ready to be implemented immediately

Overall view of the education system

Level	Category	OJT	OFF-JT				Self-development				
			Level-based education	Theme-based education		Specialist education					
Senior manager / Professional			Challenge training	Level-based training	Compliance and harassment training	Business skill training	Career training	Reskilling support, etc.	Development/Manufacturing/Sales/Administration/Quality	Correspondence education	Periodic internal workshops (Core skills/techniques)
Junior manager / Expert											
Leading Player		Target setting (giving a mission)			Mentor training	Language training					
Main Player		Work experience based on training plan									
Player		(Under consideration) Overseas assignments, etc.									
Starter		On-site									



Maternity leave and childcare leave system to promote various easier working styles

In terms of working styles, we are considering measures that will make working at MANI even easier for all employees, so they can balance their personal life with their career. In addition, we provide diversity management training not only for employees who are already working in management positions, but also for young employees who are considered to be next-generation leaders. In recent years, there have been more cases of male employees taking long-term childcare leave and making use of reduced working hours.

Comment from a male employee who took childcare leave

[Case] Childcare leave period ▶ Employee himself: 1 year, Wife: 2 years, child's age: 2 years old

I had a strong desire to be with my child as they grew up, so when I learned that there was a system for taking childcare leave, I wanted to take it from the beginning. After actually taking the leave, I realized that by being actively involved in childcare and housework, I was able to build a trusting relationship with my wife and child, creating the foundation for family bonds. During the childcare leave, I struggled with lack of sleep due to getting my baby to sleep and nighttime crying, which made me realize that being involved in taking care of a baby and raising a child is difficult to do alone. In addition, the reduction in income due to childcare leave and subsequent reduced working hours for childcare provided an opportunity to reconsider our family's finances and work styles. I have continued to share in the housework after the childcare leave ended. I learned a lot from this experience and feel that I want to encourage other male employees in the company to take childcare leave as well.

Employee Welfare

Systems and Environments for Diverse Working Styles

In addition to letting employees choose the workplace according to their situation, including working from home or at satellite offices, we have also introduced flextime and staggered working hours. In addition to Tokyo, we have also opened a satellite office in Osaka. 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 a part of corporate culture, and the percentage of female employees returning to work after childcare leave has been 100% since 2011 on a non-consolidated basis.

Scholarship/Student Loan Proxy Repayment System

With the launch of the Corporate Scholarship Repayment Support (Proxy Repayment) System in 2021 by the Japan Student Services Organization (JASSO), in FY2021 we also established and started operating the rules for repayment of scholarships on behalf of employees.

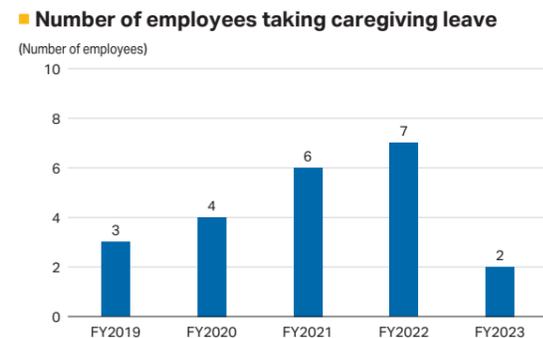
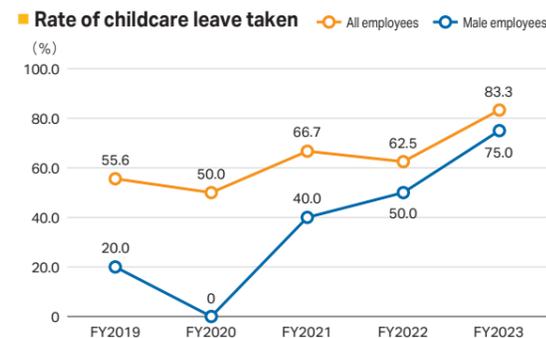
- Conditions**
- There is a balance remaining on the scholarship, and the employee is currently making repayments
 - The employee has been employed for at least 18 months and the scholarship is not more than ¥3 million

Comments from employees using the system

It has given me a feeling of wanting to give back to the company.



I planned to make repayments of ¥20,000 per month for about 20 years, but through this system more than half was waived. I am able to use the extra funds for my child's extracurricular activities and make my private life more fulfilling.



Better Health

The MANI Group is promoting a better quality of life (QOL) for patients through our products, as well as maintaining the health of our employees. We have established an in-house public health nurse consultation service that allows employees to consult a nurse with ease. Also, our employee cafeteria offers nutritionally-balanced meals, with the nutritional content displayed. From the fiscal year ending August 31, 2024, we will start the "spouse medical checkup system" with the aim of preventing employees taking extended leave or resigning in the future due to having to provide nursing care. We will partially subsidize the cost medical checkups for the spouses of employees aged 40 or older.

Employee Shareholding Association

To raise each employee's awareness of participation in management, we have established employee shareholding association. With this association, when employees purchase company shares, the company will cover 20% of the purchase cost. As of October 31, 2023, 68% of MANI employees were members of the employee shareholding association.

Contributing to Local Communities and Society

Giving Back to Local Communities by Providing Education and Training Opportunities

The Matsutani family, the founding family of MANI, established the MANI Matsutani Medical Scholarship Foundation (Representative Director: Kanji Matsutani) in October 2019. The human resources that support medical & healthcare are important in the advancement of this field. This Foundation aims to contribute to the development and improvement of medical & healthcare around the world, and the training of skilled human resources who can contribute to that. Keeping in mind how MANI was founded in Tochigi Prefecture, the Foundation provides financial assistance in the form of scholarships to medical students with a connection to Tochigi Prefecture and who are studying for a Doctor of Medicine degree to become doctor, dentist, nurse, or dental hygienist. We also support the activities of the MANI Matsutani Medical Scholarship Foundation, and donate funds for its activities. (¥20 million was donated in the fiscal year ended August 31, 2023). MANI MEDICAL HANOI CO., LTD. in Vietnam also provides educational assistance in the form of scholarships to Thai Nguyen Medical University students of surgery and dentistry, who are experiencing economic hardship. The establishment of a network with medical universities through scholarship support has also led to the introduction of MANI products in university practical training, creating a favorable cycle for future sales activities.

Donations to the MANI Matsutani Medical Scholarship Foundation

Date	Amount (¥ million)
October 20, 2020 (First time)	¥10 million
November 30, 2021	¥10 million
May 31, 2022	¥10 million
November 30, 2022	¥10 million
May 31, 2023	¥10 million

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.

Support for victims of the 2024 Noto Peninsula Earthquake

We humbly pray for those who lost their lives in the 2024 Noto Peninsula Earthquake that occurred on Monday, January 1, 2024.

We also express our deepest sympathies to all those affected by the disaster.

MANI has made a donation of ¥10 million as a disaster relief fund, which was donated through the Japanese Red Cross Society, in the hope that it will be useful in the relief efforts and reconstruction support in the disaster-stricken areas.

We will continue to consider further support measures based on the situation in the affected areas.



A discussion with our CHRO, HR personnel and experienced recruit

MANI's Personnel Initiatives to Develop the People Who Are the Starting Point of Realizing "the Best Quality in the World"

Expert,
Human Resources and General Affairs Group,
Administration Division

Yuri Fukisawa

Executive Officer, CHRO
and Division Head of
Administration Division

Hideyuki Murai

Professional, Manufacturing
Engineering Group
Manufacturing Division

Masafumi Okukubo

What is the current status of the personnel strategy initiatives?

Murai Our Medium-Term Management Plan identifies transformation of our business model as a key issue to promote the globalization of our sales, production, and development functions. To achieve this, it is essential to bring out the full potential of our employees. We are currently working on various human resources measures to strengthen our personnel strategy that fits our organization's strategic targets. As one of our initiatives in the fiscal year ended August 31, 2023, we set "value creation, autonomy, growth, and respect for diversity" as the elements required of all personnel and implemented specific initiatives in line with the personnel development policy described on the right page, with the aim of realizing our "Future Evolution" that is the goal in the Medium-Term Management Plan.

The following introduces one of the unique initiatives among our new human resources measures. Through the newly introduced challenge system,

approximately 30 employees, who volunteered based on their achievements and recommendations from their superiors, took on the challenge over a period of one year to advance their careers. At the end of the period, those eligible for promotion were asked to give a company-wide presentation as the output of the project. We feel that by involving not only managers but also the entire company,



An internal presentation under the challenge system

Personnel training policy to ensure our "future evolution"

- 1 Secure and train the personnel necessary to establish a high-quality, low-cost global production system
- 2 Secure and train the personnel necessary for product development with KOLs around the world
- 3 Secure and train the personnel necessary to expand global market shares through regional-oriented sales

the new system is contributing to fostering a corporate culture of taking on challenges and invigorating the workplace. We will continue to focus on firmly establishing this challenge system.

Okukubo As MANI is in the process of growth, the scope of each individual's responsibilities is inevitably broad. We are attempting to introduce new digital technology and improve the production process in the Smart Factory project currently under construction, and for experienced recruits like me, it is an attractive environment where you can take on new challenges if you are motivated. My honest impression is that there is a culture of supporting those who take on challenges on their own initiative.

Fukisawa The Human Resources and General Affairs Group is working to secure and retain diverse personnel, and to create a work environment in which all personnel can thrive. We are focusing on improving the office environment and providing welfare benefits so that people like Mr. Okukubo, who have experience working at other companies, can work for us with peace of mind. From 2024, we will lengthen the period of reduced working hours for childcare to create an environment in which employees can continue to balance work and childcare. We are providing information and training to create a work environment where both men and women can thrive and foster a corporate culture that accepts diversity.

As someone hired as an experienced recruit, what do you think is MANI's appeal?

Okukubo At my previous employer, I had been promoting productivity improvement activities at manufacturing sites for many years, but I decided to join MANI because I wanted to try my hand at a production site that had not yet been established. I am currently in charge of the logistics line and layout design for the Smart Factory. The mission of the Smart Factory is to avoid the risk of production being concentrated in Vietnam, while also establishing an advanced production system that will serve as a pilot factory to eliminate waste in the production process and establish mass production technology for new products and new production processes, with an eye to subsequent overseas expansion. My goal is to spread this new, waste-free production process around the world.

Murai I believe that being able to have personnel with experience in production process improvement like Mr. Okukubo join the company and bring in knowledge, skills, and diverse perspectives that MANI was lacking, will be extremely effective in achieving the management issue of "establishing a high-quality, low-cost global production system." In addition to recruiting experienced people, talented young people are also joining the company, so I think there will be more opportunities for senior professionals like Mr. Okukubo to

pass on their skills to the next generation. We will support the development of production technology and manufacturing technology experts in order to realize the company's future sustainable growth.

