



Summary of Consolidated Financial Results for the Fiscal Year Ended March 2025 [Japanese GAAP]

April 30, 2025

Company name: Japan Medical Dynamic Marketing, INC.

Listing: Tokyo Stock Exchange

Securities code: 7600

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Scheduled date of annual general meeting of shareholders: June 23, 2025

Scheduled date to commence dividend payments: June 24, 2025

Scheduled date to file annual securities report: June 25, 2025

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

Representative Director and President
General Manager, Investor Relations Office

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2025	25,114	8.4	1,555	(10.9)	1,488	(19.2)	(461)	-
March 31, 2024	23,177	8.8	1,746	(13.7)	1,842	(9.8)	1,271	(10.7)

(Note) Comprehensive income: Fiscal year ended March 31, 2025: ¥ (458) million [-%]
Fiscal year ended March 31, 2024: ¥ 2,692 million [21.9%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	(17.54)	-	(1.8)	4.6	6.2
March 31, 2024	48.31	-	5.2	6.1	7.5

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2025: ¥ (56) million
Fiscal year ended March 31, 2024: ¥ (65) million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	33,667	24,741	73.3	937.15
March 31, 2024	31,485	25,603	81.0	968.74

(Reference) Equity: As of March 31, 2025: ¥ 24,679 million
As of March 31, 2024: ¥ 25,511 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2025	1,046	(1,666)	1,490	3,182
March 31, 2024	2,104	(1,804)	(840)	2,321

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2024	-	0.00	-	14.00	14.00	370	29.0	1.5
March 31, 2025	-	0.00	-	15.00	15.00	396	-	1.6
Fiscal year ending March 31, 2026 (Forecast)	-	0.00	-	17.00	17.00		30.9	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2025	12,250	3.7	600	(10.3)	500	(24.8)	350	(29.5)	13.29
Full year	26,400	5.1	1,850	18.9	1,700	14.2	1,450	-	55.06

* Notes:

(1) Significant changes in the scope of consolidation during the period:

None

Newly included: - (Company name:)

Excluded: - (Company name:)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(3) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2025: 26,475,880 shares

March 31, 2024: 26,475,880 shares

2) Number of treasury shares at the end of the period:

March 31, 2025: 141,438 shares

March 31, 2024: 141,318 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2025: 26,334,491 shares

Fiscal Year ended March 31, 2024: 26,322,392 shares

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	13,634	4.8	794	(27.3)	789	(28.1)	518	(23.1)
March 31, 2024	13,004	5.2	1,093	(11.2)	1,097	(14.6)	674	(7.9)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	19.70	-
March 31, 2024	25.64	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	20,609	16,822	81.6	638.79
March 31, 2024	20,481	16,640	81.2	631.91

(Reference) Equity: As of March 31, 2025: ¥ 16,822 million
As of March 31, 2024: ¥ 16,640 million

※ This summary of financial results is not subject to audit by certified public accountants or auditing firms.

※ Explanation of appropriate use of earnings forecasts and other special notes

- These forward-looking statements such as financial forecasts contained in this report are based on information currently available to the Company and certain assumptions deemed to be reasonable by the Company, and do not mean that the Company promises to achieve them. Actual results and other future events may differ significantly due to various factors. Please refer to “1. Overview of Operating Results, etc. (4) Future Outlook” on page 4 of the attached document for the assumptions underlying the forecasts, notes on using the forecasts, etc.
- The Company will hold a financial results briefing for institutional investors and analysts on May 14, 2025. Financial results briefing materials to be used on the day of the briefing will be posted on the Company’s website on the day of the briefing.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year ended March 31, 2025 of the Group, net sales were ¥25,114 million (up ¥1,936 million, or 8.4% year on year), operating profit was ¥1,555 million (down ¥190 million, or 10.9% year on year), ordinary profit came to ¥1,488 million (down ¥354 million, or 19.2% year on year), and loss attributable to owners of parent was ¥461 million (profit attributable to owners of parent of ¥1,271 million in the previous fiscal year). Net sales of our own products accounted for 80.7% of consolidated net sales (80.2% in the previous fiscal year).

In Japan, net sales were ¥13,634 million (up ¥629 million, or 4.8%), after partial deduction of promotional expenses in accordance with the Accounting Standard for Revenue Recognition. In the United States, net sales to external customers increased to \$75.279 million (up \$4.830 million or 6.9% year on year), and after translation into yen, net sales were ¥11,480 million (up ¥1,306 million, or 12.8% year on year) due to the impact of the yen's depreciation. (Reference: The exchange rate for U.S. sales was 144.41 yen to the U.S. dollar in the previous fiscal year and was 152.50 yen to the U.S. dollar in the fiscal year under review.)

Sales by product segment are as follows.

