

Japan Medical Dynamic Marketing,INC.

The Six Months Ended of
Financial Results Briefing for
the Fiscal Year Ending March 2025



November 12, 2024

Representative Director and President
Toshiyuki Hironaka



TSE Prime Market
Securities code:7600

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Our Product Segments



Hip Joints



Trauma



Knee Joints



Spine

1

Results for the Six Months Ended of FYE March 2025



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Consolidated Net Sales

Recorded the highest consolidated sales in the interim period

11,817M yen

Japanese Market

[After sales deductions]

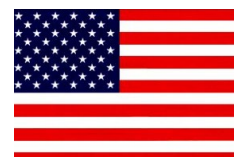


6,341M yen

(vs23/9 +3.5%)

U.S. Market

[After converting to yen]



5,476M yen

(vs23/9 +13.5%)

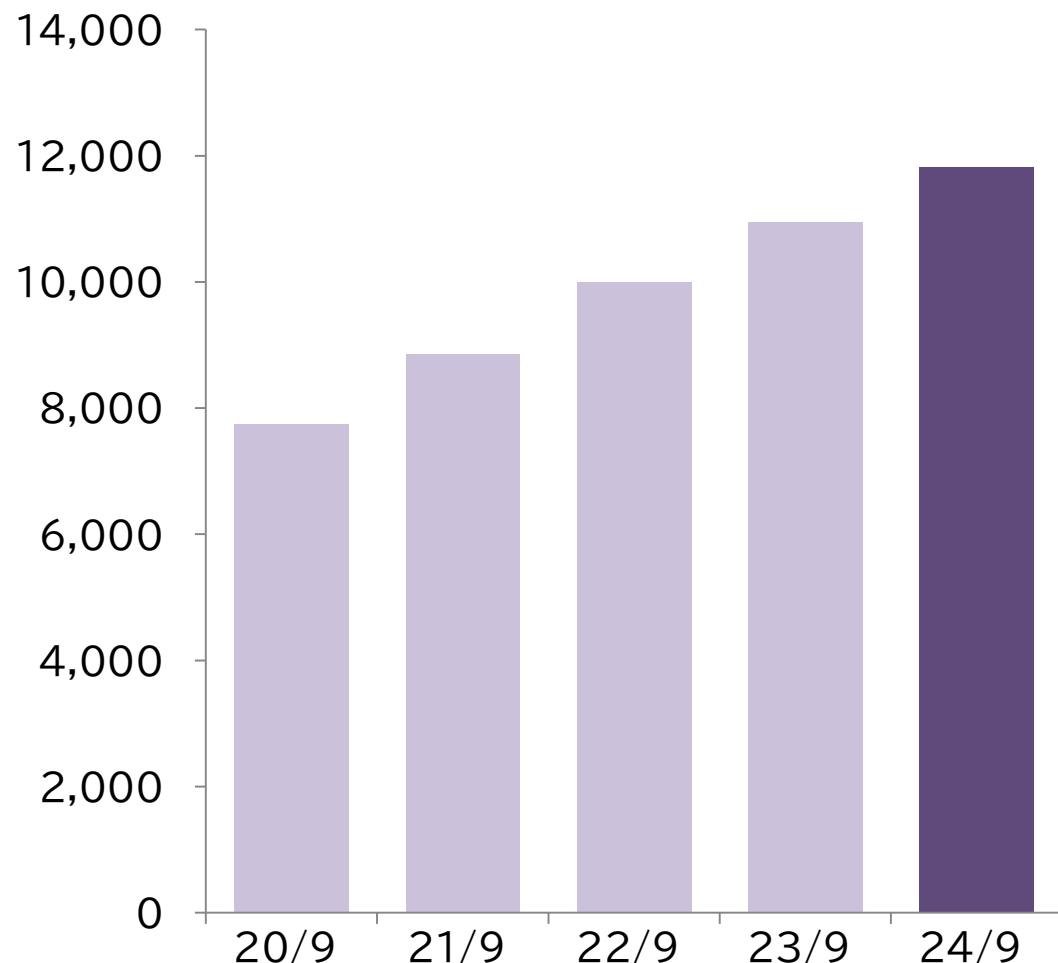
(Exchange rate impact +390 million yen)

11,817M yen

(vs23/9 +7.9%)

Sales
YoY Change

(Unit : Millions of yen)



[After sales deductions]

(Unit : Millions of yen , %)	FYE Mar.2025 interim period		YoY change		FYE Mar.2024 interim period	
	Results	Ratio to sales	Amount of change	Ratio of change	Results	Ratio to sales
Net sales	11,817	100.0	+865	+7.9	10,952	100.0
Cost of sales	4,310	36.5	+382	+9.7	3,928	35.9
SG&A	6,837	57.9	+432	+6.7	6,405	58.5
Operating profit	669	5.7	+51	+8.3	617	5.6
Ordinary profit	664	5.6	+32	+5.1	632	5.8
Interim net income*	496	4.2	+136	+38.0	359	3.3