Okukubo MANI is a company that pursues the best quality in the world, but we also believe developing people is important. Differentiated products will not be produced by introducing the latest production lines alone. It is important to develop the people who will design and handle these products. We have provided unique products to the world based on our overwhelming strength in metal microfabrication technology, but we have also evolved uniquely as a niche company and need to adopt new technologies for our manufacturing systems other than metal processing. We have a culture where we proactively listen to external opinions and are willing to make changes when things do not go well, and I feel a strong will to continue fulfilling our social responsibility to deliver "the best quality in the world, to the world."

On a slightly different topic, I was surprised to learn when I joined the company that there is on-site training at the Vietnam Factory, not only for new graduates but also for experienced recruits. We didn't just visit the factory and return, we also had to submit a report and present our findings. I think this is wonderful.

Murai I believe that the on-site training at the Vietnam Factory is important for understanding our manufacturing process. The investment in personnel development per employee for the fiscal year ended August 31, 2023 was approximately ¥170,000, which includes training in Vietnam, level-based training aimed at increasing each employee's awareness of their role, and also includes education to increase the specialization necessary for business innovation, such as improvements in work efficiency and productivity. In addition, in order to improve company-wide expertise regarding medical treatment, we regularly invite medical and dental experts to hold workshops. I want the investment in personnel development to increase in the future.

In closing, what are your aspirations from your respective positions?

Murai We are required to understand the differences in the background and environment of each employee and work towards our targets while maintaining a sense of unity as an organization. We will focus even more on creating an organization and environment that can actively accept diverse human resources from outside the company, without being bound by conventional wisdom.

Okukubo A little less than a year and a half has passed since I was hired as an experienced recruit, and I feel that it is a very easy company to work for. MANI is in a period of reform, so there are many opportunities to take on challenges that utilize my experience and knowledge. I think the company is also considering the various ways to support individual challenges.

Fukisawa Although messaging to promote diversity has been sent out by top management and various training has been conducted, I believe that we still need to strengthen our efforts. In particular, as we increase the number of experienced recruits, I believe that new role models will emerge who understand our company's values and can be active in a variety of roles. We would like to help these people succeed through mentoring and support. We will further strengthen our efforts to create a corporate culture and foundation in which diverse personnel can thrive.

Corporate Governance

For the reasons for appointing the Directors, please refer to the Notice of the 64th Annual General Meeting of Shareholders. <https://ssl4.eir-parts.net/doc/7730/announcement4/98336/00.pdf>

Directors (As of November 20, 2023)

CEO : Chief Executive Officer CFO : Chief Financial Officer CQO : Chief Quality Officer CSO : Chief Sales Officer COO : Chief Operating Officer
CMO : Chief Manufacturing Officer CHRO : Chief Human Resources Officer CTO : Chief Technical Officer CRO : Chief Risk Management Officer

Position	Director, President and Representative Executive Officer CEO, COO, CTO Member of Strategy Committee	Director, Executive Vice President CFO, CRO Vice-Chairperson of Strategy Committee	Director Vice-Chairperson of the Board of Directors Member of Nominating Committee and Compensating Committee	Outside Director Chairperson of the Board of Directors Chairperson of Strategy Committee, Member of Nominating Committee	Outside Director Chairperson of Nominating Committee Chairperson of Audit Committee	Outside Director Chairperson of Compensating Committee Member of Audit Committee	Outside Director Member of Compensating Committee, Audit Committee and Strategy Committee
Name	Masahiko Saito	Kazuo Takahashi	Toshihide Takai	Masaya Watanabe	Tatsushi Yano	Yukiko Moriyama	Yosuke Mitsusada
Main career summary	<ul style="list-style-type: none"> Apr. 1990 Joined MANI, INC. Sept. 2010 General Manager of Business Development Department July 2013 Director and President of MANI HANOI CO., LTD. Nov. 2014 Executive Officer Sept. 2016 Executive Officer and Division Head of Manufacturing Division Oct. 2019 Senior Managing Executive Officer and Division Head of Corporate Planning Division Nov. 2020 Director, President and Representative Executive Officer, CEO, COO (present) Sept. 2021 Division Head of Quality Vigilance and Safety Division Sept. 2023 Division Head of Research and Development Division, CTO (present) 	<ul style="list-style-type: none"> Mar. 1978 Joined HOGY CO., LTD. (currently HOGY MEDICAL CO., LTD.) June 2009 Director, and General Manager of Corporate Planning Division and Product Management Division of HOGY CO., LTD. Aug. 2013 Advisor of MANI, INC. Nov. 2013 Vice Chairman of MANI HANOI CO., LTD. Nov. 2014 Executive Officer CFO (present) Nov. 2016 Senior Vice President and Executive Officer Nov. 2018 Director, Executive Vice President and Executive Officer Mar. 2019 Division Head of Corporate Planning Division (present) Aug. 2020 Division Head of Sales and Marketing Division Nov. 2020 Director, Executive Vice President and Representative Executive Officer Nov. 2021 Director, Executive Vice President and Executive Officer (present) Jan. 2023 CRO (present) 	<ul style="list-style-type: none"> Apr. 1977 Joined the Nippon Fudosan Bank, Ltd. (formerly The Nippon Credit Bank, Ltd.; currently Aozora Bank, Ltd.) Oct. 2006 Advisor of MANI, INC. Nov. 2006 Senior Vice President and Executive Officer, General Manager of the Corporate Planning Department Nov. 2007 Senior Vice President and Executive Officer Nov. 2008 Senior Managing Executive Officer Nov. 2011 Executive Vice President and Executive Officer Nov. 2013 Director, President and Representative Executive Officer Nov. 2020 Director, Chairperson of the Board of Executives Nov. 2021 Director, Vice-Chairperson of the Board of Directors (present) 	<ul style="list-style-type: none"> Apr. 1982 Joined Hitachi, Ltd. Apr. 2014 Vice President and Executive Officer of Hitachi, Ltd., Chairman of Hitachi Information and Telecommunication Systems Global Holding Corp., Chairman of Hitachi Consulting, Inc. (U.S.) Apr. 2015 Vice President and Executive Officer of Hitachi, Ltd., President of Health Care Company, Hitachi, Ltd. June 2017 Chairman of The Japan Federation of Medical Devices Associations Apr. 2019 Vice President and Executive Officer, CISO and General Manager of Smart Transformation Project Initiative Division of Hitachi, Ltd. June 2020 Director, Executive Vice President and Representative Executive Officer, Chief Operating Officer, Chief Officer of Miraca Holdings Co., Ltd. (currently H.U. Group Holdings, Inc.) June 2021 Supreme advisor of H.U. Group Holdings, Inc. July 2021 Established Pivotal Partners Co., Ltd., President and Representative Director of Pivotal Partners Co., Ltd. (present) Nov. 2022 Outside Director of MANI, INC. (present) Jan. 2023 Outside Director of CROSS SYNC, INC. (present) Aug. 2023 Member of Japan Agency for Medical Research and Development (present) Nov. 2023 Chairperson of the Board of Directors (present) 	<ul style="list-style-type: none"> Apr. 1974 Joined TOMEN Corporation June 2003 Executive Officer, General Manager of North America and President of TOMEN U.S.A. Apr. 2006 Director of SANYO Chemical Industries, Ltd. (Transferred) June 2006 Director and Executive Officer of SANYO Chemical Industries, Ltd. June 2010 Director, Senior Vice President and Executive Officer of SANYO Chemical Industries, Ltd. June 2012 Director, Senior Executive Officer of SANYO Chemical Industries, Ltd. June 2016 Advisor of SANYO Chemical Industries, Ltd. June 2019 Outside Director of Kokusai Pulp and Paper CO., LTD. (currently KPP GROUP HOLDINGS CO., LTD.) (present) Nov. 2019 Outside Director of MANI, INC. (present) Nov. 2020 Chairperson of the Board of Directors 	<ul style="list-style-type: none"> Dec. 2008 Registered as an attorney. Belonged to a law firm in Tokyo Oct. 2010 Assistant Counselor of Cabinet Office (Preparatory Office for the Revised Information Disclosure Law) Jan. 2015 Participated in Waseda Legal Commons Law Office, Partner Lawyer (present) July 2020 Member of the Personal Information Protection Examination Committee in Wakou City (present) Nov. 2020 Outside Director of MANI, INC. (present) 	<ul style="list-style-type: none"> Apr. 1986 Joined the Nippon Credit Bank, Ltd. (currently Aozora Bank, Ltd.) Oct. 1999 Joined Unison Capital, Inc. May 2002 Corporate Auditor of Tohato Inc. July 2002 Director of Bolsa Co., LTD. (present) Mar. 2005 Joined Asuka Asset Management Limited. (currently Aizawa Asset Management Co., Ltd.) (present) Apr. 2007 Associate Professor of Institute of Management, SANNO University Apr. 2012 Professor of Institute of Management, SANNO University (present) July 2013 Joined Asuka Asset Management Co., Ltd. (currently Aizawa Asset Management Co., Ltd.) (present) Aug. 2013 Director and Founding Partner of Asuka Corporate Advisory Co., Ltd. (present) Nov. 2016 Outside Director of Yume no Machi Souzou linkai Co., Ltd. (currently Demae-can Co., Ltd.) June 2019 Outside Director of PHYZ, Inc. (currently PHYZ Holdings Inc.) June 2021 Outside Director of Kyodo Printing Co., Ltd. (present) Nov. 2023 Outside Director of MANI, INC. (present)
Number of the Company's shares owned	36,904	41,025	51,000	0	2,100	0	0
Number of years in position	3	5	10	1	4	3	—
Attendance at Board of Directors meetings (FY2023)	100% (14 times/14 times)	100% (14 times/14 times)	100% (14 times/14 times)	100% (11 times/11 times)	100% (14 times/14 times)	100% (14 times/14 times)	—
Committee memberships (◆Chairperson ◇Vice-Chairperson ■Member)	Nominating Committee		■		■		
	Compensating Committee		■				
	Audit Committee					◆	
	Strategy Committee	■	◇		◆	◆	■
[Director] Skills matrix	Corporate Management	●	●	●	●	●	●
	Manufacture/Technology/R&D	●	●	●	●	●	●
	Global	●	●	●	●	●	●
	Sales/Marketing		●	●	●	●	
	Finance/Accounting		●	●			●
	Human Resources/General Affairs			●			●
	Legal Affairs/Risk Management		●	●			●
Governance	●	●	●	●	●	●	●

Definition of skills

Corporate Management	Management experience as a representative, executive director, titled executive officer
Manufacture/Technology/R&D	Experience and knowledge as an officer in charge or a person involved in the management or practical work relating to technical strategies, technology and product development, production, procurement, logistics, and quality, etc.
Global	Management experience at an overseas company
Sales/Marketing	Experience and knowledge as an officer in charge or a person involved in the management or practical work relating to domestic and overseas sales and marketing, technical services, etc.