For the joint category in Japan, in Bipolar Hip Arthroplasty (BHA), the number of acquired cases of Entrada Hip Stem, a new product Promontory Hip Stem, and OVATION Tribute Hip Stem increased, resulting in strong overall BHA sales with double-digit growth. On the other hand, sales of Total Hip Arthroplasty (THA) decreased due to the fall in the number of acquired cases. In addition, the number of acquired cases of total knee arthroplasty (TKA) decreased, and sales saw a decline. As a result of these factors, net sales in Japan for this category were ¥5,237 million (up 6.2% year on year).

For the knee joint category in the United States, the number of acquired cases of BKS TriMax, Balanced Knee System Uni and other products increased, resulting in higher sales of Total Knee Arthroplasty (TKA). For the hip joint category, following the launch of our new product, Trivicta Hip Stem, sales of Total Hip Arthroplasty (THA) began to increase compared with the same period of the previous year. As a result of these factors, net sales in the United States for this category were \$75.077 million (up 6.9% year on year). After translation into yen, net sales were ¥11,449 million (up 12.9% year on year) due to the impact of the yen's depreciation.

In the Trauma category, the number of acquired cases for Prima Hip Screw, a treatment material for femoral neck fractures, increased, resulting in continued double-digit growth. In addition, sales of ASULOCK, a treatment material for femoral neck/trochanteric fractures, remained at the same level as the same period of the previous year, despite intensifying competition. As a result of these factors, net sales in Japan for this category were ¥4,653 million (up 2.0% year on year).

In the spine category, the number of acquired cases for KMC Kyphoplasty System, Vusion Ti3D ARC Cage, and other products increased, leading to higher net sales in Japan. In particular, KMC Kyphoplasty System recorded strong net sales with double-digit growth compared with the same period last year partly due to the expansion of the Balloon Kyphoplasty market. As a result of these factors, total net sales for this category in Japan and the United States were ¥3,574 million (up 6.6% year on year).

The cost-to-sales ratio increased to 37.7% (from 36.3% in the previous fiscal year), due to higher procurement costs resulting from the weaker yen combined with rising in-house manufacturing costs. Selling, general and administrative expenses totaled ¥14,090 million (up 8.3% year on year), and the ratio of selling, general and administrative expenses to net sales was 56.1% (56.2% in the previous fiscal year), as a result of the impact of foreign currency translation of expenses in the United States due to the weak yen, increases in commission expenses (commissions and royalties) due to increased net sales in the United States, and personnel expenses due to wage increases.

Operating profit was ¥1,555 million (down 10.9% year on year), as the increase in cost of sales offset an increase in net sales and an improvement in the ratio of selling, general and administrative expenses to net sales.

Ordinary profit came to ¥1,488 million (down 19.0% year on year), as a result of recording total non-operating income of ¥77 million, including ¥63 million in foreign exchange gains and recording total non-operating expenses of ¥144 million, including ¥75 million in interest expenses and ¥56 million in share of loss of a joint venture in China, Changzhou Waston Ortho Medical Appliance Co., Limited, accounted for using the equity method.

As for extraordinary income and losses, we recorded extraordinary losses of ¥1,555 million (*Note) related to a legal settlement involving our U.S. subsidiary and ¥222 million due to the discontinuation of product sales. As a result, loss attributable to owners of parent amounted to ¥461 million (profit attributable to owners of parent of ¥1,271 million in the previous fiscal year).

*Note: This settlement relates to a lawsuit filed in the United States involving allegations that certain individuals affiliated with our U.S. subsidiary were implicated in violations of employment-related obligations by a former employee of a competing business, in connection with efforts to solicit customers. In March 2025, the parties reached a settlement, under which the U.S. subsidiary agreed to pay USD 10.2 million to the opposing party. We recorded it as an extraordinary loss.

(Reference) Consolidated Net Sales by Major Item

Name and item of each segment		Fiscal year under review (from April 1, 2024 to March 31, 2025)	Compared to the previous fiscal year
		Amount (in thousand yen)	(%)
Medical devices	Japan	13,634,057	104.8
	Joint	5,237,211	106.2
	Trauma	4,653,686	102.0
	Spine	3,543,812	106.7
	Other	407,767	104.4
	Subtotal	13,842,477	104.8
	Sales deduction	(208,420)	—
	United States	11,479,976	112.8
	Joint	11,449,257	112.9
	Spine	30,719	95.0
Total		25,114,033	108.4
		Ratio (%)	Change (%)
Sales ratio of our own products		80.7	0.5

Notes: 1. Inter-segment transactions are offset and eliminated.

2. In Japan, a portion of sales promotion expenses are deducted from net sales due to the application of the Accounting Standard for Revenue Recognition.

3. Sales results by item in Japan are shown as a lump-sum amount of such sales deductions, as a reasonable proration of such sales deductions is not possible.

Segment results are as follows.