* Interim net income attributable to parent company shareholders

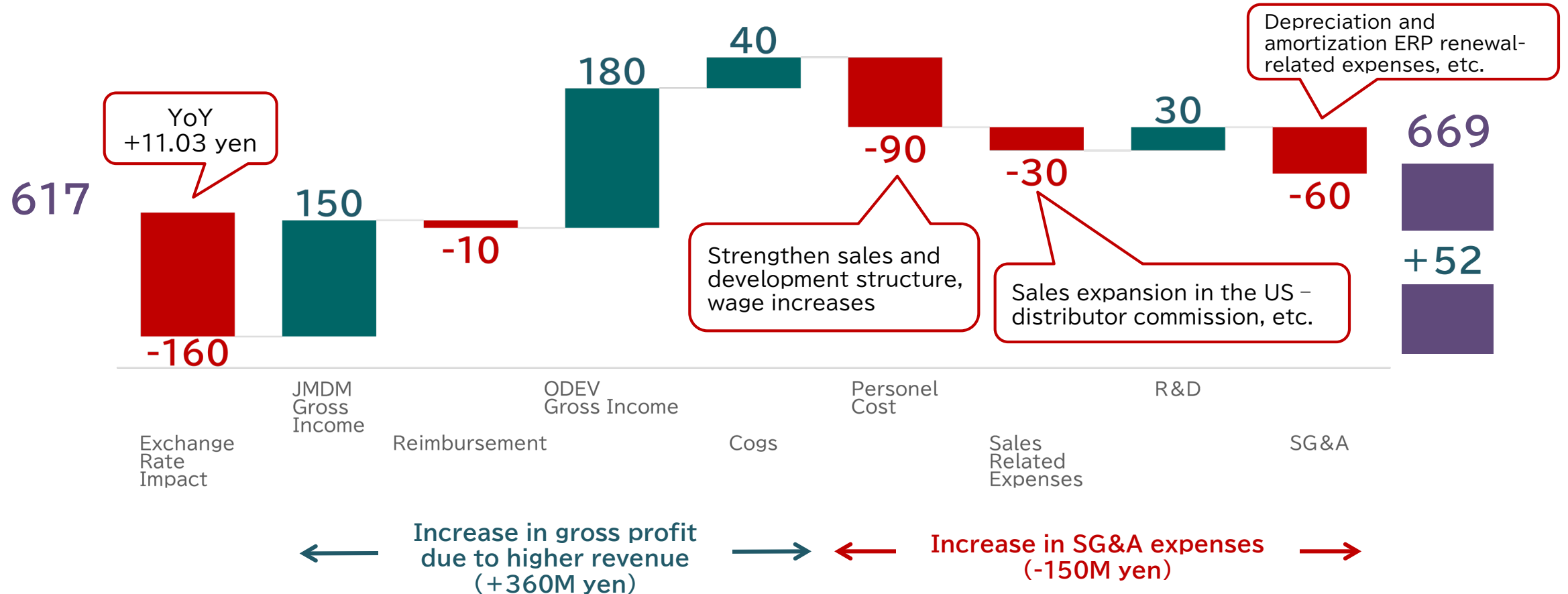
Operating Profit
669M¥

Operating income was up 50M yen YoY due to higher gross profit (+360M yen) on higher sales, which offset the impact of yen depreciation (-160M yen) and higher SG&A expenses (-150M yen) related to ODEV product procurement and SG&A expenses.

FYE Mar. 2024 1H

FYE Mar. 2024 1H – FYE Mar. 2025 1H
Operating Income: Analysis of Increase/Decrease (Unit : Millions of yen)
Note: Increase in SG&A expenses is shown as a negative figure in the graph.

FYE Mar. 2025 1H



(Unit : Millions of yen , %)	FYE Mar.2025 interim period		YoY change		FYE Mar.2024 interim period	
	Results	Ratio to sales	Amount of change	Ratio of change	Results	Ratio to sales
Japan	6,341	53.7	+212	+3.5	6,129	56.0
Joint	2,373	20.1	+11	+0.5	2,361	21.6
Trauma	2,134	18.1	+74	+3.6	2,059	18.8
Spine	1,749	14.8	+113	+6.9	1,635	14.9
Ohther	187	1.6	+4	+2.2	183	1.7
Subtotal	6,443	54.5	+203	+3.3	6,240	57.0
Deduction *3	▲102	▲0.9	▲8	-	▲110	▲1.1
U.S. *1	5,476	46.3	+653	+13.5	4,823	44.0
Joint	5,461	46.2	+655	+13.6	4,806	43.9
Spine	14	0.1	▲ 2	▲ 10.8	16	0.1
Total	11,817	100.0	+865	+7.9	10,952	100.0
Sales of Own Brand Product	9,638	80.9	+772	+8.7	8,866	80.1
US\$ *2	35,947		+1,815	+5.3	34,132	

*1 Conversion rate (yen)