Finance/Accounting	Experience and knowledge as an officer in charge or a person involved in the management or practical work relating to account management, finance, accounting, business management, etc.
Human Resources/General Affairs	Experience and knowledge as an officer in charge or a person involved in the management or practical work relating to human resources, labor, training of personnel, diversity, etc.
Legal Affairs/Risk Management	Experience and knowledge as an officer in charge or a person involved in the management or practical work relating to legal affairs, compliance, risk management, etc.
Governance	Experience in management or supervision in a Board of Directors, etc., to ensure the sound management of companies and organizations.

Executive Officers (As of November 20, 2023)

CEO : Chief Executive Officer CFO : Chief Financial Officer CQO : Chief Quality Officer CSO : Chief Sales Officer COO : Chief Operating Officer
 CMO : Chief Manufacturing Officer CHRO : Chief Human Resources Officer CTO : Chief Technical Officer CRO : Chief Risk Management Officer

							
Position	Director, President and Representative Executive Officer CEO, COO, CTO Member of Strategy Committee, Division Head of Research and Development Division	Director, Executive Vice President CFO, CRO Vice-Chairperson of Strategy Committee, Division Head of Corporate Planning Division	Managing Executive Officer, CMO Division Head of Manufacturing Division	Executive Officer, CQO Division Head of Quality Vigilance and Safety Division	Executive Officer, CHRO Division Head of Administration Division	Executive Officer Division Head of Dental Business Division	Executive Officer, CSO Division Head of Sales and Marketing Division
Name	Masahiko Saito	Kazuo Takahashi	Tomomi Kosaka	Hideo Matsumoto	Hideyuki Murai	Kentaro Maehara	Kentaro Inatomi
Main career summary	(Refer to P. 49)	(Refer to P. 49)	<ul style="list-style-type: none"> Apr. 1984 Joined Honda Motor Co., Ltd. Apr. 2014 President and CEO of Honda of America Mfg. Inc. (Operating Officer of Honda Motor Co., Ltd.) Apr. 2017 Vice President of Fuel Cell System Manufacturing LLC. (Operating Officer of Honda Motor Co., Ltd.) Apr. 2019 President and Representative Director of Honda Engineering Co., Ltd. (Operating Officer of Honda Motor Co., Ltd.) Jan. 2022 Joined MANI, INC. Mar. 2022 Assistant Division Head of Manufacturing Division Nov. 2022 Managing Executive Officer, CMO (present) 	<ul style="list-style-type: none"> Apr. 1991 Joined MANI, INC. Sept. 2010 General Manager of Business Administration Department July 2016 President of MANI HANOI CO., LTD. Sept. 2016 General Manager of Manufacturing Planning Department Nov. 2018 Executive Officer and General Manager of Manufacturing Planning Department Oct. 2019 Executive Officer and Division Head of Manufacturing Division Nov. 2022 Executive Officer, Division Head of Quality Vigilance and Safety Division, CQO (present) 	<ul style="list-style-type: none"> Apr. 1997 Joined MANI, INC. Jan. 2005 President of MANI YANGON LTD. July 2016 General Manager of New Business Department Sept. 2019 General Manager of Research and Development Planning Department May 2020 General Manager of Human Resources and General Affairs Department Nov. 2021 Executive Officer and Division Head of Administration Division, CHRO (present) Mar. 2022 Division Head of Quality Vigilance and Safety Division 	<ul style="list-style-type: none"> Apr. 1999 Joined Kyoto Daiichi Kagaku Co., Ltd. (currently ARKRAY, Inc.) Dec. 2008 General Sales Manager of ARKRAY Marketing Shanghai, Inc. Feb. 2015 Joined MANI, INC. Sept. 2015 Executive Director of MANI MEDICAL BEIJING CO., LTD. Jan. 2018 Executive Director and Legal Representative of MANI MEDICAL BEIJING CO., LTD. (present) Nov. 2021 Executive Officer (present) Sept. 2022 Division Head of Research and Development Division Sept. 2023 Division Head of Dental Business Division (present) 	<ul style="list-style-type: none"> Apr. 1991 Joined Pioneer Electronic Corporation (currently Pioneer Corporation) May 2011 Vice President of Business Planning of Pioneer Electronics (USA) INC. Apr. 2015 Managing Director of Pioneer Electronics Australia PTY LTD. Aug. 2017 Senior General Manager of Pioneer Electronics Asia Centre PTE. LTD. Nov. 2019 Joined MANI, INC. Nov. 2021 Executive Officer, Division Head of Sales and Marketing Division, CSO (present) June 2023 Representative of MANI MEDICAL DEVICE MALAYSIA SDN. BHD. (present)
Number of the Company's shares owned	36,904	41,025	9,373	106,550	21,450	9,250	8,150
Number of years in position	9	9	1	5	2	2	2

(Note) At the Board of Directors meeting held on February 15, 2024, it was resolved to appoint Mr. Hideshi Fukumoto as a new Senior Managing Executive Officer, as of March 1, 2024. We have appointed him to this position in the expectation that he will contribute to the growth and development of the company by leveraging his extensive experience in the field of research and development and his outstanding insight.

Evaluation of the Effectiveness of the Board of Directors

Basic Approach

So as to promote management focused on improving corporate value, since FY2015 the company has been conducting an annual evaluation of the Board of Directors and Committees. In order to make a more objective and in-depth examination of the effectiveness, the company's Board of Directors has introduced a method of conducting a third-party investigation (conducting and collecting questionnaires from each individual director and conducting individual interviews) and holding discussions at the Board of Directors based on the investigation results. The Board of Directors will continue to undergo regular evaluation, and the company will use the views and other feedbacks obtained from the process and results of evaluating the effectiveness of the Board of Directors and Committees to continuously improve their performance, as we strive for the continual improvement of corporate value.

Overview of Effectiveness Evaluation

Composition

The Board of Directors is generally of an appropriate scale and ratio of outside directors, and composed of members that have been selected to achieve a balance of knowledge, experience, skills, gender, and age, etc. From the perspective of diversity, we have outside directors with a range of specialist knowledge as corporate managers, lawyers, and professors, as well as sophisticated skills in management decision making. These outside directors engage in a lively exchange of opinions from their respective specialist viewpoints, which helps to strengthen the supervisory function of management.

Operation

The members are provided with materials in advance so they can thoroughly discuss the topics of the Board of Directors meeting. To further improve the effectiveness of these meetings, we are also making improvements to the way the meetings are operated, such as providing the materials earlier on, organizing the main points of the meeting materials, narrowing down the agenda items, and ensuring there is sufficient time to discuss important topics. We are also carrying out initiatives to invigorate discussions, such as holding meetings only for independent outside directors.

Status of Topics and Discussions

Sufficient time is allocated to discuss topics scheduled for the Board of Directors meeting, and each director strives to understand the topics in advance and provide information on them, using their knowledge and experience with the topics to engage in appropriate discussions. An independent outside director also serves as the Chairperson of the Board of Directors, which is another way of creating an atmosphere that respects open, frank, and constructive discussions. For important matters concerning management, we conduct transparent and fair decision making, which also incorporates the objective and rational opinions of outside directors.

Evaluation Process

July-Aug. 2023	Survey conducted by a third party (questionnaires sent to and collected from each individual director and individual interviews conducted)*
	<p>*Improvements from the previous fiscal year</p> <ul style="list-style-type: none"> ● The third-party organization and the Board of Directors coordinated their views on the questionnaire items from the design stage, and the number of questions was significantly increased in addition to setting more specific questions directly related to the issues. ● The interview method has been changed to a method where a third party conducts an interview with each director individually to obtain more candid opinions
Sept.-Oct. 2023	Held discussions at the Board of Directors based on the investigation results
Nov. 2023	Started initiatives based on those discussions

Main Evaluation Items of the Survey

- | | |
|---|--|
| <ul style="list-style-type: none"> (1) Composition of the Board of Directors, operation and discussion, and monitoring system (2) Support (including training) for directors (3) Performance of directors and executive officers | <ul style="list-style-type: none"> (4) Management and support structure of each committee (5) Dialogue with shareholders |
|---|--|

Evaluation Results for FY2023

Items with a high evaluation	Items that require improvement	Initiatives going forward
<ul style="list-style-type: none"> ● Creates an atmosphere that respects open, frank, and constructive discussions ● The Board of Directors and Committees consider diversity, and the members actively share opinions and make decisions from their respective specialist viewpoints ● Acknowledges the fiduciary responsibility to shareholders, and makes transparent and fair decisions for the interest of all stakeholders (employees, customers, shareholders) 	<ul style="list-style-type: none"> ● In addition to the "defensive governance" of strengthening the supervisory and control functions, it is also necessary to further enhance the aspect of "aggressive governance" by proactively encouraging decision-making to enhance corporate value. ● The operation of the Board of Directors need to be made more efficient while ensuring more time for important agenda items and allowing more in-depth discussions. 	<ul style="list-style-type: none"> ● To strengthen "defensive governance," enhance the group governance and risk management systems. ● To strengthen "aggressive governance," discuss important medium- and long-term issues, etc. at the Strategy Committee. ● Continue efforts to improve the efficiency of the Board of Directors. ● Visualize and share the framework for deliberations of the Board of Directors.

Activities of the Board of Directors

Main Agenda Items for the Board of Directors Meeting (FY2023)

The following discussions were held mainly for medium- to long-term growth.