(Japan)

Net sales were strong in major categories, despite the impact of lowering of reimbursement prices. Selling, general and administrative expenses also increased, mainly due to an increase in salaries and allowances as a result of wage increases.

As a result, net sales in this segment were ¥13,634 million (up 4.8% year on year) and operating profit was ¥794 million (down 27.3% year on year).

(United States)

Net sales increased for those to external customers in the joint category. Selling, general and administrative expenses also increased due to increases in commission expenses (commission royalties) as well as research and development expenses.

As a result, net sales in this segment, including internal sales, were ¥15,511 million (up 8.0% year on year) and operating profit was ¥590 million (down 7.3% year on year).

(2) Financial Position for the Fiscal Year under Review

1) Assets

Total assets at the end of the fiscal year under review increased by ¥2,181 million from the end of the previous fiscal year to ¥33,667 million. The main increases were in raw materials and supplies of ¥1,585million and cash and deposits of ¥860 million.

2) Liabilities

Total liabilities increased ¥3,043 million from the end of the previous fiscal year to ¥8,925 million. The main increases were in short-term borrowings of ¥1,979 million and accounts payable - other of ¥1,182 million.

Net interest-bearing debts, which are calculated by deducting cash and deposits from interest-bearing debts (the total amount of short-term borrowings, long-term borrowings, and lease liabilities), amounted to ¥104 million at the end of the fiscal year under review.

3) Net assets

Total net assets decreased ¥841 million from the end of the previous fiscal year to ¥24,741 million. The main decreases were in retained earnings of ¥832 million and foreign currency translation adjustment of ¥117 million.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents at the end of the fiscal year under review increased by ¥860 million from the end of the previous fiscal year to ¥3,182 million. Cash flows for the fiscal year under review and their factors are as follows:

1) Cash flows from operating activities

Net cash provided by operating activities was ¥1,046 million, compared with ¥2,104 million in the previous fiscal year. The main component of income was depreciation of ¥1,671 million.

2) Cash flows from investing activities

Net cash used in investing activities was ¥1,666 million, compared with ¥1,804 million in the previous fiscal year. The main component was an expenditure of ¥1,657 million for the purchase of property, plant and equipment.

3) Cash flows from financing activities

Net cash provided by financing activities was ¥1,490 million, compared with net cash used in of ¥840 million in the previous fiscal year. The main component of income was a net increase in short-term borrowings of ¥2,373 million. The main components of expenditure were repayments of long-term borrowings of ¥498 million and dividends paid of ¥371 million.

(4) Future Outlook

1. "Our Purpose" and Management Policy

Based on our management policy of "Contributing to Medical Care Through the Development and Sale of Advanced Medical Devices" with its Purpose of "contributing to enhancing the QOL of patients," the Company Group will strive for its sustainable development and improvement of corporate value by providing truly valuable medical devices not only in Japan but also in the global medical market through development, manufacturing and sale of medical devices based on the joint development between Japan and the United States.

2. Issues in Japan

• Continuous introduction of new products to meet the needs of an aging society

As Japan's population ages, the number of patients with fractures and bone disease is expected to keep increasing. Seeing this expansion of medical needs as an opportunity for growth, we will continuously launch new products that are more promising for medical treatment to increase the number of cases acquired.

• Soaring purchase costs due to exchange rate fluctuations (depreciation of the yen)

The orthopedic implant products we handle are mainly purchased from our U.S. subsidiary Ortho Development Corporation ("ODEV") in U.S. dollars. These products are exposed to currency risks that, especially the depreciation of the yen, may increase their purchase costs. In order to cope with rising purchase costs in an environment in which reimbursement prices for medical equipment are set by the authorities and a price increase cannot be passed on, we are building a procurement system in Asia and other regions where purchase costs are affected less by exchange rate fluctuations.

• Response to the revision of reimbursement prices

Against the backdrop of suppression of social security-related expenses, the trend of lower reimbursement prices for medical equipment continues with the revisions of medical service fees. In order to maintain profit margins in such a severe price environment, we are working to strengthen our cost structure by lowering manufacturing costs and improving operational efficiency.

• Building a structure for sustainable growth through a business alliance with Mitsui Chemicals, Inc.

Through the relationship with Mitsui Chemicals, Inc., with which we entered into a capital and business alliance agreement in January 2022, we mutually utilize Mitsui Chemicals' development functions and business operation know-how and the Company Groups' functions in pharmaceutical, development, sales and marketing. We promote the collaboration for the development of new products and business expansion to build a foundation for sustainable growth.

3. Issues in the United States

• Stable supply system for products

In order to avoid product supply risks arising from supply chain problems, we are planning to strengthen relationships with key suppliers and shift to a regionally decentralized procurement structure to reduce supply risks and improve resilience.