152.34

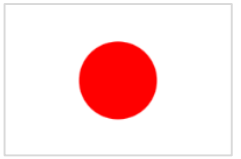
+11.03

141.31

*2 Thousands of dollars *3 Net profit attributable to parent company

Japanese Market





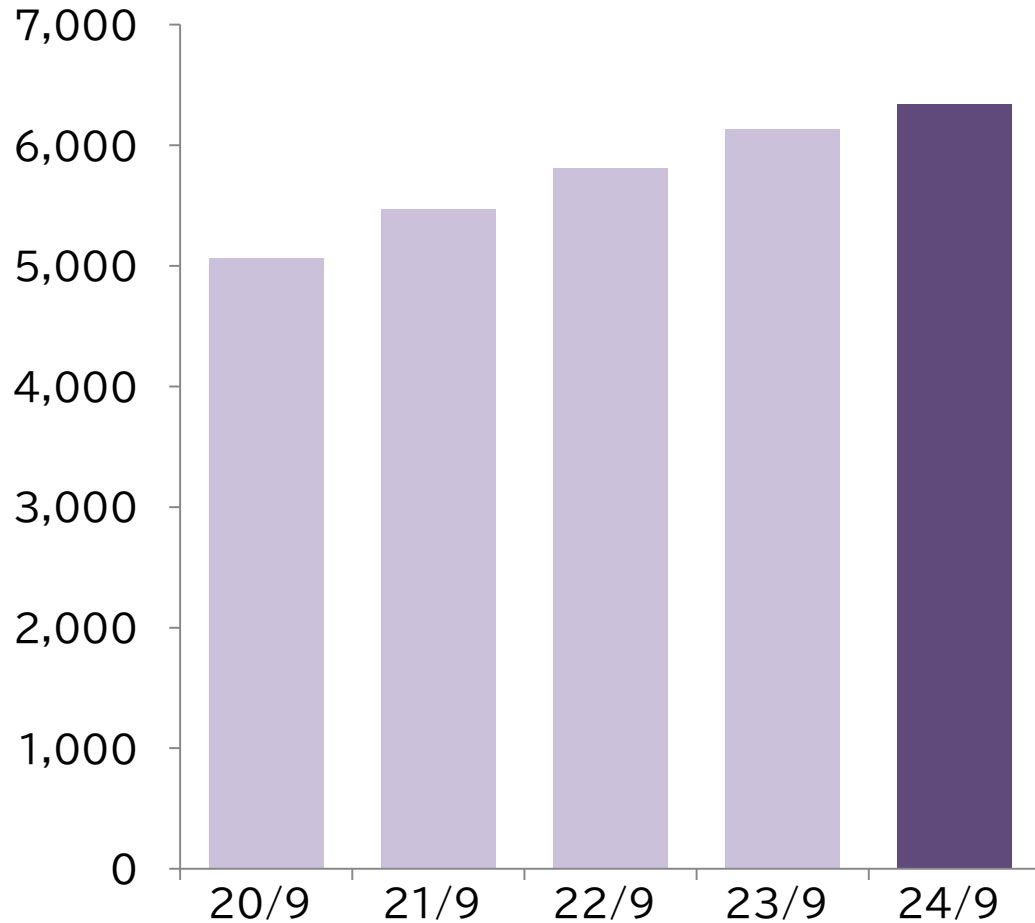
Sales

6,341M yen

YoY Change

(vs23/9 +3.5%)

(Unit : Millions of yen)



【After sales deductions】

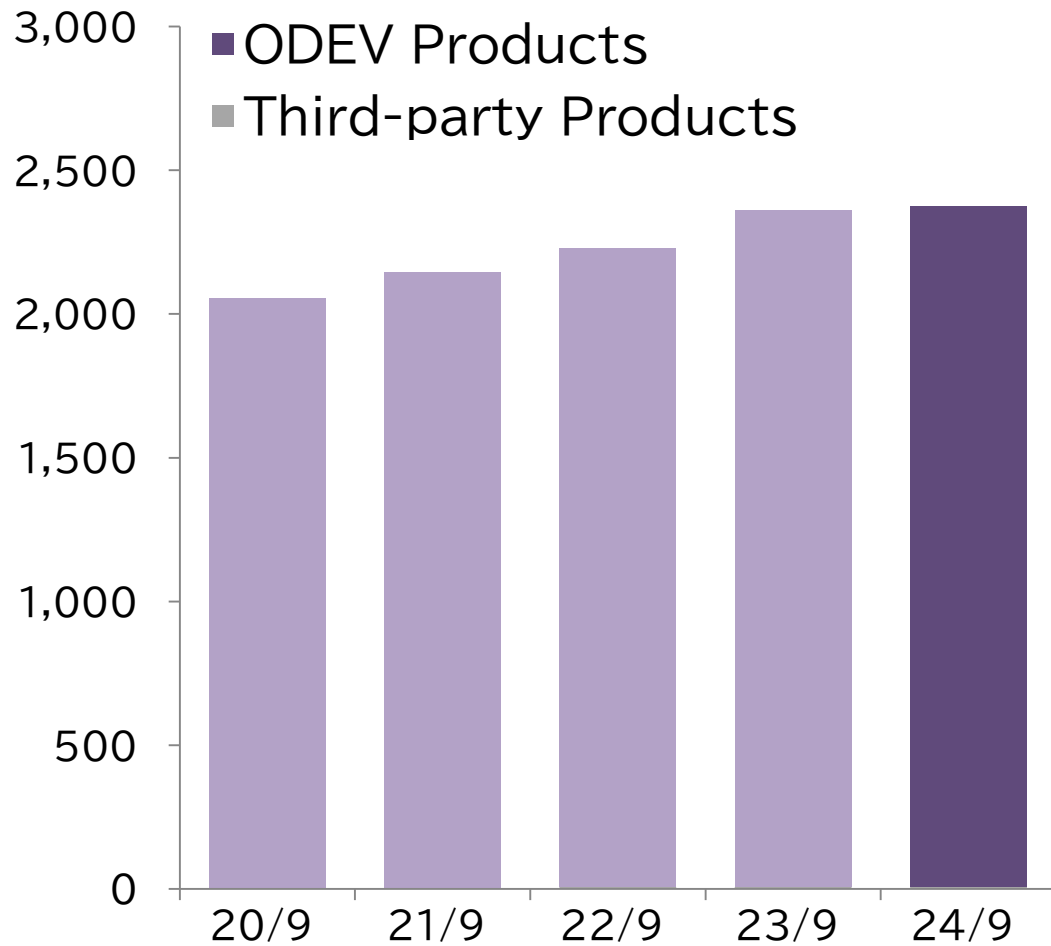
Review

- ✓ Recorded the highest sales in the interim period
The number of cases acquired increased in all product categories, increasing by 212 million yen (+3.5%) compared to the same period last year in Japan.
- ✓ The impact of the reduction in the reimbursement price implemented in April 2024 was -9 million yen (-0.1%).



Sales **2,373M yen**
YoY Change (vs23/9 +0.5%)

(Unit : Millions of yen)



【Before sales deductions】

Review

*1 BHA: Bipolar Hip Arthroplasty

【Artificial Hip Joints】



- ✓ Year-on-year growth.
The number of cases of new product “Promontory Hip Stem” has increased.
- ✓ BHA is a Double-digit growth. *1

Main Product	New Products	
		
Entrada Hip Stem	Promontory Hip Stem	Ovation Tribute NEO Stem

(Scheduled to launch in 2025)

【Artificial Knee Joints】

- ✓ Year-on-year decrease.

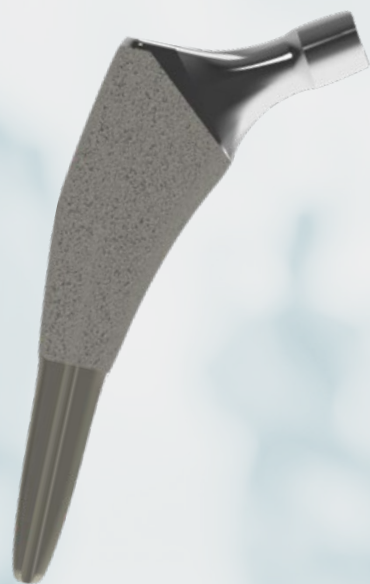
Main Product	New Product
	
BKS TriMax	Balanced Knee System Uni

【New product information】 Ovation Tribute NEO Stem

In the Japanese market, a new product with a new concept has been added to our artificial hip joint product group, and we are expecting to expand domestic sales.