- Future global production system centered on Smart Factory
- Future sales strategy and organizational structure for priority development products
- Decision to establish the Strategy Committee

Activities of Each Committee

		Number of meetings held (attendance rate)
Nominating Committee	<ul style="list-style-type: none"> ● Prepared the Criteria for Selection of Candidates for Directors and the Criteria for Submission of Proposals for Dismissal of Directors, which are reviewed and applied every term. ● With regards to the appointment of outside directors, the committee has established the criteria for selecting candidates based on their independence from the company, and in principle, candidates who have served more than six terms in office will not be appointed as candidates for outside directors for the next term. 	14 (100%)
Compensating Committee	<ul style="list-style-type: none"> ● Prepared the Policy for Determining Individual Remuneration of Directors and Executive Officers, which is reviewed and applied every term. ● Based on this policy and the remuneration levels of other companies, the committee deliberates and decides on the establishment of remuneration systems for directors and executive officers, including basic remuneration and performance-linked remuneration, as well as the amount of remuneration for each individual director and executive officer. Along with giving incentives for the continual improvement of MANI's corporate value, with the aim of further promoting the sharing of value with shareholders, at the Compensating Committee meeting held on October 26, 2022, the company decided to abolish the retirement benefits for directors (and other officers) system and performance units that were paid to officers, and introduce a new remuneration of restricted stock (RS). 	13 (100%)
Audit Committee	See "Effectiveness of the Audit Committee" below.	14 (100%)

Effectiveness of the Audit Committee

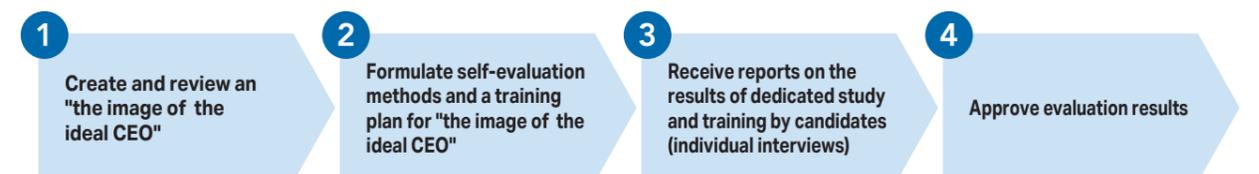
The Audit Committee is composed of three outside directors selected by the Board of Directors. We have also set up the Audit Committee Office (one member) as an audit organization; this Office ensures the independence of the Audit Committee, by being independently (from an executive role) in charge of secretariat work to assist in the professional duties of the Audit Committee. The Audit Committee regularly receives reports from directors, executive officers, employees, and other relevant personnel on the status of its establishment and operation thereof, requests explanations as necessary, expresses its opinions, and, in accordance with the audit policy, allocation of duties, and other relevant matters established by the Audit Committee, and in cooperation with the Audit Office and the company's other departments in charge of internal control, examines the process and content of decision-making at important meetings, etc., the content of major approval documents and other important documents concerning the execution of business, the status of execution of duties by executive officers and major employees, and the status of the company's business and assets. With respect to subsidiaries, the Committee communicates and exchanges information with the directors and other relevant personnel of the subsidiaries, requests business reports from the subsidiaries as necessary, and examines the status of their operations and assets. Additionally, the Committee holds meetings with accounting auditors on the policies and methods of audits, receives explanations and reports on the implementation status and audit results, and exchanges opinions on these matters. The Committee also verifies the consolidated financial statements, financial statements and supplementary schedule, and business reports. Furthermore, it receives reports as required from the Audit Office on the status of audits, and works on sharing audit information.

Succession Plan (Successor Training Plan)

Basic Approach

The "Standards on the Appointment and Dismissal of Executive Officers," as stipulated by the Board of Directors, states the requirements relating to the attributes of the President and Representative Executive Officer and appointment/dismissal, thereby ensuring objectivity and transparency. At the time of retirement of the President and Representative Executive Officer, the Nominating Committee, which has a majority of outside directors, determines content of the appointment proposal based on the Standards on the Appointment and Dismissal of Executive Officers, and selects the next President and Representative Executive Officer in accordance with that proposal. In order to continually improve our corporate value, and fulfill our duty to society as a company, we have formulated a "Plan for Training the Next CEO" at the Board of Directors meeting, and we are systematically training candidates as potential successors.

Evaluation Process in the "Plan for Training the Next CEO"



Remuneration of Officers

Basic Approach

The amount of remuneration for officers of the company and the policy for determining the calculation method of that amount is stipulated below. The Compensating Committee, which has a majority of outside directors, has the authority to determine this policy. Based on this policy, the Compensating Committee discusses and determines the individual remuneration amount and builds and reviews systems of remuneration, such as for the basic remuneration of directors and executive officers and performance-linked remuneration. The individual remuneration of directors and executive officers for this fiscal year is also determined in accordance with this policy. Along with giving incentives for the continual improvement of MANI's corporate value, with the aim of further promoting the sharing of value with shareholders, at the Compensating Committee meeting held on October 26, 2022, the company decided to abolish the retirement benefits for directors (and other officers) system and performance units that were paid to officers, and introduce a new remuneration of restricted stock (RS). Accordingly, from FY2022, the policy and methods for determining the remuneration of officers has been amended as follows.

Policy on the Remuneration of Directors

The remuneration of directors is composed of basic remuneration (fixed remuneration). The basic remuneration is an amount equivalent to the workload of each director, and there is no retirement benefits system in place. If a director holds a concurrent position as an executive officer, then he/she is not paid as a director.

Policy on the Remuneration of Executive Officers

The remuneration of executive officers is composed of basic remuneration (fixed remuneration) and variable remuneration in the general ratio of 65%:35% (during standard performance). The basic remuneration (fixed remuneration) takes into consideration factors, such as the management environment of the company and the levels at other companies, and is set at an amount that is necessary and sufficient for doing one's work. The variable remuneration is composed of performance-linked remuneration (short-term incentives) and restricted stock units (long-term incentives, non-residents of Japan are handled separately).

Calculation Methods of Performance-linked Remuneration

Performance-linked remuneration is calculated by multiplying the monthly basic remuneration by the sum of two coefficients: the "coefficient of average relative achievement rate of the most recent past two fiscal years" and the "coefficient of the relative achievement rate of the past highest fiscal year."

$$\text{Monthly basic remuneration} \times (1 \text{ Coefficient of the average relative achievement rate of the most recent past two fiscal years} + 2 \text{ Coefficient of the relative achievement rate of the past highest fiscal year})$$

(Note 1) Coefficient of the average relative achievement rate of the most recent past two fiscal years: Calculated from the achievement rate (growth rate) of the consolidated operating income of the said fiscal year relative to the average consolidated operating income of the previous two fiscal years of the executive officer's term of service, based on the table on the right.
 (Note 2) Coefficient of the relative achievement rate of the past highest fiscal year: Calculated from the achievement rate (growth rate) of the consolidated operating income of the said fiscal year relative to the consolidated operating income of the highest fiscal year of the most recent previous four periods, based on the table on the right.
 (Note 3) If the abovementioned achievement rate (%) is under 100%, then the achievement rate is set at zero.

Achievement rate (%)	Achievement rate coefficient
Up to 130	3.70
125	3.08
120	2.47
115	1.85
110	1.23
105	0.62
100	0.00

Calculation Method of Restricted Stock (RS)

(1) Medium-Term Management Plan Achievement Requirement RS

In the first fiscal year of the Medium-Term Management Plan, RS of an amount of 15% of the remuneration amount (100%), with 65% as fixed remuneration, will be granted in a single amount in accordance with the Medium-Term Management Plan period (expected to be five years). In the final fiscal year of the Medium-Term Management Plan, if all targets have been reached for the three indexes of consolidated net sales, consolidated operating income, and share price, and if the requirement of service at the company has also been satisfied, then the restriction on transfer of the granted stock (RS) will be lifted. In all other cases, the company will acquire all of the granted stock (RS) at no cost.

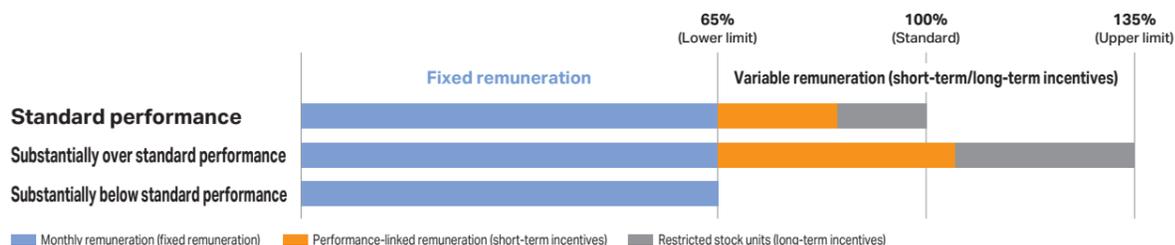
(2) Medium-Term Management Plan Intermediate Target Achievement Requirement RS

In each fiscal year during the Medium-Term Management Plan, for the portion that exceeds 100% of the weighted average of the achievement rate of the three indexes of consolidated net sales, consolidated operating income, and share price, based on a calculated achievement rate of up to 200% maximum, RS of an amount from 0 to 15% of the remuneration amount (100%), with 65% as fixed remuneration, will be granted. In the final fiscal year of the Medium-Term Management Plan, if the requirement of service at the company has been satisfied, then the restriction on transfer of the granted stock (RS) will be lifted. In all other cases, the company will acquire all of the granted stock (RS) at no cost.

For details on the system for the remuneration of officers, please refer to the Corporate Governance Report.

https://www.mani.co.jp/pdf/ir_policy03_1.pdf (Japanese only)

Composition of Remuneration of Executive Officers



Compliance and Risk Management

We recognize that the building and improvement of effective internal controls by the key management of directors and executive officers helps to make management sounder, maintain the corporate governance system, and improve corporate value. To achieve that, we have set up a structure that emphasizes risk management, and we are focusing on internal audits and other measures to confirm the effectiveness of compliance systems to ensure that the internal rules we have prepared and the laws and regulations are followed.

We have built a system of internal controls for financial reports, as well as a system for setting up, operating, and evaluating an organizational structure that is compatible with the Japanese-version of the Sarbanes-Oxley Act (SOX Act). The same is also applied to overseas offices according to their functions and importance. For compliance, we have established the law-abiding spirit in the basic management policy and integrity in the Code of Conduct, and we make compliance with laws and regulations an underlying assumption for all employees' actions. In addition, a Compliance Committee has been established to continue to develop the compliance system and raise awareness within the company. In order to ensure compliance with laws and regulations in business operations, a Compliance Manual has been established and periodic training sessions are held to raise employee awareness.

As for our risk management system, the company comprehensively and generally manages the risks throughout the Group through careful deliberations and decision-making procedures at the Board of Directors, the Board of Executives, and other meeting bodies. In addition, a Chief Risk Management Officer (CRO) has been appointed as the executive officer in charge of risk management, and under the CRO, a risk management system for the entire Group, including subsidiaries, has been established and operated. In addition, a Chief Quality Officer (CQO) has been appointed as the executive officer in charge of quality control and occupational health and safety for the Group, and an ISO-compliant quality control and occupational health and safety system has been established and operated.

As part of our information management system, we store documented information (including electromagnetic media and emails) on the execution of professional duties by executive officers in accordance with laws, regulations, and internal rules such as the Rules for the Management of Documents, and directors have access to these documents at all times.