- Response to the changing healthcare environment and digital technology

In the field of orthopedics, the use of digital technology is accelerating in each process of treatment, such as preoperative simulation software, intraoperative navigation systems and robot-assisted technology, and postoperative rehabilitation programs. On the other hand, medical institutions are required to introduce these technologies in an economically rational manner, and cost efficiency is also an important issue. In response to these changes in the environment, we are expanding our related products and strengthening the provision of added value in the medical field.

- Declining trend in average sales price (ASP)

In recent years, the average sales price (ASP) per case has been declining as the number of Ambulatory Surgical Center (ASC), joint surgery facilities for outpatient, has increased. In order to cope with the impact of these declining unit prices, we will promote continuous development of products that meet market needs and reduce manufacturing costs, aiming to secure and improve profitability.

- Decline in profitability due to higher manufacturing costs and exchange rate fluctuations (weaker yen)

The rising personnel expenses and other costs have increased ODEV's manufacturing costs. In addition, as the yen continues to depreciate against the U.S. dollar to the 150-yen level, the cost ratio for imports of products is worsening, resulting in a continued downward pressure on profitability. To address these issues, we will promote the Strategic Actionable Initiatives for Cost Optimization (SAICO) Project and implement the following measures to improve profitability.

- 1) Cost reduction through higher in-house production ratio
- 2) Improvement of supply chain resilience through purchase from multiple suppliers (contract manufacturers) in the U.S.
- 3) Cost reductions through increased outsourcing of manufacturing to suppliers in Asia and Europe
- 4) Improvement of profitability through higher sales ratio of our own products

4. Other Issues

- Issue of PBR below one

With a decline in profitability due to the rising manufacturing costs in the U.S. and a deteriorating cost of sales ratio in Japan caused by the rapidly weakening yen, our stock price shows PBR (Price to Book Ratio) below one.

To address these issues, we will strive to increase net sales through the introduction of new products in the Japanese and U.S. markets, while making efforts to mitigate the impact of cost deterioration caused by the weaker yen and reduce manufacturing costs in the U.S. through the Strategic Actionable Initiatives for Cost Optimization (SAICO) Project and other initiatives.

We will also conduct a periodic review of our product portfolio, promote selection and concentration of our products, and invest in areas with high growth potential to improve profitability on a sustainable basis. In management, we will strive to maximize corporate value by promoting highly capital-efficient operations with emphasis on the cost of equity. The Company's basic policy for shareholder returns is to pay stable dividends, aiming for the realization of a dividend payout ratio of 30% or more.

5. Sustainability Initiatives

Based on our management philosophy of "Contributing to Medical Care Through the Development and Sale of Advanced Medical Devices," we are promoting initiatives to realize a sustainable society. As part of this effort, we have identified materiality (material issues) within the Company Group and are working to fulfill our corporate social responsibility (CSR) through ESG (Environmental, Social and Governance) activities, as well as contributing to the SDGs (Sustainable Development Goals).

[Materiality (material issues)]

- Improvement in the QOL of patients
- Reduction of environmental impact
- Initiatives for respecting human rights
- Promotion of active roles of diverse human resources
- High-quality response to medical needs
- Promotion of corporate governance

Based on the above, the Company forecasts net sales of ¥26,400 million, operating profit of ¥1,850 million, ordinary profit of ¥1,700million, and net income attributable to owners of parent of ¥1,450 million for the next consolidated fiscal year. For reference, the exchange rate assumed in the consolidated financial forecast is 145 yen per US dollar

2. Basic Approach to the Selection of Accounting Standards

The Company Group has fully considered the various impacts of applying the International Financial Reporting Standards (IFRS), including the enhancement of the international comparability of financial information in capital markets, but has decided to apply the Japanese GAAP for the time being.

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	2,321,552	3,182,342
Notes and accounts receivable - trade, and contract assets	5,915,467	6,130,286
Merchandise and finished goods	10,259,039	9,934,088
Work in process	919,068	452,627
Raw materials and supplies	1,914,371	3,500,239
Other	257,347	672,872
Allowance for doubtful accounts	(3,966)	(5,840)
Total current assets	21,582,880	23,866,617
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	876,633	810,323
Machinery, equipment and vehicles, net	354,459	330,793
Tools, furniture and fixtures, net	4,935,249	4,646,492
Land	1,960,584	1,959,993
Other	193,692	200,022
Total property, plant and equipment	8,320,618	7,947,625
Intangible assets	219,262	430,209
Investments and other assets		
Investments in capital of subsidiaries and associates	157,654	128,736
Deferred tax assets	1,136,171	1,222,231
Other	69,272	71,777
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	1,363,097	1,422,745
Total non-current assets	9,902,978	9,800,580
Total assets	31,485,859	33,667,198