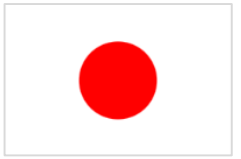


Artificial hip joints stem
“Ovation Tribute NEO Stem”
(Sales will begin in the Q4 of the FYE Mar. 2025)



【Features of the new product】

- **Developed as a treatment material for Japanese**
 - ➔ Not only is the neck shape suitable for Japanese, but the stem is shorter than previous products, allowing for bone reservation.
- **Also suitable for patients of short height**
- **Contributing to the reduction of capital investment in medical instruments**
 - ➔ Standardized with the medical instruments of the conventional product OVATION Tribute Hip Stem.

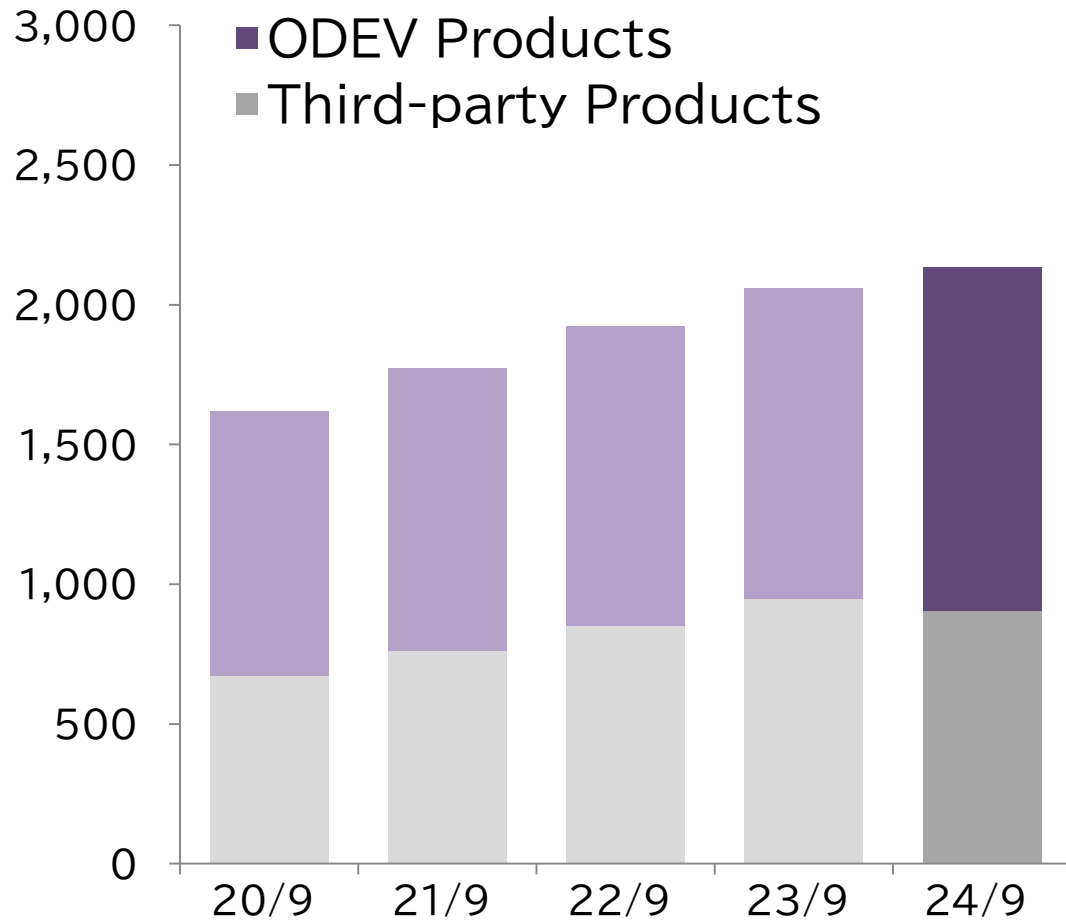


Sales **2,134M yen**
YoY Change (vs23/9 +3.6%)

Review

- ✓ Femoral neck fracture treatment products **PHS: Continued double-digit growth.**
- ✓ **ASULOCK**(Third-party product): Due to increased competition, a decrease compared to the same period last year.
- ✓ Due to the hot weather, the number of cases of osteopathy in the market as a whole decreased.

(Unit : Millions of yen)