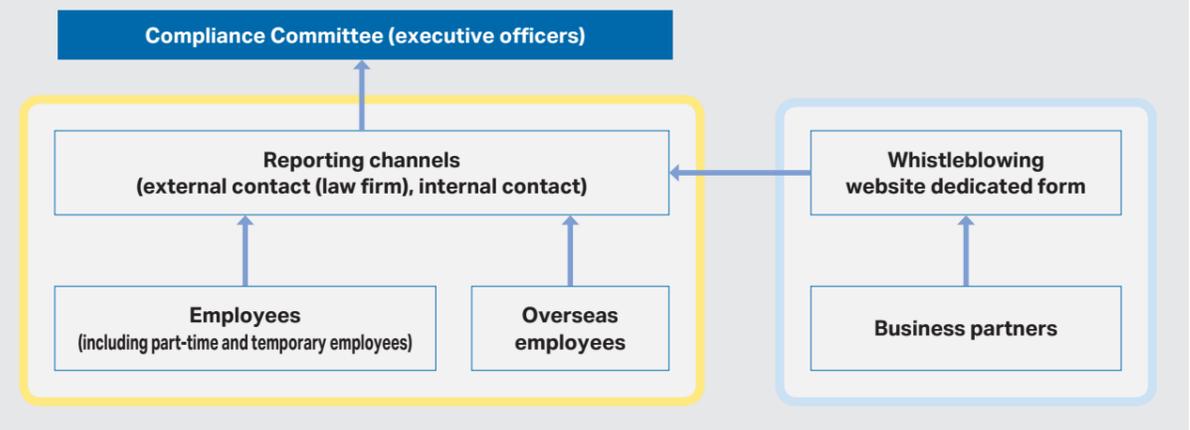
With regard to the system to ensure the appropriateness of business operations of the Group, the company stipulates the departments in charge of Group companies, the roles of those departments, matters requiring approval from and reporting to the company by Group companies, and accounting reports necessary for the preparation of consolidated financial statements, and conducts appropriate business operations as a group. In addition, executive officers are appointed for each function or business category of the Group with respective responsibilities. These executive officers are responsible for the management of the Group companies under their control and supervise the development of the legal compliance and risk management systems of the Group companies concerned. Furthermore, the Audit Office conducts internal audits of the status of management and operations for the Group companies, and the Audit Committee audits group management, including the status of internal audits on the executive side. The Audit Committee has set up meetings to confirm accounting audits with accounting auditors, as well as the Audit Committee Office as a supervisory execution organization under the Audit Committee.

TOPICS

Establishment of a Whistleblower Hotline

We have established a system to enable whistleblowers to report without prejudice any violations or potential violations of laws and regulations that they discover within the organization. Specifically, we have newly established a system to ensure that information received via the hotline is consolidated by the Compliance Committee, which is composed of executive officers, and new Rules Concerning Whistleblowing, which clearly prohibits dismissal or disadvantageous treatment of whistleblowers. Furthermore, a system has been established to accept reports not only from MANI's officers and employees, but also from business partners and contractors through a dedicated hotline.

Framework



Risk Management System

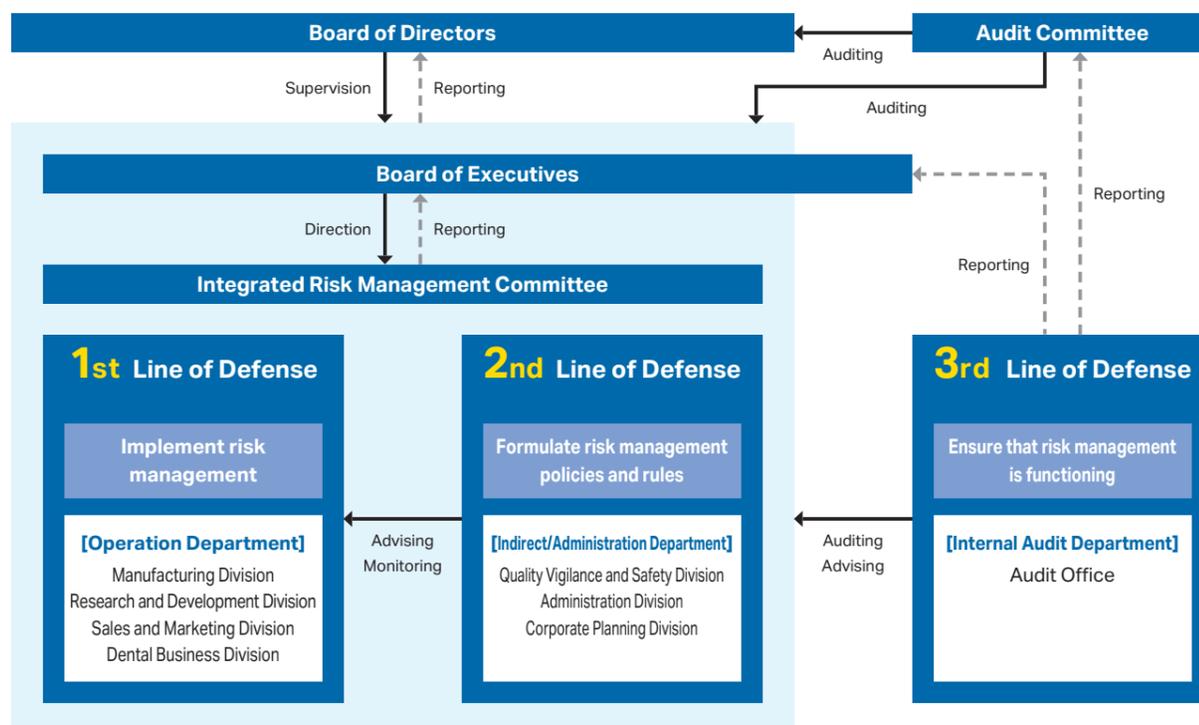
Risk Management Initiatives Implemented in Fiscal Year Ended August 31, 2023

	Specific initiatives
Establishing a risk management system at MANI, INC.	Conducted risk identification using an outside law firm in June 2022 and identified top risks
Group governance framework	Arranged the proposed roles (ideal vision) to be played by each division in relation to its overseas subsidiaries
Governance of Vietnamese manufacturing subsidiaries	Identified the company's risks through on-site interviews
Governance of Chinese sales subsidiaries	Identified the company's risks through on-site interviews

Basic Framework

Building a Three-Line Defense Model

- Three-line defense model: An organizational model in which the operation departments (first line), the indirect/administration departments (second line), and the internal audit department (third line) each play their respective roles and perform risk management in a check-and-balance relationship
- **First line:** Manufacturing Division / Research and Development Division / Division Head of Sales and Marketing Division / Dental Business Division
- **Second line:** Quality Vigilance and Safety Division / Administration Division / Corporate Planning Division
- **Third line:** Audit Office



Establishment of the Integrated Risk Management Committee

Integrated Risk Management Committee

- Established as a deliberative body of the Board of Executives
- Deliberates on the development of governance and risk management systems and operational policies for the entire Group
- Reports the results of deliberations to the Board of Executives and the Board of Directors

Name	Integrated Risk Management Committee
Purpose	Comprehensively identify and evaluate the risks faced by the MANI Group, and deliberate on risk management policies, action plans, etc.
Positioning	Report the results of deliberations to the Board of Executives as a deliberative body of the Board of Executives
Frequency	Once every six months (once each in the first and second half of the year)
Chairperson	CRO
Member	All executive officers
Agenda	Risk management policy, risk monitoring, subsidiary risk management, various rules, etc.

Identification of Business Risks

Risk Categories

- The Integrated Risk Management Committee categorizes and monitors the risks faced by the Group.

	Overview	Examples of risk manifestations
Management risks	Risks posed by mismanagement and business strategies	Insufficient market expansion in strategic areas Excessive capital investment Country risks Climate change risks Subsidiary management risks
Product risks	Risk of inadequate quality of product or inadequate quantities available	Missing or excess inventory Rapid price fluctuations Delays in new product development Recall due to insufficient quality
Financial risks	Risks related to monetary receivables and payables from purchases and sales	Uncollectible due to bankruptcy of counterparty Decrease in value of assets due to exchange rate fluctuations, etc.
Human resource risks	Risks arising from human resources, risks related to labor and occupational injury	Occupational injuries, labor issues and infectious diseases Decline in quality of human resources and difficulty in hiring
Equipment risks	Risks posed by the destruction of factory buildings and manufacturing machinery	Destruction of facilities due to natural disasters, etc. Environmental problems around the plant
Risks related to information systems	Risks arising from system infrastructure and information management	System troubles Cyberattack/information leakage
Risks related to laws and regulations and legal affairs	Risks of failure to comply with laws and regulations	Deficiencies in notifications, etc. related to the PMD Act Delayed or inadequate compliance with laws and regulations Litigation and disputes

Risk Response

The major risks that we recognize as having the potential to materially affect the Group's financial position, business performance, and cash flows are described below. Matters referring to the future in the text are based on our judgment as of November 22, 2023.