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,403,276	1,330,964
Short-term borrowings	1,162,382	3,142,336
Lease liabilities	37,600	32,560
Income taxes payable	192,482	159,873
Accrued expenses	551,182	625,195
Accounts payable - other	235,050	1,417,972
Provision for bonuses	237,310	270,256
Provision for bonuses for directors (and other officers)	27,252	24,224
Other	183,973	254,932
Total current liabilities	4,030,510	7,258,313
Non-current liabilities		
Long-term borrowings	259,820	109,964
Lease liabilities	34,629	1,669
Retirement benefit liability	1,424,964	1,410,754
Provision for share awards for directors (and other officers)	80,571	92,939
Asset retirement obligations	31,560	31,563
Long-term deposits received	20,000	20,500
Total non-current liabilities	1,851,545	1,667,390
Total liabilities	5,882,056	8,925,704
Net assets		
Shareholders' equity		
Share capital	3,001,929	3,001,929
Capital surplus	2,587,237	2,591,309
Retained earnings	16,583,962	15,751,719
Treasury shares	(165,556)	(165,639)
Total shareholders' equity	22,007,572	21,179,319
Accumulated other comprehensive income		
Deferred gains or losses on hedges	47,015	80,013
Foreign currency translation adjustment	3,614,304	3,496,551
Remeasurements of defined benefit plans	(157,570)	(76,623)
Total accumulated other comprehensive income	3,503,749	3,499,941
Non-controlling interests	92,480	62,233
Total net assets	25,603,802	24,741,493
Total liabilities and net assets	31,485,859	33,667,198

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net sales	23,177,747	25,114,033
Cost of sales	8,415,514	9,467,401
Gross profit	14,762,232	15,646,632
Selling, general and administrative expenses		
Promotion expenses	217,203	138,793
Freight and packing costs	414,869	393,494
Advertising expenses	78,725	59,220
Provision of allowance for doubtful accounts	2,609	1,873
Salaries and allowances	3,915,738	4,049,532
Retirement benefit expenses	106,191	132,484
Legal welfare expenses	352,471	374,236
Welfare expenses	315,317	352,343
Travel and transportation expenses	293,848	315,108
Depreciation	1,360,216	1,438,656
Research and development expenses	874,425	959,987
Taxes and dues	148,698	162,473
Commission expenses	3,421,143	3,790,043
Other	1,513,857	1,922,449
Total selling, general and administrative expenses	13,015,317	14,090,698
Operating profit	1,746,914	1,555,934
Non-operating income		
Interest income	106	190
Foreign exchange gains	190,683	63,776
Other	22,243	13,326
Total non-operating income	213,033	77,292
Non-operating expenses		
Interest expenses	31,778	75,348
Share of loss of entities accounted for using equity method	65,126	56,321
Other	20,052	12,928
Total non-operating expenses	116,957	144,598
Ordinary profit	1,842,991	1,488,628
Extraordinary losses		
Loss on retirement of non-current assets	48,512	52,620
Loss on valuation of investment securities	72,205	-
Impairment losses	70	121
Settlement-related costs	75,000	1,555,500
Loss on discontinued product	10,416	222,786
Total extraordinary losses	206,204	1,831,028
Profit (loss) before income taxes	1,636,787	(342,399)
Income taxes - current	739,109	268,726
Income taxes - deferred	(407,812)	(142,070)
Total income taxes	331,297	126,656
Profit (loss)	1,305,490	(469,056)
Profit (loss) attributable to non-controlling interests	33,807	(7,257)
Profit (loss) attributable to owners of parent	1,271,682	(461,798)

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Profit (loss)	1,305,490	(469,056)
Other comprehensive income		
Deferred gains or losses on hedges	16,720	32,998
Foreign currency translation adjustment	1,453,383	(123,873)
Remeasurements of defined benefit plans, net of tax	(83,252)	80,946
Total other comprehensive income	1,386,851	(9,928)
Comprehensive income	2,692,341	(478,984)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,656,294	(465,607)
Comprehensive income attributable to non-controlling interests	36,047	(13,377)

Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,001,929	2,587,029	15,656,266	(202,730)	21,042,494
Changes during period					
Dividends of surplus			(343,986)		(343,986)
Profit attributable to owners of parent			1,271,682		1,271,682
Purchase of treasury shares				(152)	(152)
Disposal of treasury shares				37,326	37,326
Change in ownership interest of parent due to transactions with non-controlling interests		208			208
Net changes in items other than shareholders' equity					
Total changes during period	-	208	927,696	37,174	965,078
Balance at end of period	3,001,929	2,587,237	16,583,962	(165,556)	22,007,572

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	30,294	2,163,161	(74,317)	2,119,138	130,462	23,292,095
Changes during period						
Dividends of surplus						(343,986)
Profit attributable to owners of parent						1,271,682
Purchase of treasury shares						(152)
Disposal of treasury shares						37,326
Change in ownership interest of parent due to transactions with non-controlling interests						208
Net changes in items other than shareholders' equity	16,720	1,451,143	(83,252)	1,384,611	(37,982)	1,346,628
Total changes during period	16,720	1,451,143	(83,252)	1,384,611	(37,982)	2,311,707
Balance at end of period	47,015	3,614,304	(157,570)	3,503,749	92,480	25,603,802