Main Products , Third-party products



PHS

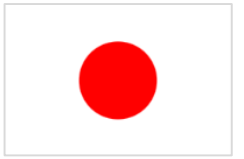


PHS Side Plate



ASULOCK

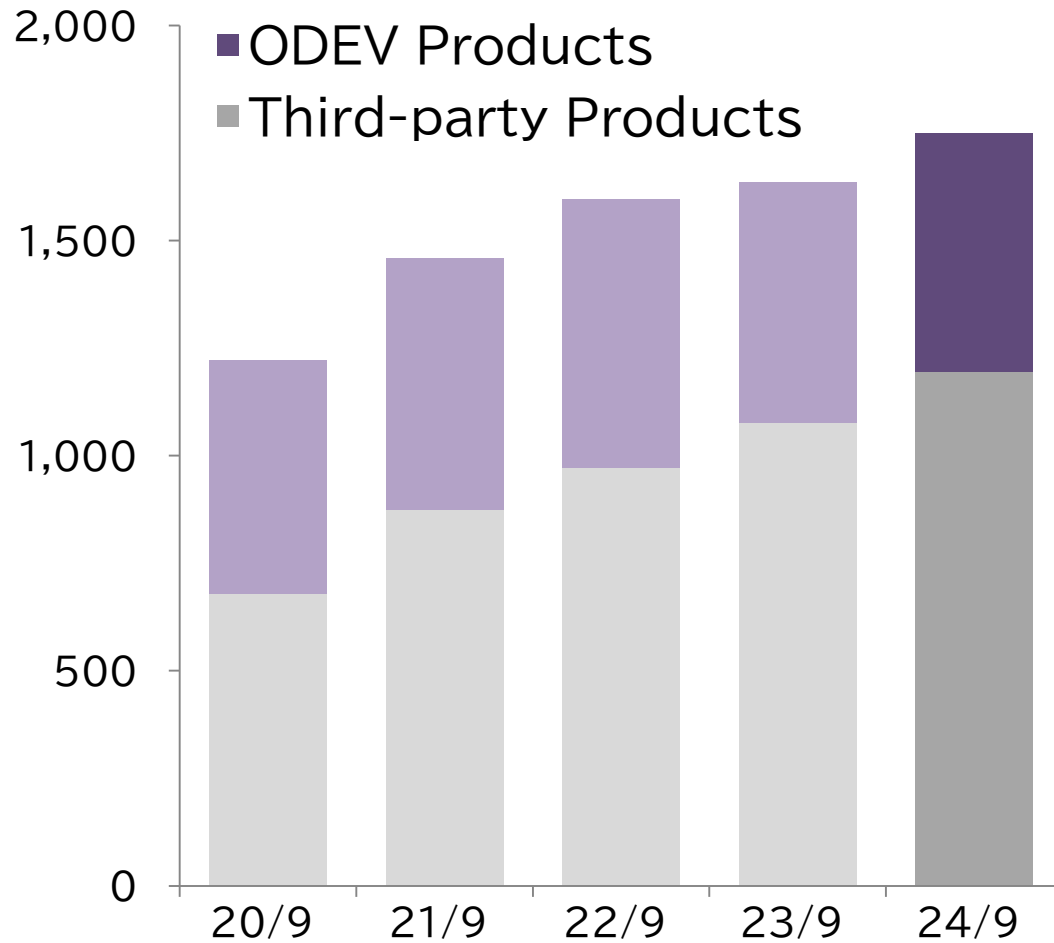
【Before sales deductions】



Sales
YoY Change

1,749百万円
(vs23/9 +6.9%)

(Unit : Millions of yen)



【Before sales deductions】

Review

- ✓ BKP:KMC Balloon Kyphoplasty (Third-party Products)
Double-digit growth as the market expands
- ✓ Cervical Plate
Lince Plate,
New Products “**Lince α Plate**”(Third-party Products): **Strong**
- ✓ Interbody Cage :
New Products “**Vusion ARC Cage**” :**Strong**

Main products , Third-party Products



Lince Plate	Lince α Plate	Vusion Ti 3D Cage	Vusion ARC Cage
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KMC Balloon Kyphoplasty

U.S. Market



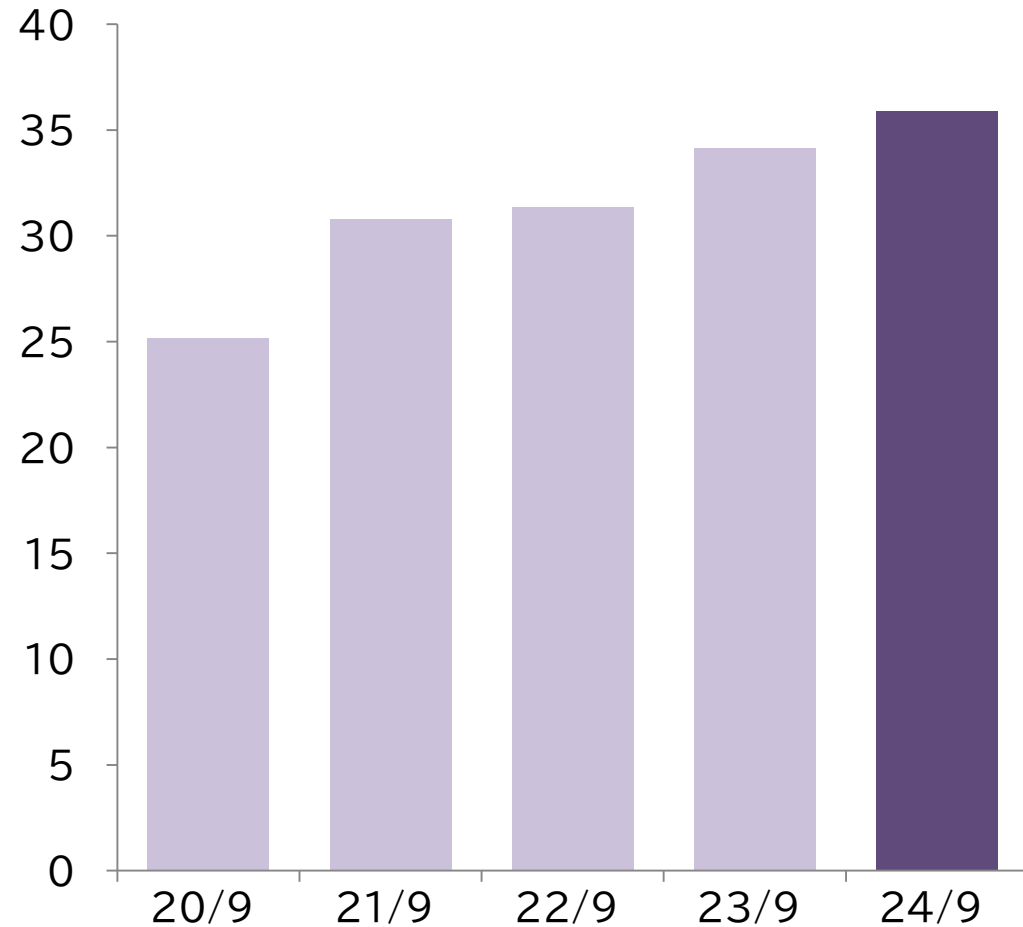


Sales

\$35.9M
(vs23/9 +5.3%)

YoY Change

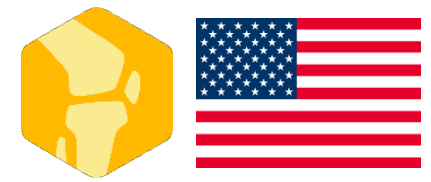
(Unit : Million of dollars)



Review

- ✓ Recorded the highest sales in the interim period (vs23/9 + \$1,815K US)
- ✓ Interim sales increased due to the growth of the new customer base acquired last year and this year, and the number of cases acquired increased.