Category	Item	Risk scenario	Countermeasures
Management risks	Abnormal fluctuations in selling prices due to healthcare policy reviews	In the medical equipment business, to which the Group belongs, official price revisions (in the majority of cases, reductions) of medical treatment remuneration, drug price standards, and specified insured medical materials are conducted approximately once every two years. Moreover, the policy to curb medical expenses has become a global trend, and not limited to Japan. As a result, sales prices may fall beyond expectations, which may affect the financial position and business performance of the Group.	At our flagship factory in Vietnam, we are striving to minimize these effects by continuously reducing manufacturing costs through the promotion of process automation and by selling high-value-added products that take advantage of our microfabrication technology.
	Capital investment risks	The Group is constructing a Smart Factory in Japan and is expanding its production plants in Vietnam and other countries. Although we plan to finance all of these capital investments with our own capital, there is a possibility that investment capital will increase significantly in the course of constructing and installing facilities, due to such factors as the rising prices of materials and labor costs. In addition, the Group may have excess capacity as a result of performance growth below expectations or a downturn in business performance. These events could have a significant impact on the Group's financial position. In addition, future business performance may be affected by the results of such efforts, such as when the cost reduction effects of the Smart Factory do not materialize to the extent expected.	In making decisions on Smart Factory construction, we evaluate profitability (investment decisions based on Net Present Value) in advance. In addition, monitoring is conducted for possible risks.
	Country risks	The Group has subsidiaries in Vietnam, Myanmar, Laos, China, Germany, India, and Malaysia, which are engaged in production and sales of medical devices or their components. The outsourcing costs to each production subsidiary account for about 80% of our cost of sales in total for the three companies. In addition, unexpected changes in laws or regulations, political instability, war, terrorism, riots, or accidents caused by force majeure such as natural disasters in those countries could cause temporary delays in product supply, which could affect the financial position and business performance of the Group, including instability in the continuity of transactions. In addition, though the economic downturn, preferential policies for domestic products, and anti-corruption campaigns in China have not affected our product sales at this time, they may have an impact in the medium to long term.	We routinely check changes in laws or regulations and political situations in each country, and in the event of an emergency, we place the highest priority on ensuring the safety of human life and strive to implement appropriate countermeasures. In addition, we are promoting a plan to construct a Smart Factory in Japan to ensure a stable supply of products.
	Climate change-related risks	Given that many of our products are microscopic and the processing machines that process them are small, their environmental impact in terms of electricity consumption and transportation is minimal. However, failure to respond to changes in social infrastructure and climate change-related policies due to medium- to long-term climate change and extreme weather events, changes in financial market preferences and social conventions regarding climate change, and rapid transition to a low carbon society driven by technological innovation could affect the financial position and business performance of the Group.	The status of possible risks is regularly reported to the Board of Directors, the Board of Executives, and other relevant meetings, and decisions are made on response policies in order to minimize the impact of risk manifestations.
	Long period of commercialization and product realization for new products and technologies	The Group conducts research into the commercialization of suture needles and other medical and dental devices, as well as research and development across these areas. Although the Group's research and development focuses on applied research, as it handles medical devices, it requires manufacturing and sales licenses and approvals under the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices (hereinafter referred to as the "Pharmaceuticals and Medical Devices Act"). In these processes, in cases where unforeseen problems regarding efficacy or safety are identified or occur, a new product may not be launched at the expected time. Or even in cases where the clinical trials conducted by the Group yield positive results and an application for approval is filed, approval may be delayed or not granted, or the application may be withdrawn voluntarily, for various reasons including safety and the suitability of the manufacturing facilities. In addition, overseas, as a prerequisite for sales of our products, it is necessary to meet the quality and inspection standards specific to each country, which may take a longer period of time than anticipated. In these cases, there is a possibility of a delay in achieving the initially anticipated results of business performance, and if the Group's research and development expenses continuously increase disproportionately compared to the increase in net sales, profitability may be affected.	Under active research and development activities, the company is promoting the development of new products and technologies, and is also expanding its pharmaceutical affairs and quality control systems by appointing a full-time staff in charge of pharmaceutical affairs in the Design and Development Department. We are also striving to make effective use of development resources by strengthening development marketing and selecting and concentrating on development themes.
Product risks	Quality risks	Although the Group makes every effort to ensure the safety of its products during the design, development, and manufacturing stages of medical devices, there is a possibility that accidental defects or other problems may occur during manufacturing. In the unlikely event that a large number of products are recalled due to an unforeseen defect or suspected defect, not only would there be recall costs, regulatory action, and a decrease in sales, but the credibility of the Group could be damaged and our corporate value could be lost.	We have established a strict quality control and quality assurance system based on the Medical Device QMS Ministerial Ordinance, QMS System Ministerial Ordinance, GVP Ministerial Ordinance, and ISO standards for quality management systems, and we monitor quality not only at the manufacturing stage but also after sales. In the unlikely event of a defect, we have a system in place to respond quickly.

Category	Item	Risk scenario	Countermeasures
Financial risks	Abnormal fluctuations in exchange rates	In addition to the impact on certain foreign currency-denominated transactions in which the Group is exposed to foreign exchange risks, the Group may also be indirectly affected by requests for price reductions or other actions on yen-denominated transactions. In addition, since we purchase products, etc., in foreign currency due to the transfer of production to our overseas subsidiaries, unexpected exchange rate fluctuations may affect the financial position and business performance of the Group. In addition, financial statements of overseas subsidiaries in local currencies are converted into yen for the purpose of preparing consolidated financial statements, etc. Therefore, fluctuations in the exchange rate applied for conversion may affect the financial position and business performance after conversion into yen.	The Group's overseas sales ratio is high, and foreign currency transactions are increasing with the intention of promoting multi-currency sales. However, the Group avoids the effects of exchange rate fluctuations by selling some of its overseas transactions in yen. In addition, the company has established a system that enables prompt decision-making when risks materialize by analyzing foreign exchange sensitivity to ascertain the impact on business performance and by establishing basic policies and procedures for hedging risks.
	Infectious diseases risks	The Group's business activities and earnings may be affected by outbreaks of infectious diseases, bans on work by government and other authorities due to outbreaks of such diseases, and a decrease in the number of surgeries performed at hospitals. In addition, approximately 90% of the Group's production is at its manufacturing subsidiaries in Vietnam. If an outbreak of infectious disease occurs at a manufacturing subsidiary in Vietnam and employees are suspended from work, there is a risk that operations at the subsidiary are halted. Such a situation could cause a temporary delay in product supply, which could affect the financial position and business performance of the Group, including instability in the continuity of transactions.	We continue to introduce shift-based telecommuting and flexible work schedules. In the event of an outbreak of infectious diseases in the future, we will make it a top priority to maintain the health and ensure the safety of our employees and their families by recommending online meetings, daily temperature checks, the wearing of masks, and other measures to ensure the thorough implementation of infection prevention measures. In order to avoid risks that may occur in our production subsidiaries, we are diversifying our overseas production sites and constructing a Smart Factory in Japan so that production capacity will not be concentrated in one location.
Equipment risks	Disaster risk and supply delay risk	When the Great East Japan Earthquake struck in March 2011, the company suffered damage to its buildings and product inventory. In addition, there is a risk of fire due to aging facilities at the Vietnam Factory. Such a disaster could cause a temporary delay in product supply, which could affect the financial position and business performance of the Group, including instability in the continuity of transactions. In addition, product supply may be temporarily delayed not only in the event of a disaster, but also in the event of unexpectedly large orders.	To prevent the occurrence of disasters and minimize damage in the event that a disaster does occur, we conduct disaster drills and periodic facility inspections that simulate earthquakes and fires. In addition, we have prepared a BCP for our domestic offices and are making preparations to enable rapid restoration of business operations even in the event of a disaster. At the Vietnam Factory, experts are investigating and implementing measures to prevent electrical leakage and fire risks, and renovating aging facilities.
Risks related to information systems	Cyberattack risks	Cyberattacks, specifically malware (malicious software created with the intent to perform unauthorized and harmful actions) infections, DDos attacks (distributed denial of service attacks), and business email fraud, have been on the rise in Japan and are becoming an increasingly significant threat to the entire financial industry. If our business activities are affected by unauthorized external access or computer virus infiltration, the Group's financial position and operating results may be affected. In addition, a cyberattack could shut down the Group's services, leak information (customer information, information on the Group's management and business operations, etc.), or destroy or falsify data, which could affect the Group's business operations, performance, and financial position.	In addition to establishing rules and regulations for information security risk management, we have introduced an EDR (Endpoint Detection and Response) system to determine suspicious program behaviors and prevent them from running. In parallel, we will periodically conduct information security training and other measures to improve employee literacy.
Risks related to laws and regulations and legal affairs	Specific legal regulations	The company is regulated by the "Pharmaceuticals and Medical Devices Act" and relevant laws and regulations in Japan, and is subject to the following licenses and approvals in the course of conducting each business activity. We are making efforts to comply with the relevant laws, regulations, and criteria to obtain these licenses and approvals, and at this time, there are no circumstances that would result in the revocation of such licenses and approvals. However, if the license or approval is revoked due to violation of laws and regulations, we may be required to recall the products subject to the regulations or discontinue their manufacture and sale, which may have a significant impact on our business activities. In addition, the company manufactures and sells medical devices upon obtaining approval under the Pharmaceuticals and Medical Devices Act and other relevant laws and regulations. Future revisions of relevant laws and regulations may affect our financial position and operating results. Meanwhile, overseas, not only the laws and regulations of Western countries but also those of China and Southeast Asian countries have become stricter in recent years, which may affect the financial position and business performance of the Group.	In order to expand our business globally, we comply with the relevant laws and regulations of the countries in which we manufacture and sell our products, conform to standards, and establish and continually improve our quality management system. In addition, through internal audits and other means, the company periodically confirms compliance with relevant laws and regulations and the status of quality control.

Interview with
an outside
Director

Toward a Business Model Innovation Focused on MANI's Future

Outside Director
Chairperson of the Board of Directors
Chairperson of the Strategy Committee

Masaya Watanabe



Thoughts as MANI's Outside Director

I have dealt with the management of companies in a variety of industries and sizes. During my eight years as an executive officer of a general electronics manufacturer, I was involved in management execution in a position head to head with the Board of Directors. Later, I joined a company that performs clinical testing and a university-based medical venture company as a director. I have also exchanged views with leading global companies on the state of their boards of directors at the global consulting firm where I serve as a senior advisor. These experiences have given me a strong sense that corporate governance is never about just putting formal requirements in place. The role played by outside directors is critical to companies. Moreover, the roles required differ depending on the company's stage, business environment, and goals. For example, in a start-up company, a well-functioning board of directors can access experience and knowledge not available in-house and make effective decisions based on a long-term view of the big picture. Outside directors are expected to perform a variety of advisory functions. As the company grows and becomes closer to being listed on the stock exchange, organizational controls will also become more important. It is this dynamism that makes effective governance management so important. As an outside director of MANI, I am constantly working to ensure effective governance.

Evaluation and Challenges to Governance

I want to make MANI a company that will last for a hundred or even two hundred years. To this end, the founding family members themselves have continued to hold the belief that the influence of the founding family on the company should be eliminated and that a system of checks by management professionals should be established so that managers cannot do as they please on their own initiative. The founding family has led the reform with high aspirations, which has led to the establishment of MANI's advanced governance structure. In 2004, the company transitioned to a company-with-committees system, which provided a high level of control and clearly demonstrated its will to further strengthen governance. MANI received the METI Minister's Award for Corporate Governance of the Year 2023 held by the Japan Association of Corporate Directors. I believe that this recognition is due to the longstanding efforts to strengthen governance. Of course, there are many issues that need to be addressed in order to build a more effective governance structure. Reviewing governance rules and procedures is one of them. Over the years, the efforts to improve the sophistication of governance have resulted in the existence of many very detailed rules and procedures, which is one of the reasons for the long hours of the Board of Directors, and we are working to optimize these rules and procedures. Another issue is that the company is lagging behind in catching up with the globalization of its business in terms of governance,

and we are asking the management team to strengthen governance in each global region and achieve more autonomous management. Furthermore, while it is important to strengthen human capital and organizations in line with business growth, I have the impression that this is being done as an afterthought. We see these as issues as well. For MANI to continue growing in the future, it is important that the management team and outside directors foster more meaningful discussions and share a common vision of the ideal company by sharing strategies and issues, and promote reforms and evolution from a long-term perspective. In the previous example, MANI still has growth potential similar to that of a start-up company at present, and we want our Board of Directors to support managers as they take on further challenges. With this in mind, I have asked the outside directors to perform an advisory function by leveraging their respective strengths and experiences.