For the fiscal year ended March 31, 2025

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,001,929	2,587,237	16,583,962	(165,556)	22,007,572
Changes during period					
Dividends of surplus			(370,444)		(370,444)
Profit attributable to owners of parent			(461,798)		(461,798)
Purchase of treasury shares				(82)	(82)
Change in ownership interest of parent due to transactions with non-controlling interests		4,072			4,072
Net changes in items other than shareholders' equity					
Total changes during period	-	4,072	(832,243)	(82)	(832,243)
Balance at end of period	3,001,929	2,591,309	15,751,719	(165,639)	21,179,319

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	47,015	3,614,304	(157,570)	3,503,749	92,480	25,603,802
Changes during period						
Dividends of surplus						(370,444)
Profit attributable to owners of parent						(461,798)
Purchase of treasury shares						(82)
Change in ownership interest of parent due to transactions with non-controlling interests						4,072
Net changes in items other than shareholders' equity	32,998	(117,753)	80,946	(3,808)	(30,246)	(34,055)
Total changes during period	32,998	(117,753)	80,946	(3,808)	(30,246)	(862,308)
Balance at end of period	80,013	3,496,551	(76,623)	3,499,941	62,233	24,741,493

Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit (loss) before income taxes	1,636,787	(342,399)
Depreciation	1,595,185	1,671,443
Increase (decrease) in allowance for doubtful accounts	2,609	1,873
Increase (decrease) in retirement benefit liability	79,838	71,579
Remeasurements of defined benefit plans	16,619	29,577
Increase (decrease) in provision for bonuses	40,704	32,945
Increase (decrease) in provision for bonuses for directors (and other officers)	(37,258)	(3,028)
Increase (decrease) in provision for share awards for directors (and other officers)	14,383	12,367
Interest and dividend income	(106)	(190)
Interest expenses	31,778	75,348
Foreign exchange losses (gains)	(24,106)	(67,672)
Share of loss (profit) of entities accounted for using equity method	65,126	56,321
Loss (gain) on sale and retirement of non-current assets	48,539	52,620
Loss (gain) on valuation of investment securities	72,205	-
Impairment losses	70	121
Settlement-related costs	75,000	1,555,500
Loss on discontinued product	10,416	222,786
Decrease (increase) in trade receivables	(437,604)	(98,535)
Decrease (increase) in inventories	(457,972)	(1,133,410)
Increase (decrease) in trade payables	282,046	(81,886)
Decrease (increase) in prepaid expenses	73,223	(20,793)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	30,269	67,443
Increase (decrease) in accounts payable - other	45,395	(30,294)
Other, net	54,870	(5,014)
Subtotal	3,218,020	2,066,704
Interest and dividends received	107	190
Interest paid	(29,177)	(50,809)
Commission for syndicate loan-trade paid	(16,036)	(1,836)
Settlement-related costs paid	(175,000)	(299,060)
Income taxes refund (paid)	(893,001)	(668,562)
Net cash provided by (used in) operating activities	2,104,913	1,046,627
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,783,153)	(1,550,723)
Purchase of intangible assets	(19,309)	(115,851)
Other, net	(2,265)	(344)
Net cash provided by (used in) investing activities	(1,804,728)	(1,666,919)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	144,410	2,373,125
Repayments of long-term borrowings	(561,796)	(498,972)
Repayments of lease liabilities	(6,419)	(2,158)
Purchase of treasury shares	(152)	(82)
Purchase of treasury shares of subsidiaries	(72,782)	(10,650)
Dividends paid	(343,969)	(371,092)
Net cash provided by (used in) financing activities	(840,710)	1,490,168

	(Thousands of yen)	
	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Effect of exchange rate change on cash and cash equivalents	57,148	(9,085)
Net increase (decrease) in cash and cash equivalents	(483,376)	860,790
Cash and cash equivalents at beginning of period	2,804,928	2,321,552
Cash and cash equivalents at end of period	2,321,552	3,182,342

(5) Notes to Consolidated Financial Statements

(Note on Going Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

Not applicable.

(Additional Information)

(Change in Presentation)

(Consolidated Statements of Income)

Insurance claim income, which was separately presented under non-operating income in the previous fiscal year, has been included in Other under non-operating income since it became immaterial. The consolidated financial statements for the previous fiscal year have been reclassified to reflect the change in presentation.

As a result, Insurance claim income of ¥2,121 thousand and Other of ¥20,121 thousand, which were presented under non-operating income in the consolidated statement of income for the previous fiscal year, have been reclassified as Other of ¥22,243 thousand.