【Conversion rate :152.34yen/US\$】
(23/9:141.31yen/US\$)



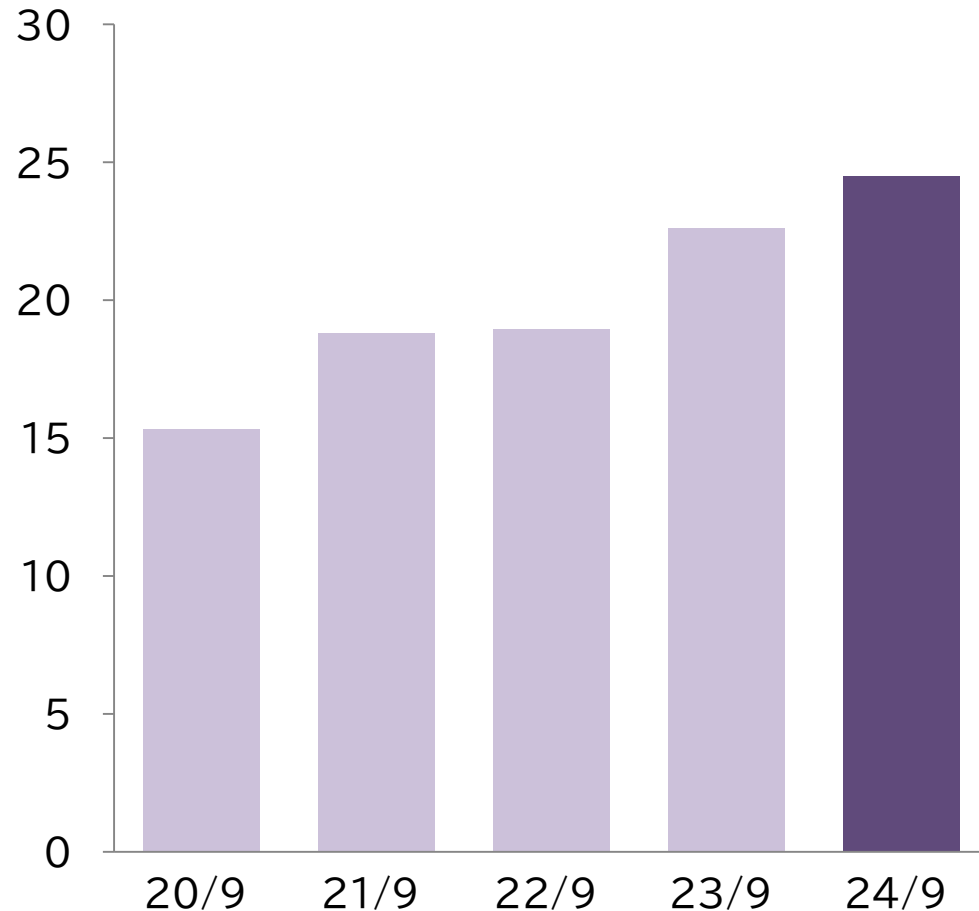
Sales

\$24.5M

YoY Change

(vs23/9 +8.4%)

(Unit : Million of dollars)



Review

- ✓ **BKS TriMax: Double-digit growth**
BKS Revision Knee: Continued growth
 In addition to recruiting new clients, an increase in the number of cases among existing clients contributed to growth.
- ✓ **BKS Uni: Strong**
 In addition to the new customers who adopted BKS Uni in the previous term, the number of new customers this term has increased, contributing to growth