Role as Chairperson of the Board of Directors

I have served as Chairperson of the Board of Directors since November 2023. MANI's Board of Directors has an atmosphere where opinions can be freely and openly exchanged, and we will continue to place importance on open discussions with outside directors who have diverse backgrounds and skills. At the same time, we have begun a new initiative to look back on the lack of systematic discussions on improving corporate value over the medium-to long-term as an issue to be addressed. Specifically, eight themes have been established as important management issues that significantly affect corporate value, including: capital policy, decision-making process, business risk management, human capital management, and the development of next-generation leaders. Through discussions throughout the year, we aim to provide a broad direction and create a common understanding between the Board of Directors and the management team. We also provide more opportunities for leaders of overseas offices to attend Board of Directors meetings. The Board of Directors must fulfill the following functions: to ensure accountability to shareholders by exercising control functions, to enhance corporate value over the medium to long term, and to achieve appropriate succession. With these three points always in mind, I intend to fulfill my duties as Chairperson of the Board of Directors.

Commitment to Business Model Innovation

MANI is now at a major turning point. Of course, the business model the company has built through its efforts to date is very unique and excellent. It has grown the business stably by specializing in niche markets while demonstrating its own technological capabilities and understanding its size. Meanwhile, in the Medium-Term Management Plan that started in 2021, the company has set the goal of evolving from a collection of development-based niche companies to a true global company, and are working on reforms in sales, production and development. It is also strengthening the human capital and organizational capabilities while further solidifying the corporate culture of challenge that it has cultivated over the years. To support these challenges, in November 2023, it established the Strategy Committee, which I chaired. Although it is important to first complete the current Medium-Term Management Plan by 2026, the time has come to have a robust discussion about the medium- to long-term strategy that will follow. We are determined to firmly formulate what kind of company MANI should become in the future and what direction it should take at this turning point in its history, so that we can have high-quality discussions at the Board of Directors meetings.

Winning Prize

Received the METI Minister's Award for Corporate Governance of the Year 2023

In January 2024, the company received the METI Minister's Award for Corporate Governance of the Year 2023 held by the Japan Association of Corporate Directors. We are the first mid-sized listed company in history, with sales of less than ¥50.0 billion, to receive this award.



The METI Minister's Award was established to promote corporate governance reform by selecting companies that are recognized as having achieved results through effective supervision, especially by independent nominating committees, of the appointment of presidents and CEOs and succession planning, which are fundamental to governance, and by widely publicizing their outstanding efforts. In addition to MANI's improved financial performance, the award also recognized the company's progressive approach to succession planning and effective management.



For more information on the award, please see below.

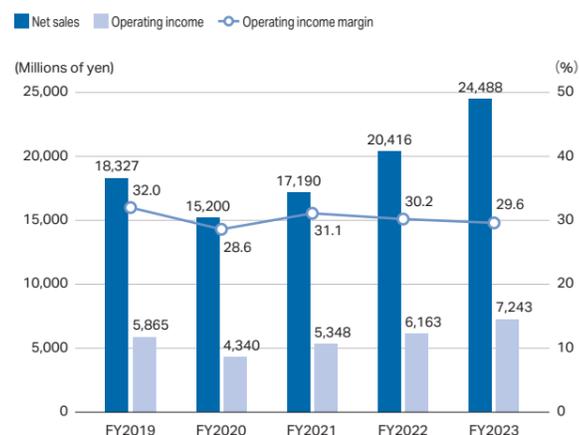
Ministry of Economy, Trade and Industry
<https://www.meti.go.jp/press/2023/01/20240111001/20240110001.html> (Japanese only)

Japan Association of Corporate Directors
<https://www.jacd.jp/en/>

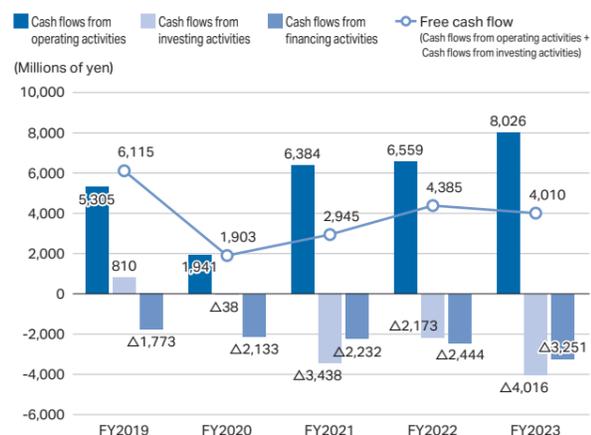
Financial & Non-Financial Highlights

Financial Highlights

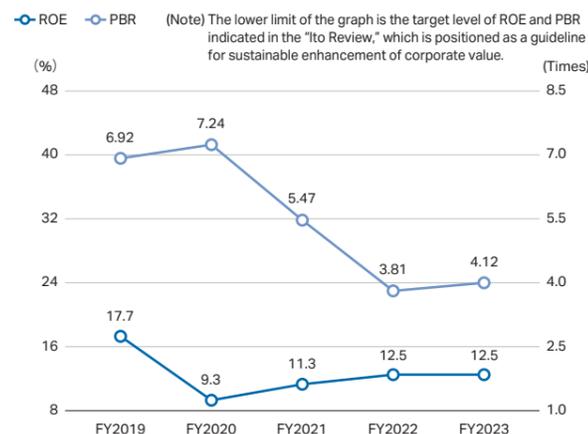
Net sales/Operating income/Operating income margin



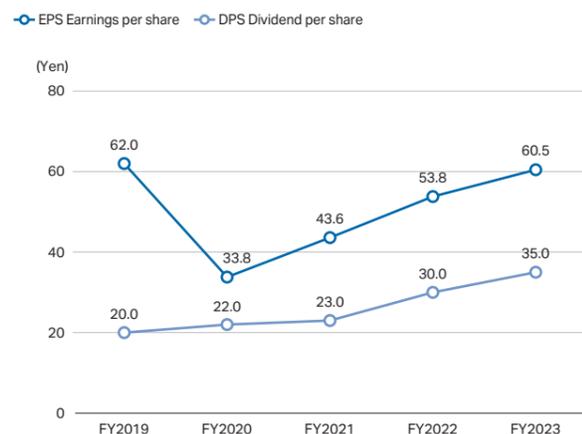
Cash flows



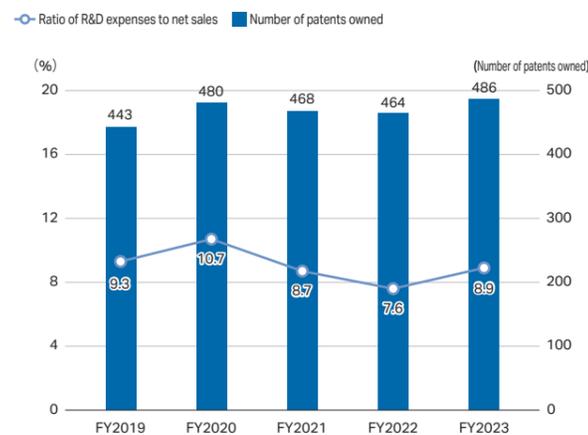
ROE/PBR



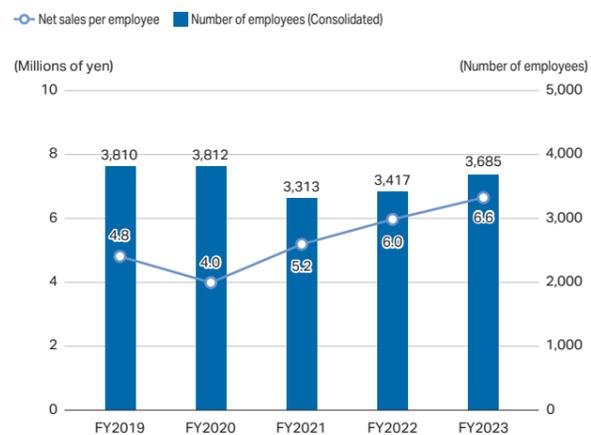
EPS Earnings per share/DPS Dividend per share



Ratio of R&D expenses to net sales/Number of patents owned



Net sales per employee/Number of employees (Consolidated)

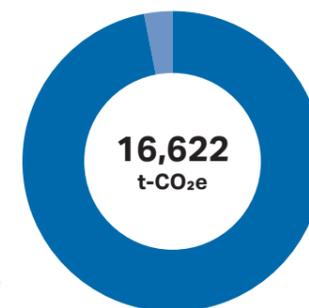


Non-Financial Highlights (As of August 31, 2023)

CO₂ emissions (Scope 1 & 2)

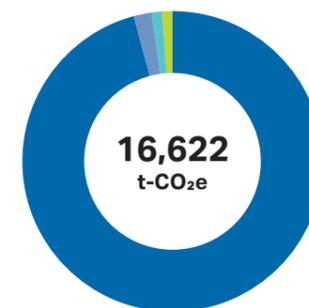
By factor

Scope 1	481
Scope 2	16,141



By region

Vietnam	15,965 (96%)
Germany	277 (2%)
Laos	203 (1%)
Myanmar	165 (1%)
India	7 (0%)
China	4 (0%)
Japan	- (-)



(Note) The CO₂ emission data are the total values as of January 31, 2024.

*Emissions in Japan are 0 tons due to the use of renewable energy and carbon offsets.

Employee average length of service (Non-consolidated)



15.4 years

Ratio of female employees (Consolidated/Non-consolidated)



Consolidated: **72.3%**
(Non-consolidated: 39.1%)

Ratio of female management positions (Consolidated/Non-consolidated)



Consolidated: **28.6%**
(Non-consolidated: 9.0%)

Employment rate of recruits with experience (Non-consolidated)



70.0%

Return-to-work rate after childcare leave (Non-consolidated)



100%

Ratio of male employees taking childcare leave (Non-consolidated)



75.0%

Ratio of outside directors



57.1%

No management involvement by the founding family

Ratio of female directors



14.3%

Diversification of skills of directors

Appointment of directors with diverse backgrounds

- Persons with managerial experience
- Attorney
- Investor etc.