In addition, Commission for syndicated loans, which was separately presented under non-operating expenses in the previous fiscal year, has been included in Other under non-operating expenses since it became immaterial. The consolidated financial statements for the previous fiscal year have been reclassified to reflect the change in presentation.

As a result, Commission for syndicated loans of ¥9,559 thousand and Other of ¥10,492 thousand, which were presented under non-operating expenses in the consolidated statement of income for the previous fiscal year, have been reclassified as Other of ¥20,052 thousand.

(Consolidated Statement of Cash Flows)

Commission for syndicated loans and Increase (decrease) in provision for loss on business, which were separately presented under cash flows from operating activities in the previous fiscal year, have been included in Other since it became immaterial. The consolidated financial statements for the previous fiscal year have been reclassified to reflect the change in presentation.

As a result, Commission for syndicated loans of ¥9,559 thousand, Increase (decrease) in provision for loss on business of negative ¥2,546 thousand and Other of ¥47,858 thousand, which were presented under cash flows from operating activities in the consolidated statement of cash flows for the previous fiscal year, have been reclassified as Other of ¥54,870 thousand.

(Segment Information, etc.)

(Segment Information)

1. Overview of Reportable Segments

The business type in the Company Group is a single segment of the Medical Devices Business. However, the reportable segments, each of which has separate financial information available, are subject to periodic review by the Board of Directors to determine the allocation of management resources and evaluate business performance.

The Company Group manufactures and sells “medical devices mainly in the field of orthopedics.” Japan Medical Dynamic Marketing, INC. (hereinafter “the Company”) as the parent company based in Japan, and Ortho Development Corporation (hereinafter “ODEV”) as its overseas subsidiary based in the United States, operate as an independent management unit.

Accordingly, the Company Group consists of regional (country) segments based on manufacturing and sales, with “Japan” and the “United States” as two reportable segments.

In “Japan” the Company purchases products such as joint, trauma, and spine in the field of orthopedics mainly from ODEV, as well as from other domestic and overseas manufacturers based on sales alliance agreements, etc., and sells them in Japan. In the “United States” ODEV develops and manufactures joint, trauma, spine, and other products, and supplies them to the Company. In addition, ODEV independently sells joint, spine, and other products primarily in the U.S. market.

2. Calculation Method of the Amounts of Net Sales, Profit or Loss, Assets, Liabilities, and Other Items by Reportable Segment

Assets and liabilities of the foreign subsidiary are converted into Japanese yen at the spot exchange rates prevailing at the balance sheet date, and revenues and expenses are converted into Japanese yen at the average exchange rates prevailing during the period. Translation differences are included in the foreign currency translation adjustment in net assets.

Reportable segment profit is based on operating profit. Inter-segment revenues and transfers are based on prevailing market prices.

3. Information on the Amounts of Net Sales, Profit or Loss, Assets, Liabilities, and Other Items by Reportable Segment, and Information on the Breakdown of Revenues

Previous Fiscal Year (from April 1, 2023 to March 31, 2024)

	Reportable segment			(In thousand yen)	
	Japan	United States	Total	Adjustment (Notes 1, 2)	Amount reported in consolidated financial statements (Note 3)
Net sales					
Revenue from contracts with customers	13,004,313	10,173,434	23,177,747	—	23,177,747
Net sales to external customers	13,004,313	10,173,434	23,177,747	—	23,177,747
Inter-segment net sales or transfers	—	4,187,190	4,187,190	(4,187,190)	—
Total	13,004,313	14,360,625	27,364,938	(4,187,190)	23,177,747
Segment profit	1,093,251	636,503	1,729,754	17,160	1,746,914
Segment assets	18,508,233	15,056,031	33,564,265	(2,078,406)	31,485,859
Segment liabilities	3,840,655	2,143,577	5,984,233	(102,176)	5,882,056
Other Items					
Depreciation	736,430	914,907	1,651,338	(56,153)	1,595,185
Increase in property, plant and equipment and intangible assets	770,186	1,223,255	1,993,441	(76,897)	1,916,543
Investments in entities accounted for using equity method	—	157,654	157,654	—	157,654

- Notes:
1. Adjustments for segment profit, segment assets, segment liabilities, and other items represent the elimination of inter-segment transactions.
 2. The negative adjustment of ¥2,078,406 thousand to segment assets includes ¥1,973,414 thousand of corporate assets (mainly the Company's cash and deposits) and the negative adjustment of ¥1,560,010 thousand to inventories.
 3. Segment profit is adjusted with operating profit in the consolidated statement of income.