Main products



Double-digit growth



Continued growth

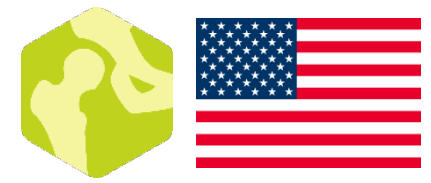
BKS TriMax

BKS Revision Knee



Strong

BKS Uni



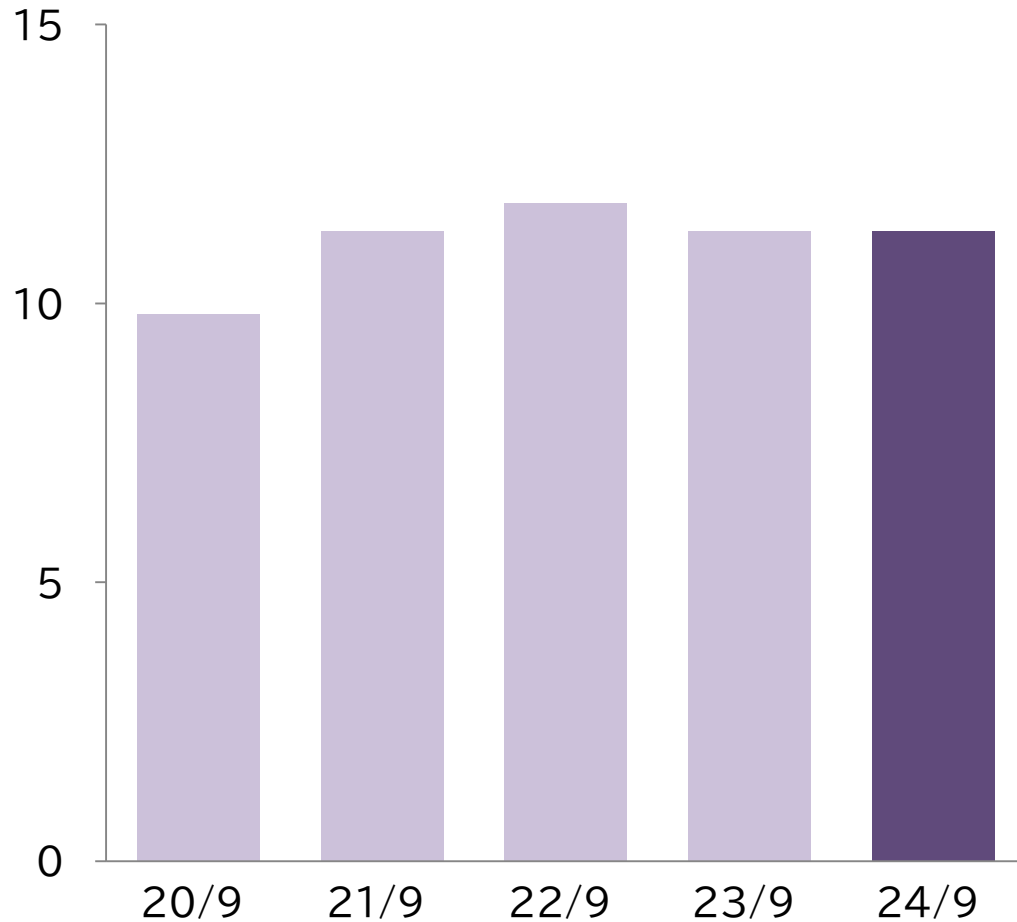
Sales

\$11.2M

YoY Change

(vs23/9 ▲0.5%)

(Unit : Million of dollars)



* DePuy Synthes 社向け「KASM」販売等除く

Review

- ✓ **Alpine Hip Stem: Continued growth.**
- ✓ **Entrada Hip Stem , Ovation Tribute Stem: Decrease in number of cases.**

Main Products



Decrease in number of cases



Double-digit growth

Entrada Hip Stem

Alpine Hip Stem

New product “Trivicta Hip Stem”



- FDA approved.(Mar.2024)
- First case confirmed.(Sep.2024)
- Aiming to increase sales from the second half onwards by introducing triple taper type stems, which are a trend in the U.S. market.



Aiming to acquire new customers through the introduction of new products

【New product information】 Trivicta Hip Stem

We aim to acquire new customers by introducing new products with a triple taper stem, which is in increasing demand in the U.S. market.



Artificial hip joints stem “Trivicta Hip Stem”

(Sales will begin in from Sep. 2024)

【Features of the new product】

- **The stem shape is tapered with three flat surfaces (Triple Taper Design)**
 - ➔ It is compatible with surgical techniques that preserve soft tissue, and it is expected to fit the various shapes of the patient’s spinal canal.
- **Sintered Bead Coating**
 - ➔ It is expected that bone growth will be promoted within the beads, promoting long-term stable fixation.
- **Hydroxyapatite (HA) coating**
 - ➔ HA coating is expected to promote biological fixation.

Triple
Taper Stem



2

Forecast for the FYE March 2025

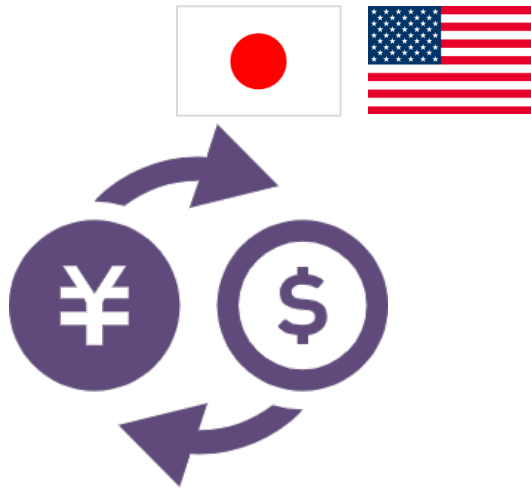


TSE Prime Market
Securities code:7600

Key Assumptions

Assumptions for the Forecast of Full-Year for the FYE 2025

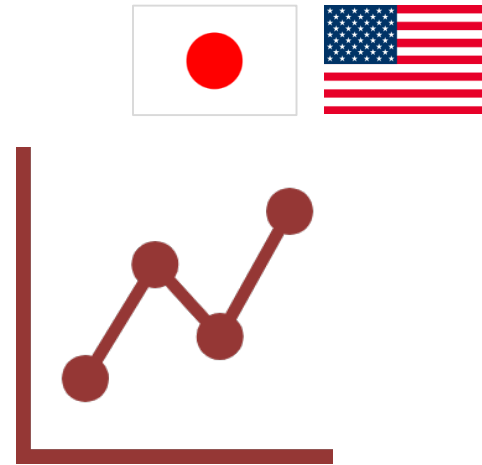
Exchange Rate(US \$)



Assumed exchange rate
150.00(Yen/US\$).

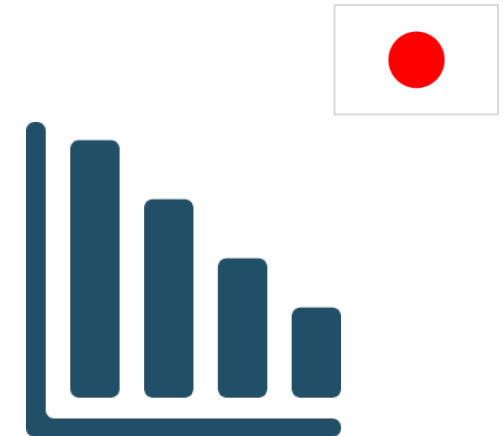
FYE2025 Mar. Six Month Ended
152.34(Yen/US\$).

Exchange Rate Fluctuation Impact



For every ¥/US\$ weakening,
the Impact on Operating Profit
will be approx. 20 million yen

Reimbursement Price Reductions



Reimbursement price reductions
of approx. 0.3%.
Impact amount is approximately
50 million yen per year.

FYE2025 Mar. Six Month Ended
9 Million yen(0.1%).