Financial & Non-Financial Changes (11 Years)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	
(Millions of yen)												
Net sales	9,342	11,440	13,833	16,555	17,167	20,102	18,327	15,200	17,190	20,416	24,488	
Operating income	3,017	3,900	4,178	4,245	4,261	5,080	5,865	4,340	5,348	6,163	7,243	
Operating income margin	32.3%	34.1%	30.2%	25.6%	24.8%	25.3%	32.0%	28.6%	31.1%	30.2%	29.6%	
Ordinary income	3,271	4,040	4,346	4,055	4,624	5,221	5,688	4,424	5,679	7,544	7,995	
Net income attributable to owners of parent	2,180	2,606	2,932	3,005	3,315	3,770	6,101	3,329	4,291	5,290	5,953	
ROE	10.9%	11.8%	11.6%	11.1%	11.6%	11.8%	17.7%	9.3%	11.3%	12.5%	12.5%	
PBR	1.90 times	3.09 times	3.87 times	2.56 times	2.74 times	4.75 times	6.92 times	7.24 times	5.47 times	3.81 times	4.12 times	
(Millions of yen)												
Cash flows from operating activities	2,077	3,417	2,923	3,567	4,793	5,569	5,305	1,941	6,384	6,559	8,026	
Cash flows from investing activities	(614)	(1,677)	(3,974)	(2,605)	(2,230)	144	810	(38)	(3,438)	(2,173)	(4,016)	
Cash flows from financing activities	(1,666)	(707)	(860)	(1,488)	(1,052)	(1,146)	(1,773)	(2,133)	(2,232)	(2,444)	(3,251)	
(Yen)												
Earnings per share	21.7	26.2	29.5	30.4	33.7	38.3	62.0	33.8	43.6	53.8	60.5	
Dividend per share	6.9	8.0	8.9	10.0	11.3	14.0	20.0	22.0	23.0	30.0	35.0	
Dividend payout ratio	31.8%	30.5%	30.1%	32.9%	33.6%	36.5%	32.3%	65.0%	52.8%	55.8%	57.9%	
(Millions of yen)												
Total assets	23,019	26,285	30,940	29,922	34,244	37,683	39,813	39,289	42,693	50,113	54,977	
Total liabilities	2,156	2,915	3,605	3,140	4,063	4,136	4,486	2,723	3,490	4,698	5,149	
Total equity	20,862	23,370	27,334	26,781	30,478	33,546	35,327	36,566	39,202	45,414	49,827	
Equity capital ratio (%)	90.6%	88.9%	88.3%	89.5%	89.0%	89.0%	88.7%	93.1%	91.8%	90.6%	90.6%	
(Employees)												
Number of employees	(consolidated)	2,621	2,919	3,229	3,266	3,230	3,653	3,810	3,812	3,313	3,417	3,685
Number of employees	(non-consolidated)	326	326	334	325	315	302	315	320	333	350	366
Ratio of female employees	(non-consolidated)	55.2%	53.1%	52.4%	50.5%	48.9%	45.7%	44.8%	43.1%	42.0%	40.6%	39.1%
Ratio of female managerial employees	(non-consolidated)	0.0%	0.0%	4.0%	4.0%	4.0%	3.7%	7.4%	6.1%	4.3%	9.0%	
Ratio of R&D staff	(non-consolidated)	18.9%	24.2%	23.1%	23.6%	24.6%	27.7%	34.0%	33.1%	30.1%	30.3%	
Ratio of R&D expenses to net sales		8.6%	9.3%	8.8%	7.7%	7.1%	8.0%	9.3%	10.7%	8.7%	7.6%	8.9%
Total number of patents owned		291	310	333	359	400	429	443	480	468	464	486
Number of patents owned in Japan		82	89	87	89	90	90	90	84	78	82	83
Number of patents owned overseas		209	221	246	270	310	339	353	396	390	382	403

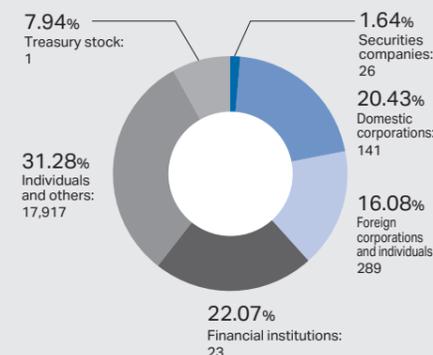
(Note) The Company implemented a 1:3 share split on common shares on September 1, 2015, and also on September 1, 2019. Therefore, the earnings per share and dividend per share shown in this page are calculated based on the assumption that these share splits were conducted at the beginning of FY2013 (September 2012).

Stock Information

Basic information (as of August 31, 2023)

Total number of authorized shares	356,400,000
Total number of shares outstanding	106,981,502
Number of shareholders (including holders of shares less than one unit)	18,397

Distribution of shares by shareholder type (as of August 31, 2023)



Major shareholders (as of August 31, 2023)

Excluding MANI	Name of shareholder	Number of shares held (thousand shares)	Shareholding/ownership ratio
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	12,216	12.40%
2	Manix Co., Ltd.	10,600	10.76%
3	Custody Bank of Japan, Ltd. (Trust Account)	6,481	6.58%
4	Matsutanigiken Co., Ltd.	5,084	5.16%
5	Mani Matsutani Medical Scholarship Foundation	3,200	3.25%
6	Kanji Matsutani	2,269	2.30%
7	Masamitsu Matsutani	2,064	2.10%
8	Masamitsu Co., Ltd.	2,048	2.08%
9	Masaaki Matsutani	1,834	1.86%
10	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	1,610	1.64%

Total shareholder return (TSR) movement

	FY2019end	FY2020end	FY2021end	FY2022end	FY2023end
MANI	154.7%	168.7%	138.5%	114.4%	125.3%
Reference: TOPIX	89.2%	97.9%	121.2%	124.3%	151.7%

(Note) Total shareholder return is calculated as follows.
 (Share price at the end of each fiscal year + Accumulated amount of dividends per share for each of the four fiscal years prior to the current fiscal year) / Share price at the end of the five fiscal years prior to the current fiscal year

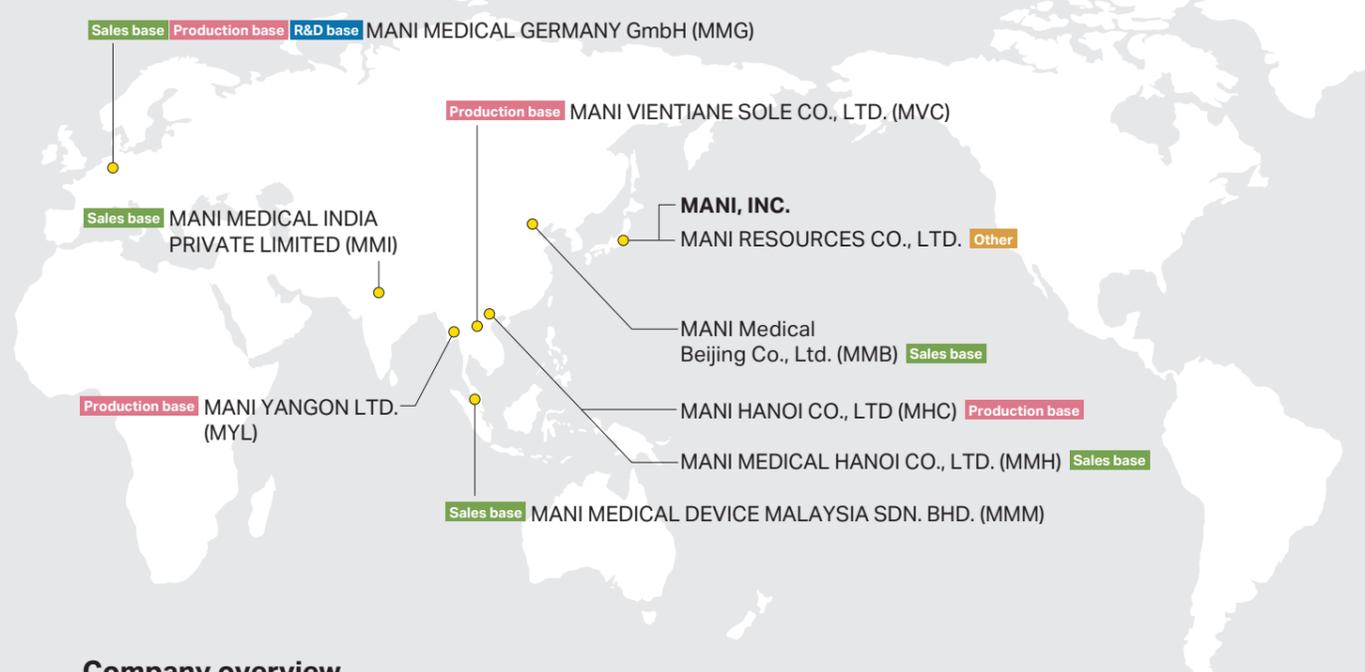
Share price (indexed with September 2011 share price treated as 100)



(Note) The Company implemented a 1:3 share split on common shares on September 1, 2015, and also on September 1, 2019. The share price movement shown in this page is calculated based on the assumption that these share splits were conducted.

Company Information

Consolidated subsidiaries



Company overview

Company name	MANI, INC.
Established	December 24, 1959
Representative	Director, President & Representative Executive Officer Masahiko Saito
Capital	JPY 1,066 million (as of August 31, 2023)
Employees	366 (as of August 31, 2023)
URL	https://www.mani.co.jp/en/
Stock Exchange Listing	The Tokyo Stock Exchange (Prime Market) 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
Accounting Auditor	Deloitte Touche Tohmatsu LLC



MANI IR

Communication with Stakeholders

IR Activities: Basic Policy

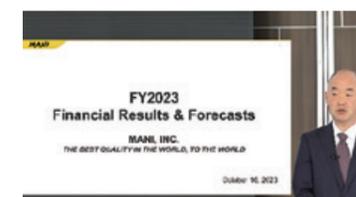
The company has positioned "the building of long-term relations of trust with all stakeholders, including shareholders and investors" as one of its key management matters. The company will do so through timely, appropriate, and fair disclosure of necessary and sufficient information for making investment decisions. In addition to the disclosure of information in accordance with the Companies Act, Financial Instruments and Exchange Act, and Timely Disclosure Rules stipulated by the Tokyo Stock Exchange, the company is also endeavoring to actively disclose information that is outside of this scope to enable a deeper understanding of MANI, and to acquire an appropriate appraisal of the company through constructive dialogue with all shareholders and investors, which will lead to improving corporate value in the medium to long term.

Results of IR activities

	FY2021	FY2022	FY2023
Face-to-face meetings with institutional investors	172	203	204
Financial results briefings for analysts	1 (Note)	2	2
Briefings for individual investors	0 (Note)	2	3

(Note) In FY2021, due to the spread of COVID-19, videos of these meetings were distributed instead of on-site briefings being held.

Financial results briefings



- On-site briefings for analysts
- On-demand video distribution (Japanese/English)
- Enhancement of English disclosure

Investor relations for institutional investors



- IR tour for institutional investors at the Kiyohara Headquarters

Investor relations for individual investors



- Information provided at the individual investors briefing
- Posting of articles and advertisements in newspapers (Japanese only)
https://ssl4.eir-parts.net/doc/7730/ir_material5/221478/00.pdf