Fiscal Year under Review (from April 1, 2024 to March 31, 2025)

(In thousand yen)

	Reportable segment			Adjustment (Notes 1, 2)	Amount reported in consolidated financial statements (Note 3)
	Japan	United States	Total		
Net sales					
Revenue from contracts with customers	13,634,057	11,479,976	25,114,033	—	25,114,033
Net sales to external customers	13,634,057	11,479,976	25,114,033	—	25,114,033
Inter-segment net sales or transfers	—	4,031,412	4,031,412	(4,031,412)	—
Total	13,634,057	15,511,388	29,145,446	(4,031,412)	25,114,033
Segment profit	794,549	590,140	1,384,690	171,244	1,555,934
Segment assets	17,954,492	17,113,107	35,067,599	(1,400,401)	33,667,198
Segment liabilities	3,787,227	5,178,128	8,965,356	(39,651)	8,925,704
Other Items					
Depreciation	755,064	975,071	1,730,135	(58,692)	1,671,443
Increase in property, plant and equipment and intangible assets	547,417	1,139,648	1,687,066	(18,952)	1,668,113
Investments in entities accounted for using equity method	—	128,736	128,736	—	126,736

- Notes:
1. Adjustments for segment profit, segment assets, segment liabilities, and other items represent the elimination of inter-segment transactions.
 2. The negative adjustment of ¥1,400,401 thousand to segment assets includes ¥2,654,872 thousand of corporate assets (mainly the Company's cash and deposits) and the negative adjustment of ¥1,259,107 thousand to inventories.
 3. Segment profit is adjusted with operating profit in the consolidated statement of income.

[Related Information]

Previous Fiscal Year (from April 1, 2023 to March 31, 2024)

1. Information by Product and Service

The description is omitted, as the type of business in the Company Group is exclusively the Medical Devices Business.

2. Regional Information

(1) Net sales

The description is omitted, as the same information is disclosed in the Segment Information.

(2) Property, plant and equipment

The description is omitted, as the same information is disclosed in the Segment Information.

3. Information by Major Customer

The description is omitted, as there are no external customers that account for 10% or more of net sales in the consolidated statement of income.

Fiscal Year under Review (from April 1, 2024 to March 31, 2025)

1. Information by Product and Service

The description is omitted, as the type of business in the Company Group is exclusively the Medical Devices Business.

2. Regional Information

(1) Net sales

The description is omitted, as the same information is disclosed in the Segment Information.

(2) Property, plant and equipment

The description is omitted, as the same information is disclosed in the Segment Information.

3. Information by Major Customer

The description is omitted, as there are no external customers that account for 10% or more of net sales in the consolidated statement of income.

[Information on Impairment Losses on Non-current Assets by Reportable Segment]

Previous Fiscal Year (from April 1, 2023 to March 31, 2024)

(In thousand yen)

	Reportable segment			Other	Total	Adjustment	Amount reported in consolidated financial statements
	Japan	United States	Total				
Impairment losses	70	—	70	—	70	—	70

Fiscal Year under Review (from April 1, 2024 to March 31, 2025)

(In thousand yen)

	Reportable segment			Other	Total	Adjustment	Amount reported in consolidated financial statements
	Japan	United States	Total				
Impairment losses	121	—	121	—	121	—	121

[Amortization of Goodwill and Unamortized Balance by Reportable Segment]

Previous Fiscal Year (from April 1, 2023 to March 31, 2024)

Not applicable.

Fiscal Year under Review (from April 1, 2024 to March 31, 2025)

Not applicable.

[Information on Gain on Bargain Purchase by Reportable Segment]

Previous Fiscal Year (from April 1, 2023 to March 31, 2024)

Not applicable.

Fiscal Year under Review (from April 1, 2024 to March 31, 2025)

Not applicable.

(Per Share Information)

Items	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Fiscal year under review (From April 1, 2024 to March 31, 2025)
Net assets per share	¥968.74	¥937.15
Net income (loss) per share	¥48.31	¥(17.54)
Diluted net income per share	Not listed, because there are no dilutive shares.	Not listed, because there are no dilutive shares.

(Note) Basis for calculation of net income (loss) per share is as follows.

Items	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Fiscal year under review (From April 1, 2024 to March 31, 2025)
Profit (loss) attributable to owners of parent (in thousand yen)	1,271,682	(461,798)

Amount not attributable to common shareholders (in thousand yen)	—	—
Profit (loss) attributable to owners of parent for common shares (in thousand yen)	1,271,682	(461,798)
Average number of shares of common stock during the period (shares)	26,322,392	26,334,491

(Note) Shares of the Company's stock remaining in the Trust for Granting Shares to Directors and Corporate Auditors, which are recorded as treasury stock in shareholders' equity, are included in treasury stock so that these are deducted from the calculation of the average number of shares outstanding during the period for the purpose of calculating net income (loss) per share.

The average number of such treasury stock during the period, which was deducted from the calculation of net income (loss) per share, was 153,488 shares in the previous fiscal year and 141,389 shares in the fiscal year under review, and the number of such treasury stock at the end of the period, which was deducted from the calculation of net assets per share, was 141,318 shares in the previous fiscal year and 141,438 shares in the fiscal year under review.

(Significant Subsequent Events)

Not applicable.