Consolidated Income Statement

(Unit : Millions of yen , %)	FY2025		YoY change		FY2024	
	Forecast	Ratio to sales	Amount of change	Ratio of change	Results	Ratio to sales
Net sales	25,200	100.0	+2,022	+8.7	23,177	100.0
Cost of sales	9,150	36.3	+734	+8.7	8,415	36.3
SG&A	14,200	56.3	+1,184	+9.1	13,015	56.2
Operating profit	1,850	7.3	+103	+5.9	1,746	7.5
Ordinary profit	1,850	7.3	+7	+0.4	1,842	8.0
Net profit*	1,300	5.2	+28	+2.2	1,271	5.5

*Profit attributable to parent company

Consolidated Sales by Major Products

(Unit : Millions of yen , %)	FY2025		YoY change		FY2024	
	Forecast	Ratio to sales	Amount of change	Ratio of change	Results	Ratio to sales
Japan	13,500	53.6	+495	+3.8	13,004	56.1
Joint	5,060	20.1	+127	+2.6	4,932	21.3
Trauma	4,670	18.5	+106	+2.3	4,563	19.7
Spine	3,540	14.0	+217	+6.6	3,322	14.3
Other	440	1.7	+49	+12.7	390	1.7
Subtotal	13,710	54.4	+501	+3.8	13,208	57.0
Sales deduction *3	▲210	▲ 0.8	▲ 5	+2.7	▲ 204	▲ 0.9
U.S *1	11,700	46.4	+1,526	+15.0	10,173	43.9
Joint	11,700	46.4	+1,558	+15.4	10,141	43.8
Spine	0	0.0	▲ 32	▲ 100.0	32	0.1
Total	25,200	100.0	+2,022	+8.7	23,177	100.0
Sales of Own Products	20,190	79.5	+1,441	+7.7	18,749	80.2
US\$ *2	78,000		+7,552	+10.7	70,448	

*1 Conversion rate (yen)

150.00

+5.59

144.41

*2 Thousands of dollars *3 Net profit attributable to parent company

	Area	Details of Initiatives	
Development		● Product Portfolio Review.	
		● Accelerate new product development to expand product lineup.	
Manufacture		<ul style="list-style-type: none"> ● Reduction of manufacturing costs by strengthening in-house manufacturing capacity. ● Cost reduction and risk reduction by strengthening procurement capabilities. 	<p>SAICO PROJECT</p> <p>P.24</p> <p>P.24 P.25</p>
		● Started and expanded production of knee joints made in China.	
Sales		<ul style="list-style-type: none"> ● Sales expansion through focus on existing growth products and new products ● Strengthen sales structure (increase capability of sales team). 	P.11
		<ul style="list-style-type: none"> ● Leveraging new products to attract new customers. ● Strengthen sales network. <ul style="list-style-type: none"> • Strengthen collaboration with best existing distributors. • Sales expansion through new distributor development. 	P.18
		● Expanding sales of knee joints made in China.	

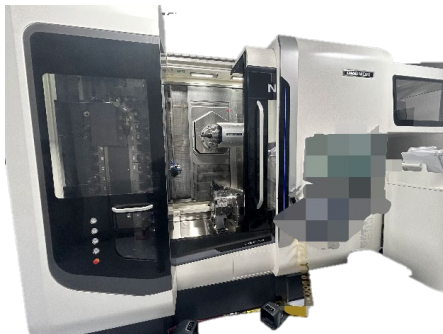
Abbreviation for **S**trategic **A**ctionable **I**nitiatives for **C**ost **O**ptimization.
The project launched with the aim of reducing costs by strengthening the Group's in-house manufacturing capacity and reducing costs by strengthening procurement capabilities, It was launched with the aim of reducing costs by strengthening the Group's in-house manufacturing capacity and procurement capabilities.

What is SAICO PROJECT?

1. Reduction of manufacturing costs by strengthening in-house manufacturing capacity.

Manufacturing capacity strengthened

Facility investment (ODEV)

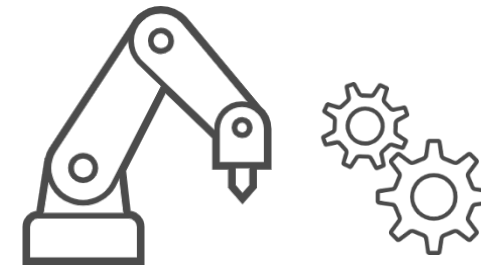


- The manufacturing facilities at ODEV have been expanded.
- It is also working to strengthen its manufacturing capacity with the aim of achieving its target of 40% in-house manufacturing by the FYE2027.

- 2-1. Cost reduction and risk reduction by strengthening procurement capabilities.

Multi-supplier purchasing

We started outsourcing part of the manufacturing process to multiple suppliers.
(ODEV)



- Increase the number of suppliers to multiple companies, strengthen ODEV's manufacturing and supply capabilities, and build a stable supply system.
- Cost reductions can be expected by having multiple suppliers.

2-2. Cost reduction and risk reduction by strengthening procurement capabilities.

Supplying medical instruments manufactured in China to the U.S.

Medical instruments for the “BKS TriMax” artificial knee joint products.



- In February 2024, we began supplying medical tools manufactured in China to the United States.
- 30% lower cost than manufacturing in the U.S.

2-3. Cost reduction and risk reduction by strengthening procurement capabilities.

Reducing manufacturing costs by procuring in yen

Femoral head for artificial hip joints
New product “JMDM BIOCERAM AZUL ceramic head”*1
(Sales will begin in Japan from Mar. 2025)



- By switching some of our main products from the US to Japan, we can avoid exchange rate risks and reduce purchasing costs.

*1 BIOCERAM AZUL is a registered trademark of KYOCERA Corporation.

Contributing to Medical Care Through the Development and Sale of Advanced Medical Devices.

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- Statements regarding the future, such as business performance forecasts, contained in this material are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable, and the Company is committed to realizing them. Not.
- Actual results may differ significantly due to various factors.